



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Treasury Cash Flow and Investment Fund Update



March 23, 2026

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Agenda

- Meet the Treasury Division
- State Cash Management
- Treasury Investment Funds
- Participant Directed Plans

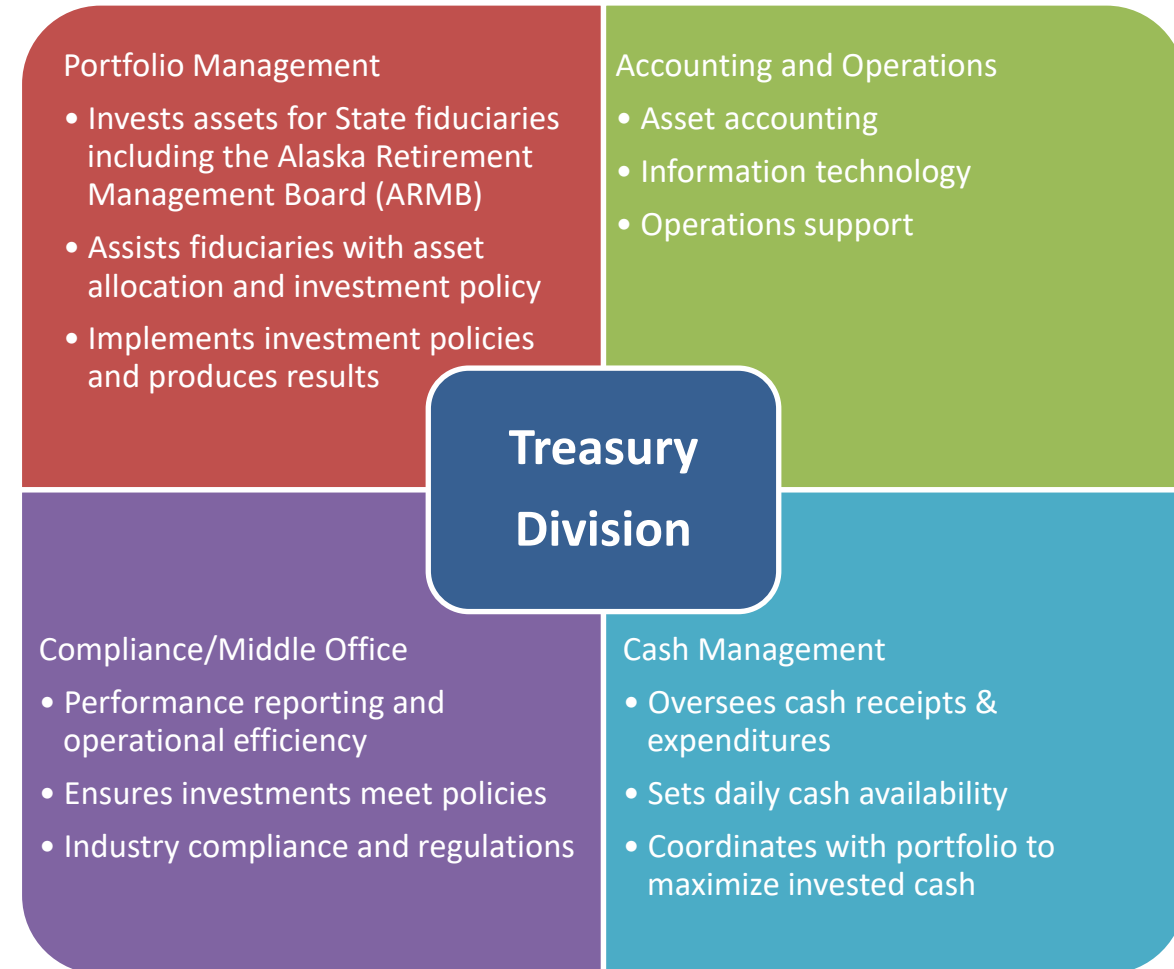


Meet the Treasury Division



Department of Revenue – Treasury Division

- The Treasury Division manages liquidity, risk, and investments across \$58 billion in assets for the State of Alaska
- The Division is comprised of 40 experienced professionals in portfolio management, accounting, operations, compliance, and cash management. Treasury staff average tenure is over 10 years and includes Chartered Financial Analysts (CFA), Certified Public Accountants (CPA), Certified Treasury Professionals (CTP) and other advanced degrees and designations
- Managing multiple funds and state cash flows is complex and requires a deep understanding of the investment management and banking systems integrated into the State accounting system
 - In FY2025, there were 120,000+ trades made on behalf of hundreds of state accounts that roll into 45+ investment funds, utilizing ~30 investment pools, supported by 150+ investment managers and 700+ private equity funds
 - Accounting ensures that all trades and costs are directed and accounted for in the correct accounts/funds
 - The Middle Office performs 75+ compliance tests on trades daily and calculates daily performance for over 45 funds
 - Cash Management processes roughly 100,000 transactions annually for departments to realize revenue and expenditures in the accounting system. There are over \$15 billion in cash inflows and cash outflows annually
- It takes a unique set of skills to manage complex systems with strong results



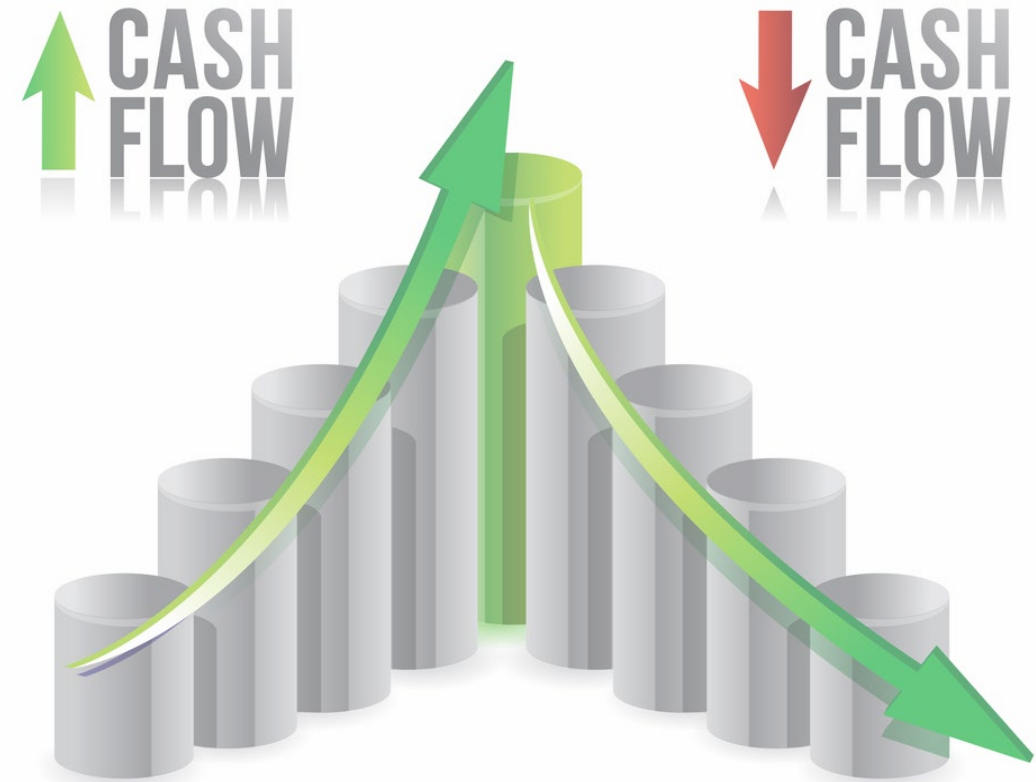
State Cash Management



Managing Alaska's Cash Flows

Treasury's Cash Management group is experienced in working with the State's reserves to ensure there is sufficient cash to meet the State's needs:

- Alaska has significant reserves. According to the Pew Trust, Alaska's 2025 reserve fund provided 191 days of coverage of our operating budget, the second highest of all 50 states
- Uncertainty exists for both revenues and expenditures
- Cash flow timing mismatches occur, even with balanced budgets
- Revenue shortfalls may occur if forecasted assumptions are wrong and require sufficient reserves and appropriations



Inflows

- **Tax Revenues** – Oil & Gas, Excise, Other
- **Federal Dollars** – Grants, Medicaid, Federal Highway Administration (FHWA), Education
- **Earnings Reserve Funds**
- **Agency Receipts** – Fees, Licenses, Permits

Outflows

- **School Education Payments**
- **Payroll & Pension Payments**
- **Vendor Payments**
- **Medicaid Payments**
- **Dividend Payments**
- **Grant Payments**
- **Debt/Credit Payments**

Revenue Uncertainty

- Commodity Volatility
 - Petroleum revenues are projected to be ~30 percent of unrestricted General Fund revenues
 - Uncertainty exists "in-year" for FY2026 and beyond
 - Will always have in-year uncertainty because the budget is based on in-year oil collections
- Investment Return Volatility
 - Investment earnings are projected to fund ~60 percent of unrestricted General Fund revenues
 - Certainty exists today for FY2026 and FY2027 due to a lagging Percent of Market Value (POMV) formula
 - Uncertainty exists for FY2028 and beyond

Expenditure Uncertainty

- Expenditures can occur prior to receipt of revenue, resulting in cash flow timing mismatches:
 - Federal programs require expenditures before reimbursement
 - i.e., Medicaid, Transportation, etc.
 - Beginning of year appropriation transfers do not match incoming revenue
 - i.e., State pension payments, transfers to subfunds for programs
 - Seasonal cash flow needs
 - i.e., Summer is the peak season for construction projects and seasonal workers

Cash Flow Deficiencies

- Prior to 1985, most unrestricted revenues flowed into and stayed in the General Fund for expenditure. Over time, many subfunds were established, resulting in less cash available to pay day-to-day operating costs
- Cash Flow Deficiencies are common and can be managed by:
 - Managing the timing of receipts and expenditures
 - Borrowing from Budget Reserves, the Earnings Reserve Account (ERA) or other funds

Revenue Shortfalls

- A revenue shortfall differs from a cash flow timing deficiency. A revenue shortfall occurs when revenue is insufficient to cover General Fund appropriations in any given fiscal year
- The legislature includes language annually in the operating budget appropriating budget reserve funds for revenue shortfalls
- The Constitutional Budget Reserve fund (CBRF) has been used to cover revenue shortfalls historically

