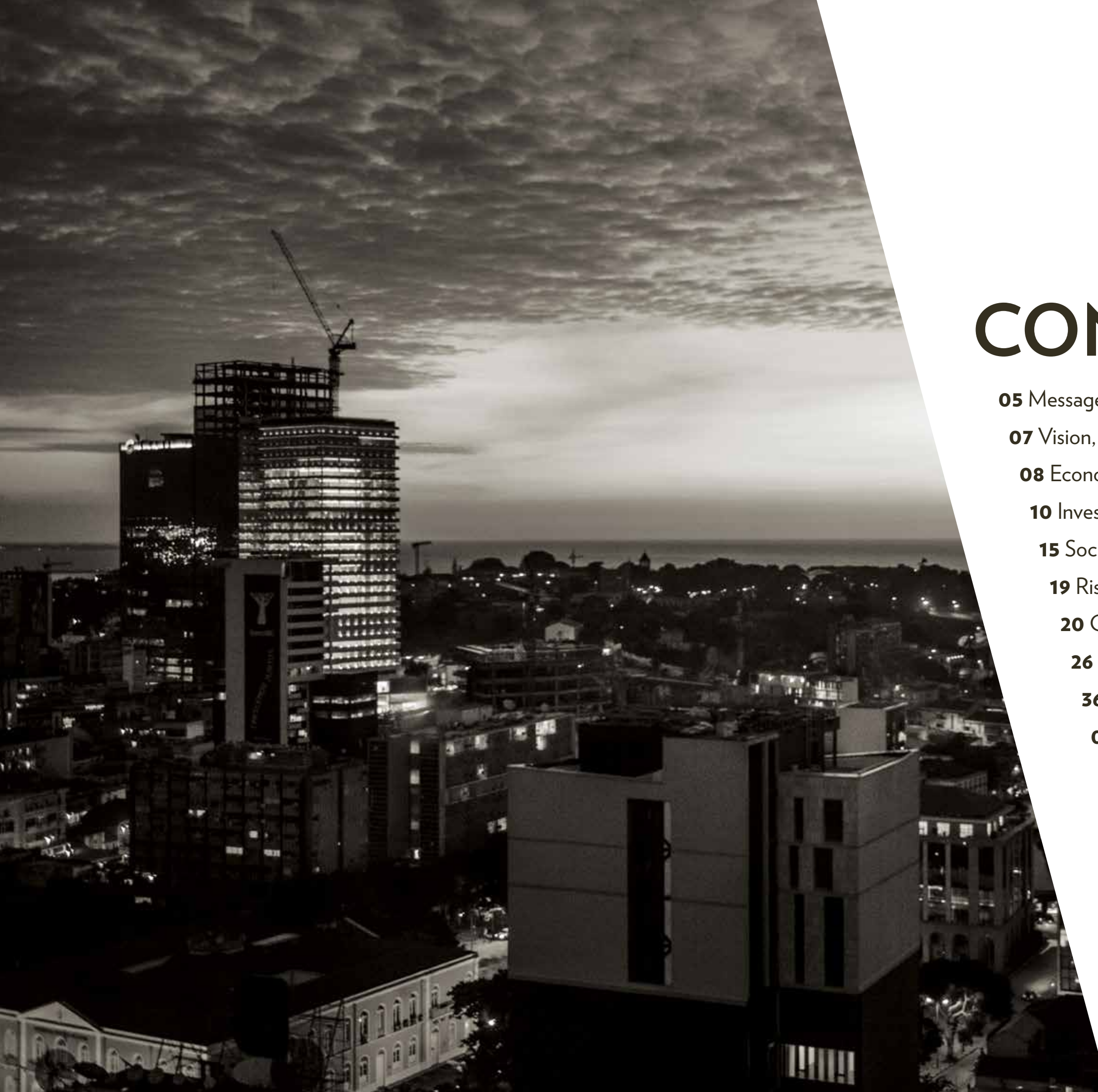


2014

Annual Report



Fundo
Soberano
de Angola



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MESSAGE FROM THE CHAIRMAN

After the structural and procedural progress made in 2013, which earned the Fundo Soberano de Angola (hereafter referred to as FSDEA or Fundo) national and international recognition as a financial investment vehicle of the Angolan State, 2014 is characterized as the year of implementation of investment strategy decreed by the Angolan government. We are pleased to end the year with operations in key markets and a successful debut for the establishment of a diversified portfolio for the Fund. We also appointed the FSDEA Supervisory Board and established an internal team for economic research.

2014 was a year of important milestones. During this period, the Fund established an investment subfund aimed to support infrastructure projects with an initial capital of USD 1.1 billion. This fund aims to invest in the energy, transport and industrial sectors in the domestic market and throughout Sub-Saharan Africa. Its purpose is to provide income in the long-term for Angola and promote the sustained development of capital goods at a national and Pan-African level.

As previously disclosed, one of the primary objectives of FSDEA in 2014 was to make investments in the fields of commercial infrastructure, fast-growing industry and the hospitality industry. The hospitality sector attracts significant foreign direct investment and also has strong potential to generate employment in the short and long-term. Therefore, the establishment of a USD 500 million Hotel Fund to boost the hospitality sector in the continent was critical to support domestic and regional investment activities carried out by the Fund.

At the same time, the Fund also made investments in its Social Charter Initiatives, including the construction of the Academia de Gestão Hoteleira Angolana (Angola Hotel Management Academy) and the scholarship program “Future Leaders of Angola”, which allowed 46 young graduates in various fields to take part in a unique financial asset management programme provided by the University of Applied Sciences in Zurich.

Other social programs include the Bungo Initiative, which aims to enhance and formalize family farming and agribusiness in the city of Bungo through the promotion of civil registration, the introduction of diversified farming practices, the financial formation of micro-entrepreneurs, and the provision of support in accessing and managing micro-credit. This type of programme is a source of pride for the Fund because it provides new opportunities in rural communities and helps to drive the proliferation of small businesses, as well as boosting economic growth in areas marked by poverty and a lack of professional career opportunities.

In August 2014, the Fund was accredited as a full member of the International Forum of Sovereign Wealth Funds. This important milestone highlights the determination and performance of the entire FSDEA team in the pursuit of the highest standards of transparency and governance to the Angolan State.



VISION

Promote the social and economic development of Angola by generating income for the State, which will benefit the Angolan citizens.

MISSION

The investment focus is to generate sustainable financial returns that benefit Angola’s people, economy and industries. We manage a diverse portfolio of investments and are an active partner in these ventures.

VALUES

FSDEA is guided by the following values in the development of its business and its strategic objectives:

TRANSPARENCY

The Fund is committed to the highest level of transparency across all areas of our business. The Board of Directors will continue to be dedicated to transparent and responsible management, in accordance with the best practices of the industry, as well as the Santiago Principles. In the future the Fund will endeavour to continue receiving a high rating by the Linaburg-Maduell Transparency Index, an internationally renowned third party index established to rate sovereign wealth funds and their commitment to transparency.

ACCOUNTABILITY

The Fund is fully accountable for all of its actions and always acts in the best interest of the people of Angola and all other stakeholders. The Fund will endeavor to follow the Generally Accepted Principles and Practices (GAPP) as stated in the Santiago Principles in all its undertakings.

COMMITMENT

The Fund is a responsible state entity and is committed to making an impact on all stakeholders, especially the Angolan people and their communities.

INTEGRITY

The Fund’s actions are founded on integrity and always respect the laws and regulations of Angola and the countries where it invests and operates.

1

ECONOMIC OVERVIEW ANGOLA

In 2014, the Angolan economy witnessed slower growth compared to the previous year, caused by a decline in the oil sector.

ANGOLA

The earlier projections from the Government indicated a GDP growth rate of 4.7% in 2014, resulting from non-oil growth of approximately 8.2% and oil growth of 2.6%.

During the years preceding the fall in oil prices, the Angolan government invested in the infrastructure sector to support commercial activity that permeated the country during difficult periods and allowed for continuous attraction of foreign direct investment. The Angolan government has also initiated a reform of its financing model, granting part of the development of public infrastructure to the private sector through public-private partnerships (PPP).

Angola continues to offer major investment opportunities in infrastructure development that are critical for continued economic growth. For this reason, the Angolan government is embarking on its first major public-private venture with the company Port of Caio. This project, which is financed by FSDEA and is under construction in the province of Cabinda, is the first deep water port in the Sub-Saharan region and includes 775 meters of embankment for anchorage and 31 hectares for support services such as maintenance, container storage, industrial storage, logistics and various offices.

It was widely reported at the end of 2014 that the Angolan State would issue bonds in early 2015 with the issuance to the equivalent of USD 2 billion of

Treasury securities. With this credit, the national debt reached USD 47.4 billion, equivalent to 35.5% of GDP, which is considered a sustainable level of public debt according to international standards.

This type of measure encourages confidence in the markets and amongst global investors, which benefits the long-term investment in the national economy. A volume of sustainable public debt, together with strategic partnerships with the private sector, reflects the balanced approach of the Angolan government in job and wealth creation. These elements, embedded in an increasingly diversified economy, reflect Angola's ability to achieve continuous growth during 2015 and subsequent years. Public expenditure has been adjusted to reflect oil price levels, providing a realistic picture of the country's medium-term spending capabilities and the government's commitment to maintaining a stable medium and long-term economic position.

At the end of 2014, the inflation rate reached 7.48%, despite the reduction in the fuel subsidy. However, the Kwanza depreciated 5.37% against the US dollar. This trend has continued in 2015 and is part of the new monetary policy from the National Bank of Angola.

AFRICA

In general the outlook for Africa remains positive, although various important issues have persisted during 2015. Certain nations face security risks that, despite having residual effects on individual economies, currently consume the attention of the markets and investors from abroad.

Several countries have benefited from capital flows from China over the past few years. However, there are currently signs of uncertainty about the sustainability of industrial production and GDP growth in China. For this reason, certain investment activities benefiting from high levels of Chinese investment in Africa may slow down, creating difficulties for the overall development of the continent. The next 12 months will be crucial for China's domestic economy, whose performance is, to some extent, linked to that of Africa.

The drop in oil prices has hit the main producing nations of Africa, which have responded by adjusting their budgets and planning for a period of lower

revenue in the near future. Whilst the recent trend of crude oil prices has contributed to a reduction in the pace of economic activity for some of the main producers on the continent, nations with strong infrastructure and robust public finances are likely to continue to attract foreign direct investment.

Due to the economic crisis in the Eurozone, which creates uncertainty for investors, Africa remains an attractive investment destination as a result of the continent's higher GDP growth and major investment opportunities. Countries such as Kenya and Angola have been successful in establishing stable economic bases, namely: stable inflation rates and interest rates and rising GDPs. Together with rising regional consumption levels, a growing middle class and rising levels of disposable income, the continent is in a strong position to continue to grow over the next period.

GLOBAL OVERVIEW

The international economic outlook remains uncertain. The continued difficulties within the Eurozone and the decline in industrial production in China generates uncertainties regarding future prospects in global markets. Nevertheless, reactions from investors and from the global equity markets remained stable during 2014 and thereafter. On a positive note, some of the world's largest economies resumed growth in 2014. Employment rates

in the UK returned to levels prior to the recession and the United States has benefited from steady growth in job creation and GDP. Even within the European Union and the Eurozone, most nations have returned to modest growth and the outlook is positive overall, with the obvious exception of Greece.

