

*July 2014*



# PETROLEUM FUND ANNUAL REPORT

## FINANCIAL YEAR 2013







REPÚBLICA DEMOCRÁTICA DE TIMOR-LESTE  
MINISTÉRIO DAS FINANÇAS  
GABINETE DA MINISTRA



*“Seja um bom cidadão, seja um novo herói para a nossa Nação”*

# TIMOR-LESTE PETROLEUM FUND ANNUAL REPORT MINISTRY OF FINANCE 2013





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Message from  
**Emilia Pires**  
Minister of Finance

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*Success in the long-term depends on a disciplined investment process*

2013 was an outstanding year for equity markets in developed economies, while bond markets performed poorly. The Fund's equity build-up program enabled the Fund to achieve an annual return of 6.6%.

The divergent performance between equities and bonds illustrated the virtue of diversification which is one of the key foundations of the Government's investment strategy. By investing in several asset classes that seldom move in tandem, the total Fund is shielded from the full impact of temporary negative returns from any one of these.

The Fund has been fortunate to have increased its equity allocation at a time when equities have performed strongly. However, rather than claiming foresight, this outcome is a result of the intersection of our disciplined investment process and favorable market conditions. Forecasting short term market movements is difficult and very few investors are able to do so successfully and consistently over the long term. Therefore, rather than being overly reactive to short term market movements, the Fund's investment process has been one of prudent discipline – rigorous analysis, measured implementation, and a commitment to strategy.

There may be times in the future when markets are turbulent and unfavorable and the Fund suffers temporary setbacks in its performance. It is at these crucial moments that our disciplined investment process will enable us to stay true to our investment strategy, ride through the temporary market turmoil, thereby preserving the Fund's capital. Investment success in the long-term depends on a disciplined investment process.

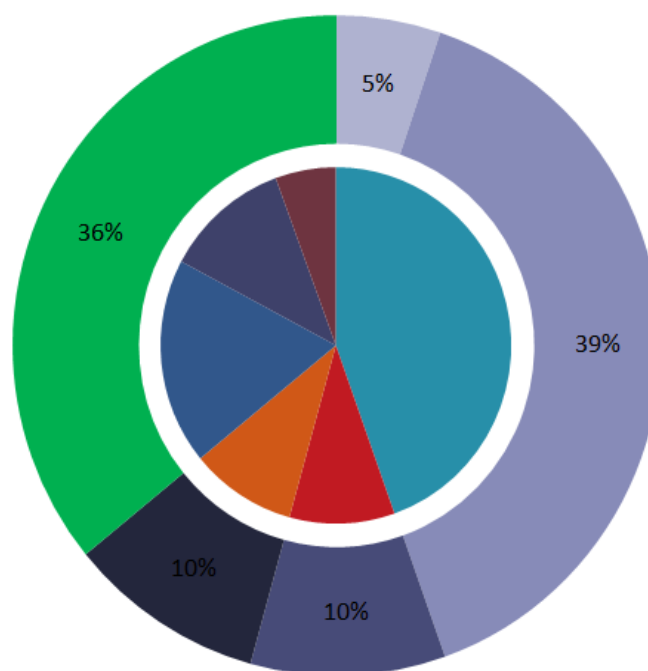
A stylized, handwritten signature in blue ink, appearing to read 'Emilia Pires'.

**Emilia Pires**  
Minister of Finance

## The Petroleum Fund at a Glance

End of Year Balance	Petroleum Revenues 2013	Net Investment Return 2013	Return Since Inception
<b>\$14.9<sub>bn</sub></b>	<b>\$3.0<sub>bn</sub></b>	<b>6.6% (\$865m)</b>	<b>4.4% (\$2.1bn)</b>

### Petroleum Fund Allocation as at 31 December 2013



#### Allocation by Asset Classes

<b>Bonds</b>	<b>64%</b>
US Treasuries 1 - 3 Years	5%
US Treasuries 3 - 5 Years	39%
US Treasuries 5 - 10 Years	10%
Global Treasury Dev. Market ex-US	10%
<b>Equities</b>	<b>36%</b>
Developed Market Equities	36%

#### Allocation by Managers

Banco Central Timor-Leste	45%
Bank for International Settlements	10%
Interim Manager	10%
State Street Global Advisors	19%
BlackRock	11%
Schroders	5%

## About the Petroleum Fund

The Timor-Leste Petroleum Fund (henceforth “the Fund”) is the cornerstone of the Government’s economic policy.

### Legal Framework

The Petroleum Fund was established to fulfil the constitutional requirement set by the Article 139 of the Constitution of the Republic that mandates a fair and equitable use of the natural resources in accordance with national interests, and that the income derived from the exploitation of these resources should lead to the establishment of a mandatory financial reserve. The Government therefore created the Petroleum Fund in 2005, under the provision of the Petroleum Fund Law No.9/2005 (3 August 2005) as amended by the Law No.12/2011 (28 September 2011).

### Purpose

The preamble of the Petroleum Fund Law clearly states that the purpose of establishing the Petroleum Fund is to contribute to a wise management of Timor-Leste’s petroleum resources for the benefit of both current and future generations. The Fund is also a tool that contributes to sound fiscal policy, where appropriate consideration and weight is given to the long-term interest of Timor-Leste’s citizens.

### Key Features

The Petroleum Fund Law provides mechanisms that assist Timor-Leste to sustainably manage its petroleum revenues, details parameters for operating and managing the Petroleum Fund, defines asset allocation guidelines and risk limits, governs collection and management of the receipts, regulates transfers to the State Budget, defines clear roles and responsibilities of entities involved in the management of the Fund and provides for government accountability and oversight of these activities.

The Petroleum Fund is formed as an account of the Ministry of Finance held in the Central Bank of Timor-Leste (BCTL<sup>1</sup>). The Fund separates the inflow of petroleum revenues from government spending. All petroleum income initially enters the Fund before any transfers are made to the State Budget. The amount of the transfers is guided by the Estimated Sustainable Income (ESI), set at 3% of total petroleum wealth<sup>2</sup>. The rationale behind using the ESI is to smooth the spending of temporarily high petroleum income and shield against the volatility of petroleum inflows and safeguard a sustainable use of public finances.

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<sup>1</sup> BCTL – Banco Central de Timor-Leste

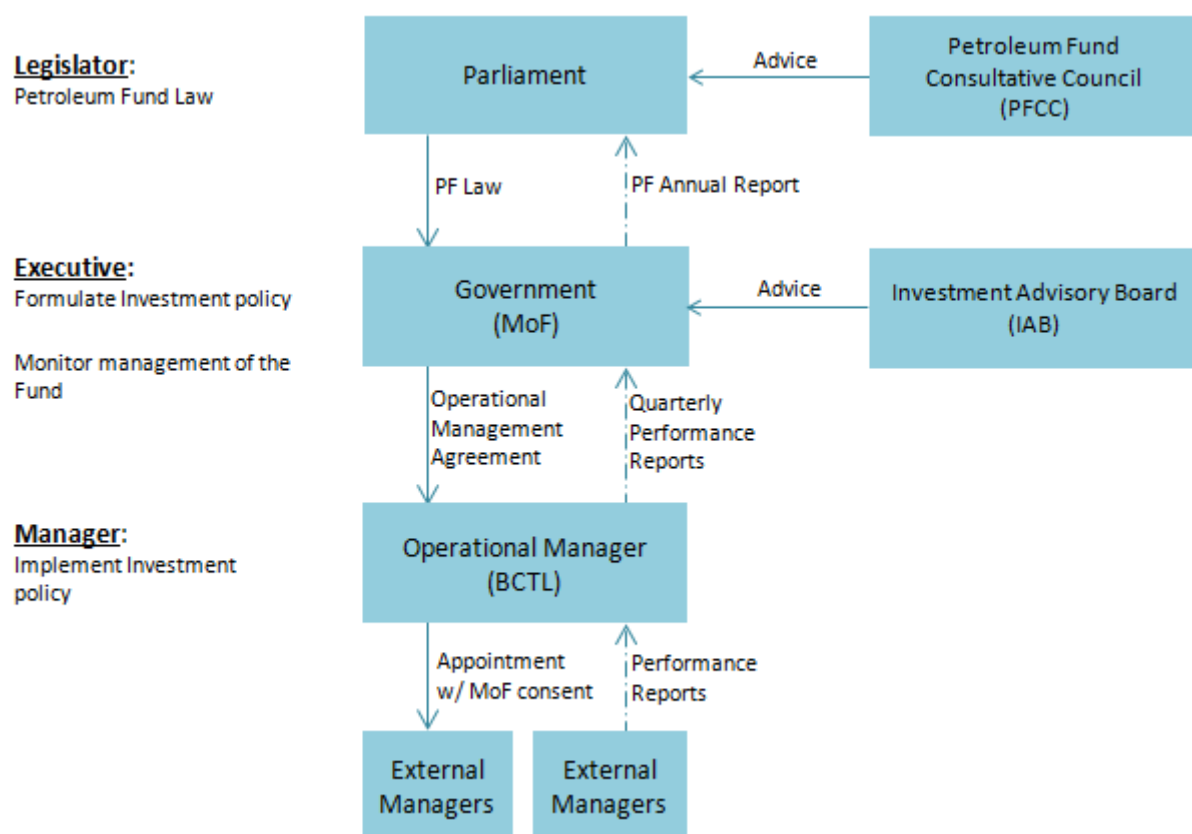
<sup>2</sup> Petroleum Wealth comprises the balance of the Petroleum Fund and the Net Present Value of future petroleum revenue.

The Fund is invested only in international financial assets. The implied investment objective is to achieve a 3% real return to enable a sustainable fiscal policy. The Government recognizes that pursuing this investment return objective involves accepting risk in terms of short-term investment return volatility. Having a long-term horizon however, means that such short term fluctuations should be of less economic importance.

## Governance

The Petroleum Fund model is internationally recognised for its high standard of governance; accountability, transparency and disclosure of information (see Figure 2). This helps build public support for the wise management of petroleum revenues and reduces the risk of mismanagement. As shown in Figure 1 below, the relevant entities involved in the management of the Petroleum Fund are independent, but accountable to one another in the decision making process.

**Figure 1 - Petroleum Fund Governance Structure**



Parliament sets the objective of the Fund, the broad asset allocation guidelines and the risk limits. The Government, through the Ministry of Finance, is responsible for the overall management of the Petroleum Fund including setting the investment policy and strategy, investment guidelines and exercising of oversight. The Ministry of Finance is required to seek advice from the Investment Advisory Board (IAB)

before making decisions on any matter relating to the investment strategy or management of the Fund. The operational management of the Fund is delegated to and carried out by the BCTL, which invests, and may delegate to external managers to invest, the Fund's capital according to guidelines established by the Ministry of Finance.

The Petroleum Fund Law also sets out the requirements for all entities involved in the management of the Fund to provide and publish the reports on the activities of the Fund. The Ministry of Finance prepares the Petroleum Fund Annual Report, Petroleum Fund financial statements and general state budget statement for the National Parliament. The BCTL, on a quarterly basis, provides reports to the Minister on the Fund's performance over the quarter. In addition, an international accredited auditor is required to issue and publish an annual audit report on the Fund's financial statements. These reports are public available and easily accessible in both Ministry of Finance ([www.mof.gov.tl](http://www.mof.gov.tl)) and Central Bank ([www.bancocentral.tl](http://www.bancocentral.tl)) websites.

The Petroleum Fund, as an active member of the International Forum for Sovereign Wealth Funds (IFSFW), conducted its fourth annual self-assessment of the Petroleum Fund's adherence with the Santiago Principles to ensure that Petroleum Fund continues to be an example of international best practice with regard to funds governance. The self-assessment report is published and attached as Annex XIII on this report. All these efforts have been reflected in international recognition of the high level of transparency of the Fund and the Government's good management of the resources (see Figure 2).

**Figure 2 – Petroleum Fund's International Ranking**

Indices	Scores
Linaburg-Maduell Transparency Index (2013) <sup>3</sup>	8 out of 10 points
Revenue Watch Institute's Resource Governance Index (2013) <sup>4</sup>	13 <sup>th</sup> place among 58 countries
Peterson Institute for International Economic SWF's 2012 survey (published in 2013)	85 out of 100 scores
EITI Compliant Country (2010) <sup>5</sup>	1 <sup>st</sup> country in South East Asia
	3 <sup>rd</sup> in the world

<sup>3</sup> <http://www.swfinstitute.org/statistics-research/linaburg-maduell-transparency-index/>

<sup>4</sup> [http://www.revenuewatch.org/sites/default/files/rgi\\_2013\\_Eng.pdf](http://www.revenuewatch.org/sites/default/files/rgi_2013_Eng.pdf)

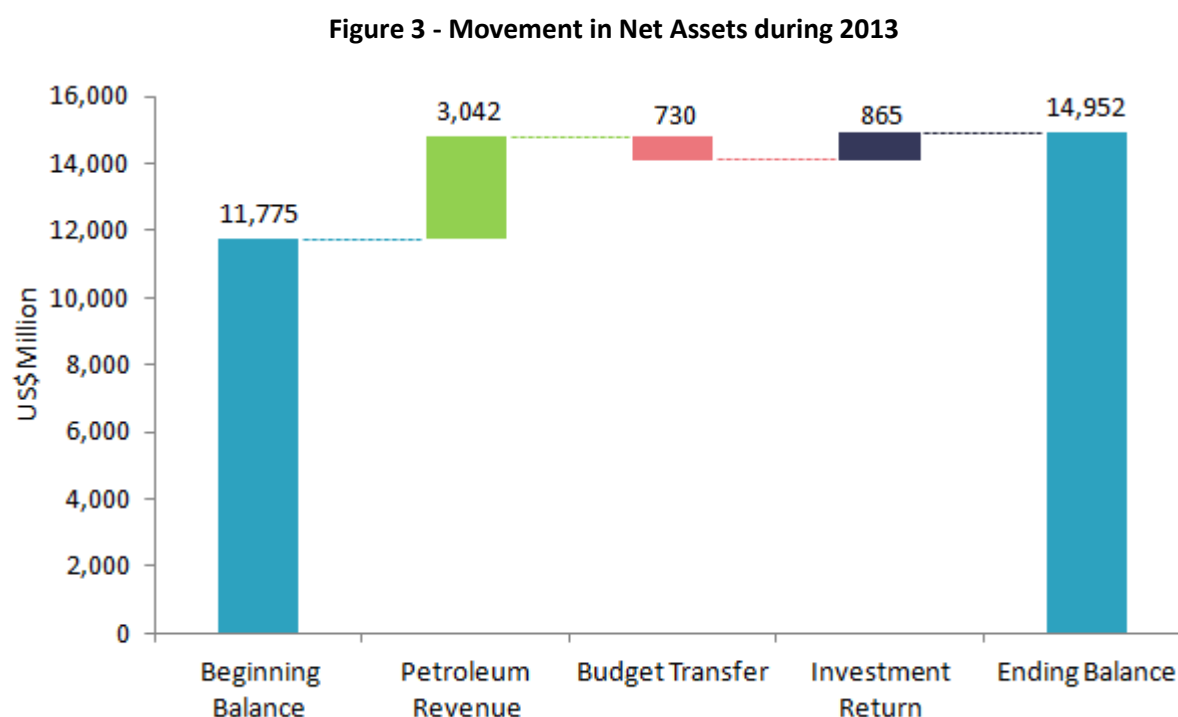
<sup>5</sup> <http://piie.com/publications/pb/pb13-19.pdf>

## Size of the Fund

The overall balance of the Fund is affected by the three main factors; a) petroleum revenues, b) withdrawals, and c) net investment return. These factors are discussed in greater detail in the rest of the report.

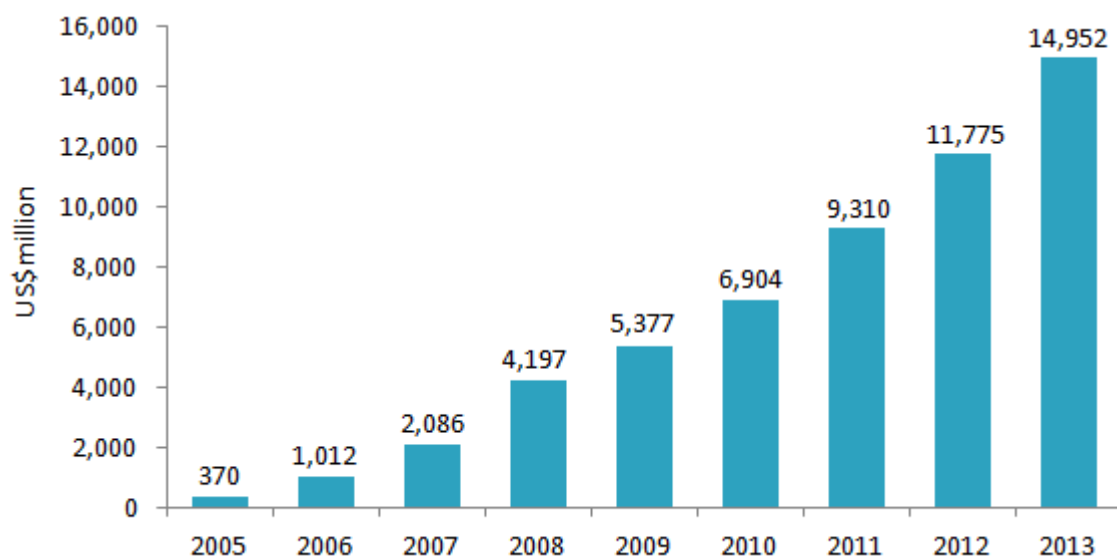
### Petroleum Fund Balance

The Petroleum Fund has increased considerably since it was established in 2005, see figure (4). During 2013, petroleum revenues and net investment return added US\$3,042 million and US\$865 million to the Fund, respectively, while withdrawals subtracted US\$730 million, see figure (3). The Fund's balance was US\$14.9 billion at the end of 2013, up from US\$11.7 billion one year before.



As a result of a strong inflow from petroleum revenues and a sizeable return from the investment, the Fund's balance has increased to US\$14.9 billion as at end December 2013 from the previous year's balance of US\$11.7 billion (see Figure 4).

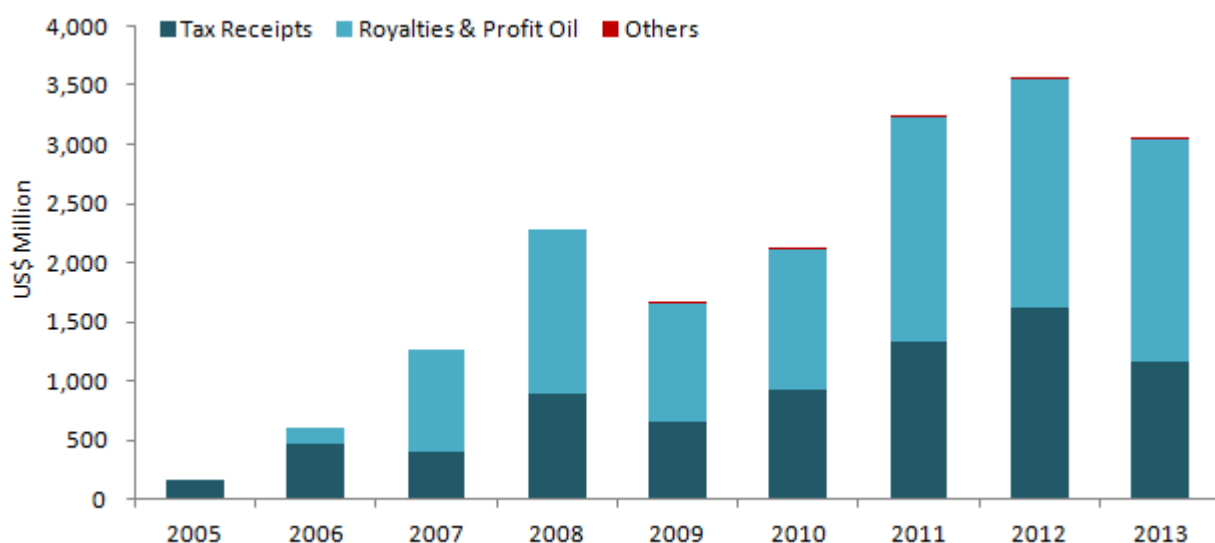
**Figure 4 - Market Value of the Petroleum Fund**



### Petroleum Revenues

Petroleum revenues come from the two existing fields; Bayu Undan and Kitan, which started production in 2004 and 2011 respectively. Oil price, production volume and production costs are the three main factors that affect the government's inflow of petroleum revenues. Of the total amount of US\$3,042 million collected during 2013, US\$1,167 million were petroleum taxes, US\$1,866 million were royalties and profit oil/gas, and US\$8 million were other petroleum revenues (see Figure 5). These collections were in accordance with Article 6.1 (a), (b), and (e) of the Petroleum Fund Law, respectively.

**Figure 5 - Annual Petroleum Revenue**



Petroleum revenues for 2013 were lower compared to the previous two years because of a fall in production volume, a fall in oil price and an increase in

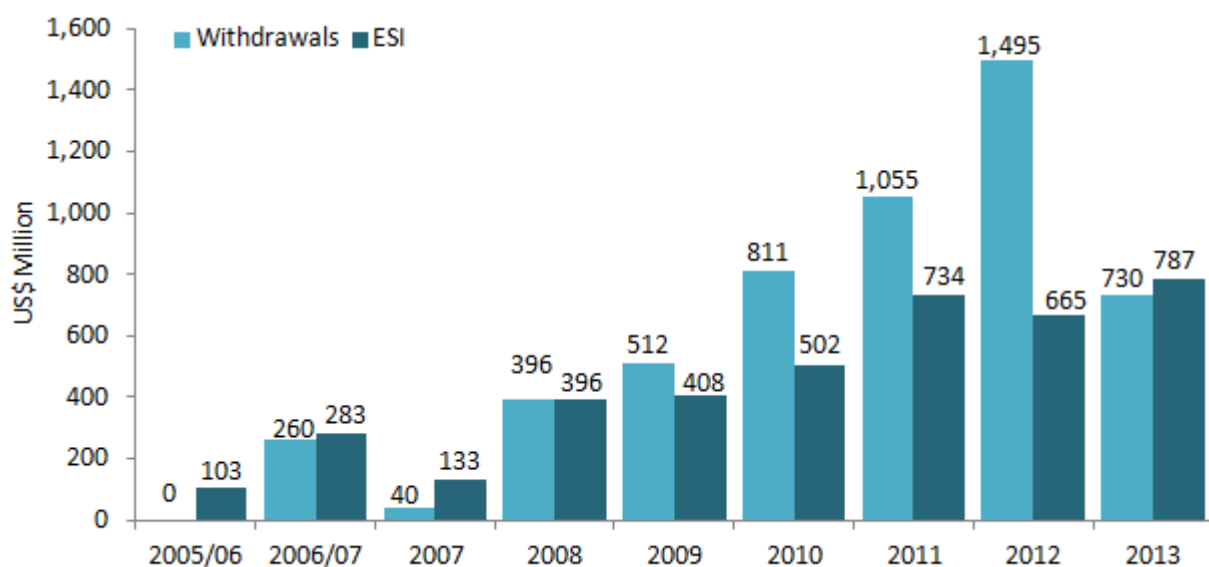


production costs. Thus far the Government has collected total petroleum revenues of US\$ 17.9 billion. Based on prudent estimates, total undiscounted petroleum revenues of US\$ 8.1 billion are expected to be collected from the remaining life of the Bayu-Undan and Kitan. Petroleum revenues from these two fields are forecasted to decline and slowly end in a decade or so. Going forward investment income will be the main driver of the Petroleum Fund balance.

### Withdrawals

The Government transferred US\$730 million from the Fund to the Treasury's Account (CFET) during 2013. The Government, for the first time since 2009, withdrew less than the Estimated Sustainable Income (ESI). The amount withdrawn in 2013 was US\$57 million less the ESI amount of US\$787 million for the year (see Figure 6). ESI is set at 3% of the petroleum wealth, which consists of Petroleum Fund balance and forecasted future petroleum revenues. Over time as more petroleum resources are converted into revenues, petroleum wealth will be equal to the Fund balance and the ESI will be calculated as 3% of the Fund's balance. Of the total petroleum revenues collected, the Government has withdrawn US\$5,299 million from the Fund since its inception in 2005 and until 2013.

**Figure 6 - Transfer to the State Budget in 2013**



### The Fund's Investment Performance in 2013

It was an exceptionally good year for global equities as they delivered their best annual return since the global financial crisis. In contrast, 2013 was one of the worst years for developed market bonds. Across developed markets, except Japan, bonds at all maturities, especially long-term maturity bonds, suffered negative returns. The performance of the United States (US) treasuries in 2013 was weak, mainly due to

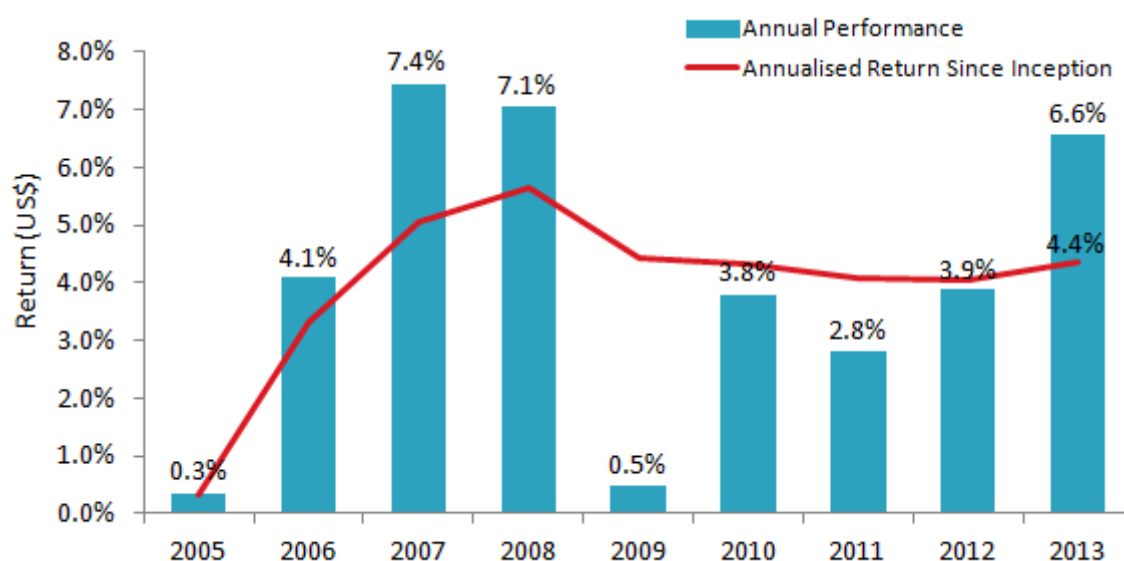
the reversal of the downward trend of treasury yields. The scaling back of quantitative easing, known as tapering, by the US Central Bank, the Federal Reserve of America, was one of the main factors driving the yield curve upward. As the Federal Reserve began to signal the normalization of its policy sooner than expected in mid 2013, markets responded by expecting and pricing in a higher yield environment. The higher yield pushed down bond prices leading to negative returns for the asset class, as bond yields and prices are inversely related – that is, when yields (or interest rates) increase the price of the bond decreases.

### Net Investment Return

Three main factors affect the Fund's net investment return; coupon and dividend payment (*investment income*), which is a positive amount received on bonds and equities investment, respectively, *market revaluation*, which may be positive or negative subject to market fluctuations, and *management fees*, which is deducted from the gross investment return.

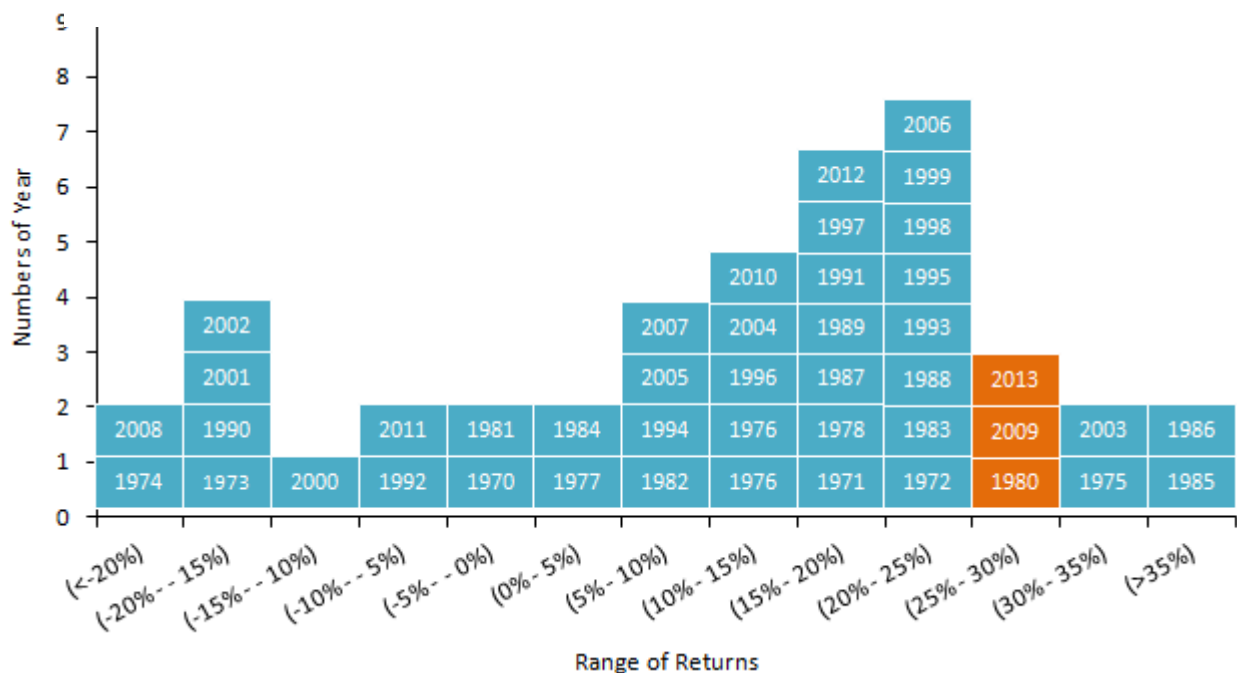
After subtracting both management fees and taxes, the Fund earned a net investment return of 6.6% in 2013. The annual return was nearly twice the previous annual return of 3.9% (see Figure 7). It was the Fund's strongest performance since 2009. The strong performance was attributed to the Fund's increased allocation to global equities, which performed exceptionally well in 2013. As shown in Figure 8, the Fund's equity investment returned 27%. The buoyant equity performance was helped by the continued provision of liquidity by central banks and promising recoveries in developed countries.

**Figure 7 - Annual Net Nominal Investment Return since Inception**



This year equity's returns, however, should be considered more of an exception than the rule. Historical data showed that over a 43 year period (1970 – 2013), a 27% or greater return on equities only occurred three times (see Figure 8). It is unlikely that equity markets will post a return of similar magnitude in 2014.

**Figure 8 - MSCI World Net Dividend Total Return Index  
Yearly Return Distribution (1970 – 2013)**



The Fund's fixed income portfolio had a return of -1.4%. It was the first time the Fund's fixed income portfolio delivered a negative annual return since its inception in 2005. As Figure 9 shows, negative returns in fixed income were observed in the second and fourth quarters of 2013. These coincided with the US Central Bank's signalling of the tapering that took place in the middle and towards end of the year. The Bank's decision caused a rise in market interest rates, which in turn pushed down bond prices and led to a negative return for the asset class.

The performance of financial markets in 2013 provides an illustrative case in support of the Government's diversification strategy. The increased allocation to equities, which historically performs well when bond markets are declining, provided a buffer against the negative performance of the bond portfolio.

Different asset classes and financial markets may at times experience unfavourable outcomes. Therefore spreading the Fund's investments across different markets protects the total Fund from excessive fluctuations in return by allowing these

various performance fluctuations from different markets to partially offset each other.

One thing that should be noted from Figure 7 is that the Fund has yet to experience an annual loss in investment return. This unusually favourable feature should not be expected to continue indefinitely. The volatile nature of financial markets implies that negative outcomes will occur at some point in the future. As a disciplined long-term investor, the Fund must aim to stay true to its investment strategy especially when it faces future outcomes that are temporarily unfavourable.

Measured in the US dollars, the Fund made net investment returns of US\$864 million in 2013. This was higher than the previous year return of US\$401 million. Since inception, the Fund has amassed a cumulative net investment return of US\$2,100 million or 4.4% in percentage terms. In comparison, the ESI implies a long-term real return objective (after adjusting for inflation) of 3%.

### **Benchmarking Performance**

The Fund uses benchmarks when monitoring investment performance. The reason for using benchmarks is two-fold: One is to see how well the Fund, or more specifically managers, is performing compared with the relevant markets they invest in. The other is to constrain the managers in terms of how they manage their given investment mandates.

Regarding overall performance, the Fund's bond portfolio and equity portfolio are measured against benchmark indices that are constructed and maintained by industry standard independent service providers. The benchmarks are compiled by Bank of America Merrill Lynch, Barclays and MSCI and are meant to approximate the markets for US Treasuries, Global Treasuries Developed Market ex-US and Developed Market Equities, respectively.

The return of the Fund has been very close to the benchmark return. This is expected as the Fund is managed passively with managers strictly adhering to the benchmark.

**Figure 9 - Investment Returns in 2013 in Percentage (USD)**

	% (USD)				
	Q1	Q2	Q3	Q4	2013
Total Fund	2.18	-1.02	2.98	2.33	6.58
Benchmark	2.07	-1.11	3.07	2.27	6.36
Excess	0.11	0.09	-0.09	0.06	0.22
International Fixed Interest	0.22	-1.84	0.71	-0.44	-1.37
Benchmark	0.17	-1.81	0.86	-0.50	-1.43
Excess	0.05	-0.03	-0.15	0.06	0.06
International Equity	7.79	0.76	8.26	8.09	27.08
Benchmark	7.73	0.65	8.18	8.00	26.68
Excess	0.06	0.11	0.08	0.09	0.40

### Management Fees

In accordance with the Operational Management Agreement signed between the Ministry of Finance and the BCTL<sup>6</sup>, a management fee is to be paid from the Fund to the BCTL as the operational manager. As Figure 10 shows, management fees paid and deducted from the Fund in 2013 totalled US\$9.6 million. The amount included a custody and external management fee of US\$7.0 million, BCTL operating expenses of US\$1.9 million, Investment Advisory Board (IAB) expenses of US\$0.2 million and other expenses of US\$0.6 million. Relative to the size of the Fund, the fees for 2013 and 2012 were the same at 0.06% of fund assets. The Fund's management fees are low compared to other sovereign wealth funds.

