



# Overview: Alaska Permanent Fund

Senate Finance Committee – January 23, 2018

# The Alaska Constitution

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Over four decades 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

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*"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.

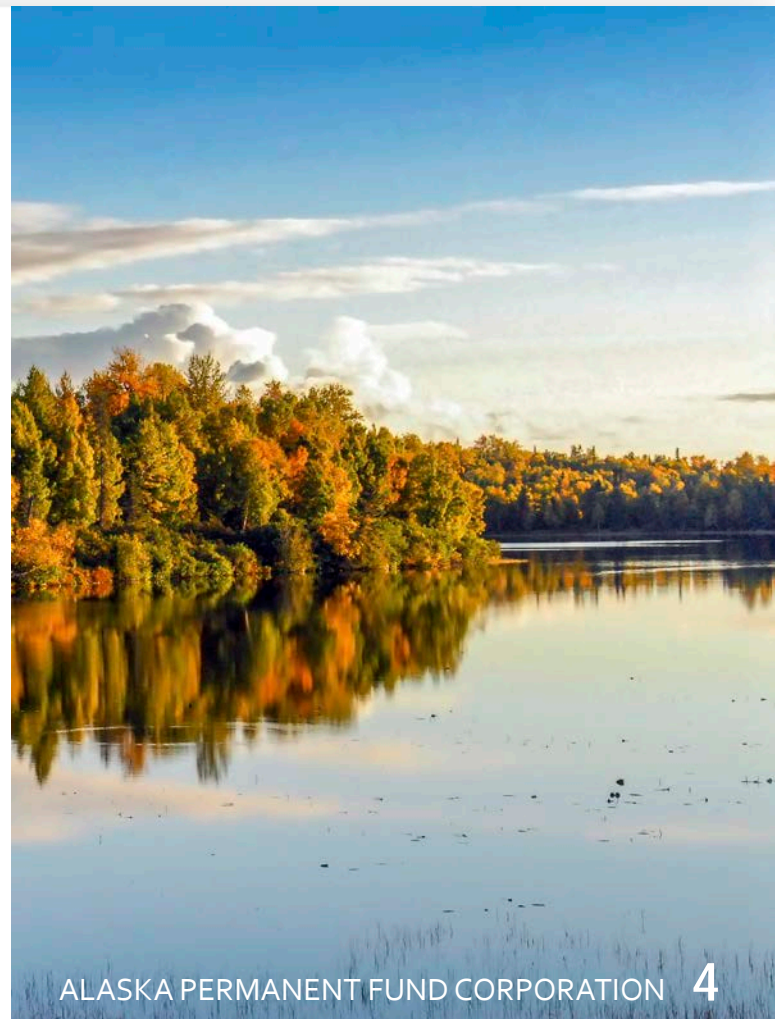


# APFC's Strategic 5 Year Plan

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## Strategic Priorities FY17-FY21

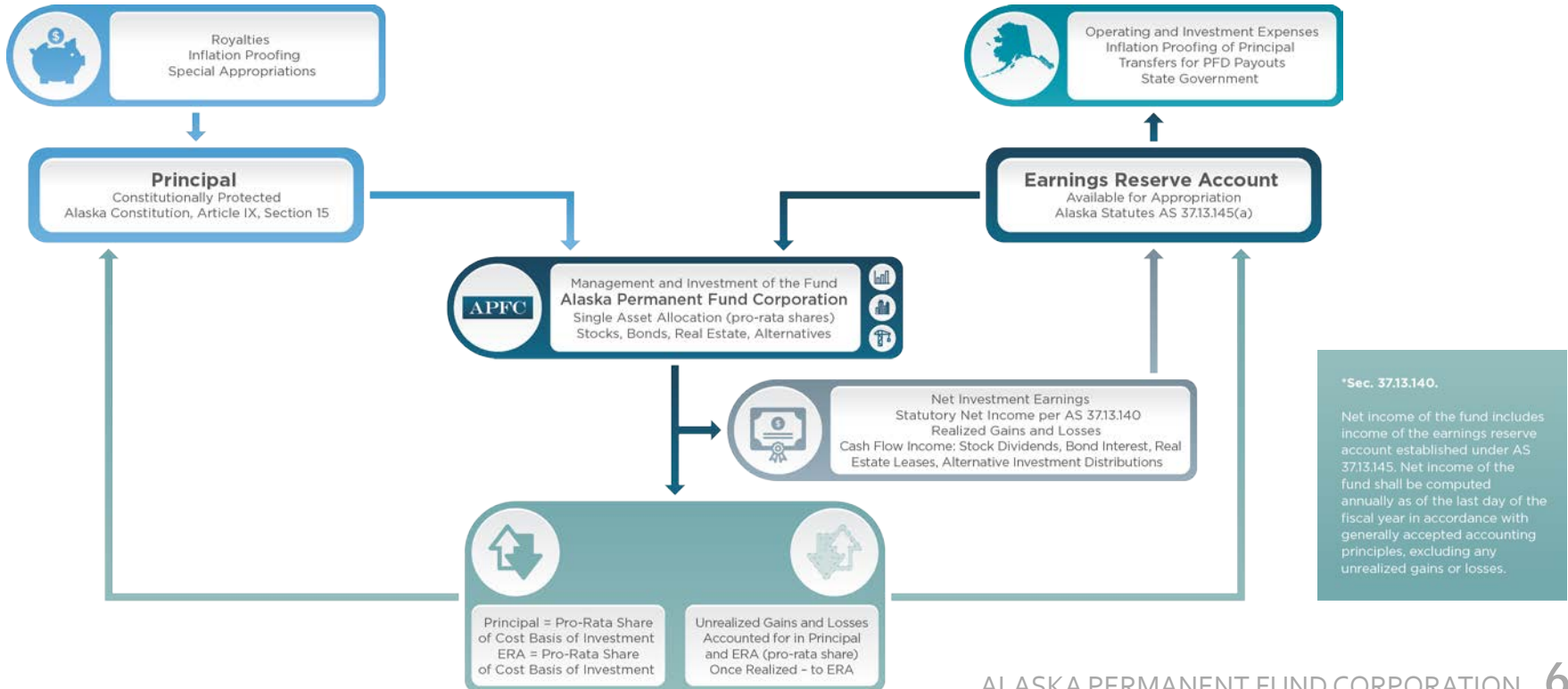
- Gain greater control of resource allocations
- Optimize APFC's operational processes and use of financial networks and resources
- Develop best-in-class investment management capabilities, partnerships, and geographic reach to maximize investment returns
- Enhance talent and staff across APFC



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 slightly out of focus, giving it a soft, artistic feel.

