VOLUME 21 NUMBER LXXVII

Petroleum Fund of Timor-Leste

Quarterly Report

31 December 2025

Inside This Report

INTRODUCTION

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

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

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

EXECUTIVE SUMMARY

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

This report covers the period from 01 October to 31 December 2025.

Key statistics for the quarter include:

- The capital of the Fund at the end of the current quarter was $18.61 billion while in the previous quarter it was $18.95 billion.
- Gross cash inflows to the fund from royalties and taxes were $11.37 million.
- The outflow for the quarter was $604.34 million, being transferred to the state budget of $600 million, while $4.34 million was for management costs.
- The profit/loss for the quarter was $246.71 million. The return on financial market investments was 1.68% compared with the benchmark return of 1.58%.

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

Table 1

%	QTR	FYTD	1 Year	3 Years	5 years	Since Inc
Total Fund	1.33	9.92	9.92	8.90	4.22	4.67
Benchmark	1.57	9.86	9.86	9.07	4.30	4.64
Excess	-0.24	0.06	0.06	-0.18	-0.07	0.03
Financial Market Investments	1.68	10.41	10.41	9.25	4.47	4.77
Benchmark	1.58	10.04	10.04	9.22	4.22	4.63
Excess	0.10	0.38	0.38	0.03	0.25	0.14
Investment in Petroleum Operations	-9.16	-4.60	-4.60	-1.54	-2.76	-2.84
Benchmark	1.11	4.50	4.50	4.50	4.50	4.50
Excess	-10.27	-9.10	-9.10	-6.04	-7.26	-7.34

Table 2

%	QTR	FYTD	1 Year	3 Years	5 years	Since Inc
Total Financial Market Investments	1.68	10.41	10.41	9.25	4.47	4.77
Benchmark	1.58	10.04	10.04	9.22	4.22	4.63
Excess	0.10	0.38	0.38	0.03	0.25	0.14
Liquidity Portfolio	0.98	4.73	4.73	4.71	n.a	2.91
Benchmark	1.10	4.86	4.86	4.90	n.a	3.05
Excess	-0.11	-0.13	-0.13	-0.19	n.a	-0.14
Growth Portfolio	1.82	11.90	11.90	10.34	n.a	4.36
Benchmark	1.66	11.72	11.72	10.29	n.a	4.27
Excess	0.16	0.18	0.18	0.05	n.a	0.08

1. INVESTMENT MANDATE

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

From 1 November 2020, the Private Debt Instrument is separated from the financial market investments portfolio. From 1 July 2021, the Financial Market Investment portfolio is segmented into the Liquidity Portfolio and the Growth Portfolio. The benchmarks of the Total Fund and Financial Market Investment as of December 2025 were as follows:

Table 3

Mandates	Oct-25	Nov-25	Dec-25
Total Fund	**100%**	**100%**	**100%**
Investment in Petroleum Operations	3.1%	3.1%	3.1%
Financial Market Investment	96.9%	96.9%	96.9%
Total Financial Market Investment	**100%**	**100%**	**100%**
Liquidity Portfolio	18.4%	16.9%	16.9%
Growth Portfolio	81.6%	83.1%	83.1%
Liquidity Portfolio	**100%**	**100%**	**100%**
BOA ML 0-3 Years US Treasury Bond Index			
Total Growth Portfolio	**100%**	**100%**	**100%**
US Government Treasury Notes 3-5 Years	35.0%	35.0%	35.0%
US Government Treasury Notes 5-10 Years	10.0%	10.0%	10.0%
Global Developed Market Sovereign Bond, Hedged	10.0%	10.0%	10.0%
US TIPS Treasury Bonds 1 -10 Years	10.0%	10.0%	10.0%
Developed Market Equities	35.0%	35.0%	35.0%

2. MARKET TRENDS DURING QUARTERLY

Global Macroeconomic Trends

Economic Growth and Labor Market

- The J.P. Morgan Global Manufacturing PMI decrease slightly to 50.4 in December from 50.5 in November. Despite the small decline, the index remained above the 50.0 threshold for the fifth month in a row, indicating continued expansion. Among the index components, output and suppliers' delivery times pointed to growth, new orders and employment showed no change, and inventories of purchased goods decreased. Expansion was also indicated in the USA, mainland China, and the UK. In contrast, Japan and Germany, two of the major industrial economies, saw PMI readings that suggested contraction. Globally, manufacturing employment levels remained stable in December, with job gains in countries like the US, Japan, and India balancing out reductions in China, the euro area, the UK, and other nations.
- In December 2025, the S&P Global US Manufacturing PMI indicated that U.S. manufacturing continued to expand, remaining above the 50.0 growth threshold, but at a modest pace. Production rose, though gains were weaker than before, while new orders fell, marking the first decline in a year. On the other hand, the latest data published by Bureau of Economic Analysis, in Q3 2025 (initial estimate), U.S. real GDP grew at an annualized rate of 4.3%, driven by strong consumer spending, higher exports, and increased government spending, while declines in investment partially offset growth and falling imports added to GDP. Although Q3 was robust, the Atlanta Fed's GDPNow model estimates slower growth of 2.7% for Q4 2025, indicating a moderating trend in economic expansion. Additionally, the Federal Reserve's December 2025 projections show the U.S. unemployment rate gradually declining over the medium term, from 4.5% in 2025 to 4.4% in 2026 and 4.2% in 2027–2028, suggesting that while the labor market remains relatively stable, improvements in joblessness are expected to be modest.