**Figure 10 – Management Fees in 2013**

Category	Amount (in \$US)
External management & custody fees	6,993,353
BCTL operational management fees	1,863,119
IAB expenses	153,491
Other expenses	571,744
Total	9,581,707

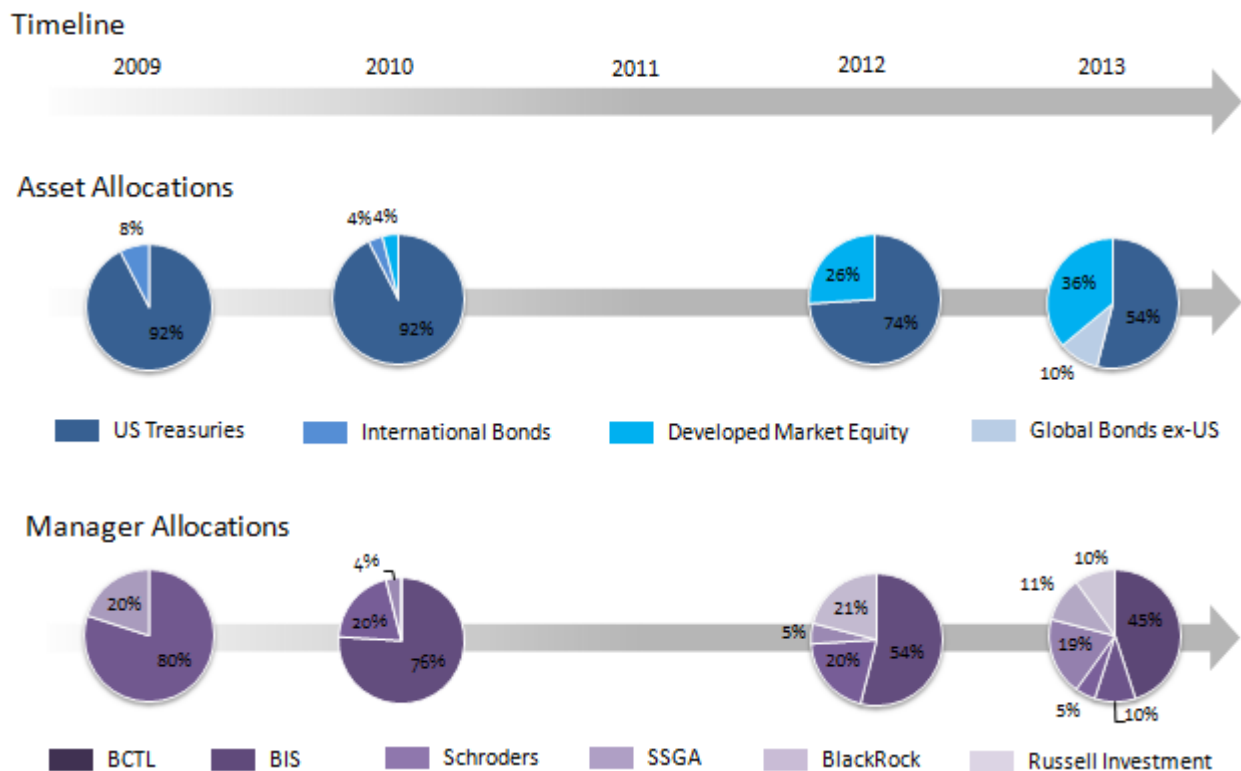
### The Fund's Investment Strategy

Good progress has been made in the Fund's asset allocation (see Figure 11). As discussed at length in previous years Petroleum Fund Annual Reports, when the Fund started investing in 2005, a simple and conservative investment strategy was implemented. This was deemed necessary to avoid exposure to risk and volatility

<sup>6</sup> <http://www.bancocentral.tl/PF/laws.asp>

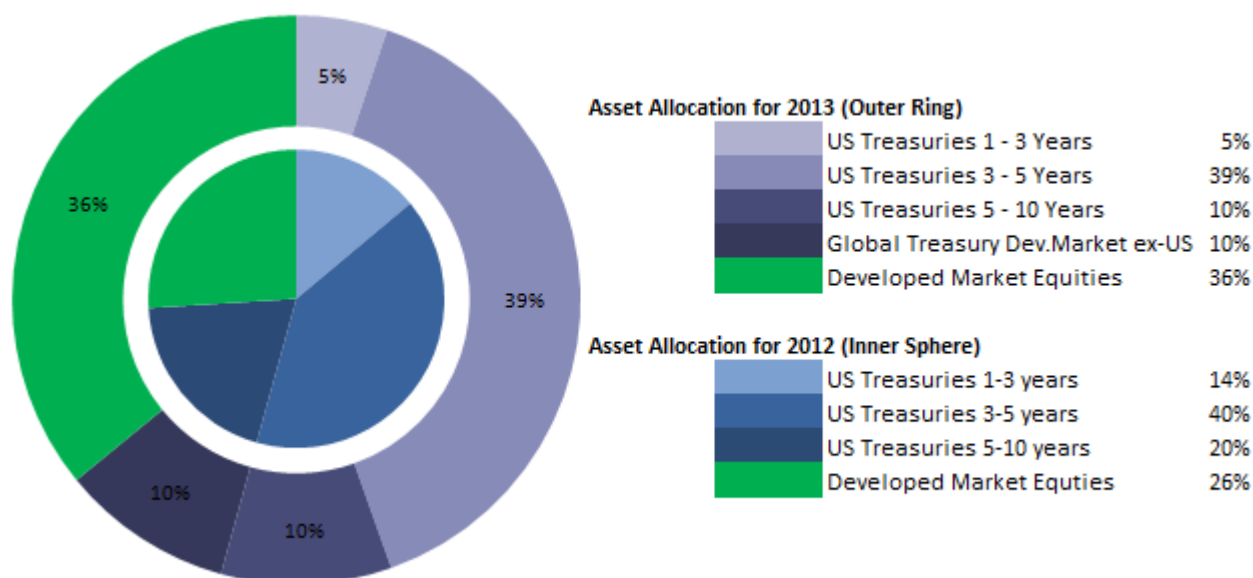
while building capacity. It was also considered important to take time to build public support and to avoid turbulence in terms of market losses before the management had received a certain degree of legitimacy, credibility and reputation for professionalism.

**Figure 11 - Evolution of Investment Strategy**



The Government recognised that the Fund should be invested in a more diversified portfolio, which better reflects the risk and reward characteristics suited to the Fund's purpose. The amended Petroleum Fund Law gave greater scope for the Fund to add further diversity. Accordingly the Government decided in 2012 to expand the Fund's equity exposure to 40% which was completed in June 2014. The Fund has been phasing-in the allocation to equities with an increase to the equity allocation of 0.83% per month. The Fund reached an equity allocation of 36% as at the end of 2013 (see Figure 12).

**Figure 12 - Diversifying the Fund - Asset Allocation in 2012 and 2013**



The Government also decided in 2013 to diversify the Fund's fixed income portfolio by reducing its concentration in US treasuries. An initial exposure of 10% of the Fund was allocated to non-US developed market sovereigns. The mandate was managed by a transitional manager to gain the market exposure until the appointment of a new permanent manager for the mandate.

## Where We Invest<sup>7</sup>

The Fund has diversified considerably across assets classes, securities, regions and currencies. As of December 2013, 64% of the Fund's assets were invested in bonds and the remaining 36% invested in equities. The Fund's assets were invested across more than 2,579 securities, with more than 70% of them located in the US, and the remaining spread across Europe, Japan, the UK, Canada, Australia and other developed countries (see Figure 13). Several factors contributed to the large US exposure in the Fund's Fixed Income allocation, among them is the position of the US dollar being the reserve currency, as well as the numeraire of the Fund. Numeraire is the unit of measurement of which the Fund's assets and returns are measured, for example in the US dollars. The Fund's equity exposure was also predominantly invested in the US because US companies constitute a large part of the global stock market.

<sup>7</sup> Figures exclude foreign currency forwards

**Figure 13 - Allocation by Asset Class & Country**

Country	Allocation		
	Fixed Incomes	Equities	Total
Australia	1.03%	0.44%	1.47%
Canada	1.05%	0.36%	1.40%
Denmark	0.82%	0.17%	1.00%
EU Countries	3.16%	0.49%	3.65%
Hong Kong	0.05%	0.47%	0.53%
Israel	0.00%	0.09%	0.09%
Japan	0.97%	3.34%	4.30%
New Zealand	0.33%	0.02%	0.35%
Norway	0.32%	0.15%	0.47%
Singapore	0.41%	0.21%	0.61%
Sweden	0.56%	0.49%	1.05%
Switzerland	0.64%	1.38%	2.02%
UK	1.04%	3.53%	4.57%
USA	57.74%	20.74%	78.48%

## Going forward

The Government believes that the Fund's strategic position of a 40/60 percent split to equities and bonds will enable the Fund to achieve a 3% real return over the long term. It is expected that this strategy will help safeguard the sustainability of the public spending, which over time is guided by the ESI, set at 3% of Petroleum Wealth.

Despite the stellar performance of equities and the negative return from bonds, the Government is committed to a disciplined approach to investment and has chosen to avoid making reactive changes to its strategic investment position. The Government is aware that future performance outcomes of the bond and equity markets could be the inverse of what was experienced in 2013 and that attempting to forecast near-term market performance or "chasing" past performance seldom leads to superior long term investment success. Therefore, while the Fund's increased allocation to equity has yielded quick success, the Government has no intention of extending this increase without rigorous deliberation, analysis and debate.

Having achieved the first order priority of the bond and equity split, the Government is contemplating making further incremental improvements to the bond and equity portfolios by investing in a wider range of sub-asset classes to improve the risk and return characteristics of the Fund. Much work will be directed towards understanding the risk and return characteristics of these new investments,



the associated implementation issues, and their complexity vis-a-vis the availability of governance resources to manage and monitor them.

## **Advice from the Investment Advisory Board**

The Investment Advisory Board (IAB) of the Petroleum Fund held seven meetings and four workshops during 2013. The minutes from the meetings are available on the BCTL's website ([www.bancocentral.tl](http://www.bancocentral.tl)). The IAB provided two recommendations (see Annex X) to the Minister of Finance in accordance with the requirements of Article 16 in the Petroleum Fund Law:

### **1) Advice on the Currency Numeraire of the Petroleum Fund**

The IAB decided in May 2012 that there should be review of the currency numeraire of the Fund. Based on the findings presented in the IAB workshop dated 19 December 2012, the Board decided to provide the Minister of Finance on 29 January 2013 their opinion that US dollar was the most appropriate choice for the currency numeraire of the Fund. The Board appreciated that the US dollar numeraire does not reflect the erosion of the Fund's local purchasing power from high domestic inflation and pointed out that it should be duly noted in the interpretation of the Fund's real return. In its recommendation, the Board highlighted the need for a reassessment of the Fund's numeraire in three years time.

### **2) Review of the Petroleum Fund's Strategic Asset Allocation – Fixed Income Diversification**

In its letter dated 19 April 2013 and in accordance with Article 16.1 (a) of the Petroleum Fund Law, the IAB advised the Minister to diversify the bond portfolio to include non-US developed market sovereign bonds. The Board advised an initial target exposure of non-US developed market investment grade sovereigns to be 10% of the Fund and financed from the 5-10 year US Treasury allocation and to be managed in an enhanced passive way, so that returns and risk are broadly in line the benchmark index. The proposed performance benchmark involved capping country weight at 10% and capping exposure to Eurozone countries at 30% to avoid concentration. The Board favoured obtaining the initial non-US exposure quickly and advised that the BCTL as operational manager to use either an existing manager or a transition manager while the search for new external managers is undertaken.

The Minister of Finance accepted the IAB's recommendation and instructed the BCTL to operationalize it.



# **Annex**



**Statement by Director of Treasury**

**Petroleum Fund of Timor-Leste**  
**General Information**  
**31 December 2013**

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<b>Minister of Finance</b>	Her Excellency Emilia Pires
<b>Director General of Treasury</b>	Agostinho Castro (from 1 May 2013)
<b>Members of Investment Advisory Board</b>	Olgario de Castro Gualdino da Silva Francisco Monteiro Torres Trovik Kevin Bailey
<b>Ex Officio (non-voting)</b>	Abraão de Vasconcelos (alternate, Venancio Alves Maria) Agostinho Castro (alternate, Basilio R.D.C.Souares)
<b>Governor of Central Bank of Timor-Leste</b>	Abraão de Vasconcelos
<b>Executive Director of the Petroleum Fund</b>	Venancio Alves Maria
<b>Operational Manager</b>	Banco Central de Timor-Leste Avenida Bisopo Medeiros Dili Timor-Leste
<b>Investment Managers</b>	Banco Central de Timor-Leste Bank for International Settlements Schroder Investment Management Limited State Street Global Advisors Blackrock Investment Management Australia Limited Russell Investment Management Ltd
<b>Members of Petroleum Fund Consultative Council</b>	Francisco M. de Vasconcelos Joãozito Viana Aurelio Guterres Oscar Lima Maria de Fatima X. Dias Nuno Rodrigues Antero Benedito da Silva
<b>Custodian</b>	J P Morgan Chase Bank N.A.
<b>Independent Auditor</b>	Deloitte Touche Tohmatsu

**Petroleum Fund of Timor-Leste**  
**Statement by the Director General of Treasury**  
**31 December 2013**

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## **BACKGROUND**

The Petroleum Fund Law No. 9/2005 promulgated on 3 August 2005 and amended on 28 September 2011 (Petroleum Fund Law No. 12/2011) established the Petroleum Fund of Timor-Leste (“Petroleum Fund”). The Banco Central de Timor-Leste (“BCTL”) is responsible for the operational management of the Petroleum Fund. In accordance with a Management Agreement dated 12 October 2005 and amended on 25 June 2009 between the Ministry of Finance and the BCTL, BCTL is also responsible for maintaining the books of account for the Petroleum Fund on behalf of the Director General of Treasury.

## **FINANCIAL STATEMENTS**

In accordance with Article 21 of the Petroleum Fund Law, the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The statements are:

- Statement of profit or loss and other comprehensive income,
- Statement of financial position,
- Statement of changes in capital,
- Statement of cash flows, and
- Notes to the financial statements

These financial statements cover the year ended 31 December 2013.

The financial statements have been independently audited by Deloitte Touche Tohmatsu whose audit opinion is attached to the financial statements.

## **PETROLEUM FUND CAPITAL**

The Petroleum Fund had capital of US\$11.8 billion on 1 January 2013. During the period, taxes and other petroleum revenue under Article 6 of the Petroleum Fund were US\$3.0 billion. The Fund earned an income of US\$865 million during the period. A summary of transactions for the income is given in the “Statement of profit or loss and other comprehensive income”.

US\$0.73 billion was transferred from the Petroleum Fund to the Consolidated Fund during the year. The capital of Petroleum Fund as at 31 December 2013 was US\$15 billion. A summary of the transactions is given in the “Statement of changes in capital”.

## **BENCHMARKS AND PERFORMANCE**

At the Investment Advisory Board meeting held on 28 June 2012 the decision was made by the Minister under advice from the Board to expand the public equity exposure by 0.83% a month over a period of two years to 30 June 2014 to achieve 40% equity exposure.

The Board believes this takes into account current market conditions and the long-term investment horizon of the Fund, believing the long-term strategic asset allocation to public equities should be increased to 40% and that the range of equity investments be diversified further to achieve a level of expected returns in alignment with the Estimated Sustainable Income.

### **Summary of benchmarks**

<b>Benchmark Index</b>	<b>1 January 2012 to 31 December 2012</b>	<b>1 January 2013 to 31 December 2013</b>
<b>Fixed Interest</b>		
BOA Merrill Lynch US Government 0-5 Years	55.0%	45.0%
BOA Merrill Lynch US Government 5-10 Years	20.0%	10.0%
Barclays Global		10.0%
<i>Total Fixed Interest</i>	<i>75.0%</i>	<i>65.0%</i>
<b>Global Equities</b>		
MSCI World	25.0%	35.0%
<i>Total Global Equities</i>	<i>25.0%</i>	<i>35.0%</i>
<b>Total Benchmark</b>	<b>100%</b>	<b>100%</b>

**Petroleum Fund of Timor-Leste**  
**Statement by the Director General of Treasury**  
**31 December 2013**

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**Performance**

In accordance with the Article 24.1(a) of the Petroleum Fund and the provisions of the Management Agreement, the Petroleum Fund assets were invested in mandated instruments during the year. The list of instruments held as at 31 December 2013 is given at note 17. The credit exposure by credit rating is given in the note 12(b)(iii). The performance of the Petroleum Fund during the period has been in accordance with the mandate of the Management Agreement.

During the period, Ministry of Finance together with the Banco Central de Timor-Leste (BCTL) have been able to accomplish the stewardship and fiduciary role for the Petroleum Fund.

**Significant Changes in the State of Affairs**

The benchmark changed significantly during the year, as described in the earlier paragraph on benchmarks.

**Approval of Financial Statements**

The accompanying financial statements for the year ended 31 December 2013 have been approved on behalf of the Ministry of Finance by:



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Agostinho Castro  
Director General of Treasury  
Ministry of Finance Government of Timor-Leste  
30 May 2014



**Audited Financial Statements**

## **Independent Auditor's Report to the Ministry of Finance, Democratic Republic of Timor-Leste in respect of the Petroleum Fund Annual Financial Report for the year ended 31 December 2013**

We have audited the accompanying financial report of the Petroleum Fund of Timor-Leste (the 'Petroleum Fund'), which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, the statement of cash flows and the statement of changes in capital for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

### *The Government's Responsibility for the Financial Information*

The Government, as represented by the Minister of Finance, is responsible for the preparation and fair presentation of the financial report in accordance with International Financial Reporting Standards and for such internal control as the Minister of Finance determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Government, as well as evaluating the overall presentation of the financial report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our opinion.

*Opinion*

In our opinion, the financial report of the Petroleum Fund of Timor-Leste presents fairly, in all material respects, the Petroleum Fund's financial position as at 31 December 2013 and financial performance for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature in cursive script, reading "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU  
Chartered Accountants  
Dili

30 May, 2014

**Petroleum Fund of Timor-Leste**  
**Statement of profit or loss and other comprehensive income**  
**for the year ended 31 December 2013**

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	<i>Note</i>	<i>Year ended 31/12/2013 USD</i>	<i>Year ended 31/12/2012 USD</i>
<b>Investment income</b>			
Interest income	5	149,187,245	167,151,117
Dividend income		105,859,453	56,806,302
Trust income		3,644,699	1,840,949
Other investment income		162,874	2,264
Net gains on financial assets and liabilities at fair value through profit or loss	9	640,006,671	184,526,790
Net foreign exchange (losses)/gains		<u>(19,353,812)</u>	<u>724,925</u>
<b>Total investment income</b>		<b><u>879,507,130</u></b>	<b><u>411,052,347</u></b>
<b>Expenses</b>			
External management and custody fees		(6,993,353)	(4,971,040)
IAB expenses		(153,491)	(48,232)
BCTL operational management fees		(1,863,119)	(1,931,815)
Other expenses		<u>(571,744)</u>	<u>(567,936)</u>
<b>Total expenses</b>		<b><u>(9,581,707)</u></b>	<b><u>(7,519,023)</u></b>
<b>Profit before tax</b>		<b>869,925,423</b>	<b>403,533,324</b>
Withholding taxes		<u>(5,010,732)</u>	<u>(2,726,464)</u>
<b>Profit for the year</b>		<b>864,914,691</b>	<b>400,806,860</b>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<b><u>864,914,691</u></b>	<b><u>400,806,860</u></b>

The financial statements should be read in conjunction with the policies and notes on pages 10-51.

**Petroleum Fund of Timor-Leste**  
**Statement of financial position**  
**as at 31 December 2013**

	<i>Note</i>	<i>As at 31/12/2013</i> <i>USD</i>	<i>As at 31/12/2012</i> <i>USD</i>
<b>Assets</b>			
Cash and cash equivalents	8	70,185,105	60,884,289
Other receivables	6	11,112,267	6,477,700
Financial assets at fair value through profit or loss	9	<u>14,904,678,996</u>	<u>11,711,144,753</u>
<b>Total assets</b>		<b><u>14,985,976,368</u></b>	<b><u>11,778,506,742</u></b>
<b>Liabilities</b>			
Payables for securities purchased		31,549,249	811,153
Accounts payable		<u>2,327,814</u>	<u>2,347,000</u>
<b>Total liabilities</b>		<b><u>33,877,063</u></b>	<b><u>3,158,153</u></b>
<b>Net assets</b>		<b><u>14,952,099,305</u></b>	<b><u>11,775,348,589</u></b>
<b>Capital</b>			
Capital		<b><u>14,952,099,305</u></b>	<b><u>11,775,348,589</u></b>

The financial statements should be read in conjunction with the policies and notes on pages 10-51.

**Petroleum Fund of Timor-Leste**  
**Statement of changes in capital**  
**for the year ended 31 December 2013**

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		<i>Year ended 31/12/2013 USD</i>	<i>Year ended 31/12/2012 USD</i>
<b>Capital at the beginning of the year</b>	7	<b>11,775,348,589</b>	<b>9,310,321,199</b>
Petroleum Fund Gross Receipts		<u>3,041,836,025</u>	<u>3,559,120,530</u>
<i>(pursuant to Article 6 of the Petroleum Fund Law)</i>		<b><u>14,817,184,614</u></b>	<b><u>12,869,441,729</u></b>
Transfers to the Consolidated Fund of Timor-Leste		(730,000,000)	(1,494,900,000)
<i>(pursuant to Article 7 of the Petroleum Fund Law)</i>			
Transfers for refunds of taxation		-	-
<i>(pursuant to Article 10 of the Petroleum Fund Law)</i>			
Total comprehensive income for the year		<u>864,914,691</u>	<u>400,806,860</u>
<b>Capital at the end of the year</b>		<b><u>14,952,099,305</u></b>	<b><u>11,775,348,589</u></b>

The financial statements should be read in conjunction with the policies and notes on pages 10-51.

**Petroleum Fund of Timor-Leste**  
**Statement of cash flows**  
**for the year ended 31 December 2013**

	<i>Note</i>	<i>Year ended 31/12/2013 USD</i>	<i>Year ended 31/12/2012 USD</i>
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial assets at fair value through profit or loss	9	13,598,334,271	13,825,534,764
Purchases of financial assets at fair value through profit or loss	9	(16,125,029,431)	(16,082,784,005)
Interest received		143,017,592	183,293,481
Dividends received		95,154,880	50,040,646
Trust distributions received		3,462,605	1,465,050
External management and custody fees paid		(8,979,149)	(3,534,272)
Operational management fees paid		(50,000)	(1,897,815)
Other operating receipts		166,257	2,264
Other operating payments		<u>(571,745)</u>	<u>(567,936)</u>
<b>Net cash utilised in operating activities</b>	13	<b><u>(2,294,494,720)</u></b>	<b><u>(2,028,447,823)</u></b>
<b>Cash flows from financing activities</b>	7		
Petroleum Fund Gross Receipts		3,041,836,025	3,559,120,530
Transfer payments to the Consolidated Fund of Timor-Leste		(730,000,000)	(1,494,900,000)
Refunds of tax receipts		<u>-</u>	<u>-</u>
<b>Net cash flows provided by financing activities</b>		<b><u>2,311,836,025</u></b>	<b><u>2,064,220,530</u></b>
Net increase in cash and cash equivalents		17,341,305	35,772,707
Cash and cash equivalents at the beginning of the year		60,884,289	24,627,157
Effects of foreign currency exchange rate changes on cash and cash equivalents		<u>(8,040,489)</u>	<u>484,425</u>
<b>Cash and cash equivalents at 31 December</b>	8	<b><u>70,185,105</u></b>	<b><u>60,884,289</u></b>

The financial statements should be read in conjunction with the policies and notes on pages 10-51.

**Petroleum Fund of Timor-Leste**  
**Notes to the financial statements**  
**for the year ended 31 December 2013**

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## **1. Fund information**

The Petroleum Fund of Timor-Leste (“Petroleum Fund”) was established under the provisions of the Petroleum Fund Law No. 9/2005 as amended by Law No. 12/2011 on 28 September 2011.

Pursuant to Article 139 of the Constitution of the Republic, petroleum resources are owned by the State and are to be used in a fair and equitable manner in accordance with national interests, with the income derived there from leading to the establishment of mandatory financial reserves. The Petroleum Fund is a means of contributing to the wise management of petroleum resources for the benefit of both current and future generations, and a tool that contributes to sound fiscal policy where appropriate consideration and weight is given to the long-term interests of Timor-Leste's citizens.

The Banco Central de Timor-Leste (BCTL) having its office at Avenida Bispo Medeiros, Dili, Timor-Leste, is responsible for the operational management of the Petroleum Fund, and is the registered owner of all the assets of the Petroleum Fund. The management of the Petroleum Fund is undertaken according to a Management Agreement between the Ministry of Finance and the BCTL.

These financial statements were authorised for issue by the Director General of Treasury on 30 May 2014.



**Petroleum Fund of Timor-Leste**  
**Notes to the financial statements**  
**for the year ended 31 December 2013**

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## **2. Application of new and revised International Financial Reporting Standards (IFRS)**

### **2.1 New and revised IFRS applied with no material effect on the financial statements**

The following new and revised IFRS have also been adopted in these financial statements. The application of these new and revised IFRS has not had any material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

#### **IFRS 13 Fair Value Measurement**

Replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard.

The IFRS is the result of joint efforts by the IASB and FASB to develop a converged fair value framework. The IFRS defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs:

Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - unobservable inputs for the asset or liability.

Entities are required to make various disclosures depending upon the nature of the fair value measurement (e.g. whether it is recognised in the financial statements or merely disclosed) and the level in which it is classified. Fair value hierarchy is provided in Note 9.

The application of the amendments has had no effect on the amounts reported in the current and prior years.

### **2.2 New and revised IFRS in issue but not yet effective**

Management has not yet had an opportunity to consider the potential impact of the adoption of standards and interpretations in issue but not yet effective.

Management of the Petroleum Fund anticipates that these amendments will be adopted in the Petroleum Fund's financial statements as outlined below:

<b>Standard/interpretation</b>	<b>Effective date (periods beginning on or after)</b>	<b>Expected to be initially applied in the financial year beginning</b>
IAS 32 (as revised) Financial Instruments: offsetting Financial Assets and Financial Liabilities	1 January 2014	1 January 2014
Amendments to IFRS 9 and IFRS 7 Mandatory Effective Date of IFRS 9 and Transition Disclosures	1 January 2015	1 January 2015
IFRS 9 Financial Instruments (2009)	1 January 2015	1 January 2015
IFRS 9 Financial Instruments (2010)	1 January 2015	1 January 2015
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	1 January 2014	1 January 2014
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	1 January 2014	1 January 2014
Novation of Derivatives and Continuation of Hedge Accounting' (Amendments to IAS 39)	1 January 2014	1 January 2014

**Petroleum Fund of Timor-Leste**  
**Notes to the financial statements**  
**for the year ended 31 December 2013**

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### **3. Significant accounting policies**

#### **Statement of compliance**

In accordance with Article 21 of the Petroleum Fund Law, the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) (formerly: "International Accounting Standards").

#### **Basis of preparation**

The financial statements are presented in United States Dollars. They are prepared on the historical cost basis, except for certain financial investments that are measured at fair value through profit or loss, as explained in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expense. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values and assets and liabilities that are not readily apparent from other sources. Actual results may vary from these estimates. The area involves a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision, and future periods if the revision affects both current and future periods.

The accounting policies have been consistently applied by the Petroleum Fund. The Petroleum Fund has adopted the IFRS that were effective at balance date.

The statement of financial position presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items.

The principal accounting policies are set out below.

#### **(a) Financial assets and liabilities**

##### *(i) Classification*

The Fund's investments are categorised as at fair value through profit or loss which is comprised of:

##### *Financial instruments designated at fair value through profit or loss upon initial recognition*

These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded debt and equity instruments. These financial instruments are designated at fair value through profit and loss upon initial recognition.

The manner in which the Petroleum Fund is managed is set out in Annex 1 to the Management Agreement between the Banco Central de Timor-Leste and the Minister of Finance, which establishes the performance benchmark for the Petroleum Fund.

Financial assets of the Petroleum Fund are managed and performance is measured and reported in accordance with documented risk management and investment strategies, has accordingly been designated at fair value through profit or loss for accounting purposes.

##### *Loans and receivables*

Financial assets that are classified as receivables include cash balances due from financial intermediaries from the sale of securities, receivables from reverse repurchase agreements with a maturity of more than one business day, and other short term receivables.

##### *Other financial liabilities*

Financial liabilities that are not at fair value through profit or loss include balances payable to financial intermediaries for the purchase of securities, and other short term payables.

##### *(ii) Recognition*

The Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

### **3. Significant accounting policies (continued)**

#### *(iii) Initial Measurement*

##### *Financial assets and liabilities*

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself classified as held for trading or designated as at fair value through profit or loss. Embedded derivatives separated from the host are carried at fair value with changes in fair value recognised in profit or loss.

##### *Loans and receivables and other financial liabilities*

Loans and receivables and financial liabilities (other than those classified as held for trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

#### *(iv) Impairment of financial assets*

The Fund assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as 'Credit loss expense'.

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Fund. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is later recovered, the recovery is credited to the statement of profit or loss and other comprehensive income.

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

#### *(v) Fair value measurement*

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of financial instruments is based on their quoted market prices at the statement of financial position date without any deduction for estimated future selling costs. Financial assets held or a liability to be issued are priced at current bid prices, while financial liabilities held and assets to be acquired are priced at current asking prices.

All changes to fair value, other than interest or dividend income and expense, are recognised in the profit and loss as part of net gain from financial assets or liabilities at fair value through profit or loss.

#### *(vi) Derecognition*

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired

Or

- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, And
- Either (a) the Fund has transferred substantially all the risks and rewards of the asset; or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### **3. Significant accounting policies (continued)**

When the Fund has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

#### *(vii) Offsetting*

The Petroleum Fund offsets financial assets and financial liabilities if the Petroleum Fund has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, e.g. for gains and losses arising from a group of similar transactions such as gains and losses from financial assets and liabilities at fair value through profit and loss.

#### *(viii) Specific instruments*

##### *Cash and cash equivalents*

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

##### *Reverse repurchase transactions*

Securities purchased under agreements to resell (reverse repurchase agreements) with a maturity period of greater than one financial day are reported not as purchases of securities, but as receivables and are carried in the statement of financial position at amortised cost.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements is recognised as interest income or interest expense over the life of each agreement using the effective interest method.

#### *(ix) Encumbrances on the assets of the Petroleum Fund*

In accordance with Article 20 of the amended Petroleum Fund Law, burdens or encumbrances, in any of their forms, may be put by way of contract or agreement on Petroleum Fund assets, up to a limit of 10% of the total value of the Petroleum Fund at the time the burden or encumbrances is put, provided that this is in compliance with the principles in general rules for creating, issuing and managing public debt.

### **(b) Foreign currency translation**

#### *(i) Functional and presentation currency*

Items included in the Petroleum Fund's financial statements are measured and presented in United States Dollars, being the official currency of the Democratic Republic of Timor-Leste.

#### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income as part of the 'Net gains/(losses) on financial assets and liabilities at fair value through profit or loss'. Exchange differences on other financial instruments are included in profit or loss in the statement of profit or loss and other comprehensive income as 'Net foreign exchange gains/(losses)'.

Foreign exchange differences relating to cash and cash equivalents are included in profit or loss in the statement of profit or loss and other comprehensive income as 'Net foreign exchange gains/(losses)'.

### **3. Significant accounting policies (continued)**

#### **(c) Petroleum Fund Gross Receipts**

The Petroleum Fund Law requires certain parties to deposit taxes and other petroleum-related payments payable to the Government of Timor-Leste directly into the Petroleum Fund. The Petroleum Fund recognises these and other transactions as follows:

- Payments made as Petroleum Fund receipts in accordance with Article 6.1(a) are recognised as increases in the statement of changes in capital of the Petroleum Fund.
- Payments made by the Designated Authority in accordance with Article 6.1(b) are recognised as increases in the statement of changes in capital of the Petroleum Fund.
- Income earned by the Petroleum Fund from the investment of its assets is recognised in the statement of profit or loss and other comprehensive income in accordance with Article 6.1(c).
- Payments received by Timor-Leste relating directly to Petroleum Fund resources not covered in Article 6.1 (a) to (d) of the Petroleum Fund law are recognised as increases in the statement of changes in capital of the Petroleum Fund in accordance with Article 6.1(e).
- Management fees paid from the gross receipts of the Petroleum Fund pursuant to Article 6.2 are recognised in the statement of profit or loss and other comprehensive income.
- Refunds of taxation made pursuant to Article 10 are recognised as reductions in the statement of changes in capital of the Petroleum Fund.

#### **(d) Transfers to the Consolidated Fund**

Transfers to the Consolidated Fund are appropriations approved by National Parliament of Timor-Leste. All transfers to the Consolidated Fund are authorised and recognised when paid to the Consolidated Fund.

#### **(e) Interest income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount. It is recognised in the statement of profit or loss and other comprehensive income.

#### **(f) Dividend income**

Dividend income from investments is recognised when the shareholder's right to receive payment has been established. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of profit or loss and other comprehensive income.

#### **(g) Net gain or loss on financial assets and liabilities at fair value through profit and loss**

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as 'at fair value through profit or loss' and excludes interest and dividend income and expenses.

#### **(h) Expenses**

In accordance with the provisions of the Petroleum Fund Law, all expenses of the Petroleum Fund, not relating to the purchase or sale of securities and recognised in the sale or purchase price, are met by the Banco Central de Timor-Leste (BCTL) and are covered by a management fee.

In accordance with Article 6.3 of the Petroleum Fund Law, the management fee paid to the BCTL is recognised as a deduction from the gross receipts of the Petroleum Fund, although it is accounted in the statement of profit or loss and other comprehensive income of the Petroleum Fund. Management and performance fees payable to external fund managers are met from the management fee payable to the BCTL.

Expenses which are incidental to the acquisition of an investment are included in the cost of that investment.

Expenses that are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.

#### **(i) Taxation**

The Petroleum Fund is exempt from paying taxes on income, withholding or capital gains under the current system of taxation in the Democratic Republic of Timor-Leste.

Income of the Petroleum Fund earned in foreign jurisdictions is subject to the (withholding) taxes levied in those jurisdictions. Income or gains are recorded gross of withholding taxes in the statement of profit or loss and other comprehensive income. Withholding taxes, to the extent that they are not recoverable, are shown as a separate line item in the statement of profit or loss and other comprehensive income. Cash inflows from investments are presented net of withholding taxes, when applicable.

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#### 4. Critical accounting estimates and judgments

Management of the Petroleum Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates use observable data to the extent practicable. However, areas such as credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

##### Judgements

In the process of applying the Fund's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

##### (i) Capital

Judgments have been made as to whether certain transactions should be recognised as capital or revenue. The basis for these judgments is outlined in Note 3(c).

##### Estimates and assumptions

The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

##### (ii) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on foreign withholding tax. Given the wide range of international investments, differences arising between the actual investment income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense already recorded. The Fund establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it invests. The amounts of such provisions are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective investment's domicile. As the Fund assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

#### 5. Interest income

	<i>Year ended</i> <i>31/12/2013</i>	<i>Year ended</i> <i>31/12/2012</i>
	<i>USD</i>	<i>USD</i>
Interest from debt securities at fair value through profit or loss	148,956,261	166,999,061
Interest from cash and cash equivalents	<u>230,984</u>	<u>152,056</u>
	<b><u>149,187,245</u></b>	<b><u>167,151,117</u></b>

#### 6. Other Receivables

	<i>As at</i> <i>31/12/2013</i>	<i>As at</i> <i>31/12/2012</i>
	<i>USD</i>	<i>USD</i>
Dividends receivable	5,793,209	3,257,223
Withholding tax receivables	4,515,589	1,472,956
Trust distributions receivables	580,945	405,870
Due from brokers receivables	140,790	1,341,235
Interest receivables	<u>81,734</u>	<u>416</u>
	<b><u>11,112,267</u></b>	<b><u>6,477,700</u></b>

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## 7. Capital receipts and payments of the Petroleum Fund

During the year ended 31 December 2013 the sum of US\$787,000,000 (31 December 2012 - US\$1,494,900,000) was approved for appropriation by Parliament from the Petroleum Fund. A sum of US\$730,000,000 (31 December 2012 - US\$1,494,900,000) was transferred from the Petroleum Fund to the State Budget account during the year.

During the year ended 31 December 2013 a total of US\$1,167,129,774 (31 December 2012 - US\$1,612,518,978) was received in Article 6.1(a) receipts. A total of US\$1,866,287,711 (31 December 2012 - US\$1,937,724,527) was received in Article 6.1(b) receipts. A total of US\$8,418,540 (31 December 2012 - US\$8,877,025) was received in Article 6.1(e) receipts.

The following table shows the capital receipts and payments of the Petroleum Fund.

<i>Year ended 31/12/2013</i>						
<i>USD</i>						
<b>Month</b>	<b>Article 6.1(a) receipts</b>	<b>Article 6.1(b) receipts</b>	<b>Article 6.1(e) Other receipts</b>	<b>To Consolidated Fund</b>	<b>Refunds of taxation</b>	<b>TOTAL</b>
January	144,802,000	178,698,405	-	-	-	323,500,405
February	115,888,000	196,978,657	-	-	-	312,866,657
March	108,896,000	184,291,044	8,287,200	-	-	301,474,244
April	88,302,000	189,521,408	-	-	-	277,823,408
May	95,314,000	147,134,731	-	-	-	242,448,731
June	110,054,000	165,672,475	-	-	-	275,726,475
July	91,114,000	151,988,272	-	(180,000,000)	-	63,102,272
August	88,339,000	127,727,254	-	-	-	216,066,254
September	89,856,000	154,275,735	-	-	-	244,131,735
October	84,882,811	138,597,755	-	(120,000,000)	-	103,480,566
November	77,191,231	95,277,783	-	(280,000,000)	-	(107,530,986)
December	<u>72,490,732</u>	<u>136,124,192</u>	<u>131,340</u>	<u>(150,000,000)</u>	<u>-</u>	<u>58,746,264</u>
<b>Totals</b>	<b><u>1,167,129,774</u></b>	<b><u>1,866,287,711</u></b>	<b><u>8,418,540</u></b>	<b><u>(730,000,000)</u></b>	<b><u>-</u></b>	<b><u>2,311,836,025</u></b>
<b>Total Article 6.1</b>			<b><u>3,041,836,025</u></b>			



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## 7. Capital receipts and payments of the Petroleum Fund (continue)

*Year ended 31/12/2012*

*USD*

<b>Month</b>	<b>Article 6.1(a) receipts</b>	<b>Article 6.1(b) receipts</b>	<b>Article 6.1(e) Other receipts</b>	<b>To Consolidated Fund</b>	<b>Refunds of taxation</b>	<b>TOTAL</b>
January	93,160,865	180,138,301	-	-	-	273,299,166
February	96,038,096	179,140,095	-	-	-	275,178,191
March	121,456,927	174,233,819	-	-	-	295,690,746
April	104,088,156	157,322,078	8,634,400	(263,000,000)	-	7,044,634
May	102,685,660	213,522,442	-	(153,000,000)	-	163,208,102
June	111,075,669	153,706,594	-	(103,000,000)	-	161,782,263
July	83,251,701	26,899,973	242,625	(163,000,000)	-	(52,605,701)
August	118,135,734	97,141,613	-	(113,000,000)	-	102,277,347
September	128,026,264	175,771,530	-	(113,000,000)	-	190,797,794
October	205,514,637	209,082,084	-	(203,000,000)	-	211,596,721
November	145,793,386	189,139,327	-	(153,000,000)	-	181,932,713
December	<u>303,291,883</u>	<u>181,626,671</u>	<u>-</u>	<u>(230,900,000)</u>	<u>-</u>	<u>254,018,554</u>
<b>Totals</b>	<b><u>1,612,518,978</u></b>	<b><u>1,937,724,527</u></b>	<b><u>8,877,025</u></b>	<b><u>(1,494,900,000)</u></b>	<b><u>-</u></b>	<b><u>2,064,220,530</u></b>
<b>Total Article 6.1</b>			<b><u>3,559,120,530</u></b>			

## 8. Cash and cash equivalents

The Petroleum Fund invests surplus cash in overnight markets with banks or through reverse repurchase agreements. For the purposes of the statement of cash flows, cash and cash equivalents comprise the following balances with original maturity of less than 90 days:

	<i>As at 31/12/2013</i>	<i>As at 31/12/2012</i>
	<i>USD</i>	<i>USD</i>
Cash at bank	65,685,105	25,784,289
Overnight reverse repurchase agreements	<u>4,500,000</u>	<u>35,100,000</u>
	<b><u>70,185,105</u></b>	<b><u>60,884,289</u></b>

The cash at bank includes the balance at the Federal Reserve Bank of New York, in the earmarked receipts account held by the BCTL in accordance with Article 5.2 of the Petroleum Fund Law.

