

July 2015



PETROLEUM FUND ANNUAL REPORT

FINANCIAL YEAR 2014





REPÚBLICA DEMOCRÁTICA DE TIMOR-LESTE
MINISTÉRIO DAS FINANÇAS
GABINETE DA MINISTRA



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

TIMOR-LESTE PETROLEUM FUND

ANNUAL REPORT

MINISTRY OF FINANCE

2014

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Message from

Santina J.R.F. Viegas Cardoso

Minister of Finance



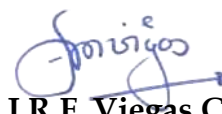
The Petroleum Fund was created in 2005 to contribute to the wise management of Timor-Leste's petroleum resources. The objective is to manage the financial investments so that there is a reasonable probability that the Fund can provide transfers to the Government at a sustainable level while maintaining the real long term value of the assets. Government withdrawals of 3 per cent of Petroleum Wealth imply a corresponding long-run investment return objective of 3 per cent after inflation and costs.

One of the Ministry of Finance's primary tasks has been to develop an investment strategy that best meets the Fund's long-term return and risk objectives. A key milestone was achieved in June 2014 when the equity allocation reached 40 per cent of the Fund. Financial modeling showed that equities needed to increase considerably for the Fund to have a satisfactory likelihood of meeting its 3 per cent real return objective.

A long-run perspective is a key tenet of our investment strategy. The risk of short-term losses has risen with the equity allocation – the risk of loss is now one in every five years. Our long-term horizon means that such losses can be treated as temporary setbacks. These short term fluctuations are unavoidable if we are to achieve the Fund's long-run objectives.

The Petroleum Fund returned 3.3 percent in 2014 or 2.5 per cent after inflation. Both bonds and equities posted positive returns. Non-USD holdings detracted from the value of the bond and equity portfolios when translated into US Dollars. Foreign exchange movements are volatile but over the long-run some currency diversification will help protect the Petroleum Fund's international purchasing power. Rather than give too much weight to the returns for any single year, currency returns and the Fund's overall performance are best evaluated over a long horizon.

I am very pleased with the progress made with the Petroleum Fund. Good planning and hard work have allowed us to achieve a lot over a relatively short period. Rest assured that the Ministry of Finance - with guidance from the Investment Advisory Board and our external advisors, along with support from the Banco Central Timor-Leste, the Petroleum Fund's operational manager – is committed to continuing to improve the Fund's investments and management.

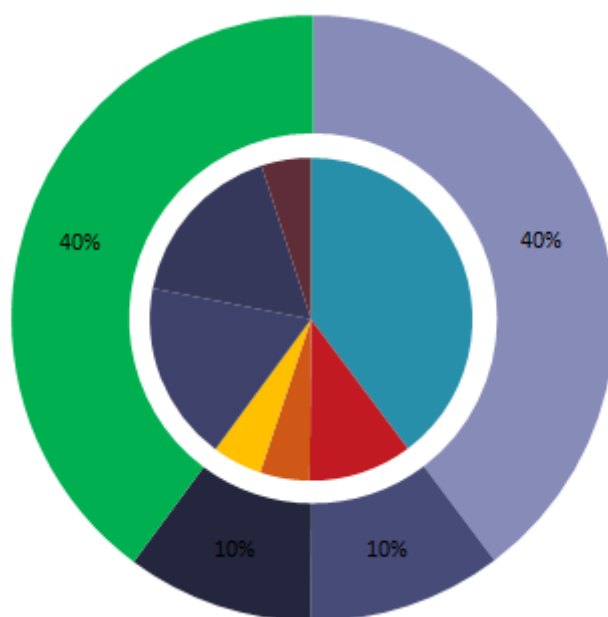


Santina J.R.F. Viegas Cardoso
Minister of Finance

The Petroleum Fund at a Glance

End of Year Balance	Petroleum Revenues 2014	Net Investment Return 2014	Return Since Inception
\$16.5bn	\$1.8bn	3.3% (\$502m)	4.2% (\$2.6bn)

Petroleum Fund Allocation as at 31 December 2014



Allocation by Asset Classes

Bonds		60%
US Treasuries 3 - 5 Years	40%	
US Treasuries 5 - 10 Years	10%	
Global Treasuries Dev. Market ex-US	10%	
Equities		
Developed Market Equities	40%	40%

Allocation by Managers

Banco Central Timor-Leste	40%	
Bank for International Settlements	10%	
AllianceBernstein	5%	
Wellington	5%	
State Street Global Advisors	18%	
BlackRock	17%	
Schroders	5%	
	100%	

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 (BCTL¹). 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 wealth². 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.

¹ BCTL – Banco Central de Timor-Leste

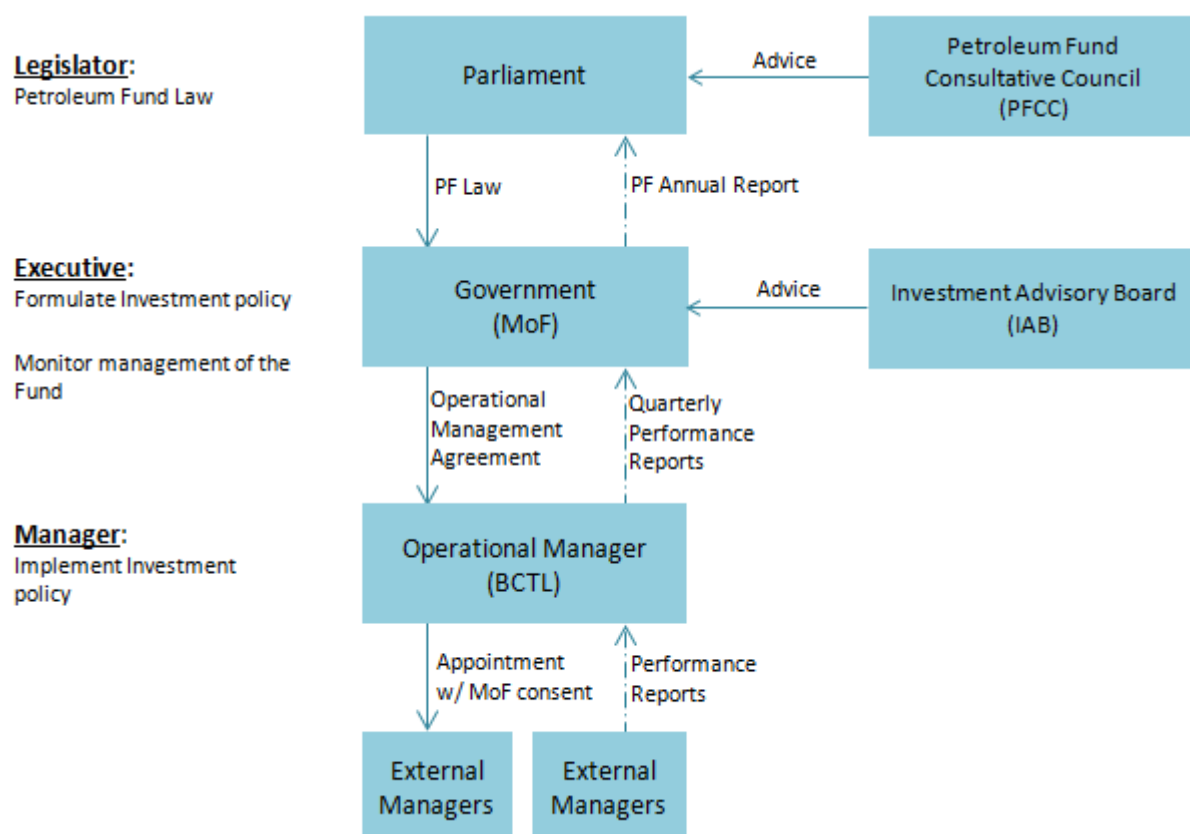
² Petroleum Wealth comprises the balance of the Petroleum Fund and the Net Present Value of expected future petroleum revenue.

The Fund is invested only in international financial assets. The implied investment objective is to achieve a 3% real return 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. Having a long-term horizon however, means that such short term fluctuations should be of less economic importance.

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 are independent, but accountable to one another in the decision making process.

Figure 1 - Petroleum Fund Governance Structure



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, Petroleum Fund financial statements and general state budget statement for the National Parliament. The BCTL, on a quarterly basis, provides reports to the Minister on the Fund's performance over the quarter. 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 publicly available and easily accessible 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 (IFSFW), conducted its fifth annual self-assessment of the Petroleum Fund's adherence with the Santiago Principles to ensure that the Fund continues to be an example of international best practice with regard to funds governance. The self-assessment report is published and attached as Annex XIII on this report. All these efforts have been reflected in international recognition of the high level of transparency of the Fund and the Government's good management of the resources³.

Size of the Fund

The Petroleum Fund was established to fulfil the constitutional requirement set by Article 139 of the Constitution

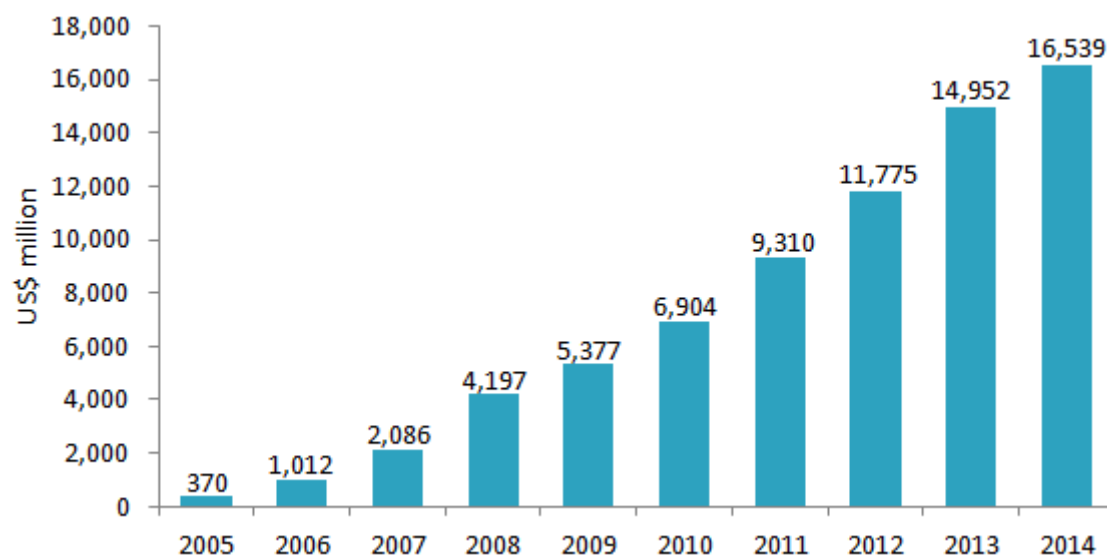
The overall balance of the Fund is affected by three main factors: a) petroleum revenues; b) withdrawals; and, c) net investment return. These factors are discussed in greater detail below.

³ See Linaburg-Maduell Transparency Index (2014) – TLPI scored 8 out of 10 points, www.swfinstitute.org; EITI Compliant Country (2010) – <http://eiti.org>

Petroleum Fund Balance

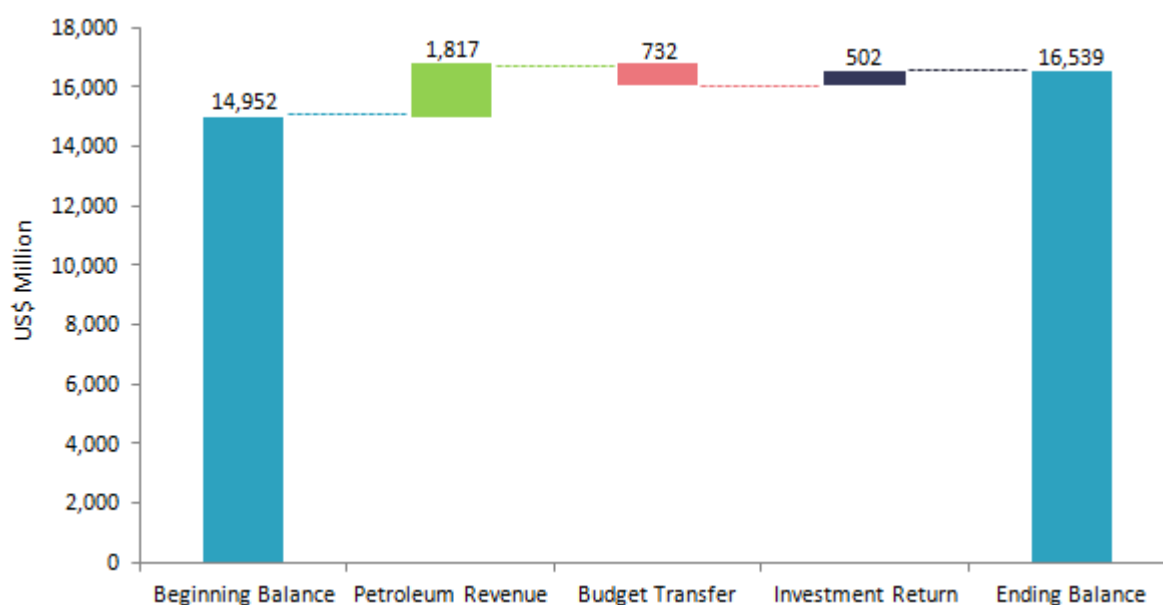
The Fund's balance increased to US\$ 16.5 billion as at the end of December 2014 from the previous year's balance of US\$ 15.0 billion (see Figure 2).

Figure 2 - Market Value of the Petroleum Fund



As Figure 3 illustrates, petroleum revenues and net investment return added US\$ 1,817 million and US\$ 502 million to the Fund, respectively, while withdrawals subtracted US \$732 million.

Figure 3 - Movement in Net Assets during 2014

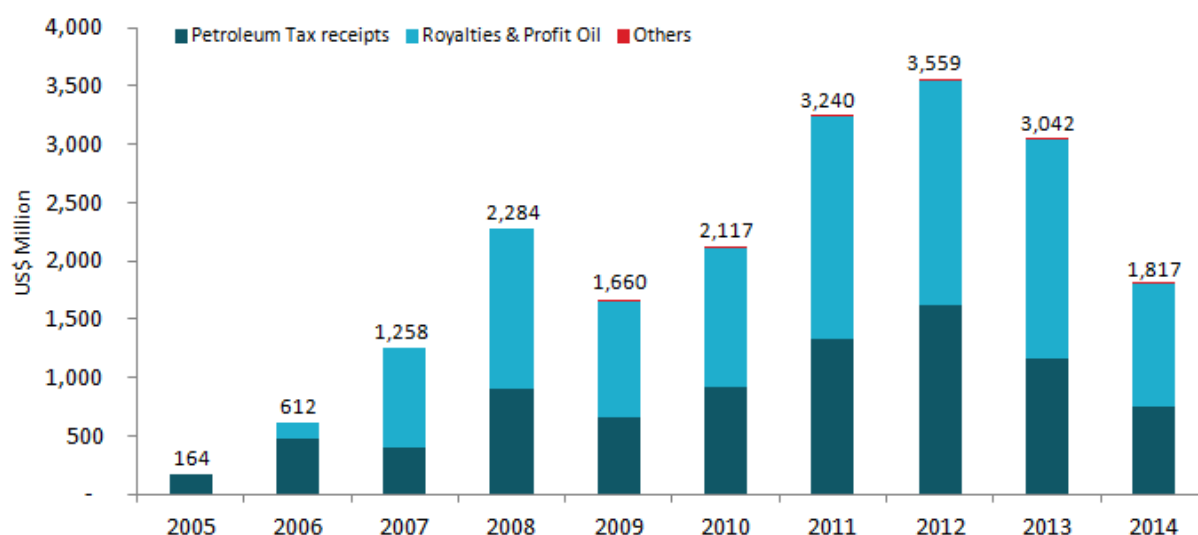


Petroleum Revenues

Petroleum revenues come from the 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.

Of the total amount of US\$ 1,817 million collected during 2014, US\$ 752 million was petroleum taxes, US\$ 1,058 million was royalties and profit oil/gas, and US\$ 7 million was 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.

Figure 4 - Annual Petroleum Revenue



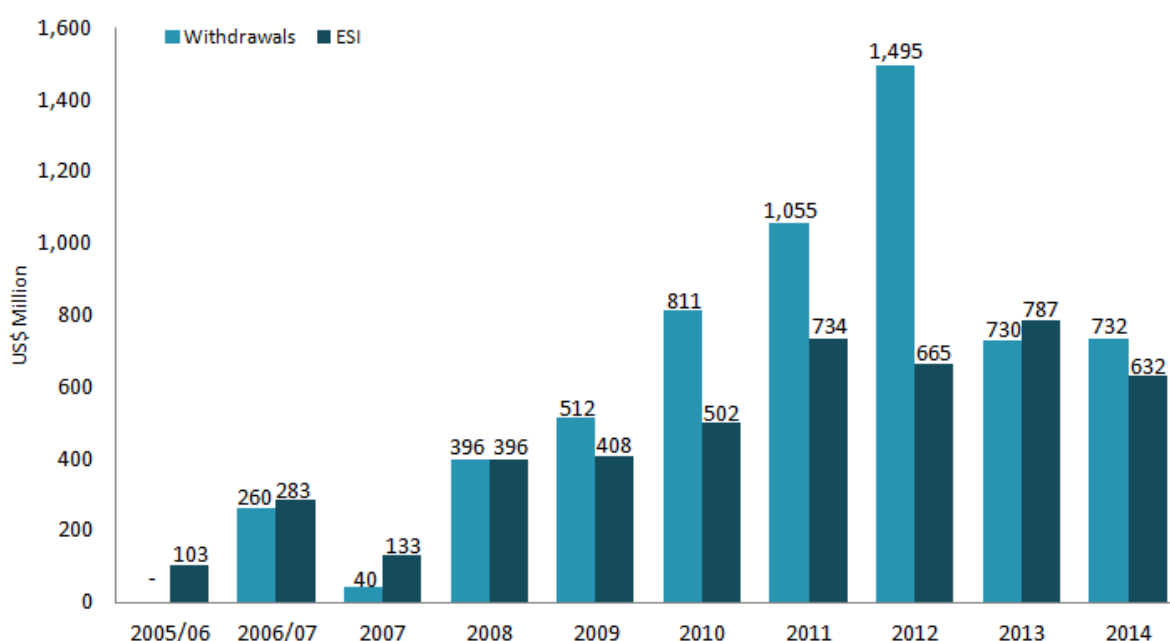
Petroleum revenue in 2014 was lower than the US\$ 3,042 million in 2013. The fall in petroleum revenues for 2014 was due to the decline in oil/gas production in both Bayu Undan and Kitan. The shutdown in production that took place from late August to early October 2014 and the drop of oil prices starting in mid 2014 further contributed to the fall in petroleum revenues for the year.

Thus far since 2005 the Government has collected total petroleum revenues of US\$ 19.7 billion. Based on conservative estimates, total undiscounted petroleum revenues of US\$ 4.7 billion are expected to be collected during the remaining life of the Bayu-Undan and Kitan. Petroleum revenues from these two fields are forecasted to decline slowly and will end in a decade or so. Going forward, investment income will be the main driver of the Petroleum Fund balance.

Withdrawals

The Government withdrew US\$ 732 million from the Fund to the Treasury Account (CFET) during 2014. The amount withdrawn in 2014 was US\$ 100 million more than the ESI of US\$ 632 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. Over time, as more petroleum resources are converted into revenues, Petroleum Wealth will become 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\$ 6,031 million from the Fund since its inception in 2005 up to the end of 2014.

Figure 5 - Transfer to the State Budget in 2014



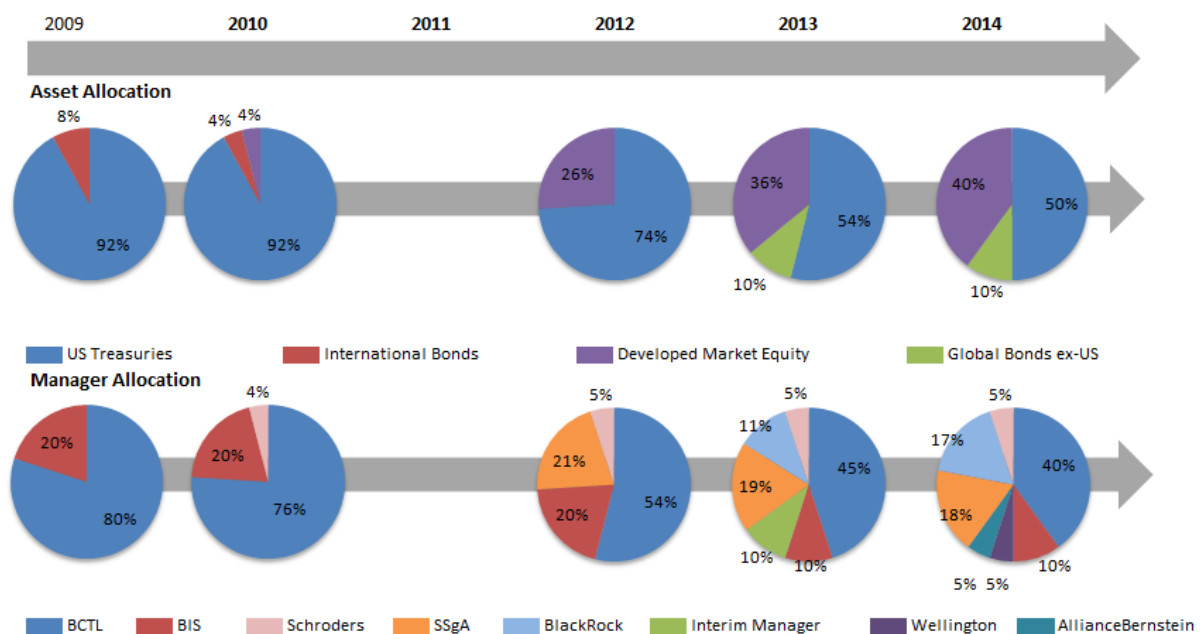
The Fund's Investments

The Petroleum Fund's investment strategy has evolved over time. The Fund was initially invested completely in bonds (see Figure 6). This was designed to limit the exposure to risk and volatility and allow time to build internal capacity and build public support. Equities – which have higher returns than bonds but are more volatile – were first introduced in 2010 although the allocation was constrained by the original Petroleum Fund Law.

The Government knew that the Fund's real return target of 3% could not be achieved without a significant increase in the allocation to equities. The Petroleum Fund Law was consequently amended in 2011 to allow up to a 50% equity allocation. Modeling indicated that a 40% weight in equities would be sufficient to meet the 3% real return

objective with a reasonable probability over the long run. This would safeguard the sustainability of public spending, which over time is guided by the ESI, set at 3% of the Petroleum Wealth. That allocation was agreed to by the Government in 2012 and the equity weight has progressively increased to reach 40% in June 2014. Since then, equities have been maintained at 40% with bonds at 60%. The Fund's asset allocation in December 2014 is shown in Figure 6 relative to other years.

Figure 6 - Evolution of Investment Strategy



Reaching 40% in equities represents an important milestone for the Petroleum Fund. Our asset allocation is now at the point where we can expect to meet the real return objective over long periods. The increase in equity holdings necessarily brings an increase in volatility in returns. In some years the Fund's actual return will exceed the long-run objective, while in other years it will be below.

We have been fortunate in not experiencing negative returns as yet. There will be years where the Petroleum Fund posts losses. This is an unavoidable aspect of the short-term volatility in returns that is associated with the asset allocation that allows us to meet our long-term return expectations. The outcome of modeling of the 40% equity allocation helps put this risk in context.

- *How frequently will there be losses?* The Fund is expected to experience a loss in one out of every five years.

- *What size of loss can we expect?* In the worst 5 years out of every 100, the loss will be 5.2 per cent or higher. Based on a fund balance of \$16.5 billion, this represents a loss of US\$853 million.

The authorities appreciate the importance of communicating to stakeholders these risks commensurate with the return objective. This was a priority during the socialization process that preceded the increase in the equity allocation. Our willingness to accept short term volatility and stay the course with our investment strategy is essential to the Fund's long-term investment success.

Diversification is a key principle underlying our investment strategy and helps reduce volatility and remove unrewarded risks. The Fund diversifies across asset classes by holding both equity and bonds. We also diversify across securities, regions and currencies.

Figure 7 – Allocation by Country and Asset Class

Country	Allocation		
	In fixed Income	In equities	In portfolio
Australia	1.7%	2.7%	2.1%
Canada	1.5%	3.7%	2.4%
Denmark	1.2%	0.5%	0.9%
EU Countries	4.6%	11.3%	7.3%
Hong Kong	0.1%	1.2%	0.6%
Israel	0.0%	0.2%	0.1%
Japan	1.5%	8.1%	4.1%
New Zealand	0.5%	0.1%	0.3%
Norway	0.5%	0.3%	0.4%
Singapore	0.7%	0.5%	0.6%
Sweden	0.8%	1.2%	1.0%
Switzerland	1.0%	3.5%	2.0%
UK	2.0%	8.1%	4.4%
USA	84.1%	58.6%	73.9%

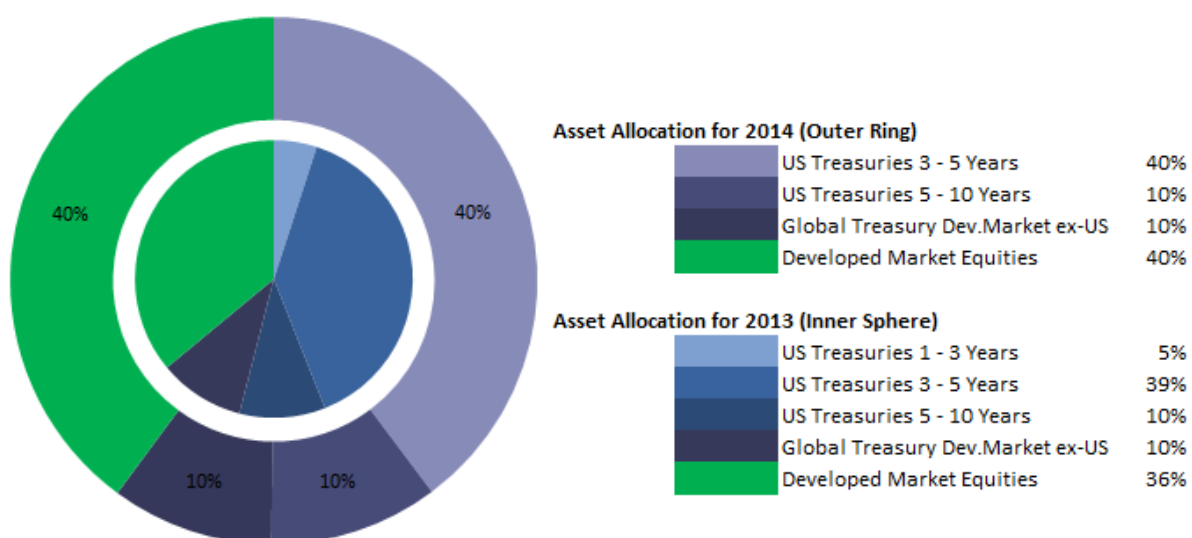
The equity portfolio was diversified across 1,983 companies as at the end of the year. The broad exposure of equities across countries and currencies shown in Figure 7 reflects the different size of each country's equity market by market capitalization. The US is by far the largest equity market, so the holdings of US companies account for more than 50% of our equity portfolio. Bonds have represented 60% of the Petroleum Fund's investments since June 2014. The bond portfolio consists of:

- Two thirds of US Government bonds with maturities of 3 to 5 years. This is managed by the BCTL.

- One sixth of the US Government bonds with maturities of 5 to 10 years, which is managed by the Bank for International Settlements (BIS).
- One sixth of the non-US, developed market Government bonds. This was originally passively managed by Russell Investments and is now split equally between AllianceBernstein (commenced in July 2014) and Wellington (commenced in December 2014).

As shown in Figure 8 US Government bonds represent the bulk of our bond portfolio. The concentration in US Treasuries was reduced in the second half of 2013 with the introduction of non-US developed market sovereign bonds. The benchmark portfolio is designed to provide a broad exposure to non-US developed market sovereigns by capping country weights at 10 per cent and the Eurozone at 30 per cent. As discussed in Box 1, the currency exposure for this allocation is left unhedged. In total, 546 securities were held in the bond portfolio as at the end of 2014.

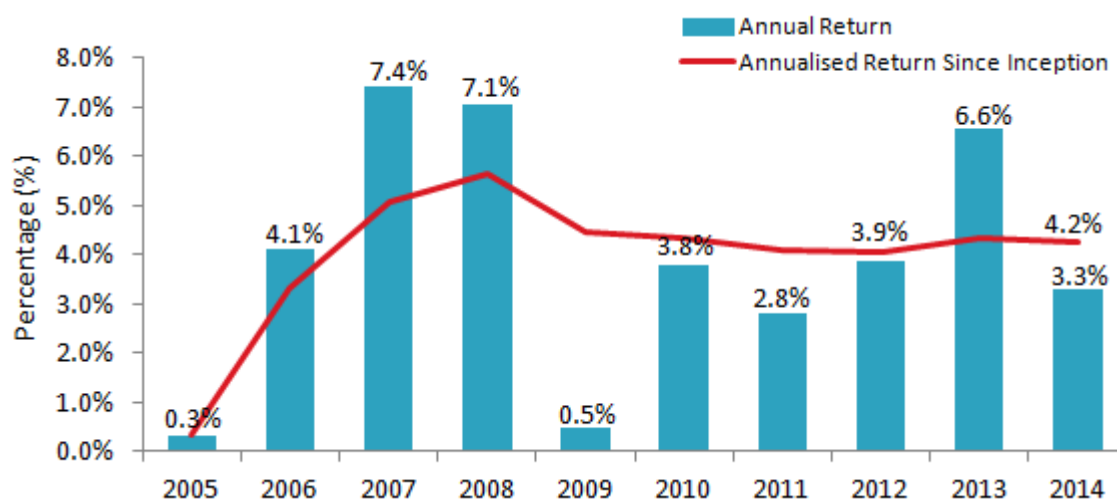
Figure 8 - Diversifying the Fund - Asset Allocation in 2013 and 2014



Performance in 2014

Investment income contributed US\$ 502 million to the Fund's balance in 2014, which was lower than the US\$ 865 million of income in the previous year. The Petroleum Fund returned 3.3% in 2014 (see Figure 9). In real terms – that is, once USD inflation is adjusted for – the Petroleum Fund returned 2.5%. The Fund's return since its inception in 2005 is 4.2% or 2.3% in real terms. Our real return objective over the long-term is 3%. Having reached the 40% equity allocation in 2014, we can now expect to meet this with a reasonable probability over the long term.

