

TIMOR-LESTE PETROLEUM FUND

Annual Report 2023



Petroleum Fund Policy and Management Office
MINISTRY OF FINANCE
DEMOCRATIC REPUBLIC OF TIMOR-LESTE





DEMOCRATIC REPUBLIC OF TIMOR-LESTE
MINISTRY OF FINANCE



TIMOR-LESTE PETROLEUM FUND

ANNUAL REPORT 2023

July 2024

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LIST OF ACRONYMS

ANPM	National Authority for Petroleum and Minerals (Autoridade Nacional do Petróleo e Minerais)
APT	Additional Profits Tax
AU	Australia
BCTL	Central Bank of Timor-Leste (Banco Central de Timor-Leste)
BIS	Bank for International Settlements
Bn/b	Billions
BOE	Barrels of Oil Equivalent
Bp/bps	Basis points
BU	Bayu-Undan
BUIW	Bayu-Undan Infill Well program
CMATS	Certain Maritime Arrangement in the Timor Sea
COVID	Coronavirus disease
CPI	Consumer price index
DM	Developed Markets
DXY	US Dollar Index
ECB	European Central Bank
EITI	Extractive Industry Transparency Initiative
ESI	Estimated Sustainable Income
EY	Ernst & Young (External Auditor)
EZ	Euro-zone
FMI	Financial Market Investments
FOMC	The Federal Open Market Committee
FTP	First Tranche Petroleum
FV	Future Value
GAPP	Generally Accepted Principles and Practices
GDP	Gross Domestic Product
GIPS	Global Investment Performance Standards
IAB	Investment Advisory Board
IFRS	International Financial Reporting Standards
IFSWF	International Forum of Sovereign Wealth Funds
ISS	Institutional Shareholder Services
JKM	Platts Japan-Korea-Marker
JPDA	Joint Petroleum Development Area
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
Mn/m	Millions
MOF	Ministry of Finance
MSCI	Morgan Stanley Capital International
OMA	Operational Management Agreement
PF/TLPF	The Petroleum Fund of Timor-Leste
PFCC	Petroleum Fund Consultative Council
PFPMO	Petroleum Fund Policy and Management Office - Ministry of Finance
PSC	Production Sharing Contract
SAA	Strategic Asset Allocations
SPDI	Special Private Debt Instrument for petroleum operations - Timor Gap Loan
SSGA	State Street Global Advisors
SWF	Sovereign Wealth Fund
TIPS	Treasury Inflation-Protected Securities
TL	Timor-Leste
TLEA	Timor-Leste Exclusive Area
UK	United Kingdom
US/USA	United States of America
USD	US Dollar

MESSAGE FROM THE MINISTER OF FINANCE



I am delighted to share with you the positive outcomes for the Petroleum Fund in 2023. The Petroleum Fund reclaimed a balance approaching \$18.3 billion, posting annual investment income of \$1.7 billion after expenses. Petroleum revenue of \$427 million surpassed initial projections, buoyed by increased production and favourable market prices. Notably, withdrawals to finance government expenditure totalled \$1,090 million, and were below the approved amount of \$1,208 million in the Rectification Budget for 2023.

Within the pages of this report, you will find a comprehensive overview of the investment performance. To highlight, equities yielded remarkable returns of almost 24%, while the fixed interest allocation in the growth portfolio produced solid returns of 4.9%. The liquidity portfolio, designed to match expected withdrawals over the next three years with low-risk assets, closely followed with a return of 4.25%. These outcomes mark a welcome departure from the mark-to-market losses experienced last year, underscoring our ability to navigate market volatility as longer-term investors.

In addition to our commendable financial performance, a noteworthy accomplishment in 2023 was the successful completion of an independent review of the Petroleum Fund's

governance structure and institutions. This inaugural review has paved the way for identifying areas of growth, and we anticipate the efficiencies that will result through the implementation of its recommendations this year. The inclusion of the US Treasury TIPS mandate in April further fortifies the Fund's growth portfolio, exemplifying our commitment to diversification.

I invite you to peruse the report for a more in-depth understanding of these developments, trusting that you will find it both informative and insightful.

The Petroleum Fund stands as one of Timor-Leste's most prominent achievements, and I extend my heartfelt appreciation to the dedicated members of the Investment Advisory Board, the BCTL as operational manager, and the diligent staff at the Ministry of Finance for their expertise and professionalism. Their collective contributions have played a pivotal role in realizing the Fund's success.


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

PETROLEUM FUND AT A GLANCE

Market Value of the Petroleum Fund

\$18,288,404,975

As at 31 December 2023

\$17,273,001,722

As at 31 December 2022

Receipts from Oil and Gas

\$0.427 billion

In 2023

\$25.365 billion

Since inception, including initial transfer of \$205m

Transfers to the State Budget

\$1.090 billion

In 2023

\$16.113 billion

Since inception

Total Return on Investment

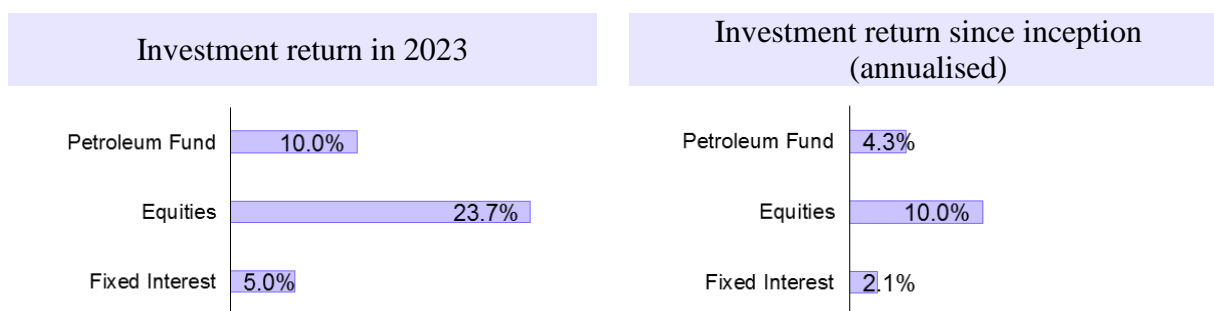
\$1.679 billion

In 2023

\$9.036 billion

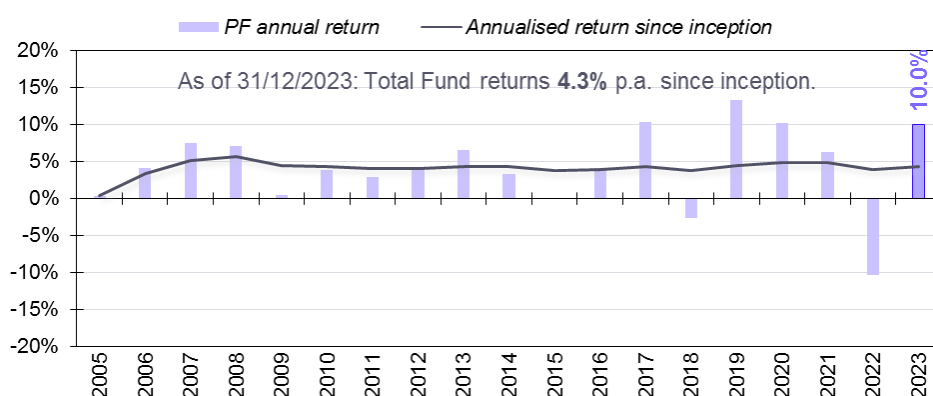
Since inception

INVESTMENT HIGHLIGHTS OF THE PETROLEUM FUND

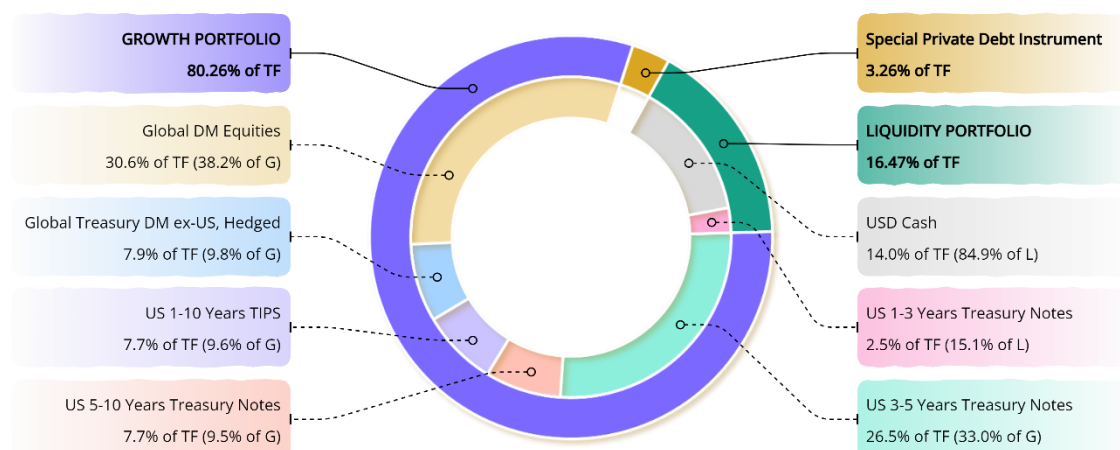


Note: Fixed Interest includes liquidity and growth portfolio.

The Fund's annual investment returns since 2005



The Total Fund's actual asset allocations as at 31 December 2023

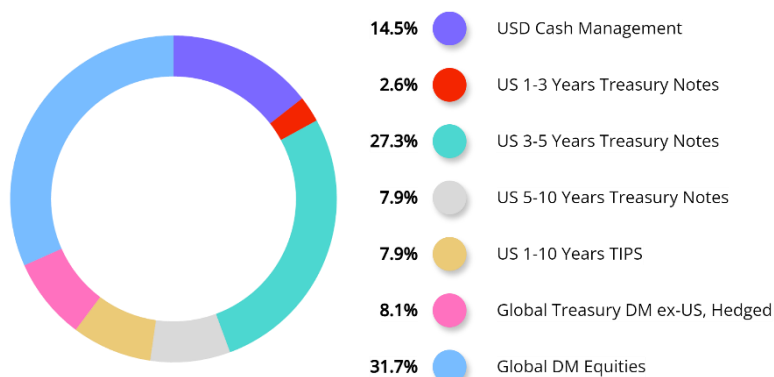


Source: PFPMO, Ministry of Finance. TF - Total Fund; G - Growth Portfolio; L - Liquidity Portfolio; DM - Developed Markets. Note that the inner ring shows the mandates. Growth and Liquidity Portfolio make up the Financial Market Investments. Percentages may not add up perfectly due to rounding.

PETROLEUM FUND ASSET ALLOCATIONS

Financial Market Investments by asset classes

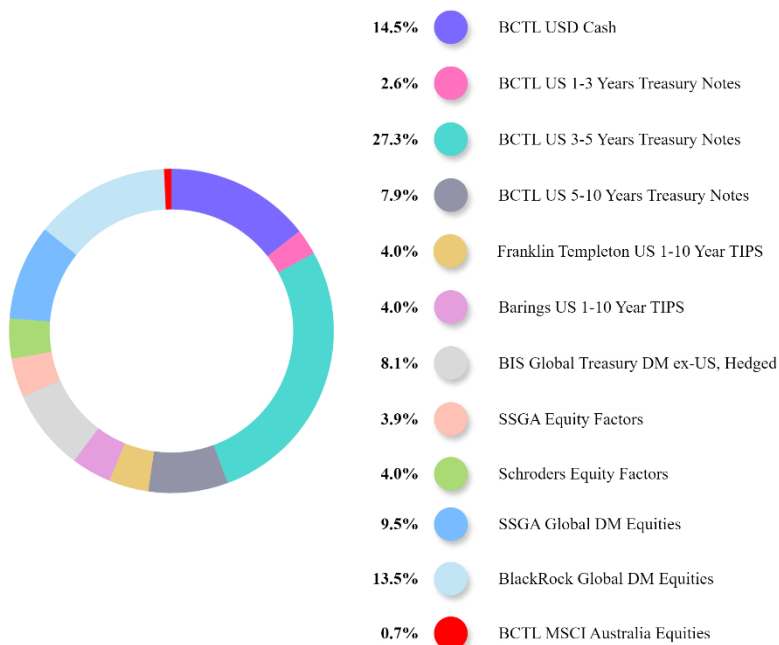
Liquidity and growth portfolios



Note: The private debt instrument is separate from the Financial Market Investments and limited to 5% of the total value of the Fund under the Petroleum Fund Law.

Financial Market Investments by managers

Liquidity and growth portfolios



Note: The private debt instrument is separate from the Financial Market Investments and managed by the BCTL. It is limited to 5% of the total value of the Fund under the Petroleum Fund Law.

A. ABOUT THE PETROLEUM FUND

The Petroleum Fund Framework

Under Timor-Leste's Constitution, the country's natural resources are owned by the State and are to be used in a fair and equitable way in accordance with national interests. The Constitution mandates the establishment of a fund from the income derived from its natural resources.¹ The Petroleum Fund was created in 2005 to receive Timor-Leste's petroleum income from the Timor Sea.²

The Fund's objective is to contribute to the wise management of petroleum revenues for the benefit of both current and future generations. All of Timor-Leste's petroleum revenue flows into the Fund, while outflows from the Fund are to the State Budget, which is approved by Parliament.

The Fund contributes to sound fiscal policy, where consideration is given to the long-term interests of Timor-Leste's citizens.³ The Petroleum Fund Law specifies a sustainable level of withdrawals. The Law sets the Estimated Sustainable Income (ESI) as 3% of total Petroleum Wealth, which is equal to the value of the Petroleum Fund's investments plus the net present value of expected petroleum revenue from proven reserves and approved development fields (see Figure 1).

The Petroleum Fund Law also distinguishes between the Fund's investments and government expenditure and domestic investments. The Fund only invests in international financial assets, which are to be assessed on the financial criteria specified in the Law. The Government's national investments are included in the State Budget and passed by Parliament.

The spending rule and the requirement for international investments reflects the model developed for Norway's sovereign wealth fund. The permanent income framework limits the Government's withdrawals to the expected real return from the SWF's investments in order to preserve the real value of the fund in perpetuity. This can be said to equally benefit current and future generations by providing for the same real value of withdrawals each year. In the case of the Petroleum Fund, a significant allocation to higher returning risk assets are required to offset withdrawals of 3%. The Petroleum Fund Law was amended in 2011 to allow an equity allocation of up to 50% of the total fund, and in 2012 a 40% equity allocation was decided upon, which, at that time, was expected to earn a 3% real return over the long-term.

There have been challenges to the framework in Timor-Leste. The ESI guideline has not been followed since 2009. Withdrawals have exceeded the 3% ESI on the grounds that government expenditure and investment contribute to economic development that is in Timor-Leste's long-term interests. The Fund's investment strategy was amended in 2021 to better reflect fiscal policy, as Section C describes. The permanent income framework is no longer being followed. In addition, the government decided in 2019 for the Petroleum Fund to invest in petroleum operations, which was implemented by amendments to the Petroleum Activities Law⁴. This is described in a subsequent section.

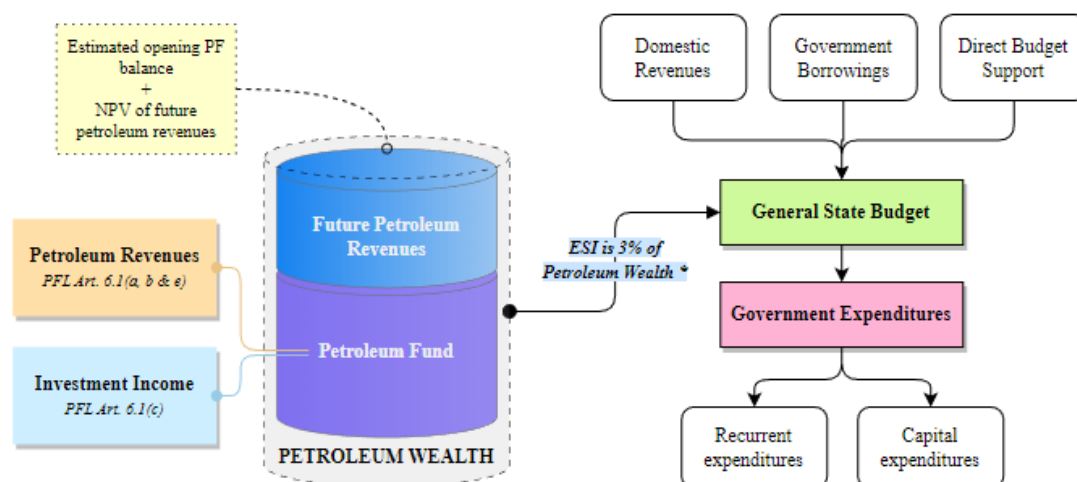
¹ Section 2 of Article 139 of the Constitution of the Democratic Republic of Timor-Leste.

² Petroleum Fund Law No.9/2005 as of 3 August 2005, which was amended by the Law No.12/2011 as of 28 September 2011 and Law No.2/2022 as of 10 February. The fiscal regime that governs Timor-Leste's petroleum revenue is described in a section below.

³ Preamble to the Petroleum Fund Law No.9/2005 as of 3 August.

⁴ Law No.13/2005 as of 2 September, which was amended by the Law No.6/2019 as of 4 December.

Figure 1 – Petroleum Fund and the General State Budget



Source: PFPMO, Ministry of Finance. * ESI transfers in a fiscal year. ESI is calculated as 3% of Petroleum Wealth.

The Petroleum Fund's Institutions and Governance Framework

The Petroleum Fund is structured as an account held by the appointed operational manager, Banco Central de Timor-Leste (BCTL), the central bank of Timor-Leste.

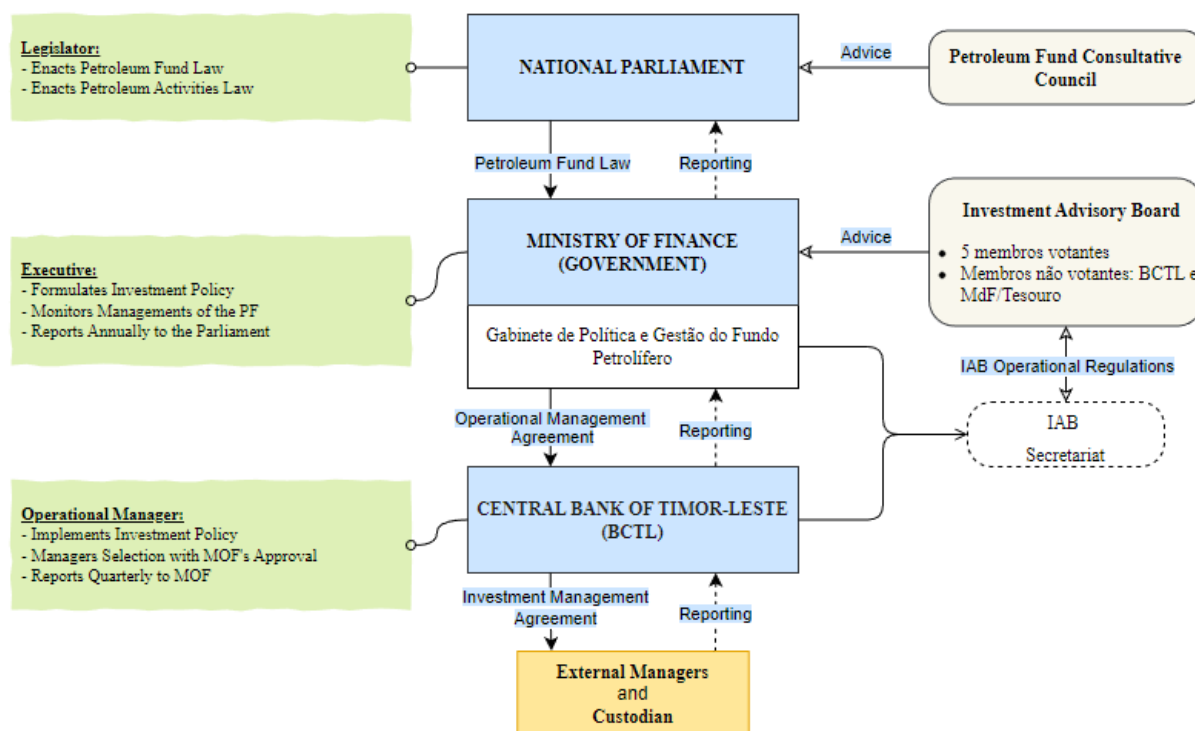
Figure 2 shows the BCTL and the other institutions involved in the Petroleum Fund. The National Parliament enacts the key parameters for the Fund in the Petroleum Fund Law. These include the objectives of the Fund, the roles of its institutions, its eligible investments, the guidelines for asset allocation, and the risk limits. Parliament supplemented the legal framework for the Petroleum Fund in 2019 by passing an amendment to the Petroleum Activities Law that allowed the Fund to invest in petroleum operations. The Government's investment decision accounted for national economic development objectives and the expected economic and social benefits.

The Minister of Finance is the executive of the Petroleum Fund and is responsible for the overall management of the Fund as the Government's representative. The Minister of Finance's

responsibilities include determining the investment policy, setting guidelines for new investments, and overseeing the Fund's governance. The Minister of Finance is supported by the Petroleum Fund Policy and Management Office (PFPMO), a section at the Ministry of Finance. The Minister of Finance seeks advice on the Fund's investment and management from the Investment Advisory Board, as described below.

The BCTL is the Operational Manager of the Petroleum Fund. The BCTL implements the Fund's investments, and its responsibilities are set out in an Operational Management Agreement (OMA) with the Minister of Finance. Annex 1 of the OMA contains the details of the investment policy and individual mandates. Some of the portfolio is directly managed by the BCTL. For the externally managed portion of the portfolio, the BCTL undertakes manager searches and monitors the appointed external managers. The Ministry of Finance oversees the operational manager.

Figure 2 – Governance structure of the Petroleum Fund



Source: PFPMO, Ministry of Finance

The Minister of Finance is required by the Petroleum Fund Law to seek advice from the Investment Advisory Board (IAB) before making decisions on the Fund's investments and management. The IAB is an advisory board that provides non-binding independent and impartial advice upon the Minister's request or on the Board's initiative. The Petroleum Fund Law requires the IAB to include members who have significant experience in investment management. The Ministry of Finance, via the Director of Treasury or his/her delegate, and the BCTL, as the Operational Manager, have non-voting representatives on the Board and actively contribute

to the discussions preceding the IAB's advice. The IAB is supported by a Secretary from the BCTL and secretariat members from both the BCTL and PFPMO. The IAB has its own budget and is able to procure external support when required. Its advice is published each year as part of the Annual Report (Annex XII), or earlier when requested by Parliament. The IAB plays a crucial role in the Petroleum Fund, and the Board's independent, impartial, and expert advice represents an important safeguard in the Fund's structure. The current members of the IAB are listed in Table 1 and short biographies are included in Annex IX.

Table 1 – Members of the Investment Advisory Board

Position and tenure	
Mr. Olgario de Castro	Chairman. Voting member since 2008
Dr. Torres Trovik	Voting member since 2006
Mr. Gualdino da Silva	Voting member since 2012
Professor Michael Drew	Voting member since 2017
Mr. Venancio Alves Maria	BCTL's representative since 2012
Mr. Filipe Nery Bernardo	MoF's representative since 2022

Lastly, the Petroleum Fund Consultative Council (PFCC) advises Parliament on the performance and operation of the Petroleum Fund, and on withdrawals from the Fund, including whether the transfers are

being used effectively for the benefit of current and future generations. The current members of the PFCC are listed in Table 2 and short biographies are included in Annex IX.

Table 2 – Members of the Petroleum Fund Consultative Council

Position and tenure	
Mr. Juvinal Dias	President. Appointed in 2018 as civil society's representative.
Mr. Nuno Eugénio Goulart	Appointed in 2019 as Parliament's representative.
Mrs. Izilda Imanuela da Luz Pereira Soares	Appointed in 2018 as Parliament's representative.
Pe. Mouzinho Pereira Lopes	Appointed in September 2022 as religious organisations' representative.
Mr. Hernani Agostinho Soares	Appointed in 2019 as private business sector's representative.
Mrs. Martinha da Silva de Jesus Pinto	Appointed in 2019 as civil society's representative.

Transparency is a fundamental principle governing the Fund, and the Petroleum Fund Law sets out the reporting requirements for each institution. The Petroleum Fund's reports are outlined in Table 3.

The Ministry of Finance is responsible for the publication of the Petroleum Fund's Annual Report. This includes the financial statements, which are compiled by the BCTL as Operational Manager, externally audited, and approved by the Director of Treasury at the Ministry of Finance.⁵ An internationally accredited auditor issues an audit report on the annual financial statements and statement of Petroleum Fund receipts. Both statements are annexed to the Petroleum Fund's Annual Report. The Ministry of Finance also undertakes the ESI calculations, which are certified by an independent auditor and included in the General State Budget presented to National Parliament.

The BCTL compiles quarterly performance reports to the Minister of Finance. The BCTL also reports to the Ministry of Finance on its internally managed mandates. The annual reports and quarterly performance reports are provided to key stakeholders and are publicly available on the Ministry of Finance and the Central Bank's websites.⁶

The Petroleum Fund has been a member of the International Forum of Sovereign Wealth Funds (IFSFW) since 2009. The Ministry of Finance undertakes an annual self-assessment of compliance with the IFSWF's Santiago Principles, which set out the best practice for sovereign wealth funds. The latest assessment is contained in Annex XIII. Previous years' assessments were also published in the IFSWF's website.⁷

The Petroleum Fund scored highly in several transparency indices. The Fund scored 9/10 in the Linaburg-Maduell Transparency Index,⁸ 91/100 in Peterson Institute SWF's transparency scorecard in 2019,⁹ and the sovereign wealth fund component scored 88/100 in the Resource Governance index issued by Revenue Watch Institute in 2017.¹⁰

There is considerable public interest in the Petroleum Fund's management and performance. The Ministry of Finance and the BCTL are committed to developing the public's understanding of the Fund's management and investment strategy. The BCTL suspended quarterly press conferences in 2020 when COVID restrictions were implemented. In 2023, after restrictions were lifted, the Ministry of Finance held two quarterly press conferences in May and August 2023 to brief the press and the public on the Fund's performance in quarter one and quarter two of 2023. The BCTL resumed holding the press conferences for quarters three and four in November 2023 and February 2024 respectively.

The BCTL and the Ministry of Finance present throughout Timor-Leste at public workshops coordinated by the Petroleum Fund's Consultative Council. The workshops inform the public on the Fund's management, investment, performance and utilization. Five workshops were held in 2023 with five higher education institutions, namely, DIT in March, UNITAL in May, IPC in July, UCT in September and ISFIT in October.¹¹ The Ministry of Finance also shared its experience on the management of the Petroleum Fund with other international organizations and foreign government representatives.

⁵ The Director of Treasury's responsibility to maintain the Petroleum Fund's accounts in Article 21 of the Petroleum Fund Law is delegated by the Minister of Finance to the BCTL under the Operational Management Agreement 2009.

⁶ The Ministry of Finance website: <https://www.mof.gov.tl/>. The Central Bank of Timor-Leste's website:

<https://www.bancocentral.tl/en>

⁷ <https://www.ifswf.org/assessment/tlpf-2022>

⁸ <https://www.swfinstitute.org/research/linaburg-maduell-transparency-index>

⁹ <https://www.piie.com/publications/policy-briefs/sovereign-wealth-funds-are-growing-more-slowly-and-governance-issues>

¹⁰ The Resource Governance Index measures the quality of governance in the oil, gas and mining sector of 58 countries.

<https://resourcegovernanceindex.org/country-profiles/TLS/oil-gas?years=2017>

¹¹ DIT (Dili Institute of Technology); UNITAL (Universidade Oriental Timor Lorosa'e), IPDC (Instituto Profissional de Canossa), UCT (Universidade Católica Timorense) & ISFIT (Instituto Superior Filosofia e Teologia).

Table 3 – Petroleum Fund reports

Report	Responsible institution	
Annual Report	Published by the Ministry of Finance along with the audited financial statements	Inputs from the BCTL on investment performance and holdings
Audited Annual Financial Statements	The BCTL compiles the accounts	Fund's custodian provides accounting services to the BCTL
	External auditor appointed by the Ministry of Finance	Currently Ernst & Young (EY)
	Approved as true and fair by Director General of Treasury, Ministry of Finance	Treasury assisted by PFP MO
Quarterly performance reports – investment performance and financials	Compiled and published by the BCTL	
Monthly reports – investment performance and financials	Compiled and published by the BCTL	

The Ministry of Finance, with the support of the IAB, decided in 2022 to undertake an independent review of the Petroleum Fund's governance structure, resources and investments. Periodic reviews are part of good governance. The review found that the Fund's governance, investment, operation and people models are robust. Box 1 provides the details of the

review. The review identified some opportunities for improvement. By implementing the recommended enhancements and addressing the identified gaps, the Fund can further enhance its effectiveness, transparency and accountability, facilitating its long-term sustainability and successful management of Timor-Leste's financial resources.

Box I: The Independent Review of the Petroleum Fund in 2023

The Fund's governance structure is shown in Figure 2. The structure – namely, the Minister of Finance as Executive, the BCTL as the appointed operational manager, and an Investment Advisory Board providing independent expert advice to the Minister - is intended to provide checks and balances. For the structure to work effectively and efficiently, each body's roles and responsibilities need to be clear.

The Petroleum Fund Law identifies the bodies and outlines their roles but further details are needed. The Petroleum Fund Policy and Management Office (PFP MO) at the Ministry of Finance undertook work on the Fund's governance in prior years. This included consulting with the IAB and the BCTL on creating a governance policy to clarify the roles of all institutions, and with the BCTL on updating the Operational Management Agreement (OMA), which was last amended in 2009. After a number of meetings, the Ministry of Finance, with support from the IAB, decided in 2022 to undertake an independent review of the Fund's governance structure, resources and investments. Periodic reviews are part of good governance. The New Zealand Superannuation Fund, New Zealand's sovereign wealth fund, is an exemplar of best practice and undertakes a review every 5 years.

The investing consulting firm Mercer was selected and the project commenced early in June 2023. The draft findings were presented to the IAB and representatives from the BCTL and Ministry of Finance in August 2023, and Mercer's final report was submitted to the Minister in September 2023.

Mercer classified its findings into whether there was a full, partial or no gap with best practice standards, and ranked the "gaps" according to 1. highest order priority (3 items), 2. second order priority (10 items), and 3. lowest order priority (14 items).

The highest order priority recommendations can be addressed via a relatively small number of actions. This includes completing and updating the Fund's governance documents, namely the governance policy previously drafted by the Ministry of Finance but not yet formally adopted, and updating the OMA between the Ministry of Finance and the BCTL. The draft governance policy and OMA will be amended to reflect Mercer's other recommendations. In addition, the Ministry of Finance, with input from the BCTL and guidance from the IAB, will develop an Investment Policy Statement (IPS) to extend on Annex 1 of the OMA. Two of the reports other key findings relate to empowerment and resourcing of PFP MO. Based on these recommendations, the Ministry of Finance believes it is important to provide clarity on PFP MO's responsibilities in the governance documents. The unit's staffing will also be addressed. Regular reviews of the Fund's strategic asset allocation will be formally scheduled every three years, and the Investment Advisory Board's investment beliefs will also be reviewed.

The Ministry of Finance are prioritising work on addressing these items in 2024. Mercer’s report will provide the impetus to improve the Fund’s governance and operations. The Petroleum Fund’s institutions are committed to continuous improvement, and recognise that value can be added through good governance.

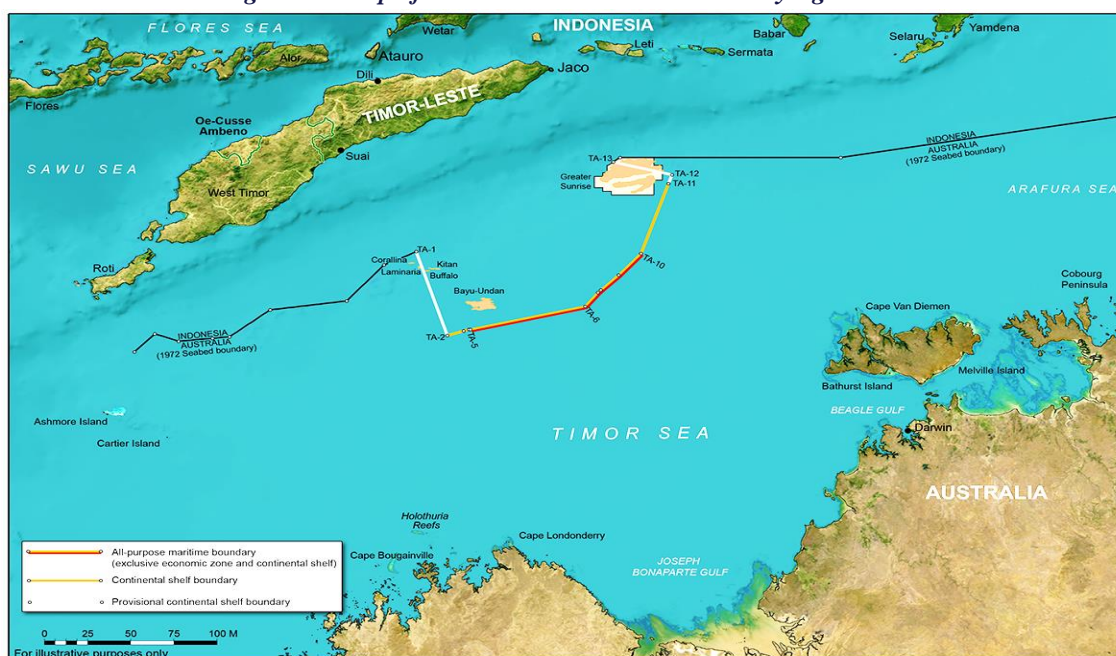
Timor-Leste’s Petroleum Fiscal Regime

Timor-Leste’s petroleum receipts are required to flow into the Petroleum Fund. The Fund’s revenues have been from fields in Timor-Leste’s jurisdiction in the Timor Sea. Bayu-Undan was the only operating field in 2023 and production is declining and coming to an end. The development plan for the Greater Sunrise field is yet to be agreed, and is discussed below. While there has been other petroleum exploration, there are yet to be proven fields.

Timor-Leste’s share of petroleum revenues depends on the relevant treaties, which define the countries’ ownership interests, and the production sharing

contracts, which specify how petroleum revenue is to be shared between the national owners and the oil company contractors. The Maritime Boundary Treaty between Timor-Leste and Australia became effective on 30 August 2019. The treaty significantly improved Timor-Leste’s ownership interests. The previous Timor Sea Treaty provided that Timor-Leste would receive 90% of the revenue from the former Joint Petroleum Development Area (JPDA), which includes Bayu-Undan, while Australia received 10%. Under the Maritime Boundaries Treaty nearly all of the former JPDA is within Timor-Leste’s exclusive jurisdiction (Figure 3), meaning that Timor-Leste receives 100% of the petroleum revenues.

Figure 3 – Map of Timor-Leste Maritime Boundary Agreement



Source: Timor-Leste Maritime Boundary Office, <https://www.gfm.tl/library/maps/>

The Maritime Boundaries Treaty also improves Timor-Leste’s terms for Greater Sunrise. Rather than the 50% share under the Certain Maritime Arrangements in the Timor Sea (CMATS) 2006, Timor-Leste will receive 70% of upstream revenue if the pipeline is to an LNG processing plant in Timor-Leste, or 80% of upstream revenue if the pipeline is to a plant in Australia. Timor-Leste, Australia and the participants in the joint venture continue to negotiate the development plan for Greater Sunrise.

The shares of the participants in the Greater Sunrise joint venture are shown in Table 4. Timor Gap E.P. acquired a 56.56% ownership interest in April 2019, following the Petroleum Fund’s investment in petroleum operations, which is described below.

The Production Sharing Contracts (PSCs) are agreements between the national owners and the oil company contractors. Bayu-Undan and Greater Sunrise were governed by Annex F of the Timor Sea Treaty, which preserves the fiscal regime that was in place prior to Timor-Leste’s independence.

Table 4 – Ownership of Greater Sunrise field

Company	Participating interest
Timor Gap E.P.	56.56%
Woodside Energy Group	33.44%
Osaka Gas	10.00%

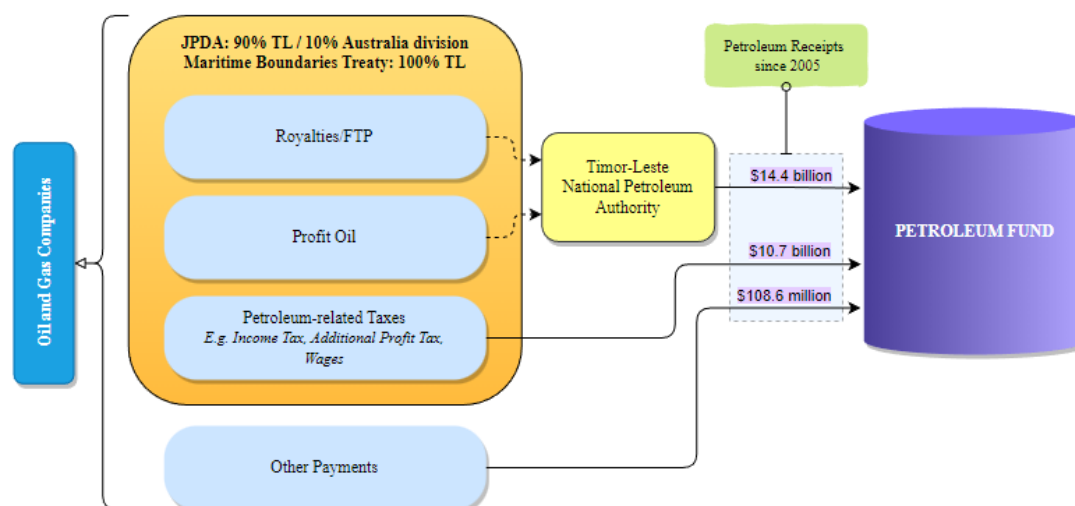
The PSCs and other contracts under the former JPDA fiscal regime and those partially under the Australian fiscal regime were transferred entirely to Timor-Leste's fiscal regime following the ratification of the Maritime Boundaries Treaty. This required the oil contractors to receive equivalent conditions to the prior regime.

The States' petroleum revenues are comprised of:

- **Royalties**, which represent the Governments' share of production before the oil companies' cost recovery. The Governments' share is 5% of production for Annex F (Bayu-Undan and Greater Sunrise), Non-Annex F PSCs (a new regime) and the Timor-Leste Exclusive Area (TLEA).¹²
- **Profit oil** of 40%, or 50% for condensate under Annex F, which is calculated as gross revenue less royalties and the oil companies' exploration and development costs.

- **Taxes** paid by the oil companies. This includes corporate income tax of 30%; an additional profit tax or supplemental petroleum tax for profitable projects that exceed a hurdle rate of return; and wage income tax for wages received for employment in Timor-Leste. Figure 4 illustrates the components of Timor-Leste's petroleum revenues that have flowed from the three productive fields, Kakatua (which ceased in 2007), Kitan (which ceased in 2015), and the Bayu-Undan fields, all located in the former JPDA. Bayu-Undan's gas condensate field is now operated by Santos Ltd, which acquired ConocoPhillips' interest in the field and the Darwin LNG Plant in May 2020. The operator's royalties and profit shares are collected by Timor-Leste's National Petroleum and Minerals Authority, ANPM, as the Designated Authority. The Petroleum-related taxes are paid directly by the contractor into the Petroleum Fund. As noted, following the Maritime Boundaries Treaty, Timor-Leste has received all of the petroleum revenue from Bayu-Undan since September 2019.

Figure 4 – Components of petroleum revenues from former-JPDA since 2005



Source: PFPMP, Ministry of Finance.

Note: Under the Timor Sea Treaty 2002, JPDA revenues were shared 90%/10% between Timor-Leste and Australia. Under the new Maritime Boundaries Treaty, Bayu-Undan is exclusively in Timor-Leste's jurisdiction. The categories shown do not include the initial transfer to the Fund of \$205 million of revenues that were collected before the Fund was created and gross of tax refund.

¹² For projects based on Annex F, "First Tranche Petroleum" is 10% of production, which is equally shared between the Government and contractors.

The Investment in Petroleum Operations

The Petroleum Fund's investment in petroleum operations in April 2019 is an exception to the framework and rules in the Petroleum Fund Law 2011. An overview of the investment is presented below. Further details are available in the Petroleum Fund's Annual Report for 2019.

