



# State of Alaska

## An Update on the State's Savings Accounts

January 28, 2014

Department of Revenue -  
Treasury Division

Angela M. Rodell  
Commissioner  
Alaska Department of Revenue



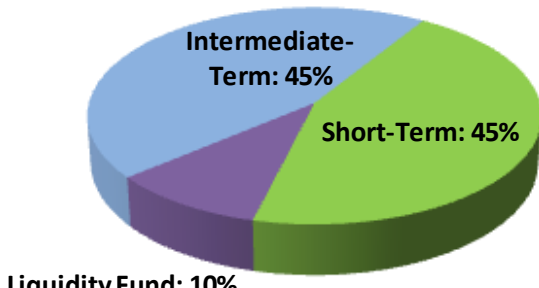
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# **1: Comparative Analysis of State Operating and Savings Funds**

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# General Fund and other non-segregated investments (GeFONSI)

Fiduciary oversight: Commissioner of Revenue

		<b>General Fund</b> (and other non-segregated investments)	
Investment Objective		Moderate Risk, Short to Intermediate investment horizon	
Target Asset Allocation		 <p>A 3D pie chart illustrating the target asset allocation for the General Fund. The chart is divided into three segments: a large blue segment representing 'Intermediate-Term' at 45%, a large green segment representing 'Short-Term' at 45%, and a smaller purple segment representing 'Liquidity Fund' at 10%.</p>	
		Actuals	Benchmark*
Market Value (in 000s)	12/31/2011	\$9,427,300	-
	12/31/2012	\$11,799,600	-
	12/31/2013	\$5,765,200**	-
Returns (6/30/13)	FY13	0.31%	0.29%
Returns (12/31/13)	YTD	0.22%	0.21%
	FYTD	0.28%	0.18%
	3 Year Actuals	1.05%	0.79%
	5 Year Actuals	1.72%	0.99%

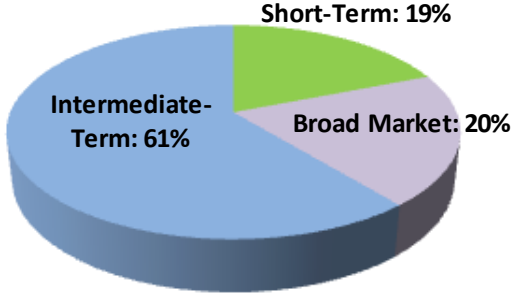
\*Short-term: 3-month U.S. Treasury Bill; Intermediate-term: Barclays 1-3 Year Gov't Bond Index

\*\* The Statutory Budget Reserve has a current market value of \$4,773,600,000 which is managed under a separate asset allocation

Current Fiscal Year market values and stated returns are unaudited, preliminary, and include some estimates

# Statutory Budget Reserve Fund

Fiduciary oversight: Commissioner of Revenue

Statutory Budget Reserve Fund			
Investment Objective		Moderate Risk, Intermediate investment horizon	
Target Asset Allocation* As of January 1, 2014		 <p>Short-Term: 19%</p> <p>Broad Market: 20%</p> <p>Intermediate-Term: 61%</p>	
		Actuals	
Market Value (in 000s)	12/31/2011	\$2,682,600	Balance in General Fund
	12/31/2012	\$5,487,700	Balance in General Fund
	12/31/2013	\$4,773,600	Separate asset allocation
		Actuals	Benchmark**
Returns (6/30/13)	FY13	0.31%	0.29%
Returns (12/31/13)	YTD	1.08%	1.17%
	FYTD	1.15%	1.14%
	3 Year Actuals	1.34%	1.11%
	5 Year Actuals	1.89%	1.19%