- The eurozone economy ended 2025 with steady growth, despite a slight slowdown in December. HCOB's final composite PMI fell to 51.5 from November's 30-month high of 52.8, signaling that expansion continued but at a slower pace, with robust services activity offsetting weakness in manufacturing. Country-level data showed strong services growth in Spain, stagnation in France, and manufacturing weakness in Germany and Italy. The ECB's Euro system staff projections (December 2025) suggest moderate GDP growth, with annual average real GDP expected to rise 1.4% in 2025, 1.2% in 2026, 1.4% in 2027, and 1.4% in 2028. Meanwhile, the unemployment rate is projected to gradually decline, from 6.3% in 2025 to 5.9% in 2028. Overall, the euro area is expected to maintain moderate but persistent growth with slowly improving labor market conditions. On the other hand, the UK service sector saw marginal growth in December 2025, with the Services Business Activity Index at 51.4, slightly up from November (51.3) but well below the long-term trend of 54.2.
- Australia's service sector continued to expand in December 2025, although at a slower pace than in November. The Services Business Activity Index fell to 51.1 from 52.8, signaling the softest growth since May 2025. New business rose solidly, supported by stronger export demand, and firms increased staffing levels, helping reduce backlogs. According to the Australian Bureau of Statistics (ABS), Australia's latest unemployment rate for November 2025 stood at 4.3%, unchanged from the previous month. The data indicates a tight labor market with modest employment growth and a stable participation rate of 66.8%. Meanwhile, the S&P Global Japan's manufacturing sector stabilized in December 2025, with the PMI at 50.0, ending a five-month period of contraction. Additionally, based on Statistics Bureau of Japan latest release, the unemployment rate in November 2025 held steady at 2.6%, reflecting a tight labor market with continued demand for workers.

Inflation and Monetary Policy

- During the fourth quarter of 2025, the Federal Reserve implemented two reductions to the federal funds target rate. In October, the Fed lowered the rate by 0.25%, followed by another 0.25% cut in December, bringing the target range to 3.50%–3.75%. These adjustments reflect the Fed's ongoing efforts to support economic activity amid a slightly softening labor market and moderate inflation pressures, while maintaining its dual mandate of maximum employment and price stability. The Federal Open Market Committee (FOMC) signaled that future adjustments will depend on incoming data on inflation and labor market conditions, suggesting a cautious approach to further rate changes. Additionally, Personal Consumption Expenditure (PCE), the Fed's preferred inflation measure, is projected to be 2.9% in 2025, easing to 2.4% in 2026, and down to 2.0% in 2028 on a fourth-quarter-to-fourth-quarter basis. Core PCE inflation (which excludes food and energy) is also expected to moderate over time, with a median projection of 3.0% in 2025, 2.5% in 2026, 2.1% in 2027 and 2.0% in 2028, signaling that underlying inflation pressures are expected to gradually move back toward the Fed's 2% target.
- The European Central Bank (ECB) kept its key interest rates unchanged during the October and December 2025 meetings, with the Deposit Facility at 2.00%, Main Refinancing Operations at 2.15%, and the Marginal Lending Facility at 2.40%. Markets generally expect rates to remain stable

in the near term, though a potential hike in 2026 remains possible if economic indicators shift. According to the latest projections from the Eurosystem staff, core inflation (excluding energy and food) averages of 2.4% in 2025, 2.2% in 2026, 1.9% in 2027, and 2.0% in 2028, mainly because staff now expect services inflation to decline more slowly than previously anticipated. In the United Kingdom, the Bank of England (BoE) kept its bank rate on hold at 4.0% during the November meeting, reflecting caution as inflation indicators remained above target. Subsequently, on 18 December 2025, the BoE cut the bank rate by 0.25% to 3.75%. The decision reflected progress in reducing inflation, with CPI falling to 3.2% in November and wage growth easing, though some indicators of services inflation and inflation expectations remained above target. Unemployment rose slightly to 5.1%, and the Bank signaled that further easing would be gradual, depending on incoming economic and inflation data.

