

# Petroleum Fund of Timor-Leste

## Quarterly Report

31 December 2022

### Inside This Report

1. Introduction.
2. Executive summary.
3. Investment mandate.
3. Market trends.
5. Management during the quarter.
6. Portfolio performance.
10. Management costs.
10. Transfers to state budget.
10. Compliance statement.
11. Financial Information.

## INTRODUCTION

This report is produced in accordance with Article 13 of the Petroleum Fund Law which requires the Central Bank to report on the performance and activities of the Petroleum Fund of Timor-Leste, referred to in this report as the Fund unless the context suggests otherwise.

All monetary references in this report are to United States dollars as the official currency of Timor-Leste.

While every effort has been made to ensure accuracy, the information is based on management and custodial reports and has not been independently audited and is subject to change, in which case the changes will be incorporated into subsequent reports.

## EXECUTIVE SUMMARY

The Petroleum Fund was formed by the enactment of the Petroleum Fund Law Promulgated on 3 August 2005 as amended on 28 September 2011. The law gives the Central Bank of Timor-Leste the responsibility for the operational management of the Fund.

This report covers the period from 01 October to 31 December 2022.

Key statistics for the quarter include:

- The capital of the Fund at the end of the Current quarter was \$17.414 billion while the previous quarter was \$16.999 billion.
- Gross cash inflows to the fund from royalties and taxes were \$429.94 million.
- Outflow for the quarter were \$552.165 million, being transfers to the state budget of \$550 million while \$2.165 million was for management costs.
- The profit and loss for the quarter was \$534.868 million, representing a gross of fees return of 3.13%. The return on financial market investments was 3.27% compared with the benchmark return of 3.21%.

The Fund performance for the quarter, including the performance of the relative asset classes, was as follows:

Table 1

%	QTR	FYTD	1 Year	3 Years	5 years	Since Inc
<b>Total Fund</b>	3.13	-9.63	-9.63	1.89	3.13	4.00
Benchmark	3.13	-10.08	-10.08	1.42	2.80	3.88
Excess	0.00	0.45	0.45	0.47	0.33	0.12
<b>Financial Market Investments</b>	3.27	-9.98	-9.98	1.90	3.16	4.01
Benchmark	3.21	-10.61	-10.61	1.26	2.72	3.85
Excess	0.05	0.62	0.62	0.64	0.44	0.16
<b>Investment in Petroleum Operations</b>	0.00	0.00	0.00	1.48	n.a	2.05
Benchmark	1.11	4.50	4.50	4.50	n.a	4.50
Excess	-1.11	-4.50	-4.50	-3.02	n.a	-2.45

Table 2

%	QTR	FYTD	1 Year	3 Years	5 years	Since Inc
<b>Total Financial Market Investments</b>	3.27	-9.98	-9.98	1.90	3.16	4.01
Benchmark	3.21	-10.61	-10.61	1.26	2.72	3.85
Excess	0.05	0.62	0.62	0.64	0.44	0.16
<b>Liquidity Portfolios</b>	0.86	-0.65	-0.65	n.a	n.a	-0.61
Benchmark	0.78	-0.50	-0.50	n.a	n.a	-0.55
Excess	0.08	-0.15	-0.15	n.a	n.a	-0.06
<b>Growth Portfolios</b>	3.74	-11.81	-11.81	n.a	n.a	-6.64
Benchmark	4.16	-11.94	-11.94	n.a	n.a	-6.79
Excess	-0.42	0.13	0.13	n.a	n.a	0.14

## 1. INVESTMENT MANDATE

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

From 1 November 2020, the Private Debt Instrument is separated from the financial market investments portfolio. From 1 July 2021, the Financial Market Investment portfolio is segmented into the Liquidity Portfolio and the Growth Portfolio. The benchmarks of the Total Fund and Financial Market Investment as of December 2022 were as follows:

Table 3

Mandates	Oct-22	Nov-22	Dec-22
<b>Total Fund</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Investment in Petroleum Operations	4.13%	4.04%	3.94%
Financial Market Investment	95.87%	95.96%	96.06%
<b>Total Financial Market Investment</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Liquidity Portfolio	16.45%	16.60%	16.06%
Growth Portfolio	83.55%	83.40%	83.94%
<b>Total Liquidity Portfolio</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
USD Cash	59.48%	70.26%	78.07%
US Government Short-term Treasury Notes	40.52%	29.74%	21.93%
<b>Total Growth Portfolio</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
US Government Treasury Notes 3-5 Years	45.00%	45.00%	45%
US Government Treasury Notes 5-10 Years	10.00%	10.00%	10%
Global Developed Market Sovereign Bond, Hedged	10.00%	10.00%	10%
Developed Market Equities	35.00%	35.00%	35%

