

STATUTE
OF THE INVESTMENT DEPARTMENT OF THE
STATE OIL FUND OF THE REPUBLIC OF AZERBAIJAN

1. GENERAL PROVISIONS

- 1.1. The Investment Department (the Department hereafter) is a structural unit of the State Oil Fund of the Republic of Azerbaijan (the Fund hereafter).
- 1.2. The Department is guided by the Constitution of the Republic of Azerbaijan, the laws of the Republic of Azerbaijan, the decrees and orders of the President of the Republic of Azerbaijan, the “Statute of the State Oil Fund of the Republic of Azerbaijan”, the decrees and orders of the Fund, as well as this Statute in its activities.
- 1.3. The Department operates in collaboration with other structural units of the Fund in fulfilling the functions identified by this Statute.

2. THE MAIN OBJECTIVE OF THE ACTIVITIES OF THE DEPARTMENT

The main objective of the Department is to ensure maximum return on the assets (the Assets hereafter) of the Fund as determined by the Investment policy.

3. THE FUNCTIONS OF THE DEPARTMENT

The Department has the following functions:

- 3.1. Developing investment strategies for various investment instruments in accordance with the investment policy and selected benchmark.
- 3.2. Construction and management of relevant portfolios determined by the developed strategies.

4. THE RESPONSIBILITIES OF THE DEPARTMENT

Department carries out the following responsibilities for the sake of performing functions established by this Regulation:

- 4.1. Preparing and presenting proposals to the management regarding tactical changes on fixed income and money markets sub-portfolio within the Investment policy, in conjunction with the trends in capital markets.
- 4.2. Execution of trades of fixed income and money market securities.
- 4.3. Ensuring the allocation of the currency composition of the investment portfolio in accordance with the proportions determined by the Investment policy.

- 4.4. Ensuring the conversion of the required amount of determined currency to AZN in order to fund the costs approved in the budget of the Fund.
- 4.5. Preparing and presenting proposals to the management regarding the selection of external managers for the fixed income portfolio as determined by the Investment policy.
- 4.6. Preparing and presenting proposals to the management regarding tactical changes on real estate sub-portfolio within the Investment policy, in conjunction with the trends in real estate markets.
- 4.7. Execution of investments to real estate facilities and real estate funds in accordance with the strategy.
- 4.8. Ensuring the selection of asset managers in order to manage the real estate facilities included in the portfolio and overseeing the execution of business plans agreed with these entities regarding the corresponding real estate facilities.
- 4.9. Analyzing the proposals introduced by brokers, real estate funds and other entities operating in real estate markets as determined by the strategy.
- 4.10. Preparing and presenting proposals to the management regarding tactical changes on equity and alternative investments sub-portfolio within the Investment policy, in conjunction with the trends in financial markets.
- 4.11. Execution of trades of equities and alternative investments as determined by the strategy.
- 4.12. Ensuring the conformance of the investments allocated by the entities managing the private funds included in the portfolio with the investment strategies of these funds.
- 4.13. Preparing and presenting proposals to the management regarding the selection of external managers for the equity portfolio as determined by the Investment policy.
- 4.14. Contributing to the development of the asset management field within the country by sharing the gathered experience with relevant companies and entities.

5. ORGANIZATION OF THE OPERATIONAL PROCESS OF THE DEPARTMENT

- 5.1. The organizational structure and the number of employees of the Department are determined by the Executive Director of the Fund.
- 5.2. The operations of the Department are overseen by the Director of the Department. The Director of the Department is appointed and dismissed from his position by the Executive Director of the Fund. The Director of the Department bears personal responsibility for the accomplishment of the responsibilities assigned to the Department.
- 5.3. The Director of the Department:
 - 5.3.1. Allocates work the employees under his supervision, coordinates their activities and monitors the execution of duties and oversees employee discipline in the workplace.
 - 5.3.2. Informs the management of the Fund on important issues about the activities of the Department.
 - 5.3.3. Provides the management of the Fund with proposals regarding the enforcement of appropriate incentives and disciplinary measures for the employees of the Department.
 - 5.3.4. Ensures the review of incoming letters, requests, complaints and proposals in accordance with the legislation.
 - 5.3.5. Ensures the execution of the clerical work of the Department.

- 5.3.6. Represents the Department.
- 5.4. In the case of absence of the Department Director, his/her duties are delegated to the Deputy Director of the Department.
- 5.5. The employees of the Department are appointed and dismissed from their positions by the Executive Director.
- 5.6. The Department consists of the following divisions: Fixed Income and Money Markets Division, Real Estate Division, and Equity and Alternative Investments Division. The activities of the division are overseen by the Head of Division. The Head of Division is appointed and dismissed from his position by the Executive Director of the Fund. The Head of Division bears personal responsibility for the accomplishment of the responsibilities assigned to the Division. In the case of absence of the Head of Division, his/her duties are delegated to one of the employees within the Division.
 - 5.6.1. The responsibilities of the Fixed Income and Money Markets Division are indicated in the "Responsibilities of the Department" section and covered in articles 4.1. - 4.5.
 - 5.6.2. The responsibilities of the Real Estate Division are indicated in the "Responsibilities of the Department" section and covered in articles 4.6. - 4.9.
 - 5.6.3. The responsibilities of the Equity and Alternative Investments Division are indicated in the "Responsibilities of the Department" section and covered in articles 4.10. - 4.13.
 - 5.6.4. The Head of Division:
 - 5.6.4.1. Allocates work duties among the employees under his supervision, coordinates their activities and monitors the execution of duties and oversees employee discipline in the workplace.
 - 5.6.4.2. Informs the management of the Fund on important issues about the activities of the Division.
 - 5.6.4.3. Provides the Director of the Department with proposals regarding the implementation of incentives and disciplinary measures for the employees of the Division.
 - 5.6.4.4. Ensures the execution of the clerical work of the Division.
 - 5.6.4.5. Represents the Division.