

APFC

ALASKA PERMANENT
FUND CORPORATION

49 Forward

2025 ANNUAL REPORT

INVESTING TODAY ■ SECURING TOMORROW

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Our Team

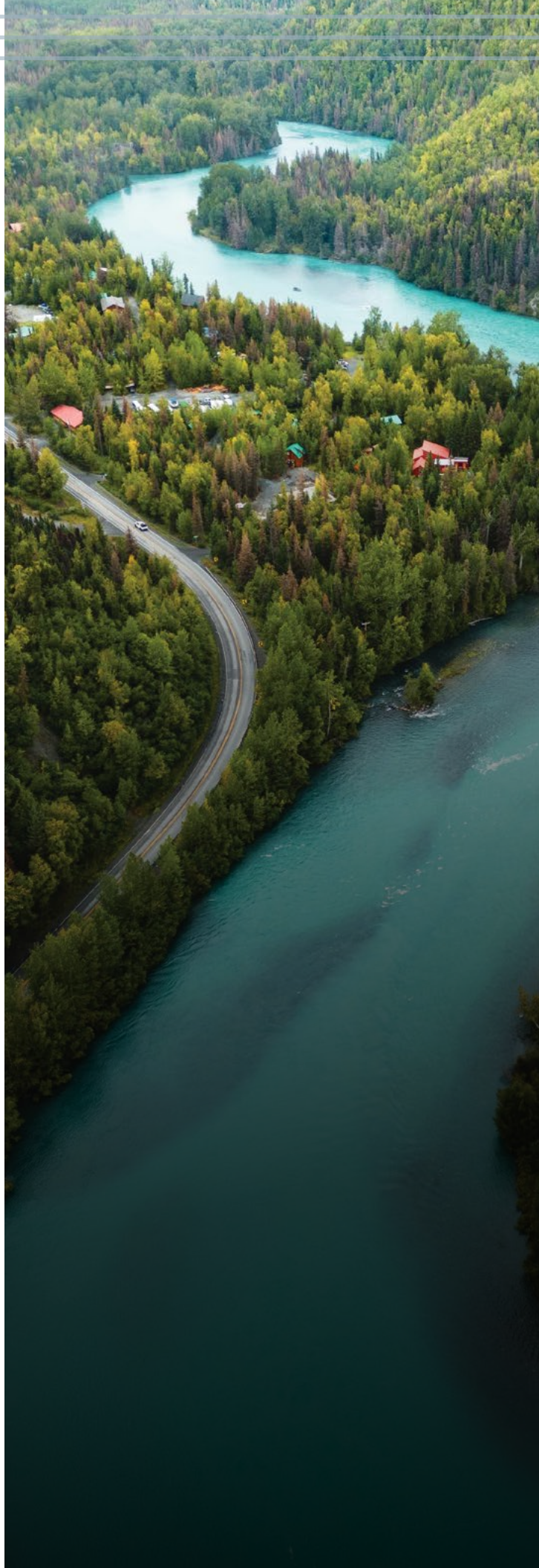
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OUR MISSION

To manage and invest the assets of the Permanent Fund and other funds designated by law.

OUR VISION

To deliver outstanding returns for the benefit of all current and future generations of Alaskans.



Front Cover: Mount Drum,
Richardson Highway, Copper Center

Pictured Here: Kenai River,
Cooper Landing

49 Forward

Since becoming the 49th state, Alaska has always stood apart, defined by bold choices, resilient people, and a deep respect for its resources and the future. The Alaska Permanent Fund (Fund) is a clear expression of that spirit: a visionary decision to transform a portion of the state's resource wealth into a lasting legacy for generations.

For 49 years, the Fund has grown and evolved, anchored by discipline, guided by expertise, and accountable to the people it serves. It stands as

a testament to Alaskans' foresight and collective pledge to securing long-term value from the state's resources.

The Alaska Permanent Fund is more than a financial resource—it is a living commitment to stability, opportunity, and shared prosperity. As we look ahead to the Fund's 50th year, we celebrate the milestones of the past and continue forward with integrity, vision, and the enduring strength of the 49th state.

Alaska Constitution Article IX, Section 15

// Alaska Permanent Fund

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law.

Established by a vote of the people in 1976, the Permanent Fund has grown into a cornerstone of Alaska's financial future, providing more than half of the state's unrestricted general fund revenue for the annual dividend to eligible residents and for essential state services.

The Alaska Permanent Fund Corporation (APFC or the Corporation) upholds its commitment to responsible stewardship, transparency, and long-term growth with "49 Forward" to honor our shared legacy: rooted in Alaska, guided by purpose, and driven by the promise of a secure tomorrow.

Letter from the Chair

Dear Fellow Alaskans,

Together with my fellow Trustees, we are committed to ensuring that the Alaska Permanent Fund remains a source of strength, stability, and shared prosperity for generations to come. This year marks the Fund's 49th year, befitting our identity as the nation's 49th state.

The Alaska Permanent Fund is unique as it is both a symbol and a mechanism of our shared responsibility. It was created 49 years ago to transform Alaska's resource wealth into a renewable financial resource, and it has delivered on that promise for generations. As stewards of the Fund, we are dedicated to protecting its value with strong governance and discipline, ensuring it remains a source of enduring wealth.

Recognizing the importance of protecting the Fund for all generations, the Board of Trustees unequivocally support a constitutional amendment to establish a single-fund endowment.

One Fund. Built for Generations.

A single-fund endowment:

- **Unifies the Fund** into a protected structure
- Secures **automatic inflation proofing**
- Provides **greater stability** for state revenues
- **Leaves the power of appropriation** for state services and the dividend up to the legislature.

Most importantly, it safeguards Alaska's greatest financial resource, ensuring the Permanent Fund provides **enduring wealth for today and every generation to come.**

More than half of Alaska's general fund revenue comes from the 5% Percent of Market Value (POMV) draw from the Fund. Given this growing reliance, legislative collaboration is crucial. As our fiscal dependence on this draw increases, we have a responsibility to ensure the long-term sustainability of the Fund. Without consistent, rules-based practices, we risk diminishing the Fund's purchasing power, jeopardizing intergenerational equity, and eroding the concept of a "permanent" fund.

In February 2025, the Trustees reaffirmed our commitment to strong governance by adopting updated Board charters that clarify roles and responsibilities, enhance oversight, and align with global best practices. These reforms reflect the Fund's maturity and position APFC to navigate increasingly complex financial environments.

This past year, we welcomed Trustee John Binkley to the Board in February 2025. Trustee Binkley's experience and long-standing service to Alaska will be a valuable asset in our work ahead. In August 2025, Vice Chair Adam Crum stepped down from his role as Commissioner of the Department of Revenue. We are grateful for his thoughtful leadership and dedicated service to the Board and the Fund. As outlined in statute, Acting Commissioner Janelle Earls assumed the seat on the Board, ensuring continuity of representation and ongoing partnership with the Administration.

The Board also welcomed a new member of the Investment Advisory Group (IAG), Janet Becker-Wold, CFA, in July 2025. Becker-Wold is a retired investment consultant and former Senior Vice President at Callan, recognized for over 30 years of institutional investment leadership. The Board values the IAG's guidance and expertise in supporting the Fund's long-term stewardship.

On behalf of the Board of Trustees, I extend our gratitude to the staff, stakeholders, and partners who support the mission of the Alaska Permanent Fund. Together, we carry forward a legacy of strength and stewardship—one that demands continued action to protect Alaska's renewable financial resource. As the 49th state marks the Fund's 49th year, we look ahead to its 50th with the same resolve.

Respectfully,



Jason Brune
Chair

APFC Board of Trustees

Board of Trustees

The APFC Board of Trustees serves as the Fund's fiduciaries, ensuring prudent management and investment of its assets. The Board sets investment policy, determines asset allocation, monitors performance, and collaborates with management on the Corporation's strategic direction.

As outlined in Alaska Statute (AS) 37.13.050, the six-member Board includes the Commissioner of the Department of Revenue, another state department head, and four public members with expertise in finance, investments, or business management.

Trustees invite the public to attend and participate in Board meetings, recognizing that our success depends on informed and engaged Alaskans.



Jason Brune
CHAIR
2023-2027



Craig Richards
2017-2025



Ethan Schutt
2020-2028



Ryan Anderson
COMMISSIONER OF THE
ALASKA DEPARTMENT OF
TRANSPORTATION AND
PUBLIC FACILITIES



John Binkley
2025-2026



Janelle Earls
ACTING COMMISSIONER OF
THE ALASKA DEPARTMENT
OF REVENUE

Accountability drives Alaska forward. The Board welcomes public input. Comments written for the Trustees can be sent to: boardpubliccomment@apfc.org.

Save Wealth, Produce Income & Provide Revenue

The Permanent Fund plays a vital role in Alaska's financial landscape—preserving wealth for future generations, producing income through investment returns, and providing revenue to support the annual dividend and essential public services. These purposes are reflected in the Legislature's findings for the Fund as outlined in AS 37.13.020.

Save wealth from nonrenewable resources through royalty contributions and appropriations to the Principal.

"The fund should provide a means of conserving a portion of the state's revenue from mineral resources to benefit all generations of Alaskans;"

Produce income through maximum risk-adjusted returns that are deposited into the Earnings Reserve Account (ERA).

"The fund's goal should be to maintain safety of principal while maximizing total return;"

Provide revenue which is available to be appropriated by the Legislature and offers stability through the annual draw from earnings to support the state's general fund.

"The fund should be used as a savings device managed to allow the maximum use of disposable income from the fund for purposes designated by law."

Letter from the CEO & Executive Director

To Our Alaskan Neighbors,

As we mark another year in the stewardship of Alaska's greatest financial asset, we reflect on the vision that shaped the Alaska Permanent Fund, and the responsibility that guides us forward.

The creation of the Fund was a bold act of foresight by Alaskan leaders and voters, a commitment to transform a portion of our state's annual natural oil and mineral wealth into a lasting resource. Rare are the times that a generation is willing to give up their resources for the benefit of unknown future generations. That legacy is not only worthy of our deepest respect, but also deserving of our strongest protection.

Since the first \$734,000 deposit of oil proceeds in 1977, the Fund has grown into one of the world's most respected sovereign wealth funds, while remaining a welcome and familiar presence in every Alaskan household. It stands as a reflection of the disciplined approach and strength of character of our forebears that they were willing to set aside a portion of their generation's wealth to benefit those yet to come.

Over the last several years, I have realized that the vast majority of Alaskans have very little understanding of the complexities of the Permanent Fund's structure; matters such as what type and how much state revenue is deposited into the Fund, what portion of the Fund is protected from spending, why and how inflation proofing is accomplished, and when earnings are available to spend. When folks take the time to learn the answers to these questions, they realize

that there is a strong argument for updating the Fund's structure.

With the evolution of Alaska's finances over the last 49 years, the time has clearly arrived for Alaskans to discuss and consider modifying the structures that support the Fund to improve long-term sustainability. Thoughtful reform is not a break from our founding principles; it is a continuation of them. It is how we maintain trust with every generation of Alaskans: past, present, and future.

At APFC, our dedicated team is committed to the responsibilities entrusted to us. We protect the Principal of the Fund and ensure it is invested with integrity, discipline, and purpose. This work goes beyond financial oversight; it is about generational stewardship and providing the greatest value for all Alaskans.

Together, we look ahead—49 Forward—with clarity of purpose, pride in our shared legacy, and a firm belief that the best way to honor the vision that created the Fund is to secure its strength. Recasting and strengthening the Fund's structure is solely focused on the goal of providing the highest probability for success of the Fund to perpetually provide annual support for our State's future residents

Respectfully,



Deven Mitchell
CEO & Executive Director

Alaska Highway, Delta Junction



Respect. Protect. Provide.

// Respect

The Alaska Permanent Fund is the result of the vision and conviction of our state's leaders and voters. Built for all Alaskans, it is now recognized globally as a pioneering model for transforming resource wealth into long-term, enduring value—a success that all Alaskans can take pride in.

// Protect

Protecting the Fund requires disciplined investment, long-term value preservation, and a durable structure for all generations.

TRANSITION TO A SINGLE-ACCOUNT MODEL

The long-term solution remains constitutional reform to unify the two accounts into a permanent single-fund endowment. This would eliminate the distinction between Principal and earnings and allow for a spending rule directly tied to the Fund's real return, effectively embedding automatic inflation proofing within the spending limit.

// Provide

Alaska's Permanent Fund is a source of strength and stability in a changing economic landscape. The Fund bridges the state's past reliance on nonrenewable resource royalties with an investment-based revenue model. Since the first value-based draw in FY19, earnings from the Fund have become the largest and most stable source of unrestricted general fund revenue for the State.

The POMV draw, based on a 5-year rolling market average of the Fund's value, provides a smoothing effect that mitigates market volatility, ensuring a stable revenue stream.

FY27 POMV Calculation

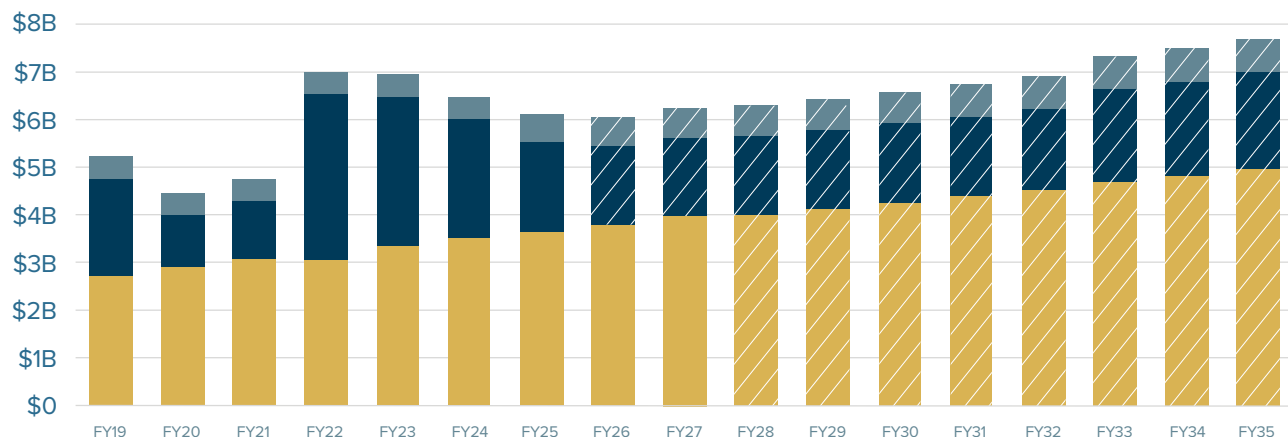
AS 37.13.140(b) Value Based

FY25	\$84,675,500,000
FY24	\$80,038,400,000
FY23	\$77,587,500,000
FY22	\$75,912,800,000
FY21	\$81,472,400,000

5-Year Avg.	\$79.9B
FY27 5% POMV Draw	\$4.0B

Contributions to the General Fund *in Billions*

// POMV Draw // Petroleum Revenue // Other General Fund Revenues // Projected Amounts



The chart illustrates the steady and reliable contribution of the POMV draw to Alaska's general fund revenue now and into the future.

Performance

Built for the Long Term

8.74%

41.5-Year Annualized Return

9.35%

FY25 Total Return

The Alaska Permanent Fund outperformed its performance benchmarks over fiscal year 25, 5-year, and 10-year periods.

“APFC generally targets investment themes and trading strategies that are expected to yield outperformance vs. our performance benchmark over 5–10-year time horizons,” remarked Marcus Frampton, Chief Investment Officer. “I am pleased that the APFC team has delivered returns beating the performance benchmark, our primary measure for evaluating success.”

For FY25, the total Fund’s performance of 9.35% surpassed the performance benchmark of 9.29% and the target return objective of 7.67% but lagged the passive index of 13.19%. In FY25 the Fund’s modest outperformance of its benchmark was driven by outperformance in Public Equities, Absolute Return, Private Income, and Fixed Income, while the Private Equity, Real Estate, and Tactical Opportunities strategies lagged.

Over a 5-year period, the Fund returned 9.73%, outperforming the passive index of 8.60%, the performance benchmark of 9.49%, and the Board’s target return objective of 9.59%.

Over a 10-year period, the Fund returned 8.08%, also exceeding the passive index of 6.91%, the

benchmark of 7.80%, and the Board’s target of 8.06%.

“APFC’s long-term outperformance of our passive benchmark demonstrates that the addition of our alternative and private strategies has added value over time and APFC’s accomplishment of our CPI + 5% return objective over the long term suggests that the asset allocation selected by our Board of Trustees is appropriate for our mission,” noted Frampton.

// Strength in Diversification, Discipline in Strategy

The Fund is designed to perform over time, not chase short-term gains. While individual benchmarks or indices may outperform in any given year, APFC’s investment strategy prioritizes long-term value creation through diversification and disciplined risk management.

APFC’s benchmarks are thoughtfully constructed to reflect the structure of the portfolio and the realities of global markets to measure and guide performance. This approach helps ensure the Fund remains resilient across market cycles, avoids concentration risk, and delivers strong, risk-adjusted returns for the benefit of all Alaskans.

Potter Marsh Bird Sanctuary,
Anchorage

// Monitoring Total Fund Performance

To evaluate how well the Fund is managed and whether it is meeting its long-term investment goals, APFC uses three distinct benchmarks. Each plays a different role in measuring performance, discipline, and strategic value.

PERFORMANCE BENCHMARK: PEER COMPARISON

The performance benchmark offers a peer comparison. This indicator combines indices across all asset classes, reflecting the Fund's target asset allocation. It is designed to reflect the daily decisions made by APFC's investment managers, serving as a measure of whether APFC's execution, and market calls have added value over specific time periods.

PASSIVE INDEX: ADDED VALUE

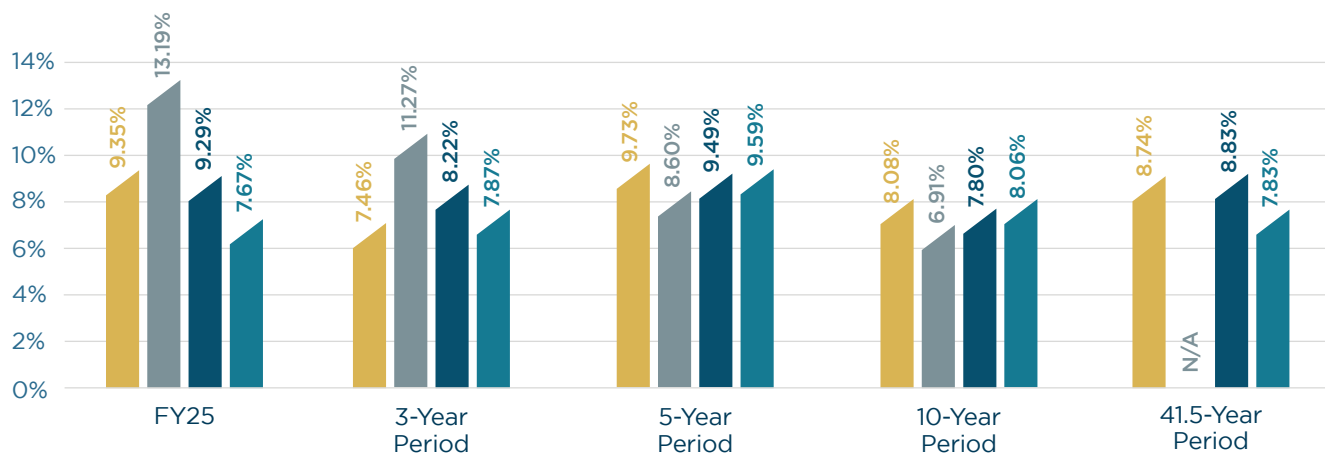
This short-term performance indicator is based on a blend of passive indices reflective of a traditional stocks/bonds portfolio. This benchmark evaluates whether the added sophistication of APFC's diversified strategy delivers long-term value.

RETURN OBJECTIVE: LONG-TERM TARGET

This benchmark, set by the Board, is an annualized return of inflation (Consumer Price Index or "CPI") + 5%. It measures whether the Fund is meeting its long-term real return goal, preserving and growing value after inflation. It also guides asset allocation and investment strategy alignment to meet the Fund's long-term obligations and protect intergenerational value.

Measuring Performance Across Three Benchmarks

■ The Fund ■ Passive Index ■ Performance Benchmark ■ Total Return Objective (CPI + 5%)



This chart illustrates how the Total Fund's returns (gold) compare with its benchmarks over 1-, 3-, 5-, 10-, and 41.5-year periods.

