



APFC

ALASKA PERMANENT
FUND CORPORATION

Senate Finance Committee
The Alaska Permanent Fund
February 4, 2021

1969 The Debate Begins



Alaska receives \$900 million in Prudhoe lease sale.

FY 1970 state budget: \$173 million.



The Alaska Constitution

In 1976, Alaskans voted, 75,588 to 38,518, in favor to amend the Constitution of the State of Alaska and created the Alaska Permanent Fund.

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.

The Corporation

Four years after the Alaska Permanent Fund was approved by voters, the Alaska State Legislature passed SB 161 in 1980, establishing the Alaska Permanent Fund Corporation.

APFC's Mission

To manage and invest the assets of the permanent fund and other funds designated by law in accordance with AS 37.13.010-37.13.190.

Alaska Permanent Fund

- Principal – Constitution and AS 37.13.010
- Earnings Reserve Account – AS 37.13.145 (a)

Amerada Hess Fund – AS 37.13.145 (d)

- AK Capital Income Fund – AS 37.05.565

Alaska Mental Health Trust Fund – AS 37.13.300

- Alaska Mental Health Trust Authority



ALASKA PERMANENT
FUND CORPORATION

Board of Trustees

A six-member, governor-appointed Board of Trustees is entrusted with the fiduciary oversight of the Fund.

As the fiduciaries, the Trustees have a duty to Alaskans in assuring that the Alaska Permanent Fund is managed and invested in a manner consistent with legislative findings in AS 37.13.020.

- 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 the purposes designated by law.***

A fiduciary is a person or organization that acts on behalf of another person or persons to manage assets. Essentially, a fiduciary owes to that other entity the duties of good faith and trust. The highest legal duty of one party to another, being a fiduciary requires being bound ethically to act in the other's best interests.
- Investopedia

Investment Management

Constitutional and Statutory Mandates

- Principal provides permanent savings
- ERA holds the investment income for appropriation
- Prudent rules govern Saving, Spending, and Growth

APFC Stewardship

- Quasi-independent
- Long-term horizon – Prudent Diversification
- Accountability
- Resources

A robust, healthy Permanent Fund is important to all generations of Alaskans.





Key Questions...

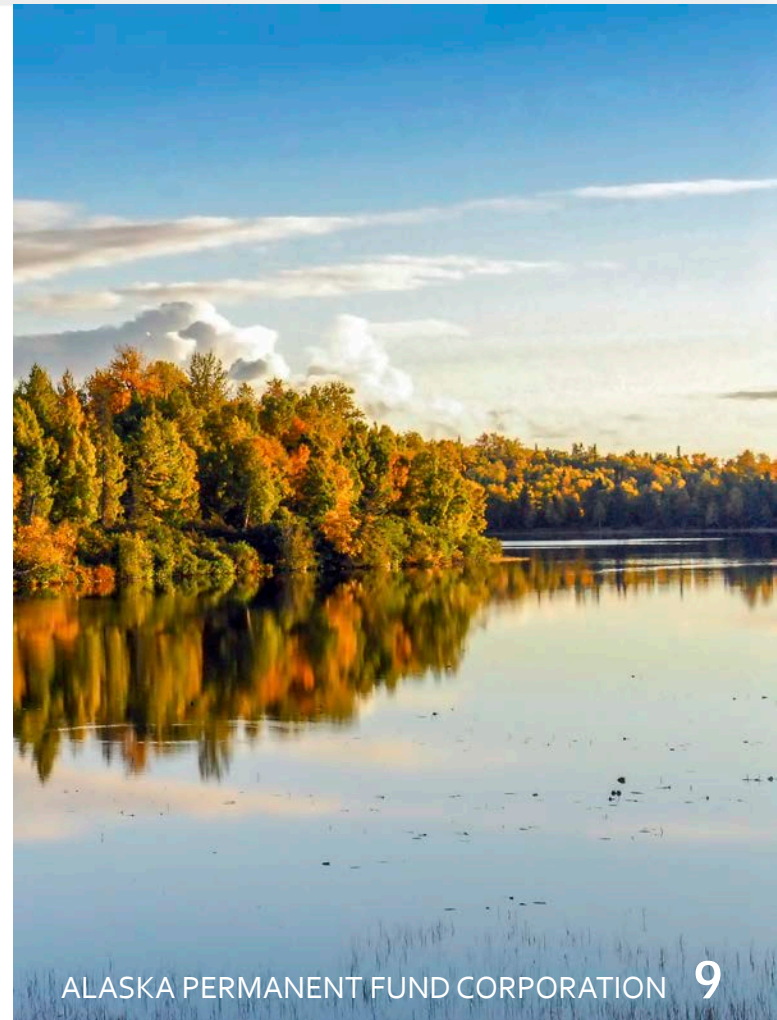
- How much do we make?
- How do we invest?
- How does Principal grow?
- How does the ERA grow?
- How much can we draw?



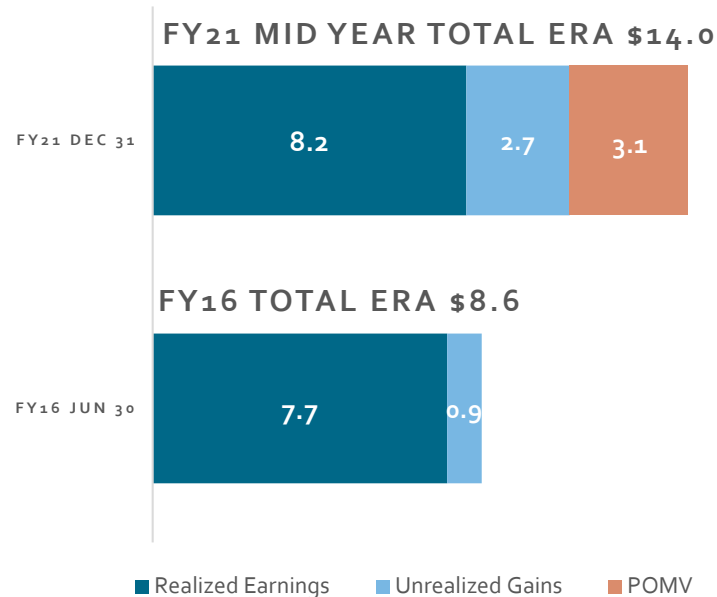
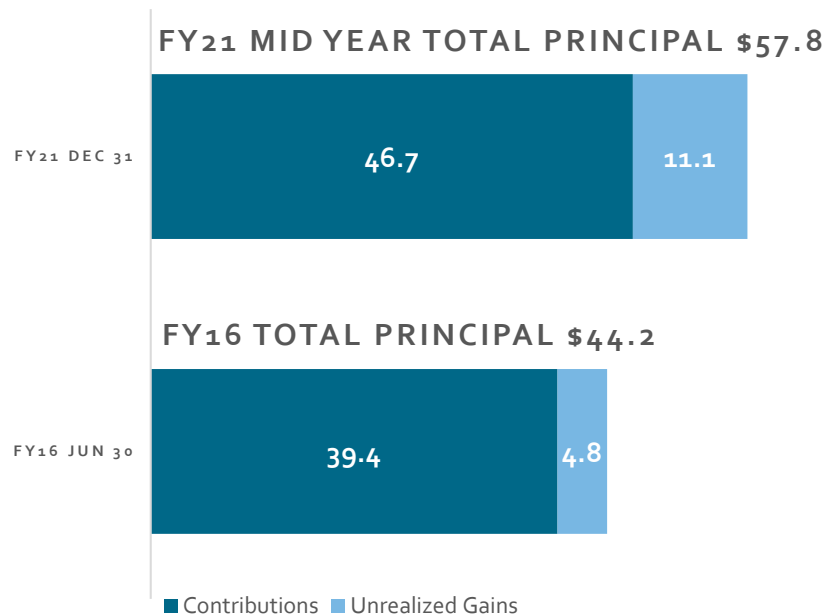
How much do we make?

