



Board of Trustees

Governance Committee

September 24, 2019

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# 01\_Governance Committee\_Agenda

## **Governance Committee Meeting**

**September 24<sup>th</sup>, 2019**

**3:30 p.m. to 4:50 p.m. on Tuesday, September 24, 2019**

**The Robert Atwood Room  
Atwood Conference Center  
550 W 7<sup>th</sup> Ave, Anchorage, AK 99501**

### **Webinar Access (click link to join webinar)**

*Join via WebEx and enjoy the ability to listen on your computer and follow presentations:*

<https://alaskapfc.webex.com/alaskapfc/onstage/g.php?MTID=e4f6a42485e7324c22d2cb582958046dc>

*Event Password: APFC0924*

### **Teleconference Access**

*If you are unable to join in-person or via webinar, please contact us at  
(907) 796-1515 to receive a teleconference number*

## **AGENDA**

**TUESDAY, SEPTEMBER 24, 2019**

- |           |  |
|-----------|--|
| 3:30 p.m. | CALL TO ORDER  |
|           | ROLL CALL (Action)                                     |
|           | APPROVAL OF AGENDA (Action)                            |
|           | SCHEDULED APPEARANCES AND PUBLIC PARTICIPATION         |
| 3:45 p.m. | INVESTMENT ADVISOR CHARTER REVIEW (Information)        |
| 4:45 p.m. | OTHER MATTERS / FUTURE AGENDA ITEMS / TRUSTEE COMMENTS |
| 4:50 p.m. | ADJOURNMENT  |

**NOTE: TIMES MAY VARY AND THE CHAIR MAY REORDER AGENDA ITEMS  
(Please telephone Maggie Meiners at 907.796.1519 with agenda questions.)**

## 02\_IAG Memo for May meeting

**Alaska Permanent Fund Corporation**  
Discussion Points on Options to Enhance  
Involvement of the Investment Advisory Group ("IAG")  
*May 2019*

The following are potential additions to IAG Charter. If, following discussion, APFC's Trustees elect to proceed with these additions, they would be implemented on a trial basis for the remainder of CY 2019 and then subsequently formalized as amendments to the IAG Charter (likely in early CY 2020):

1. Board Meeting Attendance: IAG Members should make an effort to attend all Board meetings and should be provided 20 minutes at each Board meeting to provide input on the items set out in the IAG Charter Section 5
  - o Discuss sequencing IAG member input on day 1 as opposed to day 2
  - o While attending all quarterly board meetings is ideal, at least three meetings per year is sufficient
2. Interaction with APFC Staff: IAG members should have contact with CIO/APFC Staff at least one week before each board meeting to discuss pertinent topics such as:
  - o Fund performance for the quarter
  - o Changes being considered or implemented by APFC
  - o Special topics as they become relevant or as directed by the TrusteesIAG members should interact on an ad hoc basis, with APFC Staff more regularly than quarterly as special topics arise, IAG members work on projects listed in #4 below, or as market volatility or other events dictate
3. Clarification of IAG Members role: IAG Members are advisors to the Board of Trustees, as opposed to APFC Staff; IAG Members role is to advise the Board on their oversight function
  - o IAG members are expected to help the Board evaluate issues such as fund performance, asset allocation, the merits / considerations of specific investment programs, and other special topics as they arise, but are not expected to formally advise APFC staff with specific investment of fund assets
  - o IAG Members are encouraged to play a "Devil's advocate" or contrary point-of-view role with respect to matters presented by APFC Staff; it is specifically emphasized that consensus thinking or confirmation of APFC Staff's views are not being sought in all cases; IAG Members should point out areas where they think APFC can improve
  - o In spite of IAG Members' formal role being as advisor to the Board, APFC Staff may include IAG Members in certain investment processes (such as due diligence on a large, new investment) if they believe that this third party perspective would be valuable
  - o APFC Staff is expected to make themselves available to IAG members and to respond to requests for information from them so that IAG members can advise the Board in an informed manner
4. Annual Informational Presentation / Special Projects: IAG members should prepare and present at least one topic per year to the Board. IAG members should seek input from the Board on what topics the Board would like presented.
  - o Similarly, if there are specific topics the Board would like reviewed by an IAG member, such a topic could be reviewed informally without a written report or could serve as the one topic per year presented to the Board
5. Visits to APFC's Juneau Offices: IAG members should visit APFC office in Juneau once per year to meet with APFC Staff and attend at least one APFC Investment Committee Meeting
  - o This visit would likely coincide with one of the regularly scheduled Board meetings being attended

## 03\_IAG Charter



BOARD OF TRUSTEES

CHARTERS AND GOVERNANCE POLICIES

2017 February

ALASKA PERMANENT FUND CORPORATION

Charter of the Investment Advisory Group

INTRODUCTION

1. The Board of Trustees has established an Investment Advisory Group consisting of at least one but not more than three individuals who have considerable knowledge and experience in the management and investment of large endowment or trust funds.
2. This Charter sets out the duties and responsibilities of the Investment Advisory Group.
3. The Board will have full authority over the selection and appointment of the members of the Group who will serve at the pleasure of the Board.