2

INVESTMENTS PRINCÍPIOS E ABORDAGEM DE INVESTIMENTO (Presidential Decree)

“... Oil resources should be allocated to the constitution of financial reserves of the State that can be used equally and equitably in the sustainable and harmonious development of the country, according to the public interest and for the benefit of present and future generations.” - Presidential Decree 48/11

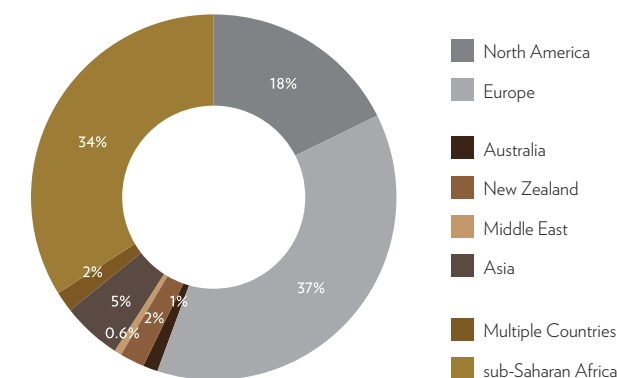
The investment strategy of FSDEA is based on the investment policy approved by the Presidential Decree No. 107/13. Thus, all FSDEA activities in 2014 were aimed at preserving State capital and income generation.

The investment strategy is based on investing the surplus revenue generated by the sale of Angola's petrochemical resources in order to ensure the creation of more sustainable financial income in the long term. This, together with the development of human capital, will support the nation's socio-economic progress.

FSDEA manages a portfolio that is diversified and adjusted to expected risks, so that the invested capital income rises significantly over time. As prescribed by its Investment Policy, FSDEA started by assigning half of its portfolio

to alternative investments, particularly in the fields of agriculture, mining, infrastructure and real estate in Angola and other African markets to foster domestic and regional sustainable growth. Whereas the remaining capital of the portfolio will be invested in traditional fixed income assets issued by states, supranational institutions and large companies. This portfolio segment is also applied to shares issued in global markets and other smaller scale alternative investment in emerging markets worldwide.

Regarding the geographic location of the investments, we found higher prevalence in developed economies, with low levels of volatility. About 18% of FSDEA assets were based in North America, 37% in Europe and 34% in sub-Saharan Africa.

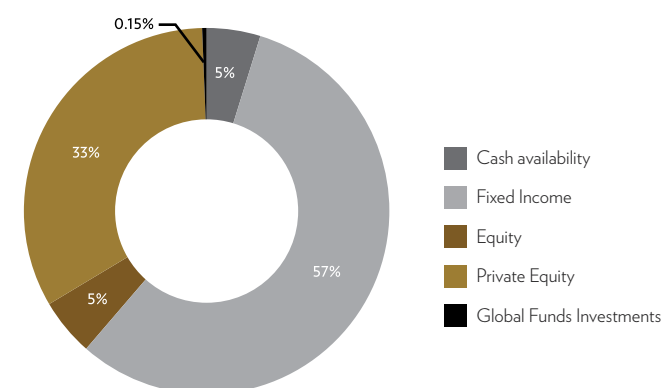


YEAR IN REVIEW

In 2014, FSDEA focused on the priorities of its investment policy to diversify the portfolio of traditional assets regulated by international financial markets, investing in regional branches with enough capital needs, including infrastructure and real estate.

Both hold potential to generate economic and social gains, domestically and across borders, because of their ability to support the development of industrial enterprises and the promotion of small and medium enterprises. These are essential for job creation and the diversification of public and private sector revenues.

As of 31 December 2014, the fixed income assets amounted to 56% of the investment portfolio, as shown on the following graphic illustration:



A total of USD 1.6 billion was allocated to investment funds in infrastructure and in the hotel industry, with capacity to integrate more co-investors and other projects within Angola and across the sub-Saharan region.

Investment in the infrastructure sector is a crucial part of FSDEA's strategy, which combines economic and social development. The need for funding in this sector across the continent is crucial for regional socio-economic progress and is well-documented in studies by various specialized institutions.

Hotel infrastructure built to international standards on the continent is key to attracting inward investment and in enabling existing businesses to flourish. Its establishment also drives demand for additional goods and services, as well as creating new jobs. The hospitality industry is therefore an important part of FSDEA's investment strategy.

The investment Hotel subfund for Africa has an initial capital of USD 500 million from FSDEA, which will contribute significantly to fulfilling the demands of the sector in the continent. In addition, the creation of a new hospitality academy in Angola, called AGHA or Academia de Gestão da Hotelaria Angolana (Angola Hotel Management Academy), is an important step in FSDEA's approach of combining social and economic development.

INVESTMENT APPROACH IN SPECIFIC INDUSTRIES / ALTERNATIVE ASSETS

As part of its strategy of realization of alternative investments, FSDEA proceeded to the Constitution in the Republic of Mauritius of seven (7) investment vehicles, due to the fact that it is a neighbouring jurisdiction that has a Financial Services Commission and an international securities market, supported by an efficient tax framework.

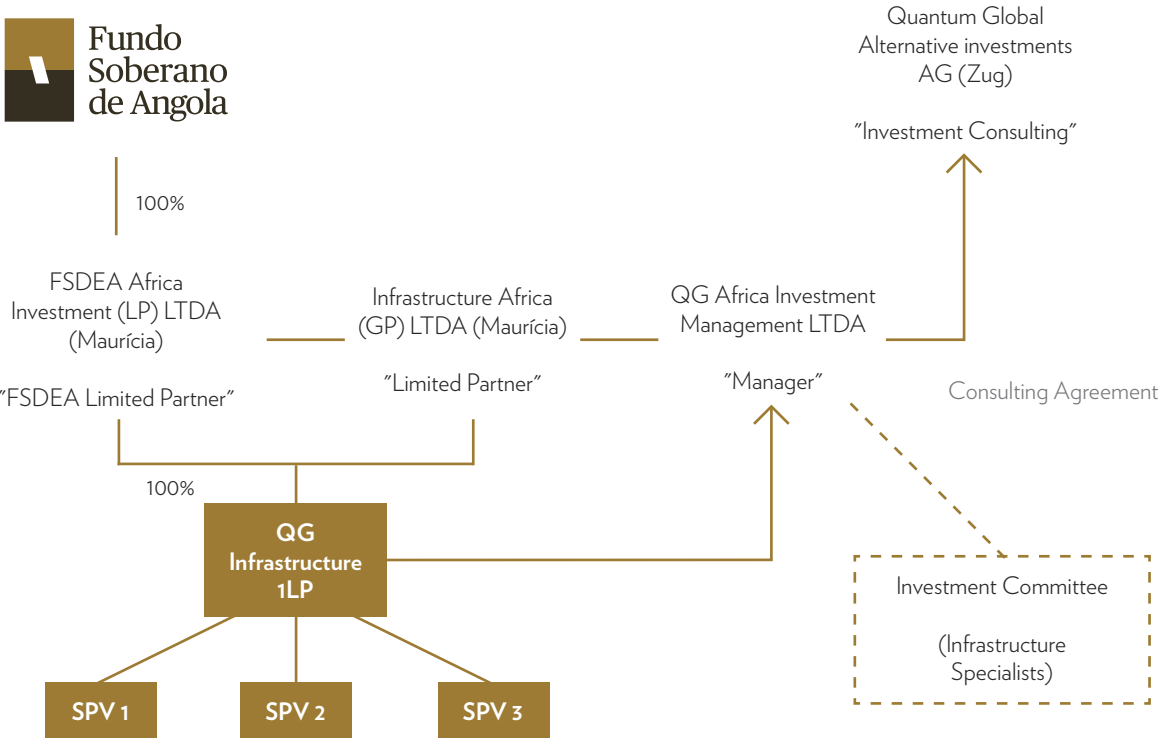
The seven (7) investment vehicles will engage the following sectors: Infrastructure, real estate, health, agriculture, mining, forestry and structured capital.

The corporate model adopted for the seven (7) investment vehicles is of limited partnership. As a limited partner, the FSDEA has limited responsibility for the obligations of corporate society, responding only to the payment of quota limits subscribed in the limited partnership. The chosen structure provides for the entry of more limited partners, with the approval of the general partner.

As illustrated in the previous diagram, on the specialized investment vehicle in the infrastructure sector, the FSDEA participates as a limited partner in the corporate structure by FSDEA Africa Investment (LP) Ltd, a wholly self-owned company. Infrastructure Africa (GP) Ltd participates as general partner and QG Investments Africa Management Ltd plays the role of Manager, by allocating the license that allows it to operate in accordance with the laws of the Republic of Mauritius, in particular by the “Mauritius

Limited Partnership Act 2011, the UK “Company Act 2011” and other relevant laws to their activities.

Half of the initial capital will be allocated to important branches for economic development, allowing the State to generate income over the long-term, and hence benefiting national citizens. These include:



HOSPITALITY INDUSTRY

USD 500 million was allocated to the investment fund for real estate, which is dedicated exclusively to business hotels. The purpose of this allocation is to meet the significant demand for international standard hotel facilities for investors, entrepreneurs and institutional delegations in sub-Saharan Africa.

Hotel facilities are a low-risk investment compared to other real estate assets due to the dynamics of supply and demand for their services, and the pressing capital investment needs of our continent. In addition to generating financial

returns, the hotel sector creates immediate employment opportunities in construction and maintenance and hotel management, which contributes to the development of the domestic supply chain and drives demand for new goods and services.

INFRASTRUCTURE

The development of infrastructure has been a priority for the Angolan government since the achievement of peace. Meanwhile, infrastructure projects hold potential for the involvement of the private sector as well as for attracting foreign direct investment, particularly in the development and management of power networks, railways, airports and large industrial plants and industrial facilities.

Infrastructure demand across the continent remains underfunded, however the inclusion of commercial involvement unlocks the economic potential of several African countries. Since infrastructure is a supportive tool for the development of financial assets in the continent, they constitute a priority of

the Fund’s investment policy, whose domestic and regional focus will tend to increase in the following months.

In this context, the FSDEA capitalized on a collective investment undertaking for the infrastructure sector with USD 1,1 billion. Its focus is on infrastructure commercial projects in the energy, transport and medium and large-scale industry branches, nationally and in the sub-Saharan region. This sub-fund for the infrastructure sector also targets investments along the value chain of the agriculture sector and the amount of mining activity, which are essential for stimulating the private sector in any economy.

INVESTMENT VEHICLES AND TARGET SECTORS

INFRASTRUCTURE FUND

One of the investment subfunds established by FSDEA was announced in December 2014, with an initial share capital of USD 1.1 billion. This fund is dedicated to commercial infrastructure projects in medium and large scale industries. Over the next few years, its capital will be allocated to the energy, transport and industry branches, as well as the development of value chains for agriculture and mining. Its geographic focus is domestic and regional, including the whole of sub-Saharan Africa. It is aimed that these investments produce sustainable and high financial returns in the long term.

AGRICULTURE INVESTMENT FUND

Sub-Saharan Africa has about 60% of the fertile areas of the world, which are available for the production of agricultural goods and the expansion of upstream agribusiness. The increasing shortage of capacity for the expansion of agricultural areas in the more developed and emerging nations has increased the prices of agricultural goods and transformed sub-Saharan Africa into a strong producer and natural future exporter within this economic sector. FSDEA aims to create a fund with an initial capital of USD 250 million, focused on the development, expansion and management of agricultural, livestock and medium and large scale agribusiness projects at the domestic and Pan-African level. High sustainable financial returns are targeted over time.

TIMBER INVESTMENT FUND

The growing international demand for wood products currently exceeds the additional supply from new timber plantations in previously unexplored areas. Unlike more developed regions that hold potential for forestry in sub-Saharan Africa, the establishment and expansion of timber plantations does not compete with other land uses such as agriculture, industry and urbanization. FSDEA aims to create a fund focused on timber, with an initial capital of USD 250 million. Over the next five years, this fund will invest in the acquisition and management of forest concessions in sub-Saharan Africa, in order to obtain high sustainable financial returns over time.

MEZZANINE INVESTMENT FUND

Poor access to traditional credit prevails in sub-Saharan Africa because the banking system's capacity is limited and inaccessible to the region's entrepreneurs. The available solutions do not provide the capital that small and medium-sized enterprises need for their growth. This gap must be filled by risk-assessed transactions developed on a case-by-case basis; with an emphasis on aspects such as the type of financial instrument, maturity period, the applicable fees, the ranking in the capital structure, the employable guarantees, participation in the capital, the possibility to transfer rights, special arrangements, and redemptions and protection calls. FSDEA aims to create a fund, with an initial capital of USD 250 million for investment in the formation of structured capital opportunities. High sustainable financial returns are targeted over time.

