



Board of Trustees

Annual Meeting

September 28-29, 2021

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ANNUAL MEETING OF THE BOARD OF TRUSTEES**September 28-29, 2021****Kodiak Convention Center – Pavilion Room****211 W Rezanof Drive, Kodiak, AK****Tuesday, September 28, 2021****8:30 a.m. – 4:15 p.m.****Day 1 Webinar Access (click link to join webinar)***Join via WebEx and enjoy the ability to listen on your computer and follow presentations:*<https://apfc.webex.com/apfc/onstage/g.php?MTID=ef68492b98999a0377ec815431a62fb7f>

Event Password: APFC0928

Wednesday, September 29, 2021**8:30 a.m. – 4:15 p.m.****Day 2 Webinar Access (click link to join webinar)***Join via WebEx and enjoy the ability to listen on your computer and follow presentations:*<https://apfc.webex.com/apfc/onstage/g.php?MTID=e3878dff7cb2c7af25b25e5daae365d41>

Event Password: APFC0929

Teleconference Access*If you are unable to join via webinar, please contact us at
(907) 796-1500 to receive a teleconference number***AGENDA****TUESDAY, SEPTEMBER 28, 2021**

- 8:30 a.m. **CALL TO ORDER**
- ROLL CALL (Action)**
- APPROVAL OF AGENDA (Action)**
- APPROVAL OF MINUTES (Action)**
- May 19-20, 2021
- SCHEDULED APPEARANCES AND PUBLIC PARTICIPATION**
- 8:45 a.m. **COMMITTEE REPORTS (Information)**
- Audit Committee
- 9:00 a.m. **CHIEF EXECUTIVE OFFICER'S REPORTS (Information/Standard Reports)**
- Pending Board Matters, Trustee Education Report, Disclosure Report, Staff Summary Report, Staff Education & Training Report, HR Summary Report, Communications Report, Legislative Update, Financial Report, APFC Transfers, APFC History & Projections, Investment Management Fee Report, FY22 Budget Report
- 9:15 a.m. **CHIEF INVESTMENT OFFICER'S REPORT (Information)**
- Marcus Frampton, Chief Investment Officer

- 9:45 a.m. INVESTMENT ADVISOR COMMENTS (Information)
John Skjervem
George Zinn
Ken Frier
- 10:15 a.m. *BREAK*
- 10:30 a.m. PRIVATE MARKET LENDING – Audax Private Debt (Information)
Kevin Magid, President
- 11:30 a.m. RISK OVERVIEW (Information)
Sebastian Vadakumcherry, Chief Risk Officer
- 12:15 p.m. *BREAK / LUNCH*
- 12:45 p.m. ASSET CLASS OVERVIEW: FIXED INCOME (Information)
Jim Parise, Director of Investments, Fixed Income
Masha Skuratovskaya, Senior Portfolio Manager, Fixed Income
- 1:15 p.m. ASSET CLASS OVERVIEW: PRIVATE CREDIT (Information)
Steve Moseley, Director of Investments, Alternatives
Ross Alexander, Portfolio Manager, Private Income
- 2:00 p.m. *BREAK*
- 2:15 p.m. FIXED INCOME PRESENTATION – Ninety One Investment Institute (Information)
Philip Saunders, Co-Head of Multi-Asset Growth
Sahil Mahtani, Strategist
- 3:15 p.m. FUND PERFORMANCE & CAPITAL MARKET OVERVIEW (Information)
Greg Allen & Steve Center, Callan LLC
- 4:15 p.m. *RECESS FOR THE DAY*

WEDNESDAY, SEPTEMBER 29, 2021

- 8:30 a.m. *MEETING RECONVENES*
- 8:35 a.m. INVESTMENT ADVISOR PRESENTATION (Information)
John Skjervem, Topic: Cryptocurrency
- 9:30 a.m. STRATEGIC COMMUNICATIONS PLAN (Information)
Paulyn Swanson, Director of Communications
- 10:00 a.m. REPORT OF ANNUAL AUDIT (Action)
Mike Hayhurst, Engagement Partner, KPMG
Valerie Mertz, Chief Financial Officer
- 10:15 a.m. *BREAK*
- 10:30 a.m. FY23 BUDGET APPROVAL (Action)
Sara Race, Director of Business Operations
- 11:00 a.m. FINANCIAL DISCLOSURE POLICY (Information)
Chris Poag, General Counsel

- 11:30 a.m. EXECUTIVE SESSION: CYBERSECURITY (Information)
Scott Balovich, Director of IT
Sara Race, Director of Business Operations
- 12:30 p.m. BREAK / LUNCH
- 1:00 p.m. ALIGNMENT OF STRATEGIC PLAN (Information)
Angela Rodell, CEO
- 2:30 p.m. ELECTION OF CORPORATE OFFICERS (Action)
Chair Moran and Vice Chair Rieger, APFC Board of Trustees
- 2:45 p.m. APPOINTMENT OF COMMITTEE ASSIGNMENTS
Chair
- 3:00 p.m. *BREAK*
- 3:15 p.m. OTHER MATTERS (Action)
2022 and 2023 Calendar of Board Meetings (Options A or B)
Angela Rodell, Chief Executive Officer
- 3:30 p.m. ADVISOR COMMENTS (Information)
Ken Frier
John Skjervem
George Zinn
- 4:00 p.m. TRUSTEE COMMENTS
FUTURE AGENDA ITEMS
- 4:15 p.m. *ADJOURNMENT*

*NOTE: TIMES MAY VARY AND THE CHAIR MAY REORDER AGENDA ITEMS
(Please telephone Jennifer Thorsteinson at 907.796.1519 with agenda questions.)*

SUBJECT: Approval of Minutes

ACTION: X

DATE: September 28, 2021

INFORMATION:

BACKGROUND:

Staff reviewed the following Board of Trustees meeting summary minutes, draft copies are attached for your approval.

- May 19-20, 2021 Quarterly Meeting

RECOMMENDATION:

Approval of the summary minutes of the Board of Trustees meetings listed above.

**ALASKA PERMANENT FUND CORPORATION
QUARTERLY MEETING OF THE BOARD OF TRUSTEES**

WEBEX/TELECONFERENCE

May 19 and 20, 2021

8:30 a.m.

Originating at:

Elizabeth Peratovich Hall
320 West Willoughby Avenue
Juneau, Alaska 99801

Trustees Present:

William Moran, Chair
Ethan Schutt
Lucinda Mahoney

Steve Rieger, Vice Chair
Corri Feige
Craig Richards

Trust Staff Present:

Angela Rodell, CEO
Val Mertz, CFO
Steve Moseley
Jim Parise
Sara Race
Tom O'Day
Danielle Graham
Larissa Murray
Youlia Ninkov
Katherine Smith
Nellie Metcalfe
Julia Megas
Chris LaValle
Scott Balovich

Marcus Frampton, CIO
Chris Poag, General Counsel
Valeria Martinez
Sebastian Vadakumcherry
Tim Andreyka
Chad Brown
Jennifer Thorsteinson
Ross Alexander
Paulyn Swanson
Masha Skuratovskaya
Rachel Price
Brain Tyler
Fawad Razzaque
Chirag Shah

Investment Adviser:

George Zinn
Kenneth Frier

John Skjervem

Other Participants:

Greg Allen, Callan
Eileen Schroeder, Public Testimony
Michael Tobin, Public Testimony
Mary Ludgrin, Heitman
Steve Panos, Real Term

Steve Center, Callan
John Hudson, Public Testimony
James Simard, Public Testimony
Sue Ansel, Gables

PROCEEDINGS

CALL TO ORDER

CHAIR MORAN called the meeting to order and asked for the roll call.

MS. THORSTEINSON stated that all the trustees were online, and there was a quorum.

APPROVAL OF AGENDA

CHAIR MORAN stated there is a standard approval of the agenda and considered the agenda approved.

APPROVAL OF MINUTES

MOTION: A motion to approve the minutes of February 17-18, 2021, was made by VICE CHAIR RIEGER; seconded by TRUSTEE MAHONEY.

There being no objection, the MOTION WAS APPROVED.

MOTION: A motion to approve the minutes of April 5, 2021 was made by VICE CHAIR RIEGER; seconded by TRUSTEE MAHONEY.

There being no objection, the MOTION WAS APPROVED.

PUBLIC TESTIMONY

CHAIR MORAN continued that there were some scheduled appearances and some public participation. He continued that this is typically limited to two minutes per presentation, and he encouraged the participants to provide additional information to the Board, if that is warranted. He recognized John Hudson.

MR. HUDSON stated that he was a new member of the 350 Juneau Steering Committee and thanked the trustees for their service and for the opportunity to testify. He stated that President Biden referred to climate change as an existential emergency and that it was safe to assume that a clean energy revolution to address climate change requires a fossil fuel energy devolution and its eventual extinction. He continued that, in light of the Biden Administration's climate priority and promotion of alternative energy and demotion of fossil fuels, it would be wise for Fund managers to take a close look at assets associated with fossil fuel and consider how the growth potential might change during a global clean-energy revolution. He thanked all.

CHAIR MORAN thanked Mr. Hudson and recognized Elaine Schroeder.

MS. SCHROEDER stated that she is a long-term Juneau resident and co-chair of 350 Juneau Climate Action for Alaska. She focused on two bombshell reports that have recently become available. The first report is "Investment and Fiduciary Analysis for Potential Fossil Fuel Divestment. This was commissioned by the comptroller of the City of New York, which acts as custodian for New York City Teacher's Retirement System. The report was written by BlackRock Sustainable Investing and had two very relevant sections for all. She went through the sections and then called attention to a second report, the recently released International Energy Agency report entitled "Net Zero by 2050: A Roadmap for the Global Energy Sector."

She continued that this report outlined a pathway to limiting global heating to 1.5 degrees centigrade, a level of heating that would avail even more catastrophic climate-change scenarios than what is already being experienced. She added that the importance of this report was that it outlined 400 milestones to guide the global journey to net zero by 2050. She shared some information from the report and thanked all for their attention.

CHAIR MORAN thanked Ms. Schroeder and recognized Jim Simard.

MR. SIMARD stated that he is a retired State of Alaska employee, a grandfather, and a board member of 350 Juneau. He continued that in February he spoke about investment risks posed by climate-related litigation against the fossil-fuel industry. He gave a brief report on an important development related to those risks read from this month's National Law Review. The U.S. Securities & Exchange Commission has not actively been pursuing companies accountable for failing to report climate-related information. The SEC has taken several steps to signal that the new Administration is making climate issues a priority. He encouraged due diligence in assessing the risks to investments posed from the coming climate crisis, and the financial consequences that will follow as a result of investment in the fossil-fuel industry. He thanked the Board for their service and time.

CHAIR MORAN thanked Mr. Simard and recognized Michael Tobin.

MR. TOBIN stated that he lived in Juneau and was a 350 Juneau volunteer. He talked about CEO Rodell's clear vision for the future of the Permanent Fund in an opinion piece appearing in the Juneau Empire marking the 45th anniversary of the Fund. He quoted "properly protected and managed, the Alaska Permanent Fund can continue to support the State." He focused his testimony on both property protected and managed aspects which related to the prudent investor standard, a standard of best practices. Best practices evolve with the times, and he talked about BlackRock CEO Larry Fink's letter to CEOs outlining the dramatic shifts in best practices. He added that for more than three years, informing testimony as beneficiaries of the Fund, members of 350 Juneau and others have asked the Permanent Fund to develop and make public a climate risk assessment tool for greater transparency regarding fossil fuel and other climate-sensitive holdings, and ultimately for divestment from the fossil-fuel sector and investment in the transition to a net-zero economy.

CHAIR MORAN asked if any trustees wanted to comment on the presentations. He then moved to committee reports.

COMMITTEE REPORTS

TRUSTEE FEIGE stated that the Audit Committee met yesterday, and all trustees were present. KPMG reviewed, as the Fund auditor, the modernization of the auditing plan, and we will be hearing more on this in September. The committee requested an expanded discussion in September on cyber security risks and other risks to internal reporting as it related to changes made to adapt to COVID 19 and the pandemic posture. She continued that the committee discussed the self-assessment questionnaire, and those members who have not submitted that questionnaire were requested to do so by close of business on Friday. She added that the committee had just informational items and took no action.

CHIEF EXECUTIVE OFFICER'S REPORTS

CEO RODELL welcomed all to Juneau and stated that it was nice to have so many in person. She began with highlights of a number of pending board matters and talked about what will be brought forward this fall in September. In terms of continuing education for trustees, Callan is getting ready to host an in-person national conference in Salt Lake City in July. She was pleased that PPI will be doing their Asia Pacific roundtable in person in Pasadena in October. She talked about the HR report and introduced a number of new staff. She encouraged them to introduce themselves to the trustees and to get to know each other. She highlighted that the communications team is working on the five-year strategic communications plan that will be coming before them in the fall. In the financial report she highlighted the amount of growth in the Fund. She noted that the performance and rebalancing were not captured on the balance sheet.

TRUSTEE MAHONEY asked about an amendment submitted to the Legislature to cover the supplemental appropriation.

CEO RODELL replied that OMB, the Governor's office included a request for a supplemental appropriation of \$50 million. That was included in the budget that was passed by the House and is in the Senate committee substitute that is on the floor.

TRUSTEE RICHARDS asked whether the incentive comp in the legislative process was included.

CEO RODELL replied that the incentive comp was included in all versions of the budget.

CIO REPORT

CIO FRAMPTON stated that he would go through some of the topics that are being focused on in the Investment Department. He began with performance and stated that it had been a volatile year and the volatility in the markets was reflected in the ups and downs of the individual asset classes. He added that, overall, it was a good fiscal year. Private income is underperforming, and real estate is similar to private income and will be the focus of this meeting, with a few new managers presenting on that portfolio. The second most prominent topic for this meeting is private market pacing, which he explained. About a third of the P/E portfolio is in public stocks which reflect the IPO market that has been going on. The other thing he highlighted was the benchmarks rebalance at the end of the month. He added that he will go into more detail in September, but there were some academic studies on what day to rebalance and the impact on the portfolio. He stated that he was very pleased with the new hires in real estate. Mr. Sperry's most recent background was in the transaction advisory group at KPMG, working on real estate transactions, and he previously spent many years at Nordic Bank on their real estate portfolio. He continued that Mr. Adams has had a long career in real estate. He stated that Kristi Dusseldorf had been at the Fund for over 30 years and retired, and there is an open position for a real estate analyst. The other open positions are on the public equities team. He went through his report and talked about focusing on maintaining cash flow and occupancy and over long periods of time the performance numbers should take care of themselves if smart investments are being made and focusing on those fundamentals. He stated that the remaining part of the presentation is all the investment actions taken in the last quarter.

INVESTMENT ADVISOR COMMENTS

CHAIR MORAN moved to the investment advisor comments and recognized Mr. Frier.

MR. FRIER stated that the meeting is mostly about real estate and most of his comments would be on real estate. He believed that most of what he said in the last meeting about what drives the outcomes of equity markets is applicable also to real estate markets. These are assets that depend upon economic prosperity, and bad times for equities tend to be bad times for real estate. For both real estate and equities, good times are when economic growth is going up, inflation is falling; and when risk premia are falling, the yields that investors require to make investments in risky assets are falling. He continued that going forward there is some cause for concern. On the economic growth front, this year is going to be a lot busier year, U.S. economic growth. We are in a situation where there is very high Government spending, a suppression of consumer demand, and the Fed says it is transitory. He talked about big shifts among properties of retail, and shifting into multifamily and into industrial. As the investment strategy in this asset class is developed, it would be useful to have a theory of outcomes across different property types for when deciding on making the big shifts. We will also know what is being done to the expected return of the Fund. He added that, on the final aspect of real estate, which is the risk premia or the cap rates, there is a lot of uncertainty about the future of these categories. His last comments about real estate were about pacing and balancing. He stated that it would be much easier for the Fund to manage rebalancing if there was an overlay.

CHAIR MORAN recognized John Skjervem, the next investment advisor.

MR. SKJERVEM stated that this was not his first time in Alaska, but his first time in Juneau, and that it was great to be here. His remarks began from the last meeting and were based on the role of clients to remind everyone how difficult it was a year ago to defend positions and value in small cap. He looked forward to real estate which, in his tenure in Oregon, was one asset classes where they did the most dramatic reconstitution. He had a lot of practical experience there. He added that they ran an overlay with 5 percent banks that worked really well, and he was a proponent of that.

CHAIR MORAN recognized George Zinn.

MR. ZINN provided a quick current macro backdrop which is what is known and what is being seen, and then would get directly to the question which was surrounding inflation. In regard to the real estate topic, there is a dramatically low inventory of U.S. homes. The labor market wages are rising for the first time since 2010. He stated that there were two unique things happening. The global supply chain is going in the opposite direction, which creates more of an inflationary force. In addition, there are currency debasement concerns.

CHAIR MORAN asked for any other questions. There being none, he called a break.

(Break.)

CHAIR MORAN called the meeting back to order and moved to the risk overview.

RISK OVERVIEW

MR. VADAKUMCHERRY stated that he had two sections and an overview. He began by providing an analysis of the impact of inflation and looked at three scenarios: one is no inflation; next is a little bit of inflation; and the third is too much inflation. He concluded that no inflation is bad. A little bit of inflation, which is the target inflation, is good for petroleum, and too much is very bad. He gave an update on all of the key risk metrics. A new one was added, which was to compare the actual risk levels to risk appetite levels. As the Board approved the risk appetite at the previous meeting, this has been monitored on a monthly basis. He noted that the highlight is public equities where the volatility is extremely high, 24.1, and the Sharpe is about .5. There was a reasonably good three-month rolling overall return.

CAPITAL MARKET OVERVIEW

MR. ALLEN began with a brief overview and talked about Callan's in-person national conference which was moved to July in Salt Lake City, and invited all to attend. The dates are the 19th and 29th, and he stated that he would circulate the details. He asked Mr. Center to go through the capital markets.

MR. CENTER stated that there was a webinar on the 25th that is all about inflation that will have a good amount of information. He began with broad market performance and pointed out that the equity market performance over the last 12 months has knocked the scale off into some crazy numbers. He continued that the equity market recovery has been very, very strong. The one area with negative returns over the last quarter was the fixed income markets. He went through his presentation, explaining as he went through the information. He noted that the economy recovery is looking very strong.

TRUSTEE MAHONEY asked for a few more comments in regard to the performance in the energy industry.

MR. CENTER replied that energy stocks had done extremely well post-election. It is diversified and does have exposure to oil and gas and traditional fossil fuel-based energies, but also some securities that are a bit more diversified and includes renewables. Those stocks have done well with the new Administration coming in, with the potential hopes of the Green New Deal being enacted. It has also impacted energy from talks related to Government spending and how that may structure the infrastructure bill, as well. He moved to inflation where there has been a rebound of inflation and headline concerns related to inflation. He talked about unemployment and stated that there are some structural challenges that are facing unemployment. Many of these jobs that were lost may not actually return, and many people that were working prior to the COVID crisis may not actually return to the workforce. He continued to the U.S. equities and stated that markets continue setting all-time highs. During recoveries, small-cap stocks tend to outperform large-cap stocks, which is seen again during the COVID 19 recovery. The other trend is value versus growth. He looked at non-U.S. equity positive performance across most spaces. Most risk assets continue to perform fairly well with a reopening in developed markets. Small caps outperform large caps much like what was seen in the U.S. market. The one area that lagged this quarter was emerging markets, which trailed developed markets. COVID 19 outbreaks and vaccination challenges have had an impact. He stated that emerging markets was an area that had some head winds for performance relative to developed markets. He touched on trends within the bond market and moved to global fixed income performance, which was

negative for the quarter. That was driven by the strength in the U.S. dollar; in particular, concerns about recovery within the emerging market debt side. Emerging market debt fell, and emerging market corporates performed better. He continued on some private credit trends and then concluded his comments.

CHAIR MORAN called a lunch break.

(Lunch break.)

CHAIR MORAN called the meeting back to order and recognized Mr. Allen.

MR. ALLEN talked about the Total Fund asset allocation and performance, and then moved to the asset classes. He continued that the main point is to show how the Fund performed relative to peers, relative to benchmarks, and then shared some comments on why it outperformed or underperformed. He added that this is one of the best quarters in history to give the performance report, because, at least for one year, in his career he had never seen these kinds of numbers. 100-plus percent on small-cap and active management has done really well. He reminded all that the Fund is well diversified across all of the major asset classes that he has seen his clients using. He added that all of the private market performance lagged by one quarter.

TRUSTEE MAHONEY complimented CIO Frampton on his conversation about asset allocation and rebalancing and how they were managed. She passed that along in regard to how well this is turning out.

MR. ALLEN moved to fiscal year to date and stated that asset allocation effect is slightly underweight in public equities, and the rebalancing events was part of that 16 basis points. He also pointed out that when there are a lot of private markets, they cannot be rebalanced. He talked about the rankings and then risk versus return. He discussed each of the asset classes.

CHAIR MORAN called a break.

(Break.)

CHAIR MORAN called the meeting back to order and turned it over to the Real Estate Department.

REAL ESTATE ASSET CLASS UPDATE

MR. ANDREYKA stated that strategy considerations will be reviewed with a more high-level review. He introduced Mary Ludgrin who is with Heitman and would give an overview of the outlook in general. He summarized that the role of real estate in the portfolio is intended to provide inflation-resistant income, steady income, and the yield is targeted to be between what fixed income and public equities generate. There are attributes of both with steady cash flow, and then equity-like returns on appreciation. He added that it is a fairly low correlation to the other asset classes, and it does provide some diversity for the portfolio. He continued that the strategic consideration outlines were as follows: First is the staff and how it will evolve, the investment strategy, and the role in managing the portfolios; then, the benchmark, as far as the sectors, and he went over the plan on achieving that; the concentration of the risk with a couple

of outsized assets; the continued dialogue regarding direct investment versus fund investing. He continued that Ms. Ludgrin is our debt manager, an equity manager, and also sits on Heitman's global management investment and valuation committees. She has a lot of experience and knowledge, and is a trustee of the Urban Land Institute. She served as chair of the Pension Real Estate Association, as president of the National Council of Real Estate Fiduciaries, and as president of the Research Institute. She received an award based on her work and contributions to the common body of knowledge in real estate, which is very prestigious.

MS. LUDGRIN stated that it was an honor to be here and that her talk is titled "Real Estate in the Post-COVID Era." She believed we were at a point in time that we can see some aspects of the post-COVID landscape, particularly in regard to how real estate will be used. Literally, economies around the globe were put to sleep to allow for people to stay as safe as possible during a horrific virus. She continued that her remarks would focus graphically on the U.S. and added that the pandemic could not stop the effects of climate change. She added that this is in the midst of a remarkable economic recovery. Commercial real estate has gotten through this period in good shape, especially relative to prior recessions that she has lived through. There are exceptions: the hotel sector is coming back, but not fully yet; senior housing has a black eye; and retail is still a challenge. She thinks that good things are coming, especially in well-located centers such as Tysons Corner. Capital markets have accelerated, and many real estate investors know that one of the best times to buy in an economic cycle is as the recession is ending and the recovery is beginning. She thanked all for the honor of presenting.

CHAIR MORAN adjourned for the day.

(Alaska Permanent Fund Corporation Full Board Quarterly Meeting recessed at 3:45 p.m.)

May 20, 2021

CALL TO ORDER

CHAIR MORAN reconvened the meeting and moved into the real estate opportunities.

REAL ESTATE MARKET OPPORTUNITIES

MR. ANDREYKA introduced Sue Ansel, President of Gables Residential. She has been with Gables for over 30 years and is well-known in the industry. She was chairwoman of the National Multifamily Housing Council and is also on the executive committee and the board of directors of that organization.

MS. ANSEL thanked all for the opportunity to present and was thrilled to have the Fund as an investor. She stated that her goal was to give a snapshot of the investments made. She explained that Clarion Gables Multifamily Trust is a core-plus open-ended vehicle focused entirely on the U.S. multifamily sector. The uniqueness of the fund is that it not only owns the real estate, but also owns the operating development platform. Everything that is undertaken by Gables is undertaken for the benefits of the investors. Gables is a vertically integrated company with 39 years of experience, over 900 associates, a long-tenured team -- the senior management team has an average of over 20 years of experience at Gables. She continued that the vertical integration creates a 360-degree feedback loop which allows enhancement and refining of the developments continuing through the process. Gables' strategy is a build-to-core strategy with the goal of

having between 15 and 20 percent of the assets in value-add, which is primarily development; although there is a value-add within the portfolio or to find opportunities to create value-add. She continued that the focus is primarily on infill locations in markets that are growing. As a result of targeting renters by choice, the success of the operations and the value creation is driven by delivering a great customer experience, and that consists of having great locations, quality homes and communities, and an extraordinary level of service to the residents. It is very hands-on and an involved active management effort. Customer service focus and outreach is something that is considered a differentiator for the organization. Clarion Gables Multifamily Trust is just one offering of a much larger pure-play real estate investment manager called Clarion Partners. Clarion Partners also has a long operating history of stability and growth with presence and expertise throughout the United States and in Europe. She moved to a short overview of the U.S. real estate market and stated that the most important factor driving the residential real estate business is that there is a significant shortage of housing which began as a factor of the slowdown in construction in all residential projects.

MR. ANDREYKA stated that the next speaker is Steve Panos, the senior vice president and fund manager for Real Term. Their strategy is that it focuses more on transportation, which is called high-flow-through, where the product flows through their facilities to the end user, usually a last-mile-delivery-type process.

MR. PANOS stated appreciation for the opportunity to visit and provided a quick update on the broader industrial market, and then highlighted Real Term as a platform and RLIF, the flagship open-end core-plus fund of which APFC is an investor. He talked about the differentiated investment approach and went through the features of the Proprietary Property Data Base. He continued to the regional trucking companies and discussed their struggles. There is a wide disparity in companies' financial health in the trucking sector. Driver shortages have provided a competitive advantage to the larger trucking companies that have more pricing power and a more flexible workforce. He added that some of the most compelling real estate investment opportunities were seen as trucking companies desperate for cash seeking to sell assets by means of a sale-and-leaseback or outright sale of a vacant property. In almost all cases, they are calling Real Term. He continued that Real Term built a 30-year track record on investing into real estate strategies based on insights at the intersection of the global supply chain and evolving consumption patterns. It is a 160-person team operating on three investment platforms with an aggregate of roughly \$7 billion in AUM. They believe that they are the only sponsor focused solely, exclusively on this sector and strategy, which has been pursued exclusively since the firm's founding 30 years ago. They capitalize the investments through a series of closed-end and open-end commingled funds targeting core-plus and value-add returns, as well as a number of strategic joint ventures. He stated that the investment platform is focused exclusively on a subset of the industrial real estate market that is called high-flow-through, HFT. He explained that one of the primary reasons for the outperformance relative to general industrial is there is virtually no speculative development for HFT properties. The structural supply/demand balance has historically led to outside rent growth compared to the general peer group. He continued that they are a vertically integrated industrial specialist. They are acquiring, can build, property-manage, asset-manage, do the leasing, and everything is in-house. He concluded that they were excited about the depth of the current investment pipeline and the breadth of opportunities that fit these characteristics, and they believe they are poised to continue to provide outperformance to APFC, the investors into the future.

CHAIR MORAN called a break.

(Break.)

CHAIR MORAN called the meeting back to order and recognized George Zinn.

INVESTOR ADVISOR PRESENTATION

MR. ZINN provided an overview and history of Special Purpose Acquisitions Companies, SPACs. He created a baseline to understand where SPACs came from and how they operate at a very high level, and then listed out why people would invest in them, and continued to the Fund's perspective on how this would impact Fund performance. He explained that a SPAC is a company that is formed to raise money and then targets that money at a private entity, perform a reverse merger where that shell company takes on the operations of the target. There are sponsors, entrepreneurs, and then, investors. He talked about the two different roles: one is as a board member, and the other is someone that receives payment for referral to the company that might be taken over. He thinks this will become more and more interesting as SPACs unfold over time.

INVESTMENT POLICY REVIEW & ADOPTION

MR. VADAKUMCHERRY stated that last year there was a material sort of update on the investment policy that aligned with the five-year asset allocation. He continued that the updates this year reflect that the policy has been closely followed. There are updates of the policy in terms of two new guidelines included that are out of the authority of the CEO and not the Board. Every time a new guideline is implemented, the Board is updated. Last year two new portfolio sub-asset classes were introduced; one was the gold ETF strategy, and the other was the tactical tilt within public equities. Both have simple, straightforward guidelines that are monitored regularly and were more of an update to the investment policy. The updated investment policy will reflect the approved risk appetite and the parameters used to measure that risk appetite. Some of the parameters were updated to reflect changes in how risk is looked at for some of the asset classes.

CHAIR MORAN asked for a motion.

MOTION: A motion that the Board adopt, with a May 20, 2021, effective date, the proposed changes to, and the Investment Policy Statement as described in the presentation to the Board and as drafted in the tracked changes to the Investment Policy Statement in the Board packet was made by TRUSTEE MAHONEY; seconded by VICE CHAIR RIEGER.

TRUSTEE RICHARDS clarified that this had the ability to make nonsubstantive changes.

CHAIR MORAN called the vote.

After the roll-call vote, the MOTION WAS APPROVED. (Trustee Schutt, yes; Trustee Mahoney, yes; Trustee Feige, yes; Trustee Richards, yes; Vice Chair Rieger, yes; Chair Moran, yes.)

CHAIR MORAN called a break for lunch.

(Lunch break.)

CHAIR MORAN called the meeting back to order and moved to the discussion on investment pacing.

PACING APPROVAL

MR. ANDREYKA stated that real estate is a long-term illiquid asset which requires a bit of long-term planning. After several years of minimal capital deployment progress, close to \$1.5 billion has been deployed this past year. He continued that the pacing recommended is \$800 million. Since there is significant head room, he asked for an opportunity to have some tolerance, plus or minus \$500 million. The nature of real estate and the deals are very big, and pacing is more predictable. This is the first presentation of real estate pacing with a plan of doing this in May each year.

MOTION: A motion to approve the pacing schedule put forward by staff for real estate was made by TRUSTEE RICHARDS; seconded by TRUSTEE MAHONEY.

CHAIR MORAN asked for the vote.

After the roll-call vote, the MOTION WAS APPROVED. (Trustee Feige, yes; Vice Chair Rieger, yes; Trustee Richards, yes; Trustee Schutt, yes; Trustee Mahoney, yes; Chair Moran, yes.)

CHAIR MORAN moved to Private Equity and Private Debt.

PRIVATE EQUITY AND PRIVATE DEBT

MR. MOSELY stated that he was responsible for alternatives, and Ross Alexander will help talk about the private equity pacings. He added that this relates to the discussion yesterday about rebalancing and asset allocation going back. He explained that the strategy in private equity and special opportunities is to deploy about 75 percent of the capital through funds, and the other 25 percent is invested directly in operating companies. In private markets a contractual commitment is made and then drawn down at a pace determined by the GP. Pacing is a key discipline in private markets that we are doing right. He stated that at the conclusion of this the proposal is a \$1.1 billion deployment pace for private income. That is up from about \$900 million that was invested this year that will end June 30. One of the key inputs to this pacing analysis is expected returns for the overall fund, but also for this asset class.

MR. ALEXANDER highlighted the gradual growth of the portfolio over the last few years and where it is expected that the fiscal year will finish. There was pretty gradual growth from fiscal year 2017 to 2020, and fiscal year 2021 has been extraordinary -- one of the best years ever -- with the portfolio posting gains of a little over \$4 billion. It is expected that the outperformance will continue in the future of the portfolio and finish the year with a little over \$14.5 billion in NAV. He stated that the analysis shows that in a number of scenarios there is much confidence

in getting to the long-term targets and being in compliance if the \$1.6 billion pace that is being recommended is maintained.

MR. MOSELY stated that the difference is that, unlike private equity, in private income the target allocation is under. He reiterated the recommendation and requested approval from the board.

CHAIR MORAN asked for any questions. There being none, he asked for a motion.

MOTION: A motion to approve the pacing plan as described by staff for both private equity, special opportunities and private income was made by VICE CHAIR RIEGER; seconded by TRUSTEE RICHARDS.

After the roll-call vote, the MOTION WAS APPROVED. (Trustee Feige, yes; Vice Chair Rieger, yes; Trustee Richards, yes; Trustee Schutt, yes; Trustee Mahoney, yes; Chair Moran, yes.)

CHAIR MORAN moved to the APFC budget review.

APFC BUDGET REVIEW

MS. RACE stated that she is the director of business operations and started off reviewing the FY21 expenditures. The budget was broken into two allocations with corporate operations and investment management fees, and we have an outstanding capital appropriation. She stated that 16 full-time positions were fulfilled this year, as well as having two interns that are here today. Many of these individuals were recruited fully by virtual interviews, and some of them worked virtually before coming in person. She focused in on the surplus in the budget. She pointed out that, although each of the lines, systems, due diligence, and custody fees show a surplus, they will be used to pay investment manager fees to reduce that overall shortfall.

CEO RODELL stated that what is needed from the Board is an action to actually start July 1.

MOTION: A motion that the Board authorize the Chief Executive Officer to expend the APFC budget authorization and supplemental as authorized by the Legislature and enacted into law was made by VICE CHAIR RIEGER; seconded by TRUSTEE MAHONEY.

After the roll-call vote, the MOTION WAS APPROVED. (Trustee Feige, yes; Vice Chair Rieger, yes; Trustee Richards, yes; Trustee Schutt, yes; Trustee Mahoney, yes; Chair Moran, yes.)

ADVISOR AND TRUSTEE COMMENTS

MR. SKJERVEM stated that it was great to be here in person for the first time. He commented on the marquee event which had been the real estate presentation. It was uncanny how similar it was playing out relative to the odyssey that he had in Oregon, which he shared.

MR. FRIER asked in his opening remarks why real estate does not go faster. Tim replied that they try to buy stuff but cannot find enough that satisfies the price discipline. He respected that

answer. If that is the mentality of the group, then we are on the right track to turn around the performance of the real estate portfolio. He stated that the presentation from Heitman yesterday was fascinating. He added that the interesting thing that happened in the last 18 months was real estate performance which was, on average, normal. He continued that since he has served on this team and went through a whole cycle of four meetings, he has a lot of admiration for what this staff has achieved, and it has been a privilege to serve. He looked forward to the future meetings.

MR. ZINN reflected on previous comments and the dialogue over the last two days, and shared a “thank you” to the staff and the trustees for keeping a steady hand at the tiller. He congratulated both staff and trustees and commented that the beneficiaries are doing well by everyone’s hard work here in a dramatically different time.

CEO RODELL thanked all and stated that it was great to have them in Juneau. She looked forward to Kodiak in September for the annual meeting, and we will be in Anchorage for the work session. She shared the calendar.

CHAIR MORAN stated that there was a brief talk at the Audit Committee about expanding some of the audit charter to include a bit more focus on risk management of the cyber IT department. He asked Trustee Feige for any thoughts on what they want to do.

TRUSTEE FEIGE suggested that she reach out to the CEO and requested that for the next Audit Committee meeting we have an executive session to specifically delve into some of those cyber security and protections that APFC has in place, and what to do to enhance those moving forward, as well as taking a look at anything that may impact the financial reporting and controls within.

CHAIR MORAN had some broad observation and if some outside help on vulnerability analysis, systems vulnerability, and vendor risk analysis is needed, to get some.

CEO RODELL reported that staff had been working really hard on a business continuity disaster recovery plan which will be in front of all in the fall.

VICE CHAIR RIEGER stated that the rebalancing had not been much fun because it keeps going up and there is no chance to buy back in. He continued that it was great how disciplined staff had been regarding the rebalancing issue. He added that it is the right way to go, and he stated appreciation for them to continue doing it.

TRUSTEE RICHARDS stated that a key theme for the Permanent Fund to think about is what happens when one or two key people in the organization that have direct impacts on asset classes or particular investments are lost, and to make sure that there is continuity and knowledge and decision-making to be able to continue without having to repair and lose momentum.

TRUSTEE SCHUTT reiterated the thanks to the staff and leadership for all the hard work. In watching and going through all the materials, it is apparent that a lot of attention is paid to the small details. He really appreciated the continued hard work and focus on the small details.

CHAIR FEIGE thanked the staff and stated appreciation for the analysis and the deep dive into the real estate portfolio, the invited presenters and the research that went into repositioning the portfolio.

CHAIR MORAN gave the staff a big thank you and stated that this in-person, unmasked meeting is a lot better than what was done before. He also recognized the advisers who, after a year, exceeded all of the expectations, which were pretty high. He thanked them for all their work, input and knowledge. He asked for any future agenda items. There being none, he adjourned the meeting.

(The Alaska Permanent Fund Corporation Full Board Quarterly meeting adjourned at 2:17 p.m.)

SUBJECT: Chief Executive Officer's Report

ACTION: _____

DATE: September 28, 2021

INFORMATION: _____X_____

BACKGROUND:

The Chief Executive Officer's report provides reports detailing Board matters, disclosures, staffing and budget updates, and financial reports.

STATUS:

Angela Rodell, CEO, will present highlights from the following reports:

- Pending Board Matters
- Trustee Education Report
- Disclosure Report
- Staff Summary Report
- APFC Staff Education Training Report
- HR Summary Report
- Communication Report
- Legislative Update
- Financial Report
- APFC Transfers
- APFC History and Projections
- Investment Management Fee Report
- FY22 Budget Report

SUBJECT: Pending Board Matters

ACTION:

DATE: September 28, 2021

INFORMATION: X

BY	TASK	CAPTURED	TARGET	COMPLETED
Frampton/Callan	FY22 Asset Allocation	02/21	05/21	05/21
Moseley/Frampton	FY22 Private Income/Infrastructure Pacing	02/21	05/21	05/21
Vadakumcherry	FY22 Updated Investment Policy	02/21	05/21	05/21
Balovich/Race	Business Continuity Disaster Recovery Plan	02/21	09/21	09/21
Frampton/Razzaque/ Parise/Moseley/ Andreyka	Asset Class Staffing/Business Plans	02/21	09/21	
Rodell	RFP for General Consultant	05/21	05/22	

SUBJECT: Trustee Education

ACTION: _____

DATE: September 28, 2021

INFORMATION: _____X_____

BACKGROUND:

The Board of Trustees of the APFC has established a Trustee Education Policy with the following objectives:

- To ensure that the members of the Board have access to the knowledge and information necessary for them to fulfill their fiduciary duties as trustees of the Alaska Permanent Fund; and
- To assist them in becoming well informed in all matters pertaining generally to the management of a large institutional fund, both public and private, and more specifically to the management and investments of the APFC.

In accordance with the Trustee Education Policy, the following is a list of conferences and seminars that Trustees may wish to attend.

TRAINING OPPORTUNITY	TOPIC	LOCATION	DATES
Callan	Callan College: for Investment Managers	Chicago, IL	December 7, 2021
	Callan College: for Investment Managers	Boston, MA	March 22, 2022
Pacific Pensions & Investments	Asia Pacific Roundtable	Pasadena, CA (and Virtual)	October 27-29, 2021

Memo

To: Bill Moran, Chair
Governance Committee

Through: Angela Rodell
Executive Director

From: Chad Brown
Director of Human Resources

Date: September 28, 2021

Re: APFC Financial Disclosures

As required by AS 37.13.110(b) and Alaska Permanent Fund Corporation policy relating to personal investments conduct and reporting, trustees and staff must disclose certain financial interests. Below is a list of disclosures for transactions made by trustees and staff, covering a period of April 1st – June 30th, 2021.

April 2021			
Name	Position Title	Disclosure Type	Received
Adam Kane	Communications Specialist	Initial Disclosure	4/30/2021
Keira Kelly	Portfolio Accountant	Individual Transaction	5/11/2021
Christopher LaVallee	Senior Portfolio Accountant II	Individual Transaction	5/13/2021
Michael Prebeg	IT Systems Engineer	Initial Disclosure	4/8/2021
Logan Rahn	Associate	Individual Transaction	5/28/2021
Steve Rieger	Board of Trustee	Individual Transaction	5/10/2021
Angela Rodell	Chief Executive Director	Individual Transaction	5/10/2021
Joseph Shinn	Investment Analyst II	Individual Transaction	5/14/2021
Alexander Smith	Senior Investment Operations Analyst	Individual Transaction	5/14/2021
Clifton Sperry	Portfolio Manager	Initial Disclosure	5/10/2021
Sebastian Vadakumcherry	Chief Risk & Compliance Officer	Individual Transaction	5/18/2021
James Wilkey	Credit Analyst	Individual Transaction	5/20/2021

May 2021			
Name	Position Title	Disclosure Type	Received
Stephen Adams	Senior Portfolio Manager	Initial Disclosure	6/2/2021
Chad Brown	Director of Human Resources	Individual Transaction	7/7/2021
Adam Kane	Communications Specialist	Individual Transaction	6/25/2021
Keira Kelly	Portfolio Accountant	Individual Transaction	6/25/2021
Christopher LaVallee	Senior Portfolio Accountant	Individual Transaction	6/25/2021

Thomas O'Day	Portfolio Manager	Individual Transaction	6/25/2021
Steve Rieger	Board of Trustee	Individual Transaction	6/14/2021
Angela Rodell	Chief Executive Director	Individual Transaction	6/14/2021
Alexander Smith	Senior Investment Operations Analyst	Individual Transaction	6/1/2021
Clifton Sperry	Portfolio Manager	Individual Transaction	6/25/2021
Jonathan Strickler	Portfolio Accountant	Individual Transaction	6/30/2021
James Wilkey	Credit Analyst	Individual Transaction	6/4/2021

June 2021			
Name	Position Title	Disclosure Type	Received
Stephen Adams	Senior Portfolio Manager	Individual Transaction	7/9/2021
Chad Brown	Director of Human Resources	Individual Transaction	7/7/2021
Keira Kelly	Portfolio Accountant	Individual Transaction	7/12/2021
Christopher LaVallee	Senior Portfolio Accountant II	Individual Transaction	7/12/2021
Valeria Martinez	Director of Asset Allocation Portfolio	Individual Transaction	7/13/2021
Rafael Ramirez	Portfolio Manager	Individual Transaction	7/8/2021
Steve Rieger	Board of Trustee	Individual Transaction	7/7/2021
Angela Rodell	Chief Executive Director	Individual Transaction	7/8/2021
Clifton Sperry	Portfolio Manager	Individual Transaction	7/14/2021
James Wilkey	Credit Analyst	Individual Transaction	7/7/2021

All disclosures have been reviewed by the Executive Director or me, in our capacity as compliance officers. All disclosures were in compliance with policy requirements. Disclosures will be filed in the appropriate personnel file and copies will be placed behind the corporate minutes of the next meeting.

If you have any questions, please call me at 796-1541.

Memo

To: Board of Trustees

From: Angela Rodell
Chief Executive Officer

Date: September 28, 2021

Re: Travel, Training, and Diligence Summary Report

Background:

This report includes APFC staff completed travel for the period April 1-June 30, 2021. The travel report is presented to the Board of Trustees for review at each board meeting as required by APFC Resolution 04-10.

Due Diligence Summary:

Department	Number of Meetings Held	
	In Person	Telephonically
Executives	4	35
Fixed Income	0	11
Public Equity	0	40
Infrastructure & Private Credit	5	293
Real Estate	40	150
Private Equity	11	137
Asset Allocation	1	6

Travel Summary:

Budget-to-Actual Report: July 1, 2020 through June 30, 2021

*The following can be found in full in the FY21 Budget Report

CORPORATE OPERATIONS	BOARD-AUTHORIZED BUDGET	EXPENDITURES	BUDGET REMAINING
Travel	\$700,000	\$116,441.42	\$583,558.23
Staff	\$483,000	\$55,597.80	\$427,401.85
Trustees	\$22,000	\$10,997.03	\$11,002.97
Moving/Non-Employee	\$195,000	\$49,846.59	\$145,153.41

TRAVELER	PURPOSE	DATES OF TRAVEL		LOCATION
Sperry	Employee Relocation (Pre-Move Trip)	4/8/21	4/12/21	Juneau, AK
Prebeg	Training	4/12/21	4/17/21	Fairbanks, AK
Calhoon	Training	4/12/21	4/17/21	Fairbanks, AK
Kane	Employee Relocation	4/16/21		Juneau, AK
Shah	Employee Relocation	4/19/21		Juneau, AK
Wilkey	Employee Relocation	5/8/21	5/15/21	Salt Lake City, UT
Andreyka	Property Inspections	5/9/21	5/16/21	New York, NY
Sperry	APFC Board Meeting	5/14/21	5/31/21	Juneau, AK

Adams	Pre-Move Trip/Board Meeting	5/15/21		Juneau, AK
Redezpi	Employee Relocation (Intern)	5/16/21	7/24/21	Juneau, AK
Sullivan	Employee Relocation (Intern)	5/17/21	8/18/21	Juneau, AK
Moran	APFC Board Meeting	5/18/21	5/20/21	Juneau, AK
Richards	APFC Board Meeting	5/18/21	5/20/21	Juneau, AK
Rieger	APFC Board Meeting	5/18/21	5/21/21	Juneau, AK
Mahoney	APFC Board Meeting	5/18/21	5/20/21	Juneau, AK
Feige	APFC Board Meeting	5/18/21	5/20/21	Juneau, AK
Frier	APFC Board Meeting	5/18/21	5/21/21	Juneau, AK
Skjervem	APFC Board Meeting	5/18/21	5/21/21	Juneau, AK
Frampton	Property Inspections	5/21/21	5/30/31	Chicago, IL
Andreyka	Property Inspections	5/23/21	5/29/21	Chicago, IL
Adams	Property Inspections	5/23/21	6/1/21	Chicago, Texas
Moseley	Manager Meetings	5/31/21	6/3/21	New York, NY
Adams	Property Inspections/Manager Meetings	6/5/21	6/12/21	San Diego, CA
Calhoon	Training	6/7/21	6/11/21	Fairbanks, AK
Prebeg	Training	6/7/21	6/11/21	Fairbanks, AK
Sperry	Property Inspections	6/14/21	6/16/21	Washington, DC
Adams	Employee Relocation	6/12/21	6/19/21	Juneau, AK
Sperry	Property Inspections	6/21/21	6/22/21	Denver, CO
Andreyka	Property Inspections	6/21/21	6/30/21	Denver, Austin, & Dallas
Ramirez	Manager Meetings	6/27/21	7/5/21	New York, NY
Moseley	Manager Meetings	6/27/21	7/5/21	New York, NY



ALASKA PERMANENT
FUND CORPORATION

	EMPLOYEE	DEPT	TRAINING TYPE*	VENDOR	COURSE TITLE	CLASS HOURS	CITY	ST
1	Valerie Mertz	FIN	Online	Sequoia CPE	Governmental Update	8.0	Juneau	AK
2	Valerie Mertz	FIN	Online	Sequoia CPE	China's Impact on the Business Environment	12.0	Juneau	AK
3	Valerie Mertz	FIN	Online	Sequoia CPE	Ethics for Alaska CPAs	4.0	Juneau	AK
4	Pauly Swanson	COM	Online	PRSA Learning	Organizational Leadership Communication	10.0	Juneau	AK
5	Chad Brown	HR	Online	CalPERS / CalSTRS	DE&I Roundtable	1	Juneau	AK
6								
7								
8								
9								
10								
11								
12								

CS - Conferences & Seminars
 LT - Local Training
 OTT - Out of Town Training
 OL - Online

Memo

To: Board of Trustees

From: Chad A. Brown
Human Resources Manager

Date: August 30, 2021

Re: Human Resources – Q4 & FY 2021 Summary

HR Philosophy

It is the philosophy of the HR Team to closely partner with our managers to assist in developing a culture where people enjoy coming to work, and provide a robust selection hiring process that allows potential hires to see what makes us a remarkable place to work while elegantly acknowledging the challenges we face and to ensure the corporation is protected from potential litigation. The HR team meets regularly with all managers to collaborate on new ideas, identify staffing opportunities and confirm their needs are being met while providing world class support they expect.

Opportunities

APFC continues to set itself apart as an organization that has some very compelling value propositions including; the ability to do impactful mission driven work in one of the most beautiful locations in the world with a work life balance second to none. We will continue to delineate ourselves with opportunity, flexibility, innovation and a world class reputation.

Threats

APFC has taken a great step with the addition of Incentive Compensation. I'm looking forward to seeing the upcoming data to see how Incentive Compensation has our employee satisfaction.

COVID-19

Over the course of FY21, APFC has done a truly incredible job navigating the Global Pandemic, our Crisis Management Team has met regularly throughout and through robust discussion and widely varying perspectives have consistently come to a place that balances the needs of the organization with the well being of our team.

Retirement

Rose Duran - Director of Real Estate retired after 30 years of service to the State of Alaska

Christi Grussendorf - Real Estate Associate retired after 30 years of service to the State of Alaska

APFC would like to publicly thank these truly incredible women for their service and the hundreds of millions of dollars in income they brought to our great state.

Hiring Summary – Q4

Operations

- Adam Kane – Communications Specialist
- Andrew Gallagher – Investment Operations Analyst
- Michael Prebeg – Systems Engineer

Investments

- Chirag Shah – Senior Portfolio Manager, Private Equity
- Clifton Sperry – Portfolio Manager, Real Estate
- Stephen Adams – Senior Portfolio Manager, Real Estate

Internship Update

I would like to thank the Board of Trustees for their support in rebuilding the External Partner Internship Program. I was able to attend both our Corporate interns' presentations as well as those for the Interns with McKinley Capital and am thrilled to report it was a very successful year. We have an incredible group of students that will be doing amazing work, both here in Alaska and throughout the world.

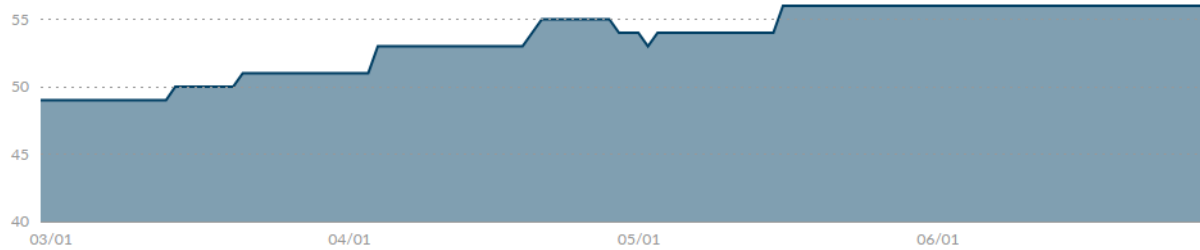
Corporate Interns

Christa Sullivan	Accounting	University of Alaska - Anchorage
Veton Redzepi	Investments	University of Michigan

Partner Interns

Aden Haywood	Crestline Investors Inc	University of Alaska - Anchorage
Jacob Begich	McKinley Capital	Georgetown University
Matthew Park	McKinley Capital	Yale University
Nathan Robertson	McKinley Capital	University of Alaska - Anchorage

APFC Headcount at Fiscal Year End - 55



HEADCOUNT & VACANCIES AS OF 8/30/2021

CURRENT COUNT BY DIVISION	FILLED FTE	VACANT FTE
Executive	3	0
Investments	23	3
Finance	11	1
Operations**	14	3
Risk & Compliance	3	0
	54	7*

Statistics do not include summer interns

*Includes 1 Part Time FTE

VACANT FULL TIME POSITIONS (6) AS OF 8/30/2021

TITLE	DIVISION	DEPARTMENT
Investment Associate	Investments	Real Estate
Investment Associate – Global Rates Analyst (New)	Investments	Fixed Income
Investment Associate	Investments	Alternatives
Trade Operations Analyst	Finance	Trade Operations
Business/Data Analyst	Operations	IT
COO	Operations	Executive

VACANT PART TIME POSITIONS (1) AS OF 8/30/2021

TITLE	DIVISION	DEPARTMENT
Admin Specialist / Receptionist – Part Time	Operations	Operations

SUBJECT: Communications Updates

ACTION:

DATE: 9/28/2021

INFORMATION: X

Communications

APFC is committed to providing reliable and objective information to the Legislature, the Executive Branch, Alaskan stakeholders, and our global audience regarding the Alaska Permanent Fund. This work aims to educate Alaskans and other interested parties on the Fund's workings and APFC's stewardship role to prudently invest and manage this renewable financial resource to benefit Alaskans today and in the future.

Legislative, Community, Business Associations, and Civil Society**Presentations – Discussions – Speaking Engagements – Interviews – OpEd**

Angela Rodell, Chief Executive Officer (AR)

May 2021

- AR – House Ways & Means Committee: Available for ?s HB 37
- AR – House Finance Committee: Invited Testimony HJR 1
- AR – House Ways & Means Committee: Available for ?s HB 37 and HB 202
- AR – Interview: ADN, James Brooks

June 2021

- AR – House Judiciary Committee: Invited Testimony HJR 7
- AR – Interview: ADN, James Brooks
- AR – Interview: KTUU, Sean McGuire
- AR – House Finance Committee: Invited Testimony HB 2002
- AR – Panelist: Credit Suisse Sustainability Summit
- AR – Interview: KINY Action Line, Pete Carran

July 2021

- AR – Fiscal Policy Working Group: Presentation with Callan on Projections

August 2021

- AR – Interview: CNBC Closing Bell
- AR - Presentation: Kenai Chamber of Commerce
- AR – Interview: Global Sovereign Wealth Fund
- AR – Presentation: Glacier Valley Rotary
- AR – Speaker: Wyoming Treasurer's Conference, Modernization of Sovereign Wealth Fund Structure, Progress and Pitfalls

September 2021

- AR – House Ways & Means Committee – Invited Testimony and ?s
- AR – RVK Peer Interview – Wyoming
- AR – Senate Finance Committee – Available for ?s on HB 3003
- AR – House Finance Committee – Available for ?s HJR 1
- AR – Presentation – Southeast Conference

APFC Communications Projects

APFC communications projects are developed to achieve the goals of our Board-approved communications plan, meeting comprehensive educational objectives, and fulfilling statutory obligations.

FY21 Annual Report (completed)

In accordance with AS 37.13.170, APFC has completed 'Invested with Alaskans', the FY21 Annual Report including information on the activities of the Corporation and audited financial statements for the Alaska Permanent Fund. This publication supports our efforts in meeting our statutory disclosure requirements, educating our audiences about the Alaska Permanent Fund and the work we do at the Alaska Permanent Fund Corporation to invest and account for this financial wealth on behalf of all Alaskans. The report is available in print and digital formats and through a website designed to present highlights of information and access to the FY21 Annual Report in desktop and mobile-friendly formats.

5 Year Strategic Communications Plan (completed)

Developing a 5-year strategic communications plan for review by the Board of Trustees gives APFC guidance and direction on our outreach and education campaigns. Developing the FY22-FY27 5-year strategic communication plan was an inclusive process that commenced with a corporate-wide survey; two facilitated staff focus groups with representation from management levels and internal divisions. The packet includes the complete plan, and a presentation on the identified goals.

Crisis Communications Planning (partially completed and ongoing)

In conjunction with the work that APFC has been conducting on Business Continuity and Disaster Recovery (BCDR), an APFC crisis communications plan was developed to align the activities and objectives with the BCDR management scenarios. An updated comprehensive crisis communications plan will be created outside of the BCDR plan for additional scenarios that may have a significant operational, financial, and reputational impact on the Corporation and/or the Fund.

Enhancing APFC's Digital Communications and Social Media Presence (ongoing)

Continuing efforts of outreach and engagement through social media allow us to advance APFC's goals and objectives in educating our stakeholders about the Fund and APFC. Facebook and LinkedIn are the two social media platforms that APFC currently utilizes. Research has been done on best practices for expanding this effort to reach a younger audience on Instagram and a more active audience on Twitter. The highest reach and engagement levels are amongst the posts featuring monthly Fund values, historical notes, videos, Board of Trustee and staff profiles.

APFC.ORG Website (ongoing)

Apfc.org continues to be a wealth of information – from history to current fund values, from Trustees' papers to financial statements, from the annual report to Fund news, from education to Board of Trustees' meetings info. It is a tremendous resource updated daily, weekly, monthly to provide relevant information to our stakeholders. Website traffic and engagement metrics through FY21 show approximately 2,500 weekly visitors coming primarily from the US, as well as Canada, Germany, UK, India and China.

APFC Perspectives (ongoing)

Through a series of self-published articles, APFC will discuss current trends and topics related to Investment Management and the Finance Industry. These articles will present our organization as a globally recognized Sovereign Wealth Fund consisting of world-class professionals with valuable industry expertise and knowledge to share with professionals and the public.

Media and Public Information Requests (ongoing)

As a public corporation committed to transparency for our stakeholders, APFC frequently responds to media and public records requests. Responding to these requests entails collaboration between internal teams including Finance, Legal and Investments to ensure the Corporation responds timely, professionally, and in compliance with the law.

Internal Communications**Newsletter APFC (ongoing)**

To create a welcoming and inclusive internal culture at APFC, HR continues to lead the effort of producing APFC's internal A-Team newsletter. This thoughtful, informative, fun e-publication includes insights from our leadership team, monthly recruitment updates, legislative updates, employee highlights, and an opportunity for staff to share photos.

In the News (ongoing)

An internal newsletter is sent out with articles of interest to inform staff about media mentions and investment news highlighting APFC and the Permanent Fund.

Legislative Initiatives – 32nd Alaska State Legislature**Legislative Line (ongoing)**

In conjunction with the release of the financial statements, APFC provides the Legislature a monthly email update on the Fund's value, including the Principal and the ERA breakdowns. Notifications are also provided in advance of Board meetings with links to the agenda and packet.

Legislative Inquiries (current and ongoing)

With the 32nd Alaska State Legislature now well into its 3rd Special Session, there continues to be significant focus on the use and structure of the Alaska Permanent Fund and the potential long-term impacts of policy decisions for the state. APFC has been called on to provide up-to-date statements and projections for Fund balances and participate in committee hearings to provide invited testimony and answer questions.

Upcoming Campaigns**Alaska Permanent Fund at 45 (current)**

In November 2021, APFC will hold a month of communications and outreach activities related to the 45 years of achievements in growth and stature of the Alaska Permanent Fund since its establishment by Alaskan voters in November 1976.

SUBJECT: Legislative Update

ACTION:

DATE: 9/14/2021

INFORMATION: X

This report provides an update on legislative initiatives and an overview of the appropriations and legislation pertaining to the Alaska Permanent Fund and APFC.

The third special session of the 32nd Alaska State Legislature ended on September 14, 2021 – included on the call were proposed constitutional amendments relating to the Permanent Fund, acts relating to measures to increase state revenues, an appropriations bill to fund the dividend and other items, and legislation to support the Covid response. A fourth special session is called for October 1, 2021, the subject being – an act or acts relating to a fiscal plan.

The Legislature continues to debate the policy proposals that are before them. On June 28, 2021, the Alaska Legislature established a bicameral, bipartisan working group for the purpose of "...developing policy recommendations that will provide fiscal certainty to Alaskans into the future through means of achieving a balanced budget and resolving the annual dispute over the Permanent Fund Dividend." Attached is the final report of the Comprehensive Fiscal Plan Working Group; concerning the Permanent Fund recommendations are:

- CONSTITUTIONAL, SINGLE-ACCOUNT PERMANENT FUND STRUCTURE WITH DRAWS LIMITED BY POMV
- CONSTITUTIONAL CERTAINTY FOR THE PFD
- NEW POMV-BASED PFD FORMULA

While the Governor, Committees, and Legislators have introduced several bills, none have attained the consensus necessary to pass either body – however, many are vetted in the committee process. The following is an inventory of bills related to APFC and the Fund introduced thus far during the 32nd Legislature.

3rd Special Session Appropriations Bill

CSHB 3003(FIN) AM SB 3001 APPROP: OPERATING; PERM FUND; EDUCATION BY REQUEST OF THE GOVERNOR Status: Passed House 24Y N16 Passed Senate Y12 N7 E1 Awaiting Transmittal to the Governor for Signature.	• As introduced, the Governor's bill called for a draw of \$3 billion from the ERA with \$1.5 billion for dividends (\$2,350 pp) and \$1.5 billion to the CBR. • As amended by the House, there is no draw from the ERA. Dividends are funded by an appropriation of \$730.5 million from the general and budget reserve funds (\$1,100 pp). • Senate passed the bill as amended by the House. • No additional FY22 draw from the ERA based on this bill. The FY22 POMV draw of \$3.1 billion was appropriated in the operating budget.
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Constitutional Amendments Related to the Permanent Fund

There are currently seven proposed resolutions that would place an amendment to the Constitution of the State of Alaska before the voters at the next general election to establish distribution formulas for draws from the Alaska Permanent Fund. These resolutions are primarily based on classic endowment structures, would combine the Principal and the ERA creating a single Fund, provide a percent of market value draw methodology, and bring forth various distributions to dividends and government; and some create new funds and move existing ones into the Fund.

In reviewing resolutions, APFC has recommended that consistent with trust law; language be included authorizing the use of the Fund to pay costs associated with managing it. This is to ensure that the Permanent Fund's resources continue to support the costs associated with its management and investment. Currently, APFC receives its budget for management and investment expenses related to the Fund through the Permanent Fund Gross Receipts Fund Code 1105 as part of the annual state operating budget appropriation process.

Resolutions proposing Constitutional Amendments

- HJR 1 – Representative Kreiss-Tomkins
- HJR 6 / SJR 5 - Governor Dunleavy
- HJR 7 / SJR 6 - Governor Dunleavy
- HJR 10 – Representative Tuck
- SJR 1 – Senator Wielechowski
- SJR 18 – Senator von Imhof
- SJR 302 – Senator Begich

CSSS HJR 1 (JUD) CONST AM: PERMANENT FUND; POMV;EARNINGS REPRESENTATIVE KREISS-TOMKINS Status: W&M (5DP 2 DNP) JUD (4DP,1DNP,1NR,1AM) FIN – heard & held 9/10	• Amendment to the Constitution of the State of Alaska, Article IX, Section 15. • Provides a single fund endowment with an annual draw limited to 5% POMV smoothed over a period of five of the previous six fiscal years. • Consistent with trust law, authorizes the use of the Fund to pay costs associated with managing the Fund without appropriation. • Transition language - ERA becomes part of Principal. H JUD version • Transition language – need to ensure date selected is month end to correlate with month-end values and reporting • A clarifying amendment is recommended to ensure that the Fund's resources continue to support the cost associated with its management and investment.
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HJR 6 / SJR 5 CONST. AM: APPROP LIMIT; BUDGET RESERVE REQUEST OF THE GOVERNOR Status: HJR 6 H W&M, JUD, FIN SJR 5 S STA (1DP 2NR 1AM), JUD (3DP 1DNP 1NR), FIN Heard & Held 9/9	• Amendment to the Constitution of the State of Alaska, Article IX, Sections 16 and 17. • Brings forth a new constitutional appropriation limit and a new method to appropriate funds in the Constitutional Budget Reserve Fund. • Appropriations for a fiscal year would not exceed the average of the appropriations for the previous three years plus the cumulative percent change in inflation or population, whichever is greater, over the previous three-year period. • A list is provided of specified appropriations excluded from this calculation, including appropriations to the permanent fund. • Also changes the budget reserve fund so that it can only be used as a funding source if the amount in the general fund is less than the appropriation limit. • Repeals $\frac{3}{4}$ vote for the appropriation clause and the annual general fund sweep repayment clause.
HJR 7 / SJR 6 CONST. AM: PERM FUND & PFDS BY REQUEST OF THE GOVERNOR Status: HJR 7 H STA (4DNP 2NR 1AM) JUD Heard & Held 8/31, FIN SJR 6 S STA (1DP 1NR 2AM), JUD (4DP 1AM), FIN Heard & Held 6/11	• Amendment to the Constitution of the State of Alaska, Article IX, Section 15. Provides a single fund endowment. • Brings forth an amendment to establish a percent-of-market-value (POMV) rule to limit annual expenditures from the permanent fund. • Requires a portion of funds withdrawn be used for a dividend and requires that the voters approve any future change to the dividend program. • POMV % to be set forth in the statute. % of POMV shall be allocated for dividend payments with % set forth in statute. Once this % for dividends is set, the only way to amend it is to pass a law that Alaskan voters then approve at the next statewide election. • Transition Language – ERA becomes part of Principal, POMV % applies to appropriations for FY24 onward, both the % of the annual POMV and the % of this to be allocated to dividends must be done in substantive law and not as a part of an appropriation bill. SJR 6 – the Senate Companion was introduced as a revised proposal and provides – • A constitutional single Permanent Fund account • A POMV rule to limit annual expenditures • 50% of the annual draw for PFDs

	• A transfer of the PCE fund to the Permanent Fund and adds the PCE program as a constitutional requirement • HB 73 / SB 53 provides an advisory vote to establish the POMV % and distribute that amount.
HJR 10 CONST AM: PERMANENT FUND; POMV; DIVIDEND REPRESENTATIVE TUCK Status: H JUD, STA, FIN	• Enshrines the Earnings Reserve Account in the Constitution as a separate account • Designates income from the Fund shall be deposited into the ERA • Income available for distribution is a 4% percent of market value as of the last day of the fiscal year – but may not exceed the net income of the Fund for the fiscal year just ended • Designates 50% used for dividend payments and 50% for the general fund • Transfers to be made without appropriation
CS SJR 1 (JUD) CONST AM: GUARANTEE PERM FUND DIVIDEND SENATOR WIELECHOWSKI Status: S STA (2NR 1AM), JUD (3DP 1NR 1AM), FIN	• Amendment to the Constitution of the State of Alaska, Article IX, Section 15. Provides a single fund endowment. • Requires an annual transfer from the fund for the purpose of paying dividends to state residents of 50% of the greater of two calculations: (1) 5% POMV smoothed over a period of five of the preceding six years; and (2) 21% of the net income of the fund over the last five years, excluding unrealized gains and losses. • The balance of the amount calculated under the POMV method after transfer of the dividend portion may be appropriated by the Legislature to the general fund for state government. Transition Language – ERA becomes part of principal.
SJR 18 CONST. AM: PFD/RES. OWNERSHIP REV. ACCT SENATOR VON IMHOF	• Amendment to the Constitution of the State of Alaska, Article IX, Section 7 and 15. • Creates from the Permanent Fund two accounts: Permanent Fund and ARORA. • Provides 12.5% of mineral royalties be deposited into the Permanent Fund and creates a single fund endowment with

Status: (S) STA, JUD, FIN	an annual draw not to exceed 5% POMV smoothed over a period of five of the previous six fiscal years. Consistent with trust law, authorizes the use of the Permanent Fund to pay costs associated with managing the Fund without appropriation. • Establishes an Alaska Resource Ownership Revenue Account and directs 12.5% of mineral royalties be deposited annually. Allows for an annual draw not to exceed 5% POMV smoothed over a period of five of the previous six fiscal years for the payment of dividends to residents. • Transition Language: transfer from the Permanent Fund to the AK Resource Ownership Revenue Account an amount equal to the PFDs paid below the statutory level (approximately \$6.77 billion) • Applies to Fiscal Year 2024 – following next general election
CS SJR 302 CONST. AM: PFD/SUSTAINABLE DIVIDEND/PCE SENATOR BEGICH Status: S JUD Heard & Held 9/8 FIN	• Amendment to the Constitution of the State of Alaska, Article IX, Section 15. Creating two new accounts within the Permanent Fund. • Creates the new Sustainable Dividend Account using the amount equal to the unpaid Permanent Fund Dividends from the calendar years 2016 through 2022 under the current statutory formula. This amount – a total of approximately \$10.9 billion – is taken from the Earnings Reserve Account and deposited into this new Sustainable Dividend Account, from which a 5 percent of market value is drawn to help pay for a minimum \$1,200 dividend. • Constitutionally protects Power Cost Equalization (PCE) by creating its own account within the Permanent Fund. A separate 5 percent of market value is drawn from this account for the purposes of energy subsidies, community assistance, and energy projects, as the state currently uses the PCE Endowment. • Establishes a 4.5 percent of market value of the entire value of the Permanent Fund, Sustainable Dividend Account, and the PCE Account to generate approximately \$3 billion for general fund spending starting in FY24. • The sponsor statement acknowledges the mechanisms may change during the legislative process, and it is intended to accompany SB 3003.

Statutory Changes Related to the Distribution of Income

- HB 37 – Representative Wool
- HB 73 - Governor Dunleavy
- HB 202 – Representative Merrick
- HB 3002 - Representative Eastman
- HB 3008 - House Ways and Means
- SB 3003 – Senator Begich
- SB 3004 – Senator Kiehl

HB 73 / SB 53 PERM FUND; ADVISORY VOTE BY REQUEST OF THE GOVERNOR Status: HB 73 H STA (5DNP, 2AM), JUD, FIN SB 53 S STA (3NR, 1AM), JUD (3DP 1AM), FIN (1DP 1DNP) Senate Floor – Tabled UC 9/14	As introduced by the Governor • Brings forth an advisory vote on the distribution of a 5% POMV from the Fund with 50% to dividends and 50% to government services. • A special statewide election is to be held. • Maintains annual net income calculation that moves net realized gains to the ERA, but eliminates the "income available for distribution calculation," which was historically used to calculate the amount of the dividends (i.e. 'full dividend'). • Maintains 5% POMV annual appropriation from the ERA and stipulates that the amount available for appropriation may not exceed the balance of the ERA. • Provides legislature may appropriate annual 5% POMV from the ERA and distribution is 50% to the general fund and 50% to the dividend fund. • Provides for inflation proofing via annual appropriation outside of the POMV appropriation. As amended in Senate Judiciary • Deletes statutory net income calculations, maintains 5% POMV annual appropriation from the ERA, and stipulates that the amount available for appropriation may not exceed the ERA balance. • Provides distribution is 50% to the general fund and 50% to the dividend fund. • Makes changes contingent on passage of constitutional amendment or reverts back to traditional calculations. • Fiscal measure to increase POMV draw to 6.5% for FY2022 and FY2023 leveraging unprecedented ERA earnings. As amended in Senate Finance • Deletes statutory net income calculations and maintains 5% POMV annual appropriation from the ERA and stipulates that the amount available for appropriation may not exceed the balance of the ERA.
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	• Sets dividend amount at \$1,100 (FY22) to \$1,300 (FY25) and then adjusted for inflation. • Creates POMV 50/50 split - PFD/GF Distribution conditional on new revenue measures generating \$700 million annually by December 2024.
HB 37 INCOME TAX; PERMANENT FUND; EARNINGS RES REPRESENTATIVE WOOL Status: H W&M(5DP 2DNP), STA , FIN	Certain sections pertaining to the Fund - • Provides that based on the amount available for appropriation that the Legislature may appropriate 20% to the dividend fund and 80% to the general fund • Repeals statutory net income calculation and net income computation related to generally accepted accounting principles • Eliminates the additional 25% of royalties to the Principal for leases after 1980 • Deletes Amerada Hess references • Maintains POMV computation and asserts that draw limits are not to exceed the balance of the ERA • Allows for appropriations for inflation proofing As amended in Ways & Means • Provides that based on the amount available for appropriation that the Legislature may appropriate 10% to the dividend fund and 90% to the general fund
HB 202 PERMANENT FUND DIVIDEND; ROYALTIES REPRESENTATIVE MERRICK Status: H W&M (1DP 1DNP 4AM), FIN Heard & Held 5/17	• Repeals the permanent fund dividend calculation found in AS 37.13.140 and instead pays a dividend directly from Alaska's oil and mineral wealth. • Deletes Income-Based Distribution Methodology • Retains Percent of Market Draw distribution methodology and related statutes. • Creates option for Legislature to appropriate to the dividend fund 30% of the oil and gas royalty payments received by the state. • Makes changes to the dividend statutes to reflect the amount of dividend depends on the amount appropriated into the dividend fund.

HB 3002 PERMANENT FUND: INCOME REPRESENTATIVE EASTMAN Status: H W&M Heard & Held 9/1, STA, FIN	Repeals Senate Bill 26 and the Percent of Market Draw distribution methodology and related statutes.
HB 3008 PERMANENT FUND DIVIDEND; 25/75 POMV SPLIT HOUSE WAYS & MEANS Status: H W&M Heard & Held 9/9, STA, FIN	- Deletes Income-Based Distribution Methodology - Retains Percent of Market Draw distribution methodology and related statutes and clarifies amount available for appropriation may not exceed the balance in the ERA. - Designates 25% to the dividend fund and 75% to the general fund. - Maintains inflation proofing statutes - Repeals POMV belt and suspender appropriation limiting statutes.
SB 3003 PERMANENT FUND; SUSTAINABLE DIVIDEND; PCE SENATOR BEGICH Status: S FIN	- Companion to SJR 302. - Sustainable Dividend Account and Power Cost Equalization Account - disposition of income and related statutes.
SB 3004 PERMANENT FUND DIVIDEND; 50/50 POMV SPLIT SENATOR KIEHL Status: S FIN	- Deletes statutory net income calculations and maintains 5% POMV annual appropriation from the ERA and stipulates that the amount available for appropriation may not exceed the balance of the ERA. - Sets dividend amount at \$1,100 (FY22) to \$2,250 (FY25) and then establishes a POMV 50/50 split - PFD/GF Distribution. - Maintains inflation proofing statutes - Repeals POMV belt and suspender appropriation limiting statutes.

Bills Related to State Finances and Accounts

- HB 57 – Representative Josephson
- HB 86 – Representative Rauscher
- SB 25 – Senator Wielechowski

HB 57 FUNDS SUBJECT TO CBR SWEEP PROVISION BY REPRESENTATIVE JOSEPHSON Status: H JUD (4 DP), FIN	• By adopting statutory definitions, clarifies what fund sources are subject to the budget reserve fund payback provision in art. IX, sec. 17(d), Constitution of the State of Alaska, known as the "sweep provision." • ERA referenced in findings and found to be "located outside of the general fund and is thus not subject to the sweep provision."
HB 86 STATE GOV'T FINANCES: WEBSITE REPRESENTATIVE RAUSCHER Status: H STA, FIN	• To be known as the Alaska Online Checkbook Act, this bill intends to allow Alaskans to identify and discover state revenues and expenditures through a searchable website maintained by the Department of Administration. • Included as a resource is the balance of the ERA and the amounts deposited into the Permanent Fund.
CS SB 25 (STA) STATE GOV'T FINANCES: WEBSITE SENATOR WIELECHOWSKI Status: S STA (2DP 3 NR), FIN Heard & Held 4/20	• To be known as the Alaska Online Checkbook Act, this bill intends to allow Alaskans to identify and discover state revenues and expenditures through a searchable website maintained by the Department of Administration. • Included as a resource is the balance of the ERA and the amounts deposited into the Permanent Fund.

Bills Related to APFC Board of Trustees

- HB 213 – Representative Eastman

HB 213 PERMANENT FUND CORP BOARD CONFIRMATION REPRESENTATIVE EASTMAN Status: H STA, FIN	- Requires legislative confirmation of the public members of the Board of Trustees effective January 1, 2023. It should be noted that - - Article III Section 26 of the Alaska Constitution subjects members of a board to legislative confirmation if the Board: (1) is at the head of a principal department; (2) has regulatory authority; or (3) is a quasi-judicial agency. - If a Board doesn't fit one of these types, the confirmation requirement infringes upon the executive power of appointment.
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FISCAL POLICY WORKING GROUP FINAL REPORT



32nd ALASKA LEGISLATURE

Fiscal Policy Working Group, 32nd Alaska Legislature

Senate Majority

Senator Lyman Hoffman (co-facilitator)
Senator Shelley Hughes
Senator Mike Shower (alternate)

Senate Minority

Senator Scott Kawasaki
Senator Jesse Kiehl
Senator Elvi Gray-Jackson (alternate)

House Majority

Representative Jonathan Kreiss-Tomkins (co-facilitator)
Representative Calvin Schrage
Representative Grier Hopkins (alternate)

House Minority

Representative Ben Carpenter
Representative Kevin McCabe
Representative Mike Prax (alternate)

BACKGROUND

On June 28, 2021, the Alaska Legislature [established](#) a bicameral, bipartisan working group for the purpose of "...developing policy recommendations that will provide fiscal certainty to Alaskans into the future through means of achieving a balanced budget and resolving the annual dispute over the Permanent Fund Dividend."

The Fiscal Policy Working Group (FPWG) was composed of eight members, including two members from each legislative caucus.

PROCESS

Between public informational hearings and internal work sessions, the FPWG met as many as nine times in a week. Over the course of about a month (July 7-August 15), the FPWG spent approximately 71 total hours as a group in hearings or work sessions.

Additionally, members engaged with each other by phone and text between meetings. Alternates served when members of their caucus were absent. Otherwise, alternates participated on an ad hoc basis.

The FPWG approached its work through a process that sought unanimous support —

that is, all eight FPWG members aligned in thinking — for substantive decisions and recommendations. Non-unanimous recommendations are so noted.

AGREE ON WHAT THE PROBLEM IS

Before even talking about solutions, we wanted to create a common definition of the problem: *What does our structural budget deficit look like, exactly?*

Different people have different answers because they use different assumptions. In order to talk about solutions in a productive way, we needed to use a common set of assumptions in order to create a common definition of the problem.

After a week of internal dialogue and engagement with the Administration and Legislative Finance Division, the FPWG unanimously adopted a set of fiscal assumptions that can be found [here](#).

AGREE WHAT THE PARTS OF A SOLUTION ARE

After creating a common definition of the problem, the FPWG identified mathematically and politically necessary parts of a comprehensive solution. The FPWG unanimously

1 AGREE ON WHAT THE PROBLEM IS

2 AGREE ON WHAT THE PARTS OF A SOLUTION ARE

3 GET MORE SPECIFIC: DEFINE THE SOLUTION "STRIKE ZONE"

agreed that the following were necessary parts of a comprehensive solution:

- Constitutional, single-account Permanent Fund structure with draws limited by POMV
- Constitutional certainty for the Permanent Fund Dividend (PFD)
- New POMV-based PFD formula
- Healthy capital budget
- New revenues
- Budget reductions
- Spending cap reform
- Several-year “transition period” with one-time fiscal measures
- Resilience to fiscal stress
- Constitutional Budget Reserve reform
- *Process*: a comprehensive solution must be negotiated and agreed to as whole, not be taken up one part at a time
- *Process*: at all times, keep in mind what can realistically pass the legislature — “the rule of 21 and 11,” and “the constitutional rule of 27 and 14” — being mindful of the diverse viewpoints within the legislature, as well as what can achieve public support, including for ratification of a constitutional amendment

Positions for each member on any single provision should be understood as agreement within the context of a comprehensive solution and not agreement on any one provision in the absence of a comprehensive solution.

GET MORE SPECIFIC: DEFINE THE SOLUTION “STRIKE ZONE”

Once the FPWG identified the principles of a solution, we got into dollars and cents detail. Each FPWG member was tasked with modeling a balanced budget, with everyone working from the same fiscal assumptions. Legislative Finance Division staff facilitated the exercise with its in-house model, and “referee’d” any budget model that did not balance.

Unsurprisingly, FPWG members’ budget models reflected the diversity of their districts. But they all balanced. This exercise was the jumping off point to convert general ideas into more specific recommendations.

The FPWG did not endeavor to produce a prescriptive, dollar-specific, “comprehensive solution on a silver platter,” but rather to identify ranges and bounds that represented what the

FPWG thought was a reasonable “solution strike zone” from which the full legislature could work.

CONSTITUTIONAL, SINGLE-ACCOUNT PERMANENT FUND STRUCTURE WITH DRAWS LIMITED BY POMV

The FPWG unanimously recommends restructuring the Permanent Fund to be a single, constitutionally-protected account with draws limited by the percent of the Permanent Fund’s market value (POMV). Consistent with current practice, the FPWG recommends using a five-year rolling average to calculate the POMV.

The FPWG recommends a draw of no more than 5% of POMV.

CONSTITUTIONAL CERTAINTY FOR THE PFD

The FPWG unanimously believes constitutional certainty is needed to resolve the PFD question. The FPWG unanimously recommends considering two approaches:

- A constitutional amendment that requires the PFD be paid “as provided by law,” leaving the formula in statute, and effectively constitutionally guaranteeing the statutory formula.
- A constitutional amendment that constitutionalizes the PFD formula itself.

NEW POMV-BASED PFD FORMULA

While FPWG members have diverse perspectives on the PFD, the FPWG recommends that the legislature work towards a 50%-of-POMV-draw PFD formula as a part of a comprehensive solution.

HEALTHY CAPITAL BUDGET

The FPWG recommends that any comprehensive solution assume \$210 million in capital budget spending — \$150M to match federal funding, supplemented by \$60M, which approximates 1% of the value of State of Alaska assets.

NEW REVENUES

The FPWG recommends the legislature consider additional annual revenues, working towards revenues on the order of \$500-\$775 million, as a part of a comprehensive solution.

Though the FPWG was not able to make a specific recommendation for type of revenue, the FPWG generally recommends adoption of a broad-based revenue measure, in addition to other revenue measures, as a part of a comprehensive solution.

BUDGET REDUCTIONS

The FPWG recommends the legislature consider budget reductions below the FY23 operating budget baseline (\$4.503 billion), and work towards reductions in the \$25-\$200 million range over multiple years.

While specific budget reduction options were discussed, the FPWG believes that the greatest potential for reductions will be realized through structural and statutory reforms that maintain levels of service but improve efficiency.

Finally, the FPWG recommends an aggressive review of indirect expenditures, starting from Legislative Finance Division's indirect expenditure report and recommendations.

SPENDING LIMITS REFORM

The FPWG unanimously recommends that revising Alaska's spending limits be part of a comprehensive solution.

SEVERAL-YEAR "TRANSITION PERIOD" WITH ONE-TIME FISCAL MEASURES

The FPWG unanimously believes one-time fiscal measures will be necessary as a part of a comprehensive solution, while other parts of the solution take full effect. Two different one-time fiscal measures were discussed, with some FPWG members favoring one approach, and some members favoring the other:

- One-time transfer (in excess of the

annual POMV draw) from the Permanent Fund's Earnings Reserve Account to the Constitutional or Statutory Budget Reserve, to "bridge" budget deficits through the first few fiscal years after adoption of a comprehensive solution.

- A PFD "stairstep" that starts with a more modest PFD and steps up to the full PFD amount as provided under the new POMV-based PFD formula through the first few fiscal years after adoption of a comprehensive solution.

RESILIENCE TO FISCAL STRESS

The FPWG unanimously recommends that whatever comprehensive solution the legislature passes must survive fiscal stress, specifically market volatility (impacting Permanent Fund earnings/POMV draw) and the varying price of oil.

CONSTITUTIONAL BUDGET RESERVE REFORM

The FPWG unanimously recommends that any comprehensive solution adopted by the legislature maintain at least a \$500 million balance in the Constitutional Budget Reserve for cashflow management, with a substantial additional balance to absorb fiscal shocks and revenue volatility. To reflect these fiscal needs, the FPWG also recommends considering constitutional reform to the function and the purpose of the CBR as a part of a comprehensive solution, including the possibility of eliminating the sweep.

CONCLUSION

We hope our work and this report add value as the legislature considers these questions during a special session this year.

The FPWG believes the legislature must pass a comprehensive solution. FPWG members do not support addressing only one or two issues to the exclusion of others. The FPWG believes addressing these issues as a comprehensive solution solves not only a fiscal challenge but a political challenge as well.

SUBJECT: FY21 Year-to-Date Financial Update ACTION: _____

DATE: September 28, 2021 INFORMATION: X

KEY TAKEAWAYS:

- Total return for the fourth quarter of FY21 of 5.47%, adding to unprecedented returns for the first three quarters, resulting in a record year-to-date total return of 29.73%
- Accounting net income year-to-date of \$19.4 billion, a gain of \$5.5 billion for the fourth quarter
- Realized (statutory) net income year-to-date of \$7.9 billion, \$2.7 billion for the fourth quarter
- Total market value as of June 30th of \$81.9 billion, an increase of \$16.6 billion for the year
- \$3.1 billion transferred to the General Fund during the year in accordance with SB26; \$791 million transferred in the fourth quarter
- \$320 million of mineral deposits transferred in during the fiscal year
- Committed Earnings Reserve balance of \$7.1 billion for FY22 General Fund transfers and special appropriation of \$4 billion from earnings reserve to principal

Financial results for the fourth quarter of FY21 reflected the continued strong and steady growth that was experienced during the first three quarters of the fiscal year. Overall, the portfolio gained \$5.1 billion in value between the end of March and the end of June. The largest increases by far were experienced in the private and public equity portfolios which gained \$2.4 billion and \$1.6 billion, respectively during the quarter. More modest gains were found in other asset classes.

Net assets increased by \$16.6 billion year-to-date through June. This is a result of net income of \$19.4 billion and \$320 million received in mineral royalty deposits offset by the FY21 POMV transfer to the General Fund in the amount of \$3.1 billion. Corporate operating expenses and other appropriations for the year totaled \$175 million.

Two transfers to the General Fund were made during the fourth quarter of FY21 for a total of \$791 million. This brings the total transfers for the year to \$3.1 billion. Staff is in communication with the cash managers at the Department of Revenue to ensure that amounts designated for the General Fund remain invested in the Fund as long as possible, while being available to meet the liquidity needs of the State.



ALASKA PERMANENT
FUND CORPORATION

Financial Report June 30, 2021

Fiscal Year 2021 Net Assets

Balances through June 30, 2021

(in millions)

Total assets	\$	84,547.9
Less liabilities		(2,651.1)
Net assets		<u>81,896.8</u>
Fund Balances:		
Non-spendable		
Permanent Fund corpus—contributions and appropriations		46,938.4
Not in spendable form—unrealized appreciation on invested assets		<u>13,810.0</u>
Total non-spendable fund balance		60,748.4
Committed		
General Fund Commitment		3,069.3
Commitment to Principal		<u>4,000.0</u>
Committed fund balance		7,069.3
Assigned for future appropriations		
Realized earnings		9,271.4
Unrealized appreciation on invested assets		<u>4,807.7</u>
Total assigned fund balance		14,079.1
Total fund balances	\$	<u>81,896.8</u>

Fiscal Year 2021 Income

For the twelve months ending June 30, 2021

(in millions)

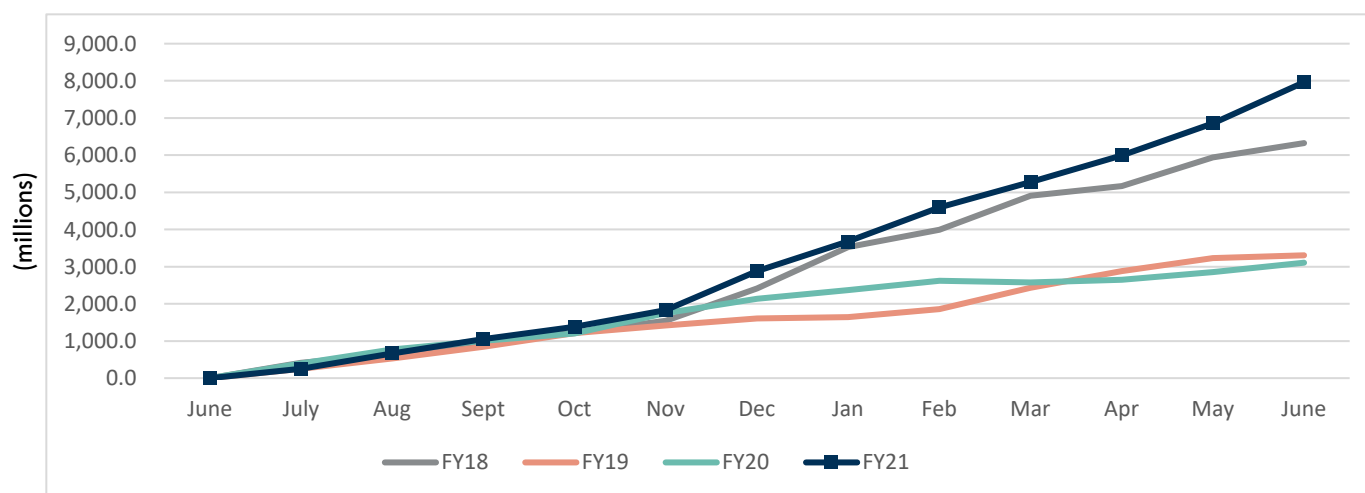
Statutory (Realized) Net Income

Interest, dividends, real estate, and other income	\$	1,524.8
Realized gains on the sale of invested assets		6,662.3
Less operating expenses/legislative appropriations		(174.6)
Less Alaska Capital Income Fund committed realized earnings		(50.1)
Statutory net income		<u>7,962.4</u>

GAAP (Accounting) Net Income

Statutory net income		7,962.4
Unrealized gain on invested assets		11,404.1
Alaska Capital Income Fund committed realized earnings		50.1
Accounting net income	\$	<u>19,416.6</u>

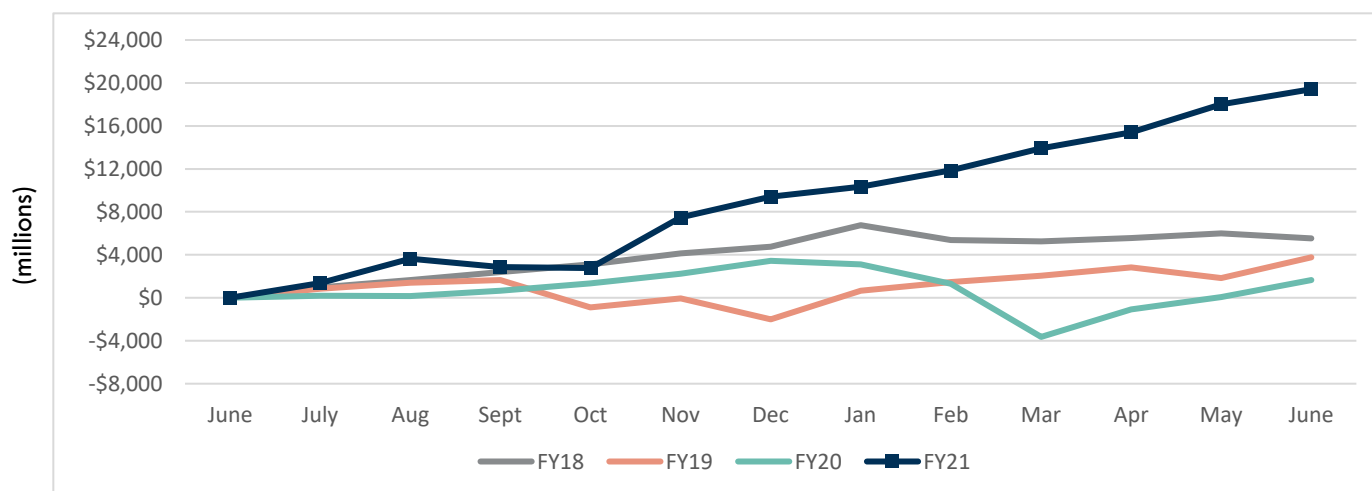
Statutory Net Income, Fiscal Years 2018 - 2021



- Comprised of receipts from interest on fixed income, real estate rentals, stock dividends, and all realized gains and losses on the sales of invested assets, less AK Capital Income Fund committed amounts and operating expenses.

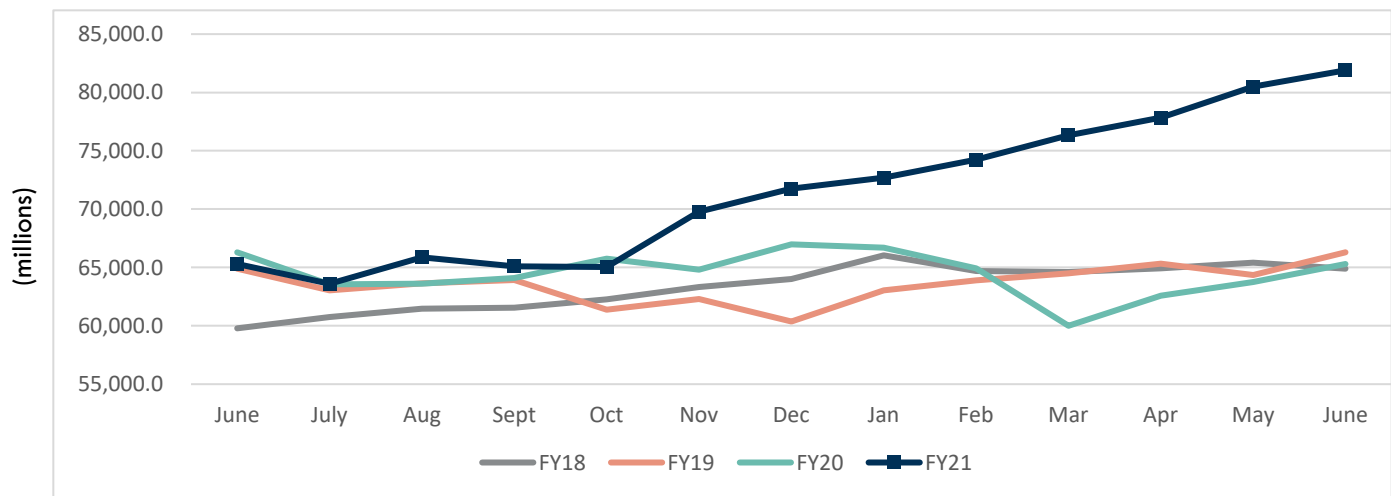
- FY18 statutory net income was \$6,324.4 million.
- FY19 statutory net income was \$3,305.1 million.
- FY20 statutory net income was \$3,106.0 million.
- FY21 statutory net income was \$7,962.4 million.

GAAP Accounting Net Income, Fiscal Years 2018 - 2021



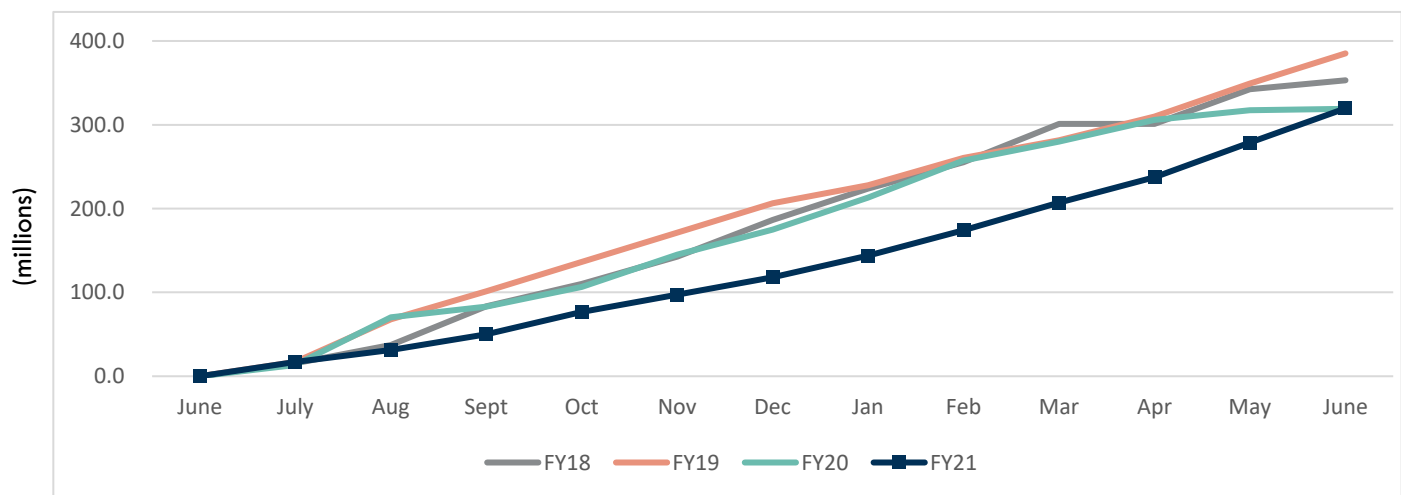
- Accounting net income is the same as statutory net income, except it includes unrealized gains and losses.
- Accounting net income for FY18 was \$5,525.5 million.
- Accounting net income for FY19 was \$3,765.8 million.
- Accounting net income for FY20 was \$1,636.5 million.
- Accounting net income for FY21 was \$19,416.6 million.

Market Value of Fund Net Assets, Fiscal Years 2018 - 2021



- FY18 net assets as of June 2018 were \$64.9 billion, an increase of \$5.1 billion over the FY17 ending balance.
- FY19 net assets as of June 2019 were \$66.3 billion, an increase of \$1.4 billion over the FY18 ending balance.
- FY20 net assets as of June 2020 were \$65.3 billion, a decrease of \$1.0 billion from the FY19 ending balance.
- FY21 net assets as of June 2021 were \$81.9 billion, an increase of \$16.6 billion from the FY20 ending balance.

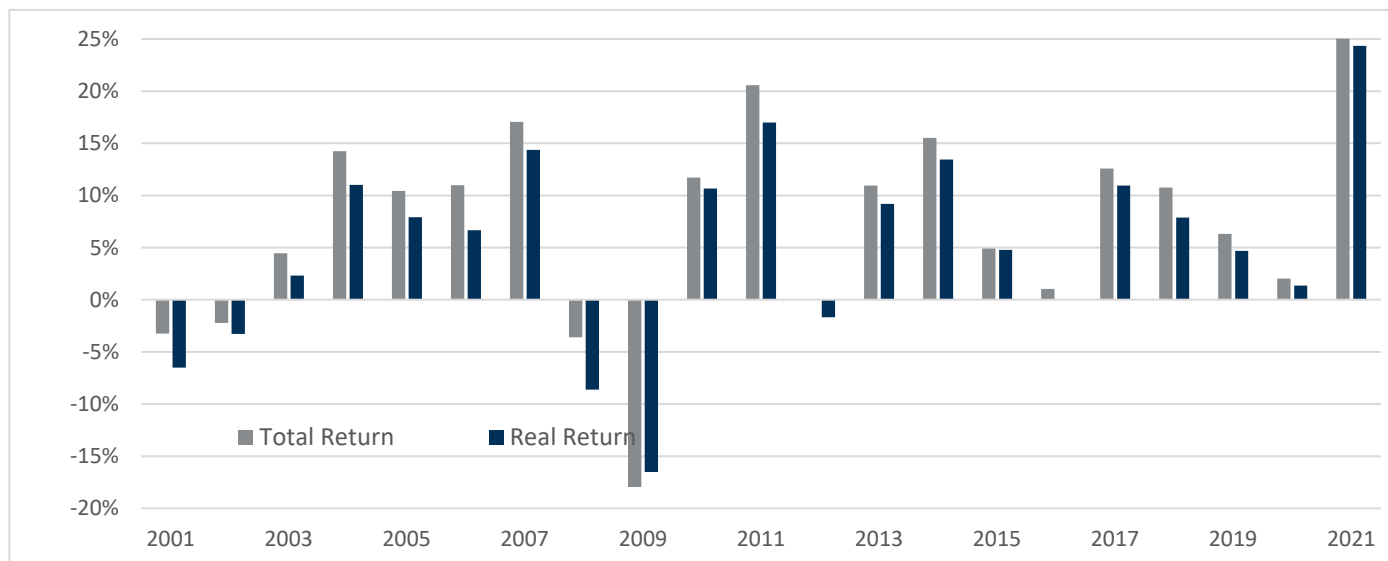
Dedicated Mineral Revenues, Fiscal Years 2018 - 2021



- FY18 mineral revenue was \$353.1 million.
- FY19 mineral revenue was \$385.2 million.
- FY20 mineral revenue was \$319.0 million.
- FY21 mineral revenue was \$319.6 million.