The Fund

A Legacy of Vision & Discipline

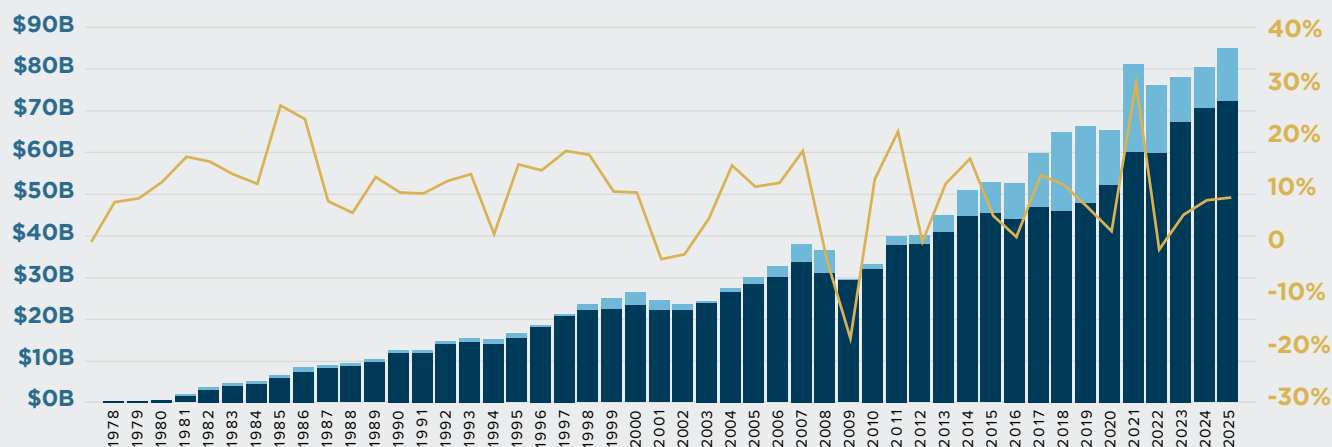
Born from a period of extraordinary resource development, the Alaska Permanent Fund was constitutionally established to save a portion of the state's oil royalties and invest it with a long-term vision: to provide enduring benefits for all

Alaskans, today and in the future. Through consistent discipline, inflation proofing, and prudent long-term investment, the Fund has become central to Alaska's financial landscape, providing stability, income, and intergenerational value.

Fund Values & Returns

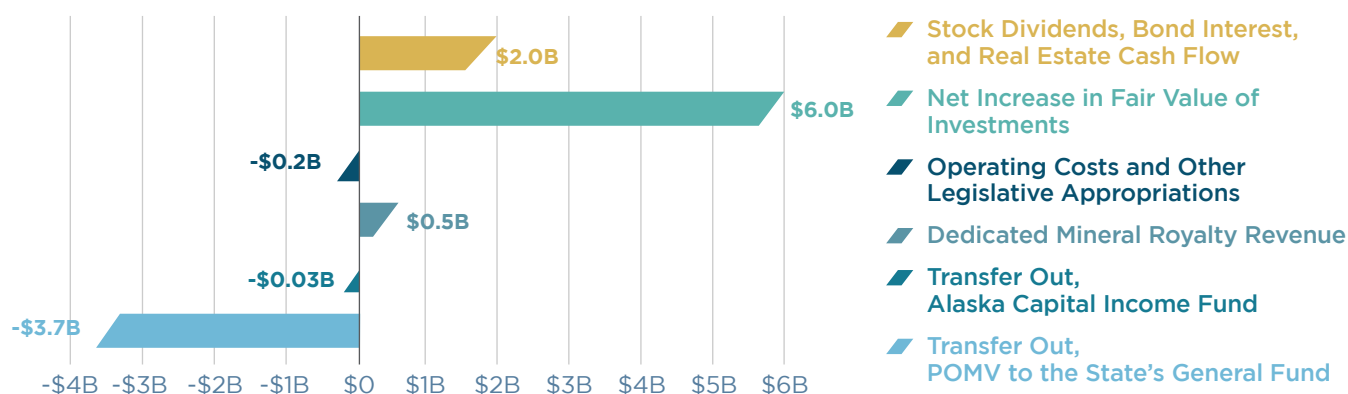
Since Inception | In Billions

■ Total Principal / Total Return
■ Total Earnings Reserve Account



The Alaska Permanent Fund has demonstrated incredible growth since its inception, with the Principal steadily increasing over the years. With few exceptions, the Fund has consistently generated positive returns, underscoring the effectiveness of its investment strategy in delivering long-term value and stability.

FY25 Sources of Change in Fund Value



Fund values fluctuate annually due to a combination of factors: new royalty deposits increase the Principal; realized earnings flow into the ERA; operations expenses, legislative appropriations, and POMV draws reduce the Fund; and asset valuations shift with global market performance. **The net change in FY25 was \$4.6B, resulting in a total Fund value of \$85.1B, an all time high.**

Value Generated for Alaska

// Since its inception, the Permanent Fund has generated more than \$93.7 billion in realized investment earnings to benefit both current and future generations of Alaskans.

The Fund has realized more earnings than it currently has valued in holdings, which highlights how much it has supported Alaskans over the years.

Since the Fund's creation, \$47.6 billion, just over half of the Fund's realized earnings, have been paid out to support current generations. This includes \$24.4 billion paid out to eligible Alaskans through the PFD before 2018, \$22.6 billion paid out under the POMV formula (which includes essential state services and the PFD program) since 2019, and a smaller amount of \$527 million to the Alaska Capital Income Fund from the investment of the Amerada Hess earnings.

The introduction of the POMV in 2019 marked a milestone: for the first time, a portion of Fund earnings supported state services in addition to dividends. This structural change reflects Alaska's growing reliance on the Fund to support the state's budget while also highlighting the need for disciplined, long-term stewardship to ensure that the Fund continues to generate value.

Nearly half of the Fund's earnings, \$46.1 billion, have been saved for future generations. This includes \$27.6 billion to preserve the Principal's purchasing power over time through inflation proofing, \$8.3 billion to grow its value through special appropriations, and an additional \$10.2 billion in undistributed income that is still available for appropriation at the end of FY25.

These savings, which were put aside to benefit generations of Alaskans, reflect the Fund's original purpose: to convert one-time resource wealth into a renewable source of value for all Alaskans.

Uses of Fund Earnings

Since Inception | In Billions

\$93,741,100,000

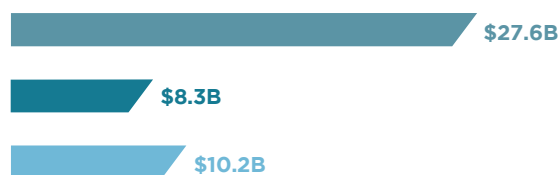
Paid out to Current Generations 50.8% | \$47.6B

- /// POMV Distributions Since FY19
24.2% | \$22.7B
- /// Dividend Appropriations Through FY18
26.0% | \$24.4B
- /// AK Capital Income Fund/Amerada Hess Earnings 0.6% | \$0.5B



Saved for Future Generations 49.2% | \$46.1B

- /// Inflation Proofing
29.4% | \$27.6B
- /// Special Appropriations
8.9% | \$8.3B
- /// Undistributed Realized Income
10.9% | \$10.2B



Fund Structure

The Alaska Permanent Fund is managed as a unified investment portfolio with two distinct accounts: the Principal and the ERA. Together, they reflect the Fund's total value.

The **Principal** is the permanent, nonspendable portion of the Alaska Permanent Fund and is constitutionally protected. The Principal grows through mineral royalty deposits, inflation proofing, and special appropriations. These contributions may only be used for income-producing investments. The Principal also holds a portion of the Fund's unrealized appreciation on assets that have not yet been sold.

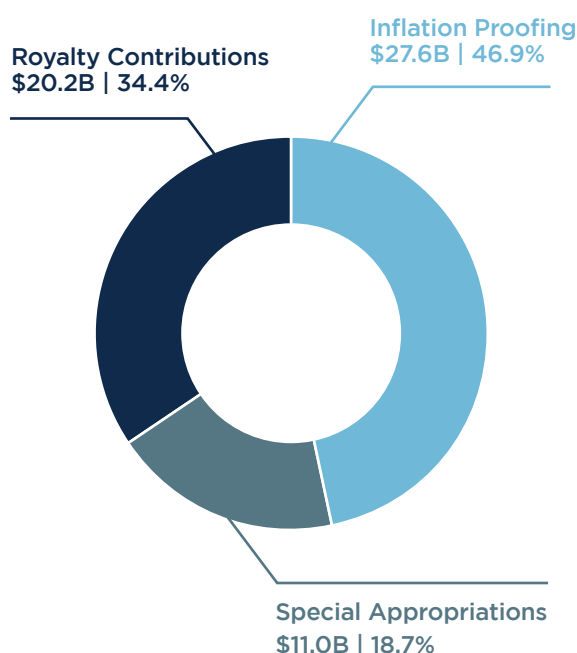
The **Earnings Reserve Account (ERA)** is the "spendable" portion of the Fund, established by statute in AS 37.13.145 that holds the Fund's realized investment earnings, known as Statutory Net Income (or "SNI," which excludes unrealized gains and losses).

The realized funds in the ERA are available for legislative appropriation with a simple majority vote. SNI is the statutory measure used to determine what is deposited into the ERA, which includes realized income from decisions to sell assets and cash flow income from investments held. The amount of SNI can vary significantly year over year, as investment decisions are made with consideration of the market and our directive to earn a maximum risk-adjusted return.

This structure supported decades of growth, ensuring that realized earnings could be saved, spent, or reinvested. As the state now relies on consistent POMV draws from the ERA, this two-account structure poses potential strain on the ERA to meet the state's revenue needs and inflation proof the Principal.

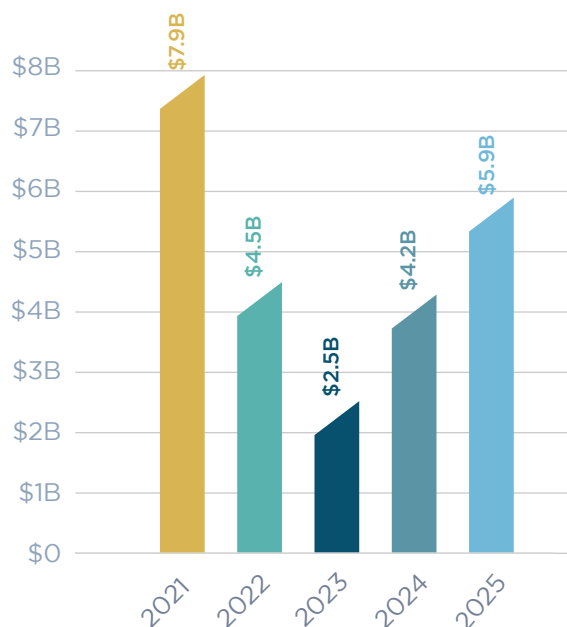
Contributions to Principal

Since Inception | In Billions



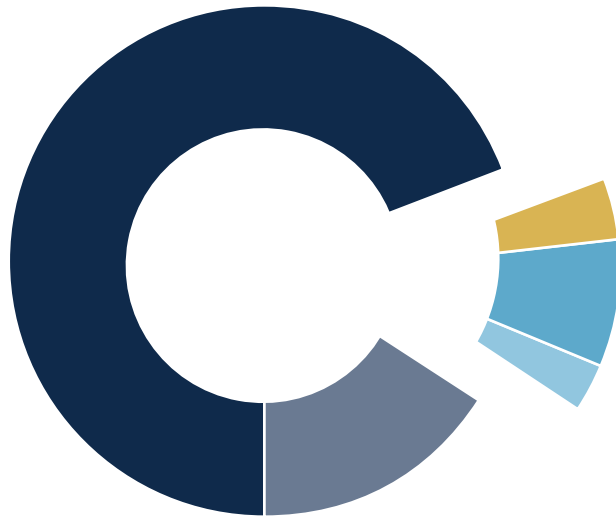
Statutory Net Income (SNI)

In Billions



Total SNI to the ERA over 5 Years

\$25.0B



\$72.5B Principal:

- \$58.9B Permanent Deposits
- \$13.6B Unrealized Gains

Permanent Fund Value

\$85.1B as of June 30, 2025 | In Billions

\$12.6B Earnings Reserve Account (ERA):

■ **\$3.8B for the FY26 POMV - Committed**

For the Percent of Market Value “POMV” Draw to the state’s general fund for dividends and government services

■ **\$6.4B “Spendable” Earnings**

Available as realized income

■ **\$2.4B Unrealized Gains**

Represents changes in asset values from the purchase date to the statement date

The FY25 inflation proofing appropriation of \$1.0 billion was repealed in HB53 (estimated to be \$1.7 billion). No inflation proofing amount was appropriated for FY26 which is estimated to be \$1.5 billion.

Inflation Proofing

Intergenerational Equity

The long-term integrity of the Alaska Permanent Fund depends on consistent, rules-based inflation proofing—without it, the Fund’s real value erodes, and future generations bear the cost.

For decades, the rules-based inflation proofing calculation outlined in AS 37.13.145(c) has served as a cornerstone of intergenerational equity, ensuring the real value of the Fund’s Principal is protected under the two-account structure. Yet in recent years, this discipline has eroded, given the State’s need for a dependable revenue stream.

Under the current two-account structure, realized earnings must be appropriated annually from the ERA to the Principal to preserve its purchasing power. This annual rules-based process is an essential element of responsible Fund stewardship

and is consistent with global best practices for sovereign wealth fund governance, ensuring that the Fund can continue to benefit not only today’s Alaskans—but generations to come.

At its May 2025 quarterly meeting, the Board of Trustees reaffirmed its position: consistent, rules-based inflation proofing is essential. By reinvesting a portion of earnings to offset inflation, the Principal can continue to grow for future generations.

As Elmer Rasmuson, APFC’s first Board of Trustees’ Chair, warned: “Inflation is a thief in the night.” Left unchecked, it silently erodes the real value of Alaska’s most important financial asset.

One Fund. Built for Generations.

Benefits of a Constitutional Amendment

By changing to a single-fund endowment, Alaska can uphold its commitment to current and future generations of Alaskans while honoring the vision of the Fund's founders.

Currently, the ERA is the only source for the POMV draw, leaving it solely designated to support the annual revenue transfer to the State. If the ERA were reduced or depleted, the State could fall short of the resources needed to support both the dividend and the general fund. The APFC Board of Trustees supports a clear solution: move to a single-fund endowment that provides enduring wealth for every generation.

A single-fund endowment would:

- Protect the Fund's value from inflation, automatically.
- Guarantee a reliable annual draw for dividends and the state budget.
- Expand constitutional protections to cover 95% of the Fund.
- Align Alaska with global best practices for endowments.

PROTECT THE FUND'S REAL VALUE AUTOMATICALLY

To protect Alaska's fiscal stability, the Fund must keep its purchasing power against inflation while still generating annual revenue. Under today's two-account structure, the Principal does not retain its earnings, and lawmakers must transfer money each year back to the Principal based on a statutory formula. A single-fund endowment would solve for inflation risk by keeping earnings within the Fund, automatically protecting against inflation and eliminating the need for manual and ad hoc legislative appropriations.

GUARANTEE RELIABLE ANNUAL REVENUE

A single-fund structure with a constitutionally defined POMV rule would guarantee that an annual draw is available for the state. This approach would provide consistent, steady draws for general fund revenue, for the dividend, and essential government services, while maintaining flexibility in its use through the Legislature's power of appropriation.



EXPAND CONSTITUTIONAL PROTECTION

Strengthening Alaska's financial foundation requires a sustainable draw limited to the Fund's long-term real return, while safeguarding the Fund's future. The proposed endowment model would ensure constitutional protection for 95% of the Fund, keeping it invested and generating returns for future generations while providing an annual 5% distribution for the current generation.

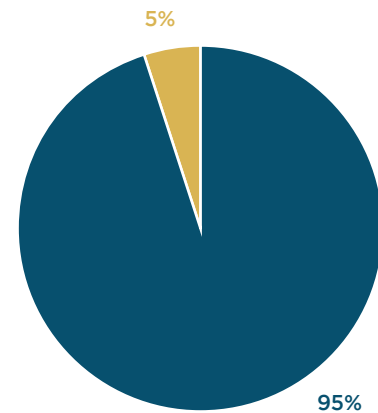
ALIGN WITH ENDOWMENT BEST PRACTICES

The proposed structure reflects global best practices for endowments, including total-return investing, which aims to maximize long-term growth without liquidity constraints. The Board of Trustees of the Alaska Permanent Fund has supported the transition to a single-fund endowment model for more than 20 years.

Adopting it now with a constitutionally defined POMV limit tied to long-term real returns ensures that Alaska's savings are protected, dependable, and designed to deliver enduring wealth for every generation. **One Fund. Built for Generations.**

Proposed Endowment Model

Constitutionally Protected: 95%



■ The Fund ■ 5% POMV Draw

A constitutional single-fund endowment with a set percentage of market value draw limit prevents overspending while providing stable annual revenue to support essential services and dividends.

*Mears Memorial Bridge,
Tanana River, Nenana*

From Prudhoe to Prosperity

Alaska's Permanent Fund



1969 //

\$900M Prudhoe Bay lease sale, the largest ever at the time.



1959 //

Alaska becomes the 49th U.S. state.

1968 //

Oil discovered at Prudhoe Bay.

1973 //

Congress passes the Trans-Alaska Pipeline (TAPS) Authorization Act.

1977 //

First barrel of oil shipped from Prudhoe Bay.

1974 – 77 //

Trans-Alaska Pipeline constructed — \$8B, 800 miles long.



1981 //

The billionth barrel flows through the pipeline.

1987 //

Oil throughput peaks: 2M barrels per day.

1998 //

Fund earnings surpass state oil revenues for the first time.

2000s //

Alaska becomes more reliant on investment income than oil revenues.



2018 //

SB26 codifies a rules-based 5% POMV draw. The Fund becomes the top source of general fund revenue.



Alaska's journey to establish the Permanent Fund is a story of intergenerational vision. From the discovery of oil at Prudhoe Bay and the construction of the Trans-Alaska Pipeline System, Alaska transformed from a young state rich in resources into one with a unique financial legacy. Recognizing the finite nature of oil wealth, leaders took action—not just to spend, but to save. In 1976, Alaskans voted to create the Permanent Fund: a way to dedicate a portion of the state's royalty revenues for the benefit of current and future generations. What began as a prudent idea has become a cornerstone of Alaska's financial future—saving, investing, generating income, and sharing in the wealth of our natural resources with every Alaskan, today and tomorrow.



// 1976

Voters approve creation of the Permanent Fund in the Alaska Constitution.

// 1977

First \$734K royalty deposit made to the Permanent Fund.

// 1982

First \$1,000 PFD check distributed from oil revenues.

// 1983

APFC makes its first investments in stocks and real estate.

// 1989

The Fund reaches \$10B and begins investing globally.

// 1977–79

Alaskans debate: should the Fund be managed as an investment fund or as an economic development bank?

// 1980

APFC is created to manage the assets of the Fund as a financial endowment.

APFC

ALASKA PERMANENT
FUND CORPORATION

// 2004–05

The Legislature and APFC Board expand investment authority to align with the Prudent Investor Rule.

// 2006–07

The Fund reaches \$35B, then \$40B.

// 2025

The Fund reaches an all-time high value of \$85.1B as of June 30, 2025 while providing more than half of the state's annual general fund revenues. An achievement driven by disciplined investment, prudent management, and Alaska's commitment to intergenerational prosperity.

// 2024

The Trustees advance their position on a single-fund endowment model with the release of Trustees' Paper #10.

**A Rules-Based
Permanent-
Endowment
Model for
Alaska**

APFC ALASKA PERMANENT
FUND CORPORATION
TRUSTEES' PAPER VOLUME 10

Investment Strategy

// Alaskans can have confidence in APFC's expertise, ability, and commitment to safeguarding and growing the Permanent Fund on their behalf.

APFC invests the Fund's assets with a long-term perspective and a clear mandate across all asset classes and in aggregate: to maximize returns while ensuring risks remain within well-defined thresholds.

Investment decisions are rooted in strategic asset allocation and carried out through a blend of internal expertise and partnerships with leading global managers. This collaborative approach is part of an efficient system that works together to achieve long-term financial growth, advancing the sustainability of the Fund and supporting Alaska's fiscal future.

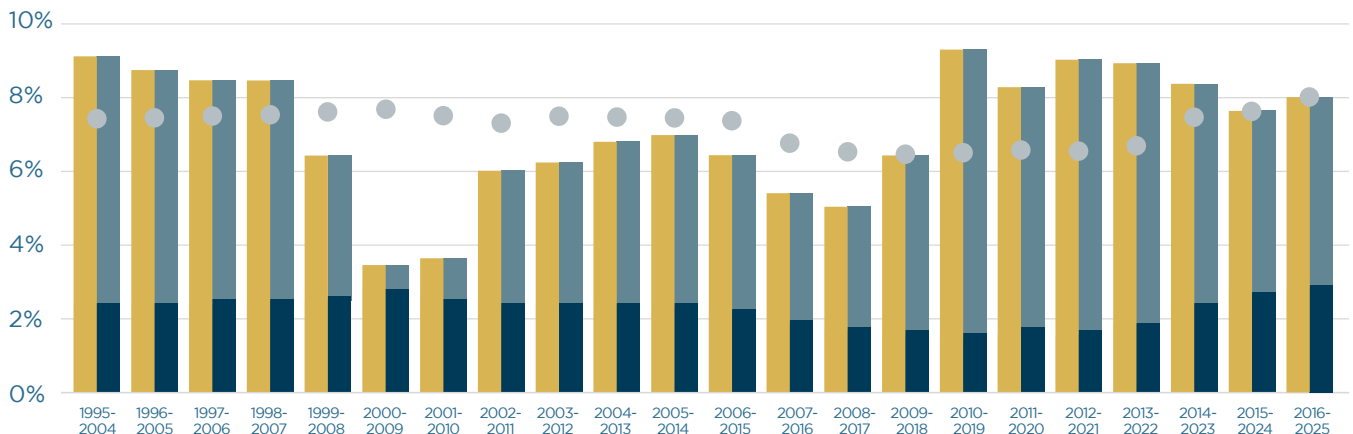
Guided by the Investment Policy set by the Board of Trustees, APFC manages a globally diversified portfolio designed to meet or surpass benchmarks across market cycles. The Board maintains a long-term perspective when evaluating performance, utilizing the following criteria outlined in APFC's Investment Policy:

- **Investment Performance:** Ability to generate an annualized return of CPI + 5%, where CPI refers to the Consumer Price Index, a standard measure of inflation, over a 10-year period.
- **Investment Risk:** Ability of the Fund to achieve the long-term target while conforming to the risk appetite approved by the Board.

