

News Release

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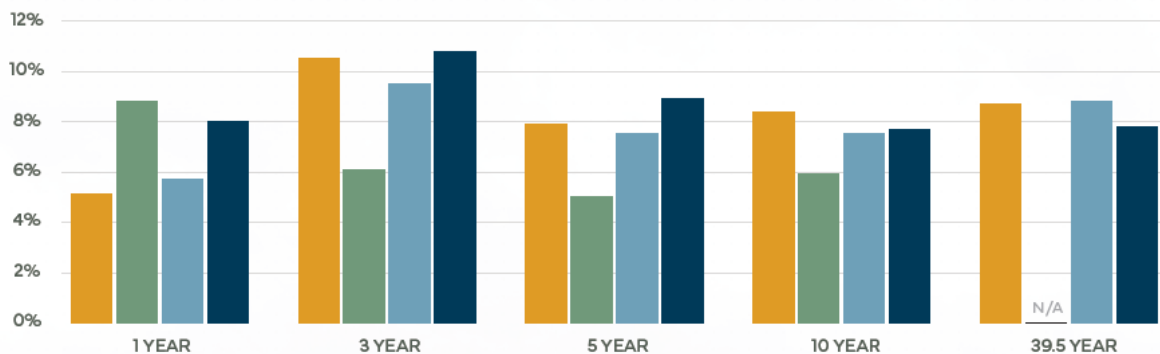
Annual Meeting of the Board of Trustees

Anchorage – The Annual Meeting of the Board of Trustees was held to review the investment performance of the Alaska Permanent Fund for Fiscal Year 2023 (FY23). The Board also adopted the report of the annual third-party audit, advanced the strategic planning discussion to set the stage for a special meeting of the board in October, learned about generative technologies, and received market perspectives on the Real Estate portfolio from APFC staff and external investment partners.

Values and Performance

As confirmed in the FY23 Annual Report, the Alaska Permanent Fund closed the fiscal year with a value of \$78.0 billion, an increase of \$1.7 billion. Several factors contribute to the change in the yearly Fund value. Mineral royalties of \$ 754 million were deposited to grow the Principal and income received from investment activity was added to the Earnings Reserve Account (ERA). Factors that decrease the value include expenses incurred for corporate operations, investment activity, and appropriations from the ERA to support state government services and the dividend program. In FY23, the 5% of market value (POMV) draw to the General Fund was \$3.4 billion. Additionally, the value of assets in the Fund’s portfolio changes with market conditions and contributes significantly to annual value fluctuations.

In aggregate, the total Fund’s performance for the long term was favorable. Over the past 10-year period, the total Fund returned 8.42%, which exceeded the Board’s target return objective of 7.72%, the passive index of 5.89%, and the peer performance benchmark of 7.54%. However, in FY23, the total Fund’s performance of 5.18% did not meet the target return objective of 7.97% and underperformed the passive benchmark of 8.78% and the performance benchmark of 5.74%.



FUND’S LONG-TERM INVESTMENT PERFORMANCE

■ Fund
■ Passive Index
■ Performance Benchmark
■ Return Objective CPI + 5%

Annual Audit and Report

KPMG completed the audit of the financial statements for Fiscal Year 2023 and reported a clean report with no issues which the Board subsequently approved. The Audit Committee also reported on their consideration of internal audit factors and areas of operational risk, which staff will regularly review and report on.

Learn more about the Alaska Permanent Fund and the Alaska Permanent Fund Corporation's strategies, investments, and financial audit in the [2023 Annual Report – Trusted For Generations](#).

Trustee Education – Generative Technologies

The latest developments in GenAI have caused a significant disruption in the global market, making it one of the most powerful sets of technologies and capabilities in recent decades. Continuing education is crucial for the Board to have the necessary knowledge and information to fulfill their roles as Trustees of the Alaska Permanent Fund. In a presentation by Tina Nunno, a Distinguished Vice President and Fellow in Gartner's CEO and Digital Executive Leaders Research Group, the Board gained valuable insights into the evolving landscape of generative technologies and capabilities. It is crucial to maintain diligence and adaptability to effectively manage the opportunities and potential risks that come with these advancements.

Budget Resources

As a public corporation, APFC recognizes the importance of effectively achieving our mandate of managing the assets of the Permanent Fund to generate the maximum risk-adjusted returns as a profit center for the State of Alaska. The Board has approved a proposed operating budget for FY25 that recognizes the effort put into developing and supporting talent. The budget includes consistent annual merit pay and incentive compensation to attract and retain talent and resources to establish a satellite office in Alaska to provide more professional opportunities. Furthermore, the budget will fund information technology and global investment management requirements.

The Board is actively working through a strategic planning process that will bring about more opportunities for targeted expansion and progress. Therefore, there are expected to be upcoming resource demands to align with the plan's goals.

Global Challenges

The Board invites the APFC Investment Advisory Group to speak on topics relevant to institutional investors. John Skjervem, a group member, gave a thought-provoking presentation on climate change, divestment concerns, activism, and the challenges institutional investors face, including those unique to the Alaska Permanent Fund Corporation. The presentation assessed that global climate challenges' complexity requires innovative technology-based solutions. The Alaska Permanent Fund investment mandate is focused on maximizing a risk-adjusted return.

Real Estate Portfolio

Real Estate is an essential asset that plays a unique and vital role in providing diversification and regular rental income as part of the Fund's portfolio. APFC's Director of Real Estate discussed the successful growth of the organization's real estate portfolio. This was achieved through various strategic initiatives, such as build-to-core, private debt, national multi-family development, and logistics investments in important US markets. Moreover, the meeting also included an update on APFC's Internal Asset

Management program, which has performed exceptionally well, surpassing established benchmarks and resulting in significant asset management fee savings.

Partnerships remain and are crucial to the success of APFC's Real Estate program. CBRE Investment Management, which manages several of APFC's Real Estate investments, shared its insights on the real estate market outlook. The case for the benefits of modern logistics was made for the Industrial Real Estate sector. Noted in the CBRE presentation is that growth in logistics is being driven by demand for modern facilities to accommodate increasing e-commerce penetration, technological advancements, and the build-up in inventory levels to counter global supply chain pressures.

To ensure independent valuations, APFC procured SitusAMC Real Estate Valuation Services, LLC (Situs). Situs manages the yearly appraisal process by hiring appraisers and facilitating communication between advisors, appraisers, and staff. During a presentation and discussion, market observations were shared, including how they relate to the performance of our real estate portfolio.

Strategic Planning

The Board made progress on strategic planning by discussing the initial scope, which was compiled by volunteer board members working with staff and KMD Services & Consulting to establish long-term goals for the Corporation and the Fund. It is important to note discussion at the annual meeting was about a draft plan of the strategic planning. A special meeting of the Board has been scheduled for October 30, 2023, to focus on this planning effort and final recommendations.

Corporate Elections

As part of Annual Meeting protocols and consistent with APFC's Bylaws, the Board of Trustees elected their corporate officers during the meeting.

- Trustee Ethan Schutt was elected to Chair
- Trustee Ellie Rubenstein to Vice-Chair

Assignments to the Governance and Audit Committees will be posted on our website.

Upcoming Meetings

The Board approved the revised 2024 and new 2025 meeting schedules. Meetings will be held via Webinar and in the cities of Juneau, Anchorage, and other statewide locations yet to be determined.

The next regular meeting of the Board is December 13-14, 2023 and a special meeting of the Board focused on strategic planning is scheduled for October 30, 2023. Both meetings will be held in Juneau and via Webinar.

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