

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

WEBEX/TELECONFERENCE

September 28-29, 2021

8:30 a.m.

Originating at:
Kodiak Convention Center
Pavilion Room
211 W Rezanof Drive
Kodiak, Alaska

Trustees Present:

William Moran, Chair
Ethan Schutt
Lucinda Mahoney

Steve Rieger, Vice Chair
Corri Feige
Craig Richards

APFC Staff Present:

Angela Rodell, CEO
Val Mertz, CFO
Steve Moseley
Jim Parise
Sarah Race
Tom O'Day
Danielle Graham
Larissa M. Goecker
Youlian Ninkov
Katherine Smith
Nellie Metcalfe
Julia Mesdag
Chris LaValle
Scott Balovich
Adam Kane

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

Investment Advisers:

George Zinn
Kenneth Frier

John Skjervem

Other Participants:

Greg Allen, Callan
Speaker Louise Stutes
Kevin Magrid, Audax
Phillip Saunders, Ninety One
Mike Hayhurst, KPMG

Steve Center, Callan
Senator Gary Stevens
Eileen Schroeder, Public Testimony
Sahil Mahtani, Ninety One
Melissa Beedle, KPMG

PROCEEDINGS

CALL TO ORDER

CHAIR MORAN called the Annual Meeting of the Board of Trustees to order and asked for a roll call.

MS. THORSTEINSON called the roll and stated that there was a quorum.

APPROVAL OF AGENDA

CHAIR MORAN moved to the agenda, and asked for any changes or additions. There being none, the agenda was considered approved.

APPROVAL OF MINUTES

CHAIR MORAN moved to the summary minutes of May 19-20, 2021, and asked for any objections to be brought forward.

MR. FRIER stated that in his remarks at the very end there is a word that is wrong. It is “banks” and should be “bands.”

MOTION: A motion to approve the minutes of May 19-20, 2021, as amended, was made by TRUSTEE MAHONEY; seconded by TRUSTEE RICHARDS.

There being no objection, the MOTION was APPROVED.

SCHEDULED APPEARANCES AND PUBLIC PARTICIPATION

CHAIR MORAN stated that there were a few scheduled appearances.

MS. THORSTEINSON stated that there is no one in the audience for public testimony, and there are a few people online.

CHAIR MORAN noted that there was a time limit, and recognized Elaine Schroeder.

MS. SCHROEDER stated that she was co-chair of 350 Juneau and thanked the Board for the opportunity to testify. She called attention to a recent op-ed in the ADN that directly addressed the Alaska Permanent Fund investments, written by attorney and former state senator Joe Paskvan. She read some short selections from his piece. He talked about the changing world and that Alaskans need to think about their place in a world that is transitioning away from oil. She thanked the board for their work in protecting the Permanent Fund.

CHAIR MORAN thanked Ms. Schroeder and moved to the next person.

MS. THORSTEINSON stated that Santa Ram was next. She continued that there were technical difficulties and added that people are always welcome to submit public comments via e-mail to the trustees, and to please feel free to call the office to get that e-mail. Those comments will be submitted to the trustees.

COMMITTEE REPORTS

AUDIT COMMITTEE

CHAIR MORAN moved to the Audit Committee report.

TRUSTEE FEIGE stated that the Audit Committee met on September 2nd in Anchorage at the Atwood Building with members of KPMG, Mike Hayhurst and Melissa Beedle. She continued that KPMG reported that there were no material issues with reporting or the methods used by management and there were no indications of management bias found in the financial reporting of the audit. They reported to its clean methods, clean audits with a terrific outcome. KPMG thought the audit process worked well even though it was half in person and half virtual. They also thanked staff for making themselves available when they visited Juneau. She added that, in an executive work session, the committee had requested and received a report from Scott Balovich and Sarah Race on business continuity and disaster recovery.

CHIEF EXECUTIVE OFFICER'S REPORT

CEO RODELL stated that it was a pleasure to be in Kodiak with all, and reminded everyone that there would be an open house after today's meeting. She called attention to a couple of things in the packet: The communications update provided and highlighted the activity this summer that resulted in the ongoing special sessions. There was quite a bit of work done by Pauly Swanson and Adam Kane on this front. She mentioned the legislative update with seven proposed constitutional amendments in play, along with a number of statutes. She added that the final report from the fiscal working group was also included. She then pointed out the charts that Finance put together that show the historical trends of pieces of the Permanent Fund, whether it is statutory net income or accounting net income. She also brought attention to the dedicated mineral revenues which, for two years in a row, were almost the same amount at \$319 million.