The Government agreed to purchase ConocoPhillips' and Shell's participating interests in the Greater Sunrise joint venture in September and November 2018. The objective was to facilitate onshore processing in Timor-Leste to fully participate in the upside of development.

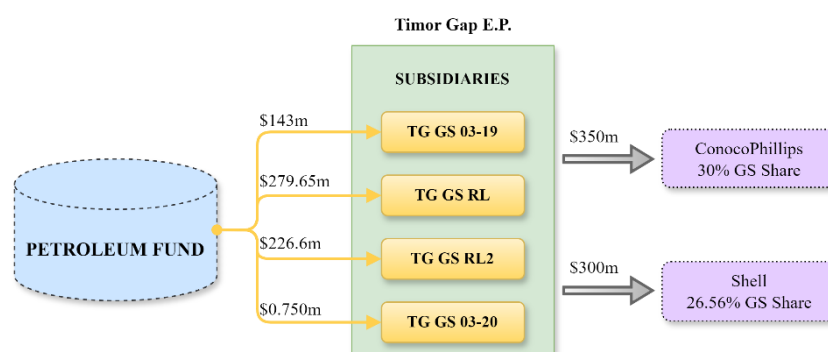
The aggregate 56.56% ownership interest cost Timor-Leste \$650 million, which needed to be financed. The Ministry of Finance's guidance was to follow the framework in the Petroleum Fund Law and include the government's domestic-orientated investments in the State Budget. However, the resulting \$2.1 billion Budget for 2019 was not promulgated by the President on sustainability concerns. The Government then chose to remove the acquisition from the Budget and instead finance it through the amendment to the Petroleum Activities Law. The amendment allowed the 5 per cent

allocation for alternative assets in Article 15.4 of the Petroleum Fund Law to be applied to investments in petroleum operations in national territory or abroad.

The Petroleum Fund's \$650 million investment was structured as a loan to the national oil company, Timor Gap E.P., which would then use the proceeds to acquire the interests in the Greater Sunrise joint venture.¹³ Loans were made to four subsidiaries of Timor Gap E.P. that held the related Production Sharing Contracts and Retention Leases (see Figure 5). The interest rate was 4.5% per annum and there was a grace period on repayments for the first eight years to allow time for development and production to commence. Interest would accrue during the grace period and the loan would then be repaid over the following 10 years, when petroleum inflows were expected.¹⁴

In addition, once the Greater Sunrise field commenced production, the Petroleum Fund will receive the State's usual share of petroleum revenue - namely, royalties, profit oil and petroleum-related taxes. The Petroleum Fund will also receive the dividends paid by the owner, Timor Gap E.P., from its participation in the joint venture.

Figure 5 – Petroleum Fund's investment in Timor Gap E.P



Source: PFPMO, Ministry of Finances.

The Petroleum Fund's investment in Timor Gap E.P. is exceptional in two respects:

- It was an investment decision by the Government, approved by the Council of Ministers. The Petroleum Fund's Investment Advisory Board's advice was limited to how to implement the government's investment decision, rather than due

diligence because the Board did not have the supporting analysis.

- It was an investment in Timor-Leste motivated by national development objectives rather than purely financial criteria.

The investment in petroleum operations has presented some challenges since it was made. Firstly,

¹³ The Petroleum Fund's 2019 Annual Report explains why the investment was structured as a loan rather than an equity interest.

¹⁴ The investment in petroleum operations is further discussed in section D, "Developments in the private debt instrument", and in Note 13 and Note 24 of the attached Financial Statements.

while the government’s legal advice confirmed the investment was in accordance with the applicable laws at the time, the exposure limits in the Petroleum Fund Law may be breached in future. The Petroleum Fund Law limits the investment to 5% of the Fund’s balance, and this limit will be breached if the Fund depletes as projected, subject to the valuation of the loans. In addition, Article 15.5 of the Petroleum Fund Law imposes a 3% investment limit to any one company or issuer. The Maritime Boundaries Treaty requires consolidating the existing PSCs into one contract, and Timor-Leste’s ownership interests will also be consolidated into one entity. If the loans are also transferred to that entity, then the 3% exposure limit is likely to be exceeded.

The Ministry of Finance in 2019 advocated incorporating the investment in petroleum operations into the Petroleum Fund Law rather than have the Fund’s investments governed by two different laws. The Ministry proposed introducing a new article into the Petroleum Fund Law to incorporate the provisions from the Petroleum Activities Law and clearly set out the exceptional criteria that applied to the Fund’s investment in petroleum operations. The remainder of the Fund’s investments would continue to be governed by the original criteria. This change was supported by advice from the Investment Advisory Board. However, the amendments were not adopted following a ruling by the Court of Appeals. As noted, the exposure limits in the law will pose problems in the future.

The second problem is that the accounting and valuation of the loan to Timor Gap E.P. resulted in significant delays to the Petroleum Fund’s audited financial statements and annual report for 2020 and

2021. Initially, the Fund’s investment was valued at amortized cost, and therefore mechanically increased in value with accrued interest during the 8-year grace period. However, EY, who was appointed as the Fund’s external auditor in 2021, found during the audit of the 2020 financial statements that the conditions for amortized cost were not met, and instead fair value needed to be applied. The BCTL, as operational manager, then needed to procure an independent valuation firm and establish the valuation process. The late release of Timor Gap’s audited financial statements for 2020 in September 2021 contributed to the delay.

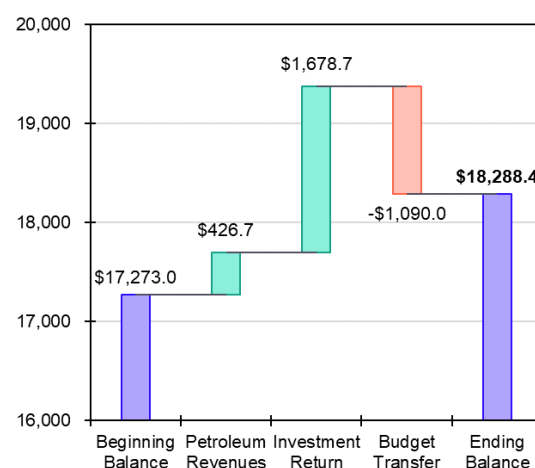
The Ministry of Finance, in consultation with the BCTL and EY, developed a process that avoided delays and allowed the 2022 financial statements to be provided with the Government’s financial statements to National Parliament on 22 June 2023. A similar process was followed for the 2023 financial statements.

The latest challenge to accounting for the loan is the expected timing of inflows from Greater Sunrise. When the loan was entered into in 2019, the 8-year grace period on repayments was expected to allow sufficient time for Greater Sunrise to commence production. However, the development plan is yet to be agreed and the first interest payment is due in April 2028. Therefore, there may be a gap between Timor Gap E.P.’s contracted loan repayments and the revenue it will receive from Greater Sunrise. The relevant parties met in late 2023 and discussed the exposure limits and liquidity gap and agreed to amend the terms of the loan after development on Greater Sunrise becomes clearer in 2024.

B. BALANCE AND FLOWS

The Fund’s balance increased by \$1,015.4 million in 2023 to end the year at \$18,288.4 million (Figure 6). The balance of the Fund is determined by inflows from petroleum revenues, investment returns and outflows from Government withdrawals. As Figure 6 illustrates, petroleum revenues contributed \$426.7 million to the Fund, while the annual investment return was \$1,678.7 million. A total of \$1,090.0 million was withdrawn to finance the Government’s expenditure. The following sections provide more details on each component.

Figure 6 – Movement in net-assets during 2023



Petroleum revenue

The Fund's petroleum revenue is a function of production and prices. Bayu-Undan is the only field in operation. It is a mature field that has experienced a natural decline in production due to lower pressure and water infiltrating into the reservoir. Its production peaked in 2012 and productivity has declined ever since. Infill drilling in 2018 and Phase 3C in 2021 allowed production to be extended, but there was a marked reduction in output in 2022 and 2023 as shown in Figure 7.

Annual production has continued to decline as the field reached expiration. Production in 2023 was 7.0 million barrels of oil equivalent (BOE) compared to 17.3 million BOE in 2022. Monthly production declined during the year, falling from 700 thousand BOE to less than 400 thousand BOE at the end of the year. There were four condensate cargoes, one LPG cargo, and seven LNG cargoes sold in 2023, which is lower than in 2022.

In addition to lower production, petroleum prices were much lower in 2023 compared to the previous year's prices that were inflated by Russia's invasion of the Ukraine. Falling demand and over-supply drove oil prices down in 2023. Prices received from Timor's petroleum products sold under short or long-term contracts are linked to global oil benchmark prices. The prices received have historically had a more stable relationship with Brent than with the WTI. The average annual Brent crude oil price in 2023 was \$82.47/barrel, \$18/barrel lower than the previous year's average (\$12/barrel more than 2021's average) (Figure 7). Darwin LNG operated at low rates of production throughout the year and gas supply to Darwin LNG ceased in mid-November 2023. Most of Bayu-Undan's LNG was sold spot in 2023. Prices were linked to either oil benchmark prices or LNG benchmark prices, namely the Platts Japan-Korea-Marker ("JKM"). The JKM's historical future prices averaged \$14.4/MMBtu in 2023, much lower than 2022 but relatively high compared to earlier years.

Reflecting lower production and prices, total petroleum revenues received during 2023 were \$426.70 million, less than half of the previous year's revenues. The receipts were \$300 million higher than the conservative estimates incorporated in the ESI in the original budget 2023, and similar to the estimates for the rectification budget 2023, which accounted

for year to date inflows. The revenues were comprised of \$54.6 million in petroleum taxes, \$366.8 million in royalties and profit from oil and gas, and \$5.3 million of other payments (Figure 8).¹⁵ These collections were in accordance with Articles 6.1 (a), (b), and (e) of the Petroleum Fund Law respectively.

Figure 7 – JPDA production and oil prices

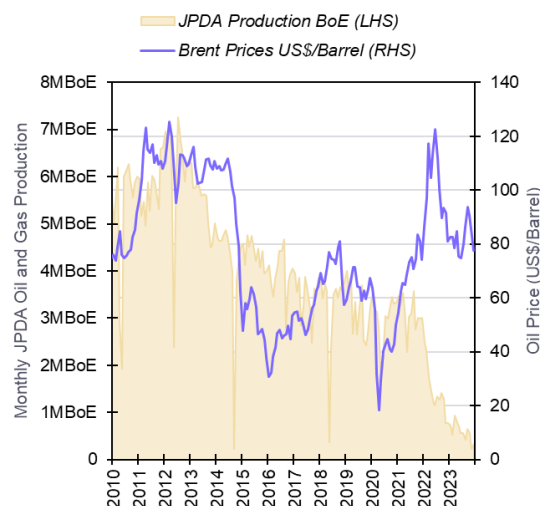
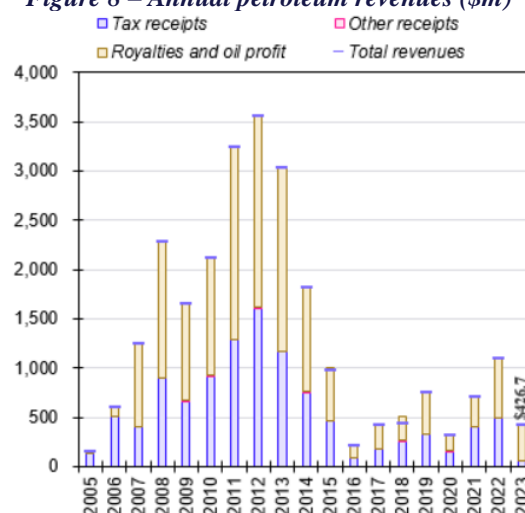


Figure 8 – Annual petroleum revenues (\$m)



Santos is the operator of the Bayu-Undan Joint Venture. The exact timing of when production will cease is uncertain, although expected receipts are low. It is clear that most of Timor-Leste's Petroleum Wealth from Bayu-Undan has already been received by the Fund. Including, the other smaller fields, Kakatua and Kitan, total production since 2004 was 954 million BOE, and petroleum receipts totalled \$25.365 billion.

¹⁵ Annex II - Note 16 of the Audited Financial Statements and Annex XI – Petroleum Fund receipts provide the details of petroleum revenues.

Withdrawals

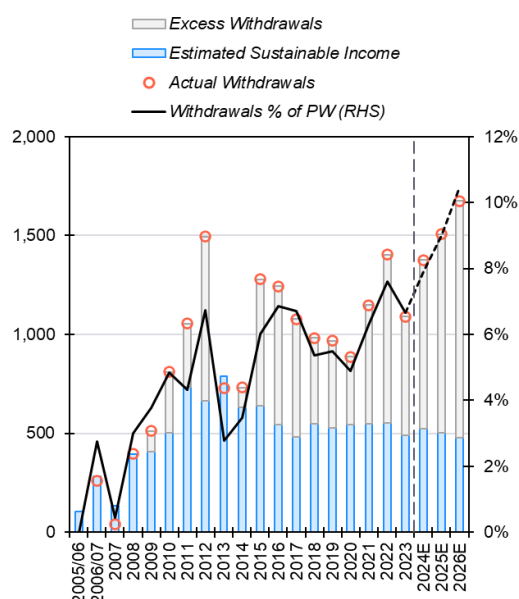
The Government's General State Budget is largely financed by withdrawals from the Petroleum Fund. The original State Budget for 2023 was passed by Parliament in November 2022 and promulgated by the President in December 2022. The Parliament approved withdrawals of \$1,346.1 million from the Petroleum Fund. The new government came to office in July 2023 and a rectification budget was approved by the Parliament and promulgated by the President in August 2023. The total approved withdrawals from the Fund decreased to \$1,208.2 million, \$137.9 million less than in the original budget.

The actual withdrawals from the Fund totalled \$1,090.0 million during 2023. This was \$118.2 million less than the budgeted withdrawals under the rectification Budget 2023.

The actual withdrawals in 2023 were \$599.9 million higher than the \$490.1 million ESI published in the 2023 original Budget Book, which was maintained in the Rectification Budget Book. The ESI is set at 3% of the Petroleum Wealth, which was estimated as \$16,338.2 million in the original 2023 Budget Book. Petroleum Wealth consists of the projected Petroleum Fund balance at the beginning of the budget year (\$16,225.1 million) and the forecasted net present value of the future petroleum revenues (\$113.1 million). Future petroleum revenues only include estimates from fields with approved development plans, namely Bayu-Undan, and

therefore excludes Greater Sunrise and other potential sources of revenues.

Figure 9 – Transfers to the State Budget (\$m)



Since 2009, annual withdrawals have averaged about 5.5 per cent of estimated Petroleum Wealth, compared to the 3 per cent ESI (see Figure 9). Actual withdrawals have been more than twice the ESI for the past 3 years. The excess withdrawals reflect the Government's policy to front-load expenditure to enable economic development.

Investment income and expenses

The Petroleum Fund's annual investment income for 2023 was \$1,678.7 million after deducting expenses. More than three quarters of last year's loss was recovered.

Total investment revenue (i.e. before expenses) was \$1,700.1 million in 2023. Interest, dividends and trust income totalled \$476.8 million. The gain on market valuations was \$1,223.3 million, which resulted from the increases in value of both fixed interest and equity holdings and foreign exchange gains as described in Section D.

Table 5 shows that the expenses incurred in managing the Petroleum Fund totalled \$15.3 million in 2023, which was higher than the previous year's expenses of \$13.3 million. The BCTL recovered its operating costs incurred of \$7.2 million, which was close to the maximum allowed by the Operational Management Agreement, namely 4 basis points of the Fund's value. The other expenses comprised custody and external manager fees of \$5.9 million, and Investment Advisory Board (IAB) expenses of \$677 thousand, which included the independent review (Box I). Total expenses in 2023 were 8.6 basis points of the average size of the Fund in 2023.

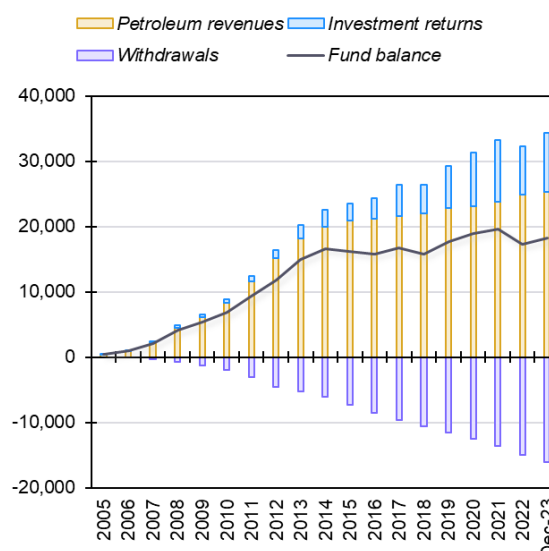
Table 5 – Management expenses (\$m)

Category	2021	2022	2023
External managers and custodian fees	8.139	6.820	5.856
BCTL Operational Management expenses	7.712	6.211	7.188
IAB expenses	0.140	0.287	0.677
Other expenses	0.967	0.008	1.581
Total expenses	16.957	13.326	15.302
Total expenses relative to average Fund size	8.8bps	7.2bps	8.6bps

Flows since inception

Figure 10 shows the contributions to the Fund's value since its inception. Petroleum revenue receipts total \$25,365 million, which includes the initial transfer of \$204.6 million of revenues collected in 2005 before the Fund was created. Investment returns have added \$9,036 million to the Fund's balance. Government withdrawals have totalled \$16,113 million since the Fund commenced in 2005, which exceeds the cumulative ESI over that period by \$6,864.2 million.

Figure 10 – Cumulative flows for the Fund (\$m)



C. INVESTMENT STRATEGY

Financial market investments and the investment in petroleum operations

Since 2019, the Fund has in effect been divided into investments in financial markets and the investment in petroleum operations, which was executed in April 2019 by means of loans to Timor Gap E.P.'s subsidiaries.

The investment in petroleum operations is an exception to the framework and rules in the Petroleum Fund Law that was enabled by amending the Petroleum Activities Law. The amendment allowed the Petroleum Fund to invest in petroleum operations in Timor-Leste or abroad by applying the 5% allocation to alternatives in Article 15.4 of the Petroleum Fund Law. The Government's investment decision accounted for national economic development objectives and the expected economic and social benefits from onshore processing.

Under the framework in the Petroleum Fund Law, the Fund can only invest in offshore financial assets. National investment decisions by the government are required to be made through the State Budget, which is assessed and approved by Parliament, rather than made directly by the Fund. The Petroleum Fund's investments are subject to rigorous due diligence by the Fund's institutions, including independent advice from the IAB, and assessed purely on financial grounds, rather than accounting for development objectives. This follows the Santiago principles that

seek to separate a sovereign wealth fund's investments from political influence.

The Petroleum Fund Law sets out the following rules for investments:

- The Fund only invests in offshore financial assets (Article 15.1).
- A minimum of 50% of the Petroleum Fund is invested in fixed interest securities, that is, cash and investment grade bonds (Article 15.2).
- A maximum of 50% of the Petroleum Fund is invested in listed equities (Article 15.3).
- A maximum of 5% of the Petroleum Fund is able to be invested in other eligible investments (Article 15.4).
- A maximum of 3% of the Petroleum Fund is able to be invested in any one issuer or company, other than sovereign issuers (Article 15.5).

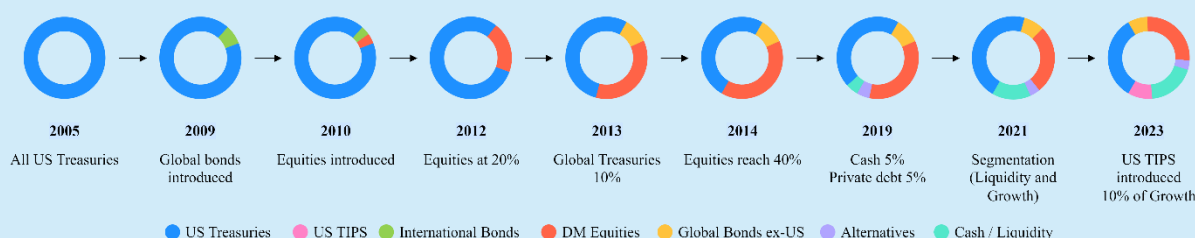
The Petroleum Fund Law also provides guidelines

for the investment strategy. The investments shall be diversified with the objective of maximizing risk-adjusted financial returns, after taking into account the Fund's purposes, its operational constraints, and ability to bear risk (Article 14.1). There must also be sufficient liquidity to fund Government withdrawals (Article 14.2). The investments are assessed purely on these financial grounds and need to comply with sound portfolio management practices.

Box II: The evolution of the Petroleum Fund's investments

The Fund's asset allocation has evolved over time. Under the original Petroleum Fund Law in 2005, the Fund's investments were limited mainly to low-risk assets. The Fund was fully invested in US Treasuries before a global bond allocation was introduced in 2009. Equities were first introduced in 2010, when the upper limit in the 2005 Law was effectively 10% when combined with non-USD debt.

Figure 11 – Asset allocations since 2005



The amendments to the Petroleum Fund Law in 2011 increased the maximum equity allocation to 50% of the Fund. This was designed to meet the 3% real return objective implied by the ESI withdrawal rule. A 40% equity allocation was decided upon in 2012, which, at that time, was expected to meet the 3% real return objective with a reasonable probability. The long-term investment horizon that results if the permanent fund framework is followed would allow the Fund to withstand the short-term volatility inherent in equities. The equity allocation was initially increased to 20% in 2012, and was then increased incrementally each month to reach 40% by June 2014. During this time, a 10% allocation to unhedged Global Treasuries excluding the US was introduced in 2013.

The implications of a declining Fund balance for the investment strategy have been considered for some time. In June 2016, a cash portfolio of \$800m was introduced to match expected net withdrawals for the remainder of that year. In 2017, the cash mandate was set to equal the 12-month expected net cash shortfall on a rolling quarterly basis. That cash allocation was treated as outside the SAA and is not shown in Figure 11. To simplify operational management, a 5% cash allocation was added to the SAA in 2019.

The Fund invested in petroleum operations in April 2019. Timor Gap E.P.'s interest repayments are to be financed from revenues derived from the Greater Sunrise petroleum development project, meaning that the risk of the Fund's investment is more comparable to the equity allocation than bonds. Consequently, the allocation was funded by reducing the equity allocation from 40% to 35%.

In July 2021, the Petroleum Fund was segmented into the liquidity portfolio and the growth portfolio. Figure 11 shows that for the total fund this involved a significant increase in the defensive allocation to cash and short-maturity US Treasuries, while the equity allocation decreased.

In April 2023, 10% of the total growth portfolio was allocated to US Treasury Inflation Protected Securities (TIPS) and funded from the US Treasury 3-5 year mandate, which declined in weight to 35%. The investment is described in Box III. The mandate is intended to hedge against rising inflation and its impacts on the Fund's portfolio.

Segmentation into a Liquidity and Growth portfolio

The permanent fund framework has not been applied in practice, with governments deciding to front-load withdrawals rather than follow the ESI guideline. With low petroleum revenue, withdrawals need to be funded by selling Petroleum Fund assets. The Fund is projected to deplete until there are significant new inflows or a significant change in fiscal policy. The projected depletion of the Fund poses a challenge to the longer holding period required to be confident of earning a higher return from equities.

Consequently, it was decided to match near-term withdrawals with low risk investments and segment the Fund's financial market investments into two

portfolios. The Liquidity portfolio covers three years of projected withdrawals on a rolling basis and invests in low risk assets, namely cash and short maturity bonds. The Growth portfolio seeks higher returns over a longer horizon and invests 35% in equity and 65% in fixed interest.

Segmentation was implemented to 1) reduce risk in the total portfolio, accounting for withdrawals; 2) provide clear investment objectives for each portfolio; 3) provide confidence to stakeholders that near-term withdrawals are covered by relatively safe assets; and 4) reconnect the Fund's investment strategy with fiscal policy by encouraging multiple-year fiscal

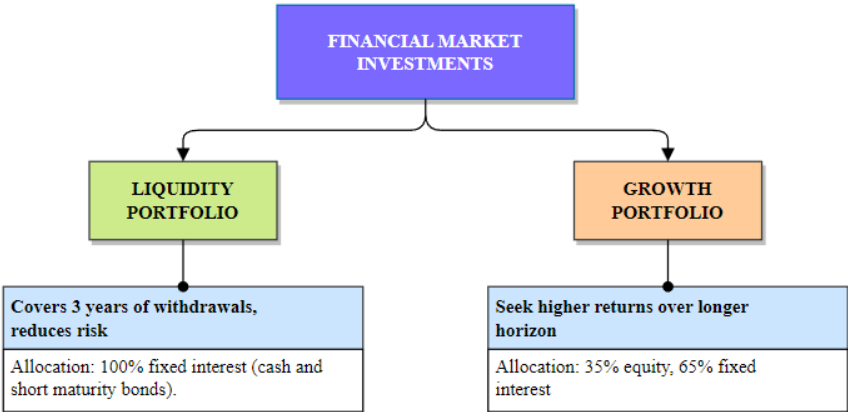
projections and consideration of fiscal sustainability. The structure adjusts the Fund’s investments to new information about withdrawals.

In terms of implementation, the liquidity portfolio finances withdrawals, and therefore depletes over the course of the year, subject to petroleum inflows. At the beginning of the next year, to finance the shortfall between the liquidity portfolio and the projected withdrawals for the next three years, investments in the growth portfolio are sold to “top up” the liquidity portfolio. A counter-cyclical rule applies. If the growth portfolio makes a loss in the prior year, then 50% of the shortfall is transferred; 100% of shortfall is transferred if the growth portfolio posts a “normal” return of 0 to 6%; and 150% is transferred if the growth portfolio’s return is greater than 6%. This rule is designed to limit the sale of investments after a loss

and sell more after a strong return. The growth portfolio is rebalanced to its target weights (35% in equities and 65% in fixed income) as part of the transfer to the liquidity portfolio.

Applying this to 2023, projected withdrawals over the next three years were \$4,220.7 million, which consisted of the approved withdrawal of \$1,346.1 million for 2023 in the original State Budget and estimates in the Grand Options Plan of withdrawals for 2024 and 2025. At the end of 2022, the balance in the liquidity portfolio was \$2,632.1 million, which included petroleum inflows, meaning the shortfall was \$1,588.65 million. The growth portfolio’s negative annual return for 2022 meant that 50% of the shortfall, \$794 million, was transferred from the growth portfolio to the liquidity portfolio by selling equities and bonds.

Figure 12 – Segmenting the Petroleum Fund into two portfolios

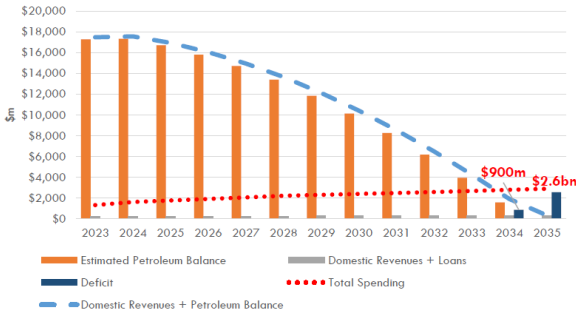


Source: PFPMO, Ministry of Finance.

The fiscal sustainability analysis in the 2024 Budget Book projects that the Fund will be exhausted by 2034 under the spending trajectory required to meet the government’s 5% growth target for 2025-2028 (Figure 13). However, spending cuts and new taxes could see the Fund’s life extended to beyond 2040.

The fiscal sustainability analysis does not account for potential inflows from Greater Sunrise. The Ministry of Finance reviews the framework and investment strategy regularly and it will be revisited when the amount and timing of the inflows from the Greater Sunrise project become clearer.

Figure 13 – Petroleum Fund forecasts from 2024 Budget Book – current spending trajectory



Source: Budget Book 1 2024. National Directorate of Economic Policy, Ministry of Finance, 2023.

Three quarters of the equity allocation is also passively managed. SSgA and BlackRock's passive mandates are benchmarked to the MSCI World excluding Australia, a market-capitalisation index. The BCTL internally manages the allocation to Australian equities on a passive basis.

The Fund's allocation to equity factors departs from the market capitalization index by targeting companies that have higher exposures to value, quality, low-volatility, and, to a lesser extent, size.

The characteristics of these factors are summarised in Table 6. The equity factor mandate was introduced in August 2019 and amounts to one quarter of the total equity allocation. It consists of two managers; Schroders, which was held as an enhanced passive mandate prior to the factor allocation but then reclassified, and a new factor mandate to SSgA. Over the long-term, the equity factor mandate is expected to improve the risk-adjusted return relative to a portfolio invested in a market capitalization index.

Table 6 – Characteristics of equity factors

Equity Factor	Company characteristics
Value	Low valuation ratios e.g., Book to Market value
Quality	Higher profit
Low volatility	Less variable returns
Size	Smaller market capitalisation

Table 7 – Financial Market Investments' mandates of the Petroleum Fund as at 31 December 2023

Portfolio/Mandate	Manager	Style	Allocations at year-end			
			US\$ m	SAA weight	% of Growth	% of FMI
Financial Market Investments			17,691.6			100.0%
Liquidity Portfolio			3,012.6			17.0%
Growth Portfolio			14,679.0			83.0%
Liquidity Portfolio			3,012.6			17.0%
USD Cash/US 3 Month Treasury bills	BCTL	Passive	2,556.8			14.5%
US 1-3 Year Treasury bonds	BCTL	Passive	455.8			2.6%
Growth Portfolio			14,679.0	100.0%	100.00%	83.0%
Total Fixed Interest			9,078.2	65.0%	61.84%	51.3%
US 3-5 Year Treasury bonds	BCTL	Passive	4,837.8	35.0%	32.96%	27.3%
US 5-10 Year Treasury bonds	BCTL	Passive	1,400.3	10.0%	9.54%	7.9%
Global DM ex-US Treasury (Hedged)	BIS	Enhanced Passive	1,435.7	10.0%	9.78%	8.1%
US 1-10 Year Government TIPS	FT; Barings	Enhanced Passive	1,404.4	10.0%	9.57%	7.9%
Total Equities			5,600.8	35.0%	38.16%	31.7%
MSCI World Index ex-Australia Equities	SSgA; Blackrock	Passive	4,073.7	25.375%	27.75%	23.0%
MSCI Australia Equities	BCTL	Passive	130.1	0.875%	0.89%	0.7%
MSCI World Index ex-Australia Equities	SSgA; Schroders	Equity Factors	1,397.1	8.750%	9.52%	7.9%

Note: SAA = Strategic Asset Allocation; DM = Developed Market. Ex-AU = Excluding Australian equities.

The liquidity portfolio ended 2023 at \$3,013 million. The \$427 million of petroleum inflows offset part of the \$1,090 million of withdrawals by the government. The liquidity portfolio represented 17% of total financial market investments at year-end, with the BCTL opting to hold the majority in the 0-12 month Cash mandate.

The growth portfolio was rebalanced to its SAA weights in the first quarter of 2023. Under annual rebalancing, the weights of fixed interest and equities will subsequently drift according to their relative performance during the year. The positive returns from equities exceeded those of fixed interest, which resulted in equities finishing the year 3.2% over the 35% SAA weight, with fixed interest being correspondingly underweight its 65% allocation (Table 7).

Table 8 – Petroleum Fund's allocation by countries

Country	Cash	Bonds	Equities	FMI
Australia	0.1%	1.3%	2.3%	1.5%
Canada	0.1%	1.2%	3.1%	1.7%
Denmark	0.1%	0.7%	1.0%	0.7%
Eurozone	0.1%	3.8%	9.0%	5.0%
Hong Kong	0.0%	0.1%	0.5%	0.2%
Israel	0.0%	0.0%	0.1%	0.0%
Japan	0.1%	1.4%	6.3%	2.8%
New Zealand	0.1%	0.6%	0.1%	0.4%
Norway	0.1%	0.4%	0.2%	0.3%
Singapore	0.1%	1.0%	0.4%	0.7%
Sweden	0.0%	0.4%	0.9%	0.5%
Switzerland	0.0%	0.8%	2.7%	1.3%
United Kingdom	0.2%	1.3%	3.9%	2.0%
United States of America	98.9%	87.0%	69.5%	82.9%
Total	100.0%	100.0%	100.0%	100.0%

Note: Financial Market Investments only. Cash includes cash at bank and US dollar repurchase agreements. Bonds includes holdings in the liquidity portfolio and the fixed interest mandates in the growth portfolios.

Table 8 shows the Fund's allocations by country. Cash is comprised primarily of the USD Cash mandate, which includes overnight repurchase agreements with the Federal Reserve Bank of New York. In addition, cash includes the 10% collateral required for the hedged global treasury mandate, as well as small cash balances held by managers in their bond and equity mandates for operations, which includes non-USD.

The composition of the Petroleum Fund's equity holdings largely corresponds with the benchmark index. The MSCI World Index is comprised of large and mid-size capitalisation companies that are listed in developed markets. The Petroleum Fund held 1,543 companies at the end of 2023 and the holdings are reported in Note 24 of Annex II. Table 8 shows that over 69% of the equity portfolio is invested in companies listed in the US. Eurozone countries represent the next largest allocation at 9.0% of the equity portfolio, followed by Japan (6.3%) and the UK (3.9%). The allocation to Australian equities is internally managed by the BCTL and represents 2.3% of total equities held by the Fund.

The US allocation represents 87% of the Fund's bond holdings. It consists of US Treasuries held in the liquidity portfolio, along with the 3-5 year Treasury, 5-10 year Treasury and 1-10 year TIPS mandates in the growth portfolio. The Non-US government bond

allocation is benchmarked to a customised index of developed markets, which is designed to facilitate diversification by capping the Eurozone allocation at 30% of the index and individual country weights at 10%. The allocations in Table 8 are in line with the benchmark weights, with the Eurozone representing 3.8% of the total fixed interest holdings, while the weights for Australia, Canada, Japan and the UK are consistent with the maximum country weight.

With respect to the Fund's exposure to foreign currency, the fixed interest holdings are effectively entirely in US dollars because the global developed market sovereign bond mandate is hedged to the US dollar, while Cash and the US Treasury mandates are denominated in US dollars. The equity holdings are unhedged so the country weights for equities in Table 8 reflect the resulting currency exposures.

For the aggregate of financial market investments, 83% of the Fund is invested in US securities, with the Eurozone the next largest allocation at about 5%. The USD dominates the currency exposure at about 90% after accounting for hedging of the non-US fixed interest holdings. There are small exposures to the other major currencies – namely, the Euro, the Japanese Yen, the British Pound, the Canadian dollar and the Australian dollar – by means of the unhedged equity allocation.

Box III: Overview of the Petroleum Fund's investment in US TIPS

Box III in the Petroleum Fund's 2022 Annual Report described the reasons for the multi-decade highs in inflation experienced in 2022 and the associated increase in policy rates by the major central banks. To briefly recap, monetary and fiscal policy settings were highly accommodative in 2020 to mitigate the depth of the global contraction resulting from Covid-19 restrictions. Inflationary pressure then started to build with supply chain disruptions and the relaxation of Covid restrictions. These factors, combined with very accommodative policy settings, saw more persistent inflation emerge in 2021. Russia's invasion of the Ukraine in February 2022 further added to inflationary pressure, and US inflation, as measured by the CPI, peaked in June at 9.1%.

Restrictive monetary policy settings resulted in disinflation in 2023, but inflation remained above the rates targeted by central banks. Central banks are balancing the need to maintain restrictive policy to ensure that inflation returns to target with the slowdown of economic activity that follows from higher policy rates.

Inflation and investments

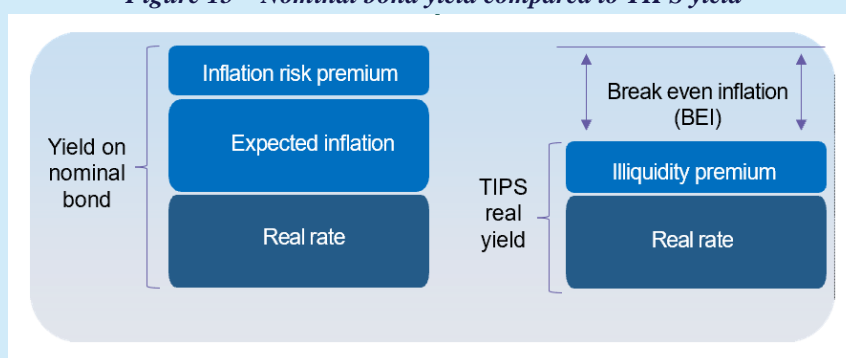
The performance of asset classes tends to vary with the economic cycle. Higher inflation is bad for investors in nominal government bonds; the fixed coupon has lower purchasing power when inflation increases. Equities may provide some inflation protection to the extent that companies can pass on higher costs to consumers by way of higher prices. Treasury Inflation Protected Securities (TIPS) provide direct protection against rising inflation as described below, although are exposed to the increase in real rates that will accompany stronger growth. It follows that inflation linked bonds can outperform in a rising inflation and falling growth environment, such as stagflation.

Description of TIPS

US Treasury Inflation Protected Securities (TIPS) are financial instruments issued by the US Government and therefore have the same credit rating as the US Government nominal bonds already held by the Fund.¹⁷ There is a well-established, liquid market for TIPS, having first been issued in 1997. TIPS provide protection against unexpected inflation by linking the coupon and principal payments to actual inflation. The principal of TIPS fluctuates with changes in the Consumer Price Index,¹⁸ lagged 3 months, and a fixed semi-annual coupon rate is applied to the inflation-adjusted principal. In this way, investors benefit from higher income payments when inflation is rising. Indexing the bonds' value to inflation helps maintain the purchasing power of the investment.

Figure 15 compares the yield of a nominal bond with the TIPS yield, assuming the same maturity. The yield on a nominal bond equals the real yield plus expected inflation and an inflation risk premium to compensate investors for the uncertainty about future inflation. The TIPS yield equals the real yield plus an illiquidity premium, because TIPS are less liquid than nominal Treasuries. Illiquidity increases during market stress.

Figure 15 – Nominal bond yield compared to TIPS yield



Source: PFPMO, Ministry of Finance.

The nominal bond yield less the real yield on a TIPS with the same maturity provides the Break Even Inflation Rate. This mainly reflects inflation expectations but, as Figure 15 shows, it is also affected by the inflation risk premium required for nominal bonds and the illiquidity premium required for TIPS.

¹⁷ US Government bonds are rated AA+ by S&P and Moody's, and AAA by Fitch.

¹⁸ CPI-U is the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the U.S. Department of Labor.

The relative performance of nominal bonds versus TIPS largely reflects realised versus expected inflation. TIPS outperform nominal bonds when realised inflation exceeds expectations, and underperform when realised inflation is less than expectations. Investors need to understand that both nominal US Treasuries and TIPS are exposed to changes in real yields.

The introduction of TIPS into the Petroleum Fund

Following research from the BCTL and the Ministry of Finance on the asset, the IAB advised the Minister in December 2021 to introduce an allocation to US TIPS to the Petroleum Fund's growth portfolio. TIPS were recommended to provide a more balanced portfolio. The BCTL was then instructed to undertake due diligence on managers as well as undertake further research on the mandate's parameters. Following reports from the BCTL in June and July 2022, the IAB advised the Minister in September 2022 on the final parameters for the US TIPS mandate and agreed to the managers recommended by the BCTL.

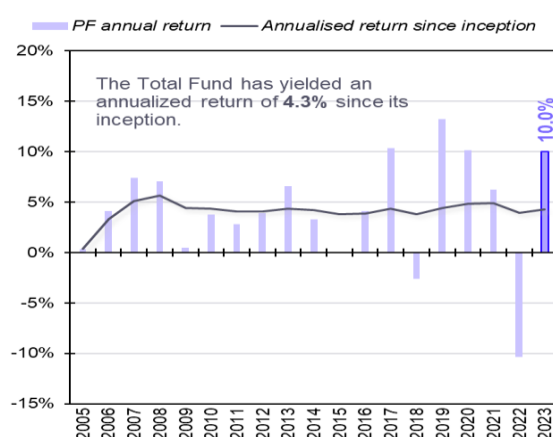
The growth portfolio's asset allocation was adjusted to account for the new asset class. The TIPS mandate was set at 10% of the total growth portfolio, to be funded from the US Treasury 3-5 year mandate, which declined to a weight of 35%. The mandate is benchmarked to the US TIPS 1-10 years index rather than the aggregate index to control for sensitivity in changes to real rates. The BCTL recommended an enhanced passive mandate in order to exploit perceived inefficiencies in the TIPS market, and the eligible instruments were expanded to facilitate that by allowing for interest rate and inflation derivatives. Barings and Franklin Templeton, the two external managers recommended by the BCTL, were approved to implement the mandate, and the US TIPS mandate was implemented by the BCTL in April 2023.