HOTEL FUND FOR AFRICA

A significant investment in real estate was also made in 2014, by allocating 500 million dollars of the initial capital to the hotel industry subfund by FSDEA. This company is dedicated to the development and acquisition of business hotels in sub-Saharan region and the introduction of international standards of management. The hotel business is an essential part of the critical infrastructure to stimulate foreign investment in the continent, which holds a significant portion of world resources, including 60% of uncultivated arable land, 10% of world oil reserves, 40% of gold, 80% of chromium and platinum group of minerals, as well as substantial sources of renewable energy generation. These are targeted as high long-term financial returns to the investment subfund for the hotel industry capitalized by FSDEA.

MINING INVESTMENT FUND

The vast mineral deposits of the continent provide great potential for commercial mining activity. FSDEA aims to create a fund focused on mining companies and projects with an initial capital of USD 250 million. Over the next five years, this fund will consider investment opportunities in the various phases of mining, from exploration to the modernization and expansion of the industry in sub-Saharan Africa. Angola, in particular, holds one of the richest subsoils of the region. High sustainable financial returns are targeted over time.

HEALTHCARE INVESTMENT FUND

The World Health Organization estimates that billing in the health sector in sub-Saharan Africa is about USD 85 billion per year, of which only 50% are supplied by the government's public expenditure. With 13% of the world population and only 1.6% of global GDP, there is a significant gap between its total expenditure in health and that of the western world. This gap has gradually decreased, by an increase in disposable income of the growing middle class and public expenditure in the healthcare sector. There are elevated potential sustainable financial returns in the long-term for private investors in this sector in the sub-Saharan region. However, except for South Africa, there are few service providers with substantial scale and most establishments need experts, technology and efficient operating models. Therefore, FSDEA aims to create a fund with an initial capital of USD 400 million, focused on training, hospital management, research and pharmaceutical production, as well as distribution, logistics and hospital equipment supply and medical devices.





3

SOCIAL CHARTER

OVERVIEW

The Social Charter supports projects that aid social development, as is outlined in FSDEA's investment policy. Up to 7.5 percent of the Fund's assets may be allocated to social initiatives, regardless of their ability to generate financial returns. Currently, this commitment to issues that transcend the financial nature of investment is expected of all responsible and mature sovereign wealth funds.

The initiatives supported by the FSDEA Social Charter in 2014 include nine of the eighteen provinces in Angola. Every activity is based on the social impact that the invested capital can achieve and is limited to projects that complement the government's activity in the social sphere, that diversify the trade sectors in the country, that apply modern management practices and that excel in the use of national labour. The targeted areas are professional training, education, entrepreneurship and providing off-the-grid access to water and healthcare. The target audience comprises young people, women and veterans.

INITIATIVES IMPLEMENTED UNDER THE SOCIAL CHARTER

ANGOLA SOCIAL IMPACT PROGRAM

The priority of this program is to provide social support in the areas of water supply, energy, health services, training and entrepreneurship. The initiatives of this program are targeted at youth, women and war veterans. This activity complies with principles of local capitation, social impact, diversification of income sources and sustainability, complementary to the actions of the government. Currently, there are 10 ongoing projects that cover nine provinces.

BUNGO INITIATIVE

Under the Social Impact Program in Angola in 2014, FSDEA started a pilot program of social inclusion in the Bungo municipality, in Uige, in partnership with the AIF and JMJ NGOs. This initiative aims to empower small farmers in Bungo, by fostering activities that enable sustainable income generation and facilitate access to public education, to formal vegetable markets and official micro-credit programmes.

The program also encourages the process of civil identification in Bungo to provide the population with access to previously referred public services in their municipality. As a result, it is anticipated that 5,000 Bungo natives will have access to birth certificates, identity cards and other means of identification, which will allow them to avail education, health and banking services, as well as other social and economic benefits available nationally.

FUTURE LEADERS OF ANGOLA

One of the most important tasks for socio-economic progress in Angola is the engagement of young people that have the potential to become high profile professionals for national economic development. In the first quarter of 2014, FSDEA selected 46 young graduates in various fields of academic higher education to participate in its first scholarship program called “Future Leaders of Angola”. The initial program aimed to establish professional skills in the field of asset management. The selected students benefited from a six-month scholarship at the University of Applied Sciences in Zurich (ZHAW).

The graduates returned to the country equipped with academic and professional knowledge. This has allowed them to not only contribute to various aspects of strengthening the national economy, but also improve their individual professional development.

HOSPITALITY ACADEMY

The creation of the Academia de Gestão Hoteleira Angolana (Angola Hotel Management Academy) is an important aspect of FSDEA’s social commitment. It provides Angolans with professional training through the establishment of a dedicated training centre. The academy will provide practical and academic training courses for hospitality professionals, which are based on a curriculum developed by the Ecole Hôtelière de Lausanne (EHL), one of the industry’s most renowned institutions worldwide. AGHA will assign certificates and diplomas in areas such as management, food and beverage and culinary operations. The first intake of students is planned for the first quarter of 2016.

RESEARCH UNIT

To support economic and social policies of the State, which are complemented by FSDEA’s domestic investment, a research unit has been established. The facility aims to support the development of a robust econometric model that can analyse the dynamics of the national economy with an African perspective. By studying the real foundations of the economy, FSDEA wants to generate reliable data that can serve as a basis for the guidance of State programs and policy decisions about investments in the country. This model is being developed under the supervision of the Ministry of Planning and has the commitment of the National Bank of Angola, both members of the Advisory Council of FSDEA.





RISK MANAGEMENT

The protection of assets and maximization of returns from FSDEA requires an intelligent management of the risks involved in the investment activity. To this end, FSDEA applies a risk management policy that defines the strategy, principles, methodologies, as well as the organization and supervision procedures of risk aspects. 2014 has enabled the training of personnel working in the risk management department on the use of computer applications designed to support risk management activities.

5

GOVERNANCE AND DISCLOSURE

REGULATORY REPORTS FOR THE GOVERNMENT

As provided in the regulations governing its operations, the Fund submits quarterly performance reports to the government, providing detailed information on the implementation of its investment policy, internal activities and financial data.

REGULATORY INDEPENDENT AUDIT OF THE FINANCIAL STATEMENTS

In 2013, the government appointed a reputable, external audit firm that annually reviews the financial statements of the Fund. This periodical audit allows independent analysis on the compliance of the information provided by the Fund to the State. This also allows the inclusion of FSDEA accounts in the General State Accounts, subject to audit by the Audit Board and yearly review from the National Assembly.

FSDEA SUPERVISORY BOARD

The Ministry of Finance appointed the Supervisory Board of FSDEA, whose three members are primarily responsible to ensure compliance with regulations and laws in the country. This governing body adds another level of supervision of the Fund's internal activities by the government. The three members of the Supervisory Board are civil servants, with roles in the Ministry of Finance, who perform periodic validation of the reports and financial statements of FSDEA to the State.

FSDEA CLASSIFICATION OF ASSETS IN THE GENERAL STATE ACCOUNTS

As provided in Articles 5, 19 and 26 of the Presidential Decree 48/11 of 9 March, FSDEA is under the direct supervision of the Chief Executive. This aspect comes from Law No. 02/13 (7 March), which approves the General State Account for 2013 and assigns the management of the Strategic Financial Oil Reserve to the President. The government submits the General State Accounts for review by the Audit Board and the Parliament every year. The annual balance of FSDEA's assets is integrated into the General State Accounts.

INTERNATIONAL CERTIFICATIONS

In 2014, FSDEA received a score above the international average level of the Linaburg-Maduell Transparency Index, a method of evaluation of similar institutions' activities, which is administered by the Sovereign Wealth Fund Institute (SWFI). The SWFI leads the study and analysis of sovereign wealth funds internationally. The 8/10 rating attributed to FSDEA reflects the commitment of the Angolan government towards rigorous reporting and the delivery of long term value to the public.

