



Alaska Permanent Fund 101

January 2018

The Alaska Constitution

40 years ago, in 1976, Alaskans in an historic vote amended the Constitution of the State of Alaska by a margin of 75,588 to 38,518 and created the Alaska Permanent Fund.

Alaska Constitution Article IX, Section 15

Section 15. Alaska Permanent Fund

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the state shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law.

APFC's Vision

"to deliver sustained, compelling investment returns as the United States' leading sovereign endowment manager, benefitting all current and future generations of Alaskans"

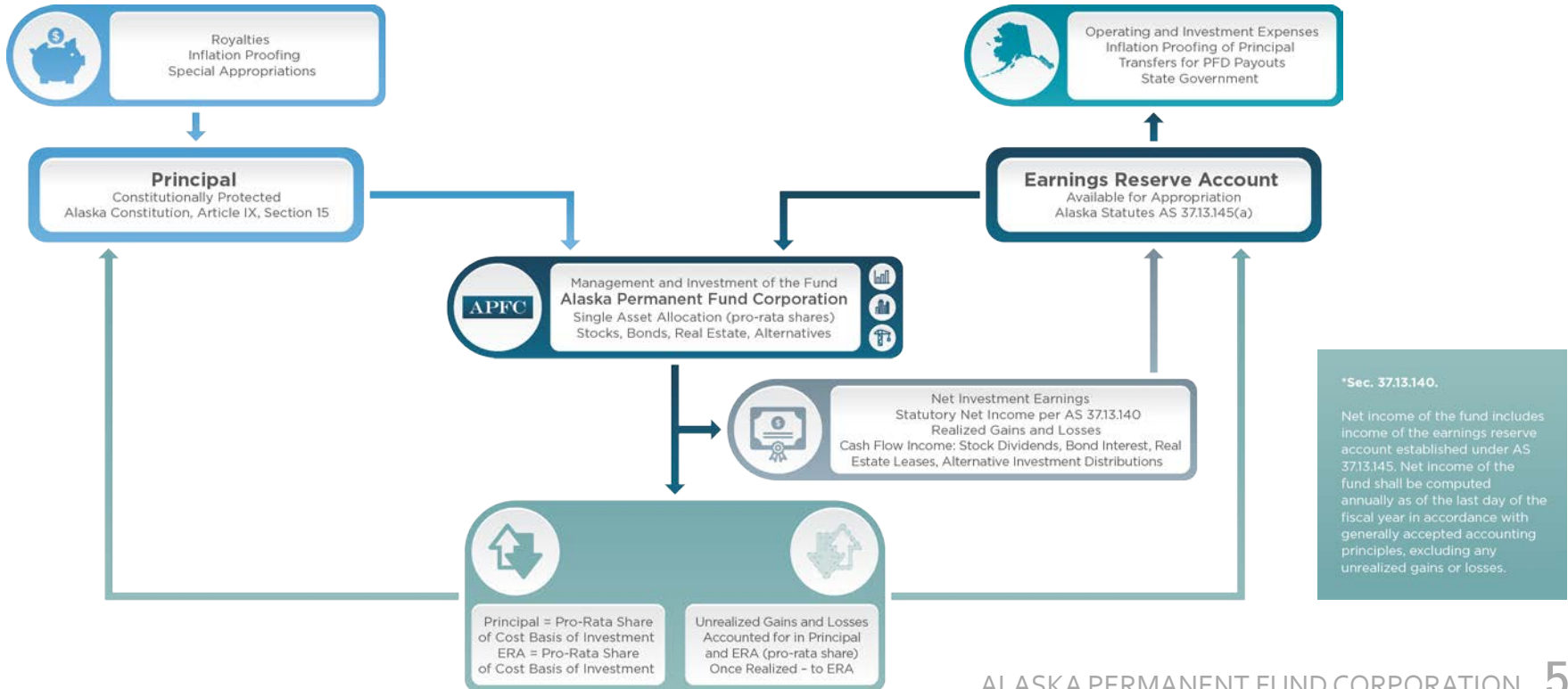
- Reflects statutory language and intent as well as Board and staff aspirations.
- Emphasizes maximizing returns in a fully sustainable manner.
- Underscores the intention for the Fund to be a perpetual resource for the State of Alaska.
- Embodies core values of Integrity, Stewardship, and Passion.