## 2. MARKET TRENDS DURING THE QUARTER

### *Global Macroeconomic Trend*

Overall positive performance of the global financial markets in the last quarter alleviated some losses for the year but the negative performance in December was a reminder to investors about the uncertainty that may still lie ahead. Global inflation had broadly peaked but remained distant from the major central banks' policy targets, and at the same time, the global economy started to show signs of slowing down. Therefore, the major central banks needed to strike the balance of keeping inflation in check while preventing the severe economic downturn.

In The United States (U.S), the economic growth showed its resilience against the U.S Federal Reserve's series of interest rate increase as real GDP in the third quarter was upwardly revised to 3.2 percent from the previously reported 2.9 percent. The quarter growth was supported by the strong consumers' spending and a decline in imports. Labour market was also still strong despite the higher interest rate. The employment data showed the economy added more than 600 thousand new jobs during the last three months and the unemployment rate declined to 3.5% in December from 3.7% in October. This strong labour market could mean that the U.S central bank may continue to raise the interest rates to prevent the risk of inflation resurgence.

The latest economic data from Eurozone seemed to be improving, prompting the officials of the European Central Bank to firm up their position to fight inflation. The ECB revealed their economic projection which showed the region's economy could avoid recession in 2023 and 2024. They also projected that inflation would fall from the current level of 10% to 6.3% and 3.4% in next two years respectively. By contrast, the U.K.'s economy fell 0.2% in the third quarter of the year. The S&P Global/CIPS UK Manufacturing PMI declined to 44.7 in December 2022, from 46.5 in November, while analysts expected it to drop to 46.3, a preliminary estimate showed. It was the lowest reading since May 2020.

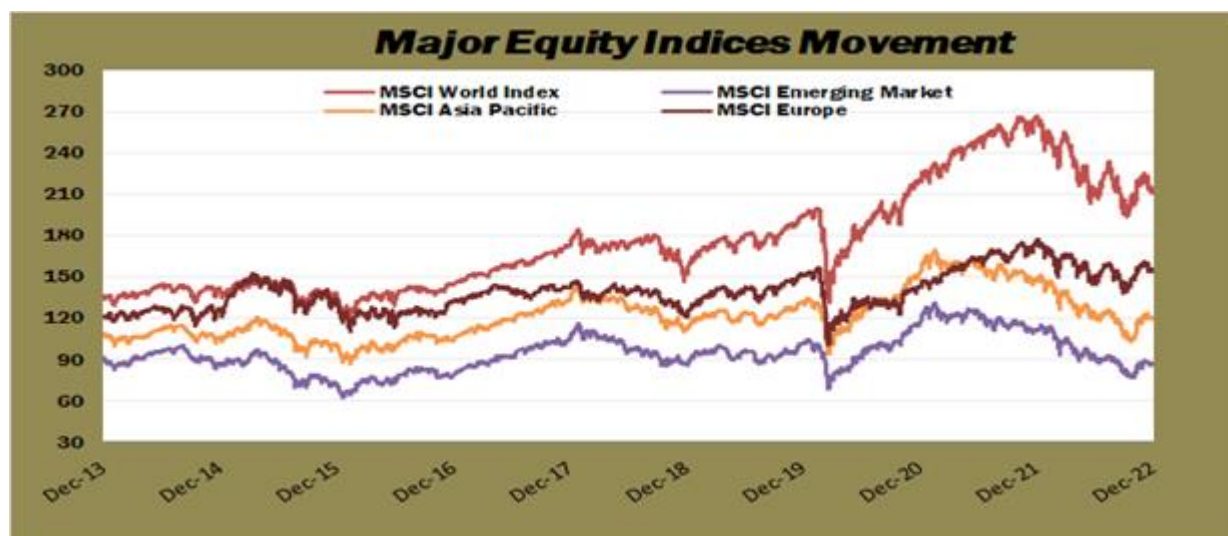
The economies in the developed and developing countries across Asian region were not immune to the global economy challenges such as rising interest rates, strong U.S dollar, weakening global economic outlook, and surging energy prices exacerbated by the war in Ukraine. One major positive news from the region was the Chinese government's decision to abandon the restrictive Covid-19 rules. This boosted the growth projections in the region and eased the global supply constraints, which was a major issue during the implementation of the restrictive measures in the previous quarter.