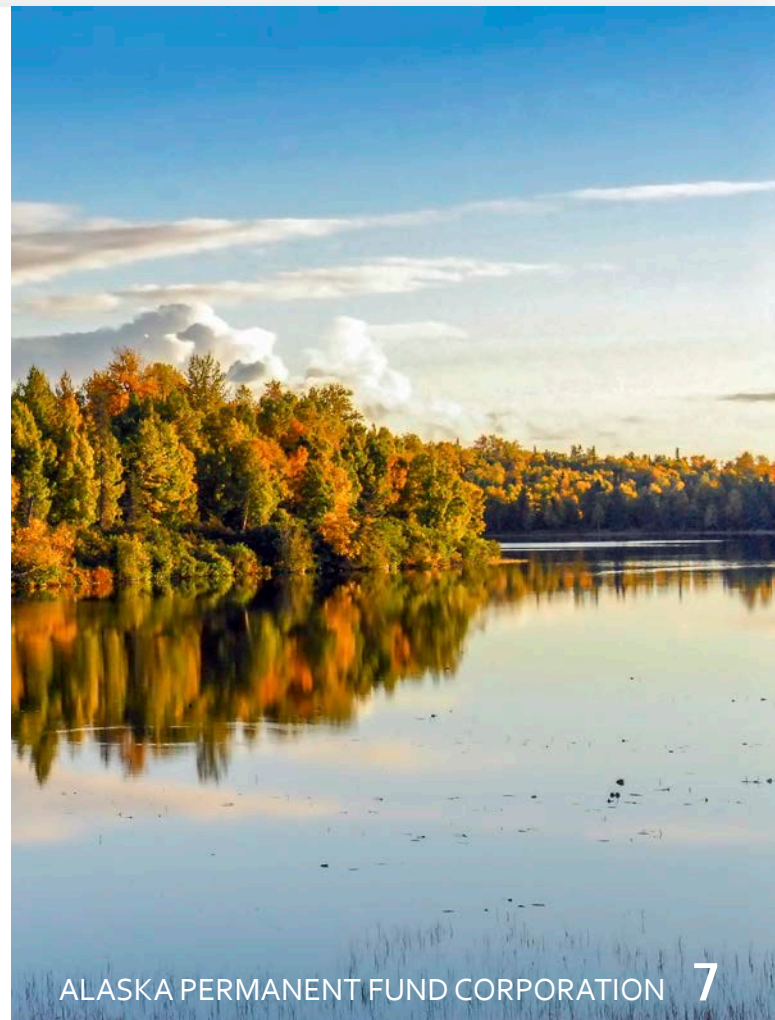
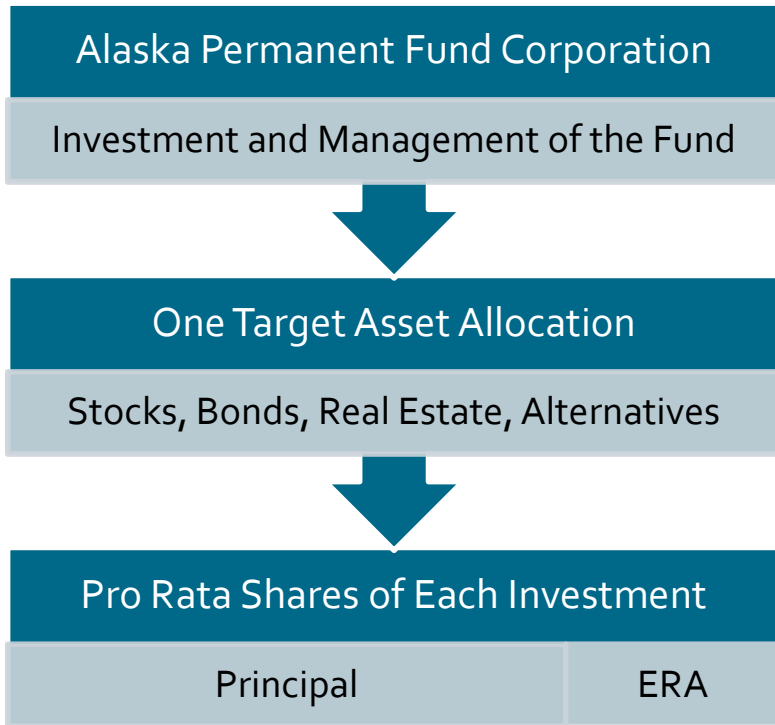
# How the Fund Works

