

# Petroleum Fund of Timor-Leste

## Quarterly Report

30 September 2021

### Inside This Report

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

### INTRODUCTION

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

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

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

### EXECUTIVE SUMMARY

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

This report covers the period from 01 July to 30 September 2021.

Key statistics for the quarter include:

- The capital of the Fund at the end of the Current quarter was \$19.17 billion while the previous quarter was \$19.49 billion.
- Gross cash inflows to the fund from royalties and taxes were \$123.80 million.
- Outflow for the quarter were \$452.19 million, being transfers to the state budget of \$447.87 million while \$4.31 million was for management costs.
- The profit for the quarter was \$6.86 million, representing a gross of fees return of 0.04%. The return on financial market investments was 0.00% compared with the benchmark return of 0.05%.

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

Table 1

%	QTR	FYTD	1 Year	3 Years	5 years	Since Inc
<b>Total Fund</b>	0.04	3.99	9.41	7.73	6.73	4.87
Benchmark	0.09	3.61	8.47	7.35	6.38	4.76
<b>Excess</b>	<b>-0.05</b>	<b>0.38</b>	<b>0.94</b>	<b>0.38</b>	<b>0.35</b>	<b>0.11</b>
<b>Financial Market Investments</b>	0.00	4.02	9.61	7.86	6.80	4.89
Benchmark	0.05	3.57	8.43	7.39	6.40	4.77
<b>Excess</b>	<b>-0.05</b>	<b>0.45</b>	<b>1.18</b>	<b>0.47</b>	<b>0.40</b>	<b>0.13</b>
<b>Investment in Petroleum Operations</b>	1.11	3.35	4.50	n.a	n.a	4.50
Benchmark	1.11	3.35	4.50	n.a	n.a	4.50
<b>Excess</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>n.a</b>	<b>n.a</b>	<b>0.00</b>

Table 2

%	QTR	FYTD	1 Year	3 Years	5 years	Since Inc
<b>Total Financial Market Investments</b>	0.00	4.02	9.61	7.86	6.80	4.89
Benchmark	0.05	3.57	8.43	7.39	6.40	4.77
<b>Excess</b>	<b>-0.05</b>	<b>0.45</b>	<b>1.18</b>	<b>0.47</b>	<b>0.40</b>	<b>0.13</b>
<b>Liquidity</b>	0.03	n.a	n.a	n.a	n.a	0.03
Benchmark	0.00	0.00	n.a	n.a	n.a	0.00
<b>Excess</b>	<b>0.03</b>	<b>0.03</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>0.03</b>
<b>Growth</b>	-0.07	n.a	n.a	n.a	n.a	-0.07
Benchmark	-0.05	n.a	n.a	n.a	n.a	-0.05
<b>Excess</b>	<b>-0.02</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>-0.02</b>

## 1. INVESTMENT MANDATE

A revised Management Agreement between Ministry of Finance and the Central Bank was signed on 25 June 2009. The Annexes of the Management Agreement has 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 Financial Market Investment as of September 2021 were as follows:

Table 3

Mandates	Jul-21	Aug-21	Sep-21
<b>Total Fund</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Investment in Petroleum Operations	3.67%	3.68%	3.658%
Financial Market Investment	96.33%	96.32%	96.342%
<b>Total Financial Market Investment</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Liquidity Portfolio	16.11%	15.20%	15.52%
Growth Portfolio	83.89%	84.80%	84.48%
<b>Total Liquidity Portfolio</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
USD Cash/3 month US Treasury Bills	33.94%	29.97%	32.08%
US Government Short-term Treasury Notes	66.06%	70.03%	67.92%
<b>Total Growth Portfolio</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
US Government Treasury Notes 3-5 Years	45%	45%	45%
US Government Treasury Notes 5-10 Years	10%	10%	10%
Global Developed Market Sovereign Bond, Hedged	10%	10%	10%
Developed Market Equities	35%	35%	35%

## 2. MARKET TRENDS DURING THE QUARTER

### *Global Macroeconomic Trend*

Global economic growth is projected to remain above pre-pandemic rates but will slow in the coming quarter, due to the continued spread of the Covid-19 delta variants and the supply-demand mismatch. The post pandemic recovery has brought with it higher consumer price inflation. Consequently, major central banks announced during the quarter their plan to start rolling back the monetary support introduced at the start of the pandemic.