### *Global Equity Market Trends*

Global equity market rebounded in the last quarter of 2022 despite the broad negative performance in December. Equity market's performance during the quarter was mostly influenced by sentiment on state of the global economy and its impact on the future interest rate projection. At the beginning of the quarter, the consensus was that major economies would experience downturn due to the intensive interest rate increases in the previous quarters. It was believed the economic slump will lead central banks to ease the financial conditions, which was seen as a positive for equities. However, by the end of the quarter the central banks maintained their position that interest rates need to stay at the current levels or even be increased further to prevent further inflationary pressures.

U.S' major equity indices broadly declined in December as the weaker economic outlook and the central bank's determination to keep inflation under control weighed heavily on investors' sentiment. The equity market however posted positive performance for the quarter except for NASDAQ, which saw the index decline more than one percent during the quarter. Raising interest rate benefitted the value stocks at the expense of the growth stocks. The gloomy economic outlook has raised concern on the future earnings of technology, social media and consumer discretionary companies. Defensive sectors such as healthcare and consumer staples outperformed. Share prices of energy companies rose due to high oil prices during the year. Similarly, the rising interest rates contributed to the positive performance of the financial sector.

European equity markets also closed the quarter with gains despite the negative performance in December. Investors reacted negatively to the stance of the European Central Banks, which stated that the interest rate would continue to rise despite the weakening sign in the economy. However, the latest data appeared that the economy outlook is not as bad as previously feared.

**Graph 01 Major Equity Indices Movement (USD)****Global Treasury Bonds include U.S Treasuries**

The yield of the major countries' sovereign bonds including the U.S Treasury bonds rose markedly for the quarter and the year. The move was realized as the major central banks continued to batter the surging inflation with the series of interest rate increases.

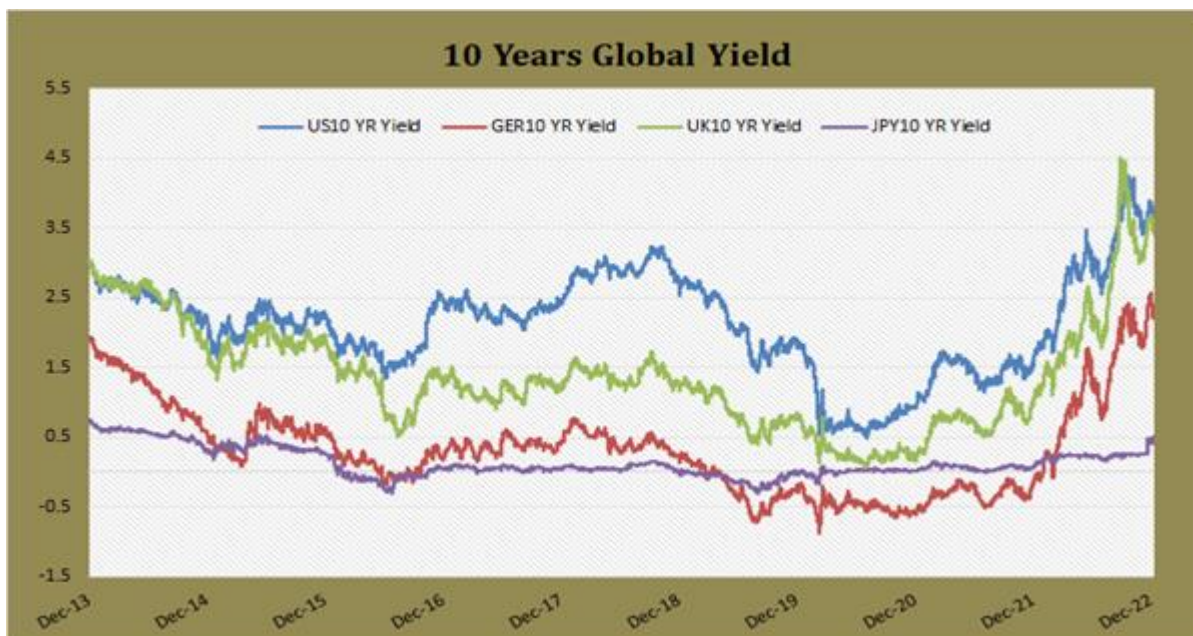
The U.S Federal Reserve continued to tighten the monetary policy by adding yet another 50 bp hike to the Fed rate during the Federal Open Market Committee meeting in December, thus taking the current interest rate to 4.25-4.5%. The inflation in the U.S increased 6.5% year on year in December, down from 7.1% in November. Fed's post meeting projection revealed only two out of 19 officials see the interest rate below 5% by the end of 2023, with the median rate at 5.1%. The projection came considering the Fed's officials view that the Fed's preferred inflation measure, the core personal consumption expenditure (PCE) inflation, is expected to be at 3.5% in 2023, way above the 2% target. This is in contrast with the market expectation that the central bank will cut rates at some point during 2023.

