

# **Alaska Permanent Fund**

**February 6, 2015**



Alaska Permanent Fund Corporation

# Renewable resource

**\$18.1  
billion**

**deposited  
in Fund to  
date**

**\$21.6  
billion**

**dividends  
paid to date**

**\$52.5  
billion**

**current  
value**



# FY2014 performance

**Total return**

**15.5%**

**Benchmark return**

**15.7%**

**Ending balance**

**\$51.2 billion**

**Change from FY13**

**\$6.3 billion**

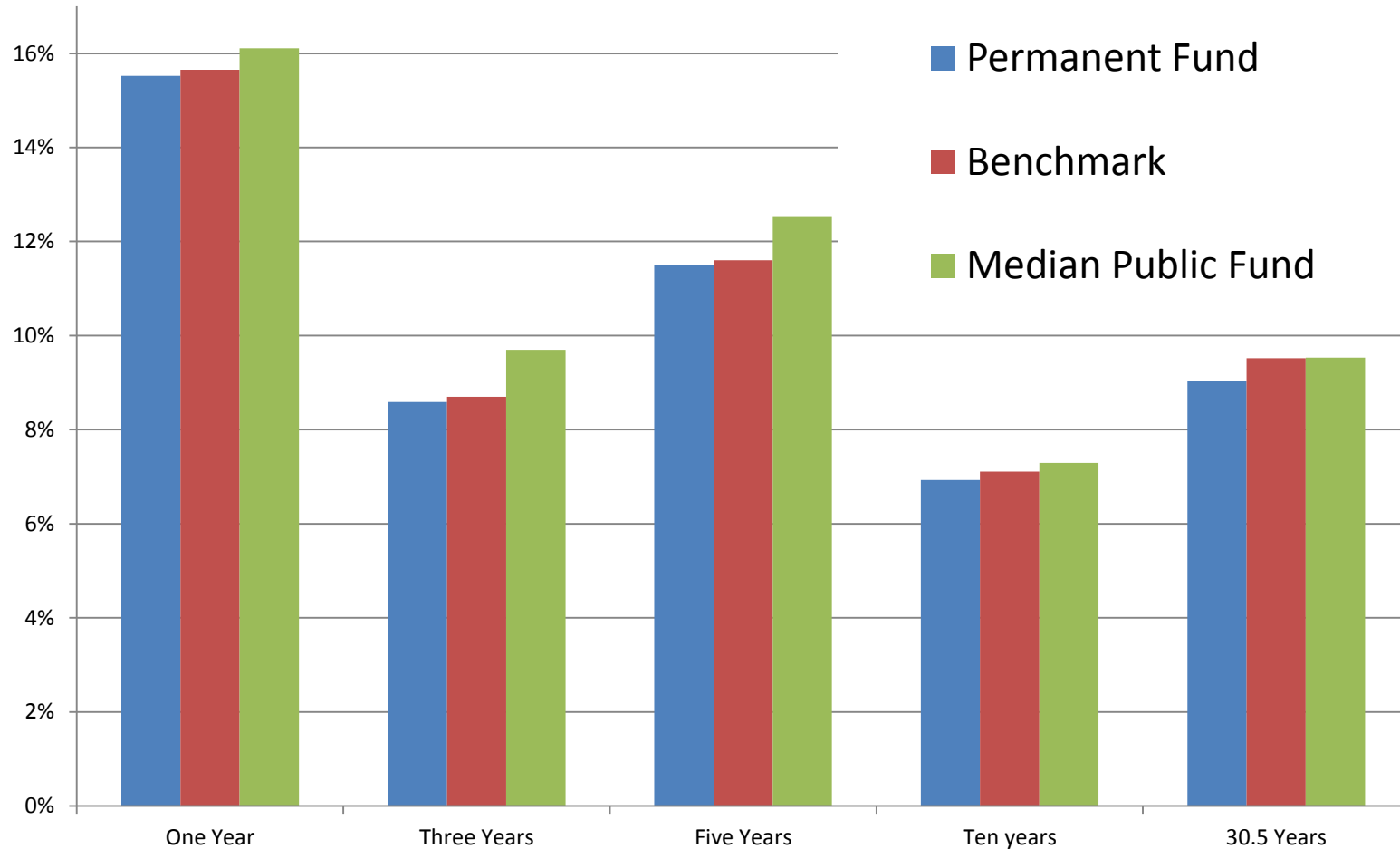