The background of the slide is a solid teal color. Overlaid on this is a close-up photograph of a pine branch, showing several long, thin needles and a cluster of small, textured pine cones or buds. The image is semi-transparent, allowing the teal background to show through.

How the Fund Works

How the Fund Works



Invested as One Fund

Alaska Permanent Fund Corporation

Investment and Management of the Fund



One Target Asset Allocation

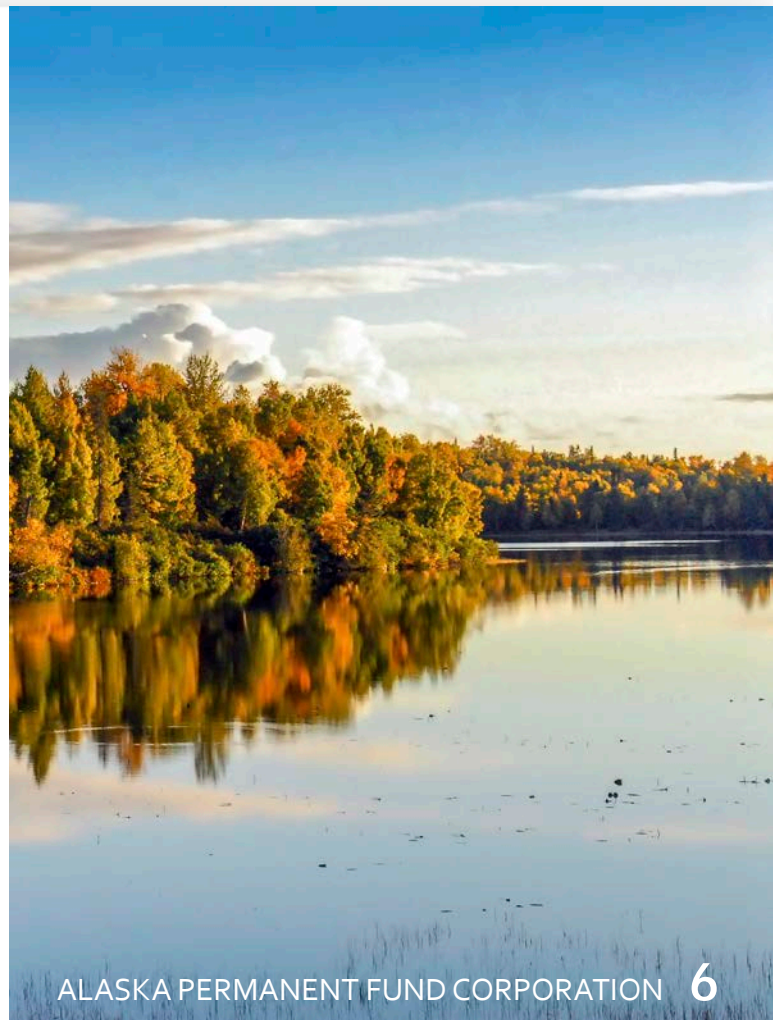
Stocks, Bonds, Real Estate, Alternatives



