

**2/15/01**

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# **Capital Markets Outlook 2001**

**Alaska Permanent Fund Corporation**

**Presentation to the House Finance Committee**

**February 15, 2001**

# Agenda



## **“Capital Markets Outlook 2001” Alaska Permanent Fund Corporation Presentation to the House Finance Committee February 15, 2001**

### Topics

Introductions

Capital Market Assumptions –  
Rate of return and risk expectations  
for the next 5 years for all asset classes

Outlook for stocks, bonds and real estate

Outlook for Fund growth and income

Looking in at the Fund from Outside –  
Observations from the APFC’s  
new Investment Advisors

Legislators Q and A

### Times

8:30 – 8:35

8:35 – 9:00

9:00 – 9:15

9:15 – 9:25

9:25 – 9:45

9:45 – 10:00

### Presenters

**Clark Gruening**, Chair, APFC Board of Trustees  
**Robert D. Storer**, Executive Director, APFC

**Michael O’Leary**, Executive Vice-President  
Callan Associates

**Allan Moore**, Chief Investment Officer, APFC

**Chris Phillips**, Director of Finance, APFC

**Allan Bufferd**, Treasurer  
Massachusetts Institute of Technology  
**Robert Maynard**, Chief Investment Officer  
Public Employee Retirement System of Idaho  
**Jerrold Mitchell**, Retired Partner  
Wellington Management Company

**Michael J. O'Leary, Jr., CFA**  
**Executive Vice President**  
**Callan Associates**

*Michael J. O'Leary* is an Executive Vice President and shareholder at Callan, Associates, where he is responsible for national oversight of Callan's plan sponsor consulting practice. Throughout his career, Mr. O'Leary has worked extensively with major corporate and public funds. He previously held a variety of management, research and analyst positions for major trust companies in Chicago and Hartford and headed the investment consulting practice at Mercer Asset Planning in Denver. Michael O'Leary received his Bachelor's degree from Fordham University and is a Chartered Financial Analyst. Mr. O'Leary has taught investments at the graduate level and is a frequent speaker before professional and industry groups.



*Callan Associates* is an employee-owned corporation focused solely on investment consulting. Callan advises the Permanent Fund in selection and ongoing evaluations of managers across all major asset classes. The firm also conducts asset/liability and asset allocation studies on the Fund's behalf. They advise the Fund on optimization of its management structure as well as on a wide variety of special projects, including securities lending, brokerage recapture programs, manager and custodial searches and alternative investments.

## Alaska Permanent Fund Corporation Investment Advisors

The Alaska Permanent Fund Corporation (APFC) Investment Advisory Board was formed in February of 2001 with the purpose of providing APFC Trustees further insights into the increasingly complex and changing world of institutional investing. The three advisors impart special perspectives drawn from their professional knowledge in the areas of portfolio management, overall management of a large fund and experience with an endowment or a trust fund. Each seat has a term of three years and these terms are staggered to ensure that only one position expires annually.

**Allan S. Bufferd**, as Treasurer of the Massachusetts Institute of Technology, supervises asset management and investment policy for over \$7 billion in retirement and endowment fund assets. In 1972 he began his long professional tenure with MIT, where he also serves on the boards of the MIT Corporation and the MIT Retirement Plan. Prior professional experiences include engineering and corporate management. He is a trustee, director and advisor to numerous organizations, and holds a Doctorate of Science degree from MIT as well as a Doctorate of Jurisprudence from Suffolk University. Mr. Bufferd's APFC advisory term will expire in February of 2004

**Robert M. Maynard**, President and Chief Executive Officer of the Idaho Public Employee Retirement System, also lends his investment expertise as a board member to numerous institutes, foundations and endowments. Mr. Maynard's long association with Alaska began in 1976 when he clerked for the Alaska Supreme Court and later worked for over a decade as an assistant attorney general. For three years Mr. Maynard served as Deputy Executive Director of the Alaska Permanent Fund Corporation. He graduated magna cum laude from Claremont Men's College, and received his Doctorate of Jurisprudence from the University of California Davis Law School. Mr. Maynard's advisory term will expire in February of 2003.

**Jerrold Mitchell** is partner and founder of the Wellington Management Company of Boston, Massachusetts and serves as an investment advisor and trustee for a number of large funds. He previously worked as a special assistant to the director of the Office of Foreign Direct Investments in Washington, D.C. and as an analyst and lending officer for Citibank. Mr. Mitchell holds a Masters of Theological Studies from Harvard Divinity School, a Doctorate of Jurisprudence from Harvard Law School, and his bachelor degree is from Yale University, where he graduated magna cum laude. He is pursuing a doctorate of divinity at the Episcopal Divinity School. Mr. Mitchell was contributing editor of Financial World Magazine, and has authored numerous articles on investing. He belongs to Association for Investment Management and Research, the Boston Security Analysts Society and the District of Columbia Bar. Mr. Mitchell's advisory term will expire in February of 2002.

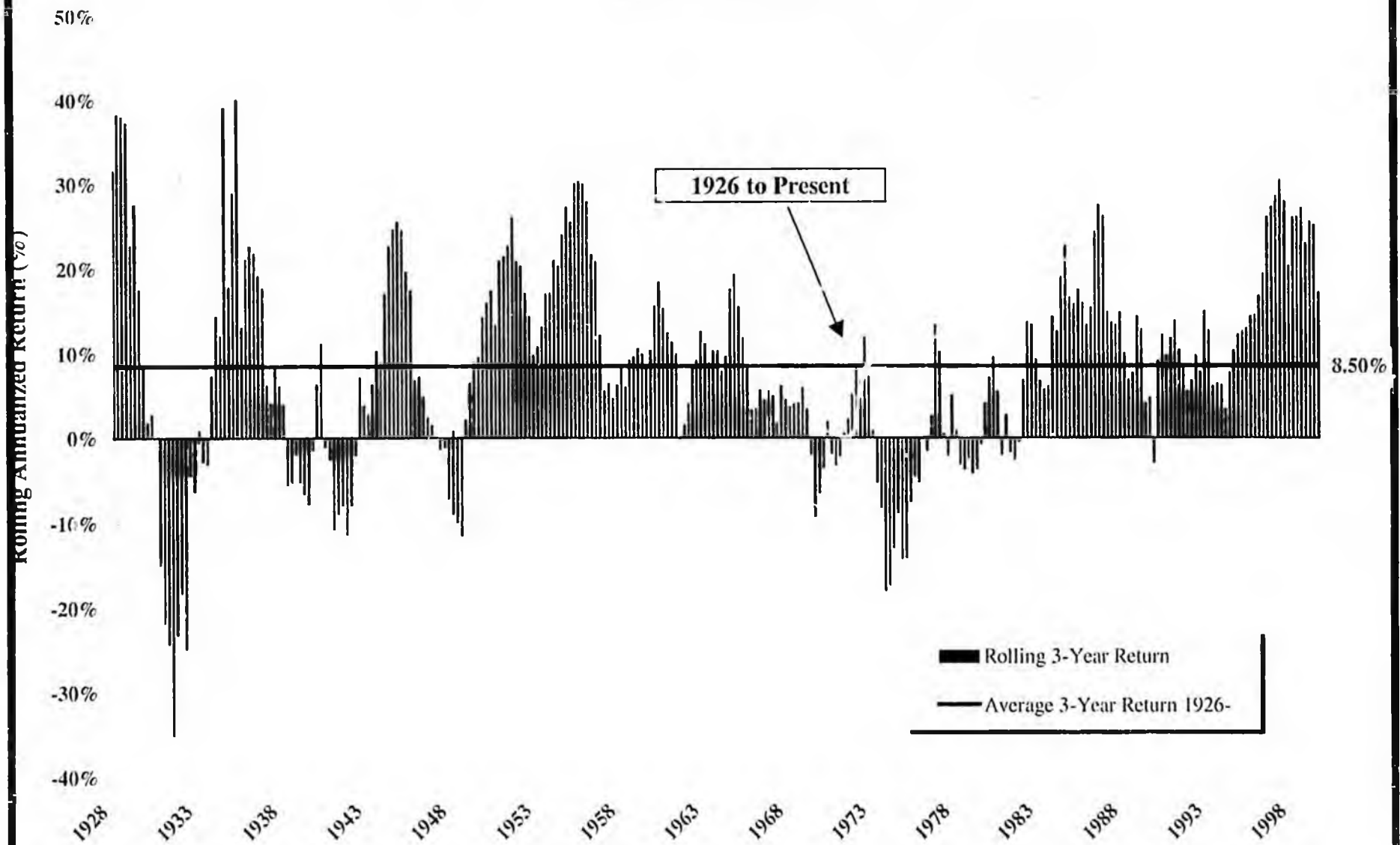
**2001 Capital Market  
Outlook  
Alaska Legislative Finance  
Committees**

**Michael O'Leary, CFA  
Executive Vice President  
Callan Associates Inc.**

# Agenda

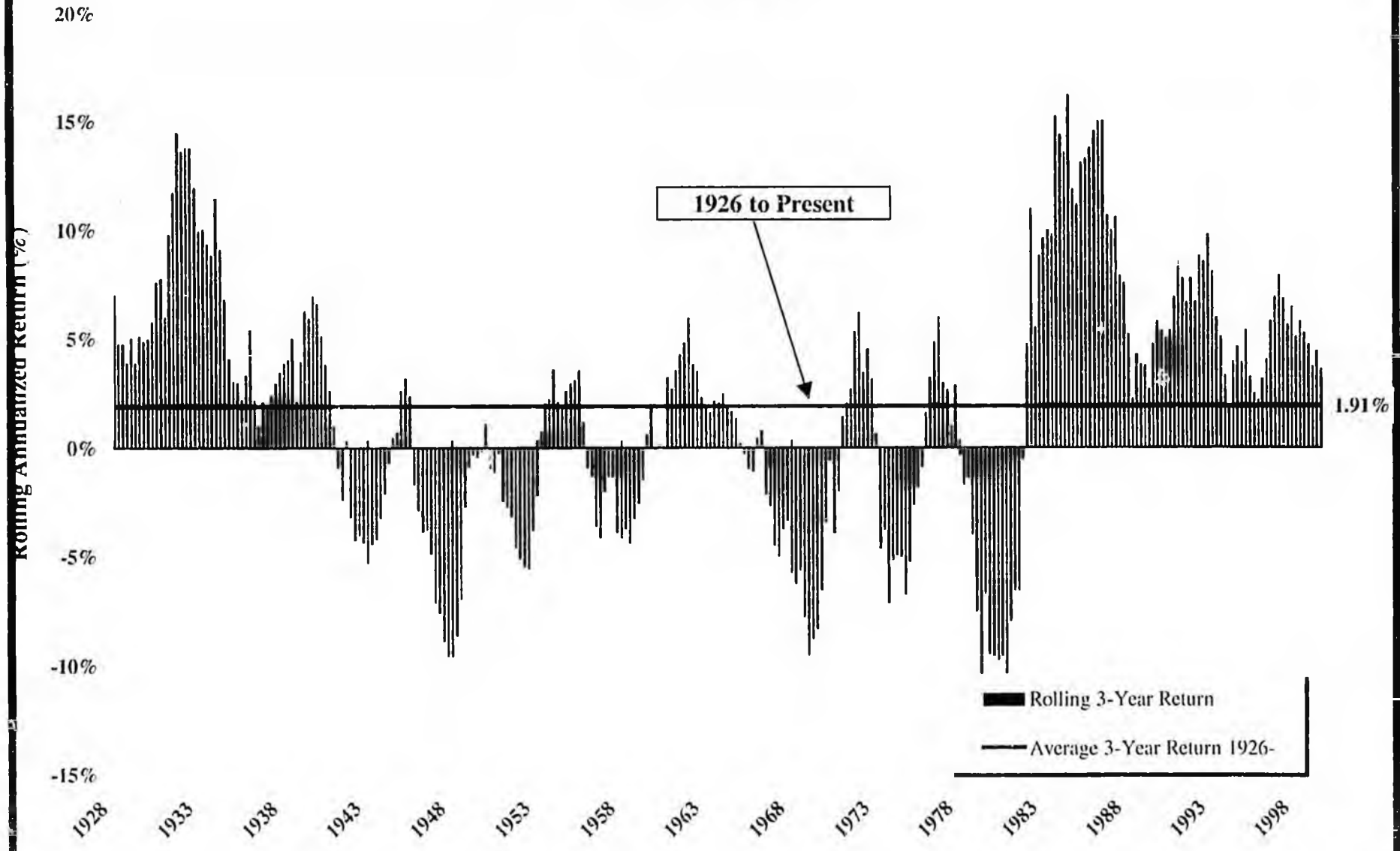
- Review long term capital market history
  - ✓ stocks
  - ✓ bonds
  - ✓ 60/40 combination with systematic spending
- Economic setting
- Recent market performance
- Callan's 5 year projections

# Rolling 3 Year Real Return for S&P 500 (1926 - Present)



Data plotted thru 6/30/00

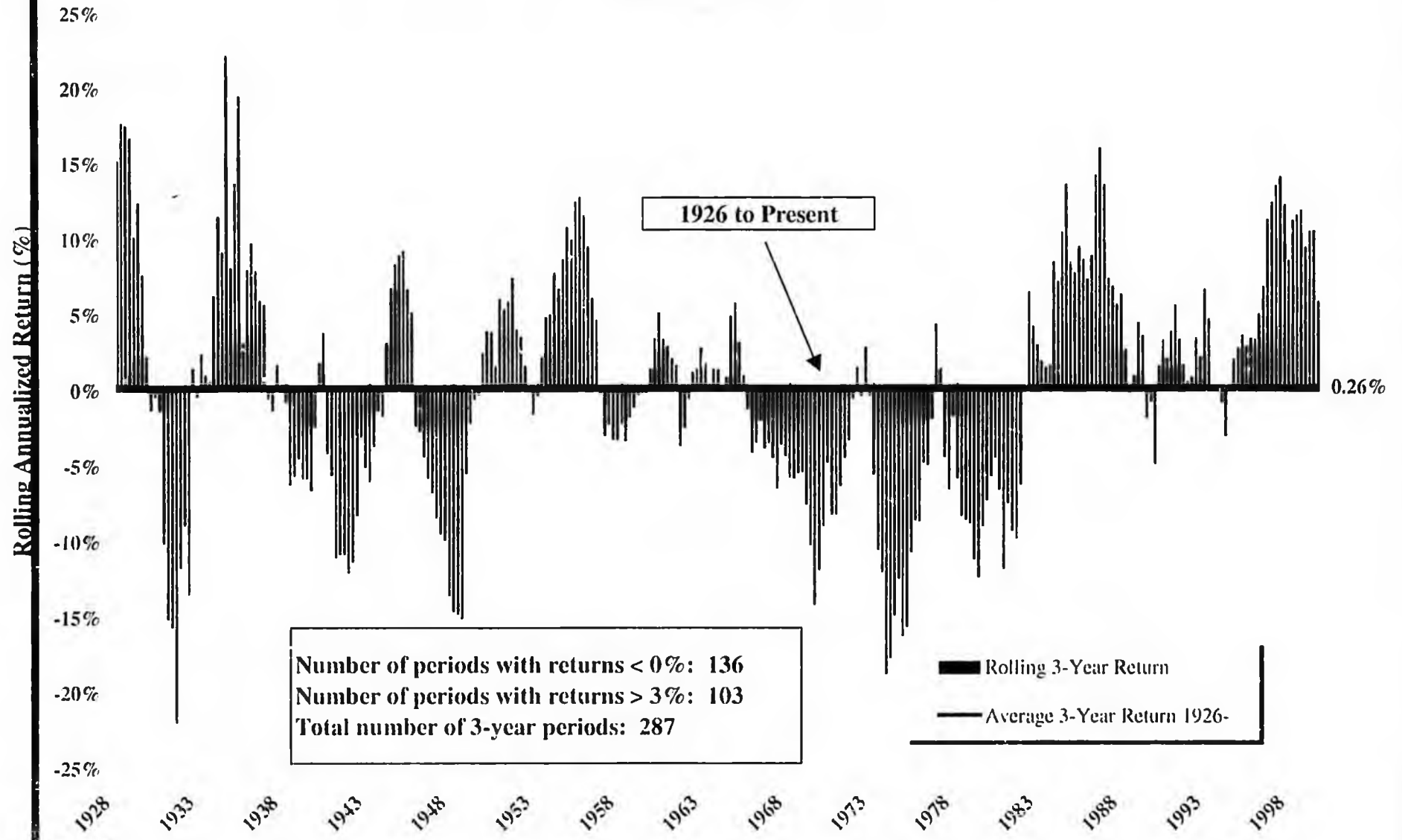
### Rolling 3 Year Real Return for Domestic Fixed (1926 - Present)