# How the Fund Works





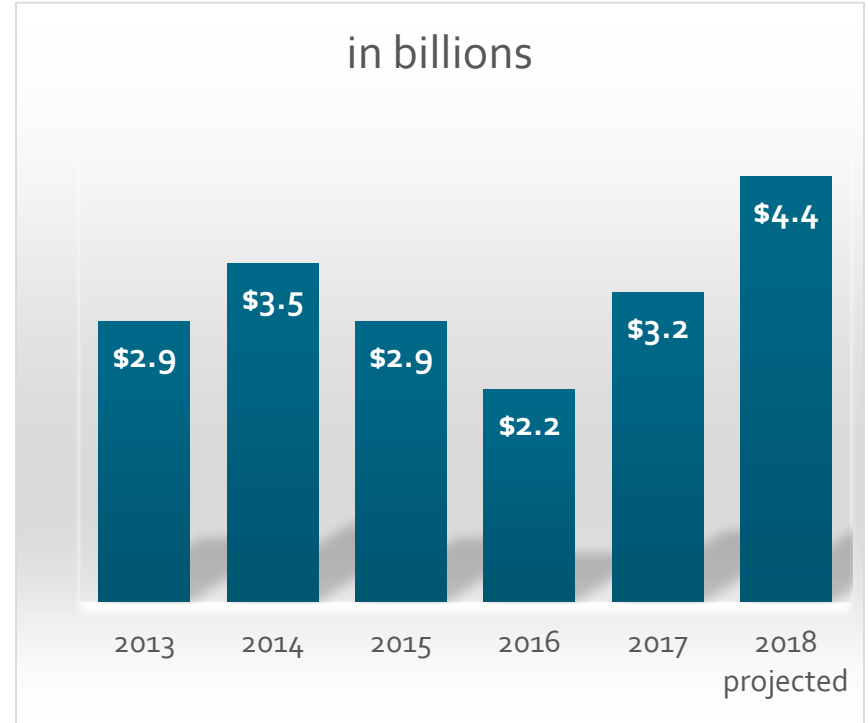
# Invested as One Fund



# Statutory Net Income AS 37.13.140

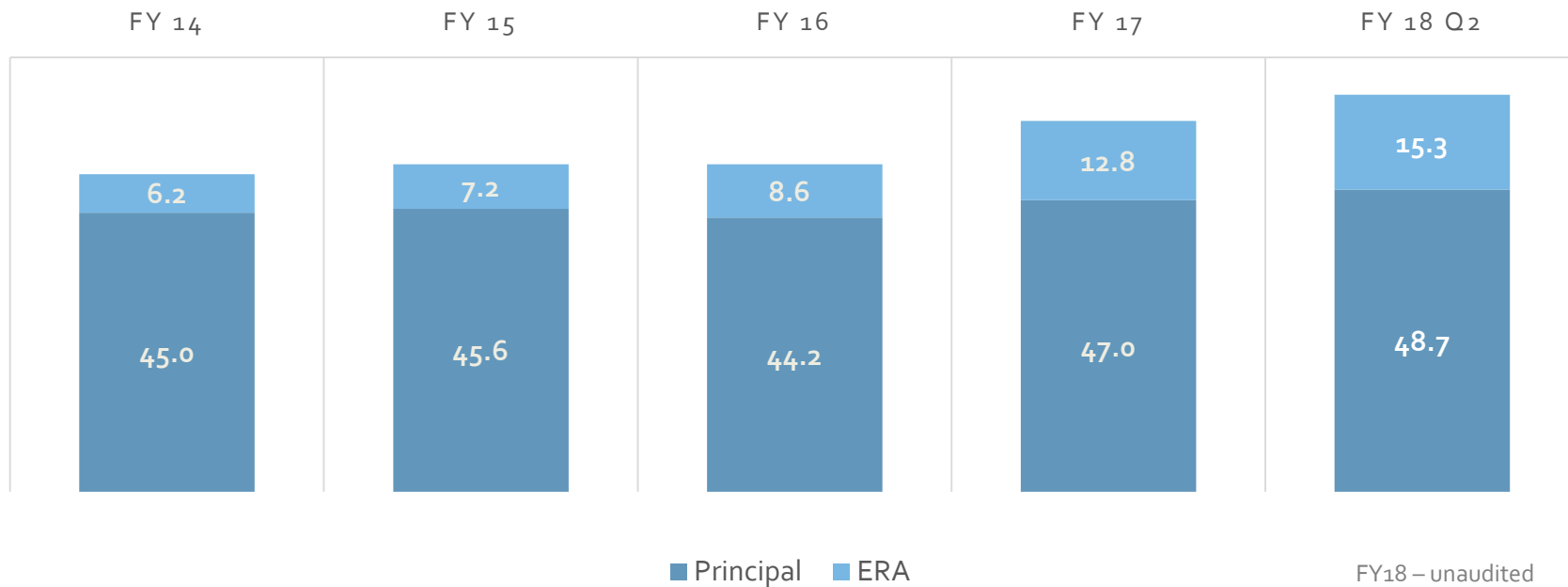
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- Pursuant to state law (AS 37.13.140), at the end of each fiscal year APFC calculates and reports on the net realized gains accounted for during the fiscal year.
- These net realized gains and investment income are the funds in the ERA that are subject to appropriation by a simple majority of the Alaska Legislature.
- Net realized gains = realized gains accumulated during the fiscal year (-) minus realized losses accounted for during the year.
- Unrealized gains earned by Principal are part of Principal, only until realized at which time they are transferred to the ERA.





# Assets Under Management in billions



FY18 – unaudited

# Principal

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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

# Inflation Proofing

- The Board of Trustees emphasized the importance of inflation proofing by unanimously adopting Resolution 17-01 during their September 2017 Annual Meeting.
  - *Directing APFC to identify and pursue legislative support for inflation proofing the Principal of the Alaska Permanent Fund to preserve the purchasing power for all generations as stated in AS 37.13.020.*
- AS 37.13.145 (c) provides the inflation proofing mechanism which is calculated at the end of the fiscal year. Historically, the Legislature has included an estimated amount in the language of the operating budget to fulfill this statutory obligation.
- The following amounts remain unappropriated at this time, and have been included in the Governor's proposed FY19 operating budget:
  - FY16      \$ 47 million
  - FY17      \$ 501 million
  - FY18      \$ 903 million (estimated)
  - FY19      \$ 943 million (estimated)

Fiscal Year	In millions	
	Inflation Transfer	Royalty Deposits
2009	\$1,144	\$651
2010	\$0	\$679
2011	\$533	\$887
2012	\$1,073	\$915
2013	\$743	\$840
2014	\$546	\$779
2015	\$624	\$600
2016	\$0	\$285
2017	\$0	\$365
2018	\$0	\$291*
2019	\$943*	\$352*

\* Estimated based on projections

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

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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

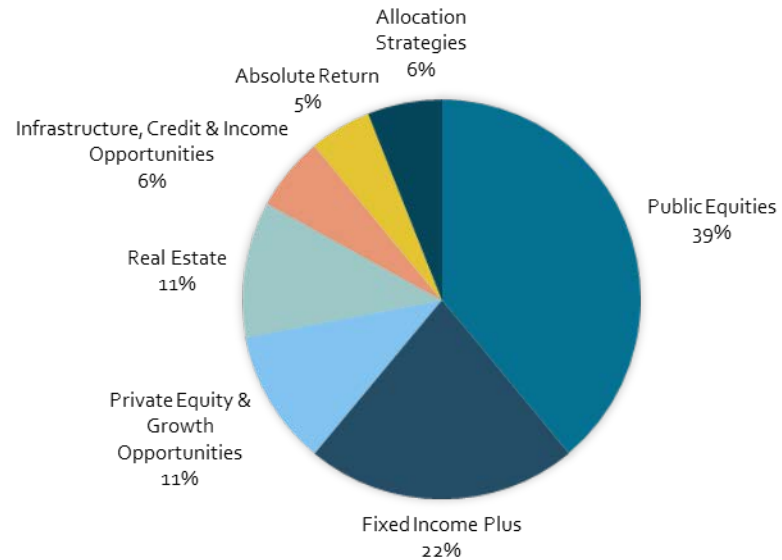




# The Portfolio \$64.0 Billion as of FY18 Q2

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## TARGET ALLOCATION (FY 2018)



# Asset Allocation Structure

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## Growth

### Tradable/Liquid

Public Equities (stock)