Alaska Permanent Fund Historical Returns, Fiscal Years 2001 - 2021

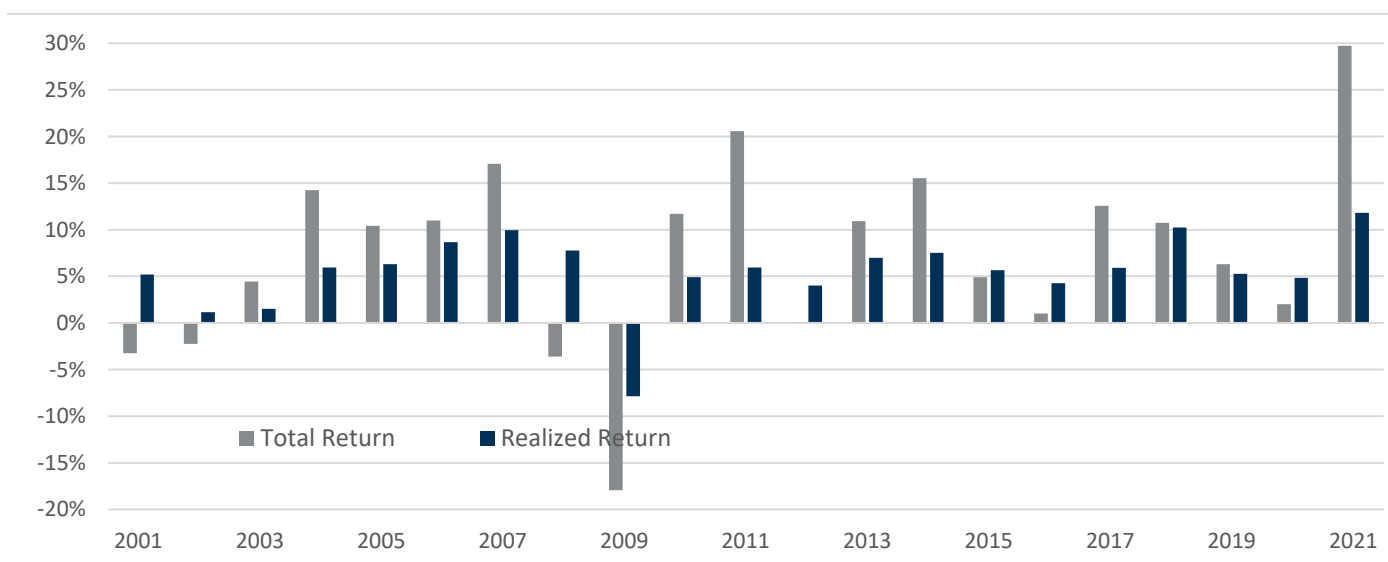
Total return minus inflation equals real return



- Total return annualized over 37 years is 9.20%
- Real return annualized over 37 years is 6.59%

Alaska Permanent Fund Historical Returns, Fiscal Years 2001 - 2021

Total return minus unrealized gains/losses equals realized return



- Total return annualized over 37 years is 9.20%
- Realized return annualized over 37 years is 7.55%

Board of Trustees - APFC Transfers - April 1 through June 30, 2021

<u>Type of Transfer</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>Total</u>
Public Equities	(476,273,947)	(451,435,757)	714,069,513	(213,640,191)
Fixed Income	314,186,214	737,491	(2,332,782)	312,590,923
Private Equity & Special Opportunities	(114,849,526)	(48,615,253)	(165,315,997)	(328,780,776)
Real Estate	19,969,502	15,843,890	29,327,252	65,140,644
Infrastructure & Private Income	4,012,316	41,780,470	85,669,581	131,462,367
Absolute Return	147,503,981	(33,225,586)	(103,530,027)	10,748,368
Risk Parity	-	-	-	-
Total Fund Cash	(168,081,517)	502,156,003	(1,058,883,299)	(724,808,813)
Net Transfers	(273,532,977)	27,241,259	(500,995,759)	(747,287,477)

Board of Trustees - APFC Transfers - April 2021

Description	Total Fund Cash	Public Equities	Fixed Income	Pvt. Equity & Spec. Opps.	Real Estate	Infr. & Pvt. Income	Absolute Return	Net
State of Alaska & Administrative								
Mineral revenue	35,442,690							35,442,690
AIM STIF interest	4,827							4,827
Commission recapture proceeds	29,888							29,888
Securities Lending income	59,081							59,081
Appropriation to SOA GF from ERA	(300,000,000)							(300,000,000)
Corporate expenses	(9,069,463)							(9,069,463)
Public Equities								
Lyrical Value LC	100,000,000	(100,000,000)						-
SKBA Value LC	50,000,000	(50,000,000)						-
APF Tactical Tilts	114,668,199	(114,668,199)						-
APF Tac Tilts Cash	10,331,801	(10,331,801)						-
JP Morgan EM	100,000,000	(100,000,000)						-
Mandrian Investment Partners EM	25,000,000	(25,000,000)						-
SSGA International	4,005	(4,005)						-
Trustbridge EM	50,000,000	(50,000,000)						-
Wells Capital	25,000,000	(25,000,000)						-
Public EQ Sec Lend	1,269,942	(1,269,942)						-
Fixed Income								
APF High Yield	(30,000,000)		30,000,000					-
APF Aggregate	(255,000,000)		255,000,000					-
APF TBA Collateral	10,769,897		(10,769,897)					-
APF TIPS	(40,000,000)		40,000,000					-
Fixed Income Sec. Lending	43,889		(43,889)					-
Private Equity & Special Opportunities								
Private Equity distributions	256,024,642			(256,024,642)				-
Private Equity capital calls	(129,971,954)			129,971,954				-
Special Opportunities distributions	14,758,513			(14,758,513)				-
Special Opportunities capital calls	(25,961,674)			25,961,674				-
Real Estate								
Direct Real Estate distributions	6,320,845				(6,320,845)			-
Direct Real Estate capital calls	(1,450,796)				1,450,796			-
Real Estate Coinvestment distributions	10,434,221				(10,434,221)			-
Real Estate Coinvestment capital calls	(35,273,772)				35,273,772			-
Infrastructure, Private Credit & Private Income								
Infrastructure distributions	2,560,406					(2,560,406)		-
Infrastructure capital calls	(76,744,026)					76,744,026		-
Private Credit distributions	84,367,673					(84,367,673)		-
Private Credit capital calls	(15,520,228)					15,520,228		-
Private Income distributions	48,660,605					(48,660,605)		-
Private Income capital calls	(47,336,746)					47,336,746		-
Absolute Return								
Absolute Return distributions	2,496,019						(2,496,019)	-
Absolute Return capital calls	(150,000,000)						150,000,000	-
Net Transfers	(168,081,517)	(476,273,947)	314,186,214	(114,849,526)	19,969,502	4,012,316	147,503,981	(273,532,977)

Board of Trustees - APFC Transfers - May 2021

Description	Total Fund Cash	Public Equities	Fixed Income	Pvt. Equity & Spec. Opps.	Real Estate	Infr. & Pvt. Income	Absolute Return	Net
State of Alaska & Administrative								
Mineral revenue	38,197,653							38,197,653
AIM STIF interest	4,048							4,048
Commission recapture proceeds	5,983							5,983
AMHT Transfer to APF	1,130,000							1,130,000
Corporate expenses	(12,096,425)							(12,096,425)
Public Equities								
Allianz (RCM) Large Cap	75,000,000	(75,000,000)						-
AQR Global Equity	55,000,000	(55,000,000)						-
State Street Russell Fundamental LC	500,000,000	(500,000,000)						-
SSGA MSCI ACWI IMI	(500,000,000)	500,000,000						-
APF Tactical Tilts	51,087,980	(51,087,980)						-
APF Tac Tilts Cash	(1,087,980)	1,087,980						-
McKinley Capital Management	35,000,000	(35,000,000)						-
William Blair EM	25,000,000	(25,000,000)						-
Mandrian Investment Partners EM	100,000,000	(100,000,000)						-
Hardman Johnston Global	25,000,000	(25,000,000)						-
Trustbridge EM	25,000,000	(25,000,000)						-
Wells Capital	25,000,000	(25,000,000)						-
APF EM Markets EQ	78,969	(78,969)						-
WCM Global EQ	35,000,000	(35,000,000)						-
Public EQ Sec Lend	1,356,788	(1,356,788)						-
Fixed Income								
APF TBA Collateral	(784,657)		784,657					-
Capital Guardian HY EM Gov't	335		(335)					-
Fixed Income Sec. Lending	46,830		(46,830)					-
Private Equity & Special Opportunities								
Private Equity distributions	132,915,179			(132,915,179)				-
Private Equity capital calls	(68,720,179)			68,720,179				-
Special Opportunities distributions	28,142,407			(28,142,407)				-
Special Opportunities capital calls	(43,722,155)			43,722,155				-
Real Estate								
Direct Real Estate distributions	6,248,175				(6,248,175)			-
Direct Real Estate capital calls	(3,011,362)				3,011,362			-
Real Estate Coinvestment distributions	1,987,500				(1,987,500)			-
Real Estate Coinvestment capital calls	(21,100,426)				21,100,426			-
SSGA REITs	32,223				(32,223)			-
Infrastructure, Private Credit & Private Income								
Infrastructure capital calls	(60,112,279)					60,112,279		-
Private Credit distributions	31,863,429					(31,863,429)		-
Private Credit capital calls	(25,283,889)					25,283,889		-
Private Income distributions	29,385,251					(29,385,251)		-
Private Income capital calls	(29,461,792)					29,461,792		-
SSGA Listed Infrastructure	26,143					(26,143)		-
Absolute Return								
Absolute Return distributions	33,225,586						(33,225,586)	-
Net Transfers	502,156,003	(451,435,757)	737,491	(48,615,253)	15,843,890	41,780,470	(33,225,586)	27,241,259

Board of Trustees - APFC Transfers - June 2021

Description	Total Fund Cash	Public Equities	Fixed Income	Pvt. Equity & Spec. Opps.	Real Estate	Infr. & Pvt. Income	Absolute Return	Net
State of Alaska & Administrative								
Mineral revenue	22,573,010							22,573,010
AIM STIF interest	2,248							2,248
Commission recapture proceeds	29,856							29,856
Securities Lending income	12,333							12,333
Class action proceeds	434,104							434,104
Appropriation to SOA GF from ERA	(491,492,927)							(491,492,927)
AMHT Transfer from APF	(22,880,200)							(22,880,200)
Corporate expenses	(9,674,183)							(9,674,183)
Public Equities								
Mellan S&P 500	(900,000,000)	900,000,000						-
SKBA Value LC	38,575,095	(38,575,095)						-
CastleArk Large Cap	(60,000,000)	60,000,000						-
APF Domestic EQ	206,000,000	(206,000,000)						-
APF EM Markets EQ	777	(777)						-
Public EQ Sec Lend	1,343,031	(1,343,031)						-
International Transition	11,585	(11,585)						-
Fixed Income								
APF Domestic Structured	(8,750,000)		8,750,000					-
APF TBA Collateral	2,297,424		(2,297,424)					-
APF Fixed Income Plus Cash	8,750,000		(8,750,000)					-
Fixed Income Sec. Lending	35,357		(35,357)					-
Private Equity & Special Opportunities								
Private Equity distributions	192,286,633			(192,286,633)				-
Private Equity capital calls	(114,842,845)			114,842,845				-
Special Opportunities distributions	122,083,266			(122,083,266)				-
Special Opportunities capital calls	(34,211,056)			34,211,056				-
Real Estate								
Direct Real Estate distributions	7,234,609				(7,234,609)			-
Direct Real Estate capital calls	(1,645,000)				1,645,000			-
Real Estate Coinvestment distributions	610,287				(610,287)			-
Real Estate Coinvestment capital calls	(35,533,526)				35,533,526			-
SSGA REITs	6,378				(6,378)			-
Infrastructure, Private Credit & Private Income								
Infrastructure distributions	1,739,976					(1,739,976)		-
Infrastructure capital calls	(64,716,982)					64,716,982		-
Private Credit distributions	38,029,898					(38,029,898)		-
Private Credit capital calls	(41,642,975)					41,642,975		-
Private Income distributions	46,424,486					(46,424,486)		-
Private Income capital calls	(65,505,716)					65,505,716		-
AEW Global RE Securities	1,732					(1,732)		-
Absolute Return								
Absolute Return distributions	103,530,027						(103,530,027)	-
Net Transfers	(1,058,883,299)	714,069,513	(2,332,782)	(165,315,997)	29,327,252	85,669,581	(103,530,027)	(500,995,759)



ALASKA PERMANENT
FUND CORPORATION

ALASKA PERMANENT FUND FUND FINANCIAL HISTORY & PROJECTIONS as of June 30, 2021

Projections extend ten years, and are based on best available information (\$ in millions)

Nonspendable Fund Balance - Principal							Assigned Fund Balance - Earnings Reserve										TOTAL FUND
FY	FY-Begin	Dedicated ⁽¹⁾	Inflation	FY-End	Unrealized	FY-End Non- spendable Balance	Acct. Net Income ⁽²⁾	Statutory Net Income ⁽³⁾	Distributions			FY-End Balance Realized	Unrealized		FY-End Assigned Balance	FY	
	Contrib.	State	Proofing & Special	Balance	Gain (Loss)				Div/POMV	Inflation	FY-End		Gain (Loss)				
	Balance	Revenues	Approp.	Contributions	Balance				Transfer ⁽⁹⁾	Prfg & Spec	Balance		Balance				
77-11	0	12,755	20,289	33,044	4,788	37,832	41,659	38,780	19,186	16,991	434	2,016	292	2,308	77-11	40,140	
12	33,044	915	1,073	35,033	3,220	38,253	(100)	1,568	605	1,073	17	1,905	175	2,081	12	40,333	
13	35,033	840	743	36,615	4,184	40,800	4,314	2,928	604	743	30	3,487	567	4,054	13	44,854	
14	36,615	779	546	37,941	7,062	45,002	6,848	3,531	1,235	546	32	5,237	975	6,212	14	51,214	
15	37,941	600	624	39,165	6,473	45,638	2,384	2,907	1,373	624	24	6,147	1,016	7,163	15	52,801	
16	39,165	284	0 ⁽⁸⁾	39,449	4,750	44,199	398	2,198	696 ⁽⁷⁾	0 ⁽⁸⁾	18	7,649	921	8,571	16	52,770	
17	39,449	365	0 ⁽⁸⁾	39,814	7,155	46,969	6,676	3,214	0	0 ⁽⁸⁾	25	10,863	1,952	12,816	17	59,785	
18	39,814	353	0 ⁽⁸⁾	40,167	5,863	46,030	5,526	6,324	726	0 ⁽⁸⁾	43	16,461	2,403	18,864	18	64,894	
19	40,167	385	989	41,542	6,278	47,821	3,766	3,305	2,723	989	22	16,053	2,426	18,481	19	66,301	
20	41,542	319	4,758 ⁽¹⁰⁾	46,619	5,789	52,408	1,637	3,106	2,933	4,758 ⁽¹⁰⁾	21	11,470	1,424	12,894	20	65,302	
21	46,619	320	0 ⁽⁸⁾	46,939	13,810	60,749	19,417	7,962	3,091	0 ⁽⁸⁾	50	16,341	4,807	21,148	21	81,897	
22	46,939	340	0 ⁽⁸⁾	47,278	13,644	60,922	5,256	4,947	3,069	0 ⁽⁸⁾	27	18,219	5,258	23,477	22	84,399	
23	47,278	351	1,072	48,701	13,830	62,531	5,411	5,093	3,361	1,072	27	18,880	5,362	24,242	23	86,773	
24	48,701	396	1,105	50,202	14,057	64,259	5,559	5,234	3,607	1,105	27	19,402	5,433	24,835	24	89,094	
25	50,202	445	1,140	51,786	14,319	66,105	5,704	5,371	3,826	1,140	27	19,809	5,477	25,286	25	91,390	
26	51,786	472	1,176	53,433	14,615	68,049	5,847	5,506	4,053	1,176	27	20,085	5,494	25,579	26	93,628	
27	53,433	503	1,214	55,150	14,954	70,105	5,984	5,636	4,314	1,214	27	20,194	5,476	25,670	27	95,774	
28	55,150	535	1,253	56,938	15,308	72,246	6,120	5,765	4,432	1,253	27	20,274	5,451	25,725	28	97,971	
29	56,938	567	1,294	58,799	15,675	74,473	6,260	5,897	4,545	1,294	27	20,332	5,420	25,752	29	100,225	
30	58,799	584	1,336	60,719	16,053	76,772	6,402	6,032	4,657	1,336	27	20,370	5,385	25,755	30	102,527	
Cumulative Totals																	
Proj. for FY21-FY30							71,961	57,443	38,955	9,588	294						

Assumptions:				Total Return - Inflation = Total Real Return	Statutory Return
FY21	⁽³⁾	29.73%	1.23%	28.50%	5.45%
FY22-FY30	⁽⁴⁾	6.75%	2.25%	4.50%	6.40%

Notes related to financial history and projections:

- ⁽¹⁾ Dedicated State Revenues in current and future fiscal years are based on the Spring 2021 Department of Revenue forecast.
- ⁽²⁾ Accounting net income is based on United States Generally Accepted Accounting Principles (GAAP).
- ⁽³⁾ Current year returns reflect actual results.
- ⁽⁴⁾ Future returns are based on 2020 Callan capital market assumptions and median expected returns (the mid case). Actual results will vary.
- ⁽⁵⁾ During FY 2009, the ACIF realized losses of \$33.3 million, which are excluded from statutory net income, and are included in the ending unreserved balance as a deficit account. During FY 2010 and FY 2011, the ACIF had realized income of \$20.8 and \$25.3 million, which is excluded from statutory net income, and served to reduce the FY 2009 deficit.
- ⁽⁶⁾ The statutory inflation calculation for FY 2010 was -36%; therefore, there was no inflation proofing transfer during FY 2010.
- ⁽⁷⁾ The dividend transfer reported for FY16 was paid out in dividends during FY17.
- ⁽⁸⁾ There was no appropriation for inflation proofing in FY16, FY17, FY18, FY21 and FY22.
- ⁽⁹⁾ Per AS 37.13.140, beginning in FY19, transfers are based on a percent of market value (POMV) calculation and are to the General Fund. In previous years, transfers were based on an earnings calculation and were to the Dividend Fund.
- ⁽¹⁰⁾ In FY20, an additional \$4 billion was appropriated from the ERA to principal. The intent of the legislation was to forward fund inflation proofing.
- ⁽¹¹⁾ All transfers out of the Earnings Reserve are subject to Legislative appropriation.

Income Year-to-Date as of June 30, 2021

FY21 YTD Statutory Net Income	
Interest, dividends, real estate & other income	\$ 1,524.7
Realized gains (losses) on the sale of assets	6,662.5
Less operating expenses	(174.6)
Less AK Capital Inc. Fund realized earnings	(50.1)
	\$ 7,962.4

FY21 YTD Accounting (GAAP) Net Income	
Statutory net income (loss)	\$ 7,962.4
Unrealized gains (losses) on invested assets	11,404.1
AK Capital Income Fund realized earnings	50.1
Accounting (GAAP) net income (loss)	\$ 19,416.6

FY22 POMV Distribution (actual) ⁽¹¹⁾		FY22 Statutory Dividend Transfer (actual) ⁽¹¹⁾	
Ending Fund Value (ex Am Hess)		Statutory Net Income	
FY20	\$ 64,877.4	FY21	\$ 7,962.3
FY19	65,876.7	FY20	3,106.0
FY18	64,469.9	FY19	3,305.0
FY17	59,360.8	FY18	6,324.4
FY16	52,345.1	FY17	3,214.2
Average Value \$ 61,386.0		Avail for Dist (21%) \$ 5,021.5	
Statutory Distribution	\$ 3,069.3	Statutory Trnsfr Amt	\$ 2,510.7

FY23 POMV Distribution (actual) ⁽¹¹⁾		FY23 Statutory Dividend Transfer (projected) ⁽¹¹⁾	
Ending Fund Value (ex Am Hess)		Statutory Net Income	
FY21	\$ 81,472.7	FY22	\$ 4,947.3
FY20	64,877.4	FY21	7,962.3
FY19	65,876.7	FY20	3,106.0
FY18	64,469.9	FY19	3,305.0
FY17	59,360.8	FY18	6,324.4
Average Value \$ 67,211.5		Avail for Dist (21%) \$ 5,385.5	
Statutory Distribution	\$ 3,360.6	Statutory Trnsfr Amt	\$ 2,692.7

FYTD 2021 Fees & Expenses by Funding Source*

Report Date	June 30, 2021
Total Fund Balance	82,601,517,000
YTD Change in Total Fund Balance (Net of Transfers)	19,584,616,000

Investment Management Fees

	Paid from Investments	Paid from Investment Management Allocation	Paid from Operations Allocation	Total
Public Equity	1,968,000	59,105,000	1,527,000	62,600,000
Fixed Income	257,000	10,553,000	4,115,000	14,925,000
Absolute Return	55,656,000	259,000	368,000	56,283,000
Risk Parity	2,704,000	296,000	92,000	3,092,000
Total Fund Cash	0	127,000	276,000	403,000
Private Equity & Special Opps	134,237,000	23,253,000	2,871,000	160,361,000
Infrastructure & Private Income	66,877,000	2,736,000	1,417,000	71,030,000
Real Estate	33,802,000	5,136,000	3,381,000	42,319,000
Total Mgmt Fees by Source	295,501,000	101,465,000	14,047,000	411,013,000
Basis Points	36	12	2	50

Profit Sharing/Performance

	Paid from Investments	Paid from Investment Management Allocation	Paid from Operations Allocation	Total
Public Equity	0	51,905,000	0	51,905,000
Absolute Return	93,663,000	0	0	93,663,000
Private Equity & Special Opps	214,276,000	0	0	214,276,000
Infrastructure & Private Income	13,087,000	106,000	0	13,193,000
Real Estate	3,059,000	0	0	3,059,000
	324,085,000	52,011,000	0	376,096,000

* All amounts presented, including fund balance and change net of transfers, consist of both APF and AMHT combined.



Budget-to-Actual Report: July 1 through August 31, 2021

<u>Corporate Operations</u>	Board-authorized Budget	Expenditures	Remaining Budget
Personal Services	\$ 14,771,300	\$ 1,793,748	\$ 12,977,552
Staff: Salaries and Benefits	13,860,646	1,793,748	12,066,898
Staff: Investment Incentive Comp	890,000	-	890,000
Board: Honoraria	20,654	-	20,654
Travel	800,000	51,121	748,879
Staff	602,000	16,239	585,761
Trustees	18,000	347	17,653
Moving/Non-Employee	180,000	34,535	145,465
Contractual Services	3,213,600	621,247	2,592,353
Audit, Legal, Consulting	625,475	82,500	542,975
Public Communications	283,150	1,840	281,310
Board Support and Meetings	71,800	5,443	66,357
Information Technology	1,147,500	155,067	992,433
HR and Recruitment	63,710	1,569	62,141
Training/Education	199,600	4,464	195,136
Office Support	822,365	370,364	452,001
Commodities	201,100	18,237	182,863
Equipment	550,000	-	550,000
Corporate Operations Total	\$ 19,536,000	\$ 2,484,353	\$ 17,051,647
<u>Investment Management</u>			
Investment Systems	\$ 8,080,900	\$ 2,049,626	\$ 6,031,274
Investment Due Diligence	6,136,700	1,023,735	5,112,965
Custody Fees	1,600,000	99,090	1,500,910
Investment Manager Fees	177,221,500	7,994,878	169,226,622
Public Equities	131,895,672	4,977,807	126,917,865
Fixed Income	9,755,847	650,683	9,105,164
Real Estate	3,114,387	299,662	2,814,725
Alternative Assets	32,455,594	2,066,726	30,388,868
Investment Management Total	\$ 193,039,100	\$ 11,167,329	\$ 181,871,771
Legislative Appropriation	\$ 9,280,500	\$ -	\$ 9,280,500
Total Appropriation	\$ 221,855,600	\$ 13,651,682	\$ 208,203,918

SUBJECT: Chief Investment Officer's Report

ACTION: _____

DATE: September 28, 2021

INFORMATION: _____ X

BACKGROUND:

The Chief Investment Officer's report provides an overview of Fund positioning, performance, investment actions taken during the quarter, and other current topics in the investment department.

STATUS:

Marcus Frampton, CIO, will present Fund positioning, asset class performance and strategies, and investment actions taken during the quarter from April 1 to June 30, 2021.



ALASKA PERMANENT
FUND CORPORATION

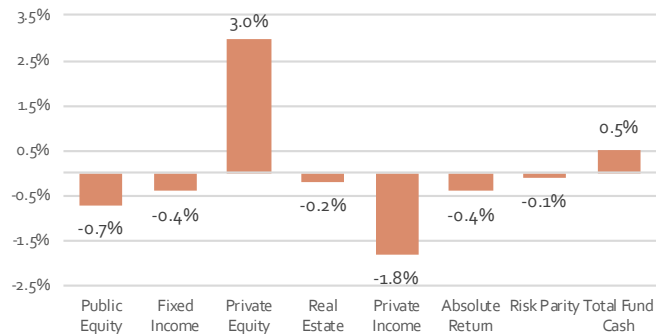
CIO Report
Marcus Frampton, Chief Investment Officer
September 28, 2021

Investment Department Current Topics

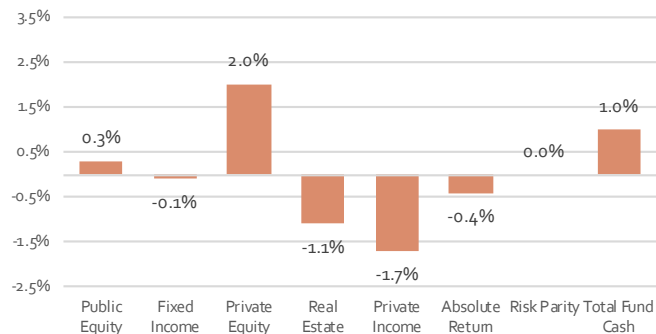
- FY '21 Performance
- Current portfolio positioning
- Personnel, open positions, and recruiting
- Assessment of Internal vs External Management
- FY 2023 Investment Department Budget Requests

Total Fund Positioning

Asset Allocation vs. Target (6/30/21)⁽¹⁾



Asset Allocation vs. Target (8/12/21)⁽¹⁾



- As equity markets continued to climb through the second quarter of the calendar year, most of Staff's rebalancing activities focused on trimming Public Equities and redeploying capital into Cash.
 - From April 1st through the completion of this report on August 12th, \$1.425 billion was trimmed from Public Equities.
 - Excess cash held has been used to fund \$942 mm in transfers to the State, various private market capital calls, and to fund \$325 mm to Fixed Income in mid-April in order to bring the asset class up to target allocation.
 - In mid-July, \$400 mm was transferred from Cash to Public Equities to take advantage of a dip in the market.
 - Staff also trimmed \$200 mm from Fixed Income in early August and transferred to Cash.
- The overweight to Private Equity is currently offset by underweights to other private asset classes.
 - The significant overweight to Private Equity is due in large part to strong performance and increasing valuations of existing investments in the first half of the year.

1. Source: APFC Risk Dashboard report as of 6/30/21 and 8/12/21.

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Assessment of Internal vs External Management by Asset Class

Public Markets

Public Equity

- The Public Equity portfolio has historically been managed by a team of 2-3 APFC investment staff responsible for overseeing the largely externally managed portfolio. Approximately 85% of the portfolio is managed externally, with the remaining 15% managed internally, primarily through the Tactical Tilt portfolio. The Tactical Tilt portfolio strategy is executed predominately with ETFs.
- One feasible opportunity for internalization of a portion of the Public Equity portfolio includes development of internally managed factor-based/quantitative equity portfolios. This would reduce external fees and add control over our exposures.
- Staff plans to develop additional internal trading portfolios over the next 12 – 24 months.

Fixed Income

- After adding a Global Rates Analyst position in FY '22, there are no near term additional position requests for the Fixed Income team.
- Emerging Market Debt and High Yield strategies remain largely outsourced, however the marginal resources required to bring these functions in house would be significant and are not being recommended at this time.

Assessment of Internal vs External Management by Asset Class

Private Markets

Absolute Return

- Staff is comprised of a lean team of ~1.5 FTEs, which is viewed as adequate for the function of manager selection, the only function currently performed in-house.
- Certainly other peer organizations that run a similar Absolute Return strategy are more heavily staffed than APFC, and there is some level of risk of losing key personnel in the portfolio, but staff has historically done well with the given resources.
- Future internalization opportunities could theoretically include internal trading and/or co-investments, but these are not being recommended at this time.

Real Estate

- Today the primary focus of the Real Estate portfolio is building out exposure based on the ultimate 12% allocation in FY '25.
- There has been good progress made recently towards internalization of management on certain properties, namely lower management intensive assets such as single-tenant industrial properties.

Private Equity

- The focus of the Private Equity portfolio is to continue to build on the historical hybrid approach of co-investing alongside GPs as well as fund investments.
- As the portfolio grows, it is prudent to add additional resources given the increasing number of investments and their complexity.

Investment Department Budget Request Context

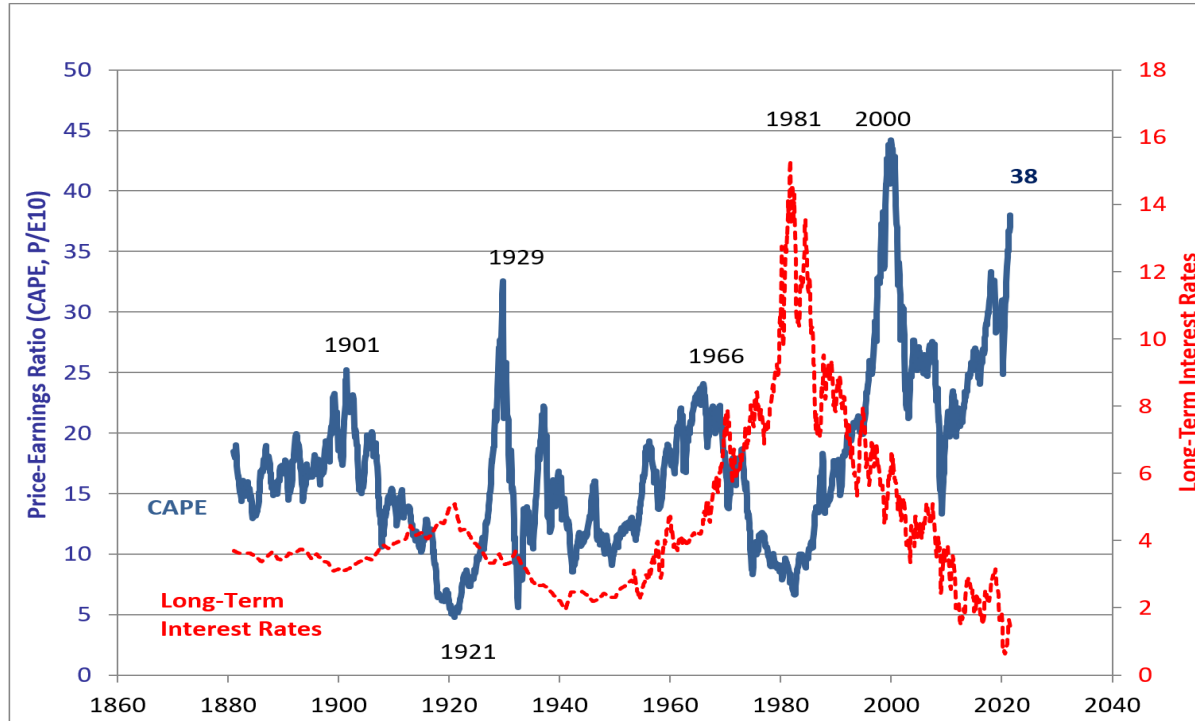
Public Markets

- Liquid public markets tend to be quite scalable, so additional headcount tends to be associated with new initiatives as opposed to natural portfolio growth.
- **Public Equity** - 2 FTEs requested as staff develop more internal strategies.
- **Fixed Income** - No FTEs requested as no significant initiatives are currently being contemplated.

Private Markets

- The nature of private investment initiatives makes them less scalable.
 - As we double the size of our Real Estate portfolio, the number of assets grows similarly.
 - The number of Private Equity and Private Income investments are also growing.
- **Real Estate** - 1 FTE requested
- **Alternatives** - 4 FTEs requested

Stocks Extremely Expensive with Real Interest Rates Negative



Greed vs. Fear

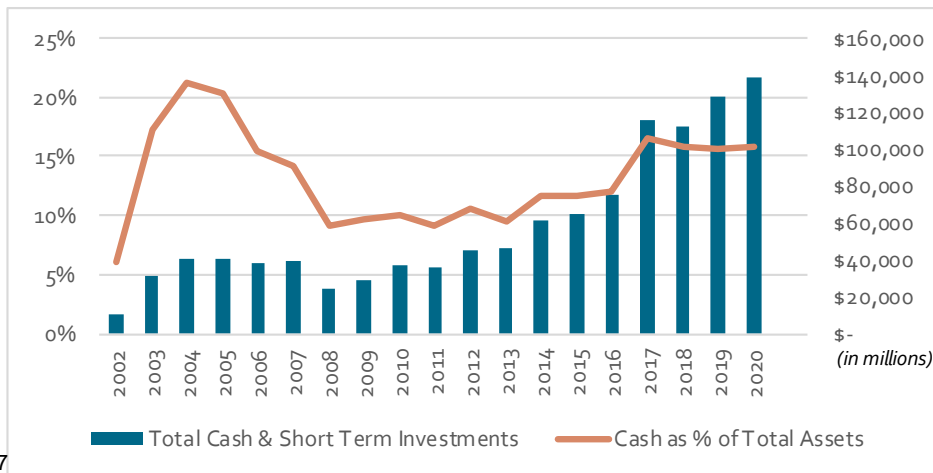
"Be fearful when others are greedy. Be greedy when others are fearful." – Warren Buffett

Greedy?

- New South Wales Generations Fund (NGF)'s carry trade:
 - NGF, an Australian state-run rainy day fund, plans to raise \$10 - \$20 billion in low interest rate debt and put the capital to work in global stock markets in the hope that more is earned in stocks than the cost of the debt.
 - The risky move hinges on the expectation that global stock market valuations will continue to rise.

Fearful?

Berkshire Hathaway's Cash Position

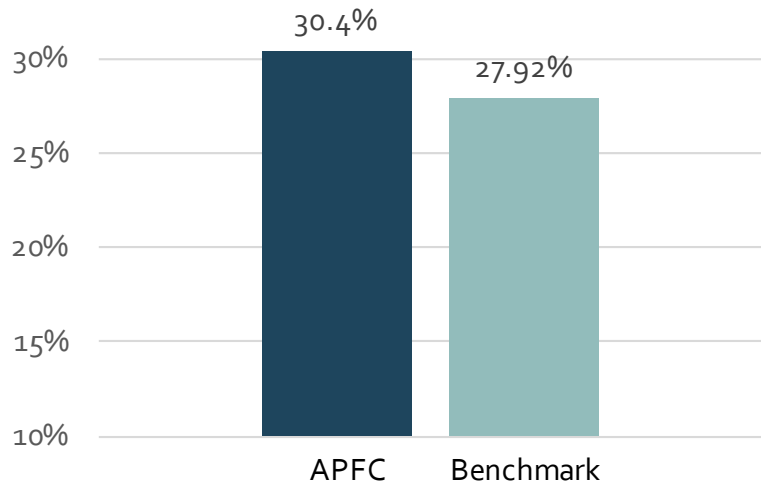


APFC Positioning

"Yale targets a minimum allocation of 30% of the endowment to market-insensitive assets (cash, bonds, and absolute return)." – Yale Endowment Investment Report from 2020

Greedy?

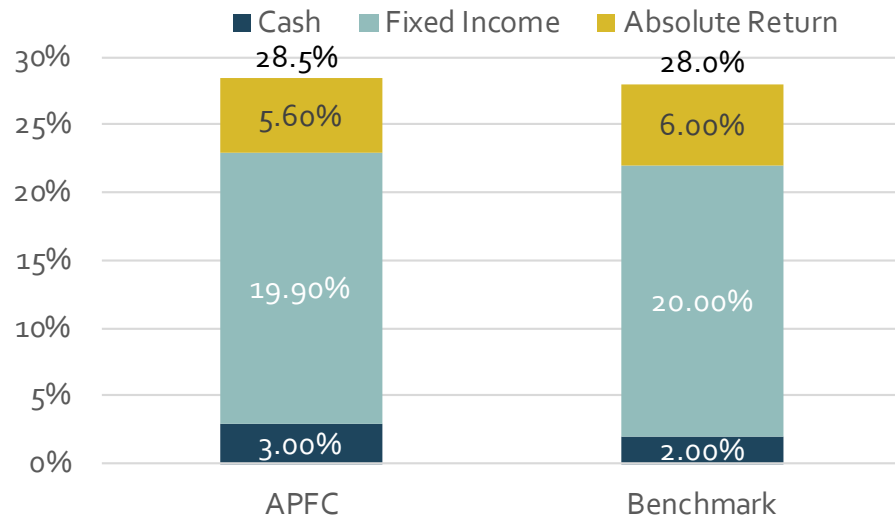
VaR (1 yr, 97.5%) as a % of Total Fund NAV⁽¹⁾



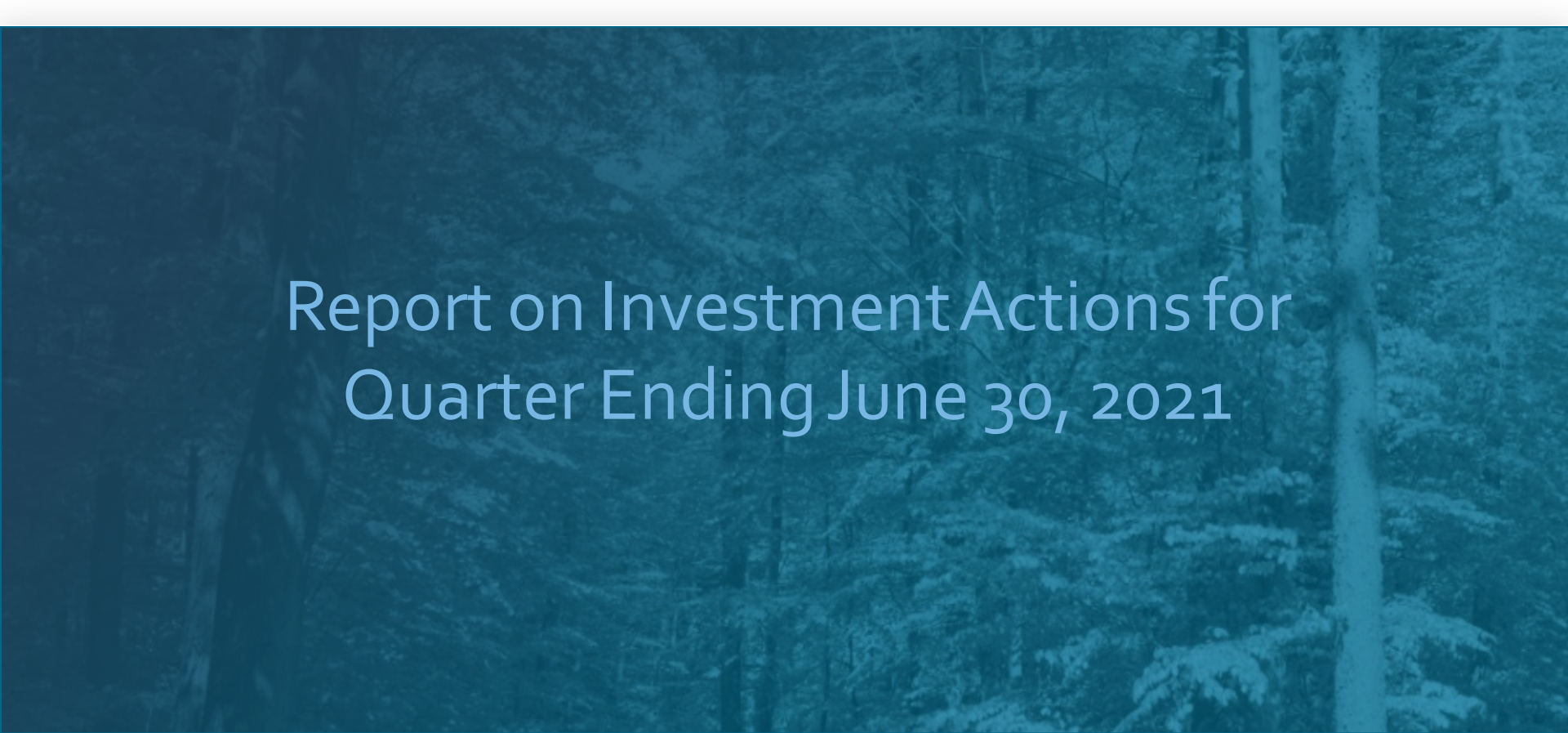
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Fearful?

Market-Insensitive Asset Allocation – APFC vs. Benchmark⁽¹⁾



1. Source: APFC Daily Risk Dashboard report as of 8/12/21



Report on Investment Actions for Quarter Ending June 30, 2021

Investment Actions

Quarter Ending June 30, 2021

Public Equity

- During FY '21 Q4, \$925 million was transferred from Public Equities to Total Fund Cash. \$175 million was redeemed from the internally managed APFC Tactical Tilts portfolio. The majority, \$750 million, was redeemed from the following external managers:

- \$100 million from JP Morgan Emerging Markets
- \$100 million from Lyrical US Large Cap Value
- \$50 million from SKBA US Large Cap Value
- \$75 million from Trustbridge China
- \$50 million from Wells China
- \$125 million from Mondrian Emerging Markets
- \$75 million from AGI US Large Cap Growth
- \$55 million from AQR Global
- \$35 million from WCM Global
- \$35 million from McKinley Global
- \$25 million from William Blair Emerging Markets
- \$25 million from Hardman International Growth

- Additionally, during the quarter, \$1.9 billion was rebalanced across external managers as follows:

	<u>Redemptions:</u>	<u>Contributions:</u>
• May 13 th :	\$500 million from SSGA Russell Fundamental	\$500 million to SSGA MSCI ACWI IMI
• June 4 th :	\$200 million from APF Domestic equity (Low PE)	\$200 million to Mellon Capital Management S&P 500
• June 16 th –18 th :	\$550 million from Lyrical US Large Cap Value	\$1.1 billion to Mellon Capital Management S&P 500
	\$550 million from LSV US Large Cap Value	\$100 million to CastleArk US Large Cap Growth
	\$100 million from SKBA US Large Cap Value	

Investment Actions (continued)

Quarter Ending June 30, 2021

Private Income

Fund Commitments closed in Fiscal Q4:

- \$250 million to KKR Global Infrastructure IV
- \$75 million to Ares SSG SLO III
- \$50 million to Incline Aviation II

Total: \$375 million

Co-investments closed in Fiscal Q4:

- \$20 million to an ADAC co-investment with Charlesbank Credit

Private Equity & Special Opps

Fund Commitments closed in Fiscal Q4:

- \$25 million to Genstar X
- \$40 million to Ara Partners II
- \$50 million to Constellation Generation IV
- \$25 million to PSG V
- \$60 million to TA Associates XIV
- \$45 million to Flagship Pioneering VII
- \$25 million to L Catterton Latin America III
- \$22 million to Quad-C

Total: \$292 million

Absolute Return

New Investments/Commitments in Fiscal Q4:

- \$50 million allocation to Gamma Q
 - \$150 million allocation to Brevan Howard
 - (\$93) million redemption from Field Street
- \$107 million net new deployment**

Investment Actions

Quarter Ending June 30, 2021

Total Fund Cash & Risk Parity

- During FY '21 Q4, Total Fund Cash had a net inflow of ~\$25 million. Activity in the Total Fund Cash included rebalancing from Public Equities and into Fixed Income, funding of alternative investments, and funding to the State's General Fund.
- There was a net inflow of \$116 million from private markets. Inflows were the result of a redemption in hedge funds, distributions from alternative investments, and the sale of stock in the Private Equity portfolio.
- During the quarter, Staff transferred \$791 mm to the State General Fund as part of the FY2021 appropriation.
- \$96 million was received in DNR royalty proceeds during the quarter.
- \$22 million was paid in management fees during the quarter.

SUBJECT: Private Market Lending Presentation
Audax Private Debt

ACTION: _____

DATE: September 28, 2021

INFORMATION: _____ X

BACKGROUND:

Audax Group is a leading private markets investment manager with \$30 billion of capital raised across private equity and private credit since its founding in 1999. Audax is also one of APFC's longest-standing private credit managers dating back to our 2011 \$250 million commitment to their Mezzanine Fund III. APFC has also invested as a limited partner in each of Audax's subsequent Mezzanine funds as well as their more recent Uni-tranche funds (Direct Lending Solutions). Finally, Audax has been one of APFC's most active co-investing partners within private credit.

As part of the Board meeting discussion of the private credit market, Kevin Magid from Audax will be reviewing private credit markets broadly as well as their firm's strategies within the market.

Biography of Presenter:

Kevin Magid (President, Audax Private Debt)

Kevin is the President of Audax Private Debt. He established and has led Audax Private Debt since its inception. Kevin is responsible for overseeing all facets of Audax' debt business, including origination, underwriting, and portfolio management as well as setting the business' strategic direction.

Prior to starting Audax Private Debt in 2000, Kevin was a Managing Director in the Leveraged Finance/Merchant Banking Group at CIBC World Markets Corp. He also previously worked at Drexel Burnham Lambert, Wasserstein Perella and Kidder Peabody, principally in a leveraged finance role.

Kevin received an MBA from the Wharton School of the University of Pennsylvania and a BA in Economics from Tufts University.



Audax Private Debt



September 28, 2021

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Past performance is not a guarantee, and may not be indicative, of future results.

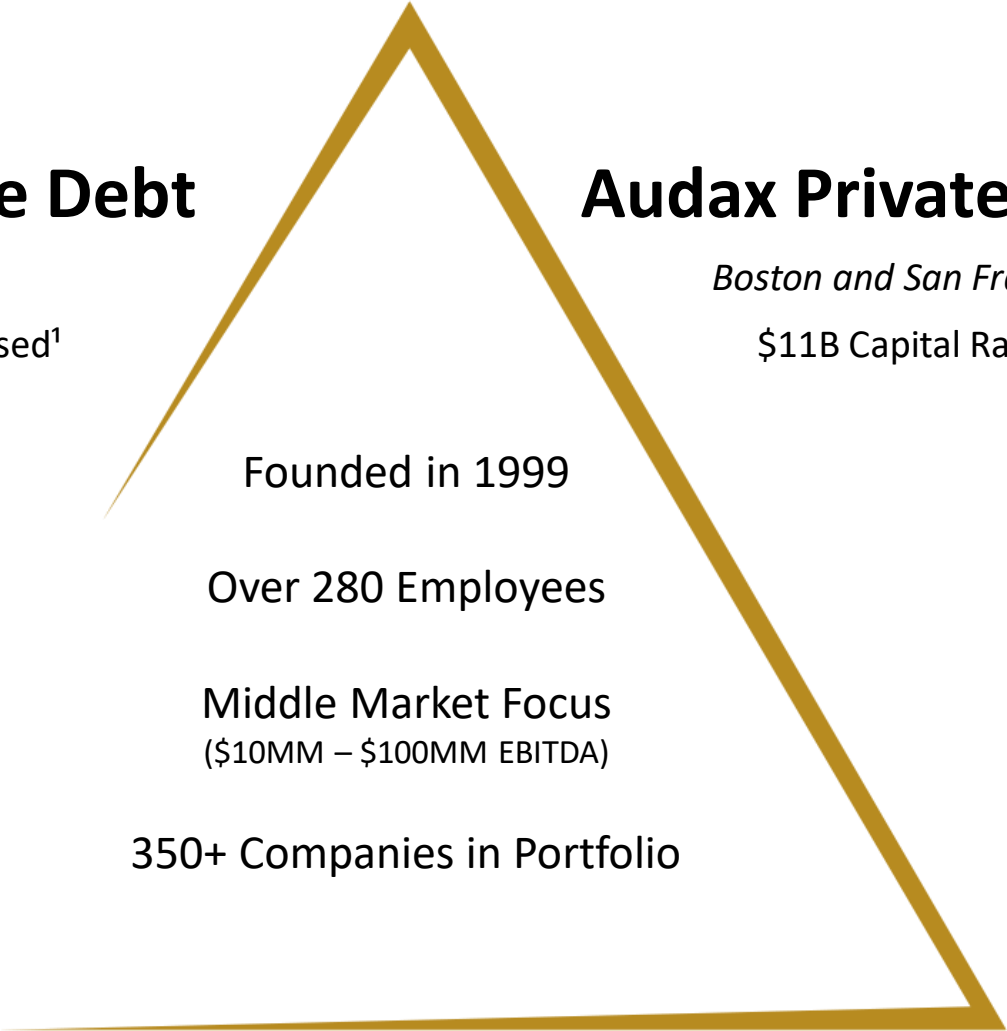
Audax Group – US Middle Market Leader

Audax Private Debt

New York
\$19B Capital Raised¹

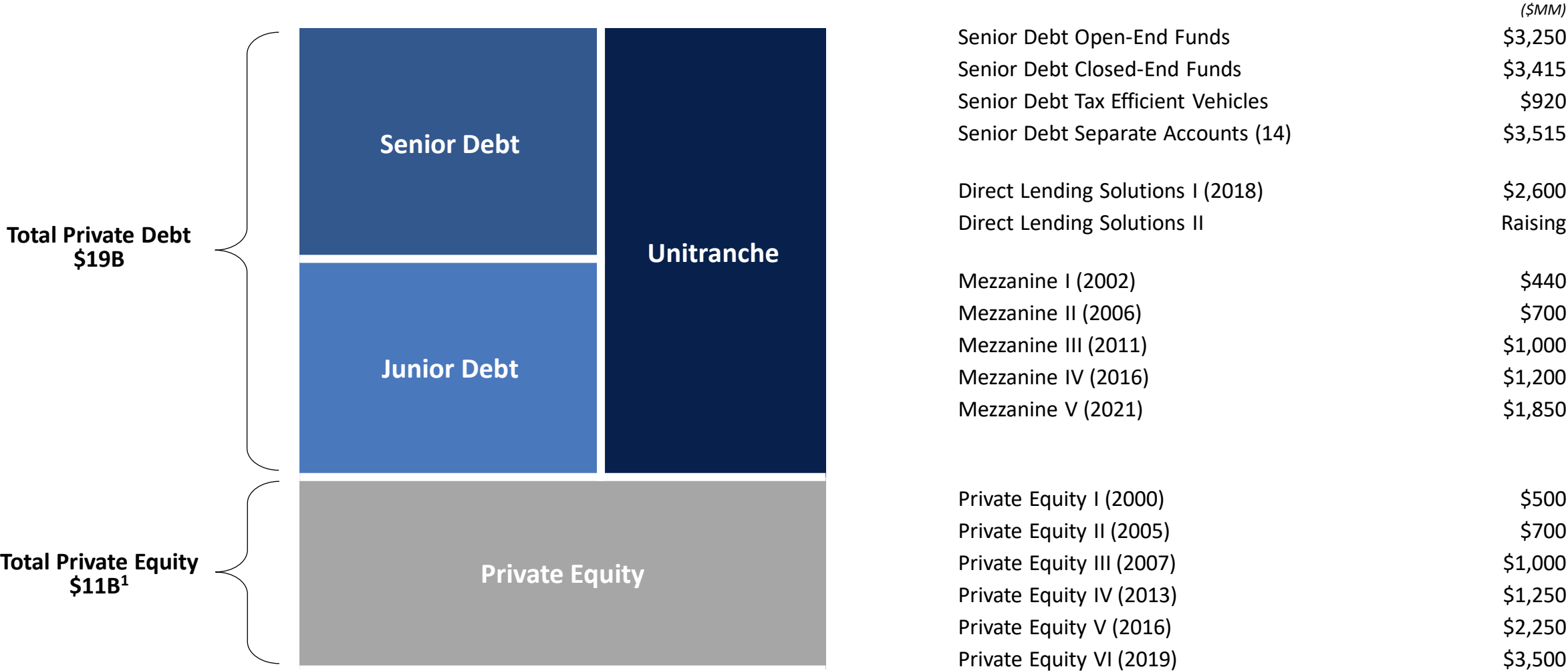
Audax Private Equity

Boston and San Francisco
\$11B Capital Raised



1) \$19 billion capital raised across Audax Private Debt includes \$8 billion of existing/anticipated leverage on certain Private Debt vehicles. Anticipated leverage levels may not be achieved. Reflects capital raised to date and excludes withdrawals and redemptions from open-end funds/accounts.

Audax Group – \$30 Billion of Capital Raised



\$30 billion of capital raised figure includes \$22 billion of investor equity commitments and \$8 billion of existing/anticipated leverage on certain Private Debt vehicles. Anticipated leverage levels may not be achieved. Figures reflect capital raised to date and exclude withdrawals and redemptions from open-end funds/accounts and, for individual funds/accounts, generally exclude Audax commitments. 1) Includes equity raised in the Audax Private Equity IV Continuation Fund.

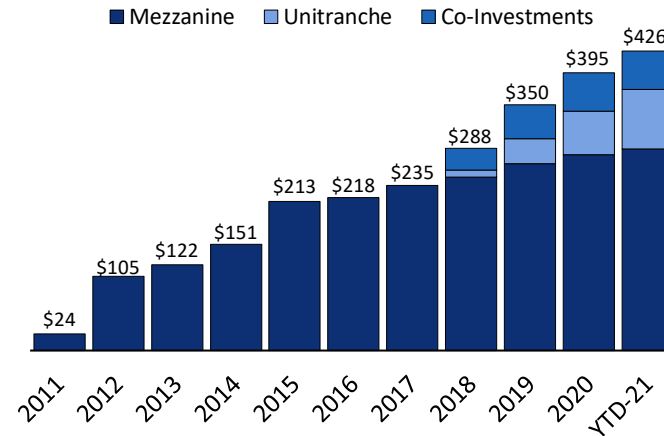
APFC – Audax Private Debt Partnership

APFC Commitments to Audax Funds

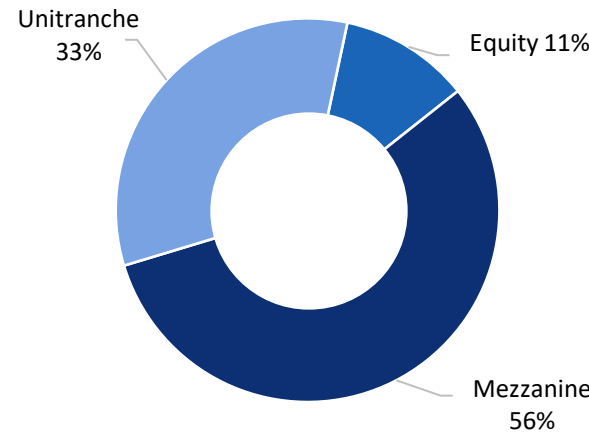
Mezzanine Fund III (2011):	\$250MM
Mezzanine Fund IV (2016):	\$50MM
Mezzanine Fund V (2021):	\$50MM
Direct Lending Solutions (2018):	\$125MM
Direct Lending Solutions II (2021):	\$75MM
Co-Investments:	\$56MM

- ▶ Alaska Permanent Fund Corporation has been a strategic relationship for Audax Private Debt since 2011
- ▶ The relationship commenced with a \$250MM commitment to Audax Mezzanine Fund III
- ▶ Audax seeks to provide APFC with current income and long-term capital appreciation on an attractive, risk-adjusted basis
- ▶ As of June 30, 2021, Audax has deployed **\$426MM for APFC, generating a 10% Net IRR and 1.3x Net MOIC¹**
- ▶ In addition to delivering attractive returns, the funds have maintained **low loss ratios:**²
 - ▶ Mezzanine Fund III: 3.8%
 - ▶ Mezzanine Fund IV: 1.5%
 - ▶ DLS Fund I: 0%

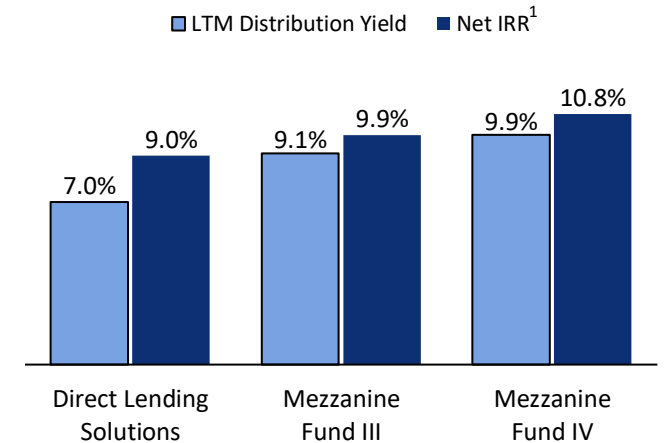
Steady Deployment – Cumulative Capital Called



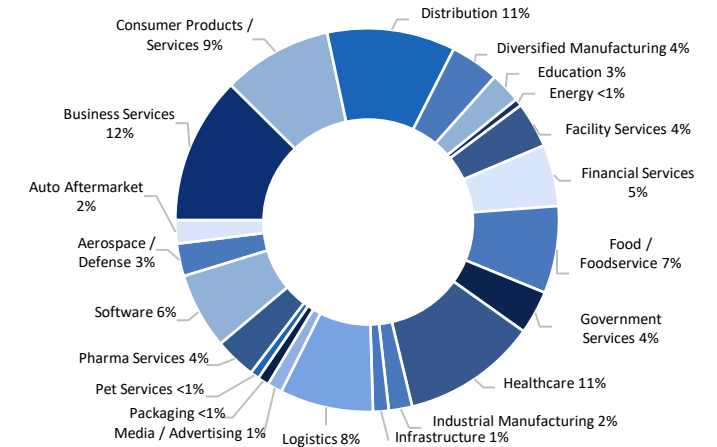
Diversified Exposure Across Asset Classes³



Attractive Performance



Diversified Industry Exposure⁴



1) Return information is for APFC's investments in Mezzanine Funds III and IV, DLS, and co-investments and is based on GAAP fair values. Final returns may differ from that shown. Mezzanine Fund III, IV, and DLS are borrowing under a credit line, which will increase the Net IRR.
2) Reflects realized losses on total dollars invested since inception (including debt and equity). Does not represent investment performance.
3) Represents APFC's investment, based on capital commitments, in Mezzanine Funds III and IV, DLS, and APFC's co-investments.
4) Reflects inception-to-date investments for Mezzanine Funds III and IV and DLS.

Consistent Premium Delivered

	APFC				
	Mezz I	Mezz II	Mezz III	Mezz IV	DLS I
Vintage	2002	2006	2011	2016	2018
Size (MM)	\$440	\$700	\$1,000	\$1,200	\$2,600
Cycle:	Post Recession Up Cycle	Deep Recession	Low and Decreasing Rates		Low Rates
Net IRR	11.4%	8.0%	9.9%	10.8%	9.0%
<i>Avg. U.S. TSY Yield¹</i>	<i>4.1%</i>	<i>3.4%</i>	<i>1.8%</i>	<i>1.8%</i>	<i>1.2%</i>
Spread over TSY	+730bps	+460bps	+810bps	+900bps	+780bps
<i>Index Performance²</i>	<i>9.0%</i>	<i>7.7%</i>	<i>6.5%</i>	<i>7.5%</i>	<i>4.1%</i>
Net IRR vs. Index	+240bps	+30bps	+340bps	+330bps	+490bps

Return information based on GAAP fair values as of June 30, 2021. Returns are shown for APFC's investments in Mezzanine Funds III and IV, and DLS I. DLS I is in the first half of its term and its return should be viewed accordingly. Mezz III and Mezz IV are borrowing under a credit line with respect to certain investments, which had the effect of increasing net IRR.

1) For Mezzanine funds, average 7-year treasury yield is shown and for Direct Lending Solutions, average 5-year treasury yield is shown, in each case as is reflective of the typical terms of the relevant mezzanine or unitranche debt. The average yield is reflective of the historical average during each fund's investment period.

2) Mezzanine funds are compared to the ICE BofA US High Yield Index and Direct Lending Solutions is compared to the S&P/LSTA Leveraged Loan Index. Performance for each index reflects the gross, monthly linked, market-weighted performance of the index during each fund's term. Please see Appendix – Important Notices for information regarding benchmarks.

Overview of the Private Credit Market

Private Credit – A Variety of Strategies

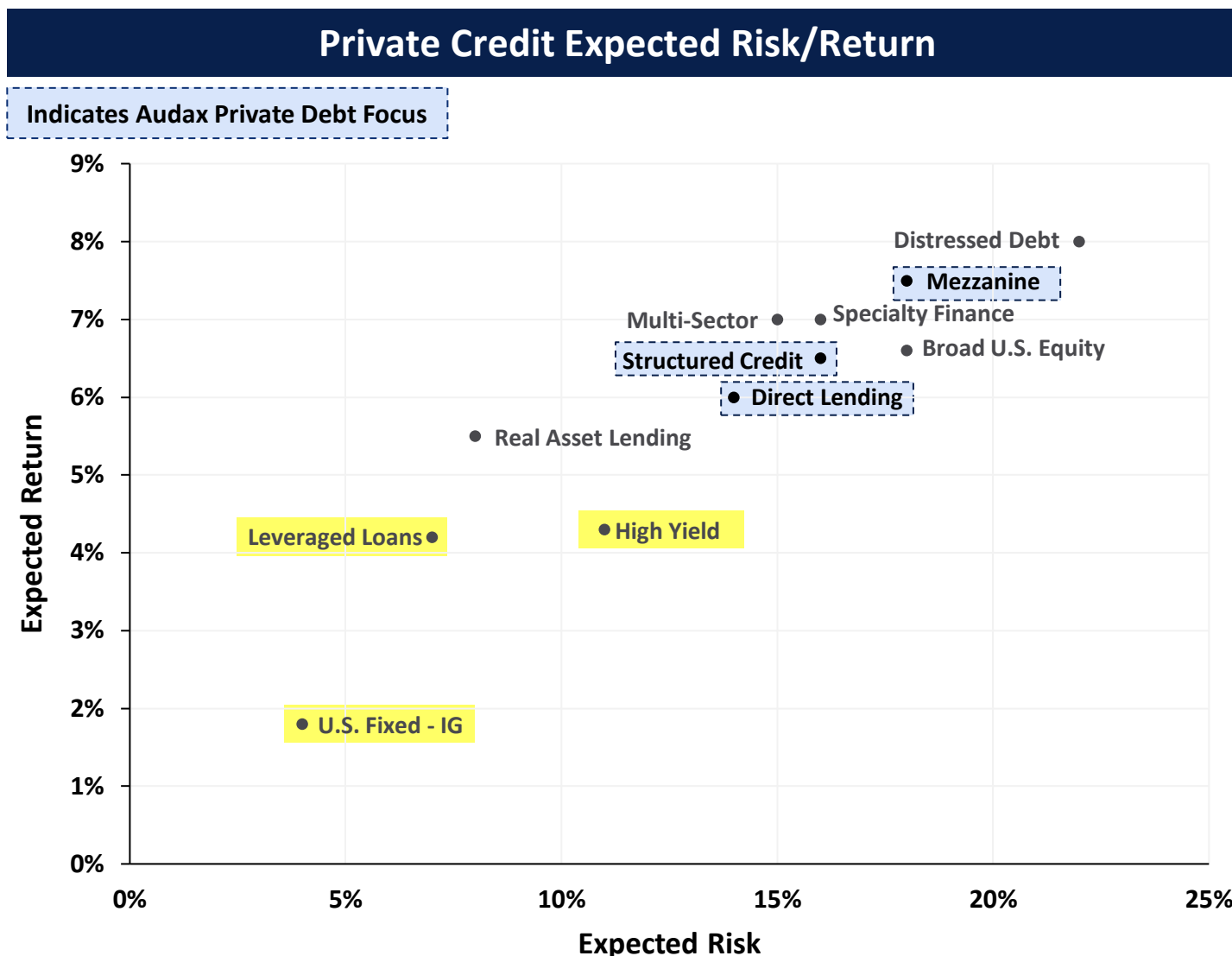
- ▶ Preqin reports Private Credit assets under management (AUM) of \$1 trillion at the end of 2020 and forecasts AUM of \$1.5 trillion for the asset class at the end of 2025
- ▶ Private Credit consists of a multitude of strategies that seek to generate higher yields than traditional investment-grade debt while offering a wide array of industry exposures and risk/return profiles

Cash Flow				Asset-Based		Distressed
Direct Lending	Mezzanine Debt	Specialty Finance	Structured Credit	Real Estate Credit	Real Assets Credit	Distressed & Special Situations
U.S. Direct Lending	U.S. Mezzanine	Consumer & SME Lending	CLO	US CRE Core Lending	Infrastructure Lending	Corporate Distressed
European Direct Lending	European Mezzanine	Factoring & Receivables	CRE	US CRE Transitional Lending	Energy Credit	Real Estate Distressed
Emerging Markets Lending	Structured Equity	Regulatory Capital Relief	RMBS	US CRE Bridge Lending	Trade Finance	Special Situations
Global Direct Lending		Royalties	Consumer ABS	European CRE Lending	Metals & Mining Finance	
		Healthcare Lending	European Structured Credit	EM CRE Lending	Agriculture Credit	
		Venture Lending	Multi-Sector	Residential Mortgages	Transportation	
		Insurance Linked				
		Litigation Finance				
		Merger Appraisal Rights				
		PE Portfolio Finance				
Audax Private Debt Focus						
Cash Flow – lending strategies that primarily rely on cash generation from ongoing company operations as collateral Asset-Based – lending strategies that primarily target assets as collateral Distressed – strategies focused on buying in the secondary markets at a discount to intrinsic value (i.e. investor returns driven by capital gains rather than yield)						

Source: Preqin data and Future of Alternatives 2025 survey; Aksia proprietary presentation, July 2020.

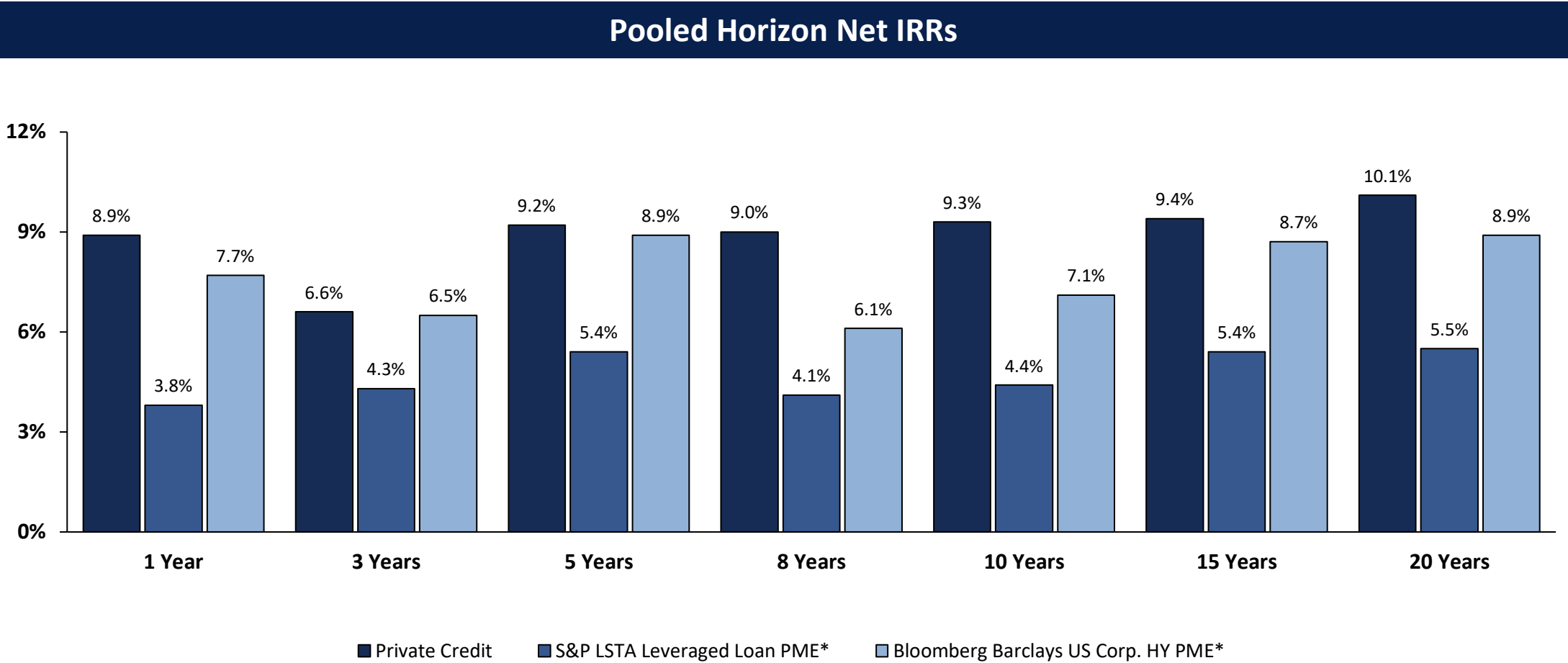
Private Credit – Risk / Return Dynamics

- ▶ Attractive yield generating characteristics in prolonged low-rate environment
- ▶ Direct Lending and Mezzanine – premiums over high yield with downside protection
- ▶ Central bank accommodative stance has limited distressed opportunity set



Source: Callan proprietary Alternatives Annual Review, June 2021.

Private Credit - Performance



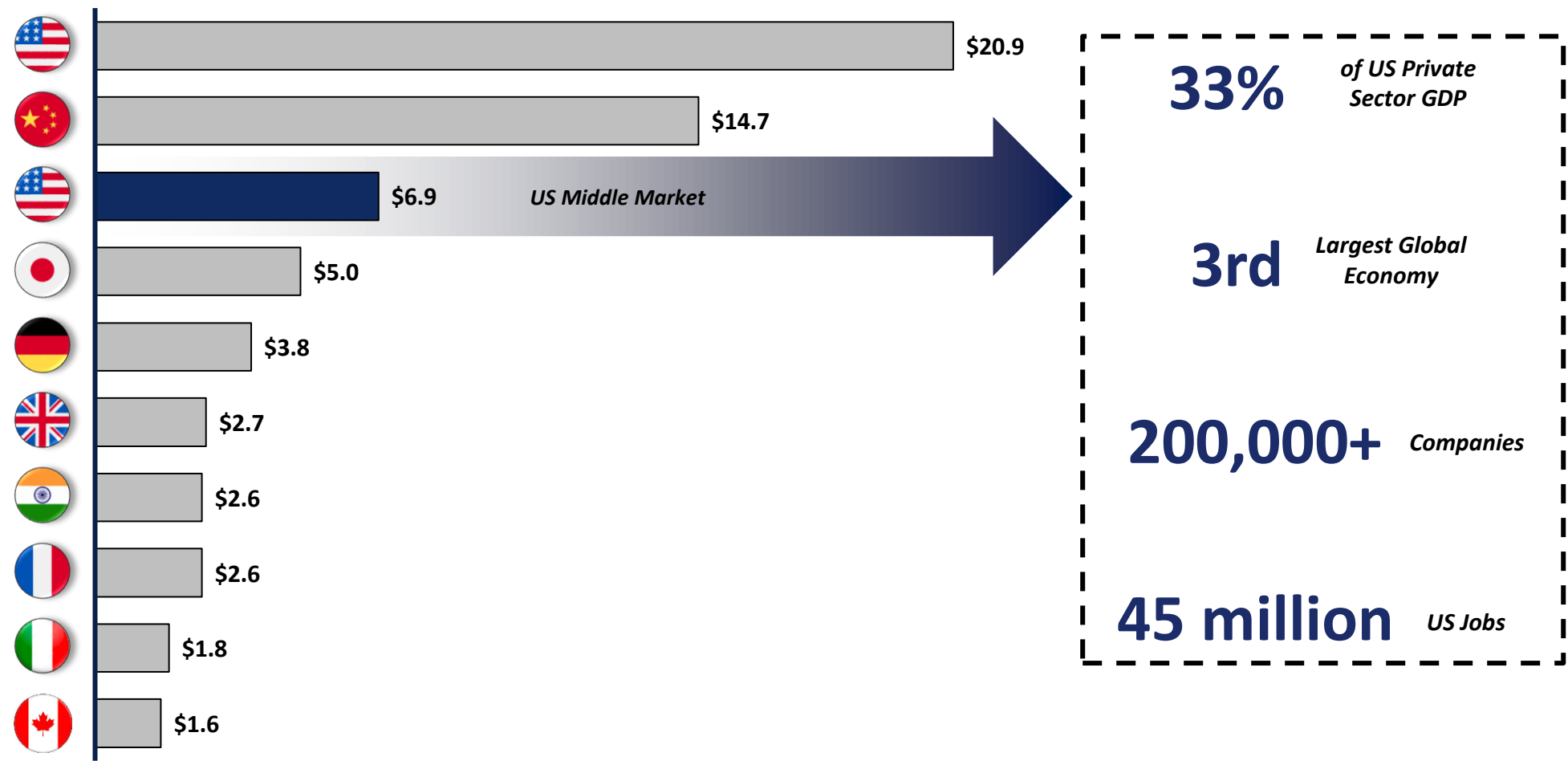
Source: Refinitiv/Cambridge. As of December 31, 2020. Horizon IRR is a capital-weighted pooled calculation for a broad basket of private credit funds, showing a point in time net IRR.
1) "PME" represent proprietary "public market equivalent" calculation methods developed and licensed by certain third parties to estimate the alpha between the relevant index and other investment vehicles; there can be no assurance that such calculations represent the actual alpha between any Audax Fund and any sub-set or security of the public market. Please see Appendix – Important Notices for information regarding the use of benchmarks.

US Middle Market Overview

A Substantial Opportunity Set

The US middle market produces approximately one third of US GDP, equating to the world's third largest economy

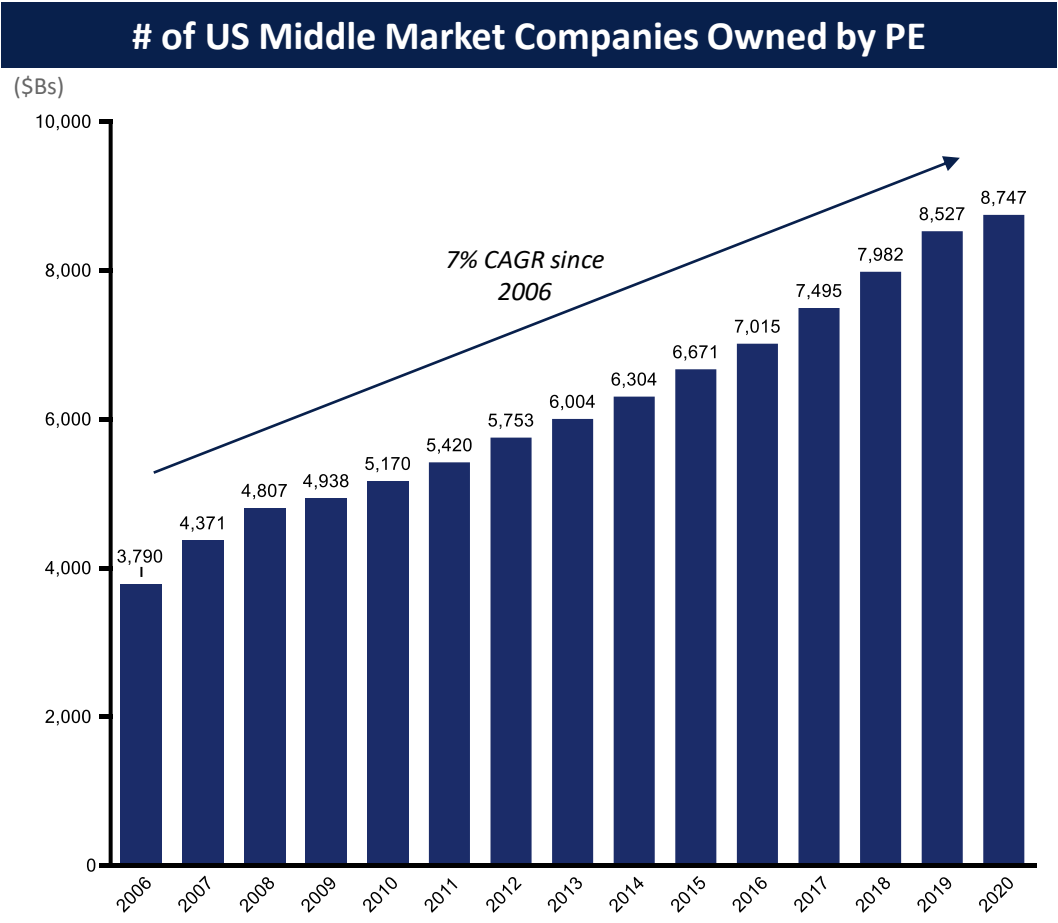
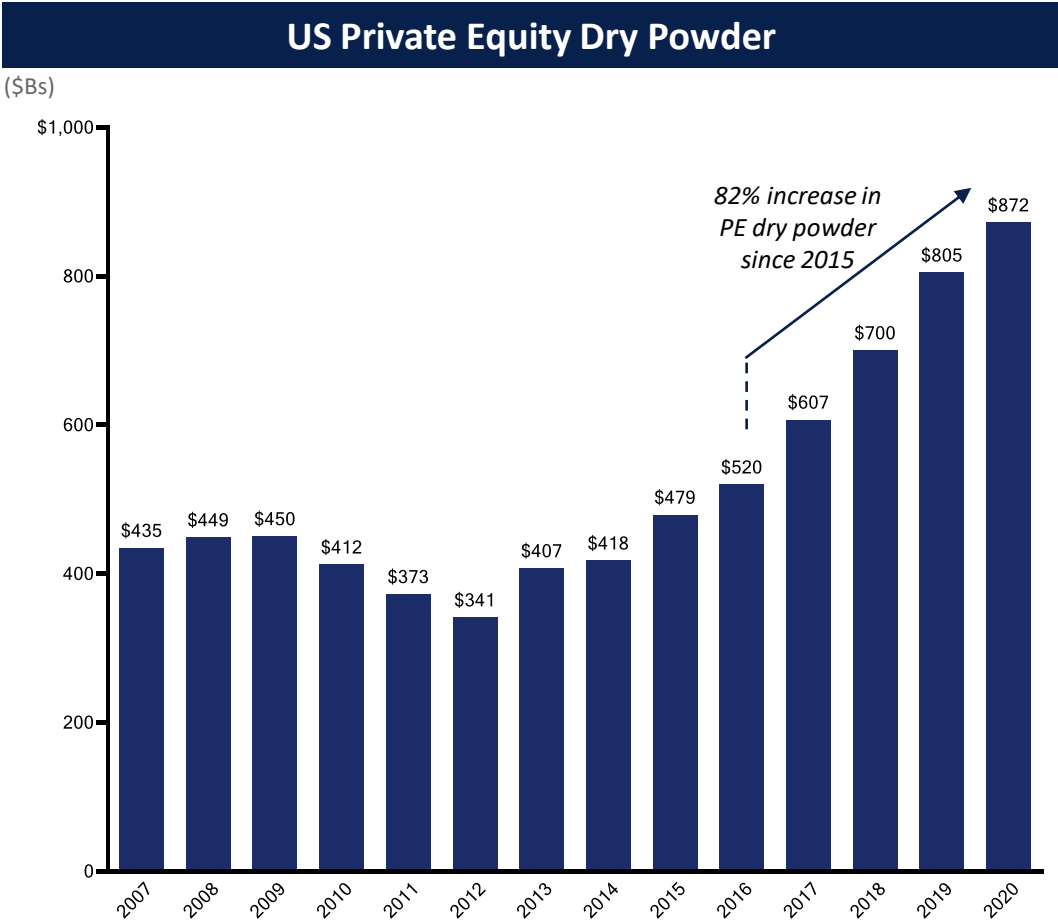
GDP by Country (\$T)



Sources: The World Bank, National Center for the Middle Market. GDP data as of 2020.

Structural Tailwinds for Private Credit

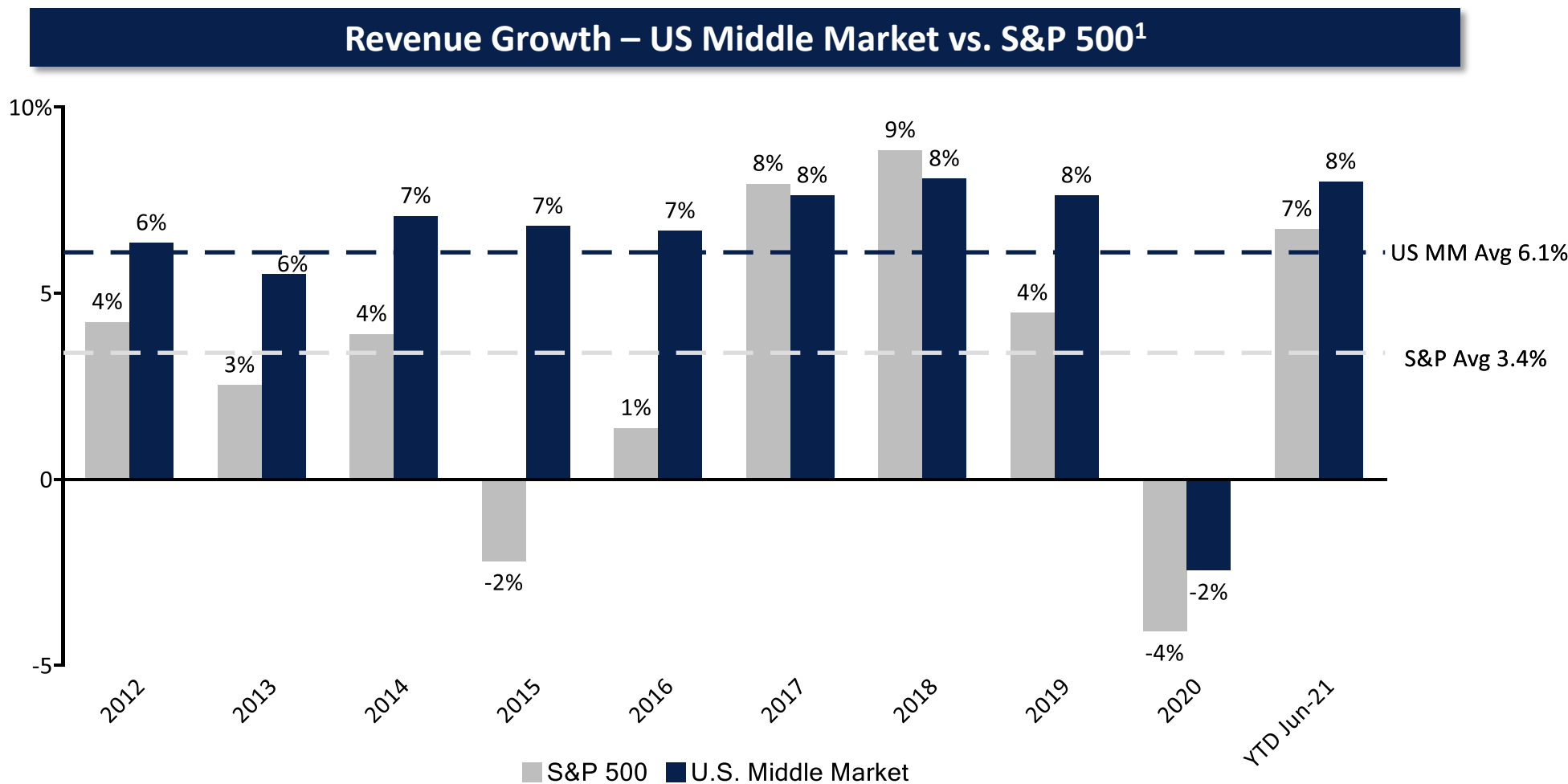
Strong demand trends exist for private credit, driven by the size and growth of the US middle market



Sources: Preqin and Pitchbook.

Middle Market – Higher Revenue Growth

Revenue growth of US middle market companies has consistently outpaced larger companies



Sources: National Center for the Middle Market and S&P Global.
1) Represents growth vs. prior year. Middle market revenue growth based on average of companies surveyed by National Center for the Middle Market.

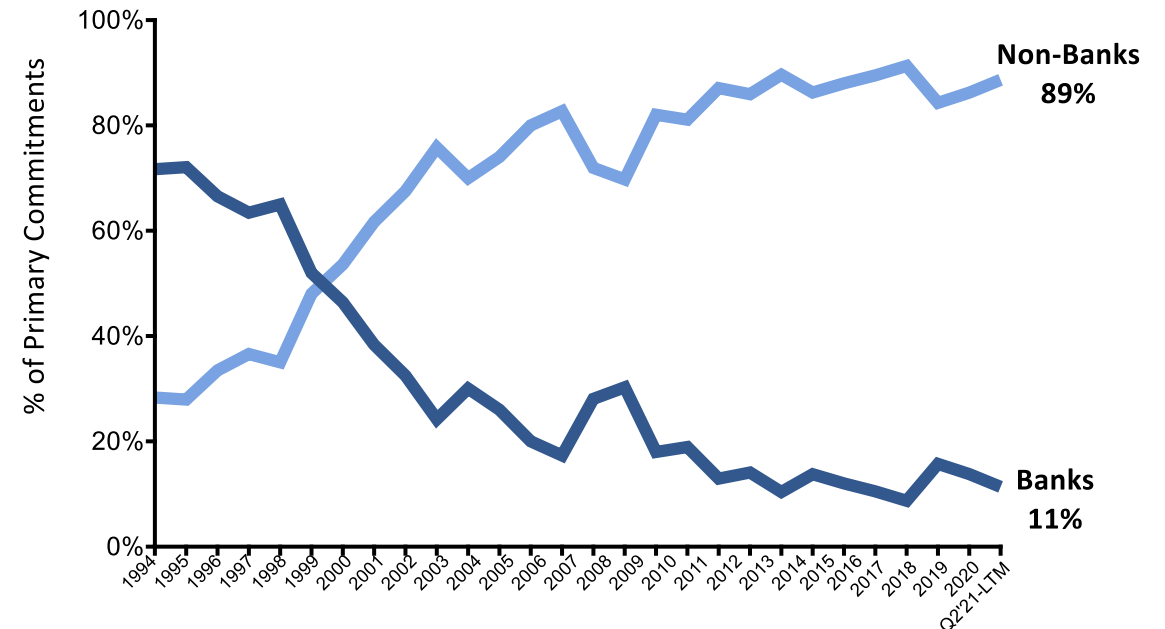
Favorable Credit Supply Dynamics

The shift in focus of banks toward large, rated borrowers presents a significant opportunity for alternative sources of capital to lend to middle market companies

Highlights

- ▶ The leveraged lending market has shifted dramatically over the last three decades
- ▶ Banks' roles in the US leveraged loan market have diminished due to:
 - Bank consolidation
 - Regulatory requirements
 - Competitive dynamics
- ▶ Non-bank lenders are filling the void left by banks

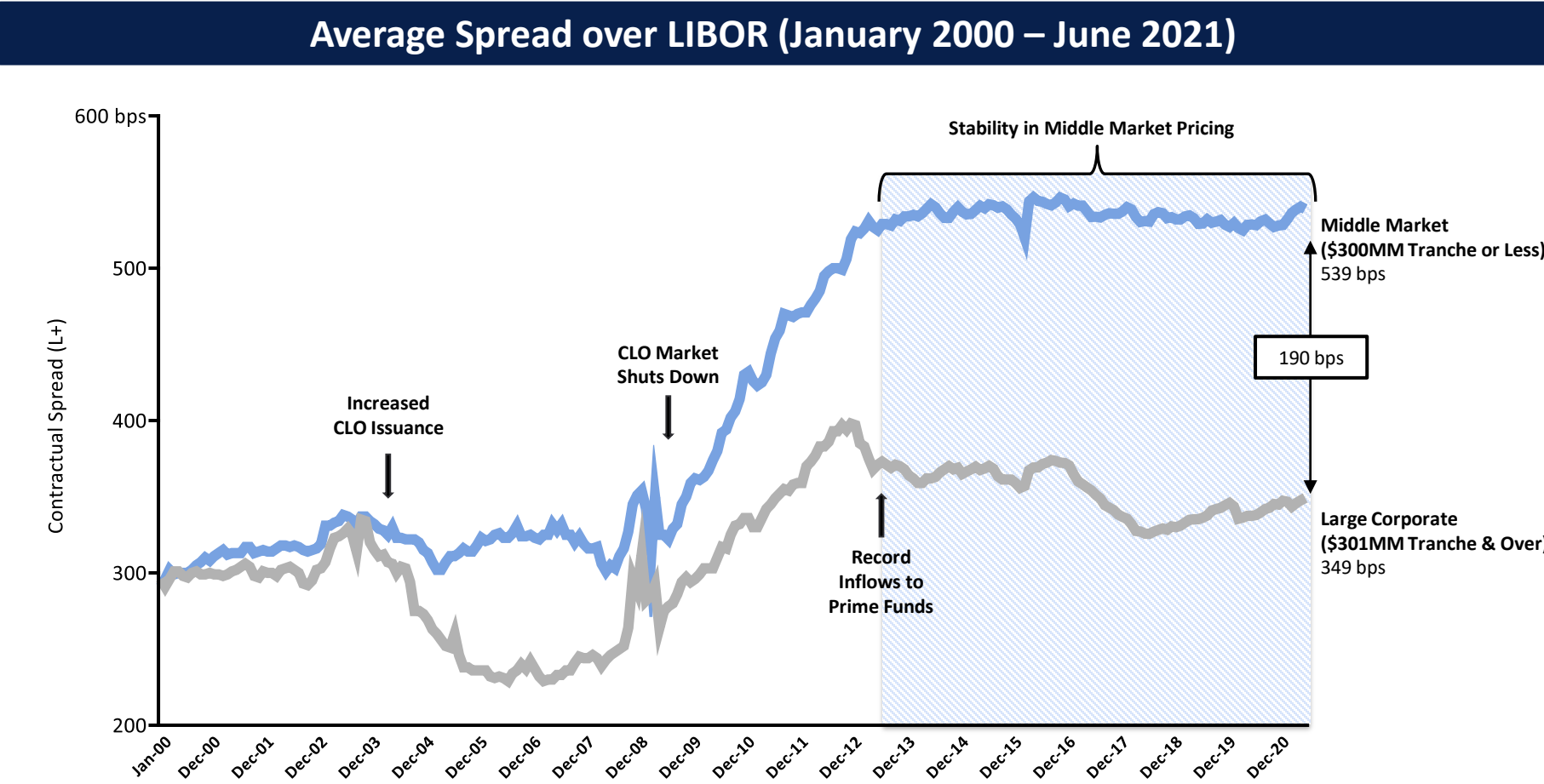
Leveraged Loan Market by Investor Type¹



¹) Data from Standard and Poor's LCD as of June 30, 2021.

Yield Premium

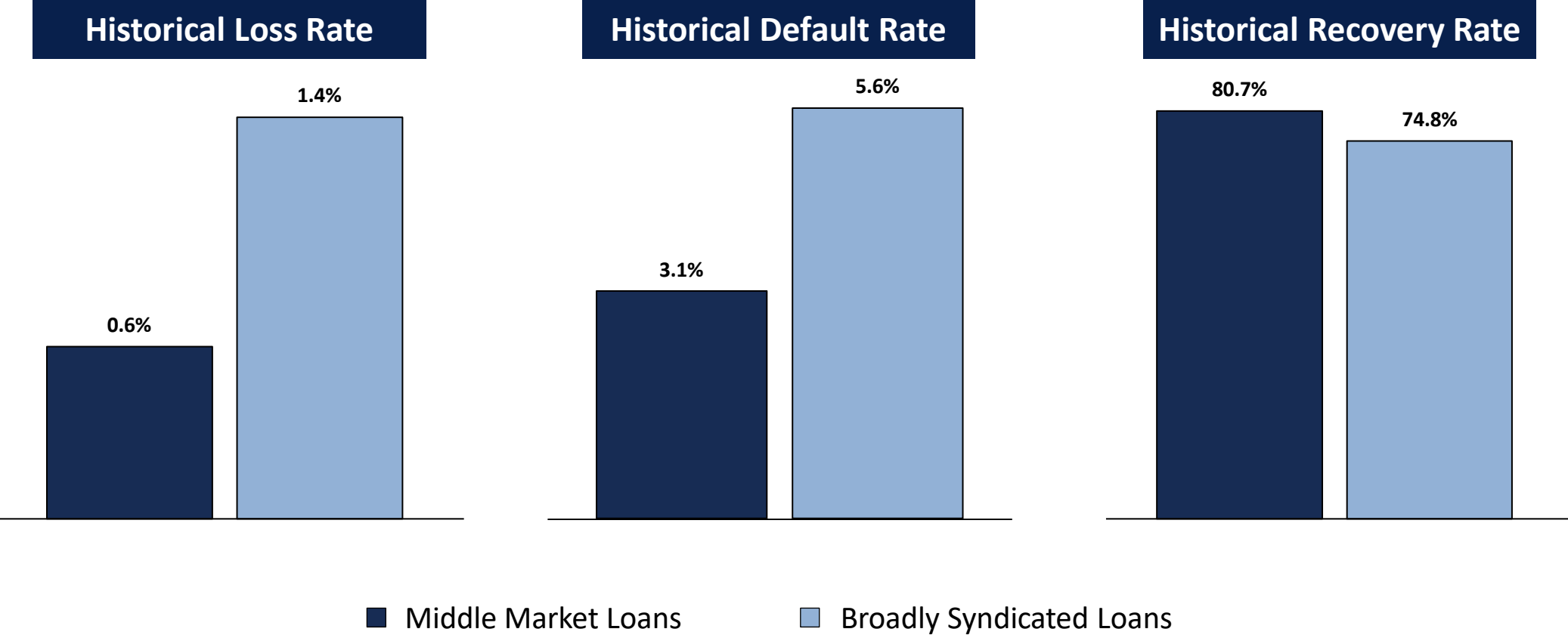
Middle market spreads remain high despite the continued influx of direct lending strategies



Based on internal analysis of market data compiled from the Credit Suisse Institutional Leveraged Loan Index as of June 30, 2021. Reflects contractual spreads of tranches indicated above. May not reflect spreads of loans made by Audax Senior Debt. Methodology and backup data available upon request.

Lower Loss and Default Rates

Middle market loans are typically more conservatively structured

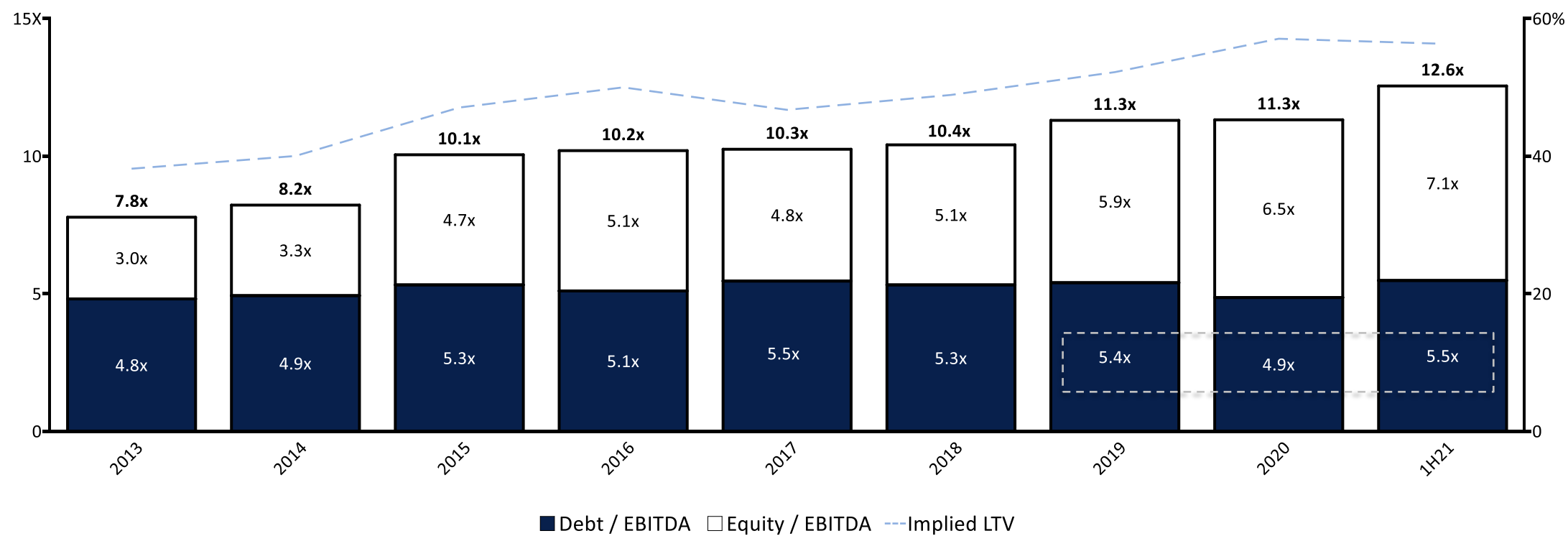


Data source: S&P LCS, S&P Credit Pro, 01 Jan 1995 to 30 Jun 2020. Past performance is no guarantee of future results. Representative indexes: broadly syndicated and middle market loans: S&P/LSTA Leveraged Loan Index; Middle market loans are loans to companies with EBITDA of \$50 million or less within the S&P/LSTA Leveraged Loan Index. It is not possible to invest in an index.

Market Valuations and Leverage Multiples

2021 valuations are near all-time highs, driven by public equity markets at/near all-time highs
Leverage multiples returned to pre-COVID levels, as debt capital markets continue to strengthen

Median PE Buyout EV / EBITDA Multiples

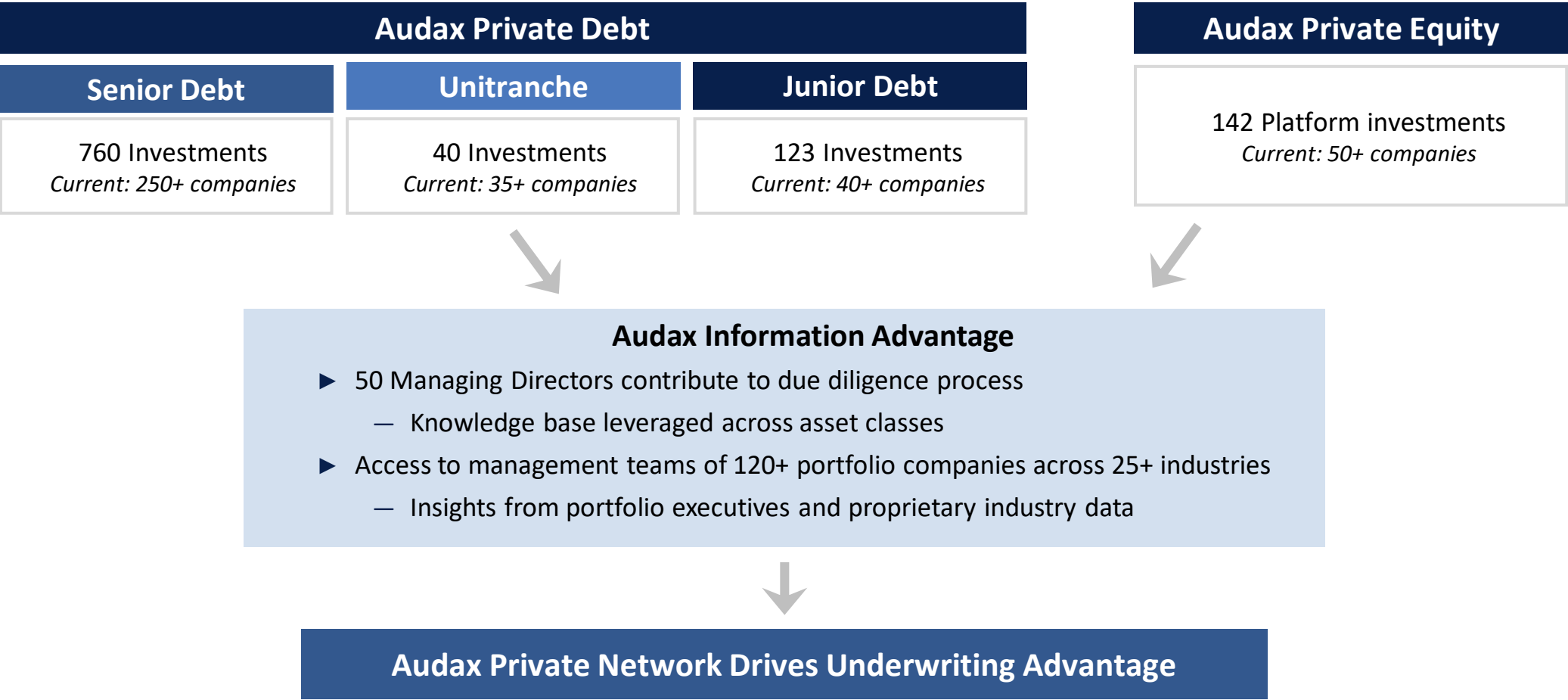


Source: Refinitiv.

