

## **Third Petroleum Fund Quarterly Report**

### **MEDIA RELEASE**

The Banking & Payments Authority (BPA) today released the third Quarterly Report of the Petroleum Fund of Timor-Leste showing that the net asset value as of 31 March 2006 was \$508 million compared with \$370 million at the end of December 2005.

The report shows that the taxpayers and the Designated Authority paid \$136.4 million directly into the Fund during the quarter via the BPA's account with the US Federal Reserve Bank in New York.

The fund accrued interest of \$4.1 million during the quarter, while the market revaluation was negative \$2.6 million. The overall profit for the quarter was \$1.5 million.

The absolute return on the Fund for the quarter was positive 0.35%, or 0.1 basis point higher than the benchmark return (the Merrill Lynch 0-5 years US Government Bond Index).

The Petroleum Fund law specifies that the BPA, as the future central bank of Timor-Leste, is the agent responsible for the operational management of the Fund. All taxes and royalties derived from the nation's petroleum wealth and related activities are required to be deposited into the BPA's account with the US Federal Reserve. This is an additional transparency requirement as it means that petroleum revenues do not have to bypass Consolidated Revenue before they go into the Fund.

The Minister of Planning and Finance, supported by an Investment Advisory Board, is responsible for setting the overall investment strategy for the Fund. The mandate is for investments in US Government guaranteed bonds. Details are contained in the Management Agreement signed by the Minister and the BPA on 12 October 2005. There has been no change to the management agreement during the quarter.

Highlights of the third Quarterly Report, which covers the period from 1 January 2006 to 31 March 2006, include:

- An opening balance of 370 million.
- Receipts from taxpayers during the quarter of \$85.8 million.
- Receipts from the Designated Authority during the quarter of \$50.6 million.
- A closing capital account balance of \$508 million.
- Face value of the Bond portfolio was \$510.5 million.

The quarterly report, as well as the Petroleum Fund law and Management Agreement, is available from the Banking & Payment Authority's website [www.bancocentral.tl](http://www.bancocentral.tl) and from the Timor-Leste petroleum transparency website [www.transparency.gov.tl](http://www.transparency.gov.tl)

Further information may be obtained from:

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