Board of Trustees

Annual Meeting

September 27-28, 2023

Table of Contents

- Agenda
- Approval of Minutes Memo
  - May 17-18, 2023 Quarterly Meeting
  - July 12, 2023 Regular Meeting
- Audit Committee Report
- Chief Executive Officer Reports
  - Pending Board Matters
  - Trustee Education Report
  - Disclosure Report
  - Staff Summary Report
  - Staff Education & Training Report
  - HR Summary Report
  - Communications Report
  - IT Update
  - Securities Litigation Update
  - Financial Update
  - Financial Report
  - APFC Transfers
  - APFC History & Projections
  - Investment Management Fee Report
- Chief Investment Officer Report
- Risk Overview
- Report of the Annual Audit
- Callan – Capital Markets Overview / Fund Performance
- FY25 Budget
- Asset Class Update – Real Estate
- CBRE Investment Management Presentations
  - U.S. House View
  - The Case for Modern Logistics
- Gartner Presentation
- Real Estate Valuation – Situs Presentation
- Investment Advisor Presentation
- Strategic Planning Discussion
- 2024 and 2025 Calendar of Board Meetings

APFC ALASKA PERMANENT FUND CORPORATION
801 W 10TH SUITE 302 | JUNEAU, AK 99801
907.796.1500 | apfc.org

ANNUAL MEETING OF THE BOARD OF TRUSTEES
September 27-28, 2023

Hilton Anchorage
Dillingham/Katmai Meeting Rooms
(Second Floor, West Tower)
500 West 3rd Avenue
Anchorage, AK 99501

Please sign-up for public testimony by emailing jloesch@apfc.org by noon September 26

Wednesday, September 27, 2023

Time: 8:30 am – 5:00 pm

Day 1 Webinar Access:
https://apfc.org/bot-meeting-day1

Event Password: APFCDay1

Teleconference Option

Phone: 415-655-0003
Access Code: 2634 586 4958
Numeric Password: 27323291

Thursday, September 28, 2023

Time: 8:30 am – 4:15 pm

Day 2 Webinar Access:
https://apfc.org/bot-meeting-day2

Event Password: APFCDay2

Teleconference Option

Phone: 415-655-0003
Access Code: 2633 536 4481
Numeric Password: 27323292

AGENDA

WEDNESDAY, SEPTEMBER 27, 2023

08:30 a.m. BOARD OF TRUSTEES ANNUAL MEETING CONVENES

CALL TO ORDER

ROLL CALL (Action)

APPROVAL OF AGENDA (Action)

APPROVAL OF MINUTES (Action)
- May 17-18, 2023 – Quarterly Meeting
- July 12, 2023 – Regular Meeting

SCHEDULED APPEARANCES AND PUBLIC PARTICIPATION

8:45 a.m. COMMITTEE REPORTS
- Audit Committee

9:00 a.m.	CHIEF EXECUTIVE OFFICER'S REPORTS (Information/Standard Reports) Pending Board Matters, Trustee Education Report, Disclosure Report, Staff Summary Report, Staff Education & Training Report, Human Resources Summary, Communications Report, IT Update, Securities Litigation Update, Financial Report, APFC Transfers, History & Projections, Investment Management Fee Report, FY23 Budget Report
9:30 a.m.	CHIEF INVESTMENT OFFICER REPORT (Information) Marcus Frampton, Chief Investment Officer
10:15 a.m.	RISK OVERVIEW (Information) Sebastian Vadakumcherry, Chief Risk Officer
11:00 a.m.	BREAK
11:15 a.m.	INVESTMENT ADVISOR COMMENTS (Information) John Skjervem Britt Harris
11:35 a.m.	REPORT OF ANNUAL AUDIT (Action) Beth Stuart, Engagement Partner, KPMG Melissa Beedle, Engagement Manager, KPMG Valerie Mertz, Chief Financial Officer
12:30 p.m.	*LUNCH*
1:00 p.m.	FUND PERFORMANCE (Information) Greg Allen, Callan LLC Steve Center, Callan LLC
2:30 p.m.	*BREAK*
2:45 p.m.	CURRENT USE OF CONSULTANTS VS INTERNAL MANAGEMENT OF PRIVATE EQUITY (Information) – POSSIBLE EXECUTIVE SESSION Allen Waldrop, Director of Investments - Alternatives
4:15 p.m.	FY25 BUDGET APPROVAL (Action) Deven Mitchell, Chief Executive Officer Julia Mesdag, Administrative Officer
5:00 p.m.	*RECESS FOR THE DAY*

THURSDAY, SEPTEMBER 28, 2023

8:30 a.m.	MEETING RECONVENES
8:35 a.m.	ASSET CLASS UPDATE – REAL ESTATE (Board Education & Information) Topic: Real Estate Portfolio and Strategy Tim Andreyka, Director of Investments, Real Estate
9:15 a.m.	REAL ESTATE INVESTMENT OUTLOOK PRESENTATION (Board Education & Information) Shane Taylor, Americas Head of Research for CBRE Investment Management

10:00 a.m.	REAL ESTATE PRESENTATION – US LOGISTICS INVESTMENT SECTOR (Board Education & Information) Mary Lang, Americas Direct Logistics Strategies
10:45 a.m.	*BREAK*
11:00 a.m.	GARTNER PRESENTATION (Board Education and Information) Tina Nunno, Vice President & Gartner Fellow in Gartner's CEO & Digital Executive Leaders Research Group
12:00 p.m.	*LUNCH*
12:30 p.m.	REAL ESTATE VALUATION PROCESS PRESENTATION (Board Education & Information) Chuck Gohr, Director of Situs Brian Velky, Managing Director, Situs Andrew Sabatini, Managing Director, Situs
1:15 p.m.	INVESTMENT ADVISOR PRESENTATION (Board Education & Information) Topic: Climate Change, Misguided Activism & a Roadmap for Institutional Investors John Skjervem, Investment Advisor
2:15 p.m.	*BREAK* – Board of Trustee Group Photo (location TBD)
2:45 p.m.	STRATEGIC PLAN DISCUSSION/UPDATE (Information) – POSSIBLE EXECUTIVE SESSION Trustees and Staff
3:15 p.m.	INVESTMENT ADVISOR COMMENTS (Information) Britt Harris John Skjervem
3:35 p.m.	ELECTION OF CORPORATE OFFICERS (Action) APPOINTMENT OF COMMITTEE ASSIGNMENTS
3:45 p.m.	OTHER MATTERS (Action) 2024 and 2025 Calendar of Board Meetings Deven Mitchell, Chief Executive Officer
4:00 p.m.	TRUSTEE COMMENTS FUTURE AGENDA ITEMS
4:15 p.m.	*ADJOURNMENT*

NOTE: TIMES MAY VARY AND THE CHAIR MAY REORDER AGENDA ITEMS
(Please telephone Jennifer Loesch at 907-796-1519 with agenda questions)

SUBJECT: Approval of Minutes ACTION: X

DATE: September 27, 2023 INFORMATION:

BACKGROUND:

Staff reviewed the following Board of Trustees meeting summary minutes, draft copies are attached for your approval.

- May 17-18, 2023 Quarterly Meeting
- July 12, 2023 Regular Meeting

RECOMMENDATION:

Approval of the summary minutes of the Board of Trustees meetings listed above.

ALASKA PERMANENT FUND CORPORATION
QUARTERLY BOARD OF TRUSTEES MEETING
WEBEX/TELECONFERENCE

May 17 and 18, 2023
8:30 a.m.

Originating at:
Soldotna City Hall
177 North Birch Street
Soldotna, Alaska 99669

Trustees Present:

Ethan Schutt, Chair
Ellie Rubenstein
Craig Richards
Steve Rieger, Vice Chair
Jason Brune
Adam Crum

APFC Staff Present:

Deven Mitchell, CEO
Marcus Frampton, CIO
Mike Barnhill, COO
Jim Parise
Paulyn Swanson
Catherine Hatch
Stephen Adams
Rachel Zepp
Jacki Mallinger
Fawad Razzaque
Norix Mangual
Tim Andreyka
Chirag Shah
Clifton Sperry
Jordyn Elie
Maria Skuratovskaya
Sebastian Vadakumcherry
Ed Rime
Marisa McComas
Alex Smith
Simba Blackman
Ross Alexander
Chris Lavallee
Luke Kirkham
Sang Won Song
Val Mertz, CFO
Chris Poag, General Counsel
Chad Brown
Jennifer Loesch
Rachel Price
Joe Shinn
Ross Alexander
Tom O'Day
Scott Balovich
Rafael Ramirez
Adam Kane
Lara Pollock
Sarah Clark
Michael Prebeg
Julia Mesdag
Valeria Martinez
Valeria Buschfort
Jedediah Smith
Sarah Struble
Allen Waldrop
Larissa Murray
Youlian Ninkov
Logan Rahn
Terek Rutherford

Invest Advisors:

Ken Frier

Other Participants:

Greg Allen, Callan
John Springsteen
Ed Martin, Jr.
Charla Brown
Gabriel Simkin
John Kevin Balaod
Lauren Albanese
James Simard
Steve Moseley
Jim Bonetti, KPS
Owen Goldsberry, MHR Fund
Matthew Benson
Forrest Badgley
Steve Center, Callan
Ben Hofmeister, Assistant Attorney General
Lisa Parker
Paul Whitney
Gregg Gethard
John Reynolds
Alexander Brown
Sarah Browning, Schroders
Ryan Baker, KPS
Matthew Benson, CS Capital
Karol Raszkiewicz
Noah Conlon

PROCEEDINGS

CALL TO ORDER

CHAIR SCHUTT stated that they were on record for the regular quarterly meeting of the Alaska Permanent Fund Corporation and asked for a roll call.

MS. LOESCH called the roll and stated that there was a quorum.

APPROVAL OF AGENDA

CHAIR SCHUTT stated that there was an agenda in the packet. He asked for any additions, deletions, or questions about the agenda. Hearing none, the agenda was adopted.

APPROVAL OF MINUTES

CHAIR SCHUTT moved to the minutes from the February 15th quarterly meeting.

> **MOTION:** A motion to approve the minutes from February 15, 2023, was made by TRUSTEE RICHARDS; seconded by TRUSTEE BRUNE.

CHAIR SCHUTT asked for any questions or corrections. Hearing none, they were approved.

SCHEDULED APPEARANCES AND PUBLIC PARTICIPATION

CHAIR SCHUTT moved to scheduled appearances and public participation. He stated that at least two members of the public in attendance wish to speak, and he recognized Mr. Martin.

MR. MARTIN thanked the trustees for their service. He stated that some of them were there by virtue of a statute and were familiar with those that govern the trustees' purpose and the findings for which the Permanent Fund was established. He talked about the very early days when the resources and the value of the pipeline came online. Money was spent and it was wasted; although convincing a politician of the waste was not possible. He stated that his father was a pioneer before statehood and talked about how the family benefited from mineral rights from his homestead that he staked in '58. He continued that his dad was a proponent of support of the Permanent Fund Dividend and the mineral wealth going to all generations of Alaskans. He added that he became a great-grandfather before he was 65. He stated that the trustees' duties as fiduciaries was of utmost importance to him, and also to most of the state, the private citizens. He referred to the Funston Report that was given to the Governance Board and pointed out the implementation roadmap of the recommendations. Some were necessary, and some were critical. He talked about doing their due diligence and getting control of what was going on with the Alaska Permanent Fund. He asked to be taken seriously and wished they would adhere to all of the State's statutes, and to follow the law; that was their sworn oath and the contract between all the citizens of Alaska and to the Fund itself. He thanked them for listening. He noted his love of Alaska and the due diligence and how the performance of the Permanent Fund in the future rests on their shoulders.

CHAIR SCHUTT thanked Mr. Martin for his comments and stated that they certainly did listen and appreciated it when the members of the public come to share their views and participation. He asked for any other members attending in person that would like to present their views. He recognized Jim Simard online.

MR. SIMARD stated that he lives in Juneau. He continued that he was a librarian, retired from the State of Alaska. He is a board member of 350Juneau, Climate Action for Alaska, and is a concerned grandfather. He added that he had spoken with the board several times about the serious investment risk posed by litigation against major oil producers. He continued that dozens of American cities had brought lawsuits alleging that oil producers recklessly and knowingly caused harm to the Plaintiffs through the production and the deceptive marketing of their products. The suits maintain that the carbon dioxide emitted by the use of those products could be directly traced to the warming of the Earth's climate and extreme weather events that had impacted those cities and states. The main tactic of the defense was the attempt to move lawsuits from State courts to Federal courts. He added that the Supreme Court heard arguments in several cases and denied the request to move those cases to Federal jurisdictions. Along with the domestic lawsuits, there were hundreds of related legal actions worldwide. He also mentioned the effects of these same climate impacts on Alaskans and talked about some communities that were rapidly becoming uninhabitable. The warm water is also devastating on Alaskan salmon. He added that it was time for the aggressive investment in the development of renewable energy sources, which is the very least that was owed to the generations that follow. He thanked all for their time.

CHAIR SCHUTT thanked Mr. Simard for his comments and asked for any questions from trustees. He stated appreciation for the comments, feedback and participation by the public. He noted that the next agenda item was committee reports. He recognized Trustee Crum and asked for a general quick summary on the Audit Committee.

COMMITTEE REPORTS
AUDIT COMMITEE

TRUSTEE CRUM reported that the Audit Committee came together and heard the financial statements from the CFO, as well as the overview of how KPMG went about their business. Also discussed was the benefit of an internal audit with the hope to take it up at the September meeting. We hope to have some action items to bring before the Full Board at the annual meeting.

TRUSTEE RUBENSTEIN requested covering the topic of if there was a State government shutdown.

CHAIR SCHUTT asked CEO Mitchell to give an overview of what might happen if the Legislature and the Governor fail to arrive at a budget.

CEO MITCHELL stated that he had reached out to the Office of Management and Budget on a preliminary basis for determination of what would happen in the event of a failed budget. He continued that they did not have a specific plan, but shared that there is a list of ePositions at the corporation that would be authorized to work during a failed budget experience. There was an opportunity to review that, and he felt that they would be able to operate in a failed budget scenario.

TRUSTEE CRUM stated that half the trustees had been leading their government agencies in the last number of years when there had been a threat of a government shutdown, and are well versed in that. The continuity of operations plan is well established as far as the number of personnel, as well as the timeline.

CHAIR SCHUTT recognized CEO Mitchell for the Chief Executive Officer's Reports.

CHIEF EXECUTIVE OFFICER'S REPORTS

CEO MITCHELL stated that there were a number of reports for the Board's review and touched on a couple of items within the report. He went through the 11 current vacancies that were mentioned in HR Director Chad Brown's memo.

TRUSTEE RICHARDS related the approved big jump in hiring that took place in 2021. There was a laundry list of 17 proposed new employees which was cut down to seven; five of which were investment officers. It was not a function of administrative use and conveniences, but was also a function of addressing some of the observable key person risk, and trying to prevent in private equity what had happened in real estate, where the team disappeared, and it went afloat. He added that the reason those positions got approved was under the logic that private equity should be beefed up in terms of staff members. He stated that, ultimately, it was CEO Mitchell's decision on how to allocate the vacancies, but to be mindful that there were goals other than operating with the immediate issues in the forefront.

TRUSTEE BRUNE stated that 43 percent of the positions that were approved by last year's Legislature remain unfilled and were not being actively recruited. He continued that, if that was his department, those positions would have been slated for elimination in the budget; and that they, frankly, should be. He suggested to switch from not actively recruiting to actively recruiting by the next meeting, or to propose elimination of those positions. He asked if any of these positions would be for the potential Anchorage office.

CEO MITCHELL stated that there were two issues and talked about the challenges.

CIO FRAMPTON explained how these positions came about because he was there at the time, and CEO Mitchell was not.

TRUSTEE RUBENSTEIN stated that this is a sensitive topic which also directly impacts the current private equity team. She wanted to make sure that the Anchorage office was mixed with the remote for work policy. She continued that there were two different policies. She also did not want private equity team members and staff listening to this meeting to think that their jobs were going to go away. She also pointed out that the private equity team was heard from, and were going into more advanced technicalities of their portfolio.

CEO MITCHELL moved to the summary of the presentations, interviewing, and outreach that was made. It included an interview with the Institute of the North. There was also a summary of the presentations made to the Legislature this session. The requested FY24 budget, the Senate version, had been sent to the House, and we are hopeful that final version would be adopted by the Full Legislature, and that the Governor would be supportive. He also pointed out the summary of the Legislative Proposals that were made. SB 98 was passed by the House, was approved by the Legislature, and would be transmitted to the Governor for consideration. He revisited the issue that CFO Mertz brought up in the Audit Committee presentation, that the statutory net income in the current fiscal year is significantly below the projections that were entered within the fiscal year. He talked about the numbers and projection for the statutory net income. He advised revisiting and considering some of the additional nuances with the current market which was experiencing diminished statutory net income. He added that it was significantly below the forecasted low projection.

MR. ALLEN noted what CEO Mitchell alluded to is that most of the remaining unrealized gains are in real estate and private equity. He continued that gains realization, which leads to statutory net income in those two asset classes, is very episodic and required transactions. They are not keyed by rebalancing, but by the underlying manager either selling a property in the case of real estate or doing an IPO. He added that the statutory net income would have to come from traditional income.

TRUSTEE RICHARDS supported an effort to help adopt a new rule reflecting the reality of the situation. He suggested a possible work session on this topic that was traditionally held in September.

CEO MITCHELL stated that the final highlight was the Budget-to-Actuals and Projected Expenditures. The corporate operational expenses projected to approximately 90 percent of the budget; and total appropriations, approximately 98.5 percent of budget. He added that it was tracking under the budget authority at this point.

TRUSTEE RUBENSTEIN thanked CEO Mitchell for the thorough CEO report and for moving things along.

CHIEF INVESTMENT OFFICER REPORT
CHAIR SCHUTT recognized CIO Frampton.

CIO FRAMPTON began with personnel and stated that hiring was a big focus, and that he was pleased with the progress made. The new PCNs and turnover were sources of positions to fill. In 11 months, there had been five new PCNs, with four positions created for turnover investments. Five of those had been filled, with someone new starting, basically, every other month. That is a fast pace, but was done without compromising the quality of the people brought on in a really tight job market. He stated that Callan would have remarks on Performance and Positioning, and the Investment Policy Statement would also be reviewed later. He talked about some cleanups, a clarification on proxy voting, the new tactical opportunities portfolio which was highlighted as a big item in the new investment policy.

CHAIR SCHUTT moved to Risk Overview and recognized Sebastian Vadakumcherry.

RISK OVERVIEW

MR. VADAKUMCHERRY stated that there were two parts to the presentation. Part 2 basically looked at the quarterly standard risk metrics that were provided and would be the first quarter ending March 31st. He began with the first part, liquidity risk. Liquidity risk could be viewed as two distinct types: Asset liquidity and cash-flow liquidity. Asset liquidity is the inability to liquidate assets at reasonable prices. Cash-flow liquidity or illiquidity basically pertains to the inability to meet cash flows that we have. He explained both in greater detail as he continued through his presentation. He talked about the three main sources of cash: royalties; private asset distributions; and interest and other income. The three uses of cash were: transfers to State; private asset contribution; and other expenses for the organization. He continued that there was not a cash-flow problem, and we could generate funds. About 50 percent of the portfolio was liquid assets. He summarized that there was no an asset liquidity problem or cash-flow liquidity problem, but we actually have an asset allocation issue or a potential imbalance issue.

MR. FRIER stated that what Mr. Vadakumcherry talked about would come forward only if there was a major decline in the stock market. He explained that that did happen with the endowments that had very large alternatives portfolios. He continued that, after the global financial crisis, the equities at Stanford were down 50 percent, but the endowment still paid out the 5 percent a year to the university. The organization was selling equities at a time when the investments were below a hundred. The equities were being sold at the bottom because the university needed the funding. SEPRA did not have what the APFC had, a bigger fixed income portfolio. He suggested that the fixed income portfolio could be used as a source of funds should there be that kind of liquidity crisis.

MR. VADAKUMCHERRY moved to the key risk metrics as of the end of the first quarter. The APFC was within the risk appetite on all three parameters. There had been a decline in liquidity, but still within the risk appetite. He looked at past performance, compared the volatility number there, and focused on the private equity number. He continued through, explaining and concluded his presentation. He added that he had two outstanding members of his team that left, causing a 100 percent turnover in his team. He commented that both of them left for better opportunities, and compensation was a factor in both instances. He continued that he was actively recruiting, and two candidates withdrew because the compensation was not adequate.

CHAIR SCHUTT thanked Mr. Vadakumcherry and called a lunch break.

(Lunch.)

CHAIR SCHUTT stated they were back on the record and continued to the Capital Markets Overview with Callan.

CAPITAL MARKETS OVERVIEW & FUND PERFORMANCE

MR. CENTER began with the retirement of Valeria Buschfort, pointing out that she had worked very closely with Callan for about six years or so and did a phenomenal job helping them. They are sad to see her go, but congratulated her on her retirement. He continued with the capital markets and what went on over the first quarter of 2023. He reminded all that the post-pandemic market performance seen, even with the drawdowns in 2022, were still pretty well ahead of the market lows experienced during the pandemic. He explained the charts fully and then talked about the performance of the Fund as a whole and the performance of some of the various asset classes within the Permanent Fund as he went along. He stated that inflation continued being a concern, even though it had slowed down.

TRUSTEE RICHARDS stated that since he graduated law school, inflation had always been projected to be 2 to 3 percent. He asked if the long-term projected average of inflation had always been that, or was there a higher expectation of inflation over long periods of time.

MR. ALLEN looked at the long-term, since 1926, inflation, with the average inflation somewhere in the 3.5 area. He stated that the Fed made a major policy shift in the late ‘80s and started cracking down on inflation. That created a structural change in terms of policy which basically worked, and that reduced it. He found it frustrating that in the position of giving advice on asset allocation it was about all the theories that happened to different markets during high-inflation environments, without having a lot of high-inflation environments to observe.

MR. CENTER continued with the Permanent Fund’s Performance and Asset Allocation as of the end of the first quarter of 2023. Compared to the last quarter, public equity and alternatives went up slightly, and fixed income was unchanged, with cash going down. He reminded everybody that they did report on the alternatives, including private equity, private income, and real estate on a one-quarter lag. He went through the Permanent Fund performance and stated that the long term looked pretty good. Over all time periods, the Permanent Fund was ahead of its benchmark, ahead of the passive index benchmark, and trailed only the CPI+5 return objective over the last five years. It was ahead of that benchmark and over all other time periods. He talked about asset allocation and endowments and foundations and added that public equities had done fairly well.

MR. ALLEN stated that the asset allocations were vastly different and pointed out the risk of private market implementation. In comparison to foundations and endowments, a lot more had to do with how well the private markets portfolio was implemented when compared to public funds.

MR. CENTER continued that the asset allocation was more defined by how the benchmark performed over the last ten years than how the Permanent Fund performed over the last ten years. That meant that the ability to outperform the benchmark, either through deviations from asset allocation or from the implementation within each asset class, had benefited performance over the last ten years. He continued to the performance of the public equity portfolio and then to emerging markets, which had struggled. The Global Equity portfolio was behind its benchmark in the peer group median for the last quarter, but ahead of its benchmark for all other time periods. Overall, that implementation within the equity portfolio had been pretty strong over the last five years. He continued on to the Fixed Income portfolio which consisted of multiple building blocks, all managed internally. This portfolio was now managed in-house and consisted of the anchor investments in the aggregate and investment-grade credit, U.S. investment grade, along with non-U.S. high yield, TIPS, structured product, and cash. The fixed income portfolio was doing great, and he moved to the real estate portfolio. He explained why performance for the real estate portfolio was negative. He continued that both the private credit portfolio and the infrastructure portfolio actually outperformed over the last year, and also over the last three and five years. Income Opps was really the negative hit for this quarter. He continued through his presentation and drew attention to some upcoming Callan events with regional workshops in Denver and San Francisco in June with the topic being how to invest now that it is the end of a low-yield environment.

CHAIR SCHUTT called for a short break.

(Break.)

CHAIR SCHUTT stated they were back on record and moved to the Investment Policy Review and Adoption.

INVESTMENT POLICY REVIEW & ADOPTION

CIO FRAMPTON stated that he and Mr. Vadakumcherry would present a comprehensive summary of everything in the investment policy that staff was recommending. There was also an appendix with the redline with every change. He continued to the first slide which was the proposed asset allocation changes that had been discussed over the past year. The overall idea was to build a portfolio that could earn CPI+5, but was more diversified with less equity risk. He added, that enabled the change in capital markets where there were higher cap rates on real estate.

TRUSTEE RICHARDS commented on a concern about staff having a bias toward risk aversion. He thought that there was not enough risk in the portfolio, and added that they could not have too much. He stated that a very laudable goal would be to de-risk, but not go down on the securities market line.

TRUSTEE RUBENSTEIN agreed with Trustee Richards and asked if they would be losing out by lowering in private equity right now. She stated that she got nervous when the buckets were lowering when prices are coming down.

CIO FRAMPTON replied that prices were coming down in some areas, but that was not necessarily true broad-based. He stated that the proposals reflected that understanding of the markets as they sit today. He added that if there was a major change, there were really wide bands to operate within.

CHAIR SCHUTT stated that he generally understood tactical opportunities where 2 percent was recommended, and asked what was really being looked at in that class.

CIO FRAMPTON replied that it could be anything. Some of the hedge fund managers may find interesting esoteric things that do not fit well; it would not fit in another asset class and was interesting. An example was when Jay Willoughby did American Homes 4 Rent, it was a perfect fit because he was buying foreclosed homes for rent without leverage. He added that credit was another one because they had a good internal credit team, and they see things that may not be great fits because they go against the benchmark.

VICE CHAIR RIEGER noted that he liked the idea and asked for a description of the kind of opportunity and the time frame it needed to be acted on. He also asked how the decision-making would be handled.

CIO FRAMPTON replied that the answer was different for public and private, and explained the differences.

MR. FRIER stated that he thought the intent of acting on fat pitches, should they come along, was a good one. He continued that the way it was being structured was creating a new asset class with an S&P 500 benchmark would probably generate headaches down the road. He stated that it would be more straightforward if the Board granted CIO Frampton permission to adjust from current weights in any asset class, plus or minus 2 percent. Then, the asset class would be reported as a whole and the impact of the overlay, the fat pitch that was added or subtracted, would fall out in the natural asset class reporting rather than going through the creation of a new asset class.

CIO FRAMPTON responded that the whole point of the exercise was to create variances between the benchmark and what was being done. If he invested and it was a bad idea, there would be a negative variance; if it was a good idea, it would be a positive one.

TRUSTEE CRUM clarified that he was 100 percent for the 2 percent tactical even if it did need work. He would like to have these tools available July 1 just because of the market dislocation that was being seen. He suggested the vote for tomorrow so the revised things could be put into a clean copy, since tomorrow was a continuation of the meeting.

CHAIR SCHUTT stated that he did not see any harm in sleeping on it. He asked the trustees if there were any objections on taking the vote tomorrow. He polled the Board on the view on the risk band issue.

MR. POAG stated that maybe the Board should just say that they were giving an allocation of 2 percent because there was already an absent Board approval. It could say: “Absent Board approval, the net asset value of this allocation shall not exceed,” and then put in the number.

CHAIR SCHUTT continued the poll: Trustee Crum was good with it as drafted; Trustee Rubenstein was fine with that; Trustee Richards would probably go as drafted. He stated discomfort in using the words “covered” and “uncovered.”

The discussion and points continued.

MR. POAG stated, for the record: “No single investment in this portfolio, at the time of the investment, shall exceed 15 percent.”

TRUSTEE RICHARDS recommended that staff had heard the concerns of the Board, and to turn it over to them to internalize and to come back with everything tomorrow.

CIO FRAMPTON highlighted that the investment delegation did not change. It was an efficient process, and he was happy with it.

TRUSTEE RICHARDS was concerned the language was not being used as justification to re-create the same kind of bureaucratic second committee process that the Board purposely got rid of.

CEO MITCHELL stated that he thought the purpose of the process was to allow the investment team to have an environment where they would be able to speak as candidly as possible without some of the oversight issues that maybe had just been referred to, and that intellectual freedom would allow them to make recommendations. Then the duty from the CEO's desk was to insure that the CIO was complying with the investment policy. It was an opportunity to insure that the process had the proper checks and balances.

MR. VADAKUMCHERRY summarized most of the other changes in the investment policy. He ran through it and stated that the other change was made on the in-state policy. He noted that they would come back tomorrow with a tweaked policy.

CHAIR SCHUTT thanked all and moved to the Governance Committee Report and Recommendation.

ADOPTION OF GOVERNANCE COMMITTEE RECOMMENDATIONS

VICE CHAIR RIEGER stated that the Governance Committee met last week and went through a fairly lengthy report for the consultant, Funston Advisory Services. He continued that they came up with a lengthy list of items to flag throughout the governance documents, with the caveat that what was to be done had to be what worked for Permanent Fund Corporation. There was a list that was discussed, and staff took good notes and identified items that were talked about as needing further committee deliberation to try to get a revised governance policy out. The general expectation was that there would be a policy that came out from it. He added that the second category was labeled as consensus items, which staff identified. The Governance Committee would still need to look at the language. The individual committee members and all the Board members have not had a chance to weigh in on whether they were consensus items or not. He stated that the third category were items that, for the Permanent Fund Corporation, were probably the lowest priority. He continued that staff did a good job synthesizing the ranging discussion. The thought was to schedule another meeting to go through the priority items to try to hammer out a revision that the Governance Committee could recommend to the Full Board. The last thing was that the Funston report had some recommendations regarding the use of the investment advisory group, and there was a discussion that this was more time sensitive with a position that would be coming up soon. He asked Board members to chime in on things that they were looking for when an RFP was sent out for investment advisers, which would still have to come back to the Board for discussion and selection.

CEO MITCHELL stated that there are two members of the IAG that were not being compensated for their time with the Board, and one that was compensated. It could not be more than around $15,000 a year if they participated as actively as possible. To that extent, it would be someone to be more engaged in digging into nuts-and-bolts issues and spending time on work directly associated with this organization. This might be a different category of consultant.

VICE CHAIR RIEGER stated that he thought it was agreed upon to ask for input from the current advisers on what they thought would work well and what would not work. Their recommendations would be solicited. He continued that the first list was a list of priorities to discuss and figure out what was wanted to be done. They were ones that people were interested in, and staff was taking notes. The priorities for discussion was because it was important to someone. These priorities were for the committee to take up; not priorities for final action.

TRUSTEE BRUNE recommended adding the words "to discuss at a future time" to the list because it suggested that it was the priority of the Governance Committee to expand the size of the Board.

VICE CHAIR RIEGER replied that any clarifying language would be welcome.

CHAIR SCHUTT understood that this was an action item to approve. He noted that it was understood that this is a work in progress. There was consensus around the things that would be worked on and the things that would not be worked on. He asked for any other questions or comments. He continued that they were at the end of the agenda and would reconvene tomorrow morning. He reminded all of the community reception at the Kenai River Lodge, and thanked all for their participation.

(Alaska Permanent Fund Corporation Quarterly Board of Trustees meeting recessed at 4:15 p.m.)

May 18, 2023

CALL TO ORDER

VICE CHAIR RIEGER called the meeting back to order. He stated that Chair Schutt asked him to chair since he was online.

MS. LOESCH called the roll and stated that Chair Schutt was online, and Trustee Rubenstein had not arrived yet. She noted that there was a quorum.

PRIVATE EQUITY - ASSET CLASS UPDATE

VICE CHAIR RIEGER stated that the first item on the agenda was an Asset Class Update in Private Equity, and recognized Allen Waldrop and Lara Pollock.

MR. WALDROP began with a quick overview of the program, a portfolio review that went through some of the key trends and performance. He continued that the goal is to build a global private equity portfolio that is diversified across the different subsegments within the private equity market. That is accomplished through a mix of primary fund commitments, which is the majority of what they do.

TRUSTEE RICHARDS asked about the level of direct investment that they were actually going to be doing.

MR. WALDROP responded that none had been made since he had been onboard, but they had ones in the past at $150 to $200 million and others that started at $50 million. There have been some in the biotech space that have grown because of subsequent financing rounds.

TRUSTEE RICHARDS asked how those deals were found.

MR. WALDROP replied that it was a mix. Some of the directs came through existing relationships with managers in funds, and that looked like a co-investment in terms of the sourcing process. He stated that their name is listed in the cap table and there is an SPV that is set up, and then we make decisions on whether to participate in subsequent financing rounds or how to vote on shareholder matters and those kinds of things. He added that a lot of opportunities just come straight to them that were not from managers, and just other opportunities. He stated that the challenge was thinking about the resources.

VICE CHAIR RIEGER noted that Trustee Rubenstein had arrived, and had a question.

TRUSTEE RUBENSTEIN asked for a rough estimate of how much of the portfolio was GP stakes, coinvestments, direct, and some information about the allocation under each part of the areas. The second part of the question was about APFC's themes and if there were specific interesting indices and themes that may have an advantage from either sourcing or certain areas on the team versus saying it was within the network, because of the small team. The last question was of how much of the data was sourced directly versus Pathway, because that was an interesting distinction to make of how reliant the Fund was on a consultant versus having this proprietary advantage.

MR. WALDROP replied that GP stakes is a category that blended into the Fund investments with $1.2 billion committed. He talked about the active partnership investments which were about 450. He added that they were trying to build the capability to process and make sure all the data was being captured. The 2021 vintage funds were less than a year old and were typically negative; not performing within a year. The coinvestments took off like a rocket. They were unrealized and were doing well so far. He added that their job is to make sure they were focused on the best managers. He reinforced the point, for the record, that growth equity was not something that they were starting or was new; it was just something that had been rolled in special situations. He continued that the special situations category had growth equity, sector-focused funds, and a mishmash of debt, odds and ends. It looked like a very big category, but when broken down, it was not as big. He added that they were trying to find the manager that could deliver the best risk-adjusted return. He moved to a breakdown of the same numbers by strategy and at the company level. He noted that the expectation over the next year or two is that buyouts, growth equity, will increase as a percentage of the pie. Venture will go down, but it is a significant part of the portfolio due, in part, to the strong performance.

MR. POAG added that the market value reflects the growth, and it is not the cost basis but the market value. He stated that the valuations are lagged, but they do reflect the $78 billion number.

TRUSTEE RICHARDS extended his praise and added that it was outstanding. He noted that the bigger it gets, the harder it would be to perform in alternatives.

TRUSTEE CRUM stated that it was very obvious that all was very deliberate, especially with the high rate of returns.

MR. WALDROP made sure that people understood that there is capital and there was money to invest. He added that there was a lot sitting with the managers. He clarified that because the allocation was lowered, or the commitment pace was slowing, that did not mean that things will be missed out on. The managers have a lot of capital to deploy. He recognized Ms. Pollock to explain some of the key market trends.

MS. POLLOCK started with the U.S. buyout activity which soared throughout the rejection period, especially in 2021 when things went crazy post-COVID. She noted that even the multiples remained relatively flat throughout the period. She stated that tech deals accounted for over half of all buyouts last year. Debt multiples remained flat as equity contributions financed higher deal prices. There was a lack of liquidity, which hurt APFC because of the investment outflows, which a portion pays the State operating budget and the dividend.

MR. WALDROP explained that a continuation vehicle is when a manager had one or two assets left, they would be close to the end of the fund's life. Those were good assets, but it was not a good time to sell. A new vehicle is created, and the assets are effectively sold into that. Third parties come in and value those and then offer existing limited partners the ability to roll their stake or liquidate. It is basically a separate vehicle with a new life, a new commitment. He continued that they were not opposed to new relationships, and were trying to reduce overdiversification.

TRUSTEE RUBENSTEIN asked Ms. Pollock to talk about her experience working in private equity.

MS. POLLOCK replied that her team was really diverse. They had gone to different events and trainings where they met other LPs and stayed in touch. The team does a good job with communication with weekly team meetings, and she felt they were doing a good job.

TRUSTEE RUBENSTEIN stated her appreciation, and congratulated Ms. Pollock for speaking at her first Board meeting.

KPS CAPITAL PARTNERS, LP PRESENTATION

VICE CHAIR RIEGER recognized Ryan Baker for the first of the two presentations.

MR. BAKER stated that he is a partner at KPS Capital Partners. He has been at KPS for almost 16 years. Prior to that, he was an attorney for three years at Paul, Weiss, Rifkind, Wharton & Garrison. When meeting any of the investors or any partners, they are thanked for their investment and thanked for the confidence in the capital committed to them. He explained that KPS Capital Partners is a private equity firm which does only one thing: investing in manufacturing companies; companies that make things. The KPS franchise was founded by three individuals, and two of them are still there. Michael Psaros and David Shapiro have worked together for over 31 years. The longevity of the partnership is really important. Collectively, they had probably invested for 185 years, and that shared experience is one of the things that differentiates them as an investor. He continued that, in terms of their investment strategy, they focus on creating value within the four walls of the portfolio companies they buy. They create value by seeing value where others do not, and by making businesses better. He continued with the background of the company and their successes.

TRUSTEE CRUM asked if they still held any companies since inception.

MR. BAKER replied that they had exited six of their ten companies, and they had no legacy funds. He stated that it took 10 to 12 years to fully monetize each of the funds. He added that the average holding of a particular investment is about 4 to 4.5 years. Because of investing in manufacturing, there were not just cycles within the companies; there were also cycles within the markets as to when those companies could be sold.

VICE CHAIR RIEGER thanked Mr. Baker for a great presentation, and called for a 15-minute break.

(Break.)

VICE CHAIR RIEGER called the meeting back on record and asked Mr. Waldrop for a brief introduction of the next presenter.

GTCR PRESENTATION

MR. WALDROP introduced Jim Bonetti and Jodi Rubenstein from GTCR. He stated that seven funds were committed with GTCR, for about $375 million. They generated about 2.3 times return on the money with a very strong and consistent performance. He continued that their strategy was much different than the strategy KPS discussed.

MS. RUBENSTEIN noted that GTCR was founded in 1980 in Chicago. GTCR represents the first initials of the last names of the four founders, all of whom have subsequently moved on from GTCR. Since the initial founders transitioned, they actually had a number of successful generational transitions of which they were proud. The firm today has about 150 people. The main office and headquarters are still in Chicago, with additional offices in New York and West Palm Beach. There is an 11-person investment committee, with an average GTCR tenure of about 10 years. She stated that the most important thing that they wanted to spend time on was their strategy, called The Leaders Strategy. At a high level, they only invest in four sectors; the same four sectors they had invested in for decades. Those were technology, business services, financial services, and health care. When someone comes to GTCR as an analyst, they are assigned to one of those four sectors. The second prong of The Leaders Strategy is to know the industries and companies inside and out, and also to know the management teams in those sectors. She continued that they spend a significant amount of time networking with executives in the sectors they cover. She then went through their track record and the pace of investments relative to realizations by calendar year. She asked Mr. Bonetti to continue with the strategy.

MR. BONETTI stated that there were three pillars to what they do that began with deep domain expertise. There is a lot of expertise within the sectors that they operate. All the heads of all the individual sectors have been at GTCR 20 years plus, and they are integrated into the places that we are invested in. They know the management teams and the companies, and are always reevaluating their sectors, trying to find new themes, presenting them inside the investment committees for places to put dollars. He moved to the second pillar which was identifying management teams, which is kind of an executive recruiting firm. They are meeting all the companies and the management teams within those industries. They try to identify management teams with a demonstrable track record for value creation. He continued that the third pillar is transformational change. In developing a business, they constantly try to think of what makes this business strategic within the markets it operates with an eye toward making sure that it was built with a lot of value to a lot of different people, not just the next private equity firm. They pride themselves on strategics where a better multiple can be received on the exit. He added that those three pieces come together, and we believe that is what drives the investment results.

MS. RUBENSTEIN went through a specific case study to walk through an example of how The Leaders Strategy comes into life.

MR. BONETTI stated excitement about the current market environment. He explained that they were in the process of transitioning out of one of the longest bull markets in recent history. There was a strong economic market, driven by stimulus and low rates, which drove unsustainably high multiples over the last several years. He continued that they rely heavily on their management teams in trying to identify businesses that were outside of typical M & A processes to get the time needed to do the right type of diligence to be able to execute against the thesis. He added that were excited about getting capital out in this environment, and were seeing public corporates under more pressure to deliver earnings and to shed underperforming businesses. He thought they were in a good place with the existing portfolio companies and were really externally focused.

VICE CHAIR RIEGER thanked them for a fascinating presentation. He moved to the Anchorage Office Proposal.

ANCHORAGE OFFICE PROPOSAL

COO BARNHILL stated that he is not new to Permanent Fund policy and legal issues, but is completely new to the Permanent Fund as an organization. He explained that he wrote memos because they help him think and understand issues better.

TRUSTEE RICHARDS stated that the memo was outstanding.

COO BARNHILL continued that he hoped that a result of the memo would be to simply have a discussion and to step through each of the issues and topics he called out in it. He noted that there were a lot of issues associated with opening any office, including an Anchorage Office. The first issue was relatively basic about location. He worked with the Department of Transportation and toured about ten different spaces. He added that the Department of Transportation is in charge of procuring office space for State agencies. The spaces they have available for rent without procurement is constantly changing. He explained that there were two buildings available for rent without procurement: the Frontier Building at 3601 C Street in Midtown, and the small ConocoPhillips tower at 700 G Street. He talked about the cost of those spaces, with Midtown spaces slightly cheaper, \$3.05 to \$3.10 a square foot, with the buildout costs \$175 a square foot. The Frontier Building costs are more expensive, and there is no tenant improvement credit. Downtown space was more expensive, \$3.68 a square foot, with a \$60 square foot tenant improvement credit, which brings that buildout cost down. He added that these buildings are not owned by the State. They were currently leased buildings by the State of Alaska that were vacant. He stated that the Frontier Building has a conference room on the first floor, which was like the conference room at the Atwood Building, roughly the same space, that could be rented for Board meetings.

VICE CHAIR RIEGER asked for more understanding of what they were talking about.

COO BARNHILL replied that in 2020 what was brought to the Board was physical work space in Anchorage or remote work in Anchorage. What happened since then was COVID, and we went to alternative work by necessity. Part of that was that one staff did relocate, and now works remotely from Anchorage. He had been hearing that the Board really wanted physical workspace in Anchorage. He stated that his recommendation was to formalize all of the alternative work policies, document them, and potentially harmonize them. He added that they were not there today to continue considering remote work as an exclusive alternative to physical workspace in Anchorage.

TRUSTEE BRUNE stated that he was fully supportive of an Anchorage office. He noted the need to understand the mentality of leadership on whether to support remote work or not.

COO BARNHILL stated that through COVID the organization morphed radically to adopt three different types of alternative work. First was the traditional hybrid workweek, where people spent a couple days at home and a couple days at work. Second was professional flexibility, and that was where people could work from anywhere for some limited amount of time, which was very popular. The final was work from anywhere, and that was used primarily by one of the investment sections. He could see that these were professional-flexibility popular, and would impact staff morale if they were to go away. He added that there was a difference between making it go away and making it semi-standard across the organization. The proposal is to have internal conversations about resolving the tension, and moving everyone to the middle somewhere, or just to recognize that some sections work better if they are physically together all the time. He added that the goal of this exercise was improvement and retention. He continued that they would bring forward a proposal for available space which is smaller rather than larger; probably Downtown Anchorage; cheaper than more expensive; something in the 3,000-square-foot area with a storefront because there are a host of security concerns and confidentiality concerns, and we cannot easily share space with another State agency.

VICE CHAIR RIEGER asked for an analysis of the optimal remote work policy with the assumption that there was at least workspace available in Anchorage. What would be helpful is to know what that would look like without that option, and then we would know what was being gained and the costs. He continued that there would be a lot of subjective judgment because there would be judgments about the impact on the culture and on recruitment. He added the need for the starting point because the talking is piecemeal and in a vacuum. He noted that he had several questions about when the investment policy statement discussion would occur, and it seemed to fit best right between the Legislative Update and before the Pacing. He called a lunch break.

(Lunch break.)

APFC BUDGET REVIEW

COO BARNHILL introduced Ms. Julia Mesdag, his new partner in the budget arena. He also extended a sincere thank you and shout-out to Chief Financial Officer Valerie Mertz for helping with learning and absorbing the budget function. He continued that there were three documents in the Board packet, and he began with the budget authorization for FY24 giving the chief executive officer the authority to start spending on July 1st. The other two documents were the budget projections. Accompanying that was a budget projection and budget authorization memo. He continued through the changes as he went through the budget. He stated that Ms. Mesdag would be doing a training next Friday with a complete command of travel details. He explained that the primary purpose of the increase to the public communications budget was to fund a youth education initiative, which was piloted, but not much was expended this year. It will continue being worked on next year. He stated that as part of the Funston Governance report, there was a recommendation for trustee training, as well as staff training. That was something that they would like to focus on in FY24. He concluded the summary for FY23, and continued with the FY24 budget authorization. He talked about how they were covering the outflows from the Permanent Fund with the average rate of real return.

TRUSTEE CRUM requested, for the budget workshop, in September to actually see what that was compared to the peers that were identified and approved at the Compensation Committee.

VICE CHAIR RIEGER asked for a motion.

> **MOTION:** A motion to authorize the Chief Executive Officer to expend the APFC budget authorization as appropriated by the Legislature and enacted into law beginning July 1st, 2023. If final budget negotiations produce a different outcome than what was presented, the Board authorize the CEO to expend the Legislative Appropriations in the bill signed by the Governor beginning July 1st, 2023. The motion was made by TRUSTEE BRUNE; seconded by TRUSTEE RUBENSTEIN.

TRUSTEE BRUNE asked if there was a need for a contingency for a potential government shutdown.

CEO MITCHELL replied that he intentionally put in the words "July 1st, 2023" to cover the situation where they were authorized to have a skeleton crew that worked beginning July 1st, 2023.

VICE CHAIR RIEGER asked if the language encompassed what was just described.

CEO MITCHELL replied yes.

VICE CHAIR RIEGER asked for any other discussion. There being none, he asked for a roll-call vote.

> *After the roll-call vote, the MOTION was APPROVED. (Trustee Richards, yes; Trustee Brune, yes; Trustee Crum, yes; Vice Chair Rieger, yes; Trustee Rubenstein, yes; Chair Schutt, yes.)*

LEGISLATIVE UPDATE

VICE CHAIR RIEGER moved to the Legislative Update, and recognized Paulyn Swanson.

TRUSTEE RUBENSTEIN asked if there was news on a government shutdown.

MS. SWANSON replied that the Legislature had not convened their special session and were still at the delay in both the House and the Senate. She continued that it was a pleasure to come before the Board today, and she was grateful for all the interest that the Board had in improving the stakeholder communications. She added that the public information program has been an element of the Board's program since inception in reaching out to stakeholders and making sure that they have a full, comprehensive understanding of the Fund, its history, its vision, and the work they do. She wanted to hear from each of them in moving forward so she could understand everyone's priorities and where they want the starts to continue to move the needle on public perceptions, public understanding, and the awareness.

TRUSTEE RICHARDS stated that at the last governance meeting they talked about how some aspects of the strategic plan had not even been attempted. Some of them were executed with incredible efficiency, and the communication plan was one of those.

MS. SWANSON thanked Trustee Richards. She stated Yuit Communications out of Anchorage is the new contractor, and she looked forward to partnering with them. That contract began May 1st. She continued that Alaska Resource Education was still on contract, and she had been working diligently with them on building out a high school curriculum. It was piloted recently, and we hope to have that packaged and ready. ARE has been working with the high school classes teaching that curriculum over the course of past school years. She stated that this update was focused on legislative communications, and we had basically done four areas of legislative communications initiatives this past year. The APFC independence and interdependence as a public corporation brings with it a level of public trust, and we have a duty to continue maintaining that trust with integrity and stewardship of the work done for the Fund, and also through the communications program. We continue striving to provide nonpartisan, clear, accurate, timely communications to the Alaska public and the legislative partnership as consistently as possible. Education continues being a priority, and we want to continue highlighting that intergenerational Alaska compact that exists with the Permanent Fund. The executive director has done a stellar job with that throughout this legislative session, and it has been really well-received. She thanked all for the presentations to the numerous committees. She added that the Legislature continued grappling with policy decisions, and we continue monitoring and responding to numerous legislative inquiries. A lot of those inquiries have to do with legislation that affected the structure of the Fund. She then highlighted a couple of appropriations for the Board that related to the Fund. There were constitutional and statutory royalties appropriated in the FY24 budget.

TRUSTEE RICHARDS stated that he and Chair Schutt talked about aiming for a September workshop on developing a strategy to lead on that issue.

MS. SWANSON also pointed out, with regard to the FY24 POMV draw, that was in the budget at that 5 percent level. She stated that it was the sixth year that the Legislature had followed that draw methodology for the Fund. It is hard to believe that they were at a sixth year of a POMV draw from the Alaska Permanent Fund to help support the State's budget, which is now 50 percent or more going into the future. The Fund provided that budget stabilization piece for the State, and that is an important piece to point out.

TRUSTEE BRUNE asked if the Commissioner of the Department of Revenue could be asked to consider modifying the revenue sources book that the Tax Division created so that the POMV was at the bottom rather than the top. It is difficult to discern the lack of volatility with POMV when it is on top of oil revenue.

MS. SWANSON stated she would talk to them about that. She moved to Senate Bill 98. The Power Cost Equalization endowment was going to be coming to APFC from management, assuming that it is enacted by the Governor, with an effective date of July 1st. The PCE endowment would be managed within the existing allocation of the Fund, and the finance team would have to account for that portion of the portfolio in those assets.

MR. POAG made the Board aware of the changes on SB 98: "The Corporation shall manage the Power Cost Equalization fund using the same investment objective and the same asset allocation as the Corporation uses in managing the Permanent Fund." The hope is that this is the direction the Board would take. It would be a conflict to have two different funds with two different horizons and two different objectives. It was insisted that if the Board were going to manage it, it would be along the same lines as the Permanent Fund.

TRUSTEE CRUM thanked Mr. Poag for doing that. He appreciated making it clear that there was no hedging on it at all from the sponsor.

TRUSTEE RUBENSTEIN asked about the fees.

MS. SWANSON replied that it was similar to the Alaska Mental Health Trust. All of the activity each month is allocated across the Permanent Fund, Mental Health Trust, and PCE according to their pro rata ownership of the total assets under management. The revenues get allocated, the expenses get allocated, and that is how reimbursement for the expenses is received.

TRUSTEE CRUM made the Board aware that there would be some extra labor with this. There would be a new stakeholder group that will be involved in speaking out. As the website was built to share on this, he asked to make it clear that the Permanent Fund Corporation was not the one who does the appropriation or sets the projects up for the PCE. There is now another board, the Alaska Energy Authority, with at least a once-a-year presentation on the investment performance.

MS SWANSON clarified that the Alaska Energy Authority would continue to manage the PCE program and its distribution. She moved to the slide that was released monthly to the Legislature and the public, which provides another update on where the Fund values currently stood.

VICE CHAIR RIEGER called a break.

(Break.)

VICE CHAIR RIEGER called the meeting back to order. He stated that the last two items were action items: The Investment Policy Statement and the Private Markets Pacing.

INVESTMENT POLICY STATEMENT

MR. VADAKUMCHERRY stated that there were three points that were revised in the investment policy: First was the allocation to tactical opportunities, which was tweaked as to range, as Trustee Rubenstein suggested.

VICE CHAIR RIEGER asked if any other committee or Board member had any problem with this before moving on.

TRUSTEE RUBENSTEIN clarified that it was both for public and private market strategies in tactical ops.

MR. VADAKUMCHERRY replied yes and moved to the second one within the private equity portfolio. The word "existing" was removed and would read "through co-investments alongside external managers and direct investments."

TRUSTEE RUBENSTEIN stated that it should state "for both existing and nonexisting manager relationships."

MR. POAG stated that the removal of the word "existing" gets to where you want it to go because co-investment would be alongside an external manager. He continued that it may not be one of the Fund managers. By removing "existing," the authority had been given to do a co-investment with a GP-led fund even though a relationship with that manager did not exist. He added that that change achieved the objective.

MR. VADAKUMCHERRY stated that the final one was Trustee Brune's point about short-selling. The language was changed to "prohibited except for the purpose of hedging already risk in existing positions." It was a provision on a risk-reducing position.

MR. POAG asked if any hedge would require the use of a derivation. If so, the derivative policy would kick in, as well, and it has all the limits and restrictions that were embedded in it.

VICE CHAIR RIEGER stated that his nightmare scenario was that there could be parties participating in these markets just for the purpose of squeezing some bid counterparty, and he wanted to make sure that was being looked out for.

MR. VADAKUMCHERRY asked if the language for all three points was good.

VICE CHAIR RIEGER stated that, even though the phrase "perfect hedge" was not used, what was meant is that it will be as reasonably close to perfect as possible, and there was not a speculative element in there.

> **MOTION:** <u>A motion to approve the APFC Investment Policy with the three changes that were just presented; the proposed changes that were discussed yesterday, as well as the amendments today were made by TRUSTEE BRUNE; seconded by TRUSTEE RICHARDS.</u>
>
> *After the roll-call vote, the MOTION was APPROVED. (Trustee Richards, yes; Trustee Brune, yes; Trustee Rieger, yes; Trustee Rubenstein, yes; Trustee Crum, yes; Chair Schutt, yes.)*

PRIVATE MARKET PACING

CIO FRAMPTON moved into Private Market Pacing. He stated that it was helpful in covering the Investment Policy because the pacing targets were based off of that asset allocation that was in the approved investment policy. He continued that the first area to cover was real estate. He added that there had been a substantial review on approach in real estate around 2018, and he gave a brief update on that. He suggested that a comprehensive review of real estate be done at the next two-day board meeting. He stated that in privates they do direct investments or coinvestments where there was immediate exposure. In real estate, it was buying a building. In private equity, it was participating alongside a manager. The second way to participate in these markets was by making commitments to funds that were drawn down over three or four years from managers. In real estate, it was more tilted towards immediate exposure. In the private income and the private equity, it was more tilted to the majority of the capital as unfunded commitments to drawdown funds. He continued to the new commitments for which they were seeking approval. He added that this year we would be looking at new commitments.

TRUSTEE CRUM clarified that they would benefit from the date the dollar was transferred to the Permanent Fund.

CIO FRAMPTON summarized that they were navigating towards 13 percent for real estate; 15 percent for private equity; 9 percent for infrastructure. He asked Tim Andreyka for an update in real estate.

MR. ANDREYKA summarized that real estate played a unique role in the portfolio. It provides a combination of inflation-resistant yield and the ability for those properties to appreciate. It is sort of a component of both fixed income and equity. The target is to achieve results between those two. He went through some historical background, and talked about the approach and focus of going forward. They would continue focusing on the joint ventures on the build-to-core. It was more advantageous to create new properties at a discount. The REITs, the open-end funds would continue. On the debt side, the banks were out of the lending market, and we are doing a good bit of construction lending, which is working out well. He explained the difference between direct and direct-managed. He added that there was a pretty substantial savings in the direct-managed.

CIO FRAMPTON stated, in terms of the methodology, that there is a model and lines for every investment. In the direct portfolio, there are about 50 properties owned. With different funds and REITs and different things, there are 10 or 15 other lines, and they model out. He talked about the output of the real estate basing model and then talked about sensitivity analysis.

MR. CENTER pointed out about not having a crystal ball, that they did not forecast the returns of private equity. They reflect the midpoint of a range of possible returns.

CIO FRAMPTON stated that, similar to private equity, the historical numbers on private income were laid out. The target for private income was 9 and it continued being 9 in the investment policy. The methodology was the same that was described for private equity. He went through the output of the model. He added that there was not a lot of risk in the green zone when looking at the sensitivity.

TRUSTEE RUBENSTEIN stated that that should be increased to arguably more than private equity because that is where the opportunities are. It was going on in the financial crisis. Private credit was more attractive than going to banks, and the private equity firms need a private credit solution or they could not get their realization.

VICE CHAIR RIEGER asked for a motion.

MOTION: A motion to adopt staff's recommendation, but rather than a 20 percent band on private equity and private income, to make it a 50 percent band. The motion was made by TRUSTEE RICHARDS; seconded by TRUSTEE RUBENSTEIN.

VICE CHAIR RIEGER asked for any discussion on the motion on the floor.

TRUSTEE RUBENSTEIN stated that they did not want to miss out on opportunities. There are a lot of unknowns, and we would rather they have the risk band. Your job is to maximize return, take risk.

CIO FRAMPTON stated appreciation for all the flexibility afforded to him, and we have total support from the Board to get much more aggressive.

VICE CHAIR RIEGER asked about the difference between the 20 percent flexibility and the 50 percent.

CIO FRAMPTON explained that they were limited by the green zones and by the pacing that was being approved. He explained the difference between the two by stating that at 50 percent they were only constrained by the green zone and what they could do.

CHAIR SCHUTT stated that he was not going to oppose or vote against this with the amendment. He deferred to staff's recommendations on these things and appreciated the conservative approach to this in part because of CIO Frampton's expert view and daily look at the opportunities in front of him. He articulated his vision of the market opportunities very well and defended that vision and why he and his team made the recommendations they did. He added that he would be more comfortable approving the recommendations as they came from the staff, but would not oppose a bit of more discretion in the bands around the pacing.

MS. VADAKUMCHERRY clarified two points. One was that the bands did not exist on the pacing part of things. Bands are only on the asset allocation part of it. The band proposed by Trustee Richards to increase was not part of the green, yellow, red zones. The proposal was 20 percent, plus or minus. What was recommended by trustees was 1.5. The other point was that there was still about $4.5 billion of unfunded commitments in private equity globally, and an immediate impact will not be noticed.

VICE CHAIR RIEGER asked for any other discussion, comments, questions, and then asked for the vote.

After the roll-call vote, the MOTION was APPROVED. (Trustee Richards, yes; Trustee Brune, yes; Trustee Crum, yes; Trustee Rieger, yes; Trustee Rubenstein, yes; Chair Schutt, yes.)

CEO MITCHELL thanked the Board for the direct approach and willingness to put themselves on the record with what they wanted to do as a body. He also recognized CIO Frampton for the discussion on both the investment policy, as well as the pacing, and his willingness to take a step back. He believes that CIO Frampton's recommendations are prudent, and he aligned with them personally. He also stated appreciation for his willingness to advocate for what he believed the correct path was. He added that Ken Frier was online for any comments that he may have.

MR. FRIER stated that he wanted to say farewell to all. He added that he personally knew all of the people on the candidate list and thought it was a really good slate. He also felt honored to have been selected, and he endeavored to make your selection pay off. It was interesting geographically because he had never been to Alaska, and then all of a sudden Alaska became the place he went to the most. He continued that the best thing about the experience was getting to know all of them. You all have interesting backgrounds and stories, and are impressive people. He added that, even though his time was up, he hoped to be part of Team Alaska going forward.

TRUSTEE BRUNE thanked Mr. Frier for everything.

VICE CHAIR RIEGER also thanked Ken Frier. He stated that staff had circulated the actual RFP that covered the investment advisory group. He continued that he benefited most from what was categorized as experience and wisdom rather than more technical expertise. He added that we had a good, solid team, but there was always room for experience and wisdom in people who could offer that.   This can be done after all had time to review it.

CEO MITCHELL stated it could be done in the next week. Staff wanted to redistribute the thoughts to the Board to try to insure the consensus of the will of the Board would be done.

TRUSTEE COMMENTS
VICE CHAIR RIEGER moved to trustee comments.

TRUSTEE RUBENSTEIN thanked all for creating a very safe zone to speak very freely. She also thanked the Board for working really hard to be able to come together with active participation. She thought that they just needed to get to the place where we all actively worked together, and she stated that they were there. She continued that there were some managers coming to the Alaska Sustainable Energy Conference next week in Anchorage.

TRUSTEE CRUM thanked staff for putting together a good event at a remote location. It had all come together very well. He stated that the conversations were robust, and he was curious if, at the next meeting, Callan could talk about the activeness of other boards. He added that it was clear from all the staff presentations and the overall approach that you all are very good stewards of Alaska's resources.

TRUSTEE RICHARDS thanked Mr. Frier for being a great independent adviser and added he was very much appreciated. He stated that he was sorry to see him go. He talked about his frustration at the last meeting with the way the in-state investment vote went down.. He was frustrated because an ad hoc resolution was offered at the table that was not circulated in advance, it was not reviewed by our lawyer, and it got adopted. He continued that it was not particularly well written and was not necessarily accurate. In the future, he requested, as a matter of policy and as a matter of professional courtesy, that the opportunity be given to review the things in advance, and to not ever adopt anything without giving the lawyer at least a few hours to go through it and mark it up. Lastly, he echoed what Commissioner Crum said about the work for staff to put these meetings together, and he personally stated that they were worth it. There was a need for an ongoing dialogue to keep doing this, taking on that work burden, and the heightened expense rather than just going to Anchorage and Juneau every time. He added that it was healthy for staff to see the rest of Alaska, and to see how their good work was impacting places other than the biggest cities.

TRUSTEE BRUNE thanked staff for a great meeting and all the work done in preparation. He also appreciated the dialogue of all of the Board members. He told Mr. Frier that he appreciated him a ton and that he would be missed. He wished the Legislature the best of luck in the expeditious passage of the budget.

CHAIR SCHUTT thanked Mr. Frier and stated appreciation for his participation and insight on behalf of the Fund and the Alaskans that ultimately benefited from the collective efforts. He was a valuable source of external knowledge, and he truly appreciated it. He recognized how much effort went into planning and executing on every meeting; and the ones out of town were even harder. He stated that staff did a great job. The materials were good, the facilities were good; and it went off without a hitch. To the trustees, he added that there were some vigorous debates this cycle, and while there are different perspectives, some disagreement and debate, he stated appreciation for the respectful and thoughtful way they advocated for what they believe. He appreciated his fellow trustees, and it was a very good meeting.

VICE CHAIR RIEGER stated that it was a well-prepared meeting and stated appreciation for the candor of the debate. It felt like all were working toward the same goal of making the Fund the best it could be. It was a great job by the corporation with some very impressive returns, once again. If there were no other comments, he was ready to adjourn the meeting.

There being no objection, the meeting was adjourned.

(Alaska Permanent Fund Corporation Quarterly Board of Trustees Meeting adjourned at 3:48 p.m.)

ALASKA PERMANENT FUND CORPORATION
BOARD OF TRUSTEES MEETING
WEBEX/TELECONFERENCE

July 12, 2023
8:30 a.m.

Originating at:
Atwood Conference Center 102/104
550 West 7th Street
Anchorage, Alaska 99501

Trustees Present:

Ethan Schutt, Chair
Ellie Rubenstein
Craig Richards
Steve Rieger, Vice Chair
Jason Brune
Adam Crum

Staff Present:

Deven Mitchell, CEO
Marcus Frampton, CIO
Mike Barnhill, COO
Jim Parise
Paulyn Swanson
Catherine Hatch
Stephen Adams
Rachel Zepp
Jacki Mallinger
Rafael Ramirez
Chris Lavallee
Lara Pollock
Sang Won Song
Sarah Clark
Michael Prebeg
Julia Mesdag
Valeria Martinez
Valeria Buschfort
Jedediah Smith
Sarah Struble
Allen Waldrop
Luke Kirkham
Larissa Murray
Logan Rahn
Val Mertz, CFO
Chris Poag, General Counsel
Chad Brown
Jennifer Loesch
Rachel Price
Joe Shinn
Ross Alexander
Tom O'Day
Scott Balovich
Norix Mangual
Tim Andreyka
Chirag Shah
Colton Scrudder
Youlian Ninkov
Jordyn Elie
Maria Skuratovskaya
Sebastian Vadakumcherry
Ed Rime
Marisa McComas
Alex Smith
Matthew Benson
Simba Blackman
Terek Rutherford

Others Participating:

Ben Hofmeister; Bud Carpeneti; Bela Kirpalani; James Simard; John Springsteen; Lauren Albanese; Kevin Balaod; Brit Harris; Paul LaBolle; Albert Hicks; Bill Corbus; Bruce Botelho; Bill Milks; Steve Moseley; Cathy Schlingheyde; Cahal Morehouse; Anne Rittgers; Albert Hicks; Forrest Badgley; Alexander Brown; Noah Conlon

PROCEEDINGS

CALL TO ORDER

CHAIR SCHUTT called the meeting to order and asked for a roll call.

MS. LOESCH called the roll and stated that there was a quorum.

APPROVAL OF AGENDA

CHAIR SCHUTT asked for any additions or objections to the agenda. Hearing none, he adopted the agenda.

APPROVAL OF MINUTES

CHAIR SCHUTT moved to the April 12, 2023, minutes and asked for a motion to approve.

> **MOTION:** A motion to approve the minutes from the April 12, 2023, regular meeting was made by VICE CHAIR RIEGER; seconded by TRUSTEE BRUNE.
>
> *There being no objection, the MOTION was APPROVED.*

SCHEDULED APPEARANCES AND PUBLIC PARTICIPATION

CHAIR SCHUTT continued to the scheduled appearances and public participation. He recognized Loraine Derr.

MS. LOESCH stated that she was not seeing her, but that Doug Woodby was online.

CHAIR SCHUTT recognized Doug Woodby.

MR. WOODBY thanked the Chair and trustees for the opportunity to comment. He stated that he was Doug Woodby, lived in Juneau, and is a member of 350 Juneau. He noted that he sent in an electronic copy of a report to be passed on about research from the University of Ontario, Canada, which looked at performance from the past two years of eight different funds that include the Permanent Fund. The purpose of the report's analysis was to see where those eight funds would be if they had not been invested in fossil fuels. It started ten years ago. The fossil fuels equities in question were identified as the Global Industry Classification Standard, GICS energy companies, engaged in exploration, production, refining, marketing, storage and transportation of oil, gas, coal and consumable fuels. It also included companies that offer oil and gas equipment services. He continued that the authors concluded that the Permanent Fund would have been better off, by about $1.5 billion this year, if it was not invested in the GICS energy structure starting just ten years ago. He added that the other seven funds had similar results. He stated that the $1.5 billion is not an earth-shattering amount compared to the total Permanent Fund value. The implication should be clear and that it is time to move out of fossil fuel equities and to grow the Fund faster. He added that this is a fiduciary issue that affects all current and future Alaskans.

CHAIR SCHUTT thanked Mr. Woodby.

TRUSTEE BRUNE wanted to confirm that that was received and would be circulated to the trustees.

MS. LOESCH replied that it had been e-mailed earlier.

TRUSTEE BRUNE thanked Mr. Woodby for the proposal, and he looked forward to reading that.

CHAIR SCHUTT recognized Bob Schroeder.

MR. SCHROEDER stated that he was Robert Schroeder and lived in Juneau for 45 years. He thanked them for the opportunity to testify. He continued that in an earlier testimony he argued that APFC needed to undertake climate risk assessment for all of the holdings to avoid likely losses. He also supported divestments from investments in the fossil fuel segment of the economy. He talked about his awareness of climate change that went back to the mid-1970s. He added that the recent United Nations IPCC report called for a very major allocation of global financial resources to address climate change. He closed by thanking the trustees for their service on the Board and that he would be happy to answer any questions. He added that he also requested that a copy of his written testimony be delivered to the Board, if possible.

CHAIR SCHUTT thanked Mr. Schroeder, and recognized James Simard.

MR. SIMARD stated that he was James Simard and lives in Juneau. He continued that he was a librarian, retired from the State of Alaska, is a board member of 350Juneau, and a grandfather. He added that he had spoken several times about the investment risk posed by litigation against major oil producers. Dozens of American cities have brought lawsuits alleging that oil producers recklessly and knowingly caused harm to those cities through the production of and deceptive marketing of their products. He gave an update on the lawsuits and where they stood. In considering the implications of climate-related litigation and how that affects the investment risk assessment, he stated the need to keep in mind that their fiduciary duty extended to all generations of Alaskans. He added that the time had passed for the investments to shift away from new fossil fuel development, and it was time for aggressive investment in the development of low carbon, renewable energy sources. That is the least that was owed to the generations that will follow us.

CHAIR SCHUTT thanked Mr. Simard, and recognized Mr. Jensen.

MR. JENSEN stated that he was Wayne Jensen and the chair of the Alaska Committee, a board in Juneau that is composed of 22 Juneau leaders. He continued that the mission of The Alaska Committee is to support and enhance Juneau as the capital city. He was testifying about the possibility of relocating the Permanent Fund Corporation offices from Juneau. He talked about the importance of the headquarters of the Alaska Permanent Fund Corporation to the capital city, and the benefits to the corporation to call the capital city home. He noted that the Alaska Permanent Fund Corporation owns and occupies one of the most prestigious, prominent, and well-maintained office buildings in the city. The Fund has invested in the future of Juneau, which is recognized and appreciated by the community. The staff are well-respected throughout the community, and they contribute to the professional, social and economic environment of this city. He added that being located in the capital of Alaska should be a source of pride to the corporation. Being close to the capital and the Legislature during sessions is an advantage that only Juneau could provide. He stated that the corporation is an integral contributor to the capital city and hoped they would continue calling it home.

CHAIR SCHUTT thanked Mr. Jensen, and recognized Gene Therriault.

MR. THERRIAULT stated that he was Gene Therriault and resides in Fairbanks. He served as an elective member of the Alaska Legislature for 17 years, and returned in office in 2002. During his tenure, he had the pleasure of serving on the Legislative Budget and Audit Committee for 12 consecutive years, which included two terms as the committee chair and one term as vice chair. He enjoyed close working relationships with the executive team of the corporation as the Budget and Audit Committee provided a productive communication link between the Permanent Fund Corporation and the Legislature. He stated that he was there to comment on the potential of the corporation to spend close to a million dollars to establish a satellite office in Anchorage, physically including this expenditure in its yearly budget request. He quoted from the memo and concluded that the uncertainty expressed in the information received from the executive teams leads him to believe that moving forward with this concept without proceeding through the normal budgetary process would be unwise. He added that those actions would likely cause long-standing tensions with the legislative branch of government, and he believes it would be unwise and unfruitful for the corporation going forward. He thanked all for their time.

CHAIR SCHUTT thanked Mr. Therriault.

MS. LOESCH stated that Ms. Derr was not online and was welcome to e-mail public testimony, as anyone was.

CHAIR SCHUTT stated that was the end of the list of individuals for public participation and testimony. Next on the agenda was the Chief Executive Officer's Report.

CHIEF EXECUTIVE OFFICER'S REPORT

CEO MITCHELL stated that there were a number of reports under the CEO report tab and began with the pending Board matters, with a few amendments to that. The Anchorage office survey would be reported on later by Mr. Barnhill. The coordination with the Governor's Office to establish a central employee status has been completed, and that process is more ad hoc than preferred. He moved through the trustee education summary and added that a better job of providing opportunities for trustees should be done, and in the 2025 budget development, staff had been looking at increasing authorization at providing training for trustees. Trustee Rieger had gone through a training at Harvard University.

VICE CHAIR RIEGEL stated that he did not have a prepared report and planned to write up a summary of his impressions of that training and have it put into the file. He continued that it was excellent, and was a good chance to swap notes with other people in the field. It was very objective. He noted that it was not inexpensive, and he had to apply. He felt that both staff and trustees could benefit from attending at least the session that he attended.

TRUSTEE RICHARDS stated that he liked the idea of trustee education, but a tolerance for trade conferences was limited.   He would like to see more technical, asset-class specific or other high-level topics like fiduciary training or governance. If those kinds of opportunities are available, he would like that flagged.

TRUSTEE RUBENSTEIN stated that that was what AIF was. She explained that she went through
every asset class. She had been on the road overseas and spent time with Neil Randall of Texas Teachers who offered to resurrect some of the classes such as private equity or the legal document for the trustees. They also offered to come up to do a half-day customized education through the Governance Committee.   She also voted to lean more into the OPA stuff, and noted that staff was already attending some of them.

CEO MITCHELL thanked the trustees for the good feedback, and they would continue trying to provide better opportunities for trustee training.

TRUSTEE RUBENSTEIN added that it should be individualized and finding the peer approach to trustee education was way better. She was inclined to do this in a public forum in a three- to four-hour session so all would benefit.

CEO MITCHELL stated that it would be within the limits of the organization, and we will would try to meet those needs.

TRUSTEE BRUNE asked when it was within the limits of the organization, was he referring to the Open Meetings Act.

CEO MITCHELL replied yes.

TRUSTEE BRUNE talked about the frustration of coming together as a team and continually falling victim to an archaic law that is not achieving its purpose for things like this. He understood the role of the Open Meetings Act and being transparent with the public; but, in instances like this, overseeing an $80 billion fund and trying to grow as an organization, this was incompetent.

CEO MITCHELL moved to the request from the last meeting to conduct some analysis of the earnings reserve account durability. He stated that there were three scenarios in the packet: a low, mid, and high. He went through all three which all started with the FY23 results as of April 30th, and carried those results or that performance forward to FY24.

TRUSTEE RUBENSTEIN commented that she would love to see the board starting to use working groups to work with the staff to be part of the iterative working documents; not just getting a draft to the board and then having comments. She stated that she did not think they were moving in the right direction. Her feedback was to help the board; not have staff do more work when the issues were not being solved. She continued that the committees need to get the work done to get to the action point, and we are not there yet.

CEO MITCHELL stated that staff had similar comments to those just made by the board and appreciated all the comments. They would continue talking about it more. He talked about the fund value which was, at least, being maintained in the current fiscal year. He added that there was a summary of the budget on the final page of the report that showed the actuals versus the appropriated amounts. They will come in under budget in a fairly significant fashion on the contractual appropriations that is based on activity.

CHAIR SCHUTT moved on to the Chief Investment Officer Report and recognized CIO Marcus Frampton.

CHIEF INVESTMENT OFFICER REPORT

CIO FRAMPTON stated that he did not have as much information as normal because the June performance has not yet arrived. He went through the investment actions that were taken recently through the Investment Committee. He continued that, on the Investment Committee, the investment policy statement directed him to have a voting group, and to periodically report updates on that to the Board. The voting group, which consists of himself, Jim Parise, and Allen, has a pretty good balance because Allen has a strong private market background. He went over performance through May and added that the other asset classes were having very good years. He added that he would not be surprised if we ended up underperforming this year by 30 basis points. He covered the investment actions since the last Board meeting. He discussed the activity in oil and gas; the oil and gas manager, and a co-investment with oil and gas manager. He noted that the study that was quoted was completely cherry-picked, with many flaws in their methodology, which did make for a good headline.

TRUSTEE RUBENSTEIN asked why he had stopped reporting manager names in the spirit of public transparency.

CIO FRAMPTON replied that what was done from a disclosure standpoint is listing the managers, but not the allocations on a real-time basis because some of the allocations, when granted, are confidential. He gave an example of one of the hedge funds that reopened with a nice allocation that was received. That was not discussed publicly because some other people did not get the allocation.

CHAIR SCHUTT moved to the Chief Operations Officer report, and recognized Mike Barnhill.

CHIEF OPERATIONS OFFICER REPORT

COO BARNHILL began with a set of metrics from the operations side of the house for FY23. He had asked staff to gather information that was descriptive of their efforts over FY23, and he quickly went through it. He stated that their IT staff of seven spent a lot of time helping the staff at the Permanent Fund wrestle with equipment issues, and had over 500 help desk tickets. They are there 24/7 to guard against security issues. There were 120 security issues that required immediate attention, with no issues flowing from that. He continued the need to have security as the top-most in the IT folks' goals and objectives. They conducted seven trainings for staff over the course of the year. He moved to the HR staff of two that had posted 20 recruitments and filled 14 of those. They conducted five trainings and have an orientation program called The Immersion Program. They coordinated 85 sessions for new employees. He stated that the staff do terrific work and were very proud to be part of the Permanent Fund. He continued that he was very proud of them and was happy to share their efforts and successes today. He then moved to the projects that were being worked on presently and explained them to the Board.

TRUSTEE RUBENSTEIN asked for an update of the jobs still open, and the jobs filled.

CEO MITCHELL replied that there was a summary of positions that were currently being recruited for, and he went through them. There were also new hires of a credit analyst, fixed income, portfolio accountant, and a senior associate in real estate since the last meeting.

TRUSTEE BRUNE asked about any positions that were created in FY23 that were not going to be filled currently.

CIO FRAMPTON replied that there were only two positions from the new budget year that were open, both in private equity. There had been five positions for investments, with only two remaining.

COO BARNHILL moved to infrastructure and talked about a project started to renovate the board room in Juneau. He would keep them posted as it goes forward. He stated that the final infrastructure piece to talk about was the Anchorage office. Over the past few weeks, two surveys of staff were conducted. One was a confidential, anonymous comment survey on the proposed alternative work policies that just closed, and we received a nice set of comments. The other survey was for planning purposes with the need to know if they want to move to Anchorage within the next two years. He explained that that was necessary for the scope and size so that the Anchorage office could prepare a supplemental budget amendment. He continued that there are three staff that want to move within the next three years, and they let their supervisors know. In every case, the supervisor was already aware of that interest. A discussion was started about the details, and that was underway. He added that there are two additional people interested in moving to Anchorage in the next two years. He clarified that there are three staff interested in going within the next two years, and two staff that may be interested. He talked about alternative work policies. One of the two policies contemplate either working in an Anchorage office or working from anywhere within Alaska remotely. After landing those policies and achieving some consensus among supportive staff about what that should look like, that would then be available. He noted that there was a default in each of those policies with respect to how much time the staff needs to spend on site in Juneau for training purposes. In some cases, it was six months, and in other cases, it was a year. The training, at the moment, would be in Juneau, which is the center of operations. He requested that the Board work with him and settle the policies. He noted that Funston Advisory Group recommends that these sort of lifts of the board be done in committee. He added that he would work with staff, management, trustees to get this organization to where it could go. In order to have a process, there needs to be documented policies that everyone understands and that apply across the organization.

TRUSTEE BRUNE talked about the significant progress made and reiterated that he was serious that he had space available in his building. The intent is to improve retention, improve the talent pool, because some people do not want to live in Juneau.

COO BARNHILL stated appreciation for the offer and added that it was noted.

TRUSTEE RUBENSTEIN requested that the next time the vacancies are reported, she would like to know if the numbers changed. If offered, please label as Anchorage or Juneau. Even in the flexibility remote policy, some have to be labeled where the job is located. Trustees do not have that data, and never had that data.

TRUSTEE RICHARDS stated that his expectation would be that vacancies get posted with some of these other options by the next meeting.

COO BARNHILL stated that he heard, implied in that, a semi-commitment to work with him on landing these policies.

TRUSTEE RICHARDS and TRUSTEE BRUNE stated that they would both be involved.

COO BARNHILL stated appreciation for all the comments, and for the robust back-and-forth discussion. He mentioned that they had also reached out to legislators about how to fund this. There was a strong preference to work through the standard budgeting process to get this funded through a supplemental appropriation in FY24, or in the regular appropriation process in FY25. He added that there would be a budget-planning session in September, and he would bring that information for the budget. He continued that his commitment was to work in good faith, and he heard the Board's direction.

CHAIR SCHUTT stated appreciation for the efforts and for the report, and called a break.

(Break.)

CHAIR SCHUTT called the meeting back to order, and continued to the PMP, alternative work policies.

PMP UPDATE INCLUDING COMPENSATION BANDS & ALTERNATIVE WORK POLICIES

COO BARNHILL stated that, when he arrived, there was a project underway to update the PMP. The Personnel Management Plan is a document that is called for in the Permanent Fund's statutes, and it had been updated multiple times over the years. He continued that Chad Brown had undertaken the update, and worked very hard to update it and make some changes.
He added that this was not an action item; it was an update. At some point they would like to bring the PMP, which is inclusive of a variety of policies, including the compensation and other policies, for the Board to approve through a resolution.

TRUSTEE RICHARDS stated that he did not recall this coming before the Board during his tenure. He continued that this was not like the bylaws where changes had to be approved by the Board. This is a living and breathing document, and staff has the ability to process and develop it.

COO BARNHILL stated that he saw one instance of a resolution adopting a version of PMP, and he could not say that staff had not adjusted and amended it since or before that time. He added that this would be a fairly significant restatement that is completely reorganized.

MR. POAG stated that the government's policies currently require the Board to establish human resources policies and procedures necessary to the effective managing of the APFC. The tradition was for the Board, through a resolution, to adopt the PMP that was brought before it for amendments and changes. He continued that there was a practice and requirement in the current governance policy for the Board to sign off.

COO BARNHILL asked Chad Brown to present the slides and begin the discussion.

MR. BROWN thanked all for taking the time to discuss this document. He began with a quote: "When policy aligns with and enhances organizational culture, everybody wins." He stated that his philosophy tended to be to rebuild policies and the processes that put the bumpers up to protect the organization, but also to try to get out of the way, in doing so, to enhance the culture of the organization. The changes were broken out into three distinct categories, which he explained: clarification, integrations and additions. He added that, in the memo, there is a more comprehensive list of the changes. He noted that there is always a request to go back to the redline version, and he gave some insight as to why that was not provided. They reordered the entire document through the life cycle of an employee, from recruitment to separation. In doing that, the entire document was redlined because everything moved. He added that the final document would be all polished up in structural formatting and consistency, as well as grammar and punctuation fixes.

COO BARNHILL stated that the remaining two issues to discuss for Board input was compensation and alternative work policies. He continued that the 64-page document was new to staff. The intention, where there were big changes, was to do lunch-and-learns or just discussions. He wanted the Permanent Fund Corporation to be the best place to work in the State of Alaska while recruiting and retaining the best employees.

MR. SKJERVEM stated that he had been through all the issues, and the bright line was really important. He added that there were important nuances in each of the areas, and he was happy to help contribute to that effort.

COO BARNHILL moved into compensation and stated that he included a memo with a provisional interim proposal basis with respect to compensation. He asked the Board, as they went through, if it was good enough for 2023 or if they preferred to start over.

CHAIR SCHUTT stated that they would do a working group special committee to work on that to be prepared in September, when there are budget meetings, to go through that. He continued that they would defer the alternative work policies and the compensation meeting into the working group, and bring it all back at the next Board meeting. He called a lunch break.

(Lunch break.)

CHAIR SCHUTT called the meeting back to order and noted that the next item was an action item, investor advisor candidate discussion and selection. He asked staff to explain where they were on that.

INVESTMENT ADVISOR CANDIDATE DISCUSSION & SELECTION

CEO MITCHELL stated that he did not have direct involvement in the process and, as was explained to him, the committee met and selected two finalists. One of the finalists was unable to attend today's meeting and had provided written material for the Board to consider. Britt Harris was the candidate able to make the meeting, and was available to answer questions and provide comments to the Board. Then the Board could go into Executive Session.

CHAIR SCHUTT stated that unless there was any objection from one of the trustees, the proposed course would be to ask for an introduction, listen to the candidate, ask questions, and then go into Executive Session where they could consider the process and the written materials from the other finalist and decide on the course of action to take, including potentially making the selection. He asked Mr. Harris for an overview of himself and his background, and why he was interested in the IAG position for the Permanent Fund.

MR. HARRIS thanked all and began with his background. He started doing this in 1986 with a $300 million fund in Texas. Competition was a lot lower back then. When he was 28, he was named one of the top 25 investors in the United States. Since that time, he managed eight funds of about $500 billion. He has been on the Federal Reserve Advisory Board for ten years; had three lifetime achievement awards; was Ambassador to China; and chairman of Blue Cross San Jacinto, which is a work group of leading scientists on climate change and energy transition. He has been married for 43 years, and has four children, all married. He just turned 65, and has a company called On Eagle‘s Wings.

CHAIR SCHUTT stated that was a great self-introduction overview, and asked the trustees for any questions.

TRUSTEE RUBENSTEIN stated that she has known Britt for several years, and one of the things that is interesting about his background is that he is well renowned in our sector. She asked why he was interested in Alaska.

MR. HARRIS replied that he had heard good things, but he did not know a lot about the Fund. He stated that they were able to get one of APFC’s employees, and he apologized for that; but added that Jared has really been terrific. He continued that his philosophy is “Is this significant?” His first life path was for success; and now he is trying to live the second half of his life with significance. He tries to go to places where he can apply his experience and abilities to help make a difference. He added that he looked at the quality of the Board and the quality of the advisers, and it seems to be very high. He likes to work with people like that. He also is interested in the fishing.

TRUSTEE RICHARDS stated that the IAGs are asked to come to Alaska for about three meetings a year, and he asked if that is something that he could handle in his schedule.

MR. HARRIS replied that he is in total control of his schedule, and as long as he had enough advanced notice so he could plan around it, it should not be a problem.

TRUSTEE RICHARDS stated that one of the things that the Fund would be talking about was who they want to be in five or ten years. He asked how he would develop that vision.

MR. HARRIS replied that first you think about who you are serving and what the purpose is. He stated that the future needed to be clear on what the critical processes are, and how they operate. He noted that critical processes are all about due diligence, and we have to be really good at due diligence. He referred to his experience and background.

CHAIR SCHUTT asked the trustees for questions or comments. He thanked Mr. Harris for his overview, his wisdom in his last statements, and for his interest. He stated that the Board would reconvene in Executive Session to consider candidates and would get back to him after they come out.

