



APFC

ALASKA PERMANENT
FUND CORPORATION

Senate Resources Committee
Alaska's Renewable Financial Resource

March 2025

A Legacy of Intergenerational Resource Contribution

Alaskans' Extraordinary Vision

In 1976 -

Alaskans chose to permanently forgo immediate use of at least 25% of oil and mineral revenues, saving instead to create a renewable financial resource for generations —the Alaska Permanent Fund.

Today, the Fund -

- **Leads the Nation**
The largest U.S. sovereign wealth fund, globally recognized for converting finite resources into lasting wealth.
- **Supports Alaska**
Provides over 50% of the state's unrestricted general fund revenue for dividends and essential services.



Alaska Constitution Article IX, 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.

Consistent Discipline

Stewardship

- Honoring the vision and sacrifices of the Alaskans that created the Fund and leadership committed to ensuring that a portion of our mineral wealth is saved and invested to benefit all Alaskans, today and tomorrow.
- Protecting the Principal and maximizing investment returns for the benefit of current and future generations of Alaskans.
- Providing a predictable revenue stream to help balance the State's budget now and into the future.



AS 37.13.020

The legislature's findings for the purpose of the Permanent Fund:

- *the fund should provide a means of conserving a portion of the state's revenue from mineral resources to benefit all generations of Alaskans;*
- *the 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 purposes designated by law.*