The economic growth in the United States (U.S) for the third quarter is estimated to be moderate compared to a 6.6% growth of the previous quarter. The slowdown in growth was mainly caused by the spread of the Covid-19 delta variants, supply constraints and weaker consumption. The more contagious delta variants pushed infections rate up in August and triggered a high rate of hospitalizations. However, the higher vaccination rates and the vaccines' proven effectiveness against the new strain of the virus allowed authorities to avoid measures that could have constrained economic activities. As a result, the effect on the economic growth was minimal. The labor market strengthened during the quarter but continued to show signs of slack. September employment numbers showed the unemployment rate went down from 5.9% at the beginning of the quarter to 4.8%. However, the number of people entering the labor market declined and participating rates remained low. Companies were raising wages to lure back workers in order to address the labor shortages. Average hourly earnings rose 0.6% on a month-over-month basis, compared to the 0.4% rate posted in August, and increased 4.6% year on year. These factors, combined with supply shortages, contributed to inflationary pressures in the U.S. and the monthly data showed inflation consistently exceeding the Federal Reserve's 2% target. Consequently, the Federal Reserve announced its intention to start reducing its bond buying program at the end of the year. The Federal Reserve currently purchases a total of \$120 billion securities, \$80 billion U.S Treasuries and \$40 billion mortgage-backed securities, on a monthly basis. The Fed plans to taper the monthly purchases and end the program by the middle of 2022. The Fed's threshold for tapering is different from its test for the "lift off" of policy rates, which requires labor market conditions consistent with maximum employment and inflation to be on track to moderately exceed 2%. The Fed maintained its interest rate at the range of 0 – 0.25% and the market has not priced in an increase in the policy rate till 2023.

The European Central Bank announced during the September meeting that it would tolerate a moderate and transitory overshoot of its 2% inflation target. The ECB also announced that it would reduce its pandemic emergency purchase program (PEPP) in the months ahead. The announcement was made on the back of stronger economic data, with the inflation in the region reaching 3% on a year-to-year basis in August and the economic growth of the 19-countries block reaching 2% in the second quarter of the year. Apart from the PEPP dial down, the ECB kept its Asset Purchasing Program (APP) unchanged at 20 euro billion monthly and maintained its interest rate at -0.50%. The Bank of England also signaled its intention to reduce the monetary policy support as inflation continued to exceed the central bank's target.

The Reserve Bank of Australia decided in September to reduce its bond purchase program from around AUD 5 billion to AUD 4 billion a week. However, the program was extended from November to at least February 2022 due to the recent resurgence of Delta variant cases, which triggered the reintroduction of lockdowns in some states in Australia. The central bank is confident that the rising Covid-19 infections were just delaying rather than derailing the prospects for economic growth. The cash rate won't rise until actual inflation is sustainably within the 2 to 3% range.

The economic growth across Emerging markets encountered many challenges such as low vaccine distribution in many countries and a lower growth trajectory from China where the government also launched several reforms in the technology and real estate sectors during the quarter. In addition, the rising inflation in some emerging markets in Latin American jurisdictions has forced the central banks to tighten their monetary policy.