At the same time, the European Central Bank added 0.50% to its three policy rates, namely, the refinancing operation, marginal lending facility and deposit facility rate, during December meeting taking those rates to 2.50%, 2.75% and 2.0% respectively. However, the statement after the meeting demonstrated that the central bank would need to raise the interest rate more to tame the surging inflation. Inflation in the Euro was at 10% in November, down from 10.6% in October but was significantly higher than the central bank's target. The ECB officials also upgraded their inflation outlook markedly and laid out plans to reverse the quantitative easing program. The ECB will not reinvest the matured proceeds from Asset Purchasing Program at amount of €15 billion from March until end of Q2 2023 and will determine the pace afterward.

While the policy decisions by the central bank were broadly in line with expectation, the one that took the market by surprise was the Bank of Japan monetary policy announcement in December. BoJ decided to increase the limit on the yield of 10-year Japanese Government Bond to 0.50% up from 0.25%. The policy decision has caused more volatility in security's yield movement and boosted the price of Japanese yen, which inversely affected the share price of Japanese exported companies. The new policy regime was due to the unusual high inflation that the central banks are facing in more than two decades. The headline and core inflation in Japan were reported at 3.8% and 2.7% respectively in October. This level of inflation and the recent policy decision triggered some market participants to envisage an interest rate increase by BoJ in 2023.



Graph 02. 10 Years Global Yield



### 3. MANAGEMENT DURING THE QUARTER

#### Objectives

The Central Bank, as operational manager of the Fund, has implemented the investment mandates through a combination of internal and external management.

The following table shows how the investment mandates have been implemented.

Table 4

Mandate	Management Style	Authorised Managers	Tracking Error	Outperformance Target	Commencement date
Liquidity Portfolio					
3 Month USD Treasury Bills/Cash	Passive	BCTL	n/a	Nil	August-18
BOA Merrill Lynch 1-3 Years US Treasury Bond Index					July-21
Growth Portfolio					
BOA Merrill Lynch 3-5 Years US Treasury Bond Index	Passive	BCTL	0.25%	Nil	January-12
BOA Merrill Lynch 5-10 Years US Treasury Bond Index			0.50%		May-20
Global Developed Market Sovereign Bond, Hedged	Enhanced Passive	BIS	0.50%	0.15%	April-20
MSCI World Index ex Australia Net Dividends Reinvested	Equity Factor	Schroders	3.0%	Nil	August-19
		SSgA			
MSCI World Index ex Australia Net Dividends Reinvested	Passive	SSgA	0.35%	Nil	January-12
		BlackRock			February-13
MSCI Australia	Passive	BCTL	0.50%	Nil	July-16
Alternative		BCTL	n/a		April-19

#### Operational Implementation

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

Table 5

Mandates	Actual weight in FMI		
	Oct-22	Nov-22	Dec-22
<b>Total Financial Market Investment</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Total Liquidity Portfolio</b>	<b>16.60%</b>	<b>16.06%</b>	<b>15.75%</b>
BCTL 3 Month US Treasur Bill Index	11.66%	12.54%	12.14%
BCTL 1-3 year US Treasury Bonds Index	4.94%	3.52%	3.61%
<b>Total Growth Portfolio</b>	<b>83.40%</b>	<b>83.94%</b>	<b>84.25%</b>
<b>Total Fixed Income</b>	<b>56.25%</b>	<b>55.63%</b>	<b>56.48%</b>
BCTL 3-5 year US Treasury Bonds	39.37%	38.78%	39.54%
BCTL5-10 year US Treasury Bonds	8.31%	8.34%	8.46%
BIS Global Developed Market Sovereign Bond, Hedged	8.57%	8.51%	8.49%
<b>Total Global Equities</b>	<b>27.15%</b>	<b>28.30%</b>	<b>27.77%</b>
SSGA Equity Factor	3.43%	3.60%	3.56%
Schroders Equity Factor	3.48%	3.59%	3.51%
SSGA International Equity Passive	8.11%	8.44%	8.27%
BlackRock International Equity Passive	11.48%	11.95%	11.71%
BCTL Australia Equities Passive	0.66%	0.72%	0.72%

## 4. PORTFOLIO PERFORMANCE

This section contains a number of tables and charts describing the performance of the Petroleum Fund.

