

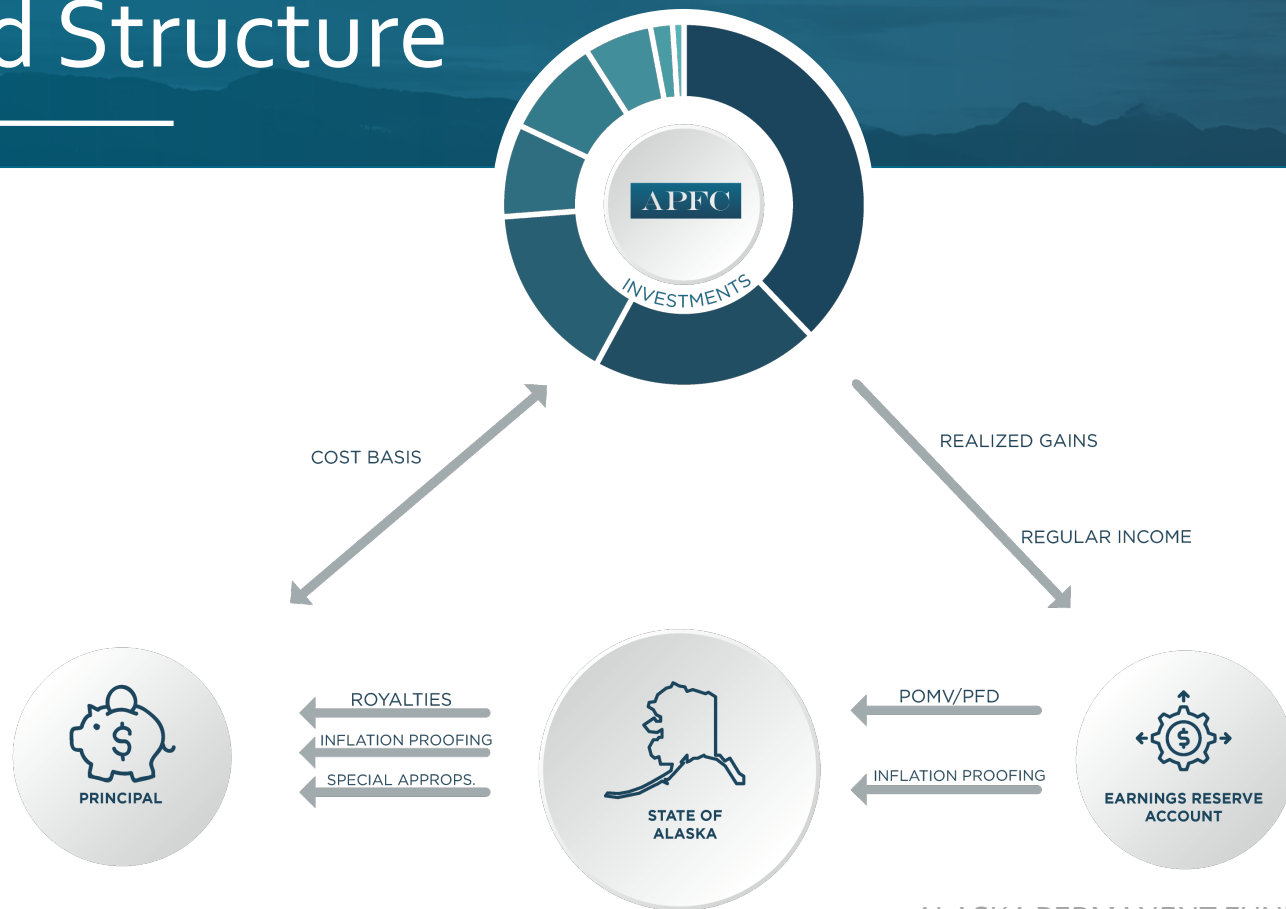


APFC

ALASKA PERMANENT
FUND CORPORATION

Alaska Permanent Fund Ways & Means September 1, 2021

Fund Structure



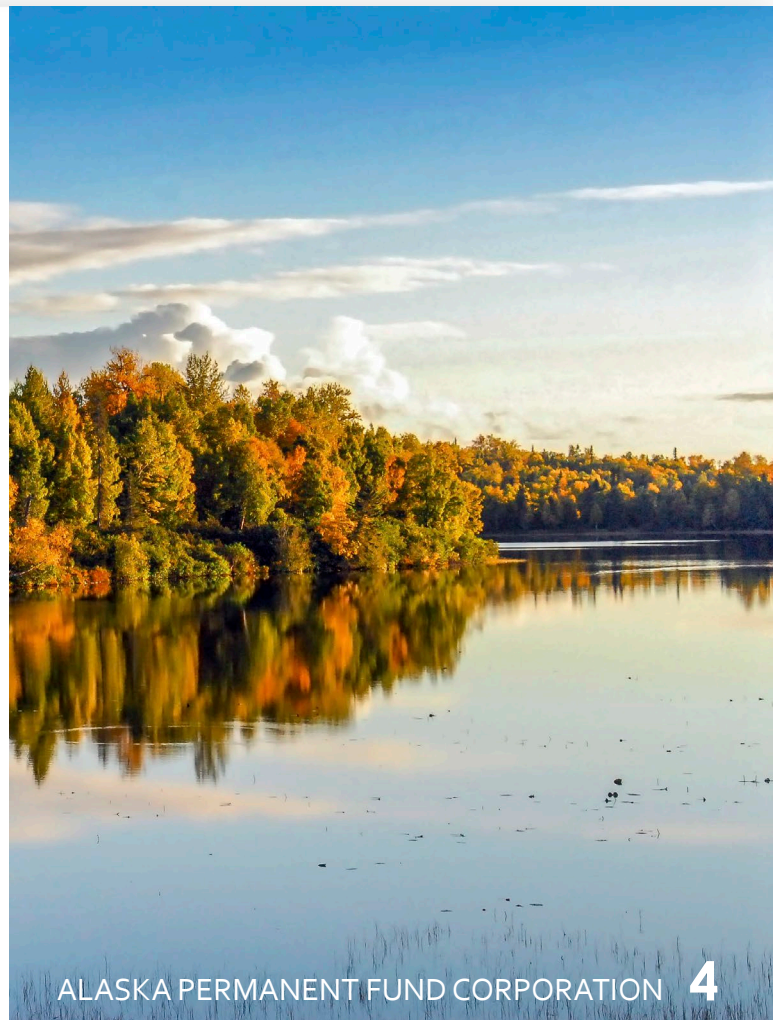
Trustee Resolutions

The background of the slide is a solid teal color. Overlaid on this background is a close-up photograph of a pine branch. The branch features several long, thin, needle-like leaves that are slightly out of focus. In the center of the branch, there is a cluster of small, round, textured pine cones or buds, which are more in focus than the surrounding needles.

Resolutions 03-05 , 04-09

Percent of Market Value

- Supporting a constitutional amendment to limit the annual Fund payout to not more than a 5% POMV averaged over a period of 5 years
- A constitutional POMV spending limit, has the accompanying benefit of assuring permanent inflation proofing of the entire Fund