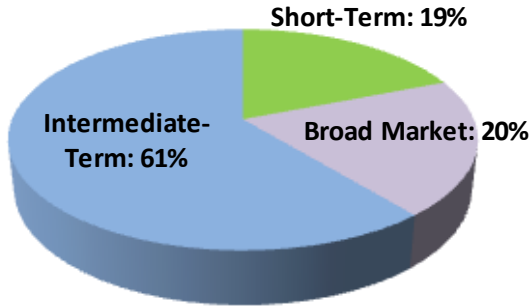
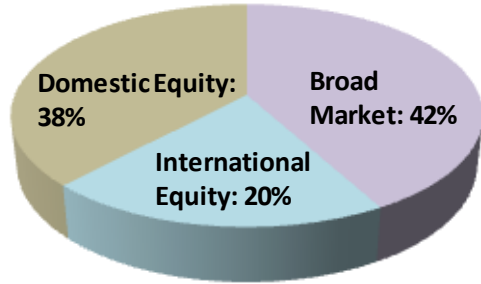
\* Target asset allocation from July 1, 2013 - December 31, 2013 consisted of 10% Domestic Equity; 5% International Equity; 68% Intermediate-term FI; 4% Broad Market FI; and 13% Short-term FI

\*\*Short-term: 3-month U.S. Treasury Bill; Intermediate-term: Barclays 1-3 Year Gov't. Bond Index;  
Broad Market: Barclays U.S. Aggregate

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# Constitutional Budget Reserve Fund (main & sub)

Fiduciary oversight: Commissioner of Revenue

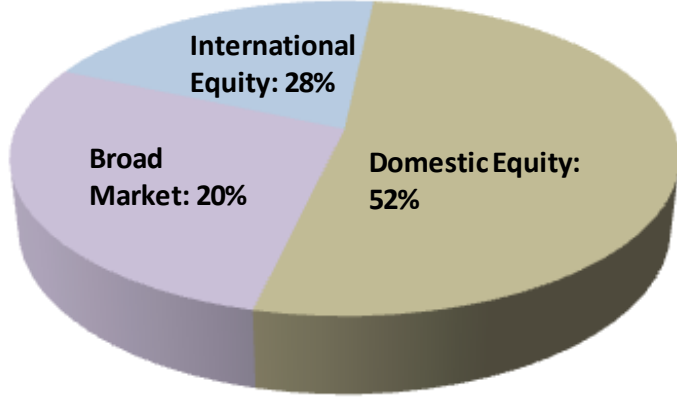
		Constitutional Budget Reserve (main fund)		Constitutional Budget Reserve (sub fund)	
Investment Objective		Moderate Risk, Intermediate investment horizon		High Risk, Moderately Long investment horizon	
Target Asset Allocation					
		Actuals	Benchmark*	Actuals	Benchmark*
Market Value (in 000s)	12/31/2011	\$5,290,600	-	\$4,955,400	-
	12/31/2012	\$5,770,800	-	\$5,511,200	-
	12/31/2013	\$5,839,000	-	\$6,385,100	-
Returns (6/30/13)	FY13	0.18%	0.19%	11.75%	11.37%
Returns (12/31/13)	YTD	-0.25%	-0.16%	15.85%	15.53%
	FYTD	0.35%	0.31%	10.08%	10.05%
	3 Year Actuals	1.79%	1.63%	9.01%	8.67%
	5 Year Actuals	2.75%	2.09%	12.20%	11.50%

\*Short-term: 3-month U.S. Treasury Bill; Intermediate-term: Barclays 1-3 Year Govt. Bond Index; Broad Market: Barclays U.S. Aggregate; Domestic Equity: Russell 3000 Stock Index; International Equity: MSCI EAFE

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# Power Cost Equalization Fund