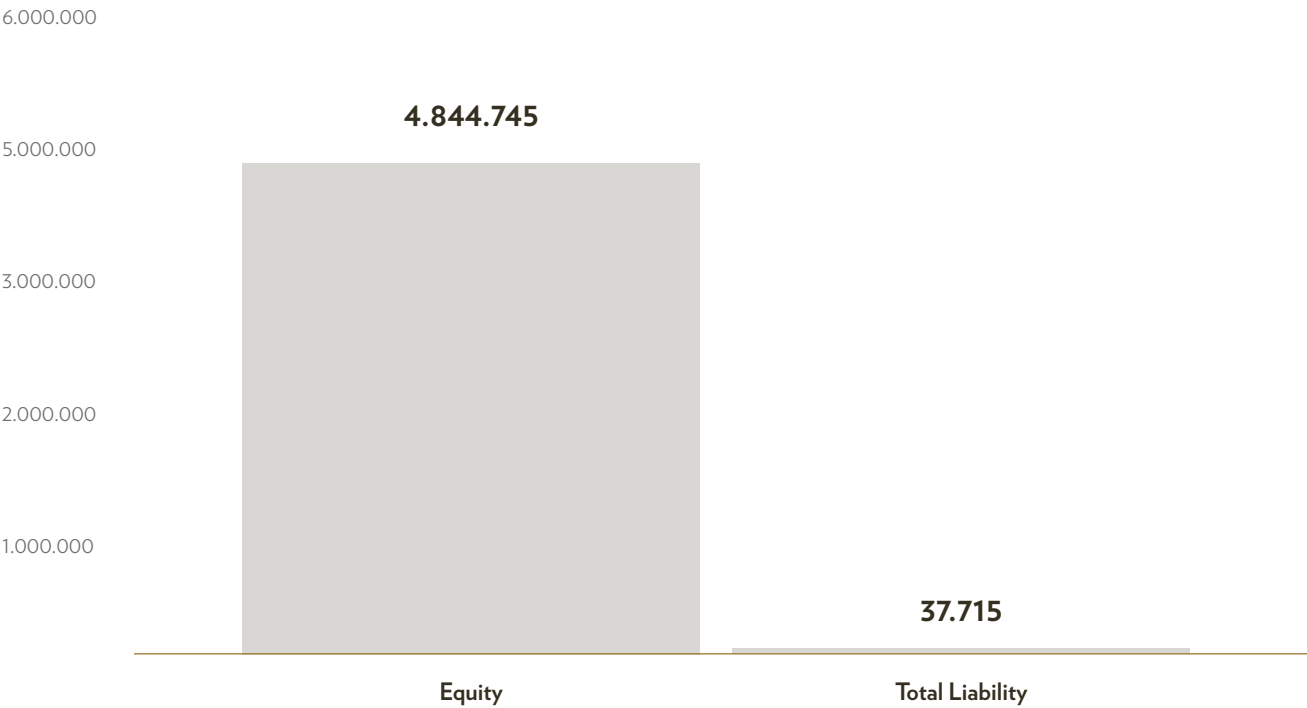




FINANCIAL INDICATORS

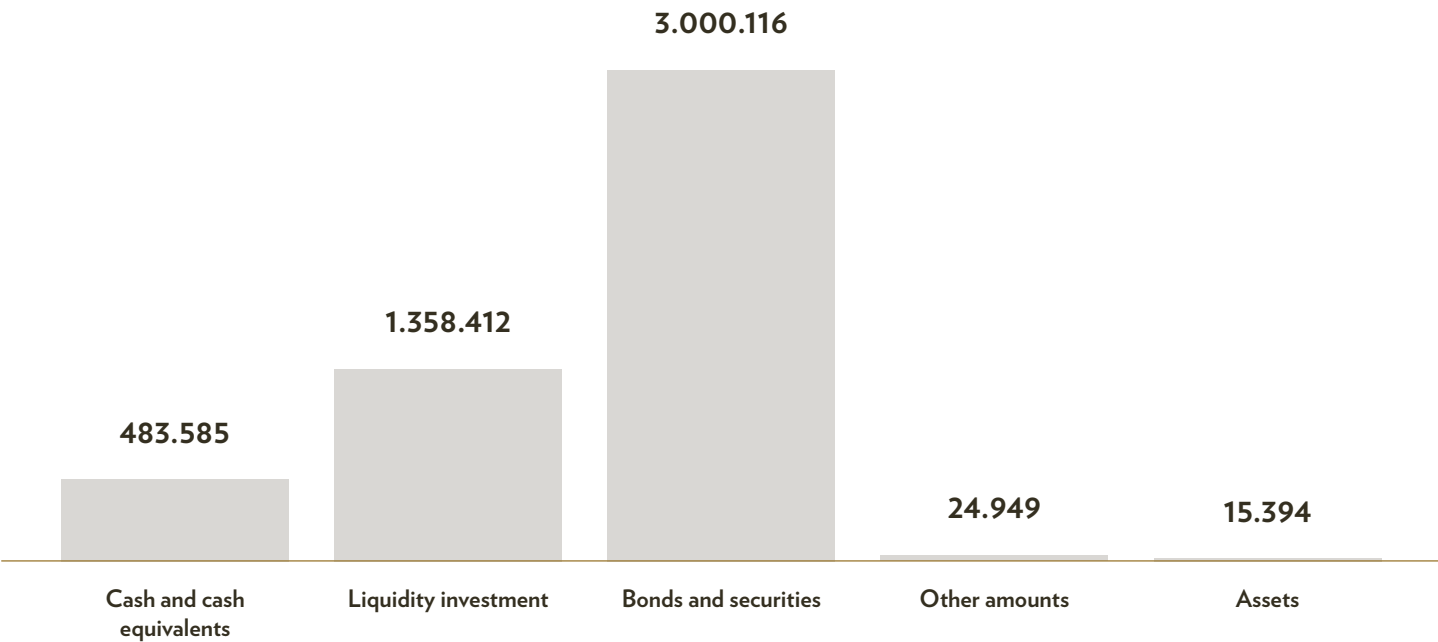
FUNDS SOURCE

FUNDS SOURCE (IN THOUSANDS USD)



FUNDS SOURCE

COMPOSITION OF THE CONSOLIDATED ASSETS (AMOUNT IN THOUSANDS USD)



KEY EVENTS DURING THE YEAR

The year was characterized by the reinforcement of the implementation of FSDEA's investment policy and its role as the State's agent for commercial investments. The initial endowment of USD 5 billion allowed FSDEA to undertake long term investments at both a national and Pan-African level.

In pursuing its main objective to secure income in the long term for Angola, FSDEA placed more emphasis on its investments in an alternative portfolio, decreased the weight of fixed income assets and increased its investments in social projects.

S.A., for the amount of USD 1, aiming to establish micro-entrepreneurs in the informal sector on the outskirts of Luanda. Its dual location both on the outskirts and in the city centre allows it to be an accelerator of sustained entrepreneurship.

FINANCIAL FIXED ASSETS (ALTERNATIVE PORTFOLIO)

- **Straightening of the investment:**
- Payment of the share capital of FSDEA Africa Investment (LP) (name legally registered for the Infrastructure Fund) and FSDEA Hotel Investment (LP), amounting 1.1 billion dollars (500 million and 600 million respectively).
- During this year, five new limited partnerships were established to invest on health, forestry, agriculture, mining and structured capital.
- Also during 2014 the Fund acquired all the share capital of Kijinga

SOCIAL PROJECTS

USD 22 million were allocated to the social segment of FSDEA's investment policy, which consists of initiatives that contribute to the promotion or environmental protection, which are intended to serve local communities or provide social benefits to society in general. These projects were developed by two methods, namely: the Social Impact Program, which consists of 10 projects and covers nine provinces, and education projects developed by NGOs and commercial companies, which include the Kamba Dyami programs (One Laptop Per Child), Future Leaders in Angola, Hotel Management Academy of Angola and Kijinga (Social Venture Capital).

RESULTS

1. Third Party Supplies and Services, in particular with Audits costs, Consulting and Other Specialized Technical Services, which reflects the the large investment in training and development, in adopting the best international practices in terms of processes and systems, and other highly specialized services such as impact and viability studies.
2. Other Costs and Income, in particular the amounts spent on social projects, reflecting the Fund's commitment to the economic and social

development of Angola in partnership with specialized local institutions to implement social impact programmes.

These two rubrics have the vast majority of the displayed value in net income. It is also to be noticed the positive result of the financial intermediation is derived from fixed-income investments.

CONSOLIDATED BALANCE SHEET

	AMOUNTS IN mUSD	
	2014	2013
FINANCIAL MARGIN	42.166	(1.206)
Income from Short-Term Investments	359	97
Income from Bonds and Securities	41.813	-
Costs with Liquidity Funding	(1)	(1.303)
Costs with other funding	(5)	-
Trading results and Adjustments to Fair Value	(31.446)	-
Results of Foreign Exchange	(244)	(93)
Financial Services Rendered costs	(757)	(334)
FINANCIAL INTERMEDIATION RESULT	9.719	(1.633)
Administrative and Trading costs	(165.783)	(24.328)
Expenses with Staff	(3.783)	(2.550)
Third Party Supplies and Services	(133.224)	(17.076)
Taxes and Fees not Incidents on the result	(32)	(45)
Depreciations and Amortizations	(5.326)	(4.657)
Other Costs and Income	(23.418)	-
Provisions for other securities and probable liabilities	(137)	-
OPERATING RESULT	(156.201)	(25.961)
NON-OPERATING RESULT	(987)	(415)
NET INCOME BEFORE TAXES AND OTHER EXPENSES	(157.188)	(26.376)
NET RESULTS FOR THE FINANCIAL YEAR	(157.188)	(26.376)

ANALYSIS OF FINANCIAL INDICATORS

	AMOUNTS IN MILLION USD	
	2014	2013
CONSOLIDATED BALANCE SHEET	4.882.460	2.657.157
Cash and cash equivalents	483.585	2.942.965
Liquidity investments	1358.412	300.016
Bonds and securities	3.000.116	400.000
Other amounts	24.949	221
Assets	15.394	13.955
OWN FUNDS	4.884.745	3.651.933
Allocations	5.045.789	3.695.798
Accrued results	-201.053	-43.865
Total Liability	37.715	5.224
ACTIVITY		
Financial margin	42.166	-1.206
Results of negotiations and Adjustments to Fair Value	-31.446	0
Results of Foreign Exchange	-244	-93
Financial Services Rendered Costs	-757	-334
Administrative Costs (Structure Costs)	-165.783	-24.327
Provisions for potential liabilities	-137	0
Non-operating result	-987	-415
Net Income	-157.188	-26.375
FUNCTIONING		
Number of employees	36	17
RATIOS		
Fixed Assets / Equity	0,32%	0,38%
Equity Ratio (Equity/Assets)	99,23%	99,86%

OUTLOOK FOR 2015

Despite the adverse effects of the decline in commodity prices and weak recovery of the developed economies, the Fund maintains the implementation of its short-term investment policy due to the opportunity to access new industries and assets from which the current context provides.

Following this investment policy, and in order to take advantage of the potential domestic and Pan-African growth in a sustainable way, the Fund will allocate half of its assets in alternative investments. The remainder will be allocated predominantly in global and emerging equity, while a less substantial investment will be made in fixed income assets, currencies and hedging strategies.

In this context, the capitalization of five limited partnerships in the health, timber, agriculture, mining and structured capital sectors is planned to take place. The focus on domestic investment will be more visible and impactful. However, the parallel increase in the securities risk profile in the portfolio, derived from the poor returns of low risk bonds, introduce greater complexity in the risk management of FSDEA's investment portfolio. This will require higher management costs and investment coverage.



FINANCIAL STATEMENTS

The preparation and dissemination of FSDEA's financial statements is the responsibility of the Board of Directors. This information is embodied in the Balance Sheet, the Income Statement, the Statement of Changes in Equity and Cash Flow Statement.

BALANCE SHEET (AS OF 31 DECEMBER 2014 AND 2013)

		2014		2013 PRO-FORMA	
ASSET	NOTES	mUSD	tAOA (Note 2)	mUSD	mAOA (Note 2)
Cash and cash equivalents	3	483.585	49.842.622	2.942.965	228.717.868
Short-Term Investments	4	1.358.412	140.010.166	300.016	29.287.259
Bonds and Securities	5	3.000.116	309.218.956	400.000	39.047.590
Other Amounts	6	24.949	2.571.549	221	21.612
ASSESTS					
Financial assets	7	5.000	515.345	-	205.781
Tangible assets	7	2.494	257.054	2.108	1156.492
Intangible assets	7	7.900	814.245	11.847	59.933.673
TOTAL ASSETS		15.394	1.586.644	13.955	1.362.273
Advances to suppliers		4	332		
TOTAL ASSETS		4.882.460	503.230.269	3.657.157	357.008.002

		2014		2013 PRO-FORMA	
LIABILITIES AND EQUITY	NOTES	tUSD	tAOA (Note 2)	tUSD	mAOA (Note 2)
Other Liabilities	8	37.587	3.873.126	5.224	509.954
Provisions for potential liabilities	9	137	14.120	-	-
TOTAL LIABILITIES		37.501	3.887.246	5224	509.954
Initial allocation of the Fund	10	5.000.000	515.345.000	5.000.000	488.095.000
Initial capital allocated unrealized	10	-	-	(1350.000)	(131.785.650)
Reserves and Funds	10	45.798	4.720.354	45.798	4.470.755
Retained earnings	10	(43.865)	(4.521.122)	(17.490)	(1.707.356)
Net results for the financial year		(157.188)	(16.201.209)	(26.375)	(2.574.701)
TOTAL EQUITY		4.844.745	499.343.023	3.651.933	356.498.048
TOTAL LIABILITY AND EQUITY		4.882.460	503.230.269	3.657.157	357.008.002

CONSOLIDATED BALANCE SHEET
(AS OF 31 DECEMBER 2014 AND 2013)

ASSET	NOTES	2014		2013 PRO-FORMA	
		₺USD	₺AOA (Note 2)	₺USD	₺AOA (Note 2)
Income from Short-Term Investments	12	359	37.002	97	9.469
Income from Bonds and Securities	12	41.813	4.309.624	-	-
Income from Financial Instruments		42.172	4.346.626	97	9.469
Costs with Liquidity Funding	12	(1)	(103)	(1.303)	(127.198)
Costs with other funding	12	(5)	(515)	-	-
Income from Financial Instruments		(6)	(618)	(1.303)	(127.198)
FINANCIAL MARGIN		42.166	4.346.008	(1.206)	(117.729)
Trading results and adjustments to fair value	12	(31.446)	(3.241.108)	-	-
Results of Foreign Exchange	12	(244)	(25.149)	(93)	(9.079)
Financial Services Rendered costs	12	(757)	(78.023)	(334)	(32.605)
FINANCIAL INTERMEDIATION RESULT		9.719	1.001.728	(1.633)	(159.413)
Staff	13	(3.782)	(389.807)	(2.550)	(248.928)
Third Party Supplies	14	(133.224)	(13.731.264)	(17.076)	(1.666.942)
Taxes and Fees not incurring on results		(32)	(3.298)	(46)	(4.490)
Depreciations and amortizations	7	(5.325)	(548.842)	(4.654)	(454.319)
Other Costs and Income	15	(23.420)	(2.413.876)	(1)	(98)
ADMINISTRATIVE AND TRADING COSTS		(165.783)	(17.087.087)	(24.327)	(2.374.777)
Provisions for other securities and liabilities		(137)	(14.120)		
OPERATING RESULT		(156.201)	(16.099.479)	(25.960)	(2.534.190)
Non-operating result	17	(987)	(101.730)	(415)	(40.511)
NET INCOME BEFORE TAXES AND OTHER EXPENSES		(157.188)	(16.201.209)	(26.375)	(2.574.701)
NET RESULTS FOR THE FINANCIAL YEAR/PERIOD		(157.188)	(16.201.209)	(26.375)	(2.574.701)