Resolution 18-04

Sustainable Rules- Based Legal Framework For Fund Transfers

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**

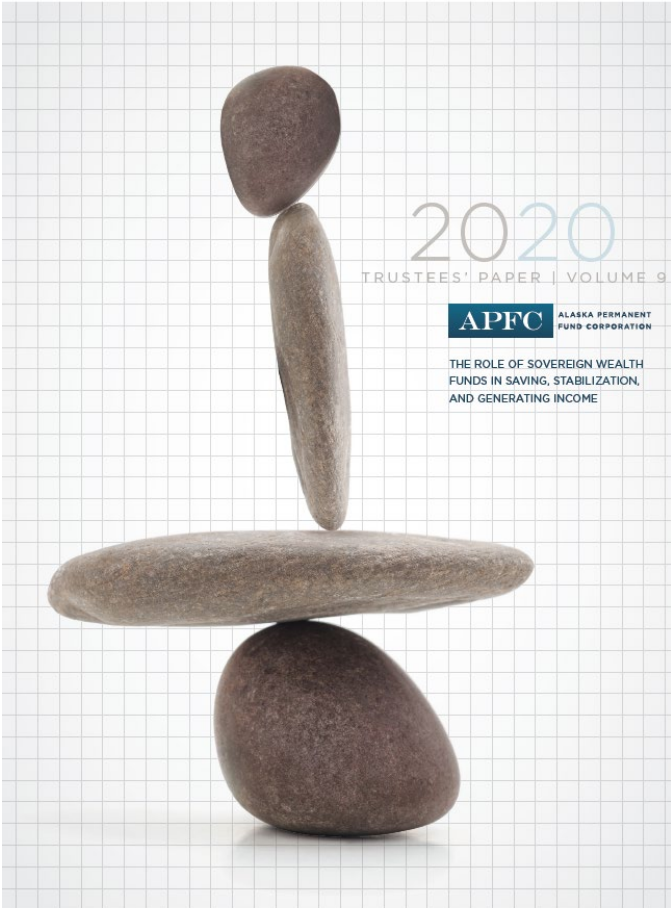


Resolution 20-01

The Board recognizes the essential step taken to codify an annual, value based draw from the Fund through the enactment of SB 26, Chapter 16 SLA 18.

This resolution brings forth additional measures to enhance the sustainable use of Fund earnings for the benefit of all generations of Alaskans, including:

- Transform, by constitutional or statutory amendment, the Alaska Permanent Fund and Earnings Reserve Account into a single fund and limit the annual draw to the Fund's long-term real return
- Consider adjustments to the existing rules-based system governing Fund transfers, if the ERA and Principal are not combined:
 - Periodic Review of Fund Return Assumptions
 - ERA Balance Buffer (4x the annual draw)



Trustees' Paper Volume 9

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

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>



Statutes

Statutory Distribution Calculations

Income Based

Sec. 37.13.140. Income.

(a) ... Income available for distribution equals 21 percent of the net income of the fund for the last five fiscal years, including the fiscal year just ended, ...

Sec. 37.13.145. Disposition of income.

(b) ... 50 percent of the income available for distribution under AS 37.13.140.

Sec. 37.13.145. Disposition of income.

(e) The legislature may not appropriate from the earnings reserve account to the general fund a total amount that exceeds the amount available for appropriation under AS 37.13.140(b) in a fiscal year.

(f) The combined total of the transfer under (b) of this section and an appropriation under (e) of this section may not exceed the amount available for appropriation under AS 37.13.140(b).

Value Based

Sec. 37.13.140. Income.

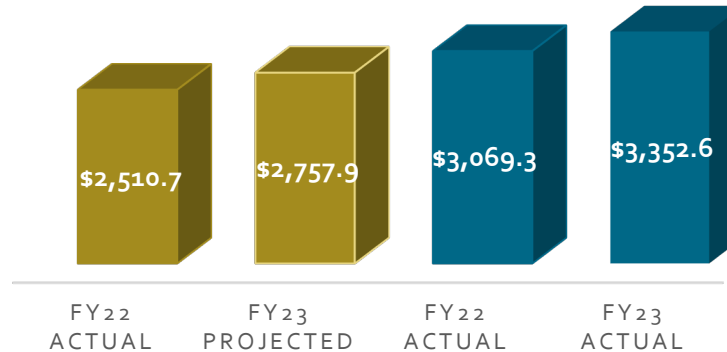
(b) ... The amount available for appropriation is 5.00 percent of the average market value of the fund for the first five of the preceding six fiscal years, including the fiscal year just ended ...