### Global Equity Market Trends

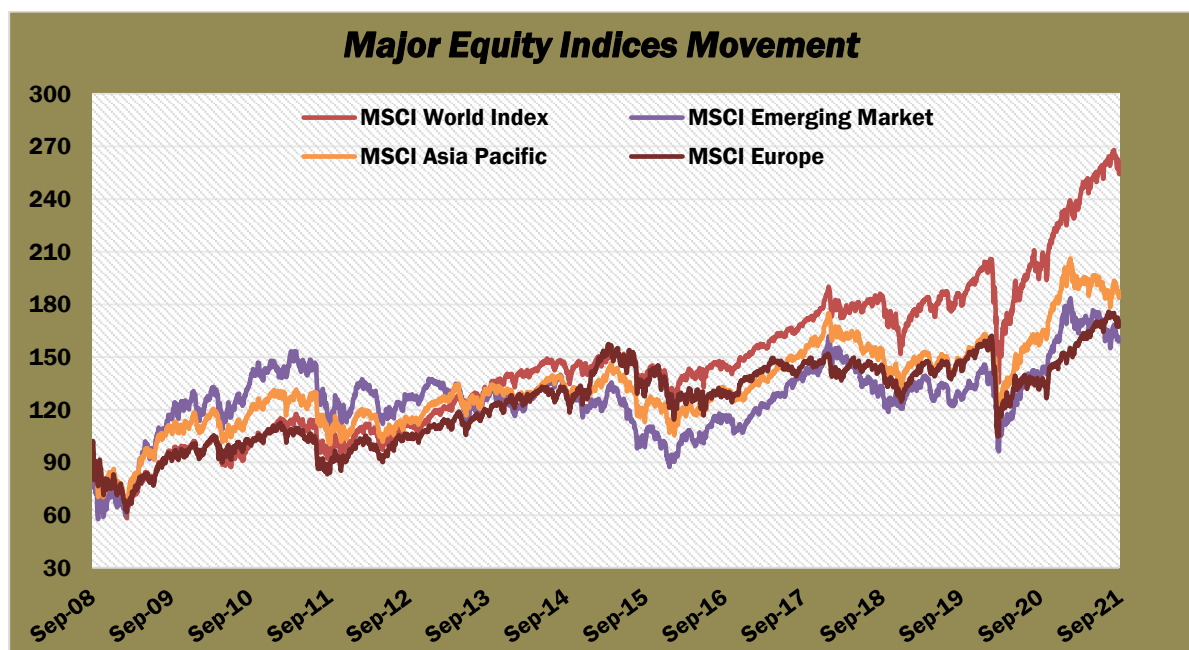
Major equity market indices' performance varied. For developed markets in aggregate, the negative performance in September wiped off the earlier gains, hence leaving the MSCI World index flat for the overall quarter. The falls toward the end of the quarter reflected the investors' concerns about moderating economic growth, higher inflation and tighter central bank policy going forward.

Major equity markets in the U.S ended the quarter with mixed performance. The S&P 500 index, which provides broad-based sector exposure, ended the quarter with a slight gain despite having been down more than 4% in September. The falls in September reflected concerns about Fed tapering and the prospect of lower fiscal stimulus. The Dow Jones and technology heavy Nasdaq index both fell, posting returns of -1.91% and -0.38% respectively for the quarter. The Russell 2000 Index, which contains the small cap companies, is the worst performer as it declined more than 4% for the quarter.

The performance of equity market across European regions also varied with Germany posting - 1.74% while the other major equity indices in the region ended the quarter with gains below 1%. Major equity indices across the region began the quarter with gains, boosted by positive corporate earnings reported from the previous quarter. However, as the third quarter progressed, the performance waned due to the worries about the rising prices caused by the supply side's struggle to meet the demand and the hike in energy prices.

The equity markets across the Asia Pacific and the emerging markets also showed mixed performance from the countries in the region during the quarter. Japanese equity markets closed the quarter with a gain while the emerging market equity indices suffered the most being down more than 8%.