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

- The percentage figures show the return of the Fund, or a part of it, which is compared with the performance of the corresponding benchmark. The benchmark represents the investment strategy established by the Minister and is used as a goal against which the performance of the actual investments is measured. The Minister's benchmarks for the Petroleum Fund are described earlier in this report.
- The excess is the difference (which may be negative) between the benchmark and the portfolio being measured. In general a portfolio and its benchmark will respond in a similar manner to movements in the financial markets. The excess occurs because the benchmark does not recognize transaction costs, and because the actual portfolio usually contains a different mix of financial instruments to the benchmark.

### Global Portfolio

In the course of the quarter the Petroleum Fund balance was \$17.414 billion as follows, which has been adjusted with the D&P valuation reports of 2021:

Table 6

Capital Account	\$'000
Opening book value (01 Oct 2022)	16,998,787
Receipts during the period	429,942
Transfer to General State Budget	-550,000
Investment Return	534,868
<b>Closing book value (31 December 2022)</b>	<b>17,413,597</b>

The Fund was invested as follows:

	Table 7
<b>Assets</b>	<b>\$'000</b>
Cash and Cash Equivalents	2,028,957
Other Receivables	45,170
Financial assets held at fair value through profit or loss	15,367,527
<b>Less:</b>	
Payable for Securities Purchased	-1
Accounts Payable	-28,056
<b>Total</b>	<b>17,413,597</b>

The income for the quarter was as follows:

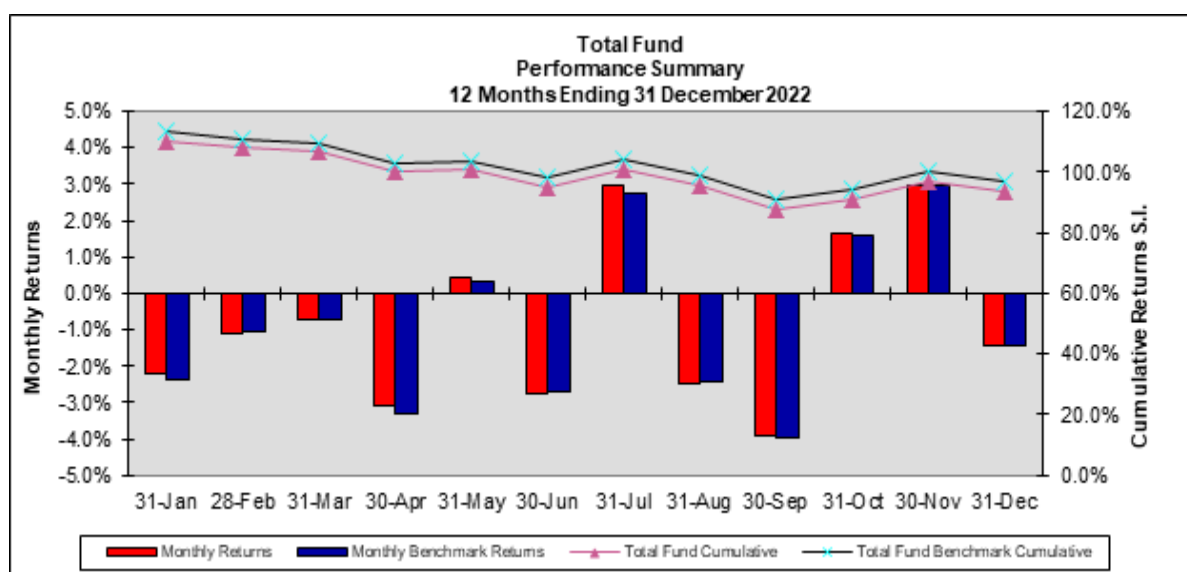
	Table 8
<b>Income</b>	<b>\$'000</b>
Interest income	63,819
Dividend income	19,164
Unit Trust distributions	931
Other Investment income	178
Net gains/(losses) on Financial Assets at fair value	429,708
Net foreign exchange gains/(losses)	23,860
<b>Less:</b>	
External manager, custody fees	-1,559
Central Bank management expenses	-422
IAB Expenses	-82
Other expenses	-102
Withholding taxes	-626
<b>Total Investment Income</b>	<b>534,868</b>

