



PETROLEUM FUND ANNUAL REPORT

FINANCIAL YEAR 2015





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
2015**

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Note: Special acknowledgement is due to the Directorate General of Statistics for authorising use of its TAIS photograph for the cover of this report.

Message from Santina J.R.F. Viegas Cardoso Minister of Finance



The Petroleum Fund assists Timor-Leste's policy-makers in sustainably managing the country's petroleum resources. The structure is simple but robust. All petroleum receipts are transferred to the Fund; the Fund helps to finance the State Budget and the 3 per cent ESI spending rule defines sustainable withdrawals; the Fund is invested in global financial assets and the investment strategy is designed to match withdrawals and offset inflation. This will preserve the Petroleum Fund's purchasing power for the benefit of future generations.

Meeting the 3 per cent real return objective requires taking on risk. That is achieved through the 40 per cent allocation to global equities, a target reached in June 2014. The remainder of the Fund is invested in sovereign bonds, which helps to mitigate the portfolio's risk.

This structure provides the Petroleum Fund with a very long-term horizon. While the return objective is expected to be met over the long-run, annual performance will be volatile. Fluctuations in value can be substantial and losses in some years are unavoidable. The first investment loss for the Fund was recorded last year; at \$21 million, it is small relative to the Fund's size.

Returns over longer horizons are more insightful in that year to year volatility is averaged out. Since the Fund's inception in 2005, the average annual return is 3.8 per cent.

This is in line with our expectations after accounting for the evolution of the asset allocation. Equities have met their growth role, returning over 9 per cent each year on average since the initial investment in 2010, while bonds have returned 2.75 per cent per annum since the Fund's inception.

We are at a critical juncture for the Petroleum Fund. The Fund's balance fell in 2015 and is expected to continue to decline. Withdrawals for the 2016 budget projection period are double the ESI, with expenditure seeking to develop the economy so as to ultimately reduce reliance on the Fund. Inflows from petroleum revenue have declined significantly as production depletes and oil prices remain low. Investment revenues will not meet the shortfall and will be volatile from year to year, as 2015 illustrates. A poor year for investments – the risk analysis in this report indicates worst case losses of over \$1 billion – will result in a substantial reduction in the Petroleum Fund's balance.

The projected withdrawals and resulting net outflows reduce the capacity of the Fund to recover from short-term investment losses. The Petroleum Fund's asset allocation is being reviewed in light of the revised investment horizon. The Ministry of Finance, the Investment Advisory Board and the BCTL are working together to ensure that the investment strategy is consistent with fiscal projections and achieves the appropriate balance between risk and return.

A handwritten signature in blue ink, appearing to be in Tetum or Portuguese script, written over a light-colored background.

Santina J.R.F. Viegas Cardoso
Minister of Finance

The Petroleum Fund at a Glance

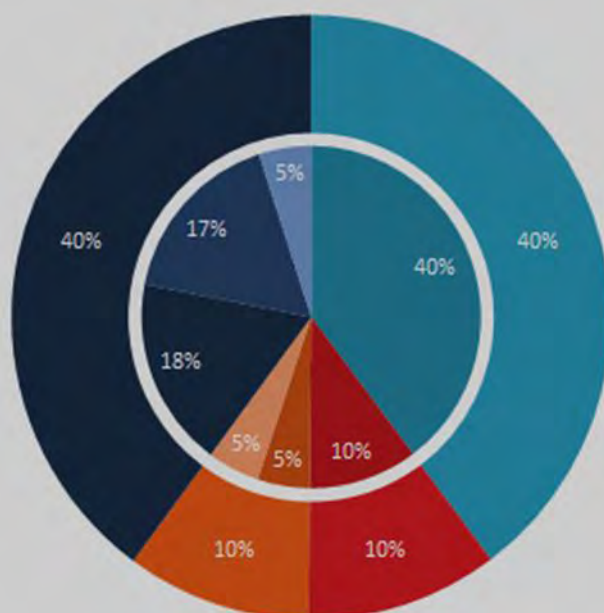
End of Year Balance
2015
\$16,218m

Petroleum
Revenues 2015
\$979m

Net Investment
Return 2015
-0.06% (-\$21.4m)

Investment Return
Since 2005
3.8% per annum
(\$2.6bn)

Petroleum Fund Allocation as at 31 December 2015



About the Petroleum Fund

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

Legal Framework

The Petroleum Fund was established to fulfil the constitutional requirement set by Article 139 of the Constitution of the Republic that mandates a fair and equitable use of the natural resources in accordance with national interests, and that the income derived from the exploitation of these resources should lead to the establishment of a mandatory financial reserve.

The Government therefore created the Petroleum Fund in 2005, under the provision of the Petroleum Fund Law No.9/2005 (3 August 2005) as amended by the Law No.12/2011 (28 September 2011).

Purpose

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

Key Features

The Petroleum Fund Law provides mechanisms that assist Timor-Leste to sustainably manage its petroleum revenues, details parameters for operating and managing the Petroleum Fund, defines asset

allocation guidelines and risk limits, governs collection and management of the receipts, regulates transfers to the State Budget, defines clear roles and responsibilities of entities involved in the management of the Fund and provides for government accountability and oversight of these activities.

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

The Fund is invested only in international financial assets. The investment objective is to achieve a 3% real return over the long-run to contribute to the sustainability of the fiscal policy. The Government recognizes that pursuing this investment return objective involves accepting risk in terms of short-term investment return volatility. It requires the Fund to have a long-term horizon to ride through short-term fluctuations in order to achieve an average long-term higher expected return. The investment strategy and strategic asset allocation are described in more detail in the section, “The Fund’s Investments”.

Governance

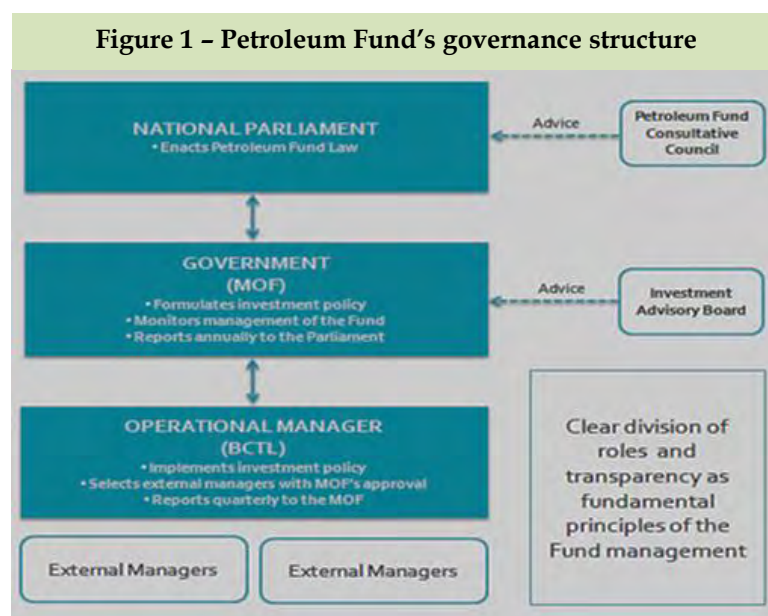
The Petroleum Fund model is internationally recognised for its high standard of governance, accountability, transparency and disclosure of information. This helps build public support for the wise management of petroleum revenues and reduces the risk of mismanagement. As shown in Figure 1 below, the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

The Parliament sets the objective of the Fund, the broad asset allocation guidelines and the risk limits. The Government, through the Ministry of Finance, is responsible for the overall management of the Petroleum Fund including setting the investment policy and strategy, investment guidelines and exercising of oversight.

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

The Petroleum Fund Law also sets out the requirements for all entities involved in the management of the Fund to provide and publish reports on the activities of the Fund. The Ministry of Finance prepares the Petroleum Fund Annual Report, financial statements and general state budget statement for the National Parliament. The BCTL provides quarterly reports to the Minister on the Fund's performance. In addition, an international accredited external auditor is required to issue and publish an annual audit report on the Fund's 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 (www.bancocentral.tl) websites. The Petroleum Fund, as an active member of the International Forum for Sovereign Wealth Funds (IFSWF), conducted its sixth 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 funds 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 The Fund scored 8 out of 10 points on the Linaburg-Maduell Transparency Index (2014).



¹ EITI Compliant Country (2010) – <http://eiti.org>

Size of the Fund

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

Petroleum Fund Balance

The Fund's balance decreased to US\$ 16,218 million as at the end of December 2015 from the previous year's balance of US\$ 16,539 million (see Figure 2). The fall in the balance of \$321 million was the first annual decline since the Fund's inception. As Figure 3 illustrates, net petroleum revenues contributed US\$ 979 million to the Fund over the year, while US\$ 1,279 million was withdrawn from the Fund by the Government.

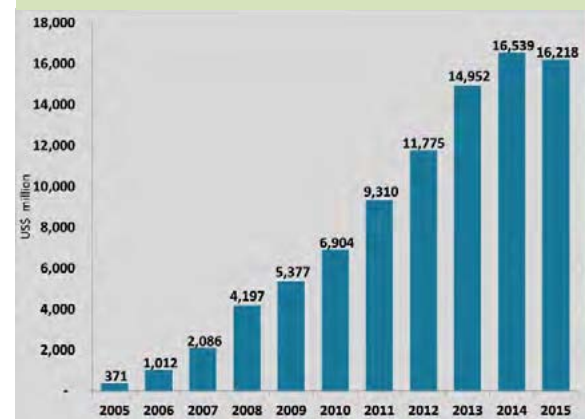
The net investment loss of \$21 million contributed to the decline in the Fund's balance for the year. As explained below, investment returns are necessarily volatile from year to year.

Petroleum Revenues

Petroleum revenues come from two existing fields, Bayu Undan and Kitan, which started production in 2004 and 2011 respectively. Oil

price, production volume and production costs are the three main factors that affect the Government's inflow of petroleum revenues.

Figure 2-Market Value of the Petroleum Fund



The total petroleum revenue collected during 2015 was US\$ 1,004 million. That was comprised of US\$ 461 million in petroleum taxes, US\$ 537 million in royalties and oil and gas profit and US\$ 6 million in other petroleum revenues (see Figure 4). These collections were in accordance with Articles 6.1 (a), (b), and (e) of the Petroleum Fund Law respectively. Of the total amount received, US\$ 25 million was transferred for refunds of taxation, which resulted in a net inflow of US\$ 979 million for the year.

Figure 3-Movement in net assets during 2015

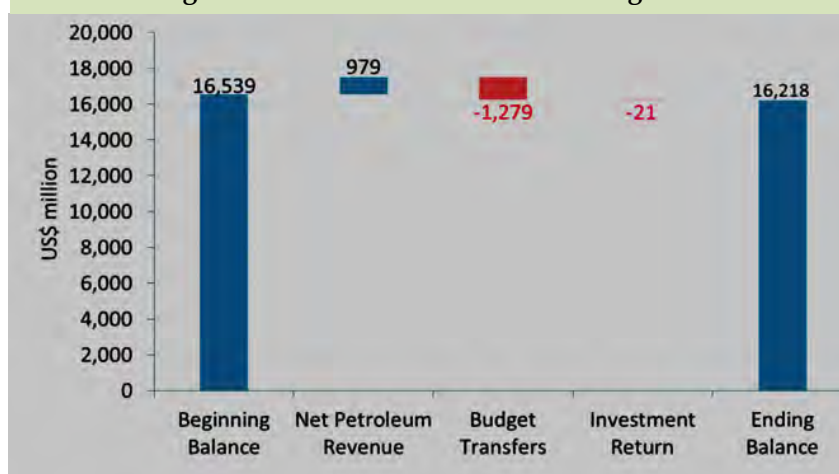
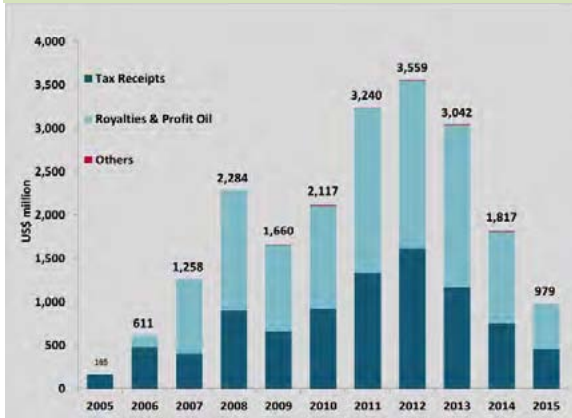


Figure 4 - Annual Petroleum revenue



Petroleum revenue has significantly declined since its peak of close to \$3.6 billion in 2012. As a result of lower oil prices, the petroleum revenue received in 2015 was about half of the amount received in 2014. Oil and gas production actually increased from 45 million barrels of oil in 2014 to 52 million barrels of oil in 2015, despite a number of intermittent shutdowns for maintenance. Kitan wells were suspended in December 2015 due to the fall in oil prices. Total petroleum production from Bayu-Undan peaked in 2011 and will continue to decline before ceasing in 2021.

The global oil price has fallen sharply over the last year and a half. The monthly average of North Sea Brent crude oil prices fell from a high of \$US 112 per barrel in June 2014 to average \$US 38 per barrel in December 2015. While the initial fall in the oil price appeared to be mainly caused by oversupply, weakening global growth has since had an impact.

The average price received in 2015 was lower than the price received in 2014, detracting from the inflow of petroleum revenues. However, we are fortunate in that the bulk of production was sold at higher oil prices in previous years.

Since the inception of the Fund in 2005, the Government has collected total petroleum

revenues of US\$ 20.7 billion. Most of the country's Petroleum Wealth is already transformed into financial assets. Going forward, investment income and withdrawals will be the main drivers of the Petroleum Fund balance unless new projects come on line.

Withdrawals

The Government withdrew US\$ 1,279 million from the Fund to the Treasury Account (CFET) during 2015 to finance the State General Budget. The amount withdrawn in 2015 was US\$ 640 million more than the ESI of US\$ 639 million for the year (see Figure 5). 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. As more petroleum resources are converted into revenues, Petroleum Wealth will eventually be equal to the Fund balance and the ESI will be calculated as 3% of the Fund's balance.

Of the total petroleum revenues collected, the Government has withdrawn US\$ 7,309 million from the Fund since its inception until the end of 2015. This exceeds the cumulative ESI over that period by US \$ 2,084 million.

Figure 5 - Transfer to the State Budget

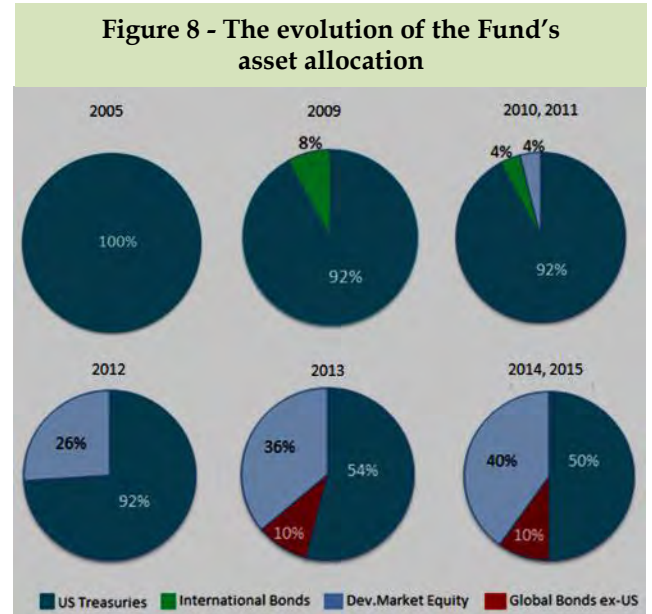


The appropriate asset allocation for the Petroleum Fund is determined using expected future returns. Long-run historical returns such as those shown in Figure 6 provide a useful starting point but forward looking return assumptions adjust for any historical factors that are unlikely to continue in the future. For example, the average US Treasury bond return of 7.3 per cent in Figure 6 was boosted by declining yields over that period. With yields now at historically low levels, there is little prospect for such high returns in future years. Consequently our forward-looking return assumption for bonds is much lower at a little above 4 per cent in nominal terms. Figure 7 shows the return and risk assumptions for bonds and equities and different combinations of each. Note that the returns are expressed on a real basis, which removes expected inflation of about 2 per cent. The measure of risk used here is the tail conditional expectation, which is explained with other risk measures in the section on volatility below.

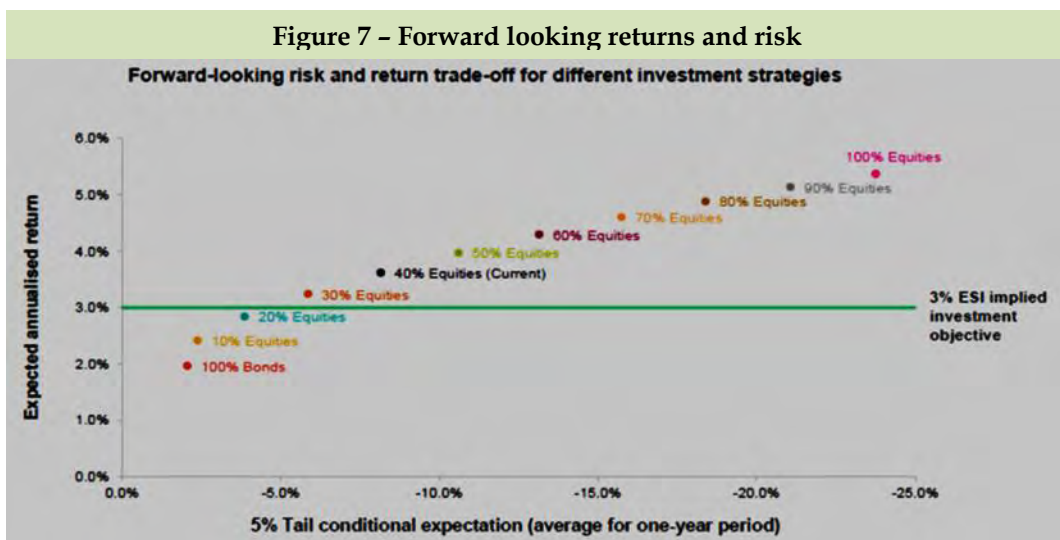
The primary objective of the bond portfolio in the Petroleum Fund is to preserve capital. This is reflected in Figure 7, which shows that the expected return for bonds (100% bonds) is lower than that of equities (100% equities) with lower risk. If we only invest in bonds we will fail to meet our 3 per cent real return objective.

The evolution of the Petroleum Fund's investments is summarised in Figure 8. The Fund was initially fully invested in bonds to limit the exposure to risk and allow time to build internal

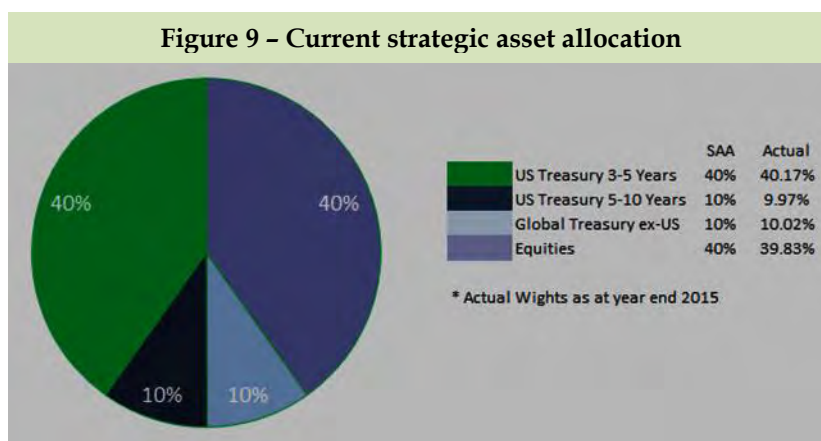
capacity and public confidence in the Petroleum Fund.



The original Petroleum Fund Law also constrained the allocation to equities. As Figure 7 shows, a significant allocation to equities is required to reach the real return objective and the Petroleum Fund Law was amended accordingly in 2011. A 40 per cent weight to equities was decided upon as providing the best balance between risk and return. Our 3 per cent real return objective is expected to be met with a reasonable degree of probability over the long run. Figure 8 illustrates that the equity allocation was progressively built up, and reached 40 per cent in June 2014.



Source: Willis Towers Watson



The Fund's current strategic asset allocation (SAA) is shown in Figure 9. The actual holdings at the end of December closely correspond with the SAA weights.

Equities are invested in companies listed in developed market countries. The investments closely match the MSCI World benchmark so that the Fund's exposures reflect the relative size of the equity market capitalisation of each country. The percentage of equities reported in Figure 10 shows that US companies account for almost 59 per cent of the equity portfolio, with the Eurozone region (11.4%) being the next closest, followed by Japan (9.0%) and the UK (7.6%). The holdings are diversified across industries and companies, with 1,920 companies held in the portfolio at the end of the year.

In total, 459 securities were held in the bond portfolio as at the end of 2015. Figure 10 shows that US bonds account for over 80 per cent of total bonds. The bond portfolio consists of:

- Two thirds US Government bonds with maturities of 3 to 5 years.
- One sixth of US Government bonds with maturities of 5 to 10 years.
- One sixth of other developed market Governments bonds.

A customised benchmark was developed for the non-US bonds to provide a broad exposure by capping country weights at 10 per cent and the Eurozone at 30 per cent.

For the total bond portfolio, this means that the Eurozone's weight in the benchmark index is 5 per cent (30 per cent of one sixth) and the UK, Japan, Canada and Australia have weights of 1.67 per cent (10 per cent of one sixth). Actual holdings are shown in Figure 10 and they depart slightly from the weights in the benchmark.

Figure 10 - Allocation by country

Country	% of Bonds	% of Equities	% of Portfolio
Australia	1.8%	2.5%	2.1%
Canada	1.6%	2.8%	2.0%
Denmark	1.2%	0.7%	1.0%
Eurozone	5.0%	11.4%	7.6%
Hong Kong	0.1%	1.2%	0.5%
Israel	0.0%	0.2%	0.1%
Japan	1.6%	9.0%	4.6%
New Zealand	0.5%	0.1%	0.3%
Norway	0.5%	0.3%	0.4%
Singapore	0.7%	0.5%	0.6%
Sweden	0.9%	1.1%	0.9%
Switzerland	0.9%	3.6%	2.0%
UK	1.6%	7.6%	4.0%
USA	83.6%	58.9%	73.7%
Total	100.0%	100.0%	100.0%

As the assets are unhedged, Figure 10 also represents the Petroleum Fund's currency weights. Equities and bonds are denominated in their local currencies so currency exposure naturally arises from our investments outside the US. The percentage of the portfolio column shows that the bulk of the Fund (73.7%) is denominated in US dollars, with about a quarter of our investments denominated in other currencies.

The rationale for maintaining some non-US dollar holdings was explained in Box 1 of the 2014 Petroleum Fund Annual Report. It explained that government expenditures are denominated in currencies in addition to the USD, so currency diversification helps protect the Fund's purchasing power against a systematic decline in the US dollar. In that event, the non-US assets will be worth more and a FX gain will be reported. On the other hand, when the US dollar appreciates as it did in 2014 and 2015, the non-US assets are worth less in US dollar terms and a FX loss is reported. The loss will be offset at least in part by the government's non-US dollar expenditure costing less in US dollar terms.

We believe the path of the US dollar cannot be reliably predicted and that it is appropriate to maintain some diversification of currency exposure. Holding non-US dollar assets and reporting in US dollars necessarily involves volatility in the reported total returns.

Volatility in Returns

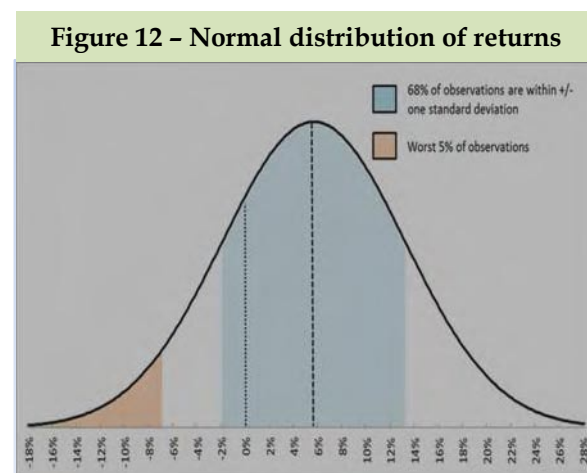
The Fund's annual return will fluctuate from year to year with movements in the prices of equities, bonds and foreign exchange.



Figure 11 illustrates the volatility by using the historical performance of equities and bonds to estimate the annual returns of a portfolio

that adopts our current SAA weights. The returns from equities and bonds are unhedged and, as such, include currency movements.

Investment risk can be measured in a variety of ways. Figure 12 is similar to the histogram above in that it is intended to represent the distribution of the portfolio's annual returns. However, rather than historical returns, Figure 12 assumes that returns follow a bell-shaped curve, which is also referred to as a normal distribution. The bell curve is helpful because the distribution can be fully described by its average, also known as the mean, and its standard deviation.



The standard deviation measures the variability in returns around the mean and therefore quantifies how "spread out" the returns are. The standard deviation of annual returns for our portfolio is assumed to be 7.6 per cent. By combining the standard deviation with the mean we can express what range of outcomes is most likely given the bell curve distribution. For example, we know that 68 per cent of returns will fall within one standard deviation of the mean. For our portfolio this means that returns will fall within -2.0 per cent (5.6-7.6) and 13.2 per cent (5.6+7.6) about two thirds of the time. This area is shaded in blue in Figure 12.

The likelihood of a loss is another useful measure of investment risk. This is represented by the distribution of returns that are less than 0 per cent. In our case, the expected frequency of a loss is more than 20 per cent. This corresponds to a loss in one in every five years, which means we need to expect annual losses quite frequently.

Another useful measure of risk is the loss associated with the worst outcomes. This refers to the negative tail of the distribution, which is often represented by the worst 5 per cent of outcomes. For our portfolio, the expected loss is 6.9 per cent or more in the worst 5 years out of every 100. Where the returns fall within that tail, the expected loss is close to 10 per cent. This is the tail conditional expectation previously shown as the measure of risk in Figure 7. The Global Financial Crisis provides a historical example of such a poor outcome. In 2008 the current SAA would have incurred a loss of 7.4 per cent loss. Note that the 40 per cent loss in equities in that year was mitigated by strong performance from sovereign bonds.

The normal distribution is helpful in illustrating risk and provides a useful approximation. Note that the measures of risk we focus on for the Petroleum Fund account for the non-normality that characterise investment returns and these are reported below.

Figure 13 - The Petroleum Fund's risk measures accounting for non-normality	
Standard deviation	7.6% p.a.
Probability of a negative return	20.2%
1 in 20 year poor outcome	-5.5% p.a.
Tail conditional expectation	-8.2% p.a.

It is essential that investors understand the risk in their portfolio and that it corresponds with their tolerance for risk. In the case of the Petroleum Fund, volatility in annual returns and the likelihood of losses are unavoidable if we are to meet our 3 per cent real return objective over the long-run. The Petroleum Fund's approach to managing its equity and bond investments requires a commitment and a willingness to stay the course when markets have fallen and uncertainty is pronounced. This needs to include periods when there are much larger falls than those experienced in 2015. Reducing the equity allocation after a loss is usually ill-timed in that selling will lock in the loss and investors will then typically fail to reinvest in time to capture the subsequent rise. Instead, an investor that can withstand the short-term volatility and remain in equities over the long-term can expect to collect the related risk premium.

Lastly with respect to risk, it is important to understand that it is not guaranteed that the Fund will meet the return objective. Longer investment horizons reduce the volatility in returns but uncertainty about the outcome remains. The 40 per cent equity allocation means that we can expect a real return of 3 per cent or more 66 per cent of the time over a 20 year horizon. In other words, there is a one in three chance that actual returns will fall short of the target.

Implementation of Investments

The Petroleum Fund's investments are guided by our 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).

