

02/16/15

OVERVIEW:

PERMANENT

FUND

CORPORATION

<TARGET><BILL></BILL><SUBJECT>02-16-15 OVERVIEW
PERMANENT FUND
CORPORATION</SUBJECT><COMM>HFIN29</COMM></TARGET>



ALASKA STATE LEGISLATURE
HOUSE FINANCE COMMITTEE

State Capitol, Room 519

Rep. Mark Neuman, Co-Chair

Rep. Steve Thompson, Co-Chair

Monday, February 16, 2015

1:30 PM

Agenda:

Rep. Neuman will chair meeting.

Overview of the Permanent Fund Corporation

Presenting in person:

Mike Burns, Executive Director, Alaska Permanent Fund Corporation, Department of Revenue

Laura Achee, Director of Communications and Administration, Alaska Permanent Fund Corporation, Department of Revenue

Alaska Permanent Fund

February 16, 2015



Alaska Permanent Fund Corporation

Renewable resource

**\$18.1
billion**

**deposited
in Fund to
date**

**\$21.6
billion**

**dividends
paid to date**

**\$52.5
billion**

**current
value**



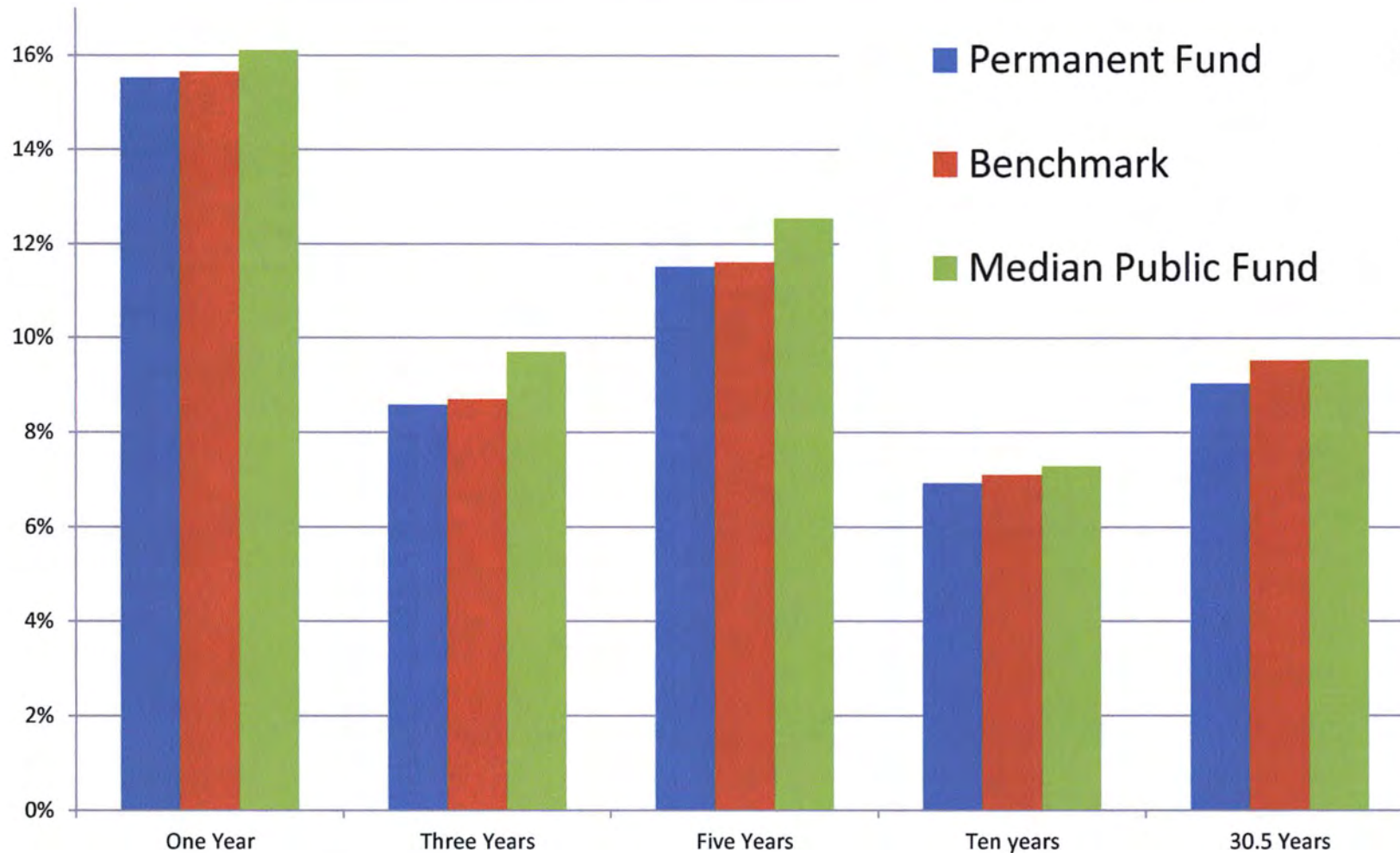
FY2014 performance

Total return	15.5%
Benchmark return	15.7%
Ending balance	\$51.2 billion
Change from FY13	\$6.3 billion
Dividend	\$1.2 billion



