
PETROLEUM FUND ANNUAL REPORT

FINANCIAL YEAR 2017



Petroleum Fund Administration Unit
Ministry of Finance
Democratic Republic of Timor-Leste





**DEMOCRATIC REPUBLIC OF TIMOR-LESTE
MINISTRY OF FINANCE**



"To be a good citizen is to be a new hero for our Nation"

**Timor-Leste Petroleum Fund
ANNUAL REPORT
2017**

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Message from Sara Lobo Brites Vice Minister of Finance



The Fund had a remarkably good year in 2017 returning 10.4 percent with investment income after expenses of US\$1.6 billion. Favourable economic conditions for financial markets led to the highest annual return since inception and equities were again the driver of performance. The cumulative return from investments since the Fund's inception is \$4.8 billion at the end of 2017. The corresponding annual investment return is 4.4 percent, which is 2.5 percent after accounting for inflation.

The strong returns in 2017 are certainly welcome but as a long-term investor we should not focus too much on annual performance. The value of the Fund can fluctuate considerably from year to year. We must remember that annual losses are to be expected relatively frequently – once in every five years – and that these losses can be large. The Fund's simple but robust strategy is to maintain the equity exposure during such times to ensure that we earn the additional return that equities systematically provide over bonds in the long-term. Timor-Leste has benefitted from this

strategy since introducing equities in 2010 by being able to withstand periodic volatility in returns.

The strong investment performance allowed the Fund to end 2017 at \$16.8 billion. The annual increase of \$955 million reversed the previous declines in value in 2015 and 2016. Nevertheless, the Petroleum Fund's outlook is not without challenges. Withdrawals have been well in excess of the ESI for an extended period, justified by front-loading economic development, while long-term real investment returns are now expected to be lower than the 3 per cent ESI. Needless to say this represents a challenge to sustainability, at least until there are new petroleum inflows. We face a delicate balancing-act between promoting development and maintaining savings for future generations.

Timor-Leste is blessed with the gift of petroleum wealth and establishing the Petroleum Fund is a credit to the foresight of our founding fathers. I trust in the Petroleum Fund's institutions – namely the Investment Advisory Board, which helps set the investment strategy; the Banco Central de Timor-Leste, which administers the Fund; and my colleagues at the Ministry of Finance – to continue to manage the Fund's investments in Timor-Leste's long-term interests.



The Petroleum Fund at a Glance

Fund Size

As of 31 Dec 2017 **\$16,799,312,691**

Increase in Fund Size in 2017

\$954,985,404

Receipts from Oil and Gas Sold

\$421.7 million
(2017)

\$21.4 billion
(Since inception)

2017 Transfer to State Budget

\$1,078.8million
(2017)

\$9.6 billion
(Since inception)

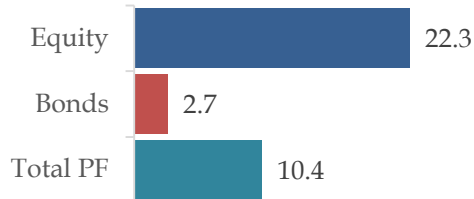
Return on Investments (\$)

\$1,612.1million
(2017)

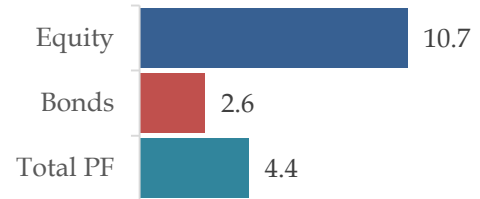
\$4.8 billion
(Since inception)

The Petroleum Fund's Investments

Return on Investments (%)

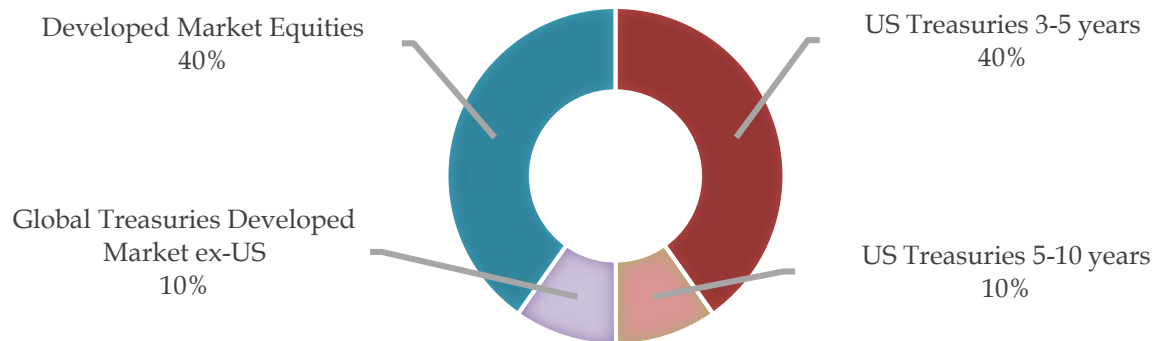


(2017)

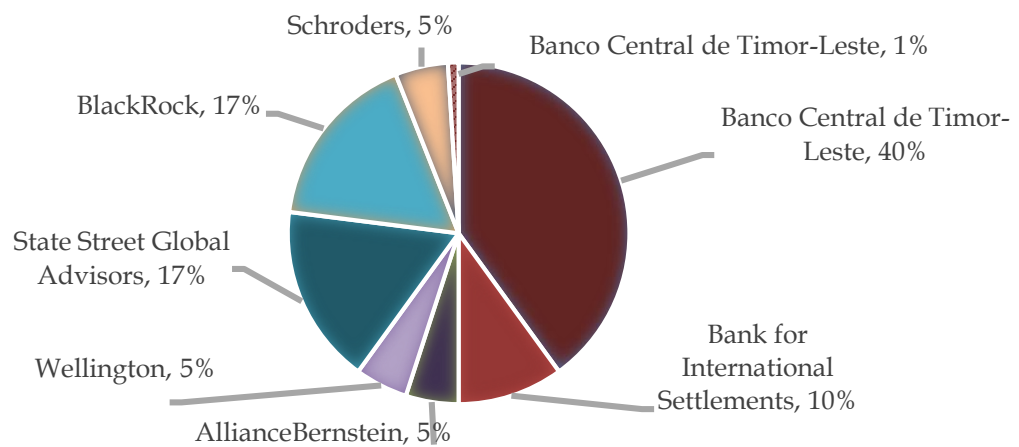


(Since inception)

PF Target Asset Allocation



PF Asset Managers



About the Petroleum Fund

Framework and Features

The Petroleum Fund was established in 2005 to meet the requirement in Article 139 of the Constitution of the Democratic Republic of Timor-Leste (RDTL). The Constitution mandates a fair and equitable use of State-owned 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 Petroleum Fund was created 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).

The preamble to the Petroleum Fund Law provides that the Petroleum Fund shall contribute to the wise management of Timor-Leste's petroleum resources for the benefit of both current and future generations. The Fund is 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.

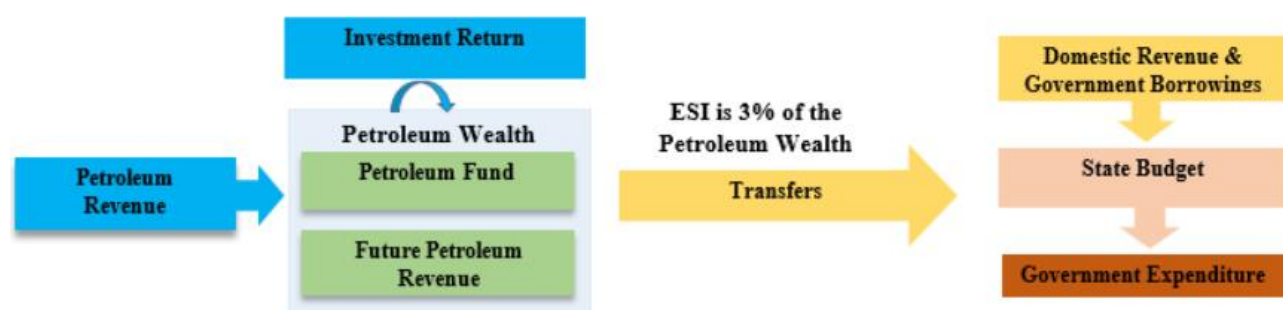
The governing law lays down the key parameters for the operation and management of the Fund. Rather than a separate entity, the Petroleum Fund is formed as an account of the Ministry of Finance (MoF) held in the Banco Central de Timor-Leste (BCTL), which is appointed as

operational manager of the Fund. The Law requires all petroleum income to initially enter the Fund before transfers are made to the State Budget. The Law regulates the withdrawals in order to sustainably manage petroleum wealth and smooth spending over time. The amount is guided by the Estimated Sustainable Income (ESI), which is set at 3% of total Petroleum Wealth. Petroleum Wealth comprises the balance of the Petroleum Fund and the Net Present Value of expected future petroleum revenue. Withdrawals in excess of the ESI can be made, provided that the Parliament approves the Government's explanation that this is made in the long-term interests of the country. This structure is illustrated in Figure 1.

The ESI framework is designed around what is called the "permanent income hypothesis". The Fund's purchasing power will be maintained where the Government's withdrawals equal the real investment return. By providing for the same real value of withdrawals and expenditure each year, this framework can be said to equally benefit current and future generations.

Following from the 3% ESI, the implied investment objective is to achieve a 3% real return over the long-run. The investment strategy and strategic asset allocation are described in more detail in the "The Fund's Investments" section.

Figure 1 – Petroleum Fund and the State Budget



Institutions and Governance

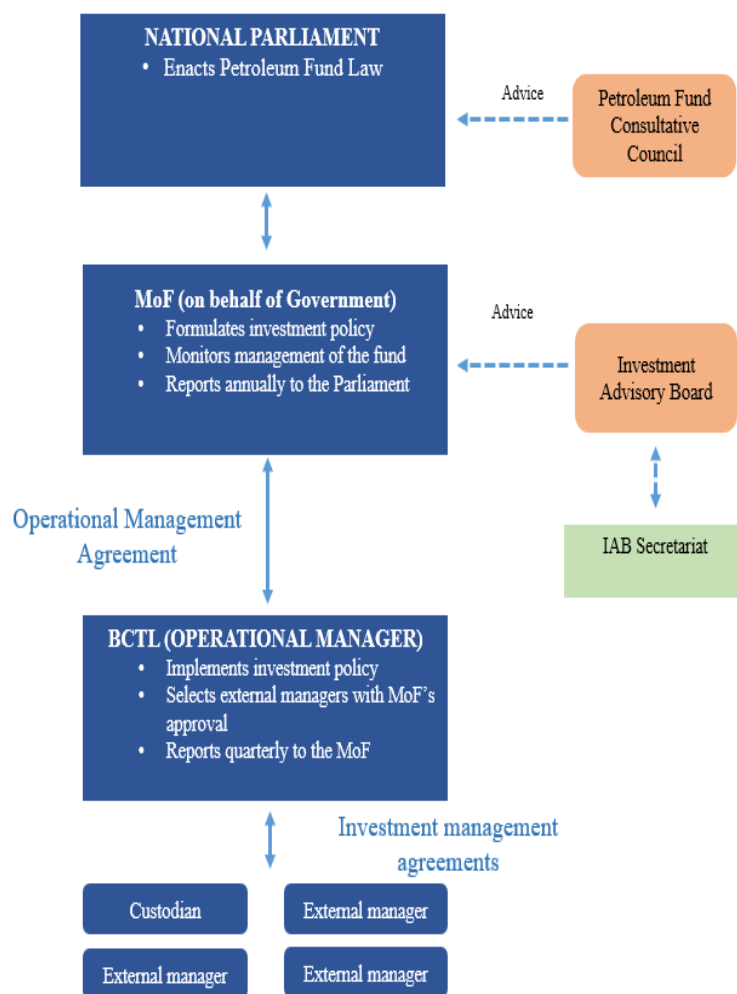
The Petroleum Fund model is designed to provide a high standard of governance through accountability and transparency. This reduces the risk of mismanagement and builds public confidence that petroleum revenues are being wisely managed. The entities involved in the management of the Petroleum Fund are shown in Figure 2. The Petroleum Fund Law defines the roles and responsibilities of these institutions, which are accountable to the Government and overseen by the MoF.

The Parliament in enacting the Petroleum Fund Law sets the objectives of the Fund, the broad asset allocation guidelines and the risk limits. The MoF, representing the Government, is responsible for the overall management of the Petroleum Fund including setting the investment policy and strategy, setting guidelines for new investments and exercising oversight. The Minister 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 according to guidelines established by the MoF. The BCTL invests the Fund's capital directly and also delegates investments to external fund managers that it selects and monitors.

Transparency is critical and the Petroleum Fund Law sets out reporting requirements for all entities involved in the management of the Fund. The MoF prepares the Petroleum Fund's Annual Report and financial statements, as well as the General State Budget statement for the National Parliament, which includes the ESI calculations. The BCTL provides quarterly reports to the Minister on the Fund's performance. In addition, an internationally recognised external auditor is required to issue and publish an audit report on the Fund's annual financial statements.

These reports are shared with key stakeholders and are publicly available on both Ministry of Finance (www.mof.gov.tl) and Central Bank

Figure 2 – Petroleum Fund's Governance Structure



(www.bancocentral.tl) websites. The Petroleum Fund, as an active member of the International Forum for Sovereign Wealth Funds (IFSOF), has conducted a seventh annual self-assessment of the Petroleum Fund's adherence with the Santiago Principles to ensure that the Fund continues to exemplify international best practice with regard to fund governance. The self-assessment report is attached as Annex XIII to this report. These efforts have been reflected in international recognition of the high level of transparency of the Fund and the good management of the resources.¹

¹ <https://www.swfinstitute.org/statistics-research/linaburg-maduell-transparency-index/>

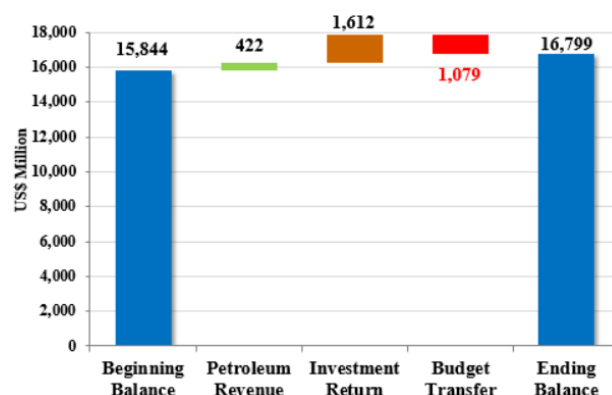
Petroleum Fund Balance and Flows

The Fund's balance increased by \$955 million in 2017 to end the year at \$16,799 million (Figure 3). The balance of the Fund is affected by inflows from petroleum revenues, investment returns and outflows from government withdrawals. As Figure 4 illustrates, petroleum revenues and investment returns contributed \$422 million and \$1,612 million respectively to the Fund over the year. A total of \$1,079 million was withdrawn from the Fund to finance the Government's budget. The following sections provide more details on these flows.

Figure 3 – Market Value of the Petroleum Fund



Figure 4 – Movement in Net Assets during 2017



Petroleum Revenues

Oil revenues received in 2017 followed the structure of previous years.² Timor-Leste's petroleum revenues depend firstly on the geographical location of the petroleum operations, which determines Timor-Leste's ownership interest, and secondly, on the Production Sharing Contracts (PSC) between the government and the oil companies.

There are currently two jurisdictions – the Joint Petroleum Development Area (JPDA) and Timor-Leste Exclusive Area (TLEA). The JPDA was established by the Timor Sea Treaty (TST) in 2002, whereby Timor-Leste and Australia agreed to jointly manage the exploration and exploitation of petroleum resources for the benefit of both countries. The TST provides that revenues from petroleum production in the JPDA is split between Timor-Leste and Australia on a 90%-10% basis. The TLEA refers to the Territory of Timor-Leste as defined by the Petroleum Act (Law No. 13/2005) of the RDTL. The revenues from the TLEA are exclusively Timor-Leste's.

Under production sharing, the oil company contractor agrees to meet the exploration and development costs in return for a share of any production that may result. The PSC sets out how the revenues are to be shared between the government and the contractors. There are effectively 2 types of PSCs for the JPDA. Bayu-Undan and Greater Sunrise apply an older PSC, which is in accordance with Annex F of the Timor Sea Treaty. The newer contracts, such as Kitan, apply a new regime, referred to as "Non Annex F". The TLEA PSC is broadly similar to the new JPDA regime, although provides the Government of Timor-Leste an option to take up to a 20% participating interest.

Petroleum revenues are comprised of:

- Royalties which represents the government's share of production before cost recovery. For projects based on Annex F, "First Tranche Petroleum" (FTP) is 10% of production, which is equally shared between the government and

² A treaty to establish permanent maritime boundaries was signed by Timor-Leste and Australia on 6 March 2018. All

areas formerly in the JPDA will fall within Timor-Leste's sovereign waters. The treaty needs to be ratified by the respective parliaments to have full effect.

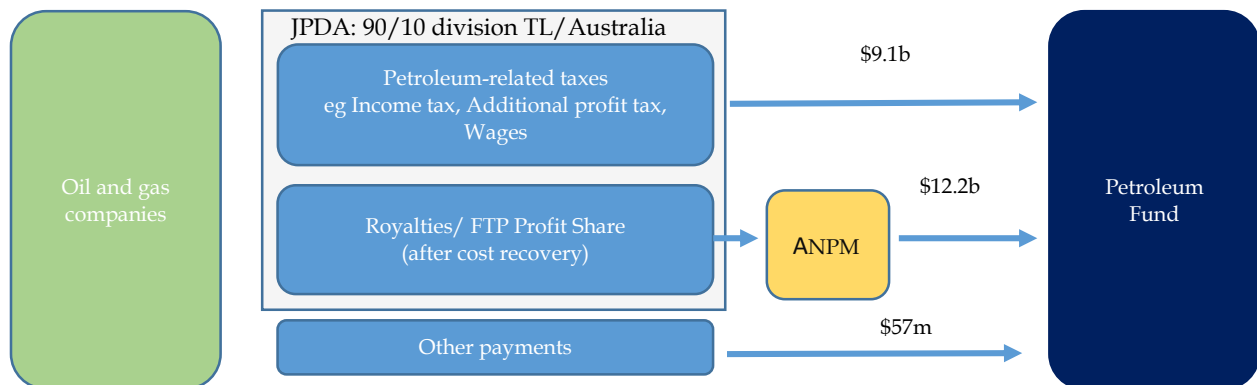
contractors. Both Non Annex F (the new regime) and the TLEA apply royalties of 5% of production, which is the government's share. Note that royalties and the government's share of the FTP for the JPDA jurisdiction are apportioned between Timor-Leste and Australia according to the TST.

- Timor-Leste's 40% (or 50% for condensate under JPDA Annex F) share of "profit oil", which is calculated after allowing the oil companies to recover their exploration and development costs.
- Taxes paid by the oil companies. This includes corporate income tax of 30%; an additional profit tax or supplemental petroleum tax for profitable projects that exceed a hurdle rate of return; and wage income tax for wages received for employment in Timor-Leste and the JPDA.

How does this work in practice? The Bayu-Undan field is located in the JPDA and operated by ConocoPhillips on behalf of its joint venture partners. The operator's non-tax payments – royalties and profit shares – are collected by the National Petroleum and Minerals Authority, ANPM, as the Designated Authority, which then pays Timor-Leste's 90% share into the Petroleum Fund. Timor-Leste taxation applies to 90% of the joint venture's revenues and costs, with the remainder subject to Australia's income tax rules. The Petroleum-related taxes are paid directly by the contractor into the Petroleum Fund.

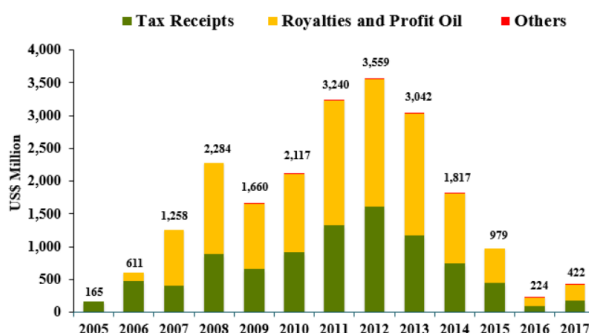
Since the Fund's inception, petroleum revenue has totalled \$21,378 million. Petroleum-related tax receipts comprised \$9,106 million and royalties and profit share amounted to \$12,215 million (Figure 5).

Figure 5 - Components of Petroleum Revenues from the JPDA



Timor-Leste's petroleum revenue depends on the jurisdiction and the Production Sharing Contracts. Production to date has come from Bayu-Undan and Kitan, both of which are located in the JPDA. JPDA revenues are shared 90%/10% between TL and Australia. Petroleum revenue is primarily petroleum-related taxes and non-taxes (royalties/FTP and profit share) collected by the ANPM. Since inception revenues are shown.

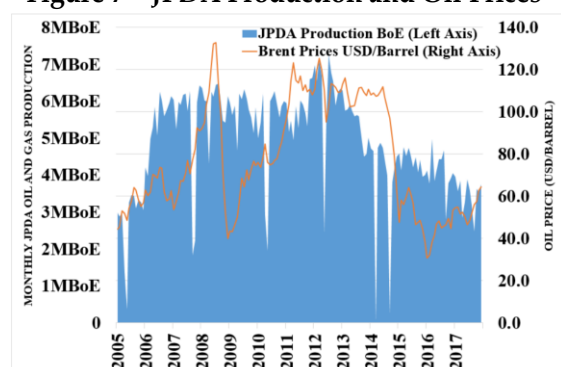
Figure 6 - Annual Petroleum Revenues



The total petroleum revenues collected during 2017 was \$422 million. The revenues were comprised of \$181 million in petroleum taxes, \$234 million in royalties and profit from oil and gas, and \$7 million in other petroleum revenues (Figure 6 and Annex II - Note 15 of the Audited Financial Statements for details). These collections were in accordance with Articles 6.1 (a), (b), and (e) of the Petroleum Fund Law respectively.

Oil and gas production decreased from 49 million barrels of oil in 2016 to 41 million barrels of oil in 2017.³ Petroleum revenue was about two thirds higher than the revenue received in 2016, boosted by higher oil prices (Figure 7). Oil prices rose as a result of strong global demand and producers agreeing to cut production.

Figure 7 – JPDA Production and Oil Prices



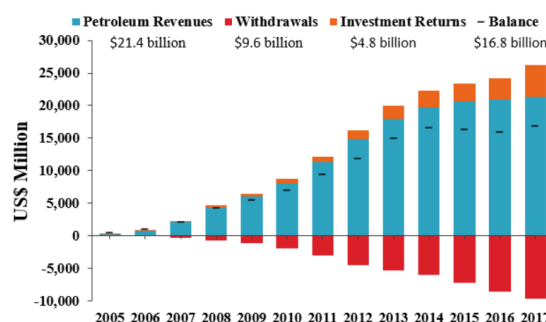
Source: EIA and ANPM

Petroleum revenue has declined significantly since peaking at close to \$3.6 billion in 2012 (Figure 6). The fall in revenue reflects both lower oil prices and declining production (Figure 7). Prices received from Timor petroleum products track the Brent crude oil price. The global oil price fell sharply in the second half of 2014 and has remained below its earlier highs. Production has also fallen and the Bayu-Undan field is now the only field in operation. Kitan, the second, much smaller field, started production in 2011 but was suspended in December 2015 due to the decrease in the oil price. Production from Bayu-Undan has declined since its peak in 2011. Bayu-Undan's PSC will expire in 2021 (JPDA 03-13) and 2022 (JPDA 03-12) although production may extend beyond 2022.⁴

Most of the country's Petroleum Wealth from Bayu-Undan has already been transformed into financial assets. The present value of future petroleum revenues from that field is now estimated at \$1.5 billion, compared to the \$21.4 billion of petroleum revenue received since the Fund's inception in 2005 (Figure 8). Investment income and government withdrawals will be the

main drivers of the Petroleum Fund's balance until new projects come online.

Figure 8 – Cumulative Flows for the Fund



Withdrawals

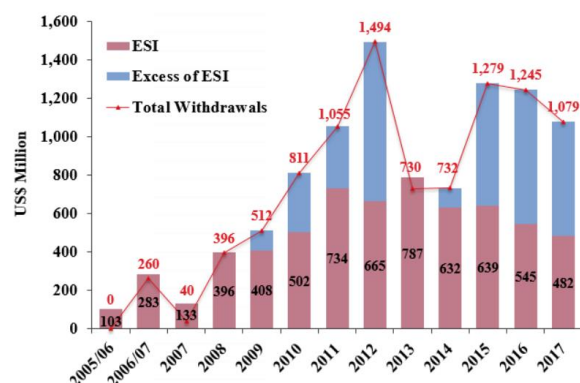
The Government's General State Budget is largely financed by withdrawals from the Petroleum Fund. The Government withdrew \$1,078.8 million from the Fund during 2017. While lower than the transfers in 2015 and 2016, the withdrawal was \$597 million more than the annual ESI of \$482 million (Figure 8). The ESI is set at 3% of the Petroleum Wealth, which consists of the Petroleum Fund balance and the forecasted net present value of the future petroleum revenues. Future revenues only include estimates from fields with approved development plans and therefore does not include Greater Sunrise and other potential sources of revenues.

The Government has withdrawn \$9,633 million from the Fund since its inception until the end of 2017 (Figure 9). This exceeds the cumulative ESI over that period by \$3,600 million. Since 2009, annual withdrawals have averaged about 5 per cent of Petroleum Wealth, compared to the 3 per cent ESI. The excess reflects the Government's policy to front-load expenditure to enable economic development. The IAB is considering the implications of this policy in conjunction with lower expected investment returns.

³<http://web01.anpm.tl/webs/anptlweb.nsf/pgLafaekDataGasListHTML>

⁴ The ANPM recently approved the implementation of Bayu-Undan Infill Well drilling, which will start in mid-2018 in order to increase production.

Figure 9 - Transfers to the State Budget



Investment Income and Expenses

| Category | \$US |
|-----------------------------------|-------------------|
| External manager & custody fees | 6,630,389 |
| BCTL operational management costs | 6,550,326 |
| IAB expenses | 246,766 |
| Other expenses | 716,306 |
| Total | 14,143,787 |

The Petroleum Fund posted a gain of \$1,612 million in 2017 after deducting expenses. This follows income of \$648 million in 2016 and a small loss of \$21 million in 2015. Details on the Fund's investment performance are provided in the following section. Since the Fund's inception, investment income has been \$4,849 million (Figure 8).

The Operational management Agreement signed between the Ministry of Finance and the BCTL provides for the BCTL to recover the expenses it incurs as the Petroleum Fund's operational manager.⁵ Figure 10 shows that management expenses incurred in 2017 totalled US\$14.1 million. This included custody and external manager fees of US\$6.6 million; the BCTL's operating expenses of US\$6.6 million; and Investment Advisory Board (IAB) expenses of US\$247 thousand. Relative to the size of the Fund, the management expenses for 2017 were 8 basis points (0.08 per cent), which was in line with the previous year's expense.

⁵ <https://www.bancocentral.tl/en/go/other-regulatory-instruments>

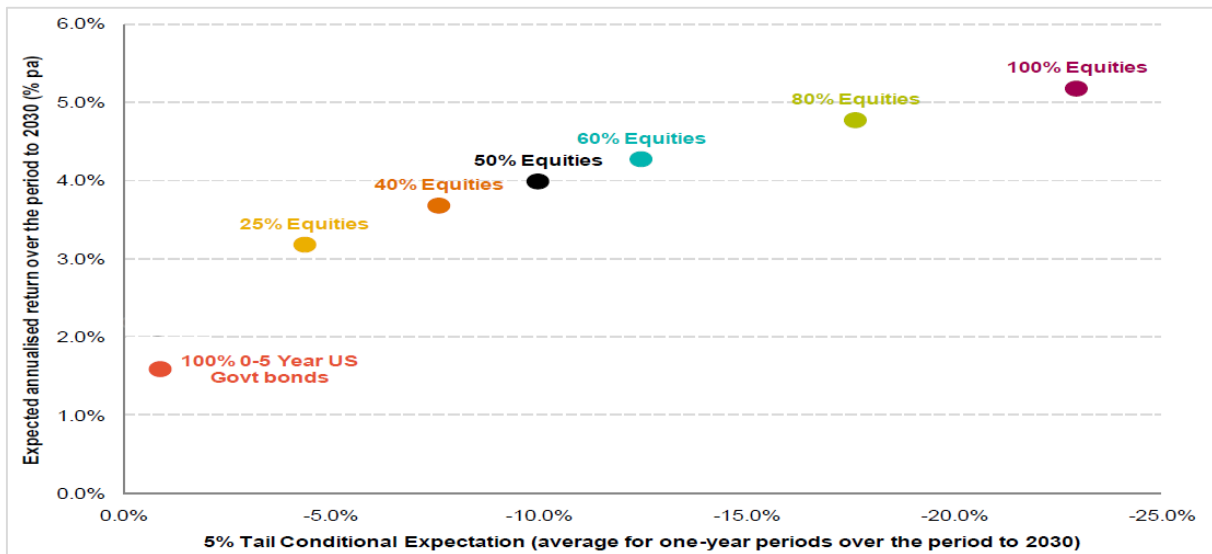
The Fund's Investment Strategy and Holdings

The Petroleum Fund Law set outs the eligible investments, guidelines for asset allocation and risk limits for the Fund.

The implied investment objective is to achieve a 3% return net of inflation over the long-run. This follows from the ESI framework. The split between equity and bonds is the key determinant of investment performance. The asset allocation guidelines in the 2005 Law required 90% of investments to be in US dollar bonds. When the Law was subsequently reviewed, it was agreed that such a high allocation to bonds would fail to meet a 3% real return objective over the long-term. After a broad consultation with stakeholders, the Petroleum Fund Law was amended in 2011 to allow up to half of the Fund to be invested in listed equities. Correspondingly, no less than 50% of the Fund is to be invested in fixed interest.

An SAA of 40 per cent equities and 60 per cent bonds was chosen based on projections that the allocation could attain a 3 per cent real return with a reasonable probability (Figure 11). It was agreed that the 40% equity allocation involved an acceptable level of risk, given that the Petroleum Fund has the benefit of a long-term horizon. By withstanding short-term fluctuations, the Fund can benefit from the higher long-term expected returns available from equities. There will be considerable variability each year around the central return expectation and the objective will not be met every year. The original modelling predicted that a loss should be expected at least in one out of five years, and the loss can be large. The measure of risk shown in Figure 11 means that with a 40% equity allocation the expected loss is 7.3% in the worst five years out 100. The volatility in performance and the potential for losses can be reduced but that would necessitate accepting a lower expected return.

Figure 11 - Returns and Risks for Alternative Investment Strategies



Source: Willis Towers Watson, 2011

The Fund's investment strategy is intentionally simple but robust and consistent with the underlying investment beliefs. These are documented in the Investment Advisory Board's "Statement of Investment Beliefs and Principles", which are published on the Ministry of Finance's website (www.mof.gov.tl).

The risk-return objective is sought to be achieved in the most efficient manner while avoiding unnecessary complexity. Investments are in bonds and listed equities. A 5% allocation to alternatives is permitted by the Law but is currently unused. Diversification is used to remove unrewarded risk. Equities are highly diversified across a large number of companies, sectors and countries. The sovereign bond portfolio helps to mitigate the risk from equities.

Passive management is the Fund's main investment style. Passive managers closely match the performance of the benchmark index by holding securities so that the invested weights correspond to those in the benchmark. Passive management is usually preferred because it is believed that markets are generally efficient and that the bulk of investment returns come from rewarded systematic risk factors. Passive

management provides cost effective and diversified exposure. It is difficult for active managers to consistently outperform the benchmark by deviating from the index's holdings and it is also hard for investors to identify in advance such truly skilled managers.

Forecasting short-term market movements can be prone to error. Remaining invested in riskier, higher-returning assets over long periods, including periods of adverse performance, allows investors to collect systematic risk premia such as the equity risk premium. Ill-timed attempts to jump in and out of markets will fail to realise those premia. For this reason, the Petroleum Fund's allocations are maintained close to those in the SAA, with periodic rebalancing undertaken by the BCTL.

Figure 12 shows that the Fund's actual holdings at the end of December 2017 closely correspond with the SAA weights. The 2.3 per cent overweight to equities and the corresponding underweight to bonds are within the mandated parameters. Note that an allocation to Cash was set aside to fund future withdrawals. The balance of \$318 million at the end of the year is excluded from these weights.

| Figure 12 - Petroleum Fund's Investment Mandate | | | | |
|---|-------------------|------------------|------------|----------|
| | Manager | Style | Allocation | |
| | | | Benchmark | Year-end |
| US Treasuries 3 - 5 Years | BCTL | Passive | 40% | 38.0% |
| US Treasuries 5 - 10 Years | BIS | Enhanced passive | 10% | 9.5 % |
| Global Treasury ex US | AllianceBernstein | Enhanced passive | 5% | 5.0 % |
| | Wellington | Enhanced passive | 5% | 5.0 % |
| Developed Market Equities | SSGA | Passive | 34% | 36.0% |
| | BlackRock | Passive | | |
| | Schroders | Enhanced passive | 5% | 5.4% |
| Australian Equities | BCTL | Passive | 1% | 1.1% |

The composition of the equity portfolio closely follows the benchmark, the MSCI World Index, because the bulk of portfolio is passively managed. The benchmark index represents large and mid-capitalisation companies listed on developed markets and provides broad coverage across industries. The Fund held 1,875 companies at the end of the year and the individual holdings are detailed in Annex II – Note 23 (schedule of financial assets) of the annual financial statements. Figure 13 shows that almost 60 per cent of equities are in companies listed in the US. The Eurozone, Japan and UK combine to account for about another quarter of the equity holdings.

A separate allocation to Australian equities is internally managed by the BCTL. This was funded from the two passive external managers. The 3 per cent weight of Australian equities in the Petroleum Fund's equity allocation is fractionally higher than Australia's weight in the MSCI World Index.

The composition of the bond portfolio follows from the allocations to the mandates in Figure 12. More than 80 per cent of the bond portfolio is invested in US government bonds. The BCTL's internal mandate of US Treasury 3 to 5 year bonds constitutes about two thirds of the bond portfolio and the BIS's mandate of US Treasury 5

to 10 year bonds represents about another one sixth of the portfolio.

The remaining allocation is to non-US sovereign bonds and is managed by two external managers. To provide a broad country exposure, a standard index was customised by capping country weights at 10 per cent and the Eurozone at 30 per cent. The enhanced passive mandates allow the managers moderate discretion to depart from the benchmark's holdings. The allocations shown in Figure 13 are in line with those in the benchmark, with the Eurozone accounting for 4.3 per cent of the total bond portfolio and Australia, Canada, Japan and the UK being the other more significant non-US holdings.