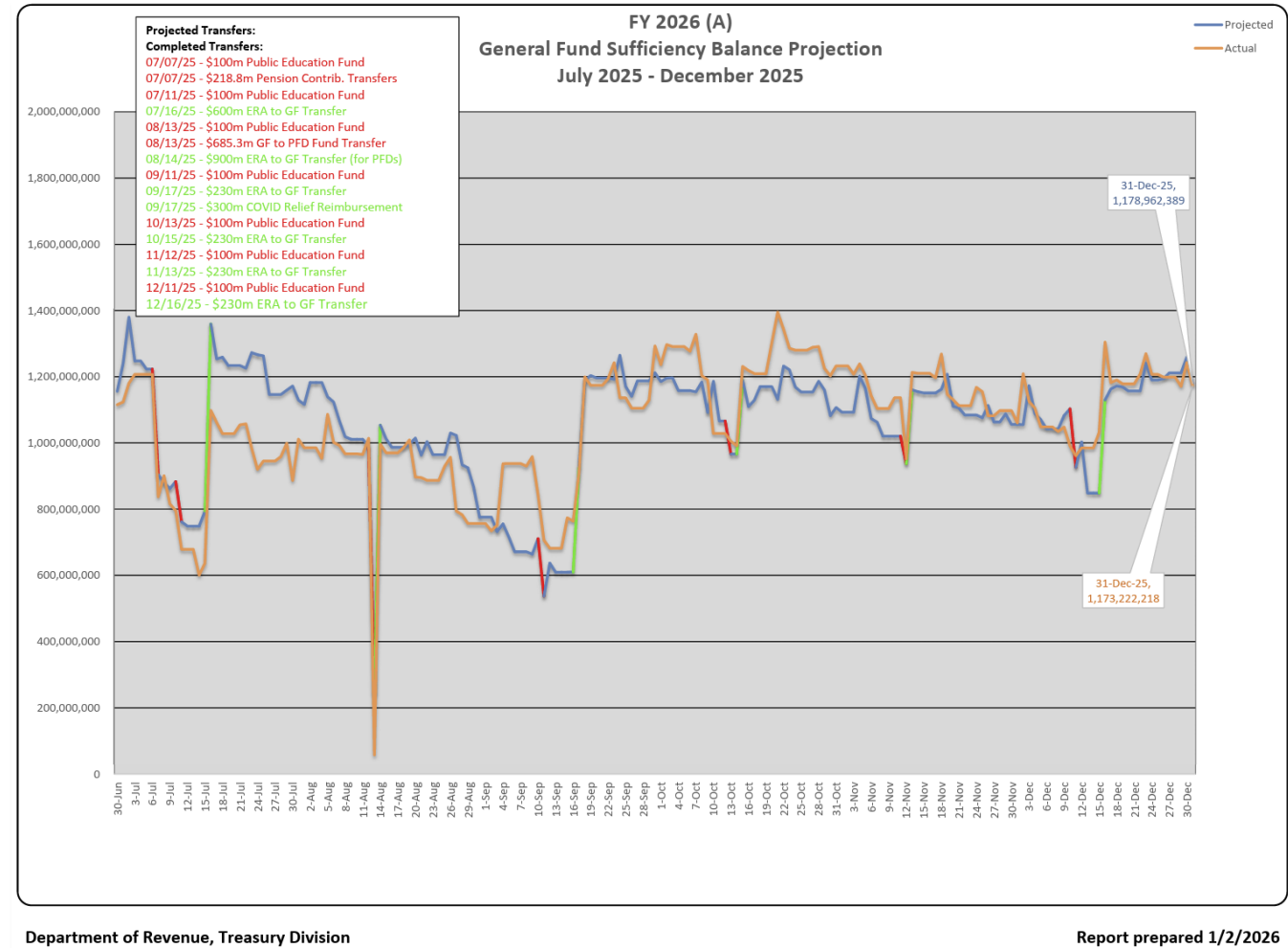
Cash Deficiency Memorandum of Understanding

- Developed in 1994 between DOR, DOA, OMB & LAW
- Updated as needed
- Targets \$400 million minimum cash threshold in the General Fund proper
- Outlines procedures for addressing cash flow timing mismatches:
 - Develop monthly cash projections
 - Monitor daily General Fund cash balances. Update forecasts based on new cash flows
 - Execute appropriated transfers from ERA, CBRF, or others
 - Perform temporary fund borrowing (CBRF, ERA, subfunds) to be repaid by fiscal year end
 - In the event of forecasted revenue shortfall:
 - Seek legislative action through the Governor to access additional funds through appropriation from other Reserve Funds
 - Prioritize disbursements, restrict expenditures



Cash Management in Action

- Cash Management works with all departments of the State to ensure cash is reconciled and reported
- Staff analyzes outstanding payments, incoming funds, cash in suspense and other changes daily to update the General Fund cash balance forecast
- Cash is managed to ensure cash needs are met and to maximize investments of the ERA
 - When deficits are anticipated, funds have been initially drawn from the CBRF rather than the ERA
 - The number of ERA draws during a year has increased over time to provide greater flexibility
 - ERA draw schedules have changed on average two times per year due to changes in the amount or timing of revenue forecasts, planned expenditures and potential federal shutdowns
 - In the last 10 years the cash sufficiency balance has gone below the \$400 million threshold on average 10 days per year
- Cash Management projects and transfers funds to maximize the amount that is invested by Treasury portfolio staff



Treasury Investment Process and Performance Summary

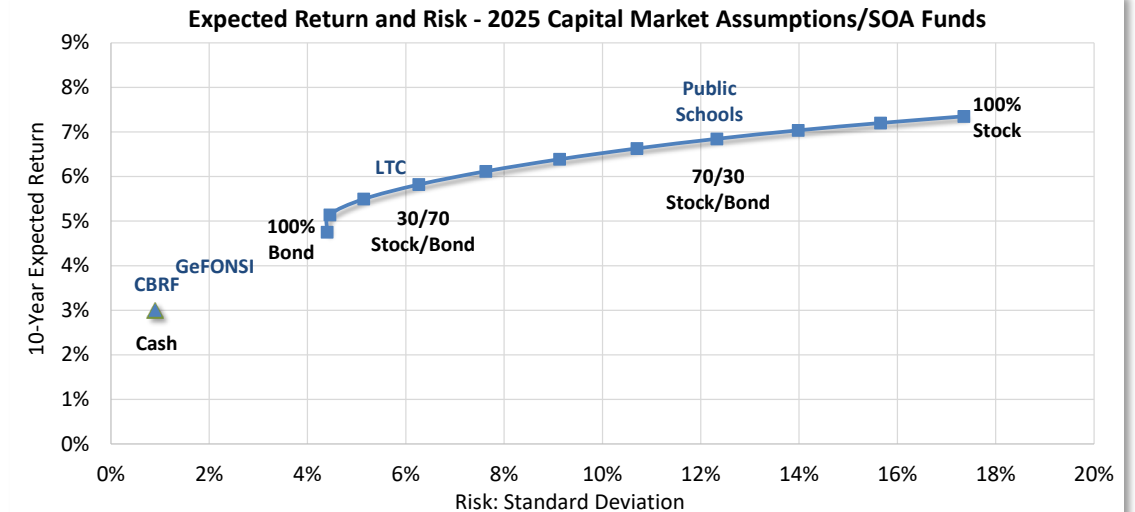


Treasury Investment Process

- Treasury advises and manages assets across the risk spectrum from low-risk cash-equivalent investments through higher risk endowment and retirement funds for five state fiduciaries including the Alaska Retirement Management Board (ARMB) and the Commissioner of Revenue
- Setting investment policies and asset allocations are key fiduciary duties for these funds. Treasury staff makes recommendations on the investment policy and asset allocation of each fund in a transparent and documented process to multiple State boards and through a quarterly State Investment Review process with an independent investment advisory committee
- Treasury investment recommendations are consistent with State law and best practice and designed to balance fund investment objectives, risk tolerance, and other attributes including capacity for loss or volatility over short, medium, and longer time horizons
- The investment process uses independent capital market forecasts to arrive at asset allocations and return and risk expectations
- For underlying investments, Treasury uses a combination of low-cost internal asset management and specialized external asset managers for each asset class

Treasury Investment Funds	12/31/2025	Risk Tolerance	
Short-Term Funds	\$140,834,255	Lowest	
CBRF	\$2,978,548,407	↓	
GeFONSI	\$2,469,210,757		
GeFONSI II	\$1,322,892,293		
International Airport Fund	\$251,196,701		
<i>Exxon Valdez Oil Spill Funds</i>	\$59,560,226		
<i>Alaska Student Loan Investment Fund</i>	\$148,579,333		
Retiree Long Term Care Fund	\$1,017,244,487		
<i>Alaska Mental Health Trust Fund</i>	\$79,058,839		
Alaska Higher Education Investment Fund	\$313,474,943		
Public School Trust Fund	\$951,778,917		
Other Endowment Funds	\$4,213,102		
<i>Alaska Retirement Management Board</i>	\$48,328,250,339		Highest
Total	\$58,064,842,598		

Note: Italics indicate funds with a fiduciary other than the Commissioner of Revenue



Recent Capital Market Performance

- U.S. equities have delivered strong cumulative performance over the past seven years, with positive returns in every year except 2022
- In 2022, the Federal Reserve sharply increased interest rates to combat inflation, which led to poor performance in both equities and fixed-income investments
- Capital markets have been heavily influenced by concerns about inflation, interest rates, and economic growth
- As inflation moderated in 2024 and 2025, the Federal Reserve started reducing interest rates, easing the pressure on economic growth
- Equity markets recovered strongly and both cash and fixed income now benefit from higher yields
- For 2025, performance was positive across all asset classes for the third year in a row