**Dividend**

**\$1.2 billion**



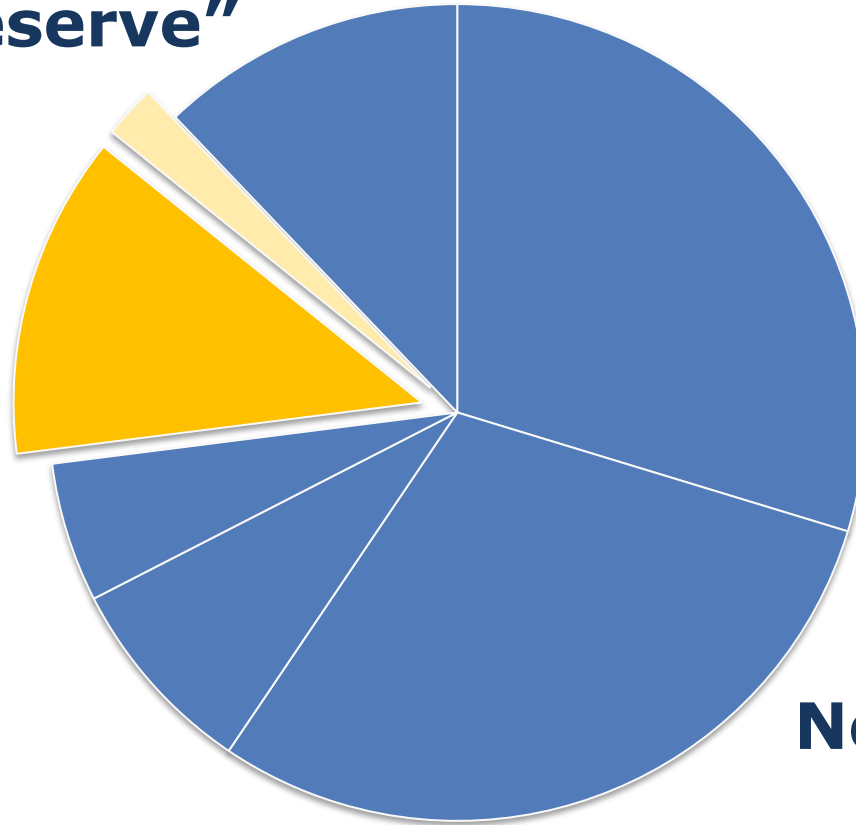
# Fund Performance

## for periods ending June 30, 2014



# **\$52.4 billion as of 12/31/14**

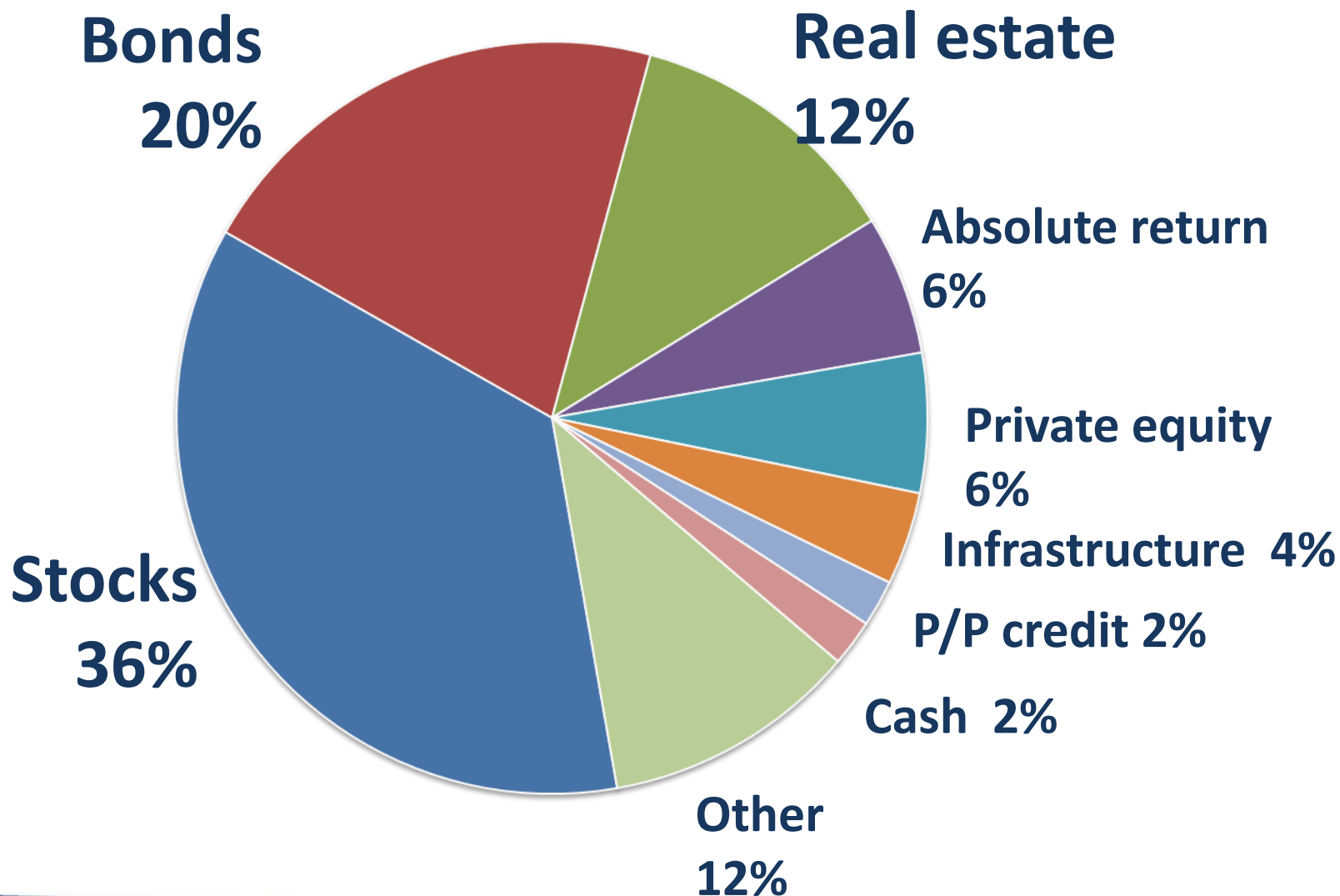
**Assigned  
“Earnings Reserve”  
\$7.8 billion**



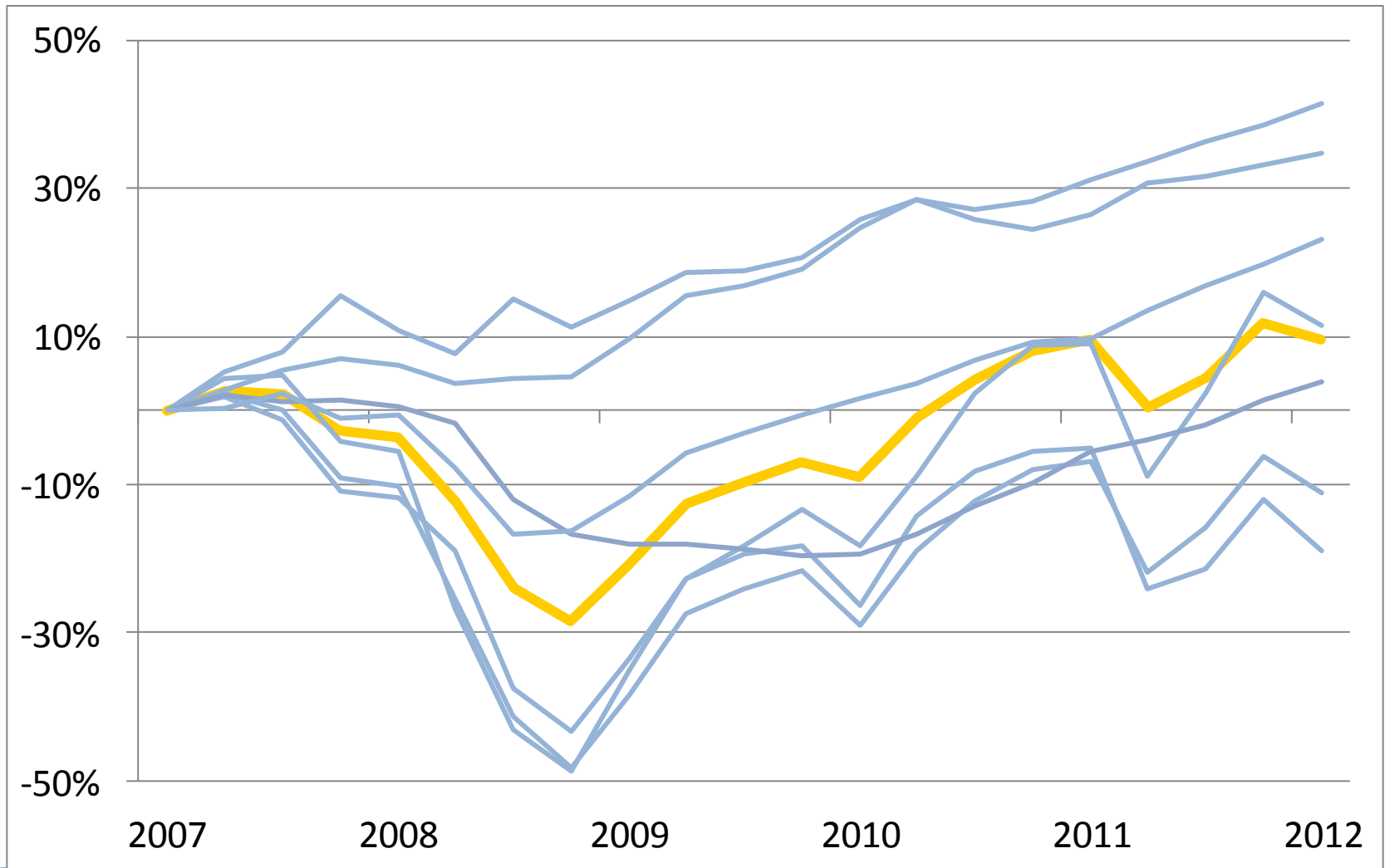
**Nonspendable  
“Principal”  
\$44.6 billion**