### Illiquid

Private Equity  
Absolute Return  
Allocation Strategies

## Income

### Tradable/Liquid

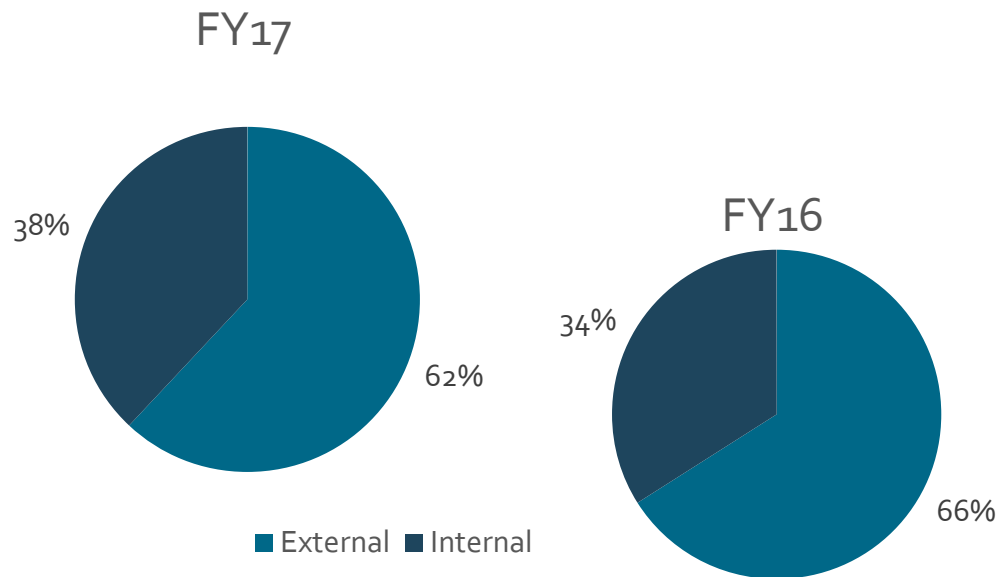
Fixed Income Plus (Bonds)  
Cash

### Illiquid

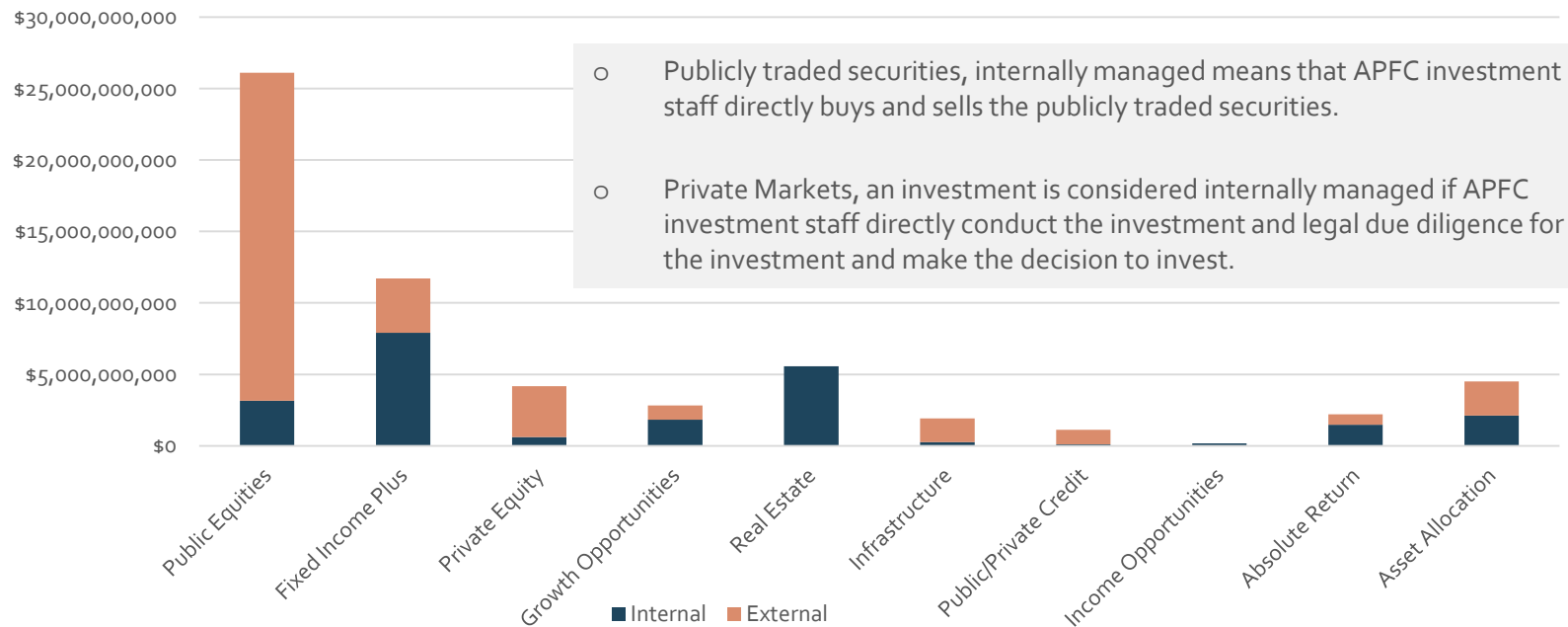
Real Estate  
Infrastructure

# Management of the Fund

The Board of Trustees continue to work towards an optimal mix of in-house versus external management capabilities based on resources and opportunities.



# Management of the Fund by Asset Class





# Outcomes

# Fiscal Year 2017 Performance as of 6/30/2017

## Realized and Unrealized Gains

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	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
<b>Public Equities</b>			
International Equities	6.89%	5.97%	7.17%
Global Equities	5.37%	7.75%	11.21%
Domestic Equities	5.13%	10.92%	14.62%
<b>Fixed Income Plus</b>			
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%
<b>Private Equity</b>	7.50%	17.43%	18.33%
<b>Real Estate</b>	-0.50%	9.02%	10.03%
<b>Infrastructure</b>	6.83%	17.02%	15.12%
<b>Public/Private Credit</b>	3.64%	5.99%	8.06%
<b>Absolute Return</b>	2.01%	2.40%	3.84%
<b>Asset Allocation</b>			
Cash	0.28%	0.29%	0.18%
Multi-Asset Class	3.35%	5.42%	5.21%

# Callan's Capital Markets Forecast

as of September 2017

10 year horizon	Previous	New
Total Return	6.95%	6.50%
Statutory Return	6.24%	6.53%
Inflation	2.25%	2.25%

Asset Category	Projected 10-Year Geometric Return	Annualized Standard Deviation
Global Equities	7.00%	18.55%
Cash Equivalents	2.27%	0.90%
US TIPS	3.00%	5.25%
US Fixed Income	3.00%	3.75%
Investment Grade Credit	3.55%	5.05%
Non US Fixed Income	1.40%	9.20%
Emerging Markets Debt	4.50%	9.60%
High Yield Fixed Income	4.75%	10.35%
Global REITS	6.40%	20.30%
Global Listed Infrastructure	5.80%	15.90%
Private Equity	8.50%	22.00%
Real Estate	5.95%	13.50%
Private Infrastructure	5.75%	14.50%
Absolute Return	5.05%	9.15%



# APFC Stress Tests

# What are the stress tests?

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- At the request of the Board Chair, Bridgewater, one of our partners with expertise in portfolio management, developed and presented stress scenario analyses to the Board of Trustees.
- These analyses demonstrate the effects of stressful economic conditions on the Fund under assumed draws:
  - 5.25% years 1-2, and 5% years 3-10
  - 5.25% years 1-2, and 4.5% years 3-10.
- The stress analyses estimate the returns required to achieve assumed draw outcomes, and compare these return hurdles to the range of returns implied by forward-looking Bridgewater assumptions, Callan estimates, and historical returns (adjusted for today's cash rates).