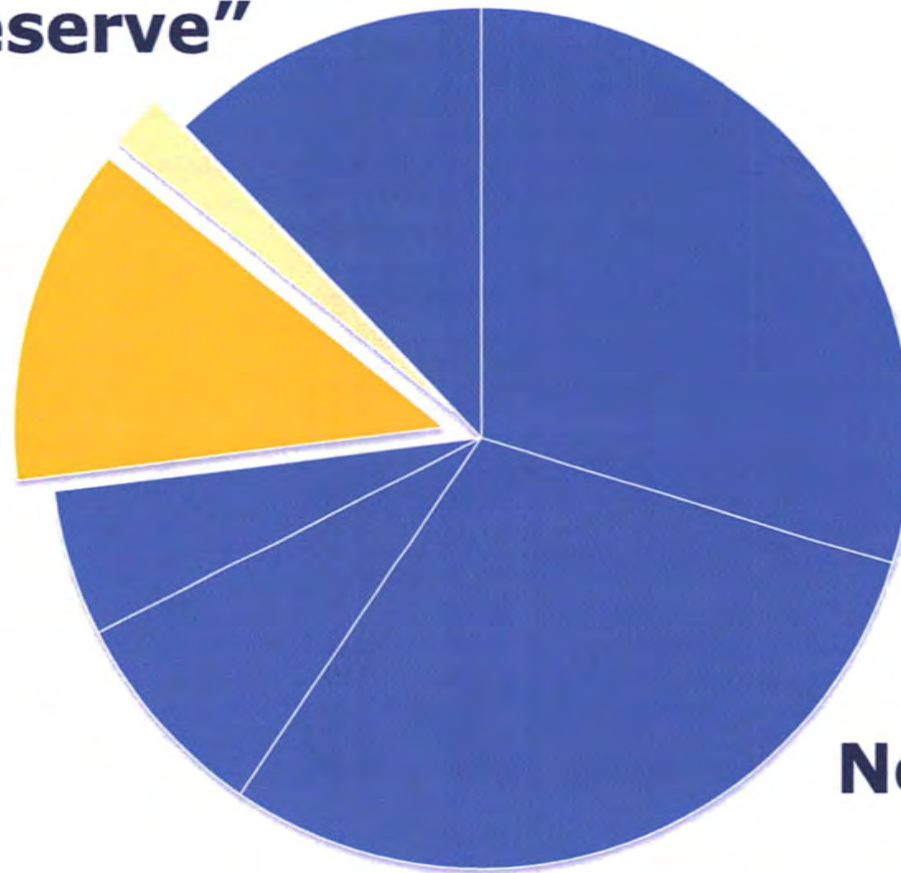
Fund Performance

for periods ending June 30, 2014



\$52.4 billion as of 12/31/14

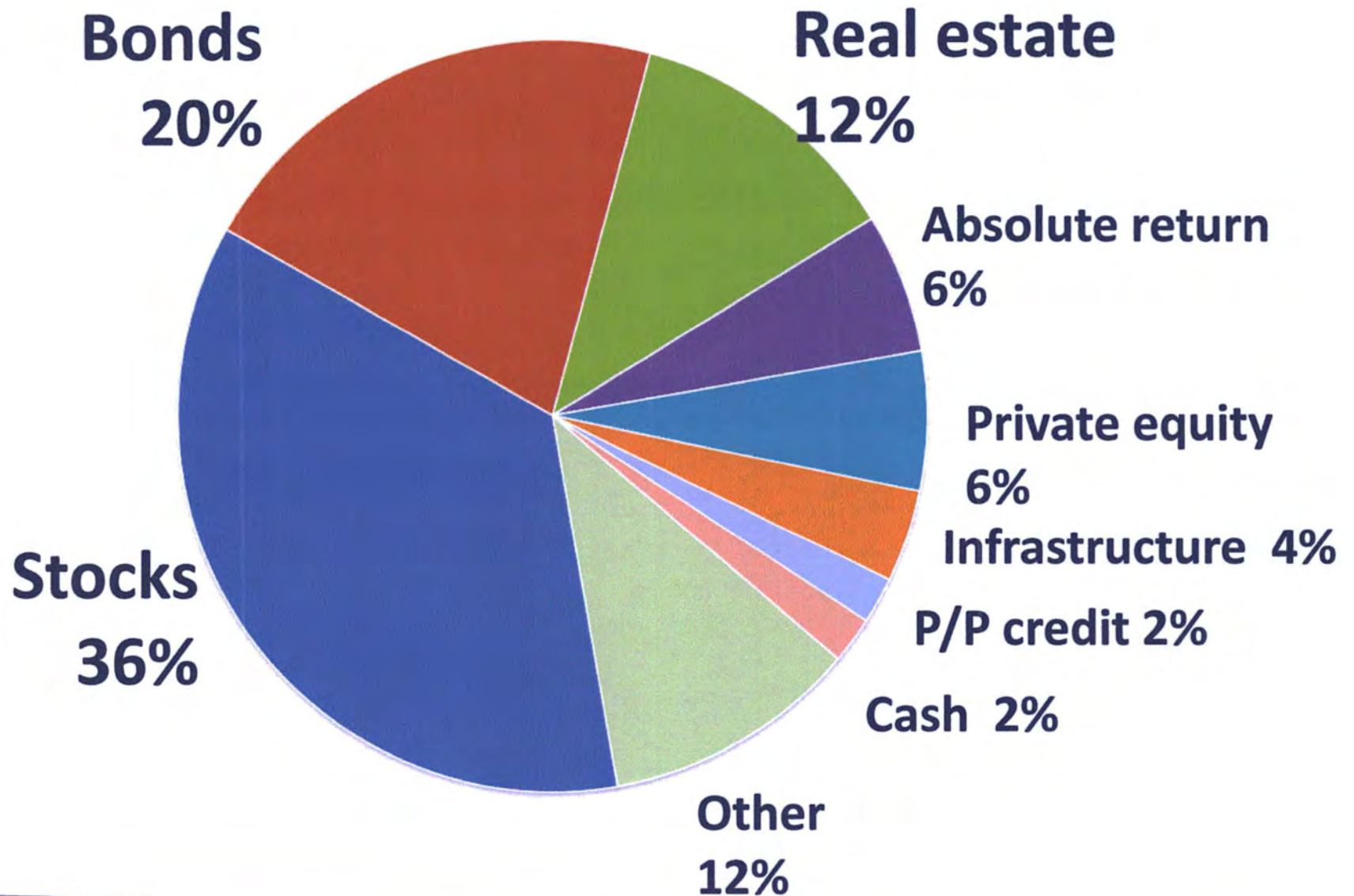
**Assigned
"Earnings Reserve"
\$7.8 billion**