The long-term 10-year target return for the decade ending in FY25 has been achieved with a return of 8.08%, slightly above the total return objective of 8.06%. While short-term performance fluctuations are anticipated, APFC remains committed to a strategic objective of a 5% real rate of return to fulfill the Fund's intergenerational mandate.

Rolling 10-Year Fund Returns Annualized

■ Total Return = ■ Real Return + ■ Inflation
● Total Return Objective (CPI + 5%)



This chart illustrates the Fund's annualized 10-year rolling returns, separated into real return and inflation components over the same period. It provides a visual to assess whether the Fund is meeting its real return goal with dots representing the Fund's long-term performance objective, CPI + 5%. Together, these elements show how the Fund's performance compares to its target while accounting for inflation's effect on long-term value.

Risk Management

The Alaska Permanent Fund Corporation does not aim to avoid risk, but rather strives to identify, understand, and manage it with discipline. The Risk Management and Compliance team plays a central role in managing risk within Board-approved parameters to safeguard Alaska's financial future through sound, forward-looking practices.

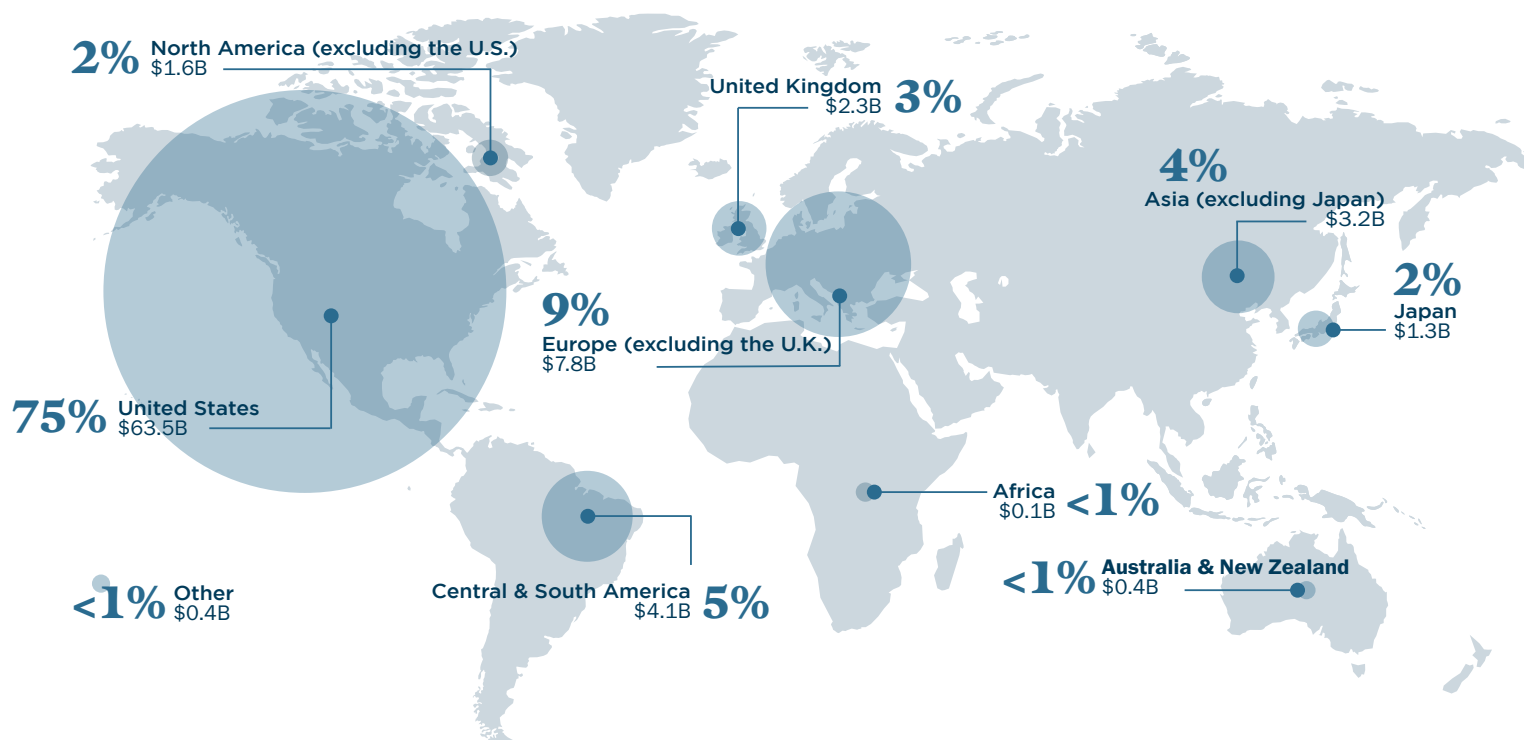
Risk takes many forms: from investment-related exposures such as market, credit, and liquidity risk, to broader considerations including legal, reputational, regulatory, and operational risks. Risk Management collaborates closely across the Corporation to monitor portfolio-level risk, contribute to due diligence, and support compliance, IT security, and internal controls.

A key function of the team is modeling drawdown and volatility scenarios to support portfolio construction aimed at maximizing long-term, risk-adjusted returns. Risk is not static, and as a result, APFC continuously monitors the portfolio and adjusts its positioning as needed in

response to changing market dynamics or shifts in asset composition. With a long-term horizon and well-defined risk appetite, APFC seeks to balance opportunities with informed decision-making processes—investing today to help secure tomorrow for Alaska.

// “Risk is inherent to investing, and understanding it is central to how we protect and grow the Fund. Our role is to bring discipline to the process, to identify, understand, and manage risk within well-defined parameters. Ultimately, everything we do supports APFC’s singular mandate: to produce a long-term, risk-adjusted, maximum return for the benefit of Alaska.”

- Sebastian Vadakumcherry,
Chief Risk & Compliance Officer



Asset Allocation

The Alaska Permanent Fund has evolved significantly since its early days, when the portfolio was composed entirely of U.S. Treasury bonds.

Over time, the Alaska Legislature and APFC Board gradually expanded investment authority to align with the Prudent Investor Rule. This allowed the Fund to grow into a globally diversified portfolio spanning eight asset classes—from public equities and bonds to private equity, infrastructure, and real estate. This evolution reflects 49 years of thoughtful, forward-looking asset allocation designed to maximize risk-adjusted returns over the long term, reflecting the consistent stewardship and long-term focus that Alaskans have come to expect.

Diversification has long been one of the Fund's most important strengths. While some asset classes aim to deliver strong returns, others provide stability, liquidity, and income, all contributing to the Fund's resilience and performance across market cycles. This balance supports the Fund's ability to navigate change while remaining anchored in its long-term purpose.

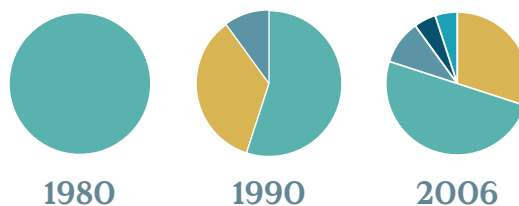
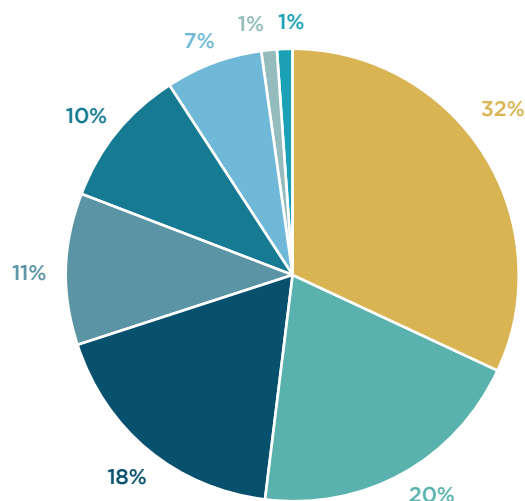
The APFC Board of Trustees reviews asset allocation annually to ensure that the Fund's framework for diversification continues to deliver maximum, risk-adjusted returns.

// LOOKING FORWARD

The current allocation balances opportunity and risk and gives staff flexibility for tactical adjustments within approved ranges as market conditions shift. For FY26, the Board maintained the existing targets, citing global uncertainty and the importance of a steady, long-term approach.

FY25 Asset Allocation Actuals & Targets

Public Equities	33%	Target 32%
Fixed Income	20%	Target 20%
Private Equity	17%	Target 18%
Real Estate	11%	Target 11%
Private Income	9%	Target 10%
Absolute Return	7%	Target 7%
Tactical Opportunities	1%	Target 1%
Cash	2%	Target 1%



*Worthington Glacier,
Thompson Pass, Valdez*

Asset Class Portfolios



Fixed Income

Steady Income and Liquidity

\$17.2B

As of June 30, 2025

20%

Target FY25 Asset Allocation

Since the Fund's inception 49 years ago, Fixed Income has played a central role, starting with a portfolio of solely U.S. Treasury bonds. Today, the portfolio spans corporate and government debt, mortgage-backed securities, and other interest-bearing assets to generate consistent earnings while reducing overall portfolio volatility.

As a core allocation for the Fund, Fixed Income is vital in supporting long-term performance and overall balance. It anchors the portfolio with consistent income, capital stability, and liquidity—providing steady returns across various market cycles. In periods of heightened market volatility, Fixed Income has historically acted as a ballast helping the Fund to meet its spending commitments and opportunistically reallocate capital.

APPROACH

The Fund's Fixed Income portfolio is actively managed by APFC's internal investment team with direct access to major domestic and international markets, including corporate, government, and treasury securities.

The in-house team operates much like a drift boat on the Taku River: constantly adjusting its course to the currents while keeping its nets in the water where the salmon are running.

The Fixed Income portfolio stays balanced by hedging interest rate exposure with U.S. Treasuries, so our "nets" hold steady even when currents shift. The risk comes from where the team casts their lines, through individual bond selection, subsector tilts, or strategic curve bets.

To uncover these opportunities, the Fixed Income team monitors dislocations in the investment grade market and across European sovereigns, monitoring shifts in spreads and yields over time to identify compelling trade ideas. Every decision is grounded in rigorous credit analysis, a firm grasp of macroeconomic fundamentals, and independent bond selection with a research-driven mindset.

PERFORMANCE

For FY25, Fixed Income outperformed with a 6.67% return against its benchmark of 6.49%. For the past 5-year period, the Fixed Income portfolio exceeded its benchmark, returning 1.01% against the benchmark of 0.56%.

In FY25, credit spreads in investment-grade and high-yield markets compressed as strong fundamentals and sparse bond issuance supported tighter valuations, while short-term investments in defensive subsectors like communications and consumer staples delivered a steady stream of small, reliable gains. At the same time, ongoing tariff-policy uncertainty in industrial and materials credit created pockets of dislocations and trading opportunities. The asset class's outperformance over FY25 and the last five years is due to its consistent and repeatable relative value strategy.

APFC's Fixed Income performance is measured against a custom benchmark representing a mix of assets, including corporate bonds, treasuries, asset-backed and commercial mortgage-backed securities, and inflation-linked instruments.

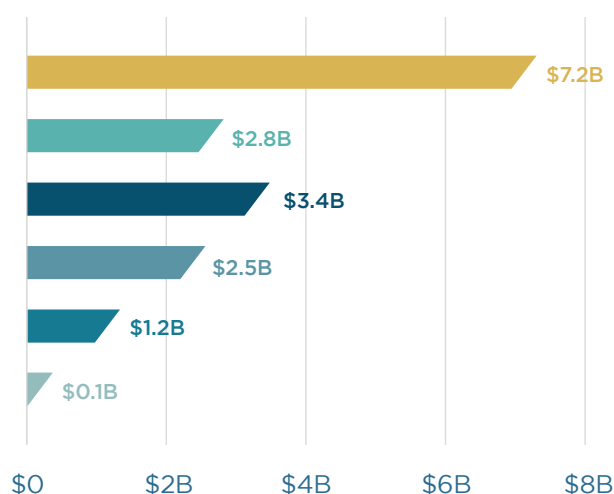
// LOOKING FORWARD

The Fixed Income portfolio remains neutral, selective, and ready to respond to shifting market conditions. The team anticipates interest rates and inflation to moderate, while some sectors—like consumer cyclicals—are pricing in recession risks. In addition, the team will monitor tariffs closely, as changes in trade policy could sway market dynamics and sector fundamentals. The portfolio is positioned neutrally to maintain flexibility across different outcomes, and focused on selecting individual bonds to generate a series of small, steady gains through rigorous credit analysis. At the same time, the team stands ready to move decisively should a market dislocation arise, positioning the portfolio to capture larger opportunities when they present themselves.

Fixed Income by Type

\$17.2B | In Billions

U.S. Corporates	\$7.2B 41%
U.S. Treasuries	\$2.8B 16%
Mortgage-Backed	\$3.4B 20%
Non-U.S. Government	\$2.5B 15%
Non-U.S. Corporates	\$1.2B 7%
Commercial Mortgage-Backed	\$0.1B 1%



// *“It’s a combination of disciplined hedging, targeted risk, and staying agile that’s helped us consistently outperform. We’re landing a steady stream of small wins—and we’re ready to reel in the big catch when the market throws something unexpected.”*

- Jim Parise
Deputy CIO - Public Markets
and Director of Fixed Income

Public Equities

The Fund's Largest Driver of Returns

\$28.4B

As of June 30, 2025

75

Countries Represented
in Holdings

32%

Target FY25 Asset Allocation

The Public Equities portfolio is the Alaska Permanent Fund's largest and most liquid asset class. It holds stocks from the New York Stock Exchange (NYSE), and exchanges in 75 countries.

The Public Equities portfolio plays a central role in APFC's mission to deliver above-market, risk-adjusted returns. It is the largest asset class for the Fund and, as a result, is expected to significantly contribute to its overall performance.

APPROACH

APFC's Public Equities Portfolio is positioned in areas that offer the greatest potential for attractive, long-term returns over a 5-year period. To achieve this, APFC focuses on two primary drivers of active returns: allocation and stock selection.

Through allocation decisions, the valuation risk of Public Equities is mitigated by allocating less to areas of the market that may become significantly over-valued relative to their history or the broader market, resulting in diminished long-term performance.

By emphasizing bottom-up stock selection, APFC's external managers keep the portfolio invested in companies that consistently rank better in quality, fundamentals, and valuation. This enables APFC to deliver net-of-fee outperformance relative to the benchmark.

PERFORMANCE

For FY25, the Public Equities portfolio gained 16.09% vs. the benchmark of 15.89%, exceeding the benchmark by 20 basis points. Over the past 5 years, the Public Equities portfolio outperformed its benchmark by 70 basis points

(0.7%) per year, returning 14.09% annualized, against the benchmark of 13.39%.

Key drivers of FY25 active returns are positive stock selection and allocation in the international and global portfolios, whereas the U.S. portfolio lagged due to under allocation to U.S. large cap growth stocks. Over the past year, markets saw two sharp drawdowns, nearly 10% in July–August 2024 and 15% in March–April 2025, yet APFC's Public Equities portfolio declined far less and outperformed its benchmark in both periods. On the other hand, the portfolio lagged its benchmark during two separate instances of market appreciation but with significantly narrow market leadership, in December 2024 and April–June 2025.

Individual stock selection has consistently delivered significant net-of-fee outperformance over the past 3-, 5-, and 10-year periods, and is primarily driven by our external manager program. Over the past 5 years, allocation has delivered modestly negative returns and has detracted from Public Equities' total performance in more recent years.

APFC's Public Equities' performance is measured relative to the asset class MSCI ACWI IMI benchmark, a comprehensive global equity index that represents the performance of companies across both developed and emerging markets.

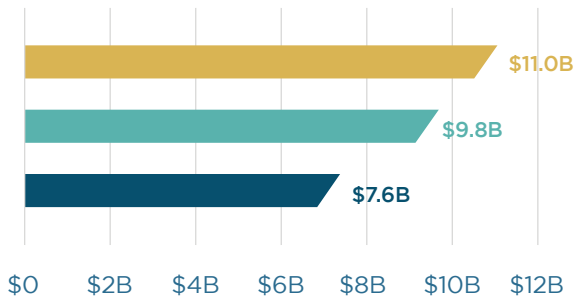
// LOOKING FORWARD

Rather than chase short-term performance, APFC evaluates opportunities across the public equities landscape with a focus on long-term fundamentals and risk-adjusted return potential.

Stock Portfolio by Mandate

\$28.4B | In Billions

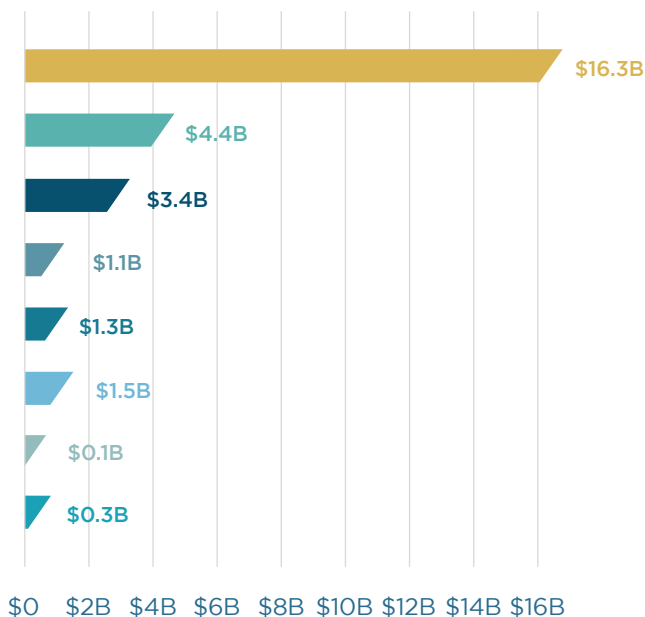
U.S.	\$11.0B 38%
Global	\$9.8B 35%
Non-U.S.	\$7.6B 27%



Stocks By Region

\$28.4B | In Billions

U.S.	\$16.3B 58%
Europe (Excluding U.K.)	\$4.4B 15%
Asia (Excluding Japan)	\$3.4B 12%
U.K.	\$1.1B 4%
Japan	\$1.3B 5%
Americas	\$1.5B 5%
Africa	\$0.1B 0%
Global	\$0.3B 1%



“Valuation is the single most important risk factor for long-term investors. Our valuation discipline allows us to buy low and sell high consistently, identifying opportunities that enhance long-term return potential and position the portfolio to outperform its benchmark.”

- Fawad Razzaque
Director of Investments -
Public Equities

Real Estate

Income with Inflation Protection

\$9.3B

As of June 30, 2025

11%

Target FY25 Asset Allocation

The Real Estate portfolio includes a mix of fully and jointly owned properties, including residential, industrial, retail, and office properties across the U.S. and abroad. Designed to deliver steady, inflation-resistant income and long-term value, Real Estate helps diversify the Fund through assets that behave differently from traditional stocks and bonds.

APPROACH

APFC invests in a mix of property types, locations, and deal structures in order to achieve return objectives. These include both fully built, income-generating core properties and new developments that add long-term growth potential to the portfolio. Over the past few years, the Real Estate portfolio has expanded its focus to include a “Build-to-Core” investment strategy, prioritizing high-quality new construction projects. While core, income-producing properties remain foundational, the Fund also makes direct acquisitions, co-investments alongside managers, and invests in commingled fund vehicles, enhancing returns and diversification.

PERFORMANCE

For the 3-year period ending FY25, Real Estate outperformed its benchmark by 18 basis points, returning -1.42% against the benchmark of -1.60%. However, for FY25 and the last 5-year period, the portfolio lagged its benchmark returning 1.57% vs. 4.00% and 3.70% vs. 4.67% respectively.

Some of the drivers of the asset class’s outperformance over the last 3-year period were directly held industrial and residential real estate investments, equity funds (tilted to the industrial and residential sectors), debt investments (separately managed accounts and funds), and tactical REITs.

Real estate markets have faced sustained headwinds in recent years, largely due to elevated interest rates and shifting capital availability. Roughly 60% of APFC’s directly held real estate portfolio remains in lower performing sectors (including office and retail), representing a significant share that might otherwise be allocated to APFC’s higher-performing direct sectors like industrial and residential.

The Real Estate portfolio’s performance is measured against the NPI benchmark, a broader U.S. real estate index that includes both core and other property investments.

// LOOKING FORWARD

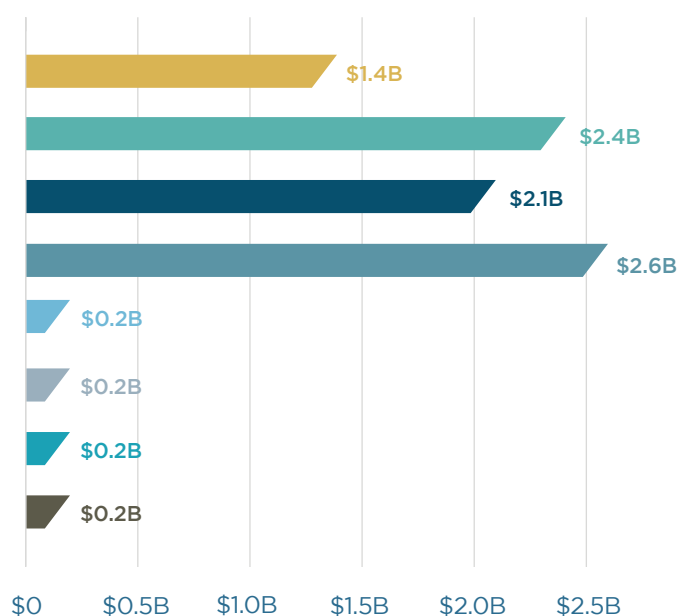
Real Estate remains a reliable performer and continues to play a stabilizing role for the Fund, providing income and diversification throughout market environments. Moving into FY26, the Real Estate team expects to reduce exposure to direct real estate holdings by 50% over the next 5 years per the Board of Trustees’ direction. Directly held real estate will represent a smaller share of the portfolio in the coming years, with asset sales managed strategically and proceeds redeployed into more attractive opportunities.