CHIEF INVESTMENT OFFICER'S REPORT

CIO FRAMPTON stated that he laid out the current topics being focused on in the investment department. The first is the performance for last year when \$29,700,000 was returned for the year against a benchmark of \$27,800,000. He continued that the driver of that was the three largest asset classes, which together constitute about two thirds of the Fund's portfolio. He discussed real estate returns and also commented on portfolio positioning.

TRUSTEE MAHONEY asked how numbers in the report are reconciled.

CFO MERTZ replied that those numbers are reconciled and the source of the data on the reports is the same. The difference is the timing. They are posted realtime as the statements come in for the purposes of the daily report, and the same data is fed to Callan.

TRUSTEE RICHARDS asked about the IPO public equities and if real reported volatility is used, how it is trading, or if some sort of multiple of the public equity benchmark is being used.

MR. VADAKUMCHERRY replied that public equity volatility is not being used for the public portion of the private equity.

CIO FRAMPTON added that an impression of a lot of rebalancing activity is given, but it is done probably once a month; occasionally twice. He discussed personnel, open positions, and recruiting. He stated that a private equity associate hired a few months ago decided to return to his prior job, and we are looking for a replacement. There are also three junior positions being recruited for presently. He added that, in his three years, this is probably the lowest number of open positions. He shared information on internal versus external management, the report for the last year on investment management fees. He commented on the structure in real estate which was largely separate account managers that hold properties directly in the Fund's name. There is one real estate analyst in the budget request, and we are focused on putting capital out intelligently, getting that portfolio from 7 percent of the fund to 12, and getting the performance back to where it needs to be. Our fixed income 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 that is not being recommended at this time.

INVESTMENT ADVISER COMMENTS

CHAIR MORAN moved to investment adviser comments.

MR. SKJERVEM stated that he had reviewed the material, and in addition to the extraordinary results, he did not see anything inconsistent or out of line with the strategic plan that has been discussed since he joined as an adviser. He applauded staff for the proactive rebalancing. He concluded with a comment on external versus internal management and his experience with it, and added that the trickiest time is going through the transition periods.

CHAIR MORAN recognized George Zinn.

MR. ZINN apologized for not being at the meeting in person and began by explaining that ESG stands for environmental, social and governance. It is a hot topic right now in the investment industry. He stated that one of the most recent topics was an interesting example of something that the Fund may want to be prepared for, or have a framework for a response. He continued that there is a British company called Unilever, which is the parent of Ben & Jerry's. The subsidiary, Ben & Jerry's, recently made a move to stop selling products in the Israeli-occupied territory. He explained that that is relevant because a number of states have laws called BDS laws: boycott, divestment and sanctions laws. For example, both Arizona and New Jersey require their public funds to divest in this circumstance. He added that he did not necessarily believe this was an appropriate way to approach this situation, but he just wanted to make sure that the Permanent Fund had a communication strategy to respond to inquiries associated with such events.

CHAIR MORAN recognized Ken Frier.

MR. FRIER stated that there is example after example of how staff is succeeding relative to the benchmarks set for them, with excellent results. He emphasized that the returns expected in these benchmarks are among the lowest ever in the history of fixed-income investing. If fixed income has zero return over inflation, the rest has to have 6 percent or more over inflation, such that the weighted average is 5 percent over. The center case for what should be expected for fixed income investing is what the yield is today. He continued to the fact of interest rates being so low relative to inflation, relative to the economic growth with a lot of scenarios where interest

rates go up, which presents the opportunity to potentially be short fixed income rather than be long.

CHAIR MORAN thanked Mr. Frier and called a break.

(Break.)

CHAIR MORAN stated that next on the agenda is private market lending.

PRIVATE MARKET LENDING - AUDAX PRIVATE DEBT

CIO FRAMPTON introduced Kevin Magid, the president of Audax debt business, which was one of the Fund's first private-credit investments back in the 2009-2010 timeframe. He continued that Kevin's involvement with the Fund spans four CIOs, and that he would go into detail on what has been done on the co-investment side.