# Target asset allocation



# The effect of diversification



# Fund advantages

## Size

- Access to investments
- Ability to negotiate fee savings

## Time Horizon

- No set liability





# Fund Challenges

## Location

- Business travel to financial centers
- Recruitment from financial centers

## Flexibility

- New resources often arrive long after needed due to lengthy budget process

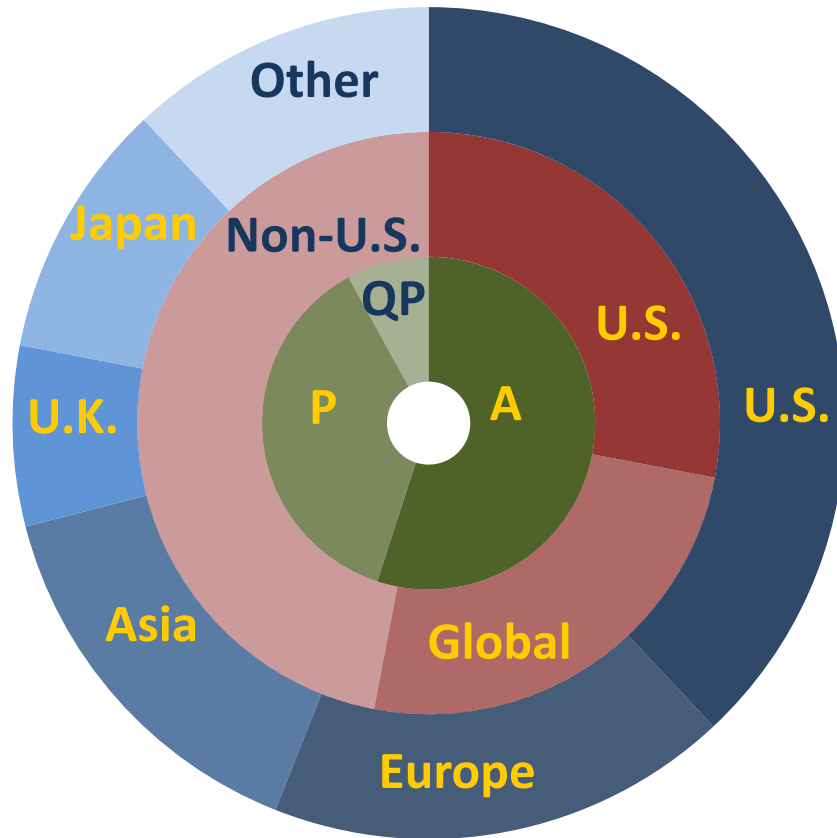
## Staff size


- Small staff limits bench strength, creates gaps during travel and vacancies



# Stock portfolio

**\$20.4 billion as of  
06/30/2014**



-  By country or region
-  By mandate:  
U.S., Global, Non-U.S.
-  By management:  
Active, Passive,  
Quasi-passive