Figure 13 also represents the Petroleum Fund's currency exposure. Almost three quarters of the total Fund is held in the US and therefore denominated in US Dollars. Investments outside the US are denominated in their local currencies and are currently unhedged. The Petroleum Fund's largest exposures are to the major currencies, namely the Euro, the Japanese Yen, the British Pound, the Canadian Dollar, the Swiss Franc and the Australian Dollar. The value of the non-US dollar investments in equities and bonds fluctuates with movements in the US Dollar.

| Figure 13 - Petroleum Fund Allocations by Country | | | |
|---|---------------|---------------|----------------|
| Country | % of Bonds | % of Equities | % of Portfolio |
| Australia | 2.1% | 3.0% | 2.4% |
| Canada | 1.8% | 3.4% | 2.5% |
| Denmark | 1.2% | 0.7% | 1.0% |
| Eurozone | 4.3% | 11.7% | 7.4% |
| Hong Kong | 0.0% | 1.2% | 0.5% |
| Israel | 0.0% | 0.2% | 0.1% |
| Japan | 1.8% | 8.9% | 4.8% |
| New Zealand | 0.7% | 0.1% | 0.4% |
| Norway | 0.5% | 0.2% | 0.4% |
| Singapore | 0.9% | 0.5% | 0.7% |
| Sweden | 1.0% | 1.0% | 1.0% |
| Switzerland | 1.0% | 3.1% | 1.9% |
| UK | 1.5% | 6.9% | 3.8% |
| USA | 83.1% | 59.2% | 73.0% |
| Total | 100.0% | 100.0% | 100.0% |

Investment Performance in 2017

Figure 14 - Investment Returns in 2017

| | Q1 | Q2 | Q3 | Q4 | 2017 | Inception |
|---------------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Total Fund | 3.14 | 2.38 | 2.29 | 2.17 | 10.36 | 4.36 |
| Excess to benchmark | 0.11 | -0.03 | -0.09 | 0.12 | 0.13 | 0.03 |
| Bonds | 0.83 | 1.35 | 0.67 | -0.16 | 2.70 | 2.64 |
| Excess to benchmark | 0.00 | 0.03 | -0.08 | 0.05 | 0.00 | 0.01 |
| Equities | 6.30 | 3.95 | 4.80 | 5.63 | 22.32 | 10.74 |
| Excess to benchmark | -0.08 | -0.08 | -0.04 | 0.13 | -0.08 | 0.60 |

The Petroleum Fund's investment return in 2017 was 10.4 per cent before expenses (Figure 14). This represents the highest annual return since inception (Figure 15). On an annualized basis, the Fund's return since inception rose to 4.4 per cent, which is 2.5 per cent in real terms after accounting for US inflation. Equities have met their growth objective, returning 10.7 per cent per annum since the first investment in stocks in 2010 (Figure 16). This compares to the bond portfolio's average annual return of 1.3 per cent over the corresponding period.

| | Q1 | Q2 | Q3 | Q4 | 2017 | Inception |
|------------------------------|-------------|-------------|-------------|--------------|--------------|--------------|
| 3-5 Yr US Treasuries | 0.53 | 0.7 | 0.3 | -0.56 | 0.96 | 1.12 |
| Excess to benchmark | 0.02 | 0.06 | -0.05 | 0.01 | 0.04 | 0.03 |
| 5-10 Yr US Treasuries | 0.89 | 1.23 | 0.44 | -0.36 | 2.20 | 1.73 |
| Excess to benchmark | 0.04 | 0.05 | -0.01 | 0.06 | 0.14 | 0.01 |
| Non-US Sovereigns | 2.01 | 4.12 | 2.57 | 1.44 | 10.51 | -0.03 |
| Excess to benchmark | -0.03 | -0.02 | -0.06 | 0.02 | -0.09 | -0.01 |

Figure 15 - Investment Returns since Inception

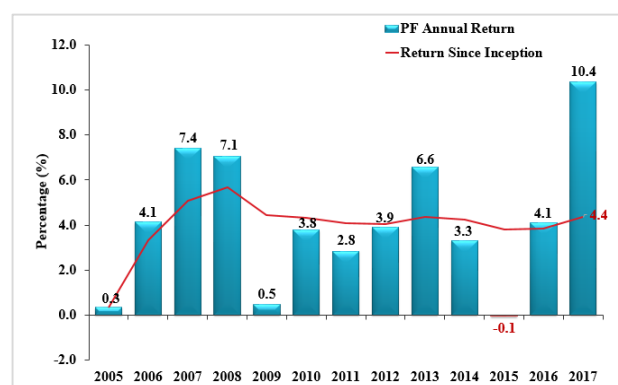
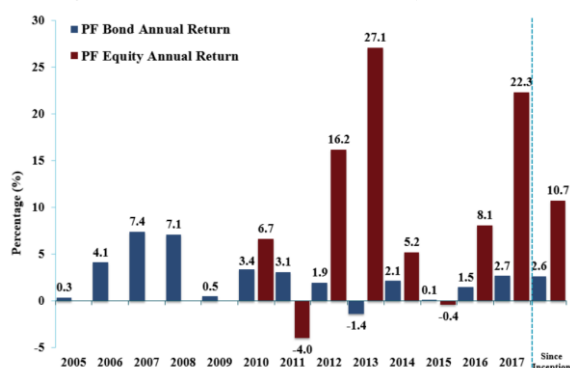


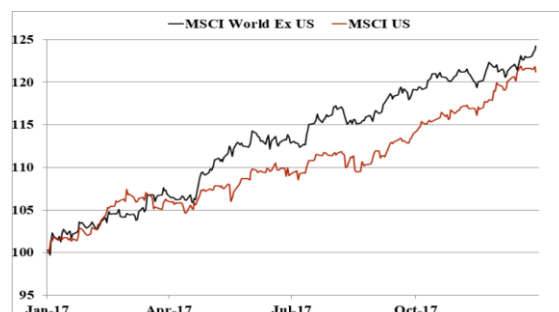
Figure 16 – PF Bond and Equity Returns



The Fund's actual returns were close to the performance of the benchmarks, which follows from the largely passive style of implementation. The bond portfolio's return matched its benchmark, while the equity portfolio's return was slightly less than its benchmark. At the aggregate level, the Petroleum Fund's return exceeded the benchmark by 0.13% in 2017. The allocations at times deviated slightly from the SAA weights.

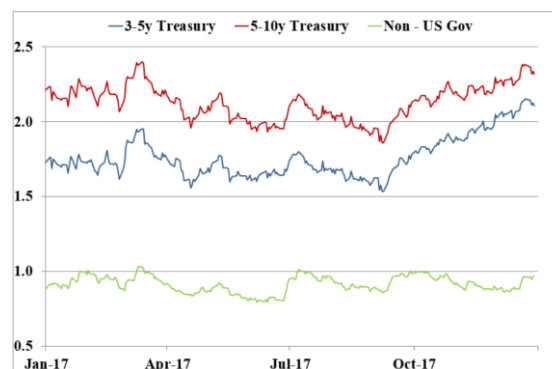
Equities returned 22.3% in 2017 to continue the strong performance in the latter part of 2016. Market sentiment was boosted by synchronized global growth and subdued inflation. Volatility was limited and the equity portfolio and the total Fund posted positive returns each quarter (Figure 14). The gains were broad-based across country and regional indices. The annual performance of other developed markets in aggregate was similar to US equities after adjusting for weakness in the US Dollar over the year (Figure 17).

Figure 17 - Equity Returns in USD



The bond portfolio returned 2.7 per cent in 2017. Bonds generated positive returns over the first three quarters and a negative return in the final quarter when US interest rates rose (Figure 14). The Federal Reserve increased the policy rate three times in 2017, from 0.5-0.75 per cent at the start of the year to 1.25-1.50 per cent at the year-end. Further rate hikes were signaled. The Federal Reserve also began in October to reduce the size of its balance sheet by not fully reinvesting the proceeds of maturing Treasury bonds. These gradual changes in policy were well signaled in advance. The upward move in US Treasury yields in the final quarter (Figure 18), particularly for shorter maturity bonds, followed progress on the US Tax reform legislation. The US Treasury 3-5 year mandate returned 0.96 per cent in 2017 and the 5-10 year mandate returned 2.2 per cent.

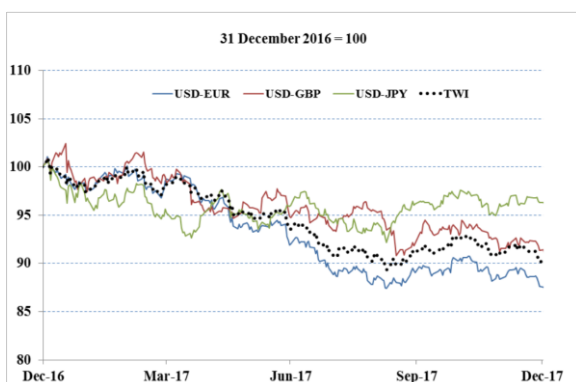
Figure 18 – Government Bond Yields



Monetary policy outside the US reflected the different stages of the economic cycle. The European Central Bank kept its policy rate on hold and continued its asset purchase program but on a reduced scale. The Bank of Japan's accommodative policy was unchanged, with the policy rate on hold and asset purchases continuing to target the 10 year bond yield. The Bank of England raised its policy rate by 25 basis points to 0.5 per cent at the end of the year, while maintaining its bond purchase program. Overall, a gradual removal of accommodative monetary policy was expected by the market and the yield on the non-US bond portfolio tracked mostly sideways, edging up by 11bp over the year.

The non-US bond portfolio's 10.5 per cent return in 2017 was largely a result of currency returns.

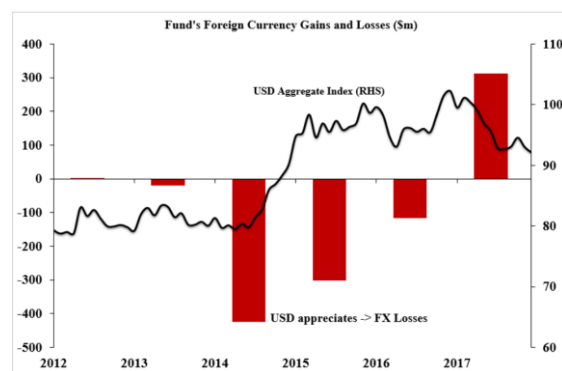
Figure 19 - USD Relative to Foreign Currency



The USD was weak against all major currencies over the year (Figure 19). The trade-weighted USD declined 10 per cent in 2017, and the USD fell by 14.2 per cent against the Euro and almost

10 per cent against the Pound. This boosted the return from the Petroleum Fund's non-US dollar equities and bonds, resulting in a \$312 million increase in the value of foreign currency denominated investments. This offset some of the mark to market losses in previous years when the US dollar had risen (Figure 20).

Figure 20 - Fund Currency Gains and Losses



IAB Advice and the Fund Going Forward

In 2016, the IAB reviewed the Fund's investment strategy in light of the likelihood that the Fund's balance will continue to decline unless fiscal policy changes or there are new sources of petroleum revenues. One of the recommendations was to introduce a cash portfolio to better facilitate the projected net withdrawals from the Fund. The IAB's Secretariat, which is resourced from staff from the BCTL and also the MoF, helped to determine the parameters for the cash mandate in April 2017. The allocation represents the expected net cash shortfall over the next 12 months and is calculated quarterly by the BCTL as part of its usual portfolio rebalancing. This was approved by the Minister and the initial allocation in quarter two in 2017 was \$840 million.

The IAB had eight meetings and one workshop in 2017. The IAB and its Secretariat undertook further work on introducing equity factors and foreign currency hedging over the course of the year. The Board reviewed reports from the BCTL that assessed external fund managers for the equity factor mandate. The implementation of equity factors is more complex than the Fund's prior investments. The Board's advice to the Minister in July 2017 explained how factor exposures could potentially offset one another when strategies and managers are combined. Residual exposures to country and sectors also need to be considered. The Minister adopted the Board's recommendation, which required further analysis before a decision could be made appointing external managers. The IAB's advice referred to specific fund managers and, as such, will be disclosed once the recommendations have been fully implemented.

The BCTL also worked on introducing currency hedging of the non-US bond allocation. There have proved to be complications in implementing this with the Petroleum Fund's custodian. Alternative approaches are being assessed and a decision is expected in 2018.

The IAB and its Secretariat undertook its first internal review of the Petroleum Fund's Strategic

Asset Allocation in 2017. The work was concluded in the first quarter of 2018 and the Minister of Finance was advised in May 2018. An important issue arising from the review was the growing consensus around the prospect of lower asset class returns over the next decade. The expectation for lower returns are being primarily driven by low bond yields, which act as a drag on the return forecasts for bonds. As Figure 21 shows, the current yield may act as a useful predictor of the return over the next 10 years. The return from equities may also be lower than its long-term average.

Figure 21 – Bond Yields and Returns



The result is that it is unlikely that the Fund's current asset allocation will provide a real return of 3 per cent. Instead, the expected return from the portfolio is closer to 2 per cent. While a significantly higher equity allocation would be required to target a 3 per cent real return, the IAB believes the 40 per cent equity allocation remains appropriate based on the information currently available. The additional risk from significantly increasing the equity allocation does not appear suitable for Timor-Leste, at least for the time being. Equities are required for the Fund to earn a sufficient return over the long-term given that the expected return from government bonds is likely to barely offset inflation. Equities necessarily involve risk and it is essential that stakeholders are committed to maintaining the equity allocation during times of market stress.

The Board's advice in May 2018 to the then Minister of Planning and Finance drew attention

to the challenge of the lower return environment to the Fund's ESI framework. The sustainable level of withdrawals is lower along with the expected investment return. At the same time, withdrawals seem likely to exceed the 3 per cent ESI as the Government prioritizes economic development.

The IAB now reviews the Fund's asset allocation annually to account for any new information relevant to projections of government spending and future oil revenues. The IAB's next review will seek to take into account other sources of revenue and savings, as well as public liabilities. In setting the policy for the Petroleum Fund, including the level of risk in its investments, a national wealth perspective is needed rather than viewing the Fund in isolation.

An important part of the IAB's role is to advise the Ministry of Finance on further developments in the Petroleum Fund's investments. The IAB will continue to work closely with the BCTL and the Petroleum Fund Unit at the Ministry of Finance in looking for ways to potentially improve the Petroleum Fund, taking into account its characteristics and constraints.

Annex I

Statement by Director General of Treasury

Petroleum Fund of Timor-Leste
General Information
31 December 2017

| | |
|---|---|
| Minister of Planning and Finance | His Excellency Rui A. Gomes |
| Director General of Treasury | Rui Ferreira Magno |
| Members of Investment Advisory Board | Olgario de Castro Gualdino da Silva Torres Trovik Prof. Michael Drew (appointed 3 April 2017) Kevin Bailey (resigned 20 April 2017) |
| Ex Officio (non-voting) | Venancio Alves Maria Rui Ferreira Magno (alternate, Ernesto da Conceição Silva) |
| Governor of Central Bank of Timor-Leste | Abraão de Vasconcelos |
| Executive Director of the Petroleum Fund | Venancio Alves Maria |
| Operational Manager | Banco Central de Timor-Leste Avenida Xavier do Amaral, no. 9 Dili Timor-Leste |
| Investment Managers | Banco Central de Timor-Leste Bank for International Settlements Schroders Investment Management Limited State Street Global Advisors BlackRock Investment Management Australia Limited Alliance Bernstein Wellington Management |
| Members of Petroleum Fund Consultative Council | Mericio Juvinal dos Reis Jose Augusto Fernandes Teixeira Rui Meneses da Costa Julio Fernandes Pe. Julio Crispim Ximenes Belo Bonaventura M. Bali Zelia Fernandes |
| Custodian | J P Morgan Chase Bank N.A. |
| Independent Auditor | Deloitte Touche Tohmatsu |



Republica Democrática de Timor-Leste
Ministério do Plano e Finanças
Direção Geral do Tesouro



Petroleum Fund of Timor-Leste
Statement by the Director General of Treasury
31 December 2017

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 Planning and 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 2017.

The Petroleum Fund's financial statements are the most complex IFRS financial statements produced in Timor-Leste. To optimize the readability of the notes to a wide audience, the notes are structured to provide the reader with:

- a general introduction to the subject matter of the note,
- financial tables elaborating on the data in the primary statements,
- a description of the risks, important judgements or key assumptions that have been made in recording and presenting the data, and
- the related accounting policies.

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\$15.8bn on 1 January 2017 (2016: US\$16.2bn). During the period, taxes and other petroleum revenue under Article 6 of the Petroleum Fund were US\$0.4bn (2016: US\$0.2bn). The Petroleum Fund recorded a gain of US\$1,612m (2016: US\$648m) during the period. A summary of transactions for the income is given in the "Statement of profit or loss and other comprehensive income".

US\$1.08bn was transferred from the Petroleum Fund to the Consolidated Fund during the year. The capital of Petroleum Fund as at 31 December 2017 was US\$16.8bn (2016: US\$15.8bn). A summary of the transactions is given in the "Statement of changes in capital".

BENCHMARKS AND PERFORMANCE

During 2017, the asset allocation of the Petroleum Fund was 60% fixed interest securities and 40% global equities. The Investment Advisory Board considers this to be an appropriate level given the long term investment horizon of the Petroleum Fund.

The Board intends to review the investment strategy and asset allocation of the Petroleum Fund regularly with the objective of maintaining an alignment between the expected level of returns and the Estimated Sustainable Income (ESI).

Summary of benchmarks

| Benchmark index | As at 31 December 2017 | As at 31 December 2016 |
|--|---------------------------|---------------------------|
| Fixed interest | | |
| BOA Merrill Lynch US Government 3-5 Years | 40.0% | 40.0% |
| BOA Merrill Lynch US Government 5-10 Years | 10.0% | 10.0% |
| Developed Market Sovereigns - Custom | 10.0% | 10.0% |
| Total fixed interest | 60.0% | 60.0% |
| Global equities | | |
| MSCI World | 40.0% | 40.0% |
| Total global equities | 40.0% | 40.0% |
| Total benchmark | 100% | 100% |



Republica Democrática de Timor-Leste
Ministério do Plano e Finanças
Direção Geral do Tesouro



Petroleum Fund of Timor-Leste
Statement by the Director General of Treasury
31 December 2017

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 2017 is given at Note 23. The credit exposure by credit rating is given at Note 13(b)(iii). The performance of the Petroleum Fund during the period has been in accordance with the mandate of the Management Agreement.

Net gains on financial assets at fair value through the profit or loss has been significant at US\$983m in 2017 reflecting the performance of global equities during the year. The net foreign exchange gain reflects the weakening of the US dollar during 2017 into which foreign investments are translated.

During the period, the Ministry of Planning and Finance together with the BCTL have been able to accomplish the stewardship and fiduciary role for the Petroleum Fund.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Petroleum Fund during the year.

APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements for the year ended 31 December 2017 have been approved on behalf of the Ministry of Planning and Finance by:

Rui Ferreira Magno
Director General of Treasury
Ministry of Planning and Finance Government of Timor-Leste
28 March 2018

Annex II

Audited Financial Statements

Independent Auditor's Report to The Ministry of Planning and Finance, Democratic Republic of Timor-Leste, in respect of the Petroleum Fund Annual Financial Report for the year ended 31 December 2017

Opinion

We have audited the financial statements of the Petroleum Fund of Timor-Leste (the 'Petroleum Fund'), which comprises the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Petroleum Fund as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Petroleum Fund in accordance with the ethical requirements of the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* (IESBA Code) that are relevant to our audit of the financial statements. We have also fulfilled our ethical other responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information included in the Petroleum Fund Annual Report. The other information, which does not include the financial statements and our auditor's report thereon, which we received prior to the date of this auditor's report is comprised of the following:

- Annex I Statement by Director General of Treasury
- Annex III Statement on Accounting Policies of the Petroleum Fund for the Fiscal Year 2017
- Annex IV Comparison of Income Derived from the Investment of the Petroleum Fund Assets with the Previous Three Fiscal Years
- Annex V Comparison of Nominal Income on the Investment of the Petroleum Fund Assets to the Real Returns
- Annex VI Comparison of Nominal Income on the Investment of the Petroleum Fund Assets with the Benchmark Performance Index
- Annex VII Comparison of the Estimated Sustainable Income with the Sum of Transfers from the Petroleum Fund
- Annex VIII Statement on Borrowing
- Annex IX A List of Persons Holding Positions Relevant for the Operations and Performance of the Petroleum Fund
- Annex X Statement on Total Withdrawals versus the Approved Appropriation Amount
- Annex XI Article 35 Report on the Petroleum Fund Receipts from Deloitte Touche Tohmatsu
- Annex XII Advice Provided by the Investment Advisory Board

- Annex XIII Implementation of the Santiago Principles

The other information which is expected to be made available to us after the date of this auditor's report is comprised of the following:

- the Message from Minister of Planning and Finance
- The Petroleum Fund at a Glance

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of the Petroleum Fund is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Petroleum Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Petroleum Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Petroleum Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Petroleum Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Petroleum Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Petroleum Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



28 March 2018
Chartered Accountants
Dili

Petroleum Fund of Timor-Leste
Statement of profit or loss and other comprehensive income
for the year ended 31 December 2017

| | <i>Note</i> | <i>Year ended 31/12/2017 USD</i> | <i>Year ended 31/12/2016 USD</i> |
|--|-------------|--|--|
| Income | | | |
| Interest income | 4 | 169,503,377 | 157,797,693 |
| Dividend income | 5 | 162,786,768 | 175,011,786 |
| Trust income | 5 | 7,591,401 | 7,516,692 |
| Other investment income | | 733,310 | 545,803 |
| Net gains on financial assets and liabilities at fair value through profit or loss | 6 | 982,967,577 | 447,243,609 |
| Net foreign exchange gains/(losses) | 7 | <u>312,405,389</u> | <u>(115,796,014)</u> |
| Total income | | <u>1,635,987,822</u> | <u>672,319,569</u> |
| Expenses | 8 | | |
| External management and custody fees | 19 | (6,630,389) | (8,257,197) |
| Investment Advisory Board expenses | 19 | (246,766) | (203,420) |
| BCTL operational management fees | 19 | (6,550,326) | (4,934,218) |
| Other expenses | 19 | <u>(716,306)</u> | <u>(1,475,000)</u> |
| Total expenses | | <u>(14,143,787)</u> | <u>(14,869,835)</u> |
| Profit before tax | | <u>1,621,844,035</u> | <u>657,449,734</u> |
| Withholding taxes | 9 | <u>(9,756,441)</u> | <u>(9,767,840)</u> |
| Profit for the year | | <u>1,612,087,594</u> | <u>647,681,894</u> |
| Other comprehensive income | | <u>-</u> | <u>-</u> |
| Total comprehensive income for the year | | <u>1,612,087,594</u> | <u>647,681,894</u> |

The financial statements should be read in conjunction with the policies and notes on pages 28 - 72.

Petroleum Fund of Timor-Leste
Statement of financial position
as at 31 December 2017

| | <i>Note</i> | <i>As at 31/12/2017 USD</i> | <i>As at 31/12/2016 USD</i> |
|---|-------------|-------------------------------------|-------------------------------------|
| Assets | | | |
| Cash and cash equivalents | 11 | 318,007,230 | 108,985,160 |
| Other receivables | 12 | 31,422,089 | 27,853,010 |
| Financial assets at fair value through profit or loss | 13,14 | <u>16,462,177,711</u> | <u>15,715,654,040</u> |
| Total assets | | <u>16,811,607,030</u> | <u>15,852,492,210</u> |
| Liabilities | | | |
| Payables for securities purchased | | 10,169,424 | 3,211,916 |
| Accounts payable | | <u>2,124,915</u> | <u>4,953,007</u> |
| Total liabilities | | <u>12,294,339</u> | <u>8,164,923</u> |
| Net assets | | <u>16,799,312,691</u> | <u>15,844,327,287</u> |
| Capital | | | |
| Capital | | <u>16,799,312,691</u> | <u>15,844,327,287</u> |

The financial statements should be read in conjunction with the policies and notes on pages 28 - 72.

Petroleum Fund of Timor-Leste
Statement of changes in capital
for the year ended 31 December 2017

| | <i>Note</i> | <i>Year ended 31/12/2017 USD</i> | <i>Year ended 31/12/2016 USD</i> |
|--|-------------|--|---|
| Capital at the beginning of the year | 15 | 15,844,327,287 | 16,217,572,505 |
| Petroleum Fund gross receipts | 15 | <u>421,697,810</u> | <u>223,872,888</u> |
| <i>(pursuant to Article 6 of the Petroleum Fund Law)</i> | | <u>16,266,025,097</u> | <u>16,441,445,393</u> |
| Transfers to the Consolidated Fund of Timor-Leste | 15 | (1,078,800,000) | (1,244,800,000) |
| <i>(pursuant to Article 7 of the Petroleum Fund Law)</i> | | | |
| Total comprehensive income for the year | | <u>1,612,087,594</u> | <u>647,681,894</u> |
| Capital at the end of the year | | <u>16,799,312,691</u> | <u>15,844,327,287</u> |

The financial statements should be read in conjunction with the policies and notes on pages 28 - 72

Petroleum Fund of Timor-Leste
Statement of cash flows
for the year ended 31 December 2017

| | <i>Note</i> | <i>Year ended 31/12/2017 USD</i> | <i>Year ended 31/12/2016 USD</i> |
|--|-------------|--|--|
| Cash flows from operating activities | | | |
| Proceeds from sale of financial assets at fair value through profit or loss | 13 | 10,970,436,785 | 10,377,148,481 |
| Purchases of financial assets at fair value through profit or loss | 13 | (10,424,618,656) | (9,698,427,751) |
| Interest received | | 168,909,243 | 161,397,601 |
| Dividends received | | 151,934,989 | 161,637,232 |
| Trust distributions received | | 7,435,669 | 7,495,819 |
| External management and custody fees paid | | (16,255,572) | (13,612,273) |
| Other operating receipts | | 733,310 | 913,627 |
| Other operating payments | | <u>(716,306)</u> | <u>(1,475,000)</u> |
| Net cash utilized in operating activities | 16 | <u>857,859,462</u> | <u>995,077,736</u> |
| Cash flows from financing activities | | | |
| Petroleum Fund gross receipts | 15 | 421,697,810 | 223,872,888 |
| Transfer payments to the Consolidated Fund of Timor-Leste | 15 | <u>(1,078,800,000)</u> | <u>(1,244,800,000)</u> |
| Net cash flows provided by financing activities | | <u>(657,102,190)</u> | <u>(1,020,927,112)</u> |
| Net increase/(decrease) in cash and cash equivalents | | 200,757,272 | (25,849,376) |
| Cash and cash equivalents at the beginning of the year | | 108,985,160 | 135,176,810 |
| Effects of foreign currency exchange rate changes on cash and cash equivalents | | <u>8,264,798</u> | <u>(342,274)</u> |
| Cash and cash equivalents at 31 December | 11 | <u>318,007,230</u> | <u>108,985,160</u> |

The financial statements should be read in conjunction with the policies and notes on pages 28 - 72.

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2017

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PART I: INTRODUCTION

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.

The investment strategy and benchmarks of the Petroleum Fund are determined by the Ministry of Planning and Finance based on advice from the Investment Advisory Board (IAB).

The Banco Central de Timor-Leste (BCTL) having its office at Avenida Xavier do Amaral, no. 9, 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 Planning and Finance and the BCTL.

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 Petroleum Fund’s 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.

These financial statements were authorized for issue by the Director General of Treasury on 28 March 2018.

2. Statement of compliance with IFRS

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”).

The Petroleum Fund has adopted the IFRS that were applicable during the year under review.

Information about the impact of new and forthcoming IFRS on these financial statements is provided in Note 21.

3. Basis of preparation

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

The financial statements 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 described herein.

The accounting policies have been consistently applied by the Petroleum Fund.

Estimates and judgements

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. Estimates use observable data to the extent practicable. However, areas such as potential market changes, credit risk, volatilities and correlations require management to make estimates that could affect the reported fair value of financial instruments. Actual results may therefore vary from these estimates. This process involves a high degree of judgement or complexity.

Revisions to accounting estimates are recognized 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.

Assumptions and estimates that are significant to the financial statements are disclosed in the relevant notes, as are the judgements made by management which have a significant effect on the amounts recognized in the financial statements.

PART II: NOTES TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The statement of profit or loss and other comprehensive income, also known as the profit & loss account, is a report of income, expenses and the resulting profit or loss earned by the Petroleum Fund during the period from 1 January to 31 December each year.

The concept of income encompasses both revenue and gains. Revenue arises in the course of the normal activities of the Petroleum Fund and is referred to by a variety of names, including interest and dividends. Gains represent increases in economic benefits and include both realized and unrealized gains, including the revaluation of marketable securities and foreign exchange.

The concept of expenses encompasses losses as well as those expenses that arise in the course of the ordinary activities of the Petroleum Fund.

Other comprehensive income includes items of income or expense (including reclassification adjustments) that are not recognized in profit or loss as required or permitted by IFRS.

4. Interest income

Interest income is derived from the Petroleum Fund's investments in fixed interest securities, cash balances and short-term cash investments.

| | <i>Year ended 31/12/2017</i> | <i>Year ended 31/12/2016</i> |
|--|----------------------------------|----------------------------------|
| | <i>USD</i> | <i>USD</i> |
| Interest from debt securities at fair value through profit or loss | 166,772,887 | 157,083,828 |
| Interest from cash and cash equivalents | <u>2,730,490</u> | <u>713,865</u> |
| | <u>169,503,377</u> | <u>157,797,693</u> |

Accounting policy

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable. It is recognized in the statement of profit or loss and other comprehensive income and shown separately from other fair value movements.

5. Dividends and trust income

Dividends received are distributions from the Petroleum Fund's holding of equities and represent the Petroleum Fund's share of profits paid out to shareholders. Trust income is similar to dividends but is derived from the Petroleum Fund's investments in real estate entities that are incorporated as Real Estate Investment Trusts.

| | <i>Year ended 31/12/2017</i> | <i>Year ended 31/12/2016</i> |
|-----------------|----------------------------------|----------------------------------|
| | <i>USD</i> | <i>USD</i> |
| Dividend income | 162,786,768 | 175,011,786 |
| Trust income | <u>7,591,401</u> | <u>7,516,692</u> |
| | <u>170,378,169</u> | <u>182,528,478</u> |

Accounting policy

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

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6. Gain or loss on financial assets and liabilities at fair value through profit or 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. These changes arise from changes in the market value of the financial investments (or liabilities) held by the Petroleum Fund.

| | <i>Year ended 31/12/2017</i> | <i>Year ended 31/12/2016</i> |
|--|----------------------------------|----------------------------------|
| | <i>USD</i> | <i>USD</i> |
| Net gains on financial assets and liabilities at fair value through profit or loss | <u>982,967,577</u> | <u>447,243,609</u> |

Accounting policy, estimates, assumptions, judgements and risks

See Note 13 which sets out information that relates to this item:

- details of the accounting policies relating to gains and losses on financial assets and liabilities designated as 'at fair value through profit or loss',
- the significant judgements and estimates that have been made and may be material in determining the reported gain or loss on financial assets and liabilities,
- the risks associated with holding financial assets and liabilities that may impact on the reported profit or loss, and
- an analysis of the sensitivity to changes in future market conditions that may give rise to gains or losses on financial assets and liabilities.

7. Foreign exchange gain or loss

Foreign exchange gains and losses arise when the Petroleum Fund invests in assets denominated in a currency other than the US dollar (the Petroleum Fund's functional currency). When the US dollar strengthens relative to another currency in which the Petroleum Fund holds assets, the Petroleum Fund will report a foreign exchange loss. Conversely, if the Petroleum Fund holds an asset denominated in a currency other than US dollars, and that currency strengthens, the Petroleum Fund will report a foreign exchange gain.

| | <i>Year ended 31/12/2017</i> | <i>Year ended 31/12/2016</i> |
|-------------------------------------|----------------------------------|----------------------------------|
| | <i>USD</i> | <i>USD</i> |
| Net foreign exchange gains/(losses) | <u>312,405,389</u> | <u>(115,796,014)</u> |

Accounting policy

Foreign currency transactions are translated into the functional currency (US dollars) 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 recognized 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)'.

8. 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 recognized in the sale or purchase price, are met by the 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 recognized as a deduction from the gross receipts of the Petroleum Fund, although it is accounted for as an expense in the statement of profit or loss and other comprehensive income of the Petroleum Fund. In accordance with the provisions of the Petroleum Fund Law, all expenses of the Petroleum Fund other than the external audit fee (which is met from the State budget), not relating to the purchase or sale of securities and recognized in the sale or purchase price, are met by the BCTL and are covered by a management fee.

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.

9. Taxation

The Petroleum Fund is exempt from all forms of taxation in Timor-Leste. Therefore the Petroleum 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.

Accounting policy

Income of the Petroleum Fund earned in foreign jurisdictions subject to withholding taxes levied in those jurisdictions is 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.

Critical accounting estimates, assumptions and judgements

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on income derived in foreign jurisdictions and the recoverability of amounts withheld. 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 Petroleum 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 Petroleum Fund assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognized.

PART III: NOTES TO THE STATEMENT OF FINANCIAL POSITION

The statement of financial position, also known as the balance sheet, presents the financial position of the Petroleum Fund as at the end of its financial year, 31 December. The statement of financial position comprises three main components: assets, liabilities and capital.

An asset is something that the Petroleum Fund owns or controls in order to get economic benefits from its use. The main assets of the Petroleum Fund are bonds and equities (shares).

A liability is an obligation that the Petroleum Fund owes to another party which in normal circumstances is settled in cash or other financial resources.

The capital is the net wealth of the Petroleum Fund that belongs to its owner, the Democratic Republic of Timor-Leste.

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

10. Risk management

The Petroleum Fund's overall risk management programme seeks to maximize the returns derived for the level of risk to which the Petroleum Fund is exposed and seeks to minimize potential adverse effects on the Petroleum Fund's performance. Specific risks are managed as follows:

10.1. Financial risk

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

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

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10. Risk management (continued)

10.2. 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.

To manage this risk, the Ministry of Planning and 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 Petroleum Fund.

Liabilities at the year-end were US\$12.3m (2016: US\$8.2m) and consists of payables for securities purchased but not settled at the year end and management fees payable. These are expected to be settled within 30 days of the year end but are not considered to create a liquidity risk for the Petroleum Fund due to available cash which is sufficient to cover these liabilities. The Central Bank monitors the Petroleum Fund's liquidity position on a daily basis. Where there are potential shortfalls, financial assets will be sold to meet anticipated shortfall. The Petroleum Fund invests primarily in marketable securities and other financial instruments which, under normal market conditions, are readily convertible to cash.

10.3. 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 honor 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.