CY2019	CY2020	CY2021	CY2022	CY2023	CY2024	CY2025
Broad U.S. Equity 31.0%	Broad U.S. Equity 20.9%	REITs 41.3%	Cash Equivalents 1.5%	Broad U.S. Equity 26.0%	Broad U.S. Equity 23.8%	International Equity 32.4%
REITs 28.7%	TIPS 11.0%	Broad U.S. Equity 25.7%	High Yield (11.2%)	International Equity 15.6%	High Yield 8.2%	Broad U.S. Equity 17.1%
International Equity 21.5%	International Equity 10.7%	International Equity 7.8%	TIPS (11.8%)	High Yield 13.4%	International Equity 5.5%	High Yield 8.6%
High Yield 14.3%	Core U.S. Fixed Income 7.5%	TIPS 6.0%	Core U.S. Fixed Income (13.0%)	REITs 11.4%	Cash Equivalents 5.3%	Core U.S. Fixed Income 7.3%
Core U.S. Fixed Income 8.7%	High Yield 7.1%	High Yield 5.3%	International Equity (16.0%)	Core U.S. Fixed Income 5.5%	REITs 4.9%	TIPS 7.0%
TIPS 8.4%	Cash Equivalents 0.7%	Cash Equivalents 0.0%	Broad U.S. Equity (19.2%)	Cash Equivalents 5.0%	TIPS 1.8%	Cash Equivalents 4.2%
Cash Equivalents 2.3%	REITs (5.1%)	Core U.S. Fixed Income (1.5%)	REITs (24.9%)	TIPS 3.9%	Core U.S. Fixed Income 1.3%	REITs 2.3%



Treasury Asset Class Performance

- State funds invest in commingled asset class investments managed by Treasury staff and external managers
- Asset class investments are allocated in different proportions to meet a range of fund investment policies
- State asset class performance for calendar year 2025 was strong across asset classes
- Most asset classes exceeded benchmark performance for the year and longer time periods, adding additional value

State of Alaska Asset Class Returns through 12/31/2025

<u>Pool Performance (Net of Fee)</u>	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	4.52%	5.16%	3.41%	2.90%	2.42%
Fixed Income - Short Term	5.59%	4.99%			
Fixed Income - Core US	7.57%	5.16%	0.05%	2.43%	2.34%
Fixed Income - Core Plus	7.87%	5.85%			
Equity - Broad US*	17.12%	22.24%	13.20%	16.64%	
Equity - REITS	2.29%	5.96%			
Equity - Global ex-US*	32.56%	17.34%	7.95%	10.17%	
Benchmark Performance					
Cash Equivalents	4.28%	4.85%	3.19%	2.69%	2.19%
Fixed Income - Short Term	5.17%	4.51%			
Fixed Income - Core US	7.30%	4.66%	-0.36%	1.99%	2.01%
Fixed Income - Core Plus	7.30%	4.66%			
Equity - Broad US*	17.15%	22.25%	13.15%	16.64%	
Equity - REITS	2.27%	6.12%			
Equity - Global ex-US*	32.39%	17.33%	7.91%	10.15%	
Relative Performance (Net of Fee)					
Cash Equivalents	0.24% ●	0.32% ●	0.22% ●	0.20% ●	0.23% ●
Fixed Income - Short Term	0.42% ●	0.48% ●			
Fixed Income - Core US	0.27% ●	0.49% ●	0.41% ●	0.44% ●	0.33% ●
Fixed Income - Core Plus	0.57% ●	1.18% ●			
Equity - Broad US*	-0.02% ▲	0.00% ▲	0.05% ●	0.00% ▲	
Equity - REITS	0.02% ●	-0.16% ◆			
Equity - Global ex-US*	0.18% ●	0.01% ●	0.04% ●	0.02% ●	

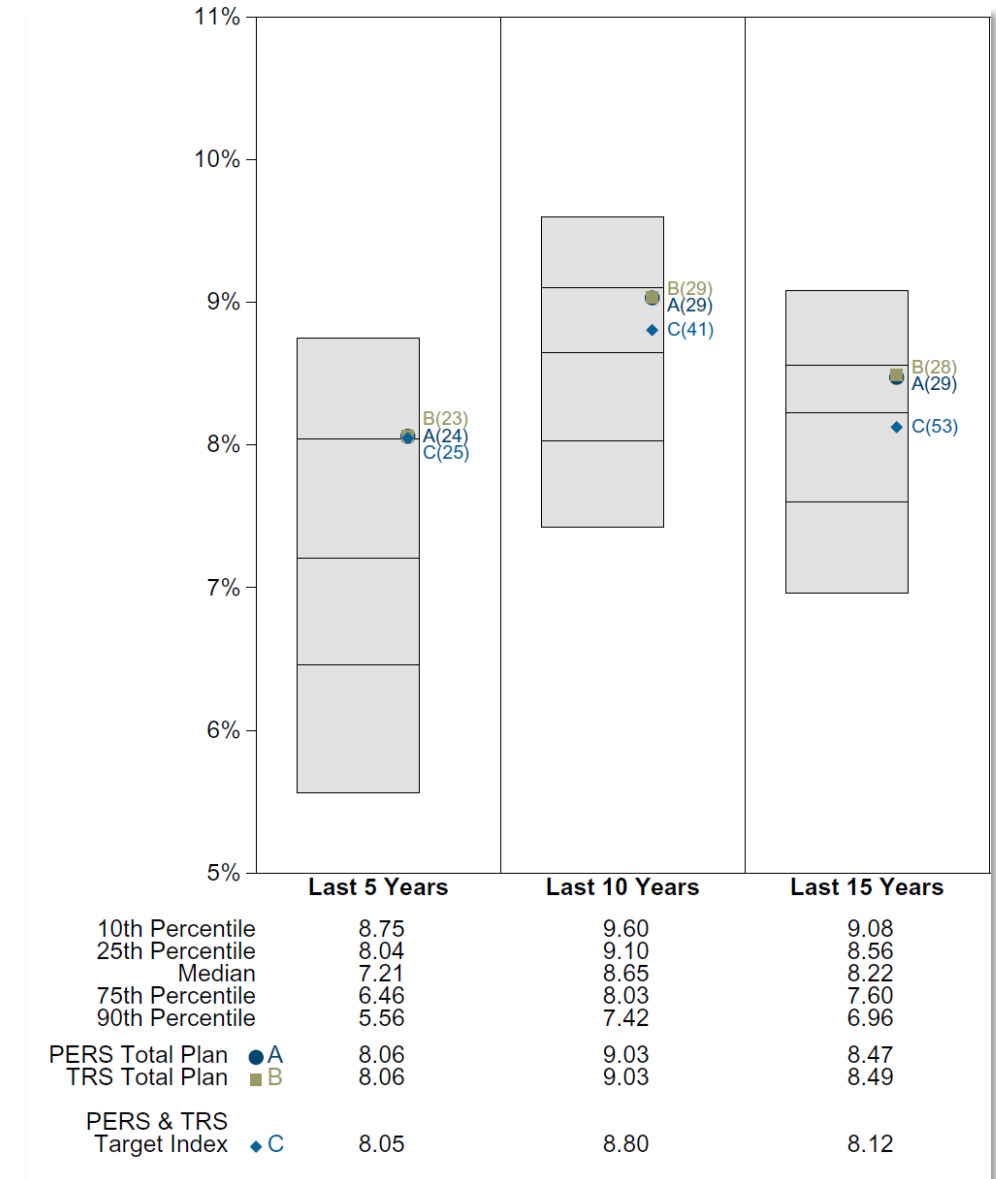
Benchmarks: Cash Equivalents: 3-month U.S. Treasury Bill; Short Term Fixed Income: Bloomberg 1-3 Gov Index; Core/ US Fixed Income: Bloomberg U.S. Aggregate Index; Broad US Equity: Russell 3000 Index; International Equity: MSCI ACWI ex-US Index; REITs: NAREIT Index



Treasury Investment Result Summary

- The benefits of the Treasury Division's work in the form of excess returns, cost savings, and error prevention are significant
- Treasury Investment performance has been strong:
 - Overall performance across all Treasury investments resulted in \$6.7 billion in total gains and a 12.9 percent overall return for calendar year 2025
 - Performance for state funds resulted in total gains of \$658 million. Overall state fund performance of 7.3 percent was strong for lower risk funds and exceeded benchmarks
 - The ARMB's performance for the State's defined benefit retirement systems has been in the top-third of peer public pension performance and has exceeded benchmarks materially. Total nominal gains for calendar year 2025 were \$4.4 billion
- Treasury uses low-cost investment management where appropriate and over half of investments are managed internally by staff:
 - Over the past 5 years, internal investing resulted in investment management fee savings of \$150 million and has delivered excess returns of \$98 million
 - Treasury's cost structure is materially lower than peers. Fiscal year 2025 fees for the defined benefit retirement systems were 40 bps compared with a median of 56 bps for large plans – a difference of over \$40 million per year

ARMB Returns vs Callan Public Fund Peers through 12/31/25



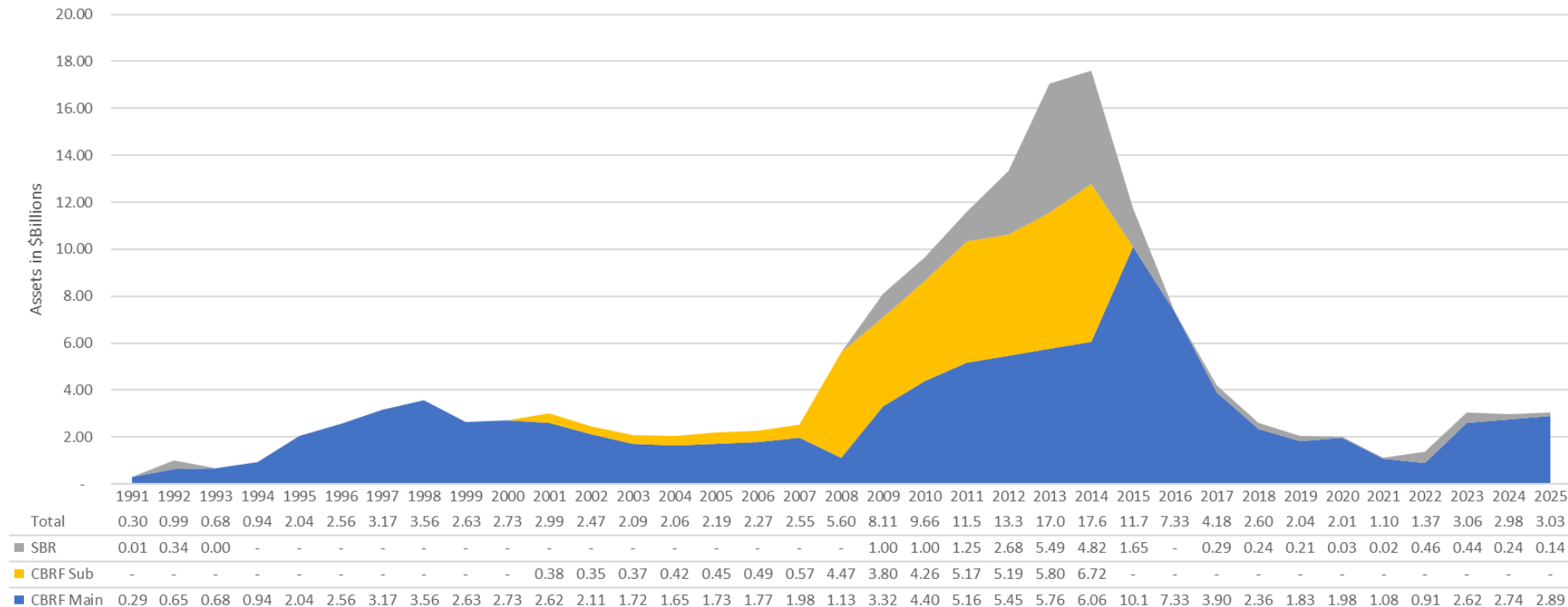
Individual Fund Summaries



Constitutional Budget Reserve Fund (CBRF)

