

# Memo

To: Senator Kiehl, Chair  
Senate Finance Budget Subcommittee, Revenue

From: Deven Mitchell, Executive Director & CEO



Date: March 21, 2025

Re: Responses to Questions on March 20

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Thank you for the opportunity to respond to the subcommittee's questions during the March 20 meeting. The following provides an additional point-in-time context for incentive compensation as discussed in the table.

***Provide a point-in-time estimate for the payment of incentive compensation based on the current fiscal year-to-date 2025 performance.***

It is difficult to predict potential market volatility and portfolio performance for the remainder of the fiscal year. However, based on the Fund's improved performance so far this year, the potential payment for incentive compensation is currently estimated to be \$3.0 million.

**If positive performance trends continue for the balance of the fiscal year, we would anticipate a greater payout to be earned than the current point-in-time estimate.**

It is encouraging to observe an overall positive trend in total fund performance for this fiscal year. Based on the very strong results from the past couple of months, we have heightened confidence that certain asset classes that underperformed their benchmarks in FY24 will finish FY25 with outperformance over both the one-year and five-year periods.

**It is important to emphasize that consistently providing full funding enhances the benefits of an incentive compensation program, which has proven beneficial for recruitment and retention.**

APFC's funding requests for incentive compensation reinforce the foundation of support and demonstrate the positive impact of consistent full funding. As always, any incentive compensation not earned through outperformance will remain unpaid and remain in the Fund at the end of the fiscal year.