STATEMENT OF CHANGES IN EQUITY (AS OF DECEMBER 31, 2014 AND 2013)

	Amounts expressed in thousands of US Dollars - ₺USD)						
	Notes	Initial capital allocation -	Retained earnings -	Initial capital allocation unrealized	Reserves and Funds 36.350	Retained earnings -	Results for the financial year (17.490)
Balance as of 31 December, 2012							
Retained earning from 2012	9	-	-	-	-	(17.490)	17.490
Straightening/Expansion of the funds for constitution and installation	9	-	-	-	9.448	-	-
Initial allocation of the Fund	9	5.000.000	-	(1.350.000)	-	-	-
Net results for the financial year 2013	9	-	-	-	-	-	(26.375)
Balance as of 31 December, 2013		5.000.000	-	(1.350.000)	45.798	(17.490)	(26.375)
Retained earning from 2013	9	-		-	-	(26.375)	26.375
Initial allocation of the Fund	9	-		(1.350.000)	-	-	-
Net results for the financial year 2014	9	-		-	-	-	(157.188)
Balance as of 31 December, 2014		5.000.000	-	-	45.798	(43.865)	(157.188)



STATEMENT OF CASH FLOWS (AS OF DECEMBER 31, 2014 AND 2013)

	2014		2013 PRO-FORMA	
ASSETS	tUSD	tAOA (Note 2)	tUSD	tAOA (Note 2)
Income from Short-Term Investments	375	38.651	97	9.469
Income from Bonds and Securities	26.205	2.907.061	-	-
Income from financial asset instruments	28.580	2.945.712	97	9.469
Costs with Liquidity Funding	(1)	(103)	(1303)	(127.198)
Costs with other funding	(5)	(515)	-	-
Costs with financial liabilities instruments	(6)	(618)	(1303)	(127.198)
CASH FLOW FROM FINANCIAL MARGIN	28.574	2.945.094	(1206)	(117.729)
Cash flow from the results of foreign exchange transactions	(154)	(15.873)	(28)	(2.765)
Cash flow from the results of financial services rendered	(38)	(3.917)	(331)	(32.312)
CASH FLOW FROM FINANCIAL INTERMEDIATION	28.382	2.925.304	(1.565)	(152.806)
Costs with administrative and trading costs	(148.990)	(15.356.251)	(17.806)	(1.738.204)
Cash flow from other securities and other liabilities	(6.754)	(696.128)	(210)	(20.500)
Cash flow from other costs and operating income	-	-	241	23.526
INCOME AND PAYMENTS FROM OTHER COSTS AND OPERATING INCOME	(155.744)	(16.052.379)	(17.775)	(1.735.178)
CASH FLOW FROM OPERATIONS	(127.362)	(13.127.075)	(19.340)	(1.887.984)
Cash flow from short-term investments	(1.058.412)	(109.089.466)	(299.016)	(29.189.642)
Cash flow from investment in bonds and securities assets	(2.615.950)	(269.623.351)	(400.000)	(39.047.600)
CASH FLOW FROM FINANCING ACTIVITIES	(3.674.362)	(378.712.817)	(699.016)	(68.237.242)
Cash flow from investments in fixed assets	(7.656)	(789.096)	(13.562)	(1.323.909)
CASH FLOW FROM FIXED ASSETS	(7.656)	(789.096)	(13.562)	(1.323.909)
CASH FLOW FROM INVESTMENTS	(3.682.018)	(379.501.913)	(712.578)	(69.561.151)
Income from the allocation for incorporation and establishment	-	-	9.448	922.304
Income from initial allocation of the Fund	1.350.000	139.143.150	3.650.000	356.309.350
CASH FLOW FROM EQUITY FINANCING	1.350.000	139.143.150	3.659.448	357.231.654
FLUXO DE CAIXA DOS FINANCIAMENTOS	1.350.000	139.143.150	3.659.448	357.231.654
CHANGES IN CASH AND CASH EQUIVALENTS	(2.459.380)	(253.485.838)	2.927.530	285.782.519
CASH AND DEPOSITS AS OF THE BEGINNING OF THE FINANCIAL YEAR	2.942.965	303.328.460	15.435	1.506.749
CASH AND DEPOSITS AS OF THE END OF THE FINANCIAL YEAR	483.585	49.842.622	2.942.965	287.289.268



NOTES ATTACHED TO THE FINANCIAL STATEMENTS

1. INTRODUCTORY NOTE

The Sovereign Wealth Fund of Angola (also hereinafter referred to as “Fund” or “FSDEA”), whose current name was set out by Presidential Decree No. 89/13, of 19 June, was established by Presidential Decree No. 48/11 of March 9, then under the name Petroleum Fund. The Board of Directors of the Fund has been appointed on March 16, 2012. In May 2012, the Board of Directors submitted for approval the establishment of the Fund budget, which was approved in June 2012.

On July 16, 2012, the Fund was established, having received the first instalment of the allocation of incorporation and establishment of the Fund, which amounted to a total of tUSD 36,350.

On 17 October 2012, the Republic of Angola officially launched the Fundo Soberano de Angola, with an initial budget of five billion US dollars capital, which was subscribed in full by the Republic of Angola, as indicated in Note 10.

The Fund aims to promote, encourage and support, in Angola and abroad, investment in development projects in strategic sectors. The Fund will allocate about half of its initial endowment of capital to alternative investments, particularly in agriculture, mining, timber, health, infrastructure and real estate sectors (and with regard to the latter, with particular emphasis in the hotel industry) in Angola and in other African markets. The remainder of the portfolio of the Fund’s investments will be allocated to fixed income securities and treasury operations, issued by states and supranational institutions, global equity and emerging as well as other alternative investments in emerging markets worldwide.

The Fund has already proceeded with the creation of regional investment funds for the health, hospitality, mining, timber, agriculture and infrastructure sectors in sub-Saharan Africa, through which will contribute to the development and growth of the regional economy.

The Fund will devote a minimum of 7.5% of its assets to social development projects and social responsibility investments in education, generation of own income, health and access to energy and drinking water off the national grid.

In order to comply with the accounts reporting requirements established by law, the Fund prepared its consolidated financial statements as of 31 December, 2014 and 2013.

The consolidated financial statements of the Fund include, as of 31 December, 2014, the Sovereign Wealth Fund of Angola, the FSDEA Africa Investment (LP) Ltd., the FSDEA Hotel Investment (LP) Ltd., the FSDEA Africa Agriculture (LP) Ltd., the FSDEA Africa Mezzanine (LP) Ltd., the FSDEA Africa Timber (LP) Ltd., the FSDEA Africa Healthcare (LP) Ltd., the FSDEA Africa Mining (LP) Ltd. and Kijinga, SA.

The entities included for the purposes of preparation of the consolidated financial statements of the Fund, as well as the nature of its activities, are described in more detail in Note 2.2 a) - “Consolidation principles”.

As of 31 December, 2014, the Fund prepared its first consolidated financial statements, given that as of 31 December, 2013 the process of creating the Fund’s first subsidiary was not yet completed. Therefore, the consolidated financial statements for the financial year 2013 are presented only for comparative purposes and publication of accounts. Considering that comparing with the financial year as of 31 December, 2013 the Fund only prepared financial statements due to the reason mentioned above, the consolidated financial statements for the year 2013 now presented assume the nature of “pro forma” financial information.

2. PRESENTATION BASIS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Presentation Basis

The Fund’s consolidated financial statements have been prepared on the basis of an operations continuity, based on the books and accounting records kept in accordance with the accounting principles of the Chart of Accounts for Financial Institutions (CONTIF), according to Instruction No. 9/2007, of September 19, issued by the National Bank of Angola. CONTIF aims at standardizing the accounting records and financial disclosures in approach to international practices, through the convergence of accounting principles to International Financial Reporting Standards (IFRS - International Financial Reporting Standards).

The financial statements of the Fund as of 31 December, 2014 and 2013 are expressed in US Dollars, having the assets and liabilities denominated in other currencies been converted using the average exchange rate published



by the Angola National Bank on those dates. As of 31 December, 2014 and 2013, the US dollar exchange rates (USD) over the Kwanza (AOA) and Euro (EUR) were as follows:

	2014	2013
1 AOA =	0,009702	0,010244
1 EUR =	1,2154	1,3766

In the Board’s opinion, the US dollar is the currency that best reflects the economic effects of transactions, events and conditions underlying the financial statements of the Fund, being the currency of denomination of the initial allocation of capital and endowment of incorporation and establishment of the Fund, being the preferred currency for the Fund’s investments and, consequently, the achievement of almost all of their income, as well as costs incurred. In Note 11 of the Annex the balance sheet by currency is presented, which highlights the importance of US Dollars for financial statements of the Fund.

The financial information relating to 2014 and 2013 expressed in Kwanza is presented solely as reading convenience, having its conversion been carried out based on the average exchange rate published by the Angola National Bank as of 31 December, 2014 and 2013. This conversion should not be construed as a representation that the amounts in US dollars have been, could have been or could be converted to Kwanza to these or any exchange rates.

2.2. ACCOUNTING POLICIES

a) Consolidation principles

The Fund’s consolidated financial statements include the Sovereign Wealth Fund of Angola accounts and those of the entities it controls directly or indirectly. These companies over which the Fund has control are classified as “subsidiaries”. Control is presumed to exist when the Fund has the power to exercise the majority or full voting rights. Control may also take place when the Fund has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities, even though the percentage of equity held is equal or inferior to 50%. The subsidiaries are fully consolidated, having eliminated the transactions and significant balances between the entities that are subject to consolidation. Additionally, where applicable, consolidation adjustments were made to ensure consistency in the application of the Fund’s accounting principles. Consolidated net income is the aggregate of the net income of the Fund and of its subsidiaries, in proportion to their effective participation, after consolidation adjustments, where applicable, and the elimination of income and expenses resulting from transactions between the entities included in the scope of consolidation. As of 31 December, 2014, the main financial indicators of subsidiary entities by the Fund are as follows (amounts expressed in thousands of the respective currency):

Entity	Headquarters	% shareholding	Reference date	Currency	Net Assets	Equity	Net results
FSDEA Africa Investment (LP) Ltd.	Port Louis	100%	31-12-2014	USD	1.081.854	1.081.854	(18.172)
FSDEA Hotel Investment (LP) Ltd.	Port Louis	100%	31-12-2014	USD	489.645	489.621	(10.379)
FSDEA Africa Agriculture (LP) Ltd.	Port Louis	100%	31-12-2014	USD	225.002	224.993	(7)
FSDEA Africa Mezzanine (LP) Ltd.	Port Louis	100%	31-12-2014	USD	200.002	199.993	(7)
FSDEA Africa Timber (LP) Ltd.	Port Louis	100%	31-12-2014	USD	225.002	224.993	(7)
FSDEA Africa Healthcare (LP) Ltd.	Port Louis	100%	31-12-2014	USD	250.002	249.993	(7)
FSDEA Africa Mining (LP) Ltd.	Port Louis	100%	31-12-2014	USD	250.002	249.993	(7)
Kijinga.S.A.	Luanda	100%	31-12-2014	AOA	18.639.458	9.948.750	(42)

The Fund began the process of the establishment of FSDEA Africa Investment (LP) Limited in 2013, with an advance of tUSD 600 to its constitution.

During the financial year 2014, the Fund completed the process of constitution of FSDEA Africa Investment (LP) Limited, additionally performing a capital increase in this entity amounting tUSD 500, raising the total investment up to tUSD 1.1.

Also during the year 2014, the Fund established six additional entities in the Republic of Mauritius, which involved a total investment of tUSD 544,250. It will be through these entities and FSDEA Africa Investment (LP) Limited that the Fund will hold, indirectly, investments in development projects in strategic sectors, based on their investment policy.