> **MOTION:** <u>In accordance with the Alaska Open Meeting Act, a motion that the Board of Trustees convene in Executive Session for the purpose of discussing the relative qualification of the candidates for the Investment Advisory Position that the Board just interviewed. Because this discussion could be harmful to the reputation or character of candidates, on advice of counsel, under applicable Alaska law, this discussion should take place in Executive Session, unless candidates request public discussion, which he understood was not the case. The motion was made by TRUSTEE RICHARDS; seconded by VICE CHAIR RIEGER.</u>

TRUSTEE RICHARDS clarified that they would not be taking any action in the Executive Session; it would just be discussion. Any action would be in open session.

CHAIR SCHUTT stated that the process was very intertwined with the situation and the merits of the two finalists. He called the vote.

> *After the roll-call vote, the MOTION was APPROVED. (Trustee Brune, yes; Trustee Richards, yes; Trustee Crum, yes; Trustee Rubenstein, yes; Trustee Rieger, yes; Chair Schutt, yes.)*

(Executive Session from 1:14 p.m. until 2:29 p.m.)

CHAIR SCHUTT stated that they were back on record following the Executive Session. While in Executive Session, the trustees considered only the matters mentioned in the motion and took no action. With that, they were back on record for the consideration of the investment advisor candidates. He asked for a motion.

> **MOTION:** <u>A motion to select Britt Harris for the role was made by TRUSTEE BRUNE; seconded by TRUSTEE CRUM.</u>

> *After the roll-call vote, the MOTION was APPROVED. (Trustee Brune, yes; Trustee Richards, yes; Trustee Crum, yes; Trustee Rubenstein, yes; Trustee Rieger, yes; Chair Schutt, yes.)*

CHAIR SCHUTT asked staff to inform Mr. Harris. He requested his contact information so that he could talk to him as Chair following the meeting. He continued that the next agenda item was the strategic planning discussion.

STRATEGIC PLANNING DISCUSSION

CEO MITCHELL stated that there was a memo in the packet that was intended to be a starting point, not a destination. With the talk of re-upping the strategic plan, it provides a bit of history on the last strategic plan and the one prior to that. It discusses the process of whether a consultant will be hired for purposes of facilitating the plan; determining whether or not that is how to proceed for this year's undertaking; providing a calendar of events that leads to the delivery of a strategic plan. He continued with a list of potential topics, followed by the Alaska Strategic Plan; and a worksheet intended to solicit information or direction from the Board on thoughts on how to proceed with this strategic planning process, as well as developing a time frame and agenda for getting together and revamping what is currently the plan.

TRUSTEE RUBENSTEIN talked about her experience with strategic planning and asked why a facilitator was needed when there is a capable COO who has a guideline in there. She stated that he has a very clear plan. She added that she would rather work with the staff, and not a facilitator, on this as a board member.

TRUSTEE RICHARDS stated that what he thought was useful about the facilitator last time was the certain kind of way that people go about doing these plans. They are trained in that.

CEO MITCHELL stated that there is no hard, fast rule on the need for a facilitator.

CHAIR SCHUTT moved on to Advisor comments, and recognized John Skjervem.

INVESTMENT ADVISOR COMMENTS

MR. SKJERVEM apologized for not being there in person, and for being late. He did not have a lot to say and reiterated something he said in February regarding the compensation process. He said that if it feels like a grind and continues to feel like a grind, you all are doing the right things and are on the right path. He was glad to hear Trustee Richards say that he sees light at the end of the tunnel, noting that that was a good sign.

CHAIR SCHUTT thanked Mr. Skjervem, and moved to the discussion of the Trustee Paper.

TRUSTEE PAPER

TRUSTEE RICHARDS stated that the trustee paper is a vehicle that the Board of Trustees has used since the early ‘80s. It is essentially a way for the Board to address big-picture policy issues, or to provide education on a specific topic to Alaskans. A lot of the trustee papers have dealt with essentially the structural issues around the Permanent Fund and, as trustees and sort of elder statemen, to advise on good policy and practice around fund governance and structure. One of the first trustee papers was the need for inflation-proofing. Trustee Paper No. 7 was included in the packet. Trustee Paper 9 dealt with the need to have a rules-based system. He continued that these papers have been really effective in being a part of the conversation of informing policymakers within the bands of how the board spent time looking at these sophisticated issues as trustees and fiduciaries; how to review best practices. Reading Trustee Paper No. 7, you could see that it is ultimately what happened 15 years later. He added that his proposal was to do another trustee paper, and the issues are kind of funneling. It was interesting over the decades to see how they were funneling. The issue that has been talked about several times is that we are entering into a period where the adoption of the PMOV, in combination with sort of flat markets, is putting a lot of pressure on the earnings reserve account, and we are running into a competition between maintaining a large enough ERA, but it is durable, and we can make the draws with the competition of the need to inflation-proof. He stated that this highlighted that it is time to give some guidance on how to address on some issues in a positive way. That was his proposal. He continued that he had been involved in Trustee Paper 9. The way it was done was to put out an RFP for an external consultant; a couple of trustees volunteered to do it; and a couple of staff members worked with the consultant to outline the paper. The consultant drafted it; trustees had an opportunity to provide edits. It then became a reflection of the adopted policy of the Board. His recommendation was to do that again on the issues he had described. He was hoping to be able to be active in that process, as well.

CHAIR SCHUTT thanked Trustee Richards and stated that the process articulated seemed like a reasonable process, consistent with what was done the last time. The Board went through the trustee paper exercise.

CEO MITCHELL stated that the timeline or plan that Trustee Richards laid out is very doable and is something that the COO, who has a unique set of qualifications, and would be a good candidate from the staff.

CHAIR SCHUTT asked the Board for any questions or comments.

TRUSTEE BRUNE stated that it was a great idea and in line with the earlier discussion about alternative location for staff.

CHAIR SCHUTT asked for a motion to support this.

> **MOTION:** <u>A motion to initiate the process for the proposed trustee paper was made by TRUSTEE BRUNE; seconded by VICE CHAIR RIEGER.</u>
>
> *After the roll-call vote, the MOTION was APPROVED. (Trustee Brune, yes; Trustee Richards, yes; Trustee Crum, yes; Trustee Rubenstein, yes; Trustee Rieger, yes; Chair Schutt, yes.)*

CLOSING COMMENTS

TRUSTEE RUBENSTIEN stated that she had now been on the Board for a year. She stated appreciation for the staff and all the work done. It was an amazing year. There is a new CEO; there is Board leadership; half of the Board are new; and we got a lot of work done. For a quasi-government agency, there has been phenomenal work done, and she thanked them all. She stated that it is a true honor to serve alongside all of them.

TRUSTEE CRUM stated appreciation for all the hard work that goes into these items, these documents that get created to come before the Board. He looked forward to some of the working groups and more stuff in e-mail in advance. He continued that they survived the turbulent world and kept the risk profile down. A tremendous amount of work had been done. He also commended CIO Frampton and his team. They did a really good job. He thanked the whole team.

TRUSTEE RICHARDS thanked all for a good meeting. He talked about a new calendar that forgets to include a meeting not in Juneau or Anchorage. He stated that it was healthy and good to do one meeting not in Juneau and Anchorage every year.

VICE CHAIR RIEGER stated that one theme that came up several times during this meeting was the idea of the Board and staff working together. He thought that it was working well, and all the opportunities for candor where they go back and forth on issues in these sessions is all good. He would like to see that continue.

TRUSTEE BRUNE specifically thanked Mike and Deven for all the work they put into this, and stated his appreciation for all that they do. He thanked Jennifer and all the staff for everything they do to support these meetings. He shared Trustee Richards' recommendation about getting around the state and suggested that staff contemplate options for the next meeting to be considered. He invited all to go to 555 Cordova to take a look.

CHAIR SCHUTT stated appreciation for the professionalism and hard work that went into the materials and the topics, and helping to work to being a better fund on behalf of the people of Alaska. He thanked all for their time and attention to details. He asked for a motion to adjourn.

MOTION: <u>A motion to adjourn the meeting was made by TRUSTEE BRUNE.</u>

CHAIR SCHUTT adjourned the meeting.

(APFC Board of Trustees meeting adjourned at 3:00 p.m.)

APFC ALASKA PERMANENT FUND CORPORATION

801 W 10TH SUITE 302 | JUNEAU, AK 99801
907.796.1500 | apfc.org

SUBJECT:	Internal Audit Update	ACTION:	______
DATE:	September 27, 2023	INFORMATION:	X

BACKGROUND:

During the September 7th meeting, the audit committee continued the discussion around how APFC might incorporate internal audit into the governance structure. The committee heard presentations from Byron Williams, former Chief Audit Executive (CAE) for the Oregon Office of the State Treasurer, and Beth Stuart, Anchorage managing partner for KPMG. Mr. Williams shared his experiences and insight from his time serving as a CAE. Ms. Stuart discussed KPMG's approach to internal audit and highlighted the ways that staff is already addressing certain areas of risk.

STATUS:

The committee concluded that it would be prudent to assess the work that is currently being done by staff that falls within the scope of internal audit.

Attached are two slides from the KPMG presentation which outline areas of investment and operational risk that should be addressed as part of effective management of the corporation and the Fund. In an effort to document the procedures that are already in place to address these risks, staff will develop a report that can be provided to the audit committee on a regular basis which itemizes the risks and outlines the existing mitigation workflows.

APFC's identified enterprise risks

Market risk

The possibility of loss from changes in value of financial instruments, resulting from an adverse change in market factors. (equity risk, interest rate risk, currency risk).

Credit risk

The risk of economic loss that might arise from the failure of a counterparty to fulfill its contractual obligations.

Liquidity risk

The possibility investments cannot be traded at fair value and/or funds cannot be raised, at reasonable costs, to meet obligations.

Inflation risk

The potential loss of purchasing power due to the value of investments not keeping up with an increase in prices.

Operational risk

The risk of loss resulting from inadequate or failed processes, people, or systems, either internally or externally, and unexpected significant and unusual one-time events.

Illustrative operational risks

Information technology

- Cyber security
- User controls
- Data transfer
- Digitalization
- Business resilience

Third-party management

- Procurement and due diligence
- Vendor solvency
- Contract compliance
- Investment policy compliance
- User controls

Accounting and finance

- Segregation of duties
- Financial planning and analysis
- Reporting
- Purchasing
- Process automation

Human capital

- Skills mapping and forecasting
- Hiring, onboarding, terminating
- Culture
- Performance management
- Succession planning
- Compliance and regulation

APFC ALASKA PERMANENT FUND CORPORATION
801 W 10TH SUITE 302 | JUNEAU, AK 99801
907.796.1500 | apfc.org

SUBJECT: Chief Executive Officer Report ACTION: __________

DATE: September 27, 2023 INFORMATION: ___X___

BACKGROUND:

The CEO's report provides reports detailing Board matters, disclosures, staffing and budget updates, and financial reports.

STATUS:

Executive Director, Deven Mitchell, will present highlights from the following reports:

- Pending Board Matters
- Trustee Education Report
- Disclosure Report
- Staff Summary Report
- APFC Staff Education Training Report
- HR Summary Report
- Communications Report
- IT Update
- Securities Litigation Update
- Financial Update
- Financial Report
- APFC Transfers
- APFC History and Projections
- Investment Management Fee Report

APFC ALASKA PERMANENT FUND CORPORATION
801 W 10TH SUITE 302 | JUNEAU, AK 99801
907.796.1500 | apfc.org

SUBJECT: Pending Board Matters ACTION:

DATE: September 27, 2023 INFORMATION: __X__

BY	TASK	CAPTURED	TARGET	COMPLETED
Mitchell	Peer Group Definition	7/22	TBD	
Mitchell	Update Compensation Structure	12/22 4/23	TBD	
Mitchell/New HR Director	PMP Overhaul	7/23	12/23	
Mitchell	Strategic Plan	7/23	10/23	
Mitchell	Trustee Paper #10	7/23	12/23	

APFC ALASKA PERMANENT FUND CORPORATION
801 W 10TH SUITE 302 | JUNEAU, AK 99801
907.796.1500 | apfc.org

SUBJECT: Trustee Education ACTION: ____________

DATE: September 27, 2023 INFORMATION: _____X_____

BACKGROUND:

The Board of Trustees of the APFC has established a Trustee Education Policy with the following objectives:

- To ensure that the members of the Board have access to the knowledge and information necessary for them to fulfill their fiduciary duties as trustees of the Alaska Permanent Fund; and
- To assist them in becoming well informed in all matters pertaining generally to the management of a large institutional fund, both public and private, and more specifically to the management and investments of the APFC.

In accordance with the Trustee Education Policy, the following is a list of conferences and seminars that Trustees may wish to attend.

TRAINING OPPORTUNITY	TOPIC	LOCATION	DATES
Callan	October Workshop October Workshop 2024 National Conference	New York Chicago San Francisco	October 24, 2023 October 26, 2023 April 8, 2024
ILPA	Varies – please see website	https://ilpa.org/master-calendar/	See Website

ALASKA PERMANENT FUND CORPORATION
801 W 10TH SUITE 302 | JUNEAU, AK 99801
907.796.1500 | apfc.org

Memo

To: Governance Committee

From: Deven Mitchell
Executive Director

Date: September 15, 2023

Re: APFC Financial Disclosures

As required by AS 37.13.110(b) and Alaska Permanent Fund Corporation policy relating to personal investments conduct and reporting, trustees and staff must disclose certain financial interests. Below is a list of disclosures for transactions made by trustees and staff, covering initial, quarterly, and annual disclosures for reportable holdings reported between April 1, 2023 as of June 30, 2023.

Disclosures			
Name	Position Title	Disclosure Type	Received
Adams, Steve	Sr. Portfolio Manager – Real Estate	Annual	06/30/2023
Andreyka, Tim	Director of Investments – Real Estate	Annual	06/20/2023
Clark, Sarah	Risk & Compliance Officer	Annual	06/16/2023
Cummins, Chris	Sr. Portfolio Manager – Fixed Income	Annual	06/16/2023
Gumz, Mike	Credit Analyst – Fixed Income	Initial	07/18/2023
Loesch, Jennifer	Executive Assistant & Board Liaison	Annual	06/16/2023
McComas, Marisa	Administrative Specialist	Annual	06/16/2023
Mendoza, Tara	Administrative Specialist	Annual	06/16/2023
Murray, Larissa	IT Specialist	Annual	07/12/2023
O'Day, Tom	Portfolio Manager – Fixed Income	Annual	06/16/2023
Olmsted, Matthew	Sr. Portfolio Manager – Fixed Income	Annual	06/28/2023
Ortega, Brittney	Portfolio Accountant	Annual	07/18/2023
Price, Rachel	Investment Analyst – CIO	Annual	06/16/2023
Rahn, Logan	Portfolio Manager – Alternatives	Annual	06/17/2023
Razzaque, Fawad	Director of Public Equities	Annual	06/16/2023
Ritchie, Eric	Investment Associate – Real Estate	Initial	05/30/2023
Scrudder, Colton	Credit Analyst – Fixed Income	Annual	06/16/2023
Shinn, Joe	Investment Analyst II – Public Equities	Annual	06/26/2023
Skuratovskaya, Masha	Sr. Portfolio Manager – Fixed Income	Annual	06/16/2023
Song, Sang Won	Portfolio Manager – Public Equities	Annual	06/19/2023
Struble, Sarah	Accounting Technician – Private Markets	Annual	06/16/2023

Swanson, Paulyn	Director of Communications	Annual	06/16/2023
Thornsburry, Jessica	Portfolio Accountant – Public Markets	Initial	08/14/2023
Wilkey, James	Credit Analyst – Fixed Income	Annual	06/27/2023
Zepp, Rachel	Human Resources Generalist	Annual	06/16/2023

All disclosures have been reviewed by me in my capacity as APFC's Designated Ethics Supervisor. All disclosures follow policy requirements. Disclosures will be filed in the appropriate personnel file.

If you have any questions, please call me at 907-796-1501.

APFC ALASKA PERMANENT FUND CORPORATION
801 W 10TH SUITE 302 | JUNEAU, AK 99801
907.796.1500 | apfc.org

Memo

To: Board of Trustees

From: Deven Mitchell
Chief Executive Officer

Date: September 27, 2023

Re: Travel, Training, and Diligence Summary Report

Background:

This report includes APFC staff completed travel and due diligence numbers for the period April 1-June 30, 2023. The travel report is presented to the Board of Trustees for review at each board meeting as required by APFC Resolution 04-10.

Due Diligence Summary:

Department	Number of Meetings Held	
	In Person	Telephonic/Virtual
Executives	6	37
Fixed Income	10	15
Public Equity	10	39
Private Income	47	100
Absolute Return	4	60
Real Estate	45	160
Private Equity	117	162
Risk Parity	0	8

Travel Summary:

Budget-to-Actual Report: July 1, 2022 through June 30, 2023

CORPORATE OPERATIONS	BOARD-AUTHORIZED BUDGET	EXPENDITURES	BUDGET REMAINING
Travel	$800,000	$596,808	$203,192
Staff	$602,000	$473,937	$128,063
Trustees	$18,000	$34,506	-$16,506
Moving/Non-Employee	$180,000	$88,365	$91,635

Trip Summary – 4th Quarter – April 1through June 30, 2023

TRAVELER	PURPOSE	DATES OF TRAVEL		LOCATION
Mitchell	Conference	April 1	April 5	Phoenix
Rubenstein	Conference	April 2	April 4	Phoenix
Adams	Property Inspection	April 5	April 5	San Diego
Scrudder	Conference	April 6	April 23	Washington DC
Shah	Juneau Office Visit	April 9	April 15	Juneau
Loesch	Board of Trustees Meeting	April 10	April 12	Anchorage

Waldrop	Board of Trustees Meeting	April 10	April 13	Anchorage
Skuratovskaya	Manager Meetings	April 10	April 15	San Francisco
Brown	Board of Trustees Meeting	April 11	April 12	Anchorage
Frampton	Board of Trustees Meeting	April 11	April 12	Anchorage
Mitchell	Board of Trustees Meeting	April 11	April 12	Anchorage
Blackman	Board of Trustees Meeting	April 11	April 12	Anchorage
Poag	Board of Trustees Meeting	April 11	April 12	Anchorage
Mertz	Board of Trustees Meeting	April 11	April 12	Anchorage
Swanson	Board of Trustees Meeting	April 11	April 12	Anchorage
Barnhill	Board of Trustees Meeting	April 11	April 12	Anchorage
Vadakumcherry	Board of Trustees Meeting	April 11	April 12	Anchorage
Parise	Board of Trustees Meeting	April 11	April 12	Anchorage
Martinez	Board of Trustees Meeting	April 11	April 12	Anchorage
Balovich	Board of Trustees Meeting	April 11	April 12	Anchorage
Razzaque	Board of Trustees Meeting	April 11	April 12	Anchorage
Andreyka	Board of Trustees Meeting	April 11	April 12	Anchorage
Pollock	Annual General Meeting	April 16	April 18	San Francisco
Skuratovskaya	Manager Meetings	April 17	April 18	Seattle
Andreyka	Manager Meetings	April 17	April 19	New York City
Waldrop	Annual General Meeting	April 17	April 22	London
Shah	Annual General Meeting	April 19	April 26	New York City
Mitchell	Speaking Engagement	April 20	April 21	Fairbanks
Frampton	Speaking Engagement	April 20	April 21	Fairbanks
Hatch	Manager Meetings	April 22	April 26	Chicago
Graves	Conference	April 23	April 27	Orlando
Rutherford	Conference & Manager Meetings	April 23	April 28	New York City
Rahn	Conference & Manager Meetings	April 24	April 27	New York City
Andreyka	Conference & Property Visit	April 24	April 28	Ft. Lauderdale/Miami/Tampa
Andreyka	Property Inspection	May 1	May 5	New York City
Rahn	Conference	May 2	May 3	Beverly Hills
Ramirez	Manager Meeting	May 2	May 6	San Francisco
Waldrop	Manager Meetings	May 3	May 5	Monterey, CA
Alexander	Annual General Meeting	May 7	May 11	Miami
Waldrop	Manager Meetings	May 8	May 9	San Francisco
Mitchell	Board of Trustees Governance Comm Mtg	May 9	May 9	Anchorage
Swanson	Board of Trustees Governance Comm Mtg	May 9	May 9	Anchorage
Loesch	Board of Trustees Governance Comm Mtg	May 9	May 9	Anchorage
Barnhill	Board of Trustees Governance Comm Mtg	May 9	May 9	Anchorage
Poag	Board of Trustees Governance Comm Mtg	May 9	May 9	Anchorage
Vadakumcherry	Board of Trustees Governance Comm Mtg	May 9	May 9	Anchorage
Mertz	Board of Trustees Governance Comm Mtg	May 9	May 9	Anchorage
Frampton	Board of Trustees Governance Comm Mtg	May 9	May 9	Anchorage

Shah	Manager Meetings	May 10	May 14	Houston
Pollock	Board of Trustees Meeting	May 12	May 25	Kenai
Razzaque	Annual General Meeting	May 13	June 3	New York City
Mangual	Juneau Office Visit	May 14	May 17	Juneau
Ramirez	Juneau Office Visit	May 14	May 20	Juneau
Alexander	Manager Meetings	May 14	May 18	New York
Shah	Due Diligence	May 15	May 18	Los Angeles
Mitchell	Board of Trustees Meeting	May 15	May 19	Anchorage/Kenai
Hatch	Due Diligence	May 15	May 17	Los Angeles
Swanson	Board of Trustees Meeting	May 15	May 18	Anchorage/Kenai
Loesch	Board of Trustees Meeting	May 15	May 19	Kenai
Vadakumcherry	Board of Trustees Meeting	May 16	May 18	Kenai
Frampton	Board of Trustees Meeting	May 16	May 18	Kenai
Mertz	Board of Trustees Meeting	May 16	May 18	Kenai
Barnhill	Board of Trustees Meeting	May 16	May 18	Kenai
Poag	Board of Trustees Meeting	May 16	May 18	Kenai
Ninkov	Board of Trustees Meeting	May 16	May 19	Kenai
Mesdag	Board of Trustees Meeting	May 16	May 18	Kenai
Parise	Board of Trustees Meeting	May 16	May 18	Kenai
Waldrop	Board of Trustees Meeting	May 16	May 19	Kenai
Richards	Board of Trustees Meeting	May 16	May 18	Kenai
Rubenstein	Board of Trustees Meeting	May 17	May 18	Kenai
Murray	Board of Trustees Meeting	May 16	May 18	Kenai
Crum	Board of Trustees Meeting	May 16	May 19	Kenai
Rieger	Board of Trustees Meeting	May 16	May 18	Kenai
Brune	Board of Trustees Meeting	May 17	May 18	Kenai
Schutt	Board of Trustees Meeting	May 16	May 17	Kenai
Andreyka	Board of Trustees Meeting	May 15	May 18	Kenai
Rahn	Manager Meeting	May 16	May 17	Beverly Hills
Pollock	Manager Meetings	May 19	May 25	Boston
Rahn	Manager Meetings	May 21	May 26	London
Alexander	Manager Meetings	May 21	May 24	Boston
Mitchell	Conference	May 22	May 25	Anchorage
Frampton	Conference	May 22	May 25	Anchorage
Waldrop	Manager Meetings	May 23	May 25	San Francisco
Rahn	Juneau Office Visit	May 30	June 10	Juneau
Song	Conference	June 3	June 8	Jacksonville, Georgia
Alexander	Manager Meetings	June 4	June 7	Dallas
Mitchell	Conference	June 5	June 10	New York/Connecticut
Hatch	Conference	June 10	June 14	Miami
Zepp	Conference	June 10	June 15	Las Vegas
Shah	Manager Meetings	June 11	June 17	London

Waldrop	Juneau Office Visit	June 12	June 19	Juneau
Rime	Quarterly Partnership Meetings	June 12	June 16	Santa Ana, CA
Rahn	Manager Meetings	June 14	June 15	Santa Barbara, CA
Pollock	Manager Meetings	June 18	June 25	New York
Kirkham	Training	June 19	June 22	Pittsburgh
Rieger	Training	June 24	June 29	Boston
Waldrop	Manager Meetings	June 24	July 1	Stockholm, Sweden
Alexander	Manager Meetings	June 26	June 28	Los Angeles
Rahn	Manager Meetings	June 27	June 27	Rancho Palos Verdes

ALASKA PERMANENT FUND CORPORATION

	EMPLOYEE	DEPT	TRAINING TYPE*	VENDOR	COURSE TITLE	CLASS HOURS	CITY	ST
1	Chad Brown	HR	OL	Korn Ferry	Pandemic Trends in Employee Experiences and Implications for Companies in 2023	1	Online	
2	Jacki Mallinger	Fin	OL	Sequoia CPE	Blockchain Basics	8	Online	
3	Jacki Mallinger	Fin	OL	Sequoia CPE	Transferring Wealth	2	Online	
4	Jacki Mallinger	Fin	OL	Sequoia CPE	Fraudulent Financial Reporting	2	Online	
5	Stephen Adams	RE	CS	PREA	Pension Real Estate Association Spring Conference		Seattle	
6	Jennifer Loesch	Exec	CS	Callan	Intro to Investments		Chicago	IL
7	Catherine Hatch	Inv	CS	With Intelligence	Women's VC Summit	12	Half Moon Bay	CA
8	Catherine Hatch	Inv	CS	With Intelligence	Women's PE Summit	15	San Diego	CA
9	Lara Pollock	Inv	CS	With Intelligence	Women's PE Summit	15	San Diego	CA
10	Chad Brown	HR	Virtual	Milliman	2023 Milliman Virtual Conference	6	Juneau	AK
11	Rachel Zepp	HR	Virtual	Milliman	2023 Milliman Virtual Conference	6	Juneau	AK
12	Rachel Zepp	HR	CS	SHRM	2023 Annual SHRM Conference	22	Las Vegas	NV
13								
14								
15								

CS - Conferences & Seminars LT
- Local Training
OTT - Out of Town Training
OL - Online

APFC ALASKA PERMANENT FUND CORPORATION
801 W 10TH SUITE 302 | JUNEAU, AK 99801
907.796.1500 | apfc.org

Memo

To: Board of Trustees

From: Deven Mitchell
Chief Executive Officer

Date: September 15, 2023

Human Resources – FY23 Summary & Q4

FY 23 Highlights

Welcome

- Michael Gumz: Credit Analyst – Fixed Income
- Jessica Thornsburry: Portfolio Accountant Public
- TJ Hegedus: Risk & Compliance Analyst
- Juliette Alldredge: Communications Specialist
- Lillie Haggard: Investment Analyst – Private Equity *(starts 11/1/23)*
- Steven Gagliardo: Senior Investment Analyst – Private Equity *(starts 11/1/23)*

Offers Pending

- TBD

Challenges

- Refining logistics regarding training period on-site in Juneau for new hires relocating to satellite office.

Opportunities

- Board involvement in building culture that is equitable and fosters cohesive approach to moving organization into the future.

Recruiting Update

VACANT POSITIONS (10)				
APFC Title	**Division**	**Department**	**Incumbent**	**Status**
Investment Analyst	Investments	Real Estate	Separation	Moving through internal approval process
Portfolio Manager	Investments	Real Estate	Separation	Not Actively Recruiting
Credit Analyst	Investments	Fixed Income	New FY23	Actively Recruiting
IT Specialist - Help Desk	Operations	IT	Separation	Final Interview(s)
IT Specialist - Cloud Services	Operations	IT	Separation	Final Interview(s)

Investment Operations Analyst	Operations	Trade Operations	Separation	Filled Temp
Admin Specialist	Operations	Administration	Promotion	Actively Recruiting
Project Manager	Operations	Administration	New FY23	Not Actively Recruiting
Director of Administrative Services	Operations	Administration	Separation	Actively Recruiting
Director of Human Resources	Operations	Human Resources	Separation	Actively Recruiting

HEADCOUNT & VACANCIES AS OF 9/15/2023			
Division	**Filled FTE**	**Vacant FTE**	**Vacancies at Previous Meeting**
Investments (32)	27	3	5
Operations (35)	30	7	6
	57	10	11
Total Headcount	67		

16 Hires & 10 Separations*

**Does not include interns +2 Hires +2 Separations*

Posting Views – 20,110

Candidates – 900

- In Alaska – 210
  - Southeast – 113
  - Anchorage – 79
  - Fairbanks – 18

- Outside Alaska – 690
  - New York – 92
  - California – 85
  - Texas – 53

Candidate Declined Offers & Withdrew from Process	
Offer Made – Declined	3
Withdrew – Salary to Low	8
Withdrew – Relocation / Location	8
Withdrew – Other Job	10
Withdrew – No Details	13
Total	42

Hiring Sources	
BambooHR	6
Other	6
LinkedIn	2
ZipRecruiter	1
APFC Referral	1
Workplace Alaska	0
Total	16

APFC ALASKA PERMANENT FUND CORPORATION
801 W 10TH SUITE 302 | JUNEAU, AK 99801
907.796.1500 | apfc.org

SUBJECT: Communications Update ACTION:

DATE: 9/27/2023 INFORMATION: X

APFC Communications Vision
Build on APFC's positive reputation, inform, and further educate Alaskans on the Corporation and its commitment to support the long-term sustainability and growth of the Alaska Permanent Fund, Alaska's renewable financial resource.

APFC 5-YEAR STRATEGIC COMMUNICATIONS GOALS: FY2022-2027

Resources APFC achieves and maintains necessary support and resources to optimize its ability to protect and grow the Fund.

Brand Recognition APFC maintains and builds upon domestic and international brand recognition, ensuring high regard among global peers and potential partners.

Education Alaskans understand APFC's role as investment manager of the State's most valuable renewable financial asset.

Alaskan Youth APFC reestablishes youth education outreach and involvement efforts to engage and inform Alaska's future leaders.

Internal Communications APFC supports the role of the Board and staff as brand ambassadors.

Welcome to the Team
We are excited to introduce Juliette Alldredge as the newest member of APFC's two-person in-house communications team. With her passion for both education and communications, Juliette brings collaborative strength and experience to benefit our program.

Communications Consultant Services
In leading the implementation and advancement of the communications program, we are grateful for the partnership with Yuit Communications, our valued Alaska-based strategic communications consultant. To complement and build on this work, APFC is procuring the targeted services of a global financial media consultant through the state's competitive procurement process. This engagement is intended to bring together the interests of APFC's diverse stakeholder groups through a team-based approach of statewide, national, and global support to forward the Board's strategic initiatives.

As the Alaska Permanent Fund continues to grow in asset value, portfolio sophistication, and importance in generating revenue for our State, effective communications are essential to ensure a comprehensive understanding of the Fund's management and investment among our many stakeholders.

Presentations, Interviews, Outreach

- **May-September 2023**
  - Harvard-Yale-Princeton Club of Alaska - virtual
  - Kenai Peninsula Borough School District – Kenai, AK
  - Alaska Pacific University MBA Program – Anchorage, AK
  - Juneau Douglas High School Alaska Studies Class – Juneau, AK
  - Glacier Valley Rotary – Juneau, AK
  - Cameroon Alaska Exchange – Anchorage, AK
  - IASC - International Association for the Study of the Commons – Institute of the North and Kenya via video
  - Legislative Outreach on Anchorage Satellite Office - AK
  - James Brooks, Alaska Beacon – Juneau, AK
  - Southeast Conference Panel – Sitka, AK

Outreach and Education

- **Annual Report FY 2023**

The Annual Report titled 'Trusted for Generations' has been created in accordance with Alaska Statute 37.13.170. It includes the audited financial statements of the Alaska Permanent Fund and fulfills our legal obligation of public disclosure. The report also serves to inform our stakeholders about the Fund and the work done by APFC to invest and manage Alaska's renewable financial resource. The Annual Report is available in both print and digital formats, making it easily accessible to everyone.

- **AK Youth Education Program**

Curriculum: Three lessons have been developed in collaboration with Alaska Resource Education (ARE) for teaching 9-12 high school students about "The Permanent Fund: Alaska's Renewable Revenue." The curriculum explores financial literacy around the Fund's structure, investment, and management. As part of ARE's "Our Alaska" series, the unit aligns with state standards. It consists of three lessons with educational videos and a workbook with 'Create-a-State' and 'Best to Invest' activities. A third 9-12 lesson is being piloted and the next steps will be to work on modified versions of the lessons for the K-8 curriculum. **Program delivery:** During the 2022 school year, ARE piloted the lessons across 10 class sections, Alaska Studies and Economics, reaching 342 students. In the current 2023 school year, the third lesson relating to fund management will be piloted, and existing lessons will be taught in sections this fall. Work is also in progress to have all the content available on both ARE's and APFC's websites, with a statewide campaign to begin this fall with pertinent details and information for Alaska's teachers, parents, and students.

- **Looking Forward**

We will be focusing on developing effective communication strategies to support the Board's strategic and legislative initiatives, Trustee Paper #10, and messaging related to the revenue generation and structure of the Fund. Additionally, we will be updating our communications strategic plan and crisis communications plan.

APFC Ambassadors

We plan to support the purchase of logo apparel for our APFC Ambassadors in the sharing of our brand, their stories, and the work of investing the Permanent Fund to benefit Alaskans.

APFC ALASKA PERMANENT FUND CORPORATION
801 W 10TH SUITE 302 | JUNEAU, AK 99801
907.796.1500 | apfc.org

SUBJECT:	APFC IT UPDATE	ACTION:	____________
DATE:	Sept 14, 2023	INFORMATION:	X

APFC IT Update

- APFC will be moving the current DR Data Center from FAI to ANC. The new DR Data Center will be online and serving data by November 2023. The new DR Data Center will become a Primary Data Center (i.e., No longer a DR site specifically) servicing the Anchorage Office as soon as the link to the Cordova Street building from the South Anchorage Data Center is hot. The move from FAI to ANC should be bifurcated as a project from the new Anchorage office in that this move was imminent prior to the selection of the Cordova Street location.

- The APFC computer fleet refresh is nearly complete, and staff are already swapping out equipment.

- Teams Voice Calling has reached a vital milestone as the infrastructure (network) has been switched over to the Teams back-end controllers. What is left requires arrivals of supply chain slowed equipment such as headsets and handsets along with vendor schedules. When the equipment arrives, we'll schedule the multiple vendors to completely cutover to Microsoft Teams based VOIP calling, and the Cisco system will be decommissioned.

- The APFC position openings (2) have qualified candidates and expect to be filled soon. One position looks like it will be in Anchorage, (cloud computing engineer) and one is required to be in Juneau (helpdesk).

- The JNU Data Center Power upgrades are underway (Battery Systems) and the fire suppression system project is scheduled to start in November.

MEMORANDUM

State of Alaska
Department of Law

TO:	Chris Poag General Counsel, APFC	DATE:	September 14, 2023
		FILE NO.:	2020101022
FROM:	Benjamin J. Hofmeister Assistant Attorney General Public Corporations and Gov. Services	TEL. NO.:	(907) 465-3600
		SUBJECT:	Securities Litigation Update

SECURITIES LITIGATION UPDATE

This memorandum serves as a summary of securities cases that the Alaska Permanent Fund Corporation ("APFC") is actively litigating or involved with on behalf of the Alaska Permanent Fund. According to a memorandum of understanding between APFC and the Department of Law – the administrator of state legal services – ""actively litigate" or "actively involved" means: (1) seeking lead plaintiff status in a pending class action; (2) opting-out of a pending class action to file a direct claim; or (3) in a case or jurisdiction (including jurisdictions outside of the United States) where the Fund will not be able to recover damages as a passive member in a class action claim, filing a direct claim or opting into a pending claim seeking recovery of Fund losses."

DOMESTIC LITIGATION

1. *State of Alaska Department of Revenue, Treasury Division, et al. v. Teva Pharm. Ind. Ltd*., *et al*., No. 3:18-cv-1721 (D. Conn.)

Teva Pharmaceuticals Industries Limited ("Teva") is a company that develops and distributes generic and specialty medicines worldwide. Teva is alleged to have made false statements in regard to its compliance with antitrust laws. Teva, however, was illegally conspiring with other pharmaceutical companies to artificially fix the prices of certain generic drugs. This conduct led to the start of federal and state investigations in 2015 and 2016 – and ultimately a criminal prosecution against the company filed by the Department of Justice in 2020. The revelation of the investigations led to significant drops in shares of Teva. Both APFC and the Department of Revenue owned shares in Teva and ultimately filed a joint opt-out action against Teva in 2018. The parties in the class action matter reached a settlement that was preliminarily approved by the federal district court. Thereafter, the court issued its decision denying a pending motion to dismiss filed by Teva. The parties are now in the discovery phase of litigation. KTMC, on behalf of APFC, has served initial disclosures and responses to initial discovery requests. Additional discovery is expected to occur into the fall and early part of 2024. The law firm of Kessler, Topaz, Meltzer and Check ("KTMC") represents APFC in this matter.

2. *State of Alaska, et al. v. Ryder Systems Inc., et al.*, No. 1:20-cv-22109 (S.D. Fla.)

Ryder Systems Incorporated is a transportation and supply chain management company. Ryder is alleged to have overstated the value of its residual trucking fleet, which allowed it to record smaller depreciation expenses on those assets, and thus artificially inflating Ryder's earnings. A class action lawsuit was filed and APFC was eventually appointed as lead plaintiff along with two other pension funds. In April 2023, the parties reached an agreement to resolve the action for $45,000,000. The parties subsequently notified the court of the agreement. APFC and the other lead plaintiffs have filed a motion for preliminary approval of the class action settlement, which remains pending before the Court. After the Court grants preliminary approval, notice of the settlement will be disseminated to potential class members. Once notice is complete, lead plaintiffs will file a motion for final approval of the settlement. The law firm of Bernstein, Litowitz, Berger and Grossman represents APFC in this matter.

<u>FOREIGN LITIGATION</u>

1. *Petrobas (Brazil)*

Petrobas is a Brazilian state-run energy company. The company was implicated in a massive corruption scandal involving collusion between company executives, contractors and members of the predominant political party between 2004 and 2012. Allegations involved Petrobas executives falsely inflating the value of projects for their own profit and paid bribes to politicians in the process. The scandal led to law enforcement investigations and arrests of Petrobas executives, contractors and politicians. This resulted in a corresponding decline in Petrobas's securities prices and massive investor losses. Multiple actions were filed in Brazil related to these losses. Brazil utilizes an arbitration system for securities matters. An arbitration petition was filed on behalf of multiple investors – including APFC – in 2016. The arbitration tribunal assigned to the matter entered a procedural order on November 16, 2022, that impacted some of the claimants – but not APFC. Revised damages calculations were submitted to the tribunal by the claimants impacted by the procedural order on December 16, 2022. Petrobras filed its response to arguments on behalf of the impacted claimants in February 2023. On June 28, 2023, the Tribunal issued a Partial Award deciding the matter and it dismissed the claims of 15 of the claimants in the group. APFC was not one of the dismissed claimants. Petrobras filed a Request for Clarification seeking to have the Tribunal reconsider its decision and dismiss additional claimants or dismiss the case as a whole by relying on previously used arguments Petrobras made on appeal. Brazilian counsel anticipates that the Tribunal will issue a decision on Petrobras' request around the end of September (i.e., 60-days from when Petrobras submitted its request for clarifications). The law firm of KTMC represents APFC in this matter.

2. *Daimler/Porsche/Volkswagen (Germany)*

Daimler, Porsche and Volkswagen are all multinational automotive companies based in Germany. In 2015, revelations of the German automobile industry's involvement in a long-running fraud related to manipulation of emission standards on diesel engines began to take form. This practice – which came to be known at "Dieselgate" – first came to light with an acknowledgement by Volkswagen of the use of "defeat devices" to conform to government emission standards. By 2017, antitrust investigations into illegal cooperation among German automotive manufacturers were publicized, revealing a potential illegal conspiracy in operation since 1996, encompassing everything from the development of vehicles and engines to technology, costs, and the market distribution among suppliers. The government investigations and general disclosures of the Dieselgate conspiracy led to multiple securities actions in German courts. Germany utilizes an "opt-in" system for securities litigation known as the Capital Market Model Proceedings Act – or "KapMuG." Only claimants who file suit in their own name may recover damages. APFC filed claims in all three KapMuG proceedings involve each of the companies.

On December 22, 2021, claims related to the Daimler matter were registered in the Higher Regional Court of Stuttgart. The Court, in response, issued a standard order to structure the KapMuG and provide for its declaratory objectives. Declaratory objectives are the basis for the declaratory judgments that will be sought through the KapMuG process that will be applicable to all claimants. The parties have since provided their comments on the declaratory objectives, which will determine, among other things: (i) issues concerning whose knowledge about defeat devices in Daimler vehicles is relevant; (ii) whether that knowledge can be imputed to the company; and (iii) the damages suffered by claimants. The model parties are scheduled to appear before the court on September 27, 2023, to discuss structuring a process for the determination of the model objectives and establishing a timeline for the next phase of the action.

In November 2021, the Higher Regional Court of Stuttgart requested the model claimant in the Porsche matter submit an edited version of certain declaratory objectives. The model claimant filed that version on February 7, 2022. The Higher Regional Court held a hearing on September 28, 2022, and denied efforts to further extend the declaratory objectives. Additionally, the Court issued an order on the taking of evidence. Pursuant to that order, the testimony of the former CEO and CFO of Porsche was taken on December 7, 2022. On March 29, 2023, the Court issued a model decision with rulings on the declaratory objectives. In that decision, the Court ruled that Porsche, as the parent holding company for Volkswagen, could be held liable for malfeasance that occurred at Volkswagen even if the Porsche executives did not recognize that such malfeasance would have an impact on the price of Porsche securities. However, the Court also ruled that claimants need to prove that the Porsche executives knew about the malfeasance at Volkswagen and gained that knowledge while employed by Porsche. Both sides have since filed appeals from that decision. In addition, the Court has expressed an opinion that some of the documentation submitted by certain claimants was insufficient to provide a basis for asserting the claim. An appeal of that opinion has been filed and is currently pending.

The Higher Regional Court of Braunschweig ordered the filing of responses and evidence regarding Volkswagen's Board of Management's knowledge of the defeat devices. The Court noted that a decision on that issue would not be issued for some time and, therefore, recommended that the model parties enter into settlement negotiations. On March 24, 2023, the Court issued a further notification indicating that those settlement negotiations were not successful. On February 24, 2023, the Higher Regional Court of Braunschweig issued a decision reviewing the Regional Court of Braunschweig's determination regarding the sufficiency of the documentation submitted by certain claimants. APFC has since submitted additional documentation supporting its claims to comply with the guidance provided by the Higher Regional Court.

The law firms of Robbins, Geller, Rudman, and Dowd ("Robbins Geller") and Nieding + Barth – the German litigation firm prosecuting the cases – represent APFC in these matters.

3. *Wirecard (Germany)*

Wirecard is a German firm that provided electronic payment applications worldwide. Its business included authorizing and processing payments for merchants, issuing credit and prepaid cards, and providing technology for contactless smartphone payments. Wirecard has been suspected of engaging in questionable accounting practices. Despite constant denials, allegations of fraud persisted. As a result, Wirecard solicited the accounting firm of KPMG to conduct an external audit in order to restore confidence in its financial position. KPMG's report revealed multiple gaps in Wirecard's accounting and reporting. As a result, Wirecard stock prices fell drastically. The company eventually filed for insolvency. Given the insolvency proceedings, investors initiated KaPMuG proceedings against Ernst and Young – Wirecard's auditor responsible for monitoring its accounting practices in the decade before the KPMG report was issued. APFC's claims were to be registered in a joint complaint on behalf of a number of other institutional investors with the Higher Regional Court of Bavaria earlier this year. But recently the Higher Regional Court of Bavaria indicated that, contrary to the procedure in most other German courts, it would not accept joint claims and would consider each investor as a standalone plaintiff. In an effort to reduce the potential adverse cost risk and costs with this decision, German counsel determined that the best course of action would be to have investors assign their claims to a special purpose company and collectively file all claims in the name of the special purpose company. APFC completed the relevant assignment and the claims are due to be registered with the court in September 2023. The Higher Regional Court in Bavaria is also in the process of implementing model case proceedings, although no model plaintiff has been appointed. The law firms of DRRT and TILP Litigation Rechtsanwaltsgesellschaft mbH – the German litigation firm prosecuting the case –

represents APFC in this matter. The law firm of KTMC is serving as liaison counsel as part of its portfolio monitoring services.

4. *Credit Suisse Group AG (Switzerland)*

Credit Suisse Group AG ("CS") is a multinational investment bank and financial services company that is founded and headquartered in Switzerland. In 2015, CS shareholders authorized a two-phase capital increase. CS issued a prospectus for the capital increase, which allegedly contained all relevant information about the business of CS. Overall market sentiment regarding CS was based on the prospectus, which shareholders relied upon in making their investment decisions. In 2016, CS announced that it would be taking a multibillion-dollar loss for the fourth quarter of 2015. This loss took place in the same quarter that the capital increase was conducted. In response to the news of the losses, CS share prices declined. Evidence would surface shortly after the announcement that CS management was aware of the losses and did not reveal the information to investors in the prospectus. Proceedings on the matter are currently set before the Commercial Court of the Canton in Zurich. The matter was heading towards adjudication, but the Court ordered the parties to discuss settlement options prior to moving forward. A settlement hearing was held, but no agreement was reached. The Swiss attorneys are currently evaluating the next potential steps in light of CS's sale to UBS that occurred as a result of CS's collapse earlier this year. The Swiss attorneys are evaluating whether the responsibility for the claims has passed to UBS and whether there is still the potential for recovery. The law firm of KTMC represents APFC in this matter as liaison counsel and has facilitated an assignment of claims to Astraea Limited – a special purpose entity established by Woodsford Litigation Funding. The Swiss law firm Amann Partners[1] is the lead law firm pursuing claims against CS.

5. *Banca Monte dei Paschi di Siena S.p.A. (Italy)*

Banca Monte dei Paschi di Siena ("BMPS") is the oldest bank in the world and the fourth largest Italian commercial and retail bank. It is alleged that over the last ten years BMPS breached Italian securities laws concerning disclosure by issuing false and misleading information through financial statements and other official public documents filed with the Italian Companies and Exchange Commission ("CONSOB"), which is responsible for regulating the Italian securities market. As a result, BMPS has faced numerous regulatory sanctions and criminal prosecutions related to management failure, inadequate internal controls, and criminally fraudulent accounting. The case is being monitored by KTMC as liaison counsel and litigation funding is being provided by Martingale Risk. While Martingale Risk initially sought settlement negotiations, those plans were disrupted by BMPS capital raising campaign and a 6000-page report by the Milan public prosecutor outlining its criminal investigation. Criminal proceedings commenced in the spring of

[1] The law firm Schwärzler Rechtsanwälte represented APFC in this matter until recently. The principal attorney responsible for the CS litigation is Dr. Alexander Amann. Dr. Amann recently moved to his own law firm and so the responsible law firm has now changed as well.

2023. Prior to commencement, Martingale Risk offered claimants the ability to join the criminal proceedings as a civil party. APFC did not join the criminal proceedings and will only be included in any resolution if Martingale is able to negotiate a settlement that also includes non-parties to the criminal proceedings.

APFC ALASKA PERMANENT FUND CORPORATION

801 W 10TH SUITE 302 | JUNEAU, AK 99801
907.796.1500 | apfc.org

SUBJECT: FY23 Year-end Financial Update ACTION: ____________

DATE: September 27, 2023 INFORMATION: ______X_____

KEY TAKEAWAYS:

- Total return for the fourth quarter of FY23 of 2.14%, bringing the return for the year to 5.18%. Total fund underperformed the performance benchmark by 56 basis points (.56%) and the passive benchmark by 360 basis points (3.6%).
- Accounting net income year-to-date of $4.3 billion, a gain of $1.5 billion for the fourth quarter
- Realized (statutory) net income year-to-date of $2.5 billion, $900 million for the fourth quarter
- Total market value as of June 30th of $78.0 billion, an increase of $1.7 billion for the year
- $3.4 billion transferred to the General Fund during the year in accordance with SB26; $380 million transferred in the fourth quarter
- $754 million of mineral deposits transferred in during the fiscal year
- Committed Earnings Reserve balance of $3.5 billion for FY24 General Fund transfers

Financial results for the fourth quarter of FY23 show strongest performance in the public equity portfolio, which gained 9.63% during the quarter. Overall, the portfolio gained $1.1 billion in value between the end of March and the end of June. Most of this was experienced in the public equity portfolio which gained $1.0 billion during this time. Significant gains were also experienced in the private equity portfolio. Fixed income had the largest loss in value during the quarter of $194 million.

Net assets increased by $1.7 billion year-to-date through June. This is a result of the net income of $4.3 billion and $754 million received in mineral royalty deposits offset by the FY23 POMV transfer to the General Fund in the amount of $3.4 billion. Corporate operating expenses and other appropriations for the year totaled $171 million.

One transfer of $380 million was made to the General Fund during the fourth quarter of FY23. This brings the total transfers for the year to $3.4 billion. Staff is in communication with the cash managers at the Department of Revenue to ensure that amounts designated for the General Fund remain invested in the Fund as long as possible, while being available to meet the liquidity needs of the State.

ALASKA PERMANENT FUND CORPORATION

Financial Report
June 30, 2023

Fiscal Year 2023 Net Assets

Balances through June 30, 2023 *(in millions)*

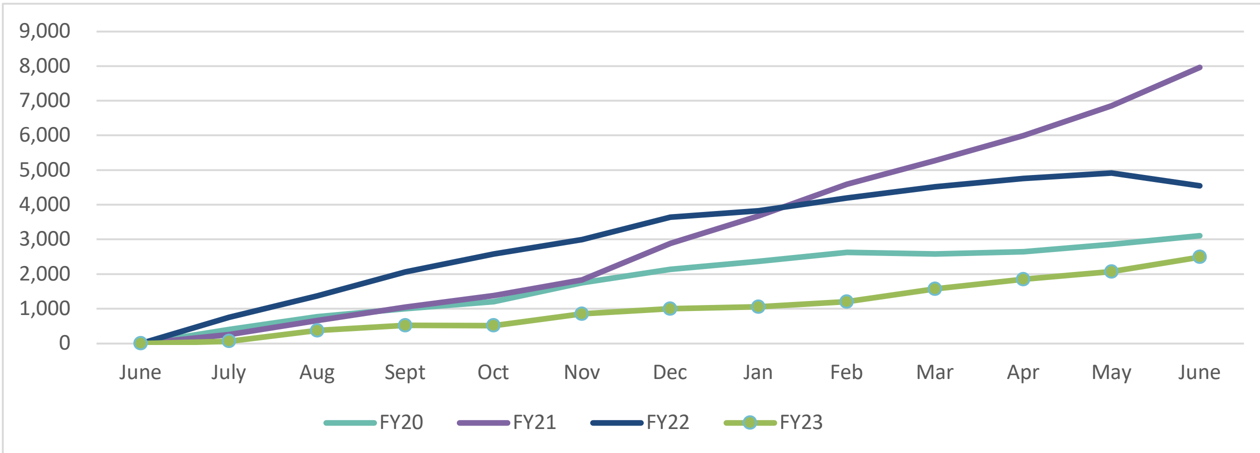
Total assets	$	79,290.4
Less liabilities		(1,278.5)
Net assets		78,011.9
Fund Balances:		
Non-spendable		
Permanent Fund corpus—contributions and appropriations		56,420.2
Not in spendable form—unrealized appreciation on invested assets		11,100.5
Total non-spendable fund balance		67,520.7
Committed		
General Fund Commitment		3,526.1
Committed fund balance		3,526.1
Assigned for future appropriations		
Realized earnings		5,240.3
Unrealized appreciation on invested assets		1,724.8
Total assigned fund balance		6,965.1
Total fund balances	$	78,011.9

Fiscal Year 2023 Income

For the twelve months ending June 30, 2023 *(in millions)*

Statutory (Realized) Net Income		
Interest, dividends, real estate, and other income	$	1,637.2
Realized gains on the sale of invested assets		1,039.6
Less operating expenses/legislative appropriations		(171.4)
Less Alaska Capital Income Fund committed realized earnings		(14.3)
Statutory net income		2,491.1
GAAP (Accounting) Net Income		
Statutory net income		2,491.1
Unrealized gain on invested assets		1,790.5
Alaska Capital Income Fund committed realized earnings		14.3
Accounting net income	$	4,295.9

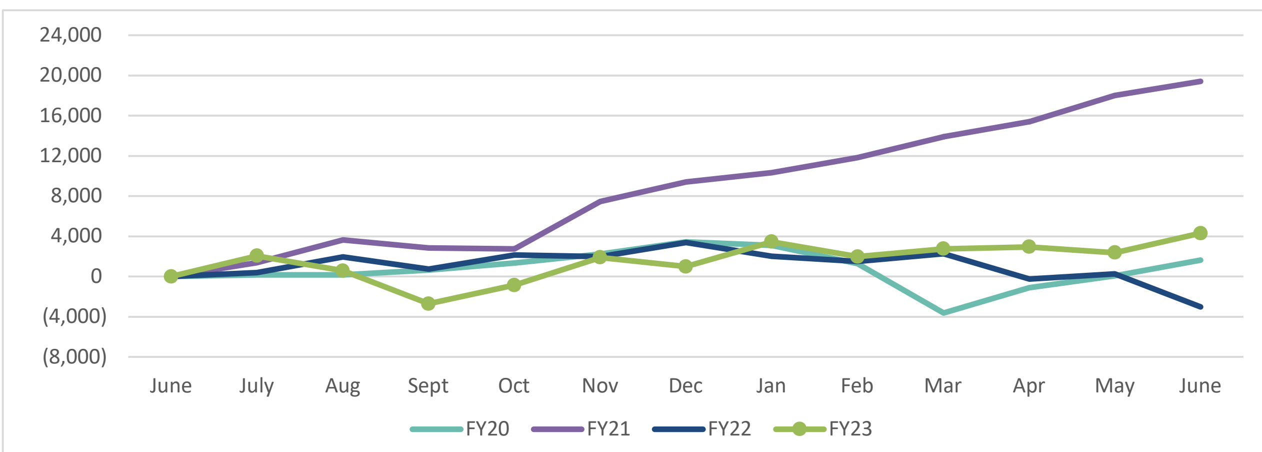
Statutory Net Income, Fiscal Years 2020 - 2023



• Comprised of receipts from interest on fixed income, real estate rentals, stock dividends, and all realized gains and losses on the sales of invested assets, less AK Capital Income Fund committed amounts and operating expenses.

• FY20 statutory net income was $3,106.0 million.
• FY21 statutory net income was $7,962.4 million.
• FY22 statutory net income was $4,543.6 million.
• FY23 statutory net income is $2,491.1 million to date.

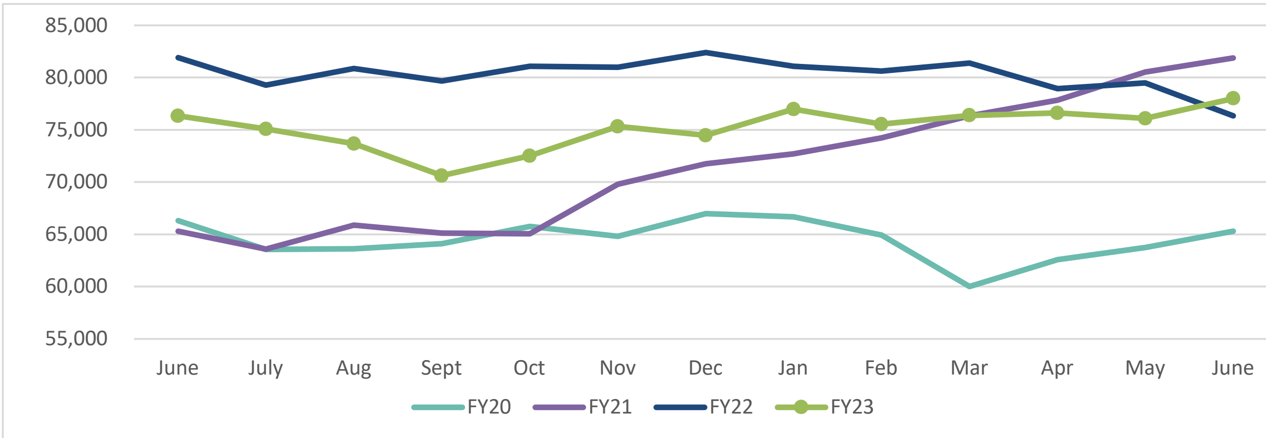
GAAP Accounting Net Income, Fiscal Years 2020 - 2023



• Accounting net income is the same as statutory net income, except it includes unrealized gains and losses.

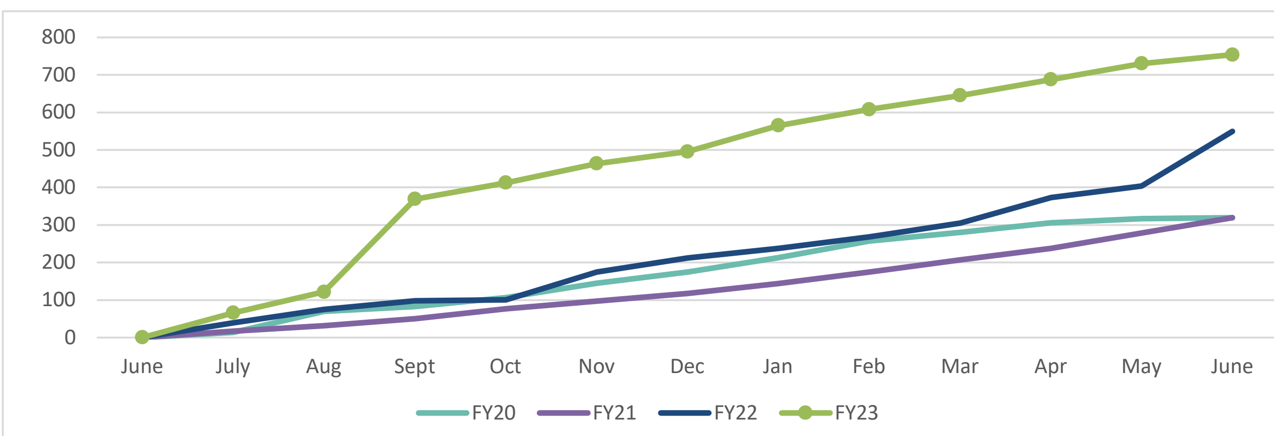
• Accounting net income for FY20 was $1,636.5 million.
• Accounting net income for FY21 was $19,416.6 million.
• Accounting net loss for FY22 was $3,015.2 million.
• Accounting net income for FY23 is $4,295.9 million to date.

Market Value of Fund Net Assets, Fiscal Years 2020 - 2023



- FY20 net assets as of June 2020 were $65.3 billion, a decrease of $1 billion over the FY19 ending balance.
- FY21 net assets as of June 2021 were $81.9 billion, an increase of $16.6 billion over the FY20 ending balance.
- FY22 net assets as of June 2022 were $76.3 billion, a decrease of $5.6 billion from the FY21 ending balance.
- FY23 net assets as of June 2023 were $78 billion, a increase of $1.7 billion from the FY22 ending balance.

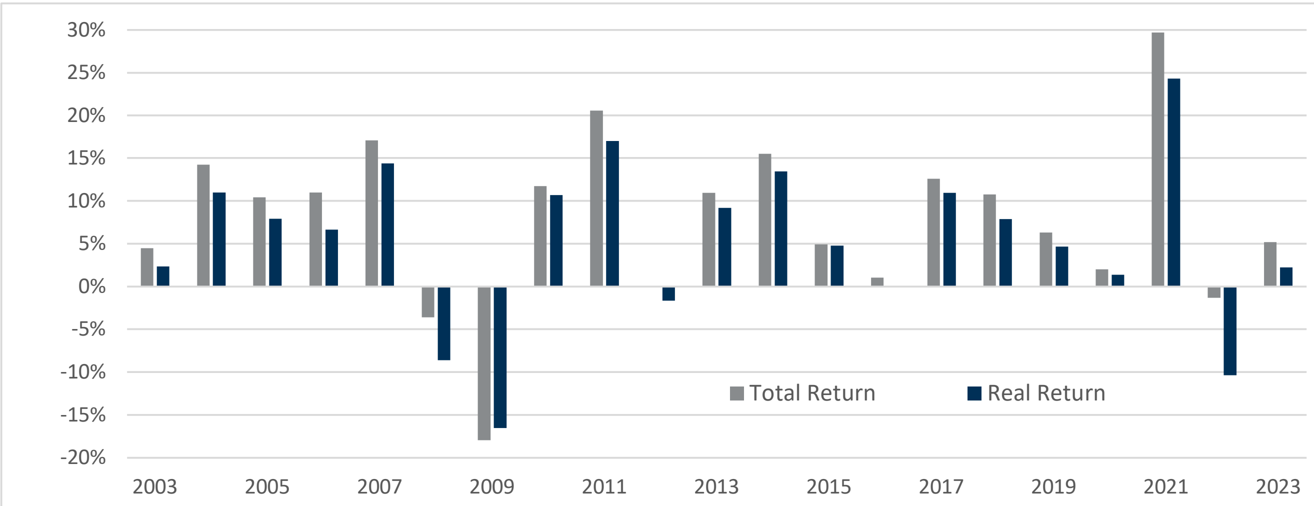
Dedicated Mineral Revenues, Fiscal Years 2020 - 2023



- FY20 mineral revenue was $319.0 million.
- FY21 mineral revenue was $319.6 million.
- FY22 mineral revenue was $548.9 million.
- FY23 mineral revenue is $753.6 million to date.

Alaska Permanent Fund Historical Returns, Fiscal Years 2003 - 2023

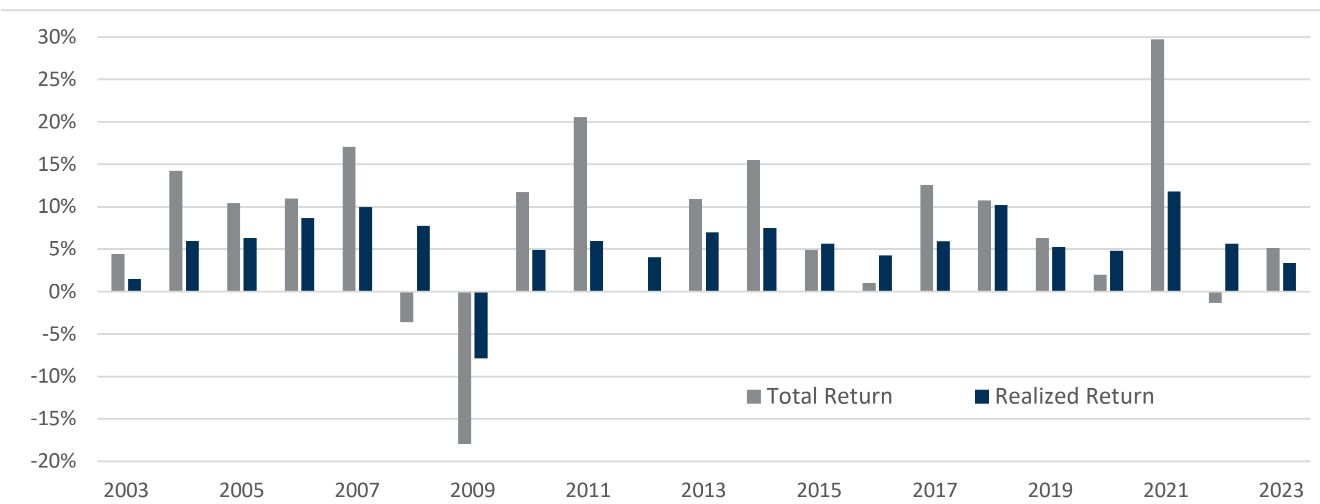
Total return minus inflation equals real return



- Total return annualized over 39 years is 8.81%
- Real return annualized over 39 years is 6.01%

Alaska Permanent Fund Historical Returns, Fiscal Years 2003 - 2023

Total return minus unrealized gains/losses equals realized return



- Total return annualized over 39 years is 8.81%
- Realized return annualized over 39 years is 7.39%

ALASKA PERMANENT FUND CORPORATION

Board of Trustees - APFC Transfers - April 1, 2023 through June 30, 2023

Type of Transfer	April	May	June	Total
Public Equities	(935,043)	(1,040,770)	(501,091,040)	(503,066,853)
Fixed Income	3,521,692	121,590	(2,331,106)	1,312,176
Private Equity & Special Opportunities	4,598,044	(23,091,390)	(79,637,365)	(98,130,711)
Real Estate	40,465,566	(38,790,198)	229,224,817	230,900,185
Private Income	55,360,194	(8,654,621)	39,999,806	86,705,379
Absolute Return	(155,151,828)	(15,068,530)	249,089,483	78,869,126
Total Fund Cash	60,009,940	111,313,560	(101,544,704)	69,778,796
Risk Parity	-	-	(205,968,405)	(205,968,405)
Net Transfers	**7,868,565**	**24,789,642**	**(372,258,514)**	**(339,600,307)**

APFC ALASKA PERMANENT FUND CORPORATION

Board of Trustees - APFC Transfers - April 2023

Description	Total Fund Cash	Public Equities	Fixed Income	Pvt. Equity & Spec. Opps.	Real Estate	Private Income	Absolute Return	Net
State of Alaska & Administrative								
Mineral revenue	31,646,378							**31,646,378**
AIM STIF interest	1,808,145							**1,808,145**
Commission recapture proceeds	23,484							**23,484**
Securities Lending income	9,821							**9,821**
AMHT transfer from APF	(10,000,000)							**(10,000,000)**
Corporate expenses	(15,619,263)							**(15,619,263)**
Public Equities								
APF SPDR Yield	50,000,000	(50,000,000)						**-**
APF SPDR Momentum	50,000,000	(50,000,000)						**-**
APF SPDR Low Vol	50,000,000	(50,000,000)						**-**
DSM Growth Large Cap	25,000,000	(25,000,000)						**-**
Voya Large Cap	25,000,000	(25,000,000)						**-**
APF R1000 Low Vol	(75,000,000)	75,000,000						**-**
APF R1000V Low Vol	(75,000,000)	75,000,000						**-**
Mellon R3000	25,000,000	(25,000,000)						**-**
ACI US Value Yield	(100,000,000)	100,000,000						**-**
SSGA Large Cap	25,000,000	(25,000,000)						**-**
SSGA MSCI ACWI IMI	166	(166)						**-**
APF Tactical Tilts	100,542,852	(100,542,852)						**-**
APF Tactical Tilts Cash	(100,542,852)	100,542,852						**-**
Mondrian EM	(2,659)	2,659						**-**
DFA Value EM	1,235	(1,235)						**-**
DFA Small Cap EM	1,257	(1,257)						**-**
Public EQ Securities Lending	935,043	(935,043)						**-**
Fixed Income								
APF IG Corporate Bonds	728,050		(728,050)					**-**
APF HY Corporate	(970,733)		970,733					**-**
APF US AGG	242,683		(242,683)					**-**
APF FI Overlay	(13,995)		13,995					**-**
APF TBA Collateral	(3,521,692)		3,521,692					**-**
APF FI Cash	13,995		(13,995)					**-**
Private Equity & Special Opportunities								
Private Equity distributions	47,750,701			(47,750,701)				**-**
Private Equity capital calls	(67,465,330)			67,465,330				**-**
Special Opportunities distributions	26,427,562			(26,427,562)				**-**
Special Opportunities capital calls	(11,310,977)			11,310,977				**-**
Real Estate								
Direct Real Estate distributions	12,448,820				(12,448,820)			**-**
Direct Real Estate capital calls	(70,397,542)				70,397,542			**-**
Real Estate Funds distributions	17,483,155				(17,483,155)			**-**
Private Income								
Infrastructure distributions	4,879,575					(4,879,575)		**-**
Infrastructure capital calls	(91,939,693)					91,939,693		**-**
Private Credit distributions	63,677,824					(63,677,824)		**-**
Private Credit capital calls	(18,224,799)					18,224,799		**-**
Private Income distributions	4,643,329					(4,643,329)		**-**
Private Income capital calls	(18,396,429)					18,396,429		**-**
Absolute Return								
Absolute Return distributions	155,151,828						(155,151,828)	**-**
Net Transfers	**60,009,940**	**(935,043)**	**3,521,692**	**4,598,044**	**40,465,566**	**55,360,194**	**(155,151,828)**	**7,868,565**

ALASKA PERMANENT FUND CORPORATION

Board of Trustees - APFC Transfers - May 2023

Description	Total Fund Cash	Public Equities	Fixed Income	Pvt. Equity & Spec. Opps.	Real Estate	Private Income	Absolute Return	Net
State of Alaska & Administrative								
Mineral revenue	41,995,937							**41,995,937**
AIM STIF interest	1,802,224							**1,802,224**
Commission recapture proceeds	23,692							**23,692**
Securities Lending income	23,379							**23,379**
Class action proceeds	177							**177**
AMHT transfer to APF	1,000,000							**1,000,000**
Legislative appropriation to DNR	(147,600)							**(147,600)**
Corporate expenses	(19,908,167)							**(19,908,167)**
Public Equities								
Public EQ Securities Lending	1,040,770	(1,040,770)						**-**
Fixed Income								
APF HY Corporate	160,000,000		(160,000,000)					**-**
APF FI Overlay	(191,971)		191,971					**-**
APF Global Rates	(512,893)		512,893					**-**
APF China Bond Market	512,893		(512,893)					**-**
APF TBA Collateral	(121,590)		121,590					**-**
APF FI Cash	(159,808,029)		159,808,029					**-**
Private Equity & Special Opportunities								
Private Equity distributions	71,784,605			(71,784,605)				**-**
Private Equity capital calls	(79,913,931)			79,913,931				**-**
Special Opportunities distributions	34,832,898			(34,832,898)				**-**
Special Opportunities capital calls	(3,612,182)			3,612,182				**-**
Real Estate								
Direct Real Estate distributions	20,866,828				(20,866,828)			**-**
Direct Real Estate capital calls	(12,000,084)				12,000,084			**-**
Real Estate Funds distributions	4,923,454				(4,923,454)			**-**
Real Estate Funds capital calls	(200,000,000)				200,000,000			**-**
AEW Domestic REIT	225,000,000				(225,000,000)			
Private Income								
Infrastructure distributions	5,054,422					(5,054,422)		**-**
Infrastructure capital calls	(40,207,257)					40,207,257		**-**
Private Credit distributions	55,454,039					(55,454,039)		**-**
Private Credit capital calls	(11,536,877)					11,536,877		**-**
Private Income distributions	18,353,414					(18,353,414)		**-**
Private Income capital calls	(18,463,121)					18,463,121		**-**
Absolute Return								
Absolute Return distributions	15,068,530						(15,068,530)	**-**
Net Transfers	**111,313,560**	**(1,040,770)**	**121,590**	**(23,091,390)**	**(38,790,198)**	**(8,654,621)**	**(15,068,530)**	**24,789,642**

APFC ALASKA PERMANENT FUND CORPORATION

Board of Trustees - APFC Transfers - June 2023

Description	Total Fund Cash	Public Equities	Fixed Income	Pvt. Equity & Spec. Opps.	Real Estate	Private Income	Absolute Return	Risk Parity	Net
State of Alaska & Administrative									
Mineral revenue	33,855,910								**33,855,910**
AIM STIF interest	2,595,244								**2,595,244**
Commission recapture proceeds	6,268								**6,268**
Securities Lending income	11,959								**11,959**
Class action proceeds	3,422								**3,422**
General Fund Transfer	(380,283,550)								**(380,283,550)**
AMHT transfer from APF	(18,420,500)								**(18,420,500)**
FY23 Dept. of Law Appropriation	(212,100)								**(212,100)**
Corporate expenses	(9,815,166)								**(9,815,166)**
Public Equities									
Mellon S&P 500	50,000,000	(50,000,000)							**-**
APF US Tactical Tilts	(153,959)	153,959							**-**
Voya Large Cap	100,000,000	(100,000,000)							**-**
Mellon R3000	50,000,000	(50,000,000)							**-**
APF Domestic EQ	153,959	(153,959)							**-**
SSGA MSCI ACWI IMI	50,000,000	(50,000,000)							**-**
Arrowstreet Global Equity	50,000,000	(50,000,000)							**-**
McKinley Global	50,000,000	(50,000,000)							**-**
Mellon MSCI World ex-US	50,000,000	(50,000,000)							**-**
JP Morgan International EQ	50,000,000	(50,000,000)							**-**
WCM Global EQ	50,000,000	(50,000,000)							**-**
Public EQ Securities Lending	1,080,171	(1,080,171)							**-**
Domestic Transition	10,869	(10,869)							**-**
Fixed Income									
APF Fixed Income Plus Holding	1,232		(1,232)						**-**
Capital Guardian HY Fixed Income	167,193		(167,193)						**-**
APF HY Corporate	15,000,000		(15,000,000)						**-**
APF FI Overlay	(20,753)		20,753						**-**
APF Global Rates	9,506,164		(9,506,164)						**-**
APF China Bond Market	(9,506,164)		9,506,164						**-**
APF TBA Collateral	2,162,681		(2,162,681)						**-**
APF FI Cash	(14,979,247)		14,979,247						**-**
Private Equity & Special Opportunities									
Private Equity distributions	134,602,459			(134,602,459)					**-**
Private Equity capital calls	(80,374,828)			80,374,828					**-**
Special Opportunities distributions	51,814,334			(51,814,334)					**-**
Special Opportunities capital calls	(26,404,600)			26,404,600					**-**
Real Estate									
Direct Real Estate distributions	6,539,022				(6,539,022)				**-**
Direct Real Estate capital calls	(126,567,034)				126,567,034				**-**
Real Estate Funds capital calls	(109,196,806)				109,196,806				**-**
Private Income									
Infrastructure distributions	12,498,308					(12,498,308)			**-**
Infrastructure capital calls	(48,570,696)					48,570,696			**-**
Private Credit distributions	9,911,539					(9,911,539)			**-**
Private Credit capital calls	(20,946,393)					20,946,393			**-**
Private Income distributions	8,374,399					(8,374,399)			**-**
Private Income capital calls	(1,266,964)					1,266,964			**-**
Absolute Return									
Absolute Return distributions	11,689,591						(11,689,591)		**-**
Absolute Return capital calls	(260,779,074)						260,779,074		**-**
Risk Parity									
Bridgewater All Weather	110,477,572							(110,477,572)	**-**
PanAgora	95,490,833							(95,490,833)	**-**
Net Transfers	**(101,544,704)**	**(501,091,040)**	**(2,331,106)**	**(79,637,365)**	**229,224,817**	**39,999,806**	**249,089,483**	**(205,968,405)**	**(372,258,514)**

APFC ALASKA PERMANENT FUND CORPORATION

ALASKA PERMANENT FUND
FUND FINANCIAL HISTORY & PROJECTIONS
as of June 30, 2023

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

	Nonspendable Fund Balance - Principal						Assigned Fund Balance - Earnings Reserve									TOTAL FUND
								Distributions								
FY	FY-Begin Contrib. Balance	Dedicated State Revenues [1]	Inflation Proofing & Special Approp.	FY-End Balance Contributions	Unrealized Gain (Loss) FY-End Balance	FY-End Non-spendable Balance	Statutory Net Income	Div/POMV [6] Transfer [8]	Inflation Prfg & Spec Approp. [8]	ACIF [8]	Committed	FY-End Balance Realized	Unrealized Gain (Loss) FY-End Balance	FY-End Assigned Balance	FY	FY-End Balance
77-13	0	14,510	22,105	36,615	4,184	40,799	43,276	20,395	18,807	481		3,486	567	4,054	77-13	44,853
14	36,615	779	546	37,940	7,062	45,002	3,531	1,235	546	32		5,236	975	6,212	14	51,214
15	37,940	600	624	39,165	6,473	45,638	2,907	1,373	624	24		6,147	1,016	7,163	15	52,800
16	39,165	284	0 [5]	39,449	4,750	44,199	2,198	696 [4]	0 [5]	18		7,649	921	8,571	16	52,769
17	39,449	365	0 [5]	39,814	7,155	46,969	3,214	0	0 [5]	25		10,862	1,952	12,816	17	59,785
18	39,814	353	0 [5]	40,167	5,863	46,031	6,324	726	0 [5]	43	2,723	13,738	2,403	18,863	18	64,894
19	40,167	385	989	41,542	6,278	47,820	3,305	2,723	989	22	5,933	10,121	2,426	18,482	19	66,301
20	41,542	319	4,758 [7]	46,619	5,790	52,409	3,106	2,933	4,758 [7]	21	3,091	8,378	1,425	12,893	20	65,302
21	46,619	320	0 [5]	46,939	13,812	60,750	7,962	3,091	0 [5]	50	7,069	9,271	4,808	21,146	21	81,897
22	46,939	549	4,000 [5][7]	51,488	8,702	60,190	4,544	3,069	4,000 [5][7]	24	3,361	10,454	2,335	16,148	22	76,337
23	51,488	754	4,179	56,421	11,100	67,520	2,491	3,361	4,179	14	3,526	5,240	1,725	10,491	23	78,012
24	56,421	445	1,413	58,278	11,239	69,517	5,007	3,526	1,413	29	3,657	5,177	1,704	10,537	24	80,054
25	58,278	429	1,468	60,174	11,387	71,561	5,136	3,657	1,468	29	3,795	5,188	1,674	10,518	25	82,079
26	60,174	423	1,515	62,113	11,545	73,658	5,263	3,795	1,515	29	3,963	5,141	1,635	10,434	26	84,092
27	62,113	438	1,564	64,114	11,721	75,835	5,390	3,963	1,564	29	3,985	5,005	1,583	10,245	27	86,080
28	64,114	502	1,615	66,232	11,890	78,122	5,521	3,985	1,615	29	4,082	4,925	1,541	10,123	28	88,245
29	66,232	499	1,668	68,399	12,063	80,462	5,659	4,082	1,668	29	4,184	4,834	1,498	9,988	29	90,451
30	68,399	491	1,722	70,612	12,240	82,853	5,799	4,184	1,722	29	4,288	4,727	1,453	9,837	30	92,689
31	70,612	502	1,778	72,892	12,422	85,314	5,942	4,288	1,778	29	4,394	4,603	1,408	9,667	31	94,981
32	72,892	545	1,836	75,273	12,609	87,882	6,090	4,394	1,836	29	4,503	4,462	1,360	9,479	32	97,361
Cumulative Totals Proj. for FY23-FY32		5,028	18,758				52,297	39,235	18,758	278						

Assumptions:

	Total Return	- Inflation	= Total Real Return	Statutory Return
FY23 [2]	5.18%	8.00%	-2.82%	3.36%
FY24-FY32 [3]	7.05%	2.50%	4.55%	6.90%

FY23 POMV Distribution (actual) [9]			FY23 Statutory Dividend Transfer (actual) [9]		
Ending Fund Value (ex Am Hess)			Statutory Net Income		
FY21	$	81,472.1	FY22	$	4,544.0
FY20		64,877.1	FY21		7,962.0
FY19		65,876.2	FY20		3,106.0
FY18		64,469.2	FY19		3,305.0
FY17		59,360.4	FY18		6,324.4
Average Value	$	67,211.0	Avail for Dist (21%)	$	5,300.7
Statutory Distribution	$	3,360.6	Statutory Trnsfr Amt	$	2,650.3

Notes related to financial history and projections:

(1) Dedicated State Revenues in current and future fiscal years are based on the Spring 2023 Department of Revenue forecast.

(2) Current year returns and inflation reflect actual results.

(3) Future returns are based on 2022 Callan capital market assumptions and median expected returns (the mid case). Actual results will vary as evidenced by FY23 results versus projections.

(4) The dividend transfer reported for FY16 was paid out in dividends during FY17.

(5) There was no appropriation for inflation proofing in FY16, FY17, FY18, FY21, and FY22.

(6) Per AS 37.13.140, beginning in FY19, transfers are based on a percent of market value (POMV) calculation and are to the General Fund. In previous years, transfers were based on an earnings calculation and were to the Dividend Fund.

(7) In FY20 and FY22, an additional $4 billion was appropriated from the ERA to principal.

(8) All transfers out of the Earnings Reserve are subject to Legislative appropriation.

FY24 POMV Distribution (actual) [9]			FY24 Statutory Dividend Transfer (actual) [9]		
Ending Fund Value (ex Am Hess)			Statutory Net Income		
FY22	$	75,912.1	FY23	$	2,491.0
FY21		81,472.1	FY22		4,544.0
FY20		64,877.1	FY21		7,962.0
FY19		65,876.2	FY20		3,106.0
FY18		64,469.2	FY19		3,305.0
Average	$	70,521.4	Avail for Dist (21%)	$	4,495.7
Statutory Distribution	$	3,526.1	Statutory Trnsfr Amt	$	2,247.8

Income Year-to-Date as of June 30, 2023

FY23 YTD Statutory Net Income		
Interest, dividends, real estate & other income	$	1,637.2
Realized gains (losses) on the sale of assets		1,039.6
Less operating expenses		(171.4)
Less AK Capital Income Fund realized earnings		(14.3)
	$	2,491.1

FY23 YTD Accounting (GAAP) Net Income		
Statutory net income (loss)	$	2,491.1
Unrealized gains (losses) on invested assets		1,790.5
AK Capital Income Fund realized earnings		14.3
Accounting (GAAP) net income (loss)	$	4,295.9

APFC ALASKA PERMANENT FUND CORPORATION

FYTD 2023 Fees & Expenses by Funding Source*

Report Date	**June 30, 2023**
Total Fund Balance	**78,714,848,000**
FYTD Change in Total Fund Balance (Net of Transfers)	**4,335,043,000**

Investment Management Fees

	Paid from Investments	Paid from Investment Management Allocation	Paid from Operations Allocation	Total
Public Equity	1,852,000	53,786,000	2,270,000	57,908,000
Fixed Income	0	3,980,000	5,883,000	9,863,000
Absolute Return	94,034,000	321,000	768,000	95,123,000
Risk Parity	859,000	67,000	175,000	1,101,000
Total Fund Cash	0	202,000	524,000	726,000
Private Equity & Special Opps	139,123,000	27,084,000	3,607,000	169,814,000
Infrastructure & Private Income	67,532,000	3,622,000	1,968,000	73,122,000
Real Estate	39,484,000	5,731,000	3,964,000	49,179,000
Total Mgmt Fees by Source	**342,884,000**	**94,793,000**	**19,159,000**	**456,836,000**
Basis Points	**44**	**12**	**2**	**58**

Profit Sharing/Performance

	Paid from Investments	Paid from Investment Management Allocation	Paid from Operations Allocation	Total
Public Equity	0	49,177,000	0	49,177,000
Absolute Return	43,457,000	0	0	43,457,000
Private Equity & Special Opps	138,948,000	0	0	138,948,000
Infrastructure & Private Income	38,157,000	0	0	38,157,000
Real Estate	1,318,000	0	0	1,318,000
	221,880,000	49,177,000	0	271,057,000

* All amounts presented, including fund balance and change net of transfers, consist of both APF and AMHT combined.

APFC ALASKA PERMANENT FUND CORPORATION
801 W 10TH SUITE 302 | JUNEAU, AK 99801
907.796.1500 | apfc.org

SUBJECT: Chief Investment Officer's Report ACTION: ____________

DATE: September 27, 2023 INFORMATION: X

BACKGROUND:

The Chief Investment Officer's report provides an overview of Fund positioning, performance, investment actions taken during the quarter, and other current topics in the Investment Department.

STATUS:

Marcus Frampton, CIO, will present Fund positioning, asset class performance and strategies, and investment actions taken during the quarter from April 1 to June 30, 2023.

