ALASKA PERMANENT FUND

Balance Sheets

Unaudited (millions of dollars)	December 31, 2016	June 30, 2016
Assets		
Cash and temporary investments	$ **4,000.9**	2,213.1
Receivables, prepaid expenses and other assets	**284.9**	456.5
Investments:		
Marketable debt securities	**8,263.6**	9,800.1
Preferred and common stock	**22,597.2**	20,938.2
Real estate	**6,994.3**	7,048.2
Absolute return	**4,727.8**	5,495.9
Public-private credit	**1,139.2**	1,080.4
Private equity	**5,972.8**	5,531.4
Infrastructure	**2,342.7**	1,760.7
Total investments	**52,037.6**	51,654.9
TOTAL ASSETS	$ **56,323.4**	54,324.5
Liabilities		
Accounts payable	$ **929.8**	841.0
Income distributable to the State of Alaska	**0.0**	713.8
TOTAL LIABILITIES	**929.8**	1,554.8
Fund Balances		
Nonspendable:		
Permanent Fund corpus - contributions and appropriations	**39,611.7**	39,449.4
Not in spendable form - unrealized appreciation on invested assets	**5,484.8**	4,750.3
Total nonspendable	**45,096.5**	44,199.7
Committed:		
Current FY dividend	**1,359.6**	0.0
Current FY inflation proofing	**479.3**	0.0
Current FY AK Capital Income Fund	**10.9**	0.0
Total committed	**1,849.8**	0.0
Assigned for future appropriations:		
Realized earnings	**7,194.9**	7,649.0
Unrealized appreciation on invested assets	**1,252.4**	921.0
Total assigned	**8,447.3**	8,570.0
TOTAL FUND BALANCES	**55,393.6**	**52,769.7**
TOTAL LIABILITIES AND FUND BALANCES	$ **56,323.4**	**54,324.5**

ALASKA PERMANENT FUND

Statements of Revenues, Expenditures and Changes in Fund Balances

Unaudited (millions of dollars)		Month ended December 31, 2016	Six months ended December 31, 2016	Fiscal year-end audited June 30, 2016
Revenues				
Interest	$	**24.8**	**145.6**	306.8
Dividends		**66.3**	**253.4**	526.5
Real estate and other income		**13.4**	**159.4**	361.0
Total interest, dividends, real estate and other income		**104.5**	**558.4**	1,194.3
Net increase (decrease) in the fair value of investments:				
Marketable debt securities		**33.3**	**(253.5)**	376.6
Preferred and common stock		**485.5**	**1,574.8**	(1,314.9)
Real estate		**15.7**	**128.1**	534.7
Absolute return		**20.3**	**197.0**	(57.3)
Public-private credit		**9.6**	**39.7**	(33.1)
Private equity		**(9.7)**	**342.6**	(35.0)
Infrastructure		**16.4**	**76.1**	274.8
Emerging markets total opportunities		**0.0**	**0.0**	15.0
Derivative Instruments		**18.7**	**93.5**	(27.7)
Currency		**(145.9)**	**(233.0)**	(415.0)
Total net increase (decrease) in investments		**443.9**	**1,965.3**	(681.9)
TOTAL REVENUES		**548.4**	**2,523.7**	512.3
Expenditures				
Operating expenditures		**(9.1)**	**(53.5)**	(105.3)
Other legislative appropriations		**(2.6)**	**(8.6)**	(8.5)
TOTAL EXPENDITURES		**(11.7)**	**(62.1)**	(113.8)
Excess (deficiency) of revenue over expenditures	$	**536.7**	**2,461.6**	398.5
Other Financing Sources (Uses)				
Transfers in		**35.6**	**162.3**	284.5
Transfers out		**0.0**	**0.0**	(713.8)
NET CHANGE IN FUND BALANCES		**572.3**	**2,623.9**	(30.8)
Fund Balances				
Beginning of period		**54,821.3**	**52,769.7**	52,800.5
End of period	$	**55,393.6**	**55,393.6**	52,769.7

Statutory Income Calculation				
Excess (deficiency) of revenues over (under) expenditures		**536.7**	**2,461.6**	398.5
Adjustments to bring net income to statutory net income:				
Unrealized (gains) losses		**(374.3)**	**(1,065.9)**	1,817.8
Alaska Capital Income Fund realized income		**(1.3)**	**(10.9)**	(18.1)
STATUTORY NET INCOME	$	**161.1**	**1,384.8**	2,198.2