## 9. Financial assets valued through profit or loss

Transactions in financial assets, which arise either from the investment of new funds or the periodic rebalancing of the investment portfolio, are summarised as follows:

	<i>As at 31/12/2013</i>	<i>As at 31/12/2012</i>
	<i>USD</i>	<i>USD</i>
<b>Financial assets at fair value through profit or loss</b>		
<b>Opening fair value</b>	<b>11,711,144,753</b>	<b>9,285,303,671</b>
Purchases at cost	16,125,029,431	16,082,784,005
Proceeds from sales	(13,598,334,271)	(13,825,534,764)
Net gains on financial assets at fair value through profit and loss	640,006,671	184,526,790
Net foreign exchange (losses)/gains	(19,353,812)	724,925
Net gains/(losses) through interest income	<u>46,186,224</u>	<u>(16,659,874)</u>
<b>Closing fair value</b>	<b><u>14,904,678,996</u></b>	<b><u>11,711,144,753</u></b>

There were no impairment losses at balance date. The carrying amount of these assets approximates their fair value.



**Petroleum Fund of Timor-Leste**  
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## 9. Financial assets valued through profit or loss (continued)

A summary of securities is as follows:

	<i>As at 31/12/2013</i>		<i>As at 31/12/2012</i>	
	<i>USD</i>		<i>USD</i>	
<b>Designated as at fair value through profit or loss</b>	<b>Fair Value</b>	<b>% of net assets</b>	<b>Fair Value</b>	<b>% of net assets</b>
<b>Fixed interest securities</b>				
European treasury bill	3,417,170	-	-	-
United States treasury notes	8,112,364,538	54	8,676,319,344	74
Australian government bonds	145,008,543	1	-	-
Japanese government bonds	136,010,191	1	-	-
United Kingdom government bonds	146,555,355	1	-	-
European government bonds	441,234,140	3	-	-
Other Public Sector Bonds	586,562,474	4	-	-
<b>Total fixed interest securities</b>	<b>9,571,152,411</b>	<b>64</b>	<b>8,676,319,344</b>	<b>74</b>
<b>Equity securities</b>				
United States equities	2,913,563,696	20	1,596,913,717	14
Australian equities	162,180,483	1	-	-
Japanese equities	468,696,730	3	260,955,141	2
United Kingdom equities	496,089,872	3	305,523,070	3
European equities	668,865,807	5	365,854,309	3
Equities from other countries	623,955,974	4	505,481,691	4
<b>Total equity securities</b>	<b>5,333,352,562</b>	<b>36</b>	<b>3,034,727,928</b>	<b>26</b>
<b>Held for trading</b>				
<b>Derivatives</b>				
Foreign currency forwards	174,023	-	97,481	-
	<b>174,023</b>	<b>-</b>	<b>97,481</b>	<b>-</b>
<b>Total securities</b>	<b>14,904,678,996</b>		<b>11,711,144,753</b>	

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The Petroleum Fund does not adjust the quoted prices for these instruments.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). As level 2 investments include positions that are not traded in active markets and/or subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability which are generally based on available market information.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	<i>As at 31/12/2013</i>			
	<i>USD</i>			
<b>Financial assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial Instruments designated at fair value through profit or loss				
Derivatives	174,023	-	-	174,023
Equity securities	5,333,352,562	-	-	5,333,352,562
Fixed interest securities	9,571,152,411	-	-	9,571,152,411
<b>Total</b>	<b>14,904,678,996</b>	<b>-</b>	<b>-</b>	<b>14,904,678,996</b>

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## 9. Financial assets valued through profit or loss (continued)

*As at 31/12/2012*  
*USD*

Financial assets	Level 1	Level 2	Level 3	Total
Financial Instruments designated at fair value through profit or loss				
Derivatives	97,481	-	-	97,481
Equity securities	3,034,727,928	-	-	3,034,727,928
Fixed interest securities	8,676,319,344	-	-	8,676,319,344
<b>Total</b>	<b>11,711,144,753</b>	<b>-</b>	<b>-</b>	<b>11,711,144,753</b>

There were no transfers between levels for the year ended 31 December 2013, (2012: NIL).

There were no movements in level 3 instruments for the year ended 31 December 2013, (2012: NIL).

A detailed schedule of financial assets at fair value through profit or loss is at Note 17.

## 10. Derivative contracts

Typically, derivative contracts serve as components of the Fund's investment strategy and are utilised primarily to structure and hedge investments, to enhance performance and reduce risk to the Fund (the Fund does not designate any derivative as a hedging instrument for hedge accounting purposes). The derivative contracts that the Fund holds include: futures and forward currency contracts.

The Fund uses derivative financial instruments to economically hedge its risks associated with foreign currency fluctuations. Additionally, derivative financial instruments may also be used for trading purposes where the investment manager believes this would be more efficient than investing directly in the underlying financial instruments. Derivatives often reflect, at their inception, only a mutual exchange of promises with little or no transfer of tangible consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the underlying of a derivative contract may have a significant impact on the profit or loss of the Fund. Over the counter ("OTC") derivatives may expose the Fund to the risks associated with the absence of an exchange market on which to close out an open position. The investment manager is instructed to closely monitor the Fund's exposure under derivative contracts as part of the overall management of the Fund's market risk (see also Note 12).

During the year ended 31 December 2013, the Fund had positions in the following types of derivatives:

### Forwards and futures

Forward and futures contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the OTC market. Futures contracts are transacted in standardised amounts on regulated exchanges and are subject to daily cash margin requirements. The main differences in the risk associated with forward and futures contracts are credit risk and liquidity risk. The Fund has credit exposure to the counterparties of forward contracts. The credit risk related to future contracts is considered minimal because the exchange ensures that these contracts are always honoured. Forward contracts are settled gross and, therefore, considered to bear a higher liquidity risk than the future contracts which are settled on a net basis. Both types of contracts result in market risk exposure.

## 11. Income tax expense

As the Fund is exempt from all forms of taxation in Timor-Leste, the Fund has a statutory tax rate of 0%. Investment income and capital gains are subject to withholding tax in certain foreign jurisdictions and are the only items subject to taxation. In the current year tax has been withheld from foreign dividend, unit trust income, and interest received according to the applicable laws. Relief from withholding tax is available on application in some of these jurisdictions. The current average applicable withholding tax rate on dividend, unit trust income, and interest is 4.73% (2012: 4.82%) in such jurisdictions. The withholding tax attributable to the Fund in 2013 is \$5,010,732 (2012: \$2,726,464).

## **12. Financial risk and management objectives and policies**

The Petroleum Fund's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Petroleum Fund is also exposed to a range of operational risks that may temporarily or permanently impair the ability of the Fund's managers to hold or transfer securities.

The Petroleum Fund's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's performance.

The management of these risks is carried out by the Investment Advisory Board and the Banco Central de Timor-Leste. The Investment Advisory Board develops investment mandates and benchmarks that reflect the Board's understanding of the financial risk tolerance of the Fund's stakeholders and the capacity of the Fund's day-to-day management to implement, and which are in accordance with the Board's published Statement of Investment Beliefs. The mandates and benchmarks are approved by the Minister of Finance prior to implementation. The Central Bank has policies and procedures for managing and monitoring financial and operational risks for its own operations, external managers, global custodian, and the Petroleum Fund's other key service providers.

The financial risks associated with the Petroleum Fund are monitored by the Risk Management Division of the Petroleum Fund Management Department at the Banco Central de Timor-Leste, which prepares daily management reports for senior management and quarterly reports for the Ministry of Finance and Investment Advisory Board. The Petroleum Fund is subject to periodic audit by the Internal Audit Office of the Banco Central de Timor-Leste, which has operational independence from the management of the Petroleum Fund. The Internal Audit Office provides formal monthly reports to the Governor, and quarterly reports to the Governing Board of the Banco Central de Timor-Leste.

The Petroleum Fund Law sets limits on the use of derivative financial instruments whereby derivatives may only be used to reduce the risk to the Fund or to efficiently facilitate the desired exposure to an asset, and whereby the risk arising from the use of the derivatives may not be higher than would result from direct exposure to the underlying assets. As such, the objective of using derivative instruments is to reduce financial risks and costs associated with implementing the investment strategy. The Petroleum Fund does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The individual investment mandates set by the Investment Advisory Board include rules for the use of derivatives within these legal requirements.

### **Investment strategy**

The Petroleum Fund's objective is to meet benchmark returns on its capital within the risk limit provided in mandates and within the limits established in Articles 14 and 15 of the Petroleum Fund Law relating to Investment Policy and Investment Rules.

The investment strategy of the Petroleum Fund is determined by the Minister of Finance based on advice and recommendations from the Investment Advisory Board.

At the Investment Advisory Board meeting held on 28 June 2012 the decision was made by the Board to expand the public equity exposure by 0.83% a month over a period of two years to 30 June 2014 to achieve 40% equity exposure. The equity exposure as at 31 December 2013 was 36% (26%: 2012).

The Petroleum Fund investment portfolio of assets at fair value through profit or loss (including cash and cash equivalents) complied with the legislative and contractual requirements throughout the period.

## **12 Financial risk and management objectives and policies(continued)**

### **(a) Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Petroleum Fund's activities with financial instruments either internally within the entities that manage the Petroleum Fund or externally with the Petroleum Fund's service providers, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour.

The Banco Central de Timor-Leste, as the operational manager of the Petroleum Fund, manages the operational risks associated with the operations of the Petroleum Fund. Operational risk management includes policies that describe the standard of conduct required of staff, and specific internal control systems designed around the particular characteristics of the Petroleum Fund. Operational risk management is built into the policies and procedures of the Petroleum Fund Management Department, including periodically identifying and monitoring operational risks at the Banco Central de Timor-Leste, the external managers, the global custodian and other key service providers.

The overall standards for the management of operational risk include the following:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities.
- Requirements for the monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risk faced
- Ethical and business standards

The Banco Central de Timor-Leste's assessment over the adequacy of the controls and processes in place at the external managers and other service providers with respect to operational risk is carried out via ad hoc discussions with service providers and a review of the service providers' ISAE16 reports on internal controls, if available.

Compliance with policies and departmental internal control systems is managed by an internal audit function, and there is specific provision in the daily management reports prepared by the Risk Management Division for the reporting of all issues that arise in connection with operational matters. The purpose of this section of the reports is to notify senior management promptly of unexpected operational issues, and provide senior management with the opportunity to provide advice or take remedial action.

J.P. Morgan was appointed custodian of the Petroleum Fund in June 2008. As part of the custodial agreement their responsibilities include holding the Petroleum Fund's assets. Substantially all the assets of the Petroleum Fund are held by J.P. Morgan. Bankruptcy or insolvency of the Petroleum Fund's custodian may cause the Fund's rights with respect to the securities held by the custodian to be delayed or limited. Banco Central de Timor-Leste monitors the credit ratings and capital adequacy of its custodian and reviews custodial performance against the measures in a service level agreement on a quarterly basis.

Specific due diligence on operational risk is also undertaken as part of the external manager appointment process, and ISAE16 reports are obtained from external managers that evidence the ongoing effectiveness of their internal control systems.

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## **12. Financial risk and management objectives and policies (continued)**

### **(b) Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Petroleum Fund, resulting in a loss to the Fund. It arises principally from debt securities held, and also from derivative financial instruments, cash and cash equivalents, balances due from brokers and receivables from reverse repurchase agreements. For risk management reporting purposes the Fund considers and consolidates all elements of credit risk exposure, reflecting the fact that the main concentration to which the Fund is exposed arises from the Fund's investments in debt securities.

#### **(i) Credit risk management**

Articles 14 and 15 of the Petroleum Fund law provide broad constraints on the extent of credit risk that can be taken by the Petroleum Fund. The law specifies that not less than 50% of the Petroleum Fund may be invested in investment grade fixed income investments while not more than 50% of the Petroleum Fund may be invested in listed equities. Up to 5% of the Fund may be invested in other types of securities.

The Investment Advisory Board advised the Minister of Finance in June 2012 that in view of the long-term investment horizon of the Fund, the strategic asset allocation to listed equities should be 40% while the allocation to investment grade fixed interest securities should be 60%. The Board recommended implementing this strategic asset allocation by gradually increasing the public equity exposure by 0.83% a month (from the then 20% exposure to equities) over a period of two years to 30 June 2014. This strategy was in the process of being implemented during the reporting period.

The mandate in the Operational Management Agreement prescribes that the performance of the Petroleum Fund shall be measured against benchmark indexes for a series of mandates, restricts the permissible investment universe to highly rated financial instruments, and establishes tracking error limits restricting the permissible deviation of the portfolio investments from the benchmark for each mandate. The maximum loss that the Petroleum Fund would suffer from the default of a single issuer is the amount disclosed below with respect to investments in Treasury Notes issued by the United States Government and Equity Securities traded on developed market exchanges.

#### **(ii) Concentration of credit exposure**

Concentrations of credit risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Petroleum Fund's policy is to develop over time a well diversified portfolio within limits set by the Petroleum Fund law.

The Petroleum Fund's significant end-of-year concentrations of credit exposure by the industry or country of the issuer were as follows:

	<i>As at</i> <b>31/12/2013</b>	<i>As at</i> <b>31/12/2012</b>
	<b>USD</b>	<b>USD</b>
<b>Fixed interest securities and money market securities</b>		
<b>Sovereign issuers:</b>		
United States Government	8,112,364,538	8,676,319,344
Australia Government	145,008,543	-
Japan Government	136,010,191	-
United Kingdom Government	146,555,355	-
European Governments	444,651,310	-
Governments of other countries	586,562,474	-
	<b><u>9,571,152,411</u></b>	<b><u>8,676,319,344</u></b>

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## **12. Financial risk and management objectives and policies (continued)**

### **(iii) Credit exposure by credit rating**

The following table presents an analysis of the Petroleum Fund's debt securities classified according to the Standard and Poor's credit rating of the issuer. AAA is the highest rating possible and indicates that the entity has an extremely strong capacity to pay interest and principal. AA is a high grade rating, indicating a very strong capacity, and A is an upper medium grade, indicating a strong capacity to pay interest and principal. BBB is the lowest investment grade rating, indicating a medium capacity to pay interest and principal. Ratings lower than AAA can be modified by + or – signs to indicate relative standing within the major categories.

	<i>As at</i> <b>31/12/2013</b>	<i>As at</i> <b>31/12/2012</b>
	<b>USD</b>	<b>USD</b>
<b>International fixed interest securities and money market securities</b>		
AA+	<u>9,571,152,411</u>	<u>8,676,319,344</u>
<b>Total</b>	<u><b>9,571,152,411</b></u>	<u><b>8,676,319,344</b></u>

### **(iv) Credit exposure by counterparty as a percentage of the Petroleum Fund's capital**

No more than 1% (2012 – Nil) of assets of the Petroleum Fund is exposed to a single sovereign issuer, other than the United States Government, all of which sovereigns are developed nations. The assets exposed to the United States Government amounted to 54% (2012: 74%) of the Petroleum Fund's capital. A change in the credit ratings of the Petroleum Fund's counterparties may have an impact on the future financial performance of the Petroleum Fund.

### **(v) Settlement risk**

The financial activities of the Petroleum Fund may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the majority of transactions, the Petroleum Fund mitigates this risk by requiring the custodian to conduct settlements on a Delivery versus Payment basis, whereby a trade is settled only when both parties have fulfilled their contractual settlement obligations by delivering the agreed amounts of cash or financial assets. The settlement will fail if either party fails to meet its obligation.

### **(c) Market risk**

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Petroleum Fund's income or fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The maximum risk resulting from financial instruments equals their fair value.

The Petroleum Fund's strategy for the management of market risks is driven by the Fund's investment objectives, including diversification of its investment portfolio, by specifying benchmarks in individual investment mandates with risk limits defined by maximum tracking errors.

The Petroleum Fund's market risk is thus managed on a regular basis by the investment managers in accordance with these investment mandates.

### **(i) Equity price risk**

Equity price risk is the risk of unfavourable changes in the fair values of equities or equity-linked derivatives as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Fund's investments in equity securities and from equity-linked derivatives. The Fund manages this risk by investing in a variety of stock exchanges and by limiting exposure to any one company or issuing entity, excluding sovereign states to 3% of net assets (consistent with Article 15.5a of the Petroleum Fund Law). The Fund's law limits equity investments to no more than 5% of the share capital of a particular issuer (consistent with Article 15.3b of the Petroleum Fund Law).

Management's best estimate of the effect on the profit or loss for a year due to a reasonably possible change in equity indices, with all other variables held constant is indicated in the table below. There is no effect on 'other comprehensive income' as the Fund has no assets classified as 'available-for-sale' or designated hedging instruments. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material. An equivalent decrease in each of the indices shown below would have resulted in an equivalent, but opposite, impact.

The Petroleum Fund manages its exposure to equity price risk by analysing the portfolio by industrial sector and country each month, and benchmarking the performance of each sector/country to the MSCI World Index, by considering the performance of the Fund attributable to stock allocation, security selection and the interaction effect.

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## 12. Financial risk and management objectives and policies (continued)

### Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets to price risk. The analysis is based on reasonably possible movements in the benchmark with all other variables held constant and the fair value of the Fund's portfolio moving according to the movement in the benchmark. The reasonably possible movements in the risk variables have been determined based on the investment managers' best estimates, having regard to a number of factors, including historical levels of changes in market index, security prices and/or benchmark returns and interest rates. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities to which the variable is exposed. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	<b>Price risk</b>	
	<b>Impact on operating profit / Net assets</b>	
	<b>(As at 31/12/2013: -10.00%)</b>	<b>(As at 31/12/2013: +10.00%)</b>
	<b>(As at 31/12/2012: -10.00%)</b>	<b>(As at 31/12/2012: +10.00%)</b>
<b>31 December 2013</b>		
	(533,352,659)	533,352,659
<b>31 December 2012</b>		
	(303,482,541)	303,482,541

### (c) Market risk (continued)

#### (ii) Interest rate risk

Interest rate risk arises from the possibility that an investment's fair value or associated future cash flows will change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship.

The majority of interest rate exposure arises on investments in debt securities in the United States of America, and to a lesser extent, the rest of the developed world. Most of the Petroleum Fund's investments in debt securities carry fixed interest rates and mature within ten years.

The Petroleum Fund manages this risk by investing according to well-defined industry benchmarks with specified duration target and tracking error limit. The assets and liabilities of the Petroleum Fund will re-price or mature within the following periods:

*As at 31/12/2013*

*USD*

<b>FINANCIAL ASSETS</b>	<b>Statement of financial position</b>	<b>Non-interest sensitive</b>	<b>6 months or less</b>	<b>6 to 12 months</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>5 to 10 years</b>
Cash and cash equivalents	70,185,105	-	70,185,105	-	-	-	-
Other receivables	11,112,267	11,112,267	-	-	-	-	-
Financial assets at fair value through profit or loss	14,904,678,996	5,333,526,585	-	48,412,491	630,207,747	6,671,629,193	2,220,902,980
<b>Total assets</b>	<b>14,985,976,368</b>	<b>5,344,638,852</b>	<b>70,185,105</b>	<b>48,412,491</b>	<b>630,207,747</b>	<b>6,671,629,193</b>	<b>2,220,902,980</b>
<b>Weighted average interest rate</b>			-	1.96 %	2.36 %	1.03 %	2.86 %

*As at 31/12/2012*

*USD*

<b>FINANCIAL ASSETS</b>	<b>Statement of financial position</b>	<b>Non-interest sensitive</b>	<b>6 months or less</b>	<b>6 to 12 months</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>5 to 10 years</b>
Cash and cash equivalents	60,884,289	-	60,884,289	-	-	-	-
Other receivables	6,477,700	6,477,700	-	-	-	-	-
Financial assets at fair value through profit or loss	11,771,144,753	3,034,825,409	-	-	1,058,345,114	5,533,535,917	2,084,438,313
<b>Total assets</b>	<b>11,778,506,742</b>	<b>3,041,303,109</b>	<b>60,884,289</b>	<b>-</b>	<b>1,058,345,114</b>	<b>5,533,535,917</b>	<b>2,084,438,313</b>
<b>Weighted average interest rate</b>			0.15 %	- %	2.08 %	1.39 %	2.72 %



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## 12. Financial risk and management objectives and policies (continued)

### Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to interest rate risk. The analysis is based on reasonably possible movements in the benchmark with all other variables held constant and the fair value of the Fund's portfolio moving according to the movement in the benchmark. The reasonably possible movements in the risk variables have been determined based on the investment managers' best estimates, having regard to a number of factors, including historical levels of changes in market index, security prices and/or benchmark returns and interest rates. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities to which the variable is exposed. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	<b>Interest rate risk</b>	
	<b>Impact on operating profit / Net assets</b>	
	<b>(As at 31/12/2013: -1.00%)</b>	<b>(As at 31/12/2013: +1.00%)</b>
	<b>(As at 31/12/2012: -1.00%)</b>	<b>(As at 31/12/2012: +1.00%)</b>
<b>31 December 2013</b>	95,711,524	(95,711,524)
31 December 2012	384,848,370	(384,848,370)

The Petroleum Fund has determined that a fluctuation in interest rates of 1% is reasonably possible within a given one-year time period, given the economic environment in which the Fund operates.

In determining the impact of an increase/decrease in net assets arising from market risk, management of the Fund has considered prior period and expected future movements of the portfolio based on market information.

### (iii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Petroleum Fund invests in fixed income and equity securities that are denominated in currencies other than the United States dollar. Accordingly, the Fund's assets may be affected favourably or unfavourably by fluctuations in currency rates. Therefore, the Fund is necessarily subject to foreign exchange risks.

The assets of the Petroleum Fund to which the Fund had significant currency exposure at balance date, reported in United States Dollar equivalents, are set out in the following table:

*As at 31/12/2013*

	<b>USD</b>	<b>EUR</b>	<b>AUD</b>	<b>GBP</b>	<b>JPY</b>	<b>Other Currencies</b>	<b>Total</b>
Cash and cash equivalents	47,225,621	10,131,782	1,826,965	3,343,558	2,367,857	5,289,322	70,185,105
Equity securities	2,913,563,696	668,865,807	162,180,483	496,089,872	468,696,730	623,955,974	5,333,352,562
Interest bearing securities	8,112,364,538	444,651,310	145,008,543	146,555,355	136,010,191	586,562,474	9,571,152,411
Receivables	3,900,335	2,848,135	459,382	1,281,558	446,234	2,176,623	11,112,267
Payables	(2,327,814)	(8,623,945)	-	(36,116)	(13,147,595)	(9,741,593)	(33,877,063)
<b>Total physical exposure</b>	<b>11,074,726,376</b>	<b>1,117,873,089</b>	<b>309,475,373</b>	<b>647,234,227</b>	<b>594,373,417</b>	<b>1,208,242,800</b>	<b>14,951,925,282</b>
Forward exchange contracts							
- buy foreign currency	6,314,652	-	-	-	12,990,124	9,441,116	28,745,892
- sell foreign currency	(22,391,135)	-	-	-	(4,935,470)	(1,245,264)	(28,571,869)
<b>Total derivative exposure</b>	<b>(16,076,483)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,054,654</b>	<b>8,195,852</b>	<b>174,023</b>
<b>Total net exposure</b>	<b>11,058,649,893</b>	<b>1,117,873,089</b>	<b>309,475,373</b>	<b>647,234,227</b>	<b>602,428,071</b>	<b>1,216,438,652</b>	<b>14,952,099,305</b>
<b>Exposure (% of Fund net assets)</b>	<b>73.97%</b>	<b>7.48%</b>	<b>2.07%</b>	<b>4.33%</b>	<b>4.03%</b>	<b>8.13%</b>	<b>100%</b>



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## 12. Financial risk and management objectives and policies (continued)

### (c) Market risk (continued)

#### (iii) Currency risk (continued)

As at 31/12/2012

	USD	EUR	AUD	GBP	JPY	Other Currencies	Total
Cash and cash equivalents	51,798,633	1,188,297	999,083	2,077,287	1,868,318	2,952,671	60,884,289
Equity securities	1,597,055,893	365,700,839	114,973,957	305,523,070	260,955,141	390,519,028	3,034,727,928
Interest bearing securities	8,676,319,344	-	-	-	-	-	8,676,319,344
Receivables	1,923,694	994,919	338,187	2,165,112	341,917	713,871	6,477,700
Payables	(2,726,118)	-	-	(19,309)	-	(412,726)	(3,158,153)
<b>Total physical exposure</b>	<b>10,324,371,446</b>	<b>367,884,055</b>	<b>116,311,227</b>	<b>309,746,160</b>	<b>263,165,376</b>	<b>393,772,844</b>	<b>11,775,251,108</b>
Forward exchange contracts							
- buy foreign currency	4,307,942	-	-	-	-	340,772	4,648,714
- sell foreign currency	(340,751)	-	-	(1,321,927)	(2,888,555)	-	(4,551,233)
<b>Total derivative exposure</b>	<b>3,967,191</b>	<b>-</b>	<b>-</b>	<b>(1,321,927)</b>	<b>(2,888,555)</b>	<b>340,772</b>	<b>97,481</b>
<b>Total net exposure</b>	<b>10,328,338,637</b>	<b>367,884,055</b>	<b>116,311,227</b>	<b>308,424,233</b>	<b>260,276,821</b>	<b>394,113,616</b>	<b>11,775,348,589</b>
Exposure (% of Fund net assets)	87.71%	3.12%	0.99%	2.62%	2.21%	3.35%	100%

### Summarised sensitivity analysis

The Petroleum Fund is primarily exposed to the Euro, Australian Dollars, Pound Sterling and Japanese Yen.

The following table details the Petroleum Fund's sensitivity to a 10% increase and decrease in the United States Dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes cash and cash equivalents, interest receivable and qualifying instruments. A negative number below indicates a decrease in profit where the United States Dollar strengthens 10% against the relevant currency. For a 10% weakening of the United States Dollar against the relevant currency, there would be a comparable impact on the profit, and the balances below would be a positive. The analysis presumes that all other variables, in particular interest rates, remain constant.

	<i>As at 31/12/2013 USD</i>	<i>As at 31/12/2012 USD</i>
EUR impact	(111,787,309)	(36,788,405)
AUD impact	(30,947,537)	(11,631,123)
GBP impact	(64,723,423)	(30,842,423)
JPY impact	(60,242,807)	(26,027,682)
Other currencies impact	(121,643,865)	(39,411,362)
<b>Total currencies impact</b>	<b>(389,344,941)</b>	<b>(144,700,995)</b>

This is mainly attributable to the exposure outstanding on all relevant foreign currencies relating to cash and cash equivalents, interest receivable and qualifying instruments in the Petroleum Fund at the end of the reporting period.

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## 12. Financial risk and management objectives and policies (continued)

### (d) Liquidity risk

Liquidity risk is the risk that the Petroleum Fund may not be able to generate sufficient cash resources to settle its obligations, which would primarily be to fund the state budget account, in full, or can only do so on terms that are materially disadvantageous.

The Fund invests primarily in marketable securities and other financial instruments which, under normal market conditions are readily convertible to cash.

To manage this risk, the Ministry of Finance has agreed in the Management Agreement to provide the Central Bank with a forecast of the future cash requirements of the government, including the projected timings and amounts to be transferred from the Fund.

The Central Bank monitors that Petroleum Fund's liquidity position on a daily basis.

### (e) Derivative financial instruments

Derivative financial instruments are used by the Petroleum Fund for risk reduction and asset management purposes. For example, to reduce benchmark risk by equitising small cash balances which would be uneconomic to invest, hedging settlement exposures, or to hedge various positions and exposures during asset transitions.

The Minister has approved the use of equity index futures, fixed income index futures, money market futures, and currency forward contracts.

The following table sets out the fair values and notional amounts of derivative assets and liabilities held by the Petroleum Fund as at the reporting date.

Derivative financial instruments	As at 31/12/2013		As at 31/12/2012	
	Fair value USD	Notional value USD	Fair value USD	Notional value USD
Foreign currency forward contracts	174,023	(16,076,482)	97,481	3,967,190
<b>Total</b>	<b>174,023</b>	<b>(16,076,482)</b>	<b>97,481</b>	<b>3,967,190</b>

### (f) Capital risk

The Petroleum Fund is a mandatory financial reserve established with the objective of allocating financial wealth obtained from natural resources fairly and equitably between current and future generations of Timor-Leste citizens. The Fund's capital structure consists solely of paid in capital derived from petroleum receipts and other sources as described in Note 3(c). The Petroleum Fund law requires the Government to annually calculate Estimated Sustainable Income (ESI) which is defined as the maximum amount that can be appropriated from the Petroleum Fund in a fiscal year and leave sufficient resources in the Petroleum Fund for an amount of equal real value to be appropriated in all later fiscal years. The ESI calculation is submitted with the annual budget to Parliament, which is required to take the ESI into consideration when determining the amount of capital to be appropriated from the Petroleum Fund. Transfers in excess of the ESI are permitted subject to certain provisions in the Petroleum Fund law being satisfied.

There has been no change during the year in these objectives and policies for managing capital and the Petroleum Fund has complied with all legislative requirements relating to the management of the Petroleum Fund's capital.

## 13. Reconciliation of net cash flows from operating activities with profit for the year

	Year ended 31/12/2013 USD	Year ended 31/12/2012 USD
<b>Profit for the year</b>	<b>864,914,691</b>	<b>400,806,860</b>
Increase in financial assets at fair value through profit or loss	(3,193,534,243)	(2,425,841,082)
Decrease/(increase) in receivables	3,405,922	(4,743,761)
(Decrease)/ increase in accounts payable	(19,186)	1,519,000
Increase/(decrease) in payables for securities purchased	30,738,096	(188,840)
<b>Net cash flow from operating activities</b>	<b>(2,294,494,720)</b>	<b>(2,028,447,823)</b>

**Petroleum Fund of Timor-Leste**  
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## **14. Personnel**

The Fund did not employ any personnel during the year (2012: the same).

## **15. Contingent assets, contingent liabilities and commitments**

There are no contingent assets, contingent liabilities or commitments as at 31 December 2013.

## **16. Related party disclosures**

The following parties are considered related parties of the Fund:

The ultimate controlling party of the Petroleum Fund is the Democratic Republic of Timor-Leste ('the Government')

### **The Government**

The Government, as stipulated in Article 11.1 of the Petroleum Fund Law, is the overall manager of the Petroleum Fund.

The Petroleum Fund receives receipts on behalf of the Government, as disclosed in Note 3(c). The Government, through the State budget, meets the expenses of the Petroleum Fund, including the audit fee, not otherwise covered by the management fee.

The Petroleum Fund makes transfers to the Consolidated Fund of Timor-Leste (pursuant to Article 7 of the Petroleum Fund Law) as disclosed in the Statement of changes in capital.

### **Banco Central de Timor-Leste (BCTL)**

The BCTL is the operational manager of the Petroleum Fund, in accordance with Article 11.3 of the Petroleum Fund Law.

This means that the operational manager is, in particular, responsible for oversight of the investment managers and service providers, collection of dividends, interest and proceeds of matured securities, the exercise of options and, in general, for any other operation concerning the day-to-day administration of the securities and other assets and liabilities of the Fund.

The management fee covers the operational management of the Petroleum Fund which is undertaken by the BCTL, in accordance with the provisions of Article 11.3 of the Petroleum Fund Law. The audit fee and expenses incurred within the Ministry of Finance relating to the overall management of the Petroleum Fund are met directly from the State budget. The management fee paid to the BCTL for the period was composed as follows:

	<i>Year ended 31/12/2013</i>	<i>Year ended 31/12/2012</i>
	<i>USD</i>	<i>USD</i>
Custody and external management services	6,993,353	4,971,040
IAB expenses	153,491	48,232
BCTL operating expenses	<u>1,863,119</u>	<u>1,931,815</u>
<b>Total</b>	<b><u>9,009,963</u></b>	<b><u>6,951,087</u></b>

BCTL is entitled to receive a management fee for its respective services in terms of the agreement dated 14 February 2013. These fees amount to an aggregate of 0.06% per annum of the net assets of the Fund. Management fees are payable monthly in arrears. Total management fees for the year amounted to US\$9,009,963 (2012: US\$6,951,087).

The management fees payable as at 31 December 2013 is US\$2,327,814 (31 December 2012: US\$2,347,000).

### **The Autoridade Nacional do Petroleo of Timor-Leste (ANP)**

The ANP manages the revenues from the production sharing contracts between Timor-Leste and Australia, and transfers the Timor-Leste portion to the Petroleum Fund as Article 6.1(b) receipts as disclosed in Note 3(c).