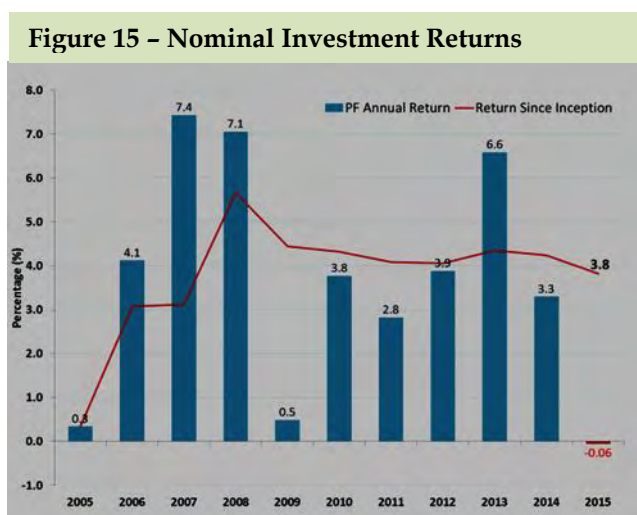
One of the key investment principles is that passive management should be the main investment style for the Petroleum Fund. Passive management involves investing so as to closely match the returns of the benchmark index. This involves holding securities in the index with their weights corresponding to those in the benchmark. This contrasts with active management, where a fund manager seeks to outperform the benchmark's returns by taking positions relative to the benchmark. We believe that the great majority of returns over the long-term will come from the systematic risk premia that are captured in the benchmark indices. It is difficult to reliably predict which securities, industries or countries will perform relatively strongly and those which will perform relatively poorly.

Figure 14 shows that the bulk of the equity portfolio is passively managed to the MSCI World Index. The diversified, market-wide exposure positions the Fund to earn the equity risk premium. In terms of the bond portfolio, the BCTL passively manages the 3 to 5 year US Treasury portfolio, which represents 40 per cent of the Petroleum Fund. The allocations to the three external bond managers are classified as enhanced passive mandates in that the managers have some limited discretion to depart from the benchmark index.

Figure 14 - Petroleum Fund's Investment Mandate				
	Manager	Style	Allocation	
			Benchmark	Year-end
US Treasuries 3 - 5 Years	BCTL	Passive	40%	40.17%
US Treasuries 5 - 10 Years	BIS	Enhanced passive	10%	9.97%
Global Treasury ex US	AllianceBernstein	Enhanced passive	5%	5.10%
	Wellington	Enhanced passive	5%	4.92%
Developed Market Equities	SSGA	Passive	35%	17.38%
	BlackRock	Passive		17.48%
	Schroders	Enhanced passive	5%	4.98%

Performance in 2015

The Petroleum Fund incurred an investment loss of \$21.4 million in 2015, which deducts expenses of \$15.4 million and withholding taxes of \$9.4 million. This was the first annual loss recorded since the Fund's inception in 2005 and follows income of \$502 million in 2014 and income of \$865 million in 2013.



The Petroleum Fund's investment return before expenses was -0.06 per cent in 2015 (see Figure 15). The real return, which accounts for US inflation, was -0.78 per cent in 2015.

The Fund's return since inception is 3.8 per cent or 2 per cent in real terms. While this is below the real return objective of 3 per cent, the measurement period is not sufficiently long to assess performance given that the target allocation of 40 per cent in equities was only reached in the middle of 2014. As the previous section explained, the Fund's SAA is expected to meet the return objective with a reasonable probability over a long-term horizon.

The return from the Fund's equity investments is 9.16 per cent per annum since the first investment in 2010. Equities have fulfilled their growth role and performance has exceeded the long-term, normative return assumption of 8 per cent. Returns fluctuate from year to year and equities recorded a loss in 2015 of 0.41 per cent in USD terms. Equity markets were volatile after a solid return in the first quarter. The benchmark MSCI World Index fell by 8.3 per cent in the September quarter following a marked rise in uncertainty about financial developments and the outlook for growth, particularly in China. Equities rebounded by 5.5 per cent in the December quarter to recover some of that loss.

Figure 16 - Investment Returns % USD						
	Q1	Q2	Q3	Q4	2015	Since inception
Total Fund	1.38	-0.14	-2.61	1.37	-0.06	3.82
Benchmark	1.36	-0.16	-2.7	1.55	-0.01	3.80
Excess	0.02	0.02	0.09	-0.18	-0.05	0.01
Bonds	0.69	-0.52	1.08	-1.13	0.11	2.75
Benchmark	0.65	-0.52	1.13	-1.09	0.15	2.75
Excess	0.04	0.01	-0.05	-0.05	-0.05	0.00
Equities	2.37	0.44	-8.27	5.58	-0.41	9.16
Benchmark	2.31	0.31	-8.45	5.50	-0.87	8.45
Excess	0.05	0.13	0.18	0.08	0.46	0.71

The Petroleum Fund's total bond portfolio has returned 2.75 per cent since its inception. This is below the long-term normative assumption of 5 per cent. This difference is mainly the result of the very low yields in recent years. Bond return assumptions that incorporate the lower yields are well below the normative assumptions.

Our total bond portfolio's return in 2015 was slightly positive at 0.11 per cent (Figure 16). The US Treasury allocation performed consistently with its capital preservation objective and helped to mitigate the weakness in equities. The passively managed 3 to 5 year US Treasuries returned 1.43 per cent and the 5 to 10 year US Treasuries mandate returned 1.79 per cent (see Figure 17). Both mandates returned fractionally less than their benchmarks.

The total return of the non-US sovereign bond portfolio was dominated by currency movements. Weakness in the underlying currencies relative to the US Dollar in 2015 resulted in a negative return of 7.2 per cent for the non-US benchmark index. The two fund managers returned fractionally less than the benchmark. If the currency component is removed, performance was similar to the small positive return posted by US Treasuries.

Foreign exchange movements in the bond portfolio account for almost half of the Petroleum Fund's foreign exchange loss of \$302 million in 2015, with the remainder resulting from equity holdings outside the US. Currency exposure also caused non-US bonds to post a negative return of 1.25 per cent in 2014, when the currency loss for the total Petroleum Fund was \$425.5 million.

Management Fees

In accordance with the Operational Management Agreement signed between the Ministry of Finance and the BCTL², a management fee is to be paid from the Fund to the BCTL as the operational manager. As Figure 14 shown, management fees paid and deducted from the Fund in 2015 totalled US\$ 15.7 million. The amount included custody and external manager fees of US\$ 9.6 million; the BCTL's operating expenses of US\$ 5.6 million; Investment Advisory Board (IAB) expenses of US\$ 312 thousand. Relative to the size of the Fund, the fees for 2014 were 0.10%, which was higher than the previous year's 0.06%.

Figure 18 - Management Fees in 2015

Category	\$US
External manager & custody fees	9,583,916
BCTL operational management costs	5,605,775
IAB expenses	164,456
Other expenses	312,282
Total	15,666,429

Figure 17 - Bond Investment Returns % USD

	Q1	Q2	Q3	Q4	2015	Since Inception
3-5 year US Treasuries	1.55	-0.15	1.16	-1.11	1.43	1.10
Benchmark	1.48	-0.15	1.23	-0.97	1.59	1.07
Excess	0.07	0.01	-0.07	-0.15	-0.16	-0.04
5-10 year US Treasuries	2.25	-1.53	2.24	-1.28	1.79	1.75
Benchmark	2.23	-1.55	2.47	-1.3	1.80	1.76
Excess	0.01	0.01	-0.05	0.02	-0.01	-0.01
Non-US Sovereigns	-4.23	-1.15	-0.64	-1.42	-7.27	-2.37
Benchmark	-4.19	-1.10	-0.67	-1.40	-7.20	-2.34
Excess	-0.04	-0.05	0.03	-0.02	-0.07	-0.02

² <http://www.bancocentral.tl/PF/laws.asp>

Going Forward

The institutions involved in determining the Petroleum Fund's investments are in the process of reviewing the Fund's Strategic Asset Allocation. The asset allocation needs to adequately accommodate for the projected drawdowns from the Fund in the coming years. This may involve changes to the investment strategy and the asset allocations.

The institutions are in the process of making incremental improvements to the equity portfolio by investing in systematic risk premia in addition to the equity risk premium.

Advice from the Investment Advisory Board

The Investment Advisory Board (IAB) of the Petroleum Fund held seven meetings and one workshop during 2015. The minutes from the meetings are available on the BCTL's website (www.bancocentral.tl). The IAB provided two recommendations (see Annex XII) to the Minister of Finance in accordance with the requirements of Article 16 in the Petroleum Fund Law:

1) Advice on the new in-house passive equity mandate

In its letter dated 28 January 2015, the Board advised the Minister on the new in-house passive equity mandate to be managed by the BCTL. The Board agreed on passively managing to the MSCI Australia index unhedged. The target allocation was recommended to be 35% of the value of the Fund times the weight of the Australian component in the MSCI World Index. An independent review was recommended prior to implementation to review the arrangements including the BCTL's preparedness, risk management and capacity.

2) Advice on succession planning of the composition of the Investment Advisory Board

In its letter dated 17 August 2015, the Board advised the Minister of the need for orderly succession planning for the composition of the IAB. A new member needs to be recruited from the international financial community with significant investment management experience.

Annexes

Statement by Director General of Treasury

Petroleum Fund of Timor-Leste
General Information
31 December 2015

Minister of Finance	Her Excellency Santina Cardoso (from 16 February 2015) Her Excellency Emilia Pires (to 15 February 2015)
Director General of Treasury	Agostinho Castro
Members of Investment Advisory Board	Olgario de Castro Gualdino da Silva Francisco Monteiro (resigned 21 April 2015) Torres Trovik Kevin Bailey
Ex Officio (non-voting)	Venancio Alves Maria Agostinho Castro (alternate, Basilio R.D.C. Soares)
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

Petroleum Fund of Timor-Leste
Statement by the Director General of Treasury
31 December 2015

BACKGROUND

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

FINANCIAL STATEMENTS

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

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

These financial statements cover the year ended 31 December 2015.

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\$16.5bn on 1 January 2015 (2014: US\$15.0bn). During the period, taxes and other petroleum revenue under Article 6 of the Petroleum Fund were US\$1.0bn (2014: US\$1.8bn). The Fund recorded a loss of US\$21m (2014: US\$502m gain) during the period. A summary of transactions for the income is given in the “Statement of profit or loss and other comprehensive income”.

US\$1.28bn was transferred from the Petroleum Fund to the Consolidated Fund during the year. The capital of Petroleum Fund as at 31 December 2015 was US\$16.2bn (2014: US\$16.5bn). A summary of the transactions is given in the “Statement of changes in capital”.

BENCHMARKS AND PERFORMANCE

During 2015, the asset allocation of the fund was 60% Fixed interest securities and 40% Global equities, the Board considers this to be an appropriate level given the long term investment horizon of the Fund.

The Board will continue to review the investment strategy and asset allocation of the Fund to ensure the expected level of returns are in alignment with the Estimated Sustainable Income (ESI).

Summary of benchmarks

Benchmark Index	As at 31 December 2015	As at 31 December 2014
Fixed Interest		
BOA Merrill Lynch US Government 0-5 Years	40.0%	40.0%
BOA Merrill Lynch US Government 5-10 Years	10.0%	10.0%
Barclays Global	10.0%	10.0%
<i>Total Fixed Interest</i>	<i>60.0%</i>	<i>60.0%</i>
Global Equities		
MSCI World	40.0%	40.0%
<i>Total Global Equities</i>	<i>40.0%</i>	<i>40.0%</i>
Total Benchmark	100%	100%

Petroleum Fund of Timor-Leste
Statement by the Director General of Treasury
31 December 2015

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 2015 is given at note 18. The credit exposure by credit rating is given in the note 12(b)(iii). The performance of the Petroleum Fund during the period has been in accordance with the mandate of the Management Agreement.

Net gains on financial assets at fair value through the profit or loss has been marginal in 2015 reflecting the performance of global equities during the year. The slight decrease reflects the benchmark indices to which mandates are set. The net foreign exchange loss reflects the strengthening of the US dollar during 2015 into which foreign investments are translated.

During the period, Ministry of 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 Fund during the year.

APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements for the year ended 31 December 2015 have been approved on behalf of the Ministry of Finance by:



Agostinho Castro
Director General of Treasury
Ministry of Finance Government of Timor-Leste
13 April 2016

Audited Financial Statements

Independent Auditor's Report to the Ministry of Finance, Democratic Republic of Timor-Leste in respect of the Petroleum Fund Annual Financial Report for the year ended 31 December 2015

We have audited the accompanying financial report of the Petroleum Fund of Timor-Leste (the 'Petroleum Fund'), which comprises the statement of financial position as at 31 December 2015, the statement of comprehensive income, the statement of cash flows and the statement of changes in capital for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

The Government's Responsibility for the Financial Information

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial report of the Petroleum Fund of Timor-Leste presents fairly, in all material respects, the Petroleum Fund's financial position as at 31 December 2015 and financial performance for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature in blue ink that reads "Deloitte". The signature is stylized and cursive.

DELOITTE TOUCHE TOHMATSU
Chartered Accountants
Dili

13 April 2016

Petroleum Fund of Timor-Leste
Statement of profit or loss and other comprehensive income
for the year ended 31 December 2015

	<i>Note</i>	<i>Year ended 31/12/2015 USD</i>	<i>Year ended 31/12/2014 USD</i>
Revenue			
Interest income	5	156,789,531	142,326,830
Dividend income		163,013,772	177,467,665
Trust income		6,886,553	5,800,126
Other investment income		20,200	34,725
Net (losses)/gains on financial assets and liabilities at fair value through profit or loss	9	(21,060,960)	627,313,626
Net foreign exchange losses		<u>(302,027,185)</u>	<u>(425,542,866)</u>
Total revenue		<u>3,621,911</u>	<u>527,400,106</u>
Expenses			
External management and custody fees		(9,583,916)	(9,618,804)
IAB expenses		(164,456)	(377,785)
BCTL operational management fees		(5,605,775)	(6,455,290)
Other expenses		<u>(312,282)</u>	<u>(110,641)</u>
Total expenses		<u>(15,666,429)</u>	<u>(16,562,520)</u>
(Loss)/Profit before tax		<u>(12,044,518)</u>	<u>510,837,586</u>
Withholding taxes		<u>(9,367,122)</u>	<u>(9,284,000)</u>
(Loss)/Profit for the year		<u>(21,411,640)</u>	<u>501,553,586</u>
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		<u>(21,411,640)</u>	<u>501,553,586</u>

The financial statements should be read in conjunction with the policies and notes on pages 29 - 69.

Petroleum Fund of Timor-Leste
Statement of financial position
as at 31 December 2015

	<i>Note</i>	<i>As at</i> <i>31/12/2015</i> <i>USD</i>	<i>As at</i> <i>31/12/2014</i> <i>USD</i>
Assets			
Cash and cash equivalents	8	135,176,810	66,842,141
Other receivables	6	26,890,851	20,063,101
Financial assets at fair value through profit or loss	9	<u>16,076,302,454</u>	<u>16,466,483,685</u>
Total assets		<u>16,238,370,115</u>	<u>16,553,388,927</u>
Liabilities			
Payables for securities purchased		15,627,166	11,282,656
Accounts payable		<u>5,170,444</u>	<u>3,488,811</u>
Total liabilities		<u>20,797,610</u>	<u>14,771,467</u>
Net assets		<u>16,217,572,505</u>	<u>16,538,617,460</u>
Capital			
Capital		<u>16,217,572,505</u>	<u>16,538,617,460</u>

The financial statements should be read in conjunction with the policies and notes on pages 29 - 69.

**Petroleum Fund of Timor-Leste
Statement of changes in capital
for the year ended 31 December 2015**

	<i>Note</i>	<i>Year ended 31/12/2015 USD</i>	<i>Year ended 31/12/2014 USD</i>
Capital at the beginning of the year	7	16,538,617,460	14,952,099,30
Petroleum Fund Gross Receipts <i>(pursuant to Article 6 of the Petroleum Fund Law)</i>	7	<u>1,003,813,967</u>	<u>1,816,964,56</u>
		<u>17,542,431,427</u>	<u>16,769,063,87</u>
Transfers to the Consolidated Fund of Timor-Leste <i>(pursuant to Article 7 of the Petroleum Fund Law)</i>	7	(1,278,500,000)	(732,000,000)
Transfers for refunds of taxation <i>(pursuant to Article 10 of the Petroleum Fund Law)</i>	7	(24,947,282)	.
Total comprehensive (loss)/income for the year		<u>(21,411,640)</u>	<u>501,553,58</u>
Capital at the end of the year		<u>16,217,572,505</u>	<u>16,538,617,46</u>

The financial statements should be read in conjunction with the policies and notes on pages 29 - 69.

Petroleum Fund of Timor-Leste
Statement of cash flows
for the year ended 31 December 2015

	<i>Note</i>	<i>Year ended 31/12/2015 USD</i>	<i>Year ended 31/12/2014 USD</i>
Cash flows from operating activities			
Proceeds from sale of financial assets at fair value through profit or loss		12,822,234,541	14,877,320,817
Purchases of financial assets at fair value through profit or loss	9	(12,746,142,226)	(16,254,196,325)
Interest received		153,916,746	141,865,370
Dividends received		150,425,621	164,664,963
Trust distributions received		6,785,495	5,527,463
External management and custody fees paid		(13,672,515)	(15,290,882)
Other operating receipts		20,200	34,725
Other operating payments		<u>(312,282)</u>	<u>(512,016)</u>
Net cash utilized in operating activities	13	<u>373,255,580</u>	<u>(1,080,585,885)</u>
Cash flows from financing activities			
Petroleum Fund Gross Receipts	7	1,003,813,967	1,816,964,569
Transfer payments to the Consolidated Fund of Timor-Leste	7	(1,278,500,000)	(732,000,000)
Refunds of tax receipts	7	<u>(24,947,282)</u>	<u>-</u>
Net cash flows provided by financing activities		<u>(299,633,315)</u>	<u>1,084,964,569</u>
Net increase in cash and cash equivalents		73,622,265	4,378,684
Cash and cash equivalents at the beginning of the year		66,842,141	70,185,105
Effects of foreign currency exchange rate changes on cash and cash equivalents		<u>(5,287,596)</u>	<u>(7,721,648)</u>
Cash and cash equivalents at 31 December	8	<u>135,176,810</u>	<u>66,842,141</u>

The financial statements should be read in conjunction with the policies and notes on pages 29 - 69.

**Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2015**

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1. Fund information

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

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

The Banco Central de Timor-Leste (BCTL) having its office at Avenida 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 Finance and the BCTL.

These financial statements were authorized for issue by the Director General of Treasury on 13 April 2016.

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

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

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

2.2 New and revised IFRS in issue but not yet effective

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

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

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 2017	1 January 2017
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	1 January 2017	1 January 2017
Disclosure Initiative (Amendments to IAS 7)	1 January 2017	1 January 2017

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2015

3. Significant accounting policies

Statement of compliance

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

Basis of preparation

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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.

The accounting policies have been consistently applied by the Petroleum Fund. The Petroleum Fund has adopted the IFRS that were applicable during the year under review.

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

The principal accounting policies are set out below.

(a) Financial assets and liabilities

(i) Classification

The Fund's financial assets and liabilities are categorized as at fair value through profit or loss, unless otherwise noted, and is comprised of:

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

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

The manner in which the Petroleum Fund is managed is set out in Annex 1 to the Management Agreement between the BCTL and the Minister of Finance, which establishes the performance benchmark for the Petroleum Fund.

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

Loans and receivables

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

Other financial liabilities

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

(ii) Recognition

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

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

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2015

3. Significant accounting policies (continued)

(iii) Initial Measurement

Financial assets and liabilities

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

Loans and receivables and other financial liabilities

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

(iv) Subsequent measurement

Financial assets and liabilities

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. 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 and 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.

Loans and receivables and other financial liabilities

Loans and receivables and financial liabilities are measured at amortized cost.

(v) Impairment of financial assets

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

Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial 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 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.

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2015

3. Significant accounting policies (continued)

(vi) Derecognition

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

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

Or

- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, And

- Either (a) the Fund has transferred substantially all the risks and rewards of the asset; or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Fund's continuing involvement in the asset. In that case, the 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 Fund has retained.

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

(vii) Offsetting

The Petroleum Fund offsets financial assets and financial liabilities if the Petroleum Fund has a legally enforceable right to set off the recognized amounts and interests 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 and loss.

(viii) Specific instruments

Cash and cash equivalents

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.

Reverse repurchase transactions

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

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

(ix) Encumbrances on the assets of the Petroleum Fund

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

During the 2015 financial year and as at the balance date, there are no encumbrances or burdens on the assets of the Petroleum Fund.

(b) Foreign currency translation

(i) Functional and presentation currency

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

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2015

3. Significant accounting policies (continued)

(ii) Transactions and balances

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

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are 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)'*.

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

(c) Petroleum Fund Gross Receipts

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

(d) 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 Finance.

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

(e) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the 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.

(f) Unit trust Income

Unit trust distribution income is recognized when the Fund's right to receive income is established. Unit trust income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of profit or loss and other comprehensive income.

(g) Dividend income

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

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

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

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2015

3. Significant accounting policies (continued)

(i) 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 in the statement of profit or loss and other comprehensive income of the Petroleum Fund. Management and performance fees payable to external fund managers are met from the management fee payable to the BCTL, but disclosed separately in the financial statements.

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.

(j) Taxation

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

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

4. Critical accounting estimates and judgments

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

Judgements

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

Capital

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

Estimates and assumptions

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

Taxes

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 Fund establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it invests. The amounts of such provisions are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective investment's domicile. As the Fund assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognized.

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5. Interest income

	<i>Year ended</i> <i>31/12/2015</i>	<i>Year ended</i> <i>31/12/2014</i>
	<i>USD</i>	<i>USD</i>
Interest from debt securities at fair value through profit or loss	156,696,468	142,283,687
Interest from cash and cash equivalents	<u>93,063</u>	<u>43,143</u>
	<u>156,789,531</u>	<u>142,326,830</u>

6. Other Receivables

	<i>As at</i> <i>31/12/2015</i>	<i>As at</i> <i>31/12/2014</i>
	<i>USD</i>	<i>USD</i>
Dividends receivable	7,305,867	7,198,092
Withholding tax receivables	10,388,741	7,735,408
Trust distributions receivables	844,088	770,608
Due from brokers receivables	8,326,749	4,311,569
Interest receivables	<u>25,406</u>	<u>47,424</u>
	<u>26,890,851</u>	<u>20,063,101</u>

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7. Capital receipts and payments of the Petroleum Fund

During the year ended 31 December 2015 the sum of US\$1,320,000,000 (31 December 2014 - US\$903,000,000) was approved for appropriation by Parliament from the Petroleum Fund. A sum of US\$1,278,500,000 (31 December 2014 - US\$732,000,000) was transferred from the Petroleum Fund to the State Budget account during the year.

During the year ended 31 December 2015 a total of US\$460,818,016 (31 December 2014 - US\$752,109,763) was received in Article 6.1(a) receipts. A total of US\$537,099,007 (31 December 2014 - US\$1,057,537,606) was received in Article 6.1(b) receipts. A total of US\$5,896,944 (31 December 2014 - US\$7,317,200) was received in Article 6.1(e) receipts.

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

<i>Year ended 31/12/2015</i>						
<i>USD</i>						
Month	Article 6.1(a) receipts	Article 6.1(b) receipts	Article 6.1(e) Other receipts	To Consolidated Fund	Refunds of taxation	TOTAL
January	57,120,593	38,047,716	-	(70,000,000)	-	25,168,309
February	53,637,710	40,041,155	-	(70,000,000)	(24,947,282)	(1,268,417)
March	64,349,635	44,975,103	-	(75,000,000)	-	34,324,738
April	43,391,670	64,925,544	-	-	-	108,317,214
May	37,290,481	71,462,163	-	(80,000,000)	-	28,752,644
June	32,998,620	44,611,879	-	(150,000,000)	-	(72,389,501)
July	35,510,135	38,848,033	5,896,000	-	-	80,254,168
August	30,753,448	37,276,868	-	(60,000,000)	-	8,030,316
September	30,009,819	39,996,699	944	(133,500,000)	-	(63,492,538)
October	19,046,648	53,341,242	-	(190,000,000)	-	(117,612,110)
November	32,959,614	42,484,332	-	(100,000,000)	-	(24,556,054)
December	23,749,643	21,088,273	-	(350,000,000)	-	(305,162,084)
Totals	<u>460,818,016</u>	<u>537,099,007</u>	<u>5,896,944</u>	<u>(1,278,500,000)</u>	<u>(24,947,282)</u>	<u>(299,633,315)</u>
Total Article 6.1			<u>1,003,813,967</u>			

<i>Year ended 31/12/2014</i>						
<i>USD</i>						
Month	Article 6.1(a) receipts	Article 6.1(b) receipts	Article 6.1(e) Other receipts	To Consolidated Fund	Refunds of taxation	TOTAL
January	92,893,133	86,178,644	-	-	-	179,071,777
February	60,414,337	126,763,815	-	-	-	187,178,152
March	77,872,877	99,522,987	-	-	-	177,395,864
April	63,964,061	145,232,232	-	-	-	209,196,293
May	52,352,341	80,730,036	-	-	-	133,082,377
June	67,522,504	131,500,071	-	-	-	199,022,575
July	80,064,323	94,930,061	-	(100,000,000)	-	74,994,384
August	64,469,511	106,076,134	-	(120,000,000)	-	50,545,645
September	50,017,526	119,632,181	7,163,200	(120,000,000)	-	56,812,907
October	42,316,749	56,422,300	-	(100,000,000)	-	(1,260,951)
November	42,068,762	2,715,827	154,000	(100,000,000)	-	(55,061,411)
December	58,153,639	7,833,318	-	(192,000,000)	-	(126,013,043)
Totals	<u>752,109,763</u>	<u>1,057,537,606</u>	<u>7,317,200</u>	<u>(732,000,000)</u>	<u>-</u>	<u>1,084,964,569</u>
Total Article 6.1			<u>1,816,964,569</u>			

Petroleum Fund of Timor-Leste
Notes to the financial statements
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8. Cash and cash equivalents

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

	<i>As at</i> 31/12/2015	<i>As at</i> 31/12/2014
	<i>USD</i>	<i>USD</i>
Cash at bank	89,876,810	64,542,141
Overnight reverse repurchase agreements	<u>45,300,000</u>	<u>2,300,000</u>
	<u>135,176,810</u>	<u>66,842,141</u>

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

9. Financial assets valued through profit or loss

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

	<i>As at</i> 31/12/2015	<i>As at</i> 31/12/2014
	<i>USD</i>	<i>USD</i>
Financial assets at fair value through profit or loss		
Opening fair value	16,466,483,685	14,904,678,996
Purchases at cost	12,746,142,226	16,254,196,325
Proceeds from sales	(12,822,234,541)	(14,893,635,166)
Net (losses)/gains on financial assets at fair value through profit and loss	(21,060,960)	627,313,626
Net foreign exchange losses	(302,027,185)	(425,542,866)
Net gains/(losses) through interest income	<u>8,999,229</u>	<u>(527,230)</u>
Closing fair value	<u>16,076,302,454</u>	<u>16,466,483,685</u>

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

A summary of securities is as follows:

	<i>As at 31/12/2015</i>		<i>As at 31/12/2014</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 bill	19,962,597	-	-	-
European treasury bill	-	-	11,190,953	-
United States treasury notes	8,049,248,771	50	8,311,880,935	50
Australian government bonds	177,167,232	1	163,501,748	1
Japanese government bonds	154,358,289	1	147,261,709	1
United Kingdom government bonds	155,324,504	1	193,285,097	1
European government bonds	487,196,026	3	443,574,441	3
Other government bonds	608,651,281	4	616,124,795	4
Total fixed interest securities	<u>9,651,908,700</u>	<u>60</u>	<u>9,886,819,678</u>	<u>60</u>
Equity securities				
United States equities	3,784,991,393	23	3,856,201,783	23
Australian equities	162,983,537	1	176,209,987	1
Japanese equities	579,451,558	4	531,978,919	3
United Kingdom equities	485,484,977	3	532,166,374	3
European equities	734,478,624	5	740,570,166	5
Equities from other countries	676,772,309	4	742,812,061	5
Total equity securities	<u>6,424,162,398</u>	<u>40</u>	<u>6,579,939,290</u>	<u>40</u>
Held for trading				
Derivatives				
Foreign currency forwards	231,356	-	(293,358)	-
Equity options	-	-	18,075	-
	<u>231,356</u>	<u>-</u>	<u>(275,283)</u>	<u>-</u>
Total securities	<u>16,076,302,454</u>		<u>16,466,483,685</u>	

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

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

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

	<i>As at 31/12/2015</i>			
	<i>USD</i>			
Financial assets	Level 1	Level 2	Level 3	Total
Financial Instruments designated at fair value through profit or loss				
Derivatives	-	231,356	-	231,356
Equity securities	6,424,162,398	-	-	6,424,162,398
Fixed interest securities	9,651,908,700	-	-	9,651,908,700
Total	<u>16,076,071,098</u>	<u>231,356</u>	<u>-</u>	<u>16,076,302,454</u>

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

Financial assets	<i>As at 31/12/2014</i>			Total
	Level 1	Level 2	Level 3	
	<i>USD</i>			
Financial Instruments designated at fair value through profit or loss				
Derivatives	18,075	-	-	18,075
Equity securities	6,579,939,290	-	-	6,579,939,290
Fixed interest securities	<u>9,886,819,678</u>	-	-	<u>9,886,819,678</u>
Total	<u>16,466,777,043</u>	<u>-</u>	<u>-</u>	<u>16,466,777,043</u>

Financial liabilities	<i>As at 31/12/2014</i>			Total
	Level 1	Level 2	Level 3	
	<i>USD</i>			
Financial Instruments designated at fair value through profit or loss				
Derivatives	-	(293,358)	-	(293,358)
Total	<u>-</u>	<u>(293,358)</u>	<u>-</u>	<u>(293,358)</u>

There were no transfers between levels for the year ended 31 December 2015, (2014: Nil).