**Graph 01 Major Equity Indices Movement (USD)**

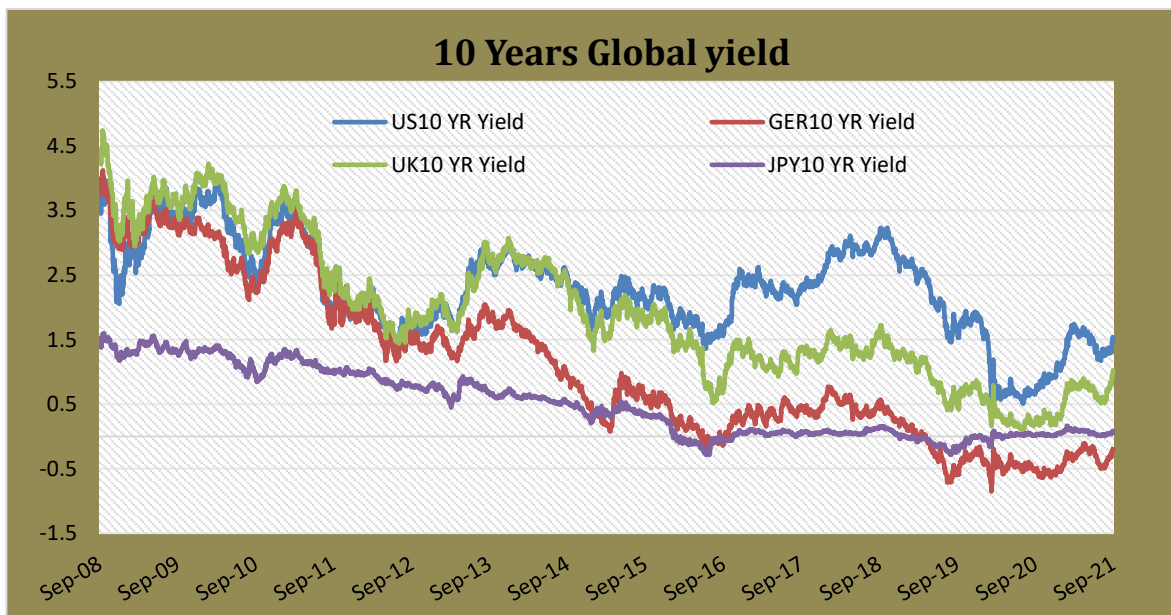


### Global Treasury Bonds include U.S Treasuries

The quarterly change in global Treasury bond yields including the U.S Treasury securities was muted. A fall in yields early in the quarter was reversed in September. There are many explanations as to the yields spike late in the quarter. Some analysts attributed the yield movements to the U.S Federal Reserve Bank's and other central banks' moves to reduce some of the monetary policy support introduced to help economies recover from the COVID-19 crisis. Some pundits believed that the movement of the Treasury yields is simply the reverse of the disconnection between the yields of global treasuries and the positive economic growth in the first half of the year.

The U.S Federal Reserve has announced it is likely to reduce its asset purchasing program by the end of the year as it is making substantial progress towards its inflation and employment goals. CPI inflation had consistently overshoot the 2% target since April. The Fed also noted during the September meeting that the inflation appears to be stickier than it had previously expected. Other central banks that are also facing rising inflation followed suit by reducing their asset purchasing programs or raising interest rates.

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

### Operational Implementation

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

Table 5

Mandates	Managers	Actual weight in FMI		
		Jul-21	Aug-21	Sep-21
<b>Total Financial Market Investment</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Total Liquidity Portfolio</b>		<b>16.11%</b>	<b>15.20%</b>	<b>15.52%</b>
USD Cash/3 month US Treasury Bills	BCTL	5.47%	4.55%	4.98%
US Government Short-term Treasury Notes 1-3 Years	BCTL	10.64%	10.64%	10.54%
<b>Total Growth Portfolio</b>		<b>83.89%</b>	<b>84.80%</b>	<b>84.48%</b>
<b>Total Fixed Income</b>		<b>54.53%</b>	<b>55.04%</b>	<b>54.31%</b>
US Government Treasury Notes 3-5 Years	BCTL	37.75%	37.99%	37.55%
US Government Treasury Notes 5-10 Years	BCTL	8.39%	8.53%	8.35%
Global Developed Market Sovereign Bonds, Hedged	BIS	8.39%	8.52%	8.41%
<b>Total Global Equities</b>		<b>29.36%</b>	<b>29.77%</b>	<b>30.18%</b>
Equity Factors	SSgA	3.67%	3.74%	3.79%
	Schroders	3.67%	3.73%	3.79%
MSCI Developed Markets ex Australia Equities Passive	SSgA BlackRock	21.29%	21.59%	21.89%
MSCI Australia Equities Passive	BCTL	0.73%	0.70%	0.71%