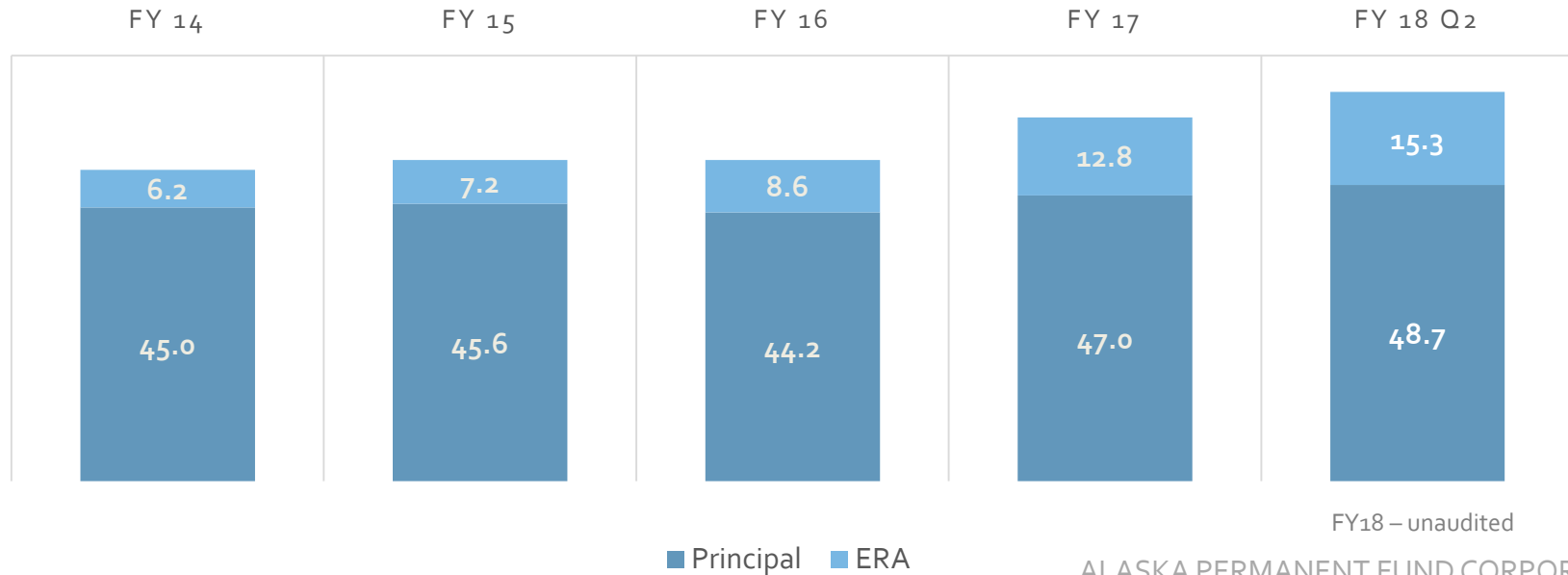
Pro Rata Shares of Each Investment

Principal

ERA



Assets Under Management in billions



Principal

- The Principal is constitutionally established and permanently protected; it can only be used for income-producing investments.
- The Principal is built through: royalty deposits; inflation proofing; and other special appropriations.

Contributions Since Inception	In billions
Constitutional deposits from mineral revenues	\$ 16.5
Transfers from the ERA for Inflation Proofing	\$ 16.2
Special Appropriations from ERA and GF	\$ 7.1



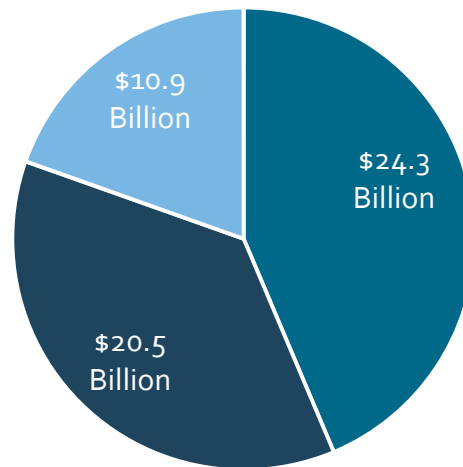
Earnings Reserve Account

- The Earnings Reserve Account (ERA) is established in Alaska Statutes as an account to hold the realized earnings from the Permanent Fund's investment portfolio.
- The ERA can be appropriated (spent) by the Alaska State Legislature for any state purpose.
- Historically, the ERA has been used to support the investment management and operations of the Fund, other state agencies involved with collecting royalties and distributing dividends, and to pay dividends to eligible Alaskans.