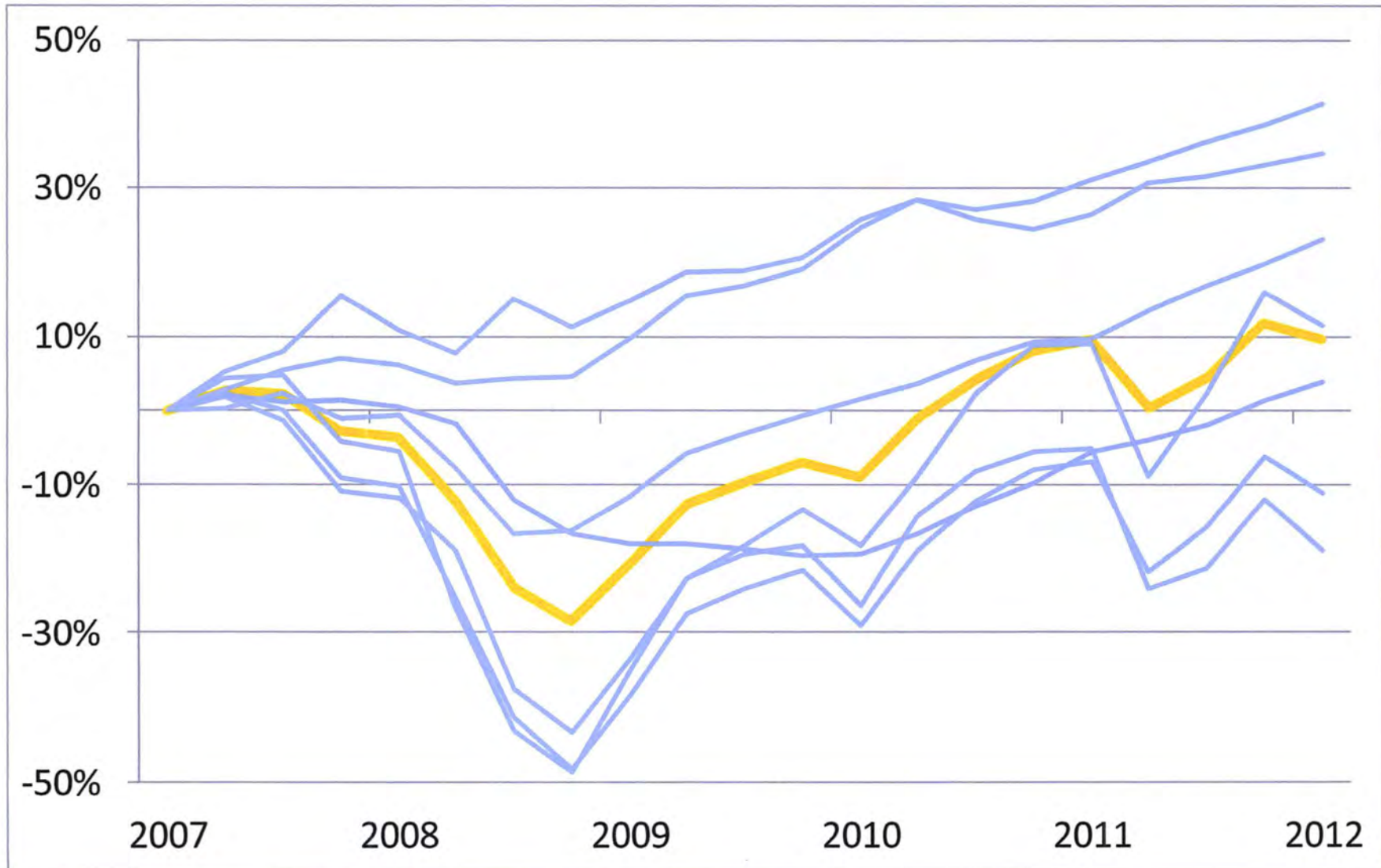
**Nonspendable
"Principal"
\$44.6 billion**



Target asset allocation



The effect of diversification



Fund advantages

Size

- Access to investments
- Ability to negotiate fee savings

Time Horizon

- No set liability



Fund Challenges

Location

- Business travel to financial centers
- Recruitment from financial centers

Flexibility

- New resources often arrive long after needed due to lengthy budget process

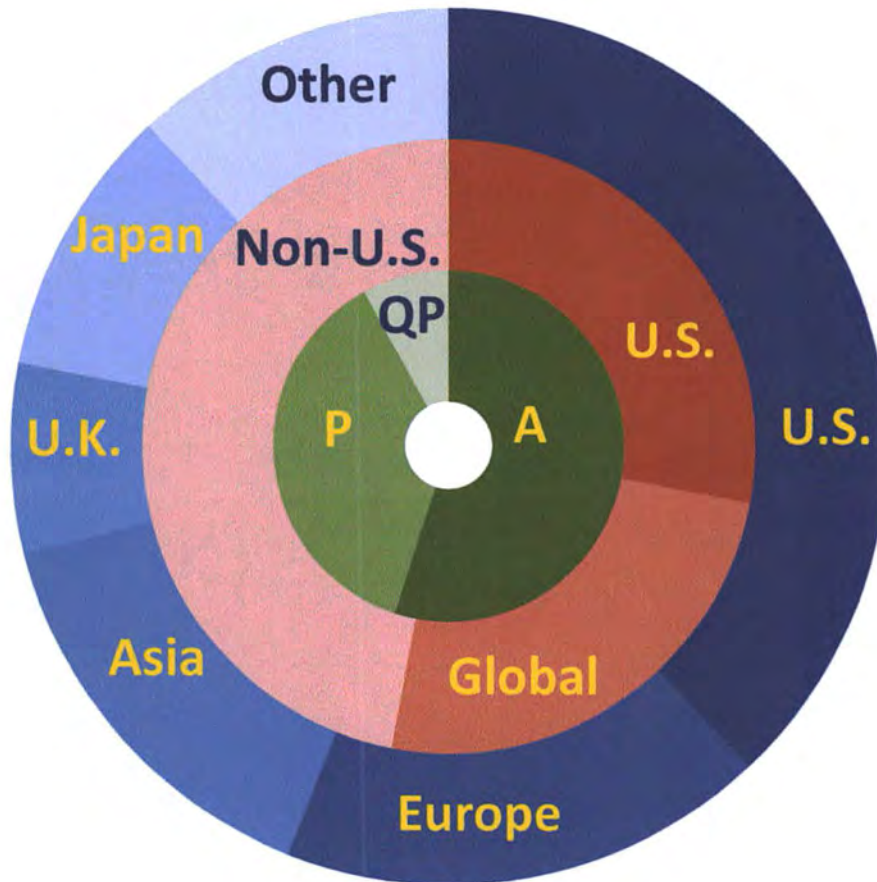
Staff size

- Small staff limits bench strength, creates gaps during travel and vacancies



Stock portfolio

**\$20.4 billion as of
06/30/2014**



- By country or region
- By mandate:
U.S., Global, Non-U.S.
- By management:
Active, Passive,
Quasi-passive