Data plotted thru 6/30/00



### Rolling 3 Year Real Return for 60/40 Mix Net of Spending & Cost (1926 - Present)



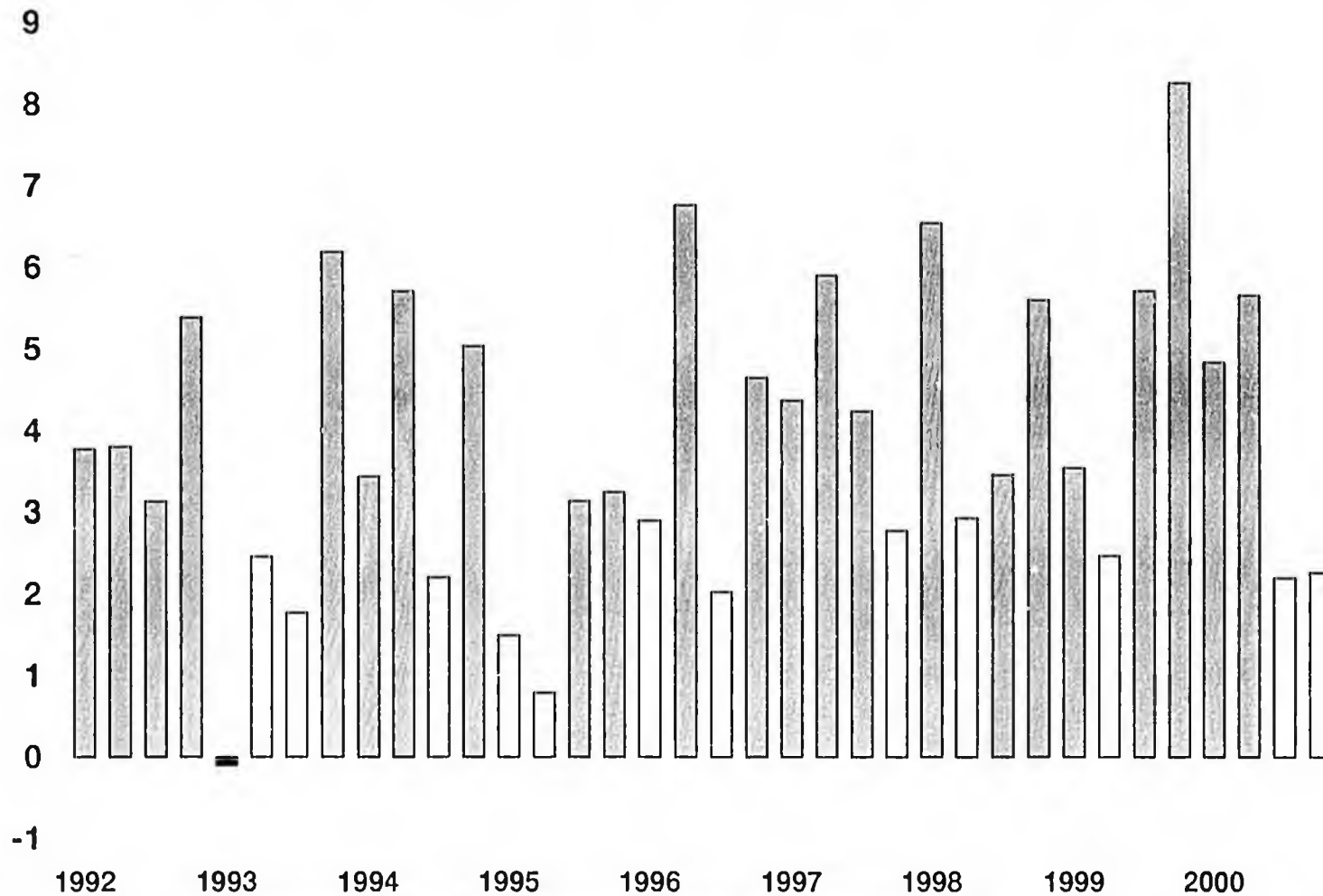
Spending presumed to be 5% & expenses .5%

# The Current Economic Environment

- U.S. economy set a record in March 2000 for the longest expansion in US history, and GDP recorded its largest annual gain since 1984.
- Inflation and unemployment remain at 30-year lows.
- However:
  - ✓ Consumers are scared.
  - ✓ The stock market is down.
  - ✓ The savings rate has fallen from 8% to -1%.
  - ✓ Consumer debt has risen from 76% to 94% of disposable income.
  - ✓ Energy prices are up.
  - ✓ The trade gap is hitting records.
  - ✓ Investment is slipping.
  - ✓ Some manufacturing is already in recession.

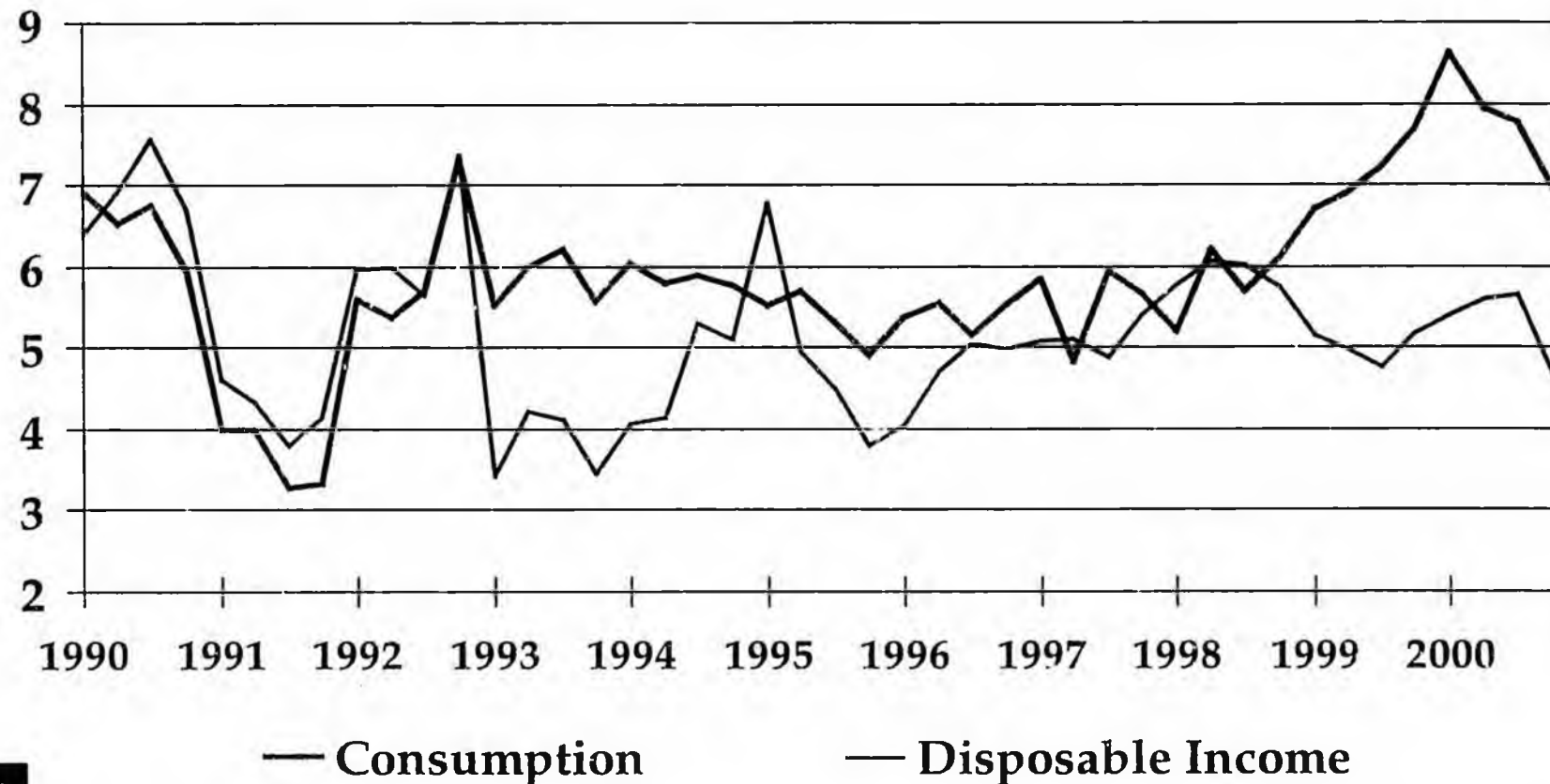
# Growth Fell Off Quickly in the Second Half of 2000

(Real GDP Growth - annual percent change)

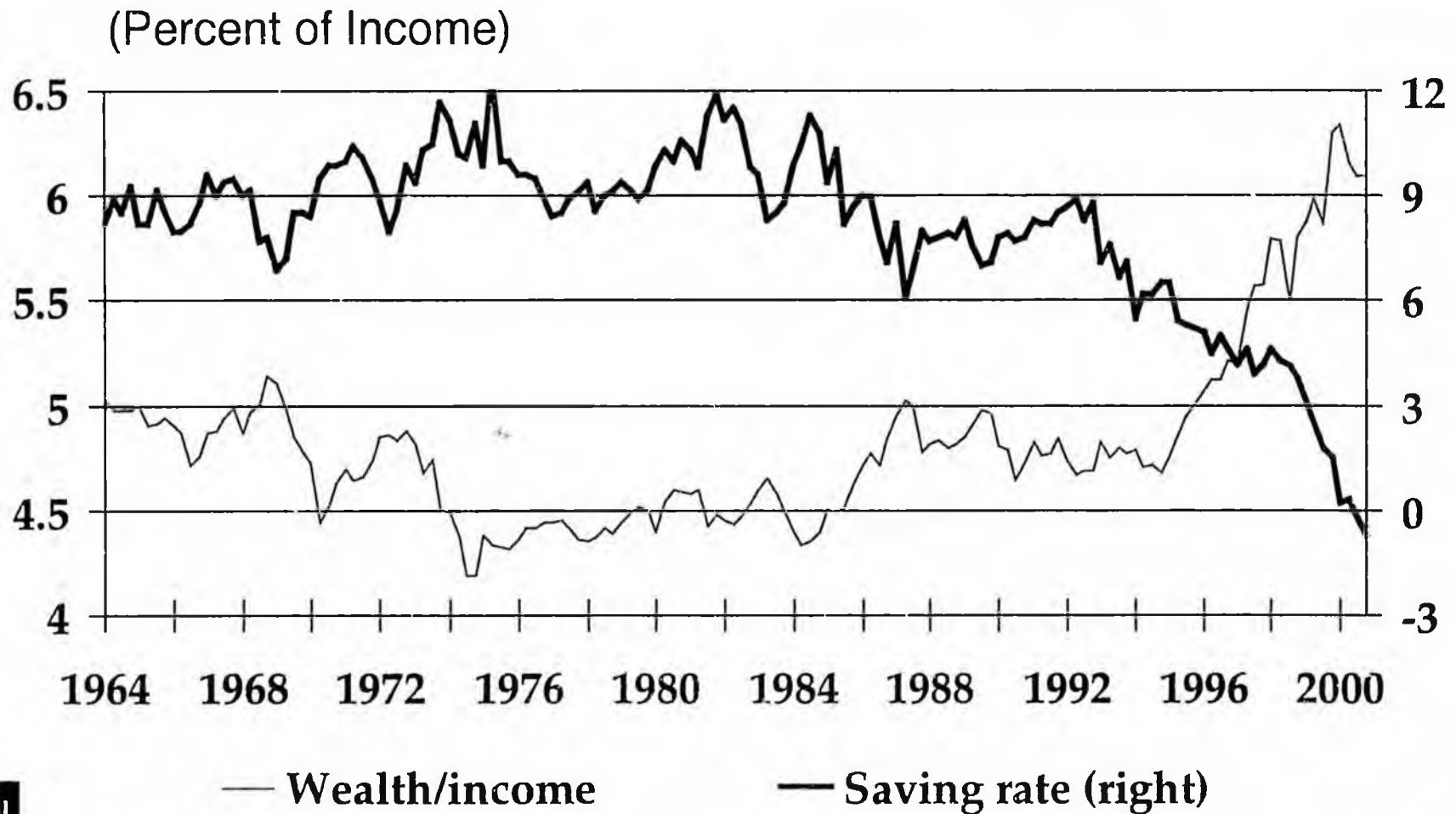


# Consumers Have Been on a Spending Spree

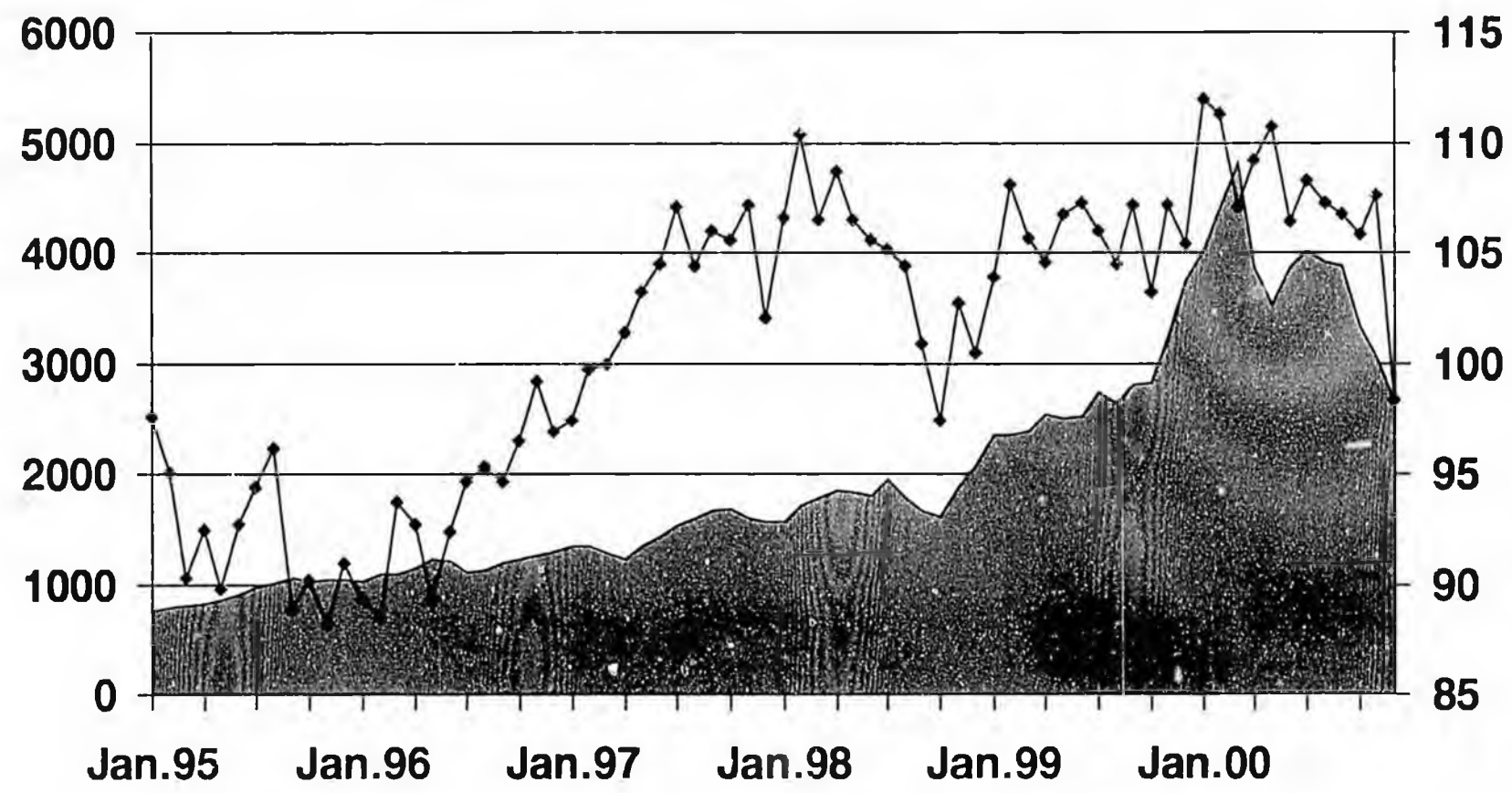
(Percentage Change, Annual Rate)



# Saving Plunges as Wealth Hits a Record High



# Consumers Have Certainly Been Watching the Market

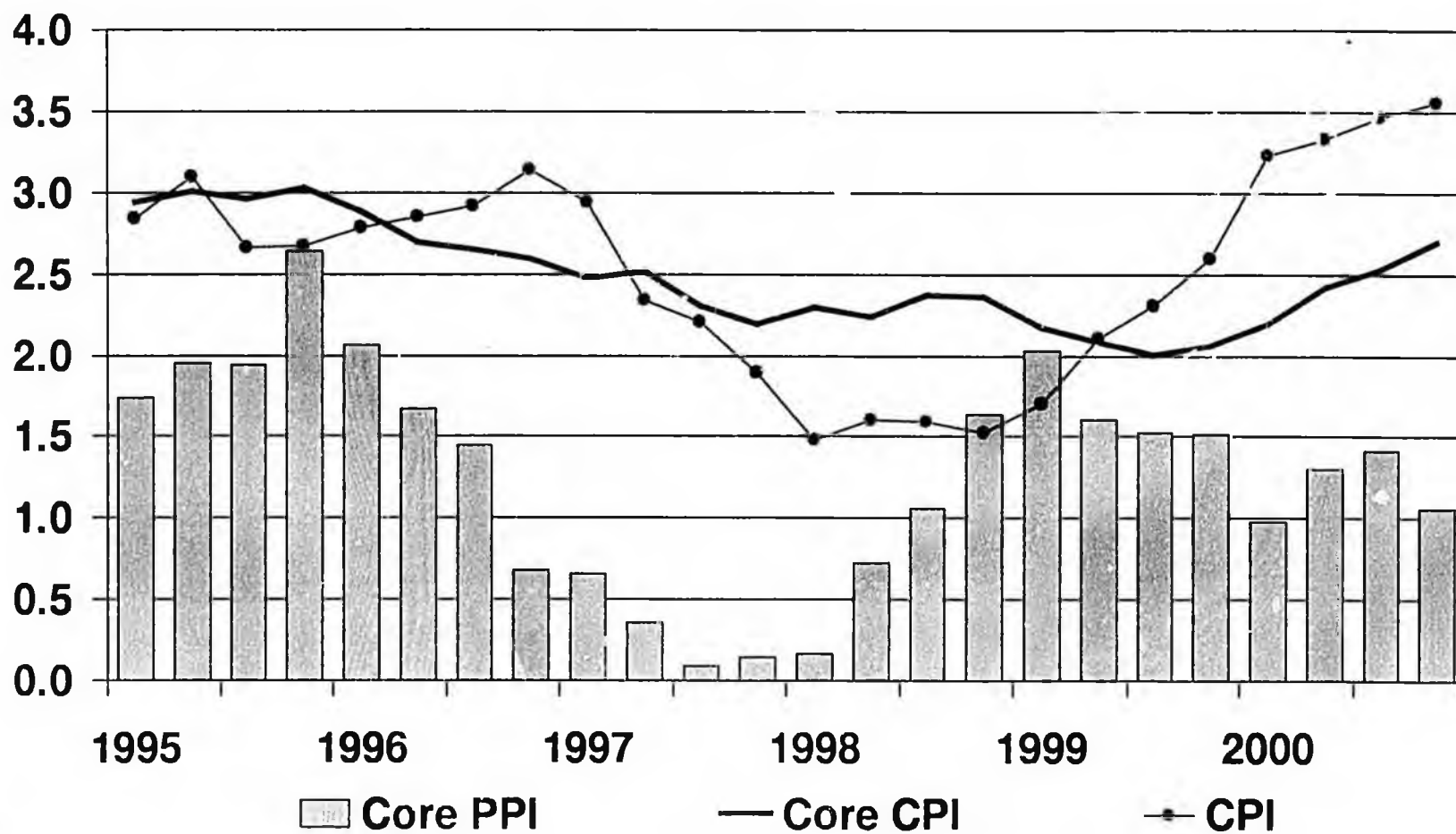


■ Nasdaq Composite Stock Index (Left scale)  
◆ Consumer Sentiment (Right scale, U. of Mich.)