There were no movements in all levels of instruments for the year ended 31 December 2015, (2014: Nil).

A detailed schedule of financial assets at fair value through profit or loss is at Note 18.

10. Derivative contracts

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

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

During the year ended 31 December 2015, the Fund had positions in the following types of derivatives:

Forwards and futures

Forward and futures contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are 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 Fund has credit exposure to the counterparties of forward contracts. The credit risk related to future contracts is considered minimal because the exchange ensures that these contracts are always honoured. Forward contracts are settled gross and, therefore, considered to bear a higher liquidity risk than the future contracts which are settled on a net basis. Both types of contracts result in market risk exposure.

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11. Income tax expense

As the Fund is exempt from all forms of taxation in Timor-Leste, the Fund has a statutory tax rate of 0%. Investment income and capital gains are subject to withholding tax in certain foreign jurisdictions and are the only items subject to taxation. In the current year tax has been withheld from foreign dividend, unit trust income, and interest received according to the applicable laws. Relief from withholding tax is available on application in some of these jurisdictions. The current average applicable withholding tax rate on dividend, unit trust income, and interest is 2.83% (2014: 2.80%) in such jurisdictions. For those jurisdictions where there is no tax exemption certificate, withholding tax rates were between 20%-30%. The withholding tax attributable to the Fund in 2015 is \$9,367,122 (2014: \$9,283,669).

12. Financial risk and management objectives and policies

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

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

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

The financial risks associated with the Petroleum Fund are monitored by the Risk Management Division of the Petroleum Fund Management Department at the BCTL, which prepares daily management reports for senior management and quarterly reports for the Ministry of Finance and IAB. 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.

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

Investment strategy

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

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

At the IAB meeting held on 28 June 2012 the decision was made by the Board to expand the public equity exposure by 0.83% a month over a period of two years to 30 June 2014 to achieve 40% equity exposure. The equity exposure as at 31 December 2015 was 40% (2014: 40%).

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

Petroleum Fund of Timor-Leste
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12. Financial risk and management objectives and policies (continued)

(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 Fund's investment objectives, including diversification of its investment portfolio, by specifying benchmarks in individual investment mandates with risk limits defined by maximum tracking errors.

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

(i) Equity price risk

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

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

The Petroleum Fund manages its exposure to equity price risk by 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 Fund attributable to stock allocation, security selection and the interaction effect.

Summarized sensitivity analysis

The following table summarizes the sensitivity of the Fund's operating profit and net assets to price risk. The analysis is based on reasonably possible movements in the benchmark with all other variables held constant and the fair value of the Fund's portfolio moving according to the movement in the benchmark. The reasonably possible movements in the risk variables have been determined based on the investment managers' best estimates, having regard to a number of factors, including historical levels of changes in market index, security prices and/or benchmark returns and interest rates. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities to which the variable is exposed. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables. 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 operating profit / Net assets	
	(-10.00%)	(+10.00%)
31 December 2015	(642,439,375)	642,439,375
31 December 2014	(657,966,401)	657,966,401

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.

(ii) Interest rate risk

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

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

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

Petroleum Fund of Timor-Leste
Notes to the financial statements
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12. Financial risk and management objectives and policies (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

<i>As at 31/12/2015</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- 10 years	Over 10 years
Cash and cash equivalents	135,176,810	-	135,176,810	-	-	-	-	-
Other receivables	26,890,851	26,890,851	-	-	-	-	-	-
Financial assets at fair value through profit or loss	16,076,302,454	6,424,393,754	34,277,333	60,988,132	180,339,784	6,991,075,286	1,944,583,922	440,644,243
Total assets	16,238,370,115	6,451,284,605	169,454,143	60,988,132	180,339,784	6,991,075,286	1,944,583,922	440,644,243
Weighted average interest rate			0.81%	1.76%	2.47%	1.59%	1.80%	0.69%

<i>As at 31/12/2014</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- 10 years	Over 10 years
Cash and cash equivalents	66,842,141	-	66,842,141	-	-	-	-	-
Other receivables	20,063,101	20,063,101	-	-	-	-	-	-
Financial assets at fair value through profit or loss	16,466,483,685	6,579,664,007	44,222,766	50,606,515	92,779,228	7,197,227,704	2,073,355,264	428,628,201
Total assets	16,553,388,927	6,599,727,108	111,064,907	50,606,515	92,779,228	7,197,227,704	2,073,355,264	428,628,201
Weighted average interest rate			2.46%	3.42%	2.44%	1.25%	1.90%	0.64%

Summarised sensitivity analysis

The following table summarises the sensitivity of the 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 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 operating profit / Net assets	
	(-1.00%)	(+1.00%)
31 December 2015	463,597,009	(463,597,009)
31 December 2014	469,201,057	(469,201,057)

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

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

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2015

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

(a) Market risk (continued)

(iii) Currency risk

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

The Petroleum Fund invests in fixed income and equity securities that are denominated in currencies other than the United States dollar. Accordingly, the Fund's assets may be affected favourably or unfavourably by fluctuations in currency rates. Therefore, the Fund is necessarily subject to foreign exchange risks. The Fund's assets are 74% (2014: 74%) in US Dollars, therefore exposure to currency movements are limited.

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

	As at 31/12/2015						Other Currencies	Total
	USD	EUR	AUD	GBP	JPY	USD		
Cash and cash equivalents	93,125,682	6,739,595	1,703,043	1,337,560	1,102,465	31,168,465	135,176,810	
Equity securities	3,784,991,393	734,478,624	162,983,537	485,484,977	579,451,558	676,772,309	6,424,162,398	
Interest bearing securities	8,069,211,368	487,196,026	177,167,232	155,324,504	154,358,289	608,651,281	9,651,908,700	
Receivables	5,074,427	6,993,763	449,699	1,133,159	774,704	12,465,099	26,890,851	
Payables	<u>(5,476,730)</u>	<u>(188,468)</u>	<u>(1,992,105)</u>	<u>(10,986,901)</u>	<u>(51,904)</u>	<u>(2,101,502)</u>	<u>(20,797,610)</u>	
Total physical exposure	11,946,926,140	1,235,219,540	340,311,406	632,293,299	735,635,112	1,326,955,652	16,217,341,149	
Forward exchange contracts								
- buy foreign currency	56,344,283	11,393,418	1,991,859	17,874,536	18,287,053	25,474,946	131,366,095	
- sell foreign currency	<u>(55,845,905)</u>	<u>(14,438,034)</u>	<u>(16,435,649)</u>	<u>(16,914,010)</u>	<u>(9,268,735)</u>	<u>(18,232,406)</u>	<u>(131,134,739)</u>	
Total derivative exposure	498,378	(3,044,616)	(14,443,790)	960,526	9,018,318	7,242,540	231,356	
Total net exposure	<u>11,947,424,518</u>	<u>1,232,174,924</u>	<u>325,867,616</u>	<u>633,253,825</u>	<u>744,653,430</u>	<u>1,334,198,192</u>	<u>16,217,572,505</u>	
Exposure (% of Fund net assets)	73.67%	7.60%	2.01%	3.90%	4.59%	8.23%	100%	

	As at 31/12/2014						Other Currencies	Total
	USD	EUR	AUD	GBP	JPY	USD		
Cash and cash equivalents	28,863,537	1,653,773	2,390,163	2,266,378	13,391,329	18,276,961	66,842,141	
Equity securities	3,856,201,783	740,570,166	176,209,987	532,166,374	531,978,919	742,812,061	6,579,939,290	
Interest bearing securities	8,311,880,936	454,765,394	163,501,748	193,285,097	147,261,709	616,124,794	9,886,819,678	
Receivables	5,498,556	4,300,673	442,602	4,608,640	1,389,759	3,822,871	20,063,101	
Payables	<u>(3,685,773)</u>	-	<u>(2,204,328)</u>	<u>(50,352)</u>	<u>(1,683,120)</u>	<u>(7,147,894)</u>	<u>(14,771,467)</u>	
Total physical exposure	12,198,759,039	1,201,290,006	340,340,172	732,276,137	692,338,596	1,373,888,793	16,538,892,743	
Forward exchange contracts								
Options	-	-	-	-	-	18,075	18,075	
- buy foreign currency	48,966,260	36,716,048	4,574,608	2,569,365	12,152,678	36,596,184	141,575,143	
- sell foreign currency	<u>(48,606,135)</u>	<u>(37,274,235)</u>	<u>(4,578,906)</u>	<u>(2,568,965)</u>	<u>(12,292,038)</u>	<u>(36,548,222)</u>	<u>(141,868,501)</u>	
Total derivative exposure	360,125	(558,187)	(4,298)	400	(139,360)	66,037	(275,283)	
Total net exposure	<u>12,199,119,164</u>	<u>1,200,731,819</u>	<u>340,335,874</u>	<u>732,276,537</u>	<u>692,199,236</u>	<u>1,373,954,830</u>	<u>16,538,617,460</u>	
Exposure (% of Fund net assets)	73.76%	7.26%	2.06%	4.43%	4.19%	8.30%	100%	

Petroleum Fund of Timor-Leste
Notes to the financial statements
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12. Financial risk and management objectives and policies (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

Summarized sensitivity analysis

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

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

	<i>As at</i> <i>31/12/2015</i>	<i>As at</i> <i>31/12/2014</i>
	<i>USD</i>	<i>USD</i>
EUR impact	(123,217,492)	(120,073,182)
AUD impact	(32,586,762)	(34,033,587)
GBP impact	(63,325,383)	(73,227,654)
JPY impact	(74,465,343)	(69,219,924)
Other currencies impact	<u>(133,419,819)</u>	<u>(137,395,483)</u>
Total currencies impact	<u>(427,014,799)</u>	<u>(433,949,830)</u>

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 Fund considers and consolidate all elements of credit risk exposure, reflecting the fact that the main concentration to which the Fund is exposed arises from the Fund's investments in debt securities.

(i) Credit risk management

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 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 2014 and has been maintained during the 2015 year. The IAB regularly monitors and reviews the strategic asset allocation between asset classes with consideration to the desired risk profile of the 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 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.

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2015

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

(b) Credit risk (continued)

(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 Treasuries was 50% (2014 : 50%) of the Fund. The concentration of credit exposure to US Treasuries has reduced in the past few years, with the introduction of non-US, developed market sovereign bonds. 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</i> <i>31/12/2015</i>	<i>As at</i> <i>31/12/2014</i>
	<i>USD</i>	<i>USD</i>
Fixed interest securities and money market securities		
Sovereign issuers:		
United States Government	8,069,211,368	8,311,880,935
Australia Government	177,167,232	163,501,748
Japan Government	154,358,289	147,261,709
United Kingdom Government	155,324,504	193,285,097
European Governments	487,196,026	454,765,394
Governments of other countries	608,651,281	616,124,795
	<u>9,651,908,700</u>	<u>9,886,819,678</u>

(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> <i>31/12/2015</i>	<i>As at</i> <i>31/12/2014</i>
	<i>USD</i>	<i>USD</i>
International fixed interest securities and money market securities		
AAA	8,926,690,733	9,442,471,461
AA	365,331,302	253,076,943
A	171,320,300	146,677,922
BBB	188,566,365	44,593,352
Total	<u>9,651,908,700</u>	<u>9,886,819,678</u>

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

No more than 1% (2014: 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 50% (2014: 50%) of the Petroleum Fund's capital. A change in the credit ratings of the Petroleum Fund's counterparties may have an impact on the future financial performance of the Petroleum Fund.

(v) Settlement risk

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

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

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2015

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

(c) 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 Finance has agreed in the Management Agreement to provide the Central Bank with a forecast of the future cash requirements of the government, including the projected timings and amounts to be transferred from the Fund.

Liabilities at the year end were US\$20.8m (2014: US\$14.8m) 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 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 Fund invests primarily in marketable securities and other financial instruments which, under normal market conditions are readily convertible to cash.

(d) Operational risk

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

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

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

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

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

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

J.P. Morgan was appointed custodian of the Petroleum Fund in June 2008. As part of the custodial agreement their responsibilities include holding the Petroleum Fund's assets. Substantially all the assets of the Petroleum Fund are held by J.P. Morgan. Bankruptcy or insolvency of the Petroleum Fund's custodian may cause the Fund's rights with respect to the securities held by the custodian to be delayed or limited. BCTL reviews custodial performance against the measures in a service level agreement on a quarterly basis.

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

(e) Derivative financial instruments

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

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

Petroleum Fund of Timor-Leste
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12. Financial risk and management objectives and policies (continued)

(e) Derivative financial instruments (continued)

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

Derivative financial instruments	As at 31/12/2015		As at 31/12/2014	
	Fair value USD	Notional value USD	Fair value USD	Notional value USD
Equity options	-	-	18,075	-
Foreign currency forward contracts	231,356	498,379	(293,358)	12,469,920
Total	231,356	498,379	(275,283)	12,469,920

(f) Capital risk

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

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

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

	Year ended 31/12/2015 USD	Year ended 31/12/2014 USD
Profit for the year	(21,411,640)	501,553,586
Decrease/(Increase) in financial assets at fair value through profit or loss	390,181,231	(1,561,804,689)
Increase in receivables	(1,540,154)	(1,229,186)
Increase in accounts payable	1,681,633	1,160,997
Increase/(Decrease) in payables for securities purchased	4,344,510	(20,266,593)
Net cash flow from operating activities	373,255,580	(1,080,585,885)

14. Personnel

The Fund did not employ any personnel during the year (2014: the same).

15. Contingent assets, contingent liabilities and commitments

There are no contingent assets, contingent liabilities or commitments as at 31 December 2015.

Petroleum Fund of Timor-Leste
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16. Related party disclosures

The following parties are considered related parties of the Fund:

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

The Government

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

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

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

Banco Central de Timor-Leste (BCTL)

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

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

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

	<i>Year ended</i> <i>31/12/2015</i>	<i>Year ended</i> <i>31/12/2014</i>
	<i>USD</i>	<i>USD</i>
Custody and external management services	9,583,916	9,618,804
IAB expenses	164,456	377,785
BCTL operating expenses	<u>5,605,775</u>	<u>6,455,290</u>
Total	<u>15,354,147</u>	<u>16,451,879</u>

BCTL is 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 0.10% (2014: 0.10%) per annum of the net assets of the Fund. Management fees are payable monthly in arrears. Total management fees for the year amounted to US\$15,354,147 (2014: US\$16,451,879).

The management fees payable as at 31 December 2015 is US\$5,170,444 (31 December 2014: US\$3,488,811).

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

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

17. 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 of Timor-Leste
Notes to the financial statements
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18. Schedule of financial assets valued through profit or loss

(a) Fixed interest securities – issued by sovereign states

Security	Nominal	Fair Value	Security	Nominal	Fair Value
Australia 2.75% 21Apr24	32,115,000	23,480,455	Canada 2.75% 01Sep16	2,000,000	1,474,446
Australia 2.75% 21Jun35	2,060,000	1,358,080	Canada 3.50% 01Dec45	12,398,000	11,602,444
Australia 2.75% 21Oct19	4,663,000	3,491,561	Canada 3.50% 01Jun20	5,880,000	4,765,387
Australia 3.25% 21Apr25	29,294,000	22,192,644	Canada 4.00% 01Jun17	6,041,000	4,578,338
Australia 3.25% 21Apr29	5,776,000	4,287,720	Canada 4.00% 01Jun41	7,186,000	7,043,416
Australia 3.25% 21Jun39	700,000	490,319	Canada 5.00% 01Jun37	3,300,000	3,554,465
Australia 3.75% 21Apr37	6,910,000	5,299,100	Canada 5.75% 01Jun29	2,820,000	2,994,324
Australia 4.25% 21Apr26	15,648,000	12,857,769	Canada 5.75% 01Jun33	13,922,000	15,549,221
Australia 4.25% 21Jul17	3,657,000	2,801,399	Canada 2.75% 01Dec64	1,575,000	1,349,979
Australia 4.50% 15Apr20	35,344,000	28,441,810			150,276,281
Australia 4.50% 21Apr33	11,165,000	9,489,807	Denmark 1.50% 15Nov23	85,280,200	13,278,380
Australia 4.75% 21Apr27	3,301,000	2,835,211	Denmark 1.75% 15Nov25	31,916,000	5,004,213
Australia 5.25% 15Mar19	29,203,000	23,679,808	Denmark 3.00% 15Nov21	63,170,000	10,667,309
Australia 5.50% 21Apr23	8,045,000	7,033,367	Denmark 4.00% 15Nov17	90,016,000	14,228,873
Australia 5.50% 21Jan18	10,586,000	8,428,051	Denmark 4.00% 15Nov19	149,587,700	25,267,265
Australia 5.75% 15Jul22	5,146,000	4,576,782	Denmark 4.50% 15Nov39	144,236,200	33,313,416
Australia 5.75% 15May21	6,835,000	5,870,346	Denmark 7.00% 10Nov24	59,539,700	13,464,037
Australia 6.00% 15Feb17	13,598,000	10,553,003			115,223,493
		177,167,232	Finland 1.50% 15Apr23	2,275,000	2,678,529
Austria 1.65% 21Oct24	1,285,000	1,510,506	Finland 2.62% 04Jul42	250,000	337,919
Austria 1.75% 20Oct23	274,000	326,561	Finland 3.37% 15Apr20	287,000	364,924
Austria 1.95% 18Jun19	4,843,000	5,701,041	Finland 4.37% 04Jul19	865,000	1,109,082
Austria 3.15% 20Jun44	450,000	647,439			4,490,454
Austria 3.40% 22Nov22	383,000	503,106	France 0.00% 25May20	6,120,000	6,637,448
Austria 3.50% 15Sep21	525,000	685,176	France 0.50% 25May25	22,172,000	23,279,218
Austria 3.65% 20Apr22	672,000	903,758	France 0.50% 25Nov19	16,540,000	18,362,267
Austria 3.80% 26Jan62	153,000	269,722	France 1.00% 25Jul17	10,237,615	11,397,624
Austria 3.90% 15Jul20	1,173,000	1,523,869	France 1.75% 25May23	700,000	835,117
Austria 4.15% 15Mar37	1,642,000	2,646,322	France 1.75% 25Nov24	2,035,500	2,392,896
Austria 4.65% 15Jan18	482,000	599,562	France 2.50% 25May30	3,340,000	4,162,039
Austria 4.85% 15Mar26	668,000	1,031,127	France 2.50% 25Oct20	1,092,000	1,329,000
Austria 6.25% 15Jul27	295,000	510,546	France 2.75% 25Oct27	1,370,000	1,742,451
		16,858,735	France 3.25% 25May45	1,515,000	2,122,628
Belgium 0.80% 22Jun25	5,473,000	5,878,987	France 3.25% 25Oct21	2,405,000	3,084,047
Belgium 2.25% 22Jun23	371,000	456,873	France 3.50% 25Apr20	1,192,000	1,521,085
Belgium 3.00% 28Sep19	5,705,700	6,969,630	France 3.50% 25Apr26	1,651,000	2,270,891
Belgium 3.75% 22Jun45	260,000	395,039	France 3.75% 25Apr21	5,579,000	7,371,427
Belgium 3.75% 28Sep20	591,000	760,982	France 3.75% 25Oct19	1,051,000	1,316,004
Belgium 4.00% 28Mar19	372,000	471,509	France 4.00% 25Apr55	1,103,000	1,820,999
Belgium 4.00% 28Mar22	476,000	650,918	France 4.00% 25Apr60	888,380	1,484,105
Belgium 4.00% 28Mar32	253,000	376,143	France 4.00% 25Oct38	1,873,124	2,861,058
Belgium 4.25% 28Mar41	2,047,400	3,331,164	France 4.25% 25Oct17	4,558,000	5,399,449
Belgium 4.25% 28Sep21	1,004,000	1,354,353	France 4.50% 25Apr41	991,621	1,668,365
Belgium 4.25% 28Sep22	1,220,000	1,678,224	France 4.75% 25Apr35	2,974,632	4,937,307
Belgium 4.50% 28Mar26	1,034,000	1,539,036	France 5.50% 25Apr29	1,225,000	2,051,832
Belgium 5.00% 28Mar35	1,923,800	3,274,315	France 5.75% 25Oct32	1,126,000	1,986,090
Belgium 5.50% 28Mar28	559,000	921,961	France 6.00% 25Oct25	280,000	453,683
		28,059,134	France 8.50% 25Oct19	290,000	422,994
Canada 0.75% 01Mar21	7,935,000	5,694,535			110,910,024
Canada 1.00% 01Aug16	4,811,000	3,488,182	Germany 0.00% 17Apr20	7,710,000	8,420,008
Canada 1.00% 01Nov16	31,000,000	22,450,854	Germany 0.50% 07Apr17	469,100	516,888
Canada 1.25% 01Feb16	7,020,000	5,082,522	Germany 0.50% 13Oct17	6,052,200	6,680,172
Canada 1.50% 01Feb17	9,575,000	7,011,829	Germany 0.50% 15Feb25	9,960,000	10,797,323
Canada 1.50% 01Mar17	2,250,000	1,647,220	Germany 0.75% 24Feb17	14,408,000	15,948,939
Canada 1.50% 01Mar20	4,000,000	2,995,514	Germany 1.25% 14Oct16	14,000,000	15,441,089
Canada 1.50% 01Sep17	18,225,000	13,407,034	Germany 1.50% 04Sep22	4,260,000	5,057,926
Canada 1.75% 01Sep19	24,705,000	18,625,146	Germany 1.50% 15May24	4,875,000	5,817,290
Canada 2.00% 01Jun16	4,330,000	3,141,545	Germany 2.50% 04Jan21	7,613,000	9,518,323
Canada 2.25% 01Jun25	2,640,000	2,046,291	Germany 2.50% 04Jul44	2,620,500	3,581,234
Canada 2.50% 01Jun24	13,205,000	10,444,005	Germany 2.50% 15Aug46	360,000	491,489
Canada 2.75% 01Dec48	1,625,000	1,329,584	Germany 3.75% 04Jan17	568,700	666,269

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

Security	Nominal	Fair Value	Security	Nominal	Fair Value
Germany 4.00% 04Jan37	1,702,300	2,814,257	Italy 7.25% 01Nov26	321,000	544,076
Germany 4.25% 04Jul39	475,000	821,776	Italy 9.00% 01Nov23	800,000	1,382,020
Germany 4.75% 04Jul28	361,000	580,875			126,645,942
Germany 4.75% 04Jul34	1,553,100	2,702,694	Japan 0.10% 15Mar17	900,000,000	7,497,893
Germany 4.75% 04Jul40	1,093,600	2,038,185	Japan 0.10% 20Dec17	35,850,000	298,811
Germany 5.50% 04Jan31	540,200	977,895	Japan 0.10% 20Dec19	900,000,000	7,508,862
Germany 6.25% 04Jan30	1,600,000	3,048,592	Japan 0.10% 20Mar18	1,529,850,000	12,754,532
Germany 6.50% 04Jul27	1,340,000	2,419,745	Japan 0.20% 20Sep19	306,550,000	2,507,893
		98,340,969	Japan 0.20% 20Dec17	60,600,000	506,107
Hong Kong 0.61% 05Feb18	2,500,000	323,089	Japan 0.20% 20Jun17	95,250,000	794,793
Hong Kong 0.97% 08Dec16	9,450,000	1,228,430	Japan 0.20% 20Mar17	878,700,000	7,331,102
Hong Kong 1.06% 05Feb20	7,450,000	964,822	Japan 0.20% 20Sep17	96,850,000	808,990
Hong Kong 2.46% 04Aug21	10,750,000	1,484,981	Japan 0.30% 20Dec16	330,000,000	2,752,469
Hong Kong 2.93% 13Jan20	15,100,000	2,121,835	Japan 0.30% 20Dec24	509,300,000	4,275,793
		6,123,157	Japan 0.30% 20Jun18	73,600,000	616,558
Ireland 2.00% 18Feb45	386,000	409,353	Japan 0.30% 20Mar17	34,650,000	289,516
Ireland 2.40% 15May30	2,957,000	3,555,851	Japan 0.30% 20Mar18	38,250,000	320,493
Ireland 4.40% 18Jun19	1,880,200	2,400,432	Japan 0.40% 20Jun18	40,250,000	338,061
Ireland 4.50% 18Apr20	431,000	569,873	Japan 0.40% 20Jun25	161,900,000	1,367,555
Ireland 4.50% 18Oct18	341,000	421,251	Japan 0.40% 20Mar18	40,250,000	338,075
Ireland 5.00% 18Oct20	668,000	898,269	Japan 0.40% 20Mar25	305,000,000	2,581,736
Ireland 5.40% 13Mar25	2,305,000	3,534,809	Japan 0.60% 20Mar24	94,000,000	811,933
Ireland 5.90% 18Oct19	516,900	692,142	Japan 0.70% 20Dec22	548,950,000	4,765,337
		12,481,980	Japan 0.80% 20Dec22	71,750,000	626,996
Italy 1.15% 15May17	6,645,000	7,343,748	Japan 0.80% 20Jun22	66,750,000	581,838
Italy 1.50% 01Aug19	14,695,000	16,722,957	Japan 0.80% 20Jun23	100,950,000	883,255
Italy 1.50% 01Jun25	1,575,000	1,714,241	Japan 0.80% 20Sep20	33,000,000	284,858
Italy 2.50% 01Dec24	7,270,000	8,593,768	Japan 0.80% 20Sep22	418,850,000	3,663,519
Italy 3.50% 01Jun18	586,000	690,440	Japan 0.80% 20Sep23	606,300,000	5,318,040
Italy 3.50% 01Nov17	1,164,000	1,352,569	Japan 0.90% 20Jun22	39,400,000	345,557
Italy 3.75% 01Aug16	1,787,000	2,013,851	Japan 1.00% 20Dec21	65,400,000	574,918
Italy 3.75% 01Aug21	943,000	1,205,492	Japan 1.00% 20Mar22	65,100,000	574,879
Italy 3.75% 01Mar21	814,000	1,032,340	Japan 1.00% 20Sep20	55,300,000	481,957
Italy 3.75% 01May21	7,115,000	9,001,149	Japan 1.00% 20Sep21	60,450,000	531,484
Italy 3.75% 01Sep24	11,685,000	15,223,592	Japan 1.10% 20Dec21	39,450,000	348,759
Italy 4.00% 01Feb17	856,000	985,801	Japan 1.10% 20Jun20	55,450,000	483,099
Italy 4.00% 01Feb37	7,966,000	10,931,743	Japan 1.10% 20Jun21	35,200,000	309,665
Italy 4.00% 01Sep20	2,212,000	2,814,381	Japan 1.10% 20Mar21	585,100,000	5,149,301
Italy 4.25% 01Feb19	824,000	1,022,315	Japan 1.10% 20Sep21	34,800,000	307,697
Italy 4.25% 01Sep19	3,003,000	3,769,019	Japan 1.20% 20Dec20	85,300,000	750,347
Italy 4.50% 01Aug18	853,000	1,048,829	Japan 1.20% 20Dec34	693,000,000	6,042,332
Italy 4.50% 01Feb18	1,659,000	2,002,217	Japan 1.20% 20Jun21	58,950,000	521,287
Italy 4.50% 01Mar19	808,000	1,008,733	Japan 1.20% 20Mar35	115,350,000	1,005,702
Italy 4.50% 01Mar26	1,299,000	1,814,018	Japan 1.30% 20Dec18	49,500,000	427,560
Italy 4.50% 01May23	611,000	823,599	Japan 1.30% 20Dec19	81,100,000	708,772
Italy 4.75% 01Aug23	833,000	1,155,648	Japan 1.30% 20Jun20	31,450,000	276,360
Italy 4.75% 01Jun17	3,847,000	4,476,827	Japan 1.30% 20Mar18	33,800,000	290,208
Italy 4.75% 01May17	3,760,000	4,373,912	Japan 1.30% 20Mar19	47,350,000	411,470
Italy 4.75% 01Sep21	838,000	1,121,895	Japan 1.30% 20Mar20	31,750,000	279,047
Italy 4.75% 01Sep28	840,000	1,216,610	Japan 1.30% 20Mar21	59,800,000	531,734
Italy 4.75% 01Sep44	1,562,000	2,423,641	Japan 1.30% 20Sep19	30,750,000	268,801
Italy 4.75% 15Sep16	537,000	610,860	Japan 1.40% 20Mar20	55,250,000	487,645
Italy 5.00% 01Aug34	1,495,000	2,311,009	Japan 1.40% 20Sep34	410,000,000	3,716,232
Italy 5.00% 01Aug39	639,000	1,005,739	Japan 1.50% 20Dec17	483,900,000	4,145,147
Italy 5.00% 01Mar22	620,000	847,646	Japan 1.50% 20Jun18	35,100,000	302,757
Italy 5.00% 01Mar25	2,517,000	3,600,355	Japan 1.50% 20Jun19	51,450,000	450,017
Italy 5.00% 01Sep40	1,117,000	1,744,813	Japan 1.50% 20Mar19	31,150,000	272,499
Italy 5.25% 01Aug17	813,000	975,917	Japan 1.50% 20Mar45	42,000,000	369,875
Italy 5.50% 01Nov22	719,000	1,013,727	Japan 1.50% 20Sep18	69,700,000	605,583
Italy 5.50% 01Sep22	1,318,000	1,867,740	Japan 1.60% 20Jun30	32,150,000	305,364
Italy 5.75% 01Feb33	524,000	867,222	Japan 1.60% 20Mar33	45,150,000	426,637
Italy 6.00% 01May31	1,557,000	2,567,759	Japan 1.70% 20Dec32	145,300,000	1,389,608
Italy 6.50% 01Nov27	872,000	1,423,724	Japan 1.70% 20Jun33	819,500,000	7,815,599

