

ALASKA PERMANENT FUND

Balance Sheets

Unaudited (millions of dollars)	June 30, 2017	June 30, 2016
Assets		
Cash and temporary investments	\$ 2,653.5	2,213.1
Receivables, prepaid expenses and other assets	544.8	456.5
Investments:		
Marketable debt securities	10,114.6	9,800.1
Preferred and common stock	25,354.4	20,938.2
Real estate	6,886.8	7,048.2
Absolute return	4,567.0	5,495.9
Public-private credit	1,111.8	1,080.4
Private equity	6,818.1	5,531.4
Infrastructure	2,458.3	1,760.7
Total investments	57,311.0	51,654.9
TOTAL ASSETS	\$ 60,509.3	54,324.5
Liabilities		
Accounts payable	\$ 699.1	841.0
Income distributable to the State of Alaska	25.1	713.8
TOTAL LIABILITIES	724.2	1,554.8
Fund Balances		
Nonspendable:		
Permanent Fund corpus - contributions and appropriations	39,814.3	39,449.4
Not in spendable form - unrealized appreciation on invested assets	7,155.3	4,750.3
Total nonspendable	46,969.6	44,199.7
Committed:		
Current FY dividend	0.0	0.0
Current FY inflation proofing	0.0	0.0
Current FY AK Capital Income Fund	0.0	0.0
Total committed	0.0	0.0
Assigned for future appropriations:		
Realized earnings	10,863.2	7,649.0
Unrealized appreciation on invested assets	1,952.3	921.0
Total assigned	12,815.5	8,570.0
TOTAL FUND BALANCES	59,785.1	52,769.7
TOTAL LIABILITIES AND FUND BALANCES	\$ 60,509.3	54,324.5

ALASKA PERMANENT FUND

Statements of Revenues, Expenditures and Changes in Fund Balances

Unaudited (millions of dollars)	Month ended June 30, 2017	Twelve months ended June 30, 2017	Fiscal year-end audited June 30, 2016
Revenues			
Interest	\$ 29.1	310.8	306.8
Dividends	76.0	563.0	526.5
Real estate and other income	30.4	380.3	361.0
Total interest, dividends, real estate and other income	135.5	1,254.1	1,194.3
Net increase (decrease) in the fair value of investments:			
Marketable debt securities	(28.8)	(62.5)	376.6
Preferred and common stock	116.8	4,125.6	(1,314.9)
Real estate	(86.7)	102.6	534.7
Absolute return	(1.7)	351.8	(57.3)
Public-private credit	15.7	85.3	(33.1)
Private equity	123.8	1,056.6	(35.0)
Infrastructure	14.4	259.2	274.8
Emerging markets total opportunities	0.0	0.0	15.0
Derivative Instruments	(8.3)	69.1	(27.7)
Currency	(5.4)	(436.4)	(415.0)
Total net increase (decrease) in investments	139.8	5,551.3	(681.9)
TOTAL REVENUES	275.3	6,805.4	512.3
Expenditures			
Operating expenditures	(10.2)	(121.2)	(105.3)
Other legislative appropriations	0.0	(8.6)	(8.5)
TOTAL EXPENDITURES	(10.2)	(129.8)	(113.8)
Excess (deficiency) of revenue over expenditures	\$ 265.1	6,675.6	398.5
Other Financing Sources (Uses)			
Transfers in	51.3	364.9	284.5
Transfers out	(25.1)	(25.1)	(713.8)
NET CHANGE IN FUND BALANCES	291.3	7,015.4	(30.8)
Fund Balances			
Beginning of period	59,493.8	52,769.7	52,800.5
End of period	\$ 59,785.1	59,785.1	52,769.7

Statutory Income Calculation

Excess (deficiency) of revenues over (under) expenditures	265.1	6,675.6	398.5
Adjustments to bring net income to statutory net income:			
Unrealized (gains) losses	40.7	(3,436.3)	1,817.8
Alaska Capital Income Fund realized income	(27.4)	(25.1)	(18.1)
STATUTORY NET INCOME	\$ 278.4	3,214.2	2,198.2