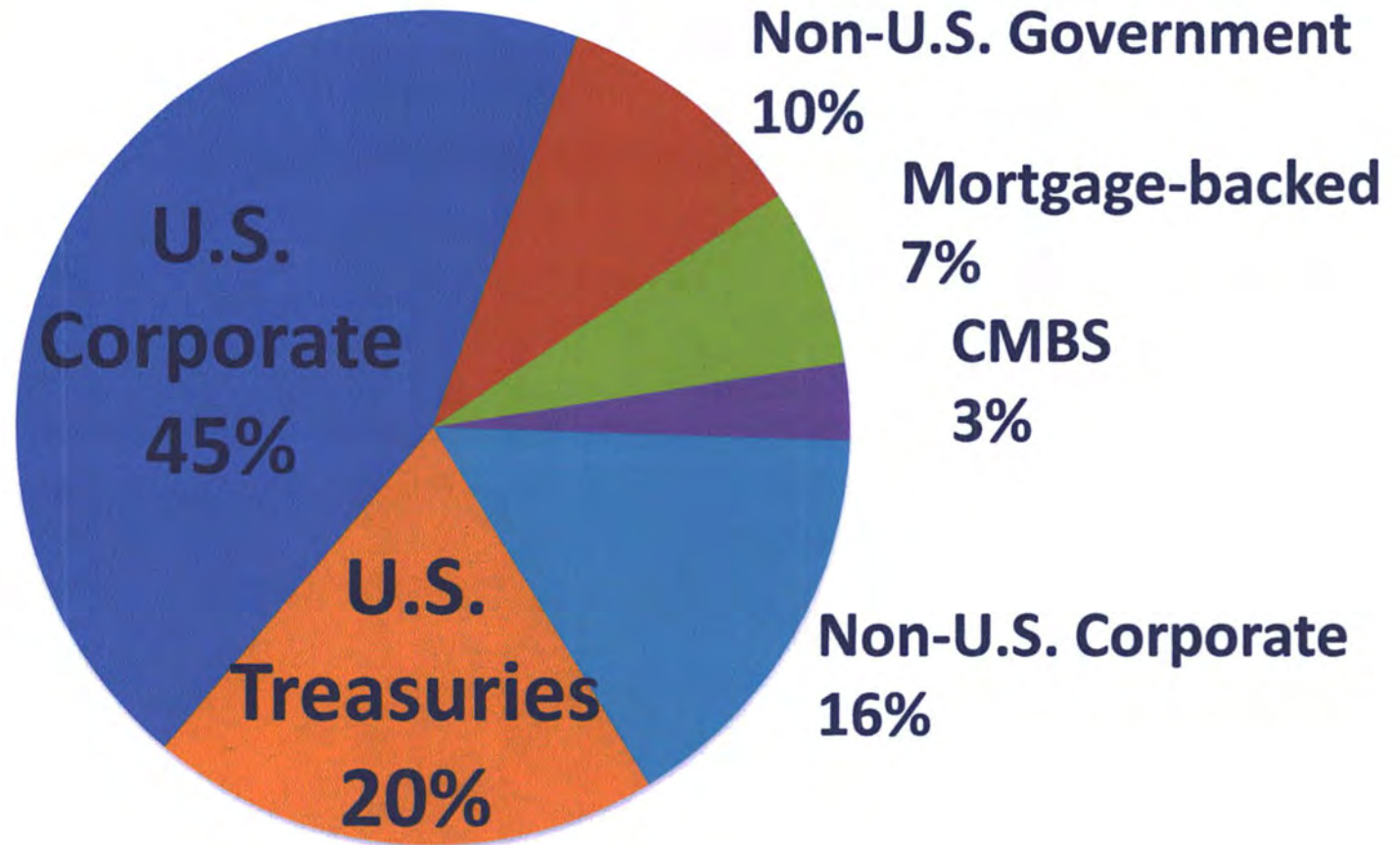
Top 5 stocks as of 12/31/2014

Apple	\$195 million
Microsoft	\$126 million
Exxon Mobil	\$117 million
Hewlett-Packard	\$110 million
JPMorgan Chase	\$95.4 million