Use of Fund Earnings from ERA Since Inception

as of June 30, 2017

- Paid out of ERA to Current Generations
 - Dividend Transfers
 - GF Appropriations
 - Alaska Capital Income Transfers
- Transfers from ERA to Principal – Saved for Future Generations
 - Inflation Proofing
 - Special Appropriations
- Unspent Realized Earnings in ERA



- Paid out to Current Generations
- Transfers to Principal - Saved for Future Generations
- Unspent Realized Earnings

ALASKA PERMANENT FUND CORPORATION

A scenic landscape featuring a body of water in the foreground, a range of mountains in the background, and a bright sun with rays in the upper right. The entire image is overlaid with a teal/blue color filter. The text "How We Invest" is centered in the middle of the image.

How We Invest

Board of Trustees

As the fiduciaries, the Trustees have a duty to Alaskans in assuring that the Fund is managed and invested in a manner consistent with legislative findings: AS 37.13.020

- The Permanent Fund should provide a means of conserving revenue from mineral resources ***to benefit all generations of Alaskans.***
- The Permanent Fund's goal should be to ***maintain safety of principal while maximizing total return.***
- The Fund should be used as ***a savings device managed to allow the maximum use of disposable income*** from the Fund for the purposes designated by law.



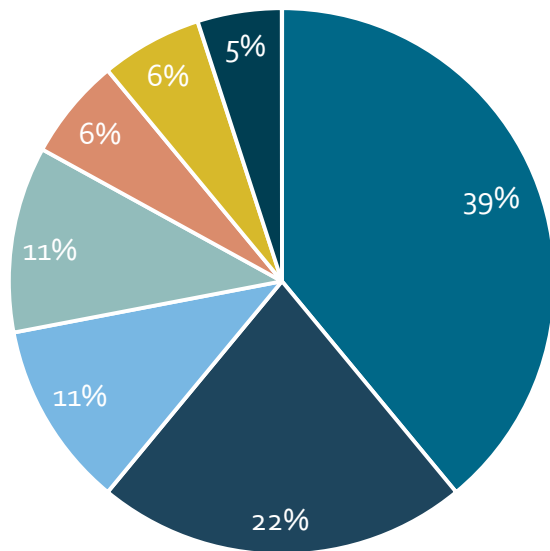
Investment Oversight

AS 37.13 .120 Investment Responsibilities – Mandates Use of the Prudent Investment Rule



The Portfolio

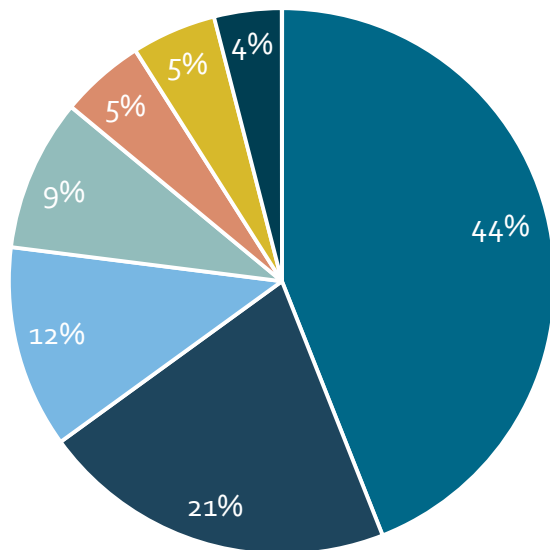
Target Allocation FY18



- Public Equities
- Fixed Income Plus
- Private Equity & Income Opportunities
- Real Estate
- Infrastructure, Credit, & Income Opportunities
- Asset Allocation Strategies
- Absolute Return

The Portfolio \$64 Billion as of FY18 Q2

Allocation as of 12/31/17



- Public Equities
- Fixed Income Plus
- Private Equity & Income Opportunities
- Real Estate
- Infrastructure, Credit, & Income Opportunities
- Asset Allocation Strategies
- Absolute Return