The Real Estate team is focused on driving outperformance in the portfolio by deploying near-term capital into commingled funds and co-investments, while maintaining a disciplined approach to sector and manager selection. This strategy allows the asset class to better balance capital flows across different market environments, even as we divest from legacy assets that have underperformed.

Real Estate Portfolio by Sector

\$9.3B | In Billions

/// Retail	\$1.4B 15%
/// Residential	\$2.4B 26%
/// Office	\$2.1B 23%
/// Industrial	\$2.6B 28%
/// Hotel	\$0.2B 2%
/// Senior Housing	\$0.2B 2%
/// Self Storage	\$0.2B 2%
/// Other	\$0.2B 2%



“Our Real Estate portfolio is intentionally diversified, through bespoke structures, sector mix, and strategic partnerships, giving us exposure to more than 2,000 underlying assets across the globe. This diversity helps stabilize the Fund’s overall performance and contributes to long-term value for Alaska.”

- Eric Ritchie
Senior Portfolio Manager -
Real Estate

Private Equity

Investing in Private Businesses

\$14.9B

As of June 30, 2025

\$36.2B

Generated in total value from
APFC's contributions of \$20.4B

18%

Target FY25 Asset Allocation

The Private Equity portfolio invests in privately held companies outside public markets. These long-horizon investments offer diversification, limited liquidity, and strong return potential because of market inefficiencies across varied strategies, structures, and underlying assets. Private Equity offers access to less liquid, less efficient markets with the potential to deliver higher risk-adjusted performance over the long term.

These investments are generally in the form of commitments to commingled funds managed by experienced external investment managers, complemented by select co-investments or targeted direct investments. These co-investments and direct investments enable APFC to deploy capital into opportunities within specific sectors or geographies where additional exposure is sought, allowing more control over investment timing than traditional commingled funds. The Private Equity portfolio includes approximately 500 different fund commitments across 135 managers, along with 46 co-investments and direct investments. The portfolio is highly diversified with exposure to more than 7,000 underlying investments.

APPROACH

APFC's Private Equity aims to generate strong returns while managing risk across a portfolio that includes venture capital, growth equity, buyouts, and special situations. The team targets annual returns of 15% to 25% over 3- to 10-year periods, with flexibility to pursue longer-term, high-conviction, theme-driven investments. To manage the higher risk inherent in private markets, the portfolio is diversified across stage, industry, geography, and other factors.

The team also tracks larger thematic changes that may drive opportunities across sectors over time. One area is the continued advancement of AI, which is increasing demand for technology, driving the need for increased supply via data centers, and expanding power requirements. APFC's approach enables the capture of these opportunities at different points in a company's life cycle, across sectors, and through specialized partners.

PERFORMANCE

The Private Equity portfolio underperformed its benchmark over the 1-, 3-, and 5-year periods, but maintained strong performance over the long-term returning 13.70% vs. 12.96% and 16.98% vs. benchmark of 13.53% over the past 10-year and since inception periods.

While APFC's higher exposure to the technology and biotech sector, in addition to a higher allocation to venture capital significantly outperformed in FY19-FY21, these areas faced headwinds in the FY23, FY24, and FY25 periods which drove underperformance in the short-terms.

In FY25, APFC's Private Equity portfolio trailed its benchmark, returning 4.13% compared to the 6.30% benchmark. Over the 5-year period, the portfolio returned 15.33% just below the 15.48% benchmark. Short-term performance has improved each of the last three fiscal years, building positive momentum heading into FY26. Within the venture capital portfolio, write-downs appear to have stabilized, and more up rounds, strategic sales, and IPOs are occurring than in the prior few years. Within the special situations category (primarily energy-related), strong operating performance and increased exit activity are driving stronger returns.

Market conditions continue to be favorable with a strong economy and reasonable interest rates. While there have been periods of uncertainty driven by government initiatives and geopolitical events, these have been short-lived and the Private Equity team has seen an increase in both M&A activity as well as IPO activity relative to prior years. Capital flows into the tech sector have accelerated driven largely by growth in AI and quantum computing, which has also driven growth in areas such as power generation and transmission.

APFC measures the performance of the portfolio against industry benchmarks for all Private Equity investments.

// LOOKING FORWARD

APFC has been investing in Private Equity for over 20 years and is in the fortunate position of having a portfolio that generates significant positive cash flow for the Fund. This gives the Private Equity team the ability to be very tactical and selective about where to position the portfolio and also enables the team to play offense during times of volatility or uncertainty.

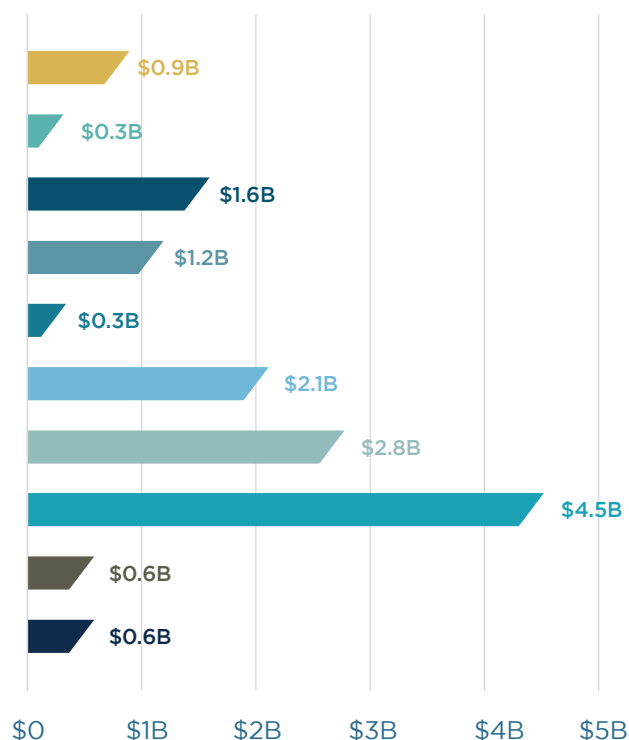
// “While we’ve built a strong, diversified portfolio we’re continuously seeking opportunities to improve and upgrade it by adding top-performing managers along with select co-investment and direct investment opportunities.”

- Allen Waldrop
Deputy CIO - Private Markets

Private Equity by Sector

\$14.9B | In Billions

Energy	\$0.9B 6%
Materials	\$0.3B 2%
Industrials	\$1.6B 11%
Consumer Discretionary	\$1.2B 8%
Consumer Staples	\$0.3B 2%
Health Care	\$2.1B 14%
Financials	\$2.8B 19%
Information Technology	\$4.5B 30%
Communication Services	\$0.6B 4%
Other	\$0.6B 4%



Private Income

Generating Income and Stability

\$7.8B

As of June 30, 2025

10%

Target FY25 Asset Allocation

The Private Income portfolio is designed to deliver steady income, guard against inflation, and support the Fund's long-term performance.

The portfolio is invested across infrastructure, private credit, and other income opportunities, allowing APFC to dynamically adjust allocations as market conditions shift. Whether leaning into resilient infrastructure or capturing attractive yields through private credit, the portfolio is positioned to adapt and perform.

APPROACH

Private Income contributes to the Fund's strength through systematic investment selection and dynamic allocation across three strategies. Each is tailored to meet a different investment objective, giving the team a diversified platform for building value. With an emphasis on consistency and risk-adjusted performance, the portfolio's structure allows for ongoing refinement and adaptability that support stable outcomes for the Fund.

PERFORMANCE

Private Income outperformed its benchmark for FY25, returning 11.50% against the performance benchmark of 8.32%. Over the past five years, the Private Income portfolio returned 11.22%, slightly underperforming the benchmark of 12.18%.

Performance in FY25 was largely attributable to strong outcomes in the infrastructure portfolio, which returned 14.44% against a benchmark of 6.97%, as we saw several exits from companies at values significantly above previous marks. Additionally, power generation investments saw significant uplift from recent and expected future electricity demand growth driving prices and valuations higher. Private credit provided

consistent, stable income to the portfolio, with a return of 7.22% vs. its benchmark of 10.37%, largely from current income in direct lending investments.

APFC measures the performance of the Private Income portfolio against a custom benchmark. This benchmark combines data from two private investment indices and is weighted to reflect 60% infrastructure investments and 40% direct lending investments.

INFRASTRUCTURE

The infrastructure market continues to exhibit strong performance in an environment with persistent inflation and elevated interest rates due to these business' inflation-linked revenues and essentiality. Several secular tailwinds continue to benefit the infrastructure space, like the AI-revolution and associated increases in power demand, data transmission, storage needs, and a continued focus on energy security across multiple geographies. Renewable energy production faces headwinds from changes to federal legislation, which may present opportunities to acquire assets with more attractive valuations.

By partnering with top-class partners, APFC's well-diversified, resilient portfolio maintains discipline and does not get caught up in trends or hot sectors. It continues to deliver steady, reliable returns across market cycles, reinforcing its role as a stable return enhancer and diversifier. Consistent, disciplined investing in sectors such as power, energy, and digital infrastructure continue to provide strong performance.

PRIVATE CREDIT

Private credit continues to be popular for many investors, with allocations increasing and more capital chasing a limited set of opportunities given

continued weakness in the private equity M&A market. Competition amongst private lenders, particularly in the upper middle market, has limited return potential. While many institutions are increasing allocations to private credit, APFC benefits from a decade-plus track record in private credit that informs the team's processes and instills discipline.

Recent deployment activity has been into strategies focused on secured, first-lien loans in the core middle market. APFC's senior direct lending investments were the biggest driver of returns in FY25 and will continue to grow in importance as staff pursues these strategies.

INCOME OPPORTUNITIES

Performance in the income opportunities sub-portfolio has improved as newer investments show their strength and several legacy investments improve performance. Recent activity has focused on credit-like investments, such as oil and gas royalties, that generate a consistent yield across various economic environments. As much of this sub-portfolio is in niche strategies, each investment performs differently than the others, and this diversification stabilizes returns.

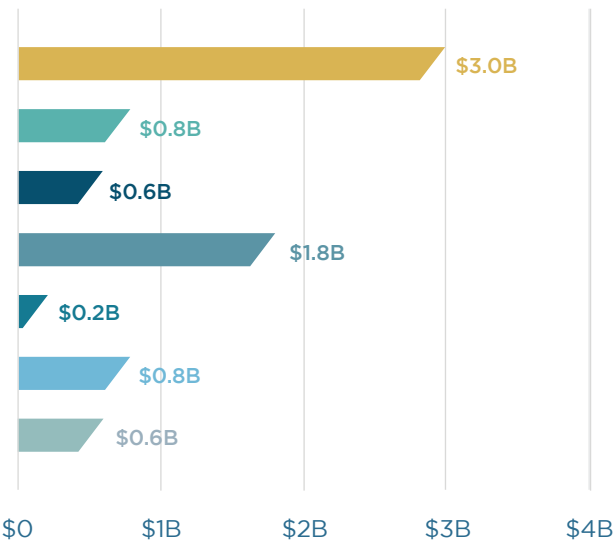
LOOKING FORWARD

With its flexible structure, the portfolio is well-positioned to navigate a range of market scenarios. As a long-term investor, APFC has the patience and discipline to deploy capital selectively, balancing near-term stability with future growth. With its target asset allocation maintained at 10% for the coming fiscal year, the portfolio will continue its current path while actively looking for areas to improve or new investment ideas to consider.

Private Income Portfolio Investments by Sector

\$7.8B Paid-In Commitments | In Billions

Power Generation	\$3.0B 38%
Utilities & Related	\$0.8B 11%
Energy Infrastructure	\$0.6B 8%
Digital & Telecom Infrastructure	\$1.8B 23%
Social Infrastructure	\$0.2B 3%
Transportation	\$0.8B 10%
Other	\$0.6B 7%



“Our Private Income portfolio has been and continues to be a source of consistent income and returns by focusing on stable, defensive assets and investments. It’s not flashy, but our team strives to ensure we have a quality portfolio that meets the Fund’s goals and objectives in all market environments.”

- Ross Alexander
Senior Portfolio Manager -
Private Income

Absolute Return

Consistency and Diversification

\$6.2B

As of June 30, 2025

7%

Target FY25 Asset Allocation

Built to perform independently of market direction, APFC's Absolute Return portfolio adds steady risk-adjusted returns uncorrelated with traditional equity and bond markets.

The portfolio invests in a range of hedge fund strategies with downside protection, providing stabilization within the broader portfolio, especially during periods of market stress.

APPROACH

The portfolio is primarily invested in beta-neutral hedge fund strategies, designed to extract returns independent of traditional equity or fixed income markets. The portfolio is relatively concentrated, while seeking to maximize diversification across strategy styles and sources of return, including macro strategies that capitalize on global economic trends and market-neutral approaches.

PERFORMANCE

APFC's Absolute Return portfolio outperformed its benchmark across all reported time periods, including 1-, 3-, 5-, and 10-year returns. For FY25, the portfolio returned 10.19% vs. 3.87%. Over the past 5 years, it returned 8.91% compared to 6.56%. Performance over the 3- and 5-year periods was well-balanced and generally aligned with the strategy's allocation.

All strategy groups within the portfolio delivered positive returns in FY25, a year marked by market-moving geopolitical events and an otherwise strong macroeconomic background. Volatility spikes were short-lived, with markets quickly reverting. Market participants found a fertile environment in either top-down or bottom-up opportunities. While traditional portfolios performed well in FY25, APFC's Absolute Return

strategy managed to keep up or outperform its benchmark despite the headwind of being market-neutral in its design.

APFC measures the performance of the Absolute Return portfolio against a custom benchmark that equally combines two different indices: one focused on macro strategies and the other on market-neutral equity strategies.

// LOOKING FORWARD

While Absolute Return is well-balanced and diversified, APFC continuously looks for opportunities to enhance the portfolio's quality.

The Absolute Return portfolio, supported by high-caliber managers, balances high-conviction positions, strategy-level diversification, and disciplined risk controls to deliver consistent, uncorrelated returns that support the Fund's long-term performance.

// “Our focus remains on building a resilient, all-weather portfolio composed of high-quality strategies. Rather than reacting to market shifts or trying to predict future movements, we emphasize uncorrelated returns through disciplined, beta-neutral investing across a diverse set of approaches.”

- Youlian Ninkov
Senior Portfolio Manager -
Absolute Return

Tactical Opportunities

High-Conviction Investments

\$1.0B

As of June 30, 2025

1%

Target FY25 Asset Allocation

The Tactical Opportunities portfolio is designed to pursue unique investments across public and private markets, along with providing a flexible home for unique, highly opportunistic strategies that may not align neatly with traditional asset classes.

The investment team also uses this account to execute intraday rebalancing transactions efficiently.

APPROACH

The Tactical Opportunities portfolio gives APFC the flexibility to pursue compelling investments across asset classes and markets, often emerging from dislocations or unique research insights from staff. By staying agile in shifting markets and grounded in internal research, APFC positions the portfolio to capture high-potential opportunities and deliver strong returns.

PERFORMANCE

The Tactical Opportunities portfolio returned 13.07% for FY25, lagging the benchmark of 15.16%. The primary driver of underperformance was the inclusion of the private market investments added towards the end of the fiscal year and held at cost, while the benchmark index rallied forcefully. Over a 3-5-year horizon, these private market investments are expected to outperform.

Since its inception in FY24, the portfolio has generated a 21.69% annual return against the benchmark of 19.77%, with outperformance driven by FY24's performance of 30.97% vs. the benchmark of 24.56%.

// LOOKING FORWARD

Given the idiosyncratic nature of Tactical Opportunities and today's well-functioning capital markets, deployment will take time and selectivity. One area that APFC is monitoring is the secondary market for private fund interests. While transaction volume increased over the past year amid motivated sellers, the quantum of capital seeking to enter these positions seems to be adequately covering the need for liquidity from sellers. As the cycle evolves, this dynamic may shift in favor of investors looking to deploy capital.

// “We’ve identified several opportunities to pursue and delivered strong performance since inception. In FY25, we added our first private market investments, and over the longer-term we are confident that these assets will provide compelling returns to the Fund.”

- Marcus Frampton
Chief Investment Officer

// “The Cash portfolio plays a critical role by providing readily available capital to meet draw obligations, fund operations, and respond to investment opportunities.”

- Valeria Martinez
Director of Investments -
Cash

Cash

Essential Liquidity

\$2.0B **1%**

As of June 30, 2025

Target FY25 Asset Allocation

The Cash portfolio provides the Permanent Fund with liquidity and capital stability, allowing APFC to meet its operational obligations and strategic goals.

APFC utilizes the cash account for expenditures and outflows of the Fund, including private market investments, and to facilitate rebalancing.

The Cash portfolio enables APFC to support transfers to the state’s unrestricted general fund, providing for the permanent fund dividend and government services through the annual POMV draw set forth by legislative appropriation.

APPROACH & PERFORMANCE

The Cash portfolio is conservatively managed, focusing on capital preservation, liquidity, and efficient deployment. Cash balances are invested in cash equivalents, Treasury bills, and similar opportunities, including money market funds. In FY25, the portfolio returned 4.65%, compared to its benchmark of 4.68%. APFC aims to achieve a return on the Cash portfolio similar to the 90-day Treasury bill rate.

Opportunistic gold investments (which have now shifted to the Tactical Opportunities portfolio) boosted longer period performance, driving a 3.63% return over the past five years vs. a 2.76% benchmark.

// LOOKING FORWARD

In the year ahead, the liquidity team will remain focused on optimizing portfolio performance within prevailing market conditions by selectively investing in higher-yielding securities when appropriate, while maintaining sufficient liquidity to support the Fund’s broader objectives.

Management & Performance Fees

APFC's fiduciary responsibility includes not only managing risk and return but also exercising discipline over investment costs. Fees reflect the cost of accessing specialized strategies and global opportunities, an essential part of doing business and remaining competitive with peer institutional investors, while aligning costs with long-term value.

// Management Fees

Total investment management fees for FY25 were \$519.6 million, or 60 basis points (0.60%) of the \$86.8 billion in assets under management as of June 30, 2025, including assets for the Alaska Mental Health Trust Authority and the Power Cost Equalization Endowment Fund.

APFC uses three methods for tracking and paying management fees:

- Fees funded by investments; these fees are not included in the annual investment management fee allocation within APFC's operating budget.
- Fees covered by the investment management allocation of APFC's budget.
- Fees and costs associated with the operations allocation of APFC's budget.

FEES FUNDED BY INVESTMENTS | \$396.6M

Fees funded by investments are based on the value of assets under management. These fees are netted against income and retained by the investment manager before the net profit is distributed back to the Fund.

FEES FUNDED BY INVESTMENT MANAGEMENT ALLOCATION | \$99.4M

Fees funded by investment management budget allocation reflect the value of assets under management, contractual fee terms for external management, and internal costs associated with effective portfolio management including investment systems, due diligence, and custody fees.

APFC OPERATIONS ALLOCATION | \$23.6M

Fees funded by APFC operations budget allocation represent the Corporation's operating expenses, including personal services, travel, contractual services, commodities, and equipment.

// Performance Fees

Performance fees, also referred to as profit sharing, reflect a results-based structure. These fees are paid only when external managers generate returns that exceed established benchmarks. The distinction from management fees is significant in that higher performance fees indicate that the Fund has delivered returns well above expectations.

Total performance fees for FY25 were \$371.1 million, or 43 basis points (0.43%) of the \$86.8 billion in assets under management as of June 30, 2025.

Performance fees for public markets are generally funded by appropriation, while those for private markets are typically netted from investment returns.

// Fees at a Glance

Fees for externally managed assets include management fees based on assets under management and performance fees that increase with outperformance relative to benchmarks.

\$396,550,000 46 BASIS POINTS <i>Fees Funded by Investments</i>	\$23,600,000 3 BASIS POINTS <i>APFC Operations Allocation</i>
\$371,130,000 43 BASIS POINTS <i>Performance Fees</i>	\$99,432,000 11 BASIS POINTS <i>Fees Funded by Investment Management Allocation</i>

Intern Spotlight

Since 1988, APFC has offered internships that provide real-world experience in finance and investments to over 300 Alaskan students.

APFC's expert staff is proud to provide firsthand experience through the internship program with APFC and its external managers. These internships offer meaningful exposure to the management of one of the world's largest sovereign wealth funds, supporting the development of future leaders committed to Alaska and its long-term success.

Interns are selected through an application-based process and placed either at APFC's headquarters in Juneau or with one of our trusted investment partners. Interns contribute to real projects, receive mentorship from seasoned professionals, and explore career pathways in investment, economics, data science, and financial operations. Many alumni of the program have gone on to serve in senior roles across the finance industry, some even returning to APFC as staff members and Trustees.

In 2025, APFC was pleased to host one internal investments intern and place three Alaskan students with external investment partners.