- The CBRF is the State’s primary budget reserve used for liquidity and revenue volatility management
- In 1990, voters of Alaska adopted an amendment to the constitution creating the CBRF
- The CBRF has been used to fund temporary cash flow expense/revenue mismatches and to cover budget revenue shortfalls through appropriation. Appropriations from the CBRF must be repaid
- In 2000, the legislature created a Sub Account in the CBRF to be used for funds that will not be needed for at least five years

Invested Asset History

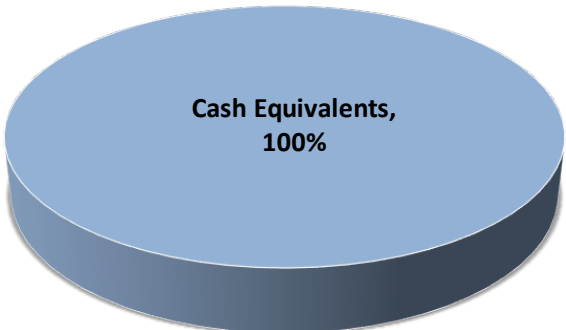


Notes: The Statutory Budget Reserve Fund (SBRF) (AS 37.05.540) was created in 1986. The SBRF was a part of the GeFONSI before and after being managed as a separate fund from July 2013–October 2015. Data is at fiscal year end of June 30.



Constitutional Budget Reserve Fund Combined Main and Sub Accounts

Fiduciary: Commissioner of Revenue

		CBRF Main Account and Sub Account Combined	
Investment Objective		Short-Term: Lowest Risk	
Target Asset Allocation		 <p>Cash Equivalents, 100%</p>	
Market Value (\$000's)	12/31/2021	Market Value ¹	
	12/31/2022	\$1,089,000	
	12/31/2023	\$1,065,500	
	12/31/2024	\$2,747,000	
	12/31/2025	\$2,812,500	
Returns through 12/31/2025	6 Month 1 Year 3 Year 5 Year 10 Year	Returns	Benchmark²
		2.20%	2.16%
		4.48%	4.28%
		5.15%	4.85%
		3.41%	3.19%
		2.95%	2.72%
Expected Fiscal Year Return: 3.94%			

1: 2025 includes \$49.5 million from the CBRF Sub Account

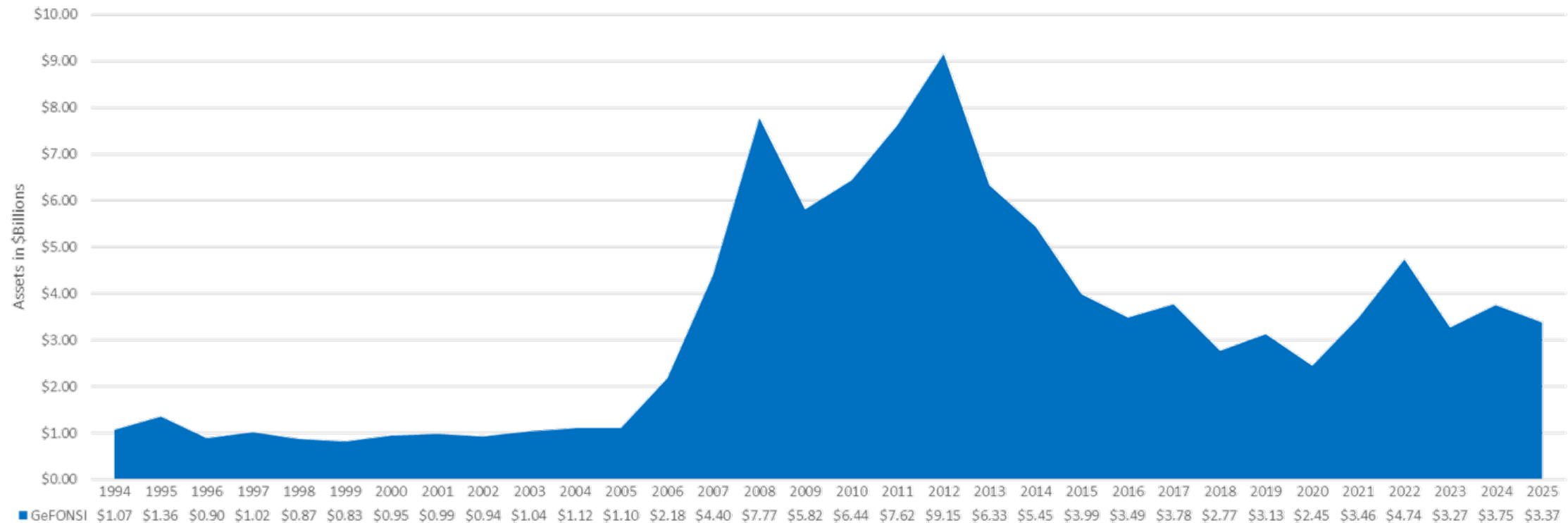
2: Cash Equivalents: 3-month U.S. Treasury Bill annualized greater than 1 year



General Fund and Other Non-Segregated Investments (GeFONSI)

- GeFONSI includes the General Fund and Other Non-segregated funds invested in a pooled environment that support the State's operating budget and cash needs (The General Fund proper carries a minimum balance of \$400 million to pay the bills)
- GeFONSI II was created in 2018 to target a higher risk return profile for a subset of funds

Invested Asset History

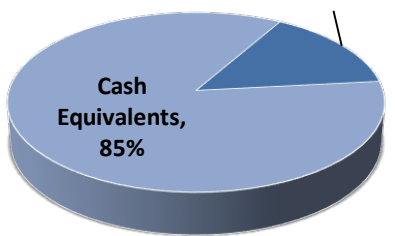
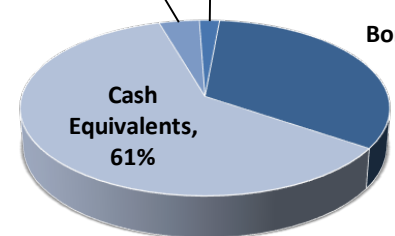


Notes: Chart does not include the SBR balance. Data is at fiscal year end of June 30.



General Fund and Other Non-Segregated Investments (GeFONSI I & II)

Fiduciary: Commissioner of Revenue

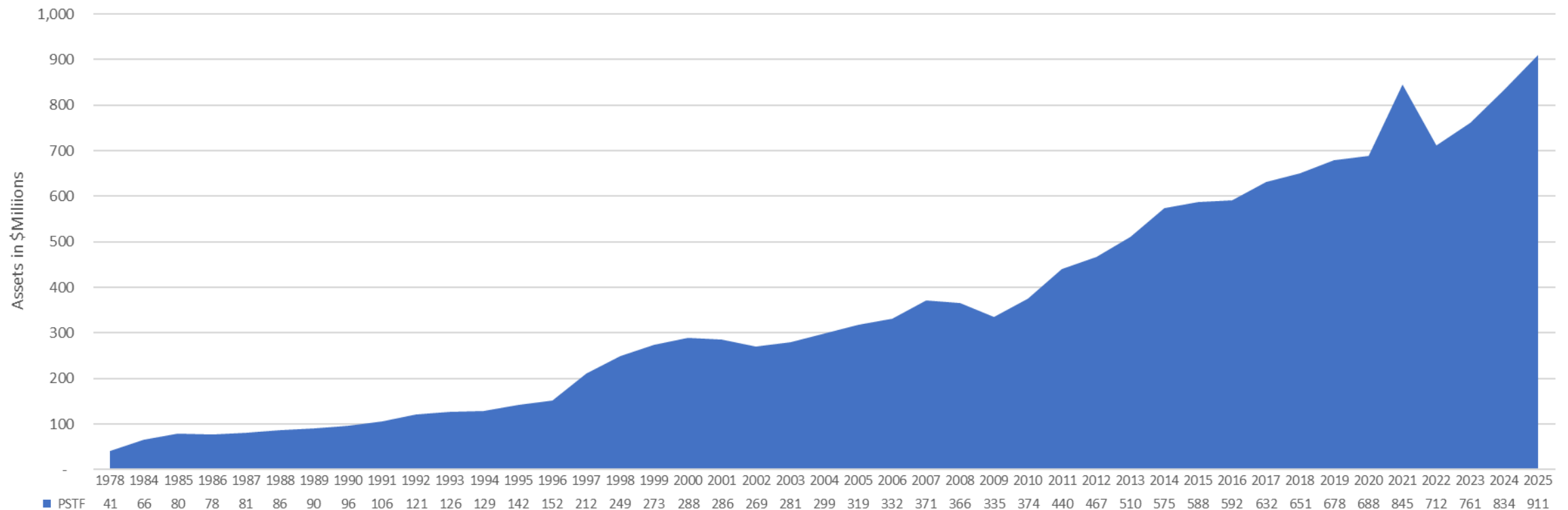
		GeFONSI I		GeFONSI II	
Investment Objective		Short-Term: Low Risk		Short-Term: Moderate Risk	
Target Asset Allocation					
Market Value (\$000's)	12/31/2021	Market Value ¹		Market Value	
	12/31/2022	\$1,605,600		\$1,225,600	
	12/31/2023	\$2,406,800		\$1,679,900	
	12/31/2024	\$1,529,500		\$1,604,900	
	12/31/2025	\$1,863,100		\$1,404,900	
	Combined @ 12/31/2025	\$2,469,000		\$1,322,900	
		\$3,791,900			
Returns through 12/31/2025		Returns	Benchmark ²	Returns	Benchmark ³
	6 Month	2.27%	2.17%	2.84%	2.73%
	1 Year	4.71%	4.41%	5.93%	5.61%
	3 Year	5.16%	4.80%	6.04%	5.67%
	5 Year	2.94%	2.69%	3.10%	2.90%
	10 Year	2.26%	2.04%	N/A	N/A
		Expected Fiscal Year Return: 3.97%		Expected Fiscal Year Return: 4.29%	
<p>1: Includes SBR balances</p> <p>2: Cash Equivalents: 3-month U.S. Treasury Bill; 1-3 Year Gov't Bonds: Bloomberg 1-3 Year Gov't Bond Index</p> <p>3: Broad US Equity: Russell 3000 Index; Cash Equivalents: 3-month U.S. Treasury Bill; International Equity: MSCI ACWI ex-US Index; 1-3 Year Gov't Bonds: Bloomberg 1-3 Year Gov't Bond Index annualized greater than 1 year</p>					