The performance of the TIPS mandate is shown in Section D. The actual returns since the initial investment in April were 1.21%, which is in line with the benchmark's performance. While US inflation remained high, rising real yields weighed on performance before solid returns in November and December when yields fell.

D. INVESTMENT PERFORMANCE IN 2023

The Petroleum Fund's total return in 2023 was +9.99%. Financial market investments, which excludes the loan to Timor Gap E.P., returned 10.11%. The liquidity portfolio returned 4.25% aided by higher short-term interest rates. The growth portfolio returned 11.37%, comprised of the fixed interest return of 4.91% and the equity return of 23.67%. The Petroleum Fund's loan to Timor Gap E.P. returned 6.43% following the latest independent valuation.

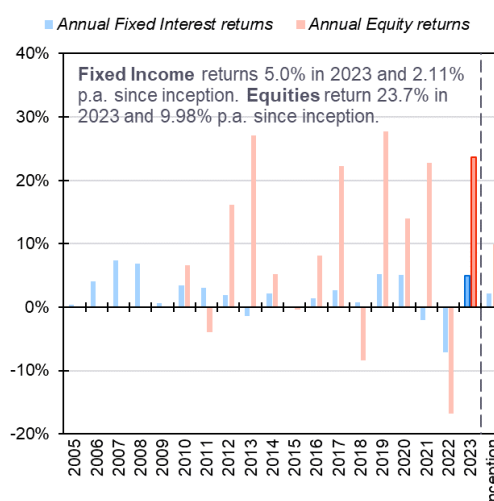
Figure 16 – PF annual investment returns



The positive annual return recovered much of the fall in 2022. The annualised return since inception for the Fund rose to 4.27%, compared to 3.95% at the end of

2022. The allocation to fixed interest, including liquidity and growth, has returned 2.11% per annum since 2005, while the equity allocation's annualized return is 9.97% per annum since the first investment in 2010. The corresponding return from fixed interest since equities were introduced in October 2010 is 1.16% per annum.

Figure 17 – Annual returns from bonds and equities



Note: Fixed Interest from July 2021 includes cash and bond mandates in both the liquidity and growth portfolios.

The Fund's annualized real return since inception is 1.76% per annum after deducting US inflation. This is below the implied target of a 3% annual real return under the permanent fund model. The permanent

fund model is no longer being followed because high withdrawals required reducing investment risk through segmentation of the fund.

Developments in financial markets in 2023

It was a good year for the Petroleum Fund's investments, although performance was subject to some volatility. The main story for 2022 was inflation reaching multi-decade highs and the resulting sharp increases in central bank policy rates to try to re-establish price stability. Inflation in the major markets fell over the course of 2023 although finished the year above the central bank's target rates

for inflation. Central banks in the US, Eurozone and the UK continued to tighten policy in the first half of the year, and much market commentary at that time speculated on "peak" rates. The Federal Reserve paused its rate hikes in June, although raised rates again in July and commented that the inclination was towards further tightening. Other central banks also slowed the pace of tightening in the second half.

Table 9 – Central bank policy and inflation

	Policy rate Dec 2023	Increase in rates in 2022	Increase in rates in 2023	Inflation Dec 2023	Inflation high since 2020
United States	5.25-5.5%	4.25%	1.0%	3.4%	9.1%
ECB	4.5% ¹	2.5%	2.0%	2.9%	10.6%
United Kingdom	5.25%	3.25%	1.75%	4.0%	11.1%
Japan	-0.1%	0.0%	0.0%	2.6%	4.3%
Canada	5.0%	4.0%	0.75%	3.4%	8.2%
Australia	4.35%	3.0%	1.25%	4.1%	7.8%

Note: 1) ECB = main refinancing rate

Figure 18 – Inflation rates

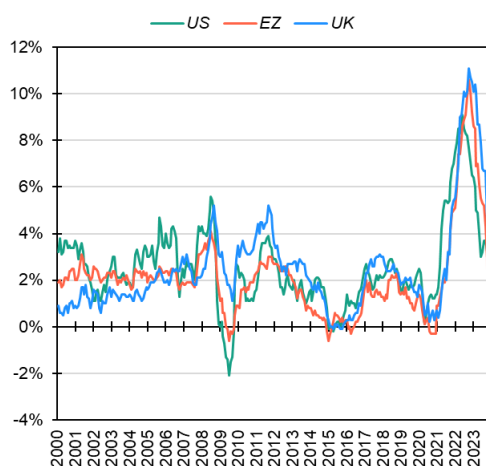
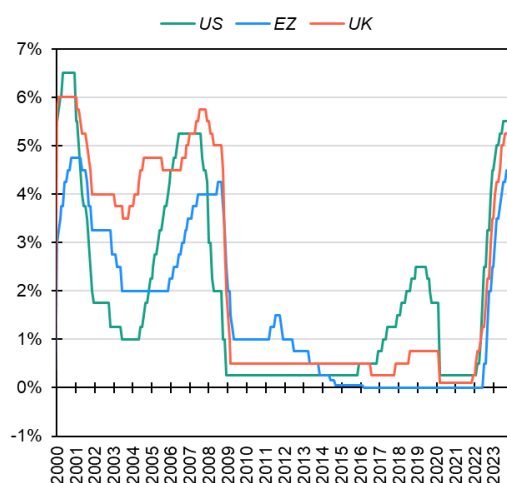


Figure 19 – Central bank policy rates



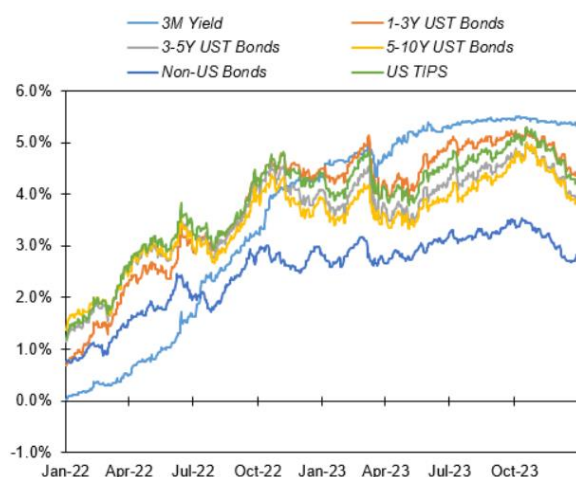
Japan's monetary policy contrasted with the restrictive settings in the other major economies. The Bank of Japan continued with its very accommodative yield curve control policy of setting the short-term policy rate at -0.1%, combined with restrictions on the level of the 10 year yield. Inflation in Japan was consistently above target. The low interest rates compared to other advanced economies caused weakness in the Yen.

Economic growth in the Fund's investment markets was mixed, although on the whole stronger than what was expected at the end of 2022. While Europe and the UK avoided the predicted recessions in the first half of the year, economic growth was minimal. The Euro Area contracted in quarter 4, while the UK entered a technical recession after contracting in quarter 3 and quarter 4. The US economy fared much better, supported by a resilient labour market and consumer spending. According to surveys, global service activity was much stronger than manufacturing, which was in contraction for most of the year.

The market's monetary policy expectations was one of the main drivers of bond and equity performance throughout the year. Generally, when markets projected cuts by the Fed, both equities and bonds increased in value, while the USD weakened. When markets projected US policy rates to be "higher for longer", a theme for August to October, bond yields

rose, equities fell, and the USD strengthened. Strong gains in both bonds and equities were recorded in November when the FOMC noted that tighter financial conditions were likely to weigh on economic activity. In addition, inflation data softened and there was lower than expected issuance of US Treasury bonds. In December, the market extrapolated on the Fed's pivot and projected twice as many rate cuts in 2024. Equities were also supported by the year-end consensus view that the US was on track for a soft landing.

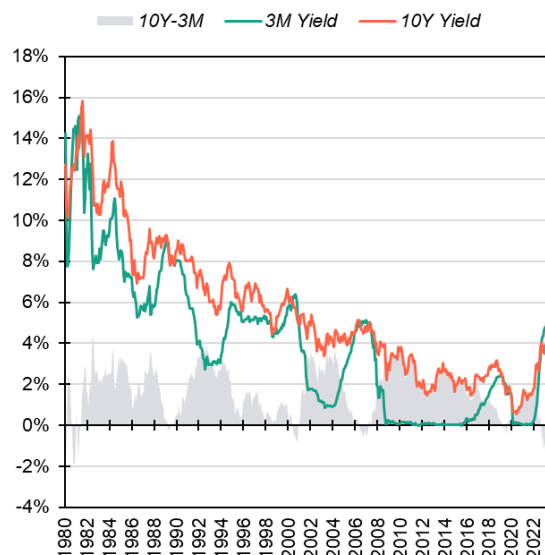
Figure 20 – Index Bond yields



In terms of the Fund's fixed interest mandates, the 3-month US Treasury Bill yield finished the year higher, reflecting the increase in the policy rate. Bond yields varied over the year. Yields generally rose in the first quarter, before sharply falling in March with the banking crisis (refer to Box III). Yields then rose and in most cases peaked in September-October, when the market seemed to accept the "higher for longer" rhetoric from central banks. In October, the 10 year US Treasury yield reached the highest level since 2007, before the Global Financial Crisis. However, yields fell quite significantly in November and December on softer data and the Fed's pivot to rate cuts in 2024.

Yields on the Petroleum Fund's bond benchmark indices finished the year lower. The yield on the non-US government bond benchmark fell the most in 2023, down 28 basis points, while the US Treasury 5-10 year yield was 3 basis points lower than the start of the year.

Figure 21 – US 10 year – US 3 month bill yields



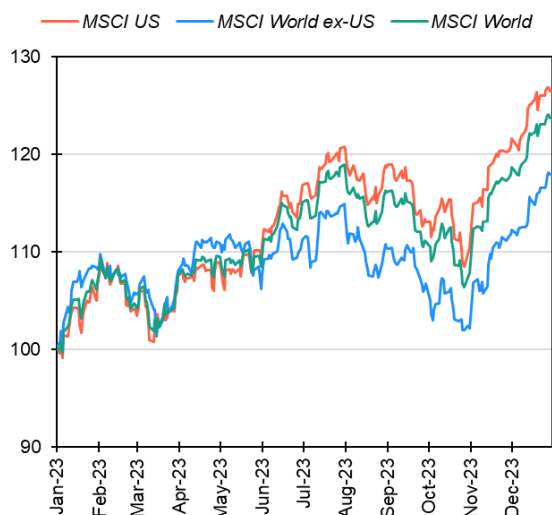
Short-term rates in the US remained higher than long-term rates in 2023. An inverted yield curve is often a predictor of an economic recession, and the inversion reached levels not seen since the 1980s. Nevertheless, the US economy remained resilient in the face of restrictive policy, and the consensus towards the end of the year seemed to be for a "soft-landing", that is for inflation to moderate without the need for a sharp increase in unemployment.

In terms of performance of the benchmarks for the US mandates, 3-month Treasury bills posted the strongest performance, returning 5.01% in 2023, while the longer-maturity 5-10 year mandate provided the lowest return of 3.93%. The non-US government bond benchmark outperformed in 2023, returning 7.51%, boosted by capital gains from the decline in yields and also the pick-up from hedging.

Fixed interest returns were volatile over the year. The volatility of the US Treasury market has increased significantly since the Federal Reserve started raising rates in March 2022. The volatility reflects the uncertain economic outlook and shifting expectations for policy rates.

With respect to the equity portfolio, the MSCI World Index, which is comprised of companies in developed markets weighted by their market size, returned +23.8% in USD terms in 2023. US equities outperformed the aggregate, returning 26.5% in 2023.

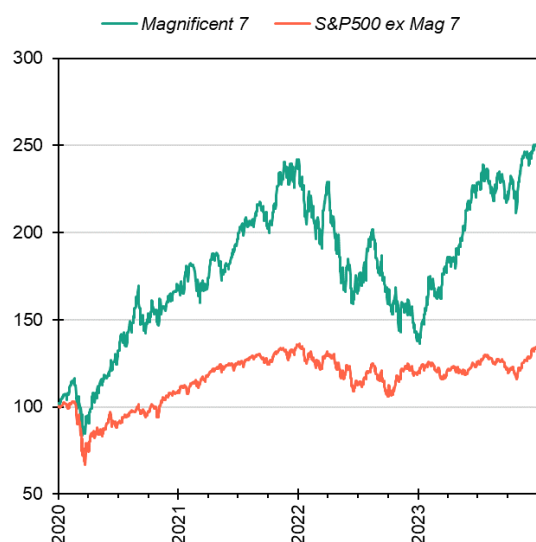
**Figure 22 – Equities total returns in US dollar
(31/12/2022 = 100)**



The US equity benchmark benefited from its allocation to outperforming mega-cap technology companies. There was much enthusiasm about Artificial Intelligence in 2023. This particularly boosted the share price of the advanced microchip-maker NVIDIA, and also contributed to the outperformance of Meta (Facebook), Alphabet (Google), Microsoft, Amazon, and Apple. The electric motor vehicle maker Tesla is also part of this group, labelled as the Magnificent 7.

The exceptionally strong performance of these stocks in 2023 more than offset their relative weakness in 2022. The mega cap growth stocks have “long duration” in the sense of high expected earnings in future years, making them more susceptible than other stocks to changes in interest rate expectations.

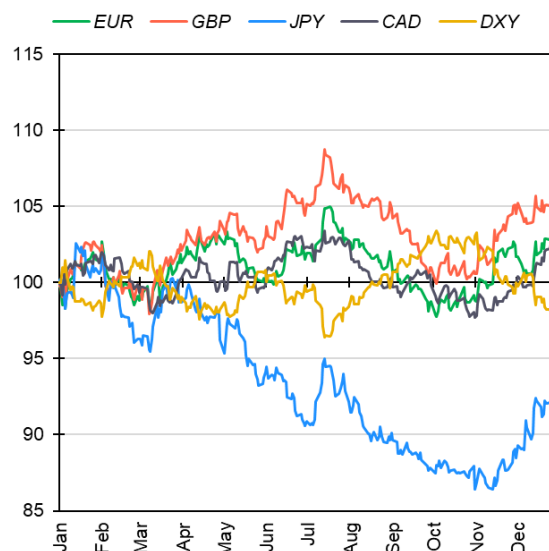
**Figure 23 – Magnificent 7 stocks vs S&P 500
ex Magnificent 7 (31/12/2022 = 100)**



Japanese equities outperformed other markets in local currency terms, with MSCI Japan returning 28.6% in 2023. The BOJ’s highly accommodative monetary policy helped to support local activity, while the associated weakness in the Yen helped to increase exports. Foreign investor demand for Japanese equities was also boosted by signs of positive shifts in the macro economy, including moving beyond deflation, and corporate governance reforms.

The **US Dollar Index**, a measure of the US dollar relative to the currencies of the United States’ major trading partners, finished the year 2.1% lower (Figure 24, DXY series). The US dollar fluctuated over the year in tandem with expectations about policy rates. It fell in quarter 4 when the Fed was the first of the big central banks to signal the prospect of cuts in 2024. Relative to the US dollar, the Euro appreciated by 3.1% and the British Pound was up 5.4% over the year. The Japanese Yen was an exception, depreciating by 7% against the USD in 2023 despite gains in quarter 4. The weakness in the Yen reflected the Bank of Japan’s commitment to very accommodative monetary policy settings, in contrast to the restrictive policy elsewhere.

**Figure 24 – US dollar relative to other
currencies (31/12/2022 = 100)**



Box IV: Sources of market stress in 2023

Uncertainty about the path of monetary policy was the major drivers of markets in 2023. In addition, there were a number of other events during the year that were a concern for markets and caused volatility. Nevertheless, equities finished the year very strongly, and US government bonds remain the preeminent safe and liquid asset.

1. Bank stress. Some US regional banks were under stress in the first and second quarter of the year, including two large bank failures, namely Silicon Valley Bank in March and California First Republic Bank in May. The increase in short-term rates had seen depositors shift their money from banks to higher-yielding money market funds. In addition, the value of the banks' investments in bonds fell as a result of the increase in yields. The collapse of Credit Suisse in March, which was taken over by UBS, also contributed to pressure on the banking sector. However, fears of contagion were eased by extensive liquidity support in the US.

2. The US government debt ceiling and political polarisation. The US government reached its \$31.4 trillion debt ceiling in January, although Treasury was able to take "extraordinary measures" to continue to make payments until early in June. Failure to amend the debt ceiling would lead to "considerable economic and financial damage" according to Treasury Secretary Yellen. Specifically, the government would not be able to pay its workers or social security, and it could default on payment of government bonds. After much political wrangling between the Democrats and Republicans, there was an agreement to suspend the ceiling until January 2025.

In addition to negotiations on the debt ceiling limit, the US Congress had to work through deals to avoid a government shut-down as Congress failed to pass annual appropriation bills.

3. US government debt downgrade. In August, the credit rating agency Fitch downgraded the US government's rating from the highest rating of AAA to AA+. According to Fitch, the downgrade reflected the long-term risk of the current US fiscal trajectory and the steady deterioration in the standards of governance on budget and fiscal matters. The latter referred to the last minute resolution of the debt ceiling issue in the middle of the year. S&P, another major credit rating agency, had downgraded the US government's credit rating to AA+ in 2011, when there was a similar last minute deal on the debt ceiling. While in 2011 the issue contributed to a sharp fall in equities, the general expectation in 2023 seemed to be that the issue would be resolved. Moody's, the other major credit rating agency, retains the US Government at the highest rating of AAA, although in November lowered its outlook on US government debt from stable to negative as a result of risks to fiscal strength and political polarization of Congress.

4. Chinese economic weakness. Economic activity in China rebounded in the first quarter after authorities there abandoned their strict Zero-COVID policy in December 2022. However, Chinese economic growth subsequently faltered with weaker global demand for exports, weak consumer confidence and spending, and a continuing property crisis. There were also signs of deflationary pressures throughout the year. Nevertheless, economic growth of 5.2% in 2023 was in line with the official target of around 5% and strong relative to the growth of other large economies.

Developments in the private debt instrument

The Petroleum Fund's investment in Timor Gap E.P., like the Fund's financial market investments, is required to be reported at fair value.¹⁹ However, unlike listed equities and government bonds, a publicly available market price is not available for the loans. Instead, fair value is determined by an annual independent valuation. The BCTL, as operational manager, hires an independent expert to determine the loan's value each year. The valuation firm determines a discount rate that incorporates the end of year yield on a US Treasury bond with a maturity corresponding to that of the loan, and that also adjust for the risk of the Fund's investment. The discount

rate is then applied to the promised cash flows from the loan to calculate the fair value.

The valuation process took some time to establish, which led to significant delays in the 2020 and 2021 annual financial statements and annual reports. The process for 2022 was timelier, and better again in 2023.

Table 10 shows that the discount rate increased fractionally in 2023. The fixed rate, the government bond yield, increased slightly, and the valuation firm also slightly increased the country risk premium. The

¹⁹ If the loan was instead valued at amortized cost, a valuation firm would also need to be engaged to determine the expected credit loss. Under accounting standards, the resulting valuation should, in theory, be similar to fair value.

changes to the discount rate, valuations and returns are shown below.

The loan was valued at \$596.795 million at the end of 2023 compared to \$560.758 million in 2022, which represents an annual return of +6.4%. The 20 bp increase in the discount rate by itself decreases the

present value of the cash flows, but the value increases because the contracted cash flows are one year closer to being received. The positive return in 2023 follows a -20% return posted in 2022, when US interest rates shifted higher (see the fixed rate in Table 10).

Table 10 – Fair value of the loans to Timor Gap E.P.

	2019	2020	2021	2022	2023
Fixed Rate			1.91%	3.99%	4.05%
Country Risk Premium			1.46%	1.46%	1.60%
Liquidity Premium			1.50%	2.50%	2.50%
Discount rate for the loan	4.50%³	5.62%³	4.87%	7.95%	8.15%
Fair value of Petroleum Fund's asset (\$m)	671.314 ¹	615.700	701.353	560.758	596.795
Investment return	3.3% ²	-8.3%	13.9%	-20.0%	6.4%

Notes: 1). The asset was reported at amortized cost in 2019 and the valuation policy changed to fair value in the 2020 financial statements. The external auditor assessed that the 2019 value was not materially different from fair value. 2). The investment was made in April 2019. On an annualised basis, the return for 2019 is 4.5%, consistent with the agreed interest rate. 3). The “build-up” methodology of determining the discount rate was introduced in 2021. The valuation firm used a different approach in 2020, meaning the components are not comparable with 2021 to 2023.

The loan to Timor Gap E.P. often receives a disproportionate share of public attention, perhaps given the connection to Greater Sunrise, which is vitally important to Timor-Leste. As such, it is important that the other technical details of the loan are understood. Firstly, for accounting purposes, interest continues to accrue on the loan based on the contracted annual rate of 4.5%.²⁰

This is based on the cumulative value of the loan at the start of the year, rather than the fair value. Note 13 in the accompanying financial statements in Annex II show the accounting for the loan, and is extracted in Table 11. The difference between the end of year independent valuation and the end of year book value – the beginning value plus accrued interest – is accounted for as a fair value gain/loss. Interest income accounts for most of the increase in value this year.

Table 11 – Accounting for the loans to Timor Gap (\$m)

	2022	2023
Balance at beginning of year	701.353	560.758
Interest income ¹	32.985	34.470
FV gain/loss	-173.581	1.568
Fair value at end of year	560.758	596.795

Note: 1) Interest income is calculated as 4.5% of the cumulative value of the loan at the beginning of the year.

Secondly, the fair value of the Petroleum Fund's asset has diverged from the value of Timor Gap E.P.'s liability. The estimate of fair value varies with changes in government bond yields and the estimated risk premium as shown in Table 10. However, Timor Gap E.P. is required to report the value of its liability to the Petroleum Fund at amortized cost. The value of the liability continues to increase with accumulated interest during the grace period on interest repayments as Table 12 shows.

Thirdly, the value of the Fund's loan to Timor Gap is connected to Greater Sunrise, given that it financed Timor Gap's acquisition of participating interests in Sunrise and Timor Gap's share of inflows from Sunrise will finance the loan repayments. However, to be clear, the value of the Fund's loan is different from the valuation of Timor Gap E.P.'s participating interest. As explained earlier, the BCTL hires an independent firm to assess the value of the loans that the Petroleum Fund made to Timor Gap in 2019.

²⁰ For monthly and quarterly performance reporting, the BCTL's policy in 2023 was to hold the value of the loan constant until a new valuation is available. That is, monthly and quarterly performance reporting does not account for the accrual of interest.

Separately, Timor Gap E.P. hires an independent firm to assess the value of its investment in the Greater Sunrise project. In its 2020, 2021 and 2022 annual financial statements, Timor Gap's participating interest in Greater Sunrise was valued at zero. The independent valuation undertaken for Timor Gap E.P. reported a negative value of the owner's participating interests in Sunrise after taking into account the uncertainty about the fiscal regime and agreement on development. This information is accounted for in the independent valuation of the Petroleum Fund's loan, and contributed to an increase in the risk premium in 2022.

Lastly, one issue raised by the valuation firm is the interval between when Timor Gap E.P. now expects to receive inflows from Greater Sunrise and when it is obliged to start paying the Petroleum Fund interest on the loans, namely \$117 million in April 2028. This so-called "liquidity gap" could result in a significant write-down in the estimated fair value of the loan. The Ministry of Finance has discussed this issue with the Ministry for Petroleum and Mineral Resources along with the parties to the loan, the BCTL and Timor Gap. It was agreed that the terms of the loan can be amended once there is greater clarity on the start date of inflows from Sunrise.

Table 12 – Fair value of PF asset vs Timor Gap's liability (\$m)

	2019	2020	2021	2022	2023
Fair value of Petroleum Fund's asset (\$m)	671.314	615.700	701.353	560.758	596.795
Value of Timor Gap's liability (\$m)	671.314	701.350	732.974	765.958	800.426

Investment performance relative to benchmark

The Total Fund outperformed the aggregate benchmark's annual return of +9.90% by 10 bps in 2023 (Table 13). Financial Market Investments, which is comprised of the liquidity and growth portfolios, outperformed the benchmark index by 5 bps over the year. The liquidity portfolio underperformed its benchmark by 56 bps, while the growth portfolio outperformed its benchmark by 11 basis points.

The majority of the Fund's investment mandates are passively managed, so their performance is expected to generally follow that of their benchmark indices. In the liquidity portfolio, the BCTL's cash mandate underperformed the benchmark by 97 bps. The BCTL attributed this to holding longer-maturity securities than the 3-month Treasury bill benchmark. The BCTL's US Treasury 1-3 year mandate underperformed the benchmark by 21 basis points.

In the growth portfolio, the aggregate fixed interest portfolio outperformed its benchmark by 13 bps in 2023. All fixed interest mandates recorded positive excess returns. In terms of the internally managed US Treasury mandates, the 3-5 Year mandate's performance exceeded the benchmark's return by 32 bps, while the 5-10 year mandate outperformed by 53 bps. The externally managed non-US government bond hedged mandate outperformed its benchmark by 13bps. The TIPS aggregate posted a small positive excess return of 3 bps.

The equity portfolio underperformed its benchmark by 12 bps in 2023. The allocation to equity factors represents the main departure from market-capitalisation weights. The aggregate of the two factor managers returned 1.19% below the market-cap benchmark in 2023, with SSGA's negative excess return of -3.23% partially offset by Schroders' +0.88% excess return. The negative excess return for the aggregate followed strong outperformance in 2021 and 2022. The equity factor mandate tilts towards companies with higher exposures to Value, Quality and Low Volatility factors, with the objective of improving the long-term risk-adjusted return relative to a portfolio invested according to market-capitalization weights. Since the allocation to factors was introduced in 2019, the aggregate has outperformed the market by 38bp per annum. The two managers take quite different approaches, which is reflected in their performance – SSGA's excess return was -55bp, while Schroders is +1.25%.

The external fund managers of the passive equity mandates, SSGA and BlackRock, both posted positive excess returns of about 30 bps in 2023. This is largely because the benchmark index is net of tax and assumes that the maximum withholding tax is paid, while, in practice, the Fund has exemptions in some countries. The BCTL's internally managed Australian equity mandate posted a small negative excess return relative to the benchmark.

Table 13 – Petroleum Fund's investment performance in 2023 (%)

Asset Class	Q1	Q2	Q3	Q4	2023	2022	5y	Since Inception
A. Total Fund¹	3.56	1.39	-1.21	6.07	9.99	-10.36	5.50	4.27
Benchmark	3.56	1.48	-1.33	5.96	9.90	-9.90	5.44	4.21
Excess	0.01	-0.09	0.13	0.11	0.10	-0.46	0.06	0.06
B. Total Financial Market Investments²	3.71	1.43	-1.30	6.06	10.11	-9.98	5.73	4.33
Benchmark	3.66	1.53	-1.44	6.11	10.06	-10.61	5.34	4.18
Excess	0.04	-0.09	0.14	-0.05	0.05	0.62	0.39	0.15
B.1 Liquidity³	1.16	0.73	1.19	1.10	4.25	-0.65	n.a	1.30
Benchmark	1.16	0.80	1.18	1.59	4.81	-0.50	n.a	1.56
Excess	0.00	-0.07	0.01	-0.49	-0.56	-0.15	n.a	-0.25
B.2 Growth³	4.33	1.62	-1.87	7.04	11.37	-11.81	n.a	0.18
Benchmark	4.39	1.60	-1.93	6.98	11.26	-11.94	n.a	0.05
Excess	-0.05	0.02	0.06	0.07	0.11	0.13	n.a	0.13
B.2.1 International Fixed Interest	2.61	-1.25	-1.04	4.63	4.91	-9.05	0.60	1.98
Benchmark	2.51	-1.23	-1.07	4.61	4.79	-9.14	0.66	1.98
Excess	0.10	-0.01	0.03	0.01	0.13	0.09	-0.06	-0.01
B.2.2 International Equities	7.57	6.79	-3.24	11.27	23.67	-16.84	12.94	9.98
Benchmark	7.73	6.83	-3.46	11.42	23.79	-18.14	12.80	9.57
Excess	-0.16	-0.04	0.22	-0.15	-0.12	1.30	0.14	0.41
C. Private debt instrument⁴	0.00	0.00	0.00	6.43	6.43	-20.05	n.a	-1.78
Benchmark	1.11	1.11	1.11	1.11	4.50	4.50	n.a	4.50
Excess	-1.11	-1.11	-1.11	5.32	1.93	-24.55	n.a	-6.28

Notes: 1) The benchmark for the Total Fund after segmentation was introduced in July 2021 uses floating monthly weights for FMI and the private debt investment.

2) The Financial Market Investment portfolio was introduced in November 2020 and separated from the private debt.

3) The Financial Market Investment portfolio was segmented into the Liquidity and Growth portfolios in July 2021.

4) The Private Debt Instruments - the loans to Timor Gap E.P. - were issued on April 2019. Since 2020, an independent valuer has been engaged by the BCTL to determine the fair value of the instruments as at the end of year. The benchmark return shown is the agreed interest rate of 4.5% p.a.

Table 14 – Liquidity portfolio's fixed interest mandates investment performance in 2023 (%)

Liquidity Portfolio Mandate	Q1	Q2	Q3	Q4	2023	2022	5y	Since inception
Cash¹	1.09	1.13	1.33	0.45	4.05	0.52	1.41	1.41
Benchmark	1.07	1.17	1.31	1.37	5.01	1.44	1.88	1.67
1-3 Years US Treasury Bonds²	1.51	-0.70	0.73	2.47	4.05	-3.08	n.a	0.16
Benchmark	1.55	-0.57	0.74	2.49	4.26	-3.85	n.a	-0.11

Notes: 1) The Cash mandate commenced in August 2018 as part of fixed interest. In July 2021, the Cash mandate was classified as part of the Liquidity portfolio. 2) The 1-3 Years Treasury Bonds mandate commenced in July 2021.

Table 15 – Growth portfolio's fixed interest mandates investment performance in 2023 (%)

Growth Portfolio Mandate	Q1	Q2	Q3	Q4	2023	2022	5y	Since inception
International Fixed Interest Aggregate¹	2.61	-1.25	-1.04	4.63	4.91	-9.05	0.60	1.98
Benchmark	2.51	-1.23	-1.07	4.61	4.79	-9.14	0.66	1.98
3-5 Years US Treasury Bonds²	2.40	-1.37	-0.49	4.15	4.67	-7.74	1.02	1.11
Benchmark	2.23	-1.32	-0.55	4.01	4.35	-7.85	1.02	1.09
5-10 Years US Treasury Bonds³	3.45	-1.77	-2.86	5.83	4.46	-12.69	0.64	1.24
Benchmark	3.19	-1.73	-3.06	5.73	3.93	-13.30	0.48	1.16
1-10 Years US TIPS⁴	n.a	n.a	-1.02	3.85	n.a	n.a	n.a	1.21
Benchmark	n.a	n.a	-1.00	3.89	n.a	n.a	n.a	1.19
Global Treasury ex-US, Hedged⁵	2.82	-0.29	-1.19	6.25	7.64	-11.52	n.a	-1.73
Benchmark	3.07	-0.38	-1.40	6.20	7.51	-12.23	n.a	-1.96

Notes: 1) International Fixed Interest Aggregate is part of the Growth portfolio from July 2021.

2) The 3-5 Years US Treasury Bonds mandate commenced in January 2012.

3) The performance of 5-10 Year US Treasury Bonds is a composite of two managers: BIS from December 2011 until April 2020, and the BCTL from May 2020.

4) The 1-10 Years US TIPS was implemented in April 2023. The composite is for two managers, Barings & Franklin Templeton.

5) The currency exposure of the Global Treasury Developed Markets ex US portfolio was hedged starting in May 2020 and is managed by the BIS. From July 2014 until April 2020, the portfolio was managed on an unhedged basis. Unhedged performance is not shown.

Table 16 – Growth portfolio's equity mandates investment performance in 2023 (%)

Growth Portfolio Mandates	Q1	Q2	Q3	Q4	2023	2022	5y	Since inception
International Equities Aggregate	7.57	6.79	-3.24	11.27	23.67	-16.84	12.94	9.98
<i>Benchmark</i>	7.73	6.83	-3.46	11.42	23.79	-18.14	12.80	9.57
SSgA International Equities¹	7.86	7.02	-3.33	11.37	24.27	-17.92	12.95	10.59
<i>Benchmark</i>	7.84	6.97	-3.46	11.34	24.00	-18.40	12.87	10.33
BlackRock International Equities²	7.94	6.99	-3.37	11.40	24.30	-17.88	13.06	10.12
<i>Benchmark</i>	7.84	6.97	-3.46	11.34	24.00	-18.40	12.87	9.84
Multi-Factor International Equity³	7.12	5.72	-2.91	10.59	22.81	-14.80	n.a	11.13
<i>Benchmark</i>	7.84	6.97	-3.46	11.34	24.00	-18.40	n.a	10.74
BCTL Australian Equity⁴	2.73	0.29	-3.30	15.11	14.68	-5.19	9.32	7.85
<i>Benchmark</i>	2.79	0.27	-3.34	15.23	14.79	-5.25	9.72	8.06

Notes: 1) SSGA's passive developed market mandate commenced in January 2012.

2) BlackRock's passive developed market mandate commenced in February 2013.

3) The Multi-Factor developed market equity mandate commenced in August 2019. The composite is for two managers, Schroders and SSGA.

4) The BCTL's Australian equity mandate commenced in July 2016.

E. IAB ADVICE AND THE FUND GOING FORWARD

The Investment Advisory Board (IAB) advises the Minister of Finance on matters relating to the investment strategy and management of the Petroleum Fund as enacted by Article 16 of the Petroleum Fund Law. The IAB's advice is required

to be published according to the Article 24 of the Petroleum Fund Law.

While there was no need for formal advice to the Minister of Finance in 2023, the IAB was actively engaged in the Petroleum Fund, as summarised below.

Work by the IAB in 2023

The IAB usually holds a monthly meeting on the first Wednesday of each month, starting in February. The IAB held 10 meetings in 2023.

Mr. Olgario de Castro was re-elected as Chairman during the February meeting. At the beginning of each year, the Board helps to determine the priorities for the Petroleum Fund, including areas for research by its Secretariat. The priorities for 2023 included the independent review, research on other sovereign wealth fund frameworks, and research on the Fund's investments, including non-US government bonds and equity factors.

The IAB's regular meetings provide a means for the Board to monitor the Fund's investments and management, as well as facilitate planning and cooperation among the Fund's institutions. Each quarter, the BCTL presents the Fund's investment performance to the Board. With respect to other matters, the independent review of the Petroleum Fund was a frequent agenda item throughout 2023, with the Board being briefed on the terms of reference, the project plan, the Ministry of Finance's procurement, Mercer's findings, and the Ministry's suggestions on implementation. Each Board member was separately interviewed by the consulting firm as part of the review. Other regular updates to the IAB included BCTL briefings on its progress on the US TIPS mandate, which was implemented in April. The Board were also briefed by PFP MO on the status of the audited financial statements, prepared by the BCTL, and the annual report. PFP MO also briefed the Board on fiscal developments, including the Rectification Budget for 2023 and the 2024 Budget.

In exploring other SWF frameworks, the Board is very grateful for the presentation on strategic investments funds by the Secretariat of the International Forum of Sovereign Wealth Funds (IFSWF) in April. The IFSWF Secretariat also helped to arrange online presentations by Ireland's Strategic Fund and Senegal's FONSIS and the Board and were grateful for the insights provided. In addition, Timor-

Leste sent a representative to an IFSWF meeting in May on sustainable investing, specifically how SWF investments can help to meet the UN Sustainable Development Goals. Two representatives from the IAB attended the IFSWF's annual meeting in September.

In addition to its monthly meetings, the IAB usually holds two workshops each year. The IAB's first workshop in 2023 was held on 31 July to 2 August 2023 in Dili, with two of the overseas-based Board members attending virtually. As part of the workshop, the consulting firm Mercer presented in person its preliminary findings on the independent review, and the Board, the BCTL and PFP MO provided their initial responses to be followed by feedback in writing. BIS, one of the Fund's external managers, presented online analysis on the customised non-US bond benchmark and performance. The Board also met with members of the Petroleum Fund Consultative Council (PFCC) to discuss the two institutions' roles and responsibilities in the Fund. The BCTL also briefed the Board on the countries where withholding tax is withheld.

The IAB's second workshop was held on 4 to 6 October 2023 in Abu Dhabi, the United Arab Emirates. The Board met with a number of sovereign wealth funds, namely, ADIC (Abu Dhabi Investment Council), Mubadala, ADIA (Abu Dhabi Investment Authority) and EIA (Emirates Investment Authority). From these meetings the IAB learnt about the SWF's objectives, investments, including the role of domestic investment, and governance. The Board and the attendees from the Ministry of Finance and the BCTL were extremely appreciative of the insights provided and the warm hospitality of our SWF counterparts. In addition, three of the Fund's external managers presented during the workshop. Franklin Templeton, an external manager for US TIPS, presented on international bonds, SSgA presented on equity factors, and Schroders presented on emerging market equities and bonds.

The Fund going forward

In December 2023, Her Excellency the Minister of Finance wrote to ask the Board to prioritise implementing the independent review in 2024 and to outline other priorities for 2024. The Ministry of Finance is currently working on addressing the recommendations in the independent review, including the governance documents and a recommended Investment Policy Statement, and will seek feedback from the IAB and BCTL prior to their completion.

Other priorities identified by the IAB for 2024 include identifying any opportunities for Timor-Leste to recover withholding tax; a review of equity factors in terms of the performance of the two managers and the parameters for the mandate; and a review of the Fund's investment beliefs, accounting for the evolution of the Fund's investments, horizon, governance, and expertise.

The IAB has also offered its support to a Ministry of Finance project to extend on its modelling of the Petroleum Fund. As noted in last year's annual report, the life of the Fund largely depends on the government's fiscal policy, along with the size and timing of petroleum inflows from Greater Sunrise. The Petroleum Fund Policy and Management Office will work closely with the Ministry of Finance's National Directorate for Economic Policy, which projects expenditure and withdrawal scenarios. The objective is to develop a comprehensive model to help policy-makers determine a sustainable fiscal path for Timor-Leste during a period of decumulation for the Fund, and assist the Petroleum Fund's institutions in weighing up the risk-return trade-offs for different asset class mixes.

ANNEXES

Annex I: Statement by Director General of Treasury

Petroleum Fund of Timor-Leste
General Information
31 December 2023

Minister of Finance	Rui Augusto Gomes (until 2 July 2023) Santina J.R.F. Viegas Cardoso (from 3 July 2023)
Director General of Treasury	Regina de Jesus de Sousa
Members of Investment Advisory Board	Olgario de Castro Gualdino da Silva Torres Trovik Prof. Michael Drew
Ex Officio (non-voting)	Venancio Alves Maria Regina de Jesus de Sousa (alternate, Filipe Nery Bernardo)
Governor of Central Bank of Timor-Leste	Abraão de Vasconcelos (until 12 September 2023) Helder Lopes (from 13 September 2023)
Executive Director of the Petroleum Fund	Venancio Alves Maria
Operational Manager	Banco Central de Timor-Leste Avenida Xavier do Amaral, no. 9 Dili Timor-Leste
Investment Managers	Banco Central de Timor-Leste Bank for International Settlements Barings LLC Franklin Resources Inc (Franklin Templeton) Schroders Investment Management Limited State Street Global Advisors BlackRock Investment Management Australia Limited
Members of Petroleum Fund Consultative Council	Juvinal Dias Nuno Eugénio Goulart Izilda Imanuela da Luz Pereira Soares Pe. Mouzinho Pereira Lopes Hernani Agostinho Soares Martinha da Silva de Jesus Pinto
Custodian	J P Morgan Chase Bank N.A.
Independent Auditor	Ernst & Young

Petroleum Fund of Timor-Leste
Statement by the Director General of Treasury
31 December 2023

BACKGROUND

The Petroleum Fund Law No. 9/2005 promulgated on 3 August 2005, as amended by Law No. 12/2011, of the 28th September 2011 and Law No. 2/2022, of 10th February 2022, established the Petroleum Fund of Timor Leste (“Petroleum Fund”). The Ministry of Finance is responsible for the overall management of the Petroleum Fund and the Banco Central de Timor Leste (“BCTL”) is responsible for the operational management. 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 2023.

The Petroleum Fund’s financial statements are the most complex International Financial Reporting Standards (IFRS) financial statements produced in Timor-Leste. To optimize the readability of the notes to a wide audience, the notes are structured to provide the reader with:

- a general introduction to the subject matter of the note,
- financial tables elaborating on the data in the primary statements,
- a description of the risks, important judgements or key assumptions that have been made in recording and presenting the data, and
- the related accounting policies.