11. Cash and cash equivalents

The Petroleum Fund has a number of bank accounts in which it holds cash. Surplus cash is invested in overnight markets with banks or through reverse repurchase agreements which may be thought of as secured overnight deposits.

| | <i>As at 31/12/2017</i> | <i>As at 31/12/2016</i> |
|---|-----------------------------|-----------------------------|
| | <i>USD</i> | <i>USD</i> |
| Cash at bank | 124,907,230 | 107,685,110 |
| Overnight reverse repurchase agreements | <u>193,100,000</u> | <u>1,300,050</u> |
| | <u>318,007,230</u> | <u>108,985,160</u> |

Accounting policy

Cash comprises current deposits with banks which have maturities of less than 90 days. 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.

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 amortized cost.

Interest earned on reverse repurchase agreements is recognized as interest income over the life of each agreement using the effective interest method.

Risks

Cash and cash equivalents are not subject to market or interest rate risk. Credit risk is managed by holding cash at financial institutions with a high reputation – the Federal Reserve Bank of New York with a Standard & Poor's rating of AA+ (very strong capacity to meet its financial commitments) and JPMorgan Chase Bank N.V. with a Standard & Poor's short-term issuer rating of A-2 (susceptible to adverse economic conditions however the obligor's capacity to meet its financial commitment on the obligation is satisfactory).

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12. Other receivables

Other receivables are financial assets that are classified as loans and receivables including 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 loans and receivables including accruals for investment income receivables.

| | <i>As at</i> 31/12/2017 | <i>As at</i> 31/12/2016 |
|---------------------------------|-----------------------------------|-----------------------------------|
| | USD | USD |
| Dividends receivables | 6,697,458 | 7,350,712 |
| Withholding tax receivables | 16,486,564 | 13,676,837 |
| Trust distributions receivables | 982,547 | 872,203 |
| Due from brokers receivables | 7,027,527 | 5,843,469 |
| Interest receivables | 227,993 | 109,789 |
| | <u>31,422,089</u> | <u>27,853,010</u> |

Accounting policy

Loans and receivables (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 and subsequently measured at amortized cost.

Impairment of financial assets

The Petroleum 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 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, defaulter delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization 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 recognized 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 realized or has been transferred to the Petroleum 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 recognized, the previously recognized 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 recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Risks

Receivables, other than recoverable withholding taxes, are subject to minimal risk and are generally paid within a short timeframe in the normal course of business.

The recovery of withholding tax receivables is dependent on processing and approval by the relevant tax authorities.

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13. Financial assets at fair value through profit or loss

The Petroleum Fund invests in a range of financial instruments in order to generate income. The investments include equities (shares) and fixed interest (bonds) and a limited number of derivative instruments.

Typically, derivative contracts serve as components of the Petroleum Fund's investment strategy and are utilized primarily to structure and hedge investments, to enhance performance and reduce risk to the Petroleum Fund (the Petroleum Fund does not designate any derivative as a hedging instrument for hedge accounting purposes).

The Petroleum 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 Petroleum Fund. Over the counter ("OTC") derivatives may expose the Petroleum Fund to the risks associated with the absence of an exchange market on which to close out an open position. Investment managers are instructed to closely monitor the Petroleum Fund's exposure under derivative contracts as part of the overall management of the Petroleum Fund's market risk.

The Minister of Finance has approved the use of equity index futures, bond and interest rate futures and currency forward contracts under Annex 1, Amendment Number 9, 19 May 2017 of the Management Agreement between the Minister and the BCTL.

A summary of financial assets held at financial position date is as follows:

| | <i>As at 31/12/2017</i> | | <i>As at 31/12/2016</i> | |
|---|-------------------------|------------------------|-------------------------|------------------------|
| | <i>USD</i> | | <i>USD</i> | |
| Designated as at fair value through profit or loss | Fair value | % of net assets | Fair value | % of net assets |
| Fixed interest securities | | | | |
| United States treasury notes | 7,881,288,280 | 48 | 7,676,184,954 | 49 |
| Australian government bonds | 195,429,108 | 1 | 146,449,574 | 1 |
| Japanese government bonds | 172,052,719 | 1 | 136,232,736 | 1 |
| United Kingdom government bonds | 144,968,761 | 1 | 139,399,330 | 1 |
| European government bonds | 410,612,531 | 3 | 399,342,253 | 2 |
| Other government bonds | 674,182,722 | 4 | 574,150,141 | 4 |
| Total fixed interest securities | 9,478,534,121 | 58 | 9,071,758,988 | 58 |
| Equity securities | | | | |
| United States equities | 4,142,894,998 | 25 | 4,015,681,418 | 25 |
| Australian equities | 206,942,195 | 1 | 175,063,538 | 1 |
| Japanese equities | 619,540,864 | 4 | 583,604,197 | 4 |
| United Kingdom equities | 479,839,946 | 3 | 439,217,073 | 3 |
| European equities | 812,991,745 | 5 | 717,827,720 | 5 |
| Equities from other countries | 721,280,481 | 4 | 712,779,194 | 4 |
| Total equity securities | 6,983,490,229 | 42 | 6,644,173,140 | 42 |
| Held for trading | | | | |
| Derivatives | | | | |
| United States equity futures | 198,271 | - | (57,771) | - |
| Foreign currency forward contracts | (44,910) | - | (220,317) | - |
| Total derivatives | 153,361 | - | (278,088) | - |
| Total securities | 16,462,177,711 | | 15,715,654,040 | |

In the table above, European equities represents all equities denoted in Euros.

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13. Financial assets at fair value through profit or loss (continued)

Transactions in financial assets which arise either from the investment of new funds, the periodic rebalancing of the investment portfolio or sales to generate cash for budgetary transfers, are summarized as follows:

| | <i>As at</i> 31/12/2017 <i>USD</i> | <i>As at</i> 31/12/2016 <i>USD</i> |
|--|---|---|
| Financial assets at fair value through profit or loss | | |
| Opening fair value | 15,715,654,040 | 16,076,302,454 |
| Purchases at cost | 10,424,618,656 | 9,698,427,751 |
| Proceeds from sales | (10,970,436,785) | (10,377,148,481) |
| Net gains on financial assets at fair value through profit or loss | 982,967,577 | 447,243,609 |
| Net foreign exchange gains/(losses) | 312,405,389 | (115,796,014) |
| Net losses through interest income | (3,031,166) | (13,375,279) |
| Closing fair value | <u>16,462,177,711</u> | <u>15,715,654,040</u> |

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 (see accounting policies below for definitions of the levels) based on the degree to which the fair value is observable.

| | <i>As at 31/12/2017</i> <i>USD</i> | | | |
|---|---------------------------------------|--|--|------------------------------|
| | Quoted market price (Level 1) | Valuation technique: market observable inputs (Level 2) | Valuation technique: non-market observable inputs (Level 3) | Total |
| Financial assets | | | | |
| Financial instruments designated at fair value through profit or loss | | | | |
| Derivatives | 198,271 | - | - | 198,271 |
| Equity securities | 6,983,490,229 | - | - | 6,983,490,229 |
| Fixed interest securities | 9,478,534,121 | - | - | 9,478,534,121 |
| Total | <u>16,462,222,621</u> | <u>-</u> | <u>-</u> | <u>16,462,222,621</u> |
| Financial liabilities | | | | |
| Financial instruments designated at fair value through profit or loss | | | | |
| Derivatives | - | (44,910) | - | (44,910) |
| Total | <u>-</u> | <u>(44,910)</u> | <u>-</u> | <u>(44,910)</u> |

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13. Financial assets at fair value through profit or loss (continued)

| | <i>As at 31/12/2016</i> | | | Total |
|---|--------------------------------------|--|--|-----------------------|
| | | Valuation technique: market observable inputs (Level 2) | Valuation technique: non-market observable inputs (Level 3) | |
| Financial assets | Quoted market price (Level 1) | | | |
| Financial instruments designated at fair value through profit or loss | | | | |
| Equity securities | 6,644,173,140 | - | - | 6,644,173,140 |
| Fixed interest securities | 9,071,758,988 | - | - | 9,071,758,988 |
| Total | 15,715,932,128 | - | - | 15,715,932,128 |
| Financial liabilities | | | | |
| Financial instruments designated at fair value through profit or loss | | | | |
| Derivatives | (57,771) | (220,317) | - | (278,088) |
| Total | (57,771) | (220,317) | - | (278,088) |

There were no transfers between levels for the year ended 31 December 2017 (2016: nil).

There were no movements in all levels of instruments for the year ended 31 December 2017 (2016: nil).

A detailed schedule of financial assets at fair value through profit or loss is at Note 23.

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 | <i>As at 31/12/2017</i> | | <i>As at 31/12/2016</i> | |
|---|-------------------------|---------------------------|-------------------------|---------------------------|
| | <i>Fair value USD</i> | <i>Notional value USD</i> | <i>Fair value USD</i> | <i>Notional value USD</i> |
| Equity futures | 198,271 | 29,936,713 | (57,771) | 10,036,804 |
| Foreign currency forward contracts | (44,910) | (26,411,050) | (220,317) | (18,906,811) |
| Total | 153,361 | 3,525,663 | (278,088) | (8,870,007) |

Accounting policies

Recognition

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

The Petroleum Fund categorizes financial assets as “financial assets at fair value through profit or loss” if the asset is held for trading or is a derivative instrument. A financial instrument is classified as held for trading if it is acquired principally for the purpose of selling it in the near term or is held as part of a portfolio that is managed with a view to profit-taking.

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 recognized on the trade date, i.e., the date that the Petroleum Fund commits to purchase or sell the asset.

Financial assets and liabilities (initial measurement)

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 recognized 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 recognized in profit or loss.

13. Financial assets at fair value through profit or loss (continued)

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 or 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 BCTL and the Ministry of Planning and Finance who establishes the performance benchmark for the Petroleum Fund.

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

Subsequent measurement

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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, are recognized in the profit or loss as part of net gain from financial assets or liabilities at fair value through profit or loss. Accrued interest and dividend income is presented separately from other fair value movements in the statement of profit or loss.

Derecognition

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

- Either the rights to receive cash flows from the asset have expired, or the Petroleum 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 Petroleum Fund has transferred substantially all the risks and rewards of the asset or (b) the Petroleum Fund has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Petroleum 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 recognized to the extent of the Petroleum Fund's continuing involvement in the asset. In that case, the Petroleum Fund also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Petroleum Fund has retained.

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

Offsetting

The Petroleum Fund offsets financial assets and financial liabilities if the Petroleum Fund has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize 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 or loss.

Critical accounting estimates

The manner in which assets are valued can have a material effect on the financial position and profit of the Petroleum Fund. In order to assess the reliability and objectivity of the valuation process, the Petroleum Fund categorizes the method of valuation into three levels, as follows:

- Level 1 (Quoted market price) fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities. The Petroleum Fund does not adjust the quoted prices for these instruments.
- Level 2 (Valuation technique: market observable inputs) 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 (Valuation technique: non-market observable inputs) 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).

13. Financial assets at fair value through profit or loss (continued)

Risks

(a) 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 optimizing 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 Petroleum Fund's investment objectives, including diversification of its investment portfolio, by specifying benchmarks in individual investment mandates with risk limits defined by maximum or target 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 unfavorable 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 Petroleum Fund's investments in equity securities and from equity linked derivatives. The Petroleum 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 Petroleum Fund 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 Petroleum 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 analyzing 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 Petroleum Fund attributable to stock allocation, security selection and the interaction effect.

The following table summarizes the sensitivity of the Petroleum 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 Petroleum 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. The table below shows the impact on operating profit/net assets resulting from a 10% change in the price of equities.

| | Price risk | |
|-------------------------|--|--------------------|
| | Impact on profit/(loss) for the year / Net assets | |
| | (-10.00%) | (+10.00%) |
| 31 December 2017 | (698,364,359) | 698,364,359 |
| 31 December 2016 | (664,389,505) | 664,389,505 |

The Petroleum Fund has determined that a fluctuation in equity prices of 10% is reasonably possible within a one year period based on historical movements in global equity markets.

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2017

13. Financial assets at fair value through profit or loss (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 benchmarks with specified duration target and tracking error limit. The assets and the Petroleum Fund will re-price or mature within the following periods:

| <i>As at 31/12/2017</i> | | | | | | | | |
|---|--|-------------------------------|-------------------------|-----------------------|---------------------|----------------------|----------------------|----------------------|
| <i>USD</i> | | | | | | | | |
| FINANCIAL ASSETS | Statement of financial position | Non-interest sensitive | 6 months or less | 6 to 12 months | 1 to 2 years | 2 to 5 years | 5 to 10 years | Over 10 years |
| Cash and cash equivalents | 318,007,230 | - | 318,007,230 | - | - | - | - | - |
| Other receivables | 31,422,089 | 31,422,089 | - | - | - | - | - | - |
| Financial assets at fair value through profit or loss | 16,462,177,711 | 6,983,643,590 | 20,461,829 | 11,105,915 | 159,689,071 | 6,925,999,557 | 1,929,749,389 | 431,528,360 |
| Total assets | 16,811,607,030 | 7,015,065,679 | 338,469,059 | 11,105,915 | 159,689,071 | 6,925,999,557 | 1,929,749,389 | 431,528,360 |
| Weighted average interest rate | | | 3.04% | 2.85% | 2.71% | 1.88% | 2.14% | 3.62% |

| <i>As at 31/12/2016</i> | | | | | | | | |
|---|--|-------------------------------|-------------------------|-----------------------|---------------------|----------------------|----------------------|----------------------|
| <i>USD</i> | | | | | | | | |
| FINANCIAL ASSETS | Statement of financial position | Non-interest sensitive | 6 months or less | 6 to 12 months | 1 to 2 years | 2 to 5 years | 5 to 10 years | Over 10 years |
| Cash and cash equivalents | 108,985,160 | - | 108,985,160 | - | - | - | - | - |
| Other receivables | 27,853,010 | 27,853,010 | - | - | - | - | - | - |
| Financial assets at fair value through profit or loss | 15,715,654,040 | 6,643,895,052 | 32,032,767 | 57,855,052 | 56,564,138 | 6,675,464,341 | 1,852,827,110 | 397,015,580 |
| Total assets | 15,852,492,210 | 6,671,748,062 | 141,017,927 | 57,855,052 | 56,564,138 | 6,675,464,341 | 1,852,827,110 | 397,015,580 |
| Weighted average interest rate | | | 2.54% | 3.03% | 2.02% | 1.69% | 1.93% | 3.66% |

The following table summarizes the sensitivity of the Petroleum Fund's operating profit and net assets attributable 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 Petroleum 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 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.

| | Interest rate risk | |
|-------------------------|--|----------------------|
| | Impact on profit/(loss) for the year / Net assets | |
| | (-1.00%) | (+1.00%) |
| 31 December 2017 | 446,195,306 | (446,195,306) |
| 31 December 2016 | 434,394,565 | (434,394,565) |

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 Petroleum Fund operates.

In determining the impact of an increase/decrease in net assets arising from market risk, management of the Petroleum 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 Petroleum Fund's assets may be affected favorably or unfavorably by fluctuations in currency rates. Therefore, the Petroleum Fund is necessarily subject to foreign exchange risks. The Petroleum Fund's assets are 73% (2016: 74%) in US dollars, therefore exposure to currency movements are limited.

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13. Financial assets at fair value through profit or loss (continued)

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

| <i>As at 31/12/2017</i> | | | | | | | |
|-----------------------------------|-----------------------|----------------------|---------------------|--------------------|--------------------|-------------------------|-----------------------|
| <i>USD</i> | | | | | | | |
| | USD | EUR | AUD | GBP | JPY | Other Currencies | Total |
| Cash and cash equivalents | 273,772,616 | 2,774,822 | 18,408,481 | 9,785,323 | 5,457,892 | 7,808,096 | 318,007,230 |
| Equity securities | 4,142,894,999 | 812,991,745 | 206,942,195 | 479,839,946 | 619,540,864 | 721,280,480 | 6,983,490,229 |
| Interest bearing securities | 7,881,288,281 | 410,612,531 | 195,429,108 | 144,968,760 | 172,052,719 | 674,182,722 | 9,478,534,121 |
| Receivables | 8,389,799 | 7,774,618 | 522,186 | 2,140,193 | 933,218 | 11,662,075 | 31,422,089 |
| Payables | (3,928,384) | - | - | - | (6,839,321) | (1,526,634) | (12,294,339) |
| Total physical exposure | 12,302,417,311 | 1,234,153,716 | 421,301,970 | 636,734,222 | 791,145,372 | 1,413,406,739 | 16,799,159,330 |
| Futures | 198,271 | - | - | - | - | - | 198,271 |
| Forward exchange contracts | | | | | | | |
| - buy foreign currency | 78,320,424 | 119,461,539 | 3,436,591 | 14,825,620 | 9,145,003 | 65,274,481 | 290,463,658 |
| - sell foreign currency | (104,731,474) | (40,714,844) | (50,383,550) | (7,274,410) | (17,664,485) | (69,739,805) | (290,508,568) |
| Total derivative exposure | (26,212,779) | 78,746,695 | (46,946,959) | 7,551,210 | (8,519,482) | (4,465,324) | 153,361 |
| Total net exposure | 12,276,204,532 | 1,312,900,411 | 374,355,011 | 644,285,432 | 782,625,890 | 1,408,941,415 | 16,799,312,691 |
| Exposure (% of net assets) | 73.07% | 7.82% | 2.23% | 3.84% | 4.66% | 8.38% | 100.00% |

| <i>As at 31/12/2016</i> | | | | | | | |
|-----------------------------------|-----------------------|----------------------|--------------------|--------------------|--------------------|-------------------------|-----------------------|
| <i>USD</i> | | | | | | | |
| | USD | EUR | AUD | GBP | JPY | Other Currencies | Total |
| Cash and cash equivalents | 70,157,711 | 3,467,353 | 2,543,786 | 7,596,073 | 3,400,158 | 21,820,079 | 108,985,160 |
| Equity securities | 4,015,681,418 | 717,827,720 | 175,063,538 | 439,217,073 | 583,604,197 | 712,779,194 | 6,644,173,140 |
| Interest bearing securities | 7,676,184,955 | 399,342,252 | 146,449,574 | 139,399,330 | 136,232,736 | 574,150,141 | 9,071,758,988 |
| Receivables | 4,564,550 | 9,647,691 | 486,626 | 2,090,601 | 814,455 | 10,249,087 | 27,853,010 |
| Payables | (4,953,007) | - | - | - | (1,090,107) | (2,121,809) | (8,164,923) |
| Total physical exposure | 11,761,635,627 | 1,130,285,016 | 324,543,524 | 588,303,077 | 722,961,439 | 1,316,876,692 | 15,844,605,375 |
| Futures | (57,771) | - | - | - | - | - | (57,771) |
| Forward exchange contracts | | | | | | | |
| - buy foreign currency | 47,625,866 | 48,640,375 | 4,771,076 | 12,284,977 | 11,027,308 | 23,042,011 | 147,391,613 |
| - sell foreign currency | (66,532,677) | (20,448,170) | (9,268,184) | (11,731,075) | (1,810,092) | (37,821,732) | (147,611,930) |
| Total derivative exposure | (18,964,582) | 28,192,205 | (4,497,108) | 553,902 | 9,217,216 | (14,779,721) | (278,088) |
| Total net exposure | 11,742,671,045 | 1,158,477,221 | 320,046,416 | 588,856,979 | 732,178,655 | 1,302,096,971 | 15,844,327,287 |
| Exposure (% of net assets) | 74.11% | 7.31% | 2.02% | 3.72% | 4.62% | 8.22% | 100% |

The Petroleum Fund is primarily exposed to the Euro, Australian Dollar, 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 31/12/2017 USD</i> | <i>As at 31/12/2016 USD</i> |
|--------------------------------|-------------------------------------|-------------------------------------|
| EUR impact | (131,290,041) | (115,847,722) |
| AUD impact | (37,435,501) | (32,004,642) |
| GBP impact | (64,428,543) | (58,885,698) |
| JPY impact | (78,262,589) | (73,217,866) |
| Other currencies impact | (140,894,142) | (130,209,697) |
| Total currencies impact | (452,310,816) | (410,165,625) |

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13. Financial assets at fair value through profit or loss (continued)

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.

(b) Credit risk

Credit risk is the risk of loss that arises from a counterparty failing to meet their contractual commitments in full and on time or from losses arising from the change in value of a traded financial instrument as a result of changes in the credit risk on that instrument. 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 Petroleum Fund considers and consolidates all elements of credit risk exposure reflecting the fact that the main concentration to which the Petroleum Fund is exposed arises from the Petroleum Fund's investments in debt securities.

(i) Credit risk management

Article 15 of the Petroleum Fund Law provides broad constraints on the extent of credit risk that can be taken by the Petroleum Fund. To qualify as an eligible investment, debt must have a credit quality of at least equal to investment grade, while deposits are only held with financial institutions with a credit rating of at least investment grade. The investment grade rating reflects the credit rating agencies' assessment of capacity by the issuer to pay. Higher ratings reflect lower credit risk associated with the bonds. Credit risk is also managed by limiting exposure to any one company or issuer (except for a sovereign state) to 3% of the total value of the Petroleum Fund. The limits are reflected in the underlying investment mandates with managers and are monitored by the BCTL. The Petroleum Fund's maximum exposure to credit risk at reporting date in relation to each class of financial asset is the carrying amount of those assets as indicated in the statement of financial position.

The allocation of investments is 40% to listed equities and 60% to investment grade fixed interest securities which was achieved in 2016 and has been maintained during the 2017 year. The IAB regularly monitors and reviews the strategic asset allocation between asset classes with consideration to the desired risk profile of the Petroleum Fund. The current strategic asset allocation is continually monitored and discussed at the IAB meetings and the Board considers this to be an appropriate level given the current investment horizon of the Petroleum Fund.

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 geographic regions, 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.

The allocation to each sovereign issuer is constantly monitored and any actual or anticipated changes to the credit risk profile of each issuing country will be considered in the allocation. Securities issued by US Treasury was 48% (2016: 49%) of the Petroleum Fund. Diversification within the non-US sovereign bond mandate is achieved through limiting each country to a maximum weight of 10% of the index and the Euro zone weight to 30%.

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 31/12/2017 USD</i> | <i>As at 31/12/2016 USD</i> |
|--|-------------------------------------|-------------------------------------|
| Fixed interest securities and money market securities | | |
| Sovereign issuers: | | |
| United States Government | 7,881,288,280 | 7,676,184,954 |
| Australia Government | 195,429,108 | 146,449,574 |
| Japan Government | 172,052,719 | 136,232,736 |
| United Kingdom Government | 144,968,761 | 139,399,330 |
| European Governments | 410,612,531 | 399,342,253 |
| Governments of other countries | <u>674,182,722</u> | <u>574,150,141</u> |
| | <u>9,478,534,121</u> | <u>9,071,758,988</u> |

Petroleum Fund of Timor-Leste
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for the year ended 31 December 2017

13. Financial assets at fair value through profit or loss (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 as at each period end. 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> 31/12/2017 USD | <i>As at</i> 31/12/2016 USD |
|--|---|---|
| International fixed interest securities and money market securities | | |
| AAA | 8,750,364,585 | 8,435,040,514 |
| AA | 371,433,601 | 326,971,490 |
| A | 179,537,600 | 144,726,245 |
| BBB | <u>177,198,335</u> | <u>165,020,739</u> |
| Total | <u>9,478,534,121</u> | <u>9,071,758,988</u> |

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

No more than 1% (2016: 1%) 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 47% (2016: 48%) 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.

(c) Derivative financial instruments

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 Petroleum 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 IAB include rules for the use of derivatives within these statutory requirements.

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 customized contracts transacted in the OTC market. Futures contracts are transacted in standardized 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 Petroleum Fund has credit exposure to the counterparties of forward contracts. The credit risk related to futures contracts is considered minimal because the exchange ensures that these contracts are always honored. Forward contracts are settled gross and, therefore, considered to bear a higher liquidity risk than the futures contracts which are settled on a net basis. Both types of contracts result in market risk exposure.

14. Financial liabilities

Financial liabilities are amounts owed by the Petroleum Fund to third parties. One type of financial liability is the amount payable for securities purchased.

Another type of financial liabilities arises when derivative contracts are “out of the money”, that is, an amount must be paid at the due date of the derivative contract. As a derivative is often used by the Petroleum Fund for hedging, an “out of the money” derivative may be indicative of a corresponding asset having risen in value.

There were no financial instruments liabilities designated at fair value through profit or loss as at 31 December 2017 (2016: nil).

Accounting policy

Classification

The Petroleum Fund's financial liabilities are categorized as at fair value through profit or loss, unless otherwise noted.

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.

Petroleum Fund of Timor-Leste
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14. Financial liabilities (continued)

Risks

There were no transfers between levels for the year ended 31 December 2017 (2016: nil).

There were no movements in all levels of instruments for the year ended 31 December 2017 (2016: nil).

PART IV: NOTES TO THE STATEMENT OF CHANGES IN CAPITAL

The statement of changes in capital details the change in the net wealth of the Petroleum Fund over the year. Typically, this includes contributions to the Petroleum Fund by participants in the petroleum sector, withdrawals by the government, refunds of taxation and the net profit or loss from the Petroleum Fund's investments.

15. Capital receipts and payments

Capital receipts and payments reflect moneys received by the Petroleum Fund pursuant to the Petroleum Fund Law and amounts transferred to the State budget pursuant to an appropriation of Parliament.

Capital receipts are classified in the Petroleum Fund Law as follows:

- Article 6.1(a) receipts are the gross revenues, including tax revenue, of Timor-Leste from any petroleum operations.
- Article 6.1(b) receipts are amounts received by the National Petroleum Authority pursuant to the Timor Sea Treaty.
- Article 6.1(c) receipts are amounts received from the investment of the capital of the Petroleum Fund.
- Article 6.1(e) include any other petroleum-related receipts.

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

| Month | Year ended 31/12/2017 | | | | | Total |
|--------------------------|----------------------------|----------------------------|----------------------------------|-------------------------|-----|----------------------|
| | Article 6.1(a) receipts | Article 6.1(b) receipts | Article 6.1(e) other receipts | To Consolidated Fund | USD | |
| January | 11,754,901 | 11,554,598 | - | - | - | 23,309,499 |
| February | 17,105,805 | 12,392,505 | - | (100,000,000) | - | (70,501,690) |
| March | 24,905,121 | 26,661,796 | - | (80,000,000) | - | (28,433,083) |
| April | 16,647,679 | 20,743,849 | - | (120,000,000) | - | (82,608,472) |
| May | 10,190,101 | 31,905,031 | - | - | - | 42,095,132 |
| June | 14,922,947 | 1,243,881 | - | (120,000,000) | - | (103,833,172) |
| July | 11,646,533 | 21,323,384 | - | (165,000,000) | - | (132,030,083) |
| August | 17,049,469 | 29,883,806 | - | - | - | 46,933,275 |
| September | 18,295,192 | 28,323,439 | 264,345 | (150,000,000) | - | (103,117,024) |
| October | 15,959,420 | 22,218,163 | - | (60,000,000) | - | (21,822,417) |
| November | 12,816,269 | 5,061,093 | - | (60,000,000) | - | (42,122,638) |
| December | 9,737,284 | 22,680,799 | 6,410,400 | (223,800,000) | - | (184,971,517) |
| Totals | 181,030,721 | 233,992,344 | 6,674,745 | (1,078,800,000) | | (657,102,190) |
| Total Article 6.1 | | | 421,697,810 | | | |

Petroleum Fund of Timor-Leste
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15. Capital receipts and payments (continued)

| <i>Year ended 31/12/2016</i> | | | | | |
|------------------------------|------------------------------------|------------------------------------|--|---------------------------------|-------------------------------|
| <i>USD</i> | | | | | |
| Month | Article 6.1(a) receipts | Article 6.1(b) receipts | Article 6.1(e) other receipts | To Consolidated Fund | Total |
| January | 16,313,849 | 28,761,203 | - | - | 45,075,052 |
| February | 15,056,102 | 30,734,725 | - | (100,000,000) | (54,209,173) |
| March | 25,031,873 | 9,401,244 | - | (90,000,000) | (55,566,883) |
| April | 8,192,481 | 9,847,910 | - | (10,000,000) | 8,040,391 |
| May | 1,589,430 | 1,134,343 | - | - | 2,723,773 |
| June | 4,215,660 | 1,805,769 | - | (240,000,000) | (233,978,571) |
| July | 4,892,437 | 6,734,383 | - | - | 11,626,820 |
| August | 2,187,188 | 5,737,082 | 6,088,000 | (104,800,000) | (90,787,730) |
| September | 2,873,920 | 6,909,878 | 154,000 | (100,000,000) | (90,062,202) |
| October | 1,083,265 | 11,055,818 | - | (150,000,000) | (137,860,917) |
| November | 4,570,291 | 4,727,479 | - | (150,000,000) | (140,702,230) |
| December | 4,487,983 | 10,286,575 | - | (300,000,000) | (285,225,442) |
| Totals | <u>90,494,479</u> | <u>127,136,409</u> | <u>6,242,000</u> | <u>(1,244,800,000)</u> | <u>(1,020,927,112)</u> |
| Total Article 6.1 | | | <u>223,872,888</u> | | |

Accounting policies, estimates, assumptions, judgements and risks

Capital

Judgments have been made as to whether certain transactions should be recognized as capital or revenue.

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 recognizes these and other transactions as follows:

- Payments made as Petroleum Fund receipts in accordance with Article 6.1(a) are recognized 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 recognized 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 recognized 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 recognized 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 recognized in the statement of profit or loss and other comprehensive income.
- Refunds of taxation made pursuant to Article 10 are recognized as reductions in the statement of changes in capital of the Petroleum Fund.

Transfers to the Consolidated Fund

The National Government of República Democrática de Timor-Leste (“the Consolidated Fund”) comprises:

- Central government ministries, and
- Autonomous agencies under significant control of Ministry of Planning and Finance.

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

Petroleum Fund of Timor-Leste
Notes to the financial statements
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15. Capital receipts and payments (continued)

Objectives of managing capital

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 Petroleum 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 who are 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.

PART V: NOTES TO THE STATEMENT OF CASH FLOWS

The statement of cash flows, also known as the cash flow statement, presents the movement in cash flows over the period of 1 January to 31 December as classified under operating and financing activities.

Cash flow generally means cash movements in the Petroleum Fund's bank accounts and movements in short term investments that are highly liquid and involve very low risk of change in value.

Cash flow from operating activities presents the movement in cash during the year relating to the Petroleum Fund's revenue generating activities of the Petroleum Fund, namely investing in securities.

Cash flow from financing activities includes the movement in cash flow resulting from receipts into the Petroleum Fund deposited by participants in the exploitation of petroleum resources and transfers out of the Petroleum Fund to the Consolidated Fund or to refund tax.

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with an original maturity of less than 90 days.

16. Reconciliation of net cash flows

| | <i>Year ended</i> 31/12/2017 <i>USD</i> | <i>Year ended</i> 31/12/2016 <i>USD</i> |
|--|--|--|
| Profit for the year | 1,612,087,594 | 647,681,894 |
| (Increase)/decrease in financial assets at fair value through profit or loss | (746,523,671) | 360,648,414 |
| Increase in receivables | (11,833,877) | (619,885) |
| Decrease in accounts payable | (2,828,092) | (217,437) |
| Increase/(decrease) in payables for securities purchased | <u>6,957,508</u> | <u>(12,415,250)</u> |
| Net cash utilized in operating activities | <u>857,859,462</u> | <u>995,077,736</u> |

Accounting policy

Cash inflows from investments are presented net of withholding taxes, when applicable.

PART VI: NON-FINANCIAL DISCLOSURES

17. Personnel

The Petroleum Fund did not employ any personnel during the year (2016: nil).

18. Contingent assets, contingent liabilities and commitments

There were no contingent assets, contingent liabilities or commitments as at 31 December 2017 (2016: nil).

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2017

19. Related parties

The following parties are considered related parties of the Petroleum 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 15. 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 Petroleum 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 Planning and 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</i> <i>31/12/2017</i> | <i>Year ended</i> <i>31/12/2016</i> |
|--|--|--|
| | <i>USD</i> | <i>USD</i> |
| Custody and external management services | 6,630,389 | 8,257,197 |
| IAB expenses | 246,766 | 203,420 |
| BCTL operating expenses | 6,550,326 | 4,934,218 |
| Total management fees | 13,427,481 | 13,394,835 |
| Other expenses | 716,307 | 1,475,000 |
| Total | 14,143,788 | 14,869,835 |

BCTL were entitled to receive a management fee for its respective services within the parameters of Annex 2 of the Operational Management Agreement Actualization dated 20 April 2015. In the current year, these fees amount to an aggregate of 0.08% (2016: 0.08%) per annum of the net assets of the Petroleum Fund. Management fees are payable monthly in arrears. Total management fees for the year amounted to US\$13,427,481 (2016: US\$13,394,835).

The management fees payable as at 31 December 2017 is US\$2,124,915 (31 December 2016: US\$4,953,007).

Autoridade Nacional do Petróleo e Minerais (ANPM)

The ANPM 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 15.

20. Encumbrances on the Petroleum Fund

Encumbrances on the assets of the Petroleum Fund

In accordance with Article 20 of the 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.

During the 2017 financial year and as at the financial position date, there were no encumbrances or burdens on the assets of the Petroleum Fund.

21. Application of new and revised IFRS

This note provides information about new IFRS standards that have been adopted and forthcoming standards that are not yet effective.

21.1. New and revised IFRS applied with no material effect on the financial statements

There are no new and revised IFRSs which have been adopted in these financial statements.

21.2. Adoption of IFRS standards that are 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:

| Standard/interpretation | Effective date (periods beginning on or after) | Expected to be initially applied in the financial year beginning |
|---|---|---|
| IFRS 9 Financial Instruments | 1 January 2018 | 1 January 2018 |
| IFRS 15 Revenue from Contracts with Customers | 1 January 2018 | 1 January 2018 |
| IFRS 16 Leases | 1 January 2019 | 1 January 2019 |

22. Subsequent events

No subsequent events have occurred after the reporting date but prior to the issuance of the financial statements that have a material effect on the financial statements and therefore require adjustment or disclosure in the statements.