# Bridgewater's Observations

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- Total returns for savers are likely to be historically low over the next decade.
- Forecasting future returns is inherently imprecise; however, there is confidence that low cash rates will be a drag on all assets for the medium term.
- This development presents a significant challenge to investors whose spending plans are based on higher expected returns than are now likely.

# Methodology

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For each draw assumption two stress tests were conducted - distinguished by whether the current stock of unrealized gains are used as an additional lever to support the balance in the Earnings Reserve.

## Stress Test 1

Make payments according to distribution plan (5.25% to 5% or 5.25% to 4.5%) until Earnings Reserve is exhausted (~13B starting buffer)

- This stress test is conservative with respect to potential distributions (i.e., should represent a lower-bound for expected payments from the fund).

## Stress Test 2

Make payments until overall plan surplus (Earnings Reserve + Current Unrealized Gains) is exhausted (~20B starting buffer)

- This stress test is less conservative with respect to distributions (i.e., the worst case distribution outcomes will be less severe, though the worst case ending fund size will be more severe).



# Assumptions

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## Draws

- Scenario 1:  
Distributions are Calculated as 5.25% of the 5-Year Average of the Total Fund Size in years 1-2, and 5.00% in years 3-10.
- Scenario 2:  
Distributions are Calculated as 5.25% of the 5-Year Average of the Total Fund Size in years 1-2, and 4.50% in years 3-10.

## Distributions

- Limited by either the size of the ERA (Stress Test 1) or the ERA plus current unrealized gains (Stress Test 2).
- Prioritized over inflation proofing payments – partial payments allowed.
- ERA can be drawn to zero, but never have a negative balance.

## Inflation Proofing

- Assessed on the Principal Fund Balance, excluding any unrealized gains.
- 2.25% Annual Inflation (unless otherwise noted).



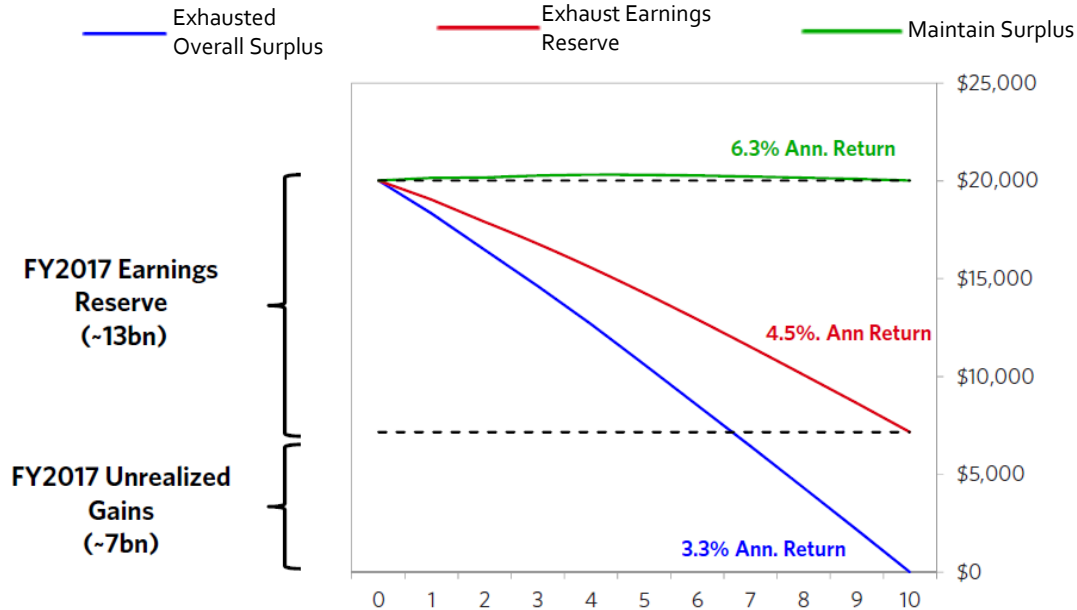
# Scenario 1

5.25% years 1-2 and 5.00% years 3-10

# Required Return (5.25% to 5.00% Scenario)

## Expected Path of "Economic Surplus" (Earnings Reserve + Unrealized Gains)

(2.25% Inflation Proofing; 5.25%/5.00% Distributions)



Assuming 2.25% Annual Inflation Proofing:

	Required Return	Odds of Falling Short
Exhaust Overall Surplus	3.3%	20%
Exhaust Earnings Reserve	4.5%	30%
Maintain Surplus	6.3%	48%

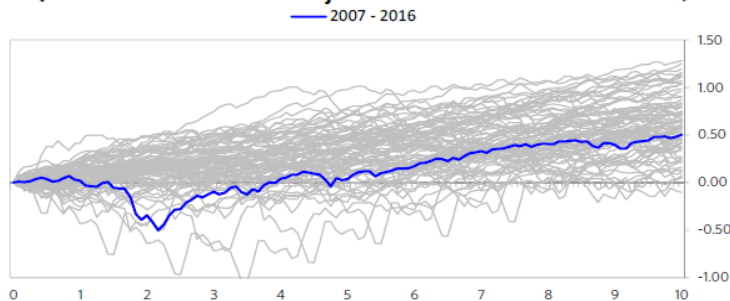
Note: Probabilities based on Callan Return Estimates

Note: the probabilities shown above assume all distributions are made in full. To the extent payments are reduced after depleting the earnings reserve, the odds of exhausting the "Overall Surplus" would be lower.

(Bridgewater)