APFC continues to invest in the next generation of finance and investment professionals by offering on-the-ground experience in an inclusive, team-based environment. With the ongoing support of the Board of Trustees and external

managers, the internship program remains one of Alaska's premier career development opportunities for young Alaskans.

BECOME AN INTERN

To be eligible for APFC's internship program, students must be either enrolled full-time in an Alaskan university or be an Alaska resident attending school elsewhere. Recent graduates are also welcome to apply. Internships are generally open for applications in the late fall for the following summer.

// "It makes me feel overjoyed that all Alaskans can benefit from our work. Knowing that I'm here, working on behalf of Alaskans, means the world. Alaska is my home, and regardless of whether someone lives in Anchorage, Nome, Juneau, or Sitka, they are all my peers in some way."

*- Andre Peirovi
APFC Investments Intern*



Andre Peirovi
APFC
INVESTMENTS INTERN
Based in Juneau, Alaska
Middlebury College,
Economics



Leonard Mlacnik
DENALI ADVISORS, LLC
INTERN
Based in Anchorage, Alaska
Colorado School of Mines,
Applied Mathematics

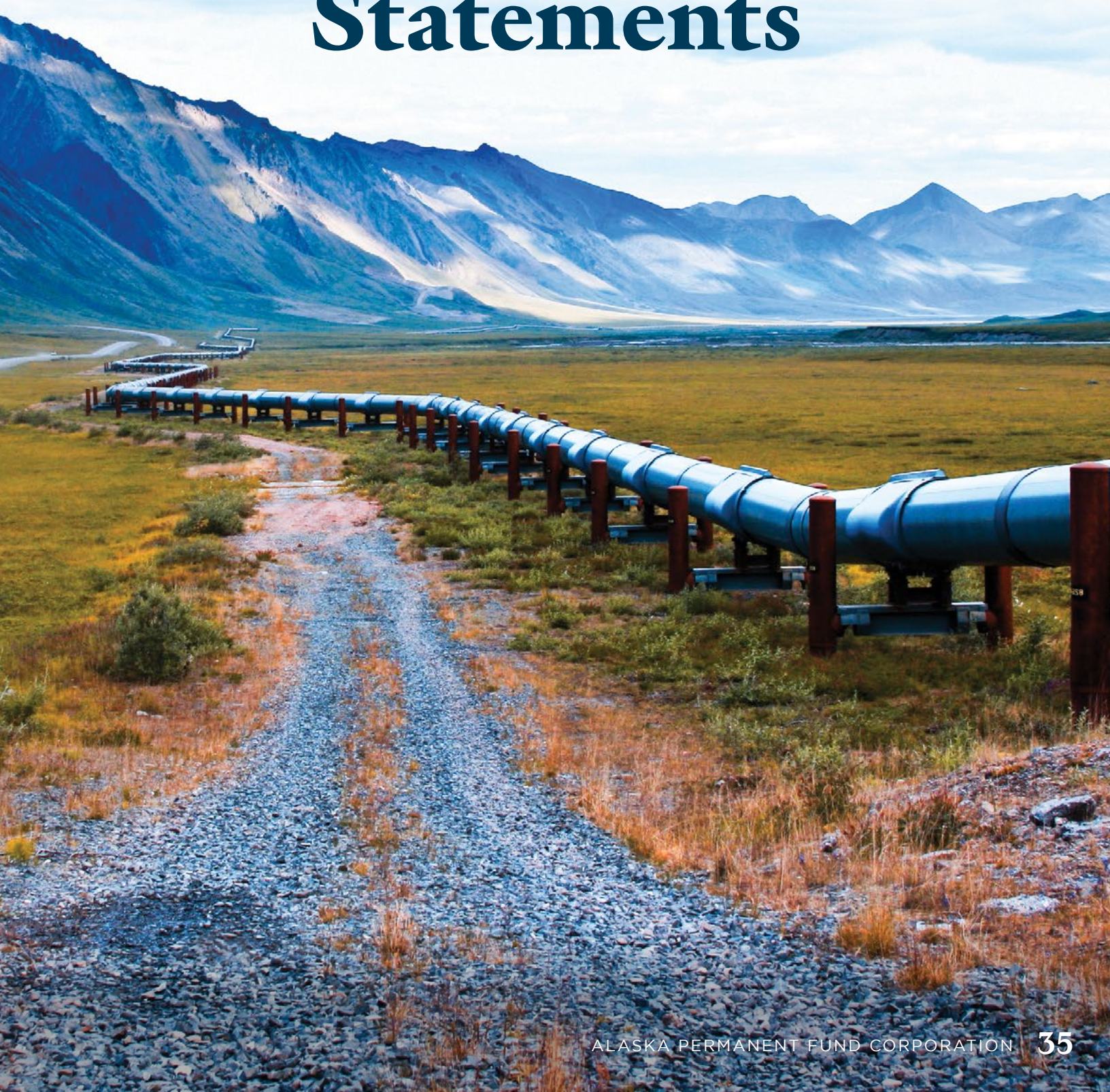


Samuel Matheson
CRESTLINE INVESTORS
CREDIT STRATEGY INTERN
Based in Fort Worth, Texas
Brigham Young University,
Applied & Computational
Mathematics



Ryan Gurse
CRESTLINE INVESTORS
HEDGE FUND INTERN
Based in Fort Worth, Texas
Vanderbilt University,
Economics

Financial Statements





KPMG LLP
Suite 200
3800 Centerpoint Drive
Anchorage, AK 99503

Independent Auditors' Report

The Board of Trustees
Alaska Permanent Fund Corporation:

Opinion

We have audited the accompanying balance sheets of the Alaska Permanent Fund (the Fund), a governmental fund of the State of Alaska, as of June 30, 2025 and 2024, and the related statements of revenues, expenditures and changes in fund balances for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2025 and 2024, and the changes in its financial position for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements present only the Alaska Permanent Fund and do not purport to, and do not, present fairly the financial position of the State of Alaska, as of June 30, 2025 and 2024, or the changes in its financial position for the years then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG LLP

Anchorage, Alaska
September 3, 2025

Management's Discussion and Analysis

The Alaska Permanent Fund Corporation (APFC) management is pleased to provide this Management's Discussion and Analysis (MD&A) of the financial activities of the Alaska Permanent Fund ("Fund" or "Permanent Fund") for the fiscal years ended June 30, 2025 and June 30, 2024. This narrative is intended to provide management's insight into the results of operations from the past two fiscal years and highlight specific factors that contributed to those results. The MD&A is comprised of three sections: financial highlights, discussion regarding use of the financial statements, and analysis of the financial statements; these sections should be reviewed together with the financial statements and related notes that follow it.

Financial Highlights

The volatility in public markets experienced in the prior two fiscal years continued through June 30, 2025. The Fund ended the fiscal year (FY) at a total return of 9.35 percent. This represents a significant increase from the total return for FY2024 of 7.90 percent and is much higher than the median projection of 5.40 percent. The Fund outperformed the performance benchmark by six basis points in FY2025 and 159 basis points in FY2024.

FY2025's excess of revenues over expenditures (net income) was \$7.8 billion. As with total return, this is a significant increase from the net income of \$5.5 billion and \$4.3 billion experienced in FY2024 and FY2023, respectively.

During FY2018, legislation was passed which, subject to appropriation, provides for a transfer from the Earnings Reserve Account to the General Fund to help balance the State's budget. The amount of the transfer is based upon a percentage of the average market value of the Fund at the end of the first five of the preceding six fiscal years. The funding for the Alaska Permanent Fund dividend is then transferred from the General Fund. The June 30, 2025 balance sheet reflects a \$3.8 billion commitment of fund balance for the appropriation to be transferred to the General Fund in FY2026. The June 30, 2024 balance sheet reflects a \$3.7 billion commitment of fund balance for the appropriation that was transferred to the General Fund in FY2025.

The portion of dedicated State of Alaska revenues deposited into the Principal (or "corpus") of the Fund is based on mineral prices and production. In FY2025, this amount came in at \$489 million. Deposits recorded in FY2024 were \$533 million.

Inflation proofing of the Fund's corpus is outlined in Alaska Statute and, like the transfer to the General Fund, is subject to appropriation. In FY2025, the statutory inflation rate was 2.95 percent, which resulted in a statutory transfer amount of \$1.7 billion; however, no transfer occurred due to the lack of appropriation. In FY2024, the statutory inflation rate was 4.12 percent, which resulted in a transfer amount of \$2.3 billion. The FY2024 appropriation capped this transfer at \$1.4 billion. There were no appropriations for inflation proofing for FY2016-FY2018, FY2021, FY2022, and FY2025. If appropriated, the transfers for all six years would have totaled \$6.1 billion.

Using the Financial Statements

This section of the MD&A aims to introduce the Fund's required financial statement components, which include Balance Sheets; Statements of Revenues, Expenditures and Changes in Fund Balances; and Notes to the Financial Statements.

Balance Sheets

The Balance Sheets present all assets, liabilities, and fund balances of the Fund as of June 30, 2025 as well as the prior fiscal year's ending balances at June 30, 2024.

Assets are grouped into broad categories for ease of readability and analysis. Receivables include cash not yet received from the sale of investments, as well as dividends and interest receivable from stock and bond holdings. Investments are broken out by traditional asset class and are shown at market value. The securities lending cash collateral represents cash received from the borrower on loans of securities that is returned to the borrower once the loan is terminated without default and is shown as an asset.

Liabilities on the Balance Sheets primarily consist of obligations for investments purchased but not yet settled (shown in the accounts payable grouping), the amount payable to the State of Alaska for the Alaska Capital Income Fund (ACIF), and the securities lending cash collateral that is returned to borrowers of the Fund's stocks and bonds when the borrowers return those loaned assets to the Fund.

In the graph set forth below, fund balances are shown in three categories: nonspendable, committed, and assigned.

The largest category is nonspendable (85 percent and 88 percent as of years ended 2025 and 2024, respectively), which is not available for government appropriation by the State of Alaska.

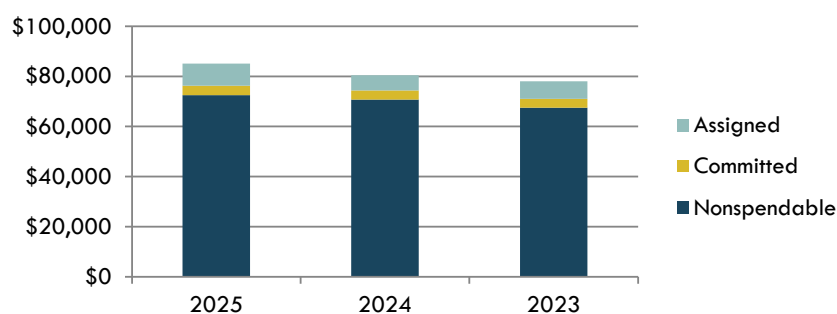
Committed fund balance (4 percent and 5 percent as of years ended 2025 and 2024, respectively) represents amounts that have been signed into law before the end of the fiscal year for transfer to another account or for another purpose during the subsequent fiscal year. In both years, this includes the legislation, which took effect at the beginning of FY2019, that provides for a Percent of Market Value transfer from the Earnings Reserve Account to the General Fund.

The remaining balance (the assigned fund balance) is available for government appropriation. The assigned fund balance increased by 45 percent from FY2024 to FY2025, from \$6.1 billion to \$8.8 billion. Generally, five factors contribute significantly to changes in the assigned fund balance: investment cash flow income including transactional realized gains and losses (statutory net income); the State of Alaska General Fund transfer; inflation proofing (a transfer of assets from the assigned to the nonspendable fund balance); special appropriations out of the Earnings Reserve Account; and the change in unrealized gains and losses allocated to the assigned fund balance. During FY2025, the amounts contributing to the net increase of approximately \$2.7 billion in the assigned fund balance were:

- (i) realized income of \$5.9 billion
- (ii) the commitment of \$3.8 billion for transfer to the General Fund
- (iii) the liability to the Alaska Capital Income Fund of \$31 million and
- (iv) the allocation of a portion of unrealized gains and losses, which increased from FY2024 to FY2025 by \$671 million, to a balance of \$2.4 billion.

Fund Balances

June 30
(in millions)



Statements of Revenues, Expenditures and Changes in Fund Balances

The Statements of Revenues, Expenditures and Changes in Fund Balances present the financial activity of the Fund over the 12 months in FY2025 and FY2024.

Revenues are shown in two sections on the statement, separating cash receipts of various investment holdings such as interest, dividends, and real estate rental income, from the change in value of investment holdings. The first section of the revenues also includes miscellaneous income such as class action litigation proceeds and securities lending income. The second section of revenues ("Net increase (decrease) in the fair value of investments") includes both realized and unrealized gains and losses on investments. Realized gains and losses are produced only through the sale of investments, while unrealized gains and losses are the result of changes in the fair value of investments without the sale of those investments. Realized and unrealized gains and losses are summarized by asset class to match the groupings on the Balance Sheets and represent the total net increase or decrease for the year in each asset category.

To derive the total net change in fund balances from the prior year to the current year, the Statements of Revenues, Expenditures and Changes in Fund Balances also include the Fund's expenditures and other sources and uses of funds. Operating expenditures include fees paid to external investment managers, salaries of APFC employees, and other routine operating costs such as rent, travel, and legal fees. Other legislative appropriations made through the State's annual budget process are obligations for support services received from other State of Alaska departments.

Dedicated State revenues transferred into the Principal are based on a percentage of mineral revenues that the State receives. Transfers out of the Fund are the Percent of Market Value transfers to the General Fund and the annual deposit to the ACIF.

Notes to the Financial Statements

The Notes to the Financial Statements are an essential element to fully understanding all financial aspects of the Fund and to interpreting the major components of the financial statements. The Notes to the Financial Statements can be found immediately following the Statements of Revenues, Expenditures and Changes in Fund Balances.

Creek Street, Ketchikan



Financial Statement Analysis

This section of the MD&A is intended to provide an analysis of past fiscal years' activities and specific contributors to changes in the net assets of the Fund. The fund balance serves to provide a gauge of the financial strength of the Fund. While assets of the Fund exceeded liabilities each year by double digit ratios, the nonspendable fund balance is unavailable for appropriation. The table set forth below was derived from the Balance Sheets of the Fund and provides a comparison of the change between balances at June 30, 2025 and 2024.

Balance Sheets	June 30,		Net change	Percent
	2025	2024		
Assets				
Cash and temporary investments	\$ 3,797,281,000	3,204,263,000	593,018,000	19%
Receivables and other assets	689,898,000	461,655,000	228,243,000	49%
Investments	81,553,590,000	77,768,522,000	3,785,068,000	5%
Securities lending collateral	4,016,702,000	3,648,891,000	367,811,000	10%
Total assets	\$ 90,057,471,000	85,083,331,000	4,974,140,000	6%
Liabilities				
Accounts payable	909,571,000	948,118,000	(38,547,000)	(4)%
Income distributable to the State of Alaska	31,327,000	23,553,000	7,774,000	33%
Securities lending collateral	4,016,702,000	3,648,891,000	367,811,000	10%
Total liabilities	\$ 4,957,600,000	4,620,562,000	337,038,000	7%
Fund balances				
Nonspendable:				
Permanent Fund corpus				
contributions and appropriations	58,854,517,000	58,365,794,000	488,723,000	1%
Unrealized appreciation on invested assets	13,642,208,000	12,373,182,000	1,269,026,000	10%
Total nonspendable	72,496,725,000	70,738,976,000	1,757,749,000	2%
Committed:				
General Fund appropriation	3,798,888,000	3,657,263,000	141,625,000	4%
Total committed	3,798,888,000	3,657,263,000	141,625,000	4%
Assigned for future appropriations:				
Realized earnings	6,432,637,000	4,365,710,000	2,066,927,000	47%
Unrealized appreciation on invested assets	2,371,621,000	1,700,820,000	670,801,000	39%
Total assigned	8,804,258,000	6,066,530,000	2,737,728,000	45%
Total fund balances	\$ 85,099,871,000	80,462,769,000	4,637,102,000	6%
Total liabilities and fund balances	90,057,471,000	85,083,331,000	4,974,140,000	6%

The value of the Fund's assets, excluding securities lending collateral, increased by \$4.6 billion between June 30, 2025 and June 30, 2024. The value of the Fund's assets is most significantly impacted by investment performance. Comparative performance for each asset class is shown below:

	FY2025	FY2024
Public equities	16.09%	16.06%
Fixed income	6.67%	4.93%
Private equity	4.13%	2.51%
Real estate	1.57%	-3.28%
Private income	11.50%	6.55%
Absolute return	10.18%	9.74%
Tactical opportunities	13.07%	30.97%
Cash	4.65%	5.15%
TOTAL FUND	9.35%	7.90%

The ending values of securities lending collateral invested, and the related liability are dependent upon the amount of securities out on loan on any particular day. The counterparty lending the security has the option of pledging cash or noncash collateral. The cash collateral amount is presented on the Balance Sheets. The average value of assets on loan during FY2025 was \$10.5 billion, with a low of \$9.3 billion and a high of \$13.2 billion. The Fund had earnings from securities lending of \$24.6 million during FY2025, an increase from \$22.4 million received in FY2024.

In the liability section of the Balance Sheets, accounts payable primarily consist of obligations due but not yet settled on securities purchased. The open transactions can vary widely from day to day and are usually the largest portion of Fund payables, representing approximately 94 percent and 97 percent in FY2025 and FY2024, respectively.

The sole amount due to the State of Alaska at the end of FY2025 and FY2024 is the transfer to the ACIF. This amount is calculated based on realized earnings and was \$31 million for FY2025 and \$24 million for FY2024. The \$7 million increase from the prior year is due to healthier realized returns in FY2025 versus FY2024.

Total fund balance increased by 6 percent, or \$4.6 billion, from FY2024 to FY2025, which is consistent with the 9.35 percent total return for the year and the net transfers out of the Fund. Components of this increase were bond interest, stock dividends, and cash flow income from other investments totaling \$2.0 billion, a net increase in the fair value of investments of \$6.0 billion, and dedicated mineral deposits of \$489 million offset by operating expenses and other appropriations of \$163 million, the General Fund transfer of \$3.7 billion, and the ACIF transfer of \$31 million.

In comparison, total fund balance increased by 3 percent, or \$2.5 billion, from FY2023 to FY2024 which is consistent with the 7.90 percent total return for the year and the net transfers out of the Fund. Components of this increase were bond interest, stock dividends, and cash flow income from other investments totaling \$1.7 billion, a net increase in the fair value of investments of \$4.0 billion, and dedicated mineral deposits of \$533 million offset by operating expenses and other appropriations of \$157 million, the General Fund transfer of \$3.5 billion, and the ACIF transfer of \$24 million.

The table below is derived from the Statements of Revenues, Expenditures and Changes in Fund Balances, and shows the annual activity of the Fund. The differences in activity in FY2025 as compared to FY2024 are shown in both dollars and percentages.

Statements of Revenues, Expenditures and Changes in Fund Balances	Year Ended June 30,		Net change	Percent
	2025	2024		
Revenues				
Total interest, dividends, real estate and other income	\$ 1,997,086,000	1,659,276,000	337,810,000	20%
Total net increase in the fair value of investments	6,002,916,000	3,965,457,000	2,037,459,000	51%
Total revenues	\$ 8,000,002,000	5,624,733,000	2,375,269,000	42%
Expenditures				
Operating expenditures	(152,630,000)	(146,946,000)	(5,684,000)	4%
Other legislative appropriations	(10,403,000)	(9,835,000)	(568,000)	6%
Total expenditures	\$ (163,033,000)	(156,781,000)	(6,252,000)	4%
Excess of revenues over expenditures	7,836,969,000	5,467,952,000	2,369,017,000	43%
Other financing sources (uses)				
Transfers in – dedicated State revenues	488,723,000	532,561,000	(43,838,000)	(8)%
Transfers out – appropriations	(3,688,590,000)	(3,549,641,000)	(138,949,000)	4%
Net change in fund balances	\$ 4,637,102,000	2,450,872,000	2,186,230,000	89%
Fund balances				
Beginning of period	80,462,769,000	78,011,897,000	2,450,872,000	3%
End of period	\$ 85,099,871,000	80,462,769,000	4,637,102,000	6%

During FY2025, cash flow revenue from interest, dividends, real estate, and other sources was significantly higher than FY2024 levels at \$166 million per month on average, up from \$138 million per month on average in FY2024. Cash flow income for both FY2025 and FY2024 was higher than the average in FY2023 of \$136 million per month.

The change in the fair value of investments increased by 51 percent from \$4.0 billion in FY2024 to \$6.0 billion in FY2025. FY2024's change in fair value of investments was a 40 percent increase from \$2.8 billion in FY2023.

Operating expenditures increased from FY2024 to FY2025 by 4 percent. This increase is in contrast with the decrease experienced between FY2023 and FY2024 of 9 percent. The volatility between years is mainly caused by fluctuations in amounts paid in investment management fees. Investment management fees depend upon the value of assets under management by external managers and their performance relative to their benchmarks. Market volatility and changes to asset allocation cause fees to fluctuate.

Transfers in of dedicated State revenues decreased from FY2024 to FY2025 by 8 percent (\$44 million), totaling \$489 million in FY2025 compared to \$533 million in FY2024. These transfers totaled \$754 million in FY2023. Included in the FY2023 deposits are \$198 million in payments from prior years that were not appropriated at the time. The Alaska Constitution requires that at least 25% of mineral royalties and related payments received by the State be transferred to the Permanent Fund. State statutes mandate an additional 25% on select leases be deposited. Transfers in of dedicated State revenues under these statutes are subject to legislative appropriation.