The financial statements have been independently audited by Ernst & Young whose audit opinion is attached to the financial statements.

PETROLEUM FUND CAPITAL

The Petroleum Fund had capital of US\$17.3 billion on 1 January 2023 (2022: US\$19.6 billion). During the year, additional capital received from taxes and other petroleum revenue under Article 6 of the Petroleum Fund were US\$0.4 billion (2022: US\$1.1 billion). Additional capital or fund received from taxes and other petroleum revenue is not subjected to tax and the Fund itself does not have taxes (other than withholding tax) on petroleum revenue. The Petroleum Fund recorded a profit of US\$1.7 billion (2022: Loss US\$2 billion) during the period. A summary of transactions for the income is given in the “Statement of profit or loss and other comprehensive income”.

US\$1.1 billion was transferred from the Petroleum Fund to the Consolidated Fund during the year (2022: US\$1.4 billion). The capital of Petroleum Fund as at 31 December 2023 was US\$ 18.3 billion (2022: US\$17.3 billion). A summary of the transactions is given in the “Statement of changes in capital”.

BENCHMARKS AND PERFORMANCE

The Investment Advisory Board reviews the investment strategy and asset allocation of the Petroleum Fund regularly, taking into account the expected returns and risk of investments along with the projected cash flows for the Fund, including the Government’s withdrawals. In July 2021, the Petroleum Fund’s financial market investments were segmented into a liquidity portfolio and a growth portfolio in order to account for the expected withdrawals of the Government from the Fund. The liquidity portfolio is intended to finance the next three years of government withdrawals and is invested in cash, short-maturity US Treasury bonds and other short term liquid instruments. The remainder of the Fund is held in the growth portfolio, with an asset allocation of 65% fixed interest securities and 35% global equities. The allocation to private debt – the Investment in Petroleum Operations - is treated separately from financial market investments and is limited to 5% of the total value of the Fund under the Petroleum Fund Law. The Investment Advisory Board considers this to be an appropriate risk level given the investment horizon of the Petroleum Fund.

With respect to changes in asset allocations during the reporting period, in April 2023, 10% of the asset in the Growth Portfolio was invested in US Treasury Inflation Protected Securities (TIPS) to provide some protection against the risk of persistently higher than expected inflation.

Petroleum Fund of Timor-Leste
Statement by the Director General of Treasury
31 December 2023

Summary of benchmarks	As at	As at
Total Fund :	31 December 2023	31 December 2022
1. Investment in Petroleum Operations	3.26%	3.94%
2. Financial Market Investments	96.74%	96.06%
Total Fund	100.00%	100.00%

Financial Market Instruments:

1. Liquidity portfolio	17.03%	16.06%
2. Growth portfolio	82.97%	83.94%
Total for Financial Market Instruments	100.00%	100.00%

Actual weights as at the end of December 2023 and 2022 are shown. The benchmark weight for the Financial Market Investment portfolio are based on actual market values at the end of the prior month.

1. Liquidity portfolio

3 Months US Treasury Bills	84.87%	78.07%
ICE BOA Merrill Lynch US Government 1-3 Years	15.13%	21.93%
Total for Liquidity Portfolio	100.00%	100.00%

Actual weights as at the end of December 2023 and 2022 are shown. The benchmark weight for the liquidity portfolio are based on actual market values at the end of the prior month.

2. Growth portfolio

Fixed interest

ICE BOA Merrill Lynch US Government 3-5 Years	35.00%	45.00%
ICE BOA Merrill Lynch US Government 5-10 Years	10.00%	10.00%
US TIPS 1 - 10 Years	10.00%	n/a
Developed Market Sovereigns – Custom	10.00%	10.00%
Total fixed interest	65.00%	65.00%

Global equities

MSCI World	35.00%	35.00%
Total global equities	35.00%	35.00%

Total for Growth Portfolio	100.00%	100.00%
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The benchmark weights for the growth portfolio are fixed weights

Performance

In accordance with the Article 24.1(a) of the Petroleum Fund Law 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 2023 is given at Note 24. The credit exposure by credit rating is given at Note 14(b)(iii). The performance of the Petroleum Fund during the period has been in accordance with the mandate of the Management Agreements.

Net profit on financial assets at fair value through the profit or loss has been significant at US\$1.2 billion in 2023 reflecting gains on both fixed interest and equity investments during the year. This does not include interest and dividend income from financial assets, which are presented separately.

During the period, the Ministry of Finance together with the BCTL have been able to accomplish the stewardship and fiduciary role for the Petroleum Fund.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Petroleum Fund during the year.

Petroleum Fund of Timor-Leste
Statement by the Director General of Treasury
31 December 2023

APPROVAL OF FINANCIAL STATEMENTS

In the Ministry of Finance's opinion, there are reasonable grounds to believe that the Petroleum Fund will be able to pay its debts as and when they become due and payable, and the attached financial statements and notes thereto are in accordance with the Petroleum Fund Law No. 9/2005, as amended by Law No. 12/2011 of the 28th September 2011 and Law No. 2/2022, of 10th February 2022, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Petroleum Fund. The accompanying financial statements for the year ended 31 December 2023 have been approved on behalf of the Ministry of Finance by:



Regina de Jesus de Sousa
Director General of Treasury
Ministry of Finance Government of Timor-Leste
14 May 2024

Annex II. Audited Financial Statements

Independent auditor's report to The Ministry of Finance, Democratic Republic of Timor-Leste in respect of the Petroleum Fund of Timor-Leste financial report for the year ended 31 December 2023

Opinion

We have audited the financial report of Petroleum Fund of Timor-Leste (the "Petroleum Fund"), which comprises the statement of financial position as at 31 December 2023, statement of profit or loss and other comprehensive income, statement of changes in capital and statement of cash flows for the year then ended, and notes 1 to 23 to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial report present fairly, in all material respects, the financial position of the Petroleum Fund as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Petroleum Fund in accordance with the ethical requirements of the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information other than the financial report and auditor's report thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the Annex I - Statement by the Director General of Treasury, Annex III - Treasury Statement on Accounting Policies and Annex VIII - Treasury Statement on Borrowings by Government of Timor-Leste and PART VII: Schedule of Financial Assets: 24. Schedule of financial assets valued through profit or loss.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and those charged with governance for the financial report

Banco Central de Timor-Leste, the operational manager ("management") 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 management determines is necessary to enable the preparation and fair presentation of financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Petroleum Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Petroleum Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards of Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with International Standards of Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit 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 Petroleum Fund's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Petroleum Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Petroleum Fund to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management and those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Ernst & Young
Perth
14 May 2024

Petroleum Fund of Timor-Leste
Statement of profit or loss and other comprehensive income
for the year ended 31 December 2023

		<i>Year ended</i> <i>31/12/2023</i>	<i>Year ended</i> <i>31/12/2022</i>
	<i>Note</i>	<i>USD</i>	<i>USD</i>
Income			
Interest income	4	368,052,608	197,731,024
Dividend income	5	104,735,279	105,765,775
Trust income	5	3,976,789	3,981,936
Other investment income		4,207	242
Net gains/(losses) on financial assets and liabilities at fair value through profit or loss	6	1,222,698,767	(2,349,596,165)
Net foreign exchange gains	7	611,114	11,176,780
Total income/(loss)		1,700,078,764	(2,030,940,408)
Expenses			
External management and custody fees	20	(5,855,910)	(6,819,831)
Investment Advisory Board expenses	20	(677,455)	(287,254)
BCTL operational management fees	20	(7,188,017)	(6,210,821)
Other expenses		(1,580,593)	(8,040)
Withholding taxes expenses	9	(6,072,628)	(6,172,190)
Total expenses		(21,374,603)	(19,498,136)
Profit/(Loss) for the year		1,678,704,161	(2,050,438,544)
Other comprehensive income		—	—
Total comprehensive income/(loss) for the year		1,678,704,161	(2,050,438,544)

The financial statements should be read in conjunction with the accompanying policies and notes.

Petroleum Fund of Timor-Leste
Statement of financial position
for the year ended 31 December 2023

		<i>Year ended</i> <i>31/12/2023</i>	<i>Year ended</i> <i>31/12/2022</i>
	<i>Note</i>	<i>USD</i>	<i>USD</i>
Assets			
Cash and cash equivalents	11	2,065,968,190	1,275,184,933
Other receivables	12	43,011,253	10,784,913
Financial assets at fair value through profit or loss	14	16,220,795,477	16,016,472,342
Total assets		18,329,774,920	17,302,442,188
Liabilities			
Financial liabilities at fair value through profit or loss	14,15	32,963,125	27,397,541
Payables for securities purchased		8,177,581	750
Accounts payable		229,239	2,042,175
Total liabilities		41,369,945	29,440,466
Net assets		18,288,404,975	17,273,001,722

The financial statements should be read in conjunction with the accompanying policies and notes.

Petroleum Fund of Timor-Leste
Statement of changes in capital
for the year ended 31 December 2023

	<i>Note</i>	<i>Year ended 31/12/2023 USD</i>	<i>Year ended 31/12/2022 USD</i>
Capital at the beginning of the year		17,273,001,722	19,621,023,723
Petroleum Fund gross receipts (pursuant to Article 6 of the Petroleum Fund Law)	16	426,699,092	1,106,416,543
		17,699,700,814	20,727,440,266
Transfers to the Consolidated Fund of Timor-Leste (pursuant to Article 7 of the Petroleum Fund Law)	16	(1,090,000,000)	(1,404,000,000)
Transfers for refunds of taxation (pursuant to Article 10 of the Petroleum Fund Law)	16	—	—
Total comprehensive income/(loss) for the year		1,678,704,161	(2,050,438,544)
Capital at the end of the year		18,288,404,975	17,273,001,722

The financial statements should be read in conjunction with the accompanying policies and notes.

Petroleum Fund of Timor-Leste
Statement of cash flows
for the year ended 31 December 2023

	<i>Note</i>	<i>Year ended 31/12/2023 USD</i>	<i>Year ended 31/12/2022 USD</i>
Cash flows from operating activities			
Proceeds from sale and maturities of financial assets at fair value through profit or loss	14	13,948,433,913	12,923,937,002
Purchases of financial assets at fair value through profit or loss	14	(12,946,352,314)	(12,593,363,946)
Interest received		368,245,017	196,830,311
Dividends received		95,898,439	97,787,157
Trust distributions received		3,969,866	3,933,049
Management and custody fees paid		(15,235,568)	(13,402,409)
Other operating receipts		4,207	244
Other operating payments		(1,580,593)	(8,040)
Net cash flow from operating activities	17	1,453,382,967	615,713,368
Cash flows from financing activities			
Petroleum Fund gross receipts		427,017,209	1,106,098,425
Transfer payments to the Consolidated Fund of Timor-Leste	16	(1,090,000,000)	(1,404,000,000)
Net cash flows utilised in financing activities		(662,982,791)	(297,901,575)
Net increase in cash and cash equivalents		790,400,176	317,811,793
Cash and cash equivalents at the beginning of the year		1,275,184,933	961,113,252
Effects of foreign currency exchange rate changes on cash and cash equivalents		383,081	(3,740,112)
Cash and cash equivalents at 31 December	11	2,065,968,190	1,275,184,933

The financial statements should be read in conjunction with the accompanying policies and notes.

Petroleum Fund of Timor-Leste
Notes to the financial statements
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Petroleum Fund of Timor-Leste
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PART I: INTRODUCTION

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 and Law No. 2/2022, of 10th February 2022.

The investment strategy and benchmarks of the Petroleum Fund are determined by the Ministry of Finance based on advice from the Investment Advisory Board (IAB).

The Banco Central de Timor-Leste (BCTL) having its office at Avenida Xavier do Amaral, no. 9, Dili, Timor-Leste, is responsible for the operational management of the Petroleum Fund and is the registered owner of all the assets of the Petroleum Fund. The management of the Petroleum Fund is undertaken according to a Management Agreement between the Ministry of Finance and the BCTL.

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 Petroleum Fund's investment portfolio of assets at fair value through profit or loss, assets at amortised costs and cash and cash equivalents complied with the legislative and contractual requirements throughout the period.

These financial statements were authorized for issue by the Director General of Treasury on 14 May 2024.

2. Statement of compliance with IFRS

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 Petroleum Fund has adopted all of the IFRS standards and amendments that were applicable during the year.

Information about the impact of new and forthcoming IFRS on these financial statements is provided in Note 22.

3. Basis of preparation

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

The financial statements 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 described herein.

The accounting policies have been consistently applied by the Petroleum Fund.

Estimates and judgments

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. Estimates use observable data to the extent practicable. However, areas such as potential market changes, credit risk, volatilities and correlations require management to make estimates that could affect the reported fair value of financial instruments. Actual results may therefore vary from these estimates. This process involves a high degree of judgment or complexity.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision, and future periods if the revision affects both current and future periods.

Assumptions and estimates that are significant to the financial statements are disclosed in the relevant notes, as are the judgments made by management which have a significant effect on the amounts recognized in the financial statements.

PART II: NOTES TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The statement of profit or loss and other comprehensive income, also known as the profit & loss account, is a report of income, expenses and the resulting profit or loss earned by the Petroleum Fund during the period from 1 January to 31 December each year.

The concept of income encompasses both revenue and gains. Revenue arises in the course of the normal activities of the Petroleum Fund and is referred to by a variety of names, including interest and dividends. Gains represent increases in economic benefits and include both realized and unrealized gains, including the revaluation of marketable securities and foreign exchange.

The concept of expenses encompasses losses as well as those expenses that arise in the course of the ordinary activities of the Petroleum Fund. Other comprehensive income includes items of income or expense (including reclassification adjustments) that are not recognized in profit or loss as required or permitted by IFRS.

Petroleum Fund of Timor-Leste
Notes to the financial statements
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4. Interest income

Interest income is derived from the Petroleum Fund's investments in fixed interest securities, cash balances and short term cash investments.

	<i>Year ended</i> <i>31/12/2023</i> <i>USD</i>	<i>Year ended</i> <i>31/12/2022</i> <i>USD</i>
Interest from Fixed interest securities at fair value through profit or loss	358,610,939	197,314,841
Interest from cash at bank	9,441,669	416,183
	368,052,608	197,731,024

Accounting policy

Interest income from fixed interest securities at fair value through profit loss is accrued based on contractual coupon rates. It is recognized in the statement of profit or loss and other comprehensive income and shown separately from other fair value movements.

5. Dividends and trust income

Dividends received are distributions from the Petroleum Fund's holding of equities and represent the Petroleum Fund's share of profits paid out to shareholders. Trust income is similar to dividends but is derived from the Petroleum Fund's investments in real estate entities that are incorporated as Real Estate Investment Trusts.

	<i>Year ended</i> <i>31/12/2023</i> <i>USD</i>	<i>Year ended</i> <i>31/12/2022</i> <i>USD</i>
Dividend income	104,735,279	105,765,775
Trust income	3,976,789	3,981,936
	108,712,068	109,747,711

Accounting policy

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

6. Gain or loss on financial assets and liabilities at fair value through profit or 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. These changes arise from changes in the market value of the financial investments (or liabilities) held by the Petroleum Fund.

	<i>Year ended</i> <i>31/12/2023</i> <i>USD</i>	<i>Year ended</i> <i>31/12/2022</i> <i>USD</i>
Net gains/(losses) on financial assets and liabilities at fair value through profit or loss	1,222,698,767	(2,349,596,165)

Accounting policy, estimates, assumptions, judgments and risks

See Note 14 which sets out information that relates to this item:

- details of the accounting policies relating to financial assets and liabilities designated as 'at fair value through profit or loss'
- the significant judgments and estimates that have been made and may be material in determining the reported gain or loss on financial assets and liabilities,
- the risks associated with holding financial assets and liabilities that may impact on the reported profit or loss, and
- an analysis of the sensitivity to changes in future market conditions that may give rise to gains or losses on financial assets and liabilities

Petroleum Fund of Timor-Leste
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7. Foreign exchange gain/(losses)

Foreign exchange gains and losses arise when the Petroleum Fund invests in assets (except for those arising on financial instruments measured at fair value through profit or loss in accordance with IFRS 9) denominated in a currency other than the US dollar (the Petroleum Fund's functional currency). When the US dollar strengthens relative to another currency in which the Petroleum Fund holds assets, the Petroleum Fund will report a foreign exchange loss. Conversely, if the Petroleum Fund holds an asset denominated in a currency other than US dollars, and that currency strengthens, the Petroleum Fund will report a foreign exchange gain.

Accounting policy

Foreign exchange gains and losses on financial instruments measured at fair value through profit or loss – namely, the Fund's investments in equities and fixed interest - are included in the gain or loss on those instruments reported in Note 6. Other foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year end exchange rates of monetary and other financial assets and liabilities denominated in foreign currencies are disclosed in the statement of profit or loss separately below.

	<i>Year ended</i> <i>31/12/2023</i> <i>USD</i>	<i>Year ended</i> <i>31/12/2022</i> <i>USD</i>
Net foreign exchange gains	611,114	11,176,780

8. Expenses

In accordance with the provisions of the Petroleum Fund Law, all expenses of the Petroleum Fund other than the external audit fee (which is met from the state budget), not relating to the purchase or sale of securities and recognized in the sale or purchase price, are met by the BCTL and are covered by a management fee. This management fee is legally a deduction from the gross receipts of the Petroleum Fund (Art 6.3 of Petroleum Fund Law), although it is recognized as an expense in the statement of profit or loss and other comprehensive income.

Expenses which are incidental to the acquisition of an investment at amortised cost are included in the cost of that investment while transactions costs of an investment at fair value through profit or loss that are directly attributable to the acquisition of the financial asset or financial liability are expensed off.

Expenses that are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.

9. Taxation

The Petroleum Fund is exempt from all forms of taxation in Timor-Leste under Timor-Leste law. Therefore, the Petroleum 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.

Accounting policy

Income of the Petroleum Fund earned in foreign jurisdictions subject to withholding taxes levied in those jurisdictions is 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.

Critical accounting estimates, assumptions and judgments

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 Petroleum 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 Petroleum Fund assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognized.

Petroleum Fund of Timor-Leste
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PART III: NOTES TO THE STATEMENT OF FINANCIAL POSITION

The statement of financial position, also known as the balance sheet, presents the financial position of the Petroleum Fund as at the end of its financial year, 31 December. The statement of financial position comprises three main components: assets, liabilities and capital.

An asset is something that the Petroleum Fund owns or controls in order to get economic benefits from its use. The main assets of the Petroleum Fund are bonds and equities (shares).

A liability is an obligation that the Petroleum Fund owes to another party which in normal circumstances is settled in cash or other financial resources.

The capital is the net wealth of the Petroleum Fund that belongs to its ultimate owner, the Democratic Republic of Timor-Leste. The statement of financial position presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items.

10. Risk management

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

10.1. Financial risk

The Petroleum Fund's activities expose it to a variety of financial risks, being market risk (including equity price risk, interest rate risk and currency risk), credit risk and liquidity risk.

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. 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.

10.2. Market risk

Market risk is the risk that movements in market factors, such as foreign exchange rates, interest rates, credit spreads, and equity prices, will reduce the Petroleum Fund's income or the value of its portfolios.

The objective of managing this risk is to manage and control market exposures, including for example the use of conservative benchmarks and tracking error in manager mandates, in order to optimize return on risk while ensuring solvency.

10.3. Credit risk

Credit risk is the risk that the issuer of a debt instrument is not able to repay the principal and/or interest on the due dates.

The Petroleum Fund manages the credit risk associated with private debt instruments by requiring issuers to comply with covenants, including amongst other things requirements for the issuer to provide regular financial and cash flow statements, and to maintain accumulated cash flow projections well in excess of outstanding repayments of principal and interest.

10.4. 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.

The Liquidity Portfolio of low-risk, highly liquid investments is designed to finance the next three years of government withdrawals. Consequently, liquidity risk is limited. In addition, 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 Petroleum Fund.

Liabilities at the year-end were US\$41.4 million (2022: US\$29.4 million) and consists of derivative liabilities, 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 Petroleum 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 Petroleum Fund invests primarily in marketable securities and other financial instruments which, under normal market conditions are readily convertible to cash.

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11. Cash and cash equivalents

The Petroleum Fund has a number of bank accounts in which it holds cash. Surplus cash is invested in overnight markets with banks or through reverse repurchase agreements which may be thought of as secured overnight deposits.

	<i>As at</i> 31/12/2023 USD	<i>As at</i> 31/12/2022 USD
Cash at bank	159,768,190	190,784,933
Overnight reverse repurchase agreements	1,906,200,000	1,084,400,000
	2,065,968,190	1,275,184,933

Accounting policy

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.

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

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

Risks

Cash and cash equivalents are not subject to significant interest rate risk. Credit risk is managed by holding cash at financial institutions with a high reputation – the Federal Reserve Bank of New York with a Standard & Poor's rating of AA+ (very strong capacity to meet its financial commitments), JPMorgan Chase Bank N.V. with a Standard & Poor's short term issuer rating of A-1 (strong capacity to meet its financial commitment but somewhat susceptible to economic conditions and changes in circumstances) and Bank for International Settlements.

12. Other receivables

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

	<i>As at</i> 31/12/2023 USD	<i>As at</i> 31/12/2022 USD
Dividends receivables	4,561,509	3,842,643
Withholding tax receivables	7,812,324	5,989,812
Trust distributions receivables	451,672	447,451
Due from brokers receivables	30,036,450	–
Interest receivables	149,289	186,882
Application receivables	–	318,117
Other receivables	9	8
	43,011,253	10,784,913

Accounting policy

Loans and receivables (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 and subsequently measured at amortized cost.

Impairment of financial assets

The Petroleum Fund monitors all financial assets that are subject to the IFRS impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Petroleum Fund will measure the loss allowance based on lifetime rather than 12 month ECL.

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2023

12. Other receivables (continued)

The Petroleum Fund's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Petroleum Fund monitors all financial assets that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Petroleum Fund compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Petroleum Fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort.

Risks

Receivables, other than recoverable withholding taxes, are subject to minimal risk and are generally paid within a short timeframe in the normal course of business.

The recovery of withholding tax receivables is dependent on processing and approval by the relevant tax authorities.

13. Investment in private debt instruments

In 2019, the Petroleum Fund purchased certain private debt instruments issued by subsidiaries of Timor Gap Lda in relation to the purchase in April 2019 of participating interests and rights in the Greater Sunrise oil and gas field by the Democratic Republic of Timor-Leste.

The debt instruments carry a coupon rate of 4.5% and are repayable over a period of 18 years with a repayment grace period of 8 years.

Accounting policy

At 31 December 2023, the Petroleum Fund, in consultation with a third party valuer has estimated the fair value of the investment in the private debt instruments to be \$596,795,136 (2022: \$560,757,917) using a discounted cash flow model based on the contractual cashflows under the debt instruments and an implied market interest rate of 8.15% (2022: 7.95%). The implied interest rate was estimated using comparable curves adjusted for differences in the instrument's terms. If the discount rate increased/decreased by 1%, the fair value of the investment would decrease and increase by \$43.42 million and \$47.74 million respectively.

The movement in the fair value for the year ended 31 December 2023 and 31 December 2022 is summarized in the table below:

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>USD</i>	<i>USD</i>
Balance at beginning of the year	560,757,917	701,353,365
Interest income	34,469,646	32,985,307
Fair value gain/(loss)	1,567,573	(173,580,755)
	596,795,136	560,757,917

Risks

The private debt instruments owned by the Petroleum Fund have been issued by subsidiaries of Timor Gap Lda on the assumption that the cash flows from their investments in the Greater Sunrise oil and gas field will exceed the cost of the rights purchased and subsequent development costs. There are risks that:

- the cash flows from Timor Gap's share of oil and gas revenues may not be large enough to meet the contractual repayments of principal and/or interest; or
- the anticipated cash flows from oil and gas revenues may not materialize within the time frame assumed by the grace period; or
- other events may occur that impact the ability of the issuers to make the agreed repayments at the agreed times.

13. Investment in private debt instruments (continued)

The Petroleum Fund has established procedures for regular reviews of the issuers' financial forecasts, covenants and other information that collectively provide an "early warning system" that the probability of one or more of these risks materializing may have increased.

The Timor Gap private debt instruments are denominated in US dollars. As a result, there is no exposure to foreign currency risk.

14. Financial assets and financial liabilities at fair value through profit or loss

The Petroleum Fund invests in a range of financial instruments in order to generate income. The investments include equities (shares) and fixed interest (bonds) and a limited number of derivative instruments.

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

The Petroleum 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 Petroleum Fund. Over the counter ("OTC") derivatives may expose the Petroleum Fund to the risks associated with the absence of an exchange market on which to close out an open position. Investment managers are instructed to closely monitor the Petroleum Fund's exposure under derivative contracts as part of the overall management of the Petroleum Fund's market risk.

The Minister of Finance has approved the use of equity index futures, bond and interest rate futures, bond and currency forward contracts, and US CPI Swaps under Annex 1, of the Management Agreement between the Minister and the BCTL. For the reporting period, Amendment Number 15 (from 1 July 2021) and Amendment Number 16 (from 1 April 2023) of the Management Agreement applied.

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14. Financial assets and financial liabilities at fair value through profit or loss (continued)

	<i>As at 31/12/2023</i>		<i>As at 31/12/2022</i>	
	<i>USD</i>		<i>USD</i>	
	Fair value	% of investment/ asset allocation	Fair value	% of investment/ asset allocation
At fair value through profit or loss				
Fixed interest securities				
United States treasury notes	8,744,300,187	54	9,416,390,896	59
Australian government bonds	131,675,682	1	128,134,799	1
Japanese government bonds	119,377,215	1	138,996,792	1
United Kingdom government bonds	128,796,599	1	119,848,312	1
European government bonds	356,318,218	2	392,640,735	2
Investment in private debt instruments (note 13)	596,795,136	4	560,757,917	3
Other government bonds	522,600,976	3	524,508,302	3
Total fixed interest securities	10,599,864,013	66	11,281,277,753	70
Equity securities				
United States equities	3,866,368,460	24	3,079,352,750	19
Australian equities	129,161,365	1	119,518,475	1
Japanese equities	352,058,244	2	288,927,578	2
United Kingdom equities	216,609,151	1	212,770,036	1
European equities	500,839,074	3	416,029,113	3
Equities from other countries	500,079,033	3	466,832,249	3
Total equity securities	5,565,115,327	34	4,583,430,201	29
Money market securities				
United States treasury bills	–	–	150,382,501	1
European treasury bills	21,148,191	–	–	–
Japanese treasury bills	22,707,033	–	–	–
Treasury bills from other countries	8,717,488	–	–	–
Total money market securities	52,572,712	–	150,382,501	1
Derivatives				
United States equity futures	31,920	–	–	–
Foreign currency forward contracts	3,211,505	–	1,381,887	–
Total derivatives	3,243,425	–	1,381,887	–
Total financial assets at fair value through profit or loss	16,220,795,477	100	16,016,472,342	100
Financial liabilities - at fair value through profit or loss				
Derivatives				
United States equity futures	–	–	778,604	3
Foreign currency forward contracts	32,963,125	100	26,618,937	97
Total derivatives	32,963,125	100	27,397,541	100
Total financial liabilities at fair value through profit or loss	32,963,125	100	27,397,541	100

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14. Financial assets and financial liabilities at fair value through profit or loss (continued)

Transactions in financial assets which arise either from the investment of new funds, the periodic rebalancing of the investment portfolio or sales to generate cash for budgetary transfers, are summarized as follows:

	<i>As at 31/12/2023 USD</i>	<i>As at 31/12/2022 USD</i>
Financial assets and financial liabilities at fair value through profit or loss	16,016,472,342	18,665,502,427
Purchases at cost	12,946,352,314	12,593,363,946
Proceeds from sales	(13,948,433,913)	(12,923,936,750)
Net unrealized gains/(losses) on financial assets/financial liabilities at fair value through profit or loss	1,206,404,734	(2,318,457,281)
Closing fair value	16,220,795,477	16,016,472,342

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 (see accounting policies below for definitions of the levels) based on the degree to which the fair value is observable.

	<i>As at 31/12/2023 USD</i>			
	Quoted market price (Level 1)	Valuation technique: market observable inputs (Level 2)	Valuation technique: non- market observable inputs (Level 3)	Total
Financial assets				
Financial instruments at fair value through profit or loss				
Equity securities	5,565,115,327	–	–	5,565,115,327
Money market securities	52,572,712	–	–	52,572,712
Fixed interest securities	10,003,068,877	–	596,795,136	10,599,864,013
Derivatives	31,920	3,211,505	–	3,243,425
Total	15,620,788,836	3,211,505	596,795,136	16,220,795,477
Financial liabilities				
Financial instruments at fair value through profit or loss				
Derivatives	–	(32,963,125)	–	(32,963,125)
Total	–	(32,963,125)	–	(32,963,125)

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2023

14. Financial assets and financial liabilities at fair value through profit or loss (continued)

	<i>As at 31/12/2022</i>			
	<i>USD</i>			
	Quoted market price (Level 1)	Valuation technique: market observable inputs (Level 2)	Valuation technique: non- market observable inputs (Level 3)	Total
Financial assets				
Financial instruments at fair value through profit or loss				
Equity securities	4,583,430,201	–	–	4,583,430,201
Money market securities	150,382,501	–	–	150,382,501
Fixed interest securities	10,720,519,836	–	560,757,917	11,281,277,753
Derivatives	–	1,381,887	–	1,381,887
Total	15,454,332,538	1,381,887	560,757,917	16,016,472,342
Financial liabilities				
Financial instruments at fair value through profit or loss				
Derivatives	(778,604)	(26,618,937)	–	(27,397,541)
Total	(778,604)	(26,618,937)	–	(27,397,541)

There were no transfers between levels for the year ended 31 December 2023 (2022: nil).

There were no movements in all levels of instruments for the year ended 31 December 2023 (2022: nil).

A detailed schedule of financial assets at fair value through profit or loss is at Note 24.

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.

	As at 31/12/2023		As at 31/12/2022	
	<i>Fair value</i>	<i>Notional value</i>	<i>Fair value</i>	<i>Notional value</i>
	<i>USD</i>	<i>USD</i>	<i>USD</i>	<i>USD</i>
Derivative financial instruments				
Equity futures	31,920	964,000	(778,604)	25,868,700
Foreign currency forward contracts	(29,751,620)	3,924,201,531	(25,237,050)	4,116,402,237
Total	(29,719,700)	3,925,165,531	(26,015,654)	4,142,270,937

Accounting policies

Recognition

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

As the Petroleum Fund's publicly traded financial assets are held within a business model whose objective is not to hold financial assets in order to collect contractual cash flows; or is achieved by both collecting contractual cash flows and selling the financial assets, all publicly traded financial assets are measured subsequently at fair value through profit or loss (FVTPL).

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

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2023

14. Financial assets and financial liabilities at fair value through profit or loss (continued)

Financial assets and liabilities (initial measurement)

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

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract and the host contract is not itself classified as held for trading or designated as at fair value through profit or loss. Embedded derivatives separated from the host are carried at fair value with changes in fair value recognized in profit or loss.

Subsequent measurement

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments valued according to Level 1 is based on their quoted market prices at the statement of financial position date without any deduction for estimated future selling costs. Financial assets held or a liability to be issued are priced at current bid prices, while financial liabilities held and assets to be acquired are priced at current asking prices.

All changes to fair value, other than interest or dividend income, are recognized in the profit or loss as part of net gain from financial assets or liabilities at fair value through profit or loss. Interest and dividend income is presented separately from other fair value movements in the statement of profit or loss.

Derecognition

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

- Either the rights to receive cash flows from the asset have expired, or the Petroleum 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 Petroleum Fund has transferred substantially all the risks and rewards of the asset or (b) the Petroleum Fund has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Petroleum Fund has transferred its rights to receive cash flows from an asset (or has entered into a pass through arrangement) and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Petroleum Fund’s continuing involvement in the asset. In that case, the Petroleum Fund also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Petroleum Fund has retained.

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

Offsetting

The Petroleum Fund offsets financial assets and financial liabilities if the Petroleum Fund has a legally enforceable right to set off the recognized amounts and interests and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS.

Critical accounting estimates

The manner in which assets are valued can have a material effect on the financial position and profit of the Petroleum Fund. In order to assess the reliability and objectivity of the valuation process, the Petroleum Fund categorizes the method of valuation into three levels, as follows: Level 1 (Quoted market price) fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities. The Petroleum Fund does not adjust the quoted prices for these instruments.

Petroleum Fund of Timor-Leste
Notes to the financial statements
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14. Financial assets and financial liabilities at fair value through profit or loss (continued)

Level 2 (Valuation technique: market observable inputs) 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. Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. The level 2 instruments include over-the-counter derivatives.

Level 3 (Valuation technique: non market observable inputs) 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).

Risks

(a) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Petroleum Fund's income or fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The maximum risk resulting from financial instruments equals their fair value.

The Petroleum Fund's strategy for the management of market risks is driven by the Petroleum Fund's investment objectives, including diversification of its investment portfolio, by specifying benchmarks in individual investment mandates with risk limits defined by maximum or target 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 unfavorable 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 Petroleum Fund's investments in equity securities and from equity linked derivatives. The Petroleum 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 Petroleum Fund 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 Petroleum Fund has no assets classified as 'Financial assets at fair value through other comprehensive income' 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 impact.

The Petroleum Fund manages its exposure to equity price risk by analyzing the portfolio by industrial sector and country each month and benchmarking the performance of each sector/country to the MSCI World Index by considering the performance of the Petroleum Fund attributable to stock allocation, security selection and the interaction effect.

The following table summarizes the sensitivity of the Petroleum 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 Petroleum 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 operational manager's 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.

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2023

14. Financial assets and financial liabilities at fair value through profit or loss (continued)

	<i>Price risk</i>	
	<i>Impact on profit/(loss) for the year/Net assets</i>	
	<i>(-10.00%)</i>	<i>(+10.00%)</i>
31 December 2023	(556,511,533)	556,511,533
31 December 2022	(458,343,020)	458,343,020

*Interest rate sensitivity for 2022 has been revised from the 2022 Annual Report

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

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

(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 Petroleum Fund's assets may be affected favorably or unfavorably by fluctuations in currency rates. Therefore, the Petroleum Fund is necessarily subject to foreign exchange risks. The Petroleum Fund's assets are 90% (2022: 91%) in US dollars after accounting for currency hedging, therefore exposure to currency movements are limited.

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

	As at 31/12/2023						
	USD						
	USD	EUR	AUD	GBP	JPY	Other Currencies	Total
Cash and Cash Equivalents	2,042,894,243	2,107,479	2,528,439	4,206,189	2,934,246	11,297,594	2,065,968,190
Equity securities	3,866,368,460	500,839,074	129,161,365	216,609,151	352,058,244	500,079,033	5,565,115,327
Money market securities	–	21,148,191	–	–	22,707,033	8,717,488	52,572,712
Fixed interest securities at FVTPL	9,341,095,323	356,318,218	131,675,682	128,796,599	119,377,215	522,600,976	10,599,864,013
Receivables	4,269,571	30,404,647	191,226	485,040	490,925	7,169,844	43,011,253
Payables	(8,403,227)	–	–	–	–	(3,593)	(8,406,820)
Total physical exposure	15,246,224,370	910,817,609	263,556,712	350,096,979	497,567,663	1,049,861,342	18,318,124,675
Futures	31,920	–	–	–	–	–	31,920
Forward exchange contracts							
- buy foreign currency	(1,314,558,224)	(793,871,415)	(260,797,321)	(250,010,820)	(284,380,179)	(1,050,335,190)	(3,953,953,149)
- sell foreign currency	2,607,791,700	396,348,420	130,328,850	125,057,880	141,575,374	523,099,305	3,924,201,529
Total derivative exposure	1,293,265,396	(397,522,995)	(130,468,471)	(124,952,940)	(142,804,805)	(527,235,885)	(29,719,700)
Total net exposure	16,539,489,766	513,294,614	133,088,241	225,144,039	354,762,858	522,625,457	18,288,404,975
Exposure (% of net assets)	90.44%	2.81%	0.73%	1.23%	1.94%	2.85%	100%

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2023

14. Financial assets and financial liabilities at fair value through profit or loss (continued)

	As at 31/12/2022						
	USD						
	USD	EUR	AUD	GBP	JPY	Other Currencies	Total
Cash and Cash Equivalents	1,256,551,801	2,582,258	1,261,430	1,198,160	2,626,315	10,964,969	1,275,184,933
Equity securities	3,079,352,744	416,029,112	119,518,480	212,770,038	288,927,577	466,832,250	4,583,430,201
Money market securities	150,382,501	–	–	–	–	–	150,382,501
Fixed interest securities at FVTPL	9,977,148,958	392,640,740	128,134,797	119,848,165	138,996,789	524,508,304	11,281,277,753
Receivables	3,603,088	566,191	190,395	437,411	433,606	5,554,222	10,784,913
Payables	(2,042,925)	–	–	–	–	–	(2,042,925)
Total physical exposure	14,464,996,167	811,818,301	249,105,102	334,253,774	430,984,287	1,007,859,745	17,299,017,376
Futures	(778,604)	–	–	–	–	–	(778,604)
Forward exchange contracts							
- buy foreign currency	(1,408,881,072)	(835,213,929)	(266,677,589)	(259,325,315)	(286,926,372)	(1,084,615,010)	(4,141,639,287)
- sell foreign currency	2,707,566,137	438,106,125	137,935,710	132,800,160	147,159,801	552,834,304	4,116,402,237
Total derivative exposure	1,297,906,461	(397,107,804)	(128,741,879)	(126,525,155)	(139,766,571)	(531,780,706)	(26,015,654)
Total net exposure	15,762,902,628	414,710,497	120,363,223	207,728,619	291,217,716	476,079,039	17,273,001,722
Exposure (% of net assets)	91.25%	2.40%	0.70%	1.20%	1.69%	2.76%	100%

The Petroleum Fund is primarily exposed to the Euro, Australian Dollar, 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.

	As at 31/12/2023 USD	As at 31/12/2022 USD
EUR impact	(51,329,461)	(41,471,050)
AUD impact	(13,308,824)	(12,036,322)
GBP impact	(22,514,404)	(20,772,862)
JPY impact	(35,476,286)	(29,121,772)
Other currencies impact	(52,262,545)	(47,607,904)
Total currencies impact	(174,891,520)	(151,009,910)

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 Fixed interest 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 Petroleum Fund considers and consolidates all elements of credit risk exposure reflecting the fact that the main concentration to which the Petroleum Fund is exposed arises from the Petroleum Fund's investments in Fixed interest securities.

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2023

14. Financial assets and financial liabilities at fair value through profit or loss (continued)

(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 Petroleum 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 Petroleum Fund is segmented into a liquidity and growth portfolio. The liquidity portfolio is comprised of US dollar cash and cash equivalents, money market securities, short-maturity US Treasury bonds and other short term liquid instruments. The target asset allocation weights for the growth portfolio were 65% fixed interest securities and 35% global equities at the end of December. The Fund's investment in private debt is separated from the financial market investments and is limited to 5% of the total value of the Fund under the Petroleum Fund Law. The IAB regularly monitors and reviews the Petroleum Fund's asset allocation at its meetings, with consideration to the desired risk profile of the Petroleum Fund. The Board considers the current asset allocation to be appropriate given the current investment horizon of the Petroleum 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 other governments, and the investment in Timor Gap Lda.

(ii) Concentration of credit exposure

Concentrations of credit risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or when a number of counterparties are engaged in similar business activities or activities in the same geographic regions, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The allocation to each sovereign issuer is constantly monitored and any actual or anticipated changes to the credit risk profile of each issuing country will be considered in the allocation. Securities issued by US Treasury was 54% (2022: 58%) of the Petroleum Fund's Investments measured at fair value through profit or loss. Diversification within the non US sovereign bond mandate is achieved through limiting each country to a maximum weight of 10% of the index and the Eurozone weight to 30%.