# Stress Test Example: 2007-2016 (5.25% to 5.00% Scenario)

**Stress Test of Returns**  
(Sim. Historical Returns Adjusted To Current 1.3% Cash Rate)



**Financial Crisis & Recovery ('07-'16)**

Projection Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Returns Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Rolling 5yr Fund Size (BOY)	\$52.3	\$55.0	\$52.5	\$51.8	\$52.6	\$51.6	\$51.9	\$57.8	\$62.1	\$64.2
Target Distribution (%)	5.25%	5.25%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Target Distribution (\$)	\$2.7	\$2.9	\$2.6	\$2.6	\$2.6	\$2.6	\$2.6	\$2.9	\$3.1	\$3.2
Asset Portfolio Return	2.0%	-30.1%	27.9%	14.4%	-0.5%	14.5%	16.9%	7.7%	-0.7%	10.9%
Actual Distribution (\$)	\$2.7	\$2.9	\$0.0	\$0.0	\$2.6	\$2.6	\$2.6	\$2.9	\$3.1	\$3.2
% of Desired	100%	100%	0%	0%	100%	100%	100%	100%	100%	100%
Total Fund Size (EOY)	\$58.6	\$38.4	\$49.5	\$57.0	\$54.4	\$60.1	\$68.0	\$70.8	\$67.6	\$72.2
Earnings Reserve (EOY)	\$10.4	\$0.0	\$0.0	\$6.8	\$2.9	\$7.9	\$14.4	\$15.6	\$10.9	\$13.8
Economic Surplus (EOY)	\$17.6	-\$3.9	\$6.9	\$14.0	\$10.1	\$15.0	\$21.5	\$22.8	\$18.0	\$21.0
Cumulative Distributions	\$2.7	\$5.6	\$5.6	\$5.6	\$8.3	\$10.8	\$13.4	\$16.3	\$19.4	\$22.6
Cum. Expected @ 6.5% Return	\$2.7	\$5.7	\$8.6	\$11.6	\$14.7	\$17.9	\$21.2	\$24.6	\$28.0	\$31.5
% of Expected (@ 6.5% Return)	100%	99%	66%	49%	56%	61%	63%	66%	69%	72%
Cumulative Missed Inf. Payments	\$0.0	\$0.0	-\$1.0	-\$1.9	-\$1.9	-\$2.6	-\$2.6	-\$2.6	-\$2.6	-\$2.6
Real Value of Principal Balance	\$40.1	\$40.4	\$39.9	\$39.3	\$39.7	\$39.4	\$39.8	\$40.2	\$40.6	\$41.0

In the analysis above, simulated excess return of the APFC portfolio are added to Bridgewater forward looking cash rate of 1.3%. Each gray line represents a distinct 10-year period, beginning in January 1925. Estimates of the distributions and future capacity measures are based on the cash flows provided by APFC and Bridgewater analysis. Assumes 5.25% distributions in years 1 & 2, and 5.00% distributions thereafter, calculated based on the rolling 5-year total fund balance, and annual 2.25% inflation proofing payments. HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN INHERENT LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING OR THE COSTS OF MANAGING THE PORTFOLIO. ALSO, SINCE THE TRADES HAVE NOT ACTUALLY BEEN EXECUTED, THE RESULTS MAY HAVE UNDER OR OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. Past performance is not indicative of future results.

(Bridgewater)

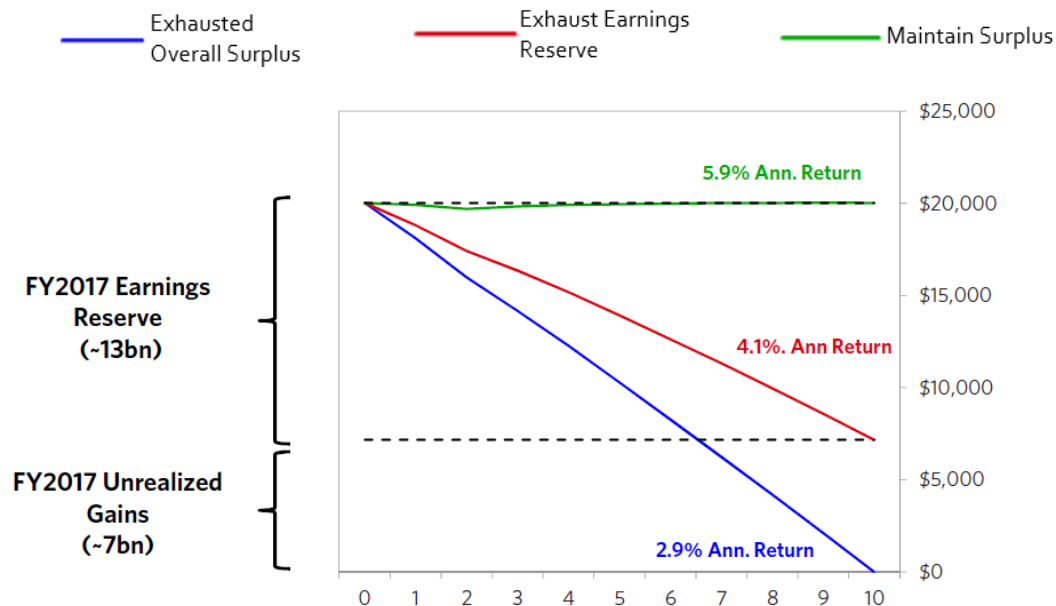
## Scenario 2

5.25% years 1-2 and 4.50% years 3-10



# Required Return (5.25% to 4.50% Scenario)

**Expected Path of "Economic Surplus"**  
**(Earnings Reserve + Unrealized Gains)**  
 (2.25% Inflation Proofing; 5.25%/4.5% Distributions)



Assuming 2.25% Annual Inflation Proofing:		
	Required Return	Odds of Falling Short
Exhaust Overall Surplus	2.9%	17%
Exhaust Earnings Reserve	4.1%	26%
Maintain Surplus	5.9%	44%

Note: Probabilities based on Callan Return Estimates

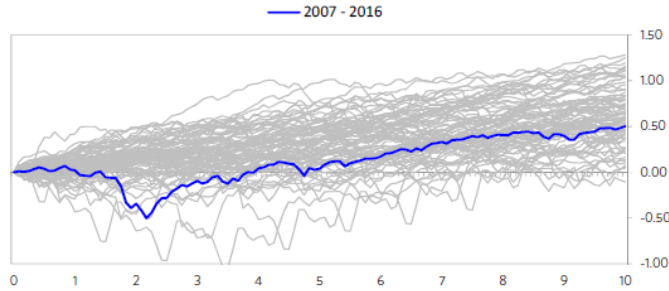
Note: the probabilities shown above assume all distributions are made in full. To the extent payments are reduced after depleting the earnings reserve, the odds of exhausting the "Overall Surplus" would be lower.

(Bridgewater)