ALASKA PERMANENT FUND

Receivables and Payables

Unaudited (millions of dollars)	June 30, 2017
Accounts Receivable	
Interest Receivable	\$ 79.7
Dividends Receivable	57.9
Foreign Exchange Contracts Receivable	(2.0)
Pending Sales Fixed Income	219.9
Pending Sales Equities	38.2
Pending Sales Alternative Investments	108.6
State Dedicated Revenues Receivable	42.0
Pending Sales Real Estate/REITs	0.5
Prepaid and Other Receivables	0.0
TOTAL RECEIVABLES	<u>\$ 544.8</u>
Accounts Payable	
Accrued Operating Payables	\$ 29.3
Pending Purchase Fixed Income	533.1
Pending Purchase Equities	55.9
Pending Purch. Alt. Investmnt	2.6
Pending Purchase Real Estate/REITs	78.2
TOTAL PAYABLES	<u>\$ 699.1</u>



ALASKA PERMANENT FUND FUND FINANCIAL HISTORY & PROJECTIONS as of June 30, 2017

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

Nonspendable Fund Balance - Principal										Assigned Fund Balance													TOTAL FUND
	FY-Begin Contrib. Balance	Appro- ⁽¹⁾ priations	Dedicated ⁽²⁾ State Revenues	Inflation Proofing	FY-End Balance Contributions	Unrealized Gain (Loss)		FY-End Non-spendable Balance	Acct. Net Income ⁽³⁾	Statutory Net Income ⁽³⁾	Distributions of Statutory Net Income			FY-End Balance Realized	Unrealized Gain (Loss)		Net Assigned Change	FY-End Assigned Balance		FY-End Balance			
FY						Net Change	FY-End Balance				Inflation Proofing/Other	Gen. Fund / Other ⁽⁴⁾			Net Change	FY-End Balance ⁽⁵⁾			FY				
77-07	0	7,039	9,692	10,766	27,497	6,198	6,198	33,695	39,096	34,618	15,359	14,506 ⁽⁶⁾	388	4,132	0	0	(1,505)	4,132	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	30,944	(3,513)	(1,449)	29,495	(6,394)	(2,509)	875	1,144	0 ⁽⁸⁾	441	(373)	(21)	(4,901)	420	09	29,915			
10	30,944	0	679	0	31,624	1,869	421	32,045	3,517	1,590	858	0 ⁽⁷⁾	0 ⁽⁸⁾	1,194	37	16	790	1,210	10	33,255			
11	31,624	0	887	533 ⁽⁷⁾	33,044	4,367	4,788	37,832	6,812	2,143	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	38,252	(100)	1,568	605	1,073	17	1,905	(117)	175	(227)	2,081	12	40,333			
13	35,033	0	840	742	36,615	964	4,184	40,799	4,314	2,928	604	742	30	3,487	392	567	1,974	4,054	13	44,853			
14	36,615	0	779	546	37,941	2,878	7,062	45,003	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	0	284	0 ⁽⁷⁾	39,449	(1,722)	4,751	44,199	399	2,198	696 ⁽⁹⁾	0 ⁽⁷⁾	18	7,649	(95)	921	1,407	8,570	16	52,769			
17	39,449 ⁽⁶⁾	0	365	0 ⁽⁷⁾	39,814	2,405	7,156	46,970	6,676	3,214	0	0 ⁽⁷⁾	25	10,863	1,031	1,952	4,245	12,815	17	59,785			
18	39,814	0	321	903	41,038	350	7,506	48,543	4,036	3,584	1,621	903	26	11,924	102	2,054	1,162	13,977	18	62,521			
19	41,038	0	341	931	42,310	360	7,866	50,176	4,224	3,752	1,644	931	26	13,100	111	2,165	1,288	15,266	19	65,441			
20	42,310	0	350	960	43,619	371	8,237	51,856	4,423	3,931	1,751	960	26	14,320	122	2,287	1,342	16,607	20	68,463			
21	43,619	0	363	990	44,972	382	8,619	53,591	4,630	4,116	1,953	990	26	15,494	132	2,418	1,305	17,912	21	71,503			
22	44,972	0	366	1,020	46,358	394	9,012	55,371	4,837	4,302	2,067	1,020	26	16,708	142	2,560	1,356	19,268	22	74,639			
23	46,358	0	369	1,051	47,779	405	9,418	57,196	5,051	4,493	2,162	1,051	26	17,988	153	2,713	1,433	20,701	23	77,897			
24	47,779	0	370	1,083	49,232	417	9,835	59,066	5,273	4,692	2,261	1,083	26	19,336	164	2,877	1,512	22,213	24	81,279			
25	49,232	0	379	1,116	50,727	429	10,264	60,991	5,504	4,899	2,363	1,116	26	20,757	176	3,052	1,596	23,809	25	84,800			
26	50,727	0	380	1,150	52,257	442	10,706	62,963	5,745	5,115	2,468	1,150	26	22,253	188	3,240	1,685	25,494	26	88,456			
27	52,257	0	384	1,184	53,825	455	11,160	64,986	5,994	5,338	2,577	1,184	26	23,830	201	3,442	1,778	27,272	27	92,258			
Cumulative Totals																							
Proj. for 2018-2027										49,718	44,223	20,867	10,389	265		1,490		14,457					