Petroleum Fund Timor-Leste
Notes to the financial statements
For the year ended 31 December 2017

PART VII: SCHEDULE OF FINANCIAL ASSETS

23. Schedule of financial assets valued through profit or loss

(a) Fixed interest securities – issued by sovereign states and supranationals

| Security | Nominal | Fair Value | Security | Nominal | Fair Value |
|-------------------------|------------|--------------------|-----------------------|-------------|--------------------|
| Australia 5.50% 21Jan18 | 10,586,000 | 8,501,988 | Canada 1.75% 01Sep19 | 21,165,000 | 17,012,730 |
| Australia 5.25% 15Mar19 | 28,785,000 | 23,776,558 | Canada 0.75% 01Sep20 | 5,375,000 | 4,192,142 |
| Australia 1.75% 21Nov20 | 17,055,000 | 13,223,381 | Canada 1.50% 01Mar20 | 16,000,000 | 12,775,547 |
| Australia 4.50% 15Apr20 | 21,005,000 | 17,487,421 | Canada 3.50% 01Jun20 | 2,380,000 | 1,984,335 |
| Australia 5.75% 15May21 | 4,000,000 | 3,513,731 | Canada 0.75% 01Mar21 | 24,770,000 | 19,197,550 |
| Australia 5.75% 15Jul22 | 16,596,000 | 15,248,006 | Canada 0.75% 01Sep21 | 15,385,000 | 11,857,329 |
| Australia 5.50% 21Apr23 | 7,045,000 | 6,424,066 | Canada 1.50% 01Jun23 | 8,172,000 | 6,397,355 |
| Australia 2.75% 21Apr24 | 24,110,000 | 19,276,276 | Canada 2.50% 01Jun24 | 17,495,000 | 14,454,951 |
| Australia 3.25% 21Apr25 | 11,940,000 | 9,847,186 | Canada 2.25% 01Jun25 | 25,120,000 | 20,436,748 |
| Australia 4.25% 21Apr26 | 22,324,000 | 19,778,627 | Canada 1.50% 01Jun26 | 8,160,000 | 6,256,015 |
| Australia 2.75% 21Nov27 | 10,490,000 | 8,312,154 | Canada 1.00% 01Jun27 | 1,540,000 | 1,120,756 |
| Australia 4.75% 21Apr27 | 25,101,000 | 23,265,002 | Canada 5.75% 01Jun29 | 8,820,000 | 9,663,648 |
| Australia 3.25% 21Apr29 | 5,776,000 | 4,779,815 | Canada 5.75% 01Jun33 | 13,142,000 | 15,439,967 |
| Australia 4.50% 21Apr33 | 11,815,000 | 11,136,360 | Canada 5.00% 01Jun37 | 3,600,000 | 4,136,223 |
| Australia 2.75% 21Jun35 | 2,060,000 | 1,548,713 | Canada 4.00% 01Jun41 | 7,611,000 | 7,983,954 |
| Australia 3.75% 21Apr37 | 8,693,000 | 7,492,955 | Canada 3.50% 01Dec45 | 11,856,000 | 11,863,670 |
| Australia 3.00% 21Mar47 | 2,465,000 | 1,816,870 | Canada 2.75% 01Dec64 | 1,575,000 | 1,445,264 |
| | | 195,429,108 | | | 170,903,238 |
| Austria 1.95% 18Jun19 | 363,000 | 456,411 | Denmark 4.00% 15Nov19 | 92,847,700 | 16,339,582 |
| Austria 3.90% 15Jul20 | 673,000 | 912,653 | Denmark 3.00% 15Nov21 | 76,225,000 | 13,916,373 |
| Austria 3.50% 15Sep21 | 1,878,000 | 2,601,100 | Denmark 1.50% 15Nov23 | 127,580,200 | 22,426,360 |
| Austria 3.40% 22Nov22 | 383,000 | 541,002 | Denmark 7.00% 10Nov24 | 12,882,000 | 3,083,641 |
| Austria 3.65% 20Apr22 | 672,000 | 961,500 | Denmark 1.75% 15Nov25 | 137,193,000 | 24,829,300 |
| Austria 1.75% 20Oct23 | 274,000 | 362,941 | Denmark 0.50% 15Nov27 | 14,915,000 | 2,411,236 |
| Austria 0.75% 20Oct26 | 1,680,000 | 2,066,680 | Denmark 4.50% 15Nov39 | 123,226,200 | 33,667,886 |
| Austria 4.85% 15Mar26 | 848,000 | 1,433,783 | | | 116,674,377 |
| Austria 6.25% 15Jul27 | 195,000 | 367,345 | Finland 3.37% 15Apr20 | 287,000 | 383,345 |
| Austria 4.15% 15Mar37 | 1,642,000 | 3,061,670 | Finland 0.00% 15Apr22 | 1,635,000 | 1,977,638 |
| Austria 3.15% 20Jun44 | 1,035,000 | 1,758,338 | Finland 1.50% 15Apr23 | 2,275,000 | 2,982,310 |
| Austria 3.80% 26Jan62 | 153,000 | 317,724 | Finland 2.62% 04Jul42 | 250,000 | 397,222 |
| | | 14,841,147 | | | 5,740,516 |
| Belgium 3.00% 28Sep19 | 288,000 | 369,782 | France 0.50% 25Nov19 | 4,000,000 | 4,899,696 |
| Belgium 4.00% 28Mar19 | 372,000 | 485,648 | France 0.00% 25May20 | 2,060,000 | 2,501,082 |
| Belgium 3.75% 28Sep20 | 591,000 | 798,664 | France 0.25% 25Nov20 | 11,232,000 | 13,737,318 |
| Belgium 4.25% 28Sep21 | 1,454,000 | 2,065,406 | France 0.00% 25May21 | 10,738,000 | 13,025,762 |
| Belgium 4.00% 28Mar22 | 476,000 | 692,990 | France 0.00% 25May22 | 10,215,000 | 12,343,988 |
| Belgium 4.25% 28Sep22 | 1,220,000 | 1,787,533 | France 1.75% 25Nov24 | 4,374,500 | 5,817,191 |
| Belgium 2.60% 22Jun24 | 3,981,343 | 5,603,936 | France 0.50% 25May25 | 10,582,000 | 12,943,675 |
| Belgium 0.80% 22Jun25 | 6,038,000 | 7,528,309 | France 1.00% 25May27 | 8,135,000 | 10,145,675 |
| Belgium 4.50% 28Mar26 | 1,034,000 | 1,703,321 | France 2.50% 25May30 | 4,130,000 | 5,927,771 |
| Belgium 0.80% 22Jun27 | 3,087,497 | 3,779,085 | France 1.50% 25May31 | 571,000 | 729,876 |
| Belgium 5.50% 28Mar28 | 559,000 | 1,025,864 | France 5.75% 25Oct32 | 1,126,000 | 2,233,378 |
| Belgium 5.00% 28Mar35 | 1,923,800 | 3,792,569 | France 4.75% 25Apr35 | 2,364,632 | 4,500,785 |
| Belgium 4.25% 28Mar41 | 2,247,400 | 4,291,293 | France 1.25% 25May36 | 1,872,000 | 2,220,472 |
| Belgium 3.75% 22Jun45 | 892,000 | 1,609,369 | France 4.00% 25Oct38 | 798,124 | 1,419,341 |
| | | 35,533,769 | France 4.50% 25Apr41 | 816,621 | 1,593,842 |
| Canada 1.25% 01Sep18 | 5,850,000 | 4,685,054 | France 3.25% 25May45 | 4,765,000 | 7,827,462 |

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23. Schedule of financial assets valued through profit or loss (continued)

| Security | Nominal | Fair Value | Security | Nominal | Fair Value |
|-------------------------|---------------|--------------------|---------------------------|---------------|--------------------|
| France 4.00% 25Apr60 | 761,380 | 1,504,307 | Japan 0.10% 20Sep20 | 677,650,000 | 6,052,543 |
| | | 103,371,621 | Japan 1.00% 20Sep20 | 55,300,000 | 507,162 |
| | | | Japan 1.10% 20Jun20 | 55,450,000 | 507,203 |
| Germany 0.00% 15Aug26 | 7,500,000 | 8,786,694 | Japan 1.30% 20Jun20 | 31,450,000 | 289,069 |
| Germany 0.25% 15Feb27 | 10,160,000 | 12,112,764 | Japan 1.30% 20Mar20 | 31,750,000 | 291,750 |
| Germany 2.50% 04Jul44 | 8,507,039 | 13,394,132 | Japan 1.40% 20Mar20 | 495,500,000 | 4,564,113 |
| Germany 2.50% 15Aug46 | 1,225,000 | 1,942,780 | Japan 1.00% 20Sep21 | 60,450,000 | 560,345 |
| Germany 4.75% 04Jul34 | 306,100 | 596,581 | Japan 1.10% 20Dec21 | 39,450,000 | 367,052 |
| Germany 0.00% 17Apr20 | 7,755,000 | 9,439,245 | Japan 1.10% 20Mar21 | 732,000,000 | 6,771,926 |
| | | 46,272,194 | Japan 1.10% 20Sep21 | 34,800,000 | 323,821 |
| | | | Japan 1.30% 20Mar21 | 1,053,400,000 | 9,810,121 |
| Hong Kong 0.61% 05Feb18 | 2,500,000 | 320,416 | Japan 0.80% 20Sep22 | 754,000,000 | 6,993,065 |
| Hong Kong 1.06% 05Feb20 | 6,050,000 | 772,179 | Japan 0.90% 20Jun22 | 176,200,000 | 1,634,892 |
| Hong Kong 2.93% 13Jan20 | 15,100,000 | 2,015,669 | Japan 0.80% 20Sep23 | 396,600,000 | 3,706,062 |
| Hong Kong 2.46% 04Aug21 | 10,750,000 | 1,427,355 | Japan 0.30% 20Dec24 | 1,357,250,000 | 12,346,078 |
| | | 4,535,619 | Japan 0.40% 20Jun25 | 643,700,000 | 5,899,822 |
| | | | Japan 0.10% 10Mar25 | 776,000,000 | 7,303,156 |
| Ireland 5.90% 18Oct19 | 258,900 | 350,434 | Japan 0.10% 10Mar26 | 1,455,000,000 | 13,732,079 |
| Ireland 5.40% 13Mar25 | 1,033,000 | 1,729,740 | Japan 2.10% 20Dec27 | 997,700,000 | 10,665,446 |
| Ireland 1.70% 15May37 | 610,000 | 760,808 | Japan 1.60% 20Jun30 | 32,150,000 | 335,832 |
| Ireland 2.00% 18Feb45 | 235,000 | 299,998 | Japan 1.90% 20Sep30 | 42,450,000 | 459,638 |
| | | 3,140,980 | Japan 2.00% 20Dec30 | 30,650,000 | 334,935 |
| | | | Japan 2.00% 20Jun30 | 31,050,000 | 337,892 |
| Italy 3.50% 01Jun18 | 2,186,000 | 2,675,446 | Japan 2.10% 20Dec30 | 43,550,000 | 480,810 |
| Italy 4.50% 01Feb18 | 830,000 | 1,019,159 | Japan 2.10% 20Mar30 | 43,750,000 | 481,419 |
| Italy 1.50% 01Aug19 | 3,570,000 | 4,428,835 | Japan 1.80% 20Dec31 | 41,150,000 | 442,839 |
| Italy 4.50% 01Mar19 | 808,000 | 1,038,530 | Japan 1.90% 20Jun31 | 40,950,000 | 444,153 |
| Italy 4.00% 01Sep20 | 4,312,000 | 5,783,757 | Japan 2.20% 20Mar31 | 31,050,000 | 348,603 |
| Italy 3.75% 01Aug21 | 943,000 | 1,285,887 | Japan 1.70% 20Dec32 | 245,300,000 | 2,624,243 |
| Italy 4.75% 01Sep21 | 838,000 | 1,181,988 | Japan 1.80% 20Mar32 | 32,850,000 | 355,603 |
| Italy 1.20% 01Apr22 | 8,920,000 | 10,999,676 | Japan 1.60% 20Mar33 | 285,150,000 | 3,023,558 |
| Italy 1.35% 15Apr22 | 13,000,000 | 16,125,077 | Japan 1.70% 20Jun33 | 759,950,000 | 8,142,756 |
| Italy 5.50% 01Sep22 | 659,000 | 979,520 | Japan 1.20% 20Dec34 | 452,250,000 | 4,535,650 |
| Italy 4.50% 01May23 | 611,000 | 874,015 | Japan 1.20% 20Mar35 | 65,350,000 | 656,693 |
| Italy 4.75% 01Aug23 | 833,000 | 1,224,189 | Japan 0.20% 20Jun36 | 350,000,000 | 2,945,114 |
| Italy 9.00% 01Nov23 | 2,800,000 | 4,908,742 | Japan 2.30% 20Mar39 | 284,000,000 | 3,381,186 |
| Italy 2.50% 01Dec24 | 4,095,000 | 5,279,750 | Japan 2.00% 20Sep40 | 43,550,000 | 498,357 |
| Italy 3.75% 01Sep24 | 6,095,000 | 8,527,959 | Japan 2.30% 20Mar40 | 38,750,000 | 464,083 |
| Italy 1.50% 01Jun25 | 1,575,000 | 1,885,948 | Japan 2.20% 20Mar41 | 40,650,000 | 481,792 |
| Italy 2.00% 01Dec25 | 1,575,000 | 1,940,559 | Japan 1.90% 20Sep42 | 212,050,000 | 2,399,593 |
| Italy 5.00% 01Mar25 | 2,517,000 | 3,797,604 | Japan 0.30% 20Jun46 | 484,000,000 | 3,770,811 |
| Italy 4.50% 01Mar26 | 2,890,000 | 4,265,347 | Japan 0.80% 20Sep47 | 36,650,000 | 325,288 |
| Italy 7.25% 01Nov26 | 821,000 | 1,437,200 | Japan 2.20% 20Mar51 | 31,050,000 | 382,793 |
| Italy 2.05% 01Aug27 | 7,700,000 | 9,372,684 | Japan 2.00% 20Mar52 | 91,750,000 | 1,087,089 |
| Italy 6.50% 01Nov27 | 872,000 | 1,480,552 | Japan 1.70% 20Mar54 | 105,000,000 | 1,161,680 |
| Italy 4.75% 01Sep28 | 840,000 | 1,275,975 | | | 172,052,719 |
| Italy 6.00% 01May31 | 1,557,000 | 2,653,932 | Netherlands 0.25% 15Jan20 | 2,855,000 | 3,496,815 |
| Italy 4.00% 01Feb37 | 7,191,000 | 10,269,068 | Netherlands 3.50% 15Jul20 | 646,000 | 868,225 |
| Italy 4.75% 01Sep44 | 4,622,000 | 7,202,412 | Netherlands 3.25% 15Jul21 | 1,986,000 | 2,730,832 |
| Italy 2.70% 01Mar47 | 1,051,000 | 1,158,223 | Netherlands 2.25% 15Jul22 | 849,000 | 1,145,047 |
| | | 113,072,032 | Netherlands 1.75% 15Jul23 | 1,868,700 | 2,485,288 |
| Japan 0.10% 20Mar18 | 776,950,000 | 6,902,574 | Netherlands 2.00% 15Jul24 | 3,065,000 | 4,170,372 |
| Japan 0.10% 20Dec19 | 3,692,300,000 | 32,922,034 | Netherlands 0.25% 15Jul25 | 1,899,000 | 2,283,078 |

Petroleum Fund of Timor-Leste
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23. Schedule of financial assets valued through profit or loss (continued)

| Security | Nominal | Fair Value | Security | Nominal | Fair Value |
|----------------------------|-------------|-------------------|---------------------------|-------------|-------------------|
| Netherlands 5.50% 15Jan28 | 1,444,000 | 2,669,661 | Spain 4.40% 31Oct23 | 380,000 | 558,670 |
| Netherlands 2.50% 15Jan33 | 542,000 | 813,749 | Spain 5.40% 31Jan23 | 1,035,000 | 1,614,475 |
| Netherlands 4.00% 15Jan37 | 461,641 | 864,809 | Spain 2.75% 31Oct24 | 2,335,000 | 3,173,551 |
| Netherlands 3.75% 15Jan42 | 1,370,000 | 2,609,994 | Spain 1.60% 30Apr25 | 625,000 | 793,694 |
| | | 24,137,871 | Spain 1.30% 31Oct26 | 4,900,000 | 5,885,476 |
| New Zealand 5.00% 15Mar19 | 9,316,000 | 6,973,579 | Spain 5.90% 30Jul26 | 4,247,000 | 7,138,990 |
| New Zealand 3.00% 15Apr20 | 5,320,000 | 3,898,258 | Spain 1.45% 31Oct27 | 3,705,000 | 4,415,796 |
| New Zealand 6.00% 15May21 | 9,245,000 | 7,463,908 | Spain 5.75% 30Jul32 | 450,000 | 805,436 |
| New Zealand 5.50% 15Apr23 | 27,807,000 | 23,188,847 | Spain 4.20% 31Jan37 | 2,066,000 | 3,267,483 |
| New Zealand 2.00% 20Sep25 | 2,655,000 | 2,091,966 | Spain 4.70% 30Jul41 | 3,564,000 | 5,942,342 |
| New Zealand 4.50% 5Apr27-D | 15,939,000 | 13,041,949 | Spain 5.15% 31Oct44 | 780,000 | 1,367,770 |
| New Zealand 3.50% 14Apr33 | 1,925,000 | 1,443,999 | Spain 2.90% 31Oct46 | 2,090,000 | 2,556,921 |
| New Zealand 2.75% 15Apr37 | 2,228,000 | 1,472,340 | | | 64,126,303 |
| New Zealand 2.50% 20Sep40 | 5,600,000 | 4,303,971 | Sweden 4.25% 12Mar19 | 72,275,000 | 9,662,719 |
| | | 63,878,816 | Sweden 5.00% 01Dec20 | 83,815,000 | 11,902,155 |
| Norway 4.50% 22May19 | 54,250,000 | 7,184,878 | Sweden 3.50% 01Jun22 | 182,915,000 | 26,365,418 |
| Norway 3.75% 25May21 | 61,550,000 | 8,410,034 | Sweden 1.50% 13Nov23 | 146,405,000 | 19,300,674 |
| Norway 2.00% 24May23 | 153,510,000 | 19,788,492 | Sweden 1.00% 12Nov26 | 96,825,000 | 12,307,483 |
| Norway 3.00% 14Mar24 | 17,005,000 | 2,338,723 | Sweden 2.25% 01Jun32 | 19,175,000 | 2,716,175 |
| Norway 1.75% 13Mar25 | 51,060,000 | 6,479,116 | Sweden 3.50% 30Mar39 | 46,310,000 | 7,910,212 |
| Norway 1.75% 17Feb27 | 34,720,000 | 4,369,038 | | | 90,164,836 |
| | | 48,570,282 | Switzerland 3.00% 12May19 | 3,097,000 | 3,405,800 |
| Singapore 0.50% 01Apr18 | 1,395,000 | 1,042,246 | Switzerland 2.25% 06Jul20 | 2,843,000 | 3,169,457 |
| Singapore 4.00% 01Sep18 | 7,310,000 | 5,628,989 | Switzerland 2.00% 28Apr21 | 3,411,000 | 3,856,078 |
| Singapore 2.50% 01Jun19 | 15,064,000 | 11,427,622 | Switzerland 2.00% 25May22 | 11,005,000 | 12,692,800 |
| Singapore 3.25% 01Sep20 | 12,450,000 | 9,797,279 | Switzerland 4.00% 11Feb23 | 4,174,000 | 5,420,276 |
| Singapore 2.25% 01Jun21 | 8,063,000 | 6,156,553 | Switzerland 1.25% 11Jun24 | 3,481,000 | 3,967,802 |
| Singapore 3.12% 01Sep22 | 7,946,000 | 6,383,033 | Switzerland 1.50% 24Jul25 | 6,082,000 | 7,127,290 |
| Singapore 2.75% 01Jul23 | 6,972,000 | 5,464,810 | Switzerland 1.25% 28May26 | 370,000 | 430,077 |
| Singapore 3.00% 01Sep24 | 8,227,000 | 6,627,714 | Switzerland 3.25% 27Jun27 | 3,585,000 | 4,925,197 |
| Singapore 2.12% 01Jun26 | 6,000,000 | 4,544,942 | Switzerland 4.00% 08Apr28 | 6,048,000 | 8,986,252 |
| Singapore 3.50% 01Mar27 | 13,416,000 | 11,402,856 | Switzerland 2.25% 22Jun31 | 3,348,000 | 4,467,580 |
| Singapore 2.87% 01Sep30 | 9,193,000 | 7,420,228 | Switzerland 3.50% 08Apr33 | 3,647,000 | 5,704,466 |
| Singapore 3.37% 01Sep33 | 3,020,000 | 2,587,462 | Switzerland 2.50% 08Mar36 | 3,543,000 | 5,156,227 |
| Singapore 2.75% 01Apr42 | 5,709,000 | 4,523,758 | Switzerland 1.25% 27Jun37 | 5,394,000 | 6,599,687 |
| Singapore 2.75% 01Mar46 | 2,625,000 | 2,110,053 | Switzerland 1.50% 30Apr42 | 4,318,000 | 5,647,483 |
| | | 85,117,544 | Switzerland 4.00% 06Jan49 | 5,229,000 | 11,221,858 |
| Slovenia 3.12% 07Aug45 | 245,000 | 376,099 | Switzerland 2.00% 25Jun64 | 922,000 | 1,559,679 |
| | | 376,099 | | | 94,338,009 |
| Spain 4.10% 30Jul18 | 632,000 | 791,871 | UK 1.75% 22Jul19 | 3,845,000 | 5,348,108 |
| Spain 4.30% 31Oct19 | 2,149,000 | 2,818,333 | UK 2.00% 22Jul20 | 5,650,000 | 8,006,601 |
| Spain 4.60% 30Jul19 | 605,000 | 797,407 | UK 1.50% 22Jan21 | 10,310,000 | 14,449,263 |
| Spain 1.40% 31Jan20 | 5,455,000 | 6,858,561 | UK 3.75% 07Sep21 | 4,759,000 | 7,260,131 |
| Spain 4.00% 30Apr20 | 6,155,000 | 8,310,326 | UK 8.00% 07Jun21 | 5,843,000 | 9,942,698 |
| Spain 4.85% 31Oct20 | 1,365,000 | 1,881,418 | UK 0.50% 22Jul22 | 2,795,000 | 3,753,237 |
| Spain 0.75% 30Jul21 | 3,224,000 | 3,976,255 | UK 1.75% 07Sep22 | 3,810,000 | 5,427,586 |
| Spain 5.50% 30Apr21 | 801,000 | 1,171,531 | UK 4.00% 07Mar22 | 1,550,000 | 2,416,659 |
| | | | UK 0.75% 22Jul23 | 1,065,000 | 1,436,647 |
| | | | UK 1.50% 22Jul26 | 320,000 | 450,114 |
| | | | UK 1.25% 22Jul27 | 3,530,000 | 4,814,345 |
| | | | UK 6.00% 07Dec28 | 3,277,000 | 6,596,778 |

Petroleum Fund of Timor-Leste
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For the year ended 31 December 2017

23. Schedule of financial assets valued through profit or loss (continued)

| Security | Nominal | Fair Value | Security | Nominal | Fair Value |
|-------------------|---------------|--------------------|--|-------------|----------------------|
| UK 4.75% 07Dec30 | 1,316,000 | 2,487,609 | USA 1.62% 15Feb26 | 87,000,000 | 82,694,623 |
| UK 4.25% 07Jun32 | 3,549,400 | 6,520,937 | USA 1.62% 15May26 | 60,000,000 | 56,639,088 |
| UK 4.50% 07Sep34 | 832,000 | 1,617,010 | USA 2.00% 15Nov26 | 30,000,000 | 29,111,104 |
| UK 4.25% 07Mar36 | 2,851,400 | 5,476,565 | USA 2.37% 15May27 | 35,000,000 | 35,008,120 |
| UK 4.75% 07Dec38 | 2,504,800 | 5,209,146 | USA 2.25% 15Aug27 | 34,000,000 | 33,810,829 |
| UK 4.25% 07Sep39 | 806,000 | 1,599,514 | USA 2.25% 15Nov27 | 135,000,000 | 133,490,661 |
| UK 4.25% 07Dec40 | 1,638,300 | 3,268,728 | USA 2.75% 15Aug47 | 10,000,000 | 10,116,372 |
| UK 4.50% 07Dec42 | 1,087,000 | 2,283,724 | | | 7,881,288,280 |
| UK 3.25% 22Jan44 | 5,760,000 | 10,265,706 | | | |
| UK 3.50% 22Jan45 | 8,155,000 | 15,249,105 | Total fixed interest securities | | 9,478,534,121 |
| UK 4.25% 07Dec46 | 890,000 | 1,879,504 | | | |
| UK 3.75% 22Jul52 | 3,327,500 | 7,011,677 | | | |
| UK 4.25% 07Dec55 | 1,479,000 | 3,480,083 | | | |
| UK 4.00% 22Jan60 | 1,285,000 | 3,042,372 | | | |
| UK 2.50% 22Jul65 | 1,320,000 | 2,356,982 | | | |
| UK 3.50% 22Jul68 | 1,453,900 | 3,317,932 | | | |
| | | 144,968,761 | | | |
| USA 1.75% 30Nov19 | 10,000,000 | 9,990,385 | | | |
| USA 1.37% 30Apr20 | 10,000,000 | 9,899,722 | | | |
| USA 1.75% 15Nov20 | 50,000,000 | 49,826,495 | | | |
| USA 1.87% 15Dec20 | 25,000,000 | 24,949,627 | | | |
| USA 1.25% 31Oct21 | 1,640,300,000 | 1,592,552,317 | | | |
| USA 2.25% 30Apr21 | 2,611,500,000 | 2,638,905,632 | | | |
| USA 1.62% 15Nov22 | 43,000,000 | 41,995,565 | | | |
| USA 1.75% 30Sep22 | 5,000,000 | 4,922,160 | | | |
| USA 1.75% 31May22 | 1,708,400,000 | 1,681,264,768 | | | |
| USA 1.87% 31Oct22 | 413,400,000 | 408,720,343 | | | |
| USA 2.00% 30Nov22 | 25,000,000 | 24,816,417 | | | |
| USA 2.00% 31Oct22 | 10,000,000 | 9,947,145 | | | |
| USA 1.37% 30Jun23 | 59,000,000 | 56,365,642 | | | |
| USA 1.37% 30Sep23 | 9,000,000 | 8,604,821 | | | |
| USA 1.37% 31Aug23 | 50,000,000 | 47,899,614 | | | |
| USA 1.50% 28Feb23 | 20,000,000 | 19,401,153 | | | |
| USA 1.62% 31Oct23 | 25,000,000 | 24,205,321 | | | |
| USA 1.75% 15May23 | 9,000,000 | 8,798,613 | | | |
| USA 1.75% 31Jan23 | 40,000,000 | 39,392,935 | | | |
| USA 2.00% 15Feb23 | 5,000,000 | 4,986,405 | | | |
| USA 2.12% 30Nov23 | 56,000,000 | 55,647,428 | | | |
| USA 2.25% 31Dec23 | 85,000,000 | 84,849,142 | | | |
| USA 1.87% 31Aug24 | 30,000,000 | 29,383,704 | | | |
| USA 2.00% 30Apr24 | 50,000,000 | 49,268,927 | | | |
| USA 2.00% 31May24 | 50,000,000 | 49,154,318 | | | |
| USA 2.12% 29Feb24 | 75,000,000 | 74,800,312 | | | |
| USA 2.12% 30Nov24 | 118,000,000 | 116,671,690 | | | |
| USA 2.12% 30Sep24 | 5,000,000 | 4,964,256 | | | |
| USA 2.12% 31Jul24 | 10,000,000 | 9,970,177 | | | |
| USA 2.12% 31Mar24 | 94,000,000 | 93,551,991 | | | |
| USA 2.25% 15Nov24 | 20,000,000 | 19,955,300 | | | |
| USA 2.25% 31Jan24 | 20,000,000 | 20,145,346 | | | |
| USA 2.25% 31Oct24 | 70,000,000 | 69,947,095 | | | |
| USA 2.00% 15Feb25 | 22,000,000 | 21,672,055 | | | |
| USA 2.25% 15Nov25 | 70,000,000 | 69,589,255 | | | |
| USA 1.50% 15Aug26 | 25,000,000 | 23,401,410 | | | |

Petroleum Fund of Timor-Leste
Notes to the financial statements
For the year ended 31 December 2017

23. Schedule of financial assets valued through profit or loss (continued)

(b) Equity securities

| Security | Unit holding | Fair Value | Security | Unit holding | Fair Value |
|-------------------------|--------------|------------|------------------------|--------------|--------------------|
| Australia | | | Platinum Asset Mgmt | 34,863 | 209,964 |
| AGL Energy Ltd | 115,659 | 2,203,671 | QBE Insurance Group | 242,860 | 2,028,698 |
| Alumina Ltd | 458,549 | 867,943 | Ramsay Health Care Ltd | 24,991 | 1,369,638 |
| Amcor Ltd/Australia | 202,243 | 2,437,621 | Rea Group Ltd | 10,578 | 634,170 |
| AMP Ltd | 514,475 | 2,084,415 | Rio Tinto Ltd | 129,943 | 7,703,927 |
| APA Group | 199,776 | 1,298,477 | Santos Ltd | 423,299 | 1,801,093 |
| Aristocrat Leisure Ltd | 98,785 | 1,830,400 | Scentre Group | 948,131 | 3,107,223 |
| ASX Ltd | 42,402 | 1,817,427 | Seek Ltd | 60,148 | 893,380 |
| Aurizon Holdings Ltd | 362,982 | 1,408,176 | Sonic Healthcare Ltd | 75,415 | 1,347,827 |
| Ausnet Services | 271,901 | 383,865 | South32 Ltd | 950,611 | 2,587,451 |
| Aust & NZ Banking | 534,158 | 11,998,977 | Stockland | 431,312 | 1,507,958 |
| Bank of Queensland Ltd | 68,109 | 677,613 | SunCorp Group Ltd | 228,410 | 2,476,101 |
| Bendigo & Adelaide | 91,551 | 835,649 | Sydney airport | 186,184 | 1,026,648 |
| BHP Billiton Ltd | 673,681 | 15,575,743 | TabCorp Holdings Ltd | 499,998 | 2,178,279 |
| Bluescope Steel Ltd | 102,683 | 1,234,419 | Telstra Corp Ltd | 1,767,976 | 5,019,645 |
| Boral Ltd | 207,141 | 1,260,479 | TPG Telecom Ltd | 59,081 | 303,139 |
| Brambles Ltd | 296,703 | 2,336,907 | Transurban Group | 412,641 | 3,745,323 |
| BWP Trust | 100,279 | 241,574 | Treasury Wine Estate | 132,132 | 1,649,419 |
| Caltex australia Ltd | 46,491 | 1,238,158 | Troy Resources Ltd | 16,917 | 1,283 |
| Carsales.com Ltd | 84,222 | 953,859 | Vicinity Centers | 622,929 | 1,320,377 |
| Challenger Ltd | 102,380 | 1,123,474 | Wesfarmers Ltd | 207,141 | 7,195,101 |
| Charter Hall Group | 189,348 | 891,553 | Westfield Corp | 344,026 | 2,548,187 |
| Cimic Group Ltd | 15,809 | 636,180 | Westpac Banking Corp | 607,883 | 14,900,781 |
| Coca-Cola Amatil Ltd | 165,491 | 1,101,524 | Woodside Petroleum Ltd | 215,890 | 5,585,835 |
| Cochlear Ltd | 10,209 | 1,367,266 | Woolworths Group Ltd | 238,370 | 5,084,249 |
| CBA | 314,242 | 19,741,401 | | | 206,942,195 |
| Computershare Ltd | 86,423 | 1,101,811 | | | |
| Crown Resorts Ltd | 65,005 | 660,459 | Canada | | |
| CSL Ltd | 87,890 | 9,709,972 | Agnico Eagle Mines | 36,020 | 1,667,968 |
| Dexus | 178,159 | 1,358,634 | Agrium Inc | 21,311 | 2,453,669 |
| Domino's Pizza | 10,616 | 387,349 | Alacer Gold Corp | 147,100 | 260,634 |
| Flight Centre Travel | 8,547 | 295,612 | Alimentation Couche | 58,205 | 3,041,832 |
| Fortescue Metals | 561,833 | 2,144,456 | AltaGas Ltd | 21,280 | 484,721 |
| Goodman Group | 333,407 | 2,193,112 | Arc Resources Ltd | 52,722 | 620,234 |
| GPT Group | 325,373 | 1,300,446 | Argonaut Gold Inc | 124,100 | 236,721 |
| Harvey Norman Holdings | 108,266 | 352,270 | Atco Ltd/canada | 7,284 | 261,432 |
| Healthscope Ltd | 330,459 | 542,784 | Athabasca Oil Corp | 307,700 | 260,315 |
| Incitec Pivot Ltd | 289,386 | 880,475 | Bank of Montreal | 97,022 | 7,788,396 |
| Insurance Australia | 420,016 | 2,375,167 | Bank of Nova Scotia | 182,137 | 11,790,678 |
| James Hardie Industry | 76,147 | 1,346,019 | Barrick Gold Corp | 175,767 | 2,546,128 |
| Lendlease Group | 97,675 | 1,248,319 | Baytex Energy Corp | 127,100 | 382,431 |
| Macquarie Group Ltd | 98,253 | 7,654,119 | BCE Inc | 63,839 | 3,074,890 |
| MediBank PVT Ltd | 465,987 | 1,195,467 | Birchcliff Energy Ltd | 78,100 | 273,641 |
| Mirvac Group | 666,233 | 1,224,571 | Blackberry Ltd | 79,051 | 885,810 |
| National Australia Bank | 481,145 | 11,128,006 | Boardwalk R/Estate | 6,500 | 222,295 |
| Newcrest Mining Ltd | 142,802 | 2,547,708 | Bombardier Inc | 339,469 | 820,935 |
| Oil Search Ltd | 245,980 | 1,498,743 | Bonavista Energy Corp | 184,400 | 329,667 |
| Orica Ltd | 64,047 | 906,207 | Brookfield Asset | 127,824 | 5,581,428 |
| Origin Energy Ltd | 328,740 | 2,422,108 | CAE Inc | 39,659 | 736,237 |
| Oz Minerals Ltd | 66,547 | 476,776 | Cameco Corp | 65,626 | 607,575 |
| | | 219,139 | Can RL Est Invst Tst | 8,100 | 297,637 |
| Perseus Mining Ltd | 757,229 | | | | |

Petroleum Fund of Timor-Leste
Notes to the financial statements
For the year ended 31 December 2017

