

**March 10, 2022**

## **Board of Trustees Statement on Russian Holdings**

### **APFC Board of Trustees Hears the Call to Action on Behalf of Ukraine**

Together with our fellow Alaskans, the Board and Staff of APFC are bearing witness to the suffering, the fortitude, the resiliency, and the sheer bravery of the Ukrainian people and are hearing the call to action. The ongoing crisis and tragedy resulting from Russia's undeniable and merciless assault on Ukraine warrant a global and Alaskan response.

The long-held independence afforded to the Alaska Permanent Fund Corporation enables fiduciary action based on the best interests of the Alaska Permanent Fund in accordance with constitutional and statutory mandates. There have been past calls for divestment of state funds; however, they were not passed by the Legislature nor acted upon by APFC.

However, given its intensity, immediacy, and magnitude, this Russia – Ukraine situation is uniquely different. APFC has directed its external and internal managers of public assets not to make any purchases of Russian securities. APFC is also examining what further steps should be taken regarding the portfolio's existing Russian holdings. At this time, the value of those holdings has deteriorated, reduced to nominal levels with liquidity hindered by severe market restrictions. From a financial standpoint, the harm to the Fund has occurred. Effectively, the market has divested itself of Russian assets.

The statutory mandate to divest is being appropriately initiated at the legislative level. With markets pertaining to Russian assets dislocated and, in some ways, dysfunctional, divesting Russian holdings is likely to be difficult. Despite these challenges, the APFC Board and Staff are and will be ready to comply with and follow all policy directives – from federal and state levels.

As of December 31, 2021, the end of the second quarter, the Alaska Permanent Fund's investments in Russia based on information provided to APFC by its custodial bank are predominately comprised of:

- 194 stock holdings which had a total market value of approximately \$153 million
- 41 bond holdings which had a total market value of approximately \$63 million
- Private Equity holdings which had a total market value of approximately \$3 million.

At this time, the valuation of these assets would be highly speculative given inconsistent market pricing, the continued closure of the Moscow stock exchange and illiquidity due to applicable regulatory sanctions.

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