As previously mentioned, FSDEA Africa Investment (LP) Ltd. and FSDEA Hotel Investment (LP) Ltd act in the role of “Limited Partners” of QG African Infrastructure 1 L.P. and QG Africa Hotel L.P., respectively.

In turn, QG African Infrastructure 1 LP and QG Africa Hotel LP take the form of closed-end investment funds established in the Republic of Mauritius, being regulated in that jurisdiction by the Financial Services Commission. Through those entities, the Fund will invest in the infrastructure and hotel sectors, respectively. During the financial year 2014, the Fund acquired all the share capital of Kijinga, SA, at a cost of USD 1.

Under the entered equities promissory purchase and sale agreement, the Fund bound to settle the liabilities of Kijinga, SA and of its subsidiary Ulussu, SA, amounting to tAOA 9,948,750 (corresponding to an equivalent of tUSD 96,525, based on the average exchange rate published by the National Bank of Angola as of 31 December, 2014).

Of that amount, a value of tAOA 1,260,000 (corresponding to an equivalent of tUSD 12,225, based on the average exchange rate published by the National Bank of Angola as of 31 December, 2014) concerns a service agreement concluded by Kijinga SA and Kwanza Enterprise Promotion, SA. The remaining value, which amounts to tAOA 8,688,750 (corresponding to an equivalent of tUSD 84,300, based on the average exchange rate published by the National Bank of Angola as of 31 December, 2014) concerns a promissory purchase and sale agreement of a portion of a building located in Luanda signed between Ulussu, SA and Afrique IMO Corporation, SA.

In order to allow the settlement of these obligations, the Fund subscribed to a capital increase of Kijinga, SA for an amount equivalent to the obligations assumed by Kijinga, SA and its Ulussu subsidiary, SA, which was paid-in in January 2015.

b) Accrual

Income and expenses are recognized based on the duration of operations in accordance with the principle of accrual, being recorded as they are generated, irrespective of when paid or received.

c) Foreign currency transactions

Operations in a different currency than the presentation currency are recorded in accordance with the principles of the “multi-currency” system, with each operation being registered in accordance with its respective denomination currencies. Assets and liabilities denominated in a currency other than the presentation currency are converted into US dollars using the average exchange rates published by the National Bank of Angola as of balance sheet date. Costs and income from to exchange rate differences, realised or potential, are recorded in the income statement for the year they are incurred under “Results of foreign exchange operations” (Note 12).

d) Intangible and tangible assets

The Intangible assets correspond to constitution costs, software and improvements in third party properties.

These expenses are recorded by their acquisition cost, including the necessary costs for their commissioning, and amortized linearly over a period of three years, with the exception of improvements in third party properties, which are amortized according to its estimated lifetime or the term of the signed lease.

Tangible fixed assets are recorded at acquisition cost, including the necessary costs for their commissioning, and depreciated by straight-line basis according to the estimated lifetimes of the respective assets, which

correspond in turn to depreciation rates similar to those that are set out in Presidential Decree No. 177/10 of 13 August. The estimated lifetimes of the most significant tangible assets of the Fund are between 4 and 8 years.

e) Financial fixed assets

Companies not included in the consolidation are recognized by the equity method in the following situations:

- i) When the equity holdings are consolidated; or
- ii) When equity holdings are relevant and the Fund has influence in its administration, or when the percentage of participation, directly or indirectly, represents 20% or more of the voting capital of the subsidiary.

Under the equity method, investments are initially valued at acquisition cost, which is then adjusted based on the actual percentage of the Fund on changes in equity (including results) of the corresponding subsidiaries. As of 31 December 2014, the only subsidiary directly or indirectly by the Fund not included in its consolidation perimeter is as follows:

Entity	% Shareholding	Valuation method
Capoinvest Limited, BVI	10%	Equity method

f) Securities portfolio

Given the characteristics of securities and the intention at the time of acquisition, these are classified into the following categories: held to maturity, held for trading and available for sale.

SECURITIES HELD TO MATURITY

This classification includes securities for which the Fund has the intention and financial capacity for its maintenance until their due date. Securities classified under this heading include non derivative financial assets with fixed or determinable payments and fixed maturity date.

Securities classified under this heading are valued at cost of acquisition, plus income earned by the fluency of their terms (including accrual of interest and premium / discount in the income statement). The Fund recognizes potential profit or loss determined on maturity date by the difference between the amount received on that date and their book values. As of 31 December, 2013 the entire portfolio of held-to-maturity of the Fund comprised US Treasury notes.

SECURITIES HELD FOR TRADING

Securities acquired in order to be active and frequently traded are considered held for trading securities. Securities held for trading are initially recognized at acquisition cost, including costs directly attributable to the acquisition of the asset.

They are subsequently measured at fair value and its related valuation gain or loss is recognized in the income statement (Note 12).

The fair value calculation methodology (market value) is established based on consistent and verifiable criteria, according to the following hierarchy:

- I. Price and / or average closing price observed in the market on the day of clearance;
- II. Probable realizable net value obtained by adopting technical or pricing model.

As of 31 December, 2014 the Fund's entire securities portfolio is classified in the category of securities held for trading. As of 31 December, 2014 the entire portfolio of trading securities of the Fund consisted of an application in a real estate open liquidity fund.

SECURITIES AVAILABLE FOR SALE

Securities available for sale are considered securities that can be negotiated and eventually that do not fit the other categories. They are initially recorded at cost, and subsequently valued at fair value. Changes in fair value are recognized against equity, under “Potential results - Adjustments to Fair Value Financial Assets Available for Sale”. Gains and losses are recognized in the income statement in the subsequent asset sale.

g) Provisions for potential liabilities

A provision is made when there is a present obligation (legal or constructive) resulting from past events for which the future expenditure of resources is probable and it can be reliably determined. The provision amount corresponds to the best estimate of the amount to be paid to settle the liability at the balance sheet date. If a future expenditure of resources is not probable, it is a contingent liability. These contingent liabilities are only disclosed, unless the possibility of their payment is remote.

The provision for potential liabilities recorded by the Fund corresponds to compensation for retirement, defined in accordance with Law No 2/2000 and in Articles 218 and 262 of the General Labour Law (Note 9).

Compensation for reform payable by the Fund in the event of termination of the employment contract for the employee's retirement is determined by multiplying 25% of the monthly base salary paid on the date the worker reaches the legal retirement age by the number of years of seniority on the same date.

h) Income tax

The Angola Sovereign Wealth Fund benefits under Presidential Decree No. 48/11, of 9 March, of tax exemptions, fees and contributions, whatever their title or nature, ordinary or extraordinary, national, regional, municipal or local, present or future, provided by law and applicable to the State and its services, agencies and institutes. It is also particularly applicable tax exemptions of any taxes on income, wealth taxes and stamp duty.

Income earned abroad is subject to tax according to the tax law in the jurisdictions in which income is obtained, including tax withholding title at source on interest and / or dividends received.

i) Income tax

The Fund is subject to indirect taxation in particular customs duties and consumption tax.

NOTE 3 - CASH AND CASH EQUIVALENTS

THIS ITEM IS STRUCTURED AS FOLLOWS:

	2014				
	Functional/ Presentation Currency (in thousands)	Other foreign currencies (thousands)	Kwanza (in thousands)	Total (tUSD)	Total (tAOA)
CASH					
Banknotes and coins in Kwanza	12		360	3	360
Banknotes and coins in functional/ presentation currency	8			8	825
Banknotes and coins in foreign currency					8
Total cash	8	-	360	11	1.193

DEPOSITS AT CREDIT INSTITUTIONS

In Kwanza			41.453	402	41.453
In functional/presentation currency					
Savings and Credit Bank	179.791		-	179.791	18.530.880
Euroclear Bank SA/NV	50.087		-	50.087	5.162.417
Northen Trust Corporation	894		-	894	92.144
Standard Bank (Mauritius) Limited	208.150			208.150	21.453.732
AfriAsia Bank Limited	44.250			44.250	4.560.803
Total deposits in functional currencies	483.172	-	-	483.172	49.799.976
In Euro	894	-	-	-	-
Total Deposits at credit institutions	483.172		41.453	483.574	49.841.429
Total Cash and cash equivalents	483.180		41.813	483.585	49.842.622

	2013 PRÓ-FORMA				
	Functional/ Presentation Currency (in thousands)	Other foreign currencies (in thousands)	Kwanza (in thousands)	Total (tUSD)	Total (tAOA)
CASH					
Banknotes and coins in Kwanza			831	8	831
Banknotes and coins in functional/ presentation currency	4			4	374
Banknotes and coins in foreign currency					8
Total cash	8	-	831	12	1.213

DEPOSITS AT CREDIT INSTITUTIONS

In Kwanza			187.392	1.879	183.392
In functional/presentation currency					
Savings and Credit Bank	2.248		-	2.248	219.408
Euroclear Bank SA/NV	1.638.845		-	1.638.845	159.982.425
Northen Trust Corporation	700.005		-	700.005	68.333.800
Standard Bank (Mauritius) Limited	600.000			600.000	58.571.400
AfriAsia Bank Limited	-			-	-
Total deposits in functional currencies	2.941.098	-	-	2.941.098	287.107.033
		18	-	(24)	(2.370)
Total Deposits at credit institutions	2.941.098		187.392	2.942.953	287.288.055
Total Cash and cash equivalents	2.941.102		188.223	2.942.965	287.289.268

The deposits at financial institutions maintained by the Fund are not paid and are mostly denominated in US dollars.

NOTE 4 - SHORT-TERM INVESTMENTS

THIS ITEM IS STRUCTURED AS FOLLOWS:

	2014		2013 Pro-forma	
	tUSD	tAOA	tUSD	tAOA
Investments in foreign credit institutions				
In USD				
Term deposit	1.358.412	140.010.166	300.000	29.285.700
	1.358.412	140.010.166	300.000	29.285.700
Receivables	-	-	16	1.559
Total Investments	1.358.412	140.010.166	300.016	29.287.259

As of 31 December 2014, the balance of this item referred to term deposits with 14 days maturities and remunerative rates of 0.1% kept by QG African Infrastructure 1 LP and QG Africa Hotel LP in the amounts of tUSD 1,016,013 and tUSD 342,399, respectively, with Standard Bank (Mauritius) Limited. These term deposits had their maturity in financial year 2015.

On 29 November, 2013 the Fund entered an investment management agreement with the Northern Trust Corporation, subject to the limits defined in the investment policy of the Fund, and in accordance with the Presidential Decree No. 107/13, of 28 June.

As of 31 December, 2013 the balance of this item included 3 term deposits of USD 100,000,000 each, with maturities of 14, 21 and 42 days and annual remuneration rate of 0.20%, 0.20% and 0.25 %, respectively.

These term deposits, constituted under the management agreement entered with the Northern Trust Corporation, were contracted with the Mizuho Bank Ltd (two term deposits, corresponding to a total value of USD 200,000,000) and Société Générale SA (one term deposit of USD 100,000,000) and were due in the financial year 2014.