Figure 9 - Annual Net Nominal Investment Return since Inception



Developed market equities, measured by the MSCI World Index, returned 4.9% in 2014. The first half of the year recorded solid returns. Uncertainty weighed on equities in the second half, given economic weakness outside of the US and concerns about the impact of a sharp drop in oil prices. The 4.9% return is less than our long-run expectations of about 8% and follows 2013's particularly high return of 27%. The variation in the annual returns from equities that we may expect is illustrated in Figure 10, which uses historical data. The Fund will experience very strong years like 2013 but there will also be periods where equities record losses. Again, the volatility in annual returns is unavoidable in order to meet our investment objectives over the long-term.

**Figure 10 – Developed Market Equities
Annual Return Distribution (1974-2014)**

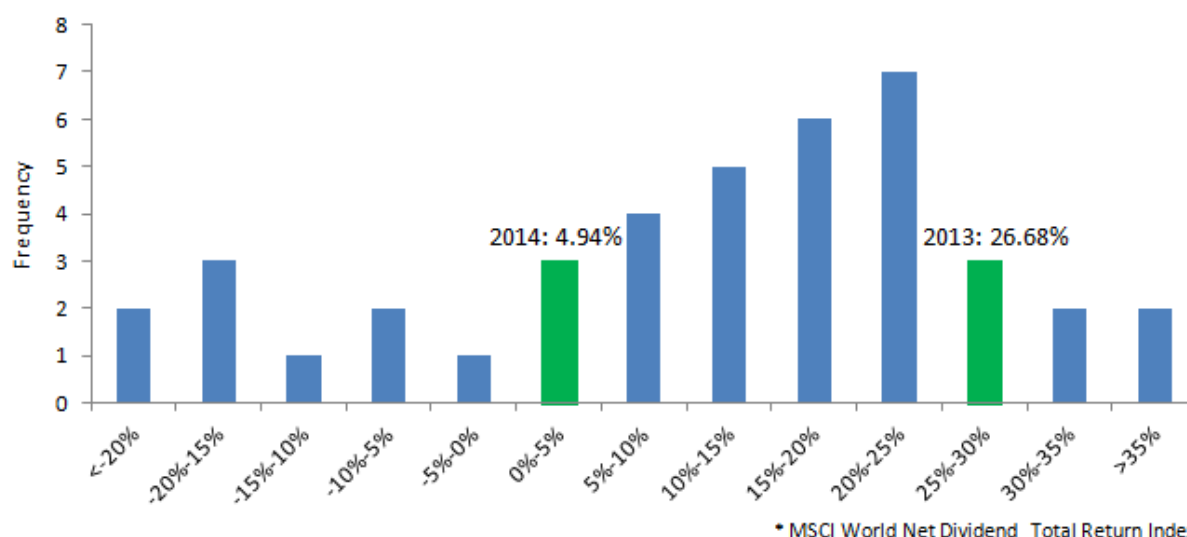


Figure 11 shows that our actual equity portfolio returned 5.2% or almost 0.3% above the MSCI World benchmark index. The bulk of the equity portfolio is passively managed to the MSCI World Index. Passive management involves holding the securities in the benchmark index according to their weights. As a result, passive

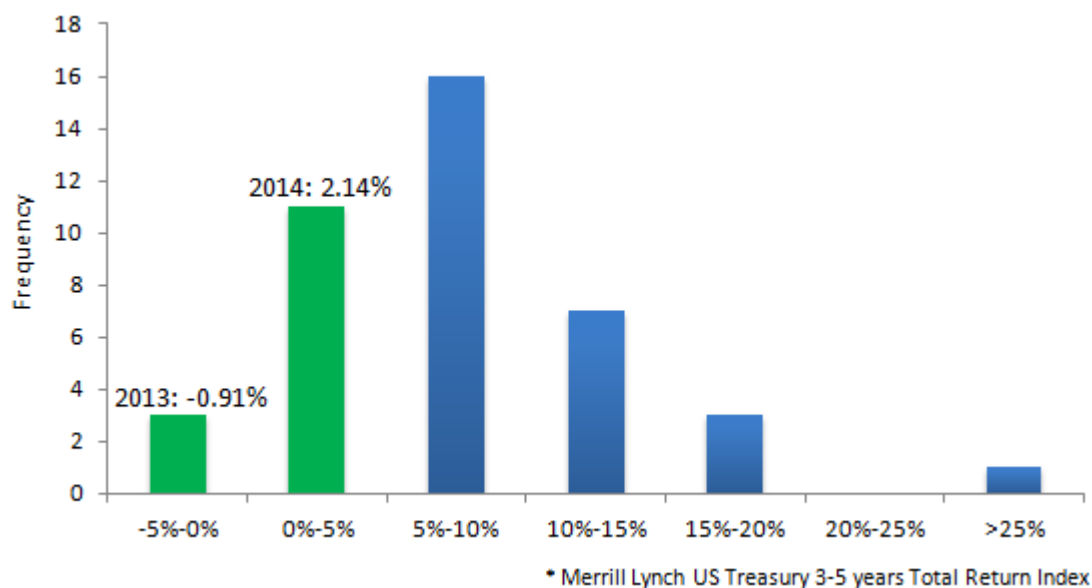
managers are expected to closely match the index's return before fees. In this case, the higher return represents a difference in tax treatment between the benchmark and our actual portfolio. The index assumes that dividend income is fully taxed by each country, while in fact the Petroleum Fund benefits from tax exemptions in certain countries.

Figure 11 - Investment Returns in 2014 in Percentage (USD)

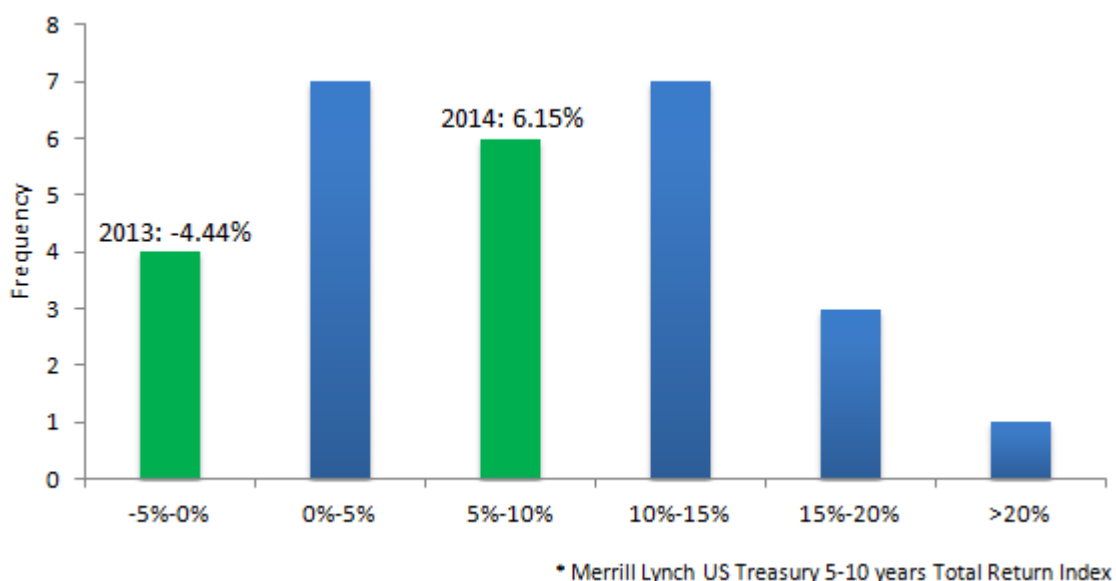
	% (USD)				
	Q1	Q2	Q3	Q4	2014
Total Fund	1.15	2.66	-1.35	0.83	3.30
Benchmark	1.16	2.73	-1.40	0.87	3.36
Excess	-0.01	-0.07	0.05	-0.04	-0.06
International Fixed Interest	0.99	1.32	-0.88	0.70	2.14
Benchmark	0.98	1.38	-0.92	0.69	2.13
Excess	0.01	-0.06	0.04	0.01	0.01
International Equity	1.39	4.84	-2.06	1.04	5.20
Benchmark	1.26	4.86	-2.16	1.01	4.94
Excess	0.13	-0.02	0.10	0.03	0.27

Our actual bond portfolio returned 2.14% in 2014, which was 0.01% higher than the benchmark return. The passively managed 3-5 year US Treasuries returned 2.2%, delivering an excess return of 0.07%. The longer-maturity US Treasuries 5-10 year mandate benefited from falling yields, returned 5.94%, 0.21% short of the benchmark return of 6.15%. The annual returns for 2014 of the different US Treasuries maturity buckets are compared to their historical returns in the charts below.

**Figure 12 - US Treasuries 3 -5 years
Annual Return Distribution (1974-2014)**



**Figure 13 - US Treasury 5 -10 years
Annual Return Distribution (1987-2014)**



Longer-term yields for non-US, developed market bonds also declined in 2014. Consequently, the value of these bonds in local currency terms increased – for example, German bunds in Euro, Japanese bonds in Yen and UK Gilts in Pounds Sterling all posted positive returns. However, the gains were more than offset by declines in the underlying currency relative to the USD. The USD appreciated strongly in 2014. The overall return for the non-US, developed market bond benchmark was negative 1.25% for 2014. That return can be split into a loss of -11.3% on currency and 10.1% in local currency returns (coupon and price). The reasons for the non-USD exposures are discussed in the box below.

Box 1 - The Petroleum Fund's Foreign Currency Exposures

The Petroleum Fund's Foreign Currency Exposures

The appreciation of the US Dollar in 2014 caused the Petroleum Fund to record foreign exchange losses. This box explains the rationale for the Fund's foreign currency exposures and the associated volatility in our reported returns.

Where does the foreign exchange exposure come from?

Timor-Leste uses the US Dollar as its local currency. The Petroleum Fund, as required by the Law, invests globally outside of Timor-Leste. This includes equities and bonds issued in countries other than the US. These investments are denominated in currencies other than the US Dollar.

How large is the Petroleum Fund's foreign exchange exposure?

The bulk of the Petroleum Fund's investments are in the US and are therefore denominated in US Dollars. The bond portfolio is primarily invested in US Government bonds, with about 16% of the bonds issued by other countries and denominated in the associated currencies. A little more than 40% of the equity portfolio is in companies outside the US. Aggregating this at the total Fund level, approximately a quarter of our investments is in currencies other than the USD. The largest exposures reflect the major foreign currencies, namely the Euro, the UK's Pound Sterling and the Japanese Yen.

How does foreign exchange exposure impact on the Fund's returns?

The value of the Petroleum Fund and its returns are reported in USD. Assets denominated in other currencies need to be translated into USD. An investment's total return in USD terms is therefore comprised of the asset's return in its local currency and the currency return.

For example, Japanese equities (measured by MSCI Japan) valued in Yen performed strongly in 2014, posting a return of 9.8%. However, Japanese equities fell 3.7% over the year when converted into USD. That is the depreciation in the Yen against the USD more than offset the increase in equities in local currency terms and resulted in an overall loss for the year.

How has foreign exchange impacted on the Fund's portfolio?

Non-USD exposure impacts the PF's value and returns as they are reported in USD. The impact on the Fund's reported value can be positive or negative. The Petroleum Fund incurred a foreign exchange loss of US\$ 425.5 million for the year 2014. The appreciation in the USD in 2014 is attributed to the stronger economic growth in the US and diverging monetary policy expectation across the world. Our large US Treasury holding in prior years limited the foreign exchange gains when the US Dollar depreciated. Overall, foreign exchange losses on equities and bonds have totalled US\$ 444 million.

Table 1 – The Petroleum Fund's Foreign Exchange Gains/Losses since 2009

Year	2014	2013	2012	2011	2010	2009
FX gains/losses (in USD)	(425.54)	(19.35)	0.72	(0.05)	0.02	0.16

Why have non-US dollar exposures?

The Petroleum Fund recorded significant losses on foreign exchange as the USD appreciated in 2014. We continue to hold non-US currencies as it is believed to be in the Fund's long-term interests. Over the long-run there are expected to be benefits in terms of currency diversification and hedging the government's non-USD spending.

Diversification is a key principle underlying the Petroleum Fund's investment strategy. We benefit from diversifying across two key asset classes: equities and bonds. In equities, we diversify across companies, sectors and countries. Diversification within the bond portfolio increased following the introduction of non-US sovereign bonds in 2013.

We could choose to "hedge" or remove the foreign exchange exposure by taking offsetting derivative positions in the foreign currency. The Government, on advice of the Investment Advisory Board, decided to maintain the foreign exchange exposure in both the equity and bond portfolios. The objective was to reduce the Fund's concentration in the US Dollar. By spreading the exposure across currencies, the Fund's international purchasing power is protected against the possible scenario where the USD is systematically weaker over a prolonged period. In addition, a broader holding of currencies better reflects the composition of the Government's spending. In circumstances such as 2014 and 2015 when the US Dollar has been stronger, expenditure denominated in other currencies will be lower in US dollar terms. In other words, our financial assets provide an implicit hedge of the government's non-US dollar expenditure.

Diversification in this case actually increases the volatility in the Fund's reported returns. While this may seem counterintuitive, it is simply because the Fund's returns are reported in USD and will fluctuate with the exchange rate. Changing the Fund's numeraire to a basket of currencies – as employed by some other Sovereign Wealth Funds – was considered but our appropriate currency mix was uncertain, and interpreting a multi-currency numeraire presented challenges. Instead, our approach requires looking through the short-term volatility in returns associated with currency movements. Including exposure to currencies other than the USD is believed to be in the long-term interests of the Fund. This is a long-term strategy that will be subject to short-term volatility as we report in USD.

Management Fees

In accordance with the Operational Management Agreement signed between the Ministry of Finance and the BCTL⁴, 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 2014 totalled US\$ 16.6 million. The amount included custody and external management fee of US\$ 9.6 million, BCTL operating expenses of US\$ 6.5 million, Investment Advisory Board (IAB) expenses of US\$ 0.4 million. Relative to the size of the Fund, the fees for 2014 were 0.10%, which was higher than previous year of 0.06%.

Figure 14 – Management Fees in 2014

Category	Amount (in \$US)
External management & custody fees	9,618,804
BCTL operational management fees	6,455,290
IAB expenses	377,785
Other expenses	110,641
Total	16,562,520

Going Forward

The Government is contemplating making further incremental improvements to the bond and equity portfolios by investing in a wider range of sub-asset classes to improve the risk and return characteristics for the fund. Much work will be directed towards understanding the risk and characteristics of these new investments, the associated implementation, and their complexity vis-à-vis the availability of governance resources.

Advice from the Investment Advisory Board

The Investment Advisory Board (IAB) of the Petroleum Fund held six meetings and one workshop during 2014. The minutes from the meetings are available on the BCTL's website (www.bancocentral.tl). The IAB provided two recommendations (see Annex X) to the Minister of Finance in accordance with the requirements of Article 16 in the Petroleum Fund Law:

1) Advice on the appointment of new bond managers for the Petroleum Fund

After reviewing the BCTL's proposal on the appointment of AllianceBernstein LP and Wellington Management Company LLP as external managers of the Petroleum Fund, the IAB advised Her Excellency the Minister of Finance on 27 March 2014 to approve the proposal as both proposed managers met the

⁴ <http://www.bancocentral.tl/PF/laws.asp>

stipulations in Article 12.2 and Article 12.4 of the Petroleum Fund Law. The Minister of Finance accepted the IAB's recommendation and instructed the BCTL to operationalize it.

2) Update on the IAB's Statement of Investment Beliefs and Principles

In its letter dated 5 September 2014 the IAB advised the Minister on the updated IAB's Statement of Beliefs and Principles. The update was primarily to incorporate the Board beliefs on the fixed interest investments. The updated document was intended to remind the stakeholders that the Board's advice was still guided by a consistent framework of beliefs with broad academic and market support.

Annex

Statement by Director General of Treasury

Petroleum Fund of Timor-Leste
General Information
31 December 2014

Minister of Finance	Her Excellency Santana Cardoso (From 16 February 2015) Her Excellency Emilia Pires
Director General of Treasury	Agostinho Castro
Members of Investment Advisory Board	Olgario de Castro Gualdino da Silva Francisco Monteiro 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 Bispo Medeiros 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 Russell Investment Management Ltd (ended December 2014) Alliance Bernstein (commenced July 2014) Wellington Management (commenced December 2014)
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 2014

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 2014.

The financial statements have been independently audited by Deloitte Touche Tohmatsu whose audit opinion is attached to the financial statements.

PETROLEUM FUND CAPITAL

The Petroleum Fund had capital of US\$15.0bn on 1 January 2014(2013: US\$11.8bn). During the period, taxes and other petroleum revenue under Article 6 of the Petroleum Fund were US\$1.8bn (2013: US\$3.0bn). The Fund earned an income of US\$502m (2013: US\$865m) during the period. A summary of transactions for the income is given in the “Statement of profit or loss and other comprehensive income”.

US\$732m was transferred from the Petroleum Fund to the Consolidated Fund during the year. The capital of Petroleum Fund as at 31 December 2014 was US\$16.5bn (2013: US\$15.0bn). A summary of the transactions is given in the “Statement of changes in capital”.

BENCHMARKS AND PERFORMANCE

At the Investment Advisory Board (IAB) meeting held on 28 June 2012 the decision was made by the Minister under advice from 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 of 40% was achieved during the year, and 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 2014	As at 31 December 2013
Fixed Interest		
BOA Merrill Lynch US Government 0-5 Years	40.0%	45.0%
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>65.0%</i>
Global Equities		
MSCI World	40.0%	35.0%
<i>Total Global Equities</i>	<i>40.0%</i>	<i>35.0%</i>
Total Benchmark	100%	100%

Petroleum Fund of Timor-Leste
Statement by the Director General of Treasury
31 December 2014

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 2014 is given at note 17. 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.

Interest income has decreased while dividend income has increased compared to the prior year, which reflects the changes to the portfolio mix during the first half of 2014 as previously discussed in benchmarks and performance. Management fees have increased during the year reflecting the appointment of new managers and the increase in the size of the fund. Net FX losses have increased significant due to the strengthening of the US Dollar in global currency markets.


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

The benchmark changed significantly during the year, as described in the earlier paragraph on benchmarks.

APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements for the year ended 31 December 2014 have been approved on behalf of the Ministry of Finance by:



Agostinho Castro
Director General of Treasury
Ministry of Finance Government of Timor-Leste
27 May 2015

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 2014

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 2014, 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 2014 and financial performance for the year then ended in accordance with International Financial Reporting Standards.

DeLoitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Chartered Accountants
Dili

27 May, 2015

Petroleum Fund of Timor-Leste
Statement of profit or loss and other comprehensive income
for the year ended 31 December 2014

	<i>Note</i>	<i>Year ended 31/12/2014 USD</i>	<i>Year ended 31/12/2013 USD</i>
Revenue			
Interest income	5	142,326,830	149,187,245
Dividend income		177,467,665	105,859,453
Trust income		5,800,126	3,644,699
Other investment income		34,725	162,874
Net gains on financial assets and liabilities at fair value through profit or loss	9	627,313,626	640,006,671
Net foreign exchange losses		<u>(425,542,866)</u>	<u>(19,353,812)</u>
Total revenue		<u>527,400,106</u>	<u>879,507,130</u>
Expenses			
External management and custody fees		(9,618,804)	(6,993,353)
IAB expenses		(377,785)	(153,491)
BCTL operational management fees		(6,455,290)	(1,863,119)
Other expenses		<u>(110,641)</u>	<u>(571,744)</u>
Total expenses		<u>(16,562,520)</u>	<u>(9,581,707)</u>
Profit before tax		510,837,586	869,925,423
Withholding taxes		<u>(9,284,000)</u>	<u>(5,010,732)</u>
Profit for the year		501,553,586	864,914,691
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>501,553,586</u>	<u>864,914,691</u>

The financial statements should be read in conjunction with the policies and notes on pages 10 - 49.

Petroleum Fund of Timor-Leste
Statement of financial position
as at 31 December 2014

	<i>Note</i>	<i>As at 31/12/2014</i> <i>USD</i>	<i>As at 31/12/2013</i> <i>USD</i>
Assets			
Cash and cash equivalents	8	66,842,141	70,185,105
Other receivables	6	20,063,101	11,112,267
Financial assets at fair value through profit or loss	9	<u>16,466,483,685</u>	<u>14,904,678,996</u>
Total assets		<u>16,553,388,927</u>	<u>14,985,976,368</u>
Liabilities			
Payables for securities purchased		11,282,656	31,549,249
Accounts payable		<u>3,488,811</u>	<u>2,327,814</u>
Total liabilities		<u>14,771,467</u>	<u>33,877,063</u>
Net assets		<u>16,538,617,460</u>	<u>14,952,099,305</u>
Capital			
Capital		<u>16,538,617,460</u>	<u>14,952,099,305</u>

The financial statements should be read in conjunction with the policies and notes on pages 10 - 49.

Petroleum Fund of Timor-Leste
Statement of changes in capital
for the year ended 31 December 2014

		<i>Year ended 31/12/2014 USD</i>	<i>Year ended 31/12/2013 USD</i>
Capital at the beginning of the year	7	14,952,099,305	11,775,348,589
Petroleum Fund Gross Receipts	7	<u>1,816,964,569</u>	<u>3,041,836,025</u>
<i>(pursuant to Article 6 of the Petroleum Fund Law)</i>		<u>16,769,063,874</u>	<u>14,817,184,614</u>
Transfers to the Consolidated Fund of Timor-Leste	7	(732,000,000)	(730,000,000)
<i>(pursuant to Article 7 of the Petroleum Fund Law)</i>			
Transfers for refunds of taxation		-	-
<i>(pursuant to Article 10 of the Petroleum Fund Law)</i>			
Total comprehensive income for the year		<u>501,553,586</u>	<u>864,914,691</u>
Capital at the end of the year		<u>16,538,617,460</u>	<u>14,952,099,305</u>

The financial statements should be read in conjunction with the policies and notes on pages 10 - 49.

Petroleum Fund of Timor-Leste
Statement of cash flows
for the year ended 31 December 2014

	<i>Note</i>	<i>Year ended 31/12/2014 USD</i>	<i>Year ended 31/12/2013 USD</i>
Cash flows from operating activities			
Proceeds from sale of financial assets at fair value through profit or loss		14,877,320,817	13,598,334,271
Purchases of financial assets at fair value through profit or loss	9	(16,254,196,325)	(16,125,029,431)
Interest received		141,865,370	143,017,592
Dividends received		164,664,963	95,154,880
Trust distributions received		5,527,463	3,462,605
External management and custody fees paid		(15,290,882)	(8,979,149)
Operational management fees paid		-	(50,000)
Other operating receipts		34,725	166,257
Other operating payments		<u>(512,016)</u>	<u>(571,745)</u>
Net cash utilised in operating activities	13	<u>(1,080,585,885)</u>	<u>(2,294,494,720)</u>
Cash flows from financing activities	7		
Petroleum Fund Gross Receipts		1,816,964,569	3,041,836,025
Transfer payments to the Consolidated Fund of Timor-Leste		(732,000,000)	(730,000,000)
Refunds of tax receipts		<u>-</u>	<u>-</u>
Net cash flows provided by financing activities		<u>1,084,964,569</u>	<u>2,311,836,025</u>
Net increase in cash and cash equivalents		4,378,684	17,341,305
Cash and cash equivalents at the beginning of the year		70,185,105	60,884,289
Effects of foreign currency exchange rate changes on cash and cash equivalents		<u>(7,721,648)</u>	<u>(8,040,489)</u>
Cash and cash equivalents at 31 December	8	<u>66,842,141</u>	<u>70,185,105</u>

The financial statements should be read in conjunction with the policies and notes on pages 10 - 49.

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2014

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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 Bispo Medeiros, 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 authorised for issue by the Director General of Treasury on 27 May 2015.

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

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2014

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 recognised 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 effective at balance date.

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 investments are categorised as at fair value through profit or loss which 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 measured and reported in accordance with documented risk management and investment strategies, has accordingly been designated at fair value through profit or loss for accounting purposes.

Loans and receivables

Financial assets that are classified as 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 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 recognises 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 recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

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 recognised 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 recognised 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) 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 reorganisation 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 recognised 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 realised 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 recognised, the previously recognised 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 recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(v) Fair value measurement

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 participant 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 and expense, are recognised in the profit and loss as part of net gain from financial assets or liabilities at fair value through profit or loss.

(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 derecognised 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.

3. Significant accounting policies (continued)

(vi) Derecognition (continued)

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 recognised to the extent of the Fund's continuing involvement in the asset. In that case, the Fund also recognises 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 derecognises 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 recognised amounts and intends either to settle on a net basis or to realise 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 amortised cost.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements is recognised 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.

(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 official currency of the Democratic Republic of Timor-Leste.

(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 recognised 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)*'.

3. Significant accounting policies (continued)

(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 recognises these and other transactions as follows:

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

(d) Transfers to the Consolidated Fund

Transfers to the Consolidated Fund are appropriations approved by National Parliament of Timor-Leste. All transfers to the Consolidated Fund are authorised and recognised 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 effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount. It is recognised in the statement of profit or loss and other comprehensive income.

(f) 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.

(g) 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.

(h) 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 recognised 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 recognised 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.

(i) 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.

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2014

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 recognised in the financial statements:

Capital

Judgments have been made as to whether certain transactions should be recognised 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 recognised.

5. Interest income

	<i>Year ended</i> <i>31/12/2014</i>	<i>Year ended</i> <i>31/12/2013</i>
	<i>USD</i>	<i>USD</i>
Interest from debt securities at fair value through profit or loss	142,283,687	148,956,261
Interest from cash and cash equivalents	<u>43,143</u>	<u>230,984</u>
	<u>142,326,830</u>	<u>149,187,245</u>

6. Other Receivables

	<i>As at</i> <i>31/12/2014</i>	<i>As at</i> <i>31/12/2013</i>
	<i>USD</i>	<i>USD</i>
Dividends receivable	7,198,092	5,793,209
Withholding tax receivables	7,735,408	4,515,589
Trust distributions receivables	770,608	580,945
Due from brokers receivables	4,311,569	140,790
Interest receivables	<u>47,424</u>	<u>81,734</u>
	<u>20,063,101</u>	<u>11,112,267</u>

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7. Capital receipts and payments of the Petroleum Fund

During the year ended 31 December 2014 the sum of US\$903,000,000 (31 December 2013 - US\$787,000,000) was approved for appropriation by Parliament from the Petroleum Fund. A sum of US\$732,000,000 (31 December 2013 - US\$730,000,000) was transferred from the Petroleum Fund to the State Budget account during the year.

During the year ended 31 December 2014 a total of US\$752,109,763 (31 December 2013 - US\$1,167,129,774) was received in Article 6.1(a) receipts. A total of US\$1,057,537,606 (31 December 2013 - US\$1,866,287,711) was received in Article 6.1(b) receipts. A total of US\$7,317,200 (31 December 2013 - US\$8,418,540) was received in Article 6.1(e) receipts.

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

<i>Year ended 31/12/2014</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	<u>58,153,639</u>	<u>7,833,318</u>	<u>-</u>	<u>(192,000,000)</u>	<u>-</u>	<u>(126,013,043)</u>
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>			

<i>Year ended 31/12/2013</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	144,802,000	178,698,405	-	-	-	323,500,405
February	115,888,000	196,978,657	-	-	-	312,866,657
March	108,896,000	184,291,044	8,287,200	-	-	301,474,244
April	88,302,000	189,521,408	-	-	-	277,823,408
May	95,314,000	147,134,731	-	-	-	242,448,731
June	110,054,000	165,672,475	-	-	-	275,726,475
July	91,114,000	151,988,272	-	(180,000,000)	-	63,102,272
August	88,339,000	127,727,254	-	-	-	216,066,254
September	89,856,000	154,275,735	-	-	-	244,131,735
October	84,882,811	138,597,755	-	(120,000,000)	-	103,480,566
November	77,191,231	95,277,783	-	(280,000,000)	-	(107,530,986)
December	<u>72,490,732</u>	<u>136,124,192</u>	<u>131,340</u>	<u>(150,000,000)</u>	<u>-</u>	<u>58,746,264</u>
Totals	<u>1,167,129,774</u>	<u>1,866,287,711</u>	<u>8,418,540</u>	<u>(730,000,000)</u>	<u>-</u>	<u>2,311,836,025</u>
Total Article 6.1			<u>3,041,836,025</u>			

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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> 31/12/2014	<i>As at</i> 31/12/2013
	USD	USD
Cash at bank	64,542,141	65,685,105
Overnight reverse repurchase agreements	<u>2,300,000</u>	<u>4,500,000</u>
	<u>66,842,141</u>	<u>70,185,105</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 summarised as follows:

	<i>As at</i> 31/12/2014	<i>As at</i> 31/12/2013
	USD	USD
Financial assets at fair value through profit or loss		
Opening fair value	14,904,678,996	11,711,144,753
Purchases at cost	16,254,196,325	16,125,029,431
Proceeds from sales	(14,893,635,166)	(13,557,806,538)
Net gains on financial assets at fair value through profit and loss	627,313,626	640,006,671
Net foreign exchange gains/(losses)	(425,542,866)	(19,645,556)
Net (losses)/gains through interest income	<u>(527,230)</u>	<u>5,950,235</u>
Closing fair value	<u>16,466,483,685</u>	<u>14,904,678,996</u>

There were no impairment losses at balance date. The carrying amount of these assets approximates their fair value.