# Inflation Will Decelerate As the Economy Softens

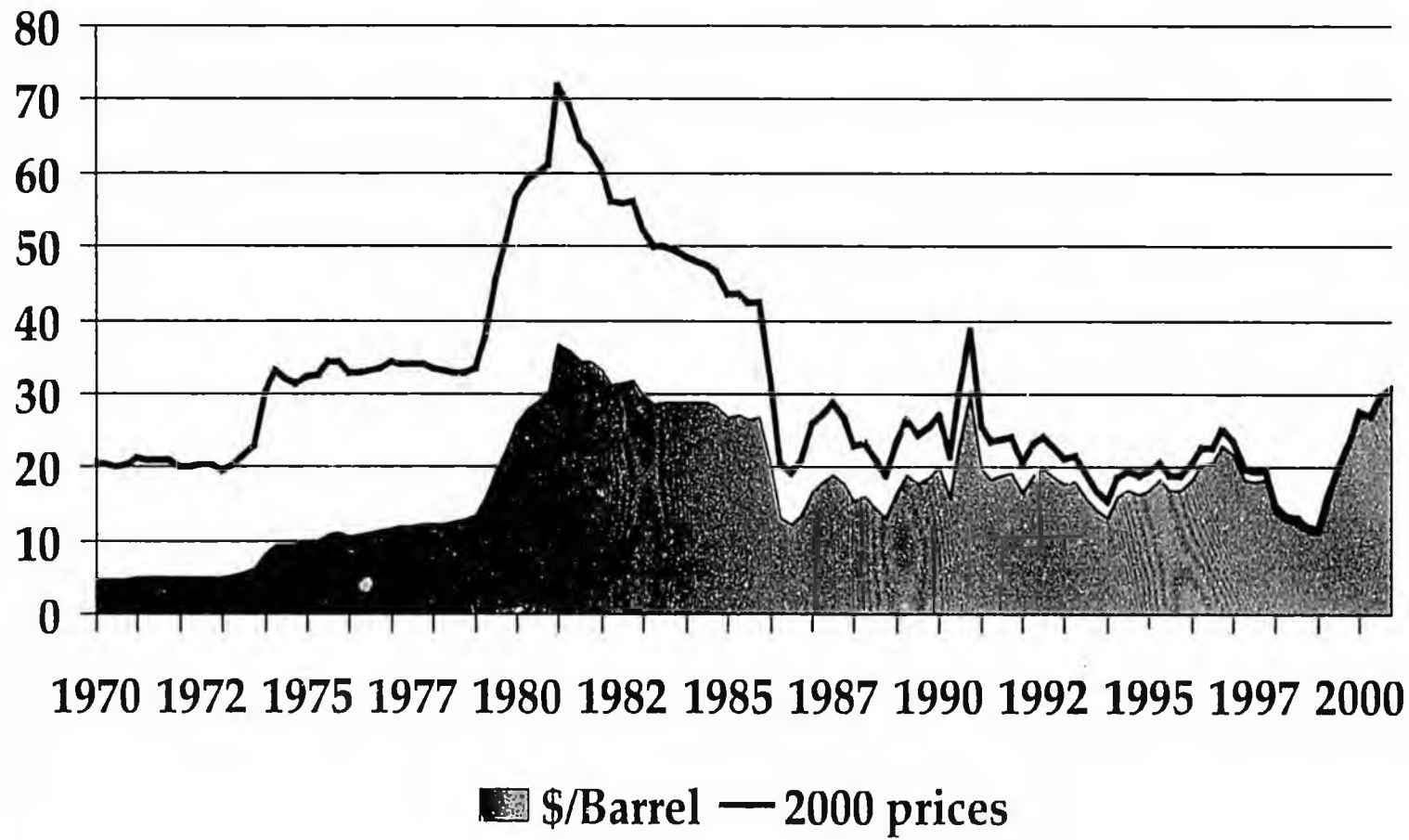
(Percent Change From a Year Earlier)



# Oil Prices Are Still Low in Real Terms

*The Price Peak May Already Be Behind Us*

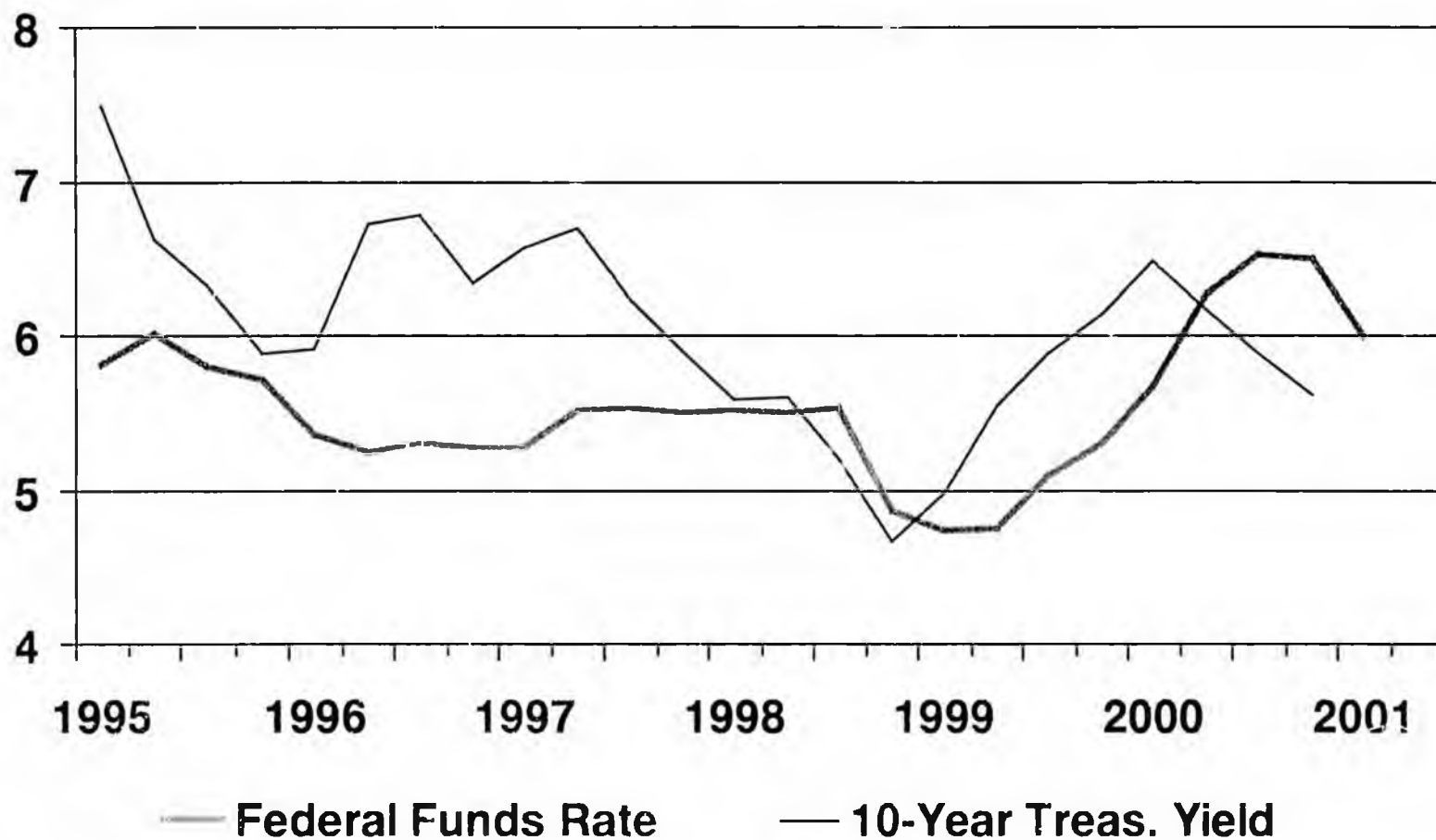
(\$/barrel, refiners acquisition price and deflated by CPI)



# The Fed Will Loosen Quickly

*No Longer A Question of "If" But "When"*

(Percent)



# Capital Markets Confront the Law of Gravity

|               | <u>1999 Returns</u> | <u>2000 Returns</u> |
|---------------|---------------------|---------------------|
| Callan Broad  | 22.74               | -9.79               |
| S&P 500       | 21.04               | -9.10               |
| Callan Small  | 33.87               | 0.23                |
| Russell 2000  | 21.26               | -3.02               |
| EAFE          | 26.96               | -14.17              |
| <b>NASDAQ</b> | <b>86.10</b>        | <b>-39.18</b>       |
| LB Agg        | -0.82               | 11.63               |
| SB Non-US     | -5.07               | -2.63               |

# Returns by P/E Decile

| Group*              | Ranking by<br>P/E Ratio | 1971-1997<br>Annualized % | 1998-1999<br>Annualized % | 2000<br>%   |
|---------------------|-------------------------|---------------------------|---------------------------|-------------|
| 1                   | 100 Lowest P/E Stocks   | 19.2                      | 6.9                       | 23.7        |
| 2                   |                         | 18.1                      | 3.2                       | 15.7        |
| 3                   |                         | 17.8                      | -4.3                      | 19.5        |
| 4                   |                         | 15.9                      | -0.1                      | 32.3        |
| 5                   |                         | 14.0                      | 12.9                      | 6.5         |
| 6                   |                         | 11.2                      | 36.3                      | -9.0        |
| 7                   |                         | 10.6                      | 38.9                      | -5.4        |
| 8                   |                         | 7.9                       | 71.9                      | -11.7       |
| 9                   |                         | 7.1                       | 93.3                      | 5.8         |
| 10                  | 100 Highest P/E Stocks  | 7.8                       | 116.6                     | -26.6       |
| <b>1-10 Spread:</b> |                         | <b>11.4</b>               | <b>-109.7</b>             | <b>50.3</b> |

\* Top 1000 Largest Companies Sorted by Price/Earnings Ratio

Data Source: Ford Data Services and Boston Partners Asset Management

# Capital Market Projection Process

- Evaluate the current environment and economic outlook for the U.S. and other major industrial countries.
- Examine the relationships between the economy and asset class performance patterns. Inflation, interest rates, consumer sentiment and key components of GDP growth such as productivity are of particular interest.
- Examine recent and long-run trends in asset class performance, and create risk, return and correlation projections by blending descriptive asset class characteristics with capital market insight and economic analyses.
- Test the projections for reasonable results using the optimizer and fine tune the estimates.

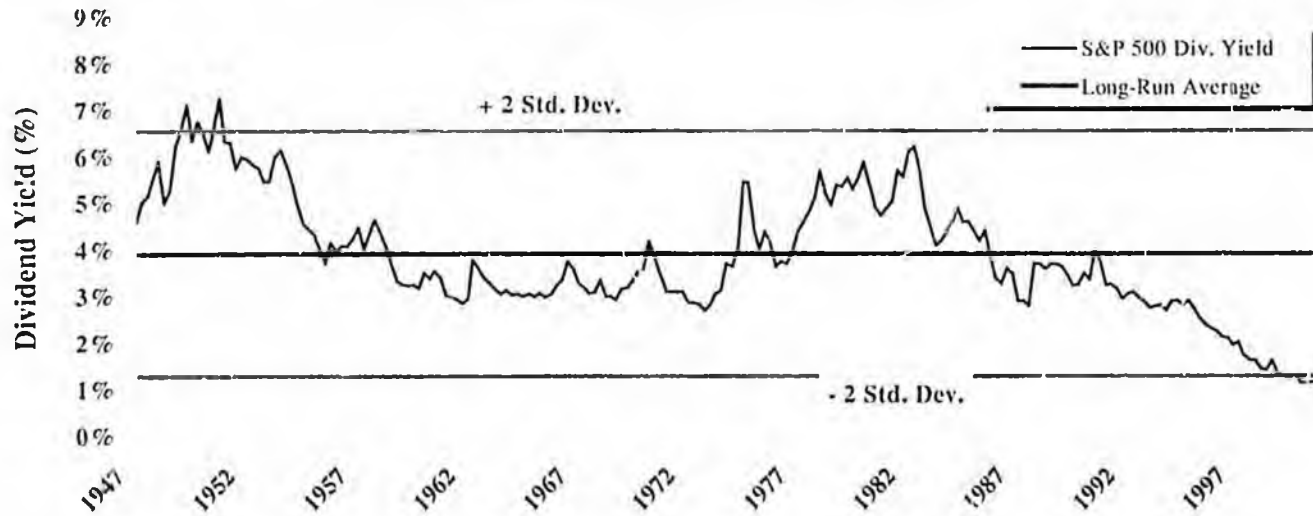
# We Still Examine Stock Fundamentals

*(...although we were starting to wonder)*

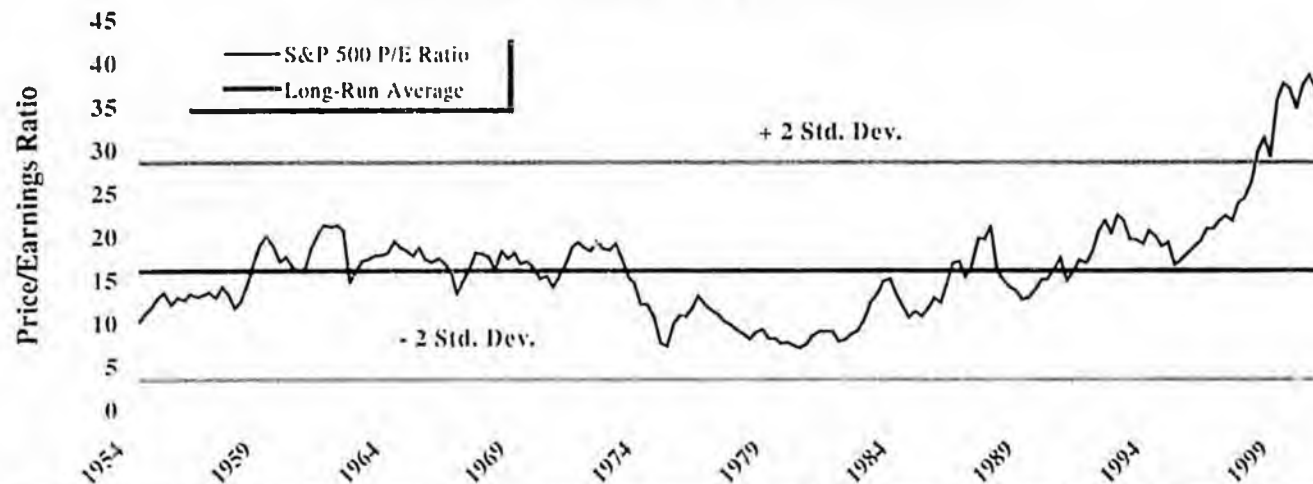
- P/E ratios hit astoundingly heights, and are inconsistent with long-term interest rates
  - markets may still be overvalued (but many stocks are becoming reasonably priced)
  - price depreciation during 2000 was hastened by weakening earnings (or even weakening expectations)
  - it is still difficult to make most quantitative models justify expected real returns in the near future
- We retain our bias towards long-run averages
- At the start of 2000, our projections were too conservative, yet by the end of the year we were too optimistic...