On 29 November, 2013 the Fund entered into an agreement with Quantum Global Investment Management AG, by which this entity will act as an investment manager in relation to money and property that may be assigned from time to time by the Fund. As of 31 December, 2014 this item is mainly comprised of fixed income financial instruments, which bore interest at a weighted annual interest average rate of 2.06%. From the total amount of tUSD 2,713,622 debt instruments held by the Fund on 31 December, 2014, about tUSD 2.405 related to bonds with BBB or higher credit rating, as shown below:

NOTE 5 - BONDS AND SECURITIES

THIS ITEM IS STRUCTURED AS FOLLOWS:

	2014		2013 Pro-forma	
	tUSD	tAOA	tUSD	tAOA
Securities held for trading:				
Debt instruments:				
Corporate bonds in USD				
Europe	1.165.858	120.163.818	-	-
North America	978.595	100.862.808	-	-
Asia	321.588	33.145.754	-	-
Others	131.291	13.532.032	-	-
	2.597.332	267.704.412	-	-
Bonds/ Treasury bills in USD				
In USD	116.290	11.985.894	-	-
	2.713.622	279.690.306	-	-
Equity instruments:				
Exchange Traded Funds				
In USD	218.794	22.550.879		
In CHF	18.503	1.907.086		
	237.297	24.457.965		
Liquidity investments	33.585	3.461.572	300.000	29.285.700
	2.984.504	307.609.843	300.000	29.285.700
Securities held to maturity:				
Debt instruments:				
Treasury bills				
In USD	-	-	100.000	9.761.890
	-	-	100.000	9.761.890
	-	-	100.000	9.761.890
Receivables	15.612	1.609.113	-	-
In USD	3.000.116	309.218.956	400.000	39.047.590

	2014	
	tUSD	tAOA
Credit risk rating:		
AAA	630.241	64.958.310
AA- a AA+	335.480	34.577.588
A- a A+	797.138	82.160.217
BBB- a BBB+	641.818	66.151.539
Inferior a BBB-	5.270	543.174
Without credit risk rating	303.675	31.299.478
	802.408	82.703.391

As of 31 December, 2014 the securities with no credit risk rating referred essentially to debt instruments issued by corporate entities domiciled in the United States and the European Union.

Global Investments Limited, having these been settled in the course of 2015 and 2014 financial years, respectively.

From the amount of tUSD 303,675 of securities without credit rating held by the Fund as of 31 December, 2014, about tUSD 220,000 respected debt instruments with residual maturity up to one year.

Additionally, as of 31 December, 2013, this item registered a total of tUSD 100,000 concerning the US Treasury notes, with residual maturity of 20 days and annual remuneration of 0.004%.

As of 31 December, 2014 and 2013, the balance of this item included the amounts of tUSD 33.585 and tUSD 300,000, respectively, relating to investments in mutual funds open liquidity managed by Northern Trust

As of 31 December, 2014, the “Bonds and Securities” item, excluding accrued income, had the following structure, according to residual maturity:

	Up to 1 year	Between 1 to 3 years	Between 3 to 5 years	More than 5 years	Undetermined	Total (mUSD)	Total (mAOA)
Debt instruments:							
Corporate bonds							
Bonds/ Treasury bills	703.476	1.772.207	121.649	-	-	2.597.332	267.704.412
	18.701	58.060	34.259	5.270	-	116.290	11.985.894
Equity instruments:	722.177	1.830.267	155.908	5.270	-	2.713.622	279.690.306
Exchange Traded Funds							
(“Exchange Traded Funds”)	-	-	-	-	237.297	237.297	24.457.965
Liquidity investments	-	-	-	-	33.585	33.585	3.461.572
Total	722.177	1.830.267	155.908	5.270	270.882	2.984.504	307.609.843

The changes in value of trading securities and the capital gains realized by the Fund resulting from transactions of these securities are recorded under the income statement “Results of negotiations and adjustments to fair value” (Note 12).

Annex I shows the breakdown of “Securities” on December 31, 2014 per share.

NOTE 6 - OTHER SECURITIES

THIS ITEM IS STRUCTURED AS FOLLOWS:

	2014		2013 Pró-forma	
	tUSD	tAOA	tUSD	tAOA
Advances				
Benguela Development, S.A.	16.809	1.732.487	-	-
QG Investments Ltd.	7.272	749.518	-	-
	24.081	2.482.005	-	-
Receivables				
Others	868	89.544	221	21.612
Total	24.949	2.571.549	221	21.612

As of 31 December, 2014, the amount of the advance to Benguela Development, SA corresponds to the first provision of the agreement between the Fund and this entity on 17 December, 2014, which aims to implement and build the Angola Hotel Management Academy (“Academy”) as well as the management of its operations in the period between October 2015 and January 2019. The Academy will be located in the province of Benguela and its main purpose will be to provide education in the hotel industry.

The agreement between the Fund and the Benguela Development, SA foresees a total investment of tAOA 4,950,000 (corresponding to an equivalent of tUSD 48,026, based on the average exchange rate published by the National Bank of Angola for 31 December, 2014) which will be fully supported by the Fund and will be paid in three instalments. The first instalment amounted to tAOA 1,732,500 (corresponding to an equivalent of tUSD 16,809, based on the average exchange rate published by the National Bank of Angola for 31 December , 2014), which was settled in January 2015 (Note 8).

The global investment associated with this agreement will be recognized in costs by the Fund over the term of the agreement. At the end of the agreement, the Fund shall be entitled to acquire all the shares representing the share capital of the entity that will own the Academy, for a total of tAOA 3,990,000 (corresponding to an equivalent of tUSD 38,712 based on exchange indicative average published by the National Bank of Angola for 31 December, 2014).

As of 31 December , 2014, the value of the advance to QG Investments Ltd corresponds to the first two instalments of the contract between the Fund and such entity on 30 May, 2014, which aims to develop an econometric model for simulating aspects of the national economy to effectively enable the Fund's experts economists to understand the fundamental processes that affect the national economy. The contract between the Fund and QG Investments Ltd provides a global investment of 11,635 tUSD and has a duration of 36 months. Since as of 31 December, 2014, the conditions for the registration of expenses already incurred under the agreement on the item “Intangible assets” were not gathered, the Fund recorded the amounts in question under “Other values”.

NOTE 7 - FIXED ASSETS

FINANCIAL FIXED ASSETS

During the financial year 2014, the FSDEA Africa Investment (LP) Ltd., through QG African Infrastructure 1 LP, made an initial payment of tUSD 5,000 to acquire a 10% stake in the share capital of Capoinvest Limited, BVI, through which it will develop the project for the construction of a deep water port in the Cabinda province.

TANGIBLE AND INTANGIBLE ASSETS

These items present the following movements during the financial years 2014 and 2013:

	2014				
	Balance as of 01/01/2014 Net assets	Increases	Write-offs, disposals and others	Year amortizations	Net assets
Tangible assets					
Furniture, utensils, facilities and equipment	2.108	827	(3)	(438)	2.494
	2.108	827	(3)	(438)	2.494
Intangible assets					
Automatic software data processing systems	2.126	211	-	(593)	1.744
Improvements in third party properties	3.054	729	-	(960)	2.823
Constitution costs	6.667	-	-	(3.334)	3.333
	11.847	940	-	(4.887)	7.900
Total	13.955	1.767	(3)	(5.325)	10.394

	2013 Pro-forma				
	Balance as of 01/01/2013 Net assets	Increases	Write-offs, disposals and others	Year amortizations	Net assets
Tangible assets					
Furniture, utensils, facilities and equipment	1.958	484	(12)	(322)	2.108
	1.958	484	(12)	(322)	2.108
Intangible assets					
Automatic software data processing systems	795	1.758	-	(427)	2.126
Improvements in third party properties	2.544	1.082	-	(572)	3.054
Constitution costs	10.000	-	-	(3.333)	6.667
	13.339	2.840	-	(4.332)	11.847
Total	15.297	3.324	(12)	(4.654)	13.955

As of 31 December, 2014 and 2013, the net balance of intangible assets referred mainly to expenses incurred during the start-up and constitution of the Fund, such as payment of expenses for consulting projects, and improvements in third parties properties.

NOTE 8 - OTHER LIABILITIES

THIS ITEM IS STRUCTURED AS FOLLOWS:

	2014		2013 Pro-forma	
	tUSD	tAOA	tUSD	tAOA
Fiscal liabilities				
Payable tax liabilities - withheld from third party	2.165	223.144	238	23.163
QG Investments Ltd.	2.165	223.144	238	23.163
Civil liabilities				
Creditors from the acquisition of services	719	74.107	1.285	145.696
Creditors from the acquisition of goods and rights	200	20.614	207	19.028
Other creditors	34.253	3.530.422	3.339	306.926
	35.172	3.625.143	4.831	471.650
Administrative and commercial liabilities				
Personnel - salaries and other remunerations				
Vacation and vacation bonus	224	23.087	155	15.141
Social security contributions	17	1.752	-	-
	241	24.839	155	15.141
Total	37.578	3.873.126	5.224	509.954

As of 31 December, 2014, under “Other creditors” the amount of tUSD 15,927 concerning the first instalment of the agreement between the Fund and Benguela Development, SA was recorded.

(Note 6), net of withholding tax on the implementation of Law No. 7/97 of 10 October.

As of 31 December, 2014, was also recorded under this item the amount of tUSD 4,747 concerning the investment management fee applicable to the fourth quarter of 2014 under the agreement entered by the Fund and

Quantum Global Investment Management AG on 29 November, 2013. As of 31 December, 2014, “Other creditors” balance also includes the amount of tUSD 12,333 (Note 15) relating to donations made by the Fund to the African Innovation Foundation to fund social projects, under the donation agreements entered between the Fund and that entity.

As of 31 December, 2013, was recorded under “Other creditors” the amount of tUSD 2,106 corresponding to pending payment consultancy projects expenses, whose services were provided by Quantum Global Capital Advisors AG and Stampa QG.

PROVISIONS FOR
POTENTIAL
LIABILITIES

As of 31 December, 2014, the balance of this item includes the amount of tUSD 103, to cover the Fund's responsibility for “compensation for retirement”, following the provisions of Article No. 262 of the General Labour Law. Under the legislation that was in force as of 31 December,

2014, the responsibilities for “compensation for retirement” are determined by multiplying 25% of the basic monthly salary paid on the date the worker reaches the legal age of retirement by the number of years of service on the same date.

NOTE 10 - EQUITY

The funding for constitution and installation of the Fund took place in two instalments. The first of these instalments was held on 16 July, 2012 (date of the Fund's installation), for an amount of tUSD 36,350, while the second instalment was held on 7 August, 2013, for an amount of tUSD 9,448.

According to the Presidential Decree No. 107/13, of 28 June, the Sovereign Wealth Fund of Angola is held solely by the Angolan Government, with a total initial capital allocation amount of tUSD 5,000,000.

As of 31 December, 2014 and 2013, this item is structured as follows:

	2014		2013 Pró-forma	
	tUSD	tAOA	tUSD	tAOA
Initial allocation of the Fund	5.000.000	515.345.000	5.000.000	488.095.000
Initial capital allocated unrealized	-	-	(1.350.000)	(131.785.650)
	5.000.000	515.345.000	3.650.000	356.309.350
Reserves and Funds				
Funds for constitution and installation	45.798	4.720.354	45.798	4.470.755
	45.798	4.720.354	45.798	4.470.755
Retained earnings	(43.865)	(4.521.122)	(17.490)	(1.707.356)
Net results for the financial year	(157.188)	(16.201.209)	(26.375)	(2.574.701)
Total	4.844.745	499.343.023	3.651.933	356.498.048

As of 31 December, 2013, an amount of tUSD 1,350,000 of the initial allocation of the Fund's capital was to realise, which on 31 December, 2013 was registered in the accounts in the form of a deduction from the total of the Fund's equity under the heading ‘Unrealized Initial Capital’.

The amount of the initial allocation of capital that was unrealized as of 31 December, 2013 was carried out in three instalments.

The first instalment, amounting to tUSD 500,000, was held on 19 May, 2014. The second instalment, also in the amount of tUSD 500,000, was held on 20 June, 2014, and the third instalment, amounting to tUSD 350,000, was held on 27 June, 2014.

The net profit for the financial year 2013, which amounted to tUSD 26,375, was transferred to the item “Retained earnings”.

