



ALASKA PERMANENT
FUND CORPORATION

Subject: Angela Rodell
Self-Evaluation, 2021

Date: December 1, 2021

APFC Performance 2021

As we have transitioned out of the pandemic and mark the 45th anniversary of the Fund, I have taken the opportunity to reflect on the last six years with APFC and my 25-year career as a finance professional. Over the course of the year, the Fund grew an average of \$45.5 million per day and this growth was achieved with the backdrop of working from home, contrasting changes in the political and global landscape and ongoing debate over the uses of the Fund's earnings. The achievements made just in the last year certainly define 2021 as an extraordinary year.

1. Achievements I am proud of and I am committed to keep momentum on:
 - a. Outperforming benchmarks: In 2015, when I joined APFC, the Fund value was \$52.8 billion and we had 38 full time staff. The *public equity portfolio totaled \$20.9 billion* while *private equity totaled \$5.2 billion*. Our fixed income staff of 4 managed a *domestic* bond portfolio of \$11.1 billion with one part time middle office support staff. The only "liability" was to transfer \$1.4 billion for payment of the dividend as required by appropriation.

As of June 30, 2021, the Fund value had increased to \$81.9 billion and we had grown to 50 full time and 2 part time staff. That is an increase of Fund value of 55% with staff growing 36%. The *public equity* portfolio now exceeds *\$30.6 billion* while *private equity* has grown to *\$15.3 billion* in net asset value. Our fixed income staff of 6 are managing a *global* bond portfolio of \$15.6 billion with 2 full time middle office support staff. We are now responsible for generating approximately 65% of the State's unrestricted revenue equating to more than \$3 billion per year.

The July 1, 2016 through June 30, 2021 5-year return on the total Fund was 12%. This return outperformed the passive index benchmark of 10.31% which equates to \$5.7 billion in value added. This Fund return also outperformed the performance benchmark of 11.02% and the Board's objective of 5%+CPI which equated to 7.43%. These returns were generated by the team I built and led throughout, working with 3 different chief investment officers over that time period.

- b. Creating a culture that reflects our mission of investing the fund assets entrusted to us and that we ultimately serve Alaskans and is built on the APFC community, not any one individual.

One of my proudest accomplishments this year will be the announcement on December 14th by Pension & Investments for APFC to be one of the “Best Places to Work in Money Management” Each year, over the last 5 years, we have participated in the survey. This year we had an over 80% response rate and for the first time that response scored high enough to achieve the award – only the second US public fund to ever receive this recognition.

We have used each year’s survey response to understand where we have gaps and look at the suggestions for improving areas that need it. By incorporating, to the extent possible, those suggestions, we have built a culture and organization dedicated to performing at the highest levels. It has been referred to by independent third parties as “extraordinary” and “miraculous.”

My challenge will be to continue to look for ways to make all employees feel valued and empowered, thereby maintaining a strong performance ethos that benefits all of Alaska.

- c. Financial stewardship – convincing stakeholders funding our requests are important and then demonstrating care with the resources that have been appropriated.

This year, the biggest accomplishment under this goal has been to achieve funding of an incentive compensation program for the investment staff. This had been identified as a priority by the board and after devoting years of board and staff attention on crafting a compromise policy that recognized the need to add to our recruiting and retention tools and still maintain a sense of fairness and achievability, the Legislature supported the appropriation which was enacted by Governor Dunleavy.

Not only have we achieved a huge success with the funding of incentive compensation, we continue to be supported in terms of receiving the needed funds for our infrastructure. This is a clear indication of the support we have for the work we are performing and it highlights the benefits of committing to build relationships across the aisle and I will continue to advocate for our independence.

The State is now dependent on APFC to maintain its high performance levels and that dependency means APFC will need to continue to demonstrate faithful stewardship of its resources.

2. Issues that need continued attention

- a. Sense of silos – one of the biggest challenges I have faced has been to address the lack of collaboration and find ways to improve and recognize the value contributed by each employee. The receipt of the award discussed in 1b highlights how much we have improved in this area but this is an issue that pervades all organization and will require ongoing diligence.

Incentive compensation created a new set of morale challenges requiring significant management between the group that received additional compensation and the group that did not. I will be working with Val, Marcus and Sebastian on additional tools we can deploy to ensure all of the staff feel valued and treated fairly.

- b. Empathy/Listen – I need to continue to work on outwardly showing empathy and active listening. It is important staff feel heard.

This was a priority I identified in 2020 and I think it continues to be a priority for me in the coming year. I believe there has been a real improvement in this area but it can easily be lost if it is not maintained.

3. Topics for Board input

- a. Resources – in light of ongoing fiscal challenges, how do we think about our own resource allocations? Are we being fair to ourselves and Alaskans by pursuing internal management?
- b. Public engagement – what avenues are available for increased public engagement? Help me understand what outcomes the board is looking for with regard to public engagement.
- c. Board communication and collaboration – what steps can we take to improve communication and collaboration between trustees and between trustees and me? What can I do to facilitate better coordination and understanding with the Board?