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

Security	Nominal	Fair Value	Security	Nominal	Fair Value
Japan 1.70% 20Mar17	77,100,000	657,537	Netherlands 3.50% 15Jul20	796,000	1,017,198
Japan 1.70% 20Mar18	35,900,000	311,197	Netherlands 3.75% 15Jan23	402,000	555,478
Japan 1.70% 20Mar54	105,000,000	960,158	Netherlands 3.75% 15Jan42	1,606,000	2,656,392
Japan 1.70% 20Sep17	70,700,000	608,140	Netherlands 4.00% 15Jan37	1,233,641	2,016,027
Japan 1.80% 20Dec31	41,150,000	399,928	Netherlands 5.50% 15Jan28	1,344,000	2,280,539
Japan 1.80% 20Jun17	51,050,000	436,104			27,488,365
Japan 1.80% 20Jun18	33,350,000	289,736	New Zealand 3.00% 15Apr20	9,103,000	6,286,560
Japan 1.80% 20Mar32	32,850,000	320,246	New Zealand 3.50% 14Apr33	2,225,000	1,443,014
Japan 1.80% 20Mar43	168,300,000	1,591,786	New Zealand 4.50% 15Apr27	1,215,000	906,667
Japan 1.80% 20Sep31	42,550,000	415,403	New Zealand 5.00% 15Mar19	26,696,000	19,759,595
Japan 1.90% 20Dec28	37,450,000	367,702	New Zealand 5.50% 15Apr23	9,540,000	7,554,254
Japan 1.90% 20Jun17	30,900,000	264,352	New Zealand 6.00% 15Dec17	5,577,000	4,067,491
Japan 1.90% 20Jun31	40,950,000	403,414	New Zealand 6.00% 15May21	12,250,000	9,670,871
Japan 1.90% 20Mar29	30,950,000	305,370			49,688,452
Japan 1.90% 20Sep30	42,450,000	419,798	Norway 1.75% 13Mar25	21,060,000	2,468,301
Japan 1.90% 20Sep42	387,300,000	3,742,724	Norway 2.00% 24May23	143,766,000	17,256,831
Japan 2.00% 20Dec25	33,400,000	325,247	Norway 3.00% 14Mar24	18,169,000	2,359,385
Japan 2.00% 20Dec30	30,650,000	305,571	Norway 3.75% 25May21	50,212,000	6,608,045
Japan 2.00% 20Jun30	31,050,000	309,167	Norway 4.25% 19May17	54,411,000	6,608,602
Japan 2.00% 20Mar42	123,300,000	1,215,072	Norway 4.50% 22May19	99,250,000	12,930,991
Japan 2.00% 20Mar52	63,800,000	631,153			48,232,155
Japan 2.00% 20Sep40	43,550,000	429,899	Singapore 0.50% 01Apr18	6,975,000	4,851,533
Japan 2.00% 20Sep41	42,450,000	418,642	Singapore 2.25% 01Jun21	6,063,000	4,296,884
Japan 2.10% 20Dec26	43,700,000	432,778	Singapore 2.37% 01Apr17	4,697,000	3,392,904
Japan 2.10% 20Dec27	836,900,000	8,345,277	Singapore 2.37% 01Jun25	1,660,000	1,149,663
Japan 2.10% 20Dec29	41,500,000	417,646	Singapore 2.50% 01Jun19	5,964,000	4,347,426
Japan 2.10% 20Dec30	43,550,000	439,370	Singapore 2.75% 01Apr42	5,963,000	4,034,960
Japan 2.10% 20Jun29	40,500,000	406,895	Singapore 2.75% 01Jul23	4,247,000	3,050,571
Japan 2.10% 20Mar27	34,450,000	343,238	Singapore 2.87% 01Sep30	9,693,000	6,869,897
Japan 2.10% 20Mar29	36,050,000	363,515	Singapore 3.00% 01Sep24	9,727,000	7,165,437
Japan 2.10% 20Mar30	43,750,000	442,407	Singapore 3.12% 01Sep22	4,759,000	3,552,431
Japan 2.10% 20Sep24	162,200,000	1,580,447	Singapore 3.25% 01Sep20	10,377,000	7,818,630
Japan 2.10% 20Sep25	31,500,000	310,017	Singapore 3.37% 01Sep33	2,010,000	1,517,254
Japan 2.10% 20Sep28	36,300,000	364,908	Singapore 3.50% 01Mar27	8,083,000	6,203,228
Japan 2.10% 20Sep29	53,250,000	537,835	Singapore 3.75% 01Sep16	2,427,000	1,764,558
Japan 2.20% 20Mar28	36,400,000	368,767	Singapore 4.00% 01Sep18	7,310,000	5,585,137
Japan 2.20% 20Mar30	32,500,000	332,477			65,600,513
Japan 2.20% 20Mar31	31,050,000	318,565	Spain 0.50% 31Oct17	4,155,000	4,556,664
Japan 2.20% 20Mar41	40,650,000	416,264	Spain 1.40% 31Jan20	8,130,000	9,248,132
Japan 2.20% 20Mar51	31,050,000	321,729	Spain 1.60% 30Apr25	2,465,000	2,690,479
Japan 2.20% 20Sep26	34,950,000	349,995	Spain 2.75% 31Oct24	6,730,000	8,010,499
Japan 2.20% 20Sep27	33,750,000	340,703	Spain 3.30% 30Jul16	452,000	507,101
Japan 2.20% 20Sep39	35,250,000	360,141	Spain 3.75% 31Oct18	649,000	779,914
Japan 2.30% 20Jun26	33,300,000	334,056	Spain 3.80% 31Jan17	715,000	835,640
Japan 2.30% 20Jun27	34,000,000	344,334	Spain 4.00% 30Apr20	2,655,000	3,375,839
Japan 2.30% 20Jun28	27,550,000	280,972	Spain 4.10% 30Jul18	632,000	767,488
Japan 2.30% 20Mar39	464,050,000	4,818,522	Spain 4.20% 31Jan37	1,566,000	2,156,626
Japan 2.30% 20Mar40	38,750,000	403,200	Spain 4.25% 31Oct16	706,000	799,476
Japan 2.40% 20Jun28	27,700,000	285,480	Spain 4.30% 31Oct19	649,000	812,743
Japan 2.40% 20Mar37	32,800,000	344,014	Spain 4.40% 31Oct23	380,000	507,220
Japan 2.40% 20Sep38	34,000,000	358,140	Spain 4.50% 31Jan18	612,000	752,698
Japan 2.50% 20Mar38	396,000,000	4,227,185	Spain 4.60% 30Jul19	605,000	767,933
Japan 2.50% 20Sep37	28,900,000	308,152	Spain 4.65% 30Jul25	2,766,000	3,836,941
		154,358,289	Spain 4.70% 30Jul41	3,324,000	4,840,674
Netherlands 0.25% 15Jan20	2,855,000	3,153,283	Spain 4.80% 31Jan24	507,000	714,048
Netherlands 0.50% 15Apr17	2,540,000	2,799,522	Spain 4.85% 31Oct20	1,365,000	1,783,397
Netherlands 1.25% 15Jan19	1,770,638	2,031,918	Spain 5.15% 31Oct44	500,000	774,045
Netherlands 1.75% 15Jul23	2,068,700	2,482,747	Spain 5.40% 31Jan23	1,035,000	1,494,789
Netherlands 2.00% 15Jul24	3,065,000	3,745,748	Spain 5.50% 30Apr21	801,000	1,113,882
Netherlands 2.25% 15Jul22	849,000	1,050,083	Spain 5.50% 30Jul17	3,550,000	4,277,875
Netherlands 2.50% 15Jan33	542,000	707,376	Spain 5.75% 30Jul32	1,630,000	2,610,432
Netherlands 2.75% 15Jan47	301,700	428,465	Spain 5.85% 31Jan22	636,000	925,163
Netherlands 3.25% 15Jul21	1,986,000	2,563,589	Spain 5.90% 30Jul26	1,947,000	2,980,725

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

Security	Nominal	Fair Value	Security	Nominal	Fair Value
		61,920,423	UK 6.00% 07Dec28	777,000	1,654,374
Sweden 1.00% 12Nov26	34,035,000	3,937,913	UK 8.00% 07Jun21	983,000	1,954,860
Sweden 1.50% 13Nov23	149,255,000	18,640,499			155,324,504
Sweden 2.25% 01Jun32	9,875,000	1,266,315	USA 1.37% 30Apr20	1,667,200,000	1,649,547,741
Sweden 2.50% 12May25	49,900,000	6,802,435	USA 1.37% 31Oct20	975,500,000	960,561,225
Sweden 3.50% 01Jun22	79,820,000	11,373,367	USA 1.50% 31Oct19	1,617,300,000	1,616,378,050
Sweden 3.50% 30Mar39	52,485,000	7,972,242	USA 1.62% 15Aug22	10,000,000	9,801,609
Sweden 3.75% 12Aug17	55,665,000	7,143,980	USA 1.62% 15Nov22	98,000,000	95,407,235
Sweden 4.25% 12Mar19	87,780,000	12,225,416	USA 1.62% 30Apr19	2,221,900,000	2,240,981,360
Sweden 5.00% 01Dec20	88,815,000	12,987,102	USA 1.62% 30Nov20	60,000,000	59,728,966
		82,349,269	USA 1.75% 15May22	10,000,000	9,858,926
Switzerland 1.25% 11Jun24	3,981,000	4,480,031	USA 1.75% 15May23	29,000,000	28,319,011
Switzerland 1.25% 27Jun37	3,394,000	3,906,399	USA 1.75% 28Feb22	40,000,000	39,667,778
Switzerland 1.25% 28May26	370,000	419,763	USA 1.75% 30Apr22	47,000,000	46,387,344
Switzerland 1.50% 24Jul25	1,912,000	2,206,121	USA 1.75% 31Mar22	30,000,000	29,678,714
Switzerland 1.50% 30Apr42	5,328,000	6,511,981	USA 1.87% 30Jun20	50,000,000	50,352,148
Switzerland 2.00% 25Jun64	922,000	1,351,120	USA 1.87% 30Sep22	70,000,000	68,944,424
Switzerland 2.00% 25May22	6,600,000	7,678,384	USA 1.87% 31Aug22	25,000,000	24,873,240
Switzerland 2.00% 28Apr21	3,411,000	3,909,036	USA 1.87% 31May22	11,000,000	10,914,908
Switzerland 2.25% 06Jul20	2,843,000	3,237,496	USA 1.87% 31Oct22	130,000,000	128,810,491
Switzerland 2.25% 22Jun31	2,623,000	3,422,148	USA 2.00% 15Aug25	175,000,000	171,953,836
Switzerland 2.50% 08Mar36	5,318,000	7,473,441	USA 2.00% 15Feb22	52,500,000	52,990,946
Switzerland 2.50% 12Mar16	6,093,000	6,244,797	USA 2.00% 15Feb23	5,000,000	5,008,672
Switzerland 3.00% 08Jan18	3,137,000	3,464,800	USA 2.00% 15Nov21	45,000,000	45,248,059
Switzerland 3.00% 12May19	3,097,000	3,541,489	USA 2.00% 28Feb21	40,000,000	40,603,130
Switzerland 3.25% 27Jun27	2,420,000	3,331,672	USA 2.00% 30Nov20	21,000,000	21,249,178
Switzerland 3.50% 08Apr33	4,647,000	7,184,818	USA 2.00% 30Nov22	30,000,000	29,897,772
Switzerland 4.00% 06Jan49	2,644,000	5,330,141	USA 2.00% 31Aug21	50,000,000	50,556,662
Switzerland 4.00% 08Apr28	6,048,000	9,052,862	USA 2.00% 31Jul22	90,000,000	90,510,711
Switzerland 4.00% 11Feb23	4,174,000	5,601,190	USA 2.00% 31May21	11,000,000	11,093,573
Switzerland 4.25% 05Jun17	2,568,000	2,810,272	USA 2.00% 31Oct21	45,000,000	45,278,082
		91,157,961	USA 2.12% 15May25	70,000,000	69,278,777
UK 1.00% 07Sep17	4,825,000	7,177,894	USA 2.12% 30Jun22	10,000,000	10,052,137
UK 1.25% 22Jul18	988,000	1,478,524	USA 2.12% 30Sep21	30,000,000	30,478,398
UK 1.75% 07Sep22	3,995,000	5,967,784	USA 2.12% 31Jan21	40,000,000	40,946,347
UK 1.75% 22Jul19	6,180,000	9,377,738	USA 2.25% 15Nov25	150,000,000	150,154,533
UK 2.00% 07Sep25	6,660,000	9,930,968	USA 2.25% 30Apr21	50,000,000	51,183,821
UK 2.00% 22Jul20	5,685,000	8,701,881	USA 2.37% 31Dec20	30,000,000	30,846,856
UK 2.75% 07Sep24	3,510,000	5,582,803	USA 2.62% 15Nov20	10,000,000	10,423,734
UK 3.25% 22Jan44	1,979,000	3,288,473	USA 3.62% 15Feb21	17,500,000	19,261,974
UK 3.50% 22Jan45	7,413,000	12,921,479	USA 8.00% 15Nov21	1,500,000	2,018,403
UK 3.50% 22Jul68	3,285,900	6,336,932	USA T-Bill 02Jun16	20,000,000	19,962,597
UK 3.75% 07Sep19	3,172,000	5,183,441			8,069,211,368
UK 3.75% 07Sep20	4,000,000	6,631,226	Total fixed interest securities		9,651,908,700
UK 3.75% 07Sep21	1,159,000	1,942,503			
UK 3.75% 22Jul52	2,427,500	4,639,675			
UK 4.00% 07Mar22	1,550,000	2,652,081			
UK 4.00% 07Sep16	5,716,331	8,743,640			
UK 4.00% 22Jan60	785,000	1,647,093			
UK 4.25% 07Dec40	1,728,300	3,298,318			
UK 4.25% 07Dec46	1,673,000	3,320,651			
UK 4.25% 07Dec49	607,000	1,232,197			
UK 4.25% 07Dec55	979,000	2,080,603			
UK 4.25% 07Jun32	4,168,400	7,695,957			
UK 4.25% 07Mar36	6,678,400	12,552,590			
UK 4.25% 07Sep39	806,000	1,540,505			
UK 4.50% 07Dec42	1,087,000	2,177,039			
UK 4.50% 07Mar19	1,482,000	2,460,238			
UK 4.50% 07Sep34	832,000	1,607,732			
UK 4.75% 07Dec30	1,316,000	2,550,376			
UK 4.75% 07Dec38	1,269,800	2,563,514			
UK 4.75% 07Mar20	2,386,000	4,085,627			
UK 5.00% 07Mar18	1,434,000	2,345,788			

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18. 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 Management	51,885	303,879
Adelaide Brighton Ltd	56,738	196,079	Qantas Airways Ltd	137,673	409,671
AGL Energy Ltd	111,554	1,464,958	QBE Insurance Group	226,360	2,071,778
Alumina Ltd	458,549	381,992	Ramsay Health Care	22,657	1,117,622
Ancor Limited	211,705	2,068,569	Rea Group Ltd	7,976	318,581
AMP Ltd	514,475	2,182,206	Rio Tinto Ltd	97,390	3,167,267
APA Group	212,608	1,342,648	Santos Ltd	257,358	687,174
Aristocrat Leisure Ltd	90,949	675,595	Scentre Group	908,290	2,762,254
Asciano Ltd	142,086	903,495	Seek Ltd	121,967	1,363,889
ASX Ltd	61,116	1,887,537	Sonic Healthcare Ltd	64,407	836,907
Aurizon Holdings Ltd	383,016	1,217,759	South32 Ltd	915,115	709,068
Ausdrill Ltd	43,903	8,145	Stockland	431,312	1,286,584
Ausnet Services	387,960	414,923	Suncorp Group Ltd	228,410	2,017,422
Aust and NZ Banking	497,413	10,104,048	Sydney Airport	186,184	860,159
Bank Of Queensland Ltd	76,053	771,333	Tabcorp Holdings Ltd	125,130	428,791
Bendigo and Adelaide	89,881	781,445	Tatts Group Ltd	258,928	821,350
BHP Billiton Limited	663,703	8,619,357	Telstra Corp Ltd	1,331,317	5,424,158
Boral Ltd	116,987	502,172	TPG Telecom Ltd	43,431	312,506
Brambles Ltd	274,339	2,309,318	Transurban Group	342,401	2,608,222
BWP Trust	179,810	413,394	Treasury Wine Estate	118,567	713,398
Cabcharge Australia	17,688	38,349	Troy Resources Ltd	16,917	2,523
Caltex Australia Ltd	46,491	1,275,185	Vicinity Centers	622,929	1,268,994
Carsales.Com Ltd	48,514	411,909	Wesfarmers Ltd	194,129	5,868,462
Challenger Ltd	90,900	573,384	Western Areas Ltd	84,081	137,028
Cimic Group Ltd	15,809	278,690	Westfield Corp	357,675	2,474,754
Coca-Cola Amatil Ltd	89,712	606,358	Westpac Banking Corp	574,934	14,037,921
Cochlear Ltd	9,244	642,350	Woodside Petroleum Ltd	219,862	4,590,869
Commonwealth Bank	300,390	18,690,285	Woolworths Ltd	251,395	4,479,281
Computershare Ltd	169,725	1,434,877			162,983,537
Crown Resorts Ltd	54,484	493,120	Canada		
CSL Ltd	108,322	8,299,446	Agnico Eagle Mines Ltd	36,466	954,768
Decmil Group Ltd	25,595	19,273	Agrium Inc	25,755	2,292,938
Dexus Property Grp	178,159	972,147	Alimentation Couche-Tard	74,137	3,249,730
Duet Group	373,711	619,917	Altagas Ltd	22,219	493,773
Dulux Group Ltd	33,468	161,925	Arc Resources Ltd	62,582	751,921
Evolution Mining Ltd	288,277	290,484	Atco Ltd -Class I	14,284	366,483
Flight Centre Travel	21,078	610,498	Bank Of Montreal	113,485	6,378,883
Fortescue Metals Group	259,526	352,146	Bank Of Nova Scotia	208,412	8,395,891
Goodman Group	330,664	1,508,403	Barrick Gold Corp	200,770	1,477,121
GPT Group	325,373	1,131,546	BCE Inc	24,839	955,759
Harvey Norman Holdings	108,266	329,254	Blackberry Ltd	87,743	811,043
Healthscope Ltd	183,252	353,311	Bombardier Inc-B	323,561	309,795
Iluka Resources Ltd	69,364	309,355	Brookfield Asset Mgmt	153,364	4,819,190
Incitec Pivot Ltd	289,386	831,644	CAE Inc	39,659	437,959
Independence Group	92,930	171,733	Cameco Corp	131,626	1,616,542
Insurance Australia	399,908	1,614,790	Can Imperial Bk Commerce	69,494	4,561,559
Iress Ltd	27,383	198,827	Canadian Natl Railways	140,098	7,800,141
James Hardie Industries	82,763	1,047,727	Canadian Natural Resources	193,990	4,220,269
Lendlease Group	97,675	1,012,654	Canadian Oil Sands Ltd	82,249	488,485
Macquarie Group Ltd	77,723	4,678,729	Canadian Pacific Rail	27,851	3,539,969
Medibank Private Ltd	465,987	728,912	Canadian Tire Corp-C	13,224	1,124,673
Mirvac Group	666,233	957,318	Canadian Utilities Ltd	17,997	413,033
Monadelphous Group Ltd	21,164	101,164	CCL Industries Inc -	9,120	1,470,781
National Australia Bank	449,925	9,879,210	Cenovus Energy Inc	145,983	1,837,004
Newcrest Mining Ltd	131,909	1,244,736	Centerra Gold Inc	62,600	296,979
Northern Star Resources	90,218	182,474	CGI Group Inc	54,110	2,157,622
Oil Search Ltd	245,980	1,197,261	CI Financial Corp	80,298	1,768,278
Orica Ltd	64,047	720,862	Constellation Software	3,426	1,417,211
Origin Energy Ltd	301,955	1,032,531	Crescent Point Energy	87,509	1,014,880
OZ Minerals Ltd	89,819	264,005	Dollarama Inc	20,716	1,190,972
Perpetual Ltd	11,528	391,263	Dominion Diamond Corp	23,700	240,907
			Eldorado Gold Corp	131,795	388,051
			Element Financial Corp	74,493	895,567

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

Security	Unit holding	Fair Value	Security	Unit holding	Fair Value
Empire Co Ltd 'A'	25,566	473,737	Turquoise Hill Resources	153,137	385,846
Enbridge Inc	145,926	4,824,980	Valeant Pharmaceuticals	56,595	5,723,056
Encana Corp	139,363	705,292	Veresen Inc	46,089	293,634
Fairfax Financial Hldgs	3,690	1,732,315	Vermilion Energy Inc	17,069	461,530
Finning International	28,197	378,369	West Fraser Timber Corp	12,709	479,687
First Capital Realty	16,371	215,907	Weston (George) Ltd	8,509	654,760
First Quantum Mineral	128,308	477,541	Westshore Terminals	4,100	34,356
Fortis Inc	46,915	1,262,122	Yamana Gold Inc	148,849	274,317
Franco-Nevada Corp	26,724	1,217,788			178,802,259
Genworth MI Canada	29,000	554,280	Switzerland		
Gildan Activewear Inc	40,904	1,158,127	ABB Ltd-Reg	380,646	6,829,568
Goldcorp Inc	184,949	2,127,625	Actelion Ltd-Reg	19,196	2,677,083
Great-West Lifeco Inc	53,156	1,320,577	Adecco Sa-Reg	30,595	2,105,888
H&R Real Estate Inv Trust	27,208	392,715	Aryzta Ag	13,636	694,741
Husky Energy Inc	57,674	593,721	Baloise Holding AG	11,872	1,512,167
Iamgold Corp	38,800	54,746	Barry Callebaut AG	389	426,306
IGM Financial Inc	18,646	473,969	BB Biotech AG-Reg	1,873	544,498
Imperial Oil Ltd	53,402	1,733,037	Chocoladefabriken	177	2,194,754
Industrial Alliance	16,434	521,615	Cie Financiere Riche	96,368	6,936,374
Intact Financial Corp	22,766	1,451,084	Coltene Holding AG-R	1,931	117,480
Inter Pipeline Ltd	60,237	963,115	Credit Suisse Group	311,559	6,750,960
Jean Coutu Group Inc	19,040	245,076	Dufry AG-Reg	6,838	819,057
Keyera Corp	29,898	865,451	EMS-Chemie Holding	1,325	583,741
Kinross Gold Corp	178,155	320,630	Galenica AG-Reg	734	1,153,428
Linamar Corp	8,773	471,838	Geberit AG-Reg	6,770	2,300,852
Loblaw Companies Ltd	37,752	1,775,493	Givaudan-Reg	1,632	2,970,532
Magna International	92,430	3,734,195	Julius Baer Group Ltd	37,782	1,836,634
Manulife Financial	336,088	5,015,551	Kuehne & Nagel Intl	12,721	1,749,931
Medical Facilities	8,100	83,735	Lafargeholcim Ltd-Reg	76,568	3,843,696
Meg Energy Corp	23,884	137,551	Lonza Group AG-Reg	10,252	1,669,406
Methanex Corp	15,612	513,394	Nestle SA-Reg	661,995	49,302,394
Metro Inc	41,828	1,166,221	Novartis AG-Reg	477,251	41,383,977
National Bank Of Canada	56,340	1,634,918	Pargesa Holding SA-B	4,337	275,124
Nevsun Resources Ltd	24,900	67,041	Partners Group Holdings	3,658	1,320,132
Onex Corporation	16,208	989,678	Roche Holding AG-Gen	147,568	40,747,023
Open Text Corp	20,717	988,796	Schindler Holding	12,719	2,134,656
Pembina Pipeline Corp	59,544	1,291,098	Schindler Holding AG	3,007	506,774
Peyto Exploration &Dvt	25,687	459,892	SGS SA-Reg	1,854	3,539,452
Potash Corp Of S	189,824	3,235,930	Sika AG	646	2,336,182
Power Corp Of Canada	64,453	1,342,326	Sonova Holding AG-Reg	8,400	1,068,251
Power Financial Corp	44,694	1,023,480	Sulzer AG-Reg	3,739	352,235
Prairiesky Royalty Ltd	26,402	416,243	Swatch Group AG	13,521	2,454,135
Restaurant Brands Inc	36,637	1,363,568	Swiss Life Holding AG	6,144	1,664,587
Riocan Real Estate	26,825	457,479	Swiss Prime Site-Reg	12,075	946,940
Ritchie Bros Auction	20,900	501,473	Swiss Re AG	61,420	6,019,279
Rogers Communication	66,333	2,277,794	Swisscom AG-Reg	4,410	2,216,013
Royal Bank Of Canada	256,792	13,707,524	Syngenta AG-Reg	19,663	7,706,084
Saputo Inc	56,988	1,357,931	Transocean Ltd	60,483	754,678
Semafo Inc	38,300	96,501	UBS Group AG-Reg	778,726	15,185,537
Seven Generations	38,594	374,243	Zurich Insurance Group	26,191	6,758,373
Shaw Communications	66,240	1,133,962			234,388,922
Silver Wheaton Corp	64,273	795,373	Denmark		
Smart Real Estate	7,500	162,677	AP Moeller-Maersk	1,871	2,429,292
SNZ-Lavalin Group Inc	25,305	749,076	Carlsberg AS-B	18,139	1,617,243
Sun Life Financial Inc	103,644	3,219,521	Chr Hansen Holding AG	17,414	1,093,540
Suncor Energy Inc	251,977	6,475,831	Coloplast-B	27,682	2,240,413
Teck Resources Ltd-C	95,692	366,483	Danske Bank A/S	122,960	3,307,667
Telus Corporation	37,656	1,036,346	DSV A/S	31,585	1,248,724
Thomson Reuters Corp	63,943	2,412,074	ISS A/S	22,172	803,315
Toronto-Dominion Bank	325,878	12,722,165	Novo Nordisk A/S-B	400,262	23,311,425
Tourmaline Oil Corp	28,688	460,957	Novozymes A/S-Br	44,255	2,129,069
Transcanada Corp	124,672	4,051,323	Pandora A/S	27,471	3,476,962
Transcontinental Inc	18,000	223,396	Simcorp A/S	4,250	240,036