Fiduciary oversight: Commissioner of Revenue

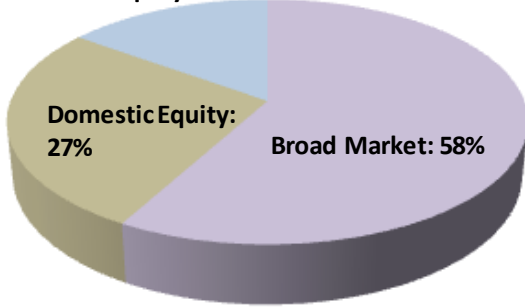
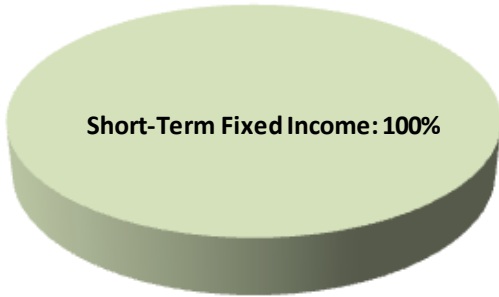
		Power Cost Equalization Fund	
Investment Objective		High Risk, Moderately Long investment horizon	
Target Asset Allocation		 <p>A 3D pie chart illustrating the target asset allocation for the Power Cost Equalization Fund. The chart is divided into three segments: Domestic Equity (52%, olive green), International Equity (28%, light blue), and Broad Market (20%, light purple). The chart is shown from an isometric perspective, giving it depth.</p>	
		Actuals	Benchmark*
Market Value (in 000s)	12/31/2011	\$716,300	-
	12/31/2012	\$787,500	-
	12/31/2013	\$937,300	-
Returns (6/30/13)	FY13	15.12%	14.51%
Returns (12/31/13)	YTD	22.33%	22.08%
	FYTD	14.11%	13.87%
	3 Year Actuals	11.95%	11.43%
	5 Year Actuals	14.02%	13.23%

\*Broad Market: Barclays U.S. Aggregate; Domestic Equity: Russell 3000 Stock Index; International Equity: MSCI EAFE

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# Public School Trust Fund (Principal and Income accounts)

Fiduciary oversight: Commissioner of Revenue

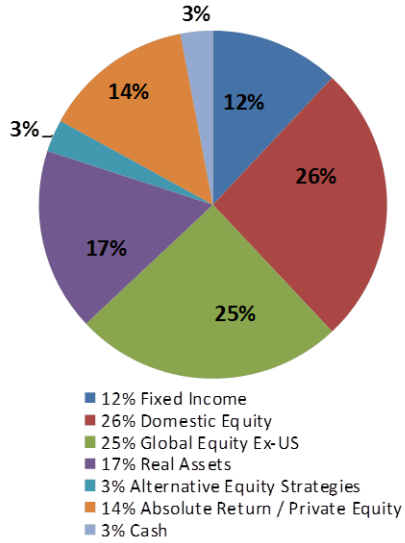
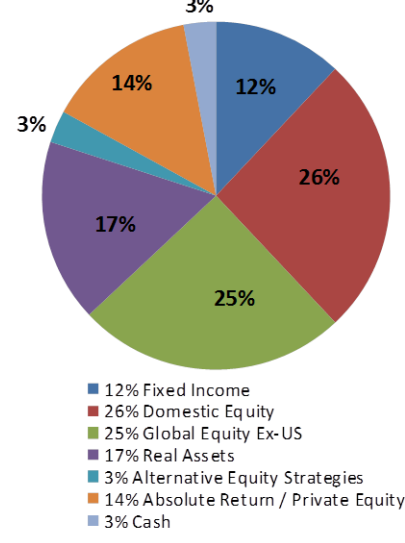
		Public School Trust Fund (Principal)		Public School Trust Fund (Income)	
Investment Objective		Moderate Risk, Long Term investment horizon		Low Risk, Short investment horizon	
Target Asset Allocation		<p><b>International Equity: 15%</b></p>  <p><b>Broad Market: 58%</b></p> <p><b>Domestic Equity: 27%</b></p>		 <p><b>Short-Term Fixed Income: 100%</b></p>	
		Actuals	Benchmark*	Actuals	Benchmark*
Market Value (in 000s)	12/31/2011	\$433,400	-	\$14,300	-
	12/31/2012	\$487,200	-	\$10,400	-
	12/31/2013	\$536,700	-	\$16,000	-
Returns (6/30/13)	FY13	8.19%	7.91%	0.24%	0.11%
Returns (12/31/13)	YTD	10.59%	10.39%	0.21%	0.07%
	FYTD	7.27%	7.34%	0.16%	0.03%
	3 Year Actuals	8.65%	8.73%	0.35%	0.10%
	5 Year Actuals	11.13%	10.71%	0.85%	0.12%