Transfers out of the Fund are for two purposes: 1) an appropriation to the General Fund and 2) an appropriation to the ACIF. The General Fund and ACIF transfers are subject to legislative appropriation. The total transfer amount is shown as committed fund balance at the end of the year in which the appropriation is made, and the commitment is released when the transfers are made. The ACIF transfer is based on realized earnings for only one year; it is not averaged over multiple years. ACIF realized earnings of \$31 million in FY2025 and \$24 million in FY2024. The earnings for FY2023 were \$14 million.

Economic, Investment, and Political Factors

The market value of, and earnings from, the Fund's assets are directly impacted by the volatility of the financial markets, as well as investment decisions made by the Trustees, internal Fund management, and external Fund investment managers. Diversification of asset allocation and investments within each allocation are intended to mitigate the risk of volatility of the financial markets. The APFC, as a component unit of the State of Alaska, is subject to legislative changes that govern the APFC and the Fund.

Additional Information

This financial report provides an overview of the Alaska Permanent Fund's ending fund balances and fiscal year financial activities. The report does not include any other funds owned or managed by the State of Alaska or the Alaska Permanent Fund Corporation. Given the inherent volatility of financial markets, Fund values and income may vary significantly from period to period. For current and historical information on the Fund, please visit www.apfc.org, or send specific information requests to contact@apfc.org or by mail to the Alaska Permanent Fund Corporation at 801 West 10th Street, Suite 302, Juneau, Alaska 99801.



*Grand Central River,
Nome*

Alaska Permanent Fund

Balance Sheets

	June 30,	
	2025	2024
Assets		
Cash and temporary investments	\$ 3,797,281,000	3,204,263,000
Receivables and other assets	689,898,000	461,655,000
Investments:		
Marketable debt securities	15,987,472,000	14,075,900,000
Preferred and common stock	28,373,005,000	27,285,737,000
Real estate	9,292,029,000	9,344,139,000
Absolute return	5,836,798,000	5,591,284,000
Private credit	2,760,821,000	2,774,938,000
Private equity	14,875,225,000	14,761,564,000
Infrastructure	4,428,240,000	3,934,960,000
Total investments	81,553,590,000	77,768,522,000
Securities lending collateral	4,016,702,000	3,648,891,000
Total assets	\$ 90,057,471,000	85,083,331,000
Liabilities		
Accounts payable	909,571,000	948,118,000
Income distributable to the State of Alaska	31,327,000	23,553,000
Securities lending collateral	4,016,702,000	3,648,891,000
Total liabilities	\$ 4,957,600,000	4,620,562,000
Fund balances		
Nonspendable:		
Permanent Fund corpus - contributions and appropriations	58,854,517,000	58,365,794,000
Unrealized appreciation on invested assets	13,642,208,000	12,373,182,000
Total nonspendable	72,496,725,000	70,738,976,000
Committed:		
General Fund appropriation	3,798,888,000	3,657,263,000
Total committed	3,798,888,000	3,657,263,000
Assigned for future appropriations:		
Realized earnings	6,432,637,000	4,365,710,000
Unrealized appreciation on invested assets	2,371,621,000	1,700,820,000
Total assigned	8,804,258,000	6,066,530,000
Total fund balances	\$ 85,099,871,000	80,462,769,000
Total liabilities and fund balances	\$ 90,057,471,000	85,083,331,000

See accompanying notes to the financial statements.

Alaska Permanent Fund

Statements of Revenues, Expenditures and Changes in Fund Balances

	<i>Years Ended June 30,</i>	
	2025	2024
Revenues		
Interest	\$ 677,324,000	585,237,000
Dividends	617,716,000	612,028,000
Real estate and other income	702,046,000	462,011,000
Total interest, dividends, real estate and other income	1,997,086,000	1,659,276,000
Net increase (decrease) in the fair value of investments:		
Marketable debt securities	505,167,000	124,804,000
Preferred and common stock	3,963,444,000	3,807,980,000
Real estate	44,996,000	(603,277,000)
Absolute return	432,719,000	543,123,000
Private credit	56,316,000	62,142,000
Private equity	785,273,000	35,362,000
Infrastructure	544,319,000	193,820,000
Foreign currency forward exchange contracts and futures	(99,624,000)	183,223,000
Currency	(229,694,000)	(381,720,000)
Total net increase in the fair value of investments	6,002,916,000	3,965,457,000
Total revenues	\$ 8,000,002,000	5,624,733,000
Expenditures		
Operating expenditures	(152,630,000)	(146,946,000)
Other legislative appropriations	(10,403,000)	(9,835,000)
Total expenditures	\$ (163,033,000)	(156,781,000)
Excess of revenues over expenditures	7,836,969,000	5,467,952,000
Other financing sources (uses)		
Transfers in - dedicated State revenues	488,723,000	532,561,000
Transfers out - appropriations	(3,688,590,000)	(3,549,641,000)
Net change in fund balances	\$ 4,637,102,000	2,450,872,000
Fund balances		
Beginning of period	80,462,769,000	78,011,897,000
End of period	\$ 85,099,871,000	80,462,769,000

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 and 2024

1. ENTITY

The Constitution of the State of Alaska (State) was amended by public referendum in 1976 to dedicate a portion of certain natural resource revenues to the Alaska Permanent Fund (Fund). Contributions to the Fund are to be invested in income-producing investments in accordance with the prudent investor rule. In 1980, the Alaska State Legislature (Legislature) established the Alaska Permanent Fund Corporation (APFC), a State governmental instrumentality within the Department of Revenue, to manage and invest Fund assets. The APFC is managed by a six-member board of trustees ("Trustees" or "Board") consisting of the Commissioner of Revenue, one other head of a principal state department, and four public members with recognized competence and experience in finance, investments, or other business management related fields. The Governor appoints the public members to staggered four-year terms and can remove public members only for cause. The Board employs an executive director who, in turn, employs additional staff as necessary. The Fund's assets are diversified across a wide variety of investments in accordance with statutes, regulations, and the APFC investment policy. The Fund's investment performance is generally related to the success of the financial markets. While diversification aims to mitigate volatility, significant period to period fluctuations in investment performance may occur.

By annual appropriation, the APFC transfers (i) a portion of the Fund's realized earnings to the State's General Fund, (ii) a portion of realized earnings sufficient to offset the effect of inflation on contributions and appropriations to the nonspendable balance of the Fund, (iii) realized earnings on the balance of the North Slope royalty case settlement money (*State v. Amerada Hess, et al.*) to the Alaska Capital Income Fund (ACIF), and (iv) any special appropriations authorized by the Legislature and the Governor. The remaining balance of the Fund's realized earnings (referred to in Alaska Statute as the Earnings Reserve Account) is held in the assigned fund balance by the APFC and is subject to appropriation by the Legislature. The nonspendable fund balance (referred to in the Alaska Constitution as the Principal) includes the historical cost basis of contributions and appropriations. Because the Alaska Constitution specifies that the Principal can only be used for income-producing investments, it is unavailable for appropriation by the Legislature. Unrealized gains and losses (appreciation/depreciation) on Fund assets are allocated proportionately between the Principal and the Earnings Reserve Account. The unrealized amounts allocated to contributions and appropriations are considered a component of the Principal and are nonspendable, until they become realized, at which point they are transferred to the Earnings Reserve Account in the assigned (realized earnings) fund balance. All assets are aggregated for investment purposes.

2. SIGNIFICANT ACCOUNTING POLICIES

The Fund's financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. In preparing the financial statements, APFC management is required to make estimates and assumptions as of the date of the balance sheet that affect the reported amounts of assets and the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses for the period. The fair value of real estate, private credit, private equity, and infrastructure investments, and the related unrealized gains and losses thereon, are particularly sensitive estimates. Actual results could differ from those estimates.

Cash and temporary investments

The amounts shown on the balance sheets as cash and temporary investments include cash on deposit at the custodian bank, cash swept to overnight investment funds, cash collateral held at derivatives brokers, U.S. Treasury bills, commercial paper, and the net fair value of foreign exchange forward contracts. The APFC's asset allocation includes approximately one percent in cash. The APFC investment policy specifies that funds dedicated to this portion of the asset allocation will be invested in money market funds or fixed income securities with weighted average maturities of no greater than 24 months.

Forward exchange contracts

Fund managers enter into a variety of forward currency contracts in their trading activities and management of foreign currency exchange rate risk exposure. These contracts are typically intended to neutralize the effect of foreign currency fluctuations and the contract amounts do not appear on the balance sheet. Realized gains and losses are included in the net increase/decrease in the fair value of investments at the time the contract is settled and determined based on the difference between the contract rate and the market rate at the time of maturity or closing. Unrealized gains and losses are also included in the net increase/decrease in the fair value of investments and are calculated based on the difference between the contract rate and a forward market rate determined as of the balance sheet date.

A portion of the investment in forward exchange contracts is intended to manage, rather than neutralize, foreign currency fluctuations. Certain managers seek to control the effect of fluctuations in foreign exchange rates within their overall portfolio strategy rather than on a security-by-security basis. They attempt to optimize their foreign currency exposure in a market rather than accept the natural geographical exposure to the market's currency.

Futures

Certain equity and fixed income managers for the Fund are permitted to buy and sell equity and interest rate index futures. The gross contract and fair value of futures do not appear in the balance sheets. The net unrealized gain or loss on open futures trades is included in investments on the balance sheets based on the difference between the future's purchase price and the current value of such futures. Realized gains and losses on futures are included in the net increase/decrease in the fair value of investments at the time the futures contract expires. The net change in unrealized gains and losses is also included in the net increase/decrease in the fair value of investments.

Investments and related policies

Carrying value of investments

The Fund considers all of its ownership interests in securities and other assets to be investments because they are held for the purpose of income or profit and have a present service capacity based solely on their ability to generate cash or be sold to generate cash. Investments are reported at fair value in the financial statements. Investments without a readily determinable fair value are generally reported at the net asset value per share (or its equivalent) of the investment. Securities transactions are recorded on the trade date that securities are purchased or sold. Unrealized gains and losses are reported as components of net change in fund balance.

State investment regulations

In accordance with Alaska Statute 37.13.120(a), the Trustees have adopted regulations designating the types of assets eligible for Fund investment. The regulations follow the prudent investor rule, requiring the exercise of judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the designation and management of large investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of funds, considering preservation of the purchasing power of the Fund over time while maximizing the expected total return from both income and the appreciation of capital.

Kobuk Valley National Park

Investment policy – Asset allocation

The Trustees have established a long-term goal of achieving a five percent real rate of return over time on the Fund's investment portfolio. To help achieve this goal, the Trustees allocate the Fund's investments among various asset classes. At June 30, 2025, the APFC's strategic asset allocation targets were as follows:

Asset class	Asset class target
Public equities	32%
Fixed income	20%
Private equity	18%
Real estate	11%
Private income	10%
Absolute return	7%
Tactical opportunities	1%
Cash	1%

To allow for market fluctuations and to minimize transaction costs, the Trustees have adopted ranges that permit percentage deviations from the strategic asset allocation targets in accordance with specified reporting requirements and other procedures. Generally, for each asset class, the APFC's Chief Investment Officer has discretionary authority to permit target deviations within one specified range (referred to as the "green zone" in the APFC investment policy), the APFC's Executive Director can approve target deviations for up to 90 days within a broader range (the "yellow zone"), and the Board can approve operating for longer than 30 days within a third range (the "red zone"). For example, the target dollar allocation for the public equities class is 32 percent, with the green zone range set at plus or minus five percent, the yellow zone range set at zero to five percent beyond the green zone, and red zone range set at greater than five percent beyond the green zone. In a similar manner, the APFC investment policy also requires the APFC to monitor relative risk (the expected investment portfolio's risk and return relative to the risk benchmark using standard industry risk measures), active budget risk (risk due to active management decisions made by managers), and limits on private investments and future commitments.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributable to holding investments from a single issuer. The APFC manages the Fund's concentration of credit risk by following its strategic asset allocation policy, diversifying investments among managers with varying investment styles and mandates, and monitoring tracking error. Tracking error is a measure of how closely a portfolio follows the index to which it is benchmarked. The APFC's policy for mitigating this risk of loss for fixed income and equity investments is to ensure compliance with the APFC investment policy and investment manager contracts. There is no single-issuer exposure within the APFC portfolio that comprises five percent or more of the overall portfolio. Therefore, no concentration of credit risk is reported in the Notes to the Financial Statements.

Credit risk

Credit risk is the risk that an issuer or other counterparty to a marketable debt investment will not fulfill its obligations. The APFC requires that its investment grade fixed income managers invest in domestic and non-domestic bonds that have an explicit or implied investment grade rating. Should the required ratings on an existing fixed income security fall below the minimum standards, the security must be sold within seven months. Certain high yield investment managers are allowed to invest a specified amount of funds in bonds rated below investment grade.

Custodial credit risk

Custodial credit risk is the risk that in the event of a bank failure the Fund's deposits may not be returned. The APFC generally requires that all investment securities at custodian banks be held in the name of the Fund or the APFC (on behalf of the Fund). For the Fund's non-domestic securities held by most sub-custodians, the APFC's primary custodian provides contractual indemnities against sub-custodial credit risk. Excess cash in custodial accounts is swept daily to a money market fund. Late deposits of cash which miss the money market sweep deadline are deposited to an interest-bearing account at the custodian. These deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, balances in individual accounts exceed this limit.

Foreign currency risk

Foreign currency risk is the risk of loss from adverse changes in foreign currency exchange rates. Foreign currency risk is managed through foreign currency forward contracts and by diversifying assets into various countries and currencies.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The APFC manages the Fund's exposure to interest rate risk in part through tracking error guidelines set forth in the APFC investment policy.

Duration is an indicator of a portfolio's market sensitivity to changes in interest rates. In general, the major factors affecting duration are, in order of importance, maturity, prepayment frequency, level of market interest rates, size of coupon, and frequency of coupon payments. Rising interest rates generally translate into the value of fixed income investments declining, while falling interest rates are generally associated with increasing value. Effective duration attempts to account for the price sensitivity of a bond to changes in prevailing interest rates, including the effect of embedded options. As an example, for a bond portfolio with a duration of five years, a one percentage point parallel decline in interest rates would result in an approximate price increase on that bond portfolio of five percent.

The Fund held fixed income investments with floating, variable, step, and zero interest rates valued at \$1.7 billion at June 30, 2025 and \$989 million at June 30, 2024. The current annual interest rates range from 0 to 9.0 percent.

General Fund appropriations

In FY2018, the Legislature passed Senate Bill 26, which created a Percent of Market Value draw on the Earnings Reserve Account for transfer to the General Fund. Alaska Statute 37.13.140 was amended to specify the formula for Percent of Market Value as five percent of the average market value of the Fund as of June 30 for the first five of the preceding six fiscal years, including the fiscal year just ended. The average market value of the Fund includes the Earnings Reserve Account but not the Principal attributed to the settlement of *State v. Amerada Hess, et al.* This legislation took effect for FY2019. Transfers out of the Fund are done in accordance with appropriation by the Legislature. The amount appropriated prior to year-end as transferable to the General Fund for the next fiscal year is shown as committed fund balance on the financial statements at June 30.

Inflation proofing

Alaska statutes require that the contributions and appropriations of the Fund be adjusted annually to offset the effect of inflation on the Principal during the fiscal year. Based on advice from the Alaska Department of Law, an annual intra-fund inflation proofing transfer (from the assigned to the nonspendable fund balance) should occur only by legislative appropriation. The APFC measures inflation by (i) computing the percentage change in the averages of the monthly U.S. Consumer Price Index for all urban consumers for the two previous calendar years and (ii) applying that percentage to the total nonspendable fund balance, excluding unrealized gains and losses, at the end of the fiscal year. Using this formula, the inflation proofing rates were 2.95 percent for FY2025 and 4.12 percent for FY2024, resulting in transfer amounts of \$1.7 billion and \$2.3 billion, respectively. There was no appropriation for inflation proofing for FY2025 so nothing was transferred and the appropriation for FY2024 was limited to \$1.4 billion.

Fund balance

- *Nonspendable Fund balance*
Nonspendable fund balance includes items that cannot be spent. This includes the corpus of the Permanent Fund, and the unrealized gains and losses allocated to it.
- *Committed Fund balance*
Committed fund balance can only be used for specific purposes subject to constraints imposed by a formal action of the Alaska Legislature, the State's highest level of decision-making authority. This formal action is the passage of a law creating, modifying, or rescinding an appropriation. Earnings Reserve Account amounts appropriated to the General Fund are included in this classification. The commitment is released when the transfer to the General Fund has been made.
- *Assigned Fund balance*
Assigned fund balance includes amounts that are constrained by the State's intent to be used for a specific purpose but are not committed. The Alaska Legislature is the body authorized by the Alaska Constitution to assign amounts to a specific purpose. Alaska Statute 37.13.020 authorizes the Legislature to assign funds in the Earnings Reserve Account. The Earnings Reserve Account includes realized earnings, and the unrealized gains and losses allocated to it.
- *Unrealized gains and losses*
A State of Alaska Attorney General's Opinion dated June 16, 2009 clarified the accounting treatment of the Fund's unrealized gains and losses by providing that unrealized appreciation or depreciation on invested assets should be allocated proportionately to the Principal and the Earnings Reserve Account.

Transfers in

Contributions from dedicated State revenues are recorded when certain revenues defined by the constitution or by statute and legislative appropriation are received or reported by the Alaska Department of Natural Resources and are available to meet current obligations. Contributions from appropriations and other sources are recorded when received.

Transfers out

Transfers out to other State agencies are recorded when measurable and represent a present obligation to pay.

Income taxes

In the opinion of legal counsel, the Fund should not be subject to U.S. federal income taxation under the doctrine of implied statutory immunity for states because it is an integral part of the State and it performs an essential governmental function with its income, if any, accruing to the State. The Fund may be subject to tax in certain international jurisdictions.



3. CASH AND TEMPORARY INVESTMENTS

Cash and temporary investments, which include the market values of foreign currency (FX) and FX forward exchange contracts, are summarized as follows at June 30:

	2025	2024
Cash	\$ 240,230,000	165,015,000
Pooled funds	1,601,479,000	1,196,168,000
U.S. Treasury bills	1,993,359,000	1,815,476,000
FX forward exchange contracts	(37,787,000)	27,604,000
Total cash and temporary investments	\$ 3,797,281,000	3,204,263,000

Uninvested cash was held at the custodian, sub-custodian, or derivatives broker banks, primarily in interest-bearing accounts. All pooled funds were invested in a money market fund. U.S. Treasury bills are explicitly guaranteed by the U.S. government. Late deposits of cash that miss the money market sweep deadline and foreign currency are deposited in an interest-bearing account at the custodian. Cash held outside Bank of New York was \$85 million at June 30, 2025 and \$54 million at June 30, 2024. Deposit amounts at Bank of New York that exceeded the FDIC insurance limit were \$155 million at June 30, 2025 and \$111 million at June 30, 2024.