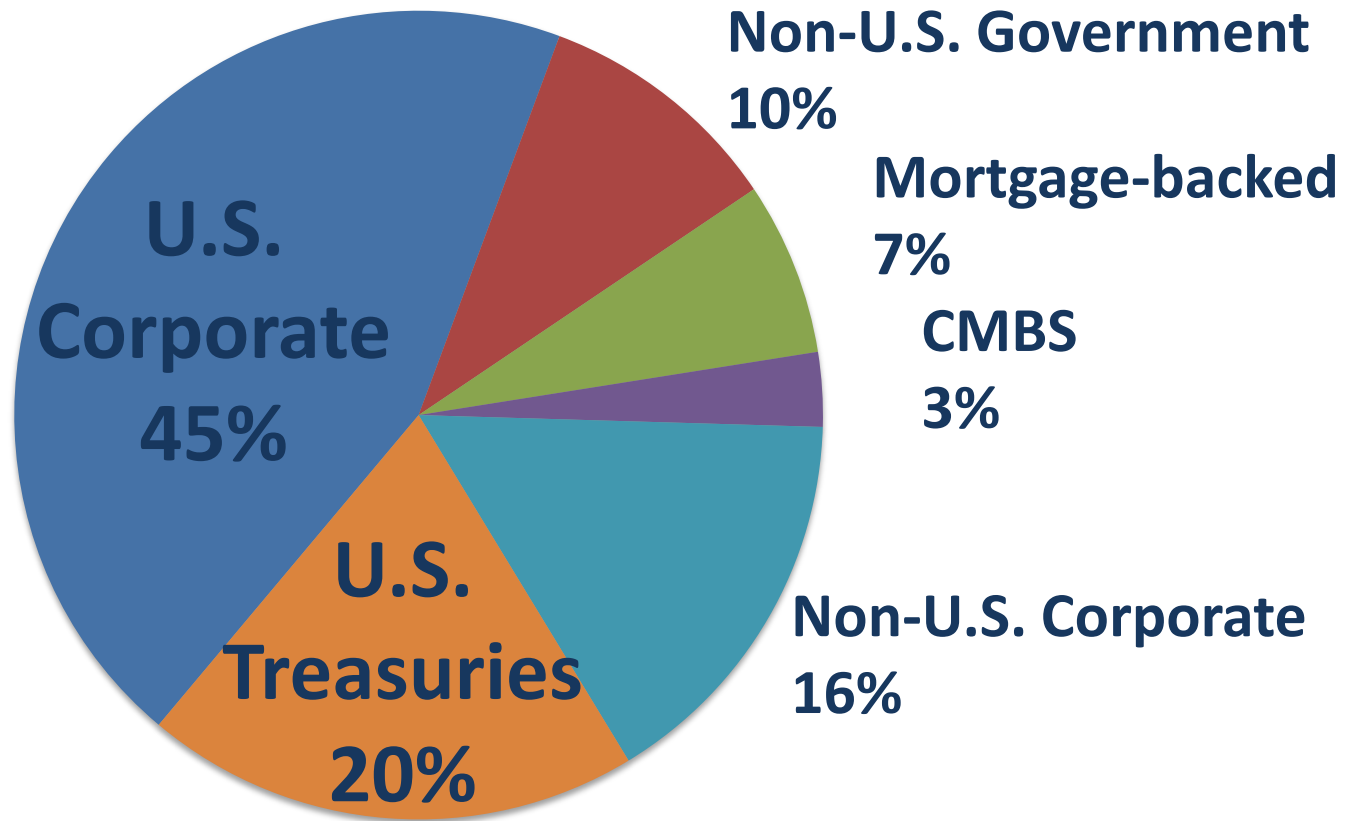
# Top 5 stocks as of 12/31/2014

<b>Apple</b>	<b>\$195 million</b>
<b>Microsoft</b>	<b>\$126 million</b>
<b>Exxon Mobil</b>	<b>\$117 million</b>
<b>Hewlett-Packard</b>	<b>\$110 million</b>
<b>JPMorgan Chase</b>	<b>\$95.4 million</b>