- The Reserve Bank of Australia (RBA) kept the cash rate unchanged at 3.60% in its meetings in November and December 2025, adopting a cautious, data-dependent stance. While inflation has fallen from its peak, recent signs of re-acceleration and a still-tight labor market led the RBA to closely monitor inflation and demand before adjusting policy. The Australian CPI rose 3.4% in the 12 months to November 2025, down from 3.8% in October, marking a slowdown in annual inflation. The largest contributors to inflation were housing (+5.2%), followed by food and non-alcoholic beverages (+3.3%) and transport (+2.7 %), reflecting broad price pressures across key categories. Despite easing, inflation remains above the Reserve Bank of Australia's 2–3 % target band. In contrast, The Bank of Japan (BoJ) raised its policy rate by 25 basis points to 0.75% in December, the highest level since 1995. The move reflects policymakers' growing confidence that Japan can sustain a virtuous cycle of wage and price growth, supported by strong corporate profits and persistent inflation pressures, including those linked to yen weakness.

Global Market Trends

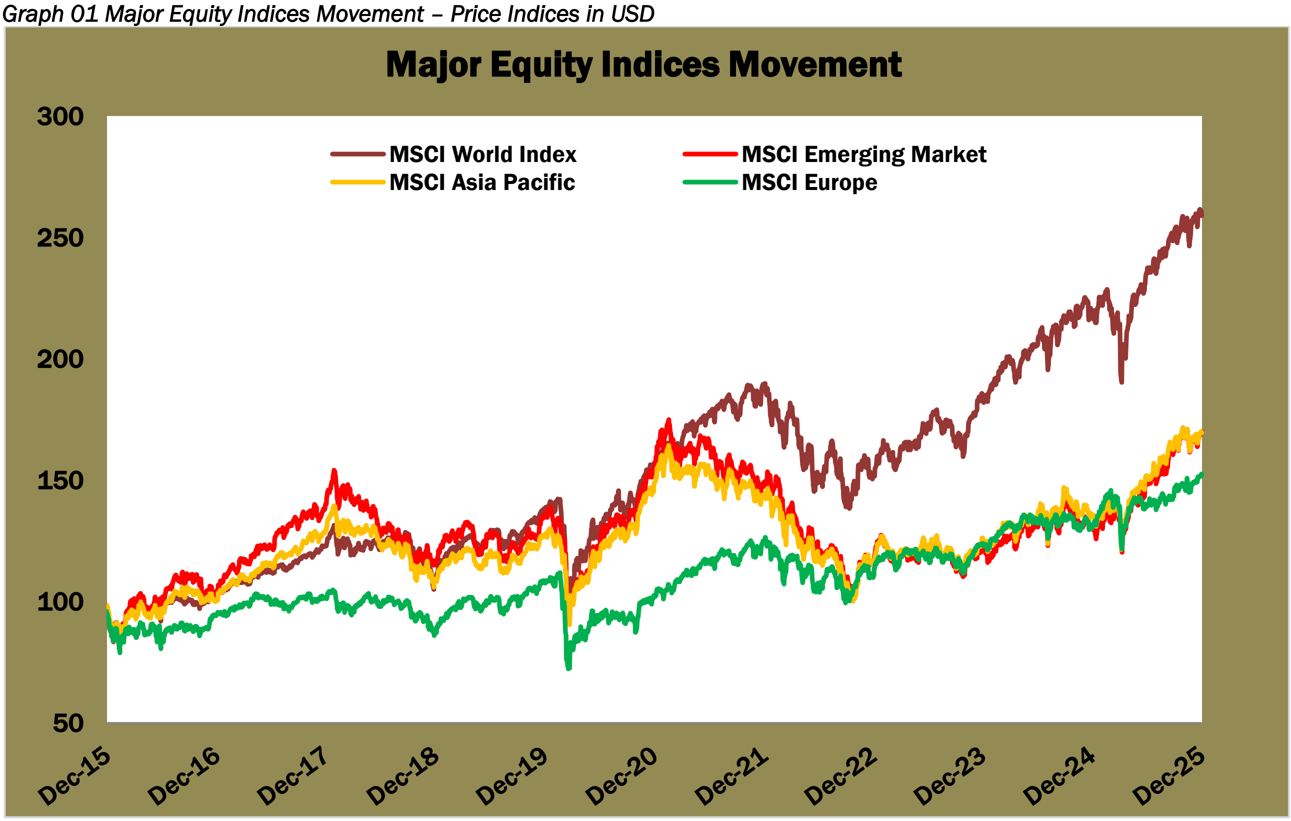
MSCI World Index

- Global equity markets showed consistent gains in the fourth quarter of 2025, with the MSCI World Index rising 3.12% for the quarter and 21.09% over the year in USD total return net terms, capping a strong year in which non-US markets outperformed the US for the first time in several years. This shift away from US market leadership was driven by a weaker US dollar, more attractive valuations overseas, and investor rotation out of US technology stocks. As a result, Europe, Asia, and emerging markets posted robust returns. Overall, global equity markets also benefited from solid corporate earnings, easing inflation, and expectations that major central banks, particularly the US Federal Reserve, would continue to ease the monetary policy in 2026. Non-US developed markets were the standout performers, with the MSCI World ex USA Index rising 28.59% for the year and 4.86% in the fourth quarter. Emerging markets also delivered exceptional results, gaining 30.58% in 2025 and 4.33% in the fourth quarter.
- US equities posted gains in the fourth quarter of 2025, with the MSCI USA Index advancing 2.11% in price terms, underperforming both global and European benchmarks, which rose 2.87% and 3.12% in USD terms, respectively. Market performance continued to be led by the communication

services and technology sectors. Within the "Magnificent Seven," performance was mixed. Alphabet (Google) and Nvidia delivered standout returns, while Apple, Amazon, Meta, and Microsoft lagged the broader market. Additionally, investor sentiment was supported by the Federal Reserve's ongoing rate-cutting cycle in December and expectations of further cuts in 2026, along with indications that the Trump administration was taking a flexible approach to tariffs.