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

Security	Unit holding	Fair Value	Security	Unit holding	Fair Value
TDC A/S	145,665	728,558	Brembo Spa	7,449	360,573
Tryg A/S	19,345	387,474	Brenntag AG	26,325	1,388,805
Vestas Wind Systems	40,133	2,823,997	Bureau Veritas SA	45,297	904,900
William Demant Holdings	4,676	446,513	Caixabank SA	441,927	1,542,929
		46,284,228	Cap Gemini	26,630	2,471,332
			Carrefour SA	103,327	2,991,304
European Union			Casino Guichard Perrachon	10,451	481,080
Aalberts Industries	15,270	525,584	Christian Dior SE	16,423	2,796,466
Abertis Infrastructure	82,445	1,289,663	Cia De Distribucion	21,547	455,022
Accor SA	36,506	1,586,258	CNH Industrial NV	167,148	1,151,171
Acea Spa	28,533	437,965	CNP Assurances	25,963	349,866
ACS Actividades Cons	30,973	908,441	Colruyt SA	11,326	583,736
Adidas AG	36,390	3,558,529	Commerzbank AG	241,901	2,518,716
ADP	4,424	515,180	Compagnie de Saint Gmm	81,148	3,512,377
Aegon NV	405,400	2,297,933	Continental AG	25,714	6,279,361
Aena SA	11,862	1,358,151	Credit Agricole SA	223,588	2,641,358
Ageas	52,144	2,423,796	CRH Plc	145,596	4,203,124
Agfa-Gevaert NV	29,429	166,557	CTS Eventim AG & Co	4,570	181,771
Air Liquide SA	63,164	7,111,945	Daimler AG-Registere	169,780	14,365,399
Airbus Group SE	106,205	7,152,965	Danone	100,354	6,789,421
Akzo Nobel	42,863	2,871,947	Dassault Systemes SA	23,027	1,843,047
Alcatel-Lucent	505,394	1,999,491	Delhaize Group	19,208	1,873,525
Allianz SE-Reg	85,596	15,249,191	Deutsche Bank AG-Reg	328,524	8,061,815
Alstom	36,475	1,115,777	Deutsche Boerse AG	34,653	3,069,830
Altice NV - A	69,286	995,760	Deutsche Lufthansa	36,570	580,794
Altice NV - B	15,929	230,312	Deutsche Post AG-Reg	168,878	4,763,332
Altri Sgps SA	35,558	184,095	Deutsche Telekom AG	558,816	10,122,415
Amadeus Fire AG	1,507	121,797	Deutsche Wohnen AG-B	58,888	1,647,227
Amadeus It Holding SA	103,563	4,577,079	Dialog Semiconductor	5,967	202,237
Andritz AG	13,432	659,594	Diasorin Spa	14,426	757,691
Anheuser-Busch Inbev	173,798	21,598,335	Distribuidora Intern	105,680	624,972
Arcelormittal	175,591	742,949	E.On SE	355,867	3,449,049
Arkema	13,017	911,629	Edenred	54,006	1,022,854
Ascopiave Spa	32,890	78,031	EDF	42,526	626,879
ASML Holding NV	60,098	5,387,270	EDP-Energias De Port	385,509	1,390,762
Assicurazioni Genera	201,345	3,700,758	Elisa Oyj	52,979	1,999,323
Atlantia Spa	72,348	1,925,494	Enagas SA	28,013	791,193
Atos SE	14,994	1,259,549	Endesa SA	60,072	1,207,892
AXA SA	335,755	9,202,148	Enel Green Power Spa	326,255	666,292
Axel Springer SE	6,251	348,011	Enel Spa	1,269,856	5,368,795
Azimut Holding Spa	17,742	444,438	Engie	253,580	4,495,569
Banca Monte Dei Paschi	398,431	533,228	Eni Spa	567,034	8,500,367
Banco Bilbao Vizcaya	1,127,340	8,252,772	Erste Group Bank AG	48,423	1,521,509
Banco Comercial Port	5,967,343	316,337	Essilor International	36,564	4,569,722
Banco de Sabadell SA	847,397	1,505,061	Eurazeo	6,657	459,055
Banco Espirito Santo	247,871	32,311	Eutelsat Communications	30,798	923,047
Banco Popolare	60,057	835,723	Evonik Industries AG	24,125	801,671
Banco Popular Espano	413,732	1,367,636	Exor Spa	20,073	917,784
Banco Santander SA	2,652,894	13,135,412	Ferrovial SA	75,709	1,714,759
Bank Of Ireland	5,032,226	1,850,341	Fiat Chrysler Automotive	161,523	2,266,973
Bankia SA	782,352	911,909	Finmeccanica Spa	72,630	1,016,994
Bankinter SA	126,451	897,534	Fonciere Des Regions	7,487	670,983
BASF SE	198,411	15,246,855	Fortum Oyj	83,379	1,262,609
Bayer AG-Reg	168,242	21,227,708	Fraport AG Frankfurt	5,921	378,200
Bayerische Motoren	65,831	6,795,531	Fresenius Medical	39,525	3,342,566
Bco Intesa Spa	228,739	703,693	Fresenius SE & Co KgAA	65,960	4,732,634
Beiersdorf AG	16,496	1,511,338	Fuchs Petrolub SE	21,420	1,014,741
BNP Paribas	217,494	12,340,046	Galp Energia Sgps SA	65,022	757,190
Boiron SA	1,642	132,886	Gas Natural Sdg SA	60,760	1,241,857
Bollore	149,627	698,433	GEA Group AG	31,229	1,270,625
Bollore-New	359	1,638	Gecina SA	6,358	774,240
Boskalis Westminster	32,843	1,342,181	Gemalto	13,623	816,886
Bouygues SA	36,849	1,462,661	Grifols SA	29,326	1,358,056

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

Security	Unit holding	Fair Value	Security	Unit holding	Fair Value
Grifols SA - B	8,219	267,090	OCI NV	13,639	337,732
Groupe Bruxelles Lambert	13,502	1,156,216	Oesterreichische Post	13,908	509,299
Groupe Eurotunnel SE	88,360	1,098,553	OMV AG	22,200	628,821
Grupo Catalana Occidental	12,973	451,244	Orange	344,315	5,788,101
Hamburger Hafen	9,446	144,785	Origin Enterprises	63,914	522,320
Hannover Rueck SE	9,701	1,117,575	Orion Oyj-Class B	45,838	1,589,916
Heidelbergcement AG	24,438	2,014,916	Osram Licht AG	25,534	1,080,378
Heineken Holding NV	19,572	1,509,534	Pernod Ricard SA	37,097	4,239,396
Heineken NV	41,200	3,521,813	Peugeot SA	104,686	1,842,838
Hella Kga Hueck & Co	6,615	276,153	Plastic Omnium	17,182	546,972
Henkel AG & Co KgAA	50,458	5,364,067	Porsche Automobil HI	33,902	1,841,018
Hermes International	4,436	1,502,268	Prosegur Comp Seguri	66,744	308,142
Hochtief AG	3,385	315,938	Prosiebensat. I Media	52,102	2,642,578
Hugo Boss AG-Ord	17,228	1,435,422	Proximus	65,041	2,118,913
Iberdrola SA	943,945	6,716,414	Prysmian Spa	32,481	714,856
Icade	6,916	464,970	Publicis Groupe	53,905	3,594,226
Iliad SA	4,287	1,022,669	Qiagen N.V.	43,002	1,175,534
Imerys SA	5,527	386,776	Raiffeisen Bank Intl	21,577	320,178
Industria de Diseno	189,984	6,540,166	Randstad Holding NV	20,619	1,288,580
Infineon Technologie	192,719	2,837,746	Rational AG	700	318,612
ING Groep NV-CVA	671,374	9,079,948	Recordati Spa	46,680	1,221,567
Ingenico Group	9,185	1,162,397	Red Electrica Corp	14,614	1,223,817
Intesa Sanpaolo	2,206,386	7,401,304	Relx NV	246,144	4,155,179
Intl Consolidated Airlines	135,936	1,221,946	Remy Cointreau	3,448	247,244
JC Decaux SA	11,442	438,759	Renault SA	34,196	3,440,935
Jeronimo Martins	41,119	534,000	Repsol SA	266,260	2,925,569
K+S AG-Reg	57,457	1,478,623	Rexel SA	47,380	629,464
Kabel Deutschland	3,427	424,952	Royal Dutch Shell Plc	18,758	429,747
KBC Groep NV	44,605	2,794,364	RTL Group	13,286	1,112,318
Kering	13,178	2,261,094	RWE AG	85,247	1,081,612
Kerry Group Plc-A	28,759	2,382,742	Ryanair Holdings Plc	20,261	328,822
Kingspan Group Plc	10,239	271,169	Safran SA	51,288	3,530,603
Klepierre	43,029	1,913,165	Saft Groupe SA	4,375	133,404
Kone Oyj-B	91,465	3,884,912	Saipem Spa	44,290	360,360
Koninklijke Ahold NV	224,291	4,745,028	Sampo Oyj-A Shs	100,801	5,150,882
Koninklijke Dsm NV	30,611	1,538,603	Sanofi	258,693	22,085,205
Koninklijke Kpn NV	577,303	2,188,662	SAP SE	202,113	16,159,263
Koninklijke Philips	163,375	4,180,403	Sartorius Stedim Bio	406	155,642
Lagardere Sca	19,615	585,005	Schneider Electric SA	129,608	7,400,084
Lanxess AG	16,373	761,862	Scor SE	25,703	963,559
Legrand SA	77,000	4,366,271	SES	59,326	1,646,912
Linde AG	32,675	4,763,406	Siemens AG-Reg	166,545	16,259,074
L'Oreal	44,695	7,540,148	Snam Spa	370,046	1,940,763
Luxottica Group Spa	30,164	1,979,135	Societe Bic SA	5,218	859,599
LVMH Moet Hennessy	62,541	9,844,251	Societe Generale SA	156,715	7,244,537
M6-Metropole Television	18,359	315,205	Sodexo	15,574	1,524,991
MAN SE	5,995	603,110	Sofina	637	71,481
Mapfre SA	205,218	515,410	Software AG	11,808	338,569
Maurel et Prom	11,316	36,509	Solvay SA	12,149	1,299,025
Mediobanca Spa	160,406	1,548,202	Stada Arzneimittel AG	8,214	333,046
Melexis NV	6,081	331,478	Stmicroelectronics NV	123,561	829,640
Merck KgAA	29,046	2,831,219	Sto Se & Co. KgAA-Pr	688	84,902
Metro AG	31,134	997,715	Stora Enso Oyj-R Shs	93,595	853,538
Metso Oyj	20,809	468,598	Suez Environnement	60,396	1,130,756
Michelin (Cgde)	42,124	4,022,240	Symrise AG	24,860	1,661,642
Muenchener Rueckver	29,404	5,915,574	Technip SA	17,414	865,161
Natixis	156,114	883,546	Telecom Italia Spa	3,090,004	3,690,415
Neopost SA	5,091	124,267	Telefonica Deutschland	103,654	551,511
Neste Oyj	20,836	625,381	Telefonica SA	800,645	8,901,789
NN Group NV	58,160	2,055,534	Telenet Group Holdings	7,858	423,136
Nokia Oyj	640,284	4,597,520	Tenaris SA	160,312	1,905,166
Nokian Renkaat Oyj	34,122	1,225,796	Terna Spa	267,773	1,383,433
Numericable-Sfr	17,218	625,645	Thales SA	24,877	1,864,647

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

Security	Unit holding	Fair Value	Security	Unit holding	Fair Value
Thyssenkrupp AG	69,058	1,375,074	Carnival Plc	33,362	1,900,509
Tieto Oyj	7,413	198,822	Centrica Plc	888,813	2,855,849
Tikkurila Oyj	8,094	143,230	Cobham Plc	186,991	780,241
Tnt Express NV	87,524	739,796	Coca-Cola Hbc AG	34,970	745,817
Total SA	454,159	20,358,188	Compass Group Plc	288,886	4,998,767
Ubi Banca Spa	204,190	1,375,231	Croda International	35,552	1,593,488
Ucb SA	21,659	1,958,248	Dart Group Plc	29,569	256,261
Umicore	17,961	754,394	Diageo Plc	564,377	15,438,874
Unibail-Rodamco	17,511	4,458,800	Diploma Plc	6,928	77,656
Unicredit Spa	992,902	5,538,553	Direct Line Insurance	442,343	2,656,125
Unilever NV-Cva	349,046	15,198,965	Dixons Carphone Plc	168,667	1,241,749
Unipolsai Spa	197,868	507,268	Dunelm Group Plc	7,283	101,172
United Internet AG-R	23,984	1,328,483	Easyjet Plc	26,983	691,605
Upm-Kymmene Oyj	95,138	1,785,859	Experian Plc	268,845	4,755,011
Valeo SA	13,669	2,115,929	Fidessa Group Plc	3,644	107,525
Veolia Environnement	79,020	1,876,019	Fresnillo Plc	42,029	438,272
Vinci SA	102,476	6,581,215	G4s Plc	252,011	837,224
Vivendi	206,423	4,445,501	GKN Plc	276,540	1,256,608
Voestalpine AG	19,223	592,942	Glaxosmithkline Plc	989,739	20,021,720
Volkswagen AG	5,801	900,502	Glencore Plc	2,164,980	2,886,867
Volkswagen AG-Pref	30,923	4,513,036	Go-Ahead Group Plc	5,013	197,130
Vonovia SE	78,166	2,435,691	Halma Plc	40,885	520,952
Vopak	20,642	889,536	Hammerson Plc	145,903	1,289,204
Wartsila Oyj Abp	23,494	1,078,794	Hansteen Holdings Pl	138,832	235,318
Wendel	5,134	611,246	Hargreaves Lansdown	53,142	1,178,807
Wolters Kluwer	77,629	2,611,227	HICL Infrastructure	236,969	525,999
Zalando SE	14,732	581,162	Highland Gold Mining	73,302	61,313
Zardoya Otis SA	29,703	347,831	HSBC Holdings Plc	3,997,542	31,586,913
Zodiac Aerospace	36,710	875,722	Icap Plc	85,207	639,236
		734,478,624	IG Group Holdings Pl	41,313	488,348
United Kingdom			IMI Plc	95,283	1,209,169
3i Group Plc	189,506	1,344,893	Imperial Tobacco Group	201,040	10,625,787
Abcam Plc	72,071	705,869	Indivior Plc	300,160	830,396
Aberdeen Asset Mgmt	170,536	727,165	Inmarsat Plc	80,210	1,342,997
Acacia Mining Plc	27,495	72,904	Intercontinental Hotels	40,096	1,570,222
Admiral Group Plc	37,463	915,494	Intertek Group Plc	56,486	2,311,153
Aggreko Plc	41,147	554,007	Intu Properties Plc	162,570	760,050
Amec Foster Wheeler	73,209	462,687	Investec Plc	131,764	930,835
Anglo American Plc	245,744	1,084,434	ITV Plc	647,473	2,638,670
Antofagasta Plc	70,777	489,461	Johnson Matthey Plc	36,191	1,416,762
Arm Holdings Plc	246,328	3,768,595	Kingfisher Plc	425,664	2,066,612
Ashmore Group Plc	155,869	588,812	Land Securities Grp	140,327	2,432,299
Ashtead Group Plc	89,880	1,481,062	Legal & General Group	1,391,628	5,490,854
Associated British Foods	61,990	3,052,576	Lloyds Banking Group	9,959,180	10,724,365
Astrazeneca Plc	274,628	18,684,391	London Stock Exchange	54,058	2,185,517
Auto Trader Group Plc	131,527	860,535	Marks & Spencer Group	273,013	1,820,029
Aviva Plc	690,991	5,250,122	Meggitt Plc	148,834	821,747
Babcock Intl Group Plc	48,302	722,603	Melrose Industries Plc	171,963	737,051
BAE Systems Plc	551,897	4,063,141	Merlin Entertainment	109,165	732,731
Barclays Plc	3,610,898	11,647,430	Mitie Group Plc	33,325	152,707
Barratt Developments	174,039	1,604,509	Mondi Plc	63,124	1,240,204
Beazley Plc	22,706	130,720	Moneysupermarket.Com	77,945	421,507
Berendsen Plc	52,793	838,810	National Grid Plc	655,054	9,050,455
BG Group Plc	591,684	8,589,152	Next Plc	35,691	3,832,275
BHP Billiton Plc	460,922	5,162,407	Old Mutual Plc	846,579	2,231,019
BP Plc	3,714,044	19,375,695	Pearson Plc	144,039	1,561,461
British American Tobacco	379,038	21,064,446	Persimmon Plc	56,153	1,676,798
British Land Co	171,239	1,982,518	Petrofac Ltd	43,174	506,210
BT Group Plc	1,450,569	10,083,854	Playtech Plc	20,053	245,907
Bunzl Plc	77,560	2,153,709	Provident Financial	25,638	1,271,940
Burberry Group Plc	116,527	2,050,686	Prudential Plc	546,615	12,330,572
Cairn Energy Plc	58,174	135,131	Randgold Resources L	17,325	1,057,674
Capita Plc	167,579	2,981,228	Reckitt Benckiser Gr	139,703	12,931,048

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

Security	Unit holding	Fair Value	Security	Unit holding	Fair Value
Relx Plc	271,326	4,782,896	Hong Kong & China Gas	1,217,373	2,384,434
Restaurant Group Plc	31,871	321,777	Hong Kong Exchanges	193,996	4,966,201
Rexam Plc	127,551	1,135,505	Hopewell Holdings Lt	35,000	125,546
Rio Tinto Plc	258,881	7,551,171	HSBC Holdings Plc	100,271	799,565
Rolls-Royce Holdings	31,419,577	2,885,166	Hysan Development	191,000	781,236
Rotork Plc	309,733	833,598	Kerry Properties Ltd	207,000	566,234
Royal Bank Of Scotland	939,255	4,179,410	Li & Fung Ltd	972,000	658,439
Royal Dutch Shell Plc	1,304,821	29,462,345	Link REIT	535,500	3,195,664
Royal Mail Plc	249,574	1,632,875	L'Occitane International	280,250	541,686
RSA Insurance Group	173,665	1,091,435	MGM China Holdings Ltd	164,400	205,549
Sabmiller Plc	169,190	10,146,838	MTR Corp	244,397	1,207,771
Sage Group Plc	260,210	2,312,649	New World Development	912,576	901,961
Sainsbury (J) Plc	208,301	794,248	NWS Holdings Ltd	241,569	358,450
Schroders Plc	20,578	902,316	PCCW Ltd	684,000	400,684
Segro Plc	125,729	795,545	Power Assets Holding	245,500	2,253,805
Severn Trent Plc	40,495	1,298,759	Sands China Ltd	423,600	1,445,678
Shire Plc	145,487	10,071,939	Shangri-La Asia Ltd	216,000	210,422
Sky Plc	182,091	2,981,748	Sino Land Co	856,000	1,252,497
Smith & Nephew Plc	195,200	3,472,605	SJM Holdings Ltd	374,000	265,897
Smiths Group Plc	71,848	994,371	Sun Hung Kai Properties	386,000	4,664,284
Soco International P	117,190	253,908	Swire Pacific Ltd	171,000	1,919,576
Spectris Plc	13,367	354,826	Swire Properties Ltd	433,323	1,249,623
Sports Direct Intern	43,461	369,290	Techtronic Industries	260,500	1,060,467
SSE Plc	173,563	3,906,290	WH Group Ltd	959,219	534,677
St James's Place Plc	89,435	1,327,411	Wharf Holdings Ltd	390,000	2,158,797
Standard Chartered Plc	583,101	4,843,765	Wheelock & Co Ltd	262,000	1,102,069
Standard Life Plc	351,282	2,017,173	Wynn Macau Ltd	266,800	311,547
Tate & Lyle Plc	87,133	768,626	Yue Yuen Industrial	115,500	391,947
Taylor Wimpey Plc	564,374	1,688,618			77,738,084
Tesco Plc	1,414,529	3,115,847	Israel		
Travis Perkins Plc	46,378	1,347,992	Azrieli Group	6,612	246,226
Tui Ag-Di	89,698	1,599,692	Babylon Ltd	10,361	4,958
Unilever Plc	287,475	12,397,746	Bank Hapoalim Bm	365,956	1,887,598
United Utilities Group	113,433	1,563,217	Bank Leumi Le-Israel	394,142	1,366,463
Vodafone Group Plc	4,638,649	15,106,152	Bezeq The Israeli Te	329,096	723,985
Weir Group Plc	60,672	893,351	Delek Group Ltd	798	159,988
WH Smith Plc	12,367	322,266	Israel Chemicals Ltd	72,874	296,100
Whitbread Plc	32,173	2,086,472	Israel Discount Bank	86,905	157,660
William Hill Plc	276,287	1,612,183	Mizrahi Tefahot Bank	20,357	243,015
Wm Morrison Supermarkets	358,360	782,245	Nice Systems Ltd	9,502	548,232
Wolseley Plc	44,556	2,423,265	Teva Pharmaceutical	149,523	9,779,779
Wood Group (John) Plc	57,858	521,895			15,414,004
WPP Plc	277,336	6,384,922	Japan		
		485,484,977	ABC-Mart Inc	4,000	221,123
Hong Kong			Acom Co Ltd	67,600	322,560
AIA Group Ltd	2,294,000	13,793,332	Adeka Corp	11,900	171,039
ASM Pacific Technology	39,800	312,231	Aeon Co Ltd	120,900	1,876,892
Bank Of East Asia	298,954	1,112,859	Aeon Financial Services	19,900	450,788
BOC Hong Kong Holdings	958,500	2,918,730	Aeon Mall Co Ltd	19,690	341,111
Cathay Pacific Airways	218,000	376,922	Aica Kogyo Co Ltd	9,800	194,542
Cheung Kong Infrastructure	122,000	1,126,314	Aichi Bank Ltd	1,900	101,717
Cheung Kong Property	494,240	3,226,846	Ain Holdings Inc	6,900	332,109
CK Hutchison Holding	477,740	6,435,495	Air Water Inc	25,000	406,293
CLP Holdings Ltd	335,500	2,848,448	Aisin Seiki Co Ltd	32,600	1,420,042
Dah Sing Financial	37,600	187,754	Ajinomoto Co Inc	103,000	2,465,510
First Pacific Corp	428,000	283,855	Alfresa Holdings Corp	35,700	713,733
Galaxy Entertainment	407,000	1,283,994	Alps Electric Co Ltd	29,300	804,992
Hang Lung Group Ltd	48,000	155,765	Amada Holdings Co Lt	63,000	609,601
Hang Lung Properties	607,000	1,381,583	Amano Corp	7,200	98,398
Hang Seng Bank Ltd	180,800	3,450,297	ANA Holdings Inc	273,000	794,297
Henderson Land Developmt	313,321	1,920,317	Aozora Bank Ltd	204,000	717,337
HK Electric Investme	472,967	396,674	Asahi Glass Co Ltd	167,000	963,448
HKT Trust And HKT Ltd	480,040	611,962	Asahi Group Holdings	70,500	2,225,853

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

Security	Unit holding	Fair Value	Security	Unit holding	Fair Value
Asahi Holdings Inc	15,400	242,339	Hirose Electric Co Ltd	5,040	618,400
Asahi Kasei Corp	379,000	2,592,304	Hiroshima Bank Ltd	77,000	443,585
Asics Corp	31,500	660,663	Hisamitsu Pharmaceuticals	16,500	696,787
Astellas Pharma Inc	361,800	5,207,670	Hitachi Chemical Co	57,400	923,782
Awa Bank Ltd	80,000	470,177	Hitachi Construction	17,800	280,254
Bandai Namco Holding	44,100	939,593	Hitachi High-Technology	12,400	338,618
Bank Of Kyoto Ltd	108,000	1,014,506	Hitachi Ltd	840,000	4,827,931
Bank Of Yokohama Ltd	200,000	1,240,284	Hitachi Metals Ltd	60,500	756,910
Benesse Holdings Inc	9,700	281,417	Hokuhoku Financial Group	223,000	457,883
Bridgestone Corp	148,800	5,160,594	Hokuriku Electric Power	33,900	505,562
Brother Industries Ltd	66,100	770,375	Honda Motor Co Ltd	283,100	9,199,368
Calbee Inc	12,600	537,329	Hoshizaki Electric Co	7,800	490,195
Calsonic Kansei Corp	30,000	267,592	Hoya Corp	98,100	4,061,166
Canon Inc	245,800	7,509,165	Hulic Co Ltd	55,100	489,187
Casio Computer Co Ltd	35,200	833,072	Hyakugo Bank Ltd	46,000	225,612
Central Japan Railways	36,200	6,500,021	Ibiden Co Ltd	12,100	175,221
Chiba Bank Ltd	133,000	955,252	Idemitsu Kosan Co Lt	15,600	251,192
Chubu Electric Power	163,800	2,263,067	IHI Corp	239,000	669,546
Chugai Pharmaceuticals	41,800	1,473,311	Iida Group Holdings	42,600	799,978
Chugoku Bank Ltd	39,700	535,626	Infocom Corp	9,600	114,997
Chugoku Electric Power	48,300	642,019	Infex Corp	356,900	3,512,778
Citizen Holdings Corp	47,400	343,201	Isetan Mitsukoshi Ho	60,000	791,055
Comsys Holdings Corp	15,900	225,359	Isuzu Motors Ltd	163,100	1,781,565
Create SD Holdings Co	5,700	140,729	Itochu Corp	277,600	3,326,492
Credit Saison Co Ltd	26,800	534,017	Itochu Techno-Solutions	7,800	156,720
Dai Nippon Printing	99,000	991,687	Iyo Bank Ltd	79,500	782,476
Daicel Corp	92,200	1,389,572	J Front Retailing Co	40,500	594,227
Daihatsu Motor Co Ltd	48,000	654,391	Japan Airlines Co Ltd	43,700	1,582,420
Dai-Ichi Life Insurance	195,100	3,300,457	Japan Airport Terminals	7,600	342,425
Daiichi Sankyo Co Ltd	119,400	2,491,326	Japan Digital Laboratories	6,800	92,762
Daiichikosho Co Ltd	6,200	246,876	Japan Exchange Group	111,600	1,771,944
Daikin Industries Ltd	41,200	3,047,146	Japan Petroleum Explore	16,500	447,151
Daito Trust Construction	12,300	1,431,992	Japan Post Bank Co Ltd	109,900	1,598,778
Daiwa House Industry	103,000	2,999,368	Japan Post Holdings	78,400	1,215,479
Daiwa Securities Group	293,000	1,813,850	Japan Prime Realty	147	504,684
Denso Corp	83,700	4,043,929	Japan Real Estate	227	1,105,798
Dentsu Inc	38,400	2,129,166	Japan Retail Fund	470	907,220
Don Quijote Holdings	19,200	682,323	Japan Tobacco Inc	204,300	7,593,211
East Japan Railway Co	57,500	5,470,614	JFE Holdings Inc	84,600	1,349,929
Eisai Co Ltd	44,900	3,004,655	JGC Corp	36,000	557,230
Elecom Co Ltd	10,200	132,784	Joyo Bank Ltd	128,000	610,765
Electric Power Development	25,000	897,793	JSR Corp	70,700	1,116,084
Familymart Co Ltd	10,100	473,536	JTEKT Corp	34,600	575,540
Fanuc Corp	47,100	8,243,822	JX Holdings Inc	412,600	1,742,390
Fast Retailing Co Ltd	9,300	3,287,219	Kajima Corp	148,000	890,744
Fuji Electric Co Ltd	104,000	441,781	Kakaku.Com Inc	50,200	996,948
Fuji Heavy Industries	141,400	5,907,780	Kaken Pharmaceutical	21,200	1,460,975
Fujifilm Holdings Co	101,900	4,302,341	Kamigumi Co Ltd	58,000	504,809
Fujitsu General Ltd	29,000	373,665	Kaneka Corp	59,000	620,433
Fujitsu Ltd	332,000	1,674,972	Kansai Electric Power	127,100	1,542,063
Fukuoka Financial Group	123,000	617,582	Kansai Paint Co Ltd	41,000	628,488
Future Architect Inc	15,400	100,879	Kao Corp	90,000	4,677,501
Geo Holdings Corp	9,000	142,674	Kawasaki Heavy Industries	228,000	854,799
GMO Payment Gateway	4,400	211,779	KDDI Corp	426,000	11,165,701
Gungho Online Entertainmt	66,200	180,503	Keihan Electric Rail	103,000	695,258
Gunma Bank Ltd	63,000	369,741	Keihin Corp	11,100	196,819
Hachijuni Bank Ltd	132,000	817,490	Keikyu Corp	85,000	708,009
Hakuhodo DY Holdings	40,600	444,830	Keio Corp	94,000	819,702
Hamamatsu Photonics	22,000	609,003	Keisei Electric Rail	43,000	553,340
Hankyu Hanshin Holdings	215,000	1,408,371	Keyence Corp	7,940	4,426,916
Heiwa Corp	11,900	224,457	Kikkoman Corp	30,000	1,052,413
Hikari Tsushin Inc	2,600	178,312	Kintetsu Group Holdings	323,000	1,321,052
Hino Motors Ltd	85,800	1,004,251	Kirin Holdings Co Ltd	140,400	1,922,848