Monthly Reporting

- Accountability and transparency have driven our operations from our very beginnings as an independent state corporation accountable to the public.
- Financial and performance reports are produced monthly to ensure point-in-time accuracy of data and compliance with policies and laws.
- APFC finance staff reconcile values for the Principal and ERA accounts at the close of each month. The Fund has more than 700 investment accounts, each represents anywhere from one private investment to hundreds of public equity holdings.



Values in Billions



Sources of Change in Value

FY20 End to FY21 Mid Year

Sources of Change in Value	\$s in millions
FY20 Total Fund	65,302.2
Net Investment Revenues	9,419.5
Cash Flow Income	587.2
Realized Gains	2,373.2
Unrealized Gains	6,520.3
Expenditures	(61.2)
Royalties	117.9
FY21 POMV to General Fund	(3,091.5)
FY21 Mid Year Total Fund	71,748.1

Statutory Net Income AS 37.13.140

Net Investment Revenues	9,419.5
Unrealized Gains	(6,520.3)
AK Capital Income Fund	(18.4)
FY21 YTD to ERA	2,880.8

Financial Statements

APFC issues monthly financial statements for the Fund that reconcile values for the total Fund, the Principal, and ERA.

Includes monthly values for -

- Contributions to Principal
- Known commitments from the ERA, and the net realized earnings that remain unspent
- Unrealized gains for both accounts
- Statutory net income to the ERA
- Asset valuations
- Revenues and expenditures

ALASKA PERMANENT FUND

Balance Sheets

Unaudited (millions of dollars)	December 31, 2020	June 30, 2020
Assets		
Cash and temporary investments	\$ 5,746.5	4,815.9
Receivables, prepaid expenses and other assets	662.6	2,194.7
Investments:		
Marketable debt securities	15,229.5	13,595.5
Preferred and common stock	29,068.3	25,109.8
Real estate	4,964.3	4,303.6
Absolute return	4,604.2	4,288.5
Private credit	1,944.7	1,890.4
Private equity	11,420.6	9,803.9
Infrastructure	2,126.9	1,902.3
Total investments	69,358.5	60,894.0
TOTAL ASSETS	\$ 75,767.6	67,904.6
Liabilities		
Accounts payable	2,478.0	2,581.9
Income distributable to the State of Alaska	1,541.5	20.5
TOTAL LIABILITIES	\$ 4,019.5	2,602.4
Fund Balances		
Nonspendable:		
Permanent Fund corpus - contributions and appropriations	46,736.7	46,618.8
Unrealized appreciation on invested assets	11,064.1	5,789.3
Total nonspendable	57,800.8	52,408.1
Committed:		
General Fund appropriation	3,069.3	3,091.5
Current FY AK Capital Income Fund	18.4	-
Total committed	3,087.7	3,091.5
Assigned for future appropriations:		
Realized earnings	8,189.8	8,378.3
Unrealized appreciation on invested assets	2,669.8	1,424.3
Total assigned	10,859.6	9,802.6
TOTAL FUND BALANCES	\$ 71,748.1	65,302.2
TOTAL LIABILITIES AND FUND BALANCES	\$ 75,767.6	67,904.6

Performance

Monthly performance report includes 6 pages of –

- Market Values
- Performance:
 - 1mo, 3mo, FYTD, CYTD,
 - 1Yr, 3Yrs, 5Yrs
 - Total Fund
 - Benchmarks
 - Asset Classes
 - Holdings
 - Index Comparisons



Board of Trustees - Monthly Performance Report - December 31, 2020

Returns are provided by Collan LLC, are annualized for periods greater than one year, and are net of fees after 7/1/2020. Also see "Notes and References" below.

		(A)	(B)	(C)	(D)	(E)	(F)	(G)
	12/31/2020 Market Value*	1 Month	3 Months	FYTD	CYTD	1 Year	3 Years	5 Years
				(6 Months)	(12 Months)	(12 Months)	(36 Months)	(60 Months)
1	TOTAL FUND •	73,914,796,092	3.09%	9.95%	15.74%	12.15%	12.15%	10.09%
2	Passive Index Benchmark ¹ •		3.77%	11.57%	18.24%	12.38%	12.38%	8.06%
3	Performance Benchmark ² •		2.98%	9.35%	15.57%	11.48%	11.48%	8.54%
4	Total Fund Return Objective ³		0.50%	1.30%	3.48%	6.37%	6.37%	6.85%
5	PUBLIC EQUITY	29,625,130,859	5.62%	18.02%	27.32%	16.76%	16.76%	12.41%
6	MSCI ACWI IMI		4.97%	15.70%	25.08%	16.25%	16.25%	12.15%
7	INTERNATIONAL EQUITY	8,514,454,177	6.50%	18.68%	28.71%	14.72%	14.72%	10.68%
8	MSCI ACWI IMI EX-US		5.62%	17.22%	25.19%	11.12%	11.12%	4.83%
9	GLOBAL EQUITY	11,843,825,825	5.29%	16.66%	25.36%	18.53%	18.53%	12.51%
10	MSCI ACWI IMI		4.97%	15.70%	25.08%	16.25%	16.25%	12.15%
11	DOMESTIC EQUITY	9,266,540,888	5.23%	19.36%	28.90%	15.91%	15.91%	13.55%
12	RUSSELL 3000 INDEX		4.50%	14.68%	25.24%	20.89%	20.89%	15.43%
13	FIXED INCOME	15,331,831,972	0.71%	2.77%	4.41%	4.71%	4.71%	5.36%
14	FIXED INCOME BENCHMARK ⁴		0.60%	2.22%	3.62%	3.27%	3.27%	4.59%
15	US FIXED INCOME AGGREGATE	4,600,992,212	0.23%	1.20%	2.24%	8.52%	8.52%	4.98%
16	BB AGGREGATE		0.14%	0.67%	1.29%	7.51%	7.51%	4.44%
17	US INVESTMENT GRADE CORPORATE	4,574,605,882	0.52%	3.44%	5.24%	11.02%	11.02%	7.44%
18	BB CORPORATE		0.44%	3.05%	4.63%	9.89%	9.89%	6.74%
19	NON US FIXED INCOME	1,281,491,776	0.31%	0.75%	1.31%	4.00%	4.00%	4.24%
20	BB GLOBAL TREASURY EX-US		0.38%	0.71%	1.30%	3.71%	3.71%	4.32%
21	GLOBAL HIGH YIELD	1,505,070,848	2.02%	6.23%	11.26%	6.36%	6.36%	7.73%
22	BB US HIGH YIELD 2% ISSUER CAP		1.88%	6.44%	11.32%	7.05%	7.05%	8.57%
23	EMERGING MARKET DEBT	940,405,403	3.06%	9.44%	11.35%	3.80%	3.80%	6.81%
24	EMD BENCHMARK ⁵		2.69%	7.70%	9.27%	4.02%	4.02%	6.97%
25	TIPS	464,004,818	1.13%	1.64%	4.74%	11.21%	11.21%	4.93%
26	BB US TIPS		1.15%	1.62%	4.70%	10.99%	10.99%	5.92%
27	FIXED INCOME CASH	479,417,219	0.01%	0.03%	0.05%	1.00%	1.00%	1.88%
28	90 DAY T-BILLS		0.01%	0.03%	0.07%	0.67%	0.67%	1.60%
29	DOMESTIC STRUCTURED PRODUCTS	1,485,749,193	0.35%	0.46%	0.91%			
30	BB US SECURITIZED		0.25%	0.31%	0.55%			
31	ABSOLUTE RETURN	4,193,963,210	2.94%	5.70%	8.22%	7.64%	7.64%	4.80%
32	HFRI TOTAL HFOF UNIVERSE		4.47%	10.68%	15.58%	11.61%	11.61%	6.10%
33	RISK PARITY	690,942,953	4.08%	10.20%	15.76%	9.41%	9.41%	
34	HFRI RISK PARITY 12% VOL		4.23%	11.25%	16.77%	10.08%	10.08%	