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

A summary of securities is as follows:

	<i>As at 31/12/2014</i>		<i>As at 31/12/2013</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				
European treasury bill	11,190,953	-	3,417,170	-
United States treasury notes	8,311,880,935	50	8,112,364,538	54
Australian government bonds	163,501,748	1	145,008,543	1
Japanese government bonds	147,261,709	1	136,010,191	1
United Kingdom government bonds	193,285,097	1	146,555,355	1
European government bonds	443,574,441	3	441,234,140	3
Other government bonds	<u>616,124,795</u>	<u>4</u>	<u>586,562,474</u>	<u>4</u>
Total fixed interest securities	<u>9,886,819,678</u>	<u>60</u>	<u>9,571,152,411</u>	<u>64</u>
Equity securities				
United States equities	3,856,201,783	23	2,913,563,696	20
Australian equities	176,209,987	1	162,180,483	1
Japanese equities	531,978,919	3	468,696,730	3
United Kingdom equities	532,166,374	3	496,089,872	3
European equities	740,570,166	5	668,865,807	5
Equities from other countries	<u>742,812,061</u>	<u>5</u>	<u>623,955,974</u>	<u>4</u>
Total equity securities	<u>6,579,939,290</u>	<u>40</u>	<u>5,333,352,562</u>	<u>36</u>
Held for trading				
Derivatives				
Foreign currency forwards	(293,358)	-	174,023	-
Equity options	<u>18,075</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(275,283)</u>	<u>-</u>	<u>174,023</u>	<u>-</u>
Total securities	<u>16,466,483,685</u>		<u>14,904,678,996</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 31/12/2014</i>			
	<i>USD</i>			
Financial assets	Level 1	Level 2	Level 3	Total
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>-</u>	<u>-</u>	<u>9,886,819,678</u>
Total	<u>16,466,777,043</u>	<u>-</u>	<u>-</u>	<u>16,466,777,043</u>

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

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

	<i>As at 31/12/2013</i>			
	<i>USD</i>			
Financial assets	Level 1	Level 2	Level 3	Total
Financial Instruments designated at fair value through profit or loss				
Derivatives	-	174,023	-	174,023
Equity securities	5,333,352,562	-	-	5,333,352,562
Fixed interest securities	9,571,152,411	-	-	9,571,152,411
Total	14,904,504,973	174,023	-	14,904,678,996

There were no transfers between levels for the year ended 31 December 2014, (2013: Nil).

There were no movements in all levels of instruments for the year ended 31 December 2014, (2013: 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 utilised 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 2014, 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 customised contracts transacted in the OTC market. Futures contracts are transacted in standardised 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.

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 2.80% (2013: 4.73%) 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 2014 is \$9,283,669 (2013: \$5,010,732).

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 maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise 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 2014 was 40% (2013: 36%).

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.

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 optimising 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 analysing 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.

Summarised sensitivity analysis

The following table summarises 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 2014	(657,966,401)	657,966,401
31 December 2013	(533,352,659)	533,352,659

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:

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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 31/12/2014</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	<u>16,466,483,685</u>	<u>6,579,664,007</u>	<u>33,031,813</u>	<u>50,606,515</u>	<u>92,779,228</u>	<u>7,197,227,704</u>	<u>2,084,546,217</u>	<u>428,628,201</u>
Total assets	<u>16,553,388,927</u>	<u>6,599,727,108</u>	<u>99,873,954</u>	<u>50,606,515</u>	<u>92,779,228</u>	<u>7,197,227,704</u>	<u>2,084,546,217</u>	<u>428,628,201</u>
Weighted average interest rate			3.22 %	3.42 %	2.44 %	1.25 %	1.90 %	0.64 %

<i>As at 31/12/2013</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	70,185,105	-	70,185,105	-	-	-	-	-
Other receivables	11,112,267	11,112,267	-	-	-	-	-	-
Financial assets at fair value through profit or loss	<u>14,904,678,996</u>	<u>5,333,526,585</u>	<u>-</u>	<u>48,412,491</u>	<u>630,207,747</u>	<u>6,671,629,193</u>	<u>1,861,207,059</u>	<u>359,695,921</u>
Total assets	<u>14,985,976,368</u>	<u>5,344,638,852</u>	<u>70,185,105</u>	<u>48,412,491</u>	<u>630,207,747</u>	<u>6,671,629,193</u>	<u>1,861,207,059</u>	<u>359,695,921</u>
Weighted average interest rate			- %	1.96 %	2.36 %	1.03 %	2.19 %	0.67 %

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 2014	98,868,197	(98,868,197)
31 December 2013	95,711,524	(95,711,524)

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
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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% in USD, 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 31/12/2014							
USD							
	USD	EUR	AUD	GBP	JPY	Other Currencies	Total
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	(3,685,773)	-	(2,204,328)	(50,352)	(1,683,120)	(7,147,894)	(14,771,467)
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	(48,606,135)	(37,274,235)	(4,578,906)	(2,568,965)	(12,292,038)	(36,548,222)	(141,868,501)
Total derivative exposure	360,125	(558,187)	(4,298)	400	(139,360)	66,037	(275,283)
Total net exposure	12,199,119,164	1,200,731,819	340,335,874	732,276,537	692,199,236	1,373,954,830	16,538,617,460
Exposure (% of Fund net assets)	73.76%	7.26%	2.06%	4.43%	4.19%	8.30%	100%

As at 31/12/2013							
USD							
	USD	EUR	AUD	GBP	JPY	Other Currencies	Total
Cash and cash equivalents	47,225,621	10,131,782	1,826,965	3,343,558	2,367,857	5,289,322	70,185,105
Equity securities	2,913,563,696	668,865,807	162,180,483	496,089,872	468,696,730	623,955,974	5,333,352,562
Interest bearing securities	8,112,364,538	444,651,310	145,008,543	146,555,355	136,010,191	586,562,474	9,571,152,411
Receivables	3,900,335	2,848,135	459,382	1,281,558	446,234	2,176,623	11,112,267
Payables	(2,327,814)	(8,623,945)	-	(36,116)	(13,147,595)	(9,741,593)	(33,877,063)
Total physical exposure	11,074,726,376	1,117,873,089	309,475,373	647,234,227	594,373,417	1,208,242,800	14,951,925,282
Forward exchange contracts							
- buy foreign currency	6,314,652	-	-	-	12,990,124	9,441,116	28,745,892
- sell foreign currency	(22,391,135)	-	-	-	(4,935,470)	(1,245,264)	(28,571,869)
Total derivative exposure	(16,076,483)	-	-	-	8,054,654	8,195,852	174,023
Total net exposure	11,058,649,893	1,117,873,089	309,475,373	647,234,227	602,428,071	1,216,438,652	14,952,099,305
Exposure (% of Fund net assets)	73.97%	7.48%	2.07%	4.33%	4.03%	8.12%	100%

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2014

12 Financial risk and management objectives and policies (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

Summarised 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> 31/12/2014 USD	<i>As at</i> 31/12/2013 USD
EUR impact	(120,073,182)	(111,787,309)
AUD impact	(34,033,587)	(30,947,537)
GBP impact	(73,227,654)	(64,723,423)
JPY impact	(69,219,924)	(60,242,807)
Other currencies impact	<u>(137,395,483)</u>	<u>(121,643,865)</u>
Total currencies impact	<u>(433,949,830)</u>	<u>(389,344,941)</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 IAB advised the Minister of Finance in June 2012 that in view of the long-term investment horizon of the Fund, the strategic asset allocation to listed equities should be 40% while the allocation to investment grade fixed interest securities should be 60%. The Board recommended implementing this strategic asset allocation by gradually increasing the public equity exposure by 0.83% a month (from the then 20% exposure to equities) over a period of two years to 30 June 2014. This strategy was achieved during the year, and the Board considers this to be an appropriate level given the long term 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 2014

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 introduction of non-US, developed market sovereign bonds reduced the allocation to US Treasuries from 60% to 50% of the Fund. Diversification within the new sovereign bond mandate was achieved by limiting each country to a maximum weight of 10% of the index and the Euro-zone weight to 30%. The allocation to US Treasuries may decline further over time.

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> 31/12/2014 USD	<i>As at</i> 31/12/2013 USD
Fixed interest securities and money market securities		
Sovereign issuers:		
United States Government	8,311,880,935	8,112,364,538
Australia Government	163,501,748	145,008,543
Japan Government	147,261,709	136,010,191
United Kingdom Government	193,285,097	146,555,355
European Governments	454,765,394	444,651,310
Governments of other countries	616,124,795	586,562,474
	<u>9,886,819,678</u>	<u>9,571,152,411</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> 31/12/2014 USD	<i>As at</i> 31/12/2013 USD
International fixed interest securities and money market securities		
AAA	9,442,471,461	9,182,422,479
AA	253,076,943	90,436,814
A	146,677,922	142,630,805
BBB	44,593,352	155,662,043
Total	<u>9,886,819,678</u>	<u>9,571,152,141</u>

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

No more than 1% (2013: 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% (2013: 54%) 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.

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\$14.8m (2013 : US\$33.9m) 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 equitising 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
Notes to the financial statements
for the year ended 31 December 2014

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 31/12/2014		As at 31/12/2013	
	Fair value USD	Notional value USD	Fair value USD	Notional value USD
Equity options	18,075	-	-	-
Foreign currency forward contracts	(293,358)	12,469,920	174,023	(16,076,482)
Total	(275,283)	12,469,920	174,023	(16,076,482)

(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 31/12/2014 USD	Year ended 31/12/2013 USD
Profit for the year	501,553,586	864,914,691
Increase in financial assets at fair value through profit or loss	(1,561,804,689)	(3,193,534,243)
(Increase)decrease in receivables	(1,229,186)	3,405,922
Increase/(decrease) in accounts payable	1,160,997	(19,186)
(Decrease)/increase in payables for securities purchased	(20,266,593)	30,738,096
Net cash flow from operating activities	(1,080,585,885)	(2,294,494,720)

14. Personnel

The Fund did not employ any personnel during the year (2013: the same).

15. Contingent assets, contingent liabilities and commitments

There are no contingent assets, contingent liabilities or commitments as at 31 December 2014.

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').

Petroleum Fund of Timor-Leste
Notes to the financial statements
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16. Related party disclosures (continued)

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 31/12/2014</i>	<i>Year ended 31/12/2013</i>
	<i>USD</i>	<i>USD</i>
Custody and external management services	9,618,804	6,993,353
IAB expenses	377,785	153,491
BCTL operating expenses	<u>6,455,290</u>	<u>1,863,119</u>
Total	<u>16,451,879</u>	<u>9,009,963</u>

BCTL is entitled to receive a management fee for its respective services in terms of the agreement dated 14 February 2014. These fees amount to an aggregate of 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\$16,451,879 (2013: US\$9,009,963).

The management fees payable as at 31 December 2014 is US\$3,488,811 (31 December 2013: US\$2,327,814).

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
For the year ended 31 December 2014

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	36,085,000	29,701,139	Canada 1.50% 01Feb17	19,575,000	17,174,728
Australia 2.75% 21Oct19	7,380,000	6,204,420	Canada 1.50% 01Mar17	4,002,000	3,509,995
Australia 3.25% 21Apr25	2,919,000	2,495,350	Canada 1.50% 01Mar20	1,900,000	1,653,058
Australia 3.25% 21Apr29	5,776,000	4,865,473	Canada 1.50% 01Sep17	14,390,000	12,624,625
Australia 3.25% 21Oct18	2,475,000	2,117,917	Canada 1.75% 01Sep19	22,300,000	19,720,991
Australia 3.75% 21Apr37	7,010,000	6,124,028	Canada 2.00% 01Jun16	4,330,000	3,797,364
Australia 4.25% 21Apr26	3,106,000	2,898,561	Canada 2.25% 01Jun25	1,740,000	1,553,728
Australia 4.25% 21Jul17	4,243,000	3,719,588	Canada 2.50% 01Jun24	12,011,000	11,026,673
Australia 4.50% 15Apr20	28,204,000	25,796,654	Canada 2.75% 01Dec48	1,125,000	1,065,529
Australia 4.50% 21Apr33	7,780,000	7,560,849	Canada 2.75% 01Dec64	1,575,000	1,534,110
Australia 4.75% 15Jun16	6,829,000	5,797,243	Canada 2.75% 01Sep16	2,000,000	1,792,510
Australia 4.75% 21Apr27	3,301,000	3,233,300	Canada 3.00% 01Dec15	2,152,000	1,896,017
Australia 5.25% 15Mar19	8,608,000	8,015,773	Canada 3.25% 01Jun21	3,505,000	3,361,555
Australia 5.50% 21Apr23	9,381,000	9,379,072	Canada 3.50% 01Dec45	8,391,000	9,113,503
Australia 5.50% 21Jan18	15,066,000	13,849,335	Canada 3.50% 01Jun20	3,827,000	3,676,670
Australia 5.75% 15Jul22	5,146,000	5,231,483	Canada 4.00% 01Jun16	1,933,000	1,744,626
Australia 5.75% 15May21	6,835,000	6,719,713	Canada 4.00% 01Jun17	1,971,000	1,828,816
Australia 6.00% 15Feb17	19,426,000	17,511,952	Canada 4.00% 01Jun41	6,746,000	7,744,847
Australia 6.25% 15Apr15	2,720,000	2,279,890	Canada 5.00% 01Jun37	2,636,000	3,352,614
		163,501,748	Canada 5.75% 01Jun29	2,170,000	2,731,955
Austria 1.65% 21Oct24	1,285,000	1,698,083	Canada 5.75% 01Jun33	10,248,000	13,574,667
Austria 1.75% 20Oct23	274,000	366,400	Canada 8.00% 01Jun27	1,442,000	2,077,392
Austria 1.95% 18Jun19	2,343,000	3,102,408			149,803,809
Austria 3.15% 20Jun44	220,000	375,732	Denmark 1.50% 15Nov23	58,342,200	10,271,854
Austria 3.40% 22Nov22	383,000	570,659	Denmark 1.75% 15Nov25	21,945,000	3,911,113
Austria 3.50% 15Sep21	525,000	777,409	Denmark 2.50% 15Nov16	22,666,000	3,868,254
Austria 3.65% 20Apr22	672,000	1,025,192	Denmark 3.00% 15Nov21	74,327,000	14,320,318
Austria 3.80% 26Jan62	153,000	331,521	Denmark 4.00% 15Nov15	8,000,000	1,351,364
Austria 3.90% 15Jul20	1,005,000	1,487,411	Denmark 4.00% 15Nov17	60,121,000	10,938,175
Austria 4.15% 15Mar37	1,642,000	3,116,954	Denmark 4.00% 15Nov19	127,197,700	24,664,019
Austria 4.30% 15Sep17	346,000	472,745	Denmark 4.50% 15Nov39	131,176,200	35,502,714
Austria 4.35% 15Mar19	447,000	657,801	Denmark 7.00% 10Nov24	55,119,700	14,603,755
Austria 4.65% 15Jan18	965,000	1,385,081			119,431,568
Austria 4.85% 15Mar26	668,000	1,189,304	Finland 1.50% 15Apr23	1,510,000	1,990,537
Austria 6.25% 15Jul27	295,000	593,757	Finland 3.37% 15Apr20	287,000	414,322
		17,150,463	Finland 4.37% 04Jul19	865,000	1,271,413
Belgium 1.25% 22Jun18	358,000	454,428			3,676,273
Belgium 2.25% 22Jun23	371,000	512,747	France 0.50% 25Nov19	11,020,000	13,552,739
Belgium 2.60% 22Jun24	2,375,000	3,372,452	France 1.00% 25Jul17	10,237,615	12,766,902
Belgium 2.75% 28Mar16	308,100	393,403	France 1.00% 25Nov18	570,856	716,556
Belgium 3.00% 28Sep19	1,945,700	2,688,503	France 1.75% 25May23	1,189,667	1,591,529
Belgium 3.25% 28Sep16	425,000	547,904	France 1.75% 25Nov24	8,035,500	10,592,377
Belgium 3.50% 28Jun17	438,200	586,147	France 2.00% 12Jul15	1,017,004	1,255,100
Belgium 3.50% 28Mar15	507,600	635,560	France 2.25% 25Feb16	777,522	983,188
Belgium 3.75% 28Sep15	378,100	474,660	France 2.50% 15Jan15	640,948	794,657
Belgium 3.75% 28Sep20	1,181,700	1,728,501	France 2.50% 25Jul16	842,587	1,070,713
Belgium 4.00% 28Mar17	368,600	499,850	France 2.50% 25May30	1,340,000	1,892,462
Belgium 4.00% 28Mar18	695,900	976,718	France 2.50% 25Oct20	2,183,504	2,993,553
Belgium 4.00% 28Mar19	372,000	538,305	France 2.75% 25Oct27	545,000	784,485
Belgium 4.00% 28Mar22	476,000	738,238	France 3.25% 25May45	1,165,000	1,875,028
Belgium 4.00% 28Mar32	253,000	432,138	France 3.25% 25Oct21	2,405,000	3,487,276
Belgium 4.25% 28Mar41	1,847,400	3,447,056	France 3.50% 25Apr20	1,192,000	1,726,411
Belgium 4.25% 28Sep21	1,004,600	1,541,812	France 3.50% 25Apr26	2,020,399	3,148,718
Belgium 4.25% 28Sep22	1,740,900	2,718,709	France 3.75% 25Apr21	5,579,000	8,361,374
Belgium 4.50% 28Mar26	534,000	903,931	France 3.75% 25Oct19	1,051,000	1,499,558
Belgium 5.00% 28Mar35	1,628,800	3,188,246	France 4.00% 25Apr18	1,984,000	2,783,908
Belgium 5.50% 28Mar28	559,000	1,057,580	France 4.00% 25Apr55	1,103,000	2,129,074
Belgium 5.50% 28Sep17	281,000	396,527	France 4.00% 25Apr60	743,380	1,454,075
		27,833,428	France 4.00% 25Oct38	1,596,124	2,784,938
Canada 1.00% 01Aug16	1,546,000	1,340,415	France 4.25% 25Apr19	1,036,000	1,513,925
Canada 1.00% 01Feb15	10,140,000	8,790,546	France 4.25% 25Oct17	927,000	1,265,330
Canada 1.25% 01Feb16	3,084,000	2,683,504	France 4.25% 25Oct18	921,000	1,301,404
Canada 1.25% 01Mar18	9,093,000	7,910,243	France 4.25% 25Oct23	1,109,231	1,768,889
Canada 1.50% 01Aug15	2,896,000	2,523,117	France 4.50% 25Apr41	791,621	1,530,070

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

Security	Nominal	Fair Value	Security	Nominal	Fair Value
France 4.75% 25Apr35	3,622,432	6,892,131	Italy 2.75% 15Nov16	3,270,000	4,134,214
France 5.50% 25Apr29	807,000	1,552,705	Italy 3.00% 01Nov15	588,000	730,051
France 5.75% 25Oct32	826,000	1,675,011	Italy 3.00% 15Apr15	666,000	816,689
France 8.50% 25Oct19	290,000	496,635	Italy 3.00% 15Jun15	627,000	768,717
		96,240,734	Italy 3.50% 01Jun18	1,172,000	1,552,910
Germany 0.00% 12Jun15	602,600	729,495	Italy 3.50% 01Nov17	1,164,000	1,528,640
Germany 0.25% 13Apr18	441,200	540,206	Italy 3.75% 01Aug15	5,865,000	7,343,374
Germany 0.25% 13Mar15	510,400	619,205	Italy 3.75% 01Aug16	1,787,000	2,306,905
Germany 0.50% 07Apr17	469,100	576,907	Italy 3.75% 01Aug21	943,000	1,330,303
Germany 0.50% 13Oct17	402,200	494,725	Italy 3.75% 01Mar21	814,000	1,145,523
Germany 0.50% 23Feb18	1,035,000	1,280,361	Italy 3.75% 01Sep24	9,315,000	13,295,194
Germany 0.75% 24Feb17	408,000	505,189	Italy 3.75% 15Apr16	546,000	693,809
Germany 1.25% 14Oct16	435,500	540,396	Italy 4.00% 01Feb17	856,000	1,126,958
Germany 1.50% 15Feb23	1,329,800	1,780,771	Italy 4.00% 01Feb37	6,306,000	8,935,271
Germany 1.50% 15May23	638,500	852,748	Italy 4.00% 01Sep20	5,724,000	8,108,936
Germany 1.50% 15May24	5,655,000	7,526,252	Italy 4.25% 01Feb19	824,000	1,151,124
Germany 1.75% 04Jul22	2,260,000	3,067,113	Italy 4.25% 01Mar20	815,000	1,160,554
Germany 1.75% 09Oct15	662,900	816,707	Italy 4.25% 01Sep19	3,003,000	4,237,728
Germany 2.00% 04Jan22	1,311,200	1,816,290	Italy 4.50% 01Aug18	1,705,000	2,374,400
Germany 2.00% 26Feb16	524,800	661,091	Italy 4.50% 01Feb18	1,659,000	2,276,895
Germany 2.25% 04Sep20	967,400	1,324,696	Italy 4.50% 01Feb20	760,000	1,096,134
Germany 2.25% 04Sep21	514,000	713,112	Italy 4.50% 01Mar19	808,000	1,139,369
Germany 2.25% 10Apr15	674,000	834,012	Italy 4.50% 01Mar26	1,397,000	2,108,936
Germany 2.50% 04Jan21	1,182,900	1,673,376	Italy 4.50% 01May23	611,000	906,719
Germany 2.50% 04Jul44	1,901,500	2,953,926	Italy 4.50% 15Jul15	570,000	718,719
Germany 2.50% 15Aug46	360,000	567,857	Italy 4.75% 01Aug23	833,000	1,272,311
Germany 2.50% 27Feb15	587,000	728,054	Italy 4.75% 01Jun17	531,000	708,310
Germany 2.75% 08Apr16	567,600	724,525	Italy 4.75% 01May17	919,000	1,227,392
Germany 3.00% 04Jul20	675,000	961,172	Italy 4.75% 01Sep21	1,675,000	2,498,921
Germany 3.25% 04Jan20	3,580,500	5,173,163	Italy 4.75% 01Sep28	390,000	603,844
Germany 3.25% 04Jul15	829,600	1,036,750	Italy 4.75% 01Sep44	554,000	878,951
Germany 3.25% 04Jul21	1,741,000	2,565,339	Italy 4.75% 15Sep16	537,000	705,636
Germany 3.25% 04Jul42	1,084,100	1,909,920	Italy 5.00% 01Aug34	723,000	1,167,820
Germany 3.50% 04Jan16	805,000	1,041,819	Italy 5.00% 01Aug39	639,000	1,042,466
Germany 3.50% 04Jul19	5,294,500	7,533,960	Italy 5.00% 01Mar22	1,239,000	1,887,683
Germany 3.75% 04Jan17	568,700	765,925	Italy 5.00% 01Mar25	2,517,000	3,953,774
Germany 3.75% 04Jan19	2,924,000	4,208,433	Italy 5.00% 01Sep40	1,434,000	2,320,327
Germany 4.00% 04Jan37	2,256,300	4,280,169	Italy 5.25% 01Aug17	813,000	1,121,497
Germany 4.00% 04Jul16	699,600	914,221	Italy 5.25% 01Nov29	944,000	1,529,497
Germany 4.25% 04Jul18	601,100	853,322	Italy 5.50% 01Nov22	1,437,000	2,252,124
Germany 4.25% 04Jul39	475,000	942,138	Italy 5.50% 01Sep22	1,318,000	2,076,707
Germany 4.75% 04Jul28	361,000	663,871	Italy 5.75% 01Feb33	524,000	917,405
Germany 4.75% 04Jul34	1,263,100	2,520,776	Italy 6.00% 01May31	997,000	1,756,729
Germany 4.75% 04Jul40	2,187,600	4,682,294	Italy 6.50% 01Nov27	872,000	1,548,891
Germany 5.50% 04Jan31	540,200	1,120,878	Italy 7.25% 01Nov26	321,000	596,986
		72,501,182	Italy 9.00% 01Nov23	800,000	1,559,964
Hong Kong 0.44% 19Jun17	1,950,000	249,014	Italy T-Bill 30Jun15	9,267,000	11,190,953
Hong Kong 0.46% 11May15	3,800,000	490,828			132,339,211
Hong Kong 0.61% 05Feb18	5,000,000	635,213	Japan 0.10% 15Feb15	42,750,000	356,741
Hong Kong 0.97% 08Dec16	18,950,000	2,460,693	Japan 0.10% 15Jan15	39,200,000	327,112
Hong Kong 1.43% 02Dec15	11,700,000	1,526,989	Japan 0.10% 15Mar15	38,300,000	319,606
Hong Kong 1.57% 13Jun16	8,100,000	1,062,900	Japan 0.10% 15May15	42,250,000	352,570
Hong Kong 2.46% 04Aug21	5,750,000	777,561	Japan 0.10% 20Dec17	71,700,000	600,017
Hong Kong 2.93% 13Jan20	17,000,000	2,361,467	Japan 0.10% 20Mar18	1,529,850,000	12,807,515
		9,564,669	Japan 0.10% 20Sep19	300,550,000	2,515,847
Ireland 4.40% 18Jun19	1,880,200	2,728,453	Japan 0.20% 20Dec17	121,200,000	1,017,285
Ireland 4.50% 18Apr20	431,000	644,927	Japan 0.20% 20Jun17	190,500,000	1,597,546
Ireland 4.50% 18Oct18	341,000	480,952	Japan 0.20% 20Mar17	1,321,900,000	11,085,878
Ireland 5.00% 18Oct20	668,000	1,019,666	Japan 0.20% 20Sep17	193,650,000	1,625,495
Ireland 5.40% 13Mar25	2,964,000	5,097,857	Japan 0.30% 20Dec16	130,450,000	1,095,085
Ireland 5.50% 18Oct17	244,000	341,478	Japan 0.30% 20Jun16	33,100,000	277,410
Ireland 5.90% 18Oct19	516,900	793,875	Japan 0.30% 20Jun18	73,600,000	620,373
		11,107,211	Japan 0.30% 20Mar17	129,300,000	1,087,043
Italy 1.15% 15May17	3,720,000	4,562,549	Japan 0.30% 20Mar18	38,250,000	322,449
Italy 1.50% 01Aug19	9,140,000	11,416,868	Japan 0.30% 20Sep16	503,600,000	4,227,251
Italy 2.25% 15May16	500,000	621,464	Japan 0.40% 20Dec16	37,550,000	315,845
Italy 2.50% 01Mar15	496,000	607,082	Japan 0.40% 20Jun18	40,250,000	340,440
Italy 2.75% 01Dec15	1,070,000	1,324,962	Japan 0.40% 20Mar18	40,250,000	340,483