The Petroleum Fund's significant end of year concentrations of credit exposure by the industry or country of the issuer were as follows:

	<i>As at</i> 31/12/2023 <i>USD</i>	<i>As at</i> 31/12/2022 <i>USD</i>
Fixed interest securities and money market securities		
Financial assets at FVTPL - Sovereign issuers:		
United States Government	8,744,300,187	9,566,773,397
Australian Government	131,675,682	128,134,799
Japan Government	142,084,248	138,996,792
United Kingdom Government	128,796,599	119,848,312
European Governments	377,466,409	392,640,735
Timor-Leste Government (note 13)	596,795,136	560,757,917
Governments of other countries	531,318,464	524,508,302
	10,652,436,725	11,431,660,254

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2023

14. Financial assets and financial liabilities at fair value through profit or loss (continued)

(iii) Credit exposure by credit rating

The following table presents an analysis of the Petroleum Fund's debt securities classified according to credit ratings of the issuer as at each period end. Credit ratings from Standard & Poor's, Moody's Investors Services and Fitch Ratings are assessed and the lower of the two highest ratings applies. If a rating is only available from one of the three agencies, this single rating applies. AAA/Aaa is the highest rating possible and indicates that the entity has an extremely strong capacity to pay interest and principal. AA/Aa2 is a high grade rating, indicating a very strong capacity, and A/A2 is an upper medium grade, indicating a strong capacity to pay interest and principal. BBB/Baa2 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. U.S Government securities are classified as AA+/Aa+. As at 31 December 2023, S&P's credit rating is AA+ and Moody's credit rating is Aaa and Fitch's credit rating is AA+ (2022: AAA/Aaa).

	<i>As at</i> <i>31/12/2023</i> <i>USD</i>	<i>As at</i> <i>31/12/2022</i> <i>USD</i>
International fixed interest securities and money market securities		
Standard & Poor's / Moody's credit rating		
AAA/Aaa	716,703,363	10,031,625,048
AA/Aa2	8,861,651,408	203,083,615
A/A2	144,197,953	78,255,983
BBB/Baa2	158,869,823	89,375,866
Not-rated	771,014,178	1,029,319,742
Total	10,652,436,725	11,431,660,254

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

No more than 1% (2022: 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 48% (2022: 55%) 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.

(c) Derivative financial instruments

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 Petroleum 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 Ministry of Finance include rules for the use of derivatives within these statutory requirements.

Forward and futures contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customized contracts transacted in the OTC market. Futures contracts are transacted in standardized amounts on regulated exchanges and are subject to daily cash margin requirements. The main differences in the risk associated with forward and futures contracts are credit risk and liquidity risk. The Petroleum Fund has credit exposure to the counterparties of forward contracts. The credit risk related to futures contracts is considered minimal because the exchange ensures that these contracts are always honored. Forward contracts are settled gross and, therefore, considered to bear a higher liquidity risk than the futures contracts which are settled on a net basis. Both types of contracts result in market risk exposure.

15. Financial liabilities

Financial liabilities are amounts owed by the Petroleum Fund to third parties. One type of financial liability is the amount payable for securities purchased.

Another type of financial liabilities arises when derivative contracts are “out of the money”, that is, an amount must be paid at the due date of the derivative contract. As a derivative is often used by the Petroleum Fund for hedging, an “out of the money” derivative may be indicative of a corresponding asset having risen in value.

There were financial instruments liabilities designated at fair value through profit or loss as at 31 December 2023 of \$32,963,125 (2022: \$27,397,541).

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2023

15. Financial liabilities (continued)

Classification

The Petroleum Fund's financial liabilities are categorized as at fair value through profit or loss, unless otherwise noted.

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.

PART IV: NOTES TO THE STATEMENT OF CHANGES IN CAPITAL

The statement of changes in capital details the change in the net wealth of the Petroleum Fund over the year. Typically, this includes contributions to the Petroleum Fund by participants in the petroleum sector, withdrawals by the government, refunds of taxation and the net profit or loss from the Petroleum Fund's investments.

16. Capital receipts and payments

Capital receipts and payments reflect moneys received by the Petroleum Fund pursuant to the Petroleum Fund Law and amounts transferred to the State budget pursuant to an appropriation of Parliament.

Capital receipts are classified in the Petroleum Fund Law as follows:

Article 6.1(a) receipts are the gross revenues, including tax revenue, of Timor-Leste from any petroleum operations.

- Article 6.1(b) receipts are amounts received by the National Petroleum Authority pursuant to the Timor Sea Treaty.
- Article 6.1(c) receipts are amounts received from the investment of the capital of the Petroleum Fund.
- Article 6.1(e) include any other petroleum related receipts.

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

Month	Year ended 31/12/2023				Total
	Article 6.1(a) receipts	Article 6.1(b) receipts	Article 6.1(e) other receipts	To Consolidated Fund	
January	15,042,718	—	—	—	15,042,718
February	1,884,252	—	—	(300,000,000)	(298,115,748)
March	4,235,487	—	—	—	4,235,487
April	1,798,334	308,297,276	—	—	310,095,610
May	4,494,688	—	5,333,600	(190,000,000)	(180,171,712)
June	2,303,321	9,986,667	—	—	12,289,988
July	5,444,934	36,357,759	—	(300,000,000)	(258,197,307)
August	1,629,594	12,145,998	—	—	13,775,592
September	1,407,107	—	—	—	1,407,107
October	1,831,225	—	—	—	1,831,225
November	2,872,656	—	—	(200,000,000)	(197,127,344)
December	11,633,476	—	—	(100,000,000)	(88,366,524)
Totals	54,577,792	366,787,700	5,333,600	(1,090,000,000)	(663,300,908)
Total Article 6.1			426,699,092		

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16. Capital receipts and payments (continued)

Month	Year ended 31/12/2022				To Consolidated Fund	Total
	Article 6.1(a) receipts	Article 6.1(b) receipts	Article 6.1(e) other receipts	USD		
January	72,709,695	13,761,706	122,143	—	—	86,593,544
February	15,602,866	354,218,909	125,370	—	—	369,947,145
March	56,685,096	20,146,440	90,000	(150,000,000)	—	(73,078,464)
April	13,203,969	11,429,576	—	—	—	24,633,545
May	10,244,861	—	—	(300,000,000)	—	(289,755,139)
June	13,108,042	—	1,074,550	—	—	14,182,592
July	12,056,609	—	—	(104,000,000)	—	(91,943,391)
August	12,121,795	—	995,800	(300,000,000)	—	(286,882,405)
September	68,381,669	—	395,250	—	—	68,776,919
October	78,656,047	—	85,000	(350,000,000)	—	(271,258,953)
November	98,014,253	174,594,106	—	—	—	272,608,359
December	41,010,237	37,522,524	60,030	(200,000,000)	—	(121,407,209)
Totals	491,795,139	611,673,261	2,948,143	(1,404,000,000)	(1,404,000,000)	(297,583,457)
Total Article 6.1			1,106,416,543			

Accounting policies, estimates, assumptions, judgements and risks

Capital

Judgments have been made as to whether certain transactions should be recognized as capital or revenue.

Petroleum Fund gross receipts

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

- Payments made as Petroleum Fund receipts in accordance with Article 6.1(a) are recognized as increases in the statement of changes in capital of the Petroleum Fund.
- Payments made by the Designated Authority in accordance with Article 6.1(b) are recognized as increases in the statement of changes in capital of the Petroleum Fund.
- Income earned by the Petroleum Fund from the investment of its assets is recognized in the statement of profit or loss and other comprehensive income in accordance with Article 6.1(c).
- It is noted that the main source of capital receipts currently relates to the oil revenues generated from the Bayu Undan Field for which gas production is expected to be exhausted in 2024. On 6 March 2018, the governments of Timor-Leste and Australia signed a new Maritime Boundaries Treaty, and in the same year, negotiations between the governments of Timor-Leste, Australia and the Sunrise Joint Venture on the new Greater Sunrise Production Sharing Contract commenced.
- It is expected that the start date of production from Greater Sunrise will become clearer once the Production Sharing Contract and development plan are agreed. Payments received by Timor-Leste relating directly to Petroleum Fund resources not covered in Article 6.1 (a) to (d) of the Petroleum Fund Law are recognized as increases in the statement of changes in capital of the Petroleum Fund in accordance with Article 6.1(e).
- Management fees paid from the gross receipts of the Petroleum Fund pursuant to Article 6.2 are recognized in the statement of profit or loss and other comprehensive income.
- Contractors pay both Corporate Income Tax (CIT) and Supplemental Petroleum Tax (SPT) in advance based upon forecast financial information. Where the amount of tax based upon actual financial information is less than the amount paid based upon forecast, an overpayment of tax may occur. In order to verify and validate the overpayment of taxes claimed by contractors, the Directorate General of Tax Authority conducts an audit exercise to verify the amount of the overpayment claimed by a contractor. The overpayment amount of taxes to be refunded is determined after the audit inspection is completed. It is possible that future tax refunds might be paid out in the upcoming years from the Petroleum Fund. Refunds of taxation made pursuant to Article 10 are recognized as reductions in the statement of changes in capital of the Petroleum Fund.

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2023

16. Capital receipts and payments (continued)

Transfers to the Consolidated Fund

The National Government of República Democrática de Timor-Leste comprises:

- Central government ministries, and
- Autonomous agencies under significant control of Ministry of Finance.

The Consolidated Fund is the Government's State Budget Account at the BCTL. Transfers to the Consolidated Fund are appropriations approved by the National Parliament of Timor-Leste. All transfers to the Consolidated Fund are authorized and recognized when paid to the Consolidated Fund.

Objectives of managing capital

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 Petroleum Fund's capital structure consists solely of paid in capital derived from petroleum receipts and other sources as described in Note 16. 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 who are 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.

PART V: NOTES TO THE STATEMENT OF CASH FLOWS

The statement of cash flows, also known as the cash flow statement, presents the movement in cash flows over the period of 1 January to 31 December as classified under operating and financing activities.

Cash flow generally means cash movements in the Petroleum Fund's bank accounts and movements in short term investments that are highly liquid and involve very low risk of change in value.

Cash flow from operating activities presents the movement in cash during the year relating to the Petroleum Fund's revenue generating activities of the Petroleum Fund, namely investing in securities.

Cash flow from financing activities includes the movement in cash flow resulting from receipts into the Petroleum Fund deposited by participants in the exploitation of petroleum resources and transfers out of the Petroleum Fund to the Consolidated Fund or to refund tax.

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with an original maturity of less than 90 days.

17. Reconciliation of net cash flows

	<i>Year ended</i> <i>31/12/2023</i> <i>USD</i>	<i>Year ended</i> <i>31/12/2022</i> <i>USD</i>
Profit/(loss) for the year	1,678,704,161	(2,050,438,544)
(Decrease)/increase in financial assets at fair value through profit or loss	(198,757,551)	2,663,765,281
(Decrease)/increase in receivables	(33,226,287)	2,171,635
(Decrease)/increase in accounts payable	(1,514,187)	214,246
Increase in payables for securities purchased	8,176,831	750
Net cash provided by operating activities	1,453,382,967	615,713,368

Accounting policy

Cash inflows from investments are presented net of withholding taxes, when applicable.

PART VI: NON FINANCIAL DISCLOSURES

18. Personnel

The Petroleum Fund did not employ any personnel during the year (2022: nil). The BCTL as operational manager of the Petroleum Fund employs personnel as does the Ministry of Finance, the executive of the Petroleum Fund.

19. Contingent assets, contingent liabilities and commitments

There were no contingent assets, contingent liabilities or commitments as at 31 December 2023 (2022: nil).

20. Related parties

The management of the fund spreads the decision making process across various stakeholders to ensure prudent management with checks and balances.

The Government, represented by the Minister of Finance, is responsible for the overall management and investment strategy of the Petroleum Fund. Minister of Finance is considered Key Management Personnel of the Fund. No remuneration was paid to the Ministry of Finance by Petroleum Fund.

The Central Bank of Timor-Leste (BCTL) is the operational manager responsible for operational management of the Petroleum Fund by implementing the investment policy determined by Minister of Finance. In doing so, the Central Bank ensures that the management of the Petroleum Fund is in line with the legal framework. BCTL management is ultimately responsible for daily operations, however, they are not remunerated from the fund.

The Investment Advisory Board is responsible for developing performance benchmarks for the Minister of Finance and advises the Minister on investment policy and the management of the Fund (art 17 of the PF Law). Under article 17.1 the dispatch appointing the Members of the IAB shall determine their remuneration, in conformity with the applicable legislation. Please see IAB expenses in the table under BCTL.

The following parties are considered related parties of the Petroleum Fund:

The Government

The ultimate controlling party of the Petroleum Fund is the Democratic Republic of Timor-Leste ('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 16. 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 Petroleum Fund.

In addition, the BCTL is also managing six (6) portfolios in-house consisting of four (4) fixed interests portfolios, one (1) Australia market equity and one (1) Private Debt.

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:

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2023

20. Related parties (continued)

	<i>Year ended</i> <i>31/12/2023</i> <i>USD</i>	<i>Year ended</i> <i>31/12/2022</i> <i>USD</i>
Custody and external management services	5,855,910	6,819,831
IAB expenses	677,455	287,254
BCTL operating expenses	7,188,017	6,210,821
Total management expenses	13,721,382	13,317,906
Other expenses	1,580,593	8,040
Total	15,301,975	13,325,946

BCTL were entitled to receive a management fee for its respective services within the parameters of Annex 2 of the Operational Management Agreement Actualization dated 20 April 2015. In the current year, these fees amount to an aggregate of 0.08% (2022: 0.08%) per annum of the net assets of the Petroleum Fund as at 31 December 2023. Management fees are payable monthly in arrears. Total management fees for the year amounted to US\$13,721,382 (2022: US\$13,317,906).

The management fees payable as at 31 December 2023 is US\$229,240 (2022: US\$ 1,138,526).

National Petroleum and Minerals Authority

The National Petroleum and Minerals Authority 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 16.

Timor Gap E.P.

Timor Gap E.P. is the national petroleum company and has the mandate to conduct oil and gas business on behalf of the Timor-Leste Government. Timor Gap is building an integrated oil & gas company to cover upstream and downstream activities, as well as services to the sector.

During the year 2019 financial year certain subsidiaries of Timor Gap E.P. issued debt instruments with a face value of \$650,000,000 which were bought by the Petroleum Fund. Further details of these transactions are set out in Note 13.

21. Encumbrances on the Petroleum Fund

Encumbrances on the assets of the Petroleum Fund

In accordance with Article 20 of the 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 of general system for creating, issuing and managing public debt.

During the 2023 financial year and as at the financial position date, there were no encumbrances or burdens on the assets of the Petroleum Fund.

22. Application of new and revised IFRS

This note provides information about new IFRS that have been adopted and forthcoming standards that are not yet effective.

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

The Fund adopted all the new and revised IFRS that are relevant with no material impact.

22.2. Adoption of IFRS that are not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Petroleum Fund. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

23. 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 2023

PART VII: SCHEDULE OF FINANCIAL ASSETS

24. Schedule of financial assets valued through profit or loss

(a) Fixed interest securities – issued by sovereign states and supnationals

Security	Nominal	Fair Value	Security	Nominal	Fair Value
United States			US 3.375% 04/32	6,000,000	11,739,539
US 0% 02/24	161,200,000	160,490,720	US 2.75% 08/32	107,000,000	99,288,112
US 0.5% 04/24	40,000,000	48,232,723	US 1.125% 01/33	41,050,000	40,454,543
US 2.375% 08/24	134,500,000	133,510,439	US 3.5% 02/33	97,000,000	95,531,491
US 2.25% 11/24	170,000,000	166,688,809	US 1.375% 07/33	52,300,000	51,871,694
US 2.25% 01/24	187,300,000	188,597,506	US 3.875% 08/33	72,300,000	73,414,706
US 0.25% 01/25	26,000,000	32,825,259			8,744,300,187
US 0.375% 07/25	39,750,000	50,065,492	Australia		
US 0.125% 04/25	90,200,000	103,649,393	Australia 2.75% 04/24	22,120,000	15,105,956
US 0.125% 10/25	20,400,000	23,272,975	Australia 0.25% 11/25	2,500,000	1,599,021
US 1.5% 02/25	131,000,000	127,172,567	Australia 3.70% 06/25	12,500,000	8,471,089
US FLT 01/25	25,000,000	25,238,655	Australia 4.75% 04/27	13,713,000	9,773,589
US 0.125% 04/26	30,000,000	33,524,286	Australia 2.75% 11/27	6,573,000	4,358,910
US 0.125% 07/26	18,000,000	22,038,705	Australia 3.30% 07/28	15,000,000	9,954,550
US 0.125% 10/26	22,700,000	24,291,449	Australia 3.45% 07/28	10,000,000	15,867,590
US 0.625% 01/26	51,700,000	64,806,199	Australia 3.25% 04/29	23,594,000	5,518,222
US 0.75% 04/26	354,600,000	328,624,211	Australia 2.75% 11/29	8,497,000	5,590,613
US 2% 01/26	7,200,000	11,180,672	Australia 1.75% 11/32	37,500,000	21,465,652
US 0.125% 04/27	23,700,000	24,292,577	Australia 4.50% 04/33	12,640,000	9,066,866
US 0.375% 01/27	16,400,000	19,899,655	Australia 3.75% 04/37	11,289,000	7,492,887
US 0.375% 07/27	29,000,000	34,751,520	Australia 2.75% 05/41	10,000,000	6,688,463
US 1.625% 10/27	33,400,000	34,579,110	Australia 3.00% 03/47	19,272,000	10,722,274
US 2.375% 01/27	7,000,000	10,898,686			131,675,682
US 4.125% 10/27	1,167,000,000	1,183,404,926	Japan		
US 2.75% 04/27	1,426,700,000	1,379,881,507	Japan 0.1% 12/26	314,500,000	2,233,608
US 2.375% 10/28	18,600,000	19,362,376	Japan 2.1% 03/27	99,100,000	752,765
US 3.625% 04/28	5,500,000	11,300,693	Japan 0.4% 09/28	2,000,000,000	14,322,581
US 4.875% 10/28	936,500,000	986,272,467	Japan 0.1% 12/29	1,500,000,000	10,537,802
US 0.5% 01/28	44,900,000	53,179,197	Japan 0.1% 09/30	990,000,000	6,915,479
US 0.75% 07/28	8,500,000	10,018,884	Japan 0.1% 12/30	700,000,000	4,876,777
US 1.25% 04/28	93,450,000	93,719,051	Japan 0.1% 09/31	1,000,000,000	6,907,166
US 1.75% 01/28	7,000,000	10,310,441	Japan 0.2% 03/32	890,000,000	6,167,277
US 3.5% 04/28	1,300,000,000	1,288,199,222	Japan 1.6% 03/33	501,650,000	3,899,815
US 0.875% 01/29	41,000,000	48,080,228	Japan 1.7% 06/33	714,500,000	5,586,049
US 1.625% 08/29	196,400,000	176,162,594	Japan 0.5% 03/33	2,200,000,000	15,511,279
US 2.625% 02/29	293,700,000	279,724,309	Japan 0.5% 09/36	550,000,000	3,722,862
US 3.875% 04/29	6,500,000	13,529,326	Japan 0.2% 06/36	453,350,000	2,960,428
US 0.25% 07/29	20,000,000	22,296,682	Japan 2.3% 03/39	438,900,000	3,651,887
US 2.5% 01/29	13,650,000	20,474,644	Japan 2.3% 03/40	38,750,000	321,712
US 0.125% 01/30	71,300,000	77,474,057	Japan 2% 09/40	43,550,000	346,569
US 0.125% 07/30	74,000,000	80,442,830	Japan 0.4% 06/40	600,000,000	3,747,815
US 0.625% 08/30	202,200,000	164,741,145	Japan 2.2% 03/41	1,163,050,000	9,493,140
US 1.5% 02/30	207,500,000	182,203,185	Japan 1.9% 09/42	164,350,000	1,279,316
US 0.125% 01/31	101,200,000	107,077,334	Japan 0.3% 06/46	656,000,000	3,597,105
US 0.125% 07/31	59,300,000	60,709,894	Japan 0.8% 09/47	72,850,000	442,974
US 1.125% 02/31	137,900,000	115,883,309	Japan 0.4% 03/50	160,000,000	844,703
US 1.25% 08/31	125,900,000	104,958,647	Japan 0.7% 12/51	400,000,000	2,245,340
US 0.125% 01/32	37,000,000	36,190,456	Japan 0.7% 06/51	150,000,000	845,897
US 0.625% 07/32	71,300,000	69,393,482	Japan 2% 03/52	91,750,000	706,720
US 1.875% 02/32	124,800,000	108,377,608	Japan 1.3% 06/52	1,000,000,000	6,541,406

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2023

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

Security	Nominal	Fair Value	Security	Nominal	Fair Value
Japan 0.4% 03/56	189,300,000	918,743	France 0.5% 05/29	5,326,000	5,388,923
		119,377,215	France 0% 11/30	6,500,000	6,138,015
United Kingdom			France 5.75% 10/32	1,126,000	1,578,108
UK 1% 04/24	5,028,000	6,344,926	France 2% 11/32	11,000,000	11,742,408
UK 0.625% 06/25	10,000,000	12,153,026	France 0% 05/32	7,000,000	6,336,438
UK 0.375% 10/26	6,400,000	7,485,376	France 3.5% 11/33	5,000,000	6,002,438
UK 1.25% 07/27	6,400,000	7,620,752	France 1.25% 05/34	3,200,000	3,139,142
UK 0.5% 01/29	8,000,000	8,876,479	France 1.25% 05/36	809,000	764,615
UK 0.375% 10/30	3,500,000	3,660,458	France 4% 10/38	798,124	1,017,432
UK 0.25% 07/31	3,500,000	3,532,964	France 1.75% 06/39	1,970,000	1,916,120
UK 4.25% 06/32	734,000	993,568	France 3.25% 05/45	8,000,000	9,419,610
UK 4.25% 03/36	1,407,120	1,906,997	France 2% 05/48	165,000	153,457
UK 1.75% 09/37	4,800,000	4,781,795	France 0.75% 05/52	6,000,000	3,840,727
UK 4.75% 12/38	700,000	976,200	France 4% 04/55	7,214,000	9,658,136
UK 4.25% 09/39	2,106,000	2,805,023	France 1.75% 05/66	626,000	503,943
UK 1.125% 01/39	8,000,000	6,985,359			68,630,756
UK 4.25% 12/40	2,372,300	3,117,084	Germany		
UK 3.25% 01/44	11,835,000	13,515,372	Germany 1.3% 10/27	14,000,000	15,138,021
UK 3.5% 01/45	11,091,000	13,102,858	Germany 0.0% 08/30	5,100,000	4,981,612
UK 4.25% 12/46	3,881,000	5,043,534	Germany 1.7% 08/32	5,400,000	5,883,187
UK 1.5% 07/47	8,961,000	7,009,433	Germany 4.75% 07/34	100	141
UK 3.75% 07/52	12,766,500	15,559,404	Germany 0.0% 05/35	500,000	435,718
UK 1.625% 10/54	1,000,000	733,598	Germany 1.0% 05/38	4,000,000	3,789,707
UK 2.5% 07/65	1,024,000	927,960	Germany 2.5% 07/44	4,080,039	4,720,032
UK 3.5% 07/68	1,900	2,217	Germany 2.5% 08/46	4,224,000	4,897,032
UK 1.625% 10/71	2,500,000	1,662,216	Germany 0.0% 08/52	6,500,000	3,833,020
		128,796,599			43,678,470
Austria			Ireland		
Austria 0% 07/24	725,000	786,039	Ireland 1% 05/26	2,210,000	2,385,082
Austria 4.85% 03/26	2,438,000	2,931,492	Ireland 1.1% 05/29	1,265,000	1,331,443
Austria 6.25% 07/27	195,000	249,691	Ireland 0.4% 05/35	1,885,000	1,663,323
Austria 0.5% 04/27	60,000	62,687	Ireland 1.7% 05/37	610,000	610,522
Austria 0.5% 02/29	2,764,000	2,794,329	Ireland 1.5% 05/50	298,000	252,649
Austria 2.4% 05/34	1,255,000	1,377,026			6,243,019
Austria 4.15% 03/37	1,624,000	2,115,118	Italy		
Austria 0% 10/40	1,800,000	1,242,880	Italy 0.35% 02/25	5,698,000	6,110,695
Austria 3.8% 01/62	153,000	208,043	Italy 1.45% 05/25	14,000,000	15,165,205
Austria 2.1% 09/17	124,000	107,601	Italy 3.6% 09/25	14,000,000	15,766,309
		11,874,906	Italy 2.5% 11/25	7,665,000	8,436,706
Belgium			Italy 0.85% 01/27	800,000	837,668
Belgium 0.5% 10/24	2,845,000	3,078,900	Italy 2.2% 06/27	11,410,000	12,376,596
Belgium 4.5% 03/26	1,034,000	1,231,785	Italy 2.05% 08/27	1,269,000	1,376,923
Belgium 0.8% 06/27	2,640,000	2,787,351	Italy 0.95% 09/27	2,000,000	2,070,067
Belgium 5.5% 03/28	559,000	723,462	Italy 6.5% 11/27	872,000	1,099,449
Belgium 0.9% 06/29	770,000	794,941	Italy 0.25% 03/28	3,000,000	2,978,716
Belgium 3% 06/34	5,100,000	5,889,114	Italy 4.75% 09/28	840,000	1,013,585
Belgium 4.25% 03/41	3,622,400	4,807,079	Italy 1.35% 04/30	9,150,000	9,092,481
Belgium 3.75% 06/45	892,000	1,108,737	Italy 6% 05/31	1,557,000	2,038,911
		20,421,369	Italy 4.4% 05/33	5,000,000	6,005,975
Finland			Italy 2.45% 09/33	1,202,000	1,217,166
Finland 0.5% 09/29	2290000	2,290,977	Italy 4.35% 11/33	7,000,000	8,222,174
Finland 0.125% 09/31	7000000	6,486,595	Italy 3.35% 03/35	7,430,000	7,983,556
Finland 2.625% 07/42	250000	272,036	Italy 3.1% 03/40	1,855,000	1,835,196
		9,049,608	Italy 5% 09/40	1,610,000	1,994,409
France			Italy 1.8% 03/41	18,000,000	14,450,578
France 0.75% 11/28	1,000,000	1,031,244	Italy 3.85% 09/49	339,000	358,413

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

Security	Nominal	Fair Value	Security	Nominal	Fair Value
Italy 2.45% 09/50	4,260,000	3,477,506	Hong Kong		
Italy 2.8% 03/67	1,500,000	1,227,163	Hong Kong 1.25% 06/27	47,000,000	5,665,981
		125,135,447	Hong Kong 2.49% 08/28	10,350,000	1,309,914
Luxemburg					6,975,895
Luxemburg 0% 03/31	12,000,000	11,165,412	New Zealand		
		11,165,412	NZ 0.5% 05/26	22,000,000	12,720,593
Netherland			NZ 4% 05/27	15,000,000	9,378,213
Netherland 5.5% 01/28	2,444,000	3,185,858	NZ 3% 04/29	10,246,000	6,172,322
Netherland 0.25% 07/29	645,000	644,293	NZ 4.5% 05/30	7,000,000	4,528,139
Netherland 2.5% 01/33	3,327,000	3,831,075	NZ 1.5% 05/31	21,935,000	11,496,146
Netherland 0.5% 01/40	2,871,000	2,366,721	NZ 3.5% 04/33	12,019,000	7,185,773
Netherland 2.75% 01/47	205,000	243,391	NZ 2.75% 04/37	21,984,000	11,522,443
		10,271,338	NZ 2.75% 05/51	5,000,000	2,269,403
Portugal					65,273,032
Portugal 0.70% 10/27	3,000,000	3,139,708	Norway		
Portugal 1.95% 6/29	1,925,000	2,113,705	Norway 3% 03/24	39,160,000	3,935,327
		5,253,413	Norway 1.75% 03/25	51,060,000	4,974,675
Slovenia			Norway 2% 04/28	220,000,000	20,880,658
Slovenia 3.125% 8/45	245,000	271,490	Norway 1.75% 09/29	34,390,000	3,139,008
		271,490	Norway 1.375% 08/30	34,474,000	3,027,049
Spain					35,956,717
Spain 4.65% 07/25	5,640,000	6,520,820	Singapore		
Spain 1.45% 04/29	10,035,000	10,588,613	Singapore 3% 09/24	15,519,000	11,823,134
Spain 1.25% 10/30	21,609,000	21,761,440	Singapore 3.5% 03/27	24,701,000	19,287,992
Spain 4.9% 07/40	860,000	1,148,959	Singapore 2.875% 09/30	18,137,000	13,985,138
Spain 4.7% 07/41	2,164,000	2,852,573	Singapore 1.625% 07/31	23,500,000	16,632,695
Spain 2.9% 10/46	703,000	708,629	Singapore 3.375% 09/33	9,020,000	7,299,436
Spain 3.45% 07/66	710,000	741,956	Singapore 2.25% 08/36	15,000,000	10,886,452
		44,322,990	Singapore 2.75% 04/42	7,924,000	6,039,940
Canada			Singapore 2.75% 03/46	13,582,000	10,344,983
Canada 2.25% 03/24	32,080,000	24,403,293	Singapore 1.875% 10/51	10,000,000	6,400,751
Canada 0.25% 04/24	6,000,000	4,503,095			102,700,521
Canada 2.5% 06/24	5,500,000	4,137,193	Sweden		
Canada 1.5% 09/24	4,665,000	3,482,525	Sweden 2.5% 05/25	124,610,000	12,494,555
Canada 0.625% 09/25	20,000,000	14,312,486	Sweden 0.75% 05/28	65,000,000	6,130,710
Canada 0.875% 08/27	10,000,000	6,887,718	Sweden 0.75% 11/29	81,790,000	7,567,926
Canada 1.5% 12/31	4,000,000	2,696,478	Sweden 2.25% 06/32	19,175,000	1,964,608
Canada 5.75% 06/33	6,447,000	5,958,823	Sweden 3.5% 03/39	58,910,000	6,983,711
Canada 5% 06/37	21,600,000	19,790,170	Sweden 0.5% 11/45	75,000,000	5,253,382
Canada 4% 06/41	19,655,000	16,742,483			40,394,892
Canada 3.5% 12/45	3,331,000	2,703,608	Swiss		
Canada 2.75% 12/48	2,825,000	2,037,564	Swiss 0% 06/29	24,375,000	27,826,163
Canada 2% 12/51	12,000,000	7,340,317	Swiss 0% 06/34	17,000,000	18,785,338
Canada 2.75% 12/64	2,545,000	1,834,241	Swiss 0% 07/39	11,000,000	11,753,617
		116,829,994	Swiss 0.5% 06/45	17,000,000	19,660,578
Denmark			Swiss 0.5% 05/58	2,000,000	2,379,766
Denmark 7% 11/24	4,882,000	753,529			80,405,462
Denmark 1.75% 11/25	109,158,000	16,002,252	Timor-Leste		
Denmark 0.5% 11/27	81,174,000	11,335,023	TL Debt Ins1 4.5% 4/37	143,000,000	131,294,930
Denmark 0.5% 11/29	70,000,000	9,479,239	TL Debt Ins2 4.5% 4/37	279,650,000	256,759,630
Denmark 0% 11/31	51,500,000	6,457,933	TL Debt Ins3 4.5% 4/37	226,600,000	208,051,966
Denmark 4.5% 11/39	144,817,200	27,510,585	TL Debt Ins4 4.5% 4/37	750,000	688,610
Denmark 0.25% 11/52	30,000,000	2,525,902			596,795,136
		74,064,463	Total fixed interest securities		10,599,864,013

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

(b) Equity Securities

Security	Nominal	Fair Value	Security	Nominal	Fair Value
United States of America			APA Corp.	29,402	1,054,650
3M Co.	65,169	7,122,971	Apollo Global Mgmt, Inc.	26,491	2,468,166
A O Smith Corp.	34,077	2,809,308	Apple, Inc.	1,413,428	272,070,756
Abbott Laboratories	168,241	18,521,652	Applied Materials, Inc.	79,482	12,880,853
AbbVie, Inc.	164,023	25,421,925	Aptiv plc	19,330	1,734,288
Accenture plc	61,654	21,646,719	Arch Capital Group Ltd.	46,542	3,456,674
Adobe, Inc.	42,276	25,226,089	Archer-Daniels-Midland Co.	52,162	3,766,096
Advanced Micro Devices, Inc.	130,052	19,172,266	Ares Management Corp.	10,569	1,256,654
AECOM	8,586	793,604	Arista Networks, Inc.	32,589	7,672,754
AerCap Holdings NV	15,475	1,149,793	Armstrong World Industries	3,996	392,927
AES Corp. (The)	56,825	1,093,881	Array Technologies, Inc.	22,821	383,393
Aflac, Inc.	55,494	4,578,255	Arthur J Gallagher & Co.	16,882	3,795,411
Agilent Technologies, Inc.	28,169	3,915,773	Aspen Technology, Inc.	2,056	452,505
Air Products and Chemicals	19,655	5,381,539	Assurant, Inc.	4,033	679,440
Airbnb, Inc.	36,757	5,005,201	Assured Guaranty Ltd.	4,793	358,564
Akamai Technologies, Inc.	12,367	1,463,634	AT&T, Inc.	666,876	11,203,517
Albemarle Corp.	7,784	1,124,243	ATI, Inc.	14,730	669,037
Albertsons Cos., Inc.	22,916	526,839	Atkore, Inc.	5,160	825,548
Alexandria Real Estate Equities, Inc.	11,902	1,508,936	Atlassian Corp.	9,930	2,360,460
Align Technology, Inc.	6,535	1,790,850	Atmos Energy Corp.	13,159	1,525,128
Allegion plc	14,179	1,796,196	Autodesk, Inc.	18,899	4,601,529
Alliant Energy Corp.	20,210	1,036,570	Automatic Data Processing, Inc.	38,840	9,048,166
Allstate Corp. (The)	25,285	3,540,910	AutoZone, Inc.	2,065	5,333,461
Ally Financial, Inc.	24,783	865,175	AvalonBay Communities, Inc.	12,076	2,260,506
Alnylam Pharmaceuticals, Inc.	8,309	1,590,343	Avantor, Inc.	47,540	1,085,338
Alphabet, Inc.	1,130,193	158,544,128	Avery Dennison Corp.	6,744	1,363,367
Altria Group, Inc.	141,862	5,721,294	Axcelis Technologies, Inc.	2,008	260,297
Amazon.com, Inc.	756,064	114,876,364	Axon Enterprise, Inc.	4,613	1,191,722
Amcor plc	119,140	1,148,510	Baker Hughes Co.	66,805	2,283,395
Amdocs Ltd.	4,160	365,622	Ball Corp.	24,653	1,418,041
Ameren Corp.	17,794	1,286,862	Bank of America Corp.	692,037	23,293,965
American Electric Power Co.	42,313	3,435,816	Bank of New York Mellon	107,849	5,611,383
American Express Co.	55,473	10,392,312	Bath & Body Works, Inc.	17,829	769,143
American Financial Group, Inc.	6,825	812,107	Baxter International, Inc.	38,969	1,506,152
American Homes 4 Rent	21,076	757,893	Becton Dickinson & Co.	22,776	5,554,155
American International Group	83,443	5,652,429	Bentley Systems, Inc.	13,855	722,815
American Tower Corp.	37,017	7,997,523	Berkshire Hathaway, Inc.	135,790	48,467,525
American Water Works Co.	14,944	1,972,459	Best Buy Co., Inc.	16,626	1,300,652
Ameriprise Financial, Inc.	9,147	3,474,579	BILL Holdings, Inc.	6,185	504,387
AMETEK, Inc.	20,264	3,341,331	Biogen, Inc.	12,156	3,145,487
Amgen, Inc.	52,862	15,225,313	BioMarin Pharmaceutical, Inc.	11,794	1,137,060
Amphenol Corp.	45,833	4,544,800	Bio-Rad Laboratories, Inc.	1,876	605,742
Analog Devices, Inc.	44,287	8,793,627	Bio-Techne Corp.	12,860	992,278
Annaly Capital Mgmt, Inc.	36,102	699,296	BlackRock, Inc.	12,453	10,117,938
ANSYS, Inc.	6,419	2,329,198	Blackstone, Inc.	48,958	6,410,071
Aon plc	22,442	6,528,602	Block, Inc.	49,319	3,814,331

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

Security	Nominal	Fair Value	Security	Nominal	Fair Value
Boeing Co. (The)	39,485	10,296,898	Clorox Co. (The)	11,014	1,569,825
Booking Holdings, Inc.	3,073	10,883,613	Cloudflare, Inc.	23,590	1,963,868
Booz Allen Hamilton Holding	11,483	1,468,446	CME Group, Inc.	32,404	6,824,606
BorgWarner, Inc.	21,498	770,703	CMS Energy Corp.	18,852	1,094,359
Boston Properties, Inc.	13,557	951,159	Coca-Cola Co. (The)	454,916	26,799,102
Boston Scientific Corp.	110,125	6,366,326	Coca-Cola Europacific Partners	17,107	1,141,721
Bristol-Myers Squibb Co.	187,028	9,592,666	Cognizant Tech Solutions	45,281	3,420,074
Broadcom, Inc.	41,233	46,031,697	Coinbase Global, Inc.	25,531	4,440,096
Broadridge Financial Solutions	9,168	1,886,958	Colgate-Palmolive Co.	108,643	8,659,933
Brown & Brown, Inc.	22,907	1,629,146	Comcast Corp.	424,318	18,614,831
Brown-Forman Corp.	26,561	1,515,836	Conagra Brands, Inc.	37,996	1,088,965
Builders First Source, Inc.	13,529	2,260,019	Contra Abiomed Inc.	1,900	66,500
Bunge Global SA	11,330	1,143,537	Confluent, Inc.	11,523	269,408
Burlington Stores, Inc.	4,199	815,950	ConocoPhillips	119,003	13,811,488
Cadence Design Systems, Inc.	29,504	8,034,529	Consolidated Edison, Inc.	28,740	2,614,190
Caesars Entertainment, Inc.	14,177	664,618	Constellation Brands, Inc.	13,301	3,217,645
Camden Property Trust	7,311	725,982	Constellation Energy Corp.	22,082	2,580,944
Campbell Soup Co.	16,495	712,914	Cooper Cos., Inc. (The)	3,832	1,450,489
Canadian Pacific Kansas City	20,864	1,649,925	Copart, Inc.	100,704	4,934,496
Capital One Financial Corp.	29,770	3,902,549	Corning, Inc.	61,646	1,876,504
Cardinal Health, Inc.	19,998	2,015,398	Corteva, Inc.	57,209	2,741,455
Carlisle Cos., Inc.	5,139	1,605,321	CoStar Group, Inc.	32,191	2,813,171
Carlyle Group, Inc. (The)	15,199	618,447	Costco Wholesale Corp.	45,564	30,081,808
CarMax, Inc.	13,352	1,024,232	Coterra Energy, Inc.	61,088	1,558,355
Carnival Corp.	113,941	2,113,606	CrowdStrike Holdings, Inc.	25,702	6,560,950
Carrier Global Corp.	64,723	3,718,336	Crown Castle, Inc.	34,649	3,990,525
Catalent, Inc.	11,108	499,082	Crown Holdings, Inc.	9,649	888,480
Caterpillar, Inc.	49,765	14,717,501	CSX Corp.	178,168	6,177,085
Cboe Global Markets, Inc.	9,979	1,781,551	Cummins, Inc.	12,705	3,043,737
CBRE Group, Inc.	25,954	2,416,836	CVS Health Corp.	100,919	7,966,546
CDW Corp.	10,818	2,459,148	CyberArk Software Ltd.	2,558	560,304
Celanese Corp.	8,966	1,393,675	Danaher Corp.	57,261	13,251,341
Celsius Holdings, Inc.	23,294	1,269,290	Darden Restaurants, Inc.	8,586	1,410,079
Cencora, Inc.	12,305	2,526,709	Darling Ingredients, Inc.	10,992	547,402
Centene Corp.	45,164	3,349,814	Datadog, Inc.	31,290	3,797,354
CenterPoint Energy, Inc.	45,128	1,288,856	DaVita, Inc.	4,495	470,806
Ceridian HCM Holding, Inc.	9,897	664,485	Deckers Outdoor Corp.	1,756	1,173,746
CF Industries Holdings, Inc.	16,400	1,303,636	Deere & Co.	22,169	8,865,605
CH Robinson Worldwide, Inc.	9,634	832,281	Dell Technologies, Inc.	20,869	1,596,270
Charles River Lab International	3,677	868,912	Delta Air Lines, Inc.	13,689	550,845
Charles Schwab Corp. (The)	139,849	9,628,604	Devon Energy Corp.	50,201	2,274,105
Charter Communications, Inc.	8,201	3,187,565	Dexcom, Inc.	26,166	3,246,939
Check Point Software Tech Ltd.	9,562	1,459,352	Diamondback Energy, Inc.	14,344	2,224,468
Cheniere Energy, Inc.	16,226	2,770,103	Dick's Sporting Goods, Inc.	4,172	612,575
Chesapeake Energy Corp.	6,994	538,118	Digital Realty Trust, Inc.	24,011	3,232,841
Chevron Corp.	164,068	24,467,461	Discover Financial Services	19,646	2,208,014
Chipotle Mexican Grill, Inc.	1,902	4,344,491	DocuSign, Inc.	14,907	885,774
Chubb Ltd.	41,653	9,413,995	Dollar General Corp.	17,970	2,442,482
Church & Dwight Co., Inc.	28,914	2,734,686	Dollar Tree, Inc.	18,231	2,589,531
Cigna Group (The)	23,604	7,069,634	Dominion Energy, Inc.	65,967	3,099,789
Cincinnati Financial Corp.	13,298	1,375,678	Domino's Pizza, Inc.	2,826	1,164,792
Cintas Corp.	11,032	6,648,545	DoorDash, Inc.	17,158	1,696,583
Cisco Systems, Inc.	407,224	20,572,956	Dover Corp.	11,742	1,805,098
Citigroup, Inc.	175,149	9,013,168	Dow, Inc.	57,926	3,176,083
Citizens Financial Group, Inc.	35,466	1,175,343	DR Horton, Inc.	32,018	4,865,775
Cleveland-Cliffs, Inc.	37,877	773,448	DraftKings, Inc.	28,607	1,008,111