**Petroleum Fund of Timor-Leste**  
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**Note 17 Schedule of financial assets valued through profit or loss**

**(a) Fixed interest securities – issued by sovereign states**

<b>Security</b>	<b>Nominal</b>	<b>Fair Value</b>	<b>Security</b>	<b>Nominal</b>	<b>Fair Value</b>
Australia 2.75% 21Apr24	8,955,000	7,062,057	Canada 1.50% 01Sep17	3,890,000	3,659,917
Australia 3.25% 21Apr25	3,237,000	2,637,197	Canada 2.00% 01Dec14	5,682,000	5,406,023
Australia 3.25% 21Apr29	11,552,000	8,821,540	Canada 2.00% 01Jun16	3,770,000	3,625,282
Australia 4.25% 21Jul17	8,486,000	8,030,893	Canada 2.50% 01Jun15	3,412,000	3,283,612
Australia 4.50% 15Apr20	11,393,000	10,758,853	Canada 2.50% 01Jun24	2,133,000	1,943,449
Australia 4.75% 15Jun16	11,658,000	10,939,223	Canada 2.75% 01Jun22	4,824,000	4,581,382
Australia 4.75% 21Apr27	6,602,000	6,121,652	Canada 2.75% 01Sep16	3,999,000	3,946,716
Australia 4.75% 21Oct15	7,967,000	7,456,833	Canada 3.00% 01Dec15	4,304,000	4,204,616
Australia 5.25% 15Mar19	17,215,000	16,938,767	Canada 3.25% 01Jun21	4,371,000	4,354,744
Australia 5.50% 21Apr23	11,262,000	11,241,995	Canada 3.50% 01Dec45	4,997,000	4,948,801
Australia 5.50% 21Jan18	11,333,000	11,261,970	Canada 3.50% 01Jun20	10,979,000	11,140,748
Australia 5.75% 15Jul22	10,292,000	10,563,946	Canada 3.75% 01Jun19	6,704,000	6,867,826
Australia 5.75% 15May21	11,070,000	11,154,919	Canada 4.00% 01Jun16	3,866,000	3,896,193
Australia 6.00% 15Feb17	11,656,000	11,605,158	Canada 4.00% 01Jun17	3,942,000	4,034,669
Australia 6.25% 15Apr15	10,974,000	10,413,540	Canada 4.00% 01Jun41	5,981,000	6,419,554
		<b>145,008,543</b>	Canada 4.25% 01Jun18	4,047,000	4,210,100
Austria 1.75% 20Oct23	547,000	728,731	Canada 4.50% 01Jun15	3,844,000	3,806,566
Austria 1.95% 18Jun19	603,000	867,553	Canada 5.00% 01Jun37	5,271,000	6,432,798
Austria 3.20% 20Feb17	833,000	1,272,562	Canada 5.75% 01Jun29	4,339,000	5,445,528
Austria 3.40% 22Nov22	765,000	1,166,217	Canada 5.75% 01Jun33	4,923,000	6,379,550
Austria 3.50% 15Sep21	1,050,000	1,628,768	Canada 8.00% 01Jun23	905,000	1,231,537
Austria 3.65% 20Apr22	672,000	1,064,996	Canada 8.00% 01Jun27	1,683,000	2,468,211
Austria 3.90% 15Jul20	1,005,000	1,607,707	Canada 9.00% 01Jun25	880,000	1,329,662
Austria 4.00% 15Sep16	966,000	1,473,507			<b>146,934,612</b>
Austria 4.15% 15Mar37	928,000	1,572,143	Denmark 1.50% 15Nov23	38,894,600	6,890,538
Austria 4.30% 15Sep17	691,000	1,086,535	Denmark 2.00% 15Nov14	39,280,400	7,400,110
Austria 4.35% 15Mar19	894,000	1,467,793	Denmark 2.50% 15Nov16	28,375,700	5,587,549
Austria 4.65% 15Jan18	965,000	1,588,373	Denmark 3.00% 15Nov21	98,439,600	20,143,261
Austria 4.85% 15Mar26	668,000	1,175,790	Denmark 4.00% 15Nov17	47,361,100	9,934,302
Austria 6.25% 15Jul27	590,300	1,167,722	Denmark 4.00% 15Nov19	157,456,700	33,839,509
		<b>17,868,397</b>	Denmark 4.50% 15Nov39	104,214,200	25,774,982
Belgium 1.25% 22Jun18	715,900	995,287	Denmark 7.00% 10Nov24	21,924,700	6,083,733
Belgium 2.25% 22Jun23	741,500	1,007,621			<b>115,653,983</b>
Belgium 2.75% 28Mar16	617,100	912,339	Finland 1.62% 15Sep22	528,000	707,896
Belgium 3.00% 28Sep19	575,700	859,761	Finland 1.75% 15Apr16	605,000	871,394
Belgium 3.25% 28Sep16	851,000	1,268,533	Finland 3.37% 15Apr20	574,000	899,268
Belgium 3.50% 28Jun17	877,200	1,341,268	Finland 3.50% 15Apr21	542,000	855,534
Belgium 3.50% 28Mar15	507,600	744,452	Finland 3.87% 15Sep17	553,000	857,350
Belgium 3.75% 28Sep15	756,100	1,114,861	Finland 4.00% 04Jul25	1,028,000	1,667,464
Belgium 3.75% 28Sep20	1,181,700	1,843,326	Finland 4.37% 04Jul19	471,000	769,513
Belgium 4.00% 28Mar17	737,600	1,153,566			<b>6,628,418</b>
Belgium 4.00% 28Mar18	695,900	1,103,956	France 0.75% 25Sep14	571,131	791,749
Belgium 4.00% 28Mar19	744,900	1,192,101	France 1.00% 25Jul17	1,165,615	1,626,691
Belgium 4.00% 28Mar22	951,100	1,520,442	France 1.75% 25Feb17	1,310,558	1,896,290
Belgium 4.00% 28Mar32	506,400	787,792	France 2.00% 12Jul15	2,034,004	2,904,700
Belgium 4.25% 28Mar41	848,700	1,371,299	France 2.25% 25Feb16	1,555,522	2,272,057
Belgium 4.25% 28Sep14	662,500	950,247	France 2.50% 15Jan15	1,281,948	1,850,790
Belgium 4.25% 28Sep21	1,004,600	1,611,989	France 2.50% 25Jul16	1,684,587	2,468,511
Belgium 4.25% 28Sep22	1,040,900	1,660,256	France 0.25% 25Nov15	1,146,085	1,578,080
Belgium 4.50% 28Mar26	534,300	881,904	France 1.00% 25May18	1,365,765	1,888,806
Belgium 5.00% 28Mar35	1,213,800	2,145,468	France 1.00% 25Nov18	570,856	779,015
Belgium 5.50% 28Mar28	1,117,500	2,038,620	France 1.75% 25May23	978,667	1,293,311
Belgium 5.50% 28Sep17	561,400	915,003	France 2.25% 25Oct22	1,584,326	2,193,959
		<b>27,420,087</b>	France 2.50% 25Oct20	2,183,504	3,175,443
Canada 1.00% 01Aug16	3,092,000	2,906,941	France 2.75% 25Oct27	1,089,463	1,476,775
Canada 1.00% 01Feb15	5,916,000	5,591,098	France 3.00% 25Apr22	2,201,151	3,304,410
Canada 1.00% 01May15	3,756,000	3,539,993	France 3.00% 25Oct15	2,152,184	3,129,212
Canada 1.00% 01Nov14	3,746,000	3,531,908	France 3.25% 25Apr16	1,871,512	2,806,844
Canada 1.00% 01Nov15	1,260,000	1,185,545	France 3.25% 25Oct21	2,167,178	3,279,010
Canada 1.25% 01Feb16	3,084,000	2,924,496	France 3.50% 25Apr15	1,616,104	2,376,023
Canada 1.25% 01Mar18	7,991,000	7,382,957	France 3.50% 25Apr20	2,383,419	3,741,296
Canada 1.25% 01Sep18	2,604,000	2,384,194	France 3.50% 25Apr26	2,020,399	3,056,379
Canada 1.50% 01Aug15	5,792,000	5,521,436	France 3.75% 25Apr17	2,290,499	3,555,165
Canada 1.50% 01Jun23	5,390,000	4,547,780	France 3.75% 25Apr21	2,288,675	3,644,157
Canada 1.50% 01Mar17	4,003,000	3,800,781	France 3.75% 25Oct19	2,101,886	3,286,127

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Security	Nominal	Fair Value	Security	Nominal	Fair Value
France 4.00% 25Apr18	3,968,484	6,308,639	Hong Kong 0.61% 05Feb18	5,000,000	625,644
France 4.00% 25Apr55	1,102,746	1,730,297	Hong Kong 0.97% 08Dec16	4,650,000	600,669
France 4.00% 25Apr60	743,380	1,169,909	Hong Kong 1.43% 02Dec15	8,150,000	1,070,034
France 4.00% 25Oct14	1,154,469	1,651,387	Hong Kong 2.07% 03Nov14	14,250,000	1,871,392
France 4.00% 25Oct38	1,596,124	2,463,633	Hong Kong 2.46% 04Aug21	5,750,000	749,175
France 4.25% 25Apr19	2,072,599	3,365,889	Hong Kong 2.93% 13Jan20	8,500,000	1,163,504
France 4.25% 25Oct17	1,853,817	2,901,313			<b>7,068,390</b>
France 4.25% 25Oct18	1,842,391	2,923,700	Ireland 4.40% 18Jun19	585,200	904,047
France 4.25% 25Oct23	2,218,231	3,559,513	Ireland 4.50% 18Apr20	861,100	1,335,203
France 4.50% 25Apr41	1,583,621	2,689,433	Ireland 4.50% 18Oct18	682,600	1,051,516
France 4.75% 25Apr35	1,408,632	2,453,046	Ireland 4.60% 18Apr16	749,700	1,152,495
France 5.00% 25Oct16	1,874,538	2,931,529	Ireland 5.00% 18Oct20	675,200	1,055,337
France 5.50% 25Apr29	1,613,645	2,984,899	Ireland 5.40% 13Mar25	861,500	1,401,717
France 5.75% 25Oct32	1,651,192	3,142,847	Ireland 5.50% 18Oct17	488,800	773,109
France 6.00% 25Oct25	1,188,696	2,200,970	Ireland 5.90% 18Oct19	516,900	844,523
France 8.50% 25Apr23	712,847	1,549,007			<b>8,517,948</b>
France 8.50% 25Oct19	579,357	1,124,398	Italy T-Bill 30Jun15	533,000	721,464
		<b>103,525,210</b>	Italy T-Bill 31Dec14	1,010,000	1,378,905
Germany 0.00% 12Dec14	963,400	1,325,602	Italy T-Bill 30Sep14	962,000	1,316,802
Germany 0.00% 12Jun15	1,204,600	1,655,341	Italy 2.25% 15May16	999,000	1,403,548
Germany 0.00% 12Sep14	1,600,800	2,203,456	Italy 2.50% 01Mar15	992,000	1,402,063
Germany 0.25% 13Mar15	1,020,400	1,410,498	Italy 2.75% 01Dec15	1,070,000	1,518,913
Germany 1.50% 04Sep22	1,228,800	1,666,114	Italy 3.00% 01Nov15	1,175,000	1,678,885
Germany 1.50% 15Feb23	1,258,800	1,705,683	Italy 3.00% 15Apr15	1,331,000	1,891,692
Germany 1.50% 15May23	1,276,500	1,714,368	Italy 3.00% 15Jun15	1,254,000	1,776,333
Germany 1.75% 04Jul22	1,609,000	2,241,910	Italy 3.50% 01Jun18	1,172,000	1,685,155
Germany 2.00% 04Jan22	1,311,200	1,895,842	Italy 3.50% 01Nov17	1,164,000	1,683,277
Germany 2.25% 04Sep20	967,400	1,422,050	Italy 3.75% 01Aug15	1,730,000	2,514,466
Germany 2.25% 04Sep21	1,028,300	1,499,887	Italy 3.75% 01Aug16	1,787,000	2,630,816
Germany 2.50% 04Jan21	1,182,900	1,788,913	Italy 3.75% 01Aug21	1,885,000	2,699,490
Germany 2.50% 04Jul44	1,156,500	1,530,559	Italy 3.75% 01Mar21	1,627,000	2,324,166
Germany 3.00% 04Jul20	1,350,800	2,086,998	Italy 3.75% 15Apr16	1,092,000	1,593,402
Germany 3.25% 04Jan20	1,330,500	2,111,544	Italy 4.00% 01Feb17	1,711,000	2,540,630
Germany 3.25% 04Jul15	1,659,600	2,429,092	Italy 4.00% 01Feb37	1,677,000	2,162,161
Germany 3.25% 04Jul21	1,210,900	1,902,206	Italy 4.00% 01Sep20	1,669,000	2,445,790
Germany 3.25% 04Jul42	1,084,100	1,663,087	Italy 4.25% 01Feb15	1,429,000	2,072,604
Germany 3.50% 04Jan16	1,610,000	2,441,091	Italy 4.25% 01Feb19	1,648,000	2,470,627
Germany 3.50% 04Jul19	1,434,500	2,267,320	Italy 4.25% 01Mar20	1,630,000	2,418,382
Germany 3.75% 04Jan15	1,630,500	2,411,365	Italy 4.25% 01Sep19	3,845,000	5,734,910
Germany 3.75% 04Jan17	1,137,700	1,783,153	Italy 4.50% 01Aug18	1,705,000	2,590,544
Germany 3.75% 04Jan19	2,923,700	4,731,006	Italy 4.50% 01Feb18	1,659,000	2,511,815
Germany 4.00% 04Jan18	1,123,700	1,814,078	Italy 4.50% 01Feb20	1,519,000	2,290,010
Germany 4.00% 04Jan37	1,504,300	2,589,407	Italy 4.50% 01Mar19	1,616,000	2,440,014
Germany 4.00% 04Jul16	1,398,600	2,143,012	Italy 4.50% 01Mar26	1,397,000	2,018,869
Germany 4.25% 04Jul17	1,040,900	1,649,275	Italy 4.50% 01May23	1,221,000	1,773,974
Germany 4.25% 04Jul18	1,203,100	1,944,392	Italy 4.50% 15Jul15	1,140,000	1,681,584
Germany 4.25% 04Jul39	949,900	1,691,880	Italy 4.75% 01Aug23	1,666,000	2,496,829
Germany 4.75% 04Jul28	722,000	1,294,224	Italy 4.75% 01Jun17	1,062,000	1,591,883
Germany 4.75% 04Jul34	1,263,100	2,335,238	Italy 4.75% 01May17	919,000	1,383,350
Germany 4.75% 04Jul40	1,093,800	2,103,452	Italy 4.75% 01Sep21	1,675,000	2,536,248
Germany 5.50% 04Jan31	1,080,200	2,153,045	Italy 4.75% 01Sep28	779,000	1,130,967
Germany 5.62% 04Jan28	947,700	1,872,695	Italy 4.75% 01Sep44	554,000	766,703
Germany 6.25% 04Jan24	1,228,700	2,458,507	Italy 4.75% 15Sep16	1,074,000	1,618,095
Germany 6.25% 04Jan30	579,900	1,235,576	Italy 5.00% 01Aug34	1,445,000	2,109,366
Germany 6.50% 04Jul27	737,600	1,535,611	Italy 5.00% 01Aug39	1,278,000	1,856,093
Germany 0.25% 13Apr18	883,200	1,191,324	Italy 5.00% 01Mar22	1,239,000	1,894,714
Germany 0.50% 07Apr17	939,100	1,299,823	Italy 5.00% 01Mar25	1,494,000	2,242,932
Germany 0.50% 13Oct17	805,200	1,105,657	Italy 5.00% 01Sep40	1,434,000	2,069,148
Germany 0.50% 23Feb18	880,900	1,208,185	Italy 5.25% 01Aug17	1,625,000	2,519,411
Germany 0.75% 24Feb17	817,000	1,143,662	Italy 5.25% 01Nov29	1,888,500	2,830,596
Germany 1.25% 14Oct16	870,500	1,232,843	Italy 5.50% 01Nov22	1,437,000	2,246,771
Germany 1.75% 09Oct15	1,325,900	1,884,019	Italy 5.50% 01Sep22	1,318,000	2,070,098
Germany 2.00% 26Feb16	1,049,800	1,525,549	Italy 5.75% 01Feb33	1,048,000	1,679,492
Germany 2.25% 10Apr15	1,348,000	1,936,707	Italy 6.00% 01May31	1,994,000	3,226,846
Germany 2.50% 10Oct14	1,603,900	2,262,478	Italy 6.00% 15Nov14	975,000	1,412,543
Germany 2.50% 27Feb15	1,175,000	1,696,746	Italy 6.50% 01Nov27	1,743,800	2,933,087
Germany 2.75% 08Apr16	1,135,600	1,684,424	Italy 7.25% 01Nov26	642,600	1,146,716
		<b>90,878,892</b>	Italy 9.00% 01Nov23	760,500	1,492,029
Hong Kong 0.46% 11May15	7,650,000	987,973			<b>106,625,208</b>

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Security	Nominal	Fair Value	Security	Nominal	Fair Value
Japan 0.10% 15Dec14	80,000,000	761,254	Japan 1.40% 20Mar20	110,500,000	1,121,999
Japan 0.10% 15Feb15	85,550,000	814,288	Japan 1.40% 20Sep19	109,300,000	1,107,732
Japan 0.10% 15Jan15	78,450,000	746,787	Japan 1.50% 20Dec17	553,550,000	5,540,566
Japan 0.10% 15Mar15	76,600,000	729,026	Japan 1.50% 20Jun18	70,150,000	705,575
Japan 0.10% 15May15	84,550,000	804,505	Japan 1.50% 20Jun19	102,900,000	1,043,372
Japan 0.10% 15Nov14	80,250,000	763,731	Japan 1.50% 20Mar19	62,250,000	632,353
Japan 0.10% 15Oct14	84,200,000	801,419	Japan 1.50% 20Sep14	110,500,000	1,066,446
Japan 0.10% 15Sep14	87,750,000	835,298	Japan 1.50% 20Sep15	106,400,000	1,040,606
Japan 0.10% 20Dec17	71,700,000	679,682	Japan 1.50% 20Sep18	139,400,000	1,410,303
Japan 0.10% 20Mar18	71,900,000	681,186	Japan 1.60% 20Jun30	64,250,000	640,469
Japan 0.20% 15Jul15	85,950,000	819,667	Japan 1.60% 20Mar33	90,300,000	872,392
Japan 0.20% 15Jun15	87,550,000	834,195	Japan 1.70% 20Dec16	151,650,000	1,509,893
Japan 0.20% 20Dec17	121,200,000	1,153,503	Japan 1.70% 20Dec32	90,550,000	888,423
Japan 0.20% 20Jun17	190,500,000	1,814,536	Japan 1.70% 20Jun33	90,850,000	885,712
Japan 0.20% 20Mar17	67,350,000	642,042	Japan 1.70% 20Mar17	154,150,000	1,546,132
Japan 0.20% 20Sep17	193,650,000	1,844,764	Japan 1.70% 20Mar18	71,750,000	728,611
Japan 0.30% 20Dec16	130,450,000	1,246,935	Japan 1.70% 20Sep16	100,750,000	1,003,641
Japan 0.30% 20Jun15	79,100,000	754,789	Japan 1.70% 20Sep17	141,400,000	1,427,303
Japan 0.30% 20Jun16	66,250,000	632,982	Japan 1.70% 20Sep32	117,700,000	1,163,292
Japan 0.30% 20Jun18	147,150,000	1,404,971	Japan 1.80% 20Dec31	82,250,000	829,484
Japan 0.30% 20Mar17	129,300,000	1,236,902	Japan 1.80% 20Jun17	102,050,000	1,026,124
Japan 0.30% 20Mar18	76,450,000	730,798	Japan 1.80% 20Jun18	66,700,000	679,418
Japan 0.30% 20Sep15	123,400,000	1,178,824	Japan 1.80% 20Mar32	65,700,000	663,552
Japan 0.30% 20Sep16	73,600,000	703,901	Japan 1.80% 20Sep31	85,100,000	864,423
Japan 0.40% 20Dec16	75,100,000	719,993	Japan 1.90% 20Dec28	74,900,000	787,389
Japan 0.40% 20Jun15	126,650,000	1,210,319	Japan 1.90% 20Jun16	101,200,000	1,005,243
Japan 0.40% 20Jun16	125,800,000	1,204,926	Japan 1.90% 20Jun17	61,800,000	623,453
Japan 0.40% 20Jun18	80,450,000	771,548	Japan 1.90% 20Jun31	81,900,000	842,893
Japan 0.40% 20Mar18	80,450,000	772,467	Japan 1.90% 20Mar29	61,850,000	651,900
Japan 0.40% 20Sep15	71,700,000	686,298	Japan 1.90% 20Sep30	84,900,000	884,100
Japan 0.40% 20Sep16	123,100,000	1,180,811	Japan 1.90% 20Sep42	260,350,000	2,589,994
Japan 0.50% 20Dec14	177,700,000	1,697,611	Japan 2.00% 20Dec25	66,800,000	718,771
Japan 0.50% 20Dec15	128,800,000	1,234,778	Japan 2.00% 20Dec30	61,300,000	642,937
Japan 0.50% 20Mar15	184,250,000	1,763,993	Japan 2.00% 20Jun30	62,050,000	653,561
Japan 0.50% 20Mar16	119,450,000	1,147,478	Japan 2.00% 20Mar16	63,600,000	633,555
Japan 0.60% 20Dec15	68,900,000	661,834	Japan 2.00% 20Mar42	86,550,000	880,189
Japan 0.60% 20Mar16	67,950,000	654,360	Japan 2.00% 20Mar52	63,800,000	647,187
Japan 0.60% 20Mar23	199,900,000	1,890,893	Japan 2.00% 20Sep40	87,100,000	886,606
Japan 0.60% 20Sep14	78,300,000	749,027	Japan 2.00% 20Sep41	84,900,000	863,706
Japan 0.70% 20Dec22	87,900,000	838,930	Japan 2.10% 20Dec26	87,350,000	949,515
Japan 0.70% 20Sep14	144,600,000	1,384,626	Japan 2.10% 20Dec27	85,600,000	927,791
Japan 0.80% 20Dec22	143,450,000	1,381,005	Japan 2.10% 20Dec29	82,950,000	888,472
Japan 0.80% 20Jun22	133,450,000	1,288,256	Japan 2.10% 20Dec30	87,100,000	926,111
Japan 0.80% 20Jun23	201,850,000	1,938,200	Japan 2.10% 20Jun29	81,000,000	870,301
Japan 0.80% 20Sep20	65,950,000	644,122	Japan 2.10% 20Mar27	68,850,000	751,487
Japan 0.80% 20Sep22	182,250,000	1,760,489	Japan 2.10% 20Mar29	72,050,000	778,858
Japan 0.90% 20Jun22	78,750,000	766,400	Japan 2.10% 20Mar30	87,500,000	940,044
Japan 0.90% 20Mar22	78,700,000	768,369	Japan 2.10% 20Sep24	74,350,000	807,799
Japan 1.00% 20Dec21	130,800,000	1,285,148	Japan 2.10% 20Sep25	62,950,000	686,801
Japan 1.00% 20Mar22	130,200,000	1,281,435	Japan 2.10% 20Sep28	72,550,000	786,589
Japan 1.00% 20Sep20	110,600,000	1,094,709	Japan 2.10% 20Sep29	106,500,000	1,147,864
Japan 1.00% 20Sep21	120,900,000	1,192,232	Japan 2.20% 20Mar28	72,750,000	800,454
Japan 1.10% 20Dec21	78,850,000	780,576	Japan 2.20% 20Mar30	65,000,000	707,536
Japan 1.10% 20Jun20	110,900,000	1,102,529	Japan 2.20% 20Mar31	62,100,000	671,246
Japan 1.10% 20Jun21	70,400,000	698,252	Japan 2.20% 20Mar41	81,300,000	861,354
Japan 1.10% 20Mar21	66,950,000	666,288	Japan 2.20% 20Mar51	62,100,000	662,628
Japan 1.10% 20Sep21	69,600,000	691,526	Japan 2.20% 20Sep26	69,850,000	771,004
Japan 1.20% 20Dec20	170,600,000	1,705,487	Japan 2.20% 20Sep27	67,500,000	744,023
Japan 1.20% 20Jun21	117,900,000	1,177,608	Japan 2.20% 20Sep39	70,450,000	745,629
Japan 1.30% 20Dec18	99,000,000	990,937	Japan 2.30% 20Jun26	66,550,000	738,459
Japan 1.30% 20Dec19	162,200,000	1,631,423	Japan 2.30% 20Jun27	68,000,000	754,602
Japan 1.30% 20Jun15	98,700,000	955,825	Japan 2.30% 20Jun28	55,050,000	609,054
Japan 1.30% 20Jun20	62,900,000	632,995	Japan 2.30% 20Mar39	73,100,000	787,719
Japan 1.30% 20Mar15	100,900,000	977,464	Japan 2.30% 20Mar40	77,450,000	835,819
Japan 1.30% 20Mar18	67,550,000	674,464	Japan 2.40% 20Jun28	55,350,000	619,420
Japan 1.30% 20Mar19	94,650,000	951,661	Japan 2.40% 20Mar37	65,600,000	716,306
Japan 1.30% 20Mar20	63,500,000	640,892	Japan 2.40% 20Sep38	67,950,000	744,826
Japan 1.30% 20Mar21	119,600,000	1,207,006	Japan 2.50% 20Mar38	66,000,000	735,268
Japan 1.30% 20Sep19	61,500,000	619,816	Japan 2.50% 20Sep37	57,800,000	642,916

**Petroleum Fund of Timor-Leste**  
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Security	Nominal	Fair Value	Security	Nominal	Fair Value
		<b>136,010,191</b>			
Netherlands 0.00% 15Apr16	755,298	1,031,754	Spain 4.50% 31Jan18	1,224,000	1,884,763
Netherlands 0.75% 15Apr15	891,801	1,243,990	Spain 4.60% 30Jul19	1,210,000	1,835,611
Netherlands 1.25% 15Jan18	1,097,675	1,552,263	Spain 4.65% 30Jul25	961,000	1,385,348
Netherlands 1.25% 15Jan19	480,638	668,261	Spain 4.70% 30Jul41	1,525,000	2,068,927
Netherlands 1.75% 15Jul23	864,607	1,152,117	Spain 4.80% 31Jan24	1,014,000	1,529,527
Netherlands 2.25% 15Jul22	1,107,848	1,569,328	Spain 4.85% 31Oct20	1,230,000	1,838,840
Netherlands 2.50% 15Jan17	1,109,378	1,654,166	Spain 4.90% 30Jul40	918,000	1,281,320
Netherlands 2.50% 15Jan33	683,050	916,926	Spain 5.40% 31Jan23	1,170,000	1,850,744
Netherlands 2.75% 15Jan15	784,678	1,138,169	Spain 5.50% 30Apr21	1,602,000	2,533,783
Netherlands 3.25% 15Jul15	1,138,980	1,665,212	Spain 5.50% 30Jul17	1,339,000	2,090,757
Netherlands 3.25% 15Jul21	1,172,968	1,804,927	Spain 5.75% 30Jul32	1,000,000	1,581,910
Netherlands 3.50% 15Jul20	1,071,756	1,679,545	Spain 5.85% 31Jan22	1,272,000	2,083,306
Netherlands 3.75% 15Jan23	803,348	1,296,073	Spain 5.90% 30Jul26	654,000	1,046,133
Netherlands 3.75% 15Jan42	1,071,000	1,771,474	Spain 6.00% 31Jan29	1,224,500	2,021,231
Netherlands 4.00% 15Jan37	943,641	1,596,451			<b>54,281,781</b>
Netherlands 4.00% 15Jul16	947,535	1,447,823	Sweden 1.50% 13Nov23	70,465,000	10,024,145
Netherlands 4.00% 15Jul18	1,066,135	1,687,935	Sweden 2.25% 01Jun32	9,875,000	1,390,256
Netherlands 4.00% 15Jul19	999,070	1,600,451	Sweden 3.00% 12Jul16	43,070,000	7,114,911
Netherlands 4.50% 15Jul17	1,037,866	1,647,948	Sweden 3.50% 01Jun22	62,670,000	10,826,505
Netherlands 5.50% 15Jan28	930,167	1,780,556	Sweden 3.50% 30Mar39	37,920,000	6,303,204
		<b>28,905,369</b>	Sweden 3.75% 12Aug17	55,665,000	9,503,019
New Zealand 3.00% 15Apr20	2,565,000	1,953,381	Sweden 4.25% 12Mar19	83,185,000	14,946,496
New Zealand 5.00% 15Mar19	10,532,000	9,093,734	Sweden 4.50% 12Aug15	65,120,000	10,902,083
New Zealand 5.50% 15Apr23	8,031,000	7,053,603	Sweden 5.00% 01Dec20	40,450,000	7,474,307
New Zealand 6.00% 15Apr15	10,582,000	9,120,276			<b>78,484,926</b>
New Zealand 6.00% 15Dec17	11,155,000	9,875,843	Switzerland 1.25% 11Jun24	2,021,000	2,281,716
New Zealand 6.00% 15May21	10,730,000	9,676,781	Switzerland 1.25% 27Jun37	2,364,000	2,411,425
		<b>46,773,619</b>	Switzerland 1.50% 30Apr42	2,676,000	2,851,098
Norway 2.00% 24May23	27,791,000	4,266,621	Switzerland 2.00% 12Oct16	2,637,000	3,145,662
Norway 3.75% 25May21	49,325,000	8,843,320	Switzerland 2.00% 25May22	2,647,000	3,252,724
Norway 4.25% 19May17	51,622,000	9,396,185	Switzerland 2.00% 28Apr21	3,411,000	4,205,721
Norway 4.50% 22May19	50,779,000	9,494,970	Switzerland 2.25% 06Jul20	4,253,000	5,311,001
Norway 5.00% 15May15	69,323,000	12,332,124	Switzerland 2.25% 22Jun31	1,471,000	1,815,404
		<b>44,333,219</b>	Switzerland 2.50% 08Mar36	2,698,000	3,492,980
Singapore 0.25% 01Feb15	2,596,000	2,056,388	Switzerland 2.50% 12Mar16	6,186,000	7,487,587
Singapore 0.50% 01Apr18	2,790,000	2,160,528	Switzerland 3.00% 08Jan18	6,275,000	8,046,662
Singapore 1.12% 01Apr16	2,253,000	1,821,114	Switzerland 3.00% 12May19	6,194,000	8,041,549
Singapore 1.37% 01Oct14	5,351,000	4,284,569	Switzerland 3.25% 27Jun27	1,870,000	2,574,476
Singapore 2.25% 01Jun21	3,863,000	3,049,605	Switzerland 3.50% 08Apr33	3,269,000	4,813,116
Singapore 2.37% 01Apr17	4,047,000	3,402,733	Switzerland 3.75% 10Jun15	4,087,000	4,946,760
Singapore 2.50% 01Jun19	4,134,000	3,411,409	Switzerland 4.00% 06Jan49	2,959,000	5,297,572
Singapore 2.75% 01Apr42	2,963,000	2,224,908	Switzerland 4.00% 08Apr28	5,077,000	7,637,646
Singapore 2.75% 01Jul23	1,617,000	1,306,775	Switzerland 4.00% 11Feb23	4,174,000	6,045,134
Singapore 2.87% 01Jul15	5,659,000	4,651,119	Switzerland 4.25% 05Jun17	5,137,000	6,671,947
Singapore 2.87% 01Sep30	6,462,000	5,057,466			<b>90,330,178</b>
Singapore 3.00% 01Sep24	3,681,000	2,993,130	UK 1.00% 07Sep17	2,597,500	4,237,081
Singapore 3.12% 01Sep22	4,759,000	3,992,644	UK 1.25% 22Jul18	1,976,700	3,201,840
Singapore 3.25% 01Sep20	4,761,000	4,064,019	UK 1.75% 07Sep22	2,376,500	3,618,034
Singapore 3.50% 01Mar27	5,386,000	4,558,241	UK 1.75% 22Jan17	2,235,300	3,790,186
Singapore 3.75% 01Sep16	4,855,000	4,232,968	UK 2.00% 22Jan16	2,664,400	4,561,975
Singapore 4.00% 01Sep18	4,135,000	3,715,928	UK 2.25% 07Sep23	642,400	1,001,998
		<b>56,983,545</b>	UK 3.25% 22Jan44	1,338,300	2,074,468
Spain 3.00% 30Apr15	1,399,000	2,012,146	UK 3.50% 22Jul68	417,900	687,693
Spain 3.15% 31Jan16	1,378,000	2,012,657	UK 3.75% 07Sep19	2,343,200	4,244,710
Spain 3.25% 30Apr16	1,415,000	2,057,723	UK 3.75% 07Sep20	2,005,500	3,628,369
Spain 3.30% 30Jul16	904,000	1,305,759	UK 3.75% 07Sep21	2,318,600	4,180,408
Spain 3.30% 31Oct14	1,449,000	2,036,452	UK 3.75% 22Jul52	1,652,500	2,850,647
Spain 3.75% 31Oct15	1,038,000	1,498,937	UK 4.00% 07Mar22	3,100,900	5,679,691
Spain 3.75% 31Oct18	1,297,000	1,880,406	UK 4.00% 07Sep16	2,877,000	5,211,077
Spain 3.80% 31Jan17	1,430,000	2,139,908	UK 4.00% 22Jan60	1,569,600	2,888,413
Spain 4.00% 30Apr20	1,309,000	1,921,079	UK 4.25% 07Dec27	2,450,800	4,455,549
Spain 4.00% 30Jul15	1,350,000	1,961,458	UK 4.25% 07Dec40	2,028,300	3,718,553
Spain 4.10% 30Jul18	1,264,000	1,873,420	UK 4.25% 07Dec46	1,745,400	3,241,877
Spain 4.20% 31Jan37	1,086,000	1,409,712	UK 4.25% 07Dec49	1,614,000	3,029,441
Spain 4.25% 31Oct16	1,412,000	2,082,676	UK 4.25% 07Dec55	1,958,500	3,718,494
Spain 4.30% 31Oct19	1,297,000	1,914,545	UK 4.25% 07Jun32	2,894,200	5,281,830
Spain 4.40% 31Jan15	1,396,000	2,068,677	UK 4.25% 07Mar36	1,963,400	3,612,901
Spain 4.40% 31Oct23	760,000	1,074,023	UK 4.25% 07Sep39	1,612,100	2,979,736
			UK 4.50% 07Dec42	2,174,400	4,176,380

**Petroleum Fund of Timor-Leste**  
**Notes to the financial statements**  
**For the year ended 31 December 2013**

**Note 17 Schedule of financial assets valued through profit or loss**

<b>Security</b>	<b>Nominal</b>	<b>Fair Value</b>
UK 4.50% 07Mar19	2,964,300	5,566,038
UK 4.50% 07Sep34	2,133,000	4,056,481
UK 4.75% 07Dec30	3,331,500	6,435,034
UK 4.75% 07Dec38	2,057,400	4,054,197
UK 4.75% 07Mar20	2,717,300	5,200,230
UK 4.75% 07Sep15	3,184,200	5,720,847
UK 5.00% 07Mar18	2,868,600	5,464,557
UK 5.00% 07Mar25	2,763,500	5,428,708
UK 5.00% 07Sep14	2,253,400	3,908,361
UK 6.00% 07Dec28	1,554,800	3,363,415
UK 8.00% 07Dec15	863,200	1,641,302
UK 8.00% 07Jun21	1,965,400	4,467,866
UK 8.75% 25Aug17	2,425,600	5,176,969
	<b>146,555,355</b>	
USA 0.62% 30Apr18	1,533,700,000	1,480,703,674
USA 0.75% 31Oct17	1,457,000,000	1,432,463,436
USA 0.87% 30Apr17	2,275,600,000	2,272,254,001
USA 0.87% 31Jul19	55,000,000	51,991,648
USA 1.00% 30Jun19	20,000,000	19,019,303
USA 1.00% 30Nov19	30,000,000	28,214,644
USA 1.00% 30Sep19	55,000,000	52,063,932
USA 1.00% 31Aug19	30,000,000	28,473,024
USA 1.00% 31Oct16	124,500,000	125,656,693
USA 1.12% 30Apr20	15,000,000	14,048,037
USA 1.12% 31Mar20	32,500,000	30,546,923
USA 1.12% 31May19	10,000,000	9,609,890
USA 1.25% 30Apr19	42,500,000	41,266,178
USA 1.25% 31Jan19	25,000,000	24,511,624
USA 1.25% 31Oct15	174,200,000	177,458,042
USA 1.25% 31Oct18	720,500,000	707,914,222
USA 1.37% 28Feb19	37,500,000	36,901,761
USA 1.37% 30Sep18	30,000,000	29,739,751
USA 1.37% 31Jan20	10,000,000	9,622,381
USA 1.37% 31May20	13,500,000	12,810,728
USA 1.50% 31Mar19	5,000,000	4,935,957
USA 1.62% 15Aug22	15,000,000	13,719,809
USA 1.62% 15Nov22	33,000,000	29,857,272
USA 1.75% 15May22	110,000,000	101,965,611
USA 1.75% 15May23	113,000,000	102,106,811
USA 1.87% 30Jun20	25,000,000	24,393,849
USA 2.00% 15Feb22	22,500,000	21,522,113
USA 2.00% 30Apr16	176,900,000	183,614,490
USA 2.12% 15Aug21	95,000,000	92,793,767
USA 2.12% 31Aug20	33,000,000	32,815,474
USA 2.37% 30Jun18	10,000,000	10,371,735
USA 2.50% 15Aug23	70,000,000	67,882,845
USA 2.50% 30Apr15	274,300,000	283,756,977
USA 2.62% 15Aug20	73,500,000	75,721,690
USA 2.62% 31Jan18	13,500,000	14,344,385
USA 2.75% 15Feb19	60,000,000	63,491,954
USA 2.87% 31Mar18	5,000,000	5,336,337
USA 3.12% 15May19	56,000,000	59,902,210
USA 3.12% 15May21	81,000,000	84,764,825
USA 3.50% 15Feb18	9,000,000	9,889,606
USA 3.50% 15May20	39,000,000	42,251,516
USA 3.62% 15Aug19	7,000,000	7,723,109
USA 3.62% 15Feb20	49,500,000	54,555,448
USA 3.62% 15Feb21	72,500,000	79,230,411
USA 3.87% 15May18	4,500,000	4,982,486
USA 4.00% 15Aug18	21,000,000	23,609,244
USA 8.00% 15Nov21	1,500,000	2,099,173
USA 2.75% 15Nov23	30,000,000	29,455,543
	<b>8,112,364,538</b>	
<b>Total fixed interest securities</b>		<b>9,571,152,411</b>