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

Security	Unit holding	Fair Value	Security	Unit holding	Fair Value
Kobe Steel Ltd	538,000	594,821	Nidec Corp	38,000	2,786,467
Koei Tecmo Holdings	13,300	199,121	Nihon Parkerizing Co	35,800	369,324
Koito Manufacturing	14,900	619,311	Nikon Corp	89,800	1,213,060
Komatsu Ltd	161,600	2,675,310	Nintendo Co Ltd	19,100	2,660,298
Konami Holdings Corp	23,200	556,013	Nippo Corp	11,000	179,958
Konica Minolta Inc	115,300	1,171,259	Nippon Building Fund	265	1,271,084
Kose Corp	5,300	496,538	Nippon Electric Glass	112,000	569,799
Kubota Corp	199,000	3,118,293	Nippon Express Co Ltd	159,000	754,720
Kuraray Co Ltd	62,300	762,339	Nippon Paint Holdings	30,000	737,437
Kurita Water Industries	18,300	386,248	Nippon Prologis REIT	223	404,123
Kyocera Corp	74,000	3,469,471	Nippon Shokubai Co Ltd	5,200	366,133
Kyowa Exeo Corp	27,400	284,033	Nippon Steel Sumitomo	131,124	2,633,489
Kyowa Hakko Kirin Co	44,000	698,982	Nippon Synthetic Che	13,000	94,019
Kyushu Electric Power	80,500	887,344	Nippon Telegraph	172,800	6,946,763
Kyushu Financial Group	72,400	509,168	Nippon Yusen	262,000	642,504
Lawson Inc	29,100	2,380,348	Nissan Chemical Industries	13,600	312,372
Lintec Corp	8,500	180,323	Nissan Motor Co Ltd	428,300	4,553,770
Lixil Group Corp	44,200	991,694	Nissan Shatai Co Ltd	10,000	109,231
M3 Inc	31,000	649,919	Nisshin Seifun Group	35,695	589,304
Mabuchi Motor Co Ltd	9,400	518,076	Nissin Foods Holdings	9,500	506,214
Maeda Road Construction	14,000	236,834	Nissin Kogyo Co Ltd	13,400	195,940
Makita Corp	19,800	1,155,460	Nitori Holdings Co Ltd	12,900	1,095,956
Marubeni Corp	283,000	1,470,344	Nitto Denko Corp	28,400	2,100,932
Marui Group Co Ltd	36,300	596,576	Nitto Kogyo Corp	9,200	162,594
Maruichi Steel Tube	6,900	205,632	NOF Corp	49,000	380,041
Mazda Motor Corp	126,900	2,662,057	NOK Corp	34,300	814,623
McDonald's Holdings	11,200	243,934	Nomura Holdings Inc	624,600	3,522,413
Medipal Holdings Corp	19,500	336,036	Nomura Real Estate	656	814,172
Meiji Holdings Co Ltd	20,800	1,735,999	Nomura Real Estate Hldgs	21,300	399,281
Meiko Network Japan	9,100	105,604	Nomura Research Inst	18,370	713,146
Mimasu Semiconductor	3,000	28,879	NSK Ltd	88,200	971,487
Minebea Co Ltd	48,000	417,773	NTT Data Corp	35,900	1,748,818
Miraca Holdings Inc	8,800	391,371	NTT Docomo Inc	384,700	7,943,762
Mitsubishi Chemical	249,600	1,606,387	NTT Urban Developments	31,500	306,110
Mitsubishi Corp	231,000	3,893,366	Obayashi Corp	110,000	1,022,320
Mitsubishi Electric	472,000	5,026,244	Obic Co Ltd	11,600	620,042
Mitsubishi Estate Co	217,000	4,551,237	Odakyu Electric Rail	108,000	1,174,313
Mitsubishi Gas Chemical	73,000	376,849	Oji Holdings Corp	136,000	551,710
Mitsubishi Heavy Ind	527,000	2,335,894	Olympus Corp	47,100	1,877,422
Mitsubishi Logistics	22,000	292,797	Omron Corp	38,200	1,289,264
Mitsubishi Materials	192,000	612,893	Ono Pharmaceutical	14,300	2,578,387
Mitsubishi Motors Co	139,000	1,189,002	Oracle Corp Japan	16,600	779,667
Mitsubishi Tanabe Pharma	35,900	624,919	Oriental Land Co Ltd	35,200	2,144,275
Mitsubishi UFJ Finance	2,613,700	16,449,830	Orix Corp	343,400	4,897,150
Mitsubishi UFJ Lease	79,200	412,805	Osaka Gas Co Ltd	678,000	2,469,195
Mitsuboshi Belting Ltd	18,000	144,694	OSG Corp	-	-
Mitsui & Co Ltd	295,600	3,552,016	Otsuka Corp	14,300	707,303
Mitsui Chemicals Inc	147,000	662,322	Otsuka Holdings Co Ltd	68,300	2,451,067
Mitsui Fudosan Co Ltd	158,000	4,013,866	Panahome Corp	12,000	91,475
Mitsui OSK Lines Ltd	222,000	564,712	Panasonic Corp	391,200	4,034,113
Mixi Inc	11,900	448,618	Park24 Co Ltd	17,300	421,229
Mizuho Financial Group	4,149,300	8,398,974	Poletowin Pitcrew Hldgs	9,900	94,889
MS&AD Insurance Group	90,700	2,691,708	Rakuten Inc	161,000	1,877,742
Murata Manufacturing	35,300	5,155,834	Recruit Holdings Co	47,400	1,402,752
Nabtesco Corp	16,600	341,949	Resona Holdings Inc	455,700	2,239,198
Nagoya Railroad Co Ltd	149,000	623,027	Ricoh Co Ltd	111,400	1,157,571
Namura Shipbuilding	10,400	86,541	Rinnai Corp	6,200	555,601
NEC Corp	441,000	1,411,405	Rohm Co Ltd	16,200	832,254
Nexon Co Ltd	43,700	718,192	Ryohin Keikaku Co Ltd	4,100	839,802
NGK Insulators Ltd	46,000	1,053,111	San-In Godo Bank Ltd	36,000	295,972
NGK Spark Plug Co Ltd	31,000	827,216	Sankyo Co Ltd	18,800	706,397
NH Foods Ltd	28,000	553,273	Sankyu Inc	37,000	190,390
NHK Spring Co Ltd	63,100	639,419	Sanrio Co Ltd	8,200	194,272

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

Security	Unit holding	Fair Value	Security	Unit holding	Fair Value
Santen Pharmaceuticals	134,400	2,241,210	Tohoku Electric Power	79,800	1,007,658
SBI Holdings Inc	31,480	345,169	Token Corp	1,900	147,521
Secom Co Ltd	38,000	2,600,407	Tokio Marine Holding	119,600	4,683,782
Sega Sammy Holdings	29,500	278,337	Tokyo Electric Power	243,700	1,414,045
Seibu Holdings Inc	23,200	478,291	Tokyo Electron Ltd	31,100	1,890,121
Seiko Epson Corp	58,500	907,444	Tokyo Gas Co Ltd	676,000	3,207,621
Sekisui Chemical Co	124,900	1,651,905	Tokyo Tatemono Co Ltd	34,500	379,430
Sekisui House Ltd	101,900	1,730,593	Tokyu Corp	191,000	1,524,253
Seven & I Holdings C	131,800	6,079,706	Tokyu Fudosan Holdings	86,200	544,595
Seven Bank Ltd	120,200	531,580	Tomony Holdings Inc	22,600	86,609
Shiga Bank Ltd	25,000	125,733	Tonengeneral Sekiyu	48,000	407,798
Shikoku Electric Power	30,300	478,322	Toppan Forms Co Ltd	2,200	26,335
Shimadzu Corp	43,000	730,637	Toppan Printing Co Ltd	94,000	874,400
Shimamura Co Ltd	3,700	438,605	Topre Corp	5,800	134,278
Shimano Inc	13,300	2,063,078	Toray Industries Inc	250,000	2,348,394
Shimizu Corp	101,000	831,207	Toshiba Corp	703,000	1,458,654
Shin-Etsu Chemical	70,700	3,883,666	Tosoh Corp	28,000	145,708
Shinsei Bank Ltd	514,000	957,114	Toto Ltd	24,000	853,901
Shionogi & Co Ltd	52,000	2,378,786	Toyo Ink Sc Holdings	32,000	131,144
Shiseido Co Ltd	61,700	1,295,087	Toyo Seikan Group	25,400	476,771
Shizuoka Bank Ltd	191,000	1,875,149	Toyo Suisan Kaisha Ltd	13,000	457,126
Showa Corp	16,200	152,311	Toyoda Gosei Co Ltd	8,600	197,815
Showa Shell Sekiyu	32,900	269,939	Toyota Industries Co	29,400	1,593,483
SMC Corp	9,600	2,535,367	Toyota Motor Corp	519,700	32,349,750
Softbank Group Corp	164,500	8,383,969	Toyota Tsusho Corp	36,300	857,899
Sohgo Security Services	12,300	582,817	TPR Co Ltd	6,100	173,677
Sompo Japan Nipponko	61,500	2,050,085	Trend Micro Inc	28,600	1,169,724
Sony Corp	225,700	5,627,725	TS Tech Co Ltd	8,700	227,815
Sony Financial Holdings	78,300	1,417,009	Tsubakimoto Chain Co	49,000	381,263
SRA Holdings Inc	4,900	119,104	Unicharm Corp	65,900	1,356,128
Stanley Electric Co	23,000	510,877	Unipres Corp	5,200	118,918
Sumitomo Chemical Co	260,000	1,515,109	USS Co Ltd	35,500	539,752
Sumitomo Corp	195,900	2,019,336	Utd Urban Invest Crp	428	583,499
Sumitomo Dainippon Pharma	22,700	269,468	West Japan Railway	29,300	2,044,265
Sumitomo Electric In	126,800	1,816,699	Yahoo Japan Corp	482,200	1,980,189
Sumitomo Heavy Indus	88,000	400,150	Yakult Honsha Co Ltd	14,200	702,357
Sumitomo Metal Mining	163,000	2,004,726	Yamada Denki Co Ltd	154,600	670,861
Sumitomo Mitsui Finance	262,200	10,039,430	Yamaguchi Financial	36,000	430,941
Sumitomo Mitsui Trust	578,000	2,215,038	Yamaha Corp	29,400	719,756
Sumitomo Realty & Dev	61,000	1,762,126	Yamaha Motor Co Ltd	47,300	1,078,548
Sumitomo Rubber Indust	27,500	360,967	Yamanashi Chuo Bank	22,000	113,022
Suntory Beverage & Food	24,300	1,072,638	Yamato Holdings Co Ltd	59,000	1,263,182
Suruga Bank Ltd	34,000	710,271	Yamato Kogyo Co Ltd	10,900	280,440
Suzuken Co Ltd	11,000	422,461	Yamazaki Baking Co Ltd	19,000	431,822
Suzuki Motor Corp	92,300	2,841,239	Yaskawa Electric Corp	36,700	506,438
Sysmex Corp	26,000	1,692,340	Yokogawa Electric Co	65,300	793,078
T&D Holdings Inc	135,200	1,807,799	Yokohama Rubber Co Ltd	20,500	318,675
Tadano Ltd	26,000	318,583			579,451,558
Taiheiyo Cement Corp	197,000	579,725	Norway		
Taisei Corp	186,000	1,235,413	DNB ASA	163,526	2,026,674
Taisho Pharmaceuticals	5,800	413,201	DNO ASA	135,284	92,086
Taiyo Nippon Sanso	30,000	274,824	Gjensidige Forsikrin	35,679	572,792
Takashimaya Co Ltd	54,000	490,195	Norsk Hydro ASA	233,286	873,174
Takeda Pharmaceuticals	137,600	6,936,335	Orkla ASA	152,021	1,203,960
TDK Corp	22,200	1,435,770	Schibsted ASA-B Shs	15,531	492,003
Technopro Holdings	10,100	298,479	Schibsted ASA-CI A	18,484	608,522
Teijin Ltd	151,000	520,928	Statoil ASA	307,672	4,299,799
Terumo Corp	53,800	1,686,072	Telenor ASA	221,884	3,717,557
THK Co Ltd	19,900	373,368	TGS Nopec Geophysical	29,204	465,543
Toagosei Co Ltd	36,200	312,663	Yara International ASA	57,974	2,507,238
Tobu Railway Co Ltd	163,000	810,291			16,859,348
Toho Co Ltd	18,300	511,143	New Zealand		
Toho Gas Co Ltd	241,000	1,572,676	Auckland Intl Airport	150,688	593,176

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

Security	Unit holding	Fair Value	Security	Unit holding	Fair Value
Contact Energy Ltd	123,386	400,388	Noble Group Ltd	704,000	198,499
Fletcher Building Ltd	112,481	555,203	Oversea-Chinese Bank	532,467	3,302,935
Meridian Energy Ltd	407,046	663,220	SATS Ltd	330,500	894,597
Mighty River Power	147,808	278,271	Sembcorp Industries	180,000	386,988
Ryman Healthcare Ltd	66,192	380,646	Sembcorp Marine Ltd	141,000	173,933
Sky Network Television	83,889	261,883	Singapore Airlines Ltd	99,000	780,890
Spark New Zealand Ltd	282,840	636,082	Singapore Exchange Ltd	143,000	774,144
		3,768,869	Singapore Press Holdings	247,911	688,520
			Singapore Tech Engineer Singapore	306,800	650,948
Sweden			Telecommunications	1,970,000	5,096,323
Alfa Laval AB	126,726	2,338,928	Starhub Ltd	101,000	262,707
Assa Abloy AB-B	177,768	3,774,402	Suntec REIT	388,000	423,924
Atlas Copco AB-A Shs	175,641	4,356,337	United Overseas Bank	365,757	5,055,855
Atlas Copco AB-B Shs	65,774	1,526,816	UOL Group Ltd	102,953	450,666
Axfood AB	9,102	158,275	Wilmar International	318,000	659,021
Boliden AB	74,602	1,267,170	Yangzijiang Shipbuilding	1,129,200	871,585
Clas Ohlson AB-B Shs	5,752	103,706			33,640,906
Electrolux AB-Ser B	40,811	997,209	United States of America		
Ericsson Lm-B Shs	526,523	5,155,561	3M Co	132,324	19,933,287
Getinge AB-B Shs	35,054	925,975	Abbott Laboratories	262,409	11,782,164
Hennes & Mauritz AB- Hexagon AB-B Shs	164,763	5,927,528	Abbvie Inc	297,094	17,593,907
Hexpol AB	47,624	1,781,677	Accenture Plc-CI A	132,113	13,803,166
Husqvarna AB-B Shs	42,742	462,625	Activision Blizzard	83,441	3,228,332
Ica Gruppen AB	74,043	491,389	Acuity Brands Inc	7,465	1,745,018
Industrivarden AB-C	14,956	545,864	Adobe Systems Inc	83,651	7,854,829
Intrum Justitia AB	57,129	985,964	ADT Corp	52,121	1,718,429
Investment AB Kinnev	21,007	719,619	Advance Auto Parts	12,356	1,859,454
Investor AB-B Shs	61,233	1,913,123	Aercap Holdings NV	14,603	630,265
Lundin Petroleum AB	116,430	4,328,181	AES Corp	111,652	1,068,510
Medivir AB-B Shs	38,145	556,072	Aetna Inc	81,188	8,778,047
Millicom Intl Cellular	5,816	45,186	Affiliated Managers	9,667	1,543,337
Nordea Bank AB	11,019	638,351	Aflac Inc	102,076	6,110,269
Sandvik AB	530,516	5,893,154	Agco Corp	15,343	696,572
Securitas AB-B Shs	191,112	1,682,029	Agilent Technologies	58,725	2,455,292
Skandinaviska Enskil	55,186	855,551	AGL Resources Inc	20,206	1,288,739
Skanska AB-B Shs	266,257	2,826,608	Air Products & Chemicals	36,046	4,689,224
Skf AB-B Shares	60,117	1,178,010	Airgas Inc	12,991	1,797,305
Svenska Cellulosa AB	72,172	1,175,387	Akamai Technologies	31,460	1,655,740
Svenska Handelsbanke	104,071	3,037,966	Albemarle Corp	18,075	1,012,200
Svenska Handelsbanke	264,957	3,557,651	Alcoa Inc	237,364	2,338,035
Swedbank AB - A Share	157,650	3,504,331	Alexion Pharmaceuticals	38,477	7,339,488
Swedish Match AB	48,382	1,725,674	Alkermes Plc	24,112	1,913,528
Tele2 AB-B Shs	54,376	548,559	Alleghany Corp	2,872	1,372,672
Teliasonera AB	438,218	2,198,731	Allergan Plc	72,760	22,737,500
Tethys Oil AB	28,539	194,647	Alliance Data Systems	10,846	2,998,051
Volvo AB-B Shs	265,342	2,497,435	Alliant Energy Corp	21,341	1,332,532
		69,875,691	Allstate Corp	71,681	4,450,673
Singapore			Ally Financial Inc	111,466	2,077,726
Ascendas	351,000	564,114	Alnylam Pharmaceuticals	12,353	1,162,911
Capitaland Commercial	636,300	605,509	Alphabet Inc-CI A	59,099	45,974,885
Capitaland Ltd	425,000	1,003,595	Alphabet Inc-CI C	61,858	46,949,603
Capitaland Mall Trust	1,001,100	1,361,945	Altria Group Inc	400,335	23,299,497
City Developments Ltd	75,000	404,434	Amazon.Com Inc	78,145	52,815,080
Comfortdelgro Corp Ltd	693,800	1,481,841	Amdocs Ltd	20,600	1,123,936
DBS Group Holdings Ltd	298,400	3,510,588	Amerco	1,387	539,418
Genting Singapore Plc	982,000	533,000	Ameren Corporation	42,180	1,823,020
Global Logistic Prop	576,000	868,882	American Airlines Group	30,355	1,285,534
Golden Agri-Resources	1,342,000	316,900	American Capital Age	62,056	1,076,051
Jardine Cycle & Carriage	18,888	463,995	American Electric Power	85,138	4,960,140
Keppel Corp Ltd	267,000	1,223,346	American Equity Invnt	18,500	444,555
M1 Ltd	62,000	118,437	American Express Co	177,394	12,334,205
Mapletree Greater China	158,800	102,423	American Financial Group	13,600	980,152
Mapletree Industrial	383,000	410,362			

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

Security	Unit holding	Fair Value	Security	Unit holding	Fair Value
American International	276,175	17,114,565	Broadcom Corp-Cl A	95,442	5,519,411
American National	1,500	153,255	Brocade Communications	31,200	286,416
American Tower-REIT	73,356	7,111,864	Brown-Forman Corp	20,383	2,023,624
American Water Works	29,930	1,788,318	Buckeye Partners LP	3,900	257,322
Ameriprise Financial	32,250	3,432,045	Buckle Inc	7,600	233,624
Amerisourcebergen Corp	37,143	3,850,986	Bunge Ltd	26,234	1,791,520
Ametek Inc	54,898	2,941,435	C & F Financial Corp	591	22,901
Amgen Inc	164,976	26,713,955	C.H. Robinson Worldwide	57,084	3,539,779
Amphenol Corp-Cl A	56,042	2,927,074	CA Inc	92,905	2,653,367
Anadarko Petroleum	88,403	4,294,618	Cablevision Systems	31,683	1,010,054
Analog Devices Inc	68,097	3,767,126	Cabot Microelectronics	7,500	328,350
Annaly Mortgage Mgmt	161,399	1,513,923	Cabot Oil & Gas Corp	73,621	1,302,355
Ansys Inc	15,810	1,462,267	Calpine Corp	62,637	905,731
Antero Resources Corp	37,783	822,536	Camden Property Tst	17,839	1,369,678
Anthem Inc	46,227	6,444,506	Cameron International	32,660	2,064,112
Aon Plc	47,205	4,352,773	Campbell Soup Corp	65,583	3,445,731
Apache Corp	66,810	2,970,373	Capital One Financial	94,611	6,827,130
Apple Inc	1,157,857	121,829,714	Cardinal Health Inc	68,396	6,104,343
Applied Materials Inc	216,053	4,033,710	Carmax Inc	37,006	1,997,214
Aramark	32,251	1,039,450	Carnival Corp	71,887	3,914,966
Arch Capital Group Ltd	22,862	1,594,625	Caterpillar Inc	99,729	6,775,588
Archer-Daniels-Midland	112,509	4,124,580	Cato Corp-Class A	6,700	246,560
Arrow Electronics Inc	16,863	913,637	CBRE Group Inc – A	50,544	1,746,801
Arthur J Gallagher	28,481	1,165,727	CBS Corp-Class B	81,028	3,817,229
Ashland Inc	12,516	1,283,516	CDK Global Inc	21,356	1,013,769
Assurant Inc	12,238	985,649	CDW Corp	21,213	890,946
Assured Guaranty Ltd	23,500	621,105	Celanese Corp	26,932	1,812,524
AT&T Inc	1,202,857	41,366,252	Celgene Corp	157,633	18,878,128
Autodesk Inc	39,009	2,376,038	Centene Corp	29,887	1,966,863
Autoliv Inc	18,990	2,368,433	Centerpoint Energy Inc	69,607	1,277,288
Automatic Data Process	106,291	9,004,974	Centurylink Inc	97,590	2,455,364
Autonation Inc	10,581	630,945	Cerner Corp	53,679	3,229,865
Autzone Inc	5,502	4,081,989	CF Industries Holdings	41,765	1,703,594
Avago Technologies Ltd	43,994	6,385,289	Charter Communications	13,660	2,500,053
Avalonbay Communities	21,843	4,020,204	Check Point Software	19,862	1,616,171
Avery Dennison Corp	24,479	1,533,609	Chemed Corp	9,100	1,362,452
Avnet Inc	22,369	958,064	Cheniere Energy Inc	40,424	1,502,964
Axalta Coating Systems	21,760	579,686	Chesapeake Energy Co	100,214	449,961
Axis Capital Holdings	16,646	935,838	Chevron Corp	389,911	35,064,696
B/E Aerospace Inc	16,761	710,164	Chicago Bridge & Iron	15,165	591,283
Baker Hughes Inc	77,131	3,550,340	Chico's Fas Inc	17,100	182,286
Ball Corp	22,844	1,660,987	Chipotle Mexican Grill	5,458	2,618,585
Bank Of America Corp	2,168,431	36,494,694	Chubb Corp	39,813	5,279,602
Bank Of New York Mellon	193,684	7,983,654	Chubb Ltd	69,276	8,093,515
Baxalta Inc	94,098	3,671,704	Church & Dwight Co Inc	23,315	1,978,278
Baxter International	94,098	3,587,957	Cigna Corp	45,277	6,633,081
BB&T Corp	201,434	7,614,205	Cimarex Energy Co	16,099	1,438,446
Becton Dickinson	36,845	5,677,078	Cincinnati Financial	26,033	1,539,852
Bed Bath & Beyond Inc	45,944	2,216,798	Cintas Corp	17,163	1,562,691
Bemis Company	28,600	1,277,562	Cisco Systems Inc	1,055,263	28,650,390
Berkshire Hathaway	218,081	28,775,788	CIT Group Inc	32,127	1,275,121
Best Buy Co Inc	73,504	2,237,462	Citigroup Inc	632,897	32,752,420
Biogen Inc	45,835	14,037,885	Citizens Financial Group	87,066	2,277,647
Biomarin Pharmaceuticals	27,091	2,838,053	Citrix Systems Inc	39,613	2,995,931
Bio-Techne Corp	10,200	918,000	Clorox Company	35,792	4,538,426
Blackrock Inc	21,954	7,472,263	CME Group Inc	56,037	5,075,271
Boeing Co	136,780	19,770,181	CMS Energy Corp	48,987	1,766,471
Borgwarner Inc	40,229	1,738,697	CNA Financial Corp	8,019	281,707
Boston Properties	26,686	3,403,532	Coach Inc	67,929	2,222,637
Boston Scientific Co	230,910	4,257,980	Coca-Cola Co	833,143	35,783,492
Brinker International	1,600	76,704	Coca-Cola Enterprise	41,644	2,050,967
Bristol-Myers Squibb	310,028	21,326,826	Cognizant Tech Solutions	133,780	8,026,800
Brixmor Property Group	29,317	756,965	Colgate-Palmolive Co	152,142	10,132,657