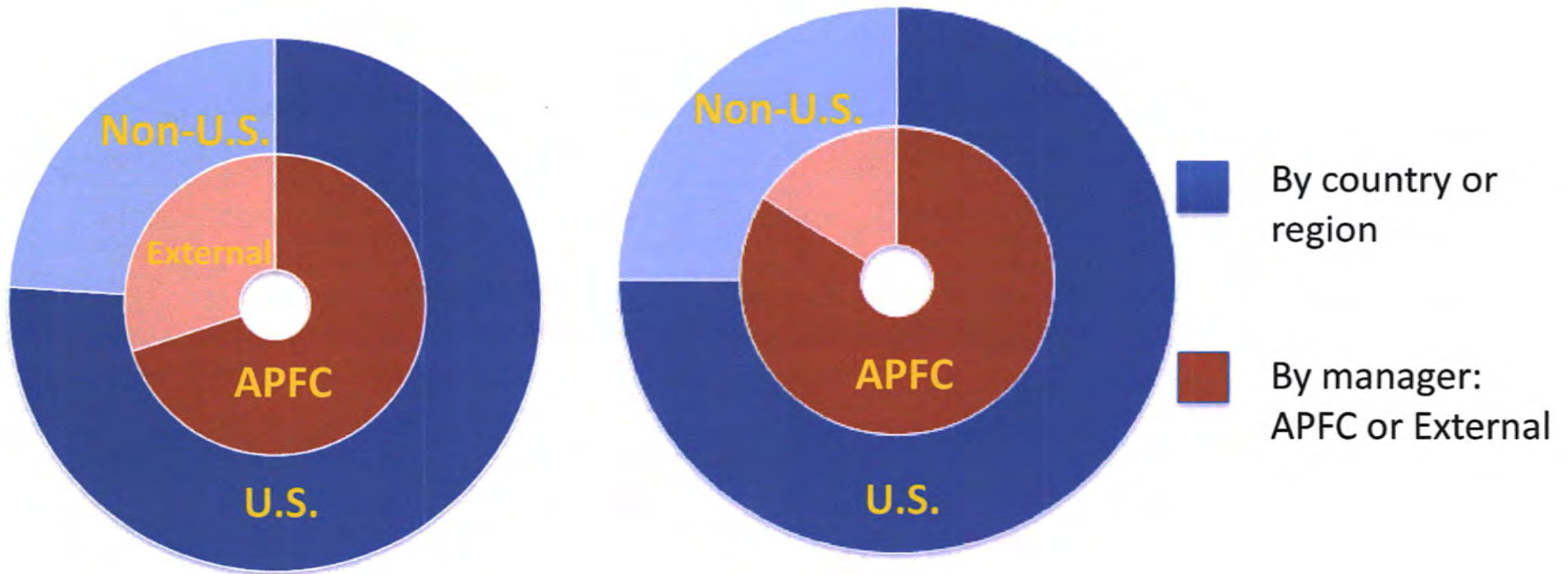


Bond portfolio composition

\$12.0 billion as of
06/30/2014



Bond portfolio management



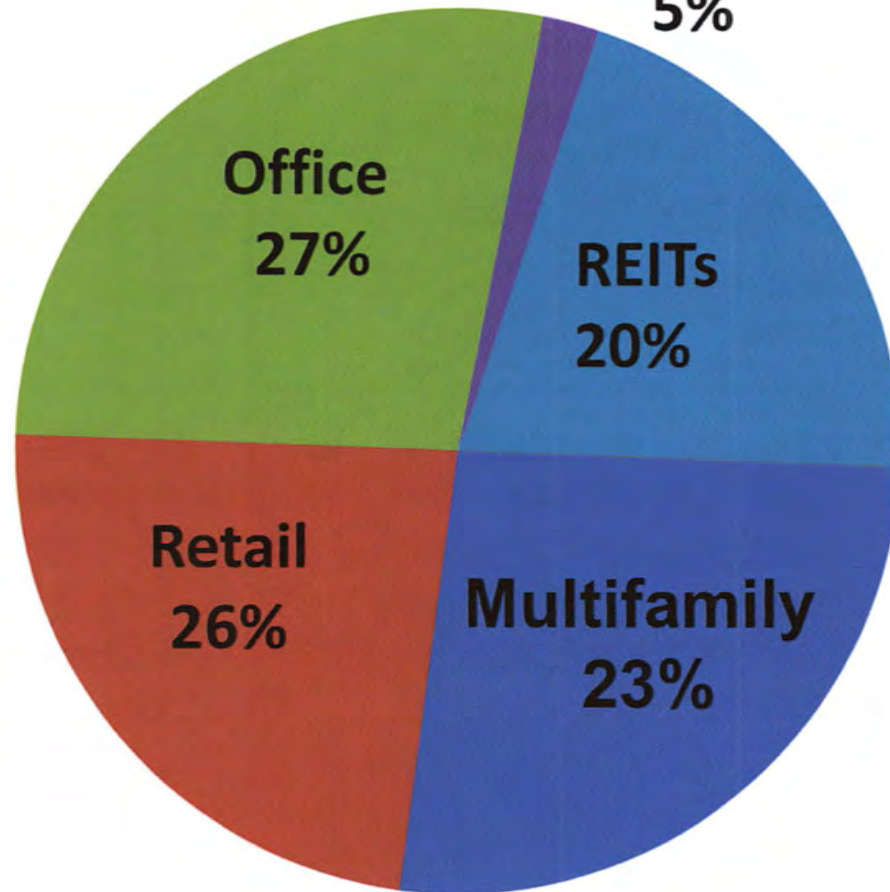
06/30/2012
\$7.6 billion

06/30/2014
\$12.0 billion



Real estate

Industrial
5%



\$5.9 billion as of
06/30/2014

5 U.S. direct
equity managers

1 REIT manager



Tysons Corner Center



Simpson Housing LLLP

50/50 partners with State of Michigan

20,000+ apartments

APFC's share valued at \$992 million as of 06/30/2014.



Simpson Housing LLLP



Simpson Housing LLLP



American Homes 4 Rent

\$625 million invested, present value of share is \$797 million as of 06/30/2014.