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

Security	Nominal	Fair Value	Security	Nominal	Fair Value
Japan 0.40% 20Sep16	61,550,000	517,679	Japan 2.00% 20Mar52	63,800,000	635,234
Japan 0.50% 20Dec15	64,400,000	539,924	Japan 2.00% 20Sep40	43,550,000	428,381
Japan 0.50% 20Sep24	1,006,700,000	8,562,593	Japan 2.00% 20Sep41	42,450,000	418,260
Japan 0.60% 20Dec15	34,450,000	289,112	Japan 2.10% 20Dec26	43,700,000	435,026
Japan 0.60% 20Mar24	94,000,000	808,907	Japan 2.10% 20Dec27	836,900,000	8,368,078
Japan 0.70% 20Dec22	548,950,000	4,769,460	Japan 2.10% 20Dec29	41,500,000	416,105
Japan 0.80% 20Dec22	71,750,000	628,138	Japan 2.10% 20Dec30	43,550,000	436,487
Japan 0.80% 20Jun22	66,750,000	584,413	Japan 2.10% 20Jun29	40,500,000	406,003
Japan 0.80% 20Jun23	100,950,000	883,630	Japan 2.10% 20Mar27	34,450,000	344,897
Japan 0.80% 20Sep20	33,000,000	287,738	Japan 2.10% 20Mar29	36,050,000	362,895
Japan 0.80% 20Sep22	686,600,000	6,022,816	Japan 2.10% 20Mar30	43,750,000	440,608
Japan 0.80% 20Sep23	430,000,000	3,770,189	Japan 2.10% 20Sep24	162,200,000	1,592,719
Japan 0.90% 20Jun22	39,400,000	347,407	Japan 2.10% 20Sep25	31,500,000	312,072
Japan 1.00% 20Dec21	65,400,000	579,966	Japan 2.10% 20Sep28	36,300,000	365,148
Japan 1.00% 20Mar22	65,100,000	579,099	Japan 2.10% 20Sep29	53,250,000	536,218
Japan 1.00% 20Sep20	55,300,000	487,703	Japan 2.20% 20Mar28	36,400,000	369,755
Japan 1.00% 20Sep21	60,450,000	536,619	Japan 2.20% 20Mar30	32,500,000	331,290
Japan 1.10% 20Dec21	39,450,000	352,136	Japan 2.20% 20Mar31	31,050,000	316,471
Japan 1.10% 20Jun20	55,450,000	489,359	Japan 2.20% 20Mar41	40,650,000	415,576
Japan 1.10% 20Jun21	35,200,000	313,213	Japan 2.20% 20Mar51	31,050,000	324,020
Japan 1.10% 20Mar21	585,100,000	5,211,032	Japan 2.20% 20Sep26	34,950,000	352,291
Japan 1.10% 20Sep21	34,800,000	310,947	Japan 2.20% 20Sep27	33,750,000	342,158
Japan 1.20% 20Dec20	85,300,000	760,632	Japan 2.20% 20Sep39	35,250,000	358,778
Japan 1.20% 20Dec34	55,000,000	469,707	Japan 2.30% 20Jun26	33,300,000	336,623
Japan 1.20% 20Jun21	58,950,000	527,730	Japan 2.30% 20Jun27	34,000,000	346,156
Japan 1.30% 20Dec18	49,500,000	434,215	Japan 2.30% 20Jun28	27,550,000	281,771
Japan 1.30% 20Dec19	81,100,000	719,071	Japan 2.30% 20Mar39	354,050,000	3,660,569
Japan 1.30% 20Jun20	31,450,000	280,433	Japan 2.30% 20Mar40	38,750,000	402,115
Japan 1.30% 20Mar18	33,800,000	294,791	Japan 2.40% 20Jun28	27,700,000	286,305
Japan 1.30% 20Mar19	47,350,000	417,787	Japan 2.40% 20Mar37	32,800,000	341,954
Japan 1.30% 20Mar20	31,750,000	283,165	Japan 2.40% 20Sep38	34,000,000	356,806
Japan 1.30% 20Mar21	59,800,000	539,059	Japan 2.50% 20Mar38	396,000,000	4,214,927
Japan 1.30% 20Sep19	30,750,000	272,767	Japan 2.50% 20Sep37	28,900,000	306,848
Japan 1.40% 20Mar20	55,250,000	495,282			147,261,708
Japan 1.40% 20Sep19	216,950,000	1,933,485	Netherlands 0.00% 15Apr16	377,298	456,741
Japan 1.40% 20Sep34	410,000,000	3,645,586	Netherlands 0.75% 15Apr15	445,801	543,448
Japan 1.50% 20Dec17	276,800,000	2,413,241	Netherlands 1.25% 15Jan18	549,000	697,937
Japan 1.50% 20Dec44	40,000,000	352,384	Netherlands 1.25% 15Jan19	2,010,638	2,582,581
Japan 1.50% 20Jun18	35,100,000	308,139	Netherlands 1.75% 15Jul23	2,501,307	3,354,121
Japan 1.50% 20Jun19	51,450,000	457,648	Netherlands 2.00% 15Jul24	1,945,000	2,661,477
Japan 1.50% 20Mar19	31,150,000	277,183	Netherlands 2.25% 15Jul22	849,000	1,177,909
Japan 1.50% 20Sep18	69,700,000	616,155	Netherlands 2.50% 15Jan17	1,144,378	1,489,084
Japan 1.60% 20Jun30	64,250,000	604,938	Netherlands 2.50% 15Jan33	542,000	811,380
Japan 1.60% 20Mar33	45,150,000	419,868	Netherlands 2.75% 15Jan15	392,678	488,049
Japan 1.70% 20Dec16	75,850,000	654,419	Netherlands 3.25% 15Jul15	569,980	712,071
Japan 1.70% 20Dec32	145,300,000	1,368,618	Netherlands 3.25% 15Jul21	852,000	1,243,937
Japan 1.70% 20Jun33	715,450,000	6,718,638	Netherlands 3.50% 15Jul20	1,867,556	2,712,433
Japan 1.70% 20Mar17	77,100,000	670,662	Netherlands 3.75% 15Jan23	402,000	630,150
Japan 1.70% 20Mar18	35,900,000	317,294	Netherlands 3.75% 15Jan42	1,606,000	3,062,835
Japan 1.70% 20Mar54	105,000,000	965,418	Netherlands 4.00% 15Jan37	943,641	1,782,782
Japan 1.70% 20Sep16	50,400,000	434,807	Netherlands 4.00% 15Jul18	811,000	1,138,200
Japan 1.70% 20Sep17	70,700,000	619,956	Netherlands 4.00% 15Jul19	999,070	1,447,222
Japan 1.70% 20Sep32	58,850,000	557,287	Netherlands 4.50% 15Jul17	518,866	712,902
Japan 1.80% 20Dec31	41,150,000	395,319	Netherlands 5.50% 15Jan28	879,000	1,714,546
Japan 1.80% 20Jun17	51,050,000	445,116			29,419,815
Japan 1.80% 20Jun18	33,350,000	295,694	New Zealand 3.00% 15Apr20	7,565,000	5,770,062
Japan 1.80% 20Mar32	32,850,000	316,452	New Zealand 4.50% 15Apr27	1,560,000	1,308,620
Japan 1.80% 20Sep31	42,550,000	410,838	New Zealand 5.00% 15Mar19	5,266,000	4,401,697
Japan 1.90% 20Dec28	37,450,000	366,839	New Zealand 5.50% 15Apr23	12,743,000	11,346,399
Japan 1.90% 20Jun17	30,900,000	270,067	New Zealand 6.00% 15Apr15	12,000,000	9,564,189
Japan 1.90% 20Jun31	40,950,000	399,551	New Zealand 6.00% 15Dec17	5,577,000	4,664,515
Japan 1.90% 20Mar29	30,950,000	304,397	New Zealand 6.00% 5May21	11,330,000	10,100,546
Japan 1.90% 20Sep30	84,900,000	833,460			47,156,032
Japan 1.90% 20Sep42	595,150,000	5,754,774	Norway 2.00% 24May23	111,231,000	15,662,680
Japan 2.00% 20Dec25	66,800,000	654,323	Norway 3.00% 14Mar24	11,069,000	1,696,032
Japan 2.00% 20Dec30	30,650,000	303,350	Norway 3.75% 25May21	25,325,000	3,972,580
Japan 2.00% 20Jun30	31,050,000	307,530	Norway 4.25% 19May17	51,622,000	7,615,518
Japan 2.00% 20Mar42	43,300,000	426,955	Norway 4.50% 22May19	99,250,000	15,587,691

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

Security	Nominal	Fair Value	Security	Nominal	Fair Value
Singapore 0.25% 01Feb15	1,298,000	44,534,503	Switzerland 2.00% 25Jun64	530,000	776,285
Singapore 0.50% 01Apr18	2,790,000	980,189	Switzerland 2.00% 25May22	6,600,000	7,614,498
Singapore 1.12% 01Apr16	4,868,000	2,074,071	Switzerland 2.00% 28Apr21	3,411,000	3,896,757
Singapore 2.25% 01Jun21	6,063,000	3,707,934	Switzerland 2.25% 06Jul20	4,253,000	4,855,701
Singapore 2.37% 01Apr17	4,697,000	4,646,729	Switzerland 2.25% 22Jun31	2,206,000	2,811,474
Singapore 2.50% 01Jun19	5,964,000	3,695,119	Switzerland 2.50% 08Mar36	4,047,000	5,579,071
Singapore 2.75% 01Apr42	2,963,000	4,708,997	Switzerland 2.50% 12Mar16	6,186,000	6,556,345
Singapore 2.75% 01Jul23	2,797,000	2,184,454	Switzerland 3.00% 08Jan18	6,275,000	7,122,166
Singapore 2.87% 01Jul15	2,829,000	2,190,062	Switzerland 3.00% 12May19	6,194,000	7,202,693
Singapore 2.87% 01Sep30	9,693,000	2,159,187	Switzerland 3.25% 27Jun27	1,870,000	2,551,549
Singapore 3.00% 01Sep24	6,957,000	7,556,669	Switzerland 3.50% 08Apr33	5,902,000	9,031,724
Singapore 3.12% 01Sep22	4,759,000	5,634,183	Switzerland 3.75% 10Jun15	2,463,000	2,573,529
Singapore 3.25% 01Sep20	12,327,000	3,873,807	Switzerland 4.00% 06Jan49	2,394,000	4,665,497
Singapore 3.37% 01Sep33	1,560,000	10,087,047	Switzerland 4.00% 08Apr28	5,077,000	7,527,910
Singapore 3.50% 01Mar27	5,386,000	1,291,239	Switzerland 4.00% 11Feb23	4,174,000	5,631,700
Singapore 3.75% 01Sep16	4,855,000	4,563,289	Switzerland 4.25% 05Jun17	5,137,000	5,868,224
Singapore 4.00% 01Sep18	4,135,000	3,894,404			99,019,673
		3,474,442	UK 1.00% 07Sep17	3,798,500	5,992,663
		66,721,831	UK 1.25% 22Jul18	4,836,700	7,660,759
Spain 2.75% 30Apr19	5,695,000	7,599,411	UK 1.75% 22Jan17	6,217,300	10,016,280
Spain 2.75% 31Oct24	2,675,000	3,585,113	UK 1.75% 22Jul19	5,600,000	9,023,448
Spain 3.00% 30Apr15	1,399,000	1,740,191	UK 2.00% 22Jan16	11,200,000	17,912,642
Spain 3.15% 31Jan16	1,378,000	1,765,712	UK 2.00% 22Jul20	4,630,000	7,520,402
Spain 3.25% 30Apr16	708,000	906,902	UK 2.25% 07Sep23	3,489,400	5,740,143
Spain 3.30% 30Jul16	904,000	1,157,389	UK 2.75% 07Sep24	4,885,000	8,354,266
Spain 3.75% 31Oct15	1,038,000	1,297,318	UK 3.25% 22Jan44	2,088,300	3,803,411
Spain 3.75% 31Oct18	649,000	880,873	UK 3.50% 22Jan45	5,282,000	10,084,954
Spain 3.80% 31Jan17	1,430,000	1,909,846	UK 3.50% 22Jul68	2,659,900	5,441,046
Spain 4.00% 30Apr20	4,309,000	6,185,173	UK 3.75% 07Sep19	4,343,200	7,659,120
Spain 4.00% 30Jul15	1,350,000	1,688,025	UK 3.75% 07Sep20	7,517,000	13,427,862
Spain 4.10% 30Jul18	632,000	869,530	UK 3.75% 07Sep21	2,318,600	4,196,591
Spain 4.20% 31Jan37	1,086,000	1,697,640	UK 3.75% 22Jul52	1,652,500	3,412,218
Spain 4.25% 31Oct16	706,000	919,392	UK 4.00% 07Mar22	1,550,000	2,865,776
Spain 4.30% 31Oct19	1,297,000	1,839,463	UK 4.00% 07Sep16	1,438,000	2,404,687
Spain 4.40% 31Jan15	1,396,000	1,763,185	UK 4.00% 22Jan60	785,000	1,751,286
Spain 4.40% 31Oct23	380,000	572,260	UK 4.25% 07Dec27	1,225,000	2,411,309
Spain 4.50% 31Jan18	1,224,000	1,716,242	UK 4.25% 07Dec40	2,028,300	4,251,184
Spain 4.60% 30Jul19	605,000	871,421	UK 4.25% 07Dec46	873,000	1,896,429
Spain 4.65% 30Jul25	2,546,000	3,988,392	UK 4.25% 07Dec49	807,000	1,785,034
Spain 4.70% 30Jul41	2,287,000	3,759,770	UK 4.25% 07Dec55	979,000	2,232,175
Spain 4.80% 31Jan24	1,014,000	1,624,318	UK 4.25% 07Jun32	4,168,400	8,408,621
Spain 4.85% 31Oct20	1,365,000	2,023,438	UK 4.25% 07Mar36	5,838,400	12,047,468
Spain 4.90% 30Jul40	809,000	1,372,739	UK 4.25% 07Sep39	806,000	1,696,282
Spain 5.40% 31Jan23	585,000	960,827	UK 4.50% 07Dec42	1,087,000	2,397,391
Spain 5.50% 30Apr21	1,602,000	2,532,457	UK 4.50% 07Mar19	1,482,000	2,671,068
Spain 5.50% 30Jul17	1,339,000	1,863,387	UK 4.50% 07Sep34	1,067,000	2,256,315
Spain 5.75% 30Jul32	2,000,000	3,617,949	UK 4.75% 07Dec30	1,316,000	2,777,453
Spain 5.85% 31Jan22	1,272,000	2,110,701	UK 4.75% 07Dec38	1,269,800	2,827,428
Spain 5.90% 30Jul26	327,000	566,970	UK 4.75% 07Mar20	1,359,000	2,524,432
Spain 6.00% 31Jan29	612,000	1,111,025	UK 4.75% 07Sep15	1,592,200	2,594,824
		64,497,073	UK 5.00% 07Mar18	1,434,000	2,566,219
Sweden 1.50% 13Nov23	103,875,000	14,074,837	UK 5.00% 07Mar25	2,904,000	5,974,000
Sweden 2.25% 01Jun32	9,875,000	1,436,631	UK 6.00% 07Dec28	777,000	1,808,775
Sweden 2.50% 12May25	32,900,000	4,908,355	UK 8.00% 07Dec15	431,200	724,048
Sweden 3.00% 12Jul16	21,535,000	2,913,468	UK 8.00% 07Jun21	983,000	2,167,073
Sweden 3.50% 01Jun22	62,670,000	9,834,316			193,285,097
Sweden 3.50% 30Mar39	48,010,000	8,598,538	USA 0.62% 30Apr18	2,524,900,000	2,476,316,990
Sweden 3.75% 12Aug17	55,665,000	7,905,692	USA 1.00% 30Nov19	30,000,000	29,124,033
Sweden 4.25% 12Mar19	69,005,000	10,627,188	USA 1.00% 30Sep19	50,000,000	48,752,747
Sweden 4.50% 12Aug15	32,560,000	4,341,492	USA 1.12% 30Apr20	70,000,000	68,051,255
Sweden 5.00% 01Dec20	93,950,000	15,252,184	USA 1.12% 31Dec19	35,000,000	34,134,259
		79,892,705	USA 1.12% 31Mar20	52,500,000	51,149,716
Switzerland 1.25% 11Jun24	3,191,000	3,513,515	USA 1.25% 31Oct18	1,726,600,000	1,719,101,175
Switzerland 1.25% 27Jun37	2,364,000	2,659,182	USA 1.25% 31Oct19	20,000,000	19,716,257
Switzerland 1.25% 28May26	370,000	410,471	USA 1.37% 31Jan20	30,000,000	29,757,782
Switzerland 1.50% 24Jul25	1,517,000	1,712,497	USA 1.37% 31May20	38,500,000	37,830,669
Switzerland 1.50% 30Apr42	3,076,000	3,684,578	USA 1.50% 31Oct19	650,100,000	647,808,437
Switzerland 2.00% 12Oct16	2,637,000	2,774,299	USA 1.62% 15Aug22	40,000,000	39,151,756

Petroleum Fund of Timor-Leste
Notes to the financial statements
For the year ended 31 December 2014

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

Security	Nominal	Fair Value
USA 1.62% 15Nov22	43,000,000	41,804,075
USA 1.62% 30Apr19	1,740,400,000	1,751,227,288
USA 1.75% 15May22	50,000,000	49,265,954
USA 1.75% 15May23	68,000,000	66,364,198
USA 1.75% 31Oct20	96,500,000	96,359,518
USA 1.87% 30Jun20	35,000,000	35,236,948
USA 2.00% 15Feb22	62,500,000	63,128,396
USA 2.00% 15Feb23	25,000,000	25,095,108
USA 2.00% 15Nov21	55,000,000	55,344,777
USA 2.00% 28Feb21	45,000,000	45,615,176
USA 2.00% 30Nov20	21,000,000	21,220,673
USA 2.00% 30Sep20	20,000,000	20,303,757
USA 2.00% 31Aug21	40,000,000	40,393,703
USA 2.00% 31May21	60,000,000	60,405,494
USA 2.00% 31Oct21	55,000,000	55,330,187
USA 2.12% 15Aug21	20,000,000	20,396,469
USA 2.12% 30Sep21	70,000,000	71,167,548
USA 2.12% 31Aug20	38,000,000	38,948,263
USA 2.12% 31Jan21	60,000,000	61,433,559
USA 2.25% 15Nov24	115,000,000	116,108,631
USA 2.25% 30Apr21	80,000,000	81,952,047
USA 2.37% 15Aug24	80,000,000	82,155,163
USA 2.37% 31Dec20	40,000,000	41,186,941
USA 2.50% 15Aug23	45,000,000	46,869,837
USA 2.62% 15Nov20	50,000,000	52,361,807
USA 2.75% 15Nov23	10,000,000	10,563,044
USA 3.62% 15Feb21	17,500,000	19,516,949
USA 8.00% 15Nov21	1,500,000	2,102,455
USA Inflation 0.12% 15Apr19	15,000,000	15,037,023
USA Inflation 0.12% 15Jul24	25,000,000	24,090,852
		8,311,880,935
Total fixed interest securities		9,886,819,678

Petroleum Fund of Timor-Leste
Notes to the financial statements
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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			Scentre Group	1,101,925	3,147,144
AGL Energy Ltd	111,554	1,219,637	Seek Ltd	60,148	849,574
ALS Ltd	65,117	285,093	Sirtex Medical Ltd	8,526	197,317
Alumina Ltd	458,549	671,704	Sonic Healthcare Ltd	64,407	974,561
Amcor Limited	211,705	2,352,719	St Barbara Ltd	107,425	9,231
AMP Ltd	514,475	2,315,613	Stockland	483,697	1,626,875
APA Group	212,608	1,294,469	Suncorp Group Ltd	216,124	2,483,186
ARB Corp Ltd	7,539	69,839	Sydney Airport	186,184	716,109
Asciano Ltd	159,649	786,506	Tabcorp Holdings Ltd	115,506	392,276
ASX Ltd	30,411	914,343	Tatts Group Ltd	258,928	733,152
Aurizon Holdings Ltd	343,289	1,297,899	Telstra Corp Ltd	1,222,330	5,971,754
Ausdrill Ltd	43,903	14,012	Toll Holdings Ltd	154,074	738,867
Ausnet Services	387,960	422,258	TPG Telecom Ltd	43,431	239,551
Aust And NZ Banking	479,316	12,587,246	Transurban Group	310,309	2,178,817
Bank Of Queensland Ltd	58,754	585,150	Treasury Wine Estate	104,618	404,099
Bendigo And Adelaide	76,473	800,420	Troy Resources Ltd	16,917	6,368
BHP Billiton Limited	698,973	16,794,054	Wesfarmers Ltd	201,397	6,874,360
Boral Ltd	116,987	506,445	Westfield Corp	357,675	2,640,184
Brambles Ltd	274,339	2,386,492	Westpac Banking Corp	547,762	14,850,888
Cabcharge Australia	17,688	66,151	Woodside Petroleum Ltd	132,381	4,116,692
Caltex Australia Ltd	22,796	638,005	Woolworths Ltd	257,400	6,460,430
Coca-Cola Amatil Ltd	215,811	1,645,995	Worleyparsons Ltd	37,514	309,145
Cochlear Ltd	9,244	587,560			176,209,987
Commonwealth Bank	299,927	21,022,387	Canada		
Computershare Ltd	86,423	834,546	Agnico Eagle Mines Ltd	36,466	909,879
Crown Resorts Ltd	71,220	738,444	Agrium Inc	25,755	2,444,640
CSL Ltd	83,658	5,934,245	Alimentation Couche-	69,137	2,902,172
Decmil Group Ltd	25,595	30,685	Altagas Ltd	22,219	830,443
Dexus Property Grp	152,111	867,626	Arc Resources Ltd	54,065	1,172,556
Downer EDI Ltd	79,091	302,909	Atco Ltd	14,284	587,762
Federation Centres	297,047	697,664	Bank of Montreal	111,246	7,889,269
Flight Centre Travel	21,078	562,668	Bank of Nova Scotia	209,371	11,986,522
Fortescue Metals Group	259,526	581,930	Barrick Gold Corp	245,470	2,644,908
Goodman Group	300,709	1,397,764	Baytex Energy Corp	33,669	560,738
GPT Group	280,343	995,677	BCE Inc	76,127	3,499,245
Harvey Norman Holdings	108,266	297,694	Blackberry Ltd	87,743	965,116
Healthscope Ltd	183,252	406,403	Bombardier Inc	247,690	887,471
Iluka Resources Ltd	69,364	337,178	Brookfield Asset Man	97,226	4,887,112
Incitec Pivot Ltd	289,386	750,716	CAE Inc	39,659	516,346
Insurance Australia	399,908	2,045,404	Cameco Corp	65,626	1,078,799
James Hardie Industries	82,763	893,347	Can Imperial Bk of		
Leighton Holdings Ltd	15,809	290,701	Commerce	67,519	5,818,321
Lend Lease Group	97,675	1,308,492	Canadian Natl Railways	147,698	10,201,458
Macmahon Holdings Lt	123,617	7,183	Canadian Natural Rescs	186,995	5,795,916
Macquarie Group Ltd	80,320	3,831,394	Canadian Oil Sands Ltd	82,249	737,809
Medibank Private Ltd	222,817	439,445	Canadian Pacific Railway	30,090	5,806,272
Metcash Ltd	350,384	526,162	Canadian Tire Corp	13,224	1,401,122
Mineral Resources Lt	50,730	313,437	Canadian Utilities Ltd	17,997	635,663
Mirvac Group	666,233	970,477	Catamaran Corp	35,532	1,843,400
Monadelphous Group L	21,164	162,631	Cenovus Energy Inc	130,040	2,688,934
Myer Holdings Ltd	86,956	98,913	Centerra Gold Inc	17,900	92,417
National Australia Bank	403,321	11,066,836	CGI Group Inc	36,110	1,380,177
Navitas Ltd	54,945	228,418	CI Financial Corp	41,798	1,163,451
Newcrest Mining Ltd	131,909	1,174,471	Constellation Software	2,991	890,444
Northern Star Resources	87,036	106,127	Corus Entertainment	14,800	292,869
Novion Property Group	366,011	634,993	Crescent Point Energy	69,709	1,617,766
NRW Holdings Ltd	45,079	13,096	Dollarama Inc	20,716	1,062,405
Orica Ltd	64,047	993,224	Eldorado Gold Corp	131,795	803,343
Origin Energy Ltd	184,840	1,765,249	Empire Co Ltd	8,522	644,457
Qantas Airways Ltd	146,618	287,964	Enbridge Inc	145,926	7,525,283
QBE Insurance Group	226,360	2,074,707	Enbridge Income Fund	14,600	507,738
Ramsay Health Care Ltd	22,657	1,058,155	Encana Corp	142,512	1,982,187
Rea Group Ltd	7,976	296,072	Enerplus Corp	30,505	293,396
Resolute Mining Ltd	53,253	11,549	Fairfax Financial HI	4,461	2,338,631
Rio Tinto Ltd	96,954	4,599,473	Finning International	28,197	613,238
Santos Ltd	162,040	1,091,343	First Capital Realty	16,371	263,604
			First Quantum Mineral	97,758	1,390,936
			Fortis Inc	46,915	1,578,077

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
Franco-Nevada Corp	26,724	1,319,299	Adecco SA	28,759	1,992,710
Genworth MI Canada	18,700	597,044	Aryzta AG	16,241	1,256,913
Gildan Activewear Inc	18,802	1,066,191	Autoneum Holding AG	1,293	220,434
Goldcorp Inc	142,749	2,647,311	Baloise Holding AG	8,666	1,114,592
Great-West Lifeco Inc	53,156	1,541,558	Barry Callebaut AG	389	400,098
H&R Real Estate Inv	27,208	509,981	BB Biotech AG	1,873	445,230
Husky Energy Inc	57,091	1,355,495	Chocoladefabriken	214	1,902,781
Iamgold Corp	38,800	104,516	CIE Financiere Riche	96,894	8,654,292
IGM Financial Inc	18,646	745,518	Credit Suisse Group	265,227	6,691,729
Imperial Oil Ltd	49,813	2,151,646	EMS-Chemie Holding AG	1,325	537,720
Industrial Alliance	16,434	630,401	Galenica AG	1,133	902,500
Intact Financial Corp	22,766	1,648,115	Geberit AG	6,372	2,170,063
Inter Pipeline Ltd	64,437	1,988,882	Givaudan	1,558	2,811,344
Jean Coutu Group Inc	21,200	517,073	Holcim Ltd	39,870	2,862,902
Keyera Corp	14,949	1,042,719	Julius Baer Group Ltd	37,782	1,741,853
Kinross Gold Corp	178,155	501,433	Kaba Holding AG	542	273,550
Linamar Corp	5,500	336,007	Kuehne & Nagel Intl	8,924	1,214,234
Loblaw Companies Ltd	35,952	1,927,890	Lonza Group AG	9,239	1,042,310
Magna International	51,965	5,646,721	Nestle SA	665,549	48,828,552
Manulife Financial Corp	317,784	6,079,942	Novartis AG	468,286	43,498,989
Meg Energy Corp	23,884	402,105	Pargesa Holding SA	8,194	635,382
Methanex Corp	15,612	717,485	Partners Group Holdings	2,800	814,371
Metro Inc	23,276	1,872,932	PSP Swiss Property AG	6,679	576,720
National Bank Of Canada	56,340	2,399,040	Roche Holding AG	147,299	39,995,214
Nevsun Resources Ltd	24,900	96,096	Schindler Holding AG	3,007	430,630
New Gold Inc	119,301	512,945	Schindler Holding	8,511	1,233,415
Onex Corporation	13,834	805,256	SGS SA	1,801	3,704,767
Open Text Corp	28,717	1,676,036	Sika AG	505	1,492,154
Pacific Rubiales Energy	51,528	318,978	Sonova Holding AG	8,400	1,241,000
Paramount Resources	13,583	328,361	Straumann Holding AG	3,547	893,309
Pembina Pipeline Corp	54,897	2,004,398	Sulzer AG	3,739	398,490
Penn West Petroleum	76,218	159,905	Swatch Group AG	13,521	3,133,037
Peyto Exploration	25,687	739,839	Swiss Life Holding AG	5,534	1,316,040
Potash Corp Of S	179,124	6,340,672	Swiss Prime Site	9,447	693,562
Power Corp Of Canada	64,453	1,766,232	Swiss Re AG	59,892	5,041,979
Power Financial Corp	51,294	1,602,259	Swisscom AG	4,880	2,566,093
Prairiesky Royalty Ltd	26,402	696,379	Syngenta AG	16,021	5,154,642
Restaurant Brands Inc	27,269	1,061,802	Transocean Ltd	60,483	1,117,564
Riocan Real Estate	21,625	493,272	UBS Group AG	651,568	11,199,894
Rogers Communication	114,758	4,473,407	Zurich Insurance Group	28,075	8,806,896
Royal Bank Of Canada	257,193	17,817,538			230,821,526
Saputo Inc	61,188	1,843,696	Denmark		
Shaw Communications	103,640	2,804,297	AP Moeller-Maersk A/S	2,450	4,884,924
Sherritt Internation	31,500	81,045	Carlsberg AS	18,139	1,411,032
Silver Wheaton Corp	64,273	1,309,599	Coloplast	19,796	1,669,571
Snc-Lavalin Group Inc	25,305	967,849	Danske Bank A/S	118,007	3,206,300
Stantec Inc	26,700	735,359	DSV A/S	31,585	965,963
Sun Life Financial Inc	103,644	3,751,138	ISS A/S	18,457	533,877
Suncor Energy Inc	256,552	8,168,907	Novo Nordisk A/S	377,428	15,958,850
Talisman Energy Inc	175,681	1,380,269	Novozymes A/S	48,035	2,027,949
Teck Resources Ltd	147,192	2,011,698	Pandora A/S	23,258	1,902,970
Telus Corporation	32,656	1,180,493	Simcorp A/S	4,250	111,538
Thomson Reuters Corp	63,943	2,586,979	TDC A/S	126,036	967,326
Toronto-Dominion Bank	322,088	15,433,526	Tryg A/S	3,869	432,875
Tourmaline Oil Corp	28,688	957,299	Vestas Wind Systems	37,540	1,380,508
Transalta Corp	40,472	367,594	William Demant Holdings	4,676	355,767
Transcanada Corp	119,672	5,889,319			35,809,453
Transcontinental Inc	18,000	256,577	European Union		
Turquoise Hill Resources	174,737	541,598	Abertis Infrastructure	73,689	1,465,021
Valeant Pharmaceutical	54,163	7,767,298	Accor SA	27,877	1,259,575
Vermilion Energy Inc	17,069	839,118	ACS Actividades Cons	29,822	1,045,054
Weston (George) Ltd	8,509	736,994	Addas AG	36,390	2,530,179
Westshore Terminals	4,100	111,681	ADP	4,424	536,665
Yamana Gold Inc	148,849	598,866	Aegon NV	314,534	2,381,047
		242,096,167	Ageas	51,448	1,836,513
Switzerland			Air Liquide SA	60,115	7,477,898
ABB Ltd	397,384	8,450,378	Airbus Group NA	100,130	5,007,035
Actelion Ltd	29,009	3,363,191	Akzo Nobel	40,449	2,816,315