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

Security	Unit holding	Fair Value	Security	Unit holding	Fair Value
Columbia Pipeline Group	56,105	1,122,661	Ecolab Inc	46,547	5,324,046
Comcast Corp-Class A	477,202	26,923,737	Edgewell Personal Care	17,150	1,344,046
Comerica Inc	66,930	2,797,674	Edison International	55,585	3,290,076
Comm Net Lease Rty	10,000	400,500	Edwards Lifesciences	38,328	3,027,145
Computer Programs	14,058	698,542	Electronic Arts Inc	54,699	3,758,915
Conagra Foods Inc	73,561	3,100,596	Eli Lilly & Co	183,562	15,461,427
Concho Resources Inc	21,245	1,971,324	EMC Corp	423,733	10,877,226
ConocoPhillips	212,407	9,915,159	Emerson Electric Co	173,689	8,305,808
Consolidated Edison	50,463	3,242,248	Endo International Plc	37,500	2,295,000
Constellation Brands	28,854	4,109,098	Energen Corp	12,563	514,832
Contango Oil & Gas	120	766	Engrizer Holdings Inc	9,600	326,880
Continental Resource	15,246	350,353	Ennis Inc	9,500	182,780
Cooper Cos Inc	7,692	1,031,805	Ensco Plc-Cl A	40,931	629,519
Cooper Tire & Rubber	8,100	306,504	Entergy Corp	31,074	2,123,597
Copa Holdings SA	7,200	347,400	Envision Healthcare	30,463	791,124
Core Laboratories NV	7,439	807,578	EOG Resources Inc	95,201	6,738,327
Corning Inc	274,712	5,018,988	EPR Properties	6,200	362,390
Corrections Corp	25,300	670,197	EQT Corp	26,330	1,372,320
Costco Wholesale Corp	80,522	13,004,303	Equifax Inc	20,196	2,248,825
CR Bard Inc	23,209	4,394,624	Equinix Inc	9,914	2,997,894
Cracker Barrel Old Cty Store	5,900	748,002	Equity Residential	63,502	5,179,858
Crown Castle Internatl	57,419	4,963,873	Essex Ppty Trust Inc	10,812	2,589,474
Crown Holdings Inc	22,902	1,160,673	Estee Lauder Companies	41,147	3,621,759
CSG Systems Intl Inc	6,500	233,870	Everest Re Group Ltd	14,418	2,641,089
CSX Corp	169,358	4,393,147	Eversource Energy	54,932	2,804,828
Cummins Inc	51,768	4,555,584	Exelon Corp	149,321	4,146,644
CVR Energy Inc	9,800	385,434	Expedia Inc	24,830	3,086,121
CVS Health Corp	212,716	20,790,862	Expeditors Intl Wash	68,960	3,110,096
Danaher Corp	105,864	9,829,472	Express Scripts Holdings	121,687	10,633,010
Darden Restaurants Inc	21,604	1,374,879	Extra Space Storage	18,786	1,657,113
Davita Healthcare Ptrns	31,035	2,162,829	Exxon Mobil Corp	852,198	66,403,268
Deckers Outdoor Corp	3,600	169,956	F5 Networks Inc	13,892	1,346,829
Deere & Co	57,059	4,351,319	Facebook Inc-A	418,429	43,788,595
Delphi Automotive Plc	52,464	4,497,214	Factset Research Systems	3,200	520,032
Delta Air Lines Inc	50,698	2,569,375	Fastenal Co	50,799	2,072,599
Deluxe Corp	13,300	725,249	FBL Financial Group	7,815	497,190
Denbury Resources Inc	24,100	48,682	Federal Realty Invs	11,631	1,699,638
Dentsply International	27,205	1,655,424	Fedex Corp	46,618	6,941,886
Devon Energy Corp	68,243	2,183,094	Fidelity National Information	50,850	3,079,476
Dick's Sporting Goods	18,617	657,739	Fifth Third Bancorp	246,079	4,946,188
Digital Realty Trust	23,435	1,772,155	Fireeye Inc	18,046	374,094
Dillard's Inc-Cl A	3,100	203,670	First Financial Corp	5,000	168,950
Discover Financial Services	112,396	6,026,674	First Republic Bank	22,367	1,476,669
Discovery Communications	72,516	1,855,099	Firstenergy Corp	73,863	2,343,673
Dish Network Corp-A	38,292	2,189,537	Fiserv Inc	44,027	4,026,709
Dolby Laboratories Inc	6,400	215,168	Fleetcor Technologe	17,029	2,432,422
Dollar General Corp	53,892	3,871,601	Flextronics Intl Ltd	102,178	1,144,394
Dollar Tree Inc	41,879	3,233,896	Flir Systems Inc	44,945	1,261,157
Dominion Resources Inc	102,164	6,908,330	Flowers Foods Inc	47,400	1,018,626
Dover Corp	54,532	3,342,266	Flowserve Corp	39,431	1,658,468
Dow Chemical Co	244,253	12,569,259	Fluor Corp	27,639	1,305,114
DR Horton Inc	56,347	1,803,667	FMC Corp	22,111	865,203
Dr Pepper Snapple Group	35,689	3,325,501	FMC Technologies Inc	40,315	1,168,732
DTE Energy Company	30,710	2,461,714	FNF Group-W/I	40,571	1,406,597
Du Pont De Nemours	160,550	10,689,419	Foot Locker Inc	34,877	2,269,795
Duke Energy Corp	122,319	8,729,907	Ford Motor Co	642,100	9,040,768
Duke Realty Corp	55,301	1,162,427	Fortinet Inc	24,929	777,037
Dun & Bradstreet Corp	16,999	1,767,046	Fortune Brands Home Sety	26,503	1,470,917
E*Trade Financial Co	45,527	1,348,965	Franklin Resources Inc	111,469	4,103,174
Eastman Chemical Co	27,908	1,883,511	Freeport-Mcmoran Inc	182,172	1,229,661
Eaton Corp Plc	116,234	6,046,493	Frontier Communications	182,156	850,669
Eaton Vance Corp	42,010	1,362,384	Gamestop Corp-Class	29,206	818,936
Ebay Inc	258,116	7,090,447	Gannett Co Inc	13,600	221,272

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

Security	Unit holding	Fair Value	Security	Unit holding	Fair Value
Gap Inc	74,640	1,842,862	International Bancshares	17,500	449,925
Garmin Ltd	44,041	1,637,004	International Paper	103,101	3,885,877
Gartner Inc	12,387	1,123,005	Interpublic Group Cos	70,698	1,645,849
General Dynamics Corp	60,606	8,322,416	Intl Business Machines	195,099	26,837,818
General Electric Corp	1,808,450	56,297,049	Intl Flavors & Fragrances	14,100	1,686,501
General Growth Properties	99,487	2,706,046	Intuit Inc	47,244	4,559,046
General Mills Inc	140,723	8,111,274	Intuitive Surgical Inc	6,323	3,453,370
General Motors Co	250,314	8,515,682	Invesco Ltd	77,078	2,581,342
Gentex Corp	16,200	259,362	Ionis Pharmaceuticals	18,900	1,171,044
Genuine Parts Co	39,187	3,364,596	Iron Mountain Inc	30,433	821,691
Gilead Sciences Inc	313,352	31,701,822	J2 Global Inc	6,000	493,920
Global Payments Inc	21,186	1,366,709	Jack Henry & Associates	5,900	460,554
GNC Holdings Inc	6,900	213,969	Jacobs Engineering Group	22,523	944,615
Goldman Sachs Group	88,466	15,930,073	Jarden Corp	33,335	1,903,095
Goodyear Tire & Rubber	41,585	1,358,166	Jazz Pharmaceuticals	9,995	1,403,198
Google Inc-Cl C	-	-	Jetblue Airways Corp	20,200	457,530
H&R Block Inc	64,259	2,139,825	JM Smucker Co	19,450	2,397,991
Halliburton Co	146,207	4,975,424	Johnson & Johnson	572,869	58,827,918
Hanesbrands Inc	69,766	2,053,213	Johnson Controls Inc	116,903	4,615,330
Harley-Davidson Inc	39,284	1,782,315	Jones Lang Lasalle Inc	6,787	1,084,155
Harman International	11,650	1,097,430	JPMorgan Chase & Co	765,395	50,531,378
Harris Corp	21,937	1,906,106	Juniper Networks Inc	66,001	1,820,968
Hartford Financial Services	73,691	3,202,611	Kansas City Southern	19,794	1,477,424
Hasbro Inc	26,512	1,784,788	Kellogg Co	45,600	3,295,512
HCA Holdings Inc	63,604	4,300,902	Keurig Green Mountains	21,457	1,930,701
HCI Group Inc	3,500	121,975	Keycorp	300,147	3,958,939
Health Care Properties	107,396	4,107,897	Kimberly-Clark Corp	78,282	9,962,950
Healthcare Services	10,500	365,610	Kimco Realty Corp	69,668	1,843,415
Helmerich & Payne	19,049	1,020,074	Kinder Morgan Inc	314,548	4,689,911
Henry Schein Inc	14,566	2,303,322	Kla-Tencor Corp	27,137	1,881,951
Hershey Co	27,001	2,410,379	Kohls Corp	44,665	2,126,947
Hertz Global Holding	74,711	1,062,390	Kraft Heinz Co	102,512	7,456,723
Hess Corp	45,329	2,197,550	Kroger Co	166,064	6,943,136
Hewlett Packard	393,151	5,968,032	L Brands Inc	43,631	4,179,850
Hibbett Sports Inc	4,900	148,078	L-3 Communications	14,029	1,676,886
Hillenbrand Inc	8,400	248,724	Laboratory Crp Of America	16,471	2,035,651
Hilton Worldwide	80,915	1,731,581	Lam Research Corp	27,491	2,183,060
Hollyfrontier Corp	32,639	1,301,643	Lannett Co Inc	11,500	461,265
Hologic Inc	42,758	1,654,307	Las Vegas Sands Corp	69,935	3,064,552
Home Depot Inc	252,206	33,351,721	Lazard Ltd-Cl A	16,400	737,508
Honeywell International	154,718	16,017,955	Lear Corp	17,091	2,099,288
Hongkong Land Holdings	98,500	689,500	Legg Mason Inc	17,444	684,328
Horace Mann Educators	16,600	550,456	Leggett & Platt Inc	42,501	1,785,042
Hormel Foods Corp	28,311	2,238,268	Lennar Corp-A	28,212	1,379,567
Host Hotels & Resorts	130,551	2,002,652	Leucadia National Co	55,690	967,335
HP Inc	393,151	4,650,976	Level 3 Communications	50,255	2,730,857
Hubbell Inc	10,400	1,051,128	Liberty Global Plc-A	43,336	1,835,713
Humana Inc	27,097	4,834,918	Liberty Global Plc-S	109,459	4,461,549
Hunt (JB) Transport	15,582	1,142,784	Liberty Interactive	76,790	2,097,135
Huntington Bancshare	134,375	1,482,156	Liberty Media Corp	49,518	1,903,202
Huntington Ingalls Inc	6,200	785,974	Liberty Ppty Tst	24,587	763,426
Hutchison Port Holdings	960,000	508,800	Lincoln Electric Holdings	11,600	601,924
IHS Inc-Class A	17,658	2,089,118	Lincoln National Corp	66,118	3,322,430
II-VI Inc	8,900	165,006	Linear Technology Co	65,846	2,796,480
Illinois Tool Works	80,404	7,448,627	Linkedin Corp - A	19,937	4,487,420
Illumina Inc	24,577	4,716,818	LKQ Corp	52,440	1,553,797
IMS Health Holdings	27,871	709,317	Lockheed Martin Corp	58,755	12,756,298
Incyte Corp	27,296	2,959,978	Loews Corp	54,580	2,095,872
Ingersoll-Rand Plc	45,527	2,517,188	Lowe's Cos Inc	178,899	13,599,902
Ingredion Inc	13,800	1,322,592	LTC Properties Inc	9,000	388,260
Innospec Inc	4,900	265,923	Lululemon Athletica	18,558	973,738
Intel Corp	978,693	33,706,187	Lyondellbasell Industries	94,058	8,171,759
Intercontinental Exchange	19,581	5,015,869	M & T Bank Corp	24,260	2,941,282

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

Security	Unit holding	Fair Value	Security	Unit holding	Fair Value
Macerich Co	23,801	1,920,503	Newmont Mining Corp	117,241	2,106,821
Macy's Inc	58,626	2,050,737	News Corp - Class A	57,949	774,199
Magellan Midstream	5,700	387,201	Nextera Energy Inc	81,568	8,470,837
Mallinckrodt Plc	20,139	1,502,974	Nielsen Holdings Plc	59,657	2,780,016
Manpowergroup Inc	12,845	1,082,705	Nike Inc -Cl B	258,322	16,147,708
Marathon Oil Corp	203,669	2,562,156	Noble Energy Inc	72,557	2,388,576
Marathon Petroleum	138,542	7,180,632	Nordstrom Inc	23,508	1,170,698
Markel Corp	1,921	1,695,571	Norfolk Southern Corp	54,595	4,616,007
Marketaxess Holdings	2,300	256,565	Northern Trust Corp	39,412	2,841,211
Marriott International	40,178	2,693,533	Northrop Grumman Corp	36,272	6,848,516
Marsh & McLennan Cos	92,916	5,152,192	Norwegian Cruise Lines	27,140	1,589,861
Martin Marietta Mate	10,247	1,399,433	NRG Energy Inc	58,231	684,214
Marvell Technology	74,973	660,512	Nuance Communication	41,366	821,942
Masco Corp	63,398	1,794,163	Nucor Corp	55,557	2,237,836
Mastercard Inc	188,442	18,358,020	Nvidia Corp	98,335	3,241,122
Mattel Inc	75,754	2,058,236	NXP Semiconductors	27,084	2,281,285
Maxim Integrated Prod.	66,600	2,530,800	Oasis Petroleum Inc	18,000	132,480
MBIA Inc	15,500	100,440	Occidental Petroleum	170,518	11,528,722
McCormick & Co	19,426	1,661,506	Oceaneering Intl Inc	32,260	1,209,750
McDonald's Corp	193,521	22,862,571	OGE Energy Corp	34,422	904,266
McGraw Hill Financial	46,102	4,544,274	Omnicom Group	61,621	4,659,780
McKesson Corp	40,668	8,020,950	Oneok Inc	35,095	864,741
Mead Johnson Nutrition	34,903	2,754,894	Oracle Corp	723,168	26,410,095
Medivation Inc	26,056	1,259,286	O'Reilly Automotive	17,385	4,405,707
Mednax Inc	40,513	2,901,541	Outerwall Inc	2,700	98,658
Medtronic Plc	262,798	20,206,538	P G & E Corp	81,760	4,347,179
Melco Crown Entertainment	10,441	175,304	Paccar Inc	60,726	2,877,805
Merck & Co. Inc.	597,322	31,544,575	Packaging Corp Of America	16,518	1,041,295
Meredith Corp	6,200	268,150	Palo Alto Networks	11,408	2,007,694
Meridian Bioscience	33,900	695,289	Parker Hannifin Corp	39,752	3,855,149
Metlife Inc	165,777	7,987,136	Partnerre Ltd	8,345	1,166,130
Mettler-Toledo	4,622	1,566,026	Patterson Cos Inc	13,520	610,969
MGM Resorts International	75,593	1,717,473	Paychex Inc	80,182	4,238,421
Michael Kors Holdings	49,444	1,980,232	Paypal Holdings Inc	226,016	8,181,779
Microchip Technology	55,798	2,597,397	Pentair Plc	31,666	1,568,417
Micron Technology In	186,069	2,634,737	People's United Finance	49,639	801,173
Microsoft Corp	1,549,060	85,895,377	Pepco Holdings Inc	45,077	1,172,002
Mobileye NV	14,500	613,350	Pepsico Inc	309,662	30,929,041
Mohawk Industries	10,807	2,046,089	Perrigo Co Plc	25,465	3,682,239
Molina Healthcare	14,900	896,086	Pfizer Inc	1,289,846	41,623,330
Molson Coors Brewing	27,297	2,563,734	Philip Morris International	313,557	27,558,525
Mondelez International	292,981	13,137,268	Phillips 66	95,127	7,780,437
Monsanto Co	100,222	9,873,871	Pinnacle West Capital	20,090	1,295,001
Monster Beverage Corp	25,130	3,743,114	Pioneer Natural Resources	25,123	3,149,419
Moody's Corp	33,164	3,327,012	Plains Gp Holdings Ltd	43,327	409,440
Morgan Stanley	309,347	9,837,235	Plum Creek Timber	28,476	1,358,305
Mosaic Co	70,122	1,934,666	PNC Financial Services	122,420	11,667,850
Motorola Solutions	32,626	2,233,576	Polaris Industries	17,116	1,470,778
MSC Industrial	4,700	264,469	PPG Industries Inc	46,788	4,622,654
Murphy Oil Corp	48,433	1,087,321	PPL Corp	112,906	3,851,224
Mylan NV	70,926	3,833,550	Praxair Inc	49,766	5,094,545
Nasdaq Inc	20,644	1,200,861	Precision Castparts	24,790	5,752,767
National Oilwell Varco	90,836	3,042,098	Priceline Group Inc	10,536	13,429,291
National Western Life	100	25,194	Principal Financial	85,551	3,847,228
Natl Health Investment	6,400	389,568	Procter & Gamble Co	551,219	43,761,276
Navient Corp	74,704	854,614	Progressive Corp	100,127	3,183,037
Navigant Consulting	11,200	179,760	Prologis Inc	88,869	3,814,257
Netapp Inc	81,607	2,165,034	Prudential Financial	79,977	6,508,528
Netflix Inc	74,230	8,490,427	Public Service Enterprise	100,786	3,897,395
Netsuite Inc	5,506	465,918	Public Storage Inc	25,583	6,337,165
Neustar Inc-Class A	7,200	172,512	Pultgroup Inc	60,738	1,081,744
New York Cty Bancorp	82,284	1,342,052	PVH Corp	13,693	1,008,353
Newell Rubbermaid	48,929	2,155,812	QEP Resources Inc	31,100	416,740

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

Security	Unit holding	Fair Value	Security	Unit holding	Fair Value
Qlogic Corp	12,300	150,060	Staples Inc	114,779	1,085,809
Qorvo Inc	25,381	1,291,893	Starbucks Corp	280,976	16,864,180
Qualcomm Inc	353,266	17,656,235	Starwood Hotels & Resorts	32,119	2,224,241
Quality Systems Inc	57,600	928,512	State Street Corp	72,021	4,780,034
Quanta Services Inc	34,483	698,281	Stericycle Inc	14,629	1,763,819
Quest Diagnostics In	38,075	2,706,752	Stryker Corp	81,246	7,549,378
Quintiles Transnational	13,071	897,455	Suntrust Banks Inc	92,670	3,969,056
Ralph Lauren Corp	15,067	1,678,916	Symantec Corp	166,450	3,495,450
Range Resources Corp	30,157	742,164	Synchrony Financial	152,081	4,621,742
Raymond James Financial	23,674	1,372,382	Synopsys Inc	27,799	1,267,912
Raytheon Company	68,432	8,518,415	Syntel Inc	15,325	693,150
Realty Income Corp	36,613	1,890,329	Sysco Corp	136,613	5,598,401
Realogy Holdings Corp	25,333	928,708	T Rowe Price Group Inc	63,291	4,524,674
Red Hat Inc	32,923	2,725,695	Tableau Software Inc	8,562	806,626
Regency Centres Corp	16,772	1,142,676	Target Corp	108,129	7,849,084
Regeneron Pharmaceuticals	14,744	8,001,569	Taro Pharmaceuticals	3,751	579,417
Regions Financial Co	239,253	2,294,436	TD Ameritrade Holdings	62,452	2,167,709
Renaissancere Holdings	14,323	1,621,364	TE Connectivity Ltd	71,055	4,590,864
Republic Services Inc	48,424	2,130,172	Tegna Inc	45,361	1,157,613
Resmed Inc	47,038	2,525,000	Teletch Holdings Inc	3,900	108,849
Rex American Resources	6,200	335,110	Teradata Corp	47,358	1,250,251
Reynolds American Inc	159,388	7,352,568	Teradyne Inc	8,300	171,561
Rite Aid Corp	162,463	1,272,085	Terra Nitrogen Company	1,400	142,212
Robert Half Intl Inc	24,042	1,132,619	Tesla Motors Inc	16,277	3,906,480
Rockwell Automation	37,022	3,798,457	Tesoro Corp	22,184	2,337,528
Rockwell Collins Inc	21,110	1,947,820	Teva Pharmaceutical	12,200	800,564
Roper Technologies Inc	25,089	4,758,882	Texas Instruments Inc	222,624	12,202,021
Ross Stores Inc	91,852	4,942,556	Textron Inc	48,917	2,054,514
Royal Caribbean Cruises	28,969	2,931,952	Thermo Fisher Scientific	68,283	9,685,261
Sabre Corp	24,881	695,673	Thor Industries Inc	5,900	331,344
Safeway Casa Ley	20,400	80,580	Tiffany & Co	21,078	1,608,041
Safeway PDC Llc	20,400	74,460	Time Warner Cable	48,744	9,034,213
Salesforce.Com Inc	113,141	8,866,860	Time Warner Inc	153,802	9,943,299
Sandisk Corp	37,539	2,852,213	TJX Companies Inc	140,281	9,944,520
SBA Communications	23,100	2,427,117	T-Mobile Us Inc	49,478	1,935,085
Scana Corp	26,035	1,574,336	Toll Brothers Inc	26,467	881,616
Schlumberger Ltd	274,526	19,139,953	Torchmark Corp	38,317	2,190,200
Schwab (Charles) Corp	202,213	6,656,852	Toro Co	10,700	781,849
Schweitzer-Mauduit	9,700	406,818	Total System Service	43,656	2,173,632
Scripps Networks Int	28,782	1,588,766	Towers Watson & Co-C	11,673	1,499,514
Seagate Technology	74,806	2,741,640	Tractor Supply Company	25,390	2,170,591
Sealed Air Corp	33,531	1,495,483	Transdigm Group Inc	8,679	1,980,201
SEI Investments Comp	24,893	1,304,393	Transocean Partners	22,200	196,248
Sempra Energy	40,695	3,825,330	Travelers Cos Inc	55,859	6,303,130
Sensata Technologies	27,297	1,257,300	Trimble Navigation Ltd	41,398	887,987
Servicenow Inc	24,770	2,144,091	Tripadvisor Inc	21,243	1,810,753
Sherwin-Williams Co	13,695	3,555,359	Tupperware Brands Co	7,300	406,318
Signature Bank	8,154	1,249,682	Twenty-First Century Fox	362,098	9,839,871
Signet Jewelers Ltd	12,426	1,535,854	Twitter Inc	99,997	2,312,931
Simon Property Group	55,580	10,804,196	Tyco International	71,813	2,288,680
Sirius XM Holdings	434,087	1,771,075	Tyson Foods Inc-CI A	51,290	2,734,783
Skyworks Solutions	32,108	2,465,894	UDR Inc	46,786	1,757,750
SL Green Realty Corp	16,340	1,845,603	UGI Corp	16,700	563,792
Snap-On Inc	9,353	1,602,824	Ulta Salon Cosmetics	10,726	1,984,310
Sonoco Products Co	14,100	576,267	Under Armour Inc-Cla	30,132	2,428,639
Southern Co	157,836	7,381,990	Union Pacific Corp	180,041	14,075,605
Southwest Airlines Co	39,265	1,690,751	United Continental Hlgs	19,052	1,091,680
Southwestern Energy	61,664	438,431	United Parcel Service	142,568	13,715,042
Spectra Energy Corp	118,216	2,827,727	United Rentals Inc	15,968	1,158,319
Splunk Inc	20,838	1,225,274	United Technologies	175,732	16,875,544
Sprint Corp	149,642	541,704	United Therapeutics	13,746	2,151,524
St Jude Medical Inc	87,869	5,425,911	Unitedhealth Group	205,352	24,157,609
Stanley Black & Decker	27,744	2,960,285	Universal Health Services	23,838	2,848,164

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

Security	Unit holding	Fair Value	Security	Unit holding	Fair Value
Universal Insurance	9,000	208,350	Zoetis Inc	84,341	4,040,779
Unum Group	47,704	1,588,066			3,784,991,393
Urban Outfitters Inc	12,500	284,250			6,424,162,398
Urstadt Biddle CI A	6,800	130,764			
US Bancorp	364,285	15,536,755			
Usana Health Science	9,800	1,251,950			
Valero Energy Corp	125,063	8,843,205			
Validus Holdings Ltd	9,300	430,497			
Vantiv Inc - CI A	19,593	928,904			
Varian Medical Systems	35,426	2,862,421			
Ventas Inc	77,518	4,374,341			
Vereit Inc	148,093	1,172,897			
Verisign Inc	18,863	1,647,494			
Verisk Analytics Inc	27,488	2,112,453			
Verizon Communications	830,066	38,371,160			
Vertex Pharmaceuticals	42,134	5,301,721			
VF Corp	60,484	3,763,919			
Viacom Inc-Class B	80,371	3,308,070			
Visa Inc-Class A Shares	381,084	29,553,064			
VMware Inc-Class A	23,881	1,350,471			
Vornado Realty Trust	28,966	2,895,152			
Voya Financial Inc	39,128	1,444,214			
Vulcan Materials Co	21,789	2,069,301			
Wabco Holdings Inc	8,430	861,715			
Wabtec Corp	23,699	1,684,999			
Waddell & Reed Financial	18,000	515,880			
Walgreens Boots	159,828	13,609,354			
Wal-Mart Stores Inc	336,280	20,613,964			
Walt Disney Co	313,364	32,922,022			
Waste Management Inc	78,493	4,187,602			
Waters Corp	27,709	3,729,908			
Weatherford International	132,573	1,112,287			
WEC Energy Group Inc	54,294	2,784,739			
Wells Fargo & Co	995,392	54,079,647			
Welltower Inc	60,973	4,146,774			
Western Digital Corp	51,457	3,089,993			
Western Refining Inc	13,600	484,296			
Western Union Co	141,541	2,534,999			
Westlake Chemical Co	20,522	1,114,139			
Westrock Co	50,414	2,299,887			
Weyerhaeuser Co	91,006	2,727,450			
Whirlpool Corp	13,759	2,020,372			
Whitewave Foods Co	29,773	1,158,170			
Whiting Petroleum Co	37,636	354,907			
Whole Foods Market I	59,711	2,000,319			
Wiley (John) & Sons	10,400	468,520			
Williams Cos Inc	123,853	3,180,545			
Willis Group Holdings	29,264	1,421,352			
Workday Inc-Class A	17,544	1,397,906			
World Acceptance Corp	1,600	59,328			
WR Berkley Corp	17,273	945,869			
WW Grainger Inc	14,262	2,889,339			
Wyndham Worldwide	22,190	1,611,882			
Wynn Resorts Ltd	14,468	1,001,041			
Xcel Energy Inc	87,128	3,127,895			
Xerox Corp	177,771	1,887,928			
Xilinx Inc	65,167	3,060,894			
XL Group Plc	45,704	1,790,683			
Xylem Inc	33,781	1,233,344			
Yahoo! Inc	154,533	5,138,222			
Yum! Brands Inc	99,345	7,255,165			
Zillow Group Inc - C	15,786	370,655			
Zimmer Biomet Holdings	29,730	3,049,406			