MR. MAGID stated his pleasure in being invited by staff to speak today. He began with some personal background and then stated that private income is a success for the portfolio, and private credit is a bit opaque. He added that he runs the private debt business, but Audax is comprised of private debt and private equity, based in New York. He explained that they finance businesses and pride them as senior debt, top of the capital structure, and with the least risk. There is a lien on all of the assets and all of the security that can be gotten in a company. He mentioned industry exposure and diversity as a very big tenet of what Audax does as a middle-market lender. He gave an overview of the private credit market, which is a wide variety of strategies in pension funds, endowment funds, sovereign-wealth funds, insurance companies who are dealing with historically low rates. The private credit market has seen a steady flow of dollars. He explained investing in stressed or distressed companies at levels of their capital structure where a good return could be made. He stated that there is a wide variety of types of distressed trading for gain. He added that the Permanent Fund has a history of distressed investing, and noted the risk and return dynamics.

CHAIR MORAN asked if any of the Government's free money programs displaced some of the opportunities.

MR. MAGID replied very little. He stated that what did happen for the companies that took PPP loans was that the Government said that they did not want to support private-equity-owned companies, so many folks that were approved gave them back. He added that a few kept it and proved why they needed it. They were able to keep all the workers on and hopefully will not be repaying those loans. He then moved to middle market and middle-market lending. The U.S. middle market is the third largest economy in the world, larger than the economies individually of Japan, Germany and Great Britain. It is a third of the U.S. economy with a lot of opportunity; a lot of companies to potentially lend to. 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. This shift provided opportunity for funds like Audax to find those companies, deliver those loans and that opportunity for excess yield to the institutions directly versus sitting on the balance sheet of banks. Middle-market spreads remained high despite the continued influx of direct-lending strategies.

CHAIR MORAN recognized Sebastian Vadakumcherry for the Risk Overview.

RISK OVERVIEW

MR. VADAKUMCHERRY stated that he had two sections coming up in this risk overview. The first section is more of a stressed scenario analysis where no deep drawdowns in the markets were looked at. He continued that there is a combination of two things: One is a likely extra payout to the State; and a modest slight drawdown in the public-market assets. He defined the scenario: the private assets continued to grow, which was mostly based on the pacing plan and the unfunded commitments; the assets allocation will change. This is more of an analysis of structural change to the portfolio as a whole. He highlighted how these would structurally impact the portfolio and not so much as to the P&L impact or liquidity issue. Asset allocations vary significantly from targets. He then summarized the impact on the different sort of aspects. What he highlighted were that the structural changes in asset allocation can have a huge backward profitability in looking forward, and that it was more of a strategy issue.

TRUSTEE FEIGE asked, if this scenario came to pass, what would the process be for rebalancing and recovery.

CIO FRAMPTON replied that if this happened overnight there would be 6 percent overweight private equity, and we would be on target public equity. He continued that the fixed income yellow zone would be rectified; the liquidity would be fine; but we would be in the yellow zone on private equity.

MR. VADAKUMCHERRY continued that this scenario was probably a higher probability than some of the deep-down scenarios assumed in the past. He pointed out that it is not so much whether there is liquidity to pay out to the State, but he wanted trustees to be aware that there are structural issues if such a scenario plays out. He continued that the ERA versus principal is a complex thing. He moved to a quick overview of normal risk metrics that he reports every quarter. He highlighted the realized fund volatility, which was actual returns, and went through the same set of variables but in terms of a snapshot in time. He then covered selective VaR and tracking error numbers that related to the benchmark.

CHAIR MORAN called for a lunch break.

(Lunch break.)

CHAIR MORAN moved to Jim Parise's presentation on fixed income.

ASSET CLASS OVERVIEW: FIXED INCOME

MR. PARISE stated that for this presentation an overview of fixed income will be done, and then on to global rates and the EM mandate. He began with the total cumulative excess return in dollars of the fixed income portfolio over and above the benchmark for close to the last 20 years. He attributes this success to a team that has been here for the majority of the Permanent Fund. There is a repeatable process that seems to be working. He moved to all of the internally managed portfolios under the performance, and stated his pride in the numbers that he went through.