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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
Alcatel-Lucent	528,584	1,891,976	Danieli & Co	14,743	366,607
Allianz SE	95,515	15,955,541	Danone	102,026	6,709,868
Alstom	36,475	1,185,288	Dassault Systemes SA	21,114	1,288,692
Altice SA	14,146	1,113,828	Delhaize Group	17,619	1,285,163
Amadeus Fire AG	1,507	113,279	Delta Lloyd NV	35,100	771,306
Amadeus It Holding SA	98,317	3,928,342	Deutsche Annington	49,755	1,696,005
Andritz AG	10,972	605,217	Deutsche Bank AG	292,231	8,861,575
Anheuser-Busch Inbev	163,726	18,533,822	Deutsche Boerse AG	34,204	2,447,720
Arcelormittal	225,665	2,481,351	Deutsche Lufthansa	36,570	613,327
Arkema	11,008	731,414	Deutsche Post AG	164,878	5,408,736
ASML Holding NV	60,701	6,569,483	Deutsche Telekom AG	535,295	8,618,102
Assicurazioni Genera	201,345	4,141,840	Deutsche Wohnen AG	48,194	1,139,809
Astm Spa	25,597	296,108	Diasorin Spa	14,426	577,800
Atlantia Spa	72,348	1,692,240	Distribuidora Intern	105,680	719,570
Atos	13,056	1,045,224	Drillisch AG	9,985	359,511
Axa SA	390,461	9,073,932	Duerr AG	6,901	614,852
Axel Springer SE	6,251	379,714	Duro Felguera SA	11,330	45,928
Azimut Holding Spa	5,122	111,686	E.On SE	343,062	5,913,419
Banca Monte Dei Pasca	724,429	412,000	Edenred	35,651	987,895
Banca Popolare Di Milano	318,251	208,917	EDF	42,526	1,174,543
Banca Popolare Di So	45,672	170,770	EDP-Energias De Portugal	385,509	1,501,150
Banco Bilbao Vizcaya	1,065,205	10,123,429	Elisa Oyj	22,211	607,139
Banco Comercial Port	5,967,343	474,406	Enagas SA	24,435	772,453
Banco De Sabadell SA	621,030	1,654,003	Enel Green Power Spa	274,537	576,041
Banco Espirito Santo	247,871	35,992	Enel Spa	1,273,027	5,693,419
Banco Popolare Sc	60,057	731,080	ENI Spa	548,276	9,626,540
Banco Popular Espano	367,233	1,848,137	Erste Group Bank AG	58,856	1,365,263
Banco Santander SA	2,242,209	18,981,453	Essilor Internationa	35,478	3,974,047
Bank Of Ireland	4,636,352	1,750,067	Euler Hermes Group	4,722	485,164
Bankia SA	782,352	1,171,050	Eurazeo	6,341	444,877
Bankinter SA	152,025	1,232,702	Eurofins Scientific	1,138	292,001
Barco N.V.	1,801	126,399	Eutelsat Communications	25,882	839,180
BASF SE	191,296	16,221,968	Exor Spa	17,063	702,827
Bayer AG	151,866	20,848,202	Ferrovial SA	80,550	1,599,476
Bayerische Motoren Werke	66,203	6,958,457	Fiat Chrysler Automotive	161,523	1,876,330
BCO Intesa Spa	134,720	335,817	Fielmann AG	4,282	292,337
Beiersdorf AG	16,496	1,348,565	Finmeccanica Spa	72,630	679,359
Belgacom SA	62,165	2,260,821	Fonciere Des Regions	5,219	484,696
Bertrandt AG	2,850	396,422	Fortum Oyj	127,828	2,779,570
BNP Paribas	232,430	13,839,008	Fraport AG Frankfurt	5,921	345,841
Boiron SA	949	79,959	Fresenius Medical Ca	37,633	2,811,506
Bollere	84,200	384,111	Fresenius SE & Co Kg	64,501	3,365,884
Bollere	200	898	Fuchs Petrolub SE	12,302	498,459
Boskalis Westminster	14,966	821,633	Galp Energia Sgps SA	65,022	661,619
Bouygues SA	34,888	1,263,321	Gas Natural Sdg SA	60,760	1,530,007
Brenntag AG	26,325	1,488,565	GDF Suez	247,028	5,807,946
Bureau Veritas SA	38,806	859,787	GEA Group AG	31,229	1,385,522
C&C Group Plc	50,717	222,774	Gecina SA	4,381	548,678
Caixabank S.A	445,698	2,351,962	Gemalto	13,623	1,116,661
Cap Gemini	24,682	1,774,964	Grifols SA	25,676	1,027,616
Carrefour SA	108,264	3,311,149	Grifols SA	8,219	278,969
Casino Guichard Perr	10,451	966,426	Groupe Bruxelles Lam	15,860	1,357,792
Celesio AG	11,541	371,544	Groupe Eurotunnel SA	88,360	1,142,441
Christian Dior	15,524	2,684,352	Hannover Rueck Se	15,472	1,401,147
Christian Dior Rts	4,481	29,416	Heidelbergcement AG	24,438	1,735,535
Christian Dior-Rts	4,481	29,416	Heineken Holding NV	19,572	1,229,390
CNH Industrial NV	167,148	1,355,126	Heineken NV	39,877	2,841,148
CNP Assurances	73,348	1,306,914	Henkel AG & Co Kgaa	52,560	5,451,892
Colruyt SA	26,543	1,235,433	Hermes International	2,733	969,632
Commerzbank AG	224,395	2,981,392	Hugo Boss AG	14,452	1,781,117
Compagnie De Saint G	77,075	3,285,714	Iberdrola SA	898,973	6,088,433
Continental AG	26,891	5,722,066	Icade	6,916	554,929
Corio NV	12,452	612,195	Iliad SA	4,287	1,029,197
Credit Agricole SA	221,030	2,877,843	Imerys SA	16,368	1,208,173
Credito Valtellinese	90,547	86,777	Immofinanz AG	258,876	654,699
CRH Plc	127,181	3,061,750	Inditex	185,305	5,315,335
CTS Eventim AG & Co	4,570	135,566	Industria Macchine AG	7,199	316,215
Daimler AG	171,973	14,402,327	Infineon Technologie	179,667	1,917,305

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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
ING Groep NV	726,981	9,526,976	Royal Dutch Shell Plc	7,215	241,355
Intesa Sanpaolo	2,069,908	6,066,368	RTL Group	15,480	1,488,786
Intl Consolidated Ai	177,266	1,327,760	RWE AG	85,247	2,655,163
Ipsen	17,258	896,718	Ryanair Holdings Plc	20,781	246,054
JC Decaux SA	11,850	409,596	Safran SA	58,163	3,597,835
Jeronimo Martins	41,119	414,418	Saipem Spa	44,290	469,208
K+S AG	40,338	1,118,749	Sampo Oyj	105,558	4,958,499
Kabel Deutschland	3,427	466,520	Sanofi	248,593	22,711,164
KBC Groep NV	42,033	2,361,525	SAP SE	186,889	13,186,524
Kering	13,178	2,543,395	Schneider Electric	103,212	7,550,955
Kerry Group Plc	26,788	1,860,612	Scor SE	25,703	783,458
Klepierre	19,691	851,343	Semperit AG Holdings	4,782	232,095
Kone Oyj-B	82,302	3,765,482	SES	51,702	1,855,590
Koninklijke Ahold NV	161,757	2,888,058	Siemens AG	146,482	16,652,698
Koninklijke Dsm NV	30,128	1,843,600	Sligro Food Group NV	575	21,736
Koninklijke Kpn NV	536,662	1,702,696	Snam Spa	340,557	1,688,750
Koninklijke Philips	167,621	4,898,342	Societe Bic SA	5,681	755,142
Lafarge SA	32,719	2,299,483	Societe Generale SA	164,857	6,979,991
Lagardere Sca	19,615	512,323	Sodexo	15,574	1,528,168
Lanxess AG	16,373	762,372	Sofina	637	66,967
Legrand SA	91,073	4,798,236	Software AG	8,186	200,041
Linde AG	31,962	5,956,048	Solvay SA	9,720	1,322,014
L'oreal	44,532	7,492,845	Stada Arzneimittel AG	22,288	680,983
Luxottica Group Spa	28,686	1,576,250	Stmicroelectronics NV	104,390	782,661
LVMH Moet Hennes Rts	24,421	323,580	Sto Se & Co. Kga	111	16,816
LVMH Moet Hennessy L	54,544	8,722,033	Stora Enso Oyj	93,595	841,482
M6-Metropole Television	18,359	344,782	Suez Environnement C	58,945	1,029,240
Man SE	5,995	666,956	Symrise AG	24,860	1,508,906
Mapfre SA	441,659	1,503,351	Technip SA	26,468	1,582,645
Mayr-Melnhof Karton	335	34,866	Telecom Italia Spa	2,819,354	2,771,740
Mediobanca Spa	211,562	1,731,845	Telefonica Deutschland	103,654	551,626
Merck Kga	36,619	3,469,982	Telefonica SA	936,445	13,484,436
Metro AG	26,466	808,156	Telenet Group Holdings	7,858	441,531
Metso Oyj	20,809	625,470	Tenaris SA	78,433	1,181,603
Michelin (Cgde)	44,088	4,007,022	Terna Spa	267,773	1,218,311
Muenchener Rueckver	39,249	7,886,259	Thales SA	14,781	803,339
Natixis	156,114	1,035,960	Thyssenkrupp AG	93,814	2,416,834
Neopost SA	3,940	223,481	Tikkurila Oyj	3,570	62,552
Neste Oil Oyj	20,836	505,765	Tnt Express NV	71,087	475,254
NN Group NV	23,981	720,958	Tod's Spa	982	85,555
Nokia Oyj	640,284	5,082,531	Total SA	402,772	20,720,728
Nokian Renkaat Oyj	31,990	785,416	UBI Banca Scpa	186,179	1,342,705
Numericable-Sfr	17,218	851,512	UCB SA	21,659	1,656,376
OCI NV	13,639	474,074	Umicore	17,961	723,842
Oesterreichische Post	13,908	681,422	Unibail-Rodamco	17,013	4,381,856
Omv AG	22,200	588,437	Unicredit Spa	789,788	5,098,571
Orange	317,850	5,442,297	Unilever NV	365,536	14,435,018
Orion Oyj	42,438	1,323,344	Unipolsai Spa	261,802	707,717
Osram Licht AG	13,734	548,505	United Internet AG	20,984	950,411
Pernod Ricard SA	37,097	4,139,238	UPM-Kymmene Oyj	106,042	1,746,383
Peugeot SA	66,368	820,353	Valeo SA	22,403	2,808,468
Pirelli & C.	37,170	503,749	Vallourec SA	16,933	464,503
Plastic Omnium	17,182	470,191	Veolia Environnement	76,867	1,371,941
Porsche Automobil HI	27,069	2,205,712	Vienna Insurance Group	6,396	285,897
Prosieben Sat.1 Medi	65,478	2,759,640	Vinci SA	114,407	6,300,325
Prysmian Spa	32,481	595,450	Vivendi	263,045	6,583,990
Publicis Groupe	46,869	3,382,415	Voestalpine AG	19,223	763,652
Qiagen N.V.	43,002	1,009,471	Volkswagen AG	5,651	1,233,575
Raiffeisen Bank Inte	37,537	567,317	Volkswagen AG-Pref	27,655	6,187,485
Randstad Holding NV	20,376	987,103	Vopak	20,642	1,076,171
Recordati Spa	52,368	814,278	Wartsila Oyj Abp	45,661	2,049,301
Red Electrica Corp	33,783	2,992,762	Wendel	5,134	575,827
Redes Energeticas NA	31,426	91,455	Wincor Nixdorf AG	4,446	215,895
Reed Elsevier NV	174,982	4,197,688	Wolters Kluwer	51,961	1,593,892
Remy Cointreau	3,448	229,766	Zardoya Otis SA	28,561	317,954
Renault SA	34,196	2,504,664	Zodiac Aerospace	29,326	990,413
Repsol SA	182,299	3,427,985			740,570,166
Rexel SA	46,143	828,597	United Kingdom		

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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
3I Group Plc	169,364	1,188,627	Intu Properties Plc	159,278	829,254
Aberdeen Asset Mgmt	279,760	1,884,887	Investec Plc	110,125	928,964
Acacia Mining Plc	35,364	140,776	ITV Plc	647,473	2,171,589
Admiral Group Plc	60,266	1,241,340	Johnson Matthey Plc	33,552	1,776,649
Aggreko Plc	66,758	1,564,508	Keller Group Plc	16,030	219,829
Alent Plc	76,913	384,844	Kingfisher Plc	398,578	2,115,526
Amec Foster Wheeler	135,995	1,807,727	Lancashire Holdings	18,263	159,326
Amlin Plc	69,282	516,481	Land Securities Grp	138,662	2,499,371
Anglo American Plc	328,996	6,155,840	Legal & General Group	1,645,658	6,376,487
Antofagasta Plc	70,777	829,899	Lloyds Banking Group	9,915,335	11,720,587
ARM Holdings Plc	246,328	3,819,742	London Stock Exchange	39,524	1,368,136
Ashmore Group Plc	66,382	289,713	Marks & Spencer Group	273,013	2,037,803
Ashtead Group Plc	89,880	1,613,072	Meggitt Plc	148,834	1,203,279
Associated British F	61,990	3,046,655	Melrose Industries Plc	185,192	770,124
Astrazeneca Plc	281,035	19,960,171	Merlin Entertainment	85,287	529,940
Atkins (Ws) Plc	21,568	459,384	Micro Focus International	26,283	442,193
Aviva Plc	505,735	3,819,818	Mitie Group Plc	16,448	71,246
Babcock Intl Group Plc	72,593	1,196,424	Moneysupermarket.Com	58,665	213,865
Bae Systems Plc	551,897	4,060,911	National Grid Plc	645,014	9,232,670
Barclays Plc	3,466,204	13,157,681	Next Plc	39,009	4,145,206
Beazley Plc	172,943	776,355	Old Mutual Plc	846,579	2,513,332
Bellway Plc	8,589	259,545	Pearson Plc	137,132	2,542,355
Berkeley Group Holdings	7,672	296,552	Persimmon Plc	50,953	1,252,901
BG Group Plc	587,976	7,929,412	Petrofac Ltd	43,174	472,916
BHP Billiton Plc	493,345	10,677,158	Prudential Plc	439,706	10,225,890
BP Plc	3,850,998	24,676,170	Qinetiq Group Plc	67,141	196,607
British American Tobacco	385,450	21,032,433	Randgold Resources L	14,980	1,022,827
British Land Co	158,796	1,922,633	Reckitt Benckiser Gr	154,450	12,534,994
BT Group Plc	1,393,770	8,723,363	Reed Elsevier Plc	296,914	5,087,962
Bunzl Plc	77,560	2,132,090	Rexam Plc	127,551	902,336
Burberry Group Plc	107,412	2,738,332	Rio Tinto Plc	235,744	11,025,670
Capita Plc	114,500	1,928,167	Rolls-Royce Holdings	358,806	4,864,573
Carnival Plc	30,381	1,382,302	Rolls-Royce Hold-Pref	32,292,540	50,352
Catlin Group Ltd	76,873	803,689	Rotork Plc	14,475	524,756
Centrica Plc	874,251	3,801,895	Royal Bank Of Scotland	665,649	4,092,489
Cobham Plc	346,337	1,748,603	Royal Dutch Shell Plc	1,315,502	44,809,513
Coca-Cola Hbc Ag-Cdi	34,970	669,046	Royal Mail Plc	145,645	976,062
Compass Group Plc	291,820	5,005,220	RSA Insurance Group	173,665	1,177,653
Croda International	24,763	1,027,457	SabMiller Plc	167,145	8,758,158
Dart Group Plc	29,569	134,052	Sage Group Plc/The	289,413	2,101,099
Diageo Plc	443,093	12,767,690	Sainsbury (J) Plc	208,301	800,940
Diploma Plc	6,928	76,536	Schroders Plc	20,578	861,515
Direct Line Insuranc	260,303	1,181,914	Segro Plc	124,454	718,391
Dixons Carphone Plc	168,667	1,215,821	Senior Plc	89,575	423,339
Domino Printing Scie	9,173	94,328	Seymour Trent Plc	40,495	1,265,993
Easyjet Plc	26,983	702,623	Shire Plc	108,958	7,699,535
Experian Plc	173,955	2,948,370	Sky Plc	280,411	3,928,517
Fenner Plc	24,905	83,879	Smith & Nephew Plc	239,644	4,435,400
Fresnillo Plc	58,788	701,697	Smiths Group Plc	124,602	2,131,312
Friends Life Group L	250,348	1,429,089	Soco International P	61,278	289,796
G4S Plc	252,011	1,091,609	Spectris Plc	13,367	437,901
GKN Plc	288,076	1,544,738	Sports Direct Intern	43,461	481,481
Glaxosmithkline Plc	1,041,965	22,347,513	SSE Plc	170,631	4,312,771
Glencore Plc	1,835,633	8,550,849	Standard Chartered Plc	573,183	8,605,774
Greggs Plc	20,468	233,456	Standard Life Plc	429,346	2,677,829
Hammerson Plc	132,399	1,247,948	Tate & Lyle Plc	87,133	818,569
Hargreaves Lansdown	44,509	701,640	Tesco Plc	1,561,584	4,600,740
Highland Gold Mining	73,302	35,718	Travis Perkins Plc	41,639	1,205,019
HSBC Holdings Plc	4,030,316	38,239,759	Tui Ag-New	28,929	464,607
Icap Plc	85,207	600,921	Tullow Oil Plc	157,885	1,018,701
IG Group Holdings Pl	43,066	482,477	UBM Plc	49,986	376,453
IMI Plc	95,283	1,874,952	Ultra Electronics HI	9,611	269,597
Imperial Tobacco Group	202,674	8,959,145	Unilever Plc	294,687	12,070,813
Indivior Plc	99,817	232,370	United Utilities Group	113,433	1,619,248
Inmarsat Plc	70,420	877,320	Vodafone Group Plc	4,671,181	16,213,147
Intercontinental Hotels	40,096	1,621,760	Weir Group Plc/The	49,747	1,435,007
Intermediate Capital	15,540	111,461	WH Smith Plc	21,952	462,087
Intertek Group Plc	43,662	1,588,305	Whitbread Plc	30,368	2,258,182

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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
William Hill Plc	257,855	1,457,066	Nice Systems Ltd	9,502	481,272
Wm Morrison Supermarkets	358,360	1,028,700	Teva Pharmaceutical	147,087	8,391,041
Wolseley Plc	47,810	2,747,083			14,684,128
WPP Plc	227,116	4,759,512	Japan		
		532,166,374	ABC-Mart Inc	9,700	471,671
Hong Kong			Acom Co Ltd	96,100	296,568
AIA Group Ltd	2,165,600	12,008,071	Adeka Corp	13,700	163,516
ASM Pacific Technolo	39,800	377,222	Advantest Corp	26,600	335,010
Bank Of East Asia	216,825	870,952	Aeon Co Ltd	88,800	898,776
BOC Hong Kong Holdin	1,013,500	3,384,933	Aeon Financial Services	19,900	398,515
Cathay Pacific Airways	218,000	472,834	Aeon Mall Co Ltd	19,690	352,103
Cheung Kong Holdings	319,000	5,351,734	Aichi Steel Corp	26,000	92,164
Cheung Kong Infrastructure	202,000	1,492,563	Ain Pharmaciez Inc	800	22,953
CLP Holdings Ltd	339,000	2,928,877	Air Water Inc	25,000	399,308
Dah Sing Financial	37,600	219,156	Aisan Industry Co Ltd	7,200	62,154
Dynam Japan Holdings	55,600	109,123	Aisin Seiki Co Ltd	51,300	1,861,254
Emperor Intl Hldg Ltd	214,000	46,361	Aizawa Securities Co	13,100	71,239
First Pacific Co	428,000	422,765	Ajinomoto Co Inc	98,000	1,832,570
Galaxy Entertainment	407,000	2,293,519	Alfresa Holdings Corp	27,600	335,864
Giordano International	224,000	98,787	Alpen Co Ltd	2,500	35,197
Great Eagle Holdings	1,539	5,001	Alpine Electronics I	19,400	322,646
Hang Lung Properties	392,000	1,099,441	Amada Co Ltd	63,000	544,376
Hang Seng Bank Ltd	179,300	2,987,235	Amano Corp	9,800	101,682
Henderson Land			Ana Holdings Inc	206,000	514,076
Development	319,500	2,233,041	Aoyama Trading Co Lt	8,800	193,990
Hkt Trust And Hkt Ltd	480,040	622,733	Aozora Bank Ltd	204,000	634,655
Hong Kong & China Gas	1,106,703	2,528,840	Asahi Glass Co Ltd	293,000	1,439,401
Hong Kong Exchanges	191,254	4,232,085	Asahi Group Holdings	66,100	2,062,196
Hopewell Highway Inf	1,750	873	Asahi Holdings Inc	7,900	122,557
Hopewell Holdings Ltd	35,000	127,727	Asahi Kasei Corp	375,000	3,457,713
Hsbc Holdings Plc	128,271	1,222,361	Asics Corp	31,500	760,340
Hutchison Whampoa Ltd	370,000	4,251,146	Astellas Pharma Inc	528,100	7,424,100
Hysan Development Co	191,000	853,421	Awa Bank Ltd	80,000	430,377
Kerry Properties Ltd	106,000	384,095	Bandai Namco Holding	26,900	574,818
Li & Fung Ltd	972,000	904,961	Bank Of Kyoto Ltd	146,000	1,231,127
Link Reit	428,000	2,676,776	Bank Of Yokohama Ltd	315,000	1,726,661
Mgm China Holdings Ltd	164,400	418,057	Benesse Holdings Inc	9,700	290,041
MTR Corp	243,500	998,511	Bridgestone Corp	153,100	5,360,639
Nagacorp Ltd	204,000	166,518	Brother Industries Ltd	66,100	1,214,549
New World Developmen	889,170	1,022,766	Calbee Inc	12,600	438,759
Nws Holdings Ltd	235,700	433,417	Canon Inc	280,900	8,996,672
PCCW Ltd	684,000	464,829	Casio Computer Co Ltd	35,200	546,078
Power Assets Holding	384,500	3,728,557	Central Glass Co Ltd	40,000	146,128
Sands China Ltd	605,600	2,983,155	Central Japan Railways	34,700	5,241,394
Shangri-La Asia Ltd	216,000	297,476	Chiba Bank Ltd	133,000	880,787
Sino Land Co	666,000	1,068,369	Chiba Kogyo Bank Ltd	7,700	54,076
SJM Holdings Ltd	374,000	593,203	Chiyoda Corp	22,000	184,595
Sun Hung Kai Properties	372,000	5,670,051	Chubu Electric Power	107,900	1,276,135
Swire Pacific Ltd	166,000	2,157,720	Chugai Pharmaceuticals	41,800	1,033,016
Swire Properties Ltd	433,323	1,274,011	Chugoku Bank Ltd	57,900	796,822
Techtronic Industries	224,000	722,129	Chugoku Electric Power	48,300	636,507
Television Broadcast	30,000	174,278	Chugoku Marine Paint	32,000	272,772
WH Group Ltd	566,958	323,878	Citizen Holdings Co	47,400	369,253
Wharf Holdings Ltd	357,000	2,577,999	Colopl Inc	12,100	275,920
Wheelock & Co Ltd	262,000	1,219,650	Credit Saison Co Ltd	26,800	504,505
Wynn Macau Ltd	266,800	746,573	Dai Nippon Printing	120,000	1,090,454
Yue Yuen Industrial	115,500	415,540	Daiel Corp	43,000	507,844
		81,663,317	Daihatsu Motor Co Ltd	64,000	842,337
Israel			Dai-Ichi Life Insurance	195,100	2,995,780
Babylon Ltd	10,361	4,907	Daiichi Sankyo Co Ltd	111,000	1,562,304
Bank Hapoalim Bm	339,915	1,603,731	Daiichikoshu Co Ltd	6,200	168,064
Bank Leumi Le-Israel	402,300	1,377,028	Daikin Industries Ltd	41,200	2,683,782
Bezeq The Israeli Te	759,084	1,355,699	Daishi Bank Ltd	6,000	20,068
Delek Group Ltd	798	201,640	Daito Trust Construction	12,300	1,404,967
Israel Chemicals Ltd	72,874	529,591	Daiwa House Industry	103,000	1,969,452
Israel Corp Limited	364	173,514	Daiwa Securities Group	401,000	3,167,999
Israel Discount Bank	219,281	351,959	Dena Co Ltd	19,300	232,608
Mizrahi Tefahot Bank	20,357	213,747	Denso Corp	83,700	3,944,326

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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
Dentsu Inc	38,400	1,627,024	Japan Prime Realty	147	511,885
Don Quijote Holdings	9,600	667,784	Japan Real Estate	227	1,098,128
Dr Ci:Labo Co Ltd	10,000	342,383	Japan Retail Fund	407	862,238
East Japan Railway Co	57,600	4,381,914	Japan Tobacco Inc	195,400	5,414,875
Edion Corp	13,300	93,958	JFE Holdings Inc	84,600	1,901,992
Eisai Co Ltd	44,900	1,746,642	JGC Corp	36,000	747,954
Electric Power Develop	20,800	707,819	Joyo Bank Ltd	128,000	639,493
Eps Holdings Inc	3,200	38,167	JSR Corp	46,500	804,767
Familymart Co Ltd	26,200	994,287	Jtekt Corp	34,600	592,755
Fanuc Corp	42,900	7,134,793	Juroku Bank Ltd	36,000	128,212
Fast Retailing Co Ltd	8,900	3,269,160	JX Holdings Inc	468,300	1,834,609
Fields Corp	6,100	75,961	Kagoshima Bank Ltd	24,000	151,733
Fuji Electric Co Ltd	104,000	419,834	Kajima Corp	148,000	614,738
Fuji Heavy Industries	137,300	4,924,225	Kakaku.Com Inc	42,200	612,436
FujiFilm Holdings Co	111,200	3,430,742	Kamei Corp	6,000	37,533
Fujitsu General Ltd	29,000	281,063	Kamigumi Co Ltd	39,000	349,681
Fujitsu Ltd	332,000	1,783,847	Kandenko Co Ltd	29,000	166,654
Fukuoka Financial Group	160,000	834,063	Kaneka Corp	59,000	318,387
Fuyo General Lease Co	6,000	209,433	Kanematsu Corp	100,000	144,293
Geo Holdings Corp	5,900	47,438	Kansai Electric Power	165,400	1,583,712
Gree Inc	33,400	201,690	Kansai Paint Co Ltd	41,000	640,160
Gungho Online			Kao Corp	90,000	3,569,373
Entertainment	107,800	396,512	Kawasaki Heavy Industries	228,000	1,051,620
Gunma Bank Ltd	129,000	843,538	KDDI Corp	130,800	8,331,620
Gurunavi Inc	10,800	150,612	Keihan Electric Railway	79,000	425,656
Hachijuni Bank Ltd	184,000	1,195,513	Keihin Corp	13,300	198,898
Hakuhodo Dy Holdings	40,600	392,810	Keikyu Corp	85,000	633,805
Hamamatsu Photonics	11,000	530,297	Keio Corp	94,000	684,449
Hankyu Hanshin Holdings	191,000	1,032,303	Keisei Electric Railway	43,000	528,287
Heiwa Corp	14,200	284,486	Keyence Corp	10,140	4,550,081
Higo Bank Ltd	40,000	214,187	Kikkoman Corp	30,000	740,648
Hikari Tsushin Inc	2,600	159,173	Kimoto Co Ltd	18,600	47,472
Hino Motors Ltd	110,700	1,478,216	Kinden Corp	36,000	367,221
Hirose Electric Co Ltd	4,800	563,293	Kintetsu Corp	323,000	1,069,527
Hiroshima Bank Ltd	130,000	624,546	Kirin Holdings Co Ltd	129,500	1,616,387
Hisamitsu Pharmaceuticals	15,600	491,830	Kobe Steel Ltd	778,000	1,349,714
Hitachi Chemical Co	18,900	337,976	Koito Manufacturing	14,900	459,819
Hitachi Construction	17,800	381,105	Komatsu Ltd	231,200	5,175,702
Hitachi High-Technology	12,400	361,983	Konaka Co Ltd	8,800	45,800
Hitachi Ltd	821,000	6,164,947	Konami Corp	14,800	274,040
Hitachi Metals Ltd	57,000	979,832	Konica Minolta Inc	119,000	1,314,116
Hokkoku Bank Ltd	5,000	16,139	Kubota Corp	199,000	2,921,223
Hokuetsu Kishu Paper	11,500	49,301	Kuraray Co Ltd	62,300	715,519
Hokuhoku Financial Group	223,000	451,970	Kurita Water Industries	18,300	384,942
Hokuriku Electric Power	33,900	435,148	Kuroda Electric Co Ltd	7,300	101,437
Honda Motor Co Ltd	283,700	8,338,619	Kyocera Corp	56,700	2,627,509
Hoya Corp	107,700	3,687,464	Kyowa Hakko Kirin Co	44,000	416,531
Hulic Co Ltd	41,200	415,797	Kyushu Electric Power	69,500	701,405
Hyakugo Bank Ltd	46,000	190,684	Lawson Inc	21,100	1,281,188
Ibiden Co Ltd	18,600	277,228	Lintec Corp	16,100	359,479
Idemitsu Kosan Co Ltd	15,600	259,967	Lixil Group Corp	44,200	941,547
IHI Corp	239,000	1,227,941	M3 Inc	31,000	522,032
IIDA Group Holdings	25,300	311,885	Mabuchi Motor Co Ltd	9,400	377,113
Inaba Denki Sangyo Co	6,900	224,734	Makita Corp	19,800	904,992
Inabata & Co Ltd	10,000	90,913	Marubeni Corp	499,000	3,015,351
Infocom Corp	9,600	72,463	Marui Group Co Ltd	36,300	330,922
Inpex Corp	302,700	3,394,471	Maruichi Steel Tube	19,400	415,847
Isetan Mitsukoshi Holdings	60,000	752,659	Mazda Motor Corp	92,200	2,248,574
Isuzu Motors Ltd	149,500	1,846,695	McDonald's Holdings	11,200	245,682
Itochu Corp	427,800	4,610,014	Medipal Holdings Corp	19,500	228,025
Itochu Techno-Solutions	3,900	138,571	Megachips Corp	5,500	65,461
Iyo Bank Ltd	86,200	941,841	Meiji Holdings Co Ltd	9,300	853,247
J Front Retailing Co	40,500	474,941	Meiko Network Japan	9,100	92,901
Japan Airlines Co Ltd	36,800	1,103,432	Mid Reit Inc Reit	40	100,755
Japan Digital Laboratories	6,800	91,767	Mimasu Semiconductor	3,000	29,226
Japan Display Inc	58,900	181,767	Minebea Co Ltd	61,000	916,819
Japan Exchange Group	43,100	1,018,770	Ministop Co Ltd	4,400	58,571
Japan Petroleum Exploration	11,000	348,638	Miraca Holdings Inc	30,500	1,322,824