Audax Private Debt

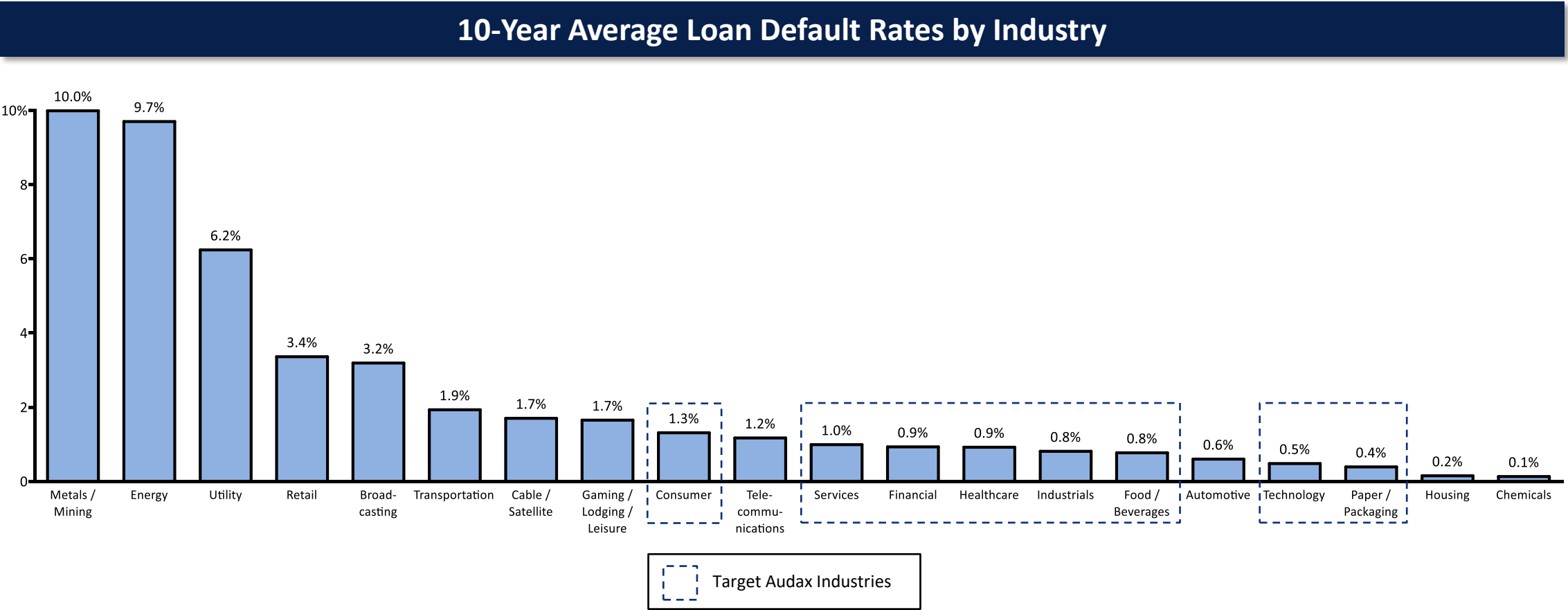
Audax Group Information Advantage

Multi-asset class experience provides a competitive advantage that enables superior underwriting decisions



Audax' Target Industries

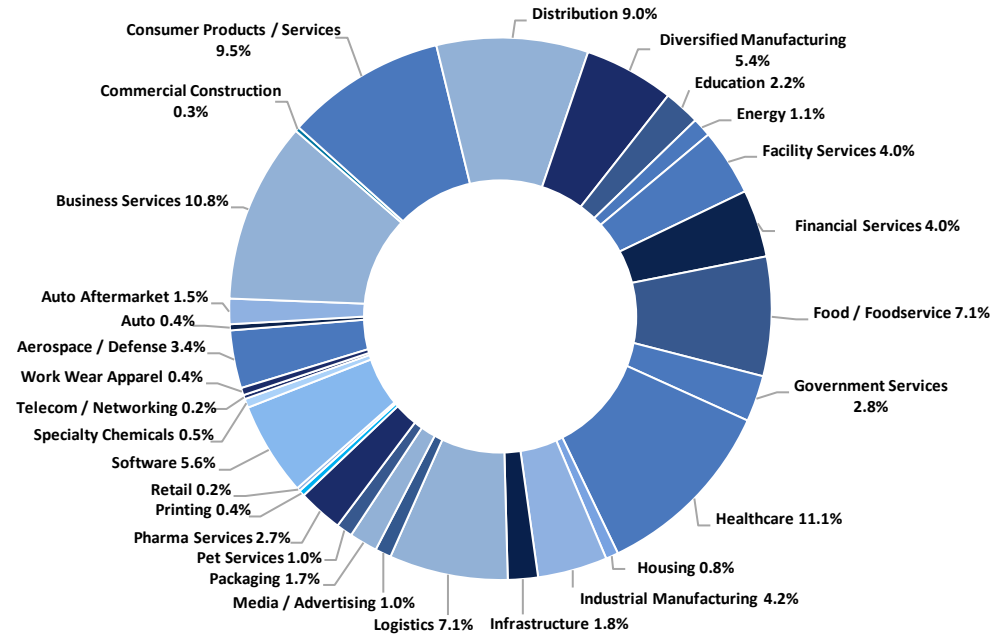
Targeting resilient and lower volatility industries, Audax intentionally invests in companies with a lower average default rate



Source: JP Morgan Default Monitor.

Audax Portfolio Construction & Risk Management

Historical Portfolio Diversification



Industries Avoided



Diversification Targets

- ▶ Single issuer <5%
- ▶ Single industry <15%

Middle Market Structures

- ▶ Financial maintenance covenants
- ▶ High cash pay coupons
- ▶ Access to sponsor and management
- ▶ Board observation rights
- ▶ Tighter EBITDA definitions
- ▶ Greater restrictions on debt incurrence

Sponsor-Led Transactions

- ▶ Direct relationships
- ▶ Single, sophisticated controlling shareholder
- ▶ Due diligence alignment of interest
- ▶ Two-to-three-month due diligence period

Portfolio diversification reflects total dollars invested to date by existing Audax Mezzanine Funds and Audax Direct Lending Solutions. Illustrative information regarding transactions and structures will not necessarily reflect the final terms of each transaction. Investment limits subject to the terms of the vehicles' organizational documents. Diversification does not necessarily protect against loss.

Superior Credit Underwriting

- ▶ \$25 billion invested in middle market businesses since inception
- ▶ Loss ratio of only 6bps per year demonstrates underwriting discipline

Low Loss Ratios				
(\$MM)				
	Cumulative Dollars Invested	Total Dollars Lost	Total Loss Ratio	Annual Loss Ratio
Senior Debt	\$20,040	\$111 ¹	0.55%	0.04%
Unitranche	\$2,011	\$0	0.00%	0.00%
Junior Debt	\$3,222	\$123 ²	3.82%	0.20%
Total	\$25,273	\$234	0.92% ³	0.06% ⁴

As of June 30, 2021.

1) Reflects solely realized losses on restructured loans of \$111MM, for purposes of illustrating the ability to recover principal invested. Does not include trading losses of \$64MM, trading gains of \$11MM, any effect of trading-related OID realization, or any valuation gains/losses on assets which have not been sold or restructured. Loan losses shown above do not represent investment performance or the returns to any specific investor.

2) Reflects realized losses on total dollars invested since inception (including debt and equity). Does not represent investment performance.

3) Represents the composite realized loss ratios of the Audax Private Debt vehicles and accounts (actual losses of each individual vehicle or account will differ).

4) Annual Loss Ratio is calculated by dividing the percentage of realized loan losses in each account/fund by the number of years the account/fund has been actively investing. Does not represent investment performance.

Audax’ Current Middle Market Views

	Illustrative Middle Market Buyout Pricing		
Terms	Pre-COVID	Post-COVID (Trough)	Current Market (Recovery)
Valuations	Peak levels	Wide dispersion	Varies, resilient businesses back to peak levels
Senior and Total Leverage	Senior: 4.5x Total: 6.0x	Senior: 3.5x Total: 5.0x	Senior: 4.5x Total: 6.0x
Debt Pricing: Senior Junior	L+4.25% - 4.75% 10.5% - 11.0%	L+5.00% - 5.50% ~12%	L+4.50% - 5.00% 10.5% - 11.5%
Fees	1.50% - 2.00%	2.00% - 3.00%	2.00% - 2.50%
Prepayment Penalties	102% / 101%	Substantially higher	102% / 101%
Equity Capitalization	~35% - 50%	>50%	~45% - 55%
Covenants	0-1 maintenance covenants	1-2+, with tighter cushions	1-2 maintenance covenants
Loan Documentation	Significant EBITDA addbacks and adjustments Meaningful flexibility for Borrower	Limited receptivity to adjustments More restrictive to Borrower	Some receptivity to adjustments Increasing flexibility for Borrower

Reflects Audax Private Debt’s assessment of typical transactions during the relevant time periods. There can be no guarantee that any particular middle market transaction will reflect these terms.

Audax Private Debt – Safe Hands for APFC

Attractive Asset Class

- ▶ **Favorable risk-adjusted returns with low volatility**
- ▶ Cash pay coupons - consistent quarterly distributions
- ▶ Directly negotiate terms with borrowers - avoid commoditized terms in BSL market

Disciplined Credit Underwriting

- ▶ Established focus on capital preservation and risk mitigation
- ▶ **Annual loss rate of 0.2%** in Mezzanine (since inception 2002)
- ▶ **0% loss rate to date** in Unitranche (since inception 2018)

Experienced and Cohesive Investment Team

- ▶ 11 Managing Directors average 17 years at Audax and 23 years of industry experience
- ▶ **Invested together through numerous economic and credit cycles**
- ▶ No senior investment professional departures in the past 14 years

As of June 30, 2021. Loss rates, reflect realized losses on total dollars invested since inception (including debt and equity). Does not represent investment performance.

Long-Standing Partnership

Audax appreciates the shared success and the meaningful partnership with APFC

- ▶ \$550MM of APFC commitments to Audax funds¹
- ▶ \$56MM of co-investments provided since December 2018¹
- ▶ Steady and Consistent Capital Deployment – \$426MM of APFC's capital¹
- ▶ Diversification – balanced, diversified exposure
 - ▶ 105 transactions
 - ▶ 21 sectors
 - ▶ 70 unique sponsors
- ▶ Performance – 10% net IRR and 1.3x MOIC while maintaining low loss rates²

Opportunity for Growth

- ▶ Audax' opportunity set remains robust
 - Structural tailwinds for private credit and the middle market persist
 - Audax has deep relationships with top middle market private equity firms developed over 21 years
 - Audax' extensive sponsor relationships drive investment opportunities across mezzanine, unitranche and senior debt

1) Reflects inception-to-date investments for Mezzanine Funds III and IV, DLS, and APFC's co-investments.

2) Return information is for APFC's investments in Mezzanine Funds III and IV, DLS, and co-investments and is based on GAAP fair values. Final returns may differ from that shown. Mezzanine Fund III, IV, and DLS are borrowing under a credit line, which will increase the Net IRR.

Speaker Biography



Kevin P. Magid

President, Audax Private Debt

35 years of industry experience (21 years at Audax)

Established and has led Audax Private Debt since its inception. Responsible for overseeing all facets of Audax' debt business, including origination, underwriting, and portfolio management. Over the last 30+ years has invested in and raised debt capital for companies and private equity sponsors in a wide range of industries. Member of Audax Private Debt's investment committee and serves as a board observer on a number of its portfolio companies.

Prior Experience

- Managing Director, Leveraged Finance – CIBC World Markets
- Leveraged Finance and M&A professional at Wasserstein Perella, Kidder Peabody and Drexel Burnham Lambert

Education

- Tufts University, BA
- Wharton School of the University of Pennsylvania, MBA

Important Notices

Risk of Loss; Past Performance is Not a Guarantee: Investments in vehicles such as Funds and accounts managed by Audax are speculative and involve substantial risk of loss. No assurance can be given that any such vehicle will achieve its investment objectives or avoid substantial losses. Information about such vehicles and their investments, including past performance, is provided solely to illustrate Audax’ investment experience and processes, as well as strategies used in the past with respect to such vehicles. The performance information relating to Audax’ previous investments is not intended to be indicative of any such vehicle’s future results. Investors in such vehicles may lose some or all of their invested capital.

Diversification: Diversification does not necessarily protect against loss.

No Solicitation: This presentation is not an offer or sale, or a solicitation to any person to buy, any security or investment product.

Not Investment Advice: This presentation is not provided with a view to providing investment advice with respect to any security, or making any claim as to the past, current or future performance thereof, and Audax expressly disclaims the use of this presentation for such purposes. All investments are subject to substantial risks.

Comparative Performance Information: There is no single set of generally accepted rules for calculating and presenting rates of return or other financial performance information for the debt or private equity investment industries. As a result, comparing track record and similar information contained herein with corresponding information relating to other funds or accounts may be misleading.

Benchmarks: Limitations apply to so-called “benchmarks,” such as “quartile” or “decile” rankings. The debt and private equity investment industries lack a comprehensive system for collecting, analyzing and categorizing information from similarly situated funds and accounts, and commonly used benchmarks may suffer from a variety of deficiencies, such as inadequate sample sizes, non-representative samples, and inaccurate self-reporting by industry participants. Certain benchmarks used herein are broad-based indices or similar benchmarks which have been selected as they are well known, easily recognizable, indicative of certain general trends, and requested by many of our investors. Comparisons to benchmarks have limitations and may not be appropriate because benchmarks have volatility and other material characteristics that differ from the Audax advised funds and accounts. For example, investments made by an Audax fund will differ significantly in terms of security holdings, industry weightings and asset allocation from those of the benchmark. Accordingly, investment results and volatility of the Audax advised funds and accounts will differ from those of any benchmark. The use of benchmarks is not intended to imply that any such fund or account was similar to the benchmarks in composition or risk.

Amount Invested reflects dollars paid in respect of the applicable investment, including equity and debt components; where applicable, such amounts do not reflect “original issue discount” or similar amounts.

Unrealized Investments: Actual realized values of currently unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which will differ from the assumptions and circumstances on which the current unrealized valuations are based. Accordingly, the actual realized values of unrealized investments may differ materially from the values indicated herein.

No Third Party Review: This presentation has not been audited or verified by any third party and is subject to change at any time without notice.

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Date of Calculation: Unless otherwise noted, performance, market and similar information was calculated or estimated as of March 31, 2021.

Equity Under Management: Unless otherwise indicated, equity under management generally means: (i) in the case of closed-end Private Equity, Unitranche, Junior Debt, and Senior Debt vehicles, equity commitments raised; and (ii) in the case of open-end Senior Debt vehicles, either (x) equity commitments, as adjusted for subscriptions and redemptions or (y) current capital account balances, adjusted for anticipated and actual performance through the date of calculation.

Audax believes that the targeted returns are reasonable based on a combination of factors, including the investment team’s general experience, the availability of leverage and financing at expected times, amounts, costs, and other terms, as well as an assessment of prevailing market conditions and investment opportunities. There are, however, numerous assumptions that factor into the targeted returns that may not be consistent with future market conditions and that may significantly affect actual investment results. Such assumptions include (i) the availability of leverage at expected terms, (ii) the expected response of specific investments to market conditions, (iii) the value of the assets and market conditions at the time of disposition, and (iv) the investment team’s outlook for the global and local economies and the effect this will have on portfolio investments.

No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions used in calculating the target returns have been stated or fully considered.

Important Notices *(continued)*

Valuation: Investments are valued at fair value on at least a quarterly basis in accordance with ASC 820 and Audax’ valuation policies and procedures.

“Investment Yield” or “All-In Yield” reflects the yield of a particular investment and includes cash interest, closing fees/OID and LIBOR floors

“Leverage” is a fraction expressed as a multiple where the aggregate amount of borrowing outstanding less available cash is in the numerator and the LTM EBITDA is in the denominator, in each case as of the applicable date of determination.

“Loss Ratio,” or “Total Loss Ratio,” is a combined percentage across all portfolios. Does not represent investment performance. Annual loss ratio divides combined losses by the total time elapsed since the initial investment.

“Net IRR” is the compound annual rate of return, calculated after payment of applicable management fees, partnership expenses, carried interest and other applicable expenses. The Net IRR calculation is based on the timing of contributions to a Fund by limited partners, timing of distributions to limited partners by a Fund, and the unrealized remaining capital account balance at the time of the calculation.

“Net Multiple” (i.e. distributions to limited partners plus the unrealized remaining capital account balance of limited partners divided by limited partner capital contributions) is calculated on a net basis and reflects the deduction of management fees, partnership expenses, carried interest and other expenses borne by investors.

“Realized Value” is the cash proceeds from interest, fees, principal repayments and prepayment premiums, and equity realizations.

“Total Value” is the sum of Realized Value and Unrealized Value.

“Unrealized Value” refers to the “fair value” of an investment. Investments are valued at fair value on at least a quarterly basis in accordance with ASC 820 and Audax’ valuation policies and procedures. The ultimate return of unrealized investments and on the unrealized portion of partially realized investments most likely will vary from the values shown for such investments. Thus, the actual returns for such Funds following their complete liquidation will most likely vary from the returns shown for such Funds. Audax believes that such unrealized values are reasonable and appropriate, however, there can be no assurance that proceeds will actually be realized on these investments, or that, if and when realized, the proceeds will be equal to the values used. Accordingly, the actual realized returns on investments that are partially realized or unrealized may differ materially from the values indicated herein.

Investments are categorized as **“Realized,” “Partially Realized”** or **“Unrealized”** based upon objective and subjective criteria, including the amount of the applicable debt investment that has been repaid.

S&P/LSTA Leveraged Loan Index: The S&P/LSTA Leveraged Loan Index (“LLI”) reflects the market-weighted performance of U.S. dollar-denominated institutional leveraged loan portfolios. The LLI uses real-time market weightings, spreads, and interest payments. The LLI does not use additional leverage to increase returns, does not focus on middle market companies, and does not have the flexibility to include a limited number of non-North American investments. Facilities are eligible for inclusion in the index if they are U.S. dollar-denominated term loans from syndicated credits and meet several criteria at issuance (e.g., minimum initial term of one year and minimum initial spread of LIBOR+125). The index primarily consists of senior secured facilities. Loans are retired when there is no bid posted on the facility for at least 12 successive weeks or when the loan is repaid. The LLI is market weighted. The return for the index is the composite of each component facility’s return times the market value outstanding from the prior time period. The total return for each facility reflects both market value change and interest accrued, as well as an adjustment for any repayments made during the calculation period because repayments are assumed to be made at par. Interest is calculated on a 30/360 basis. It accrues daily, compounds quarterly, and pays in cash in real-time with the interest payment exiting the portfolio at the time of payment. Returns do not reflect payment of fees and expenses.

ICE BofA US High Yield Index: The ICE BofA US High Yield Index value tracks the performance of US dollar denominated below investment grade rated corporate debt publicly issued in the US domestic market. To qualify for inclusion in the index, securities must have a below investment grade rating (based on an average of Moody's, S&P, and Fitch) and an investment grade rated country of risk (based on an average of Moody's, S&P, and Fitch foreign currency long term sovereign debt ratings). Each security must have greater than 1 year of remaining maturity, a fixed coupon schedule, and a minimum amount outstanding of \$100 million. Original issue zero coupon bonds, "global" securities (debt issued simultaneously in the eurobond and US domestic bond markets), 144a securities and pay-in-kind securities, including toggle notes, qualify for inclusion in the Index. Callable perpetual securities qualify provided they are at least one year from the first call date. Fixed-to-floating rate securities also qualify provided they are callable within the fixed rate period and are at least one year from the last call prior to the date the bond transitions from a fixed to a floating rate security. DRD-eligible and defaulted securities are excluded from the Index.

SUBJECT: Risk Overview

ACTION: ____

DATE: September 28, 2021

INFORMATION: X

BACKGROUND:

The Risk Report provides an overview of historical and forward-looking measures of risk for the Total Fund and its underlying asset classes.

STATUS:

The 'Risk Overview' has the following parts:

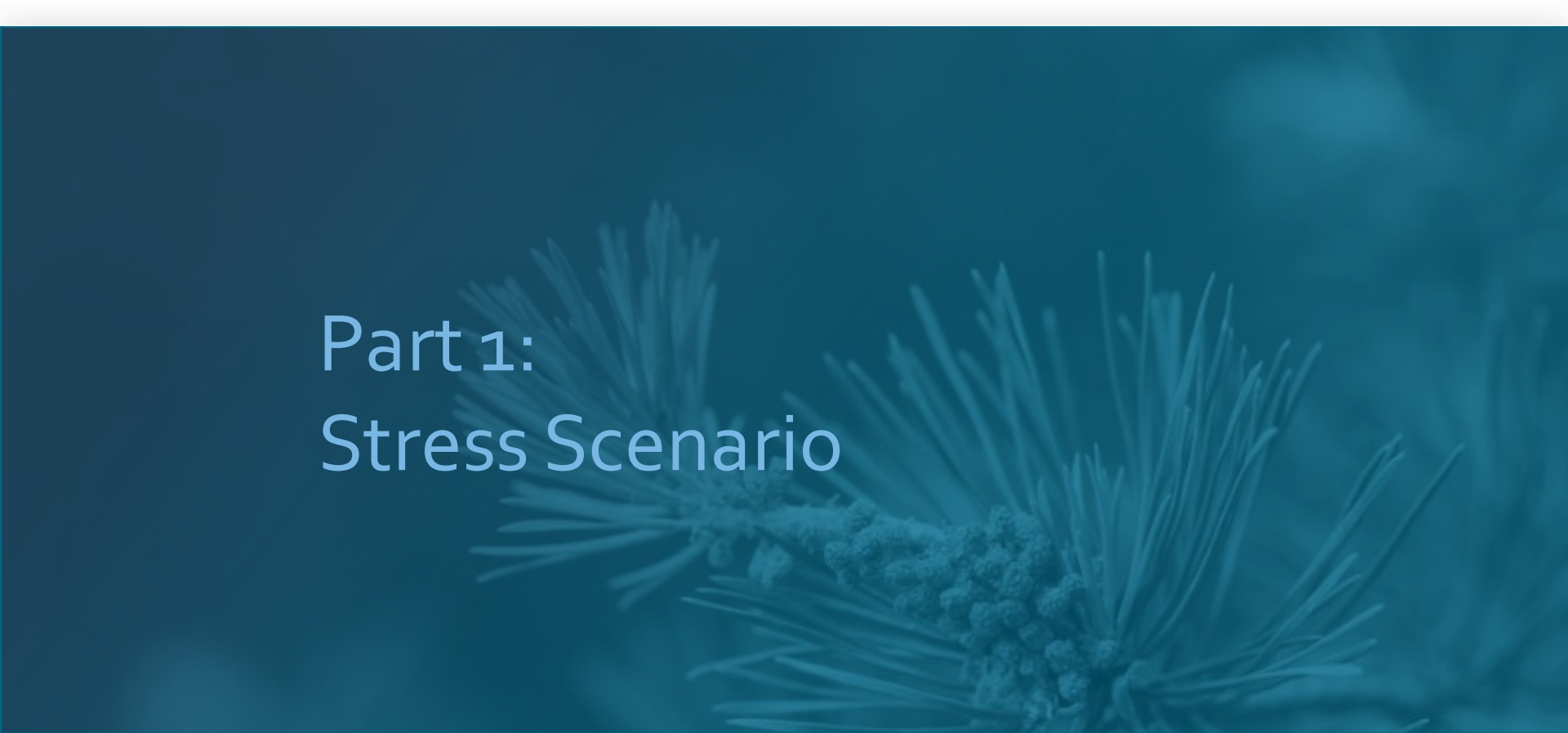
- **Part-1:** summarizes the findings of a stress test / scenario analysis, including the impact on asset allocation, risk threshold and liquidity profile.
- **Part-2:** covers the main measures of risk for the Fund. Aggregate fund risk compared to approved risk appetite is a key strategic measure. Other measures include Value at Risk (VaR) on a standalone and relative-to-benchmark basis, tracking error, statistics that measure realized volatility and Sharpe Ratios, asset class and factor contributions to risk and risk scenarios. It also covers Geographic, Currency, and Liquidity risks for the Total Fund.



ALASKA PERMANENT
FUND CORPORATION

Risk Overview

September 28, 2021

A teal-colored background featuring a close-up, slightly out-of-focus image of a pine branch with needles and a small, textured, light-colored growth or seed pod.

Part 1: Stress Scenario

Introduction: a different stress test

- Premise:** while we have previously looked at the impact of deep market drawdowns, this analysis focuses on how the fund would be affected by a combination of: (1) higher (one-time) payout to the State and (2) modest market drawdowns
- Objective:** study the impact of the hypothetical, yet plausible, scenario on asset allocation, risk threshold and liquidity profile
- Scenario:** the hypothetical scenario has the following three key events occurring almost simultaneously:
- Public market portfolios experience modest drawdowns
 - Private market portfolios continue to expand modestly
 - State withdraws an additional ~\$3bn – i.e. total payout to State is \$6.5 bn

Stress Scenario: defining key assumptions

The following occurs during the next 6 months

- Public Equity : 10% Drawdown ↓
- Fixed Income : 5% Drawdown ↓
- Private Equity : 10% growth in portfolio ↑
- Real Estate : 10% growth in portfolio ↑
- Private Infra & Credit : 10% growth in portfolio ↑

- Payout to State : An almost doubling of withdrawal by State (aggregating \$6.5 billion)
(Given that Public Equities is down 10%, State payout is sourced from Cash and Fixed Income)

Stress Impact: on asset allocation

The assumed scenario is expected to significantly alter the Fund's asset allocation

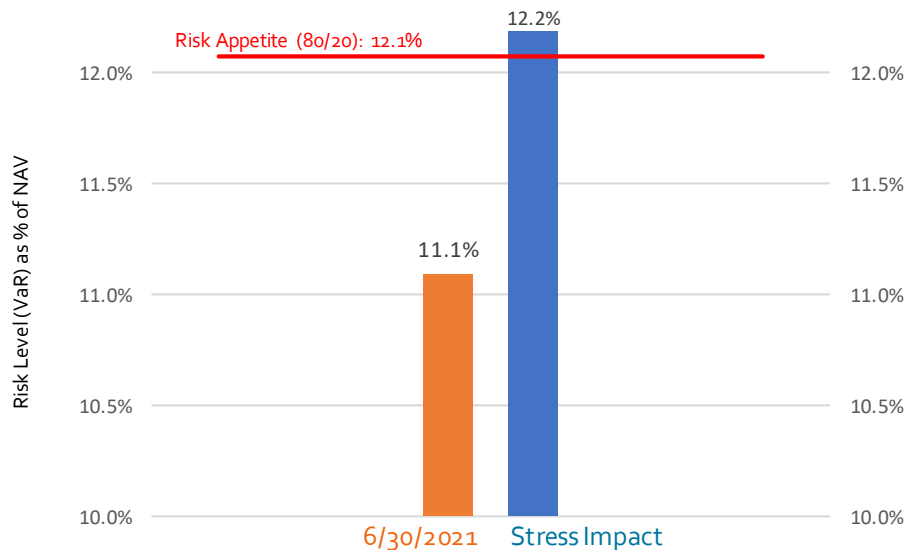
	Actual - 6/30/2021					Stress Scenario Impact			
	Portfolio \$	Portfolio %	Target %	O/(U) %		Portfolio \$	Portfolio %	Target %	O/(U) %
Public Equities	31.2	38.3%	38.0%	0.3%	-Market Value: down 10%	28.1	38.1%	38.0%	0.1%
Fixed Income	16.8	20.6%	20.0%	0.6%	-Market Value: down 5% -Liquidity need: down 30%	10.9	14.8%	20.0%	(5.2%)
Private Equity	14.7	18.0%	16.0%	2.0%	-Market Value: Up 10%	16.2	22.0%	16.0%	6.0%
Real Estate	5.5	6.8%	8.0%	(1.2%)	-Market Value: Up 10%	6.1	8.3%	8.0%	0.3%
Private Infra & Credit	5.9	7.2%	9.0%	(1.8%)	-Market Value: Up 10%	6.5	8.8%	9.0%	(0.2%)
Absolute Return	4.6	5.6%	6.0%	(0.4%)	-----	4.6	6.2%	6.0%	0.2%
Risk Parity	0.8	0.9%	1.0%	(0.1%)	-----	0.8	1.0%	1.0%	--
Cash	2.1	2.5%	2.0%	0.5%	Liquidity need: down 75%	0.5	0.7%	2.0%	(1.3%)
Total Fund	81.5	100.0%	100.0%			73.6	100.0%	100.0%	

Notes:

- Growth in private equity and private infra/credit is assumed to result mostly from net capital contributions (based on: unfunded commitments being about 40% for this combined portfolio)
- Expansion of real estate portfolio is also based on the team's deployment plan
- State payout is sourced from cash and fixed income. A min ~\$0.5 bn of cash is assumed required for operational needs

Stress Impact: on risk levels

The changed asset allocation would increase the fund's risk profile: Volatility or VaR¹ would exceed risk appetite^{2,3}



1. Volatility or Value at Risk (VaR) based on the following risk appetite computation parameters (analysis date of 6/30/21):
 - 1 SD, 1 Year
 - 10 year historical data
 - Private Equity risk adjusted downward by 25%
2. Risk Appetite is defined as the risk level of the 80/20 bond/equity (Risk Tolerance Portfolio) RTP
3. On the other two risk appetite measures (i.e. Drawdown PnL, and Liquidity), the changed asset allocation/stressed portfolio would not breach risk appetite

Impact Summary: potential adverse consequences

Asset Allocation

- Private equity allocation reaches 22%, with the overweight growing to 6%.
- Fixed income falls to below 15%, resulting in a 5% underweight
- Cash at bare minimum levels

Risk Appetite

- Risk levels (estimated volatility /VaR) exceed defined risk appetite (80/20 RTP)
- Private equity allocation crosses into yellow zone
- Fixed income crosses into yellow zone

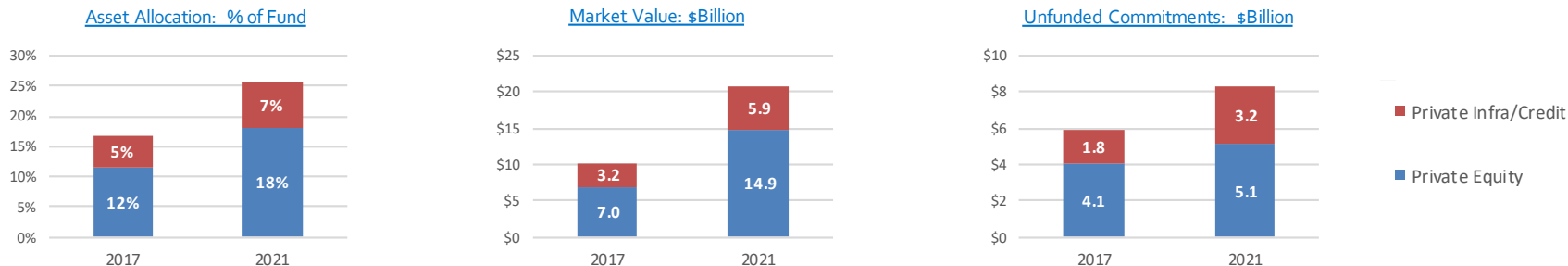
Funding Liquidity

- Cash buffer is almost fully exhausted
- Funding private asset commitments may require further liquidation of public assets (if capital calls exceed distributions)
- Dry powder materially diminished – difficult to take advantage of depressed public asset values/other opportunities

Profitability

- Liquidation in a down market could lead to realizing losses
- Structural alteration in asset allocation may impact future profitability (especially if reversing course is not easy)

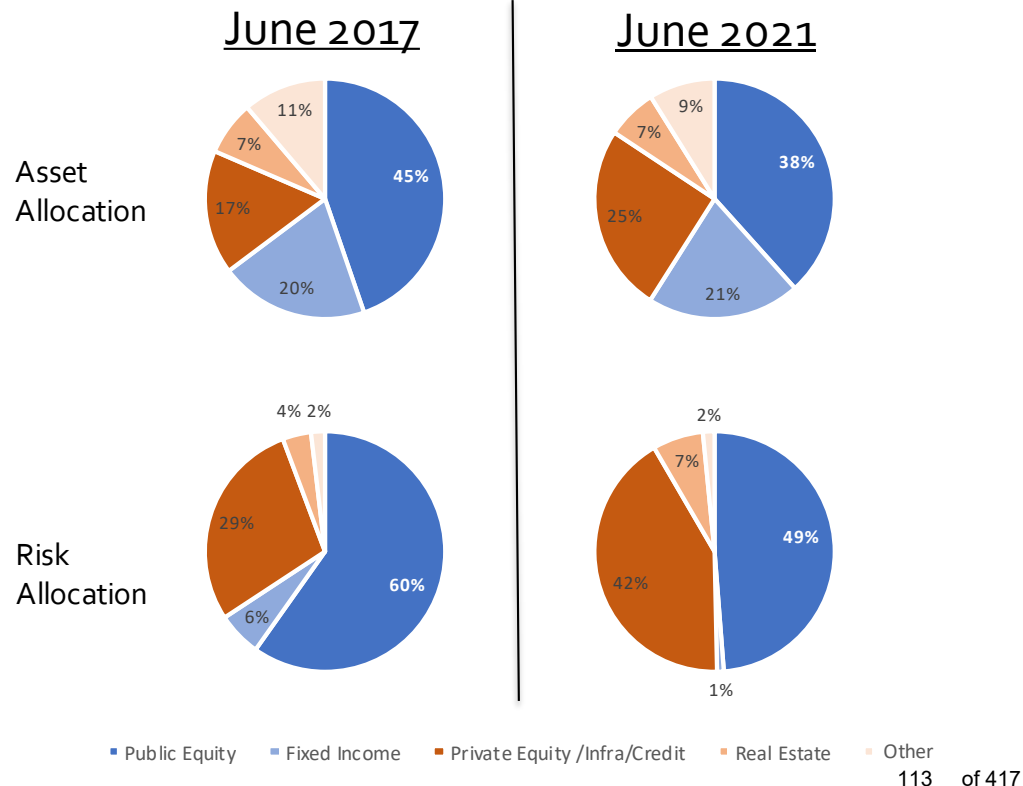
Private {equity, infra/credit}: significant growth



The private equity and private infra/credit portfolios have grown materially over the last ~5 years

- Pacing plans and unfunded commitments reflect a likelihood of the high growth rate continuing
- As highlighted in the preceding slides, modest external factors could materially increase overweight in these private assets
- Given its relative size, illiquid nature and outstanding commitments, quick course change may be challenging

Private Vs Public: changing risk pie



Over the last ~5 years, risk contribution from private assets has increased significantly

- Risk Contribution – Private (Orange shades) is now about half the total Fund risk
- While private asset allocation increased from 35% in 2017 to 41% in 2021, related risk contribution rose at a higher rate, from 35% to 51%
- More significantly, risk contribution from Private Equity/Infra/Credit rose from 29% to 42%

Q & A:

- Is this scenario likely?
- Are the impacts and related concerns material?
- Are we growing too fast in Private Assets?
- What would be the potential impact on ERA vs Principal?

The background of the slide is a solid teal color. Overlaid on this background is a close-up photograph of a pine branch with long, thin needles and a cluster of small, light-colored pine cones. The image is semi-transparent, allowing the teal background to show through.

Part 2: Key Risk Metrics As of June 30, 2021

Fund Risk: level relative to appetite

Risk Appetite reflects the Risk Tolerance Portfolio (RTP)

Value at Risk (VaR): Max			
As of Date	Total Fund	Risk Appetite	
2/26/2021	11.11%	12.33%	✓
6/30/2021	11.09%	12.07%	✓

- 1 Year, 1 SD
- 10-year historical monthly data, constant weighted

Drawdown Stress PnL: Max			
As of Date	Total Fund	Risk Appetite	
2/26/2021	(44.94%)	(49.37%)	✓
6/30/2021	(44.31%)	(48.72%)	✓

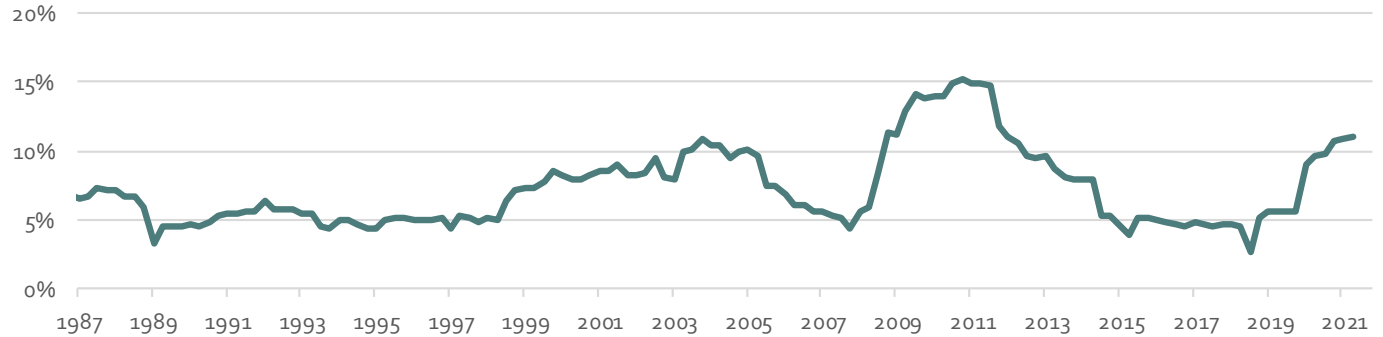
- Historical stress scenario simulating the GFC – Dec 2007 to Mar 2009

Liquidity Level: Min			
As of Date	Total Fund	Risk Appetite	
2/26/2021	63%	40%	✓
6/30/2021	61%	40%	✓

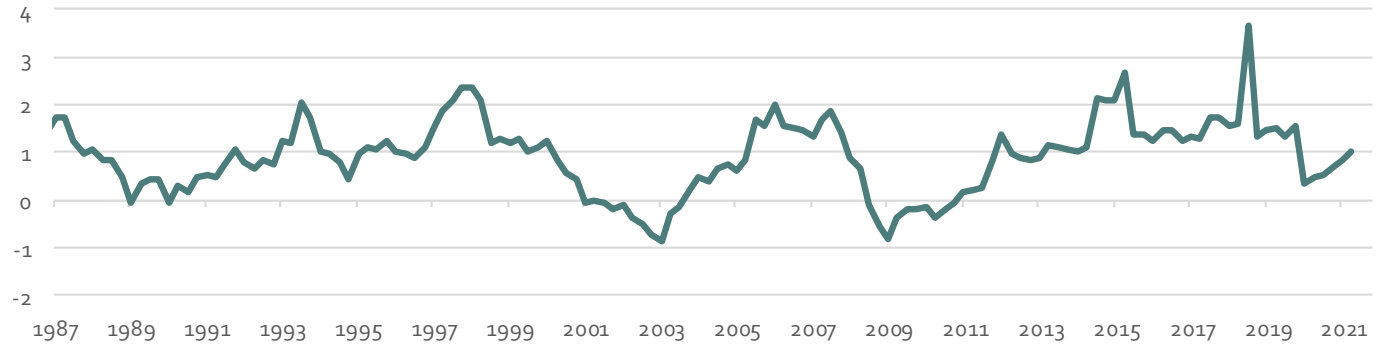
- Liquidity level is the combined allocation, to Public Equities, Fixed Income and Cash, as a % of total fund

Total Fund: Realized Volatility & Sharpe Ratio

Realized Fund Volatility



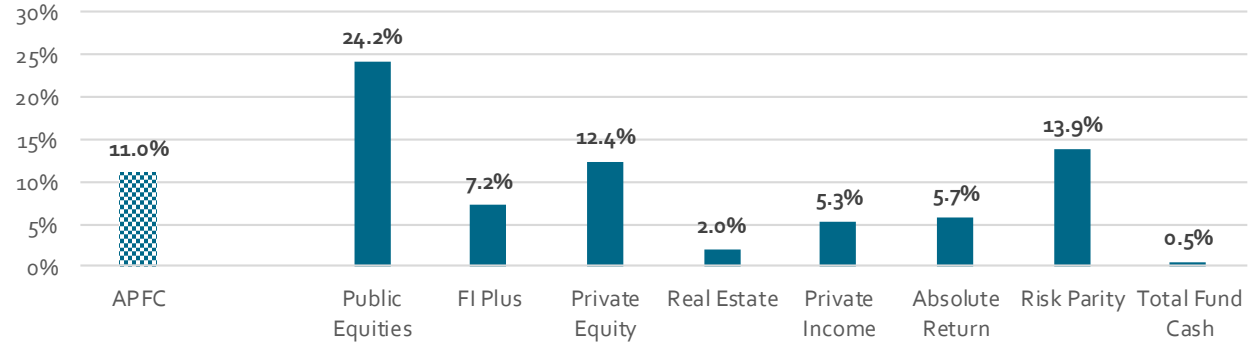
Realized Fund Sharpe Ratio



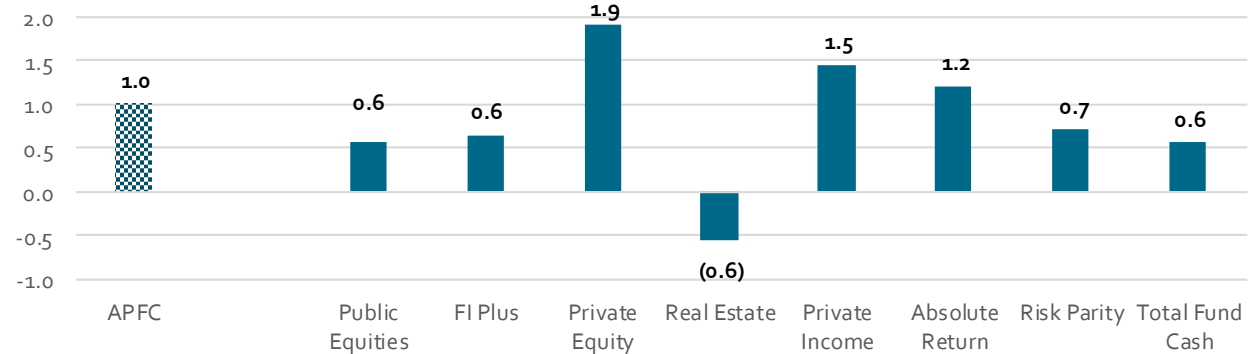
Volatility (standard deviation) and Sharpe ratio have been computed based on rolling 3 year quarterly returns for the Total Fund

Fund & Constituents: Volatility and Sharpe Ratio as of June 30, 2021

Volatility

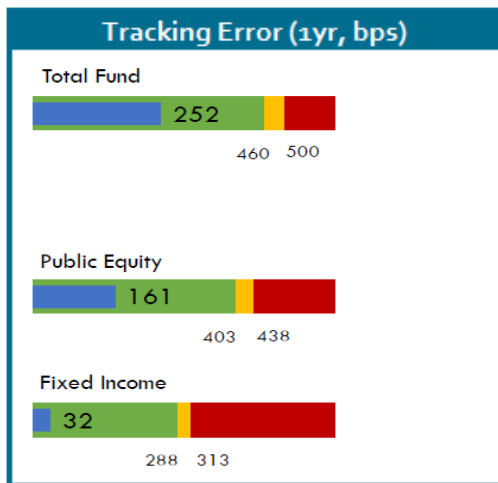


Sharpe Ratio

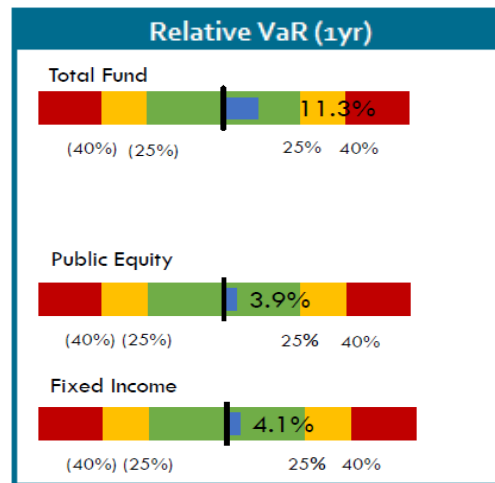


Volatility (standard deviation) and Sharpe ratio have been computed based on historical 3 year quarterly returns, as of June 30, 2021

Tracking Error and VaR: (Vs) Limits



- Tracking error is an indicator of performance relative to benchmark
- It represents the deviation of portfolio returns from benchmark returns
- It is directionally agnostic and does not indicate over or underperformance



- VaR is an estimate of value decline, based on a 97.5% confidence level and 1 year holding period
- The above chart reflects the Relative VaR of the portfolio versus respective benchmark

Liquidity Limits: Private Assets

Private Assets: Investments Vs Targets

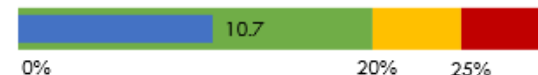
	\$ Billion	% of Total Fund		
		Actual	Target	Actual (Vs) Target
Private Equity	14.7	18.0%	16.0%	2.0%
Private Income	5.9	7.2%	9.0%	-1.8%
Real Estate	5.5	6.8%	8.0%	-1.2%
Total	26.1	31.9%	33.0%	

Private Assets: Future Commitments Vs Targets

	\$ Billion	% of Total Fund		
		Actual	Target	Actual (Vs) Target
Private Equity	5.1	6.2%	10.0%	-3.8%
Private Income	3.2	3.9%	5.0%	-1.1%
Real Estate	0.4	0.5%	3.0%	-2.5%
Total	8.7	10.7%	18.0%	

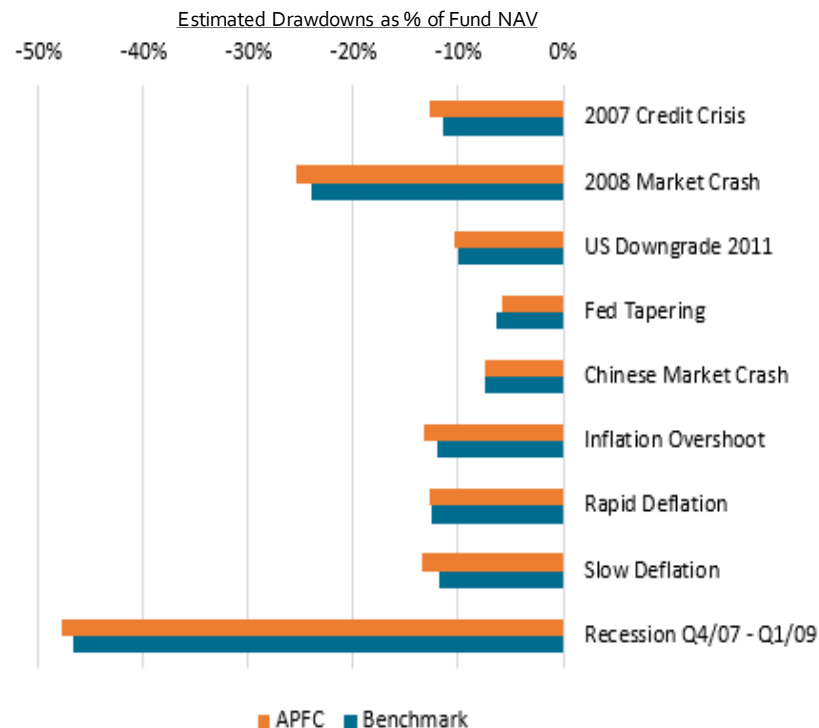
Future Commitments Limits

\$8.7 Billion Committed to Managers



Tail Risk: Current portfolio during extreme events

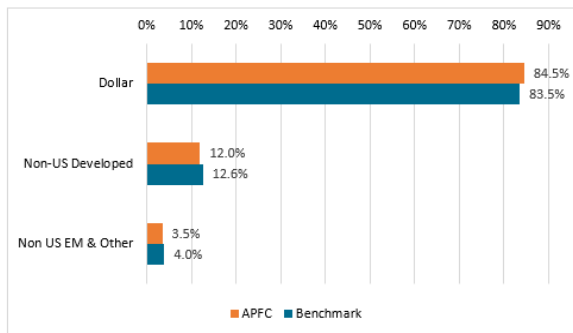
cenario	Definition
2007 Credit Crisis	Credit & liquidity crisis stemming from a severe slowdown in the housing market causing significant widening of credit spreads, higher implied volatility.
2008 Market Crash	S&P 500 down 20% (2000 bps).
US Downgrade 2011	The period starts with 50% chance US downgrade indication from S&P standards and ends with Operational Twist announcement from the Fed
Fed Tapering Talk 2013	Equity & bond markets sold off. EM suffered badly due to hot money flight back to U.S.
Chinese Market Crash	Chinese stock market crash beginning with the popping of the stock market bubble on June 12, 2015.
Inflation Overshoot	Economic recovery, pent-up demand, supply chain bottlenecks, and fiscal stimulus cause a surge in inflation, prompting higher interest rates in a taper tantrum-style sell-off.
Rapid Deflation	Oil down 60% (6000 bps); ST Inflation down 350 bps; Mortgage spreads tighten 25 bps.
Slow Deflation	LT deflation down 200 bps; LT Treasury Rates down 100 bps; Mortgage spreads tighten 25 bps.
Recession Q4/07-Q1/09	Recent recessionary period starting Dec3, 2007 and ending March9, 2009



The estimated drawdowns for the fund exceed that of the benchmark in almost all scenarios

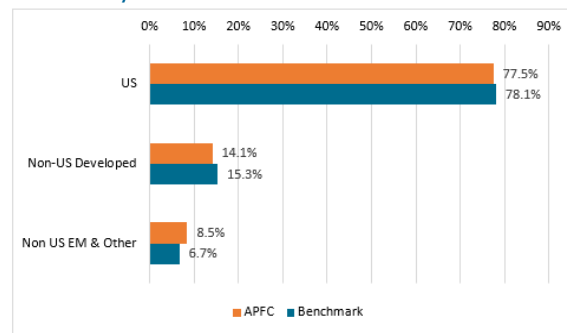
Currency & Geography: breakdowns

Currency breakdown



Currency Name	Exposure (\$, millions)
Euro	3,796
Japanese Yen	1,604
Hong Kong Dollar	1,317
British Pound	998
Canadian Dollar	745
Australian Dollar	507
Sub-Total	8,967 (10.96% of NAV)
Total Non-US DM Exposure	9,802 (12.0% of NAV)

Country breakdown

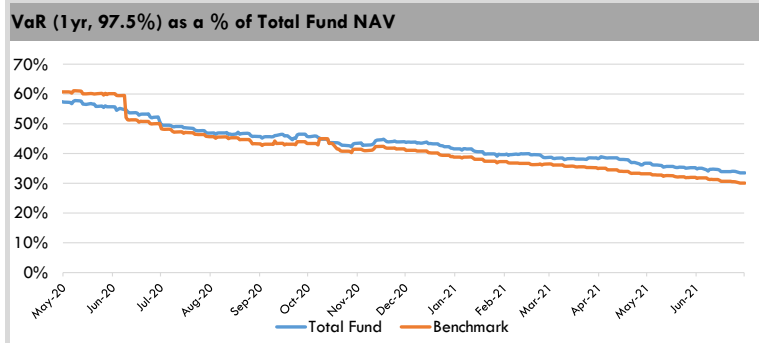
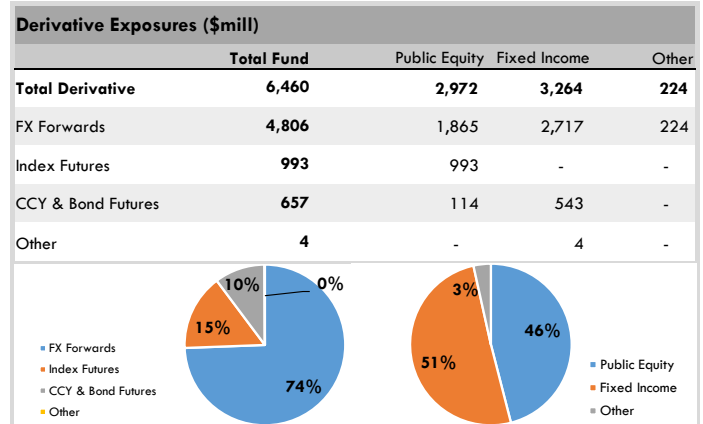
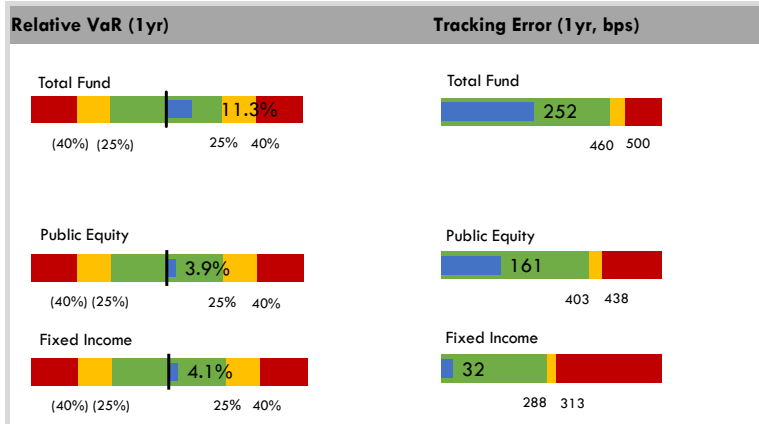


Country Name	Exposure (\$, millions)
China	1,677
South Korea	671
Taiwan	646
India	450
Brazil	286
Russia	237
Sub-Total	3,968 (4.85% of NAV)
Total EM Exposure	6,897 (8.5% of NAV)

Daily Dashboard - June 30, 2021

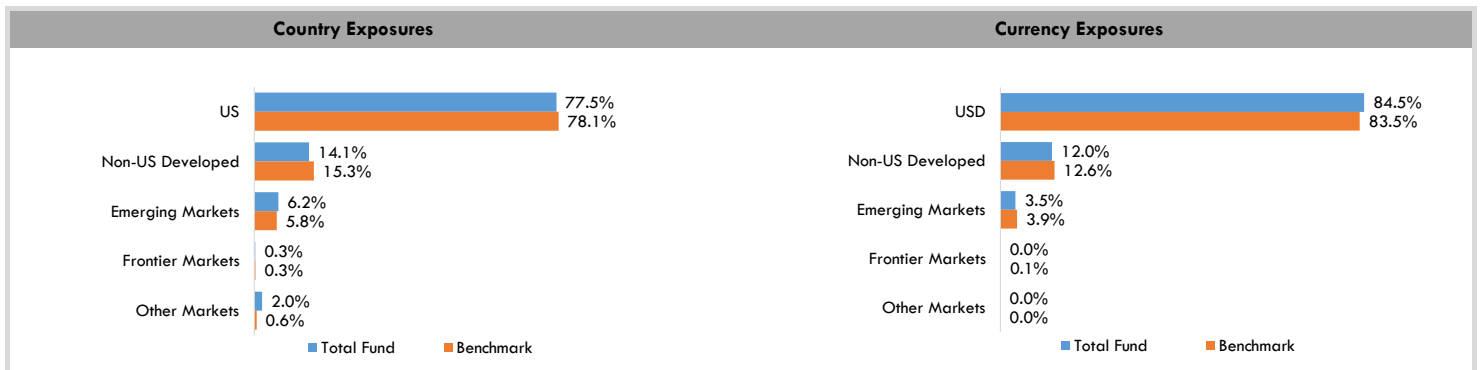
NAV : \$ 81,482,411,762

Risk	Performance (%)							Asset Allocation				
	1 SD	Rel VaR	TE	MTD	FYTD	CYTD	1 Year	NAV (\$mill)	NAV	Target	Compliance	Over/Under
Total Fund	17%	11.3%	2.5%	0.4	30.1	12.4	30.1	81,482				
Public Equity	20%	3.9%	1.6%	-0.1	47.6	15.7	47.6	31,177	38.3%	39%		-0.7%
Fixed Income	4%	4.1%	0.3%	0.9	3.7	-0.7	3.7	16,799	20.6%	21%		-0.4%
PE & Special Opps	34%	12.0%	8.2%	0.9	61.4	33.4	61.4	14,692	18.0%	15%		3.0%
Real Estate	25%	14.5%	7.2%	0.8	4.1	1.2	4.1	5,528	6.8%	7%		-0.2%
Inf. & Private Income	21%	7.2%	9.7%	0.3	18.4	10.9	18.4	5,875	7.2%	9%		-1.8%
Absolute Return	5%	-34.6%	5.4%	-0.3	13.4	6.3	13.4	4,597	5.6%	6%		-0.4%
Risk Parity	14%	45.1%	9.6%	0.0	17.6	5.6	17.6	765	0.9%	1%		-0.1%
Total Fund Cash	0%	-23.2%	0.0%	0.0	0.2	0.1	0.2	2,049	2.5%	2%		0.5%



Economic Indicators

	6/30/21	6/29/21	% Change
VIX	15.83	16.02	-1.2%
U.S. Dollar/Euro	1.19	1.19	-0.3%
Credit Index OAS	0.77	0.77	0.0%
Crude Oil (WTI) (\$)	73.47	72.98	0.7%
10-Year Treasury Yield	1.47	1.47	-0.1%
30-Year Treasury Yield	2.09	2.08	0.1%
S&P 500	4,297.50	4,291.80	0.1%



SUBJECT: APFC Fixed Income
Asset Class Update

ACTION: _____

DATE: September 28, 2021

INFORMATION: _____ X _____

BACKGROUND:

The Fixed Income presentation provides information on the APFC Fixed Income Portfolio.

STATUS:

At this meeting, Director of Investments, Fixed Income, Jim Parise and Senior Portfolio Manager Masha Skuratovskaya, will present key elements of APFC Fixed Income allocation and performance, including Internal management, External management, and concluding with a note on EM Debt.



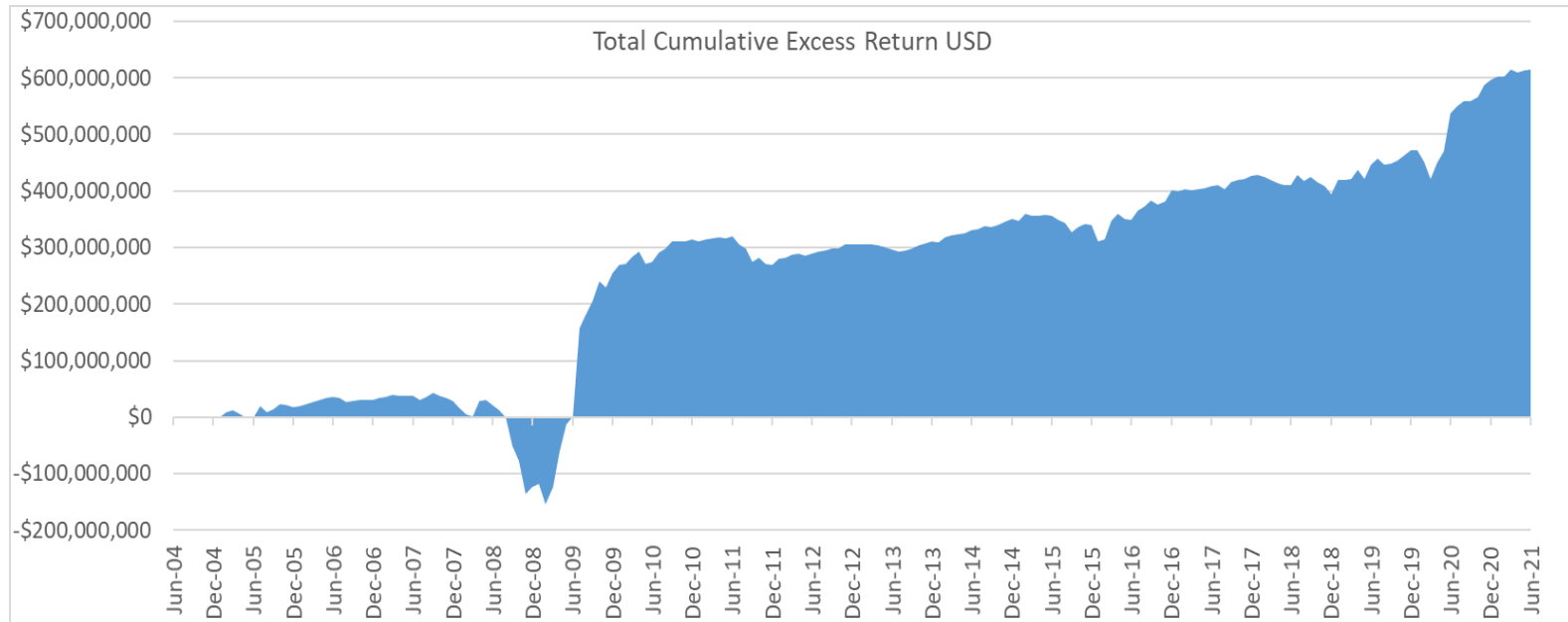
APFC

ALASKA PERMANENT
FUND CORPORATION

APFC Internal Fixed Income Portfolio

September 28, 2021

Internally Managed Portfolio Excess Returns



Fixed Income Allocation

	Fixed Income Allocation (ooo's)				QTD Excess Return Contribution		
	Benchmark		Portfolio		Sector Allocation	Within Sector Allocation	Total Excess Return
US Aggregate	27.5%	4,430,000	29.5%	4,945,893,000	-0.01%	0.02%	0.00%
US Corporates	27.5%	4,430,000	27.6%	4,632,315,000	0.00%	-0.02%	-0.02%
High Yield	10.0%	1,611,000	10.1%	1,694,007,000	0.00%	-0.01%	-0.01%
Emerging Market	5.0%	806,000	5.5%	915,092,000	0.01%	0.04%	0.05%
Non-US Rates	10.0%	1,611,000	8.2%	1,382,069,000	0.04%	0.00%	0.04%
TIPS	5.0%	806,000	5.1%	848,484,000	0.00%	0.00%	0.00%
Securitized	10.0%	1,611,000	9.4%	1,571,599,000	0.01%	0.02%	0.03%
Total Cash	5.0%	806,000	4.8%	800,025,000	0.00%	0.00%	0.01%
Total	100%		100%		0.05%	0.06%	0.11%

* These are average market value for the quarter

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ALASKA PERMANENT FUND CORPORATION

As of quarter end 6/30/2021

Fixed Income Performance

Fixed Income (\$16,790mm)

- Overweight US Agg, Corporates and Emerging Markets
- Underweight TIPS and Global Rates

U.S. Aggregate Portfolio (\$4,946mm)

- Neutral duration and long spread product vs Treasuries
- Overweight to Corporates, CMBS, and ABS were the greatest contributors to outperformance this quarter

U.S. Corporate Bond Portfolio (\$4,632mm)

- Security selection largest contributor to quarterly outperformance
- Overweight 10+ year Credit

Internal Portfolios

	QTD (%)	1Yr (%)	3Yr (%)	5Yr(%)
Strategy	2.27%	3.68%	5.69%	n/a
Index	2.17%	2.89%	4.86%	n/a

	QTD (%)	1Yr (%)	3Yr (%)	5Yr(%)
Portfolio	1.89%	0.76%	5.98%	3.59%
Index	1.83%	-0.33%	5.34%	3.03%

	QTD (%)	1Yr (%)	3Yr (%)	5Yr(%)
Portfolio	3.47%	4.20%	8.56%	5.58%
Index	3.55%	3.30%	7.79%	4.90%

Fixed Income Performance

Global Rates (\$1,077mm)

- Continued underperformance of overweight to South America and Russia were offset by strong carry and tightening of EZ periphery spreads

Securitized (\$1,572mm)

- Overweight to CMBS and ABS benefited relative performance
- Underweight MBS was a positive for relative performance

TIPS (\$848mm)

- Neutral duration with focus on pure, mean-reverting relative value plays
- Security selection and curve position drove performance.

Fixed Income Plus Cash (\$800 mm)

- Source of liquidity
- Seek to at least match T-Bills

Internal Portfolios

	QTD (%)	1Yr (%)	3Yr (%)	5Yr(%)
Portfolio	0.32%	-1.01%	3.61%	2.43%
Index	0.24%	-0.57%	3.67%	2.50%

	QTD (%)	1Yr (%)	3Yr (%)	5Yr(%)
Portfolio	0.66%	0.00%	n/a	n/a
Index	0.44%	-0.20	n/a	n/a

	QTD (%)	1Yr (%)	3Yr (%)	5Yr(%)
Portfolio	3.31%	6.66%	6.50%	4.13%
Index	3.25%	6.51%	6.53%	4.17%

	QTD (%)	1Yr (%)	3Yr (%)	5Yr(%)
Portfolio	0.02%	0.09%	1.62%	n/a
Index	0.00%	0.09%	1.34%	n/a

Internal U.S. Aggregate Portfolio

Performance

	Latest Quarter	CYTD	One Year	Three Year	Five Year
Portfolio	1.89%	-1.45%	0.76%	5.98%	3.59%
Index	1.83%	-1.60%	-0.33%	5.34%	3.03%

Quarterly Attribution

	Duration/ Curve	Asset Allocation	Security Selection	Other
Portfolio	0.00%	0.31%	0.22%	0.00%

Predicted Tracking Error

Total Tracking Error	Curve	Sector Spread	Inflation	Other
32 bps	9%	63%	6%	22%

Index Comparison

	Portfolio	Index
Duration	6.6	6.7
Yield	1.5	1.5
Spread	32	27
Rating	Aa2	Aa2

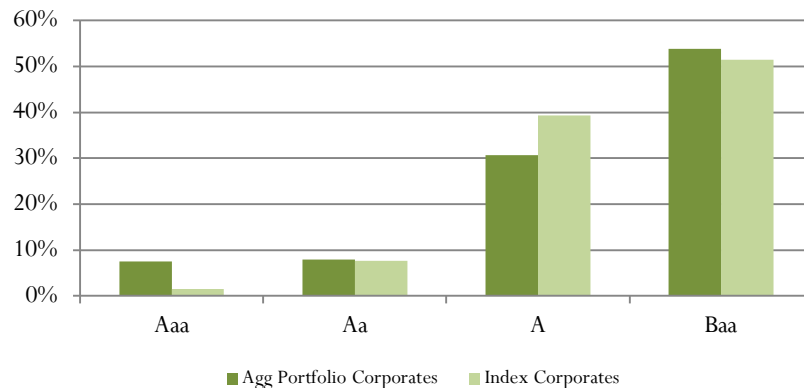
Composition

- \$4.9 Billion
- Investment Grade Bonds
- Barclays' US Aggregate Index
- Duration based on interest rate forecast
- Internal Fixed Income Team's Best Ideas
- Primary PM: Jim Parise, Chris Cummins, Masha Skuratovskaya

Internal U.S. Aggregate Portfolio

Sector	MV (\$mil)	% of Portfolio	% of Index
Total Portfolio	\$4,946	100%	100%
Treasury	\$1,505	30%	38%
Government-Related	\$306	6%	6%
Corporate	\$1,449	29%	27%
MBS	\$1,249	25%	27%
ABS	\$162	3%	0%
CMBS	\$164	3%	2%
Cash	\$111	2%	0%

Portfolio Credit Quality vs. Index



	Portfolio	Index	Over/Under Weight
Duration	8.5	8.5	0.0

Internal Corporate Bonds

Performance

	Latest Quarter	CYTD	One Year	Three Year	Five Year
Portfolio	3.47%	-0.98%	4.20%	8.56%	5.58%
Index	3.55%	-1.27%	3.30%	7.79%	4.90%

Quarterly Attribution

	Duration/ Curve	Asset Allocation	Security Selection	Other
Portfolio	-0.03%	-0.13%	0.15%	0.00%

Predicted Tracking Error

Total Tracking Error	Curve	Sector Spread	Idiosyncratic	Other
50 bps	2%	84%	13%	0%

Index Comparison

	Portfolio	Index
Duration	8.5	8.5
Yield	2.1	2.0
Spread	83	79
Rating	A3	A3

Composition

- \$4.6 Billion
- Investment Grade Corporate Bonds
- 300+ positions with 200+ issuers
- Barclays' U.S. Corporate Bond Index
- Futures used to control curve and duration exposure
- Primary PM: Jim Parise, Matt Olmsted

Internal Tips Portfolio

Performance

	Latest Quarter	CYTD	One Year	Three Year	Five Year
Portfolio	3.31%	1.83%	6.66%	6.50%	4.13%
Index	3.25%	1.73%	6.51%	6.53%	4.17%

Quarterly Attribution

	Duration/ Curve	Asset Allocation	Security Selection	Other
Portfolio	0.01%	0.05%	0.01%	-0.01%

Predicted Tracking Error

Total Tracking Error	Curve	Sector Spread	Inflation	Other
26 bps	24.3%	0.0%	75.7%	0.0%

Index Comparison

	Portfolio	Index
Duration	7.5	7.5
Yield	1.06	1.02

Composition

- \$849 Million
- US Treasury Inflation Protected Securities
- 20+ positions
- Barclays' U.S. TIPS Index
- Portfolio duration and curve position reflects views on rates and inflation valuation
- Primary PM: Masha Skuratovskaya

Internal Global Government Bonds

Performance

	Latest Quarter	CYTD	One Year	Three Year	Five Year
Portfolio	0.32%	-2.21%	-1.01%	3.61%	2.43%
Index	0.24%	-1.84%	-0.57%	3.67%	2.50%

Quarterly Attribution

	FX Hedging	Country Allocation	Duration / Curve	Asset Allocation	Security Selection
Portfolio	-4.1	3.3	-4.6	1.3	12.1

Predicted Tracking Error

Total Tracking Error	Curve	Sector Spread	FX	Other
46 bps	72%	13%	15%	0%

Index Comparison

	Portfolio	Index
Duration	8.1	9.0
Yield	0.92	0.72
Rating	A1	A1

Composition

- \$1.1 Billion
- Investment Grade Sovereign and Agency bonds
- 60+ positions in 28+ currencies
- Barclays' Global Treasury Ex-U.S. Index Hedged
- Cross country allocation is driven by expectation for relative performance.
- Primary PM: Masha Skuratovskaya

Fixed Income Performance

Fixed Income Plus (\$16,790mm)

- Overweight US Agg, Corporates and Emerging Markets
- Underweight TIPS and Global Rates

Barclays U.S. Aggregate Portfolio (\$4,946mm)

- Neutral duration and long spread product vs Treasuries
- O/W corporate was the greatest contributor to outperformance

Corporate Bond Portfolio (\$4,632mm)

- Security selection contributed to outperformance
- Up in quality last quarter of 2020

Global Rates (\$1,382mm)

Internal (\$1,077mm)

- Continued underperformance of overweight to South America and Russia were offset by strong carry and tightening of EZ periphery spreads

Allianz (\$305mm)

- Overweight to EZ periphery, Russia and China added value, while Mexico detracted..

	QTD (%)	1Yr (%)	3Yr (%)	5Yr(%)
Aggregate	2.27%	3.68%	5.69%	n/a
Index	2.17%	2.89%	4.86%	n/a
Strategy	1.89%	0.76%	5.98%	3.59%
Index	1.83%	-0.33%	5.34%	3.03%
Strategy	3.47%	4.20%	8.56%	5.58%
Index	3.55%	3.30%	7.79%	4.90%
Strategy	0.29%	-0.87%	3.69%	2.44%
Index	0.24%	-0.57%	3.67%	2.50%
In House	0.32%	-1.01%	3.61%	2.43%
Index	0.24%	-0.57%	3.67%	2.50%
Allianz	0.18%	-0.46%	3.88%	2.65%
Index	0.24%	-0.57%	3.67%	2.50%

Fixed Income Performance

Global High Yield (\$1,694mm)

- Predominantly managed externally with ETFs used to fill allocation

High Yield ETF (\$481mm)

- The ETFs underperformed the index with the USHY ETF leading HYG

Oaktree High Yield (\$723mm)

- Defensively positioned portfolio has gained some ground in recent periods due to zero defaults in the portfolio

Capital Guardian High Yield (\$490mm)

- Security and Industry allocation detracted from results

TIPS (\$848mm)

Internal TIPS (\$696mm)

- Neutral duration with focus on pure, mean-reverting relative value plays

Alaska Permanent Capital Mgmt. (\$153mm)

- Portfolio was underweight 7s and 30s vs 5s and 10s with focus on out-yielding the benchmark

	QTD (%)	1Yr (%)	3Yr (%)	5Yr(%)
Strategy	2.68%	15.19%	6.87%	6.79%
Index	2.74%	15.34%	7.42%	7.47%
ETF	2.47%	13.87%	6.21%	n/a
Index	2.74%	15.34%	7.42%	n/a
OakTree	2.88%	15.05%	7.33%	6.76%
Index	2.74%	15.34%	7.42%	7.47%
Cap Guard	2.58%	16.48%	6.25%	7.21%
Index	2.74%	15.34%	7.42%	7.40%
Strategy	3.31%	6.66%	6.50%	4.13%
Index	3.25%	6.51%	6.53%	4.17%
In House	3.32%	6.85%	6.73%	4.32%
Index	3.25%	6.51%	6.53%	4.17%
APCM	3.24%	6.19%	6.19%	3.88%
Index	3.25%	6.51%	6.29%	3.97%

Fixed Income Performance

Emerging Market Debt (\$915mm)

PGIM (\$350mm)

- Quasi-sovereign positions in Brazil, Mexico and South Africa along with LC positioning in Mexico, Peru and Colombia drove outperformance.

Ninety One (formerly Investec) (\$191mm)

- Overweight to HY HC continued to perform, as did underweight to LC duration. Overweight Indonesia, South Africa, Malaysia, Colombia and Russia.

Payden (\$189 mm)

- Overweights to Angola, Qatar, Bahrain and underweight to Poland contributed while overweight to El Salvador and underweights to Turkey and Zambia detracted. Maintain HY sovereign and IG corporate tilts.

Colchester (\$185mm)

- Outperformance driven by overweights to Indonesia, South Africa, Russia and Colombia, funded with underweights in Chile, China and Thailand

	QTD (%)	1Yr (%)	3Yr (%)	5Yr(%)
Strategy	4.54%	9.31%	5.33%	4.28%
Index	3.80%	7.07%	5.46%	4.10%

Strategy	4.44%	9.44%	n/a	n/a
Index	3.80%	7.07%	n/a	n/a

Strategy	4.65%	9.34%	n/a	n/a
Index	3.80%	7.07%	n/a	n/a

Strategy	4.66%	9.91%	n/a	n/a
Index	4.06%	7.53%	n/a	n/a

Strategy	4.47%	8.42%	n/a	n/a
Index	3.54%	6.57%	n/a	n/a

Fixed Income Performance

QTD (%) 1Yr (%) 3Yr (%) 5Yr(%)

Securitized (\$1,572m)

- Ultra high credit quality
- Performance was positively impacted from underweight to MBS

Strategy	0.66%	0.00%	n/a	n/a
Index	0.44%	-0.20%	n/a	n/a

Fixed Income Plus Cash(\$2,049mm)

- Source of liquidity
- Seek to at least match T-Bills

Strategy	0.02%	0.09%	1.62%	n/a
Index	0.00%	0.09%	1.34%	n/a

Why Invest in Emerging Markets

EM Debt Portfolio
FY 2021
\$914 mm

Blended
\$541 mm (59%)

Single Index
\$373 mm (41%)

Investec
\$191
mm
21%

PGIM
\$350
mm
38%

Payden
Hard
Currency
\$189 mm
21%

Colchester
Local
Currency
\$184 mm
20%

Emerging Markets Debt Benchmark

Hard Currency 50%
External debt issued by EM
sovereigns in \$/€/£

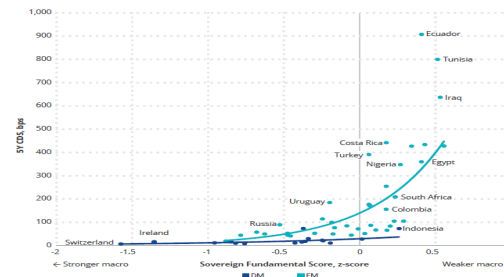
Local Currency 50%
Domestic debt issued in
local currency

Portfolio diversification

Correlation Matrix	FI	Cash	TIPS	Core FI	Credit	NU FI	EMD	GHY	MBS
APFC Fixed Income	1.00	0.02	0.61	0.80	0.92	0.66	0.50	0.52	0.75
Cash	0.02	1.00	0.12	0.15	-0.05	0.00	-0.07	-0.11	0.14
TIPS	0.61	0.12	1.00	0.65	0.52	0.40	0.18	0.06	0.60
Core US	0.80	0.15	0.65	1.00	0.80	0.50	0.12	0.00	0.92
Inv Grade	0.92	-0.05	0.52	0.80	1.00	0.49	0.35	0.40	0.73
Global ex-US	0.66	0.00	0.40	0.50	0.49	1.00	0.15	0.12	0.46
EMD	0.50	-0.07	0.18	0.12	0.35	0.15	1.00	0.60	0.11
High Yield	0.52	-0.11	0.06	0.00	0.40	0.12	0.60	1.00	0.00
US Securitized	0.75	0.14	0.60	0.92	0.73	0.46	0.11	0.00	1.00

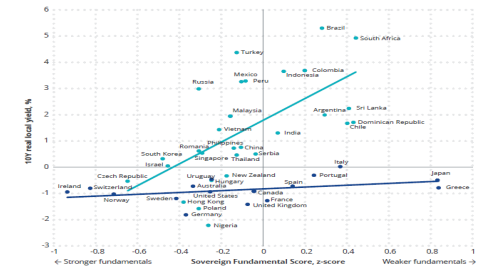
Attractive expected returns

Exhibit 2 – EM Pays More Than DM in Hard Currency, Even Adjusted for Fundamentals



Source: VanEck Research, Moody's, IMF, World Bank, Bloomberg LP. Data as of July 2021.

Exhibit 3 – EM Pays More Than DM in Local Currency, Even Adjusted for Fundamentals



Source: VanEck Research, Moody's, IMF, World Bank, Bloomberg LP. Data as of July 2021.

Inefficient asset class with high potential pay-off from active management

ALASKA PERMANENT FUND CORPORATION

EM Debt Portfolio Today

PGIM

Top-down score card approach to regional allocation expressed via Tracking Error. Bonds are evaluated across HC and LC spectrum on a currency-hedged basis. FX exposures managed via an overlay with a separate risk budget.

Ninety One

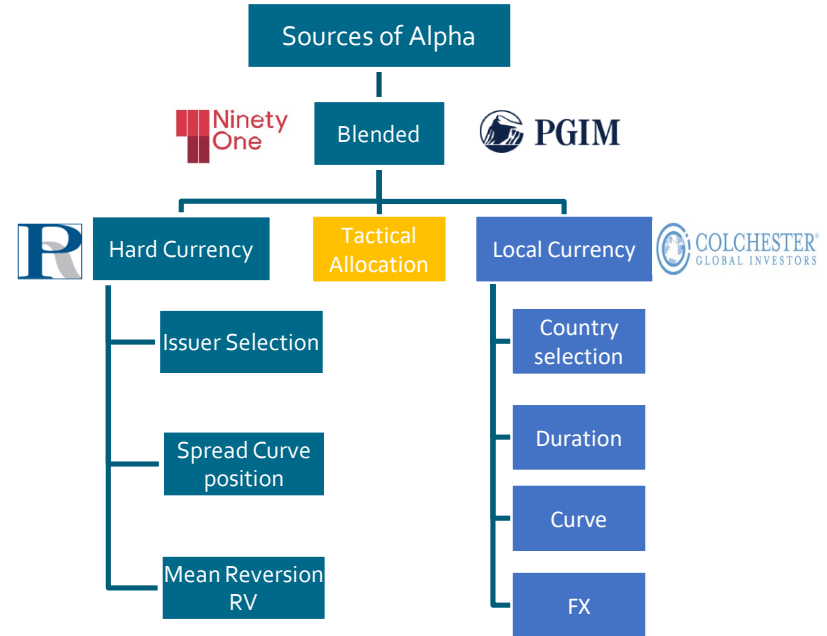
Investment universe is evaluated via a quantitative scorecard. Portfolio is built from the bottom-up using a “best ideas” approach and positions are sized via risk beta in accordance with conviction.

Payden

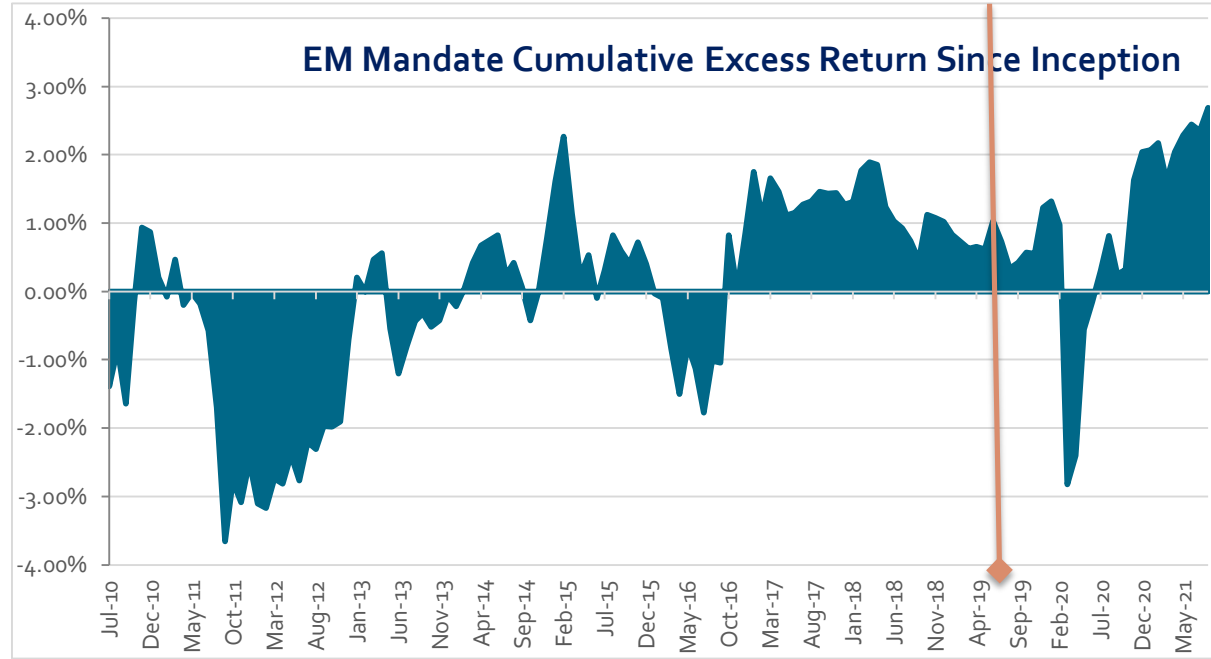
Country selection is driven by relative spread attractiveness and fundamentals. The scorecard for the latter emphasizes current events, news-flow and “market story” that may be driving valuations for the next 6 months.

Colchester

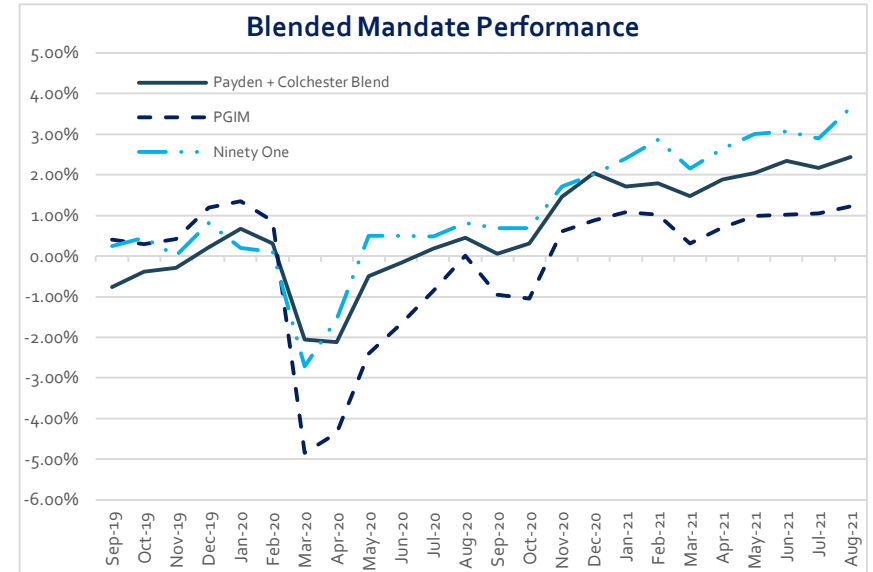
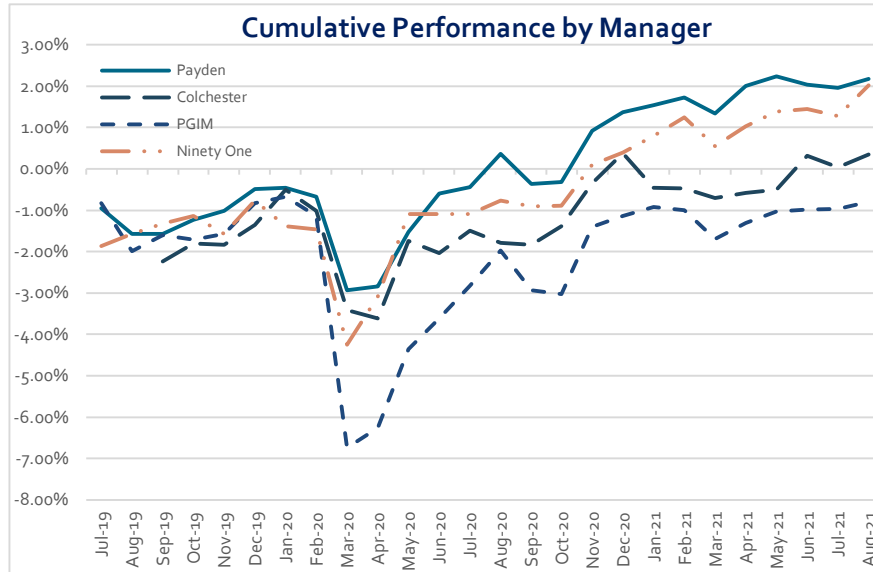
Investments are optimized on the basis of expected real yield, grounded in the proprietary, in-house inflation forecasting model and fiscal sustainability score that reflects political and governance risks.



EM Debt Portfolio Performance



EM Debt Portfolio Performance



SUBJECT: APFC Private Credit
Asset Class Update

ACTION: _____

DATE: September 28, 2021

INFORMATION: _____ X _____

BACKGROUND:

The Private Credit presentation provides information on the APFC Private Credit Portfolio.

STATUS:

At this meeting, Director of Investments, Alternatives, Steve Moseley, and Portfolio Manager Ross Alexander, will present an overview of the Private Credit asset class and APFC's Private Credit Portfolio.



APFC

ALASKA PERMANENT
FUND CORPORATION

Private Credit

September 28, 2021

Private Credit

Overview

Objectives

- Attractive risk-adjusted returns
- High level of current income
- Potentially provide for capital appreciation
- Focus on downside protection

Benchmarks

- Absolute: CPI + 4.2%
- Relative: Cambridge Private Credit Index (Lagged)

Through-the- Cycle Expectations

10-Year Projections	r	σ	<i>yield</i>
Callan	5.90%	12.10%	5.25%
CPI	2.00%	1.50%	n/a
APFC Objective	7.25%	n/a	n/a

Private Credit

Comparison to Public Debt

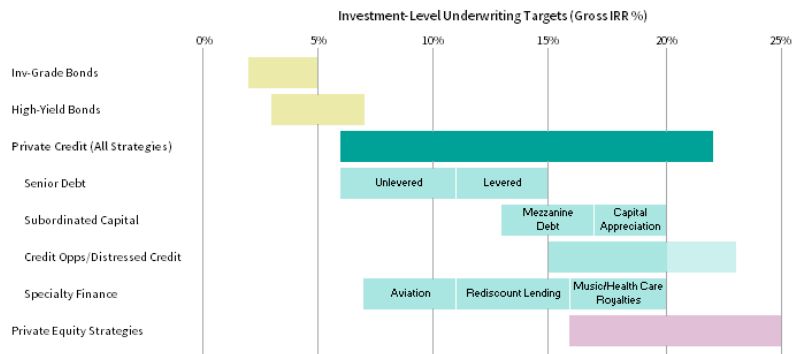
- Private credit and public debt are complementary and each provide certain benefits to investors

Characteristic	Private Credit	Public Debt
Yield	Higher (+)	Lower (-)
Interest Rate Risk	Lower (+)	Higher (-)
Credit Risk	Higher (-)	Lower (+)
Liquidity	Lower (-)	Higher (+)
Volatility relative to market moves	Lower (+)	Higher (-)
Security	Higher (+)	Lower (-)
Duration Risk	Lower (+)	Higher (-)

Private Credit

Approaches

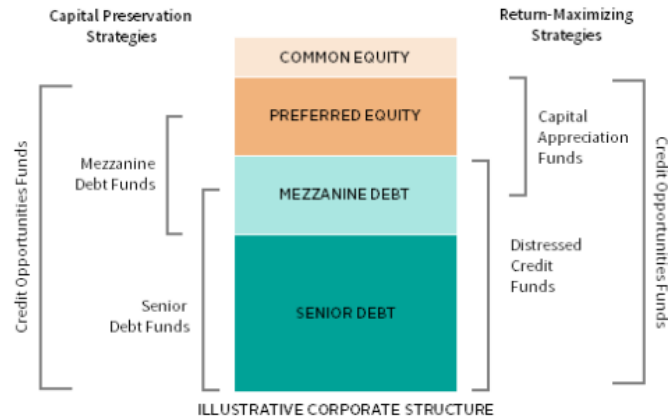
- Expected risk / return between publicly-traded fixed income and equities



Source: Cambridge Associates LLC.

Note: Returns for investment-grade and high-yield bonds represent arithmetic return assumptions in equilibrium.

- Private credit investments have different positions in capital stack

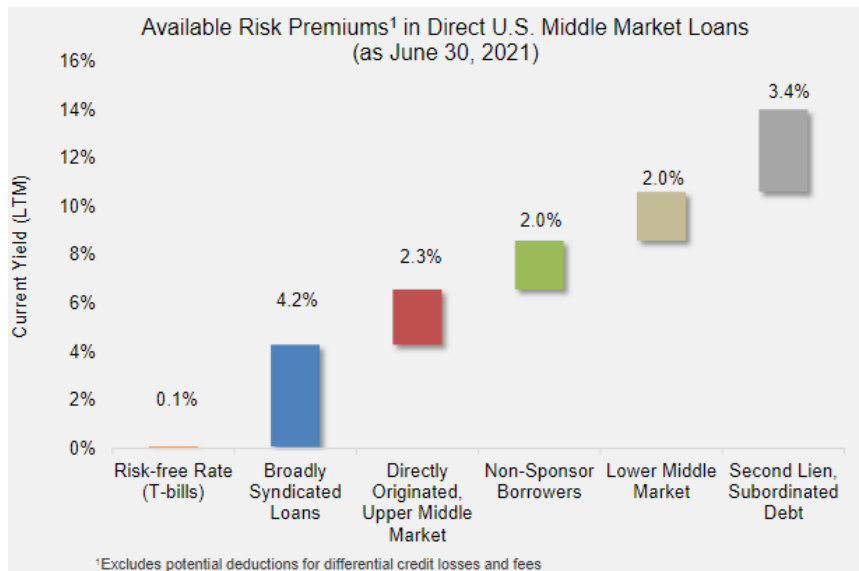


Source: Cambridge Associates LLC.

Private Credit

Available Risk Premium

- As you move up risk curve (e.g. from senior to junior), risk premium increases

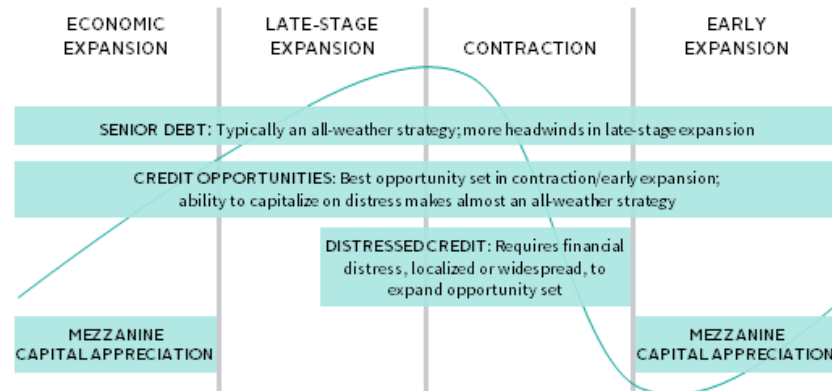


Source: Cliffwater

Private Credit

Strategies Across the Economic Cycle

- We assume that no specific credit approach will be top performer throughout cycle
- Seek to build a program that should provide stable returns and see good opportunities in all parts of cycle



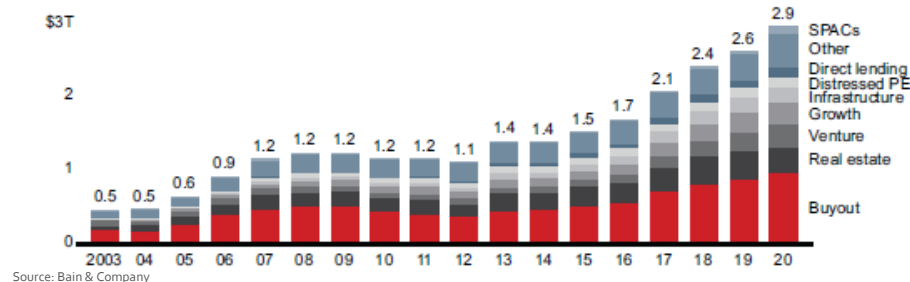
Source: Cambridge Associates LLC.

Private Credit

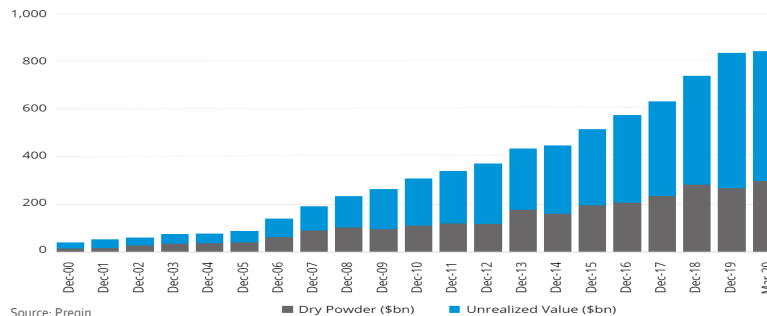
Private capital growth

- Global dry powder continues to increase across private asset classes
- Traditional lenders (e.g. banks) stepped back following GFC, but private debt funds have taken their place

Global private uncalled capital, by fund type



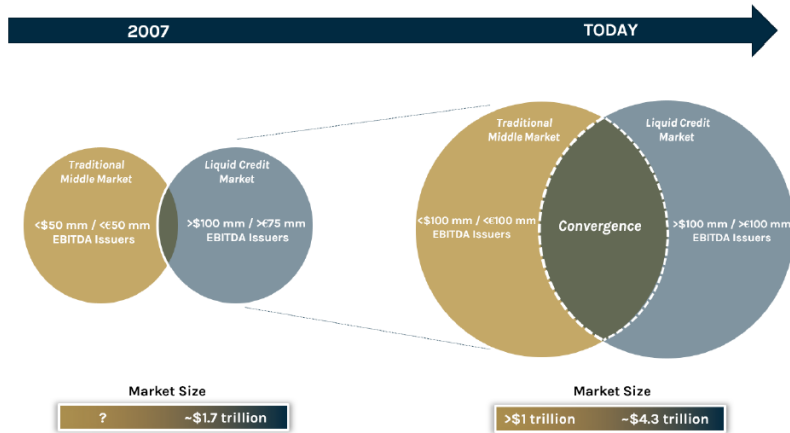
Private Debt Assets under Management, 2000 - Q1 2020



Private Credit

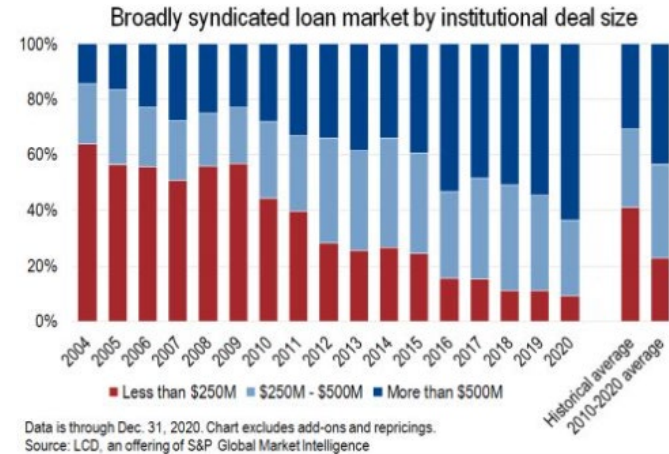
Taking share from liquid credit market

- Traditional middle market and liquid credit markets have grown significantly over past decade



Source: Ares

- Middle market borrowers (<\$250M) continue turning to private credit market for their financing needs



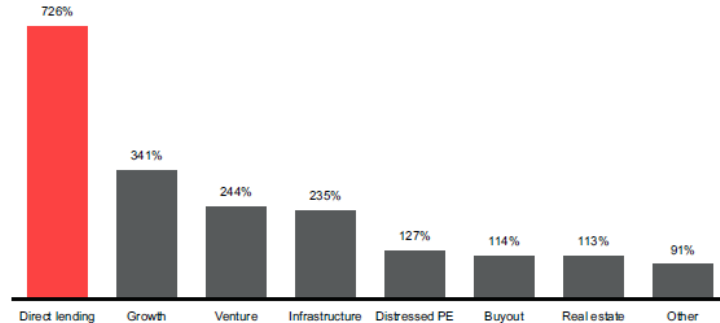
Data is through Dec. 31, 2020. Chart excludes add-ons and repricings.
Source: LCD, an offering of S&P Global Market Intelligence

Private Credit

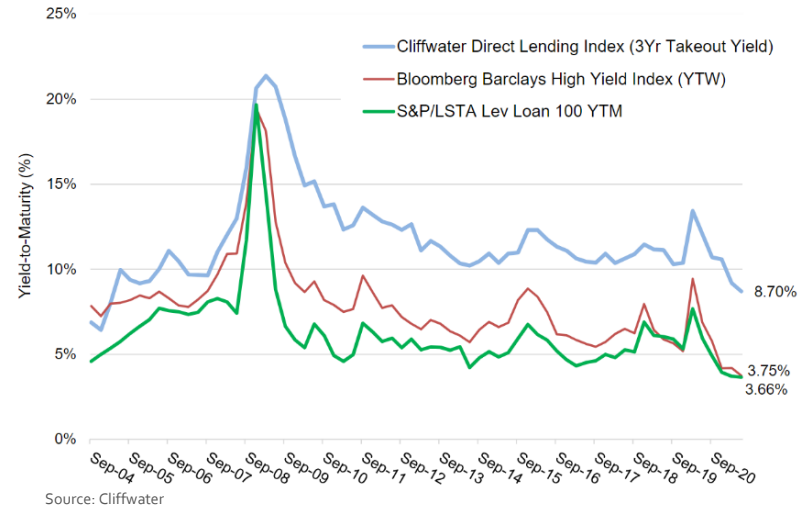
Yield comparison

- Main use of direct lending funds is to support PE-sponsor backed LBOs

Growth in dry powder, 2020 vs. 2010, by fund type



- Despite flow of funds into private credit, yield spreads have remained consistent



Private Credit

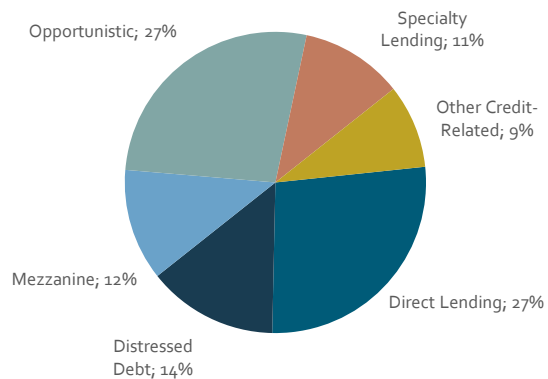
Challenges

- Yield compression
- Degradation of loan terms (e.g. rise of covenant lite loans)
- Increasing competition among lenders
- Increasing allocations to private credit from peer investors

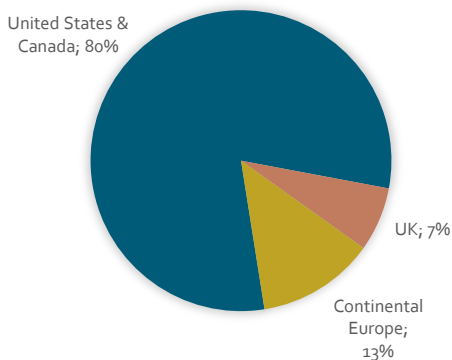
Private Credit

APFC Portfolio Diversification

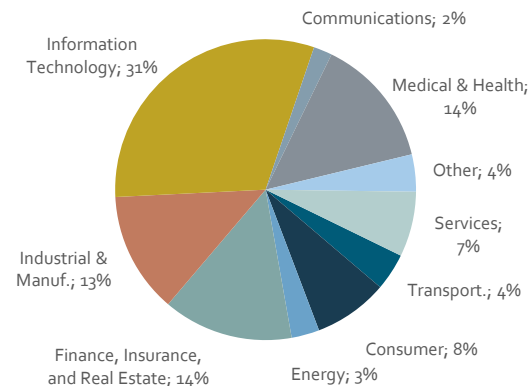
Strategy



Geography

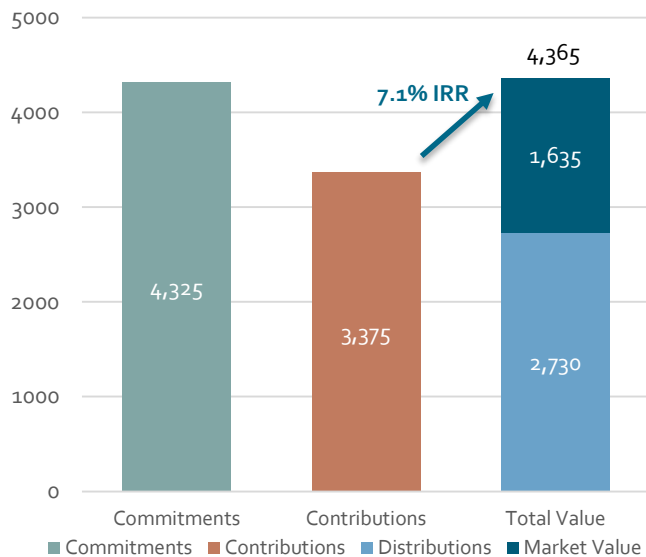


Industry

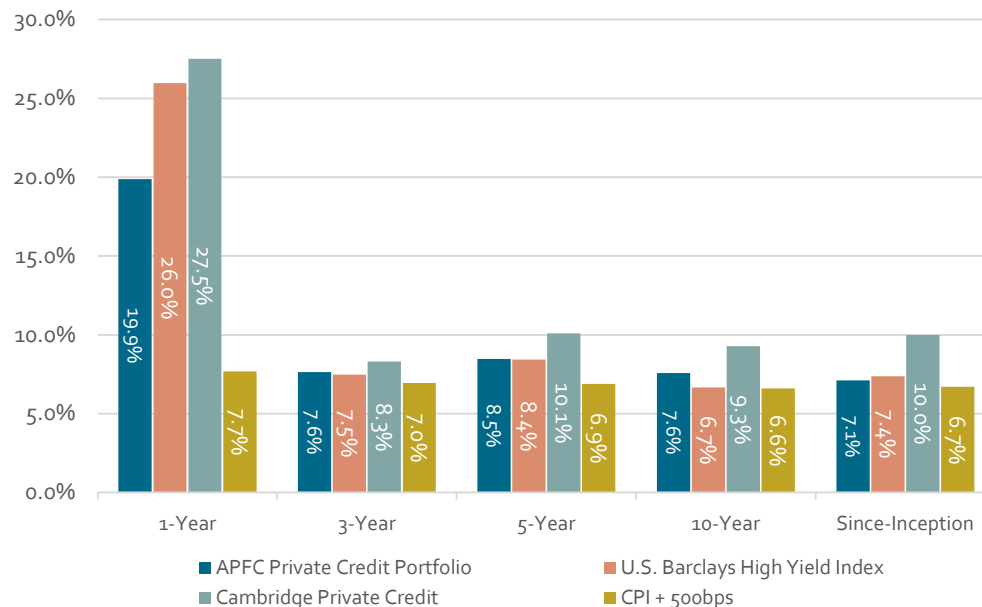


Private Credit

APFC Portfolio Performance



As of 3/31/21, in millions \$
Source: Pathway



SUBJECT: Fixed Income External Manager Presentation ACTION: _____
Ninety One Investment Institute

DATE: September 28, 2021 INFORMATION: _____ X

BACKGROUND:

Ninety One PLC, an emerging markets debt manager for the APFC, will present to the Board an overview of macro themes that will drive asset valuation over the next decade. Overview will conclude with strategies for long-term asset allocation.