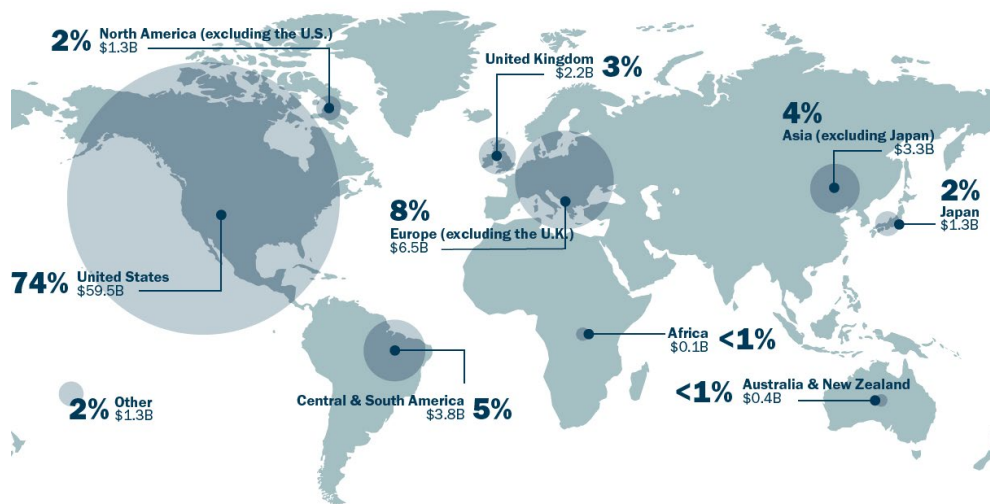
✓ **Permanent Savings**

✓ **Maximum
Risk-Adjusted Returns**

✓ **Use of Earnings:
Driven by Legislation**

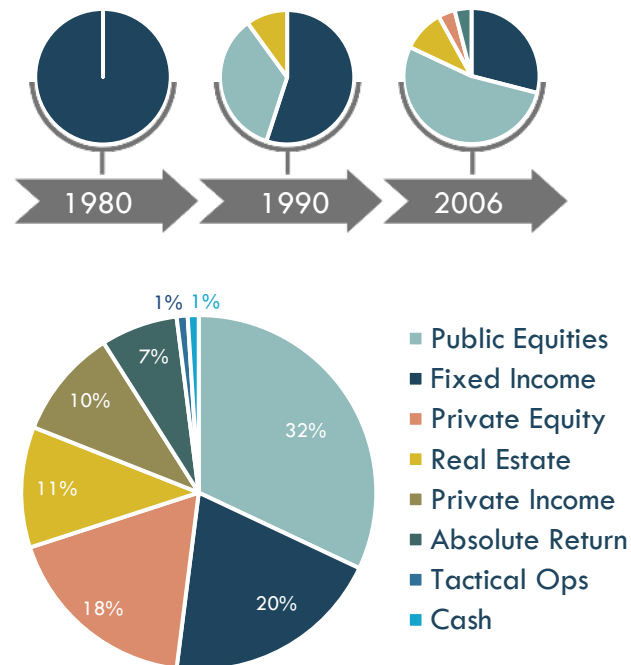
Global Investment

Through prudent asset allocation and strategic decision-making, APFC has robust performance across asset classes, reinforcing our commitment to deliver sustainable value for our stakeholders—the people of Alaska.



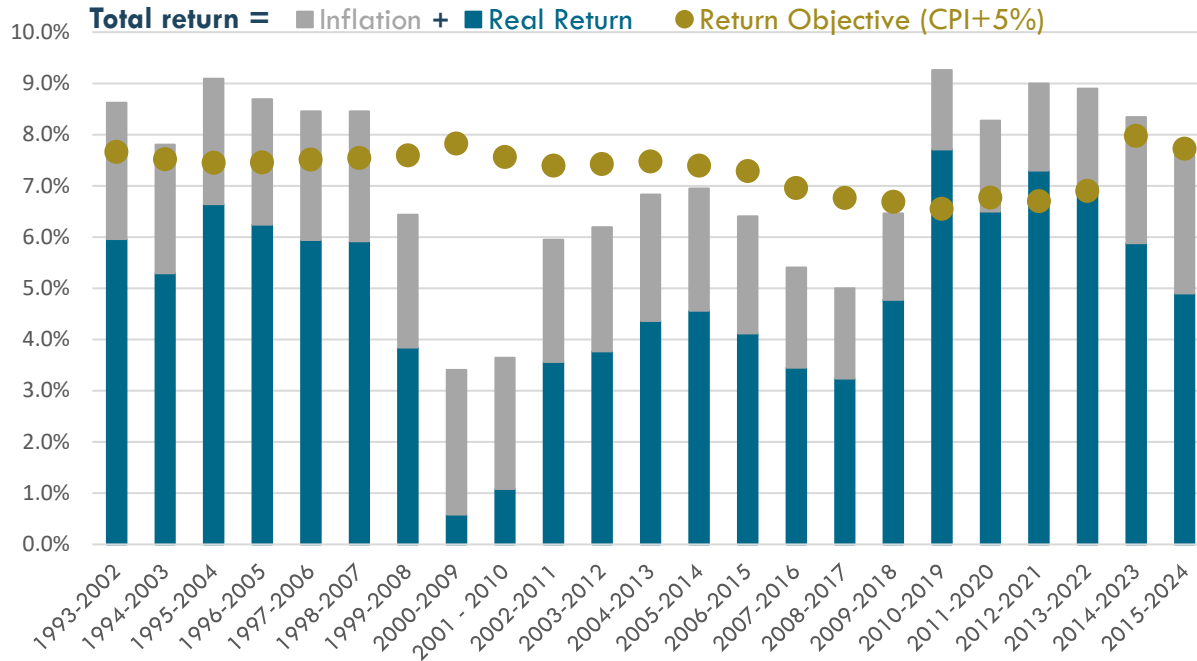
The Alaska Permanent Fund is the largest sovereign wealth fund in the U.S. and is recognized globally as **a model for converting a nonrenewable natural resource into a renewable financial resource.**

Asset Allocation: 1980 to 2025 Target



A maximum risk-adjusted return

Investing for the Long Term



Real Return

Annual investment performance adjusted for inflation indicates sustained value and purchasing power.

The Board's objective for the Fund:

- **Investment Performance**

Ability to generate an annualized return of inflation (CPI) + 5% over a 10-year period.

- **Investment Risk**

Ability of the Fund to achieve the long-term target while conforming to the Board's approved risk appetite metric.