## 4. PORTFOLIO PERFORMANCE

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

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

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

*Global Portfolio*

In the course of the quarter the Petroleum Fund balance was \$19.176 billion as follows:

Table 6

Capital Account	\$'000
Opening book value (01 July 2021)*	19,493,101
Receipts during the period	123,795
Transfer to General State Budget	-447,873
Investment Return	6,859
<b>Closing book value (30 September 2021)</b>	<b>19,175,883</b>

*\*The closing balance of the Fund for second quarter and opening balance the third quarter differed because both balance were calculated using two different accounting systems. The balance of the Fund is expected to be consistent going forward with the newly migrated accounting system.*

The Fund was invested as follows:

Table 7

Assets	\$'000
Cash and Cash Equivalents	957,315
Other Receivables	5,509
Financial assets held at fair value through profit or loss	18,218,838
<b>Less:</b>	
Payable for Securities Purchased	-2,505
Accounts Payable	-3,275
<b>Total</b>	<b>19,175,883</b>

The income for the quarter was as follows:

Table 8

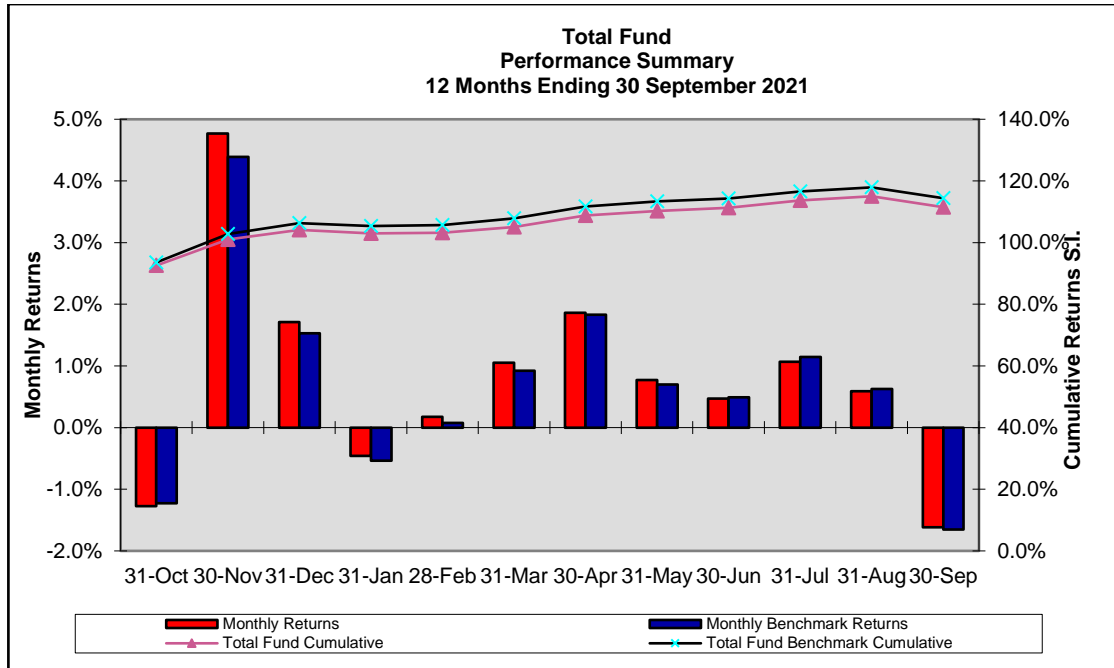
Income	\$'000
Interest income	39,700
Dividend income	26,164
Unit Trust distributions	810
Other Investment income	-6
Net gains/(losses) on Financial Assets at fair value	-49,521
Net foreign exchange gains/(losses)	-4,835
<b>Less:</b>	
External manager, custody fees	-1,944
Central Bank management expenses	-1,974
IAB Expenses	-51
Other expenses	-346
Withholding taxes	-1,138
<b>Total Investment Income</b>	<b>6,859</b>