**Petroleum Fund of Timor-Leste**  
**Notes to the financial statements**  
**For the year ended 31 December 2013**

**Note 17 Schedule of financial assets valued through profit or loss (continued)**

**(b) Equity securities**

<b>Security</b>	<b>Nominal holding</b>	<b>Fair Value</b>	<b>Security</b>	<b>Nominal holding</b>	<b>Fair Value</b>
<b>Australia</b>			Monadelphous Group Ltd	21,164	351,990
Adelaide Brighton Ltd	106,818	348,811	Mount Gibson Iron Ltd	131,366	119,289
AGL Energy Ltd	75,577	1,012,196	National Australia Bank	340,116	10,592,153
ALS Ltd	101,757	802,035	Navitas Ltd	54,945	313,619
Alumina Ltd	354,784	353,909	Newcrest Mining Ltd	105,719	737,736
Amcor Limited	171,648	1,612,431	Northern Star Resources	87,036	60,736
AMP Ltd	414,422	1,627,648	NRW Holdings Ltd	45,079	55,252
APA Group	128,211	688,224	Orica Ltd	49,797	1,062,984
ARB Corporation Ltd	7,539	78,846	Origin Energy Ltd	154,472	1,941,687
Asciano Ltd	140,308	723,033	Orora Ltd	105,329	109,310
ASX Ltd	26,453	869,969	Oz Minerals Ltd	28,276	79,686
Aurizon Holdings Ltd	279,053	1,218,315	Panoramic Resources	44,016	9,648
Ausdrill Ltd	43,903	40,456	Platinum Asset Management	53,817	331,735
Aust And NZ Banking	420,015	12,107,194	Qantas Airways Ltd	146,618	142,977
Awe Ltd	97,643	116,184	QBE Insurance Group	169,727	1,747,750
Bank Of Queensland L	41,737	453,308	Ramsay Health Care Ltd	27,690	1,069,444
Beach Energy Ltd	247,051	313,854	RCR Tomlinson Ltd	38,171	122,939
Bendigo And Adelaide	64,455	677,560	Rea Group Ltd	7,976	269,445
BHP Billiton Ltd	550,966	18,706,380	Recall Holdings Ltd	27,088	98,391
Boral Ltd	101,565	432,518	Regis Resources Ltd	51,380	134,224
Bradken Ltd	18,729	101,038	Resolute Mining Ltd	53,253	26,442
Brambles Ltd	219,883	1,799,973	Rio Tinto Ltd	72,318	4,406,022
Breville Group Ltd	18,004	143,838	Santos Ltd	136,657	1,787,444
BWP Trust	30,810	60,366	Seek Ltd	60,548	723,701
Cabcharge Australia	17,688	63,140	Seven Group Holdings	13,768	98,417
Caltex Australia Ltd	16,321	291,886	Sirtex Medical Ltd	8,526	89,474
Cardno Ltd	29,067	179,173	SMS Management & Tec	3,647	13,019
CFS Retail Property	323,194	559,497	Sonic Healthcare Ltd	52,621	776,777
Coca-Cola Amatil Ltd	136,764	1,471,942	SP Ausnet	215,077	239,561
Cochlear Ltd	7,785	410,369	St Barbara Ltd	107,425	24,507
Codan Ltd	32,740	32,513	Stockland	332,007	1,072,279
Collection House Ltd	48,331	81,290	Suncorp Group Ltd	180,684	2,117,601
Commonwealth Bank Of	253,659	17,651,084	Super Retail Group Ltd	21,126	250,430
Computershare Ltd	71,726	728,967	Sydney Airport	149,343	506,381
Crown Resorts Ltd	63,016	949,957	Tabcorp Holdings Ltd	93,569	303,873
CSL Ltd	69,407	4,277,102	Tatts Group Ltd	230,454	637,083
Decmil Group Ltd	25,595	56,330	Telstra Corp Ltd	882,229	4,135,860
Dexus Property Grp	668,849	601,378	Toll Holdings Ltd	189,062	960,740
Echo Entertainment G	92,077	202,647	TPG Telecom Ltd	89,909	427,925
Federation Centres	221,728	462,200	Transurban Group	201,776	1,232,944
Fleetwood Corporatio	13,267	37,388	Treasury Wine Estate	87,979	377,810
Flight Centre Travel	20,192	858,077	Troy Resources Ltd	16,917	11,881
Forge Group Ltd	15,443	24,040	Webjet Ltd	16,615	47,121
Fortescue Metals Gro	217,384	1,129,944	Wesfarmers Ltd	139,457	5,494,660
G.U.D. Holdings Ltd	11,533	59,432	Westfield Group	294,267	2,656,354
Goodman Group	239,464	1,013,338	Westfield Retail Tru	678,085	1,795,680
GPT Group	398,256	1,211,419	Westpac Banking Corp	472,382	13,671,646
Grange Resources Ltd	295,750	66,148	Woodside Petroleum L	92,961	3,235,218
Harvey Norman Holdin	78,294	221,345	Woolworths Ltd	234,967	7,105,207
Iinet Ltd	53,769	310,755	WorleyParsons Ltd	44,364	658,461
Iluka Resources Ltd	59,883	461,275			<b>62,180,483</b>
Incitec Pivot Ltd	259,828	620,655	<b>Canada</b>		
Insurance Australia	302,514	1,572,443	Agnico Eagle Mines	25,690	677,249
Iress Ltd	22,427	189,407	Agrium Inc	34,609	3,164,486
James Hardie Industr	70,533	812,127	Alamos Gold Inc	17,800	215,443
JB Hi-Fi Ltd	13,773	264,554	Alimentation Couche-	19,738	1,483,370
Kingsgate Consolidat	35,093	29,198	Altgas Ltd	18,450	707,960
Leighton Holdings Ltd	57,107	823,072	ARC Resources Ltd	41,579	1,155,212
Lend Lease Group	77,023	766,953	Argonaut Gold Inc	7,700	38,482
M2 Telecommunication	64,936	362,513	Artis Real Estate In	15,800	220,680
Macmahon Holdings Ltd	123,617	15,483	Atco Ltd -Class I	12,652	555,021
Macquarie Group Ltd	63,256	3,105,768	Athabasca Oil Corp	40,658	247,583
Medusa Mining Ltd	48,198	87,966	Bank Of Montreal	91,322	6,084,413
Mermaid Marine Australia	57,587	175,169	Bank Of Nova Scotia	176,740	11,045,218
Metcash Ltd	123,810	348,915	Barrick Gold Corp	164,245	2,892,260
Mineral Resources Ltd	31,330	332,709	Baytex Energy Corp	17,390	681,034
Mirvac Group	492,026	737,320	BCE Inc	35,839	1,550,270

**Petroleum Fund of Timor-Leste**  
**Notes to the financial statements**  
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**Note 17 Schedule of financial assets valued through profit or loss (continued)**

Security	Nominal holding	Fair Value	Security	Nominal holding	Fair Value
Bell Aliant Inc	11,646	292,986	Pembina Pipeline Corp	42,313	1,490,215
Blackberry Ltd	127,123	944,001	Pengrowth Energy Corp	95,830	592,568
Bombardier Inc-B	203,113	879,360	Penn West Petroleum	90,583	756,209
Brookfield Asset Man	78,508	3,044,265	Petrobank Energy & R	11,000	3,624
Brookfield Office Pr	43,914	844,803	Peyto Exploration &	20,016	611,501
CAE Inc	34,112	433,423	Potash Co Of Saskatchewan	121,103	3,989,278
Cameco Corporation	54,040	1,120,981	Power Corp Of Canada	50,829	1,527,502
Can Imperial Bk Of Comrce	55,987	4,779,844	Power Financial Corp	56,195	1,903,491
Canadian Natl Railways	119,219	6,792,963	Riocan Real Estate	25,082	584,263
Canadian Natural Resources	153,461	5,188,068	Rogers Communication	75,030	3,393,124
Canadian Oil Sands Ltd	122,992	2,311,672	Royal Bank Of Canada	218,085	14,651,217
Canadian Pacific Railway	24,295	3,671,120	Saputo Inc	33,810	1,539,828
Canadian Tire Corp	10,932	1,023,442	Semafo Inc	48,500	126,899
Canadian Utilities Ltd	15,840	531,181	Shaw Communications	87,835	2,136,975
Catamaran Corp	30,229	1,434,207	Sherritt International	31,500	109,694
Cenovus Energy Inc	106,877	3,057,942	Shoppers Drug Mart C	28,350	1,551,580
CGI Group Inc – Clas	28,418	950,031	Silver Wheaton Corp	50,287	1,014,260
CI Financial Corp	20,727	689,210	Snrc-Lavalin Group Inc	20,570	923,860
Cominar Real Estate	15,300	264,960	Stantec Inc	3,500	216,951
Constellation Software	1,100	232,683	Sun Life Financial Inc	84,056	2,968,267
Crescent Point Energy	54,750	2,124,559	Suncor Energy Inc	261,784	9,167,990
Dollarama Inc	9,149	758,097	Talisman Energy Inc	146,194	1,699,291
Dundee Precious Metals	17,400	50,112	Teck Resources Ltd	122,836	3,192,004
Dundee R/Estate Investments	9,600	260,036	Telus Corporation	28,903	994,536
Eldorado Gold Corp	104,189	590,323	Thomson Reuters Corp	51,443	1,944,426
Empire Co Ltd 'A' Shares	7,164	488,096	Tim Hortons Inc	22,186	1,294,202
Enbridge Inc	110,430	4,821,507	Toronto-Dominion Bank	135,773	12,790,144
Encana Corp	147,951	2,666,601	Tourmaline Oil Corp	20,901	879,318
Enerplus Corp	26,826	486,782	Transalta Corp	33,621	425,919
Ensign Energy Services	23,800	374,752	Transcanada Corp	98,832	4,510,463
Fairfax Financial Hlgs	1,389	554,162	Transcontinental Inc	6,900	94,944
Finning International	21,722	555,061	Transglobe Energy Corp	19,400	162,138
First Capital Realty	16,371	272,568	Turquoise Hill Resources	55,043	181,318
First Quantum Minerals	80,348	1,445,887	Turquoise Hill –Rts	40,879	38,090
Fortis Inc	29,800	853,473	Valeant Pharmaceuticals	44,879	5,263,835
Franco-Nevada Corp	21,185	862,155	Vermilion Energy Inc	29,936	1,756,434
Genworth MI Canada I	23,100	795,510	Weston (George) Ltd	6,367	463,818
Gildan Activewear In	24,873	1,325,000	Yamana Gold Inc	149,784	1,288,496
Gluskin Sheff + Assoc	9,100	219,942			<b>05,363,756</b>
Goldcorp Inc	114,625	2,480,217	<b>Switzerland</b>		
Great-West Lifeco Inc	42,841	1,320,108	ABB Ltd-Reg	328,155	8,660,030
H&R Real Estate Inv	23,461	471,428	Actelion Ltd-Reg	27,176	2,300,953
Hudbay Minerals Inc	20,700	170,276	Adecco Sa-Reg	18,491	1,466,847
Husky Energy Inc	49,040	1,554,973	Aryzta AG	13,695	1,051,744
Iamgold Corp	38,800	128,907	Autoneum Holding AG	711	109,206
IGM Financial Inc	24,264	1,280,683	Baloise Holding AG -	7,467	952,948
Imperial Oil Ltd	41,784	1,848,722	Barry Callebaut AG-R	328	411,222
Industrial Alliance	14,412	636,570	BB Biotech AG-Reg	1,873	296,529
Intact Financial Corp	18,834	1,229,484	Cie Financiere Riche	80,350	8,013,768
Jean Coutu Group Inc	10,000	173,271	Credit Suisse Group	213,394	6,543,267
Keyera Corp	12,254	736,509	EMS-Chemie Holding AG	1,123	400,282
Kinross Gold Corp	159,674	697,306	Galenica AG-Reg	456	460,179
Lightstream Resource	12,156	67,273	Geberit AG-Reg	5,395	1,640,915
Loblaws Companies Ltd	17,022	678,798	Givaudan-Reg	1,189	1,701,914
Magna International	45,668	3,742,414	Helvetia Holding AG-	1,322	665,199
Manulife Financial Corp	256,653	5,060,597	Holcim Ltd-Reg	32,424	2,433,577
Medical Facilities Corp	4,000	67,388	Inficon Holding AG-R	582	224,136
MEG Energy Corp	19,937	574,374	Julius Baer Group Lt	32,176	1,549,556
Methanex Corp	12,829	758,028	Kuehne & Nagel Intl	8,488	1,116,654
Metro Inc	21,455	1,308,705	Lindt & Spruengli AG	179	1,453,443
National Bank Of Canada	22,680	1,886,764	Lonza Group AG-Reg	7,906	751,619
Nevsun Resources Ltd	36,800	122,263	Nestle SA-Reg	517,198	37,945,880
New Gold Inc	103,716	542,740	Novartis AG-Reg	404,834	32,387,629
Northern Property Rescs	1,300	33,916	Pargesa Holding SA-B	3,443	278,351
Onex Corporation	12,372	667,215	Partners Group Holdings	2,513	671,659
Open Text Corp	12,558	1,153,091	PSP Swiss Property AG	3,244	275,394
Pacific Rubiales Energy	40,957	704,654	Roche Holding AG-Gen	123,434	34,572,900
Pan American Silver	21,500	250,918	Schindler Holding AG	3,561	526,933
Pason Systems Inc	3,100	67,048	Schindler Holding-Pa	6,836	1,008,470

**Petroleum Fund of Timor-Leste**  
**Notes to the financial statements**  
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**Note 17 Schedule of financial assets valued through profit or loss (continued)**

Security	Nominal holding	Fair Value	Security	Nominal holding	Fair Value
SGS SA-Reg	782	1,801,673	Basf Se	163,158	17,468,780
Sika AG-Br	299	1,066,092	Bayer AG-Reg	130,235	18,322,580
Sonova Holding AG-Re	6,778	914,556	Bayerische Motoren	7,513	642,582
Sulzer AG-Reg	3,147	508,842	Bayerische Motoren W	47,349	5,575,796
Swatch Group AG/The-	10,909	3,870,698	Beiersdorf AG	13,985	1,419,859
Swiss Life Holding AG	4,655	968,320	Belgacom SA	55,714	1,650,962
Swiss Prime Site-Reg	7,370	571,800	Biomerieux	974	102,055
Swiss Re AG	63,809	5,883,328	BNP Paribas	177,002	13,807,165
Swisscom AG-Reg	3,878	2,052,482	Boskalis Westminster	10,201	539,838
Syngenta AG-Reg	13,879	5,541,612	Bouygues SA	50,464	1,906,700
Transocean Ltd	50,613	2,467,053	Brenntag AG	7,433	1,376,052
UBS AG-Reg	544,548	10,353,974	Bureau Veritas SA	31,544	922,784
Valiant Holding AG-R	931	83,590	Caixabank S.A	245,964	1,273,345
Zurich Insurance Group	25,238	7,330,045	Cap Gemini	21,332	1,444,147
		<b>193,285,268</b>	Carrefour SA	85,383	3,389,595
<b>Denmark</b>			Casino Guichard Perr	8,757	1,010,586
AP Moeller-Maersk A/	413	4,448,349	Cattolica Assicurazi	3,263	87,992
Carlsberg As-B	15,316	1,697,346	Celesio AG	12,987	411,684
Coloplast-B	16,743	1,110,510	CGG	19,830	343,745
Danske Bank A/S	92,676	2,127,709	Christian Dior	7,490	1,414,471
DSV A/S	24,372	800,381	Cnh Industrial NV	132,582	1,512,684
Novo Nordisk A/S-B	59,149	10,853,983	CNP Assurances	76,651	1,569,003
Novozymes A/S-B Shares	39,654	1,676,512	Colruyt SA	20,014	1,118,575
Simcorp A/S	4,250	167,595	Commerzbank AG	180,586	2,911,408
TDC A/S	108,124	1,050,465	Compagnie De Saint-G	57,460	3,165,099
Tryg A/S	2,972	287,643	Continental AG	22,424	4,926,866
William Demant Holdings	3,756	365,256	Corio NV	9,487	425,775
		<b>24,585,751</b>	Credit Agricole Sa	193,076	2,475,585
<b>European Union</b>			CRH Plc	102,662	2,580,285
Abertis Infrastructure	53,304	1,184,017	Daimler AG	141,783	12,327,832
Accor SA	22,804	1,076,229	Danieli & Co	7,072	242,744
ACS Actividades Cons	19,996	688,148	Danone	116,249	8,380,890
Adidas Ag	29,480	3,761,592	Dassault Systemes SA	8,928	1,109,916
ADP	3,802	431,743	Delhaize Group	22,104	1,311,834
Adva Optical Network	10,301	52,717	Delta Lloyd NV	28,048	694,324
Aegon NV	385,396	3,644,107	Deutsche Bank AG-Reg	174,596	8,348,279
Ageas	47,480	2,024,905	Deutsche Boerse Ag	27,241	2,255,581
Air Liquide SA	44,351	6,282,460	Deutsche Lufthansa-R	51,283	1,094,253
Airbus Group NV	83,326	6,408,048	Deutsche Post AG-Reg	127,511	4,674,596
Akzo Nobel	33,632	2,610,975	Deutsche Telekom AG-	404,186	6,939,569
Alcatel-Lucent	353,995	1,589,210	Deutsche Wohnen AG-B	42,014	816,583
Allianz Se-Reg	72,654	13,054,802	Diasorin Spa	14,426	676,856
Alstom	30,885	1,126,722	Distribuidora Intern	86,074	769,750
Alten	2,447	111,203	Duro Felguera SA	11,330	76,343
Amadeus IT Holding S	53,562	2,287,977	E.On Se	253,370	4,694,066
Andritz AG	9,471	595,693	Edenred	29,096	975,258
Anheuser-Busch Inbev	119,444	12,689,716	EDF	35,945	1,272,188
Arcelormittal	173,714	3,102,223	EDP-Energias De Port	277,240	1,016,562
Arkema	8,876	1,036,428	Elisa Oyj	52,186	1,384,980
Asml Holding NV	50,180	4,704,659	Enagas SA	55,829	1,454,737
Assicurazioni General	165,191	3,890,108	Ence Energia Y Celul	19,574	72,824
ASTM Spa	6,791	107,519	Enel Green Power Spa	228,739	577,114
Atlantia Spa	108,666	2,440,700	Enel Spa	1,238,702	5,417,600
Atos	8,252	746,609	ENI Spa	469,226	11,308,501
AXA SA	253,138	7,049,476	Erste Group Bank Ag	48,801	1,699,961
Axel Springer Se	4,988	321,563	Essilor Internationa	29,028	3,091,131
Azimut Holding Spa	9,772	267,017	Eurazeo	4,020	314,968
Banca Monte Dei Pasc	1,406,806	339,239	Eurofins Scientific	371	99,892
Banca Popol Emilia R	23,006	220,006	Eutelsat Communicati	41,071	1,281,565
Banca Popolare Di Mi	234,938	145,615	Exor Spa	33,410	1,330,938
Banco Bilbao Vizcaya	995,680	12,238,208	Ferrovial Sa	55,624	1,073,059
Banco De Sabadell SA	485,862	1,266,681	Fiat Spa	130,634	1,070,142
Banco Espirito Santo	550,654	786,089	Fielmann AG	548	64,004
Banco Popolare Scarl	45,181	86,786	Finmeccanica Spa	63,817	484,091
Banco Popular Espano	248,565	1,493,343	Fonciere Des Regions	3,461	298,258
Banco Santander Sa	1,773,876	15,888,021	Fortum Oyj	88,311	2,023,673
Bank Of Ireland	3,117,698	1,078,303	Fraport AG	4,524	339,246
Bankia SA	580,114	983,222	Fresenius Medical Ca	29,820	2,122,321
Barco N.V.	1,801	140,712	Fresenius Se & Co Kg	17,389	2,678,857

**Petroleum Fund of Timor-Leste**  
**Notes to the financial statements**  
**For the year ended 31 December 2013**

**Note 17 Schedule of financial assets valued through profit or loss (continued)**

Security	Nominal holding	Fair Value	Security	Nominal holding	Fair Value
Fuchs Petrolub Se -P	5,357	525,132	Oesterreichische Post	8,324	396,520
Fugro NV-Cva	13,421	801,044	OMV AG	43,838	2,090,670
Galp Energia Sgps SA	47,067	771,786	Orange	262,395	3,254,103
Gas Natural Sdg SA	86,099	2,206,705	Orion Oyj-Class B	38,087	1,071,681
GDF Suez	186,718	4,391,905	Osram Licht AG	11,617	656,313
GEA Group AG	25,865	1,234,949	Paddy Power Plc	3,563	304,348
Gecina SA	3,140	415,326	Pernod Ricard SA	29,804	3,400,874
Gemalto	11,042	1,217,377	Piccolo Credito Valt	40,690	76,590
Gerresheimer AG	5,010	350,492	Pirelli & C.	32,523	562,877
Grifols SA	21,466	1,024,914	Plastic Omnium	23,682	662,442
Groupe Bruxelles Lam	13,803	1,269,193	Pohjola Bank Plc-A S	19,460	392,034
Groupe Eurotunnel SA	78,448	825,756	Porsche Automobil HI	21,807	2,270,798
Gtech Spa	10,412	317,647	Portucel SA	24,076	96,541
Hannover Rueck Se	19,266	1,658,958	Portugal Telecom Sgp	89,456	389,273
Heidelbergcement AG	19,860	1,515,259	Prosiebensat 1 Medi	38,090	1,890,024
Heineken Holding NV	15,883	1,005,770	Prysmian Spa	29,270	754,622
Heineken NV	32,139	2,172,888	Publicis Groupe	39,724	3,640,601
Henkel Ag & Co Kgaa	56,711	6,377,593	Qiagen N.V.	35,601	832,487
Hochtief AG	4,832	413,810	Raiffeisen Bank Inte	18,399	647,259
Hugo Boss AG	6,678	953,782	Randstad Holding NV	17,461	1,134,446
Iberdrola SA	678,971	4,329,899	Recordati Spa	52,368	751,190
Icade	5,182	481,843	Red Electrica Corpor	27,740	1,834,767
Iliad SA	3,719	763,052	Reed Elsevier NV	96,976	2,057,871
Imerys SA	4,604	400,311	Remy Cointreau	3,438	288,791
Immofinanz AG	134,763	622,826	Renault SA	33,492	2,697,483
Inditex	30,629	5,020,309	Repsol SA	135,402	3,403,166
Infineon Technologie	148,354	1,588,377	Repsol SA-Rts	133,227	91,056
ING Groep NV	626,164	8,688,619	Rexel SA	29,561	774,752
Intesa Sanpaolo	2,145,337	5,303,360	Royal Dutch Shell Plc	13,820	493,316
Intl Consolidated Ai	140,151	927,367	RTL Group	4,979	641,280
JC Decaux SA	9,949	409,700	RWE AG	100,642	3,697,197
Jeronimo Martins	36,299	709,758	Ryanair Holdings Plc	20,781	178,941
K+S Ag-Reg	46,764	1,439,554	Safran SA	37,582	2,615,715
Kabel Deutschland Ho	2,844	369,669	Saipem Spa	37,190	796,874
Kbc Groep NV	33,816	1,916,756	Salzgitter AG	4,140	176,561
Kering	10,637	2,252,086	Sampo Oyj-A Shs	84,637	4,162,363
Kerry Group Plc-A	20,279	1,405,555	Sanofi	209,731	22,287,576
Kinepolis	672	106,395	SAP AG	140,258	12,085,072
Klepierre	16,882	781,738	Schneider Electric S	93,319	8,152,532
Kone Corp New	44,218	1,997,900	Scor Se	38,389	1,399,683
Koninklijke Ahold NV	199,227	3,582,547	SES	41,414	1,340,489
Koninklijke Dsm NV	21,761	1,713,974	Sias Spa	12,804	127,296
Koninklijke Kpn NV	459,592	1,483,809	Siemens AG-Reg	121,856	16,708,860
Koninklijke Philips	136,094	4,996,753	Sky Deutschland AG	62,029	683,612
Lafarge SA	26,317	1,975,272	Sligro Food Group NV	575	22,185
Lagardere Sca	15,280	567,013	SNAM Spa	283,622	1,588,279
Lanxess AG	11,589	774,739	Societe Bic Sa	8,688	1,062,362
Legrand SA	55,470	3,061,980	Societe Generale	133,715	7,779,139
Linde AG	26,005	5,455,661	Sodexo	13,113	1,330,243
L'Oreal	33,997	5,982,252	Sofina	637	72,590
Luxottica Group Spa	22,665	1,215,519	Solvay SA	8,134	1,286,145
LVMH Moet Hennessy L	39,236	7,169,047	Stmicroelectronics N	89,897	720,448
M6-Metropole Television	13,328	305,782	Sto AG-Preferred	111	21,146
Man Se	5,352	656,946	Stora Enso Oyj-R Shs	120,650	1,212,791
Mapfre Sa	294,790	1,230,803	Suedzucker AG	19,790	534,893
Mayr-Melnhof Karton	335	41,522	Suez Environnement C	36,529	655,363
Mediobanca Spa	143,827	1,260,465	Technip SA	14,479	1,393,800
Merck Kgaa	9,135	1,635,754	Telecom Italia Spa	2,260,172	2,071,872
Metro AG	17,823	866,694	Telefonica Deutschland	41,829	345,541
Metso Oyj	18,218	778,710	Telefonica SA	603,446	9,811,911
Michelin (Cgde)	39,697	4,225,609	Telekom Austria AG	27,473	207,567
Mobistar SA	9,686	183,919	Telenet Group Holdings	6,562	392,201
Muenchener Rueckver	31,203	6,903,031	Tenaris SA	66,944	1,463,935
Natixis	173,415	1,019,869	Terna Spa	225,224	1,127,181
Neopost SA	5,173	398,605	Thales SA	12,739	817,914
Neste Oil Oyj	18,444	365,212	Thyssenkrupp AG	58,092	1,417,647
Nokia Oyj	527,935	4,230,224	Tieto Oyj	14,757	334,297
Nokian Renkaat Oyj	23,656	1,136,649	Tnt Express NV	46,032	428,024
OCI NV	12,852	579,717	Tod's Spa	982	164,272

**Petroleum Fund of Timor-Leste**  
**Notes to the financial statements**  
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**Note 17 Schedule of financial assets valued through profit or loss (continued)**

Security	Nominal holding	Fair Value	Security	Nominal holding	Fair Value
Total Sa	376,001	23,071,449	CSR Plc	27,395	286,530
Ubi Banca Sepa	181,361	1,231,538	Dart Group Plc	29,569	120,353
UCB SA	15,308	1,137,791	Debenhams Plc	115,131	139,105
Unicore	15,978	747,473	Diageo Plc	363,481	12,037,299
Unibail-Rodamco	13,736	3,525,249	Diploma Plc	6,928	77,396
Unicredit Spa	789,761	5,854,788	Direct Line Insurance	141,980	586,710
Unilever NV-Cva	305,670	12,330,563	Domino Printing Scie	9,173	116,149
United Internet AG-R	16,397	699,291	Easyjet Plc	24,038	611,129
Upm-Kymmene Oyj	92,643	1,567,632	Enquest Plc	132,070	294,207
Valeo SA	15,091	1,672,304	Experian Plc	141,860	2,615,056
Vallourec	14,130	771,029	Fenner Plc	24,905	200,016
Veolia Environnement	77,994	1,273,003	Fresnillo Plc	70,355	868,115
Vienna Insurance Group	4,828	239,898	G4S Plc	210,204	913,547
Vinci SA	75,039	4,934,244	GKN Plc	395,531	2,444,827
Viscofan SA	10,900	615,805	GlaxoSmithKline Plc	871,576	23,255,556
Vivendi	167,594	4,409,723	Glencore Xstrata Plc	1,492,282	7,727,433
Voestalpine AG	28,085	1,356,038	Go-Ahead Group Plc	2,961	86,166
Volkswagen AGg	4,561	1,237,796	Greggs Plc	20,468	145,855
Volkswagen AG-Pref	20,304	5,718,678	Halfords Group Plc	38,674	285,616
Vopak	8,818	516,589	Halma Plc	48,678	486,156
Wartsila Oyj ABP	24,954	1,229,964	Hammerson Plc	110,448	917,392
Wendel	4,276	623,385	Hargreaves Lansdown	29,089	651,857
Wolters Kluwer	74,787	2,137,828	Highland Gold Mining	73,302	70,719
Zardoya Otis SA	22,794	408,317	Hiscox Ltd	63,040	725,128
Ziggo NV	45,973	2,096,834	Hochschild Mining Pl	55,350	129,260
Zodiac Aerospace	4,797	848,396	HSBC Holdings Plc	3,177,298	34,852,876
		<b>68,865,807</b>	Icap Plc	72,910	545,219
<b>United Kingdom</b>			IMI Plc	84,055	2,121,653
3i Group Plc	149,848	955,515	Imperial Tobacco Group	137,832	5,335,003
888 Holdings Plc	60,535	172,850	Inmarsat Plc	63,619	796,063
Aberdeen Asset Mgmt	185,074	1,531,112	Intercontinental Hotels	36,196	1,206,187
Admiral Group Plc	27,162	588,881	Interserve Plc	29,948	308,769
Afren Plc	128,207	359,072	Intertek Group Plc	21,743	1,133,293
African Barrick Gold	48,267	148,453	Intu Properties Plc	101,775	522,214
Aggreko Plc	36,828	1,041,818	Invensys Plc	95,117	800,291
Amec Plc	83,203	1,497,940	Investec Plc	82,133	595,143
Amlin Plc	95,730	727,440	ITV Plc	698,333	2,242,675
Anglo American Plc	270,230	5,905,666	Jardine Lloyd Thompson	4,633	78,039
Anglo Pacific Group	19,845	60,478	JKX Oil & Gas Plc	23,846	28,140
Antofagasta Plc	76,148	1,038,599	Johnson Matthey Plc	28,582	1,552,244
Arm Holdings Plc	194,302	3,533,504	Kazakhmys Plc	31,368	113,518
Ashmore Group Plc	66,382	441,100	Kingfisher Plc	336,932	2,146,236
Associated British F	50,223	2,032,964	Ladbroke Plc	59,497	176,193
Astrazeneca Plc	219,531	12,995,001	Lancashire Holdings	10,627	142,656
Atkins (Ws) Plc	21,568	506,181	Land Securities Grp	110,226	1,758,070
Aviva Plc	415,484	3,093,902	Legal & General Group	1,204,254	4,439,859
Avocet Mining Plc	53,675	8,463	Lloyds Banking Group	7,258,730	9,481,966
Babcock Intl Group P	51,882	1,163,486	London Stock Exchange	26,235	752,584
Bae Systems Plc	638,429	4,598,624	Marks & Spencer Group	226,940	1,625,635
Barclays Plc	2,577,308	11,606,505	Meggitt Plc	172,901	1,509,156
Beazley Plc	144,269	649,454	Melrose Industries P	178,420	903,073
Berkeley Group Holdings	7,995	351,568	Micro Focus International	28,308	359,843
BG Group Plc	618,104	13,277,841	Mitie Group Plc	32,644	171,824
BHP Billiton Plc	372,634	11,531,917	National Grid Plc	518,702	6,765,414
BP Plc	3,204,191	25,897,876	Next Plc	30,676	2,766,448
British American Tobacco	332,424	17,824,940	Old Mutual Plc	682,706	2,137,083
British Land Co	133,531	1,389,995	Pace Plc	25,052	131,987
British Sky Broadcas	233,686	3,264,703	Pearson Plc	115,037	2,553,103
BT Group Plc	1,191,556	7,485,541	Persimmon Plc	42,979	881,258
Bunzl Plc	73,793	1,770,963	Petrofac Ltd	35,772	724,595
Burberry Group Plc	94,429	2,369,430	Petropavlovsk Plc	26,330	31,617
Capita Plc	90,293	1,550,811	Playtech Plc	41,889	510,974
Carnival Plc	26,005	1,076,770	Polo Resources Ltd	77,832	28,038
Catlin Group Ltd	35,754	343,462	Polys Gold International	128,755	423,302
Centrica Plc	1,028,553	5,921,509	Premier Oil Plc	79,941	415,081
Cobham Plc	253,259	1,150,999	Prudential Plc	359,067	7,963,097
Coca-Cola Hbc AG-Cdi	28,199	822,468	Randgold Resources L	12,875	807,975
Compass Group Plc	332,852	5,333,694	Reckitt Benckiser Gr	123,267	9,783,394
Croda International	20,773	844,994	Reed Elsevier Plc	166,334	2,475,284

**Petroleum Fund of Timor-Leste**  
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**Note 17 Schedule of financial assets valued through profit or loss (continued)**

Security	Nominal holding	Fair Value	Security	Nominal holding	Fair Value
Renishaw Plc	3,289	105,898	K Wah Intl Holdings	164,000	98,775
Resolution Ltd	195,966	1,148,649	Kerry Logistics Netw	53,250	75,544
Restaurant Group Plc	23,238	227,656	Kerry Properties Ltd	190,500	658,443
Rexam Plc	120,680	1,059,344	Li & Fung Ltd	792,000	1,021,442
Rio Tinto Plc	199,471	11,262,445	Link Reit	466,500	2,256,167
Rolls-Royce Holdings	262,963	5,548,684	Luk Fook Holdings In	49,000	184,846
Royal Bank Of Scotland	522,821	2,926,818	MGM China Holdings L	191,600	814,215
Royal Dutch Shell Plc	1,106,238	40,486,469	MTR Corp	199,500	755,161
RSA Insurance Group	540,436	817,671	Nagacorp Ltd	274,000	288,356
Sammler Plc	135,709	6,968,933	New World De-Dum Rts	8,936	-
Sage Group Plc/The	244,884	1,636,958	New World Development	753,979	950,041
Sainsbury (J) Plc	174,657	1,055,567	NWS Holdings Ltd	185,501	280,390
Schroders Plc	14,775	635,514	PCCW Ltd	525,000	233,597
Segro Plc	110,670	612,029	Power Assets Holding	199,500	1,586,223
Senior Plc	60,537	307,912	Sands China Ltd	390,000	3,191,425
Serco Group Plc	72,263	597,351	Shangri-La Asia Ltd	216,000	419,534
Severn Trent Plc	33,113	934,532	Sino Land Co	778,000	1,059,575
Shire Plc	78,163	3,690,833	SJM Holdings Ltd	582,000	1,944,066
Smith & Nephew Plc	200,177	2,852,929	Smartone Telecommunicatns	229,500	260,764
Smiths Group Plc	111,573	2,733,085	Sun Hung Kai Properties	310,000	3,916,106
Soco International P	37,244	243,719	Swire Pacific Ltd-A	151,000	1,767,307
SSE Plc	163,376	3,704,398	Swire Properties Ltd	406,923	1,023,376
Standard Chartered Plc	437,227	9,844,918	Television Broadcast	30,000	200,032
Standard Life Plc	479,217	2,853,363	Wharf Holdings Ltd	320,000	2,443,206
Tate & Lyle Plc	71,329	955,151	Wheelock & Co Ltd	243,000	1,110,992
Tesco Plc	1,326,900	7,346,838	Wynn Macau Ltd	299,200	1,354,432
Travis Perkins Plc	34,127	1,057,542	Yue Yuen Industrial	93,000	308,851
Tui Travel Plc	54,858	375,246			<b>66,720,843</b>
Tullow Oil Plc	127,939	1,810,677	<b>Israel</b>		
Ultra Electronics HI	9,611	306,744	Babylon Ltd	10,361	24,188
Unilever Plc	239,614	9,846,114	Bank Hapoalim Bm	332,954	1,865,733
United Utilities Gro	94,069	1,045,430	Bank Leumi Le-Israel	405,229	1,649,636
Vedanta Resources Pl	5,443	84,110	Bezeq The Israeli Te	684,702	1,160,897
Victrex Plc	14,085	428,307	Delek Group Ltd	608	232,270
Vodafone Group Plc	7,816,940	30,677,461	Israel Chemicals Ltd	167,201	1,392,138
Weir Group Plc/The	38,414	1,355,810	Israel Corp Limited	364	191,176
WH Smith Plc	21,952	363,580	Israel Discount Bank	289,870	552,849
Whitbread Plc	25,444	1,580,311	Mizrachi Tefahot Bank	20,357	266,500
William Hill Plc	230,293	1,532,557	Nice Systems Ltd	7,727	316,560
Wm Morrison Supermar	460,760	1,991,016	Teva Pharmaceutical	119,132	4,760,477
Wolseley Plc	36,486	2,069,121			<b>12,412,423</b>
WPP Plc	186,213	4,253,047	<b>Japan</b>		
		<b>496,089,872</b>	77 Bank Ltd/The	15,000	72,499
<b>Hong Kong</b>			ABC-Mart Inc	9,700	423,605
AIA Group Ltd	1,779,200	8,914,647	Acom Co Ltd	61,500	208,306
ASM Pacific Technolo	32,700	271,173	Adeka Corp	13,700	150,810
Bank Of East Asia	384,000	1,626,878	Advantest Corp	19,300	239,448
BOC Hong Kong Holdin	638,500	2,042,213	Aeon Co Ltd	85,900	1,162,170
Cathay Pacific Airways	176,000	371,805	Aeon Financial Servi	8,600	230,250
Champion REIT	130,000	57,508	Aeon Mall Co Ltd	24,090	675,222
Cheung Kong Holdings	251,000	3,965,502	AI Holdings Corp	14,200	176,850
Cheung Kong Infrastructure	91,000	573,903	Aichi Steel Corp	26,000	107,359
CLP Holdings Ltd	250,500	1,978,801	AIN Pharmaciez Inc	3,500	171,828
Dah Sing Financial H	37,600	215,550	Air Water Inc	19,000	256,515
Emperor Intl Hldg Ltd	214,000	57,683	Aisan Industry Co Lt	7,200	68,982
First Pacific Co	876,000	994,203	Aisin Seiki Co Ltd	41,300	1,675,891
Galaxy Entertainment	296,000	2,653,169	Aizawa Securities Co	13,100	113,669
Giordano International	224,000	199,336	Ajinomoto Co Inc	85,000	1,230,056
Great Eagle Holdings	21,419	72,789	Alfresa Holdings Cor	14,100	697,588
Hang Lung Properties	307,000	968,067	Alpen Co Ltd	2,500	44,860
Hang Seng Bank Ltd	107,600	1,740,196	Amada Co Ltd	77,000	678,389
Henderson Land Devel	276,000	1,573,330	ANA Holdings Inc	165,000	328,101
HKT Trust And HKT Ltd	278,000	273,922	Aoyama Trading Co Lt	8,800	237,949
Hong Kong & China Ga	816,730	1,872,831	Aozora Bank Ltd	145,000	411,113
Hong Kong Exchanges	127,954	2,130,436	Arcs Co Ltd	5,300	101,406
Hopewell Holdings Ltd	118,500	401,177	Asahi Glass Co Ltd	188,000	1,168,013
HSBC Holdings Plc	60,271	654,110	Asahi Group Holdings	53,600	1,508,481
Hutchison Whampoa Ltd	306,000	4,163,535	Asahi Holdings Inc	7,900	134,091
Hysan Development Co	173,000	745,214	Asahi Kasei Corp	183,000	1,432,939

**Petroleum Fund of Timor-Leste**  
**Notes to the financial statements**  
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**Note 17 Schedule of financial assets valued through profit or loss (continued)**