ALASKA PERMANENT FUND

Receivables and Payables

Unaudited (millions of dollars)		December 31, 2016
Accounts Receivable		
Interest Receivable	$	71.8
Dividends Receivable		38.7
Foreign Exchange Contracts Receivable		(0.1)
Pending Sales Fixed Income		39.9
Pending Sales Equities		13.6
Pending Sales Alternative Investments		104.5
State Dedicated Revenues Receivable		16.5
Pending Sales Real Estate/REITs		0.0
Prepaid and Other Receivables		0.0
TOTAL RECEIVABLES	$	284.9
Accounts Payable		
Accrued Operating Payables	$	23.9
Pending Purchase Fixed Income		331.9
Pending Purchase Equities		16.2
Pending Purch. Alt. Investmnt		7.8
Pending Purchase Real Estate/REITs		550.0
TOTAL PAYABLES	$	929.8

ALASKA PERMANENT FUND
FUND FINANCIAL HISTORY & PROJECTIONS
as of December 31, 2016

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

	Nonspendable Fund Balance - Principal								Assigned Fund Balance											TOTAL FUND
						Unrealized Gain (Loss)					Distributions of Statutory Net Income				Unrealized Gain (Loss)					
FY	FY-Begin Contrib. Balance	Appro-priations [1]	Dedicated [2] State Revenues	Inflation Proofing	FY-End Balance Contributions	Net Change	FY-End Balance	FY-End Non-spendable Balance	Acct. Net Income [3]	Statutory Net Income [3]	Dividends	Inf-Proofing / Other [10]	Gen. Fund / Other [4]	FY-End Balance Realized	Net Change	FY-End Balance [5]	Net Assigned Change	FY-End Assigned Balance	FY	FY-End Balance
77-07	0	7,039	9,693	10,765	27,497	6,198	6,197	33,694	39,096	34,618	15,359	14,506	388	4,132	0	0	(1,504)	4,133	77-07	37,827
08	27,497	0	844	808	29,149	(3,886)	2,064	31,213	(1,372)	2,938	1,293	808	33	4,969	352	352	1,189	5,321	08	36,534
09	29,149	0	651	1,144	30,945	(3,513)	(1,449)	29,496	(6,394)	(2,509) [8]	875	1,144	0 [8]	441	(373)	(21)	(4,901)	420	09	29,917
10	30,944	0	679	0 [9]	31,624	1,869	421	32,045	3,517	1,590 [8]	858	0 [9]	0 [8]	1,194	37	16	790	1,210	10	33,255
11	31,624	0	887	533	33,044	4,367	4,788	37,832	6,812	2,143 [8]	801	533	13 [8]	2,016	276	292	1,098	2,308	11	40,140
12	33,044	0	915	1,073	35,033	(1,568)	3,220	38,253	(100)	1,568	605	1,073	17	1,905	(117)	175	(227)	2,081	12	40,333
13	35,033	0	840	743	36,615	964	4,184	40,800	4,314	2,928	604	743	30	3,487	392	567	1,973	4,054	13	44,853
14	36,615	0	779	546	37,941	2,878	7,062	45,002	6,848	3,531	1,235	546	32	5,237	408	975	2,158	6,211	14	51,214
15	37,941	0	600	624	39,165	(589)	6,473	45,638	2,384	2,907	1,373	624	24	6,147	41	1,016	951	7,162	15	52,800
16	39,165 [6]	0	284	0	39,449	(1,723)	4,750	44,199	398 [6]	2,198	696 [11]	0 [12]	18	7,649	(95)	921	1,408	8,570	16	52,769
Lo 17	39,449	0	277	941	40,667	(4,583)	167	40,834	(3,736)	1,725	1,395	941 [12]	15	7,039	(892)	29	(1,503)	7,068	17	47,902
Mid 17	39,449	0	277	941	40,667	557	5,307	45,974	3,428	2,733	1,501	941 [12]	23	7,941	115	1,036	407	8,977	17	54,951
Hi 17	39,449	0	277	941	40,667	5,959	10,709	51,376	11,661	4,161	1,651	941 [12]	35	9,218	1,507	2,428	3,075	11,646	17	63,022
18	40,667	0	299	922	41,888	261	5,569	47,457	3,710	3,292	1,539	922	26	8,772	130	1,166	961	9,938	18	57,394
19	41,888	0	328	950	43,166	260	5,829	48,995	3,877	3,442	1,530	950	26	9,734	148	1,314	1,110	11,048	19	60,043
20	43,166	0	343	979	44,488	268	6,097	50,584	4,058	3,604	1,603	979	26	10,756	160	1,474	1,182	12,230	20	62,814
21	44,488	0	357	1,009	45,853	286	6,382	52,236	4,248	3,774	1,769	1,009	26	11,752	162	1,636	1,158	13,388	21	65,623
22	45,853	0	361	1,040	47,255	299	6,681	53,936	4,439	3,946	1,896	1,040	26	12,762	169	1,804	1,178	14,566	22	68,502
23	47,255	0	364	1,071	48,690	307	6,988	55,678	4,636	4,122	1,983	1,071	26	13,829	180	1,985	1,248	15,814	23	71,492
24	48,690	0	364	1,104	50,158	316	7,304	57,462	4,840	4,304	2,074	1,104	26	14,956	193	2,178	1,320	17,134	24	74,596
25	50,158	0	371	1,137	51,666	325	7,629	59,295	5,052	4,494	2,167	1,137	26	16,146	206	2,384	1,397	18,530	25	77,825
26	51,666	0	370	1,171	53,207	334	7,962	61,169	5,272	4,692	2,264	1,171	26	17,403	220	2,604	1,477	20,007	26	81,176
27	53,207	0	366	1,205	54,778	342	8,305	63,083	5,501	4,896	2,363	1,205	26	18,731	235	2,840	1,563	21,571	27	84,653
Cumulative Totals Proj. for 2017-2026		0	3,801	11,528		3,555			49,060	43,299	20,689	11,528	288		1,919		13,001			