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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
Mitsubishi Chemical	225,700	1,107,652	Otsuka Corp	7,800	248,192
Mitsubishi Corp	241,800	4,470,159	Otsuka Holdings Co Ltd	102,600	3,094,388
Mitsubishi Electric	403,000	4,858,722	Panasonic Corp	378,300	4,499,402
Mitsubishi Estate Co	217,000	4,622,528	Park24 Co Ltd	17,300	255,687
Mitsubishi Gas Chemicals	73,000	368,973	Poletown Pitcrew	7,200	49,603
Mitsubishi Heavy Industries	527,000	2,943,675	Rakuten Inc	137,400	1,927,004
Mitsubishi Logistics	22,000	324,234	Recruit Holdings Co	27,100	776,417
Mitsubishi Materials	192,000	643,763	Resona Holdings Inc	365,300	1,864,052
Mitsubishi Motors Co	188,400	1,742,655	Ricoh Co Ltd	169,400	1,736,458
Mitsubishi Tanabe	35,900	529,689	Ricoh Leasing Co Ltd	3,400	88,194
Mitsubishi UFJ Finance	2,622,500	14,523,875	Rinnai Corp	6,200	419,901
Mitsubishi UFJ Lease	79,200	377,851	Rohm Co Ltd	16,200	994,470
Mitsui & Co Ltd	363,500	4,914,579	Saint Marc Holdings	700	40,460
Mitsui Chemicals Inc	147,000	420,543	San-A Co Ltd	9,000	306,643
Mitsui Fudosan Co Ltd	165,000	4,477,480	San-In Godo Bank Ltd	36,000	272,639
Mitsui OSK Lines Ltd	176,000	526,994	Sankyo Co Ltd	9,500	328,433
Mixi Inc	6,700	248,955	Sanrio Co Ltd	8,200	205,180
Mizuho Financial Group	4,744,700	8,009,736	Santen Pharmaceuticals	12,400	669,152
Ms&Ad Insurance Group	84,700	2,034,227	SBI Holdings Inc	31,480	348,159
Murata Manufacturing	35,300	3,899,650	Secom Co Ltd	35,900	2,079,233
Nabtesco Corp	16,600	406,779	Sega Sammy Holdings	29,500	382,852
Nagoya Railroad Co Ltd	149,000	556,754	Seibu Holdings Inc	17,300	355,682
Nakanishi Inc	8,600	365,103	Seiko Epson Corp	39,700	1,682,105
Namura Shipbuilding	10,400	113,459	Seino Holdings Co Ltd	10,000	101,505
NEC Corp	395,000	1,159,681	Sekisui Chemical Co	136,000	1,650,444
Nexon Co Ltd	65,300	612,179	Sekisui House Ltd	92,500	1,224,384
NGK Insulators Ltd	46,000	956,487	Seven & I Holdings Co	124,600	4,527,461
NGK Spark Plug Co Lt	31,000	948,914	Seven Bank Ltd	120,200	509,292
NH Foods Ltd	28,000	615,839	Sharp Corp	255,000	567,872
NHK Spring Co Ltd	63,100	555,240	Shiga Bank Ltd	25,000	134,493
Nidec Corp	36,300	2,376,705	Shikoku Electric Power	30,300	369,984
Nikon Corp	88,500	1,182,510	Shimachu Co Ltd	3,400	83,033
Nintendo Co Ltd	17,700	1,860,866	Shimadzu Corp	43,000	441,853
Nippon Building Fund	253	1,274,549	Shimamura Co Ltd	3,700	320,639
Nippon Electric Glas	143,000	650,027	Shimano Inc	13,300	1,736,061
Nippon Express Co Ltd	127,000	649,326	Shimizu Corp	101,000	693,298
Nippon Paint Holdings	30,000	879,520	Shindengen Electric	24,000	139,722
Nippon Prologis Reit	317	687,699	Shin-Etsu Chemical Co	70,700	4,637,854
Nippon Steel & Sumit	1,311,245	3,290,826	Shinsei Bank Ltd	591,000	1,040,085
Nippon Telegraph	69,900	3,620,493	Shionogi & Co Ltd	75,000	1,951,708
Nippon Yusen	262,000	747,354	Ship Healthcare Holdings	15,300	349,911
Nissan Motor Co Ltd	428,300	3,772,341	Shiseido Co Ltd	61,700	870,989
Nisshin Oillio Group	51,000	179,082	Shizuoka Bank Ltd	170,000	1,568,205
Nisshin Seifun Group	35,695	348,033	Showa Corp	16,200	151,738
Nissin Foods Holdings	9,500	456,399	Showa Shell Sekiyu	32,900	326,818
Nissin Kogyo Co Ltd	13,400	187,541	Sintokogio Ltd	9,000	61,629
Nitori Holdings Co Ltd	11,700	631,377	SMC Corp	9,600	2,558,238
Nitto Denko Corp	28,400	1,604,110	Softbank Corp	166,200	9,993,209
Nitto Kogyo Corp	9,200	180,248	Sompo Japan Nipponko	61,500	1,564,750
NOK Corp	19,000	489,678	Sony Corp	182,800	3,768,978
Nomura Holdings Inc	624,600	3,593,032	Sony Financial Holdings	102,600	1,522,377
Nomura Real Estate	21,300	368,990	Stanley Electric Co	23,000	502,415
Nomura Research Inst	16,700	516,064	Sumitomo Chemical Co	260,000	1,038,742
North Pacific Bank Ltd	42,300	165,114	Sumitomo Corp	195,900	2,028,524
NSK Ltd	78,000	937,470	Sumitomo Dainippon	22,700	221,519
NTT Data Corp	20,400	766,521	Sumitomo Densetsu Co	7,300	90,965
NTT Docomo Inc	315,400	4,649,647	Sumitomo Electric Ind	126,800	1,599,608
NTT Urban Development	31,500	321,056	Sumitomo Heavy Industries	88,000	478,552
Obayashi Corp	110,000	717,461	Sumitomo Metal Mining	146,000	2,204,095
Odakyu Electric Rail	108,000	964,744	Sumitomo Mitsui Finance	272,700	9,949,757
Oji Holdings Corp	136,000	490,029	Sumitomo Mitsui Trust	754,000	2,911,731
Olympus Corp	39,900	1,419,354	Sumitomo Realty	63,000	2,170,412
Omron Corp	38,200	1,733,250	Sumitomo Rubber Industries	27,500	412,632
Ono Pharmaceutical Co	14,300	1,278,585	Suntory Beverage & Food	24,300	845,164
Oracle Corp Japan	16,600	678,427	Suruga Bank Ltd	34,000	629,834
Oriental Land Co Ltd	8,200	1,897,569	Suzuken Co Ltd	10,000	278,577
Orix Corp	342,300	4,346,735	Suzuki Motor Corp	87,800	2,665,599
Osaka Gas Co Ltd	328,000	1,233,539	Sysmex Corp	24,600	1,105,918

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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
T&D Holdings Inc	175,600	2,134,676	Orkla Asa	134,742	917,444
Taiheiyo Cement Corp	197,000	622,737	Salmar Asa	19,983	339,822
Taisei Corp	186,000	1,065,783	Seadrill Ltd	66,032	761,378
Taisho Pharmaceuticals	5,800	357,012	Statoil Asa	322,088	5,636,234
Taiyo Nippon Sanso Co	30,000	333,292	Subsea 7 SA	46,444	474,193
Takashimaya Co Ltd	38,000	306,168	Telenor Asa	230,285	4,653,277
Takeda Pharmaceuticals	134,600	5,608,193	TGS Nopec Geophysical	29,204	627,117
TDK Corp	22,200	1,323,908	Yara International	49,353	2,195,281
Teijin Ltd	151,000	404,279			20,098,445
Teikoku Sen-I Co Ltd	9,300	208,425	New Zealand		
Terumo Corp	53,800	1,236,689	Auckland Intl Airport	150,688	498,200
THK Co Ltd	19,900	485,487	Contact Energy Ltd	95,131	469,176
Toagosei Co Ltd	40,000	159,139	Fletcher Building Ltd	112,481	729,696
Tobu Railway Co Ltd	163,000	702,873	Meridian Energy	251,250	343,660
Toho Co Ltd	18,300	417,605	Mighty River Power	147,808	343,114
Toho Gas Co Ltd	69,000	340,123	Ryman Healthcare Ltd	66,192	437,166
Tohoku Electric Power	79,800	935,809	Sky Network Television	83,889	394,717
Tokai Carbon Co Ltd	35,000	103,049	Spark New Zealand Ltd	282,840	687,521
Tokai Corp (Gifu)	1,300	38,872			3,903,250
Tokai Rika Co Ltd	10,700	226,949	Sweden		
Tokio Marine Holdings	119,600	3,920,330	Alfa Laval AB	70,051	1,327,061
Tokyo Electric Power	243,700	1,000,045	Assa Abloy AB-B	59,256	3,139,832
Tokyo Electron Ltd	29,200	2,245,498	Atlas Copco AB-A Shs	186,083	5,191,521
Tokyo Gas Co Ltd	405,000	2,202,765	Atlas Copco AB-B Shs	63,297	1,622,803
Tokyo Tatemono Co Ltd	69,000	506,443	Axfood AB	7,358	438,477
Tokyu Corp	191,000	1,193,202	Axis Communications	10,223	260,529
Tokyu Fudosan Holdings	86,200	604,647	Boliden AB	47,558	762,435
Tomony Holdings Inc	22,600	97,831	Electrolux AB-Ser B	40,811	1,192,802
Tonengeneral Sekiyu	48,000	411,560	Elekta AB-B Shs	65,940	671,340
Toppan Forms Co Ltd	2,200	22,258	Ericsson Lm-B Shs	623,134	7,506,343
Toppan Printing Co Ltd	154,000	1,010,868	Gefinge AB-B Shs	35,054	796,168
Toray Industries Inc	250,000	2,018,850	Hennes & Mauritz AB	169,517	7,050,711
Toshiba Corp	703,000	2,997,989	Hexagon AB-B Shs	43,339	1,338,661
Toshiba TEC Corp	25,000	173,277	Hufvudstaden AB-A Sh	34,187	443,264
Toto Ltd	48,000	563,693	Husqvarna AB-B Shs	74,043	546,225
Toyo Ink Sc Holdings	32,000	158,806	Ica Gruppen AB	14,956	584,236
Toyo Seikan Group	53,700	677,213	Industrivarden AB-C	38,580	668,771
Toyo Suisan Kaisha Ltd	13,000	422,870	Intrum Justitia AB	31,282	925,882
Toyoda Gosei Co Ltd	33,400	678,892	Investment AB Kinnev	72,418	2,360,818
Toyota Industries Co	29,400	1,520,330	Investor AB-B Shs	126,237	4,587,797
Toyota Motor Corp	522,400	32,931,307	JM AB	7,210	229,243
Toyota Tsusho Corp	36,300	854,403	Lundin Petroleum AB	38,145	547,696
Trend Micro Inc	33,000	917,928	Medivir AB-B Shs	5,816	72,809
TS Tech Co Ltd	8,700	205,282	Millicom Intl Cellular	28,016	2,084,670
Unicharm Corp	60,600	1,471,595	Nordea Bank AB	518,440	6,020,016
Universal Entertainment	1,600	23,941	Oriflame Cosmetics	20,999	290,779
USS Co Ltd	35,500	550,732	Sandvik AB	178,561	1,742,670
Utd Urban Invest Crp	479	754,686	Securitas AB-B Shs	55,186	665,482
Wakita & Co Ltd	15,000	141,999	Skandinaviska Enskil	266,257	3,385,927
West Japan Railway Co	27,200	1,295,627	Skanska AB-B Shs	70,151	1,503,700
Yahoo Japan Corp	444,000	1,607,206	Skf AB-B Shares	66,204	1,394,569
Yakult Honsha Co Ltd	14,200	755,628	Svenska Cellulosa AB	104,071	2,244,075
Yamada Denki Co Ltd	154,600	522,232	Svenska Handelsbanke	88,319	4,136,013
Yamaguchi Financial	36,000	373,227	Swedbank AB - A Shar	161,215	4,024,068
Yamaha Corp	29,400	439,915	Swedish Match AB	51,864	1,621,195
Yamaha Motor Co Ltd	47,300	963,003	Tele2 AB-B Shs	54,376	659,534
Yamato Holdings Co Ltd	59,000	1,178,327	Teliasonera AB	467,486	3,009,778
Yamato Kogyo Co Ltd	5,300	150,077	Unibet Group Plc-Sdr	3,036	191,004
Yamazaki Baking Co Ltd	19,000	235,331	Volvo AB-B Shs	273,297	2,955,270
Yaskawa Electric Corp	36,700	474,151			78,194,172
Yokogawa Electric Corp	35,800	398,027	Singapore		
Yokohama Rubber Co Ltd	41,000	377,530	Ascendas	502,000	901,637
Zappallas Inc	2,800	13,802	Capital Commercial	417,000	549,139
		531,978,919	Capitaland Ltd	425,000	1,058,410
Norway			Capitamall Trust	451,000	690,914
DNB Asa	175,755	2,594,992	City Developments Ltd	75,000	580,711
Gjensidige Forsikrin	35,679	578,189	Comfortdelgro Corp Ltd	346,000	678,892
Norsk Hydro Asa	233,286	1,320,519	DBS Group Holdings Ltd	289,000	4,490,610

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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
Frasers Centrepoint	191,000	273,145	American Express Co	173,393	16,129,017
Genting Singapore	982,000	796,657	American Financial Group	15,200	922,944
Global Logistic Prop	496,000	928,292	American International	295,550	16,553,756
Golden Agri-Resource	1,342,000	460,803	American Public Education	3,300	121,671
Jardine Cycle & Carr	30,000	963,550	American Realty Capital	148,093	1,340,242
Keppel Corp Ltd	239,000	1,594,415	American States Water	15,900	598,953
Keppel Land Ltd	240,000	619,425	American Tower-Reits	66,888	6,612,548
Mapletree	536,000	479,330	American Water Works	29,930	1,594,970
Mapletree Industrial	383,000	427,771	Ameriprise Financial	33,850	4,476,663
Noble Group Ltd	704,000	603,003	Amerisourcebergen Co	40,503	3,650,535
Oversea-Chinese Bank	492,259	3,885,765	Ametek Inc	41,525	2,185,046
Sembcorp Industries	180,000	601,766	Amgen Inc	156,835	24,980,679
Sembcorp Marine Ltd	141,000	345,823	Amphenol Corp-Cl A	53,492	2,877,870
Singapore Airlines Ltd	99,000	866,651	Amsurg Corp	21,600	1,181,952
Singapore Exchange Ltd	143,000	842,827	Anadarko Petroleum Co	86,683	7,150,481
Singapore Post Ltd	289,000	417,655	Analog Devices Inc	53,897	2,992,361
Singapore Press Holdings	247,911	787,642	Annaly Mortgage Mgmt	161,399	1,744,723
Singapore Tech Engineering	250,000	639,574	Ansysis Inc	15,810	1,296,420
Singapore			Antero Resources Corp	8,283	336,290
Telecommunications	1,368,000	4,026,261	Anthem Inc	49,730	6,251,061
Starhub Ltd	101,000	315,553	Aon Plc	48,722	4,619,333
Suntec Reit	529,000	782,461	Apache Corp	66,810	4,186,315
United Overseas Bank	221,457	4,094,555	Apple Inc	1,212,265	133,809,811
UOL Group Ltd	152,253	799,699	Applied Industrial	7,400	337,144
Wilmar International	318,000	775,141	Applied Materials Inc	209,053	5,209,601
Yangzijiang Shipbuilders	291,000	263,527	Arch Capital Group Ltd	37,762	2,230,979
		35,541,604	Archer-Daniels-Midla	112,509	5,849,343
United States of America			Arrow Electronics Inc	16,863	976,536
3M Co	130,786	21,492,063	Ashland Inc	12,516	1,498,791
Abbott Laboratories	261,645	11,779,258	Assurant Inc	12,238	837,079
Abbvie Inc	331,923	21,714,403	Assured Guaranty Ltd	35,200	915,200
Accenture Plc-Cl A	142,143	12,694,791	AT&T Inc	1,063,018	35,696,144
Ace Ltd	74,409	8,548,106	Autodesk Inc	36,603	2,198,376
Actavis Plc	50,349	12,970,406	Autoliv Inc	17,487	1,855,895
Activision Blizzard	79,741	1,605,984	Automatic Data Process	82,179	6,851,263
Adobe Systems Inc	82,332	5,984,713	Autonation Inc	10,581	638,881
ADT Corp/The	62,521	2,263,885	Autozone Inc	6,256	3,875,154
Advance Auto Parts	12,356	1,968,558	Avago Technologies Ltd	42,947	4,319,609
Aecom	18,700	567,919	Avalonbay Communities	21,843	3,569,365
AES Corp	111,652	1,537,448	Avery Dennison Corp	15,079	782,148
Aetna Inc	97,408	8,652,753	Avnet Inc	22,369	961,867
Affiliated Managers	8,991	1,907,081	Avon Products Inc	73,757	691,841
Aflac Inc	121,676	7,433,187	Axis Capital Holding	16,646	850,944
Agco Corp	32,043	1,447,703	B/E Aerospace Inc	16,761	972,473
Agilent Technologies	58,725	2,403,614	Babcock & Wilcox Co	20,700	627,210
Air Products & Chemicals	36,162	5,213,476	Baker Hughes Inc	74,826	4,194,746
Airgas Inc	12,991	1,496,044	Ball Corp	25,544	1,741,079
Akamai Technologies	29,401	1,850,793	Bank Of America Corp	2,181,846	39,033,225
Albemarle Corp	32,911	1,977,951	Bank Of New York Mellon	194,989	7,910,704
Alcoa Inc	190,449	3,007,190	BankUnited Inc	12,700	368,046
Alexion Pharmaceuticals	33,872	6,266,997	Baxter International	130,938	9,596,446
Alleghany Corp	2,872	1,334,274	BB&T Corp	120,356	4,680,645
Allergan Inc	51,761	11,009,565	Becton Dickinson	46,766	6,507,957
Alliance Data Systems	9,546	2,730,538	Bed Bath & Beyond	52,041	3,963,963
Alliance Resource	10,600	455,906	Berkshire Hathaway I	204,846	30,757,627
Alliant Energy Corp	18,984	1,260,917	Best Buy Co Inc	67,604	2,634,528
Allied World Assurance	13,800	523,296	Biogen Idec Inc	47,178	16,018,818
Allstate Corp	78,820	5,535,529	Biomarin Pharmaceuticals	23,490	2,123,966
Ally Financial Inc	108,691	2,566,195	Bio-Techne Corp	6,000	554,400
Altera Corp	82,600	3,051,244	Blackrock Inc	22,692	8,110,121
Altria Group Inc	402,548	19,829,514	Boeing Co	139,606	18,140,404
Amazon.Com Inc	73,679	22,866,278	BOK Financial Corporation	10,700	642,428
Ameren Corporation	42,180	1,944,920	Borgwarner Inc	39,118	2,148,361
American Airlines Group	30,355	1,627,635	Boston Properties	26,686	3,434,221
American Capital Age	62,056	1,354,682	Boston Scientific Co	230,910	3,057,248
American Capital Ltd	25,300	369,633	BP Prudhoe Bay Royal	2,474	167,168
American Electric Power	85,138	5,168,728	Bristol-Myers Squibb	322,596	19,036,390
American Equity Inv	21,200	618,828	Broadcom Corp-Cl A	90,139	3,905,723

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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
Broadridge Financial	13,300	614,061	Concho Resources Inc	18,719	1,867,220
Brocade Communications	31,500	372,960	Conocophillips	265,322	18,317,831
Brown-Forman Corp	20,242	1,777,450	Consol Energy Inc	38,472	1,300,354
Buckle Inc	3,900	204,789	Consolidated Edison	48,473	3,199,218
Bunge Ltd	24,710	2,244,904	Constellation Brands	27,588	2,706,935
C.H. Robinson Worldwide	25,184	1,886,030	Contango Oil & Gas	4,500	131,040
CA Inc	92,705	2,822,867	Continental Resources	15,246	584,684
Cablevision Systems	31,683	653,303	Cooper Cos Inc	6,092	987,452
Cabot Oil & Gas Corp	73,621	2,179,182	COPA Holdings SA	7,200	746,280
California Resources	42,875	236,241	Core Laboratories	7,439	895,060
Calpine Corp	62,637	1,385,530	Corning Inc	318,876	7,311,827
Camden Property Tst	15,812	1,167,558	Costco Wholesale Corp	78,044	11,062,737
Cameron International	39,160	1,955,650	Covidien Plc	77,709	7,949,631
Campbell Soup Corp	33,183	1,460,384	CR Bard Inc	23,209	3,866,155
Capital One Financial	124,736	10,296,957	Cracker Barrel Old	3,400	478,516
Cardinal Health Inc	87,696	7,080,575	Crane Co	9,600	563,616
Carefusion Corp	36,482	2,164,112	Cree Inc	18,761	604,292
Carmax Inc	36,548	2,433,000	Crown Castle International	57,419	4,518,875
Carnival Corp	63,747	2,889,014	Crown Holdings Inc	22,902	1,165,483
Cash America Intl Inc	2,700	61,020	CSX Corp	212,467	7,695,555
Caterpillar Inc	109,529	10,020,808	Cullen/Frost Bankers	12,300	868,872
Cato Corp-Class A	6,700	282,606	Cummins Inc	48,668	7,016,466
CBOE Holdings Inc	2,900	183,889	CVR Energy Inc	7,700	297,836
CBRE Group Inc – A	50,544	1,731,132	CVS Health Corp	221,839	21,365,314
CBS Corp-Class B Non	91,975	5,088,977	Danaher Corp	127,784	10,951,089
Celanese Corp-Series	41,532	2,490,259	Darden Restaurants Inc	21,604	1,266,859
Celgene Corp	159,237	17,812,251	Davita Healthcare	29,189	2,209,899
Centene Corp	1,600	166,160	Deckers Outdoor Corp	1,900	172,900
Centerpoint Energy Inc	69,607	1,630,196	Deere & Co	61,636	5,452,321
Centurylink Inc	102,990	4,075,314	Delphi Automotive	73,314	5,332,127
Cerner Corp	53,679	3,470,884	Delta Air Lines Inc	33,298	1,637,263
CF Industries Holdings	13,478	3,671,946	Deluxe Corp	9,100	566,475
Charles River Laboratories	4,500	286,380	Denbury Resources Inc	65,335	531,827
Charter Communications	12,267	2,043,192	Dentsply International	24,453	1,302,611
Check Point Software	9,300	730,329	Devon Energy Corp	66,020	4,040,424
Chemd Corp	6,600	697,026	Diamond Offshore	11,988	439,840
Cheniere Energy Inc	38,501	2,718,941	Dick's Sporting Goods	18,617	924,148
Chesapeake Energy Co	88,765	1,736,243	Digital Realty Trust	21,534	1,427,274
Chevron Corp	388,628	43,596,289	Directv	102,849	8,915,980
Chicago Bridge	15,165	636,323	Discover Financial	112,230	7,349,943
Chipotle Mexican	5,458	3,733,763	Discovery Communications	79,016	2,682,222
Chubb Corp	49,578	5,129,836	Dish Network Corp	36,012	2,624,555
Church & Dwight Co Inc	23,315	1,837,455	Dolby Laboratories Inc	6,300	271,467
Cigna Corp	46,103	4,743,999	Dollar General Corp	53,892	3,809,087
Cimarex Energy Co	14,866	1,575,796	Dollar Tree Inc	47,761	3,360,464
Cincinnati Financial	26,033	1,349,290	Dominion Resources Inc	98,086	7,540,852
Cintas Corp	17,163	1,346,266	Douglas Dynamics Inc	8,000	171,440
Cisco Systems Inc	1,081,463	30,075,486	Dover Corp	54,032	3,875,175
CIT Group Inc	32,127	1,535,992	Dow Chemical Co	204,488	9,320,563
Citigroup Inc	634,260	34,326,151	Dr Horton Inc	53,147	1,343,556
Citizens & Northern	10,400	213,928	Dr Pepper Snapple Group	40,005	2,867,558
Citrix Systems Inc	30,913	1,972,249	DTE Energy Company	30,710	2,651,501
Clorox Company	33,626	3,502,820	Du Pont (E.I.) De Nemours	167,350	12,368,839
CME Group Inc	54,439	4,826,562	Duke Energy Corp	120,551	10,069,625
CMS Energy Corp	45,258	1,572,716	Duke Realty Corp	55,301	1,117,080
CNA Financial Corp	6,900	266,961	Dun & Bradstreet Corp	14,399	1,741,703
Coach Inc	70,829	2,658,921	Eastman Chemical Corp	42,908	3,253,714
Cobalt International	45,916	407,734	Eaton Corp Plc	80,744	5,485,747
Coca-Cola Co	759,461	32,064,443	Eaton Vance Corp	21,410	876,311
Coca-Cola Enterprise	41,644	1,840,665	Ebay Inc	209,544	11,757,514
Cognizant Tech Solutions	111,282	5,858,997	Ebiz Inc	12,700	215,519
Colgate-Palmolive Co	168,258	11,638,406	Ecolab Inc	45,986	4,807,376
Comcast Corp-Class A	439,372	25,479,182	Edison International	53,112	3,476,712
Comcast Corp-Special	81,516	4,692,061	Edwards Lifesciences	18,084	2,302,274
Comerica Inc	40,830	1,912,477	Electronic Arts Inc	51,887	2,439,208
Computer Programs	4,900	297,724	Eli Lilly & Co	226,450	15,622,786
Computer Sciences Co	25,944	1,635,769	EMC Corp	437,940	13,028,715
Conagra Foods Inc	73,561	2,668,057	Emerson Electric Co	166,872	10,297,671

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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
Endo International	22,898	1,651,404	Guess Inc	9,100	191,828
Energen Corp	12,563	801,017	H&R Block Inc	46,900	1,579,123
Energizer Holdings Inc	20,650	2,654,971	Halliburton Co	148,891	5,851,416
Enova International	2,470	54,958	Halyard Health Inc	2,162	98,328
Ensco Plc-	66,831	2,000,920	Hanesbrands Inc	14,901	1,663,101
Entergy Corp	31,074	2,716,489	Harley-Davidson Inc	39,284	2,588,816
EOG Resources Inc	122,658	11,291,895	Harris Corp	31,657	2,272,656
EPR Properties	6,200	357,120	Hartford Financial Services	73,875	3,079,849
EQT Corp	26,330	1,992,654	Hasbro Inc	21,312	1,171,521
Equifax Inc	20,196	1,633,452	HCA Holdings Inc	51,245	3,761,383
Equinix Inc	9,108	2,065,057	Health Care Properties	94,796	4,173,868
Equity Residential	58,372	4,194,612	Health Care Reit	53,372	4,038,659
Essex Ppty Trust Inc	10,812	2,233,975	Healthstream Inc	5,900	173,814
Estee Lauder Companies	41,147	3,135,401	Helmerich & Payne	36,449	2,457,392
Everest Re Group Ltd	15,118	2,573,386	Henry Schein Inc	20,966	2,854,521
Exelis Inc	12,900	226,008	Herbalife Ltd	14,323	539,834
Exelon Corp	145,574	5,397,884	Hershey Co	27,001	2,804,864
Expedia Inc	19,230	1,641,473	Hertz Global Holdings	74,711	1,861,798
Expeditors Intl Washington	48,060	2,143,957	Hess Corp	49,382	3,644,885
Express Scripts Holdings	134,341	11,373,309	Hewlett-Packard Corp	407,912	16,373,588
Exxon Mobil Corp	868,997	80,321,393	Hillenbrand Inc	16,800	579,600
F5 Networks Inc	19,492	2,541,757	Hilton Worldwide Holdings	64,671	1,686,620
Facebook Inc	382,673	29,856,147	HNI Corp	10,000	510,700
Family Dollar Stores	17,617	1,395,090	Hollyfrontier Corp	51,639	1,935,430
Fastenal Co	47,301	2,249,636	Hologic Inc	42,758	1,143,349
FBL Financial Group	7,815	452,957	Home Depot Inc	262,244	27,519,885
Federal Realty Invs	11,631	1,552,273	Honeywell International	155,725	15,561,599
Fedex Corp	59,200	10,276,528	Hongkong Land Holdings	59,000	398,840
Fidelity National Ins	50,850	3,162,870	Horace Mann Educators	14,800	491,064
Fifth Third Bancorp	194,979	3,971,722	Hormel Foods Corp	25,686	1,337,727
Fireeye Inc	10,639	335,980	Hospira Inc	30,457	1,865,491
First Financial Corp	10,500	374,010	Host Hotels & Resorts	130,551	3,104,503
First Republic Bank/	19,633	1,023,272	Hubbell Inc	10,400	1,111,344
Firstenergy Corp	70,467	2,747,508	Hudson City Bancorp	72,915	737,900
Firstmerit Corp	14,200	268,238	Humana Inc	27,097	3,891,942
Fiserv Inc	44,027	3,124,596	Hunt (JB) Transport	15,582	1,312,784
Fleetcor Technologies	12,929	1,922,672	Huntington Bancshare	105,375	1,107,491
Flextronics Intl Ltd	102,178	1,141,328	Hutchison Port Holdings	960,000	657,600
FLIR Systems Inc	23,945	773,424	Idex Corp	10,700	832,567
Flowserve Corp	43,031	2,574,545	IHS Inc	10,858	1,236,400
Fluor Corp	27,639	1,675,753	Illinois Tool Works	94,996	8,996,121
FMC Corp	22,111	1,260,327	Illumina Inc	23,808	4,393,528
FMC Technologies Inc	40,315	1,887,951	Incyte Corp	25,866	1,890,029
FNF Group	40,571	1,397,265	Ingersoll-Rand Plc	50,076	3,173,817
Foot Locker Inc	28,277	1,588,885	Innophos Holdings Inc	2,371	138,727
Ford Motor Co	643,894	9,973,918	Integrus Energy Group	12,004	933,791
Forward Air Corp	7,200	362,520	Intel Corp	1,043,874	37,882,187
Fossil Group Inc	11,996	1,328,437	Inteliquent Inc	10,100	198,061
Franklin Resources Inc	99,869	5,529,747	Intercontinental Exchange	19,581	4,294,309
Freeport-McMoran Inc	175,558	4,099,279	International Bancshare	24,200	642,268
Frontier Communications	162,756	1,083,955	International Paper	72,201	3,867,086
Gamestop Corp	29,206	985,995	Interpublic Group Of		
Gap Inc	65,073	2,740,224	Companies	70,698	1,467,690
Garmin Ltd	34,041	1,798,046	Intl Business Machines	196,436	31,516,192
General Dynamics Corp	63,906	8,796,022	Intl Flavors & Fragrance	16,200	1,641,546
General Electric Corp	1,934,551	48,886,104	Intuit Inc	47,244	4,355,424
General Growth Properties	82,654	2,325,057	Intuitive Surgical Inc	6,417	3,394,208
General Mills Inc	154,523	8,237,621	Invesco Ltd	108,597	4,290,667
General Motors Co	218,099	7,611,655	Iron Mountain Inc	30,433	1,176,235
Gentex Corp	8,100	292,653	ITT Corp	9,500	384,370
Genuine Parts Corp	30,587	3,259,962	J2 Global Inc	2,900	179,742
Genworth Financial Inc	90,430	768,655	Jack Henry & Associates	7,700	478,401
Gilead Sciences Inc	315,851	29,772,115	Jacobs Engineering Group	22,523	1,005,877
Goldman Sachs Group	90,203	17,484,047	Jarden Corp	24,515	1,173,288
Google Inc	56,609	30,036,169	Jazz Pharmaceuticals	9,995	1,635,782
Google Inc-CLC	56,056	29,507,318	JM Smucker Co	17,934	1,810,796
Gran Tierra Energy Inc	41,800	159,676	Johnson & Johnson	573,776	59,999,756
Grifols SA	16,587	563,792	Johnson Controls Inc	113,961	5,506,596