# The Last Few Years Were More Than a Little Unusual

## Dividend Yield of S&P 500 (1947 - 2000)

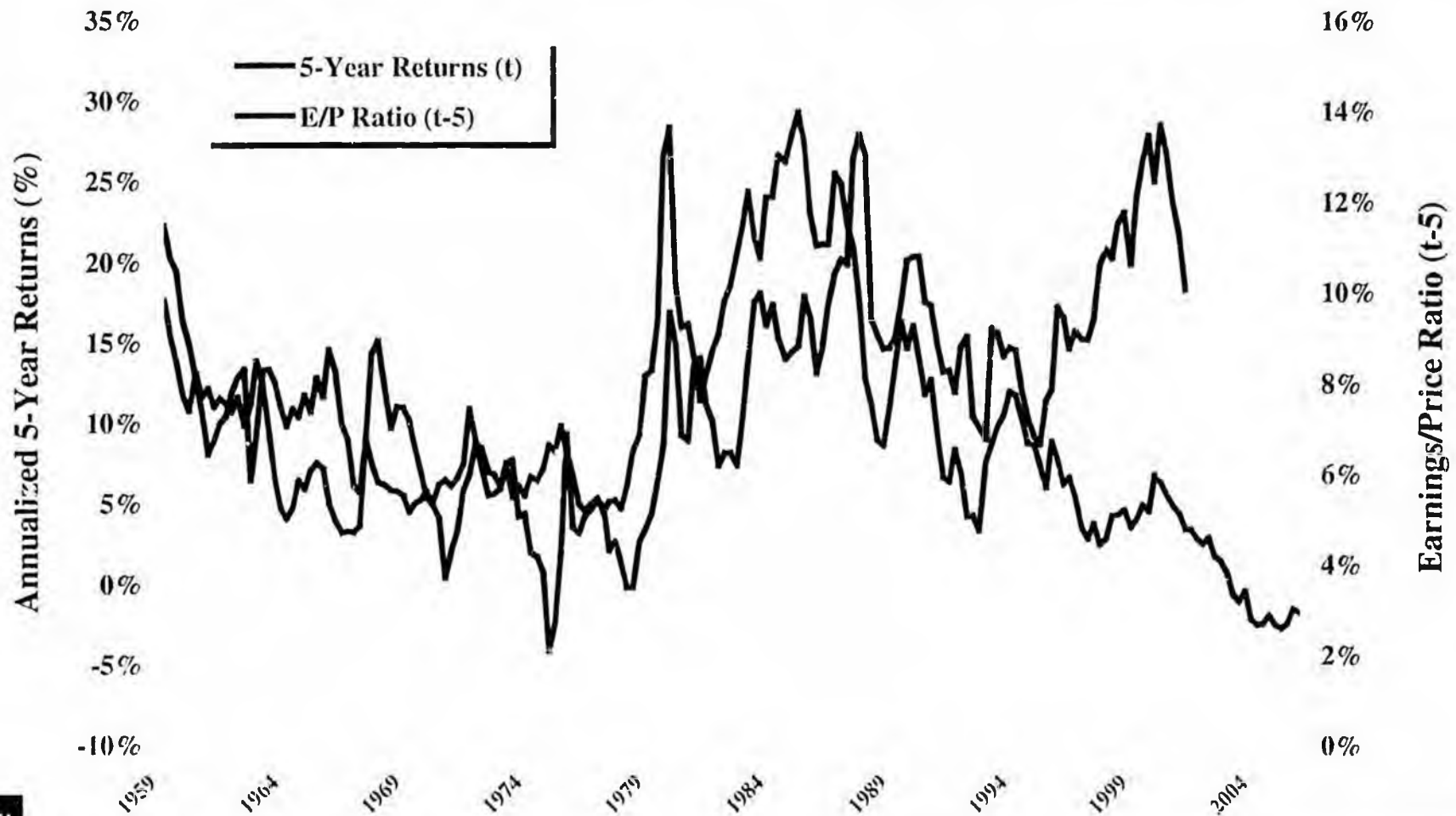


## Price to Earnings Ratio for S&P 500 (1954 - 2000)



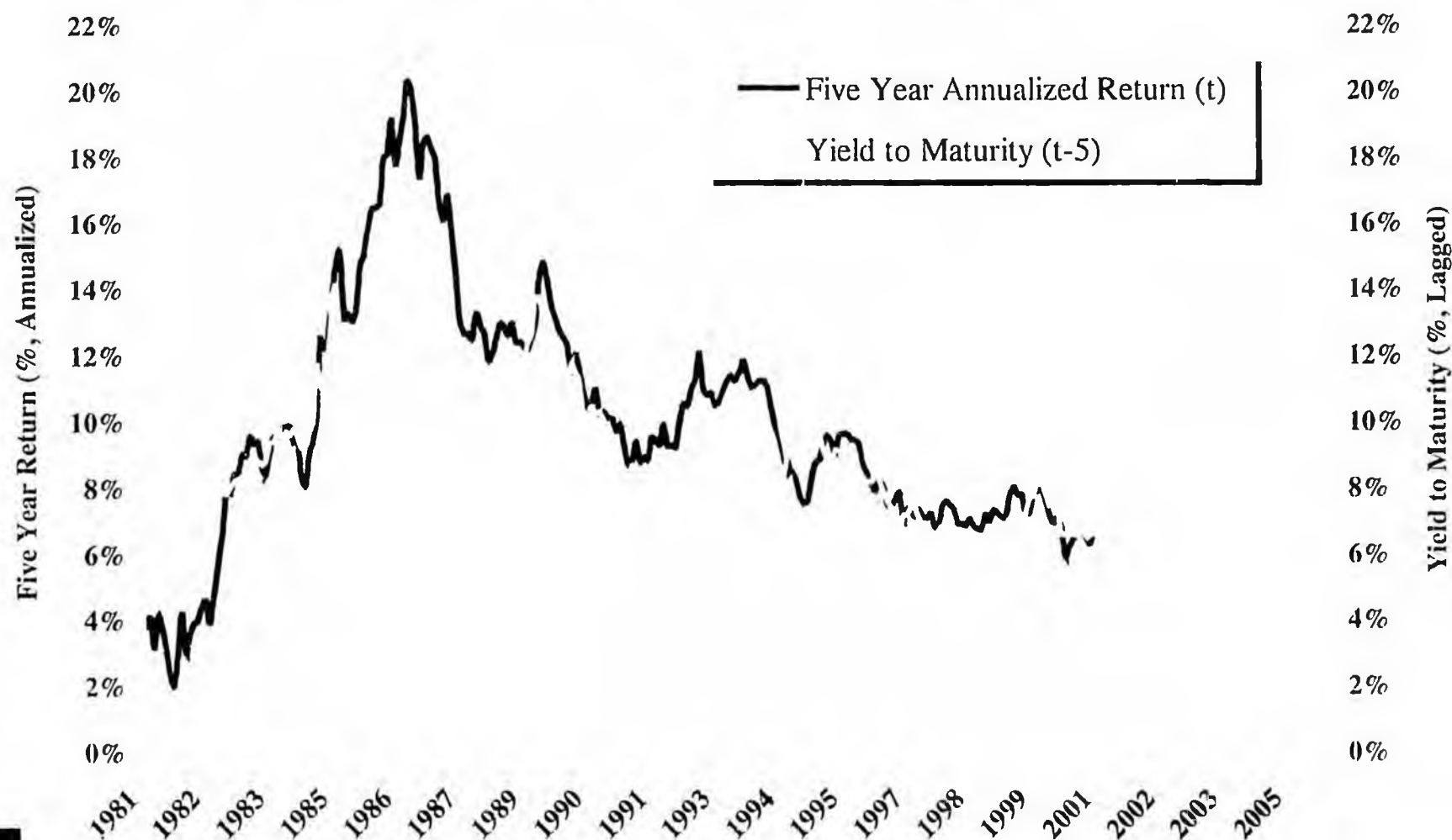
# Are Equity Prices Becoming Re-connected to Their Underlying Value?

S&P 500 5-Year Returns vs. Lagged Earnings/Price (1954 - 2000)



# Domestic Fixed Income

## Lehman Aggregate Index 5 Year Returns vs. Lagged Yield to Maturity



# 2001 Capital Market Projections

| Asset Class             | Index     | Projected Annual Return | Projected Standard Deviation (Risk) | 2001 "Sharpe" | 2000 Projections |       | 2000 "Sharpe" |
|-------------------------|-----------|-------------------------|-------------------------------------|---------------|------------------|-------|---------------|
| <b>Equities</b>         |           |                         |                                     |               |                  |       |               |
| Broad Domestic Equity   | CAI Broad | 9.20%                   | 16.20                               | 0.25926       | 9.20             | 16.20 | 0.25926       |
| Large Cap               | S&P 500   | 8.90%                   | 15.00                               | 0.26000       | 8.90             | 15.00 | 0.26000       |
| Small Cap               | CAI Small | 10.40%                  | 25.00                               | 0.21600       | 10.40            | 25.00 | 0.21600       |
| International Equity    | EAFE      | 9.80%                   | 21.50                               | 0.22326       | 9.75             | 21.50 | 0.22093       |
| <b>Fixed Income</b>     |           |                         |                                     |               |                  |       |               |
| Domestic Fixed          | LB Agg    | 6.45%                   | 5.30                                | 0.27358       | 6.70             | 5.50  | 0.30909       |
| Non USS Fixed           | SB Non US | 6.25%                   | 9.80                                | 0.12755       | 6.50             | 10.00 | 0.15000       |
| <b>Other</b>            |           |                         |                                     |               |                  |       |               |
| Real Estate             | CRES      | 8.30%                   | 16.50                               | 0.20000       | 8.30             | 16.50 | 0.20000       |
| Alternative Investments | VECO PVC1 | 12.00%                  | 36.00                               | 0.19444       | 11.50            | 36.00 | 0.18056       |
| Cash Equivalents        | T-bill    | 5.00%                   | 0.70                                |               | 5.00             | 0.70  |               |
| <b>Inflation</b>        | CPI-U     | 3.25%                   | 1.90                                |               | 3.25             | 1.90  |               |

## What Can Go Wrong? Risks on the Horizon

- Energy shortage worsens and forces large scale lay-offs.
- Consumers have difficulty paying for past extravagance.
- The dollar falls sharply as capital inflows shrink (and the trade deficit does its damage).
- Long term interest rates rise with the passage of large tax cuts.

# Efficient Mixes

## Equities Constrained To 60%

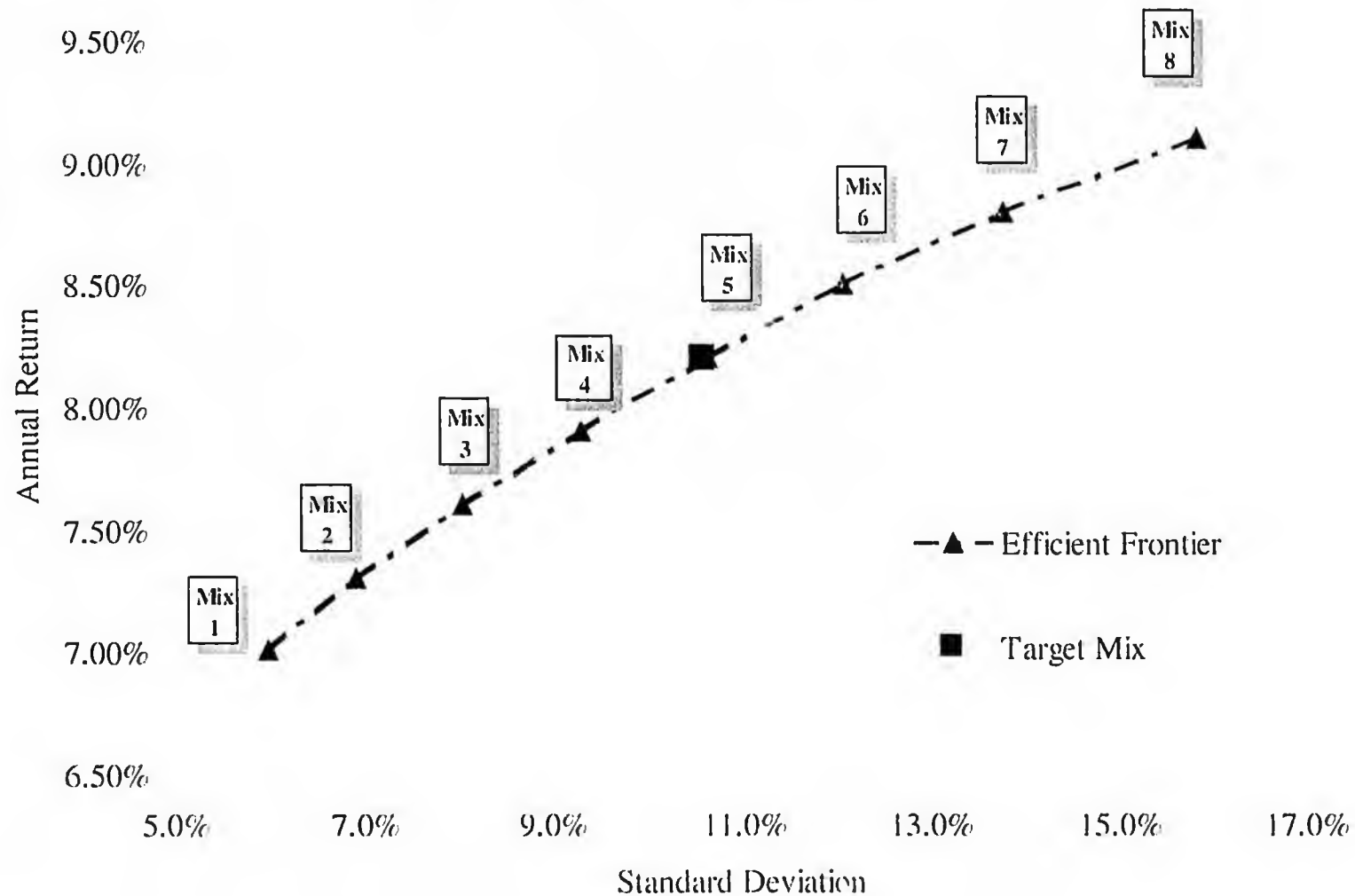
Current limit by statute is 55% & 5% basket clause

### ASSET MIX ALTERNATIVES

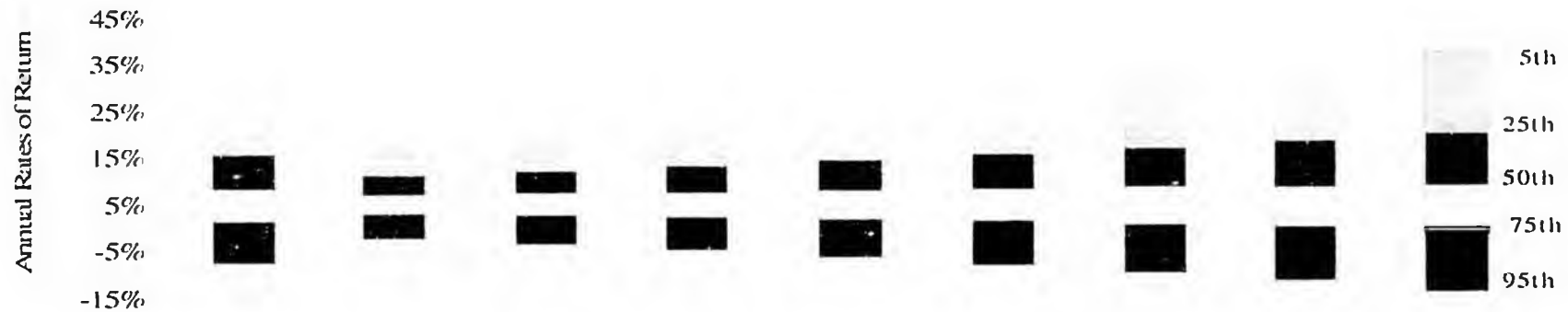
| Portfolio Component   | Target Mix | Minimum Allocation | Maximum Allocation | Mix 1 | Mix 2 | Mix 3 | Mix 4 | Mix 5 | Mix 6 | Mix 7 | Mix 8 |
|-----------------------|------------|--------------------|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Broad Domestic Equity | 37%        | 0%                 | 100%               | 16%   | 21%   | 27%   | 34%   | 40%   | 41%   | 37%   | 19%   |
| International Equity  | 16%        | 0%                 | 100%               | 4%    | 6%    | 9%    | 12%   | 15%   | 19%   | 23%   | 41%   |
| Domestic Fixed Income | 35%        | 0%                 | 100%               | 64%   | 62%   | 53%   | 43%   | 33%   | 25%   | 10%   | 0%    |
| Non-US Fixed Income   | 2%         | 0%                 | 100%               | 7%    | 6%    | 6%    | 5%    | 4%    | 0%    | 0%    | 0%    |
| Real Estate           | 10%        | 0%                 | 100%               | 3%    | 4%    | 5%    | 6%    | 7%    | 15%   | 30%   | 40%   |
| Cash Equivalents      | 0%         | 0%                 | 100%               | 6%    | 0%    | 0%    | 0%    | 0%    | 0%    | 0%    | 0%    |
| Total                 | 100%       |                    |                    | 100%  | 100%  | 100%  | 99%   | 100%  | 100%  | 100%  | 100%  |
| Annual Return         | 8.2%       |                    |                    | 7.0%  | 7.3%  | 7.6%  | 7.9%  | 8.2%  | 8.5%  | 8.8%  | 9.1%  |
| Standard Deviation    | 10.6%      |                    |                    | 6.0%  | 6.9%  | 8.0%  | 9.3%  | 10.6% | 12.1% | 13.8% | 15.8% |
| Total Equity          |            |                    |                    | 20%   | 27%   | 37%   | 46%   | 55%   | 60%   | 60%   | 60%   |

**Mixes 7 & 8 are clearly not viable as the proportions allocated to international equities and real estate become excessive. The optimizer had to use these asset classes to achieve higher return alternatives. The target mix & mix 5 have essentially the same risk/return profile.**

# Efficient Frontier with a 60% Maximum Equity Constraint



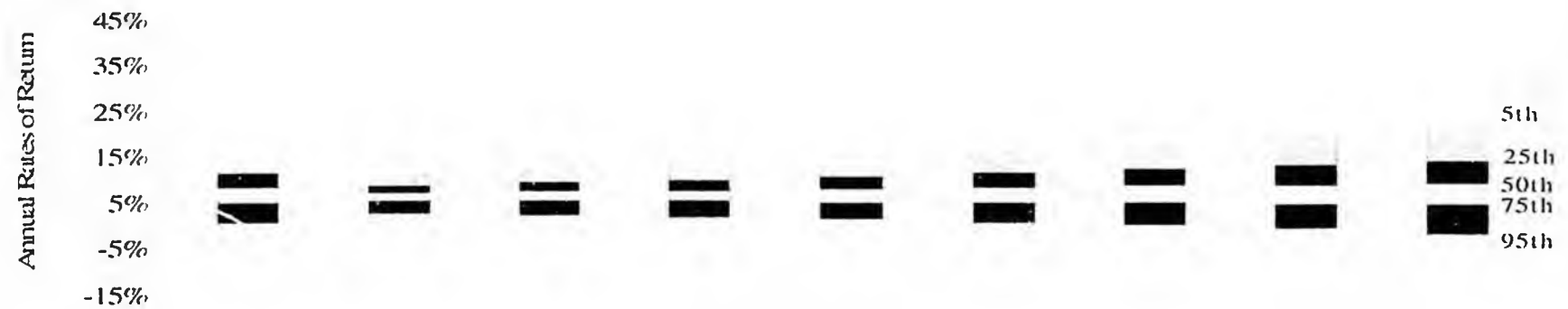
# Range of Returns Over 1 Year Periods



Range of 1 Year Returns

| Percentile | Target Mix | Mix 1 | Mix 2 | Mix 3 | Mix 4 | Mix 5 | Mix 6 | Mix 7  | Mix 8  |
|------------|------------|-------|-------|-------|-------|-------|-------|--------|--------|
| 5th        | 27.0%      | 17.3% | 19.3% | 21.6% | 24.2% | 27.1% | 30.1% | 33.7%  | 38.0%  |
| 25th       | 15.5%      | 11.1% | 12.1% | 13.1% | 14.3% | 15.6% | 16.9% | 18.4%  | 20.1%  |
| 50th       | 8.2%       | 7.0%  | 7.3%  | 7.6%  | 7.9%  | 8.2%  | 8.5%  | 8.8%   | 9.1%   |
| 75th       | 1.3%       | 3.0%  | 2.7%  | 2.3%  | 1.8%  | 1.3%  | 0.7%  | 0.0%   | -0.9%  |
| 95th       | -7.8%      | -2.4% | -3.5% | -4.8% | -6.3% | -7.9% | -9.5% | -11.5% | -13.8% |