APFC ALASKA PERMANENT FUND CORPORATION

CIO Report

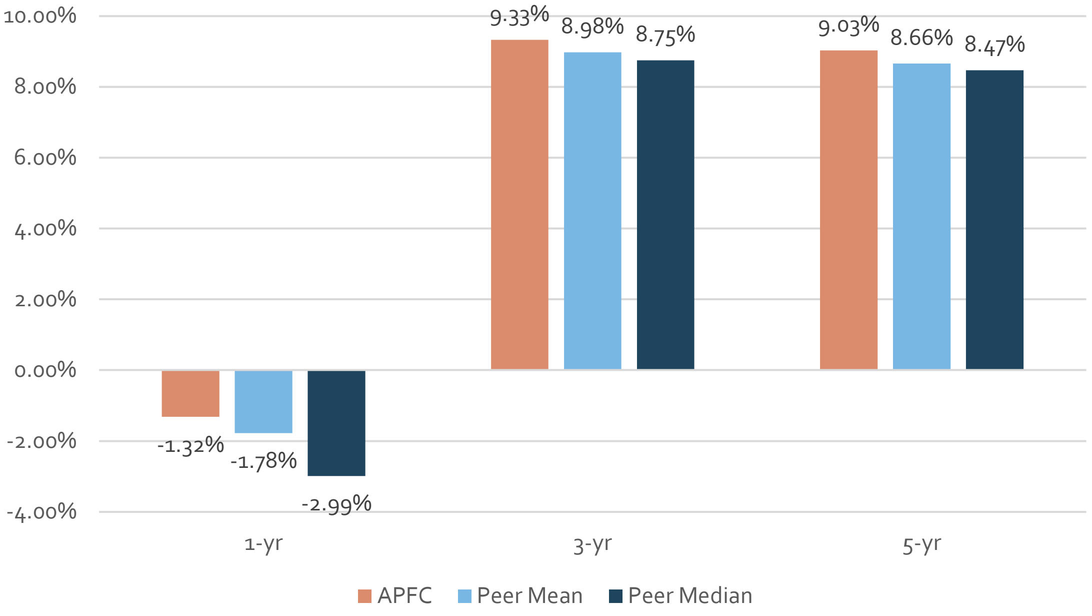
Marcus Frampton, Chief Investment Officer

September 27, 2023


Part 1: Peer Comparison

APFC Performance Compared to Peers - *as of June 30, 2022*

McLagan Public Peers



Asset Allocation Comparison

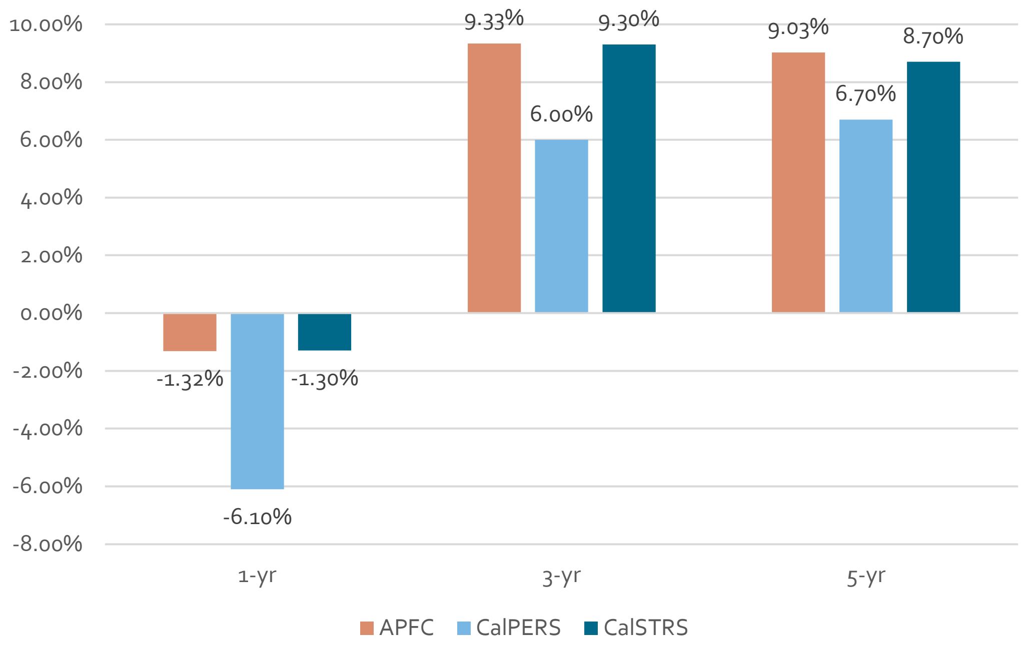
(as of June 30, 2022)

Asset Class	Peer Average	APFC
Fixed Income + Cash	20.4%	22.4%
Absolute Return	2.1%	6.6%
Public Equity	37.7%	33.0%
Risk Parity/Other	2.8%	0.3%
Private Equity	19.6%	20.8%
Real Estate	11.7%	9.1%
Private Income	5.8%	7.9%

Sources: APFC June 2022 Monthly Performance Report; Peer funds' quarterly and annual reports as of June 30, 2022

Notes:
(1) Peer list consists of 17 public peers proposed by McLagan in APFC's Board Packet (pg. 53) of July 12, 2023 APFC Board of Trustees meeting. Three of the proposed peers were left out of this analysis (Ohio PERS, Texas Treasury Safekeeping Company, and Colorado Public Employees' Retirement Association) due to unavailable 6/30/22 performance numbers.
(2) APFC reports net-of-fees returns. Of the 14 peers included in this analysis 8 funds report net-of-fees returns, 4 report gross-of-fees returns, and 2 are unspecified.

APFC Performance Compared to Peers *– as of June 30, 2022*
CalPERS & CalSTRS



Asset Allocation Comparison

(as of June 30, 2022)

Asset Class	CalPERS	CalSTRS	APFC
Fixed Income + Cash	28.5%	12.6%	22.4%
Absolute Return	0.0%	0.0%	6.6%
Public Equity	42.9%	38.3%	33.0%
Risk Parity/Other(2)	0.0%	11.6%	0.3%
Private Equity	11.2%	15.7%	20.8%
Real Estate	15.9%	16.3%	9.1%
Private Income(2)	1.4%	5.4%	7.9%

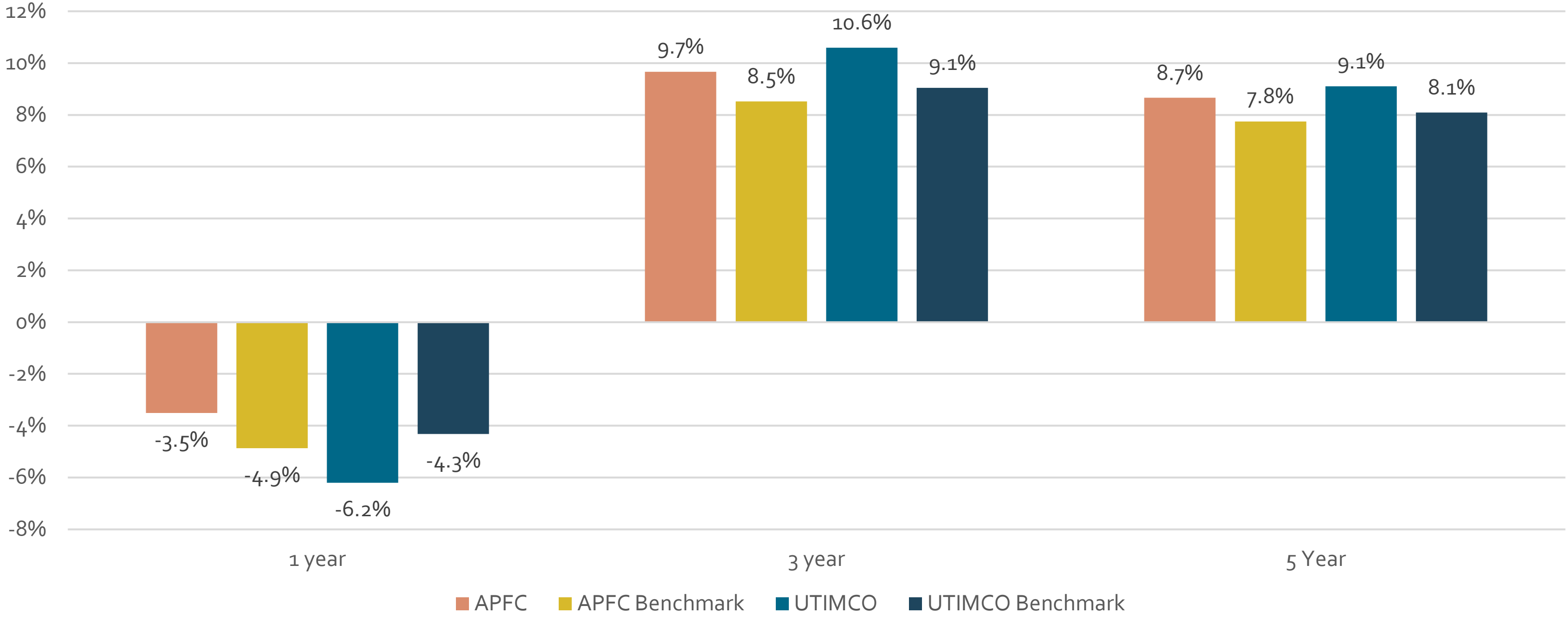
Sources: APFC June 2022 Monthly Performance Report; CalPERS and CalSTRS 2022 Annual Reports

Notes:

(1) All returns shown net-of-fees

(2) For the purpose of asset allocation comparison, some assumptions have been made regarding CalPERS and CalSTRS asset classes. Mainly, the "Risk Parity/Other" bucket for CalSTRS includes asset classes called "Risk Mitigating Strategies" and "Strategic Overlay", and the CalSTRS "Private Income" bucket includes the asset class called "Inflation Sensitive" which is comprised of infrastructure, US TIPS, timberland, and agriculture investments.

APFC Performance Compared to Peers – *as of August 31, 2022*
UTIMCO

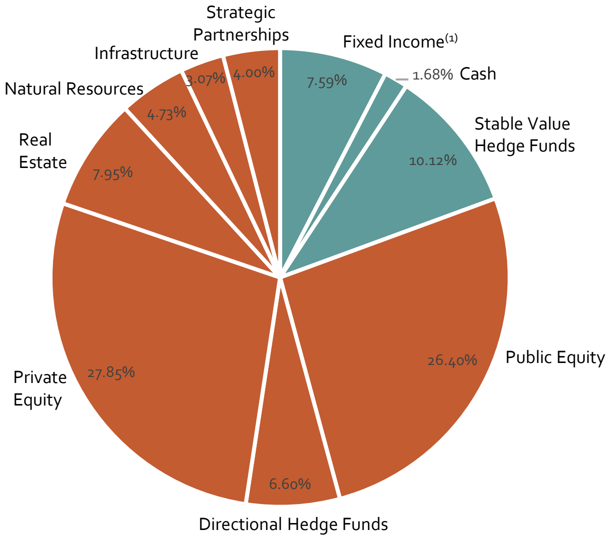


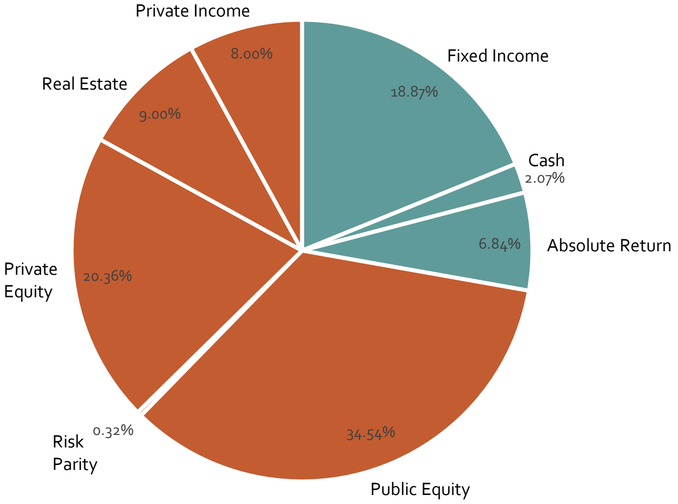
Sources: APFC August 2022 Monthly Performance Report; UTIMCO August 2022 Performance Summary

Note:
(1) All returns shown net-of-fees
(2) UTIMCO performance shown for Permanent University Fund (PUF) with AUM $30.89 billion as of 8/31/22

APFC Compared to Peers – Asset Allocation *UTIMCO*

- Red indicates beta exposed asset classes; Green indicates market –insensitive asset classes.





Risk Metrics

	APFC	UTIMCO
Liquid Exposure		
Liquid	55.5%	35.7%
Illiquid	44.5%	64.3%
Market Exposure - High vs. Low		
Low	27.8%	19.4%
High	72.2%	80.6%
Value at Risk (VaR)	16.2%	17.8%
Risk Adjusted Return*	0.53	0.51

* Risk adjusted return calculated as: 5-yr return/VaR

(1) Fixed Income represents UTIMCO's combined allocation to Global Fixed Income, Long Treasuries, and Inflation Linked Bonds
Sources: UTIMCO 2022 Annual Report and APFC August 2022 Monthly Performance Report

Part 2: Investment Actions Taken during Q4 FY 2023

Investment Actions
Quarter Ending June 30, 2023

Real Estate

During the quarter, Staff took the following actions in the Real Estate portfolio:
- $225 million redemption from AEW Domestic REITs account on 4/27/23.
- $55 million equity commitment to a multifamily development in Sarasota, FL.

Risk Parity

During June, Staff fully redeemed $206 million from both Risk Parity managers.

Absolute Return

During the quarter, Staff took the following actions in the Absolute Return portfolio:
- $50 million add-on investment in an existing portfolio long-short equity market neutral hedge fund.
- $200 million new investment in a multi-strategy hedge fund.

Investment Actions (continued)
Quarter Ending June 30, 2023

Private Equity

Fund commitments closed in Q4 FY 23:
- $55 million to mid-cap buyout
- $16 million VC-seed & VC diversified
- $25 million large-cap buyout
- $67 million special situations large-cap buyout
- $25 million special situations mid-cap buyout
- $65 million upstream oil and gas
- $50 million large-cap buyout

$303 million

Co-investments closed in Q4 FY 23:
- $45 million energy co-investment

$45 million

Private Income & Infrastructure

Fund commitments closed in Q4 FY 23:
- $50 million to a European and US focused value-add infrastructure fund
- $100 million to a North American focused power and energy infrastructure fund

$150 million

Investment Actions (continued)
Quarter Ending June 30, 2023

Public Equity

In April, Staff moved **$150 million** between internal Public Equities accounts. Details are below:

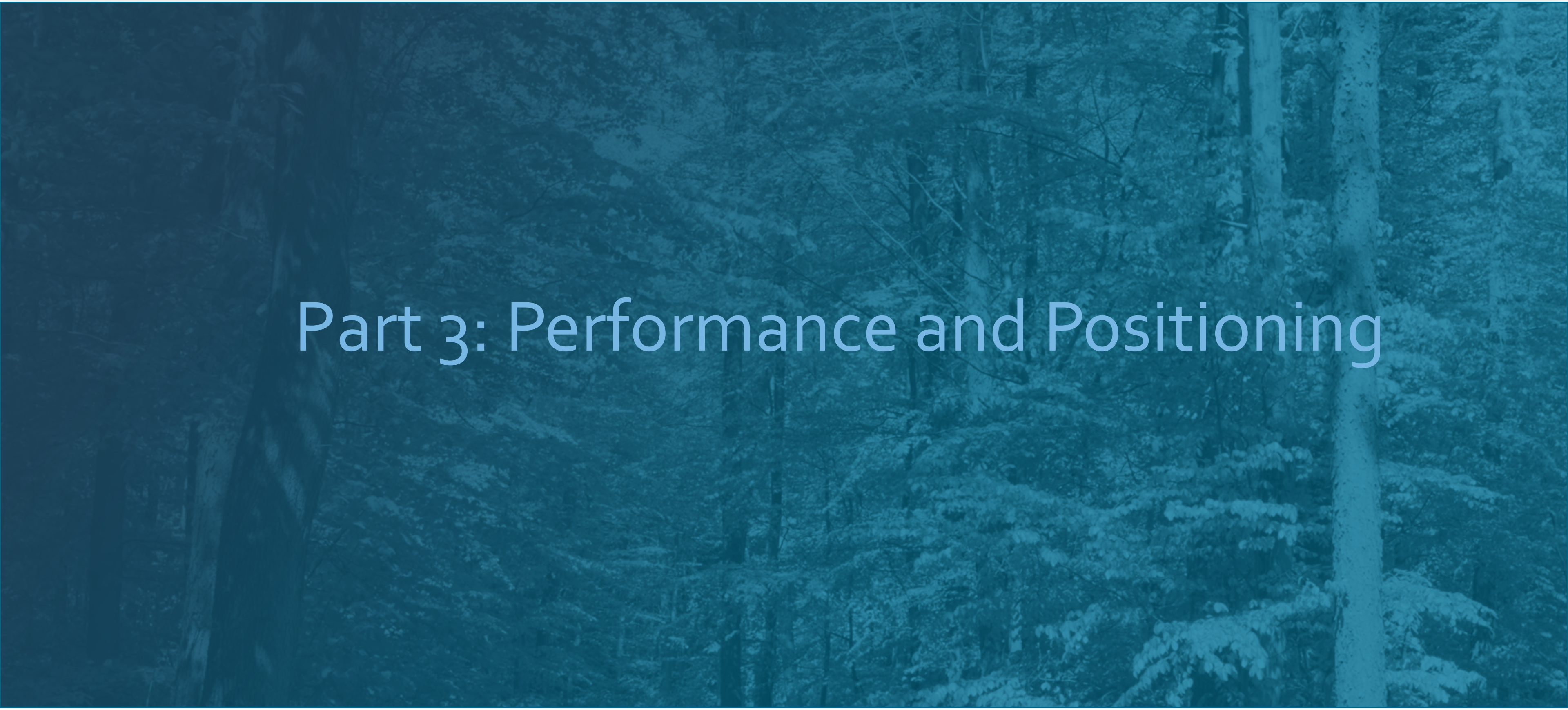
- **April 14th**

	Redemption from	Contribution to	Amount
	APF SPDR Yield		-$50 million
	APF SPDR Momentum		-$50 million
	APF SPDR Low Vol		-$50 million
		APF R1000 Low Vol	+$75 million
		APF R1000V Low Vol	+$75 million

In June, Staff redeemed **$500 million** from external Public Equities accounts and moved the amount to Total Fund Cash. Details are below:

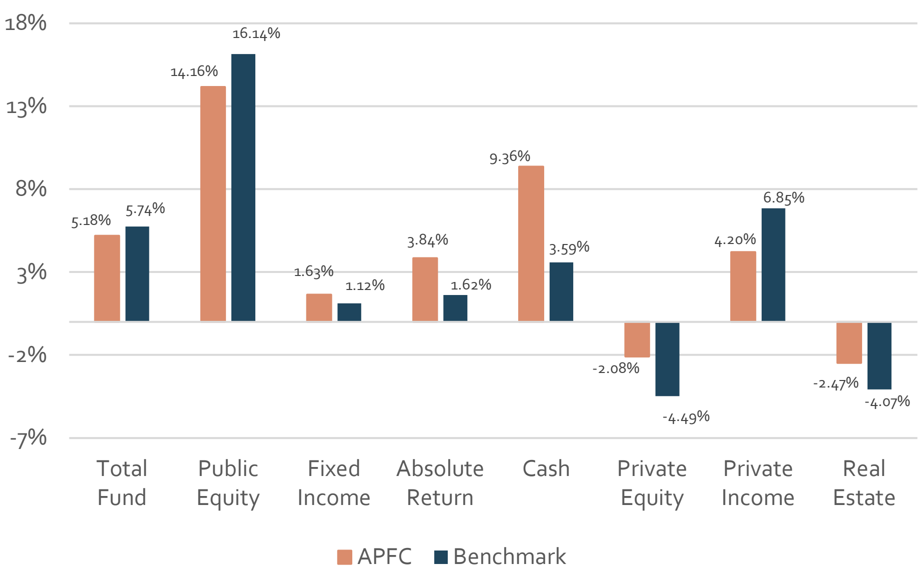
- **June 7th - 8th**

Redemption from	Amount
Voya (AGI) US LCG	-$100 million
Mellon S&P 500	-$50 million
Mellon R3000	-$50 million
JPM Intl. Growth	-$50 million
MCM World exUS	-$50 million
Arrowstreet Global	-$50 million
Mckinley Global	-$50 million
WCM Global	-$50 million
SSGA MSCI ACWI IMI	-$50 million

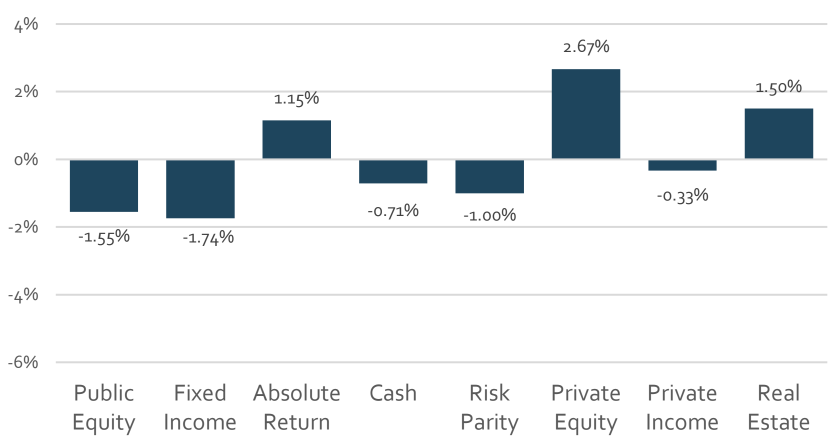

Part 3: Performance and Positioning

Total Fund Positioning and Performance – FY 2023

FY' 23 Performance as of 6/30/23



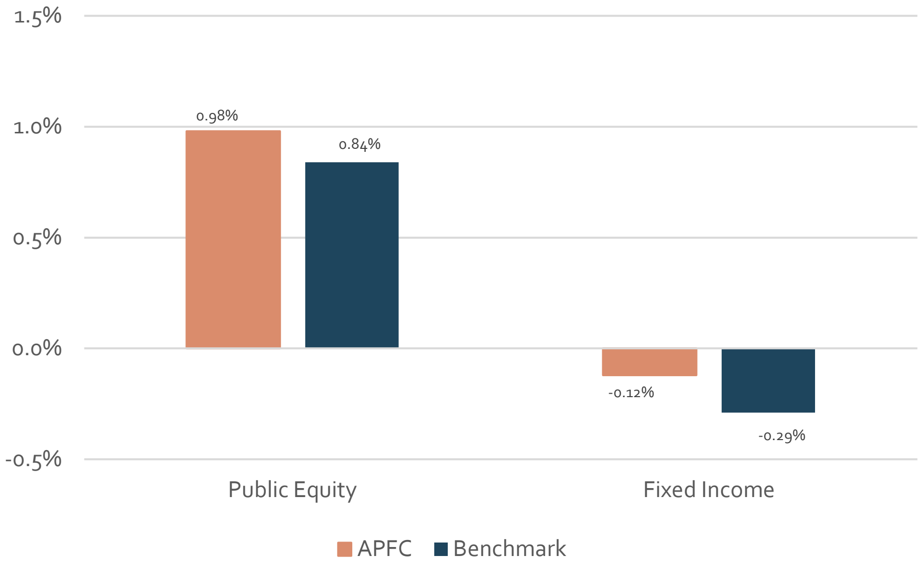
Positioning as of 6/30/23



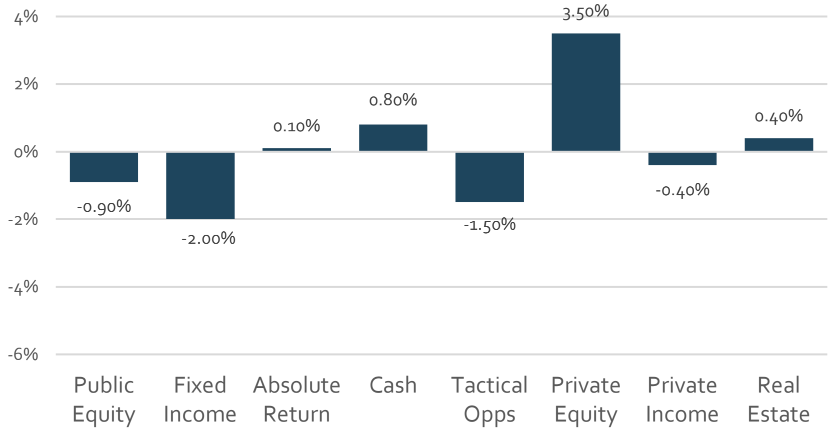
Source: APFC Monthly Performance Report – June 30, 2023

Public Market Performance Update as of August 31, 2023

FY' 24 Performance as of 8/31/23



Positioning as of 8/31/23



Source: BNYM Daily Detailed Report and Daily Risk Dashboard – August 31, 2023

APFC ALASKA PERMANENT FUND CORPORATION
801 W 10TH SUITE 302 | JUNEAU, AK 99801
907.796.1500 | apfc.org

SUBJECT: Risk Overview

ACTION: ____

DATE: September 27, 2023

INFORMATION: ___X_

BACKGROUND:

The Risk Report provides an overview of historical and forward-looking measures of risk for the Total Fund and its underlying asset classes.

STATUS:

The risk overview contains the following parts:

- **Part-1 [Information]:** is a brief review of four key risk themes that may impact APFC: equity market risk, cashflow liquidity, geopolitical (China) risk, and AI technology.

- **Part-2 [Information]:** covers the main measures of risk for the Fund. Aggregate fund risk compared to approved risk appetite is a key strategic metric. Others include Value at Risk (VaR) on a standalone and relative-to-benchmark basis, tracking error, statistics that measure realized volatility and Sharpe ratios, asset class and factor contributions to risk and risk scenarios. It also covers Geographic, Currency, and Liquidity risks for the Total Fund.

APFC ALASKA PERMANENT FUND CORPORATION

Risk Overview

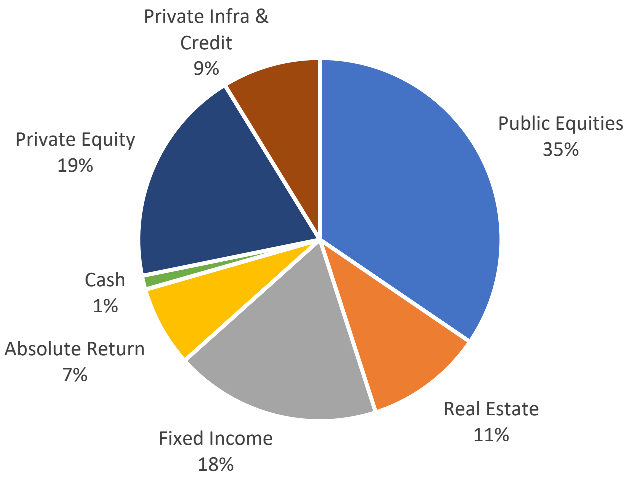
September 27, 2023

Part 1:

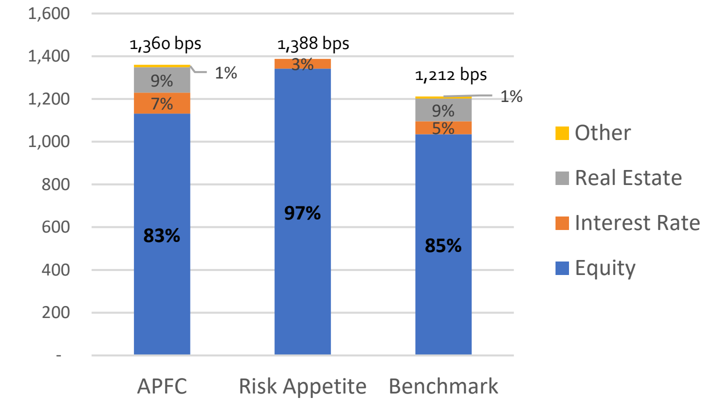
Key Risk Themes: *equity market risk, cashflow liquidity, geopolitical, AI technology*

Risk Profile: equity risk is the predominant contributor to total Fund risk

Asset Allocation Weights: 6/30/2023



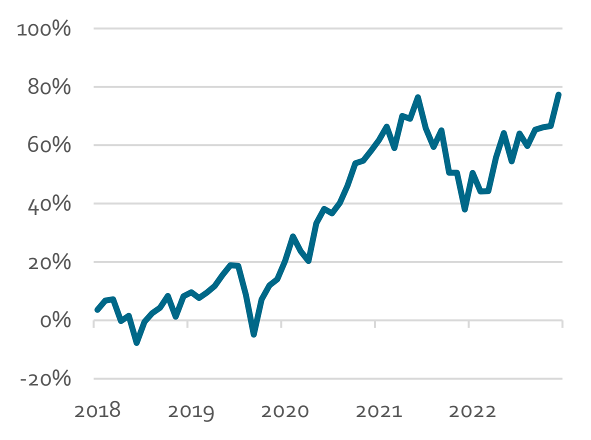
Contribution to Total Risk: 6/30/2023



- Total Fund risk at 1,360 bps was below the risk appetite level of 1,388 bps but above benchmark risk of 1,212 bps
- The largest contributor to total risk, by far, was equity risk, mostly entailed in the Fund's private and public equity portfolios

Equity Markets: seem overvalued relative to historical averages

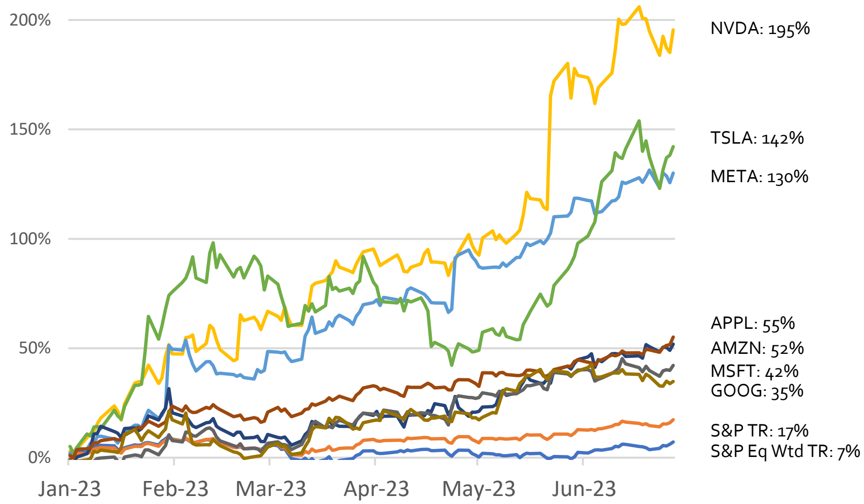
S&P 500 cumulative returns: Dec 2018 to June 2023



S&P500
- Annualized 5-year return: 12.1%
- Avg. annualized 5-year return: 6.3% (last ~100 years)
- Top 7 companies constitute >27%

Shiller P/E (CAPE)
- Current: 33
- Historical Average 20

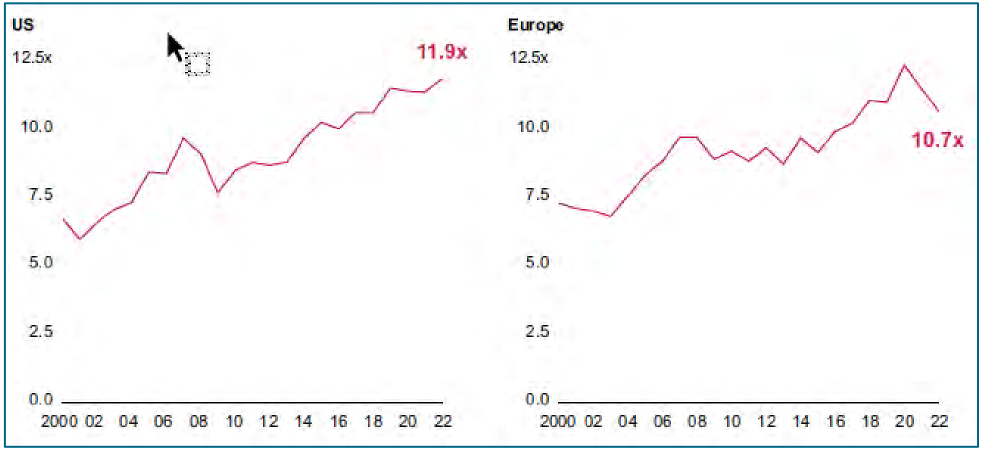
7 stocks (~1% of S&P 500) drives most of the index's YTD performance



The weighted average return of the 7 companies for the period was over 20% - meaning the remaining 493 companies retuned a negative ~4%

Private Equity: entry multiples in the US continue to be at elevated levels

Average EBITDA purchase price multiple for leveraged buyout transactions



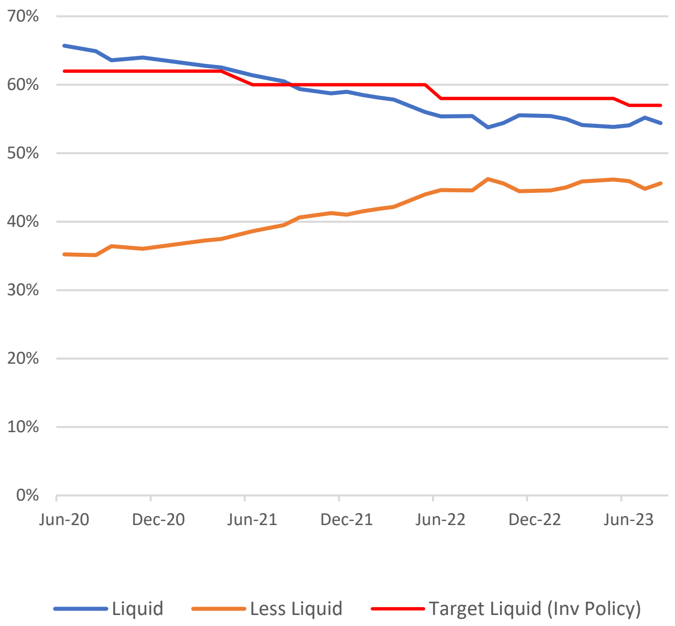
Source: Bain & Company's Global Private equity Report 2023

Private Equity

- "Hot competition for scarce deals put upward pressure on average US multiples, though European multiples fell off"
- Several factors, including higher rates, increased costs and tight labor market, could change this dynamic. Achieving higher exit multiples is likely to be challenging in the future.

Liquidity: cashflow (il)liquidity is a risk that could have long term consequences

Proportion of Liquid and Less Liquid assets



- While the public equities portfolio continues to be the cash generator for the fund, the [relatively] depressed equity markets has put pressure on the portfolio in terms of asset class underweight
- Private asset portfolios have gone from cashflow positive to almost cash flow neutral over the last few quarters
- Cashflows could come under more pressure in the event of adverse environments – most notably an equity market downturn.
- Meeting cash requirements via asset liquidation may lead to undesired and sub-optimal asset allocation deviations with potential longer-lasting adverse impacts on fund performance.

Geopolitical Risk: increased coverage /attention on US-China competition

Top 10 risks by likelihood

Risk	Description	Market attention since 2019	Likelihood	Our view
1 U.S.-China strategic competition	China takes military action against Taiwan or asserts claims in the South China Sea by force.	3 / 0 / -3	High	We see U.S.-China relations on a negative trajectory. A series of visits by senior U.S. officials to China shows leaders are seeking to put a floor under the relationship. Any thaw is likely to be fragile and subject to events and actions of both sides. The risk of accidental or intentional escalation is high, in our view. Taiwan remains the biggest flashpoint. We believe the U.S. Congress and some presidential candidates will keep pressing for increased support for and closer relations with Taiwan, raising tensions. We do not see military action in the near term but see the risk increasing over time. China has demonstrated a willingness to pressure Taiwan, presenting risks for investors. An important milestone will be the Taiwan presidential elections in January 2024.

Source: BlackRock Geopolitical Risk Dashboard: July 2023

Source: S&P Global, A World Rebalancing: 2023

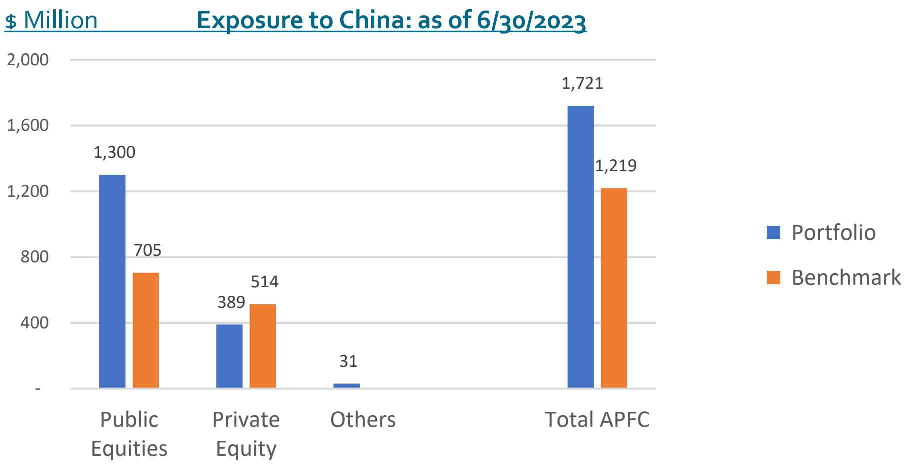
EVENT	LIKELIHOOD	IMPACT	DESCRIPTION
U.S.-China Competition	10	7	Competition for global leadership will impact markets; tech will continue to play an important role. The U.S. Department of Defense sees China as the "most consequential strategic competitor."
The New Cold War	8	7	The Russia-Ukraine war is solidifying alliances among competing geopolitical blocs. U.S.-China and U.S.-Russia competition for influence are increasingly hostile.

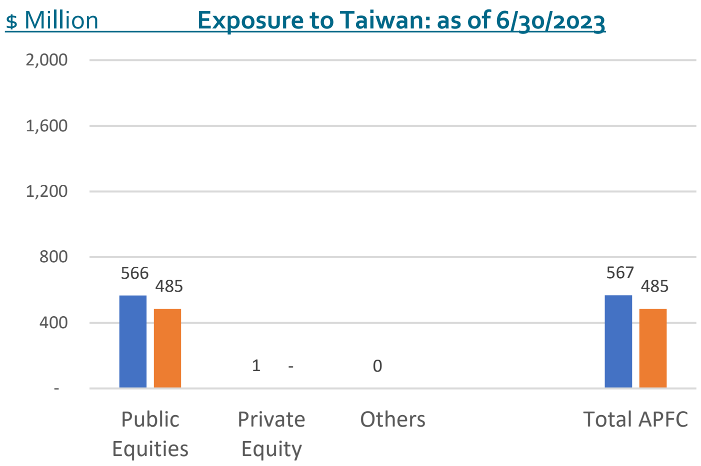
Source: Stifel Outlook 2023: Finding Balance

An executive order President Biden issued Wednesday—while narrowly targeted at critical leading-edge technologies with military, surveillance and cyber capabilities—more broadly aims to reorder the flow of American capital and expertise away from its biggest global rival.

Source: Wall Street Journal: 8/10/2023

China & Taiwan: exposure relative to benchmarks





- Total Fund exposure to China stood at ~$1.7 billion or 2.2%, compared to ~$1.2 billion or 1.6% for the benchmark, with most of the deviation contributed by an overweight to the geography within public equities
- The Fund currently has no exposure to sanctioned Chinese companies

Generative AI: potential for rewards and risks

Potential Risks and Concerns

- **"Hallucinations" and false answers:** Use of model to predict next words. No true understanding of content.
  - *Ensure human supervision and review of output:* Eloquence does not equal truth.
- **Training data issues:** Inaccurate, biased, prohibited, wrong data. Lack of real-time data.
  - *Consider risk exposure:* ethical, reputational, legal, financial issues.
- **IP and copyright infringements:** Use of proprietary training data.
  - *Consult legal department about risks of foundation models.*
- **"Deep fakes":** Foundation models can generate fake content in the requested style.
  - *Review for abuse:* fake news, misinformation, personalized impersonation, manipulation, false attributions.
- **Fraud and abuse:** False reviews, false papers, spam, phishing.
- **Lack of transparency and explainability:** Cannot check why a model reached a conclusion.
  - *Ensure your use cases do not require this transparency.*
- **Concentration of power:** Foundation models can be developed only by hyperscalers.
- **Exposure of information:** Confidential and personal identifiable Information.
  - *Take care with what data is used:* Work with vendors that offer strong data usage policies.

Source: Gartner Inc., March 2023

Steps aimed at mitigation

- ✓ APFC policy: email to all staff issued by ED outlining risks and prohibiting upload of confidential data
- ✓ An auto-prompt cautioning users of risks and alerting them to APFC policy

Part 2:
Key Risk Metrics

As of June 30, 2023

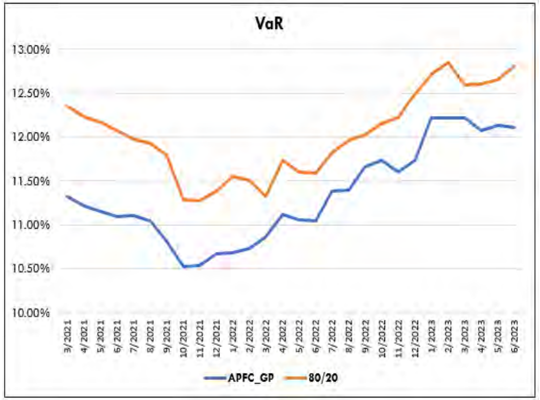
Fund Risk: level relative to appetite

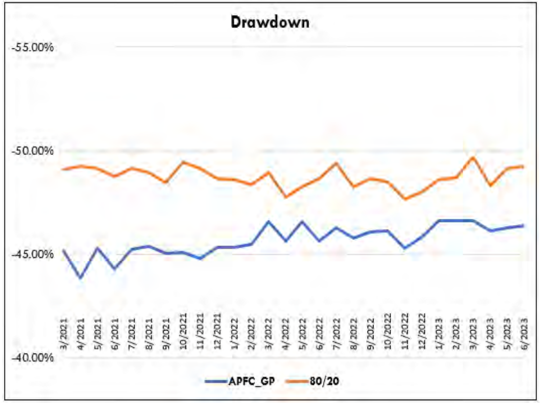
Risk Appetite reflects the 80/20:equity/bond Risk Tolerance Portfolio (RTP)

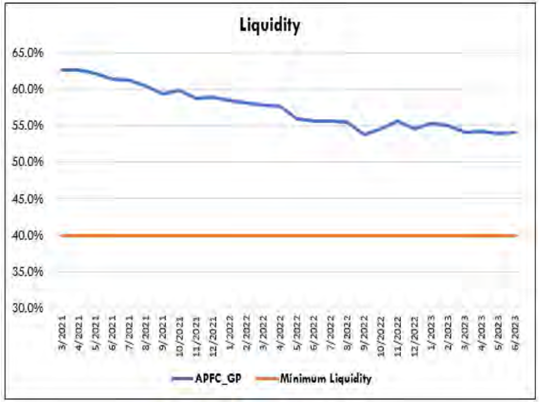
Value at Risk (VaR): Max 1 year, 1SD, 10-year monthly historical data equally weighted			
As of Date	Total Fund	Risk Appetite	
6/30/2023	12.11%	12.81%	✓

Drawdown Stress PnL: Max Stress scenario simulating the GFC – Dec 2007 to Mar 2009			
As of Date	Total Fund	Risk Appetite	
6/30/2023	(46.38%)	(49.23%)	✓

Liquidity Level: Min Public Equities, Fixed Income and Cash, as a % of total fund			
As of Date	Total Fund	Risk Appetite	
6/30/2023	54.1%	40%	✓

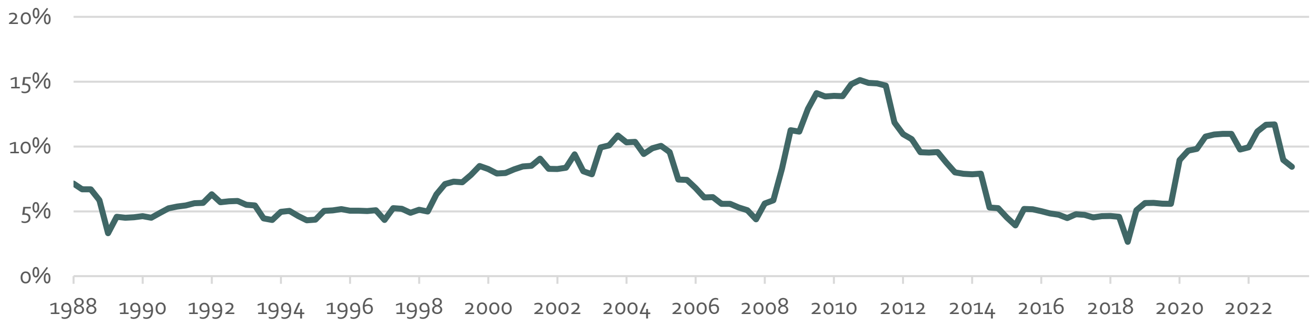




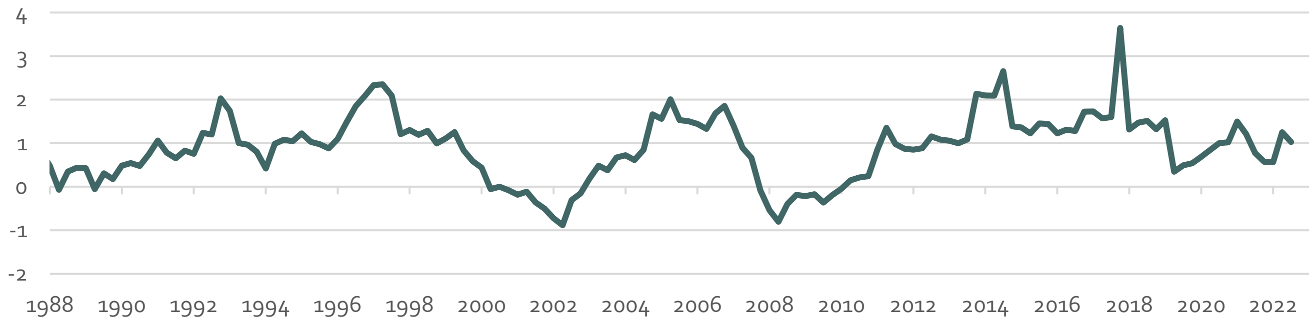


Total Fund: Realized Volatility & Sharpe Ratio

Realized Fund Volatility



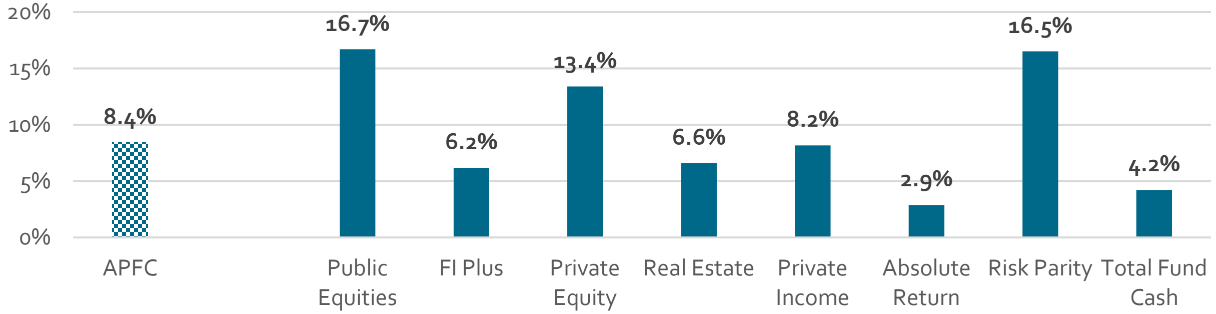
Realized Fund Sharpe Ratio



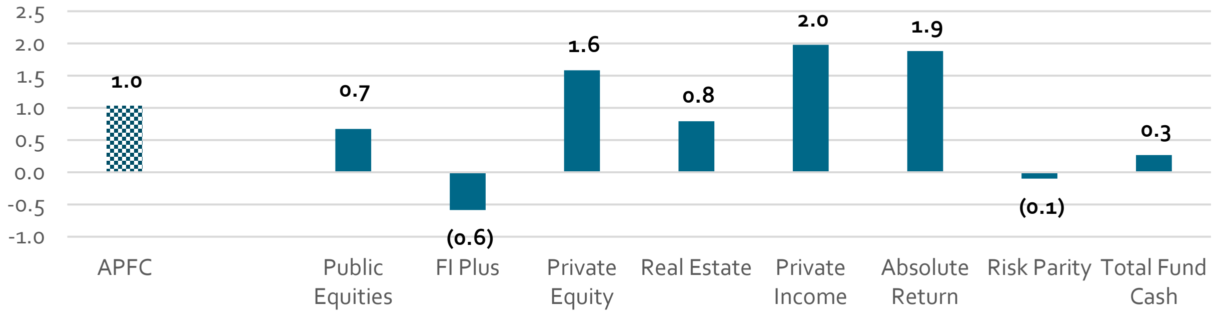
Volatility (standard deviation) and Sharpe ratio have been computed based on rolling 3 year quarterly returns for the Total Fund

Fund & Constituents: Volatility and Sharpe Ratio as of June 30, 2023

Volatility

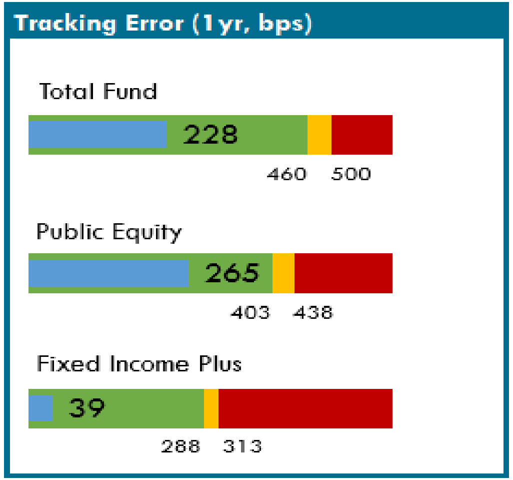


Sharpe Ratio

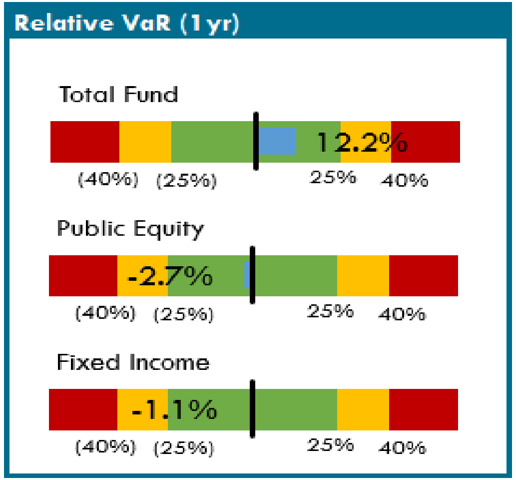


Volatility (standard deviation) and Sharpe ratio have been computed based on historical 3 year quarterly returns, as of June 30, 2023

Tracking Error and VaR: (Vs) Limits



- Tracking error is an indicator of performance relative to benchmark
- It represents the deviation of portfolio returns from benchmark returns
- It is directionally agnostic and does not indicate over or underperformance



- VaR is an estimate of value decline, based on a 97.5% confidence level and 1 year holding period
- The above chart reflects the Relative VaR of the portfolio versus respective benchmark

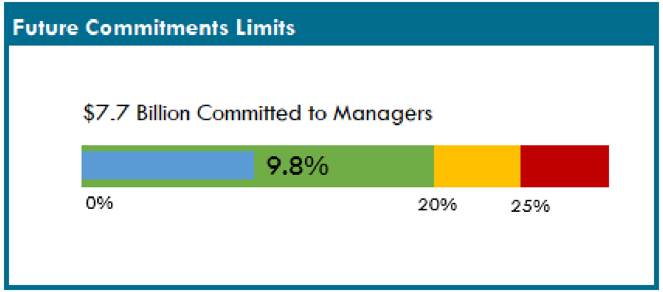
Liquidity Limits: Private Assets

Private Assets: Investments Vs Targets

	$ Billion	% of Total Fund		
		Actual	Target	Actual (Vs) Target
Private Equity	15.4	19.6%	17.0%	2.6%
Private Income	6.9	8.7%	9.0%	-0.3%
Real Estate	8.3	10.5%	9.0%	1.5%
Total	**30.6**	**38.9%**	**35.0%**	

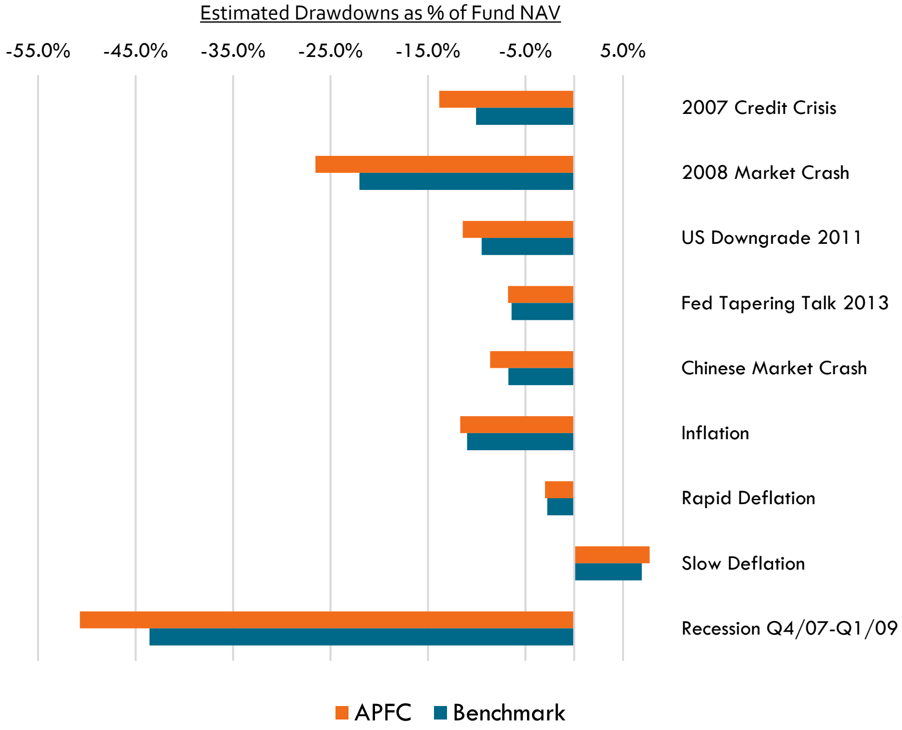
Private Assets: Future Commitments Vs Targets

	$ Billion	% of Total Fund		
		Actual	Target	Actual (Vs) Target
Private Equity	4.3	5.4%	7.0%	-1.6%
Private Income	3.0	3.8%	5.0%	-1.2%
Real Estate	0.4	0.5%	3.0%	-2.5%
Total	**7.7**	**9.8%**	**15.0%**	



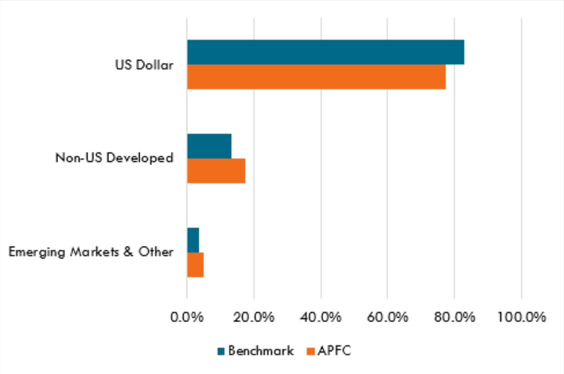
Tail Risk: Current portfolio during extreme events

Scenario	Definition
2007 Credit Crisis	Credit & liquidity crisis stemming from a severe slowdown in the housing market causing significant widening of credit spreads, higher implied volatility.
2008 Market Crash	S&P 500 down 20% (2000 bps).
US Downgrade 2011	The period starts with 50% chance US downgrade indication from S&P standards and ends with Operational Twist announcement from the Fed
Fed Tapering Talk 2013	Equity & bond markets sold off. EM suffered badly due to hot money flight back to U.S.
Chinese Market Crash	Chinese stock market crash beginning with the popping of the stock market bubble on June 12, 2015.
Inflation Overshoot	Economic recovery, pent-up demand, supply chain bottlenecks, and fiscal stimulus cause a surge in inflation, prompting higher interest rates in a taper tantrum-style sell-off.
Rapid Deflation	Oil down 60% (6000 bps); ST Inflation down 350 bps; Mortgage spreads tighten 25 bps.
Slow Deflation	LT deflation down 200 bps; LT Treasury Rates down 100 bps; Mortgage spreads tighten 25 bps.
Recession Q4/07-Q1/09	Recent recessionary period starting Dec 3, 2007 and ending March 9, 2009.



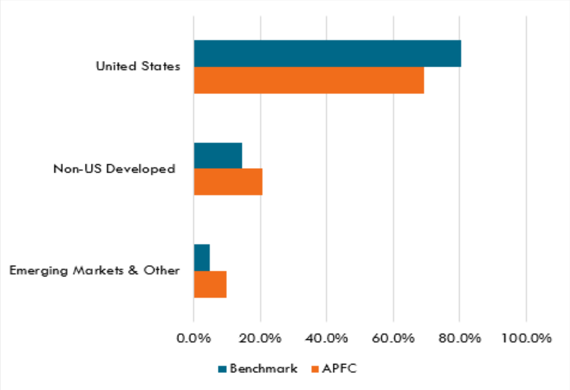
Currency & Geography: breakdowns

Currency breakdown



Currency Name	Exposure ($ millions)
Euro	$5,524,364
British Pound	$2,163,137
Japanese Yen	$2,070,368
Hong Kong Dollar	$1,047,812
Canadian Dollar	$901,319
Austrailian Dollar	$612,471
Sub-Total	**12,319,471 (15.7% of NAV)**
Total Non-US DM Exposure	**13,636,837 (17.4% of NAV)**

Country breakdown



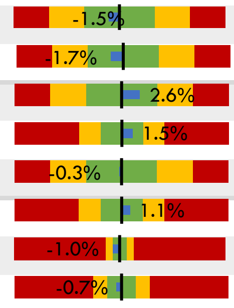
Country Name	Exposure ($ millions)
China	1,948,817
India	721,963
Taiwan	567,861
Korea (South)	549,418
Brazil	396,360
Mexico	203,608
Sub-Total	**4,388,027 (5.6% of NAV)**
Total EM Exposure	**5,297,093 (6.8% of NAV)**

ALASKA PERMANENT FUND CORPORATION

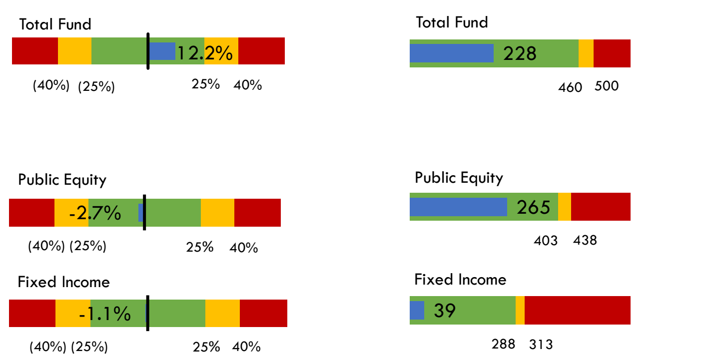
Daily Dashboard - June 30, 2023

NAV : $ 78,446,770,127

Risk				Performance (%)				Asset Allocation				
Asset Class	1 SD	Rel VaR	TE	MTD	FYTD	CYTD	1 Year	NAV ($mill)	NAV	Target	Compliance	Under/Over
Total Fund	**14%**	**12.2%**	**2.3%**	**2.2**	**5.2**	**4.2**	**5.2**	**78,447**				
Public Equity	16%	-2.7%	2.7%	6.1	14.4	9.7	14.4	27,067	34.5%	36%		-1.5%
Fixed Income	6%	-1.1%	0.4%	0.3	1.6	3.1	1.6	14,332	18.3%	20%		-1.7%
Private Equity	25%	7.6%	7.7%	0.2	-2.4	0.0	-2.4	15,353	19.6%	17%		2.6%
Real Estate	13%	-12.0%	5.2%	0.7	-0.5	-2.6	-0.5	8,254	10.5%	9%		1.5%
Inf. & Private Income	20%	86.1%	12.3%	0.3	5.0	4.1	5.0	6,812	8.7%	9%		-0.3%
Absolute Return	3%	-18.0%	4.2%	-0.1	3.7	3.6	3.7	5,600	7.1%	6%		1.1%
Risk Parity	16%	129.5%	15.6%	0.1	-0.8	1.2	-0.8	14	0.0%	1%		-1.0%
Total Fund Cash	0%	-33.4%	0.1%	0.2	4.9	3.9	4.9	1,016	1.3%	2%		-0.7%

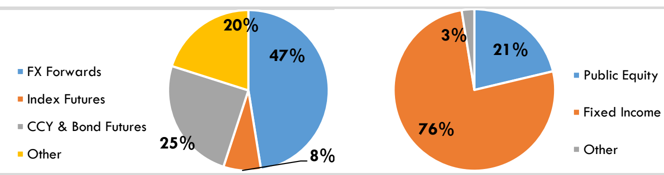


Relative VaR (1yr) / Tracking Error (1yr, bps)

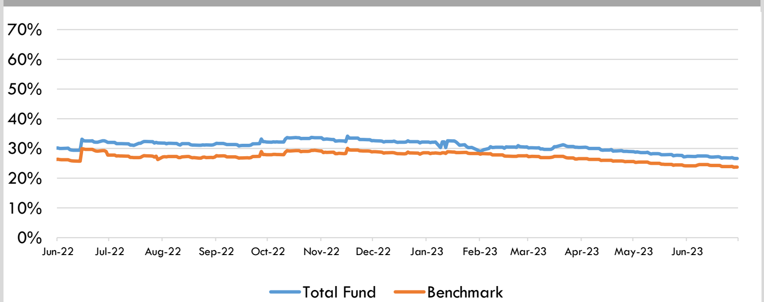


Derivative Exposures ($mill)

	Total Fund	Public Equity	Fixed Income	Other
Total Derivative	**8,786**	**1,871**	**6,693**	**222**
FX Forwards	**4,171**	105	3,846	221
Index Futures	**664**	662	-	2
CCY & Bond Futures	**2,185**	1,104	1,081	-
Other	**1,766**	-	1,766	-

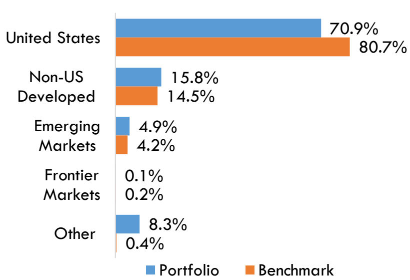


VaR (1yr, 97.5%) as a % of Total Fund NAV



Economic Indicators	6/30/23	6/29/23	% Change
VIX	13.59	13.54	0.4%
U.S. Dollar/Euro	1.09	1.09	0.4%
Credit Index OAS	1.14	1.18	-3.4%
Crude Oil (WTI) ($)	70.64	69.86	1.1%
10-Year Treasury Yield	3.84	3.84	0.0%
30-Year Treasury Yield	3.86	3.90	-1.0%
S&P 500	4,450.38	4,396.44	1.2%
MSCI ACWI	2,357.40	2,334.26	1.0%

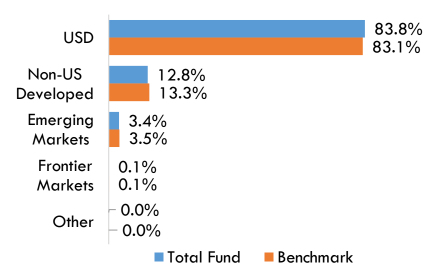
Country Exposures



Specific Country Exposures

	Benchmark	APFC
Russia	0.00%	0.08%
Ukraine	0.00%	0.00%
China	1.29%	1.66%
Taiwan	0.64%	0.72%

Currency Exposures



APFC ALASKA PERMANENT FUND CORPORATION
801 W 10TH SUITE 302 | JUNEAU, AK 99801
907.796.1500 | apfc.org

SUBJECT:	Report of Annual Audit	ACTION:	X
DATE:	September 27, 2023	INFORMATION:	

BACKGROUND:

The corporate governance manual requires the Board of Trustees to approve the annual audited financial statements.

STATUS:

The financial audit for fiscal year 2023 was completed by KPMG with a report date of September 7th. The results of the audit and a recap of the year-end financial statements were presented to the Audit Committee on September 7th.

Beth Stuart, engagement partner, and Melissa Beedle, engagement manager, from KPMG, will present a summary of the audit results. A copy of the presentation is included here.

RECOMMENDATION:

Staff is requesting board approval of the audited financial statements.

KPMG

Alaska Permanent Fund Corporation Discussion with those charged with governance

Audit results and strategy for the year ending June 30, 2023

September 7, 2023

Delivering a better audit experience drives us

With KPMG, you can expect an experience that's better for your team, your organization, and the capital markets. An experience that's built for a world that demands agility and integrity.

We aim to deliver an exceptional client experience by focusing on:

Quality

Experience

Productivity

Insights

See how.

Audit results required communications and other matters

Matters to communicate		Response
Significant unusual transactions	X	
Uncorrected audit misstatements	✓	Page 7
Corrected audit misstatements	X	
Financial statement presentation and disclosure omissions	X	
Non-GAAP policies and practices	X	
Auditors' report	X	
Changes to our risk assessment and planned audit strategy	X	
Significant accounting policies and practices	X	
Significant accounting estimates	✓	Pages 5-6
Significant financial statement disclosures	X	

Matters to communicate		Response
Related parties	X	
Going concern	X	
Other information	✓	Page 8
Subsequent events	X	
Noncompliance with laws and regulations	X	
Significant difficulties encountered during the audit	X	
Significant findings or issues discussed, or the subject of correspondence with management	X	
Management's consultation with other accountants	X	
Difficult or contentious matters for which the auditor consulted	X	
Disagreements with management	X	
Other significant matters	X	

✓ = Matters to report X = No matters to report

Audit results required communications and other matters

Matters to communicate	
Illegal acts or fraud	No actual or suspected fraud involving management, employees with significant roles in internal control, or where fraud results in a material misstatement in the financial statements were identified during the audit.
Written communications	Management representation letter, including summary of uncorrected misstatements, to be distributed under separate covers.
Independence	We hereby affirm that as of September 7, 2023, the engagement team and others in the firm as appropriate, the firm and its affiliated firms, have complied with relevant ethical requirements regarding independence.
Inquiries	See page 9

Significant accounting estimates

Description of significant accounting estimates

- Valuation of directly owned real estate investments

Audit findings

Management's process used to develop the estimates

- Management uses a third party to manage the appraisals of the directly held real estate assets. Each property is valued quarterly by third party advisors and annually through an appraisal performed by a third party.

Significant assumptions used that have a high degree of subjectivity

- Assumptions used in the determination of the valuation that have a degree of subjectivity include management estimates related to vacancy and renewal probability, rent growth, and expense growth. None of these assumptions are presumed to include a significant risk for our audit.

Indicators of possible management bias

- There were no indicators of possible management bias identified during our audit of this estimate.

Conclusions

- We determined that the methods used by management and the valuations recorded by management are reasonable and not affected by indicators of management bias.

KPMG

Significant accounting estimates

Description of significant accounting estimates

- Valuation of private investments

Audit findings

Management's process used to develop the estimates

- Management receives periodic capital statements from external fund managers. These capital statements are the starting point to estimate fair value of each private investment and are adjusted for any contributions or distributions made during the period and any other factors management believes impact fair value.

Significant assumptions used that have a high degree of subjectivity

- None

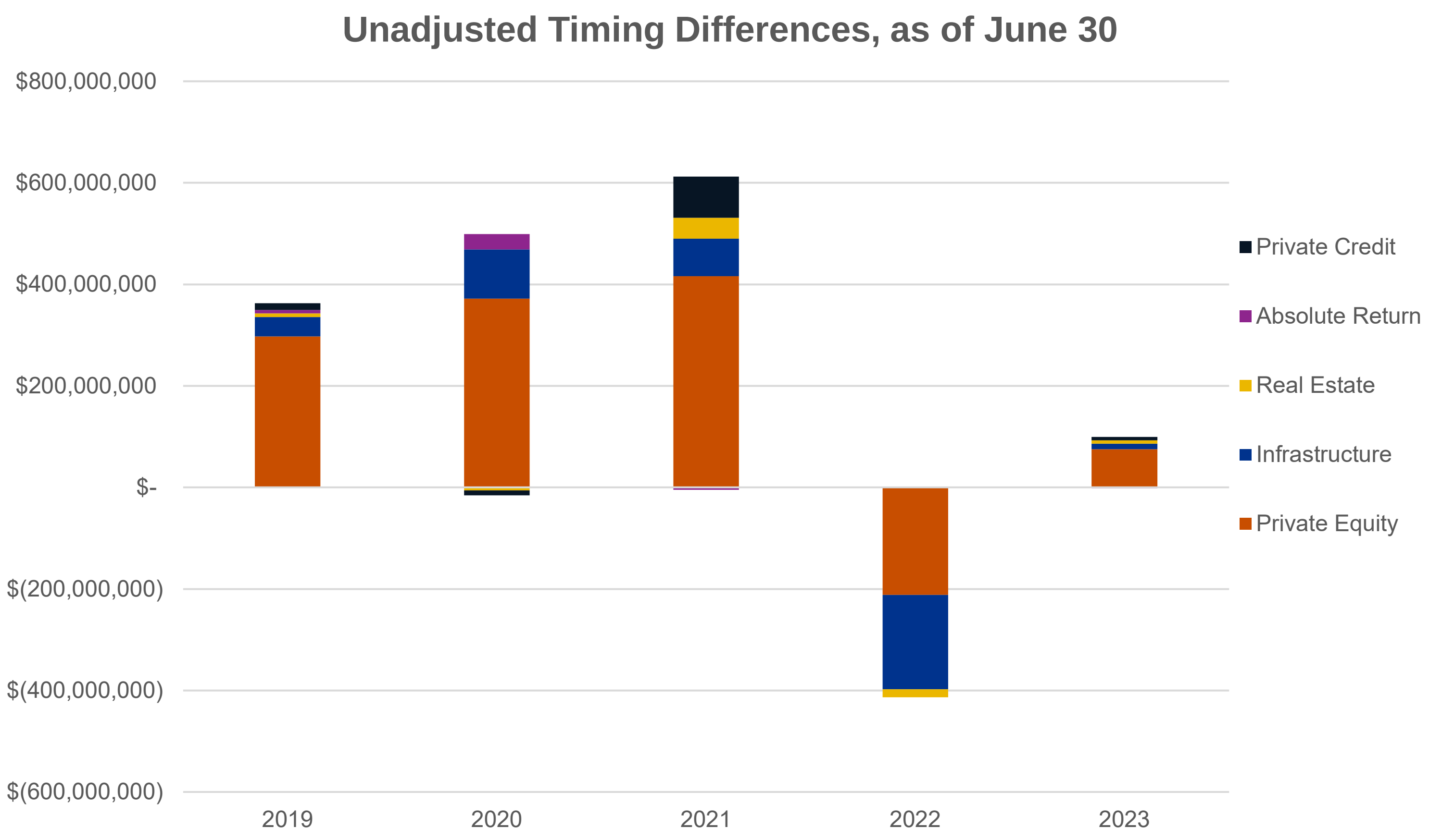
Indicators of possible management bias

- There were no indicators of possible management bias identified during our audit of this estimate.

Conclusions

- We determined that the methods used by management and the valuations recorded by management are reasonable and not affected by indicators of management bias.

Uncorrected audit misstatements



Other information

Other information	Procedures to be performed
Annual Report	When it is available, the audit team will obtain a draft of the annual report and review for consistency with the audited financial statements.

Inquiries

Are those charged with governance aware of:

• Matters relevant to the audit, including, but not limited to, violations or possible violations of laws or regulations?
• Any significant communications with regulators?
• Any developments in financial reporting, laws, accounting standards, corporate governance, and other related matters, and the effect of such developments on, for example, the overall presentation, structure, and content of the financial statements, including the following:
  - The relevance, reliability, comparability, and understandability of the information presented in the financial statements
  - Whether all required information has been included in the financial statements, and whether such information has been appropriately classified, aggregated or disaggregated, and presented?

Do those charged with governance have knowledge of:
• Fraud, alleged fraud, or suspected fraud affecting the Company?   - If so, have the instances been appropriately addressed and how have they been addressed?

Cybersecurity considerations

Factors and forces elevating cybersecurity risks:

- Shifts to remote work, online customer engagement, digital finance – “remote everything”
- Acceleration of digital strategies/transformation
- Surge and sophistication of cyber attacks
- Risks, vulnerabilities posed by third-party vendors

Your considerations for robust oversight

- Focus on internal controls, access, and security protocols
- Increase diligence around third-party vendors
- Insist on a robust data governance framework
- Obtain cyber expertise at board or upper management level
- Provide ongoing cyber awareness training to leaders in the company
- Trust but verify the information reported by the Chief Information Officer function and by third-party cyber service providers

Our audit responsibilities

- Evaluate risks of material misstatement resulting from, among other things, unauthorized access to financial reporting systems (e.g., IT applications, databases, operating systems)
- Determine whether there is a related risk of fraud
- Develop audit approach based on risk assessment
- If a cybersecurity incident occurs, we understand and evaluate its effect on our audit approach, as well as evaluate management’s assessment of the effect on the financial statements and disclosures

KPMG

2023 Audit Committee agenda

Eight issues for audit committees to keep in mind as they carry out their 2023 agendas

Stay focused on financial reporting and related internal control risks—job number one.

Make sure internal audit is focused on the company's key risks—beyond financial reporting and compliance—and is a valuable resource for the audit committee.

Clarify the role of the audit committee in overseeing the company's climate and other ESG risks—particularly the scope and quality of ESG/sustainability reports and disclosures.

Help sharpen the company's focus on ethics, compliance, and culture.

Maintain a sharp focus on leadership and talent in the finance organization.

Stay apprised of global tax developments and risks and understand that tax has become an important element of ESG.

Reinforce audit quality and set clear expectations for frequent, candid, and open communications with the external auditor.

Take a close look at the audit committee's composition and skill sets.

KPMG Audit Committee Institute: On the 2023 audit committee agenda

KPMG

U.S. Audit Quality, Transparency, and Impact reports

- Interactive dashboard highlights key quality metrics
- Details KPMG's investment in our audit approach, people, technology, quality management system and the future of audit

Audit Quality Report

- Provides more granular detail on our commitment to continually enhance audit quality
- Outlines KPMG LLP's structure, governance and approach to audit quality
- Discusses how the firm aligns with the requirements and intent of applicable professional standards

Transparency Report

- Provides annual update on our progress on meeting goals aligned to People, Planet, Prosperity, and Governance
- Our goals reflect a materiality assessment and our aspiration to be an employer of choice

KPMG Impact Plan

In addition to this report, we are providing you with our Transparency Report Supplement: Assisting audit committees in meeting NYSE rules on auditor communications

Reports and supplements available at: audit.kpmg.us/auditquality

KPMG

Questions?

For additional information and audit committee resources, including National Audit Committee Peer Exchange series, a Quarterly webcast, and suggested publications, visit the KPMG Audit Committee Institute (ACI) at www.kpmg.com/ACI

kpmg.com/socialmedia

APFC ALASKA PERMANENT FUND CORPORATION

801 W 10TH SUITE 302 | JUNEAU, AK 99801
907.796.1500 | apfc.org

SUBJECT:	Callan Fund Performance Overview Greg Allen, CEO& Chief Research Officer Steve Center, Senior VP	ACTION:	___________
DATE:	September 27, 2023	INFORMATION:	_____X_____

BACKGROUND:

Callan Associates, Inc. is currently under contract to perform APFC's core general consulting services of 1) Investment policies and procedures review; 2) annual preparation of an asset allocation plan; 3) performance reporting and analysis; 4) risk analysis; 5) statistical modeling, manager searches, selection, and oversight; and 6) other special consulting services as needed.

STATUS:

At every quarterly board meeting or as requested, Callan Associated, Inc. provides an extensive review of the Fund's performance as well as updates on market conditions. Chief Executive Officer and Chief Research Officer, Greg Allen, and Senior Vice President, Steven Center will be the presenters at this meeting.

Callan

September 27, 2023

APFC

Alaska Permanent Fund Corporation

2nd Quarter 2023

Capital Markets and Performance Review

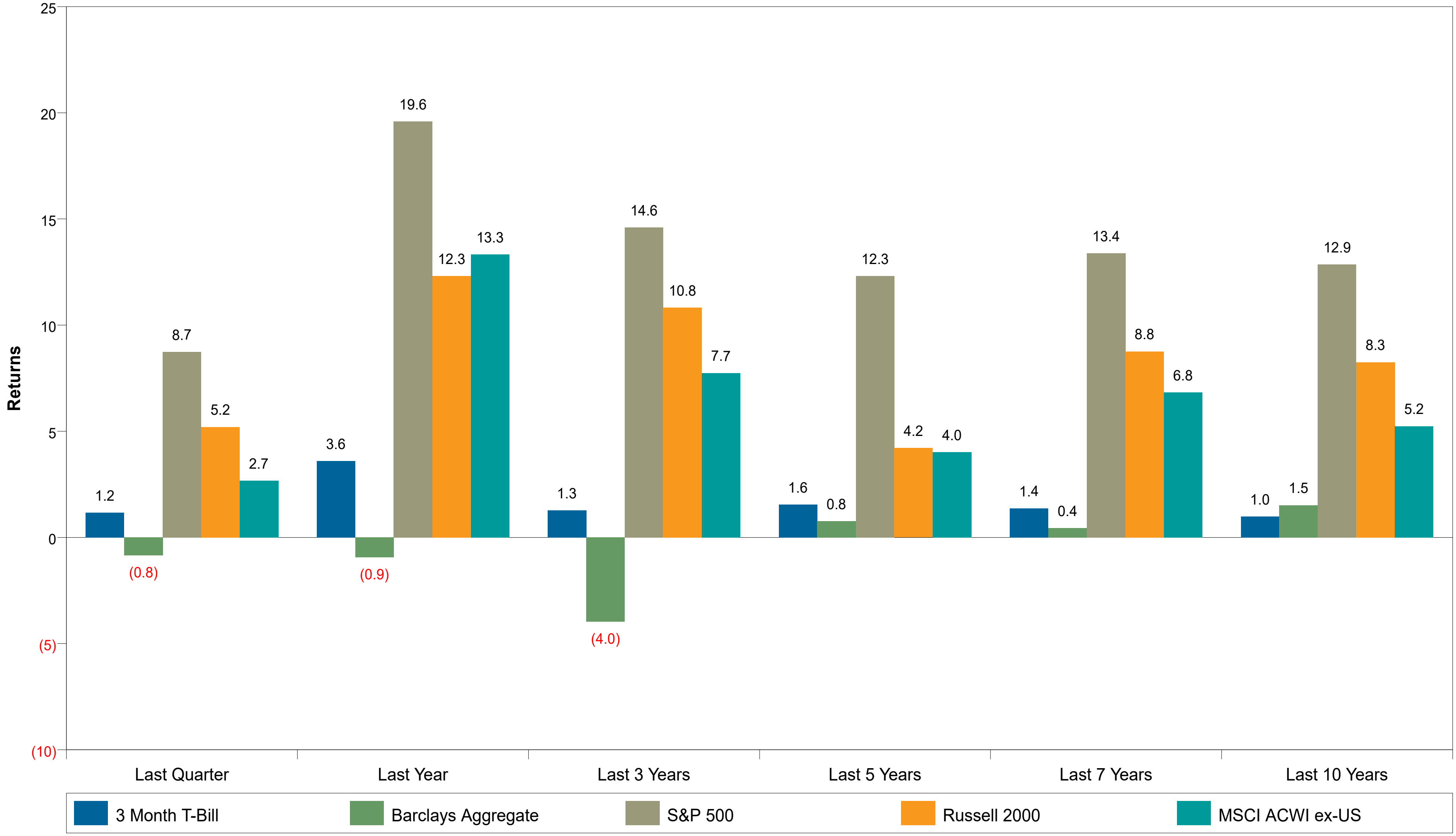
Greg Allen
CEO and Chief Research Officer

Steven Center, CFA
Senior Vice President

Chris Park, CFA
Vice President

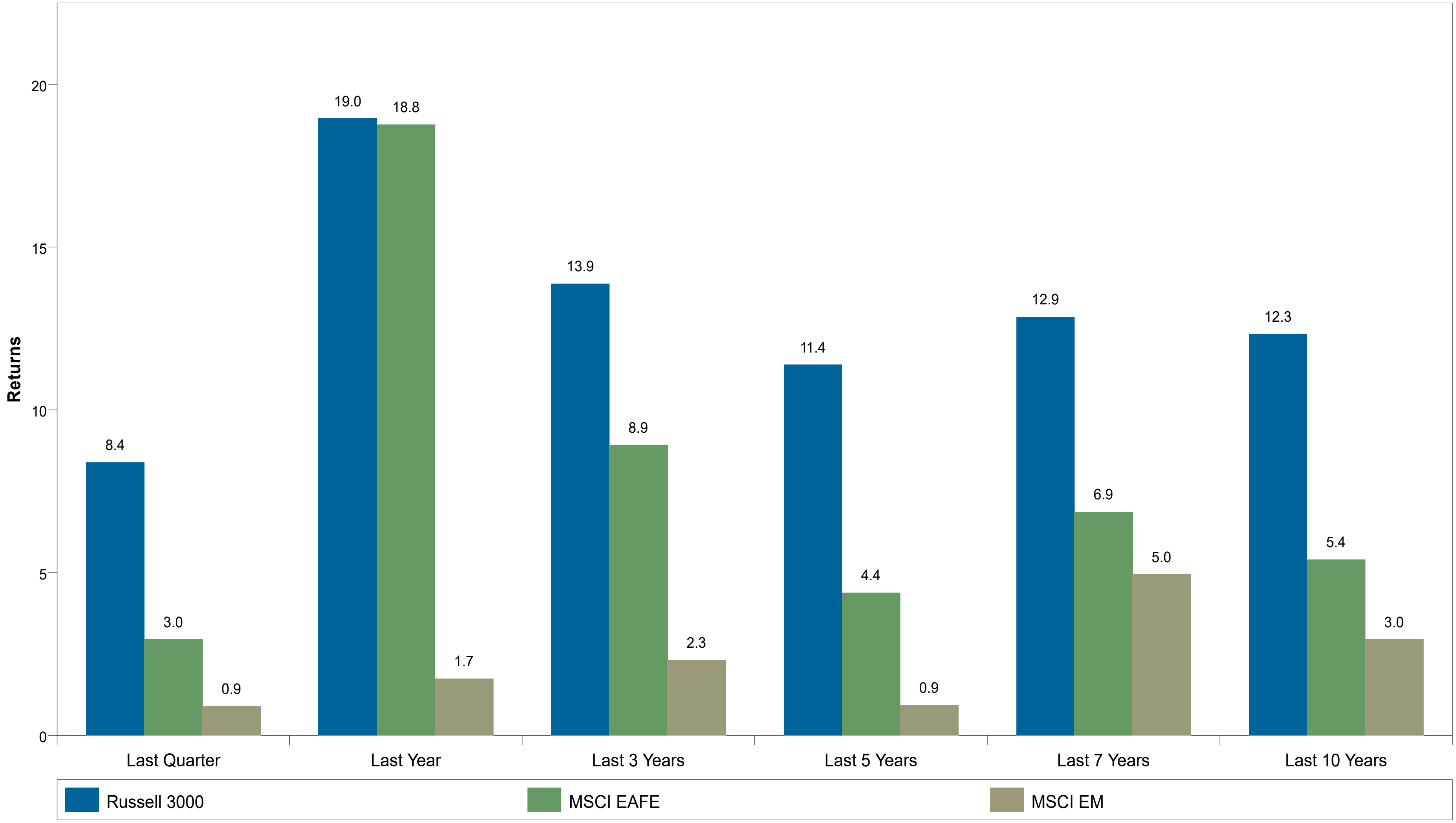
Broad Capital Market Performance

Periods Ended June 30, 2023



Public Equity Capital Market Performance

Periods Ended June 30, 2023



Callan Periodic Table of Investment Returns

Returns for Key Indices

2014	2015	2016	2017	2018	2019	2020	2021	2022	2 Qtrs. 2023
S&P 500 **13.69%**	MSCI ACWI ex USA SC **2.60%**	Russell 2000 **21.31%**	MSCI Emerging Markets **37.28%**	Bloomberg Barclays Aggregate **0.01%**	S&P 500 **31.49%**	Russell 2000 **19.96%**	S&P 500 **28.71%**	Bloomberg Barclays Corp High Yield **-11.19%**	S&P 500 **16.89%**
Bloomberg Barclays Aggregate **5.97%**	S&P 500 **1.38%**	Bloomberg Barclays Corp High Yield **17.13%**	MSCI ACWI ex USA SC **31.65%**	Bloomberg Barclays Corp High Yield **-2.08%**	Russell 2000 **25.52%**	S&P 500 **18.40%**	Russell 2000 **14.82%**	Bloomberg Barclays Aggregate **-13.01%**	MSCI World ex USA **11.29%**
Russell 2000 **4.89%**	Bloomberg Barclays Aggregate **0.55%**	S&P 500 **11.96%**	MSCI World ex USA **24.21%**	Bloomberg Barclays Global Agg ex US **-2.15%**	MSCI World ex USA **22.49%**	MSCI Emerging Markets **18.31%**	MSCI ACWI ex USA SC **12.93%**	MSCI World ex USA **-14.29%**	Russell 2000 **8.09%**
Bloomberg Barclays Corp High Yield **2.45%**	MSCI World ex USA **-3.04%**	MSCI Emerging Markets **11.19%**	S&P 500 **21.83%**	S&P 500 **-4.38%**	MSCI ACWI ex USA SC **22.42%**	MSCI ACWI ex USA SC **14.24%**	MSCI World ex USA **12.62%**	S&P 500 **-18.11%**	MSCI ACWI ex USA SC **6.84%**
MSCI Emerging Markets **-2.19%**	Russell 2000 **-4.41%**	MSCI ACWI ex USA SC **3.91%**	Russell 2000 **14.65%**	Russell 2000 **-11.01%**	MSCI Emerging Markets **18.44%**	Bloomberg Barclays Global Agg ex US **10.11%**	Bloomberg Barclays Corp High Yield **5.28%**	Bloomberg Barclays Global Agg ex US **-18.70%**	Bloomberg Barclays Corp High Yield **5.38%**
Bloomberg Barclays Global Agg ex US **-3.09%**	Bloomberg Barclays Corp High Yield **-4.47%**	MSCI World ex USA **2.75%**	Bloomberg Barclays Global Agg ex US **10.51%**	MSCI World ex USA **-14.09%**	Bloomberg Barclays Corp High Yield **14.32%**	MSCI World ex USA **7.59%**	Bloomberg Barclays Aggregate **-1.54%**	MSCI ACWI ex USA SC **-19.97%**	MSCI Emerging Markets **4.89%**
MSCI ACWI ex USA SC **-4.03%**	Bloomberg Barclays Global Agg ex US **-6.02%**	Bloomberg Barclays Aggregate **2.65%**	Bloomberg Barclays Corp High Yield **7.50%**	MSCI Emerging Markets **-14.57%**	Bloomberg Barclays Aggregate **8.72%**	Bloomberg Barclays Aggregate **7.51%**	MSCI Emerging Markets **-2.54%**	MSCI Emerging Markets **-20.09%**	Bloomberg Barclays Aggregate **2.09%**
MSCI World ex USA **-4.32%**	MSCI Emerging Markets **-14.92%**	Bloomberg Barclays Global Agg ex US **1.49%**	Bloomberg Barclays Aggregate **3.54%**	MSCI ACWI ex USA SC **-18.20%**	Bloomberg Barclays Global Agg ex US **5.09%**	Bloomberg Barclays Corp High Yield **7.11%**	Bloomberg Barclays Global Agg ex US **-7.05%**	Russell 2000 **-20.44%**	Bloomberg Barclays Global Agg ex US **0.83%**

Source: Bloomberg, FTSE Russell, MSCI, Standard & Poor's

Callan Periodic Table of Investment Returns

Returns for Key Indices

Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 20 Years
S&P 500 **8.74%**	S&P 500 **19.59%**	S&P 500 **14.60%**	S&P 500 **12.31%**	S&P 500 **13.38%**	S&P 500 **12.86%**	S&P 500 **10.04%**
Russell 2000 **5.21%**	MSCI World ex USA **17.41%**	Russell 2000 **10.82%**	MSCI World ex USA **4.58%**	Russell 2000 **8.76%**	Russell 2000 **8.26%**	Russell 2000 **8.89%**
MSCI World ex USA **3.03%**	Russell 2000 **12.31%**	MSCI World ex USA **9.30%**	Russell 2000 **4.21%**	MSCI World ex USA **6.94%**	MSCI ACWI ex USA SC **5.75%**	MSCI ACWI ex USA SC **8.50%**
MSCI ACWI ex USA SC **2.05%**	MSCI ACWI ex USA SC **10.93%**	MSCI ACWI ex USA SC **8.15%**	Bloomberg Barclays Corp High Yield **3.36%**	MSCI ACWI ex USA SC **6.10%**	MSCI World ex USA **5.40%**	MSCI Emerging Markets **8.18%**
Bloomberg Barclays Corp High Yield **1.75%**	Bloomberg Barclays Corp High Yield **9.06%**	Bloomberg Barclays Corp High Yield **3.13%**	MSCI ACWI ex USA SC **2.62%**	MSCI Emerging Markets **4.95%**	Bloomberg Barclays Corp High Yield **4.43%**	Bloomberg Barclays Corp High Yield **6.65%**
MSCI Emerging Markets **0.90%**	MSCI Emerging Markets **1.75%**	MSCI Emerging Markets **2.32%**	MSCI Emerging Markets **0.93%**	Bloomberg Barclays Corp High Yield **4.53%**	MSCI Emerging Markets **2.95%**	MSCI World ex USA **6.62%**
Bloomberg Barclays Aggregate **-0.84%**	Bloomberg Barclays Aggregate **-0.94%**	Bloomberg Barclays Aggregate **-3.96%**	Bloomberg Barclays Aggregate **0.77%**	Bloomberg Barclays Aggregate **0.44%**	Bloomberg Barclays Aggregate **1.52%**	Bloomberg Barclays Aggregate **3.01%**
Bloomberg Barclays Global Agg ex US **-2.16%**	Bloomberg Barclays Global Agg ex US **-1.83%**	Bloomberg Barclays Global Agg ex US **-5.87%**	Bloomberg Barclays Global Agg ex US **-2.65%**	Bloomberg Barclays Global Agg ex US **-2.06%**	Bloomberg Barclays Global Agg ex US **-0.90%**	Bloomberg Barclays Global Agg ex US **1.98%**

Source: Bloomberg, FTSE Russell, MSCI, Standard & Poor's

Equity Markets Rebound Sharply in 1Q and 2Q; Fixed Income Markets Down in 2Q

Stocks and bonds still have ground to make up after first three quarters of 2022

S&P 500 up 16.9% in first half of 2023.