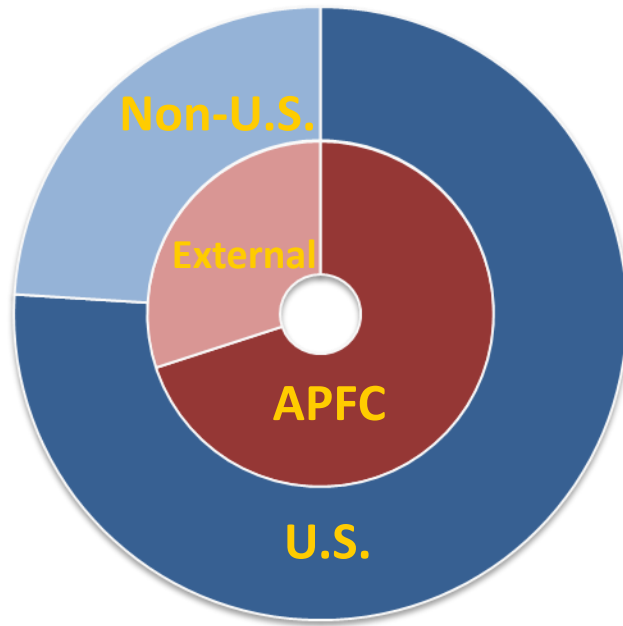


# Bond portfolio composition

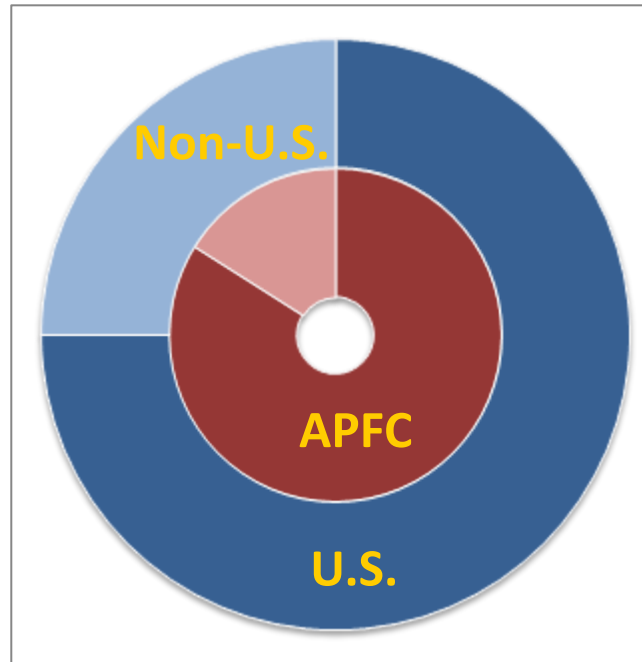
\$12.0 billion as of  
06/30/2014



# Bond portfolio management



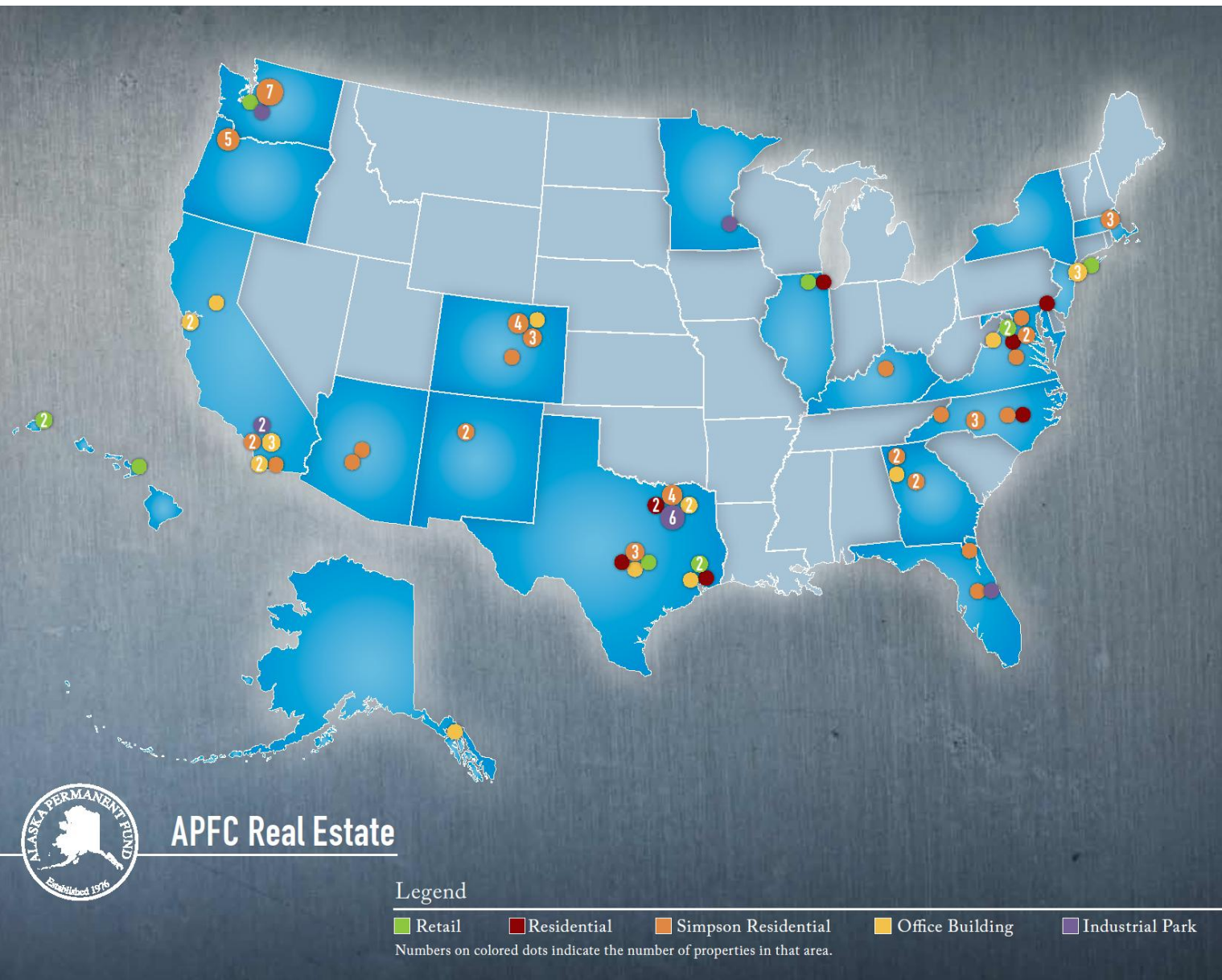
**06/30/2012**  
**\$7.6 billion**



**06/30/2014**  
**\$12.0 billion**

-  By country or region
-  By manager: APFC or External



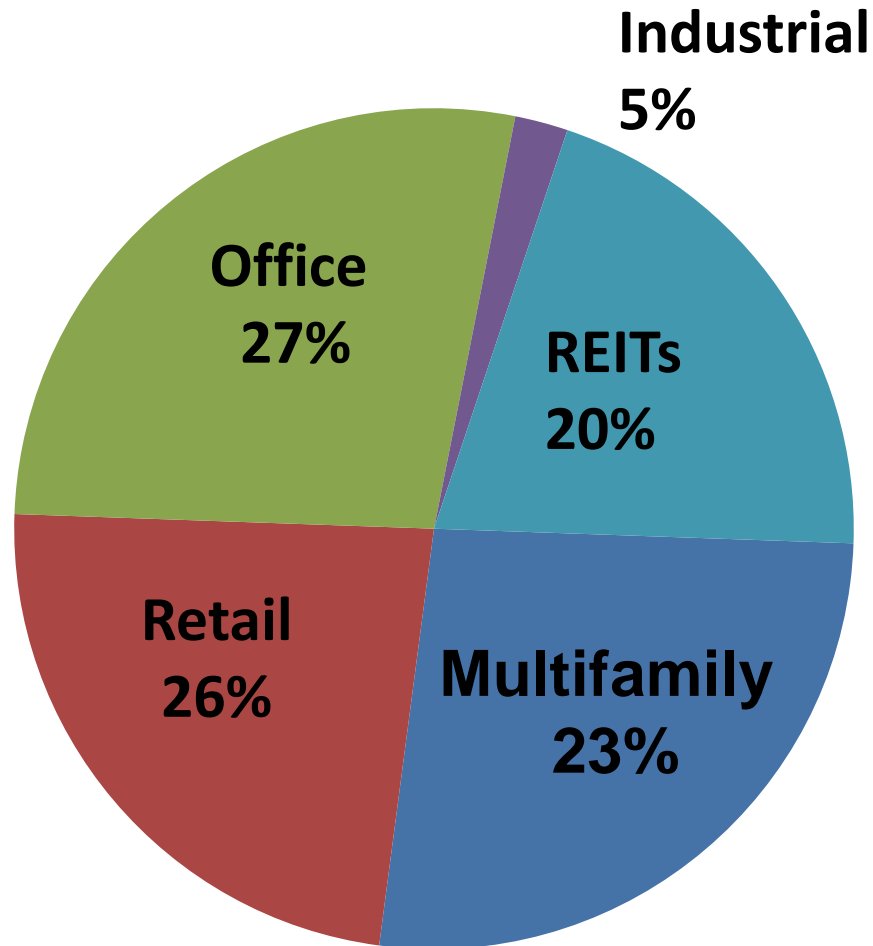


# Real estate

**\$5.9 billion as of  
06/30/2014**

**5 U.S. direct  
equity managers**

**1 REIT manager**





# Tysons Corner Center





# Simpson Housing LLLP

50/50 partners with State of Michigan

20,000+ apartments

APFC's share valued at \$992 million as of 06/30/2014.