Performance as of December 31, 2020

	Total Fund	Passive Index	Performance Benchmark	Objective CPI + 5%
FY20	2.01 %	1.28 %	2.05 %	5.65 %
FY21 to Date	15.74 %	18.24 %	15.57 %	3.48 %
3 Year	8.67 %	8.06 %	8.54 %	6.85 %
5 Year	10.09 %	9.40 %	9.68 %	6.95 %
10 Year	8.40%	6.86%	7.75%	6.74%
37 Year	8.91%	na	9.05%	7.59%

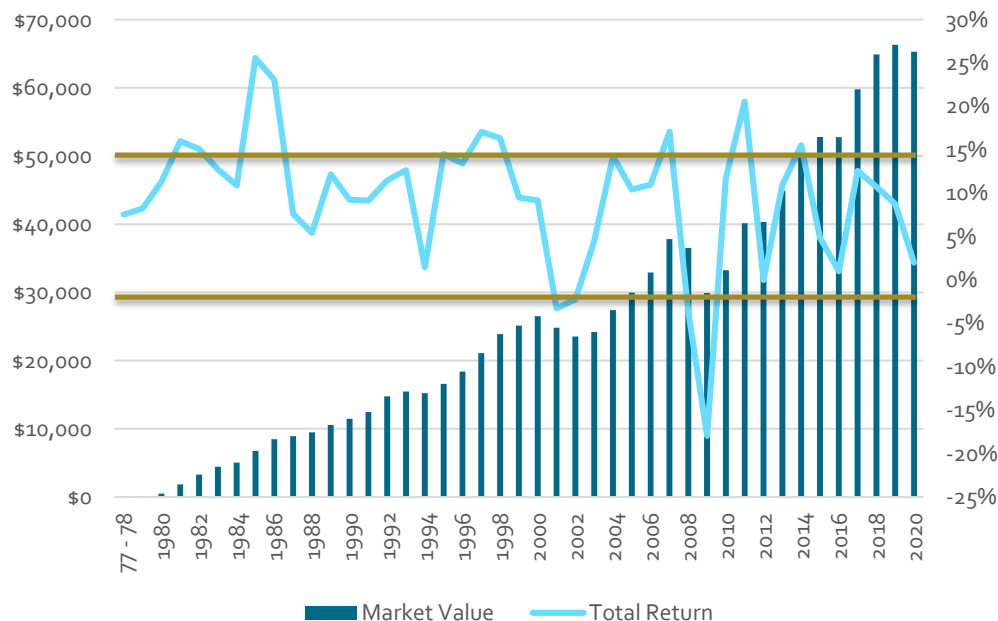
The image is a full-page background with a blue monochrome tint. It depicts a serene landscape featuring a calm body of water in the foreground, reflecting the light from a bright sun positioned in the upper center of the frame. The sun creates a prominent starburst effect. In the background, a range of rugged, snow-capped mountains stretches across the horizon. The overall mood is peaceful and expansive.

How do we invest?

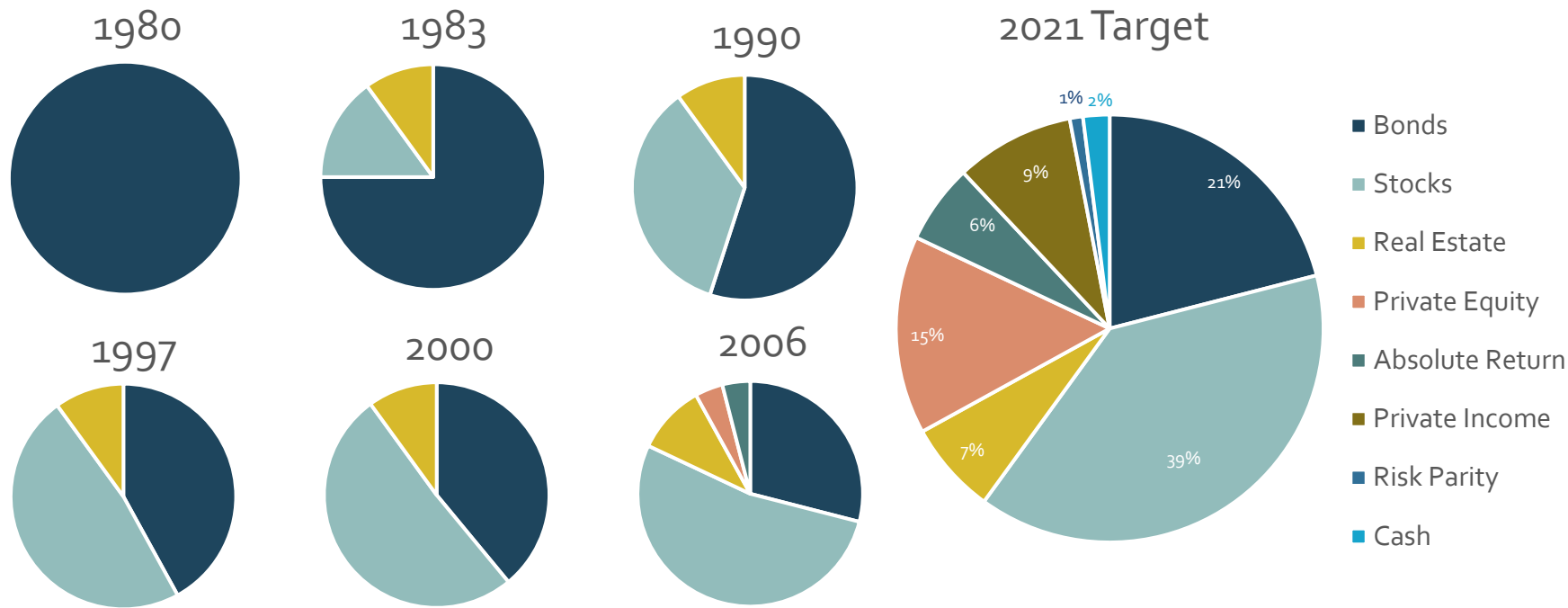
Fund Total Value and Returns in millions

- 1977** Initial Legislation permitted an investment list that included only fixed income securities such as treasury bonds.
- 1983** Following changes to the statutory investment list, the Fund makes its first investment in the stock market, and later that year, indirectly held real estate.
- 1990** After the Legislature expands the statutory investment list, the Fund begins to invest in stock and bond markets outside the United States.
- 2005** The Legislature makes a significant change in how Permanent Fund investments are determined, by removing the allowed investment list from state law.

The Trustees will make investment decisions under the guidelines of the prudent investor rule.



Asset Allocation



Projections FY21

excerpt from APFC's History & Projections – December 31, 2020

Assumptions	Total Return	Inflation	Real Return	Statutory Return
FY21 Lo	-0.17%	2.25%	-2.42%	4.27%
FY21 Mid	6.48%	2.25%	4.23%	5.45%
FY21 Hi	13.89%	2.25%	11.64%	6.83%

Based on 2020 Callan Capital Market Assumptions.
Actual Results will vary.

History & Projections

Issued monthly in conjunction with financial statements.