23. Schedule of financial assets valued through profit or loss (continued)

| Security | Unit holding | Fair Value | Security | Unit holding | Fair Value |
|----------------------------|--------------|------------|--------------------------|--------------|--------------------|
| Canadian Imperial Bank | 60,663 | 5,927,103 | Nevsun Resources Ltd | 24,900 | 60,613 |
| Canadian National Rail | 152,053 | 12,576,120 | North West Co Inc | 8,100 | 193,942 |
| Canadian Natural Resources | 166,470 | 5,966,851 | Obsidian Energy Ltd | 229,300 | 283,663 |
| Canadian Pacific Rail | 20,733 | 3,799,436 | Onex Corp | 14,011 | 1,026,992 |
| Canadian Tire Corp | 11,111 | 1,452,735 | Open Text Corp | 41,434 | 1,477,199 |
| Canadian Utilities | 12,897 | 383,426 | Pembina Pipeline Corp | 78,492 | 2,850,381 |
| Cardinal Energy Ltd | 13,029 | 52,929 | Pengrowth Energy Corp | 136,300 | 108,783 |
| CCL Industries Inc | 25,100 | 1,163,300 | Potash Corp of s-dum | 132,038 | 2,716,740 |
| Cenovus Energy Inc | 263,869 | 2,415,561 | Power Corp of canada | 58,712 | 1,515,420 |
| Centerra Gold Inc | 39,700 | 203,419 | Power Financial Corp | 39,579 | 1,088,861 |
| CGI Group Inc | 57,342 | 3,124,874 | Prairiesky Royalty Ltd | 34,681 | 884,913 |
| CI Financial Corp | 82,498 | 1,957,512 | Precision Drilling c | 104,700 | 317,539 |
| Constellation Software | 3,099 | 1,881,042 | Restaurant Brands Inc | 27,597 | 1,701,479 |
| Crescent Point Energy | 143,409 | 1,096,499 | Riocan Real Estate | 26,325 | 511,814 |
| Crew Energy Inc | 163,300 | 409,244 | Rogers Communication | 52,276 | 2,671,063 |
| Dollarama Inc | 13,763 | 1,724,672 | Royal Bank of Canada | 212,813 | 17,409,577 |
| Eldorado Gold Corp | 110,100 | 158,171 | Saputo Inc | 21,153 | 762,585 |
| Element Fleet ManAGe | 65,693 | 498,091 | Seven Generations | 43,095 | 610,508 |
| Emera Inc | 7,325 | 274,479 | Shaw Communications | 66,240 | 1,516,232 |
| Empire Co Ltd | 25,566 | 496,853 | Shopify Inc | 11,558 | 1,171,528 |
| Enbridge Inc | 246,252 | 9,661,795 | Smartcentres real | 13,248 | 325,662 |
| Encana Corp | 159,421 | 2,132,484 | Snc-lavalin Group Inc | 25,305 | 1,151,797 |
| Fairfax Financial Hldgs | 3,697 | 1,973,238 | Sun Life Financial Inc | 79,274 | 3,281,808 |
| Finning International | 28,197 | 710,917 | Suncor Energy Inc | 250,533 | 9,225,899 |
| First Capital Realty | 24,382 | 401,258 | Surge Energy Inc | 195,100 | 323,882 |
| First Quantum Mineral | 104,990 | 1,474,778 | Tahoe Resources Inc | 106,600 | 513,028 |
| Fortis Inc | 59,700 | 2,196,552 | Teck Resources Ltd | 153,392 | 4,022,874 |
| Franco-Nevada Corp | 28,965 | 2,321,916 | Telus Corporation | 33,349 | 1,266,407 |
| Genworth MI Canada | 28,500 | 984,688 | Thomson Reuters Corp | 45,040 | 1,966,669 |
| George Weston Ltd | 8,509 | 741,121 | Toronto-Dominion Bank | 272,491 | 16,017,366 |
| Gildan Activewear Inc | 35,570 | 1,152,593 | Tourmaline Oil Corp | 53,853 | 979,106 |
| GoldCorp Inc | 185,573 | 2,372,704 | Transcanada Corp | 130,400 | 6,364,148 |
| Great-west Lifeco Inc | 48,177 | 1,345,011 | Transcontinental Inc | 38,100 | 750,171 |
| H&R Real Estate Inv | 27,208 | 463,184 | Turquoise Hill Resources | 153,137 | 521,884 |
| Husky Energy Inc | 128,515 | 1,819,590 | Valeant Pharmaceutical | 77,895 | 1,625,105 |
| Hydro One Ltd | 38,538 | 688,667 | Vermilion Energy Inc | 18,680 | 678,947 |
| Igm Financial Inc | 14,005 | 491,145 | West Fraser Timber Corp | 15,758 | 972,558 |
| Imperial Oil Ltd | 81,014 | 2,535,910 | Wheaton Precious | 71,688 | 1,589,443 |
| Industrial Alliance | 16,434 | 783,302 | Yamana Gold Inc | 193,500 | 602,298 |
| Intact Financial cor | 20,806 | 1,736,947 | | | 240,059,409 |
| Inter Pipeline Ltd | 53,579 | 1,112,674 | Denmark | | |
| Iron Bridge Resource | 131,400 | 74,459 | AP Moller - Maersk A/S | 1,534 | 2,629,227 |
| Jean Coutu Group Inc | 10,811 | 210,102 | Carlsberg A/S | 16,898 | 2,035,805 |
| Keyera Corp | 29,898 | 842,093 | Chr Hansen Holding A/S | 17,414 | 1,637,372 |
| Kinross Gold Corp | 174,644 | 754,079 | Coloplast A/S | 18,734 | 1,494,393 |
| Linamar Corp | 21,573 | 1,257,069 | Danske Bank A/S | 103,936 | 4,044,861 |
| Loblaw Cos Ltd | 35,354 | 1,924,655 | Dsv A/S | 28,952 | 2,280,990 |
| Lundin Mining Corp | 131,915 | 878,065 | Genmab A/S | 8,790 | 1,463,015 |
| Magna International | 77,281 | 4,394,028 | H lundbeck A/S | 8,830 | 446,456 |
| Manulife Financial c | 297,262 | 6,220,686 | Iss A/S | 24,649 | 957,671 |
| Meg Energy Corp | 73,500 | 299,174 | Novo Nordisk A/S | 359,605 | 19,388,418 |
| Methanex Corp | 15,612 | 946,601 | Novozymes A/S | 36,202 | 2,073,890 |
| Metro Inc | 37,342 | 1,197,793 | Orsted A/S | 25,950 | 1,416,276 |
| National Bank of Canada | 54,245 | 2,713,657 | Pandora A/S | 29,965 | 3,252,442 |

Petroleum Fund of Timor-Leste
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23. Schedule of financial assets valued through profit or loss (continued)

| Security | Unit holding | Fair Value | Security | Unit holding | Fair Value |
|------------------------|--------------|-------------------|----------------------------|--------------|------------|
| Scandinavian Tobacco | 28,077 | 541,579 | Bollore SA | 151,784 | 820,363 |
| Tdc A/S | 119,804 | 737,906 | Bolsas y Mercados Es | 28,578 | 911,103 |
| Tryg A/S | 19,345 | 486,402 | Boskalis Westminster | 15,477 | 582,633 |
| Vestas Wind Systems | 49,761 | 3,442,115 | Bouygues SA | 33,413 | 1,734,891 |
| William Demant Holding | 23,380 | 652,712 | Brenntag AG | 26,325 | 1,669,697 |
| | | 48,981,534 | Bureau Veritas SA | 38,436 | 1,051,388 |
| Europe | | | Caixabank SA | 564,462 | 2,635,311 |
| A2A SPA | 441,178 | 815,311 | Capgemini SE | 24,808 | 2,943,497 |
| Abertis Infrastructure | 108,893 | 2,425,576 | Carrefour SA | 79,088 | 1,709,441 |
| ABN Amro Group NV-CV | 56,351 | 1,815,826 | Casino Guichard perr | 10,451 | 634,506 |
| Accor SA | 28,188 | 1,455,810 | Cia de Distribucion | 60,833 | 1,399,240 |
| ACS Actividades Cons | 33,510 | 1,312,188 | Cie de Saint-Gobain | 67,208 | 3,709,129 |
| Adidas AG | 28,706 | 5,761,692 | Cie Generale Des Eta | 34,951 | 5,011,121 |
| Aegon NV | 347,655 | 2,205,464 | Cie Plastic Omnium S | 9,683 | 439,863 |
| Aena SA | 9,125 | 1,851,237 | CNH Industrial NV | 154,753 | 2,073,835 |
| Aeroports de Paris | 4,377 | 829,645 | CNP Assurances | 25,963 | 598,431 |
| Ageas | 38,528 | 1,877,874 | Coca-Cola European P | 30,767 | 1,200,898 |
| Agfa-gevaert NV | 72,001 | 333,818 | Colruyt SA | 11,326 | 589,708 |
| Aib Group Plc | 102,114 | 664,715 | Commerzbank AG | 204,830 | 3,067,122 |
| Air Liquide SA | 64,552 | 8,142,855 | Continental AG | 16,227 | 4,392,008 |
| Airbus SE | 88,484 | 8,817,825 | Corp Financiera Alba | 4,462 | 255,093 |
| Akzo Nobel | 37,925 | 3,320,348 | Covestro AG | 36,845 | 3,807,596 |
| Allianz SE-Reg | 70,519 | 16,233,016 | Credit Agricole SA | 179,863 | 2,976,199 |
| Alstom | 25,011 | 1,033,594 | CRH Plc | 126,478 | 4,563,840 |
| Altice NV | 67,113 | 704,754 | Cts Eventim AG & Co | 14,202 | 660,578 |
| Amadeus It Group SA | 64,266 | 4,638,729 | Daimler AG | 144,293 | 12,253,453 |
| Amundi SA | 4,563 | 383,548 | Danone SA | 89,157 | 7,486,692 |
| Andritz AG | 10,770 | 611,067 | Dassault Aviation SA | 288 | 446,018 |
| Anheuser-busch Inbev | 113,009 | 12,613,436 | Dassault Systemes SE | 25,672 | 2,722,020 |
| Aperam SA | 5,397 | 277,505 | Davide Campari-Milan | 43,836 | 339,254 |
| Arcelormittal | 117,369 | 3,809,521 | Deutsche Bank AG | 407,949 | 7,761,919 |
| Arkema SA | 11,620 | 1,414,167 | Deutsche Boerse AG | 39,320 | 4,576,125 |
| Asml Holding NV | 60,052 | 10,416,360 | Deutsche Euroshop AG | 11,145 | 453,079 |
| Assicurazioni General | 185,146 | 3,377,093 | Deutsche Lufthansa AG | 57,139 | 2,110,522 |
| ASTM SPA | 16,930 | 489,129 | Deutsche Post AG | 148,900 | 7,115,316 |
| Atlantia SPA | 67,047 | 2,119,026 | Deutsche Telekom AG | 490,223 | 8,691,567 |
| Atos SE | 13,959 | 2,034,066 | Deutsche Wohnen SE | 55,474 | 2,421,391 |
| Axa SA | 382,541 | 11,362,159 | Dialog Semiconductor | 27,605 | 856,547 |
| Axel Springer SE | 6,251 | 490,606 | Distribuidora Intern | 98,950 | 510,447 |
| Banco Bilbao Vizcaya | 996,620 | 8,510,033 | Drillisch AG | 9,437 | 776,126 |
| Banco Comercial Port | 644,211 | 208,709 | E.On SE | 345,211 | 3,761,857 |
| Banco de Sabadell SA | 840,748 | 1,669,830 | Edenred | 78,458 | 2,275,701 |
| Banco Espirito Santo | 247,871 | 35,717 | EDP - Energias de Portugal | 510,879 | 1,758,801 |
| Banco Santander SA | 2,417,906 | 15,904,954 | Eiffage SA | 9,339 | 1,023,079 |
| Bank of Ireland Group | 243,798 | 2,088,122 | Electricite de Franc | 85,216 | 1,063,182 |
| Bankia SA | 174,382 | 834,870 | Elisa OYJ | 25,259 | 992,735 |
| Bankinter SA | 106,416 | 1,008,986 | Enagas SA | 24,128 | 691,584 |
| Basf SE | 166,309 | 18,322,840 | Endesa SA | 46,746 | 1,002,248 |
| Bayer AG | 128,600 | 16,021,384 | ENEL SPA | 1,212,642 | 7,470,006 |
| Bayerische Motoren w | 58,208 | 5,972,816 | Engie SA | 329,967 | 5,673,937 |
| Be Semiconductor ind | 12,031 | 1,008,967 | ENI SPA | 483,334 | 8,009,352 |
| Beiersdorf AG | 16,496 | 1,941,422 | Erste Group Bank AG | 48,423 | 2,104,317 |
| Biomerieux | 3,127 | 278,426 | Essilor International | 31,129 | 4,296,800 |
| BNP Paribas SA | 217,697 | 16,241,449 | Eurazeo SA | 7,337 | 678,127 |

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23. Schedule of financial assets valued through profit or loss (continued)

| Security | Unit holding | Fair Value | Security | Unit holding | Fair Value |
|----------------------|--------------|------------|------------------------|--------------|------------|
| Eurofins Scientific | 1,862 | 1,134,938 | Koninklijke Philips | 141,794 | 5,370,201 |
| Eutelsat Communicati | 27,016 | 625,135 | Koninklijke Vopak NV | 13,033 | 572,244 |
| Evonik Industries AG | 24,125 | 908,478 | Lagardere Sca | 19,615 | 628,648 |
| Exor NV | 17,335 | 1,063,692 | Lanxess AG | 15,202 | 1,205,715 |
| Faurecia | 18,828 | 1,468,886 | Legrand SA | 43,910 | 3,377,175 |
| Ferrari NV | 18,586 | 1,951,716 | Leonardo SPA | 61,384 | 730,834 |
| Ferrovial SA | 77,398 | 1,757,952 | Linde AG | 28,003 | 6,540,262 |
| Fiat Chrysler Automo | 161,598 | 2,893,241 | L'oreal SA | 38,056 | 8,451,785 |
| Fonciere des Regions | 5,946 | 674,584 | Luxottica Group SPA | 25,565 | 1,570,227 |
| Fortum OYJ | 74,591 | 1,470,722 | LVMH Moet Hennessy Ltd | 41,772 | 12,309,227 |
| Fraport AG Frankfurt | 5,921 | 653,261 | MAN SE | 5,048 | 577,493 |
| Fresenius Medical Ca | 32,587 | 3,434,484 | Mapfre SA | 205,218 | 659,189 |
| Fresenius SE & Co Kg | 58,084 | 4,514,046 | MEDIOBANCA SPA | 263,517 | 2,991,859 |
| Fuchs Petrolub SE | 12,302 | 655,371 | Melexis NV | 6,138 | 616,175 |
| Galp Energia Sgps SA | 65,895 | 1,211,035 | Merck Kgaa | 18,588 | 2,002,371 |
| Gas Natural Sdg SA | 60,760 | 1,404,493 | Metro AG | 26,740 | 527,237 |
| GEA Group AG | 31,229 | 1,496,430 | Metropole Television | 30,148 | 777,613 |
| Gecina SA | 7,223 | 1,332,665 | Metso OYJ | 20,809 | 711,143 |
| Gemalto NV | 13,728 | 813,680 | MONCLER SPA | 39,444 | 1,234,790 |
| Getlink SE | 79,923 | 1,026,416 | Mtu Aero Engines AG | 7,132 | 1,277,765 |
| Grifols SA | 39,324 | 1,153,356 | Muenchener Rueckvers | 23,822 | 5,170,440 |
| Groupe Bruxelles lam | 13,485 | 1,455,571 | Natixis SA | 156,114 | 1,233,499 |
| Hannover Rueck SE | 9,701 | 1,222,559 | Neopost SA | 16,196 | 464,811 |
| Heidelbergcement AG | 22,987 | 2,493,086 | Neste OYJ | 20,836 | 1,332,309 |
| Heineken Holding NV | 16,582 | 1,638,731 | NN Group NV | 73,042 | 3,164,537 |
| Heineken NV | 36,167 | 3,768,366 | Nokia OYJ | 878,876 | 4,103,220 |
| Henkel AG & Co Kgaa | 42,944 | 5,507,129 | Nokian Renkaat OYJ | 28,898 | 1,307,871 |
| Hermes International | 5,411 | 2,899,524 | Omv AG | 36,533 | 2,329,436 |
| Hochtief AG | 3,742 | 663,675 | Orange SA | 298,256 | 5,184,164 |
| Hugo Boss AG | 10,394 | 885,536 | Orion OYJ | 15,704 | 583,636 |
| Iberdrola SA | 851,633 | 6,606,265 | Osram Licht AG | 13,734 | 1,235,236 |
| Icade | 2,869 | 281,017 | Paddy Power Betfair | 7,070 | 839,882 |
| Iliad SA | 4,287 | 1,028,280 | Pernod Ricard SA | 30,686 | 4,851,009 |
| Imerys SA | 5,527 | 520,659 | Peugeot SA | 115,268 | 2,341,963 |
| Industria de Diseno | 166,604 | 5,807,690 | Porsche Automobil Ho | 18,632 | 1,565,014 |
| Infineon Technologie | 171,872 | 4,717,939 | POSTE ITALIANE SPA | 87,351 | 658,192 |
| Ing Groep NV | 581,207 | 10,695,529 | Postnl NV | 197,293 | 965,643 |
| Ingenico Group SA | 9,414 | 997,608 | Prosiebensat.1 Media | 74,137 | 2,550,086 |
| Innogy SE | 22,284 | 875,677 | Proximus SAdp | 56,857 | 1,866,609 |
| International consol | 102,116 | 887,285 | PRYSMIAN SPA | 32,481 | 1,060,497 |
| Intesa Sanpaolo SPA | 2,135,901 | 7,079,856 | Publicis Groupe SA | 87,850 | 5,962,315 |
| Ipsen SA | 8,215 | 981,920 | Qiagen NV | 28,733 | 900,001 |
| Jcdecoux SA | 11,442 | 461,237 | Raiffeisen Bank inte | 21,577 | 780,270 |
| Jeronimo Martins Sgp | 44,493 | 860,980 | Randstad Holding NV | 18,253 | 1,118,925 |
| K+S AG | 47,949 | 1,196,454 | RECORDATI SPA | 30,792 | 1,370,296 |
| KBC Group NV | 36,410 | 3,103,765 | Red Electrica Corp | 148,205 | 3,326,160 |
| Kering | 11,173 | 5,257,945 | Relx NV | 143,262 | 3,289,197 |
| Kerry Group Plc | 25,545 | 2,864,687 | Remy Cointreau SA | 3,487 | 482,365 |
| Kion Group AG | 9,306 | 805,692 | Renault SA | 25,974 | 2,610,569 |
| Klepierre | 35,583 | 1,562,566 | Repsol SA | 519,119 | 6,043,311 |
| Kone OYJ | 91,351 | 4,897,853 | Rexel SA | 46,772 | 849,197 |
| Koninklijke Ahold De | 189,249 | 4,158,681 | Rtl group SA | 12,433 | 996,249 |
| Koninklijke Dsm NV | 29,229 | 2,796,274 | Rwe AG | 83,695 | 1,708,015 |
| Koninklijke Kpn NV | 459,480 | 1,601,713 | Ryanair Holdings Plc | 13,329 | 241,523 |

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23. Schedule of financial assets valued through profit or loss (continued)

| Security | Unit holding | Fair Value | Security | Unit holding | Fair Value |
|------------------------|--------------|------------|---------------------------|--------------|--------------------|
| Safran SA | 48,250 | 4,977,508 | Wolters Kluwer NV | 43,803 | 2,286,202 |
| Sampo OYJ | 87,165 | 4,783,319 | Zalando SE | 14,732 | 782,261 |
| Sanofi | 212,395 | 18,324,917 | Zardoya Otis SA | 80,791 | 880,886 |
| Sap SE | 173,349 | 19,419,024 | Zodiac Aerospace | 31,723 | 949,659 |
| Schaeffler AG | 22,959 | 406,508 | | | 812,991,745 |
| Schneider Electric | 84,452 | 7,180,844 | Hong Kong | | |
| Scor SE | 25,703 | 1,031,481 | Aia Group Ltd | 1,800,000 | 15,335,216 |
| Seb SA | 2,888 | 533,192 | ASM Pacific Technology | 39,800 | 553,930 |
| SES SA | 54,107 | 843,983 | Bank of East Asia Ltd | 198,954 | 860,226 |
| Siemens AG | 114,131 | 15,904,489 | BOC Hong Kong Holdings | 586,000 | 2,968,493 |
| Siemens Gamesa Renew | 33,941 | 465,845 | CK Asset Holdings Ltd | 344,848 | 3,012,948 |
| SNAM SPA | 330,277 | 1,618,115 | CK Hutchison Holding | 394,740 | 4,951,102 |
| Societe Bic SA | 10,957 | 1,205,987 | CK Infrastructure Holding | 105,000 | 901,942 |
| Societe Generale SA | 163,956 | 8,461,838 | CLP Holdings Ltd | 245,000 | 2,505,692 |
| Sodexo SA | 14,584 | 1,960,522 | First Pacific Co Ltd | 428,000 | 289,629 |
| Solvay SA | 12,149 | 1,687,893 | Galaxy Entertainment | 331,000 | 2,654,842 |
| Stmicroelectronics | 104,350 | 2,277,392 | Hang Lung Group Ltd | 116,000 | 426,618 |
| Stora Enso OYJ | 93,241 | 1,474,564 | Hang Lung Properties | 344,000 | 837,854 |
| Suez | 61,168 | 1,073,848 | Hang Seng Bank Ltd | 108,200 | 2,685,172 |
| Symrise AG | 19,176 | 1,644,787 | Henderson Land devel | 325,216 | 2,136,267 |
| Technipfmc Plc | 18,446 | 572,245 | HK Electric Investment | 471,154 | 430,333 |
| TELECOM ITALIA SPA | 1,040,170 | 744,426 | HKT Trust & HKT Ltd | 528,040 | 671,423 |
| TELECOM ITALIA SPA/M | 1,723,967 | 1,491,537 | Hong Kong & China Gas | 1,290,419 | 2,525,605 |
| Telefonica Deutschland | 103,654 | 520,524 | Hong Kong Exchanges | 170,357 | 5,225,794 |
| Telefonica SA | 693,983 | 6,770,016 | Hopewell Holdings Ltd | 35,000 | 128,721 |
| Telenet Group Holdings | 7,858 | 548,131 | Hysan Development Co | 137,000 | 723,792 |
| Teleperformance | 8,097 | 1,153,620 | Kerry Properties Ltd | 207,000 | 930,762 |
| Tenaris SA | 74,732 | 1,180,058 | Kingston Financial | 466,000 | 446,489 |
| TERNA RETE ELETTRICA | 145,948 | 848,933 | Li & Fung Ltd | 972,000 | 533,417 |
| Thales SA | 15,718 | 1,693,203 | Link REIT | 308,000 | 2,852,545 |
| Thyssenkrupp AG | 64,134 | 1,864,464 | MGM China Holdings Ltd | 164,400 | 496,315 |
| Total SA | 419,359 | 23,186,725 | Minth Group Ltd | 56,000 | 336,331 |
| Ubisoft Entertainment | 11,221 | 862,617 | MTR Corp Ltd | 244,397 | 1,430,310 |
| UCB SA | 19,600 | 1,551,944 | New World Development | 918,992 | 1,377,788 |
| Umicore SA | 31,984 | 1,511,868 | NWS Holdings Ltd | 248,251 | 447,768 |
| Unibail-Rodamco | 14,784 | 3,728,054 | PCCW Ltd | 838,000 | 486,679 |
| UNICREDIT SPA | 366,393 | 6,854,655 | Power Assets Holding | 190,500 | 1,607,137 |
| Unilever NV | 350,018 | 19,714,260 | Sands China Ltd | 393,200 | 2,027,037 |
| Uniper SE | 34,416 | 1,067,677 | Shangri-la Asia Ltd | 216,000 | 488,516 |
| UNIPOLSAI ASSICURAZI | 152,370 | 356,235 | Sino Land Co Ltd | 490,293 | 866,776 |
| United Internet AG | 20,377 | 1,404,749 | SJM Holdings Ltd | 374,000 | 334,898 |
| Upm-Kymmene OYJ | 135,118 | 4,202,270 | Sun Hung Kai Properties | 322,000 | 5,358,908 |
| Valeo SA | 38,720 | 2,889,665 | Swire Pacific Ltd | 118,500 | 1,095,973 |
| Veolia Environnement | 74,627 | 1,902,914 | Swire Properties Ltd | 321,123 | 1,033,124 |
| Vinci SA | 76,046 | 7,774,652 | Techtronic Industries | 225,500 | 1,462,506 |
| Vivendi SA | 150,659 | 4,052,416 | WH Group Ltd | 1,269,408 | 1,430,607 |
| Voestalpine AG | 19,223 | 1,153,226 | Wharf Holdings Ltd | 336,000 | 1,160,503 |
| Volkswagen AG | 32,966 | 6,615,824 | Wharf Real Estate Inc | 336,000 | 2,235,043 |
| Vonovia SE | 62,858 | 3,117,699 | Wheelock & Co Ltd | 221,000 | 1,577,501 |
| Wartsila OYJ abp | 21,210 | 1,335,848 | Wynn Macau Ltd | 266,800 | 844,703 |
| Wendel SA | 4,237 | 733,151 | Yue Yuen industrial | 115,500 | 453,590 |
| Wirecard AG | 18,993 | 2,122,174 | | | 81,140,827 |

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23. Schedule of financial assets valued through profit or loss (continued)

| Security | Unit holding | Fair Value | Security | Unit holding | Fair Value |
|------------------------|--------------|------------------|----------------------------|--------------|------------|
| Israel | | | Daifuku Co Ltd | 14,700 | 799,920 |
| Azrieli Group Ltd | 6,612 | 370,058 | Daiichi Sankyo Co Ltd | 52,000 | 1,355,046 |
| Bank Hapoalim Bm | 308,475 | 2,272,034 | Daikin Industries Ltd | 34,900 | 4,129,755 |
| Bank Leumi Le-Israel | 412,718 | 2,491,775 | Daito Trust Constructions | 11,300 | 2,304,136 |
| Bezeq The Israeli Te | 329,096 | 498,434 | Daiwa House Industry | 63,400 | 2,434,695 |
| Elbit Systems Ltd | 2,986 | 399,693 | Daiwa House Reit Inv | 275 | 651,798 |
| First International | 8,287 | 172,249 | Daiwa Securities Group | 469,000 | 2,943,063 |
| Frutarom Industries | 5,166 | 485,552 | Dena Co Ltd | 18,400 | 379,270 |
| Israel Chemicals Ltd | 74,523 | 302,458 | Denso Corp | 71,100 | 4,267,893 |
| Israel Discount Bank | 91,807 | 266,828 | Dentsu Inc | 35,800 | 1,515,899 |
| Mizrahi Tefahot Bank | 20,357 | 374,109 | Dic Corp | 12,000 | 453,262 |
| Nice Ltd | 11,063 | 1,001,570 | Disco Corp | 4,100 | 911,354 |
| Teva Pharmaceutical | 69,653 | 1,317,361 | Don Quijote Holdings | 19,200 | 1,003,888 |
| | | 9,952,121 | East Japan Railway Corp | 47,400 | 4,622,183 |
| Japan | | | Eisai Co Ltd | 36,800 | 2,095,297 |
| ABC-Mart Inc | 11,900 | 682,414 | Electric Power Development | 19,000 | 511,052 |
| Acom Co Ltd | 67,600 | 285,042 | Familymart Uny Holdings | 13,300 | 931,531 |
| Aeon Co Ltd | 44,100 | 744,591 | Fanuc Corp | 29,100 | 6,988,907 |
| Aeon Financial Service | 19,900 | 463,008 | Fast Retailing Co Ltd | 7,500 | 2,986,018 |
| Aeon Mall Co Ltd | 19,690 | 385,061 | Fuji Electric Co Ltd | 80,000 | 602,219 |
| Aichi Bank Ltd | 1,900 | 90,067 | Fujiibo Holdings Inc | 5,500 | 181,624 |
| Air Water Inc | 25,000 | 527,075 | Fujifilm Holdings Co | 60,800 | 2,484,893 |
| Aisin Seiki Co Ltd | 19,800 | 1,110,839 | Fujitsu Ltd | 309,000 | 2,201,813 |
| Ajinomoto Co Inc | 75,200 | 1,415,215 | Fukuoka Financial Group | 123,000 | 690,067 |
| Alfresa Holdings Corp | 27,800 | 652,492 | Fuso Chemical Co Ltd | 14,300 | 387,173 |
| Alps Electric Co Ltd | 29,300 | 836,214 | Foldcrest Co Ltd | 10,900 | 219,935 |
| Amada Holdings Co Ltd | 51,600 | 702,200 | Fungho Online Entert | 340,400 | 936,742 |
| Ana Holdings Inc | 18,800 | 784,710 | Fachijuni Bank Ltd | 164,000 | 940,470 |
| Aozora Bank Ltd | 24,200 | 940,932 | Fakuhodo dy Holdings | 39,700 | 515,237 |
| Asahi Glass Co Ltd | 31,300 | 1,354,527 | Famamatsu Photonics | 22,000 | 739,192 |
| Asahi Group Holdings | 62,500 | 3,100,310 | Fankyu Hanshin Holdings | 38,800 | 1,558,544 |
| Asahi Kasei Corp | 184,000 | 2,374,114 | Faseko Corp | 23,600 | 366,413 |
| Asics Corp | 26,600 | 423,853 | Fikari Tsushin Inc | 2,600 | 373,671 |
| Astellas Pharma Inc | 541,800 | 6,901,757 | Fino Motors Ltd | 43,700 | 565,986 |
| Awa Bank Ltd | 49,000 | 312,747 | Firose Electric Co Ltd | 5,040 | 736,426 |
| Bandai Namco Holdings | 28,200 | 921,225 | Fisamitsu Pharmaceutical | 10,400 | 629,632 |
| Bank of kyoto Ltd | 18,600 | 969,214 | Fitachi Chemical Co | 14,000 | 359,538 |
| Benesse Holdings Inc | 9,700 | 341,846 | Fitachi Construction | 17,800 | 645,477 |
| BridgestOne Corp | 130,300 | 6,057,532 | Fitachi High-Technology | 9,100 | 383,307 |
| Brother Industries Ltd | 35,100 | 865,582 | Fitachi Ltd | 721,000 | 5,608,631 |
| Calbee Inc | 12,600 | 409,933 | Fitachi Metals Ltd | 36,000 | 516,751 |
| Canon Inc | 157,400 | 5,868,441 | Fonda Motor Co Ltd | 253,100 | 8,668,084 |
| Casio Computer Co Ltd | 35,200 | 506,205 | Foshizaki Corp | 7,700 | 682,849 |
| Central Japan Railways | 44,200 | 7,915,978 | Foya Corp | 73,100 | 3,647,537 |
| Chiba Bank Ltd | 174,000 | 1,447,297 | Fulic Co Ltd | 40,500 | 455,153 |
| Chubu Electric Power | 109,000 | 1,354,638 | Fyakugo Bank Ltd | 51,000 | 242,663 |
| Chugai Pharmaceutical | 34,800 | 1,779,387 | Fdemitsu kosan Co Ltd | 17,000 | 682,867 |
| Chugoku Electric Power | 48,300 | 519,230 | Fhi Corp | 23,900 | 795,606 |
| Coca-Cola Bottlers | 13,100 | 478,531 | Fida Group Holdings | 25,300 | 477,253 |
| Concordia Financial | 200,000 | 1,205,504 | Fnaba Denki Sangyo Co | 3,700 | 172,437 |
| Credit Saison Co Ltd | 26,800 | 487,229 | Fnpex Corp | 371,700 | 4,645,837 |
| Cyberdyne Inc | 18,800 | 323,931 | Fsetan Mitsukoshi Holdings | 49,900 | 618,379 |
| Dai Nippon Printing | 26,000 | 579,547 | Fsuzu Motors Ltd | 92,200 | 1,544,033 |
| Daicel Corp | 143,800 | 1,635,222 | Ftochu Corp | 284,300 | 5,306,176 |

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23. Schedule of financial assets valued through profit or loss (continued)

| Security | Unit holding | Fair Value | Security | Unit holding | Fair Value |
|---------------------------|--------------|------------|-----------------------------|--------------|------------|
| Fyo Bank Ltd | 63,800 | 510,853 | Line Corp | 7,700 | 313,742 |
| J Front Retailing Co | 40,500 | 762,903 | Lion Corp | 36,800 | 697,452 |
| Japan Airlines Co Ltd | 20,400 | 798,072 | Lixil Group Corp | 44,200 | 1,196,715 |
| Japan Airport Terminals | 7,600 | 281,669 | M3 Inc | 31,200 | 1,098,162 |
| Japan Exchange Group | 86,500 | 1,505,015 | Mabuchi Motor Co Ltd | 9,400 | 509,845 |
| Japan Petroleum Explore | 24,300 | 644,117 | Maeda Road Constructions | 33,000 | 756,964 |
| Japan Post Bank Co Ltd | 137,800 | 1,793,296 | Makita Corp | 36,000 | 1,511,584 |
| Japan Post Holdings | 231,800 | 2,654,434 | Marubeni Corp | 337,500 | 2,444,740 |
| Japan Prime Realty | 147 | 466,511 | Marui Group Co Ltd | 27,400 | 501,300 |
| Japan Real Estate | 209 | 990,732 | Maruichi Steel Tube | 6,700 | 195,974 |
| Japan Retail Fund | 402 | 735,840 | Mazda Motor Corp | 109,100 | 1,462,414 |
| Japan Tobacco Inc | 164,700 | 5,302,857 | McDonald's Holdings | 11,200 | 492,641 |
| Jfe Holdings Inc | 84,600 | 2,030,700 | Mebuki Financial Group | 149,760 | 632,807 |
| JGC Corp | 36,000 | 696,351 | Medipal Holdings Corp | 27,500 | 538,282 |
| JSR Corp | 28,500 | 561,145 | Meiji Holdings Co Ltd | 18,100 | 1,540,870 |
| Jtekt Corp | 69,200 | 1,187,426 | Minebea Mitsumi Inc | 59,300 | 1,242,326 |
| Jxtg holdings Inc | 513,200 | 3,310,629 | Misumi Group Inc | 41,200 | 1,199,609 |
| Kajima Corp | 212,000 | 2,038,136 | Mitsubishi Chemical | 300,600 | 3,298,194 |
| Kakaku.com Inc | 48,100 | 812,982 | Mitsubishi Corp | 262,700 | 7,257,189 |
| Kaken Pharmaceutical | 15,700 | 811,132 | Mitsubishi Electric | 285,000 | 4,732,290 |
| Kamigumi Co Ltd | 19,500 | 431,371 | Mitsubishi Estate Co | 178,900 | 3,112,685 |
| Kanamoto Co Ltd | 6,900 | 213,768 | Mitsubishi Gas Chemical | 27,200 | 781,110 |
| Kaneka Corp | 41,000 | 374,150 | Mitsubishi Heavy Industries | 49,200 | 1,838,285 |
| Kanematsu Electronic | 12,500 | 373,391 | Mitsubishi Materials | 19,200 | 682,610 |
| Kansai Electric Power | 114,500 | 1,402,155 | Mitsubishi Motors Co | 105,700 | 763,780 |
| Kansai Paint Co Ltd | 34,300 | 890,308 | Mitsubishi Tanabe Ph | 54,300 | 1,123,598 |
| Kao Corp | 74,600 | 5,042,867 | Mitsubishi UFJ Finance | 1,926,200 | 14,120,335 |
| Kawasaki Heavy Industries | 22,800 | 799,467 | Mitsubishi UFJ Lease | 79,200 | 471,052 |
| Kddi Corp | 409,100 | 10,183,012 | Mitsui & Co Ltd | 302,400 | 4,915,174 |
| Keihan Holdings Co Ltd | 16,200 | 476,724 | Mitsui Chemicals Inc | 29,400 | 946,072 |
| Keihin Corp | 11,100 | 226,040 | Mitsui Fudosan Co Ltd | 128,000 | 2,866,791 |
| Keikyu Corp | 42,500 | 816,045 | Mitsui Osk Lines Ltd | 18,000 | 600,000 |
| Keio Corp | 18,800 | 826,933 | Mitsui Sugar Co Ltd | 10,300 | 434,767 |
| Keisei Electric rail | 21,500 | 689,947 | Mixi Inc | 20,700 | 927,963 |
| Keyence Corp | 13,880 | 7,774,771 | Mizuho Financial Group | 3,646,100 | 6,618,974 |
| Kikkoman Corp | 26,000 | 1,051,309 | MS & AD Insurance Group | 68,700 | 2,325,371 |
| Kintetsu Group Holdings | 28,500 | 1,091,678 | Murata Manufacturing | 28,400 | 3,811,877 |
| Kirin Holdings Co Ltd | 138,900 | 3,498,701 | Nabtesco Corp | 16,600 | 636,591 |
| Kobe Steel Ltd | 53,800 | 499,077 | Nagoya Railroad Co Ltd | 29,200 | 735,119 |
| Koito Manufacturing | 15,200 | 1,065,956 | Nec Corp | 51,100 | 1,378,997 |
| Komatsu Ltd | 135,900 | 4,913,632 | Nexon Co Ltd | 124,900 | 3,636,680 |
| Konami Holdings Corp | 15,000 | 825,566 | NGK Insulators Ltd | 39,800 | 751,483 |
| Konica Minolta Inc | 73,000 | 701,811 | NGK Spark Plug Co Ltd | 31,000 | 753,466 |
| Kose Corp | 5,300 | 827,110 | NH Foods Ltd | 23,000 | 561,065 |
| Kubota Corp | 136,200 | 2,670,801 | NHK Spring Co Ltd | 32,000 | 351,957 |
| Kuraray Co Ltd | 81,500 | 1,536,671 | Nidec Corp | 32,000 | 4,489,658 |
| Kurita Water Industries | 18,300 | 594,567 | Nikon Corp | 56,500 | 1,138,025 |
| Kyocera Corp | 43,500 | 2,845,938 | Nintendo Co Ltd | 17,100 | 6,252,543 |
| Kyokuto Kaihatsu Kog | 8,400 | 148,016 | Nippo Corp | 15,000 | 350,999 |
| Kyowa Hakko Kirin Co | 39,300 | 759,835 | Nippon Building Fund | 214 | 1,042,929 |
| Kyushu Electric Power | 67,300 | 704,962 | Nippon Electric Glas | 13,600 | 519,130 |
| Kyushu Financial Group | 72,400 | 437,678 | Nippon Express Co Ltd | 12,600 | 836,644 |
| Kyushu Railway Co | 20,600 | 638,207 | Nippon Paint Holding | 26,000 | 821,660 |
| Lawson Inc | 6,300 | 418,322 | Nippon Prologis Reit | 243 | 513,611 |