Alaska's Largest Revenue Source

AS 37.13.140 (b)
Fund Value-Based

FY26 POMV
Draw Calculation

FY24	\$80,038.4
FY23	\$77,587.5
FY22	\$75,912.8
FY21	\$81,472.4
FY20	\$64,877.8

Avg.	\$75,977.8
5%	\$ 3,798.9

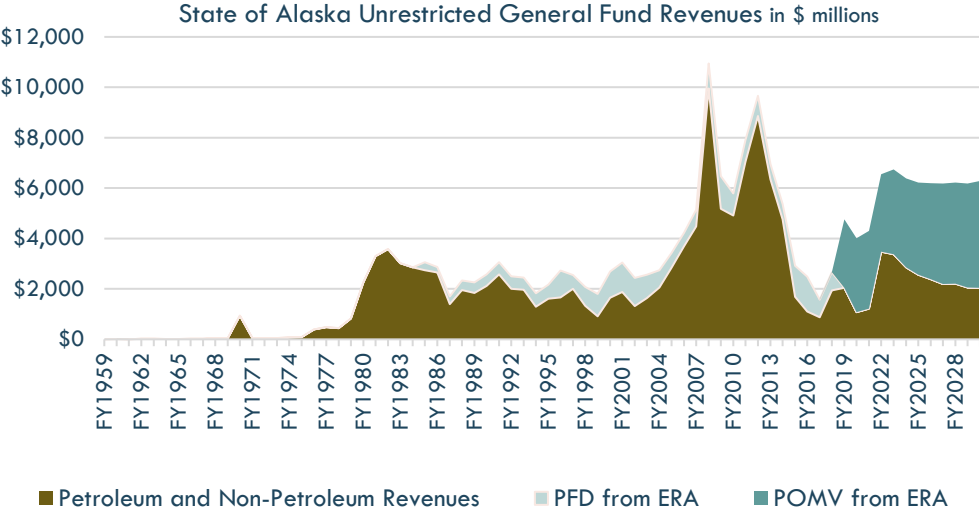
Percent of Market Value Draws

FY19-FY25
\$ 22.4 billion over 7 fiscal years.

FY26 is \$ 3.8 billion.
FY27 is \$ 4.0 billion estimated.

The Shift in Alaska's Revenue

Alaska's budget has transitioned from primarily relying on nonrenewable mineral royalty resources to depending on sustainable financial revenues generated by investments from the Fund.

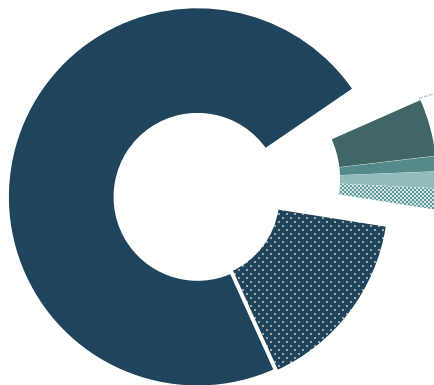


The POMV draw, enacted in 2018, has exceeded traditional revenue sources in providing unrestricted general fund revenues.

The Permanent Fund

Total Value \$81.3B

As of February 28, 2025



\$71.5B Principal:

\$58.7 Permanent Deposits

\$12.8 Unrealized Gains

\$9.8B Earnings Reserve Account (ERA):

\$3.8B for the FY26 POMV - Committed for the Percent of Market Value "POMV" Draw to the state's general fund for dividends and government services

\$1.0B for Inflation Proofing - Committed for the FY25 transfer to the Principal for intergenerational purchasing power given the two-account structure

\$3.2B "Spendable" Earnings
Available as realized income

\$1.8B Unrealized Gains
Represents changes in asset values from the purchase date to the most current date

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APFC publishes the monthly
Financial Statements and
Performance Reports at apfc.org.