Public School Trust Fund (PSTF)

- The PSTF is a long-term fund that provides a portion of the State’s public education funding
- The PSTF was established in 1978, replacing the territorial era public school land grant originally created by congress in 1915, by a transfer of the balance from the permanent school trust
- Following passage of HB 213 in 2018, the fund is now managed as one fund, under a percentage of market value method (five percent of the average market value for the five years preceding the last previous fiscal year)

Invested Asset History



Note: Data is at fiscal year end of June 30.



Public School Trust Fund (PSTF)

Fiduciary: Commissioner of Revenue

		Public School Trust Fund ¹	
Investment Objective		Long-Term: High Risk	
Target Asset Allocation			
Market Value (\$000's)	12/31/2021	Market Value	
	12/31/2022	\$850,700	
	12/31/2023	\$700,300	
	12/31/2024	\$779,100	
	12/31/2025	\$839,500	
Returns through 12/31/2025	6 Month	Returns	Benchmark ²
	1 Year	8.30%	8.24%
	3 Year	17.07%	17.01%
	5 Year	14.93%	14.74%
	10 Year	7.45%	7.30%
Expected Long-Term Return: 6.98%		8.60%	8.52%

1: HB213, effective November 2018, revised the calculation for determining the amount appropriable for future fiscal years' support of the state public school system.

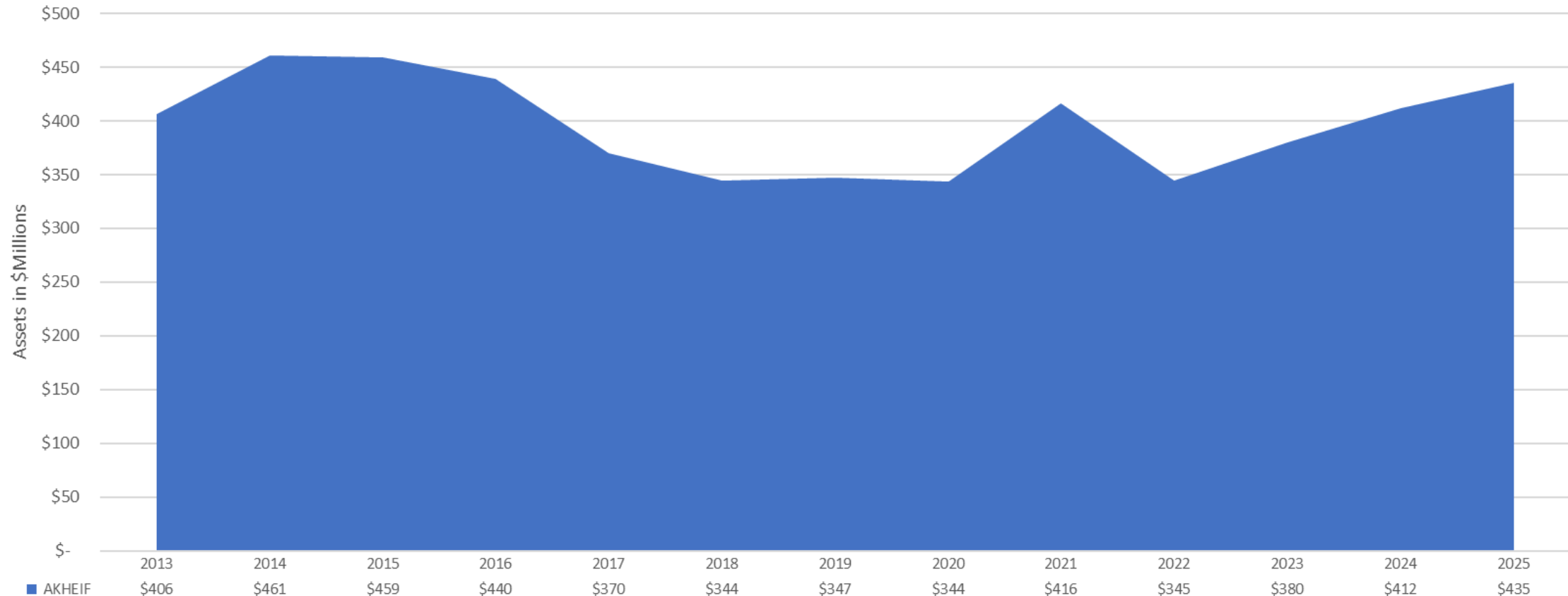
2: Broad US Equity: Russell 3000 Index; Cash Equivalents: 3-month U.S. Treasury Bill; Core US Fixed Income: Bloomberg U.S. Aggregate Index; International Equity: MSCI ACWI ex-US Index; REITs: REIT Index annualized greater than 1 year



Alaska Higher Education Investment Fund (AHEIF)

- The AHEIF is a long-term investment fund that supports higher education scholarships, grants, and student aid
- On September 1, 2012, the AHEIF was capitalized with a \$400 million deposit from receipts of the Alaska Housing Capital Corporation for use in paying Alaska Performance Scholarship Awards and Alaska Advantage Education Grants
- In FY2026, \$130 million was transferred from the AHEIF to the General Fund

Invested Asset History



Note: Data is at fiscal year end of June 30.



Alaska Higher Education Investment Fund (AHEIF)

Fiduciary: Commissioner of Revenue

		AK Higher Education Investment Fund	
Investment Objective		Long-Term: High Risk	
Target Asset Allocation		<p>A 3D pie chart illustrating the target asset allocation for the AK Higher Education Investment Fund. The chart is divided into five segments: Broad US Equity (39%), International Equity (25%), Core US Fixed Income (30%), REITS (5%), and Cash Equivalents (1%).</p>	
Market Value (\$000's)	12/31/2021	Market Value	
	12/31/2022	\$422,800	
	12/31/2023	\$347,100	
	12/31/2024	\$393,800	
	12/31/2025	\$415,800	
Returns through 12/31/2025	6 Month	8.29%	Benchmark ¹ 8.24%
	1 Year	17.08%	17.01%
	3 Year	14.95%	14.74%
	5 Year	7.46%	7.30%
	10 Year	8.86%	8.78%
Expected Long-Term Return: 6.98%			

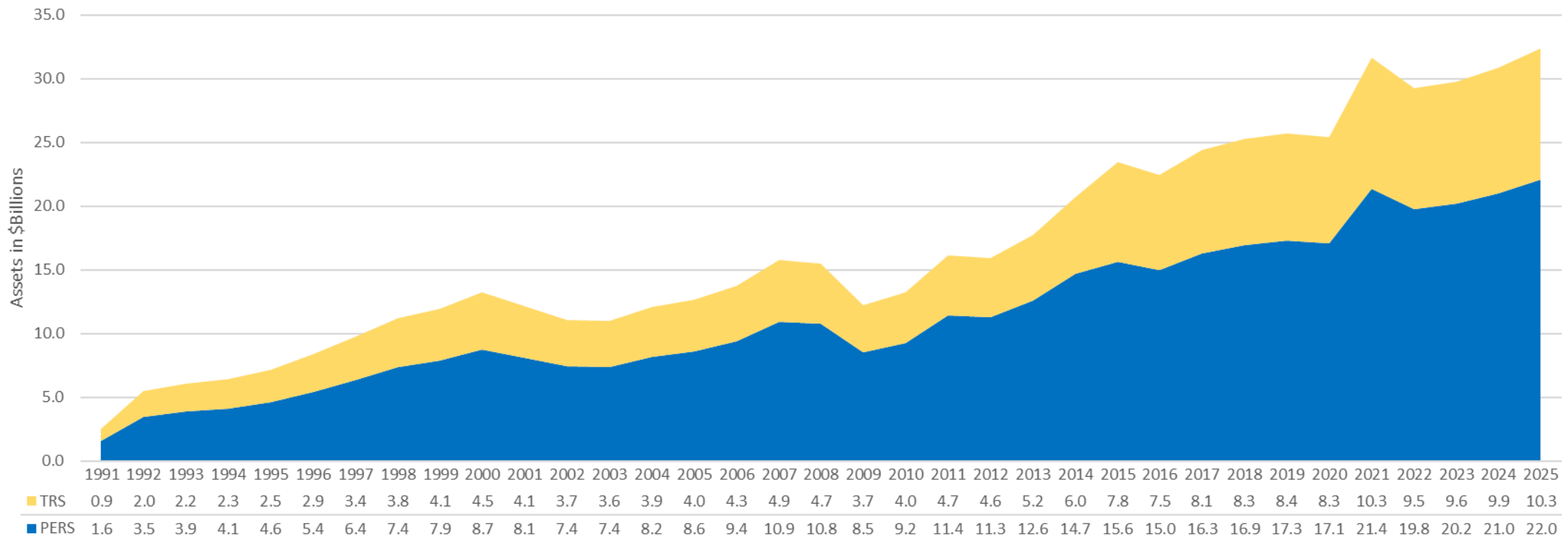
1: Broad US Equity: Russell 3000 Index; Cash Equivalents: 3-month U.S. Treasury Bill; Core US Fixed Income: Bloomberg U.S. Aggregate Index; International Equity: MSCI ACWI ex-US Index; REITs: REIT Index annualized greater than 1 year