Private company to public company in June, 2013

25,900 houses in 16 states



CityCentre II, III & IV



Houston, TX

Office & Retail

400,000 square feet
total



Parc Huron



Chicago, IL

Residential

221 units



The Shops at North Bridge



Non-U.S. real estate

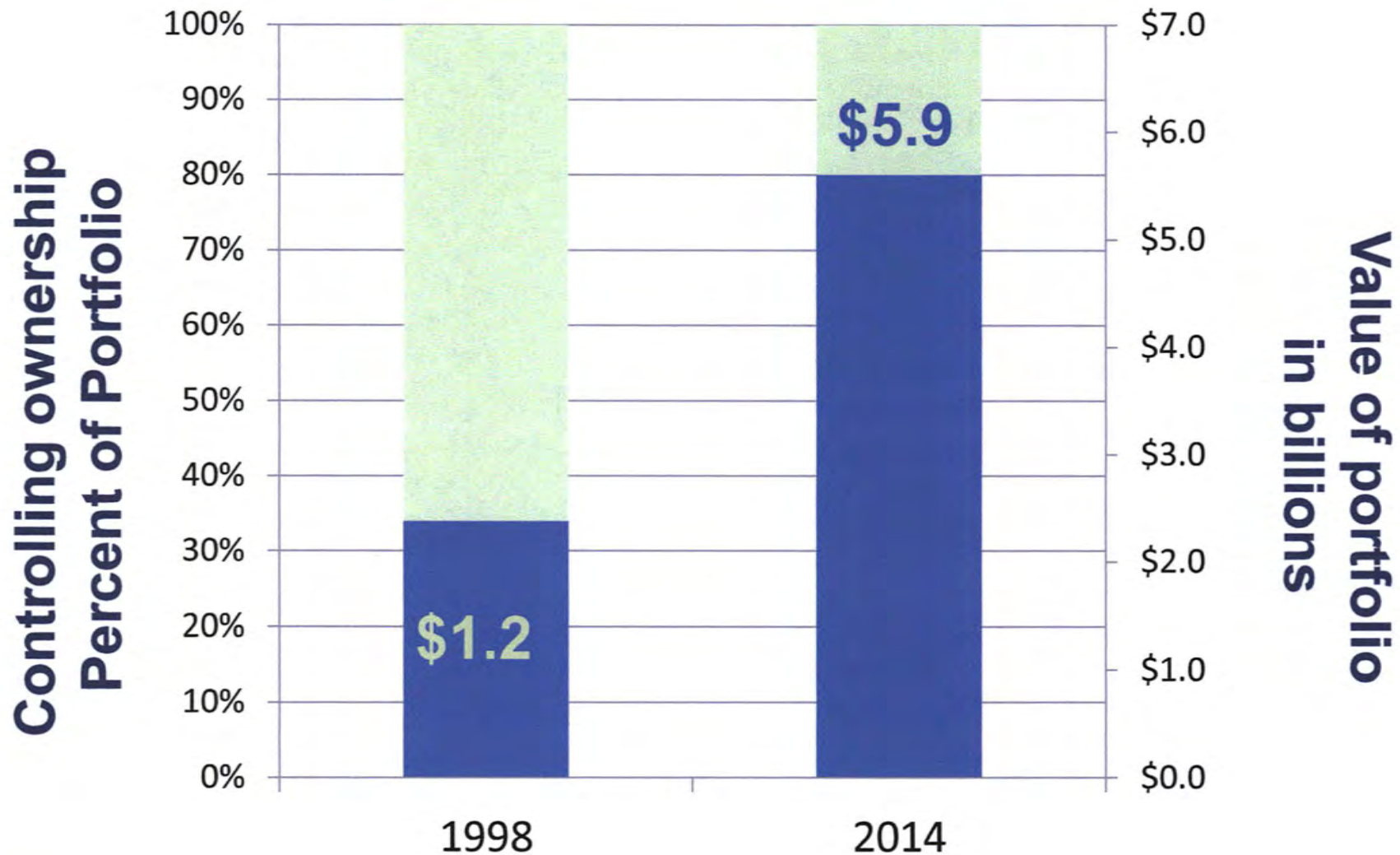


**Golden Square
Shopping Centre
Warrington, UK**

**Zenia Boulevard
Shopping Centre
Alicante, Spain**



Real estate management



Absolute return

\$2.8 billion as of 06/30/2014

3 gatekeepers

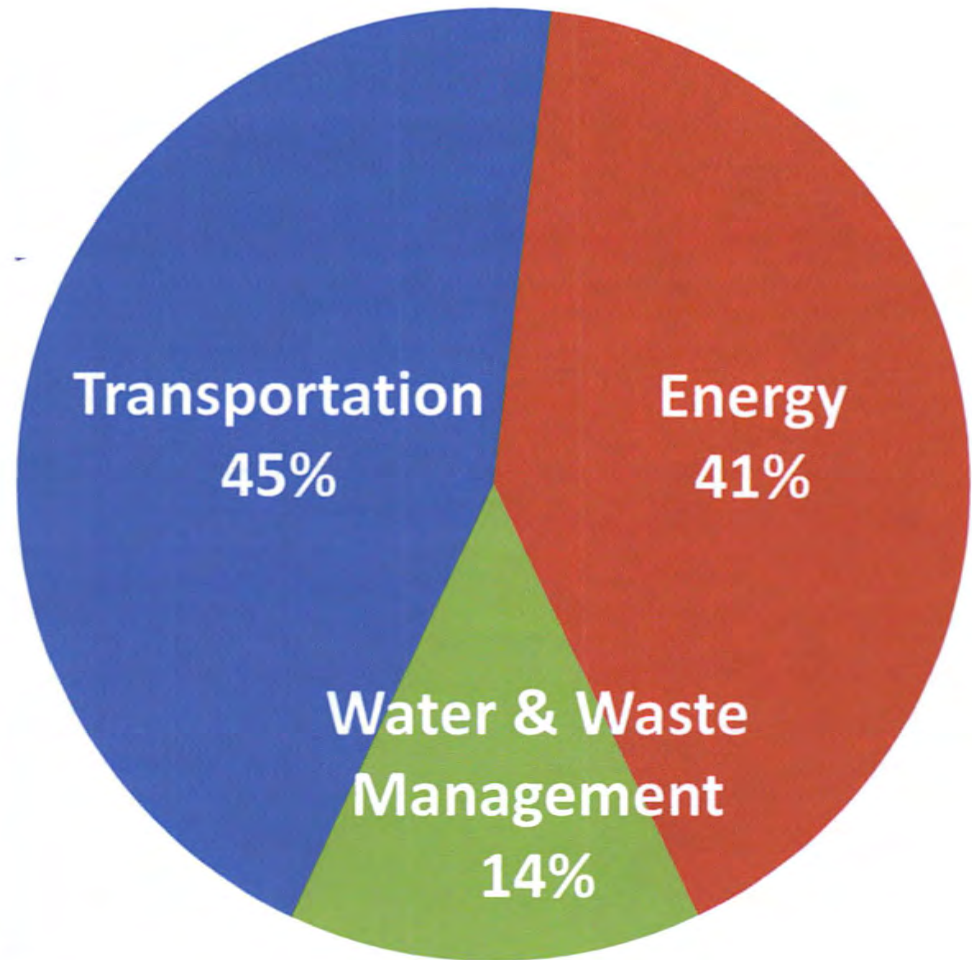


Infrastructure holdings

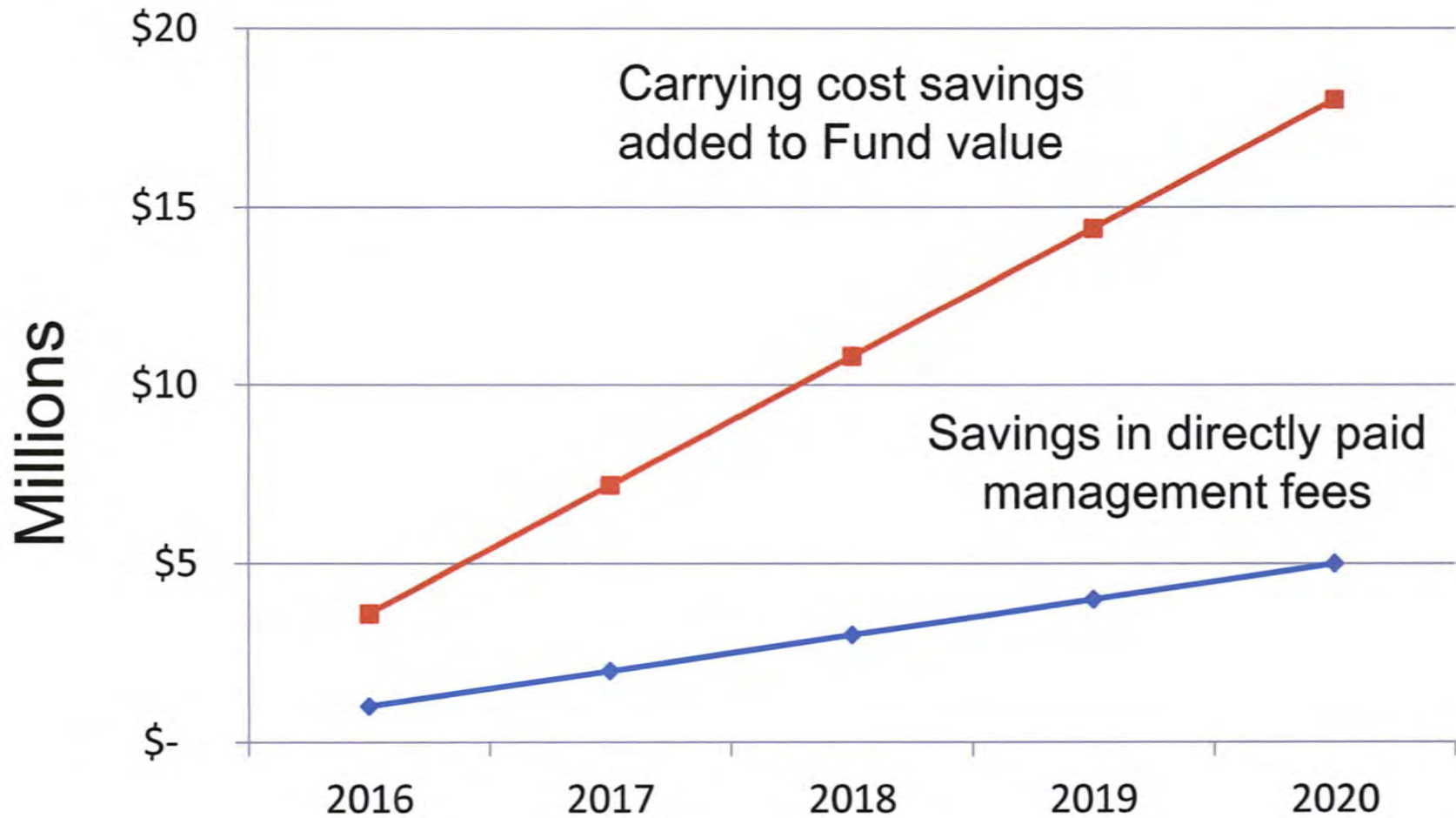
\$1.1 billion as of
06/30/2014

Properties in the U.S., U.K.,
India, Argentina and Canada

Co-investment program
implemented in FY14