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23. Schedule of financial assets valued through profit or loss (continued)

| Security | Unit holding | Fair Value | Security | Unit holding | Fair Value |
|---------------------------|--------------|------------|----------------------------|--------------|------------|
| Nippon Steel & Sumitomo | 141,624 | 3,633,947 | Seven Bank Ltd | 514,300 | 1,762,271 |
| Nippon Telegraph & Teleph | 185,000 | 8,703,949 | Sharp Corp | 24,000 | 824,501 |
| Nippon Yusen Kk | 26,200 | 639,359 | Shimadzu Corp | 43,000 | 977,568 |
| Nissan Chemical Ind | 18,300 | 729,401 | Shimamura Co Ltd | 9,000 | 989,880 |
| Nissan Motor Co Ltd | 346,600 | 3,455,231 | Shimano Inc | 10,300 | 1,447,394 |
| Nisshin Seifun Group | 27,695 | 559,309 | Shimizu Corp | 101,000 | 1,042,725 |
| Nissin Foods Holdings | 9,500 | 693,209 | Shin-etsu Chemical Corp | 58,500 | 5,943,475 |
| Nitori Holdings Co Ltd | 13,100 | 1,864,700 | Shinmaywa Industries | 46,000 | 438,154 |
| Nitto Denko Corp | 26,600 | 2,361,296 | Shinsei Bank Ltd | 63,700 | 1,102,098 |
| Nof Corp | 13,300 | 356,556 | Shionogi & Co Ltd | 44,000 | 2,379,085 |
| NOK Corp | 19,000 | 443,586 | Shiseido Co Ltd | 58,500 | 2,827,630 |
| Nomura Holdings Inc | 836,800 | 4,939,088 | Shizuoka Bank Ltd | 160,000 | 1,651,842 |
| Nomura Real Estate H | 21,300 | 477,241 | Showa Shell Sekiyu | 32,900 | 446,552 |
| Nomura Real Estate M | 689 | 852,611 | Smc Corp | 10,800 | 4,445,592 |
| Nomura Research Inst | 20,207 | 938,150 | SoftBank Group Corp | 120,500 | 9,539,449 |
| Nsk Ltd | 32,800 | 516,240 | Sohgo Security Services | 12,300 | 668,229 |
| Ntt Data Corp | 105,000 | 1,247,137 | Sompo Holdings Inc | 44,800 | 1,735,130 |
| Ntt Docomo Inc | 398,700 | 9,418,026 | Sony Corp | 221,900 | 10,012,584 |
| Obayashi Corp | 110,000 | 1,330,936 | Sony Financial Holdings | 28,300 | 500,683 |
| Obic Co Ltd | 11,600 | 850,564 | Stanley Electric Co | 23,000 | 933,067 |
| Odakyu Electric Rail | 49,500 | 1,058,548 | Start Today Co Ltd | 32,100 | 975,965 |
| OJI Holdings Corp | 194,000 | 1,289,889 | Subaru Corp | 132,800 | 4,221,542 |
| Olympus Corp | 43,400 | 1,664,341 | Sumco Corp | 33,900 | 867,888 |
| Omron Corp | 31,800 | 1,894,168 | Sumitomo Chemical Co | 414,000 | 2,976,831 |
| Ono Pharmaceutical | 65,800 | 1,533,581 | Sumitomo Corp | 218,600 | 3,712,222 |
| Oracle Corp Japan | 13,200 | 1,094,434 | Sumitomo Dainippon | 22,700 | 337,125 |
| Oriental Land Co Ltd | 32,700 | 2,979,720 | Sumitomo Electric Inc | 77,800 | 1,315,314 |
| Orix Corp | 192,000 | 3,245,166 | Sumitomo Heavy Industries | 17,600 | 744,465 |
| Osaka Gas Co Ltd | 58,800 | 1,132,154 | Sumitomo Metal Mining | 41,000 | 1,882,761 |
| Otsuka Corp | 7,800 | 598,242 | Sumitomo Mitsui Financial | 248,600 | 10,734,046 |
| Otsuka Holdings co Ltd | 58,500 | 2,566,937 | Sumitomo Mitsui Trust | 52,800 | 2,095,595 |
| Panasonic Corp | 325,700 | 4,766,235 | Sumitomo Realty & De | 58,000 | 1,906,045 |
| Park24 Co Ltd | 20,700 | 495,220 | Sumitomo Rubber Industries | 27,500 | 511,673 |
| Persol Holdings Co | 13,400 | 335,565 | Sumitomo Seika Chemical | 3,700 | 205,282 |
| Piolax Inc | 6,100 | 181,132 | Sundrug Co Ltd | 14,000 | 649,978 |
| Pola Orbis Holdings | 16,400 | 575,055 | Suntory Beverage | 24,300 | 1,080,719 |
| Rakuten Inc | 147,300 | 1,347,471 | Suruga Bank Ltd | 27,100 | 581,213 |
| Recruit Holdings Co | 170,500 | 4,237,148 | Suzuken Co Ltd | 11,000 | 452,108 |
| Renesas Electronics | 68,000 | 792,579 | Suzuki Motor Corp | 81,200 | 4,706,212 |
| Resona Holdings Inc | 359,100 | 2,145,355 | Sysmex Corp | 25,700 | 2,021,322 |
| Ricoh Co Ltd | 111,400 | 1,034,393 | T&d Holdings Inc | 85,500 | 1,460,672 |
| Rinnai Corp | 6,200 | 560,284 | Taiheiyo Cement Corp | 19,700 | 850,781 |
| Rohm Co Ltd | 14,500 | 1,605,104 | Taisei Corp | 44,300 | 2,206,152 |
| Ryohin keikaku Co Ltd | 3,600 | 1,121,704 | Taisho Pharmaceutical | 5,800 | 463,382 |
| Sankyo Co Ltd | 9,500 | 298,957 | Taiyo Nippon Sanso | 30,000 | 419,707 |
| Santen pharmaceutical | 62,000 | 974,168 | Takashimaya Co Ltd | 39,000 | 410,599 |
| SBI Holdings Inc | 31,480 | 658,104 | Takeda Pharmaceutical | 104,000 | 5,906,719 |
| Secom Co Ltd | 28,000 | 2,113,981 | Takeuchi Manufacturing | 16,100 | 382,455 |
| Sega Sammy Holdings | 60,900 | 755,236 | TDK Corp | 20,100 | 1,602,290 |
| Seibu Holdings Inc | 23,200 | 438,668 | Teijin Ltd | 30,200 | 672,630 |
| Seiko Epson Corp | 41,400 | 976,474 | Terumo Corp | 44,100 | 2,086,578 |
| Sekisui Chemical Co | 71,000 | 1,425,042 | THK Co Ltd | 19,900 | 747,244 |
| Sekisui House Ltd | 93,800 | 1,694,478 | Toagosei Co Ltd | 47,600 | 605,511 |
| Seven & I Holdings Co | 110,700 | 4,600,953 | Tobu Railway Co Ltd | 29,700 | 959,680 |

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23. Schedule of financial assets valued through profit or loss (continued)

| Security | Unit holding | Fair Value | Security | Unit holding | Fair Value |
|----------------------------|--------------|--------------------|------------------------|--------------|-------------------|
| Toho Co Ltd | 18,300 | 633,555 | Meridian Energy Ltd | 251,250 | 519,985 |
| Toho Gas Co Ltd | 13,400 | 366,968 | Ryman Healthcare Ltd | 66,192 | 494,295 |
| Tohoku Electric Power | 70,700 | 903,127 | Sky Network Television | 83,889 | 167,650 |
| Token Corp | 3,400 | 401,722 | Spark New Zealand Ltd | 282,013 | 726,055 |
| Tokio Marine Holdings | 101,900 | 4,647,689 | | | 3,866,524 |
| Tokyo Electric Power | 243,700 | 962,685 | Norway | | |
| Tokyo Electron Ltd | 23,600 | 4,272,720 | DNB ASA | 155,180 | 2,885,667 |
| Tokyo Gas Co Ltd | 53,000 | 1,212,437 | Gjensidige Forsikrin | 29,686 | 562,192 |
| Tokyo Tatemono Co Ltd | 34,500 | 465,819 | Leroy Seafood Group | 112,484 | 604,821 |
| Tokyu Corp | 86,000 | 1,371,877 | Marine Harvest ASA | 55,918 | 949,588 |
| Tokyu Fudosan Holdings | 86,200 | 622,874 | Norsk Hydro ASA | 233,286 | 1,778,305 |
| Toppan Forms Co Ltd | 2,200 | 24,900 | Orkla ASA | 135,824 | 1,445,528 |
| Toppan Printing Co Ltd | 94,000 | 849,463 | SAlmar ASA | 24,093 | 725,793 |
| Toray Industries Inc | 234,000 | 2,206,018 | Schibsted ASA | 15,531 | 412,990 |
| Toshiba Corp | 795,000 | 2,215,978 | SpareBank 1 sr-Bank | 17,742 | 188,714 |
| Tosoh Corp | 93,000 | 2,107,670 | StatOil ASA | 165,599 | 3,547,096 |
| Toto Ltd | 24,000 | 1,414,647 | Subsea 7 SA | 38,030 | 571,890 |
| Toyo Ink SC Holdings | 32,000 | 189,188 | Telenor ASA | 109,712 | 2,359,398 |
| Toyo Seikan Group Holdings | 25,400 | 407,888 | Yara International ASA | 26,508 | 1,220,502 |
| Toyo Suisan Kaisha Ltd | 14,800 | 631,940 | | | 17,252,483 |
| Toyoda Gosei Co Ltd | 8,600 | 218,874 | Sweden | | |
| Toyota Boshoku Corp | 36,500 | 763,697 | Alfa Laval AB | 52,440 | 1,240,626 |
| Toyota Industries Co | 26,700 | 1,716,005 | Assa Abloy AB | 147,566 | 3,069,372 |
| Toyota Motor Corp | 383,620 | 24,556,445 | Atlas Copco AB | 229,110 | 9,600,685 |
| Toyota Tsusho Corp | 36,300 | 1,459,734 | Boliden AB | 43,009 | 1,469,791 |
| Trend Micro Inc | 28,400 | 1,605,930 | Electrolux AB | 36,608 | 1,178,163 |
| TS Tech Co Ltd | 8,700 | 357,577 | Essity AB | 88,276 | 2,504,612 |
| Tsuruha Holdings Inc | 6,600 | 896,991 | Getinge AB | 40,061 | 581,771 |
| Ulvac Inc | 9,600 | 605,060 | Hennes & Mauritz AB | 144,786 | 2,997,401 |
| Unicharm Corp | 62,700 | 1,629,421 | Hexagon AB | 35,581 | 1,776,551 |
| Unipres Corp | 7,700 | 207,111 | Husqvarna AB | 74,043 | 704,934 |
| USS Co Ltd | 52,200 | 1,104,703 | Ica gruppen AB | 10,948 | 398,474 |
| UTD Urban Invest crp | 506 | 726,322 | Industrivarden AB | 20,024 | 493,783 |
| Wakita & Co Ltd | 29,600 | 362,873 | Investor AB | 96,085 | 4,379,715 |
| West Japan Railway | 27,100 | 1,977,951 | Jm AB | 29,342 | 667,654 |
| Yahoo Japan Corp | 218,900 | 1,002,684 | Kinnevik AB | 39,920 | 1,347,650 |
| Yakult Honsha Co Ltd | 14,200 | 1,070,200 | L e Lundbergforetag | 4,935 | 368,580 |
| Yamada Denki Co Ltd | 102,400 | 564,495 | Lundin Petroleum AB | 28,500 | 649,539 |
| Yamaguchi Financial | 28,000 | 332,570 | Millicom Intl Cellul | 11,019 | 744,918 |
| Yamaha Corp | 25,200 | 929,481 | Netent AB | 74,758 | 514,518 |
| Yamaha Motor Co Ltd | 55,800 | 1,827,803 | Nordea Bank AB | 465,170 | 5,627,491 |
| Yamanashi Chuo Bank | 22,000 | 95,890 | SAndvik AB | 177,055 | 3,101,030 |
| Yamato Holdings Co Ltd | 52,800 | 1,062,562 | Securitas AB | 46,921 | 820,079 |
| Yamato Kogyo Co Ltd | 10,900 | 316,889 | Skandinaviska Enskil | 231,286 | 2,706,222 |
| Yamazaki Baking Co Ltd | 23,000 | 448,566 | Skanska AB | 54,944 | 1,141,493 |
| Yaskawa Electric Corp | 36,700 | 1,615,908 | Skf AB | 65,411 | 1,451,625 |
| Yokogawa Electric Corp | 35,800 | 685,491 | Svenska HandelsBanke | 221,799 | 3,023,238 |
| Yokohama Rubber Co Ltd | 20,500 | 502,628 | SwedBank AB | 133,449 | 3,212,555 |
| | | 619,540,864 | Swedish Match AB | 91,934 | 3,621,217 |
| New Zealand | | | Tele2 AB | 57,799 | 710,883 |
| Auckland International | 123,802 | 569,670 | Telefonaktiebolaget | 467,998 | 3,066,637 |
| Fisher & Paykel Heal | 43,066 | 430,637 | Telia Co AB | 415,629 | 1,855,926 |
| Fletcher Building Ltd | 112,481 | 603,973 | Tethys Oil AB | 17,760 | 141,538 |
| Mercury NZ Ltd | 147,808 | 354,258 | | | |

Petroleum Fund of Timor-Leste
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23. Schedule of financial assets valued through profit or loss (continued)

| Security | Unit holding | Fair Value | Security | Unit holding | Fair Value |
|--------------------------|--------------|-------------------|--------------------------|--------------|--------------------|
| Volvo AB | 237,759 | 4,419,776 | Schindler Holding AG | 9,277 | 2,126,387 |
| | | 69,588,448 | SGS SA | 1,316 | 3,424,707 |
| Singapore | | | Sika AG | 342 | 2,716,347 |
| Ascendas | 371,362 | 753,061 | Sonova Holding AG | 12,815 | 2,001,481 |
| Capitaland Commercial | 353,881 | 511,067 | Straumann Holding AG | 1,101 | 777,874 |
| Capitaland Ltd | 797,700 | 2,101,096 | Swatch Group AG | 8,936 | 2,356,136 |
| Capitaland Mall Trust | 376,200 | 596,786 | Swiss Life Holding | 5,164 | 1,828,200 |
| City Developments Ltd | 75,000 | 700,389 | Swiss Prime Site AG | 10,606 | 978,974 |
| Comfortdelgro Corp Ltd | 761,300 | 1,122,240 | Swiss Re AG | 87,539 | 8,192,467 |
| DBS Group Holdings Ltd | 251,900 | 4,684,014 | Swisscom AG | 10,805 | 5,748,993 |
| Genting Singapore Plc | 982,000 | 962,601 | Ubs Group AG | 717,856 | 13,207,964 |
| Global Logistic Prop | 466,300 | 1,172,380 | Vifor pharma AG | 6,590 | 844,629 |
| Golden Agri-Resource | 1,342,000 | 371,551 | Zurich Insurance Group | 22,893 | 6,965,394 |
| Jardine Cycle & Carr | 27,788 | 845,451 | | | 214,266,258 |
| Keppel Corp Ltd | 237,300 | 1,305,115 | United Kingdom | | |
| Mapletree Greater Ch | 268,300 | 246,939 | 3I Group PLC | 157,804 | 1,946,839 |
| Oversea-Chinese Bank | 457,867 | 4,244,967 | Abcam Plc | 16,277 | 232,297 |
| SATS Ltd | 88,100 | 342,142 | Acacia Mining Plc | 208,135 | 558,886 |
| SembCorp Industries | 180,000 | 408,111 | Admiral Group Plc | 47,203 | 1,277,076 |
| Singapore Airlines | 99,000 | 788,948 | Anglo American Plc | 201,408 | 4,216,233 |
| Singapore Exchange | 143,000 | 795,039 | Antofagasta Plc | 70,777 | 959,350 |
| Singapore Press Holding | 247,911 | 491,593 | Ashmore Group Plc | 155,869 | 854,160 |
| Singapore Technologi | 244,200 | 593,872 | Ashtead Group Plc | 83,186 | 2,232,591 |
| Singapore Telecommun | 2,251,500 | 6,014,559 | Associated British | 46,130 | 1,759,745 |
| Starhub Ltd | 99,100 | 211,340 | Astrazeneca Plc | 188,373 | 13,041,759 |
| Suntec REIT | 360,200 | 576,795 | Auto Trader Group Plc | 283,546 | 1,353,223 |
| United Overseas Bank | 194,863 | 3,849,435 | Aviva Plc | 599,513 | 4,095,503 |
| UOL Group Ltd | 94,384 | 625,036 | Babcock International | 162,335 | 1,549,267 |
| Wilmar International | 248,600 | 574,809 | BAE Systems Plc | 463,248 | 3,587,619 |
| Yangzijiang Shipbuilding | 897,100 | 980,071 | Barclays Plc | 3,813,426 | 10,477,133 |
| Yanlord Land Group | 251,900 | 303,471 | Barratt Developments | 156,096 | 1,367,253 |
| | | 36,172,877 | Beazley Plc | 79,433 | 573,799 |
| Switzerland | | | Berkeley Group Holdings | 23,362 | 1,326,375 |
| ABB Ltd | 282,216 | 7,564,375 | Bhp Billiton Plc | 309,497 | 6,372,184 |
| Adecco Group AG | 23,597 | 1,803,978 | BP Plc | 2,893,148 | 20,433,444 |
| Baloise Holding AG | 8,622 | 1,341,299 | British American Tobacco | 366,348 | 24,818,491 |
| Barry Callebaut AG | 389 | 810,733 | British Land | 153,320 | 1,434,195 |
| Chocoladefabriken Li | 177 | 2,129,528 | BT Group Plc | 1,910,113 | 7,012,714 |
| CIE Financiere Riche | 79,154 | 7,172,191 | Bunzl Plc | 42,529 | 1,188,016 |
| Clariant AG | 17,537 | 490,388 | Burberry Group Plc | 120,561 | 2,922,551 |
| Credit Suisse Group | 341,422 | 6,092,694 | Cairn Energy Plc | 63,446 | 183,497 |
| Dufry AG | 5,923 | 880,701 | Capita Plc | 114,500 | 620,953 |
| Ems-Chemie Holding AG | 1,325 | 884,467 | Carnival Plc | 30,909 | 2,045,449 |
| Geberit AG | 5,396 | 2,375,459 | Centrica Plc | 1,590,561 | 2,954,188 |
| Givaudan SA | 1,360 | 3,140,073 | Close Brothers Group | 29,148 | 570,945 |
| Julius Baer Group Ltd | 36,361 | 2,221,958 | Cobham Plc | 392,680 | 669,840 |
| Kuehne & Nagel Inter | 8,420 | 1,489,593 | Coca-Cola HBC AG | 31,703 | 1,037,846 |
| Lafargeholcim Ltd | 66,500 | 3,746,384 | Compass Group Plc | 234,928 | 5,084,778 |
| Lonza Group AG | 10,217 | 2,759,482 | Convatec Group Plc | 135,395 | 376,018 |
| Nestle SA | 538,205 | 46,254,160 | Croda international | 21,473 | 1,284,774 |
| Novartis AG | 413,062 | 34,905,760 | DCC Plc | 13,930 | 1,406,689 |
| Pargesa Holding SA | 4,337 | 375,399 | Diageo Plc | 473,890 | 17,439,880 |
| Partners Group Holdings | 2,800 | 1,919,344 | Direct Line Insurance | 206,145 | 1,064,139 |
| Roche Holding AG | 137,390 | 34,738,742 | Dunelm Group Plc | 32,167 | 301,334 |

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23. Schedule of financial assets valued through profit or loss (continued)

| Security | Unit holding | Fair Value | Security | Unit holding | Fair Value |
|---------------------------|--------------|------------|---------------------------|--------------|--------------------|
| Easyjet Plc | 26,983 | 534,013 | RSA Insurance Group | 173,665 | 1,483,552 |
| Experian Plc | 134,760 | 2,980,547 | Sage Group Plc | 170,092 | 1,828,079 |
| Ferguson Plc | 39,717 | 2,863,656 | Schroders Plc | 20,578 | 978,744 |
| Fresnillo Plc | 37,869 | 729,476 | Segro Plc | 150,874 | 1,198,036 |
| G4s Plc | 252,011 | 907,496 | Severn Trent Plc | 40,495 | 1,183,239 |
| GKN Plc | 676,873 | 2,917,227 | Shire Plc | 137,052 | 7,212,869 |
| Glaxosmithkline Plc | 951,960 | 16,972,715 | Sky Plc | 158,973 | 2,176,312 |
| Glencore Plc | 1,847,488 | 9,718,091 | Smith & Nephew Plc | 126,625 | 2,201,100 |
| Halfords Group Plc | 32,206 | 152,396 | Smiths Group Plc | 161,491 | 3,255,006 |
| Hammerson Plc | 126,953 | 937,676 | Spirax-Sarco Engineer | 6,487 | 493,171 |
| Hargreaves Lansdown | 38,802 | 945,858 | SSE Plc | 131,157 | 2,338,429 |
| HSBC Holdings Plc | 3,326,026 | 34,468,971 | St James's Place Plc | 138,035 | 2,287,402 |
| IG Group Holdings Plc | 73,512 | 713,506 | Standard Chartered Plc | 761,231 | 8,032,085 |
| IMI Plc | 101,003 | 1,821,301 | Standard Life Aberdeen | 423,138 | 2,497,951 |
| Imperial Brands Plc | 174,010 | 7,452,506 | Tate & Lyle Plc | - | - |
| Inchcape Plc | 72,011 | 760,794 | Taylor Wimpey Plc | 507,299 | 1,416,416 |
| Indivior Plc | 200,330 | 1,104,310 | Tesco Plc | 1,246,753 | 3,529,093 |
| Intercontinental Hot | 29,258 | 1,867,324 | Travis Perkins Plc | 39,067 | 828,126 |
| Intertek Group Plc | 41,138 | 2,888,203 | Tui AG | 56,565 | 1,178,381 |
| Investec Plc | 262,423 | 1,899,210 | Ultra Electronics Holding | 24,565 | 447,612 |
| ITV Plc | 1,045,827 | 2,338,568 | Unilever Plc | 252,052 | 14,061,318 |
| J Sainsbury Plc | 302,717 | 988,533 | United Utilities Group | 102,454 | 1,148,949 |
| John Wood Group Plc | 90,104 | 791,663 | Victrex Plc | 23,503 | 838,717 |
| Johnson Matthey Plc | 30,886 | 1,283,512 | Vodafone Group Plc | 3,885,178 | 12,342,943 |
| Jupiter Fund Management | 45,425 | 386,205 | Weir Group Plc | 35,529 | 1,020,352 |
| Kingfisher Plc | 360,351 | 1,646,167 | Whitbread Plc | 29,460 | 1,593,282 |
| Land Securities Group | 121,700 | 1,659,466 | WM Morrison Supermar | 358,360 | 1,066,012 |
| Legal & General Group | 1,949,785 | 7,208,478 | Worldpay Group Plc | 327,187 | 1,885,484 |
| Lloyds Banking Group | 10,896,692 | 9,995,526 | WPP Plc | 432,590 | 7,847,340 |
| London Stock Exchanges | 50,456 | 2,584,108 | | | 479,839,946 |
| Marks & Spencer Group | 445,325 | 1,895,191 | United States | | |
| Mediclinic International | 61,735 | 539,070 | 3M CO | 106,574 | 25,128,018 |
| Meggitt Plc | 396,272 | 2,584,865 | Abbott Laboratories | 258,076 | 14,741,301 |
| Merlin Entertainment | 109,165 | 535,314 | Abbvie Inc | 272,903 | 26,433,385 |
| Micro Focus International | 45,872 | 1,561,882 | Accenture Plc | 92,868 | 14,219,948 |
| Mondi Plc | 108,504 | 2,834,296 | Activision Blizzard | 106,915 | 6,769,858 |
| National Grid Plc | 521,548 | 6,169,803 | Acuity Brands Inc | 6,652 | 1,170,819 |
| Next Plc | 50,297 | 3,075,373 | Adobe Systems Inc | 74,244 | 13,014,231 |
| Old Mutual Plc | 797,388 | 2,496,033 | Advance Auto Parts Inc | 11,347 | 1,131,182 |
| Ophir Energy Plc | 156,296 | 141,658 | Advanced Micro Devic | 122,106 | 1,255,250 |
| Paddy Power Betfair | 7,131 | 850,335 | Aercap Holdings NV | 23,668 | 1,245,173 |
| Pearson Plc | 134,721 | 1,341,314 | AES Corp | 111,652 | 1,209,191 |
| Persimmon Plc | 51,254 | 1,896,279 | Aetna Inc | 52,318 | 9,449,677 |
| Playtech Plc | 39,030 | 454,325 | Affiliated Managers | 22,202 | 4,558,515 |
| Prudential Plc | 393,806 | 10,137,674 | Aflac Inc | 104,947 | 9,216,446 |
| Qinetiq Group Plc | 189,834 | 593,460 | Agco Corp | 10,931 | 780,911 |
| Randgold Resources I | 14,615 | 1,464,000 | Agilent Technologies | 46,065 | 3,083,591 |
| Reckitt Benckiser Group | 134,321 | 12,570,186 | Agnc Investment Corp | 47,656 | 961,222 |
| Relx Plc | 152,784 | 3,592,071 | Air Products & Chemical | 31,298 | 5,136,941 |
| Rio Tinto Plc | 232,196 | 12,375,654 | Akamai Technologies | 28,622 | 1,861,861 |
| Rolls-Royce Holdings | 12,154,247 | 2,979,086 | Alaska Air Group Inc | 8,300 | 610,133 |
| Royal Bank of Scotla | 1,219,938 | 4,584,450 | Albemarle Corp | 16,753 | 2,142,709 |
| Royal Dutch Shell Plc | 1,333,331 | 44,896,012 | Alcoa Corp | 16,300 | 878,081 |
| Royal Mail Plc | 286,396 | 1,753,084 | Alexandria Real Estate | 12,041 | 1,572,434 |

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23. Schedule of financial assets valued through profit or loss (continued)

| Security | Unit holding | Fair Value | Security | Unit holding | Fair Value |
|--------------------------|--------------|-------------|--------------------------|--------------|------------|
| Alexion Pharmaceutical | 34,800 | 4,162,776 | Assured Guaranty Ltd | 34,400 | 1,165,128 |
| Align Technology Inc | 10,798 | 2,399,640 | AT&T Inc | 1,118,512 | 43,510,117 |
| Alkermes Plc | 24,136 | 1,320,481 | Athene Holding Ltd | 59,465 | 3,074,341 |
| Alleghany Corp | 2,451 | 1,461,139 | Atmos Energy Corp | 14,320 | 1,229,372 |
| Allegion Plc | 16,794 | 1,336,299 | Autodesk Inc | 28,979 | 3,037,579 |
| Allergan Plc | 49,798 | 8,149,443 | Autoliv Inc | 13,626 | 1,731,592 |
| Alliance Data Systems | 7,587 | 1,923,305 | Automatic Data Process | 85,236 | 9,988,807 |
| Alliant Energy Corp | 39,177 | 1,669,332 | Autonation Inc | 10,581 | 543,017 |
| Allstate Corp | 54,393 | 5,694,947 | Autozone Inc | 4,049 | 2,880,297 |
| Ally Financial Inc | 81,453 | 2,375,169 | Avalonbay Communities | 20,424 | 3,644,050 |
| Alnylam pharmaceutical | 12,579 | 1,598,036 | Avery Dennison Corp | 15,079 | 1,732,125 |
| Alphabet Inc | 106,368 | 111,668,266 | Avnet Inc | 20,088 | 795,686 |
| Altria Group Inc | 340,038 | 24,292,315 | Axalta Coating System | 29,975 | 970,890 |
| Amazon.com Inc | 66,734 | 78,043,411 | Axis Capital Holding | 15,323 | 770,134 |
| AMC Networks Inc | 28,900 | 1,562,623 | Baker Hughes Inc | 62,107 | 1,965,687 |
| Amdocs Ltd | 8,665 | 567,384 | Ball Corp | 52,028 | 1,969,260 |
| Amerco | 1,387 | 523,537 | Bank of America Corp | 1,759,331 | 51,953,044 |
| Ameren Corporation | 37,454 | 2,209,411 | Bank of New York Mellon | 152,295 | 8,204,132 |
| American Airlines Group | 21,125 | 1,099,134 | Baxter International | 74,896 | 4,841,277 |
| American Electric Power | 74,089 | 5,450,728 | BB&T Corp | 123,022 | 6,117,884 |
| American Equity Inv | 21,800 | 669,478 | Becton Dickinson | 39,160 | 8,382,981 |
| American Express Co | 159,891 | 15,880,374 | Bed Bath & Beyond | 49,600 | 1,089,216 |
| American Financial Group | 24,444 | 2,653,152 | Berkshire Hathaway Inc | 196,284 | 38,995,742 |
| American International | 140,252 | 8,357,617 | Best Buy Co Inc | 54,615 | 3,738,943 |
| American National | 2,058 | 262,910 | Big Lots Inc | 11,200 | 628,880 |
| American Tower-reits | 65,525 | 9,350,418 | Bill Barrett Corp | 52,900 | 271,377 |
| American Water Works | 28,128 | 2,573,149 | Biogen Inc | 48,158 | 15,341,694 |
| Ameriprise Financial | 23,324 | 3,952,952 | Biomarin Pharmaceutical | 27,091 | 2,415,434 |
| Amerisourcebergen Co | 35,380 | 3,248,592 | Bio-Techne Corp | 2,100 | 272,118 |
| Ametek Inc | 33,007 | 2,392,677 | Blackrock Inc | 18,529 | 9,526,685 |
| Amgen Inc | 149,183 | 25,942,924 | Boardwalk Pipeline P | 81,500 | 1,052,165 |
| Amphenol Corp | 52,605 | 4,619,245 | Boeing Co | 91,782 | 27,075,690 |
| Amtrust Financial Se | 16,000 | 160,960 | Borgwarner Inc | 31,256 | 1,596,556 |
| Anadarko Petroleum Co | 76,732 | 4,115,904 | Boston Properties | 24,576 | 3,195,617 |
| Analog Devices Inc | 54,920 | 4,891,175 | Boston Scientific Co | 208,705 | 5,173,797 |
| Andeavor | 21,962 | 2,513,331 | Brighthouse Financial | 12,955 | 759,681 |
| Annaly Mortgage Mgmt | 161,399 | 1,919,034 | Brinker international | 28,000 | 1,087,240 |
| Ansys Inc | 16,115 | 2,378,413 | Bristol-Myers Squibb | 248,277 | 15,221,863 |
| Antero Resources Corp | 51,092 | 970,237 | British American Tobacco | 34,498 | 2,311,711 |
| Anthem Inc | 40,444 | 9,102,327 | Brixmor Property Group | 50,284 | 938,299 |
| AO Smith Corp | 23,620 | 1,447,670 | Broadcom Ltd | 60,083 | 15,459,957 |
| AON Plc | 40,468 | 5,423,117 | Broadridge Financial | 19,784 | 1,793,024 |
| Apache Corp | 52,172 | 2,203,224 | Brown-Forman Corp | 29,912 | 2,054,356 |
| Apple Inc | 905,647 | 153,316,981 | Buckle Inc | 29,990 | 712,263 |
| Applied Materials Inc | 204,423 | 10,452,148 | Bunge Ltd | 21,547 | 1,446,019 |
| Aptiv Plc | 40,576 | 3,442,062 | CA Inc | 71,970 | 2,395,162 |
| Aramark | 33,451 | 1,429,361 | Cabot Oil & Gas Corp | 70,632 | 2,020,075 |
| Arch Capital Group | 19,990 | 1,814,892 | Cadence Design System | 43,164 | 1,805,118 |
| Archer-Daniels-Midland | 150,716 | 6,040,697 | Callon Petroleum Co | 44,400 | 539,016 |
| Arconic Inc | 63,837 | 1,739,558 | Camden Property TST | 11,809 | 1,087,018 |
| Arista Networks Inc | 6,923 | 1,631,543 | Campbell Soup Co | 108,361 | 5,213,248 |
| Arrow Electronics in | 14,963 | 1,203,324 | Capital One Financial | 100,904 | 10,048,020 |
| Arthur J Gallagher | 28,481 | 1,802,278 | Carbo Ceramics Inc | 26,400 | 268,752 |
| Assurant Inc | 8,073 | 814,081 | Cardinal Health Inc | 47,793 | 2,928,277 |