Public Employees Retirement System (PERS) and Teachers Retirement System (TRS) – Pension and Health Defined Benefit Plans

- The PERS and TRS Trusts fund the State’s defined benefit pension and retiree health obligations for eligible employees
- The Alaska Retirement Management Board (ARMB) is a nine-person board and fiduciary of the State’s pension and health systems
- The defined benefit plans are closed, mature, and have net cash outflows
- The 40-year average return for PERS/TRS was 8.51 percent compared with the actuarial assumed return of 8.17 percent

Invested Asset History

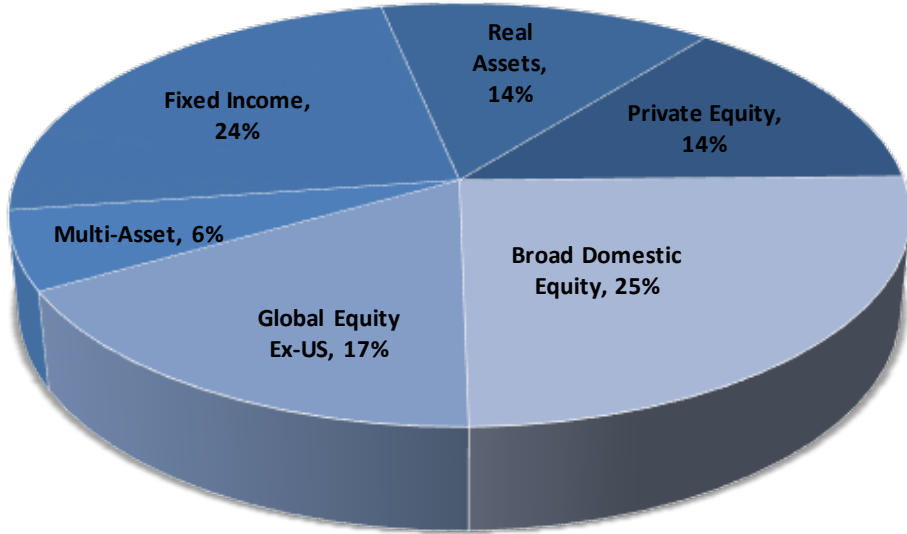


Note: Data is at fiscal year end of June 30.



Defined Benefit: Public Employees Retirement System & Teachers Retirement System

Fiduciary:
Alaska Retirement Management Board

		PERS Retirement Defined Benefit Pension & Health Trust		TRS Retirement Defined Benefit Pension & Health Trust	
Investment Objective		Long-Term: High Risk		Long-Term: High Risk	
Target Asset Allocation					
Market Value (\$000's)	12/31/2021	Market Value \$22,480,300		Market Value \$10,836,300	
	12/31/2022	\$19,397,100		\$9,281,500	
	12/31/2023	\$20,505,200		\$9,747,900	
	12/31/2024	\$21,196,100		\$10,008,500	
	12/31/2025	\$23,075,100		\$10,781,800	
Returns through 12/31/2025		Return	Benchmark ¹	Return	Benchmark ¹
	1 Year	13.64%	15.02%	13.64%	15.02%
	3 Year	11.06%	13.93%	11.06%	13.93%
	5 Year	8.06%	8.05%	8.06%	8.05%
	10 Year	9.03%	8.80%	9.03%	8.80%
15 Year	8.47%	8.12%	8.49%	8.12%	
Actuarial Earnings Assumption 7.25%, FY26 Expected Long-Term Return 7.46%					
1: 25.0% Russell 3000, 20.6% MSCI ACWI ex-US IMI Net, 25.2% BB US Aggregate, 1.2% 3-month T-bill, 5.6% NCREIF NFI-ODCE, 2.8% NCREIF Farmland, 1.4% NCREIF Timber, 2.8% CPI = 4%, 1.4% FTSE NAREIT All Equity, 4.7% S&P 500, 4.7% Russell 2000, and 4.7% MSCI EAFE Net annualized greater than 1 year					



ARMB Participant Directed Plans

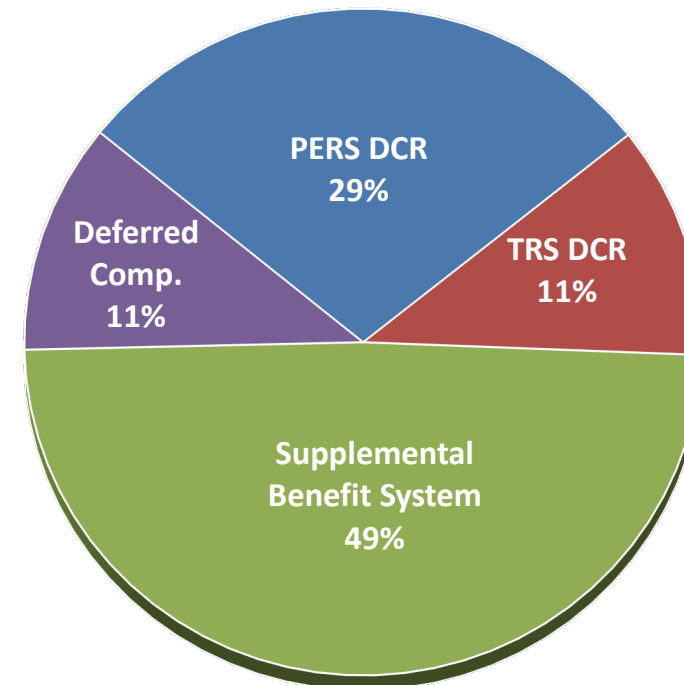


ARMB Participant Directed/Defined Contribution Plans

- The Alaska Retirement Management Board (ARMB) managed \$48.3 billion in retirement assets as of 12/31/25 – \$36.3 billion in defined benefit and \$11.9 billion in defined contribution (DC)
- The State of Alaska has four participant directed DC plans serving over 100,000 accounts – Deferred Compensation (457 plan), Supplemental Benefit System (SBS), and Public Employees Retirement System (PERS) and Teachers Retirement System (TRS) Defined Contribution
- Investment decisions are made by the ARMB as fiduciary, advised by independent experts, and separate from plan administration:
 - The ARMB and Treasury Division are responsible for the investment options
 - The ARMB uses investment consultant Callan for DC performance measurement, investment plan design and review with input from Treasury staff and an independent investment advisory council
 - The Department of Administration Division of Retirement and Benefits is responsible for administration of the plans including contracting with the recordkeeper, Empower

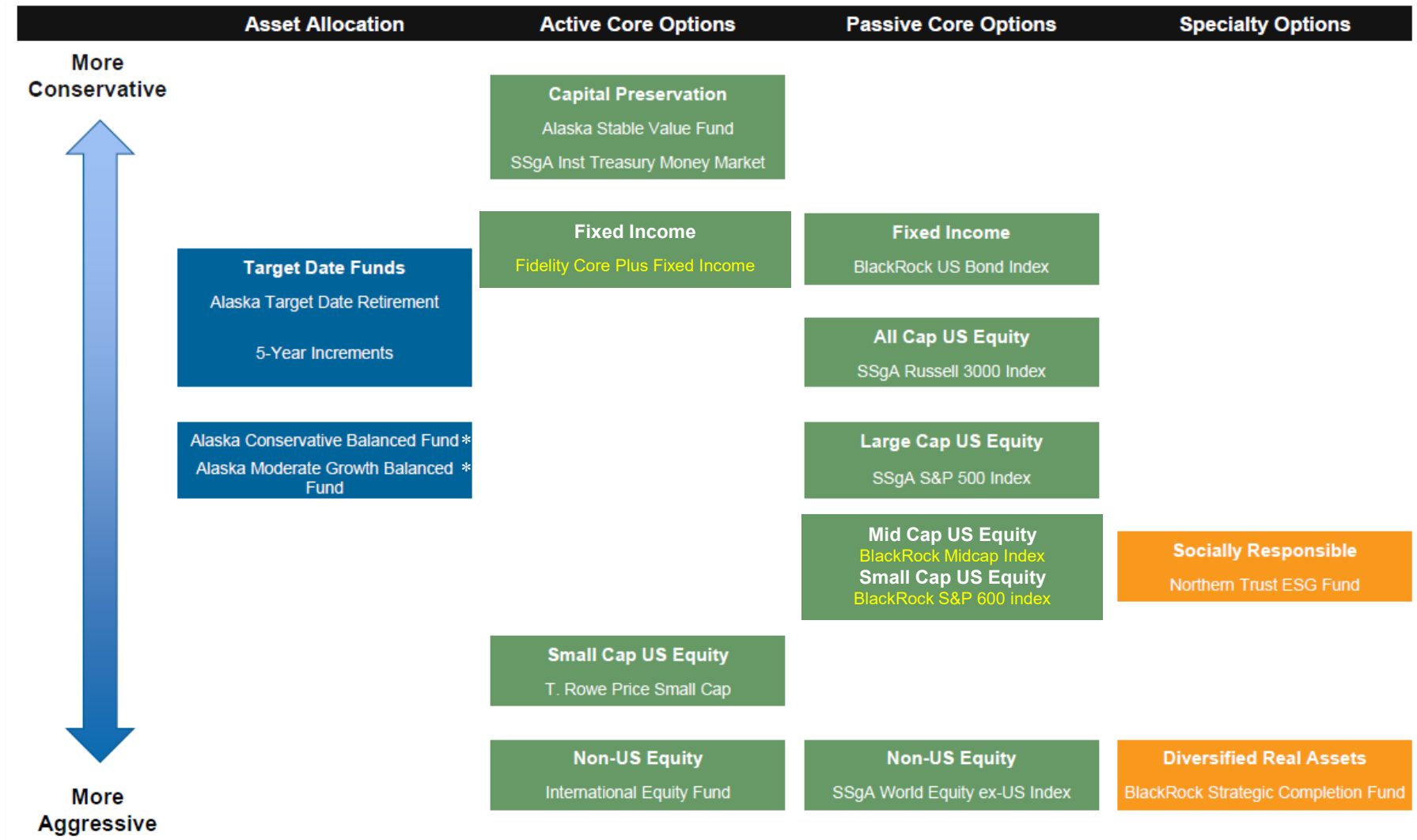
Participant Directed Plan	Assets (\$MM)	%/Assets	Accounts
PERS Defined Contribution	3,416	28.5%	29,399
TRS Defined Contribution	1,354	11.3%	7,051
Supplemental Benefit System	5,880	49.0%	53,109
Deferred Compensation	1,342	11.2%	12,612
Totals	11,992	100.0%	102,171

