



PETROLEUM FUND QUARTERLY REPORT

Quarter ended 30 September 2019

PRESS RELEASE

The Banco Central de Timor-Leste (BCTL) today released the Quarterly Report of the Petroleum Fund of Timor-Leste for the period ended 30 September 2019. The report shows that the capital of the fund as of 30 September 2019 was \$17.55 billion compared to \$17.45 billion at the end of the previous quarter.

The report shows that the gross capital inflows during the quarter were \$166.70 million, consisting of \$86.54 million of contributions from taxpayers to the Fund, royalty contributions from the National Petroleum Authority of \$80.16 million.

The investment income of the Fund for the quarter was \$139.62 million comprising dividends and interest received was \$102.55 million, change in the market value of financial assets was \$42.26 million, and FX movement was -\$1.42 million. This represented a portfolio return of the Fund for the quarter was 0.81% while the benchmark return for the period was 0.84%.

Following Minister's decision to introduce equity factor portfolios into the Petroleum Fund, the State Street Global Advisors (SSgA) global multi factor has been appointed and the existing Schroder's global equity mandate has been recalssified, as equity factor managers. The factor portfolios have been effectively implemented on 2 August 2019 by splitting the composition of the global equities into the market cap and equity factor portfolios.

The Petroleum Fund law specifies that the Operational Manager (Banco Central de Timor-Leste) is the agent responsible for the operational management of the Fund. The Ministry of Finance is responsible for setting the overall investment strategy for the Fund.

The Banco Central de Timor-Leste has managed the portfolio close to the benchmark over the period. The difference in return between the total portfolio and the benchmark since the inception of the fund is 5 basis point or 0.05 percent.

Highlights of the LVII Quarterly Report, which covers the period from 01 July 2019 to 30 September 2019 include:

- The capital of the Fund at 30 September 2019 was \$17.55 billion.
- Gross cash inflows to the fund from royalties and taxes were \$166.70 million.
- Cash outflows were \$203.24 million of which \$200 million was transferred to the State Budget and \$3.24 million was for management cost.
- Net cash inflows during the period were -\$33.30 million.
- The portfolio return in the quarter was 0.81% compared with the benchmark return of 0.84%.
- The Fund has introduced Equity factor portfolios, and effectively implemented in early August 2019.

The Quarterly report, as well as the Petroleum Fund Law and Management Agreement, are available from the Banco Central's website <https://www.bancocentral.tl>

Dili, 08 November 2019

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Deputy Governor

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