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

| Security | Unit holding | Fair Value | Security | Unit holding | Fair Value |
|--------------------------|--------------|------------|----------------------------|--------------|------------|
| Carlisle Cos Inc | 13,800 | 1,568,370 | Conagra Brands Inc | 62,766 | 2,364,395 |
| Carmax Inc | 29,728 | 1,906,754 | Concho Resources Inc | 22,898 | 3,440,653 |
| Carnival Corp | 53,964 | 3,581,591 | Conocophillips | 188,587 | 10,353,426 |
| Carter's Inc | 8,100 | 951,669 | Consolidated Edison | 47,035 | 3,996,564 |
| Caterpillar Inc | 88,942 | 14,019,038 | Constellation Brands | 26,180 | 5,984,486 |
| Cato Corp | 10,600 | 168,752 | Contango Oil & Gas C | 120 | 562 |
| CBL & Associates Prp | 96,567 | 545,604 | Continental Resource | 15,246 | 807,581 |
| CBOE Global Markets | 12,911 | 1,608,711 | Cooper Cos Inc | 7,692 | 1,676,010 |
| CBRE Group Inc | 48,503 | 2,101,150 | Cooper-Standard Holding | 3,200 | 392,192 |
| CBS Corp | 52,481 | 3,096,379 | Copart Inc | 3,300 | 142,494 |
| CDK Global Inc | 19,232 | 1,370,857 | Corning Inc | 141,767 | 4,535,126 |
| CDW Corp | 23,013 | 1,599,634 | Costar Group Inc | 4,390 | 1,303,611 |
| Celanese Corp | 20,680 | 2,214,414 | Costco Wholesale Corp | 65,734 | 12,239,671 |
| Celgene Corp | 125,410 | 13,089,042 | Coty Inc | 66,106 | 1,314,187 |
| Centene Corp | 26,758 | 2,700,685 | Cracker Barrel Old C | 3,600 | 572,004 |
| Centerpoint Energy | 64,819 | 1,838,915 | Credit Acceptance Co | 4,400 | 1,423,268 |
| Centurylink Inc | 152,051 | 2,536,211 | Crown Castle International | 58,863 | 6,537,913 |
| Cerner Corp | 61,535 | 4,147,459 | Crown Holdings Inc | 21,419 | 1,204,819 |
| CF Industries Holding | 37,101 | 1,577,906 | CSX Corp | 138,175 | 7,602,389 |
| CH Robinson Worldwid | 19,151 | 1,706,354 | Cummins Inc | 35,011 | 6,184,693 |
| Charles Schwab Corp | 182,115 | 9,355,248 | Curtiss-Wright Corp | 4,100 | 499,626 |
| Charter Communication | 28,793 | 9,678,767 | CVS Health Corp | 213,351 | 15,478,615 |
| Chase Corp | 547 | 65,941 | Danaher Corp | 93,374 | 8,667,908 |
| Check Point Software | 41,335 | 4,283,133 | Darden Restaurants | 16,205 | 1,556,490 |
| Chemours Co | 25,848 | 1,293,692 | Davita Inc | 23,051 | 1,665,665 |
| Cheniere Energy Inc | 33,328 | 1,792,380 | DCP Midstream | 10,900 | 396,106 |
| Chevron Corp | 306,839 | 38,474,542 | Deere & Co | 40,743 | 6,378,317 |
| Chico's FAS Inc | 76,900 | 677,489 | Dell Technologies-CL | 34,016 | 2,764,140 |
| Chipotle Mexican Gri | 4,133 | 1,194,561 | Delta Air Lines Inc | 30,272 | 1,695,232 |
| Chubb Ltd | 71,467 | 10,450,619 | Deluxe Corp | 27,600 | 2,119,956 |
| Church & Dwight Co | 55,893 | 2,804,711 | Dentsply Sirona Inc | 36,058 | 2,373,698 |
| Cigna Corp | 38,851 | 7,893,746 | Devon Energy Corp | 72,348 | 2,995,207 |
| Cimarex Energy Co | 14,935 | 1,822,518 | Diamond Offshore Drilling | 37,200 | 691,176 |
| Cincinnati Financial | 26,033 | 1,951,694 | Diamondback Energy | 13,034 | 1,645,543 |
| Cintas Corp | 14,521 | 2,262,807 | Dick's Sporting Good | 35,800 | 1,028,892 |
| Cirrus Logic Inc | 18,652 | 967,293 | Digital Realty Trust | 27,879 | 3,175,697 |
| Cisco Systems Inc | 859,815 | 32,948,111 | Discover Financial | 103,019 | 7,924,221 |
| CIT Group Inc | 16,913 | 832,627 | Discovery Communication | 82,694 | 1,817,576 |
| Citigroup Inc | 517,189 | 38,489,205 | Dish Network Corp | 35,525 | 1,695,964 |
| Citizens Financial Group | 78,688 | 3,303,322 | Dollar General Corp | 39,924 | 3,714,130 |
| Citrix Systems Inc | 53,280 | 4,688,640 | Dollar Tree Inc | 31,228 | 3,351,389 |
| Clorox Co | 30,764 | 4,575,837 | Dominion Energy Inc | 90,784 | 7,358,951 |
| CME Group Inc | 51,968 | 7,591,485 | Domino's Pizza Inc | 7,668 | 1,448,409 |
| CMS Energy Corp | 42,975 | 2,032,718 | Dover Corp | 24,872 | 2,512,321 |
| CAN Financial Corp | 6,300 | 334,404 | Dowdupont Inc | 341,479 | 24,354,282 |
| Coca-Cola Co | 684,543 | 31,447,905 | Dr Horton Inc | 52,241 | 2,667,948 |
| Cognex Corp | 23,868 | 1,459,528 | Dr Pepper Snapple Group | 61,737 | 5,992,811 |
| Cognizant Technology | 131,247 | 9,322,474 | DRIL-Quip Inc | 10,200 | 486,540 |
| Colgate-Palmolive Co | 156,210 | 11,793,855 | DSW Inc | 25,600 | 547,840 |
| Colony Northstar | 73,673 | 840,609 | DTE Energy Co | 29,124 | 3,188,496 |
| Comcast Corp | 737,867 | 29,566,331 | Duke Energy Corp | 106,488 | 8,956,706 |
| Comerica Inc | 25,254 | 2,192,552 | Duke Realty Corp | 55,301 | 1,504,187 |
| Comm Net Lease RTY | 22,096 | 953,000 | Dun & Bradstreet Corp | 11,900 | 1,410,269 |
| Commscope Holding Co | 28,582 | 1,081,257 | DXC Technology Co | 43,512 | 4,129,724 |

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Notes to the financial statements
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23. Schedule of financial assets valued through profit or loss (continued)

| Security | Unit holding | Fair Value | Security | Unit holding | Fair Value |
|--------------------------|--------------|------------|---------------------------|--------------|------------|
| E*Trade Financial Co | 45,831 | 2,271,843 | Fluor Corp | 22,916 | 1,183,611 |
| Eagle Materials Inc | 4,600 | 521,134 | Fmc Corp | 22,111 | 2,093,027 |
| East West Bancorp Inc | 18,516 | 1,126,328 | FNF Group | 40,571 | 1,592,006 |
| Eastman Chemical Co | 19,911 | 1,844,555 | Foot Locker Inc | 14,300 | 670,241 |
| Eaton Corp Plc | 68,000 | 5,373,360 | Ford Motor Co | 643,189 | 8,033,431 |
| Eaton Vance Corp | 15,010 | 846,264 | Fortinet Inc | 24,929 | 1,089,148 |
| Ebay Inc | 196,826 | 7,428,213 | Fortive Corp | 66,677 | 4,826,748 |
| Ecolab Inc | 39,925 | 5,357,935 | Fortune Brands Home | 24,197 | 1,656,043 |
| Edgewell Personal Ca | 32,000 | 1,900,800 | Franklin Resources | 78,120 | 3,384,940 |
| Edison International | 48,301 | 3,054,555 | Freeport-Memoran Inc | 215,559 | 4,089,154 |
| Edwards Lifesciences | 40,358 | 4,549,154 | Gamestop Corp | 40,100 | 719,394 |
| Electronic Arts Inc | 47,561 | 4,998,185 | Gannett Co Inc | 31,643 | 366,742 |
| Eli Lilly & Co | 194,877 | 16,469,055 | Gap Inc | 72,055 | 2,454,193 |
| Emerson Electric Co | 137,672 | 9,597,115 | Garmin Ltd | 43,709 | 2,603,745 |
| Energizer Holdings | 12,700 | 609,219 | Gartner Inc | 14,027 | 1,727,706 |
| Enscor Plc | 116,900 | 690,879 | Gener8 Maritime Inc | 29,500 | 195,290 |
| Entergy Corp | 29,255 | 2,381,357 | General Dynamics Corp | 45,012 | 9,163,543 |
| Envision Healthcare | 15,532 | 536,631 | General Electric Corp | 1,301,636 | 22,739,581 |
| EOG Resources Inc | 88,113 | 9,511,798 | General Mills Inc | 153,153 | 9,080,441 |
| EQT Corp | 32,121 | 1,828,327 | General Motors Co | 196,262 | 8,046,742 |
| EQT Midstream Partner | 8,500 | 621,180 | Gentex Corp | 81,228 | 1,701,727 |
| Equifax Inc | 25,476 | 3,004,130 | Genuine Parts Co | 21,710 | 2,062,450 |
| Equinix Inc | 11,577 | 5,249,012 | GGP Inc Com | 98,243 | 2,296,921 |
| Equity Residential | 54,846 | 3,498,078 | Gilead Sciences Inc | 263,142 | 18,854,124 |
| Essent Group Ltd | 21,275 | 923,761 | Global Payments Inc | 23,834 | 2,390,550 |
| Essex Ppty Trust Inc | 10,477 | 2,530,510 | Goldman Sachs Group | 70,989 | 18,100,775 |
| Estee Lauder Cos Inc | 32,580 | 4,145,805 | Goodyear Tire & Rubb | 37,750 | 1,219,703 |
| Everest re Group Ltd | 17,168 | 3,798,935 | GOOGLE LLC | - | - |
| Eversource Energy | 51,312 | 3,242,405 | Graco Inc | 15,900 | 718,998 |
| Exelon Corp | 143,294 | 5,650,082 | Gran Tierra Energy | 121,600 | 328,320 |
| Expedia Inc | 18,621 | 2,230,051 | Gray Television Inc | 23,300 | 390,275 |
| Expeditors International | 26,478 | 1,712,862 | Greenbrier Companies | 14,600 | 778,910 |
| Express Scripts Holding | 154,355 | 11,524,144 | H&R Block Inc | 125,885 | 3,300,705 |
| Extra Space storage | 18,790 | 1,643,186 | Halliburton Co | 128,537 | 6,281,603 |
| Exxon Mobil Corp | 771,818 | 64,670,630 | Hanesbrands Inc | 60,162 | 1,257,987 |
| F5 Networks Inc | 16,908 | 2,218,837 | Harley-Davidson Inc | 28,801 | 1,465,395 |
| Facebook Inc | 401,365 | 70,848,950 | Harris Corp | 19,439 | 2,753,923 |
| Factset Research sys | 3,500 | 674,660 | Hartford Financial | 53,864 | 3,032,005 |
| Fastenal Co | 44,821 | 2,451,260 | Hasbro Inc | 47,717 | 4,336,998 |
| FBL Financial Group | 1,058 | 73,690 | HCA Healthcare Inc | 67,718 | 5,949,703 |
| Federal Realty Invs | 10,508 | 1,395,462 | HCI Group Inc | 125 | 3,736 |
| Federated Investors | 24,600 | 887,568 | HD Supply Holdings | 25,535 | 1,022,166 |
| Fedex Corp | 38,606 | 9,633,741 | Health Care Pptys | 75,870 | 1,978,690 |
| Fidelity National Inc | 49,843 | 4,691,722 | Helmerich & Payne | 19,049 | 1,231,518 |
| Fifth Third Bancorp | 111,105 | 3,370,926 | Henry Schein Inc | 24,468 | 1,710,069 |
| First American Financial | 7,524 | 421,570 | Hershey Co | 37,615 | 4,270,807 |
| First Data Corp | 44,219 | 738,457 | Hess Corp | 60,820 | 2,886,517 |
| First Republic Bank | 25,777 | 2,232,804 | Hewlett Packard | 372,138 | 5,343,902 |
| FirstEnergy Corp | 69,470 | 2,127,171 | Hilton Worldwide Holdings | 29,454 | 2,351,902 |
| Fiserv Inc | 31,688 | 4,155,881 | Hollyfrontier Corp | 29,437 | 1,507,763 |
| Fleetcor Technologies | 14,449 | 2,780,999 | Hologic Inc | 42,758 | 1,827,905 |
| Flex Ltd | 79,303 | 1,426,661 | Home Depot Inc | 184,526 | 35,008,273 |
| Flir Systems Inc | 20,362 | 949,276 | Honeywell International | 108,614 | 16,690,713 |
| Flowserve Corp | 23,631 | 995,574 | Hongkong Land Holdings | 283,800 | 1,997,952 |

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23. Schedule of financial assets valued through profit or loss (continued)

| Security | Unit holding | Fair Value | Security | Unit holding | Fair Value |
|---------------------------|--------------|------------|----------------------------|--------------|------------|
| Hormel Foods Corp | 40,455 | 1,472,157 | L Brands Inc | 35,530 | 2,139,261 |
| Host Hotels & Resort | 210,985 | 4,188,052 | L3 Technologies Inc | 11,681 | 2,311,086 |
| HP Inc | 474,356 | 9,966,220 | Laboratory Corp of America | 15,867 | 2,531,104 |
| Hubbell Inc | 14,200 | 1,921,828 | LAM Research Corp | 35,729 | 6,578,066 |
| Humana Inc | 24,755 | 6,142,953 | Landstar System Inc | 2,900 | 301,890 |
| Huntington Bancshare | 168,429 | 2,452,326 | Lannett Co Inc | 10,300 | 238,445 |
| Huntington Ingalls | 6,672 | 1,572,324 | Las Vegas Sands Corp | 57,572 | 4,000,103 |
| Hutchison Port Holdings | 960,000 | 398,400 | Lasalle Hotel Property | 16,900 | 474,552 |
| IAC/InteractiveCorp | 9,583 | 1,171,330 | Lazard Ltd | 22,200 | 1,165,278 |
| Ilex Corp | 16,377 | 2,161,273 | Lear Corp | 17,824 | 3,148,788 |
| Idexx Laboratories Inc | 14,046 | 2,196,513 | Leggett & Platt Inc | 23,076 | 1,101,417 |
| Ihs Markit Ltd | 58,008 | 2,619,641 | Leidos Holdings Inc | 17,822 | 1,150,588 |
| Illinois Tool Works | 52,828 | 8,816,465 | Lennar Corp | 28,212 | 1,784,127 |
| Illumina Inc | 22,212 | 4,853,544 | Lennox International | 5,036 | 1,048,747 |
| Incyte Corp | 26,317 | 2,492,483 | Leucadia National Co | 50,360 | 1,334,036 |
| Ingersoll-Rand Plc | 38,146 | 3,402,623 | Liberty Broadband Co | 15,912 | 1,354,589 |
| Ingredion Inc | 10,877 | 1,520,822 | Liberty Global Plc | 123,569 | 4,251,821 |
| Intel Corp | 901,619 | 41,636,765 | Liberty Interactive | 69,581 | 1,699,168 |
| Intercontinental Exc | 90,781 | 6,406,415 | Liberty Media Corp | 60,863 | 2,286,518 |
| Intl Business Machines | 167,544 | 25,719,679 | Liberty Pty TST | 21,335 | 917,832 |
| Intl Flavor & Fragrances | 13,080 | 1,996,139 | Lincoln National Corp | 30,191 | 2,320,782 |
| International Paper | 58,935 | 3,417,051 | Live Nation Entertainment | 10,891 | 463,630 |
| International Seaway | 17,400 | 321,204 | LKQ Corp | 47,793 | 1,943,741 |
| Interpublic Group | 53,744 | 1,083,479 | Lockheed Martin Corp | 39,157 | 12,576,445 |
| Intuit Inc | 44,633 | 7,044,873 | Loews Corp | 44,333 | 2,217,980 |
| Intuitive Surgical Inc | 16,842 | 6,146,488 | Lowe's Cos Inc | 125,319 | 11,647,148 |
| Invesco Ltd | 58,032 | 2,120,489 | Lululemon Athletical | 16,369 | 1,286,440 |
| Invitation Homes Inc | 23,499 | 554,106 | Lyondellbasell Industries | 66,215 | 7,304,839 |
| IPG Photonics Corp | 4,944 | 1,058,263 | M&T Bank Corp | 20,710 | 3,541,410 |
| Iqvia Holdings Inc | 22,495 | 2,202,485 | Macerich Co | 16,289 | 1,069,862 |
| Iron Mtn Inc | 36,635 | 1,382,239 | Macquarie Infrastructure | 11,684 | 749,879 |
| Jabil Inc | 24,000 | 630,000 | Macy's Inc | 72,081 | 1,815,720 |
| Jack Henry & Association | 11,193 | 1,309,021 | MallInckrodt Plc | 31,100 | 701,305 |
| Jacobs Engineering Group | 19,997 | 1,318,802 | Manpowergroup Inc | 11,366 | 1,433,366 |
| Jardine Matheson Hlds | 34,800 | 2,114,100 | Marathon Oil Corp | 193,838 | 3,281,677 |
| Jardine Strategic Holding | 30,100 | 1,190,154 | Marathon Petroleum Corp | 78,939 | 5,208,395 |
| Jazz Pharmaceuticals | 14,535 | 1,955,830 | Markel Corp | 1,877 | 2,135,275 |
| JB Hunt Transport Se | 14,001 | 1,609,835 | Marriott International | 49,676 | 6,742,523 |
| JM Smucker Co | 18,426 | 2,289,431 | Marsh & McLennan Cos | 78,022 | 6,350,991 |
| Johnson & Johnson | 488,844 | 68,359,945 | Martin Marietta Mate | 9,441 | 2,086,839 |
| Johnson Controls Int | 142,681 | 5,439,000 | Marvell Technology G | 68,676 | 1,474,474 |
| Jones Lang Lasalle Inc | 8,187 | 1,219,208 | Masco Corp | 46,818 | 2,057,183 |
| JPMorgan Chase & Co | 631,475 | 67,687,805 | Mastercard Inc | 165,068 | 25,060,624 |
| Juniper Networks Inc | 97,897 | 2,790,065 | Mattel Inc | 56,854 | 874,983 |
| Kansas City Southern | 16,826 | 1,770,600 | Maxim Integrated Pro | 78,682 | 4,112,708 |
| Kellogg Co | 63,881 | 4,343,269 | Mccormick & Co Inc | 18,603 | 1,895,832 |
| KeyCorp | 165,111 | 3,330,289 | Mcdonald's Corp | 146,800 | 25,286,300 |
| Kimberly-Clark Corp | 90,536 | 10,925,884 | Mckesson Corp | 53,921 | 8,410,058 |
| Kimco Realty Corp | 69,668 | 1,265,171 | Medtronic Plc | 205,401 | 16,592,293 |
| Kinder Morgan Inc | 302,074 | 5,458,477 | Melco Resorts & Ent. | 34,219 | 993,378 |
| Kla-Tencor Corp | 44,474 | 4,672,883 | Mercadolibre Inc | 6,039 | 1,900,232 |
| Kohl's Corp | 55,767 | 3,023,129 | Merck & Co Inc | 545,439 | 30,724,579 |
| Kraft Heinz Co | 91,871 | 7,145,726 | Meredith Corp | 3,700 | 244,385 |
| Kroger Co | 137,311 | 3,770,560 | Metlife Inc | 140,461 | 7,101,708 |

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23. Schedule of financial assets valued through profit or loss (continued)

| Security | Unit holding | Fair Value | Security | Unit holding | Fair Value |
|------------------------------|--------------|-------------|-----------------------------|--------------|------------|
| Mettler-Toledo International | 4,125 | 2,555,561 | Oneok Inc | 51,613 | 2,758,715 |
| MGM Resorts International | 70,320 | 2,347,985 | Oracle Corp | 594,328 | 28,105,771 |
| Michael Kors Holding | 40,943 | 2,577,362 | O'reilly Automotive | 13,643 | 3,281,278 |
| Michaels Cos Inc | 32,700 | 791,013 | Overseas Shipholding | 48,200 | 131,586 |
| Micro Focus Intl-SPN | 17,582 | 590,755 | Owens Corning | 8,392 | 771,309 |
| Microchip technology | 32,498 | 2,855,924 | Paccar Inc | 52,090 | 3,702,557 |
| Micron technology Inc | 212,371 | 8,732,696 | Packaging Corp of AM | 24,612 | 2,967,223 |
| Microsoft Corp | 1,268,233 | 108,548,062 | Palo Alto Networks Inc | 14,585 | 2,113,512 |
| Mid-America Apartmnt | 15,261 | 1,534,799 | Park Hotels & Resort | 50,000 | 1,438,000 |
| Middleby Corp | 8,183 | 1,104,378 | Parker-Hannifin Corp | 19,331 | 3,858,274 |
| Moelis & Co | 8,000 | 388,000 | Parsley Energy Inc | 31,388 | 923,749 |
| Mohawk Industries Inc | 9,534 | 2,630,526 | Paychex Inc | 67,361 | 4,585,937 |
| Molson Coors Brewing | 30,384 | 2,493,615 | Paypal Holdings Inc | 172,950 | 12,732,579 |
| Mondelez International | 227,554 | 9,739,311 | Pentair Plc | 21,598 | 1,525,251 |
| Monsanto Co | 59,371 | 6,937,501 | People's United Financial | 49,639 | 928,249 |
| Monster beverage Corp | 58,698 | 3,715,583 | Pepsico Inc | 225,623 | 27,058,966 |
| Moody's Corp | 36,916 | 5,450,647 | Perrigo Co Plc | 20,902 | 1,822,027 |
| Morgan Stanley | 204,799 | 10,745,804 | Pfizer Inc | 1,142,841 | 41,427,986 |
| Mosaic Co | 76,474 | 1,963,088 | PG&E Corp | 76,230 | 3,416,629 |
| Motorola Solutions Inc | 25,302 | 2,286,036 | Philip Morris International | 285,151 | 30,126,203 |
| MSCI Inc | 18,928 | 2,394,960 | Phillips 66 | 67,551 | 6,837,512 |
| Murphy Oil Corp | 22,900 | 710,816 | Pilgrim's Pride Corp | 13,500 | 419,310 |
| Mylan NV | 122,508 | 5,185,764 | Pinnacle West Capital | 15,190 | 1,294,036 |
| Nasdaq Inc | 18,630 | 1,431,529 | PiOneer Natural Resources | 25,444 | 4,396,723 |
| National Oilwell Var | 59,782 | 2,153,348 | Pitney Bowes Inc | 121,243 | 1,355,497 |
| National Western Life | 1,200 | 396,636 | Plains GP Holdings Inc | 20,578 | 451,481 |
| Ncr Corp | 16,300 | 554,037 | Pnc Financial Services | 70,513 | 10,179,962 |
| Netapp Inc | 55,990 | 3,097,367 | Polaris Industries Inc | 10,086 | 1,250,462 |
| Netflix Inc | 64,368 | 12,358,012 | PPG Industries Inc | 39,682 | 4,635,651 |
| New York Community | 82,284 | 1,070,515 | PPL Corp | 101,306 | 3,135,421 |
| Newell Brands Inc | 71,098 | 2,196,928 | Praxair Inc | 43,348 | 6,713,305 |
| Newfield Exploration | 28,708 | 905,163 | Priceline Group Inc | 7,309 | 12,701,142 |
| Newmont Mining Corp | 80,493 | 3,020,097 | Primerica Inc | 8,200 | 832,710 |
| News Corp | 57,949 | 940,512 | Prncipal Financial | 51,309 | 3,620,363 |
| Nextera Energy Inc | 68,472 | 10,696,011 | Procter & Gamble Co | 463,612 | 42,661,576 |
| Nielsen Holdings Plc | 56,349 | 2,051,104 | Progressive Corp | 87,197 | 4,910,935 |
| Nike Inc | 197,368 | 12,351,289 | Prologis Inc | 79,084 | 5,102,500 |
| Nisource Inc | 50,096 | 1,285,964 | Prudential Financial | 65,808 | 7,567,262 |
| Noble Corp Plc | 83,200 | 376,064 | Public Service Enter | 74,867 | 3,855,651 |
| Noble Energy Inc | 68,424 | 1,993,875 | Public storage Inc | 27,905 | 5,832,982 |
| Nordstrom Inc | 30,558 | 1,447,532 | Pultegroup Inc | 40,650 | 1,351,206 |
| Norfolk Southern Corp | 44,263 | 6,419,020 | PVH Corp | 12,944 | 1,775,917 |
| Northern Trust Corp | 32,371 | 3,233,539 | QEP Resources Inc | 30,700 | 293,492 |
| Northrop Grumman Corp | 24,412 | 7,497,169 | Qorvo Inc | 21,236 | 1,414,318 |
| Norwegian Cruise Lines | 24,384 | 1,298,204 | Qualcomm Inc | 235,614 | 15,093,433 |
| Nu Skin Enterprises | 6,224 | 424,726 | Quality Care Properties | 15,860 | 218,868 |
| Nucor Corp | 45,365 | 2,884,307 | Quest diagnostics Inc | 21,475 | 2,115,073 |
| Nvidia Corp | 93,955 | 18,182,172 | Ralph Lauren Corp | 10,367 | 1,074,851 |
| NVR Inc | 478 | 1,676,929 | Range Resources Corp | 33,115 | 564,942 |
| NXP Semiconductors | 51,109 | 5,981,286 | Raymond James Financial | 21,774 | 1,944,418 |
| Occidental Petroleum | 116,142 | 8,559,665 | Rayonier Advanced Ma | 13,300 | 271,985 |
| Oge Energy Corp | 34,422 | 1,132,828 | Raytheon Co | 45,093 | 8,472,073 |
| Old Dominion Freight | 4,664 | 613,549 | Reality Income Corp | 41,572 | 2,370,851 |
| Omnicom Group Inc | 63,713 | 4,641,492 | Red Hat Inc | 26,147 | 3,140,255 |

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23. Schedule of financial assets valued through profit or loss (continued)

| Security | Unit holding | Fair Value | Security | Unit holding | Fair Value |
|---------------------------|--------------|------------|-------------------------|--------------|------------|
| Regency Centres Corp | 19,849 | 1,373,154 | Starbucks Corp | 226,567 | 13,011,743 |
| Regeneron Pharmaceuticals | 11,732 | 4,411,819 | State Street Corp | 57,691 | 5,631,795 |
| Regions Financial Co | 177,978 | 3,075,460 | Steel Dynamics Inc | 35,426 | 1,528,278 |
| Reinsurance Group | 8,834 | 1,377,751 | Stericycle Inc | 13,614 | 925,616 |
| Renaissancere Holdings | 7,323 | 919,622 | Steven Madden Ltd | 11,568 | 539,647 |
| Renewable Energy Group | 22,900 | 270,220 | Stryker Corp | 50,715 | 7,857,275 |
| Republic Services Inc | 36,920 | 2,496,161 | Suntrust Banks Inc | 72,983 | 4,713,972 |
| Resmed Inc | 30,038 | 2,543,918 | Svb Financial Group | 7,510 | 1,755,613 |
| Robert Half International | 22,218 | 1,233,988 | Swift Transportation | 10,052 | 439,574 |
| Rockwell Automation | 19,755 | 3,881,067 | Symantec Corp | 91,392 | 2,564,460 |
| Rockwell Collins Inc | 23,730 | 3,220,398 | Synaptics Inc | 13,700 | 547,315 |
| Rollins Inc | 7,701 | 358,328 | Synchrony Financial | 172,100 | 6,644,781 |
| Roper Technologies Inc | 14,308 | 3,707,632 | Synopsys Inc | 25,218 | 2,149,582 |
| Ross Stores Inc | 57,642 | 4,626,347 | Sysco Corp | 77,929 | 4,732,628 |
| Rowan Cos Plc | 49,200 | 770,964 | T Rowe Price Group | 35,787 | 3,755,130 |
| Royal Caribbean Cruises | 25,350 | 3,024,002 | Take-Two Interactive | 15,191 | 1,667,516 |
| S&P Global Inc | 39,540 | 6,700,844 | Tapestry Inc | 38,232 | 1,691,001 |
| Sabre Corp | 36,281 | 743,761 | Targa Resources Corp | 32,105 | 1,554,524 |
| Safeway Inc | 40,800 | 155,040 | Target Corp | 104,738 | 6,834,155 |
| Salesforce.com Inc | 101,332 | 10,362,210 | Taro Pharmaceutical | 4,723 | 495,159 |
| Sally Beauty Holding | 54,640 | 1,025,046 | TD Ameritrade Holdings | 42,777 | 2,187,616 |
| Sanderson Farms Inc | 6,600 | 915,948 | TE Connectivity Ltd | 53,370 | 5,072,819 |
| Sanmina Corp | 15,000 | 495,000 | Technipfmc Plc | 36,182 | 1,132,858 |
| SBA Communications | 18,373 | 3,001,781 | Teekay Tankers Ltd | 107,000 | 148,730 |
| Scana Corp | 19,317 | 768,430 | Tegna Inc | 84,000 | 1,183,560 |
| Schlumberger Ltd | 209,301 | 14,123,631 | Teleflex Inc | 6,255 | 1,556,619 |
| Scorpio Tankers Inc | 59,800 | 182,390 | Terra Nitrogen Co | 5,000 | 399,050 |
| Scripps Networks Int | 12,722 | 1,086,332 | Tesaro Inc | 5,656 | 468,713 |
| Seagate Technology | 84,994 | 3,556,149 | Tesla Inc | 19,608 | 6,104,951 |
| SealedAir Corp | 30,493 | 1,503,305 | Teva Pharmaceutical | 172,442 | 3,267,776 |
| Seattle Genetics Inc | 14,583 | 780,336 | Texas Instruments Inc | 148,517 | 15,514,086 |
| SEI Investments Co | 34,414 | 2,472,990 | Textron Inc | 42,450 | 2,402,246 |
| Sempra Energy | 36,238 | 3,875,654 | Thermo Fisher Scient | 58,699 | 11,152,223 |
| Sensata Technologies | 24,002 | 1,226,742 | Third Point Reinsurance | 48,800 | 712,480 |
| Servicenow Inc | 26,419 | 3,445,302 | Tiffany & Co | 19,612 | 2,039,452 |
| Sherwin-Williams Co | 12,316 | 5,049,560 | Time Warner Inc | 115,881 | 10,612,382 |
| Signature Bank | 8,154 | 1,119,218 | TJX Cos Inc | 107,042 | 8,183,361 |
| Signet Jewelers Ltd | 18,600 | 1,051,644 | T-Mobile US Inc | 45,684 | 2,901,391 |
| Simon Property Group | 47,645 | 8,187,793 | Toll Brothers Inc | 22,825 | 1,096,057 |
| SInclair Broadcast | 13,000 | 491,400 | Torchmark Corp | 18,917 | 1,715,961 |
| Sirius XM Holdings | 238,567 | 1,276,333 | Toro Co | 13,513 | 881,318 |
| Skyworks Solutions | 45,268 | 4,299,102 | Total System Service | 25,951 | 2,052,465 |
| SI Green Realty Corp | 16,340 | 1,649,360 | Tractor Supply Co | 20,769 | 1,552,483 |
| Snap-on Inc | 17,853 | 3,112,135 | Transdigm Group Inc | 7,466 | 2,051,731 |
| Southern co | 150,234 | 7,226,255 | Transocean Ltd | 91,500 | 977,220 |
| Southwest Airlines | 21,973 | 1,438,353 | Transunion | 19,070 | 1,047,515 |
| Spectra Energy Partners | 22,300 | 881,742 | Travelers Cos Inc | 42,298 | 5,738,147 |
| Spectrum Brands Holdings | 3,607 | 405,283 | Trimble Inc | 41,398 | 1,682,415 |
| Spirit Aerosystems | 13,930 | 1,215,393 | Tripadvisor Inc | 19,180 | 660,751 |
| Splunk Inc | 20,838 | 1,725,803 | Triple-S Management | 8,000 | 198,560 |
| Sprint Corp | 121,688 | 716,742 | Triumph Group Inc | 13,600 | 369,920 |
| Square Inc | 36,310 | 1,258,505 | Tupperware Brands Co | 15,638 | 980,503 |
| SS&C Technologies | 22,005 | 890,762 | Twenty-First Century | 227,559 | 7,828,511 |
| Stanley Black & Deck | 22,868 | 3,881,386 | Twitter Inc | 98,680 | 2,369,307 |

23. Schedule of financial assets valued through profit or loss (continued)70

Petroleum Fund of Timor-Leste
Notes to the financial statements
For the year ended 31 December 2017