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

Security	Nominal	Fair Value	Security	Nominal	Fair Value
Dropbox, Inc.	19,843	584,972	FleetCor Technologies, Inc.	6,212	1,755,573
DTE Energy Co.	15,801	1,742,060	FMC Corp.	9,067	571,312
Duke Energy Corp.	62,235	6,040,529	Ford Motor Co.	346,315	4,218,117
DuPont de Nemours, Inc.	39,794	3,062,148	Fortinet, Inc.	82,051	4,802,445
Dynatrace, Inc.	33,396	1,826,093	Fortive Corp.	31,504	2,319,955
Eastman Chemical Co.	9,970	895,505	Fortune Brands Innovations	10,519	800,811
Eaton Corp. plc	34,069	8,206,881	Fox Corp.	41,445	1,183,587
eBay, Inc.	35,744	1,559,511	Franklin Resources, Inc.	26,208	780,474
Ecolab, Inc.	19,806	3,928,322	Freeport-McMoRan, Inc.	108,077	4,597,596
Edison International	28,896	2,065,197	Futu Holdings Ltd.	4,228	230,933
Edwards Lifesciences Corp.	61,902	4,720,647	Gaming and Leisure Properties, Inc.	15,903	784,813
Electronic Arts, Inc.	28,415	3,886,604	Garmin Ltd.	14,029	1,803,709
Elevance Health, Inc.	18,621	8,780,919	Gartner, Inc.	5,662	2,554,128
Eli Lilly & Co.	76,212	44,446,838	GE HealthCare Technologies, Inc.	29,978	2,317,899
Emerson Electric Co.	61,274	5,963,798	Gen Digital, Inc.	49,457	1,128,114
Encore Wire Corp.	1,997	426,479	Generac Holdings, Inc.	3,783	488,877
Enphase Energy, Inc.	9,543	1,261,012	General Dynamics Corp.	19,600	5,088,748
Entegris, Inc.	9,796	1,173,365	General Electric Co.	73,897	9,430,735
Entergy Corp.	16,222	1,640,693	General Mills, Inc.	53,033	3,453,509
EOG Resources, Inc.	46,799	5,659,403	General Motors Co.	113,123	4,062,247
EPAM Systems, Inc.	4,223	1,255,878	Gentex Corp.	50,473	1,648,448
EQT Corp.	30,866	1,193,280	Genuine Parts Co.	10,235	1,416,422
Equifax, Inc.	8,281	2,049,216	Gilead Sciences, Inc.	122,379	9,913,923
Equinix, Inc.	7,304	5,882,569	Global Payments, Inc.	21,425	2,720,761
Equitable Holdings, Inc.	26,874	894,904	Global-e Online Ltd.	7,504	297,008
Equity LifeStyle Properties	15,120	1,066,565	Globe Life, Inc.	11,991	1,460,144
Equity Residential	27,260	1,667,222	GMS, Inc.	3,037	250,310
Erie Indemnity Co.	2,195	735,193	GoDaddy, Inc.	10,513	1,116,060
Essent Group Ltd.	13,515	712,781	Goldman Sachs Group, Inc. (The)	27,013	10,418,104
Essential Utilities, Inc.	21,698	809,986	Grab Holdings Ltd.	113,243	381,629
Essex Property Trust, Inc.	5,850	1,450,449	Graco, Inc.	23,096	2,004,502
Estee Lauder Cos., Inc. (The)	18,179	2,659,951	Graphic Packaging Holding Co.	15,185	374,310
Etsy, Inc.	8,468	686,416	Halliburton Co.	58,520	2,114,913
Evercore, Inc.	4,441	759,056	Hartford Financial Services Group, Inc. (The)	43,638	3,506,750
Everest Group Ltd.	7,594	2,685,087	Hasbro, Inc.	11,865	605,708
Evergy, Inc.	23,185	1,210,257	HCA Healthcare, Inc.	16,846	4,560,381
Eversource Energy	30,717	1,895,239	Healthpeak Properties, Inc.	35,123	695,084
Exact Sciences Corp.	11,552	854,617	HEICO Corp.	14,207	2,328,280
Exelon Corp.	82,170	2,949,903	Henry Schein, Inc.	11,534	873,239
Expedia Group, Inc.	9,486	1,440,070	Hershey Co. (The)	15,681	2,923,409
Expeditors Int of Washington	12,611	1,603,993	Hess Corp.	18,523	2,670,646
Extra Space Storage	17,386	2,788,714	Hewlett Packard Enterprise Co.	100,188	1,700,190
Exxon Mobil Corp.	364,670	36,459,707	HF Sinclair Corp.	11,782	654,372
F5, Inc.	5,099	912,619	Hilton Worldwide Holdings, Inc.	29,753	5,415,046
FactSet Research Systems, Inc.	4,172	1,988,584	Hologic, Inc.	18,252	1,303,923
Fair Isaac Corp.	2,720	3,170,405	Home Depot, Inc. (The)	100,011	34,653,812
Fastenal Co.	62,129	4,022,853	Honeywell International, Inc.	55,909	11,724,676
FedEx Corp.	19,596	4,957,200	Hongkong Land Holdings Ltd.	84,100	290,986
Fidelity Nat Financial	21,692	1,106,726	Hormel Foods Corp.	27,093	869,956
Fidelity Nat Information Services,	46,837	2,813,030	Host Hotels & Resorts, Inc.	46,947	914,528
Fifth Third Bancorp	53,592	1,848,388	Howmet Aerospace, Inc.	43,959	2,379,940
First American Financial Corp.	10,738	691,957	HP, Inc.	86,301	2,596,797
First Citizens BancShares, Inc.	810	1,149,366	Hubbell, Inc.	6,490	2,136,054
First Solar, Inc.	12,092	2,083,089	HubSpot, Inc.	3,973	2,304,976
FirstEnergy Corp.	44,478	1,630,563	Humana, Inc.	12,495	5,716,213
Fiserv, Inc.	56,997	7,571,481	Huntington Bancshares, Inc.	112,978	1,437,080

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

Security	Nominal	Fair Value	Security	Nominal	Fair Value
Huntington Ingalls Industries, Inc.	3,500	908,985	Liberty Media Corp-Liberty Formula One	14,079	888,948
Hyatt Hotels Corp.	3,130	408,183	Liberty Global Ltd.	20,207	376,658
IDEX Corp.	8,529	1,851,731	Liberty Media Corp-Liberty SiriusXM	9,986	287,397
IDEXX Laboratories, Inc.	6,721	3,730,491	Lincoln Electric Holdings, Inc.	3,305	718,705
Illinois Tool Works, Inc.	29,015	7,599,899	Linde plc	48,262	19,824,099
Illumina, Inc.	10,498	1,461,532	Live Nation Entertainment, Inc.	11,088	1,037,948
Incyte Corp.	13,457	844,965	LKQ Corp.	22,651	1,082,491
Ingersoll Rand, Inc.	27,445	2,122,871	Lockheed Martin Corp.	19,653	8,906,936
Insulet Corp.	4,517	979,828	Loews Corp.	14,249	991,303
Intel Corp.	365,310	18,356,828	Lowe's Cos., Inc.	48,726	10,840,073
Intercontinental Exchange, Inc.	45,488	5,841,569	LPL Financial Holdings, Inc.	5,241	1,192,590
International Business Machines Corp.	69,536	11,374,699	Lucid Group, Inc.	67,212	282,290
International Flavors & Fragrances, Inc.	19,555	1,583,368	Lululemon Athletica, Inc.	11,644	5,953,111
International Paper Co.	26,716	965,783	LyondellBasell Industries NV	20,432	1,941,857
Interpublic Group of Cos., Inc. (The)	29,798	972,309	M&T Bank Corp.	13,915	1,906,633
Intuit, Inc.	29,808	18,636,856	Manhattan Associates, Inc.	6,595	1,419,640
Intuitive Surgical, Inc.	32,558	10,983,767	Marathon Oil Corp.	63,017	1,521,230
Invitation Homes, Inc.	44,435	1,514,345	Marathon Petroleum Corp.	34,343	5,094,097
IQVIA Holdings, Inc.	13,070	3,024,267	Markel Group, Inc.	1,186	1,684,606
Iron Mountain, Inc.	22,814	1,596,752	MarketAxess Holdings, Inc.	2,890	846,337
J M Smucker Co. (The)	9,046	1,142,691	Marriott International, Inc.	17,830	4,020,843
Jabil, Inc.	8,861	1,129,069	Marsh & McLennan Cos., Inc.	46,765	8,859,162
Jack Henry & Associates, Inc.	6,001	979,963	Martin Marietta Materials, Inc.	4,744	2,367,256
Jacobs Solutions, Inc.	10,153	1,317,352	Marvell Technology, Inc.	73,443	4,428,613
Jardine Matheson Holdings Ltd.	15,300	629,136	Masco Corp.	36,835	2,467,208
Jazz Pharmaceuticals plc	3,908	480,684	Mastercard, Inc.	83,047	35,421,206
JB Hunt Transport Services, Inc.	7,292	1,456,431	Match Group, Inc.	17,653	644,158
Johnson & Johnson	269,307	42,211,179	McCormick & Co., Inc. (Non-Voting)	20,171	1,379,696
Johnson Controls International plc	52,388	3,019,120	McDonald's Corp.	79,441	23,547,107
JPMorgan Chase & Co.	277,387	47,222,363	McKesson Corp.	11,952	5,533,178
Juniper Networks, Inc.	21,131	622,731	Medpace Holdings, Inc.	3,845	1,178,608
Kellanova	25,836	1,443,974	Medtronic plc	127,706	10,524,251
Kenvue, Inc.	123,464	2,656,945	MercadoLibre, Inc.	4,152	6,516,938
Keurig Dr Pepper, Inc.	81,990	2,731,907	Merck & Co., Inc.	277,727	30,277,798
KeyCorp	72,717	1,047,125	Meta Platforms, Inc.	206,400	73,055,280
Keysight Technologies, Inc.	14,518	2,309,814	MetLife, Inc.	62,765	4,150,649
Kimberly-Clark Corp.	44,025	5,348,597	Mettler-Toledo International, Inc.	1,758	2,135,531
Kimco Realty Corp.	36,454	776,106	MGIC Investment Corp.	27,966	539,184
Kinder Morgan, Inc.	148,398	2,616,257	MGM Resorts International	22,714	1,014,634
KKR & Co., Inc.	39,744	3,292,393	Microchip Technology, Inc.	45,481	4,101,477
KLA Corp.	12,165	7,071,515	Micron Technology, Inc.	85,423	7,289,999
Knight-Swift Transportation Holdings, Inc.	13,978	805,692	Microsoft Corp.	715,064	268,799,708
Kraft Heinz Co. (The)	70,995	2,625,395	Mid-America Apartment Communities, Inc.	9,512	1,278,983
Kroger Co. (The)	55,955	2,557,703	Moderna, Inc.	25,210	2,507,135
L3Harris Technologies, Inc.	15,769	3,321,740	Molina Healthcare, Inc.	4,356	1,573,866
Laboratory Corp. of America Holdings	7,009	1,592,655	Molson Coors Beverage Co.	15,526	950,036
Lam Research Corp.	12,905	10,106,680	Monday.com Ltd.	2,244	420,862
Lamb Weston Holdings, Inc.	14,900	1,611,137	Mondelez International, Inc.	136,799	9,908,352
Las Vegas Sands Corp.	24,789	1,219,619	MongoDB, Inc.	6,607	2,700,545
Lattice Semiconductor Corp.	9,858	680,103	Monolithic Power Systems, Inc.	4,154	2,620,551
Lear Corp.	5,274	745,322	Monster Beverage Corp.	114,892	6,620,077
Leidos Holdings, Inc.	9,924	1,074,372	Moody's Corp.	10,956	4,278,866
Lennar Corp.	25,956	3,867,444	Morgan Stanley	116,865	10,901,167
Lennox International, Inc.	6,195	2,772,386	Mosaic Co. (The)	26,708	954,010
Liberty Broadband Corp.	9,667	778,774	Motorola Solutions, Inc.	11,528	3,608,610

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

Security	Nominal	Fair Value	Security	Nominal	Fair Value
MSC Industrial Direct Co., Inc.	5,302	536,828	Pool Corp.	3,371	1,344,085
MSCI, Inc.	8,732	4,935,239	PPG Industries, Inc.	18,402	2,751,835
Mueller Industries, Inc.	7,226	340,561	PPL Corp.	56,720	1,537,112
Nasdaq, Inc.	26,361	1,532,629	Primerica, Inc.	3,242	667,042
NetApp, Inc.	25,772	2,271,544	Principal Financial Group, Inc.	20,724	1,630,564
Netflix, Inc.	38,790	18,885,299	Procter & Gamble Co. (The)	252,356	36,982,772
Neurocrine Biosciences, Inc.	9,696	1,277,642	Progress Software Corp.	7,419	402,778
Newmont Corp.	80,305	3,323,021	Progressive Corp. (The)	48,706	7,761,301
News Corp.	34,857	856,088	Progyny, Inc.	7,872	292,760
NextEra Energy, Inc.	166,253	10,094,882	Prologis, Inc.	88,826	11,841,394
NEXTracker, Inc.	17,484	818,426	Prudential Financial, Inc.	42,003	4,355,711
NIKE, Inc.	108,782	11,803,935	PTC, Inc.	8,188	1,432,572
NiSource, Inc.	30,609	812,363	Public Service Enterprise Group, Inc.	35,392	2,163,513
NMI Holdings, Inc.	7,693	228,328	Public Storage	14,488	4,420,868
Nordson Corp.	8,492	2,243,332	PulteGroup, Inc.	29,074	3,001,018
Norfolk Southern Corp.	18,369	4,344,269	Pure Storage, Inc.	10,260	365,769
Northern Trust Corp.	17,530	1,478,480	Qorvo, Inc.	9,394	1,057,577
Northrop Grumman Corp.	11,588	5,429,673	QUALCOMM, Inc.	98,299	14,216,984
NRG Energy, Inc.	19,141	989,398	Qualys, Inc.	5,655	1,109,963
Nucor Corp.	27,891	4,854,429	Quanta Services, Inc.	9,741	2,102,303
Nutanix, Inc.	8,312	396,399	Quest Diagnostics, Inc.	8,964	1,235,508
NVIDIA Corp.	201,536	99,794,581	Radian Group, Inc.	21,455	612,326
NVR, Inc.	465	3,260,733	Rambus, Inc.	6,009	410,114
NXP Semiconductors NV	21,904	5,029,816	Raymond James Financial, Inc.	15,496	1,727,804
Occidental Petroleum Corp.	55,465	3,311,261	Realty Income Corp.	61,121	3,510,179
Okta, Inc.	14,833	1,342,683	Regency Centers Corp.	11,084	742,628
Old Dominion Freight Line, Inc.	11,546	4,676,938	Regeneron Pharmaceuticals, Inc.	8,423	7,393,709
Old Republic International Corp.	14,573	428,300	Regions Financial Corp.	72,895	1,411,247
Omnicom Group, Inc.	17,529	1,516,434	Reinsurance Group of America, Inc.	4,187	677,875
ON Semiconductor Corp.	35,433	2,960,073	Reliance Steel & Aluminum Co.	6,272	1,754,090
ONEOK, Inc.	42,557	2,987,501	Repligen Corp.	3,701	665,440
Oracle Corp.	155,215	16,359,661	Republic Services, Inc.	15,598	2,571,954
O'Reilly Automotive, Inc.	7,120	6,764,570	ResMed, Inc.	11,210	1,928,232
Otis Worldwide Corp.	41,152	3,683,516	Revvity, Inc.	10,602	1,159,117
Ovintiv, Inc.	15,936	699,590	Rivian Automotive, Inc.	45,120	1,058,966
Owens Corning	16,198	2,400,868	Robert Half, Inc.	8,462	743,979
PACCAR, Inc.	66,855	6,527,722	Robinhood Markets, Inc.	31,615	402,775
Packaging Corp. of America	6,622	1,079,717	ROBLOX Corp.	26,471	1,210,784
Palantir Technologies, Inc.	148,232	2,543,661	Rockwell Automation, Inc.	11,640	3,612,707
Palo Alto Networks, Inc.	29,551	8,709,271	Roku, Inc.	7,581	694,874
Paramount Global	39,622	585,613	Rollins, Inc.	54,282	2,370,495
Parker-Hannifin Corp.	8,836	4,070,922	Roper Technologies, Inc.	8,557	4,665,020
Paychex, Inc.	34,562	4,115,989	Ross Stores, Inc.	27,791	3,845,996
Paycom Software, Inc.	3,899	805,572	Royal Caribbean Cruises Ltd.	17,239	2,231,761
Paylocity Holding Corp.	3,551	585,382	Royalty Pharma plc	22,368	628,317
PayPal Holdings, Inc.	90,947	5,584,146	RPM International, Inc.	10,383	1,159,158
Pentair plc	20,340	1,478,311	RTX Corp.	115,767	9,740,635
PepsiCo, Inc.	149,068	25,317,709	S&P Global, Inc.	26,111	11,504,245
Pfizer, Inc.	548,017	15,771,929	Salesforce, Inc.	78,698	20,711,740
PG&E Corp.	143,092	2,579,949	SBA Communications Corp.	7,362	1,867,592
Philip Morris International, Inc.	134,132	12,620,480	Schlumberger NV	95,899	4,989,625
Phillips 66	36,515	4,860,512	Sea Ltd.	25,300	1,024,650
Pinterest, Inc.	37,138	1,375,592	Seagate Technology Holdings plc	16,251	1,387,673
Pioneer Natural Resources Co.	18,376	4,134,784	SEI Investments Co.	8,723	554,347
PNC Financial Services Group, Inc. (The)	31,239	4,838,609	Sempra	49,826	3,724,992

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

Security	Nominal	Fair Value	Security	Nominal	Fair Value
ServiceNow, Inc.	18,404	13,012,364	Tyler Technologies, Inc.	3,106	1,298,122
Sherwin-Williams Co. (The)	22,983	7,170,926	Tyson Foods, Inc.	25,494	1,370,048
Simon Property Group, Inc.	26,753	3,815,513	Uber Technologies, Inc.	153,135	9,428,522
Sirius XM Holdings, Inc.	62,482	342,401	UDR, Inc.	22,092	845,461
Skyworks Solutions, Inc.	13,681	1,537,608	U-Haul Holding Co.	7,541	531,188
Snap, Inc.	73,991	1,253,408	UiPath, Inc.	24,773	615,114
Snap-on, Inc.	12,943	3,738,974	Ultra Beauty, Inc.	4,023	1,970,948
Snowflake, Inc.	24,013	4,776,906	Union Pacific Corp.	54,535	13,397,613
Sonoco Products Co.	5,730	320,078	United Parcel Service, Inc.	60,600	9,528,744
Southern Co. (The)	83,677	5,868,268	United Rentals, Inc.	7,267	4,166,825
Southwest Airlines Co.	8,066	232,865	United Therapeutics Corp.	8,476	1,863,364
Splunk, Inc.	10,730	1,634,716	UnitedHealth Group, Inc.	94,138	49,567,423
SS&C Technologies Holdings, Inc.	15,367	939,077	Unity Software, Inc.	29,394	1,201,627
Stanley Black & Decker, Inc.	12,654	1,241,231	Universal Health Services, Inc.	6,565	1,000,769
Starbucks Corp.	109,582	10,520,968	Unum Group	14,785	668,282
State Street Corp.	36,106	2,796,771	US Bancorp	133,954	5,797,529
Steel Dynamics, Inc.	21,100	2,491,910	Vail Resorts, Inc.	3,055	651,723
STERIS plc	8,224	1,807,800	Valero Energy Corp.	28,501	3,704,560
Stryker Corp.	32,238	9,661,729	Veeva Systems, Inc.	18,606	3,582,213
Sun Communities, Inc.	9,362	1,250,576	Ventas, Inc.	25,403	1,265,831
Super Micro Computer, Inc.	6,091	1,731,367	Veralto Corp.	18,244	1,500,569
Synchrony Financial	37,421	1,428,734	VeriSign, Inc.	8,017	1,650,219
Synopsys, Inc.	16,223	8,347,545	Verisk Analytics, Inc.	16,712	3,991,828
Sysco Corp.	34,699	2,536,844	Verizon Communications, Inc.	387,109	14,590,138
T Rowe Price Group, Inc.	19,766	2,128,601	Vertex Pharmaceuticals, Inc.	22,950	9,337,896
Take-Two Interactive Software, Inc.	13,897	2,236,861	Vertiv Holdings Co.	23,716	1,138,842
Targa Resources Corp.	12,809	1,112,590	VF Corp.	30,782	578,394
Target Corp.	32,075	4,567,480	Viatis, Inc.	99,253	1,076,895
TE Connectivity Ltd.	25,886	3,638,277	VICI Properties, Inc.	76,522	2,438,756
Teledyne Technologies, Inc.	3,428	1,531,630	Visa, Inc.	154,913	40,362,582
Teleflex, Inc.	3,336	831,898	Vistra Corp.	28,037	1,079,425
Teradata Corp.	5,909	257,101	Vulcan Materials Co.	11,400	2,586,546
Teradyne, Inc.	16,687	1,811,374	W R Berkley Corp.	18,181	1,285,760
Terex Corp.	3,989	229,168	Walgreens Boots Alliance, Inc.	57,130	1,492,236
Tesla, Inc.	232,066	57,663,760	Walmart, Inc.	141,363	22,284,463
Teva Pharmaceutical Industries Ltd.	71,180	743,119	Walt Disney Co. (The)	147,787	13,342,210
Texas Instruments, Inc.	86,719	14,780,386	Warner Bros Discovery, Inc.	157,829	1,797,672
Texas Pacific Land Corp.	445	699,140	Waste Connections, Inc.	20,069	2,995,700
Textron, Inc.	17,237	1,386,717	Waste Management, Inc.	45,904	8,227,833
Thermo Fisher Scientific, Inc.	33,257	17,667,449	Waters Corp.	6,678	2,197,396
TJX Cos., Inc. (The)	107,592	10,092,130	Watsco, Inc.	3,556	1,525,951
T-Mobile US, Inc.	45,766	7,338,120	WEC Energy Group, Inc.	27,528	2,317,307
Toast, Inc.	21,979	401,337	Wells Fargo & Co.	357,965	17,619,037
Toll Brothers, Inc.	3,871	397,900	Welltower, Inc.	40,011	3,607,792
Toro Co. (The)	6,674	640,637	West Pharmaceutical Services, Inc.	6,003	2,113,836
Tractor Supply Co.	8,760	1,883,663	Western Digital Corp.	27,505	1,440,437
Trade Desk, Inc. (The)	46,861	3,371,649	Westinghouse Air Brake Technologies Corp.	13,897	1,763,529
Tradeweb Markets, Inc.	9,519	865,182	Westlake Corp.	2,408	337,000
Trane Technologies plc	24,011	5,857,964	Westrock Co.	20,700	858,843
TransDigm Group, Inc.	4,608	4,661,453	Weyerhaeuser Co.	57,622	2,003,517
TransUnion	14,508	996,845	Williams Cos., Inc. (The)	82,119	2,860,205
Travelers Cos., Inc. (The)	21,808	4,154,424	Willis Towers Watson plc	8,755	2,111,706
Trimble, Inc.	21,761	1,157,685	Wix.com Ltd.	3,788	465,962
Truist Financial Corp.	104,833	3,870,434	Workday, Inc.	14,071	3,884,300
Twilio, Inc.	11,079	840,231	WP Carey, Inc.	15,753	1,020,952

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

Security	Nominal	Fair Value	Security	Nominal	Fair Value
WW Grainger, Inc.	5,678	4,709,844	Scentre Group	520,792	1,058,980
Wynn Resorts Ltd.	6,778	617,476	SEEK Ltd	33,572	612,098
Xcel Energy, Inc.	47,500	2,940,250	Sonic Healthcare Ltd	45,827	1,003,143
Xylem, Inc.	18,157	2,076,616	South32 Ltd	460,877	1,044,072
Yum! Brands, Inc.	22,486	2,937,121	Stockland	241,076	732,017
Zebra Technologies Corp.	3,594	982,420	Suncorp Group Ltd	127,098	1,200,278
Zillow Group, Inc.	13,913	804,867	Telstra Group Ltd	405,774	1,096,444
Zimmer Biomet Holdings, Inc.	15,786	1,921,156	Transurban Group	324,463	3,035,357
Zoetis, Inc.	43,654	8,618,173	Treasury Wine Estates Ltd	87,285	642,045
Zoom Video Communications, Inc.	15,710	1,129,706	Vicinity Ltd.	383,891	534,374
Zscaler, Inc.	13,384	2,965,359	Washington H Soul	25,713	574,607
		3,866,368,460	Wesfarmers Ltd	121,160	4,714,044
Australia			Westpac Banking Corp	367,333	5,737,371
Ampol Ltd	23,623	582,708	Wisetech Global Ltd	17,057	874,659
Anz Group Holdings Ltd	314,903	5,567,388	Woodside Energy Group Ltd	202,405	4,289,729
Apa Group Stapled	136,731	796,768	Woolworths Group Ltd	126,538	3,211,967
Aristocrat Leisure Ltd.	59,381	1,653,565	Xero Ltd	14,987	1,147,911
Asx Ltd	19,341	832,092			129,161,365
Aurizon Holdings Ltd	183,960	475,740	Japan		
Bhp Group Ltd	540,875	18,600,929	Advantest Corp	64,100	2,174,253
Bluescope Steel Ltd	46,587	743,536	Aeon Co Ltd	48,900	1,090,868
Brambles Ltd	139,255	1,292,281	Agc Inc	24,700	915,431
Car Group Ltd	34,540	733,683	Aisin Corp	24,800	867,068
Cochlear Ltd	6,573	1,339,516	Ajinomoto Co Inc	32,200	1,239,533
Coles Group Ltd	133,854	1,470,498	Ana Holdings Inc	24,000	520,244
Commonwealth bank of Australia	177,832	13,566,222	Asahi Group Holdings Ltd	40,300	1,500,459
Computershare Ltd	60,295	1,003,049	Asahi Intecc Co Ltd	29,400	597,781
Csl Ltd	51,248	10,023,885	Asahi Kasei Corp	99,200	728,625
Dexus	108,084	566,409	Astellas Pharma Inc	264,900	3,164,219
Endeavour Group	144,083	511,238	Azbil Corp	11,200	370,606
Fortescue Ltd	176,799	3,500,938	Bandai Namco Holdings Inc	46,300	924,325
Goodman Group	178,768	3,084,934	Baycurrent Consulting Inc	30,700	1,076,612
GPT Group (THE)	191,192	605,334	Biprogry Inc	7,400	231,322
Idp Education Ltd	25,526	348,702	Bridgestone Corp	62,200	2,571,739
Igo Ltd	68,360	422,141	Brother Industries Ltd	19,600	311,768
Insurance Australia Group	249,295	961,101	Canon Inc	81,000	2,076,422
James Hardie Industries plc	47,502	1,825,500	Capcom Co Ltd	10,700	345,181
Lottery Corp Ltd/The	224,250	740,602	Central Japan Railway Co	57,000	1,445,013
Macquarie Group Ltd	39,182	4,909,235	Chiba Bank Ltd/The	43,200	311,636
Medibank Pvt Ltd	278,543	674,727	Chubu Electric Power Co	111,600	1,437,549
Mineral Resources Ltd	19,186	916,410	Chugai Pharmaceutical Co	51,300	1,939,488
Mirvac Group	399,809	570,172	Concordia Financial Group	71,400	325,650
National Australia Bank	334,621	7,005,123	Dai Nippon Printing Co	14,000	413,505
Northern Star Resources	115,631	1,076,996	Daifuku Co Ltd	21,600	436,581
Orica Ltd	45,607	495,741	Dai-Ichi Life Holdings	76,300	1,614,434
Origin Energy Ltd	172,151	994,947	Daiichi Sankyo Co Ltd	124,600	3,412,403
Pilbara Minerals Ltd	294,529	791,829	Daikin Industries Ltd	22,800	3,709,164
Qantas Airways Ltd	92,410	338,611	Daito Trust Construction	5,200	601,220
Qbe Insurance Group Ltd	158,393	1,599,576	Daiwa House Industry Co	50,700	1,533,803
Ramsay Health Care Ltd	18,347	658,378	Daiwa House Reit	270	481,856
Rea Group Ltd	5,257	649,806	Daiwa Securities Group	127,000	852,642
Reece Ltd	22,342	341,337	Denso Corp	152,000	2,287,332
Rio Tinto Ltd	38,360	3,550,631	Dentsu Group Inc	18,000	460,789
Santos Ltd	352,881	1,829,991	Dexerials Corp	6,700	195,326

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

Security	Nominal	Fair Value	Security	Nominal	Fair Value
Disco Corp	10,000	2,477,656	Komatsu Ltd	94,400	2,464,123
East Japan Railway Co	25,900	1,490,104	Konami Group Corp	10,600	555,038
Ebara Corp	5,000	295,290	Kose Corp	2,900	217,119
Eisai Co Ltd	18,700	933,541	Kubota Corp	85,800	1,286,878
Eneos Holdings Inc	272,700	1,082,637	Kyocera Corp	86,400	1,259,106
Fanuc Corp	81,000	2,376,337	Kyowa Kirin Co Ltd	22,400	375,929
Fast Retailing Co Ltd	12,000	2,976,592	Lasertec Corp	12,400	3,264,037
Fuji Electric Co Ltd	19,200	824,628	Ly Corp	223,000	788,520
Fujifilm Holdings Corp	33,600	2,013,664	M3 Inc	45,700	755,616
Fujikura Ltd	28,400	218,066	Makita Corp	18,500	509,544
Fujitsu Ltd	14,300	2,155,448	Marubeni Corp	164,800	2,600,352
Glp J-Reit Reit Jpy	346	344,331	Matsukiyocokara & Co	26,100	461,073
Hamamatsu Photonics Kk	13,100	538,570	Mazda Motor Corp	129,200	1,394,367
Hankyu Hanshin Holdings	19,200	610,129	McDonald'S Holdings Co	7,800	336,941
Hikari Tsushin Inc	1,500	247,961	Meiji Holdings Co Ltd	24,300	576,043
Hirose Electric Co Ltd	2,891	326,873	Minebea Mitsumi Inc	34,900	716,542
Hitachi Construction	4,500	118,900	Misumi Group Inc	19,700	333,760
Hitachi Ltd	81,100	5,833,125	Mitsubishi Chemical Group	167,500	1,024,152
Honda Motor Co Ltd	471,100	4,885,432	Mitsubishi Corp	336,000	5,357,696
Hoshizaki Corp	8,800	321,589	Mitsubishi Electric Corp	161,700	2,285,914
Hoya Corp	34,500	4,297,205	Mitsubishi Estate Co Ltd	112,300	1,547,331
Hulic Co Ltd	40,100	419,403	Mitsubishi Gas Chemical	17,500	279,481
Ibiden Co Ltd	13,500	748,255	Mitsubishi Hc Capital Inc	38,000	254,771
Idemitsu Kosan Co Ltd	84,430	459,580	Mitsubishi Heavy	24,400	1,424,920
Iida Group Holdings Co	14,500	216,862	Mitsubishi Ufj Financial	903,600	7,748,989
Inpex Corp	277,900	3,745,283	Mitsui & Co Ltd	154,800	5,804,176
Isuzu Motors Ltd	96,000	1,234,218	Mitsui Chemicals Inc	16,000	473,826
Itochu Corp	134,300	5,481,360	Mitsui Fudosan Co Ltd	67,800	1,659,652
Japan Airlines Co Ltd	15,500	304,767	Mitsui Mining & Smelting	4,500	138,020
Japan Exchange Group Inc	42,000	887,934	Mitsui Osk Lines Ltd	26,100	834,023
Japan Metropolitan Fund	599	432,106	Mizuho Financial Group	264,190	4,509,670
Japan Petroleum	8,800	327,082	Monotaro Co Ltd	23,600	257,628
Japan Post Bank Co Ltd	96,000	975,798	Ms&Ad Insurance Group	46,300	1,818,436
Japan Post Holdings Co	155,400	1,386,673	Murata Manufacturing Co	131,700	2,788,980
Japan Post Insurance Co	14,300	253,684	Nec Corp	22,300	1,317,627
Japan Real Estate	105	432,721	Nexon Co Ltd	34,200	621,146
Japan Tobacco Inc	131,600	3,402,483	Ngk Insulators Ltd	16,800	200,497
Jfe Holdings Inc	68,600	1,063,694	Nidec Corp	32,500	1,310,097
Jsr Corp	15,300	436,058	Nintendo Co Ltd	84,900	4,425,664
Jtekt Corp	23,300	196,756	Nippon Building Fund Inc	123	532,203
Kajima Corp	73,700	1,229,815	Nippon Express Holdings	5,700	323,369
Kansai Electric Power Co	95,800	1,269,020	Nippon Paint Holdings Co	72,100	582,252
Kao Corp	42,800	1,758,692	Nippon Prologis Reit Inc	173	333,042
Kawasaki Kisen Kaisha Ltd	9,900	424,496	Nippon Sanso Holdings	16,600	444,613
Kddi Corp	202,700	6,422,620	Nippon Steel Corp	97,524	2,231,610
Kdx Realty Investment	358	406,045	Nippon Telegraph &	4,712,300	5,745,811
Keisei Electric Railway	12,000	565,016	Nippon Yusen Kk	49,800	1,541,546
Keyence Corp	17,560	7,721,268	Nissan Chemical Corp	9,800	381,629
Kikkoman Corp	11,400	695,499	Nissan Motor Co Ltd	217,100	851,892
Kintetsu Group Holdings	15,500	490,903	Nissin Foods Holdings Co	29,100	1,014,723
Kirin Holdings Co Ltd	122,300	1,790,518	Niterra Co Ltd	17,300	409,982
Kobe Bussan Co Ltd	17,600	519,211	Nitori Holdings Co Ltd	6,400	855,951
Kobe Steel Ltd	52,700	681,646	Nitto Denko Corp	21,600	1,612,569
Koei Tecmo Holdings Co	13,840	157,416	Nomura Holdings Inc	228,000	1,029,542
Koito Manufacturing Co	18,000	280,125	Nomura Real Estate	5,300	139,398

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

Security	Nominal	Fair Value	Security	Nominal	Fair Value
Barratt Developments plc	102,145	732,586	Rightmove plc	48,256	354,090
Berkeley Group Holdings plc	11,562	690,975	Rio Tinto plc	132,373	9,858,322
BP plc	1,730,059	10,280,841	Rolls-Royce Holdings plc	538,492	2,054,604
British American Tobacco plc	181,551	5,310,419	Sage Group plc (The)	100,366	1,500,174
BT Group plc	549,175	863,559	Schroders plc	64,569	353,862
Bunzl plc	27,127	1,103,150	Segro plc	119,209	1,347,041
Burberry Group plc	30,182	544,820	Severn Trent plc	31,614	1,038,167
Centrica plc	800,808	1,434,322	Shell plc	652,674	21,378,980
Coca-Cola HBC AG	17,414	511,473	Smith & Nephew plc	66,635	914,872
Compass Group plc	136,478	3,733,657	Smiths Group plc	33,488	752,420
Croda International plc	11,054	711,628	Spirax-Sarco Engineering plc	5,758	771,098
DCC plc	8,054	593,241	SSE plc	89,331	2,113,597
Diageo plc	177,165	6,450,274	St James's Place plc	38,788	337,228
Drax Group plc	51,924	324,146	Standard Chartered plc	189,303	1,607,697
Endeavour Mining plc	11,324	252,627	Taylor Wimpey plc	355,006	665,492
Entain plc	36,948	466,774	Tesco plc	599,863	2,220,704
Experian plc	79,777	3,255,408	Unilever plc	257,112	12,453,484
Ferguson plc	15,091	2,902,053	United Utilities Group plc	74,860	1,010,620
Flutter Entertainment plc	1,599	283,746	Vodafone Group plc	2,055,227	1,796,012
Glencore plc	829,788	4,993,939	Whitbread plc	14,509	676,031
GSK plc	428,122	7,914,755	Wise plc	44,207	492,543
Haleon plc	446,446	1,830,605	WPP plc	81,592	782,389
Halma plc	35,260	1,026,645			216,609,151
Hargreaves Lansdown plc	24,574	229,376	Europe		
Hikma Pharmaceuticals plc	16,622	378,766	ABN AMRO Bank NV	34,324	514,141
HSBC Holdings plc	1,711,476	13,863,091	Acciona SA	1,673	246,349
IMI plc	16,761	359,819	Accor SA	14,258	544,481
Imperial Brands plc	70,666	1,627,386	Acerinox SA	18,686	219,935
			ACS Actividades de Construcción y Servicios SA	22,218	984,179
Informa plc	93,258	924,214	Adidas AG	12,777	2,598,408
InterContinental Hotels Group plc	31,278	2,827,009	Adyen NV	2,110	2,719,125
Intertek Group plc	13,768	745,234	Aegon Ltd.	129,908	752,816
J Sainsbury plc	136,169	524,757	Aena SME SA	4,670	846,545
JD Sports Fashion plc	164,243	347,461	Aéroports de Paris SA	2,332	301,655
Kingfisher plc	161,778	501,769	Ageas SA/NV	23,598	1,024,715
Land Securities Group plc	66,439	596,940	AIB Group plc	90,053	382,987
Legal & General Group plc	456,911	1,462,583	Air Liquide SA	59,228	11,520,247
Lloyds Banking Group plc	5,320,930	3,235,888	Airbus SE	40,855	6,304,727
London Stock Exchange Group plc	31,587	3,734,372	Akzo Nobel NV	15,676	1,295,620
M&G plc	183,160	519,287	Allianz SE (Registered)	33,799	9,037,195
Melrose Industries plc	88,409	637,678	Alstom SA	26,625	358,230
Mondi plc	43,208	846,328	Amadeus IT Group SA	30,245	2,166,982
Moneysupermarket.com Group plc	77,145	275,561	Amplifon SpA	9,294	320,934
National Grid plc	343,476	4,632,593	Amundi SA	3,155	214,164
NatWest Group plc	371,606	1,038,875	Anheuser-Busch InBev SA/NV	65,150	4,204,367
Next plc	8,391	868,370	ArcelorMittal SA	40,514	1,148,606
NMC Health plc	6,918	441	Argenx SE	4,029	1,527,903
Ocado Group plc	38,026	366,087	Arkema SA	8,600	975,649
Pearson plc	52,093	640,307	ASM International NV	4,552	2,363,081
Persimmon plc	27,778	491,333	ASML Holding NV	38,883	29,271,860
Phoenix Group Holdings plc	59,626	405,900	ASR Nederland NV	27,267	1,285,844
Prudential plc	181,614	2,053,596	Assicurazioni Generali SpA	118,429	2,498,712
Reckitt Benckiser Group plc	55,168	3,811,787	AXA SA	168,021	5,473,474
RELX plc	192,958	7,647,607	Azimut Holding SpA	14,136	368,522
Rentokil Initial plc	170,946	960,382			