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

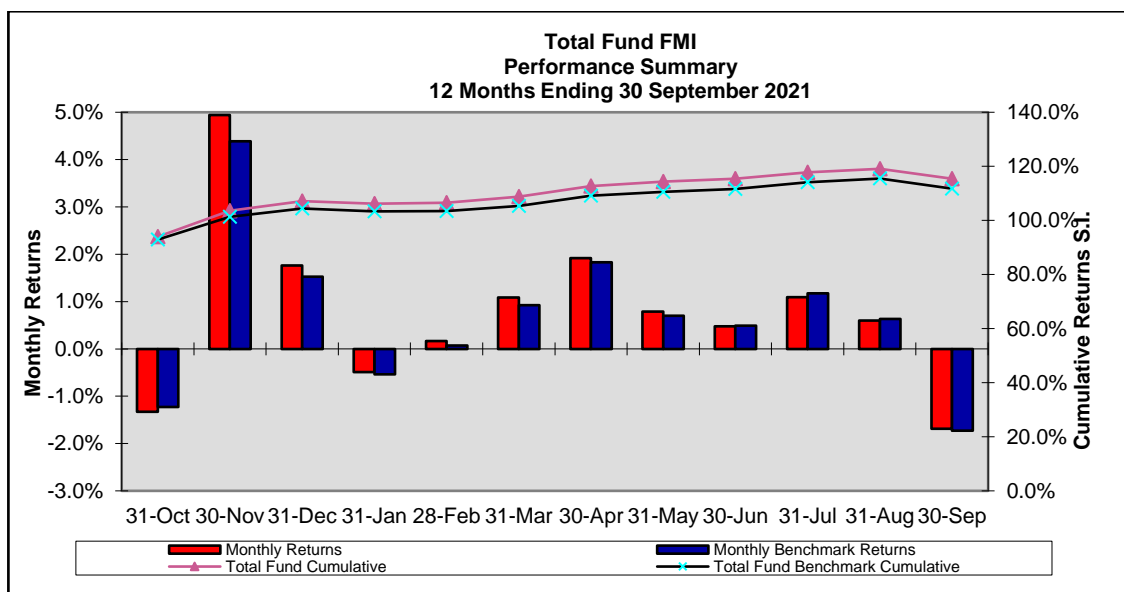
- Unit trust distribution is the income received from listed property investment entities.
- Other expenses relate to derivative trading costs which are deducted directly from the Fund.

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

Graph 03 Total Fund 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
<b>Liquidity Portfolio</b>	0.03	n.a	n.a	n.a	n.a	0.03
Benchmark	0.00	n.a	n.a	n.a	n.a	0.00
<i>Excess</i>	<b>0.03</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>0.03</b>
<b>BCTL Cash Management</b>	0.01	0.02	0.02	1.01	n.a	1.15
ICE BoA ML 3 Month US Treasury Bill Index	0.01	0.04	0.07	1.21	n.a	1.16
<i>Excess</i>	<b>0.00</b>	<b>-0.02</b>	<b>-0.05</b>	<b>-0.20</b>	<b>n.a</b>	<b>-0.01</b>
<b>BCTL ML 1-3 Year US Treasury Index</b>	0.03	n.a	n.a	n.a	n.a	0.03
BoA Merrill Lynch 1-3 Years US Treasury Note Index	0.01	n.a	n.a	n.a	n.a	0.01
<i>Excess</i>	<b>0.02</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>0.02</b>

### Growth Portfolio

The performance of the investments in global developed market bonds and equities for the quarter, including:

The performance of the managers responsible for those investments, was as follows:

Table 10

	Qtr	FYTD	1 Year	3 Years	5 Years	Since Inc
<b>Growth Portfolio</b>	-0.07	n.a	n.a	n.a	n.a	-0.07
Benchmark	-0.05	n.a	n.a	n.a	n.a	-0.05
<i>Excess</i>	<b>-0.02</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>-0.02</b>
<b>BCTL 3-5 year US Treasury Bonds</b>	-0.07	-1.01	-1.07	4.09	2.07	1.85
BoA Merrill Lynch 3-5 Years US Treasury Passive	-0.10	-1.04	-1.07	4.17	2.08	1.85
<i>Excess</i>	<b>0.03</b>	<b>0.03</b>	<b>0.00</b>	<b>-0.09</b>	<b>-0.02</b>	<b>0.00</b>
<b>BCTL 5-10 year US Treasury Bonds</b>	-0.12	-2.81	-3.63	n.a	n.a	-2.55
BoA Merrill Lynch 5-10 Years US Treasury Passive	-0.23	-2.84	-3.61	n.a	n.a	-2.39
<i>Excess</i>	<b>0.11</b>	<b>0.03</b>	<b>-0.02</b>	<b>n.a</b>	<b>n.a</b>	<b>-0.15</b>
<b>BIS Global Treasury Developed Marked Hedged</b>	-0.30	-2.88	-2.53	n.a	n.a	-1.04
Global Treasury Developed Market - Hedged	-0.17	-2.78	-2.47	n.a	n.a	-1.06
<i>Excess</i>	<b>-0.13</b>	<b>-0.09</b>	<b>-0.05</b>	<b>n.a</b>	<b>n.a</b>	<b>0.02</b>
<b>SSgA Equity Factor</b>	-0.15	14.30	29.59	n.a	n.a	15.29
MSCI ex. Australia Net Dividends Reinvested	0.06	13.17	28.76	n.a	n.a	18.25
<i>Excess</i>	<b>-0.21</b>	<b>1.13</b>	<b>0.83</b>	<b>n.a</b>	<b>n.a</b>	<b>-2.95</b>
<b>Schroders Equity Factor</b>	0.20	17.64	33.87	n.a	n.a	18.11
MSCI ex. Australia Net Dividends Reinvested	0.06	13.17	28.76	n.a	n.a	18.25
<i>Excess</i>	<b>0.14</b>	<b>4.47</b>	<b>5.11</b>	<b>n.a</b>	<b>n.a</b>	<b>-0.14</b>
<b>SSGA International Equity Passive</b>	-0.11	13.06	28.78	13.14	13.91	12.07
MSCI ex. Australia Net Dividends Reinvested	0.06	13.17	28.76	13.23	13.86	11.85
<i>Excess</i>	<b>-0.17</b>	<b>-0.11</b>	<b>0.02</b>	<b>-0.09</b>	<b>0.05</b>	<b>0.23</b>
<b>BlackRook International Equity Passive</b>	-0.11	13.11	28.85	13.27	14.03	11.65
MSCI ex. Australia Net Dividends Reinvested	0.06	13.17	28.76	13.23	13.86	11.41
<i>Excess</i>	<b>-0.17</b>	<b>-0.06</b>	<b>0.09</b>	<b>0.04</b>	<b>0.17</b>	<b>0.24</b>
<b>BCTL Australia Equity Passive</b>	-3.40	6.82	31.18	8.26	8.44	9.19
MXAU Australia Net Dividends Reinvested	-3.03	7.16	31.69	8.83	8.77	9.50
<i>Excess</i>	<b>-0.37</b>	<b>-0.34</b>	<b>-0.51</b>	<b>-0.56</b>	<b>-0.32</b>	<b>-0.31</b>

### Private Debt Instrument for Petroleum Operations

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

Table 11

	Qtr	FYTD	1 Year	3 Years	5 Years	Since Inc
Private debt instrument for Petroleum Operations	1.11	3.35	4.50	n.a	n.a	4.50
<b>Benchmark</b>	1.11	3.35	4.50	n.a	n.a	4.50
<i>Excess</i>	0.00	0.00	0.00	n.a	n.a	0.00

## 5. MANAGEMENT COSTS

A management fee of \$4.31 million for operational management costs was charged to the fund during the quarter. The fee covered the following services (in thousands \$):

Table 12

External Management and Custody expenses	1,944
Central Bank management expenses	1,974
IAB expenses	51
Other Expenses	346
<b>Total Cost</b>	<b>4,313</b>

## 6. TRANSFERS TO STATE BUDGET

According to Article 7.1 of the Petroleum Fund Law transfers from the Fund may only be made to the credit of a single State Budget account. An amount of \$447,873 million was transferred to the State Budget account during the quarter.