# Stress Test Example: 2007-2016 (5.25% to 4.50% Scenario)

**Stress Test of Returns**  
(Sim. Historical Returns Adjusted To Current 1.3% Cash Rate)



**Financial Crisis & Recovery ('07-'16)**

Projection Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Returns Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Rolling 5yr Fund Size (BOY)	\$52.3	\$55.0	\$52.5	\$51.8	\$52.6	\$51.6	\$52.0	\$58.1	\$62.7	\$65.1
Target Distribution (%)	5.25%	5.25%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Target Distribution (\$)	\$2.7	\$2.9	\$2.4	\$2.3	\$2.4	\$2.3	\$2.3	\$2.6	\$2.8	\$2.9
Asset Portfolio Return	2.0%	-30.1%	27.9%	14.4%	-0.5%	14.5%	16.9%	7.7%	-0.7%	10.9%
Actual Distribution (\$)	\$2.7	\$2.9	\$0.0	\$0.0	\$2.4	\$2.3	\$2.3	\$2.6	\$2.8	\$2.9
% of Desired	100%	100%	0%	0%	100%	100%	100%	100%	100%	100%
Total Fund Size (EOY)	\$58.6	\$38.4	\$49.5	\$57.0	\$54.7	\$60.7	\$68.9	\$72.0	\$69.1	\$74.2
Earnings Reserve (EOY)	\$10.4	\$0.0	\$0.0	\$6.8	\$3.2	\$7.9	\$14.7	\$16.3	\$11.9	\$15.3
Economic Surplus (EOY)	\$17.6	-\$3.9	\$6.9	\$14.0	\$10.3	\$15.1	\$21.9	\$23.5	\$19.0	\$22.4
Cumulative Distributions	\$2.7	\$5.6	\$5.6	\$5.6	\$8.0	\$10.3	\$12.7	\$15.3	\$18.1	\$21.0
Cum. Expected @ 6.5% Return	\$2.7	\$5.7	\$8.6	\$11.6	\$14.7	\$17.9	\$21.2	\$24.6	\$28.0	\$31.5
% of Expected (@6.5% Return)	100%	99%	66%	49%	54%	58%	60%	62%	65%	67%
Cumulative Missed Inf. Payments	\$0.0	\$0.0	-\$1.0	-\$1.9	-\$1.9	-\$2.1	-\$2.1	-\$2.1	-\$2.1	-\$2.1
Real Value of Principal Balance	\$40.1	\$40.4	\$39.9	\$39.3	\$39.7	\$39.9	\$40.2	\$40.6	\$41.0	\$41.4

In the analysis above, simulated excess return of the APFC portfolio are added to Bridgewater forward looking cash rate of 1.3%. Each gray line represents a distinct 10-year period, beginning in January 1925. Estimates of the distributions and future capacity measures are based on the cash flows provided by APFC and Bridgewater analysis. Assumes 5.25% distributions in years 1 & 2, and 5.00% distributions thereafter, calculated based on the rolling 5-year total fund balance, and annual 2.25% inflation proofing payments. HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN INHERENT LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING OR THE COSTS OF MANAGING THE PORTFOLIO. ALSO, SINCE THE TRADES HAVE NOT ACTUALLY BEEN EXECUTED, THE RESULTS MAY HAVE UNDER OR OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. Past performance is not indicative of future results.

(Bridgewater)

# Summary Comparison

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Probabilities and Expected Outcomes are Based on Callan 6.5% Return Assumption

	Base Case (5.25%/5.0%)	Reduced Distributions (5.25%/4.5%)
<b>Required Return (and Probability of Falling Short)</b>		
To meet all planned distributions while:		
Maintaining overall surplus:	6.3% (48%)	5.9% (44%)
Exhausting the earnings reserve:	4.5% (30%)	4.1% (26%)
Exhausting the economic surplus:	3.3% (20%)	2.9% (17%)
<b>Expected 10y Outcomes (Callan Estimates)</b>		
Cumulative Distributions:	\$31,521	\$29,172
Total Fund Size:	\$75,331	\$78,298
Ending Earnings Reserve:	\$14,316	\$17,282
Ending Economic Surplus:	\$21,471	\$24,437
Cumulative Missed Inflation Proofing:	\$0	\$0

(Bridgewater)



# Appendix

## 12/31 Financial Statements

## ALASKA PERMANENT FUND

### Balance Sheets

Unaudited (millions of dollars)	December 31, 2017	June 30, 2017
<b>Assets</b>		
Cash and temporary investments	\$ 2,152.6	2,653.5
Receivables, prepaid expenses and other assets	316.0	544.8
Investments:		
Marketable debt securities	11,224.5	10,114.6
Preferred and common stock	27,380.1	25,354.4
Real estate	7,086.8	6,886.8
Absolute return	4,929.8	4,567.0
Public-private credit	1,248.7	1,111.8
Private equity	7,392.3	6,818.1
Infrastructure	2,750.4	2,458.3
Total investments	62,012.6	57,311.0
<b>TOTAL ASSETS</b>	<b>\$ 64,481.2</b>	<b>60,509.3</b>
<b>Liabilities</b>		
Accounts payable	\$ 473.9	699.1
Income distributable to the State of Alaska	0.0	25.1
<b>TOTAL LIABILITIES</b>	<b>473.9</b>	<b>724.2</b>
<b>Fund Balances</b>		
Nonspendable:		
Permanent Fund corpus - contributions and appropriations	40,000.7	39,814.3
Not in spendable form - unrealized appreciation on invested assets	8,707.9	7,155.3
Total nonspendable	48,708.6	46,969.6
Committed:		
Current FY dividend	0.0	0.0
Current FY inflation proofing	832.0	0.0
Current FY AK Capital Income Fund	16.6	0.0
Total committed	848.6	0.0
Assigned for future appropriations:		
Realized earnings	11,715.1	10,863.2
Unrealized appreciation on invested assets	2,735.0	1,952.3
Total assigned	14,450.1	12,815.5
<b>TOTAL FUND BALANCES</b>	<b>64,007.3</b>	<b>59,785.1</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 64,481.2</b>	<b>60,509.3</b>

# ALASKA PERMANENT FUND

## Statements of Revenues, Expenditures and Changes in Fund Balances

Unaudited (millions of dollars)	Month ended December 31, 2017	Six months ended December 31, 2017	Fiscal year-end audited June 30, 2017
<b>Revenues</b>			
Interest	\$ 72.1	224.8	310.8
Dividends	112.0	310.3	563.0
Real estate and other income	44.3	176.0	380.3
Total interest, dividends, real estate and other income	228.4	711.1	1,254.1
Net increase (decrease) in the fair value of investments:			
Marketable debt securities	48.7	77.7	(62.5)
Preferred and common stock	384.9	2,688.3	4,125.6
Real estate	16.6	187.9	102.6
Absolute return	21.0	208.2	351.8
Public-private credit	0.5	26.9	85.3
Private equity	(45.9)	734.3	1,056.6
Infrastructure	6.8	213.3	259.2
Derivative Instruments	9.6	2.0	69.1
Currency	(26.2)	(21.8)	(436.4)
Total net increase (decrease) in investments	416.0	4,116.8	5,551.3
<b>TOTAL REVENUES</b>	<b>644.4</b>	<b>4,827.9</b>	<b>6,805.4</b>
<b>Expenditures</b>			
Operating expenditures	(8.8)	(60.2)	(121.2)
Other legislative appropriations	0.0	(5.9)	(8.6)
<b>TOTAL EXPENDITURES</b>	<b>(8.8)</b>	<b>(66.1)</b>	<b>(129.8)</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ 635.6</b>	<b>4,761.8</b>	<b>6,675.6</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	43.5	186.4	364.9
Transfers out	0.0	(726.0)	(25.1)
<b>NET CHANGE IN FUND BALANCES</b>	<b>679.1</b>	<b>4,222.2</b>	<b>7,015.4</b>
<b>Fund Balances</b>			
Beginning of period	63,328.2	59,785.1	52,769.7
End of period	\$ 64,007.3	64,007.3	59,785.1