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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
Joy Global Inc	17,582	817,563	McCormick & Co	28,526	2,118,911
JPMorgan Chase & Co	786,053	49,199,057	McDonald's Corp	206,873	19,384,000
Juniper Networks Inc	80,727	1,801,019	McGraw Hill Financial	46,102	4,100,312
Kansas City Southern	18,397	2,244,250	McKesson Corp	40,012	8,306,491
Kellogg Co	65,900	4,311,178	MDU Resources Group	34,667	814,328
Keurig Green Mountain	21,457	2,840,049	Mead Johnson Nutrition	34,903	3,508,450
Keycorp	245,247	3,408,933	MeadWestvaco Corp	29,070	1,290,999
Kimberly-Clark Corp	82,357	9,510,586	Medivation Inc	13,028	1,297,719
Kimco Realty Corporation	69,668	1,750,757	Mednax Inc	10,300	681,036
Kinder Morgan Inc	332,503	14,064,877	Medtronic Inc	219,991	15,881,150
KLA-Tencor Corp	37,337	2,625,911	Merck & Co. Inc.	604,471	34,327,908
KLX Inc	4,150	171,188	Metlife Inc	162,906	8,811,586
Kohls Corp	47,865	2,921,680	Mettler-Toledo International	6,022	1,822,558
Kraft Foods Group Inc	146,679	9,189,439	MGM Resorts International	67,957	1,450,882
Kroger Co	80,971	5,199,148	Michael Kors Holdings	34,244	2,571,382
Kulicke & Soffa Industries	16,800	242,760	Microchip Technology	40,713	1,835,749
L Brands Inc	41,981	3,631,776	Micron Technology In	181,545	6,355,890
L-3 Communications			Microsoft Corp	1,595,934	74,147,094
Holdings	15,529	1,958,983	Middleby Corp	3,000	297,300
Laboratory Crp Of America	27,621	2,980,582	Minerals Technologies	7,600	527,820
Lam Research Corp	27,491	2,180,586	Mohawk Industries Inc	10,042	1,559,623
Lancaster Colony Corp	5,900	552,476	Molson Coors Brewing	25,504	1,899,793
Landstar System Inc	7,000	507,710	Mondelez International	290,220	10,540,790
Lannett Co Inc	9,600	410,784	Monsanto Co	100,348	11,983,558
Las Vegas Sands Corp	69,935	4,066,720	Monster Beverage Corp	23,956	2,595,633
Legg Mason Inc	17,444	930,289	Montpelier Re Holdings	16,600	594,612
Leggett & Platt Inc	37,060	1,578,015	Moody's Corp	33,080	3,168,733
Lennar Corp	28,212	1,264,180	Morgan Stanley	319,051	12,382,369
Leucadia National Corp	55,690	1,247,456	Mosaic Co	54,122	2,469,587
Level 3 Communications	48,055	2,372,475	Motorola Solutions Inc	41,826	2,804,015
Lexmark International	9,800	404,446	MSC Industrial Direct	4,000	325,000
Liberty Global Plc	40,673	2,041,785	Murphy Oil Corp	30,133	1,522,319
Liberty Global Plc	106,386	5,138,444	Mylan Inc	83,121	4,685,531
Liberty Interactive	83,590	2,458,382	Nabors Industries Ltd	48,182	625,402
Liberty Media Corp	49,518	1,738,356	Nasdaq OMX Group	20,644	990,086
Liberty Ppty Trust	24,587	925,209	National Oilwell Varco	109,133	7,150,394
Lincoln Electric Holdings	13,400	925,940	Natl Western Life Ins	100	27,000
Lincoln National Corp	52,818	3,045,486	Navient Corp	74,704	1,614,353
Lindsay Corp	3,200	273,824	Netapp Inc	81,960	3,396,422
Linear Technology Corp	54,646	2,491,858	Netflix Inc	9,672	3,304,052
Linkedin Corp	18,037	4,141,656	Netscout Systems Inc	10,100	368,953
LKQ Corp	52,440	1,474,613	Netsuite Inc	5,506	600,154
Lockheed Martin Corp	58,451	11,256,494	Neustar Inc	7,200	200,160
Loews Corp	58,672	2,465,397	New York Community Bank	82,284	1,316,544
Lorillard Inc	64,764	4,075,599	Newell Rubbermaid Inc	48,929	1,862,727
Lowe's Cos Inc	186,303	12,813,920	Newmarket Corp	1,300	524,589
LTC Properties Inc	8,600	371,348	Newmont Mining Corp	103,143	1,947,340
Lululemon Athletica	16,443	917,355	News Corp	57,949	909,220
Lyondellbasell Industries	103,257	8,197,573	Nextera Energy Inc	73,776	7,840,913
M & T Bank Corp	28,365	3,562,077	Nielsen NV	54,957	2,456,578
Macerich Co	23,801	1,984,289	Nike Inc	142,635	13,708,650
Macy's Inc	65,595	4,312,215	Nisource Inc	52,939	2,244,614
Magellan Midstream	2,100	173,586	Noble Corp Plc	40,530	671,177
Magnachip Semiconductors	4,989	64,757	Noble Energy Inc	75,607	3,584,528
Mallinckrodt Plc	19,007	1,880,933	Nordson Corp	10,100	787,396
Manpowergroup Inc	12,845	875,644	Nordstrom Inc	39,508	3,136,145
Marathon Oil Corp	149,969	4,241,123	Norfolk Southern Corp	73,758	8,083,877
Marathon Petroleum Corp	51,814	4,675,177	Northeast Utilities	52,424	2,804,684
Marketaxess Holdings	2,300	164,841	Northern Trust Corp	39,412	2,656,369
Marriott International	41,614	3,247,140	Northrop Grumman Corp	48,532	7,150,220
Marsh & McLennan Cos	92,916	5,317,583	Norwegian Cruise Lines	13,251	619,352
Martin Marietta Materials	8,570	945,442	NRG Energy Inc	52,639	1,418,095
Marvell Technology Group	86,673	1,256,759	Nuance Communication	41,366	589,879
Masco Corp	63,398	1,596,996	Nucor Corp	55,557	2,724,515
Mastercard Inc	196,732	16,954,364	Nvidia Corp	98,335	1,970,633
Mattel Inc	84,554	2,616,101	Occidental Petroleum	180,104	14,514,581
Maxim Integrated	73,000	2,326,510	Oceaneering Intl Inc	18,160	1,067,626
MBIA Inc	41,200	393,048	OGE Energy Corp	34,422	1,220,948

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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
Omnicare Inc	16,585	1,209,544	Regency Centres Corp	14,732	939,902
Omnicom Group	63,121	4,890,615	Regeneron Pharmaceuticals	13,616	5,583,377
Oneok Inc	35,095	1,747,380	Regions Financial Corp	248,404	2,623,146
Oracle Corp	747,811	33,629,061	Renaissancere Holdings	16,923	1,645,423
O'Reilly Automotive	22,487	4,330,996	Republic Bancorp Inc	1,600	39,552
Outerwall Inc	2,700	203,013	Republic Services Inc	50,721	2,041,013
Owens-Illinois Inc	25,810	696,612	Resmed Inc	23,538	1,319,776
P G & E Corp	81,760	4,351,267	Reynolds American Inc	62,944	4,044,152
Paccar Inc	60,726	4,130,583	Robert Half Intl Inc	24,042	1,404,053
Pall Corp	18,558	1,877,513	Rock-Tenn Company	41,866	2,552,989
Palo Alto Networks Inc	10,008	1,226,380	Rockwell Automation	42,422	4,715,630
Paragon Offshore Plc	1	3	Rockwell Collins Inc	28,820	2,434,714
Parexel Internationa	8,300	461,148	Roper Industries Inc	18,511	2,893,269
Parker Hannifin Corp	42,048	5,420,828	Ross Stores Inc	51,922	4,894,687
Partnerre Ltd	18,745	2,137,492	Royal Caribbean Cruises	27,312	2,251,055
Patterson Cos Inc	13,520	650,042	Safeway Inc	41,580	1,459,874
Paychex Inc	81,158	3,746,253	Salesforce.Com Inc	101,044	5,990,899
PDL Biopharma Inc	34,700	267,537	Salix Pharmaceuticals	11,011	1,265,604
Pentair Plc	34,566	2,294,491	Sanderson Farms Inc	3,200	268,800
People's United Fina	49,639	753,520	Sandisk Corp	39,473	3,867,565
Pepco Holdings Inc	45,077	1,213,473	SBA Communications Corp	21,879	2,422,662
Pepsico Inc	314,285	29,718,790	Scana Corp	23,838	1,439,338
Performant Financial	15,000	99,750	Schlumberger Ltd	265,465	22,668,056
Perrigo Co Plc	23,277	3,888,423	Schwab (Charles) Corp	197,064	5,947,392
Petmed Express Inc	6,400	91,840	Schweitzer-Mauduit Inc	2,100	88,830
Petsmart Inc	27,746	2,255,195	Scotts Miracle-Gro Corp	7,000	436,100
Pfizer Inc	1,336,289	41,625,402	Scripps Networks Int	25,082	1,887,922
Pharmacyclics Inc	10,818	1,322,609	Seagate Technology	57,206	3,803,627
Philip Morris International	323,041	26,308,459	Sealed Air Corp	33,531	1,422,050
Phillips 66	113,977	8,172,151	SEI Investments Comp	23,314	932,560
Pinnacle West Capital	20,090	1,371,946	Select Income Reit	18,200	443,898
Pioneer Natural Resources	24,364	3,626,338	Sempra Energy	40,695	4,530,574
Plum Creek Timber	28,476	1,219,058	Sensata Technologies	25,097	1,314,832
PNC Financial Services	124,073	11,319,180	ServiceNow Inc	21,496	1,458,074
Polaris Industries Inc	16,116	2,437,384	Sherwin-Williams Co	14,886	3,916,655
Popular Inc	14,000	476,840	Sigma-Aldrich	21,448	2,943,738
Portland General Electric	19,800	749,232	Signet Jewelers Ltd	10,826	1,424,052
PPG Industries Inc	23,991	5,543,600	Simon Property Group	55,469	10,110,335
PPL Corp	108,992	3,958,589	Sirius XM Holdings Inc	514,687	1,801,405
Praxair Inc	50,157	6,499,846	Skyworks Solutions Inc	30,108	2,189,153
Precision Castparts	24,585	5,920,560	SL Green Realty Corp	17,940	2,135,578
Priceline Group Inc	10,838	12,359,872	Snap-On Inc	5,753	786,320
Principal Financial	57,793	3,001,190	Solarwinds Inc	6,300	313,803
Proassurance Corp	13,500	609,525	Southern Co	170,341	8,363,743
Procter & Gamble Co	548,654	49,987,866	Southwest Airlines Corp	27,865	1,178,690
Progressive Corp	94,841	2,557,862	Southwestern Energy	61,664	1,682,811
Prologis Inc	85,375	3,672,833	Spectra Energy Corp	127,347	4,621,423
Prudential Financial	78,241	7,076,898	Sprint Corp	149,642	621,014
Public Service Enterprise	86,886	3,595,343	SPX Corp	7,035	604,166
Public Storage Inc	25,583	4,730,297	St Jude Medical Inc	69,069	4,490,866
Pultegroup Inc	60,738	1,302,830	Stanley Black & Decker	26,210	2,517,208
PVH Corp	13,693	1,755,032	Staples Inc	157,779	2,857,378
QEP Resources Inc	31,306	633,007	Starbucks Corp	136,901	11,234,096
Qualcomm Inc	351,401	26,116,122	Starwood Hotels & Resorts	32,119	2,603,566
Quality Systems Inc	19,700	307,123	State Street Corp	76,421	5,999,049
Qualys Inc	4,700	177,190	Stericycle Inc	14,629	1,917,569
Quanta Services Inc	34,483	978,628	Steven Madden Ltd	7,500	238,725
Quest Diagnostics Inc	24,875	1,667,620	Stryker Corp	79,435	7,489,926
Quintiles Transnational	8,674	510,638	Suntrust Banks Inc	92,670	3,882,873
Rackspace Hosting Inc	20,388	954,158	Superior Energy Services	24,216	487,710
Ralph Lauren Corp	15,067	2,790,107	Symantec Corp	115,495	2,962,447
Range Resources Corp	27,278	1,457,736	Symetra Financial Corp	28,700	661,822
Raymond James Financial	21,192	1,213,878	Synchronoss Technology	5,600	234,416
Rayonier Inc	20,463	571,532	Synchrony Financial	22,154	658,417
Raytheon Company	72,532	7,846,512	Synopsys Inc	27,799	1,208,423
Reality Income Corp	36,613	1,746,806	Syntel Inc	4,600	206,908
Realogy Holdings Corp	25,333	1,127,065	Sysco Corp	134,613	5,341,444
Red Hat Inc	32,923	2,275,967	T Rowe Price Group Inc	58,791	5,047,795

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

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

(c) Derivatives

			Security	Unit holding	FairValue
			Sell JPY:Buy USD 16/01/15	-639,434,000	-5,333,934
			Sell JPY:Buy USD 28/01/15	-720,638,000	-6,011,934
			Sell NOK:Buy USD 16/01/15	-10,949,000	-1,459,758
			Sell NZD:Buy EUR 30/01/15	-2,610,000	-2,033,632
			Sell NZD:Buy USD 16/01/15	-2,782,000	-2,171,153
			Sell SGD:Buy USD 16/01/15	-3,863,000	-2,914,010
			Sell USD:Buy AUD 05/01/15	-1,561,811	-1,561,811
			Sell USD:Buy AUD 16/01/15	-3,036,275	-3,036,275
			Sell USD:Buy CAD 06/01/15	-2,647,103	-2,647,103
			Sell USD:Buy CAD 16/01/15	-3,643,533	-3,643,533
			Sell USD:Buy DKK 16/01/15	-1,165,835	-1,165,835
			Sell USD:Buy EUR 16/01/15	-1,671,658	-1,671,658
			Sell USD:Buy GBP 16/01/15	-2,567,899	-2,567,899
			Sell USD:Buy JPY 07/01/15	-863,530	-863,530
			Sell USD:Buy JPY 16/01/15	-9,562,656	-9,562,656
			Sell USD:Buy NOK 16/01/15	-2,047,702	-2,047,702
			Sell USD:Buy NZD 16/01/15	-2,324,506	-2,324,506
			Sell USD:Buy SEK 16/01/15	-1,680,002	-1,680,002
			Sell USD:Buy SGD 16/01/15	-3,723,831	-3,723,831
			Total derivative s		-275,283
SUNG HUNG KAI PRO-WT	7,166	18,075			
Buy AUD:Sell USD 05/01/15	1,905,301	1,558,852			
Buy AUD:Sell USD 16/01/15	3,689,000	3,015,756			
Buy CAD:Sell EUR 30/01/15	7,365,526	6,355,255			
Buy CAD:Sell USD 06/01/15	3,074,517	2,654,254			
Buy CAD:Sell USD 16/01/15	4,189,000	3,615,605			
Buy DKK:Sell USD 16/01/15	6,984,000	1,135,091			
Buy EUR:Sell AUD 30/01/15	3,645,115	4,412,136			
Buy EUR:Sell GBP 30/01/15	22,197,278	26,868,127			
Buy EUR:Sell JPY 30/01/15	1,502,630	1,818,820			
Buy EUR:Sell NZD 30/01/15	1,633,384	1,977,087			
Buy EUR:Sell USD 16/01/15	1,355,000	1,639,877			
Buy GBP:Sell USD 16/01/15	1,648,000	2,569,365			
Buy HKD:Sell AUD 30/01/15	17,595,710	2,268,927			
Buy HKD:Sell EUR 30/01/15	66,953,874	8,633,552			
Buy HKD:Sell GBP 30/01/15	1,870,122	241,148			
Buy JPY:Sell HKD 30/01/15	220,000,000	1,835,385			
Buy JPY:Sell USD 07/01/15	103,070,054	859,707			
Buy JPY:Sell USD 16/01/15	1,133,779,000	9,457,586			
Buy NOK:Sell USD 16/01/15	14,700,000	1,959,854			
Buy NZD:Sell HKD 30/01/15	2,610,000	2,033,632			
Buy NZD:Sell USD 16/01/15	3,020,000	2,356,895			
Buy SEK:Sell USD 16/01/15	12,971,000	1,657,027			
Buy SGD:Sell USD 16/01/15	4,885,000	3,684,943			
Buy USD:Sell AUD 05/01/15	610,822	610,822			
Buy USD:Sell AUD 16/01/15	2,156,542	2,156,542			
Buy USD:Sell CAD 16/01/15	2,646,876	2,646,876			
Buy USD:Sell CHF 16/01/15	1,325,627	1,325,627			
Buy USD:Sell EUR 16/01/15	3,167,187	3,167,187			
Buy USD:Sell GBP 02/01/15	24,561	24,561			
Buy USD:Sell GBP 05/01/15	2,567,540	2,567,540			
Buy USD:Sell GBP 16/01/15	6,667,931	6,667,931			
Buy USD:Sell GBP 28/01/15	10,001,172	10,001,172			
Buy USD:Sell HKD 02/01/15	5,334	5,334			
Buy USD:Sell HKD 05/01/15	12,221	12,221			
Buy USD:Sell JPY 05/01/15	172,991	172,991			
Buy USD:Sell JPY 06/01/15	1,277,828	1,277,828			
Buy USD:Sell JPY 07/01/15	248,077	248,077			
Buy USD:Sell JPY 16/01/15	5,394,198	5,394,198			
Buy USD:Sell JPY 28/01/15	6,082,165	6,082,165			
Buy USD:Sell NOK 16/01/15	1,524,000	1,524,000			
Buy USD:Sell NZD 16/01/15	2,139,951	2,139,951			
Buy USD:Sell SGD 16/01/15	2,941,237	2,941,237			
Sell AUD:Buy EUR 30/01/15	-5,298,474	-4,327,050			
Sell AUD:Buy HKD 30/01/15	-2,800,000	-2,286,647			
Sell AUD:Buy USD 05/01/15	-747,000	-611,170			
Sell AUD:Buy USD 16/01/15	-2,625,000	-2,145,937			
Sell CAD:Buy USD 16/01/15	-3,075,000	-2,654,091			
Sell CHF:Buy USD 16/01/15	-1,284,000	-1,292,470			
Sell EUR:Buy CAD 30/01/15	-5,238,825	-6,341,201			
Sell EUR:Buy HKD 30/01/15	-6,959,493	-8,423,940			
Sell EUR:Buy USD 16/01/15	-2,550,000	-3,086,116			
Sell GBP:Buy EUR 30/01/15	-17,600,000	-27,436,722			
Sell GBP:Buy HKD 30/01/15	-155,000	-241,630			
Sell GBP:Buy USD 02/01/15	-15,775	-24,596			
Sell GBP:Buy USD 05/01/15	-1,647,602	-2,568,965			
Sell GBP:Buy USD 16/01/15	-4,258,000	-6,638,566			
Sell GBP:Buy USD 28/01/15	-6,373,900	-9,936,463			
Sell HKD:Buy JPY 30/01/15	-14,498,962	-1,869,609			
Sell HKD:Buy NZD 30/01/15	-15,590,835	-2,010,403			
Sell HKD:Buy USD 02/01/15	-41,389	-5,337			
Sell HKD:Buy USD 05/01/15	-94,789	-12,223			
Sell JPY:Buy EUR 30/01/15	-220,000,000	-1,835,385			
Sell JPY:Buy USD 05/01/15	-20,819,823	-173,655			
Sell JPY:Buy USD 06/01/15	-153,253,833	-1,278,278			
Sell JPY:Buy USD 07/01/15	-29,646,966	-247,285			

**Statement on Accounting Policies of the
Petroleum Fund for the Fiscal Year 2014**



República Democrática de Timor-Leste
Ministério das Finanças
Direcção Geral do Tesouro



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

No: 116 / 2015/DGT-MF

Date: 17 June 2015

Subject: Statement on Accounting Policies of the Petroleum Fund for the Fiscal Year 2014.

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 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) which comprise standards and interpretations approved by the International Accounting Standard Board (IASB) and International Accounting Standard and Standing Interpretations Committee interpretations approved by the International Accounting Standard 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 year ended 31 December 2014. Previously adopted financial Statements have continued to be applied.

Best Regards,


Agostinho Castro
Director General of Treasury



Annex IV

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 2014	FY 2013	FY 2012	FY 2011
US\$ 501,553,586	US\$ 864,914,691	US\$ 400,806,860	US\$ 221,234,179

**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	2014	2013
Nominal return	3.30%	6.58%
Inflation ¹	0.76%	1.47%
Real return	2.52%	5.11%

The Petroleum Fund's nominal return for 2014 was 3.30%. The real return of the Fund for the year was 2.52%, after adjusting for the US inflation of 0.76%.

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

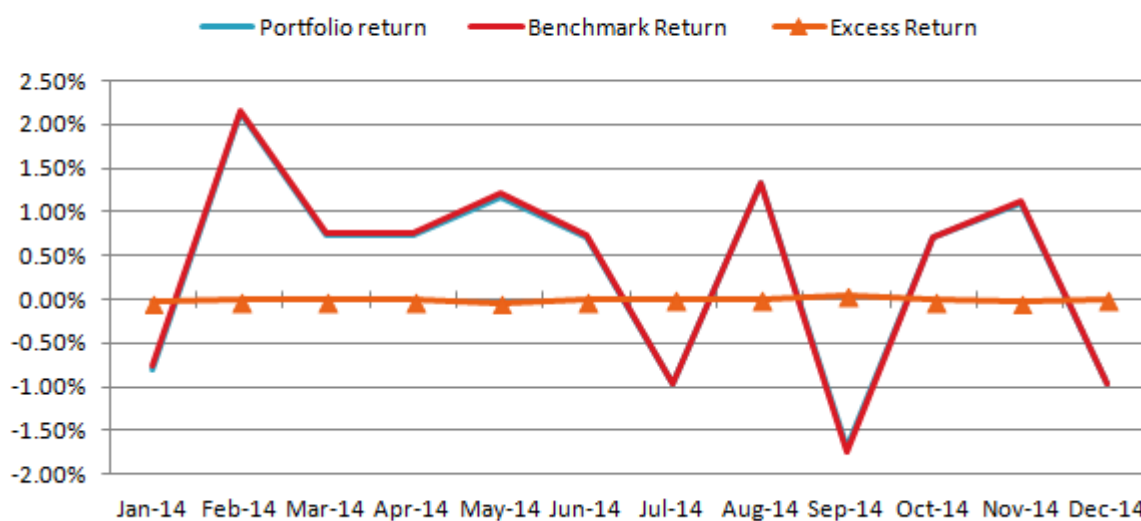
**Comparison of Nominal Income on the
Investment of the Petroleum Fund Assets with
the Benchmark Performance Index**

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 2014



Petroleum Fund Monthly Return January - December 2014

Period	Portfolio	Benchmark	Excess return
Jan-14	-0.80%	-0.77%	-0.03%
Feb-14	2.13%	2.15%	-0.01%
Mar-14	0.74%	0.75%	-0.01%
Apr-14	0.74%	0.75%	-0.01%
May-14	1.18%	1.22%	-0.04%
Jun-14	0.72%	0.74%	-0.01%
Jul-14	-0.96%	-0.97%	0.01%
Aug-14	1.34%	1.34%	0.00%
Sep-14	-1.71%	-1.75%	0.04%
Oct-14	0.71%	0.72%	-0.01%
Nov-14	1.09%	1.12%	-0.03%
Dec-14	-0.96%	-0.96%	0.00%

Annex VII

Comparison of the Estimated Sustainable Income with the Sum of Transfers 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 2014 has been US\$ 732 million, which was US\$ 100 million more than the Estimated Sustainable Income amount of \$632 million projected for the year.

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

Annex VIII

Statement on Borrowings



República Democrática de Timor-Leste
Ministério das Finanças
Direcção Geral do Tesouro



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

No: 109 / 2015/DGT-MF

Date: 2 June 2015

Subject: Statement of Borrowings by Government of Timor Leste during Fiscal Year 2014.

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 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 the JICA, the World Bank and the 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 totalling US\$ 188.0 million (based on the exchange rate at the date of negotiation), no new loans were negotiated during financial year 2014. Total loans negotiated in prior years at exchange rate at year end 31 December 2014 amounted to approximately US\$ 172.0 million which also includes Special Drawing Rights (SDR) and Yen denominated liabilities which can vary according to the exchange rates.

Best Regards,


Agostinho Castro
Director General of Treasury



Edifício 5, 1.º Andar,
Palácio do Governo,
Dili, Timor-Leste
Phone - +670 3339510
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Website - www.mof.gov.tl

Annex IX

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

List of persons holding relevant positions for the 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. Emilia Pires

(ii) The Director General of Treasury
Mr. Agostinho Castro (from 1 May 2013)

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

Name	Position
Mr. Abraão Fernandes de Vasconcelos (Alternate Mr. Venancio Alves Maria)	Governor of the Central Bank of Timor-Leste
Mr. Kevin Bailey	Member of the IAB
Mr. Olgário de Castro	Chairman of the IAB
Mr. Agostinho Castro (Alternate Mr. Basilio R.D. Soares)	Director General of Treasury (from 1 May 2013)
Mr. Torres Trovik	Member of the IAB
Mr. Gualdino da Silva	Member of the IAB
Mr. Francisco Monteiro	Member of the IAB

(iv) 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

(v) The External Investment Consultant

- Towers Watson Investment Service – 2009

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

The Consultative Council was formally constituted 6 November 2006. For the Financial Year 2014 the members of the Consultative Council 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)

According to National Parliament Decree 2014 General State Budget Law of the Article 4, the transfer amount from the Petroleum Fund to the General State Budget for 2014 is not to exceed US\$ 902.9 million.

The total transfer amount from the Petroleum Fund to the Consolidated Fund of Timor-Leste for 2014 was US\$ 732 million.

The total transfer amount from the Petroleum Fund for 2014 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 2014

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 2014, based on the information provided by the Petroleum Fund operational managers ("management").

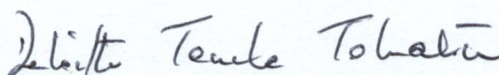
We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), *Compilation Engagements*.

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,
27 May 2015

**STATEMENT OF PETROLEUM FUND RECEIPTS
FOR THE YEAR 1 JANUARY TO 31 DECEMBER 2014**

Payee	Receipt (US\$)
Article 6.1(a) receipts *	
Air Energy Group Singapore Pty Ltd	268,557
Amec Engineering Pty Ltd	282,634
Amec Engineering Pty Ltd & Clough Engineering Integrated Solutions Services Pty Ltd	2,778,477
Austen Maritime Services Pty Ltd	70,715
Australia Offshore Solutions	221,780
B2B Engineering Pty Ltd	27,374
B2B Engineering Pty Ltd	142,573
Baker Hughes Australia Pty Ltd	75,215
Bluewater Norway ANS	32,238
Bluewater (Dili) Unipessoal Lda	650
Bluewater Services International Pty Ltd	1,409,393
Bond Helicopters Australia Pty Ltd	12,753
Brunel Energy Pty Ltd	147,023
Caltech Unipessoal Lda	384,729
Cameron Services International Pty Ltd	305,399
Cape East Philippines Inc.	994,003
Code Engineering Services Pty Ltd	1,870,001
ConocoPhillips (03-12) Pty Ltd	210,811,954
ConocoPhillips (03-13) Pty Ltd	36,287,375
ConocoPhillips (Emet) Pty Ltd	6,391,592
ConocoPhillips (Timor Sea) Pty Ltd	53,958,031
ConocoPhillips JPDA Pty Ltd	103,909,634
ConocoPhillips Timor-Leste Pty Ltd	289,285
ENI JPDA (03-13) Ltd	63,754,585
ENI JPDA (06-105) Pty Ltd	28,669,660
ENI JPDA (11-106) Pty Ltd	354
ENI Timor-Leste S.P.A (PSC Area 1)	33,996
ENI Timor-Leste S.P.A (PSC Area 3)	969
ENI Timor-Leste S.P.A (PSC Area 4)	5,681
Eurest Servicos de Suporte (Timor-Leste) S.A	531,577
Farstad Shipping (Indian Pacific) Pty Ltd	1,568,473
Ficroft Australia Pty Ltd/Code Engineering Services Pty Ltd	152,733
FMC Technologies Australia Ltd	22,593
Franks Oilfield Services (Australia) Pty Ltd	29,502
Fugro Survey Pty Ltd	3,383
Furmanite Australia Pty Ltd	61,627
Fusion Plastics Pty Ltd	42,984
GAP MHS Aviation TL Lda	10,567
GAP MHS Aviation TL Lda	108,742

**STATEMENT OF PETROLEUM FUND RECEIPTS
FOR THE YEAR 1 JANUARY TO 31 DECEMBER 2014**

Payee	Receipt (US\$)
Geographe Energy Pty Ltd/Cameron Services International Pty Ltd	10,984
Go Offshore Pty Ltd	58,641
Halliburton Australia Pty Ltd	388,521
Hoseco (WA) Pty Ltd	5,097
Inpex Sahul Ltd	88,576,843
Inpex Timor Sea Ltd	3,029,791
Interstate Enterprises Pty Ltd	667,986
Japan Energy E P JPDA Pty Ltd	15,039
Konnekto Unipessoal Lda	95,711
Llyod Offshore Helicopters Pty Ltd	808,726
Llyod Offshore Helicopters Pty Ltd/CHC Helicopters (Australia)	104,651
Marine - AU	297,482
Millenium Offshore Services Pty Ltd	4,950,146
Minza Oil and Gas Ltd	9,733
Neptune Assets Integrity Services Pty Ltd	926,249
Northern Marine Australia Pty Ltd	8,446
Oilex JPDA (06-103) Ltd	52,752
Prosafe Personnel Pty Ltd	176,177
Riverwijs Offshore Marine Pty Ltd	34,835
RLG International Inc	81,902
Santos JPDA (91-12) Pty Ltd	64,568,501
Schlumberger Oilfield Australia Services	24,950
Sedco Forex Australia Pty Ltd	585,961
Sedco Forex International Inc	1,797,477
SGS Australia Pty Ltd	214,220
Solar Turbines International Pty Ltd	28,559
Stena Drilling Pty Ltd	261,716
Subsea 7 Australia Pty Ltd	401,837
Subsea 7 Itech Australia Pty Ltd	153,361
Svitzer Asia Pty Ltd	232,324
TCA Partners Pty Ltd	35,703
Tidewater Marine Australia Pty Ltd	310,784
Tokyo Timor Sea Resources Pty Ltd	67,422,265
Weatherford Australia Pty Ltd	34,636
Woodside Petroleum (Timor Sea 19) Pty Ltd	32,747
WorleyParsons Services Pty Ltd	35,929
Unallocated	270
Total Article 6.1(a) receipts	752,109,763

** 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 2014**

Payee	Receipt (US\$)
Article 6.1(b) receipts	
Autoridade Nationale Petroleo de Timor-Leste	1,057,537,606
Total Article 6.1(b) receipts	1,057,537,606
Article 6.1(e) receipts	
Annual Pipeline Fees	7,163,200
Surface Rental Annual Fee	154,000
Total Article 6.1(e) receipts	7,317,200
Total Petroleum Fund Receipts	1,816,964,569

**Advice Provided by the Investment Advisory
Board**

Investment Advisory Board

Date: 27 March 2014
Ref.: IAB/2014/003/Sec

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

Subject: Advice on appointing new bond managers for the Petroleum Fund

As requested by Your Excellency's letter dated 10 January 2014, the Investment Advisory Board (IAB) has reviewed the proposal from the Banco Central de Timor-Leste (BCTL) dated 20 December 2013. The BCTL proposed appointing AllianceBernstein LP and Wellington Management Company LLP as external managers of the Petroleum Fund.