# Range of Returns Over 5 Year Periods



Range of 5 Year Returns

| Percentile | Target Mix | Mix 1 | Mix 2 | Mix 3 | Mix 4 | Mix 5 | Mix 6 | Mix 7 | Mix 8 |
|------------|------------|-------|-------|-------|-------|-------|-------|-------|-------|
| 5th        | 16.2%      | 11.5% | 12.5% | 13.7% | 14.9% | 16.3% | 17.7% | 19.3% | 21.2% |
| 25th       | 11.4%      | 8.8%  | 9.4%  | 10.0% | 10.7% | 11.4% | 12.2% | 13.0% | 13.9% |
| 50th       | 8.2%       | 7.0%  | 7.3%  | 7.6%  | 7.9%  | 8.2%  | 8.5%  | 8.8%  | 9.1%  |
| 75th       | 5.1%       | 5.2%  | 5.2%  | 5.2%  | 5.1%  | 5.1%  | 4.9%  | 4.8%  | 4.5%  |
| 95th       | 0.7%       | 2.7%  | 2.3%  | 1.9%  | 1.3%  | 0.7%  | 0.0%  | -0.8% | -1.8% |

# **Alaska Permanent Fund**

## **Outlook for stocks, bonds and real estate**

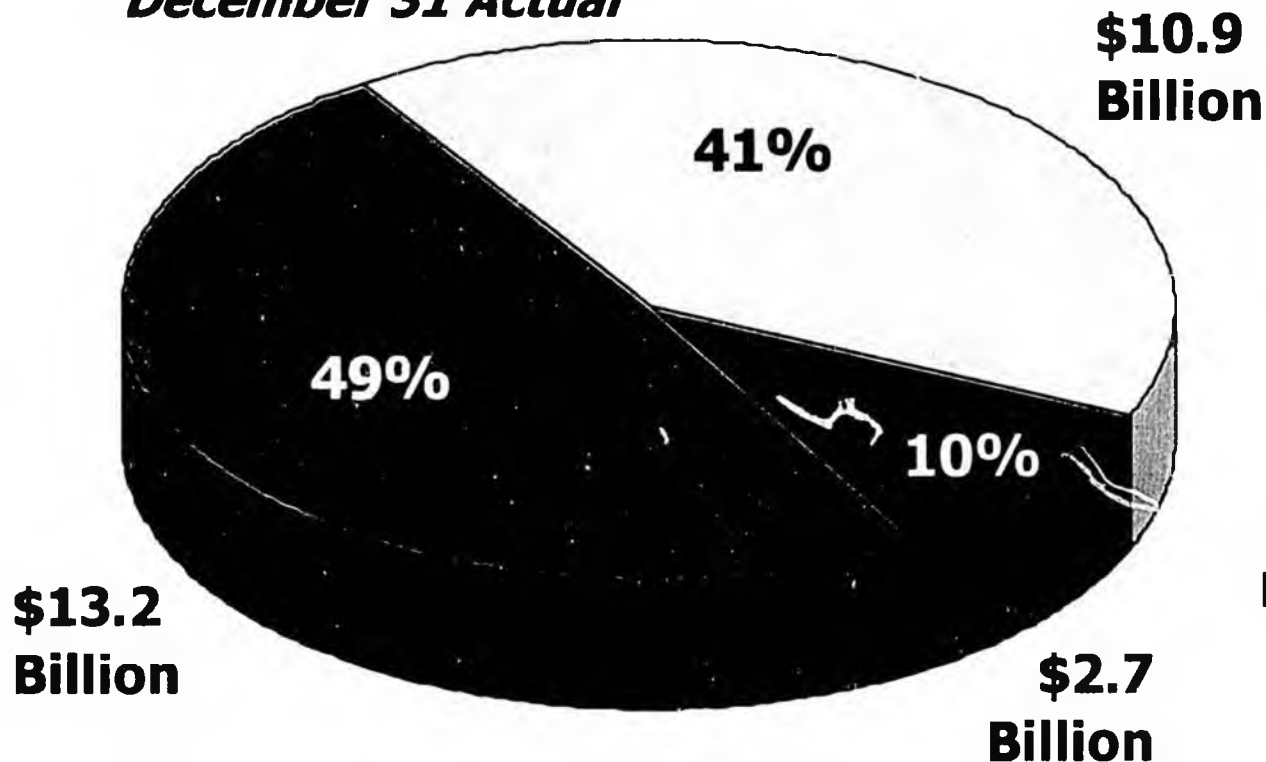
**Allan Moore, Chief Investment Officer  
Alaska Permanent Fund Corporation**