\*Short-term: 3-month U.S. Treasury Bill; Broad Market: Barclays U.S. Aggregate; Domestic Equity: Russell 3000 Stock Index

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# PERS & TRS

Fiduciary oversight: Alaska Retirement Management Board

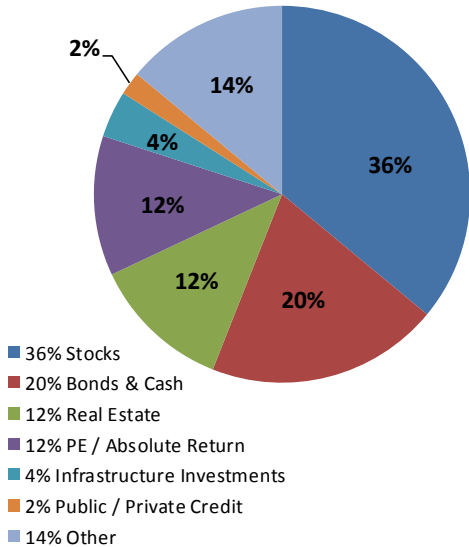
		PERS Retirement Defined Benefit Pension / Health		TRS Retirement Defined Benefit Pension / Health	
Investment Objective		Moderate Risk, Long Term investment horizon		Moderate Risk, Long Term investment horizon	
Target Asset Allocation		 <p>             12% Fixed Income              26% Domestic Equity              25% Global Equity Ex-US              17% Real Assets              3% Alternative Equity Strategies              14% Absolute Return / Private Equity              3% Cash           </p>		 <p>             12% Fixed Income              26% Domestic Equity              25% Global Equity Ex-US              17% Real Assets              3% Alternative Equity Strategies              14% Absolute Return / Private Equity              3% Cash           </p>	
		Actuals	Benchmark*	Actuals	Benchmark*
Market Value (in 000s)	12/31/2011	\$10,873,100	-	\$4,545,200	-
	12/31/2012	\$12,016,500	-	\$5,018,600	-
	12/31/2013	\$14,031,700	-	\$5,850,600	-
Returns (6/30/13)	FY13	12.51%	12.27%	12.59%	12.27%
Returns (12/31/13)	YTD	18.57%	16.74%	18.62%	16.74%
	FYTD	11.32%	10.96%	11.32%	10.96%
	3 Year Actuals	10.14%	9.75%	10.22%	9.75%
	5 Year Actuals	10.79%	11.90%	10.83%	11.90%

\*3% 3-month Treasury Bill; 0.6% Bank of America Yield Alternatives index; 0.9% CBOE Buy Write Index; 1.5% S&P 500 Index; 0.4% JP Morgan Global Bond Index - EM Global Diversified; 0.8% Citigroup World Gov. Bond Ex-US; 1.2% Merrill Lynch High Yield II Constrained; 9.6% BC Intermediate Treasury; 5.0% 3-month Treasury Bill+5%; 0.85% FTSE NAREIT Equity Index; 1.7% NCREIF Farmland Index; 1.7% NCREIF Timberland Index; 3.4% BC US TIPS Index; 9.35% NCREIF Property Index; 3% Russell 2000 Index; 3% S&P 500 Index; 3% MSCI EAFE Index; 25% MSCI ACWI ex-US Gross; 26% Russell 3000

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## Alaska Permanent Fund Corporation