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

Security	Nominal	Fair Value	Security	Nominal	Fair Value
Banco Bilbao Vizcaya	621,108	5,643,916	Enel SpA	773,143	5,747,773
Argentaria SA			Engie SA	184,513	3,244,443
Banco BPM SpA	83,131	438,216	Eni SpA	283,329	4,802,982
Banco Santander SA	1,322,296	5,519,888	Erste Group Bank AG	33,124	1,339,941
Bank of Ireland Group plc	71,779	650,818	EssilorLuxottica SA	23,301	4,659,638
BASF SE	70,934	3,820,307	Eurazeo SE	2,870	227,631
Bayer AG (Registered)	78,787	2,927,758	Eurofins Scientific SE	9,870	642,835
Bayerische Motoren Werke AG	31,493	3,424,753	Euronext NV	6,833	593,279
BE Semiconductor Industries V	5,457	822,531	Evonik Industries AG	13,503	276,395
Bechtle AG	6,318	316,436	EXOR NV	7,730	772,262
Beiersdorf AG	7,636	1,141,270	Ferrari NV	13,139	4,429,672
BioMerieux	2,693	299,267	Ferrovial SE	38,364	1,399,348
BNP Paribas SA	110,100	7,605,021	FinecoBank Banca Fineco SpA	71,425	1,071,457
Bollore SE	78,538	489,309	Flutter Entertainment plc	10,119	1,788,473
Bouygues SA	13,504	508,676	Fortum OYJ	38,245	552,173
Brenntag SE	23,063	2,114,553	Fresenius Medical Care AG	15,022	627,421
Bureau Veritas SA	37,453	943,292	Fresenius SE & Co. KGaA	35,332	1,102,193
CaixaBank SA	463,959	1,909,108	Galp Energia SGPS SA	69,582	1,024,594
Capgemini SE	13,266	2,765,997	GEA Group AG	9,430	391,153
Carl Zeiss Meditec AG	3,099	337,812	Gecina SA	3,695	448,985
Carrefour SA	56,862	1,040,177	Getlink SE	26,073	477,098
Cellnex Telecom SA	37,540	1,478,354	Grifols SA	27,417	467,922
Cie de Saint-Gobain SA	49,210	3,612,210	Groupe Bruxelles Lambert NV	7,955	624,791
Cie Generale des Etablissements Michelin SCA	56,360	2,020,897	Hannover Rueck SE	6,034	1,435,073
CNH Industrial NV	81,201	991,170	Heidelberg Materials AG	17,117	1,529,681
Commerzbank AG	91,390	1,084,246	Heineken Holding NV	9,806	829,746
Continental AG	8,959	760,847	Heineken NV	21,608	2,194,064
Corp. ACCIONA Energias Renovables SA	2,632	81,583	HelloFresh SE	11,804	186,527
Covestro AG	13,819	806,611	Henkel AG & Co. KGaA	28,541	2,190,007
Covivio SA	4,913	264,085	Hermes International SCA	3,361	7,123,241
Credit Agricole SA	98,247	1,394,592	Iberdrola SA	732,057	9,598,875
CRH plc	53,018	2,948,229	IMCD NV	4,093	707,815
Daimler Truck Holding AG	36,369	1,370,370	Industria de Diseno Textil SA	105,103	4,577,903
Danone SA	55,195	3,564,984	Infineon Technologies AG	91,659	3,819,192
Dassault Aviation SA	1,881	372,350	Infrastrutture Wireless Italiane SpA	35,935	454,515
Dassault Systemes SE	51,300	2,505,883	ING Groep NV	346,120	5,171,551
Davide Campari-Milano NV	44,461	501,452	InPost SA	17,301	239,085
Delivery Hero SE	11,170	308,535	Intesa Sanpaolo SpA	1,273,997	3,720,253
Deutsche Bank AG (Registered)	159,389	2,171,284	Ipsen SA	5,324	633,989
Deutsche Boerse AG	20,257	4,166,578	Italgas SpA	47,747	272,949
Deutsche Lufthansa AG (Registered)	52,378	463,106	JDE Peet's NV	3,695	99,430
Deutsche Post AG	86,817	4,305,059	Jeronimo Martins SGPS SA	28,277	719,057
Deutsche Telekom AG (Registered)	302,307	7,241,563	KBC Group NV	33,803	2,185,165
DiaSorin SpA	2,296	236,330	Kering SA	5,670	2,499,083
D'ieteren Group	1,815	354,473	Kerry Group plc	13,681	1,181,814
Dr Ing hc F Porsche AG	7,801	689,390	Kesko OYJ	19,677	389,513
DSM-Firmenich AG	14,592	1,482,630	Kingspan Group plc	12,262	1,061,945
E.ON SE	180,347	2,423,515	Klepierre SA	21,730	592,180
Edenred SE	64,649	3,864,954	Knorr-Bremse AG	6,845	445,665
EDP - Energias de Portugal SA	301,832	1,518,722	Kone OYJ	32,106	1,604,122
EDP Renovaveis SA	17,740	362,143	Koninklijke Ahold Delhaize NV	84,472	2,427,045
Eiffage SA	9,746	1,041,064	Koninklijke KPN NV	724,803	2,492,435
Elia Group SA/NV	3,178	396,695	Koninklijke Philips NV	81,050	1,887,332
Elisa OYJ	8,188	378,076	La Francaise des Jeux SAEM	3,742	135,582
Enagas SA	16,780	282,860	LEG Immobilien SE	5,201	454,682
Endesa SA	24,270	494,776			

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

Security	Nominal	Fair Value	Security	Nominal	Fair Value
Legrand SA	35,161	3,654,124	Snam SpA	155,586	800,046
Leonardo SpA	21,341	352,083	Societe Generale SA	69,671	1,849,014
L'Oreal SA	24,462	12,170,686	Sodexo SA	5,383	592,373
Lotus Bakeries NV	16	145,284	Sofina SA	1,293	321,656
LVMH Moet Hennessy Louis Vuitton SE	25,023	20,277,920	Solvay SA	3,213	98,420
Mediobanca Banca di Credito Finanziario SpA	53,565	662,710	Stellantis NV	163,909	3,827,416
Mercedes-Benz Group AG	67,824	4,685,608	STMicroelectronics NV	52,102	2,604,052
Merck KGaA	11,420	1,815,313	Stora Enso OYJ	49,440	682,128
Metso OYJ	40,814	413,521	Syensqo SA	9,685	1,007,374
Moncler SpA	23,895	1,470,236	Symrise AG	10,815	1,190,139
MTU Aero Engines AG	3,572	771,603	Talanx AG	1,973	140,249
Muenchener Rueckversicherungs-Gesellschaft AG (Registered)	11,968	4,973,534	Telecom Italia SpA	879,829	285,934
Naturgy Energy Group SA	14,250	425,014	Telefonica SA	432,847	1,689,284
Nemetschek SE	5,298	458,948	Teleperformance SE	5,123	747,287
Neste OYJ	33,431	1,192,086	Tenaris SA	50,493	878,210
Nexi SpA	28,689	234,516	Terna - Rete Elettrica Nazionale	206,077	1,718,704
NN Group NV	36,488	1,440,150	Thales SA	8,171	1,208,143
Nokia OYJ	359,074	1,211,372	TotalEnergies SE	245,677	16,717,445
OCI NV	7,963	230,728	UCB SA	10,643	926,670
OMV AG	20,736	908,224	Umicore SA	14,812	407,088
Orange SA	187,559	2,134,441	Unibail-Rodamco-Westfield	11,107	820,819
Orion OYJ	9,432	408,531	UniCredit SpA	188,507	5,103,822
Pernod Ricard SA	16,744	2,953,853	Unilever plc	34,906	1,691,001
Porsche Automobil Holding SE	11,508	586,927	Universal Music Group NV	57,666	1,642,205
Poste Italiane SpA	47,073	533,772	UPM-Kymmene OYJ	47,994	1,803,624
Prosus NV	109,205	3,254,687	Veolia Environnement SA	51,587	1,627,508
Prysmian SpA	18,044	819,018	Verallia SA	3,728	143,393
Publicis Groupe SA	17,309	1,606,112	Verbund AG	15,009	1,388,549
Puma SE	7,031	390,825	Vinci SA	46,173	5,799,269
QIAGEN NV	13,834	600,725	Vivendi SE	55,802	596,445
Randstad NV	9,549	598,300	voestalpine AG	7,260	228,082
Rational AG	457	352,368	Volkswagen AG	18,379	2,289,293
Recordati Industria Chimica e Farmaceutica SpA	27,249	1,466,201	Vonovia SE	66,615	2,109,718
Redeia Corp. SA	54,897	903,565	Wacker Chemie AG	764	96,253
Remy Cointreau SA	1,635	207,612	Warehouses De Pauw CVA	11,078	348,519
Renault SA	17,088	696,628	Wartsila OYJ Abp	42,374	613,425
Repsol SA	209,743	3,115,107	Wolters Kluwer NV	30,739	4,356,534
Rexel SA	9,393	256,805	Worldline SA	16,210	280,593
Rheinmetall AG	2,802	891,426	Zalando SE	11,550	275,843
RWE AG	48,876	2,216,865			500,839,074
Safran SA	23,131	4,073,957	Canada		
Sampo OYJ	33,888	1,480,343	Agnico Eagle Mines Ltd	38,568	2,118,812
Sanofi SA	104,816	10,387,072	Air Canada	25,786	365,298
SAP SE	100,546	15,500,669	Algonquin Power &	58,928	373,160
Sartorius AG	1,594	584,061	Alimentation Couche-Tard	68,519	4,050,551
Sartorius Stedim Biotech	1,870	492,668	Altagas Ltd	34,778	730,586
Schneider Electric SE	52,783	10,579,175	Arc Resources Ltd	43,549	648,975
Scout24 SE	7,905	560,087	Bank Of Montreal	65,032	6,461,772
SEB SA	2,118	264,380	Bank Of Nova Scotia/The	115,998	5,673,222
Shell plc	32,569	1,071,945	Barrick Gold Corp	137,430	2,487,831
Siemens AG (Registered)	69,926	13,098,996	Bce Inc	27,700	1,095,732
Siemens Energy AG	38,506	508,301	Brookfield Asset	27,243	1,098,108
Siemens Healthineers AG	23,295	1,357,149	Brookfield Corp	112,315	4,520,368
Smurfit Kappa Group plc	19,829	784,167	Brookfield Renewable Corp	13,061	376,695

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

Security	Nominal	Fair Value	Security	Nominal	Fair Value
Brp Inc	1,494	107,161	Restaurant Brands	21,772	1,709,431
Cae Inc	20,227	437,490	Riocan Real Estate	11,651	164,082
Cameco Corp	30,982	1,340,924	Rogers Communications Inc	30,649	1,438,313
Canadian Apartment	10,840	399,862	Royal Bank Of Canada	134,674	13,675,754
Canadian Imperial Bank Of	83,051	4,016,504	Saputo Inc	26,868	546,285
Canadian National Railway	59,376	7,481,664	Shopify Inc	96,665	7,550,808
Canadian Natural	85,434	5,620,658	Stantec Inc	7,185	577,590
Canadian Pacific Kansas	65,705	5,218,629	Sun Life Financial Inc	72,685	3,780,326
Canadian Tire Corp Ltd	4,132	439,930	Suncor Energy Inc	110,159	3,546,375
Canadian Utilities Ltd	13,112	315,917	Tc Energy Corp	82,500	3,234,681
Ccl Industries Inc	10,116	455,703	Teck Resources Ltd	36,302	1,537,590
Cenovus Energy Inc	91,709	1,533,584	Telus Corporation	61,904	1,107,944
Cgi Inc	19,269	2,069,963	Tfi International Inc	6,683	909,600
Constellation Software	1,912	4,748,839	Thomson Reuters Corp	14,318	2,097,751
Descartes Systems Group	6,580	552,259	Tmx Group Ltd	21,135	510,984
Dollarama Inc	56,782	4,095,228	Toromont Industries Ltd	15,479	1,358,903
Element Fleet Management	27,026	440,049	Toronto-Dominion Bank/The	204,652	13,273,046
Emera Inc	21,344	812,257	Tourmaline Oil Corp	26,669	1,203,402
Empire Co Ltd	9,522	252,745	West Fraser Timber Co Ltd	6,686	572,716
Enbridge Inc	175,204	6,337,958	Wheaton Precious Metals	36,338	1,795,956
Fairfax Financial	2,505	2,317,685	Wsp Global Inc	11,109	1,557,922
First Quantum Minerals	38,625	317,530			175,105,569
Firstservice Corp	2,421	393,022	Denmark		
Fortis Inc/Canada	41,980	1,731,922	AP Moller - Maersk A/S	614	1,096,816
Franco-Nevada Corp	14,846	1,647,516	Carlsberg A/S	9,289	1,163,130
George Weston Ltd	5,834	723,830	Chr Hansen Holding A/S	10,274	860,182
Gfl Environmental Inc	12,470	431,239	Coloplast A/S	11,502	1,316,151
Gildan Activewear Inc	11,699	387,808	Danske Bank A/S	76,717	2,047,992
Great-West Lifeco Inc	25,883	859,561	Demant A/S	5,985	262,340
Hydro One Ltd	20,437	613,916	DSV A/S	15,039	2,638,597
Ia Financial Corp Inc	9,662	659,545	Genmab A/S	5,265	1,673,509
Igm Financial Inc	7,580	200,393	Novo Nordisk A/S	346,952	35,819,342
Imperial Oil Ltd	17,791	1,016,648	Novozymes A/S	17,303	949,462
Intact Financial Corp	14,840	2,285,310	Orsted A/S	16,189	897,690
Ivanhoe Mines Ltd	50,481	489,267	Pandora A/S	8,874	1,223,465
Keyera Corp	18,987	460,780	ROCKWOOL A/S	638	186,578
Kinross Gold Corp	116,998	709,832	Tryg A/S	27,161	590,645
Loblaw Cos Ltd	19,426	1,884,702	Vestas Wind Systems A/S	67,831	2,152,025
Lundin Mining Corp	57,323	469,939			52,877,924
Magna International Inc	25,095	1,487,886	Hong Kong		
Manulife Financial Corp	227,121	5,034,693	AIA Group Ltd.	1,050,000	9,150,547
Meg Energy Corp	11,490	206,168	BOC Hong Kong Holdings Ltd.	307,000	829,565
Metro Inc/Cn	21,849	1,136,526	Budweiser Brewing Co. APAC Ltd.	181,300	338,985
National Bank Of Canada	28,537	2,180,637	CK Asset Holdings Ltd.	145,841	731,208
Northland Power Inc	17,484	318,759	CK Hutchison Holdings Ltd.	197,740	1,058,523
Nutrien Ltd	40,930	2,312,517	CK Infrastructure Holdings Ltd.	52,500	290,451
Onex Corp	4,037	282,492	CLP Holdings Ltd.	116,000	955,209
Open Text Corp	19,815	834,166	ESR Group Ltd.	196,000	270,585
Pan American Silver Corp	20,996	343,458	Galaxy Entertainment Group Ltd.	162,000	907,659
Parkland Corp/Canada	13,890	448,217	Hang Lung Properties Ltd.	161,000	223,504
Pembina Pipeline Corp	39,617	1,369,740	Hang Seng Bank Ltd.	69,600	811,111
Power Corp Of Canada	52,215	1,494,855	Henderson Land Development Co. Ltd.	83,953	258,034
Quebecor Inc	12,750	303,617	HKT Trust & HKT Ltd.	582,040	693,211
Rb Global Inc	13,808	923,500	HK & China Gas Co. Ltd.	1,066,119	813,732

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

Security	Nominal	Fair Value	Security	Nominal	Fair Value
HK Exchanges & Clearing Ltd.	98,575	3,378,178	CapitaLand Investment Ltd.	246,600	588,879
HSBC Holdings plc	45,200	364,677	City Developments Ltd.	40,000	201,653
Link REIT	208,340	1,167,294	DBS Group Holdings Ltd.	231,658	5,858,624
MTR Corp. Ltd.	101,866	394,625	Genting Singapore Ltd.	512,800	388,750
New World Development Co. Ltd.	62,499	96,847	Jardine Cycle & Carriage Ltd.	4,800	108,183
Power Assets Holdings Ltd.	95,500	551,581	Keppel Ltd.	101,900	544,610
Sands China Ltd.	176,000	513,898	Mapletree Logistics Trust	232,829	305,355
Sino Land Co. Ltd.	254,012	275,854	Mapletree Pan Asia Commercial Trust	288,000	340,596
SITC International Holdings Co. Ltd.	93,000	160,309	Oversea-Chinese Banking Corp. Ltd.	487,878	4,800,740
Sun Hung Kai Properties Ltd.	95,500	1,031,004	Seatrium Ltd.	3,248,469	288,129
Swire Pacific Ltd.	56,000	472,969	Sembcorp Industries Ltd.	73,800	295,961
Swire Properties Ltd.	110,523	223,635	Singapore Airlines Ltd.	97,750	484,637
Techtronic Industries Co. Ltd.	114,000	1,358,472	Singapore Exchange Ltd.	75,100	557,941
WH Group Ltd.	760,587	488,970	Singapore Technologies Engineering Ltd.	200,800	590,633
Wharf Holdings Ltd. (The)	43,000	138,220	Singapore Telecommunications Ltd.	1,111,200	2,072,286
Wharf Real Estate Investment Co. Ltd.	138,000	465,682	United Overseas Bank Ltd.	164,963	3,557,878
Xinyi Glass Holdings Ltd.	201,572	225,617	UOL Group Ltd.	53,884	256,124
		28,640,156	Wilmar International Ltd.	214,800	579,704
Israel			Yangzijiang Shipbuilding Holdings Ltd.	247,600	279,679
Azrieli Group Ltd.	3,560	230,947			23,928,195
Bank Hapoalim BM	103,022	932,116	Sweden		
Bank Leumi Le-Israel BM	126,611	1,024,238	Alfa Laval AB	26,928	1,074,411
Elbit Systems Ltd.	2,730	581,041	Assa Abloy AB	80,846	2,324,016
ICL Group Ltd.	64,893	329,250	Atlas Copco AB	457,254	7,495,574
Israel Discount Bank Ltd.	86,356	435,749	Beijer Ref AB	26,080	347,290
Mizrahi Tefahot Bank Ltd.	12,952	505,002	Boliden AB	22,725	708,617
Nice Ltd.	4,944	1,000,772	Epiroc AB	80,447	1,523,287
Teva Pharmaceutical Industries Ltd.	20,189	214,286	EQT AB	24,118	679,421
		5,253,401	Essity AB	53,785	1,331,569
NZ			Evolution AB	14,605	1,744,568
Auckland International Airport Ltd.	96,390	531,565	Fastighets AB Balder	41,616	294,182
EBOS Group Ltd.	6,399	142,006	Getinge AB	17,722	393,555
Fisher & Paykel Healthcare Corp. Ltd.	54,896	813,323	H & M Hennes & Mauritz AB	58,445	1,022,890
Mercury NZ Ltd.	67,907	279,470	Hexagon AB	152,431	1,823,361
Meridian Energy Ltd.	184,966	632,401	Holmen AB	3,681	155,344
Spark New Zealand Ltd.	196,703	640,148	Husqvarna AB	40,095	329,502
		3,038,913	Industrivarden AB	24,529	798,496
Norway			Indutrade AB	18,996	491,966
Adevinta ASA	18,292	202,270	Investment AB Latour	10,696	277,434
Aker BP ASA	61,645	1,793,682	Investor AB	163,497	3,782,486
DNB Bank ASA	71,389	1,514,144	L E Lundbergforetagen AB	6,467	350,627
Equinor ASA	158,174	5,017,454	Lifco AB	22,253	543,416
Gjensidige Forsikring ASA	13,034	238,459	Nibe Industrier AB	104,212	731,087
Kongsberg Gruppen ASA	7,449	341,215	Nordea Bank Abp	236,383	2,924,456
Mowi ASA	34,574	618,578	Saab AB	5,722	344,529
Norsk Hydro ASA	115,859	778,957	Sagax AB	11,987	328,761
Orkla ASA	62,559	484,175	Sandvik AB	89,923	1,941,609
Salmar ASA	4,404	246,486	Securitas AB	52,833	516,385
Telenor ASA	45,969	527,555	Skandinaviska Enskilda Banken AB	195,761	2,696,173
Yara International ASA	13,932	495,509	Skanska AB	32,739	592,546
		12,258,484	SKF AB	33,083	660,816
Singapore			Svenska Cellulosa AB SCA	41,873	625,321
CapitaLand Ascendas REIT	391,395	896,075	Svenska Handelsbanken AB	100,803	1,093,766
CapitaLand Integrated Commercial Trust	599,552	931,758	Swedbank AB	57,844	1,165,162

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2023

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

Security	Nominal	Fair Value	Security	Nominal	Fair Value
Swedish Orphan Biovitrum AB	15,161	400,468	Kuehne + Nagel International AG	5,069	1,743,570
Tele2 AB	43,173	370,048	Logitech International SA	14,965	1,417,110
Telefonaktiebolaget LM Ericsson	228,064	1,426,609	Lonza Group AG (Registered)	5,761	2,421,037
Telia Co. AB	213,755	544,470	Nestle SA (Registered)	256,445	29,707,583
Volvo AB	135,311	3,509,021	Novartis AG (Registered)	220,896	22,264,133
Volvo Car AB	41,348	133,425	Partners Group Holding AG	2,001	2,882,686
Zalando SE	2,614	62,280	Roche Holding AG	76,318	22,218,605
		47,558,944	Sandoz Group AG	34,503	1,108,901
Switzerland			Schindler Holding AG	4,151	1,035,222
ABB Ltd. (Registered)	131,479	5,825,286	Schindler Holding AG (Registered)	1,426	337,503
Adecco Group AG (Registered)	11,700	573,705	SGS SA (Registered)	13,078	1,126,232
Alcon, Inc.	33,527	2,613,963	SIG Group AG	22,096	507,999
Avolta AG	11,061	434,607	Sika AG (Registered)	11,576	3,761,701
Bachem Holding AG	2,968	228,864	Sonova Holding AG (Registered)	4,623	1,505,022
Baloise Holding AG (Registered)	3,821	597,904	Straumann Holding AG (Registered)	9,662	1,554,369
Banque Cantonale Vaudoise (Registered)	1,204	154,783	Swatch Group AG (The)	2,205	598,899
Barry Callebaut AG (Registered)	287	483,534	Swatch Group AG (The) (Registered)	6,721	351,761
BKW AG	1,426	252,619	Swiss Life Holding AG (Registered)	2,811	1,949,815
Chocoladefabriken Lindt & Spruengli AG	110	1,317,412	Swiss Prime Site AG (Registered)	4,525	481,989
Chocoladefabriken Lindt & Spruengli AG (Registered)	7	846,670	Swiss Re AG	23,219	2,608,672
Cie Financiere Richemont SA	40,887	5,618,228	Swisscom AG (Registered)	1,819	1,093,583
Clariant AG (Registered)	14,841	218,828	Swissquote Group Holding SA (Registered)	1,007	244,556
EMS-Chemie Holding AG	661	534,439	Temenos AG (Registered)	4,427	411,219
Geberit AG (Registered)	2,927	1,873,781	UBS Group AG (Registered)	328,270	10,179,822
Givaudan SA (Registered)	793	3,274,134	VAT Group AG	2,324	1,163,864
Helvetia Holding AG	1,089	149,962	Zurich Insurance Group AG	17,464	9,119,501
Holcim AG	47,041	3,688,833			151,417,447
Julius Baer Group Ltd.	16,682	934,541	Total equity securities		5,565,115,327

Petroleum Fund of Timor-Leste
Notes to the financial statements
for the year ended 31 December 2023

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

(c) Money market securities

Security	Unit holding	Fair Value	Security	Unit holding	Fair Value
Money market securities			Foreign CCY fwd contract		
European Treasury Bills	19,500,000	21,148,191	Buy Gbp: Sell Usd 2/2/2024	124,680,794	-272,146
Japanese Treasury Bills	3,200,000,000	22,707,033	Buy Usd: Sell Chf 1/5/2024	78,544,399	-363,072
Treasury Bills from other countries	50,000,000	8,717,488	Buy Jpy: Sell Usd 2/2/2024	142,216,663	-588,141
		52,572,712	Buy Cad: Sell Usd 2/2/2024	120,187,771	-600,112
			Buy Aud: Sell Usd 2/2/2024	129,743,015	-725,456
			Buy Dkk: Sell Usd 1/3/2024	71,951,516	-777,373

(d) Derivatives

Security	Unit holding	Fair Value	Security	Unit holding	Fair Value
Futures			Buy Sgd: Sell Usd 1/3/2024	100,515,882	-1,220,150
S&P500 EMINI 03/15/2024	4	31,920	Buy Gbp: Sell Usd 1/3/2024	123,796,883	-1,260,997
		31,920	Buy Sek: Sell Usd 1/3/2024	41,573,339	-1,550,938
			Buy Nzd: Sell Usd 1/4/2024	61,737,120	-1,894,714
			Buy Nok: Sell Usd 1/3/2024	34,407,427	-1,907,155
Security	Unit holding	Fair Value	Buy CHF: Sell Usd 1/4/2024	75,833,790	-2,710,609
Foreign CCY fwd contract			Buy Cad: Sell Usd 1/3/2024	116,293,909	-3,681,823
Sell Aud: Buy Usd 1/3/2024	130,328,850	710,520	Buy Aud: Sell Usd 1/3/2024	126,006,692	-4,322,158
Sell Cad: Buy Usd 1/3/2024	119,975,732	593,381	Buy Eur: Sell Usd 1/3/2024	391,953,408	-4,395,013
Sell Jpy: Buy Usd 1/3/2024	141,575,374	560,787	Buy Jpy: Sell Usd 1/5/2024	135,697,327	-5,878,048
Sell Usd: Buy Chf 2/2/2024	79,385,007	349,078			-32,963,125
Sell Gbp: Buy Usd 1/3/2024	125,057,880	269,775			
Sell Nzd: Buy Usd 1/4/2024	63,631,833	257,538			
Sell Usd: Buy Sek 2/2/2024	43,479,258	159,184			
Sell Sgd: Buy Usd 1/3/2024	101,736,032	114,018			
Sell Usd: Buy Eur 2/2/2024	397,630,816	107,820			
Sell Nok: Buy Usd 1/3/2024	36,314,582	61,578			
Sell Usd: Buy Dkk 2/2/2024	73,616,753	25,176			
Sell Hkd: Buy Usd 1/3/2024	7,043,561	2,650			
		3,211,505			

Security	Unit holding	Fair Value	Security	Unit holding	Fair Value
			Over-the-counter derivatives		
			Pay Fixed 3.0450% / Rcv SOFRRATE 5.3000% 8/8/2033	5,900,000	-
			Pay Fixed 3.1350% / Rcv SOFRRATE 5.3000% 8/9/2033	11,800,000	-
			Pay SOFRRATE 5.3000% / Rcv Fixed 3.3900% 8/8/2025	26,500,000	-
			Pay SOFRRATE 5.3000% / Rcv Fixed 3.5225% 8/9/2025	53,000,000	-
			Total derivatives		-29,751,620

Security	Unit holding	Fair Value
Foreign CCY fwd contract		
Buy Hkd: Sell Usd 1/3/2024	7,042,168	-1,393
Buy Hkd: Sell Usd 2/2/2024	7,301,812	-3,360
Buy Usd: Sell Dkk 1/3/2024	72,728,889	-36,985
Buy Nok: Sell Usd 2/2/2024	36,300,290	-63,859
Buy Sgd: Sell Usd 2/2/2024	102,365,523	-129,510
Buy Usd: Sell Eur 1/3/2024	396,348,420	-154,284
Buy Usd: Sell Sek 1/3/2024	43,124,278	-164,300

**Annex III: Statements on accounting policies of the Petroleum Fund for the
fiscal year 2023**



REF NO: 371 /IX/DGT-MF/5/2024

14/May/2024

Treasury Statement on Accounting Policies of the Petroleum Fund for the Fiscal Year 2023

This statement on the Accounting Policies of the Petroleum Fund Law No.9/2005 as of 3 August, which was amended by the Law No. 12/2011 as of 28 September and Law No 2/2022 of 10 February 2022. It may be retained for Petroleum Fund records.

In accordance with Article 21 of the Petroleum Fund Law, the Financial Statements of the Petroleum Fund for the Fiscal Year ended 31st December 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) that remained in effect during the Fiscal Year ended 31 December 2023.

During the 2023 Fiscal Year, the Petroleum Fund has adopted all new and revised IFRS that were relevant. Adoption of these new and revised IFRS did not have a material impact.

Previously adopted accounting standards have continued to be applied.



Regina de Jesus de Sousa
Director General of Treasury

Annex IV: Comparison of income derived from the investment of the Petroleum Fund assets 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, and Law No.2/2022 of 10th of February).

Please refer to the Audited Financial Statements for details.

Table 17 – Petroleum Fund Annual Income

Financial Year 2023	Financial Year 2022	Financial Year 2021	Financial Year 2020
US\$ 1,678,704,161	US\$ (2,050,438,544)	US\$ 1,144,334,490	US\$1,773,297,623

Annex V: Comparison of nominal income on the investment of the 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, and Law No.2/2022 of 10th of February)

Table 18 – Petroleum Fund’s nominal and real returns

Return	2023	2022	2021
Nominal return	9.99%	-10.36%	6.25%
Inflation ²¹	3.35%	6.45%	7.04%
Real return	6.43%	-15.79%	-0.74%

The Petroleum Fund’s nominal return for 2023 was 9.99%. The real return of the Fund for the year was 6.43%, after adjusting for the US inflation of 3.35%.

21 US Consumer Price Index for All Items, CPI, was used in portfolio real return calculation. Source: US Department of Labor – Bureau of Labor Statistics (www.bls.gov).

Annex VI: Comparison of nominal income on the investment of the Petroleum Fund assets with the benchmark index performance

(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, and Law No.2/2022 of 10th of February).

Figure 25 – Petroleum Fund Monthly Returns (Jan - Dec 2023)

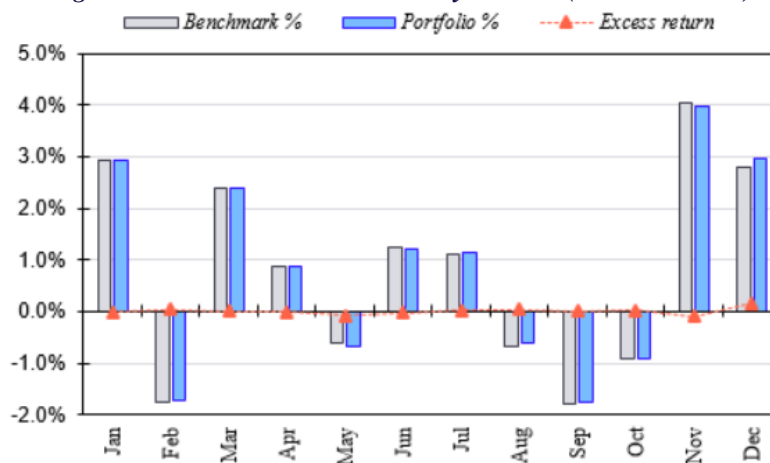


Table 19 – Petroleum Fund Monthly Returns (Jan – Dec 2023)

Period	Portfolio	Benchmark	Excess return
January	2.91%	2.93%	-0.01%
February	-1.71%	-1.76%	0.05%
March	2.41%	2.41%	0.00%
April	0.86%	0.87%	-0.01%
May	-0.69%	-0.62%	-0.07%
June	1.22%	1.25%	-0.03%
July	1.14%	1.12%	0.02%
August	-0.62%	-0.66%	0.04%
September	-1.76%	-1.77%	0.01%
October	-0.90%	-0.92%	0.02%
November	3.96%	4.05%	-0.09%
December	2.96%	2.80%	0.16%
Fiscal Year 2023	9.99%	9.90%	0.10%

Annex VII: Comparison of the Estimated Sustainable Income for the fiscal year 2023 with the sum of transfers from the Petroleum Fund for the same 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, and Law No.2/2022 of 10th of February).

The total withdrawals from the Petroleum Fund for the Financial Year 2023 were US\$ 1,090.0 million which was US\$ 599.9 million higher than the Estimated Sustainable Income (ESI) amount of US\$ 490.1 million projected for the year.

Please refer to Statement of Changes in Capital and Notes to the Financial Statements in Annex II for further details.

Annex VIII: Treasury statement on borrowings



República Democrática de Timor-Leste
Ministério das Finanças

Direção Geral do Tesouro



REF NO: 373 /IX/DGT-MF/5/2024

14/May/2024

Treasury Statement on Borrowings by Government of Timor-Leste for Fiscal Year 2023

This statement is made in accordance with the requirement under the Article 24.1 (i) of the Petroleum Fund Law No.9/2005 as of 3 August, as amended by the Law No. 12/2011 as of 28 September 2011 and Law No 2/2022 of 10 February 2022, to declare if there have been any borrowings by the Government of Timor-Leste in which the Petroleum Fund's assets are being used as collateral as detailed in the Article 20.2.

The Government of Timor-Leste from time to time negotiates and enters into agreements with international financial institutions such as the World Bank, the Asian Development Bank, Japan International Co-operation Agency and the Australian Infrastructure Financing Facility for the Pacific. Timor-Leste's assets are used for payment of interest and repayment of principal on these loans. These loan agreements under their terms and conditions do not have any specific collateral requirements that encumber the Petroleum Fund's assets.

The Directorate General of Policy and External Resources Mobilization at the Ministry of Finance confirmed that no new loans were signed during the fiscal year ended 31st December 2023. The total value of all loans committed or signed up to 31st December 2023 amounts to approximately \$1,024.57 million USD. The loans were denominated in USD, Special Drawing Rights (SDRs) and the Yen and will vary according to ruling exchange rates.



Regina de Jesus de Sousa
Director General of Treasury

Annex IX: List of persons holding positions relevant for the operations 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, and Law No.2/2022 of 10th of February).

The list of persons holding relevant positions for the operation and performance of the Petroleum Fund is given below:

A. Minister of Finance

Mr. Rui Augusto Gomes (until 2 July 2023)

Mrs. Santana J.R.F. Viegas Cardoso (from 3 July 2023)

Vice-Minister of Finance

Mr. Antonio Freitas (until 2 July 2023)

Mr. Helder Lopes (from 3 July 2023)

B. Director General of Treasury

Mrs. Regina de Jesus de Sousa

C. The members of the Investment Advisory Board (IAB):

Name	Position and tenure
Mr. Olgario de Castro	Chairman. Voting member since 2008
Dr. Torres Trovik	Voting member since 2006
Mr. Gualdino da Silva	Voting member since 2012
Professor Michael Drew	Voting member since 2017
Mr. Venancio Alves Maria	BCTL's representative since 2012
Mr. Filipe Nery Bernardo	MoF's representative since 2022

D. Operational Manager

- Banco Central de Timor-Leste (BCTL) – from 12 October 2005.

E. External Investment Managers

- Bank for International Settlements (BIS) – from 3 June 2009.
- Barings LLC – from April 2023.
- Franklin Resources Inc (Franklin Templeton) – from April 2023.
- Schroders Investment Management Limited – from 8 October 2010.
- State Street Global Advisors (SSGA) – from 14 September 2011 (implementation commenced in January 2012).
- BlackRock Investment Management Australia Limited – from April 2012 (implementation commenced in February 2013).

F. Custodian

- JP Morgan Chase Bank N.A.

G. Independent Auditor

- Ernst & Young (EY)

H. Governor of the Central Bank

Mr. Abraão Fernandes de Vasconcelos (until 12 September 2023)

Mr. Helder Lopes (from 13 September 2023)

- I. Petroleum Fund Consultative Council (PFCC) was formally constituted on 6 November 2006. Members of the PFCC for financial year 2023 are as the following:
-

Mr. Juvinal Dias is President of the PFCC. He joined PFCC in December 2017 representing civil society organizations. He is one of the Commissioners for Greater Sunrise Governance Board. He also heads Core Group Transparency Timor-Leste, Publish What You Pay Timor-Leste and was a former researcher at Lao Hamutuk.

Mr. Nuno Eugénio Goulart is Vice President of the PFCC. He joined PFCC in October 2019 representing the Parliament. He is Education Coordinator at PHD Australia.

Mrs. Izilda Imanuela da Luz Pereira is a former member of the Parliament. She joined PFCC in December 2017 representing the Parliament. She is holding important position in Legal Counsel and Audit at AEMTL.

Pe. Mauzinho Pereira Lopes joined PFCC in September 2022. He is a Catholic priest and lecturer at Universidade Católica Timorense (UCT) and Instituto Filosofia e Teologia (ISFIT).

Mr. Hernani Agostinho Soares is a member of PFCC representing the private sector since October 2019. He is Vice President of Timor-Leste Chamber of Commerce and adviser to Minister of Tourism, Industry and Commerce.

Mrs. Martinha da Silva Jesus Pinto joined PFCC in October 2019 representing civil society organizations. She is Director of NGO Feto Hadomi Família (FFHF).

Members of the Investment Advisory Board



Olgaro de Castro is Chairman of the Investment Advisory Board. He has been with the Petroleum Fund since 2008. He is a Timorese national and chartered accountant and partner in De Castro Sullivan Lai Practice in Darwin, Australia. His areas of expertise include tax, financial and management accounting and auditing.

Dr. Torres Trovik helped establish the Petroleum Fund in 2005 and has been an IAB member from the start. He is a non-executive director and chairs the risk management committee at Folketrygdfondet, a Norwegian sovereign wealth fund. He teaches as an adjunct associate professor at the Norwegian School of Economics and serves as an advisor at KLP, a Norwegian pension fund. Dr. Trovik also chairs the OECD's Committee for the Administration of Funds, coordinating pension management for multiple international organizations. His broad experience spans NBIM, Norges Bank, the IMF, and the World Bank, focusing on sovereign wealth fund governance, investment strategy and management.

Gualdino da Silva has been with the Petroleum Fund since 2012. He holds geological engineering qualification from RMIT and currently serves as the President of the National Authority for Petroleum from September 2023.

Prof. Dr. Michael Drew joined the Petroleum Fund in April 2017. He is a Professor of Finance at Griffith University and co-founder of Drew, Walk & Co., a firm of consulting financial economists specializing in the areas of investment governance and pension plan design. He also serves as a Trustee Director of CareSuper and is Chair of the Investment Committee.

Venancio M. Alves is a senior advisor at the Central Bank. He is formerly a Deputy Governor and Executive Director of the Petroleum Fund at the Central Bank. He is a Timorese national with many years of experience in managing the Petroleum Fund's investments. He is a non-voting member at the IAB representing the Operational Manager (BCTL), appointed by the Governor of the Central Bank.

Filipe Nery Bernardo joined the Petroleum Fund in September 2009 as an analyst and has been leading and coordinating the works at the PFPMO at the Ministry of Finance since 2012. He is also the representative of the Ministry of Finance on Timor-Leste's EITI Multi-stakeholders Working Group. He is a non-voting member of the IAB, as the appointed alternate to the Director General of Treasury from February 2022.

Annex X: Statement on total withdrawals versus the approved appropriation amount

(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, and Law No.2/2022 of 10th of February).

In accordance with Article 7.2 of the Petroleum Fund Law No.9/2005 of 3rd August as amended by the Law No.12/2011 of the 28th September, and Law No.2/2022 of 10th February, the Framework for the General State Budget and Public Financial Management Law, the total amount transferred from the Petroleum Fund for a Fiscal year shall not exceed the appropriation amount approved by the Parliament for that Fiscal year.

In accordance with Article 4 of Law No.15/2022 of the 21st December as amended by Law No.17/2023 of the 29th of August, the State Budget for 2023, the proposed transferred amount from the Petroleum Fund to the General State Budget for 2023 should not exceed US\$1,208.2 million.

The actual total amount transferred from the Petroleum Fund to the Consolidated Fund of Timor-Leste for 2023 was US\$1,090.0 million.

The actual total amount transferred from the Petroleum Fund for 2023 was in compliance with Article 7.2 of the Petroleum Fund Law.



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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 2023

We have compiled the accompanying Statement of Petroleum Fund Receipts detailing the payments made to the Petroleum Fund of Timor-Leste ("the Petroleum Fund") for the year ended 31 December 2023 based on information provided to us by the Petroleum Fund's operational manager, Banco Central de Timor-Leste ("the operational manager").

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

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of the Statement of Petroleum Fund Receipts. 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 No. 9/2005 dated 3 August 2005, as amended by Law No. 12/2011 dated 28 September 2011 and Law No. 2/2022, of 10 February 2022 (the "Petroleum Fund Law") have been made for the year ended 31 December 2023. This Statement of Petroleum Fund Receipts and the accuracy and completeness of the information used to compile it are the responsibility of the operational manager.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile the Statement of Petroleum Fund Receipts. Accordingly, we do not express an audit opinion or a review conclusion on the Statement of Petroleum Fund Receipts.

As stated in Note 1, the Statement of Petroleum Fund Receipts is prepared and presented in accordance with the requirements under the Petroleum Fund Law. Accordingly, the Statement of Petroleum Fund Receipts is for use only in connection with that purpose and may not be suitable for any other purpose.