Assumptions:		Total Return	- Inflation	= Total Real Return		Statutory Return
Lo	FY 2017	-6.84%	2.25%	-9.09%	Lo	3.51%
Mid	FY 2017 [6]	6.70%	2.25%	4.45%	Mid	5.43%
Hi	FY 2017	22.26%	2.25%	20.01%	Hi	8.15%
	FY 2018-2026 [7]	6.95%	2.25%	4.70%		6.24%

Notes related to financial history and projections FY1977 - FY2027:

[1] Appropriations include special general fund, realized earnings, and other miscellaneous appropriation transfers into principal.

[2] Dedicated State Revenues in current and future fiscal years are based on the Fall 2016 Department of Revenue forecast.

[3] Accounting net income is based on United States Generally Accepted Accounting Principles (GAAP). Statutory net income is accounting net income, excluding any unrealized gains and losses on investments, and excluding earnings of the Alaska Capital Income Fund (AM Hess, et al principal).

[4] FY05 and forward, Amerada Hess, et al. annual net positive settlement earnings are transferred to Alaska Capital Income Fund (ACIF) per AS 37.13.145(d).

[5] Beginning in FY08, based on legal opinion, unrealized gains and losses were allocated between the nonspendable fund balance (principal) and the assigned fund balance (earnings reserve). Prior to FY08, all unrealized gains and losses were included with principal.

[6] Current year returns and inflation are based on 2016 Callan capital market assumptions.

[7] Future returns are based on 2016 Callan capital market assumptions and median expected returns (the mid case). Actual results will vary.

[8] During FY 2009, the ACIF realized losses of $33.3 million, which are excluded from statutory net income, and are included in the ending unreserved balance as a deficit account. During FY 2010 and FY 2011, the ACIF had realized income of $20.8 and $25.3 million, which is excluded from statutory net income, and served to reduce the FY 2009 deficit.

[9] The statutory inflation calculation for FY 2010 was -.36%; therefore, there was no inflation proofing transfer during FY 2010.

[10] FY77-07 includes special appropriations to principal of $3.7 billion.

[11] The dividend transfer reported for FY16 was paid out in dividends during FY17.

[12] There was no appropriation for inflation proofing for FY16 and, to date, there has been no appropriation for FY17.

Income year-to-date as of December 31, 2016

FY16 Statutory net income		
Interest, dividends, real estate & other income	$	558.4
Realized gains (losses) on the sale of invested assets		899.4
Less operating exp / Legis. Appropriations		(62.1)
Less AK Capital Inc. Fund committed realized earnings		(10.9)
Statutory net income (loss)	$	1,384.8

FY16 Accounting (GAAP) net income		
Statutory net income (loss)	$	1,384.8
Unrealized gains (losses) on invested assets		1,065.9
AK Capital Income Fund committed realized earnings		10.9
Accounting (GAAP) net income (loss)	$	2,461.6

PERFORMANCE SUMMARY (preliminary as of December 31, 2016)	Current Month	Last 3 Months	Fiscal Y-T-D	Calendar Y-T-D	Last 12 Months	Last 3 Years	Last 5 Years
PUBLIC EQUITIES	1.75%	0.97%					
FIXED INCOME PLUS	1.09%	-2.37%					
PRIVATE EQUITY AND GROWTH OPPORTUNITIES	N/A	-2.24%					
REAL ESTATE	N/A	N/A	2.53%	9.50%	9.50%	10.95%	10.79%
INFRSTRUCTURE/PRIVATE CREDIT/INCOME OPPS	N/A	0.52%					
ABSOLUTE RETURN	N/A	0.79%	2.55%	0.28%	0.28%	1.18%	3.19%
ASSET ALLOCATION	0.01%	0.40%					
TOTAL FUND	0.90%	-0.15%	3.87%	7.45%	7.45%	5.32%	8.23%
Total Fund Return Objective	*0.44%*	*1.23%*	*2.64%*	*7.08%*	*7.08%*	*6.19%*	*6.36%*

Note related to the performance summary:

Effective October 1, 2016, the Board of Trustees changed the target asset allocation of the Fund. Historical returns for the new asset classes will be reported over time.