Values based on historical actuals, current fiscal year status, and projections for –

- Principal, ERA and Total Fund Balances
- Principal contributions: royalties, inflation proofing, special appropriations
- ERA statutory net income, dividend and POMV withdrawals, transfers to Principal
- AK Capital Income Fund – Amerada Hess
- Callan's 10-year capital markets forecast
- Forecasted Total and Real Returns
- POMV Distribution Calculations
- Statutory Dividend Transfer Calculation
- YTD Statutory Net Income Tracking



ALASKA PERMANENT FUND FINANCIAL HISTORY & PROJECTIONS as of December 31, 2020

Projections extend ten years, and are based on best available information (\$ in millions)

Nondependent Fund Balance - Principal										Assigned Fund Balance - Earnings Reserve										TOTAL FUND
FY	FY-Begin Contrib.	Dedicated State Revenues	Inflation Proofing Special	FY-End Balance	Unrealized Gain (Loss)	FY-End Balance	FY-End Non-dependable Balance	Acct. Net Inc.	Statutory Net Income	Div/POMV Transfer	Inflation Pft & Spic	ACIF	FY-End Balance	Unrealized Gain (Loss)	FY-End Balance	FY-End Assigned Balance	FY	FY-End Balance	FY-End Balance	FY-End Balance
77-11	0	12,765	20,289	33,044	4,788	37,832	37,832	41,650	38,780	19,186	16,991	434	2,016	295	2,308	2,308	77-11	41,460	41,460	41,460
12	33,044	915	1,073	35,033	3,220	38,253	38,253	(100)	1,568	605	1,073	17	1,905	175	2,081	2,081	12	40,333	40,333	40,333
13	35,033	840	743	36,615	4,184	40,800	40,800	4,314	2,928	804	743	30	3,487	967	4,054	4,054	13	44,854	44,854	44,854
14	36,615	779	586	37,941	7,962	45,902	45,902	6,848	3,031	1,235	546	32	5,237	975	6,212	6,212	14	51,214	51,214	51,214
15	37,941	600	624	39,165	6,473	45,638	45,638	2,384	2,907	1,373	624	24	6,147	1,816	7,963	7,963	15	59,801	59,801	59,801
16	39,165	284	0	39,449	4,750	44,199	44,199	380	2,190	696	0	18	7,649	921	8,571	8,571	16	67,770	67,770	67,770
17	39,449	365	0	39,814	7,155	46,969	46,969	6,676	3,214	0	0	25	10,863	1,952	12,816	12,816	17	79,785	79,785	79,785
18	39,814	353	0	40,167	5,983	46,030	46,030	5,526	3,324	726	0	43	16,461	2,403	18,864	18,864	18	98,649	98,649	98,649
19	40,167	365	889	41,542	6,278	47,821	47,821	3,766	3,305	2,723	889	22	16,053	2,426	18,481	18,481	19	117,130	117,130	117,130
20	41,542	319	4,788	46,619	5,789	52,408	52,408	1,637	3,150	2,933	4,788	21	11,470	1,424	12,894	12,894	20	130,024	130,024	130,024
Lo	46,619	258	0	46,877	5,549	52,426	52,426	(240)	2,570	3,092	0	18	10,956	829	11,785	11,785	21	141,809	141,809	141,809
Mid	46,619	258	0	46,877	6,300	53,177	53,177	4,008	3,327	3,092	0	23	11,705	1,573	13,278	13,278	21	155,087	155,087	155,087
Hi	46,619	258	0	46,877	9,244	56,121	56,121	8,742	4,203	3,092	0	29	12,581	2,481	15,062	15,062	21	170,149	170,149	170,149
22	46,877	250	1,560	48,187	6,831	54,718	54,718	4,255	4,000	3,549	1,560	27	11,576	1,569	13,145	13,145	22	183,294	183,294	183,294
23	48,187	254	1,090	49,530	6,778	56,308	56,308	4,342	4,082	3,206	1,090	27	11,342	1,555	12,897	12,897	23	196,191	196,191	196,191
24	49,530	282	1,121	50,933	7,034	57,968	57,968	4,428	4,164	3,287	1,121	27	11,118	1,535	12,654	12,654	24	208,845	208,845	208,845
25	50,933	307	1,153	52,393	7,296	59,689	59,689	4,518	4,248	3,330	1,153	27	10,883	1,516	12,399	12,399	25	221,244	221,244	221,244
26	52,393	328	1,186	53,908	7,563	61,471	61,471	4,612	4,337	3,373	1,186	27	10,661	1,496	12,157	12,157	26	233,401	233,401	233,401
27	53,908	351	1,221	55,479	7,838	63,317	63,317	4,710	4,430	3,441	1,221	27	10,429	1,473	11,903	11,903	27	245,304	245,304	245,304
28	55,479	372	1,257	57,108	8,120	65,228	65,228	4,811	4,526	3,513	1,257	27	10,196	1,448	11,644	11,644	28	256,948	256,948	256,948
29	57,108	388	1,294	58,799	8,411	67,211	67,211	4,915	4,625	3,587	1,294	27	9,963	1,421	11,384	11,384	29	268,332	268,332	268,332
30	58,799	401	1,332	60,532	8,711	69,233	69,233	5,023	4,728	3,663	1,332	27	9,741	1,391	11,132	11,132	30	279,464	279,464	279,464
Cumulative Totals								45,620	42,466	33,562	10,713	268								
Proj. for FY21-FY30	3,191	10,713																		

Assumptions: Total Return - Inflation = Total Real Return				Statutory Return		
Lo	FY21	-0.17%	2.25%	-2.42%	Lo	4.27%
Mid	FY21 ^(A)	6.48%	2.25%	4.23%	Mid	5.45%
Hi	FY21	13.88%	2.25%	11.64%	Hi	6.83%
	FY22-FY30 ^(B)	6.75%	2.25%	4.50%		6.40%

Notes related to financial history and projections:

- ⁽¹⁾ Dedicated State Revenues in current and future fiscal years are based on the Fall 2020 Department of Revenue forecast.
- ⁽²⁾ Accounting net income is based on United States Generally Accepted Accounting Principles (GAAP).
- ⁽³⁾ Current year returns and inflation are based on 2020 Callan capital market assumptions. Actual results will vary.
- ⁽⁴⁾ Future returns are based on 2020 Callan capital market assumptions and median expected returns (the mid case). Actual results will vary.
- ⁽⁵⁾ During FY 2009, the ACIF realized losses of \$33.3 million, which are excluded from statutory net income, and are included in the ending unassigned balance as a deficit account. During FY 2010 and FY 2011, the ACIF had realized income of \$20.8 and \$25.3 million, which is excluded from statutory net income, and served to reduce the FY 2009 deficit.
- ⁽⁶⁾ The statutory inflation calculation for FY 2010 was -.36%; therefore, there was no inflation proofing transfer during FY 2010.
- ⁽⁷⁾ The dividend transfer reported for FY 2016 was paid out in dividends during FY 2017.
- ⁽⁸⁾ There was no appropriation for inflation proofing in FY 16, FY 17, FY 18 and FY 21.
- ⁽⁹⁾ Per AS 37.13.140, beginning in FY19, transfers are based on a percent of market value (POMV) calculation and are to the General Fund. In previous years, transfers were based on an earnings calculation and were to the Dividend Fund.
- ⁽¹⁰⁾ In FY20, an additional \$4 billion was appropriated from the ERA to principal. The intent of the legislation was to forward fund inflation proofing.
- ⁽¹¹⁾ All transfers out of the Earnings Reserve are subject to Legislative appropriation.