- The European equities market delivered strong price returns of 5.91% for the quarter and 16.34% over the past year in euro terms, significantly outperforming US equities when translated into US dollar terms. This outperformance reflects the robust underlying fundamentals in the region, including resilient corporate earnings, relatively attractive valuations compared to the US, and a recovery in key sectors such as industrials, consumer goods, and technology. Eurozone markets also demonstrated notable resilience in the fourth quarter of 2025, closing the year near multi-year highs amid broad-based strength across major indices. This positive performance was supported not only by improving global financial conditions but also by continued interest rate cuts by the US Federal Reserve, which eased global liquidity conditions and boosted investor sentiment.
- In the fourth quarter of 2025, the MSCI Australia Index in local currency slightly underperformed, posting a decline of 2.16% over the three months to December. This contrasts with the positive performance of approximately 3% in Australian dollars (AUD) for the full year, indicating that most gains were realized earlier in the year. The underperformance in the final quarter was largely driven by sector-specific pressures, including weaker-than-expected earnings in the materials and energy sectors, which have a significant weight in the index. Additionally, renewed concerns about inflation contributed to market volatility and risk aversion among investors.

Graph 01 Major Equity Indices Movement – Price Indices in USD

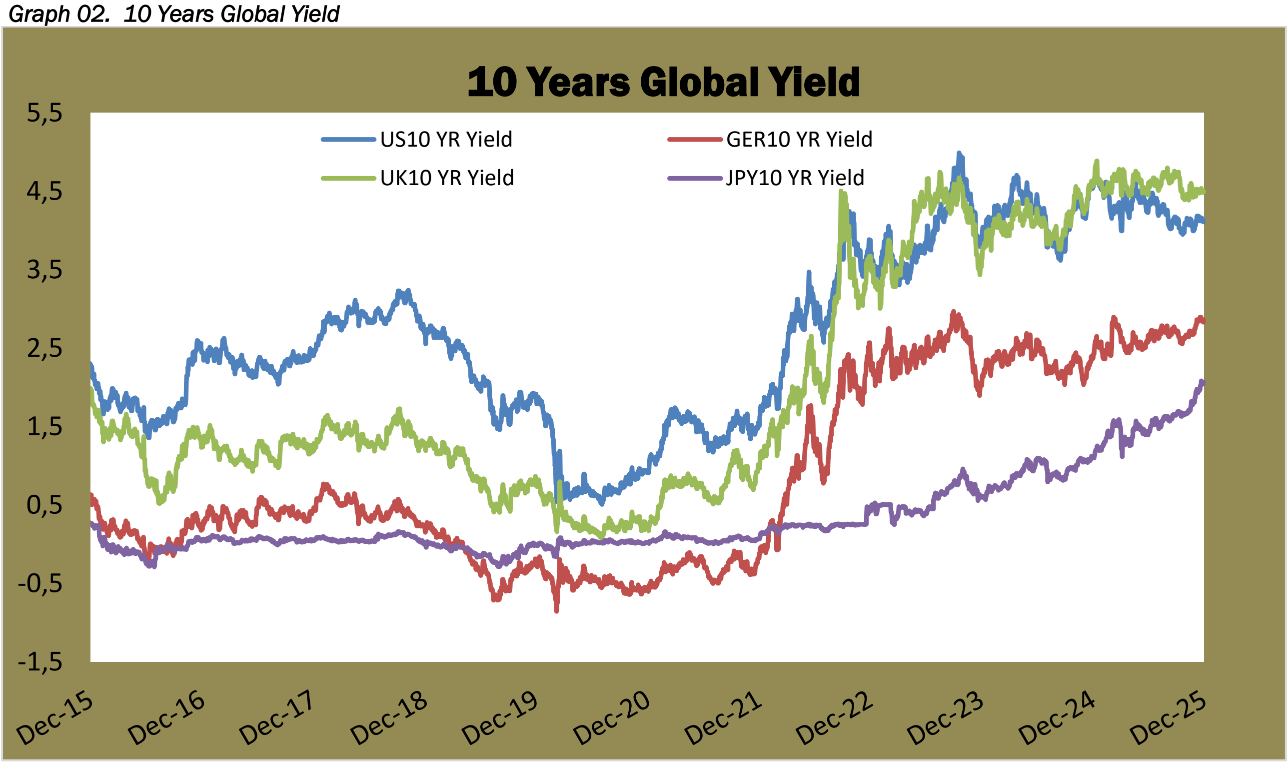


Global Treasury Bonds include U.S Treasuries

1) **US Treasury Market including Treasury Inflation-Protected Securities (TIPS):**
   In the final quarter of the year, short-term yields on 2-year U.S. Treasury bonds declined by about 14 basis points, ending the year at 3.47%, reflecting the Federal Reserve's cuts to the federal funds rate amid easing inflation and slowing economic growth. In contrast, yields on 10-year U.S. Treasuries was flat and closed at 4.17%. While monetary policy actions had a more pronounced effect on short-term yields, long-term yields remained relatively stable due to concerns about fiscal sustainability and longer-term economic risks. Consequently, the decline in short-term yields alongside relatively steady long-term yields resulted in a steepening of the yield curve, reflecting both accommodative monetary policy and continued caution regarding the long-term economic outlook.

2) **Global Sovereign Bonds – Developed Markets only:**
   Over the period, euro area government bond markets saw a rise in long-term yields, reflecting ongoing pressure on sovereign debt amid fiscal constraints and heightened sensitivity to macroeconomic risks across the region. German 10-year yields increased by 14.4 basis points to 2.86%, while French yields rose slightly by 3 basis points to 3.56%, underscoring investor caution toward sovereign balance sheets and debt sustainability. In contrast, Australian 10-year government bond yields rose more sharply, by 44.3 basis points, closing the quarter at 4.74%. This reflects resilient domestic economic conditions, lingering inflationary pressures, and market expectations that the Reserve Bank of Australia will maintain a restrictive policy stance for longer than other major advanced economies.