# Simpson Housing LLLP



Alaska Permanent Fund Corporation

# Simpson Housing LLLP





# American Homes 4 Rent

**\$625 million invested, present value of share is \$797 million as of 06/30/2014.**

**Private company to public company in June, 2013**

**25,900 houses in 16 states**



# CityCentre II, III & IV



Houston, TX

Office & Retail

400,000 square feet  
total



# Parc Huron



Chicago, IL

Residential

221 units





# The Shops at North Bridge



# Non-U.S. real estate



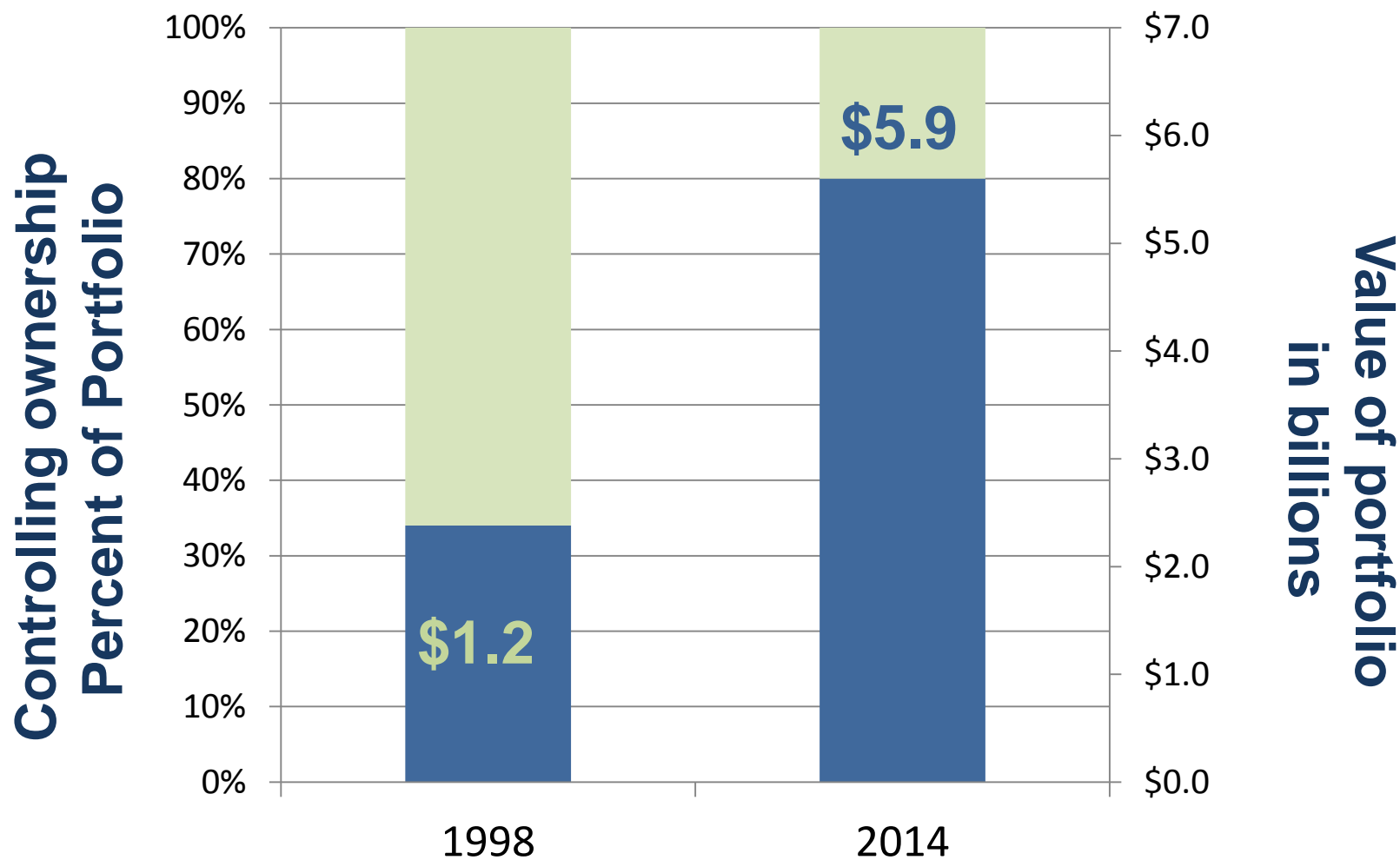
**Golden Square  
Shopping Centre  
Warrington, UK**