FY21 YTD Statutory Net Income	
Interest, dividends, real estate & other income	\$ 587.2
Realized gains (losses) on the sale of assets	2,373.2
Less operating expenses	(61.2)
Less AK Capital Inc. Fund realized earnings	(18.4)
	\$ 2,880.8

Income Year-to-Date as of December 31, 2020	
FY21 YTD Accounting (GAAP) Net Income	
Statutory net income (loss)	\$ 2,880.8
Unrealized gains (losses) on invested assets	6,520.3
AK Capital Income Fund realized earnings	18.4
Accounting (GAAP) net income (loss)	\$ 9,419.5

FY21 POMV Distribution (actual) ⁽¹¹⁾		FY21 Statutory Dividend Transfer (actual) ⁽¹¹⁾	
Ending Fund Value (ex Am Hess)		Statutory Net Income	
FY18	\$ 65,876.7	FY20	\$ 3,106.0
FY19	64,469.9	FY19	3,305.0
FY17	59,360.8	FY18	6,324.4
FY16	52,345.1	FY17	3,214.2
FY15	52,376.1	FY16	2,198.0
Average Value \$ 58,867.5		Div (21%) \$ 3,811.0	
Statutory Distribution \$ 3,091.5		Statutory Trmst Amt \$ 1,905.5	

FY22 POMV Distribution (actual) ⁽¹¹⁾		FY22 Statutory Dividend Transfer (projected)	
Ending Fund Value (ex Am Hess)		Statutory Net Income	
FY20	\$ 64,877.4	FY21	\$ 3,326.8
FY19	65,876.7	FY20	3,106.0
FY18	64,469.9	FY19	3,305.0
FY17	59,360.8	FY18	6,324.4
FY16	52,345.1	FY17	3,214.2
Average Value \$ 61,386.0		Div (21%) \$ 4,048.0	
Statutory Distribution \$ 3,069.3		Statutory Trmst Amt \$ 2,024.0	

Callan's Long-Term Capital Market Projections

Asset Class	Callan FY21-FY30	Callan FY22-FY31
Public Equities	7.35%	6.85%
Fixed Income	3.05%	2.20%
Private Equity and Growth Opportunities	6.25%	8.00%
Real Estate	6.45%	5.75%
Private Infrastructure/Credit/Income	5.00%	6.40%
Absolute Return	6.20%	4.00%
Risk Parity	6.20%	5.25%
Cash	2.25%	1.00%
Total Fund	6.75%	6.20%
Inflation	2.25%	2.00%



How does Principal grow?



Principal

- Constitutionally established as the permanent part of the Fund
- Grows through
 - royalty contributions
 - special appropriations
 - inflation proofing
- Is to be used only for
 - income-producing investments

Principal Contributions

inception through December 31, 2020

\$17.7 Billion Royalty Deposits - AS 37.13.010 (a) (1) and (a) (2)

The constitutionally minimum required 25% of royalty proceeds, and the statutorily mandated deposits of 50% for leases after 1979.

\$18.0 Billion Inflation Proofing - AS 37.13.145 (c)

The inflation proofing calculation is based on deposits into the Principal of the Fund and the inflation rate as calculated per statute.

\$11.0 Billion Special Appropriations – AS 37.13.010 (a) (3)

Legislative Deposits from both the General Fund \$2.7 B and the ERA \$8.3 B.

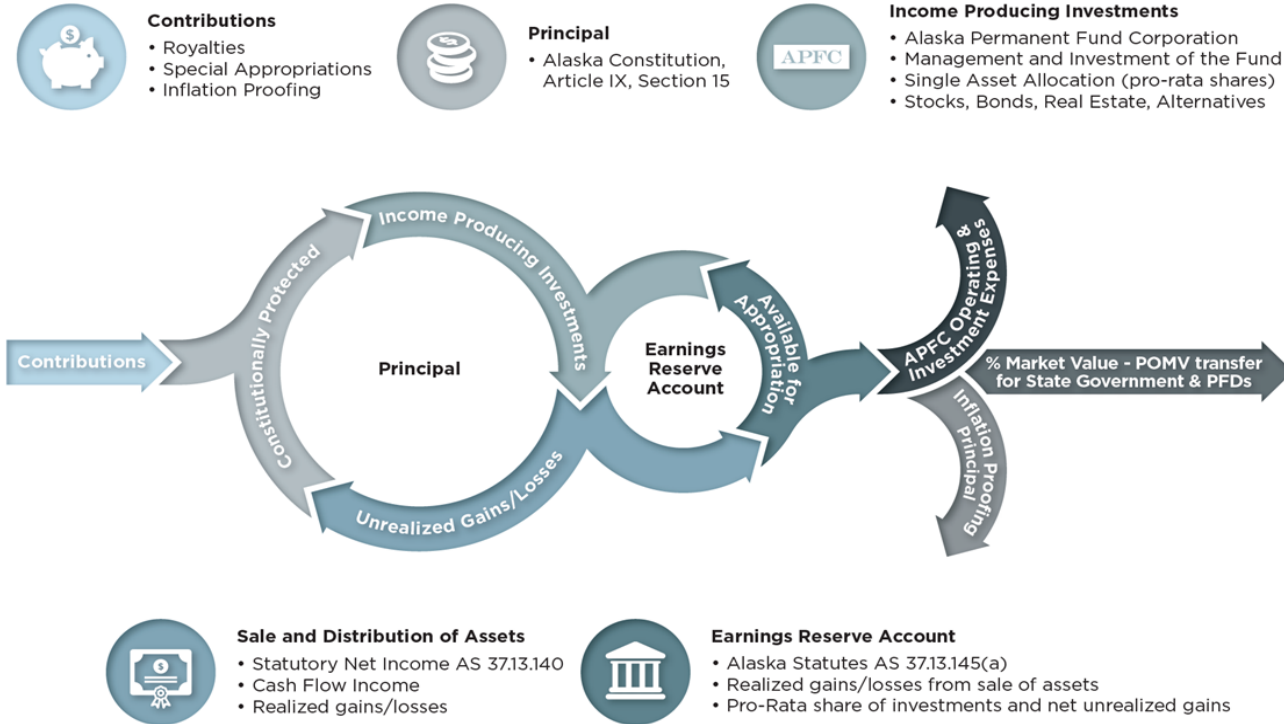


How does the ERA grow?

Earnings Reserve Account (ERA)

- Statutorily established under AS 37.13.145 (a) as a separate account in the Fund to hold the investment income
- Is to be invested in investments authorized under AS 37.13.120
- Grows through receipt of statutory net income
- Is available for Legislative appropriation

Renewable Resource

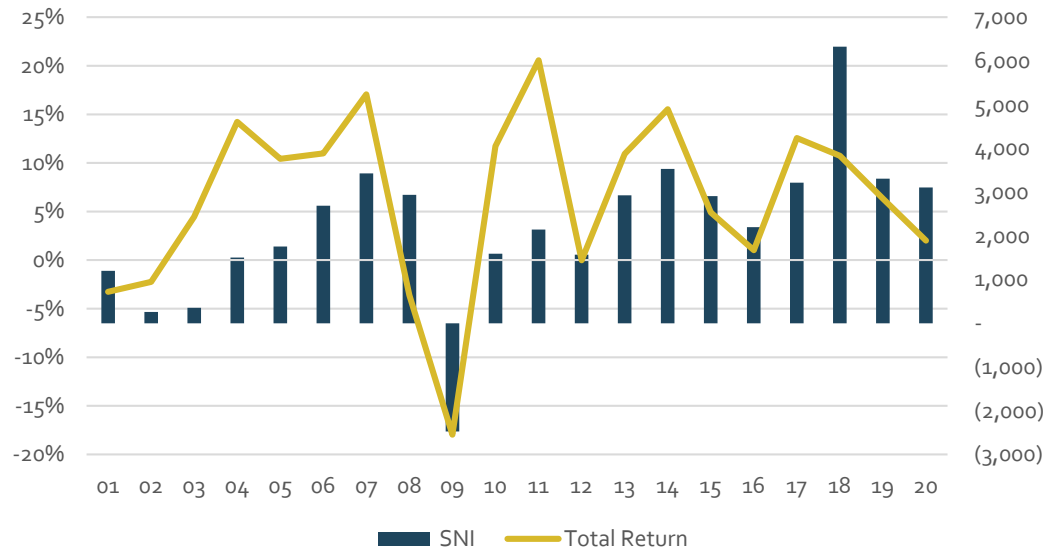


Historically, the Alaska Permanent Fund has been used as a savings device to generate revenues and pay dividends to eligible Alaskans.