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

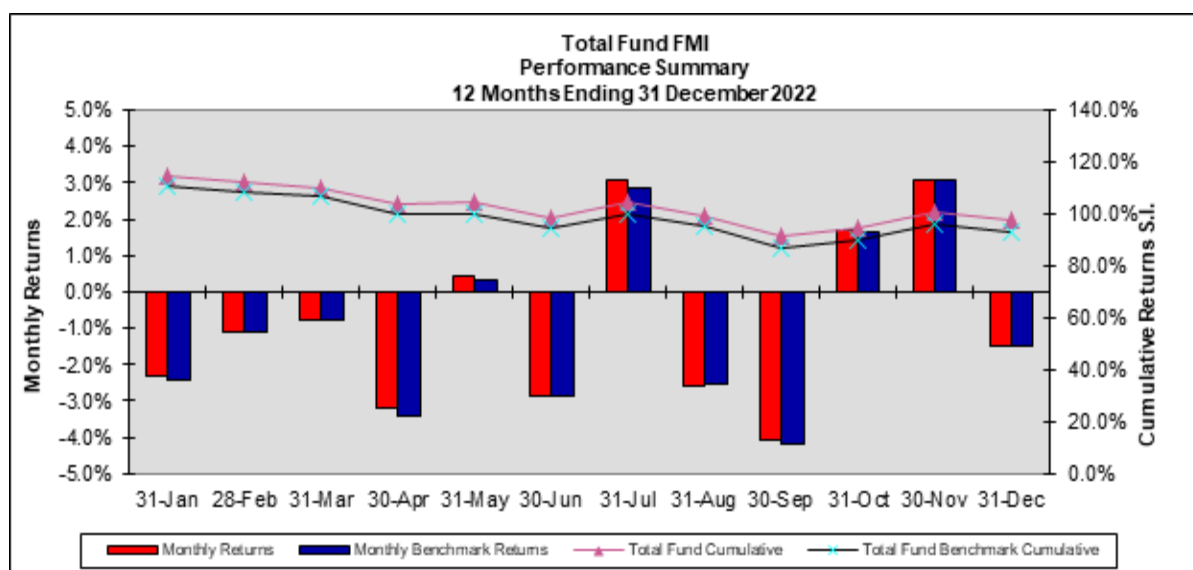
- Unit trust distribution is the income received from listed property investment entities.
- Other expenses relate to derivative trading costs which are deducted directly from the Fund.

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

Graph 03 Total Fund Performances



Graph 04 Total Financial market Investments Performance



### Liquidity Portfolio

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

Table 9

	%	Qtr	FYTD	1 Year	3 Years	5 Years	Since Inc
<b>Liquidity Portfolio</b>		0.86	-0.65	-0.65	n.a	n.a	-0.61
Benchmark		0.78	-0.50	-0.50	n.a	n.a	-0.55
Excess		0.08	-0.15	-0.15	n.a	n.a	-0.06
<b>BCTL Cash Management</b>		1.01	0.52	0.52	0.28	0.98	1.01
ICE BoA ML 3 Month US Treasury Bill Index		0.84	1.44	1.44	0.72	1.34	1.16
Excess		0.17	-0.92	-0.92	-0.44	-0.36	-0.15
<b>BCTL ML 1-3 Year US Treasury Index</b>		0.72	-3.08	-3.08	n.a	n.a	-2.34
BoA Merrill Lynch 1-3 Years US Treasury Note Index		0.74	-3.85	-3.85	n.a	n.a	-2.93
Excess		-0.02	0.77	0.77	n.a	n.a	0.58