Security	Nominal holding	Fair Value	Security	Nominal holding	Fair Value
Asics Corp	21,700	369,977	Fujitsu Ltd	267,000	1,381,933
Astellas Pharma Inc	62,000	3,669,094	Fukuoka Financial Group	103,000	450,787
AWA Bank Ltd/The	12,000	59,940	Fuyo General Lease Co	6,000	234,337
Bank Of Kyoto Ltd	91,000	759,308	Geo Holdings Corp	5,900	52,935
Bank Of Yokohama Ltd	311,000	1,728,025	Gree Inc	45,400	446,204
Benesse Holdings Inc	9,700	389,458	Gungho Online Entertainmnt	45,000	323,248
BML Inc	4,100	138,676	Gunma Bank Ltd	114,000	635,593
Bridgestone Corp	133,900	5,064,009	Hachijuni Bank Ltd	141,000	819,666
Brother Industries L	71,400	975,505	Hakuhodo Dy Holdings	29,700	230,016
Calbee Inc	9,600	232,910	Hamamatsu Photonics	9,000	359,641
Canon Electronics In	8,800	161,842	Hankyu Hanshin Holdings	165,000	890,110
Canon Inc	217,700	6,886,949	Happinet Corp	4,800	42,289
Canon Marketing Japan	8,600	119,952	Higo Bank Ltd	40,000	218,829
Casio Computer Co Ltd	28,200	344,770	Hino Motors Ltd	38,000	596,547
Central Glass Co Ltd	40,000	132,439	Hirose Electric Co Ltd	4,100	583,959
Central Japan Railways	26,600	3,130,604	Hiroshima Bank Ltd	134,000	553,314
Charle Co Ltd	4,700	22,448	Hisamitsu Pharmaceuticals	10,200	513,373
Chiba Bank Ltd	213,000	1,434,794	Hitachi Chemical Co	13,600	216,736
Chiba Kogyo Bank Ltd	7,700	56,777	Hitachi Construction	13,500	287,841
Chiyoda Co Ltd	6,100	117,351	Hitachi High-Technology	8,700	218,111
Chiyoda Corp	22,000	318,786	Hitachi Ltd	679,000	5,135,866
Chubu Electric Power	89,800	1,159,399	Hitachi Metals Ltd	26,000	367,347
Chugai Pharmaceuticals	34,100	753,020	Hitachi Transport Sy	5,600	83,596
Chugoku Bank Ltd	52,000	659,988	Hogy Medical Co Ltd	2,200	115,960
Chugoku Electric Power	42,500	660,316	Hokkaido Electric Power	23,100	265,055
Chugoku Marine Paint	11,000	58,085	Hokkoku Bank Ltd	5,000	17,839
Citizen Holdings Co	36,600	308,178	Hokuetsu Kishu Paper	11,500	54,160
CMIC Holdings Co Ltd	5,200	67,137	Hokuhoku Financial Group	179,000	355,939
Coca-Cola West Co Ltd	10,900	230,642	Hokuriku Electric Power	20,400	276,192
Cocokara Fine Inc	2,000	52,633	Honda Motor Co Ltd	237,200	9,760,624
Create SD Holdings C	2,100	72,727	Honeys Co Ltd	4,090	39,770
Credit Saison Co Ltd	21,500	565,192	Hoshizaki Electric Co	9,300	330,042
Cyberagent Inc	5,200	211,750	Hoya Corp	87,600	2,433,682
Dai Nippon Printing	105,000	1,112,888	Hulic Co Ltd	40,600	600,280
Daicel Corp	43,000	349,793	Hyakugo Bank Ltd	18,000	71,928
Daido Metal Co Ltd	4,000	39,922	Ibiden Co Ltd	14,400	269,217
Daido Steel Co Ltd	37,000	183,759	Ichiyoshi Securities	9,800	163,730
Daihatsu Motor Co Ltd	62,000	1,050,588	Idemitsu Kosan Co Lt	22,400	509,784
Daiichi Jitsugyo Co	10,000	44,622	IHI Corp	197,000	850,940
Dai-ichi Life Insurance	120,200	2,007,051	Iida Group Holdings	20,000	399,410
Daiichi Sankyo Co Ltd	97,100	1,772,846	Inabata & Co Ltd	10,000	109,224
Daiichikosho Co Ltd	6,200	175,314	Infocom Corp	9,600	86,588
Daikin Industries Ltd	33,300	2,072,043	Inpex Corp	221,200	2,832,742
Dainippon Sumitomo P	19,900	310,887	Isetan Mitsukoshi Ho	53,400	758,539
Daishi Bank Ltd	6,000	20,665	Isuzu Motors Ltd	284,000	1,764,446
Daito Trust Construction	16,100	1,504,230	It Holdings Corp	4,600	72,520
Daiwa House Industry	121,000	2,339,300	Itochu Corp	325,200	4,016,077
Daiwa Securities Group	235,000	2,345,417	Itochu Techno-Solutions	3,900	158,071
DCM Holdings Co Ltd	10,600	73,622	Iyo Bank Ltd	86,200	844,737
Dena Co Ltd	32,900	691,149	J Front Retailing Co	61,000	461,396
Denso Corp	68,400	3,605,310	Japan Airlines Co Ltd	13,600	670,263
Dentsu Inc	31,100	1,267,909	Japan Exchange Group	34,300	974,126
Don Quijote Holdings	8,000	483,326	Japan Petroleum Expl	10,700	405,176
Doshisha Co Ltd	3,600	50,692	Japan Prime Realty	99	316,955
Dr Ci:Labo Co Ltd	100	305,409	Japan Real Estate	162	867,761
East Japan Railway Co	47,400	3,774,684	Japan Retail Fund	317	645,733
Edion Corp	13,300	77,696	Japan Steel Works Ltd	41,000	228,591
Eisai Co Ltd	35,900	1,388,455	Japan Tobacco Inc	164,700	5,343,487
Electric Power Develop	16,200	471,643	JFE Holdings Inc	69,800	1,660,909
EPS Corporation	32	41,893	JGC Corp	47,000	1,842,349
Exedy Corp	6,300	184,016	Joyo Bank Ltd	174,000	887,342
Familymart Co Ltd	16,100	735,265	JSR Corp	54,500	1,054,689
Fanuc Corp	27,000	4,937,350	JTEKT Corp	29,000	493,335
Fast Retailing Co Lt	7,500	3,089,769	JX Holdings Inc	412,300	2,118,283
FCC Co Ltd	7,000	139,394	Kagoshima Bank Ltd	24,000	152,077
Fuji Electric Co Ltd	85,000	397,079	Kajima Corp	128,000	479,825
Fuji Heavy Industries	130,500	3,737,264	Kakaku.Com Inc	23,000	403,520
Fujifilm Holdings Co	105,700	2,992,848	Kaken Pharmaceutical	28,000	419,581
Fujitsu General Ltd	22,000	234,223	Kamei Corp	6,000	47,153

**Petroleum Fund of Timor-Leste**  
**Notes to the financial statements**  
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**Note 17 Schedule of financial assets valued through profit or loss (continued)**

Security	Nominal holding	Fair Value	Security	Nominal holding	Fair Value
Kamigumi Co Ltd	78,000	714,657	Mitsubishi Motors Co	62,400	669,091
Kandenko Co Ltd	29,000	162,790	Mitsubishi Tanabe Ph	30,000	417,868
Kaneka Corp	87,000	569,488	Mitsubishi UFJ Finan	2,261,500	14,910,995
Kansai Electric Power	96,700	1,110,480	Mitsubishi UFJ Lease	78,200	479,148
Kansai Paint Co Ltd	31,000	457,752	Mitsui & Co Ltd	360,800	5,018,694
Kao Corp	73,800	2,320,623	Mitsui Chemicals Inc	114,000	275,496
Kawasaki Heavy Industries	216,000	904,239	Mitsui Fudosan Co Ltd	117,000	4,202,228
KDDI Corp	100,800	6,195,407	Mitsui Mining & Smel	47,000	143,989
Keihin Corp	10,200	157,991	Mitsui OSK Lines Ltd	155,000	697,541
Keikyu Corp	75,000	617,240	Mizuho Financial Group	3,423,400	7,393,674
Keio Corp	83,000	551,991	Mochida Pharmaceuticals	800	47,419
Keisei Electric Railways	34,000	312,164	Moshi Moshi Hotline	16,500	176,452
Keiyo Bank Ltd	45,000	215,784	MS&AD Insurance Group	71,700	1,921,688
Keyence Corp	6,440	2,751,117	Murata Manufacturing	28,500	2,529,900
Kikkoman Corp	24,000	452,805	Nabtesco Corp	13,100	301,498
Kimoto Co Ltd	9,300	86,182	Namco Bandai Holding	33,900	751,828
Kinden Corp	56,000	585,015	Namura Shipbuilding	10,400	140,408
Kintetsu Corp	250,000	875,316	NEC Corp	333,000	747,710
Kirin Holdings Co Ltd	125,000	1,798,203	Nexon Co Ltd	56,200	519,197
Kobe Steel Ltd	356,000	609,676	NGK Insulators Ltd	36,000	683,317
Koito Manufacturing	33,000	629,200	NGK Spark Plug Co Lt	27,000	638,105
Komatsu Ltd	201,700	4,099,057	NHK Spring Co Ltd	22,800	256,840
Konaka Co Ltd	8,800	78,200	Nichii Gakkan Co	19,900	159,420
Konami Corp	14,800	341,891	Nidec Corp	14,900	1,458,742
Konica Minolta Inc	126,000	1,255,145	Nihon Parkerizing Co	2,000	41,597
Krosaki Harima Corp	18,000	42,814	Nikon Corp	46,300	884,108
Kubota Corp	151,000	2,492,604	Nintendo Co Ltd	14,900	1,983,265
Kuraray Co Ltd	53,800	640,348	Nippon Building Fund	188	1,089,311
Kureha Corp	14,000	71,529	Nippon Carbon Co Ltd	30,000	56,230
Kurita Water Industry	21,400	444,268	Nippon Coke & Engine	52,000	66,296
Kuroda Electric Co Ltd	7,300	109,599	Nippon Electric Glas	127,000	664,574
Kyocera Corp	46,000	2,288,950	Nippon Express Co Ltd	110,000	531,659
Kyoei Steel Ltd	5,100	96,124	Nippon Meat Packers	23,000	394,986
Kyokuto Securities	7,400	149,964	Nippon Paint Co Ltd	65,000	1,081,015
Kyorin Holdings Inc	11,000	235,060	Nippon Prologis Reit	34	324,133
Kyowa Exeo Corp	24,000	316,940	Nippon Steel & Sumit	1,074,245	3,587,462
Kyowa Hakko Kirin Co	35,000	384,949	Nippon Telegraph & T	58,400	3,139,338
Kyushu Electric Power	59,300	755,461	Nippon Thompson Co Ltd	13,000	71,985
Lawson Inc	15,000	1,121,736	Nippon Yusen	232,000	739,451
Lintec Corp	9,800	181,445	Nishi-Nippon City Bank	105,000	281,718
Lixil Group Corp	37,700	1,033,383	Nissan Chemical Industries	31,000	491,670
M3 Inc	110	275,667	Nissan Motor Co Ltd	351,600	2,953,836
Mabuchi Motor Co Ltd	3,500	207,459	Nisshin Fudosan Co Ltd	11,200	46,460
Macnica Inc	2,700	72,082	Nisshin Seifun Group	25,850	266,850
Macromill Inc	20,200	150,292	Nissin Foods Holding	7,300	308,030
Maeda Road Construction	19,000	311,470	Nissin Kogyo Co Ltd	13,400	283,924
Makita Corp	16,400	859,750	Nitori Holdings Co Ltd	10,150	960,873
Marubeni Corp	388,000	2,783,427	Nitto Denko Corp	22,500	948,338
Marui Group Co Ltd	26,900	272,570	Nittoku Engineering	5,100	46,048
Maruichi Steel Tube	19,400	489,868	NKSJ Holdings Inc	48,300	1,343,237
Matsumotokiyoshi Holdings	5,200	181,571	NOK Corp	14,300	233,606
Mazda Motor Corp	391,000	2,020,009	Nomura Holdings Inc	511,300	3,930,646
McDonald's Holdings	8,200	209,632	Nomura Real Estate H	16,900	379,629
Medipal Holdings Corp	18,900	249,411	Nomura Real Estate O	46	214,015
Megachips Corp	5,500	84,040	Nomura Research Inst	13,900	438,405
Meiji Holdings Co Ltd	8,000	513,772	Noritake Co Ltd	21,000	51,349
Meiko Network Japan	9,100	97,056	NSK Ltd	70,000	869,131
Mimasu Semiconductor	3,000	25,574	NTT Data Corp	18,400	677,494
Ministop Co Ltd	4,400	68,613	NTT Docomo Inc	303,900	4,981,874
Miraca Holdings Inc	22,800	1,074,868	NTT Urban Development	20,300	233,120
Mito Securities Co Ltd	26,000	126,902	Obayashi Corp	97,000	551,886
Mitsubishi Chemical	311,000	1,435,089	Obic Co Ltd	10,800	318,539
Mitsubishi Corp	254,200	4,873,348	Odakyu Electric Rail	92,000	831,550
Mitsubishi Electric	273,000	3,425,975	Oji Holdings Corp	117,000	598,887
Mitsubishi Estate Co	175,000	5,219,782	Olympus Corp	33,700	1,064,498
Mitsubishi Gas Chemicals	54,000	397,146	Omron Corp	31,100	1,371,472
Mitsubishi Heavy Industries	428,000	2,646,878	Ono Pharmaceutical C	11,900	1,040,493
Mitsubishi Logistics	16,000	252,243	Oracle Corp Japan	21,700	792,808
Mitsubishi Materials	164,000	603,854	Oriental Land Co Ltd	6,900	994,577



**Petroleum Fund of Timor-Leste**  
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**Note 17 Schedule of financial assets valued through profit or loss (continued)**

Security	Nominal holding	Fair Value	Security	Nominal holding	Fair Value
Orix Corp	179,400	3,149,166	Sumitomo Metal Mining	137,000	1,792,256
Osaka Gas Co Ltd	270,000	1,055,802	Sumitomo Mitsui Fina	231,600	11,920,998
Otsuka Corp	2,000	243,376	Sumitomo Mitsui Trust	694,000	3,651,417
Otsuka Holdings Co Ltd	95,500	2,753,105	Sumitomo Realty & De	50,000	2,483,232
Pacific Metals Co Ltd	13,000	47,372	Sumitomo Rubber Industries	21,400	303,577
Pal Co Ltd	2,700	65,711	Sundrug Co Ltd	6,500	290,353
Panasonic Corp	311,400	3,620,484	Suntory Beverage & F	18,300	583,274
Park24 Co Ltd	12,900	243,014	Suruga Bank Ltd	27,000	483,460
Press Kogyo Co Ltd	17,000	70,358	Suzuken Co Ltd	10,000	323,486
Pressance Corp	1,800	52,747	Suzuki Motor Corp	49,900	1,340,257
Prima Meat Packers Ltd	84,000	154,246	Sysmex Corp	10,900	642,976
Rakuten Inc	103,500	1,540,118	T&D Holdings Inc	80,000	1,116,598
Rengo Co Ltd	37,000	222,482	Tachi-S Co Ltd	5,300	73,269
Resona Holdings Inc	448,500	2,287,199	Taiheiyō Cement Corp	172,000	659,493
Ricoh Co Ltd	90,000	955,616	Taisei Corp	146,000	663,984
Ricoh Leasing Co Ltd	3,400	100,604	Taisho Pharmaceuticals	4,600	315,989
Rinnai Corp	4,200	326,873	Taiyo Nippon Sanso Co	32,000	227,430
Rohm Co Ltd	20,700	1,006,394	Takashimaya Co Ltd	38,000	377,451
Saint Marc Holdings	700	33,367	Takeda Pharmaceuticals	111,600	5,117,856
San-In Godo Bank Ltd	36,000	257,571	TDK Corp	17,500	837,496
Sanki Engineering Co	12,000	75,011	Teijin Ltd	114,000	252,719
Sankyo Co Ltd	7,400	341,116	Terumo Corp	22,000	1,057,039
Sankyu Inc	75,000	291,851	THK Co Ltd	16,100	401,332
Sanrio Co Ltd	5,600	235,232	Toagosei Co Ltd	40,000	170,496
Santen Pharmaceuticals	10,600	493,668	Tobu Railway Co Ltd	169,000	818,430
Sasebo Heavy Industries	42,000	46,753	Tocalo Co Ltd	4,400	68,320
Sawai Pharmaceutical	5,900	380,591	Toho Co Ltd	14,000	307,293
Sbi Holdings Inc	27,280	412,425	Toho Gas Co Ltd	52,000	252,814
Secom Co Ltd	30,600	1,839,989	Tohoku Electric Power	64,200	720,765
Sega Sammy Holdings	26,000	661,225	Tokai Carbon Co Ltd	35,000	121,878
Seikitokyu Kogyo Co	66,000	89,168	Tokai Corp (Gifu)	1,100	31,973
Seino Holdings Co Ltd	10,000	104,752	Tokai Rika Co Ltd	8,200	163,056
Sekisui Chemical Co	63,000	772,028	Tokai Rubber Industries	6,200	60,463
Sekisui House Ltd	77,000	1,075,458	Token Corp	2,350	112,464
Seven & I Holdings Co	106,100	4,209,478	Tokio Marine Holdings	97,800	3,266,050
Seven Bank Ltd	74,400	290,932	Tokyo Electric Power	204,600	1,004,459
Sharp Corp	196,000	620,979	Tokyo Electron Ltd	25,100	1,373,151
Shikoku Electric Power	27,000	403,568	Tokyo Gas Co Ltd	338,000	1,659,370
Shimachu Co Ltd	3,400	80,451	Tokyo Ohka Kogyo Co	11,000	234,956
Shimadzu Corp	34,000	295,666	Tokyo Seimitsu Co Ltd	6,000	126,103
Shimamura Co Ltd	2,700	252,776	Tokyo Tatemono Co Ltd	59,000	653,965
Shimano Inc	10,900	934,390	Tokyu Corp	153,000	989,868
Shimizu Corp	83,000	417,744	Tokyu Fudosan Holdings	75,400	708,770
Shin-Etsu Chemical Co	65,300	3,808,469	Tonengeneral Sekiyu	39,000	357,700
Shinko Electric Indu	11,000	91,157	Toppan Forms Co Ltd	2,200	20,157
Shinsei Bank Ltd	240,000	584,559	Toppan Printing Co Ltd	116,000	925,970
Shionogi & Co Ltd	74,800	1,619,048	Toray Industries Inc	211,000	1,457,457
Shiseido Co Ltd	49,900	801,401	Toridoll Corp	9,200	82,367
Shizuoka Bank Ltd	155,000	1,651,682	Toshiba Corp	570,000	2,397,033
Showa Corp	16,200	260,945	Toto Ltd	42,000	665,335
Showa Denko K K	256,000	362,913	Toyo Ink Sc Holdings	32,000	157,405
Showa Shell Sekiyu K	25,500	258,627	Toyo Seikan Group Ho	31,700	679,814
Sintokogio Ltd	9,000	67,390	Toyo Suisan Kaisha Ltd	36,000	1,078,922
Skymark Airlines Inc	17,400	63,902	Toyoda Gosei Co Ltd	21,400	497,409
SMC Corp	7,500	1,888,826	Toyota Boshoku Corp	21,300	265,680
SNT Corp	7,900	30,666	Toyota Industries Co	23,300	1,050,778
Softbank Corp	150,400	13,150,436	Toyota Motor Corp	432,000	26,346,236
Sogo Medical Co Ltd	600	22,834	Toyota Tsusho Corp	31,000	766,558
Sojitz Corp	233,800	413,746	Trend Micro Inc	30,500	1,064,983
Sony Corp	142,200	2,467,750	TS Tech Co Ltd	5,600	188,611
Sony Financial Holdings	48,100	875,003	Tsumura & Co	7,800	206,828
Stanley Electric Co	43,700	999,523	Tsuruha Holdings Inc	2,800	257,343
Studio Alice Co Ltd	4,500	59,255	UBE Industries Ltd	130,000	275,820
Sumco Corp	15,300	134,942	Unicharm Corp	16,300	928,948
Sumitomo Chemical Co	214,000	836,821	Unipres Corp	7,000	131,269
Sumitomo Corp	211,800	2,657,955	United Arrows Ltd	5,000	186,956
Sumitomo Densetsu Co	7,300	105,084	Universal Entertainment	1,600	29,456
Sumitomo Electric In	107,000	1,783,589	Uny Group Holdings Co	23,000	140,707
Sumitomo Heavy Industries	69,000	317,083	USS Co Ltd	58,700	804,783

**Petroleum Fund of Timor-Leste**  
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**Note 17 Schedule of financial assets valued through profit or loss (continued)**

Security	Nominal holding	Fair Value	Security	Nominal holding	Fair Value
Utd Urban Invest Crp	352	504,364	Lundin Petroleum AB	34,126	665,241
Valor Co Ltd	6,300	83,317	Millicom Intl Cellul	15,824	1,576,832
Wakita & Co Ltd	15,000	176,110	NCC AB-B Shs	13,990	457,214
Warabeya Nichiyo Co	3,800	68,802	Nordea Bank AB	423,671	5,706,031
Weathernews Inc	3,000	68,417	Oriflame Cosmetics S	13,889	426,882
Welcia Holdings Co Ltd	2,400	124,904	Sandvik AB	149,696	2,112,843
West Japan Railway Co	23,200	1,005,433	Scania AB-B Shs	50,204	984,132
Yahoo Japan Corp	203,900	1,132,940	Securitas AB-B Shs	44,064	468,591
Yakult Honsha Co Ltd	12,600	635,365	Skandinaviska Enskil	210,989	2,782,483
Yamada Denki Co Ltd	178,900	583,823	Skanska AB-B Shs	59,809	1,223,633
Yamaguchi Financial	27,000	249,950	SKF AB-B Shares	56,571	1,485,930
Yamaha Corp	24,200	383,360	Svenska Cellulosa AB	80,658	2,484,065
Yamaha Motor Co Ltd	41,900	627,474	Svenska Handelsbanke	69,448	3,415,849
Yamato Holdings Co L	54,900	1,109,440	Swedbank AB - A Shar	126,740	3,569,781
Yamato Kogyo Co Ltd	5,300	169,179	Swedish Match AB	46,826	1,506,283
Yamazaki Baking Co L	12,000	122,963	Tele2 AB-B Shs	42,727	484,310
Yaskawa Electric Corp	26,000	410,885	Teliasonera AB	336,070	2,799,451
Yokogawa Electric Co	26,200	402,080	Unibet Group Plc-Sdr	6,229	301,141
Yokohama Rubber Co Ltd	31,000	304,381	Volvo AB-B Shs	213,968	2,811,775
Yorozu Corp	5,600	102,244			<b>68,994,261</b>
Yuasa Trading Co Ltd	56,000	114,019	<b>Singapore</b>		
Zappallas Inc	2,800	20,433	Ascendas	306,000	533,186
		<b>468,696,730</b>	Ausgroup Ltd	147,000	22,121
<b>Norway</b>			Capital Commercial	258,000	295,272
Aker Solutions Asa	20,573	367,590	Capitaland Ltd	358,000	856,297
DNB Asa	137,283	2,450,655	Capitamall Trust	328,000	492,286
DNO International As	39,149	156,097	Capitamalls Asia Ltd	169,000	261,678
Fred Olsen Energy As	10,897	442,573	City Developments Ltd	64,000	485,094
Gjensidige Forsikrin	26,904	513,082	Comfortdelgro Corp Ltd	567,000	898,147
Kvaerner Asa	39,198	73,656	DBS Group Holdings Ltd	237,000	3,200,420
Norsk Hydro Asa	179,823	802,362	Genting Singapore Pl	841,000	989,138
Orkla Asa	111,972	872,986	Global Logistic Prop	427,000	977,372
Seadrill Ltd	76,720	3,131,094	Golden Agri-Resource	1,030,000	444,598
Songa Offshore	29,831	15,292	Ho Bee Land Ltd	65,000	108,625
Sparebank 1 Sr Bank	9,754	96,867	Jardine Cycle & Carr	27,000	768,771
Statoil Asa	216,786	5,249,162	Keppel Corp Ltd	201,000	1,778,212
Subsea 7 Sa	39,552	756,898	Keppel Land Ltd	91,000	240,726
Telenor Asa	155,713	3,711,334	Noble Group Ltd	625,000	527,186
TGS Nopec Geophysica	15,993	423,099	Olam International Ltd	196,000	237,510
Yara International A	46,820	2,014,229	Oversea-Chinese Bank	362,000	2,924,442
		<b>21,076,977</b>	Sembcorp Industries	199,000	865,286
<b>New Zealand</b>			Sembcorp Marine Ltd	116,000	406,083
Auckland Intl Airport	141,823	412,048	Singapore Airlines N	81,000	666,553
Contact Energy Ltd	56,247	237,489	Singapore Exchange Ltd	126,000	724,505
Fletcher Building Lt	96,801	675,619	Singapore Post Ltd	138,000	144,820
Ryman Healthcare Ltd	55,059	355,733	Singapore Press Holdings	159,911	520,540
Telecom Corp Of NZ	247,410	469,369	Singapore Tech Engineering	223,000	694,115
		<b>2,150,259</b>	Singapore Telecommunicatns	1,398,000	4,041,423
<b>Sweden</b>			Starhub Ltd	76,000	257,627
Alfa Laval AB	79,454	2,039,979	Sunvic Chemical Holdings	140,000	46,571
Assa Abloy AB-B	46,417	2,455,782	United Overseas Bank	179,000	3,011,215
Atlas Copco AB-A Shs	141,965	3,938,930	UOL Group Ltd	108,000	528,624
Atlas Copco AB-B Shs	53,831	1,367,861	Wilmar International	270,000	729,210
Axfood AB	7,355	369,434	Yangzijiang Shipbuil	737,000	688,785
Betsson AB	5,251	166,787			<b>29,366,436</b>
Boliden AB	37,485	574,304	<b>United States of America</b>		
Castellum AB	14,039	218,588	3M Co	119,404	16,744,023
Electrolux AB-Ser B	34,018	891,949	Abbott Laboratories	283,014	10,847,927
Elekta AB-B Shs	53,159	814,030	Abbvie Inc	277,131	14,632,517
Ericsson LM-B Shs	512,814	6,263,861	Accenture Plc-CI A	116,763	9,601,421
Getinge AB-B Shs	29,705	1,017,517	Ace Ltd	68,941	7,136,083
Hennes & Mauritz AB-	133,980	6,174,773	Actavis Plc	23,167	3,892,288
Hexagon AB-B Shs	35,661	1,128,808	Activision Blizzard	62,567	1,114,944
Husqvarna AB-B Shs	64,239	387,178	Adobe Systems Inc	68,543	4,103,669
Industrivarden AB-C	34,521	656,816	ADT Corp	30,011	1,214,545
Intrum Justitia AB	14,351	402,202	Advance Auto Parts I	14,345	1,587,992
Investment AB Kinnev	45,390	2,102,502	AES Corp	93,810	1,359,307
Investor AB-B Shs	74,252	2,557,305	Aetna Inc	52,657	3,610,690
JM AB	7,210	203,190	Affiliated Managers	7,682	1,666,303

**Petroleum Fund of Timor-Leste**  
**Notes to the financial statements**  
**For the year ended 31 December 2013**

**Note 17 Schedule of financial assets valued through profit or loss (continued)**

Security	Nominal holding	Fair Value	Security	Nominal holding	Fair Value
Aflac Inc	99,281	6,630,978	Avalonbay Communitie	17,265	2,040,723
Agco Corp	22,001	1,302,239	Avery Dennison Corp	13,495	677,314
Agilent Technologies	47,935	2,741,403	Avnet Inc	18,236	804,208
Air Products & Chemi	34,267	3,830,023	Avon Products Inc	59,911	1,031,667
Airgas Inc	10,487	1,172,551	Axis Capital Holding	14,903	708,638
Akamai Technologies	24,167	1,140,199	B/E Aerospace Inc	9,752	848,717
Alaska Air Group Inc	7,600	557,688	Babcock & Wilcox Co	16,900	577,811
Albemarle Corp	24,167	1,531,704	Baker Hughes Inc	62,221	3,438,332
Alcoa Inc	145,262	1,542,682	Ball Corp	20,820	1,075,353
Alexion Pharmaceutic	27,303	3,631,026	Bancfirst Corp	600	33,408
Alleghany Corp	2,428	971,564	Bank Of America Corp	1,852,166	28,838,225
Allegiant Travel Co	1,600	168,608	Bank Of Kentucky Fin	700	25,662
Allergan Inc	42,495	4,720,345	Bank Of New York Mellon	163,112	5,697,502
Alliance Data System	6,811	1,790,884	Baxter International	107,429	7,470,613
Alliance Resource Pa	5,300	406,457	BB&T Corp	98,962	3,693,262
Alliant Energy Corp	16,218	836,362	Beam Inc	20,740	1,410,942
Allied World Assuran	3,800	428,450	Becton Dickinson And	40,830	4,510,490
Allstate Corp	66,209	3,610,377	Bed Bath & Beyond In	46,207	3,709,960
Altera Corp	66,026	2,147,166	Berkshire Hathaway Inc	160,702	19,046,401
Altria Group Inc	344,009	13,203,065	Best Buy Co Inc	39,882	1,589,697
Amazon.Com Inc	53,617	21,354,579	Biogen Idec Inc	36,486	10,203,310
Amerco	2,700	639,954	Biomarin Pharmaceuti	19,906	1,398,994
Ameren Corporation	34,511	1,247,918	Bio-Reference Labs Inc	10,600	270,406
American Capital Age	56,416	1,088,265	Blackrock Inc	18,338	5,803,427
American Capital Ltd	25,300	395,945	Boeing Co	118,160	16,126,477
American Eagle Outfitters	16,900	243,191	Booz Allen Hamilton	20,300	388,339
American Electric Power	68,663	3,208,622	Borgwarner Inc	54,813	3,065,143
American Equity Inv	15,100	398,036	Boston Beer Company	1,000	241,190
American Express Co	150,325	13,637,484	Boston Properties	21,162	2,122,972
American Financial G	15,800	911,976	Boston Scientific Co	188,246	2,262,717
American International	245,810	12,548,601	BP Prudhoe Bay Royal	500	39,800
American Public Educ	3,300	143,253	Bridgepoint Education	8,300	146,910
American Tower-Reits	55,316	4,413,664	Bristol-Myers Squibb	271,164	14,409,655
American Water Works	24,449	1,032,726	Broadcom Corp-Cl A	73,250	2,171,130
Ameriprise Financial	28,327	3,258,738	Broadridge Financial	13,300	525,350
Amerisourcebergen Co	32,919	2,314,864	Brocade Communicatio	26,900	238,334
Ametek Inc	34,846	1,834,642	Brown-Forman Corp-Cl	17,111	1,292,394
Amgen Inc	132,227	15,087,101	Buckle Inc	3,900	204,906
Amphenol Corp-Cl A	29,229	2,606,350	Bunge Ltd	20,883	1,714,703
Amsurg Corp	11,600	532,324	C&J Energy Services	8,300	191,647
Amtrust Financial Services	8,107	264,937	C.H. Robinson Worldwide	41,442	2,417,726
Anadarko Petroleum Co	70,532	5,593,188	CA Inc	85,639	2,881,752
Analog Devices Inc	55,845	2,844,186	Cablevision Systems	24,227	434,148
Annaly Mortgage Mgmt	137,284	1,368,721	Cabot Oil & Gas Corp	59,053	2,288,304
Ansys Inc	13,212	1,151,822	Calamos Asset Manage	7,800	92,196
Aon Plc	41,936	3,517,592	Calpine Corp	49,488	964,521
Apache Corp	77,914	6,695,150	Camden Property Tst	13,729	781,043
Apollo Education Gro	4,100	112,012	Cameron International	34,644	2,062,357
Apollo Residential M	6,800	100,504	Campbell Soup Co	27,535	1,191,439
Apolo Commercial Rea	18,700	303,875	Capella Education Co	2,800	185,780
Apple Inc	155,158	87,015,710	Capital One Financial	109,436	8,383,892
Applied Industrial T	7,400	363,044	Cardinal Health Inc	47,805	3,193,374
Applied Materials In	172,681	3,053,000	Carefusion Corp	30,913	1,230,956
Arch Capital Group L	26,939	1,606,642	Carmax Inc	31,182	1,465,866
Arch Coal Inc	8,200	36,326	Carnival Corp	53,448	2,147,006
Archer-Daniels-Midla	92,840	4,029,256	Cash America Intl Inc	2,700	103,329
Arctic Cat Inc	2,700	153,765	Caterpillar Inc	93,913	8,528,240
Arlington Asset Inve	2,400	63,336	Cato Corp-Class A	6,700	213,060
Arrow Electronics In	13,463	730,368	CBOE Holdings Inc	2,900	150,655
Ashland Inc	10,699	1,038,231	CBRE Group Inc - A	41,414	1,088,774
Aspen Insurance Hold	15,300	632,043	CBS Corp-Class B Non	81,862	5,215,428
Assurant Inc	15,419	1,023,051	Celanese Corp-Series	22,552	1,247,802
Assured Guaranty Ltd	24,100	568,519	Celgene Corp	63,861	10,784,207
AT&T Inc	866,555	30,450,743	Centerpoint Energy I	58,707	1,360,241
Autodesk Inc	30,333	1,526,357	Centurylink Inc	86,367	2,750,789
Autoliv Inc	20,392	1,870,966	Cerner Corp	43,542	2,426,160
Automatic Data Proce	81,251	6,564,268	CF Industries Holdings	12,955	3,018,774
Autozone Inc	6,526	3,118,775	Charter Communications	8,212	1,122,580
Avago Technologies L	55,431	2,932,300	Check Point Software	3,200	206,464

**Petroleum Fund of Timor-Leste**  
**Notes to the financial statements**  
**For the year ended 31 December 2013**

**Note 17 Schedule of financial assets valued through profit or loss (continued)**

Security	Nominal holding	Fair Value	Security	Nominal holding	Fair Value
Cheesecake Factory Inc	7,300	352,371	Delta Air Lines Inc	71,587	1,966,495
Chemed Corp	4,700	360,114	Deluxe Corp	9,100	474,747
Cheniere Energy Inc	30,150	1,295,847	Denbury Resources In	51,061	838,932
Chesapeake Energy Co	74,866	2,031,863	Dentsply International	21,602	1,047,049
Chevron Corp	328,260	41,002,957	Destination Maternity	2,700	80,622
Chicago Bridge & Iro	9,836	817,470	Devon Energy Corporation	54,410	3,366,891
Chico's Fas Inc	12,900	243,036	Diamond Hill Investments	1,200	141,936
Children's Place	3,100	176,452	Diamond Offshore Dri	18,696	1,064,176
Chipotle Mexican Gri	4,274	2,276,332	Diana Shipping Inc	16,100	213,647
Chubb Corp	55,541	5,365,261	Dick's Sporting Goods	15,055	874,997
Church & Dwight Co I	19,613	1,299,950	Digital Realty Trust	17,397	854,019
Cigna Corp	39,735	3,475,223	Directv	98,838	6,827,729
Cimarex Energy Co	12,590	1,320,817	Discover Financial S	100,121	5,601,770
Cincinnati Financial	22,030	1,153,491	Discovery Communications	34,246	3,009,403
Cintas Corp	14,337	854,055	Dish Network Corp-A	29,600	1,713,840
Cisco Systems Inc	934,611	20,972,671	Dolby Laboratories Inc	6,400	246,848
CIT Group Inc	25,600	1,334,784	Dollar General Corp	43,963	2,650,969
Citigroup Inc	528,132	27,510,396	Dollar Tree Inc	43,191	2,436,404
Citrix Systems Inc	34,681	2,193,226	Dominion Resources Inc	81,195	5,251,693
Clarcor Inc	6,200	398,846	Donaldson Co Inc	4,600	199,916
Cliffs Natural Resources	10,500	275,100	Dorchester Minerals	6,900	178,710
Clorox Company	20,294	1,882,674	Dorman Products Inc	3,600	201,744
CME Group Inc	44,519	3,492,516	Dover Corp	43,253	4,175,212
CMS Energy Corp	37,673	1,008,129	Dow Chemical Co	202,934	9,006,211
CNA Financial Corp	10,600	454,316	Dr Horton Inc	39,667	884,971
CNO Financial Group	22,800	403,332	Dr Pepper Snapple Gr	29,137	1,419,263
Coach Inc	54,086	3,034,225	DTE Energy Company	24,486	1,625,626
Cobalt International	41,471	681,783	Du Pont (E.I.) De Ne	169,967	11,042,756
Coca-Cola Co	693,890	28,650,718	Duke Energy Corp	99,603	6,873,603
Coca-Cola Enterprises	36,222	1,598,839	Duke Realty Corp	45,909	690,012
Cognizant Tech Solutions	42,440	4,286,016	Dun & Bradstreet Corp	5,691	698,627
Cole Real Estate Inv	57,049	798,686	Dynex Capital	14,800	118,252
Colgate-Palmolive Co	155,739	10,154,183	Eastman Chemical Co	21,762	1,756,193
Colony Financial Inc	11,900	241,451	Eaton Corp Plc	66,818	5,084,182
Comcast Corp-Class A	338,727	17,600,255	Eaton Vance Corp	27,982	1,197,350
Comcast Corp-Special	69,026	3,443,017	EBay Inc	198,180	10,876,118
Comerica Inc	44,228	2,103,484	Ebix Inc	12,700	186,817
Computer Programs &	1,500	92,565	Ecolab Inc	37,906	3,952,080
Computer Sciences Co	25,011	1,397,865	Edison International	43,091	1,995,544
Comtech Telecommunicatns	2,800	88,144	Edwards Lifesciences	15,587	1,025,157
Conagra Foods Inc	59,084	1,990,540	Electronic Arts Inc	41,024	940,680
Concho Resources Inc	14,692	1,587,177	Eli Lilly & Co	202,045	10,306,315
Conocophillips	208,256	14,715,369	EMC Corp	382,951	9,631,218
Consol Energy Inc	32,507	1,236,241	Emerson Electric Co	137,105	9,622,029
Consolidated Edison	40,579	2,242,801	Energen Corp	9,966	704,995
Constellation Brands	23,178	1,631,268	Energizer Holdings Inc	16,308	1,764,689
Continental Resource	6,573	739,923	Enersys	7,700	539,616
Copa Holdings SA	4,600	736,046	Ensco Plc-CI A	54,361	3,107,275
Core Laboratories N.V.	6,589	1,258,367	Entergy Corp	24,918	1,576,313
Corning Inc	272,736	4,854,701	EOG Resources Inc	38,170	6,404,544
Corvel Corp	6,900	321,609	EPR Pty	6,200	304,544
Costco Wholesale Corp	64,476	7,672,644	EQT Corp	21,165	1,900,194
Covance Inc	2,200	193,688	Equifax Inc	26,476	1,828,962
Covidien Plc	76,413	5,202,961	Equinix Inc	6,879	1,220,679
CR Bard Inc	17,477	2,341,044	Equity Residential	48,060	2,492,392
Cracker Barrel Old C	1,300	143,013	Estee Lauder Companies	33,427	2,517,053
Crane Co	9,600	645,600	Everest Re Group Ltd	7,433	1,157,913
Cree Inc	15,912	995,614	Exelon Corp	120,072	3,288,772
Crown Castle Intl Co	43,720	3,210,360	Expedia Inc	15,637	1,089,117
Crown Holdings Inc	19,485	868,252	Expeditors Intl Wash	28,490	1,260,398
CSG Systems Intl Inc	5,300	155,661	Express Inc	7,700	143,759
CSX Corp	213,328	6,135,313	Express Scripts Holdings	115,409	8,105,174
Cummins Inc	39,644	5,588,615	Exxon Mobil Corp	751,272	76,028,726
CVS Caremark Corp	191,177	13,680,626	Ezcorp Inc-CI A	12,800	149,504
Danaher Corp	82,762	6,388,399	F5 Networks Inc	11,372	1,033,146
Darden Restaurants I	18,156	987,323	Facebook Inc-A	258,716	14,138,829
Davita Healthcare Pa	25,252	1,600,219	Factset Research Sys	2,300	249,734
Deere & Co	51,919	4,741,762	Family Dollar Stores	15,092	980,376
Delphi Automotive Plc	66,377	3,990,585	Fastenal Co	39,591	1,880,573