MS. SKURATOVSKAYA continued with an update on the performance of the EM debt mandates since the restructuring from two years ago. She stated that APFC has invested in emerging market debt since 2010. It was originally housed in the special opportunities portfolio, and then moved to the fixed income portfolio in 2017. After two years, it was revamped in the mandate because it was decided that more flexibility was needed. She took a look at emerging market debt and explained why it was appropriate to have it in the fixed income portfolio. She explained that when she spoke about emerging market debt, it is a sovereign debt. The benchmark is actually a sovereign emerging markets benchmark; half of it is hard currency, and half is local currency. It no longer represents the real universe and the real distribution. Corporate debt is typically issued in hard currency and sometimes presents as a better credit risk because many emerging market brokers operate in multiple markets and have better access to foreign reserves than their sovereigns. She added that their mandate is a sovereign, and it allows for some leeway to invest in corporates.

MR. ZINN noted that the cross-pollination of external managers with internal managers is super important and great.

ASSET CLASS OVERVIEW: PRIVATE CREDIT

MR. MOSELY stated that they would talk about private credit, trying to focus on the Permanent Fund specific dimensions without dwelling very long on performance. He highlighted some essential points that show that private credit is different from public credit, but is complimentary. It is different because there are different underlying companies.

MR. ALEXANDER continued that private debt or private credit is honestly the investment of capital. Acquiring the debt of private companies for the Permanent Fund in the typical approach by most institutional investors is to do it through unlisted true-down funds, but also by co-investments. These funds make loans to companies and in turn receive a payment in the form of a coupon. At the end of the loan, at the maturity or during the refinancing, the total amount is repaid. The private credit makes up about 2 percent of the total Permanent Fund and is one piece of private income. If private credit and public debt are complimentary, then each provide certain benefits to investors. He stated the main use of direct lending funds is acquisition by PE sponsors. There is a continued rise of these self-origination platforms from direct lenders as they continue to scale up and become a solution to a PE sponsor. They end up being a one-stop financing solution for private-equity funds where a direct lender may have staked out a position that this is in the industry in which they participate.

MR. MOSELY mentioned that in private credits, like private equity, interim volatility is not cared about. What was paid, the cost to finance and the price in value when exited is cared about. If high-quality companies that generate relatively free cash flow and the credits are structured properly, the interim mark does not matter very much.

MR. ALLEN stated that if half of the portfolio is senior secured direct lending, a 20 percent number is great.

CHAIR MORAN called the scheduled break.

(Break.)

FIXED INCOME PRESENTATION - NINETY ONE INVESTMENT INSTITUTE

MS. SKURATOVSKAYA stated that in 2019 a mandate for the blended EM strategy was awarded to Ninety One, which was the very first engagement with the firm. They are a global investment manager overseeing 192 billion in AUM, offering exit strategies across equities, fixed income, multi-asset and alternatives to institutions, advisers and individual investors around the world. They were established in South Africa in 1991, hence the name, and are one of the few asset managers that got their start in emerging markets. Those roots continue to enrich their investment perspective and style to this day. Here today is Sasha Talcott, the regional director and business development lead, as well as Doug Doucette, client director and the Fund's main relationship point person. She thanked them both for this presentation. Unfortunately, due to U.S. travel restrictions, they were unable to be here in person. She hoped that it would not stand in the way of discussion flow, because the subject matter of this presentation is bound to provoke some interesting questions. She introduced Philip Saunders and asked him to begin the presentation.

MR. SAUNDERS thanked all and stated greetings from a very wet London. He continued that he and Mr. Mahtani would be drawing from 2030 projects, which will likely shape the investment fund over the next 10 years and beyond. He shared a few words about Ninety One, stating that they are primarily about producing ideas that influence the way they invest as a company. In order to do this, extensive use of internal and external knowledge networks are used. The aim is to build out knowledge networks that deliberately go beyond the financial community -- academic institutions, think tanks, and independent specialists. They have a strong belief in the pursuit of objectivity, and seek to iron out unconscious bias in order to make unbiased investment decisions.

MR. MAHTANI continued with some reasons why this thematic analysis on the road to 2030 was being undertaken. The themes are important for three reasons: First, they help to understand the long-term headwinds and tailwinds, and to get the odds in their favor; second is the differentiated perspectives given in cutting through traditional industries and specializations by region, sector or market cap; third, themes help to think as decision makers think. They essentially connect with the real world rather than having a more bean-counting approach to investing.

MR. SAUNDERS stated that themes come in different forms, away from the labeled views, but they are not an oversimplification. They help us to focus on what is important, and for differences in terms of thematic hierarchies. It is an attempt to put it together in an intelligible way, but is also adaptive and evolves over time.