Distribution Calculations - subject to appropriation

Statutory Dividend Fund Transfer Calculation AS 37.13.145 (b)

INCOME BASED

FY23 projected		in \$millions	
	FY22		5,568.6
	FY21		7,962.0
	FY20		3,106.0
	FY19		3,305.0
+	FY18		6,324.4
x	21%	\$	5,515.9
x	50%	\$	<u>2,757.9</u>



Percent of Market Value Calculation AS 37.13.140 (b)

VALUE BASED

FY23 actual		in \$millions	
	FY21		80,674.6
	FY20		64,877.6
	FY19		65,876.8
	FY18		64,470.0
+	FY17		59,360.9
÷	5 yr AVG	\$	67,052.0
x	5%	\$	<u>3,352.6</u>

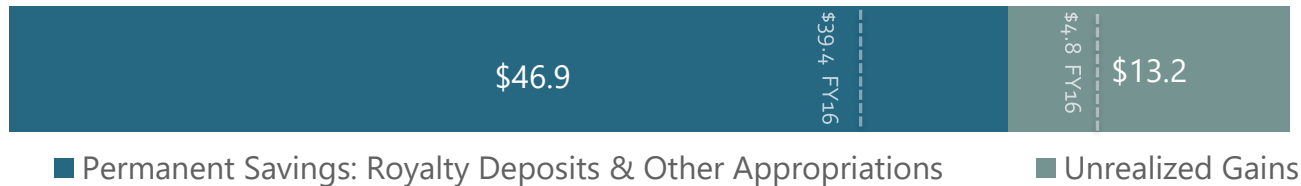


Fund Values

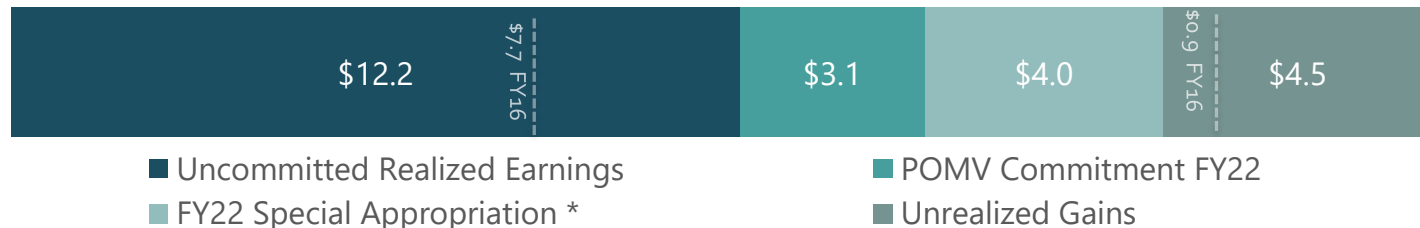
TOTAL FUND VALUE **\$81,098,900,000**

Unaudited as of June 30, 2021

FY21 PRINCIPAL **\$60.1 B**



FY21 EARNINGS RESERVE ACCOUNT ("ERA") **\$21.0 B**

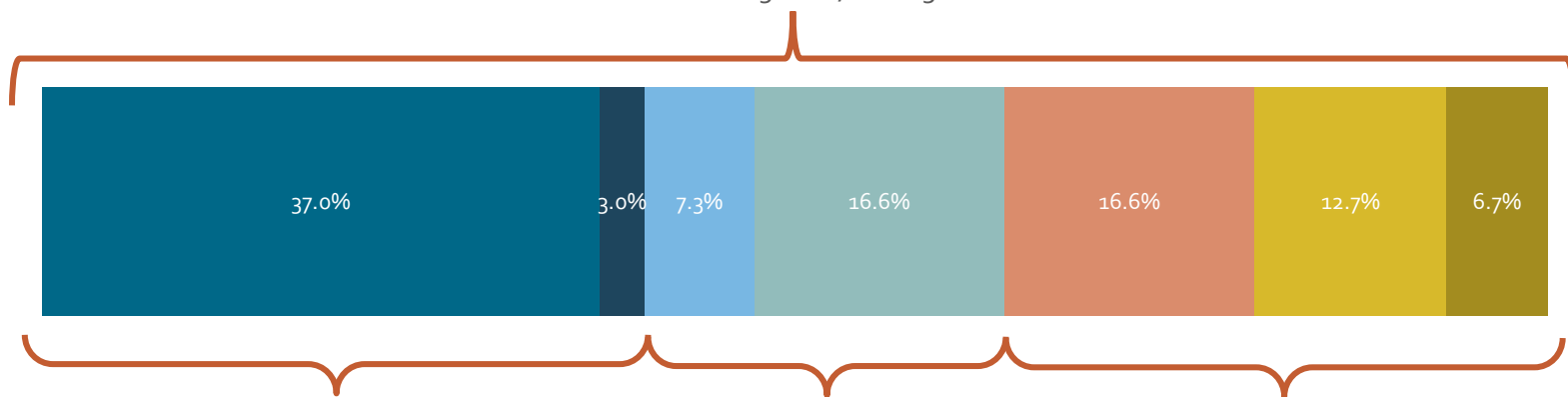


*To Principal July 2022

Use of Fund Earnings

Realized Earnings since inception \$76.6 B

\$24,073,500,000
Realized Earnings FY17 through FY21



Paid Out \$9.6 B

- POMV Distributions to the General Fund \$8.9 B
- Dividend Appropriations \$0.7 B