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

(c) Derivatives

Security	Unit holding	Fair Value	Security	Unit holding	Fair Value
Buy AUD:Sell USD 04/01/16	1,063,790	773,888	Sell AUD:Buy EUR 06/01/16	- 341,453	- 248,377
Buy AUD:Sell USD 05/01/16	1,674,310	1,217,972	Sell AUD:Buy HKD 29/01/16	-2,700,000	-1,961,741
Buy CAD:Sell EUR 06/01/16	5,302,338	3,817,118	Sell AUD:Buy USD 29/01/16	-19,579,000	-14,225,535
Buy CAD:Sell USD 29/01/16	11,909,000	8,573,719	Sell CAD:Buy USD 06/01/16	-7,449,246	-5,362,662
Buy CHF:Sell USD 29/01/16	444,000	444,085	Sell CAD:Buy USD 29/01/16	-2,633,000	-1,895,592
Buy EUR:Sell AUD 06/01/16	228,147	247,861	Sell CHF:Buy EUR 06/01/16	- 328,769	- 328,491
Buy EUR:Sell CHF 06/01/16	303,982	330,248	Sell DKK:Buy USD 29/01/16	-32,312,000	-4,707,118
Buy EUR:Sell HKD 06/01/16	1,290,883	1,402,426	Sell EUR:Buy CAD 06/01/16	-3,495,820	-3,797,886
Buy EUR:Sell JPY 06/01/16	1,976,899	2,147,718	Sell EUR:Buy HKD 29/01/16	-3,785,000	-4,114,469
Buy EUR:Sell NZD 06/01/16	152,113	165,257	Sell EUR:Buy SEK 07/01/16	- 608,912	- 661,543
Buy EUR:Sell SGD 06/01/16	76,036	82,606	Sell EUR:Buy USD 04/01/16	- 884,125	- 960,472
Buy EUR:Sell USD 04/01/16	107,568	116,857	Sell EUR:Buy USD 29/01/16	-4,511,000	-4,903,664
Buy EUR:Sell USD 05/01/16	46,162	50,150	Sell GBP:Buy USD 04/01/16	-19,554	- 28,821
Buy EUR:Sell USD 06/01/16	19,766	21,474	Sell GBP:Buy USD 05/01/16	-8,595	- 12,668
Buy EUR:Sell USD 29/01/16	6,282,000	6,828,822	Sell GBP:Buy USD 13/01/16	-6,054,900	-8,924,613
Buy GBP:Sell USD 04/01/16	5,386,756	7,939,592	Sell GBP:Buy USD 29/01/16	-5,392,000	-7,947,907
Buy GBP:Sell USD 05/01/16	41	60	Sell HKD:Buy EUR 06/01/16	-10,936,706	-1,411,208
Buy GBP:Sell USD 29/01/16	6,740,000	9,934,884	Sell HKD:Buy JPY 29/01/16	-33,057,028	-4,266,498
Buy HKD:Sell AUD 29/01/16	15,134,815	1,953,372	Sell JPY:Buy EUR 06/01/16	-260,194,490	-2,163,201
Buy HKD:Sell EUR 29/01/16	32,051,618	4,136,735	Sell JPY:Buy USD 13/01/16	-698,475,000	-5,807,930
Buy JPY:Sell HKD 29/01/16	515,000,000	4,283,758	Sell JPY:Buy USD 29/01/16	-156,000,000	-1,297,604
Buy JPY:Sell USD 04/01/16	6,351,544	52,803	Sell NZD:Buy EUR 06/01/16	- 242,765	- 166,156
Buy JPY:Sell USD 13/01/16	278,040,000	2,311,946	Sell SEK:Buy USD 29/01/16	- 100,000	- 11,871
Buy JPY:Sell USD 29/01/16	1,399,204,000	11,638,546	Sell SGD:Buy EUR 06/01/16	- 117,497	- 82,810
Buy NOK:Sell USD 29/01/16	9,231,000	1,042,594	Sell USD:Buy AUD 04/01/16	- 773,982	- 773,982
Buy NZD:Sell USD 29/01/16	860,000	587,646	Sell USD:Buy AUD 05/01/16	-1,220,381	-1,220,381
Buy SEK:Sell EUR 07/01/16	5,595,457	663,801	Sell USD:Buy CAD 29/01/16	-8,595,183	-8,595,183
Buy SEK:Sell USD 29/01/16	22,758,000	2,701,656	Sell USD:Buy CHF 29/01/16	- 447,495	- 447,495
Buy SGD:Sell USD 29/01/16	2,207,000	1,554,221	Sell USD:Buy EUR 04/01/16	- 117,420	- 117,420
Buy USD:Sell AUD 29/01/16	14,041,270	14,041,270	Sell USD:Buy EUR 05/01/16	-50,383	- 50,383
Buy USD:Sell CAD 06/01/16	5,384,352	5,384,352	Sell USD:Buy EUR 06/01/16	-21,516	- 21,516
Buy USD:Sell CAD 29/01/16	1,888,639	1,888,639	Sell USD:Buy EUR 29/01/16	-6,828,125	-6,828,125
Buy USD:Sell DKK 29/01/16	4,706,065	4,706,065	Sell USD:Buy GBP 04/01/16	-7,988,882	-7,988,882
Buy USD:Sell EUR 04/01/16	964,881	964,881	Sell USD:Buy GBP 05/01/16	- 60	- 60
Buy USD:Sell EUR 29/01/16	4,953,335	4,953,335	Sell USD:Buy GBP 29/01/16	-10,009,270	-10,009,270
Buy USD:Sell GBP 04/01/16	29,010	29,010	Sell USD:Buy JPY 04/01/16	-52,703	- 52,703
Buy USD:Sell GBP 05/01/16	12,737	12,737	Sell USD:Buy JPY 13/01/16	-2,311,358	-2,311,358
Buy USD:Sell GBP 13/01/16	9,248,587	9,248,587	Sell USD:Buy JPY 29/01/16	-11,565,342	-11,565,342
Buy USD:Sell GBP 29/01/16	7,997,065	7,997,065	Sell USD:Buy NOK 29/01/16	-1,052,932	-1,052,932
Buy USD:Sell JPY 13/01/16	5,809,229	5,809,229	Sell USD:Buy NZD 29/01/16	- 581,665	- 581,665
Buy USD:Sell JPY 29/01/16	1,297,391	1,297,391	Sell USD:Buy SEK 29/01/16	-2,667,393	-2,667,393
Buy USD:Sell SEK 29/01/16	11,721	11,721	Sell USD:Buy SGD 29/01/16	-1,561,814	-1,561,814
			Total derivative s		\$231,356

**Statement on Accounting Policies of the Petroleum
Fund for the Fiscal Year 2015**



REPÚBLICA DEMOCRÁTICA DE TIMOR LESTE
MINISTERIO DAS FINANÇAS
Direcção Geral do Tesouro



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

No: 95/VI/2016/DGT – MF

9 June 2016

Subject: Statement on Accounting Policies of the Petroleum Fund for the Fiscal Year 2015

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

“ In accordance with Article 21 of the Petroleum Fund Law, the Financial Statements of the Petroleum Fund for the Fiscal Year ended 31 December 2015 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 31 December 2015. Previously adopted accounting standards have continued to be applied”.

Best Regards,

Agostinho Castro

Director General of Treasury



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

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

(As per Article 24.1 (e) of the Petroleum Fund Law No. 9/2005, of 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 2015	FY 2014	FY 2013	FY 2012
(US\$ 21,411,640)	US\$ 501,553,586	US\$ 864,914,691	US\$ 400,806,860

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

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

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

Petroleum Fund's nominal and real return

Return	2015	2014
Nominal return	- 0.06%	3.30%
Inflation ¹	0.73%	0.76%
Real return	- 0.78%	2.51%

The Petroleum Fund's nominal return for 2015 was – 0.06%. The real return of the Fund for the year was – 0.78%, after adjusting for the US inflation of 0.73%.

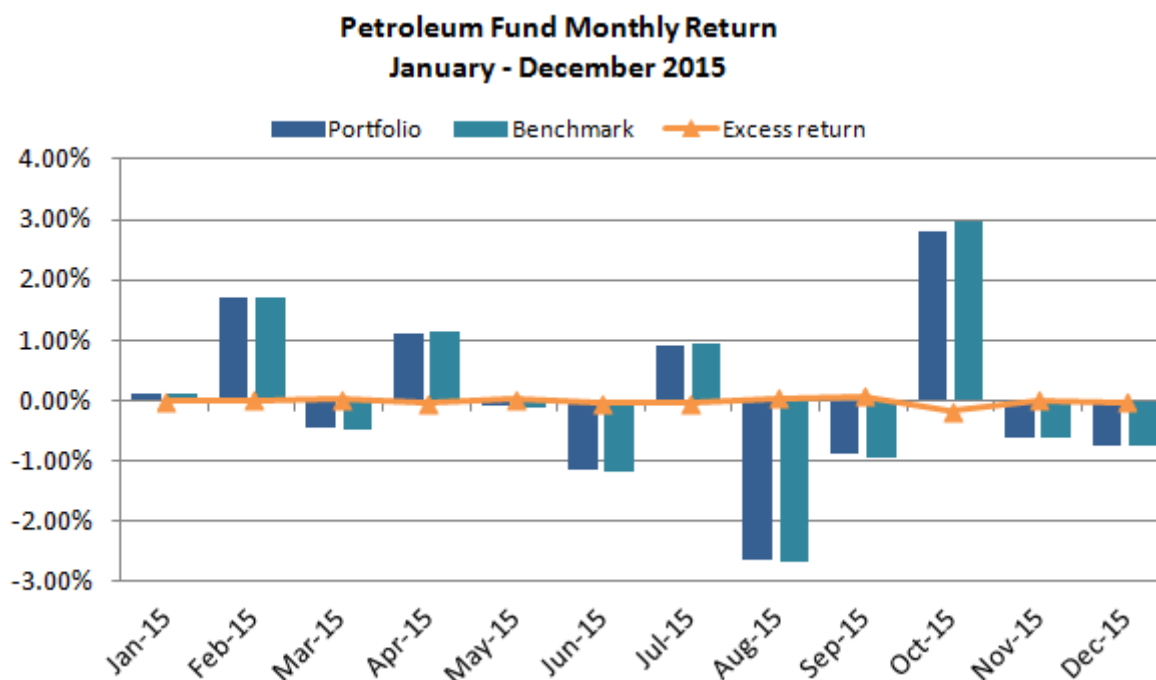
¹ US CPI was used in portfolio real return calculation. Source: US Department of Labor – Bureau of Labor Statistics (www.bls.gov)

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

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

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

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



**Petroleum Fund Monthly Return
January - December 2015**

Period	Portfolio	Benchmark	Excess return
January 2015	0.12%	0.13%	-0.01%
February 2015	1.71%	1.70%	0.01%
March 2015	-0.45%	-0.47%	0.02%
April 2015	1.10%	1.15%	-0.05%
May 2015	-0.08%	-0.11%	0.03%
June 2015	-1.15%	-1.18%	-0.03%
July 2015	0.91%	0.94%	-0.03%
August 2015	-2.63%	-2.67%	0.04%
September 2015	-0.88%	-0.95%	0.07%
October 2015	2.79%	2.96%	-0.18%
November 2015	-0.62%	-0.63%	0.01%
December 2015	-0.76%	-0.74%	-0.02%

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

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

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

The total withdrawal from the Petroleum Fund for the Financial Year 2015 has been US\$ 1,279 million, which was US\$ 640 million more than the Estimated Sustainable Income amount of US\$ 639 million projected for the year.

Please Refer to Statement of changes in capital and note 7 of the Financial Statements for Further details.

Statement on Borrowing



REPÚBLICA DEMOCRÁTICA DE TIMOR LESTE
MINISTERIO DAS FINANÇAS
Direcção Geral do Tesouro



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

No: 96/VI/2016/DGT – MF

9 June 2016

Subject: Statement of Borrowings by Government of Timor Leste during Fiscal Year 2015

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 JICA, the World Bank and Asian Development Bank, engage all of Timor Leste's assets for payment of interest and repayment of principal, such sovereign loans do not have any specific collateral requirements that encumber the Petroleum Fund, under their terms and conditions.

In addition to the loans negotiated in previous years totaling US\$ 193 million (based on the exchange rate on the date of loan agreements were signed) new loans totaling US\$62 million were negotiated during fiscal year ended 31st December 2015. Total loans negotiated in prior years and the loans negotiated in the current year at exchange rate ruling at 31 December 2015 amounted to approximately US\$234 million. This also includes Special Drawing Rights (SDRs) and Yen denominated liabilities which can vary according to the exchange rates.

Best Regards



Agostinho Castro

Director General – Treasury

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

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

(As per Article 24.1 (j) of the Petroleum Fund Law No. 9/2005, of 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 (from 16 February 2015)
- (ii) The Director General of Treasury
Mr. Agostinho Castro
- (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
Mr. Torres Trovik	Member of the IAB
Mr. Gualdino da Silva	Member of the IAB
Mr. Francisco Monteiro	Member of the IAB (resigned 21 April 2015)
Mr. Abraão Fernandes de Vasconcelos (Alternate Mr. Venancio Alves Maria)	Governor of the Central Bank of Timor-Leste
Mr. Agostinho Castro (Alternate Mr. Basilio R.D. Soares)	Director General of Treasury

- (iv) Operational Manager
 - Banco Central de Timor-Leste (BCTL) - 12 October 2005.
- (v) The External Investment Managers
 - Bank of International Settlements (BIS) – 3 June 2009
 - Schroder Investment Management (Schroders) – 08 October 2010
 - State Street Global Advisor (SSgA) – 14 September 2011 (implementation commenced in January 2012)
 - BlackRock - April 2012 (implementation commenced in February 2013)
 - Russell Investment Management – August 2013
 - Alliance Bernstein – July 2014
 - Wellington Management - December 2014
- (vi) Custodian
 - J P Morgan Chase Bank N.A.

(vii) The External Investment Consultant

- Towers Watson Investment Service – 2009

(viii) Independent Auditor

- Deloitte Touche Tohmatsu

(ix) The Governor of the Central Bank
Mr. Abraão Fernandes de Vasconcelos
Governor of the Central Bank of Timor-Leste

(x) The Petroleum Fund Consultative Council (PFCC) was formally constituted on 6 November 2006. For the Financial Year 2015 the 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. Texeira	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

**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 28 September, Petroleum Fund Law, the total transfer amount from 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 4 of Law No.6/2014, of the 30th December on the General State Budget for 2015, the transfer amount from the Petroleum Fund to the General State Budget for 2015 is not to exceed US\$ 1,327.5 million.

The total transfer amount from the Petroleum Fund to the Consolidated Fund of Timor-Leste for 2015 was US\$ 1,279 million.

The total transfer amount from the Petroleum Fund for 2015 was in compliance with Article 7.2 of the Petroleum Fund Law No.9/2005 as amended by Law No.12/2011.

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

Compilation Report to the Ministry of Finance, Democratic Republic of Timor-Leste in respect of the Statement of Petroleum Fund Receipts for the year ended 31 December 2015

We have compiled the accompanying list of payment amount made to the Petroleum Fund for each Payer (Petroleum Fund Receipts) for the year ended 31 December 2015, based on the information provided by the Petroleum Fund operational managers (“management”).

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

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

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

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

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



DELOITTE TOUCHE TOHMATSU

Chartered Accountants
Dili,
13 April 2016

**STATEMENT OF PETROLEUM FUND RECEIPTS
FOR THE YEAR 1 JANUARY TO 31 DECEMBER 2015**

Payee	Receipt (US\$)
Article 6.1(a) Receipts *	
Neptune Asset Integrity Services Pty Ltd	1,032,465
Air Energy Group	224,603
Amec Engineering P/L	271,416
Amec Engineering P/L & Clough Engineering Integ. Solutions Services Pty Ltd	5,988,618
Northern Marine Australia P/L	168,943
Australia Inter. Petro Consultants	6,109
B2B Engineering P/L	50,888
Baker Hughes Australia P/L	45,973
Bluwater (Dili) Unipessoal Lda	103,242
Bluewater Services International P/L	1,215,225
Bond Helicopters Australia P/L	11,881
Brunel Energy Pty Ltd	124,556
Caltech Unipessoal Lda	620,124
Cameron Services Inter. P/L	723,346
Cape East Philippines Inc	1,384,292
CGG Services (Singapore) P/L	219,238
Llyod Offshore Helicopters P/L	754,782
Code Engineering Services P/L	1,746,680
Conocophillips (Timor Sea) Pty Ltd	31,385,783
Conocophillips (Emet) Pty Ltd	4,833,278
Conocophillips (03-12) Pty Ltd	137,696,369
Conocophillips (03-13) Pty Ltd	23,123,094
Conocophillips JPDA Pty Ltd	59,982,367
Conocophillips Timor Leste	280,829
ENI JPDA 03-13 Limited	24,653,109
ENI JPDA 06-105 PTY LTD	23,704,673
ENI JPDA 11-106 P/L	99
ENI Timor - Leste S.P.A (PSC area 1)	2,322
ENI Timor - Leste S.P.A (PSC area 4)	43,674
Eurest Servicos de Suporte (Timor Leste) SA	511,163
Farstad Shipping (Indian Pacific) P/L	988,443
FMC Technology Australia Limited	272,832
Franks Oilfield Services Australia P/L (FOSA)	7,200
Furmanite Australia P/L	14,399
GAP -MHS Aviation TL Lda	130,379
Halliburton Australia P/L	1,046,227
Inpex Sahul Ltd	69,260,484
Inpex Timor Sea Ltd	6,589

**STATEMENT OF PETROLEUM FUND RECEIPTS
FOR THE YEAR 1 JANUARY TO 31 DECEMBER 2015**

Payee	Receipt (US\$)
Article 6.1(a) receipts (continued)	
Interstate Enterprises P/L	377,391
Japan Energy E P JPDA Pty Ltd	11,461
Konnekto Unipessoal Lda	41,792
Link Project Services P/L	53,659
Millennium Offshore Services Ltd	2,053,696
Oilex (JPDA 06-103) Ltd	14,443
Peoplebank Australia P/L	1,106
Prosafe Personnel P/L	2,905
Riverwijs Offshore Marine P/L	60,959
Santos JPDA (91-12) Pty Ltd	23,018,792
Schlembert Australia P/L	3,528,233
Sedco Forex Inter. Inc	5,503,032
SGS Australia P/L	284,824
Solar Turbines International Co	34,083
Subsea 7 Australia Contracting	907,250
Subsea 7 Itech Australia P/L	99,167
Svitzer Asia P/L	221,358
TCA Partners P/L	18,892
Tiderwater Marine Australia P/L	136,811
Tokyo Timor Sea Resource Pty Ltd	31,723,580
Weatherford Australia P/L	16,562
Woodside Petroleum (Timor Sea 19) Pty Ltd	25,861
Worley Persons Services P/L	44,140
Unallocated	2,325
Total Article 6.1(a) receipts* **	460,818,016
Article 6.1(b) Receipts	
Autoridade Nacional do Petróleo de Timor-Leste	537,099,007
Total Article 6.1(b) receipts **	537,099,007

** Note that the above list is based on the records of the Banco Central de Timor-Leste and the National Directorate of Petroleum Revenue (NDPR). Where variances exist, the records of the NDPR prevail.*

**STATEMENT OF PETROLEUM FUND RECEIPTS
FOR THE YEAR 1 JANUARY TO 31 DECEMBER 2015**

Payee	Receipt (US\$)
Article 6.1(e) Receipts	
Other Receipts	5,896,944
Total Article 6.1(e) receipts**	5,896,944
Refunds of Taxation	
Refunds paid during the year	(24,947,282)
Total taxation refunds	(24,947,282)
2015 Summary	
Total Petroleum Fund Receipts	1,003,813,967
Total Refunds	(24,947,282)
Net Receipts for the year	978,866,685

** Note that there were immaterial classification variances between the Petroleum Fund Quarter 4 report and the ANP/NDPMR records due to availability of information at the time of preparation of the Q4 report. These are correctly disclosed in the 2015 Financial Statements.

Capital Receipts	Q4 report '000s	ANP/NDPMR '000s	Variance '000s
Article 6.1 (a) receipts	450,032	435,872	14,160
Article 6.1 (b) receipts	528,835	537,099	(8,264)
Article 6.1 (e) receipts	-	5,897	(5,897)
Totals	978,867	978,868	(1)

Advice Provided by the Investment Advisory Board

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 January 2015

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

Subject: Advice on New In-House Passive Equity Mandate

The Board discussed with you during the IAB workshop held in October 2013, the prospect of having the BCTL expand its internal operations by passively managing an equity index mandate.

As you are aware from the IAB workshop held in March 2014, the BCTL has progressed on this project. An integrated trading system has been selected and is in the process of being set up.

At the IAB meeting on 5 March 2014, the BCTL briefed the Board on alternative benchmark indexes for the mandate to be managed in-house. An Australian index was preferred given the common time zone with Timor-Leste and the market's relative breadth compared to Asian indices.

The Board agreed on passively managing to the MSCI Australia index unhedged.

In accordance with Article 16.1(a) of the Petroleum Fund Law, the IAB advises Your Excellency to approve the adoption of the MSCI Australia Index (unhedged) as the benchmark for the new mandate. The MSCI Australia index currently holds about 70 stocks. It is a subset of the MSCI World Index, which our external equity managers use as their benchmark.

To avoid the Petroleum Fund being overexposed to the Australian equity market, the existing equity managers' benchmarks (MSCI World) should be amended by excluding the Australian exposure, to become MSCI World ex Australia. The target allocation to the proposed BCTL mandate should be 35% of the value of the Fund times the weight of the Australian component in the MSCI World Index, to be funded in specie from the two existing passive equity managers. Based on current values, the nominal amount of the initial in-house mandate would be approximately \$175 million. The proposed tracking error target for the in-house mandate is 35 basis points.

Other proposed mandate parameters are set in the Annex.

The Board concurs with the BCTL that sufficient time must be allowed to set up the new trading system, train staff, document procedures and undertake a trial run. The BCTL estimates that it will begin trading the new portfolio later this year subject to completion of the BCTL's operational arrangements. The IAB recommends an independent review of these arrangements, including the BCTL's preparedness, risk management and capacity, prior to implementation.

Yours sincerely,



Olgario de Castro
Investment Advisory Board
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: Proposed Investment Mandate for the BCTL
Passive MSCI Australia Index**

1. Investment Objective

The Manager's investment objective is to achieve a performance of the portfolio to closely match the Performance Benchmark.

The Performance Benchmark means the MSCI Australia Index with dividends reinvested, unhedged, (Bloomberg Ticker NDDUAS) expressed in US dollars.

2. Management style

The portfolio shall be managed in a passive indexing style.

3. Investment Restrictions

The Manager is appointed to invest in Authorised Investments as described below and must manage the portfolio within the general restrictions in the Petroleum Fund law, and as outlined under this paragraph.

Investments are restricted to the following assets ("Authorised Investments"):

- All Stocks that are in the Performance Benchmark index;
- Stocks expected to be included in the Performance Benchmark within 30 days of purchase; or stocks that were included in the Performance Benchmark during the preceding 30 days.
- Cash instruments as authorized below; and

"Stocks" includes, but is not limited to, ordinary shares (fully or partly paid), preference shares, stapled securities, convertible notes, exchangeable notes, exchange traded warrants and other securities that are part of the Performance Benchmark.

4. Cash Instruments

Authorised Investments for Cash include cash deposits with the Custodian in US and Australian dollars;

5. Tracking Error / Performance measurement

The *ex ante* tracking error of the portfolio in comparison with the Performance Benchmark measured by the Bloomberg AIM Fundamental Factor Model shall be less than 35 basis points per annum. The tracking error shall be reviewed at the end of each month and if the tracking error should exceed 35



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.

basis points, the Manager shall inform the Ministry of Finance and take action to reduce the tracking error within 30 days.

6. Other Terms and Conditions

The assets shall be managed in a separate account.

Restrictions:

- Short selling is not permitted.
- Securities lending is not permitted
- Gearing or leveraging the portfolio is not permitted.
- The assets in the portfolio are not to be encumbered.



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: 17 August 2015
Ref.: IAB/2015/4/Sec

To
H.E. Mrs. Santana JRF Viegas Cardoso
Minister of Finance
Democratic Republic of Timor-Leste

**Subject: Advice on Succession planning of the composition of the
Investment Advisory Board**

The Petroleum fund has its 10-year anniversary this year. The journey has been characterized by building of local management capacity, a focus on achieving consensus and trust among key stake holders of the fund and a gradual increase in the investment risk of the fund to facilitate increasing expected returns. The investment policy has been transparent, simple and consistent over the entire 10-year period.

A key feature of the fund's investment policy has been to prioritize exposure to acknowledged and broad risk premiums in financial markets. There is a broad scientific consensus and rationale for the existence of these premiums. A key belief has been that such premiums are comparatively easy to obtain at low cost. The policy helps empower local resources and reduces scope for financial intermediaries' propensity to create costly lock-in effects from unnecessary complications. Existence of reliable premiums from skill-based and complicated strategies is far more controversial. At the current stage the fund moves to more advanced risk premiums with the same philosophy of simplicity, transparency and cost effectiveness.

A key condition for the fund's ability to maintain a consistent policy has been a well-functioning and well-led IAB. Discussions in IAB have focused on the craftsmanship of investing and have not been distracted by politics. A culture of informed consensus has been achieved through good leadership of the IAB. The

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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.

life of the fund has been blessed with avoidance of e.g. dramatic drawdowns that could spur challenges to the policy. Even so, the IAB thinks that the petroleum fund complex is well posed to face such a challenge should it arise because of IABs transparent and well documented investment beliefs.

According to Article 17.1 of the 2011 revised Petroleum fund Law, "The investment Advisory board shall consist of 5 or more members, appointed by the Prime Minister on the advice of the Minister, at least 3 of who shall possess significant experience in investment management." According to article 17.2, "The Director of Treasury and a representative of the Operational Manager shall be entitled to participate in meetings in the IAB, without the right vote."

Currently there are 4 members of the IAB in addition to the Director of the Treasury and the CEO of the Operational Manager. Two of the members that possess significant experience in investment management have long tenures in the IAB.

To facilitate an orderly succession planning for the composition of the IAB, we would advise the Minister to recommend to the Prime Minister to recruit at this stage a new member to the IAB from the international financial community with significant experience with investment management. The IAB would welcome the opportunity to suggest candidates to the Minister.

When performing a search for candidates the IAB would assess profiles that would fit well to the IAB investment beliefs. While constructive and critical evolution of those beliefs is a central ongoing task for the IAB, it would be important to avoid too much tension within the IAB from very different investment beliefs among its members. It is important to ensure a continuance of the appropriate balance towards craftsmanship of investments within the IAB.

Yours sincerely



Olgario de Castro
Investment Advisory Board
Chairman

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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 (IFSFWF), conducted its sixth 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/petroleum-fund/?lang=en</p> <p>http://www.bancocentral.tl/PF/laws.asp</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>http://www.bancocentral.tl/PF/Reports.asp</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 Fund.</p>

Principle	Implementation
	<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>http://www.bancocentral.tl/PF/Reports.asp</p>
<h2>II. Institutional Framework and Governance Structure</h2>	
<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 Minister appoints members of the IAB on the advice of the MoF.</p>

Principle	Implementation
	<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 reports are published and available on the Central Bank's website.</p>

Principle	Implementation
<p>11. An annual report and accompanying financial statements on the SWF's operations and performance should be prepared in a timely fashion and in accordance with recognized international or national accounting standards in a consistent manner.</p>	<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>
<p>12. The SWF's operations and financial statements should be audited annually in accordance with recognized international or national auditing standards in a consistent manner.</p>	<p>The Petroleum Fund Law requires the accounts, records and other documents relating to the Petroleum Fund to be audited every six month by the bodies responsible for internal audits of each entities involved.</p> <p>The Law further requires the annual financial statements to be audited by an internationally recognized accounting firm. The audited financial statements are submitted to the Parliament together with the Petroleum Fund Annual Report.</p>
<p>13. Professional and ethical standards should be clearly defined and made known to the members of the SWF's governing body (ies), management, and staff.</p>	<p>The professional and ethical standards for the Ministry of Finance's staff are defined by the Public Service Law no.8/2004, as amended by Law no.5/2009. All the staff of the Operational Manager is bound by the BCTL's Code of Ethics.</p> <p>The Petroleum Fund Law also requires members of the IAB, on the occasion of their appointment, and as appropriate, when providing advice to the Minister to signify in writing an affirmation that their appointment or advice does not represent a conflict of interest with any of their other interest. The Minister of Finance may request members of the IAB, as necessary, to submit a declaration concerning their assets to avoid any conflict of interest. The IAB has established its own Standard of Conduct.</p> <p>http://www.cfp.gov.tl/index.php/pt/</p> <p>http://www.bancocentral.tl/en/cconduct.asp</p>

Principle	Implementation
	http://www.bancocentral.tl/Download/IAB/PF%20Operational%20regulation.pdf
<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> <p>https://www.mof.gov.tl/budget-spending/petroleum-fund/?lang=en</p>

Principle	Implementation
<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>http://www.bancocentral.tl/PF/Reports.asp</p> <p>http://www.mof.gov.tl/category/documents-and-forms/petroleum-fund-documents/petroleum-fund-seminars-presentations/?lang=en</p>

III. Investment and Risk Management Framework

<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 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 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> <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</p>
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Principle	Implementation
	<p>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 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</p>	<p>The Petroleum Fund Law requires the Minister and the Operational Manager to develop and maintain policies, systems and procedures to ensure that the risks associated with the implementation of the investment strategy are identified, monitored and managed.</p> <p>The Petroleum Fund Law sets the Fund’s broad asset allocation guidelines which imply the risk</p>

Principle	Implementation
<p>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>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>http://www.bancocentral.tl/PF/Reports.asp</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 fifth review in 2014. The sixth review, based on the current document, will be published in the 2015 Petroleum Fund Annual Report. The Fund intends to review its implementation of the GAPP annually.</p>

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