Source: December 2025 Treasury Financial Statements and 9/30/25 DRB Account Data for Actives and Retirees



ARMB DC Plan Investment Option Structure

- The ARMB’s investment consultant, Callan, provides ongoing input and review of Alaska’s DC investment structure.
- Over time, industry best practice has led to more streamlined participant directed plans with fewer investment options
- Callan conducts a DC plan structure analysis periodically for the ARMB and the last review was in 2023
- In the 2023 review on the ARMB website, Callan concluded that “the Plans’ investment lineup is sound, features a reasonable number of investment options, and provides access to a sufficient range of asset classes”



Source: March 2023 Callan Investment Structure Evaluation and New 2024 additions in yellow

* Balanced funds renamed to better reflect investment role

Investment Options and Cost

- **Target Date Fund Default Option:** Most participants use the plan’s default option of professionally managed age-appropriate target date funds rather than managing asset allocation themselves:
 - Overall, 61 percent of plan assets are invested in asset allocation funds including the target date funds
 - Close to 90 percent of new contributions are invested in the target date funds – the PERS defined contribution rate is 87 percent and TRS defined contribution rate is 92 percent
 - The rest of the assets are invested in stand-alone investment options subject to participant direction

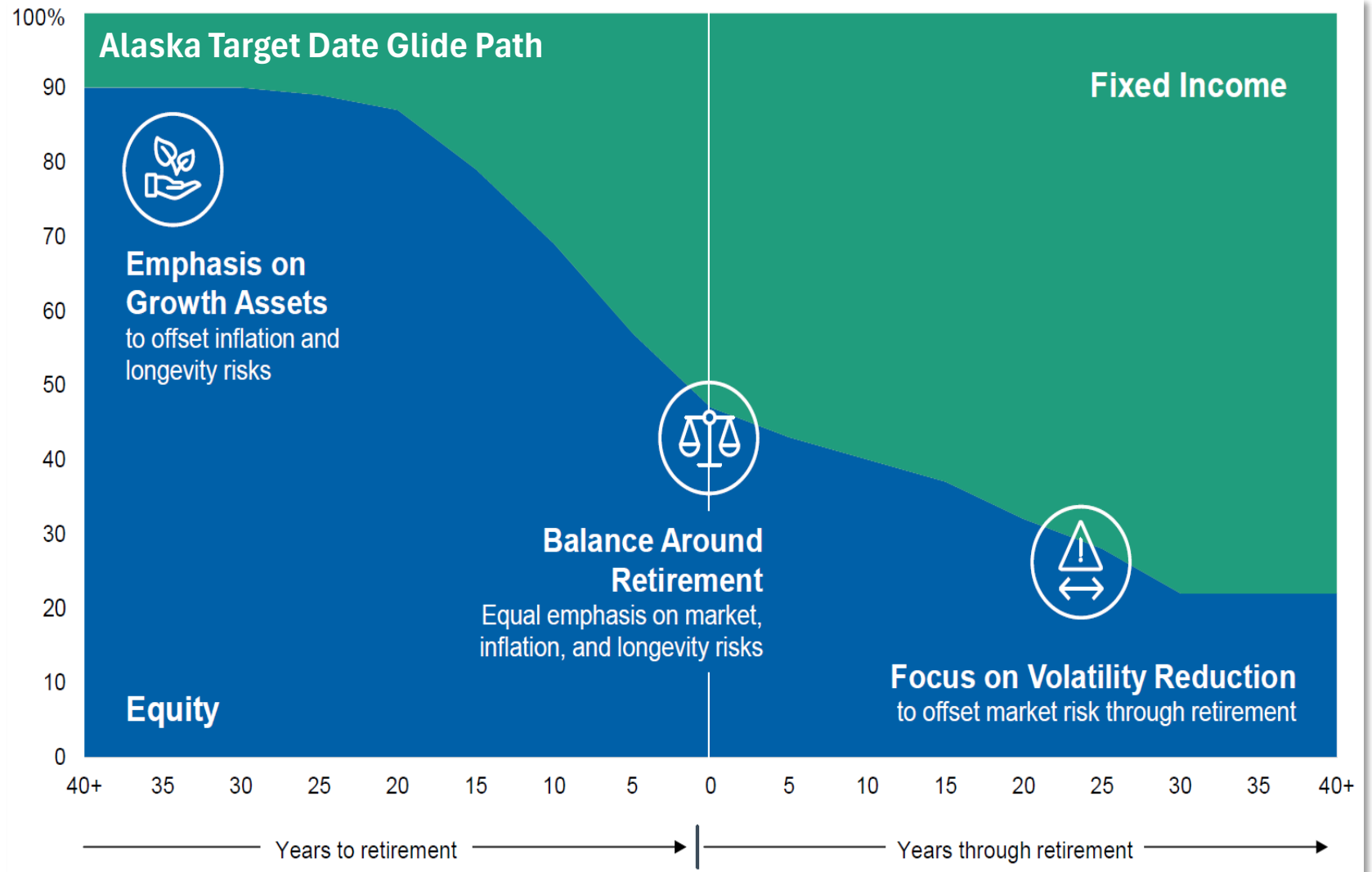
- **Low Fee Focus:**
 - Low investment management fees are an ongoing ARMB priority since fees directly impact participant retirement balances over time
 - The overall weighted average investment management fee across the participant directed funds is 12 basis points (0.12 percent) – well below the cost of median peer investment options

12/31/25 Callan DC Plan Quarterly Review – Investment Fund Balances

	Number of Participants	Market Value	Weight
Total Combined Plan			
Asset Allocation		\$7,429,311,778	61.95%
Target 2010 Trust	288	19,926,148	0.17%
Target 2015 Trust	1124	91,967,650	0.77%
Target 2020 Trust	2317	158,592,621	1.32%
Target 2025 Trust	4674	323,791,622	2.70%
Target 2030 Trust	6797	451,203,627	3.76%
Target 2035 Trust	8387	540,617,236	4.51%
Target 2040 Trust	9367	593,876,426	4.95%
Target 2045 Trust	12369	777,941,169	6.49%
Target 2050 Trust	15601	931,492,326	7.77%
Target 2055 Trust	23478	954,043,713	7.96%
Target 2060 Trust	8892	180,536,362	1.51%
Target 2065 Trust	11534	131,326,032	1.10%
Target 2070 Trust	51	437,834	0.00%
Alaska Conservative Balanced Fund	18752	1,192,255,974	9.94%
Alaska Moderate Growth Balanced Fund	21744	1,081,303,039	9.02%
Active Core		\$1,423,841,213	11.87%
SSgA Inst Treasury Money Market	10795	136,486,517	1.14%
FIAM Core Plus	9507	48,309,537	0.40%
International Equity Fund	15220	208,847,070	1.74%
T. Rowe Price Small Cap	17353	364,323,757	3.04%
Alaska Stable Value Fund	15142	665,874,332	5.55%
Passive Core		\$2,834,090,094	23.63%
BlackRock US Bond Index Fund	16118	380,329,499	3.17%
SSgA S&P 500 Index Fund	25902	1,550,926,873	12.93%
SSgA Russell 3000 Index Fund	18078	492,843,695	4.11%
BlackRock Mid Cap Index Fund	10169	49,034,364	0.41%
BlackRock Small Cap 600 Index Fund	372	8,361,504	0.07%
SSgA World Equity ex-US Index Fund	15496	352,594,158	2.94%
Specialty		\$305,206,344	2.54%
ESG Fund	5009	195,187,270	1.63%
BlackRock Strategic Completion Fund	12440	110,019,074	0.92%
Total Fund		\$11,992,449,429	100.0%

Default Option – Age-Appropriate Target Date Funds

- The State of Alaska was an early adopter of target date funds three decades ago, and they are now the industry's standard default option
- The funds follow a disciplined glide path, emphasizing equity exposure early to mitigate inflation and longevity risk, then gradually transitioning toward income generation and lower volatility in retirement
- The ARMB conducts regular reviews of the lineup and enhanced the target date funds in 2022 by broadening underlying asset class exposures and reducing fees



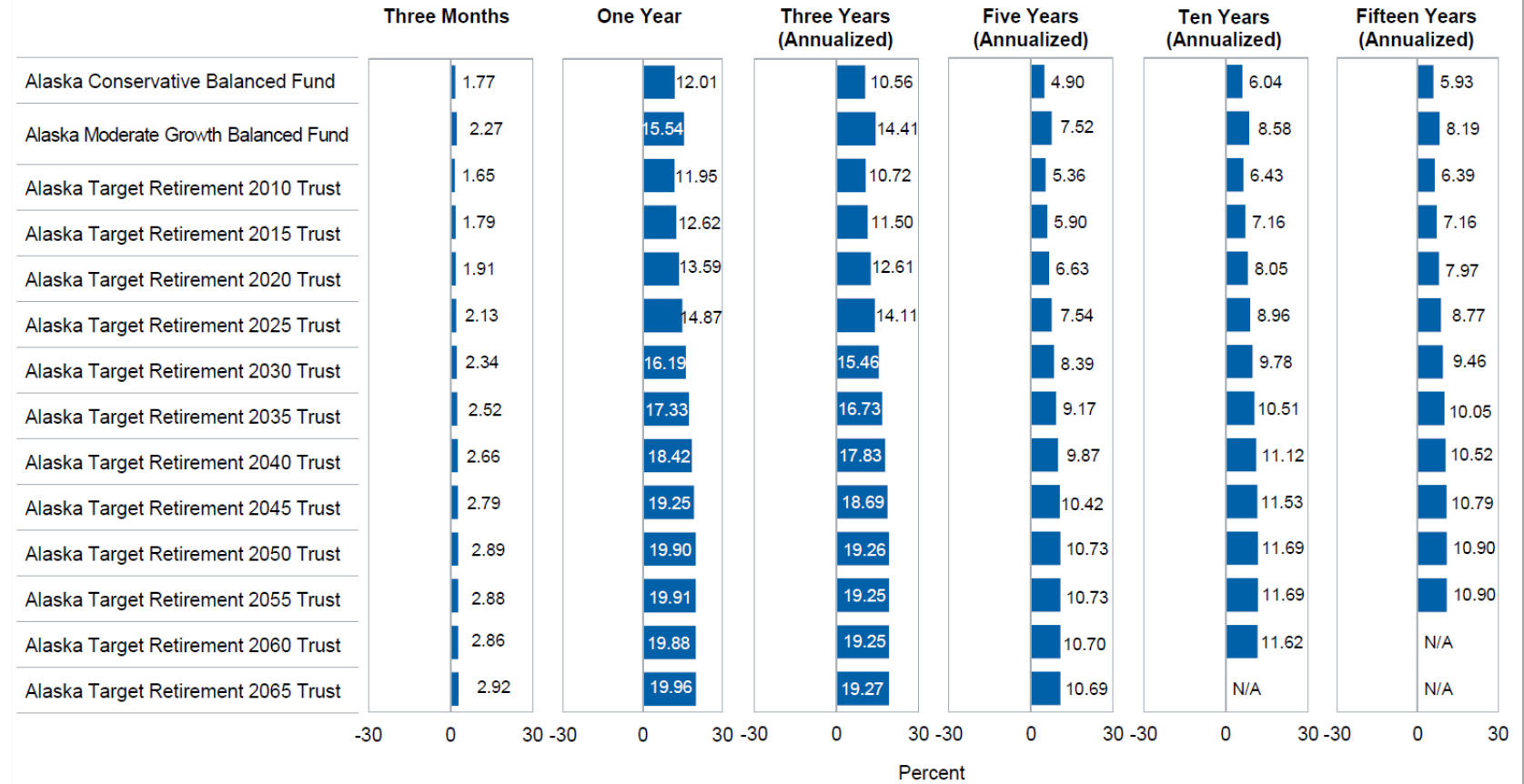
Strong Absolute Performance for Target Date Funds