- Loss through first three quarters of 2022 was 23.9%; rebound in the following three quarters reduced the loss to 2.9% since the start of 2022. Greater loss reduction in large cap (U.S. and global ex-U.S.) compared to emerging and small cap

Fixed income recovered as high inflation began to ease; speculation about interest rate cuts evaporated in 2Q

- Bloomberg Aggregate: up 3% in 1Q, but declined 0.8% in 2Q as Fed continued to raise rates
- CPI-U: +3% year-over year for 2Q, down from +6.5% for the year ended Dec. 2022

Inflation hit the highest rate (9%) in decades in June of 2022.

Economic data defied expectations of recession; GDP growth was revised up to 2.0% in 1Q, and hit 2.4% in 2Q

- Job market remains solid, providing support to Fed efforts to fight inflation

Returns for Periods ended 6/30/23

	Quarter	Last 3 Qtrs	1Q-3Q 2022	5 Years	10 Years	25 Years
U.S. Equity						
Russell 3000	8.39	24.51	-24.62	11.39	12.34	7.72
S&P 500	8.74	25.73	-23.87	12.31	12.86	7.61
Russell 2000	5.21	14.82	-25.10	4.21	8.26	7.26
Global ex-U.S. Equity						
MSCI World ex USA	3.03	29.30	-26.23	4.58	5.40	4.49
MSCI Emerging Markets	0.90	15.07	-27.16	0.93	2.95	--
MSCI ACWI ex USA Small Cap	2.05	21.06	-29.37	2.62	5.75	6.73
Fixed Income						
Bloomberg Aggregate	-0.84	4.00	-14.61	0.77	1.52	3.90
90-day T-Bill	1.17	3.12	0.61	1.55	0.98	1.89
Bloomberg Long Gov/Credit	-1.29	7.11	-28.94	0.66	2.86	5.33
Bloomberg Global Agg ex-US	-2.16	7.70	-23.88	-2.65	-0.90	2.62
Real Estate						
NCREIF Property	-1.81	-6.97	9.35	5.94	7.84	8.53
FTSE Nareit Equity	2.62	10.89	-28.13	4.55	6.42	8.32
Alternatives						
CS Hedge Fund Index	1.71	2.80	0.14	4.52	4.06	5.49
Cambridge Private Equity*	2.12	1.12	-1.84	15.98	15.04	13.83
Bloomberg Commodity	-2.56	-5.74	13.57	4.73	-0.99	2.04
Gold Spot Price	-2.86	15.39	-8.56	8.99	4.66	7.76
Inflation - CPI-U	1.08	2.80	6.46	3.90	2.71	2.54

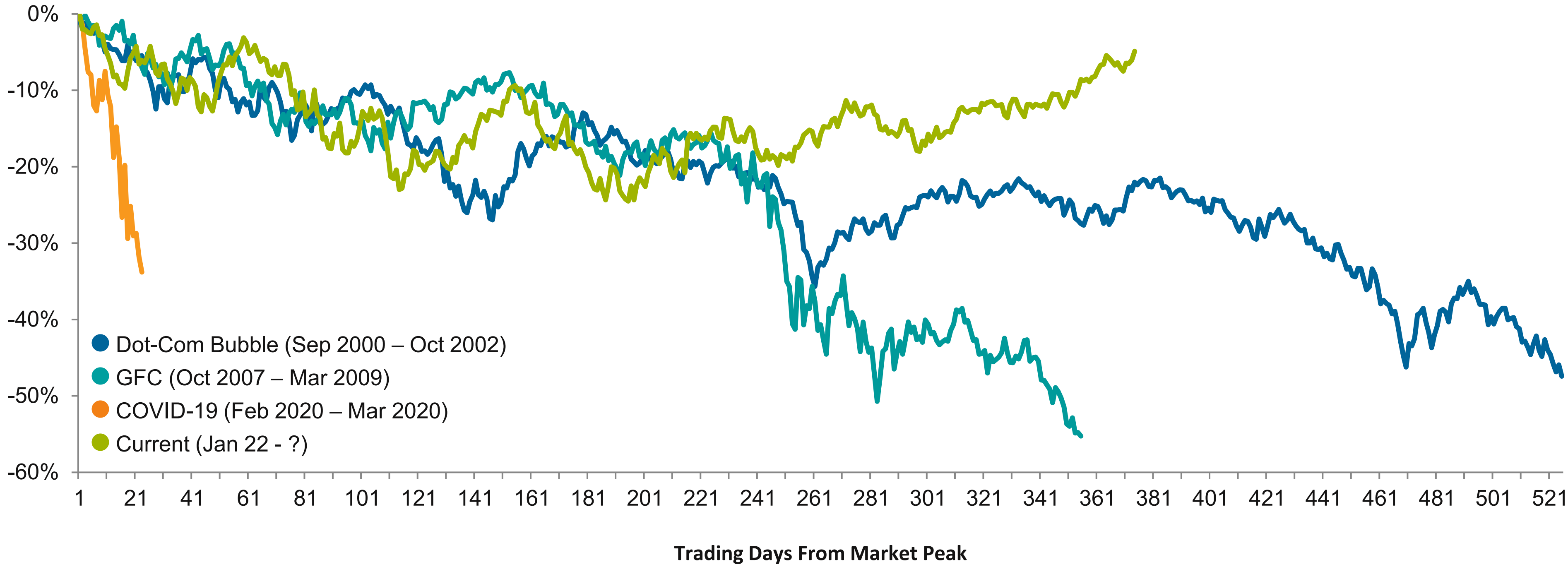
*Cambridge PE data as of 1Q23

Sources: Bloomberg, Callan, Cambridge, Credit Suisse, FTSE Russell, MSCI, NCREIF, S&P Dow Jones Indices

Current Equity Drawdown: A More ‘Typical’ Correction?

S&P 500 Cumulative Returns

Market Peak-to-Trough for Recent Corrections vs. 1/4/22 Through 6/30/23



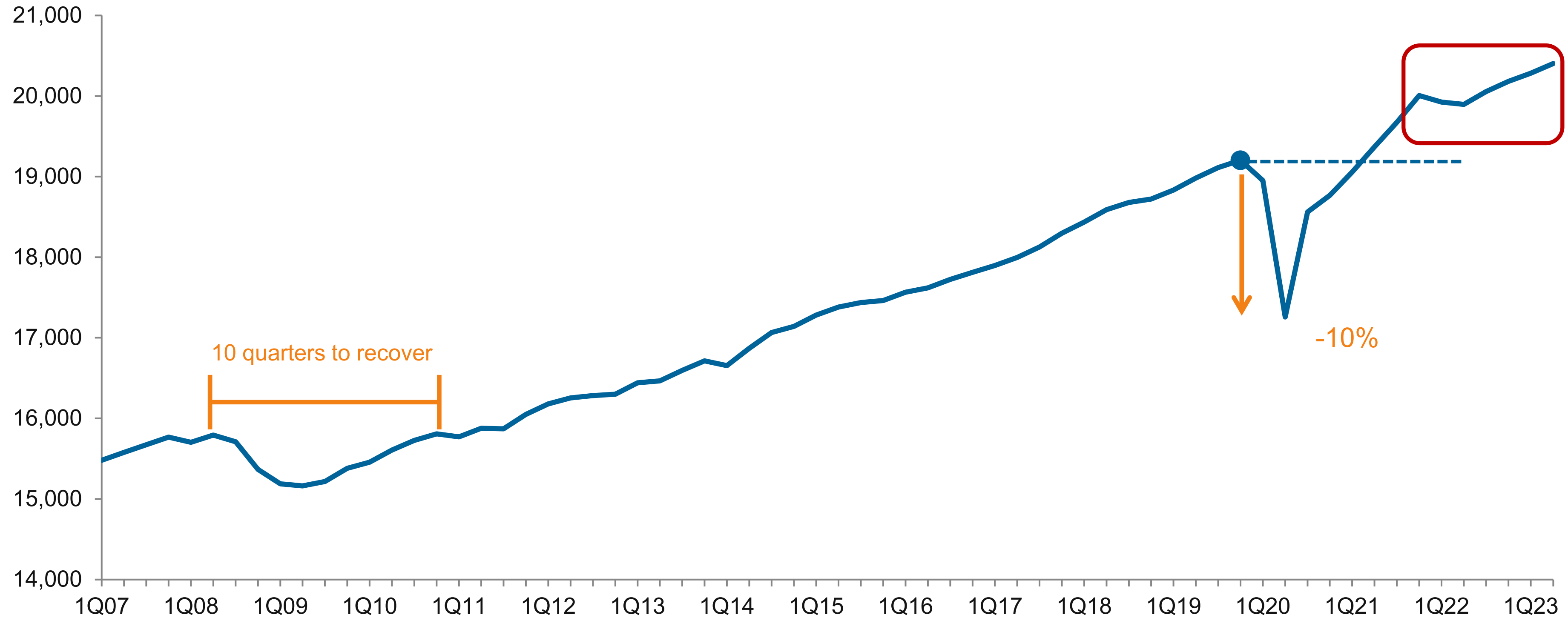
- While the COVID correction was swift and intense, the 2022 correction resembled the Global Financial Crisis and Dot-Com Bubble until recently.
- The current drawdown has been 374 trading days through June.
- The Dot-Com Bubble reached a bottom after 525 trading days; the GFC reached a bottom after 355 trading days.

Sources: Callan, S&P Dow Jones Indices

GDP Rose 2.4% in 2Q, Building on the 2% Gain in 1Q

Widespread expectations for a recession in 2023 were proven wrong

Seasonally Adjusted Real GDP in Billions of Dollars Through 6/30/23

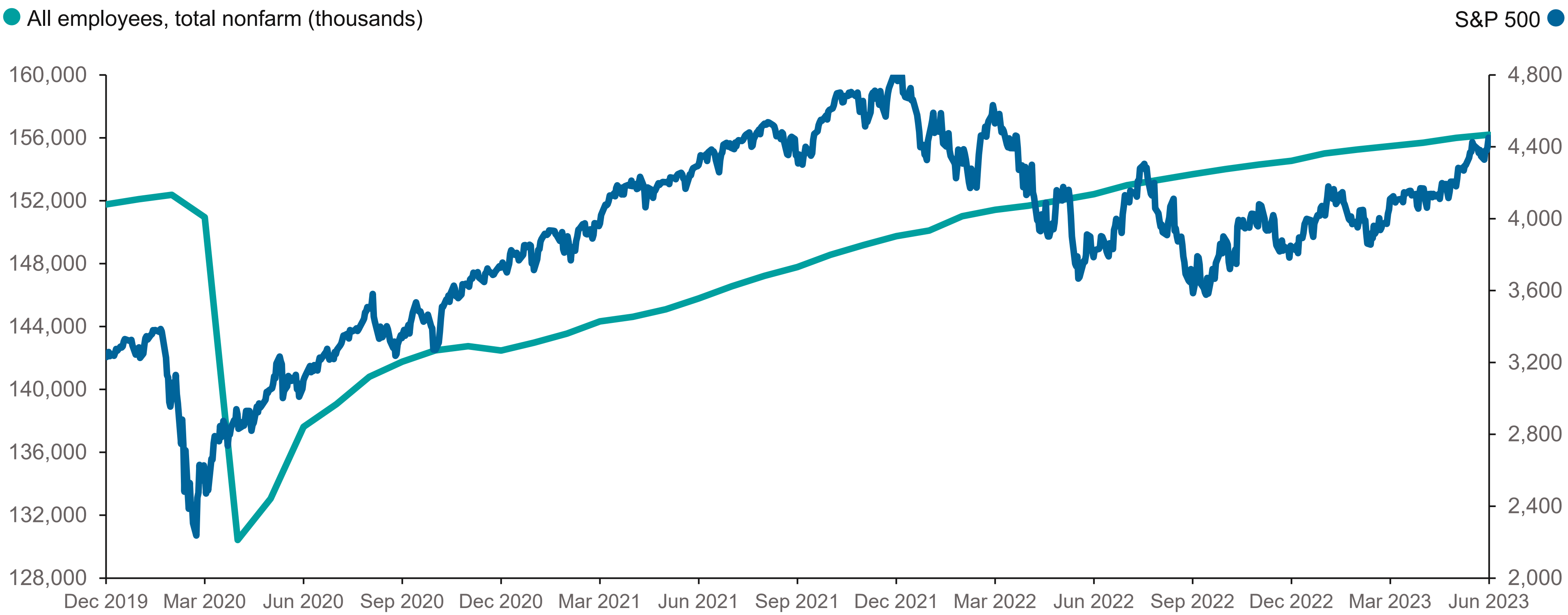


GDP rose 2.0% and 2.4% in the first two quarters, after 2.1% growth in 2022.

- The GDP drop widely anticipated happened LAST year in 1Q and 2Q22, followed by gains of 3.2% in 3Q and 2.6% in 4Q.
- Loss of business and consumer confidence followed the start of the conflict in Ukraine
- Consumer wealth hit by stock and bond market drop in 2022, but has recently rebounded. Residential housing saw a sharp downturn, as mortgage rates doubled from the start of last year. But prices remain high due to strong demand and lack of supply.

Source: Federal Reserve Bank of St. Louis

The Stock Market Is Not the Economy

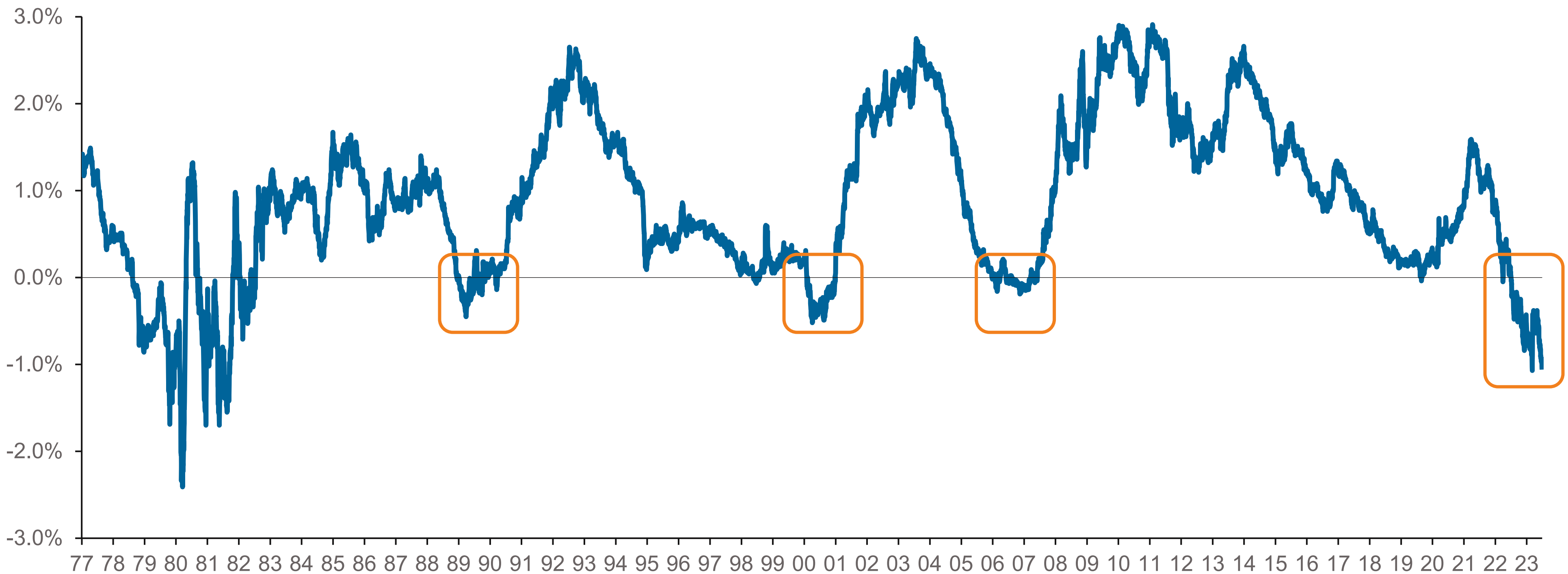


- The job market lost over 22 million jobs in the pandemic but regained the pre-pandemic high water mark in the spring of 2022.
- Job growth remained robust through the market upheaval in 2022 and has held up through 2Q23. Headline reports of sizeable layoffs in technology are ultimately small relative to the size of the broad job market.

Sources: Federal Reserve Bank of St. Louis, S&P Dow Jones Indices

The Bond Market Has Expecting a Recession Since June 2022

10-Year Treasury vs. 2-Year Treasury Spread

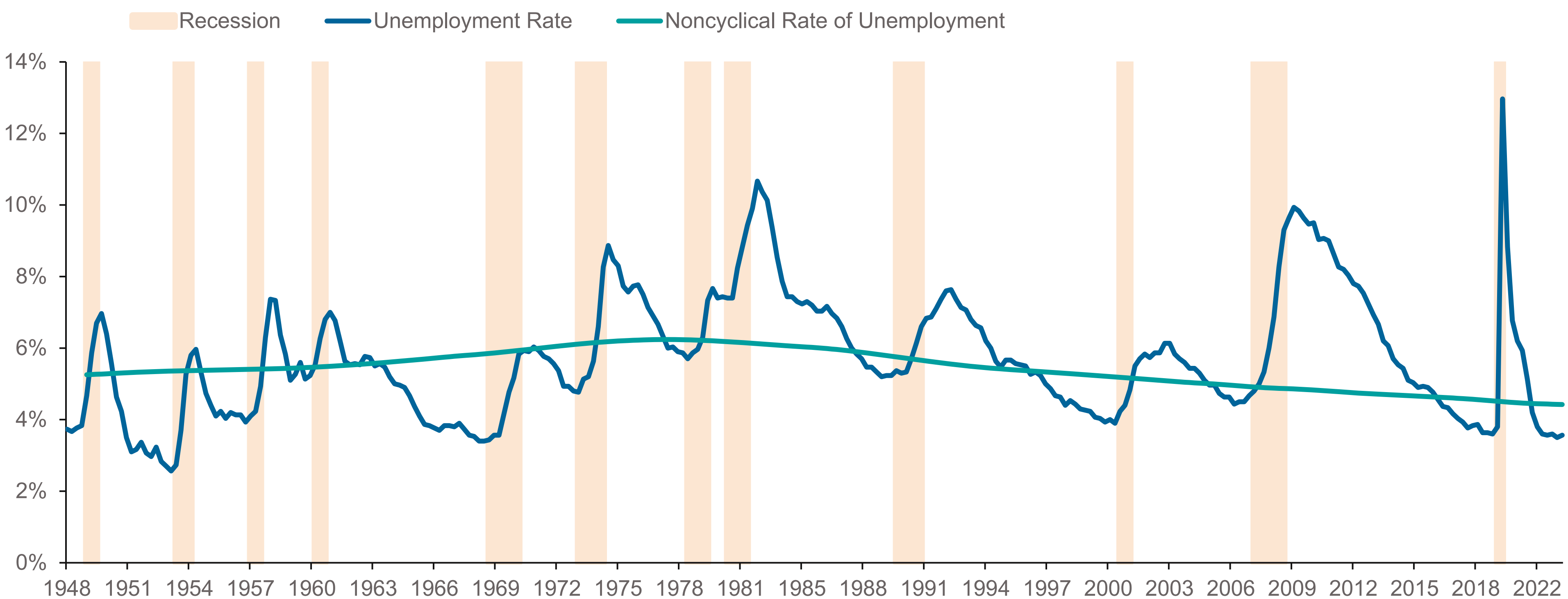


- Inversion in the 10-year to 2-year Treasury yields does not always forecast a recession, but most recessions are preceded by a yield curve inversion.
  - Yield curve inversion means investors expect a recession will occur and that interest rates will be cut, and therefore increase their demand for securities with longer duration, and therefore a higher potential for capital gain when rates fall.
- Bond market seemed convinced the Fed would have to backtrack when sharply higher rates began to bite; impact of rate increases is famously “long and variable,” and can take 12-18 months for each rate hike to work through the economy.

Source: Federal Reserve Bank of St. Louis

Difficult to Deliver a Soft Landing

Unemployment rate and recessions



Unemployment rates typically spike beyond a "soft landing" during recessions (the shaded bars in the chart above).

Source: Federal Reserve Bank of St. Louis

Headline vs. Core Inflation

Headline Inflation vs. Core Inflation

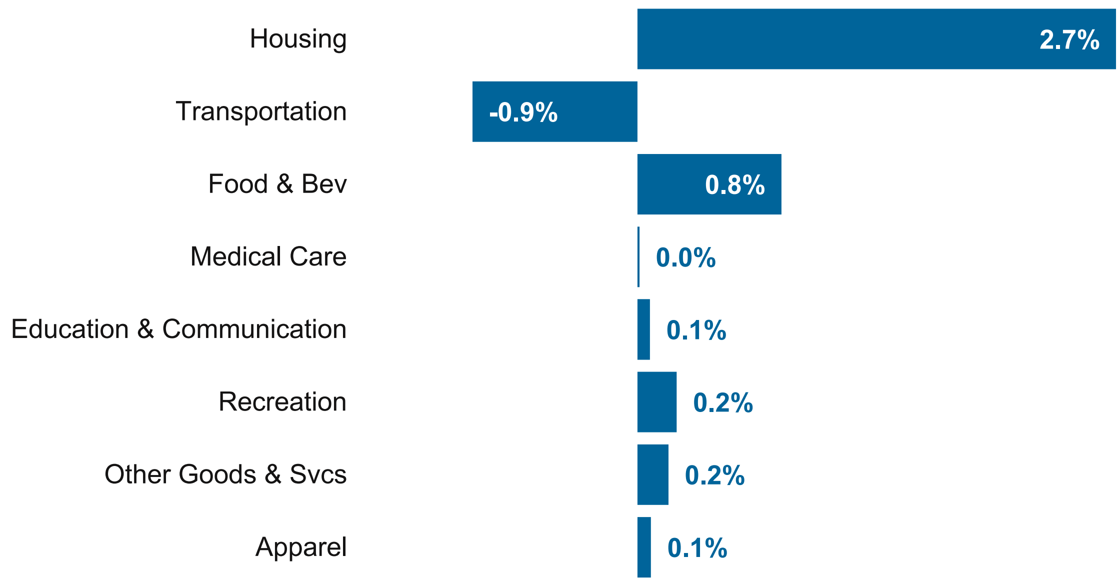
- Core inflation, which excludes food and energy, tends to be less volatile than headline inflation.
- Energy has dragged headline inflation down to 3% while core inflation remains at 4.8% as of June 2023.

Source: Federal Reserve Bank of St. Louis

Contributors to Recent Inflation: Primary Categories

- Transportation inflation has swung all the way from biggest contributor to an overall detractor from headline inflation.
- Housing took over as the biggest weighted contributor to headline inflation due to the category's high weight in the index (42.4%).
- Transportation's downward trend in inflation has been somewhat offset by high Food & Beverage and Housing inflation.

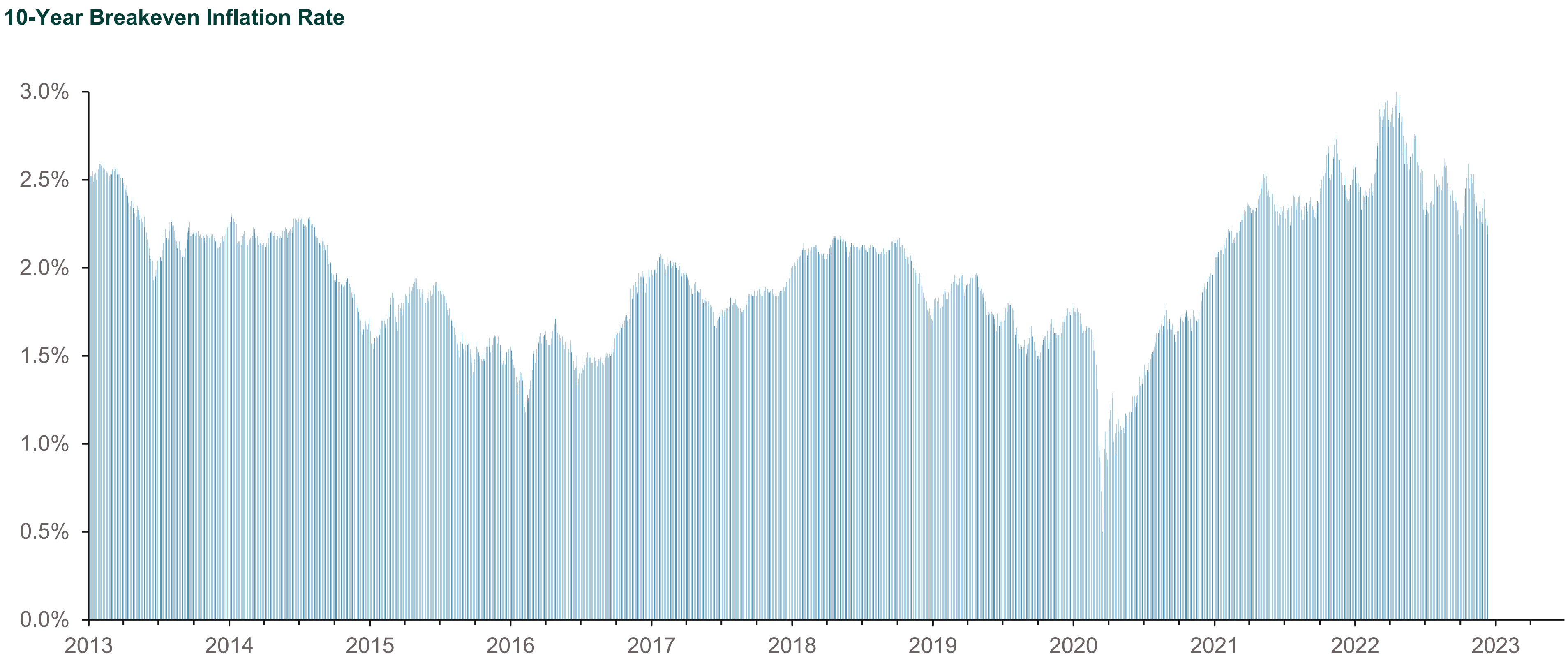
Contribution to June 2023 Year-Over-Year Inflation



Primary Category	Primary Category Weight	Year-over-Year Change											
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
All Items	100.0%	8.5%	8.3%	8.2%	7.7%	7.1%	6.5%	6.4%	6.0%	5.0%	4.9%	4.0%	3.0%
Housing	42.4%	7.4%	7.8%	8.0%	7.9%	7.8%	8.1%	8.2%	8.2%	7.8%	7.5%	6.8%	6.3%
Transportation	18.2%	16.4%	13.4%	12.6%	11.2%	7.8%	3.9%	3.8%	2.6%	-1.0%	0.2%	-2.0%	-5.1%
Food & Bev	14.3%	10.5%	10.9%	10.8%	10.6%	10.3%	10.1%	9.9%	9.2%	8.3%	7.5%	6.6%	5.7%
Medical Care	8.5%	4.8%	5.4%	6.0%	5.0%	4.2%	4.0%	3.1%	2.3%	1.5%	1.1%	0.7%	0.1%
Education & Communication	6.4%	0.5%	0.5%	0.2%	0.0%	0.7%	0.7%	1.0%	1.0%	1.4%	1.6%	1.5%	1.1%
Recreation	5.1%	4.4%	4.1%	4.1%	4.1%	4.7%	5.1%	4.8%	5.0%	4.8%	5.0%	4.5%	4.3%
Other Goods & Svcs	2.7%	6.3%	6.6%	6.9%	6.5%	7.0%	6.4%	6.2%	6.1%	6.1%	6.6%	6.7%	6.3%
Apparel	2.5%	5.1%	5.1%	5.5%	4.1%	3.6%	2.9%	3.1%	3.3%	3.3%	3.6%	3.5%	3.1%

Source: U.S. Bureau of Labor Statistics

10-Year Breakeven Rate: Bond Market Forecast of Inflation



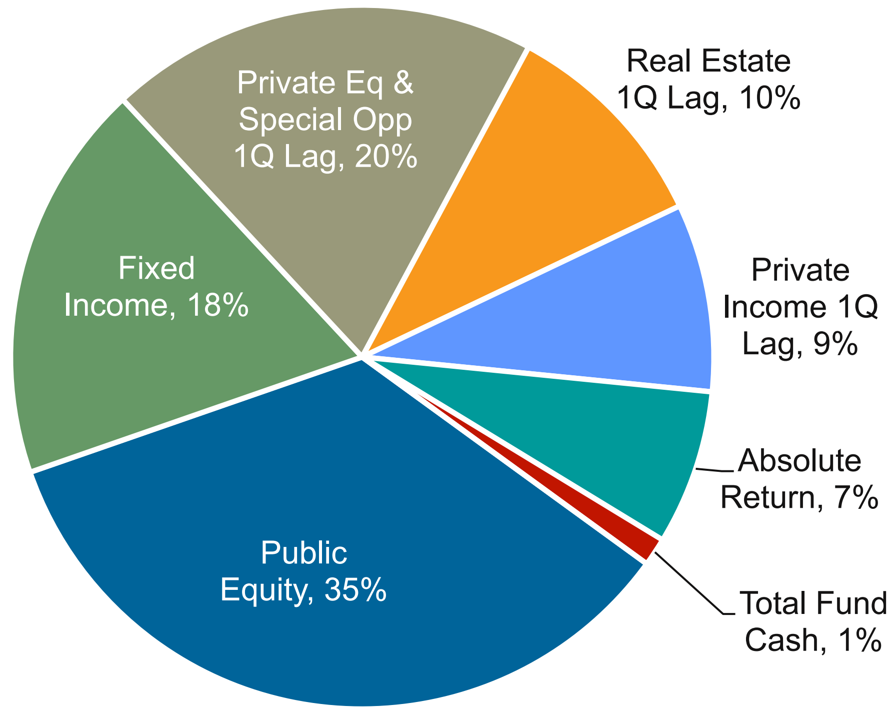
- 10-year breakeven inflation rate is the difference in yield between the nominal 10-year Treasury and the 10-year Treasury Inflation-Protected Security (TIPS).
  - Extra yield nominal Treasury would have to earn to maintain the same purchasing power as a TIPS investment.
- Values of implied inflation reached 3% in April 2022 but have since declined to 2.2% in June 2023
  - Includes current higher levels of inflation

Source: Federal Reserve Bank of St. Louis

Total Fund Asset Allocation

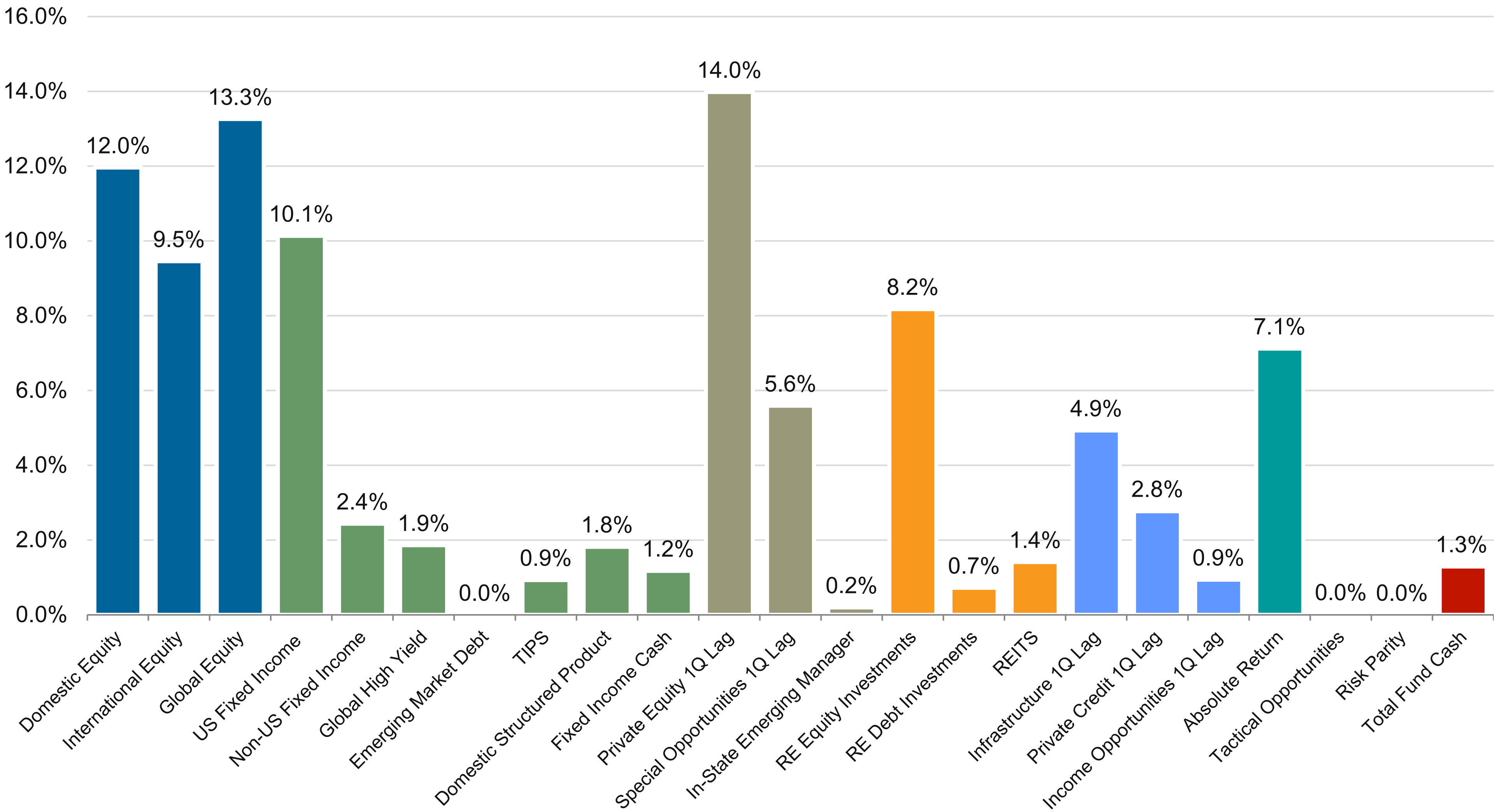
As of June 30, 2023: $78.02B

- APFC portfolio is well diversified across all major asset classes employed by institutional investors.
- Using institutional standard asset class definitions, the portfolio is currently allocated 35% to public equity, 18% to fixed income, 46% to alternative investments and 1% cash.
- Compared to allocations in the first quarter, weights to fixed income decreased while weights to alternative investments increased. Public equity weights remained unchanged.
- Alternatives include private equity, special opportunities, real estate, private infrastructure, private credit, private income, absolute return, and risk parity.
- Private Equity & Special Opportunities, Real Estate, and Infrastructure & Private Income are reported on a one-quarter lag.



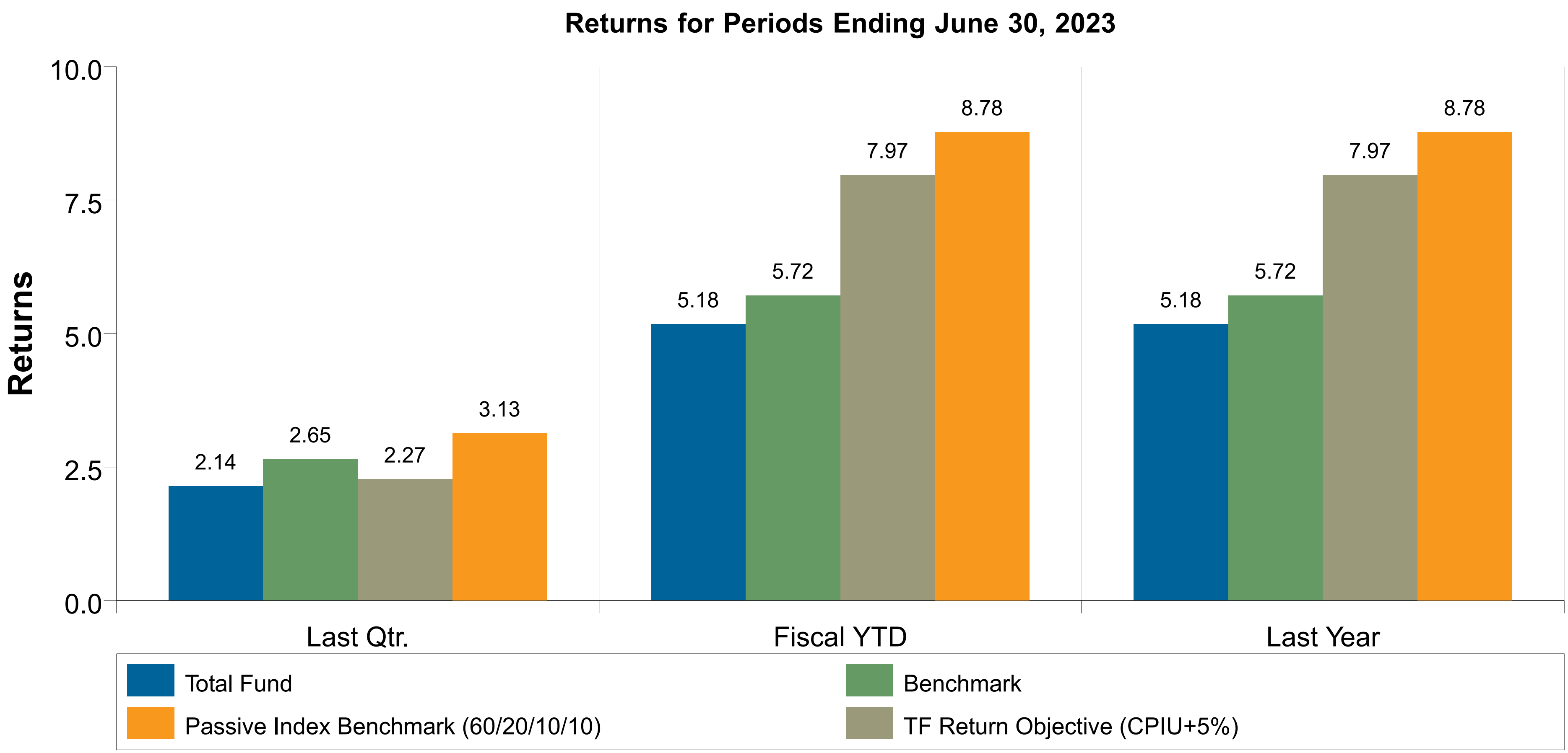
Total Fund Asset Allocation

Periods Ended June 30, 2023



APFC Total Fund Cumulative Returns

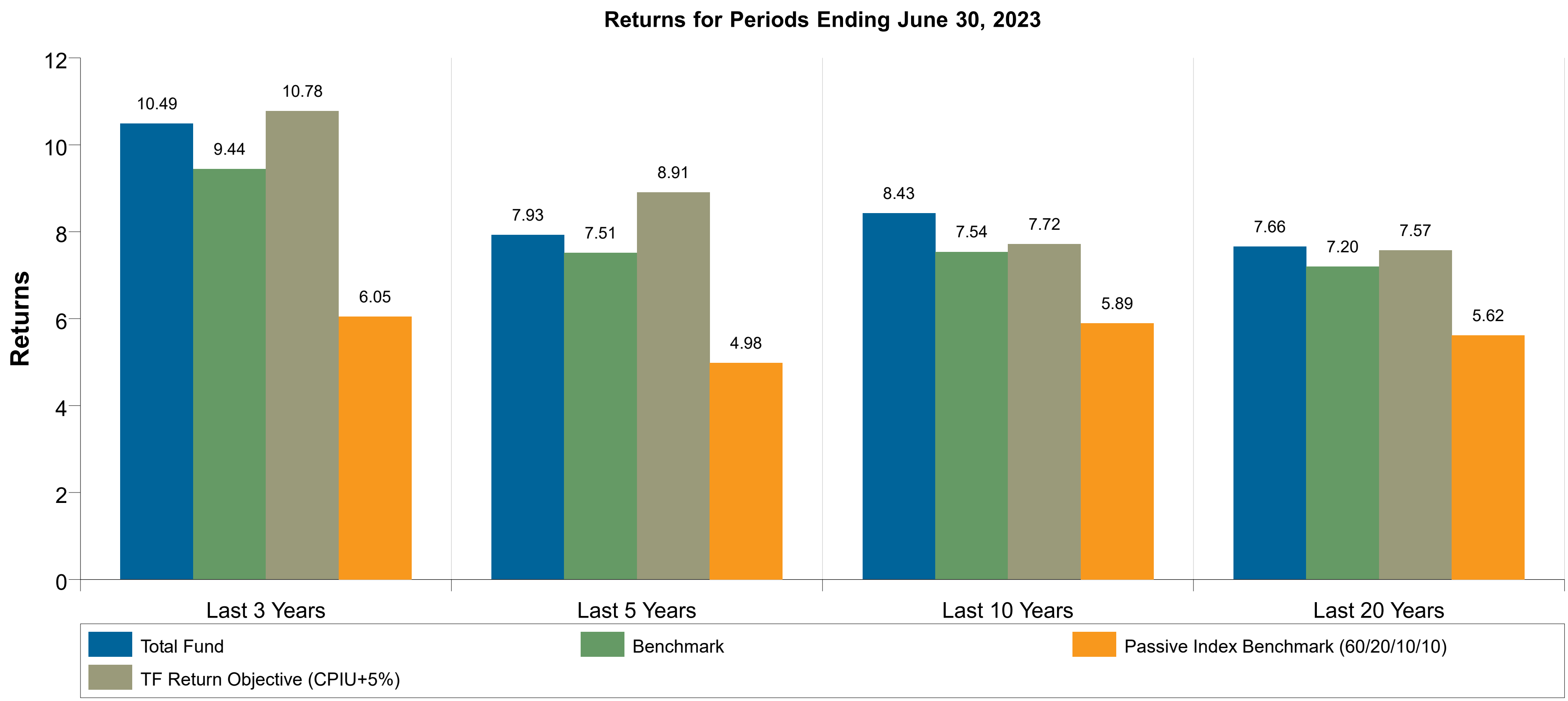
Total Fund versus Total Fund Targets



- Benchmark (FY22-FY23) = 36% MSCI ACWI IMI, 1.0% 90 Day T-Bills, 1.0% BB US TIPS, 5.5% BB Agg, 5.5% BB Corp IG, 3.0% BB Global Treasury xUS Hdgd, 2.0% BB US BB HY, 2.0% BB US Securitized, 17% Cambridge PE (lagged), 7.4% NCREIF Total Index (lagged), 1.4% MSCI US REIT (lagged), 5.4% Cambridge Global Pvt. Infrastructure (lagged), 3.6% Cliffwater Direct Lending TR (lagged), 3% HFRI EH Equity Market Neutral, 3% HFRI Macro, 2% 90 Day T-Bills, 1% HFR Risk Parity Vol 12% Institutional Index

APFC Total Fund Cumulative Returns

Total Fund versus Total Fund Targets



- Benchmark (FY22-FY23) = 36% MSCI ACWI IMI, 1.0% 90 Day T-Bills, 1.0% BB US TIPS, 5.5% BB Agg, 5.5% BB Corp IG, 3.0% BB Global Treasury xUS Hdgd, 2.0% BB US BB HY, 2.0% BB US Securitized, 17% Cambridge PE (lagged), 7.4% NCREIF Total Index (lagged), 1.4% MSCI US REIT (lagged), 5.4% Cambridge Global Pvt. Infrastructure (lagged), 3.6% Cliffwater Direct Lending TR (lagged), 3% HFRI EH Equity Market Neutral, 3% HFRI Macro, 2% 90 Day T-Bills, 1% HFR Risk Parity Vol 12% Institutional Index

APFC Total Fund Attribution

One Quarter Ended June 30, 2023

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Public Equity	34%	36%	4.26%	5.89%	(0.54%)	(0.07%)	(0.61%)
Fixed Income	19%	20%	(0.03%)	(0.20%)	0.03%	0.04%	0.07%
Private Eq & Special Opp	20%	17%	1.29%	2.13%	(0.17%)	(0.02%)	(0.19%)
Real Estate	10%	9%	0.63%	(1.06%)	0.17%	(0.03%)	0.14%
Private Income	9%	9%	2.54%	2.52%	0.00%	(0.00%)	(0.00%)
Absolute Return	7%	6%	1.50%	1.14%	0.03%	(0.02%)	0.01%
Tactical Opportunities	0%	0%	2.83%	2.83%	0.00%	0.00%	0.00%
Total Fund Cash	1%	2%	4.60%	1.17%	0.05%	0.01%	0.06%
Risk Parity	0%	1%	(8.21%)	(2.17%)	(0.01%)	0.04%	0.03%
Total			**2.14% =**	**2.65% +**	**(0.45%) +**	**(0.06%)**	**(0.51%)**

- In the second quarter, the Total Fund underperformed the Performance Benchmark by 51 basis points.
- Manager effects to Public Equity and Private Equity & Special Opportunities detracted from relative return. Asset allocation effects also detracted from performance.
- In aggregate, active management subtracted 45 basis points from relative performance, while deviations from the Policy Target subtracted 6 basis points.

APFC Total Fund Attribution

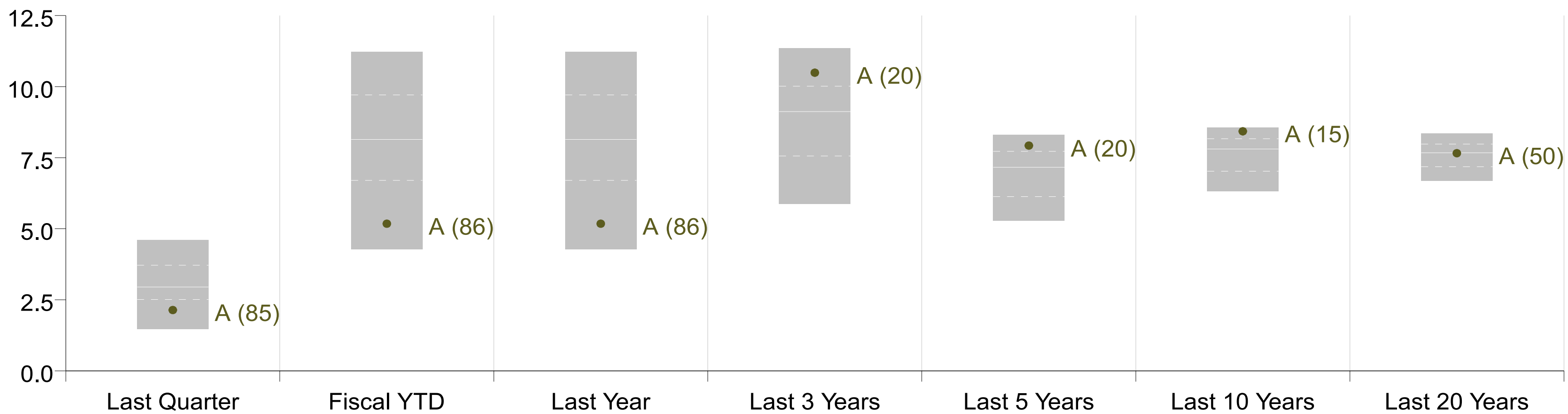
One Year Ended June 30, 2023

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Public Equity	34%	36%	14.16%	16.14%	(0.63%)	(0.35%)	(0.98%)
Fixed Income	19%	20%	1.63%	1.12%	0.10%	0.05%	0.15%
Private Eq & Special Opp	20%	17%	(2.08%)	(4.49%)	0.54%	(0.41%)	0.13%
Real Estate	9%	9%	(2.47%)	(4.07%)	0.17%	(0.04%)	0.13%
Private Income	8%	9%	4.20%	6.85%	(0.23%)	0.01%	(0.22%)
Absolute Return	7%	6%	3.84%	1.26%	0.19%	(0.07%)	0.11%
Tactical Opportunities	0%	0%	-	-	0.00%	0.00%	0.00%
Total Fund Cash	2%	2%	9.36%	3.59%	0.09%	0.00%	0.10%
Risk Parity	0%	1%	(9.15%)	(3.15%)	(0.01%)	0.06%	0.05%
Total			**5.18% =**	**5.72% +**	**0.21% +**	**(0.75%)**	**(0.54%)**

- For the trailing year, the Total Fund underperformed the Performance Benchmark by 54 basis points.
- Strong manager performance in Private Equity & Special Opportunities was offset by performance in Public Equity and Private Income. Asset allocation effects in Public Equity and Private Equity & Special Opportunities weighed on relative performance.
- In aggregate, active management added 21 basis points to relative performance, while deviations from the Policy Target detracted 75 basis points.

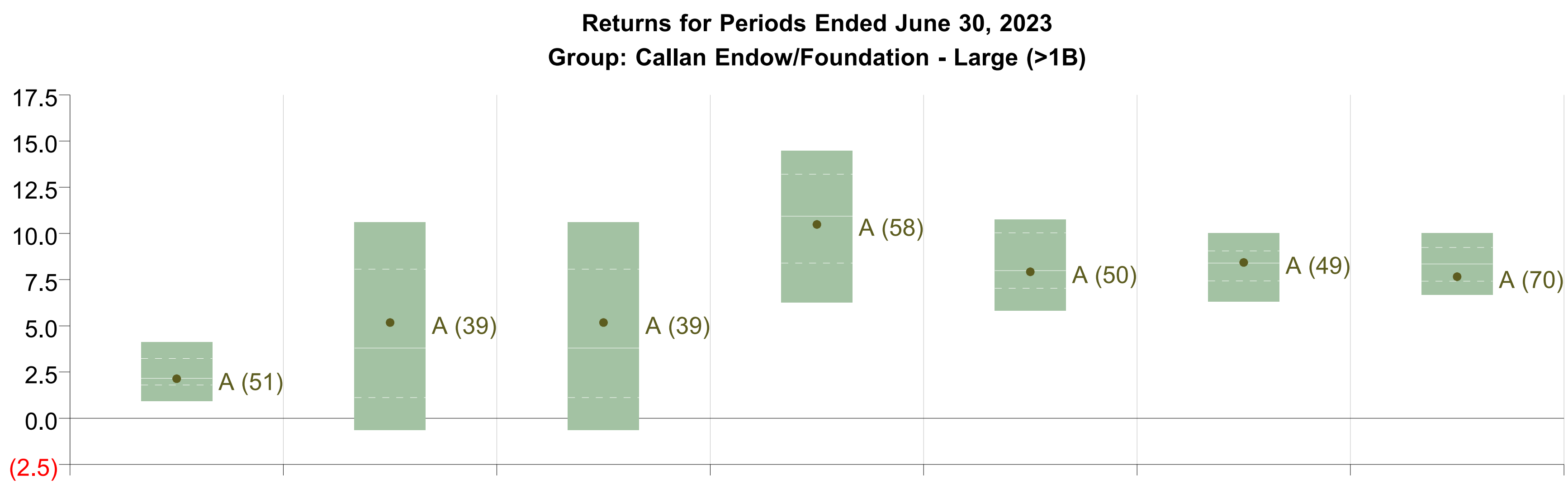
APFC Total Fund Relative to Callan's Large Public Fund Database

Returns for Periods Ended June 30, 2023
Group: Callan Public Fund Sponsor - Large (>1B)



	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 20 Years
10th Percentile	4.61	11.22	11.22	11.36	8.31	8.56	8.35
25th Percentile	3.72	9.71	9.71	10.02	7.73	8.17	7.98
Median	2.95	8.14	8.14	9.13	7.17	7.81	7.68
75th Percentile	2.52	6.70	6.70	7.56	6.14	7.03	7.18
90th Percentile	1.47	4.27	4.27	5.88	5.29	6.32	6.68
Member Count	82	81	81	80	80	79	59
Total Fund • A	2.14	5.18	5.18	10.49	7.93	8.43	7.66

APFC Total Fund Relative to Callan's Large Endowment / Foundation Database



	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 20 Years
10th Percentile	4.13	10.62	10.62	14.48	10.75	10.02	10.03
25th Percentile	3.23	8.07	8.07	13.21	10.04	9.06	9.25
Median	2.16	3.80	3.80	10.94	7.99	8.40	8.35
75th Percentile	1.80	1.12	1.12	8.40	7.04	7.44	7.42
90th Percentile	0.92	(0.63)	(0.63)	6.27	5.82	6.31	6.68
Member Count	44	44	44	43	42	42	34
Total Fund • A	2.14	5.18	5.18	10.49	7.93	8.43	7.66

APFC Total Fund Return versus Standard Deviations

Relative to Callan's Large Public Fund Database

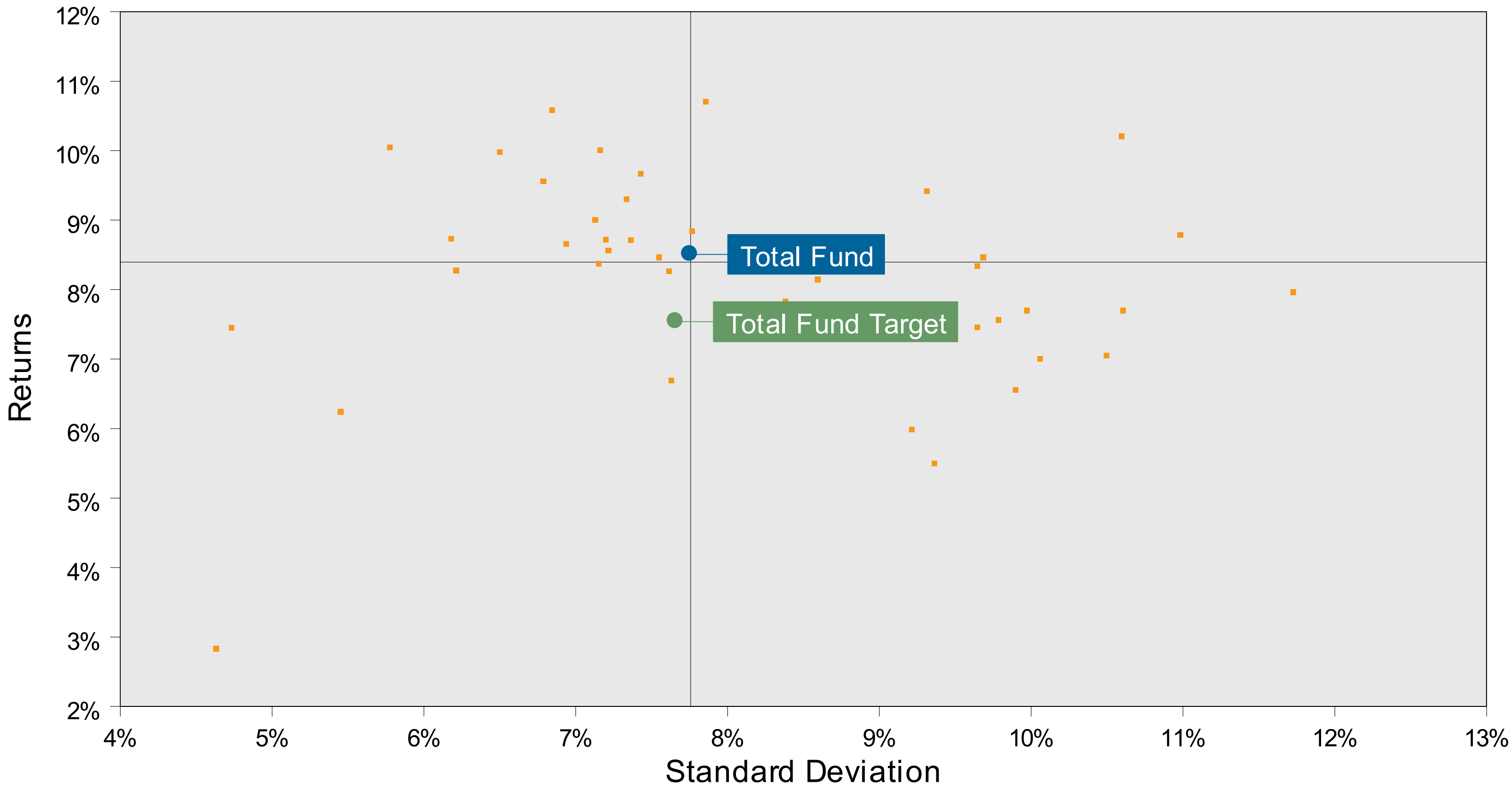
Ten Year Annualized Risk vs Return

Squares represent membership of the Callan Public Fund Spons - Large (>1B)

APFC Total Fund Return versus Standard Deviations

Relative to Callan's Large Endowment / Foundation Database

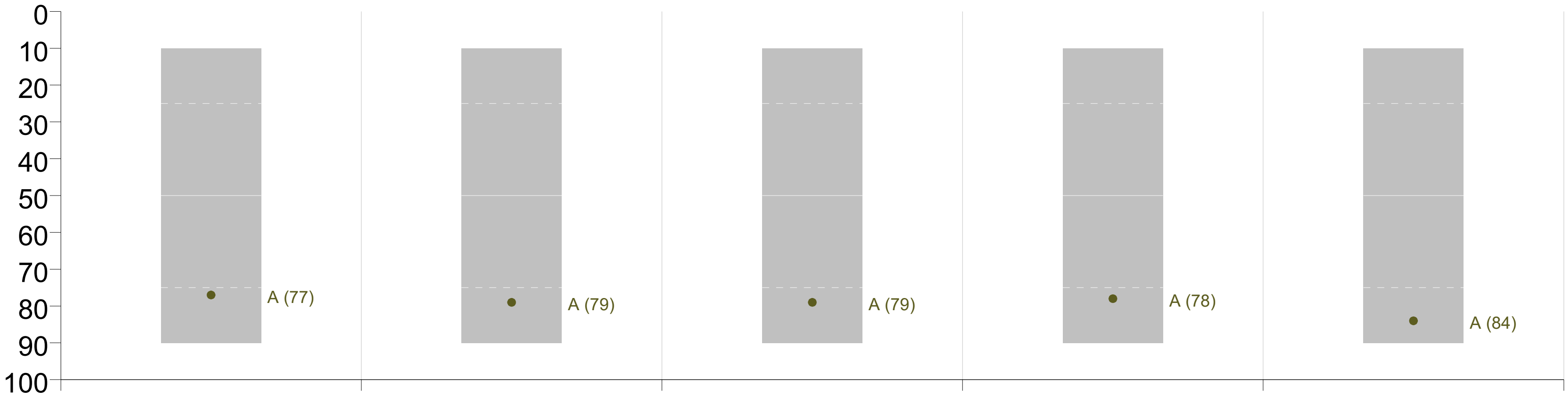
Ten Year Annualized Risk vs Return



Squares represent membership of the Callan Endow/Foundation - Large (>1B)

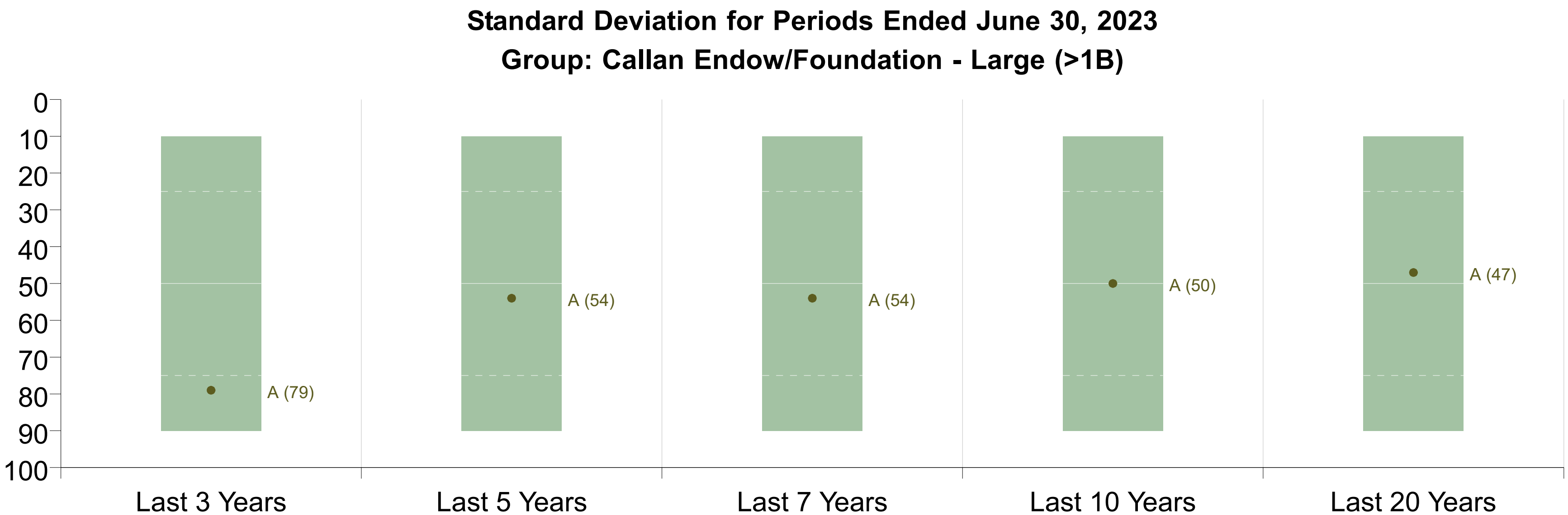
APFC Total Fund Standard Deviation Relative to Callan’s Large Public Fund Database

Standard Deviation for Periods Ended June 30, 2023
Group: Callan Public Fund Sponsor - Large (>1B)



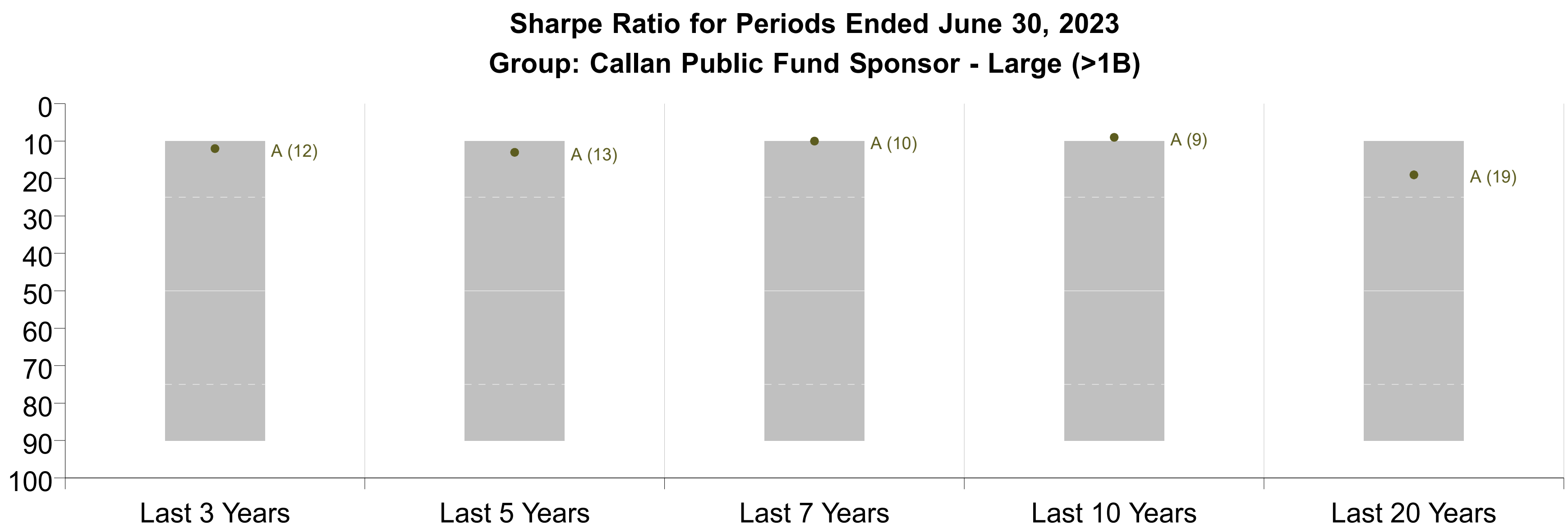
	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 20 Years
10th Percentile	12.52	15.39	13.07	11.45	11.50
25th Percentile	11.73	13.87	11.82	10.38	10.76
Median	10.53	12.30	10.50	9.12	10.09
75th Percentile	9.04	10.50	8.98	7.99	9.33
90th Percentile	7.96	9.13	7.85	6.98	8.34
Member Count	80	80	80	79	59
Total Fund ● A	8.83	10.19	8.72	7.76	8.98

APFC Total Fund Standard Deviation Relative to Callan's Large Endowment/Foundation Database



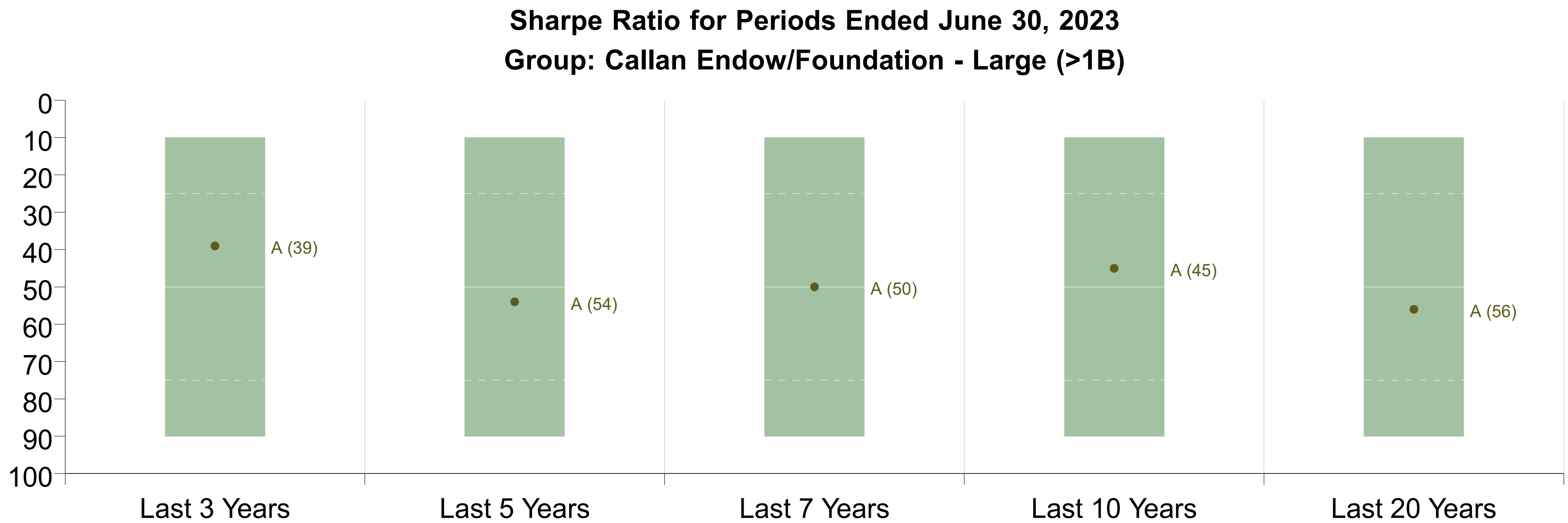
	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 20 Years
10th Percentile	12.33	14.31	12.19	10.63	10.62
25th Percentile	11.61	13.04	11.16	9.72	9.89
Median	10.12	10.31	8.79	7.76	8.93
75th Percentile	9.30	9.47	8.04	7.14	7.95
90th Percentile	7.58	7.73	6.53	5.96	7.46
Member Count	43	42	42	42	34
Total Fund ● A	8.83	10.19	8.72	7.76	8.98

APFC Total Fund Sharpe Ratio Relative to Callan's Large Public Fund Database



	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 20 Years
10th Percentile	1.13	0.68	0.88	0.97	0.76
25th Percentile	0.89	0.53	0.73	0.83	0.69
Median	0.71	0.43	0.61	0.70	0.61
75th Percentile	0.54	0.34	0.52	0.61	0.56
90th Percentile	0.40	0.29	0.46	0.55	0.51
Member Count	80	80	80	79	59
Total Fund • A	1.07	0.64	0.89	0.97	0.71

APFC Total Fund Sharpe Ratio Relative to Callan's Large Endowment/Foundation Database



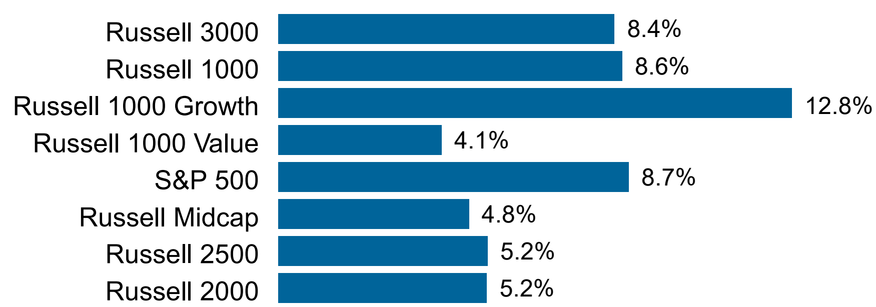
	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 20 Years
10th Percentile	1.28	0.95	1.25	1.32	1.11
25th Percentile	1.18	0.84	1.08	1.13	0.98
Median	0.93	0.70	0.90	0.94	0.74
75th Percentile	0.69	0.43	0.64	0.67	0.61
90th Percentile	0.43	0.32	0.49	0.56	0.57
Member Count	43	42	42	42	34
Total Fund ● A	1.07	0.64	0.89	0.97	0.71

U.S. Equity Performance: 2Q23

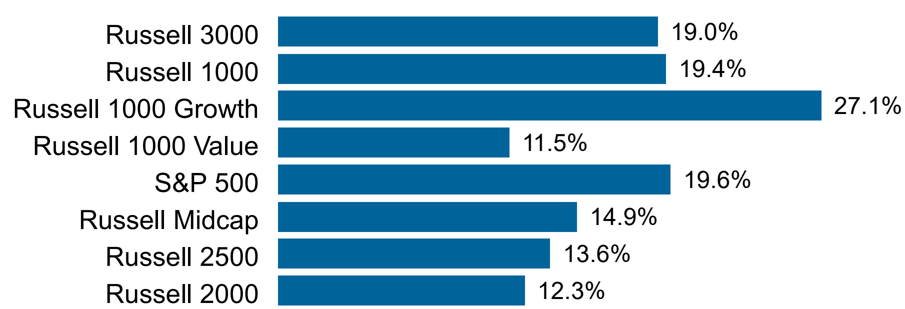
Large cap growth stocks lead broad indices higher; small cap indices continue to lag large caps

- The S&P 500 posted a second straight quarter of positive performance, gaining 8.7%; large cap growth led all styles, advancing 12.8%. All U.S. equity indices produced absolute positive returns; small value and low volatility produced the lowest 2Q returns.
- Nine of the 11 S&P 500 Index sectors produced a positive 2Q return. Information Technology (17.2%), Consumer Discretionary (14.6%), and Communication Services (13.1%) drove the overall index return; all other sectors underperformed the index.
- Similar to the first quarter, small caps (Russell 2000) underperformed large caps (Russell 1000) and growth outperformed value during the quarter, a reversal of trend from 2022. Financials (-1.1%) detracted returns for the Russell 2000 (5.2%) while Health Care was the only small cap sector to produce double digit returns (11.2%) within the small cap index.

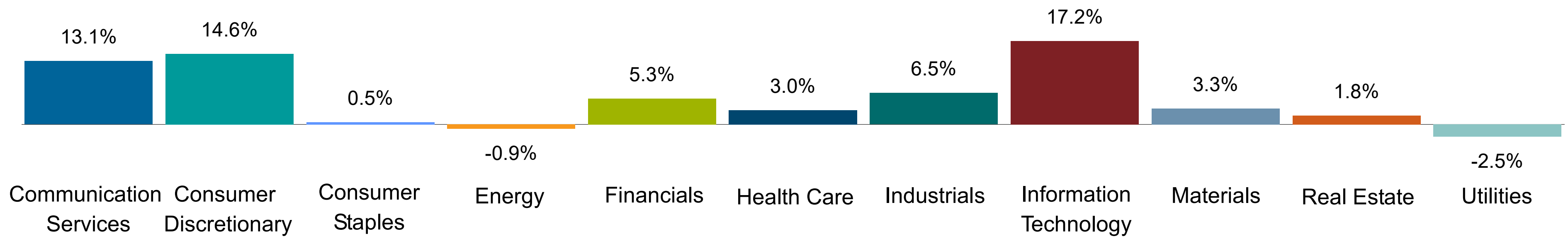
U.S. Equity: Quarter Ended 6/30/23



U.S. Equity: One-Year Returns Ended 6/30/23



Industry Sector Quarterly Performance (S&P 500) as of 6/30/23



Sources: FTSE Russell, S&P Dow Jones Indices

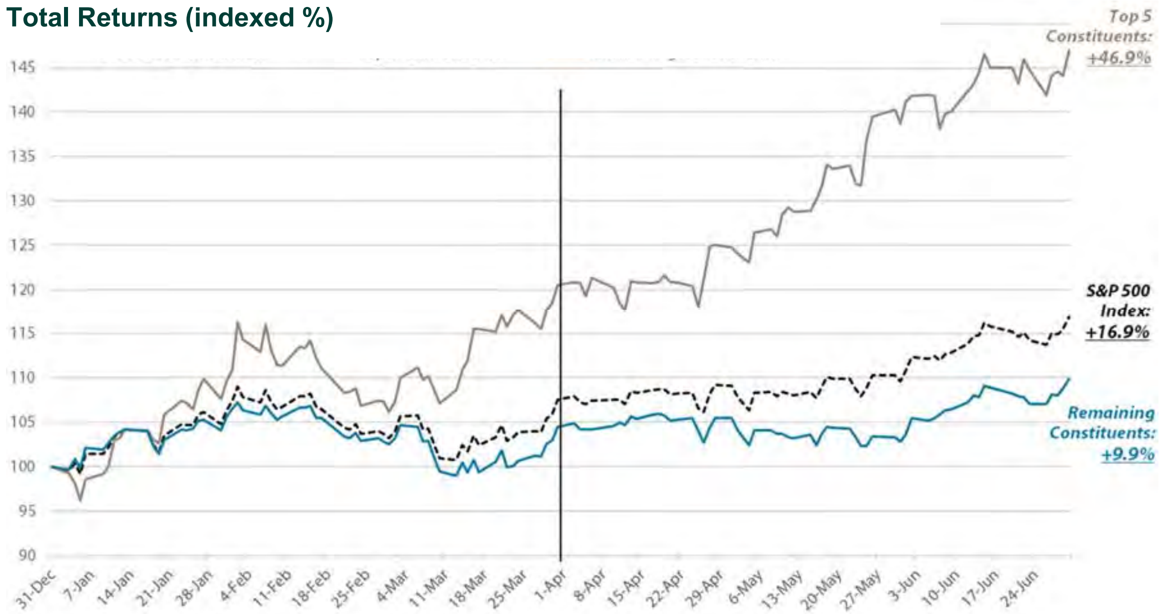
U.S. Equity Overview

Index concentration is a significant 2Q theme

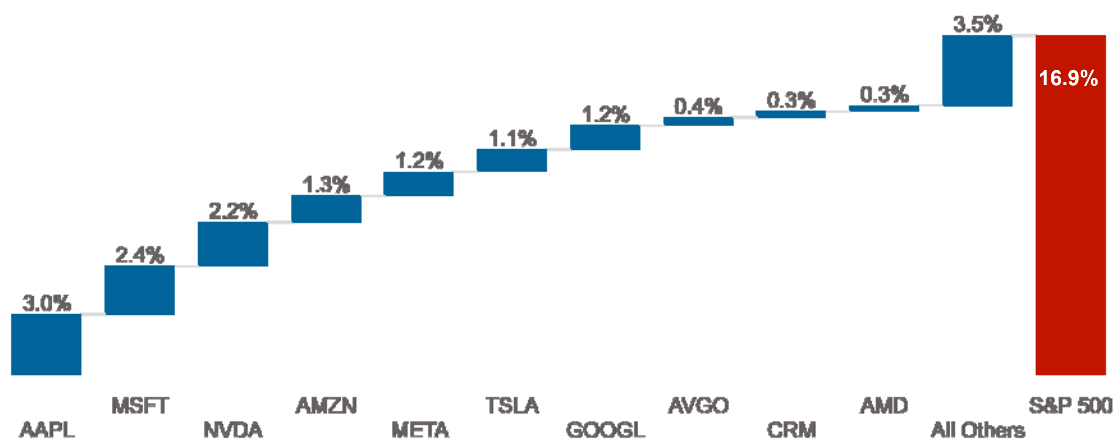
The top chart illustrates the top five S&P 500 Index contributors through 2Q.

- 10 stocks within the S&P 500 Index contributed 80% of the 16.9% return; average appreciation is 82% and an average forward price/earnings ratio of 36x. They account for 32% of the index's market capitalization.
- 2Q return for the S&P 500 Index was 8.7%; the equal weight S&P 500 Index returned 4%.
  - *The YTD return difference is nearly 10%; if this gap holds through year-end, it would be the largest since 1998.*

Total Returns (indexed %)



S&P 500 2023 YTD Return Contribution



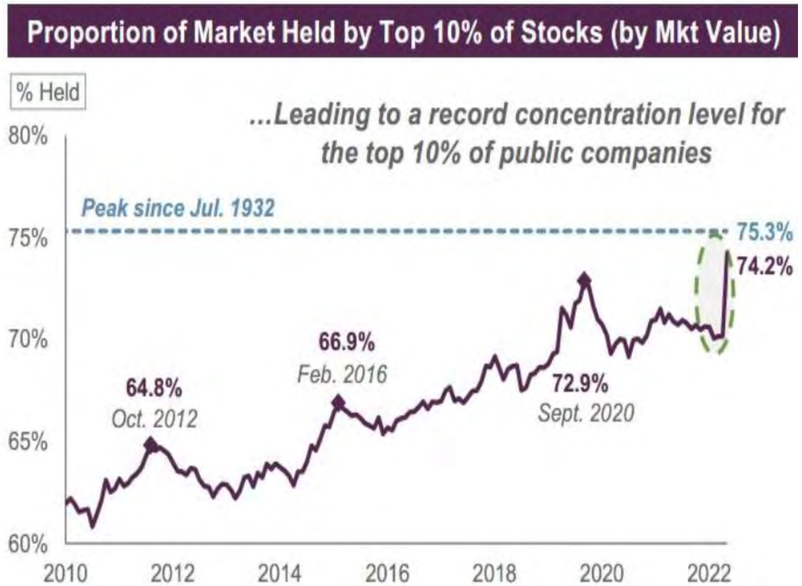
Source: Dana Investments and FacSet

U.S. Equity Key Theme

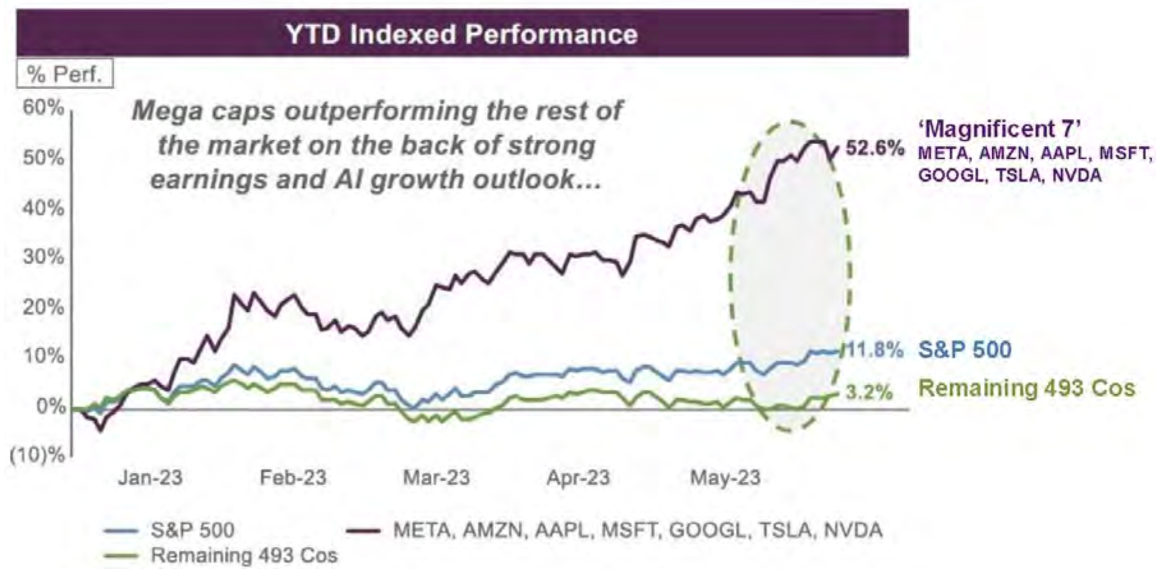
AI and the 'Magnificent 7' a key trend for 2Q

The 2Q top contributors, coined the "Magnificent Seven," were Nvidia (52%), Meta (35%), Amazon (26%), Tesla (26%), Apple (18%), Microsoft (18%), and Alphabet (15%).