Table 13

In Thousand (\$)

Transfer July 2021	-197,873
Transfer August 2021	0
Transfer September 2021	-250,000
Transfer for this Quarter	<b>-447,873</b>
<b>Total transfers this fiscal year to September 2021</b>	<b>-797,873</b>

## 7. COMPLIANCE STATEMENT

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

### *Qualifying Instruments*

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

### *Modified Duration*

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

**Tracking Error**

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

**External Managers**

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

**Internal Audit**

The provisions of Article 22 of the Petroleum Fund law no. 9/2005 require the Central Bank's Internal Auditor to perform an audit of the Fund every six months. The Internal Auditor has performed an audit up to quarter ended 30 June 2021.

**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	September-21	September-20
In thousands of USD		
<b>ASSETS</b>		
Cash and Cash Equivalents	957,315	1,179,278
Receivables	5,509	63,447
Financial assets held at fair value through profit or loss	18,218,838	17,280,645
<b>TOTAL ASSETS</b>	<b>19,181,663</b>	<b>18,523,370</b>
<b>LIABILITIES</b>		
Payables for securities purchased	-2,505	-52,874
Accounts payable	-3,275	-1,033
<b>TOTAL LIABILITIES</b>	<b>-5,779</b>	<b>-53,907</b>
<b>NET ASSETS</b>	<b>19,175,883</b>	<b>18,469,463</b>
<b>CAPITAL</b>		
Opening Balance (January)	18,990,614	17,691,816
PF Law Art. 6.1 (a) Revenue receipts	116,351	118,100
PF Law Art. 6.1 (b) DA receipts	129,417	158,824
PF Law Art. 6.1 (e) Other receipts	6,725	13,447
PF Law Art 7.1 Transfers to State Budget	-797,873	-419,500
Income for the period	730,649	906,776
<b>CAPITAL</b>	<b>19,175,883</b>	<b>18,469,463</b>

Table 15

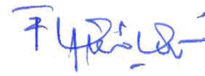
STATEMENT OF PROFIT OR LOSS In thousands of USD	QUARTER		YEAR TO DATE	
	Sep-21	Sep-20	Sep-21	Sep-20
<b>INVESTMENT INCOME</b>				
Interest income	39,700	50,710	116,618	165,587
Dividend income	26,164	35,776	100,066	120,056
Trust income	810	1,242	3,190	4,303
Other investment income	-6.3	38	16	519
Net gains/(losses) on Financial Assets at fair value	-49,521	435,877	550,542	652,678
Net foreign exchange gains/(losses)	-4,835	1,724	-6,378	-10,688
<b>Total Investment Income</b>	<b>12,311</b>	<b>525,367</b>	<b>764,054</b>	<b>932,455</b>
<b>EXPENSES</b>				
External management, fees	1,944	507	6,040	5,174
Internal operational management fees	1,974	1,849	5,749	5,347
IAB Expenses	51	59	116	85
Other expenses	346	341	1,692	1,491
<b>Total expenses</b>	<b>4,313</b>	<b>2,756</b>	<b>13,597</b>	<b>12,097</b>
Profit before tax	7,997	522,611	750,457	920,358
Withholding taxes on investments	1,138	776	19,808	6,791
Profit/loss for the period	6,859	521,834	730,649	913,566
Other comprehensive income	0	0	0	0
<b>Total comprehensive income for the period</b>	<b>6,859</b>	<b>521,834</b>	<b>730,649</b>	<b>913,566</b>

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

Dili, 19 October 2021



**Venancio Alves Maria**  
Deputy Governor



**Abraão de Vasconcelos**  
Governor