Graph 02. 10 Years Global Yield



3. MANAGEMENT DURING THE QUARTER

Objectives

The Central Bank, as operational manager of the Fund, has implemented the investment mandates through a combination of internal and external management.
The following table shows how the investment mandates have been implemented:

Table 4

Mandate	Management Style	Authorised Managers	Tracking Error	Outperformance Target	Commencement date
Liquidity Portfolio					
BOA Merrill Lynch 0-3 Years US Treasury Bond Index		BCTL			April-24
Growth Portfolio					
BOA Merrill Lynch 3-5 Years US Treasury Bond Index	Passive	BCTL	0.25%	Nil	January-12
BOA Merrill Lynch 5-10 Years US Treasury Bond Index			0.50%		May-20
Global Developed Market Sovereign Bond, Hedged	Enhanced Passive	BIS	0.50%	0.15%	April-20
US TIPS Treasury Bonds 1 - 10 Years	Enhanced Passive	Franklin Templeton	0.50%	0.20% to 0.25%	April-23
US TIPS Treasury Bonds 1 - 10 Years		Barings			
MSCI World Index ex Australia Net Dividends Reinvested	Equity Factor	Schroders	3.0%	Nil	August-19
		SSgA			
MSCI World Index ex Australia Net Dividends Reinvested	Passive	SSgA	0.35%	Nil	January-12
		BlackRock			February-13
MSCI Australia	Passive	BCTL	0.50%	Nil	July-16
Alternative		BCTL	n/a		April-19

Operational Implementation

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

Table 5

Mandates	Actual weight in FMI		
	Oct-25	Nov-25	Dec-25
Total Financial Market Investment	**100%**	**100%**	**100%**
Total Liquidity Portfolio	16.9%	16.9%	15.6%
Total Growth Portfolio	**83.1%**	**83.1%**	**84.4%**
Total Fixed Income	**51.6%**	**51.7%**	**52.3%**
BCTL 3-5 year US Treasury Bonds	27.8%	27.8%	28.2%
BCTL5-10 year US Treasury Bonds	8.0%	8.0%	8.1%
BIS Global Developed Market Sovereign Bond, Hedged	7.9%	7.9%	8.0%
US TIPS Treasury Bonds 1 - 10 Years	8.0%	7.9%	8.0%
Total Global Equities	**31.4%**	**31.4%**	**32.1%**
SSGA Equity Factor	3.9%	3.9%	4.0%
Schroders Equity Factor	4.0%	4.0%	4.1%
SSGA International Equity Passive	9.4%	9.4%	9.6%
BlackRock International Equity Passive	13.4%	13.4%	13.7%
BCTL Australia Equities Passive	0.8%	0.7%	0.8%

4. PORTFOLIO PERFORMANCE

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

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

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

Global Portfolio

In the course of the quarter Petroleum Fund balance was $18.61 billion as shown in Table 6, which has been adjusted to reflect the fair value of private debt as stated in Kroll's valuation reports as of December 2025:

Table 6

Capital Account	$'000
Opening book value (01 October 2025)	18,951,025
Receipts during the period	11,373
Transfer to General State Budget	-600,000
Investment Return	246,710
Closing book value (31 December 2025)	**18,609,108**

The Fund was invested as follows:

Table 7

Assets	$'000
Cash and Cash Equivalents	3,093,223
Other Receivables	85,225
Financial assets held at fair value through profit or loss	15,725,950
Less:	
Accounts Payable	-1,712
Payable for Securities Purchased	-275,230
Financial liability held at fair value through profit or loss	-18,347
Total	**18,609,108**

The income for the quarter was as follows:

Table 8

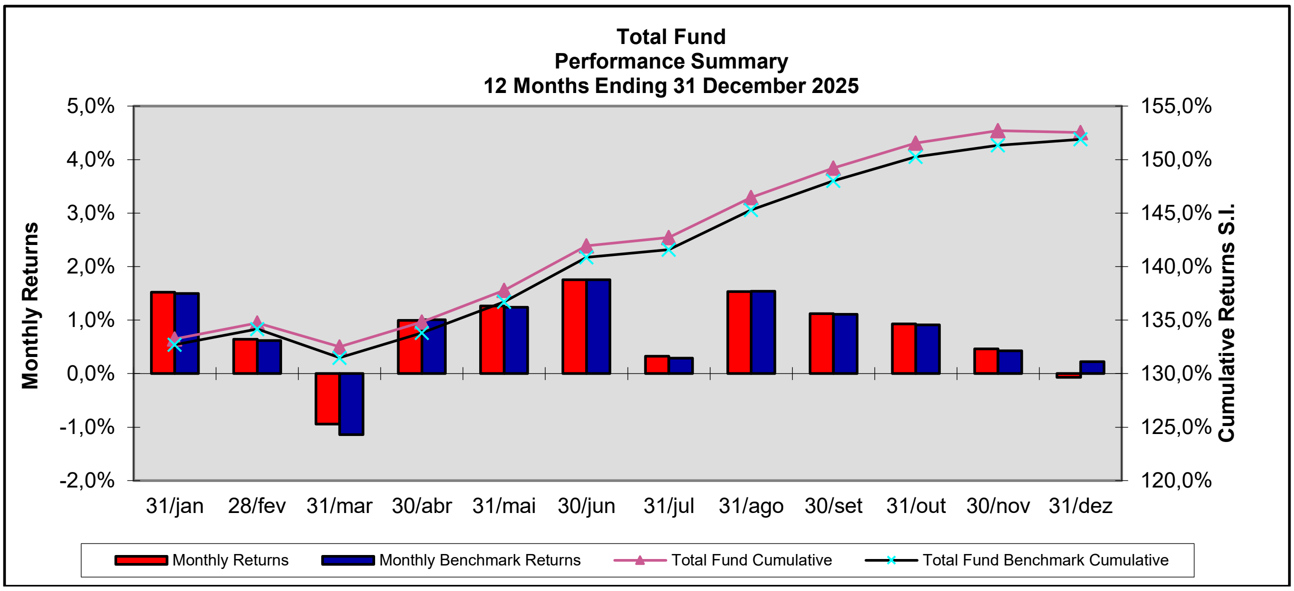
Income	$'000
Interest income	71,695
Dividend income	17,483
Unit Trust distributions	775
Other Invesment income	1,532
Net gains/(losses) on Financial Assets at fair value	160,151
Less:	
External manager, custody fees	-2,040
Central Bank management expenses	-1,906
IAB Expenses	-107
Other expenses	-292
Withholding taxes	-582
Total Net Income	**246,710**

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

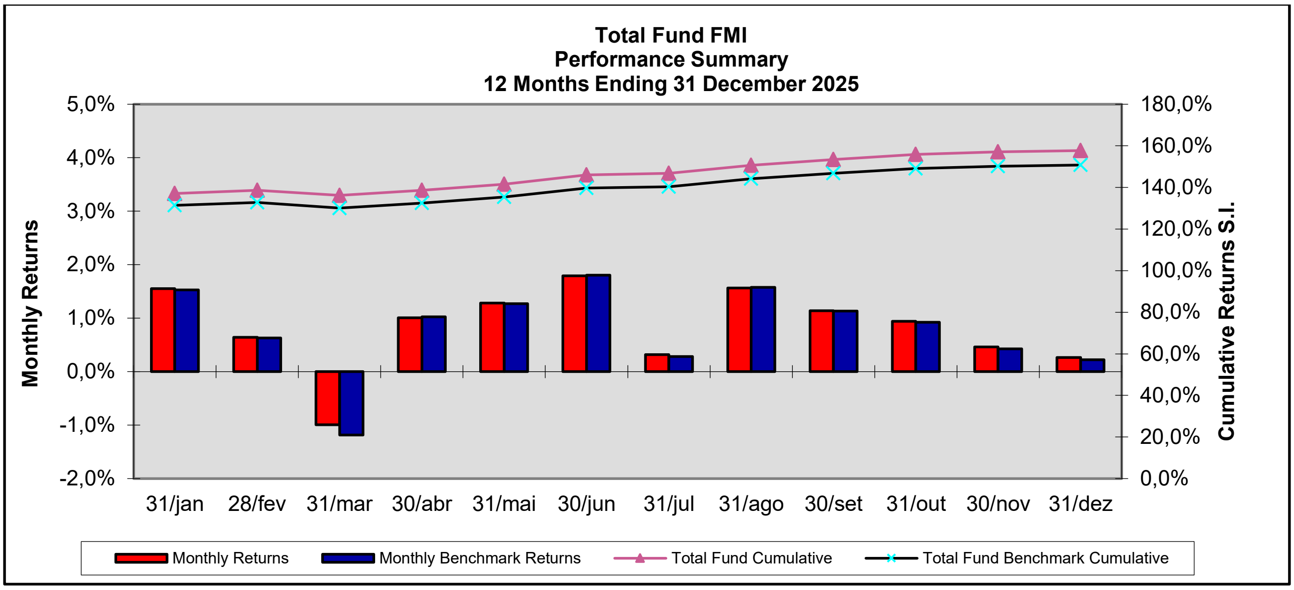
- Unit trust distribution is the income received from listed property investment entities.
- Other expenses relate to derivative trading costs which are deducted directly from the Fund.