MR. MAHTANI continued that the road to 2030 was a book with about 150 slides, and we will get some of the insights gathered. He began with debt. The key thing around debt is that there are different solutions to stabilized debt or to get debt on the path to a plausible level of stability. Seven tools were identified, which he explained. He moved to China because it runs a debt-to-GPD ratio at something like 300 percent. He stated that they benefited enormously from taking the time to really try and understand China's political system; how decisions were made; how the party operates. Investors can gain from following development in China extremely carefully.

He suggested that China is not quite this mysterious and inscrutable place, but is intelligible and reasonably transparent if someone is prepared to do the work and talk to the right sources. Specifically, China's top leaders have made five major policy pivots under this shift toward quality of growth. First was the pivot to curbing financial risks in a way to clean up for volume growth and to develop the country to get rich before getting old. This led to the deleveraging campaign in 2018. Second was the pivot toward national security and self-sufficiency. The third pivot was to antimonopoly and regulation. Then there was the pivot to the environment; and then to income and wealth distribution, which is very, very unequal and very inconsistent with the political system that still regards itself as a socialist system. All of this change requires a concentration of power. He noted that the China shift towards consumption has been postponed for a number of years because of the changing relationship between the U.S. and China. It seemed likely that China's consumer economy was going to emerge more rapidly. The shift from the old model to the new model would be about a shift in favor of consumption. He talked about the ambition of the bureaucratic elite which is the importance of being the global leader in a series of key technologies. These aspirations need to be taken seriously. He concluded that the Chinese are very serious about this and have also basically been upfront about it. He then talked about the approach to investing in China, moving to the asset allocation remarks, and then jumped into the bipolar economy. The bipolar economy is the gap between Wall Street and Main Street, and specifically is the gap between the slower growing economy and very decent profits -- the faster growing financial economy of financial assets. This is important to focus on because many of the feedback loops led to the increase in financial assets and self-reinforcing.

MR. SAUNDERS put together asset allocations given the different scenarios. He explained that meager returns would be true to fixed income and credits where starting valuations are higher relative to history, and the result would depend more heavily on equities than before. There is serious momentum behind the key secular trends. He continued that it was important to note the key advantage areas within the technology space, including AI, personalized health care and the Metaverse. Most investors remain underallocated to China, Chinese equities and fixed income. Despite the well-known risks, China remains in unique markets in which investors are able to find attractive assets that offer appropriate risk in a way that is not actually the case in many other Western markets.

CHAIR MORAN thanked both for their presentation.

FUND PERFORMANCE & CAPITAL MARKET OVERVIEW

MR. CENTER noted that this was his first in-person client meeting in 18 months, and he was excited to be there. He began the first half of the presentation covering the capital markets, and in the second half he talked about performance for the Fund. He stated that there were a lot of large double-digit numbers over the last 12 months. The equity markets had been driving performances, and he dove deeper into that. He moved to the dominance of U.S. equity markets and pointed out that the U.S. small cap and U.S. large cap were at the top for longer time periods. The bond market tended to anchor to windward, lower returning asset class, but with much on lower volatility relative to the market classes. The global equity market surged in the second quarter. He talked about U.S. stock market sector leadership through the pandemic, and noted that the stock market was not the economy. He touched on some asset class performance and moved to the Fund's performance.

CHAIR MORAN recessed the meeting for the day.

(Alaska Permanent Fund Corporation Annual Board of Trustees Meeting recessed at 4:15 p.m.)

September 29, 2021

CALL TO ORDER

CHAIR MORAN reconvened the meeting and recognized John Skjervem for a presentation concerning cryptocurrency.

INVESTMENT ADVISOR PRESENTATION: CRYPTOCURRENCY

MR. SKJERVEM stated that he was calling it the digital asset ecosystem. His interest began when he took a day trip to the Silicon Valley to attend a bitcoin conference. He continued that that experience stimulated him to start reading more, listening to podcasts, and attending additional workshops. He reviewed the rapidly evolving digital ecosystem and focused primarily on defining its major components and current development theme. He talked about all of what this encompassed with the challenge for investors to learn the component parts and the nomenclature, because there is so much conflation of ideas. His main objective was to try and clarify the struggle. Bitcoin's market cap is approaching \$800 billion, and the innovation and development is impressive. He concluded that 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.