Biographies of Attendees:

Philip Saunders (Co-Head of Multi-Asset Growth, *Ninety One*)

Philip is Co-Head of Multi-Asset Growth at Ninety One. He is also co-portfolio manager for the Global Strategic Managed and Risk Managed strategies, and has macro focused research responsibilities.

He began his investment career in 1981 as an analyst at Guinness Mahon & Co Limited, assuming management responsibility for the company's managed currency funds in 1984. In 1987, he became a founding director of Guinness Flight Global Asset Management, which was later acquired by Ninety One in 1998, and led its successful Global Fixed Income team. In 2000 he joined the Multi-Asset team, becoming Head in 2004. Philip graduated from Cambridge University with an MA in History in 1980.

Sahil Mahtani (Strategist, *Ninety One*)

Sahil Mahtani is a strategist at Ninety One, within the Multi-Asset investment team and the Ninety One Investment Institute.

Prior to that he was in Deutsche Bank's research department, latterly within the thematic research team. He has been published by The Economist, The Financial Times, and The Wall Street Journal.

He graduated from Harvard University with an AB in history in 2008.



Road to 2030

Philip Saunders and Sahil Mahtani
September 2021

The Ninety One Investment Institute

External knowledge networks



INVESTMENT INSTITUTE

Ninety One's Investment Institute is an investment-led research and client engagement platform. It partners

with leading experts and institutions in order to broaden

our understanding of key themes and trends. At the

same time, it brings together the best-investment led thinking within Ninety One's investment capabilities.

Connecting internal and external knowledge networks

is key to allowing our investment professionals and

clients to make better investment decisions

Internal knowledge networks

Quality

4 Factor

Alternatives

Multi-asset

Value

Fixed
Income

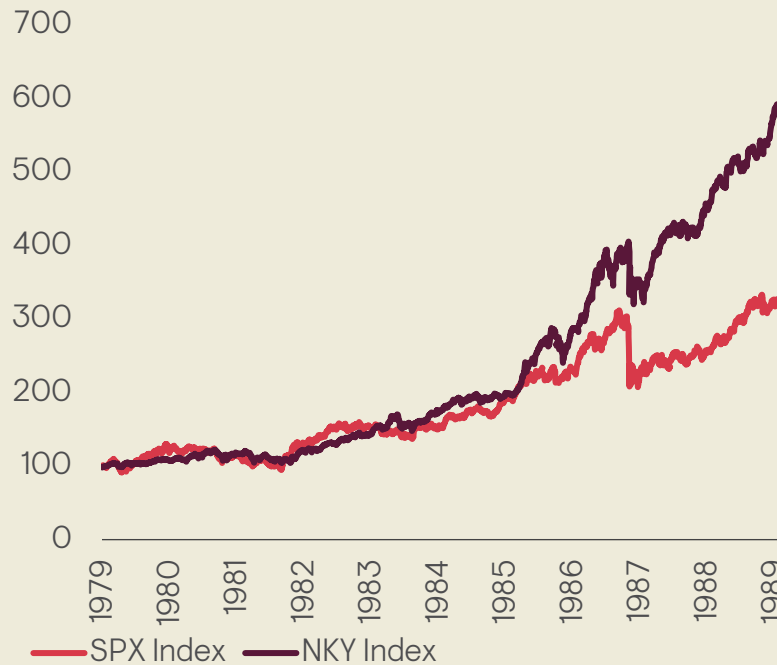




Top-down considerations are a key driver of market outcomes

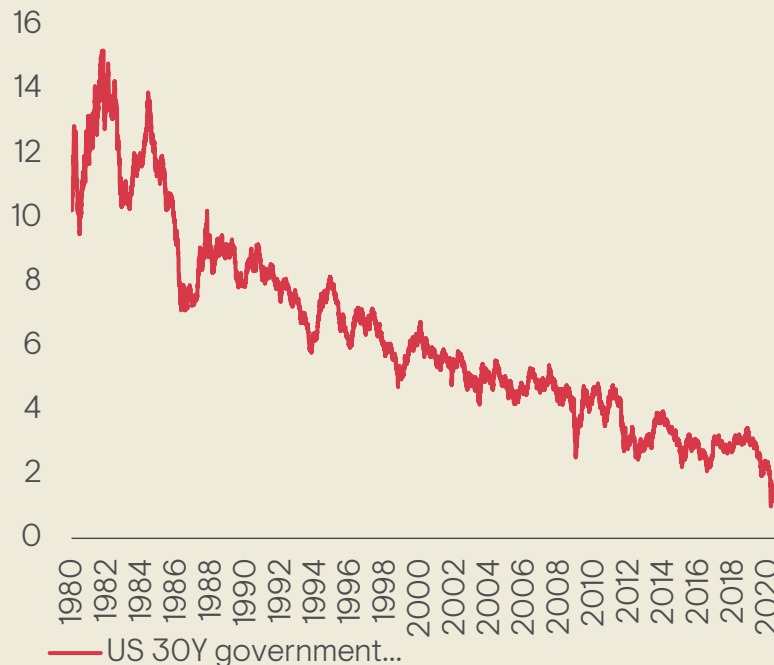
Even if an investor's focus is 'bottom up', the macro context can be a key driver of investment outcomes

Nikkei vs SPX (1980=100)



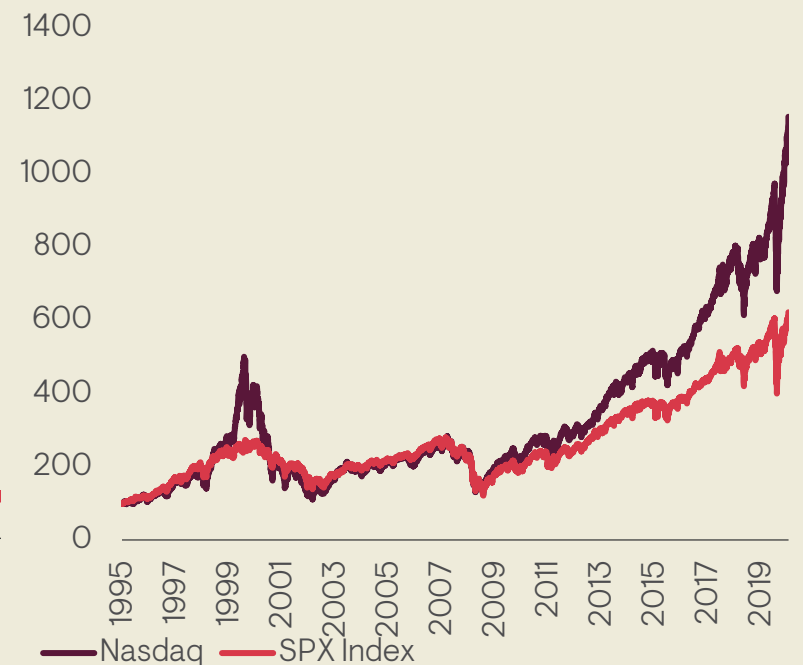
Between 1985 and 1989 Japan outperformed the US by 250% in dollar terms. Discussing whether to buy Sony or Nintendo was less important than whether to allocate to Japan in the first place.

US 30Y government bond (%)



Since the 1980s, bond yields have declined from the highest levels “since the birth of Jesus Christ,” as German Chancellor Helmut Schmidt put it, to zero, and often lower than that.

Nasdaq vs SPX (1995=100)



Despite the tech bubble bust of the late 1990s, the longer-term picture is one in which technology has outperformed the regular index. This has been especially true since the GFC.



A thematic approach is useful for three main reasons

1.

Identifying headwinds or tailwinds that influence the global economy and asset markets on a multi-year horizon provides a valuable analytical advantage and informs longer run strategic preferences.

2.

Addresses overspecialisation by cutting through traditional indices by country, region, sector or market capitalisation—constructs undermined by globalisation and increased correlations.

3.

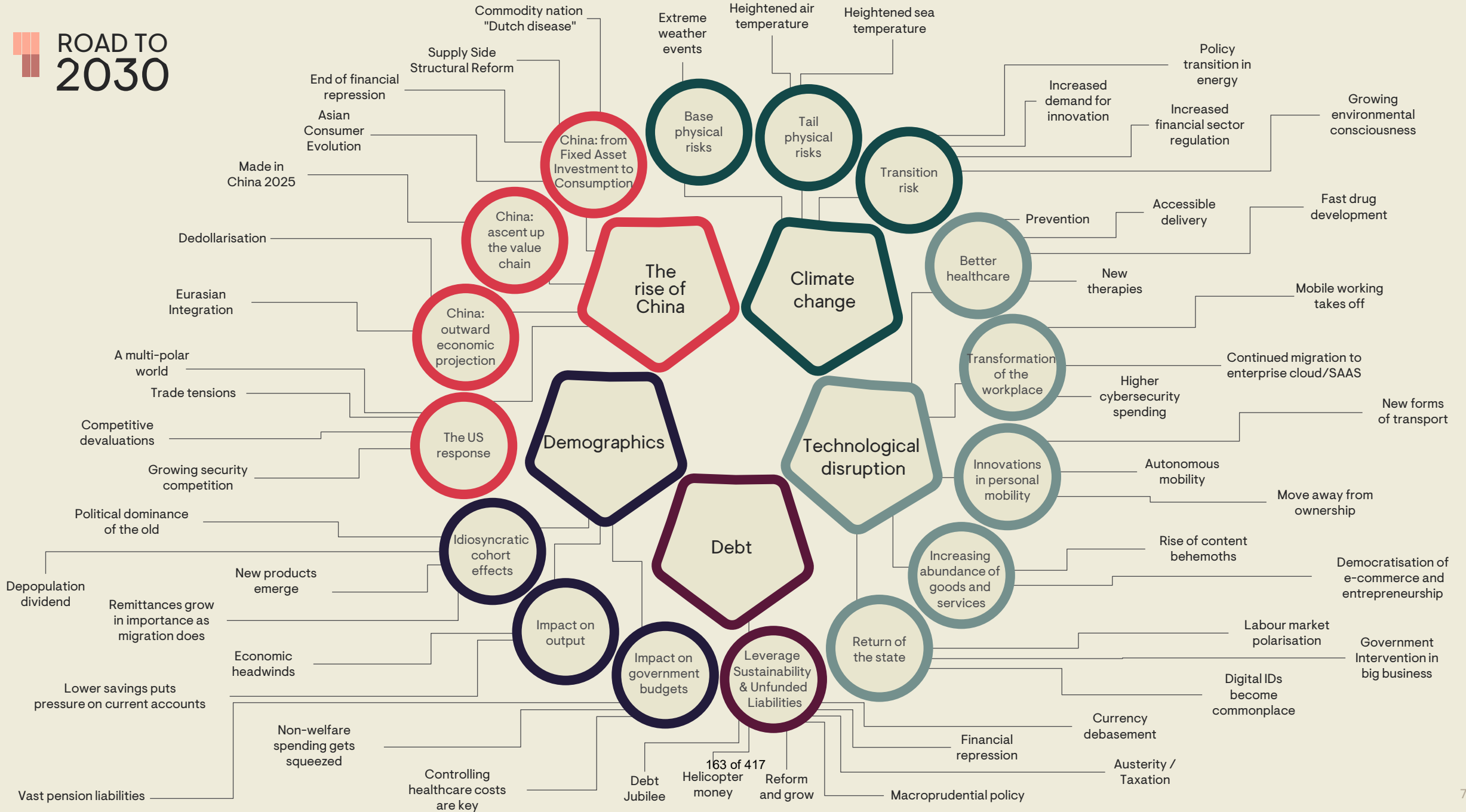
Improves our awareness of the strategic context in which decision-makers act. Themes are a way of thinking as companies think and go in hand with scenario analysis

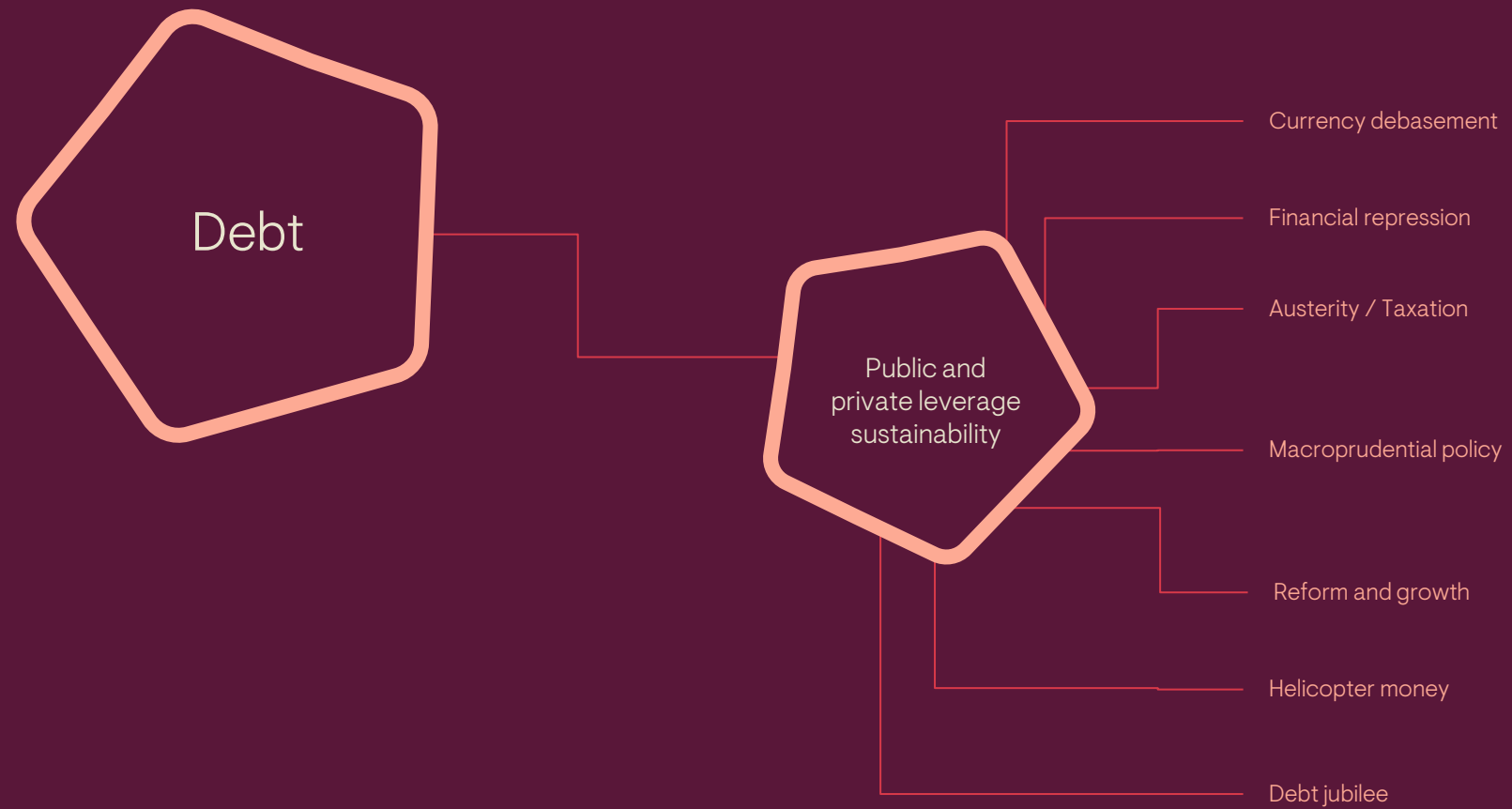
Road to



2030

ROAD TO 2030







Public and private debts remain high relative to history, and will continue to constrain policy

There are broadly seven potential tools to stabilise leverage.

- | | | | | | | |
|---|---|---|---|---|---|---|
|  |  |  |  |  |  |  |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Financial repression | Weakening FX to boost exports/GDP | Austerity /taxation | Reform and growth | Macro-prudential policy – can prevent future debt build-ups | Helicopter money | Debt jubilee |

These can be used together or in combination



Debt

Insights from Road to 2030

- Different solutions to stabilise debt will be tried over the coming decade
- Debt build-ups implies consumption and growth headwinds
- Interest rates cannot rise very far given current debt levels



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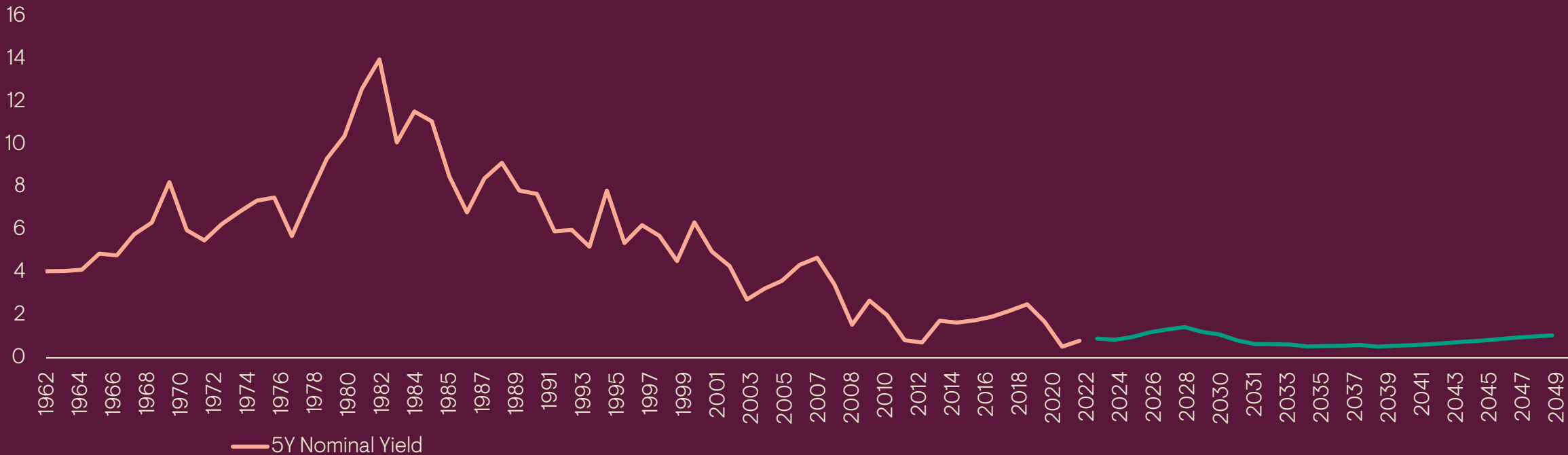
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Public and private debts remain high relative to history, and will continue to constrain policy

The global economy remains highly leveraged and sensitive to interest rate movements. Assuming current CBO forecasts for nominal growth rates in the US, weighted Treasury yields on US debt cannot exceed 1.4% over the next three decades if US debt is to stabilise. Historically, debt stabilisation has been aided by unexpected inflation, which boosts nominal growth rates.

Nominal rate required to stabilise US government debt





Debt

Insights from Road to 2030

- Different solutions to stabilise debt will be tried over the coming decade
- Debt build-ups implies consumption and growth headwinds
- Interest rates cannot rise very far given current debt levels
- Debt/GDP measures do not capture fiscal sustainability
- Debt levels may have become more sustainable due to QE
- The ultimate constraint on government spending is inflation



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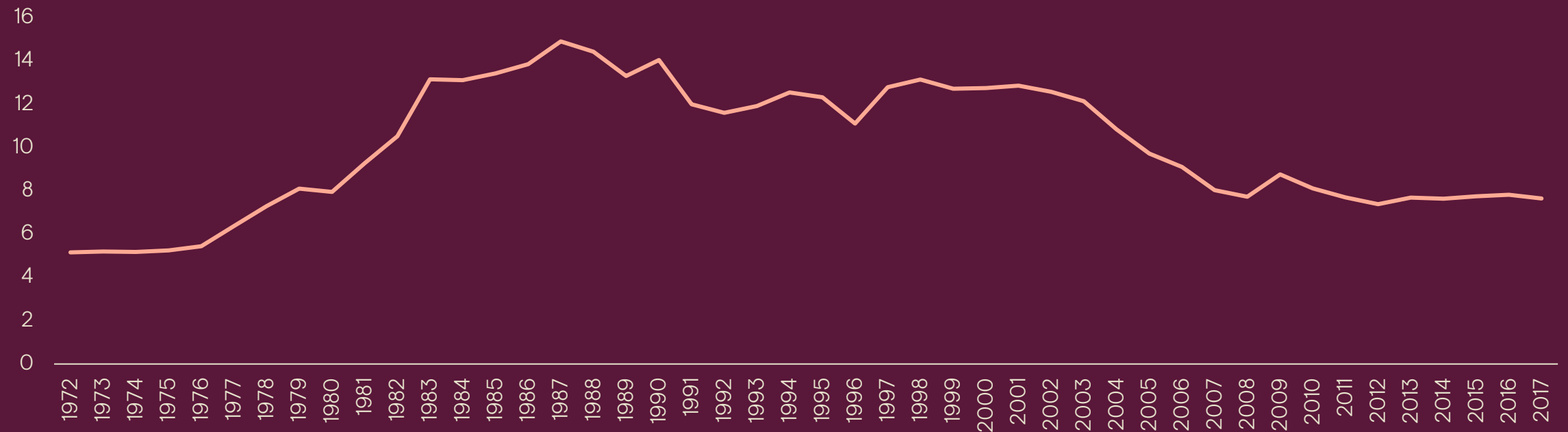
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Public and private debts remain high relative to history, and will continue to constrain policy

Debt servicing costs are already very low in historical terms. Given the higher stock of debt, it would be unprecedented for them to fall much further.

Equal-weighted gross interest payments as a % of government revenues for five countries (France, Germany, Japan, US, UK)





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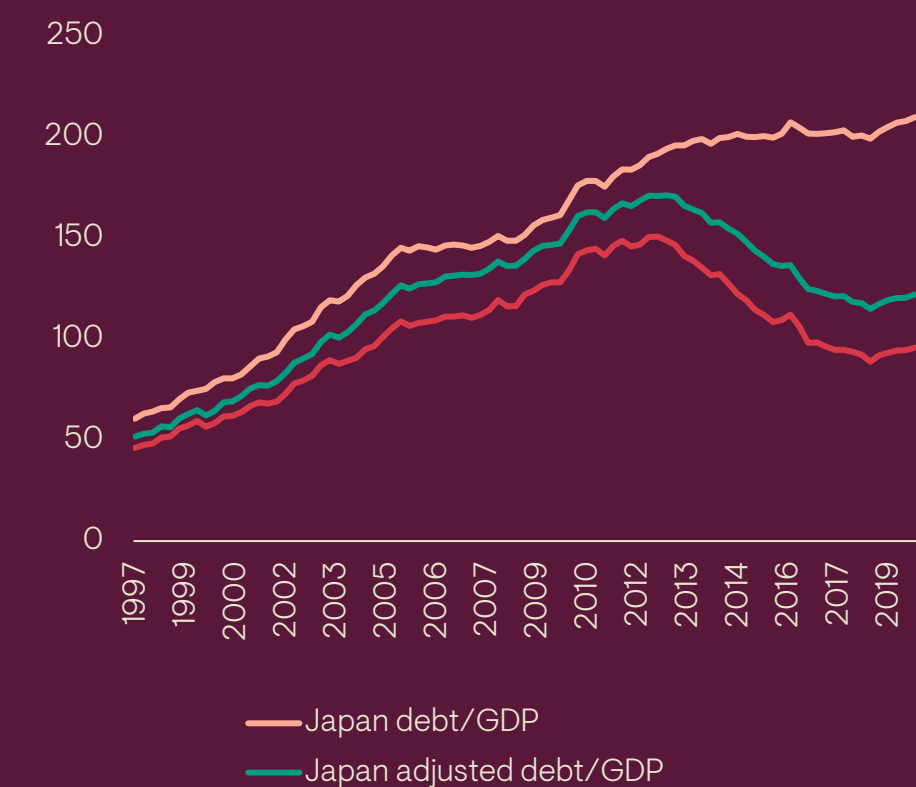
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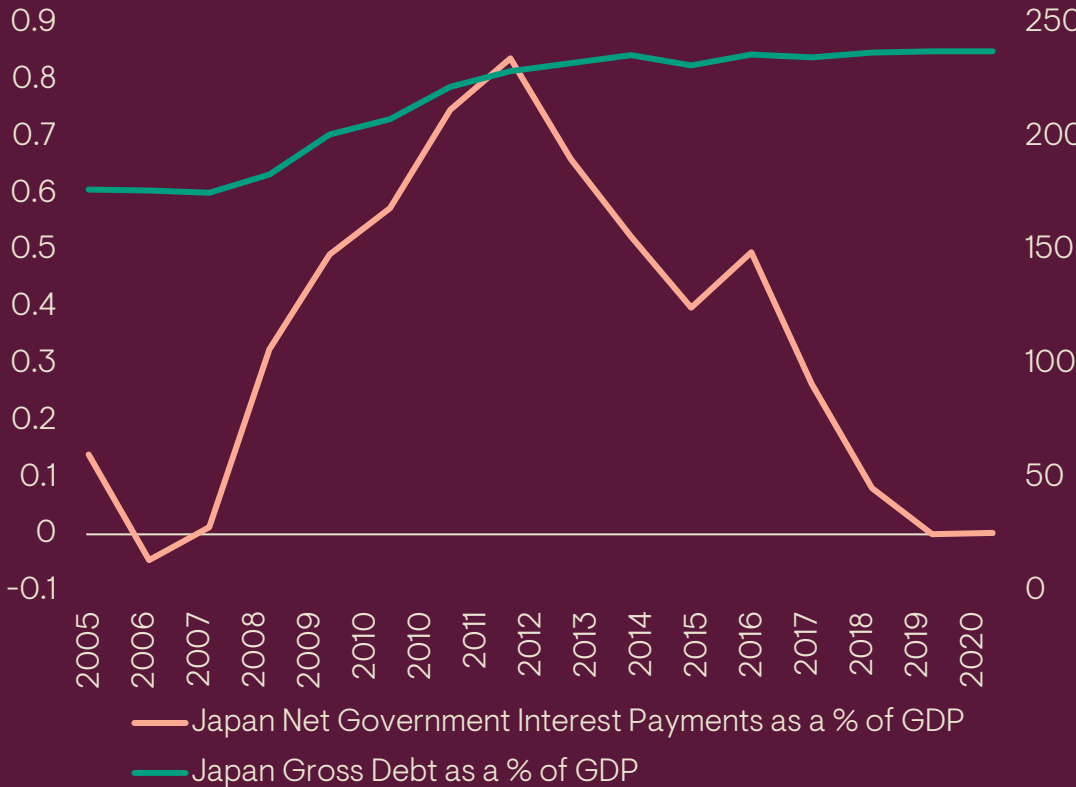
Public and private debts remain high relative to history, and will continue to constrain policy

Japan is reasonably placed to deal with its gross debts from an integrated balance sheet point of view. Gross debt is over 200% but consolidated debt (which includes central bank holdings as well as foreign exchange reserves) is below 100%. The impact of this can be seen in Japan's very low net interest payments.

Japan adjusted debt and consolidated debt (%)



Japan net interest payments and debt, both as a % of output







The rise of China

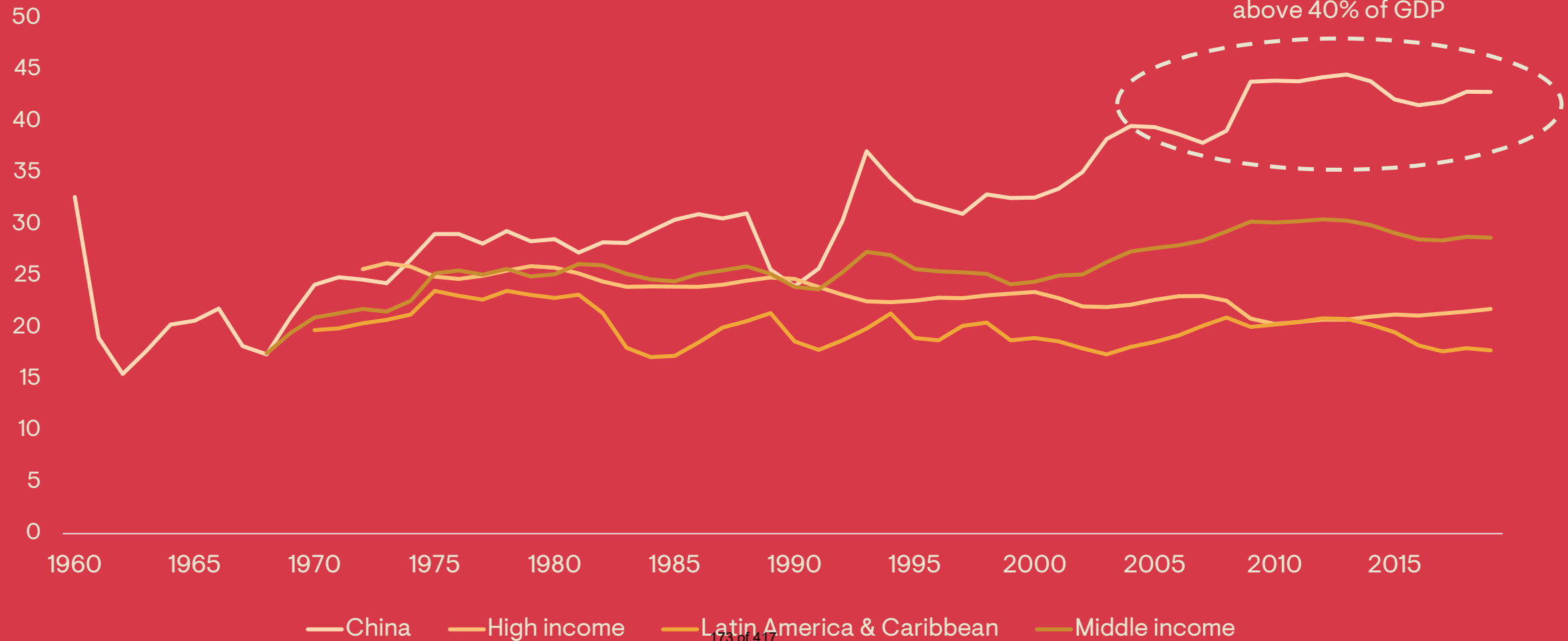
Insights from the Road to 2030

- Since 2017, China's leaders have made five major policy pivots
 1. Pivot to curbing financial risks
 2. Pivot to national security and self sufficiency – 'Dual Circulation'
 3. Pivot to anti-monopoly and regulation
 4. Pivot to environmental imperatives
 5. Pivot to income/wealth redistribution – 'Common Prosperity'
- Chimerica is broken—what's next? Regionalisation not deglobalisation
- China's shift towards consumption has been postponed for a few years
- China is making a serious bid for technological self-sufficiency



China's shift to consumption has been postponed

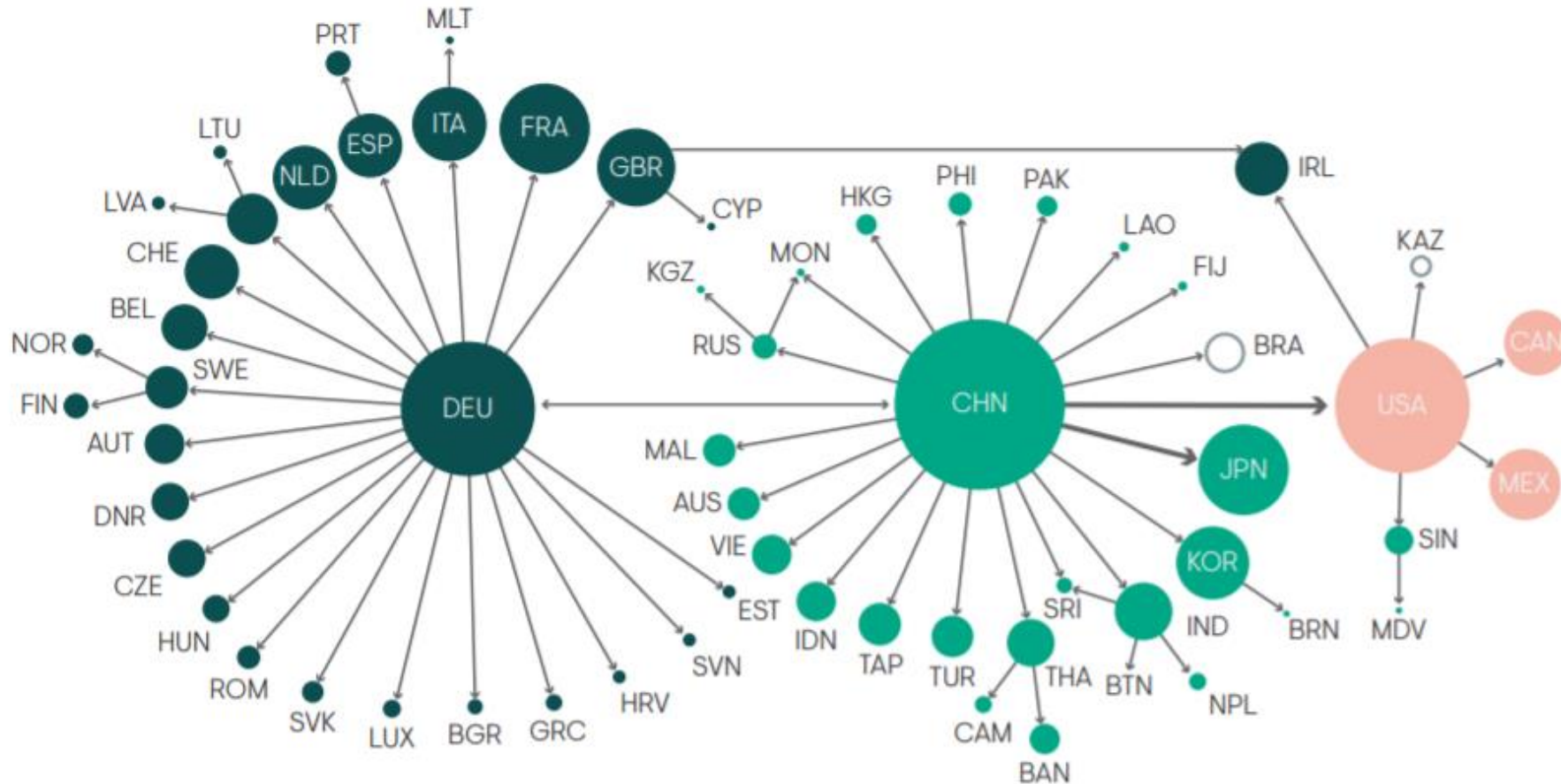
Gross fixed capital formation (%GDP)

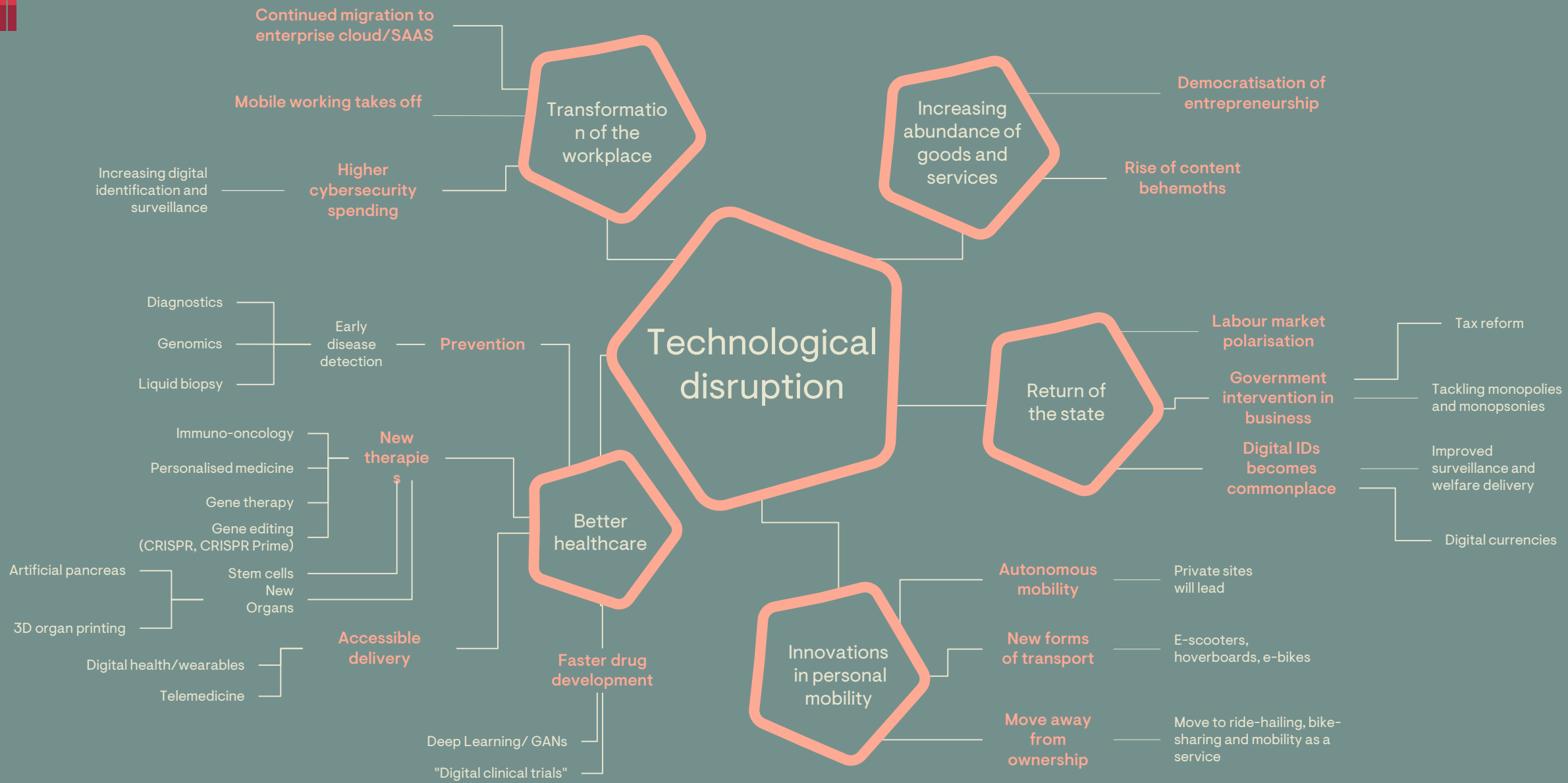




Chimerica is broken. What's next? Regionalisation

Value-added exports for purposes of direct consumption, all goods and services







Technological Disruption

Insights from Road to 2030

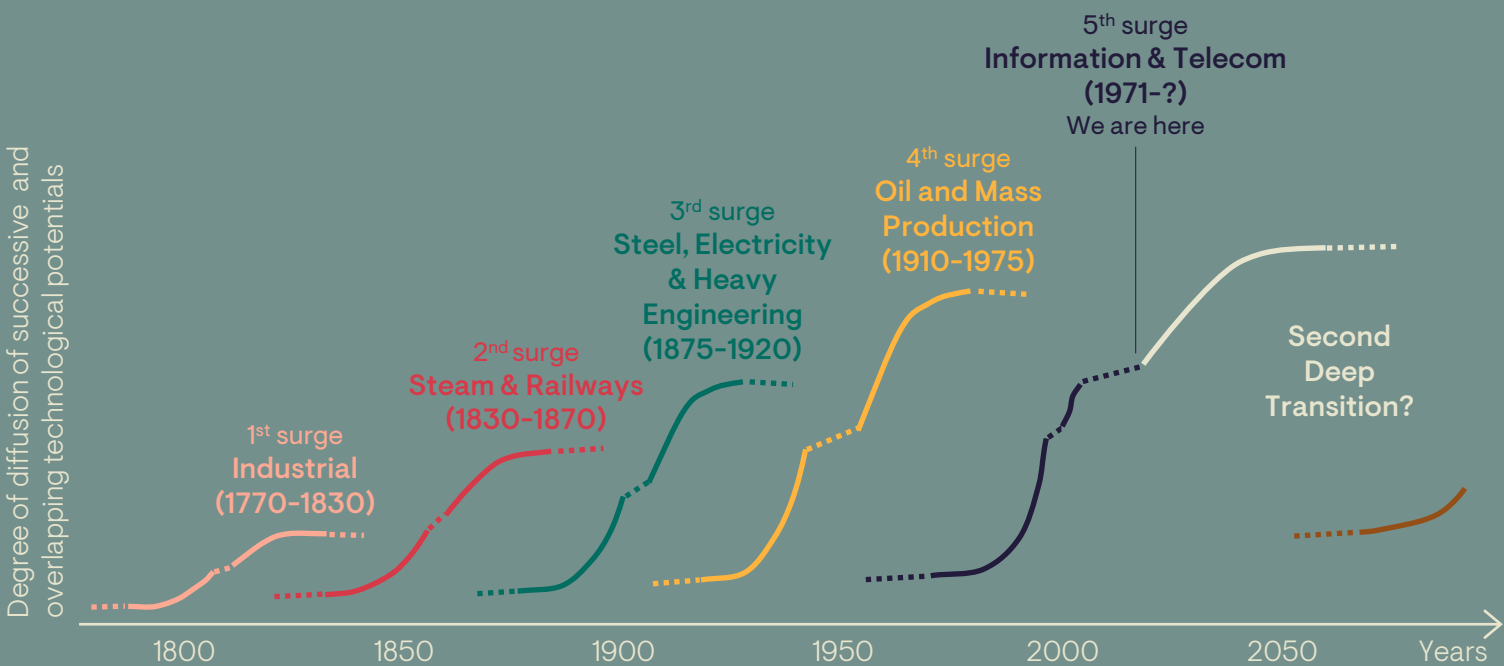
- Technology is not a distinct sector
- We are on the cusp of an age of technology diffusion
- We may not be in a mean reverting world
- Understanding the role of technology gives us more conviction in lowflation



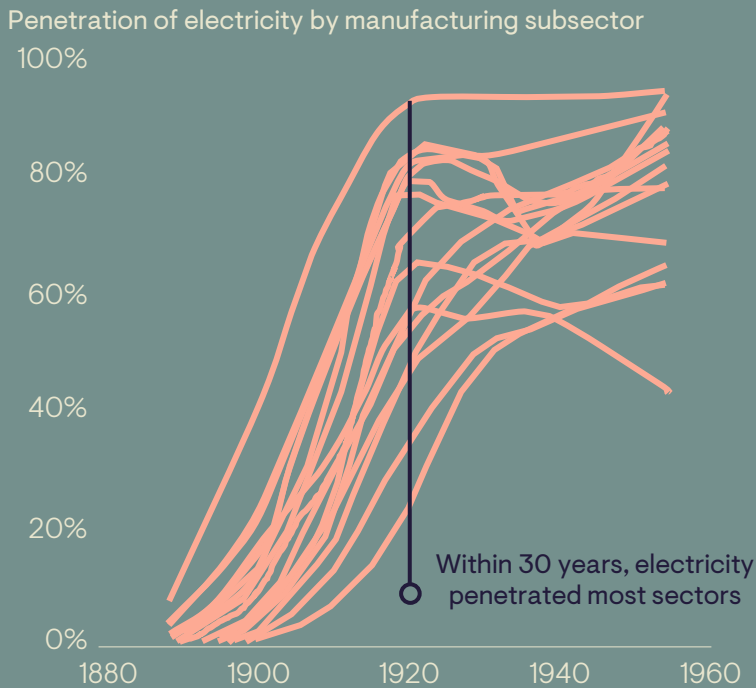
We are in an age of technology diffusion

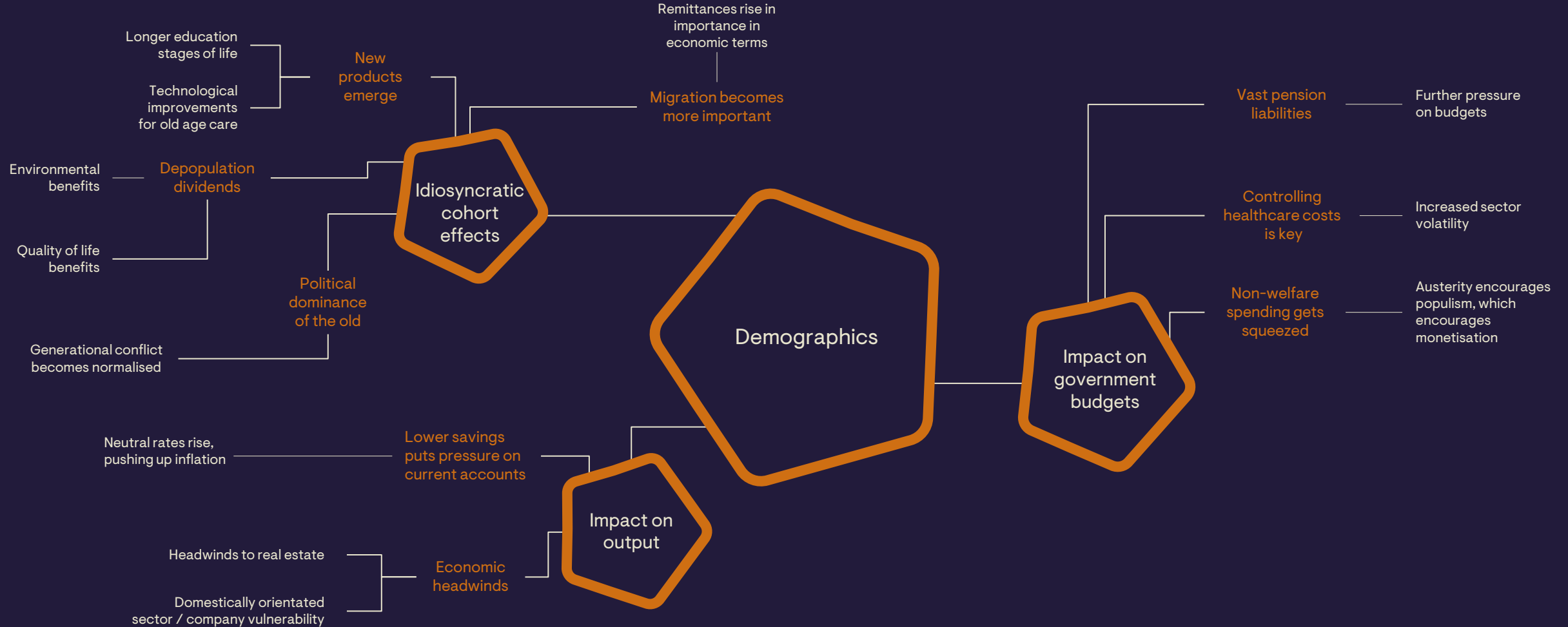
Since the beginning of the Industrial Revolution, there have been five surges of technological activity, each lasting 40-60 years, according to historian Carlota Perez. Each has consisted of an important all-pervasive low-cost input, (e.g., coal or oil, or plastics), adapted into new technologies, products and processes. Each surge can be divided into two parts: installation and deployment. The latter is when the potential of technology for improving quality of life comes to fruition. Perez sees us as potentially in the deployment phase of the information and telecom revolution. It took electricity about 30 years to be diffused into manufacturing activities, but clearly tipping points (like a pandemic) can accelerate things.

First and second deep transitions



Cross sector ramifications







Demographics

Insights from Road to 2030

- Demographics remain deflationary

Demographics remain deflationary (1)

Accounting for growth

Time period	GDP per capita		Physical capital per capita	Human capital per capita	Residual
1950-2000	2.25		-0.22	0.96	1.51
1950-1960	1.78		0.05	0.08	1.65
1960-1970	2.92		-0.21	0.95	2.17
1970-1980	2.07		-0.08	1.64	0.51
1980-1990	2.32		-0.37	1.26	1.43
1990-2000	2.17		-0.52	0.88	1.81
2000-2016	1.00		1.00	-0.15	1.26
2006-2016	0.61		-0.13	-0.25	0.99

Contribution to GDP growth per capita from components in the US, adjusting for capital (%)

Demographics remain deflationary (2)

Accounting for human capital

Time period	Human capital per capita		Education	Experience	Workers	Hours
1950-2000	0.96		0.70	0.05	0.45	-0.24
1950-1960	0.08		0.62	0.23	-0.63	-0.13
1960-1970	0.95		0.87	-0.18	0.54	-0.28
1970-1980	1.64		0.92	-0.27	1.62	-0.64
1980-1990	1.26		0.57	0.11	0.70	-0.12
1990-2000	0.88		0.55	0.35	0.01	-0.03
2000-2016	-0.15		0.31	0.08	-0.35	-0.19

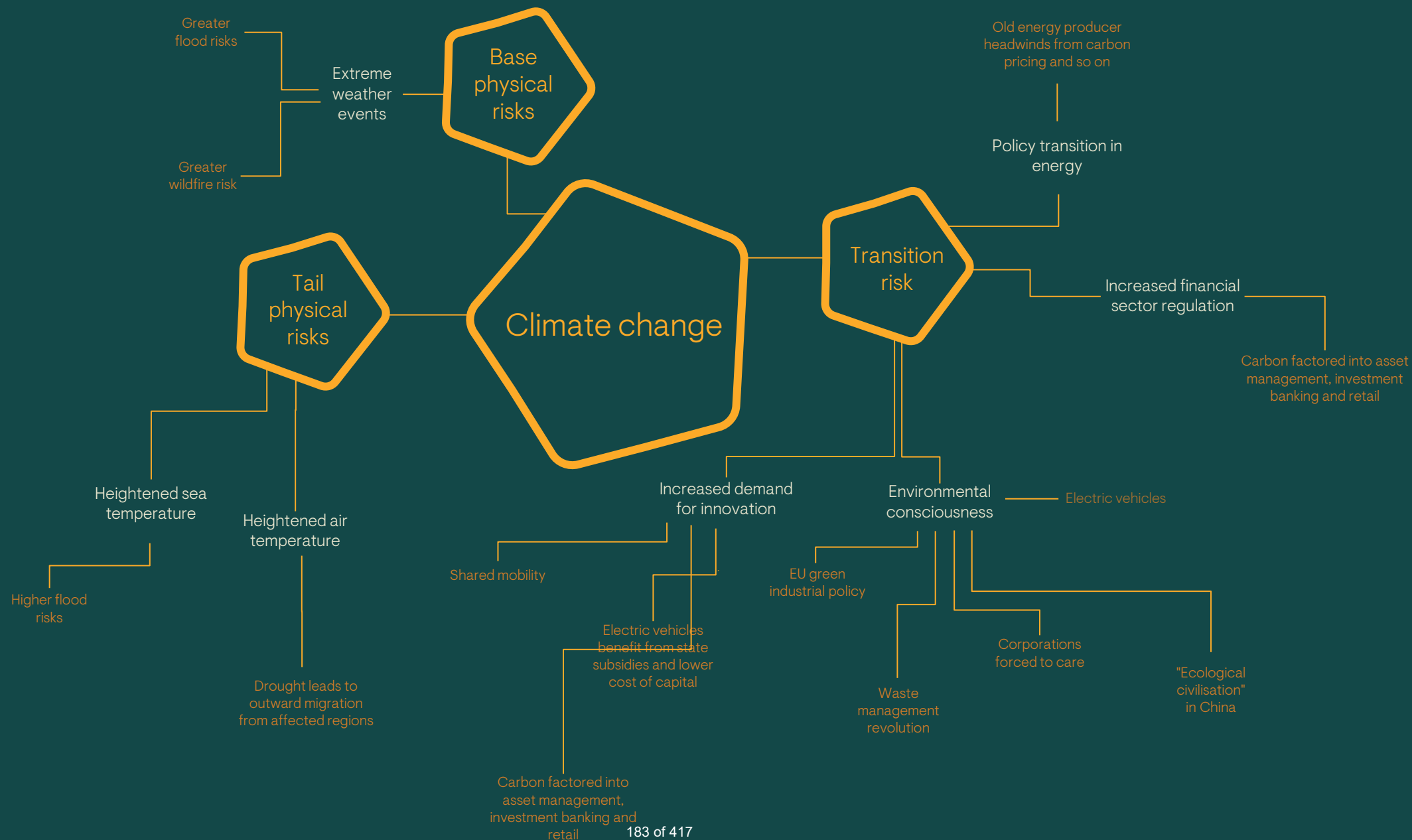
Contribution to human capital growth per person from components, in the US (%)



Demographics

Insights from Road to 2030

- Demographics remain deflationary
- The US demographic trend is about to get ‘less worse’ than it was in the 2010s.
- Health and social spending remain politically protected, especially after 2020





Climate Change

Insights from Road to 2030

- The scale of the coming decarbonisation is vast
- We need sustainability with substance—today's net zero targets are badly designed and frustrate net zero in the real world.

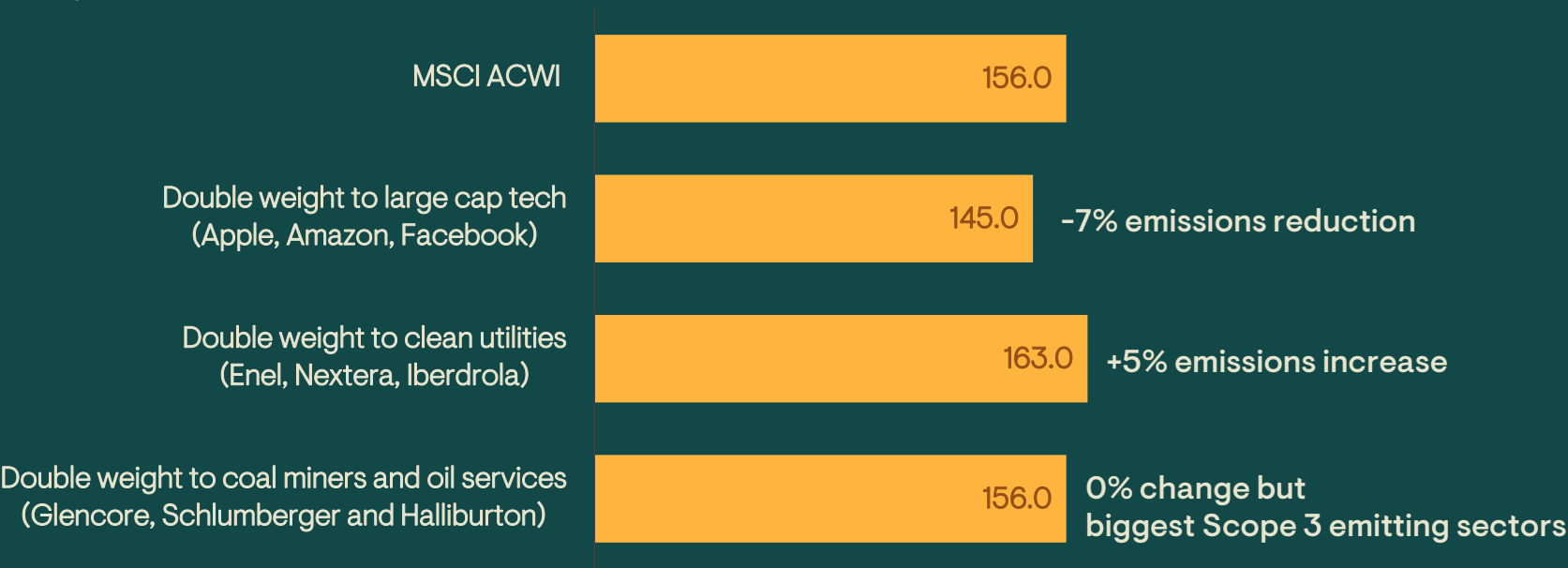


Today's net zero targets are badly designed

Insights from Road to 2030

Allocating to big tech giants reduces portfolio emissions, not real world emissions. Meanwhile, allocating to utilities – the world's biggest owners of renewable energy* – actually increases emissions. A detailed externalities assessment on downstream carbon from sectors such as coal mining, oil and gas exploration and production is likely to severely limit exposure to these carbon intensive sectors.

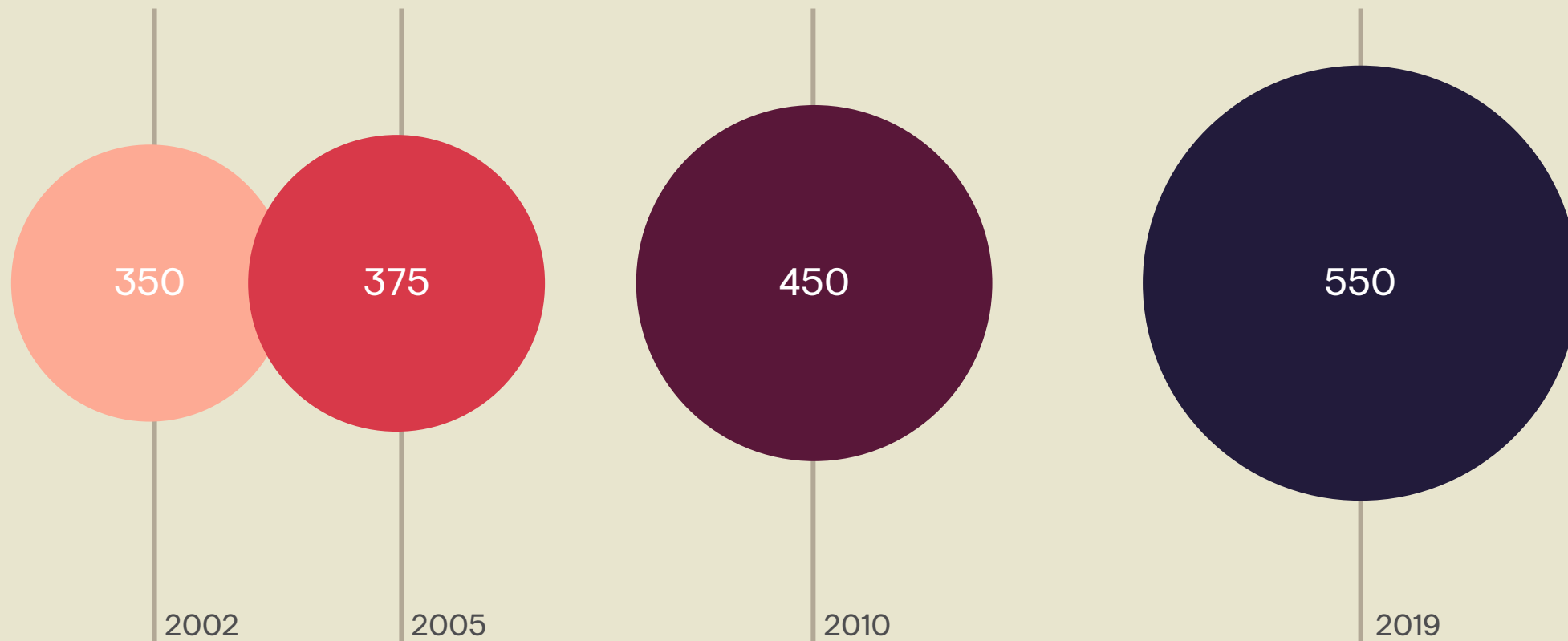
Sector stress test – weighted average carbon intensity
(Scopes 1 & 2) tCO₂e/\$m sales





The bipolar economy

The disconnect between the financial economy and the real economy has been widening for years



Global financial assets % of the global economy

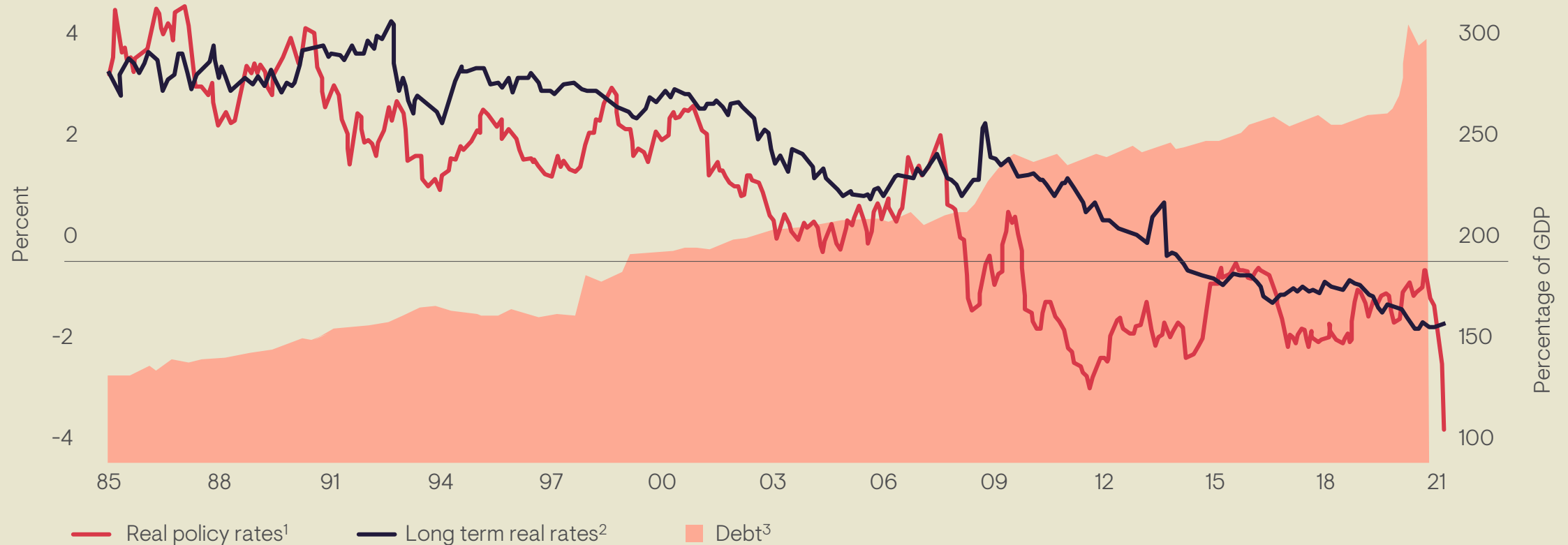
186 of 417



The bipolar economy

The bipolar economy is self-reinforcing: lower rates lead to higher debts, which in turn prevent higher rates

Lower rates leads to higher debt which leads to lower rates



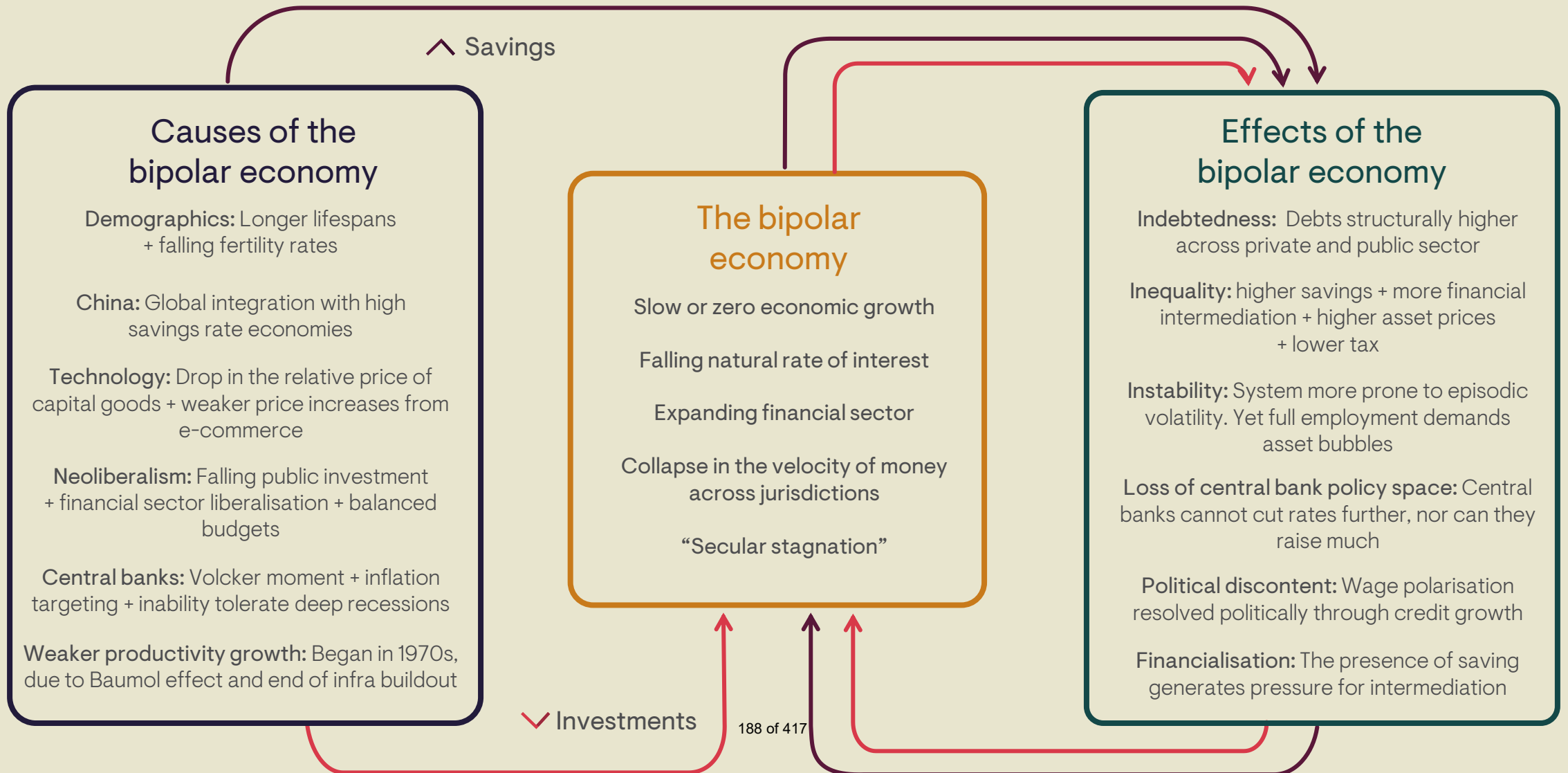
187 of 417

Source: Claudio Borio, Bank for International Settlements. 1. Nominal rate less headline consumer price inflation. Underweight average of United States, euro area and Japan. 2. Simple average of index-linked 10-year government bond yield of the United States, France, Japan and the United Kingdom. 3. General government debt and non-financial sector debt, in percent of nominal GDP. Weighted average of G7 economies plus China based on GDP and PPP exchange rates.



The bipolar economy

The bipolar economy is self-reinforcing





The bipolar economy

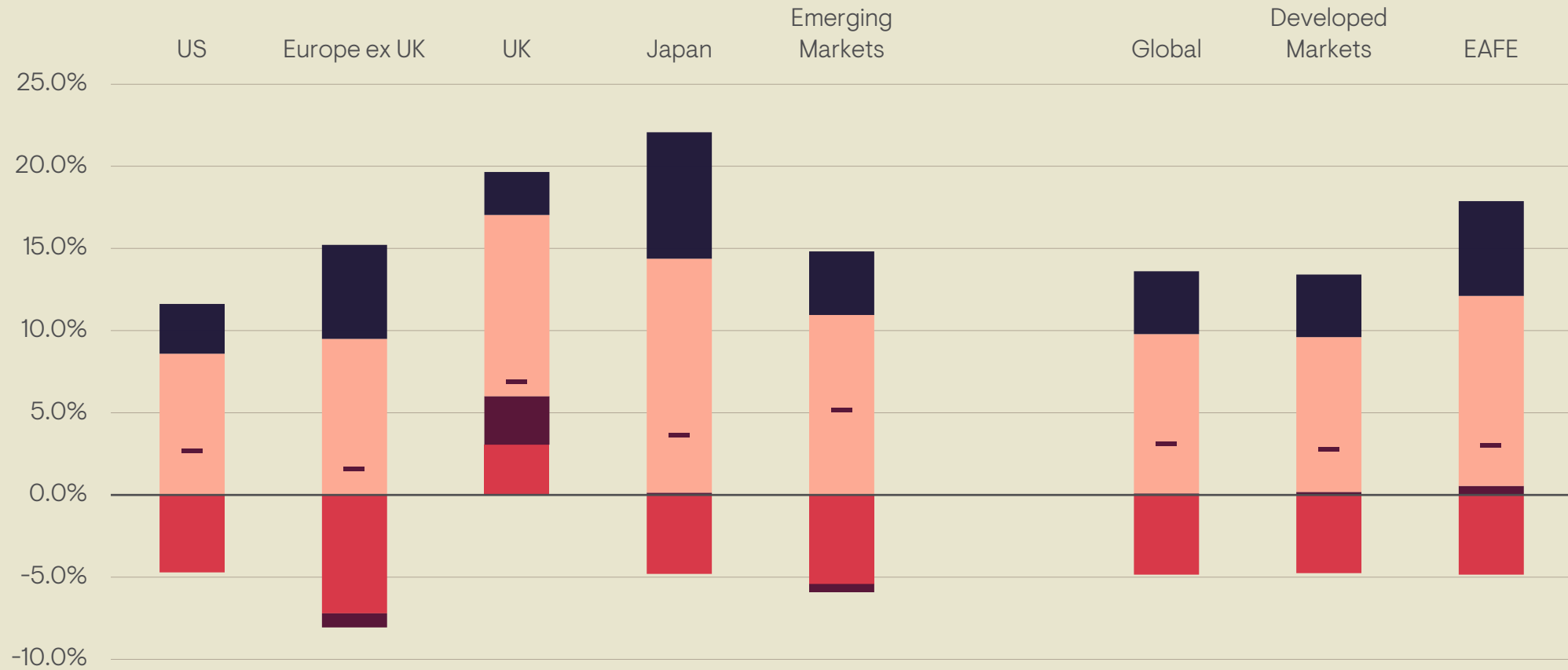
The base scenario

1 The bipolar economy continues

- **Modest shift within the current regime.** The gap between the financial and the real sectors stabilises, underpinned by excess savings from demographics, technology and high inequality. We are still in a world of 2-3% inflation overall.
- **Fiscal policy reverts:** Though inefficient, fiscal policy is the only way to redirect excess capital from the bipolar economy. Yet after the pandemic, treasuries gradually tighten budgets.
- **Inflation stabilises in the medium-term:** Inflation goes somewhat higher in the short-term due to pandemic supply disruptions, but there is no return to the 1970s, even with decarbonisation
- **Central banks continue to manage high debt levels** across the economy: They keep real and nominal rates low by ultimately aiming for zero volatility in key funding markets.
- **Technology provides a modest boost to the real economy:** It raises productivity rates across the economy and keeps inflation weak. Nevertheless, the savings effect outweighs the investment effect.
- **Decarbonisation is not big enough:** The shift to a carbon-free economy will impact everything and will be a substantial stimulus to growth, while absorbing substantial amounts of savings in the financial system. Nevertheless, it will struggle to absorb all the accumulated excess savings in the system and generate sustained inflation
- **China's transition to a more stable economic** model depresses investment and economic growth.
- **Regionalisation, not deglobalisation:** We don't see a disruptive break to Chimera but gradual regionalisation. This keeps inflation relatively low, while promoting localisation across regions. This favours large, integrated regional blocs



Ninety One Capital Market Assumptions—Equity





Implications for strategic asset allocators

- 1 Returns to beta across all asset classes are challenged given the valuation starting points, according to our long-term capital market assumptions. This is particularly true for fixed income and credit. Returns will depend even more heavily on equities than before
- 2 In terms of portfolio construction, we advocate a more granular and thematic approach to security selection given the increased correlations across geographics and sectors. Moreover, there is substantial momentum behind key secular trends, such as decarbonisation, that investors should get behind early. These thematic tailwinds could create permanently higher multiples for some sectors and permanently depressed multiples for others—like Japan after the 1990s
- 3 Inflation will go somewhat higher, flattering nominal output, but there will be no return to the 1970s. Higher secular inflation depends on fiscal dominance, which governments have not committed to wholeheartedly—they are still trying to raise taxes. As a result, we will continue to see a pendulum between inflation (caused by higher spending, decarbonisation, and regionalisation) and disinflation (demographics, high asset prices, technology, and inequality).
- 4 Continuing technological diffusion broadens the growth story beyond the large cap technology platforms/picks and shovels, which will see growth rates slow though still remaining at healthy levels. Meanwhile, diffusion of technology across the economy will benefit small caps and midcaps more than before. Despite the large-cap tech firms, the average optimal size of the firm is shrinking, and firms also last less long than before. We think the advantaged areas of technology include AI, healthcare, and the metaverse.
- 5 Most investors remain under allocated to China equities and fixed income, despite the growing risks. China remains a unique market in which investors can find low correlations to their home markets, strong alpha opportunities due to the retail market dominance, a large number of specialised firms, and sheer size. Nevertheless, investors will need to be mindful of the right time to deploy capital



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Additional information on our investment strategies can be provided on request.

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SUBJECT: Fund Performance & Capital Market Overviews ACTION: _____
Callan, Senior VP – Steve Center
Callan, CEO – Greg Allen

DATE: September 28, 2021

INFORMATION: _____ X _____

BACKGROUND:

Callan Associates, Inc. is currently under contract to perform APFC's core general consulting services of 1) Investment policies and procedures review; 2) annual preparation of an asset allocation plan; 3) performance reporting and analysis; 4) risk analysis; 5) statistical modeling, manager searches, selection, and oversight; and 6) other special consulting services as needed.

STATUS:

At every quarterly board meeting or as requested, Callan Associated, Inc. provides an extensive review of the Fund's performance and updates on market conditions. Senior Vice President, Steven Center, and CEO, Greg Allen, will be the presenters at this meeting.

September 28, 2021



Alaska Permanent Fund Corporation

2nd Quarter 2021

Capital Markets and
Performance Review

Greg Allen

CEO and Chief Research Officer

Steven Center, CFA

Senior Vice President

Chris Park, CFA

Vice President

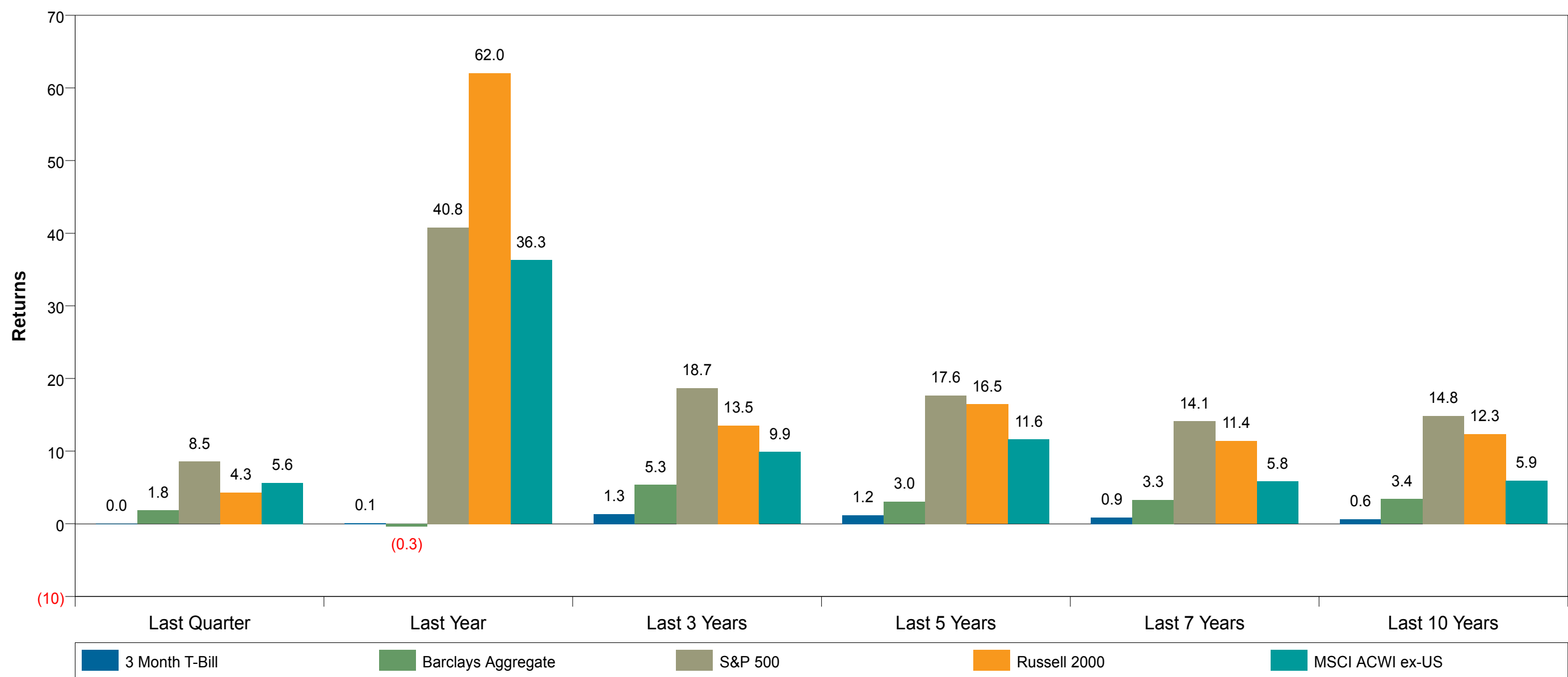


2nd Quarter 2021

Capital Markets Review

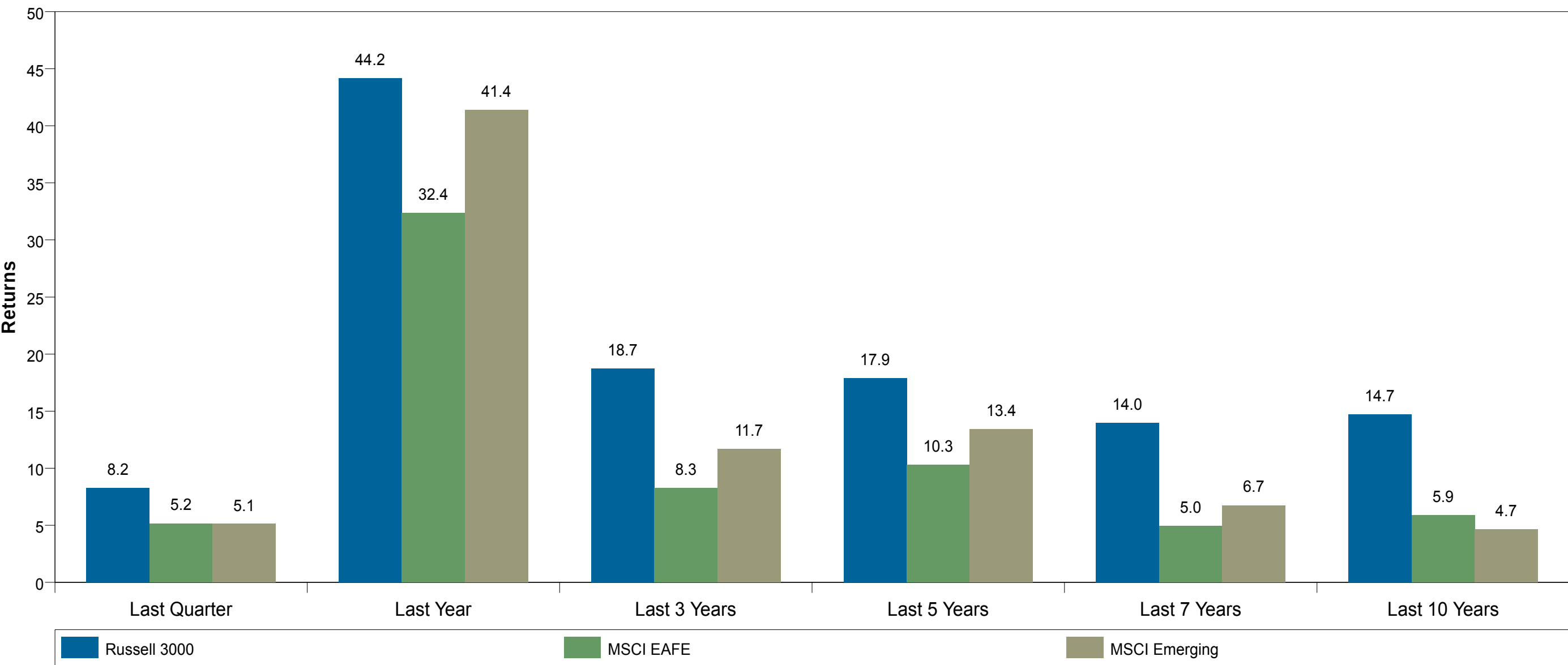
Broad Capital Market Performance

Periods Ended June 30, 2021



Public Equity Capital Market Performance

Periods Ended June 30, 2021



Callan Periodic Table of Investment Returns

Returns for Key Indices

2012	2013	2014	2015	2016	2017	2018	2019	2020	2 Qtrs. 2021
MSCI ACWI ex USA SC 18.52%	Russell 2000 38.82%	S&P 500 13.69%	MSCI ACWI ex USA SC 2.60%	Russell 2000 21.31%	MSCI Emerging Markets 37.28%	Bloomberg Barclays Aggregate 0.01%	S&P 500 31.49%	Russell 2000 19.96%	Russell 2000 17.54%
MSCI Emerging Markets 18.23%	S&P 500 32.39%	Bloomberg Barclays Aggregate 5.97%	S&P 500 1.38%	Bloomberg Barclays Corp High Yield 17.13%	MSCI ACWI ex USA SC 31.65%	Bloomberg Barclays Corp High Yield -2.08%	Russell 2000 25.52%	S&P 500 18.40%	S&P 500 15.25%
MSCI World ex USA 16.41%	MSCI World ex USA 21.02%	Russell 2000 4.89%	Bloomberg Barclays Aggregate 0.55%	S&P 500 11.96%	MSCI World ex USA 24.21%	Bloomberg Barclays Global Agg ex US -2.15%	MSCI World ex USA 22.49%	MSCI Emerging Markets 18.31%	MSCI ACWI ex USA SC 12.24%
Russell 2000 16.35%	MSCI ACWI ex USA SC 19.73%	Bloomberg Barclays Corp High Yield 2.45%	MSCI World ex USA -3.04%	MSCI Emerging Markets 11.19%	S&P 500 21.83%	S&P 500 -4.38%	MSCI ACWI ex USA SC 22.42%	MSCI ACWI ex USA SC 14.24%	MSCI World ex USA 9.92%
S&P 500 16.00%	Bloomberg Barclays Corp High Yield 7.44%	MSCI Emerging Markets -2.19%	Russell 2000 -4.41%	MSCI ACWI ex USA SC 3.91%	Russell 2000 14.65%	Russell 2000 -11.01%	MSCI Emerging Markets 18.44%	Bloomberg Barclays Global Agg ex US 10.11%	MSCI Emerging Markets 7.45%
Bloomberg Barclays Corp High Yield 15.81%	Bloomberg Barclays Aggregate -2.02%	Bloomberg Barclays Global Agg ex US -3.09%	Bloomberg Barclays Corp High Yield -4.47%	MSCI World ex USA 2.75%	Bloomberg Barclays Global Agg ex US 10.51%	MSCI World ex USA -14.09%	Bloomberg Barclays Corp High Yield 14.32%	MSCI World ex USA 7.59%	Bloomberg Barclays Corp High Yield 3.62%
Bloomberg Barclays Aggregate 4.21%	MSCI Emerging Markets -2.60%	MSCI ACWI ex USA SC -4.03%	Bloomberg Barclays Global Agg ex US -6.02%	Bloomberg Barclays Aggregate 2.65%	Bloomberg Barclays Corp High Yield 7.50%	MSCI Emerging Markets -14.57%	Bloomberg Barclays Aggregate 8.72%	Bloomberg Barclays Aggregate 7.51%	Bloomberg Barclays Aggregate -1.60%
Bloomberg Barclays Global Agg ex US 4.09%	Bloomberg Barclays Global Agg ex US -3.08%	MSCI World ex USA -4.32%	MSCI Emerging Markets -14.92%	Bloomberg Barclays Global Agg ex US 1.49%	Bloomberg Barclays Aggregate 3.54%	MSCI ACWI ex USA SC -18.20%	Bloomberg Barclays Global Agg ex US 5.09%	Bloomberg Barclays Corp High Yield 7.11%	Bloomberg Barclays Global Agg ex US -4.42%

Source: Bloomberg Barclays, FTSE Russell, MSCI, Standard & Poor’s

Callan Periodic Table of Investment Returns

Returns for Key Indices

Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 20 Years
Russell 2000 12.70%	Russell 2000 94.85%	S&P 500 16.78%	Russell 2000 16.35%	S&P 500 13.59%	S&P 500 13.91%	MSCI Emerging Markets 10.02%
S&P 500 6.17%	MSCI ACWI ex USA SC 69.82%	Russell 2000 14.76%	S&P 500 16.29%	Russell 2000 11.05%	Russell 2000 11.68%	Russell 2000 9.76%
MSCI ACWI ex USA SC 5.53%	MSCI Emerging Markets 58.39%	Bloomberg Barclays Corp High Yield 6.84%	MSCI Emerging Markets 12.07%	MSCI ACWI ex USA SC 6.67%	Bloomberg Barclays Corp High Yield 6.48%	MSCI ACWI ex USA SC 9.28%
MSCI World ex USA 4.04%	S&P 500 56.35%	MSCI ACWI ex USA SC 6.61%	MSCI ACWI ex USA SC 10.40%	MSCI Emerging Markets 6.58%	MSCI ACWI ex USA SC 6.32%	S&P 500 8.47%
MSCI Emerging Markets 2.29%	MSCI World ex USA 45.86%	MSCI Emerging Markets 6.48%	MSCI World ex USA 8.92%	Bloomberg Barclays Corp High Yield 5.42%	MSCI World ex USA 5.21%	Bloomberg Barclays Corp High Yield 7.55%
Bloomberg Barclays Corp High Yield 0.85%	Bloomberg Barclays Corp High Yield 23.72%	MSCI World ex USA 6.34%	Bloomberg Barclays Corp High Yield 8.06%	MSCI World ex USA 4.75%	MSCI Emerging Markets 3.65%	MSCI World ex USA 5.58%
Bloomberg Barclays Aggregate -3.37%	Bloomberg Barclays Global Agg ex US 7.15%	Bloomberg Barclays Aggregate 4.65%	Bloomberg Barclays Aggregate 3.10%	Bloomberg Barclays Aggregate 3.31%	Bloomberg Barclays Aggregate 3.44%	Bloomberg Barclays Global Agg ex US 4.64%
Bloomberg Barclays Global Agg ex US -5.29%	Bloomberg Barclays Aggregate 0.71%	Bloomberg Barclays Global Agg ex US 1.15%	Bloomberg Barclays Global Agg ex US 2.13%	Bloomberg Barclays Global Agg ex US 0.91%	Bloomberg Barclays Global Agg ex US 1.26%	Bloomberg Barclays Aggregate 4.50%

Source: Bloomberg Barclays, FTSE Russell, MSCI, Standard & Poor's

Market Environment

Small cap leads in both U.S. and global ex-U.S. markets

Global equity continued to surge in 2Q

- Year-over-year returns from June are eye-popping:
 - S&P 500: +41%
 - MSCI World ex-USA: +34%
 - Emerging Markets: +41%
 - U.S. Small Cap: +62% (!)
- The initial recovery was concentrated in a few stocks (FAANG) and U.S. mega cap.
- Market rotation to small cap and value with the flip from a “COVID trade” to a “GDP growth trade” in November, with the announcement of vaccines
- Economic recovery now looking very strong in 2021, into 2022. Fed projects GDP growth of 7.0% in 2021, although initial GDP estimate for 2Q is 6.5% and 1Q was revised down to 6.3%.
- Initial distribution challenges and resistance to vaccination have stalled the achievement of widespread inoculation in the U.S. Restricted availability of the vaccine outside the U.S. means inoculation rates have been held back in countries around the globe.

Returns for Periods ended 6/30/21

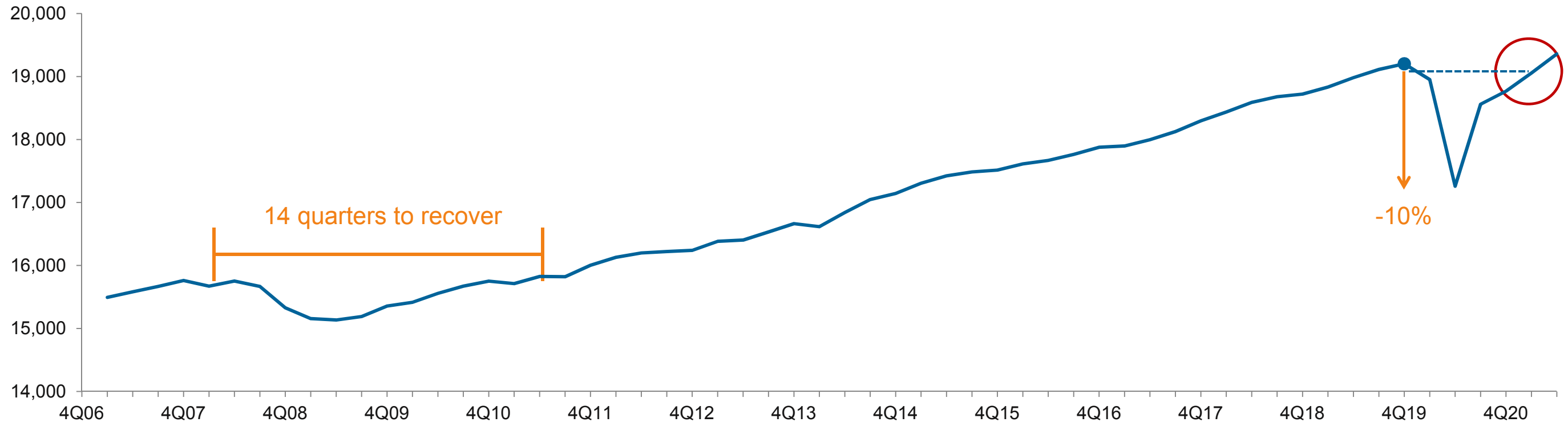
	1 Quarter	1 Year	5 Years	10 Years	25 Years
U.S. Equity					
Russell 3000	8.24	44.16	17.89	14.70	9.87
S&P 500	8.55	40.79	17.65	14.84	9.76
Russell 2000	4.29	62.03	16.47	12.34	9.33
Global ex-U.S. Equity					
MSCI World ex USA	5.65	33.60	10.36	5.70	5.37
MSCI Emerging Markets	5.05	40.90	13.03	4.29	--
MSCI ACWI ex USA Small Cap	6.35	47.04	11.97	7.02	6.60
Fixed Income					
Bloomberg Barclays Aggregate	1.83	-0.33	3.03	3.39	5.14
90-day T-Bill	0.00	0.09	1.17	0.63	2.17
Bloomberg Barclays Long Gov/Credit	6.44	-1.86	5.45	7.30	7.48
Bloomberg Barclays Global Agg ex-US	0.92	4.60	1.63	0.99	3.79
Real Estate					
NCREIF Property	1.72	5.42	5.74	8.59	9.04
FTSE Nareit Equity	12.02	38.02	6.31	9.41	10.23
Alternatives					
CS Hedge Fund	3.02	16.60	5.63	4.24	7.05
Cambridge Private Equity*	9.48	54.21	18.83	15.07	15.52
Bloomberg Commodity	13.30	45.61	2.40	-4.44	1.31
Gold Spot Price	3.26	-1.61	6.05	1.66	6.33
Inflation - CPI-U	2.57	5.39	2.43	1.87	2.22

*Cambridge PE data through 3/31/21

Sources: Bloomberg, Bloomberg Barclays, Callan, Cambridge, Credit Suisse, FTSE Russell, MSCI, NCREIF, S&P Dow Jones Indices

GDP Recovery After Deepest Drop in 75 Years

Seasonally Adjusted Real GDP in Billions of Dollars

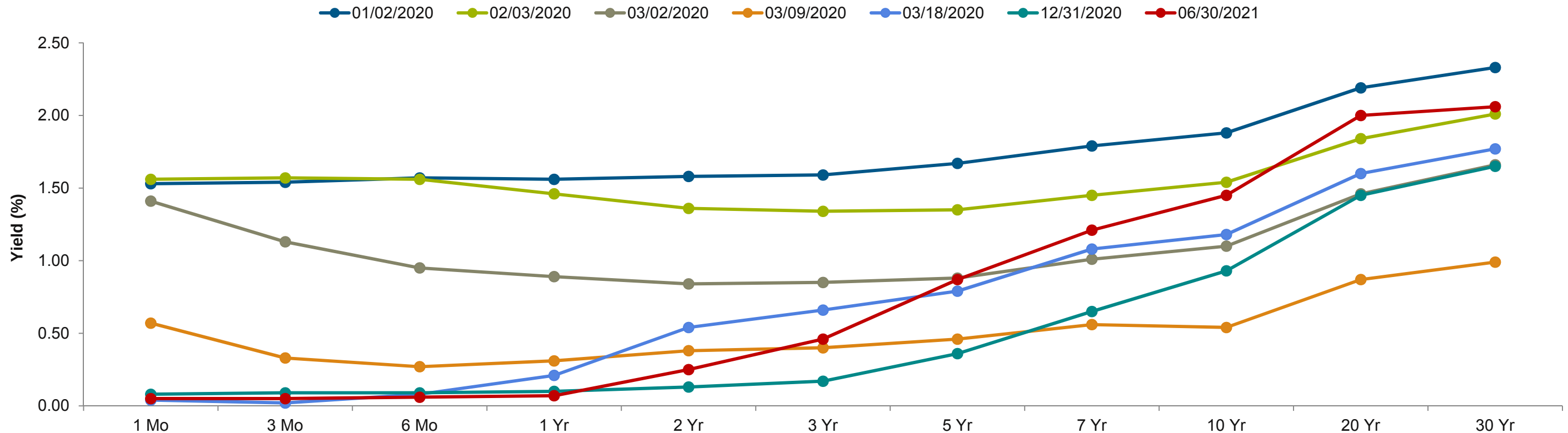


- After the Global Financial Crisis, it took 3.5 years before real GDP reclaimed its pre-recession highs.
- GFC peak to trough was down 4%.
- 2Q20 real GDP level was down over 10% from 4Q19, annual GDP declined 3.4% over 2019.
- Pre-pandemic peak level of GDP reached in 2Q21 – preliminary estimate is \$19.358T vs \$19.202T for 4Q19

Source: St. Louis FRED. 1Q21 is an estimate from IHS Markit

Impact on Financial Markets

Treasury yield curve steepens dramatically since Jan. 1: a moving target



The Treasury yield curve contains an implicit broad economic forecast.

- Steeper yield curves (long-term rates higher than short-term rates) suggest stronger anticipated growth.

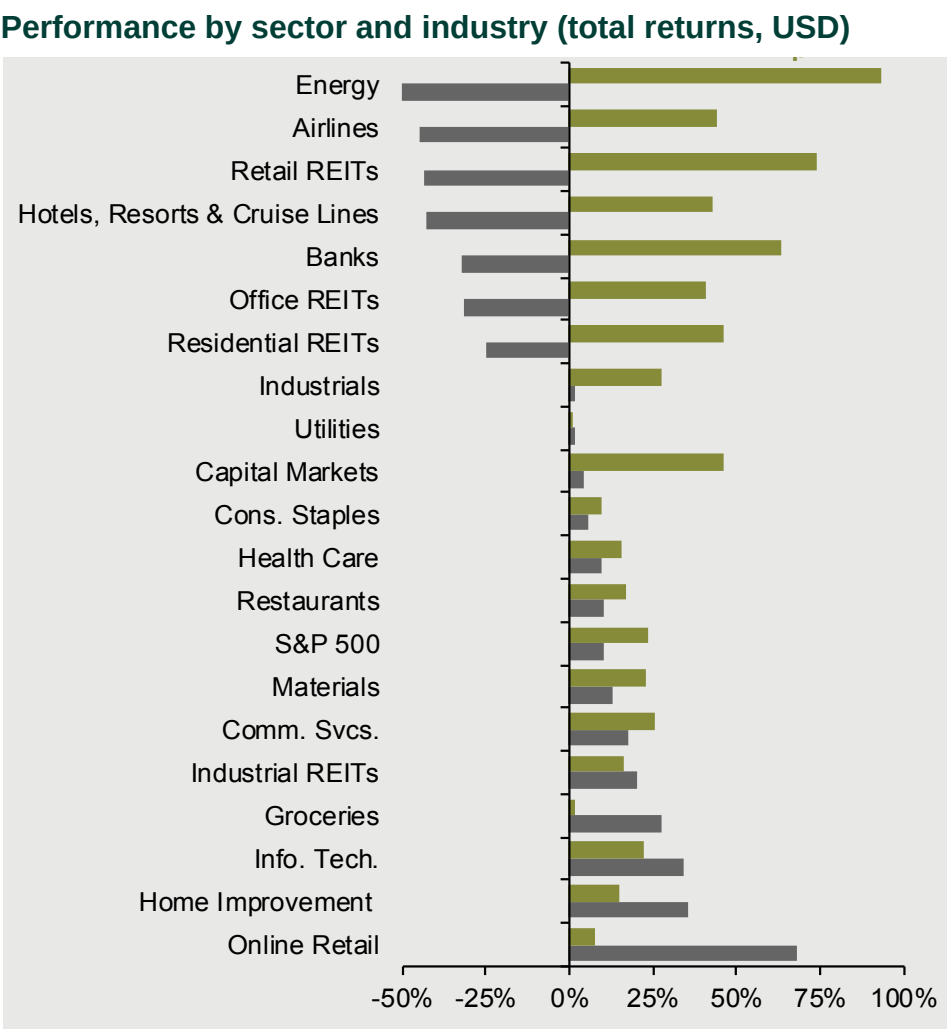
The shape of the Treasury yield curve has varied quickly and substantially since the beginning of 2020.