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Proposed: Single-Fund Endowment Model

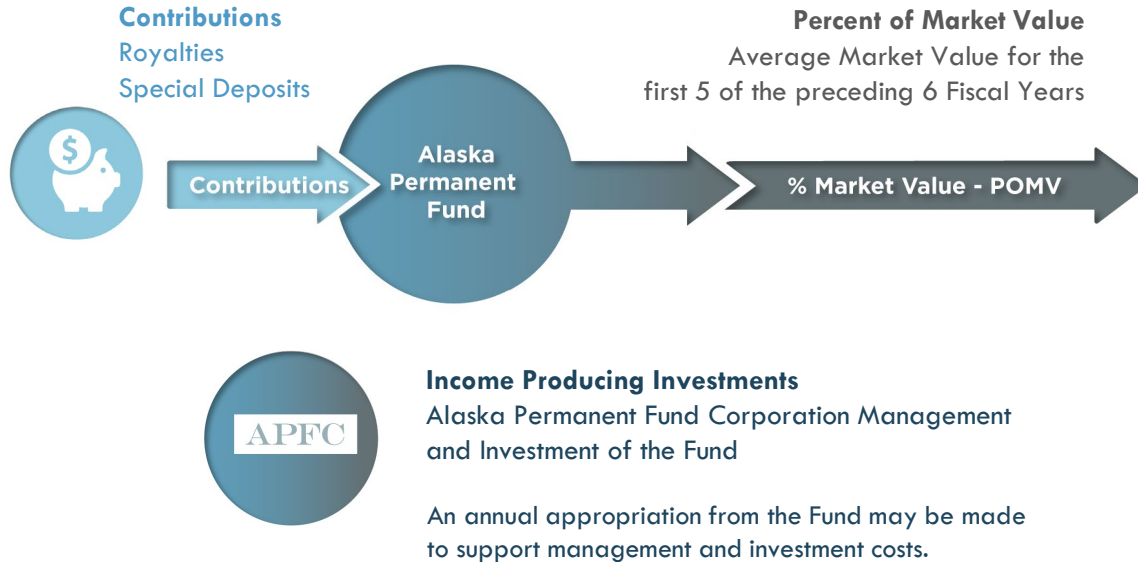
Adopting this model, which would include a Constitutionally established spending limit, would strengthen the Fund's long-term stability and purchasing power for future generations.

- Merge the Principal and the ERA into a Single-Fund.
- Limit annual distributions through a Constitutional POMV Rule.
- Ensure automatic inflation proofing by adhering to a long-term sustainable withdrawal rate.

The change to a Single-Fund would ensure that an annual POMV transfer would be available each year but would not affect the discretion in deciding how to spend the money.

The power of appropriation remains with the Legislature, while the annual draw from the Fund would be limited.