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

Graph 03 Total Fund Performance



Graph 04 Total Financial Market Investments Performance



Liquidity Portfolio

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

Table 9

%	Qtr	FYTD	1 Year	3 Years	5 Years	Since Inc
Liquidity Portfolio						
BCTL ML Index 0-3 Years US Treasury Bonds	0.98	4.73	4.73	4.71	n.a	2.91
Benchmark	1.10	4.86	4.86	4.90	n.a	3.05
Excess	-0.11	-0.13	-0.13	-0.19	n.a	-0.14

Growth Portfolio

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

Table 10

	Qtr	FYTD	1 Year	3 Years	5 Years	Since Inc
Growth Portfolio	1.82	11.90	11.90	10.34	n.a	4.36
Benchmark	1.66	11.72	11.72	10.29	n.a	4.27
Excess	0.16	0.18	0.18	0.05	n.a	0.08
International Fixed Interest	0.92	6.67	6.67	4.57	0.33	2.21
Benchmark	0.84	6.51	6.51	4.50	0.29	2.21
Excess	0.08	0.16	0.16	0.07	0.04	0.00
BCTL 3-5 year US Treasury Bonds	1.18	6.82	6.82	4.52	0.62	1.58
BoA Merrill Lynch 3-5 Years US Treasury Passive	1.11	6.72	6.72	4.47	0.60	1.58
Excess	0.07	0.10	0.10	0.05	0.03	0.01
BCTL 5-10 year US Treasury Bonds	1.17	8.35	8.35	4.26	-0.87	-0.88
BoA Merrill Lynch 5-10 Years US Treasury Passive	1.00	8.00	8.00	4.07	-1.06	-1.01
Excess	0.17	0.35	0.35	0.19	0.19	0.13
BIS Global Treasury Developed Marked Hedged	0.39	3.75	3.75	4.94	-0.15	0.13
Global Treasury Developed Market - Hedged	0.30	3.37	3.37	4.74	-0.39	-0.11
Excess	0.08	0.38	0.38	0.21	0.24	0.24
Barings LLC 1-10 years US TIPS	0.28	7.50	7.50	n.a	n.a	4.30
US 1-10 years TIPS	0.31	7.47	7.47	n.a	n.a	4.38
Excess	-0.02	0.03	0.03	n.a	n.a	-0.08
Franklin Templeton 1-10 years US TIPS	0.31	7.43	7.43	n.a	n.a	4.42
US 1-10 years TIPS	0.31	7.47	7.47	n.a	n.a	4.38
Excess	0.00	-0.04	-0.04	n.a	n.a	0.04
International Equities	3.32	22.01	22.01	21.13	12.65	11.23
Benchmark	3.12	21.09	21.09	21.17	12.15	10.87
Excess	0.20	0.92	0.92	-0.03	0.50	0.36
SSgA Equity Factor	4.66	22.08	22.08	18.09	11.94	12.20
MSCI ex. Australia Net Dividends Reinvested	3.19	21.20	21.20	21.39	12.25	13.58
Excess	1.48	0.87	0.87	-3.31	-0.31	-1.38
Schroders Equity Factor	3.21	23.24	23.24	22.90	15.00	15.00
MSCI ex. Australia Net Dividends Reinvested	3.19	21.20	21.20	21.39	12.25	13.58
Excess	0.02	2.03	2.03	1.51	2.75	1.42
SSGA International Equity Passive	3.25	22.00	22.00	21.66	12.52	11.93
MSCI ex. Australia Net Dividends Reinvested	3.19	21.20	21.20	21.39	12.25	11.67
Excess	0.06	0.79	0.79	0.26	0.27	0.26
BlackRock International Equity Passive	3.26	22.07	22.07	21.79	12.62	11.67
MSCI ex. Australia Net Dividends Reinvested	3.19	21.20	21.20	21.39	12.25	11.37
Excess	0.07	0.86	0.86	0.39	0.37	0.30
BCTL Australia Equity Passive	-0.90	15.29	15.29	10.19	6.72	7.88
MXAU Australia Net Dividends Reinvested	-1.02	14.74	14.74	10.06	6.69	8.00
Excess	0.12	0.55	0.55	0.12	0.03	-0.12