- Curve shifted down dramatically early in crisis.
- Current yield curve still low on the short end but substantially steeper than at the start of 2021

Source: U.S. Department of Treasury

U.S. Stock Market Sector Leadership Through the Pandemic

COVID trade flipped to a ‘GDP growth trade’ with the announcement of vaccines in November

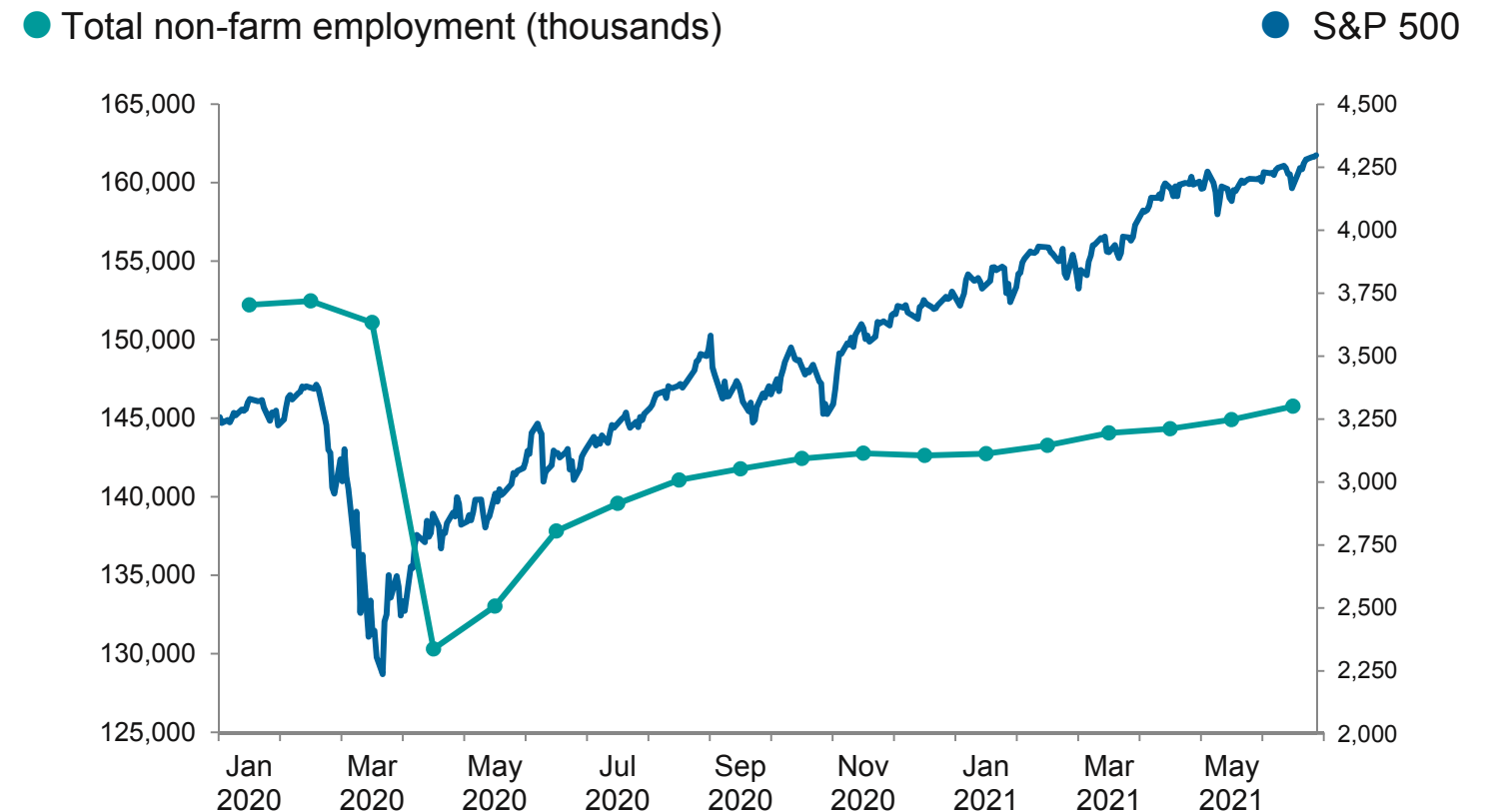


–Best-performing sectors were those hardest hit by COVID (health care, banks, hospitality, transportation, energy).

Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. Nov. 6, 2020, chosen as the last business day before vaccine candidate is revealed to have more than 90% efficacy against the COVID-19 virus in global trials. Guide to the Markets – U.S. Data are as of June 30, 2021.

Stock Market Is Not the Economy

- U.S. equity market has already recovered from the March 2020 plunge. Large cap (S&P 500) is up 96% from the bottom.
- U.S. job market created 22.8 million jobs in the decade from Feb 2010 – Feb 2020. The job market lost over 22.4 million jobs in March and April, and has recovered just 15.5 million since May.
- GDP has regained its pre-pandemic peak in June 2021, just 16 months.
- Steep structural challenges face many job-laden sectors of the economy that are underrepresented in the current stock market valuation.
- Containment of COVID-19 surges and continued increase in the rate of vaccination are key to retaining confidence in the recovery.

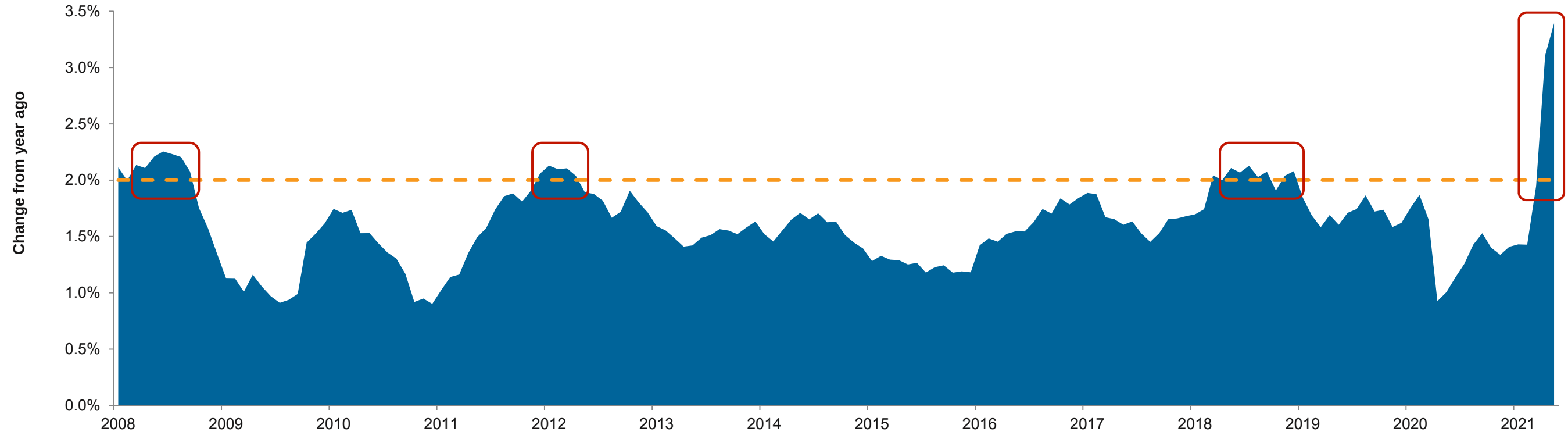


Sources: St. Louis FRED, S&P Dow Jones Indices

The Fed's New Inflation Framework

Targeting core personal consumption expenditures index

Personal Consumption Expenditures Excluding Food and Energy (Chain-Type Price Index)



- Inflation worries are in the headlines, but the data are not signaling a rise in inflation yet.
- Inflation has consistently undershot the Fed's 2% target, prompting a change in its inflation framework. Fed's aim is to achieve an average of 2% inflation over the medium term, not specifically defined.
- PCE is the Fed's target, different from and typically lower than CPI-U, which flashed a year-over-year change of 2.6% in March 2021.

Sources: FRED, Federal Reserve Bank of St. Louis

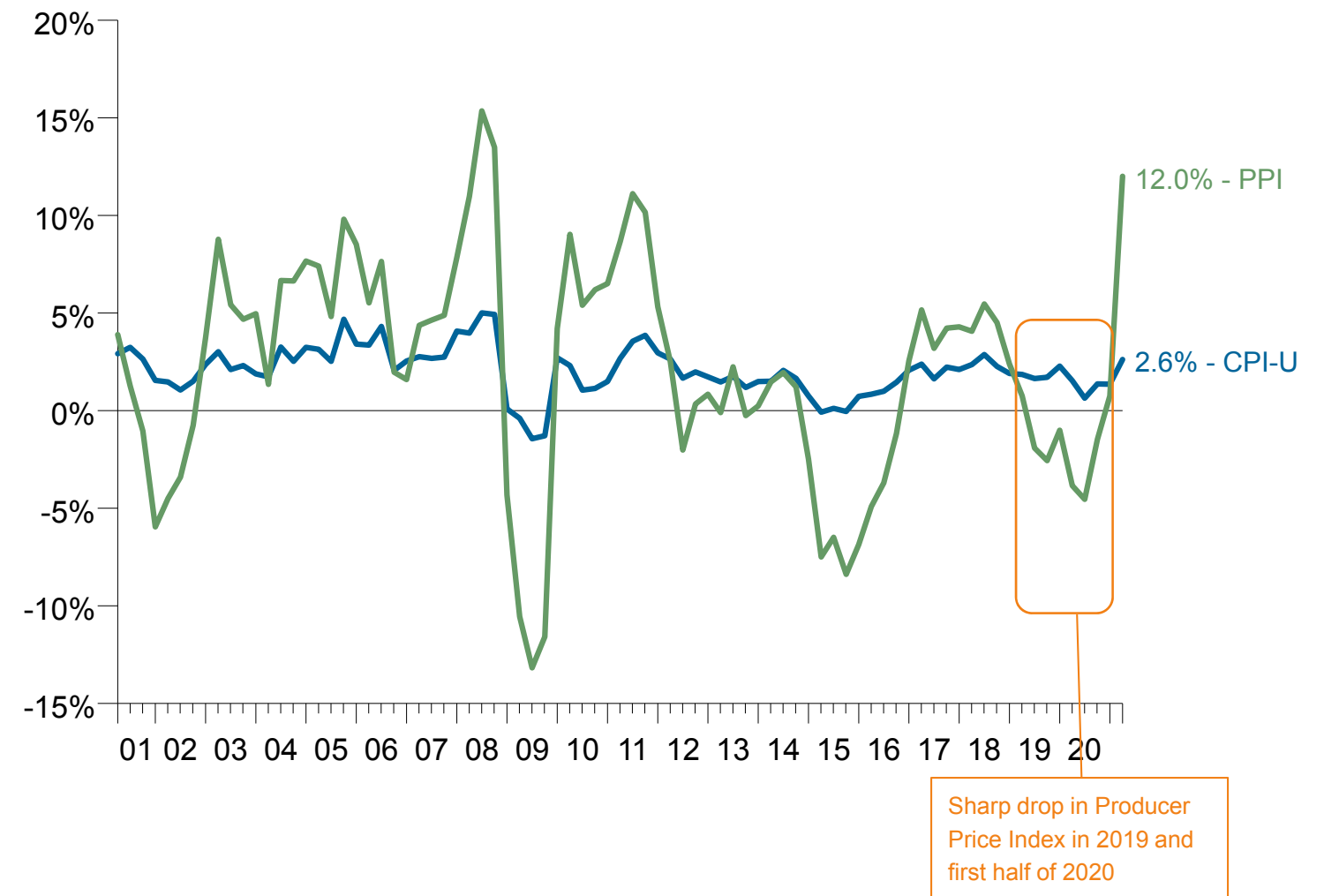
Inflation Rebounds and Spurs Headline Concerns

CPI and PPI shoot up in 2Q21, but off a depressed base from one year ago

Inflation fell sharply at the onset of the pandemic, starting in February 2020.

- The recovery to pre-pandemic levels in the Consumer Price Index required a 2.6% year-over-year change
- 5.4% jump in CPI-U represents kinks in supply chains and labor markets after a year of global economic disruption and shutdown; many markets cannot simply restart instantaneously
- Producer prices had been tumbling for more than a year prior to the pandemic; recovery to 2018 price levels generates eye-popping year-over-year percent change that misrepresents whether we're seeing a “true” spike in inflation.

Consumer and Producer Price Indexes – Inflation Year-Over-Year



Sources: FRED, Federal Reserve Bank of St. Louis

U.S. Equity Performance

Second Quarter 2021

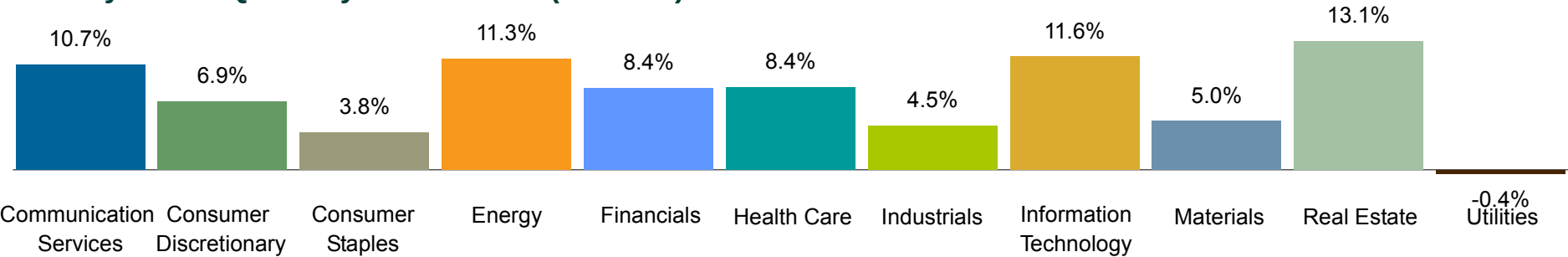
Markets continue setting all-time highs

- The S&P 500 Index continued to reach record highs in 2Q21.
- The 12-month rebound following the market low in March 2020 exceeded 75% for the S&P 500, which surpasses the 12-month GFC and Dot-Com Bubble rebounds.
- Since March 2020 market low, the S&P is up 96.1%, with all sectors posting gains over 45%; Energy +140.6%
- All sectors posted positive returns except for Utilities. 2Q21 top sectors were Technology and Energy.

Market leadership has changed in 2Q21

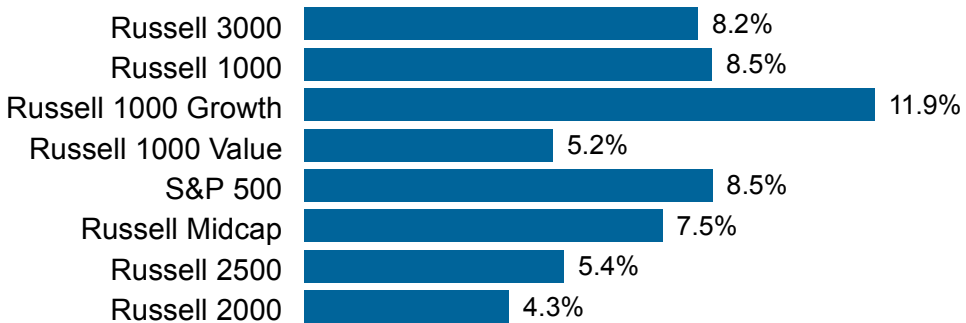
- Generally, growth outperformed value during the quarter as investors contemplated a “transitory” inflationary environment. The only exception was in small caps, where the Russell 2000 Growth underperformed the Russell 2000 Value. Continued outperformance of meme stocks helped small value.
- Larger cap stocks outperformed smaller cap stocks, reversing the recent trend of small cap outperformance.

Industry Sector Quarterly Performance (S&P 500)



Sources: FTSE Russell, Standard & Poor's

U.S. Equity: Quarterly Returns



U.S. Equity: One-Year Returns



Global ex-U.S. Equity Performance

Second Quarter 2021

Strong growth despite pockets of COVID-19 outbreaks

- Government stimulus and a continued “return to normal” spurred positive sentiment.
- Risk assets lost some steam amid concerns around the Delta variant.
- Small cap was largely in-line with large, except within emerging markets where smaller companies benefited from rebounds within industrials and basic materials.
- Despite return dispersions within regions, developed and emerging markets performed similarly over the quarter.

Market continues to favor cyclical

- Expectations remain positive, but cooled from previous quarters, causing cyclical stocks to lag.
- Factor performance showed a preference for quality and growth, a divergence from last quarter.

U.S. dollar vs. other currencies

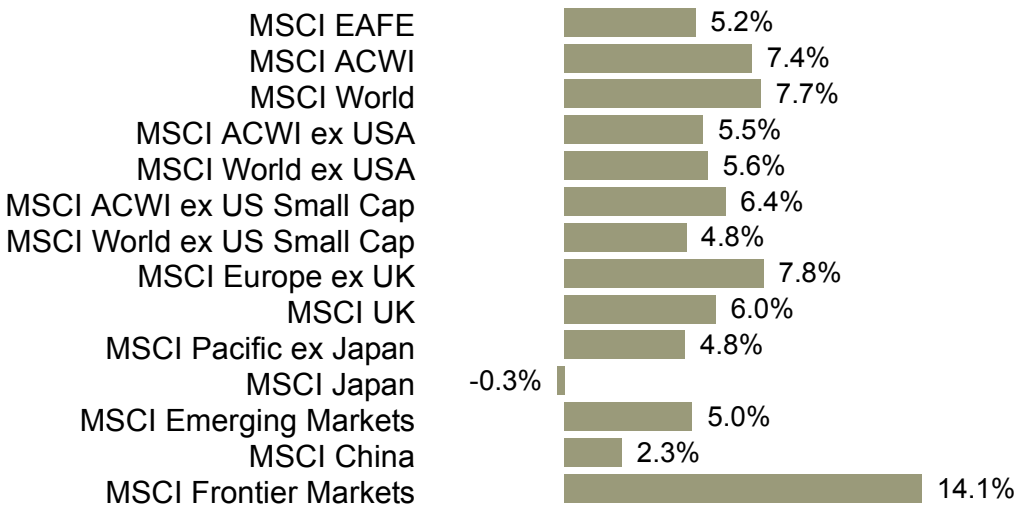
- The U.S. dollar was mixed versus other currencies and did not contribute meaningfully to global ex-U.S. results.

Growth vs. value

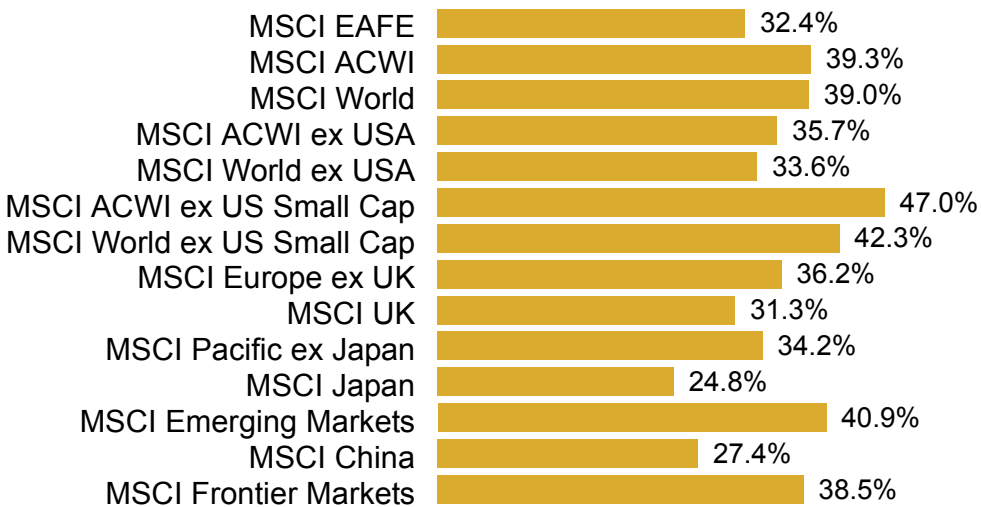
- Growth overturned value, except in emerging markets, where commodity-rich countries rallied.

Source: MSCI

Global Equity: Quarterly Returns



Global Equity: Annual Returns



U.S. Fixed Income Performance

Second Quarter 2021

The U.S. Treasury yield curve flattens

- The 10-year U.S. Treasury yield closed 2Q21 at 1.45%, a decline of 29 bps from 1Q21.
- The short-end of the curve remained anchored, though a hawkish tone from the Fed’s June meeting rallied rates on the long end.
- TIPS outperformed nominal U.S. Treasuries given strong relative performance in April and May.

Bloomberg Barclays Aggregate rallies

- The Bloomberg Barclays US Aggregate Bond Index added 1.8%, with spread sectors outperforming treasuries.
- Demand for corporate credit remained strong, with spreads tightening 11 bps over the quarter, to 80 bps.

High yield continues its rally on lowered default expectations

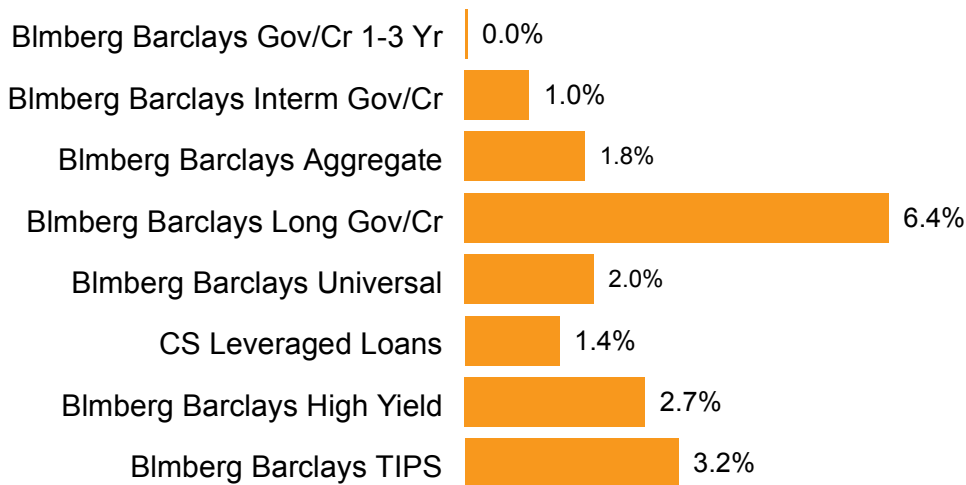
- High yield (HY) bonds outperformed investment grade (IG) in 2Q adjusted for duration, but underperformed IG in absolute terms.
- Leveraged loans returned 1.5% for the quarter, driven by favorable supply/demand dynamics.

Munis outperform Treasuries as economies re-open

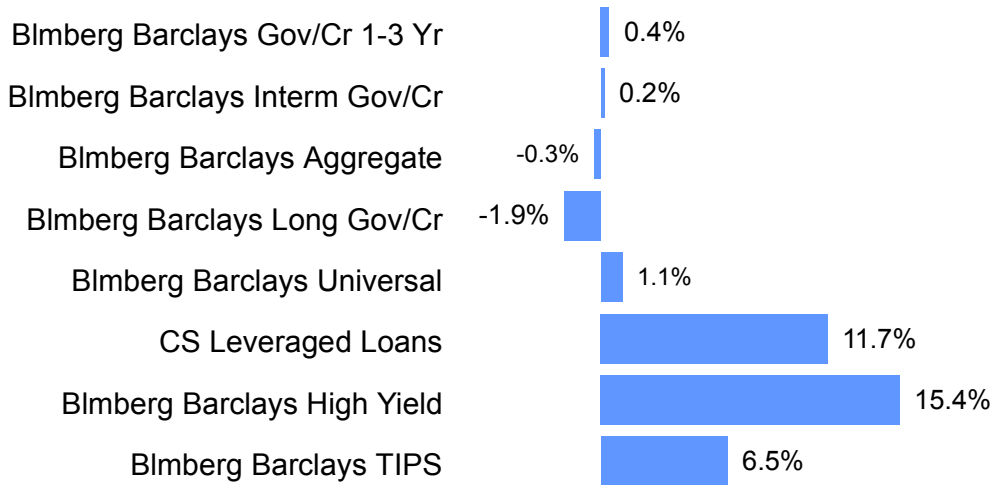
- Municipals topped Treasuries, as municipal yields rose less than Treasury yields.
- The municipal market was supported by the American Rescue Act.

Sources: Bloomberg Barclays,

U.S. Fixed Income: Quarterly Returns



U.S. Fixed Income: Annual Returns



Global Fixed Income Performance

Second Quarter 2021

Global fixed income posts positive returns

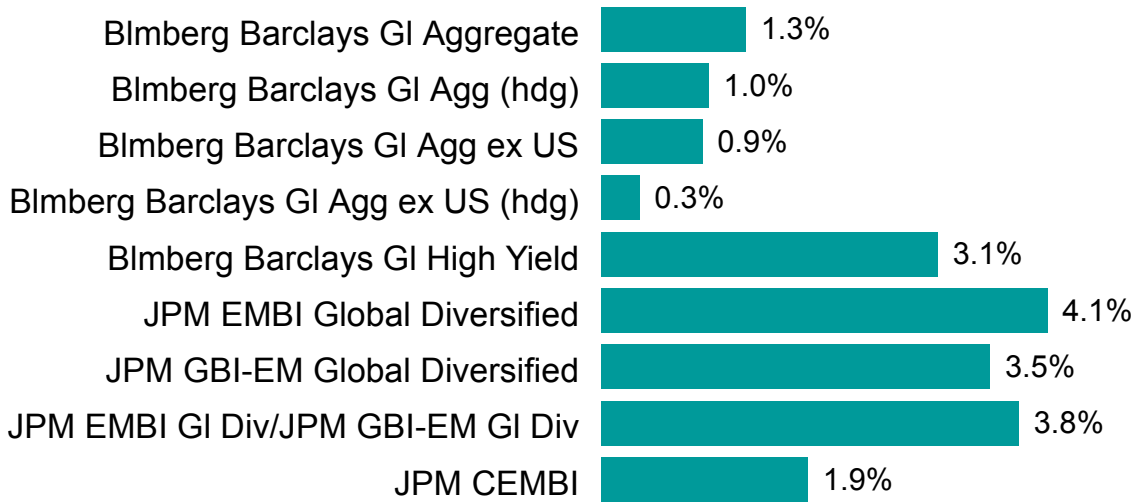
- Global fixed income ex-U.S. (hedged) gained as global economies re-opened, albeit underperforming the US Aggregate.
- The U.S. dollar was mixed against developed currencies, up 0.3% versus the yen; down 1.1% vs. euro, 1.3% vs. the Canadian dollar, 2.0% vs. the Swiss franc.

Emerging market debt gains

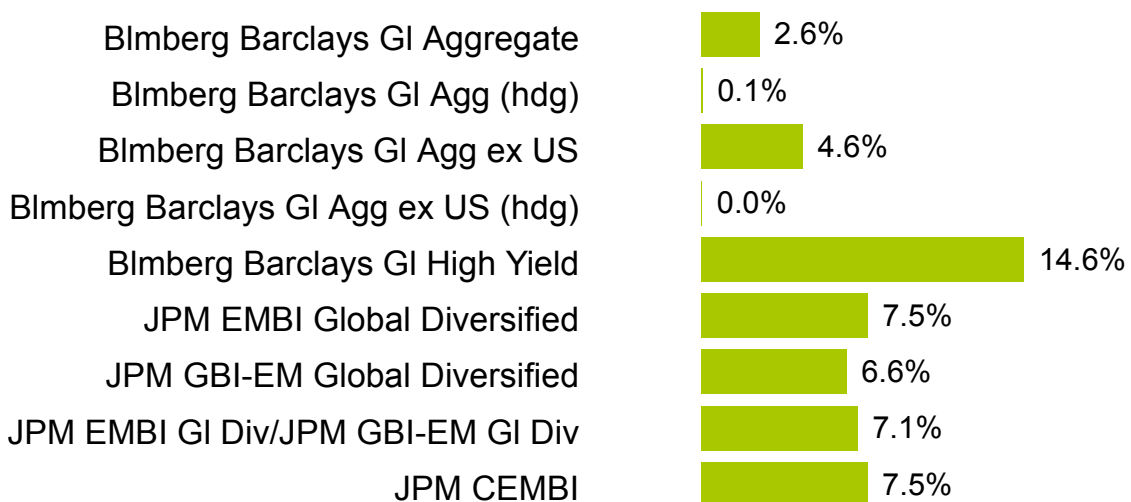
- Emerging market debt rallied in 2Q21, with JPM EMBI Global Diversified gaining 4.1% in hard currency, as falling U.S. rates spilled into emerging markets, and 3.5% in local currency. However, both remained down YTD, -0.7% and -3.4%, respectively.
- The U.S. dollar generally depreciated versus emerging currencies. Notables include -1.5% vs. Chinese yuan and -13.4% vs. Brazilian real.
- EM corporates fared better than sovereigns amid improving corporate fundamentals and global economic recovery.
- Local currency index (GBI-EM Global Diversified) slightly trailed hard currency, as real GDP growth expectations increased.

Sources: Bloomberg Barclays, J.P.Morgan

Global Fixed Income: Quarterly Returns



Global Fixed Income: Annual Returns



Real Estate Market

First Quarter 2021

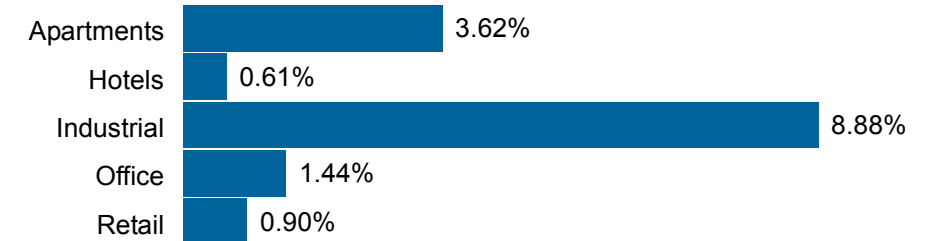
U.S. Private Real Assets	Last Quarter	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years
Real Estate ODCE Style	2.12	4.69	6.60	5.08	6.24	8.86	5.36
NFI-ODCE (value weight net)	3.68	5.64	7.09	4.60	5.62	8.60	5.34
NCREIF Property	3.59	5.37	7.37	5.50	6.13	8.79	6.98
NCREIF Farmland	0.61	1.21	2.44	3.51	4.72	9.83	10.84
NCREIF Timberland	1.70	2.47	3.10	2.12	2.65	4.66	5.13
Public Real Estate							
Global Real Estate Style	10.45	16.38	34.94	9.94	7.81	8.49	6.19
EPRA/NAREIT Developed	9.17	15.50	33.55	6.39	4.98	6.38	4.49
Global ex-U.S. Real Estate Style	8.28	9.53	32.05	9.04	7.83	8.26	5.78
EPRA/NAREIT Developed ex US	7.11	9.40	29.79	5.45	6.41	5.69	4.20
U.S. REIT Style	12.43	21.70	36.78	12.62	8.10	10.50	7.91
NAREIT Equity REITs	12.02	21.96	38.02	10.10	6.31	9.41	7.07

Results

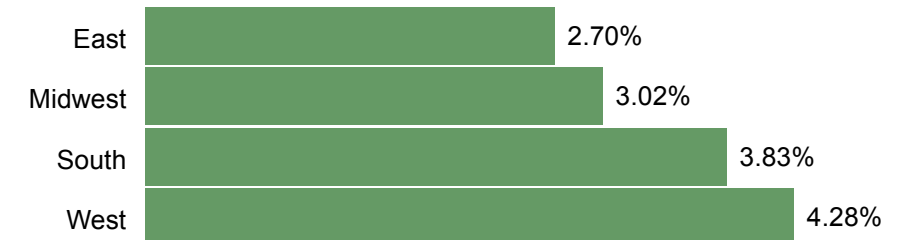
- Recovery continues as ODCE posts strongest return in 10 years; Industrial remains the best performer.
- Income remains positive except in Hotel sector.
- Appraisers beginning to price in recovery due to strong fundamentals within Industrial and Multifamily
- Return dispersion by manager within the ODCE Index due to composition of underlying portfolios
- Niche sectors self-storage and life sciences continue to be accretive.

Sources: Callan, FTSE Russell, NAREIT, NCREIF

Sector Quarterly Returns by Property Type



Sector Quarterly Returns by Region



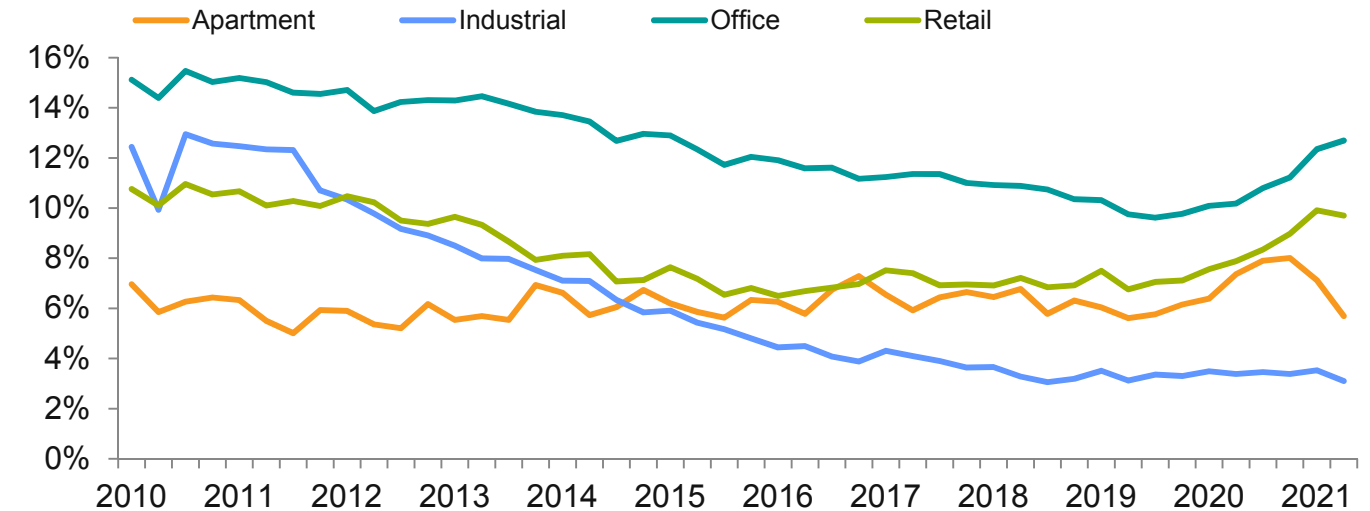
Real Estate Market

First Quarter 2021

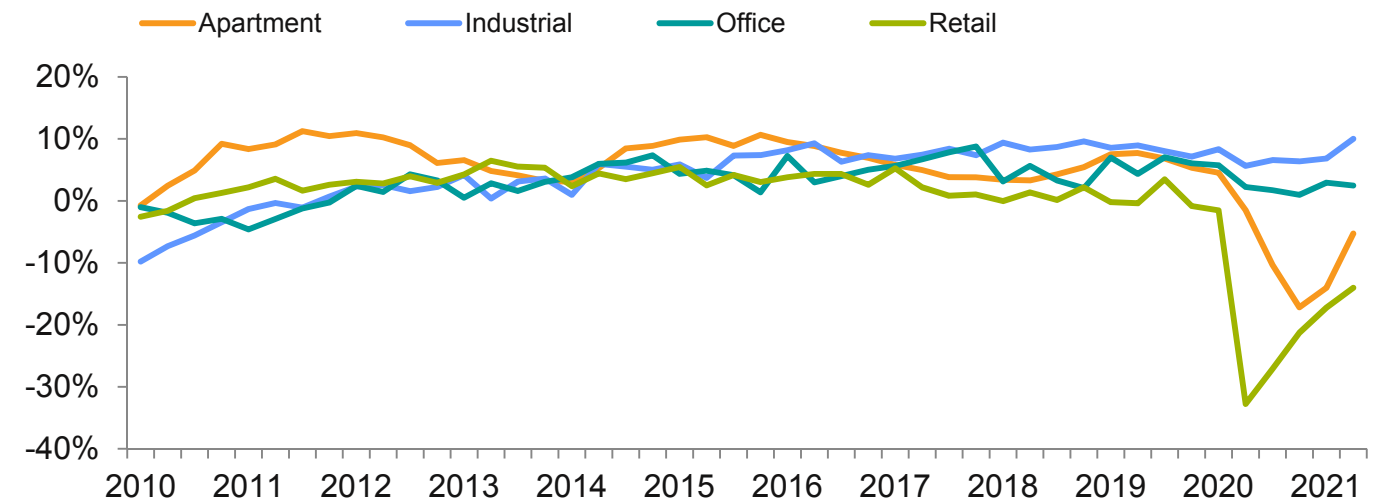
U.S. real estate fundamentals

- Vacancy rates continue to compress in Industrial and Multifamily as demand continues.
- Net operating income remains negative for Office and Retail but recovery continues; tenants are poised to return to work and pent-up demand is evident through foot traffic in retail centers.
- 2Q21 rent collections showed relatively stable income throughout the quarter in the Industrial, Apartment, and Office sectors; Retail sector remains challenged, with regional malls impacted most heavily.
- Class A/B urban apartments were relatively strong, followed by Industrial and Office.
- Demand outpaces supply as new construction of preleased Industrial and Multifamily is occurring.

Vacancy by Property Type



Rolling 4-Quarter NOI Growth by Property Type



Sources: NCREIF

Hedge Fund and MAC Industry Trends

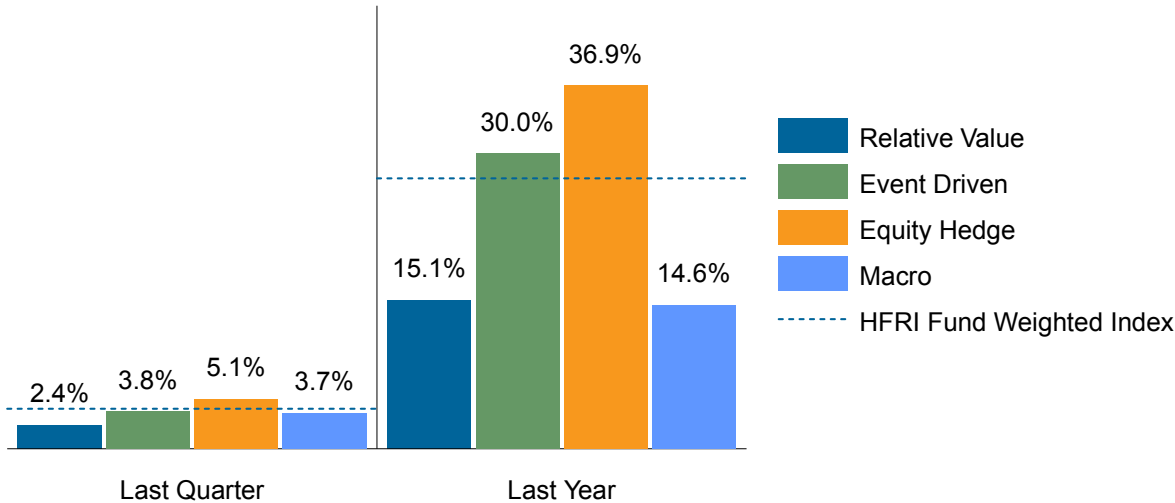
While priced to perfection, hedged to protect

- Equity Hedge harvested healthy gains from beta while earning positive alpha in 2Q21.
- With less-liquid but still long-biased exposures, Event Driven also performed well.
- Bottom-up Relative Value and Top-down Macro, which includes trend-following, yielded more modest results.

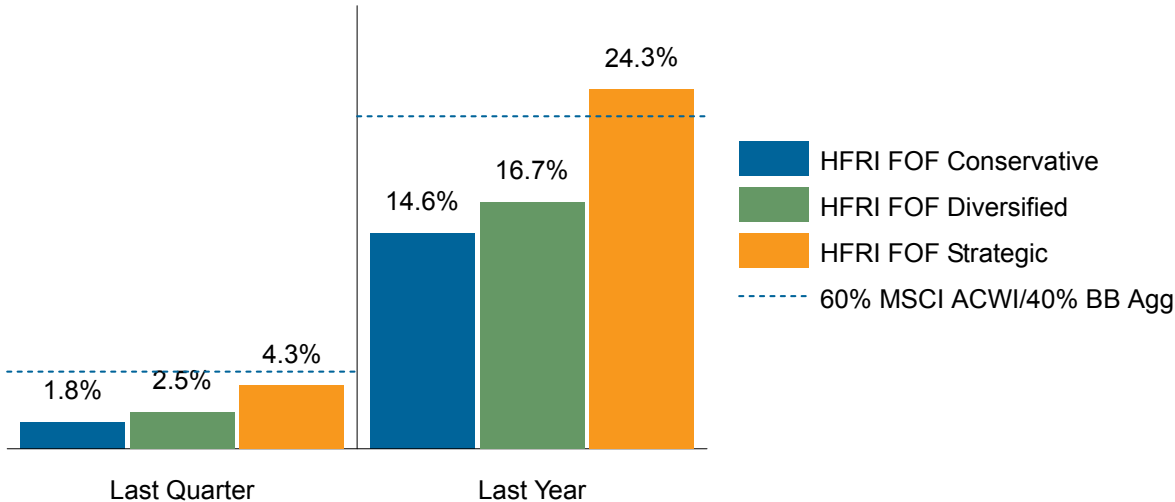
Absolute Return lags Long-Short Equity

- Equity-oriented hedge funds, however hedged, beat the 60/40 index over the last year.
- However, Absolute Return (and credit-focused) FOFs were no match for liquid 60/40 benchmark directly supported by fiscal and monetary stimulus.
- Hedge funds will continue to benefit from elevated market activity and economic uncertainty that create waves of buying and selling.

HFRI Strategy Index Returns vs. Broad Hedge Fund Universe



HFRI Fund-of-Fund Returns vs. 60% Stock/40% Bond Mix

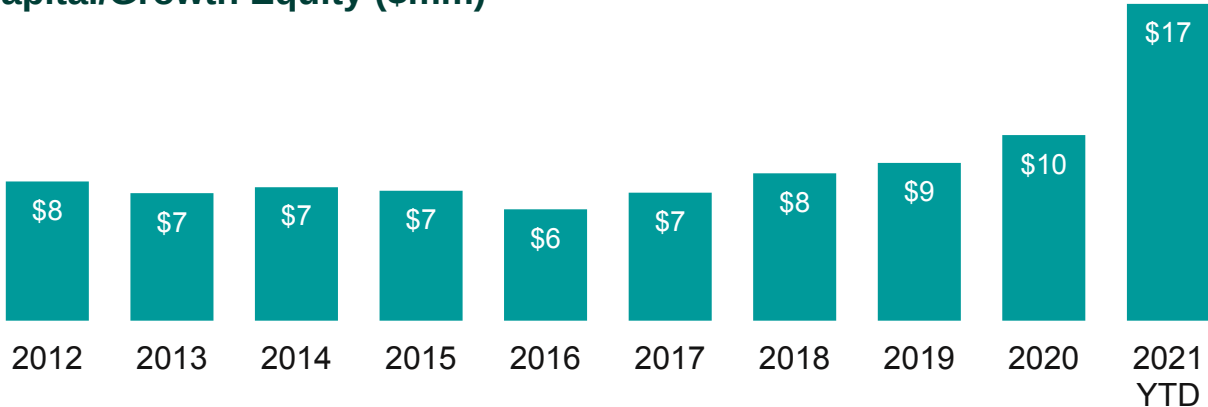


Source: Hedge Fund Research (www.hedgefundresearch.com)

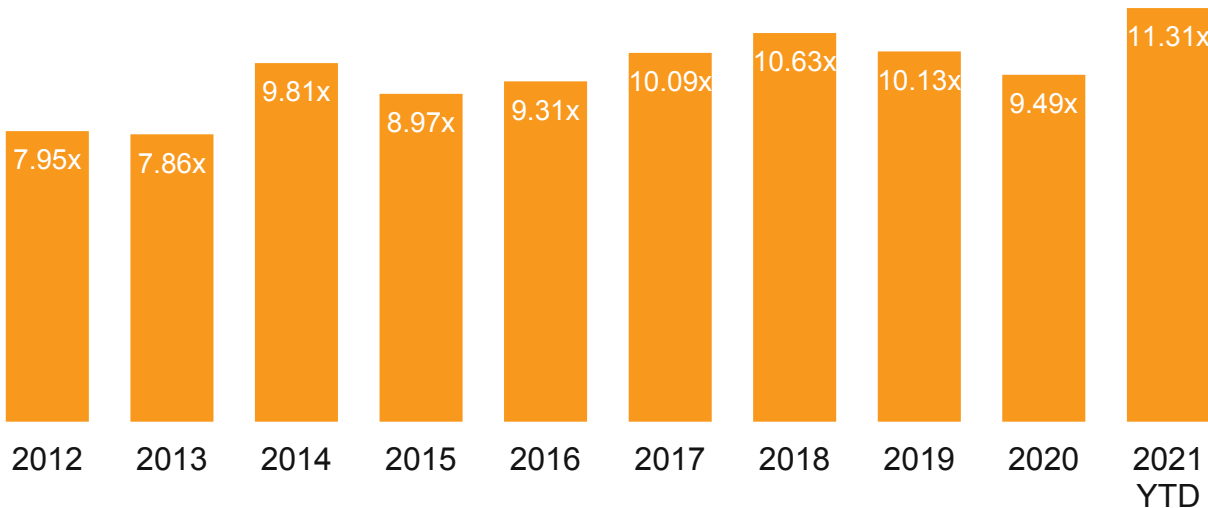
Private Equity Company Valuations and Leverage

- Rise in buyout purchase prices in 2021 with several large transactions, including Sydney Airport (Australia), RealPage, and Proofpoints
- Venture capital and growth equity similarly surged in 2021, driven by large investments such as ByteDance (China), XingSheng Selected (China), and Northvolt (Sweden).

Median Pre-Money Valuation – Global Venture Capital/Growth Equity (\$mm)



Median EV/EBITDA – Global Buyouts

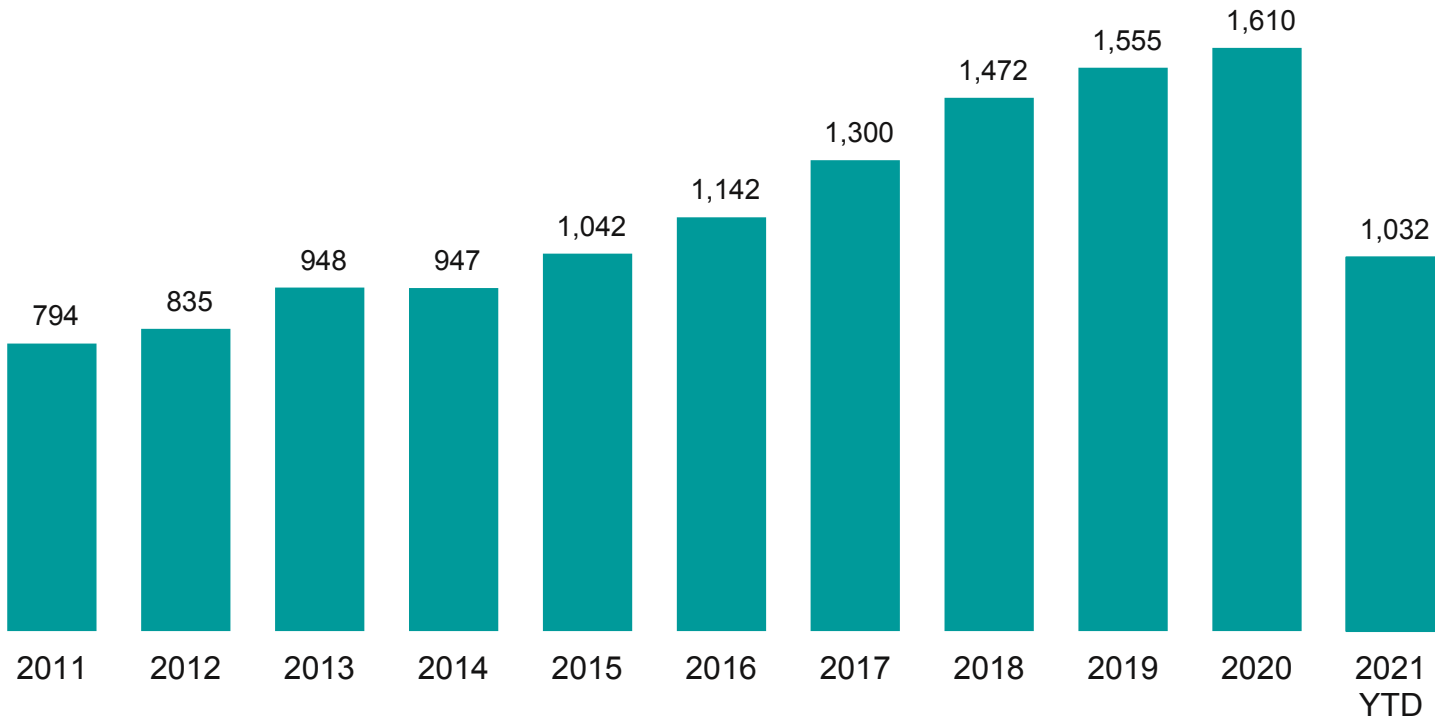


Source: S&P LCD

Private Equity Dry Powder Falls

- Dry powder remained static in 2020 compared to 2019 levels, as a result of slower fundraising during 2020.
- Dry powder may reach a new peak in 2021 given the strong start to fundraising this year.

Dry Powder (\$bn)
Cumulative as of Year-end

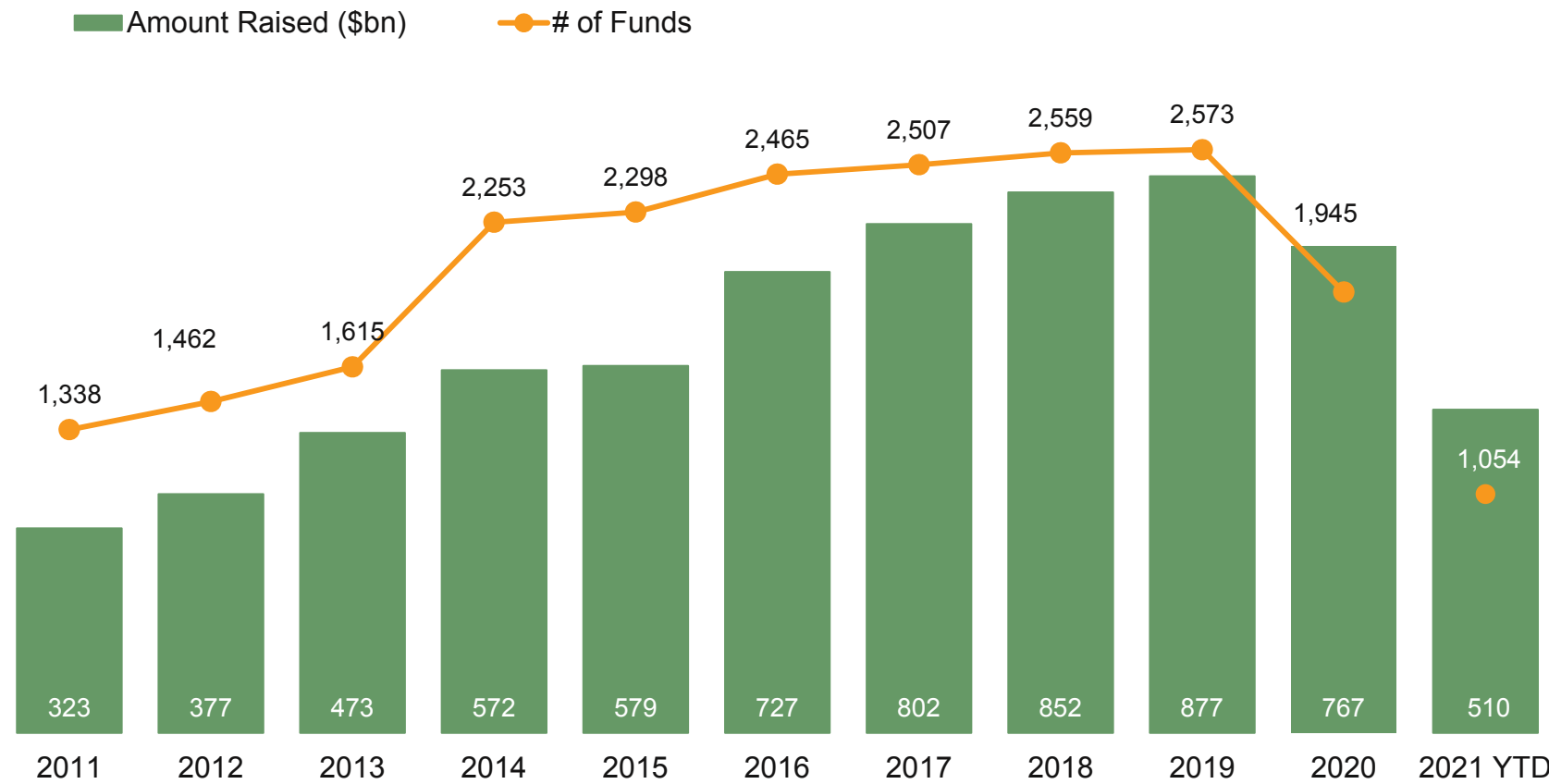


Source: Pitchbook; global, includes private equity and private debt

Global Fundraising

- Fundraising for 2020 at 87% of 2019 levels
- Many fundraises pushed out to 2021 due to worries over investor appetite and inability of funds to deploy capital during the onset of the pandemic
- Fundraising reached new high in 1H21, exceeding 1H20 by 20% and 1H19 by 48%.

Annual Fundraising



Source: Pitchbook

Private Credit Market Environment: 2Q21

Muted volumes during the pandemic

Slowdown in fundraising in late 2020 has reversed in the first half of 2021

- Private credit fundraising tapered off in 3Q20 due primarily to COVID-related market disruption.
- Fundraising significantly rebounded in 4Q20 and into the first half of 2021

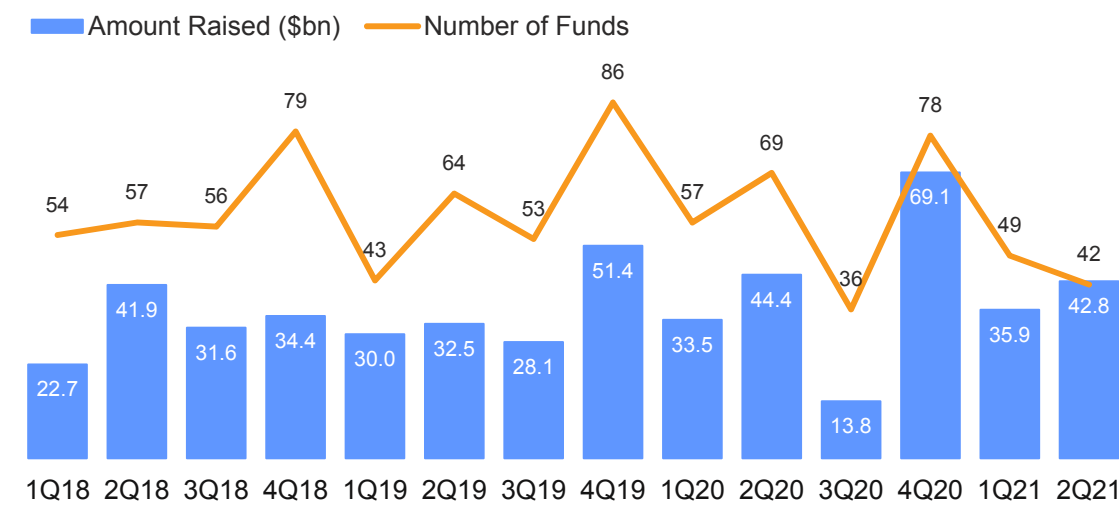
Lending strategies active in the market

- Senior debt and mezzanine capital continue to see strong fundraise activity in 2021
- Also seeing a ramp up of fundraise in specialty finance, asset-backed lending, and niche areas such as venture debt

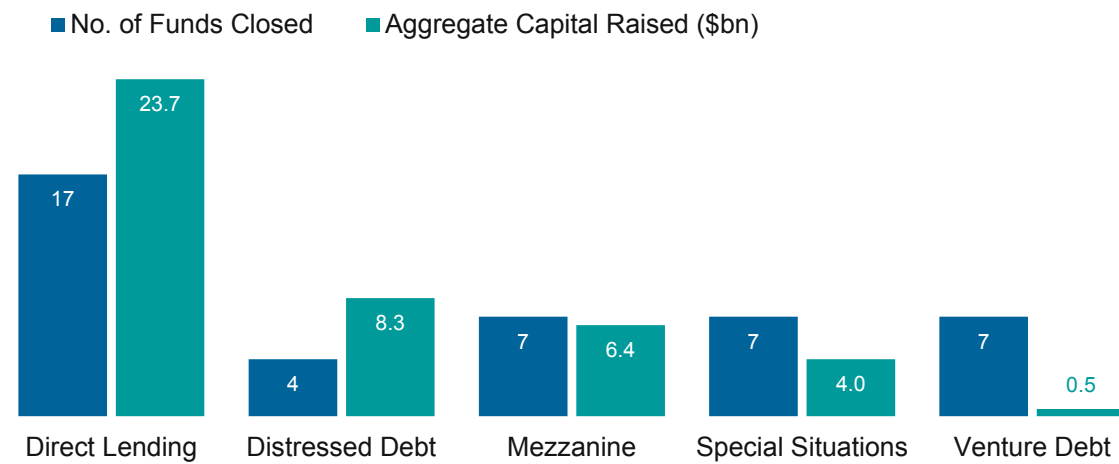
Big get bigger

- Ares, AXA, Blackstone, Goldman Sachs, and HPS led private credit fundraising in 2020.
- Continue to see strong private credit fundraise activity from the large credit shops as well as new private credit offerings from traditional fixed income managers.

Private Debt Funds Raised 2018 to 2021 YTD



Private Debt Fundraising in 2Q21 by Fund Type



Source: Callan



2nd Quarter 2021

Performance Review

Agenda

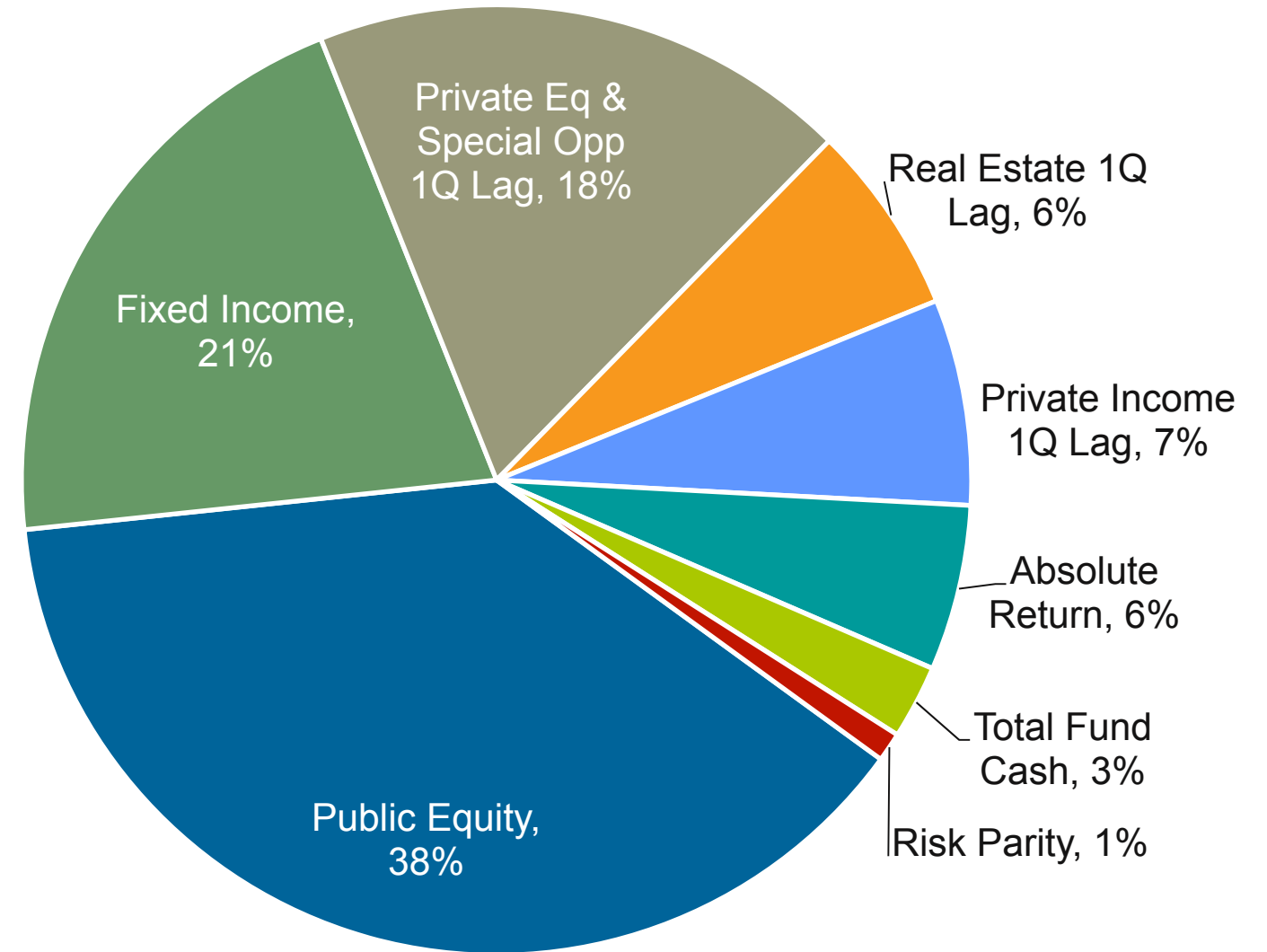
- Total Fund Asset Allocation and Performance
- Asset Class Structure and Performance

Total Fund Asset Allocation and Performance

Total Fund Asset Allocation

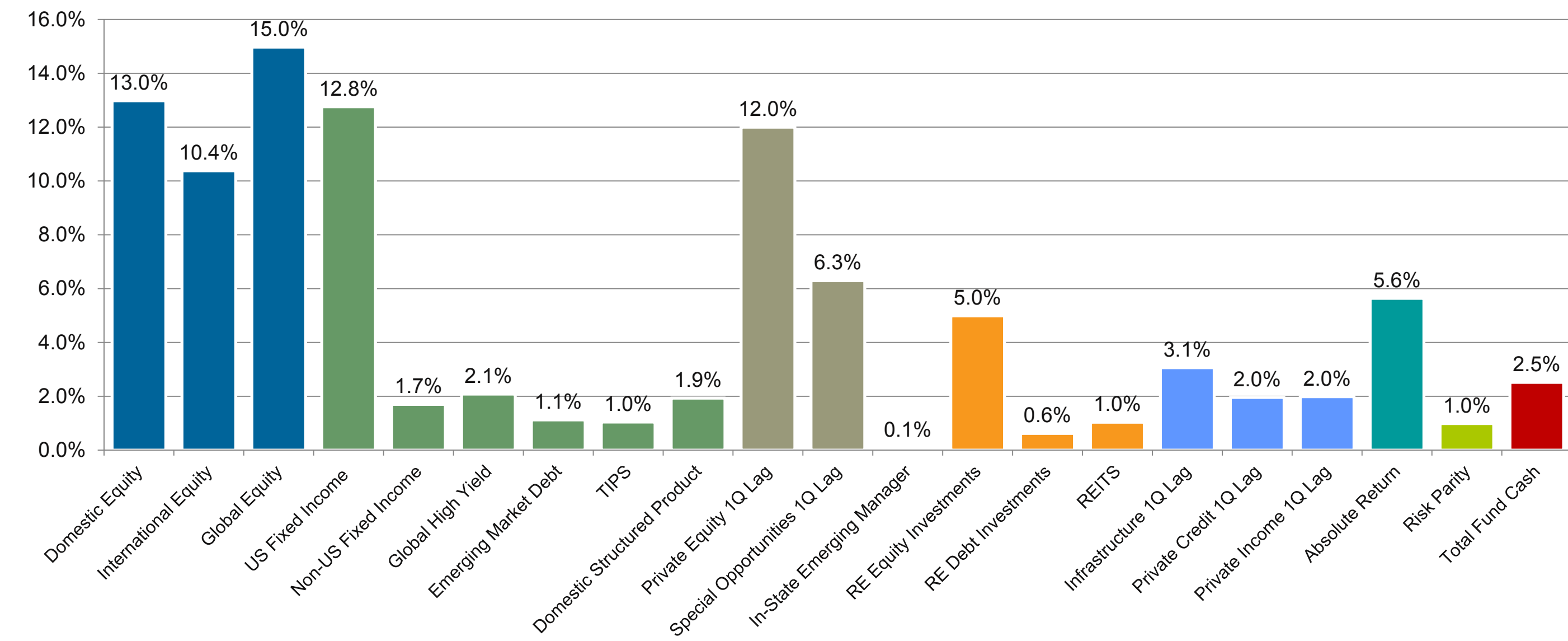
As of June 30, 2021

- APFC portfolio is well diversified across all major asset classes employed by institutional investors.
- Using institutional standard asset class definitions, the portfolio is currently allocated 38% to public equity, 21% to fixed income, and 41% to alternative investments.
- Compared to allocations in the first quarter, weights to public equity decreased, fixed income remained flat and alternatives increased.
- Alternatives include private equity, special opportunities, real estate, private infrastructure, private credit, private income, absolute return, and risk parity.
- Private Equity & Special Opportunities, Real Estate, and Infrastructure & Private Income are reported on a one-quarter lag.



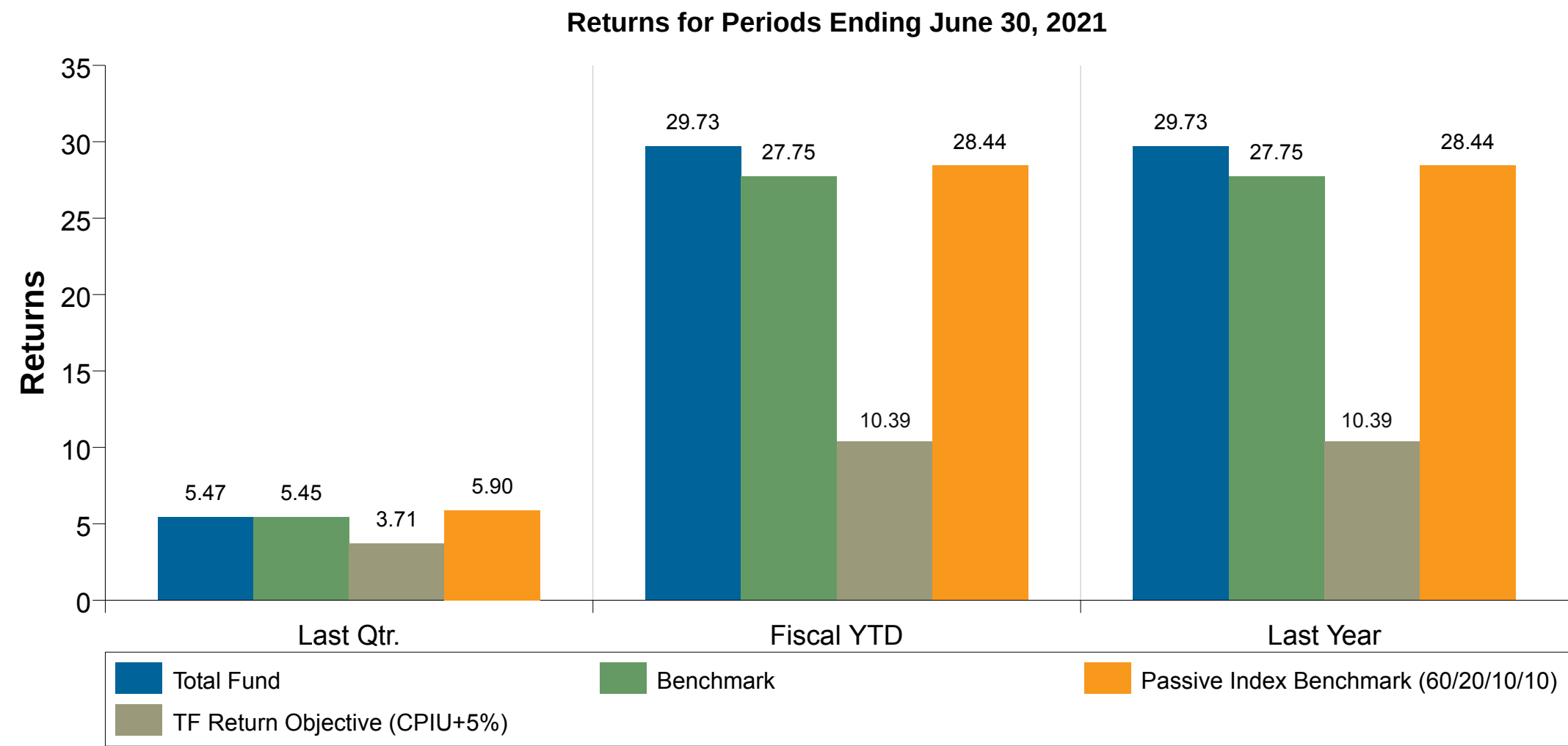
Total Fund Asset Allocation

As of June 30, 2021



APFC Total Fund Cumulative Returns

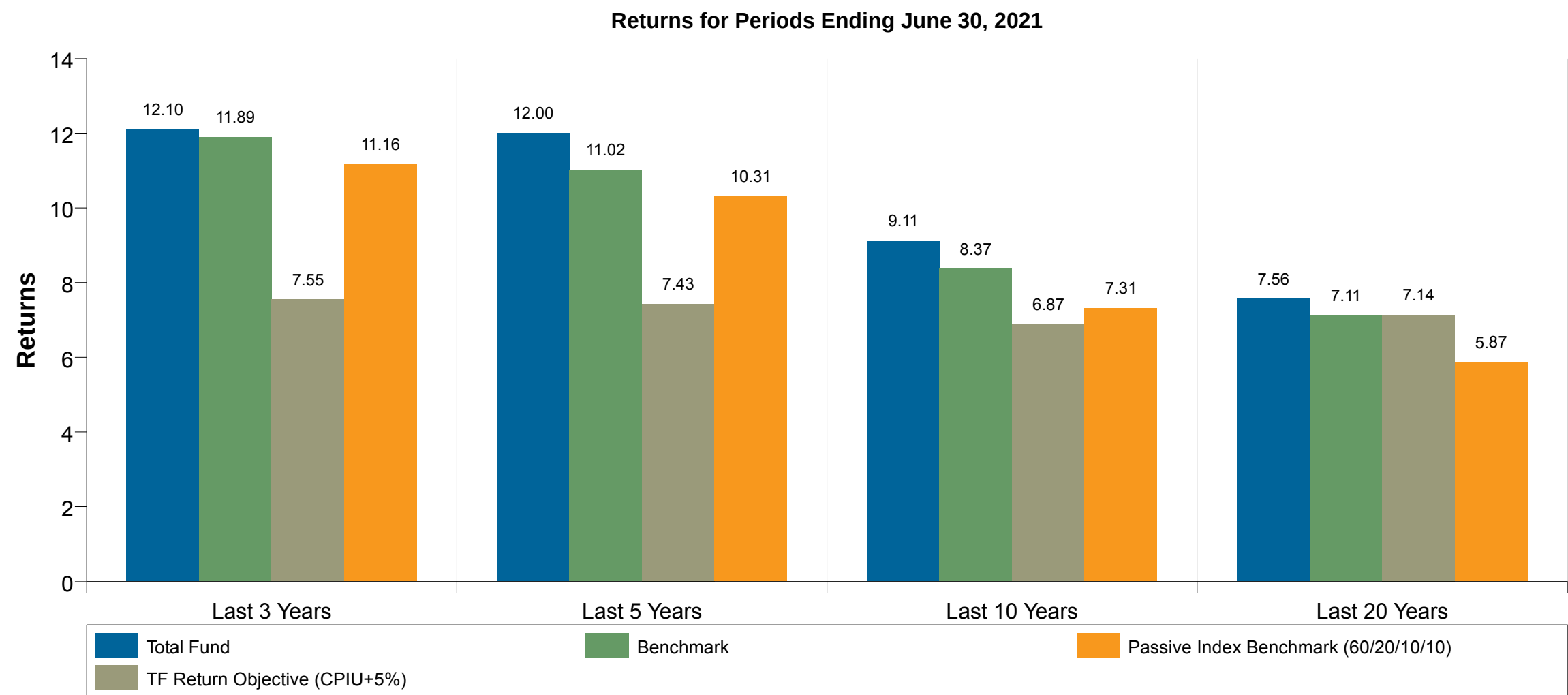
Total Fund versus Total Fund Targets



- Benchmark (FY20-FY21) = 39% MSCI ACWI IMI, 1.1% 90 Day T-Bills, 1.1% BB US TIPS, 5.8% BB Agg, 5.8% BB Corp IG, 2.1% BB Global Treasury ex-US Hedged, 0.5% JPM EMBI Global Diversified, 0.5% JPM GBI-EM Global Diversified TR, 2.1% BB US High Yield 2% Issuer Cap, 2.1% BB US Securitized, 15% Cambridge PE (lagged), 6% NCREIF Total Index (lagged), 1.1% MSCI US REIT (lagged), 5.4% Cambridge Global Pvt. Infrastructure (lagged), 3.6% Cambridge Pvt Credit (lagged), 6% HFRI Total HFOF Universe (weighted), 2% 90 Day T-Bills, 1% HFR Risk Parity Vol 12% Institutional Index.

APFC Total Fund Cumulative Returns

Total Fund versus Total Fund Targets



- Benchmark (FY20-FY21) = 39% MSCI ACWI IMI, 1.1% 90 Day T-Bills, 1.1% BB US TIPS, 5.8% BB Agg, 5.8% BB Corp IG, 2.1% BB Global Treasury ex-US Hedged, 0.5% JPM EMBI Global Diversified, 0.5% JPM GBI-EM Global Diversified TR, 2.1% BB US High Yield 2% Issuer Cap, 2.1% BB US Securitized, 15% Cambridge PE (lagged), 6% NCREIF Total Index (lagged), 1.1% MSCI US REIT (lagged), 5.4% Cambridge Global Pvt. Infrastructure (lagged), 3.6% Cambridge Pvt Credit (lagged), 6% HFRI Total HFOF Universe (weighted), 2% 90 Day T-Bills, 1% HFR Risk Parity Vol 12% Institutional Index.

APFC Total Fund Attribution

For One Quarter Ended June 30, 2021

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Public Equity	39%	39%	6.47%	7.18%	(0.27%)	(0.01%)	(0.27%)
Fixed Income	21%	21%	2.27%	2.17%	0.02%	0.01%	0.03%
Private Eq & Special Opp	18%	15%	10.51%	9.48%	0.18%	0.13%	0.31%
Real Estate	6%	7%	1.61%	2.76%	(0.07%)	0.02%	(0.05%)
Private Income	7%	9%	4.77%	2.89%	0.13%	0.06%	0.19%
Absolute Return	6%	6%	1.58%	4.07%	(0.15%)	0.00%	(0.14%)
Total Fund Cash	3%	2%	0.05%	(0.00%)	0.00%	(0.03%)	(0.03%)
Risk Parity	1%	1%	9.55%	8.89%	0.01%	(0.00%)	0.00%
Total			5.47%	= 5.45%	+ (0.15%)	+ 0.18%	0.03%

- In the second quarter, the Total Fund outperformed the Performance Benchmark by 3 basis points.
- Manager underperformance in Public Equity, Absolute Return, and Real Estate was offset by outperformance in Private Equity and Private Income. Asset Allocation added to relative performance with an overweight to Private Equity and an underweight to Private Income.
- In aggregate, active management detracted 15 basis points to relative performance, while deviations from the Policy Target added 18 basis points.

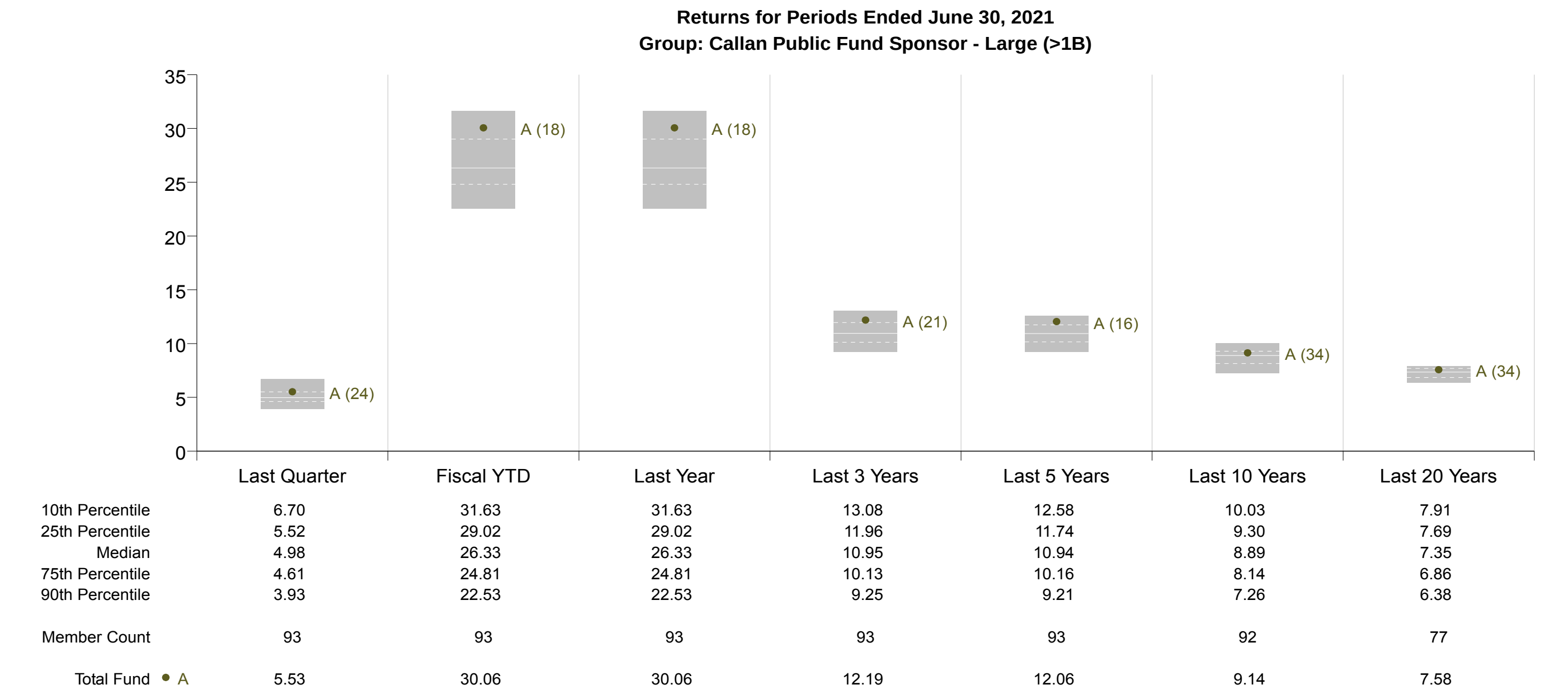
APFC Total Fund Attribution

For Fiscal Year-to-Date Through June 30, 2021

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Public Equity	39%	39%	46.92%	40.94%	2.10%	(0.18%)	1.92%
Fixed Income	21%	21%	3.68%	2.89%	0.20%	(0.00%)	0.20%
Private Eq & Special Opp	16%	15%	64.61%	54.21%	1.38%	0.32%	1.70%
Real Estate	7%	7%	1.41%	7.41%	(0.47%)	0.02%	(0.45%)
Private Income	8%	9%	18.06%	18.46%	(0.05%)	0.04%	(0.01%)
Absolute Return	6%	6%	12.40%	27.48%	(0.92%)	0.00%	(0.92%)
Asset Allocation	0%	0%	-	-	0.00%	(0.15%)	(0.15%)
Total Fund Cash	3%	2%	0.17%	0.09%	0.00%	(0.27%)	(0.26%)
Risk Parity	1%	1%	23.32%	24.98%	(0.02%)	(0.01%)	(0.03%)
Total			29.73%	= 27.75%	+	2.21% + (0.22%)	1.98%

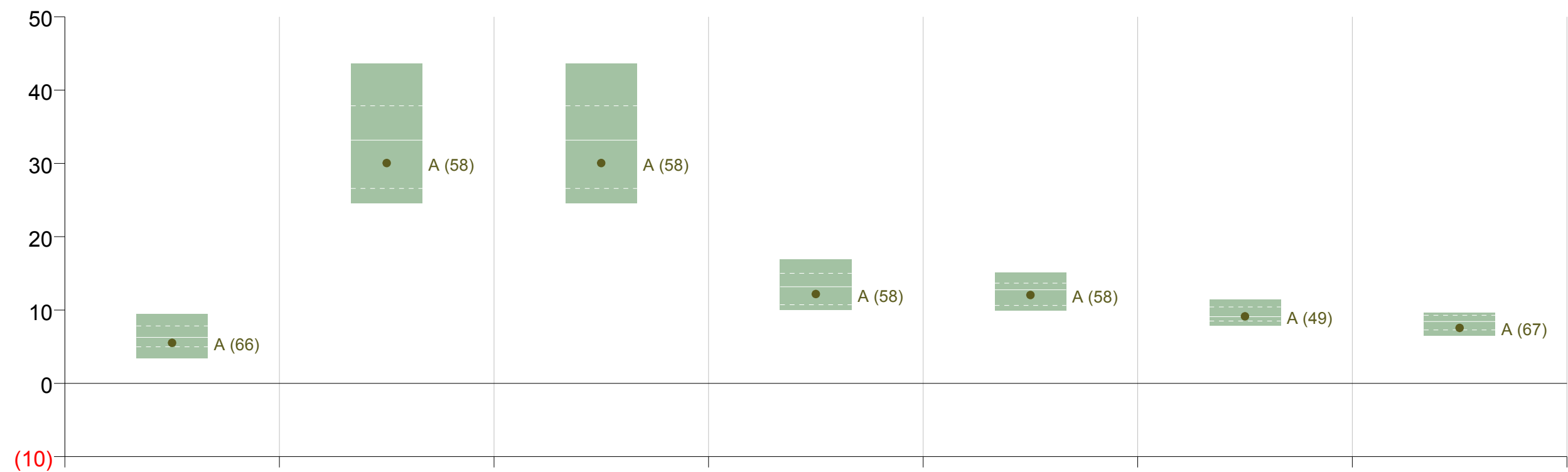
- For the fiscal year-to-date, the Total Fund outperformed the Performance Benchmark by 198 basis points.
- Manager outperformance, primarily in Public and Private Equity, contributed to outperformance. Allocation effects to Cash (overweight) and Public Equity (slight underweight) detracted from performance.
- In aggregate, active management added 221 basis points to relative performance, while deviations from the Policy Target subtracted 22 basis points.

APFC Total Fund Relative to Callan's Large Public Fund Database



APFC Total Fund Relative to Callan's Large Endowment / Foundation Database

Returns for Periods Ended June 30, 2021
Group: Callan Endow/Foundation - Large (>1B)

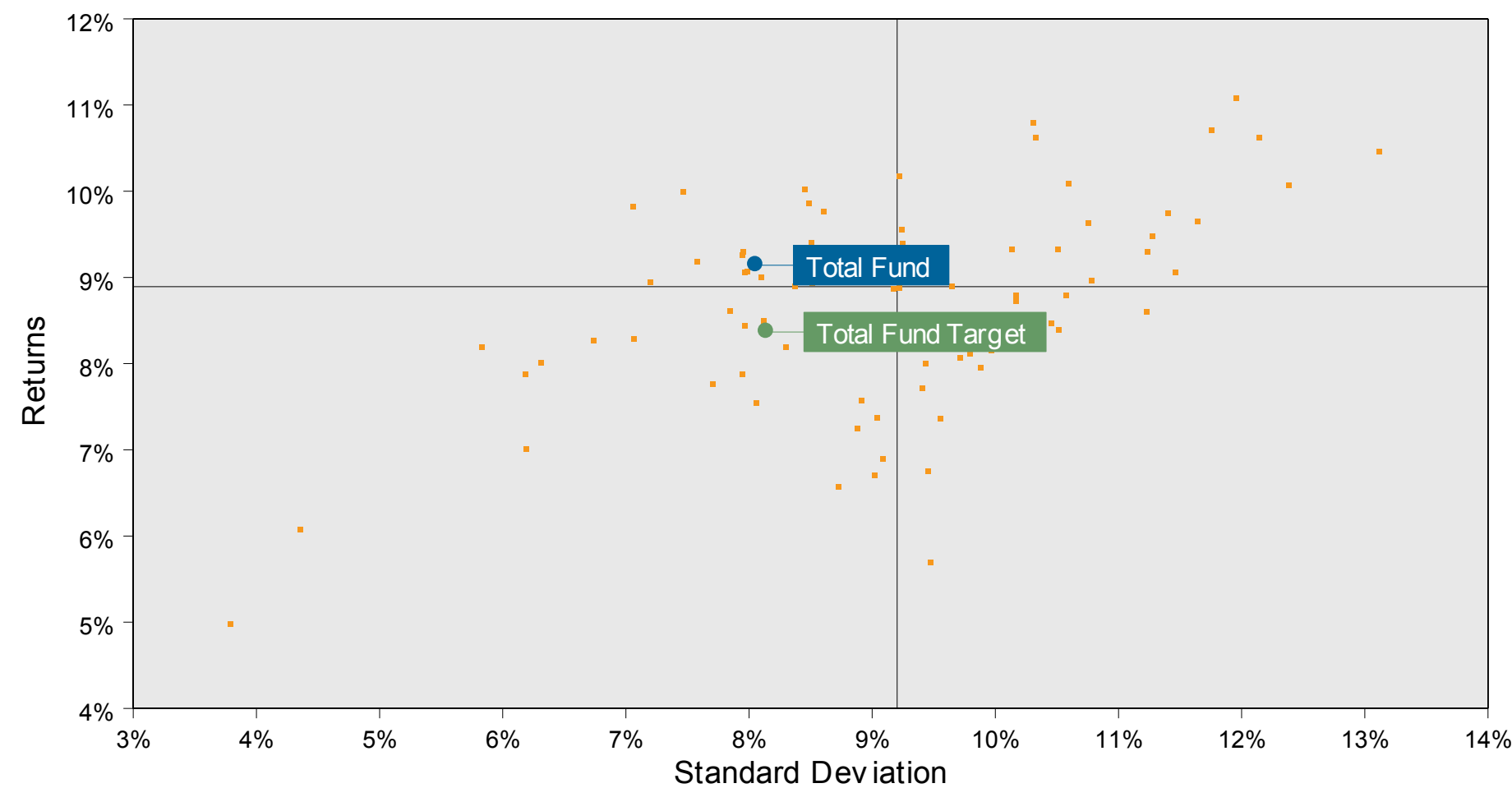


	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 20 Years
10th Percentile	9.46	43.64	43.64	16.92	15.08	11.40	9.67
25th Percentile	7.83	37.87	37.87	15.02	13.68	10.42	9.30
Median	6.27	33.19	33.19	13.17	12.77	9.10	8.44
75th Percentile	4.98	26.59	26.59	10.73	10.63	8.51	7.29
90th Percentile	3.42	24.57	24.57	9.98	9.91	7.83	6.56
Member Count	33	33	33	32	32	32	26
Total Fund ● A	5.53	30.06	30.06	12.19	12.06	9.14	7.58

APFC Total Fund Return versus Standard Deviations

Relative to Callan’s Large Public Fund Database

Ten Year Annualized Risk vs Return

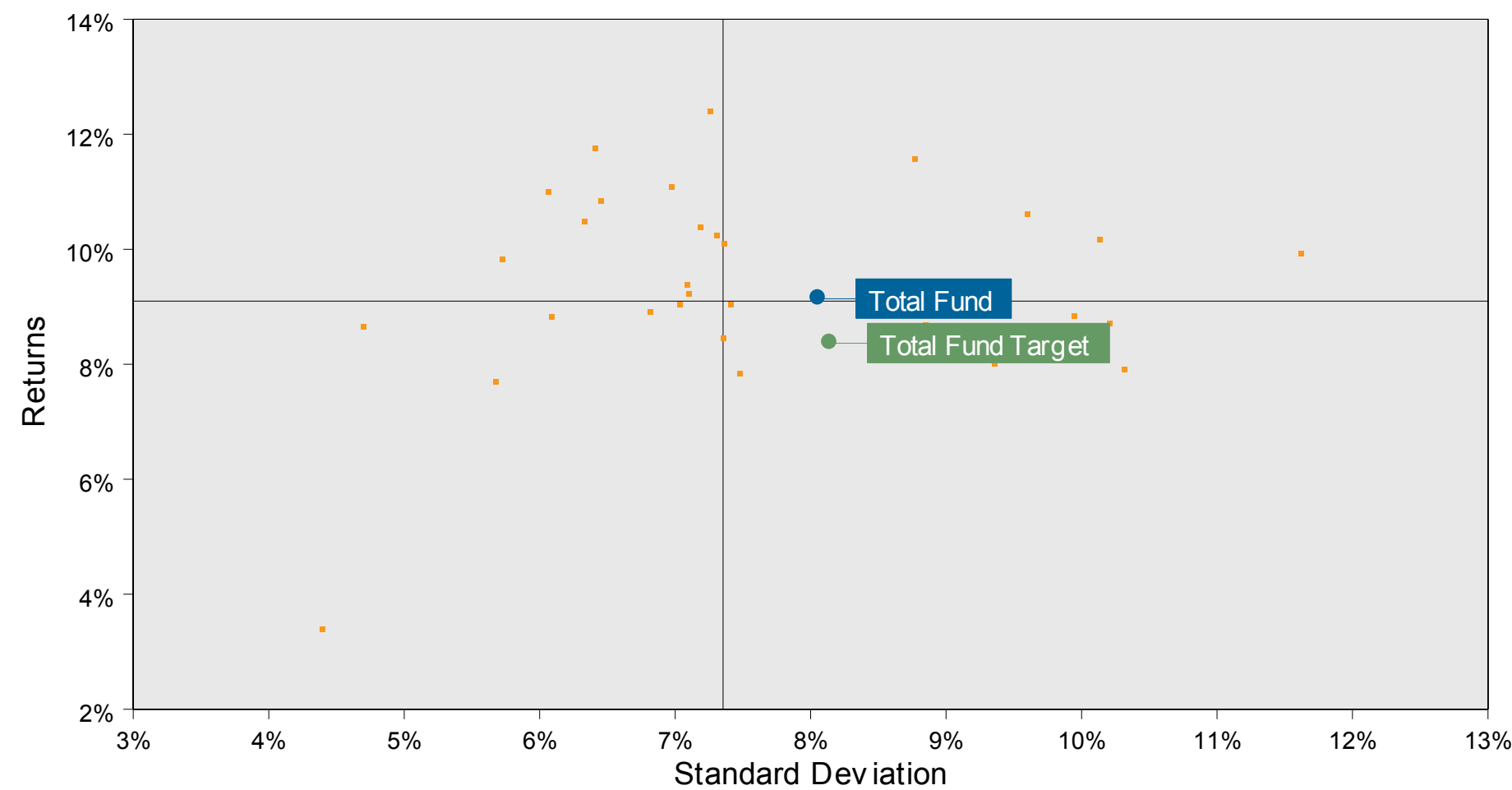


Squares represent membership of the Callan Public Fund Spons - Large (>1B)

APFC Total Fund Return versus Standard Deviations

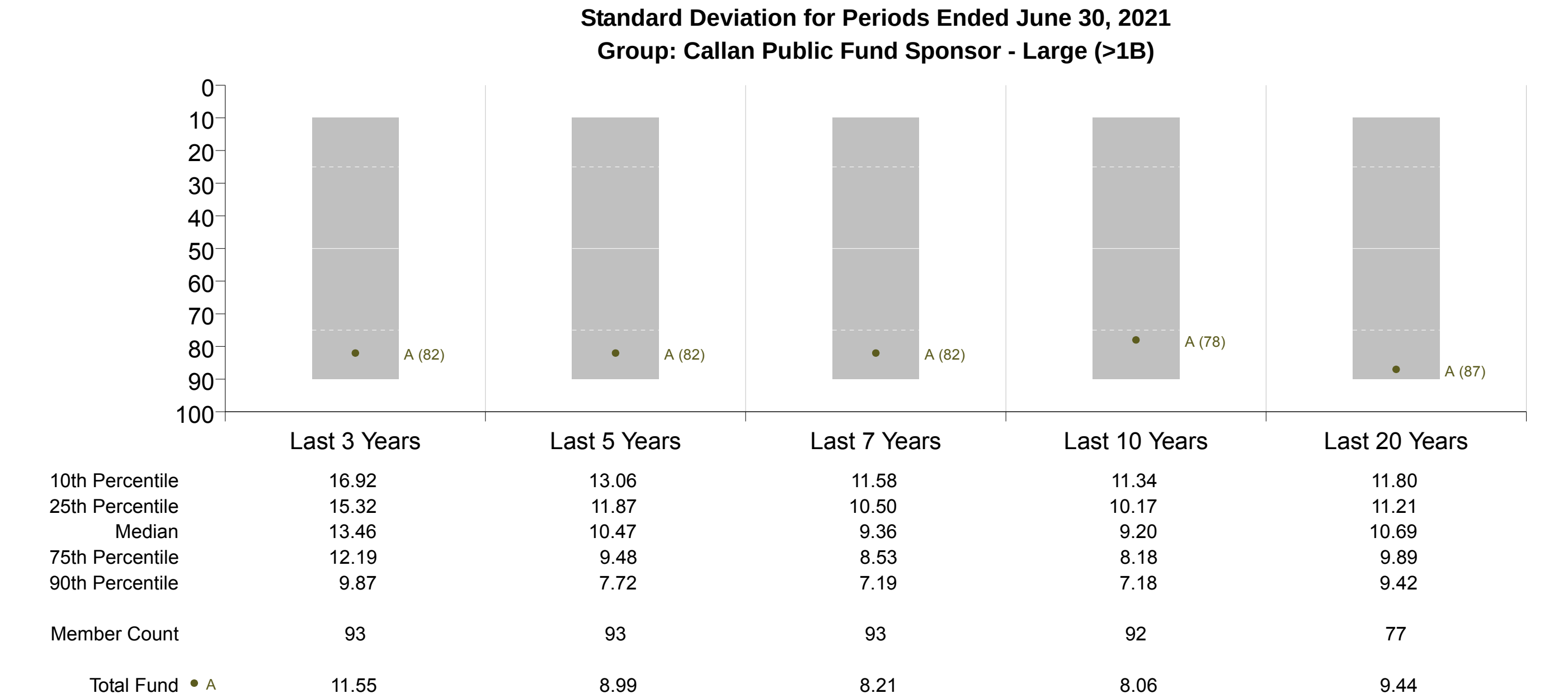
Relative to Callan’s Large Endowment / Foundation Database

Ten Year Annualized Risk vs Return

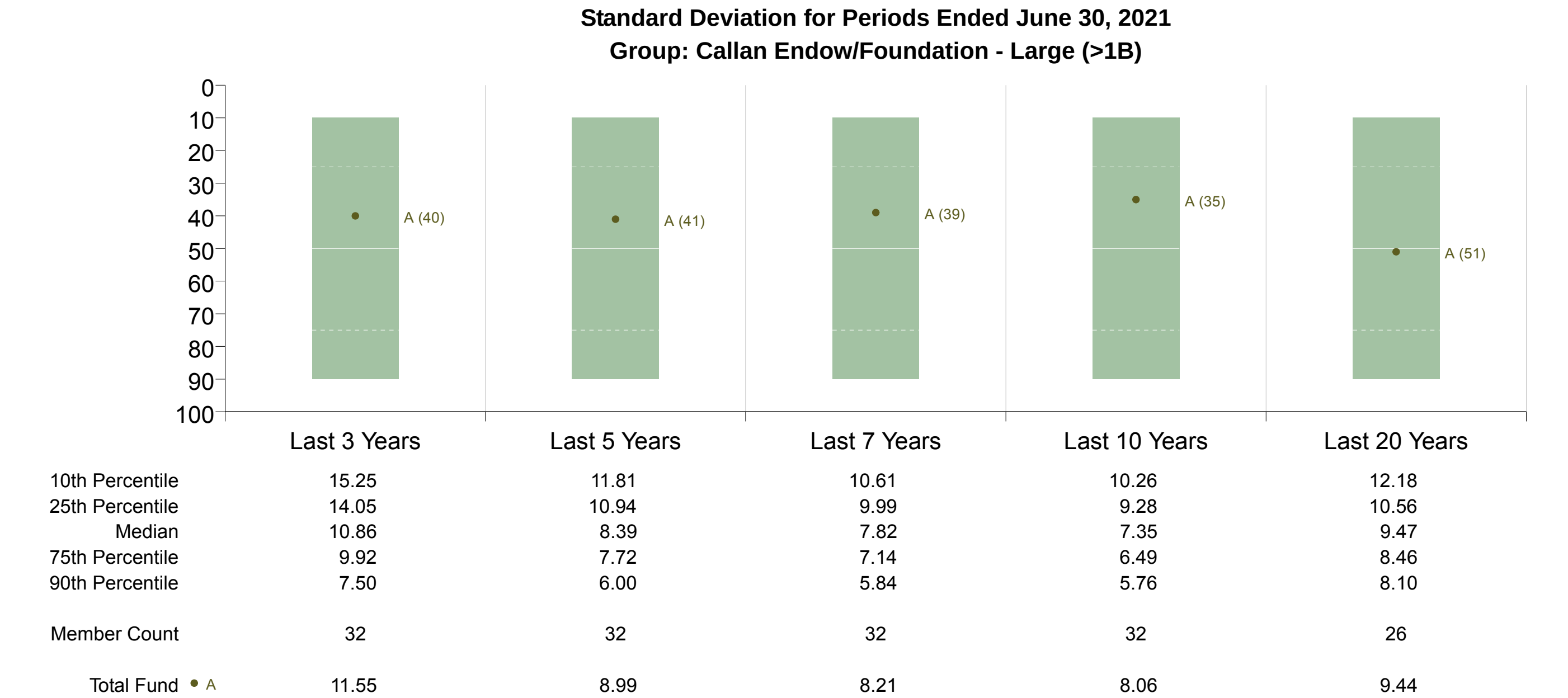


Squares represent membership of the Callan Endow/Foundation - Large (>1B)

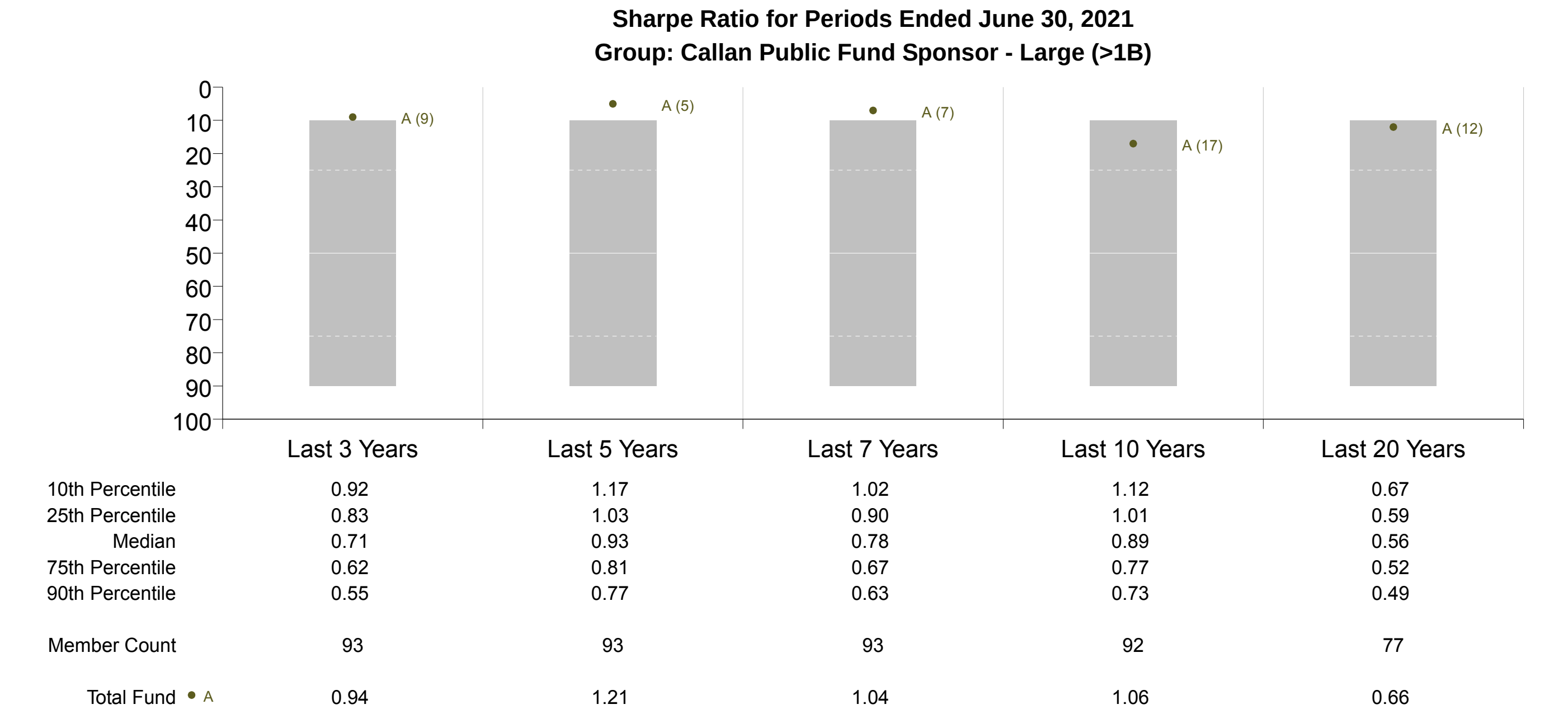
APFC Total Fund Standard Deviation Relative to Callan’s Large Public Fund Database



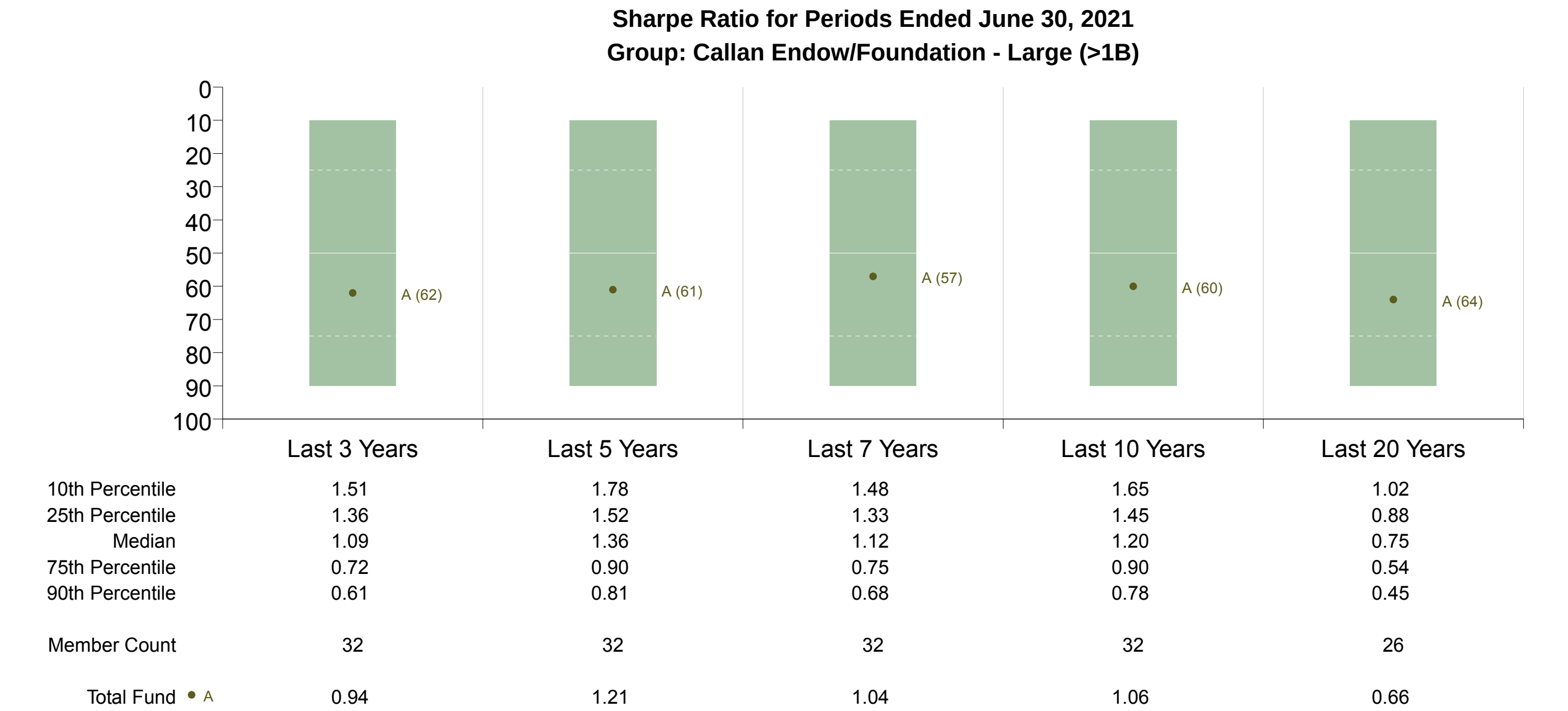
APFC Total Fund Standard Deviation Relative to Callan’s Large Endowment/Foundation Database



APFC Total Fund Sharpe Ratio Relative to Callan’s Large Public Fund Database



APFC Total Fund Sharpe Ratio Relative to Callan’s Large Endowment/Foundation Database



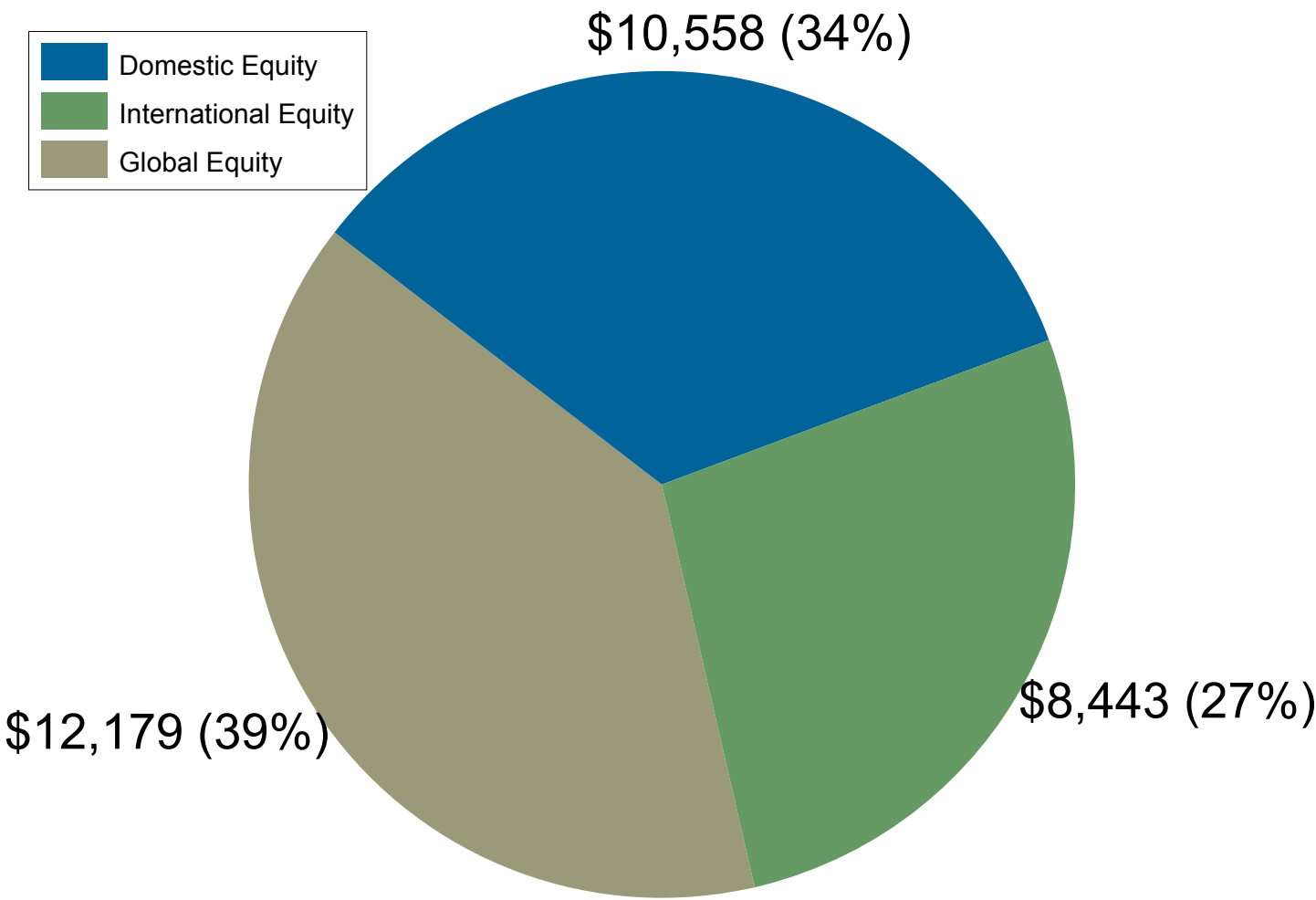
Asset Classes

Structure and Performance

APFC Public Equity Structure

As of June 30, 2021

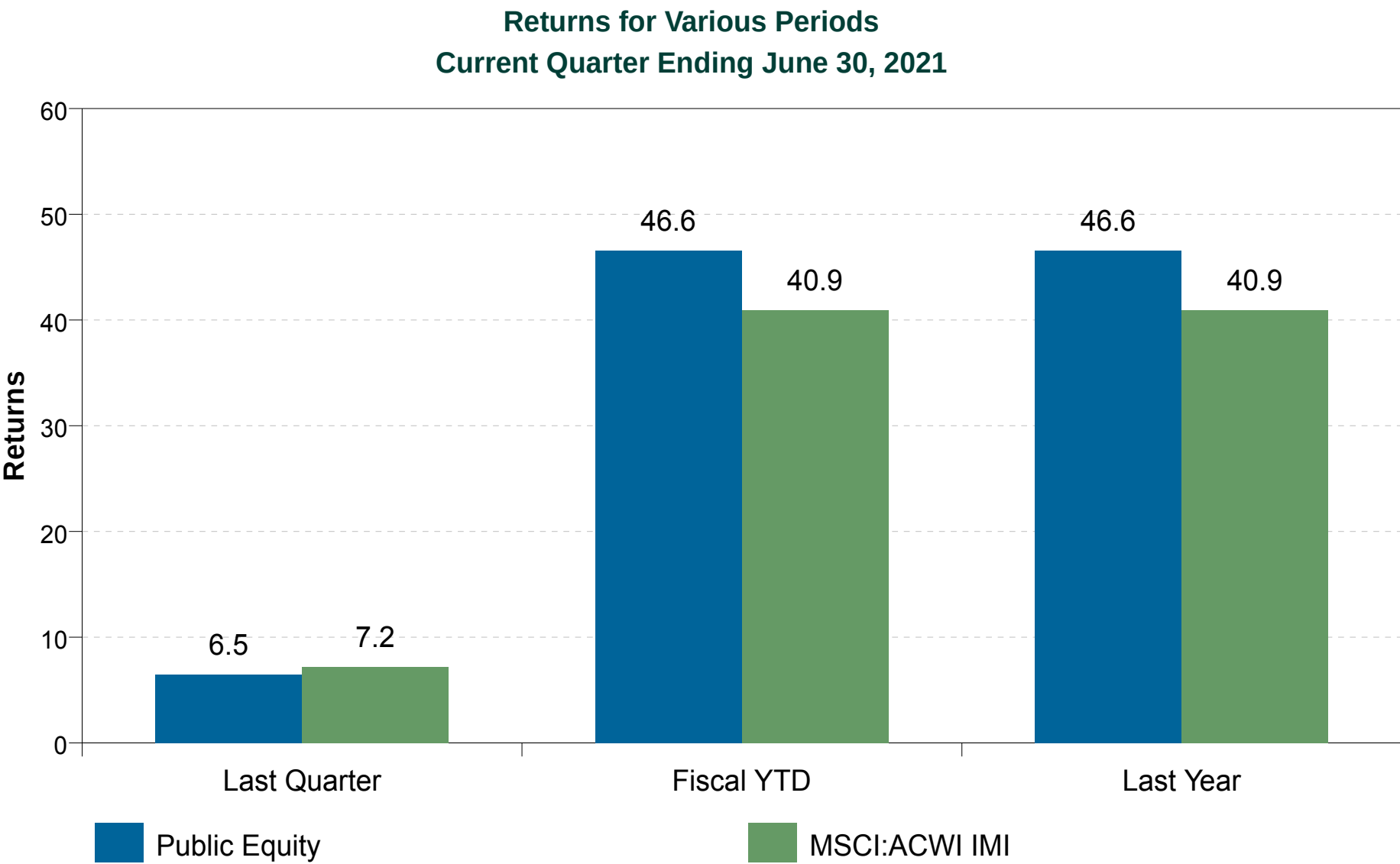
- APFC Public Equity portfolio has a weighting of roughly 57% in US equity, and 43% in non-US equity.
- The MSCI ACWI IMI benchmark has a weighting of roughly 59% in US equity, and 41% in non-US equity.
- The median allocation to US equity across public equity portfolios in Callan’s Large Public Fund Sponsor database is roughly 58%.