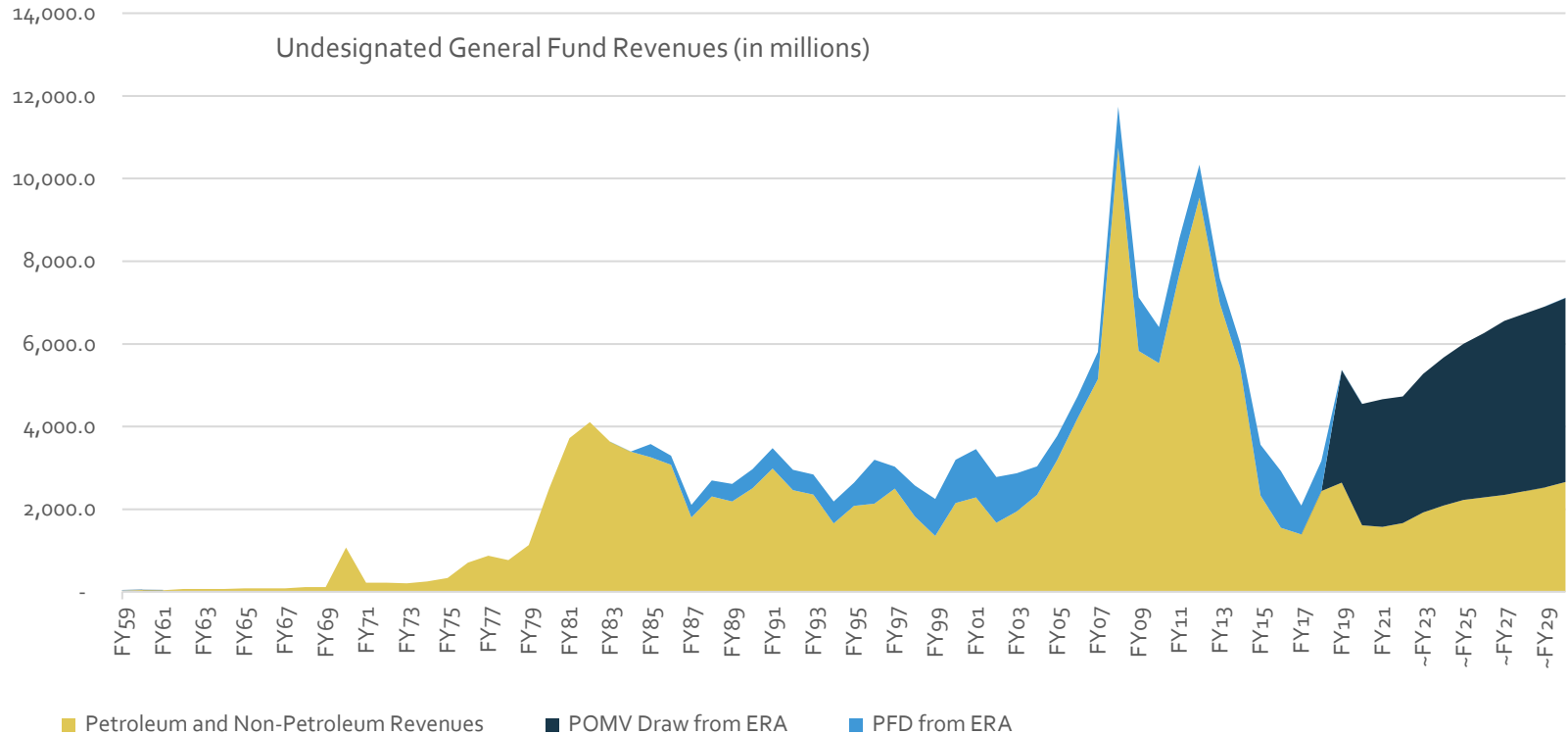
Saved \$5.7 B

- Inflation Proofing \$1.7 B
- Special Appropriations \$4.0 B

Unappropriated \$8.7 B

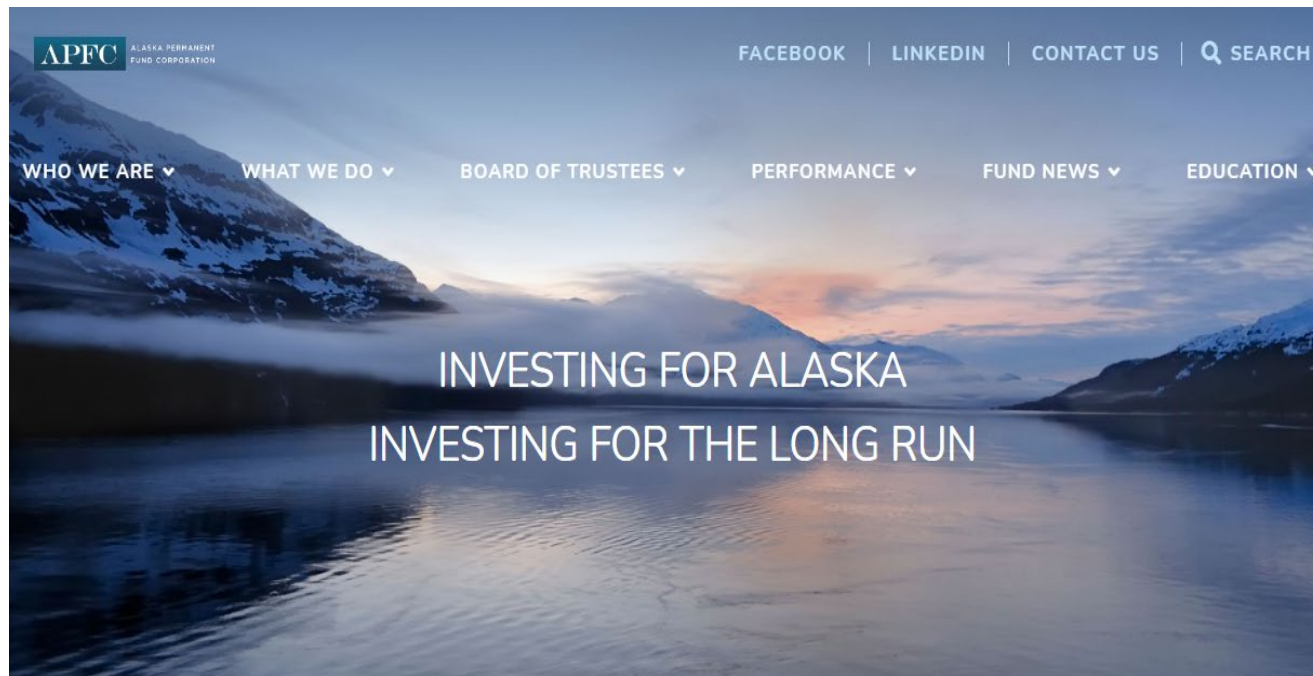
- FY22 to Principal \$4.0 B
- FY22 POMV Commitment \$3.1 B
- Uncommitted Earnings \$1.6 B

State Revenues & ERA Draws 1969-2030



Projections based on DOR spring 2021 revenue forecast and Callan FY 2022 projections.

www.apfc.org



Annual Report
Board Resolutions
Trustees Papers
Board Meetings
Education
Videos
An Alaskan's Guide
Monthly Fund Values
Financial Statements
Performance Reports

And so much more...
Follow APFC





APFC

Integrity - Stewardship - Passion