**House Finance Committee  
February 15, 2001**



# Fund asset allocation

*December 31 Actual*



## Asset Allocation

Equities: 53%,  $\pm 5\%$

Fixed

Income: 37%,  $\pm 5\%$

Real Estate: 10%,  $\pm 2\%$

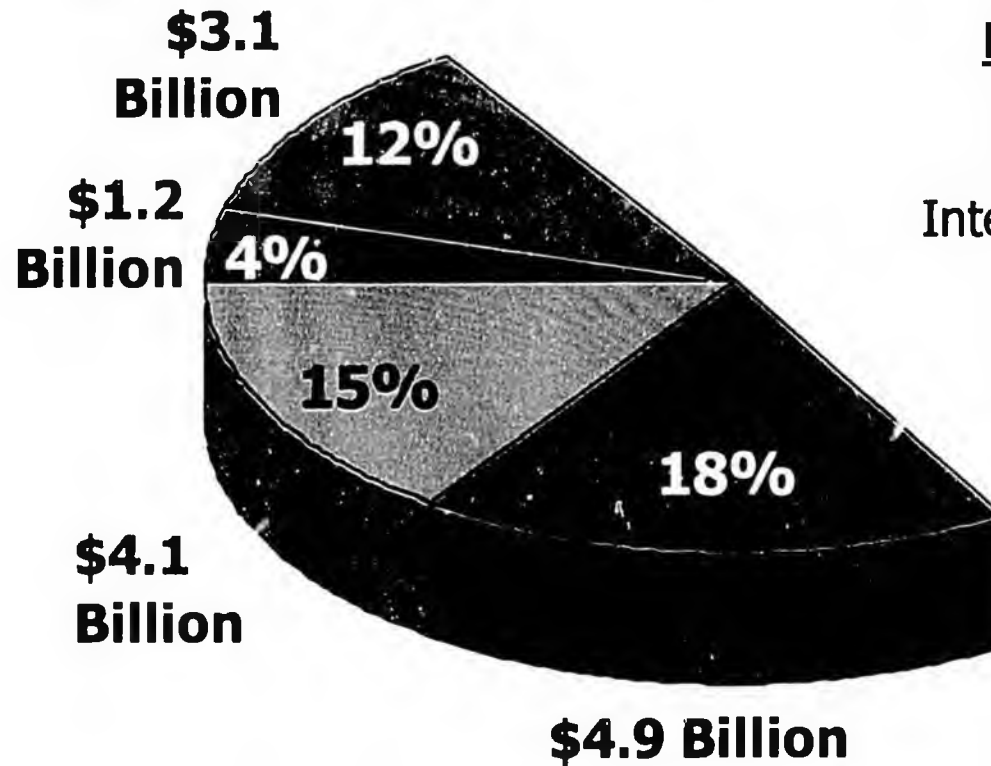
■ Equities

□ Fixed Income

■ Real Estate



# Equity portfolio



## Equities Allocation

Domestic: 37%,  $\pm 7\%$

International: 16%,  $\pm 5\%$

## December 31 Actual

Domestic: 33%

International: 16%

■ Domestic Active

■ Domestic Passive

■ International Passive

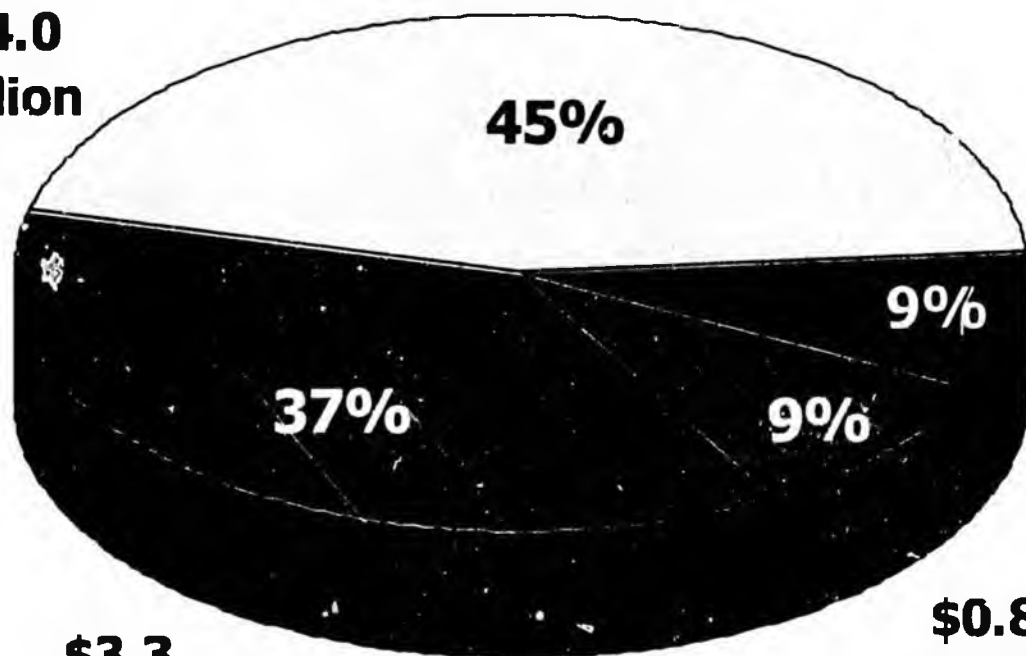
■ International Active



# Capitalization size

*December 31*

**\$4.0  
Billion**



## Cap Size Allocation

Larger Cap: 80%, ±10%

Smaller Cap: 20%, ±10%

**\$0.8  
Billion**

**\$3.3  
Billion**

**\$0.8  
Billion**

## December 31 Actual

Larger Cap: 82%

Smaller Cap: 18%

■ LC Passive

□ LC Active

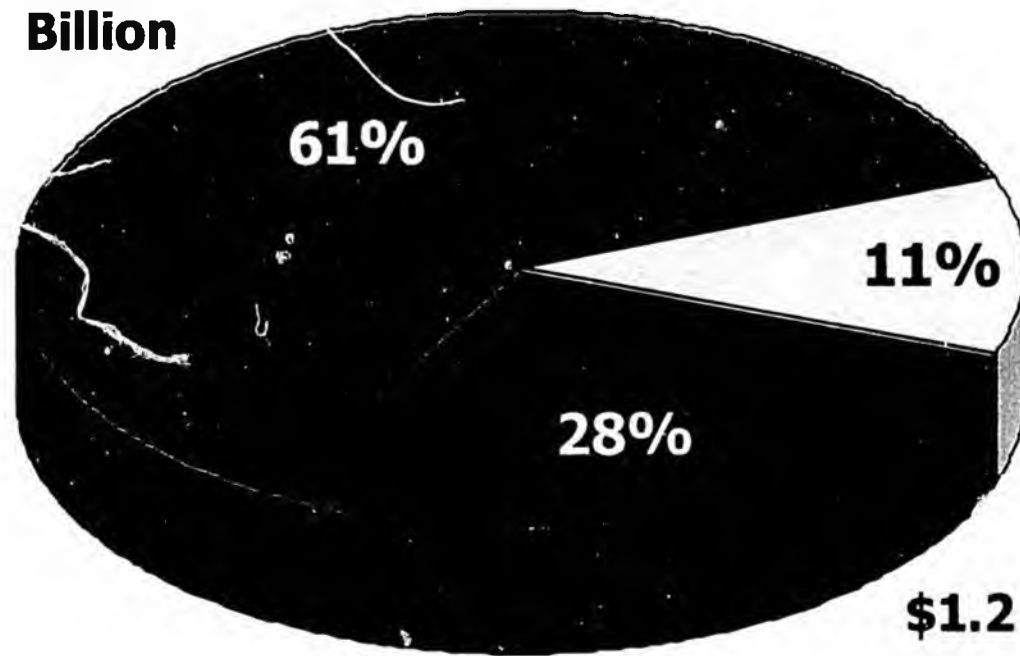
■ SC Passive

■ SC Active



# International equities

**\$2.6  
Billion**



## International Allocation

Developed: 85%, 70-100%

Emg Mkts: 15%, ±10-15%

**\$0.5  
Billion**

**\$1.2  
Billion**

- Dev Active Passive
- Dev Passive
- Emg Mkts

## December 31 Actual

Developed: 89%

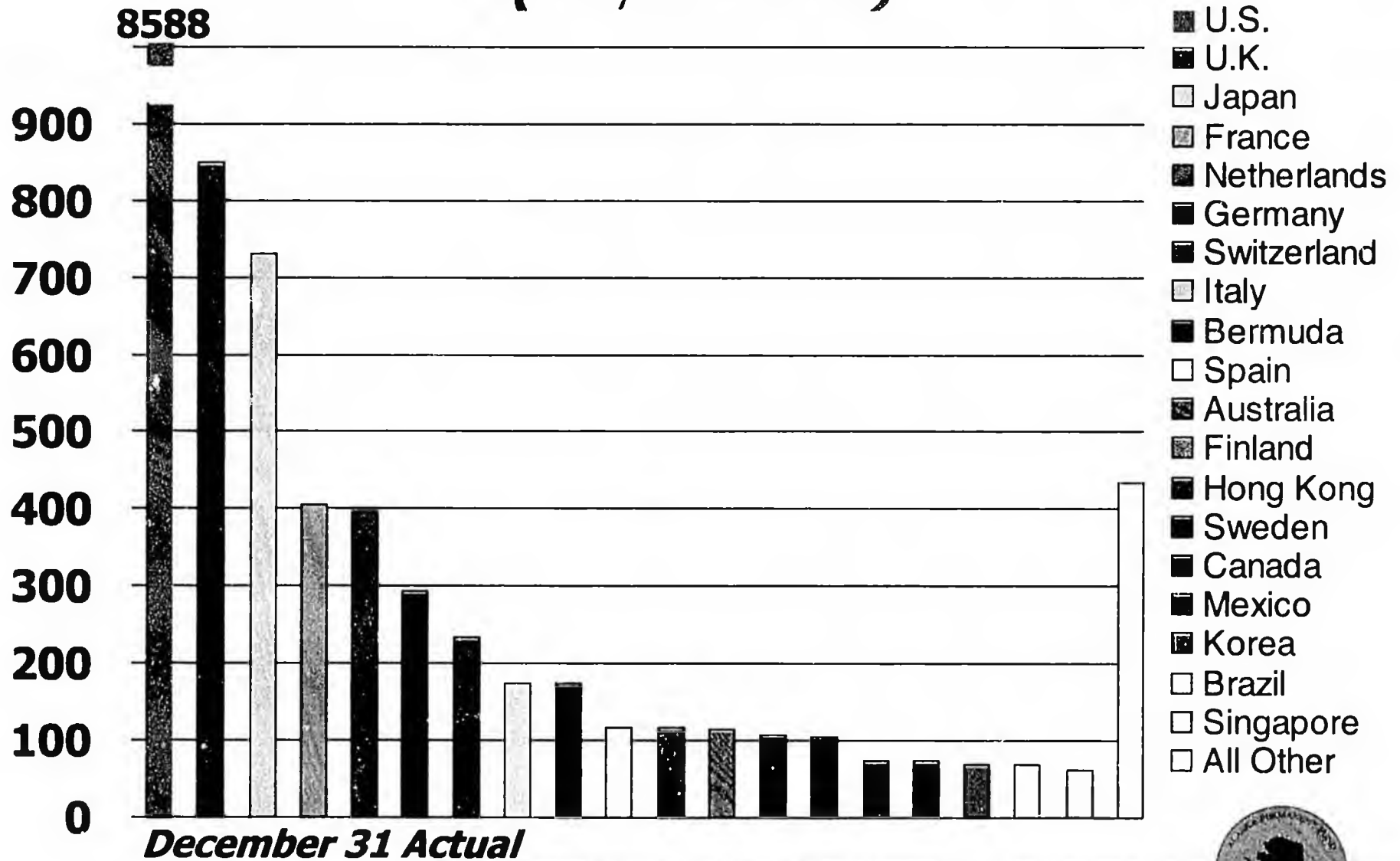
Emg Mkts: 11%\*

*\*1.8% of Fund*

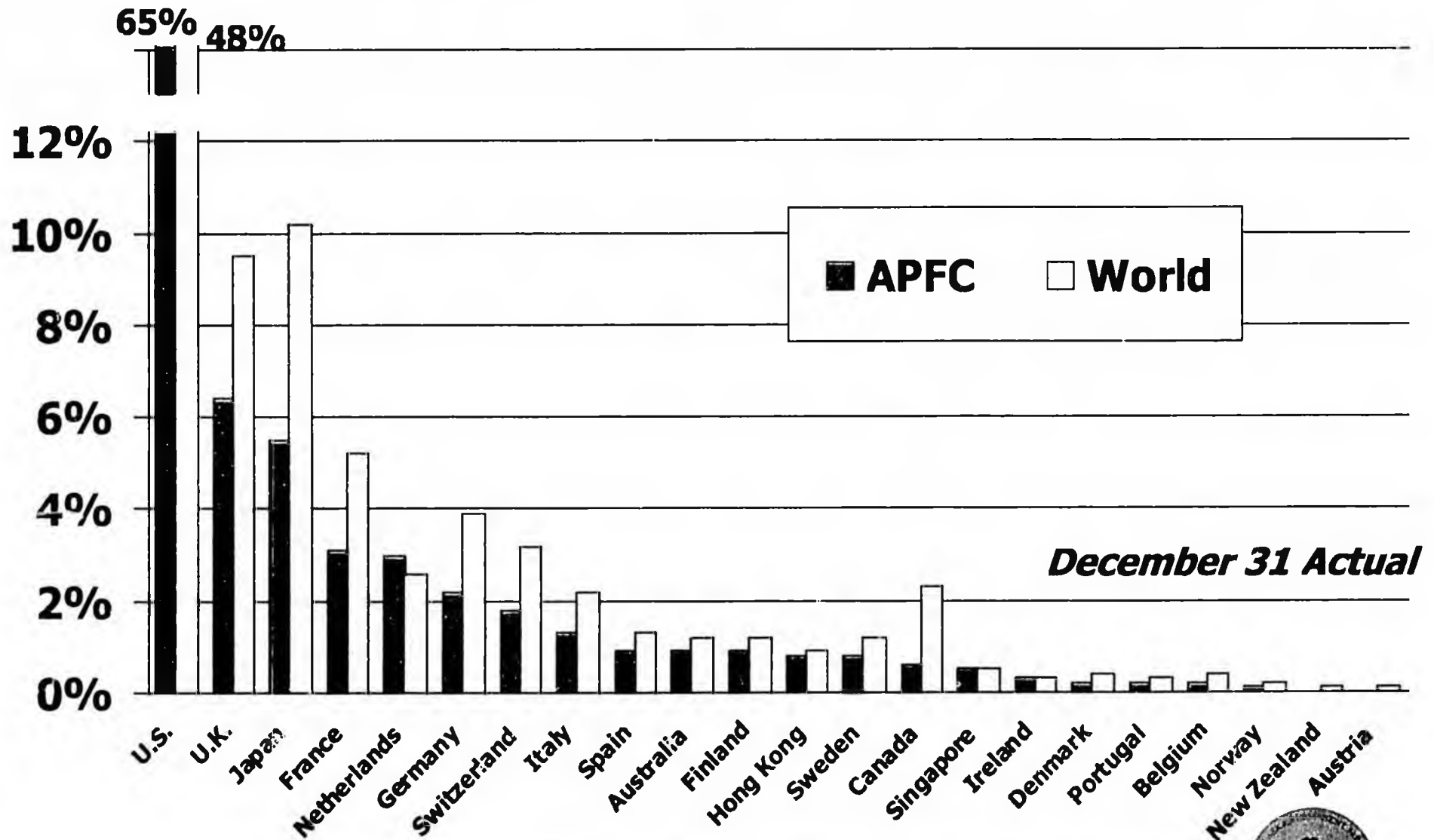


# Equities by country

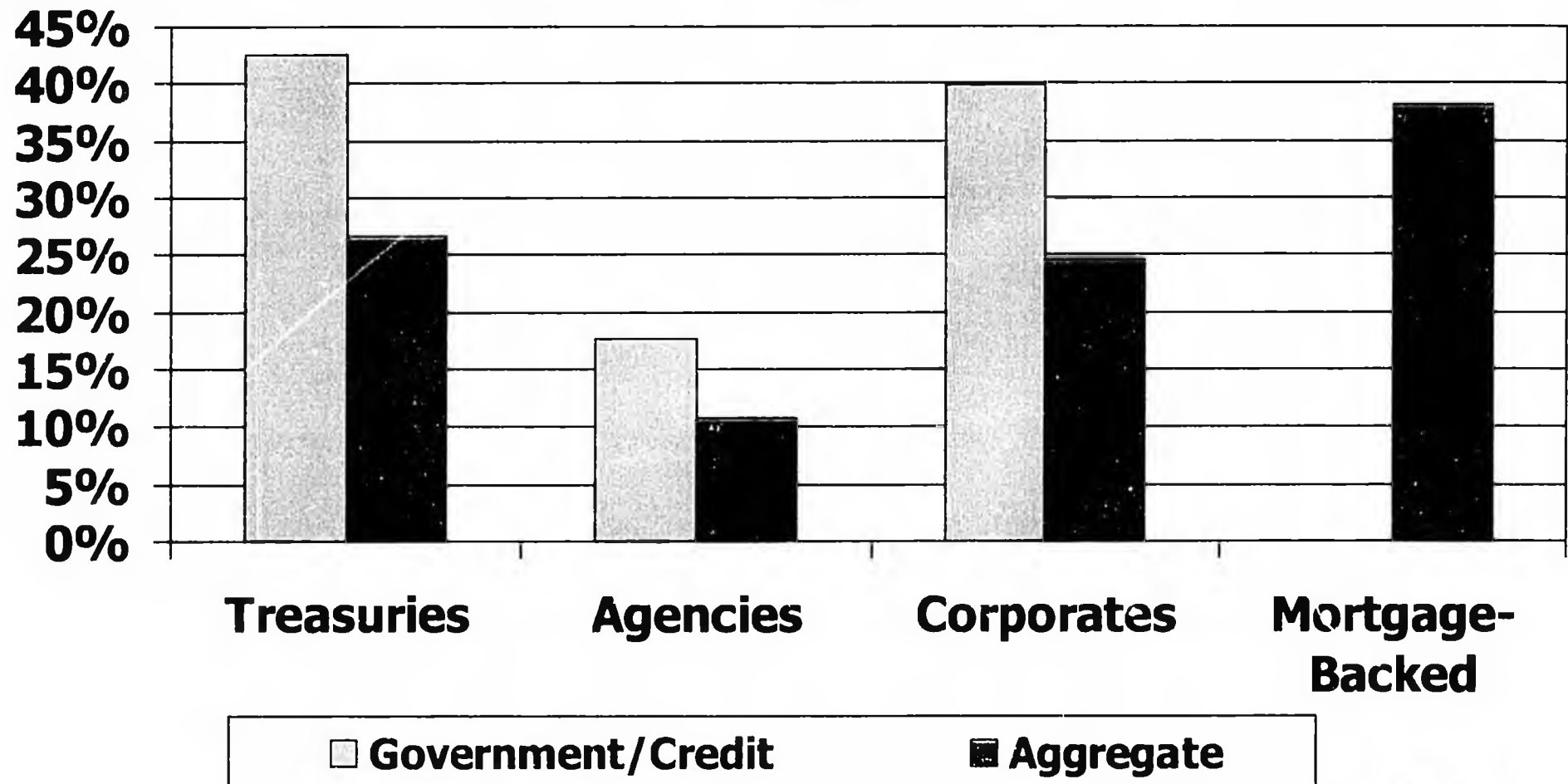
*(in \$millions)*



# APFC vs MSCI World Index

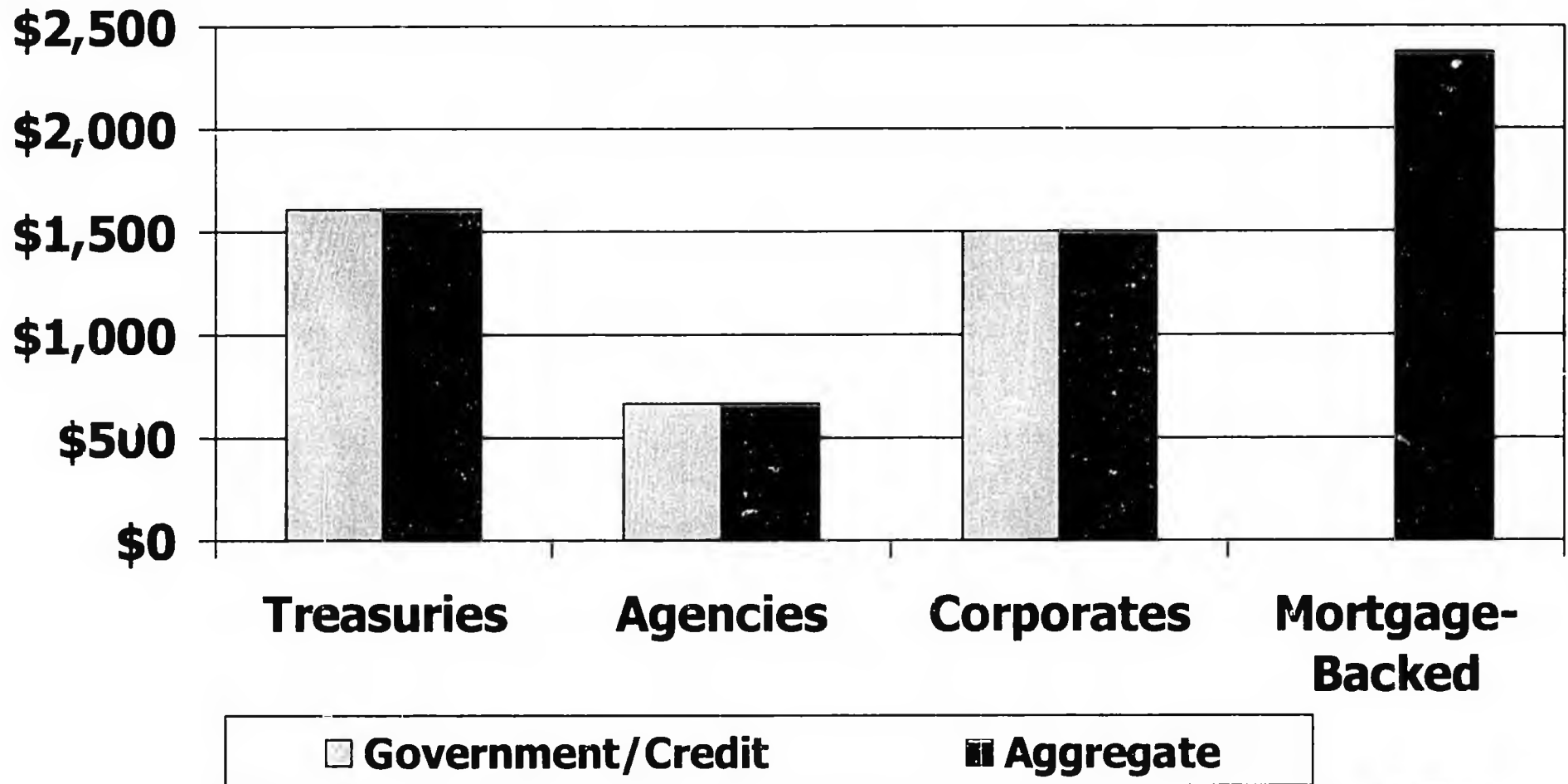


# Moving to New Bond Benchmark



# Moving to New Bond Benchmark

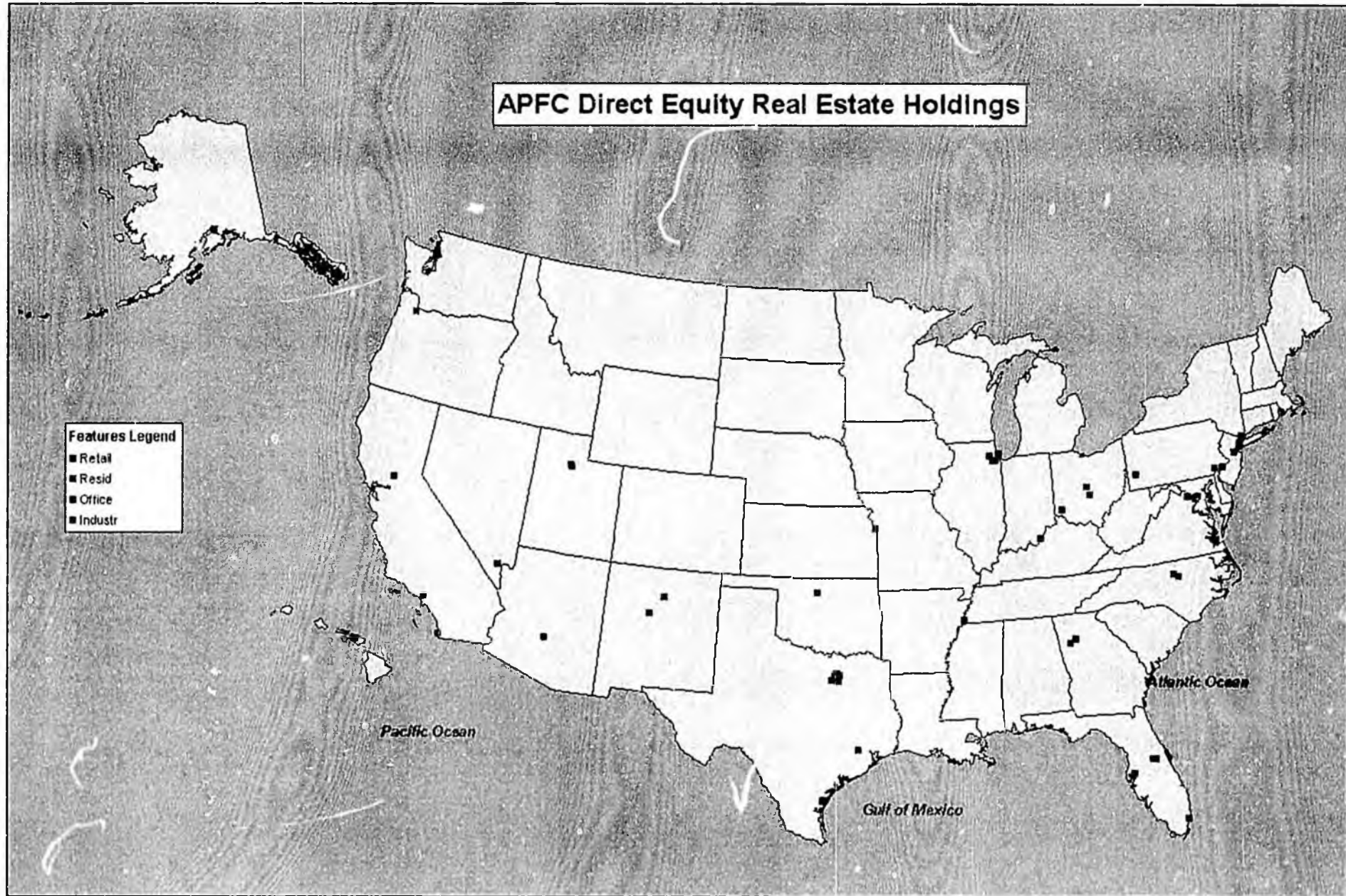
(\$ in millions)



# APFC Direct Equity Real Estate Holdings

## Features Legend

- Retail
- Resid
- Office
- Industr



# **Alaska Permanent Fund**

## **Financial outlook for Fund growth and income**

**Chris Phillips, Director of Finance  
Alaska Permanent Fund Corporation**

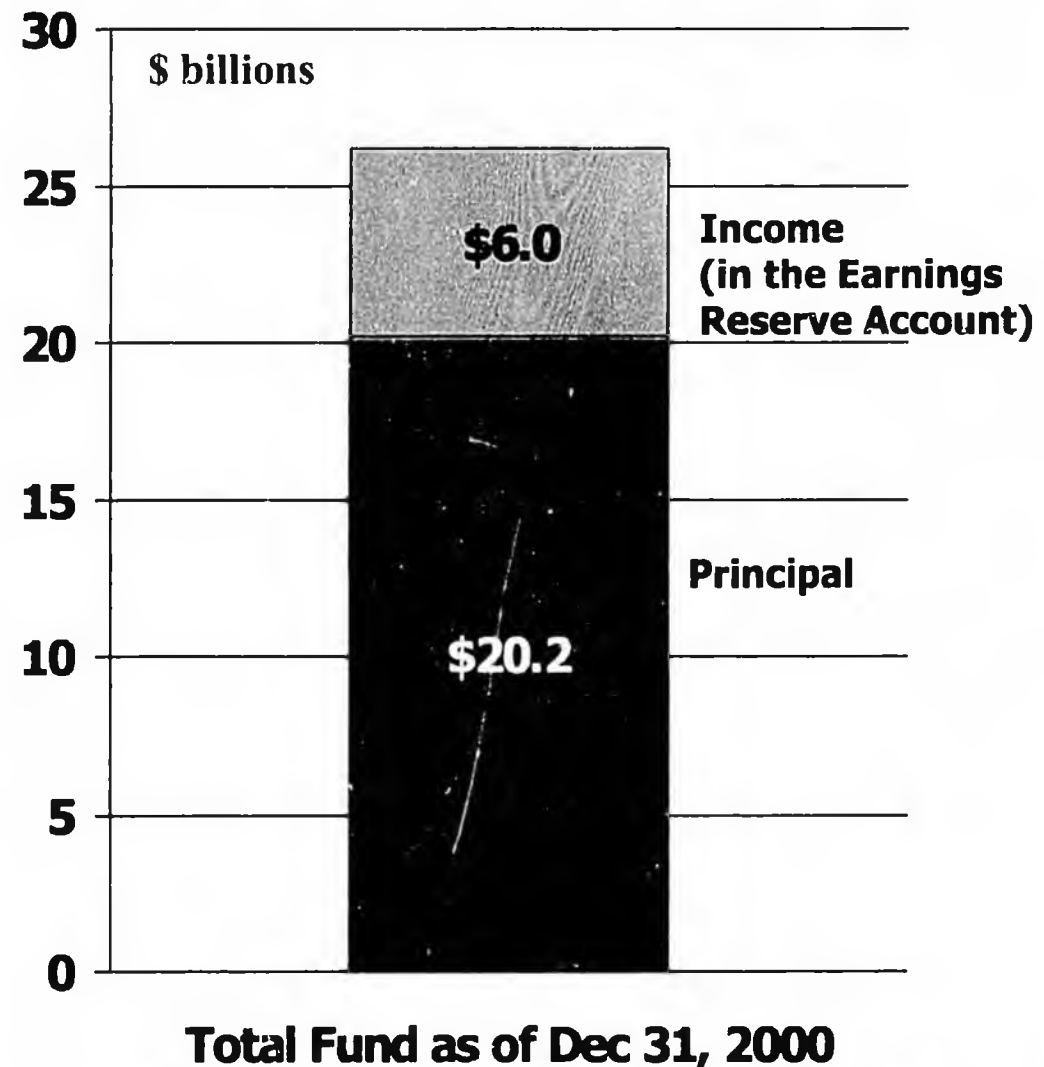
**House Finance Committee  
February 15, 2001**