Proposed: Single-Fund Endowment

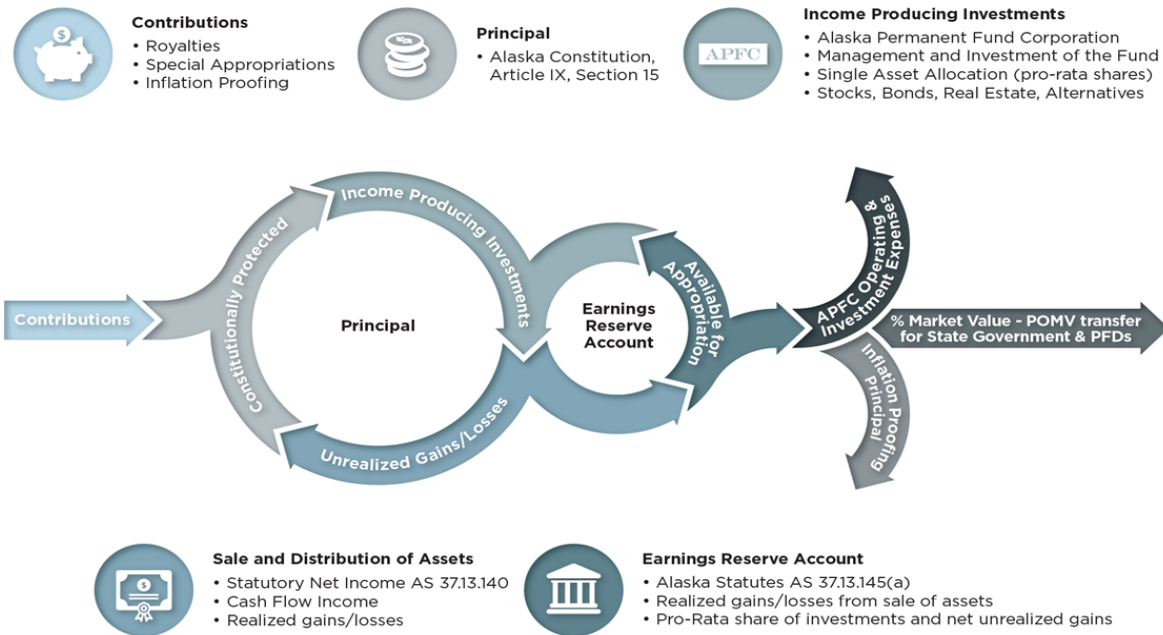


The Fund is invested in income-producing investments with a limited annual draw.

The transition to a Single-Fund would guarantee availability for an annual POMV transfer while maintaining flexibility in how the money is utilized.

Annual draw certainty would ensure the ability to provide for a dividend and essential government services.

Current: Two-Account Structure



The Principal provides permanent savings to be used only for income-producing investments.

Realized earnings are deposited into the Earnings Reserve Account (ERA) for appropriation by the Legislature.

POMV draws to support the state's current revenue needs and transfers to inflation proof the Principal for an intergenerational benefit are limited to the balance of the ERA.

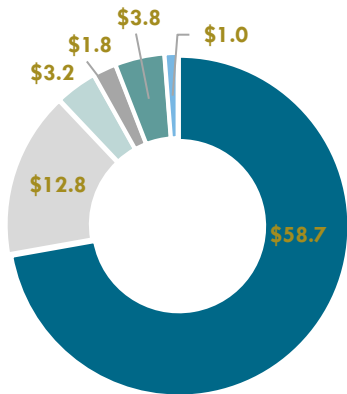
Comparing Fund Structures

The Single-Fund Endowment Model is not constrained in providing the set annual POMV draw, while the two-account structure is limited to the ERA's available balance.

\$81.3 Billion Total Fund Value, FYTD as of February 28, 2025

Current Two-Account Structure

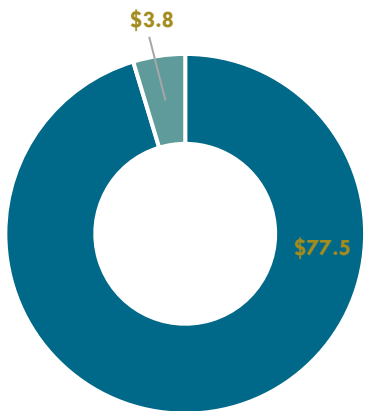
Constitutionally Protected:
72% | \$58.7 billion



- Principal Deposits
- ERA Realized Earnings
- ERA 5% POMV Draw
- Principal Unrealized Gains
- ERA Unrealized Gains
- ERA Inflation Proofing to Principal

Proposed Endowment Model

Constitutionally Protected:
95% | \$77.5 billion



- The Fund
- 5% POMV Draw

Endowment Retains Earnings

- Under the Single-Fund Endowment Structure, income would be calculated according to generally accepted accounting principles, meaning all earnings (realized and unrealized) would be retained within the Fund.
- All earnings are retained and reinvested in the Single-Fund, thus eliminating the need for inflation proofing.

Trustees' Paper Volume 10



"Within the world of sovereign wealth funds, the Alaska Permanent Fund is admired and respected for its long tradition of rules-based policymaking, prudent investment management, and sound governance.

That said, the paper shows that the current two-account structure introduces significant risks to the ability to fund the annual POMV transfer that supports the state budget and the Permanent Fund Dividend.

The paper outlines reforms that should be pursued with urgency to ensure that the Fund continues to underpin the sustainability of Alaska's public finances for current and future generations."

*Dr. Malan Rietveld
Sovereign Wealth Fund Expert*

The logo for the Alaska Permanent Fund Corporation (APFC) is displayed in a white serif font on a dark blue rectangular background. The letters are bold and evenly spaced.

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