**Petroleum Fund of Timor-Leste**  
**Notes to the financial statements**  
**For the year ended 31 December 2013**

**Note 17 Schedule of financial assets valued through profit or loss (continued)**

Security	Nominal holding	Fair Value	Security	Nominal holding	Fair Value
Fbl Financial Group	4,900	219,275	Home Depot Inc	250,719	20,641,695
Federal Realty Invs	9,104	923,146	Honeywell International	133,789	12,224,301
Federated Investors	19,400	558,914	Hongkong Land Holdings	81,000	477,900
Fedex Corp	42,189	6,065,934	Horace Mann Educator	14,800	466,348
Fidelity National Fi	32,627	1,058,420	Hormel Foods Corp	44,054	1,989,479
Fidelity National In	41,137	2,207,823	Hospira Inc	24,413	1,007,280
Fifth Third Bancorp	123,465	2,595,234	Host Hotels & Resorts	105,413	2,048,175
First Citizens Beshs	400	89,052	Hubbell Inc -CI B	5,000	545,050
First Republic Bank	12,005	628,222	Hudson City Bancorp	59,918	564,428
Firstenergy Corp	58,775	1,938,400	Humana Inc	22,283	2,299,828
Fiserv Inc	37,470	2,212,604	Hunt (Jb) Transprt S	13,113	1,013,504
Fleetcor Technologies	8,166	956,565	Hutchison Port Holdings	843,000	564,810
Flextronics Intl Ltd	86,590	671,938	IHS Inc-Class A	8,010	958,797
Flir Systems Inc	40,687	1,224,272	Illinois Tool Works	85,669	7,203,050
Flowserve Corp	28,924	2,280,947	Illumina Inc	17,243	1,906,731
Fluor Corp	23,639	1,897,975	Ingersoll-Rand Plc	41,679	2,567,426
FMC Corp	18,819	1,419,894	Integrus Energy Group	10,610	577,184
FMC Technologies Inc	32,745	1,709,289	Intel Corp	868,877	22,547,358
Foot Locker Inc	11,200	464,128	Inteliquent Inc	10,100	115,241
Ford Motor Co	533,629	8,223,223	Intercontinentalexch	18,538	4,167,713
Forest Laboratories	33,299	1,998,939	International Bancsh	9,600	253,152
Forward Air Corporation	7,200	315,648	International Paper	69,570	3,410,321
Fossil Group Inc	12,394	1,486,660	Interpublic Group Of	59,635	1,055,540
Franklin Resources Inc	70,386	4,062,680	Interval Leisure Group	6,400	197,504
Freeport-Mcmoran Cop	196,708	7,423,760	Intl Business Machines	178,845	33,526,284
Frontier Communications	125,607	584,073	Intl Flavors & Fragrances	13,467	1,157,354
Futurefuel Corp	12,600	198,954	Intl Game Technology	61,972	1,124,792
Gamestop Corp	21,797	1,073,938	Intuit Inc	58,294	4,448,415
Gannett Co	8,500	251,430	Intuitive Surgical Inc	5,553	2,131,741
Gap Inc	69,403	2,712,269	Invesco Ltd	61,966	2,255,562
Garmin Ltd	32,489	1,501,317	Invesco Mortgage Cap	6,500	95,355
General Dynamics Corp	57,124	5,457,627	Iridium Communications	19,300	120,625
General Electric Corp	1,647,307	46,174,015	Iron Mountain Inc	19,516	592,115
General Growth Properties	66,840	1,340,142	J & J Snack Foods Co	2,200	194,326
General Mills Inc	104,596	5,220,386	J2 Global Inc	7,300	365,073
General Motors Co	127,409	5,207,206	Jack Henry & Associates	11,100	657,120
Gentex Corp	11,100	365,967	Jacobs Engineering Group	18,328	1,154,114
Genuine Parts Co	34,496	2,869,032	Jazz Pharmaceuticals	1,700	215,152
Genworth Financial Inc	15,500	240,560	JM Smucker Co	15,396	1,595,641
Gilead Sciences Inc	245,732	18,461,845	Johnson & Johnson	484,760	44,394,321
GNC Holdings Inc	7,600	444,068	Johnson Controls Inc	95,494	4,899,797
Goldman Sachs Group	81,301	14,411,415	Joy Global Inc	29,866	1,746,564
Google Inc-CI A	44,653	50,009,574	JPMorgan Chase & Co	640,170	37,430,740
Gran Tierra Energy Inc	41,800	305,558	Juniper Networks Inc	70,534	1,591,952
Grand Canyon Education	6,300	274,680	Kansas City Southern	15,376	1,903,395
Green Mountain Coffee	18,192	1,374,951	KBR Inc	21,066	671,795
Guess? Inc	9,100	282,737	Kellogg Co	35,955	2,195,772
H&R Block Inc	56,922	1,653,015	Keycorp	228,828	3,070,872
Halliburton Co	136,644	6,934,683	Kimberly-Clark Corp	71,668	7,486,439
Harley-Davidson Inc	31,894	2,208,660	Kimco Realty Corpora	57,709	1,139,753
Harris Corp	28,532	1,991,819	Kinder Morgan Inc	94,615	3,405,194
Hartford Financial S	60,637	2,196,879	Kinder Morgan Manage	14,515	1,098,931
Hasbro Inc	31,330	1,723,150	KLA-Tencor Corporation	38,103	2,455,738
Hatteras Financial C	5,900	96,406	Knight Transportation	14,800	271,284
HCA Holdings Inc	40,682	1,941,345	Kohls Corp	44,407	2,520,541
HCI Group Inc	4,700	251,309	Kraft Foods Group Inc	95,320	5,138,701
Health Care Ppty	64,213	2,331,574	Kroger Co	68,597	2,711,639
Health Care Reit	39,624	2,122,261	Kulicke & Soffa Industries	16,800	223,272
Heartland Express In	14,300	280,423	L Brands Inc	35,226	2,178,024
Helmerich & Payne	27,673	2,325,916	L-3 Communications H	17,857	1,908,378
Henry Schein Inc	11,901	1,359,927	Laboratory Corp New	24,899	2,275,271
Herbalife Ltd	12,315	968,944	Lam Research Corp	23,027	1,253,820
Hershey Co	21,673	2,106,832	Lancaster Colony Corp	4,800	422,832
Hertz Global Holding	56,705	1,622,330	Landstar System Inc	7,000	402,150
Hess Corp	65,257	5,416,331	Las Vegas Sands Corp	58,140	4,584,920
Hewlett-Packard Co	354,696	9,924,394	Legg Mason Inc	15,716	683,332
Hibbett Sports Inc	3,800	255,132	Leggett & Platt Inc	42,283	1,308,236
Hollyfrontier Corp	44,310	2,201,321	Leidos Holdings Inc	10,862	505,083
Hologic Inc	36,470	814,740	Lennar Corp-A	21,922	867,015

**Petroleum Fund of Timor-Leste**  
**Notes to the financial statements**  
**For the year ended 31 December 2013**

**Note 17 Schedule of financial assets valued through profit or loss (continued)**

Security	Nominal holding	Fair Value	Security	Nominal holding	Fair Value
Leucadia National Co	44,646	1,264,375	Morgan Stanley	272,642	8,547,327
Level 3 Communications	20,150	668,376	Mosaic Co	60,014	2,836,862
Lexmark International	9,800	348,194	Motorola Solutions Inc	34,676	2,340,630
Liberty Global Plc-A	28,781	2,561,221	MSC Industrial Direc	5,900	477,133
Liberty Global Plc-S	23,662	1,995,180	Murphy Oil Corp	44,236	2,870,032
Liberty Interactive	71,474	2,097,762	Mylan Inc	56,001	2,429,883
Liberty Media Corp -	13,099	1,917,301	Myriad Genetics Inc	9,700	203,506
Liberty Ppty Tst	20,245	685,293	Nabors Industries Ltd	60,069	1,020,572
Life Technologies Co	24,261	1,838,741	Nasdaq OMX Group	16,673	663,419
Lincoln Electric Hol	8,300	592,122	National Oilwell Var	60,079	4,777,482
Lincoln National Cor	54,240	2,799,326	Natl Western Life In	100	22,179
Lindsay Corp	3,200	264,256	Natural Resource Par	8,400	167,328
Linear Technology Co	42,843	1,951,070	Netapp Inc	79,039	3,251,664
Linkedin Corp - A	13,965	3,024,959	Netflix Inc	7,375	2,715,033
LKQ Corp	41,863	1,377,711	Netsuite Inc	2,543	261,827
Lockheed Martin Corp	48,092	7,148,395	Neustar Inc-Class A	7,200	358,992
Loews Corp	46,549	2,245,058	New York Community B	69,499	1,171,058
Lorillard Inc	70,273	3,561,436	Newell Rubbermaid In	41,726	1,352,340
Lowe's Cos Inc	194,272	9,624,235	Newmarket Corp	1,500	501,585
LSI Corp	143,111	1,578,514	Newmont Mining Corp	109,624	2,523,544
LTC Properties Inc	5,800	205,204	News Corp - Class A	50,471	909,487
Lululemon Athletica	13,983	825,277	Nextera Energy Inc	59,524	5,096,445
Lyondellbasell Indu	82,862	6,651,333	Nielsen Holdings NV	33,556	1,539,549
M & T Bank Corp	16,445	1,914,691	Nike Inc -Cl B	120,025	9,441,167
Macerich Co	19,855	1,168,864	Nisource Inc	45,411	1,492,660
Macy's Inc	70,289	3,752,027	Noble Corp Plc	35,006	1,311,325
Magellan Health Serv	4,100	245,508	Noble Energy Inc	50,263	3,422,910
Magicjack Vocaltec L	5,300	63,176	Nordson Corp	6,900	512,532
Manhattan Associates	2,500	293,300	Nordstrom Inc	35,841	2,214,615
Manpowergroup Inc	10,081	865,353	Norfolk Southern Corp	58,914	5,467,808
Marathon Oil Corp	99,830	3,523,999	Northeast Utilities	43,468	1,841,739
Marathon Petroleum Corp	64,074	5,878,149	Northern Trust Corp	32,058	1,983,749
Marketaxess Holdings	2,300	153,732	Northrop Grumman Corp	44,855	5,140,832
Marriott International	34,581	1,706,918	NRG Energy Inc	44,388	1,274,379
Marsh & McLennan Cos	92,490	4,472,816	Nu Skin Enterprises	4,400	608,256
Martin Marietta Mate	6,578	657,405	Nuance Communication	36,464	553,888
Marvell Technology G	59,950	861,482	Nucor Corp	45,051	2,404,822
Masco Corp	51,052	1,162,454	Nvidia Corp	134,003	2,145,388
Mastercard Inc-Class	16,360	13,667,308	Occidental Petroleum	140,975	13,406,723
Mattel Inc	70,481	3,352,781	Oceaneering Intl Inc	15,084	1,189,826
Maxim Integrated Pro	61,146	1,705,973	Ocwen Financial Corp	14,656	812,382
MBIA Inc	15,000	178,950	OFG Bancorp	8,900	154,148
McCormick & Co-Non V	25,157	1,733,569	OGE Energy Corp	28,971	982,117
McDonald's Corp	175,064	16,984,709	Omnicare Inc	14,209	857,655
McGraw Hill Financia	53,775	4,204,130	Omnicom Group	52,048	3,870,810
McKesson Corp	32,596	5,259,365	Oneok Inc	29,080	1,807,904
MDU Resources Group	29,155	890,102	Oracle Corp	620,939	23,763,336
Mead Johnson Nutrition	28,473	2,384,614	O'Reilly Automotive	19,886	2,558,533
Meadwestvaco Corp	24,520	904,788	Outerwall Inc	2,700	181,575
Mednax Inc	18,200	971,152	Owens-Illinois Inc	20,897	747,486
Medtronic Inc	196,201	11,259,975	P G & E Corp	62,535	2,518,284
Merck & Co. Inc.	508,155	25,438,239	Paccar Inc	49,692	2,939,779
Meredith Corp	2,400	124,344	Packaging Corp Of America	11,300	715,177
Metlife Inc	130,437	7,031,859	Pall Corp	23,349	1,992,837
Mettler-Toledo Inter	2,624	636,582	Papa John's Intl Inc	2,200	99,770
MGM Resorts International	58,237	1,369,152	Parker Hannifin Corp	33,888	4,359,691
Michael Kors Holding	27,758	2,253,394	Partnerre Ltd	17,956	1,892,203
Microchip Technology	30,197	1,351,014	Patterson Cos Inc	11,578	476,782
Micron Technology In	145,404	3,162,537	Paychex Inc	73,936	3,365,567
Micros Systems Inc	2,900	166,315	PDL Biopharma Inc	19,400	163,542
Microsoft Corp	1,348,428	50,458,176	Peabody Energy Corp	37,050	723,587
Middleby Corp	1,000	239,740	Pentair Ltd-Register	29,311	2,275,706
Mohawk Industries In	8,185	1,218,747	People's United Fina	44,604	673,966
Molson Coors Brewing	21,403	1,201,564	Pepco Holdings Inc	38,104	728,167
Mondelez International	239,012	8,434,733	Pepsico Inc	276,478	22,928,321
Monsanto Co	85,093	9,917,589	Perrigo Co Plc	18,221	2,795,466
Monster Beverage Corp	20,315	1,376,748	Petmed Express Inc	5,800	96,280
Montpelier Re Holdings	16,600	482,894	Petsmart Inc	25,091	1,824,618
Moody's Corp	28,155	2,209,604	Pfizer Inc	1,146,606	35,109,076

**Petroleum Fund of Timor-Leste**  
**Notes to the financial statements**  
**For the year ended 31 December 2013**

**Note 17 Schedule of financial assets valued through profit or loss (continued)**

Security	Nominal holding	Fair Value	Security	Nominal holding	Fair Value
Pharmacyclics Inc	8,675	917,555	Scotts Miracle-Gro C	7,000	435,610
Philip Morris Intern	278,778	24,287,139	Scripps Networks Int	21,846	1,887,276
Phillips 66	99,504	7,674,744	Seagate Technology	69,011	3,875,658
Pinnacle West Capital	17,041	901,469	Sealed Air Corp	25,959	883,385
Pioneer Natural Resources	19,412	3,572,196	Sears Holdings Corp	4,637	227,352
Pitney Bowes Inc	13,400	312,086	SEI Investments Comp	20,917	726,447
Plantronics Inc	6,200	287,928	Select Medical Holdings	25,200	292,572
Plum Creek Timber	23,793	1,105,899	Sempra Energy	32,680	2,933,357
PNC Financial Services	92,725	7,192,678	Sensata Technologies	18,330	710,288
Polaris Industries I	11,811	1,719,327	Servicenow Inc	15,675	877,957
Portfolio Recovery A	7,800	411,840	Sherwin-Williams Co	15,532	2,848,258
PPG Industries Inc	29,048	5,509,244	Sigma-Aldrich	17,616	1,655,904
PPL Corporation	85,753	2,579,450	Simon Property Group	45,525	6,926,174
Praxair Inc	41,686	5,420,014	Sirius XM Holdings Inc	475,124	1,653,432
Precision Castparts	20,391	5,491,092	SI Green Realty Corp	13,245	1,223,043
Priceline.Com Inc	8,092	9,403,632	SLM Corp	62,976	1,653,750
Principal Financial	45,859	2,260,849	Sonoco Products Co	5,000	208,600
Proassurance Corp	13,500	654,210	Southern Co	121,885	5,009,474
Procter & Gamble Co	442,670	36,033,338	Southwest Airlines Co	24,498	461,542
Progressive Corp	79,966	2,179,873	Southwestern Energy	49,458	1,945,183
Prologis Inc	69,533	2,568,549	Spectra Energy Corp	94,390	3,362,172
Protective Life Corp	8,900	450,874	Spirit Airlines Inc	4,200	190,680
Prudential Financial	65,274	6,019,568	Sprint Corp	136,513	1,466,150
Public Service Enter	70,504	2,258,243	SPX Corp	6,273	624,854
Public Storage Inc	20,627	3,103,332	St Jude Medical Inc	72,771	4,507,436
Pultegroup Inc	50,254	1,023,674	Stancorp Financial G	9,000	596,520
PVH Corp	11,581	1,575,016	Stanley Black & Decker	22,185	1,789,886
QEP Resources Inc	24,959	764,993	Staples Inc	91,183	1,448,898
Qualcomm Inc	298,902	22,190,484	Starbucks Corp	114,004	8,935,634
Quality Systems Inc	19,700	414,685	Starwood Hotels & Re	27,069	2,151,173
Quanta Services Inc	29,298	924,352	Starz - A	8,000	233,920
Quest Diagnostics In	38,535	2,063,164	State Street Corp	64,258	4,716,537
Questcor Pharmaceuti	8,700	473,628	Stericycle Inc	11,544	1,340,720
Rackspace Hosting In	16,788	656,914	Steven Madden Ltd	7,500	273,975
Ralph Lauren Corp	13,475	2,379,281	Stone Energy Corp	7,100	245,518
Range Resources Corp	22,959	1,935,444	Stryker Corp	60,001	4,507,275
Raymond James Financ	18,237	951,789	Suntrust Banks Inc	75,833	2,792,171
Rayonier Inc	17,776	748,192	Superior Energy Serv	21,393	569,268
Raytheon Company	63,585	5,766,524	Symantec Corp	151,881	3,579,835
Reality Income Corp	23,970	894,321	Symetra Financial Co	28,700	543,578
Realogy Holdings Corp	20,074	992,459	Synopsys Inc	21,671	878,976
Red Hat Inc	27,463	1,539,027	Syntel Inc	2,300	209,024
Regency Centres Corp	13,098	606,306	Sysco Corp	87,889	3,171,914
Regeneron Pharmaceuticals	10,895	2,996,888	T Rowe Price Group Inc	44,504	3,727,655
Regions Financial Co	198,521	1,963,373	Target Corp	88,708	5,612,555
Renaissancere Holdings	16,101	1,567,432	TD Ameritrade Holdings	30,436	932,559
Republic Airways Holdings	8,700	93,003	TE Connectivity Ltd	89,221	4,915,185
Republic Bancorp Inc	1,600	39,200	Tech Data Corp	4,600	237,360
Republic Services Inc	43,352	1,439,720	Technet Corp	2,200	208,274
Resmed Inc	19,973	940,529	Tennant Co	2,400	162,648
Reynolds American Inc	60,598	3,028,688	Teradata Corp	41,243	1,875,732
Robert Half Intl Inc	20,125	844,848	Terra Nitrogen Company	1,600	225,760
Rock Tenn Company -C	9,902	1,039,611	Tesla Motors Inc	11,809	1,774,657
Rockwell Automation	32,118	3,795,063	Tesoro Corp	19,651	1,149,584
Rockwell Collins Inc	28,854	2,132,022	Teva Pharmaceutical-	16,400	657,312
Roper Industries Inc	15,677	2,173,303	Texas Instruments Inc	209,313	9,188,841
Ross Stores Inc	46,339	3,472,181	Texas Roadhouse Inc	10,200	283,356
Rowan Companies Plc-	15,494	547,713	Textron Inc	39,070	1,436,213
Royal Caribbean Cruises	20,636	978,559	Thermo Fisher Scient	61,647	6,863,777
RPC Inc	19,350	345,398	Tiffany & Co	16,397	1,520,986
RPX Corp	10,700	180,616	Tim Hortons Inc	13,500	787,860
Safeway Inc	33,482	1,090,509	Time Warner Cable	40,795	5,525,275
Salesforce.Com Inc	81,198	4,480,506	Time Warner Inc	134,650	9,387,798
Sandisk Corp	33,233	2,343,923	TJX Companies Inc	130,379	8,309,054
SBA Communications Corp	18,320	1,645,502	T-Mobile Us Inc	24,769	832,981
Scana Corp	20,622	967,584	Toll Brothers Inc	21,759	805,301
Schlumberger Ltd	208,118	18,753,513	Torchmark Corp	14,171	1,107,464
Schwab (Charles) Corp	161,779	4,206,254	Toro Co	10,400	661,128
Schweitzer-Mauduit Inc	5,500	282,920	Total System Service	53,888	1,793,393

**Petroleum Fund of Timor-Leste**  
**Notes to the financial statements**  
**For the year ended 31 December 2013**

**Note 17 Schedule of financial assets valued through profit or loss (continued)**

<b>Security</b>	<b>Nominal holding</b>	<b>Fair Value</b>	<b>Security</b>	<b>Nominal holding</b>	<b>Fair Value</b>
Towers Watson & Co	8,243	1,051,972	Vmware Inc-Class A	11,464	1,028,550
Tractor Supply Company	21,716	1,684,727	Vornado Realty Trst	23,424	2,079,114
Transdigm Group Inc	6,706	1,079,331	Vulcan Materials Co	17,914	1,063,912
Travelers Cos Inc	52,849	4,783,891	Wabtec Corp	3,400	252,484
Travelzoo Inc	3,700	78,884	Waddell & Reed Finance	8,600	560,118
Trimble Navigation L	34,719	1,204,749	Walgreen Co	134,175	7,707,012
Tripadvisor Inc	16,244	1,345,166	Wal-Mart Stores Inc	279,800	22,014,664
TRW Automotive Holdings	15,890	1,182,375	Walt Disney Co	286,341	21,873,589
Tupperware Brands Co	6,000	567,180	Washington Federal Inc	20,500	477,445
Twenty-First Century	293,109	10,271,993	Waste Management Inc	61,545	2,760,909
Tyco International L	65,165	2,673,720	Waters Corp	20,842	2,083,783
Tyson Foods Inc-Cl A	40,504	1,355,264	Weatherford Intl Ltd	107,491	1,663,961
U.S. Physical Therapy	2,400	84,528	Wellpoint Inc	42,209	3,898,845
UDR Inc	40,585	946,848	Wells Fargo & Co	809,571	36,746,428
Ulta Salon Cosmetics	8,633	832,998	Western Digital Corp	47,664	3,999,010
Under Armour Inc-Cla	11,686	1,020,071	Western Refining Inc	4,200	178,122
Union Pacific Corp	82,222	13,810,829	Western Union Co	126,971	2,188,980
United Continental H	10,912	412,583	Weyerhaeuser Co	81,361	2,568,567
United Parcel Services	108,682	11,419,218	Whirlpool Corp	11,198	1,756,070
United Technologies	151,964	17,290,464	Whiting Petroleum Co	16,753	1,036,843
United Therapeutics	4,400	497,552	Whole Foods Market I	49,587	2,866,129
UnitedHealth Group Inc	176,504	13,288,986	Wiley (John) & Sons-	1,900	104,804
Universal Health Ser	12,529	1,017,981	Williams Cos Inc	95,251	3,674,784
Universal Insurance	16,100	232,645	Williams-Sonoma Inc	6,800	396,168
Unum Group	64,996	2,280,060	Willis Group Holding	24,476	1,096,035
Urban Outfitters Inc	18,660	692,286	Windstream Holdings	87,826	699,095
US Bancorp	266,502	10,764,016	Wisconsin Energy Cor	32,062	1,325,443
US Ecology Inc	5,600	207,984	Workday Inc-Class A	7,184	597,421
USA Mobility Inc	4,300	61,404	WR Berkley Corp	15,318	664,648
Usana Health Science	6,200	468,844	WW Grainger Inc	12,203	3,115,426
Vaalco Energy Inc	16,800	115,752	Wyndham Worldwide Co	18,709	1,379,040
Valassis Communicati	2,400	82,176	Wynn Resorts Ltd	11,785	2,287,704
Valero Energy Corp	95,296	4,802,918	Xcel Energy Inc	70,150	1,958,588
Validus Holdings Ltd	10,300	414,987	Xerox Corp	275,381	3,351,387
Valmont Industries	3,300	492,096	Xilinx Inc	58,638	2,692,657
Vantiv Inc - Cl A	12,359	403,027	XL Group Plc	41,572	1,323,652
Varian Medical Systems	20,337	1,580,388	Xylem Inc	29,046	1,004,992
Ventas Inc	40,498	2,320,535	Yahoo! Inc	137,678	5,569,075
Vera Bradley Inc	6,300	151,326	Yum! Brands Inc	63,394	4,793,220
Verisign Inc	21,324	1,274,749	Zimmer Holdings Inc	45,993	4,285,168
Verisk Analytics Inc	21,472	1,411,355	Zoetis Inc	70,209	2,294,430
Verizon Communications	472,477	23,208,070	Zumiez Inc	4,200	109,032
Vertex Pharmaceuticals	32,123	2,386,418			<b>2,913,563,696</b>
VF Corp	60,848	3,793,873			
Viacom Inc-Class B	82,769	7,228,217			
Visa Inc-Class A	82,084	18,276,003			
			<b>Total equity securities</b>		<b>5,333,352,562</b>



**Petroleum Fund of Timor-Leste**  
**Notes to the financial statements**  
**For the year ended 31 December 2013**

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**Note 17 Schedule of financial assets valued through profit or loss (continued)**

**(c) Derivative Financial Instruments**

<b>Trade</b>	<b>Nominal value</b>	<b>Fair Value</b>
Buy CHF:Sell USD 03/01/14	5,342,000	6,006,663
Buy DKK:Sell USD 03/01/14	4,090,000	755,440
Sell ILS:Buy USD 16/01/14	- 4,323,512	-1,245,264
Buy JPY:Sell USD 06/01/14	1,365,296,000	12,990,124
Sell JPY:Buy USD 16/01/14	-518,704,000	-4,935,470
Buy NOK:Sell USD 02/01/14	2,924,000	481,964
Buy SEK:Sell USD 02/01/14	13,749,000	2,140,723
Buy SGD:Sell USD 02/01/14	32,771	25,955
Buy SGD:Sell USD 03/01/14	27,363	21,672
Buy SGD:Sell USD 06/01/14	10,984	8,700
Buy USD:Sell ILS 16/01/14	1,226,493	1,226,493
Buy USD:Sell JPY 16/01/14	5,088,159	5,088,159
Sell USD:Buy CHF 03/01/14	- 5,966,982	-5,966,982
Sell USD:Buy DKK 03/01/14	- 750,820	-750,820
Sell USD:Buy JPY 06/01/14	- 13,041,945	-13,041,945
Sell USD:Buy NOK 02/01/14	- 475,373	-475,373
Sell USD:Buy SEK 02/01/14	- 2,099,903	-2,099,903
Sell USD:Buy SGD 02/01/14	- 25,864	- 25,864
Sell USD:Buy SGD 03/01/14	- 21,565	- 21,565
Sell USD:Buy SGD 06/01/14	- 8,683	-8,683
<b>Total Derivative Instruments</b>		<b>174,023</b>



**Statement on Accounting Policies of the  
Petroleum Fund for the Fiscal Year 2013**



## DIRECÇÃO GERAL DO TESOURO



*"Seja um bom cidadão, seja um novo herói para a nossa Nação"*

Official No 190/2014/DGT-MF

30<sup>st</sup> May, 2014

**Subject: Statement on Accounting Policies of the Petroleum Fund for the Fiscal Year 2013.**

With respect to the provisions of Article 24.1 part (d) of the Petroleum Fund Law, the following statement on the Accounting Policies of the Petroleum Fund may be retained for your records.

"In accordance with Article 21 of the Petroleum Fund Law, the Financial Statements of the Petroleum Fund for the Fiscal Year ended 31 December 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS) which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee (IASC) that remained in effect at the balance sheet date of the Petroleum Fund. The Financial Statements of the Petroleum Fund has adopted IFRS 7: Transfers of Financial Assets and applied International Accounting Standards (IAS) 1: Presentation of Financial Statements and Presentation of Items of Other Comprehensive Income as well as IAS 12: Deferred Tax Recovery of Underlying Assets".

Best Regards,

  
**Agostinho Castro**  
Director General of Treasury



## **Annex IV**

### **Comparison of Income Derived from the Investment of the Petroleum Fund Assets with the Previous Three Fiscal Years**

## **Statement of comparison of investment income with the previous three fiscal years**

**(As per Article 24.1 (e) of the Petroleum Fund Law No. 9/2005, of 3<sup>rd</sup> of August as  
amended by the Law No. 12/2011, of 28<sup>th</sup> of September)**

Please refer to the Audited Financial Statements for details.

FY 2013	FY 2012	FY 2011	FY 2010
US\$ 864,914,691	US\$ 400,806,860	US\$ 221,234,179	US\$ 221,139,322

**Comparison of Nominal Income on the  
Investment of the Petroleum Fund Assets to the  
Real Returns**

## Statement of comparison of nominal income on the investment of Petroleum Fund assets with the real returns after adjusting for inflation

(As per Article 24.1 (f) of the Petroleum Fund Law No. 9/2005, of 3<sup>rd</sup> of August as amended by the Law No. 12/2011, of 28<sup>th</sup> of September)

Petroleum Fund's nominal and real return

Return	2013	2012
Nominal return	6.58%	3.88%
Inflation <sup>1</sup>	1.47%	1.74%
Real return	5.11%	2.14%

*The Petroleum Fund's nominal return for 2013 was 6.58%. The real return of the Fund for the year was 5.11%, after adjusting for the US inflation of 1.47%.*

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<sup>1</sup> US CPI was used in portfolio real return calculation. Source: US Department of Labor – Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov))

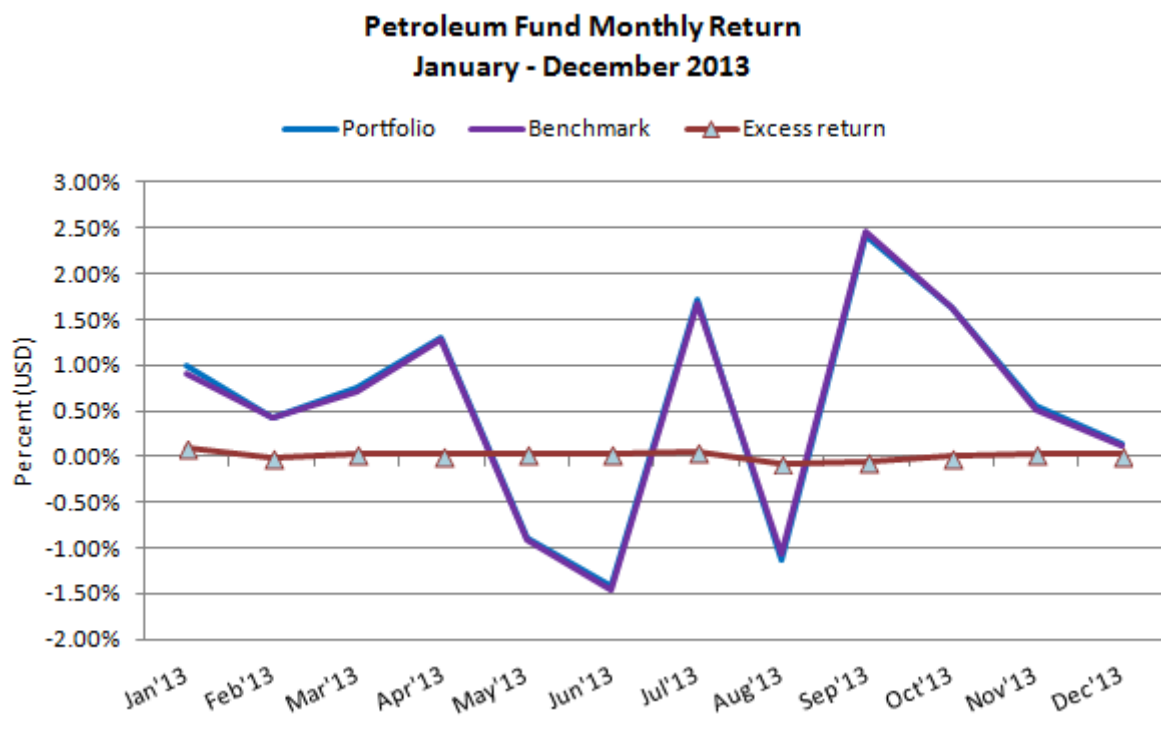


**Comparison of Nominal Income on the  
Investment of the Petroleum Fund Assets with  
the Benchmark Performance Index**

## Statement of comparison of income on the investment of the Petroleum Fund assets with the benchmark performance indices

(As per Article 24.1 (g) of the Petroleum Fund Law No. 9/2005, of 3<sup>rd</sup> of August as amended by the Law No. 12/2011, of 28<sup>th</sup> of September)

Statement of comparison of income on the investment of Petroleum Fund assets with the benchmark performance indices is given below:



**Petroleum Fund Monthly Return  
January - December 2013**

Period	Portfolio	Benchmark	Excess return
Jan'13	0.99%	0.90%	0.09%
Feb'13	0.42%	0.43%	-0.01%
Mar'13	0.76%	0.72%	0.04%
Apr'13	1.29%	1.27%	0.02%
May'13	-0.88%	-0.91%	0.04%
Jun'13	-1.41%	-1.45%	0.04%
Jul'13	1.72%	1.67%	0.05%
Aug'13	-1.14%	-1.06%	-0.07%
Sep'13	2.41%	2.46%	-0.05%
Oct'10	1.62%	1.62%	0.00%
Nov'13	0.55%	0.52%	0.03%
Dec'13	0.15%	0.12%	0.02%

## **Annex VII**

### **Comparison of the Estimated Sustainable Income with the Sum of Transfers from the Petroleum Fund**

## **Statement of comparison of the Estimated Sustainable Income for the Fiscal Year with the sum of transfers from the Petroleum Fund for the year**

**(As per Article 24.1 (h) of the Petroleum Fund Law No. 9/2005, of 3<sup>rd</sup> of August as amended by the Law No. 12/2011, of 28<sup>th</sup> of September)**

The total withdrawal from the Petroleum Fund for the financial Year 2013 has been US\$ 730 million, which was US\$ 57 million less than the Estimated Sustainable Income amount of \$787 million projected for the year.

Please Refer to Statement of changes in capital and note 6 of the Financial Statements for Further details.

## **Annex VIII**

### **Statement on Borrowings**



## DIRECÇÃO GERAL DO TESOURO



*"Seja um bom cidadão, seja um novo héroi para a nossa Nação"*

Official No: 189/2014/DGT-MF

30<sup>th</sup> May, 2014

**Subject: Statement of Borrowings by Government of Timor Leste during Fiscal Year 2013.**

This statement is made in accordance with the requirement under Article 24.1(i) of the Petroleum Fund Law No. 12/2011 to declare if there have been any borrowings by the Government of Timor Leste in which the Fund is being used as collateral as detailed in Article 20.2.

While sovereign loans negotiated and entered into from time to time by Timor Leste with international financial institutions such as the JICA, the World Bank and the Asian Development Bank engage all of Timor Leste's assets for payment of interest and repayment of principal, such sovereign loans do not have any specific collateral requirements that encumber the Petroleum Fund, under their terms and conditions.

In addition to the loans negotiated in previous years totaling US\$108.7million, during the Fiscal Year 2013 further sovereign loans of US\$80 million and SDR (Special Drawing Rights) 6,672,000 were negotiated.