APFC Public Equity vs. MSCI ACWI-IMI

Periods Ended June 30, 2021

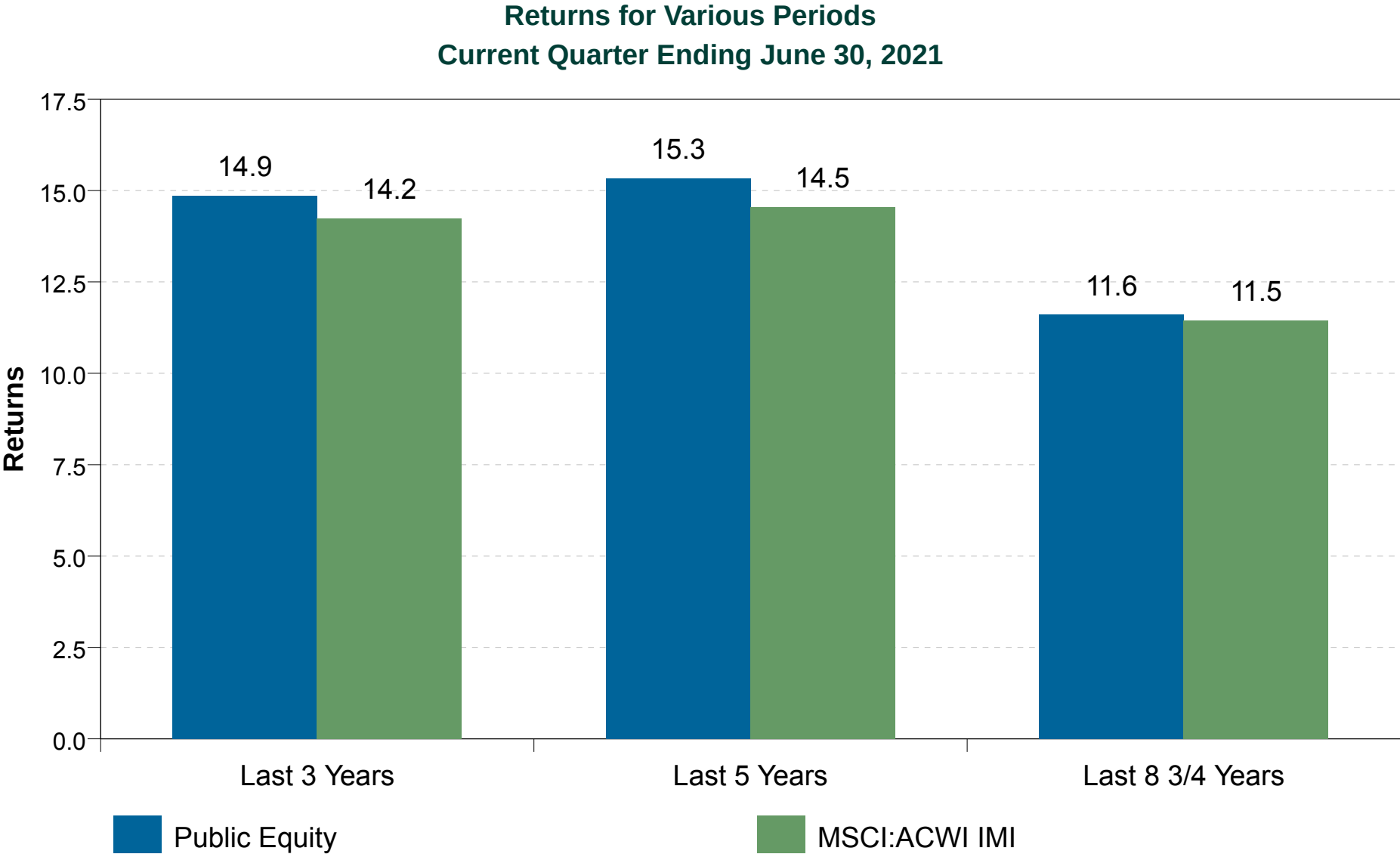
- APFC Public Equity portfolio underperformed the MSCI ACWI IMI index for the recent quarter but outperformed for the trailing one-year period.
- Domestic, International and Global Equity composites ended behind their respective benchmarks in the latest quarter, but ended ahead over the trailing one-year period.



APFC Public Equities Performance vs. MSCI ACWI-IMI

Periods Ended June 30, 2021

- Public Equities exceeded the benchmark over the intermediate and long-term. Domestic Equity lagged the most within Public Equities.
- Overall, the portfolio is well diversified across regions, countries, and underlying strategies.

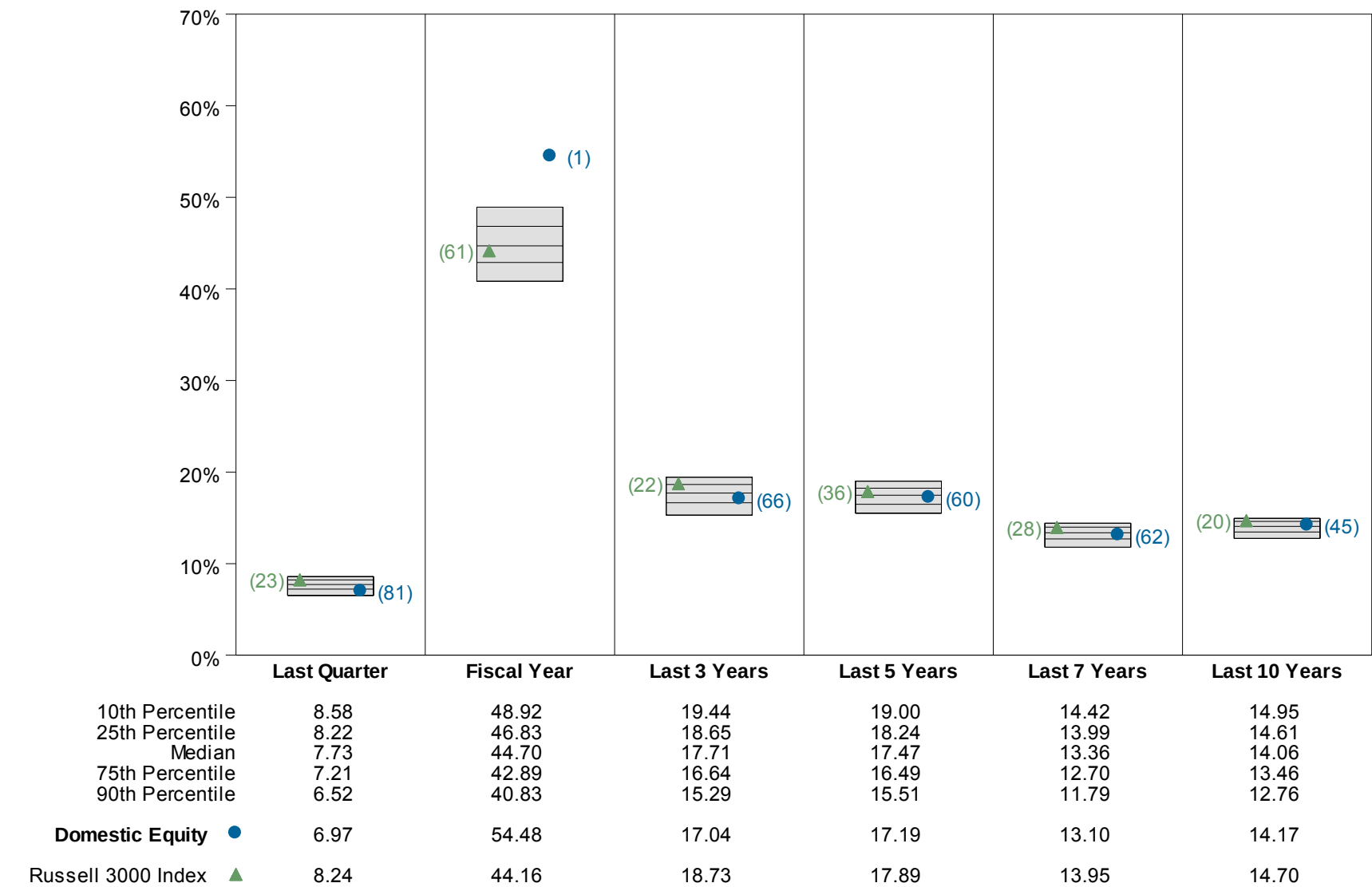


APFC US Equity Performance vs. Fund Sponsor US Equity

Periods Ended June 30, 2021

- The universe is comprised of total domestic equity portfolios of large institutional investors in Callan's Fund Sponsor Database.
- APFC US Equity portfolio ended the recent quarter and year ahead its benchmark.
- When compared to US Equity portfolios of other large institutional investors, APFC's US Equity composite ranked above median in the 1-year and 10-year periods and ranked below median in other standard periods.

Performance vs Fund Sponsor - Domestic Equity (Gross)

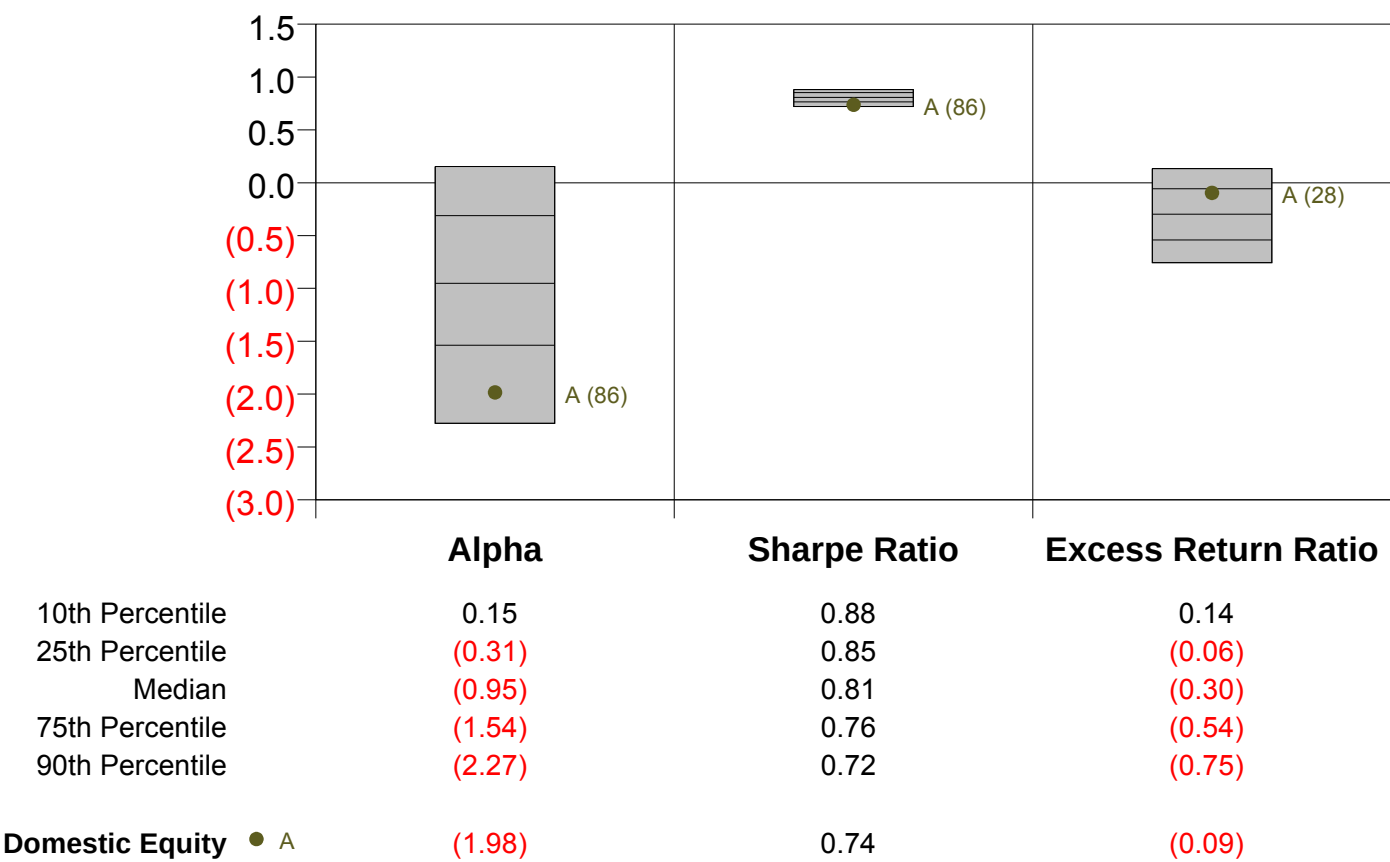


APFC US Equity Portfolio Risk Adjusted Return Rankings

Ten Years Ended June 30, 2021

- The universe is comprised of total domestic equity portfolios of large institutional investors in Callan’s Fund Sponsor Domestic Equity Database.
- For the trailing ten-year period, APFC portfolio ranked below median for alpha and Sharpe ratio, and above median for excess return ratio.
 - Alpha measures contribution to performance – portfolio’s return above index adjusted for risk.
 - Sharpe Ratio represents return gained per unit of risk taken (return/risk).
 - Excess Return Ratio measures alpha (return above benchmark) divided by tracking error (risk versus benchmark).

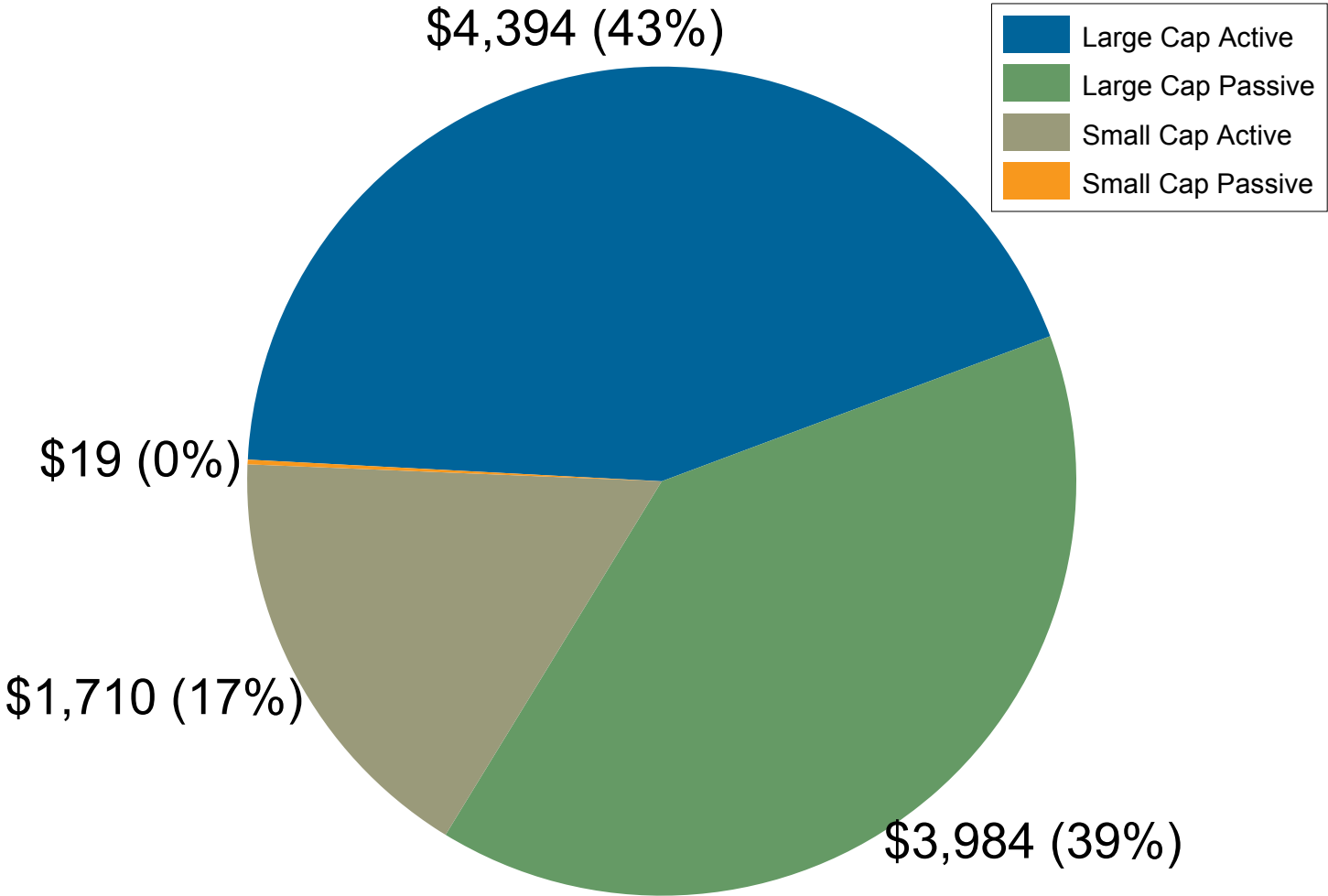
Risk Adjusted Return Measures vs Russell 3000 Index
Rankings Against Fund Sponsor Domestic Equity Database



APFC US Equity Structure

As of June 30, 2021

- US equity portfolio is roughly 60% actively managed and 40% passive (or quasi-passive).
- Roughly 52% of the large cap allocation is actively managed while 99% of the small cap allocation is actively managed.

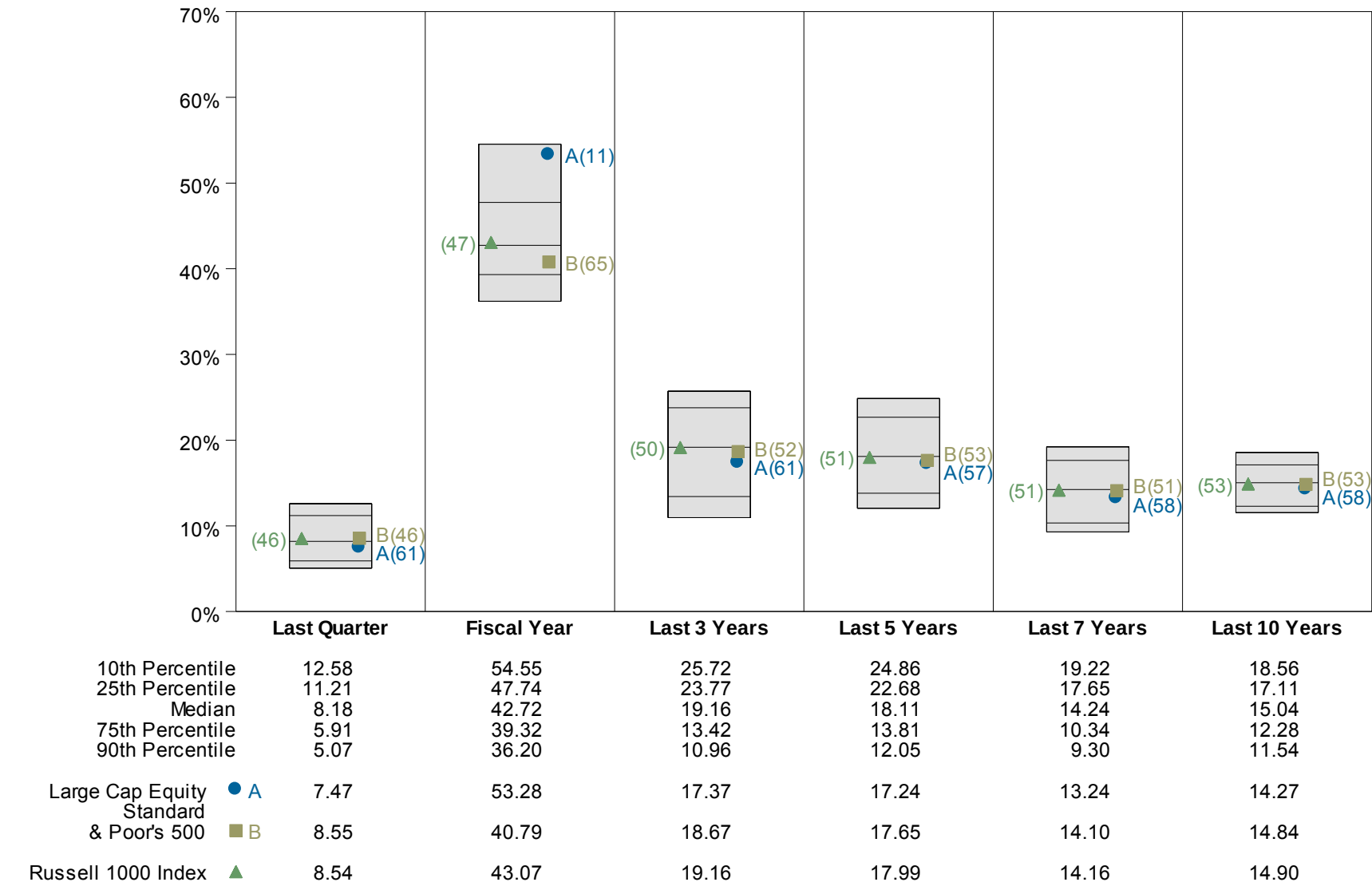


APFC Large Cap Equity Relative to Large Cap Universe

Periods Ended June 30, 2021

- APFC's Large Cap portfolio underperformed its benchmark in the second quarter and outperformed over the one year.
- Outside of the one year period, the portfolio ranked below median within the large cap universe.
- Large cap composite has a small/mid cap size bias relative to the index, which detracted from relative performance during the quarter.

Performance vs Callan Large Capitalization (Gross)

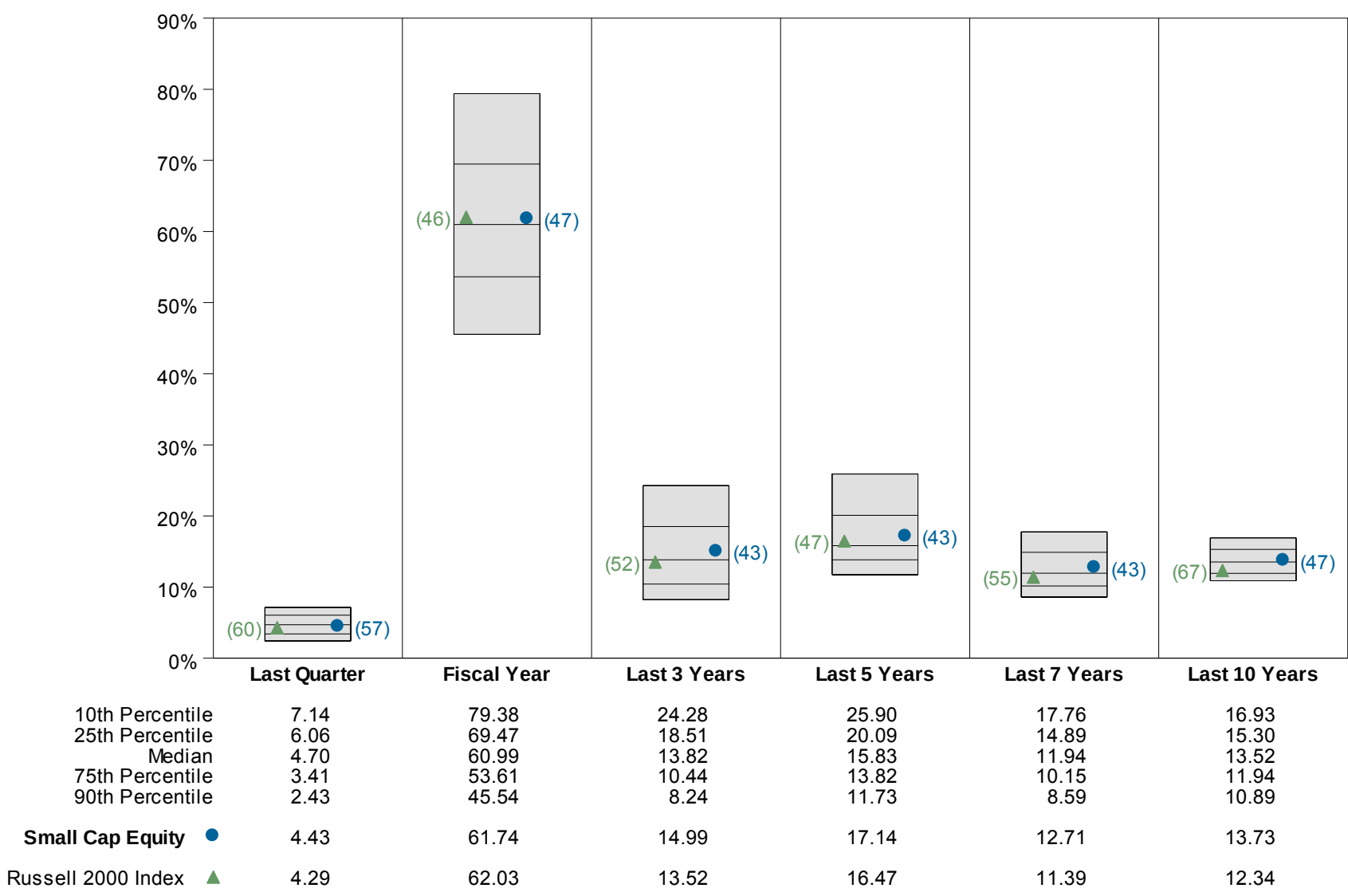


APFC Small Cap Equity Relative to Small Cap Universe

Periods Ended June 30, 2021

- APFC small cap portfolio posted positive relative returns for the quarter but ranked below median.
- Outside of the quarter and year, the portfolio ranked above median in the small cap universe and was ahead of the benchmark over all standard periods.

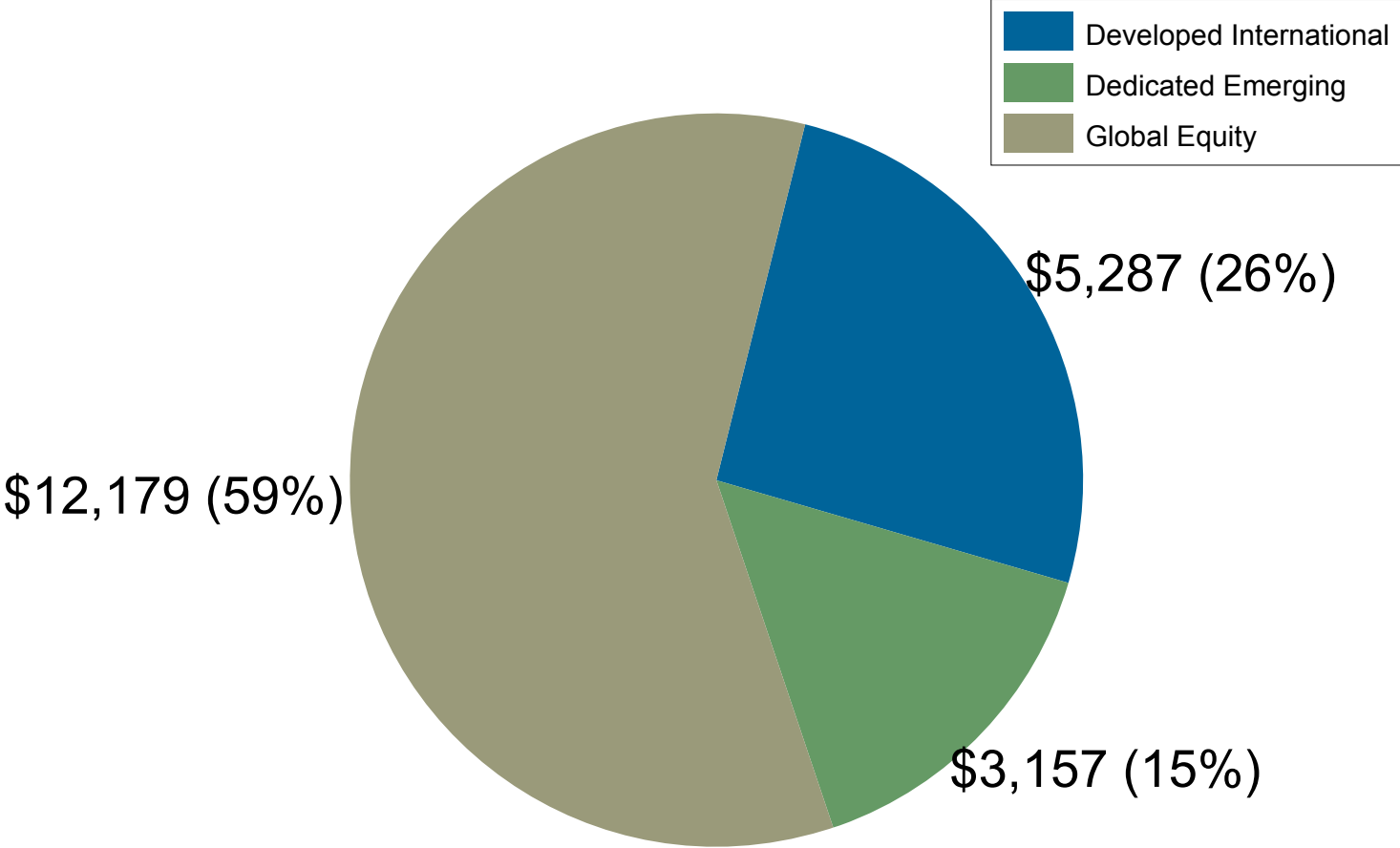
Performance vs Callan Small Capitalization (Gross)



APFC Non-US and Global Equity Structure

As of June 30, 2021

- Portfolio is divided between global, non-US, and emerging markets mandates.
- Both global and non-US equity managers invest in emerging markets.
- Global managers invest in US markets as part of their mandate.

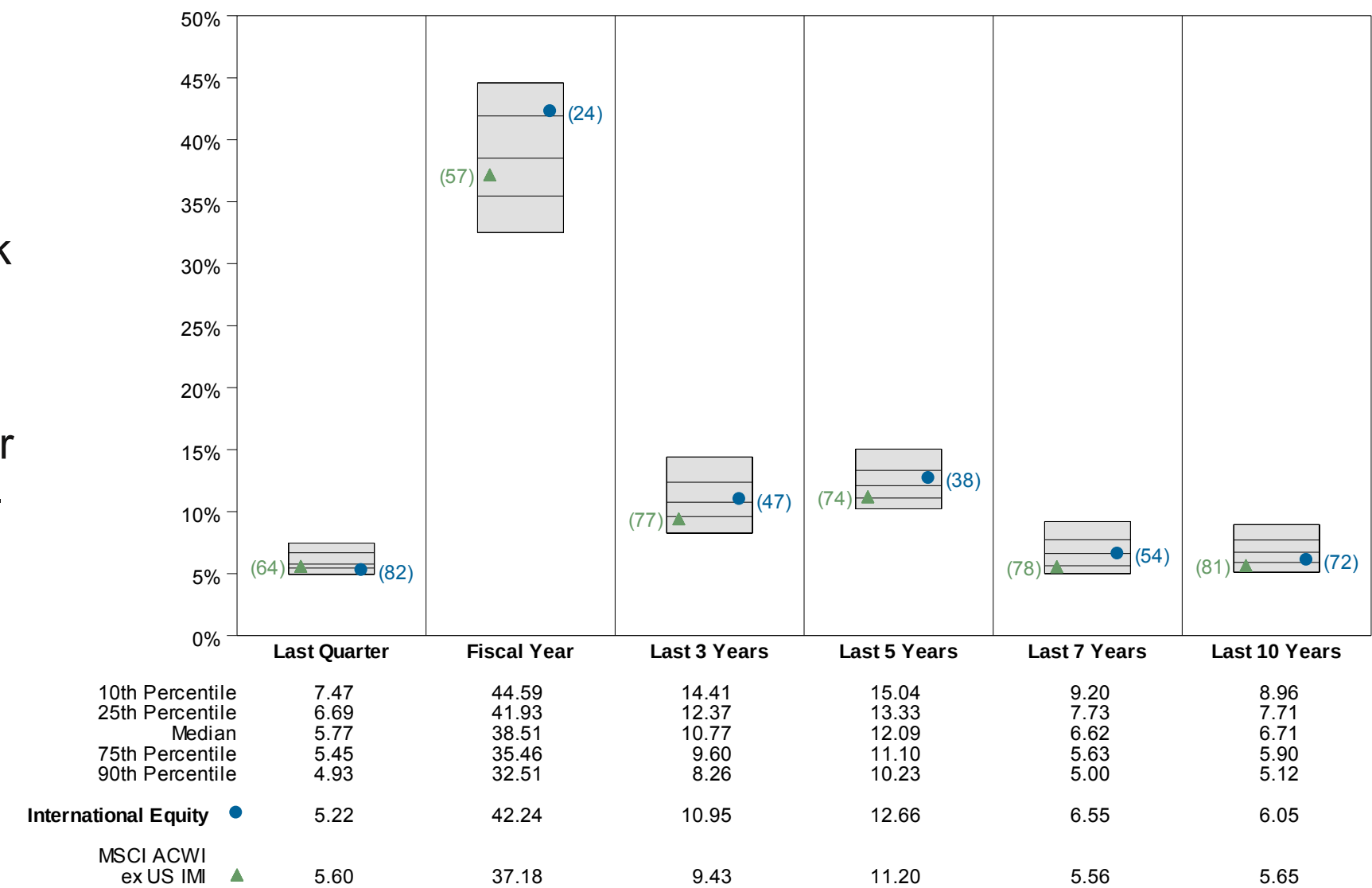


APFC International Equity Relative to Fund Sponsor Universe

Periods Ended June 30, 2021

- International Equity ended the quarter behind its benchmark and peer group median.
- The portfolio outperformed its benchmark over all other periods.
- Relative to other fund sponsor portfolios, International Equity ranked above or near median over the short- and intermediate-term periods and below median over the 10-year period.

Performance vs Fund Sponsor - International Equity (Gross)

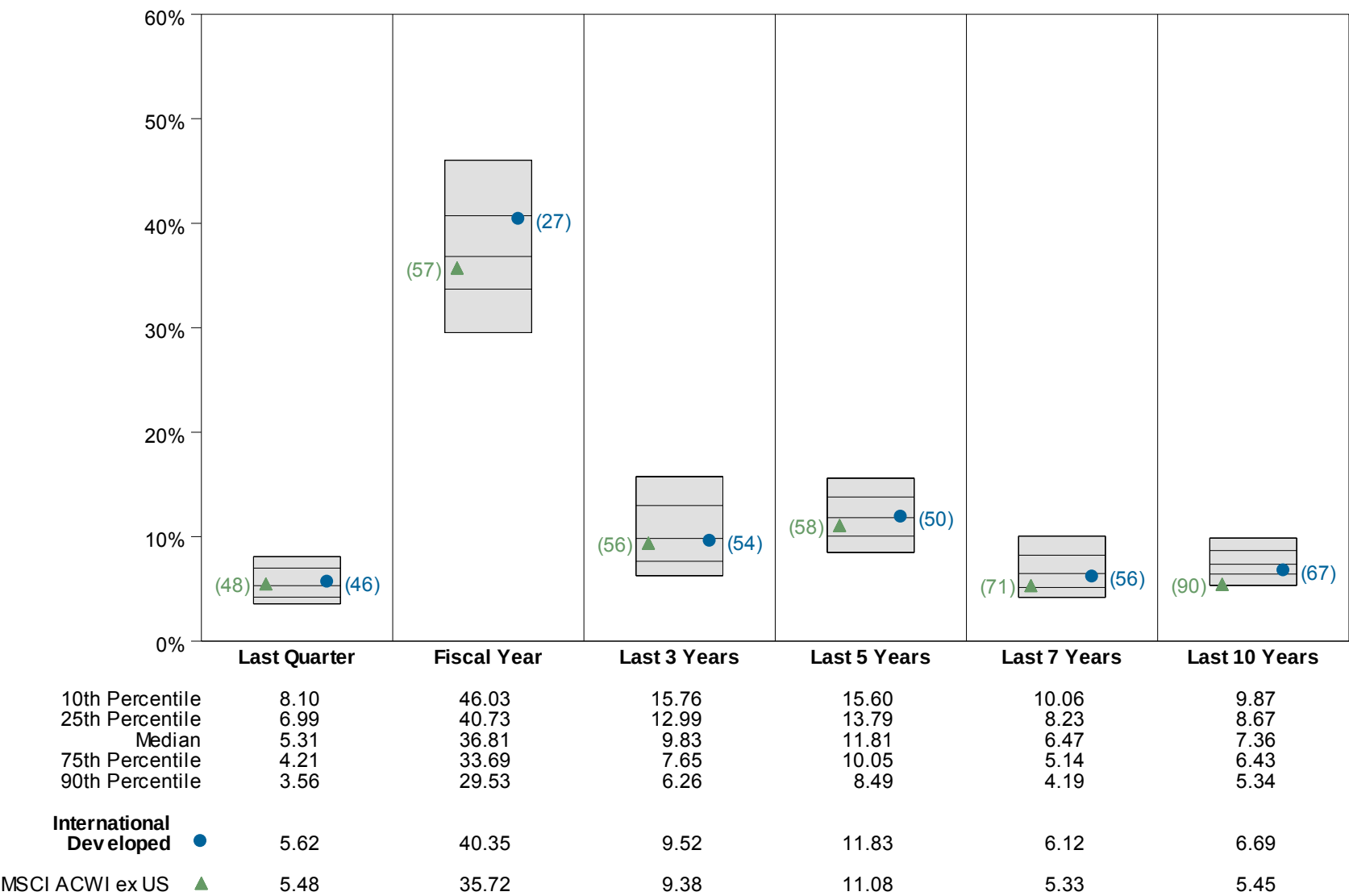


APFC Int’l Developed Equity Relative to Non-US Equity Universe

Periods June 30, 2021

- The International Developed portfolio increased 5.6% versus the benchmark gain of 5.5%. The portfolio continued to show strong performance relative to its benchmark across all time periods.
- The portfolio ranked near-median for most longer-term time periods.

Performance vs Callan Non-US Equity (Gross)

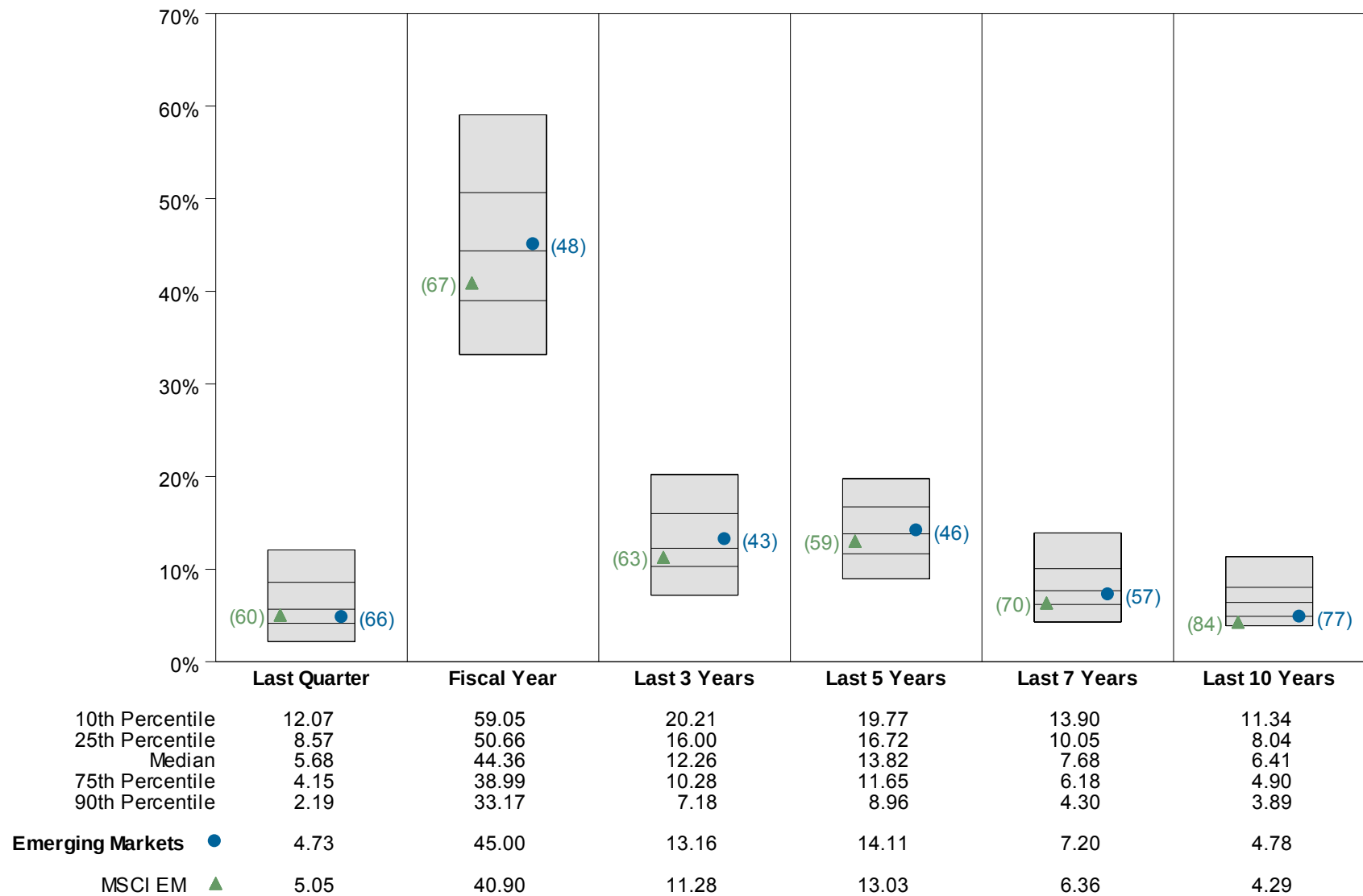


APFC Emerging Markets Equity Relative to EM Universe

Periods June 30, 2021

- APFC Emerging Markets Equity portfolio ended the quarter behind its benchmark, but ahead over the trailing year.
- The portfolio leads its benchmark across all other standard periods.
- Over the short- and intermediate-term, the portfolio sits above the median while over longer-term periods ranks below the median.

Performance vs Emerging Markets Equity DB (Gross)

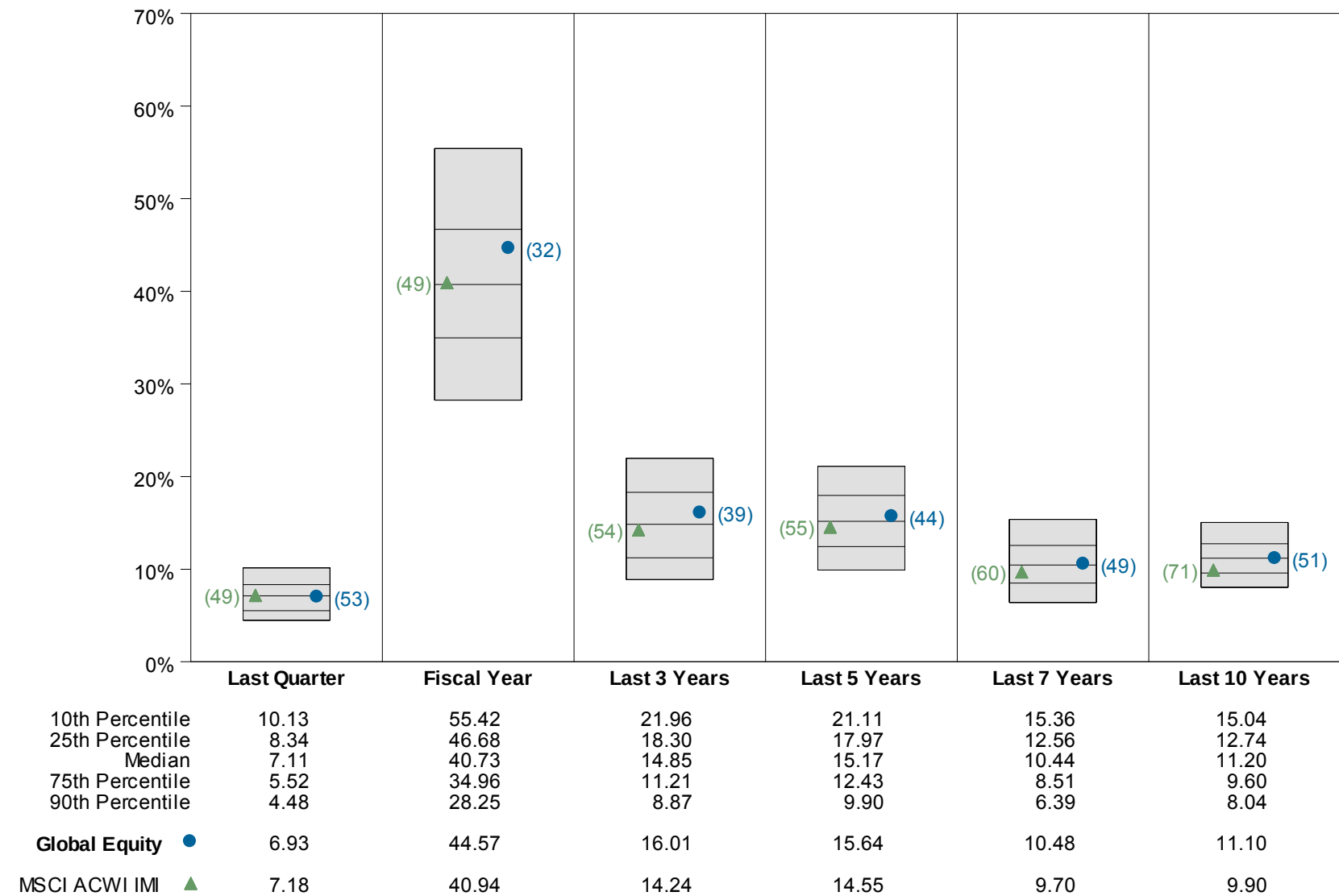


APFC Global Equity Relative to Global Universe

Periods Ended June 30, 2021

- APFC Global Equity portfolio fell behind its benchmark in the second quarter.
- The portfolio was ahead of its benchmark over all other time periods and ranked above or near median for all time periods.
- Performance from the APFC Tactical Tilts portfolio positively impacted performance over the quarter, 1-, 3-, and 5-year.

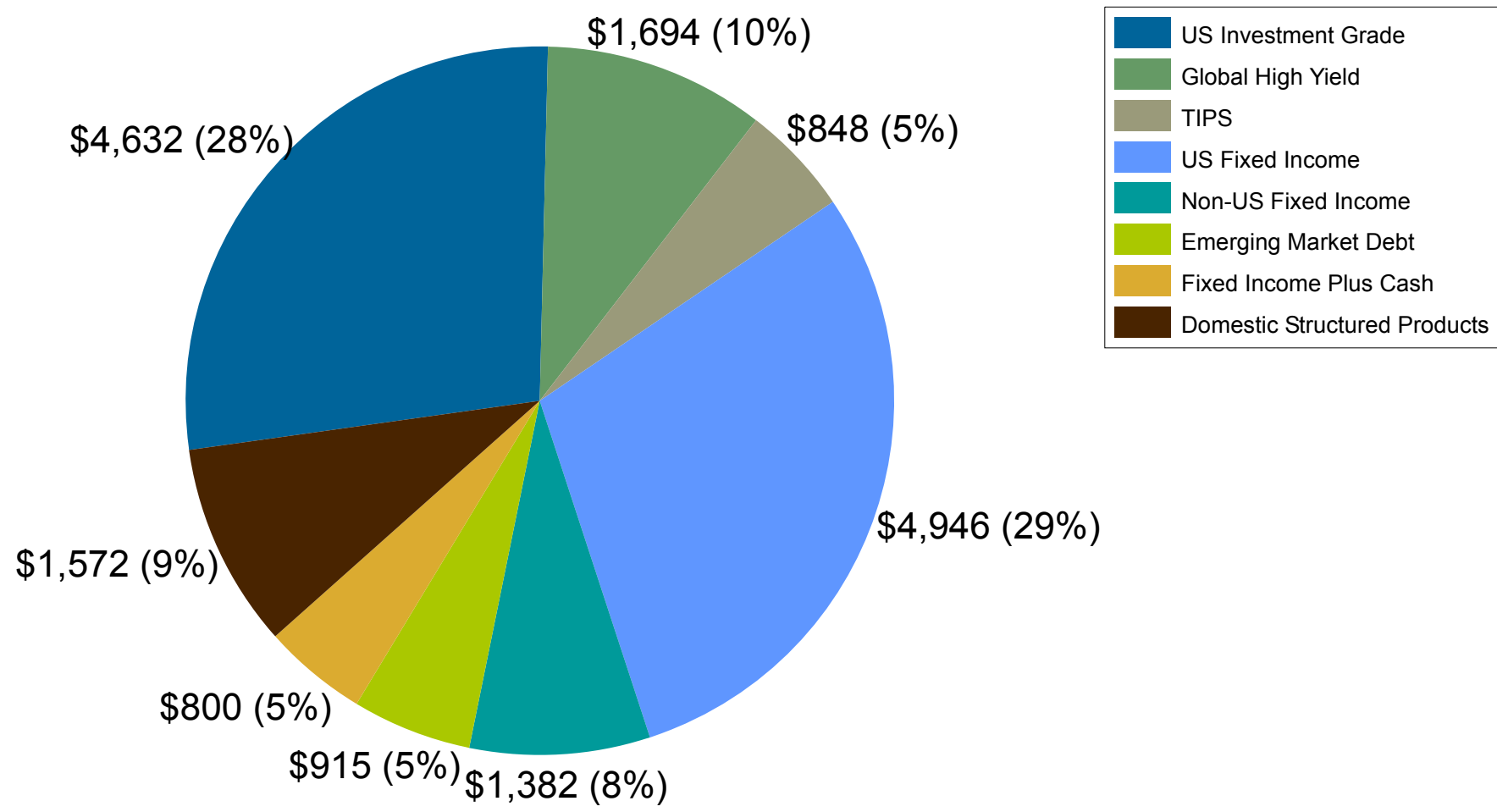
Performance vs Global Equity Database (Gross)



APFC Fixed Income Structure

As of June 30, 2021

- Approximately 72% of the fixed income plus portfolio is managed internally, including allocations within Fixed Income Plus Cash, US Fixed Income Aggregate, US Investment Grade Corporate, Non-US Fixed Income, Structured Products and TIPS.
- External mandates are focused in specialty areas including Non-US Fixed Income, Global High Yield, and Emerging Market Debt.
- The APF Domestic Structured Products portfolio was funded in the Q3 2020.
- REITS and Listed Infrastructure transferred out on 7/1/2020

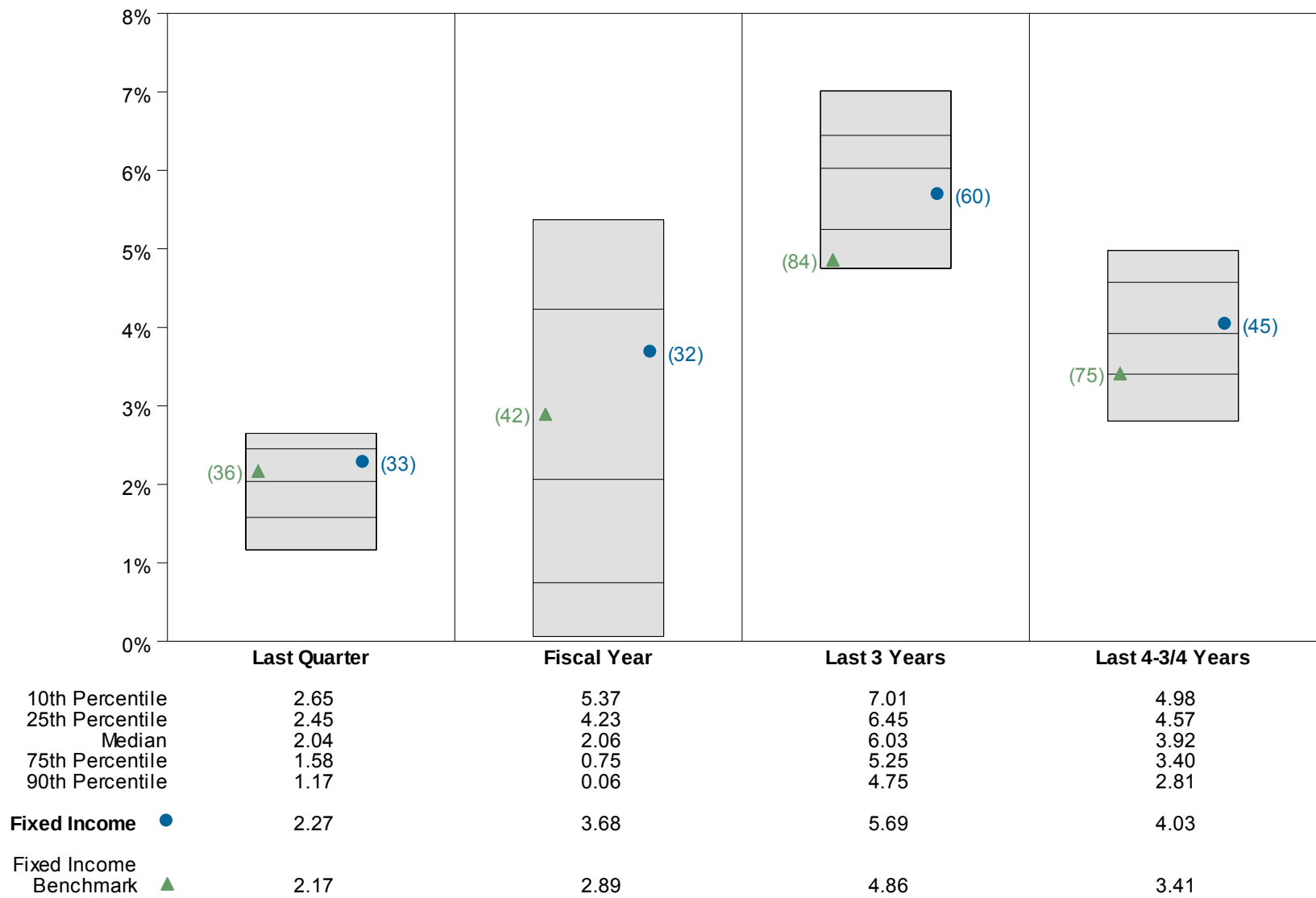


Fixed Income Relative to Public Fixed Income Funds

Periods Ended June 30, 2021

- The APFC Total Fixed Income portfolio outperformed all time periods.
- The portfolio ranked mostly above median.
- As a reminder, Total Fixed Income included REITs and Listed Infrastructure up to the end of the second quarter of 2020.

Performance vs Public Fund - Domestic Fixed (Gross)

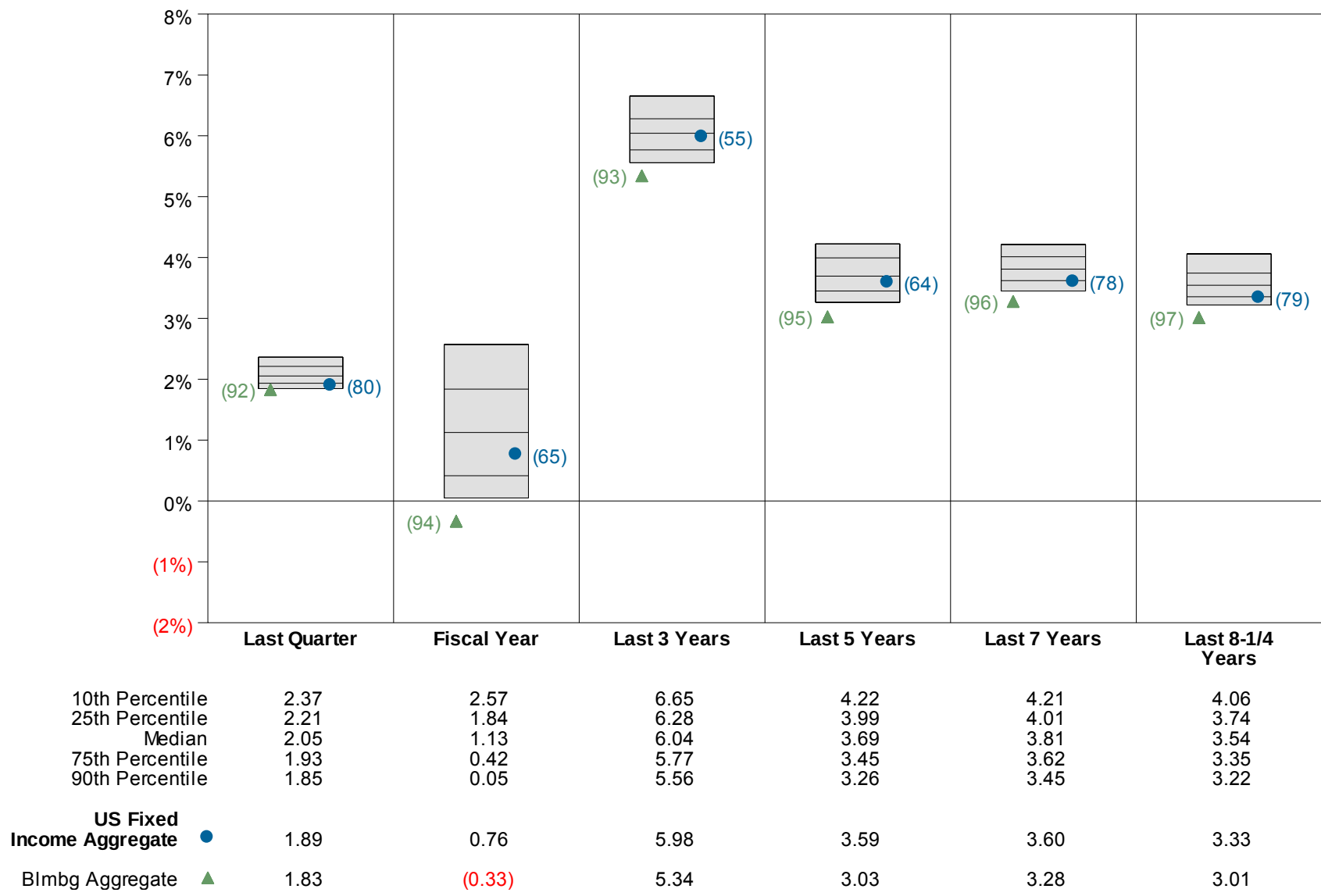


US Fixed Income Aggregate Relative to Core Bond Funds

Periods Ended June 30, 2021

- APFC US Fixed Income Aggregate portfolio ended the quarter ahead of the Bloomberg Aggregate over all standard performance periods.
- Peer ranks were less favorable and below median over all standard periods.

Performance vs Callan Core Bond Fixed Income (Gross)

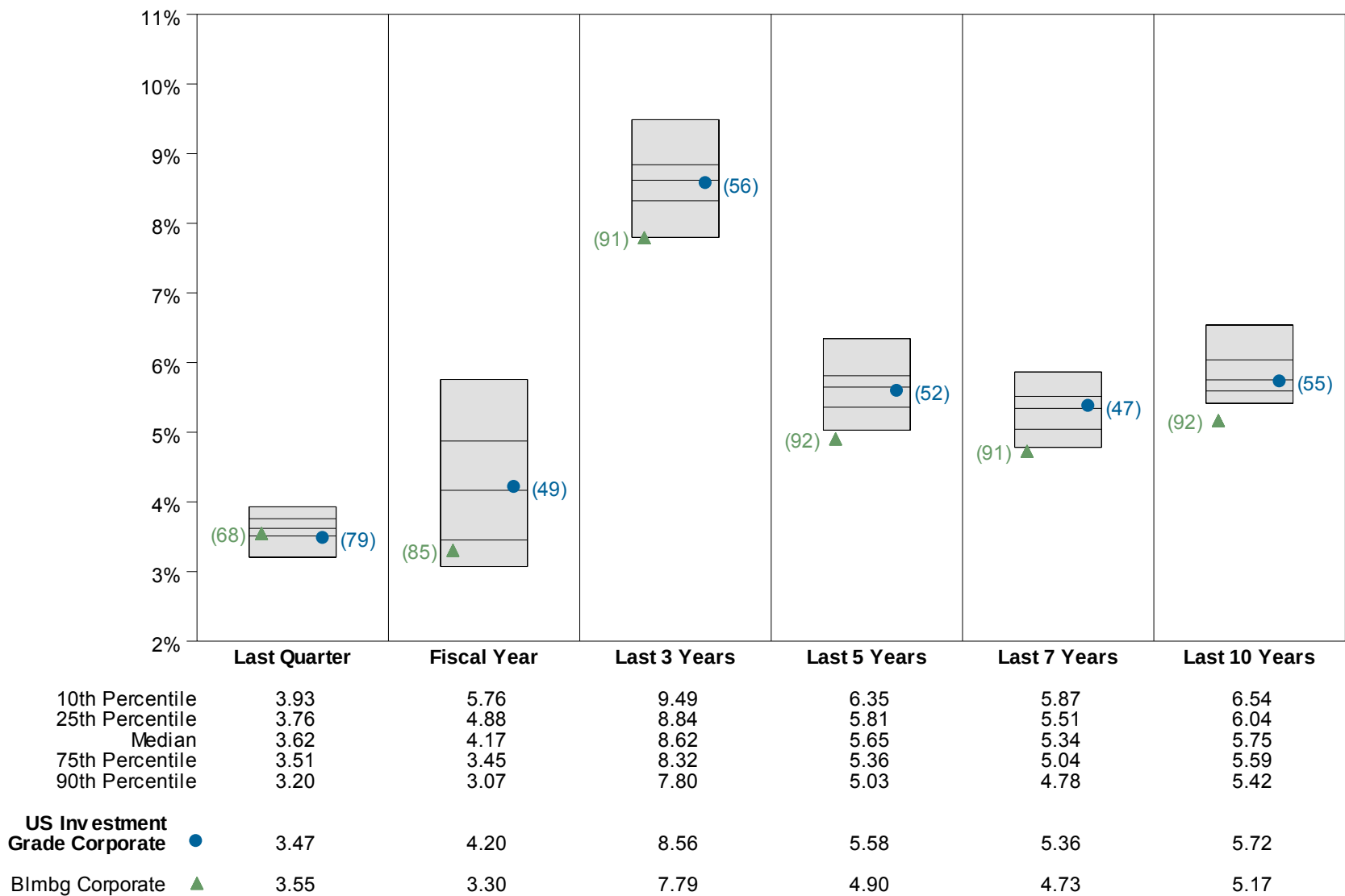


US Investment Grade Corp Relative to Investment Grade Funds

Periods Ended June 30, 2021

- APFC US Investment Grade Corporate trailed its benchmark for the quarter, but was ahead the Bloomberg Corporate benchmark over all other periods.
- The Investment Grade Corporate composite mostly ranked near the peer group median.

Performance vs Callan Investment Grade Credit Fixed Inc (Gross)

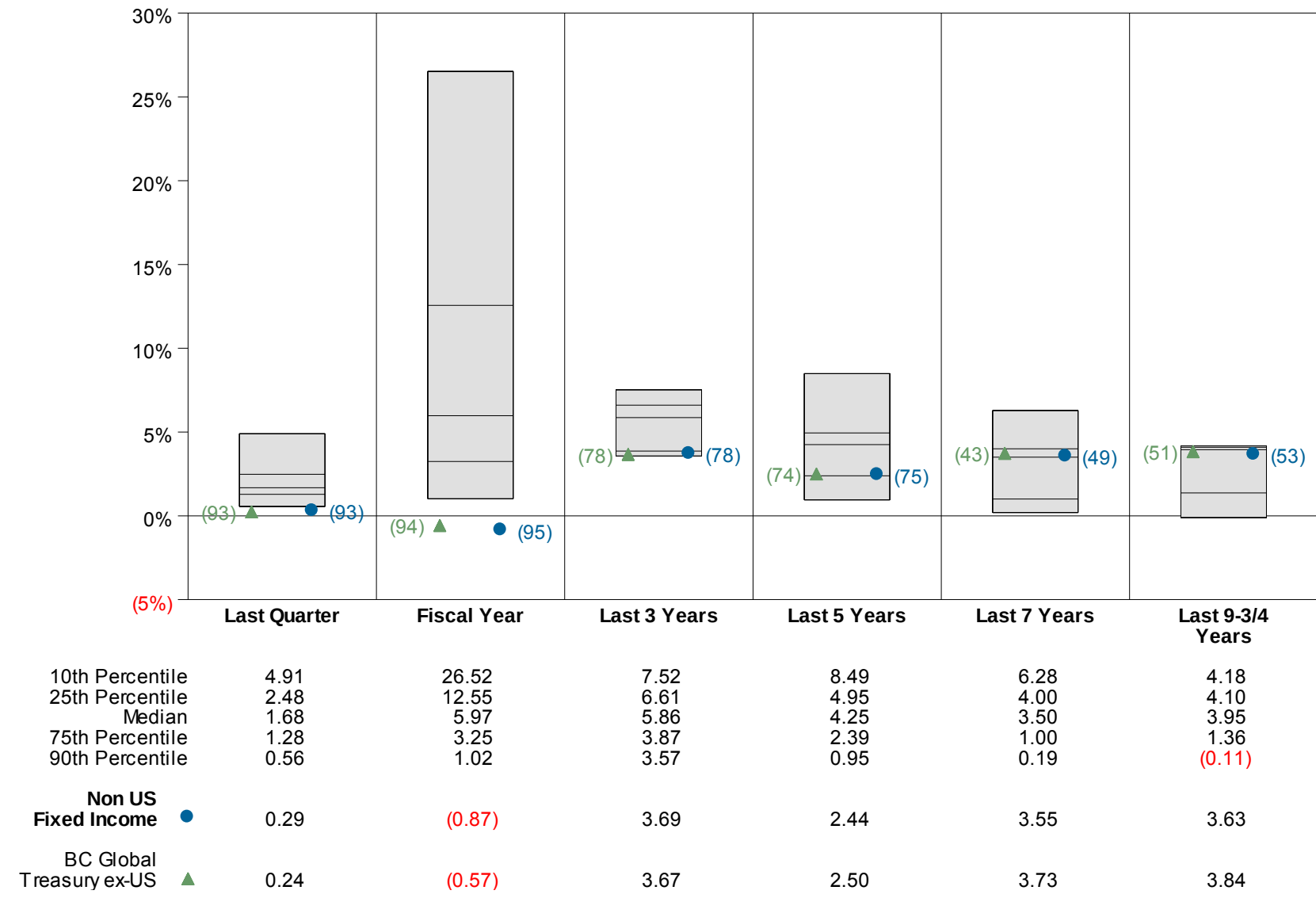


Non-U.S. Fixed Income Relative to International Fixed Income Funds

Periods Ended June 30, 2021

- The APFC Non-U.S. Fixed Income portfolio ended the quarter outperforming the benchmark but underperformed over the year.
- Compared to peers, the portfolio ranks were mixed, however, were near median over the longer term 7-year and since inception periods.
- The composite included allocations to Rogge Asset and an In House Global Gov't Bonds mandate.

Performance vs Public Fund - International Fixed (Gross)

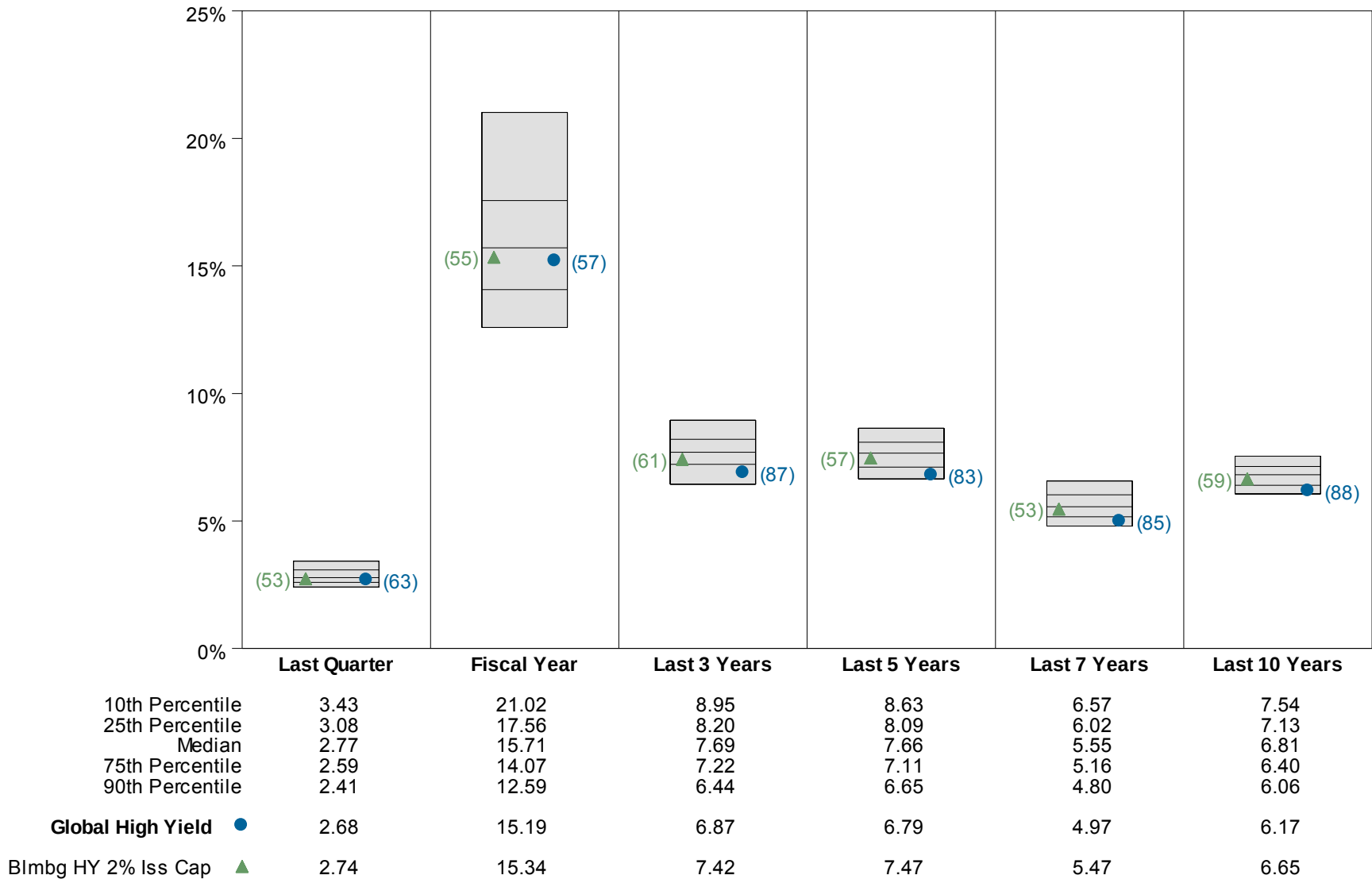


Global High Yield Relative to High Yield Funds

Periods Ended June 30, 2021

- APFC Global High Yield portfolio lagged its benchmark in the quarter.
- The portfolio ranked below median for all reported periods.
- The composite included allocations to Oaktree, Capital Guardian, and an iShares ETF.

Performance vs Callan High Yield Fixed Income (Gross)

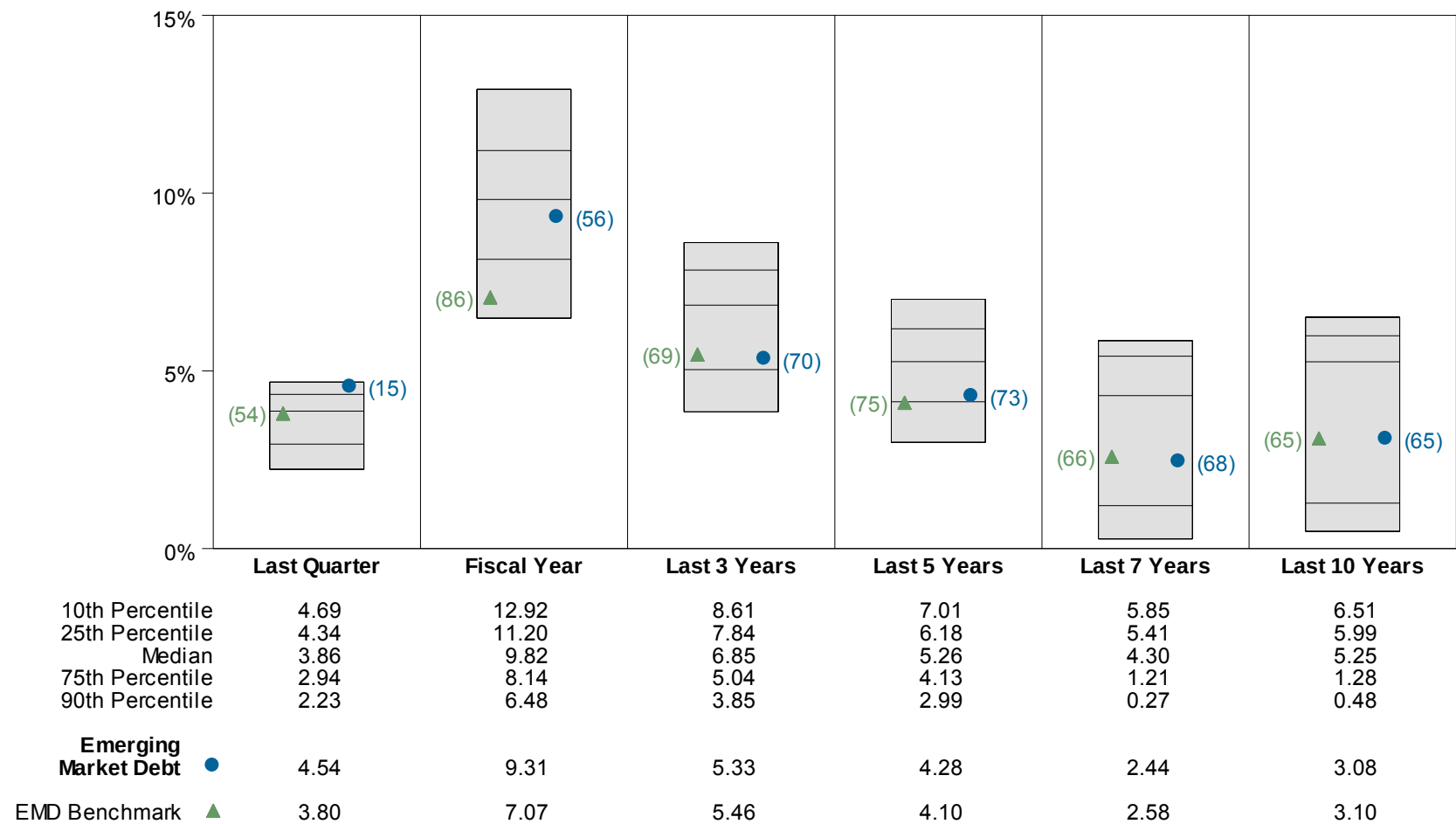


Emerging Market Debt Relative to EMD Funds

Periods Ended June 30, 2021

- APFC Emerging Market Debt portfolio outperformed in over the quarter and year.
- Relative to peers, the portfolio ranked below median over all periods exhibited except the quarter.

Performance vs Emerging Debt Database (Gross)

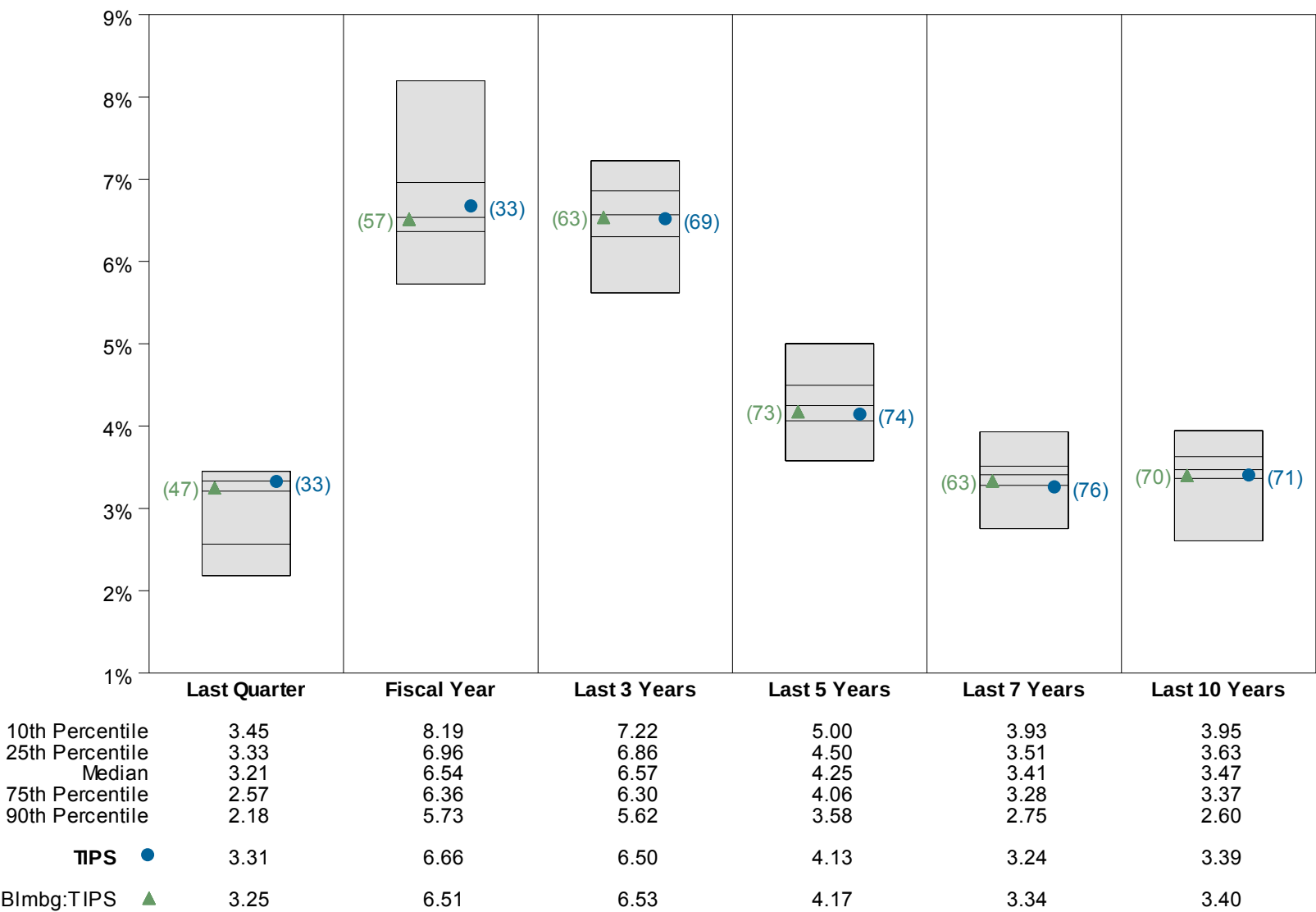


TIPS Relative to Callan’s Inflation Linked Bonds database

Periods Ended June 30, 2021

- APFC TIPS portfolio exceeded the Bloomberg US TIPS Index for the quarter and year.
- The TIPS composite ranked below median in Callan’s Inflation Linked Bonds peer universe over time periods outside of a year.
- The TIPS allocation includes APCM and an In House TIPS portfolio.

Performance vs Callan Inflation Linked Bonds (Gross)

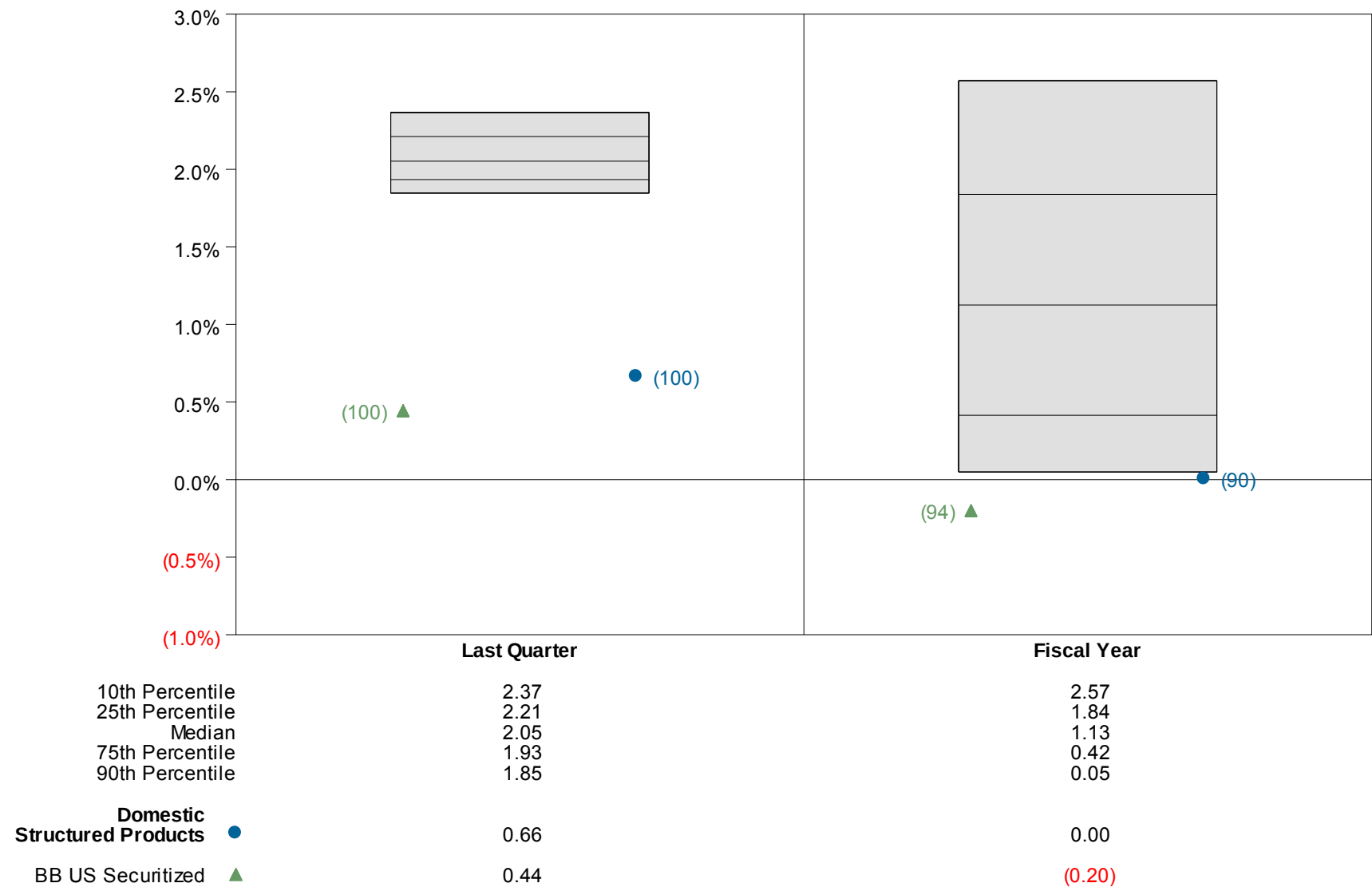


Domestic Structured Product to Callan’s Core Bond database

Periods Ended June 30, 2021

- The Domestic Structured Product portfolio was funded at the end of the second quarter of 2020.
- The portfolio posted stronger returns than its benchmark over the quarter and year.
- The portfolio ranked in the bottom quartile of the Core Bond Fixed Income peer group, though benchmark-relative performance is far more applicable.

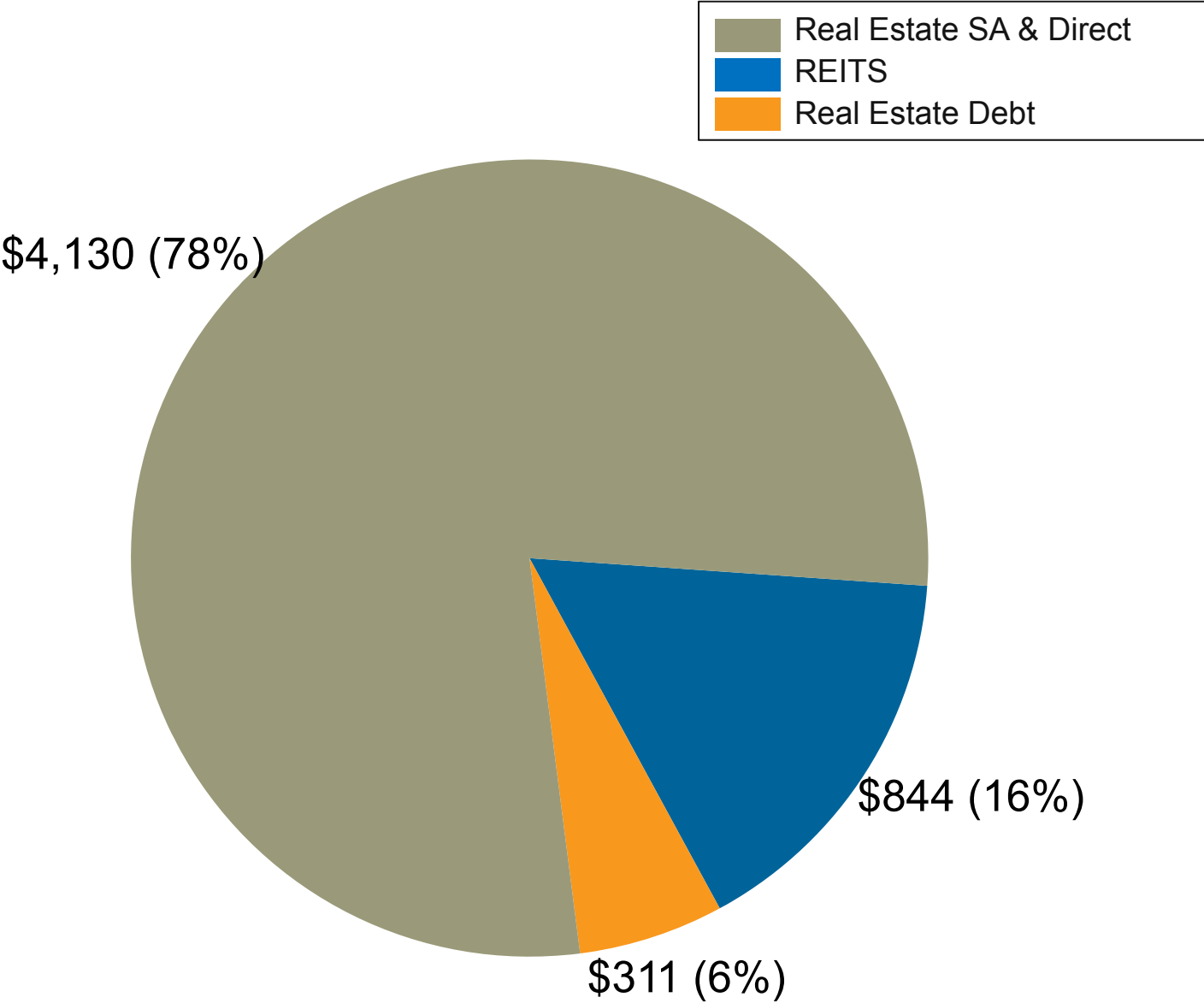
Performance vs Callan Core Bond Fixed Income (Gross)



APFC Real Estate Structure (1Q LAG)

As of June 30, 2021

- The real estate portfolio is comprised of Real Estate Separate Accounts and Direct Investments, REITS, and Real Estate Debt Investments.
- Real Estate Debt Funds moved from Real Estate Separate Accounts and Direct Investments, and REITS from Fixed Income Plus.



Real Estate Relative to Callan's Total Real Estate Database (1Q LAG)

Periods Ended June 30, 2021

- APFC Real Estate portfolio performance is shown net of fees for all investments.
- The real estate portfolio ended the quarter behind of its benchmark, and continued to lag and rank below the peer group median over all standard reporting periods.