Today, the Fund is used to support the State's General Fund through the POMV Draw for statewide services and programs, including the dividend.

ERA: Statutory Net Income

Total Return vs Statutory Net Income (millions)



AS 37.13.140 (a) directs the net investment earnings of the Fund to the ERA and excludes unrealized gains and losses.

Statutory Net Income is the direct result of investment activity, and includes:

- Monthly cash inflows from stock dividends, bond interest, and real estate
- Realized Capital Gains/Losses: All the net income (i.e., realized gains minus realized losses) generated by the sale of investments.

FY21 as of December 31, 2020

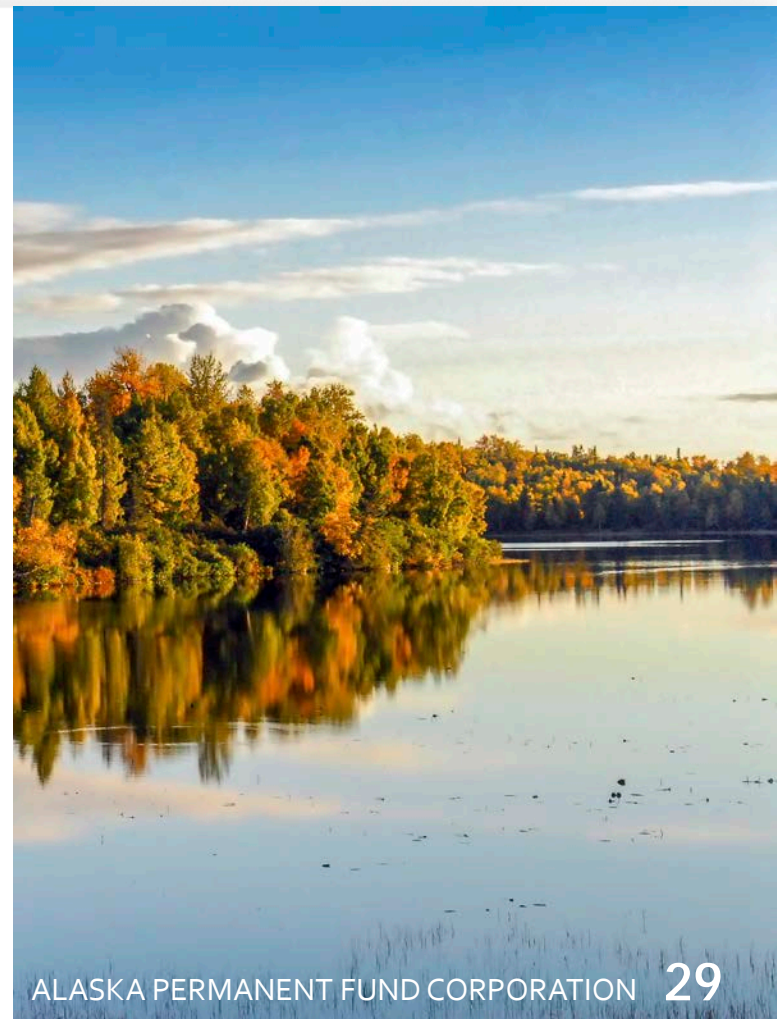
- Statutory Net Income = \$2,880,800,000



How much can we draw?

Earnings Reserve Account

	Enacted	Governor
	FY2021	FY2021 & 2022
APFC Operating	\$17,680,700	\$18,801,700
APFC Investment Mgmt.	\$129,400,600	\$133,039,100
POMV Draw	\$3,091,492,927	\$3,069,296,016
FY21 PFD Draw	\$0	\$1,225,518,055
FY22 PFD Draw	\$0	\$2,023,947,000
Royalties - Constitutional	\$276,300,000	\$199,200,000
Royalties - Statutory	\$67,900,000	\$41,400,000
Inflation Proofing	\$0	\$0
AK Capital Income Fund	\$30,000,000	\$27,161,600
Agencies		
Law	\$2,619,100	\$2,619,100
Natural Resources	\$6,147,600	\$6,147,600
Revenue	\$98,700	\$98,700
Executive Branch-wide ASEA		\$21,700



Percent of Market Value - AS 37.13.140 (b)

- Based on market value, rather than realized income
- Subject to annual appropriation
- Predictable
 - average market value of the Fund for the first five of the preceding six fiscal years

5.25% - July 1, 2018, FY19 Effective Rate

▪ FY19 POMV	\$2.72 billion	4.13%
▪ FY20 POMV	\$2.93 billion	4.52%
▪ FY21 POMV	\$3.09 billion	~4.68%

5.0% - July 1, 2021, FY22 Effective Rate

▪ FY22 POMV	\$3.07 billion	~4.55%
▪ FY23 POMV	~\$3.21 billion	~4.66%
▪ FY24 POMV	~\$3.29 billion	~4.68%

italics, Callan's mid-case projections

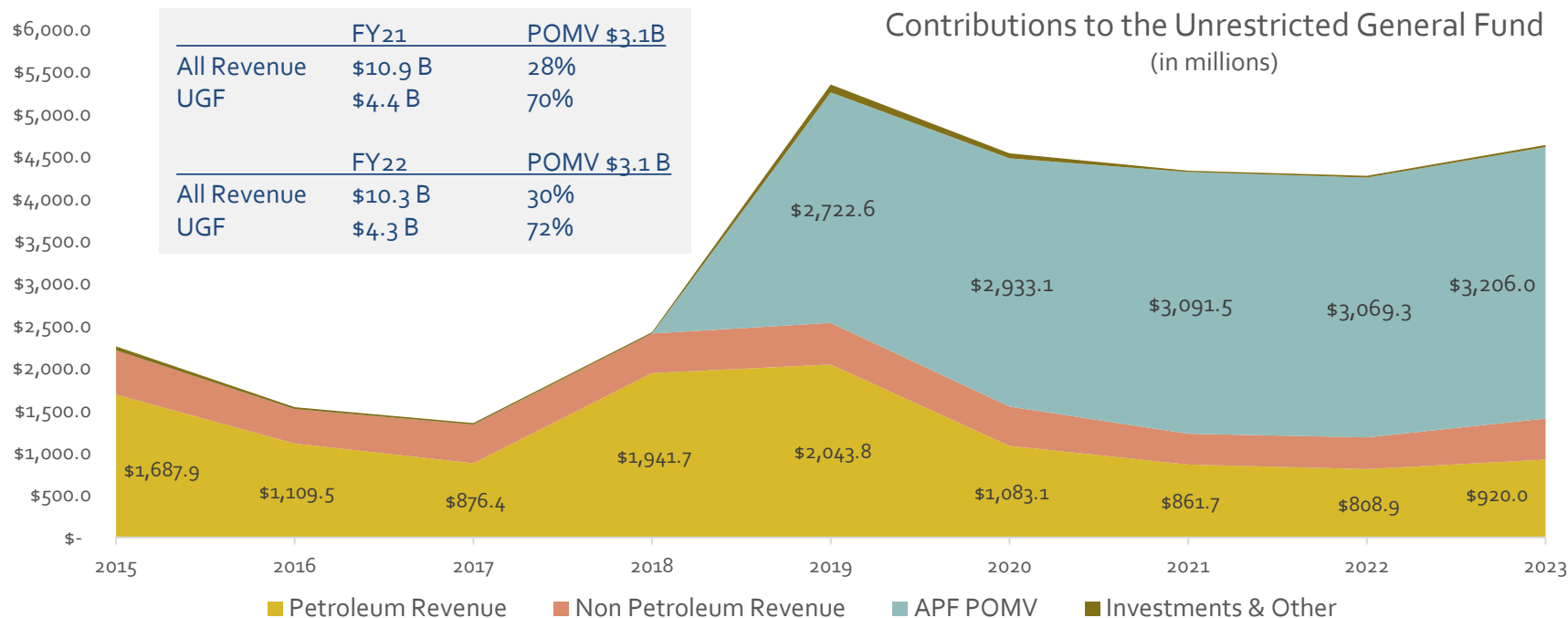
Trustees' Resolution 18-04

In providing guidance on withdrawals for the Fund and to help ensure the long-term sustainability of using Fund earnings for the benefit of all generations of Alaskans, the Board passed Resolution 18-04 at a special meeting on October 17, 2018.