- The index is now the most concentrated that it has been since the 1970s with those stocks accounting for about 25% of the S&P 500, 33% of the Russell 1000 Growth and nearly 50% of the Nasdaq.
- AI market-related focus disproportionately benefitting this group of stocks.
- $1 in every $6 of global market cap (MSCI ACWI) concentrated in these names



Near all-time high market concentration



Sources: Guggenheim as of 6/11/23

Global/Global ex-U.S. Equity Performance: 2Q23

Continued market rally

2Q23 continued global and global ex-U.S. equity markets positive performance from the prior quarter.

Technology stocks lead markets higher

– The second quarter of the year saw global markets led higher by mega cap technology stocks, in part due to increased optimism around artificial intelligence advancements.
– Market expectations of a recession decreased as inflation showed signs of abating while the Fed kept rates unchanged in June.
– Japan outperformed other regions in local currency as valuations continued to be attractive alongside the Bank of Japan's easy monetary policy.

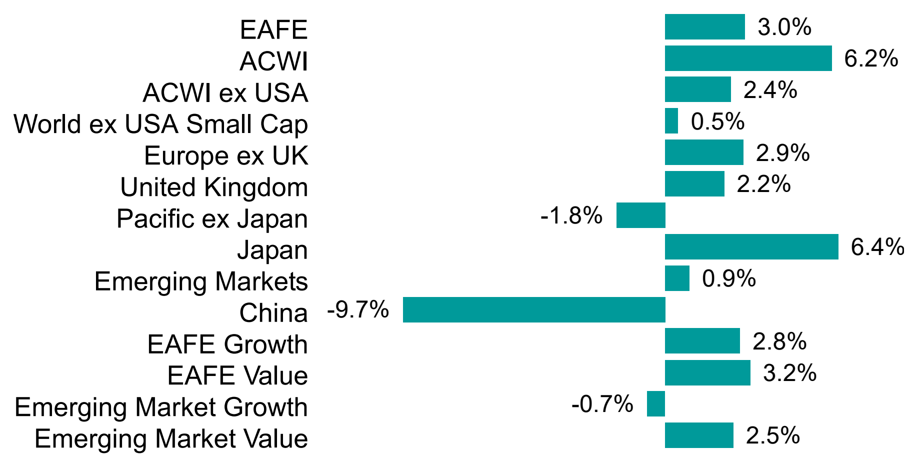
Developed vs. emerging markets

– Developed markets outperformed emerging markets as China weighed on EM indices.

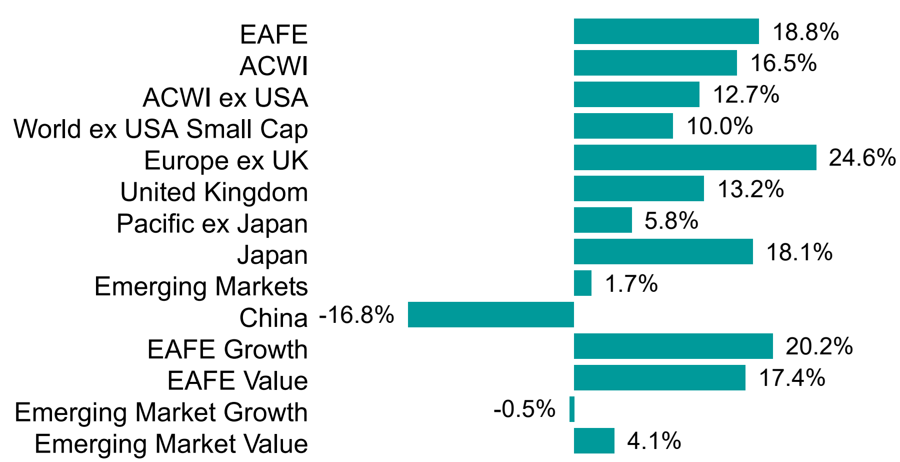
Growth vs. value

– Mega cap technology companies, which are primarily U.S.-based, led markets higher and resulted in large dispersions between U.S. growth and value indices. Outside of the U.S., growth and value index returns were relatively balanced.

Global Equity Returns: Quarter Ended 6/30/23



Global Equity Returns: One Year Ended 6/30/23



Source: MSCI

Global/Global ex-U.S. Equity Key Themes

India and Japan are outshining China

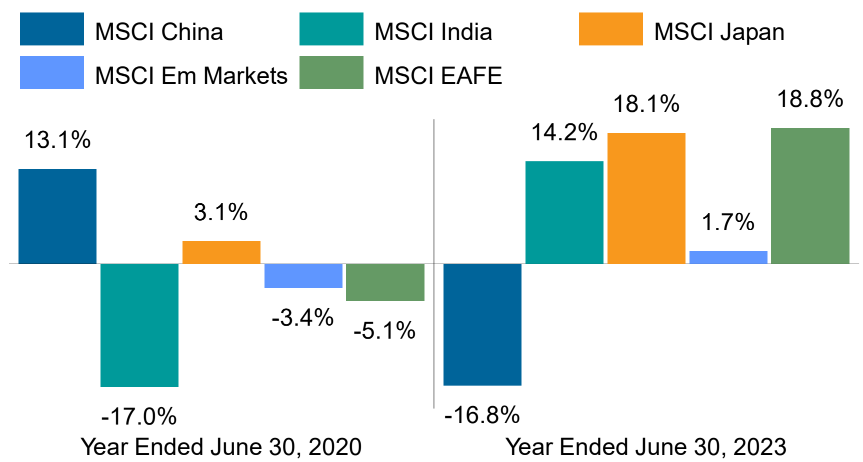
India vs. China

- Economics
  - Chinese geopolitical tensions have, in part, driven outside investment elsewhere contrasted to India with Prime Minister Modi's visit to the U.S. highlighting its place in the world economy.
  - China's New Espionage Law (effect. July 2023) likely contributing to less foreign investment; $20 billion ended 1Q23 versus $100 billion ended 1Q22.
- Asset flows
  - India's equity market has more than doubled since 2010.
- Growth
  - India surpassing China with % of population in the middle class in 2030 and from 2023 to 2030 will contribute twice as much growth from this group than China in the Asia Pacific region.

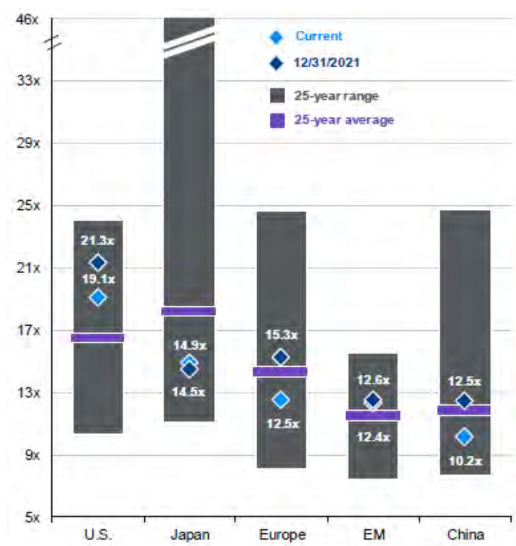
Japan's turn

- Valuation below historical levels.
- Economic recovery; in the first quarter Japan transitioned out of a recession as GDP grew 2.7%.
- Next 12 months consensus earnings estimates show Japan outpacing China, EM, Europe and only trailing the U.S.

Trailing One-Year Returns



Global Valuations (current and 25-year next 12 months price-to-earnings ratio)

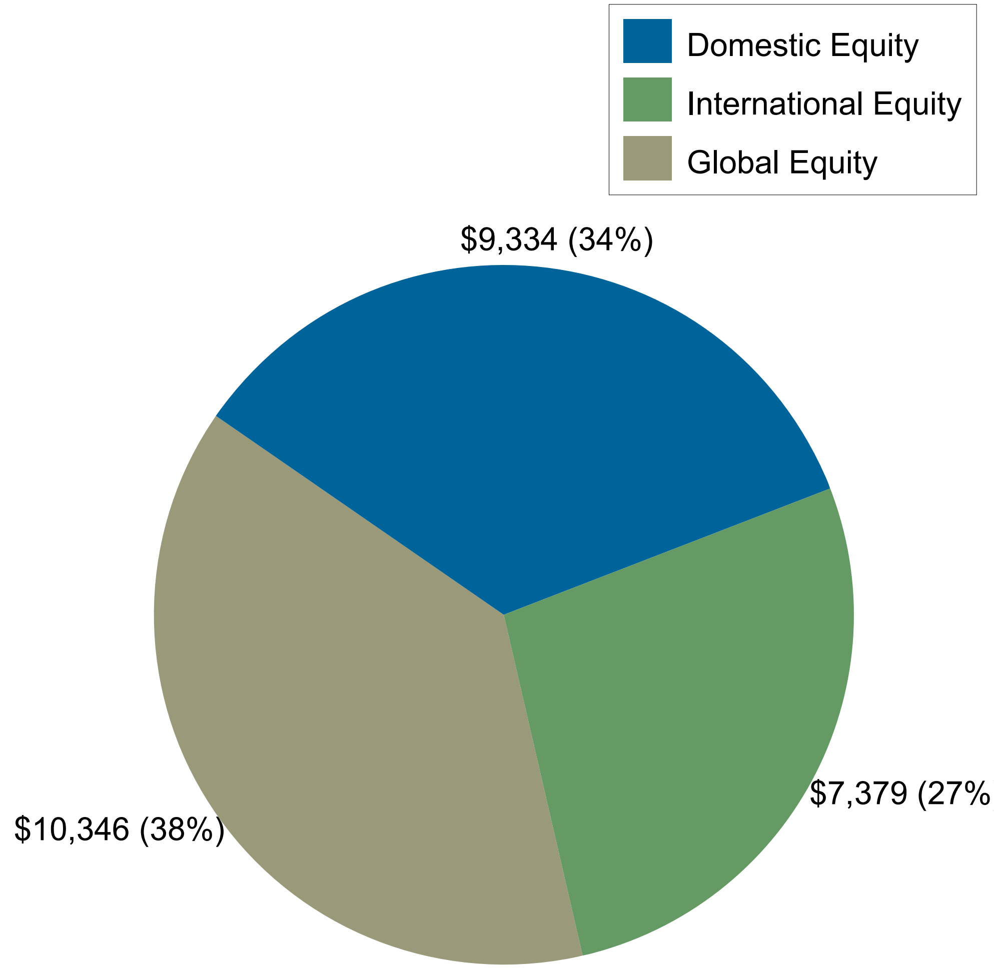


Sources: Wall Street Journal, J.P. Morgan, Capital Group

APFC Public Equity Structure

As of June 30, 2023

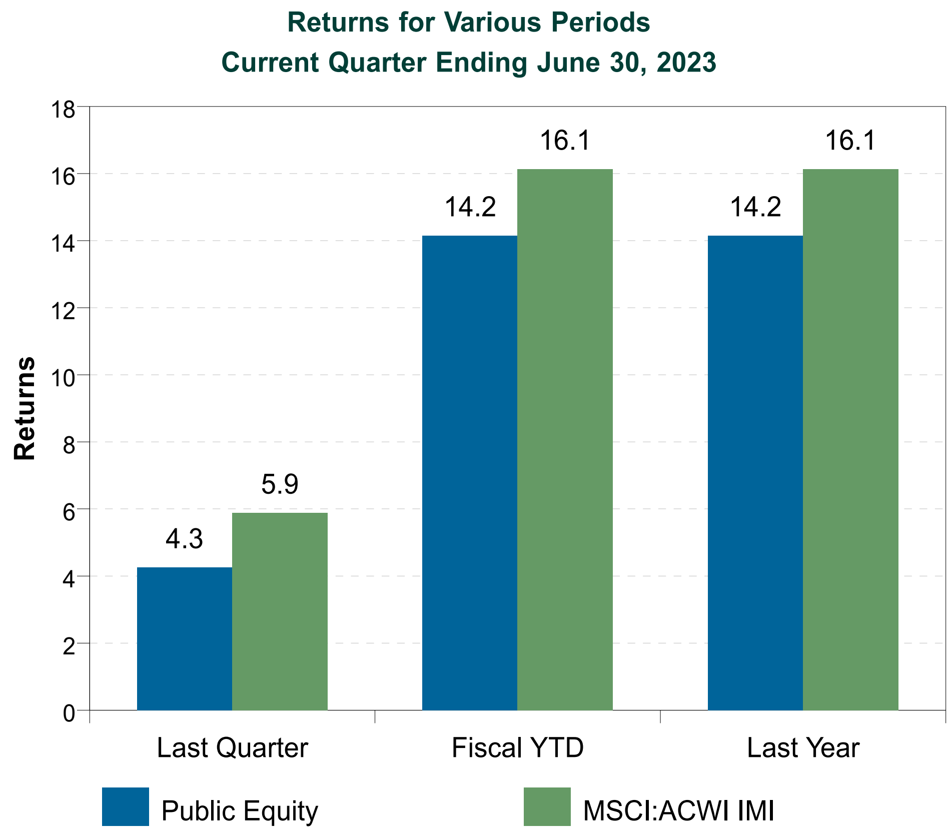
- APFC Public Equity portfolio comprised of Domestic, International and Global Equity.



APFC Public Equity vs. MSCI ACWI-IMI

Periods Ended June 30, 2023

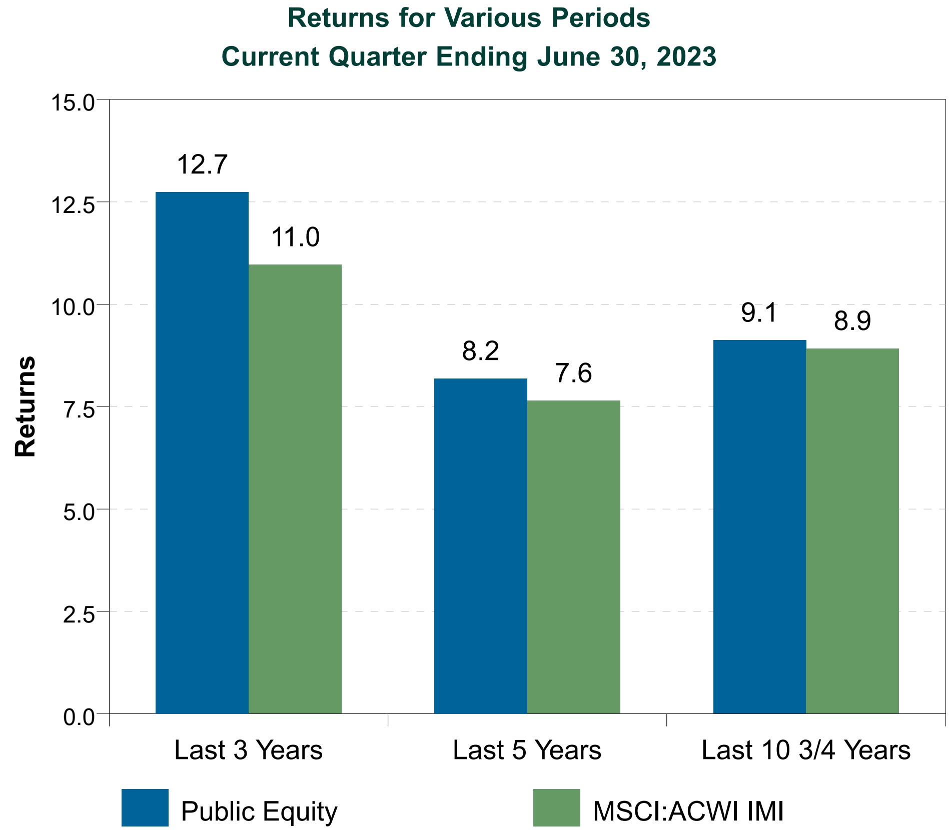
- APFC Public Equity portfolio lagged against the MSCI ACWI IMI index for the quarter and trailing year.
- Domestic, International and Global Equity composites ended behind their respective benchmarks for the quarter.
- The Global Equity composite outperformed its benchmark for the trailing year while Domestic and International Equity lagged their respective benchmarks.



APFC Public Equity vs. MSCI ACWI-IMI

Periods Ended June 30, 2023

- Public Equities exceeded the benchmark over the intermediate and long-term.
- Overall, the portfolio is well diversified across regions, countries, and underlying strategies.



APFC US Equity Performance vs. Fund Sponsor US Equity

Periods Ended June 30, 2023

- The universe is comprised of total domestic equity portfolios of large institutional investors in Callan's Fund Sponsor Database.
- APFC US Equity portfolio underperformed the Russell 3000 Index for the quarter and year.
- When compared to US Equity portfolios of other large institutional investors, APFC's US Equity composite ranked near median in longer term periods.

Performance vs Fund Spnsor - Domestic Equity (Gross)

	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	8.45	19.77	15.41	11.59	13.30	12.57
25th Percentile	8.12	18.96	14.64	11.19	12.81	12.18
Median	7.60	18.16	13.87	10.57	12.26	11.78
75th Percentile	6.89	16.96	12.77	9.68	11.60	11.10
90th Percentile	5.72	14.40	11.53	8.70	10.88	10.35
Domestic Equity ●	5.16	14.50	15.87	10.05	12.11	11.71
Russell 3000 Index ▲	8.39	18.95	13.89	11.39	12.86	12.34

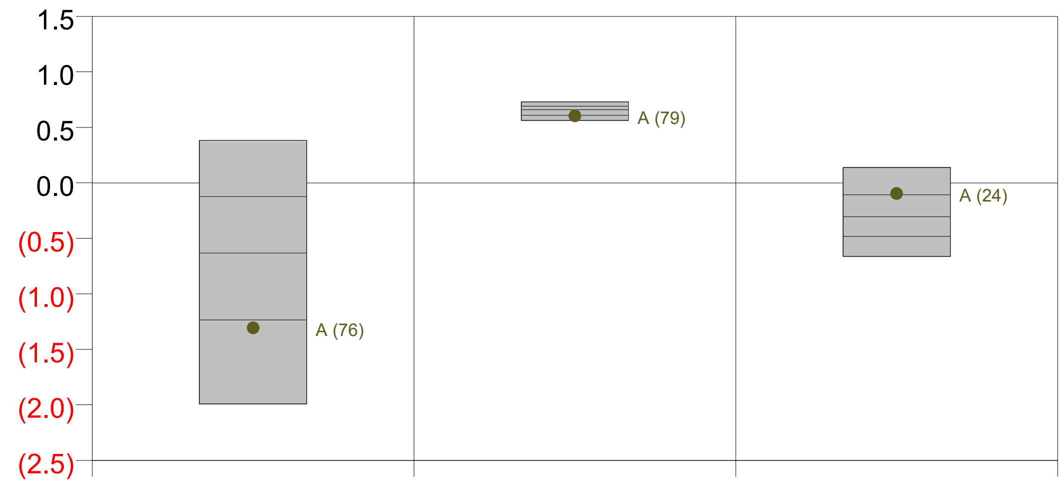
APFC US Equity Portfolio Risk Adjusted Return Rankings

Periods Ended June 30, 2023

- The universe is comprised of total domestic equity portfolios of large institutional investors in Callan's Fund Sponsor Domestic Equity Database.

- For the trailing ten-year period, APFC portfolio ranked below median for alpha and Sharpe ratio, and above median for excess return ratio.
  - Alpha measures contribution to performance – portfolio's return above index adjusted for risk.
  - Sharpe Ratio represents return gained per unit of risk taken (return/risk).
  - Excess Return Ratio measures alpha (return above benchmark) divided by tracking error (risk versus benchmark).

Risk Adjusted Return Measures vs Russell 3000 Index
Rankings Against Fund Sponsor Domestic Equity Database

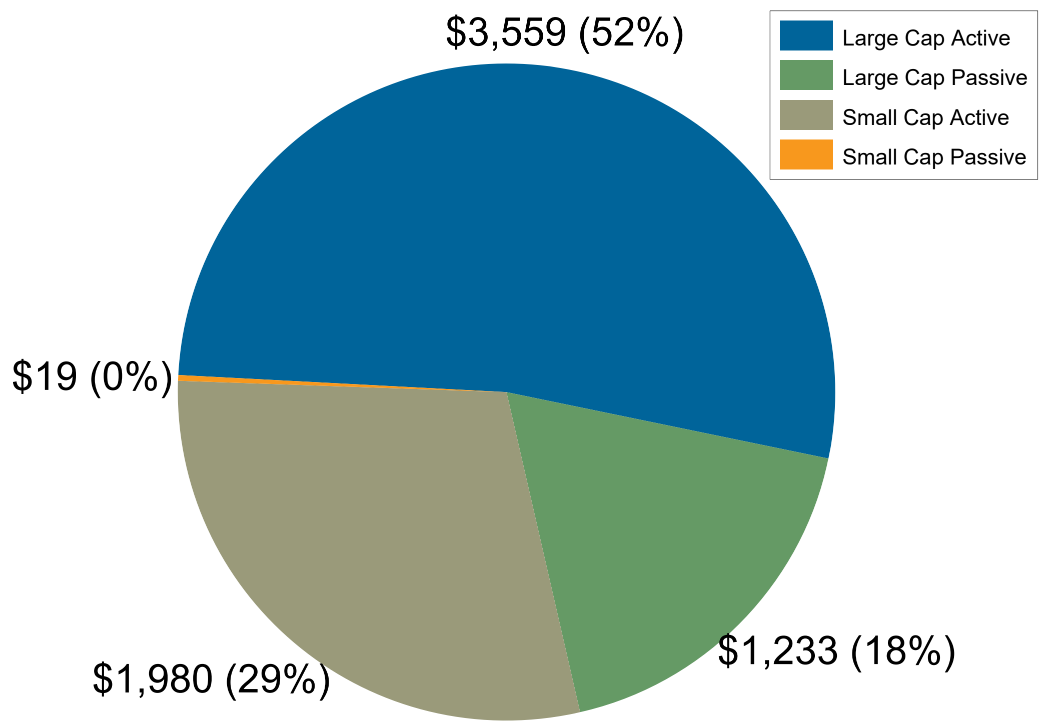


	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.38	0.73	0.14
25th Percentile	(0.12)	0.69	(0.11)
Median	(0.63)	0.66	(0.30)
75th Percentile	(1.23)	0.61	(0.48)
90th Percentile	(1.99)	0.56	(0.66)
Domestic Equity ● A	(1.31)	0.60	(0.10)

APFC US Equity Structure

As of June 30, 2023

- US equity portfolio is roughly 82% actively managed and 18% passive (or quasi-passive).
- Roughly 74% of the large cap allocation is actively managed while 99% of the small cap allocation is actively managed.

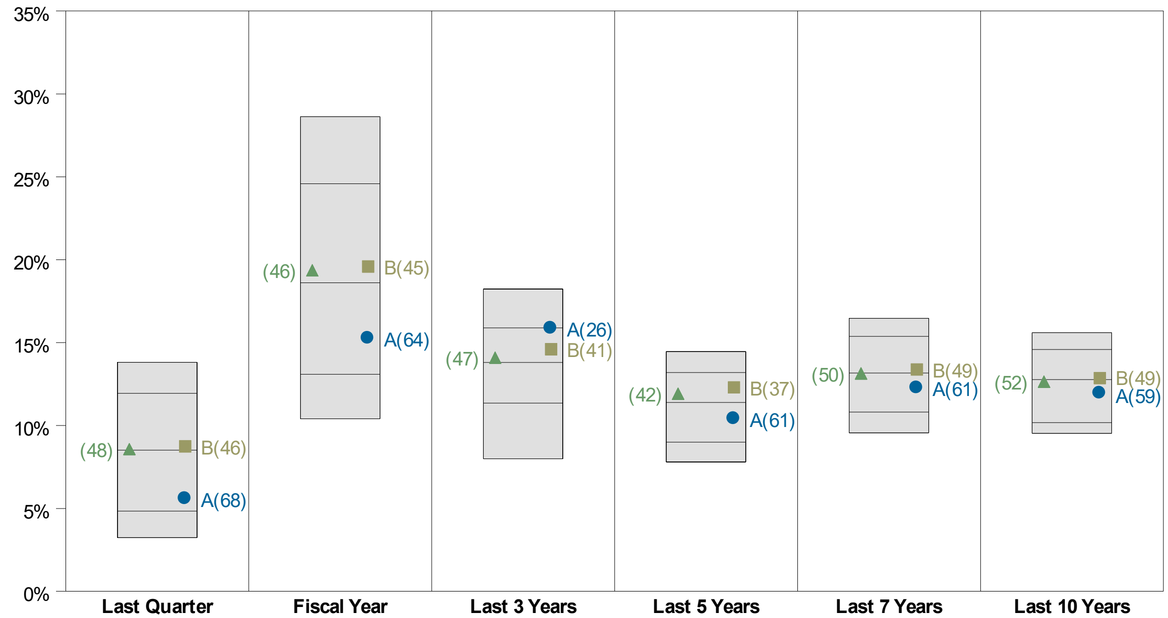


APFC Large Cap Equity Relative to Large Cap Universe

Periods Ended June 30, 2023

- APFC's Large Cap portfolio underperformed its benchmark for the quarter and trailing year.
- Over the quarter and trailing year, the portfolio ranked below median within the large cap universe.
- Performance from the APFC US Tactical Tilt portfolio negatively impacted relative performance over the quarter and trailing year.

Performance vs Callan Large Capitalization (Gross)



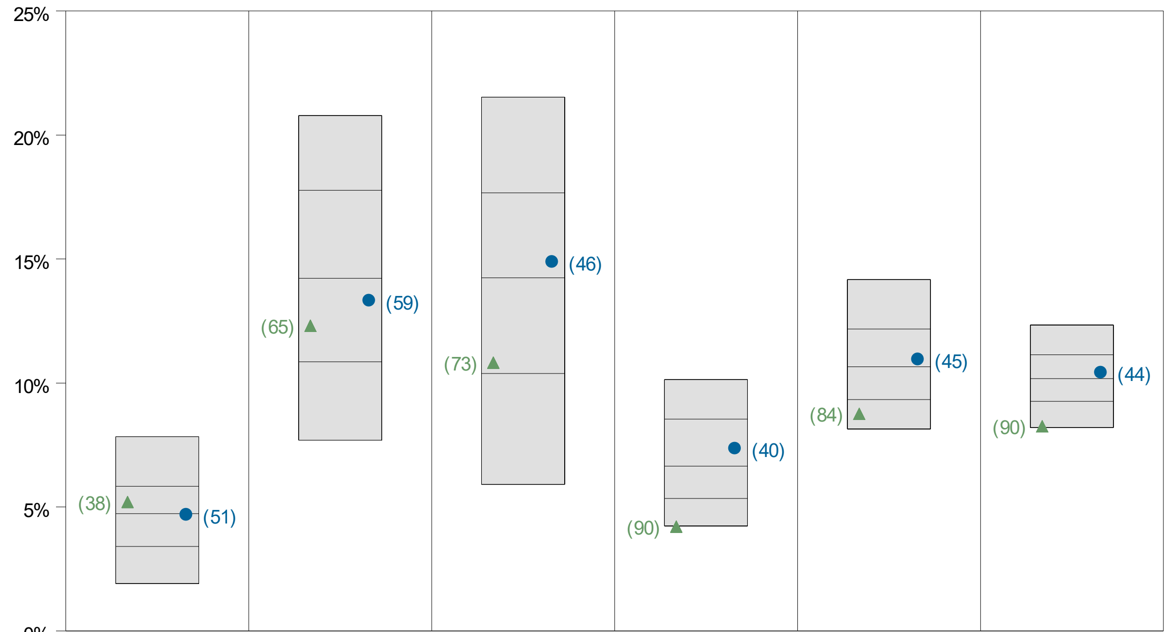
		Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile		13.82	28.63	18.24	14.47	16.47	15.60
25th Percentile		11.94	24.58	15.89	13.20	15.38	14.59
Median		8.51	18.61	13.81	11.40	13.17	12.78
75th Percentile		4.84	13.09	11.36	9.00	10.81	10.18
90th Percentile		3.24	10.40	8.00	7.80	9.56	9.52
Large Cap Equity	● A	5.58	15.25	15.86	10.40	12.26	11.94
Standard & Poor's 500	■ B	8.74	19.59	14.60	12.31	13.38	12.86
Russell 1000 Index	▲	8.58	19.36	14.09	11.92	13.15	12.64

APFC Small Cap Equity Relative to Small Cap Universe

Periods Ended June 30, 2023

- APFC small cap portfolio underperformed the Russell 2000 for the quarter but outperformed for the year.
- The portfolio ranked near its peer group median for the quarter and below median for the year.
- In all other periods the portfolio ranked above median in the small cap universe and was ahead of the benchmark.

Performance vs Callan Small Capitalization (Gross)

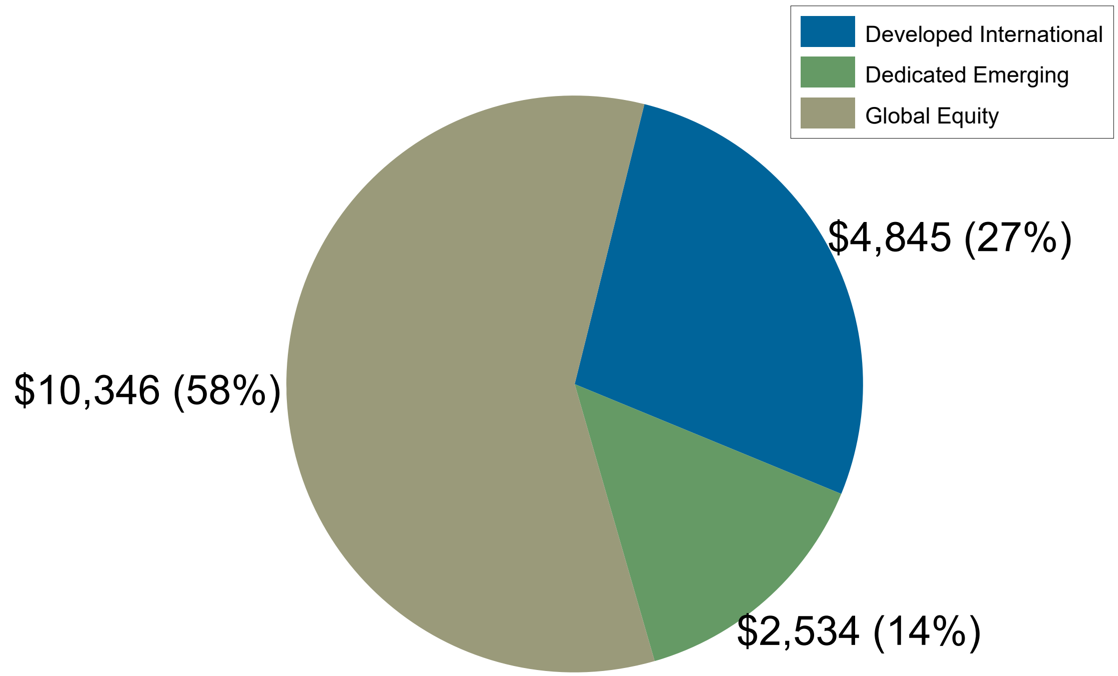


	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	7.83	20.79	21.53	10.14	14.18	12.34
25th Percentile	5.84	17.77	17.67	8.54	12.17	11.14
Median	4.73	14.23	14.24	6.65	10.66	10.17
75th Percentile	3.41	10.86	10.38	5.34	9.33	9.26
90th Percentile	1.91	7.69	5.91	4.23	8.15	8.20
Small Cap Equity ●	4.66	13.29	14.85	7.33	10.92	10.39
Russell 2000 Index ▲	5.21	12.31	10.82	4.21	8.76	8.26

APFC Non-US and Global Equity Structure

As of June 30, 2023

- Portfolio is divided between global, non-US, and emerging markets mandates.
- Both global and non-US equity managers invest in emerging markets.
- Global managers invest in US markets as part of their mandate.

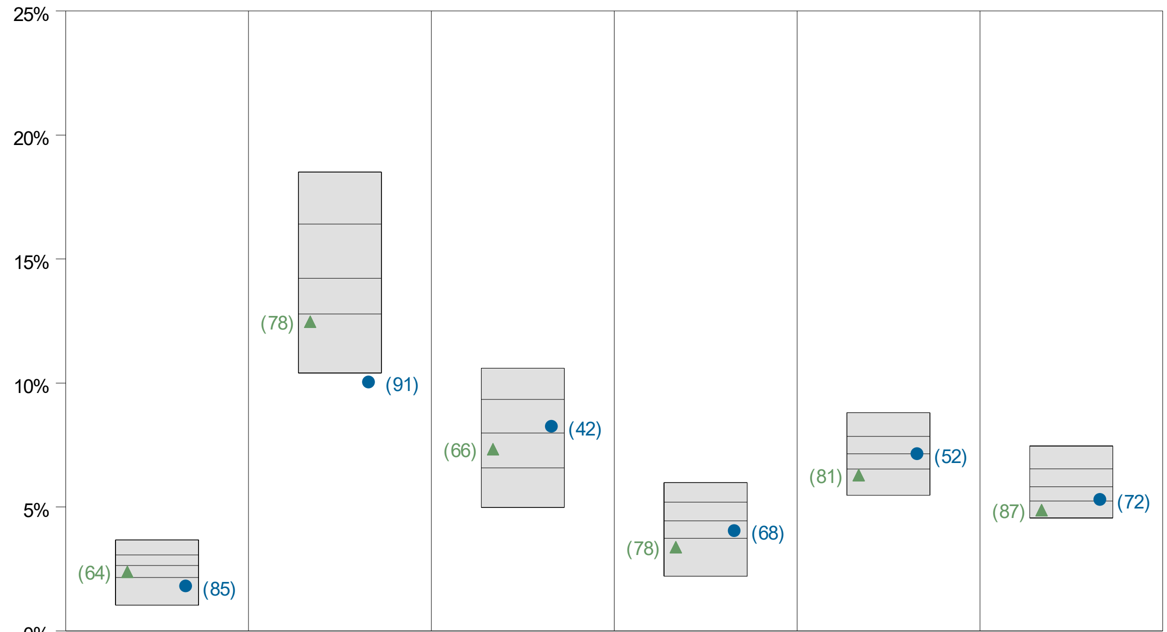


APFC International Equity Relative to Fund Sponsor Universe

Periods Ended June 30, 2023

- International Equity ended the quarter behind its benchmark and its peer group median. Over the trailing year, International Equity underperformed both the benchmark and peer group median.
- In periods outside the year, the portfolio outperformed its benchmark.
- Relative to other fund sponsor portfolios, International Equity ranked below median for most periods.

Performance vs Fund Spnsor - International Equity (Gross)



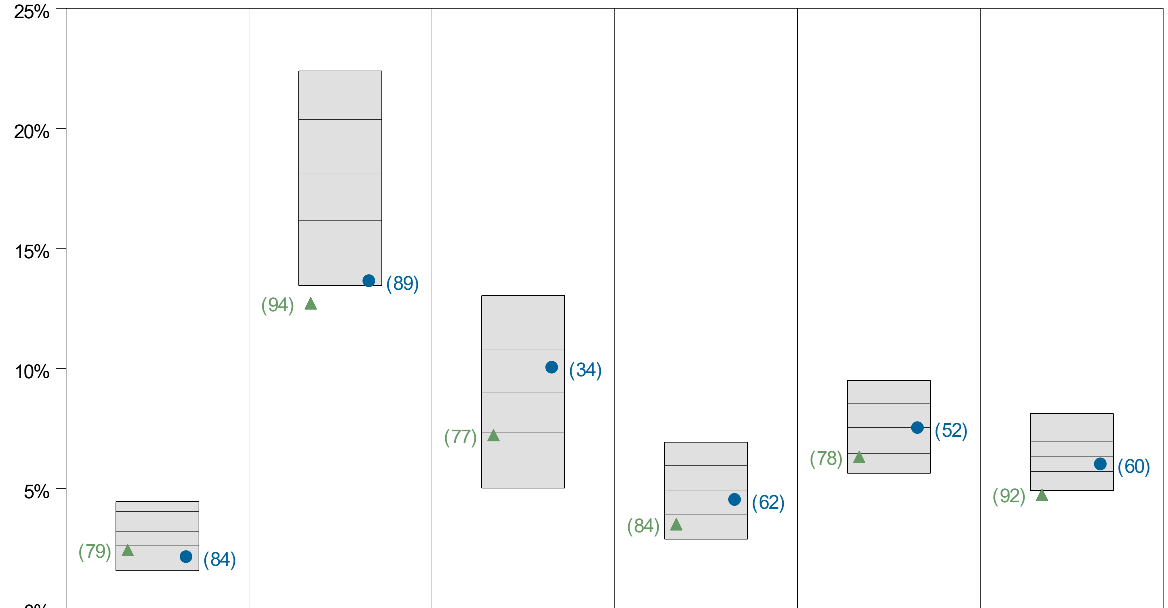
	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	3.67	18.50	10.60	5.98	8.81	7.46
25th Percentile	3.06	16.41	9.34	5.19	7.85	6.54
Median	2.64	14.23	7.98	4.44	7.15	5.82
75th Percentile	2.16	12.78	6.57	3.74	6.53	5.24
90th Percentile	1.04	10.40	4.98	2.21	5.47	4.56
International Equity ●	1.76	9.99	8.21	4.00	7.10	5.26
MSCI ACWI xUS IMI ▲	2.38	12.47	7.33	3.38	6.29	4.88

APFC Int'l Developed Equity Relative to Non-US Equity Universe

Periods Ended June 30, 2023

- The International Developed portfolio lagged against its benchmark for the quarter but outperformed over the trailing year.
- The portfolio continued to show strong performance relative to its benchmark across all other time periods.
- The portfolio ranked below median over the quarter and year.

Performance vs Callan Non-US Equity (Gross)



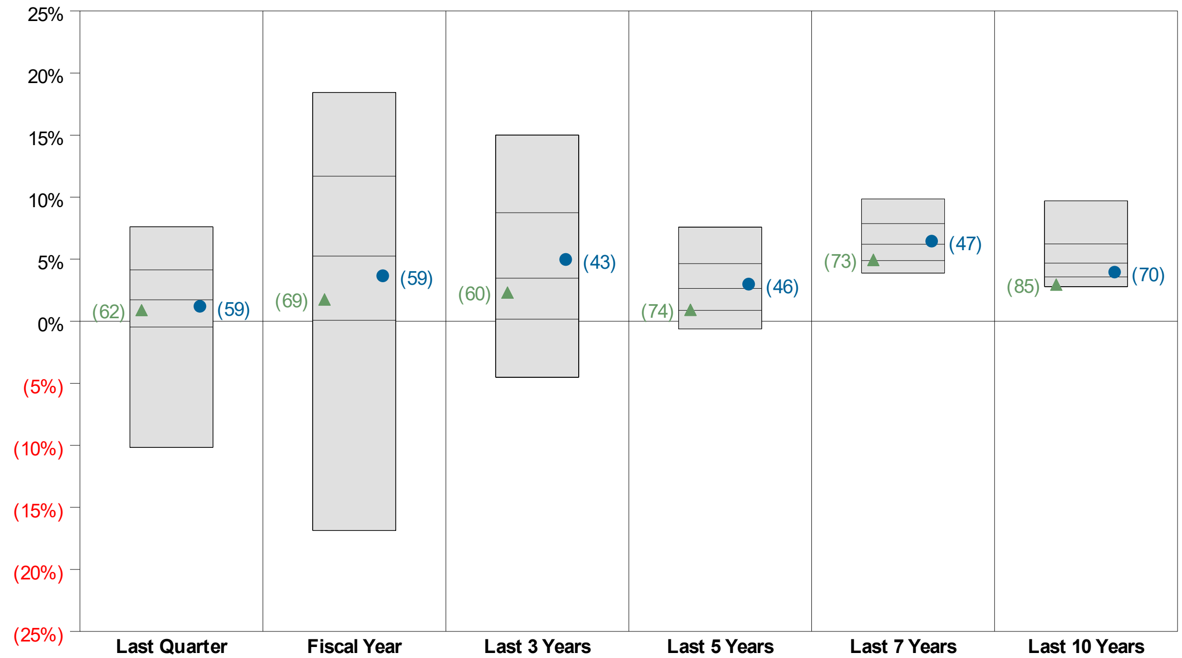
	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	4.45	22.40	13.03	6.93	9.49	8.11
25th Percentile	4.03	20.37	10.81	5.96	8.54	6.97
Median	3.21	18.10	9.01	4.90	7.54	6.35
75th Percentile	2.61	16.16	7.32	3.93	6.46	5.71
90th Percentile	1.57	13.46	5.02	2.89	5.64	4.91
International Developed ●	2.11	13.61	10.00	4.49	7.49	5.98
MSCI ACWI xUS ▲	2.44	12.72	7.22	3.52	6.32	4.75

APFC Emerging Markets Equity Relative to EM Universe

Periods Ended June 30, 2023

- APFC Emerging Markets Equity portfolio exceeded the MSCI EM Index in the second quarter and for the trailing year.
- The portfolio leads its benchmark across all other standard periods.
- The portfolio ranked below median for the quarter and year.

Performance vs Emerging Markets Equity DB (Gross)



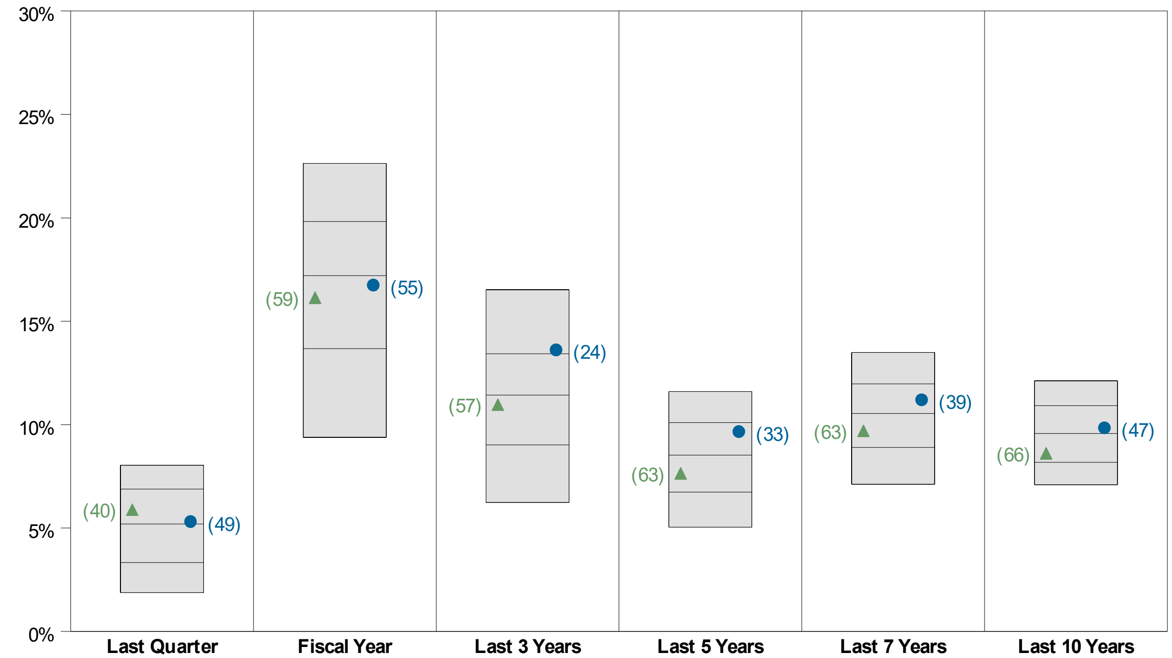
	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	7.61	18.44	15.01	7.58	9.86	9.70
25th Percentile	4.13	11.69	8.75	4.64	7.87	6.23
Median	1.73	5.26	3.47	2.65	6.21	4.68
75th Percentile	(0.47)	0.08	0.17	0.88	4.88	3.57
90th Percentile	(10.17)	(16.87)	(4.52)	(0.62)	3.88	2.79
Emerging Markets ●	1.10	3.56	4.88	2.89	6.36	3.87
MSCI EM ▲	0.90	1.75	2.32	0.93	4.95	2.95

APFC Global Equity Relative to Global Universe

Periods Ended June 30, 2023

- APFC Global Equity portfolio fell behind its benchmark but ranked above its peer group median for the quarter.
- Over the trailing year, the portfolio outperformed its benchmark but ended the period below its peer group median.
- The portfolio was ahead of its benchmark over all other time periods and ranked above median.
- Performance from the APFC Tactical Tilts portfolio positively impacted performance over the 3-, 5- and 7-year periods

Performance vs Global Equity Database (Gross)



	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	8.04	22.63	16.52	11.60	13.49	12.12
25th Percentile	6.89	19.82	13.43	10.10	11.97	10.92
Median	5.19	17.21	11.43	8.53	10.54	9.58
75th Percentile	3.33	13.67	9.02	6.74	8.90	8.18
90th Percentile	1.87	9.39	6.23	5.04	7.12	7.09
Global Equity ●	5.25	16.70	13.56	9.61	11.14	9.79
MSCI ACWI IMI ▲	5.89	16.14	10.97	7.65	9.70	8.62

U.S. Fixed Income Performance: 2Q23

Bloomberg Aggregate down as rates rose, risk appetite and solid economic news spurred returns for spread sectors and lower quality

- Corporate excess return: +131 bps
- Mortgage excess return: +76 bps
- High yield corporates excess return: +279 bps
- AA excess returns: +84 bps
- BBB excess returns: +157 bps

U.S. Treasury yield curve inversion steepened to 106 bps from 58 bps on 3/31

- 2- year UST: 4.87%; 10-year UST: 3.81%

TIPS performed in line with nominal U.S. Treasuries

- Five-year breakeven spreads narrowed to 2.18% from 2.4% on 3/31; Fed and markets expect inflation to trend down over longer periods

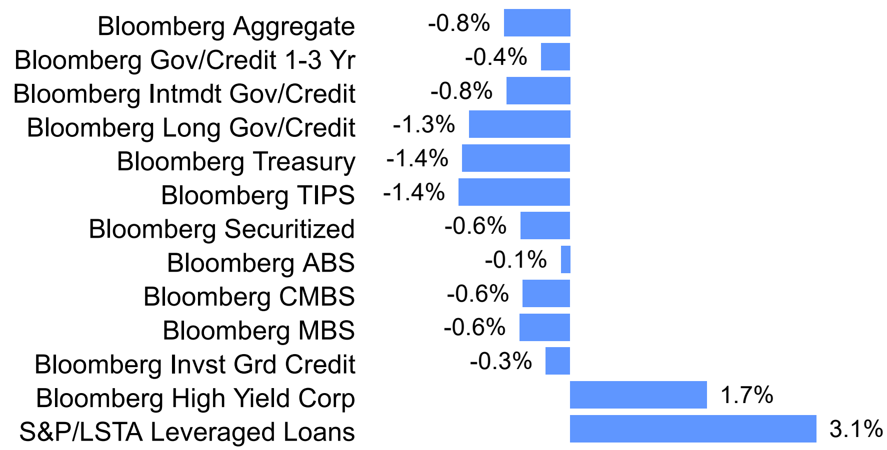
Fed Funds target raised to 5.00% - 5.25%

- Paused at June meeting but suggested that further hikes are likely
- Median expectation from Fed is 5.6% for year-end 2023
- Market expectations are similar at 5.4%; up sharply from expectations for cuts at the end of 1Q

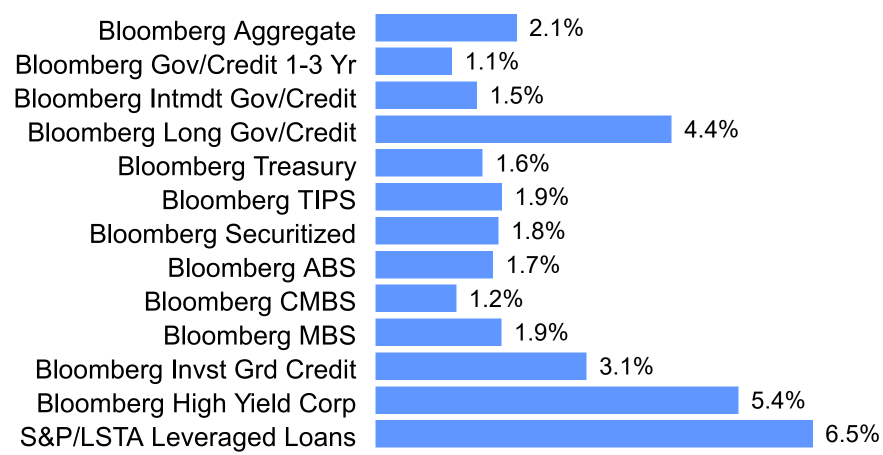
Valuations fair

- Credit spreads have not widened materially and are close to historical averages
- Demand has remained robust with muted issuance

U.S. Fixed Income Returns: Quarter Ended 6/30/23



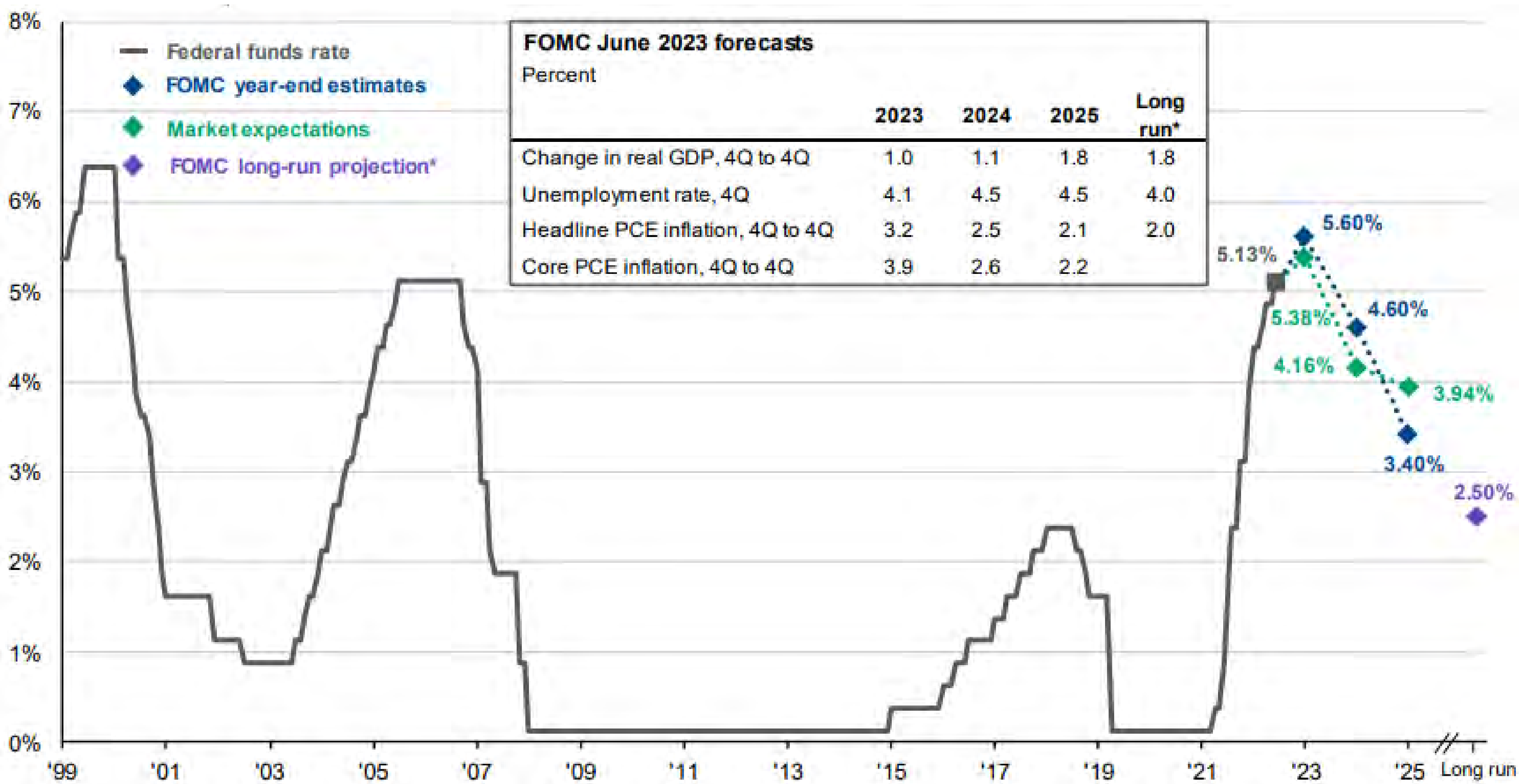
U.S. Fixed Income Returns: Six Months Ended 6/30/23



Sources: Bloomberg, S&P Dow Jones Indices

Fed Pivot Nearing?

Implied probability of further rate hikes following July meeting is low; rates remain restrictive



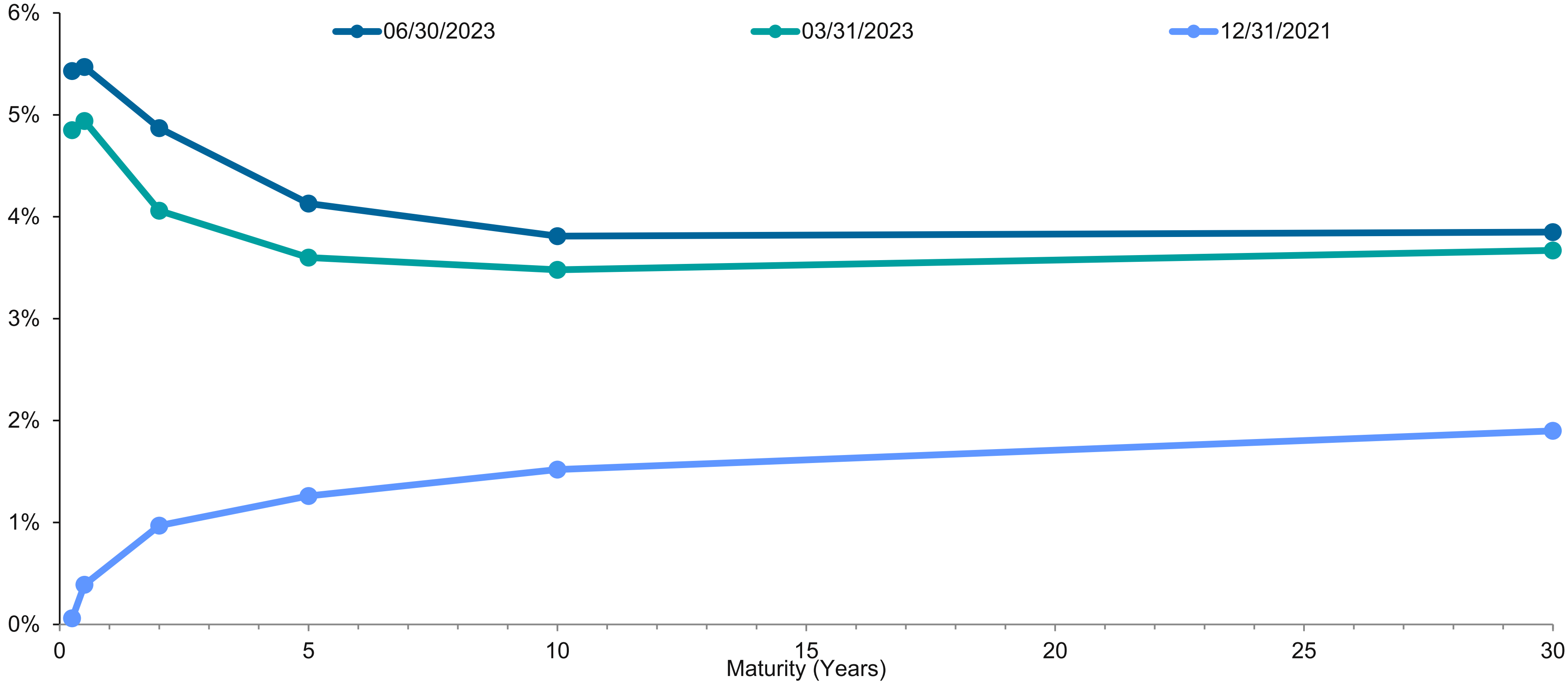
FOMC June 2023 forecasts
Percent

	2023	2024	2025	Long run*
Change in real GDP, 4Q to 4Q	1.0	1.1	1.8	1.8
Unemployment rate, 4Q	4.1	4.5	4.5	4.0
Headline PCE inflation, 4Q to 4Q	3.2	2.5	2.1	2.0
Core PCE inflation, 4Q to 4Q	3.9	2.6	2.2	

Sources: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management

U.S. Treasury Curve Remains Sharply Inverted

Most since 1980s



Source: Treasury.Gov

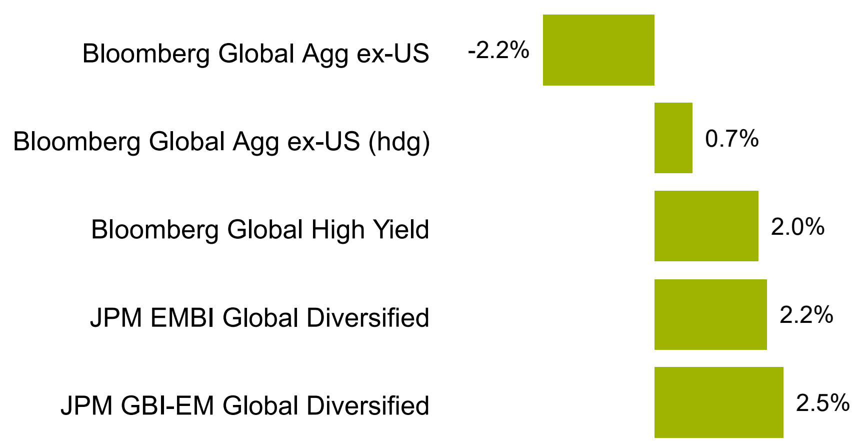
Global Fixed Income Performance: 2Q23

Bloomberg Global Aggregate was down on an unhedged basis but up slightly hedged
- Rates mixed; up in the U.S., Great Britain, and Australia and flat to slightly down across other developed markets
- Japan (-8%) worst performer on sharp yen deprecation
- BOE surprised markets with 50 bps increase to combat sticky inflation

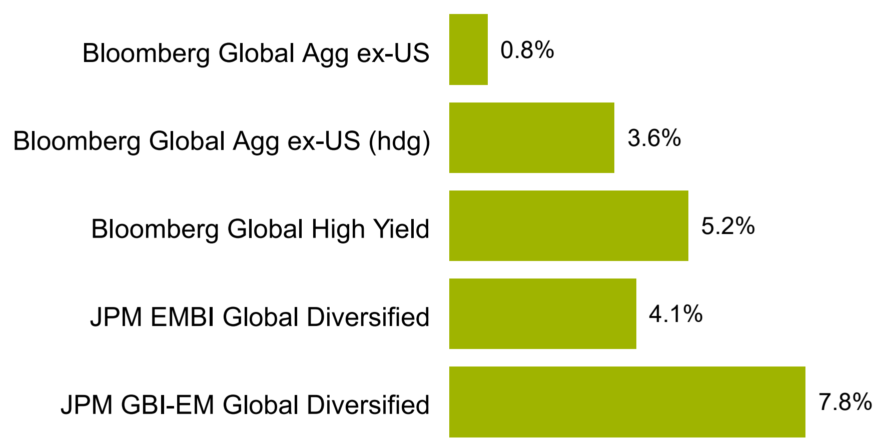
U.S. dollar was mixed
- Euro: +0.4% vs dollar
- British pound: +2.8% vs dollar
- Canadian dollar: +2.3% vs dollar
- Japanese yen: -7.9% vs dollar
- Australian dollar: -0.6% vs dollar
- Chinese yuan: -5.4% vs dollar
- Mexican peso: +5.3% vs dollar
- Brazilian real: +5.1% vs dollar

Emerging market debt delivered solid results

Global Fixed Income Returns: Quarter Ended 6/30/23



Global Fixed Income Returns: Six Months Ended 6/30/23



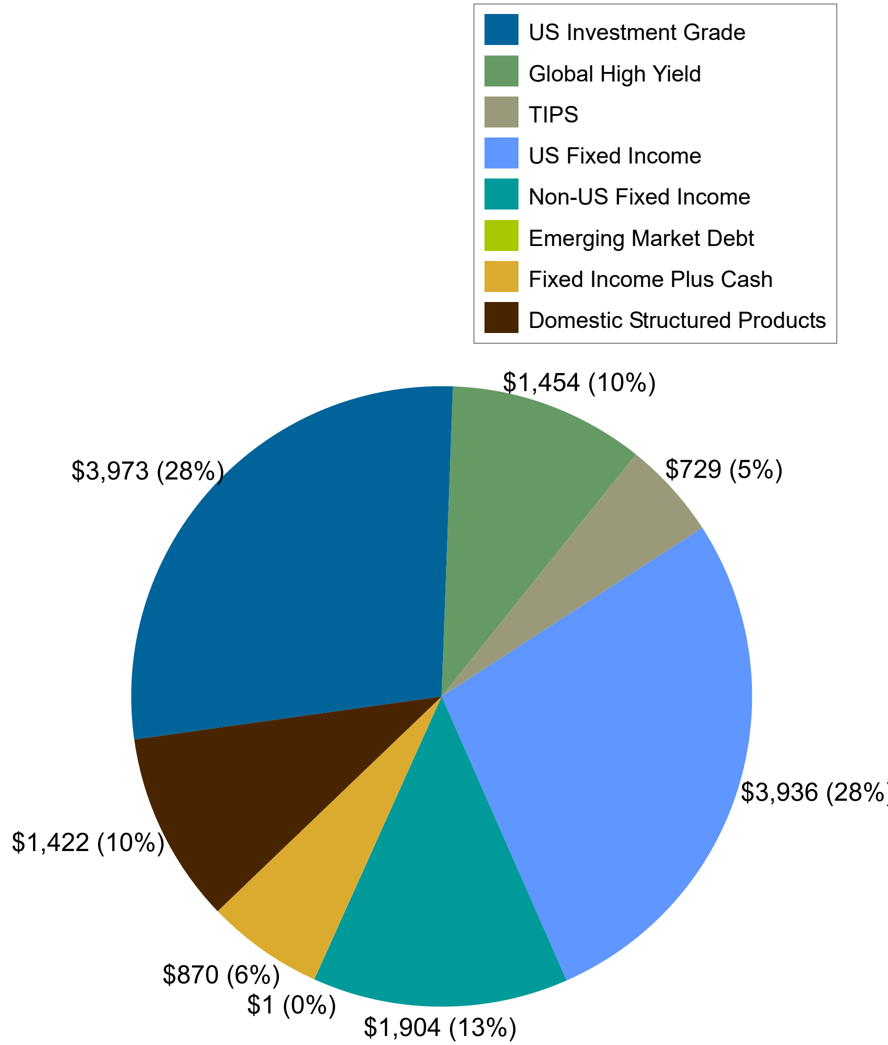
Sources: Bloomberg, JP Morgan

APFC Fixed Income Structure

As of June 30, 2023

- The fixed income portfolio is now managed internally, including allocations within Fixed Income Plus Cash, US Fixed Income Aggregate, US Investment Grade Corporate, Non-US Fixed Income, Structured Products, Emerging Market Debt, Global High Yield and TIPS.

- Small allocations to external managers in liquidation remain in Non-US Fixed Income, US High Yield and Emerging market Debt (~$4.7M).

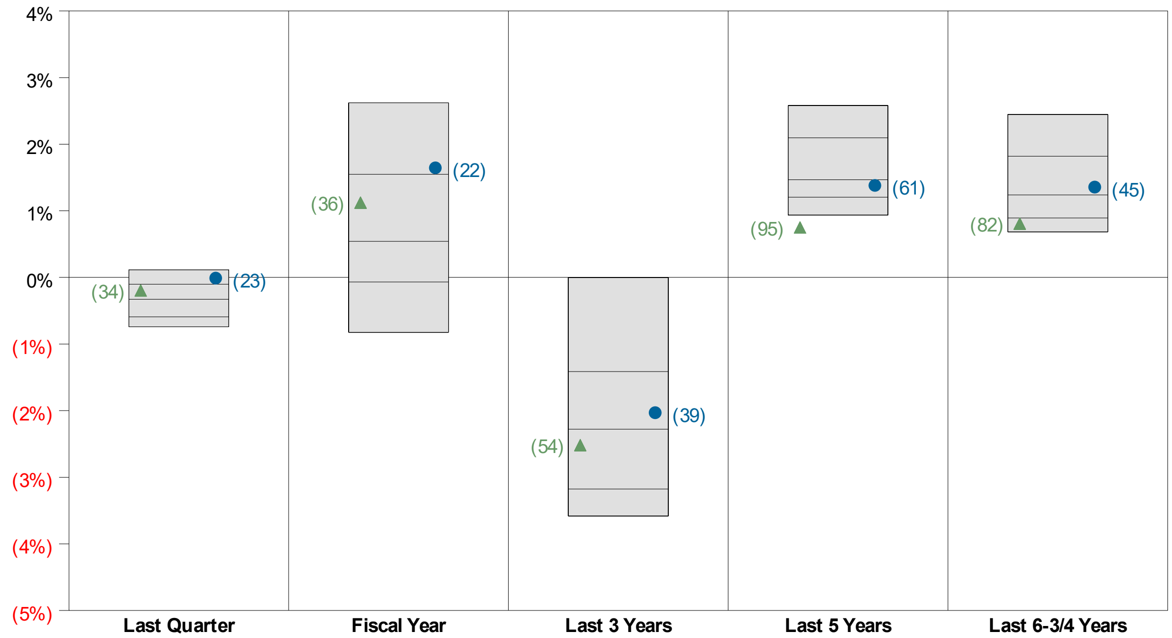


Fixed Income Relative to Public Fixed Income Funds

Periods Ended June 30, 2023

- The APFC Total Fixed Income portfolio outperformed its benchmark in both the quarter and trailing year. The portfolio ranked in the top quartile for the both the quarter and year.
- The portfolio outperformed its benchmark over the 3-, 5-, and 6 ¾-year periods.
- As a reminder, Total Fixed Income included REITs and Listed Infrastructure up to the end of the second quarter of 2020.

Performance vs Public Fund - Domestic Fixed (Gross)



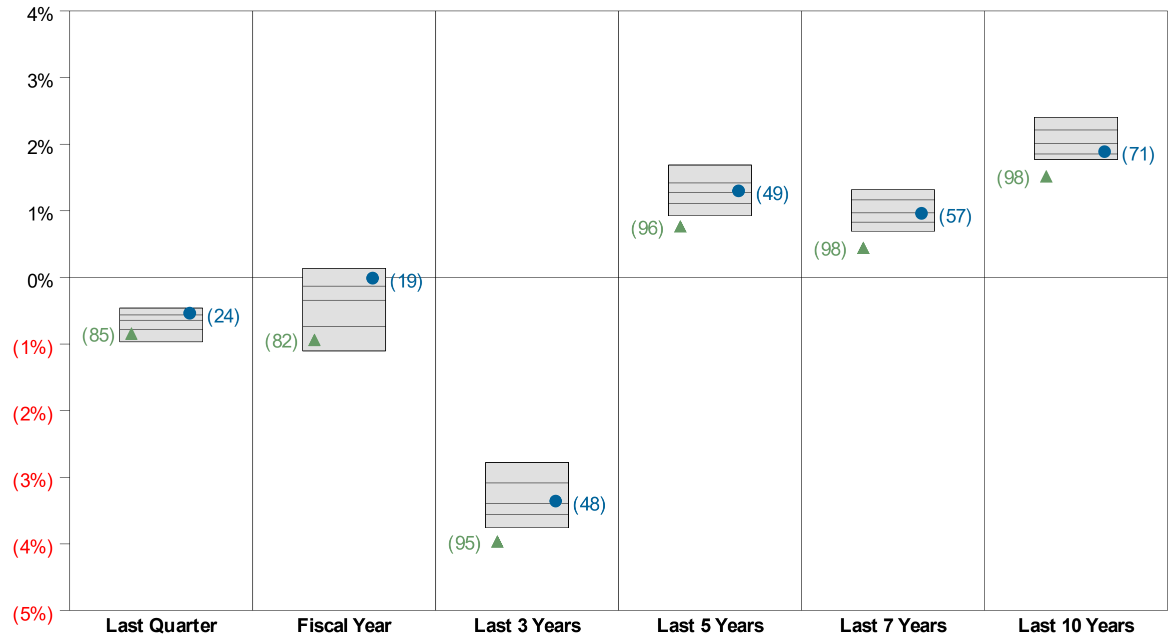
	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 6-3/4 Years
10th Percentile	0.12	2.62	(0.00)	2.58	2.45
25th Percentile	(0.10)	1.55	(1.41)	2.09	1.82
Median	(0.33)	0.54	(2.28)	1.47	1.24
75th Percentile	(0.59)	(0.07)	(3.18)	1.21	0.89
90th Percentile	(0.74)	(0.83)	(3.58)	0.94	0.68
Fixed Income ●	(0.03)	1.63	(2.05)	1.36	1.34
Fixed Income Benchmark ▲	(0.20)	1.12	(2.52)	0.75	0.81

US Fixed Income Aggregate Relative to Core Bond Funds

Periods Ended June 30, 2023

- APFC US Fixed Income Aggregate portfolio outperformed its benchmark in the second quarter and all other standard periods.
- Peer ranks were in the top quartile for the quarter and year.
- As a reminder, this strategy is far more benchmark-aware than the typical active manager in the Callan Core Bond peer group.

Performance vs Callan Core Bond Fixed Income (Gross)



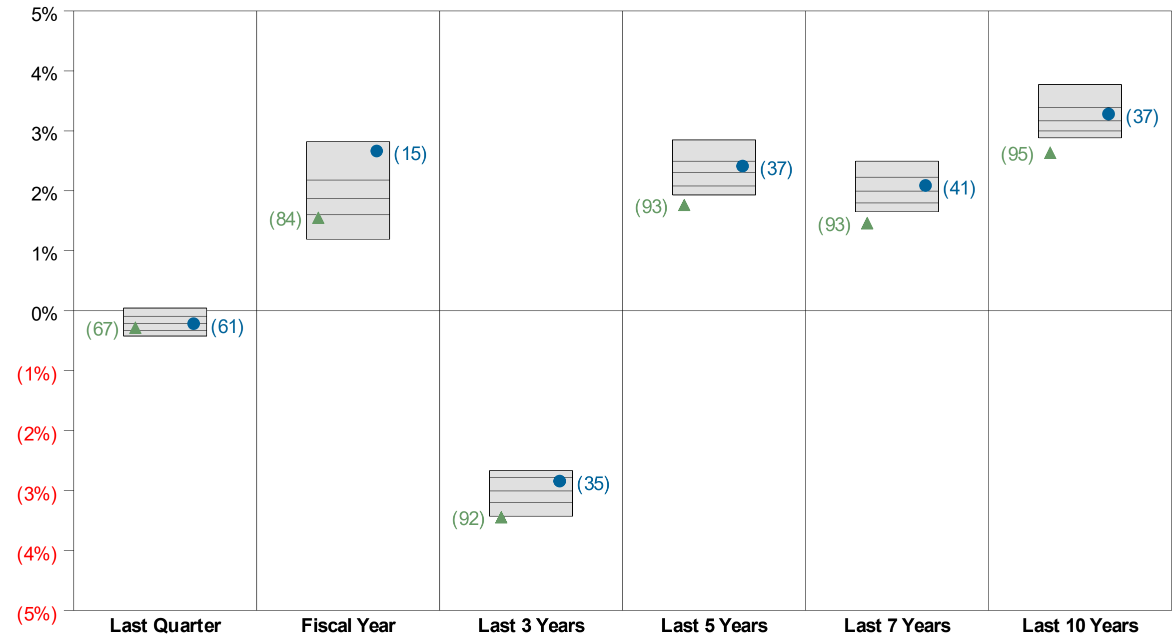
	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	(0.46)	0.13	(2.78)	1.69	1.32	2.40
25th Percentile	(0.56)	(0.13)	(3.09)	1.42	1.16	2.21
Median	(0.64)	(0.34)	(3.39)	1.28	0.97	2.01
75th Percentile	(0.78)	(0.74)	(3.56)	1.11	0.83	1.85
90th Percentile	(0.97)	(1.11)	(3.76)	0.93	0.69	1.77
US Fixed Income Aggregate ●	(0.56)	(0.03)	(3.38)	1.28	0.94	1.87
Blmbg:Aggregate ▲	(0.84)	(0.94)	(3.96)	0.77	0.44	1.52

US Investment Grade Corp Relative to Investment Grade Funds

Periods Ended June 30, 2023

- APFC US Investment Grade Corporate portfolio ended ahead of its benchmark for the quarter and the trailing year.
- The Investment Grade Corporate composite outperformed its benchmark over all other periods.
- Peer group ranks ended most periods above the median.

Performance vs Callan Investment Grade Credit Fixed Inc (Gross)



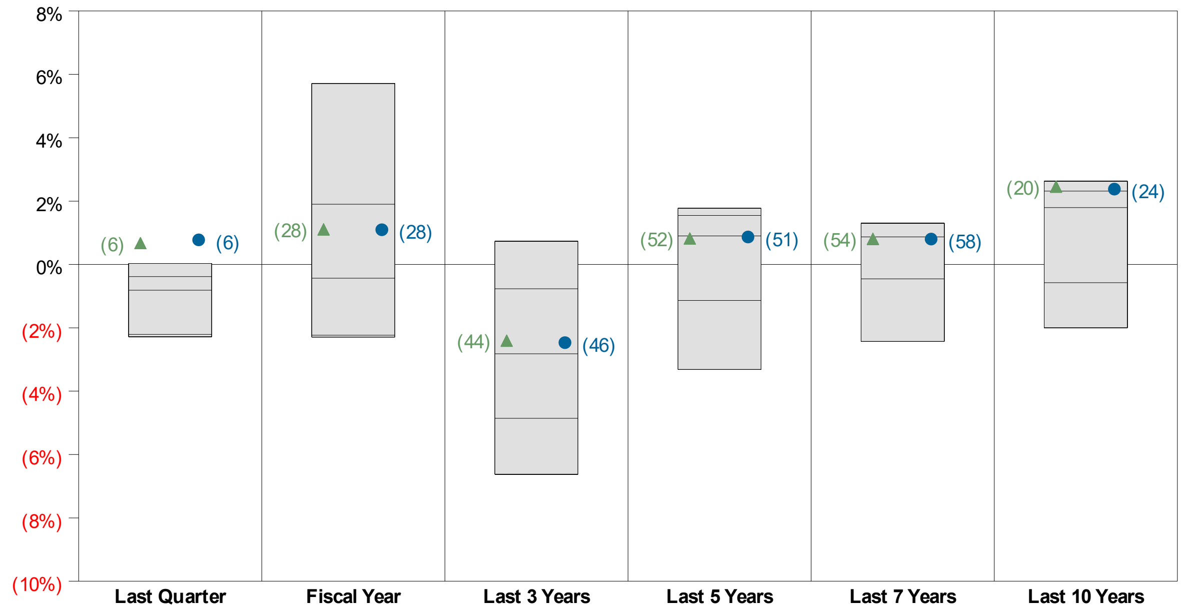
	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	0.05	2.82	(2.67)	2.85	2.50	3.77
25th Percentile	(0.09)	2.18	(2.78)	2.49	2.23	3.39
Median	(0.21)	1.87	(3.01)	2.31	1.99	3.17
75th Percentile	(0.33)	1.60	(3.20)	2.08	1.80	3.00
90th Percentile	(0.42)	1.19	(3.43)	1.93	1.65	2.89
US Investment Grade Corporate ●	(0.24)	2.64	(2.86)	2.39	2.07	3.26
Blmbg Corporate ▲	(0.29)	1.55	(3.44)	1.76	1.46	2.63

Non-U.S. Fixed Income Relative to International Fixed Income Funds

Periods Ended June 30, 2023

- The APFC Non-U.S. Fixed Income portfolio outperformed for the quarter but ended the trailing year behind its benchmark.
- Compared to peers, the portfolio ranked top decile in the second quarter and above median over the trailing year.

Performance vs Public Fund - International Fixed (Gross)



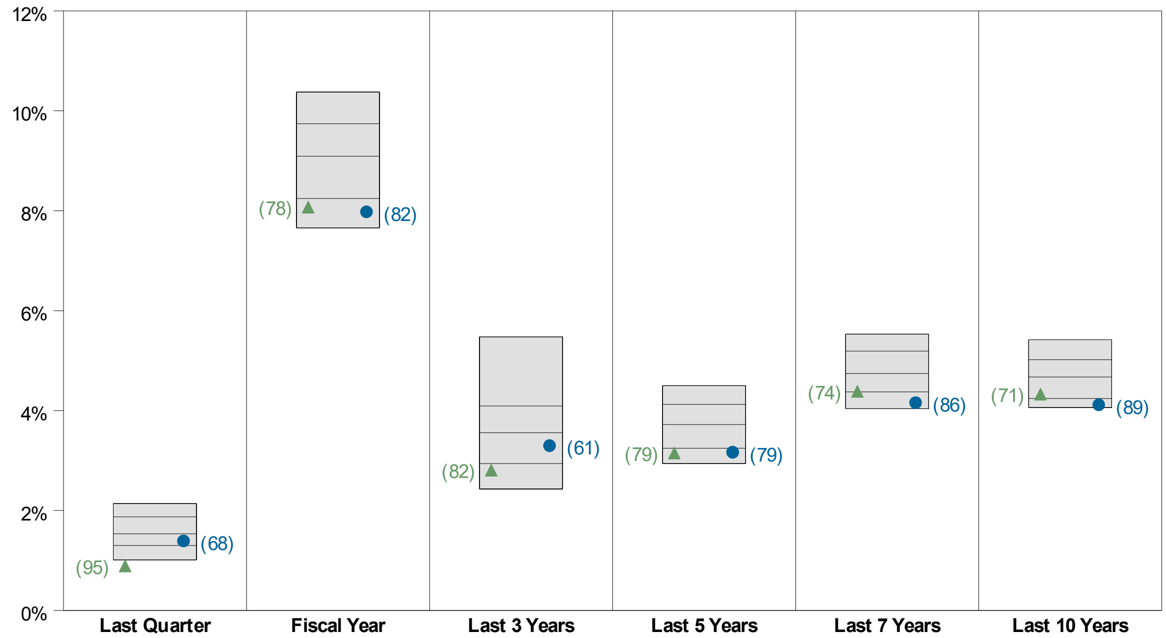
	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	0.03	5.71	0.73	1.77	1.30	2.63
25th Percentile	(0.38)	1.90	(0.76)	1.55	1.30	2.31
Median	(0.81)	(0.44)	(2.82)	0.90	0.87	1.80
75th Percentile	(2.21)	(2.23)	(4.86)	(1.14)	(0.45)	(0.58)
90th Percentile	(2.29)	(2.29)	(6.62)	(3.32)	(2.43)	(2.00)
Non US Fixed Income ●	0.73	1.06	(2.51)	0.83	0.76	2.34
Blmbg Global Treasury ex-US ▲	0.67	1.11	(2.41)	0.82	0.81	2.46

US High Yield Relative to High Yield Funds

Periods Ended June 30, 2023

- APFC Global High Yield portfolio ended the quarter ahead its benchmark but behind the benchmark over the trailing year.
- The portfolio ranked below median in all periods.

Performance vs Callan High Yield Fixed Income (Gross)



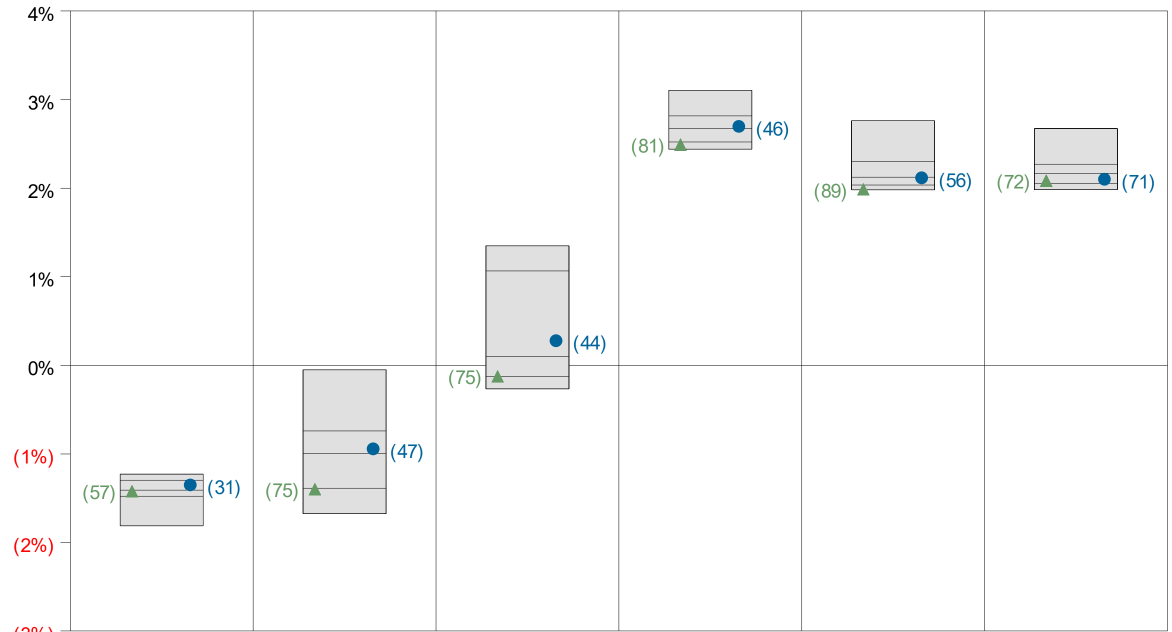
	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	2.14	10.38	5.48	4.50	5.53	5.42
25th Percentile	1.87	9.74	4.09	4.12	5.19	5.02
Median	1.53	9.09	3.56	3.72	4.74	4.67
75th Percentile	1.30	8.25	2.94	3.25	4.37	4.25
90th Percentile	1.01	7.66	2.43	2.94	4.04	4.06
US High Yield ●	1.37	7.95	3.28	3.14	4.13	4.09
US High Yield Benchmark ▲	0.89	8.07	2.81	3.15	4.39	4.33

TIPS Relative to Callan's Inflation Linked Bonds database

Periods Ended June 30, 2023

- APFC TIPS portfolio outperformed its benchmark for the quarter and year.
- The TIPS composite ranked above median in Callan's Inflation Linked Bonds peer universe for the quarter and year.
- The TIPS allocation includes an In-House TIPS portfolio; APCM was completely liquidated in Q4 2021.

Performance vs Callan Inflation Linked Bonds (Gross)



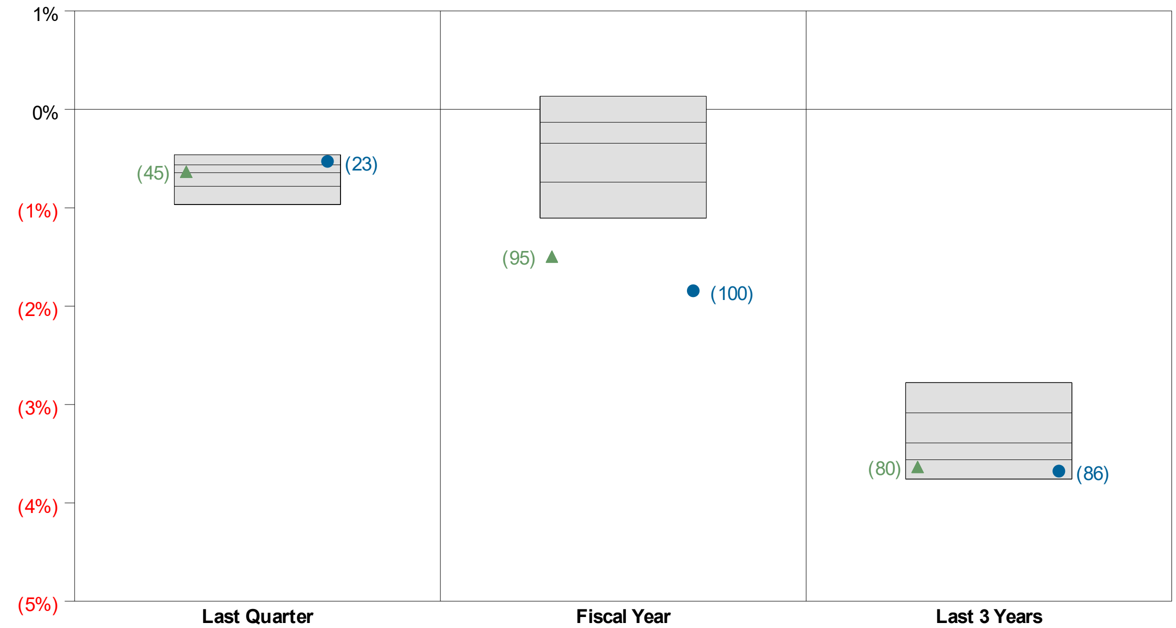
	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	(1.23)	(0.05)	1.35	3.11	2.76	2.67
25th Percentile	(1.30)	(0.74)	1.07	2.82	2.30	2.27
Median	(1.41)	(1.00)	0.10	2.67	2.12	2.17
75th Percentile	(1.48)	(1.39)	(0.13)	2.52	2.04	2.05
90th Percentile	(1.81)	(1.67)	(0.27)	2.44	1.98	1.98
TIPS ●	(1.36)	(0.96)	0.27	2.68	2.10	2.09
Blmbg TIPS ▲	(1.42)	(1.40)	(0.12)	2.49	1.99	2.08

Domestic Structured Product to Callan's Core Bond database

Periods Ended June 30, 2023

- The Domestic Structured Product portfolio was funded at the end of the second quarter of 2020.
- The portfolio exceeded its benchmark for the quarter, but fell behind for the trailing year.
- The portfolio ranked above the median of the Core Bond Fixed Income peer group for the quarter, though benchmark-relative performance is far more applicable.