DUTIES AND RESPONSIBILITIES

4. The Investment Advisory Group (Group) will, as requested, advise the Board on best practices in the management of large institutional funds.
5. The Group will also, as requested, provide comments to the Board on the following major policy issues:
  - (a) The long-term or strategic asset allocation of the Fund;
  - (b) The risk management framework of the Fund;
  - (c) Any changes to the investment policy;
  - (d) Any proposed investment in new asset classes;
  - (e) Any proposed investment in new or innovative investment products or strategies, particularly those involving alternative or non-traditional asset classes;
  - (f) Any significant changes to the investment management structure of the Fund, including the following:
    - i) The relative proportion of assets in an asset class managed by external investment managers versus internal staff;
    - ii) The relative proportion of assets in an asset class managed using active versus passive investment strategies;
    - iii) The total number of active investment managers or portfolios in an asset class; and

Alaska Permanent Fund Corporation  
Charter of the Investment Advisory Group

- (g) Any other issue at the discretion of the Investment Advisory Group or as requested by the Board.

REVIEW AND AMENDMENT OF THE CHARTER

6. The Governance Committee will review this Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant and appropriate.
7. The Board of Trustees adopted this Charter on February 23rd, 2017.

# **04\_Approval of Investment Advisory Group Charter**

SUBJECT: Approval of Investment Advisory Group Charter

ACTION:   X  

DATE: September 24, 2019

INFORMATION:

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**BACKGROUND:**

Staff reviewed the following Investment Advisory Group Charter; a draft copy is attached for your approval.

**RECOMMENDATION:**

Adopt the amended language included in the attachment outline above.

# **04a\_APFC Governance Manual - proposed changes to IAG Charter 06-17-19 redline**

ALASKA PERMANENT FUND CORPORATION (APFC)

Charter of the Investment Advisory Group

INTRODUCTION

1. The Board of Trustees has established an Investment Advisory Group consisting of at least one but not more than three individuals who have considerable knowledge and experience in the management and investment of large endowment or trust funds to serve as independent advisors to the Board of Trustees.
2. This Charter sets out the duties and responsibilities of the Investment Advisory Group, which includes evaluating Fund performance, asset allocation, the merits of specific investment proposals, and other investment topics identified by the Board.-  
(+)
3. The Board will have full authority over the selection and appointment of the members of the Investment Advisory Group who will serve at the pleasure of the Board.

DUTIES AND RESPONSIBILITIES

4. The Investment Advisory Group ~~(or "IAG" Group)~~ members will shall attend in-person at least three of the quarterly Board meetings and present at least one topic, as requested, advise for the the Board's consideration on best practices in the management of large institutional funds, with input from the Board on the specific topic for presentation.
5. The ~~Group~~IAG will ~~also, as requested, be provided~~ provide at least twenty (20) minutes at each quarterly Board meeting to, as applicable, provide comments to the Board on the following ~~major policy~~ issues:
  - (a) The long-term or strategic asset allocation of the Fund;
  - (b) The risk management framework of the Fund;
  - (c) Any changes to the investment policy;
  - (d) Any proposed investment in new asset classes;
  - (e) Any proposed investment in new or innovative investment products or strategies, particularly those involving alternative or non-traditional asset classes;
  - (f) Any significant changes to the investment management structure of the Fund, including the following:
    - i) The relative proportion of assets in an asset class managed by external investment managers versus internal staff;

- ii) The relative proportion of assets in an asset class managed using active versus passive investment strategies;
- iii) The total number of active investment managers or portfolios in an asset class; and

(g) Any other issue at the discretion of the Investment Advisory Group or as requested by the Board.

6. The IAG shall make contact with the Chief Investment Officer on the week before each quarterly Board meeting to discuss topics on the agenda for the upcoming meeting, including:

(a) Fund performance for the quarter;

(b) Changes being considered or implemented to the asset allocation or investment policy; and

(c) Any special topics that are to be discussed at the upcoming Board meeting.

7. Each member of the Investment Advisory Group will annually visit the Juneau office of the APFC and attend in-person an investment committee meeting of the APFC Staff.

#### REVIEW AND AMENDMENT OF THE CHARTER

6.8. The Governance Committee will review this Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant and appropriate.

7.9. The Board of Trustees adopted this Charter on ~~February 23rd, 2017~~ September 25, 2019.