STRATEGIC COMMUNICATIONS PLAN

MS. SWANSON stated that she was grateful to have the opportunity to present on the Strategic Communications Plan. This 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. The year 2027 will be the 50th anniversary year of the Alaska Permanent Fund being established in the Constitution. She continued that the APFC's communication program is a shared vision founded on public policy and the importance of a stewardship and accountability among active shareholders and stakeholders. The Communication System Vision Statement captures the intention and aligns with the organization's overall corporate strategic plan. She concluded her presentation with the quote "The fundamental way of getting public approval is to deserve it." She stated that the corporation is deserving of this public approval, and ultimately, throughout the communications program, she wanted to bolster that successful and sustainable reputation to support the work and the legacy of the Fund.

REPORT OF ANNUAL AUDIT

CHAIR MORAN moved to the report of annual audits and reminded all that it was an action item.

CFO MERTZ stated that the audit for fiscal year 2021 was complete, and the full report, as well as the financial statements, are in the back of the annual report. The governance manual for the Board of Trustees requires the Board to ensure that the financial statements are audited by an independent auditor, and also requires that those financial statements are approved before distributing. After KPMG does the report, a motion to accept the financial statements for July 2021 will be requested. She noted that Mike Hayhurst and Melissa Beedle from KPMG are online.

MR. HAYHURST began with the summary of the audit results and the required communications. He stated that the financial statements and opinion on those have already been issued. There were no items of significance to note in the audit as it related to unusual transactions; no corrected misstatements; and the Fund has been consistent with the prior years. There are no matters to communicate as related to

deficiencies and internal control. The audit went very smoothly with cooperation from everyone throughout that process and full access to the needed information.

CFO MERTZ asked for a motion to approve the annual financial statements.

MOTION: A motion to approve the annual financial statements was made by TRUSTEE FEIGE; seconded by VICE CHAIR RIEGER.

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

MR. HAYHURST thanked all and stated that he was honored to be working with the Fund again.

CHAIR MORAN called a break.

(Break.)

CHAIR MORAN called everyone back and recognized Sarah Race.

FY23 BUDGET APPROVAL

MS. RACE stated she had the version of the proposed budget that incorporated the ask requests communicated through the past two sessions. She focused on the changes. The total request for the corporate operating allocation is for \$22.4 million, which does include the five objects of expenditures that are listed. She continued that the proposed FY23 budget appropriation totals \$218.3 million, which required action from the board in order to approve this request.

MOTION: A motion to 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, and request that the Corporation's budget be included in the language section of the Operating Budget bill in an amount not to exceed \$218,264,000 appropriated from Alaska Permanent Fund corporate receipts for the investment and operating costs of the Alaska Permanent Fund Corporation was made by VICE CHAIR RIEGER; seconded by TRUSTEE SCHUTT.

TRUSTEE RICHARDS pointed out that there were two lengthy work sessions on this. It may seem that the budget is being moved rapidly. He added that there were many hours and much discussion on this motion.

MOTION: A motion for an amendment to reduce the budget by \$900,000 which relates to two proposed items. It is proposed to not fund the two additional positions associated with back-office operations for about \$300,000 and the other \$600,000 reduction relating to the incentive comp was made by TRUSTEE MAHONEY; seconded by TRUSTEE RICHARDS.

MOTION: A motion for an amendment to the amendment that it not be \$300,000, but would be the amount of those two employees was made by TRUSTEE RICHARDS; seconded by TRUSTEE MAHONEY.

CHAIR MORAN stated that the amendment was to maintain the incentive compensation and reduce the two additional employees. He asked for a roll-call vote.

After the roll-call vote the MOTION FAILED. (Vice Chair Rieger, no; Trustee Mahoney, yes; Trustee Feige, yes; Trustee Richards, yes; Trustee Schutt, no; Chair Moran, no.)

CHAIR MORAN asked for a roll-call vote on the main motion.

After the roll-call vote, the MOTION was APPROVED. (Vice Chair Rieger, yes; Trustee Mahoney, no; Trustee Feige, no; Trustee Richards, yes; Trustee Schutt, yes; Chair Moran, yes.)