### Growth Portfolio

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

Table 10

	Qtr	FYTD	1 Year	3 Years	5 Years	Since Inc
<b>Growth Portfolio</b>	3.74	-11.81	-11.81	n.a	n.a	-6.64
Benchmark	4.16	-11.94	-11.94	n.a	n.a	-6.79
Excess	-0.42	0.13	0.13	n.a	n.a	0.14
<b>International Fixed Interest</b>	1.08	-9.05	-9.05	-2.26	-0.21	1.81
Benchmark	1.08	-9.14	-9.14	-2.19	-0.14	1.82
Excess	0.00	0.09	0.09	-0.07	-0.06	-0.01
<b>BCTL 3-5 year US Treasury Bonds</b>	1.26	-7.74	-7.74	-1.45	0.41	0.79
BoA Merrill Lynch 3-5 Years US Treasury Passive	1.29	-7.85	-7.85	-1.42	0.45	0.80
Excess	-0.02	0.11	0.11	-0.04	-0.05	0.00
<b>BCTL 5-10 year US Treasury Bonds</b>	1.40	-12.69	-12.69	n.a	n.a	-6.54
BoA Merrill Lynch 5-10 Years US Treasury Passive	1.18	-13.30	-13.30	n.a	n.a	-6.60
Excess	0.22	0.60	0.60	n.a	n.a	0.06
<b>BIS Global Treasury Developed Marked Hedged</b>	-0.06	-2.88	-2.53	n.a	n.a	-1.04
Global Treasury Developed Market - Hedged	0.01	-2.78	-2.47	n.a	n.a	-1.06
Excess	-0.08	-0.09	-0.05	n.a	n.a	0.02
<b>International Equities</b>	9.95	-16.84	-16.84	5.19	6.37	8.94
Benchmark	9.77	-18.14	-18.14	4.94	6.14	8.49
Excess	0.18	1.30	1.30	0.24	0.24	0.45
<b>SSgA Equity Factor</b>	11.56	-14.16	-14.16	5.54	n.a	7.28
MSCI ex. Australia Net Dividends Reinvested	9.64	-18.40	-18.40	4.96	n.a	7.14
Excess	1.93	4.24	4.24	0.58	n.a	0.14
<b>Schroders Equity Factor</b>	8.30	-15.43	-15.43	6.36	n.a	8.48
MSCI ex. Australia Net Dividends Reinvested	9.64	-18.40	-18.40	4.96	n.a	7.14
Excess	-1.33	2.97	2.97	1.40	n.a	1.34
<b>SSGA International Equity Passive</b>	9.73	-17.92	-17.92	4.87	6.31	9.42
MSCI ex. Australia Net Dividends Reinvested	9.64	-18.40	-18.40	4.96	6.19	9.16
Excess	0.09	0.48	0.48	-0.09	0.12	0.26
<b>BlackRock International Equity Passive</b>	9.78	-17.88	-17.88	5.05	6.41	8.78
MSCI ex. Australia Net Dividends Reinvested	9.64	-18.40	-18.40	4.96	6.19	8.50
Excess	0.15	0.52	0.52	0.09	0.23	0.28
<b>BCTL Australia Equity Passive</b>	15.61	-5.19	-5.19	3.56	3.75	6.83
MXAU Australia Net Dividends Reinvested	15.68	-5.25	-5.25	4.07	4.05	7.06
Excess	-0.07	0.07	0.07	-0.51	-0.29	-0.23

### Private Debt Instrument for Petroleum Operations

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

Table 11

	Qtr	FYTD	1 Year	3 Years	5 Years	Since Inc
<b>Private debt instrument for Petroleum Operations</b>	0.00	0.00	0.00	1.48	n.a	2.05
<b>Benchmark</b>	1.11	4.50	4.50	4.50	n.a	4.50
Excess	-1.11	-4.50	-4.50	-3.02	n.a	-2.45

The Private debt instrument is maintained at its independently verified fair value for December 2021 until the new valuation for December 2022 is undertaken.

## 5. MANAGEMENT COSTS

A management fee of \$2.165 million for operational management costs was charged to the fund during the quarter. The fee covered the following services (in thousands \$):

Table 12

External Management and Custody expenses	1,559
Central Bank management expenses	422
IAB expenses	82
Other Expenses	102
<b>Total Cost</b>	<b>2,165</b>

## 6. TRANSFERS TO STATE BUDGET

According to Article 7.1 of the Petroleum Fund Law transfers from the Fund may only be made to the credit of a single State Budget account. An amount of -\$550 million was transferred to the State Budget account during the quarter.

Table 13

In Thousand (\$)

Transfer October 2022	-350
Transfer November 2022	0
Transfer December 2022	-200
<b>Transfer for this Quarter</b>	<b>-550</b>
<b>Total transfers this fiscal year to December 2022</b>	<b>-1,404,000</b>

## 7. COMPLIANCE STATEMENT

Banco Central de Timor-Leste asserts the following statements relating to compliance with the mandates given by the Minister

### *Qualifying Instruments*

The Fund was invested in instruments within the investment universes specified in the various mandates at all times during the quarter.