Our compilation report is intended solely for the use by the Ministry of Finance as required under the Petroleum Fund Law. We disclaim all responsibility to any other party for any loss or liability that the other party may suffer or incur arising from or relating to or in any way connected with the contents of our report, the provision of our report to the other party or the reliance upon our report by the other party.

Ernst & Young
Perth
14 May 2024

PETROLEUM FUND OF TIMOR-LESTE
STATEMENT OF PETROLEUM FUND RECEIPTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Article 6.1(a) receipts	US\$
Payee:	
Baker Hughes Aust Pty Ltd	118,742
BGP China National Petroleum	1,706
Brunel Energy Pty Ltd	6,105
BU13 Australia Pty Ltd	136,147
Callidus Prosess Solutions Pty.Ltd.	2,885
Caltech Unip Lda	875,433
Cameron Services Intl Pty Ltd	1,042
Carnavon Energy Limited	18,939
Caterpillar of Australia Pty Ltd	4,696
Chandler Macleod Group Limited	98,697
Clough Amec Pty Ltd	992,103
Clough Wood Pty Ltd	898,826
Compass Group (Aust) Pty Ltd	1,093,648
Competentia Pty Ltd	12,295
Concalo Cristovao c.c De Meirelles	550
Connocophilips Timor Leste	914,550
Conoco Philips (EMET) Pty Ltd	159,000
Conoco Philips Timor Leste Pty Ltd	261,952
Conoco Phillips (03-12) Pty Ltd	13,731,694
Conoco Phillips (03-13) Pty Ltd	992,482
Conoco Phillips (Timor Sea) Pty Ltd	1,312,902
Conocophillips JPDA Pty Ltd	1,057,733
ENI JPDA 03-13 Ltd	223,612
ENI JPDA 03-13 LTD BRANCH	3,476,320
ENI JPDA 06-105 Pty Ltd	316,977
ENI JPDA 11-106 BV BRANCH	46,572
Eni Timor Leste SPA Branch	85,359
Haliburton Australia Pty Ltd	220,683
Hertel Modern Pty Ltd	149,963
Inpex Timor Sea Ltd	13,625
Inpex Saul Ltd	15,981,998
Jose Pedro da Costa Duarte	2,914
Laloran Marine Services Lda	458,777
Konnekto Unipessoal Lda	228,093
KT Maritime Services BU	134,116
MMA Offshore Vessel Operation Pty	22,535
Oceaneering Aust Pty Ltd	31,753
Offshore Service Australia Pty Ltd	1,091,476
Santos (JPDA 91-12) Pty Ltd	3,977,773
Santos Ltd	1,609,285
Schlumberger Australia Pty Ltd	278,541
SGS Australia Pty Ltd	123,779
Sodexo Timor Unip Lda	292
Solar Turbines International .Co	1,829

PETROLEUM FUND OF TIMOR-LESTE
STATEMENT OF PETROLEUM FUND RECEIPTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Article 6.1(a) receipts (continued)	US\$
Payee:	
Solstad Australia Pty Ltd	12,277
Spectrum Geo Aust Pty Ltd	19,814
Sunda Gas Timor-Leste Sahul	5,258
Sundagas Pty Ltd	192,197
Tidewater Offshore Pty Ltd	512,505
Tidewater Onshore Operations Pte	91,340
Timor Gap Drilling Unip Lda	883
Timor GAP (G Sunrise RL Unip Lda)	2,903
Timor Gap Offshore Block Unip	123,708
Timor Gap (Rarahana and Serv Inip Lda)	1,947
Timor Gap Chudith Unip Lda	5,989
Timor Gap E P	9,750
Timor Gap G RL 2 Unip Lda	49
Timor Gap G S 03-20 Unip Lda	49
Timor Gap G Sunrise Unip Lda	154,722
Timor Gap Greater 03-19	49
Timor Gap Onshore Block C Unip Lda	9,862
Timor Gap Onshore Block Unip Lda	24,089
Timor Gap PSC 11-106 Unip Ld	19,233
Timor Gap Rarahana Unip Lda	144,066
Timor Gap Seismic Services Lda	191,256
Timor Resources Pty Ltd	126,979
Tokyo Timor Sea Resources Pty Ltd	1,278,492
Weatherford Australia Pty Ltd	440,943
Woodside Energy Pty Ltd	41,033
Total Article 6.1(a) receipts per the Petroleum Fund and National Directorate of Petroleum and Mineral Revenue (NDPMR) for the year	54,577,792

PETROLEUM FUND OF TIMOR-LESTE
STATEMENT OF PETROLEUM FUND RECEIPTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Article 6.1(b) receipts	US\$
2023 Article 6.1(b) receipts collected and paid per Autoridade Nacional do Petroleot e Minerals (ANPM)	366,787,700
Total Article 6.1(b) receipts per the Petroleum Fund for the year	366,787,700
Article 6.1(e) receipts	
Department Foreign Affairs & Trade (pipeline fees)	5,333,600
Total Article 6.1(e) receipts per the Petroleum Fund for the year	5,333,600
Summary of Receipts for the year ended 31 December 2023 per the Petroleum Fund	
Article 6.1(a) receipts	54,577,792
Article 6.1(b) receipts	366,787,700
Article 6.1(e) receipts	5,333,600
Total Article 6.1 receipts per the Petroleum Fund for the year	426,699,092

PETROLEUM FUND OF TIMOR-LESTE
STATEMENT OF PETROLEUM FUND RECEIPTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Note 1 Basis of Preparation

The Statement of Petroleum Fund Receipts details the payments made to the Petroleum Fund of Timor-Leste ("the Petroleum Fund") for the year ended 31 December 2023 as required under article 35 of the Petroleum Fund Law No. 9/2005 dated 3 August 2005, as amended by Law No. 12/2011 dated 28 September 2011 and Law No. 2/2022 dated 10 February 2022 (the "Petroleum Fund Law").

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 have been made for the year ended 31 December 2023.

Banco Central de Timor-Leste, the operational manager of the Petroleum Fund of Timor-Leste is responsible for the accuracy and completeness of the information contained in the Statement of Petroleum Fund Receipts.

The petroleum receipts are received in US\$ and the Statement of Petroleum Fund Receipts is presented in US\$.

The petroleum receipts are recorded in the Statement of Petroleum Fund Receipts on a receipt basis. The Statement of Petroleum Fund Receipts include the following types of receipts for the financial year ended 31 December 2023:

- Article 6.1 (a) receipts - the gross revenue, including Tax Revenue, of Timor-Leste from any Petroleum Operations, including prospecting or exploration for, and development, exploitation, transportation, sale or export of petroleum, and other activities relating thereto
- Article 6.1 (b) receipts - any amount received by Timor-Leste from the Designated Authority pursuant to the Treaty
- Article 6.1 (d) - any amount received from direct or indirect participation of Timor-Leste in Petroleum Operations. There is no receipt under this category for the current financial year; and
- Article 6.1 (e) any amount received by Timor-Leste relating directly to petroleum resources not covered in paragraphs above.

Annex XII: Advice provided by the Investment Advisory Board

No advice from the IAB was required in 2023.

Annex XIII: TLPF implementation of the Santiago Principles

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

Timor-Leste Petroleum Fund is an active member of the International Forum for Sovereign Wealth Funds (IFSWF) since 2010. The cornerstone of the IFSWF is the “Santiago Principles”, 24 Generally Accepted Principles and Practices for sovereign wealth funds. The Santiago Principles are designed to promote good governance, accountability, transparency and prudent investment practices whilst encouraging a more open dialogue and deeper understanding of sovereign wealth fund activities.

All members of the IFSWF voluntarily endorse the Santiago Principles and seek to implement them in their governance and investment practices. The IFSWF’s members regularly undertake a self-assessment of their adherence to the Santiago Principles. Timor-Leste Petroleum Fund has decided to conduct an annual review of the Santiago Principles’ implementation, which is published in the Petroleum Fund Annual Report and on the IFSWF’s website. The Ministry of Finance, the executive and responsible for the overall management of the Petroleum Fund, has completed the thirteenth self-assessment of the Fund’s adherence to the Santiago Principles and its results are presented in the table below. Key sources are identified for each principle. Reference is made throughout the document to the following formative documents, which are available on the Ministry of Finance’s website <https://www.mof.gov.tl/pagedetails/petroleum-fund-of-timor-leste>

The Petroleum Fund Law: Petroleum Fund Law No. 9/2005 of the 3rd of August as amended by the Law No. 12/2011 of the 28th of September, and Law No.2/2022 of the 10th of February.

The Petroleum Fund Operational Management Agreement (OMA) signed on 12 October 2005 and amended on 25 June 2009 between the Ministry of Finance and Timor-Leste’s Central Bank (“BCTL” - Banco Central de Timor-Leste), the appointed operational manager of the Petroleum Fund.

The Petroleum Fund Law has been supplemented by amendments to the Petroleum Activities Law No. 13/2005 of the 2nd of September amended by the Law No. 6/2019 of the 4th of December, and the Framework for the General State Budget and Public Financial Management Law, Law No.2/2022 of the 10th of February 2022.

The BCTL’s website also provides a general overview of the Petroleum Fund and publishes the Petroleum Fund Monthly and Quarterly Reports with audited financial statements.

<https://www.bancocentral.tl/en/go/about-petroleum-fund>

<https://www.bancocentral.tl/en/go/publications-key-report-petroleum-fund-report>

<https://www.mof.gov.tl/publicationdetails/relatoriu-anual-fundu-petroliferu-2022>

Information on the Petroleum Fund’s Investment Advisory Board (IAB) and its advice are published in the Petroleum Fund Annual Reports that are available on both the Ministry of Finance and BCTL websites:

<https://www.mof.gov.tl/pagedetails/petroleum-fund-of-timor-leste>

<https://www.mof.gov.tl/publicationdetails/relatoriu-anual-fundu-petroliferu-2022>

<https://www.bancocentral.tl/en/go/investment-advisory-board3>

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 ("the Fund") was established in 2005 to fulfil the 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 the establishment of a mandatory financial reserve from the exploitation of these resources.</p> <p>Timor-Leste's National Parliament through the enactment of the Petroleum Fund Law established the legal framework for the Petroleum Fund. This was supplemented by recent amendments made to the Petroleum Activities Law and enactment of the Framework for General State Budget and Public Financial Management Law.</p> <p>The Fund is formed as an account of the Ministry of Finance held in Timor-Leste's Central Bank ("BCTL" - Banco Central de Timor-Leste), rather than as a separate legal entity.</p> <p>The Petroleum Fund Law:</p> <ul style="list-style-type: none"> – provides mechanisms that assist Timor-Leste to sustainably manage its petroleum revenues, – 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 petroleum receipts, – regulates transfers to the State Budget, – defines the roles and responsibilities of the entities involved in the management of the Fund, and – provides for accountability and oversight of these activities. <p>The Petroleum Fund Law requires the Ministry of Finance to enter into an agreement with the Operational Manager. The Operational Management Agreement (OMA) was signed between the Ministry of Finance and BCTL, the Operational Manager, on 12 October 2005 with the subsequent amendments to account for key changes made to the Fund's investment strategies. The agreement specifies key functions and competencies of the Ministry of Finance, the government's entity that is responsible for the overall management of the Fund, and the BCTL, which is responsible for the operational management of the Fund.</p> <p><i>Sources: Petroleum Fund Law</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/9_2005.pdf https://mj.gov.tl/jornal/public/docs/2011/serie_1/serie1_no36.pdf http://timor-leste.gov.tl/wp-content/uploads/2010/03/Law_2005_9_petroleum_fund_law_.pdf</p> <p><i>Petroleum Activities Law</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/13_2005.pdf https://mj.gov.tl/jornal/public/docs/2019/serie_1/SERIE_1_NO_2_A.pdf</p> <p><i>General State Budget and Public Financial Management Law</i> https://www.mj.gov.tl/jornal/public/docs/2022/serie_1/SERIE_1_NO_7_A.pdf</p> <p><i>Operational Management Agreement</i></p>
<p>2. The policy purpose of the SWF should be clearly defined and publicly disclosed.</p>	<p>The Petroleum Fund accumulates petroleum revenues from the extraction of natural resources. The preamble of the Petroleum Fund Law decrees that the purpose of establishing the Fund is to contribute to a prudent management of the petroleum resources for the benefit of both current and future generations. The Petroleum Fund is 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. The Petroleum Fund finances the Government's expenditure and acts as a saving vehicle for future generations.</p> <p>Detailed information on the purpose of creating the Petroleum Fund is provided by the Ministry of Finance in the Fund's Annual Reports and regular public consultations.</p> <p><i>Sources: Petroleum Fund Law</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/9_2005.pdf</p>

Principle	Implementation
	<p>https://mj.gov.tl/jornal/public/docs/2011/serie_1/serie1_no36.pdf</p> <p>http://timor-leste.gov.tl/wp-content/uploads/2010/03/Law_2005_9_petroleum_fund_law_.pdf</p> <p><i>Petroleum Fund Annual Reports</i> https://www.mof.gov.tl/publicationdetails/relatoriu-anual-fundu-petroliferu-2022 https://www.bancocentral.tl/en/go/publications-key-report-petroleum-fund-report</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 is integrated into the State Budget. Transfers are made from the Petroleum Fund to the State Budget to finance the Government's budget deficit. Transfers are guided by the Estimated Sustainable Income (ESI), which is 3% of the sum of the value of the Fund's holdings and the net present value of expected petroleum revenue from proven reserves and approved development fields. The rationale for adopting the ESI is to smooth the spending of temporarily high petroleum income, shield against the volatility of petroleum inflows, and safeguard the sustainable use of public finances.</p> <p>The Petroleum Fund's assets are invested primarily overseas in financial market instruments. Following amendments to the Petroleum Activities Law in 2019, the Fund can be also invested in petroleum operations in the national territory or abroad, subject to a 5% exposure limit.</p> <p>The Ministry of Finance is responsible for the overall management of the Petroleum Fund and also coordinates the preparation, discussion and execution of the Government's budget.</p> <p><i>Sources: Petroleum Fund Law</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/9_2005.pdf https://mj.gov.tl/jornal/public/docs/2011/serie_1/serie1_no36.pdf http://timor-leste.gov.tl/wp-content/uploads/2010/03/Law_2005_9_petroleum_fund_law_.pdf</p> <p><i>Petroleum Activities Law</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/13_2005.pdf https://mj.gov.tl/jornal/public/docs/2019/serie_1/SERIE_1_NO_2_A.pdf</p> <p><i>Ministry of Finance Budget Books</i> https://www.mof.gov.tl/pagedetails/budget-and-spending-documents</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 the methods of funding and withdrawals.</p> <p>All petroleum revenues initially enter the Fund before any transfers are made to the State Budget. The Petroleum Fund Law defines what constitutes Petroleum Fund receipts and sets out the mechanisms for handling these receipts. The returns on the Petroleum Fund's investments also contribute to the accumulation of the Fund's capital.</p> <p>The Petroleum Fund Law also sets out the requirements for withdrawals. The only permissible transfers out of the Petroleum Fund is to the State Budget, which requires Parliament's approval. The State Budget identifies the contribution made by the Fund to the Government's expenditure. Withdrawals are guided by the ESI rule (see GAPP 3). The National Parliament may approve an excess transfer above the ESI where justification is provided that it is in the long-term interest of Timor-Leste.</p> <p>Detailed information on petroleum receipts and transfers made to finance the Government's budget are publicly disclosed in the Petroleum Fund Annual Reports, Budget Reports prepared by the Ministry of Finance, and the Petroleum Fund quarterly and monthly reports from the BCTL.</p> <p>A complete list of all entities making payments to the Petroleum Fund is compiled and certified by an external auditor and published annually both in the Petroleum Fund Annual Report (Annex XI – Compilation Report of Petroleum Receipts) and Timor-</p>

Principle	Implementation
	<p>Leste's EITI (Extractive Industries Transparency Initiative) reports. Timor-Leste was accepted as an EITI compliant country on 1 July 2010.</p> <p><i>Sources: Petroleum Fund Law</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/9_2005.pdf https://mj.gov.tl/jornal/public/docs/2011/serie_1/serie1_no36.pdf http://timor-leste.gov.tl/wp-content/uploads/2010/03/Law_2005_9_petroleum_fund_law.pdf</p> <p><i>Petroleum Fund Annual and Quarterly Reports</i> https://www.mof.gov.tl/publicationdetails/relatoriu-anual-fundu-petroliferu-2022 https://www.bancocentral.tl/en/go/publications-key-report-petroleum-fund-report</p> <p><i>Ministry of Finance Budget Books</i> https://www.mof.gov.tl/pagedetails/budget-and-spending-documents</p> <p><i>TL-EITI reports and website - www.eiti.gov.tl</i> https://eiti.org/documents/timor-leste-2020-eiti-report</p>
<p>5. The relevant statistical data pertaining to the SWF should be reported on a timely basis to the owner, or as otherwise required, for inclusion where appropriate in macroeconomic data sets.</p>	<p>Transparency is a fundamental principle of the Petroleum Fund Law. The Law sets out the requirements for all entities involved in the management of the Fund to provide and publish the reports pertaining to the activities of the Fund.</p> <p>The Ministry of Finance prepares and publishes the Petroleum Fund Annual Report along with the Petroleum Fund financial statements. The Law requires an international accredited auditor to issue and publish an annual audit report on the Fund's financial statements. The audited financial statements is submitted with the Government's national account to the National Parliament. The Ministry of Finance also prepares the State Budget for the National Parliament. The Budget reports the Estimated Sustainable Income (ESI), withdrawals in excess of the ESI, and other matters relevant to the Petroleum Fund.</p> <p>The BCTL, on a quarterly basis, provides reports to the Ministry of Finance on the Fund's performance and also publishes a monthly report on the Fund's performance on its own website.</p> <p>All information is publicly available on the MOF and BCTL websites.</p> <p><i>Sources: Petroleum Fund Law</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/9_2005.pdf https://mj.gov.tl/jornal/public/docs/2011/serie_1/serie1_no36.pdf http://timor-leste.gov.tl/wp-content/uploads/2010/03/Law_2005_9_petroleum_fund_law.pdf</p> <p><i>Petroleum Fund Annual, Quarterly and Monthly Reports</i> https://www.mof.gov.tl/publicationdetails/relatoriu-anual-fundu-petroliferu-2022 https://www.bancocentral.tl/en/go/publications-key-report-petroleum-fund-report</p> <p><i>Ministry of Finance Budget Books</i> https://www.mof.gov.tl/pagedetails/budget-and-spending-documents</p>
<p>II. Institutional Framework and Governance Structure</p>	
<p>6. The governance framework for the SWF should be sound and establish a clear and effective division of roles and responsibilities in order to facilitate accountability and operational independence in the management of the SWF to pursue its objectives.</p>	<p>The National Parliament of Timor-Leste established the Petroleum Fund Law, which defines the roles and responsibilities of the entities involved in the management of the Fund.</p> <p>The Minister of Finance is the executive of the Fund and responsible for the overall management of the Petroleum Fund. The Ministry of Finance sets the investment policy, enters into a management agreement with the Operational Manager, and monitors the Fund's performance. The Investment Advisory Board (IAB) provides</p>

Principle	Implementation
	<p>independent advice to the Minister of Finance on the Fund's investment policy and management, including the investment mandates for the Fund.</p> <p>The BCTL, as Operational Manager, is responsible for the Fund's operations, including implementing the investment mandates set by the Ministry of Finance. The BCTL manages some of the portfolio internally and also contracts with external managers to manage and invest the Fund's assets and monitors their performance.</p> <p>The Ministry of Finance with the support from the IAB decided to undertake an independent review of the Petroleum Fund's governance structure, resources and investments. The 2023 review found that the Fund's governance, investment, operation and people models are robust, while identifying some areas for improvement. An overview of the review is provided in Box 1 of the Petroleum Fund Annual Report for 2023.</p> <p><i>Sources: Petroleum Fund Law, Operational Management Agreement</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/9_2005.pdf https://mj.gov.tl/jornal/public/docs/2011/serie_1/serie1_no36.pdf http://timor-leste.gov.tl/wp-content/uploads/2010/03/Law_2005_9_petroleum_fund_law_.pdf</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>The National Parliament, representing the people of Timor-Leste, sets the objectives of the Fund as outlined in the Petroleum Fund Law (see GAPP 1). The Law defines the broad asset allocation and risk limits. The Petroleum Fund Consultative Council (PFCC), a statutory body with broad representation, is appointed to advise the Parliament on matters relating to the Petroleum Fund's performance, operations, and withdrawals.</p> <p>The Ministry of Finance is responsible for the overall management of the Fund, which includes determining the investment policy in accordance with the provisions in the Law. The Ministry of Finance is required to present to the National Parliament the Fund's investment policy and any changes to its principal asset allocation that will materially impact on the overall level of risk. The Ministry of Finance sets the investment mandates, which reflect the acceptable level of risk, and also exercises oversight of the overall management of the Fund.</p> <p>The Minister of Finance receives independent advice from the Investment Advisory Board (IAB) on the investment strategy and management of the Fund. The Prime Minister appoints members of the IAB on the advice of the Ministry of Finance. The Timor-Leste Central Bank (BCTL) is the Operational Manager of the Fund. The BCTL's specific responsibilities are set out in an Operational Management Agreement with the Minister of Finance. This includes reporting requirements that allow the Ministry of Finance to exercise its oversight role.</p> <p><i>Sources: Petroleum Fund Law, Operational Management Agreement</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/9_2005.pdf https://mj.gov.tl/jornal/public/docs/2011/serie_1/serie1_no36.pdf http://timor-leste.gov.tl/wp-content/uploads/2010/03/Law_2005_9_petroleum_fund_law_.pdf</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>The National Parliament through the Petroleum Fund law sets the objective of the Fund, the broad asset allocation guidelines and the risk limits. It is assisted by the Petroleum Fund Consultative Council (PFCC). The Petroleum Fund Consultative Council (PFCC) seek to safeguard the proper management of the Petroleum Fund.</p> <p>The Ministry of Finance has the authority to determine the strategy and policies to achieve the Petroleum Fund's objectives. The Minister of Finance is supported by the Petroleum Fund Policy and Management Office (PFPMO) at the Ministry of Finance.</p> <p>In carrying out his/her functions, the Minister of Finance is required to seek advice from the IAB. The Law requires that at least three of the IAB members have significant knowledge and experience in financial investment management.</p>

Principle	Implementation
	<p>Further to the discussion in Principle 7, the Minister of Finance is accountable to the Parliament and is required to provide relevant reporting annually and whenever required.</p> <p>The BCTL, through the Operational Management Agreement, has been delegated the responsibility for operational management of the Fund. The agreement seeks to ensure that the BCTL acts in the best interests of the Fund and sets out the operational manager's responsibilities.</p> <p><i>Sources: Petroleum Fund Law, Operational Management Agreement</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/9_2005.pdf https://mj.gov.tl/jornal/public/docs/2011/serie_1/serie1_no36.pdf http://timor-leste.gov.tl/wp-content/uploads/2010/03/Law_2005_9_petroleum_fund_law_.pdf</p> <p><i>Petroleum Fund Annual Reports</i> https://www.mof.gov.tl/publicationdetails/relatoriu-anual-fundu-petroliferu-2022 https://www.bancocentral.tl/en/go/publications-key-report-petroleum-fund-report</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 defines the roles and responsibilities of the Operational Manager, the BCTL. The BCTL's specific responsibilities are clearly set out in the Operational Management Agreement (OMA) with the Minister of Finance. The BCTL is delegated with authority to make decisions relating to the operational management of the Fund as set out in the OMA. The Operational Manager is able to deduct reasonable management expenses, in accordance with the OMA.</p> <p><i>Sources: Petroleum Fund Law, Operational Management Agreement</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/9_2005.pdf https://mj.gov.tl/jornal/public/docs/2011/serie_1/serie1_no36.pdf http://timor-leste.gov.tl/wp-content/uploads/2010/03/Law_2005_9_petroleum_fund_law_.pdf</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 Operational Management Agreement.</p> <p>The Ministry of Finance, on behalf of the Government, is accountable to the National Parliament and the general public. It reports to the Parliament on the performance of the Fund on an annual basis and is required to publish all advice received from the IAB in the Petroleum Fund Annual Report (Annex XII), or earlier upon request.</p> <p>The Operational Manager, the BCTL, is appointed by the Minister of Finance and is accountable to the Minister of Finance for operational management of the Petroleum Fund. The BCTL may appoint external investment managers subject to the Minister's consent. The BCTL reports to the Minister on the Fund's performance on a quarterly basis. These reports are published and available on the Central Bank's website.</p> <p><i>Sources: Petroleum Fund Law, Operational Management Agreement</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/9_2005.pdf https://mj.gov.tl/jornal/public/docs/2011/serie_1/serie1_no36.pdf http://timor-leste.gov.tl/wp-content/uploads/2010/03/Law_2005_9_petroleum_fund_law_.pdf</p> <p><i>Petroleum Fund Annual and Quarterly Reports</i> https://www.mof.gov.tl/publicationdetails/relatoriu-anual-fundu-petroliferu-2022 https://www.bancocentral.tl/en/go/publications-key-report-petroleum-fund-report</p>
<p>11. An annual report and accompanying financial statements on the SWF's operations and performance</p>	<p>The Petroleum Fund Law requires the Government to prepare and submit to the Parliament an annual report of the Fund's operations and performance for the fiscal year, including financial statements prepared according to International Financial Reporting Standards (IFRS) and audited by an internationally recognized auditor, at</p>

Principle	Implementation
<p>should be prepared in a timely fashion and in accordance with recognized international or national accounting standards in a consistent manner.</p>	<p>the same time as the Government's annual financial accounts of that year. The Law identifies the minimum information that need to be disclosed in the Petroleum Fund Annual Report.</p> <p>The Petroleum Fund Law provides that 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 IFRS. Accounting and preparation of the financial statements is delegated to the BCTL as the Fund's Operational Manager.</p> <p><i>Sources: Petroleum Fund Law, Operational Management Agreement</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/9_2005.pdf https://mj.gov.tl/jornal/public/docs/2011/serie_1/serie1_no36.pdf http://timor-leste.gov.tl/wp-content/uploads/2010/03/Law_2005_9_petroleum_fund_law_.pdf</p> <p><i>Petroleum Fund Annual Reports and Financial Statements</i> https://www.mof.gov.tl/publicationdetails/relatoriu-anual-fundu-petroliferu-2022 https://www.bancocentral.tl/en/go/publications-key-report-petroleum-fund-report</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 Fund's annual financial statements to be audited by an internationally recognized accounting firm. The international auditor is appointed by the Ministry of Finance and is subject to strict qualification criteria and a transparent selection process. The audited financial statements are submitted to the Parliament together with the Petroleum Fund Annual Report and the Government's financial accounts.</p> <p>The Petroleum Fund Law also requires the accounts, records and other documents relating to the Petroleum Fund to be internally audited every six months. This is undertaken by the BCTL's Internal Audit, which is independent from the investment management area.</p> <p><i>Sources: Petroleum Fund Law, Operational Management Agreement</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/9_2005.pdf https://mj.gov.tl/jornal/public/docs/2011/serie_1/serie1_no36.pdf http://timor-leste.gov.tl/wp-content/uploads/2010/03/Law_2005_9_petroleum_fund_law_.pdf</p> <p><i>Petroleum Fund Annual Reports and Financial Statements</i> https://www.mof.gov.tl/publicationdetails/relatoriu-anual-fundu-petroliferu-2022 https://www.bancocentral.tl/en/go/publications-key-report-petroleum-fund-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>Each of the institutions involved in the management of the Petroleum Fund has its own professional and ethical standards to ensure the soundness and integrity of the Fund's operations.</p> <p>The professional and ethical standards for the Ministry of Finance's staff are defined by the Public Service Law no. 8/2004, 16th of June, as amended by Law no.5/2009, 15th of July.</p> <p>All the staff of the Operational Manager are bound by the BCTL's Code of Conduct.</p> <p>The Petroleum Fund Law also requires members of the IAB before taking office to declare in writing that their appointment has no conflict with any personal or family interests. The IAB has established its own standards of conduct in its Operational Regulations, which includes disclosures of potential conflicts of interest. The Operational Regulations are published on the Ministry of Finance website.</p> <p><i>Sources: Petroleum Fund Law, BCTL, MoF and Ministry of Justice websites</i></p> <p><i>Petroleum Fund Law</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/9_2005.pdf</p>

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<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 BCTL's dealings with third parties as operational manager are based purely on economic and financial grounds and follow a clear established procedure.</p> <p>The Operational Management Agreement provides that the BCTL is responsible for the tendering and selection of external investment managers. The selection is based on the parameters for the investment mandate set by the Ministry of Finance. The Petroleum Fund Law also specifies the minimum requirements for the engagement of external managers. The Minister of Finance must be satisfied that each external investment manager has sufficient equity, guarantees and insurance; a sound record of operational and financial performance; and has business references and a reputation of the highest standard. The IAB advises the Minister on whether the BCTL's recommended managers are consistent with the objectives of the mandate.</p> <p>The BCTL is also responsible for tendering for other services, including the Petroleum Fund's custodian and procurement for the IAB. The BCTL's selection procedure is rigorous, fair and transparent and in compliance with the substantive provisions of Timor-Leste's laws.</p> <p><i>Sources: Petroleum Fund Law, Operational Management Agreement</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/9_2005.pdf</p> <p>https://mj.gov.tl/jornal/public/docs/2011/serie_1/serie1_no36.pdf</p> <p>http://timor-leste.gov.tl/wp-content/uploads/2010/03/Law_2005_9_petroleum_fund_law_.pdf</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 investments are made.</p> <p><i>Source: Petroleum Fund Law</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/9_2005.pdf</p> <p>https://mj.gov.tl/jornal/public/docs/2011/serie_1/serie1_no36.pdf</p> <p>http://timor-leste.gov.tl/wp-content/uploads/2010/03/Law_2005_9_petroleum_fund_law_.pdf</p> <p><i>Petroleum Fund Annual Reports and Financial Statements</i> https://www.mof.gov.tl/publicationdetails/relatoriu-anual-fundu-petroliferu-2022</p> <p>https://www.bancocentral.tl/en/go/publications-key-report-petroleum-fund-report</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 Petroleum Fund's governance framework and objectives are established by the Parliament in the Petroleum Fund Law. The Operational Management Agreement provides details of the division of responsibilities between the Ministry of Finance and the BCTL, along with accountability arrangements.</p> <p>The Minister of Finance is required to seek advice from the IAB, an independent Board staffed by investment experts, before making any decision relating to the Fund's investment strategy and management.</p>

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	<p>Information on the governance framework and objectives is detailed in the Petroleum Fund Law and published in the Petroleum Fund Annual Report.</p> <p><i>Sources: Petroleum Fund Law, Operational Management Agreement</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/9_2005.pdf https://mj.gov.tl/jornal/public/docs/2011/serie_1/serie1_no36.pdf http://timor-leste.gov.tl/wp-content/uploads/2010/03/Law_2005_9_petroleum_fund_law_.pdf</p> <p><i>Petroleum Fund Annual Reports</i> https://www.mof.gov.tl/publicationdetails/relatoriu-anual-fundu-petroliferu-2022 https://www.bancocentral.tl/en/go/publications-key-report-petroleum-fund-report</p>
<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>Information regarding the Petroleum Fund's asset allocation, its investment mandates and benchmarks and investment performance are published in the BCTL's quarterly performance reports and the Petroleum Fund's Annual Report and audited financial statements. A full list of the Petroleum Fund's holdings is provided in the Petroleum Fund financial statements, which are annexed to the Petroleum Fund Annual Report (Annex II – Audited Financial Statements). The reports are available on the Ministry of Finance and BCTL's websites.</p> <p><i>Sources: Petroleum Fund Law, Operational Management Agreement Annex 1</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/9_2005.pdf https://mj.gov.tl/jornal/public/docs/2011/serie_1/serie1_no36.pdf http://timor-leste.gov.tl/wp-content/uploads/2010/03/Law_2005_9_petroleum_fund_law_.pdf</p> <p><i>Petroleum Fund Annual and Quarterly Reports, Petroleum Fund Financial Statements</i> https://www.mof.gov.tl/publicationdetails/relatoriu-anual-fundu-petroliferu-2022 https://www.bancocentral.tl/en/go/publications-key-report-petroleum-fund-report</p>
<p>III. Investment and Risk Management Framework</p>	
<p>18. The SWF's investment policy should be clear and consistent with its defined objectives, risk tolerance, and investment strategy, as set by the owner or the governing body(ies), and be based on sound portfolio management principles.</p> <p>18.1. The investment policy should guide the SWF's financial risk exposures and the possible use of leverage.</p> <p>18.2. The investment policy should address the extent to which internal and/or external investment managers are used, the range of their activities and authority, and the process by which they are selected and their performance monitored.</p> <p>18.3. A description of the investment policy of the SWF should be publicly disclosed.</p>	<p>The Fund's investment policy is directed by the provisions in the Petroleum Fund Law that define the asset allocation guidelines, eligible investments, concentration limits and investment principles, which include diversification and maximizing the risk-adjusted financial return.</p> <p>The Ministry of Finance, on behalf of the Government, determines the investment policy, which is designed to meet the investment objectives of the Fund after taking into account the risk preference of the Timor-Leste people and any constraints under which the Fund operates. The IAB advises the Minister of Finance on the investment strategy. The advice of the IAB is guided by its publicly disclosed Investment Beliefs and Principles.</p> <p>The investment policy is described in the Petroleum Fund Annual Report. Annex 1 of the Operational Management Agreement specifies the Fund's strategic asset allocation and benchmark portfolio, the parameters for each of the investment mandates and where derivatives are permissible.</p> <p>The Minister of Finance, with advice from the IAB, determines whether a mandate will be internally or externally managed. The Ministry of Finance monitors the internally managed mandates. The selection process for external investment managers is undertaken by the BCTL as operational manager and is based on professional and commercial criteria. The external managers are given clearly defined mandates, including expected performance, risk and fees. Their performance is monitored by the BCTL.</p> <p><i>Sources: Petroleum Fund Law, Operational Management Agreement</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/9_2005.pdf https://mj.gov.tl/jornal/public/docs/2011/serie_1/serie1_no36.pdf</p>

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	<p>http://timor-leste.gov.tl/wp-content/uploads/2010/03/Law_2005_9_petroleum_fund_law_.pdf</p> <p><i>Petroleum Fund Quarterly and Annual Reports</i> https://www.mof.gov.tl/publicationdetails/relatoriu-anual-fundu-petroliferu-2022 https://www.bancocentral.tl/en/go/publications-key-report-petroleum-fund-report</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 Petroleum Fund Law provides that the investment policy shall apply the principles of diversification with the objective of maximizing risk-adjusted financial returns after taking into account the Fund's purposes, its operational constraints and ability to bear risk.</p> <p>The Petroleum Fund's investments in offshore financial market instruments are assessed purely on these financial grounds and comply with sound portfolio management practices. The Petroleum Fund Law requires the Fund's assets to be invested in deposits with highly-rated institutions, investment grade bonds, and listed equities.</p> <p>The Petroleum Activities Law allows for the Petroleum Fund to invest in petroleum operations in national territory or overseas, subject to a 5% exposure limit. The investment in petroleum operations in 2019 is an exception to the general rules in the Petroleum Fund law. In addition to financial considerations, national economic development objectives and social benefits were accounted for in the investment decision. The rules and criteria governing the investment are published and the Minister was required to present the proposed allocation to National Parliament.</p> <p>Since 2021, the Fund's financial market investments have been segmented into a Liquidity and Growth Portfolio to manage investment risk during the Fund's decumulation phase. The Liquidity Portfolio is intended to finance the State Budget over a three year period and is invested in low risk and highly liquid assets. The Growth Portfolio is the longer-term segment of the Fund and seeks to earn higher returns through an allocation to equities, with the remainder in fixed interest.</p> <p>The Ministry of Finance is required to present to the Parliament a summary of the new investment policy prior to making changes to the Fund's principal asset allocation.</p> <p><i>Sources: Petroleum Fund Law</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/9_2005.pdf https://mj.gov.tl/jornal/public/docs/2011/serie_1/serie1_no36.pdf http://timor-leste.gov.tl/wp-content/uploads/2010/03/Law_2005_9_petroleum_fund_law_.pdf</p> <p><i>Petroleum Activities Law</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/13_2005.pdf https://mj.gov.tl/jornal/public/docs/2019/serie_1/SERIE_1_NO_2_A.pdf</p> <p><i>Petroleum Fund Annual Reports</i> https://www.mof.gov.tl/publicationdetails/relatoriu-anual-fundu-petroliferu-2022 https://www.bancocentral.tl/en/go/publications-key-report-petroleum-fund-report</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>Most of the Fund's assets are invested in offshore financial markets that are regulated and transparent. The Fund does not have access to privileged information nor is there influence exerted from the Government in competing with private entities.</p> <p>The objective of the Petroleum Fund's investment in petroleum operations in 2019 is to facilitate the development of a national petroleum industry. It is expected that its contribution to national economic development will in turn encourage private investment in Timor-Leste.</p>
<p>21. SWFs view shareholder ownership rights as a fundamental element of their equity investments' value. If an</p>	<p>The BCTL, as operational manager, exercises the Petroleum Fund's shareholder ownership rights by engaging the Institutional Shareholder Services (ISS) proxy voting service.</p>

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<p>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>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 Ministry of Finance 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 BCTL has developed an operational risk management framework for the Petroleum Fund. This includes a risk register that identifies the section which owns the risk and the associated internal controls. The BCTL's Internal Audit area, which is independent from its investment management area, monitors and ensures that procedures are being followed and there is an effective framework in place. All the staff of the BCTL are bound by its Code of Conduct.</p> <p>The financial risk in the Petroleum Fund's strategy is embedded in the Fund's investment policy that is set by the Ministry of Finance, specifically the parameters for the global mandate and the investment mandates included in Annex 1 of the Operational Management Agreement. The appropriate level of financial risk is assessed during regular asset allocation reviews. The Ministry of Finance is required to present the investment policy to the Parliament on an annual basis as part of the Petroleum Fund Annual Report or prior to making any changes to the Fund's principal asset allocation.</p> <p>The BCTL manages the global mandate, which is comprised of individual mandates with specific allocations. There is periodic rebalancing of the Growth Portfolio and transfers from the Growth Portfolio to the Liquidity Portfolio. The BCTL also monitors the compliance of the external managers with their risk targets. The BCTL reports on compliance to the Ministry of Finance in the quarterly performance report.</p> <p>The Ministry of Finance monitors the Fund's performance including its risk exposure through the BCTL's quarterly performance reports. The Ministry of Finance reports to the Parliament on an annual basis through the Petroleum Fund Annual Reports.</p> <p><i>Sources: Petroleum Fund Law, Operational Management Agreement</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/9_2005.pdf https://mj.gov.tl/jornal/public/docs/2011/serie_1/serie1_no36.pdf http://timor-leste.gov.tl/wp-content/uploads/2010/03/Law_2005_9_petroleum_fund_law_.pdf</p> <p><i>Petroleum Fund Quarterly and Reports</i> https://www.mof.gov.tl/publicationdetails/relatoriu-anual-fundu-petroliferu-2022 https://www.bancocentral.tl/en/go/publications-key-report-petroleum-fund-report</p>
<p>23. The assets and investment performance (absolute and relative to benchmarks, if any) of the SWF should be measured and reported to the owner according to clearly defined principles or standards.</p>	<p>The Petroleum Fund Law requires the Operational Manager, the BCTL, to report to the Ministry of Finance on a quarterly basis the performance and activities of the Petroleum Fund relative to the benchmarks.</p> <p>Performance reporting is prepared by the Fund's custodian, JP Morgan, in compliance with the Global Investment Performance Standards (GIPS) methodology. The quarterly report is published within 40 days after the end of every quarter. Both BCTL and MOF take further initiative to have a face-to-face press conference with relevant stakeholders to coincide with the release of the Petroleum Fund quarterly report.</p> <p><i>Sources: Petroleum Fund Law</i> https://mj.gov.tl/jornal/public/docs/2002_2005/leis_parlamento_nacional/9_2005.pdf</p>

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<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 Ministry of Finance intends to review the Petroleum Fund's implementation of the Santiago Principles annually and publish the results of the self-assessment in the Petroleum Fund Annual Report. This is the thirteenth review. The Petroleum Fund conducted its first review in 2010.</p> <p><i>Source: Petroleum Fund Annual Reports</i> https://www.mof.gov.tl/publicationdetails/relatoriu-anual-fundu-petroliferu-2022</p> <p>https://www.bancocentral.tl/en/go/publications-key-report-petroleum-fund-report</p>



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