Preliminary Return Calculations for FY 2016

Assumptions:	Total Return	- Inflation	= Total Real Return	Statutory Return
FY 2017	12.57%	1.26%	11.31%	5.91%
FY 2018-2027	6.95%	2.25%	4.70%	6.24%

Notes related to financial history and projections FY1977 - FY2026:

- ⁽¹⁾ Appropriations include special general fund, realized earnings, and other miscellaneous appropriation transfers into principal.
- ⁽²⁾ Dedicated State Revenues in future fiscal years are based on the Spring 2017 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, less any earnings/losses of the Alaska Capital Income Fund.
- ⁽⁴⁾ FY05 and forward, Amerada Hess, et al. settlement earnings are transferred to Alaska Capital Income Fund per AS 37.13.145(d). FY09 incurred realized losses. FY09 losses of \$33 million are net with FY10 gains of \$21 million and FY11 gains of \$12 million. Excess earnings transferred to the AK Capital Income Fund again in FY11.
- ⁽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⁾ FY17 and earlier values are actual. Future amounts are based on 2016 Callan capital market assumptions and median expected returns. Actual results will vary.
- ⁽⁷⁾ FY10 did not incur inflation proofing as there was a negative inflation calculation. In FY16 and FY17 inflation proofing was not appropriated.
- ⁽⁸⁾ FY77-07 includes special appropriations to principal of \$3.7 billion.
- ⁽⁹⁾ The dividend transfer reported for FY16 was paid out in dividends during FY17.

Unaudited Income as of June 30, 2017

FY17 Statutory net income

Interest, dividends, real estate & other income	\$	1,254.1
Realized gains on the sale of invested assets		2,115.0
Less operating exp / Legis. appropriations		(129.8)
Less AK Capital Income Fund realized earnings		(25.1)
Statutory net income	\$	3,214.2

FY17 Accounting (GAAP) net income

Statutory net income	\$	3,214.2
Unrealized gains on invested assets		3,436.3
AK Capital Income Fund committed realized earnings		25.1
GAAP (accounting) net income	\$	6,675.6

PERFORMANCE SUMMARY

(preliminary as of June 30, 2017)

	Current Month	Last 3 Months	Fiscal Y-T-D	Calendar Y-T-D	Last 12 Months	Last 3 Years	Last 5 Years
PUBLIC EQUITIES	0.75%	4.38%		11.98%			
FIXED INCOME PLUS	0.07%	1.95%		3.69%			
PRIVATE EQUITY AND GROWTH OPPORTUNITIES	N/A	N/A		N/A			
REAL ESTATE	N/A	N/A	4.45%	N/A	4.45%	8.73%	9.85%
INFRASTRUCTURE/PRIVATE CREDIT/INCOME OPPS	N/A	N/A		N/A			
ABSOLUTE RETURN	N/A	0.82%	7.22%	3.16%	7.22%	1.89%	3.61%
ASSET ALLOCATION	N/A	0.14%		1.44%			
TOTAL FUND	0.64%	2.99%	12.57%	7.48%	12.57%	6.18%	8.94%
Total Fund Return Objective	0.49%	1.68%	6.63%	3.89%	6.63%	5.92%	6.32%

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.