4. RECEIVABLES AND OTHER ASSETS

Receivables and other assets at June 30 are as follows:

	2025	2024
Interest receivable	\$ 141,367,000	127,857,000
Dividends receivable	75,076,000	70,436,000
Sales receivable	404,172,000	184,344,000
Dedicated State revenues receivable	69,283,000	79,018,000
Total receivables and other assets	\$ 689,898,000	461,655,000

Dutch Harbor, Unalaska

5. MARKETABLE DEBT SECURITIES

Marketable debt securities categorized by debt instrument type at June 30 are summarized as follows:

	Cost	Fair value	Unrealized gains (losses)
2025			
Mortgage-backed securities	\$ 2,675,438,000	2,600,950,000	(74,488,000)
U.S. Treasury and government notes/bonds	2,592,090,000	2,594,136,000	2,046,000
U.S. corporate bonds	6,757,376,000	6,601,598,000	(155,778,000)
U.S. commercial mortgage and asset-backed securities	624,492,000	613,105,000	(11,387,000)
U.S. exchange traded funds	104,077,000	107,620,000	3,543,000
Non-U.S. government bonds	2,201,193,000	2,268,048,000	66,855,000
Non-U.S. corporate bonds	1,167,394,000	1,157,493,000	(9,901,000)
Non-U.S. commercial mortgage and asset-backed securities	19,441,000	19,254,000	(187,000)
Non-U.S. exchange traded funds	24,416,000	25,268,000	852,000
Total marketable debt securities	\$ 16,165,917,000	15,987,472,000	(178,445,000)
2024			
Mortgage-backed securities	\$ 2,467,283,000	2,333,307,000	(133,976,000)
U.S. Treasury and government notes/bonds	2,069,231,000	2,045,059,000	(24,172,000)
U.S. corporate bonds	6,067,903,000	5,732,003,000	(335,900,000)
U.S. commercial mortgage and asset-backed securities	747,369,000	723,501,000	(23,868,000)
U.S. exchange traded funds	100,512,000	104,093,000	3,581,000
Non-U.S. government bonds	2,141,734,000	2,047,532,000	(94,202,000)
Non-U.S. corporate bonds	1,041,146,000	1,023,970,000	(17,176,000)
Non-U.S. commercial mortgage and asset-backed securities	42,562,000	41,730,000	(832,000)
Non-U.S. exchange traded funds	24,394,000	24,705,000	311,000
Total marketable debt securities	\$ 14,702,134,000	14,075,900,000	(626,234,000)

Valley of Ten Thousand Smokes,
Katmai National Park



6. MARKETABLE DEBT CREDIT RATINGS

To manage credit risk for marketable debt securities, the APFC monitors fair values of all securities daily and routinely reviews its investment holdings' credit ratings. For accounts with an investment grade mandate, issues falling below the minimum standards are required to be sold within seven months of the downgrade date. Minimum standards are a Standard & Poor's Corporation rating of BBB or better, or Moody's Investors Service Inc. rating of Baa or better, or a comparable rating by another Nationally Recognized Statistical Rating Organization (NRSRO) or by a recognized rating service in the jurisdiction of the issuer. Accounts with high yield mandates are allowed to hold positions in assets with below investment grade ratings (high yield bonds). For purposes of this note, if credit ratings differ among the NRSROs used, the rating with the highest degree of risk (the lowest rating) is reported. At June 30, the Fund's credit ratings for its marketable debt securities are as follows:

2025	NRSRO quality ratings	Domestic	Non-domestic	Total fair value	Percentage of holdings
AAA		\$ 521,134,000	260,564,000	781,698,000	4.89%
AA		399,822,000	529,584,000	929,406,000	5.81%
A		1,952,459,000	429,567,000	2,382,026,000	14.90%
BBB		2,799,952,000	860,329,000	3,660,281,000	22.90%
BB		1,115,906,000	267,625,000	1,383,531,000	8.65%
B		363,243,000	89,203,000	452,446,000	2.83%
CCC		-	729,000	729,000	0.01%
D		-	69,367,000	69,367,000	0.43%
Total fair value rated debt securities		\$ 7,152,516,000	2,506,968,000	9,659,484,000	60.42%
Exchange traded funds		107,620,000	25,268,000	132,888,000	0.83%
Not rated		77,096,000	937,827,000	1,014,923,000	6.35%
U.S. government explicitly backed by the U.S. government		3,211,944,000	-	3,211,944,000	20.09%
U.S. government implicitly backed by the U.S. government		1,968,233,000	-	1,968,233,000	12.31%
Total fair value debt securities		\$ 12,517,409,000	3,470,063,000	15,987,472,000	100.00%
2024	NRSRO quality ratings	Domestic	Non-domestic	Total fair value	of holdings
AAA		\$ 522,520,000	235,545,000	758,065,000	5.39%
AA		373,740,000	526,243,000	899,983,000	6.39%
A		1,785,153,000	399,108,000	2,184,261,000	15.52%
BBB		2,654,111,000	645,848,000	3,299,959,000	23.44%
BB		864,505,000	208,569,000	1,073,074,000	7.62%
B		253,444,000	81,949,000	335,393,000	2.38%
D		-	143,262,000	143,262,000	1.02%
Total fair value rated debt securities		\$ 6,453,473,000	2,240,524,000	8,693,997,000	61.77%
Exchange traded funds		104,093,000	24,705,000	128,798,000	0.92%
Not rated		19,781,000	872,708,000	892,489,000	6.34%
U.S. government explicitly backed by the U.S. government		2,583,274,000	-	2,583,274,000	18.35%
U.S. government implicitly backed by the U.S. government		1,777,342,000	-	1,777,342,000	12.63%
Total fair value debt securities		\$ 10,937,963,000	3,137,937,000	14,075,900,000	100.00%

7. MARKETABLE DEBT DURATION

To manage its interest rate risk on marketable debt securities, the APFC monitors fair values daily and routinely reviews portfolio duration in comparison to established benchmarks. At June 30, the effective duration by investment type, based on fair value, is as follows:

2025	Percentage of holdings	Duration
Domestic bonds		
Mortgage-backed securities	20.78%	5.55
Treasury and government notes/bonds	20.72%	5.62
Corporate bonds	52.74%	6.57
Commercial mortgage and asset-backed securities	4.90%	1.79
Exchange traded funds	0.86%	-
Total domestic bonds	100.00%	5.87
Non-domestic bonds		
Treasury and government bonds	65.36%	7.43
Corporate bonds	33.36%	6.42
Commercial mortgage and asset-backed securities	0.55%	0.99
Exchange traded funds	0.73%	-
Total non-domestic bonds	100.00%	7.00
2024	Percentage of holdings	Duration
Domestic bonds		
Mortgage-backed securities	21.33%	6.15
Treasury and government notes/bonds	18.70%	6.16
Corporate bonds	52.40%	6.48
Commercial mortgage and asset-backed securities	6.61%	1.32
Exchange traded funds	0.95%	-
Total domestic bonds	100.00%	5.95
Non-domestic bonds		
Treasury and government bonds	65.25%	7.62
Corporate bonds	32.63%	6.92
Commercial mortgage and asset-backed securities	1.33%	1.27
Exchange traded funds	0.79%	-
Total non-domestic bonds	100.00%	7.24

8. PREFERRED AND COMMON STOCK

Direct investments in preferred and common stock are held by the APFC's custodian bank on behalf of the Fund. The Fund also invests in commingled stock funds, which are held by the custodian bank of the fund manager on behalf of fund investors, and equity index futures, which are held at the prime broker.

Preferred and common stocks and commingled stock funds at June 30 are summarized as follows, which include the net fair value of equity index futures of \$(2.5) million at June 30, 2025 and \$(732,000) as of June 30, 2024:

	Cost	Fair value	Unrealized gains
2025			
Direct investments			
Domestic stock	\$ 12,660,505,000	16,148,076,000	3,487,571,000
Non-domestic stock	9,934,338,000	11,986,838,000	2,052,500,000
Commingled funds	179,898,000	238,091,000	58,193,000
Total preferred and common stock	\$ 22,774,741,000	28,373,005,000	5,598,264,000
2024			
Direct investments			
Domestic stock	\$ 11,551,820,000	15,128,535,000	3,576,715,000
Non-domestic stock	10,611,936,000	11,946,089,000	1,334,153,000
Commingled funds	177,294,000	211,113,000	33,819,000
Total preferred and common stock	\$ 22,341,050,000	27,285,737,000	4,944,687,000

Mendenhall Glacier, Juneau

9. FOREIGN CURRENCY EXPOSURE

Foreign currency risk arises when a loss could result from adverse changes in foreign currency exchange rates. Foreign currency risk is managed by the international investment managers in part through their decisions to enter into foreign currency forward contracts. Foreign currency risk is also managed through the diversification of assets in various countries and currencies.

At June 30, 2025, the Fund's cash holdings, foreign currency forward exchange contracts, non-domestic public and private equity, and debt securities had exposure to foreign currency risk as follows (shown in U.S. dollar equivalent at fair value and based on the currency in which the securities are held and traded):

Foreign currency	Cash and cash equivalents	Foreign exchange forward contracts	Equity, private debt, real estate, infrastructure	Marketable debt	Total foreign currency exposure
Australian Dollar	\$ 4,597,000	(51,109,000)	347,778,000	28,572,000	329,838,000
Brazil Real	969,000	29,000	106,125,000	-	107,123,000
Canadian Dollar	2,314,000	(62,280,000)	717,118,000	52,794,000	709,946,000
Chilean Peso	133,000	-	6,884,000	-	7,017,000
Chinese Yuan Renminbi	6,802,000	(324,473,000)	277,605,000	317,766,000	277,700,000
Colombian Peso	182,000	-	2,062,000	-	2,244,000
Czech Koruna	365,000	(11,232,000)	1,796,000	10,637,000	1,566,000
Danish Krone	348,000	(11,046,000)	154,359,000	10,785,000	154,446,000
Egyptian Pound	52,000	-	1,139,000	-	1,191,000
Euro Currency	67,931,000	(941,230,000)	4,386,861,000	759,362,000	4,272,924,000
Hong Kong Dollar	5,365,000	(23,635,000)	927,268,000	-	908,998,000
Hungarian Forint	329,000	(3,273,000)	11,214,000	2,943,000	11,213,000
Indian Rupee	1,645,000	(292,000)	404,462,000	-	405,815,000
Indonesian Rupiah	444,000	(26,519,000)	60,216,000	25,785,000	59,926,000
Israeli Shekel	1,139,000	(14,049,000)	63,495,000	13,710,000	64,295,000
Japanese Yen	26,317,000	(523,881,000)	1,347,954,000	503,410,000	1,353,800,000
Kuwaiti Dinar	330,000	(235,000)	10,306,000	-	10,401,000
Malaysian Ringgit	621,000	(25,631,000)	28,558,000	25,241,000	28,789,000
Mexican Peso	145,000	(16,540,000)	66,843,000	16,437,000	66,885,000
New Taiwan Dollar	1,257,000	-	560,099,000	-	561,356,000
New Zealand Dollar	(373,000)	(21,878,000)	16,433,000	17,980,000	12,162,000
Norwegian Krone	480,000	(3,483,000)	52,190,000	3,395,000	52,582,000
Pakistan Rupee	3,000	-	4,887,000	-	4,890,000
Peruvian Sol	543,000	(17,702,000)	-	16,748,000	(411,000)
Philippines Peso	178,000	-	14,481,000	-	14,659,000
Polish Zloty	537,000	(100,000)	56,059,000	-	56,496,000
Pound Sterling	20,142,000	(299,519,000)	1,330,810,000	201,878,000	1,253,311,000
Qatari Riyal	(373,000)	484,000	16,550,000	-	16,661,000
Romanian Leu	770,000	(11,324,000)	-	9,826,000	(728,000)
Russian Ruble	-	-	122,000	-	122,000
Saudi Arabia Riyal	(118,000)	-	77,942,000	-	77,824,000
Singapore Dollar	(240,000)	(8,024,000)	101,452,000	8,775,000	101,963,000
South African Rand	(359,000)	586,000	80,659,000	-	80,886,000
South Korean Won	3,193,000	(62,525,000)	411,166,000	61,769,000	413,603,000
Swedish Krona	1,082,000	(1,172,000)	173,030,000	-	172,940,000
Swiss Franc	1,373,000	(11,168,000)	419,820,000	-	410,025,000
Thailand Baht	533,000	(20,610,000)	20,224,000	20,110,000	20,257,000
Turkish Lira	178,000	-	14,255,000	-	14,433,000
UAE Dirham	408,000	-	59,192,000	-	59,600,000
Total foreign currency exposure	\$ 149,242,000	(2,491,831,000)	12,331,414,000	2,107,923,000	12,096,748,000

Cash amounts in the schedule above include receivables, payables, and cash balances in each related currency. If payables exceed receivables and cash balances in a currency, then the total cash balance for that currency will appear as a negative value. The remaining Fund investments are denominated in U.S. dollars and are not included in the schedule above.

10. REAL ESTATE

The Fund holds a variety of real estate interests, including directly owned real estate, real estate investment trusts, private real estate funds, and other entities in which the assets consist primarily of real property. The Fund also holds a portfolio of real estate loans collateralized by income-producing, institutional real estate in the U.S. that are administered by an external institutional real estate management firm. In recent years, the Fund expanded its real estate portfolio strategy with a “Build-to-Core” investment program, creating high-quality properties.

The Fund’s directly owned real estate is through ownership of interests in corporations, limited liability companies, and partnerships that hold title to the real estate. External institutional real estate management firms administer the majority of the Fund’s directly owned real estate investments. An internal real estate program manages two directly owned real estate investments.

The APFC periodically reviews real estate investments for other than temporary impairment. During FY2025, it was determined that three real estate holdings were impaired because it was more likely than not that the Fund would not recover the carrying cost over the remaining estimated holding period of the assets. In order to reflect the impairment in statutory net income and fund balance classifications, \$154 million of unrealized losses were realized through a write down of cost to fair value. In FY2024, no real estate holdings were determined to be impaired.

Real estate investments at June 30 are summarized as follows:

	Cost	Fair value	Unrealized gains (losses)
2025			
Real estate investment trusts	\$ 710,534,000	806,778,000	96,244,000
Real estate funds and notes	2,748,236,000	3,049,727,000	301,491,000
American Homes 4 Rent II	82,561,000	105,863,000	23,302,000
Directly owned real estate			
Retail	\$ 788,786,000	1,389,605,000	600,819,000
Office	1,684,376,000	1,743,158,000	58,782,000
Hotel	58,643,000	65,299,000	6,656,000
Industrial	361,478,000	935,186,000	573,708,000
Multifamily	345,017,000	461,619,000	116,602,000
Development	639,242,000	734,794,000	95,552,000
Total directly owned real estate	\$ 3,877,542,000	5,329,661,000	1,452,119,000
Total real estate	\$ 7,418,873,000	9,292,029,000	1,873,156,000
2024			
Real estate investment trusts	\$ 680,067,000	740,233,000	60,166,000
Real estate funds and notes	2,973,831,000	3,191,339,000	217,508,000
American Homes 4 Rent II	79,606,000	115,959,000	36,353,000
Directly owned real estate			
Retail	\$ 903,867,000	1,527,761,000	623,894,000
Office	1,867,890,000	1,733,529,000	(134,361,000)
Hotel	58,576,000	63,982,000	5,406,000
Industrial	361,606,000	929,763,000	568,157,000
Multifamily	340,357,000	459,749,000	119,392,000
Development	566,232,000	581,824,000	15,592,000
Total directly owned real estate	\$ 4,098,528,000	5,296,608,000	1,198,080,000
Total real estate	\$ 7,832,032,000	9,344,139,000	1,512,107,000

As of June 30, 2025, the APFC, on behalf of the Fund, had outstanding future funding commitments of \$305 million for real estate fund investments.

11. ALTERNATIVE INVESTMENTS

Alternative investments include the Fund's investments in absolute return strategies, private credit, private equity, and infrastructure.

Absolute return strategies are investments in specialized funds that seek to deliver returns that are largely uncorrelated with traditional market-driven asset classes. The Fund invested in two absolute return limited partnerships, in which the Fund was the only limited partner ("fund of one"); both are currently in liquidation. The Fund also holds direct hedge fund investments, in which the Fund is one of many limited partners. External investment management services for this strategy are provided by institutional investment managers who have acknowledged their status as fiduciaries to the Fund. Due to the off-exchange and private nature of many absolute return strategies, investments may have no readily determinable fair value, and the estimated fair values could differ significantly from values that would be obtained in a market transaction for the assets. Each manager provides the Fund with fair value estimates of partnership interests and undergoes an annual independent audit.

The Fund invests in private credit through limited partnerships that invest either directly in distressed or mezzanine debt, or in commingled limited liability funds with a distressed debt or credit opportunity focus. These investments are funded over time as opportunities arise. The limited partnerships and funds undergo annual independent audits. Private credit investments by their nature generally have no readily determinable fair value, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets.

The Fund holds private equity through investments in limited liability companies and limited partnerships that typically invest in unlisted, illiquid common and preferred stock and, to a lesser degree, subordinated and senior debt of companies that are in most instances privately held. The APFC has hired external advisors to assist in the selection of private equity holdings diversified by geography and strategy. Private equity is funded slowly over time as opportunities are identified by APFC staff, the external advisors, and the underlying fund managers. The underlying private equity funds provide the Fund with fair value estimates of the investments utilizing the most current information available. In addition, the external advisors review the fair value estimates and the underlying private equity funds undergo annual independent audits. Private equity investments by their nature generally have no readily determinable fair value, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets.

Infrastructure investments involve ownership or operating agreements in essential long-term service assets with high barriers to entry. Examples of infrastructure assets include toll roads, airports, deep water ports, communication towers, and energy generation, storage, and transmission facilities. Investments in this asset class are expected to have inflation protection attributes and exhibit low correlations with other major asset classes in the Fund's investment strategy. The Fund holds infrastructure investments through commingled funds organized as limited partnerships whose investment managers provide periodic fair value estimates and undergo annual independent audits. Infrastructure investments by their nature generally have no readily determinable fair value, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets.

Alternative investments at June 30 are summarized as follows:

	Cost	Fair value	Unrealized gains
2025			
Absolute return	\$ 3,805,560,000	5,836,798,000	2,031,238,000
Private credit	2,399,522,000	2,760,821,000	361,299,000
Private equity	9,971,004,000	14,875,225,000	4,904,221,000
Infrastructure	2,975,185,000	4,428,240,000	1,453,055,000
Total alternative investments	\$ 19,151,271,000	27,901,084,000	8,749,813,000
2024			
Absolute return	\$ 3,872,661,000	5,591,284,000	1,718,623,000
Private credit	2,402,186,000	2,774,938,000	372,752,000
Private equity	9,819,615,000	14,761,564,000	4,941,949,000
Infrastructure	2,750,941,000	3,934,960,000	1,184,019,000
Total alternative investments	\$ 18,845,403,000	27,062,746,000	8,217,343,000

The APFC periodically reviews alternative investments for other than temporary impairment. During FY2025, it was determined that five private credit funds, 27 private equity funds, and two infrastructure funds were impaired because it was more likely than not that the Fund would not recover the carrying cost over the remaining estimated holding period of the assets. In order to reflect the impairment in statutory net income and fund balance classifications, \$281 million of unrealized losses were realized through a write down of cost to fair value. In FY2024, four private credit, 26 private equity, and two infrastructure funds were determined to be impaired and \$147 million of unrealized losses were realized through a write down of cost to fair value. These impairments have no impact on the carrying value of investments or on the net increase in the fair value of investments.

As of June 30, 2025, the APFC, on behalf of the Fund, had outstanding future funding commitments of \$21 million for absolute return, \$1.5 billion for private credit, \$4.2 billion for private equity, and \$1.3 billion for infrastructure investments. Many alternative investments have liquidity constraints and may not be available for cash withdrawal until a specified period of time has elapsed.



12. SECURITIES LENDING

State regulations at 15 AAC 137.510 and the APFC investment policy authorize the APFC to enter into securities lending transactions on behalf of the Fund. Through a contract with the Bank of New York (the Bank), the Fund lends marketable debt and equity securities to borrowers who are banks and broker-dealers. The loans are collateralized with cash or certain marketable securities. Under the APFC's contract with the Bank, the Bank must mark the loaned securities and collateral to the market daily, and the loan agreements require the borrowers to maintain the collateral at not less than 102 percent of the fair value of domestic loaned securities (and non-domestic loaned securities denominated in U.S. dollars) and not less than 105 percent of the fair value for other non-domestic loaned securities. The APFC can sell securities that are on loan. If a borrower fails to return the loaned securities (borrower default), the Bank can use cash collateral (and the proceeds on the sale of any noncash collateral) to purchase replacement securities. Generally, the APFC is protected from credit risk associated with the lending transactions through indemnification by the Bank against losses resulting from counterparty failure, reinvestment of cash collateral, default on collateral investments, or a borrower's failure to return loaned securities.

Cash collateral received for loaned securities is reported on the Fund's balance sheets and invested by the Bank on behalf of the Fund. As of June 30, 2025, such investments were in overnight repurchase agreements that had a weighted average maturity of one day. The average term of the loans was also one day. At June 30, the value of securities on loan and collateral invested are as follows:

	2025	2024
Fair value of securities on loan, secured by cash collateral	\$ 3,930,579,000	3,563,578,000
Cash collateral	4,016,702,000	3,648,891,000
Fair value of securities on loan, secured by noncash collateral	7,096,069,000	5,857,278,000
Noncash collateral	7,708,733,000	6,459,800,000

The Fund receives 80 percent of earnings derived from securities lending transactions and the Bank retains 20 percent. During the years ended June 30, 2025 and 2024, the Fund incurred no losses from securities lending transactions. The Fund received income of \$25 million and \$22 million from securities lending for the years ended June 30, 2025 and 2024, respectively, which is included in the real estate and other income line on the Statements of Revenues, Expenditures and Changes in Fund Balances.

13. ACCOUNTS PAYABLE

Accounts payable include trades entered into on or before June 30 that settle after fiscal year-end. Cash held for trade settlements is included in cash and temporary investments. Accounts payable at June 30 are summarized as follows:

	2025	2024
Accrued liabilities	\$ 57,947,000	26,279,000
Securities purchased	851,624,000	921,839,000
Total accounts payable	\$ 909,571,000	948,118,000

14. STATUTORY AND LEGISLATIVE APPROPRIATIONS

Beginning in FY2019, legislation requires that, upon appropriation, a portion of the realized earnings be transferred to the State’s General Fund instead of the Dividend Fund based upon a Percent of Market Value calculation. The amount transferred to the General Fund was \$3.7 billion in FY2025. For FY2026, the amount appropriated to the General Fund is \$3.8 billion. This amount is shown as committed at June 30, 2025.

During the fiscal years 1990 through 1999, the Fund received dedicated State revenues from North Slope royalty case settlements (*State v. Amerada Hess, et al.*). Accumulated settlement related activity, included in the contributions and appropriations balance of the Fund at June 30, is \$424 million. By statute, realized earnings from these settlement payments are to be treated in the same manner as other Fund income, except that these settlement earnings are excluded from the calculation of the transfer to the General Fund and are not subject to inflation proofing.

Since 2005, the Legislature has appropriated these settlement earnings to the Alaska Capital Income Fund (ACIF) established under Alaska Statute 37.05.565. Funds in the ACIF may be further appropriated for any public purpose. During years with net realized losses, no funds are transferred to the ACIF. Prior to 2005, the statute required such earnings to be appropriated to the Principal.

The Fund realized earnings on settlement principal of \$31 million during FY2025 and \$24 million during FY2024.

	2025	2024
Income distributed during the year:		
General Fund	\$ 3,657,263,000	3,526,088,000
Income distributable at year end:		
Alaska Capital Income Fund	31,327,000	23,553,000
Total statutory and legislative appropriations	\$ 3,688,590,000	3,549,641,000

Appropriations for APFC operating expenses and other specific State agencies are made separately and are detailed in Note 20.