Savings from 3 deals/year

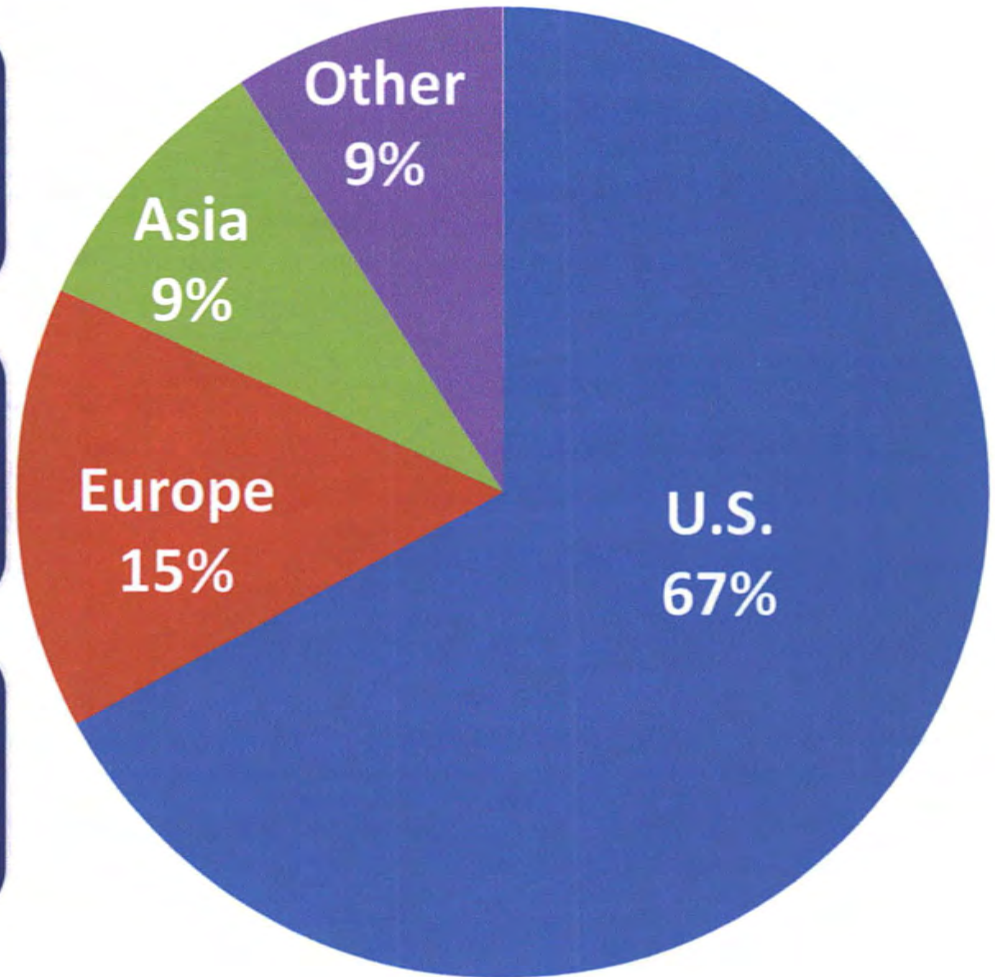


Private equity

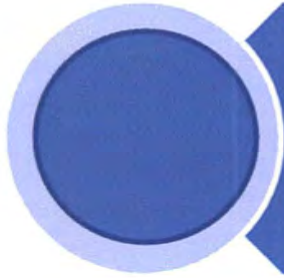
\$2.6 billion as of 06/30/2014

2,800 underlying companies

Co-investment program
implemented in FY2014



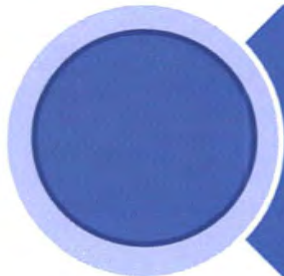
Special opportunities



Direct investments in private companies



Direct investments in specialized funds



Multi-asset mandates



Direct fund investment \$1 billion

	Industry	APFC
Terms	1.5/20 over five years	\$500 million @ 1.5/20 \$500 million free 5% total revenue share
Fees	\$75 million management fees \$200 million carry	\$37.5 million direct management fees \$100 million carry
GP revenue sharing	- 0 -	\$150 million Based on total fund, not APFC share
Gross profit	\$1 billion	\$1 billion