Best Regards,

  
Agostinho Castro

Director General of Treasury



**A List of Persons Holding Positions Relevant for  
the Operations and Performance of the  
Petroleum Fund**

## **List of persons holding relevant positions for the operation and performance of the Petroleum Fund**

**(As per Article 24.1 (j) of the Petroleum Fund Law No. 9/2005, of 3<sup>rd</sup> of August as amended by the Law No. 12/2011, of 28<sup>th</sup> of September)**

The list of persons holding relevant positions for the operation and performance of the Petroleum Fund is given below:

(i) The Minister of Finance

**Ms. Emilia Pires**

(ii) The Director General of Treasury

**Mr. Agostinho Castro (from 1 May 2013)**

(iii) The Director of Treasury

**Mr. Jose Alexandre de Carvalho (from 16 November to 30 April 2013)**

(iv) The members of the Investment Advisory Board (IAB)

<b>Name</b>	<b>Position</b>
<b>Mr. Abraão Fernandes de Vasconcelos (Alternate Mr. Venancio Alves Maria)</b>	Governor of the Central Bank of Timor-Leste
<b>Mr. Kevin Bailey</b>	Principal and Private Client Adviser Shadforth Financial Group, Australia
<b>Mr. Olgário de Castro</b>	Special Adviser on Investments, Ministry of Finance
<b>Mr. Jose Alexandre de Carvalho</b>	Director of the National Directorate of Treasury ( from 15 November 2012 to 30 April 2013)
<b>Mr. Agostinho Castro (Alternate Mr. Basilio R.D. Soares)</b>	Director General of Treasury (from 1 May 2013)
<b>Mr. Torres Trovik</b>	Adviser of the Petroleum Fund
<b>Mr. Gualdino da Silva</b>	President of National Petroleum Authority
<b>Mr. Francisco Monteiro</b>	President & CEO of Timor GAP, E.P.

(v) The External Investment Managers

- Bank of International Settlements (BIS) – 3 June 2009
- Schroder Investment Management (Schroders) – 08 October 2010
- State Street Global Advisor (SSgA) – 14 September 2011 (implementation commence in January 2012)



- BlackRock International Equity - April 2012 (implementation commenced in February 2013)
- Russell Investment Management – August 2013

(vi) The Governor of the Central Bank

Mr. Abraão Fernandes de Vasconcelos

Governor of the Central Bank of Timor-Leste

The Consultative Council was formally constituted 6 November 2006. For the Financial Year 2013 the members of the Consultative Council were:

<b>Name</b>	<b>Representation</b>	<b>Position</b>
<b>Mr. Francisco M. de Vasconcelos</b>	Religious Organizations	Coordinator
<b>Mr. Joãozinho Viana</b>	Civil Society	Vice Coordinator
<b>Mr. Aurelio Guterres</b>	Substitution of the Former President of the National Parliament	Member
<b>Mr. Oscar Lima</b>	Private Business Sector	Member
<b>Ms. Maria de Fatima X. Dias</b>	Civil Society	Member
<b>Mr. Nuno Rodrigues</b>	National Parliament	Member
<b>Mr. Antero Bendito Da Silva</b>	National Parliament	Member



**Statement on Total Withdrawals versus the  
Approved Appropriation Amount**

**Statement affirming that total withdrawals from the Fund did not exceed the approved appropriation amount for the fiscal year.**

**(As per Article 7.2 of the Petroleum Fund Law No. 9/2005, of 3<sup>rd</sup> of August as amended by the Law No. 12/2011, of 28<sup>th</sup> of September)**

According to National Parliament Decree 2013 General State Budget Law of the Article 4, the transfer amount from the Petroleum Fund to the General State Budget for 2013 is not to exceed US\$ 787 million.

The total transfer amount from the Petroleum Fund to the Consolidated Fund of Timor-Leste for 2013 was US\$ 730 million.

The total transfer amount from the Petroleum Fund for 2013 was in compliance with Article 7.2 of the Petroleum Fund Law No.9/2005 as amended by Law No.12/2011.

**Article 35 Report on the Petroleum Fund  
Receipts from Deloitte Touche Tohmatsu**

## **Compilation Report to the Ministry of Finance, Democratic Republic of Timor-Leste in respect of the Statement of Petroleum Fund Receipts for the year ended 31 December 2013**

We have compiled the accompanying list of payment amount made to the Petroleum Fund for each Payer (Petroleum Fund Receipts) for the year ended 31 December 2013, based on the information provided by the Petroleum Fund operational managers ("management").


We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), *Compilation Engagements*.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which management provided, in compiling the statement of Petroleum Fund Receipts. Our procedures do not include verification or validation procedures. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

The National Petroleum Authority and the National Directorate of Petroleum Tax Revenue are responsible for monitoring that all payments that should have been made under the Petroleum Fund Law (Law No. 9/2005, amendment No. 12/2011) have been made for the year and it is management that are responsible for the information contained in the attached list.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided to us by management to compile the accompanying list of aggregate amounts of payments made as Petroleum Fund Receipts for each Payer. Accordingly, we have not audited or reviewed the attached list and accordingly express no assurance thereon.

The Statement of Petroleum Fund Receipts was compiled exclusively for the benefit of the Ministry of Finance as required by the Petroleum Fund Act. We do not accept responsibility to any other person for the contents of the Statement of Petroleum Fund Receipts.



DELOITTE TOUCHE TOHMATSU

Chartered Accountants  
Darwin,  
17 June 2014

**STATEMENT OF PETROLEUM FUND RECEIPTS  
FOR THE YEAR 1 JANUARY TO 31 DECEMBER 2013**

<b>Payee</b>	<b>Receipt (US\$)</b>
<b>Article 6.1(a) receipts</b>	
Air Energy Group Singapore Pty Ltd	131,150
Amec Engineering Pty Ltd	214,772
Amec Engineering Pty Ltd & Clough Engineering Integrated Solutions Services Pty Ltd	1,553,602
Austen Maritime Services Pty Ltd	7,126
Bluewater Services International Pty Ltd	1,226,696
Bluwater Norway ANS	44,352
Brunel Energy Pty Ltd	189,567
Caltech Unipessoal Lda	196,996
Cameron Services International Pty Ltd	147,914
Cape East Phillipines Inc	1,121,597
Code Engineering Services Pty Ltd	1,363,847
ConocoPhillips (03-12) Pty Ltd	291,970,150
ConocoPhillips (03-13) Pty Ltd	53,639,218
ConocoPhillips (03-19) Pty Ltd	1,673
ConocoPhillips (Emet) Pty Ltd	9,316,111
ConocoPhillips (Timor Sea) Pty Ltd	79,019,490
ConocoPhillips JPDA Pty Ltd	153,277,096
ConocoPhillips Timor-Leste Pty Ltd	178,020
ENI Timor-Leste S.P.A (PSC Area 1)	82,948
ENI JPDA (03-13) Ltd	115,573,113
ENI JPDA (06-105) Pty Ltd	54,791,465
Eurest Servicos de Suporte (Timor-Leste) S.A	540,119
Farstad Shiping (Indian Pacific) Pty Ltd	929,563
Fender Care Ltd	60,487
Frank Oilfield Services Australia Pty Ltd	2,706
Fugro Survey Pty Ltd	3,397
Fusion Plastics Pty Ltd	49,944
GAP MHS Aviation TL Lda2	61,128
Halliburton Australia Pty Ltd	111,832
Inpex Sahul Ltd	104,187,754
Inpex Timor Sea Ltd	28,251,426
Interstate Enterprises Pty Ltd	248,063
Japan Energy E P JPDA Pty Ltd	30,158
Kakivik Asset Management LLC	33,023
Konnekto Unipessoal Lda	83,796
Lloyd Offshore Helicopters Pty Ltd	573,372
MHS Aviation TL Lda	7,523
Millenium Offshore Services Ltd	6,304,376
Minza Oil and Gas Ltd	349,308
Neptune Assets Integrity Services Pty Ltd	546,154
Oilex JPDA (06-103) Ltd	36,545
Prosafe Personnel Pty Ltd	280,504

**STATEMENT OF PETROLEUM FUND RECEIPTS**  
**FOR THE YEAR 1 JANUARY TO 31 DECEMBER 2013 (continued)**

<b>Payee</b>	<b>Receipt (US\$)</b>
Riverwijs Offshore Marine Pty Ltd	27,932
RLG International Inc	115,309
Santos JPDA (91-12) Pty Ltd	127,276,075
SGS Australia Pty Ltd	112,851
Solar Turbines International Pty Ltd	49,331
Stena Drilling Pty Ltd	16,527
Svitzer Asia Pty Ltd	202,796
Talisman Resources JPDA (06-105) Pty Ltd	41,346,665
TCA Partners Pty Ltd	48,974
Terra Santa Marine Supply Lda	1,965
Tidewater Marine Australia Pty Ltd	4,527
Tokyo Timor Sea Resources Pty Ltd	90,966,254
Woodside Petroleum (Timor Sea 19) Pty Ltd	166,544
Worleyparsons Services Pty Ltd	55,942
<b>Total Article 6.1(a) receipts</b>	<b>1,167,129,774</b>
<b>Article 6.1(b) receipts</b>	
Autoridade Nacional Petroleo de Timor-Leste	1,866,287,711
<b>Total Article 6.1(b) receipts</b>	<b>1,866,287,711</b>
<b>Article 6.1(e) receipts</b>	
Annual Pipeline Fees	8,287,200
Surface Rental Annual Fee	131,340
<b>Total Article 6.1(e) receipts</b>	<b>8,418,540</b>
<b>Total Petroleum Fund Receipts</b>	<b>3,041,836,026</b>



**Advice Provided by the Investment Advisory  
Board**

# Investment Advisory Board

Date: 29 Jan 2013

Ref.: IAB/2013/001/Sec

To  
H.E. Mrs. Emilia Pires  
Minister of Finance  
Democratic Republic of Timor-Leste

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**Subject:      Review of the Currency Numeraire of the Petroleum Fund**

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*The IAB decided in May 2012 that the Secretariat should review the currency numeraire of the Fund, i.e. the unit of measure for the Fund. The Secretariat presented its findings in a IAB workshop on 19 December 2012, after which the Board deemed the status quo of having the US dollar as numeraire as being most appropriate. The Board recommends a reassessment in three years time.*

## **Background**

The currency numeraire is the unit of measure for a fund. It determines the currency in which returns are reported. The currency numeraire also establishes the inflation reference for the real return of the Fund. Since inception, the unit of measure for the Petroleum Fund has been the US dollar.

The Board considered two other currency numeraire constructions, prepared by the Secretariat. The first was a multi-currency numeraire based on the expected purchases of the nation as a whole (government, households and private sector). The second was a numeraire construction based on expected government expenditure alone.

The first alternative was considered to be inferior to the status quo (US Dollar) because the estimation of the currency mix of long term future purchases of the nation was ambiguous with current data. Moreover, the purchasing power parity argument<sup>1</sup> and simplicity favored the status quo.

The second alternative was also deemed inferior to the status quo because it would include a component of Timor-Leste inflation in the measurement of the real return of

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<sup>1</sup> Purchasing power parity suggests that the price of a good or service should be the same in any two countries after allowing for exchange rate differences. In other words, changes in exchange rates between the two currencies would be offset by changes in the respective prices of goods and services.

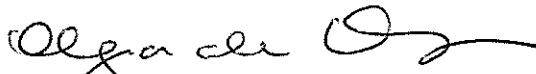
the Fund. This was considered inappropriate because of the lack of eligible investments that are able to track domestic inflation.

#### **Assessment and Recommendation**

The Investment Advisory Board affirms the US dollar to be the most appropriate choice for the currency numeraire of the Fund, and recommends a reassessment in three years time.

The Board appreciates that the US dollar numeraire does not reflect the erosion of the Fund's local purchasing power from high domestic inflation. This should be duly noted in the interpretation of the Fund's real return.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Olgario de Castro', followed by a long horizontal flourish.

Olgario de Castro  
Chairman

## Investment Advisory Board

Date: 19 April 2013

To  
H.E. Mrs. Emilia Pires  
Minister of Finance  
Democratic Republic of Timor-Leste

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**Subject: Review of the Petroleum Fund's Strategic Asset Allocation – Fixed Income Diversification**

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In accordance with Article 16.1(a) of the Petroleum Fund law, the Investment Advisory Board has considered the Petroleum Fund's current asset allocation and has determined to diversify the bond portfolio to include non-US developed market sovereign bonds.

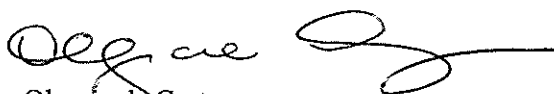
The Board advises an initial target exposure of non-US developed market investment grade sovereigns to be 10% of the Fund and financed from the 5-10 year US Treasury allocation. Furthermore, the Board advises the non-US developed market sovereign bond exposure to be managed in an enhanced passive way, so that returns and risks are broadly in line with the benchmark index.

The proposed performance benchmark involves capping country weights at 10% and capping Eurozone at 30% to avoid concentration. The Board favors obtaining the initial non-US exposure quickly and advises that the BCTL as operational manager be requested to use either an existing manager or a transition manager while the search for new external managers is undertaken.

In accordance with Article 16.1(b) of the Petroleum Fund law, the Board annexes a suitable investment instruction to reflect this advice. BCTL may propose to you ways to potentially improve the investment mandate after having conducted the manager search.

The IAB is undertaking further studies on the bond portfolio. This includes determining an appropriate upper limit of the non-US developed market bond exposure. The Board also foresees introducing an emerging markets bond mandate. The Secretariat and the members' respective institutions should continue to discuss with consultants and relevant external managers to facilitate these studies.

Yours sincerely



Olgarito de Castro  
Investment Advisory Board  
Chairman

**Strictly confidential in accordance with Article 32.2 (a) of the Petroleum Fund Law until the date the recommendations in this advice have been fully implemented.**

Annex:

## **Global Sovereign Bond Mandate**

### **Investment Universe**

All securities in the benchmark index as well as sovereign bonds from developed market countries that are investment grade and above.

Cash and derivatives are also eligible instruments as set out in the Petroleum Fund Law.

### **Benchmark**

Barclays Global Treasury Developed Market ex US, 10% Country and 30% Eurozone Capped. Measured on an unhedged basis.

### **Base Currency**


United States Dollars.

### **Tracking Error**

The target ex ante tracking error of the portfolio in comparison with the benchmark shall be less than 50 basis points.

### **Management style**

Enhanced Passive Indexing

  
22.4.13



## **Annex XIII**

### **Implementation of the Santiago Principles**

**TIMOR-LESTE PETROLEUM FUND**  
**IMPLEMENTATION OF THE GENERALLY ACCEPTED PRINCIPLES AND**  
**PRACTICES**  
**“SANTIAGO PRINCIPLES”**

The Timor-Leste Petroleum Fund was established by the enactment of the Petroleum Fund Law no.9/2005, later amended by Law no.12/2011.

The preamble of the Petroleum Fund Law states that the objective of having the Petroleum Fund is to contribute to a wise management of petroleum revenues for the benefit of current and future generations. The Petroleum Fund is also a fiscal tool that contributes to sound fiscal policy, where appropriate consideration and weight is given to the long-term interest of Timor-Leste’s citizens.

The Petroleum Fund Law lays down key parameters for the operation and management of the Petroleum Fund. The Law governs the collection and management of receipts associated with the petroleum wealth, outlines the framework for regulating transfers to the State Budget, and provides for government accountability and oversight of these activities.

The Petroleum Fund is internationally recognized for its high standards of governance, accountability, transparency, and disclosure of information. This has helped build public support for the prudent management of petroleum revenues and has reduced the risk of bad governance.

The relevant entities involved in the management of the Petroleum Fund are independent, but accountable to one another in the decision making process. Parliament sets the objective of the fund, the broad asset allocation guidelines and risk limits. The Ministry of Finance is responsible for the overall management of the Petroleum Fund including setting investment policy, investment guidelines and exercising of oversight. The operational management is delegated to the Central Bank. The Law requires these entities to provide and publish reports on the operations and activities of the Petroleum Fund.

The Petroleum Fund, as an active member of the International Forum for Sovereign Wealth Fund (IFSOF), conducted its fourth annual self-assessment of the Petroleum Fund’s adherence with the Santiago Principles to ensure that Petroleum Fund continues to be an example of international best practice with regard to funds management. The self-assessment report, which was also submitted as of voluntary case study by IFSOF, is publicly available and published in Annex XIII in the Petroleum Fund Annual Report 2013.

The table below depicts how the Timor-Leste Petroleum Fund adheres to the Santiago Principles.



Principle	Implementation
<b>I. Legal framework, objectives, and coordination with macroeconomic policies</b>	
<p>1. The legal framework for the SWF should be sound and support its effective operation and the achievement of its stated objective(s).</p> <p>1.1. The legal framework for the SWF should ensure legal soundness of the SWF and its transactions.</p> <p>1.2. The key features of the SWF's legal basis and structure, as well as the legal relationship between the SWF and other state bodies, should be publicly disclosed.</p>	<p>Timor-Leste Petroleum Fund was established to fulfill the requirement of the Constitution that mandates the establishment of mandatory financial reserves from the exploitation of the natural resources.</p> <p>The legal framework for the Petroleum Fund is detailed in the Petroleum Fund Law No. 9/2005, of 3rd of August as amended by the Law No. 12/2011, of 28th of September.</p> <p>The Fund is formed as an account of the Ministry of Finance held in the Central Bank of Timor-Leste (BCTL<sup>1</sup>), rather than as a separate legal entity.</p> <p>The Petroleum Fund Law specifically -</p> <ul style="list-style-type: none"> <li>• provides mechanisms that assist Timor-Leste to sustainably manage its petroleum revenue,</li> <li>• details the parameters for operating and managing the Petroleum Fund,</li> <li>• defines the asset allocation guidelines and risk limits,</li> <li>• governs the collection and management of the receipts,</li> <li>• regulates transfers to the State Budget,</li> <li>• defines clear roles and responsibilities of entities involved in the management of the Fund and,</li> <li>• provides for government accountability and oversight of these activities.</li> </ul> <p>The Operational Management Agreement signed between the Ministry of Finance and the Operational Manager (BCTL) on 12 October 2005 with later amendments goes further to account the key functions and competencies of the Ministry of Finance, with the responsibility</p>

<sup>1</sup> BCTL – Banco Central de Timor-Leste (Timor-Leste Central Bank)

Principle	Implementation
	<p>of the overall management of the Fund, and the BCTL, which has the responsibility for the operational management of the Fund.</p> <p>The legal framework and other supporting documentations on the Petroleum Fund are publicly available at the Ministry of Finance and BCTL websites.</p> <p><a href="https://www.mof.gov.tl/budget-spending/petroleum-fund/?lang=en">https://www.mof.gov.tl/budget-spending/petroleum-fund/?lang=en</a></p> <p><a href="http://www.bancocentral.tl/PF/laws.asp">http://www.bancocentral.tl/PF/laws.asp</a></p>
<p>2. The policy purpose of the SWF should be clearly defined and publicly disclosed.</p>	<p>The preamble of the Petroleum Fund Law states that the purpose of establishing the Petroleum Fund, which accumulates revenues from the exploitation of natural resources, is to contribute to a prudent management of the petroleum resources for the benefit of both current and future generations.</p> <p>The Fund is also a tool that contributes to sound fiscal policy, where appropriate consideration and weight is given the long-term interest of Timor-Leste's citizens.</p> <p>The Ministry of Finance, through the publication of the Petroleum Fund Annual Report and regular public consultation, continues to emphasize and remind the stakeholders of the objectives of establishing the Petroleum Fund.</p> <p>The Petroleum Fund Law further describes the manner in which the Petroleum Fund contributes to the achievement of these objectives.</p>
<p>3. Where the SWF's activities have significant direct domestic macroeconomic implications, those activities should be closely coordinated with the domestic fiscal and monetary authorities, so as to ensure consistency with the overall macroeconomic policies.</p>	<p>The Petroleum Fund Law does not allow the Fund to invest domestically. The Petroleum Fund only has significant direct domestic macroeconomic implications arising from the transfers made to the State Budget to finance government's budget deficit.</p>

Principle	Implementation
	<p>The Petroleum Fund, as a tool of fiscal management, is integrated into the State Budget.</p> <p>The amount transferred to the State Budget from the Fund is guided by the Estimated Sustainable Income (ESI). This is designed to be the amount that can be transferred from the Fund without depleting the long-term real value of petroleum wealth, ensuring the sustainability of the Fund.</p> <p>The Ministry of Finance coordinates the activities of line ministries, other entities and relevant departments within the Ministry during the preparation, discussion and execution of the government's budget.</p> <p><a href="https://www.mof.gov.tl/budget-spending/budget-treasury-documents/?lang=en">https://www.mof.gov.tl/budget-spending/budget-treasury-documents/?lang=en</a></p>
<p>4. There should be clear and publicly disclosed policies, rules, procedures, or arrangements in relation to the SWF's general approach to funding, withdrawal, and spending operations.</p> <p>4.1. The source of SWF funding should be publicly disclosed.</p> <p>4.2. The general approach to withdrawals from the SWF and spending on behalf of the government should be publicly disclosed.</p>	<p>The Petroleum Fund Law clearly defines what constitutes petroleum fund receipts and sets out the mechanisms for handling these receipts and requirements for withdrawals.</p> <p>Detailed information about receipts and transfers to government is publicly disclosed in the Petroleum Fund Annual Reports, and the General State Budget from the Ministry of Finance, as well as in the Petroleum Fund's quarterly and monthly reports from the BCTL.</p> <p>A complete list of all entities making payments to the Petroleum Fund is published annually. Timor-Leste was accepted as an EITI (Extractive Industries Transparency Initiative) compliant country on 1 July 2010.</p> <p><a href="https://www.mof.gov.tl/budget-spending/budget-treasury-documents/?lang=en">https://www.mof.gov.tl/budget-spending/budget-treasury-documents/?lang=en</a></p> <p><a href="http://www.bancocentral.tl/PF/Reports.asp">http://www.bancocentral.tl/PF/Reports.asp</a></p> <p><a href="http://www.eiti.tl/">http://www.eiti.tl/</a></p>

Principle	Implementation
5. The relevant statistical data pertaining to the SWF should be reported on a timely basis to the owner, or as otherwise required, for inclusion where appropriate in macroeconomic data sets.	<p>Transparency is a fundamental principle of the Petroleum Fund Law. The Law sets out the requirements for all entities involved in the management of the Fund to provide and publish the reports pertaining to the activities of the Fund.</p> <p>The Ministry of Finance prepares the Petroleum Fund Annual Report, Petroleum Fund financial statements and general state budget statement for the National Parliament.</p> <p>The BCTL, on a quarterly basis, provides reports to the Minister on the Fund's performance over the quarter. BCTL also, on its own initiative, issues to the public a monthly performance report for the Fund.</p> <p>The Law requires an international accredited auditor to issue and publish an annual audit report on the Fund's financial statements.</p> <p>All this information is publicly available on both the MoF and BCTL websites.</p> <p><a href="https://www.mof.gov.tl/budget-spending/petroleum-fund/?lang=en">https://www.mof.gov.tl/budget-spending/petroleum-fund/?lang=en</a></p> <p><a href="http://www.bancocentral.tl/PF/Reports.asp">http://www.bancocentral.tl/PF/Reports.asp</a></p>

## II. Institutional Framework and Governance Structure

6. The governance framework for the SWF should be sound and establish a clear and effective division of roles and responsibilities in order to facilitate accountability and operational independence in the management of the SWF to pursue its objectives.	<p>The Petroleum Fund Law clearly defines the roles and responsibilities of all entities involved in the management of the Fund. No single institution or individual is responsible for making and implementing the investment decisions, because each one of them is accountable to one another for their role in the decision making process.</p> <p>Parliament has established the Petroleum Fund Law. The Law limits the broad asset allocation and risk tolerance.</p>
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Principle	Implementation
	<p>The Ministry of Finance sets the investment policy and monitors the Fund's performance. The Investment Advisory Board (IAB) provides advice for Minister on investment policy and sets the investment benchmarks for the Fund. BCTL, the Operational Manager, is responsible for the Fund's operations including implementing the investment mandates set by the Minister of Finance.</p>
<p>7. The owner should set the objectives of the SWF, appoint the members of its governing body (ies) in accordance with clearly defined procedures, and exercise oversight over the SWF's operations.</p>	<p>Parliament, representing the people, sets the objectives of the Fund in the Petroleum Fund Law. The Petroleum Fund Consultative Council (PFCC) is a statutory body appointed to provide advice to Parliament on matters relating the Petroleum Fund.</p> <p>The Ministry of Finance, responsible for the overall management of the Fund, sets the investment policy, investment guidelines, including detailed risk limits and exercise of oversight. The Prime Minister appoints members of the IAB on the advice of the MoF.</p> <p>The operational management is delegated to the Central Bank. The Operational Manager appoints the external managers, in accordance with international tendering procedures, to manage part of the Fund provided that the Minister is satisfied that the managers fulfill certain requirements in the Law.</p>
<p>8. The governing body (ies) should act in the best interests of the SWF, and have a clear mandate and adequate authority and competency to carry out its functions.</p>	<p>Further to discussion in Principle 7, the Minister of Finance is accountable to the Parliament and is required to provide relevant reporting. In carrying out her functions, Minister of Finance is required to seek advice from the IAB. The Law determines at least three of the IAB members must have significant knowledge and experience in financial investment.</p> <p>The composition, role and authority of the PFCC aim to safeguard the proper management of the Petroleum Fund.</p>

Principle	Implementation
9. The operational management of the SWF should implement the SWF's strategies in an independent manner and in accordance with clearly defined responsibilities.	The Petroleum Fund Law clearly defines the roles and responsibilities of the Operational Manager. As an independent institution appointed by the Parliament, the BCTL has statutory legal, operational, administrative, and financial autonomy from any other person or entity, including the government, to be able to fulfill its operational management responsibilities in an independent manner.
10. The accountability framework for the SWF's operations should be clearly defined in the relevant legislation, charter, other constitutive documents, or management agreement.	<p>Accountability arrangements are detailed in the Petroleum Fund Law and the Management Agreement. The Petroleum Fund law delegates the operational responsibility to the Operational Manager. The Operational Manager may delegate further certain operational mandates to external managers subject to Minister's consent.</p> <p>The Minister of Finance reports to the Parliament on the performance of the Fund on annual basis and is required to publish all advice received from the IAB unedited in the Annual Report.</p> <p>The Operational Manager reports to the Minister on the Fund's performance on quarterly basis. These reports are published and available on the Central Bank's website.</p>
11. An annual report and accompanying financial statements on the SWF's operations and performance should be prepared in a timely fashion and in accordance with recognized international or national accounting standards in a consistent manner.	<p>The Petroleum Fund Law requires the government to prepare and submit to the Parliament an annual report of the Fund's operation and performance for the fiscal year, including financial statements prepared to International Financial Reporting Standards and audited by an internationally recognized auditor, at the same time as the annual financial statements of that year.</p> <p>The Director of Treasury of the Ministry of Finance is responsible for maintaining the Petroleum Fund accounts and records, and preparing financial statements, in accordance with the International Financial Reporting</p>

Principle	Implementation
	Standards.
<p>12. The SWF's operations and financial statements should be audited annually in accordance with recognized international or national auditing standards in a consistent manner.</p>	<p>The Petroleum Fund Law requires the accounts, records and other documents relating to the Petroleum Fund to be audited every six month by the bodies responsible for internal audits of each entities involved.</p> <p>The Law further requires the annual financial statements to be audited by an internationally recognized accounting firm. The audited financial statements are submitted to the Parliament together with the Petroleum Fund Annual Report.</p>
<p>13. Professional and ethical standards should be clearly defined and made known to the members of the SWF's governing body (ies), management, and staff.</p>	<p>The professional and ethical standards for the Ministry of Finance's staff are defined by the Public Service Law no.8/2004, as amended by Law no.5/2009. All the staff of the Operational Manager is bound by the BCTL's Code of Ethics.</p> <p>The Petroleum Fund Law also requires members of the IAB, on the occasion of their appointment, and as appropriate, when providing advice to the Minister to signify in writing an affirmation that their appointment or advice does not represent a conflict of interest with any of their other interest. The Minister of Finance may request members of the IAB, as necessary, to submit a declaration concerning their assets to avoid any conflict of interest. The IAB has established its own Standard of Conduct.</p> <p><a href="http://www.cfp.gov.tl/index.php/pt/">http://www.cfp.gov.tl/index.php/pt/</a></p> <p><a href="http://www.bancocentral.tl/en/cconduct.asp">http://www.bancocentral.tl/en/cconduct.asp</a></p> <p><a href="http://www.bancocentral.tl/Download/IAB/PF%20Operational%20regulation.pdf">http://www.bancocentral.tl/Download/IAB/PF%20Operational%20regulation.pdf</a></p>



Principle	Implementation
<p>14. Dealing with third parties for the purpose of the SWF's operational management should be based on economic and financial grounds, and follow clear rules and procedures.</p>	<p>The Operational Manager is responsible for the selection and subject to Minister of Finance's consent, the appointment of the external manager. The law requires the Minister to be satisfied that each external manager has sufficient equity, guarantees and insurances, a sound record of operational and financial performance, and has business references and a reputation of the highest standard.</p> <p>The requirements are based on professional and commercial standards, while the responsibility of the external manager is to maximize return of the Petroleum Fund, taking into account the appropriate risk as set out in the Law and the investment mandate.</p> <p>The external managers and other service providers are required to be selected and contracted subject to rigorous, fair and transparent tendering procedures and in compliance with the substantive provisions of Timor-Leste's laws.</p>
<p>15. SWF operations and activities in host countries should be conducted in compliance with all applicable regulatory and disclosure requirements of the countries in which they operate.</p>	<p>The Petroleum Fund Law requires the management of the Petroleum Fund to be conducted in compliance with all applicable regulatory and disclosure requirements of the countries in which the investment are made.</p>
<p>16. The governance framework and objectives, as well as the manner in which the SWF's management is operationally independent from the owner, should be publicly disclosed.</p>	<p>The governance framework and objectives of the Ministry of Finance and Operational Manager, as well as the IAB and the PFCC, are set out in the Petroleum Fund Law and in the Petroleum Fund Annual Report. The framework clearly establishes the roles, independence and accountability arrangement between the entities.</p> <p><a href="http://www.mof.gov.tl/category/documents-and-forms/petroleum-fund-documents/petroleum-fund-legal-framework/?lang=en">http://www.mof.gov.tl/category/documents-and-forms/petroleum-fund-documents/petroleum-fund-legal-framework/?lang=en</a></p> <p><a href="https://www.mof.gov.tl/budget-spending/petroleum-fund/?lang=en">https://www.mof.gov.tl/budget-spending/petroleum-fund/?lang=en</a></p>



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<p>17. Relevant financial information regarding the SWF should be publicly disclosed to demonstrate its economic and financial orientation, so as to contribute to stability in international financial markets and enhance trust in recipient countries.</p>	<p>Petroleum Fund Annual Report and audited financial statements are prepared by the Ministry of Finance and submitted to the Parliament. The reports are also distributed to key stakeholders and publicly available in the Ministry of Finance website.</p> <p>In addition, the Operational Manager also issues quarterly and monthly updates on the investment performance for the Minister of Finance and this is made available to the general public in the BCTL's website.</p> <p>The Ministry of Finance, on its own initiative and/or as requested, conducts public information sessions with the general public including public servants, NGOs and students to update on the Fund's activities, operation and performance.</p> <p><a href="http://www.mof.gov.tl/category/documents-and-forms/petroleum-fund-documents/petroleum-fund-annual-reports/?lang=en">http://www.mof.gov.tl/category/documents-and-forms/petroleum-fund-documents/petroleum-fund-annual-reports/?lang=en</a></p> <p><a href="http://www.bancocentral.tl/PF/Reports.asp">http://www.bancocentral.tl/PF/Reports.asp</a></p> <p><a href="http://www.mof.gov.tl/category/documents-and-forms/petroleum-fund-documents/petroleum-fund-seminars-presentations/?lang=en">http://www.mof.gov.tl/category/documents-and-forms/petroleum-fund-documents/petroleum-fund-seminars-presentations/?lang=en</a></p>
<h3>III. Investment and Risk Management Framework</h3>	
<p>18. The SWF's investment policy should be clear and consistent with its defined objectives, risk tolerance, and investment strategy, as set by the owner or the governing body(ies), and be based on sound portfolio management principles.</p> <p>18.1. The investment policy should guide the SWF's financial risk exposures and the possible use of leverage.</p> <p>18.2. The investment policy should address the extent to which internal and/or external investment managers are used, the range of</p>	<p>The Ministry of Finance, on behalf of the government, sets out the investment policy, pursuant to the IAB's advice, reflecting the risk preference of the Timor-Leste people. The investment policy is publicly disclosed. The Petroleum Fund Law defines the broad asset allocation guidelines as the risk profile, the investment universe, investment principles, and other issues related with the overall investment policy.</p> <p>The advice of the IAB is based on its publicly disclosed Investment Beliefs and Principles.</p>

Principle	Implementation
<p>their activities and authority, and the process by which they are selected and their performance monitored.</p> <p>18.3. A description of the investment policy of the SWF should be publicly disclosed.</p>	<p>The selection of external investment managers is based on professional and commercial criteria. The external managers are given and are measured by clearly defined mandates, where the goal is to achieve highest possible risk-adjusted return.</p> <p>The investment policy is summarized into the investment mandate, which is annexed to the Management Agreement and discussed at length in the Petroleum Fund Annual Report. These documents are publicly available.</p>
<p>19. The SWF's investment decisions should aim to maximize risk-adjusted financial returns in a manner consistent with its investment policy, and based on economic and financial grounds.</p> <p>19.1. If investment decisions are subject to other than economic and financial considerations, these should be clearly set out in the investment policy and be publicly disclosed.</p> <p>19.2. The management of an SWF's assets should be consistent with what is generally accepted as sound asset management principles.</p>	<p>The government's obligation to seek to maximize risk-adjusted financial returns is established in the Petroleum Fund Law and subject to an over-riding requirement that the Fund be managed prudently.</p> <p>The road map toward this goal is further detailed in the operational management agreement and external investment mandate under the legislation. To date, all investment mandates have been developed on economic and financial grounds.</p>
<p>20. The SWF should not seek or take advantage of privileged information or inappropriate influence by the broader government in competing with private entities.</p>	<p>The Petroleum Fund Law does not permit the Fund to be invested domestically and the implementation of the investment mandate by the Operational Manager (BCTL) is independent from the setting of investment policy by the Minister of Finance. The Fund is not privy to any privileged information or inappropriate influence by broader government.</p>
<p>21. SWFs view shareholder ownership rights as a fundamental element of their equity investments' value. If an SWF chooses to exercise its ownership rights, it should do so in a manner that is consistent with its investment policy and protects the financial value of its</p>	<p>A separate policy on shareholder ownership rights has not been established yet.</p> <p>The current practice is that the Fund exercises its shareholder ownership rights based on the ISS voting guidelines when appropriate to</p>

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investments. The SWF should publicly disclose its general approach to voting securities of listed entities, including the key factors guiding its exercise of ownership rights.	protect the financial interest of the Fund's assets, this is done through external managers upon the instructions from the Operational Manager.
<p>22. The SWF should have a framework that identifies, assesses, and manages the risks of its operations.</p> <p>22.1. The risk management framework should include reliable information and timely reporting systems, which should enable the adequate monitoring and management of relevant risks within acceptable parameters and levels, control and incentive mechanisms, codes of conduct, business continuity planning, and an independent audit function.</p> <p>22.2. The general approach to the SWF's risk management framework should be publicly disclosed.</p>	<p>The Petroleum Fund Law requires the Minister and the Operational Manager to develop and maintain policies, systems and procedures to ensure that the risks associated with the implementation of the investment strategy are identified, monitored and managed.</p> <p>The Petroleum Fund Law sets the Fund's broad asset allocation guidelines which imply the risk preference, investment universe, and investment principles.</p> <p>In the Operational Management Agreement, the Minister of Finance, sets, under the Global Mandate, the overall investment strategy for the Fund in term of benchmark and eligible instruments, including applicable constraints and limitations. In the Sub-Mandate, Minister of Finance specifies the manner of which investment would be implemented, structure of investment portfolio including management style, risk tolerance, and benchmark.</p> <p>The Ministry of Finance monitors the Fund's performance including its risk exposure through a quarterly performance and risk review and audits done by an internationally recognized accounting firm.</p> <p>The Operational Manager reports to the Minister of Finance on a quarterly basis, while Minister of Finance reports to the Parliament on annual basis to ensure that the Fund operates within the given tolerable risk limits.</p>
23. The assets and investment performance (absolute and relative to benchmarks, if any) of the SWF should be measured and reported to the owner according to clearly defined	The Petroleum Fund Law requires the Operational Manager (BCTL) to report to the Minister of Finance, on a quarterly basis, the performance and activities of the Petroleum

Principle	Implementation
principles or standards.	<p>Fund relative to the benchmark. Performance reporting is prepared by a third party who asserts that the reports are GIPS compliant.</p> <p>This report is published within 40 days after the end of every quarter to the public.</p> <p><a href="http://www.bancocentral.tl/PF/Reports.asp">http://www.bancocentral.tl/PF/Reports.asp</a></p>
24. A process of regular review of the implementation of the GAPP should be engaged in by or on behalf of the SWF.	<p>The Fund conducted its third review in 2012. The fourth review, based on the current document, will be published in the 2013 Petroleum Fund Annual Report. The Fund intends to review its implementation of the GAPP annually.</p>



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