Performance vs Callan Core Bond Fixed Income (Gross)



	Last Quarter	Fiscal Year	Last 3 Years
10th Percentile	(0.46)	0.13	(2.78)
25th Percentile	(0.56)	(0.13)	(3.09)
Median	(0.64)	(0.34)	(3.39)
75th Percentile	(0.78)	(0.74)	(3.56)
90th Percentile	(0.97)	(1.11)	(3.76)
Domestic Structured Products ●	(0.54)	(1.86)	(3.69)
BB US Securitized ▲	(0.63)	(1.50)	(3.64)

U.S. Private Real Estate Performance: 2Q23

Income returns positive but appreciation returns negative once again

Valuations reflect higher interest rates

- Income returns were positive across sectors and regions.
- All property sectors and regions, except for Hotel, experienced negative appreciation.
- Valuations are reflective of higher interest rates, which have put upward pressure on capitalization rate and discount rate assumptions.
- Return dispersion by manager within the ODCE Index was due to the composition of underlying portfolios.

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
NCREIF ODCE	-2.9%	-10.7%	7.0%	5.6%	7.8%
Income	0.7%	2.5%	2.8%	3.0%	3.4%
Appreciation	-3.6%	-13.0%	4.2%	2.5%	4.3%
NCREIF Property Index	-2.0%	-6.6%	6.8%	5.9%	7.8%
Income	1.0%	4.0%	4.1%	4.2%	4.6%
Appreciation	-3.0%	-10.3%	2.6%	1.6%	3.1%

Returns are geometrically linked

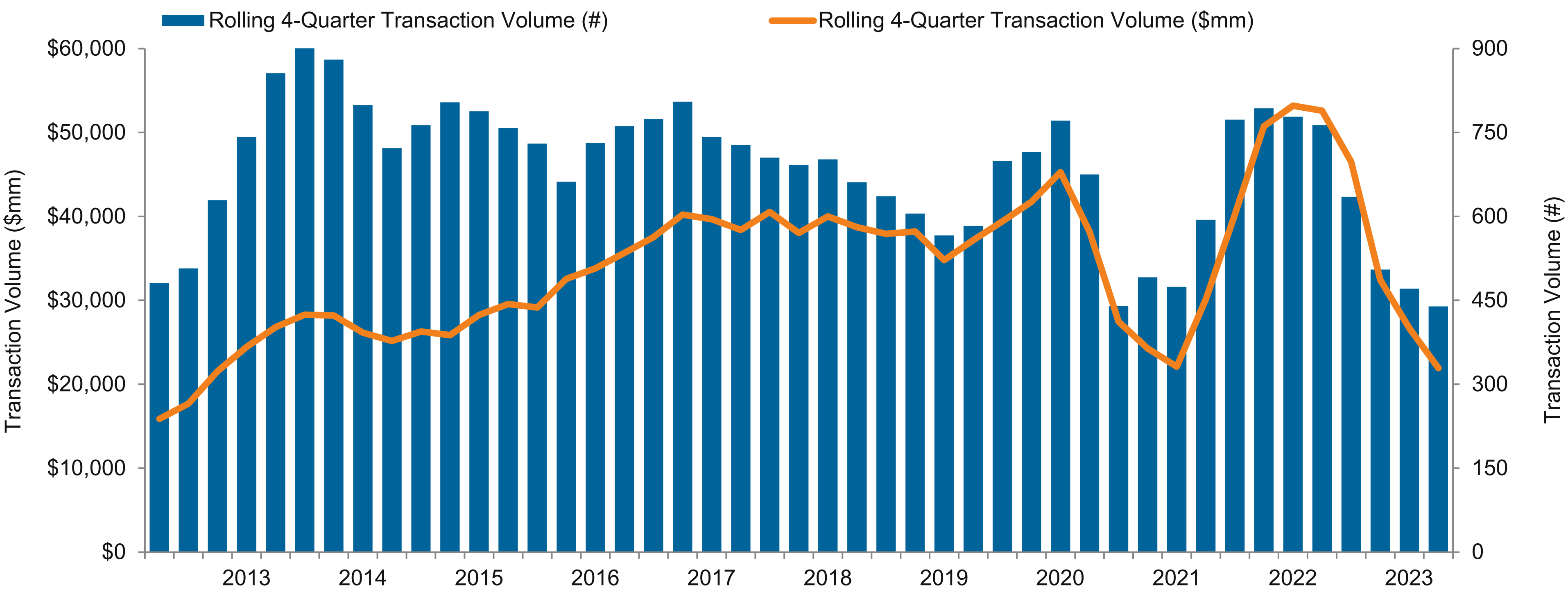
NCREIF Property Index Quarterly Returns by Region and Property Type

Source: NCREIF, ODCE return is net

U.S. Private Real Estate Market Trends

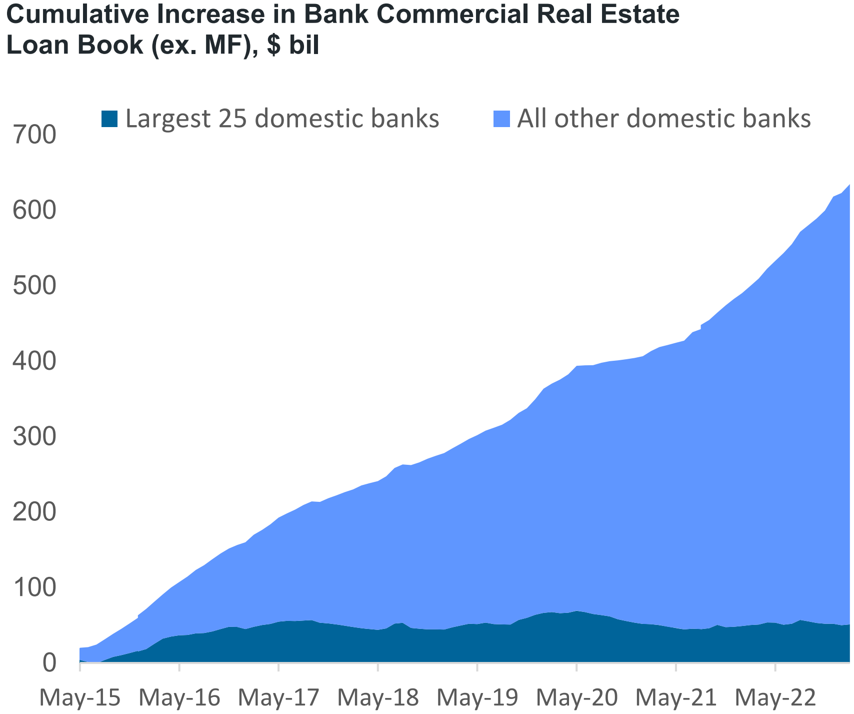
Pricing and transaction volumes decline through 2Q23

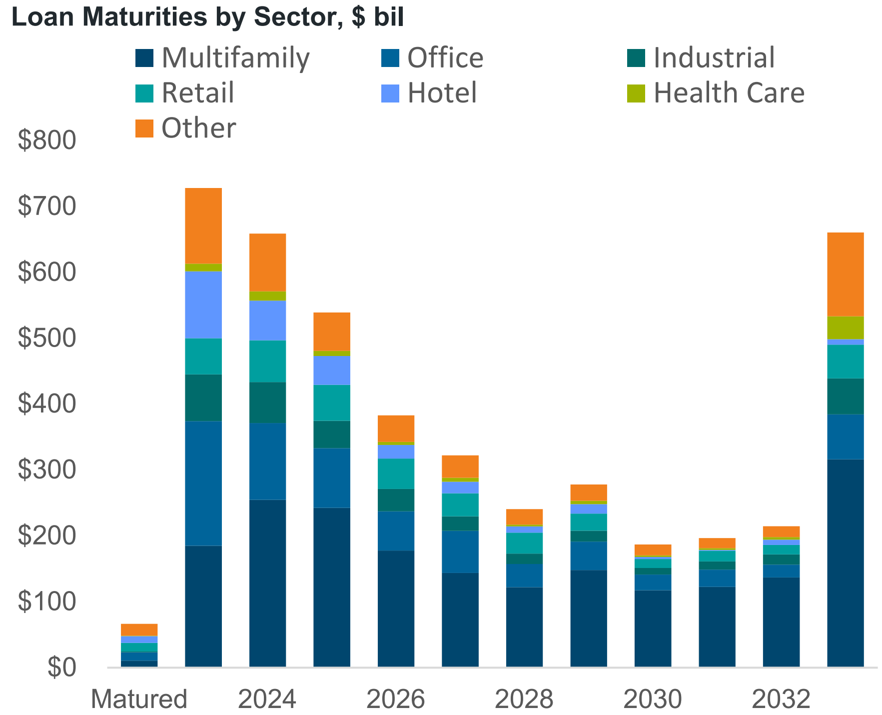
NCREIF Rolling 4-Quarter Transaction Totals Through 3/31/23



- Transaction volume continues to decrease on a rolling four-quarter basis and is now below five-year averages.
- In 2Q23 transaction volume decreased on a quarter-over-quarter basis; transaction volume is significantly lower compared to 2Q22.
- The rise in interest rates is the driving force behind the slowdown in transactions. A bid-ask spread remains and price discovery continues to occur among market participants. Sectors that are in favor, such as multi-family and industrial, are more liquid.

Source: NCREIF





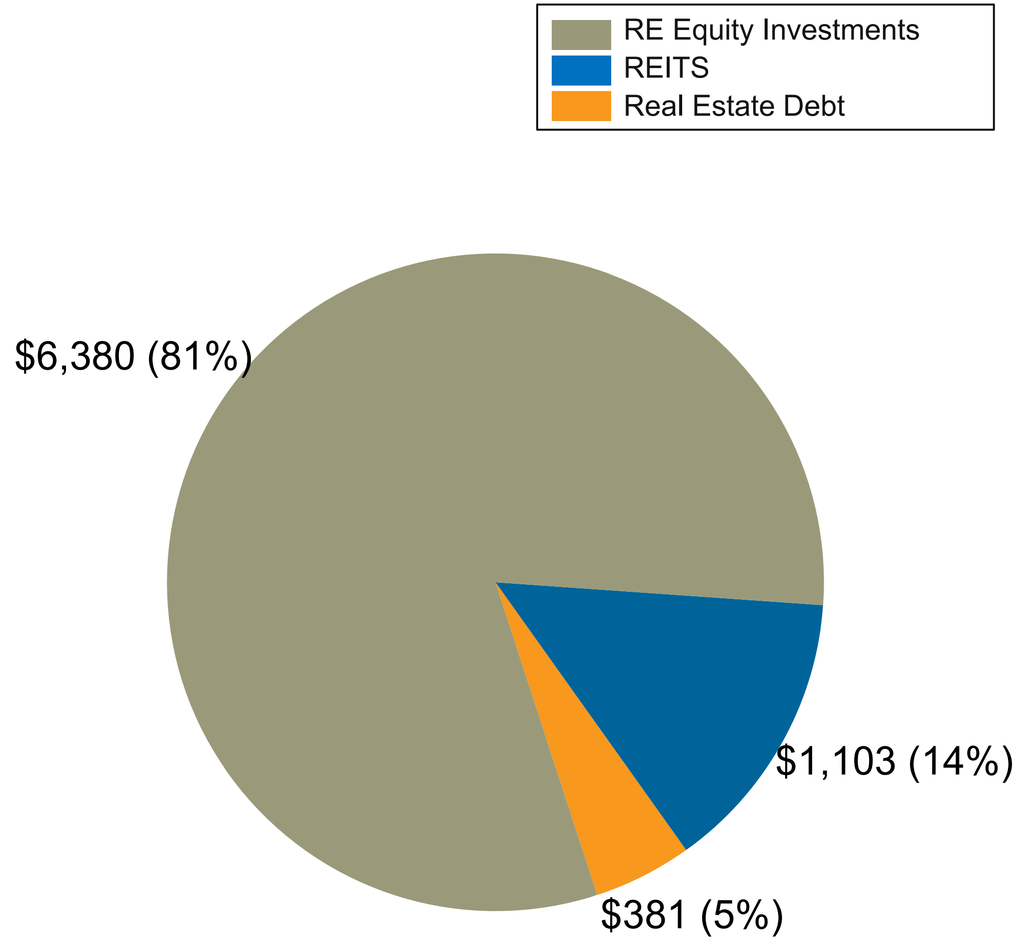
- Smaller and regional banks represent a large and growing share of commercial real estate lending; additional sources of lending are needed, debt investment opportunities are increasingly attractive
- A sizeable pool of loans maturing in 2023 - 2025, particularly office, will put further pressure on lending markets.

Sources: JPMAM, Moody's, FDIC, MBA

APFC Real Estate Structure *(1Q LAG)*

As of March 31, 2023

- The real estate portfolio is comprised of Real Estate Equity Investments, REITS, and Real Estate Debt Investments.
- Real Estate Debt Funds moved from Real Estate Separate Accounts and Direct Investments, and REITS from Fixed Income Plus.

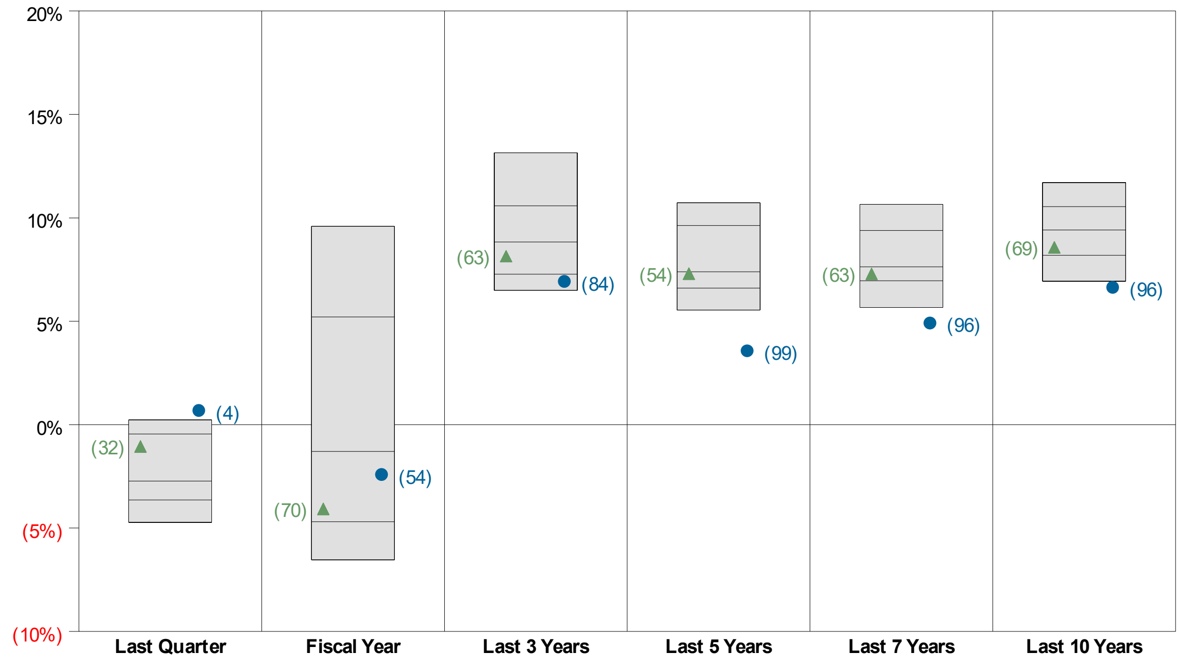


Real Estate Relative to Callan's Total Real Estate Database *(1Q LAG)*

Periods Ended March 31, 2023

- APFC Real Estate portfolio performance is shown net of fees for all investments.
- The real estate portfolio outperformed versus its benchmark for the quarter and for the year.
- The portfolio ranked in the top decile of its Real Estate peer group for the quarter and below median for the trailing year.

Performance vs Public Fund - Real Estate (Gross)



	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	0.23	9.59	13.14	10.73	10.65	11.71
25th Percentile	(0.45)	5.21	10.58	9.63	9.39	10.54
Median	(2.73)	(1.30)	8.83	7.40	7.64	9.41
75th Percentile	(3.64)	(4.69)	7.28	6.61	6.95	8.19
90th Percentile	(4.72)	(6.54)	6.50	5.54	5.66	6.94
Real Estate ●	0.63	(2.47)	6.87	3.51	4.86	6.58
Real Estate Target ▲	(1.06)	(4.07)	8.15	7.30	7.29	8.58

Real Estate Performance *(1Q LAG)*

Periods Ended March 31, 2023

	Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
RE Equity Investments	**-0.38%**	**0.15%**	**4.59%**	**-**	**-**
RE EQ Separate Accts & Direct	-0.17%	-2.13%	2.56%	0.95%	5.26%
RE EQ Funds & Co-Invest	-1.27%	0.18%	16.58%	-	-
RE EQ Development	0.50%	-	-	-	-
RE Debt Investments	**1.87%**	**11.61%**	**13.86%**	**-**	**-**
RE Debt Separate Accounts	1.80%	11.97%	9.95%	-	-
RE Debt Funds & Co-Invests	2.15%	10.47%	-	-	-
NCREIF Total Index	-1.81%	-1.63%	7.15%	6.71%	8.34%
REITS	**5.74%**	**-18.89%**	**12.95%**	**5.70%**	**5.46%**
MSCI US REIT Index	2.73%	-19.17%	11.99%	6.02%	5.94%
Real Estate Composite	**0.63%**	**-2.47%**	**6.87%**	**3.51%**	**6.58%**
Real Estate Target	-1.06%	-4.07%	8.15%	7.30%	8.58%

- APFC's Real Estate Equity, Debt, and REITS outperformed their respective benchmarks for the quarter. Real Estate Equity and Real Estate Debt outperformed their benchmarks over the trailing year, and REITS underperformed.
- Overall, the Real Estate Composite outerperformed its custom benchmark for the quarter and year.

Private Credit Fundraising Landscape

Activity remains strong through 2Q23

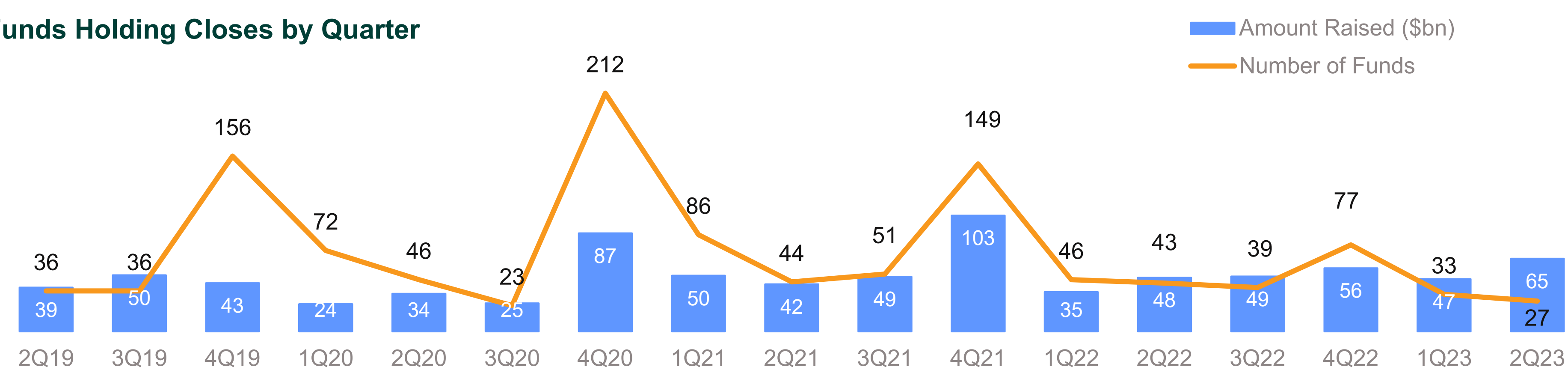
As interest rates declined after the GFC, private credit attracted increased interest from institutional investors.

- Private credit fundraising was robust leading into the COVID dislocation with a particular focus on direct lending, asset-based lending, and distressed strategies.
- In the current rising rate environment, a renewed focus has been placed on relative value, downside protection, and managers' internal workout resources
- Renewed interest in strategies with strong collateral protection such as asset-based lending as well as capital solutions and distressed/special situations strategies
- Larger sponsor-backed lending seeing a new focus due to the high yield/BSL disintermediation by private credit.

Largest Funds Holding Closes in 2Q23

Name	Amount ($millions)	Strategy
HSBC Bank UK London SME Fund	$18,713	Direct Lending
HPS Strategic Investment Partners V	$12,000	Mezzanine Debt
HPS Core Senior Lending Fund II	$7,300	Direct Lending
Permira Credit Solutions V	$4,520	Direct Lending

Funds Holding Closes by Quarter

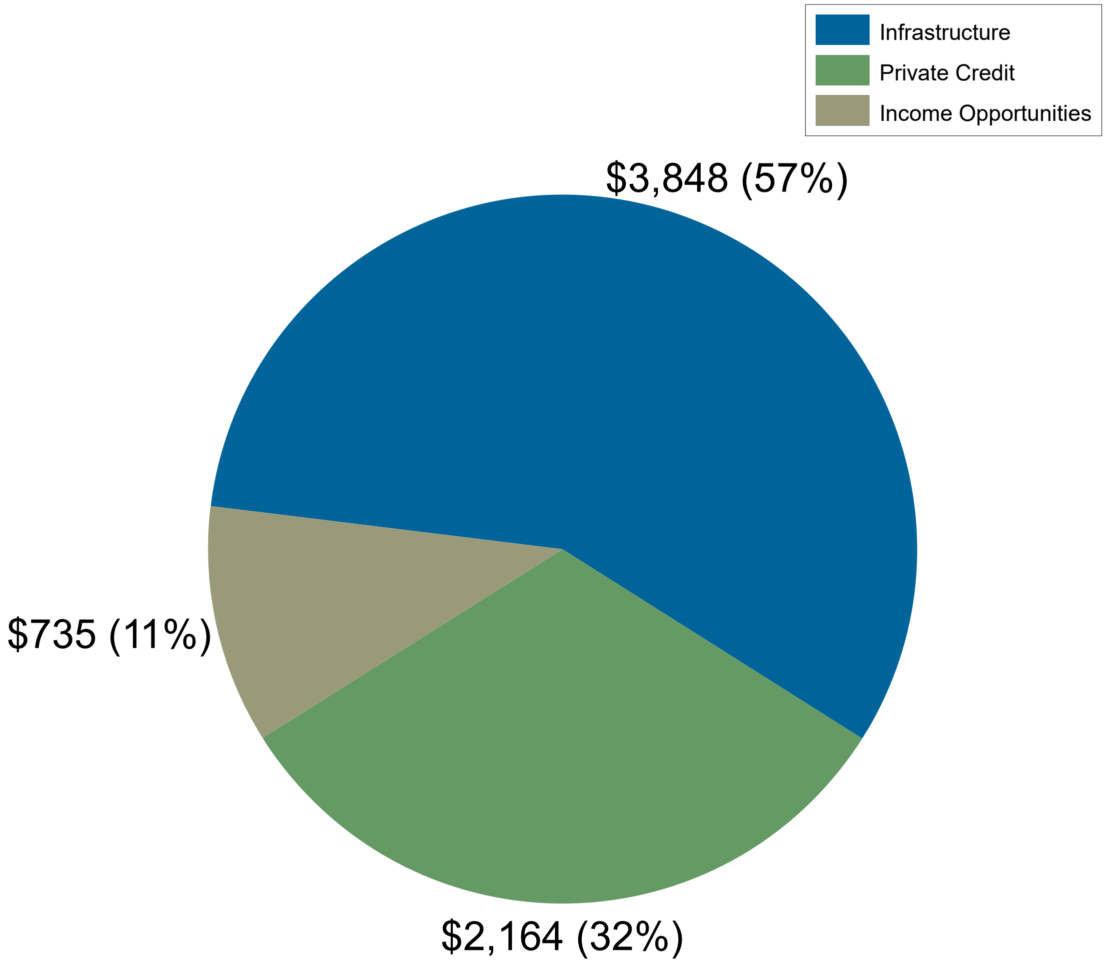


Source: Pitchbook

APFC Private Income Structure *(1Q LAG)*

As of March 31, 2023

- 57% of the structure is invested in infrastructure funds, which includes a diversified portfolio of infrastructure, energy, and generation assets. Listed Infrastructure makes up just 7.6% of this allocation.
- 32% of the structure was invested in private credit mandates including mezzanine debt, opportunistic credit, and direct lending strategies.
- 11% of the structure was invested in income opportunities including structured credit, alternative credit, AH4R2, APFC ADAC and timber.



Private Income Performance *(1Q LAG)*

Periods Ended March 31, 2023

	Quarter	Last Year	Last 3 Years	Last 5 Years
Private Income	**2.54%**	**4.20%**	**12.73%**	**9.72%**
Private Income Custom	2.52%	6.85%	13.67%	9.01%
Infrastructure	**3.23%**	**5.12%**	**16.48%**	**12.37%**
Cambridge Global Pvt Infrastructure	2.41%	6.57%	13.62%	9.82%
Private Credit	**1.90%**	**7.03%**	**11.56%**	**8.10%**
Cliffwater Direct Lending TR	2.69%	7.27%	13.72%	7.71%
Income Opportunities	**0.90%**	**-4.14%**	**6.57%**	**5.37%**
Private Income Custom	2.52%	6.85%	13.67%	9.01%

- APFC’s Private Income composite outperformed the benchmark (60% Cambridge Global Private Infra and 40% Cliffwater Direct Lending TR) for the quarter and underperformed over the trailing year.
- Private Income sub-strategy, Infrastructure outperformed its benchmark for the quarter but underperformed for the trailing year. Private Credit and Income Opportunities underperformed their respective custom benchmarks over the trailing quarter and year.

Hedge Fund Performance: 2Q23

Global equities turned in another strong gain for the quarter

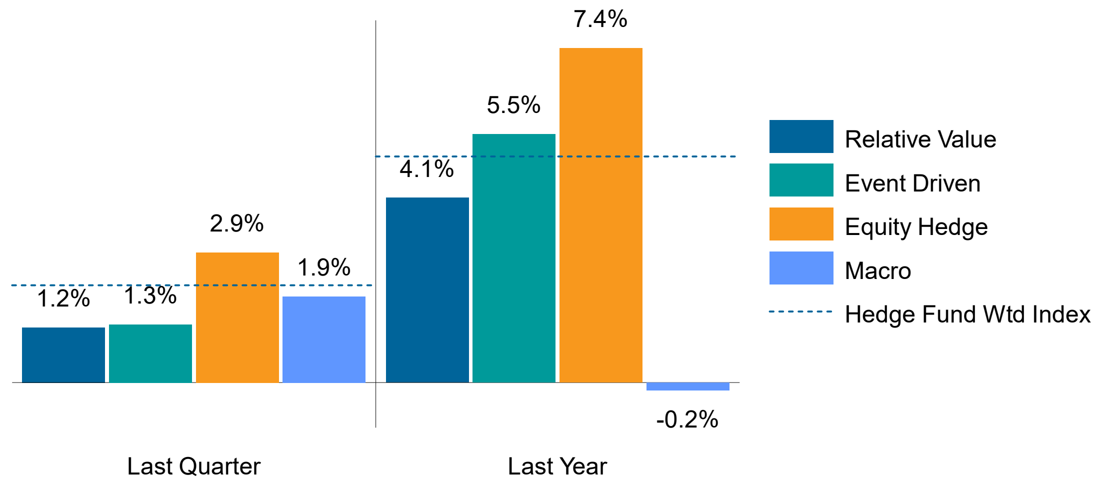
Equities gained as the Federal Reserve paused for the first time, and some macro data points rekindled hopes for a potential soft landing.

- Equity hedge strategies soared, led by technology-focused managers that were tilted towards mega-cap stocks.
- Macro strategies bounced back during the second quarter, as managers were short U.K. rates and long technology equities.
- Event-driven strategies put together a solid quarter, as a focus on out-of-favor equities & credit drove performance.
- Relative value gains were driven by fundamental equity relative value, commodity relative value, and fixed income relative value.

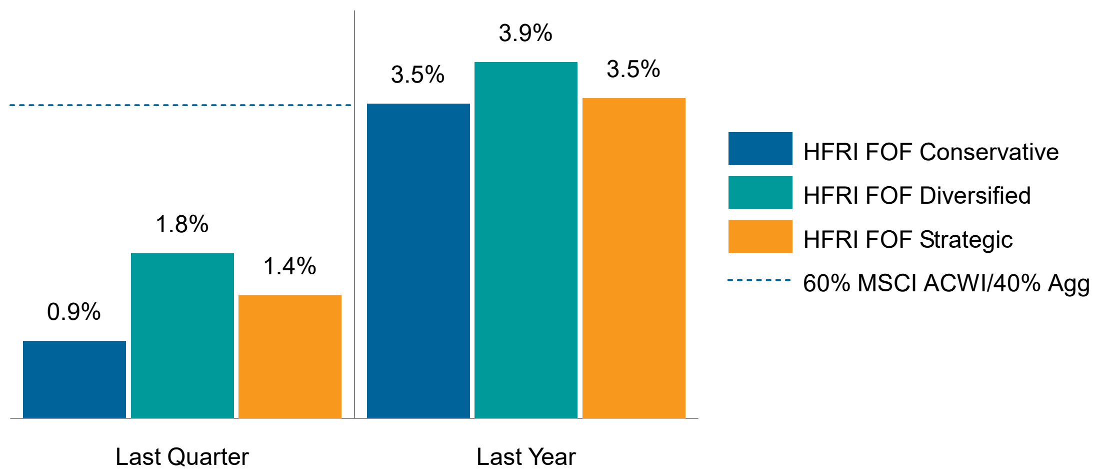
FOFs ended the year on a strong note

- FOFs with more mega-cap technology exposure had a strong quarter.
- Those FOFs with more diversified managers lagged managers with more equity exposure.

HFRI Strategy Index Returns vs. Broad Hedge Fund Universe as of 6/30/23



HFRI Fund-of-Funds Returns vs. 60% Stock/40% Bond Mix as of 6/30/23



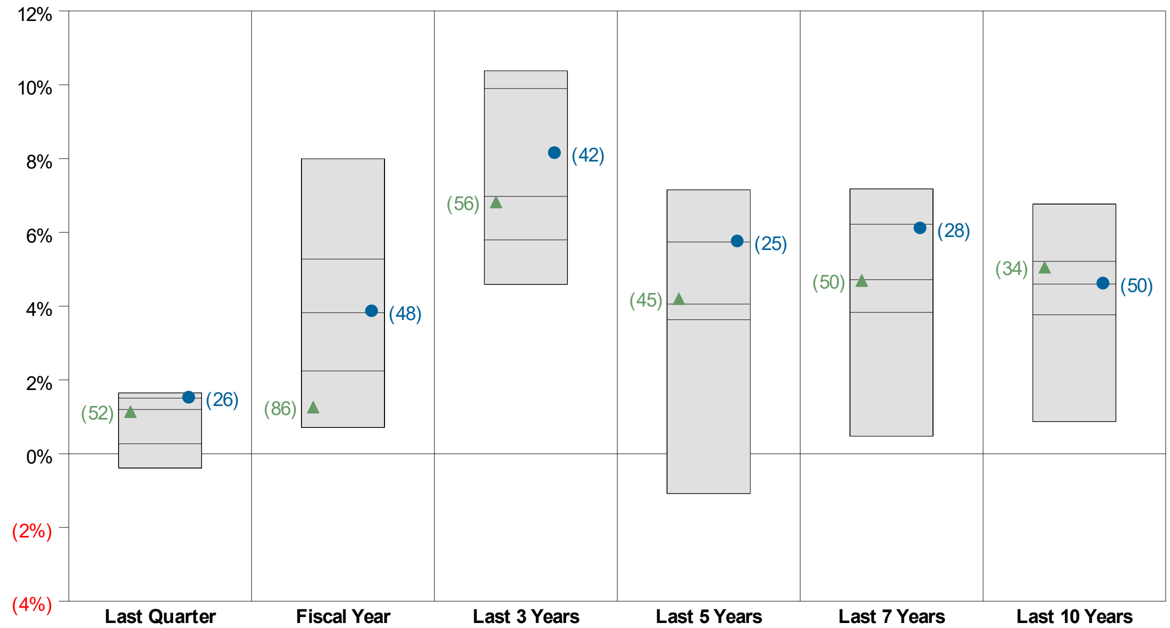
Source: Hedge Fund Research (www.hedgefundresearch.com)

Absolute Return Portfolio Relative to HFOF Universe

Periods Ended June 30, 2023

- The Absolute Return portfolio outperformed its benchmark and peer group median in the second quarter of the calendar year.
- The portfolio outperformed its benchmark and peer group median for the trailing year.
- Over most periods, the Absolute Return portfolio ranked above the median of its peer group.

Performance vs Callan Absolute Rtn Hedge Fund of Funds (Net)



	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	1.65	8.00	10.38	7.15	7.18	6.77
25th Percentile	1.50	5.27	9.90	5.74	6.22	5.22
Median	1.20	3.83	6.97	4.06	4.71	4.60
75th Percentile	0.27	2.24	5.80	3.63	3.83	3.76
90th Percentile	(0.39)	0.71	4.59	(1.08)	0.47	0.87
Absolute Return ●	1.50	3.84	8.13	5.74	6.09	4.59
Absolute Return Benchmark ▲	1.14	1.26	6.83	4.20	4.70	5.05

Private Equity Overview

Fundraising remains steady

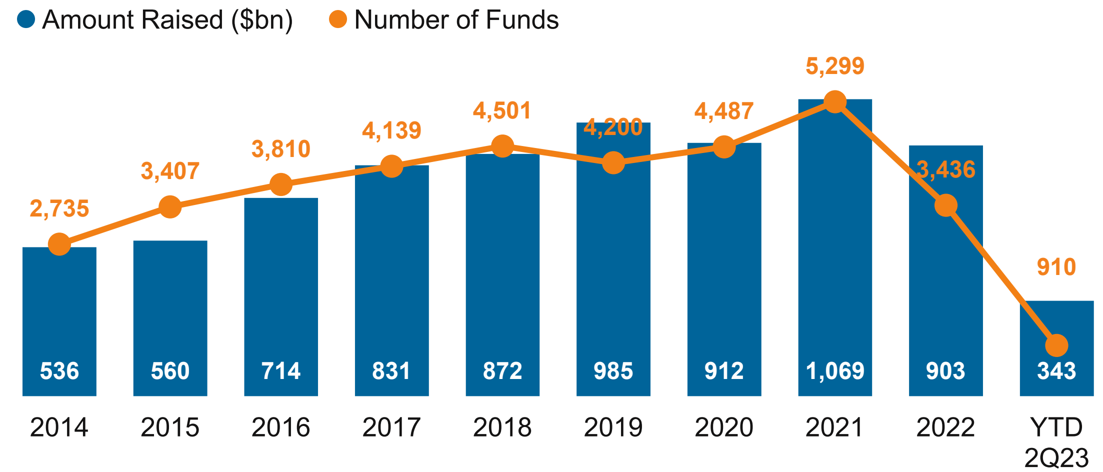
Fundraising varies by strategy type

- Fundraising continued to decline through 2022 and into 2023, after peaking in 2021.
- 1H23 saw a significant drop in venture capital fundraising (-62%) compared to 1H23, with buyout fundraising falling less sharply (-26%).
- Fundraising is concentrated in larger funds as LPs have been consolidating with high-conviction GPs.
- Fundraising timelines are extending due to so many funds in the market, slowing distributions, and constrained LP commitment budgets.

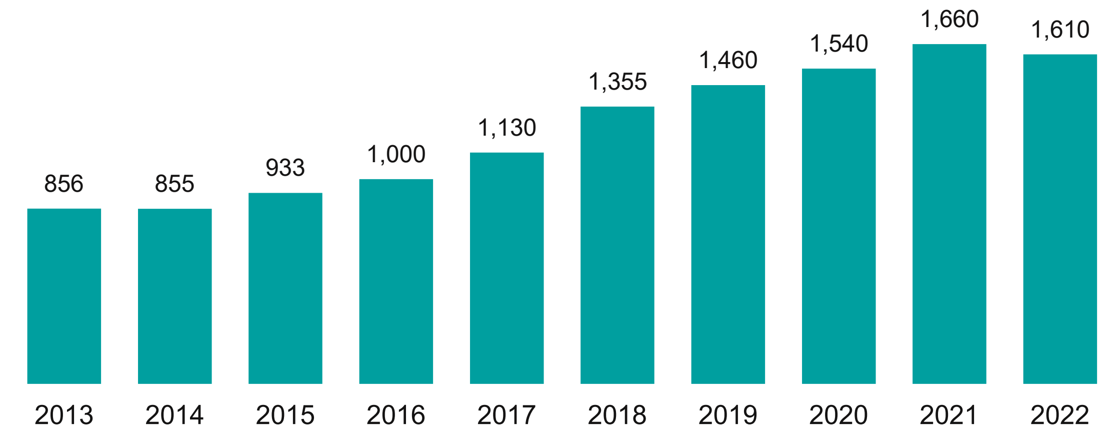
Dry powder levels off

- Level of dry powder influenced by two factors: fundraising and capital deployment.
- Dry powder peaked in 2021 at $1.7 trillion due to strong annual fundraising levels.
- Dry powder dropped slightly in 2022 due to a slower fundraising environment.

Annual Fundraising



Dry Powder ($bn)
Cumulative as of yearend



2023 Dry Powder not yet available.

Source: PitchBook

Private Equity Key Themes

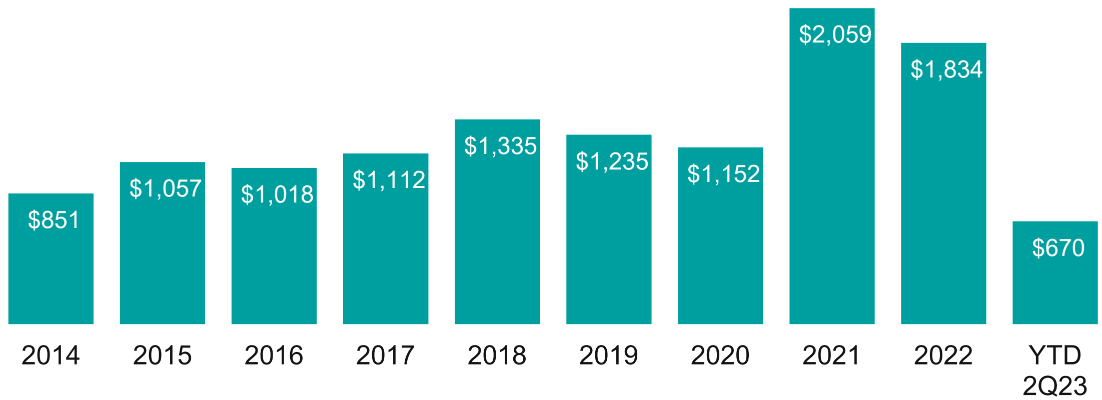
Capital deployment picks up

- New investments pace YTD exceeds pre-pandemic levels slightly but represents a significant drop from the exuberance of 2021-2022.

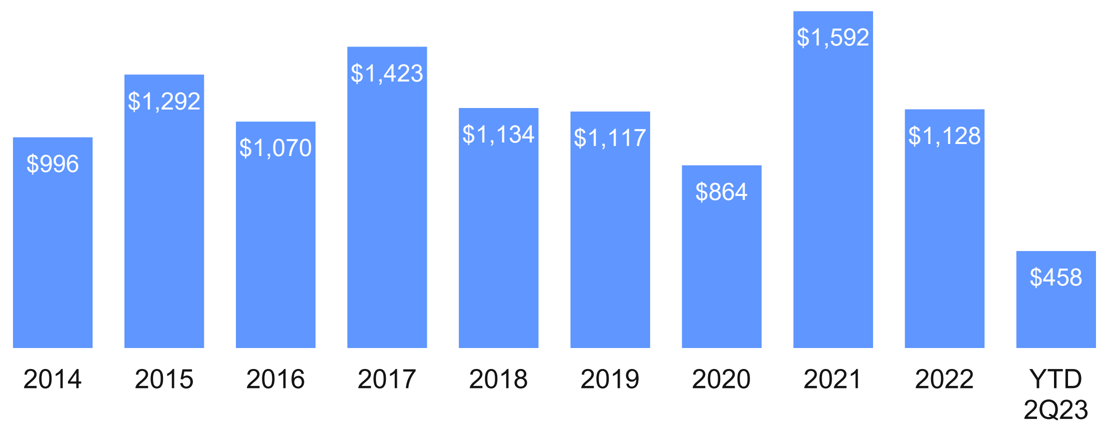
Exits still slow

- Private equity exits are still below pre-pandemic levels, driven by a drop in venture-backed exits and a slow IPO market.
- Many GPs prefer to delay exits in anticipation of a more favorable market environment in the future.

Private Equity Deal Activity ($b)



Private Equity Exits ($b)

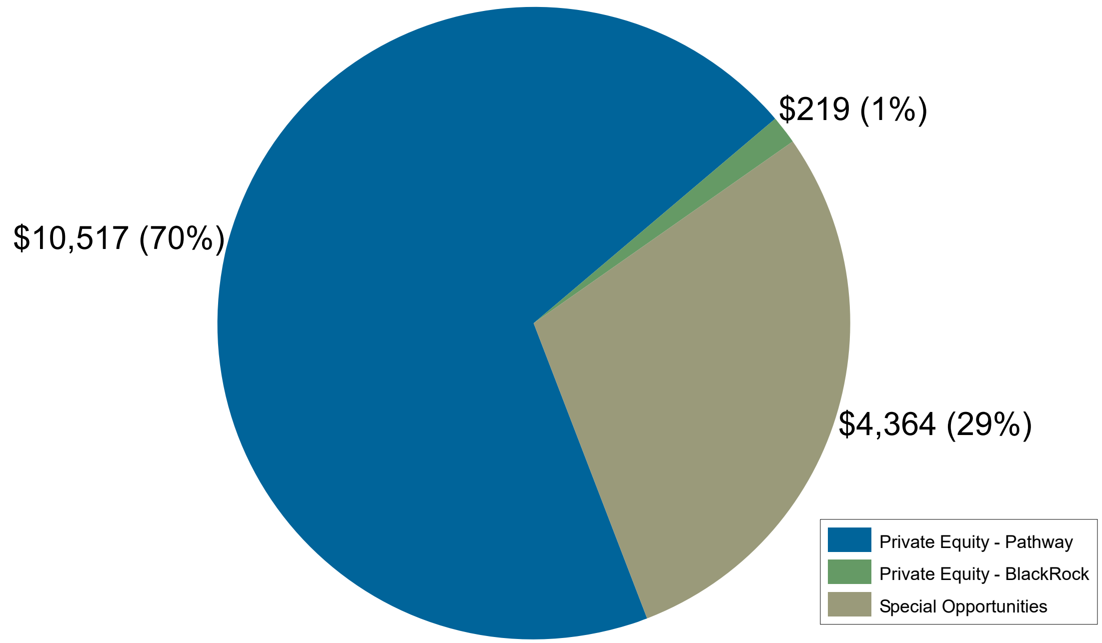


Source: PitchBook

APFC Private Equity and Special Opportunities Structure *(1Q LAG)*

As of March 31, 2023

- 70% of the structure was invested in private equity.
- 30% of the structure was invested in special opportunities.

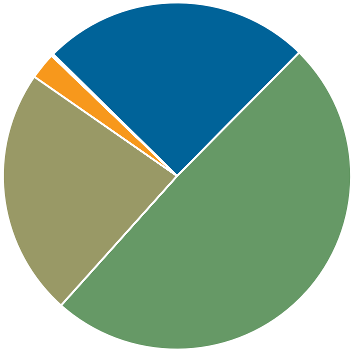


APFC Private Equity and Special Opportunities Structure *(1Q LAG)*

As of March 31, 2023

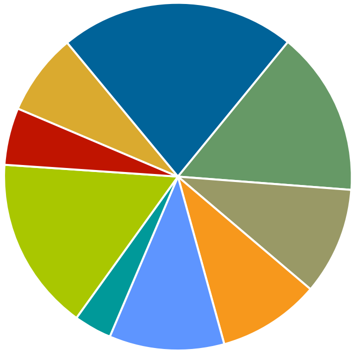
- APFC's Total Private Equity Portfolio continued to be well-diversified by strategy, geography, and industry.
- Buyouts, Venture Capital and Special Situations remained the largest strategy allocations.
- The largest non-U.S. geographic exposure was Europe. The largest industry exposure was in Technology.

Strategy Mix by Net Asset Value



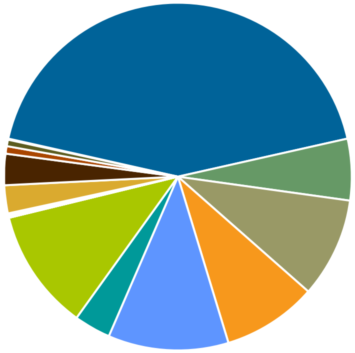
Venture Capital	25.04%
Buyout	49.19%
Special Situations	23.14%
Distressed for Control	2.48%
Secondary Interest	0.04%
Mezzanine	0.12%

Geographic Mix by Net Asset Value



West/Pacific Northwest	21.89%
North Atlantic	15.32%
Mid-West	10.01%
Southeast	9.53%
Southwest/Rockies	10.75%
Mid-Atlantic	3.47%
Europe	16.15%
Asia/Pacific	5.30%
Other	7.59%

Industry Mix by Net Asset Value



Technology	42.99%
Communication Services	5.75%
Consumer Discretionary	9.28%
Financial	8.82%
Health Care	11.22%
Energy	3.43%
Industrials	11.29%
Utilities	0.39%
Consumer Staples	2.65%
Materials	2.90%
Real Estate	0.66%
Other/Misc	0.63%

APFC Private Equity and Special Opportunities Performance *(1Q LAG)*

Periods Ended March 31, 2023

	Last Quarter	FYTD	Last Year	Last 3 Years	Last 5 Years
Private Equity and Special Opportunities	1.29	-2.08	-2.08	24.07	18.08
Cambridge Private Equity	2.13	-4.49	-4.49	22.19	15.78

- APFC's Private Equity and Special Opportunities composite underperformed the Cambridge Private Equity benchmark over the quarter but outperformed over all other performance periods.
- In the last reported quarter, Private Equity was up 1.9% and Special Opportunities was down 0.2%.

Total Fund Cash

Periods Ended June 30, 2023

	Quarter	Last Year	Last 3 Years	Last 5 Years
TOTAL FUND CASH	**4.60%**	**9.36%**	**2.80%**	**-**
90 DAY T-BILLS	1.17%	3.59%	1.27%	1.55%
APF Operating Cash	**1.16%**	**3.61%**	**1.52%**	**1.58%**
APF Internal Cash	0.91%	3.35%	1.21%	-

- APFC's cash accounts were within expectations relative to the 3-month Treasury Bill Index.
- Funded in the first quarter of 2022 and included in the Total Fund Cash composite, the allocation to Gold was liquidated during the quarter (approximately $320M).

Closing Remarks

- Total Fund ended the second quarter of 2023 with $78.0 billion in assets up from $76.4B in the prior quarter. The trailing quarter performance placed the Total Fund below median relative to other large public funds and near median relative to a large endowments/foundations peer group.
- For the quarter, the Total Fund underperformed the Performance, CPI + 5% and Passive Index Benchmark. Over the long-term, the Fund outperformed and was ahead of all three targets.
- The Public Equity portfolio underperformed its benchmark for the quarter and for the one-year period. Domestic, International and Global Equity composites ended behind their respective benchmarks in the quarter. Over the trailing year, the Global Equity composite outperformed its benchmark for the trailing year while Domestic and International Equity lagged their respective benchmarks.
- The Fixed Income portfolio outperformed its benchmark in the latest quarter. All sub strategies: US Fixed Income Aggregate, US Investment Grade Corporate, Non-US Fixed Income, TIPS, US High Yield and Structured Product outperformed their respective benchmarks.
- In the Alternatives portfolio, Real Estate, Private Income and Absolute Return outperformed in the second quarter; Private Equity & Special Opportunities underperformed its benchmark.
- Prudent asset allocation with appropriate levels of diversification and a long-term perspective remain Callan's recommended course.

Callan

Callan Update

Published Research Highlights from 2Q23

2023 Private Credit Fees and Terms Study

The Critical Underlying Technology Behind Digital Assets: A Primer for Institutional Investors

Understanding the DNA of the U.S. Life Sciences Sector

Research Café: ESG Interview Series Session

Recent Blog Posts

Biodiversity: A Relatively New Theme for ESG-focused Investors

Kristin Bradbury

How Your Public DB Plan's Returns Compare

Public DB Plan Focus Group

How to Improve DC Plans with DEI

Jana Steele

Additional Reading

Alternatives Focus quarterly newsletter

Active vs. Passive quarterly charts

Capital Markets Review quarterly newsletter

Monthly Updates to the Periodic Table

Market Pulse Flipbook quarterly markets update

Real Estate Indicators market outlook

Callan Institute Events

Upcoming conferences, workshops, and webinars

Callan College

Intro to Alternatives

This course is for institutional investors, including trustees and staff members of public plans, corporate plans, and nonprofits. This session familiarizes trustees and staff with alternative investments like private equity, hedge funds, and real estate and how they can play a key role in any portfolio. You will learn about the importance of allocations to alternatives and how to consider integrating, evaluating, and monitoring them.

- August 23-24, 2023 – Virtual Session via Zoom

Intro to Investments—Learn the Fundamentals

This course is for institutional investors, including trustees and staff members of public plans, corporate plans, and nonprofits. This session familiarizes trustees and staff with basic investment theory, terminology, and practices.

- September 26–28, 2023 – Virtual Session via Zoom
- November 1–2, 2023 – Atlanta, Georgia

Please visit our website at callan.com/events-education as we add dates to our 2023 calendar!

Mark Your Calendar

2023 Regional Workshops

October 24, 2023 – New York

October 26, 2023 – Chicago

2024 National Conference

April 8 –10, 2024 – San Francisco

Watch your email for further details and an invitation.

Webinars & Research Café Sessions

Webinar:
The End of the Low-Yield Environment

August 9, 2023 – 9:30am (PT)

Important Disclosures

Information contained in this document may include confidential, trade secret and/or proprietary information of Callan and the client. It is incumbent upon the user to maintain such information in strict confidence. Neither this document nor any specific information contained herein is to be used other than by the intended recipient for its intended purpose.

The content of this document is particular to the client and should not be relied upon by any other individual or entity. There can be no assurance that the performance of any account or investment will be comparable to the performance information presented in this document.

Certain information herein has been compiled by Callan from a variety of sources believed to be reliable but for which Callan has not necessarily verified for accuracy or completeness. Information contained herein may not be current. Callan has no obligation to bring current the information contained herein.

This content of this document may consist of statements of opinion, which are made as of the date they are expressed and are not statements of fact. The opinions expressed herein may change based upon changes in economic, market, financial and political conditions and other factors. Callan has no obligation to bring current the opinions expressed herein.

The statements made herein may include forward-looking statement regarding future results. The forward-looking statements herein: (i) are best estimations consistent with the information available as of the date hereof and (ii) involve known and unknown risks and uncertainties. Actual results may vary, perhaps materially, from the future results projected in this document. Undue reliance should not be placed on forward-looking statements.

Callan disclaims any responsibility for reviewing the risks of individual securities or the compliance/non-compliance of individual security holdings with a client's investment policy guidelines.

This document should not be construed as legal or tax advice on any matter. You should consult with legal and tax advisers before applying any of this information to your particular situation.

Reference to, or inclusion in this document of, any product, service or entity should not necessarily be construed as recommendation, approval, or endorsement or such product, service or entity by Callan.

This document is provided in connection with Callan's consulting services and should not be viewed as an advertisement of Callan, or of the strategies or products discussed or referenced herein.

The issues considered and risks highlighted herein are not comprehensive and other risks may exist that the user of this document may deem material regarding the enclosed information.

Any decision you make on the basis of this document is sole responsibility of the client, as the intended recipient, and it is incumbent upon you to make an independent determination of the suitability and consequences of such a decision.

Callan undertakes no obligation to update the information contained herein except as specifically requested by the client.

Past performance is no guarantee of future results.

APFC ALASKA PERMANENT FUND CORPORATION
801 W 10TH SUITE 302 | JUNEAU, AK 99801
907.796.1500 | apfc.org

SUBJECT: **FY2025 Proposed Budget** **ACTION:** X

DATE: **September 27, 2023** **INFORMATION:** ____________

This budget request acknowledges the importance of APFC's continuing success in providing benefits for generations of Alaskans as the largest sovereign wealth fund in the US and the 2nd largest per capita globally.

Budget resources are essential in ensuring the Alaska Permanent Fund and other funds designated by law are effectively managed and invested, and in ensuring that the Corporation can fulfill our vision of delivering outstanding returns for the benefit of all current and future generations of Alaskans. Accomplishing this vision requires skilled and capable professional staff, discipline in adhering to long-term strategies, and durable resources.

Staff is requesting approval of the FY2025 budget request at this meeting. Feedback from the Board's work session on September 7th is incorporated into the proposal.

The Office of Management and Budget will review the Board's request for inclusion in the Governor's budget for all public agencies, which will be transmitted to the Legislature by December 15th for consideration during the upcoming Legislative session. Traditionally, staff reports back to the Board at the May quarterly meeting with the final budget approved by the Legislature to be implemented on July 1st. However, delays may occur due to extended Legislative sessions.

The Alaska Permanent Fund Corporation's operating budget appropriation is divided into two allocations: 1) operations and 2) investment management. A detailed breakdown of these two allocations can be found in the appendix to this memo.

	Actual	Authorized	Proposed	Variance	
	FY2023	FY2024	FY2025	From FY2023	From FY2024
APFC Operations Allocation	19,304,637	$25,933,797	$28,628,017	$9,323,380	$2,694,220
APFC Investment Management Allocation	143,969,996	$195,363,600	$198,163,600	$54,193,604	$2,800,000
Total Appropriation	**163,274,632**	**$221,297,397**	**$226,791,617**	**$63,516,985**	**$5,494,220**

OPERATING ALLOCATION

The Operating Allocation is separated into five objects of expenditure, each is discussed below.

Personal Services –

	Actual	Authorized	Proposed	Variance	
	FY2023	FY2024	FY2025	From FY2023	From FY2024
Personal Services	**$15,184,173**	**$20,547,397**	**$22,382,348**	**$7,198,175**	**$1,834,951**

APFC has 67 full-time, year-round positions, plus two summer interns. There are currently 11 vacant full-time positions (breakdown by department below). To satisfy the mandatory vacancy requirement, a minimum of 3% be periodically held vacant.

Administrative Operations	2
Investment Operations	1
Human Resources	1
Information Technology	2
Investments	5
TOTAL	11

Over the past year, a tremendous effort was put forth to fill 16 positions successfully. Filling these vacancies will continue to be a priority while maintaining the goal of recruiting and hiring individuals that are right for the organization, in line with our strategic priority to "enhance talent and staff."

New Positions

As the Corporation continues to focus on recruitment and retention for existing positions, we are seeking no new positions for FY2025.

Retention

The Board of Trustees and staff have acknowledged the issues APFC is experiencing with recruiting and retaining highly qualified staff. We are working on two strategies to address these issues.

1. To keep pace with rising inflation and better align our salaries with peers with whom we compete for talent, we have included a merit allowance of 6% of total salaries to be allocated at the managers' discretion. This would result in an increment of approximately $700,000.
2. The process to open the satellite office in Anchorage in a temporary location is underway. Staff is working with DEC and DOT/PF to secure space in the Cordova Building through an MOU with DEC. The Board approved the request to move funds in the amount of $22,000 from consulting to office rent at the September 6th meeting.

   This budget request anticipates that a permanent space will be established during FY2025. Included in the proposed budget is the following related to a permanent Anchorage office:
   - $200,000 for rent
   - $100,000 for office furniture
   - $200,000 for buildout
   - $200,000 for wireless conference equipment
   - $20,000 for temporary Juneau housing for new Anchorage employees

- $38,000 for relocation

Incentive Compensation

In accordance with the incentive compensation policy currently in place, the maximum distribution for those staff who are currently eligible is estimated to be $3.7 million, which reflects $3.3 million for investments staff and $445,000 for operations staff. The FY2025 request includes and increment of $915,000 to achieve full funding.

Travel –

	Actual	Authorized	Proposed	Variance	
	FY2023	FY2024	FY2025	From FY2023	From FY2024
Travel	**$596,808**	**$800,000**	**$1,022,850**	**$426,042**	**$222,850**

Travel is an essential part of conducting business nationally and internationally. With the expectation that the portfolio will grow in its global exposure, investment staff travels to investigate new investment opportunities, participate in due diligence meetings, and attend industry-standard conferences and trainings. Travel is necessary across all departments to meet with business partners, attend conferences, and leverage training opportunities.

A large part of the increment to the travel request is in Alaska travel. This is driven by the anticipation of managers traveling to Anchorage to work with employees in that office. An increment is also included to support all remote workers returning to headquarters as mandated by the work remote policy. Also included is an amount to support temporary housing in Juneau for 90 days for new employees based in Anchorage if their managers require it.

Contractual Services –

	Actual	Authorized	Proposed	Variance	
	FY2023	FY2024	FY2025	From FY2023	From FY2024
Contractual Services	**$2,897,970**	**$3,700,830**	**$4,296,899**	**$1,398,929**	**$596,069**

Detailed comparisons for the areas discussed below are found in the appendix to this memo.

Audit, Legal, Consulting – Professional services that support the Corporation's broader needs are contained within this group, such as audit, legal, and business consultants. This line includes an increment for the annual audit in accordance with our KPMG contract and an increase in general consulting to better align with actual expenditures in FY2023. This line also includes $20,000 for an advisor to the Audit Committee.

Public Communications –This encompasses all contractual support for the communications program, including meeting statutory publication requirements, educational outreach, brand enhancement, digital communications, website maintenance, media relations, crisis communications, and youth program development. This line is being held flat as funding is anticipated to be sufficient to meet FY2025 programmatic needs. The significant variance with

FY2023 actuals is due to a change in the billing cycle with our new consultant, Yuit.

Board Meetings – Items related to board support and board meetings, including room and equipment rentals, refreshments, transcription services, and advisory fees, are included in this group. A small increment of $3,500 is included in this request.

Information Technology- All IT contractual-based services related to the general support of the Corporation are in this group, including consulting services, software licensing and maintenance, and equipment repairs. The $50,000 increment from FY2024 consists of an increase of $200,000 for wireless and conference equipment in the Anchorage office, offset by a $150,000 decrease in the amount earmarked for the fire suppression project, which will be completed in the current year.

HR & Recruitment – HR continually looks for new and creative ways to successfully recruit talented professionals. With fewer vacancies currently than during FY2024 budget development, recruitment expenses are expected to be less. There is a $2,000 decrement on this line.

Training – Training, professional certifications, and industry-standard conferences for staff are essential to ensure that APFC can continue competing in global investment markets to effectively manage and grow the portfolio. With new employees and internal advancements, ongoing educational opportunities will be crucial to their success and the value added to the Corporation. Training is also an area of focus for Board members. The $17,000 increase in this area includes an $18,000 increase for Board member training and a small decrement to the budget for staff to better align with FY2023 actuals.

Office Support – All of the contractual services necessary to support the shared administrative needs of the Corporation are contained within this group, including office lease costs, copier rentals, and pass-through costs from the Department of Revenue (DOR). The bulk of the increase on this line is a provision for rent and buildout of the permanent Anchorage office, representing $400,000 of the $434,000 increment.

Commodities and Equipment –

	Actual	Authorized	Proposed	Variance	
	FY2023	FY2024	FY2025	From FY2023	From FY2024
Commodities	**$178,648**	**$435,570**	**$325,920**	**$147,272**	**$(109,650)**
Equipment	**$447,037**	**$450,000**	**$600,000**	**$152,963**	**$150,000**

Commodities and Equipment are the final two objects of expenditure within the operating allocation, and due to their similarity, are presented together. These budgets include goods purchased to support the needs of the Corporation, such as workstations, servers, furniture, and office supplies. The two lines are differentiated by cost – items less than $5,000 fall under the Commodities line, while those greater than $5,000 fall in the Equipment line.

Information Technology Commodities- The budget request for IT Supplies and Workstation Equipment is returning to the level experienced in the second year of the three-year workstation replacement cycle. All workstations are scheduled to be replaced in FY2024, allowing for a decrement of $228,000 for FY2025.

Office Support – The FY2025 request includes a $118,000 increase to Office Furniture/Equipment, $100,000 of which is earmarked for the Anchorage office.

Information Technology Equipment- Annually, $400,000 will adequately accommodate the Juneau data center through a fiscal year with replacements and upgrades to equipment. We are requesting an increment of $150,00 as we relocate our Disaster Recovery site from Fairbanks to Anchorage. The Anchorage site will be much larger and more reliable than the previous Fairbanks site.

INVESTMENT MANAGEMENT ALLOCATION

The Investment Management Allocation falls within a single object of expenditure that is divided into four types of services.

	Actual	Authorized	Proposed	Variance	
	FY2023	FY2024	FY2025	From FY2023	From FY2024
Investment Manager Fees	$132,390,302	$175,651,000	$178,251,000	$45,860,698	$2,600,000

Investment Manager Fees – This budget includes all costs paid directly to firms that manage the Fund's external portfolios but does not include fees paid through net-of-fee arrangements. Two types of fees are included in the forecast: base and incentive. Base fees are related to market performance and are paid in alignment with the fiscal year. These fee projections are developed using the management contract terms in conjunction with Callan's market assumptions. Incentive fees are contracted and paid based on managers outperforming their relative benchmark on a calendar year basis. They are not directly related to market performance, making them nearly impossible to forecast.

The only increment that is being requested on this line is $2.6 million for alternative investments. Fees paid on this line are based upon committed capital. As that portfolio continues to grow, fees increase accordingly.

	Actual	Authorized	Proposed	Variance	
	FY2023	FY2024	FY2025	From FY2023	From FY2024
Investment Due Diligence	$2,977,812	$5,763,400	$5,763,400	$2,785,588	$-

Investment Due Diligence – Funding for fiduciary advisors, Callan's general consulting contract, manager searches, and APFC's membership in peer groups such as the International Forum of Sovereign Wealth Funds (IFSWF) are captured in this line of expenditure. This request is being held flat over prior year.

	Actual	Authorized	Proposed	Variance	
	FY2023	**FY2024**	**FY2025**	**From FY2023**	**From FY2024**
Investment Systems	**$7,342,302**	**$11,649,200**	**$11,649,200**	**$4,306,898**	**$-**

Investment Systems –This group includes all of the financial network systems, data feeds, and research portals used by APFC staff to make investment decisions, trade, confirm and account for investments, manage external accounts, and manage investment risk at various portfolio levels. These vendors include Bloomberg, BlackRock, Tradeweb, Moody's, S&P, and Fitch. This request is being held flat over prior year.

	Actual	Authorized	Proposed	Variance	
	FY2023	**FY2024**	**FY2025**	**From FY2023**	**From FY2024**
Custody Fees	**$1,259,580**	**$2,300,000**	**$2,500,000**	**$1,240,420**	**$200,000**

Custody Fees – This line includes the fees paid to the Bank of New York Mellon for custody services of the Fund's assets. Also included are additional fees paid for collateral management and tax advisory services required to trade in specific international markets. The increment on this line is to accommodate other reconciliation services currently being put in place and increased tax advisory services in certain international markets.

Appendix: FY2025 Budget Proposal

Corporate Operations Allocation	Actual	Authorized	Proposed	Variance From	
	FY2023	FY2024	FY2025	FY2023	FY2024
Personal Services	$15,184,173	$ 20,547,397	$ 22,382,348	$7,198,175	$1,834,951
Staff	15,163,942	20,516,097	22,351,048	7,187,107	1,834,951
Board: Honorarium	20,232	31,300	31,300	11,068	-
Travel	$596,808	$ 800,000	$ 1,022,850	$426,042	$222,850
Staff	473,937	602,000	842,850	368,913	240,850
Trustees	34,506	18,000	40,000	5,494	22,000
Moving/Non-Employee	88,365	180,000	140,000	51,635	(40,000)
Contractual Services	$2,897,970	$ 3,700,830	$ 4,296,899	$1,398,929	$596,069
Audit, Legal, Consulting	637,651	712,000	805,000	167,349	93,000
Public Communications	110,687	395,300	395,300	284,613	-
Board Support and Meetings	50,143	111,400	114,900	64,757	3,500
Information Technology	1,294,525	1,490,000	1,540,000	245,475	50,000
HR and Recruitment	20,652	30,000	28,000	7,348	(2,000)
Training/Education	51,889	159,680	177,003	125,114	17,323
Office Support	732,423	802,450	1,236,696	504,273	434,246
Commodities	$178,648	$ 435,570	$ 325,920	$147,272	$(109,650)
Information Technology	115,253	354,000	126,000	10,747	(228,000)
Office Support	63,395	81,570	199,920	136,525	118,350
Equipment	$447,037	$ 450,000	$ 600,000	$152,963	$150,000
Information Technology	447,037	450,000	600,000	152,963	150,000
Total	**$19,304,637**	**$ 25,933,797**	**$ 28,628,017**	**$9,323,380**	**$2,694,220**

Investment Management Allocation	Actual	Authorized	Proposed	Variance From	
	FY2023	FY2024	FY2025	FY2023	FY2024
Investment Systems	$7,342,302	$11,649,200	$11,649,200	$4,306,898	$-
Investment Due Diligence	$2,977,812	$5,763,400	$5,763,400	$2,785,588	$-
Custody Fees	$1,259,580	$2,300,000	$2,500,000	$1,240,420	$200,000
Investment Manager Fees	**$132,390,302**	**$175,651,000**	**$178,251,000**	**$45,860,698**	**$2,600,000**
Public Equities	101,898,045	139,157,000	139,157,000	37,258,955	-
Fixed Income	219,062	-	-	(219,062)	-
Real Estate	3,120,550	3,594,000	3,594,000	473,450	-
Alternative Assets	27,152,645	32,900,000	35,500,000	8,347,355	2,600,000
Total	**$ 143,969,996**	**$ 195,363,600**	**$ 198,163,600**	**$ 54,193,604**	**$ 2,800,000**
Total Appropriation	**$ 163,274,632**	**$ 221,297,397**	**$ 226,791,617**	**$ 63,516,985**	**$ 5,494,220**

APFC ALASKA PERMANENT FUND CORPORATION

FY2025 Proposed Budget

September 27, 2023

FY25 Proposed Operating Budget

Supporting the high level of investment management services demanded of APFC, the FY25 proposed budget aligns strategy across key areas -

- **Recruit** and **Retain** top talent
  - Merit/inflation salary adjustments
  - Fully funded incentive compensation
  - An Anchorage satellite office to bolster Alaska-based opportunities with headquarters remaining in Juneau
- **Ensure** cutting-edge infrastructure for data and systems, including IT security and business continuity support
- **Maintain** quality services pertaining to due diligence, reporting and communications, and office support

APFC MISSION

To manage and invest the assets of the Permanent Fund and other funds designated by law.

APFC VISION

Our vision is to deliver outstanding returns for the benefit of all current and future generations of Alaskans.

FY2025 Proposed Budget

	Actual	Authorized	Proposed	Variance	Variance
$	FY 2023	FY 2024	FY 2025	FY 2025 (Proposed) Vs. FY 2023 (Actual)	FY 2025 (Proposed) Vs. FY 2024 (Authorized)
APFC Operations Allocation	19,304,637	25,933,797	28,628,017	9,323,380	2,694,220
APFC Investment Management Fees Allocation	143,969,996	195,363,600	198,163,600	54,193,604	2,800,000
Total Appropriation	**163,274,632**	**221,297,397**	**226,791,617**	**63,516,985**	**5,494,220**

Fund Source: Permanent Fund Gross Receipts

APFC Operations Budget Components

	Actual	Authorized	Proposed	Variance	Variance
$	FY 2023	FY 2024	FY 2025	FY 2025 (Proposed) Vs. FY 2023 (Actual)	FY 2025 (Proposed) Vs. FY 2024 (Authorized)
Travel	596,808	800,000	1,022,850	426,042	222,850
Contractual Services	2,897,970	3,700,830	4,296,899	1,398,929	596,069
Commodities	178,648	435,570	325,920	147,272	(109,650)
Equipment	447,037	450,000	600,000	152,963	150,000
Personal Services	15,184,173	20,547,397	22,382,348	7,198,175	1,834,951
Total APFC Operations	**19,304,637**	**25,933,797**	**28,628,017**	**9,323,380**	**2,694,220**

Anchorage Office

Opening a satellite office in Anchorage to expand our in-state presence, in addition to our existing headquarters in Juneau, has been part of the Corporation's strategic plan for the past four years.

This strategy aims to attract and retain talented investment professionals from Alaska.

Phase 1 –

- Opening in the coming months
- Lease for Cordova Building space
- $22,000 FY24 authorization

Phase 2 -

- Seek FY25 Proposed Operating Budget Funding
- Secure and build out permanent satellite space
- $758,000 FY25 authorization

Travel APFC Operations

	Actual	Authorized	Proposed	Variance	Variance
$	FY 2023	FY 2024	FY 2025	FY 2025 (Proposed) Vs. FY 2023 (Actual)	FY 2025 (Proposed) Vs. FY 2024 (Authorized)
Travel	596,808	800,000	1,022,850	426,042	222,850

The increase in FY25 travel request is to support –

- Supervisors' travel to Anchorage to support employees working there
- Return to headquarters for employees working remotely
- Temporary Juneau housing for new Anchorage based employees
- Increase in Board travel to training and conferences

Travel APFC Operations

	Actual	Authorized	Proposed	Variance	Variance
$	FY 2023	FY 2024	FY 2025	FY 2025 (Proposed) Vs. FY 2023 (Actual)	FY 2025 (Proposed) Vs. FY 2024 (Authorized)
Staff Alaska	137,549	47,480	232,850	95,301	185,370
Staff US/Canada	282,295	381,100	450,500	168,205	69,400
Staff International	54,094	173,420	159,500	105,406	(13,920)
Board Alaska	30,445	16,500	30,000	(445)	13,500
Board US/Canada	4,062	1,500	10,000	5,938	8,500
Relocation	88,365	180,000	140,000	51,635	(40,000)
Total Travel	**596,808**	**800,000**	**1,022,850**	**426,042**	**222,850**

Contractual Services APFC Operations

	Actual	Authorized	Proposed	Variance	Variance
$	FY 2023	FY 2024	FY 2025	FY 2025 (Proposed) Vs. FY 2023 (Actual)	FY 2025 (Proposed) Vs. FY 2024 (Authorized)
Audit, Legal, Consulting	637,651	712,000	805,000	167,349	93,000
Public Communications	110,687	395,300	395,300	284,613	-
Board Support & Meetings	50,143	111,400	114,900	64,757	3,500
Information Technology	1,294,525	1,490,000	1,540,000	245,475	50,000
HR and Recruitment	20,652	30,000	28,000	7,348	(2,000)
Training/Education	51,889	159,680	177,003	125,114	17,323
Office Support	732,423	802,450	1,236,696	504,273	434,246
Total Contractual Services	**2,897,970**	**3,700,830**	**4,296,899**	**1,398,929**	**596,069**

Commodities & Equipment APFC Operations

	Actual	Authorized	Proposed	Variance	Variance
$	FY 2023	FY 2024	FY 2025	FY 2025 (Proposed) Vs. FY 2023 (Actual)	FY 2025 (Proposed) Vs. FY 2024 (Authorized)
Commodities	178,648	435,570	325,920	147,272	(109,650)
Equipment	447,037	450,000	600,000	152,963	150,000

- Workstation Equipment ($228,000)
- Anchorage Office Furniture $100,000
- Data Center Transition $150,000

Commodities
- Office/IT Supplies
- Subscriptions
- IT Equipment < $5,000

Equipment
- IT Equipment > $5,000

Personal Services APFC Operations

Support to fill vacant positions and retain professional staff within a competitive labor market.

	Actual	Authorized	Proposed	Variance	Variance
$	FY 2023	FY 2024	FY 2025	FY 2025 (Proposed) Vs. FY 2023 (Actual)	FY 2025 (Proposed) Vs. FY 2024 (Authorized)
Personal Services	15,184,173	20,547,397	22,382,348	7,198,175	1,834,951

The main drivers of the FY25 personal services increase –

- 6% merit/inflation adjustments
- Full funding of Incentive Compensation for all staff in accordance with the board-approved policy

Personal Services APFC Operations

Recruitment in filling vacancies and Retention of knowledgeable staff

Personal Services	Authorized	Change	Proposed
$	FY2024		FY2025
TOTAL Funding	**20,547,397**	**$1,834,951**	**$22,382,348**
Salaries Investments	7,660,309	459,620	8,119,929
Salaries Operations	4,760,252	285,615	5,045,867
Benefits	5,774,110	272,515	6,046,625
Incentive Comp Investments	2,800,000	470,000	3,270,000
Incentive Comp Operations	-	445,000	445,000
Board Honorarium	31,300	-	31,300
Vacancy 3%	(478,574)	(97,799)	(576,373)

Increments FY24 to FY25

- 6% merit/inflation adjustments
- Fully funding Incentive Compensation
  - $3,270,000 for Investments
  - $445,000 for Operations
- Board Honorarium for additional meetings
- Increased benefits associated with salary increments
- Adjusted vacancy factor of 3%

Investment Management Fees Allocation

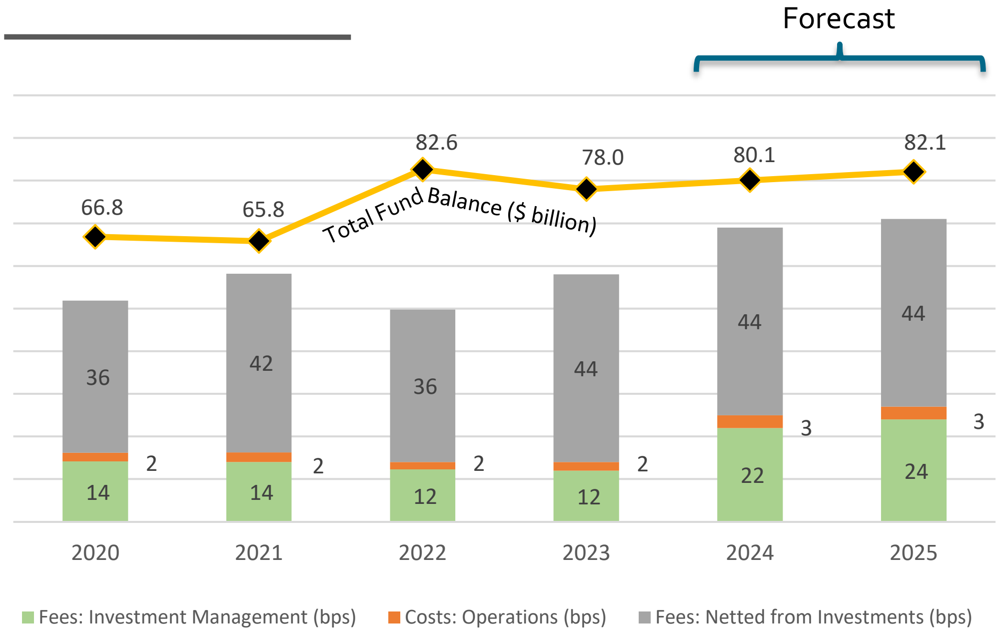
Investment Management Fees	Actual	Authorized	Proposed	Variance	Variance
	FY2023	FY2024	**FY2025**	From FY2023	From FY2024
TOTAL INVESTMENT MANAGEMENT FEES	**$132,390,302**	**$175,651,000**	**$178,251,000**	**$45,860,698**	**$2,600,000**
Public Equity	101,898,045	139,157,000	139,157,000	37,258,955	-
Fixed Income Plus	219,062	-	-	(219,062)	-
Real Estate	3,120,550	3,594,000	3,594,000	473,450	-
Alternative Investments	27,152,645	32,900,000	35,500,000	8,347,355	2,600,000
Investment Due Diligence	2,977,812	5,763,400	5,763,400	2,785,588	-
Investment Systems	7,342,302	11,649,200	11,649,200	4,306,898	-
Custody Fees	1,259,580	2,300,000	2,500,000	1,240,420	200,000
TOTAL INVESTMENT MNGMNT ALLOCATION	**$143,969,996**	**$195,363,600**	**$198,163,600**	**$54,193,604**	**$2,800,000**

FY25 Proposed Operating Budget

APFC Operations 3 bps

APFC Investment Management 24 bps

Basis Points



- Profit Sharing/Performance fees are not included in the above


Questions?

APFC ALASKA PERMANENT FUND CORPORATION
801 W 10TH SUITE 302 | JUNEAU, AK 99801
907.796.1500 | apfc.org

SUBJECT:	APFC Real Estate Asset Class Update	ACTION:	____________
DATE:	September 28, 2023	INFORMATION:	X

BACKGROUND:

The Real Estate presentation provides portfolio and strategy updates and investment performance analysis.

STATUS:

At this meeting, staff will present key elements of the Real Estate portfolio. Staff will also discuss performance of, and provide updates on, portfolio components.

APFC ALASKA PERMANENT FUND CORPORATION

Board Meeting Presentation

Real Estate

September 28, 2023

Role of Real Estate

- Real Estate is an essential asset that plays a unique and vital role in the Fund
  - Provides diversification and has low correlation to other asset classes
- Performance is targeted to fall between returns achieved by fixed income and public equity investments and embodies characteristics of both
  - Lease payments resemble fixed income obligations
  - The property's residual value contains equity-like attributes
- Real estate provides a level of inflation resistance; property values and rental income, both tend to keep pace with inflation

Historical Perspective

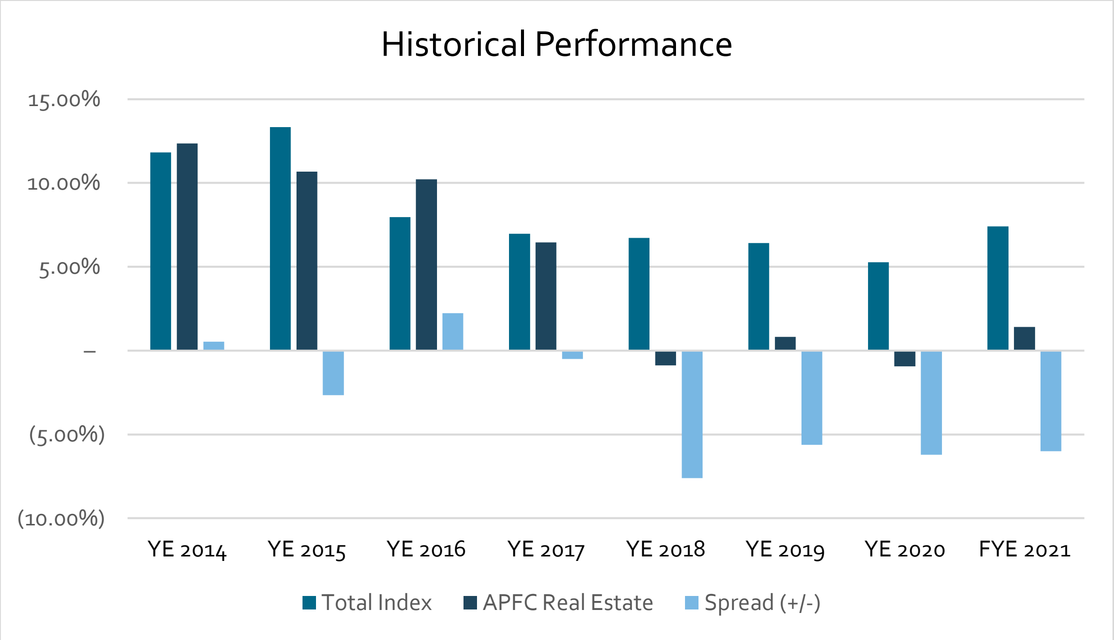
- APFC historically has pursued a strategy of holding high quality, generally Class A, Core assets on a direct basis

- A material divestiture in 2018 negatively impacted sector positioning and resulted in an overall underweight to the RE asset class

- Following a period of minimal capital deployment there was a strategic dialog with the Board leading to new priorities and goals for real estate

- In 2020 staff implemented new strategies as outlined on the following slides

Impact of Sector Imbalance



Property Sector Balance

APFC Real Estate Portfolio Composition				
Property Sector	**APFC 4Q-2017**	**APFC 1Q-2018**	**APFC 2Q-2023**	**NCREIF 2Q-2023**
Multi-Family	34.4%	7.9%	23.2%	28.4%
Hotel	1.2%	1.7%	1.7%	0.4%
Industrial	4.8%	7.4%	31.9%	33.6%
Office	26.1%	36.1%	23.0%	23.7%
Retail	33.5%	46.9%	20.2%	13.9%

Strategic Initiatives

Open-Ended Funds

- To gain multifamily and industrial real sector exposure, staff conducted searches for best-in-class funds for each sector in 2020
  - Gables Multifamily Trust was selected for multifamily
  - Realterm Logistics Income Fund was selected for industrial

- To increase exposure and diversification, APFC made two additional commitments in FY22
  - Fairfield Affordable Housing Preservation Fund for multifamily
  - CBRE US Logistics Fund

Clarion Gables Multifamily Trust

- The fund builds and acquires high quality assets targeting upper-middle class “renters by choice” and a fund-level leverage ratio of 45% - 50%

- Target markets that demonstrate high population growth with net in-migration, attractive employment fundamentals, high wage growth

- Mature and stable resident profile with average age 37; income $148k; ~15% rent to income ratio; monthly credit loss is below 1%

- Build-to-core strategy will target 15% - 20% of Gross Asset Value (GAV) of the fund

Real Term Logistics Fund

- Leading pure play logistics platform with focus on High Flow-Through (HFT) supply chain real estate
- Benefits from limited national competition and high barriers to entry with low institutional investor exposure
- Mission critical transportation nodes designed to move, not store freight
- Well located, transportation-advantaged properties near to large population centers

Fairfield Affordable Housing Preservation

- One of the most experienced affordable housing sponsor/operator targeting an underserved segment of the U.S. rental housing market
- Regulated affordable housing represents a significant portion (25%) of the total multifamily housing market
- 49% of apartment households have incomes between $20,000 and $75,000
- Supply continues to be under pressure with affordable restrictions on nearly 1.2 million rental units set to expire by 2029

Real Estate Investment Trusts (REITs)

- In July 2020, APFC’s REIT portfolio was moved from Fixed Income back to Real Estate
- In order to better align sector allocations to the benchmark a custom REIT portfolio was created comprised of multifamily and industrial companies
- Staff has ability to rebalance the REIT portfolio as the overall APFC Real Estate sector composition changes

Private Real Estate Debt

- Staff conducted a search with Callan for a debt manager, selecting Heitman in 2018
- To take advantage of constrained lending markets, the Heitman mandate was expanded to include construction lending in 2021
- In the aftermath of COVID, APFC made two debt fund investments to take advantage of dislocations in the markets
  - Kayne Anderson - commercial real estate debt and securities; primarily Freddie Mac structured products
  - Mesa West - opportunistic commercial lending
- Staff believes debt investments will continue to provide excellent risk adjusted returns and diversification

Debt Case Study

- Funded a $145M industrial Construction Loan with a 17% Base Case IRR
- The industrial development project is 504k SF consisting of 6 buildings
- Located in a High Growth Market in California with Strong Demographics

Capitalization Summary		
Sources		($ in millions)
Construction Loan	69%	$145
APFC Equity	28%	$59
Subline Financing	41%	$87
Sponsor Equity	31%	$66
Total Sources:	100%	$212M

APFC Internal Asset Management

- In January of 2021, APFC started an internal Asset Management program bringing 2 industrial assets in house

- Since the takeover, the largest tenant in the real estate portfolio approximately (1M SF) has been renewed increasing monthly rents from $0.36 PSF to $1.15 PSF

- Performance has exceeded the benchmark since take over and has save $3,308,400 in asset management fees

Annualized Returns Compared to NCREIF NPI & Industrial Benchmarks					
Return	**APFC Internal**	**NPI**	**Spread (+/-)**	**NPI (Ind.)**	**Spread (+/-)**
1-Year	38.4%	-6.6%	45.0%	-4.0%	42.4%
2-Year	70.0%	6.5%	63.5%	19.1%	51.0%
Since Inception	54.5%	7.4%	47.1%	21.2%	33.4%

Build-to-Core (BTC)

- In 2020 the APFC implemented a BTC program for multifamily assets as an attractive alternative to high market pricing
- These opportunities create high-quality, state-of-the-art assets at a substantial discount to stabilized real estate core pricing
- These projects are underwritten to a ~6% return on cost which creates a spread of 150 bps above current market spot cap rates of 4.5%
- The resulting profit provides a margin of safety of ~30%
- The Fund currently has 6 multifamily projects in various stages of development
- In FY23, the APFC entered its first industrial BTC joint venture


National Multifamily Development

Gables Union Market – Washington, DC

- Gables Union Market, a 12-story, 300-unit mixed-use building with 23k SF of retail located in a 45-acre neighborhood of Northeast DC
- Class-A features and amenities providing both standard and penthouse finishes position the asset for long-term success
- Comparable to properties of this type in similar urban locations with walkable access to public transportation
- Located in the heart of Union Market, a primary amenity offering experiential retail

25 North Lex – White Plains, NY

- 25 North Lex, a 500-unit mixed use building with 19k SF of retail adjacent to the White Plains Metro North station
- White Plains Metro is the busiest station (40.5m riders annually) in Westchester County and third most active overall behind Grand Central and Stamford, CT
- Entitlement risk was mitigated as APFC owned the land and previously obtained entitlements
- White Plains attracts a highly affluent demographic of well-educated, well-paid workers in search of quality housing
- Location and access to major employers will provide long-term consistent performance. Westchester is the second most affluent county in NY State

The Row on Redhill – Santa Ana, CA

- The Row on Redhill, an 1,110-unit (4 buildings) mixed-use asset with 80k SF of curated retail being built in two phases on 15 acres
- The site is located directly across the street from a planned 50-acre commercial office district and the Tustin Legacy Park, a part of the 1,600-acre Legacy 20-year Master Plan
- Employment sectors span Orange and LA County and is further supported by remote/hybrid professionals
- Within the two submarkets surrounding the site, there is a projected shortage of 5,900 units through 2025
- Superior location and entitlement risk mitigated with favorable supply/demand ratio will ensure generational performance

Riverwalk Residences – Ft. Lauderdale

- Riverwalk Residences, a 295-unit, 42–story tower with minimal retail is located on the New River and steps from Las Olas Boulevard

- Average unit size is >1,200 SF and building features such as 1:1 parking ratio will generate demand as one of the last waterfront sites along the northern side of the river for luxury living

- A high-barrier to entry neighborhood which has undergone a period of transformational development combined with job migration will position this asset for success

- Demand for this product has and is expected to remain strong and will draw high-income professionals and empty nesters further insulating the performance

Stella at Star Metals – Atlanta, GA

- Stella at Star Metals, a 327-unit mixed-use located in West Midtown Atlanta
- Star Metals District and West Midtown has become a highly desirable area with employment and walkability to chef-driven restaurants, nightlife, shopping
- Across the street is a new Publix market, which further benefits the demand for this living location. Key grocers have proven to drive greater success in multifamily locations
- Over the past 2 years job growth has surged in West Midtown including Nike, Airbnb, Ford, Sovo and Andural.
- Adjacent Georgia Tech is also a driver of technology firms to the area.