### *Modified Duration*

The modified duration of the Fund's fixed interest investment portfolios remained within the mandate during the quarter.

### *Tracking Error*

The tracking error of each mandate in the Fund's investment portfolio was within the specified range during the quarter.

### *External Managers*

External managers' investments were within their mandates during the quarter.

### *Internal Audit*

The provisions of Article 22 of the Petroleum Fund law no. 9/2005 require the Central Bank's Internal Auditor to perform an audit of the Fund every six months. The Internal Auditor has performed an audit up to quarter ended 30 June 2022.

## 8. FINANCIAL INFORMATION

The following financial information is presented for the purpose of assisting the Minister to review the quarterly performance of the Petroleum Fund as set out in this report. The figures have not been audited.

Table 14

<b>BALANCE SHEET</b>		
In thousands of USD	December-22	December-21
<b>ASSETS</b>		
Cash and Cash Equivalents	2,028,957	1,379,487
Receivables	45,170	4,730
Financial assets held at fair value through profit or loss	15,367,527	18,280,950
<b>TOTAL ASSETS</b>	<b>17,441,654</b>	<b>19,665,167</b>
<b>LIABILITIES</b>		
Payables for securities purchased	-1	-12,662
Accounts payable	-28,056	-1,828
<b>TOTAL LIABILITIES</b>	<b>-28,057</b>	<b>-14,490</b>
<b>NET ASSETS</b>	<b>17,413,597</b>	<b>19,650,677</b>
<b>CAPITAL</b>		
Opening Balance (January)	19,650,677	18,990,614
PF Law Art. 6.1 (a) Revenue receipts	494,743	400,528
PF Law Art. 6.1 (b) DA receipts	611,673	309,846
PF Law Art. 6.1 (e) Other receipts	0	9,223
PF Law Art 7.1 Transfers to State Budget	-1,404,000	-1,147,873
Income for the period	-1,939,496	1,088,338
<b>CAPITAL</b>	<b>17,413,597</b>	<b>19,650,677</b>

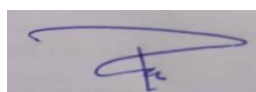
Note: There has been reclassification of the private debt instrument from amortized cost method to fair value measurement starting from December 2020. The Fair Value as of December 2021 was \$701.3 million, which is reflected in financial assets held at fair value for 2022 until a new valuation for 2022 is undertaken.

Table 15

STATEMENT OF PROFIT OR LOSS		QUARTER		YEAR TO DATE	
In thousands of USD		Dec.22	Dec.21	Dec.22	Dec.21
<b>INVESTMENT INCOME</b>					
Interest income		63,819	37,370	197,316	153,986
Dividend income		19,164	19,475	105,950	119,540
Trust income		931	900	3,797	4,061
Other investment income		178	0	415	16
Net gains/(losses) on Financial Assets at fair value		429,708	303,480	-2,231,779	853,994
Net foreign exchange gains/(losses)		23,860	562	4,306	-5,811
<b>Total Investment Income</b>		<b>537,659</b>	<b>361,787</b>	<b>-1,919,995</b>	<b>1,125,786</b>
<b>EXPENSES</b>					
External management, fees		1,559	1,275	7,184	7,276
Internal operational management fees		422	1,946	5,544	7,695
IAB Expenses		82	36	251	152
Other expenses		102	101	445	1,791
<b>Total expenses</b>		<b>2,165</b>	<b>3,358</b>	<b>13,424</b>	<b>16,914</b>
Profit before tax		535,494	358,429	-1,933,418	1,108,872
Withholding taxes on investments		626	727	6,078	20,534
Profit/loss for the period		534,868	357,702	-1,939,496	1,088,338
Other comprehensive income		0	0	0	0
<b>Total comprehensive income for the period</b>		<b>534,868</b>	<b>357,702</b>	<b>-1,939,496</b>	<b>1,088,338</b>

Note: The accounting policies and method of computation used to prepare the above figures are the same as disclosed in the most recent annual financial statements of the Petroleum Fund.

Dili, 31 January 2023



**Rafael Borges**  
Deputy Governor



**Venancio Alves Maria**  
Act. Governor