Private Debt Instrument for Petroleum Operations

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

Table 11

	Qtr	FYTD	1 Year	3 Years	5 Years	Since Inc
Private debt instrument for Petroleum Operations	-9.16	-4.60	-4.60	-1.54	-2.76	-2.84
Benchmark	1.11	4.50	4.50	4.50	4.50	4.50
Excess	-10.27	-9.10	-9.10	-6.04	-7.26	-7.34

The Private debt instrument reflects its independently verified fair value for December 2025.

5. MANAGEMENT COSTS

A management fee of $4.34 million for operational management costs was charged to the fund during the quarter. The fee covered the following services (in thousands $):

Table 12

External Management and Custody expenses	2,040
Central Bank management expenses	1,906
IAB expenses	107
Other Expenses	292
Total Cost	**4,344**

6. TRANSFERS TO THE STATE BUDGET

According to Article 7.1 of the Petroleum Fund Law transfers from the Fund may only be made to the credit of a single State Budget account. An amount of $600 million was transferred to the State Budget account during the quarter (in thousands $):

Table 13

Transfer October 2025	300,000
Transfer November 2025	0
Transfer December 2025	300,000
Transfer for this Quarter	**600,000**
Total transfers this fiscal year 2025	**1,451,950**

7. COMPLIANCE STATEMENT

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

Qualifying Instruments

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

Modified Duration

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

Tracking Error

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

External Managers

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

Internal Audit

The provisions of Article 22 of the Petroleum Fund Law no. 9/2005 require the Central Bank's Internal Auditor to perform an audit for the Fund every six months. The Internal Auditor has performed an audit up to quarter ended 30 June 2025.

8. FINANCIAL INFORMATION

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

Table 14

BALANCE SHEET	December-25	December-24
In thousands of USD		
ASSETS		
Cash and Cash Equivalents	3,093,223	3,249,058
Receivables	85,225	48,731
Financial assets held at fair value through profit or loss	15,725,950	15,679,646
TOTAL ASSETS	18,904,398	18,977,435
LIABILITIES		
Accounts payable	-1,712	-1,834
Payables for securities purchased	-275,230	-699,155
Financial Liability held at fair value through profit or loss**	-18,347	-2,390
TOTAL LIABILITIES	-295,290	-703,379
NET ASSETS	18,609,108	18,274,056
CAPITAL		
Opening Balance (January)	18,274,056	18,288,405
PF Law Art. 6.1 (a) Revenue receipts	20,701	38,167
PF Law Art. 6.1 (b) DA receipts	4,408	41,989
PF Law Art. 6.1 (e) Other receipts	11,007	5,198
PF Law Art 7.1 Transfers to State Budget	-1,451,950	-1,300,000
Income for the period	1,750,885	1,200,298
CAPITAL	18,609,108	18,274,056

Note:

1. ***Reflect derivatives price movement.*
2. *The private debt fair value for 2025 is $535 million, according to the independent valuator's report*

Table 15

STATEMENT OF PROFIT OR LOSS In thousands of USD	QUARTER Dec-25	 Dec-24	YEAR TO DATE Dec-25	 Dec-24
INVESTMENT INCOME				
Interest income	71,695	70,268	415,768	379,960
Dividend income	17,483	19,689	90,496	99,292
Trust income	775	905	3,303	3,443
Other investment income	1,532	1,915	6,383	21,725
Net gains/(losses) on Financial Assets at fair value	160,151	-344,064	1,256,122	718,917
Net foreign exchange gains/(losses)	0	0	0	0
Total Investment Income	**251,636**	**-251,287**	**1,772,072**	**1,223,336**
EXPENSES				
External management, fees	2,040	1,865	7,633	7,467
Internal operational management fees	1,906	2,514	7,446	9,241
IAB Expenses	107	77	359	272
Other expenses	292	56	530	320
Total expenses	**4,344**	**4,512**	**15,968**	**17,300**
Profit before tax	247,292	-255,799	1,756,104	1,206,036
Withholding taxes on investments	-582	-630	-5,219	-5,738
Profit/loss for the period	246,710	-256,429	1,750,885	1,200,298
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	**246,710**	**-256,429**	**1,750,885**	**1,200,298**

1. *The accounting policies and method of computation used to prepare the above figures are the same as disclosed in the most recent annual financial statements of the Petroleum Fund.*
2. *The profit and loss statement for the fourth quarter of 2025 has been revised to reflect the receipt of the private debt fair value report from the independent valuator.*

Dili, 04 February 2025

Tobias Ferreira
Executive Director

Helder Lopes
Governor