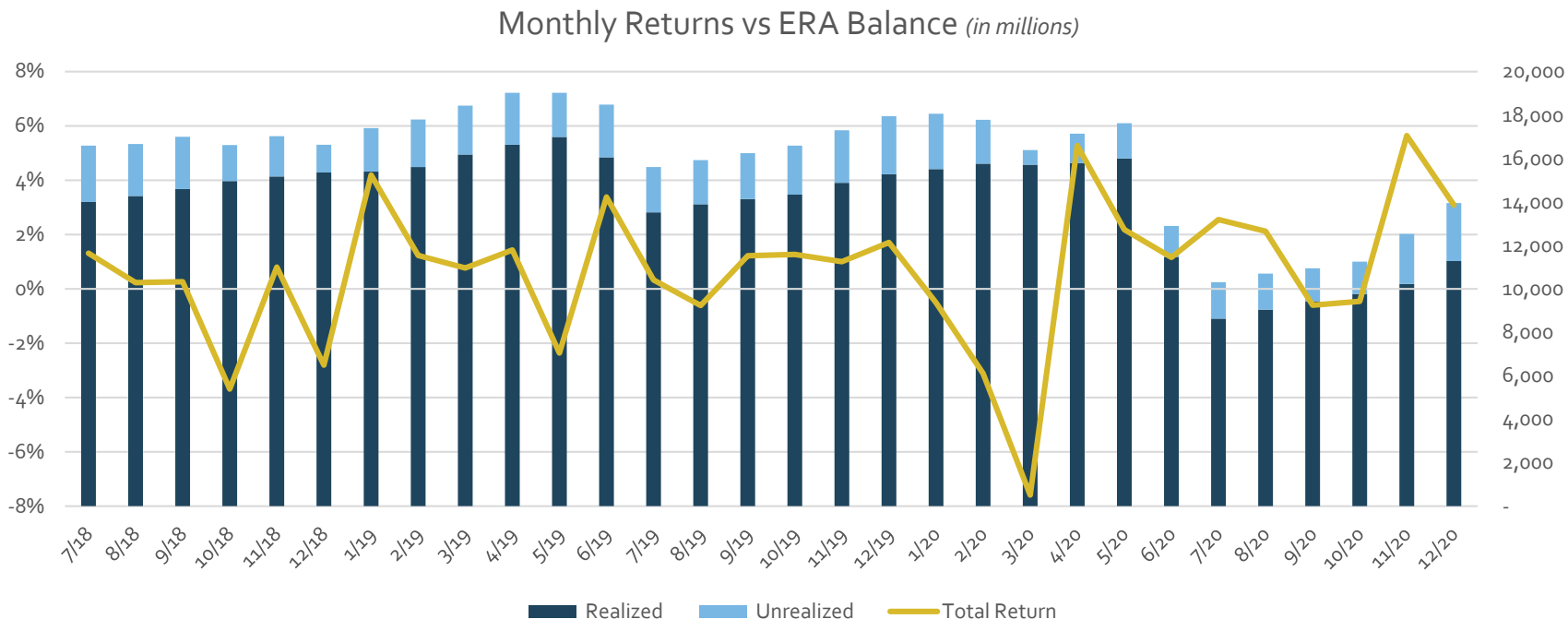
- This resolution affirms the importance of formulaic management of transfers into and out of the ERA to ensure sustainability and long-term growth of the Fund, by identifying four key principles: **Adherence – Sustainability – Inflation Proofing – Real Growth**

Sustainability ... *requires annual formulaic withdrawals from the Earnings Reserve Account at an amount that the long-term balance of the account is able to fund. The Board has long supported the percent of market value (POMV) concept, including a constitutional amendment that would ensure no more than a sustainable amount was taken from the annual earnings of the Permanent Fund (Resolutions 00-13, 03-05 and 04-09).*