10th and Cherokee – Denver, CO

- 10th and Cherokee, a 309-unit mixed-use asset with 4k SF of retail in a 16-story tower
- Over the past decade Denver has benefited from net migration, a thriving tech sector, and a diversifying economy putting it on the path for long-term growth
- Located in the Golden Triangle with access to employment markets in Downtown, Cherry Creek and Denver Tech Center
- The Broadway Retail corridor running directly through the area provides lifestyle drivers of demand
- The property is directly across the street from Cherry Creek Trail which provides 330 miles of biking and running trails

Real Estate IRRs of Recent Investments

($ in millions)			Net Returns			
Investment Type	**Invested**	**Distributed**	**Current NAV**	**IRR**	**MOIC**
Opportunistic Funds	$416	$66	$487	11.71%	1.33x
Debt	$714	$374	$452	11.99%	1.16x
Directs	$540	$182	$542	27.74%	1.34x
Build-to-Core	$350	$3	$407	12.37%	1.17x
Open-end Funds	$1,246	$34	$1,385	11.40%	1.14x
Direct Managed	$139	$99	$268	57.43%	2.63x
REITs	$891	$225	$909	9.30%	1.27x
Total	**$4,297**	**$984**	**$4,450**	**14.55%**	**1.26x**
Total (ex REITs)	**$3,406**	**$759**	**$3,541**	**17.23%**	**1.26x**
Total (ex developments)	**$3,946**	**$981**	**$4,043**	**14.68%**	**1.27x**

Note: All values are based on 6/30/23 NAVs


FY23 Investments

CBRE US Logistics

- CBRE U.S. Logistics Partners, LP is a discretionary, open-end fund focused on logistics investments in major U.S. markets

- The Fund has a range of execution strategies to opportunistically pursue transactions that fit a blended core-plus risk profile including build-to-core and acquisitions

- USLP has a primary focus on investing in modern assets that can meet the rapidly evolving technological advances of today’s occupiers

- For Q2-2023, USLP was the #1 performing fund according to MSCI/PREA Quarterly Fund Index

Craig-Losee Business Park - Las Vegas, NV

- Craig-Losee Business Park is a two-building, multi-tenant industrial project totaling 124K SF with 22’-24’ clear heights, built in 1997

- Since acquisition new and renewal leases have been executed up to 70% above the in-place rent

- The leasing fundamentals for the project remain strong as there is solid demand from small tenants in this market and a lack of supply

Star Commerce Center - Frisco, TX

- Star Commerce Center II & III is a three-building, multi-tenant industrial project totaling 422K SF

- The buildings, located in Frisco, TX, were built from 2020 – 2022 with 32’ clear heights

- The project is 100% leased with a diverse in-place rent roll with expirations occurring over the next 11 years, providing steady long term cash flow

Centerpoint Life Science – Waltham, MA

- Centerpoint is a Class A life science campus on nearly 30 acres
- Property located in core market with abundant talent and high barriers of entry
- Provides stable cashflow with consistent NOI growth
- Diverse tenant mix with strong credit and long lease terms

Baylor Sports Medicine – Frisco, Texas

- Class A+, high acuity medical office building (MOB) anchored by Baylor Scott White Medical
- Property totals 275K SF and is 100% leased
- Highly visible, trophy quality MOB located in the Star Development
- The Dallas-Fort Worth economy and employment ranks favorably which will drive long term demand

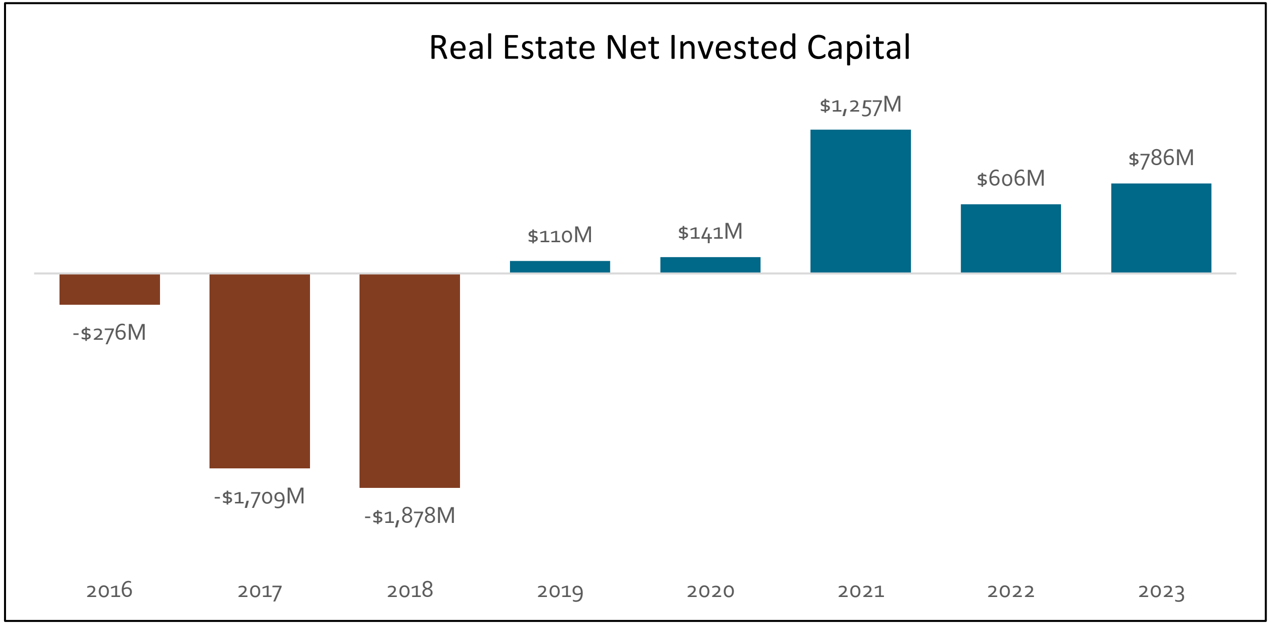
Real Estate IRRs of Investments Made in 2023

FY23 Investment Returns					
($ in millions)		Net Returns			
Investment Type	Invested	Distributed	Current NAV	IRR	MOIC
Centerpoint Life Sciences	$278	$0	$290	10.04%	1.04x
Craig-Losee	$26	$1	$28	7.83%	1.09x
Baylor	$151	$2	$152	4.42%	1.02x
Gateway Industrial Complex	$80	$7	$75	4.19%	1.03x
CBRE Logistics	$300	$0	$305	9.26%	1.02x
Realterm Coinv	$200	$0	$209	31.68%	1.04x
Total	**$1,035**	**$10**	**$1,058**	**9.25%**	**1.03x**

Note: All values are based on 6/30/23 NAVs

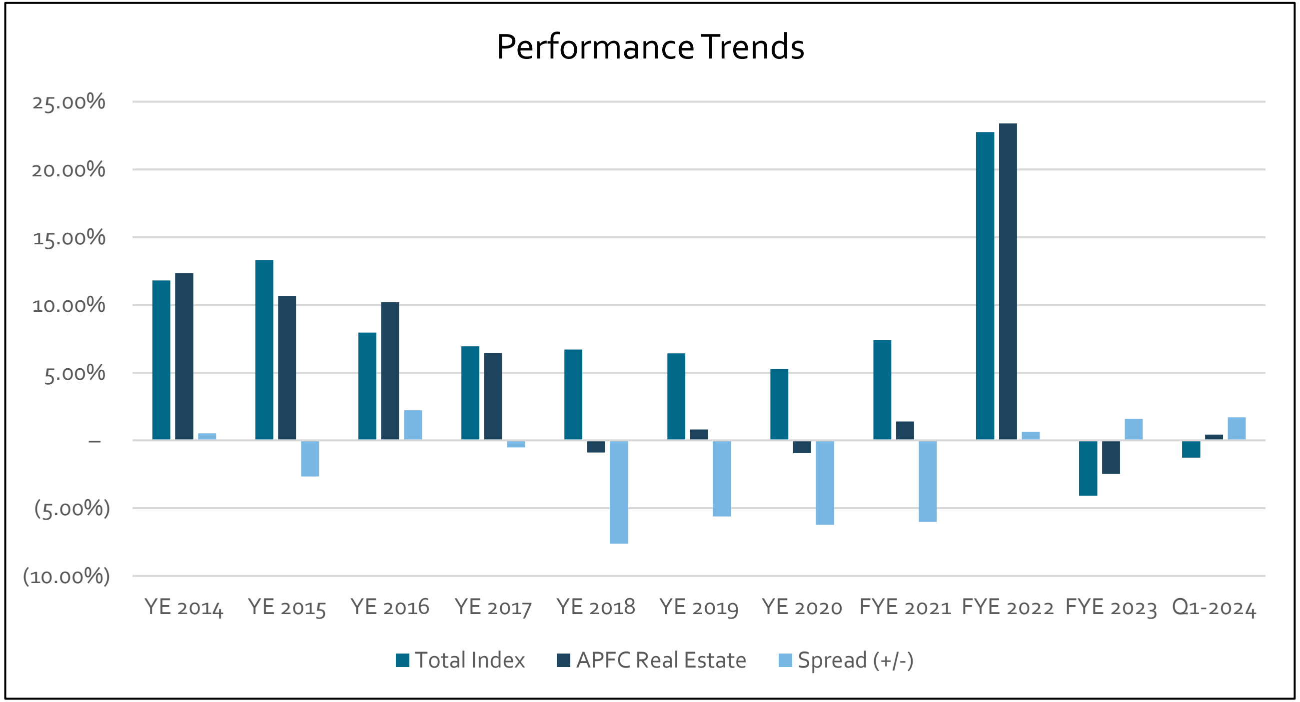
Strategy Going Forward

Real Estate Net Invested Capital



Note: All amounts are on a Fiscal Year basis

Performance Trends



Go Forward Strategy

- Build-to-Core program
  - Grow the program to include additional real estate sectors
- Debt Investments
  - Continue to expand the program to take advantage of high interest rates and market dislocations
- Real Estate Operating Companies
  - Identify investment opportunities where operating platforms can be leveraged to source investments
- Opportunistic Investments
  - Be prepared to move as opportunities present themselves to take advantage of stress in markets
- Expand in-house asset management program

SUBJECT: Real Estate External Manager Presentation CBRE Investment Management — ACTION: ____________

DATE: September 28, 2023 — INFORMATION: X

BACKGROUND:

CBRE Investment Management, external manager of several APFC Real Estate investments as well as a Fund investment, will make two presentations. Shane Taylor will present CBRE's house view and real estate market outlook. Mary Lang will discuss the Industrial Real Estate sector and the case for modern logistics.

Biographies of Presenters:

Shane Taylor

Shane Taylor is Americas Head of Research for CBRE Investment Management. Based in New York, he is responsible for the firm's research function in the Americas. He is also a member of the Americas Direct Real Estate Investment Committee and regional management teams.

Shane joined ING Real Estate Investment Management, which is now CBRE Investment Management, in 2006. He was originally based in New York City and relocated to Hong Kong in 2008 before returning to New York for his current role. Before joining the firm, he spent three years as a Researcher with the Australian Housing and Urban Research Institute in Brisbane, before joining RP Data-Marketshare – a real estate consultancy in Sydney. Upon relocating to New York to pursue higher studies he undertook consultancies for the World Bank, the United Nations Development Program, and the Earth Institute. Shane has been involved in various capacities in real estate research since 1995.

In 2013, Shane won an ICSC award for outstanding service to the research community.

Shane holds a B.A. (Hons) from Queensland University, an M.App.Sc in Economic Geography from the Queensland University of Technology in Brisbane and a PhD in Urban Planning from Columbia University in New York.

Mary Lang

Mary Lang is Head of Americas Direct Logistics Strategies and serves as a Portfolio Manager for a fund sponsored by the firm.

Mary, who began her career in the asset management industry in 2000, joined CBRE Investment Management in 2021 from Prologis, Inc. There she most recently served as the Global Head of Data Center Strategy & Solutions, as well as Senior Vice President of Americas Dispositions.

Mary's accomplishments include the formation of several merchant development joint ventures to facilitate the conversion of logistics assets to powered-shell and turnkey data center solutions; the post-merger integration of AMB Property Corp., KTR Capital Partners, DCT Industrial Trust and Liberty Property Trust; and the disposition of more than $6 billion in industrial, retail, development and land sales from balance sheet and private capital ventures during her 17-year tenure with Prologis.

Mary earned a Bachelor of Arts degree from the University of Pennsylvania and a Master's degree in Business Administration from the University of California, Berkeley. She currently serves on the Board of Directors for the New York Foundation for the Arts.

CBRE Investment Management

U.S. House View

SEPTEMBER 2023

Agenda

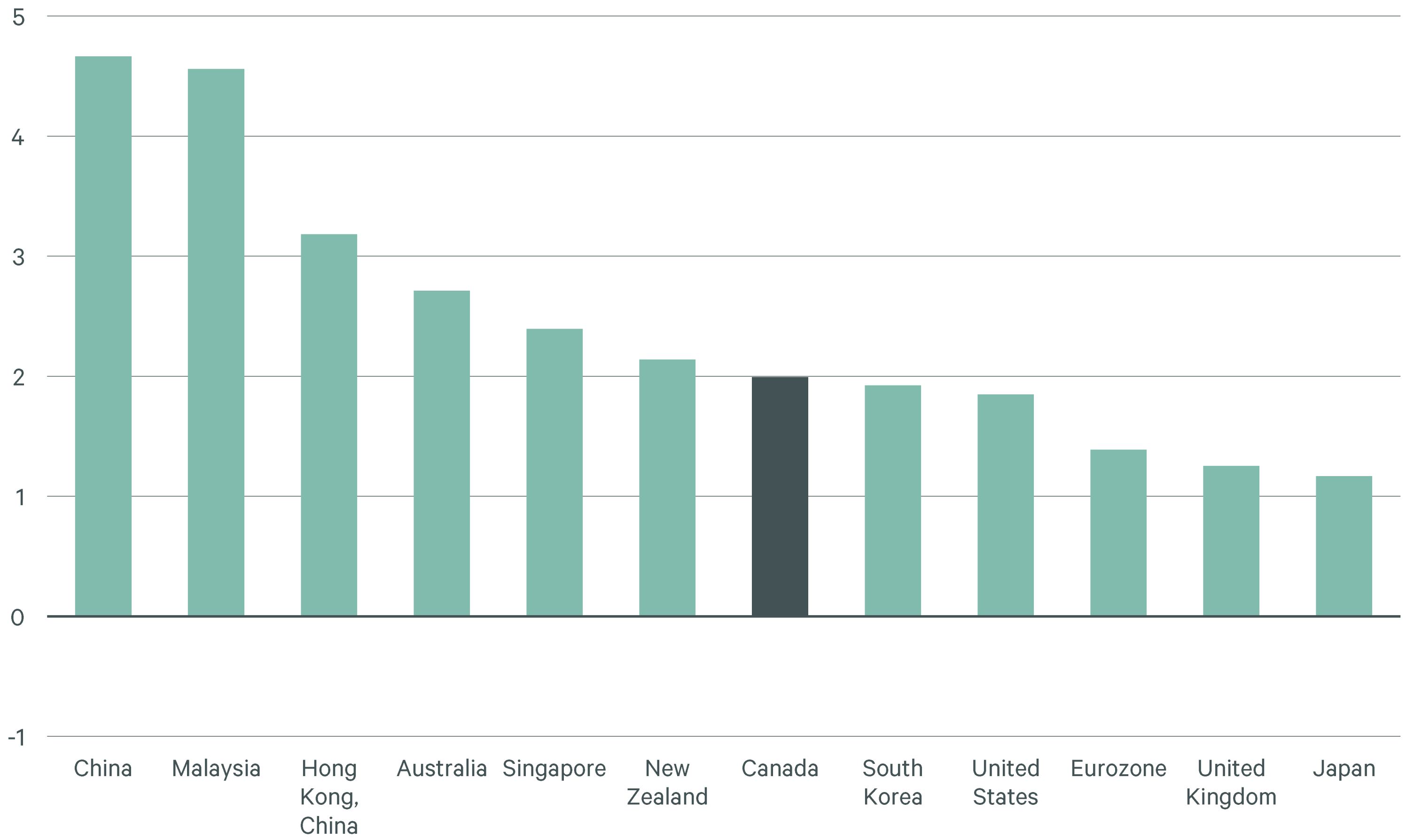
1. Macro View
2. Capital Markets
3. Forecast Summary
   - RARE Charts

1

Macro View

Below trend growth in most major markets

GDP growth in 2023-2027 – new forecasts

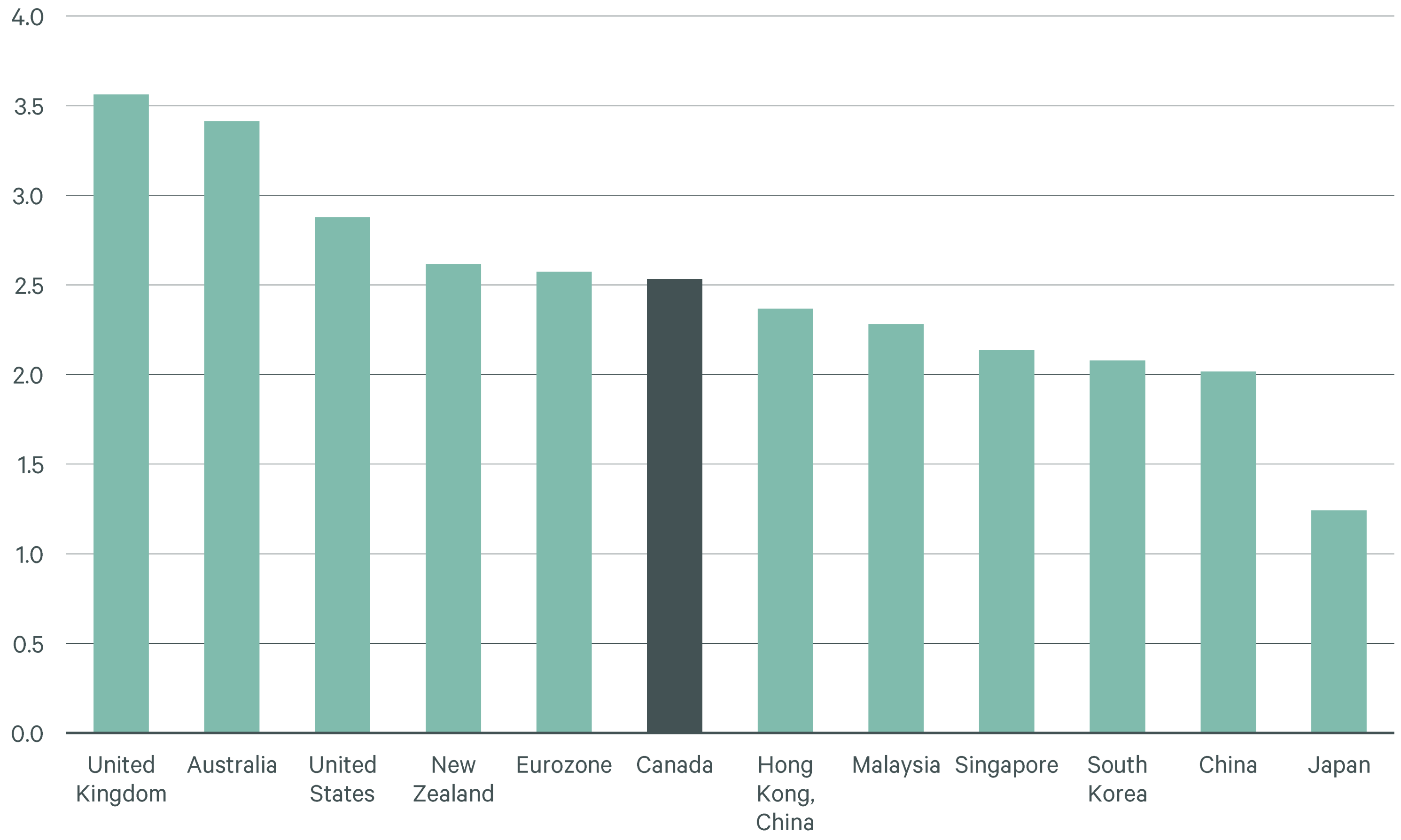


Sources: Oxford Economic Forecasting & CBRE Investment Management as of July 2023.

For illustrative purposes only. Based on CBRE Investment Management's subjective views and subject to change. There can be no assurance any targets or business initiatives will occur as expected. Forecasts are inherently uncertain and subject to change.

Inflation persistently higher in developed markets given tight labour supply and deglobalisation

CPI growth in 2023-2027 – new forecasts

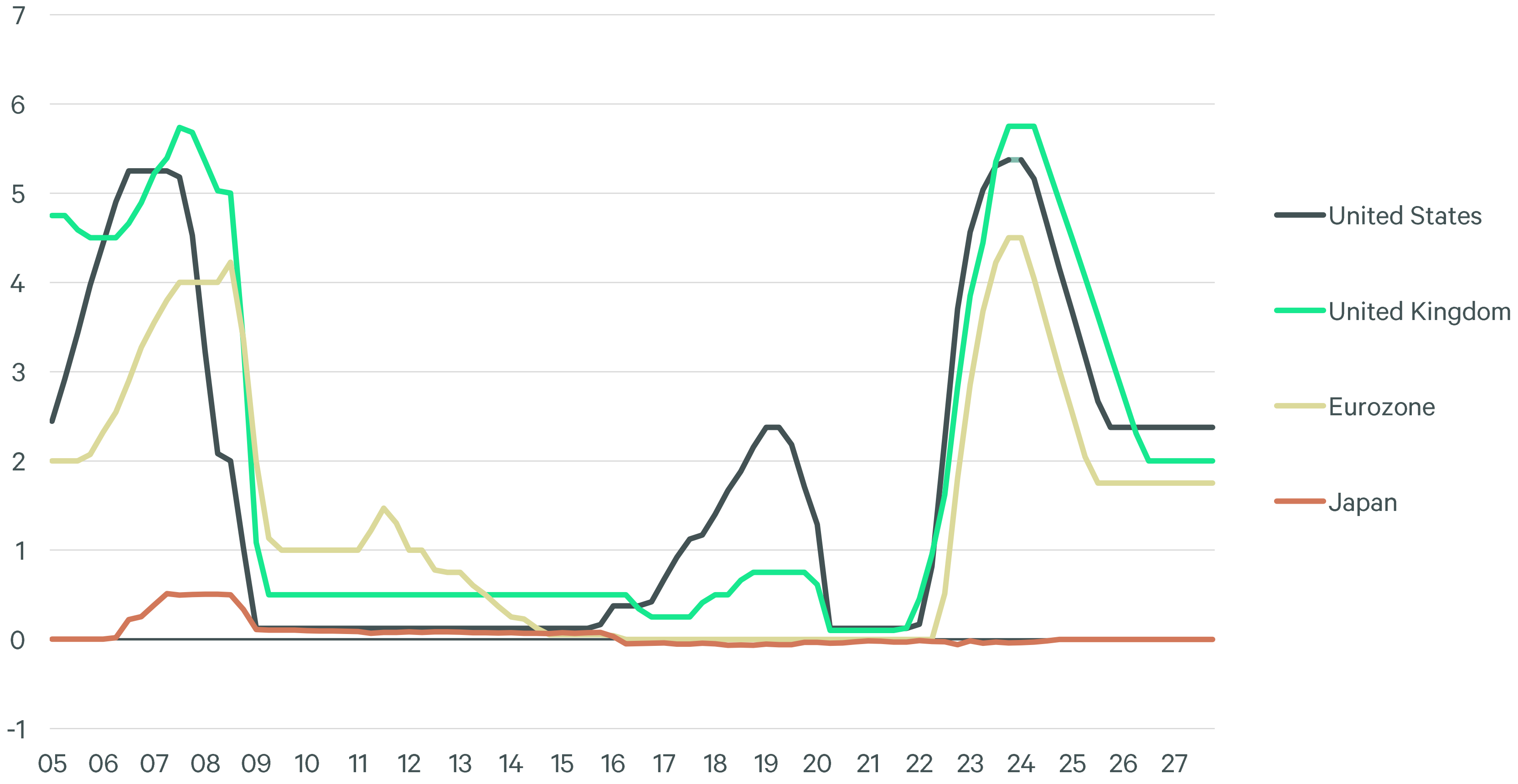


Sources: Oxford Economic Forecasting & CBRE Investment Management as of July 2023.

For illustrative purposes only. Based on CBRE Investment Management's subjective views and subject to change. There can be no assurance any targets or business initiatives will occur as expected. Forecasts are inherently uncertain and subject to change.

Terminal rates have been revised upwards

Central bank policy rates, %

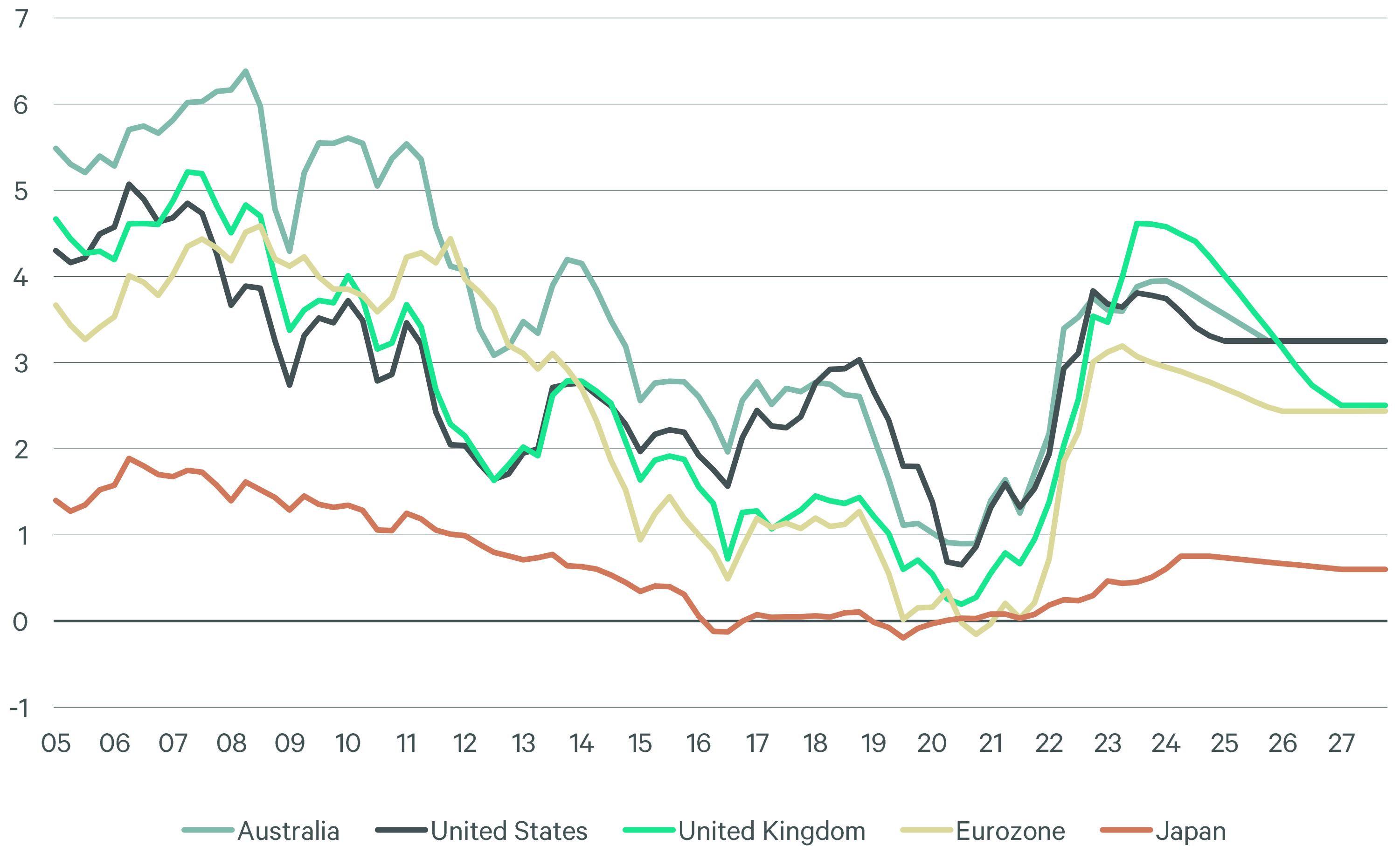


Sources: Oxford Economic Forecasting & CBRE Investment Management.

For illustrative purposes only. Based on CBRE Investment Management's subjective views and subject to change. There can be no assurance any targets or business initiatives will occur as expected. Forecasts are inherently uncertain and subject to change.

Bond yields fall back to higher levels than ex-ante

10-year government bond yields, %

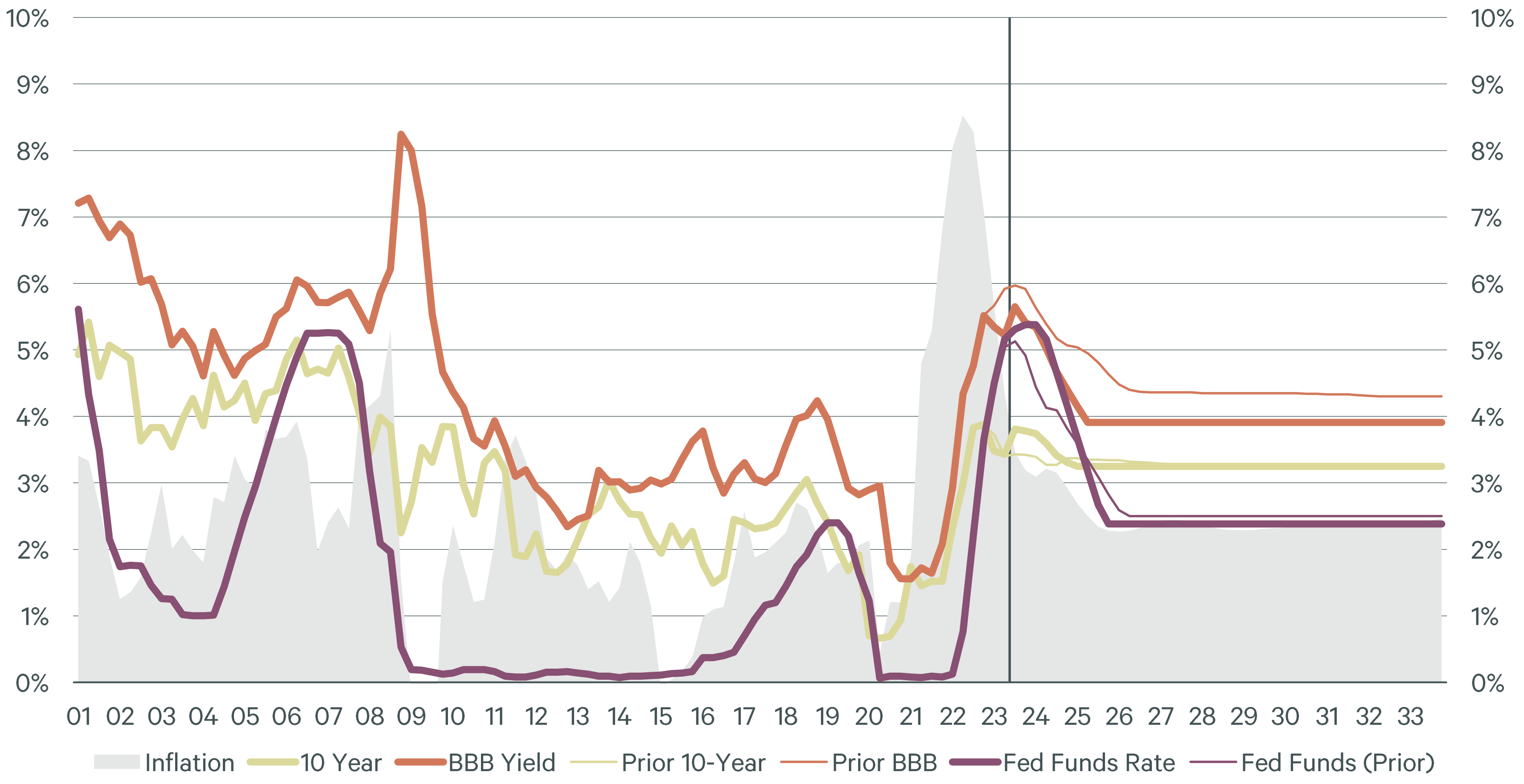


Sources: Oxford Economic Forecasting & CBRE Investment Management as of July 2023.

For illustrative purposes only. Based on CBRE Investment Management's subjective views and subject to change. There can be no assurance any targets or business initiatives will occur as expected. Forecasts are inherently uncertain and subject to change.

Capital Markets Indicators

U.S. Interest Rate and Inflation Outlook



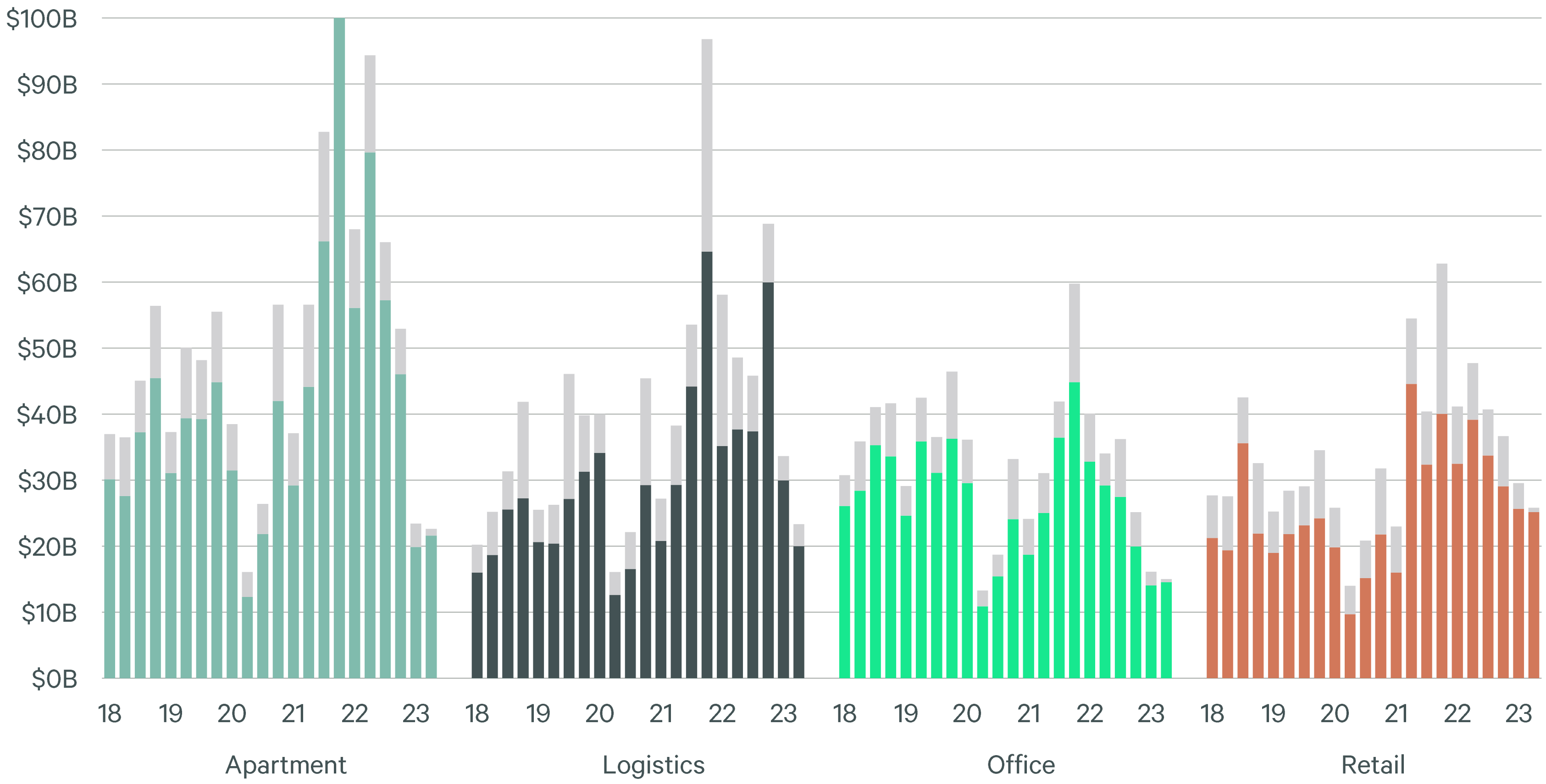
Source: Oxford Economics; CBRE Investment Management as of July 2023. For illustrative purposes only. Current market conditions differ from prior market conditions, including during prior periods of stress and dislocation. There can be no assurance any prior trends will continue.

2

Capital Markets

Retail commanded highest transaction volume in Q2 2023.

U.S. Transaction Volume by Property Type, through Q2 2023



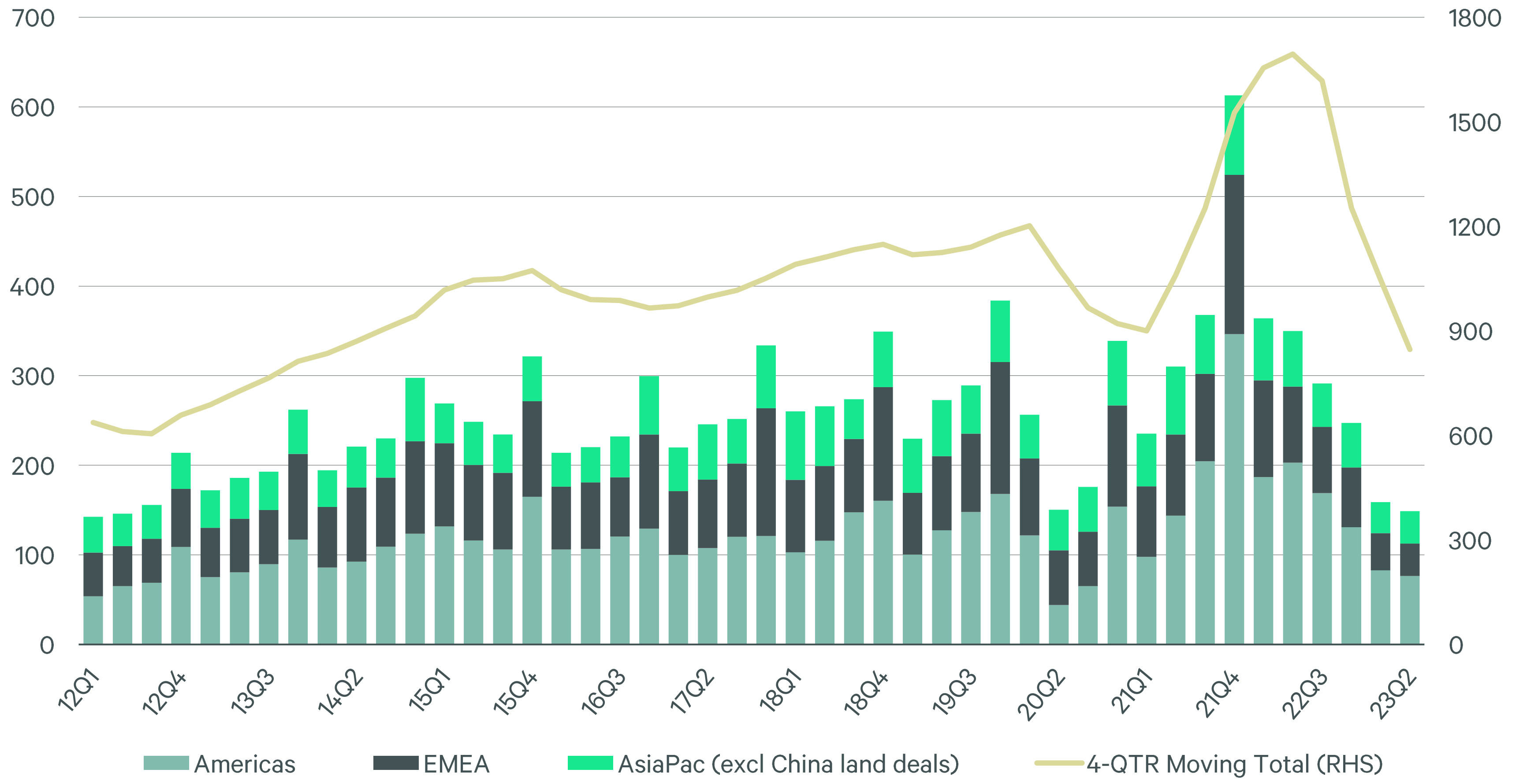
Source: CoStar, as of July 6, 2023. Colored columns indicate transaction volume entered by CoStar research by the end of each quarter (for like-like comparison to history). Gray bars indicated deals entered after the end of each quarter. Note that the logistics total for 2022 Q4 includes ProLogis' $23b acquisition of Duke. 2021 Q4 apartment transaction volume topped $140b; scale is shortened for clarity.

For illustrative purposes only. Current market conditions differ from prior market conditions; including during prior periods of stress and dislocation. There can be no assurance any prior trends will continue

Capital markets continue to slow globally

Global commercial real estate transaction volumes

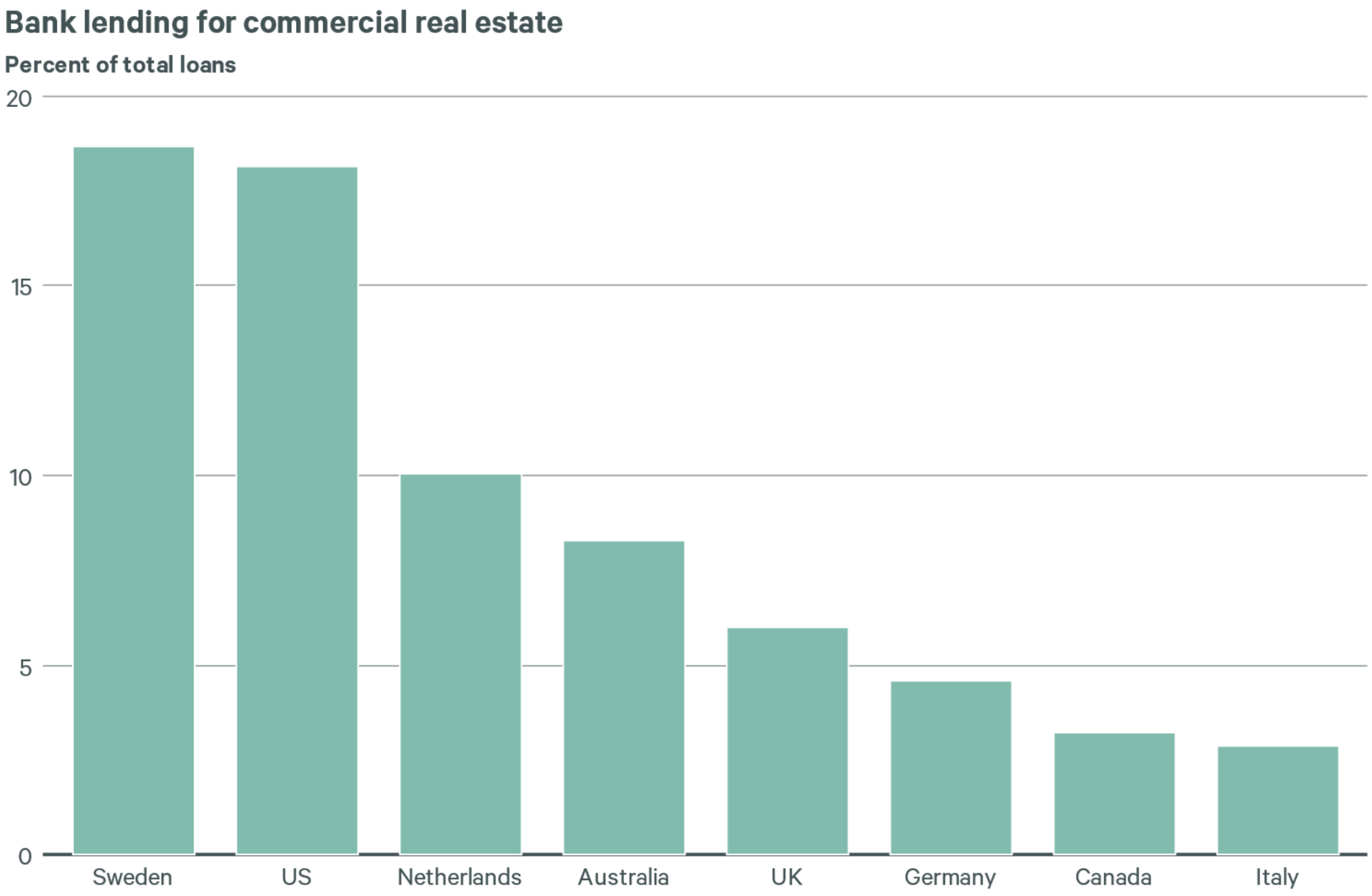
USD billions



Source: Real Capital Analytics as of Q2 2023. Source: CoStar, as of July 6, 2023. Colored columns indicate transaction volume entered by CoStar research by the end of each quarter (for like-like comparison to history). Gray bars indicated deals entered after the end of each quarter. Note that the logistics total for 2022 Q4 includes ProLogis' $23b acquisition of Duke. 2021 Q4 apartment transaction volume topped $140b; scale is shortened for clarity.

For illustrative purposes only. Current market conditions differ from prior market conditions; including during prior periods of stress and dislocation. There can be no assurance any prior trends will continue

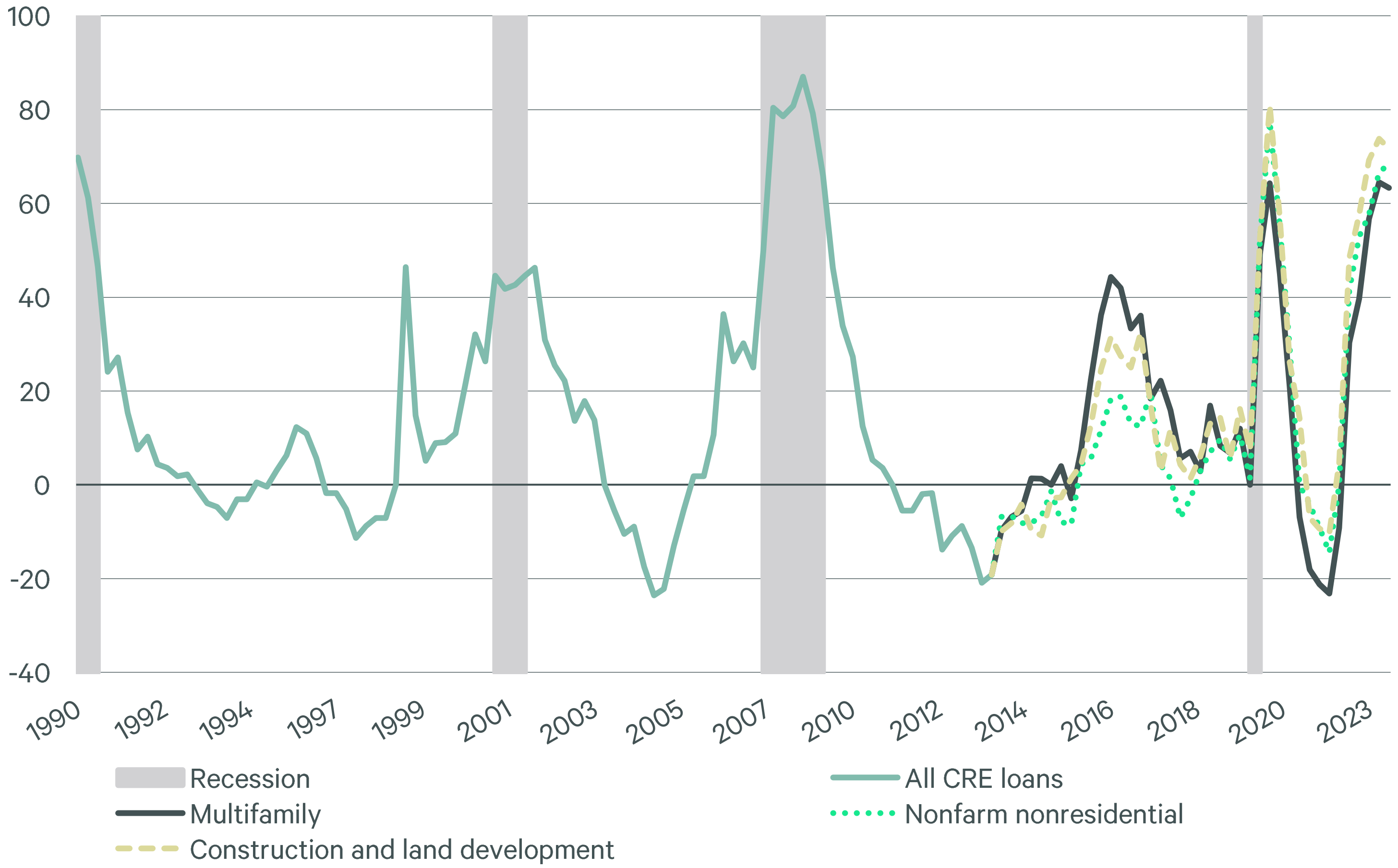
Sweden and the USA most exposed to the bank credit crunch



Source: Refinitiv Datastream as of 12/31/2022.
For illustrative purposes only.

Much tighter lending standards currently – and especially for development

Net Percentage of Domestic Banks Tightening Standards for Commercial Real Estate Loans



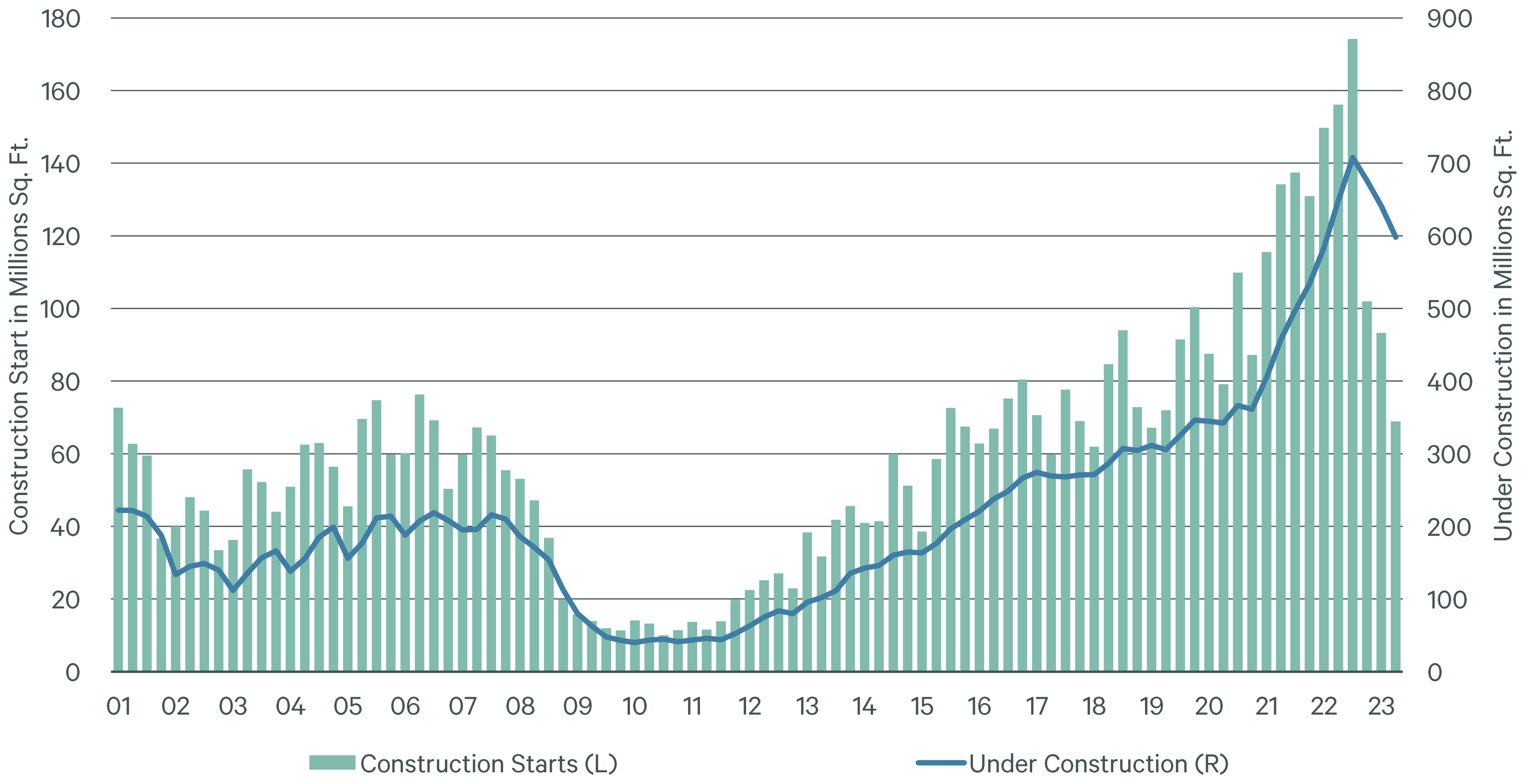
Source: Federal Reserve's Senior Loan Officer Opinion Survey on Bank Lending as of Q3 2023.

For illustrative purposes only. Current market conditions differ from prior market conditions; including during prior periods of stress and dislocation. There can be no assurance any prior trends will continue.

SUPPLY

U.S. Logistics Pipeline: starts down over 50% YoY

National Logistics – Under Construction Pipeline and Project Starts



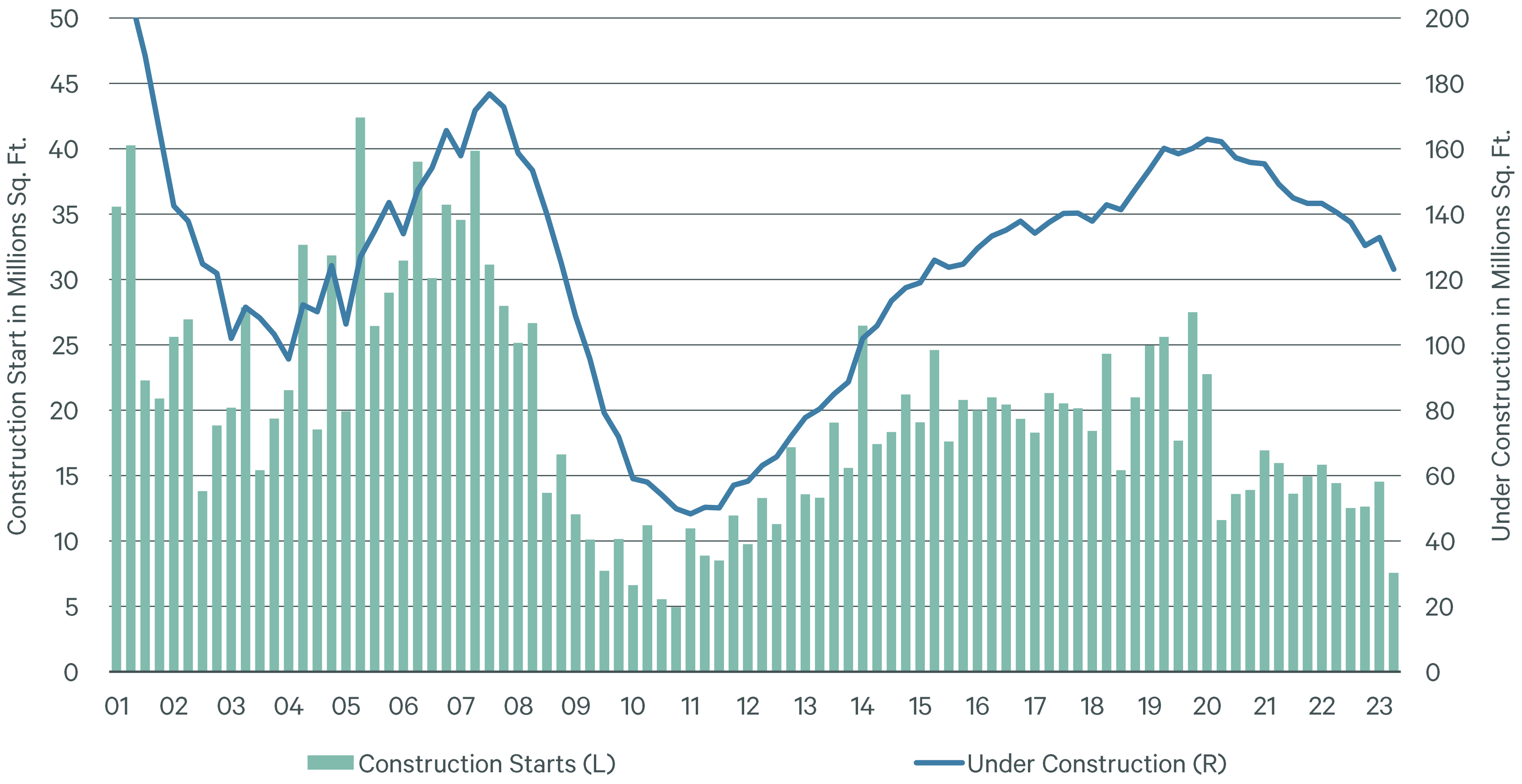
Source: CoStar as of August 14, 2023.

For illustrative purposes only.

SUPPLY

U.S. Office Pipeline: starts down 48% YoY from an already low base

National Office – Under Construction Pipeline and Project Starts



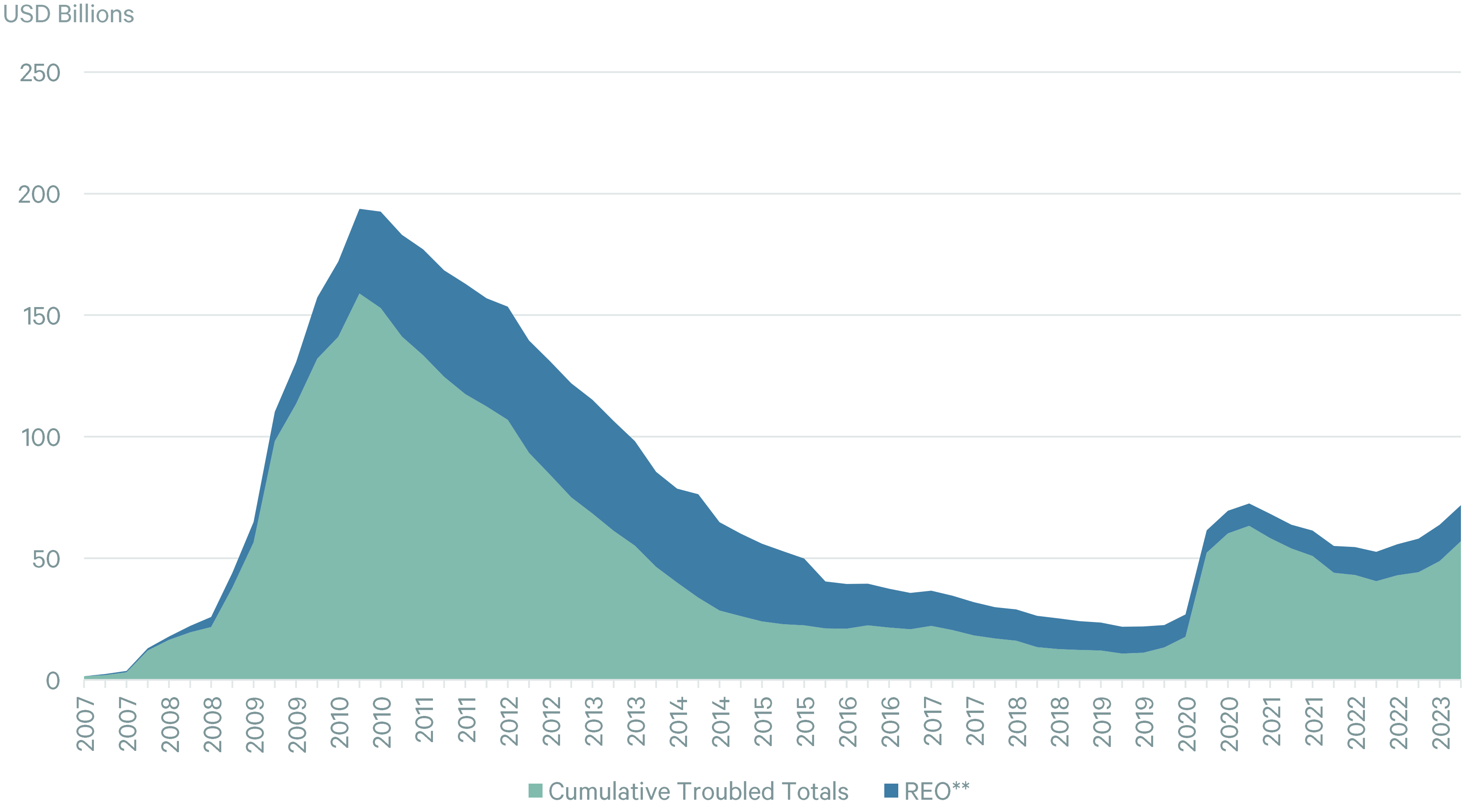
Source: CoStar as of August 14, 2023.

For illustrative purposes only.

CAPITAL MARKETS

Total balance of distress rose to $71.8 billion by H1 2023

U.S. Real Estate Cumulative Distress* through Q2 2023



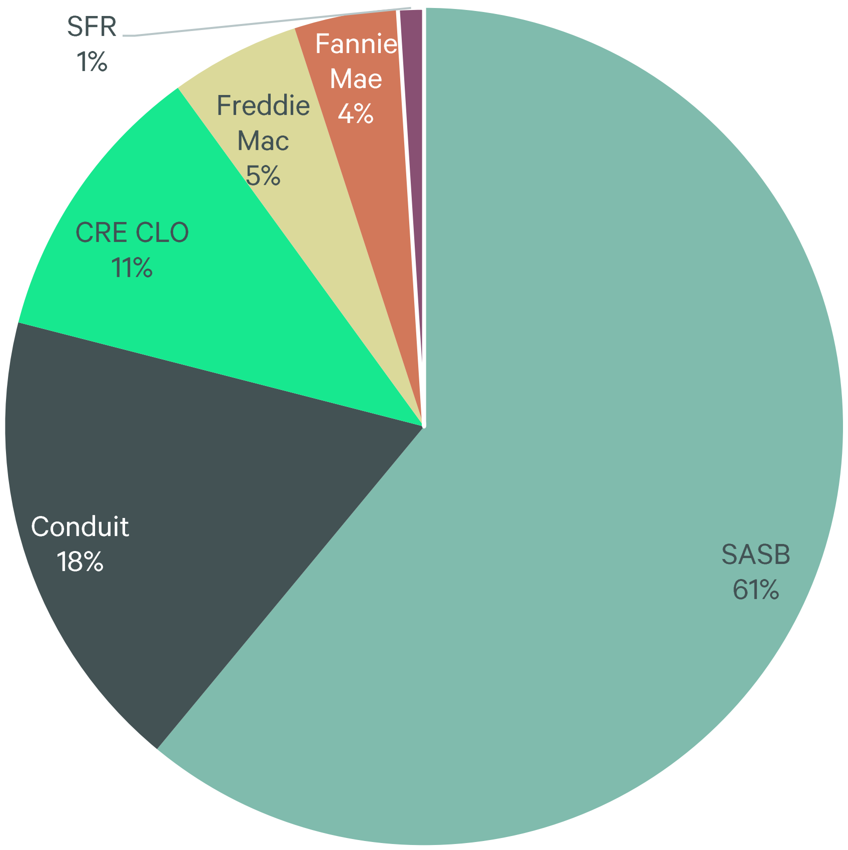
*Distress (also Troubled/Special Servicing): indicates direct knowledge of property-level distress. Known through announcements of bankruptcy, default and court administration as well as significant publicly reported issues—such as significant tenant distress or liquidation—that would exemplify property-level distress. This also includes CMBS loans transferred to a special servicer.
**REO: signifies properties or assets lenders have taken back through foreclosure. The property is now Real Estate Owned by a lender.

Source: Real Capital Analytics as of Q2 2023.

For illustrative purposes only. Current market conditions differ from prior market conditions; including during prior periods of stress and dislocation. There can be no assurance any prior trends will continue.

Delinquencies have notably risen for U.S. retail, office and multifamily assets

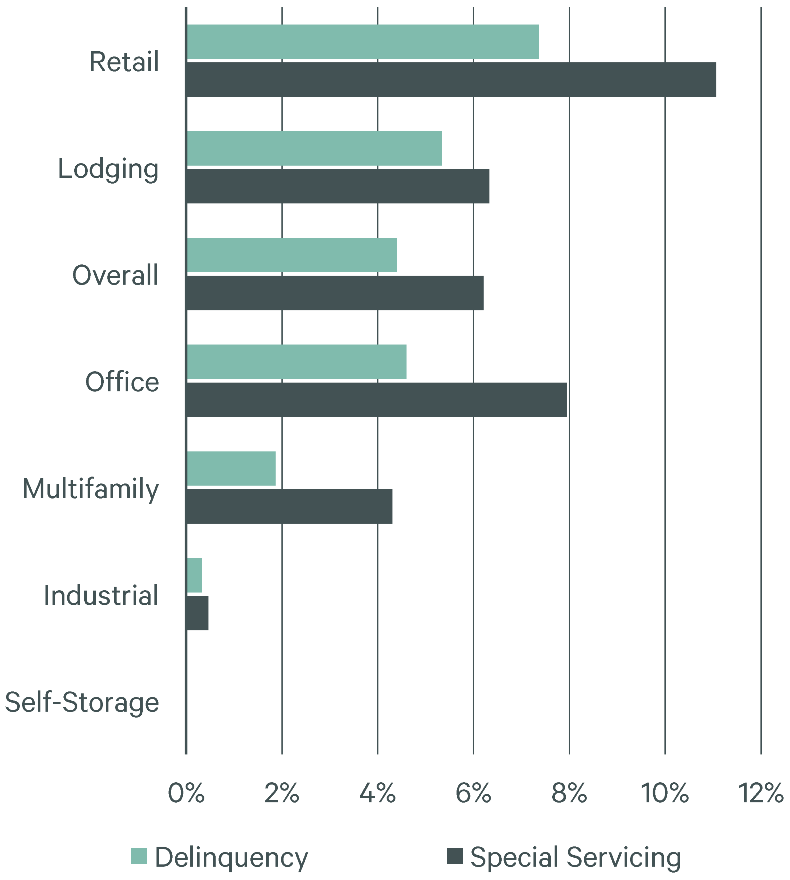
CRE debt maturities in 2023



Source: CRED-iQ as of December 2022.

For illustrative purposes only.

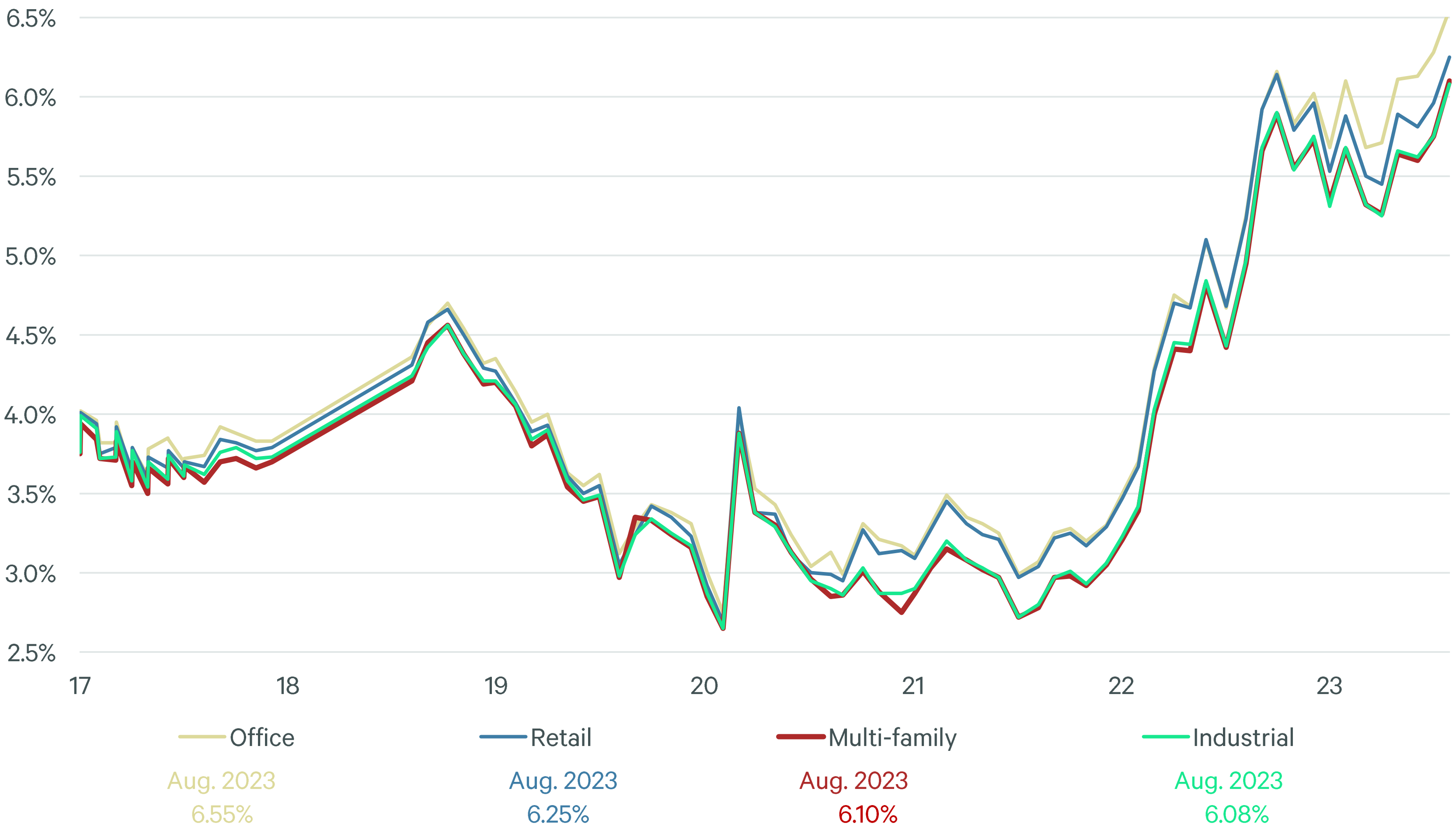
Delinquency rates by sector in June 2023



Source: CRED-iQ as of June 2023.

For illustrative purposes only.

U.S. CRE Debt Costs

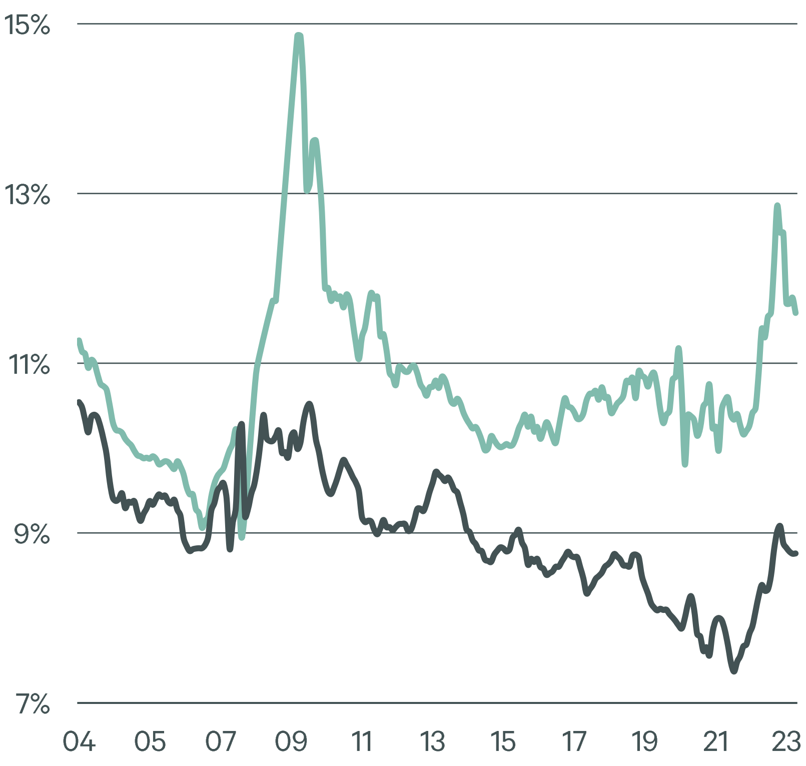


Source: Trepp and GreenStreet as of 9th September 2023.

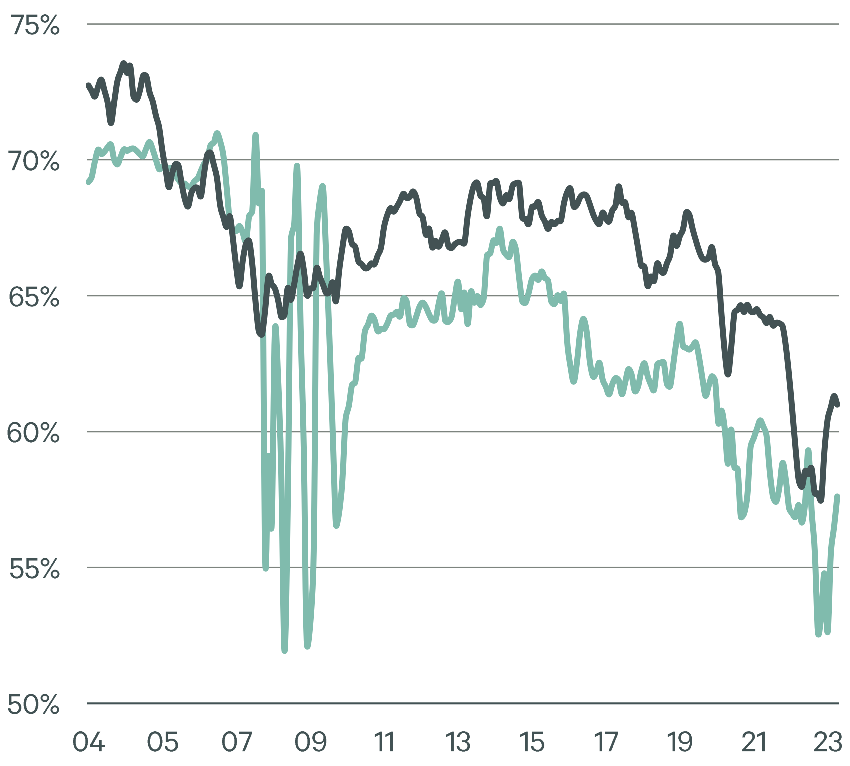
For illustrative purposes only. Current market conditions differ from prior market conditions; including during prior periods of stress and dislocation. There can be no assurance any prior trends will continue.

Driven by rate hikes that led to rapidly rising debt yield and falling LTV

Debt yield



LTV



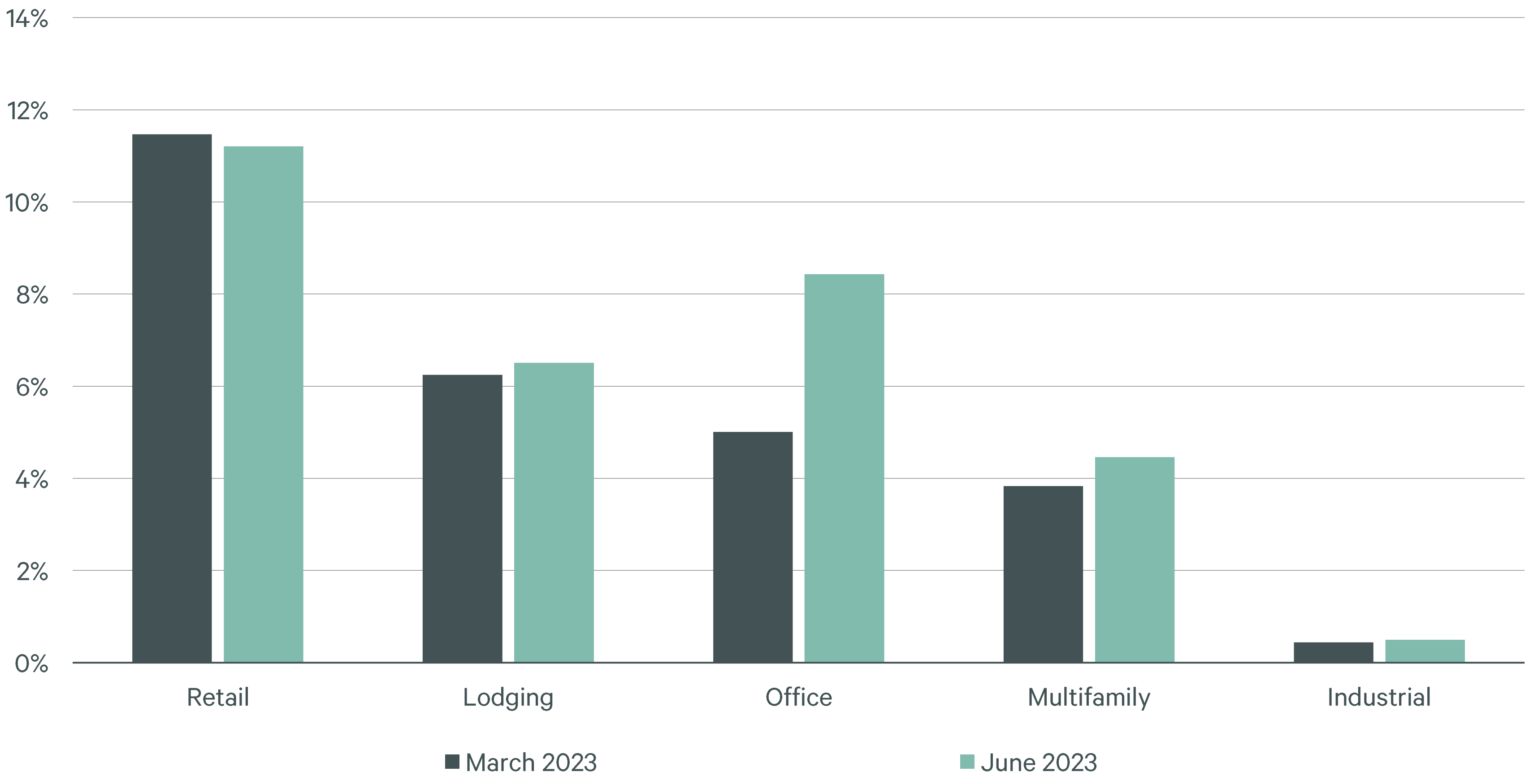
Commercial Residential

Source: Real Capital Analytics as of May 2023.
For illustrative purposes only. Current market conditions differ from prior market conditions; including during prior periods of stress and dislocation. There can be no assurance any prior trends will continue.

Note: Commercial sector includes office, industrial and retail.

The office sector, and multifamily to a lesser degree, saw rising delinquency

Delinquency and special servicing rates rose



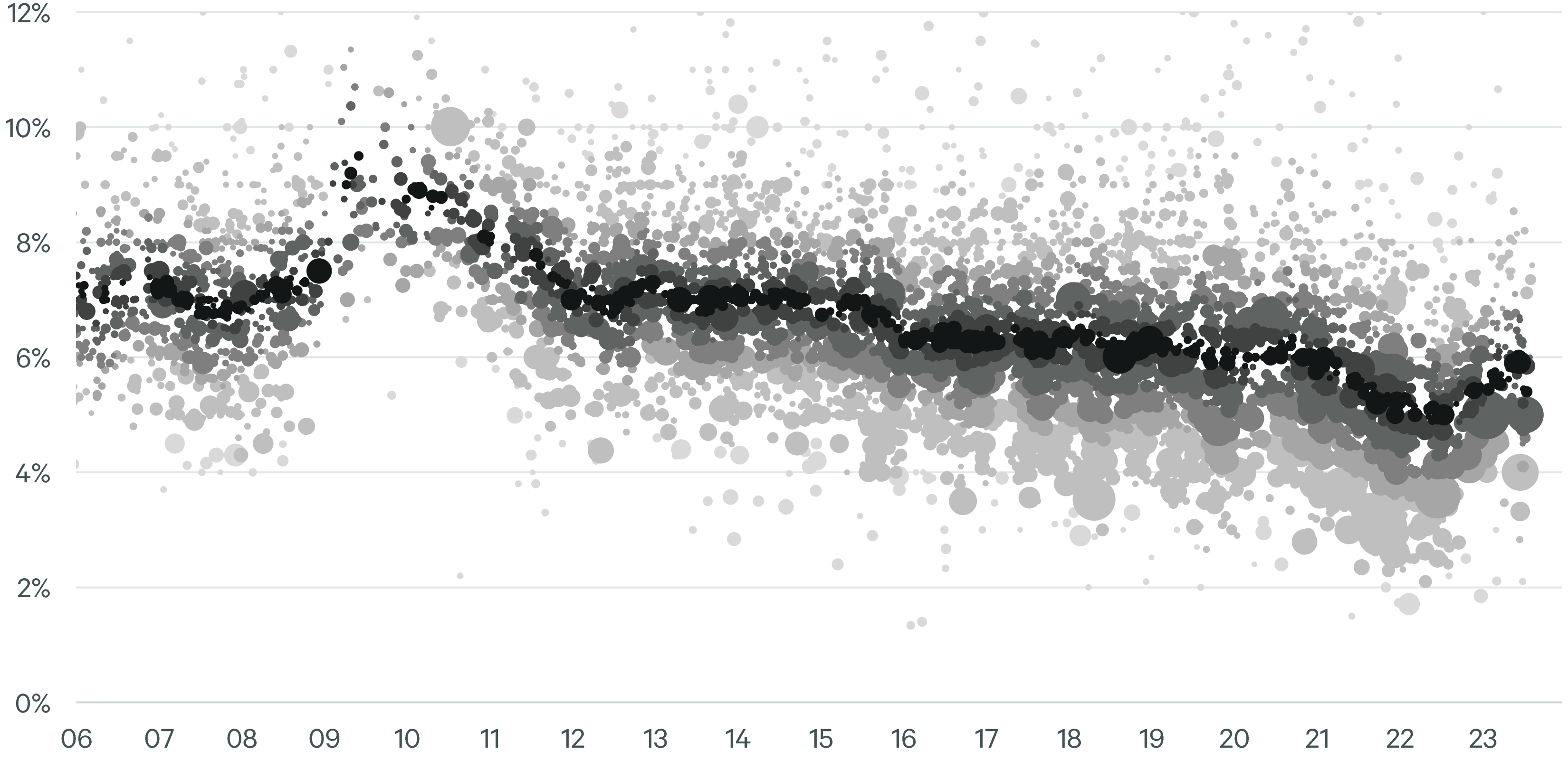
Source: CRED-iQ as of June 2023.
For illustrative purposes only. Current market conditions differ from prior market conditions; including during prior periods of stress and dislocation. There can be no assurance any prior trends will continue.