Performance vs Public Fund - Real Estate (Gross)



Real Estate Performance (1Q LAG)

Periods Ended June 30, 2021

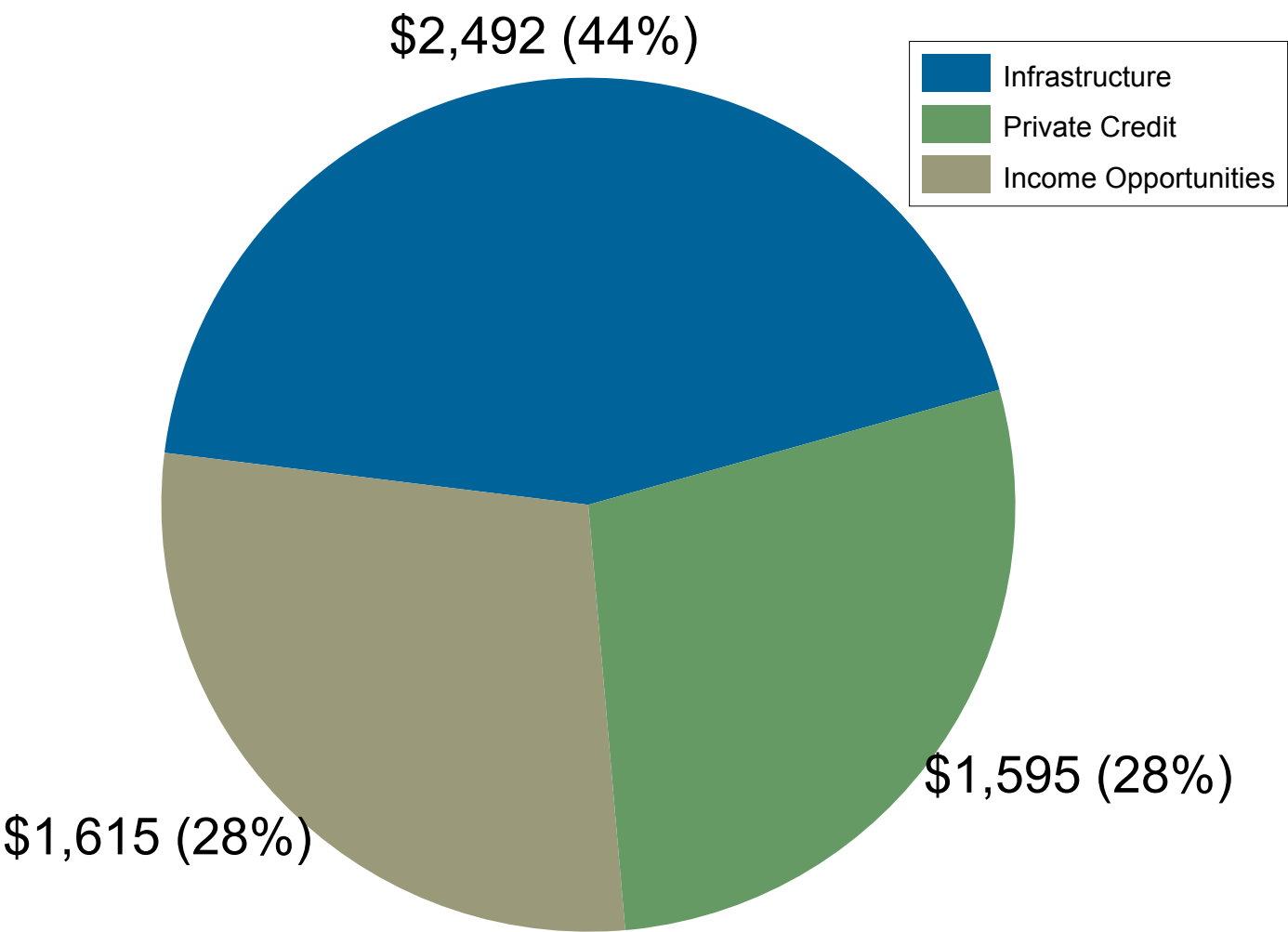
	Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
RE Equity Investments	0.16%	-6.58%	-	-	-
RE Separate Accts & Direct	-0.14%	-7.92%	-3.63%	0.98%	5.84%
RE EQ Funds & Co-Invest	1.92%	15.02%	-	-	-
RE Debt Investments	2.62%	17.36%	-	-	-
<i>NCREIF Total Index</i>	1.72%	2.61%	4.89%	5.81%	8.82%
REITS	8.77%	34.39%	7.15%	8.00%	7.27%
<i>MSCI US REIT Index</i>	8.76%	37.69%	9.51%	5.32%	8.53%
Real Estate Composite	1.61%	1.41%	-0.42%	2.98%	6.88%
<i>Real Estate Custom</i>	2.76%	7.41%	6.50%	6.78%	9.32%

- APFC's Real Estate Equity underperformed the NCREIF benchmark while Debt Investments outperformed for the quarter. REITS were inline with its benchmark over the quarter and trailed over the year.
- Overall, the Real Estate Composite underperform its custom benchmark over the quarter and continued to lagged over all other periods.

APFC Private Income Structure (1Q LAG)

As of June 30, 2021

- 44% of the structure is invested in infrastructure funds, which includes a diversified portfolio of infrastructure, energy, and generation assets. Listed Infrastructure was moved into this category from Fixed Income Plus.
- 28% of the structure was invested in private credit mandates including mezzanine debt, opportunistic credit, and direct lending strategies.
- 28% of the structure was invested in income opportunities including structured credit, alternative credit, AH4R2, and timber.



Private Income Performance (1Q LAG)

As of June 30, 2021

	Quarter	Last Year	Last 3 Years	Last 5 Years
Infrastructure	6.24%	20.38%	10.93%	14.04%
Cambridge Global Private Infrastructure	1.78%	16.87%	8.37%	8.18%
Private Credit	4.47%	15.74%	7.17%	7.75%
Cambridge Private Credit	4.57%	20.87%	6.02%	7.55%
Income Opportunities	2.87%	18.22%	8.25%	6.92%
Private Income Custom	2.90%	18.46%	7.47%	7.97%
Private Income Composite	4.77%	18.06%	9.42%	11.33%
Private Income Custom	2.90%	18.46%	7.47%	7.97%

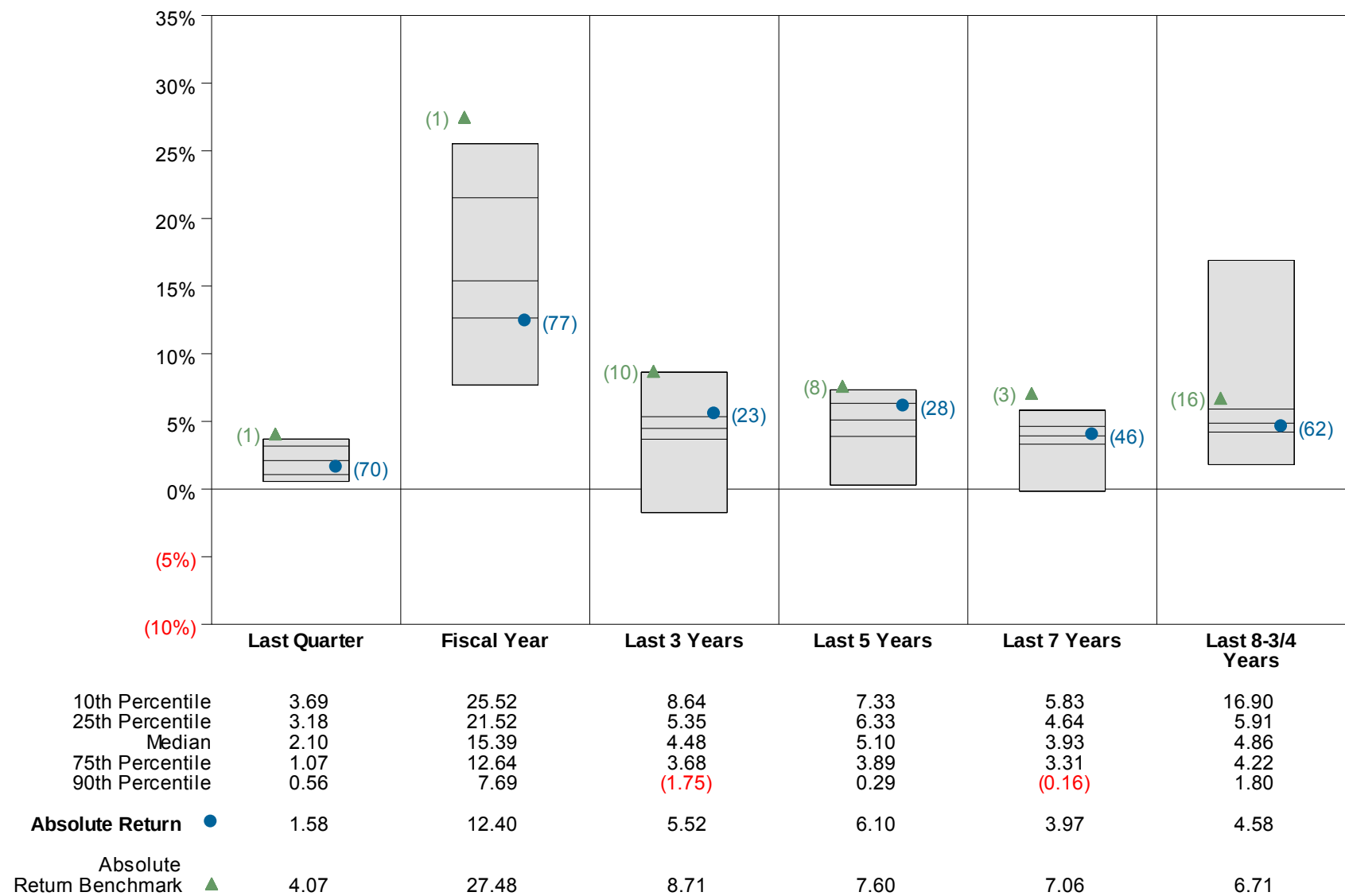
- APFC's Private Income composite outperformed in the quarter, but underperformed the benchmark (60% FTSE Dev Core Infr and 40% BB US Corp HY 2%) in the 1-year period.
- Infrastructure outperformed in the quarter and one year periods while Private Credit and Income Opportunities underperformed.

Absolute Return Portfolio Relative to HFOF Universe

Periods Ended June 30, 2021

- In the second quarter, the Absolute Return portfolio continued to lag the custom benchmark.
- The portfolio ranked above median for the 3-, 5-, and 7-year periods.

Performance vs Callan Absolute Rtn Hedge Fund of Funds (Net)

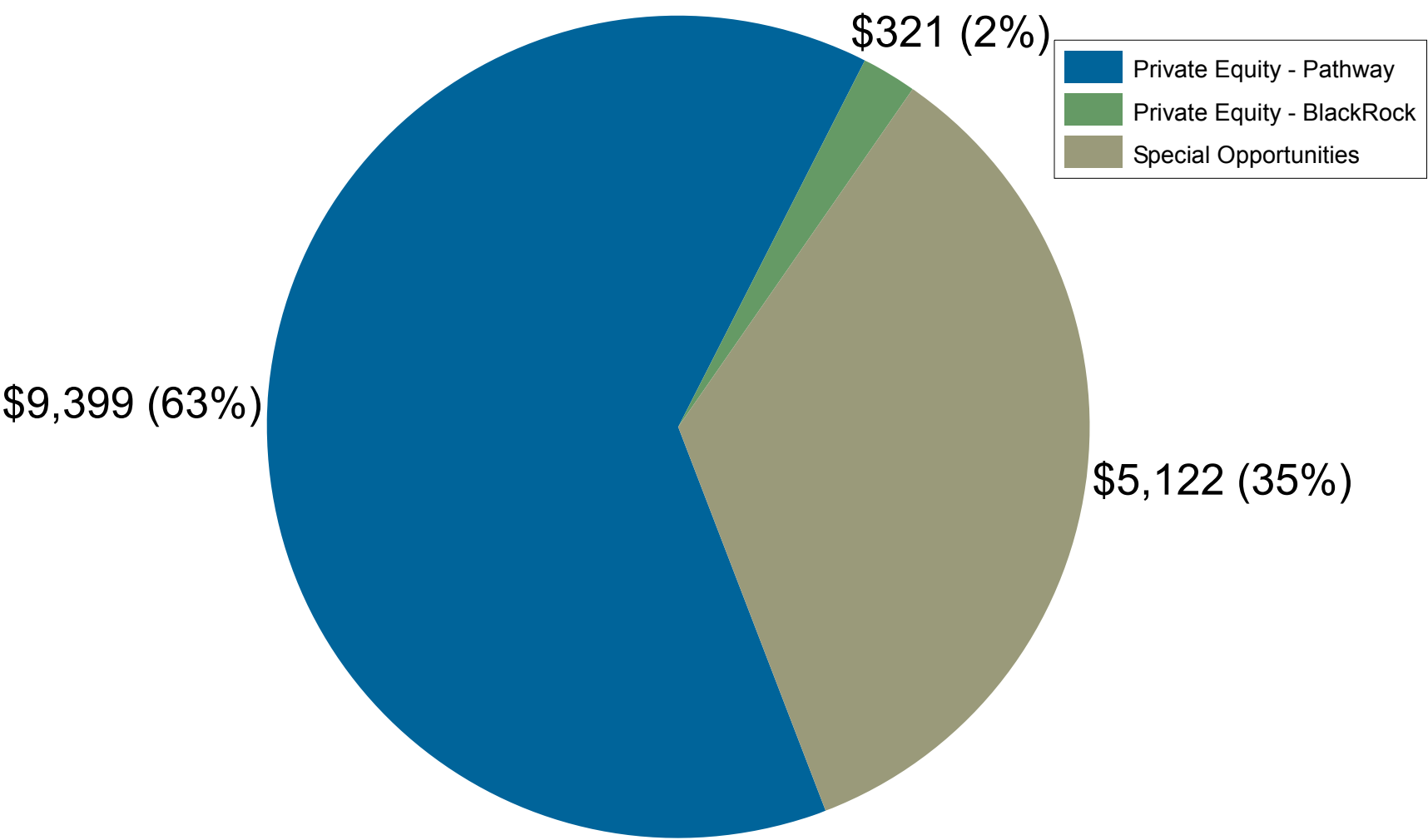


Absolute Return Benchmark is LIBOR + 4% through 6/30/13, LIBOR + 6% through 6/30/15, LIBOR + 5% through 9/30/16, and HFRI Total HFOF Universe thereafter.

APFC Private Equity and Special Opportunities Structure (1Q LAG)

As of June 30, 2021

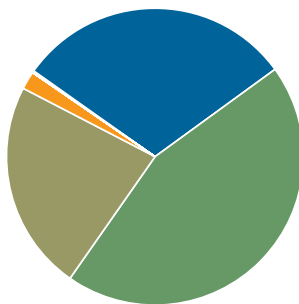
- 63% of the structure was invested in private equity.
- The legacy HarbourVest investments were transferred to Pathway for oversight management.
- The Pathway portfolio also includes direct investments overseen by Pathway.
- 37% of the structure was invested in special opportunities.



Private Equity Portfolio Positioning (1Q LAG)

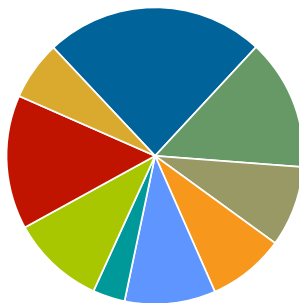
As of June 30, 2021

- APFC’s Total Private Equity Portfolio continued to be well-diversified by strategy, geography, and industry.
- Buyouts, Venture Capital and Special Situations remained the largest strategy allocations.
- The largest non-U.S. geographic exposure was Europe. The largest industry exposure was in Technology.



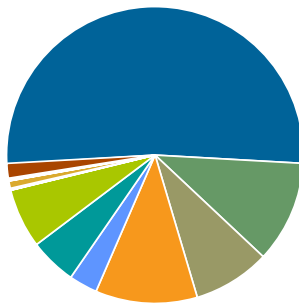
Strategy Mix by Net Asset Value

Venture Capital	30.21%
Buyout	44.75%
Special Situations	22.91%
Distressed for Control	2.05%
Secondary Interest	0.04%
Mezzanine	0.05%



Geographic Mix by Net Asset Value

West/Pacific Northwest	23.94%
North Atlantic	14.26%
Mid-West	8.78%
Southeast	8.38%
Southwest/Rockies	9.94%
Mid-Atlantic	3.51%
Asia/Pacific	10.19%
Europe	14.60%
Other	6.39%



Industry Mix by Net Asset Value

Technology	51.85%
Health Care	11.11%
Financial	8.38%
Consumer Discretionary	11.09%
Energy	3.08%
Communication Services	5.15%
Industrials	6.47%
Utilities	0.19%
Materials	0.83%
Consumer Staples	0.25%
Other/Misc	1.59%

APFC Private Equity and Special Opportunities Performance (1Q LAG)

As of June 30, 2021

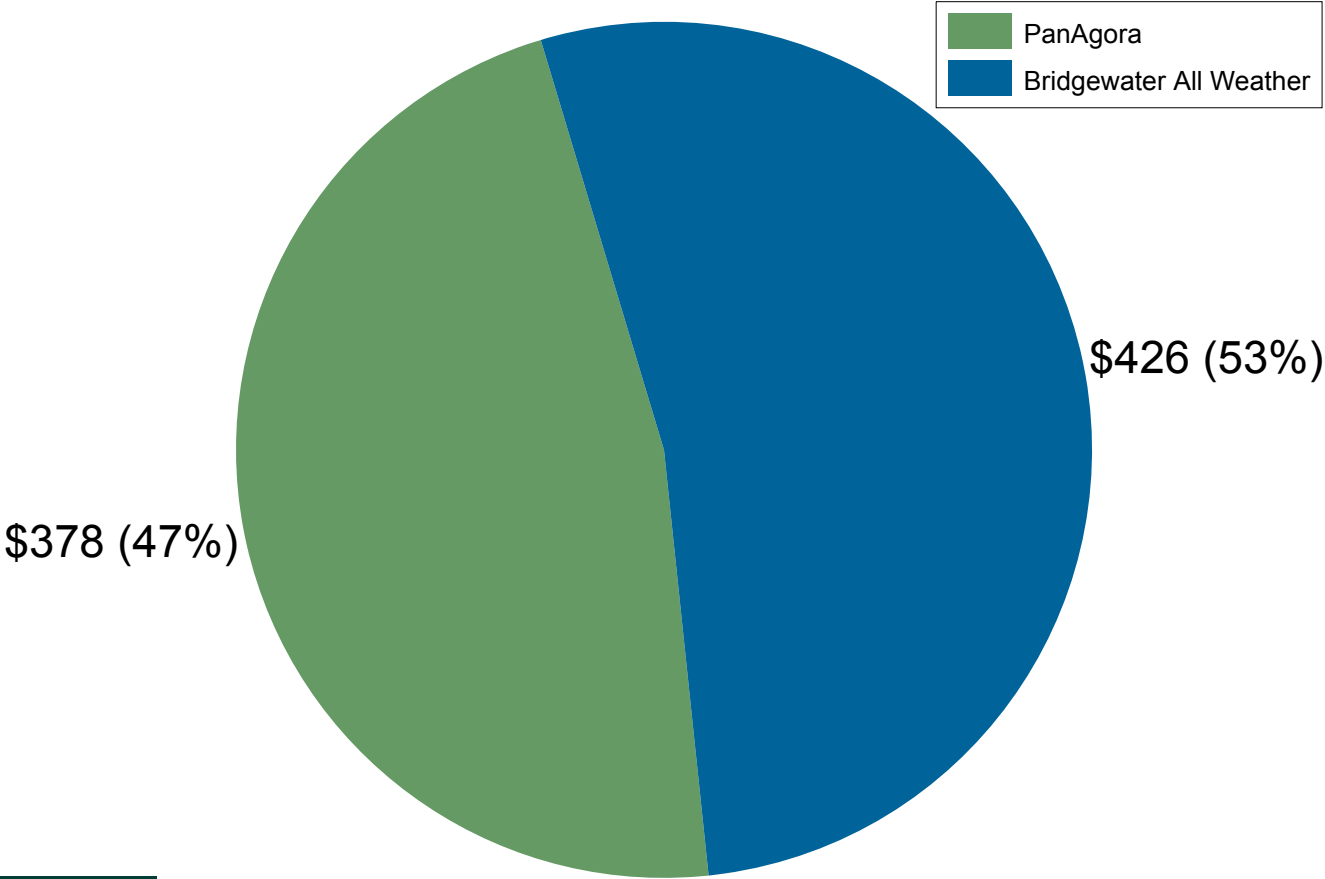
	Last Quarter	FYTD	Last Year	Last 3 Years	Last 5 Years
Private Equity and Special Opportunities	10.51	64.61	64.61	25.54	24.13
Cambridge Private Equity	9.48	54.21	54.21	20.95	18.83

- APFC’s Private Equity and Special Opportunities composite outperformed the Cambridge Private Equity benchmark over all standard time periods.
- In the last reported quarter, Private Equity was up 16.2% and Special Opportunities was up 1.0%.

APFC Risk Parity Structure and Performance

As of June 30, 2021

- Roughly \$804 million distributed across two mandates.
- Multi asset class portfolios, limited use of illiquid assets. Leverage is used to amplify the impact of asset classes and/or strategies in an effort to optimize performance vis-à-vis overall portfolio risk.
- PanAgora underperformed and Bridgewater outperformed over the quarter; both underperformed over the one year period.
- BlackRock was liquidated and reallocated to the remaining managers earlier in the year.



	Last Quarter	Last Year
PanAgora	8.49	23.28
Bridgewater All Weather	10.77	23.34
HFR Risk Parity Vol 12 Inst'l Idx	8.89	24.98

Closing Remarks

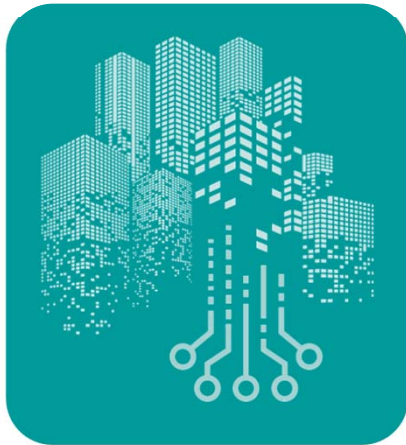
- Total Fund ended the second quarter of 2021 with \$81.3 billion in assets, increasing 4.9% for the quarter. Compared with the prior year ended June 30, the Fund increased by 13.2%. The trailing quarter performance placed the Total Fund above median relative to other large public funds and below median relative to a large endowments/foundations peer group.
- For the quarter, the Total Fund outperformed the Performance Benchmark, CPIU+5% return target, and trailed the Passive Benchmark. Over the 1-, 3-, 5-, and 10-year periods, the Fund outperformed and was ahead of all three targets.
- The Public Equity portfolio underperformed its index during the quarter. The Domestic, International, and Global Equity composites all underperformed their respective benchmarks.
- The Fixed Income portfolio exceeded its benchmark over the quarter. Most sub-strategies also outperformed their benchmarks.
- In the Alternatives portfolio, Private Equity & Special Opportunities and Private Income outperformed its benchmarks in the second quarter; Real Estate and Absolute Return underperformed.
- Prudent asset allocation with appropriate levels of diversification and a long-term perspective remain Callan's recommended course.



Callan Update

Published Research Highlights from 2Q21

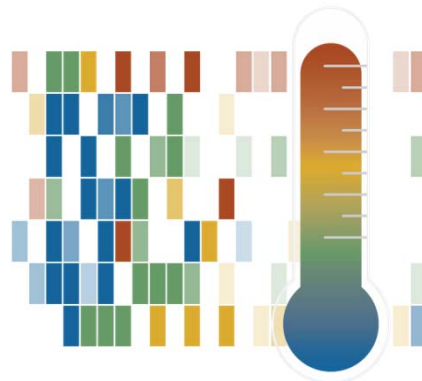
'Proptech' and Commercial Real Estate



A Guide to Implementing a China A-Shares Allocation



Real Estate Indicators, 1Q21 Update



Webinar on Inflation and Institutional Investors



Recent Blog Posts

Capital Markets Assumptions and the Future
Greg Allen

When the Passive Index Is an Active Decision
Weston Lewis

Putting Values into Action: A Practical Guide for Institutional Investors
Brad Penter and
Lauren Mathias

Additional Reading

Private Equity Trends quarterly newsletter
Active vs. Passive quarterly charts
Capital Market Review quarterly newsletter
Monthly Updates to the Periodic Table
Market Pulse Flipbook quarterly markets update

Callan Institute Events

Upcoming Conferences, Workshops, and Webinars

Callan College

Intro to Investments - Learn the Fundamentals

This course is for institutional investors, including trustees and staff members of nonprofits, and public and corporate funds. This session familiarizes trustees and staff with basic investment theory, terminology, and practices.

Join our next virtual sessions (2-3 hour sessions over 3 days):

Aug. 17, 2021 – Aug. 19, 2021

Oct. 26, 2021 – Oct. 28, 2021

Join our next LIVE session in Chicago (1.5-day session):

Oct. 6, 2021 – Oct. 7, 2021

Alternative Investments

Alternative investments like private equity, hedge funds, and real estate can play a key role in any portfolio. You will learn about the importance of allocations to alternatives, and how to consider integrating, evaluating, and monitoring them.

Join our next virtual session (2-3 hour sessions over 2 days):

Oct. 19, 2021 – Oct. 20, 2021

Webinars

Interview Series: ESG

Oct. 6, 2021 – 9:00am (PT)

Market Intelligence

Oct. 15, 2021 – 9:30am (PT)

Fall Regional Workshops

Join us in person!

Our regional workshops will be covering ESG topics this Fall. Watch your email for further details and an invitation.

November 2, 2021, in Atlanta

St. Regis Hotel

Eighty-Eight West Paces Ferry Road, Atlanta, GA 30305

November 5, 2021, in San Francisco

Palace Hotel

2 New Montgomery St, San Francisco, CA 94105

Agenda

8:30am - Breakfast

9:30am - Workshop

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SUBJECT: The Digital Asset Ecosystem: An Introduction ACTION: _____
John Skjervem, APFC Investment Advisor

DATE: September 29, 2021 INFORMATION: _____ X

BACKGROUND:

John Skjervem is currently under contract with APFC to act as a member of the Investment Advisory Group (IAG) for the Board of Trustees. Mr. Skjervem's presentation at this meeting is in fulfillment of the contractual requirement to annually present a topic for the Board's consideration on best practices in the management of large institutional funds.

STATUS:

At this meeting, Mr. Skjervem will provide an overview of Digital Assets (aka cryptocurrency). Mr. Skjervem will provide a general introduction to the appeal and mechanics of digital assets, the potential investment opportunities, and implications for the Permanent Fund.

The Digital Asset Ecosystem: An Introduction

John D. Skjervem, CFA
September 29, 2021

The Digital Asset Ecosystem: An Introduction

- Digital assets, and Bitcoin in particular, have realized exponential market capitalization growth since the first Bitcoin transaction in January 2009. Moreover, Bitcoin and other digital assets (e.g., Ethereum) have begun to transcend initial investment demand from individuals to now include interest from various types of institutional investors.
- In this presentation, we will review the rapidly evolving digital ecosystem and focus primarily on defining its major components and current development themes.
- Conclusion: while the digital asset ecosystem presents numerous potential investment opportunities, a singular focus on Bitcoin (or other coins and tokens) for investment purposes is not recommended at this time.

The Digital Asset Ecosystem: An Introduction

Section I: Bitcoin and Blockchains

Section II: Other Digital Assets

Section III: Investment Applications

Section IV: Risks

Section V: Conclusion

The Digital Asset Ecosystem: An Introduction

Section I: Bitcoin and Blockchains

The Genesis

Bitcoin: A Peer-to-Peer Electronic Cash System by Satoshi Nakamoto

https://www.ussc.gov/sites/default/files/pdf/training/annual-national-training-seminar/2018/Emerging_Tech_Bitcoin_Crypto.pdf

Objectives

- Decentralization of Money
- Decentralization of the Transfer Network
- Transaction Transparency
- Transaction Security
- Ubiquitous Accessibility

The Network

Distributed Ledger Technology (DLT)

A database spread out and shared among multiple sites, regions and/or participants.

Blockchain

A specialized DLT in which proposed transactions are assembled in blocks and validated to preclude the “double spending” problem. Following validation, the transaction block is added to the chain to update and extend an immutable transaction history.

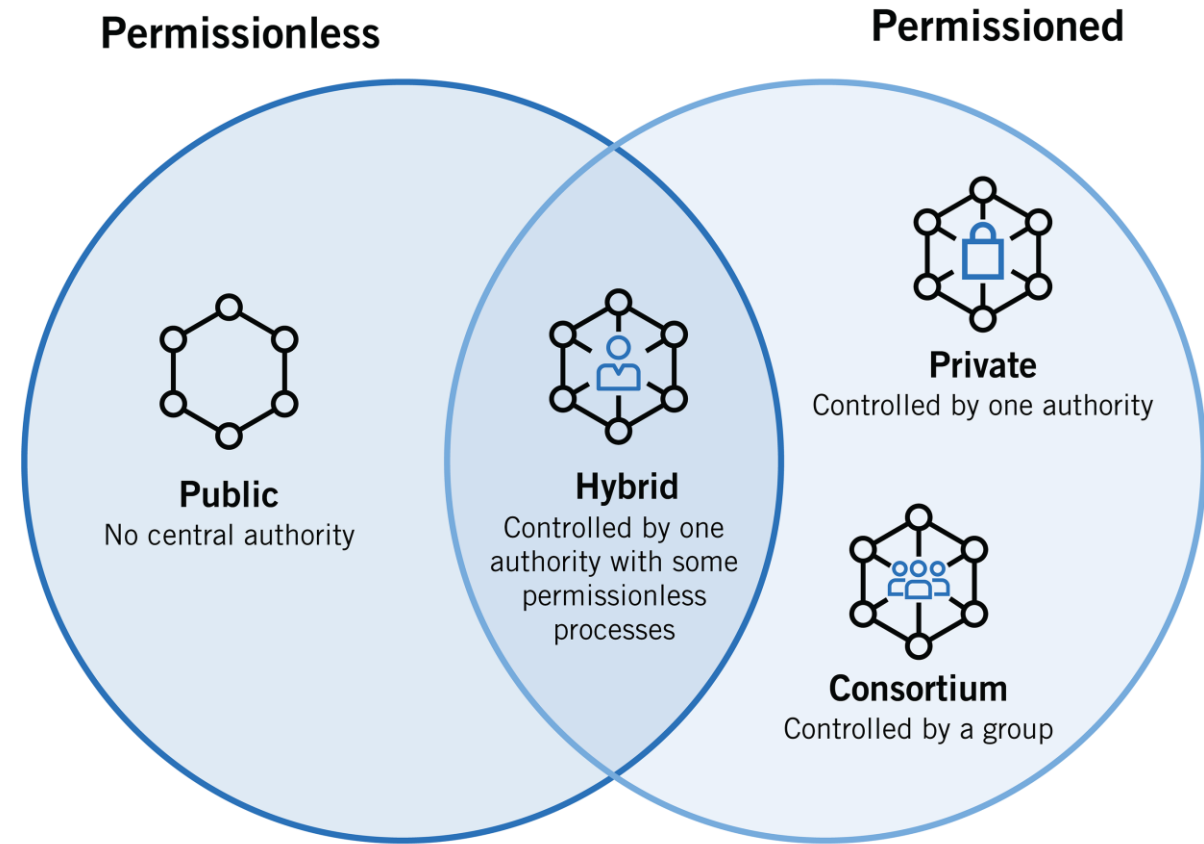
Blockchains

Permissionless

- Bitcoin
- Ethereum
- Solana
- Polkadot

Permissioned

- Ripple
- Hyperledger



Source: Kathleen E. Wegrzyn and Eugenia Wang, "Types of Blockchain: Public, Private, or Something in Between," Foley & Lardner LLP; August 19, 2021.

The Digital Asset Ecosystem: An Introduction

Section II: Other Digital Assets

Digital Coins

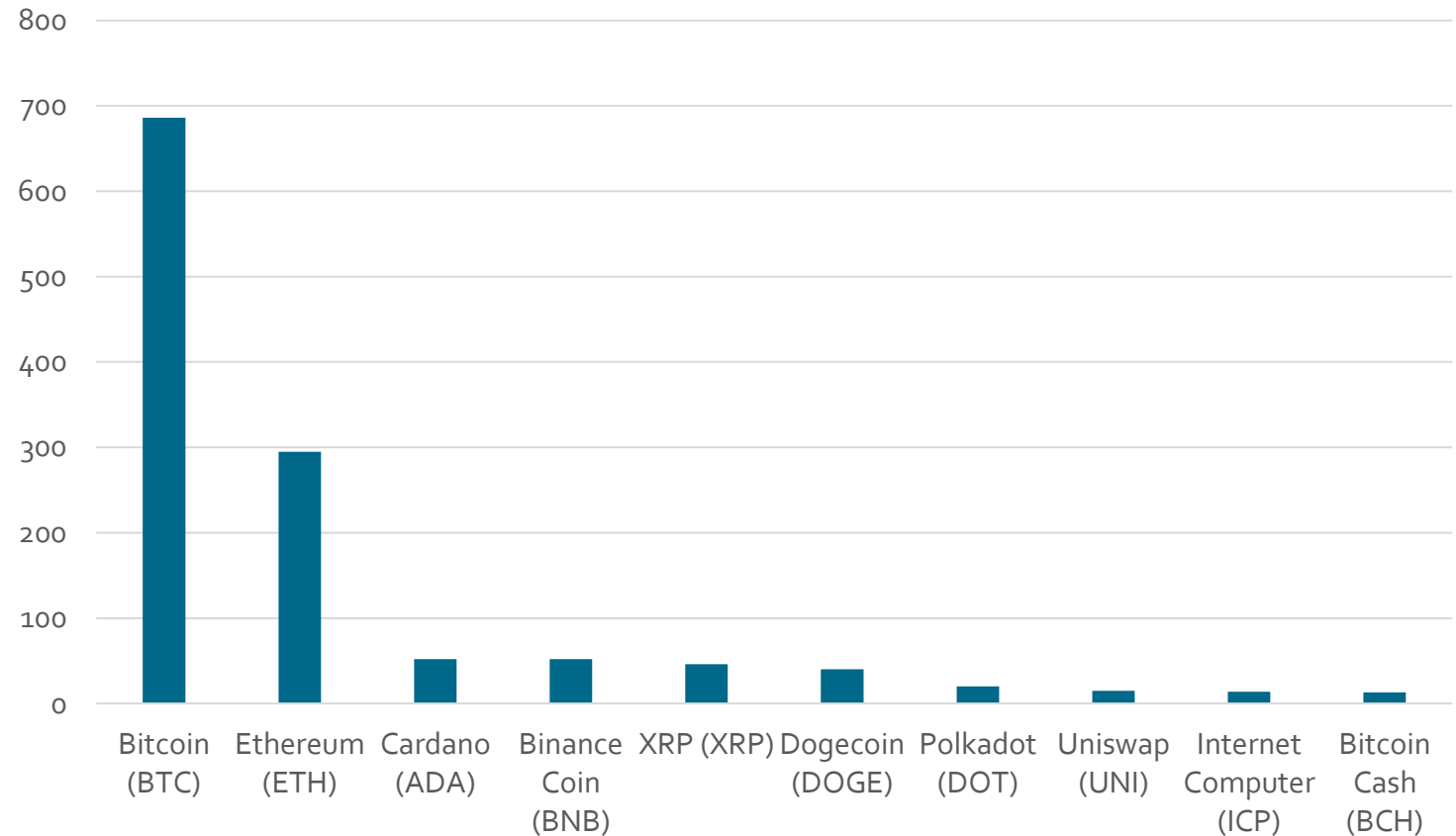
Cryptocurrencies

- Issued, valued and owned via a decentralized (i.e., usually a public) blockchain



For illustrative purposes only, no copyright infringement intended.

Top 10 Cryptocurrencies by Market Cap
(US \$ billions)



Source: Goldman Sachs Investment Strategy Group, "Beauty Is Not in the Eye of the Beholder," June 2021.

Digital Coins

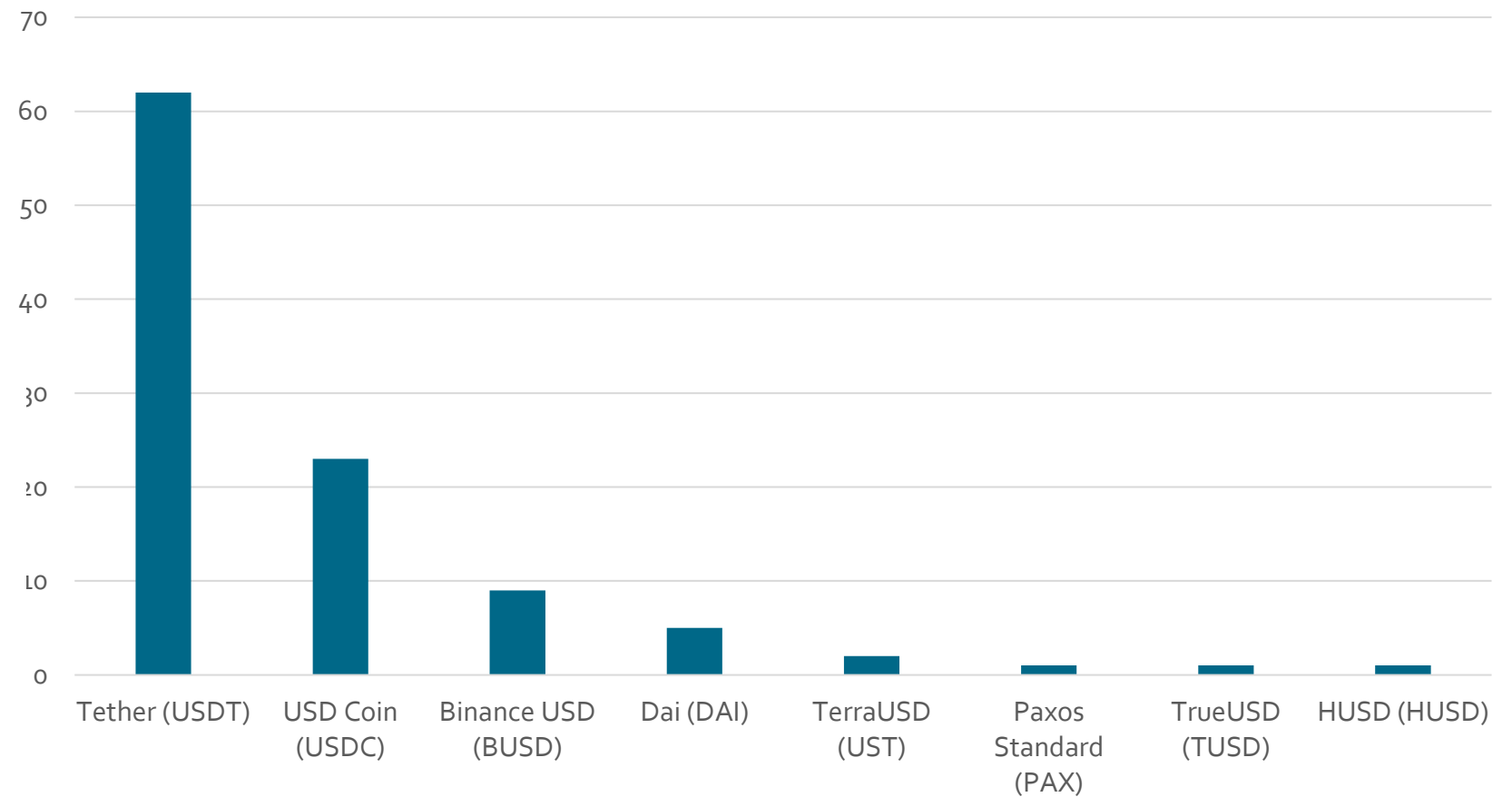
Stablecoins

- Value indexed or pegged to fiat currency



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Top 8 US Dollar Stablecoins by Market Cap
(US \$ billions)



Source: Goldman Sachs Investment Strategy Group, "Beauty Is Not in the Eye of the Beholder," June 2021.

Digital Coins

Central Bank Digital Currencies (CBDCs)

- Issued by central bank on permissioned DLT
- Launched: Bahamas, Cambodia
- Pilot: China, Sweden
- Development: Turkey, Russia
- Research: US, EU

Source: Goldman Sachs Investment Strategy Group, "Beauty Is Not in the Eye of the Beholder," June 2021.



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Digital Tokens

Utility Token

- Exchangeable for digital goods and services (e.g., Filecoin)

Security Token

- Represents an ownership interest in a tangible asset (e.g., real estate)
- Subject to SEC's "investment contract" Howey Test

Governance Token

- Entitles owner to vote on policies and practices within a decentralized network or platform (e.g., the issuance of additional tokens)

Non-Fungible Token (NFT)

- Conveys unique and non-interchangeable rights to tangible assets or digital property



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EVERYDAYS: THE FIRST 5000 DAYS

The Digital Asset Ecosystem: An Introduction

Section III: Investment Applications

Bitcoin

Pros

- Fierce support among participants, particularly within the “*Bitcoin Maximus*” community
- Rapidly improving custody
- Volatility coming down
- “Digital Gold” thesis?
- Increasing adoption (e.g., El Salvador)

Cons

- Data issues (both history and quality)
- Volatility still high
- Doesn’t meet standard asset definition
- Glacial transaction speed
- Mining and use case issues

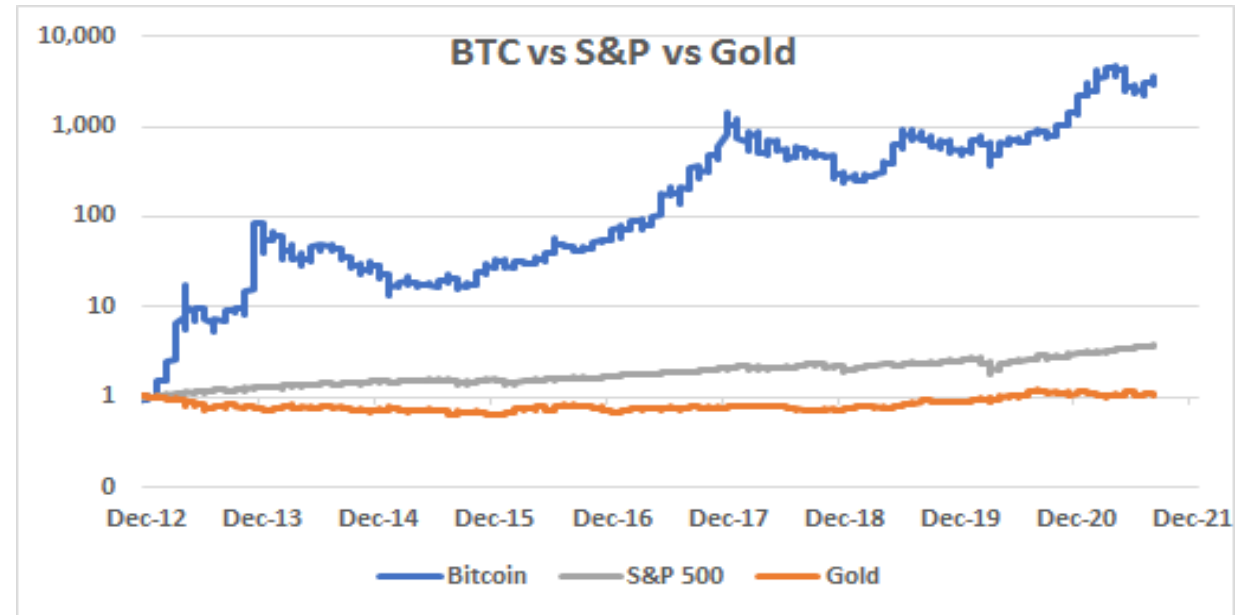
Bitcoin

Supporters

- Government of El Salvador, citizens of Venezuela
- Michael Saylor
- Elon Musk
- John Tudor Jones
- Silicon Valley
- Ray Dalio?

Detractors

- Nouriel Roubini
- John Paulson
- Government of China



Source: Bloomberg

Digital Coins and Tokens

Stable Coins and CBDCs

- Value determined by or tied to underlying fiat currency
- Not designed as an asset that can appreciate

Utility Tokens

- Value = utility of service provided
- Some designed to appreciate as service popularity increases
- Regulatory risk relative to security status

Security Tokens

- Digital form of ownership (e.g., real estate, private equity)

Governance Tokens

- How to value voting rights?

NFTs and “Picks and Shovels”

Digital “Collectibles”

- Art
- Baseball cards
- Sports memorabilia

Venture Capital

- “It’s like the mid-1990s of the internet era.”
- “De-Fi” disruption is coming

Public Equity

- Big Tech (e.g., MSFT, IBM), COIN, RIOT, HBLK



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The Digital Asset Ecosystem: An Introduction

Section IV: Risks

Regulatory

United States

"Right now, we just don't have enough investor protection in crypto. Frankly, at this time, it's more like the Wild West."

SEC Chair Gary Gensler

Remarks Before the Aspen Security Forum, August 3, 2021

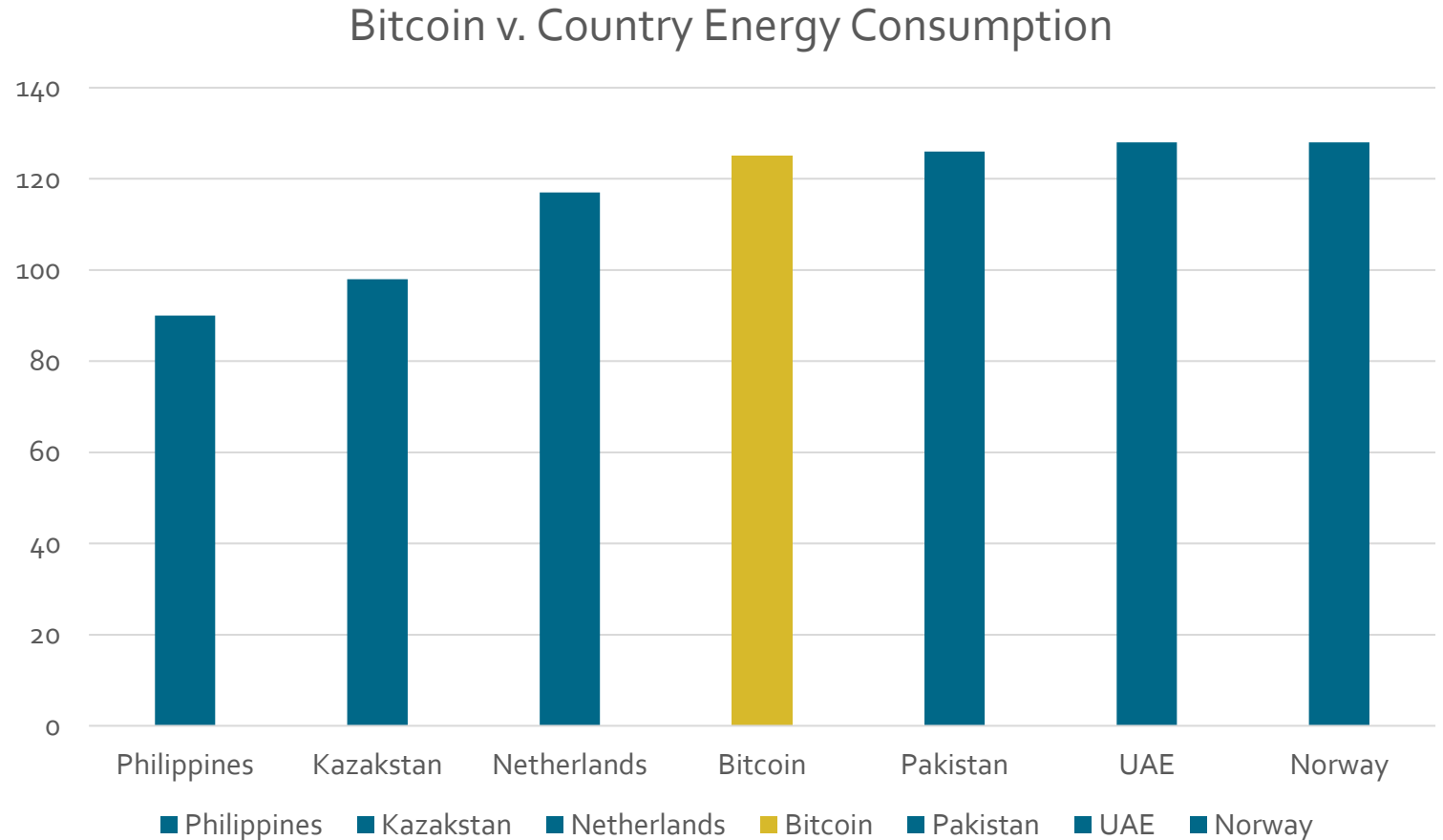
China

- May 2021: banned financial institutions and payment companies from providing crypto-related services
- 2019: targeted crypto exchanges
- 2017: stopped sales of initial coin offerings (ICOs)
- 2013: prohibited third-party payment providers' Bitcoin use/acceptance

Environmental

Energy Consumption

- Bitcoin mining is an extremely energy intensive process
- Energy consumption in support of mining is estimated to have increased 10x in last four years
- Coal-fired power plants revived to support mining



Source: Goldman Sachs Investment Strategy Group, "Beauty Is Not in the Eye of the Beholder," June 2021.

Illegal/Criminal Use Cases

Ransomware, etc.

- Pseudo-anonymity and transfer ease makes crypto uniquely attractive for illicit activities (e.g., drugs, weapons, scams, theft and ransomware)
- May 2021 Colonial Pipeline cyberattack shut down largest fuel pipeline in the U.S. for 6 days



Source: The New York Times

Custody/Security

Online Storage

- “Hot Wallet” – connected to the internet and can be accessed at any time
- Includes cloud, mobile and exchange applications

Offline Storage

- “Cold Wallet” – not connected to the internet and requires custody of private key(s)



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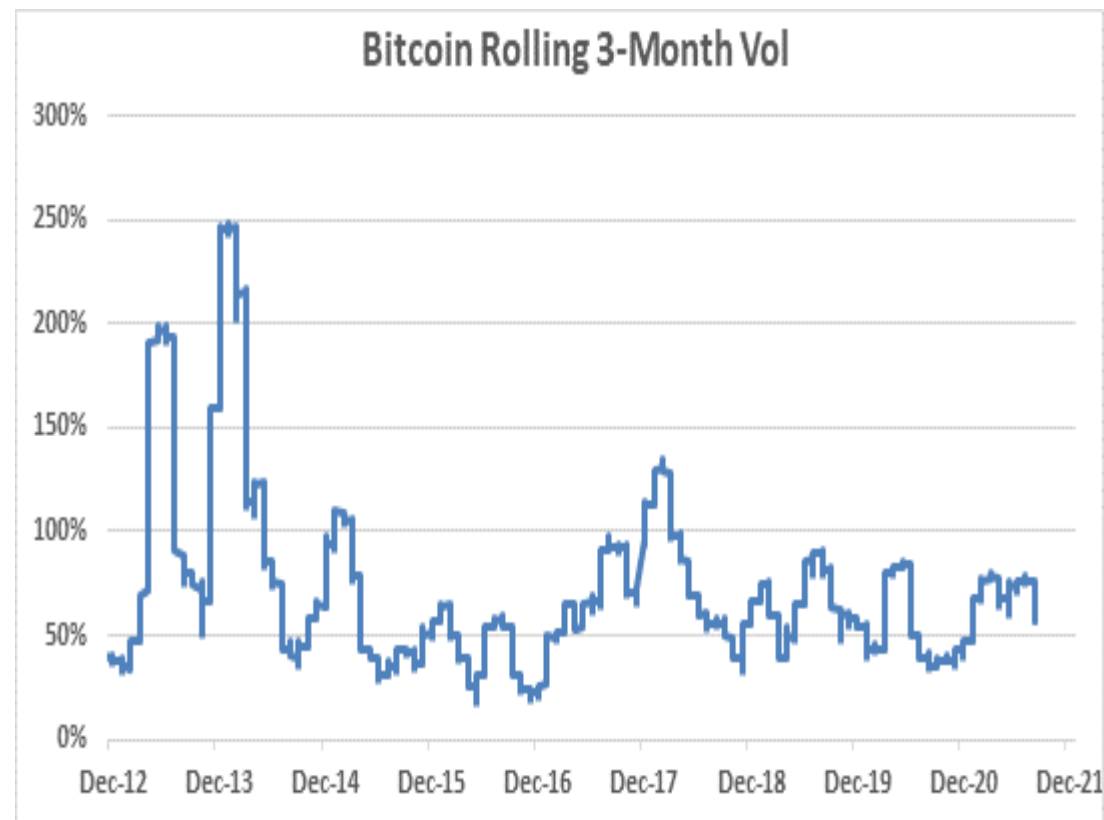
The Digital Asset Ecosystem: An Introduction

Section V: Conclusion

The Revolution is Real, but.....

Bitcoin

- Not an asset
- Bitcoin blockchain very slow
- Still subject to extreme volatility
- Poor diversifier
- Material ESG concerns
- Regulatory uncertainty



Source: Bloomberg

The Revolution is Real, but.....

Picks and Shovels

- Blockchains, De-Fi, smart contracts, etc. = similar to original internet-era innovation and disruption
- Abundant private (primarily venture capital) and increasing public market investment opportunities



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The Digital Asset Ecosystem: An Introduction

Additional Resources:

hope.com

<https://www.realvision.com/collections/cryptocurrency>

<https://podcasts.apple.com/us/podcast/bitcoin-the-future-of-money-bitcoiner-book-club/id1184022695?i=1000531505413>

The Digital Asset Ecosystem: An Introduction

Questions?

SUBJECT: Strategic Communications Plan

ACTION:

DATE: 9/28/2021

INFORMATION: X

Ensuring that APFC Communications continues to act in coordination and support of achieving the Corporations Strategic Goals, building upon prior achievements in branding strategy, legislative outreach and public communications efforts, a new 5 Strategic Communications Plan has been developed as a priority for APFC's Communications staff establishing goals for FY22-FY27.

The packet includes:

Strategic Communications Plan
5-Years: FY2022-FY2027
A Presentation Highlighting Goals

Strategic Communications Plan: A way forward
5-Years: FY2022 – FY2027

Strategic Communications Plan: A way forward

As the investment manager of the Alaska Permanent Fund, this strategic plan affirms the Alaska Permanent Fund Corporation's reputation as a trusted source of information, generates more informed stakeholders, and strengthens outreach, education, and continued innovation by bringing forth communications goals in a framework of objectives and strategies for implementation during FY2022-FY2027.

This tool encourages engagement, highlights shared opportunities, strengthens public education, outreach and advocacy efforts, and affirms the Board's policy positions. Resources are to be strategically allocated based on the priorities outlined in this plan. It is reasonable to expect that new priorities will emerge over the next five years, and the plan will be reviewed on an annual basis to allow for corresponding adjustments.

The Communications Policy is included in the Board of Trustees Charter and Governance Policies. The Chair of the Board and the Chief Executive Officer serve as the official spokespersons for the Alaska Permanent Fund Corporation.



ALASKA PERMANENT
FUND CORPORATION

Strategic Communications Plan

5-Years: FY2022-FY2027

September 2021 – Annual Meeting

APFC Communications: A shared vision

Build on APFC's positive reputation, inform, and further educate Alaskans on the Corporation and its commitment to support the long-term sustainability and growth of the Alaska Permanent Fund, Alaska's renewable financial resource.



Communications

Statutory

AS 37.13.170

- Annual Report - Financial Disclosures
- General Election Pamphlet

AS 40.25.120

Public Records Requests

Stakeholder Education and Outreach

- Legislative Communications
- apfc.org
- Public Outreach
- Community & Legislative Presentations
- Multimedia: Videos, Photos, Audio
- Media Outreach, Inquiries, Interviews
- Social Media: Facebook and LinkedIn
- Publications: Trustees' Papers, AK Guide, Mid-year At-A-Glance

Asking Questions - listening carefully

Review of current program and situational analysis through survey of APFC's Board of Trustees & Staff, and internal focus groups representing all divisions.

Achievements

- Distinct brand
- Best-in-class investment fund/management team recognition
- Legislative support
- Attracting top talent

Remaining work

- Differentiating APFC from the Dividend Division
- Improving Public financial literacy
- Educating public on how APFC's strategies contribute towards strengthening the Alaska Permanent Fund

APFC Brand Truth:

A world class sovereign wealth fund that prides itself on integrity and innovation.

Recognized as a trusted source of reliable, accurate, timely and objective information for the Legislature, Executive Branch, Alaskans, global partners, and other stakeholders.

Communications Plan

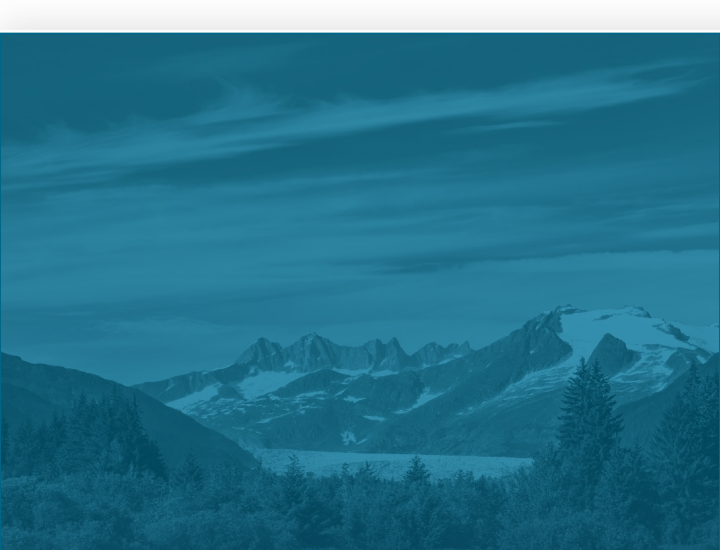
A way forward FY2022-FY2027

- Identifies goals, objectives, and strategies for implementation
- Encourages engagement
- Highlights shared opportunities
- Strengthens public education, outreach and advocacy efforts
- Affirms the Board's policy positions

Strategic communications

FY22-FY27

1. Resources - to protect and grow the Fund
2. Brand Recognition - to be held in high regard
3. Education - to increase Alaskans understanding
4. Alaskan Youth - to engage and inform future leaders
5. Internal Communications - to support APFC brand ambassadors



***Goal 1:
APFC achieves and
maintains necessary
support and resources to
optimize its ability to
protect and grow the
Fund.***

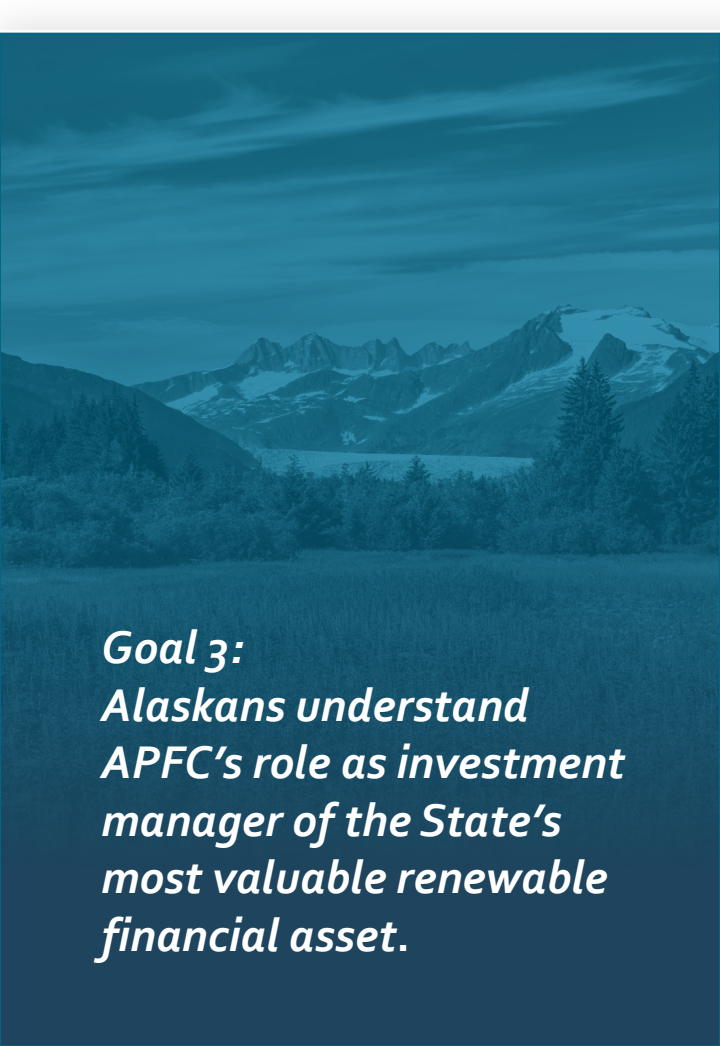
Resources

- APFC is recognized and trusted as a prudent steward of the Fund.
- APFC receives timely operating budgets to implement the Board's strategic vision.
- APFC works to ensure comprehensive understanding of, adherence to, and support for POMV draw methodology based on Board Resolutions.
- APFC continues to strengthen Legislative and Stakeholder Understanding of APFC and the Fund.

Brand Recognition

- APFC is recognized domestically and globally as a respected, trusted and reliable, best-in-class investment manager.
- Position APFC staff as thought leaders and experts.
- Seek opportunities for feature in Alaska Publications.
- Continue to be a model and source of information for sovereign wealth funds around the world.
- Contribute to common bodies of knowledge, share information and publications and maintain membership with well-respected peer affiliated organizations.

***Goal 2:
APFC maintains and
builds upon domestic and
international brand
recognition, ensuring
high regard among global
peers and potential
partners.***



Education

- Alaskans understand APFC's mission and activities while differentiating our work from Legislative appropriations and the Permanent Fund Dividend Division.
- Alaskans appreciate the knowledge and expertise APFC uses to successfully invest and manage the assets of the Permanent Fund.
- Alaskans understand APFC's vision to provide outstanding returns for the benefit of all current and future generations of Alaskans.

***Goal 3:
Alaskans understand
APFC's role as investment
manager of the State's
most valuable renewable
financial asset.***

Alaskan Youth

- As our State's future leaders, it is important to educate Alaska's youth about financial literacy, the Fund, its structure and uses.
- Develop partnerships with Alaska school districts to educate youth, and encourage them to pursue areas of study related to finance and investment.
- Develop a variety of engaging multimedia products to present APFC corporate structure, investment activities and value-add that highlight APFC's history, dealings in the global marketplace and financial contributions to Alaska.
- Identify existing apps and platforms that could be adapted to educate financial literacy and be mutually beneficial as a partnership with APFC.

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***Goal 4:
APFC reestablishes youth
education outreach and
involvement efforts to
engage and inform
Alaska's future leaders.***



Looking within

- APFC staff should be proud to work on behalf of all Alaskans, despite the complex and polarizing state finances and politics.
- APFC will always provide information in a non-partisan, factual manner.
- APFC staff should feel empowered to speak publicly about the contributions that they make to APFC and the Fund, the differences that they make in bringing forth outstanding performance, how they ensure transparency in reporting – this is all part of APFC’s stewardship and accountability to Alaskans and our partners.
- We must all do our part and share the messaging with our friends and neighbors about the positive impact APFC and the Fund is making on Alaskans today and in the future.

***Goal 5:
APFC supports the role of
the Board and staff as
brand ambassadors.***

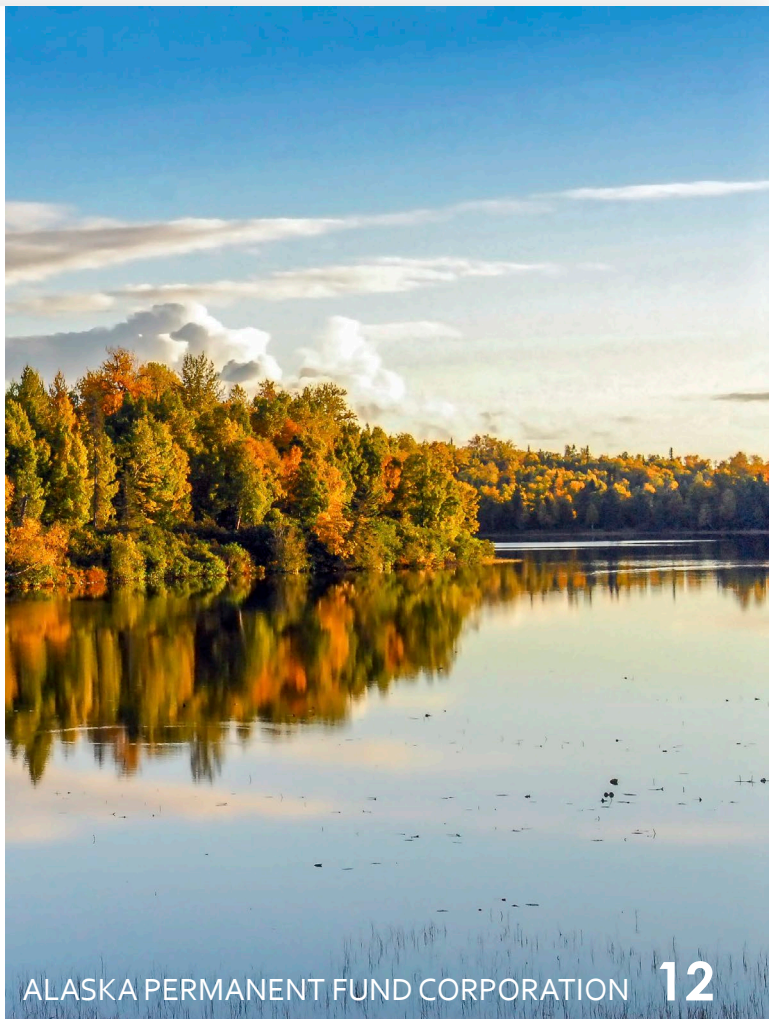
Looking Forward

A resolution bringing forth a constitutional amendment changing the structure of the Fund has not passed the Legislature - many versions and proposals are being vetted.

APFC will likely be called upon to provide nonpartisan information as part of an educational effort if a constitutional amendment comes before the voters.

As a reminder -

- AS 15.13.145 prohibits APFC from using state funds to influence the outcome of an election concerning a ballot proposition.
- AS 39.52.120 prohibits a public officer from the use state funds for partisan political purposes.
- AS 37.13.190 restricts APFC from using the corporation's resources to finance or influence political activities.



Trustee Support for POMV

APFC continues messaging and reinforcing –

- To protect the Fund, the Board of Trustees has been on record since 2003, supporting a constitutional amendment to enact a five percent of market value (POMV) draw to eliminate the need for inflation-proofing by creating an endowment structure, eliminating the distinction between principal and earnings.
- The Trustees have stated that only a Constitutional amendment can provide full protection of the Fund and align payouts with current investment practices.
- The enactment of and adherence to the statutory POMV since 2019 has been a positive milestone in achieving the goal of a constitutional solution providing a predictable annual draw for management of the Fund.

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Board of Trustees Resolutions

00-13, 03-05, 04-09

Constitutional amendment to limit the payout to not more than 5% POMV
Assures permanent inflation proofing

18-04

Legal Rules-Based Framework for Fund
Transfers

*Adherence - Sustainability
Inflation Proofing - Real Growth*

20-01

Additional measures to enhance the sustainable use of Fund



“The fundamental way of getting
public approval is to deserve it.”

– Arthur W. Page



Strategic Communications Plan: A way forward

5-Years: FY2022 – FY2027

2021 September

APFC Communications' Vision

Build on APFC's positive reputation, inform, and further educate Alaskans on the Corporation and its commitment to support the long-term sustainability and growth of the Alaska Permanent Fund, Alaska's renewable financial resource.

Strategic Communications Plan: A way forward

As the investment manager of the Alaska Permanent Fund, this strategic plan affirms the Alaska Permanent Fund Corporation's reputation as a trusted source of information, generates more informed stakeholders, and strengthens outreach, education, and continued innovation by bringing forth communications goals in a framework of objectives and strategies for implementation during FY2022-FY2027.

This tool encourages engagement, highlights shared opportunities, strengthens public education, outreach and advocacy efforts, and affirms the Board's policy positions. Resources are to be strategically allocated based on the priorities outlined in this plan. It is reasonable to expect that new priorities will emerge over the next five years, and the plan will be reviewed on an annual basis to allow for corresponding adjustments.

Introduction: Listening carefully

Updating the 2016 Strategic Communications Plan was a 2021 priority for APFC's Communications staff to build upon the prior branding strategy effort and communication work.

A third-party consultant was engaged to facilitate two focus groups with leadership and staff to establish a baseline for what is/isn't working with the current Communications program. The process began with a Board and staff survey; a summary of results is included in the appendix. There was universal agreement on the purpose of APFC and the importance of current communications goals and objectives. Most agreed that good progress had been made on achieving a distinct brand, being recognized as a best-in-class investment fund/management team, being supported by the Legislature, and attracting top talent. Work remains to be done on differentiating APFC from the Permanent Fund Dividend Division, improving financial literacy and understanding how APFC's strategies contribute towards strengthening the Fund.

APFC Communications: A trusted resource

As stewards of Alaska's most valuable renewable financial resource, APFC provides reliable, accurate, timely and objective information to the Legislature, the Executive Branch, Alaskans, global partners, and other stakeholders on all matters affecting the Alaska Permanent Fund.

For the purposes of this plan, the term stakeholder includes other terms such as audience, customer or client. By definition, a stakeholder has a vested interest in and can affect or be affected by the entity's operations and performance. APFC has stakeholders in Alaska, the US and beyond; the thread binding all together is the shared interest of the successful management and investment of the Alaska Permanent Fund to deliver outstanding risk-adjusted returns for the benefit of all generations of Alaskans.

Internal Communications: Looking within

Understanding that our Board of Trustees and staff are APFC's frontline messengers and primary ambassadors, this communication strategy must include information to ensure successful messaging within and outside the workplace. Everyone involved must feel that they have access to the appropriate information to actively and knowledgeably communicate while preventing any ambiguity or mixed messaging.

Crisis Communications: Clarity in times of confusion

Rapid and timely responses to evolving conditions and crises are necessary, as the crisis may result in significant operational, financial and reputational impacts to APFC. By developing a communications matrix supporting the Business Continuity and Disaster Recovery Plan and an updated crisis communications plan, APFC will be ready to respond appropriately and quickly when called upon.

The Corporation: Deeply rooted, globally connected

APFC is a dynamic, state-owned investment company managing the Alaska Permanent Fund, the state's largest public endowment. In 1976, Alaskans had the vision and foresight to amend their constitution and create the Alaska Permanent Fund by setting aside a portion of the revenue from non-renewable resource development to generate intergenerational wealth through investment revenues. Four years later, in 1980, the Legislature established APFC to prudently manage the assets of the Fund and other funds designated by law.

APFC is globally recognized for the Corporation's strong leadership, good governance, risk-adjusted investment strategy, accountability standards, and ability to consistently generate long-term performance returns. Contributing to APFC's proven record of success is a positive corporate culture and adherence to values. As Alaskans working on behalf of and for the benefit of all Alaskans, APFC serves as a fiduciary and steward of the state's most treasured financial resource – the Permanent Fund.

Governance: Guided by wisdom and experience

A six-person, Governor-appointed Board of Trustees, provides fiduciary oversight for the Fund. The Board of Trustees oversees the Corporation and is responsible for the prudent investment strategies, management oversight and ultimate protection of Principal and maximum risk-adjusted-performance returns for the long-term benefit of all Alaskans.

Guidance is outlined in the Alaska Constitution, State Statutes and Regulations, as well as Corporate Charters, Policies and Resolutions adopted by the Board of Trustees. Affiliations with national and international peer organizations ensure adherence to best-in-class standards.

Recognizing the importance of professional development and continued learning, APFC's skilled staff reinforce their commitment to prudent stewardship of the Fund through leadership development, professional accreditations, charter programs and training opportunities.

APFC: For the benefit of generations of Alaskans

As State income from time-honored sources continues to diminish, the Alaska Permanent Fund has taken on the role of providing the majority of unrestricted revenues to the State annually. The longstanding income-based distribution methodology supporting the dividend transfer remains in statute, along with the percent of market value (POMV) methodology enacted in 2018. The POMV draw from the Earnings Reserve Account is relied on to support Alaska's essential government services and programs. This transition and ongoing debate about fiscal policy, endowment structure, and use of earnings have brought renewed and constant attention to the Fund and APFC.

The Trustees have been on record since 2003 supporting a constitutional amendment to enact a five percent POMV draw limit and to protect the entire Fund by eliminating the distinction between Principal and earnings. Implementing a constitutional POMV spending limit for the Fund has the accompanying benefit of assuring permanent inflation proofing.

While proudly taking on the role of generating revenue to support the state's essential services and programs, APFC recognizes its reliance on the state Legislature and leadership to ensure that corporate operations are sufficiently funded. It is vital that adequate funding is available for staff, travel, training and other tools needed by APFC to maintain the increasingly complex and sophisticated investments and management, to continue the successful generation of long-term returns for the benefit of all Alaskans.

APFC STRATEGIC COMMUNICATIONS GOALS: FY2022-2027

The Alaska Permanent Fund Corporation has identified the following strategic communications goals to highlight commitment to supporting the stability and sustainability of the Fund, stakeholder education, and strengthening brand reputation:

- 1. APFC achieves and maintains necessary support and resources to optimize its ability to protect and grow the Fund.**
- 2. APFC maintains and builds upon domestic and international brand recognition, ensuring high regard among global peers and potential partners.**
- 3. Alaskans understand APFC's role as investment manager of the State's most valuable renewable financial asset.**
- 4. APFC reestablishes youth education outreach and involvement efforts to engage and inform Alaska's future leaders.**
- 5. APFC supports the role of the Board and staff as brand ambassadors.**

Goal 1: APFC achieves and maintains necessary support and resources to optimize its ability to protect and grow the Fund.

Objectives:

- **APFC is recognized and trusted by state policymakers and state leaders as knowledgeable and prudent stewards of the state's most valuable financial resource.**
- **APFC receives timely annual operating budgets at recommended Board of Trustees levels to implement the Corporation's strategic vision.**
- **Alaskans understand that the Fund is now the most significant contributor of unrestricted state revenues and that strict adherence to the annual POMV draw protects the Fund and ensures a sustainable, predictable revenue flow now and for decades to come.**

Stakeholders:

The Legislature, Executive Branch, Alaskans, Staff

Key Messages:

- " The Fund is a renewable source of income and the primary source of unrestricted General Fund revenue for the State of Alaska."
- " The Percent of Market Value (POMV) draw provides a steady, predictable and reliable source of revenue for Alaska."
- " The Fund is invested for the long-term so that it can provide value for current and future generations of Alaskans."
- " Exceeding the POMV draw can reduce future earnings and future draws."
- " It takes a skilled, efficient team to manage a Fund that has grown more complex as it has increased in value. APFC has also grown in stature as a corporation responsible for a portfolio that has grown to over \$80 billion; however, staffing resources remain lean."
- " Active management is an investment strategy that APFC engages in generating returns that aim to beat the passive and performance benchmarks outlined in the investment policy adopted by the Board of Trustees."
- " APFC's ability to continually grow the Fund requires the fiscal flexibility to recruit, adequately compensate and retain top talent."

Goal 1: Strategies and Tactics

Prioritize Annual Operating Budget Request and Legislative Program	
Strategy	Tactic
Work with the Office of Management and Budget and the Governor's Office to bring forth the Board of Trustees' approved budget for submission to the Legislature	• Establish and deliver presentations and backup documentation based on the Board's approved budget request – Head's Up Meeting • Schedule meetings with the Governor, Board Chair, and CEO to discuss APFC's budget proposal
Meet with and present to the Legislature, ensuring that the annual budget requests are passed as requested and on time	• Schedule individual meetings with Finance Committee and Budget Subcommittee Members to ensure comprehensive understanding of APFC's budget request and strategic plan - invite them to come to APFC • Establish and deliver presentations and backup documentation based on the Board's approved budget request and the Governor's submitted budget
Foster relationships and improve legislative understanding of APFC and our investment responsibilities	• Invite Legislators during session to engage with staff at APFC Open Houses during Board of Trustees Quarterly Meetings in Juneau • Host informal Legislative receptions to build relationships and increase understanding of the portfolio, long-term investment strategy, and reporting functions
Build Consensus to Pass a Basis Points and/or Bi-Annual Budget for the costs associated with the investment management of the Fund – APFC's operating budget	• Establish appropriate bps structure, draft legal language, attain Board approval, attain OMB and Governor approval, attain legislative approval

Support for Constitutional POMV per Board Resolutions	
Strategy	Tactic
Ensure that any Constitutional POMV amendment includes language to include the costs associated with the investment management of the Fund	• Monitor POMV resolutions and work with Committees to educate on the importance of the language to ensure inclusion and passage
Develop POMV educational content based on Fund management practices	• Produce information kit about POMV
Strengthen Legislative and Statewide Stakeholder Understanding of APFC and the Fund	
Strategy	Tactic
Strengthen understanding of the work that APFC does and the staff who do it	• Speaker's bureau supported by an easily understood presentation, pursue radio and media opportunities, pursue opportunities for appearances on Talk of Alaska, author quarterly opinion columns for statewide distribution
Develop and deliver messaging that reinforces APFC's value-add, investment successes and global reputation	• Shape messaging to focus on APFC as a profit center/source of renewable income, using language that depicts transparency, savings, earnings, etc. • Develop supporting graphics • Add a new section to the website under education called value-added for Alaska
Improve multimedia communications and online presence	• Develop infographics showing APFC's contributions to the state – revenue generation, internal management, performance, diversification, best-in-class performance for web and print (See new web section above) • Podcast, recorded and video interviews with Trustees, CEO, CIO, Directors on APFC's contributions to the State and investment strengths (Post on website and social channels) • Work with current/former Trustees on commentary for distribution around the state on how APFC adds value through revenue generation

Goal 2: APFC maintains and builds upon domestic and international brand recognition, ensuring high regard among global peers and potential partners.

Objectives:

APFC is recognized domestically and globally as a respected, trusted and reliable, best-in-class investment manager.

Stakeholders:

Investment Partners, APFC Deal Flow, Recruitment

Key Messages:

- " APFC is a globally respected sovereign wealth fund with a world-class reputation."
- " APFC has a stellar track record of navigating complicated and dynamic investment opportunities."
- " Partnering with APFC generates reputational and financial benefits."
- " APFC is committed to transparency, yet maintains the proven ability to protect the privacy of an investment opportunity for our partnerships."
- " APFC offers the opportunity to be part of a world-renowned and successful investment team."
- " APFC is a close-knit team in a fast-paced environment that allows staff to showcase their skills and develop financial, investment experience."
- " APFC offers the ability to participate as a global investment institution while being physically located in a welcoming community surrounded by the breathtaking Alaska environment."

Goal 2: Strategies and Tactics

Strategy	Tactic
Position APFC staff as thought leaders and experts	• Publish articles, podcasts, opinion pieces, videos on LinkedIn and external digital and print publications • Add links or post articles on the website - called "APFC Perspectives" • Issue internal notification • Feature on social media • Feature in Alaska Publications
Continue to be a model and source of information for sovereign wealth funds around the world	• Contribute to standard bodies of knowledge, share information and publications and maintain membership with well-respected peer affiliated organizations
Enhance international public relations	• Seek out international conferences, gatherings, etc. and engage global audiences through networking and/or presentations
Highlight the benefits of working at APFC and living in Juneau in collaboration with HR	• Develop relevant multimedia materials to be used in the hiring process to recruit top-level talent to APFC
Complete the Crisis Communication Plan Update	• Ensure response adheres to Business Continuity and Disaster Recovery standards and staff is trained for 'in the event of

Goal 3: Alaskans understand APFC's role as investment manager of the State's most valuable renewable financial asset.

Objectives:

- **Alaskans understand APFC's mission and activities while differentiating our work from Legislative appropriations and the Permanent Fund Dividend Division.**
- **Alaskans appreciate the knowledge and expertise of APFC in successfully investing and managing the Permanent Fund's assets.**
- **Alaskans understand APFC's vision to provide outstanding returns for the benefit of all current and future generations of Alaskans.**

Stakeholders:

Alaskans, Legislature, Executive Branch, the Financial Community

Key Messages:

- " APFC's sole responsibility is to grow and protect the Alaska Permanent Fund and other funds under its management."
- " APFC's skilled Board, management and Staff, use their investment savvy to generate revenue that the State uses to support services and programs."
- " APFC is a global leader when it comes to governance, transparency and investment principles."
- " APFC prioritizes transparency to be fully accountable to the residents of Alaska."
- " APFC is a long-term investor with a well-diversified portfolio designed to protect the Fund during market fluctuations."
- " Alaska is no longer just an oil and gas state. It's an investment state built from that legacy."

Goal 3: Strategies and Tactics

(Several tactics outlined in Goal #1 are also applicable here)

Strategy	Tactic
Improve multimedia communications and online presence	• Create a variety of multimedia images, podcasts and short videos highlighting the role of APFC as well as the knowledge and experience of Staff
Adapt existing and develop new educational materials that use appropriate technology and engaging messaging	• Develop a variety of engaging multimedia products (video, podcast, animation, etc.) to present APFC investment structure, activities and value-add to Alaskans with an emphasis on educating youth • Dedicate one module to asset allocation and market fluctuations
Enhance media relations	• Proactively seek external Alaskan, national and international media outlets and publications to feature stories to educate the public on APFC role as investment manager of the Permanent Fund
Highlight APFC's role in honor of the Fund's 50 th Anniversary	• Create a series of events leading up to the Fund's 50th Anniversary November 2026

Goal 4: APFC reestablishes youth education outreach and involvement efforts to engage and inform Alaska's future leaders.

Objectives:

As our State's future leaders, it is important to educate Alaska's youth at various education levels, middle school and high school students, and younger children about financial literacy, the Fund, its structure and uses, and how they can be involved.

Stakeholders:

Alaskan Youth, APFC, State Educators

Key Messages:

- " The Alaska Permanent Fund is the State's primary source of revenue used to pay for essential services like education, parks, health and public safety."
- " The Fund is invested to earn money today – and far into the future to support all generations of Alaskans."
- " If too much money is taken out of the Fund, it will not be able to take care of future needs."
- " It is up to your generation to keep the Fund healthy by understanding how it works and how it serves Alaska."
- " There are ways for youth to participate and become involved with APFC – rewarding careers and insights into investments and finance."

Goal 4: Strategies and Tactics

Strategy	Tactic
Develop new partnerships with Alaska school districts to educate youth, and encourage them to pursue areas of study related to finance and investment	• Reach out to various networks of educators to establish relationships and identify the most effective means of communicating with students and teachers across the State • Renew relationships with Council on Economic Education (sponsor or become presenters at one of their teacher seminars), ANSEP, Stock Market Game, etc.
Create content for classrooms to engage students in elementary and middle school	• Develop various engaging multimedia products to present APFC corporate structure, investment activities and value-add that highlight APFC's history, dealings in the global marketplace and financial contributions to Alaska • Work to educate teachers on the materials and distribute them to classrooms across the State. • Add a new section to the website (In the Classroom) and post materials and curriculum for easy access
Engage youth through partnerships on existing platforms	• Identify existing apps and platforms that could be adapted to educate financial literacy and be mutually beneficial as a partnership with APFC. • Develop materials that are relevant to these young audiences • Develop podcast targeted at junior/senior high schoolers
Establish partnerships with school districts and youth organizations (debate teams, Spirit of Youth, clubs, etc.)	• Contribute to or establish youth networks including to identify and engage financially interested youth within the State
Support the internship program in conjunction with HR to encourage students to pursue areas of study related to finance and investment	• Attend college/career fairs and other events to encourage youth to consider a future in finance in Alaska at APFC. • Develop a webinar for college finance/public policy classes • Increase media coverage of internship program • Produce a video on the internship program

Goal 5: APFC supports the role of our Board and Staff as brand ambassadors.

Objectives:

Collaborate with APFC Board of Trustees and Staff to provide appropriate information to actively and knowledgeably communicate with external stakeholders while preventing ambiguity or mixed messaging.

APFC staff is proud to work on behalf of all Alaskans, yet it is understood that state finances and politics can be complex and polarizing. APFC will always provide information in a non-partisan, factual manner. It is crucial that APFC staff feel empowered to speak about the contributions that they make to APFC and the Fund, the differences that they make in bringing forth outstanding performance, about how they ensure transparency in reporting – this is all part of APFC's stewardship and accountability to Alaskans and our partners. We all do our part, and we can all share in the messaging to our friends and neighbors about the difference APFC, and the Fund is making for Alaska today and in the future.

Stakeholders:

Board of Trustees, APFC Staff, Alaskans, Stakeholders

Key Messages:

- " As a state-owned investment management entity, APFC works diligently on our essential work to deliver outstanding returns for the benefit of all current and future generations of Alaskans."
- " The Legislature continues to debate how they are going to reconcile the demands on the Fund to pay the traditional dividend to eligible Alaskans and also use earnings to support state services now that revenues from oil and gas reserves are no longer sufficient for annual budgetary needs."
- " The Fund was created to generate wealth into perpetuity based on the recognition that oil reserves would not have the same lasting power. That day has come; however, it is difficult to make the transition given that the Fund has an established legacy of paying dividends to Alaskans in sharing a portion of the resource wealth."
- " Since 2019, there has been a significant transition in how Alaska's government is funded, from non-renewable royalties to renewable revenues generated by the Fund. The annual draw of 5% is based on the amount our Trustees and other endowments have determined to be sustainable. The annual draw of approximately \$3.4 billion now accounts for more than 70% of the State's unrestricted General Fund revenues. That means that 70 cents of every State general fund dollar comes from revenue generated by the Permanent Fund. This contribution is more than oil and gas, mining, fish and timber combined."

- " APFC's role is to protect the assets of the Fund and make the money, not spend it. Management and staff have no input or say in decisions about how the annual Fund draw is spent, how big annual dividends are or whether the Fund can be used for State services. Revenue generated by investments in the Fund is transferred to the State at the Legislature's request, based on enacted appropriation bills. "
- " The Principal of the Fund is protected and cannot be spent without a constitutional change. The Earnings Reserve Account is available for legislative appropriation."

Goal 5: Strategies and Tactics

Strategy	Tactic
Gain a better understanding of Staff's perspectives on talking about the Fund, APFC and their work	• Develop and distribute APFC internal survey – communication needs for in-state, partners, the Fund, APFC
Integrated messaging for interactions with stakeholders	• Develop talking points • Print up business-sized cards with the talking points for easy referral
Build confidence and encourage participation to craft messaging in an engaging manner	• Develop internal knowledge-sharing opportunities, Elevator Speech Competition
Highlight synergies and shared opportunities across programs and areas	• Identify staff interested in participating in youth and public outreach education efforts • Dedicate a place internally to post information, presentations, training/practice opportunities and outreach opportunities

APFC Vision

To deliver outstanding returns for the benefit of all current and future generations of Alaskans.

APFC Mission:

To manage and invest the assets of the Permanent Fund and other funds designated by law in accordance with AS 37.13.010-37.13.190.

- Alaska Permanent Fund
- Amerada Hess - AK Capital Income Fund
- Alaska Mental Health Trust Fund

APFC Values:

Integrity: We act in an honorable, respectful, professional manner that continually earns and justifies the trust and confidence of each other and those we serve.

Stewardship: We are committed to wisely investing and protecting the assets, resources and information with which we have been entrusted for the benefit of current and future generations of Alaskans.

Passion: We are driven to excellence through self-improvement, innovative solutions and an open, creative culture. We are energized by the challenges and rewards of serving Alaskans.

APFC Motto: Investing for Alaska, Investing for the Long Run

With a focus on responsible stewardship of the Fund and prudent investment strategy, APFC must fulfill dual roles:

- Protecting the Principal of the Fund for the benefit of future generations of Alaskans.
- Providing a sustainable and predictable revenue stream to support the State's essential services for the benefit of current Alaskans.

APFC Brand Truth:

The Alaska Permanent Fund Corporation is a globally respected, world-class sovereign wealth fund that prides itself on integrity and innovation.

- Integrity represents our high ethical standards, operating honorably and honestly, holding ourselves accountable to others and our solidarity as a corporation.
- Innovation represents creativity, originality, courage and vision.

Important Dates:

- November 2021 45 Years Alaska Permanent Fund
- April 2025 45 Years Alaska Permanent Fund Corporation
- November 2026 50 Years Alaska Permanent Fund
- \$90 Billion Milestone
- \$100 Billion Milestone

Statutory Disclosures/Information Project Timeline: 2022-2026

FY22: July 21 – June 22

January 2022 – Mid Year At A Glance FY22 Report

August 2022 – General Election Pamphlet

September 2022 - FY22 Annual Report

FY23: July 22 – June 23

January 2023 – Mid Year At A Glance FY23 Report

September 2023 - FY23 Annual Report

FY24: July 23 – June 24

January 2024 – Mid Year At A Glance FY24 Report

August 2024 – General Election Pamphlet

September 2024 - FY24 Annual Report

FY25: July 24 – June 25

January 2025 – Mid Year At A Glance FY25 Report

September 2025 - FY25 Annual Report

FY26: July 25 – June 26

January 2026 – Mid Year At A Glance FY26 Report

August 2026 – General Election Pamphlet

September 2026 - FY26 Annual Report - 50 Years Alaska Permanent Fund

Alaska State Legislature

32nd Legislature

January 2022 – 2nd Regular Session

33rd Legislature

January 2023 – 1st Regular Session

January 2024 - 2nd Regular Session

34th Legislature

January 2025 – 1st Regular Session

January 2026 – 2nd Regular Session

Appendix: Listening carefully

Updating the 2016 Strategic Communications Plan was a 2021 priority for APFC's communications staff to build upon the work of the past branding strategy effort and communication plan.

To establish a baseline for what is/isn't working with the current Communications program, a third-party consultant was engaged to facilitate two focus groups with leadership and Staff. The process began with a Board and Staff survey focused on the FY2016 5-year Strategic Communications Plan and associated questions. Twenty Staff, five members of the management team and two Trustees completed the survey. There was universal agreement on the purpose of APFC and its communications goals. Most agreed that good progress had been made on meeting the communications goals. Aside from legislators, opinions varied on the importance of the Corporation's other publics, and participants during the focus groups thought it important to increase APFC's social media presence and outreach to the state's younger generations.

Eight Staff, two interns and the APFC communications team, attended the three-hour June 9, 2021 session. Six members of the management team and the APFC communications team participated in the three-hour June 10, 2021 session.

There was significant agreement on the APFC's strengths: COVID response, performance, workspace and leadership. And on its challenges: separation from the dividend, overdrawing the Fund, too many stakeholders and educating people on what the Corporation does and why that's important. Many agreed that they were hesitant to tell other people they worked at the APFC as they did not feel equipped to speak about the APFC, did not want their comments taken out of context and thought too many politics surrounded the fiscal crisis.

The management session was much more of a decisional focus group where the agreed-upon outcome was for leadership to identify strategic communication goals and relevant objectives in order to remain strategic, but understand the need to incorporate political, economic, social and technological considerations within the agreed-upon goals and objectives.

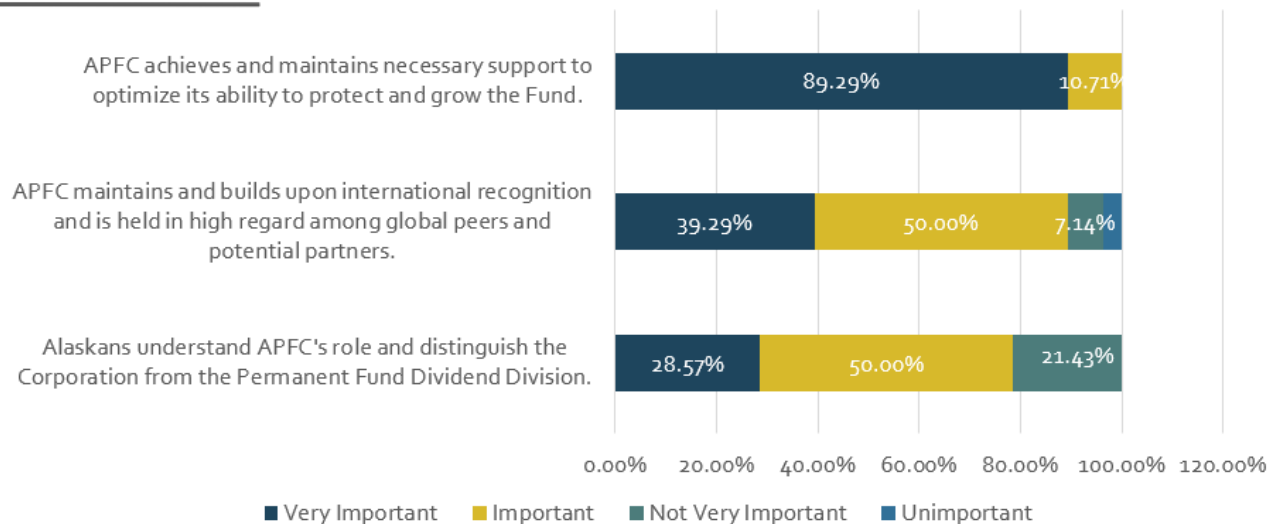
Summary of Survey Results

Audiences	Score (based on prioritization ranking)
Legislators	9.29
Government leaders	8.18
Current/potential financial partners	6.75
Alaska residents	6.44
Potential employees	6.11
National/international financiers	4.29
Sovereign wealth funds	3.75
Alaska youth	3.56
Organizations/NGOs	3.07

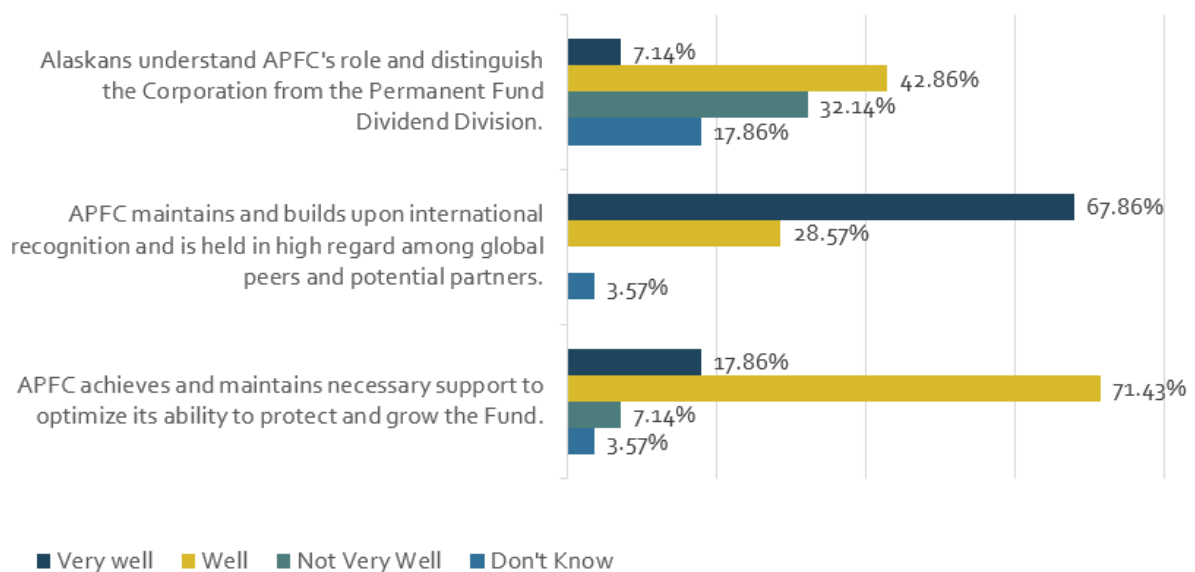
SWOT Analysis

Strength	Threat
Passionate Reputation Strong leadership Expert and diverse staff Global Presence Performance Flexibility Quality of Life Investment performance COVID-19 response Individual leadership/Success Awards Responsibilities Board of Trustees meetings	Politics, state government ERA overspending Lack of state fiscal policy IT Security/Ransomware Fund size outpacing APFC resources Loss of personnel due to compensation Heavily identified with fossil fuel Political scrutiny Political tension Audience who doesn't care to listen Ill-informed public Portfolio confusion Confusion with PDF & APFC roles
Weaknesses	Opportunities
Recruitment & retention Constraints by government Location Public understanding & awareness Technological workflows/platforms Compensation Freedom of information requests Internal communications - clearer expectations of how to communicate Workspace – private collaboration	Flexibility - Adaptability Our choice of partners Actual ability to transition state economy Educating and engaging Alaskans and youth Reputation Remote work Educating – fiscal literacy Transition from oil state to investment state Relevant – unconventional media/youth Partnerships and collaborations The benefits – FISH – Financial, Intellectual, Social, Human

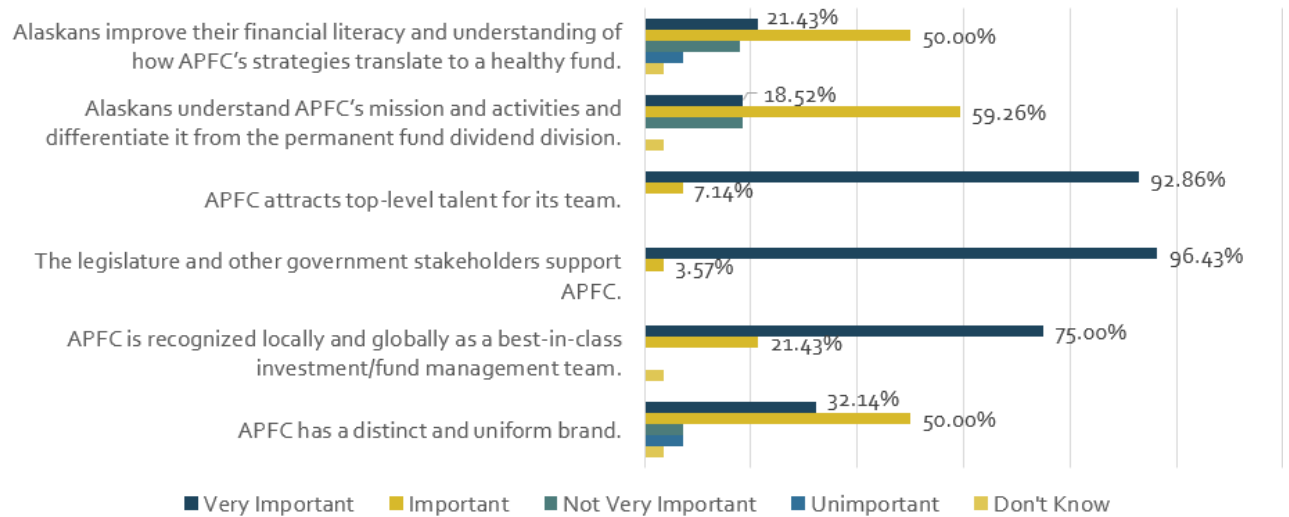
Importance of Current Goals



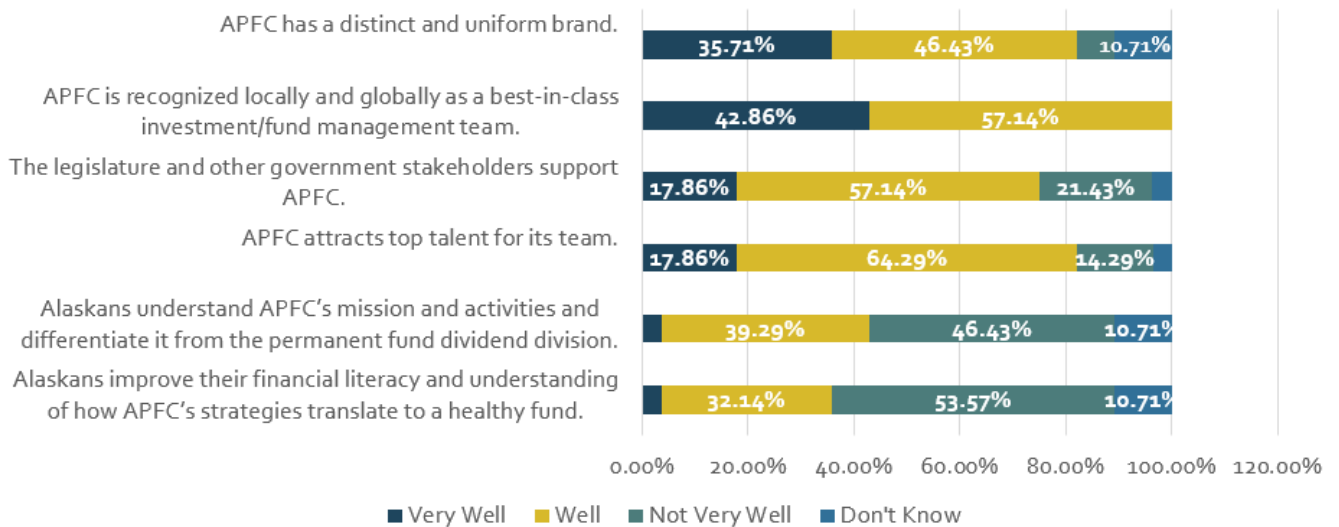
Achievement of Goals



Importance of Current Objectives



Achievement of Current Objectives



SUBJECT: Report of Annual Audit

ACTION: X

DATE: September 29, 2021

INFORMATION:

BACKGROUND:

The corporate governance manual requires the Board of Trustees to approve the annual audited financial statements.

STATUS:

The financial audit for fiscal year 2021 was completed by KPMG with a report date of September 2nd. The results of the audit and a recap of the year-end financial statements were presented to the Audit Committee on September 2nd.

Mike Hayhurst, engagement partner, and Melissa Beedle, engagement manager, from KPMG, will present a summary of the audit results. A copy of the presentation is included here.

RECOMMENDATION:

Staff is requesting board approval of the audited financial statements.