Outcomes

Fiscal Year 2017 Performance as of 6/30/2017

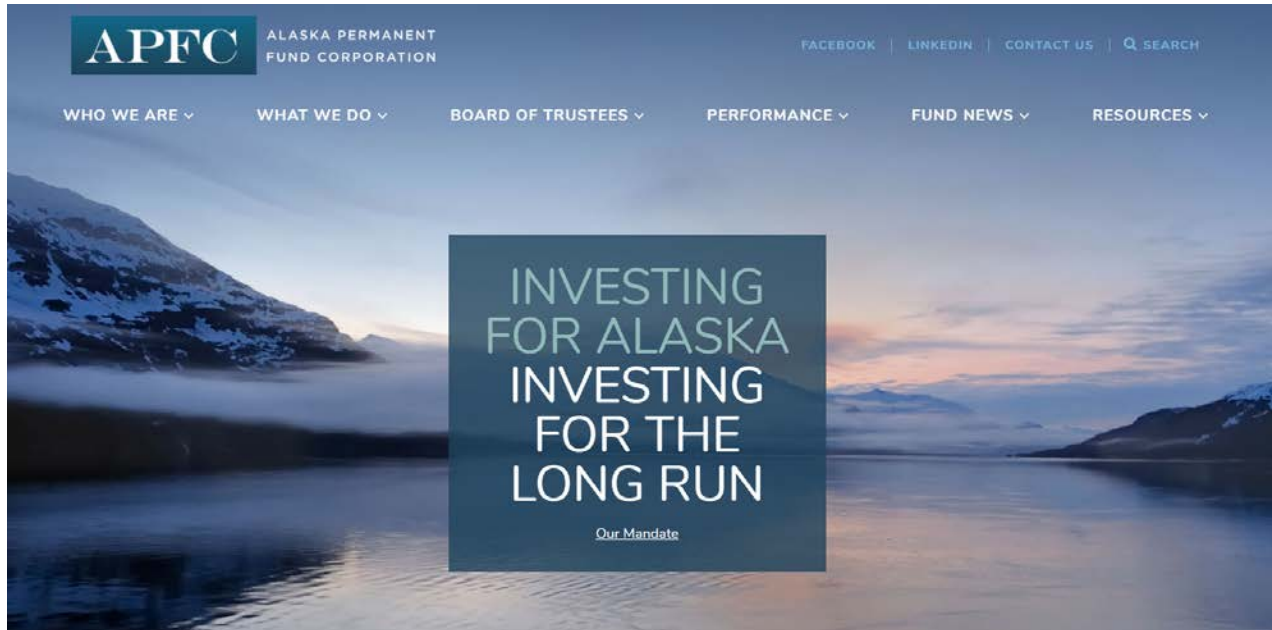
Realized and Unrealized Gains

	FY17	3 Years	5 Years	Since Inception
Total Fund	12.89%	6.21%	8.85%	8.79%
Passive Index Benchmark <small>(60 Stocks 20 Bonds 10 RE 10 TIPs)</small>	10.26%	3.37%	7.10%	<i>Not Available</i>
Performance Benchmark	11.19%	4.77%	8.15%	9.00%
Total Fund Return Objective CPI+ 5%	6.63%	5.92%	6.32%	7.67%

Asset Class Performance (Realized and Unrealized Gains)

Returns as of September 30, 2017	Fiscal Year 2018 Q1	3 Year	5 Year
Public Equities			
International Equities	6.89%	5.97%	7.17%
Global Equities	5.37%	7.75%	11.21%
Domestic Equities	5.13%	10.92%	14.62%
Fixed Income Plus			
US Investment Grade Corporate	1.54%	4.82%	4.09%
Non US Fixed Income	0.49%	3.23%	3.35%
Global High Yield	2.05%	5.36%	5.85%
Emerging Market Debt	3.71%	3.54%	2.49%
TIPS	0.79%	1.45%	0.03%
REITS	1.56%	8.61%	8.07%
Private Equity	7.50%	17.43%	18.33%
Real Estate	-0.50%	9.02%	10.03%
Infrastructure	6.83%	17.02%	15.12%
Public/Private Credit	3.64%	5.99%	8.06%
Absolute Return	2.01%	2.40%	3.84%
Asset Allocation			
Cash	0.28%	0.29%	0.18%
Multi-Asset Class	3.35%	5.42%	5.21%

www.apfc.org



- Annual Report
- Daily Fund Market Value
- Financial Statements
- Performance Reports
- Current and Historical Reports
- Fund News