# Permanent Fund market value

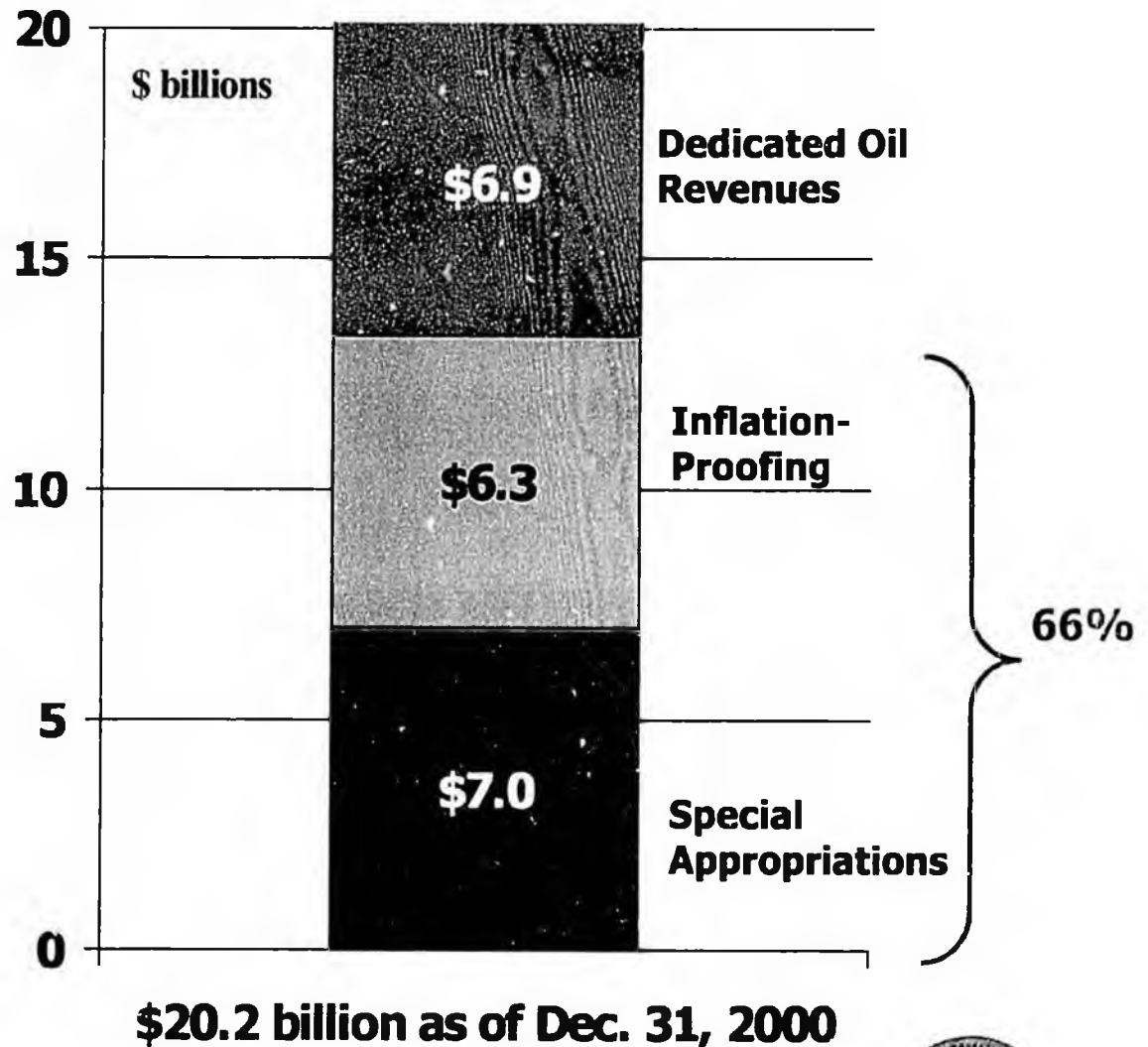
**The market value of the Permanent Fund is currently \$26.2 billion**

**It consists of two parts: principal and income**



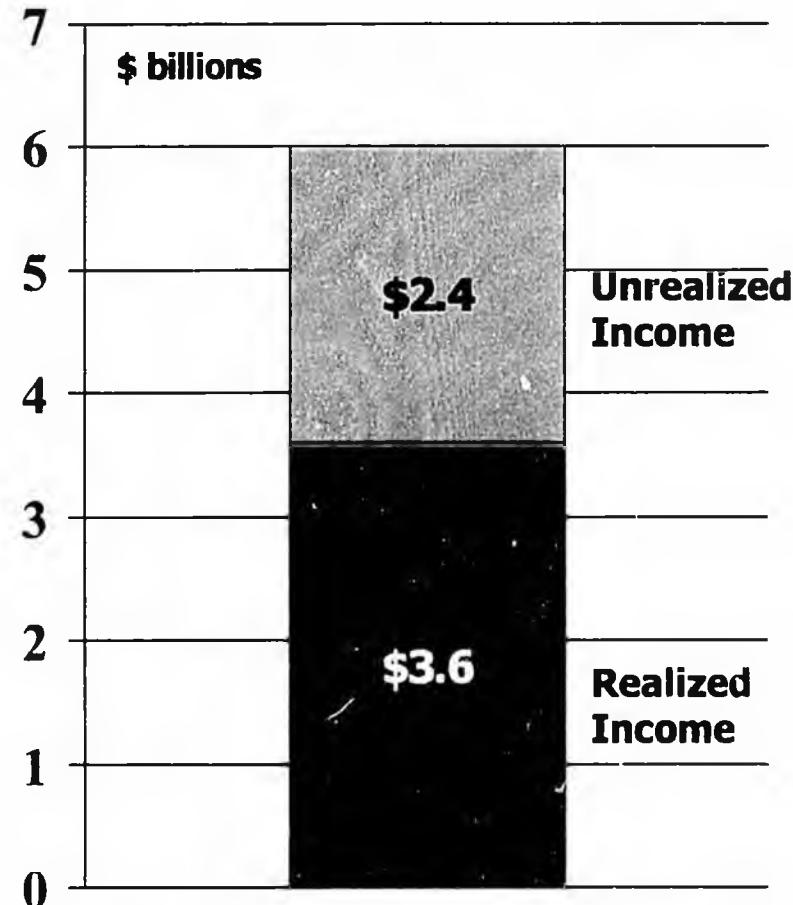
# Permanent Fund principal

- The Alaska Permanent Fund principal is protected by the Alaska Constitution
- The Legislature may not spend it



# Permanent Fund income

- As provided by law, all income from the Permanent Fund's investments is deposited into the Earnings Reserve Account in the Permanent Fund
- It is retained there until appropriated by the legislature



Earnings Reserve: \$6 Billion as of  
Dec 31, 2000



# Permanent Fund projections

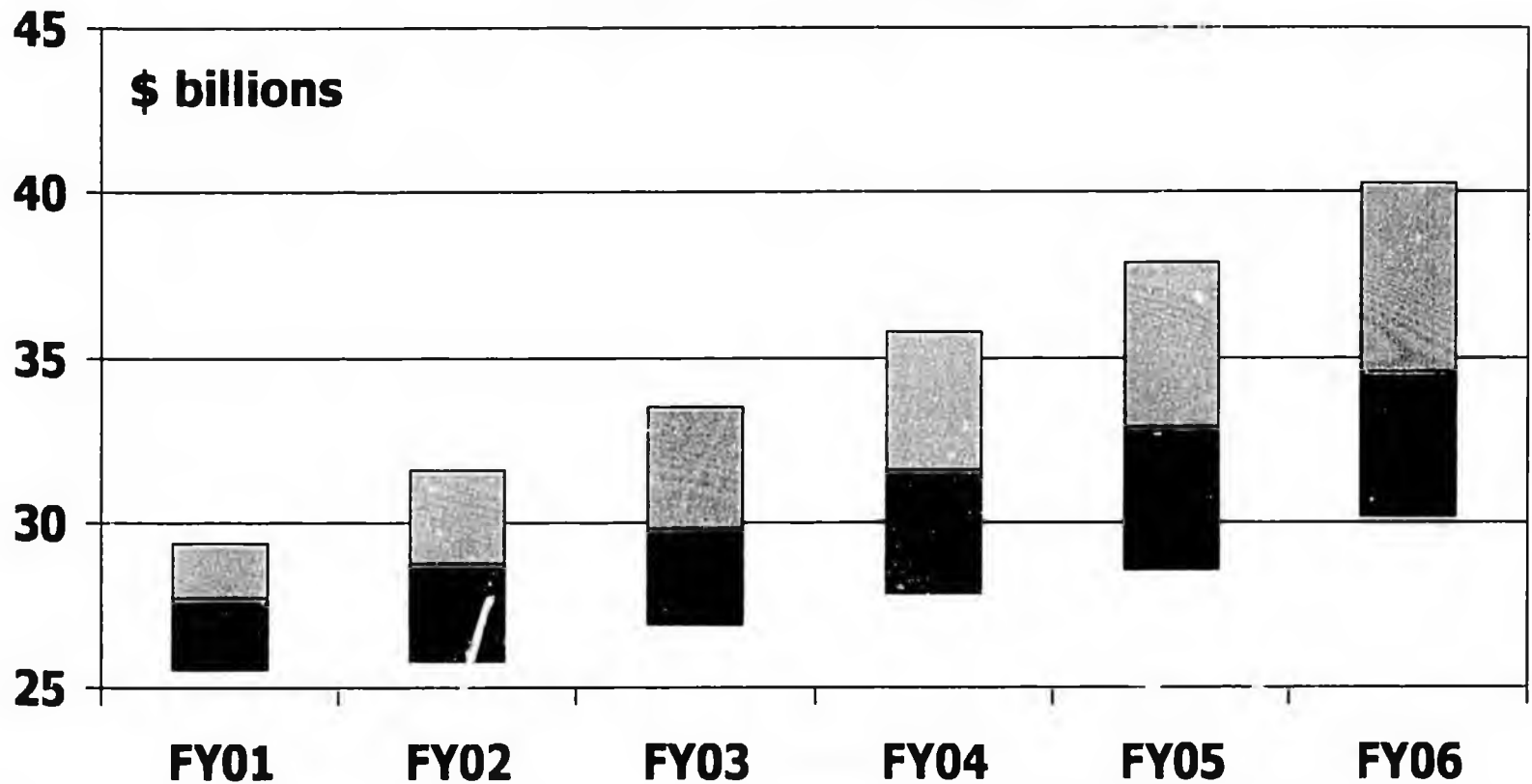
as of December 31, 2000

| PRINCIPAL                |                  |                      |                |                    |                | INCOME                    |                                   |              |                    |              |              |                |                |                |           | TOTAL FUND     |
|--------------------------|------------------|----------------------|----------------|--------------------|----------------|---------------------------|-----------------------------------|--------------|--------------------|--------------|--------------|----------------|----------------|----------------|-----------|----------------|
| FY                       | FY Begin Balance | Dedicated            |                |                    | FY End Balance | Net Income <sup>(1)</sup> | Distributions of Statutory Income |              |                    |              | Realized     |                | Unrealized     |                | FY        | FY End Balance |
|                          |                  | Appropriations       | State Revenues | Inflation-Proofing |                |                           | Net Income                        | Dividends    | Inflation-Proofing | General Fund | Net Change   | FY End Balance | Net Change     | FY End Balance |           |                |
| 77-95                    | 0                | 4,006                | 5,447          | 4,217              | 13,670         | 12,320                    | 12,285                            | 5,350        | 4,217              | 223          | 1,202        | 1,202          | 35             | 35             | 77-95     | 14,907         |
| 96                       | 13,670           | 1,864 <sup>(2)</sup> | 264            | 407                | 16,205         | 1,814                     | 1,769                             | 643          | 407                |              | (1,098)      | 104            | 2,049          | 2,084          | 96        | 18,393         |
| 97                       | 16,205           | 829 <sup>(2)</sup>   | 308            | 486                | 17,828         | 3,149                     | 2,036                             | 747          | 486                | 1            | 3            | 107            | 1,085          | 3,169          | 97        | 21,104         |
| 98                       | 17,828           | 35 <sup>(3)</sup>    | 230            | 423                | 18,516         | 3,435                     | 2,595                             | 893          | 423                | 1            | 1,282        | 1,389          | 802            | 3,971          | 98        | 23,876         |
| 99                       | 18,516           | 41                   | 155            | 288                | 19,001         | 2,148                     | 2,544                             | 1,045        | 288                | 3            | 1,201        | 2,590          | (430)          | 3,541          | 99        | 25,132         |
| 00                       | 19,001           | 281 <sup>(2)</sup>   | 310            | 423                | 20,015         | 2,249                     | 2,222                             | 1,172        | 423                | 3            | 382          | 2,972          | (12)           | 3,529          | 00        | 26,516         |
| <b>01</b>                | <b>20,015</b>    | <b>16</b>            | <b>343</b>     | <b>687</b>         | <b>21,060</b>  | <b>598</b>                | <b>1,678</b>                      | <b>1,163</b> | <b>687</b>         |              | <b>(172)</b> | <b>2,800</b>   | <b>(1,096)</b> | <b>2,433</b>   | <b>01</b> | <b>26,294</b>  |
| 02                       | 21,060           | 22                   | 291            | 695                | 22,068         | 2,139                     | 2,077                             | 1,167        | 695                |              | 216          | 3,016          | 40             | 2,473          | 02        | 27,557         |
| 03                       | 22,068           | 23                   | 271            | 727                | 23,089         | 2,241                     | 2,176                             | 1,123        | 727                |              | 326          | 3,342          | 42             | 2,515          | 03        | 28,946         |
| 04                       | 23,089           | 25                   | 249            | 759                | 24,123         | 2,354                     | 2,285                             | 1,096        | 759                |              | 430          | 3,772          | 44             | 2,558          | 04        | 30,453         |
| 05                       | 24,123           | 27                   | 235            | 793                | 25,178         | 2,477                     | 2,404                             | 1,115        | 793                |              | 496          | 4,268          | 46             | 2,604          | 05        | 32,050         |
| 06                       | 25,178           | 30                   | 179            | 825                | 26,211         | 2,606                     | 2,528                             | 1,204        | 825                |              | 499          | 4,767          | 48             | 2,652          | 06        | 33,631         |
| 07                       | 26,211           | 32                   | 171            | 858                | 27,273         | 2,735                     | 2,653                             | 1,265        | 858                |              | 529          | 5,297          | 51             | 2,703          | 07        | 35,273         |
| 08                       | 27,273           | 35                   | 162            | 893                | 28,363         | 2,870                     | 2,782                             | 1,328        | 893                |              | 561          | 5,858          | 53             | 2,756          | 08        | 36,977         |
| 09                       | 28,363           | 37                   | 152            | 928                | 29,481         | 3,009                     | 2,916                             | 1,395        | 928                |              | 593          | 6,451          | 56             | 2,812          | 09        | 38,743         |
| 10                       | 29,481           | 40                   | 142            | 964                | 30,628         | 3,154                     | 3,055                             | 1,463        | 964                |              | 628          | 7,079          | 58             | 2,870          | 10        | 40,576         |
| ...                      | ...              | ...                  | ...            | ...                | ...            | ...                       | ...                               | ...          | ...                |              | ...          | ...            | ...            | ...            | ...       | ...            |
| 20                       | 42,693           | 88                   | 78             | 1,393              | 44,252         | 4,966                     | 4,786                             | 2,306        | 1,393              |              | 1,087        | 15,705         | 91             | 3,623          | 20        | 63,581         |
| <b>Cumulative Totals</b> |                  |                      |                |                    |                |                           |                                   |              |                    |              |              |                |                |                |           |                |
| Projected for 2001-2020  |                  |                      |                |                    |                |                           |                                   |              |                    |              |              |                |                |                |           |                |
|                          |                  |                      |                |                    |                | 65,092                    | 64,073                            | 31,318       | 20,021             |              |              |                |                |                |           |                |