Net profit	\$725 million	\$1.0 billion



Private assets, one year:

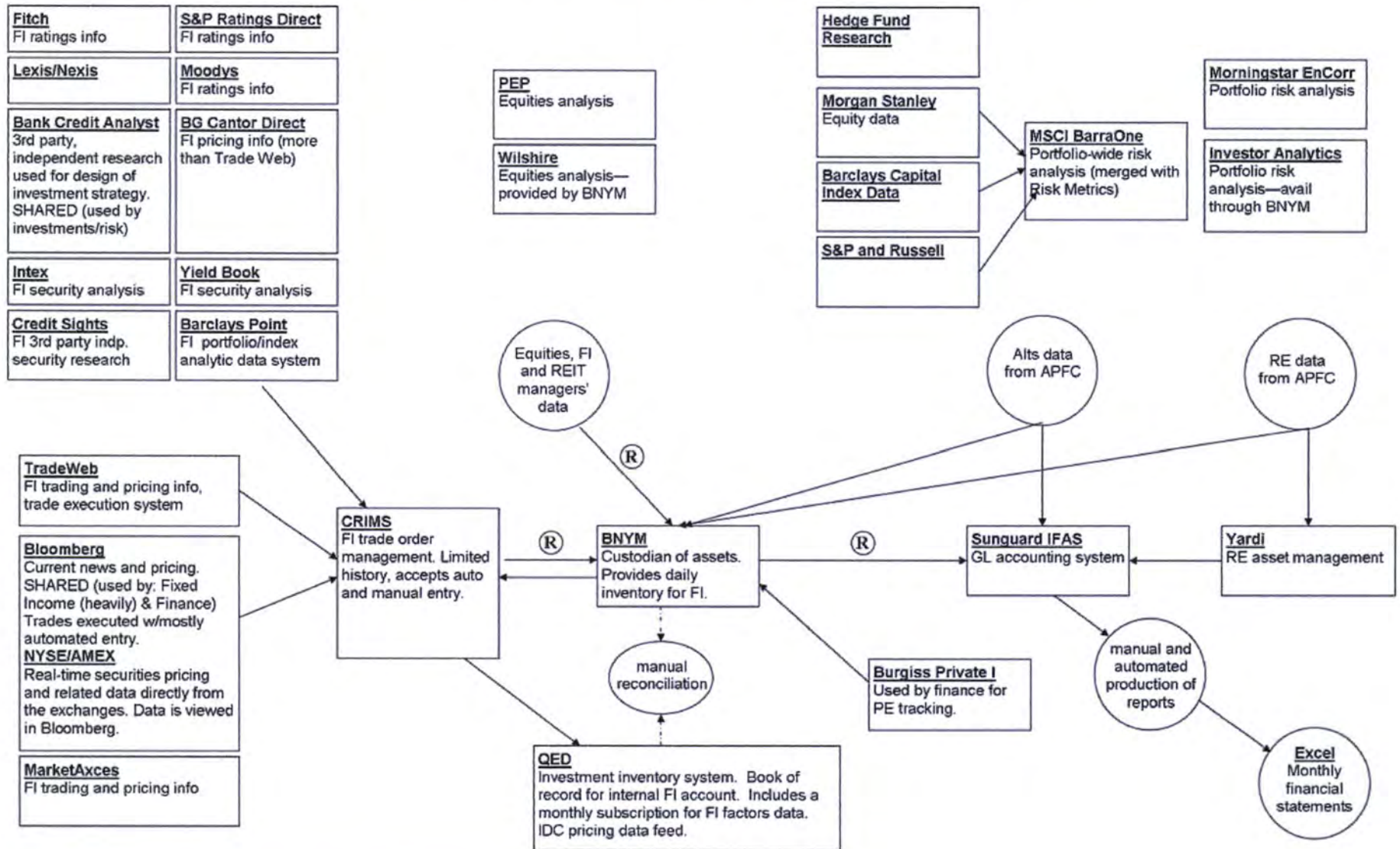
60 deals screened

12 reviewed

6
closed



Financial networks



Dividend calculation

Fiscal Year	Statutory net income
2009	(\$2.5 billion)
2010	\$1.6 billion
2011	\$2.1 billion
2012	\$1.6 billion
2013	\$2.9 billion
2014	\$3.5 billion
Sum	\$11.7 billion



Dividend calculation

\$11.7 billion x .21%

\$2.5 billion divided in half

Send \$1.25 billion to PFDD

After adjustments, divide by 641,489

2014 individual PFDD = \$1,884



Oil prices and the dividend

**Oil royalties are not part
of the dividend calculation!**

	FY2012	FY2013	FY2014
Fund ending value	\$40.3	\$44.9	\$51.2
Oil deposits	\$ 0.9	\$ 0.8	\$ 0.8

values in billions