- Total returns for the default target date options have been strong, with a participant-weighted average return of 10.3 percent over the past 15 years
- Relative performance has also been strong, with the longer-dated funds generally ranking in the top quartile, and often the top decile, versus peers on both an absolute and risk-adjusted basis

ABSOLUTE RETURNS

Alaska Target Retirement Trusts

Periods Ended 31 December 2025
 Figures are Calculated in U.S. Dollars





THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Thank You



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GeFONSI I and II – Top 60 Participants 12/31/25

GeFONSI I - Fund Name	Ending Balance	Cum. %/Total
General Fund	1,481,420,785	59%
Alaska Clean Water Fund	210,072,422	68%
Alaska Drinking Water Fund	130,161,537	73%
Public Advocacy Trust	63,928,508	75%
Mental Health Trust Income Settlement Account	63,787,714	78%
Fish & Game Fund	60,164,557	80%
Oil & Hazardous Substance Release Prevention Account	48,521,828	82%
Oil & Hazardous Substance Release Response Account	44,253,439	84%
Exxon Valdez Settlement	36,760,779	85%
Vaccine Assessment Fund	35,170,402	87%
AHFC Investment Fund	34,886,604	88%
AIA Passenger Facility Charge Revenue Fund Application #2	26,554,551	89%
Commercial Passenger Vessel Environmental Compliance Fund	23,183,949	90%
Group Health And Life Insurance Fund	19,075,208	91%
PFD Trust	17,477,678	92%
Renewable Energy Grant Fund	16,424,481	92%
Fire Suppression Fund	11,371,434	93%
DVA Retiree Health	10,395,093	93%
FIA Passenger Facility Charge Revenue Fund	10,045,389	94%
School Trust Land Sales-GF Portion	8,766,298	94%
Memorial Education Revolving Loan Fund	8,617,574	94%
Bulk Fuel Bridge Loan Fund	8,400,188	95%
Alaska Clean Water Administrative Operating Account	8,248,376	95%
MHT Settlement Deferred Maintenance	7,442,108	95%
Alaska Drinking Water Administrative Operating Account	7,345,712	96%
Rural Development Initiative Fund	7,152,449	96%
Bulk Fuel Loans Fund	6,831,812	96%
Mariculture RLF	5,993,873	96%
Oil & Gas Tax Credit Fund	5,941,157	97%
Election Fund	5,341,589	97%

GeFONSI II - Fund Name	Ending Balance	Cum. %/Total
Statutory Budget Reserve Fund	131,623,247	10%
National Petroleum Reserve Fund	127,287,829	20%
Public Education Fund	121,406,159	29%
Disaster Relief Fund	120,060,553	38%
Highway Equipment Working Capital Fund For Operating Appropriations	87,267,857	44%
Regional Ed Attendance Area School Fund	67,251,516	49%
School Construction Fund	60,456,900	54%
Community Revenue Sharing Fund	60,400,255	59%
Commercial Vessel Passenger Tax Account	55,526,860	63%
Commercial Fishing Revolving Loan Fund	52,280,943	67%
Unclaimed Property	50,547,607	71%
State Insurance Catastrophe Reserve	50,032,190	74%
Alaska Comprehensive Health Insurance Fund	48,764,745	78%
Fisheries Enhancement Revolving Loan Fund	44,812,243	81%
Alaska Marine Highway System Vessel Replacement Fund	42,946,053	85%
General Fund Investment Fund	37,251,006	88%
Alaska Public Building Fund	33,330,506	90%
Alaska Marine Highway System Fund	29,748,752	92%
Alaska Capital Income Fund	21,149,729	94%
Alaska Fishermen's Fund	12,409,760	95%
Information Services Fund	8,929,322	95%
Deposits, Suspense & Miscellaneous	7,915,583	96%
Alaska Tech & Vocational Education Programs	7,001,323	97%
Alaska Seafood Marketing Institute	6,842,370	97%
Agricultural Revolving Loan Fund	6,082,387	98%
Clean Air Protection Fund	5,043,902	98%
Employee Assistance & Training Program Account	5,038,914	98%
Second Injury Fund	4,841,698	99%
Alcohol & Other Drug Abuse Treatment & Prevention	4,450,616	99%
Crime Victims Compensation Fund	2,768,342	99%

Performance for Other Defined Contribution Funds

- The majority of the defined contribution assets are invested in target date or asset allocation funds
- Participants can also direct investment in other index and actively managed funds
- Performance for these funds is largely within expectations

Investment Manager	Last Quarter Return	Last Year Return	3 Year Return	5 Year Return	7 Year Return	5 Year Risk	5 Year Risk Quadrant	5 Year Excess Rtn Ratio	3 Year Tracking Error	5 Year Sharpe Ratio
Index Funds										
SSgA S&P 500 Index Fund (i) Callan S&P 500 Index MFs S&P 500 Index	2.6 14	17.9 10	23.0 9	14.4 9	17.3 12	14.4 18		-0.9 8	0.0 92	0.8 9
SSgA Russell 3000 Index Fund (i) CAI Mut Fd: Large Cap Broad Style (Net) Russell 3000 Index	2.4 47	17.1 33	22.2 47	13.2 37	16.7 45	14.4 59		0.7 6	0.1 100	0.7 35
BlackRock MidCap Equity Index Fund (i) Callan Mid Cap MFs S&P Mid Cap 400 Index	1.7 34	7.5 52								
BlackRock Small Cap 600 Index Fund (i) Callan Small Cap MFs S&P 600 Small Cap Index	1.7 56	6.0 64								0.4 38
SSgA World Equity ex-US Index Fund (i) CAI MF: Non-U.S. Equity Style MSCI ACWI x U.S. Index (Net)	5.1 32	33.0 41	17.6 45	8.2 53	10.4 58	14.9 89		0.3 40	0.7 100	0.3 48
BlackRock Passive US Bd Index Fund (i) Callan Core Bond MFs Blmbg Aggregate	1.0 62	7.2 77	4.7 87	-0.4 77	2.0 91	6.7 60		-0.1 79	0.1 99	-0.5 89
Active and Other Funds										
BlackRock Strategic Completion Fd Callan Real Assets MFs Strategic Completion Custom Index	0.8 88	10.2 88	5.8 87	4.3 86		9.9 62		0.7 45	0.3 99	0.1 87
Northern Trust ESG Fund Callan Lg Cap Broad MF MSCI USA ESG	3.8 25	19.1 18	23.8 41	14.8 18	17.6 32	15.6 42		-1.5 100	0.1 100	0.7 24
International Equity Fund CAI Mut Fd: Non-U.S. Equity Style MSCI ACWI ex US Index	3.9 53	28.2 59	17.6 45	6.8 67	10.5 52	17.6 17		-0.3 69	3.8 76	0.2 65
T. Rowe Price Small Cap CAI Mut Fd: Sm Cap Broad Style Russell 2000 Index	1.8 55	8.6 43	12.7 36	5.1 55	11.6 36	14.5 82		-0.2 60	4.5 85	0.1 56
FIAM Core Plus Callan Core Plus MFs Blmbg Aggregate	1.0 62	8.0 26								-0.5 90
Alaska Stable Value Fund Callan Stable Value CT FTSE 3 Mo T-Bill	0.6 68	2.5 56	2.5 43	2.3 14	2.3 10	0.1 98		-1.1 10	0.3 93	-6.1 83
SSgA Inst Treasury Money Market Callan MoneyMarket Funds FTSE 3 Mo T-Bill	1.0 21	4.2 14	4.8 16	3.2 18	2.6 15	1.1 12		-3.0 58	0.0 95	-0.0 18

Returns: ■ above median, ■ third quartile, ■ fourth quartile
Risk: ■ below median, ■ second quartile, ■ first quartile
Risk Quadrant:
Excess Return Ratio: ■ above median, ■ third quartile, ■ fourth quartile
Tracking Error: ■ below median, ■ second quartile, ■ first quartile
Sharpe Ratio: ■ above median, ■ third quartile, ■ fourth quartile

Treasury Online Information Resources

Treasury website:

<https://treasury.dor.alaska.gov/>

Treasury investment information and performance:

<https://treasury.dor.alaska.gov/home/investments>

<https://treasury.dor.alaska.gov/home/investments/monthly-investment-reports>

Alaska Retirement Management Board information and performance:

<https://treasury.dor.alaska.gov/armb>

Quarterly State Investment Review Information and Meeting Packets:

<https://treasury.dor.alaska.gov/home/investments/state-investment-review-meetings>