**Current year**



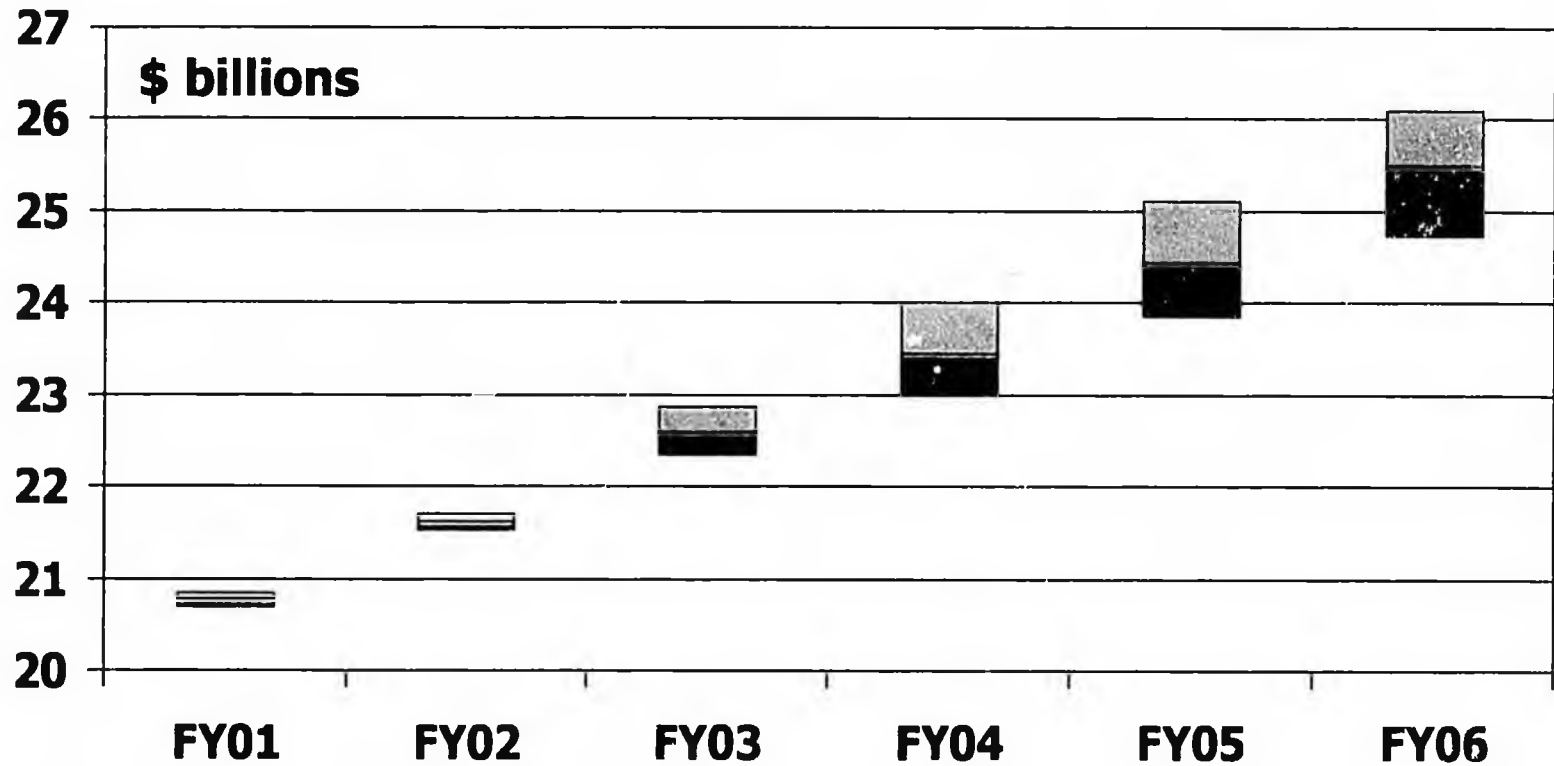
# Range of market value FY01 – FY06



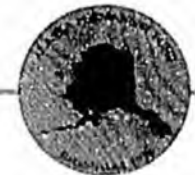
|                 |               |               |               |               |               |               |
|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Top quartile    | \$29.4        | \$31.6        | \$33.5        | \$35.8        | \$37.8        | \$40.3        |
| <b>Median</b>   | <b>\$27.7</b> | <b>\$28.7</b> | <b>\$29.8</b> | <b>\$31.6</b> | <b>\$32.9</b> | <b>\$34.5</b> |
| Bottom quartile | \$25.6        | \$25.8        | \$26.9        | \$27.9        | \$28.6        | \$30.2        |



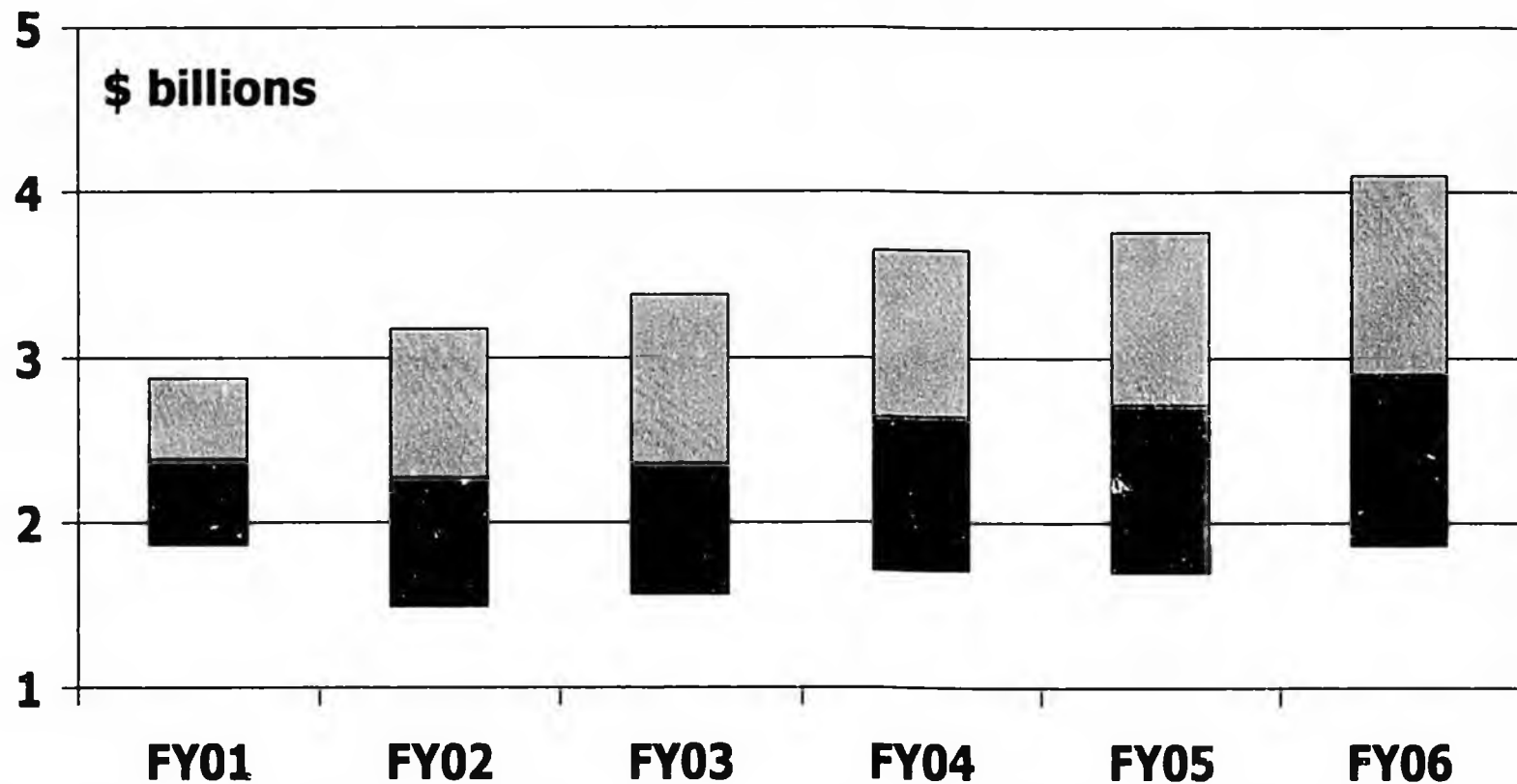
# Range of principal balance FY01 – FY06



|                 | FY01          | FY02          | FY03          | FY04          | FY05          | FY06          |
|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Top quartile    | \$20.7        | \$21.7        | \$22.9        | \$24.0        | \$25.1        | \$26.1        |
| <b>Median</b>   | <b>\$20.7</b> | <b>\$21.6</b> | <b>\$22.6</b> | <b>\$23.4</b> | <b>\$24.4</b> | <b>\$25.5</b> |
| Bottom quartile | \$20.7        | \$21.5        | \$22.4        | \$23.0        | \$23.8        | \$24.7        |



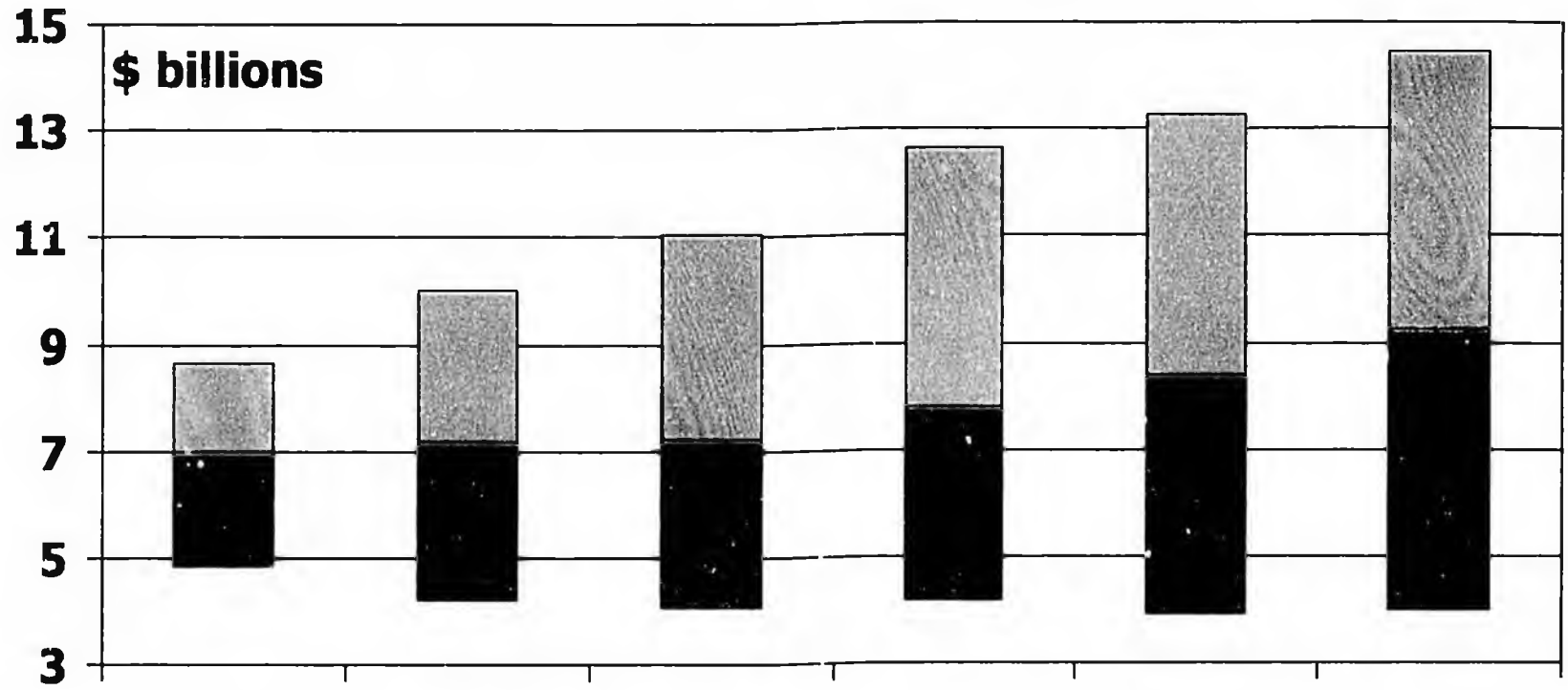
# Range of statutory net income FY01 – FY06



|                 | FY01          | FY02          | FY03          | FY04          | FY05          | FY06          |
|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Top quartile    | \$2.87        | \$3.16        | \$3.38        | \$3.65        | \$3.76        | \$4.10        |
| <b>Median</b>   | <b>\$2.38</b> | <b>\$2.27</b> | <b>\$2.36</b> | <b>\$2.63</b> | <b>\$2.71</b> | <b>\$2.89</b> |
| Bottom quartile | \$1.87        | \$1.50        | \$1.57        | \$1.72        | \$1.71        | \$1.86        |



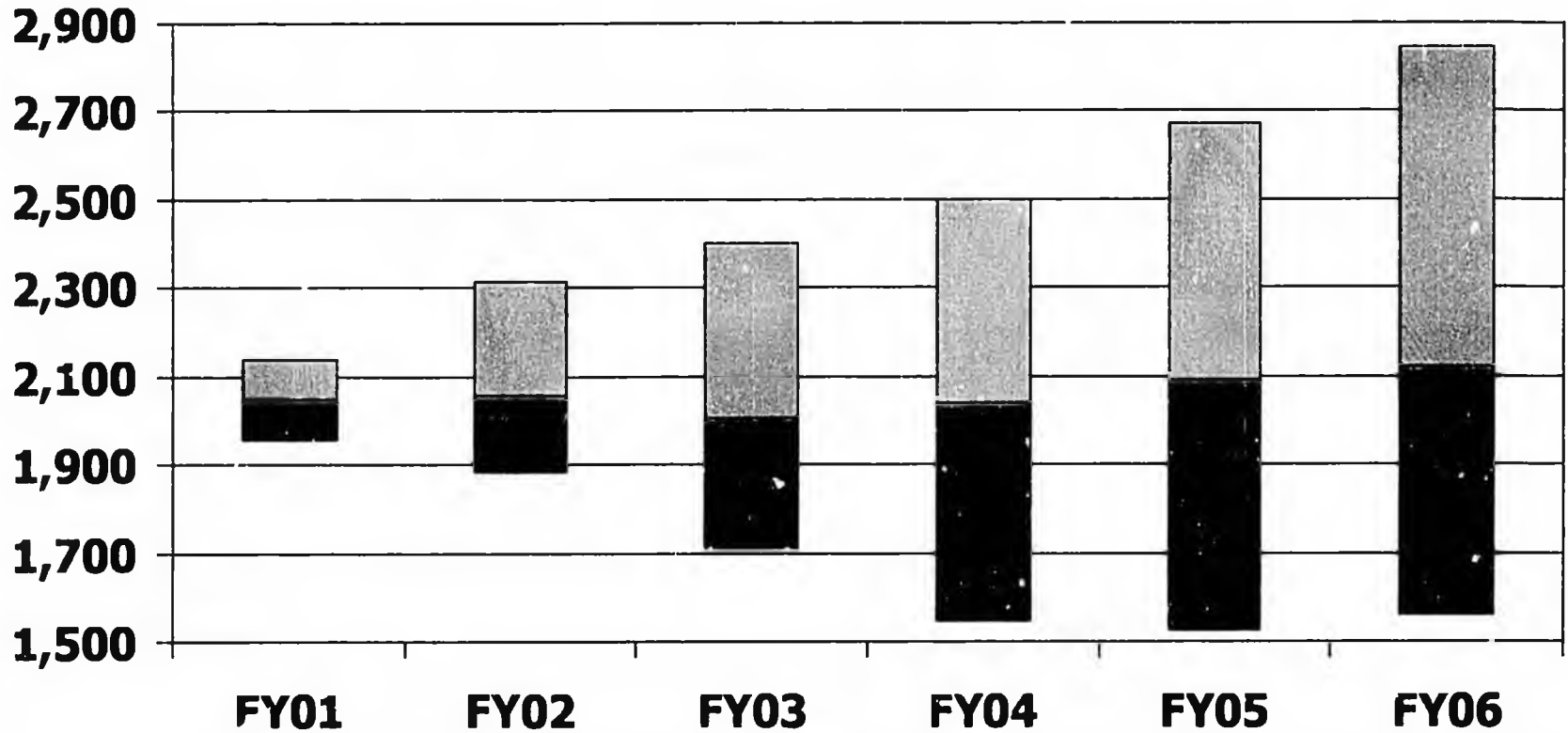
# Range of total earnings reserve FY01 – FY06



|                 | <b>FY01</b>   | <b>FY02</b>   | <b>FY03</b>   | <b>FY04</b>   | <b>FY05</b>   | <b>FY06</b>   |
|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Top quartile    | \$8.64        | \$10.00       | \$11.07       | \$12.63       | \$13.26       | \$14.45       |
| <b>Median</b>   | <b>\$7.00</b> | <b>\$7.18</b> | <b>\$7.21</b> | <b>\$7.80</b> | <b>\$8.38</b> | <b>\$9.25</b> |
| Bottom quartile | \$4.85        | \$4.23        | \$4.06        | \$4.18        | \$3.94        | \$3.98        |



# Range of per capita dividend FY01 – FY06



|                 | FY01           | FY02           | FY03           | FY04           | FY05           | FY06           |
|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Top quartile    | \$2,140        | \$2,320        | \$2,400        | \$2,500        | \$2,670        | \$2,850        |
| <b>Median</b>   | <b>\$2,050</b> | <b>\$2,060</b> | <b>\$2,000</b> | <b>\$2,040</b> | <b>\$2,090</b> | <b>\$2,120</b> |
| Bottom quartile | \$1,960        | \$1,880        | \$1,710        | \$1,550        | \$1,530        | \$1,560        |



## Alaska Permanent Fund

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March 02, 2000

#### ■ March Board of Trustees Meeting

FEBRUARY 28 - The Alaska Permanent Fund Corporation Board of Trustees meeting is scheduled for two days in Wasilla on Wednesday, March 8th and Thursday, March 9th, beginning at 1 p.m. The public is invited to attend the Board meeting, and the agenda will provide an opportunity for public comment and participation. ([agenda](#))

#### ■ APFC Seeks Director of Administration

FEBRUARY 18 - The Alaska Permanent Fund Corporation (APFC) seeks applicants for the position of Director of Administration. This regular, full-time, exempt position is located in Juneau, and receives all State of Alaska employee benefits. Initial salary \$68,280 - \$88,750 range depending on qualifications / experience.

[continue >](#)

#### ■ Student Investment Fund Rep Visits APFC

FEBRUARY 17 - Jason Carroll, Vice President of Public Relations for the University of Alaska, Fairbanks Student Investment Fund visited the Alaska Permanent Fund Corporation on February 17. In addition to observing the Fund's early morning trading activity and meeting investment staff, Mr. Carroll gave a PowerPoint presentation in the APFC boardroom. To view Mr. Carroll's presentation click (PowerPoint slideshow).

For more information see: "[UAF Student Investment Fund](#)"

#### Daily unaudited position

as of March 01, 2000

|                   |             |                         |
|-------------------|-------------|-------------------------|
| Fixed Income      | 37%         | \$10,151,600,000        |
| U.S. Equities     | 35%         | \$9,443,700,000         |
| Non-U.S. Equities | 19%         | \$5,289,700,000         |
| Real Estate       | 8%          | \$2,320,400,000         |
| Alaskan CDS       | 1%          | \$145,000,000           |
| <b>TOTAL</b>      | <b>100%</b> | <b>\$27,350,400,000</b> |

#### Non U.S. Equities

Other (1%)

Americas (2%)

United Kingdom (19%)

Europe ex UK (55%)

Japan (18%)

Asia ex Japan (5%)



#### APFC real estate



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