FINANCIAL DISCLOSURE POLICY

MR. POAG stated that the dialogue is to determine if it is time to simplify and modernize the investment disclosure requirements. He gave a short history to provide a bit of understanding and backdrop for how we ended up where we are. He pointed out that the Alaska Legislature modified the common law because it indicated that board members could hold investments that the Fund held as long as there was public disclosure. He continued that that was in conflict with the common-law interest which said that there cannot be an interest in something which was being voted on. Instead of a prohibition standard, the Legislature referred to it as a public disclosure or sunshine policy. He explained how it applied and added that it sounded like Chair Moran had already indicated that this should come before the board in December for proposed action. He provided a redline slide that showed some of the changes discussed.

CHAIR MORAN stated that they were back on schedule, and that there is an executive session with Scott Balovich and Sarah Race.

EXECUTIVE SESSION: CYBERSECURITY

MOTION: In accordance with the Alaska Open Meetings Act, a motion that the Board of Trustees convene in executive session to receive an update on EFC cyber security. This topic is appropriate for executive session because the immediate knowledge of this information before the security efforts could negatively impact its value.

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

(Executive session at 11:29 a.m. until 12:40 p.m.)

CHAIR MORAN stated that while in executive session the trustees considered only the matters mentioned in the motion and took no action. He called lunch break.

(Lunch break.)

ALIGNMENT OF STRATEGIC PLAN

CHAIR MORAN recognized CEO Rodell.

CEO RODELL explained that there was a lot of talk in the budget workshops and prior to this in terms of adopting various policies that have sort of centered around a common view about the Permanent Fund Corporation, who and what we are. She stated the need to have a more global discussion about the direction to make sure that all are in alignment with the board, and that the board is aligned with all of staff.

TRUSTEE RICHARDS stated concern about this and the timing of it. What he thought he read in this board packet was that staff was going to present on what the strategic plan was and, because there are new trustees, we would have a discussion of whether it was time to relook at it and have something on the agenda in the future. He continued that the plan was developed over multiple days of technical work, then reviewed a number of times through drafts. He added that he was a bit hesitant to have this process

in this forum. He suggested a work session for another look at the strategic plan. His preference would not have this kind of dialogue in a formal meeting.

TRUSTEE FEIGE asked if this review would be making fundamental changes to the strategic plan.

CEO RODELL replied that she hoped to include the strategic plan and then the strategic plan budgeting policy in a facilitated conversation on a going-forward, healthy conversation.

TRUSTEE RICHARDS put in his objection that this is not clear, nor was it clear when publicly noticed, and everyone would be better served if there was more clarity in November.

TRUSTEE SCHUTT stated that he favored deferring it to an intentional work session at a later date.

TRUSTEE MAHONEY stated appreciation for CEO Rodell's focus on the importance of the strategic plan and of aligning the budget. She continued that she heard the frustration that what is ultimately approved through the budget process aligns with what the strategic plan says. She added that it was important for the board to listen, and for the staff to hear where there are disconnects. It may be accomplished in the allocated time frame.

CHAIR MORAN stated his observations and moved on to the next agenda item.

ELECTION OF CORPORATE OFFICERS

CHAIR MORAN moved to the election of corporate officers and asked if there was a proposed slate.

TRUSTEE FEIGE called for nominations.

She nominated Trustee Richards for board chairman.

She nominated Trustee Mahoney for vice chair

TRUSTEE SCHUTT seconded the nominations.

CHAIR MORAN asked for any other nominations.

There being no further nominations, BOARD CHAIRMAN TRUSTEE RICHARDS and VICE CHAIR TRUSTEE MAHONEY were approved.

CHAIR MORAN stated that the new chair will appoint committee assignments.

TRUSTEE RICHARDS requested that that could be done after he polls people.

CHAIR MORAN asked for other matters.

OTHER MATTERS

CEO RODELL stated that there was an action item which was a review of the 2022 calendar. If there are no changes, it will go forward as it was adopted last year. She continued that there were two different proposed 2023 calendars. The first is the standard calendar that mirrors how meetings were held traditionally. There are four quarterly two-day meetings, with a budget work session and Audit Committee. Also provided is schedule B, which added a couple of additional one-day meetings. There is one in July and one in April. This is listed as an effort to provide an alternative, and entirely up to the board.

CHAIR MORAN opened the discussion.

TRUSTEE RICHARDS noted that the May meeting is invariably scheduled outside of Juneau and then pushed back to Juneau. He suggested the February and May meetings both take place in Juneau, and do alternatives outside of Juneau on dates that are more likely to be kept.

TRUSTEE MAHONEY proposed that the May meeting be in Ketchikan in honor of the Chair and his stated desire to potentially retire from this board. She asked for that to be considered.