NOTE 11 - BALANCE PER CURRENCY

On December 31, 2014 and 2013, the balance sheet by currency has the following **structure**:

	31-12-2014			
	National currency	Presentation/ currency	Other foreign currencies	Total
Cash and cash equivalents	405	483.180	-	483.585
Short-Term Investments	-	1.358.412	-	1.358.412
Bonds and Securities	-	2.981.613	18.503	3.000.116
Other Amounts	17.073	7.876	-	24.949
Assets	938	14.441	15	15.394
Advances to suppliers	4	-	-	4.882.460
Total assets	18.420	4.845.522	18.518	21.612
Other Liabilities	29.601	7.733	244	37.715
Provisions for potential liabilities	137	-	-	137
Total liabilities	29.738	7.733	244	37.715
Equity	-	4.844.745	-	4.844.745
Total Liability and Equity	29.738	4.852.478	244	4.882.460

	31-12-2013 - Pro-forma			
	National currency	Presentation/ currency	Other foreign currencies	Total
Cash and cash equivalents				
Short-Term Investments	1.887	2.941.102	(12)	2.942.965
Bonds and Securities	-	300.016	-	300.016
Other Amounts	-	400.000	-	400.000
Assets	-	221	-	221
Advances to suppliers	-	13.955	-	13.955
Total assets	1.887	4.845.522	(24)	3.657.157
Other Liabilities	-	5.224	-	5.224
Provisions for potential liabilities	-	5.224	-	5.224
Total liabilities	-	5.224	-	5.224
Equity	-	3.651.933	-	3.651.933
Total Liability and Equity	29.738	3.657.157	-	3.657.157

NOTE 12 - FINANCIAL INTERMEDIATION RESULT

This item is structured as follows:

	2014		2013 PRO-FORMA	
	tUSD	tAOA (Note 2)	tUSD	tAOA (Note 2)
Income from financial asset instruments			97	9.469
Of Liquidity Investments:			-	-
Receivables of trading in the interbank money market	359	37.002	97	9.469
Income from Bonds and Securities				
Debt securities	36.550	3.767.172	-	-
Investment Funds	5.244	540.494	-	-
Liquidity investments	19	1.958	-	-
	41.813	4.309.624	-	-
Costs of financial liabilities instruments				
Of liquidity funding	(1)	(103)	(1.303)	(127.198)
Costs with other funding	(5)	(515)	-	-
Financial margin	42.166	4.346.008	(1.206)	(117.729)
Results of negotiations and adjustments to fair value	(31.446)	(3.241.108)	-	-
Results of Foreign Exchange	(244)	(25.149)	(93)	(9.079)
Financial Services Rendered costs	(757)	(78.023)	(334)	(32.605)
Total	9.719	1.001.728	(1.633)	(159.413)

In 2014, the balance of “Results of negotiations and adjustments to fair value” is the net result of the variations, potential and realized, on the fair value of financial instruments included in the Fund’s bonds and securities portfolio, ranked in the category of titles held for trading.

The total loss of tUSD 31,446 registered in the financial year 2014 includes the amount of about tUSD 27,800 concerning potential losses in the Fund’s bonds and securities portfolio.

Under “Financial service provision costs” are mainly included expenses relating to bank fees and costs borne by the Fund.



NOTE 13 - PERSONNEL COSTS

This item is structured as follows:

	2014		2013 PRO-FORMA	
	tUSD	tAOA (Note 2)	tUSD	tAOA (Note 2)
Members of management body				
Salary	1.361	140.277	1.395	136.178
Training	65	6.699	-	-
Mandatory social costs and others	99	10.204	127	12.398
	1.525	157.180	1.522	148.576
Members of supervisory body				
Salary	681	70.190	38	3.710
	681	70.190	38	3.710
Employees				
Salary	1.286	132.547	902	88.052
Training	202	20.820	-	-
Mandatory social costs and others	88	9.070	88	8.590
	1.576	162.437	990	96.642
Total	3.782	389.807	2.550	248.928

As provided for in Article 21 of Presidential Decree No. 48/11, of 9 March, the remuneration of the Board of Directors and the Supervisory Board of the Fund shall be fixed by executive decree of the Minister of Finance.

NOTE 14 - THIRD PARTY SUPPLIES

This item is structured as follows:

	2014		2013 PRO-FORMA	
	tUSD	tAOA (Note 2)	tUSD	tAOA (Note 2)
Auditing, consulting and other specialized technical services				
Consulting	121.368	12.509.278	14.783	1.443.102
Auditing	256	26.386	100	9.762
Other specialized technical services	8.565	882.786	1.117	109.040
	130.189	13.418.450	16.000	1.561.904
Transport, logistics and accommodation	1.450	149.450	372	36.314
Rentals	748	77.096	150	14.643
Communications	205	21.129	71	6.931
Sundry materials	194	19.995	96	9.371
Insurance	126	12.987	104	10.152
Security, Maintenance and Repair	94	9.688	98	9.567
Publications, Advertising and Propaganda	9	928	84	8.200
Other third party supplies	209	21.541	101	9.860
Total	133.224	13.731.264	17.076	1.666.942

The balance of “Consulting” consists mostly of the costs of professional services rendered by third parties, among which stand out the realization of economic and financial feasibility studies on potential investment opportunities in sectors considered strategic by the Fund, but that were not considered to have fulfilled the conditions to be recorded under “intangible

assets”, the development and implementation of computer systems, the commissions associated with the management of the investment portfolio and the commissions associated with management agreements entered into by subsidiaries of the Fund.

	2014	
	tUSD	tAOA
Consulting:		
QG Investments Africa Management Ltd.	28.750	2.963.233
QG Investments Ltd.	26.385	2.719.476
Tomé International AG	19.919	2.053.031
Quantum Global Investment Management AG	19.419	2.001.497
Stampa QG	17.000	1.752.173
Uniqua Consulting GmbH	5.812	599.037
Others	4.083	420.831
Total	121.368	12.509.278

The fees associated with the management agreements entered into by the Fund subsidiaries derive from services provided by QG Africa Investments Management Ltd. to QG African Infrastructure 1 LP and QG Africa Hotel LP. For services to QG African Infrastructure 1 LP, QG Investments Africa Management Ltd. is remunerated with an annual management fee equal to 2,0% of the total subscribed capital of QG African Infrastructure 1 LP. For services to QG Africa Hotel L.P., QG Investments Africa Management Ltd. is remunerated with an annual management fee equal to 2,5% of the total subscribed capital of QG Africa Hotel L.P.

NOTE 15 - OTHER COSTS

As of 31 December, 2014, the item “Other costs” mainly relates to donations made by the Fund to African Innovation Foundation, in a total of tUSD23,294, in order to finance social projects under the grant agreements between the Fund and that entity. Of that amount, as of 31 December, 2014 was still to be paid to the African Innovation Foundation the amount of tUSD 12,333 (Note 8). The grant agreements concluded between the parties anticipate conducting a total of 10 projects under the Social Impact Program for Angola, which will be coordinated by the African Innovation Foundation. Under the grant agreements between the parties, the African Innovation Foundation will provide the Fund semi-annual and annual progress reports on each of the projects to be developed.

NOTE 16 - NON-OPERATING INCOME

As of 31 December, 2014, the balance of “Non-operating income” relates primarily to the settlement of customs duty for goods imported by the Fund in 2012 and in 2013 (tUSD 874).

NOTA 17 - RISK MANAGEMENT

According to Article 10 of Presidential Decree No. 107/13, of 28 June, the Fund aims to hold a diversified portfolio of investments, and yet at an early stage, all the Fund investments should be made in assets with very low levels of risk, in a cash / liquidity management portfolio, not being allowed the use of financial leverage.

Over time, and in accordance with the desired asset allocation guidelines, the Fund may invest up to 55% of its investment portfolio into asset classes with higher expected returns and time horizon longer investment, being also allowed the use of financial leverage up to three times the amount of the Fund's own capital. Also according to Article 10 of Presidential Decree No. 107/13, of 28 June, the assets of the Fund's portfolio are subject in particular to the following risks:

Market Risk

The value of assets held by the Fund may vary due to numerous external factors. Such factors include, amongst others, changes in interest rates, the financial performance of specific companies in which the Fund holds

securities and an economic environment where deflation occurs. To manage market risk, the Fund uses the Value at Risk indicator ratio (Value at Risk - “VaR”) to estimate the maximum potential loss on the basis of a given time horizon and a given confidence interval. Since the measurement of value at risk applies only under normal market conditions, stress tests are performed which allow the assessment of the portfolios under extreme market conditions such as breakage and economic shocks, using retrospective and prospective scenarios.

In the case of equity investments, monitoring of market risk is done through the Value-of-Risk Program (B Va / R), which measures the risk generated by the difference between the composition of the theoretical portfolio and the portfolio composition the entity at a given date.

Credit risk

This is the risk that the issuers of the securities / bonds which may form part of the Fund's portfolio do not meet their capital and interests payment obligations to their liabilities to the Fund. Any acquisition of private debt securities is subject to the rules defined and regulated, based on a single policy for the management of credit risk established or approved by the Board of Directors, taking into account the analysis of their own internal analysts, ratings issued by credit rating agencies or recommended by external investment managers.

Risk management

This risk is based on the possibility that external appointed investment managers may not exceed or achieve the objectives that are assigned to them by the Board of Directors of the Fund. Continuous monitoring of the composition of the portfolios of external appointed investment managers must prevent unintended distortions that deviate from the desired investment strategy.

Interest Rate Risk

Changes and economic policies may affect interest rates, which can cause large variations in asset prices of the Fund's portfolio, with significant impact on their profitability.

Liquidity Risk

This is the risk that the Fund even in market stability situations, may not, if necessary, exercise the rescue of a large volume of units invested in a particular fund. In economic pressure times, this lack of liquidity may persist indefinitely. To reduce liquidity risk, substantial positions are held in fixed income securities issued by G3 members.

Legal risks and Taxes

Investments are dependent on contractual agreements and subject to different national regulations that can result on the one hand, on unexpected taxation of the Fund's investments and, on the other hand, temporary

unavailability or loss of invested funds, because of the dispute, liquidation or unexpected foreign investment restrictions or prohibitions applicable to the activity of the Fund.

The appropriate structure of the Fund's investments should strive to get the benefit of sovereign immunity for tax purposes in the jurisdiction where you invest and safeguard the rights and prerogatives of state entities.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal organization, processes, people and systems, including services from third party or entrusted to external service providers. Operational risk can be managed by the proper segregation of activities (amid investment activities, recording, settlement and communication), by the existence of internal regulations and processes to ensure flawless execution and by the preparation of accurate reports of the Fund's activities. Operational risk can also be managed through the monitoring of investments, of risks and employees by an adequate system of decisions, opinions and controls, including the continuation of effective business plan.

Non Uniform Investment Performance

The risk of non uniform performance of investments has higher expression in the context of broader markets, including, for example, situations of return differences by activity sector, geographic region or type of securities.

Return Uncertainties

Return uncertainties are associated with investments in real estate, private markets and opportunities in impaired assets.

Entity	tUSD	tAOA	tUSD
FSDEA Africa Investment (LP) Ltd.	USD	60	February 2015
FSDEA Hotel Investment (LP) Ltd.	USD	60	January 2015
FSDEA Africa Agriculture (LP) Ltd.	USD	50.500	Between February and March 2015
FSDEA Africa Mezzanine (LP) Ltd.	USD	128.300	Between January and March 2015
FSDEA Africa Healthcare (LP) Ltd.	USD	85.900	Between January and March 2015
FSDEA Africa Mining (LP) Ltd.	USD	29.000	March 2015
Kijinga, S.A.	AOA	9.948.750	January 2015

Risk of using derivatives

Although the use of derivatives market is limited to transactions which have as their sole purpose the coverage of the taken positions, the Fund is not completely free of the risks inherent in this market, as the prices of derivative contracts are not influenced only by prices in sight, but also by future expectations, which are beyond the manager's control. Therefore, derivative transactions may cause losses to the Fund.

Systemic Risk

Systemic risk originates in changes in the economic environment and general policy, and these may affect all investments. By its nature, this risk can not be reduced by diversifying the investment policy of the Fund.

NOTE 18 - SUBSEQUENT EVENTS

Between 31 December 2014 and the date of approval of the financial statements, the Fund proceeded to the realization of capital subscribed in several of its subsidiaries for a total amount of tUSD 389,561. In this context, the following realizations of capital by the Fund were made (amounts expressed in thousands of the respective currency):



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