**Zenia Boulevard  
Shopping Centre  
Alicante, Spain**





# Real estate management



# Absolute return

**\$2.8 billion as of 06/30/2014**

**3 gatekeepers**

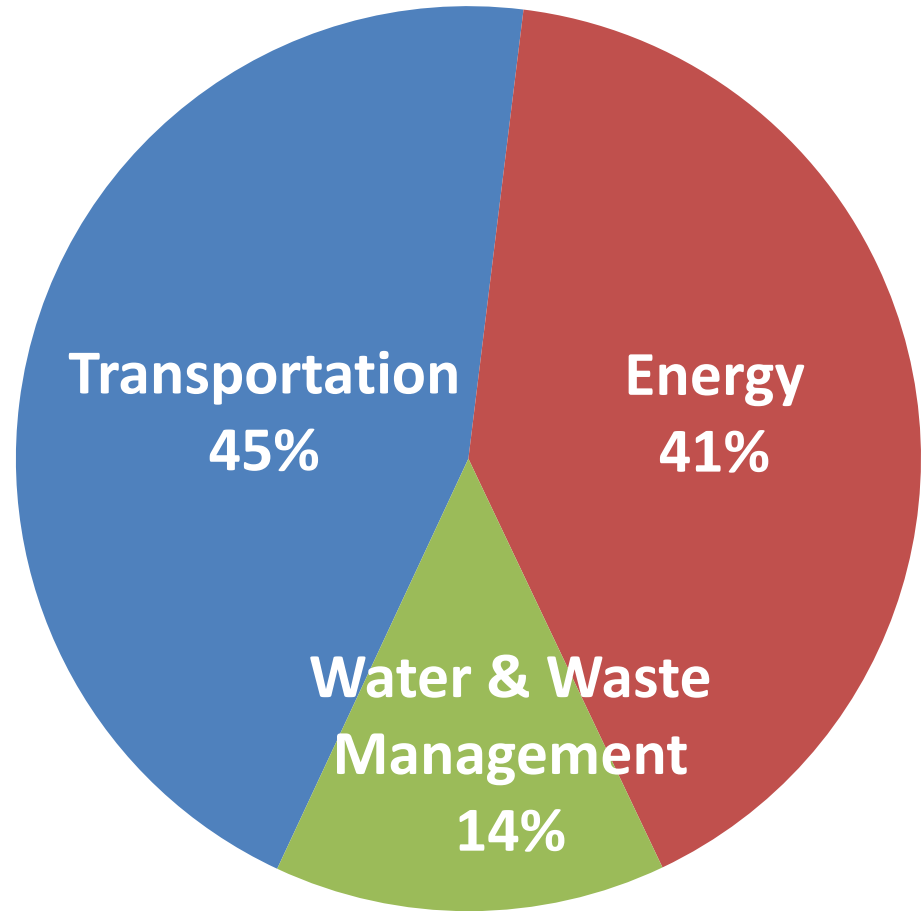


# Infrastructure holdings

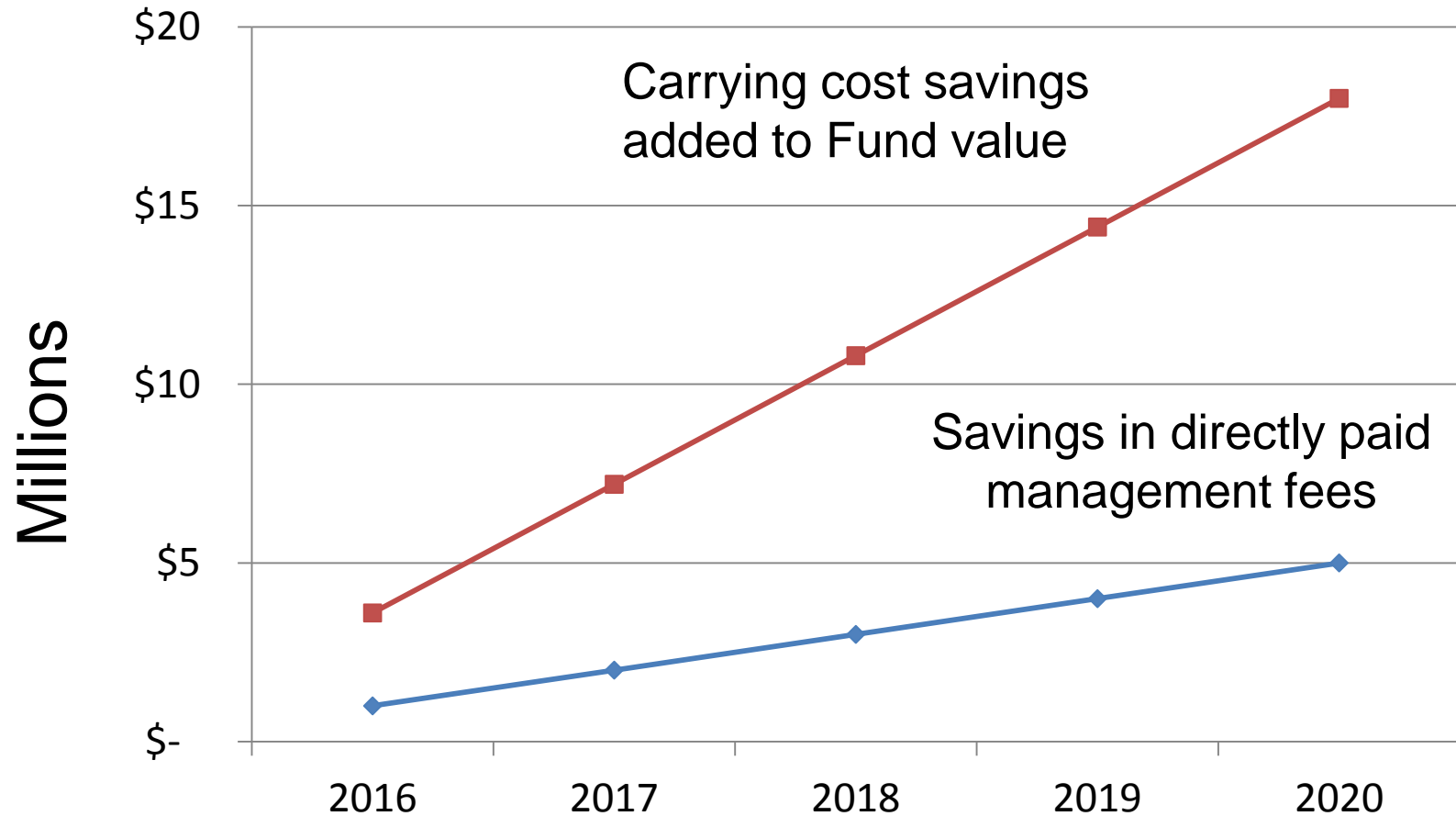
\$1.1 billion as of  
06/30/2014

Properties in the U.S., U.K.,  
India, Argentina and Canada

Co-investment program  
implemented in FY14



# Savings from 3 deals/year

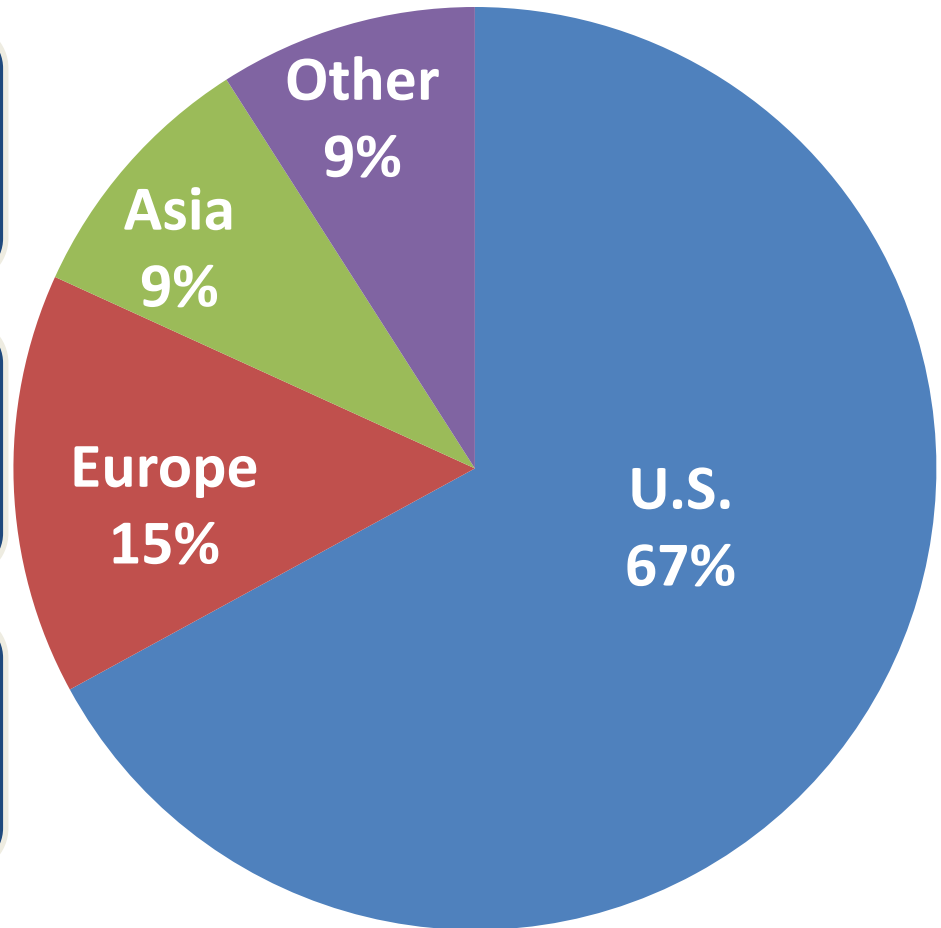


# Private equity

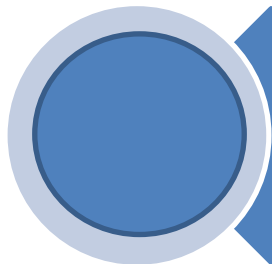
\$2.6 billion as of 06/30/2014

2,800 underlying companies

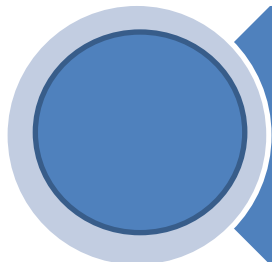
Co-investment program  
implemented in FY2014