CHAIR MORAN stated that he would be honored.

TRUSTEE RICHARDS moved to 2023 and doing a traveling meeting in Homer for the annual meeting, and to move the September meeting to December.

CEO RODELL asked for a second choice to Homer if for some reason Homer does not have the room and the technological capability needed to host a meeting.

TRUSTEE FEIGE suggested Talkeetna as an alternative.

CEO RODELL asked if the board wanted to do a Schedule B meeting in 2023.

CHAIR MORAN directed CEO Rodell to proceed with the 2022 scheduling, and then we can add to it later with Ketchikan being the May meeting, if wanted.

CEO RODELL stated that a 2023 calendar will be adopted in December. She talked about future agenda items and asked if trustees wanted anything special. She thanked Kodiak for hosting this meeting, and stated that she met and talked with the City Manager. She thanked Speaker Stutes being here and also recognized Senator Stevens who was able to join yesterday. She stated that was all she had under Other Matters.

CHAIR MORAN moved to adviser comments.

ADVISER COMMENTS

MR. FRIER noted the discussion with Sebastian Vadakumcherry about the private equity scenarios. He continued that this gets out of bounds and happens a lot in foundations and endowments. He talked about his observations about the fixed income presentation and remarked on an all-weather investment strategy and then cryptocurrency. He shared his opinions on the presentations.

CHAIR MORAN recognized George Zinn.

MR. ZINN stated that he was super impressed by the fixed income performance, as well as the staff broadly speaking on who persevered in the face of uncertainty; not just the pandemic, but also other aspects. He thanked Chair Moran for his services, who was on the board when he was first hired, and stated his appreciation for his guidance and help.

CHAIR MORAN recognized John Skjervem.

MR. SKJERVEM commented on the presentation about co-investments, and then moved to internal versus external risks. He shared a link to a website called Mr. Goxx. He is a hamster that trades cryptocurrencies and has a live feed. He reportedly is up 67 percent year to date.

CHAIR MORAN moved to trustee comments.

TRUSTEE COMMENTS

TRUSTEE FEIGE thanked CEO Rodell, staff, the team and everyone for putting on a great meeting. She continued that the asset team has done really excellent work. She stated that, on the budget, she would be looking for more line-of-sight analysis in moving forward, especially around things like personnel. She was also sensitive to the discussion this afternoon and hearing that it sounds like leadership is wondering about the direction of APFC, and feeling some stress around those proposed legislative and constitutional amendments that could impact the corporation and the role in managing the Fund for Alaskans. Staff is doing analysis around the proposed legislation and around the potential proposed constitutional amendments to share that with the board and keep us informed, so that all are speaking from the same page.

VICE CHAIR RIEGER congratulated staff on a banner year. It was beyond just data. It was outperformance, and was just great. He added that he would definitely support sticking to the guns on what is a prudent long-term allocation for the Fund.

TRUSTEE MAHONEY echoed what prior trustees said about the last year delivering absolutely astounding returns and results. She thanked all for the positive results. She also stated appreciation for being present in person. The conversations are so much better, and the learning is amazing. She loved coming to Kodiak, which is a beautiful city, and was delighted to have the opportunity to travel to different communities so people can learn more about the Permanent Fund.

TRUSTEE RICHARDS explained that the Permanent Fund is to make as much money in a risk-adjusted way for the people in the state of Alaska. He talked about the risk presentation and the scenario of what would happen if there was a \$3 billion extra draw. He hoped that as risk is analyzed, that there is a realization that there are several different kinds of risk. He also enjoyed the private credit discussion, which was very informative. An interesting observation was the big banks getting more conservative in their lending and focused on more investment and more quality conservative credit. He thanked everyone for their support for leadership on the board. He also thanked Chair Moran for his services as a leader on the board, which has always been appreciated.

CHAIR MORAN thanked everyone for a great meeting. He stated that the annual report production this year was the best he had ever seen. It gets better every year, and he cannot wait to see what staff produces next year. He shouted out to the communications people for their great job. He asked for a motion to adjourn.

MOTION: A motion to adjourn the meeting was made by TRUSTEE MAHONEY; seconded by TRUSTEE FEIGE.

CHAIR MORAN ADJOURNED THE MEETING.

(Alaska Permanent Fund Corporation Annual Board of Trustees Meeting adjourned at 2:50 p.m.)