Primary Source of UGF Revenue- POMV

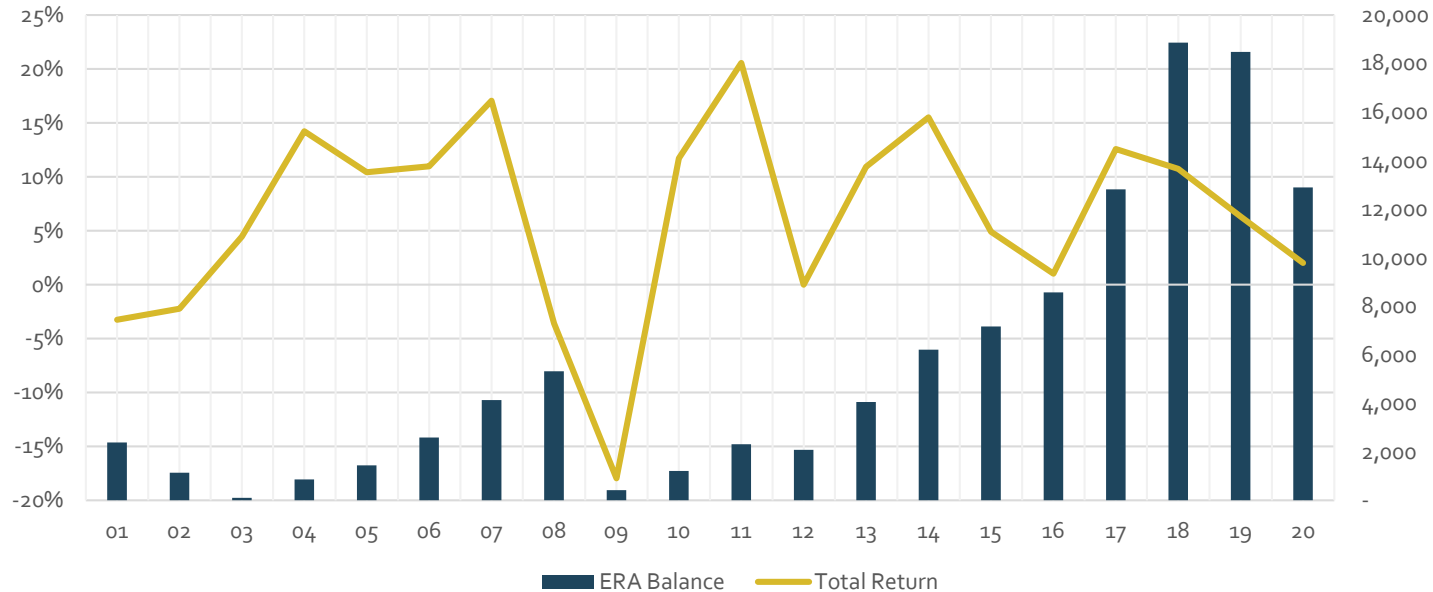


ERA Monthly Values since POMV

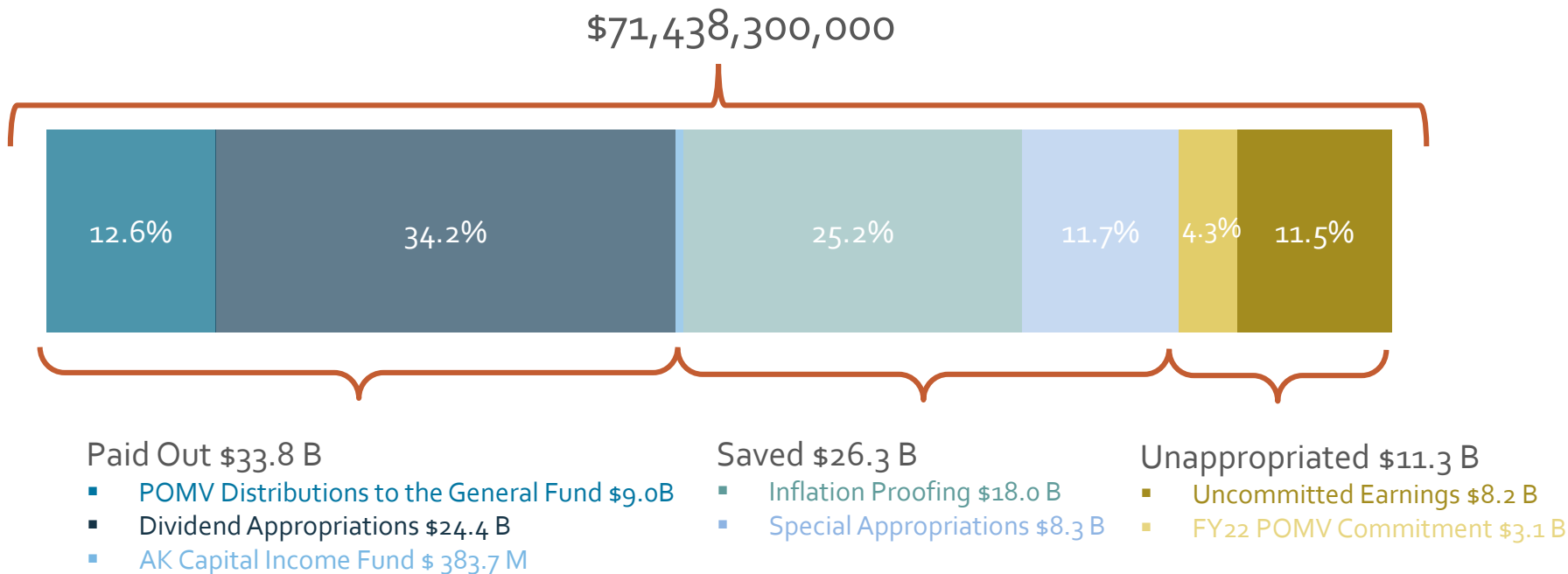


20 Year Look Back

Total Return vs ERA Balance *(in millions)*



Use of Fund Earnings since inception through December 31, 2020



The image is a full-page background featuring a serene landscape. In the foreground, there's a body of water with some rocks and a small sandy area. The middle ground shows a calm lake reflecting the sky. The background consists of a range of rugged, snow-capped mountains under a clear sky. A bright sunburst effect is visible in the upper right quadrant. The entire image has a teal-blue color overlay. Centered over the image is the text "Evolving Role" in a white, sans-serif font.

Evolving Role

Evolving Role of the Fund

Successful SWFs operate within a rules-based system that allows them to perform a combination of saving, stabilization, and income-generation functions.

In Alaska, the latter function has come into sharper focus, as the Fund income supports the State budget in an era of lower oil revenues.

This paper proposes a number of reforms that will strengthen the stability and sustainability of Alaska's Permanent Fund:

LESSON # 1: MISSION CLARITY

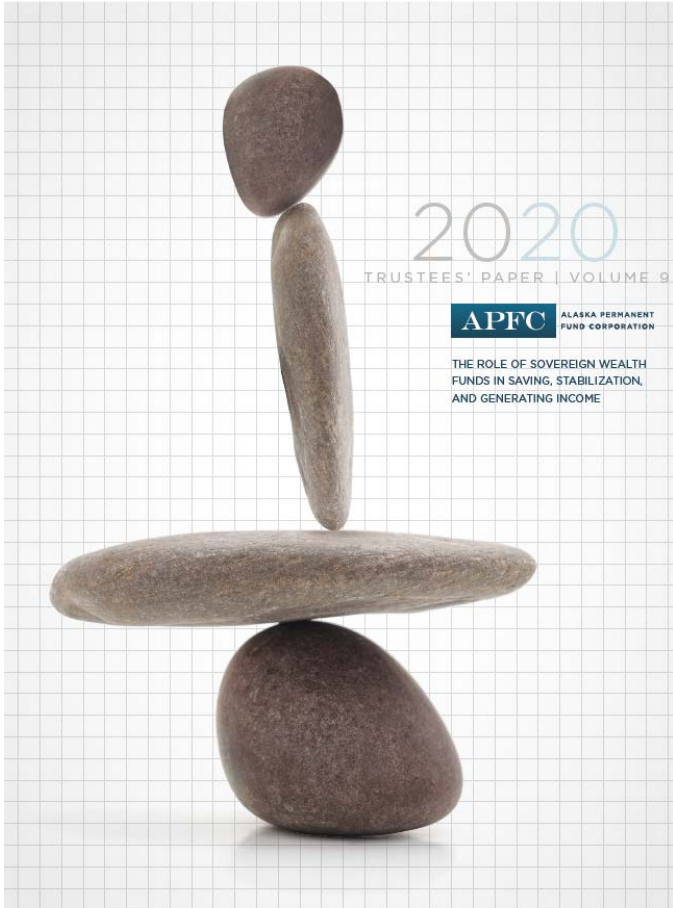
LESSON #2: THE IMPORTANCE OF RULES

LESSON #3: SUCCESSFUL ENFORCEMENT OF SAVING RULES

LESSON #4: DESIGNING A POMV SPENDING RULE

LESSON #5: REFORMING THE ERA

<https://apfc.org/report-archive/#14-33-trustees-papers>



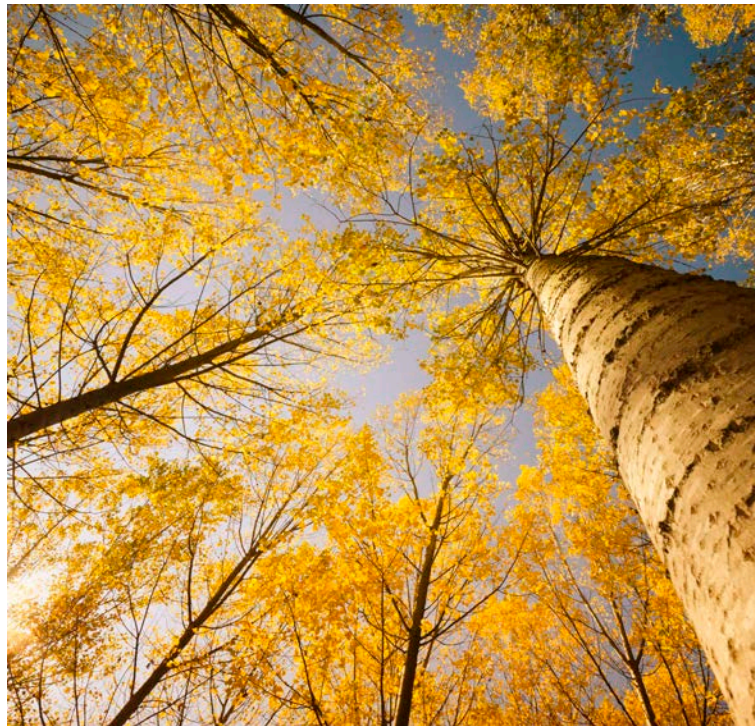
Revenue Generation

Now, more than ever, the State is dependent upon APFC's effective management and investment of the Alaska Permanent Fund, one of Alaska's primary sources of renewable revenue.

- The POMV draw from the Earnings Reserve Account now supports ~70% of Alaska's undesignated general fund budget.

APFC's stewardship fulfills dual roles –

- Protecting the Principal of the Fund for the benefit of current and future generations of Alaskans.
- Providing a predictable revenue stream to help balance the State's budget.



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