Alaska Permanent Fund Corporation

Discussion with Those Charged with Governance

Audit results for the year ending June 30, 2021

September 2, 2021



Our commitment to you

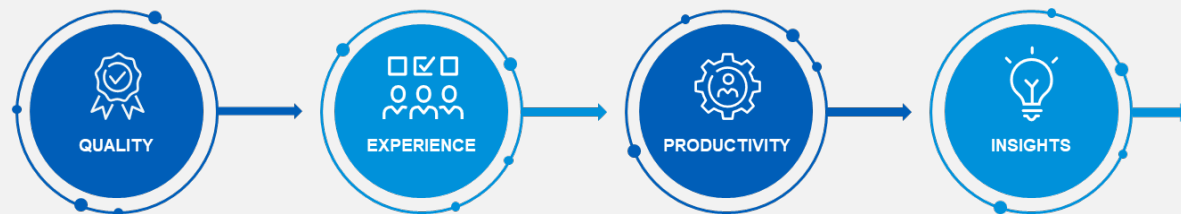


Delivering a better audit experience drives us.

With KPMG you can expect an experience that's better for your team, organizations and the capital markets. An experience that's built for a world that demands agility and integrity.

See patterns in what has passed. See where risks may emerge. See opportunities emerge. See opportunities to optimize processes. And see ahead to new possibilities.

We aim to deliver an exceptional client experience for the Permanent Fund by focusing on:





Required Communications to Those Charged with Governance



Summary: Audit results required communications and other matters

Audit results	Response	
	Outstanding matters	Final quality review of the financial statements Management representation letter
	Significant unusual transactions	No significant unusual transactions identified during the audit.
	Uncorrected audit misstatements	Slide to be provided at meeting
	Corrected audit misstatements	No corrected misstatements identified during the audit.
	Financial presentation and disclosure omissions	No matters to communicate.
	Non-GAAP policies and practices	No matters to communicate
	Material weaknesses and significant deficiencies in internal control	No matters identified
	Auditors' report	No matters identified
	Changes to our risk assessment and planned audit strategy	No matters to report
	Significant accounting policies and practices	No matters to report
	Significant accounting estimates	See slides 7-8
	Related parties	No matters to report
	Going concern	No matters to report
	Other information	The audit team will obtain the draft of the annual report and review for consistency with the audited financial statements when available.

Summary: Audit results required communications and other matters

Response	
Audit results	Subsequent events
	Illegal acts or fraud
	Noncompliance with laws and regulations
	Significant difficulties encountered during the audit
	Significant findings or issues discussed, or the subject of correspondence, with management
	Management's consultation with other accountants
	Difficult or contentious matters for which the auditor consulted
	Disagreements with management
	Other significant matters
	Written communications

No matters to report

No actual or suspected fraud involving management, employees with significant roles in internal control, or where fraud results in a material misstatement in the financial statements were identified during the audit.

No matters to report

No matters to report

No matters to report

No matters to report

No matters to report

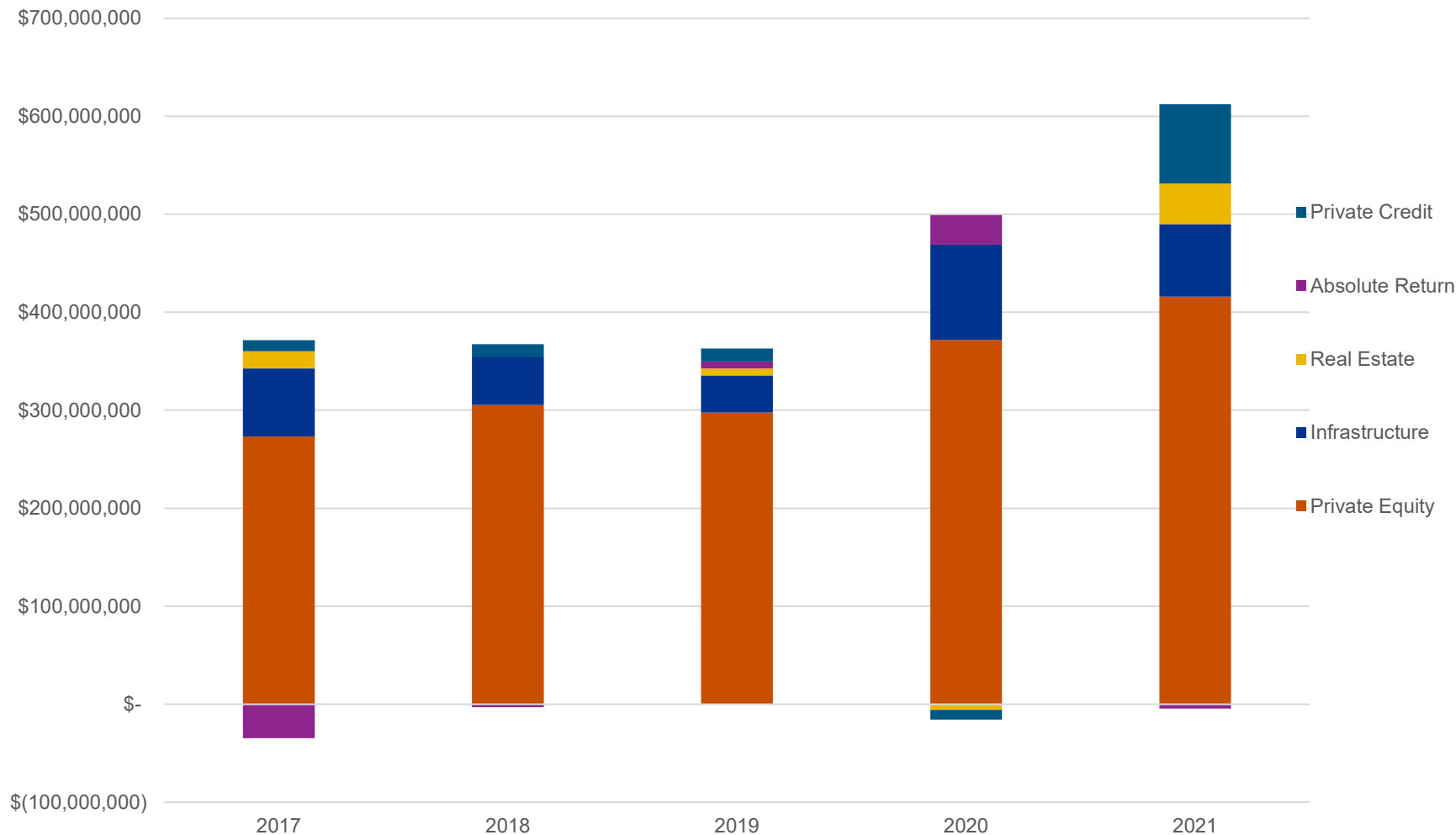
No matters to report

No matters to report

Management representation letter, including summary of uncorrected misstatement to be distributed under separate covers

Uncorrected audit misstatements

Unadjusted Timing Differences, as of June 30



Significant accounting policies and practices

Description of significant accounting policies and practices

- The Fund's policies are disclosed in Note 2 to the financial statements and are consistent with prior years.
- Governmental Accounting Standards (specifically GASB Statement No. 54) provides guidance on the classification of Fund Balance.

Audit findings

Qualitative aspects

- We did not identify indication of significant elements of management bias when reviewing these policies.

Significant accounting estimates

Description of significant accounting estimates

- Valuation of directly owned real estate investments

Audit findings

Management's process used to develop the estimates

- Management uses a third party, Cushman & Wakefield, to manage the appraisals of the directly held real estate assets. Each property is valued quarterly by third party advisors and annually through an appraisal performed by a third-party selected by Cushman & Wakefield. Management reviews the assumptions used within the valuations for reasonableness.

Significant assumptions used that have a high degree of subjectivity

- Assumptions used in the determination of the valuation that have a degree of subjectivity include management estimates related to vacancy and renewal probability, rent growth and expense growth. None of these assumptions are presumed to include a significant risk for our audit.

Indicators of possible management bias

- There were no indicators of possible management bias identified during our audit of this estimate.

Conclusions

- We determined that the methods used by management and the valuations recorded by management are reasonable and not affected by indicators of management bias.

Significant accounting estimates

Description of significant accounting estimates

- Valuation of private investments

Audit findings

Management's process used to develop the estimates

- Management receives periodic capital statements from external fund managers. These capital statements are the starting point to estimate fair value of each private investment and are adjusted for any contributions or distributions made during the period and any other factors management believes impact fair value.

Significant assumptions used that have a high degree of subjectivity

- None

Indicators of possible management bias

- There were no indicators of possible management bias identified during our audit of this estimate.

Conclusions

- We determined that the methods used by management and the valuations recorded by management are reasonable and not affected by indicators of management bias.

Questions?

For additional information and audit committee resources, including National Audit Committee Peer Exchange series, a Quarterly webcast, and suggested publications, visit the KPMG Audit Committee Institute (ACI) at www.kpmg.com/ACI

This presentation to those charged with governance is intended solely for the information and use of those charged with governance and management and is not intended to be and should not be used by anyone other than these specified parties. This presentation is not intended for general use, circulation or publication and should not be published, circulated, reproduced or used for any purpose without our prior written permission in each specific instance.



SUBJECT: FY2023 Proposed Budget

ACTION: X

DATE: September 29, 2021

INFORMATION:

The FY2023 budget request was presented to the Board at the budget work session on September 2nd. Feedback from this discussion has been incorporated into the request, as presented in this memo.

Staff is requesting approval of the FY2023 budget at this meeting. The Office of Management and Budget will review the Board's request. The Governor's proposed budget for all public agencies, including the APFC, will be presented to the Legislature by December 15th for consideration during the upcoming Legislative session. Traditionally, staff returns to the Board at the May meeting with the final budget approved by the Legislature to be implemented on July 1st. However, extended Legislative sessions have delayed this in recent years.

Directors and managers throughout the corporation worked to build this budget from zero, and in doing so, they reviewed their workflows to capitalize on potential efficiencies.

The Alaska Permanent Fund Corporation's operating budget appropriation is divided into two allocations: 1) Operations of the Corporation and 2) Investment Management. A detailed breakdown of these two allocations can be found in the appendix to this memo.

	Authorized	Proposed with Incentive Comp	Variance
	FY2022	FY2023	From FY2022
Operating Allocation	\$19,536,000*	\$22,396,000	\$2,860,000
Investment Management Allocation	\$193,039,100**	\$195,868,000	\$ 2,828,900
Total Appropriation	\$212,575,100	\$ 218,264,000	\$ 5,688,900

* Authorization includes funds, \$734,300, from HB55 to increase benefit contributions from 22 percent to 31 percent.

** Investment Management Fees includes initial request, \$117,221,500, plus \$60 million from FY2022 Governor Amendment

OPERATING ALLOCATION

The Operating Allocation is separated into five objects of expenditure, each of which is discussed below.

Personal Services –

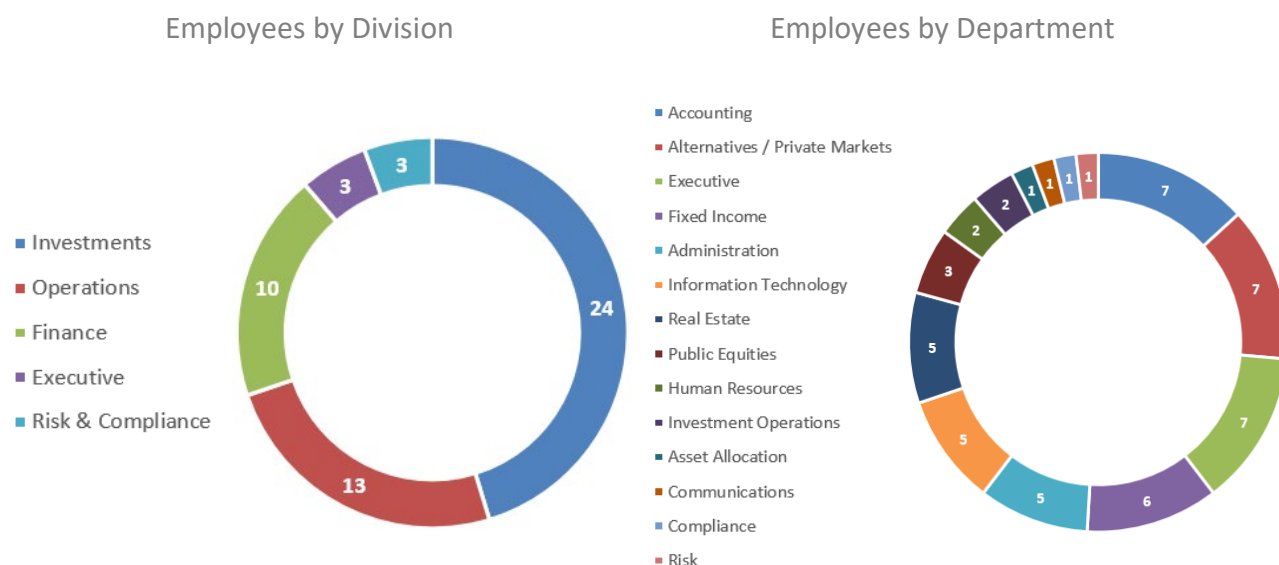
	Authorized	Proposed with Incentive Comp	Variance
	FY2022	FY2023	From FY2022
Personal Services	\$ 14,771,300*	\$ 17,560,270	\$ 2,788,970

* Authorization includes funds, \$734,300, from HB55 to increase benefit contributions from 22 percent to 31 percent.

APFC has a total of 59 full-time, two part-time, year-round positions, plus two summer interns. There are currently six full-time positions that are vacant, including the Chief Operations Officer, three Investment Associates, a Business Analyst, and a Portfolio Accountant. To satisfy the mandatory vacancy requirement, a minimum of 3% and a maximum of 7%, positions will be periodically held vacant.

Over the past year, a tremendous effort was put forth to successfully fill 16 positions with new creative methods. Although, those efforts have not subsided, the applicant pools have weakened in the past three months. Filling these vacancies will continue to be a priority while maintaining the goal of recruiting and hiring individuals that are right for the organization, in line with our strategic priority to “enhance talent and staff.”

The breakdown of full-time filled FTEs, by division and department, can be found in the table below.



* Charts do not include part-time or intern positions.

New Position Requests

As stewards of the Permanent Fund, AFPC continuously evaluates the need for every position within our organization and adjusts our staffing to maximize the positive impact on the Fund. We understand that every dollar used must add value to the organization and ultimately the Fund—that is never taken lightly. As we look forward to FY2023, department heads analyzed the future of their departments as the Fund has grown to over \$80 billion, and with such success comes the need to ensure we have adequate staffing to develop, analyze, implement, and maintain a more complex portfolio. With input from the Board the FY2023 budget proposal includes seven new positions.

Summary

Department	Position Title	Salary	Benefits	Total
Investments: Alternatives	Senior Portfolio Manager II- Private Credit	\$192,252	\$97,045	\$289,297
	Senior Associate or Portfolio Manager	\$200,004	\$99,852	\$299,856
	Senior Associate or Portfolio Manager	\$200,004	\$99,852	\$299,856
	Data Analyst-Private Markets	\$125,004	\$71,604	\$196,608
Real Estate	Senior Investment Analyst 350 of 417	\$150,000	\$81,746	\$231,746

Total		\$867,264	\$450,099	\$1,317,363
Operations:	IT Security Specialist	\$99,996	\$61,016	\$161,012
	Project Manager	\$84,996	\$54,665	\$139,661
Total		\$184,992	\$115,681	\$300,673
Total		\$1,052,256	\$565,780	\$1,618,036

Details

Investments- Alternatives

Growth Vision: In four years, the Alternative Investment team has the potential to grow enough to responsibly manage a \$40+ billion portfolio. Implementing a team structure that is operationally efficient and organizationally stable will be a key aspect to success. Subsector specialization is an effective way to grow a fund portfolio while simultaneously increasing internal expertise. This could be achieved by creating deal teams of two, each dedicated to a key subsector. Although there will be some overlap among teams, having areas of expertise; will create operational efficiency, promote sustainability, and foster a knowledge-based competitive advantage. Equally as important, it will also provide; on-the-job training, a clear path for career development, and a mechanism to plan and govern personnel succession.

Title: Senior Portfolio Manager II Private Credit

Salary: \$192,252 (\$97,045 benefits)

Position Justification: APFC Private Credit portfolio has grown to \$1.6 billion, and it is currently managed by three individuals with significant competing responsibilities and minimal formal credit training. The proposed Portfolio Manager and Senior Portfolio Manager would assume primary responsibility for sourcing, assessing, selecting, and monitoring appropriate private credit fund commitments and co-investments. Key responsibilities for the incumbent will include market research and analytics, General Partner relationship development and management, due diligence, and execution.

Title: Two Senior Associate or Portfolio Managers – Private Equity and Special Opportunities

Salary: \$200,004 (\$99,852 benefits) / each

Position Justification: As the Private Equity and Special Opportunities portfolio scales, the hours and positions required to manage it will increase. Two new members on this team will allow a “sector expert” model to be implemented. Key responsibilities will be similar to those listed above.

Title: Data Analyst- Private Markets

Salary: \$125,004 (\$71,604 benefits)

Position Justification: Specialized software is required to manage the current portfolio- \$25 billion and growing, and to deliver world-class returns over time. Launching and managing new software will require significant resources, including a data analyst responsible for implementation and ongoing management and utilization. Key responsibilities will include software implementation, utilization, data input, and management. The data analyst will support the implementation and maintenance of software necessary to manage private market portfolios responsibly.

Real Estate

Growth Vision: In the next three to five years, the Real estate portfolio is expected to double in size and will include more emphasis on joint ventures, development projects, and internal management. The increased complexity and size of the portfolio will require a significant increase in internal analysis and investment oversight.

Title: Senior Investment Analyst

Salary: \$150,000 (\$81,746 benefits)

351 of 417

Position Justification: The addition of an Investment Analyst will provide a strong bench from which the team and portfolio can grow. This position is not intended to fill skill gaps but to supplement and support the team. The incumbent will participate in new initiatives, including exploring a data management/ware solution and

expanding Real Estate's portfolio performance and investment reporting systems. Key responsibilities will include; conducting a detailed analysis of new real estate investment opportunities, completing market and economic research, performing due diligence, monitoring operating budgets and multi-year capital programs, analyzing hold/sell recommendations from managers, and working closely with accounting and compliance to ensure confidence in the accuracy and quality of real estate books and adherence to policies and procedures.

Operations

Growth Vision: Operationally, we strive to provide the support necessary for investment staff to focus on investment-related activities solely. As the complexity of the Fund grows, both with internally and externally managed assets, having a balanced ratio of operational staff to investment staff is important to the success of the Corporation. The average ratio is 1.2 operational (back office) support for every 1 investment position. With the increasing emphasis on direct and illiquid investments, the investment strategy is becoming more complex, which supports the need to increase the ratio of operational support up to 2.5 to 1. APFC currently falls at a 1.21 ratio and has historically only grown operational support directly to the request for new investment positions. Our current ratio of 1.21 is on target for less complex investment organizations.

With the addition of five new investment staff and the increasing complexity of the organization's investments, the following operational positions will be the first step to ensure all the work done by the front office Investment staff is executed timely and accurately.

<https://www.top1000funds.com/2017/06/your-guide-to-internal-staffing-levels/>

Information Technology

Title: IT Security Specialist

Salary: \$99,996 (\$61,016 benefits)

Position Justification: As the Information Security Management System matures in the organization and threats continue to grow, it is imperative that APFC has a dedicated resource to monitor the compliance of the Corporation's security policies, tools, and logs. Additionally, the incumbent will be responsible for conducting security training, tests, and program audits.

With Malware threats up 485% and rising each year, it is in the organization's best interest to have an incumbent dedicated to monitoring all aspects of our security daily.

Administration

Title: Project Manager

Salary: \$84,996 (\$54,665 benefits)

Position Justification: In the next five years, operationally, APFC will be implementing a new accounting system and expanding our data capabilities for risk, private equities, and real estate. An in-house project manager will build continuity amongst projects and will help ensure adequate resource allocation during implementations. Although the immediate focus for this position is for the next five years, prioritizing projects long-term across functional areas will maximize resource allocation, better align our strategic five-year plans

with operational consultants and implementations, and reduce workload volatility.

Retention Adjustment

The proposed personal services budget request includes a retention adjustment of three percent for operational staff and four percent for investment staff, along with the accompanying benefits.

Incentive Compensation

After years of trying to get an incentive compensation program in place, the FY2022 budget includes funds to support a prorated program for all eligible investment staff. When the budget is created, a maximum distribution is calculated by applying the authorized percentage to each investment staff's salary as

outlined in the policy. For FY2022, the maximum distribution was calculated to be \$2,530,398. Now that fiscal year-end performance actuals are available, a recent calculation produced a total of approximately \$1,600,000. However, as approved by the Board and enacted in law, actual payouts will be prorated not to exceed \$890,000.

In accordance with the incentive compensation policy passed by the Board, the maximum distribution for investment staff in FY2023 is estimated to be \$3,183,013. With the first calculated distribution for comparison and the goal to continue the incentive compensation program, funding is requested at \$1,600,000.

The FY2023 personal services request represents the total cost of the new positions being requested, full staffing of existing positions, funding a retention adjustment for all staff, an incentive compensation program for investment staff, and an anticipated vacancy factor of three percent.

Travel –

	Authorized	Proposed	Variance
	FY2022	FY2023	From FY2022
Travel	\$800,000	\$800,000	-

In years past, travel has been an essential part of conducting business nationally and internationally. With the expectation that the portfolio continues to grow in its global exposure, investment staff travels to investigate new investment opportunities, participate in due diligence meetings, and attend industry-standard conferences and trainings.

For over a year, COVID-19 has drastically changed how the world has conducted business. With a vaccine in place and travel restrictions lifted, travel has begun to increase significantly. Although many organizations still have not returned to the office, many plan to do so in the fall of 2021. In time, as we build a new "norm" for how we interact with our managers, partners, and vendors, we will have a better idea as to what the balance of in-person versus virtual interactions will be.

In the meantime, we are currently experiencing an increase in travel-related expenses. Airline tickets, rental cars, and ground transportation have, in some cases, doubled in price, and we only anticipate that trend to continue. In developing the FY2023 travel budget, department heads took increased costs, asset growth, being fully staffed, and adding new employees into consideration.

Contractual Services –

	Authorized	Proposed	Variance
	FY2022	FY2023	From FY2022
Contractual Services	\$3,213,600	\$3,389,830	\$176,230

Detailed comparisons for the areas discussed below are found in the appendix to this memo.

Audit, Legal, Consulting – Professional services, which support the broader needs of the Corporation, are contained within this group, such as audit, legal, and consultants not directly related to Fund investments. This line contains an increment for the annual audit in accordance with our KPMG contract and a minimal increase to general consultants. Combined, the total increase over FY2022 is \$7,075

Public Communications – This encompasses all of the layout, design, printing, and web hosting services, which support the communications program, including the Annual Report, newspaper insert, election guide, social media, website maintenance, educational outreach, photography, and brand enhancement.

APFC continues to enhance and develop our communications program, and the recent strategic planning effort brought forth interest in reaching out to Alaskan Youth. APFC's staff would collaborate with a third-party contractor to research and develop a curriculum for specific age groups and grade levels. Branding and promotion through a landing page on the website would allow teachers access. Other outreach efforts might include economic education classes in high schools, junior achievement, student government, or the school district process. The \$60,959 increment in the Communications Program budget includes: initial discovery and planning efforts, draft curriculum, infographic design, webpage development, and program outreach promotion, as well as the funds required for ongoing support for equipment to create multi-media products that best represent the corporation and convey our mission, vision, and values.

Board Meetings – Items related to board support and board meetings, including room and equipment rentals, refreshments, transcription services, and advisory fees, are included in this group. The FY2023 request contains a small increment for expenses related to catering general meeting expenses.

Information Technology- All of the IT contractual-based services related to the general support of the Corporation are in this group, including consulting services, software licensing and maintenance, and equipment repairs.

In FY2022, IT will be leading the Corporation on an exploration of the organization's data future. These efforts will be facilitated alongside an industry professional to conduct an analysis of our current data processes, sources, platforms, and analytic capabilities. It is anticipated that this will be the first phase of what will likely be a three-phased approach. Therefore, MIS Services was increased by \$100,000 to account for expenses related to completing phase one and embarking on phase two- creating a data strategy.

The remaining increase to Information Technology resides in software licensing. The Corporation now has two data centers, plans to increase security, and will be operating on a new collaborative platform with Office 365.

HR & Recruitment – *HR & Recruitment* – APFC continues to see normal levels of turnover. Although, concern amongst staff continues to loom around the fact that compensation lags the market standard, which has proven to be a challenge in recruiting efforts. HR partnered with the Communications Manager to better leverage our social media platforms, expanding our reach by encouraging staff with large professional followings to share our postings with their peers. We analyzed and leveraged the data provided by our recruiting system allowing us to ensure our recruitment notifications have a greater impact. We have also identified multiple additional free resources that allow us to reach a broader population of potential candidates at low or no cost. We continue to maximize our video meeting capabilities to keep costs associated with interview travel to a minimum. As stewards of the Fund, the HR Team will continue to look for opportunities to leverage low-cost but effective options for recruitment notices. Should the new positions be approved, we will leverage multiple jobs per posting to maximize our return on investment for each expense.

Training – Training, professional certifications, and industry-standard conferences for staff are essential to ensure that APFC can continue competing in global investment markets to manage and grow the portfolio effectively. Although this will continue to be a necessary aspect of APFC's business, the training budget has been reduced by \$49,320 based on FY2021 actuals. We are optimistic that we will be able to provide educational opportunities to new and existing staff at this funding level. In FY2023, we anticipate more gatherings to be in-person to take advantage of networking opportunities that have been lost over the past year and a half in a virtual environment. Human Resources will be focused on manager development training to ensure APFC operates at the highest standards.

Office Support – All of the contractual services necessary to support the shared administrative needs of the Corporation are contained within this group, including office lease costs, copier rentals, and pass-through costs from the Department of Revenue (DOR). The decrement of \$41,210 to this line of expenditure is directly related to a reduction in our Reimbursable Service Agreement (RSA) with (DOR) for Commissioner's Office support.

Commodities and Equipment –

	Authorized	Proposed	Variance
	FY2022	FY2023	From FY2022
Commodities	\$201,100	\$195,900	\$(5,200)
Equipment	\$550,000	\$450,000	\$(100,000)

Commodities and Equipment are the final two objects of expenditure within the operating allocation, and due to their similarity are presented together. These budgets include goods that are purchased to support the needs of the Corporation, such as workstations, servers, furniture, and office supplies. The two lines are differentiated by cost – items that are less than \$5,000 fall under the Commodities line, while those greater than \$5,000 fall in the Equipment line. As with Contractual Services, these two lines are presented by the program in the appendix.

Information Technology Commodities- The budget for IT Supplies and Workstation Equipment is being held flat for FY2023. This will allow for general wear and tear replacements of existing equipment and the supplies for new employees. The next cycle for a complete workstation replacement cycle will occur in FY2024. At which point, this request will increase to at least \$300,000. The last refresh finished up in 2021, and IT is now removing the last of the HP models.

Office Support – The FY2023 request includes a small reduction in subscription cost, \$3,700. An annual industry-standard price increase is factored typically into the budget request. However, in reviewing expenditures, any subscriptions directly related to investments were more appropriately accounted for in Investment Due Diligence- Research and Memberships.

Information Technology Equipment- Annually, \$400,000 will adequately accommodate the Juneau data center through a fiscal year with replacements and upgrades to equipment. In FY2022, we will be replacing the core network switch for the building, for which we added \$150,000. The request for \$450,000 in FY2023 negates the \$150,000 for the new core switch but adds \$50,000 to maintain the Fairbanks Disaster Recovery (DR) site, which is a much smaller data center.

INVESTMENT MANAGEMENT ALLOCATION

The Investment Management Allocation falls within a single object of expenditure that is divided into four types of service. Each is discussed below.

	Authorized	Proposed	Variance
	FY2022	FY2023	From FY2022
Investment Manager Fees	\$177,221,500*	\$179,312,910	\$2,091,410

* Investment Management Fees includes initial request, \$117,221,500, plus \$60 million from FY2022 Governor Amendment.

Investment Manager Fees – This budget includes all costs paid directly to firms that manage the Fund's external portfolios but does not include fees paid through net-of-fee arrangements. Two types of fees are included in the forecast, base and incentive. Base fees are related to market performance and are paid in alignment with the fiscal year. These fee projections are developed using the management contract terms in conjunction with Callan's market assumptions. Incentive fees are contracted and paid based on managers outperforming their relative benchmark on a calendar year basis. They are not directly related to market performance, making them nearly impossible to forecast.

The methodology for forecasting the FY2023 fees was modified as a result of FY2021 performance. Base fees were calculated using similar assumptions as in years past. Whereas, incentive fees were based on basis points (BPS) paid by manager in FY2021 unless the historical average was still an accurate representation.

	Authorized	Proposed	Variance
	FY2022	FY2023	From FY2022
Investment Due Diligence	\$6,136,700	\$5,763,390	(\$373,310)

Investment Due Diligence – Funding for fiduciary advisors, Callan’s general consulting contract, manager searches, and APFC’s membership in peer groups such as the International Forum of Sovereign Wealth Funds (IFSWF) are captured in this line of expenditure. An overall decrement of \$373,310 resulted from reducing the expenditure assumption of legal fees specific to investments. The decision to modify the assumption was based on prior year actuals.

	Authorized	Proposed	Variance
	FY2022	FY2023	From FY2022
Investment Systems	\$8,080,900	\$8,891,700	\$810,800

Investment Systems –All of the financial network systems, data feeds, and research portals used by APFC staff to make investment decisions, trade, confirm and account for investments, manage external accounts, and manage investment risk at various levels of the portfolio are included in this group. Examples of these vendors are Bloomberg, BlackRock, Tradeweb, Moody’s, S&P, and Fitch.

The FY2023 request includes an increment of \$810,800. As the Corporation focuses on increasing data feeds and platforms to broaden our analytical capabilities for investment decisions and risk management, this area of the budget is anticipated to grow over the next few years.

Annually, we can expect an industry-standard growth in our existing research and subscription costs between roughly 3-10 percent. Additionally, we anticipate our contract renewal with BlackRock for our Risk and Performance Management system to increase as our assets under management (AUM) and the total funds have increased significantly since signing the initial contract in 2016.

In FY2022, we will be implementing a new BlackRock system that will ideally eliminate data gaps pertaining to private assets. This will improve the analytical capabilities for the overall portfolio and risk. With a single source of data in place, the focus in FY2023 will be directed to investment-specific platforms in conjunction with a corporatewide data strategy.

	FY2022	FY2023	From FY2022
Custody Fees	\$1,600,000	\$1,900,000	\$300,000

Custody Fees – Bank of New York Mellon is the custodian of the Fund’s assets. Annually APFC is obligated to a \$1 million flat fee. Roughly \$600,00 was included for collateral management, tax advisory services, and fee increases due to unforeseen changes to the portfolio, consistent with FY2022’s request. For FY2023, an additional \$300,000 is anticipated for the outsourcing of new collateral margining requirements. The custodial bank has not quantified the costs associated with these activities, so they are the best estimate at this time.

Proposed Motion:

The Board of Trustees authorizes APFC staff to:

1. Carry forward the FY2023 proposed Operating and Investment Management Allocations, including funding for an incentive compensation program for Investment staff, to the Governor and Legislature.
2. Request that the corporation’s budget be included in the language section of the Operating Budget bill as follows:

“An amount not to exceed \$218,264,000 is appropriated from Alaska Permanent Fund corporate receipts for the investment and operating costs of the Alaska Permanent Fund Corporation.”



APFC

ALASKA PERMANENT
FUND CORPORATION

FY2023 Proposed Budget

September 29, 2021

Total Corporate Operations

- Personal Services
- Travel
- Contractual Services
- Commodities
- Equipment

Corporate Operations	Actual	Authorized	Proposed with Incentive Comp	Variance
	FY2021	FY2022	FY2023	From FY2022
	\$14,476,556	\$19,536,000*	\$22,396,000	\$2,860,000
AUM As of June 30	\$82,601,517,000	\$84,383,019,000**	\$86,213,415,000**	
Basis Points	1.8	2.3	2.6	

*Authorization includes funds, \$734,300, from HB55 to increase benefit contributions from 22 percent to 31 percent.

**AUM for current and future years are based on Callan's mid total return assumptions for APF and Alaska Mental Health Trust.

Personal Services

- Incentive compensation program funded at \$1,600,000
- 7 New positions
 - 5 Investment (salaries \$867,265, benefits \$450,099)
 - 2 Operational (salaries \$184,992, benefits \$115,681)
- Retention adjustment
 - 4% for Investment staff
 - 3% for Operational staff
- Board honorarium
- Mandatory vacancy rate at 3%

Personal Services	Actual	Authorized	Proposed with Incentive Comp	Variance
	FY2021	FY2022	FY2023	From FY2022
	\$10,861,684	\$14,771,300	\$17,560,270	\$2,788,970
Vacancy (+3%)	18%	12.5%		

* Authorization includes funds, \$734,300, from HB55 to increase benefit contributions from 22 percent to 31 percent.

Personal Services Detail

	Authorized	Proposed	Variance	% Change
Retention Adjustment	FY2022	FY2023		
Operations Salaries	\$3,891,420	\$4,008,163	\$116,743	3%
Investments Salaries	\$5,510,328	\$5,730,741	\$220,413	4%
Total	\$9,401,748	\$9,738,904	\$337,156	3.6%
New Ops Salaries		\$184,992		
New Invest Salaries		\$867,265		
Total Benefits	\$4,942,598	\$5,636,108		
Vacancy	(\$484,046)	\$(492,818)		
Incentive Comp	\$890,000	\$1,600,000		
Board Honoraria	\$21,000	\$25,819		
Total	\$14,771,300	\$17,560,270		

Travel

- Staff
- Trustee
- Moving/Non-employee

Travel	Actual	Authorized	Proposed	Variance
	FY2021	FY2022	FY2023	From FY2022
	\$117,437	\$800,000	\$800,000	-

Contractual Services

Contractual Services	Actual	Authorized	Proposed	Variance
	FY2021	FY2022	FY2023	From FY2022
TOTAL	\$2,858,529	\$3,213,600	\$3,389,830	\$ 176,230
Audit, Legal, Consulting	\$431,668	\$625,475	\$632,550	\$7,075
Public Communications	\$148,236	\$283,150	\$343,745	\$60,595
Board Support & Meetings	\$43,504	\$71,800	\$79,100	\$ 7,300
Information Technology	\$1,481,590	\$1,147,500	\$1,340,000	\$192,500
HR and Recruitment	\$42,956	\$63,710	\$63,000	\$(710)
Training/Education	\$50,865	\$199,600	\$150,280	\$(49,320)
Office Support	\$659,710	\$822,365	\$ 781,155	\$(41,210)

Commodities & Equipment

- Office/IT Supplies
- Subscriptions
- IT Equipment < \$5,000
- IT Equipment > \$5,000

	Actual	Authorized	Proposed	Variance
	FY2021	FY2022	FY2023	From FY2022
Commodities	\$274,358	\$201,100	\$195,900	\$(5,200)
Equipment	\$364,548	\$550,000	\$450,000	\$(100,000)

Investment Management Allocation

Investment Management	Actual	Authorized	Proposed	Variance
	FY2021	FY2022	FY2023	From FY2022
TOTAL INVESTMENT MANAGEMENT FEES	\$143,996,869	\$177,221,500*	\$179,312,910	\$2,091,410
Public Equity	\$109,979,421	\$131,895,672	\$137,457,595	\$5,561,923
Fixed Income Plus	\$8,033,953	\$9,755,847	\$8,464,907	\$(1,290,940)
Real Estate	\$2,934,268	\$3,114,387	\$3,594,200	\$479,813
Alternative Investments	\$23,049,227	\$32,455,594	\$29,796,208	\$(2,659,386)
Investment Due Diligence	\$2,994,512	\$6,136,700	\$5,763,390	\$(373,310)
Investment Systems	\$4,888,005	\$8,080,900	\$8,891,700	\$810,800
Custody Fees	\$1,179,293	\$1,600,000	\$1,900,000	\$300,000
TOTAL INVESTMENT MNGMT ALLOCATION	\$153,058,679	\$193,039,100	\$195,868,000	\$2,828,900
AUM As of June 30	\$82,601,517,000	\$84,383,019,000**	\$86,213,415,000**	
Basis Points	18.5	22.9	22.7	

* Investment Management Fees includes initial request, \$117,221,500, plus \$60 million from FY2022 Governor Amendment.

**AUM for current and future years are based on Callan's mid total return assumptions for APF and Alaska Mental Health Trust.

FY2023 Proposed Budget

	Actual	Authorized	Proposed with Incentive Comp	Variance
	FY2021	FY2022	FY2023	From FY2022
Operating Allocation	\$14,476,556	\$19,536,000*	\$22,396,000	\$2,860,000
Investment Management Allocation	\$153,058,679	\$193,039,100**	\$195,868,000	\$ 2,828,900
Total Appropriation	\$167,535,235	\$212,575,100	\$ 218,264,000	\$ 5,688,900
AUM As of June 30	\$82,601,517,000	\$84,383,019,000***	\$86,213,415,000***	
Basis Points	20.3	25.2	25.3	

* Authorization includes funds, \$734,300, from HB55 to increase benefit contributions from 22 percent to 31 percent.

** Investment Management Fees includes initial request, \$117,221,500, plus \$60 million from FY2022 Governor Amendment.

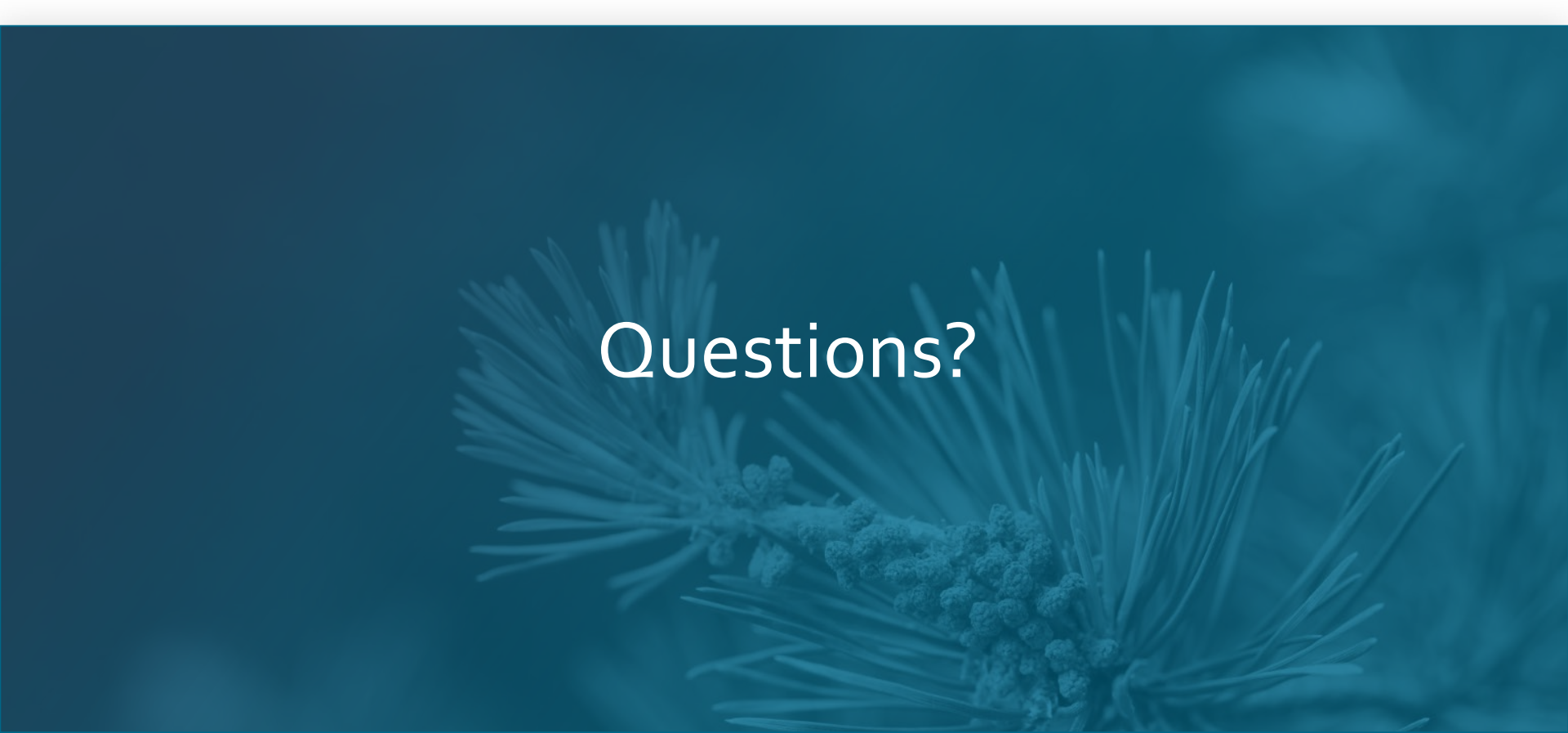
***AUM for current and future years are based on Callan's mid total return assumptions for APF and Alaska Mental Health Trust

Proposed Motion

- Carry forward the FY2023 proposed Operating and Investment Management Allocations, including funding for an incentive compensation program for Investment staff, to the Governor and Legislature.
- Request that the Corporation's budget be included in the language section of the Operating Budget bill as follows:

"An amount not to exceed \$218,264,000 is appropriated from Alaska Permanent Fund corporate receipts for the investment and operating costs of the Alaska Permanent Fund Corporation."





Questions?

Appendix: FY2023 Budget Proposal

<u>Corporate Operations Allocation</u>	Actual	Authorized	Proposed With Incentive Comp	Variance From		Without Incentive Comp	Variance From	
	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023	FY2021	FY2022
Personal Services	\$10,861,684	\$14,771,300	\$17,560,270	\$6,698,586	\$2,788,970	\$15,960,270	\$5,098,586	\$1,188,970
Staff	10,838,447	14,750,300	17,534,451	6,696,004	2,784,151	15,934,451	\$5,096,004	\$1,184,151
Incentive Compensation								
Board: Honorarium	23,237	21,000	25,819	2,582	4,819	25,819	\$2,582	\$4,819
Travel	\$117,437	\$800,000	\$800,000	\$682,563	\$-	\$800,000	\$682,563	\$-
Staff	55,994	602,000	602,000	546,006	-	602,000	\$546,006	\$-
Trustees	10,997	18,000	18,000	7,003	-	18,000	\$7,003	\$-
Moving/Non-Employee	50,446	180,000	180,000	129,554	-	180,000	\$129,554	\$-
Contractual Services	\$2,858,529	\$3,213,600	\$3,389,830	\$531,301	\$176,230	\$3,389,830	\$531,301	\$176,230
Audit, Legal, Consulting	431,668	625,475	632,550	200,882	7,075	632,550	\$200,882	\$7,075
Public Communications	148,236	283,150	343,745	195,509	60,595	343,745	\$195,509	\$60,595
Board Support and Meetings	43,504	71,800	79,100	35,596	7,300	79,100	\$35,596	\$7,300
Information Technology	1,481,590	1,147,500	1,340,000	(141,590)	192,500	1,340,000	\$(141,590)	\$192,500
HR and Recruitment	42,956	63,710	63,000	20,044	(710)	63,000	\$20,044	\$(710)
Training/Education	50,865	199,600	150,280	99,415	(49,320)	150,280	\$99,415	\$(49,320)
Office Support	659,710	822,365	781,155	121,445	(41,210)	781,155	\$121,445	\$(41,210)
Commodities	\$274,358	\$201,100	\$195,900	\$(78,458)	\$(5,200)	\$195,900	\$(78,458)	\$(5,200)
Information Technology	222,677	126,500	125,000	(97,677)	(1,500)	125,000	(97,677)	(1,500)
Office Support	51,681	74,600	70,900	19,219	(3,700)	70,900	\$19,219	\$(3,700)
Equipment	\$364,548	\$550,000	\$450,000	\$85,452	\$(100,000)	\$450,000	\$85,452	\$(100,000)
Information Technology	364,548	550,000	450,000	85,452	(100,000)	450,000	\$85,452	\$(100,000)
Total	\$14,476,556	\$19,536,000	\$22,396,000	\$7,919,444	\$2,860,000	\$20,796,000	\$6,319,444	\$1,260,000

<u>Investment Management Allocation</u>	Actual	Authorized	Proposed With Incentive Comp	Variance From		Without Incentive Comp	Variance From	
	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023	FY2021	FY2022
Investment Systems	\$4,888,005	\$8,080,900	\$8,891,700	\$4,003,695	\$810,800	\$8,891,700	\$4,003,695	\$810,800
Investment Due Diligence	\$2,994,512	\$6,136,700	\$5,763,390	\$2,768,878	\$(373,310)	\$5,763,390	\$2,768,878	\$(373,310)
Custody Fees	\$1,179,293	\$1,600,000	\$1,900,000	\$720,707	\$300,000	\$1,900,000	\$720,707	\$300,000
Investment Manager Fees	\$143,996,869	\$177,221,500	\$179,312,910	\$35,316,041	\$2,091,410	\$179,312,910	\$35,316,041	\$2,091,410
Public Equities	109,979,421	131,895,672	137,457,595	27,478,174	5,561,923	137,457,595	\$27,478,174	\$5,561,923
Fixed Income	8,033,953	9,755,847	8,464,907	430,954	(1,290,940)	8,464,907	\$430,954	\$(1,290,940)
Real Estate	2,934,268	3,114,387	3,594,200	659,932	479,813	3,594,200	\$659,932	1,114,387
Alternative Assets	23,049,227	32,455,594	29,796,208	6,746,981	(2,659,386)	29,796,208	\$6,746,981	\$(2,659,386)
Total	\$ 153,058,679	\$ 193,039,100	\$ 195,868,000	\$ 42,809,321	\$ 2,828,900	\$ 195,868,000	\$42,809,321	\$2,828,900
Total Appropriation	\$ 167,535,235	\$ 212,575,100	\$ 218,264,000	\$ 50,728,765	\$ 5,688,900	\$ 216,664,000	\$ 49,128,765	\$ 4,088,900

SUBJECT: APFC Disclosure Policy

ACTION:

DATE: 9/29/2021

INFORMATION: X

BACKGROUND:

The first APFC Investment Disclosure Policy (Policy) was first adopted by the Board of Trustees (Board) in 1983. Although this policy has been amended numerous times since then, much of the Policy remains the Same. The purpose of this presentation is to have a dialogue about whether the Board would like to take up at the December Board meeting changes to this Policy to simplify and modernize it. To promote this dialogue a number of options to simplify and modernize the Policy will be discussed during this presentation. A redline and clean version of the proposed changes to be discussed during this presentation have been included in the Board Packet as well.



ALASKA PERMANENT
FUND CORPORATION

Investment Disclosure Requirements For Trustees and Staff

AS 37.13.110(b)

Context:

- 1980 Alaska Legislature Created APFC
 - Requirement (AS 37.13.050):
 - Public board members required to “have recognized competence and wide experience in finance, investments, or other business management-related fields.”
 - Conundrum:
 - Can you require investment experience and prohibit personal investing that overlaps with the Permanent Fund (i.e., investment overlap/conflicts are inevitable given the requirement for board members to have investment expertise)?
 - Solution:
 - require public disclosure of all personal investments also held by the Permanent Fund
 - Sunlight is the best disinfectant
 - How? There is a natural tendency of people to perform better when they know their behavior is being observed

Investment Disclosure Requirements

AS 37.13.110(b) provides:

If a member of the board or an employee of the corporation acquires, owns, or controls an interest, direct or indirect, in an entity or project in which fund assets are invested, the member shall immediately disclose the interest to the board. The disclosure is a matter of public record and shall be included in the minutes of the board meeting next following the disclosure.

- This statute hasn't been amended since enactment in 1980

Current Disclosure Policy: Time for change?

Current Policy in place:

1. All Inclusive Conflict of Interest of Guidelines:

- Current policy covers investment disclosure required by AS 37.13.110(b) **and** components of APOC and Executive Branch Ethics
 - **Yet**, both APOC and Executive Branch Ethics are distinct programs with distinct administrative/enforcement entities
 - Should we pare back Policy to simply cover Investment Disclosure requirements of AS 37.13.110(b)?

2. Current Investment Disclosure Requirements Broader than required by statute:

- Board made deliberate decision to require more disclosure than required by statute
 - Disclosure includes quantum of investment (number of shares)
 - Disclosure is extended to cover family members
 - Should we pare back policy to Investment Disclosure requirements of AS 37.13.110(b)?

Modernize Disclosure Process?

Current Process:

- Initial, Monthly, and Annual Disclosure process requires Board and Staff to disclose investments made during the applicable reporting period if Fund **could have** invested in the same investment
- Yet, AS 37.13.110(b) only **mandates disclosure of personal investments also held by the Fund**
- We now have monthly comprehensive list of Fund investments
 - should we modify disclosure process to only require disclosure of personal investment held by the fund?
 - Or, does board prefer current process for the sake of simplicity?

Current Reporting Periods:

- Initial Report-due w/in 30 days of appointment/employment
- Monthly report-due by the 30th day following end of each month
- Annual report-due by the 15th of March for the calendar year just ended
 - **Yet**, monthly reports don't get picked up in Board packet until each quarterly meeting
 - Should we transition from monthly reports to quarterly reports?
 - Quarterly reports would be provided in board packet for each quarterly board meeting.

Are There Other Changes Needed?

Draft proposed changes to Policy were included in your Board Packet

- Proposed changes reflect the areas discussed during this presentation.

Any questions or comments? Additional areas to consider changes? Should we bring this back for board action in December?

STATE OF ALASKA ALASKA PERMANENT FUND CORPORATION CORPORATE POLICY	POLICY NUMBER CP.V.01	EFFECTIVE DATE: DECEMBER?, 2021
SUBJECT AS 37.13.110 DISCLOSURE POLICY	EXECUTIVE DIRECTOR APPROVAL	Page 1 of 8



Alaska Permanent Fund Corporation
 PO Box 115500 Juneau, AK 99811-5500
 Tel: (907) 796-1500 Fax: (907) 586-2057

ADMINISTRATIVE POLICIES & PROCEDURES

relating to

Disclosure of Investments Under AS 37.13.110(b)

As amended by the Board of Trustees
 (for reports submitted on or after January 1, 2022)

STATE OF ALASKA ALASKA PERMANENT FUND CORPORATION CORPORATE POLICY	POLICY NUMBER CP.V.01	EFFECTIVE DATE: DECEMBER 7, 2021
SUBJECT AS 37.13.110 DISCLOSURE POLICY	EXECUTIVE DIRECTOR APPROVAL	Page 2 of 8

PURPOSE

Members of the Board of Trustees of the Alaska Permanent Fund Corporation (APFC) are required to have experience in finance and investments (AS 37.13.050(b)), and because employees of APFC (Staff) would not be qualified to invest and manage assets of the Alaska Permanent Fund (Fund) if they did not have experience in finance and/or investments, it is inevitable that both Board members and Staff are regular investors in many of the same assets and markets as the Fund. When the Alaska Legislature (Legislature) enacted the statutes creating and regulating APFC, the Legislature acknowledged this reality and did not prohibit Board members and Staff from investing in assets which the Fund is invested in and instead require public disclosure of all investment made by Board members and Staff that the Fund also holds. Specifically, AS 37.13.110(b) provides:

(b) If a member of the board or an employee of the corporation acquires, owns, or controls an interest, direct or indirect, in an entity or project in which fund assets are invested, the member shall immediately disclose the interest to the board. The disclosure is a matter of public record and shall be included in the minutes of the board meeting next following disclosure.

This AS 37.13.110 Disclosure Policy (Policy) provides the responsibilities and process for Board members and Staff to implement and enforce the investment disclosure requirements of AS 37.13.110(b). For the avoidance of doubt, there are separate and independent state law requirements that also apply to Board members and Staff, such as the *Alaska Executive Branch Ethics Act* (AS 39.52.010 – 39.52.965) and the *Alaska Public Official Financial Disclosure Act* (AS 39.50.010 – 39.50.200), which may have implications and requirements regarding the investment activity or disclosure of such activity, but such programs are administered by the Department of Law and the Department of Administration (APOC) and are outside of the scope of this Policy. Training by APFC for Board members and Staff will be provided and is available regarding these separate state laws.

A. GENERAL INVESTMENT DISCLOSURE GUIDELINES

Board members and Staff are subject to the following general investment guidelines:

1. **Personal Investing is not Limited.** Board members and Staff are not prohibited from owning interests in assets or entities owned by the Fund; therefore, the focus of this Policy is on disclosure requirements for interests held by Board members and Staff in entities in which Fund assets are also invested.

STATE OF ALASKA ALASKA PERMANENT FUND CORPORATION CORPORATE POLICY	POLICY NUMBER CP.V.01	EFFECTIVE DATE: DECEMBER 7, 2021
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2. **Avoiding Actual or Potential Conflict of Interest.** You must act to avoid an actual or potential conflict of interest between your APFC responsibilities and your personal investments. Transactions or conduct that involve, or appear to involve, a conflict of interest between you and the Fund, APFC, or any of APFC's investment managers, consultants, custodians, suppliers or other contractors are prohibited.
3. **Insider Trading is Prohibited at APFC.** Federal securities laws prohibit a person from buying or selling securities of a company while that person knows material nonpublic information regarding the company. Such trading is known as "insider trading" and is prohibited.
4. **Personal Caution.** There may be an occasional need for communication between an APFC employee and another party during working hours concerning personal investments. Personal investment-related actions that cannot otherwise occur outside working hours or off APFC premises must be held to a minimum and cannot interfere with your job responsibilities.

B. INVESTMENT DISCLOSURE REQUIREMENTS

APFC's disclosure policy is self-declarative. Failure to disclose reportable investments or failure to disclose them timely is covered under section D, *Consequences of Noncompliance*. If you are unsure whether an investment should be disclosed, contact the APFC compliance officer (APFC Executive Director) or their designee.

1. Which Investments must be Disclosed--Reportable Investments.

- a) Alaska Statute 37.13.110(b) requires you to disclose the acquisition, ownership, and controlling interest, direct or indirect, in an entity or project in which Fund assets are invested (Reportable Investments). To help you to determine which of your investments are "Reportable Investments", prior to each reporting period, Board members and Staff will be provided a comprehensive list of all current APFC investments (Fund Investments). Board members and staff will also be provided with APFC approved reporting forms that are to be used to disclose Reportable Investment for each of the reporting periods described below.

Special disclosure requirements apply when you are the trustor of assets held for your benefit in a blind trust that meets the requirements of AS 39.50.040:

- (i) if the blind trust was in effect before you were first appointed or employed at APFC, you must, within 30 days of your appointment or employment,
 - (A) disclose that a blind trust exists; (B) identify the trustor (person for whose benefit the trust was established); (C) provide a copy of the trust document, along

STATE OF ALASKA ALASKA PERMANENT FUND CORPORATION CORPORATE POLICY	POLICY NUMBER CP.V.01	EFFECTIVE DATE: DECEMBER ?, 2021
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with a schedule of the assets originally transferred to the trust; and (D) certify that the trust complies with the requirements of AS 39.50.040;

- (ii) if the trust is first created after you have joined APFC, you must, within 30 days after the trust is created, (A) disclose the trust; (B) identify the trustor; (C) provide a copy of the trust document, along with a schedule of the assets transferred to the trust; and (D) certify that the trust complies with the requirements of AS 39.50.040;
- (iii) if the trust is dissolved, in whole or in part, while you are at APFC, you must, within 30 days after the trust is dissolved, (A) disclose that the trust has been dissolved; (B) state whether the trust was dissolved in whole or in part; and (C) disclose the information required by this policy for each asset distributed to the trustor from the trust; and
- (iv) so long as the trust remains in effect, in whole or in part, state in the comprehensive annual disclosure required by Section 4, below, that the trust remains in effect.

2. Information About the Reportable Investment that must be Disclosed. The information required to be disclosed for each category (asset class) of Reportable Investment shall include:

- a) Asset Class required information:
 - i. **Public Equities**-for shares held in a publicly traded company, the name of the stock;
 - ii. **Bonds**-for debt securities, the issuer and type of fixed-income instrument;
 - iii. **Publicly Traded Funds**-for investments in mutual funds, exchange traded funds and REITs, the name of the fund/REIT;
 - iv. **Direct Real Estate**-for an interest in real estate, its name and address; and
 - v. **Private Market Investments**-for other private market investments, including hedge funds, real estate funds, private equity, private credit, and infrastructure, the name of the fund or portfolio company for a direct investment in a private company (whether debt or equity).
- b) Investment or trade date. Once you join APFC, any subsequent monthly investment disclosure must include the date of the investment or the transaction's trade date (investment/trade date). Your initial comprehensive disclosure and your annual comprehensive disclosure, however, does not have to include the investment/trade date.

STATE OF ALASKA ALASKA PERMANENT FUND CORPORATION CORPORATE POLICY	POLICY NUMBER CP.V.01	EFFECTIVE DATE: DECEMBER ?, 2021
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3. When Disclosures are Made. Disclosures required by this policy shall be made in accordance with the following reporting schedule:

- a) **Initial Disclosure.** Reportable Investments that exist at the time you join APFC must be disclosed within 30 (thirty) calendar days from the date of commencing your role as a Board member or as an APFC employee, unless another date is approved by the APFC Compliance Officer.
- b) **Monthly Disclosures.** After joining APFC, all **subsequent new** Reportable Investments made the previous month must be disclosed by the thirtieth day of each month. For the avoidance of doubt, acquiring additional shares of an already disclosed Reportable Investment or selling shares of an already disclosed Reportable Investment does not need to be disclosed again as a Monthly Disclosure.
- c) **Annual Disclosure.** In addition to the Initial and Monthly Disclosure requirements described above, each year by March 15, a comprehensive disclosure of all Reportable Investments held that exist on December 31 of the preceding calendar year must be filed (Annual Disclosure). For every Reportable Investment listed on the Annual Disclosure, there should already be on file at the APFC a prior disclosure of the Reportable Investment, through an Initial or Monthly Disclosure described above.

Commented [RA1]: To clarify, this is the acquisition of new assets? Not adding to existing positions or disposition?

4. How Disclosures are Made.

- a) **Forms:** The APFC compliance officer or their designee will provide forms to each Board member and Staff for the Initial Disclosure, Monthly Disclosure, and Annual Disclosure. At the same time, Board members and Staff will also be provided a current list of all investments held by the Fund. Because these forms and list of Fund investments will be provided by e-mail to your APFC provided e-mail account, please check your e-mail account regularly and if you are going to be traveling or out of the office for a prolonged period of time during which a disclosure form will come due, please take the required steps to complete and return the required form in advance of such travel.
- b) **Filing Your Disclosure:** Complete the proper disclosure form and submit it to the APFC compliance officer or their designee.

STATE OF ALASKA ALASKA PERMANENT FUND CORPORATION CORPORATE POLICY	POLICY NUMBER CP.V.01	EFFECTIVE DATE: DECEMBER 7, 2021
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Disclosures are Public Records: Please be aware that a record of all disclosure forms received will be provided to the Board in the Board packet for the next regularly scheduled Board meeting and such information will become a matter of public record. Detailed records are kept on file and available upon request.

STATE OF ALASKA ALASKA PERMANENT FUND CORPORATION CORPORATE POLICY	POLICY NUMBER CP.V.01	EFFECTIVE DATE: DECEMBER 7, 2021
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C. MONITORING COMPLIANCE

The executive director is the APFC compliance officer for the Board of Trustees and all staff other than the executive director. The Board Chair is the compliance officer for the executive director. The appropriate compliance officer or their designee shall:

1. Send on the first working day of each month a reminder to Board members and staff to timely disclose all Reportable Investments.
2. Provide to each new Board member and APFC employee and monthly thereafter a current listing of all investments held by the Fund. These listings can be provided via the APFC Intranet or by e-mail.
3. As necessary, review all disclosures to ensure information provided is complete as required by this Policy. If incomplete, notify discloser and request that a complete disclosure be submitted within ten working days.
4. In each quarterly Board meeting packet, attach to the CEO's Report a copy of the initial, monthly report, or annual reports that have been filed since the last quarterly Board meeting. The original disclosure forms will be maintained by the executive director or their designee.
5. Report noncompliance in writing to the employee's supervisor with a copy to the executive director if the discloser fails to submit a complete or timely disclosure. If the discloser is the executive director or a Trustee, noncompliance is reported in writing to the Board Chair. If the discloser is the Board chair, notice is sent to the vice chair, the chair of the Corporate Governance Committee, and executive director. Noncompliance by a staff member shall be an element in the employee's subsequent performance review by the employee's supervisor.
6. Compare, in the manner and to the extent the compliance officer considers appropriate, Annual Disclosure with (i) the Initial Disclosure; or (ii) the previous Annual Disclosure (whichever disclosure is more recent). To the extent necessary, work directly with the affected Board member or staff to Reconcile both reports with all Monthly Disclosure forms.

D. CONSEQUENCES OF NONCOMPLIANCE

Not meeting the standards of this Policy is considered a serious violation of APFC and/or state policy and may be a violation of state and/or federal law. If it is determined that an individual has violated this Policy and the individual is:

1. An employee: The supervisor shall counsel the employee immediately and shall consider the issue of noncompliance in the employee's next performance review. Noncompliance may affect the employee's eligibility for and/or level of a merit increase. Depending on the individual case, the supervisor or executive director

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may take whatever disciplinary action is considered appropriate, up to and including termination of employment.

2. The executive director: The Board may take whatever disciplinary action it considers appropriate, up to and including termination of employment.
3. A Board member: The Board, in its discretion, may refer the matter to the proper appointing authority or the attorney general, as it considers appropriate.

E. POLICY OVERSIGHT

Oversight of this Policy is vested in the Corporate Governance Committee. The Corporate Governance Committee shall report instances of noncompliance to the Board and recommend changes to this Policy, as the committee considers necessary. The Corporate Governance Committee may ask to examine any disclosure on file at any time.

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Alaska Permanent Fund Corporation
 PO Box 115500 Juneau, AK 99811-5500
 Tel: (907) 796-1500 Fax: (907) 586-2057

ADMINISTRATIVE POLICIES & PROCEDURES

relating to

Disclosure of Investments Under AS 37.13.110(b)

As amended by the Board of Trustees
 (for reports submitted on or after ~~October 1~~January 1, 2021)

STATE OF ALASKA ALASKA PERMANENT FUND CORPORATION CORPORATE POLICY	POLICY NUMBER CP.V.01	EFFECTIVE DATE: ~~SEPTEMBER~~ DECEMBER ?, 2021
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PURPOSE

~~Because~~ Members of the Board of Trustees of the Alaska Permanent Fund Corporation (APFC) are required to have experience in finance and investments ([AS 37.13.050\(b\)](#) ~~statute reference~~), and because employees of APFC (Staff) would not be qualified to invest and manage assets of the Alaska Permanent Fund (Fund) if they did not have experience in finance and/or investments, it is inevitable that both Board members and Staff are regular investors in many of the same assets and markets as the Fund. When the Alaska Legislature (Legislature) enacted the statutes creating and regulating APFC, the Legislature acknowledged this reality ~~by not prohibiting~~ and did not prohibit Board members and Staff from investing in assets which the Fund is invested in and instead ~~elected to~~ require public disclosure of all investment made by Board members and Staff that the Fund also holds. Specifically, AS 37.13.110(b) provides:

(b) If a member of the board or an employee of the corporation acquires, owns, or controls an interest, direct or indirect, in an entity or project in which fund assets are invested, the member shall immediately disclose the interest to the board. The disclosure is a matter of public record and shall be included in the minutes of the board meeting next following disclosure.

This AS 37.13.110 Disclosure Policy (Policy) provides the responsibilities and process for Board members and Staff to implement and enforce the investment disclosure requirements of AS 37.13.110(b). For the avoidance of doubt, there are separate and independent state law requirements that also apply to Board members and Staff, such as the *Alaska Executive Branch Ethics Act* (AS 39.52.010 – 39.52.965) and the *Alaska Public Official Financial Disclosure Act* (AS 39.50.010 – 39.50.200), which may have implications and requirements regarding the investment activity or disclosure of such activity, but such programs are administered by ~~the~~ Department of Law ~~and the~~ Department of Administration (APOC) and are outside of the scope of this Policy. Training by APFC for Board members and Staff will be provided and is available regarding these separate state laws.

A. GENERAL INVESTMENT DISCLOSURE GUIDELINES

Board members and Staff are subject to the following general investment guidelines:

1. **Personal Investing is not Limited.** Board members and Staff are not prohibited from owning interests in assets or entities owned by the Fund; therefore, the focus of this Policy is on disclosure requirements for interests held by Board members and Staff in entities in which Fund assets are also invested.

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2. **Avoiding Actual or Potential Conflict of Interest.** You must act to avoid an actual or potential conflict of interest between your APFC responsibilities and your personal investments. Transactions or conduct that involve, or appear to involve, a conflict of interest between you and the Fund, APFC, or any of APFC's investment managers, consultants, custodians, suppliers or other contractors are prohibited.
3. **Insider Trading is Prohibited at APFC.** Federal securities laws prohibit a person from buying or selling securities of a company while that person knows material nonpublic information regarding the company. Such trading is known as "insider trading" and is prohibited.
4. **Personal Caution.** There may be an occasional need for communication between an APFC employee and another party during working hours concerning personal investments. Personal investment-related actions that cannot otherwise occur outside working hours or off APFC premises must be held to a minimum and ~~should be confined to the telephone. APFC prohibits trading that cannot~~ interfere with your job responsibilities.

Commented [RA1]: I think this needs to be updated because you could log in on iPhone or iPad and transfer/trade money in seconds. Maybe just a period after "...held to a minimum."

B. INVESTMENT DISCLOSURE REQUIREMENTS

APFC's disclosure policy is self-declarative. Failure to disclose reportable investments or failure to disclose them timely is covered under section D, *Consequences of Noncompliance*. If you are unsure whether an investment should be disclosed, contact the APFC compliance officer (APFC Executive Director) or their designee.

1. Which Investments must be Disclosed--Reportable Investments.

- a) ~~APFC Alaska s~~ Statute 37.13.110(b) requires you to disclose the acquisition, ownership, and controlling interest, direct or indirect, in an entity or project in which Fund assets are invested (Reportable Investments). ~~Even though the statute requires disclosure only with respect to assets in which the Fund is invested, it is recognized that, within certain broad asset classes like public equities, it can be time consuming and burdensome to review the comprehensive list of APFC investments to determine whether the Fund's portfolio size and breadth requires it to be invested on almost every public security currently traded making it highly probable that any investment owned by an individual will also be owned by the Fund. a particular investment made by a Board member or Staff is actually owned by the Fund. Therefore, Board members and Staff are given the option to either: (1) disclose all of their investment activity made during the reporting periods described below To help you to determine which of your investments are "Reportable Investments", prior to each reporting period, Board members and Staff will be provided for each reporting period and~~

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~~forego cross referencing each investment with the comprehensive list of current APFC investments; or (2) Review the a comprehensive list of all current APFC investments (Fund Investments). Board members and staff will also be provided with APFC approved reporting forms that are to be used to identify disclose Reportable Investment for each of the reporting periods described below. -and only disclose the Reportable Investments during the reporting periods described below (i.e. where the assets is also held by the Fund). In addition, Board members and Staff may also use a hybrid approach of options (1) and (2) of this section and disclose only those Reportable Investments for certain asset classes (i.e. where the asset or entity is also held by the Fund) and disclose all investment activity for other assets classes when cross referencing the list of current APFC investments is deemed onerous.~~

Special disclosure requirements apply when you are the trustor of assets held for your benefit in a blind trust that meets the requirements of AS 39.50.040:

- (i) if the blind trust was in effect before you were first appointed or employed at APFC, you must, within 30 days of your appointment or employment, (A) disclose that a blind trust exists; (B) identify the trustor (person for whose benefit the trust was established); (C) provide a copy of the trust document, along with a schedule of the assets originally transferred to the trust; and (D) certify that the trust complies with the requirements of AS 39.50.040;
- (ii) if the trust is first created after you have joined APFC, you must, within 30 days after the trust is created, (A) disclose the trust; (B) identify the trustor; (C) provide a copy of the trust document, along with a schedule of the assets transferred to the trust; and (D) certify that the trust complies with the requirements of AS 39.50.040;
- (iii) if the trust is dissolved, in whole or in part, while you are at APFC, you must, within 30 days after the trust is dissolved, (A) disclose that the trust has been dissolved; (B) state whether the trust was dissolved in whole or in part; and (C) disclose the information required by this policy for each asset distributed to the trustor from the trust; and
- (iv) so long as the trust remains in effect, in whole or in part, state in the comprehensive annual disclosure required by Section 4, below, that the trust remains in effect.

2. Information About the Reportable Investment that must be Disclosed. The information required to be disclosed for each category (asset class) of Reportable Investment shall include:

- a) Asset Class required information:
 - i. **Public Equities**-for shares held in a publicly traded company, the name of the stock;

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- ii. **Bonds**-for debt securities, the issuer and type of fixed-income instrument;
 - iii. **Publicly Traded Funds**-for investments in mutual funds, exchange traded funds and REITs, the name of the fund/REIT;
 - iv. **Direct Real Estate**-for an interest in real estate, its name and address; and
 - v. **Private Market Investments**-for other private market investments, including hedge funds, real estate funds, private equity, private credit, and infrastructure, the name of the fund or portfolio company for a direct investment in a private company (whether debt or equity).
- b) Investment or trade date. Once you join APFC, any subsequent monthly investment disclosure must include the date of the investment or the transaction's trade date (investment/trade date). Your initial comprehensive disclosure and your annual comprehensive disclosure, however, does not have to include the investment/trade date.

3. When Disclosures are Made. Disclosures required by this policy shall be made in accordance with the following reporting schedule:

- a) ~~Current Investments Held at the Time of Appointment/Employment (Initial Disclosure).~~ Reportable Investments that exist at the time you join APFC must be disclosed within 30 (thirty) calendar days from the date of commencing your role as a Board member or as an APFC employee, unless another date is approved by the APFC Compliance Officer.
- b) ~~Investment Transactions Made After Joining APFC (Monthly Disclosures).~~ After joining APFC, all ~~subsequent new~~ Reportable Investments ~~must be disclosed by the within thirty (30) calendar days of each month the investment/trade date.~~ For the avoidance of doubt, acquiring additional shares of an already disclosed Reportable Investment or selling shares of an already disclosed Reportable Investment does not need to be disclosed again as a Monthly Disclosure.
- c) **Annual Disclosure.** In addition to the Initial and Monthly Disclosure requirements described above, each year by March 15, a comprehensive disclosure of all Reportable Investments held that exist on December 31 of the preceding calendar year must be filed (Annual Disclosure). For every Reportable Investment listed on the Annual Disclosure, there should already be on file at the APFC a prior disclosure of the Reportable Investment, through an Initial or Monthly Disclosure described above.

Commented [RA2]: To clarify, this is the acquisition of new assets? Not adding to existing positions or disposition?

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4. How Disclosures are Made.

- a) **Forms:** The APFC compliance officer or their designee will provide forms to each Board member and Staff for the Initial Disclosure, Monthly Disclosure, and Annual Disclosure. At the same time, Board members and Staff will also be provided a current list of all investments held by the Fund. Because these forms

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and list of Fund investments will be provided by e-mail to your APFC provided e-mail account, please check your e-mail account regularly and if you are going to be traveling or out of the office for a prolonged period of time during which a disclosure form will come due, please take the required steps to complete and return the required form in advance of such travel.

- b) **Filing Your Disclosure:** Complete the proper disclosure form and submit it to the APFC compliance officer or their designee.

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Disclosures are Public Records: Please be aware that [a record of](#) all disclosure forms [received](#) will be provided to the Board in the Board packet for the next regularly scheduled Board meeting and such information will become a matter of public record. [Detailed records are kept on file and available upon request.](#)

STATE OF ALASKA ALASKA PERMANENT FUND CORPORATION CORPORATE POLICY	POLICY NUMBER CP.V.01	EFFECTIVE DATE: ~~SEPTEMBER~~ DECEMBER ?, 2021
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C. MONITORING COMPLIANCE

The executive director is the APFC compliance officer for the Board of Trustees and all staff other than the executive director. The Board Chair is the compliance officer for the executive director. The appropriate compliance officer or their designee shall:

1. Send on the first working day of each month a reminder to Board members and staff to timely disclose all Reportable Investments.
2. Provide to each new Board member and APFC employee and monthly thereafter a current listing of all investments held by the Fund. These listings can be provided via the APFC Intranet or by e-mail.
3. As necessary, review all disclosures to ensure information provided is complete as required by ~~This~~ Policy. If incomplete, notify discloser and request that a complete disclosure be submitted within ten working days.
- ~~4. On a monthly basis, prepare a report summarizing who has submitted a disclosure report within the past month. The report is sent to the chair of the Corporate Governance Committee and, on a collective basis since its last meeting, provided to the Board at its next regular meeting.~~
- ~~5.4. In each quarterly Board meeting packet, attach to the CEO's Report File a copy of the initial, monthly report, or annual reports that have been filed since the last quarterly Board meeting with individual disclosure forms attached, behind APFC's corporate set of minutes of the next regular Board meeting. The forms are available for public inspection. The original disclosure forms will be maintained by the executive director or their designee in a file for the Board member or Staff at APFC.~~
- ~~6.5. Report noncompliance in writing to the employee's supervisor with a copy to the executive director and the chair of the Corporate Governance Committee if the discloser fails to submit a complete or timely disclosure. If the discloser is the executive director or a Trustee, noncompliance is reported in writing to the Board eChair, the chair of the Corporate Governance Committee, and executive director. If the discloser is the Board chair, notice is sent to the vice chair, the chair of the Corporate Governance Committee, and executive director. Noncompliance by a staff member shall be an element in the employee's subsequent performance review by the employee's supervisor.~~
- ~~7.6. Compare, in the manner and to the extent the compliance officer considers appropriate, Annual Disclosure with (i) the Initial Disclosure; or (ii) the previous Annual Disclosure (whichever disclosure is more recent). To the extent necessary, work directly with the affected Board member or staff to Reconcile both reports with all Monthly Disclosure forms.~~
- ~~8. If there is no Monthly Disclosure form to substantiate a Reportable Investment listed on or missing from the new Annual Disclosure Form, notify the discloser in writing and send a copy to the employee's supervisor and a copy to~~

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~~the executive director and the chair of the Corporate Governance Committee. If the discloser is the executive director, a copy of the notice is sent to the chair of the Corporate Governance Committee and the Board chair. If the discloser is a Trustee, a copy of the notice is sent to the chair of the Corporate Governance Committee and the Board chair and the executive director. If the discloser is the Board chair, a copy is sent to the vice chair, the chair of the Corporate Governance Committee, and executive director. Upon receipt of this notice, the discloser must submit a written explanation of the discrepancy within ten working days. The compliance officer reports the response to the supervisor and executive director, the chair of the Corporate Governance Committee, and/or Board chair.~~

D. CONSEQUENCES OF NONCOMPLIANCE

Not meeting the standards of this Policy is considered a serious violation of APFC and/or state policy and may be a violation of state and/or federal law. If it is determined that an individual has violated this Policy and the individual is:

1. An employee: The supervisor shall counsel the employee immediately and shall consider the issue of noncompliance in the employee's next performance review. Noncompliance may affect the employee's eligibility for and/or level of a merit increase. Depending on the individual case, the supervisor or executive director may take whatever disciplinary action is considered appropriate, up to and including termination of employment.
2. The executive director: The Board may take whatever disciplinary action it considers appropriate, up to and including termination of employment.
3. A Board member: The Board, in its discretion, may refer the matter to the proper appointing authority or the attorney general, as it considers appropriate.

E. POLICY OVERSIGHT

Oversight of this Policy is vested in the Corporate Governance Committee. The Corporate Governance Committee shall report instances of noncompliance to the Board and recommend changes to this Policy, as the committee considers necessary. The Corporate Governance Committee may ask to examine any disclosure on file at any time.

SUBJECT: Alignment of Strategic Plan Priorities

ACTION: _____

DATE: September 29, 2021

INFORMATION: X BACKGROUND:

The Board of Trustees adopted a five-year strategic plan in September 2019. The Board also reviewed and adopted its most recent Strategic Planning and Budgeting Policy in September of 2020. The purpose of this time is to invite a conversation to ensure the Board is in alignment and supportive of its adopted Plan and Policy.

STATUS:

Al Bolea will facilitate a conversation of creating alignment of the strategic plan priorities with Trustees, APFC Staff and ultimately APFC stakeholders. His bio can be found below:

Al Bolea is the founder and architect of the Applied Leadership Seminar and an executive leadership coach and trainer. He is the former CEO/GM of a large independent oil company in the UAE and a retired executive from a major international oil and gas company. His industry career spans almost forty years, including assignments in the US, UK and Middle East.

One-third of his career was in the coal mining industry with a balance in the upstream oil & gas sectors. He has worked at nearly every level within the industry: chairman, president, CEO, business unit leader, strategist, operator, financial analyst, planner, and hourly worker. He holds degrees from the University of Pittsburgh and Robert Morris University, as well as program certificates from INSEAD, Paris, and Cambridge University, UK.

He has been a leadership expert for the U.S. Department of Energy and an in-resident CEO and lecturer at the University of Houston, Bauer School of Business. Currently, Al is the Distinguished Visiting Professor of Leadership at the University of Alaska, College of Business and Public Policy, and a member of the college's Advisory Board. Al's executive coaching program was recognized as one of the top corporate programs in the world by Leadership Excellence and awarded a prestigious LEAD2016 honor for Best Executive Coaching Program. His first book, *Applied Leadership Development*, was published in 2015 by Routledge Press and is highlighted in the International Leadership Association's publication *Becoming a Better Leader*.

The logo for the Alaska Permanent Fund Corporation (APFC) features the letters 'APFC' in a white, serif font, centered within a dark blue rectangular box. The background of the slide is a dark teal color with a faint, semi-transparent image of a modern building with large windows and a tree on the left side.

APFC

ALASKA PERMANENT
FUND CORPORATION

Alignment of Strategic Plan Priorities

Looking to the future

Mission

To manage and invest the assets of the
Permanent Fund and other funds designated by
law

Vision

To deliver outstanding
returns for the benefit of
all current and future
generations of Alaskans

Corporate Stakeholders

Ordered according to the degree to which APFC is obligated to serve and directly impact key APFC decisions and policies:

- *All Alaskans*
- *Alaska Permanent Fund*
- *Executive and Legislative Branches*
- *Mental Health Trust Authority*
- *Investment Partners*



Expectations

- The inflation-adjusted principal of the Permanent Fund will always be protected
- The fund will outperform CPI+5% long-term return objective with adequate liquidity
- We will professionally and prudently manage the assets and resources with which we are entrusted
- We are fully accountable for our decisions and strive to ensure appropriate information is readily available and shared
- We will fulfill all commitments and obligations
- We attract and retain top talent throughout APFC
- We will invest in attractive Alaskan opportunities

Fund Stakeholders

Ordered according to the degree to which Fund stakeholders are impacted by or vested in APFC's success or failure:

- *All Alaskans (including future generations)*
- *State Government*
- *Investment Managers*



Expectations

- The inflation-adjusted principal of the Permanent Fund will always be protected
- Net earnings of the Permanent Fund are available for appropriation
- We will fulfill all commitments and obligations
- We will do our jobs professionally

Strategic Priorities

1. Position the organization and the Fund for implementation of annual POMV draw
2. Develop and implement comprehensive risk management for the organization
3. Integrate best-in-class investment management capabilities to maximize investment returns
4. Enhance talent and staff across APFC

Key Assumption: Key staff will not turnover in the next 5 years

ALASKA PERMANENT FUND CORPORATION

FY20 - FY25 STRATEGIC PLAN

PURPOSE/MISSION

To manage and invest the assets of the Permanent Fund and other funds designated by law.

VISION

To deliver outstanding returns for the benefit of all current and future generations of Alaskans.

VALUES

- **Integrity:** *We act in an honorable, respectful, professional manner that continually earns and justifies the trust and confidence of each other and those we serve.*
- **Stewardship:** *We are committed to wisely investing and protecting the assets, resources, and information with which we have been entrusted for the benefit of current and future generations of Alaskans.*
- **Passion:** *We are driven to excellence through self-improvement, innovative solutions, and an open, creative culture. We are energized by the challenges and rewards of serving Alaskans.*

CORPORATE STAKEHOLDERS

(ordered according to the degree to which APFC is obligated to serve and directly impact key APFC decisions and policies)

- All Alaskans
- Alaska Permanent Fund
- Executive and Legislative Branches
- Mental Health Trust Authority
- Investment Partners

EXPECTATIONS

- The inflation-adjusted principal of the Permanent Fund will always be protected
- The fund will outperform the CPI +5% long-term return objective with adequate liquidity
- We will professionally and prudently manage the assets and resources with which we are entrusted
- We are fully accountable for our decisions and strive to ensure appropriate information is readily available and shared
- We will fulfill all commitments and obligations
- We attract and retain top talent throughout APFC
- We will invest in attractive Alaskan opportunities

FUND STAKEHOLDERS

(ordered according to the degree to which fund stakeholders are impacted by or vested in APFC's success or failure)

- All Alaskans (including future generations)
- State Government
- Investment Managers

EXPECTATIONS

- The inflation-adjusted principal of the Permanent Fund will always be protected
- Net earnings of the Permanent Fund are available for appropriation
- We will fulfill all commitments and obligations
- We will do our jobs professionally

STRENGTHS

(ordered according to the degree to which each is projected to be a significant strength during the period covered by this plan)

- Passionate, talented, and diverse staff
- A long-term investment horizon
- Proclivity to be nimble and flexible
- Size of the fund
- Proven record of sustained success
- Trustees' confidence and trust in the organization
- Knowledgeable, engaged Trustees
- Public purpose
- Location (Alaska)

WEAKNESSES

(ordered according to the degree to which each is projected to be a significant weakness during the period covered by this plan)

- Uncertainty regarding the implementation of the ongoing POMV draw (potential shift to liability manager model?)
- Lack of trust, confidence, communication between stove-piped groups
- Vulnerabilities of being a government cost center
- Lack of an incentive compensation plan
- Lack of effective means to ensure continuity of proven strategies and practices to overcome gaps
- Impact of location (Alaska) on recruiting, accessing market opportunities
- Systems and integration lag behind the organization's needs

ALASKA PERMANENT FUND CORPORATION

FY20 - FY25 STRATEGIC PLAN

OPPORTUNITIES

(ordered according to their potential emergence and impact on APFC goals during the period covered by this plan)

- Potential to add greater value through increased internally managed investments
- Market demand for large scale and long-term investors
- Changing political directions, expectations, and requirements
- The value of established brand equity (of APFC)
- Increasing unique access to growing global investment opportunities and partnerships

THREATS

(ordered according to their potential emergence and impact on APFC goals during the period covered by this plan)

- Lack of political clarity regarding the purpose and structure of the fund (expectations for future performance; impact of the POMV)
- Uncertain, uneven support for resources and budget for operations
- Lower expected returns and higher risks (market cycles)
- Increased threat of digital disruption and cyberattacks
- Limited pool of qualified applicants and challenge of retaining experienced employees
- External consequences resulting from negative reactions to APFC decisions and actions

STRATEGIC PRIORITIES

1. Position the organization and fund for implementation of annual POMV draw
2. Develop and implement comprehensive risk management for the organization
3. Integrate best-in-class investment management capabilities to maximize investment returns
4. Enhance talent and staff across APFC

KEY ASSUMPTIONS

- Key staff will not turnover in the next 5 years

ALASKA PERMANENT FUND CORPORATION

FY20 - FY25 STRATEGIC PLAN

Goal	Objectives	Strategies
Goal	Objectives	Strategies
1. (P1) Work with the legislative and executive branches to answer questions and give guidance regarding technical issues and best practices for a rules-based framework for APFC fund transfers.	(P1,G1) Obj 1: Create and execute on a comprehensive communication plan.	(P1,G1,O1) S1: Develop a publicly available financial model that can be used to analyze ERA durability and project future fund performance by the start of the 31st Legislature. (POC/Lead: CIO, CFO, Chief Risk & Compliance Officer) (P1,G1,O1) S2: Publish a trustee paper on approaches other sovereign wealth funds have used related to fund transfers by the start of the 31st Legislature. (POC/Lead: CEO, Board) (P1,G1,O1) S3: Develop a comprehensive plan to present and answer legislative and executive questions regarding fund transfer technical issues and best practices for Board approval before the start of the 31st Legislature. (POC/Lead: CEO, CIO, Communications Manager, Board) (P1,G1,O1) S4: Develop and release public focused information and materials to educate/inform the public on the APFC's position prior to and during the 31st Legislature. (POC/Lead: Communications Manager)
	(P1,G1) Obj 2: Provide clear recommendations on best practices for a rules-based framework for APFC fund transfers by the start of 31st Legislature and so long as topical.	(P1,G1,O2) S1: Develop and present recommendations regarding sustainable draw levels from the ERA and Corpus. (POC/Lead: CEO, CIO, CFO, Chief Risk & Compliance Officer, Communications Manager, Board) (P1,G1,O2) S2 Develop and present recommendations regarding ERA durability. (POC/Lead: CEO, CIO, CFO, Chief Risk & Compliance Officer, Communications Manager, Board) (P1,G1,O2) S3: Develop and present recommendations regarding real growth options for the ERA and Corpus. (POC/Lead: CEO, CIO, CFO, Chief Risk & Compliance Officer, Communications Manager, Board)

ALASKA PERMANENT FUND CORPORATION
FY20 - FY25 STRATEGIC PLAN

Goal	Objectives	Strategies
2. (P1, P2) Develop and implement a comprehensive risk management plan by start of FY2024.	(P1-2,G2) Obj1: Develop and implement a risk management plan for operational risk by start of FY2021.	(P1-2,G2,O1) S1: Develop a new business continuity plan to address organizational contingencies by the end of FY2020. (POC:/Lead: Chief Risk & Compliance Officer, Director of IT) (P1-2,G2,O1) S2: Gain approval for plan and its implementation by the start of FY2021. (POC/Lead: Chief Risk & Compliance Officer) (P1-2,G2,O1) S3: Implement the continuity plan by start of FY2021 and assess its effectiveness (ongoing). (POC/Lead: Chief Risk & Compliance Officer, Director of IT)
	(P1-2,G2) Obj2: Develop and implement a risk management plan for financial assets by July 2023.	(P1-2,G2,O2) S1: Develop risk metrics for private assets, building on the results of an assessment of the risks in the current portfolio, by the end of CY2020. (POC:/Lead: Chief Risk & Compliance Officer) (P1-2,G2,O2) S2: Implement, test, and refine developed risk metrics during Q1CY2021. (POC/Lead: Chief Risk & Compliance Officer) (P1-2,G2,O3) S3: Incorporate refined metrics into a comprehensive risk management plan for financial assets, including an assessment of additional budgetary and personnel resources required by the plan, for presentation to the Board in May 2022. (POC/Lead: Chief Risk & Compliance Officer) (P1-2,G2,O2) S4: Refine plan based on Board inputs and implement approved plan with ongoing monitoring and reassessments by July 2023. (POC/Lead: Chief Risk & Compliance Officer)

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Goal	Objectives	Strategies
3. (P3) Refine and integrate best-in-class asset allocation and asset class investment capabilities to produce target long-term returns of at least CPI+5% through the end of FY2025.	(P3,G3) Obj 1: Integrate best-in-class Asset Allocation strategies versus the benchmark with a total value added of 5bps annually, while managing liquidity through FY2025.	(P3,G3,O1) S1: Create a separate allocation for cash with defined benchmark by May 2020. (POC/Lead: Director of Asset Allocations Investments) (P3,G3,O1) S2: Adjust and modify the Asset Allocation strategies benchmark by May 2020. (POC/Lead: Director of Asset Allocations Investments) (P3,G3,O1) S3: Assess if the asset class would benefit from additional internal management; identify additional resources requirements, by the start of FY2022. (POC/Lead: Director of Asset Allocations Investments)
	(P3,G3) Obj 2: Integrate best-in-class Public Equities program with a total value-added versus the MSCI ACWI IMI benchmark of 50bps annually through FY2025, while remaining in green zone on tracking error.	(P3,G3,O2) S1: Value-Added Manager Selection— Deliver an average of 30-50bps (net-of-fees) annually relative to the MSCI-ACWI-IMI benchmark through manager selection through 2025. (POC: Director of Public Equities) (P3,G3,O2) S2: Value-Added Portfolio Positioning— Deliver an average 10-25bps (net-of-fees) annually relative to the MSCI-ACWI-IMI benchmark through sector and country allocations through 2025. (POC: Director of Public Equities) (P3,G3,O2) S3: Value-Added Internal Management— Deliver an average 5-20bps (net-of-fees) annually relative to the MSCI-ACWI-IMI benchmark through internal management and security selection through 2025. (POC: Director of Public Equities) (P3,G3,O2) S4: Assess if the asset class would benefit from 5-20% internal management and identify additional resources requirements by the start of FY2022. (POC/Lead: Director of Public Equities)
	(P3,G3) Obj 3: Integrate best-in-class Fixed Income with a target average value-added of 15bps annually compared with Fixed Income composite benchmark through FY2025, while remaining in green zone on tracking error.	(P3,G3,O3) S1: Adjust and modify the Fixed Income benchmark by May 2020. (POC/Lead: Director of Fixed Income Investments) (P3,G3,O3) S2: Assess if the asset class would benefit from additional internal High Yield management and

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		identify additional resources requirements by the start of FY2022. (POC/Lead: Director of Fixed Income Investments)
	(P3,G3) Obj 4: Integrate best-in-class Private Equity & Special Opportunities program with an average value-added of 100bps annually greater than the applicable Cambridge benchmark through FY2025.	(P3,G3,O4) S1: Assess if the asset class would benefit from additional internal management and identify additional resources requirements by the start of FY2022. (POC/Lead: Director of Alternative Investments) (P3,G3,O4) S2: Identify and implement robust portfolio management tools that integrate with APFC risk management systems by start of FY2022. (POC/Lead: Director of Alternative Investments) (P3,G3,O4) S3: Identify and implement robust private equity market tools by start of FY2022. (POC/Lead: Director of Alternative Investments)
	(P3,G3) Obj 5: Integrate best-in-class Real Estate program with a target average value-added of 50bps annually greater than the NCREIF Property benchmark through 2025.	(P3,G3,O5) S1: Target REOC's or other investment platforms for multi-family and industrial properties by the start of FY2025. (POC/Lead: Director of Real Estate) (P3,G3,O5) S2: Continue with "build-to-core" investments with two projects completed by end of 2025. (POC/Lead: Director of Real Estate) (P3,G3,O5) S3: Assess if the asset class would benefit from additional internal management and identify additional resources requirements by the start of FY2022. (POC/Lead: Director of Real Estate)
	(P3,G3) Obj 6: Integrate best-in-class Hedge Funds program with a target long-term return of CPI+5% and a Sharpe Ratio of 0.5 through 2025.	(P3,G3,O6) S1: Maintain and monitor portfolio of 15-25 funds delivering CPI+5% with a correlation to overall fund of less than 0.5 through 2025. (POC/Lead: Director of Alternative Investments) (P3,G3,O6) S2: Implement and maintain a rigorous evaluation process of direct manager relationships by June 2020. (POC/Lead: Director of Alternative Investments)
	(P3,G3) Obj 7: Integrate best-in-class Infrastructure & Private Income program with a total average value-added of 50bps annually greater than the Infrastructure	(P3,G3,O7) S1: Evaluate alternative benchmarks for implementation subject to Board approval in May 2020. (POC/Lead: Director of Alternative Investments)

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	and Private Income Composite benchmark through 2025.	(P3,G3,O7) S2: Assess if the asset class would benefit from additional internal management and identify additional resources requirements by the start of FY2022. (POC/Lead: Director of Alternative Investments)
	(P3,G3) Obj 8: Assess current budgeted resources, capabilities, and manpower and identify any support and staff shortfalls needed to accomplish Objectives 1-7 (above) for Goal 3.	(P3,G3,O8) S1: Assess currently available, approved (budgeted) resources, capabilities, and manpower in light of projected and emerging resource and support requirements of planned strategies to accomplish Goal 3. (POC/Lead: Administrative Operations Manager) (P3,G3,O8) S2: Define and gain approval for acquisition of additional resources and support needed to address identified shortfalls associate with strategic plan's needs through 2025. (POC/Lead: Administrative Operations Manager)

**ALASKA PERMANENT FUND CORPORATION
FY20 - FY25 STRATEGIC PLAN**

Goal	Objectives	Strategies
4. (P4) Enhance staff motivation and talent recruitment/retention across APFC through 2025.	(P4,G4) Obj 1: Gain approval for and implement incentive compensation plan by 1 Jan 2025.	(P4,G4,O1) S1: Work with senior leaders to refine incentive compensation plan in order to be presented to the Board for approval before it is presented to the legislature. (POC/Lead: Human Resources Manager) (P4,G4,O1) S2: Identify additional resource requirements, including potential contract support, implementing approved incentive compensation plan by 1 Jan 2025. (POC/Lead: Human Resources Manager)
	(P4,G4) Obj 2: Identify potential additional office location(s) for APFC that would add value to APFC mission and operations to Board.	(P4,G4,O2) S1: Open an Anchorage office for the APFC by Sep 2020. (POC/Lead: Human Resources Manager) (P4,G4,O2) S2: Analyze and recommend whether additional office locations for the APFC should be opened at each Sep Board meeting starting in 2021. (POC/Lead: Human Resources Manager) (P4,G4,O2) S3: Timely define resourcing and staffing requirements for selected office locations. (POC/Lead: Human Resources Manager)

ALASKA PERMANENT FUND CORPORATION

Strategic Planning and Budgeting Policy

OBJECTIVES OF THE POLICY

1. The Board of the APFC has established this *Strategic Planning and Budgeting Policy* in order to meet the following objectives:
 - (a) To ensure that the APFC plans, in a deliberate and systematic way, for the future needs of the organization; and
 - (b) To achieve a consensus among the Board and staff on how those needs and priorities are going to be met.

POLICY GUIDELINES

The Strategic Plan

2. The APFC will establish a Strategic Plan, extending over a period of four years into the future, to be reviewed and updated annually, which will address, without limitation, the following:
 - (a) The mission of the APFC;
 - (b) The philosophy and core values of the organization;
 - (c) The goals and objectives of the APFC over the four-year period;
 - (d) An evaluation of the external environment in which the APFC operates;
 - (e) An assessment of the organization's internal resources and capabilities; and
 - (f) The strategies for achieving the APFC's goals and objectives.
3. The Strategic Plan will include a list of the specific projects and initiatives to be started and/or implemented over the next fiscal year, including for each project or initiative:
 - (a) Its potential benefit or impact;
 - (b) Responsibility for implementation;
 - (c) Timeline for completion; and
 - (d) Budgetary implications.
4. The Board, with the assistance of the Executive Director, will undertake a comprehensive review of the Strategic Plan at least every four years.

The Planning and Budgeting Process

5. The Executive Director will review and update the Strategic Plan annually and present a report to the Governance Committee that includes:
 - (a) A review of the implementation of the Strategic Plan for the current fiscal year; and
 - (b) The updated Strategic Plan, including the current projects and initiatives in progress to be carried forward and new initiatives to be undertaken in the next fiscal year.
6. The Executive Director will present to the Board semi-annually a variance report on the current year's Budget that provides:
 - (a) A comparison of actual expenditures versus the budget; and
 - (b) An explanation for significant differences in actual and budgeted amounts for any budget item.
7. The Executive Director will prepare and present to the Board annually a proposed Budget for the next fiscal year which provides:
 - (a) A breakdown of the Budget by line item, and within each line item by major expense category;
 - (b) A comparison of each budget item to the current year's budget and actual expenditure (projected to year-end);
 - (c) An explanation of significant changes from the previous year for any budget item; and
 - (d) The identification of budgetary amounts tied to any project or initiatives in the Strategic Plan for the next fiscal year.
8. Any significant revisions to the Strategic Plan or Budget must be reviewed and approved by the Board.
9. The Executive Director shall inform the Board Chair in a timely manner, if for any reason, a particular project or initiative cannot be implemented or completed as planned.

REVIEW AND AMENDMENT OF THE POLICY

10. The Governance Committee will review this Policy at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Policy remains relevant and appropriate.
11. The Board of Trustees adopted this Policy on September 24th, 2020.

SUBJECT: Election of Corporate Officers ACTION: X

DATE: September 29, 2021 INFORMATION: _____

BACKGROUND:

Section 6 of Article II of the APFC Bylaws states that the election of the Chair and Vice Chair of the Board of Trustees shall occur at the annual meeting of the Corporation, and those officers shall hold office for one year or until their successors are elected and qualified. In accordance with APFC Board of Trustees Charters and Governance Policy the following, the election of corporate officers and the committee assignments are noted below.

Charter of the Chair of the Board (excerpts)

1. Alaska Law, Article 01, Section 37.13.050 requires the Board of Trustees to elect a Chair annually from among its members.
 2. The Chair will perform the duties and responsibilities and exercise the powers as specified below:
- (a) Appoint the members of the committees of the Board and the committee chairs (other than the chair of the Governance Committee);

Charter of the Vice Chair of the Board (excerpt)

1. The Bylaws of the APFC establish the Vice Chair as an officer of the Board. The Vice Chair is elected annually.

Charter of the Governance Committee of the Board (excerpt)

2. The Vice Chair of the Board will serve as the Chair of the Governance Committee. The Vice Chair may act on behalf of the Governance Committee in performing the following duties with the approval of the full Board.

Charter of the Audit Committee of the Board (excerpt)

7. The Committee will consist of at least three Trustees, each of whom must have a basic understanding of finance and accounting and be able to read and understand financial statements

RECOMMENDATION:

- Elect a Board of Trustees Chair
- Elect a Board of Trustees Vice-Chair
- Vice Chair to serve as Chair of the Governance Committee
- Chair to Appoint at least two additional Trustees to the Governance Committee
- Chair to Appoint at least three Trustees to the Audit Committee

SUBJECT: Board of Trustees Meetings

ACTION: X

DATE: September 28, 2021

INFORMATION:

BACKGROUND:

APFC's Board of Trustees holds quarterly meetings to review and evaluate the investment performance of the portfolio, the asset allocation and investment risk of the Fund, and the compliance program in relation to applicable laws, regulations, and governance policies. Special meetings of the Board of Trustees are scheduled as required.

The 2022 Board of Trustees Meeting schedules have been previously approved. Please note that the December 2021 Quarterly Board Meeting will be held December 8-9 in Anchorage. Attached are the calendars for your information, please mark your schedules.

RECOMMENDATION:

- Review of 2022 Board of Trustees Meeting Schedule
- Approve 2023 Board of Trustees Meeting Schedule

2022 BOARD OF TRUSTEES MEETING SCHEDULE

DATE	LOCATION	TYPE OF MEETING
February 16-17, 2022 (Wednesday/Thursday)	Juneau	Regular
May 18-19, 2022 (Wednesday/Thursday)	Anchorage	Regular Audit Committee
September 1, 2022* (Thursday)	Juneau	Audit Committee Budget Planning Session
September 21-22, 2022 (Wednesday/Thursday)	Anchorage	Annual Meeting
December 7-8, 2022 (Wednesday/Thursday)	Juneau	Regular

Committee Meetings and Special or additional APFC board meetings will be scheduled as needed.

*The Audit Committee Meeting in September must be scheduled in advance to coordinate with the release date for the Audited Statements and the Annual Report as required in statute.

PROPOSED 2023 BOARD OF TRUSTEES MEETING SCHEDULE A

DATE	LOCATION	TYPE OF MEETING
February 15-16, 2023 (Wednesday/Thursday)	Juneau	Regular
May 17-18, 2023 (Wednesday/Thursday)	Anchorage	Regular Audit Committee
September 7, 2023* (Thursday)	Juneau	Audit Committee Budget Planning Session
September 20-21, 2023 (Wednesday/Thursday)	Anchorage	Annual Meeting
December 6-7, 2023 (Wednesday/Thursday)	Juneau	Regular

Committee Meetings and Special or additional APFC board meetings will be scheduled as needed.

*The Audit Committee Meeting in September must be scheduled in advance to coordinate with the release date for the Audited Statements and the Annual Report as required in statute.

2023 PROPOSED BOARD OF TRUSTEES MEETING SCHEDULE B

DATE	LOCATION	TYPE OF MEETING
February 15, 2023 (Wednesday)	Juneau	Regular
April 12, 2023 (Wednesday)	Anchorage	Regular
May 17-18, 2023 (Wednesday/Thursday)	Juneau	Regular Audit Committee
July 12, 2023 (Wednesday)	Anchorage	Regular
September 7, 2023* (Thursday)	Juneau	Audit Committee Budget Planning Session
September 20-21, 2023 (Wednesday/Thursday)	Anchorage	Annual Meeting
December 13-14, 2023 (Wednesday/Thursday)	Juneau	Regular

Committee Meetings and Special or additional APFC board meetings will be scheduled as needed.

*The Audit Committee Meeting in September must be scheduled in advance to coordinate with the release date for the Audited Statements and the Annual Report as required in statute.