

News Release**For Immediate Release: May 24, 2018****Contact: Pauly Swanson, 907.796.1520****APFC's Board of Trustees Affirm the Fund's Strategic Direction**

Anchorage – The Board of Trustees held their quarterly meeting in Anchorage, Alaska on May 23-24, 2018 to review the Alaska Permanent Fund's performance as of March 31, 2018 and consider APFC's comprehensive investment policy and asset allocation.

The Alaska Permanent Fund's (Fund) investments gained 8.86% thru the third quarter of fiscal year 2018 (FY18) and the Fund ended March 31, 2018 with assets under management totaling \$64.6 billion. Overall the Fund has performed favorably over the long term, returning 8.35% over the last 5 years and 6.52% over the last 20 years.

Chair Moran noted that "the Fund has benefitted from having strong governance practices in place that provide long term discipline and a structure that allows for APFC to identify and respond to targeted opportunities and risks within a shifting global financial landscape."

In addition to a full review of the performance and the risk variances for each asset class within the portfolio, the Board of Trustees also considered the following agenda items:

- An educational panel on Environmental, Social, and Governance (ESG) investing to further the Trustees' understanding of the use of ESG criteria alongside financial factors in the investment of the Fund. No action was taken by the Board at this time to initiate a formal ESG program within APFC's Investment Policy. It was noted that many of APFC's external managers already combine ESG strategies alongside traditional investment approaches to target long term risk adjusted returns.
- An overview of legislative actions passed by the 30th Alaska State Legislature, which include a percent of market value (POMV) draw of \$2.7 billion from the Earnings Reserve Account to fund general government services and the permanent fund dividend program. The Legislature also implemented a statutory structure for the use of Permanent Fund's earnings with the passage of SB 26. The statutory construct provides an appropriation limit of a 5.25% POMV draw from the Fund for fiscal years 2019, 2020 and 2021. The rate steps down to a 5.0% POMV draw for fiscal year 2022 which begins on July 1, 2021.
- Approval to expend the APFC budget authorization enacted in the FY19 Operating Budget, which affirms the Board of Trustees' direction for the Corporation and fully funds the increment for 10 new positions to bolster APFC's internal management capacity.
- Approval of the revised APFC Investment Policy. The adopted policy affirms the Board's commitment to a diversified portfolio and recognizes the breadth and sophistication of investment types available to the Fund along with an increased focus on internal management.
- In light of moving towards building internal management resources and the need to attract and more importantly retain best in class investment professionals, the Board of Trustees passed a resolution to adopt an incentive compensation program.

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