



## PETROLEUM FUND QUARTERLY REPORT

Quarter ended 30 June 2020

### PRESS RELEASE

The Banco Central de Timor-Leste (BCTL) today released the Quarterly Report of the Petroleum Fund of Timor-Leste for the period ended 30 June 2020. The report shows that the capital of the fund as of 30 June 2020 was \$18.07 billion compared to \$17.03 billion at the end of the previous quarter.

The report shows that the gross capital inflows during the quarter were \$65.73 million, consisting of \$18.15 million of contributions from taxpayers to the Fund and royalty contributions from the National Petroleum Authority was \$47.58 million.

The investment income of Fund for the quarter was \$1.23 billion comprising dividends and interest received were \$94.51 million, change in the market value of financial assets was \$1.19 billion and FX was lose - \$33.63 million. This represented a portfolio return of the Fund for the quarter was 7.27% while the benchmark return for the period was 7.28%.

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

Following Minister's decision on strategy change of the Fixed Interest portfolios, the previous Global Bonds ex-US unhedged mandates have been changed to a hedged mandate. Given the strategy change, two Global Bonds ex-US external portfolio managers' unhedged mandates have been terminated and a new manager namely Bank for International Settlements (BIS) has been appointed to manage the Global Bonds ex-US on hedged basis.

Consequently the previous BIS's fixed interest mandate of 5–10 years US Treasury bonds enhanced passive mandate has been restructured and transferred to the BCTL to be managed inhouse in a passive management style.

The Banco Central de Timor-Leste has managed the portfolio close to the benchmark over the period. The difference in return between the total portfolio and the benchmark since the inception of the fund is 6 basis point or 0.06 percent.

Highlights of the LX Quarterly Report, which covers the period from 01 April 2020 to 30 June 2020 include:

- The capital of the Fund at 30 June 2020 was \$18.07 billion.
- Gross cash inflows to the fund from royalties and taxes were \$65.73 million.
- Cash outflows were \$255.58 million of which \$250 million was transferred to the State Budget and \$5.85 million was for management cost.
- Net cash inflows during the period were -\$184.27 million.
- The portfolio return in the quarter was 7.27% compared with the benchmark return of 7.28%.

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

Dili, 4 August 2020

**Venancio Alves Maria**  
Deputy Governor

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