Investment Objective		Long Term Investment Goal is to achieve a real rate of return of 5% per year	
Target Asset Allocation		 <p>             ■ 36% Stocks              ■ 20% Bonds &amp; Cash              ■ 12% Real Estate              ■ 12% PE / Absolute Return              ■ 4% Infrastructure Investments              ■ 2% Public / Private Credit              ■ 14% Other           </p>	
		Actuals	Benchmark*
Market Value (in 000s)	12/31/2011	\$38,646,700	-
	12/31/2012	\$43,654,800	-
	12/31/2013	\$49,241,900	-
Returns (6/30/13)	FY13	10.93%	11.27%
Returns (12/31/13)	YTD	12.27%	12.43%
	FYTD	8.86%	8.68%
	3 Year Actuals	8.25%	8.03%
	5 Year Actuals	11.09%	11.20%

\*The APFC Benchmark is a diversified weighted composite comprised of 20% Barclays Global Corp. Index + 80% MSCI All Country Index for Company Exposure; 75% NCREIF + 25% Barclays US TIPS Index for Real Assets; Barclays Global Treasury Index (Hedged) for Fixed Income; and 3 Month T-Bill for Cash.

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## **2: FY2014 Investment Revenue Forecast**

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## FY2014 Investment Revenue Forecast

All Amounts in \$ Millions

Prepared January 23, 2014 by the State of Alaska - Department of Revenue

FY 2013 Actuals	
	Total FY13
<b>UNRESTRICTED</b>	
Investments	26.7
Interest Paid by Others	1.4
<b>TOTAL UNRESTRICTED</b>	<b>28.1</b>
<b>RESTRICTED</b>	
Investments - Designated GF	2.6
Investments - Other Restricted	5.2
GF Restricted - Total	7.8
<i>CBRF - Main Account</i>	8.2
<i>CBRF - Special Sub Account</i>	610.0
CBRF - Total	618.2
Other Treasury Managed Funds	37.9
Alaska Permanent Fund	4,313.9
<b>TOTAL RESTRICTED</b>	<b>4,977.8</b>
<b>GRAND TOTAL</b>	<b>5,005.9</b>

FY 2014 Forecast - Based on actuals through Dec 31, 2013			
	Actual through 12-31-13	Forecast through 06-30-14	Total FY14
<b>UNRESTRICTED*</b>			
Investments	71.3	29.2	100.5
Interest Paid by Others	0.7	0.7	1.4
<b>TOTAL UNRESTRICTED</b>	<b>72.0</b>	<b>29.9</b>	<b>101.9</b>
<b>RESTRICTED</b>			
Investments - Designated GF	1.8	0.7	2.5
Investments - Other Restricted	3.7	1.5	5.2
GF Restricted - Total	5.5	2.2	7.7
<i>CBRF - Main Account</i>	20.1	24.9	45.0
<i>CBRF - Special Sub Account</i>	584.7	193.3	778.0
CBRF - Total	604.8	218.2	823.0
Other Treasury Managed Funds	36.3	13.1	49.4
Alaska Permanent Fund**	4,014.5	N/A	4,014.5
<b>TOTAL RESTRICTED</b>	<b>4,661.1</b>	<b>233.5</b>	<b>4,894.6</b>
<b>GRAND TOTAL</b>	<b>4,733.1</b>	<b>263.4</b>	<b>4,996.5</b>

### Notes:

FY2014 investment forecasts include actual data through 12/31/13. Projections for the remainder of FY2014. Due to financial market volatility, forecasts shown are subject to review and adjustment.

\*Unrestricted investment revenue includes earnings on the Statutory Budget Reserve Fund, managed under a separate asset allocation than the General Fund.

\*\*Please refer to APFC Fund Financial History & Projections as of Dec. 31, 2013 for mid-case and quartile projections. APFC forecasts shown are subject to review and adjustment.

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# THANK YOU

Please find our contact information below:

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