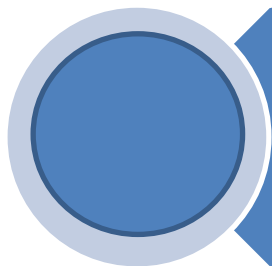
# Special opportunities



Direct investments in private companies



Direct investments in specialized funds



Multi-asset mandates



# Direct fund investment \$1 billion

	Industry	APFC
Terms	1.5/20 over five years	\$500 million @ 1.5/20 \$500 million free 5% total revenue share
Fees	\$75 million management fees \$200 million carry	\$37.5 million direct management fees \$100 million carry
GP revenue sharing	- 0 -	\$150 million Based on total fund, not APFC share
Gross profit	\$1 billion	\$1 billion
Net profit	\$725 million	\$1.0 billion



# Private assets, one year:

60 deals screened

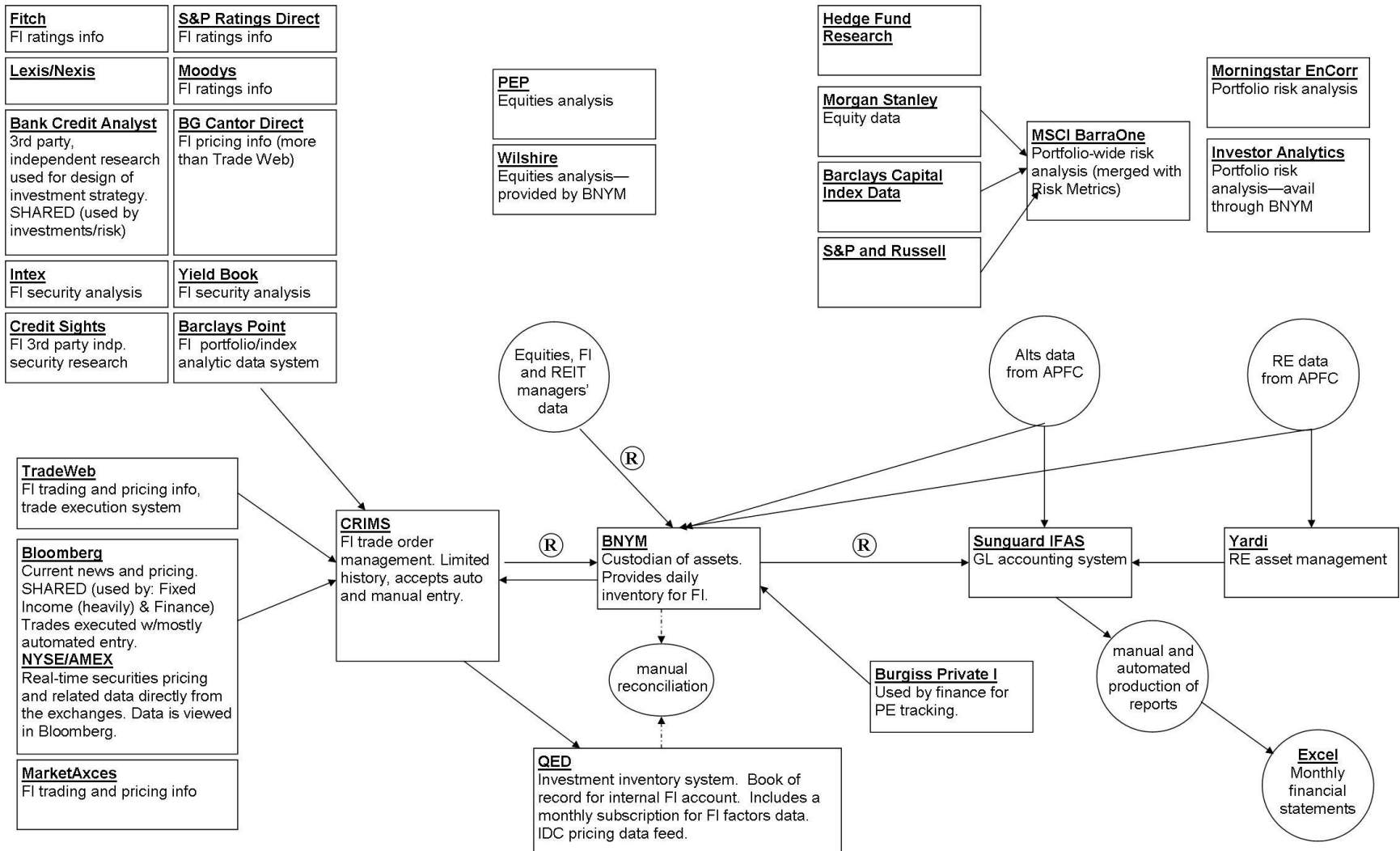
12 reviewed

6  
closed





# Financial networks



# Dividend calculation

Fiscal Year	Statutory net income
2009	(\$2.5 billion)
2010	\$1.6 billion
2011	\$2.1 billion
2012	\$1.6 billion
2013	\$2.9 billion
2014	\$3.5 billion
Sum	\$11.7 billion



# Dividend calculation

\$11.7 billion x .21%



\$2.5 billion divided in half



Send \$1.25 billion to PFDD



After adjustments, divide by 641,489



2014 individual PFDD = \$1,884



# Oil prices and the dividend

**Oil royalties are not part  
of the dividend calculation!**

	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>
<b>Fund ending value</b>	<b>\$40.3</b>	<b>\$44.9</b>	<b>\$51.2</b>
<b>Oil deposits</b>	<b>\$ 0.9</b>	<b>\$ 0.8</b>	<b>\$ 0.8</b>

**values in billions**