The IAB has reviewed the BCTL's proposal and concluded that AllianceBernstein and Wellington both meet the three stipulations in Article 12.2 of the Petroleum Fund Law. The Article specifies that the Operational Manager may appoint external investment managers only if the Minister is satisfied that:

- a) The external investment manager is a legal person with sufficient equity capital and adequate guarantees and insurances against the implied operational risks;
- b) The external investment manager has a sound record of operational and financial performance; and
- c) The business references and international reputation of the external investment manager in the field of fund management are of the highest standard.

The IAB also notes that the BCTL's report supports the requirement in Article 12.4 of the Petroleum Fund Law that the Operational Manager complete a due selection process.

The IAB therefore advises Your Excellency to approve the BCTL's proposal to appoint AllianceBernstein and Wellington as external managers to manage the non-US sovereign bond mandate for the Petroleum Fund.

Secretariat of Investment Advisory Board

Banco Central de Timor-Leste
Av. Bispo Medeiros, CxPostal 59, Dili Timor-Leste
Tel no: (670) 3 313 718, Fax no: (670) 3 313 716

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

Please note the IAB and BCTL are discussing possible changes to the mandate parameters set out in our letter to you on 19 April 2013. As requested, the BCTL consulted with managers on the parameters during the due diligence process. The IAB will advise you separately of any recommended changes to the parameters.

In terms of implementation, the 10 per cent portfolio allocation is currently being managed by an interim manager. That allocation will be transferred to AllianceBernstein and Wellington in equal shares upon receipt of your approval, the finalization of the mandate parameters and the BCTL's completion of contract negotiations and due diligence.

Yours sincerely



Olgafio de Castro

Investment Advisory Board

Chairman

Secretariat of Investment Advisory Board

Banco Central de Timor-Leste

Av. Bispo Medeiros, CxPostal 59, Dili Timor-Leste

Tel no: (670) 3 313 718, Fax no: (670) 3 313 716

Investment Advisory Board

Date: 05 November 2014

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

Subject: Statement of Investment Beliefs and Principles

Dear Minister,

On 14 September 2010 the Investment Advisory Board wrote to communicate the key factors that shape its investment advice as set out in a *Statement of Investment Beliefs and Principles* which it had adopted. The intention of the document was to guide the Board when developing for the Minister performance benchmarks of desired returns from, and appropriate risks of, the investments of the Petroleum Fund.

The Board has recently updated the *Statement*, primarily to incorporate its beliefs concerning fixed interest, and trusts that the updated document will inform a wider range of stakeholders that a consistent framework with broad academic and market support is continuing to guide the Board's advice.

The Board has pleasure in submitting for Your Excellency's information its updated *Statement of Investment Beliefs and Principles* and recommends that Your Excellency take advantage of such opportunities as may arise to publicize its contents to other stakeholders in the Petroleum Fund.

Yours sincerely



Olgario de Castro
Investment Advisory Board
Chairman

Attachment:

Updated Statement of Investment Beliefs and Principles

STATEMENT OF INVESTMENT BELIEFS AND PRINCIPLES

Investment Advisory Board, Petroleum Fund of Timor-Leste

August 2014

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SUMMARY

The IAB has adopted a mission statement, investment objectives, beliefs and principles, which will guide the Board in all its recommendations to fulfil its duties in accordance with the Petroleum Fund Law. This mission statement relates to the principles and beliefs that the Investment Advisory Board holds and it informs how advice will be given in relation to the maintenance of the objectives of the Timor-Leste Petroleum Fund

MISSION STATEMENT

The mission of the Investment Advisory Board is to provide advice to the Minister of Finance so that the investment of the Petroleum Fund assets will benefit current and future generations of Timor-Leste's citizens by maximizing the long-term value of the savings from Timor-Leste's non-renewable resources through the prudent investment of those savings.

INVESTMENT OBJECTIVES

The investment objective is to manage the Petroleum Fund assets so that with a reasonable probability over the long term the Fund will be able to provide transfers to government at a sustainable level (the Estimated Sustainable Income) while maintaining the real long-term value of the assets.

INVESTMENT BELIEFS

Obtaining financial returns involves taking risk. In general, higher risks are rewarded with higher expected returns, but returns may take time to emerge from the underlying risks.

Financial markets are generally efficient, with prices trending towards fundamental value over the long term, though possibly deviating from fundamental value in the short term.

Known factors, called rewarded risk factors, provide systematic returns, which can be captured over time through a structured investment approach.

Diversification is the primary means of capturing systematic returns. Concentrated risk-taking is not rewarded over time, whereas the systematic investment in multiple asset classes with less than perfectly correlated risks/returns is, noting that the diversifying properties of assets may change.

A long-term investment horizon allows systematic returns to be captured because the volatility of returns decreases over time and the probability of receiving positive returns increases.

Non-systematic returns, which are those not explained by rewarded risk factors, can from time to time give rise to other investment opportunities. Opportunities may exist that could add value on the margin to a portfolio that is efficiently exposed to long-term premia from rewarded risk factors. Such opportunities are less reliable than factor returns and are of secondary importance. An ability to identify such opportunities and to control the principal agent relationship in delegated investment management is required conditions to add value in this manner.

Disciplined skills, systems and procedures can be applied to optimize returns after costs. Financial and operational risks cannot be avoided, but can be identified and managed. Discipline during adverse investment cycles is rewarded, whereas opportunistic strategies generally are not. Costs are important with foregone returns arising from costs compounding over time.

Transparency builds confidence and enables a long-term disciplined approach to be implemented, because investment decisions with wide public acceptance can be maintained through difficult times, and a high level of public trust enables discipline to prevail over expediency.

INVESTMENT PRINCIPLES

Determining the strategic asset allocation is the first order decision, because it is the most important contributor to portfolio performance, and involves articulating the expected return for a specific level of risk.

Risks must be managed with an appropriate risk profile, avoiding concentrations, and based on careful selecting and monitoring of managers and risks.

Unnecessary complexity should be avoided to achieve efficient returns from the risk taken, and implies a general approach of passively managing a limited number of asset classes.

The investment objective should be achieved through investments in listed bonds and equities in the immediate future.

Passive management should be the main investment style because the evidence points to this being a prudent and effective means of managing this type of portfolio.

External managers should be hired to achieve the optimal risk/return exposure in order to avoid internal capacity constraints, to gain access to selected markets, and as a source of knowledge.

There should be a structured review process for the strategic asset allocation, without giving up discipline and a systematic rebalancing of the portfolio to manage market risk.

Capacity is paramount to develop the investment strategy across all key stakeholders. This involves understanding international markets, the features of asset classes, and the nature of risks – all of which are a necessary precursor to further diversification.

Evaluation based on carefully collected fund returns and appropriate benchmarks is important to foster institutional learning. Databases should be maintained to record the history of the Fund.

ASSET CLASS SPECIFIC BELIEFS AND PRINCIPLES

The investment beliefs and principles above are broadly applicable across asset classes. The Board will develop specific beliefs and principles for individual asset classes as appropriate.

1 PURPOSE

The Investment Advisory Board (IAB) is responsible for developing performance benchmarks to measure the returns from, and appropriate risks of, the investments of the Petroleum Fund in Timor-Leste and for advising the Minister of Finance on investment instructions that the Minister shall provide to the Investment Managers of the Fund. Moreover, the IAB is responsible for advising the Minister on the need for changes in the overall investment strategy or management of the Petroleum Fund, including the making of recommendations as to such changes.

This document is intended to provide a transparent description of the framework that the IAB will follow in recommending changes in the overall investment strategy, the types of investments the Fund will invest in, the investment philosophy and the types of risks that it will recommend that the Fund will adopt.

2 LEGISLATION AND ORGANISATIONAL FRAMEWORK

The Petroleum Fund of Timor-Leste was formed by the enactment of the Petroleum Fund Law Number 9/2005 promulgated in August 2005 and amended in 2011 (Amendment 12/11) (“the Law”).

The Law specifies that the Fund “shall be managed prudently in accordance with the principle of good governance for the benefit of current and future generations.” (*Article 11.4 of the Law*)

The Government of Timor-Leste, represented by the **Minister of Finance** (the Minister), is responsible for the overall management of the Petroleum Fund. The Ministry makes strategic decisions.

The **Investment Advisory Board** is responsible for developing appropriate benchmarks and investment instructions for the Minister of Finance, assessing the performance of external investment managers, and advising the Minister on the need for changes in the overall investment strategy or management of the Fund. The Board, aside from two *ex officio* positions, is appointed by the Prime Minister on the advice of the Minister of Finance.

The **Banco Central de Timor Leste** (BCTL) is responsible for the operational management of the Fund, i.e. the implementation of the investment strategy and policies, under a management agreement with the Minister.

3 REVIEW

This document is a public document of the Investment Advisory Board and is intended to provide a transparent description of the framework within which the Board’s investment advice will be developed. It is recognised that the theory and practice of investment management will change over time, as will the capabilities of the Ministry, Board and BCTL, and that accordingly this document will be subject to regular review and amendment as the detail of the Fund’s strategy is implemented.

MISSION STATEMENT

The mission statement reflects the purpose of the Investment Advisory Board and provides a framework within which the IAB's investment strategy will be formulated.

The Mission of the Investment Advisory Board is to provide advice to the Minister of Finance so that the investment of the Petroleum Fund assets will benefit current and future generations of Timor-Leste's citizens by maximizing the long-term value of the savings from Timor-Leste's non-renewable resources through the prudent investment of those savings.

INVESTMENT OBJECTIVES

The IAB believes the Fund should have investment objectives which maximise the benefits arising from its long-term investment time horizon having regard to the purpose for which the Fund has been established, the legislative provisions and the Fund's mission.

The Fund's transfer rules clearly link the Estimated Sustainable Income (ESI) determination to expected long term real returns on Fund assets. The IAB has therefore established the following long-term investment objective to guide the IAB's role in maintaining the real value of Timor-Leste's petroleum wealth for future generations.

The investment objective is to manage the Petroleum Fund assets so that with a reasonable probability over the long term the Fund will be able to provide transfers to government at a sustainable level (the Estimated Sustainable Income) while maintaining the real long-term value of the assets.

INVESTMENT BELIEFS

The IAB has established a set of investment beliefs upon which the formulation and implementation of the Fund's investment strategy is based.

- **OBTAINING FINANCIAL RETURNS INVOLVES TAKING RISK.**

Investors are entitled to their share of the capital market rate of return on their assets over time. This is accomplished by exposing capital to various available investment opportunities in an expert fashion. Where capital is systematically allocated to assets other than those, which deliver a risk-free rate of return, investors expect a higher return as a reward for the additional risk they are taking. That is, risk and expected return are related.

Systematic (market wide) risk and unsystematic (individual security) risk can be taken. Unsystematic risks are unique to an asset and can be eliminated by diversification.

Systematic risks are generally rewarded over time whereas concentrated, unsystematic risks are typically unrewarded. That is, the higher the systematic risk of an investment portfolio, the higher its expected return.

The capital market rate of return is available to every investor at a reasonable price and the rate of return generated over the long term has proved to be attractive. The expected return achieved from choosing to invest in an asset class or take an exposure to a risk factor can however take long periods to emerge.

- **FINANCIAL MARKETS ARE GENERALLY EFFICIENT.**

Prices for financial assets will trend towards the inherent value or "fundamental value" of a security over the long term. Deviations away from fundamental value can occur at the individual security level and at the broad market level.

Prices normally find equilibrium quickly and it is difficult to consistently predict and profit from any perceived inefficiencies in market prices.

Prices can however deviate significantly away from fundamental value over short or even medium term periods, but such deviations are often due to behavioural influences.

- **KNOWN FACTORS, CALLED REWARDED RISK FACTORS, PROVIDE SYSTEMATIC RETURNS.**

There are a number of identifiable risk factors that provide returns beyond those attributable to the performance of generic market indexes.

For example, an equity portfolio can take advantage of factors such as the size of the company, or its book value compared to its market value. A bond portfolio can take advantage of factors such as credit or duration.

Accordingly the allocation of investment funds to broad market exposures as well as factor exposure is rewarded over time.

Risk premia associated with broad market and factor exposures ebb and flow over time depending on prevailing economic and market conditions. Exposure to particular assets and factors will therefore generate varying levels of returns (a function of their respective risk premia) over short and medium time periods.

A systematic exposure to the broad market factors generates overall market and factor return (less fees) with a reasonable degree of confidence.

- **DIVERSIFICATION IS THE PRIMARY MEANS OF CAPTURING SYSTEMATIC RETURNS.**

Diversification is the process of exposing an investment portfolio to a number of different asset classes, risk factors, and individual financial assets, rather than being concentrated in any one of these.

Diversification is the antidote to many avoidable risks. The key to the diversification process is that different asset classes and other portfolio risk factors will usually not move in unison. Combining assets with returns that are less than perfectly correlated reduces risk and volatility.

For example, in a period when equity markets are performing poorly, high quality sovereign bond markets may be performing well. Having an exposure to both equities and bonds reduces the risk compared to being only exposed to a single asset class.

Investment portfolios that are comprehensively diversified across and within asset classes and factors are generally rewarded over time.

The diversifying properties of assets, such as correlation and volatility, change over time and, in certain market environments, can temporarily disappear.

- **A LONG-TERM INVESTMENT HORIZON ALLOWS SYSTEMATIC RETURNS TO BE CAPTURED.**

The relationship between risk and return becomes more stable over time as the average return over the period approaches the long-term mean.

Investors who remain invested in risky assets over the long term, including during adverse investment periods, are able to collect the related market risk premia.

Long-term investors who are prepared to remain invested in an asset class are less likely to realize a permanent capital loss. Long-term investors can therefore benefit from an ability to ride through adverse investment cycles if discipline is maintained. In the shorter term, the potential difference in returns can be dramatic (both positive and negative).

- **NON-SYSTEMATIC RETURNS, WHICH ARE THOSE NOT EXPLAINED BY REWARDED RISK FACTORS, CAN FROM TIME TO TIME GIVE RISE TO OTHER INVESTMENT OPPORTUNITIES.**

In general, efforts to short-cut expected long-term returns based on a constant exposure to rewarded risk factors are speculative, and may introduce unnecessary and unrewarded risks into the portfolio.

There is the possibility of returns from participating in the market clearing process through active management. Although the *average* manager cannot add value (overall active returns in the market being by definition a zero-sum game) individual managers can potentially outperform due to superior forecasting skill, superior access to information or superior access to deal flow.

Superior skill is a necessary but not sufficient condition for active outperformance. Skilful managers must also overcome the costs of implementing their active decisions in order to outperform.

It is not clear that active gains in general are passed on to the investor when delegated to management through external managers.

Investors can add value by planning for returns from systematic exposure to be obtained at a lower cost while ensuring that active returns, potentially obtained at a higher cost, are indeed generated from non-explained premia.

Additional return for the investor relies on a capacity to pick the best managers, understand their business and investment approach. The investor must also have the skills to monitor the managers' performance, and manage the principal agent relationship through contracts.

- **DISCIPLINED SKILLS, SYSTEMS AND PROCEDURES CAN BE APPLIED TO OPTIMIZE RETURNS AFTER COSTS.**

Investors face a wide variety of financial and operational risks.

Financial risks are those that contribute to the performance of an investment being different than expected, including the possibility of losing all or part of the original investment.

Operational risk is the risk of financial loss due to mismanagement, error, fraud or unauthorised use of techniques and/or financial products. High quality risk management systems supported by procedures implemented using accepted best practice standards minimise operational risk.

Costs erode returns and have a compounding effect over time. Unlike financial risks arising from volatility in the financial markets, investment cost is a predictable factor that investors can control. All other things being equal, lower investment costs are better than higher investment costs. Keeping management fees and transaction costs low contributes to the achievement of competitive returns.

- **TRANSPARENCY BUILDS CONFIDENCE AND ENABLES A LONG-TERM DISCIPLINED APPROACH TO BE IMPLEMENTED.**

Internal transparency means that key strategic decisions are identified, addressed explicitly and made visible to all levels of an investor's management structure. Clear and effective communications ensure all parties are working to achieve the investor's financial goals while managing the risks associated with managing it in a coordinated manner.

A transparent relationship between the stakeholders in an investment process and the stewards of the investment assets (i.e. those who set the investment policies and put them into practice) means that the stakeholders better understand the beliefs and principles adopted in the stewardship process. This enables a disciplined approach to be maintained over time, and in particular minimizes the risk of emotional and potentially costly decisions being made during periods of market instability.

INVESTMENT PRINCIPLES

While the set of investment beliefs outlines the IAB's fundamental beliefs regarding the financial market, the investment process and risk and return factors, this section outlines the main investment principles, which will drive the advice and recommendations provided to the Minister of Finance in the short and medium term.

The investment principles will evolve with the level of institutional capacity and the size of the Petroleum Fund and will be subject to more frequent changes over time than the underlying beliefs.

- **DETERMINING THE STRATEGIC ASSET ALLOCATION IS THE FIRST ORDER DECISION**

The process of diversifying financial assets across different asset classes and risk factors is often referred to as the process of 'Strategic Asset Allocation', and is arguably the most important contributor to portfolio performance over the long run. The IAB specifically advocates Strategic Asset Allocation rather than deviating from the strategic weights over time by exercising Tactical Asset Allocation (or trying to forecast news and events, and time the direction of the market). The dominant contributor to portfolio performance is the relative exposure of capital to the various asset classes, sub-asset classes and rewarded risk factors.

The Petroleum Fund portfolio should therefore be constructed according to a long term, strategic asset allocation benchmark that aims for an expected return for a specific level of risk. This helps remove the temptation to 'switch' investment asset classes to potentially achieve a higher return or protect the capital. Such approaches are generally unrewarded, because future prices for financial assets are difficult to predict and the negative impact of costs when switching financial assets or asset classes is considerable.

- **RISKS MUST BE MANAGED**

In advising on risk exposure the IAB will adopt the following principles for risk management:

- The IAB will recommend that the stakeholders adopt a risk profile that is commensurate with the return objective and time horizon of the Fund. That risk profile should be determined after careful analysis of the prospective risk and return characteristics of each asset class in which the Fund might invest;
- Concentration of risk should be avoided by ensuring there is adequate diversification between and within asset classes;
- Selection and monitoring of managers should be carefully assessed to ensure there is sufficient confidence that each manager warrants the allocation of capital to them;
- The composition of the portfolios of managers should be monitored to ensure that there are no unintended bias away from the investment strategy; and
- External managers should be evaluated relative to strategic factor exposures.

Additionally the IAB will encourage the development of high quality risk management systems and procedures by all institutions associated with the management of the Fund.

- **UNNECESSARY COMPLEXITY SHOULD BE AVOIDED**

The level of complexity of the investment strategy must take into account the skills and capacity among key stakeholders. The optimal relationship between risk and return should be achieved in the most

efficient manner while avoiding unnecessary complexity in order to provide transparency, accountability and minimization of the operational and reputational risks.

The IAB believes a carefully designed strategic portfolio for the Fund with the right structured exposures to the main asset classes and rewarded risk factors will achieve the same targets as a more complex strategic portfolio over time.

- **THE INVESTMENT OBJECTIVE SHOULD BE ACHIEVED THROUGH INVESTMENTS IN LISTED BONDS AND EQUITIES**

The IAB believes that appropriate exposure to return and risk can be achieved by investing in listed equities and publicly traded bonds. Although a variety of asset classes, including real estate, private equity, and infrastructure projects may provide additional diversification; these asset classes also add complexity and operational challenges, which may exceed the benefit of those investments in the short and medium term.

- **PASSIVE MANAGEMENT SHOULD BE THE MAIN INVESTMENT STYLE**

The IAB believes that the systematic investment of the Petroleum Fund in a diversified portfolio of assets exposed to a number of different asset classes and rewarded risk factors will provide the great majority of returns over the longer term. On this basis the IAB believes that a passive management approach based on suitably defined benchmark indices should be the main method of targeting most of the Petroleum Fund's longer-term return objectives.

Management resources should be allocated to opportunistic (active management) exposure only when they can add expected value in excess of fully implemented market exposure to factors, and after costs.

- **EXTERNAL MANAGERS SHOULD BE HIRED TO ACHIEVE THE OPTIMAL RISK/RETURN EXPOSURE**

The IAB believes that external management adds value to the Fund's management on several levels:

- a) Avoiding internal capacity constraints in designing the investment strategy
- b) Ensuring optimal asset allocation and gaining access to markets which one otherwise would not be able to get exposure to
- c) Providing knowledge transfer and capacity building within the Operational Manager

When diversifying the investments, the IAB believes external managers should be hired to allow the Fund to be invested in various asset classes and sub asset classes in a prudent and responsible manner. As skills and capacity develop, internal management could be considered for various instruments and securities.

- **THERE SHOULD BE A STRUCTURED REVIEW PROCESS FOR THE STRATEGIC ASSET ALLOCATION, WITHOUT GIVING UP DISCIPLINE**

From time to time, investment portfolios move away from their strategic asset allocation benchmarks. This occurs because asset classes and sub-asset classes behave in different ways at different times. Their returns differ periodically (as intended), therefore there will be a need to monitor and rebalance the portfolio back in line with its strategic asset allocation from time to time. There are many approaches to portfolio rebalancing. In general automatic rebalancing regimes are preferable to avoid arbitrary tactical positions and a tendency to reduce market risk after market declines.

The Strategic Asset Allocation should be subject to periodic review in light of the changing requirements of the fund and developments in market research.

- **CAPACITY IS PARAMOUNT TO DEVELOP THE INVESTMENT STRATEGY**

Developing the Fund's investment strategy requires increasing capacity among key stakeholders. Exposing the Fund to unnecessary risks is not appropriate before the Fund is able to manage these risks and the key stakeholders understand international financial market volatility in the short and medium term. Hence, developing the investment strategy must go along with increased institutional capacity as well as a broad consensus among key stakeholders.

The translation of investment strategy into a portfolio of market investments requires a degree of skill and experience. For this reason the internal investment process should be clearly documented with an emphasis on an institutional rather than an individual footprint. The development of institutional skills and experience takes time, and the process of evaluating and understanding investment performance contributes to the acquisition of skills and experiences.

The IAB believes there is a need for increased capacity in the MoF, BCTL and other stakeholders before the Fund commences investing in asset classes other than equities and bonds.

- **EVALUATION BASED ON CAREFULLY COLLECTED FUND RETURNS AND APPROPRIATE BENCHMARKS IS IMPORTANT TO FOSTER INSTITUTIONAL LEARNING.**

The systematic collection of performance and benchmark data should provide the basis for reviewing the Fund's performance against its benchmarks as well as providing the basis for analysing and predicting performance under a range of hypothetical scenarios.

The Petroleum Fund should establish a database for all realized returns broken down to its integral parts to facilitate future evaluation of its history. There should be specific guidelines for how such a database is maintained.

Investment portfolios should be constructed and maintained with costs and taxes in various jurisdictions in mind. Costs and taxes may be implicit or explicit in an investment portfolio.

ASSET CLASS SPECIFIC BELIEFS AND PRINCIPLES

The following section tailors some of the general beliefs and principles to address specific asset classes.

FIXED INTEREST

- **HOLDING FIXED INTEREST INVESTMENTS MITIGATES OTHER PORTFOLIO RISKS.**

Fixed interest investments play a number of roles in a portfolio, including mitigating risk, seeking returns, providing stable income and liquidity. The IAB believes that the first order priority for fixed interest in the Fund is to mitigate portfolio risk.

- **TERM, CREDIT AND POTENTIALLY OTHER RISK PREMIA ARE AVAILABLE TO FIXED INTEREST INVESTORS OVER THE LONG RUN.**

Over the long run, there is a return premium for longer term (term premium) and higher credit risk investments (credit risk premium). While term and credit risk premia are the primary drivers of fixed interest returns, other risk premia may be available (e.g. liquidity & inflation). Realized returns from term and credit exposures vary over time depending on prevailing economic and market conditions.

- **SIMPLICITY AND THE AVOIDANCE OF COMPLEX STRUCTURED PRODUCTS REDUCE RISK IN A FIXED INTEREST PORTFOLIO.**

Transparent allocation to term and credit risk together with the allocation to equities achieves the risk return objectives effectively and serves to avoid exposure to complex risk within the fixed interest asset class. Unnecessary complexity should be avoided in the bond portfolio. This includes not investing in structured fixed interest products.

Annex XIII

Implementation of the Santiago Principles

TIMOR-LESTE PETROLEUM FUND
IMPLEMENTATION OF THE GENERALLY ACCEPTED PRINCIPLES AND
PRACTICES
“SANTIAGO PRINCIPLES”

The Timor-Leste Petroleum Fund was established by the enactment of the Petroleum Fund Law no.9/2005, later amended by Law no.12/2011.

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

The Petroleum Fund Law lays down key parameters for the operation and management of the Petroleum Fund. The Law governs the collection and management of receipts associated with the petroleum wealth, outlines the framework for regulating transfers to the State Budget, and provides for government accountability and oversight of these activities.

The Petroleum Fund is internationally recognized for its high standards of governance, accountability, transparency, and disclosure of information. This has helped build public support for the prudent management of petroleum revenues and has reduced the risk of bad governance.

The relevant entities involved in the management of the Petroleum Fund are independent, but accountable to one another in the decision making process. Parliament sets the objective of the fund, the broad asset allocation guidelines and risk limits. The Ministry of Finance is responsible for the overall management of the Petroleum Fund including setting investment policy, investment guidelines and exercising of oversight. The operational management is delegated to the Central Bank. The Law requires these entities to provide and publish reports on the operations and activities of the Petroleum Fund.

The Petroleum Fund, as an active member of the International Forum for Sovereign Wealth Fund (IFSOF), conducted its fifth 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 self-assessment report, which was also submitted as of voluntary case study by the IFSOF in 2013, is publicly available and published in Annex XIII in the Petroleum Fund Annual Report 2014.

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</p>

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

Principle	Implementation
	<p>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 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>

Principle	Implementation
	<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 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>

Principle	Implementation
	http://www.eiti.tl/
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>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> <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>

II. Institutional Framework and Governance Structure

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>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</p>
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Principle	Implementation
	<p>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> <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>

Principle	Implementation
	<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>
<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>

Principle	Implementation
	<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> <p>http://www.bancocentral.tl/Download/IAB/PF%20Operational%20regulation.pdf</p>

Principle	Implementation
<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-</p>

Principle	Implementation
	spending/petroleum-fund/?lang=en
<p>17. Relevant financial information regarding the SWF should be publicly disclosed to demonstrate its economic and financial orientation, so as to contribute to stability in international financial markets and enhance trust in recipient countries.</p>	<p>Petroleum Fund Annual Report and audited financial statements are prepared by the Ministry of Finance and submitted to the Parliament. The reports are also distributed to key stakeholders and publicly available in the Ministry of Finance website.</p> <p>In addition, the Operational Manager also issues quarterly and monthly updates on the investment performance for the Minister of Finance and this is made available to the general public in the BCTL's website.</p> <p>The Ministry of Finance, on its own initiative and/or as requested, conducts public information sessions with the general public including public servants, NGOs and students to update on the Fund's activities, operation and performance.</p> <p>http://www.mof.gov.tl/category/documents-and-forms/petroleum-fund-documents/petroleum-fund-annual-reports/?lang=en</p> <p>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>
<h3>III. Investment and Risk Management Framework</h3>	
<p>18. The SWF's investment policy should be clear and consistent with its defined objectives, risk tolerance, and investment strategy, as set by the owner or the governing body(ies), and be based on sound portfolio management principles.</p> <p>18.1. The investment policy should guide the SWF's financial risk exposures and the possible use of leverage.</p>	<p>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>

Principle	Implementation
<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 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 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>

Principle	Implementation
<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 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>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 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</p>

Principle	Implementation
	operates within the given tolerable risk limits.
<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 fourth review in 2013. The fifth review, based on the current document, will be published in the 201r Petroleum Fund Annual Report. The Fund intends to review its implementation of the GAPP annually.</p>

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