### Statutory Income Calculation

Excess (deficiency) of revenues over (under) expenditures	635.6	4,761.8	6,675.6
Adjustments to bring net income to statutory net income:			
Unrealized (gains) losses	235.3	(2,335.4)	(3,436.3)
Alaska Capital Income Fund realized income	(5.9)	(16.6)	(25.1)
<b>STATUTORY NET INCOME</b>	<b>\$ 865.0</b>	<b>2,409.8</b>	<b>3,214.2</b>

## ALASKA PERMANENT FUND

### Receivables and Payables

Unaudited (millions of dollars)	December 31, 2017
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#### Accounts Receivable

Interest Receivable	\$ 92.2
Dividends Receivable	49.6
Foreign Exchange Contracts Receivable	0.0
Pending Sales Fixed Income	0.1
Pending Sales Equities	20.5
Pending Sales Alternative Investments	106.3
State Dedicated Revenues Receivable	47.1
Pending Sales Real Estate/REITs	0.2
Prepaid and Other Receivables	0.0
TOTAL RECEIVABLES	<u>\$ 316.0</u>

#### Accounts Payable

Accrued Operating Payables	\$ 29.2
Pending Purchase Fixed Income	405.5
Pending Purchase Equities	38.1
Pending Purch. Alt. Investmnt	0.6
Pending Purchase Real Estate/REITs	0.5
TOTAL PAYABLES	<u>\$ 473.9</u>

**ALASKA PERMANENT FUND  
FUND FINANCIAL HISTORY & PROJECTIONS**  
as of December 31, 2017

Projections extend ten years, and are based on best available information (\$ in millions)

Nonspendable Fund Balance - Principal										Assigned Fund Balance											TOTAL FUND				
FY-Begin						Unrealized		FY-End Non-	Acct.	Statutory	Distributions of			FY-End	Unrealized		Net	FY-End		FY-End					
Contrib.						Gain (Loss)		spendable	Net	Net	Statutory Net Income			Balance	Gain (Loss)		Assigned	Assigned		Balance					
Appro-						State	Inflation	FY-End	Net	FY-End				Balance	Net	FY-End	Change	Balance	Change	Balance					
prios						Revenues	Proofing	Contributions	Change	Balance				Realized	Change	Balance	Change	Balance	FY	FY-End					
FY						Balance	Contributions	Balance	Change	Balance				Realized	Change	Balance	Change	Balance	FY	Balance					
77-08						0	7,039	10,537	11,573	29,149	2,312	2,064	31,213	37,724	37,556	16,652	15,314	421	4,969	352	352	5,942	5,321	77-08	36,534
09						29,149	0	651	1,144	30,945	(3,513)	(1,449)	29,496	(6,394)	(2,509)	875	1,144	0	441	(373)	(21)	(4,901)	420	09	29,917
10						30,944	0	679	0	31,624	1,869	421	32,045	3,517	1,590	858	0	1,194	37	16	790	1,210	10	33,255	
11						31,624	0	887	533	33,044	4,367	4,788	37,832	6,812	2,143	801	533	13	2,016	276	292	1,098	2,308	11	40,140
12						33,044	0	915	1,073	35,033	(1,568)	3,220	38,253	(100)	1,568	605	1,073	17	1,905	(117)	175	(227)	2,081	12	40,333
13						35,033	0	840	743	36,615	964	4,184	40,800	4,314	2,928	604	743	30	3,487	392	567	1,973	4,054	13	44,853
14						36,615	0	779	546	37,941	2,878	7,062	45,002	6,848	3,531	1,235	546	32	5,237	408	975	2,158	6,211	14	51,214
15						37,941	0	600	624	39,165	(589)	6,473	45,638	2,384	2,907	1,373	624	24	6,147	41	1,016	951	7,162	15	52,800
16						39,165	0	284	0	39,449	(1,723)	4,750	44,199	398	2,198	696	0	198	7,649	(95)	921	1,408	8,570	16	52,769
17						39,449	0	365	0	39,814	2,405	7,155	46,969	6,676	3,214	0	0	25	10,864	1,031	1,952	4,246	12,816	17	59,785
Lo 18						39,814	0	291	1,402	41,507	(3,734)	3,421	44,928	(947)	3,688	726	1,402	27	12,424	(928)	1,024	632	13,448	18	58,376
Mid 18						39,814	0	291	1,402	41,507	(1,078)	6,077	47,584	3,314	4,391	726	1,402	32	13,126	(31)	1,922	2,232	15,048	18	62,632
Hi 18						39,814	0	291	1,402	41,507	1,321	8,477	49,984	7,503	5,242	726	1,402	38	13,977	902	2,854	4,015	16,831	18	66,815
19						41,507	0	352	942	42,801	(109)	5,968	48,769	3,959	3,950	1,705	942	28	14,429	90	2,012	1,394	16,442	19	65,211
20						42,801	0	350	971	44,121	(109)	5,859	49,981	4,123	4,115	1,749	971	28	15,825	89	2,101	1,485	17,926	20	67,907
21						44,121	0	359	1,001	45,481	(101)	5,758	51,239	4,295	4,288	1,876	1,001	28	17,236	81	2,182	1,492	19,418	21	70,657
22						45,481	0	368	1,032	46,881	(86)	5,672	52,553	4,471	4,464	2,096	1,032	28	18,573	65	2,247	1,402	20,820	22	73,372
23						46,881	0	367	1,063	48,311	(81)	5,591	53,903	4,643	4,638	2,227	1,063	28	19,920	58	2,305	1,406	22,226	23	76,129
24						48,311	0	377	1,095	49,784	(83)	5,508	55,292	4,819	4,814	2,253	1,095	28	21,386	61	2,366	1,526	23,752	24	79,044
25						49,784	0	403	1,129	51,316	(81)	5,427	56,743	5,005	5,001	2,344	1,129	28	22,914	57	2,423	1,585	25,338	25	82,081
26						51,316	0	430	1,164	52,910	(79)	5,348	58,258	5,200	5,196	2,437	1,164	28	24,510	54	2,477	1,649	26,987	26	85,245
27						52,910	0	453	1,201	54,563	(77)	5,271	59,834	5,402	5,400	2,532	1,201	28	26,177	51	2,529	1,718	28,705	27	88,540
28						54,563	0	469	1,238	56,271	(76)	5,195	61,466	5,612	5,611	2,630	1,238	28	27,919	49	2,578	1,792	30,497	28	91,964
Cumulative Totals																									
Proj. for 2018-2027						0	4,219	12,238	(1,960)					50,844	51,869	22,575	12,238	309	625	17,681					





Questions ?