15. FUND BALANCES

Fund balance activity during the years ended June 30 is summarized as follows:

	2025	2024
Nonspendable		
Balance, beginning of year	\$ 70,738,976,000	67,520,699,000
Dedicated State revenues	488,723,000	532,561,000
Inflation proofing transfer from assigned	-	1,413,000,000
Change in unrealized appreciation on invested assets	1,269,026,000	1,272,716,000
Balance, end of year	\$ 72,496,725,000	70,738,976,000
Committed		
Balance, beginning of year	\$ 3,657,263,000	3,526,088,000
General Fund transfer to liability	(3,657,263,000)	(3,526,088,000)
General Fund commitment	3,798,888,000	3,657,263,000
Balance, end of year	\$ 3,798,888,000	3,657,263,000
Assigned		
Balance, beginning of year	\$ 6,066,530,000	6,965,110,000
Inflation proofing transfer to nonspendable	-	(1,413,000,000)
General Fund commitment	(3,798,888,000)	(3,657,263,000)
Settlement earnings payable to the ACIF	(31,327,000)	(23,553,000)
Realized earnings, net of operating expenditures	5,897,142,000	4,219,179,000
Change in unrealized appreciation on invested assets	670,801,000	(23,943,000)
Balance, end of year	\$ 8,804,258,000	6,066,530,000
Total		
Balance, beginning of year	\$ 80,462,769,000	78,011,897,000
Dedicated State revenues	488,723,000	532,561,000
General Fund transfer	(3,657,263,000)	(3,526,088,000)
Settlement earnings payable to the ACIF	(31,327,000)	(23,553,000)
Excess of investment revenues over expenditures	7,836,969,000	5,467,952,000
Balance, end of year	\$ 85,099,871,000	80,462,769,000

The composition of the contributions and appropriations in the nonspendable fund balance at June 30 is shown as follows:

	2025	2024
Dedicated State revenues	\$ 20,239,983,000	19,751,260,000
Special appropriations	10,885,906,000	14,885,906,000
Inflation proofing	27,575,717,000	23,575,717,000
Settlement earnings	152,911,000	152,911,000
Total contributions and appropriations	\$ 58,854,517,000	58,365,794,000

In FY2025, based on discussions with the Legislature and the Board, the \$4 billion transfer that occurred in FY2020 was reclassified from special appropriations to inflation proofing.

16. FAIR VALUE MEASUREMENT

Various inputs are used in valuing the investments held by the Fund. U.S. Generally Accepted Accounting Principles (GAAP) establishes a hierarchy of inputs used to value investments emphasizing observable inputs and minimizing unobservable inputs. These input levels are summarized as follows:

Level 1 – Published prices for identical assets in an active market.

Level 2 – Inputs, other than published prices, which are observable for the asset, either directly or indirectly.

Level 3 – Unobservable inputs should only be used to the extent that observable inputs are not available for a particular asset.

Investments measured using Net Asset Value (NAV) per share as a practical expedient to fair value are not categorized into input levels. The input levels used to measure the Fund's investments at June 30 are summarized as follows:

2025	Measured using input levels			Measured using NAV	Total
	Level 1	Level 2	Level 3		
Marketable debt securities					
Mortgage-backed securities	\$ -	2,600,950,000	-	-	2,600,950,000
U.S. Treasury and government notes/bonds	2,587,467,000	6,669,000	-	-	2,594,136,000
U.S. corporate bonds	7,029,000	6,594,569,000	-	-	6,601,598,000
U.S. commercial mortgage and asset-backed securities	-	613,105,000	-	-	613,105,000
U.S. exchange traded funds	107,620,000	-	-	-	107,620,000
Non-U.S. government bonds	-	2,268,048,000	-	-	2,268,048,000
Non-U.S. corporate bonds	3,000	1,157,052,000	438,000	-	1,157,493,000
Non-U.S. commercial mortgage and asset-backed securities	-	19,254,000	-	-	19,254,000
Non-U.S. exchange traded funds	25,268,000	-	-	-	25,268,000
Total marketable debt securities	\$ 2,727,387,000	13,259,647,000	438,000	-	15,987,472,000
Preferred and common stock					
Domestic stock	16,130,820,000	17,256,000	-	-	16,148,076,000
Non-domestic stock	11,986,799,000	-	39,000	-	11,986,838,000
Commingled funds	97,669,000	-	-	140,422,000	238,091,000
Total preferred and common stock	\$ 28,215,288,000	17,256,000	39,000	140,422,000	28,373,005,000
Real estate					
Real estate investment trusts	806,778,000	-	-	-	806,778,000
Real estate funds and notes	-	-	-	3,049,727,000	3,049,727,000
American Homes 4 Rent II	-	-	-	105,863,000	105,863,000
Directly owned real estate	-	-	-	5,329,661,000	5,329,661,000
Total real estate	\$ 806,778,000	-	-	8,485,251,000	9,292,029,000
Absolute return	-	-	-	5,836,798,000	5,836,798,000
Private credit	-	-	-	2,760,821,000	2,760,821,000
Private equity	-	-	-	14,875,225,000	14,875,225,000
Infrastructure	-	-	-	4,428,240,000	4,428,240,000
Total investments	\$ 31,749,453,000	13,276,903,000	477,000	36,526,757,000	81,553,590,000

2024	Measured using input levels			Measured using	Total
	Level 1	Level 2	Level 3	NAV	
Marketable debt securities					
Mortgage-backed securities	\$ -	2,333,307,000	-	-	2,333,307,000
U.S. Treasury and government notes/bonds	2,036,112,000	8,947,000	-	-	2,045,059,000
U.S. corporate bonds	2,951,000	5,729,052,000	-	-	5,732,003,000
U.S. commercial mortgage and asset-backed securities	-	723,501,000	-	-	723,501,000
U.S. exchange traded funds	104,093,000	-	-	-	104,093,000
Non-U.S. government bonds	-	2,047,532,000	-	-	2,047,532,000
Non-U.S. corporate bonds	4,000	1,023,496,000	470,000	-	1,023,970,000
Non-U.S. commercial mortgage and asset-backed securities	-	41,730,000	-	-	41,730,000
Non-U.S. exchange traded funds	24,705,000	-	-	-	24,705,000
Total marketable debt securities	\$ 2,167,865,000	11,907,565,000	470,000	-	14,075,900,000
Preferred and common stock					
Domestic stock	15,127,488,000	1,047,000	-	-	15,128,535,000
Non-domestic stock	11,946,048,000	-	41,000	-	11,946,089,000
Commingled funds	81,593,000	-	-	129,520,000	211,113,000
Total preferred and common stock	\$ 27,155,129,000	1,047,000	41,000	129,520,000	27,285,737,000
Real estate					
Real estate investment trusts	740,233,000	-	-	-	740,233,000
Real estate funds and notes	-	-	-	3,191,339,000	3,191,339,000
American Homes 4 Rent II	-	-	-	115,959,000	115,959,000
Directly owned real estate	-	-	-	5,296,608,000	5,296,608,000
Total real estate	\$ 740,233,000	-	-	8,603,906,000	9,344,139,000
Absolute return	-	-	-	5,591,284,000	5,591,284,000
Private credit	-	-	-	2,774,938,000	2,774,938,000
Private equity	-	-	-	14,761,564,000	14,761,564,000
Infrastructure	-	-	-	3,934,960,000	3,934,960,000
Total investments	\$ 30,063,227,000	11,908,612,000	511,000	35,796,172,000	77,768,522,000

Marketable debt securities and preferred and common stock classified as level 1 are valued using prices quoted in active markets for those securities. Marketable debt securities classified as level 2 are valued using matrix pricing and those classified at level 3 are term loans. Commingled funds reported at NAV use the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions made prior to the balance sheet date.

Publicly traded real estate investment trusts are valued using prices quoted in active markets and are reported as level 1. Directly held real estate, private real estate funds, and real estate debt investments are reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions made prior to the balance sheet date. The underlying directly owned real estate investments are subject to annual appraisals and audits.

Absolute return investments are reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions made prior to the balance sheet date. Absolute return investments undergo annual independent financial statement audits. The redemption notice period is from 2-100 days and the frequency of redemption is monthly to semiannually.

Private credit investments are reported at NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions made prior to the balance sheet date. Private credit investments undergo annual independent financial statement audits. Redemptions are not allowed, and the usual life of these investments is 5-7 years.

Private equity and infrastructure investments are reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions made prior to the balance sheet date. Private equity investments undergo annual independent financial statement audits. Redemptions are not allowed, and the usual life of these investments is 10-12 years.

17. STATUTORY NET INCOME

By Alaska law, statutory net income is computed in accordance with GAAP, excluding settlement income from the North Slope royalty case (*State v. Amerada Hess, et al.*) and any unrealized gains or losses. However, the excess of revenues over expenditures is required by GAAP to include unrealized gains and losses, regardless of source. Consequently, GAAP excess of revenues over expenditures and statutory net income differ.

The APFC periodically reviews investments for other than temporary impairment of value. Investments with fair values significantly less than cost over multiple reporting periods may be considered impaired if the cost basis will not be recovered over the investment's remaining estimated holding period. If an other than temporary impairment is determined to exist for an investment, a realized loss will be recorded, which will replace the previously recorded unrealized loss. Carrying value will not be affected but the reclassification of the loss from unrealized to realized will affect the statutory net income of the Fund. During FY2025 and FY2024, approximately \$435 million and \$147 million, respectively, of impairments were recorded.

Statutory net income for the years ended June 30 is calculated as follows:

	2025	2024
Excess of revenues over expenditures	\$ 7,836,969,000	5,467,952,000
Unrealized gains	(1,939,827,000)	(1,248,773,000)
Settlement earnings	(31,327,000)	(23,553,000)
Statutory net income	\$ 5,865,815,000	4,195,626,000

18. INVESTMENT INCOME BY SOURCE

Investment income during the years ended June 30 is summarized as follows:

	2025	2024
Interest		
Short-term	\$ 84,392,000	100,193,000
Marketable debt securities	592,932,000	485,044,000
Total interest	\$ 677,324,000	585,237,000
Total dividends	\$ 617,716,000	612,028,000
Real estate and other income		
Real estate investment trusts	\$ 29,573,000	29,565,000
Real estate - funds, notes, direct	308,466,000	212,069,000
Absolute return	40,000	152,000
Private credit	160,592,000	99,945,000
Private equity	155,147,000	70,076,000
Infrastructure	21,289,000	25,415,000
Other - class action, security lending	26,939,000	24,789,000
Total real estate and other income	\$ 702,046,000	462,011,000

19. FOREIGN EXCHANGE CONTRACTS, FUTURES, AND OFF-BALANCE SHEET RISK

Certain APFC external investment managers enter into foreign currency forward exchange contracts (FX forward contracts) to buy and sell specified amounts of foreign currencies for the Fund at specified rates and future dates for the purpose of managing or optimizing foreign currency exposure. The maturity periods for outstanding contracts at June 30, 2025 ranged between one and 100 days.

The counterparties to the FX forward contracts consist of a diversified group of financial institutions. The Fund is exposed to credit risk to the extent of nonperformance by these counterparties. The Fund's market risk as of June 30, 2025 is limited to the difference between contractual rates and forward market rates determined at the end of the fiscal year.

FX forward contracts during the years ended June 30 are summarized as follows:

	2025	2024
Fair value of FX forward contracts, beginning of year	\$ 27,603,000	2,931,000
Net change in fair value of FX forward contracts	(65,391,000)	24,672,000
Fair value of FX forward contracts, end of year	\$ (37,788,000)	27,603,000
Notional amount of FX forward contracts, end of year	\$ 6,800,721,000	6,056,170,000

Certain APFC equity and fixed income investment managers are permitted to trade equity and U.S. Treasury index futures for the Fund's account. Equity index futures are traded in both domestic and non-domestic markets based on an underlying stock exchange value. Index futures are settled with cash for the net difference between the trade price and the settle price.

Futures in equity accounts during the years ended June 30 are summarized as follows:

	2025	2024
Fair value of equity index futures, beginning of year	\$ (732,000)	6,754,000
Net change in fair value of equity index futures	(1,740,000)	(7,486,000)
Fair value of equity index futures, end of year	\$ (2,472,000)	(732,000)
Notional amount of equity index futures, end of year	\$ 5,657,000	(23,037,000)

Futures in fixed income accounts during the years ended June 30 are summarized as follows:

	2025	2024
Fair value of U.S. Treasury index futures, beginning of year	\$ 135,000	(7,663,000)
Net change in fair value of U.S. Treasury index futures	(3,561,000)	7,798,000
Fair value of U.S. Treasury index futures, end of year	\$ (3,426,000)	135,000
Notional amount of US Treasury index futures, end of year	\$ 448,205,000	115,932,000

20. EXPENDITURES

Fund expenditures for the years ended June 30 are summarized as follows:

	2025	2024
Corporate expenditures		
Salaries and benefits	\$ 18,658,000	17,185,000
Communications and subscriptions	9,180,000	7,802,000
Consulting	3,151,000	3,050,000
Training, supplies and other	1,210,000	1,486,000
Rent	598,000	545,000
Travel	491,000	611,000
Legal and audit	940,000	1,012,000
Property and equipment	683,000	779,000
Subtotal corporate expenditures	\$ 34,911,000	32,470,000
Investment management and custody fees		
Investment management	\$ 116,146,000	113,153,000
Custody and safekeeping	1,573,000	1,323,000
Subtotal investment management and custody fees	\$ 117,719,000	114,476,000
Total operating expenditures	\$ 152,630,000	146,946,000
Other legislative appropriations from corporate receipts		
Department of Natural Resources	\$ 7,238,000	6,708,000
Department of Law	3,065,000	2,936,000
Department of Revenue	100,000	191,000
Total other legislative appropriations	\$ 10,403,000	9,835,000
Total expenditures	\$ 163,033,000	156,781,000

Through the appropriations and budget process, the Legislature allocates corporate receipts to other State departments ("total other legislative appropriations") to compensate these departments for work done on behalf of the Fund during the year.

21. PENSION PLANS

All APFC full-time, regular employees participate in the State of Alaska Public Employees Retirement System (PERS). PERS is a multiple employer public employee retirement system established and administered by the State to provide pension and post-employment healthcare benefits to eligible retirees. The PERS financial report can be obtained from the State of Alaska's Retirement and Benefits website. Benefit and contribution provisions are established by state law and can be amended only by the Legislature.

PERS consists of Defined Contribution Retirement (PERS-DCR) and Defined Benefit Retirement (PERS-DBR) plans. Employees who entered the system on or after July 1, 2006 participate in the PERS-DCR plan. Employees who entered the system prior to July 1, 2006 participate in the PERS-DBR plan. PERS-DBR employees contribute 6.75 percent of their annual salaries to PERS and PERS-DCR members contribute 8 percent.

As an integrated cost sharing plan, the PERS system requires employers to pay a uniform contribution rate of 22 percent of eligible employee salaries for the benefit of PERS members. Total salaries subject to PERS for the years ended June 30, 2025 and 2024 amounted to \$13.1 million and \$12.3 million, respectively.

In addition to the pension plan discussed above, all APFC employees and Trustees participate in the Alaska Supplemental Benefits System Supplemental Annuity Plan (SBS-AP). The SBS-AP is a multiple-employer defined contribution plan created pursuant to Internal Revenue Code section 401(a) to provide benefits in lieu of those provided by the Federal Social Security System. Each year, APFC employees and Trustees contribute 6.13 percent of salaries or honoraria, up to a specified maximum, to SBS-AP. The APFC contributes a matching 6.13 percent. Participants are eligible to withdraw from SBS-AP 60 days after termination of employment or service as a Trustee. Total salaries and honoraria for individuals subject to SBS-AP for the years ended June 30, 2025 and 2024 amounted to \$8.3 million and \$7.2 million, respectively.





Matanuska River, Glacier View

Staff

// Executive

DEVEN MITCHELL CEO & Executive Director
JENNIFER LOESCH Executive Administrative Specialist
CHRIS POAG General Counsel

// Communications

PAULYN SWANSON Director of Communications
JULIETTE ALLDREDGE Communications Manager

// Finance

VALERIE MERTZ Chief Financial Officer
CASSIE KING Accounting Technician
CHRIS LAVALLEE Senior Portfolio Accountant II
JACKI MALLINGER Senior Portfolio Accountant II
NORIX MANGUAL Portfolio Accountant II
SARAH MARTIN Accounting Technician II
JORDYN PERLETTI Portfolio Accountant
JESSICA THORNSBURY Portfolio Accountant

// Human Resources

SHANNON MCCAIN Director of Human Resources
LESLEY CRESWELL Human Resources Generalist

// Information Technology

SCOTT BALOVICH Director of IT
SHAWN CALHOON IT Infrastructure and Engineering Lead
CODY GRAVES IT Security Analyst
JOSEPH JERALDS IT Specialist
DAMIEN MILLER IT Systems Engineer
LARISSA MURRAY IT Specialist
MICHAEL PREBEG IT Systems Engineer

// Investment Operations

ALEX SMITH Investment Operations Manager
ROMAN LAJALA Investment Operations Analyst

// Administrative Operations

MARISA MCCOMAS Senior Administrative Specialist
TARA MENDOZA Administrative Specialist
HEATHER PEDERSEN Procurement Officer
BENJAMIN WILLIAMS Administrative Specialist

// Risk & Compliance

SEBASTIAN VADAKUMCHERRY Chief Risk and Compliance Officer
SARAH CLARK Senior Risk & Compliance Officer
BRADY OWEN Risk Analyst

// Investments

MARCUS FRAMPTON Chief Investment Officer
ALLEN WALDROP Deputy Chief Investment Officer
– Private Markets
JIM PARISE Deputy Chief Investment Officer
– Public Markets & Director of Fixed Income
LUKE KIRKHAM Investment Analyst

// Fixed Income

CHRIS CUMMINS Senior Portfolio Manager
MICHAEL GUMZ Credit Analyst
MATT IVES Credit Analyst
TOM O'DAY Portfolio Manager
MATT OLMSTED Senior Portfolio Manager
ANDRE PEIROVI Intern - Investments
COLTON SCRUDDER Credit Analyst
MASHA SKURATOVSKAYA Senior Portfolio Manager

// Public Equities

FAWAD RAZZAQUE Director of Investments
JOE SHINN Investment Analyst II

// Real Estate

ERIC RITCHIE Senior Portfolio Manager
STEVE ADAMS Senior Portfolio Manager
HENRY LLOYD Investment Analyst
ED RIME Portfolio Manager
MATT SYKES Investment Analyst

// Private Equity

STEVEN GAGLIARDO Senior Associate

LILLIE HAGGARD Investment Analyst

IAN HORWOOD Investment Associate

LARA POLLOCK Investment Associate

JOSHUA UNGAR Portfolio Manager

// Private Income

ROSS ALEXANDER Senior Portfolio Manager

TEREK RUTHERFORD Investment Associate

// Absolute Return

YOULIAN NINKOV Senior Portfolio Manager

// Cash

VALERIA MARTINEZ Director of Investments

Our Values

Our employees' commitment to our values is part of the reason why APFC's work stands out in Alaska and on national stages — a track record built upon teamwork and dedication.

INTEGRITY

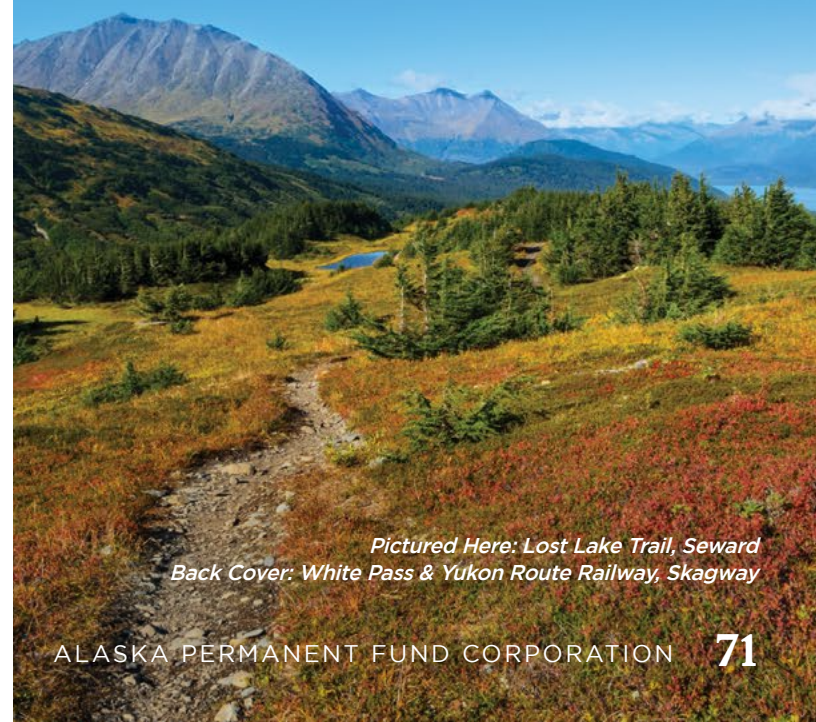
We act in an honorable, respectful, professional manner that continually earns and justifies the trust and confidence of each other and those we serve.

STEWARDSHIP

We are committed to wisely investing and protecting the assets, resources, and information with which we have been entrusted.

PASSION

We are driven to excellence through self improvement, innovative solutions, and an open, creative culture. We are energized by the reward of serving Alaskans.



*Pictured Here: Lost Lake Trail, Seward
Back Cover: White Pass & Yukon Route Railway, Skagway*

☎ 907.796.1500 ✉ contact@apfc.org 📍 801 W 10th Street, Suite 302, Juneau, AK 99801 🌐 apfc.org

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