23. Schedule of financial assets valued through profit or loss (continued)

(c) Derivatives

| Security | Unit holding | Fair Value | Security | Unit holding | Fair Value |
|-----------------------------|--------------|------------|---------------------------|--------------|-------------|
| S&P500 Emini futures equity | 175 | 198,271 | Buy USD:Sell JPY 05/01/18 | 34,964 | 34,964 |
| Buy AUD:Sell EUR 31/01/18 | 2,918,641 | 2,282,875 | Buy USD:Sell JPY 07/02/18 | 6,783,627 | 6,783,627 |
| Buy AUD:Sell USD 09/01/18 | 1,475,000 | 1,153,715 | Buy USD:Sell JPY 09/01/18 | 2,512,787 | 2,512,787 |
| Buy CAD:Sell USD 09/01/18 | 16,351,000 | 13,051,562 | Buy USD:Sell NOK 09/01/18 | 862,391 | 862,391 |
| Buy CHF:Sell EUR 31/01/18 | 1,194,750 | 1,228,706 | Buy USD:Sell NZD 07/02/18 | 1,192,709 | 1,192,709 |
| Buy CHF:Sell USD 03/01/18 | 272,501 | 279,652 | Buy USD:Sell NZD 09/01/18 | 5,082,254 | 5,082,254 |
| Buy CHF:Sell USD 09/01/18 | 1,190,000 | 1,221,766 | Buy USD:Sell SEK 09/01/18 | 1,125,250 | 1,125,250 |
| Buy DKK:Sell USD 07/02/18 | 12,606,000 | 2,037,893 | Buy USD:Sell SGD 09/01/18 | 4,048,508 | 4,048,508 |
| Buy DKK:Sell USD 09/01/18 | 25,176,000 | 4,062,165 | Sell AUD:Buy EUR 31/01/18 | -37,582,717 | -29,396,097 |
| Buy EUR:Sell AUD 31/01/18 | 24,424,280 | 29,382,717 | Sell AUD:Buy USD 09/01/18 | -26,832,000 | -20,987,453 |
| Buy EUR:Sell CAD 31/01/18 | 10,912,226 | 13,127,546 | Sell CAD:Buy EUR 31/01/18 | -16,452,090 | -13,136,667 |
| Buy EUR:Sell DKK 31/01/18 | 2,962,224 | 3,563,593 | Sell CAD:Buy USD 07/02/18 | -1,440,000 | -1,149,899 |
| Buy EUR:Sell HKD 31/01/18 | 1,723,427 | 2,073,304 | Sell CAD:Buy USD 09/01/18 | -8,537,000 | -6,814,335 |
| Buy EUR:Sell JPY 31/01/18 | 6,947,677 | 8,358,143 | Sell CHF:Buy USD 07/02/18 | -273,000 | -280,891 |
| Buy EUR:Sell NZD 31/01/18 | 13,446,300 | 16,176,068 | Sell CHF:Buy USD 09/01/18 | -2,202,000 | -2,260,781 |
| Buy EUR:Sell SGD 31/01/18 | 2,654,053 | 3,192,860 | Sell DKK:Buy EUR 31/01/18 | -22,056,455 | -3,564,182 |
| Buy EUR:Sell USD 07/02/18 | 1,350,000 | 1,624,701 | Sell DKK:Buy USD 03/01/18 | -12,606,008 | -2,033,223 |
| Buy EUR:Sell USD 09/01/18 | 34,931,000 | 41,962,607 | Sell DKK:Buy USD 07/02/18 | -16,550,000 | -2,675,482 |
| Buy GBP:Sell EUR 31/01/18 | 5,760,836 | 7,800,975 | Sell DKK:Buy USD 09/01/18 | -23,648,000 | -3,815,621 |
| Buy GBP:Sell USD 07/02/18 | 706,000 | 956,220 | Sell EUR:Buy AUD 31/01/18 | -1,896,937 | -2,282,040 |
| Buy GBP:Sell USD 09/01/18 | 4,485,000 | 6,068,426 | Sell EUR:Buy CHF 31/01/18 | -1,017,203 | -1,223,708 |
| Buy HKD:Sell EUR 31/01/18 | 68,367,567 | 8,751,515 | Sell EUR:Buy GBP 31/01/18 | -6,488,780 | -7,806,085 |
| Buy HKD:Sell USD 09/01/18 | 20,105,000 | 2,572,254 | Sell EUR:Buy HKD 31/01/18 | -7,343,394 | -8,834,195 |
| Buy JPY:Sell EUR 31/01/18 | 105,727,690 | 939,922 | Sell EUR:Buy JPY 31/01/18 | -781,372 | -940,000 |
| Buy JPY:Sell USD 04/01/18 | 7,269,927 | 64,542 | Sell EUR:Buy NOK 31/01/18 | -4,375,899 | -5,264,262 |
| Buy JPY:Sell USD 07/02/18 | 153,300,000 | 1,363,281 | Sell EUR:Buy SEK 31/01/18 | -2,986,390 | -3,592,665 |
| Buy JPY:Sell USD 09/01/18 | 763,179,690 | 6,777,258 | Sell EUR:Buy SGD 31/01/18 | -376,325 | -452,724 |
| Buy NOK:Sell EUR 31/01/18 | 43,231,049 | 5,290,193 | Sell EUR:Buy USD 09/01/18 | -8,590,000 | -10,319,166 |
| Buy NOK:Sell USD 09/01/18 | 25,268,000 | 3,089,953 | Sell GBP:Buy USD 03/01/18 | -706,443 | -955,671 |
| Buy NZD:Sell USD 04/01/18 | 1,675,478 | 1,191,571 | Sell GBP:Buy USD 09/01/18 | -4,670,000 | -6,318,740 |
| Buy NZD:Sell USD 09/01/18 | 6,592,000 | 4,687,834 | Sell HKD:Buy EUR 31/01/18 | -16,048,954 | -2,054,376 |
| Buy SEK:Sell EUR 31/01/18 | 29,539,139 | 3,614,660 | Sell HKD:Buy USD 02/01/18 | -166,544 | -21,305 |
| Buy SEK:Sell USD 07/02/18 | 5,720,000 | 700,227 | Sell HKD:Buy USD 03/01/18 | -165,408 | -21,159 |
| Buy SEK:Sell USD 09/01/18 | 99,815,000 | 12,196,283 | Sell JPY:Buy EUR 31/01/18 | -934,523,662 | -8,307,939 |
| Buy SGD:Sell EUR 31/01/18 | 604,555 | 452,583 | Sell JPY:Buy USD 04/01/18 | -3,986,721 | -35,394 |
| Buy SGD:Sell USD 09/01/18 | 1,130,000 | 845,663 | Sell JPY:Buy USD 05/01/18 | -3,941,795 | -34,997 |
| Buy USD:Sell AUD 09/01/18 | 20,305,881 | 20,305,881 | Sell JPY:Buy USD 07/02/18 | -763,180,000 | -6,786,879 |
| Buy USD:Sell CAD 07/02/18 | 1,149,829 | 1,149,829 | Sell JPY:Buy USD 09/01/18 | -281,440,737 | -2,499,276 |
| Buy USD:Sell CAD 09/01/18 | 6,620,627 | 6,620,627 | Sell NOK:Buy USD 09/01/18 | -7,132,000 | -872,152 |
| Buy USD:Sell CHF 07/02/18 | 280,363 | 280,363 | Sell NZD:Buy EUR 31/01/18 | -22,744,134 | -16,169,254 |
| Buy USD:Sell CHF 09/01/18 | 2,244,408 | 2,244,408 | Sell NZD:Buy USD 07/02/18 | -1,675,000 | -1,190,687 |
| Buy USD:Sell DKK 03/01/18 | 2,030,803 | 2,030,803 | Sell NZD:Buy USD 09/01/18 | -7,435,000 | -5,287,324 |
| Buy USD:Sell DKK 07/02/18 | 2,674,780 | 2,674,780 | Sell SEK:Buy USD 09/01/18 | -9,349,000 | -1,142,344 |
| Buy USD:Sell DKK 09/01/18 | 3,798,094 | 3,798,094 | Sell SGD:Buy EUR 31/01/18 | -4,241,432 | -3,175,224 |
| Buy USD:Sell EUR 09/01/18 | 10,224,236 | 10,224,236 | Sell SGD:Buy USD 09/01/18 | -5,445,000 | -4,074,898 |
| Buy USD:Sell GBP 03/01/18 | 954,546 | 954,546 | Sell USD:Buy AUD 09/01/18 | -1,118,357 | -1,118,357 |
| Buy USD:Sell GBP 09/01/18 | 6,316,565 | 6,316,565 | Sell USD:Buy CAD 09/01/18 | -12,778,968 | -12,778,968 |
| Buy USD:Sell HKD 02/01/18 | 21,310 | 21,310 | Sell USD:Buy CHF 03/01/18 | -279,176 | -279,176 |
| Buy USD:Sell HKD 03/01/18 | 21,169 | 21,169 | Sell USD:Buy CHF 09/01/18 | -1,215,895 | -1,215,895 |
| Buy USD:Sell JPY 04/01/18 | 35,323 | 35,323 | Sell USD:Buy DKK 07/02/18 | -2,035,064 | -2,035,064 |

Petroleum Fund of Timor-Leste
Notes to the financial statements
For the year ended 31 December 2017

23. Schedule of financial assets valued through profit or loss (*continued*)

| Security | Unit holding | Fair Value |
|---------------------------|---------------------|-------------------|
| Sell USD:Buy DKK 09/01/18 | -4,013,039 | -4,013,039 |
| Sell USD:Buy EUR 07/02/18 | -1,624,441 | -1,624,441 |
| Sell USD:Buy EUR 09/01/18 | -41,531,691 | -41,531,691 |
| Sell USD:Buy GBP 07/02/18 | -955,005 | -955,005 |
| Sell USD:Buy GBP 09/01/18 | -6,064,639 | -6,064,639 |
| Sell USD:Buy HKD 09/01/18 | -2,575,676 | -2,575,676 |
| Sell USD:Buy JPY 04/01/18 | -64,413 | -64,413 |
| Sell USD:Buy JPY 07/02/18 | -1,363,125 | -1,363,125 |
| Sell USD:Buy JPY 09/01/18 | -6,774,546 | -6,774,546 |
| Sell USD:Buy NOK 09/01/18 | -3,061,783 | -3,061,783 |
| Sell USD:Buy NZD 04/01/18 | -1,193,577 | -1,193,577 |
| Sell USD:Buy NZD 09/01/18 | -4,566,825 | -4,566,825 |
| Sell USD:Buy SEK 07/02/18 | -700,115 | -700,115 |
| Sell USD:Buy SEK 09/01/18 | -11,975,956 | -11,975,956 |
| Sell USD:Buy SGD 09/01/18 | -839,183 | -839,183 |
| Total derivatives | | 153,361 |

Annex III

Statement on Accounting Policies of the Petroleum Fund for the Fiscal Year 2017



REPUBLICA DEMOCRATICA DE TIMOR LESTE
MINISTERIO do PLANO e FINANÇAS
DIRECÇÃO GERAL DO TESOURO



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

REF NO: /DGT/3/2018

28th March 2018

Treasury Statement on Accounting Policies of the Petroleum Fund for Fiscal Year 2017

This statement on the Accounting Policies of the Petroleum Fund is made in accordance with the provisions of Article 24.1 (d) of the Petroleum Fund Law, No. 12/2011. It may be retained for Petroleum Fund records.

In accordance with Article 21 of the Petroleum Fund Law, the Financial Statements of the Petroleum Fund for the Fiscal Year ended 31st December 2017 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. No new or revised IFRSs were adopted for the Financial Statements of the Petroleum Fund for the year ended 31st December 2017. Previously adopted accounting standards have continued to be applied.

Rui Ferreira Magno

Director General of Treasury

Annex IV

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

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

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

Please refer to the Audited Financial Statements for details.

| FY 2017 | FY 2016 | FY 2015 | FY 2014 |
|-------------------|-----------------|------------------|-----------------|
| US\$1,612,087,594 | US\$647,681,894 | (US\$21,411,640) | US\$501,553,586 |

Annex V

Comparison of Nominal Income on the Investment of the Petroleum Fund Assets with the Real returns After Adjusting for Inflation

Comparison of Nominal Income on the Investment of the 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 3rd of August as amended by the Law No. 12/2011, of 28th of September)

Petroleum Fund's nominal and real return

| Return | 2017 | 2016 |
|------------------------|--------|-------|
| Nominal return | 10.36% | 4.13% |
| Inflation ¹ | 2.11% | 2.07% |
| Real return | 8.08% | 2.02% |

The Petroleum Fund's nominal return for 2017 was 10.36%. The real return of the Fund for the year was 8.08%, after adjusting for the US inflation of 2.11%.

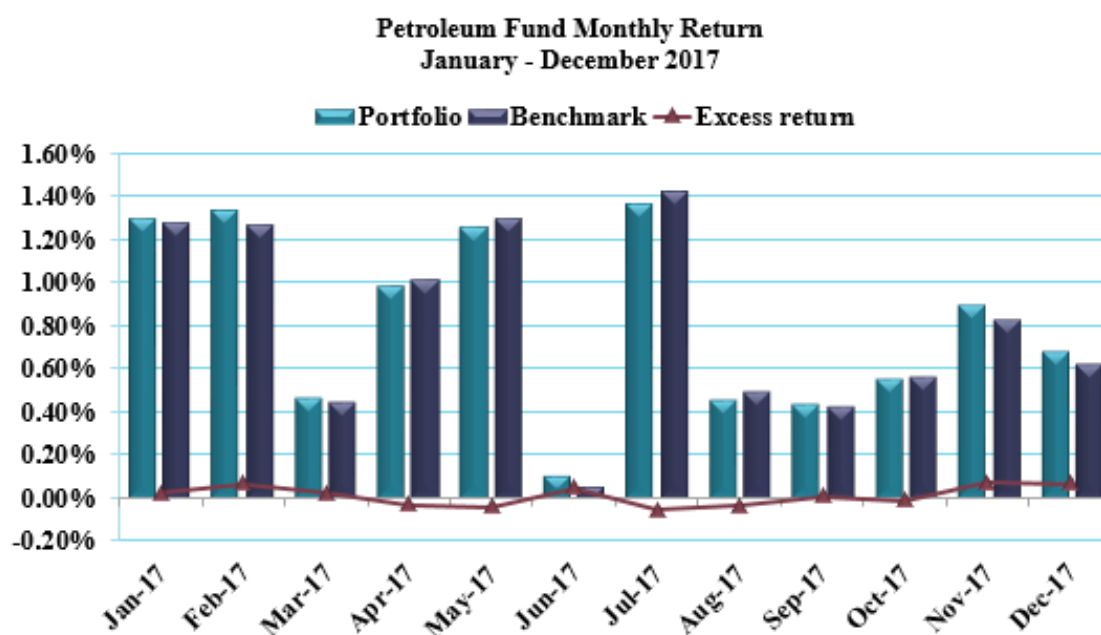
¹ US CPI was used in portfolio real return calculation. Source: US Department of Labor – Bureau of Labor Statistics (www.bls.gov)

Annex VI

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

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

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



**Petroleum Fund Monthly Return
January - December 2017**

| Period | Portfolio | Benchmark | Excess return |
|--------------|-----------|-----------|---------------|
| January 17 | 1.30% | 1.28% | 0.02% |
| February 17 | 1.34% | 1.27% | 0.07% |
| March 17 | 0.48% | 0.45% | 0.02% |
| April 17 | 0.99% | 1.02% | -0.03% |
| May 17 | 1.26% | 1.31% | -0.04% |
| June 17 | 0.11% | 0.06% | 0.05% |
| July 17 | 1.37% | 1.43% | -0.06% |
| August 17 | 0.46% | 0.50% | -0.04% |
| September 17 | 0.44% | 0.43% | 0.01% |
| October 17 | 0.56% | 0.57% | -0.01% |
| November 17 | 0.90% | 0.83% | 0.07% |
| December 17 | 0.69% | 0.63% | 0.06% |

Annex VII

Comparison of the Estimated Sustainable Income for the Fiscal Year 2017 with the Sum of Transfers from the Petroleum Fund for the Same Year

Comparison of the Estimated Sustainable Income for the Fiscal Year 2017 with the Sum of Transfers from the Petroleum Fund for the Same Year

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

The total of withdrawals from the Petroleum Fund for the Financial Year 2017 was US\$1,078.8 million, which was US\$597.2 million more than the Estimated Sustainable Income amount of US\$481.6 million projected for the year.

Please refer to Statement of Changes in Capital and Notes to the Financial Statements for further details.

Annex VIII

Statement on Borrowing



REPUBLICA DEMOCRATICA DE TIMOR LESTE
MINISTERIO do PLANO e FINANÇAS
DIRECÇÃO GERAL DO TESOURO



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

REF NO: /DGT/3/2018

28th March 2018

Treasury Statement on Borrowings by Government of Timor Leste for Fiscal Year 2017

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 Petroleum 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 World Bank , Asian Development Bank and Japan International Cooperation Agency, 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.

One new loan was negotiated during the fiscal year ended 31st December, 2017. Value of loans negotiated up to 31st December 2017 at exchange rates ruling on that date amounted to US\$ 351 million. This also includes Special Drawing Rights (SDRs) and Yen denominated liabilities which can vary according to exchange rates.

Rui Ferreira Magno

Director General of Treasury

Annex IX

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

List of Persons Holding Relevant positions for the Operations and Performance of the Petroleum Fund

(As per Article 24.1 (j) of the Petroleum Fund Law No. 9/2005, of 3rd of August as amended by the Law No. 12/2011, of 28th 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. Santana J.R.F. Viegas Cardoso (to 14 September 2017)
Mr. Rui Augusto Gomes (from 15 September 2017)

- (ii) The Director General of Treasury
Mr. Rui Ferreira Magno

- (iii) The members of the Investment Advisory Board (IAB)

| Name | Position |
|--|---|
| Mr. Olgário de Castro | Chairman of the IAB |
| Mr. Kevin Bailey | Member of the IAB (to 20 April 2017) |
| Mr. Torres Trovik | Member of the IAB |
| Mr. Gualdino da Silva | Member of the IAB |
| Prof. Michael Drew | Member of the IAB (from 3 April 2017) |
| Mr. Abraão Fernandes de Vasconcelos (Alternate Mr. Venancio Alves Maria) | Governor of the Central Bank of Timor-Leste |
| Mr. Rui Ferreira Magno (Alternate Mr. Ernesto da Conceição Silva) | Director General of Treasury |

** See page 89 for the details*

- (iv) Operational Manager

- Banco Central de Timor-Leste (BCTL) – from 12 October 2005.

- (v) The External Investment Managers

- Bank for International Settlements (BIS) – from 3 June 2009.
- Schroders Investment Management Limited – from 8 October 2010.
- State Street Global Advisors (SSGA) – from 14 September 2011 (implementation commenced in January 2012).
- BlackRock Investment Management Australia Limited – from April 2012 (implementation commenced in February 2013).
- AllianceBernstein – from July 2014.
- Wellington Management – from December 2014.

(vi) Custodian

- JP Morgan Chase Bank N.A.

(vii) Independent Auditor

- Deloitte Touche Tohmatsu

(viii) The Governor of the Central Bank

Mr. Abraão Fernandes de Vasconcelos

Governor of the Central Bank of Timor-Leste

(ix) The Petroleum Fund Consultative Council (PFCC) was formally constituted on 6 November 2006. For the Financial Year 2017 members of the PFCC were:

| Name | Representation | Position |
|--------------------------------------|----------------------------------|------------------|
| Mr. Mericio Juvinal do Reis | Civil Society | Coordinator |
| Mr. Rui Meneses da Costa | National Parliament | Vice Coordinator |
| Ms. Zelia Fernandes | Civil Society | Secretary |
| Mr. Jose Augusto F. Teixeira | National Parliament | Member |
| Mr. Bonaventura A. Mangu Bali | Ex-Prime Minister Representative | Member |
| Mr. Julio Fernandes | Private Sector | Member |
| Pe. Julio Crispim X. Belo | Religious Representative | Member |

Members of the Investment Advisory Board



Olgario de Castro is Chairman of the Investment Advisory Board. He has been with the Petroleum Fund for more than 10 years. He is a Timorese national and chartered accountant and partner in De Castro Sullivan Lai Practice in Darwin, Australia. His areas of expertise include tax, financial and management accounting and auditing.

Dr. Torres Trovik is a long-serving member of the IAB. He is one of the architects in setting up the Petroleum Fund in 2005. He is a Norwegian national and an investment professional with international experience in financial markets, sovereign wealth funds and pension funds. He is currently a Senior Advisor and Developer at KLP, Oslo and a member of the Advisory Committee for the International Forum of Sovereign Wealth Funds (IFSOF).

Gualdino da Silva has been with the Petroleum Fund for 6 years. He holds geological engineering qualification from RMIT and currently serves as the President of the National Authority for Petroleum and Minerals.

Prof. Dr. Michael Drew joined the Petroleum Fund in April 2017. He is a Professor of Finance at Griffith University and a consulting financial economist specializing in the areas of investment, governance, and pension plan design. He also serves as a specialist member of the QSuper Investment Committee.

Venancio M. Alves is Executive Manager of the Petroleum Fund at the Central Bank and was recently appointed as the Deputy Governor of the Central Bank. He is a Timorese national with more than 13 years' experience in managing the Petroleum Fund's investments. He is a non-voting member and the appointed alternate to the Governor of the Central Bank.

Ernesto D.C. Silva has recently joined the Petroleum Fund. He is a public servant and Director for Accounting and Financial Regulation at the Ministry of Finance. He is a non-voting member and the appointed alternate to the Director General of Treasury.

Annex X

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 3rd of August as amended by the Law No. 12/2011, of 28th of September)

In accordance with Article 7 of Law No.9/2005, of the 3rd August as amended by the Law No.12/2011, of the 28th September, Petroleum Fund Law, the total transfer amount for the Petroleum Fund for a Fiscal year shall not exceed the appropriation amount approved by the Parliament for the Fiscal year.

In accordance with Article 5 of Law No.13/2016, of the 29th December on the General State Budget for 2017, the transfer amount from the Petroleum Fund to the General State Budget for 2017 is not to exceed US\$1,078.8 million.

The total transfer amount from the Petroleum Fund to the Consolidated Fund of Timor-Leste for 2017 was US\$1,078.8 million.

The total transfer amount from the Petroleum Fund for 2017 was in compliance with Article 7.2 of the Petroleum Fund Law No.9/2005 as amended by Law No.12/2011.

Annex XI

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

Compilation Report to the Ministry of Planning and Finance , Democratic Republic of Timor-Leste in respect of the Statement of Petroleum Fund Receipts for the year ended 31 December 2017

We have compiled the accompanying schedule of payment amounts made to the Petroleum Fund for each Payer (Petroleum Fund Receipts) for the year ended 31 December 2017, 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 Planning and 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
Dili,
28 March 2018

PETROLEUM FUND OF TIMOR-LESTE
STATEMENT OF PETROLEUM FUND RECEIPTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Article 6.1(a) receipts:

| PAYEE | \$ |
|----------------------------------|-------------|
| AMEC Engineering Pty Ltd | 216,442 |
| Brunel Energy | 81,230 |
| CALTECH UNIP | 598,212 |
| Cameron Services Int. Pty Ltd | 115,701 |
| CAPE AUSTRALIA ONSHORE | 463,912 |
| CHC Helicopter Australia Pty Ltd | 299,544 |
| Clough Amec Pty Ltd | 2,112,439 |
| Compass Group Australia | 251,715 |
| Competentia Pty Ltd | 41,158 |
| Conoco Phillips | 123,588,337 |
| Contract resources Pty Ltd | 203,849 |
| ENI | 13,714,992 |
| Fircoft Australia | 45,077 |
| Furmanite Aust. Pty Ltd | 1,630 |
| GAP MHS Aviation | 90,467 |
| Haliburton Aust Pty Ltd | 341,104 |
| INPEX | 5,702 |
| Japan energy | 14,274 |
| Kakivik Asset Management LLC | 135,194 |
| Konnekto Unip Lda | 42,611 |
| KT Maritime services | 216,423 |
| Lloyd Helicopters Pty Ltd | 170,902 |
| MILLENIUM OFFSHORE | 1,250,925 |
| MMA Offshore Vesel Operation Pty | 224,686 |
| National Australia BK | 3,138 |
| SANTOS | 16,210,181 |
| Schlumberger | 6,049 |
| SDV | 1,947 |
| Sea Fox | 319,708 |
| Sedco Forex International, inc | 219,188 |
| SGS | 145,749 |
| Solar Tubirnes International | 17,370 |
| Svitzer Asia Pte Ltd | 9,582 |
| Timor GAP | 346,494 |
| Tokyo Timoe Sea | 19,073,084 |
| Weathford Australia Pty Ltd | 419,625 |
| Wood Group Australia | 5,243 |
| Woodside | 26,838 |

| | |
|--|--------------------|
| Total Article 6.1(a) receipts per the Petroleum Fund and National Directorate of Petroleum and Mineral Revenue (NDPMR) for the year | 181,030,721 |
|--|--------------------|

PETROLEUM FUND OF TIMOR-LESTE
STATEMENT OF PETROLEUM FUND RECEIPTS continued
FOR THE YEAR ENDED 31 DECEMBER 2017

Article 6.1(b) receipts:

| | US\$ |
|---|--------------------|
| Article 6.1(b) receipts per Autoridade Nacional do Petróleo e Minerais (ANPM) | 242,098,381 |
| Less: | |
| Amount paid to Petroleum Fund in January 2018 | (11,935,763) |
| Add: | |
| Amount paid to Petroleum Fund in January 2017 | 3,829,725 |
| Total Article 6.1(b) receipts per the Petroleum Fund for the year | 233,992,343 |

Article 6.1(e) receipts:

| | |
|--|------------------|
| The Government of Australia | 6,410,400 |
| Other | 264,345 |
| Total Article 6.1(e) receipts per the Petroleum Fund for the year | 6,674,745 |

Summary of Receipts for the year ended 31 December 2016 per the Petroleum Fund:

| | |
|---|--------------------|
| Article 6.1(a) receipts | 181,030,721 |
| Article 6.1(b) receipts | 233,992,343 |
| Article 6.1(b) receipts | 6,674,745 |
| Total Article 6.1 receipts per the Petroleum Fund for the year | 421,697,809 |

Annex XII

Advice Provided by the Investment Advisory Board

Investment Advisory Board

Date: 20 April 2017

To

H.E. Sra. Santana J.R.F. Viegas Cardoso

Minister of Finance

Democratic Republic of Timor-Leste

Subject: Cash Management Mandate

Dear Minister,

In accordance with Article 16.1 of the Petroleum Fund Law, the Investment Advisory Board has considered the need to amend the Petroleum Fund's investments to better facilitate the projected draw-downs from the Fund that are expected over at least the Budget Book projection period.

As noted in our letter dated 23 September 2016, it is appropriate to reduce the risk of the portion of the Fund to be liquidated to meet upcoming withdrawals. The Board recommended a cash portfolio to match up to 12 months of expected withdrawals. We agreed to provide your Excellency with details once further information was received from the IAB Secretariat. This was discussed in the last Board meeting and the parameters for revising the existing cash management arrangements are provided in the attachment.

The proposed mandate will be managed internally by the BCTL. The dollar amount in Cash will reflect the expected net cash shortfall over the next 12 months, accounting for the projected withdrawals by the Government, net of expected cash inflows from petroleum revenue and investments, plus other cash that may be required for rebalancing, the payment of fees etc. To cover the net shortfall as at quarter two in 2017, equities and bonds will need to be sold to raise the Cash balance to approximately \$840 million. The Cash amount will then be managed to reflect the expected net shortfall over the following quarters through periodic top-ups as part of the BCTL's quarterly rebalancing of the total portfolio. The Cash holding will grow over the course of 2017 as it incorporates the expected shortfall in 2018 of over \$1.3 billion.

For completeness, we note that while the cash allocation reduces the investment risk it entails an opportunity cost. On average, cash will yield less than the return forgone from selling bonds and equities. The return differential will vary depending on the market's returns, which by their nature are volatile.

The Cash amount will continue to be reported separately, but given the amount involved we recommend benchmarking the activity. The remainder of the Petroleum Fund will continue to be managed according to the existing Strategic Asset Allocation of 60 per cent bonds and 40 per cent equities. As we noted in our previous advice, the Board does not find sufficient grounds for changing the long-term strategy for the bulk of the Fund at this time and intends to review this annually.



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

Please contact the Chairman of the Board should your Excellency require further information. If your Excellency agrees with the recommendation and the parameters, please instruct the BCTL accordingly. The Annex of the Management Agreement with the BCTL will need to be amended to include the new mandate.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Olgario de Castro', with a long horizontal flourish extending to the right.

Olgario de Castro
Chairman

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

Annex:

Cash Management mandate

Allocation: The Operational Manager's estimate of net withdrawals over the upcoming four quarters. Net withdrawals are projected withdrawals less expected petroleum revenue receipts and estimated cash flows from investments. Projected withdrawals and petroleum receipts will incorporate the annual projections in the latest Budget Book or, where applicable, the Rectification Budget.

The amount is calculated as a time-weighted average each quarter:

$$C_i = \left(1 - \frac{i-1}{4}\right) \cdot W_0 + \frac{i-1}{4} \cdot W_1$$

Where:

C_i is the cash allocation at the beginning of quarter i

i is the number of the current quarter (e.g. 1 is the March quarter)

W_0 is the projected net withdrawal for the current budget year

W_1 is the projected net withdrawal for the following budget year

Beyond quarter one, the estimate of net withdrawals for the current budget year may adjust for the actual net cash flows and/or Treasury's updated cash flow projections. In that case, the direct estimate of net withdrawals for the remainder of the current budget year will replace the first component of the above equation.

The Operational Manager may also adjust the allocation to take account of other expected cash inflows and outflows over the course of the quarter (including but not limited to cash received pending investment or allocation to external managers, cash and securities in transition, etc). The security transactions to reach the cash allocation will be part of the BCTL's usual rebalancing process.

At the beginning of each quarter, the Operational Manager will provide the Cash allocation and an outline of the composition of projected net withdrawals to the Petroleum Fund Administration Unit (PFAU) at the Ministry of Finance.

The Cash Management mandate will be reported as a separate mandate. Amounts held in the cash mandate will be excluded from the value of the Fund when applying the percentage allocations for the other mandates.

Eligible Instruments: US Dollar denominated deposits or debt instruments with a maturity of less than one year and a minimum credit rating of investment grade. This includes US Government Treasury bills, US Government Treasury bonds, securities issued by supranationals, repurchase agreements and deposits with banks having an S&P short-term issuer rating of A-1 or higher.

Benchmark: 3 Month USD Libor (LIB3MOUS)

Mandate objective: The investment objective is to fund withdrawals as they are required. Liquidity is the primary consideration and returns are secondary.

Approved manager: Banco Central de Timor-Leste.



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

Investment Advisory Board

Date: 28 April 2017

To
H.E. Sra. Santana J.R.F. Viegas Cardoso
Minister of Finance
Democratic Republic of Timor-Leste

Subject: Recommendations on the equity factor mandate

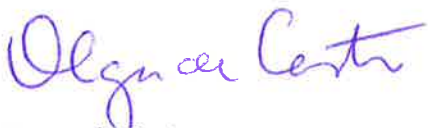
Dear Minister,

Thank you for your letter dated 3 April 2017 regarding the investment mandate for equity factors.

The Investment Advisory Board has reviewed the BCTL's recommendations and the underlying report. We note that Article 18 of the Petroleum Fund Law allows your Excellency to proceed with a decision in the absence of advice from the Investment Advisory Board within 15 days of your Excellency's request. The implementation of equity factors is more complex than the Fund's prior investments. In this case, further time and analysis is required to help ensure that the mandate's objectives will be achieved. Therefore, the Board requested the BCTL to undertake additional analysis to address questions raised by the Board in its meeting on 20 April 2017. The Board will brief you on the recommended managers once this information is provided. This is likely to be in June this year.

Please do not hesitate to contact me if you require further information.

Sincerely yours



Olgario de Castro
Chairman

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 (IFS WF), conducted its seventh 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 table below depicts how the Timor-Leste Petroleum Fund adheres to the Santiago Principles.

| Principle | Implementation |
|---|---|
| I. Legal framework, objectives, and coordination with macroeconomic policies | |
| <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 (BCTL¹), rather than as a separate legal entity.</p> <p>The Petroleum Fund Law specifically -</p> <ul style="list-style-type: none"> • provides mechanisms that assist Timor-Leste to sustainably manage its petroleum revenue, • details the parameters for operating and managing the Petroleum Fund, • defines the asset allocation guidelines and risk limits, • governs the 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. <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 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</p> |

¹ BCTL – Banco Central de Timor-Leste (Timor-Leste Central Bank)

| Principle | Implementation |
|--|---|
| | <p>documentations on the Petroleum Fund are publicly available at the Ministry of Finance and BCTL websites.</p> <p>https://www.mof.gov.tl/budget-spending/budget-treasury-documents/?lang=en</p> <p>https://www.bancocentral.tl/en/go/about-petroleum-fund</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> <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</p> |

| Principle | Implementation |
|--|--|
| | <p>departments within the Ministry during the preparation, discussion and execution of the government's budget.</p> <p>https://www.mof.gov.tl/budget-spending/budget-treasury-documents/?lang=en</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. These reports were audited by an external reputable international accounting firm.</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>https://www.mof.gov.tl/budget-spending/budget-treasury-documents/?lang=en</p> <p>https://www.bancocentral.tl/en/go/publications-key-report-petroleum-fund-report</p> <p>http://www.eiti.tl/</p> |
| <p>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> | <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</p> |

| Principle | Implementation |
|---|--|
| | <p>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>https://www.mof.gov.tl/budget-spending/petroleum-fund/?lang=en</p> <p>https://www.mof.gov.tl/budget-spending/budget-treasury-documents/?lang=en</p> |
| II. Institutional Framework and Governance Structure | |
| <p>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> | <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> <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. The BCTL appoints external managers and monitors their performance.</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</p> |

| Principle | Implementation |
|---|---|
| | <p>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> |
| <p>9. The operational management of the SWF should implement the SWF's strategies in an independent manner and in accordance with clearly defined responsibilities.</p> | <p>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.</p> |
| <p>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> | <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</p> |

| Principle | Implementation |
|--|--|
| | reports are published and available on the Central Bank's website. |
| 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 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>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> |
| 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>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>http://cfp.gov.tl/pt/</p> |

| Principle | Implementation |
|---|---|
| | https://www.bancocentral.tl/en/go/investment-advisory-board3 https://www.bancocentral.tl/en/go/rules http://www.bancocentral.tl/en/cconduct.asp |
| <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>http://www.mof.gov.tl/category/documents-and-forms/petroleum-fund-documents/petroleum-fund-legal-framework/?lang=en</p> |

| Principle | Implementation |
|---|--|
| | https://www.mof.gov.tl/budget-spending/petroleum-fund/?lang=en |
| <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>http://www.mof.gov.tl/category/documents-and-forms/petroleum-fund-documents/petroleum-fund-annual-reports/?lang=en</p> <p>https://www.bancocentral.tl/en/go/publications-key-report-petroleum-fund-report</p> <p>http://www.mof.gov.tl/category/documents-and-forms/petroleum-fund-documents/petroleum-fund-seminars-presentations/?lang=en</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 their activities and authority, and the process by which they are</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>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 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.</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 protect the financial interest of the Fund's assets, this is done through external managers upon the instructions from the Operational Manager.</p> |
| <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</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</p> |

| Principle | Implementation |
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| <p>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>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> |
| <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 principles or standards.</p> | <p>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 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>https://www.bancocentral.tl/en/go/publications-key-report-petroleum-fund-report</p> |
| <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> | <p>The Fund conducted its first review in 2010. The seventh review, based on the current document, will be published in the 2017 Petroleum Fund Annual Report. The Fund intends to review its implementation of the GAPP annually.</p> |

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