3

Forecast Summary

Logistics cap rates are rising in the transaction market.

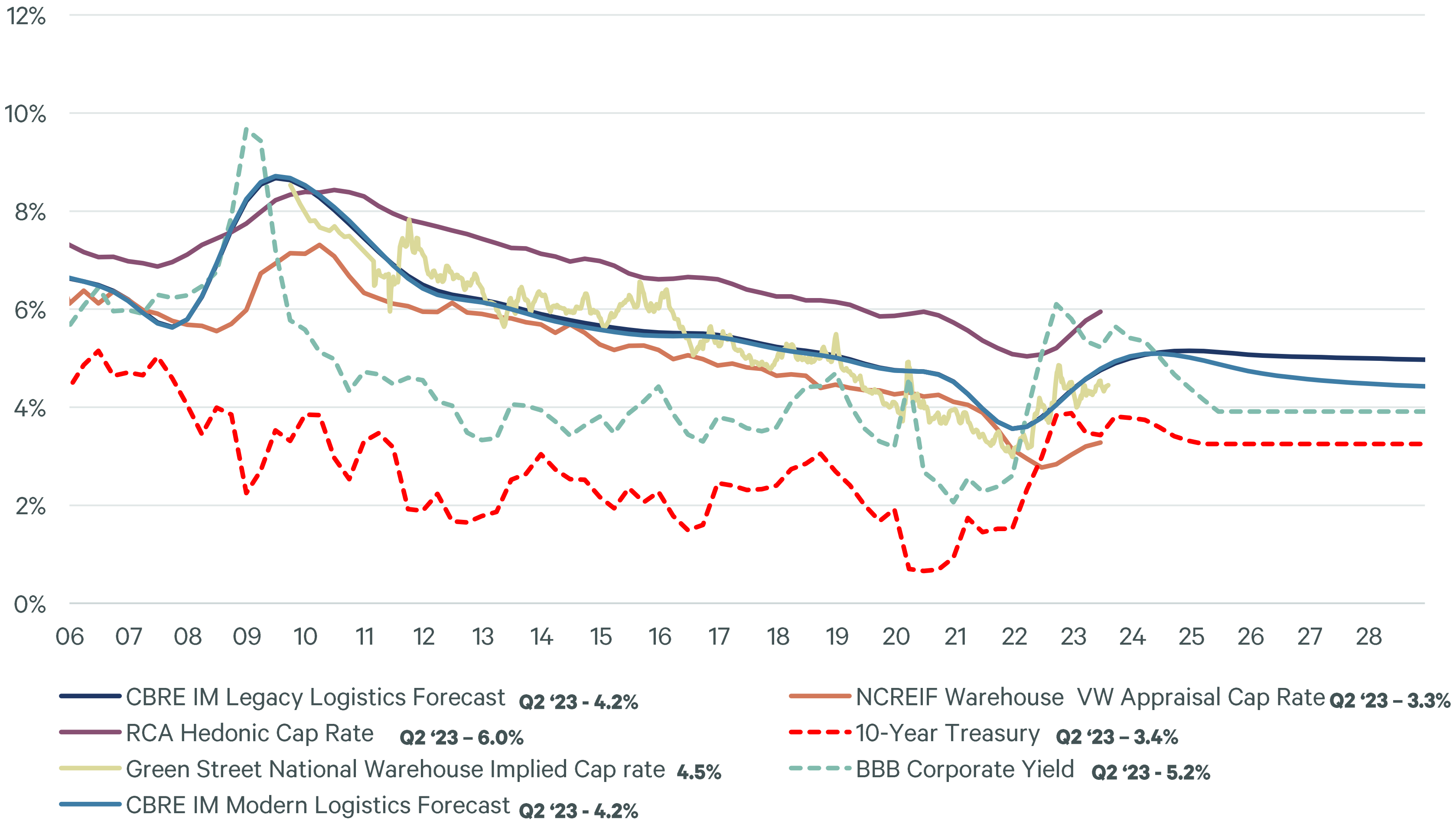
Logistics Cap Rates



Sources: CoStar (transaction cap rates). Cap rates are sized according to transaction price and shaded by distance from trailing 180-day average to indicate trend. Note that not every transaction reports a cap rate, and thus this graphic is not necessarily a comprehensive portrayal of transaction activity. As of August 21, 2023.

Forecast calls for divergence in legacy and modern logistics cap rates.

Logistics Cap Rates

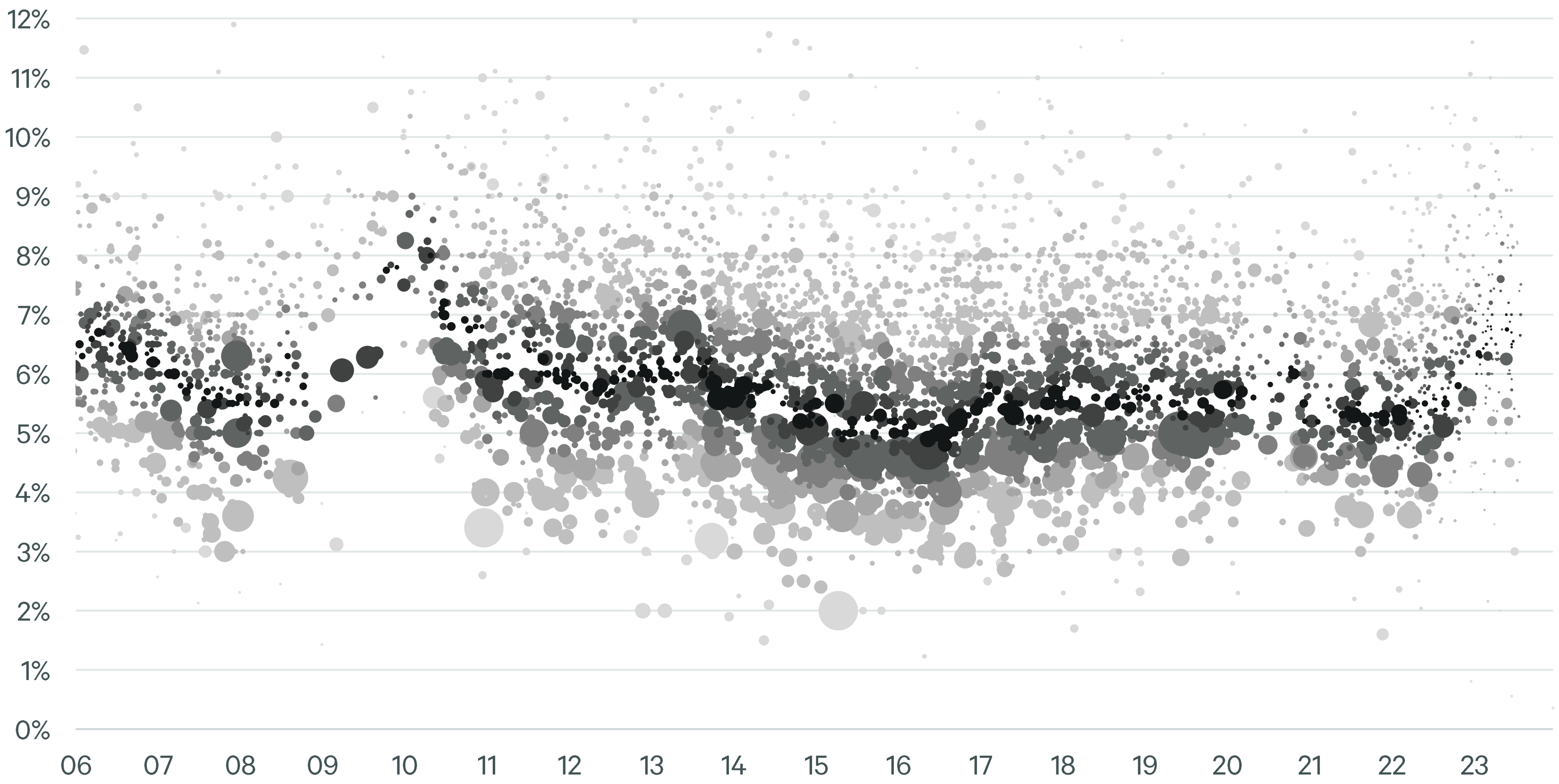


Sources: CoStar (transaction cap rates). Cap rates are sized according to transaction price and shaded by distance from trailing 180-day average to indicate trend. Note that not every transaction reports a cap rate, and thus this graphic is not necessarily a comprehensive portrayal of transaction activity. As of August 21, 2023. Implied cap rates from REITs per Green Street Advisors. Real Capital Analytics ("RCA") hedonic cap rate as of August 21, 2023. Interest rate data from Federal Reserve and CBRE IM forecast. NCREIF data as of 2Q 2023.
10-Year Treasury Yield and BBB Corporate Yield from Oxford Economics (CBRE Investment Management forecast).

Forecast per CBRE Investment Management preliminary 2023 Q3 House View. Forecasts are preliminary and subject to change. For illustrative purposes only. Current market conditions differ from prior market conditions, including during prior periods of stress and dislocation. There can be no assurance any prior trends will continue.

Office transaction cap rates are drifting higher.

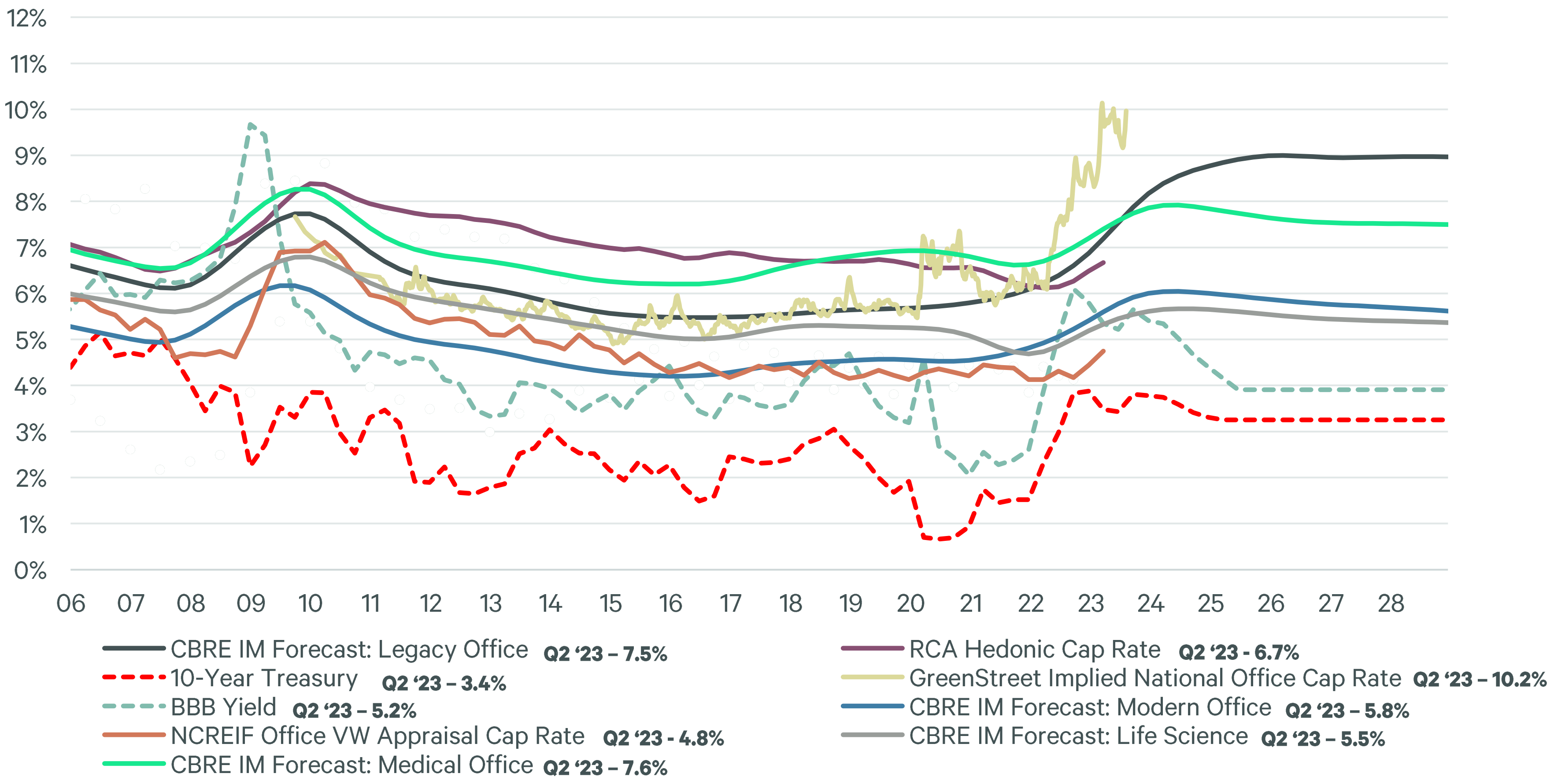
Office Cap Rates



Sources: CoStar (transaction cap rates). Cap rates are sized according to transaction price and shaded by distance from trailing 180-day average to indicate trend. Note that not every transaction reports a cap rate, and thus this graphic is not necessarily a comprehensive portrayal of transaction activity. As of May 25, 2023.

Office outlook calls for permanently higher cap rates for legacy office, but recovery for growth sectors.

Office Cap Rates



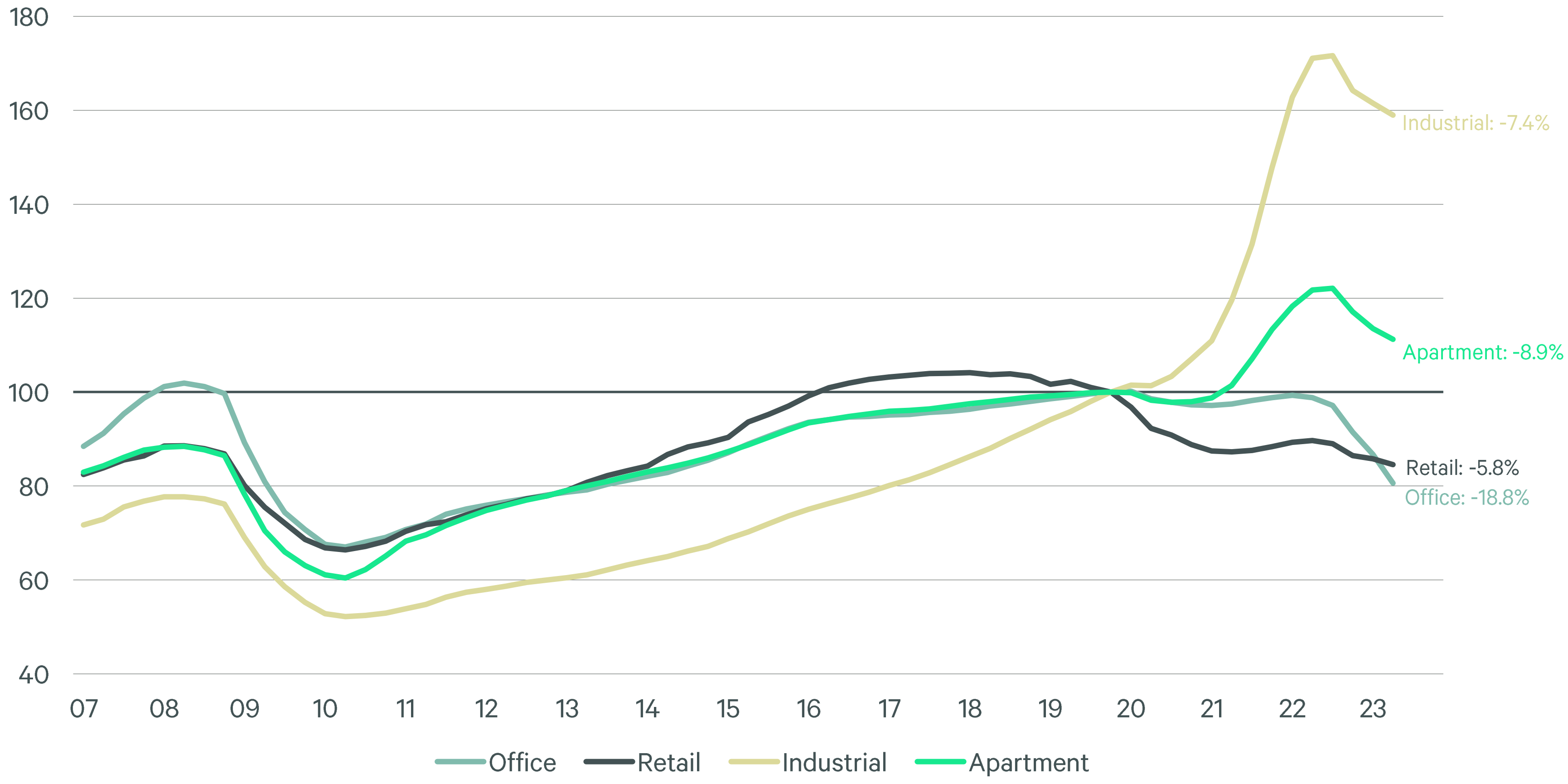
Sources: CoStar (transaction cap rates). Cap rates are sized according to transaction price and shaded by distance from trailing 180-day average to indicate trend. Note that not every transaction reports a cap rate, and thus this graphic is not necessarily a comprehensive portrayal of transaction activity. As of August 21, 2023. Implied cap rates from REITs per Green Street Advisors. Real Capital Analytics ("RCA") hedonic cap rate as of August 21, 2023. Interest rate data from Federal Reserve and CBRE IM forecast. NCREIF data as of Q2 2023.
10-Year Treasury Yield and BBB Corporate Yield from Oxford Economics (CBRE Investment Management forecast).

Forecast per CBRE Investment Management Q3 2023 House View. For illustrative purposes only. Current market conditions differ from prior market conditions, including during prior periods of stress and dislocation. There can be no assurance any prior trends will continue.

CAPITAL MARKETS

Values are falling for all sectors

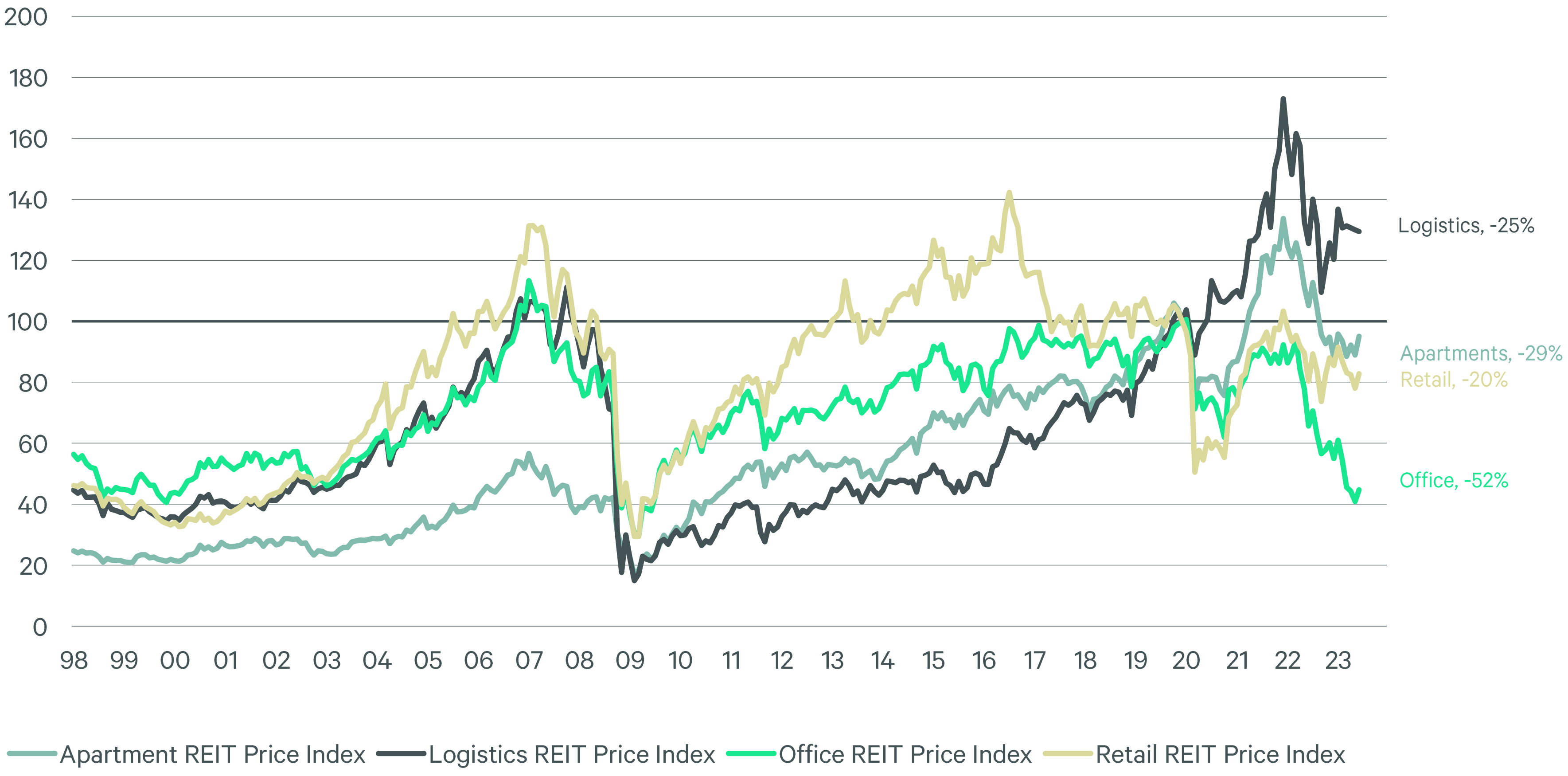
Value Index by Property Type (4Q 2019 = 100)
Labels show cumulative decline from Covid-era peak



Source: NCREIF, as of Q2 2023.
For illustrative purposes only. Current market conditions differ from prior market conditions; including during prior periods of stress and dislocation. There can be no assurance any prior trends will continue.

REIT pricing shows diverging prospects across property types.

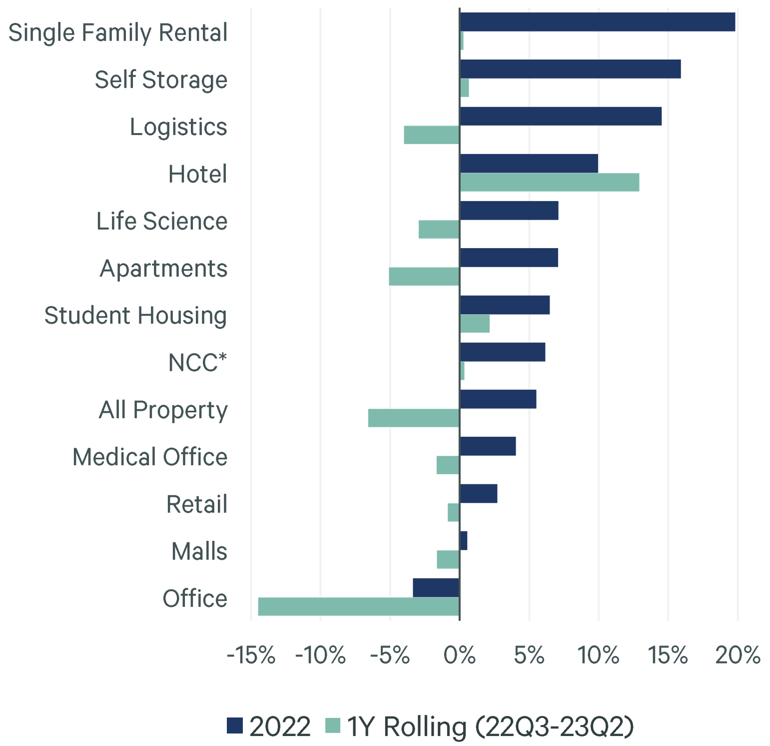
U.S. REIT Price Indices (12/31/2019 = 100; labels show change from 2021 peak)



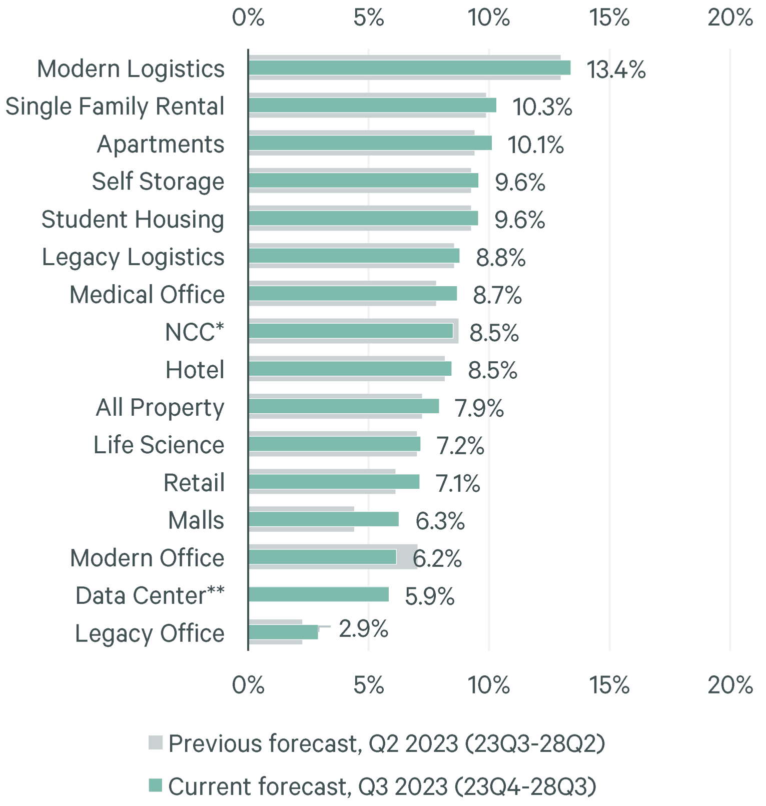
Source: NAREIT, through June 2023. Note: Indexes are unmanaged and cannot be invested in directly.
For illustrative purposes only. Current market conditions differ from prior market conditions; including during prior periods of stress and dislocation. There can be no assurance any prior trends will continue.

Total return by sector/sub-sector

Actuals, 2022 and 1Y rolling



5Y outlook, %Y/Y average



Note. Modern office and Modern Logistics are not split out in NCREIF and therefore have no value for total return,

*NCC signifies Neighborhood and Community Centers

** Data Center was not covered in the previous forecast

All Property figures include Office, Life Science, Medical Office Malls, NCC, Logistics, Apartments, Student Housing and Single-Family Rentals. It excludes Hotels and Self Storage as these sectors have no weight in NPI

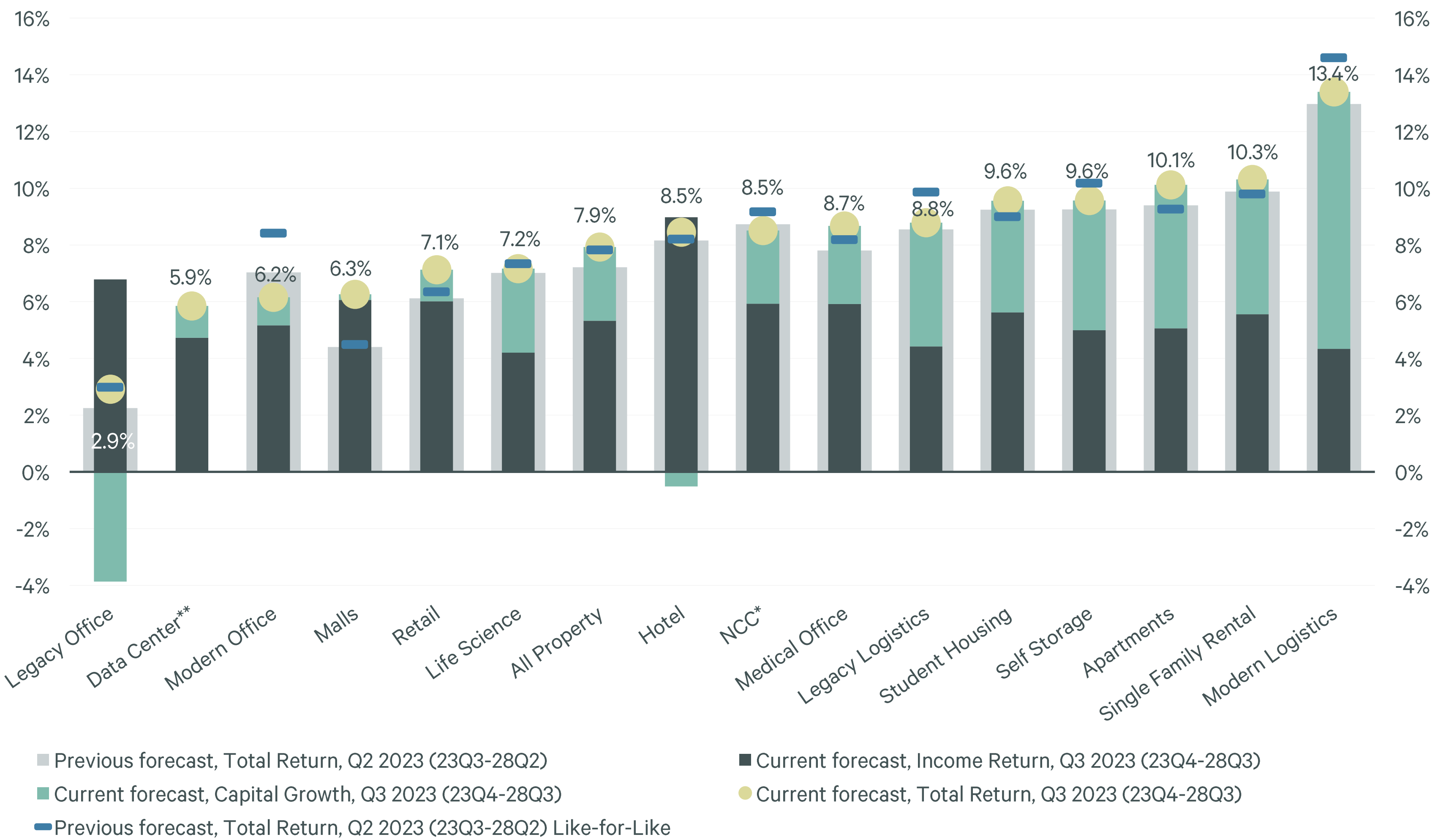
Source: NCREIF NPI for actuals, CBRE Investment Management, forecasts as of Q3 2023.

For illustrative purposes only. Current market conditions differ from prior market conditions; including during prior periods of stress and dislocation. There can be no assurance any prior trends will continue.

TOTAL RETURN

Composition of total returns

Total return and breakdown, %Y/Y average



*NCC signifies Neighborhood and Community Centers

** Data Center was not covered in the previous forecast

All Property figures include Office, Life Science, Medical Office Malls, NCC, Logistics, Apartments, Student Housing and Single-Family Rentals. It excludes Hotels and Self Storage as these sectors have no weight in NPI

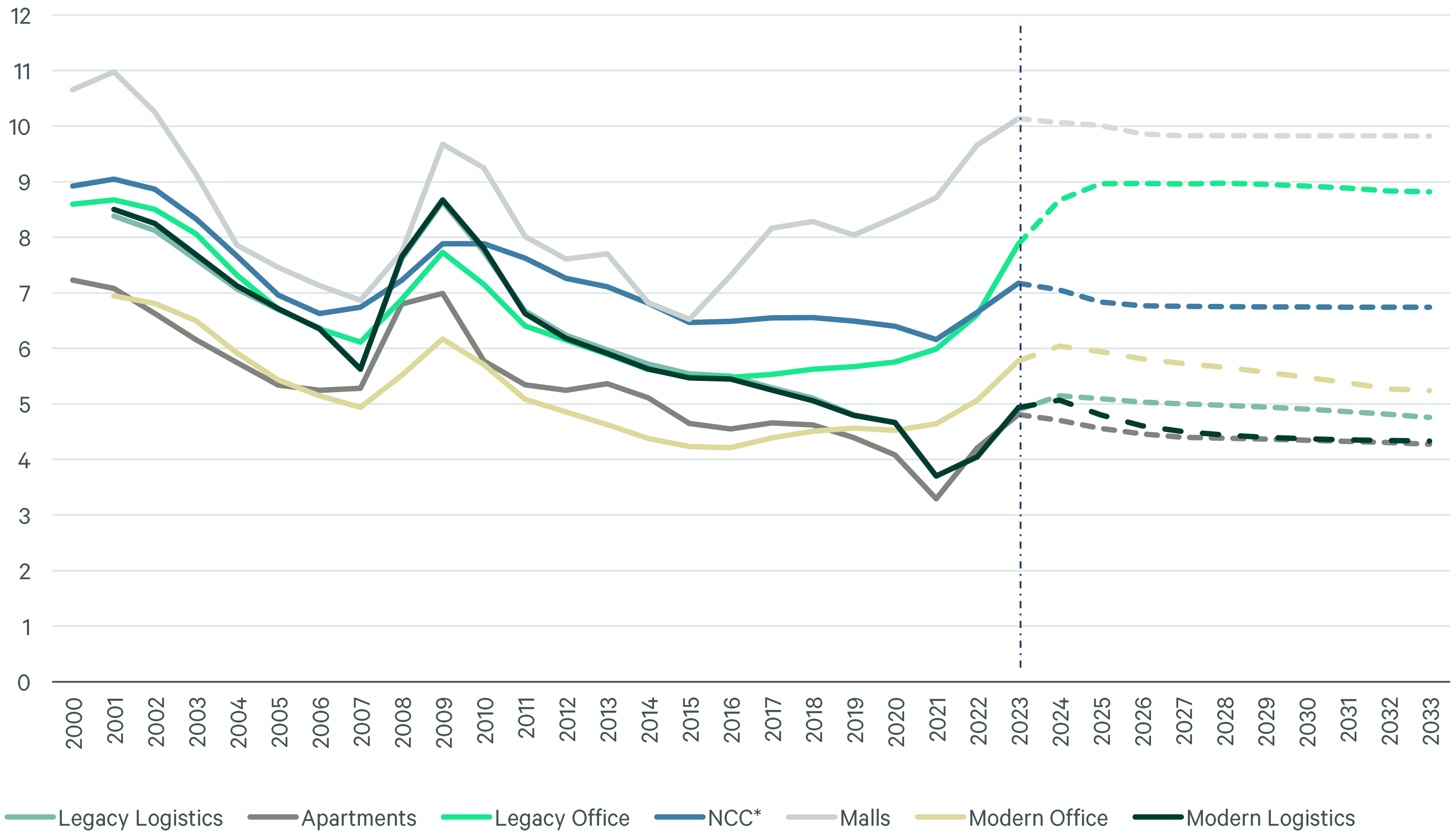
Source: CBRE Investment Management, forecasts as of Q3 2023.

For illustrative purposes only. Current market conditions differ from prior market conditions; including during prior periods of stress and dislocation. There can be no assurance any prior trends will continue.

CAP RATE

US cap rates, forecasts

Cap rate per Q3, % (main sectors)



* NCC Retail signifies Neighborhood and Community Centers

All Property figures include Office, Life Science, Medical Office Malls, NCC, Logistics, Apartments, Student Housing and Single-Family Rentals. It excludes Hotels and Self Storage as these sectors have no weight in NPI

Source: CBRE Investment Management, forecasts as of Q3 2023..

For illustrative purposes only. Current market conditions differ from prior market conditions; including during prior periods of stress and dislocation. There can be no assurance any prior trends will continue.

Preferred strategies: repricing in our preferred structural sectors is close to done in our base case. Good entry points.

We have an unusual confluence of market repricing along with still-resilient structural fundamentals in our high conviction sectors. Deeper price corrections likely found in higher risk sectors: but investments must still show compelling investor and occupier propositions, with leading sustainability programs that help reduce operating friction and attract occupiers.

STRUCTURAL GROWTH

MODERN LOGISTICS

Supply-constrained intermodal and fulfilment assets, high-growth regional distribution

Target modern logistics assets proximate to key distribution nodes and major population clusters. Focus on mission-critical logistics facilities in supply-constrained submarkets.

Functional obsolescence to bifurcate spread between modern and legacy logistics. Stronger rent growth projections for modern logistics in select markets.

Consider re/development as well as acquisition of older yet inner/well-located sites in NNJ, LA, IE. Put emerging sea and land ports – Charleston, Savannah, El Paso, Laredo - on the radar.

MULTIFAMILY

Take advantage of attractive pricing to build strategic positions/find value-add opportunity

Transaction cap rates have moved 100-150 bps to the high-4% to low-5% range, presenting the strongest yield opportunity in years.

Target differentiated assets in demographic growth nodes and supply-constrained urban and suburban infill locations where a structural shortage of housing remains. Relative value providers should also be more insulated from high-cost new supply.

Add value to older yet well-located assets where rents can still be increased to market.

OTHER RESIDENTIAL

Critical shortage of attainable housing to keep markets tight across multiple formats

Student accommodation continues to benefit from broader housing competition and diminished supply pipeline. We like innovative living, which combines graduate students with young professionals – nurses, doctors, researchers, etc. Sites nearest to relevant institutions of learning/work are best to target.

Single Family Rental is at the very early stages of institutionalization and access at scale is difficult but fundamental demand outlook is strong.

Given complete lack of starter homes built nationally in recent years, manufactured housing warrants attention as an affordability solution.

SELF-STORAGE

Leverage growing demand and inflation-hedging lease structure

Achieve scale by acquiring portfolios of operating assets and implement institutional management and technology to improve service and reduce operating expenses.

Prefer in-town units to avoid potential oversupply in edge-of-town locations. Target climate controlled units.

A wide range of geographies should see good performance but micro-markets matter most; focus on strong in-migration markets and where barriers-to-entry are higher.

MARKET TIMING

CYCLICAL GROWTH

WINDOW STILL OPEN

Deepest and broadest pricing correction since the GFC offers good vintage entry point

Deepest repricing will be in the office sector but it remains the most challenged on fundamentals and the pain will be prolonged. Proceed with caution.

Retail opportunities are emerging notably for NCC assets which have been merchandised over the pandemic with credit tenants but still have embedded mark to market upside on leasing. High selectivity towards top performing assets in top locations which have experienced strong population growth and rising income post-pandemic. Some mispriced assets still to be found.

In conclusion...

It was the best of times...

- Fundamentals remain sound in preferred sectors.
- Structural drivers support long-term demand for infrastructure and key property sectors: logistics, housing, storage, healthcare, and even retail.

It was the worst of times...

- High interest rates have stalled capital markets and caused value write downs.
- Sentiment has led to over-correction in listed sector.
- Office still at the outset of a lengthy adjustment.

It was the age of wisdom.

- Repricing and mounting distress offers opportunity to acquire generational CRE assets at discounts.
- Public sector offers attractive relative value.
- Clean energy and new technologies create opportunities for infrastructure investment.

Key calls

01

Continue to invest in structurally-driven preferred sectors

02

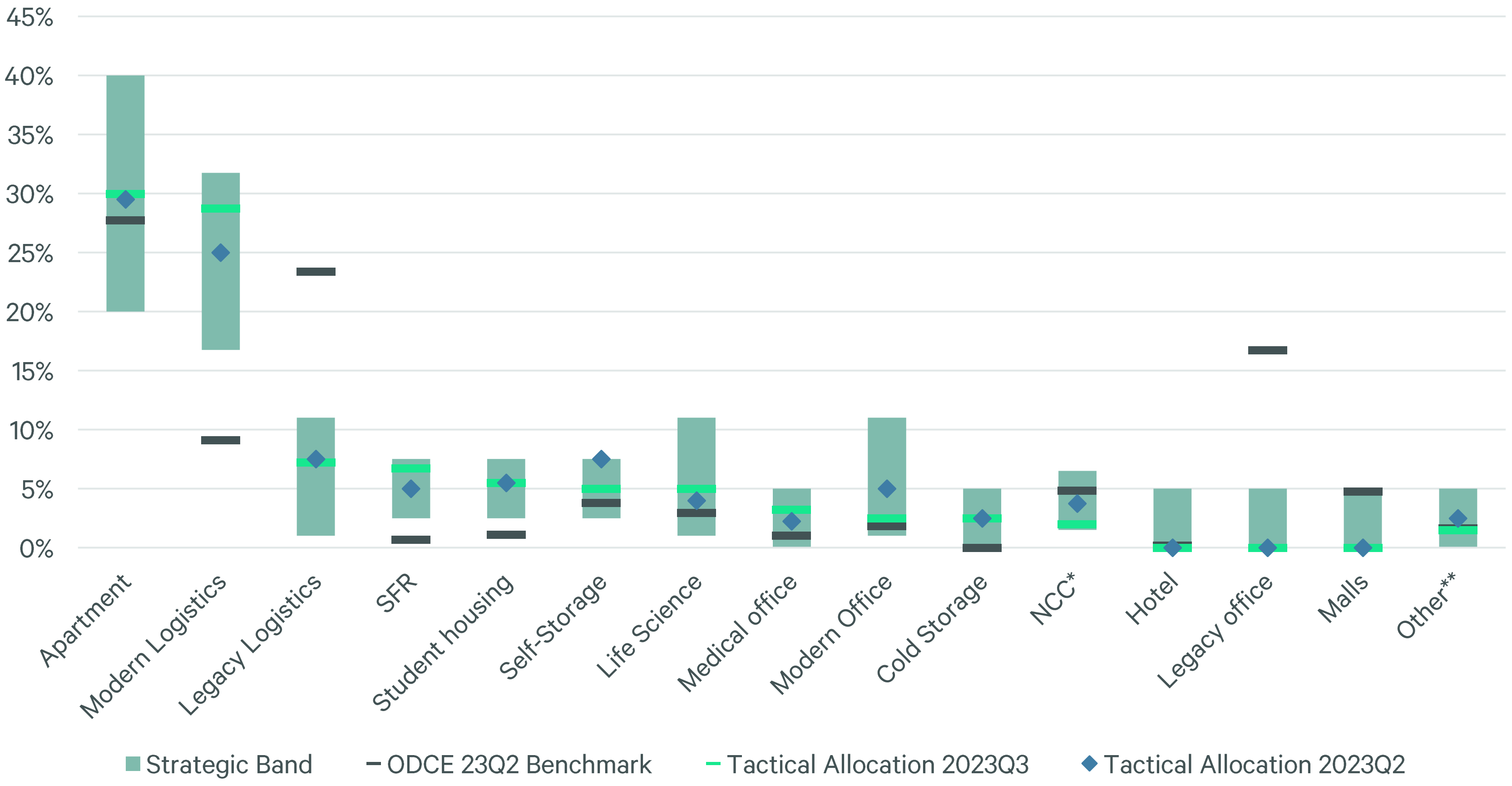
Monitor re-pricing and capital gaps to capture market dislocation opportunities

03

Focus on leasing and stabilizing current assets while mitigating refinancing risks

US model portfolio – detailed segments

Increase Modern Logistics, SFR, Medical Office and Life Science at the cost of Modern Office, Self Storage, Data Centers and NCC. Expected return for the US House view allocations is 10.5%, while the expected return for US All Property is 7.9%



*NCC is an abbreviation of neighborhood and community centers. SFR is an abbreviation of single-family rentals

** Other includes non-NPI land, Entertainment, Parking, Data centers, Senior-living and Healthcare outside of medical office

Source: CBRE Investment Management forecasts as of Q3 2023, ODCE as of 23Q2.

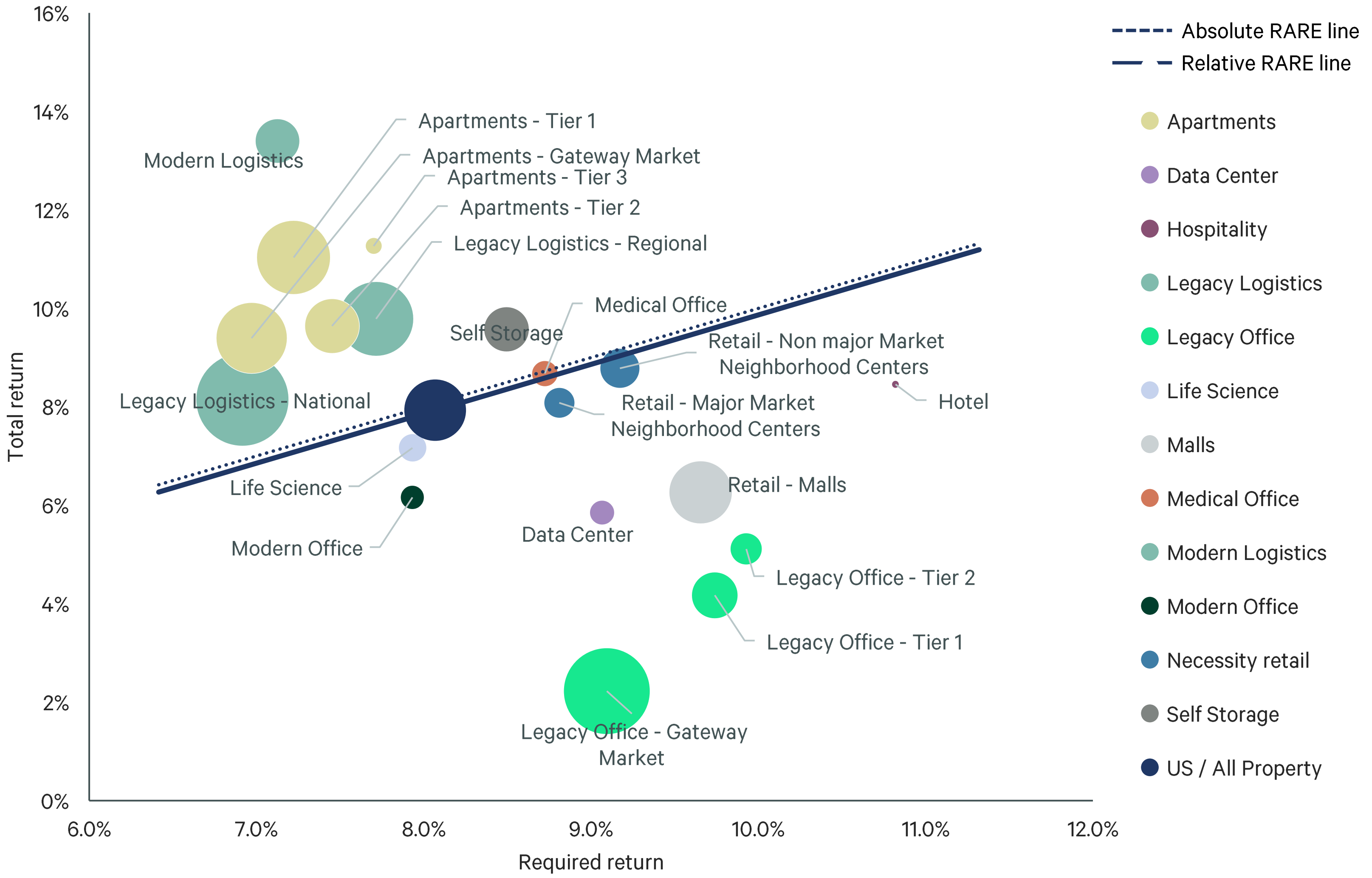
For illustrative purposes only. Current market conditions differ from prior market conditions; including during prior periods of stress and dislocation. There can be no assurance any prior trends will continue.

Relative value

Note:
1. Total Return figures reflect unlevered property returns of a passive fully invested portfolio before fees and taxes. The return is the 5-year average per annum for the period 23Q4-28Q3. Assumptions are generalized to provide a consistent market outlook and asset specific strategies have not been taken into account.
2. Absolute RARE line: Markets above the line are expected to generate returns higher than their required return.
3. Relative RARE line: During late cycle phases, markets may not achieve required returns given high pricing. The relative analysis takes the average gap between required and forecasted return (the benchmark bubble) as a given for all markets when setting the hurdle (the benchmark line). Hence, markets above the line are expected to perform relatively better than markets below the line.
Source: CBRE Investment Management, forecasts as of Q3 2023.

For illustrative purposes only. Current market conditions differ from prior market conditions; including during prior periods of stress and dislocation. There can be no assurance any prior trends will continue.

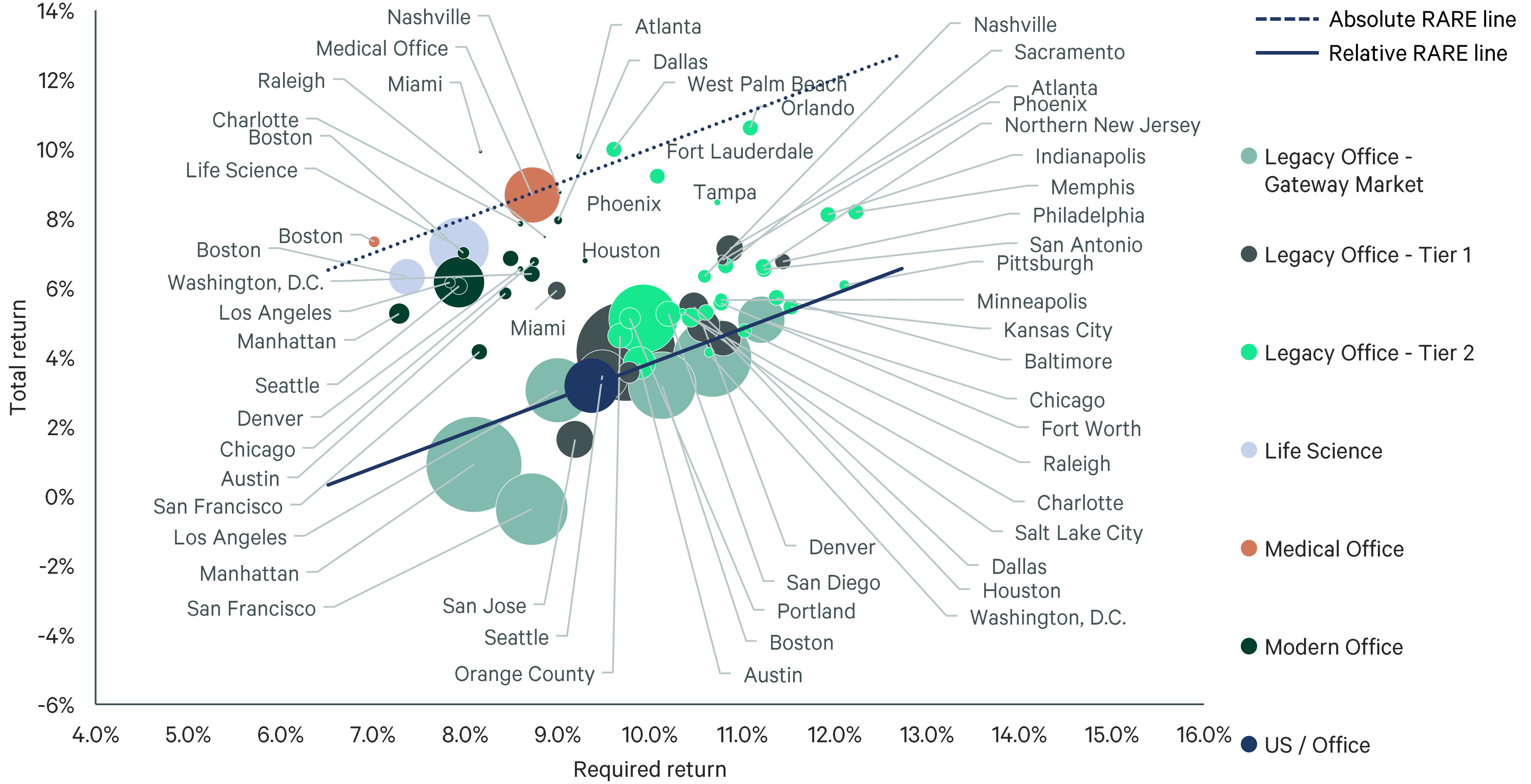
Required return & total return for all sectors (23Q4-28Q3, Y/Y average)



Office relative value

(including Modern Office and Life Science)

Required return & total return for office markets (23Q4-28Q3, Y/Y average)



Note:
1. Total Return figures reflect unlevered property returns of a passive fully invested portfolio before fees and taxes. The return is the 5-year average per annum for the period 23Q4-28Q3. Assumptions are generalized to provide a consistent market outlook and asset specific strategies have not been taken into account.
2. Absolute RARE line: Markets above the line are expected to generate returns higher than their required return.
3. Relative RARE line: During late cycle phases, markets may not achieve required returns given high pricing. The relative analysis takes the average gap between required and forecasted return (the benchmark bubble) as a given for all markets when setting the hurdle (the benchmark line). Hence, markets above the line are expected to perform relatively better than markets below the line.
Source: CBRE Investment Management, forecasts as of Q3 2023.

For illustrative purposes only. Current market conditions differ from prior market conditions; including during prior periods of stress and dislocation. There can be no assurance any prior trends will continue.

RARE ANALYSIS

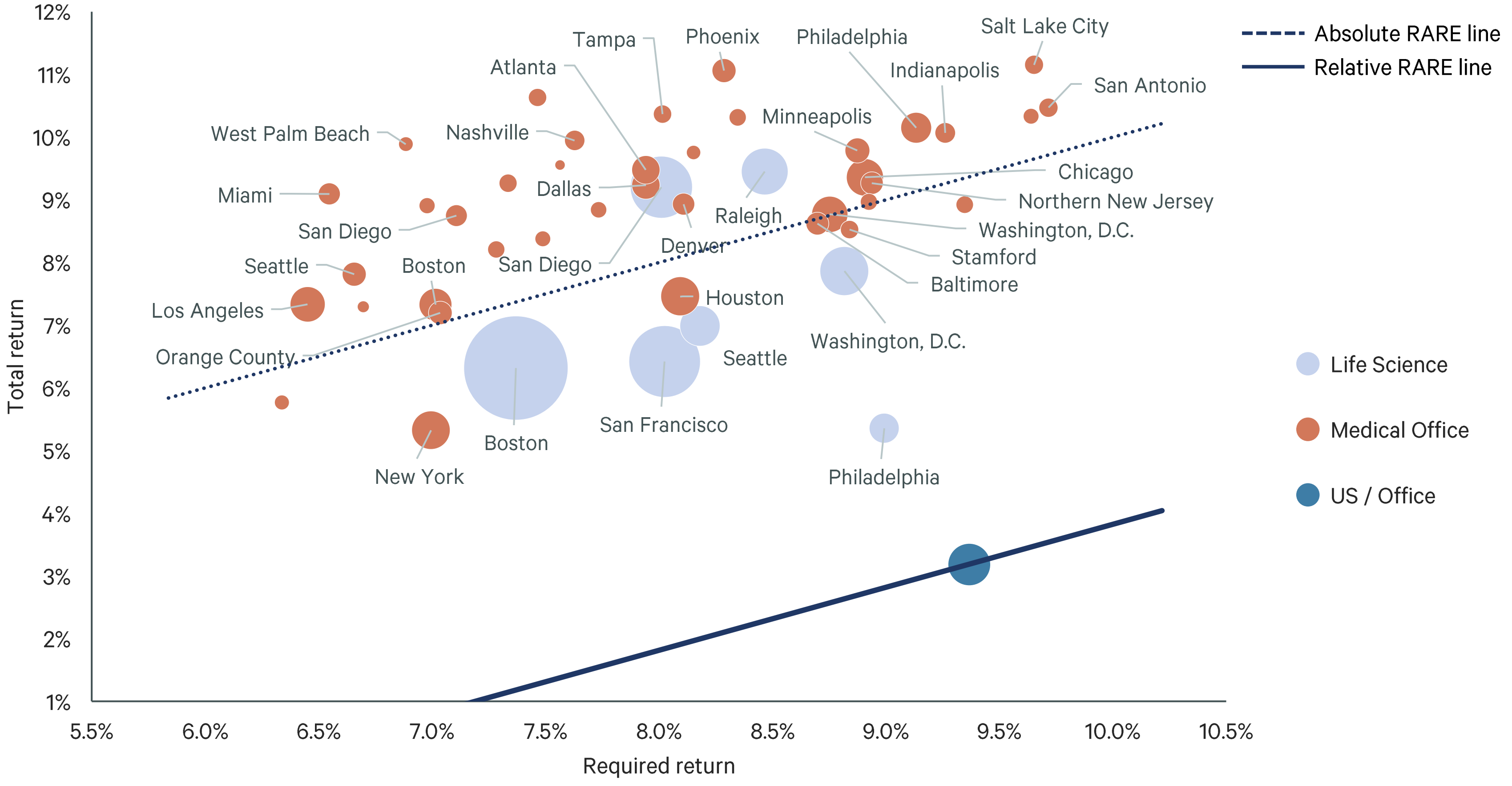
Life Science and Medical Office relative value

(versus Office)

Note:
1. Total Return figures reflect unlevered property returns of a passive fully invested portfolio before fees and taxes. The return is the 5-year average per annum for the period 23Q4-28Q3. Assumptions are generalized to provide a consistent market outlook and asset specific strategies have not been taken into account.
2. Absolute RARE line: Markets above the line are expected to generate returns higher than their required return.
3. Relative RARE line: During late cycle phases, markets may not achieve required returns given high pricing. The relative analysis takes the average gap between required and forecasted return (the benchmark bubble) as a given for all markets when setting the hurdle (the benchmark line). Hence, markets above the line are expected to perform relatively better than markets below the line.
Source: CBRE Investment Management, forecasts as of Q3 2023.

For illustrative purposes only. Current market conditions differ from prior market conditions; including during prior periods of stress and dislocation. There can be no assurance any prior trends will continue.

Required return & total return for medical office and life science markets (23Q4-28Q3, Y/Y average)



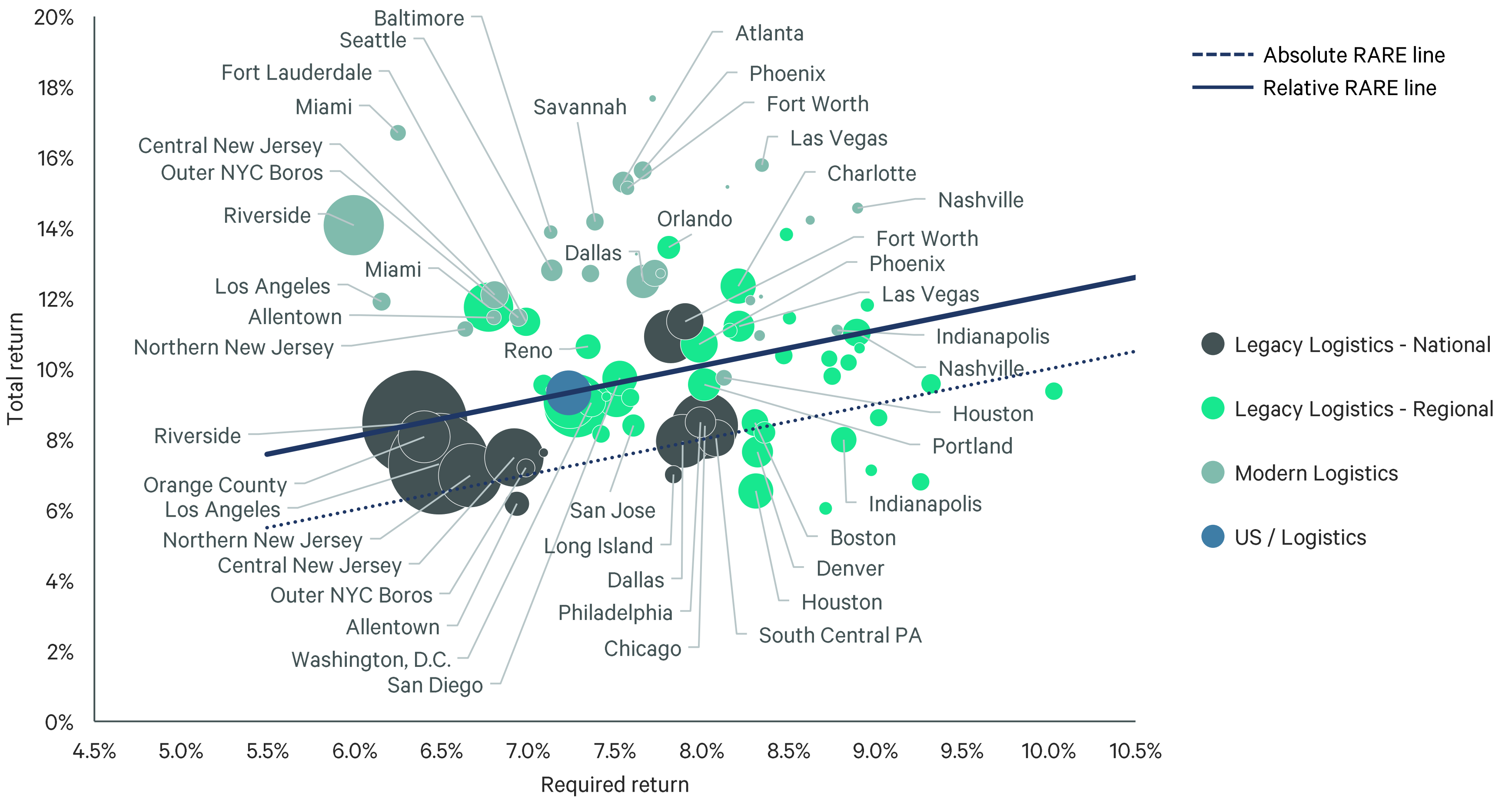
Logistics relative value

NYC = New York City

Note:
1. Total Return figures reflect unlevered property returns of a passive fully invested portfolio before fees and taxes. The return is the 5-year average per annum for the period 23Q4-28Q3. Assumptions are generalized to provide a consistent market outlook and asset specific strategies have not been taken into account.
2. Absolute RARE line: Markets above the line are expected to generate returns higher than their required return.
3. Relative RARE line: During late cycle phases, markets may not achieve required returns given high pricing. The relative analysis takes the average gap between required and forecasted return (the benchmark bubble) as a given for all markets when setting the hurdle (the benchmark line). Hence, markets above the line are expected to perform relatively better than markets below the line.
Source: CBRE Investment Management, forecasts as of Q3 2023.

For illustrative purposes only. Current market conditions differ from prior market conditions; including during prior periods of stress and dislocation. There can be no assurance any prior trends will continue.

Required return & total return for logistics markets (23Q4-28Q3, Y/Y average)



Disclaimer and important legal information

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. THE VALUE OF INVESTMENTS AND THE INCOME FROM THEM CAN GO DOWN AS WELL AS UP AND AN INVESTOR MAY NOT GET BACK THE AMOUNT INVESTED. THESE INVESTMENTS ARE DESIGNED FOR INVESTORS WHO UNDERSTAND AND ARE WILLING TO ACCEPT THESE RISKS. PERFORMANCE MAY BE VOLATILE, AND AN INVESTOR COULD LOSE ALL OR A SUBSTANTIAL PORTION OF ITS INVESTMENT. PRIOR TO INVESTING IN AN INVESTMENT VEHICLE, PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN INVESTMENT, ACCOUNTING, REGULATORY, TAX AND OTHER ADVISORS AS TO THE CONSEQUENCES OF AN INVESTMENT IN THE INVESTMENT VEHICLE.

This presentation (this "Presentation") has been prepared for a limited number of qualified investors, is provided for informational purposes only, and does not constitute an offer to sell or a solicitation of an offer to purchase any security in any investment vehicle managed by CBRE Investment Management. Such solicitations can only be made to qualified investors by means of a private placement memorandum or prospectus (the "Memorandum"), which describes, among other things, the risks of making an investment as well as other important information about the investment vehicle and its manager. Additionally, this Presentation does not constitute investment advice of any kind.

By accepting the Presentation, you agree to treat it in a confidential manner and to not disclose it to anyone except to (i) your legal, tax and financial advisors who agree to maintain these materials in confidence, or (ii) a governmental official upon request, if entitled to such information pursuant to a judicial or governmental order. This information may not be reproduced, used or disclosed, in whole or in part, without the prior written consent of CBRE Investment Management.

The information set forth herein does not purport to be complete and is subject to change. This Presentation is qualified in its entirety by all of the information set forth in a Memorandum, including, without limitation, all disclaimers, risk factors and conflicts of interest. The Memorandum and a partnership agreement and subscription documents of an investment vehicle must be read carefully in their entirety prior to investing in an investment vehicle. This Presentation does not constitute a part of a Memorandum.

The information contained herein is given as of the date of this Presentation, unless indicated otherwise. CBRE Investment Management has not made any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of any of the information contained herein (including but not limited to information obtained from third parties), and they expressly disclaim any responsibility or liability therefore. CBRE Investment Management does not have any responsibility to update or correct any of the information provided in this Presentation. Certain assumptions may have been made in the analysis which resulted in any information and returns/results detailed herein. No representation is made that any results/returns indicated will be achieved or that all assumptions in achieving these returns have been considered or stated. Additional information is available on request. Opinions and estimates offered constitute our judgment and are subject to change without notice, as are statements of financial market trends, which are based on market conditions. Unless otherwise indicated, figures presented are preliminary, unaudited, subject to change and do not constitute CBRE Investment Management's standard books and records.

Statements contained in this Presentation that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of the investment vehicle's manager. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Additionally, this Presentation contains "forward looking statements." Actual events or results or the actual performance of any investment vehicle may differ materially from those reflected or contemplated in such forward looking statements."

Certain economic market and other information contained herein has been obtained from published sources prepared by third parties and in certain cases has not been updated through the date hereof. Neither CBRE Investment Management, any investment vehicle, nor their respective affiliates nor any of their respective employees or agents assume any responsibility for the accuracy or completeness of such information.

No securities registration statement has been filed nor prepared with any authority (including the Japan Financial Services Agency) in Japan with respect to the solicitation of an offer to acquire the interests in any investment vehicle, because this offering is limited only to institutional investors and not to the general public.

CBRE Investment Management

The Case For Modern Logistics

APFC

Arsenal Trade Center

SEPTEMBER 2023

Agenda

PRESENTERS

Mary Lang

Head of Americas Direct Logistics Strategies and Portfolio Manager

Ryan Bandy

Deputy Portfolio Manager

Shane Taylor

Head of Americas Research

Chris Shepherdson

Managing Director, Client Solutions

AGENDA

1. The case for modern logistics
2. CBRE U.S. Logistics Partners overview
3. Investor Performance
4. Important Information

1

The case for modern logistics

Drivers of logistics demand

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

E-Commerce

Anticipated growth to 33% of retail sales over the next ten years

Evolving Inventory Models

Occupiers continue to optimize supply chains

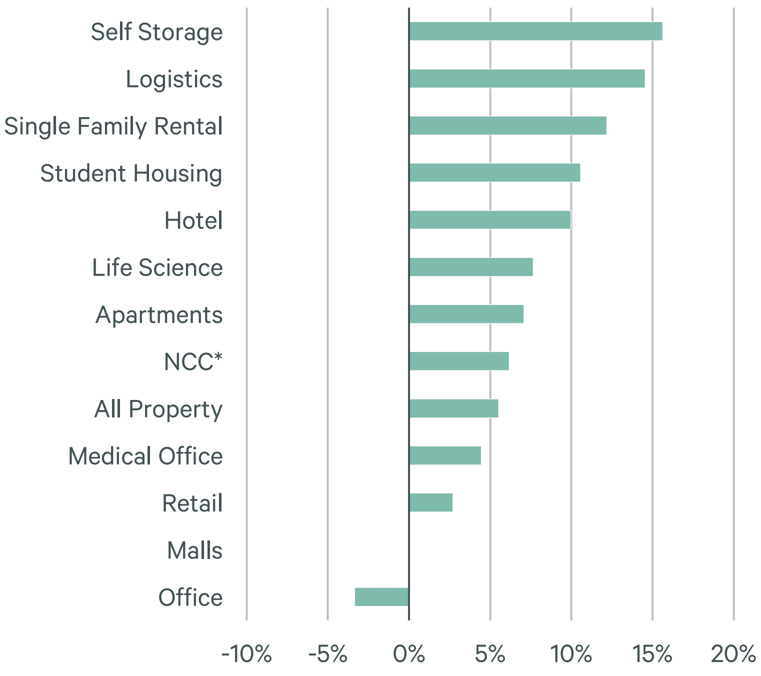
Focus on Modernity

Prop-tech advances are supporting increasingly complex warehouse management systems

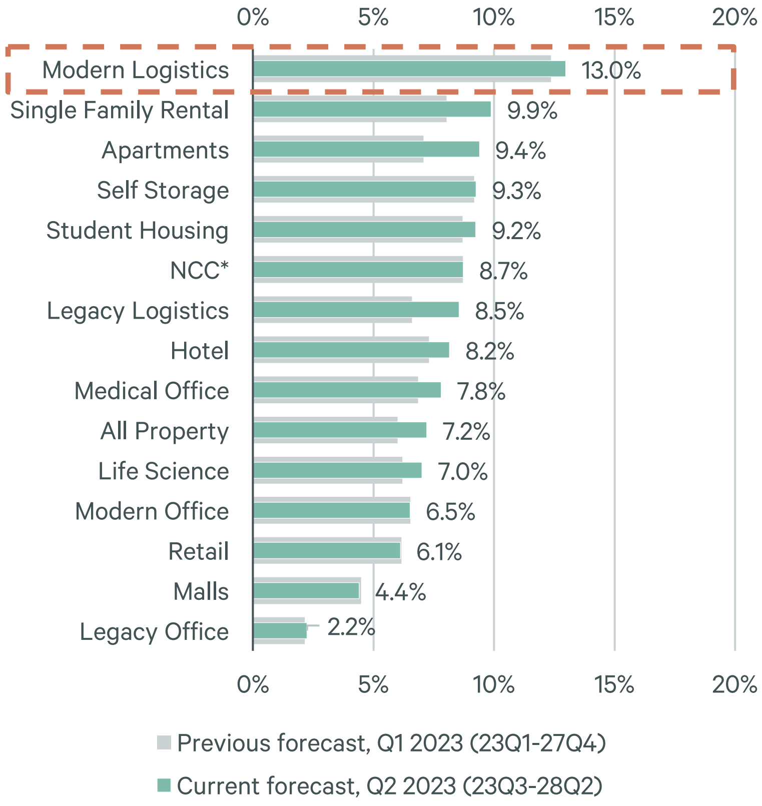
Total return by sector/sub-sector

Total Return, %Y/Y average

2022 Actuals



5Y outlook, %Y/Y average



Note. Modern office and Modern Logistics are not split out in NCREIF and therefore have no value for 2022 total return.

* NCC signifies Neighborhood and Community Centers

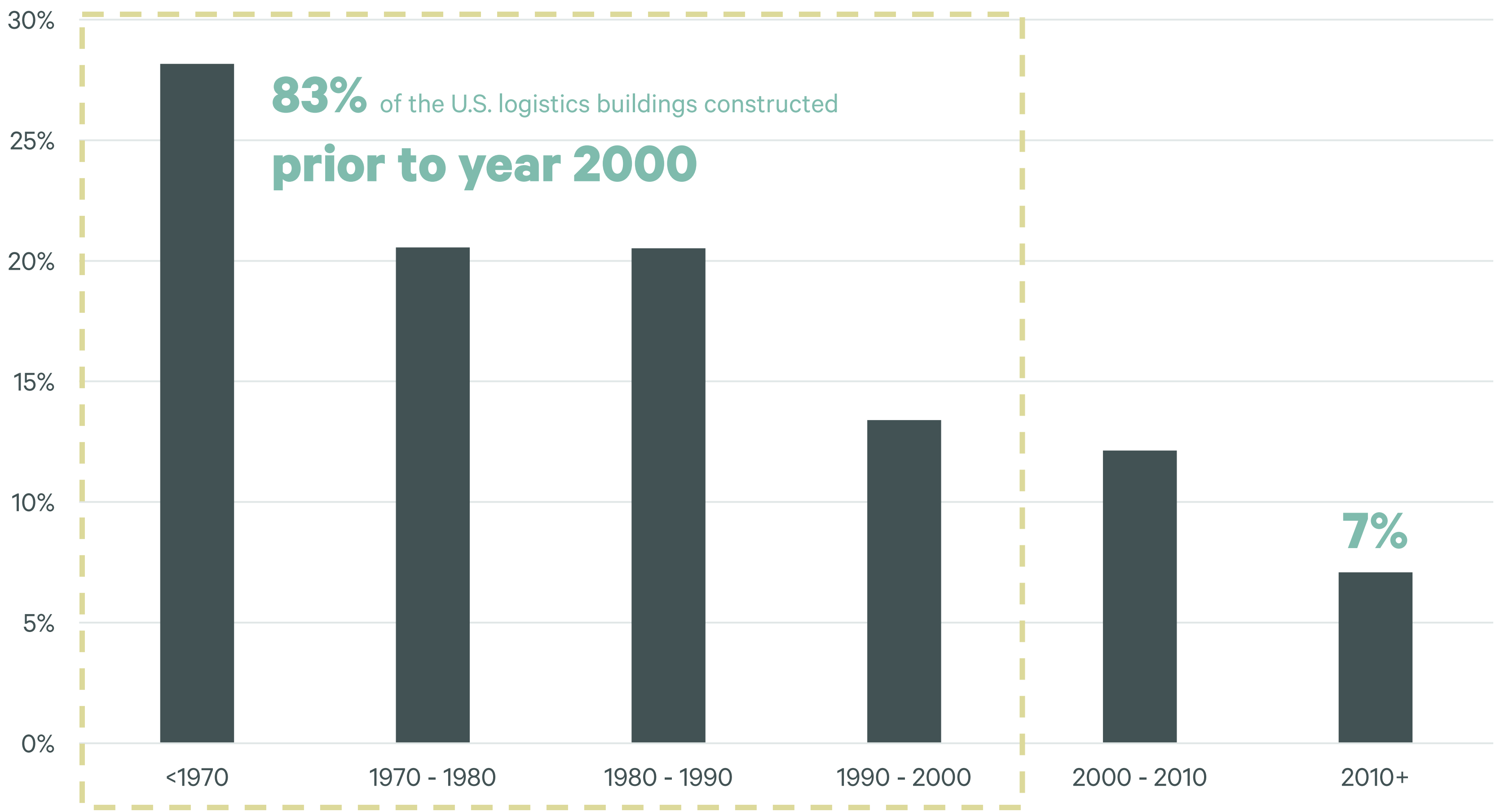
All Property figures include Office, Life Science, Medical Office Malls, NCC, Logistics, Apartments, Student Housing and Single-Family Rentals. It excludes Hotels and Self Storage as these sectors have no weight in NPI.

Source: NCREIF NPI for actuals, CBRE Investment Management, forecasts as of Q2 2023.

Functional obsolescence is a threat

- Only 7% of total U.S. logistics buildings have been built since 2010.
- Older buildings often fall short of modern tenant needs for ceiling height, loading dock capacity, seamless slabs along with growing demand for robotics and other prop tech to enhance efficiencies, EV trucking capacity, solar power installation, among others.
- High space demand over the past 12-24 months amid tight market conditions has concealed these shortcomings and forced tenants to older, less functional assets.
- Demand has receded from historical highs down to more normal levels, and with over 610 million sq. ft. of warehouse space underway, tenants whose leases are rolling over will have more modern space options, disadvantaging older, less functional properties.

Share of U.S. Existing Logistics (# of Properties) by Year Built



Source: CoStar, CBRE IM, June 2023.

Advantages of modern logistics

Modern logistics facilities have become highly automated and sophisticated. Investors in today's logistics facilities need to be aware of the rapidly changing tenant demands as older product becomes more prone to obsolescence.

Advancing U.S. Logistics Automation

Automated ("Kiva") Robot Systems

Can reduce warehouse workers labor by 3x. Require seamless slabs.

Automated Racking Systems

Allows for efficient material flow in confined spaces and increased storage capacity.

Automated Pallet Delivery Systems

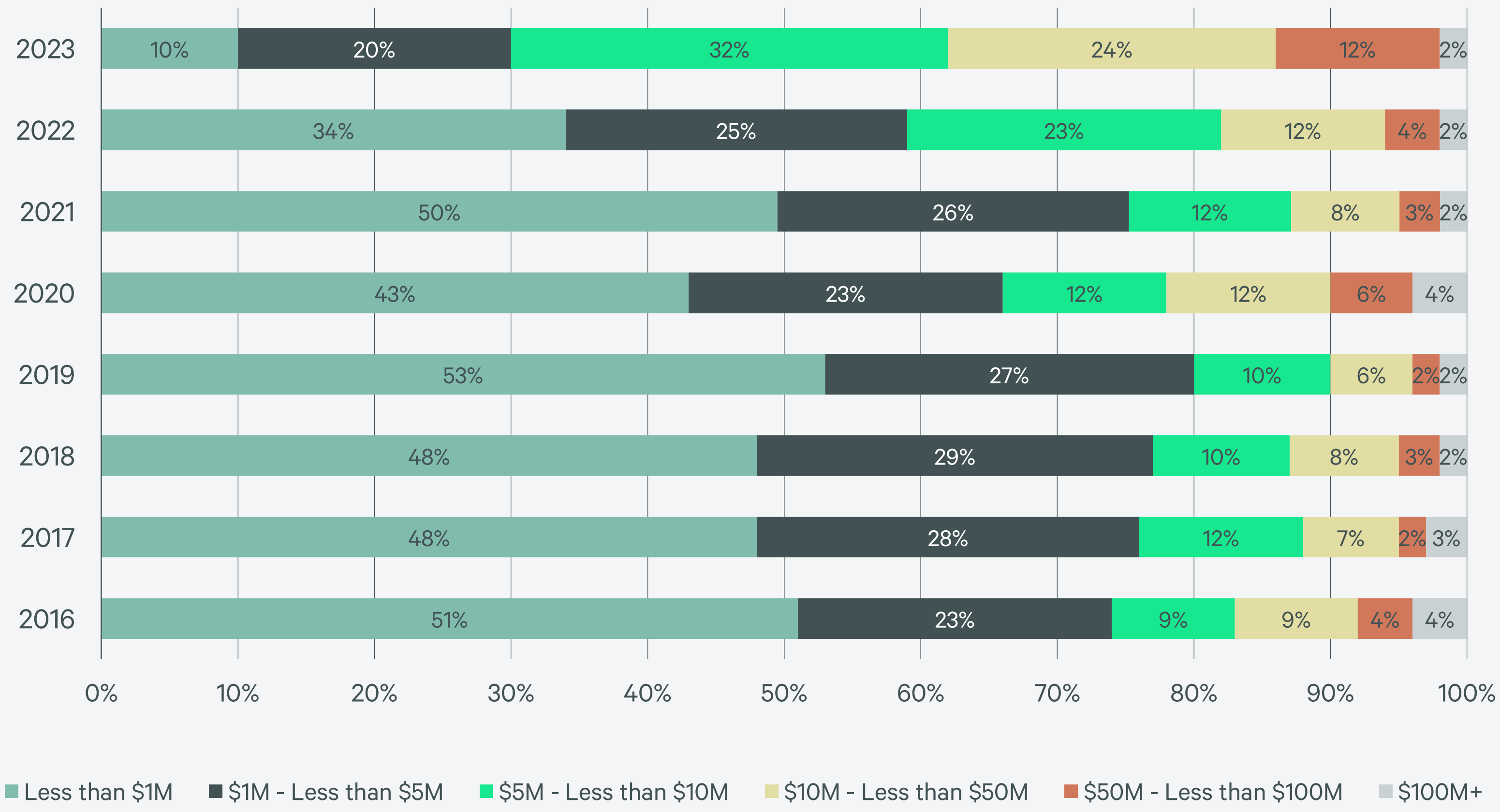
Reduces need for forklift racking and reduce wear and tear of the warehouse.

Automated Trailer Loading

Reduces need for labor and forklift, reduces accidents and damage to goods.

Planned investment in supply chain innovations is rising

The MHI Annual Industry Report results predict a strong uptick in the adoption of digital supply chain technologies with 90% planning to invest more than $1 million and 38% planning to invest over $10 million over the next two years.

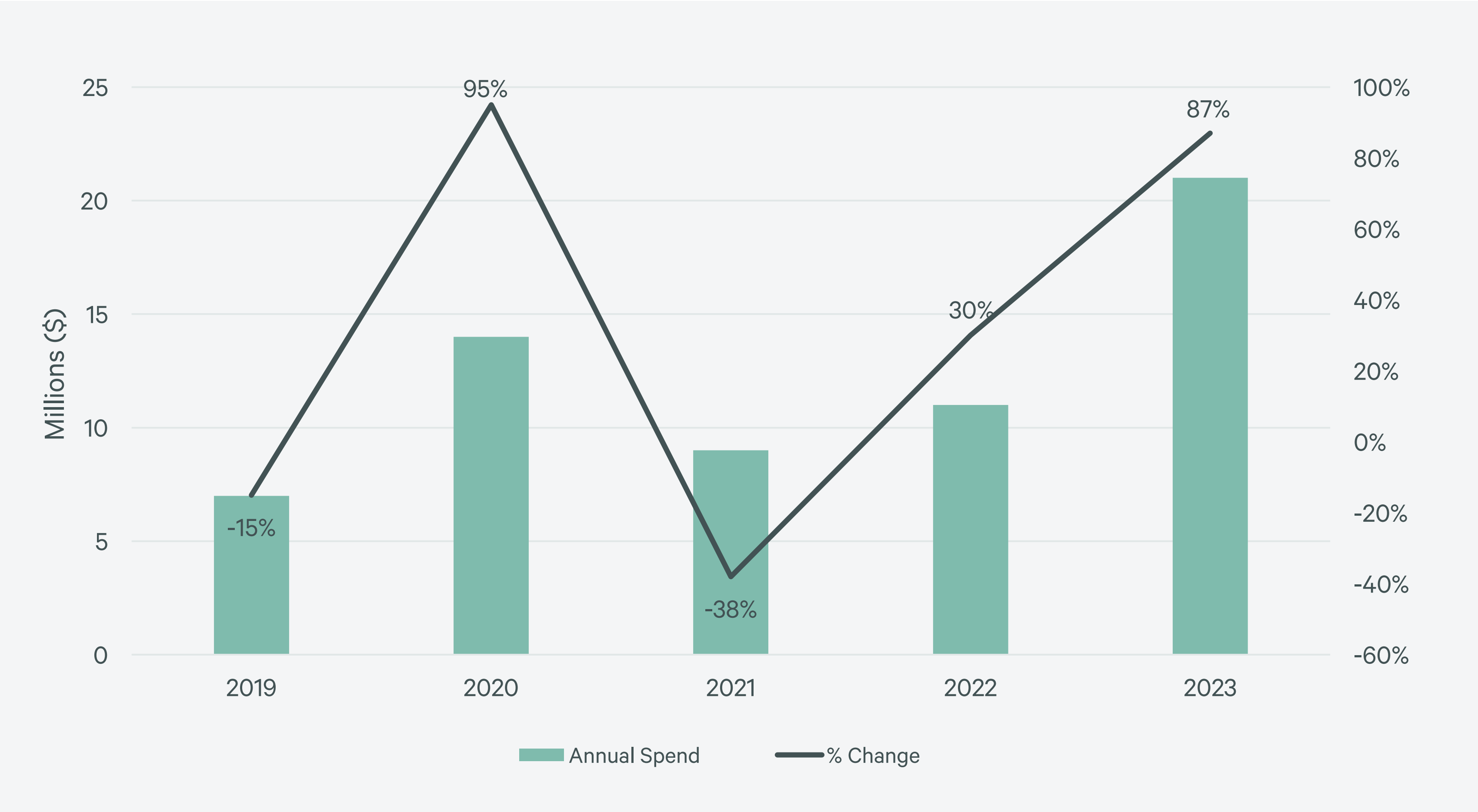


Source: 2023 MHI Annual Industry Report

Investment in innovations

Roughly 74% of 2023 MHI respondents are increasing their investment in supply chain technology and innovation and 31% began piloting new technologies.

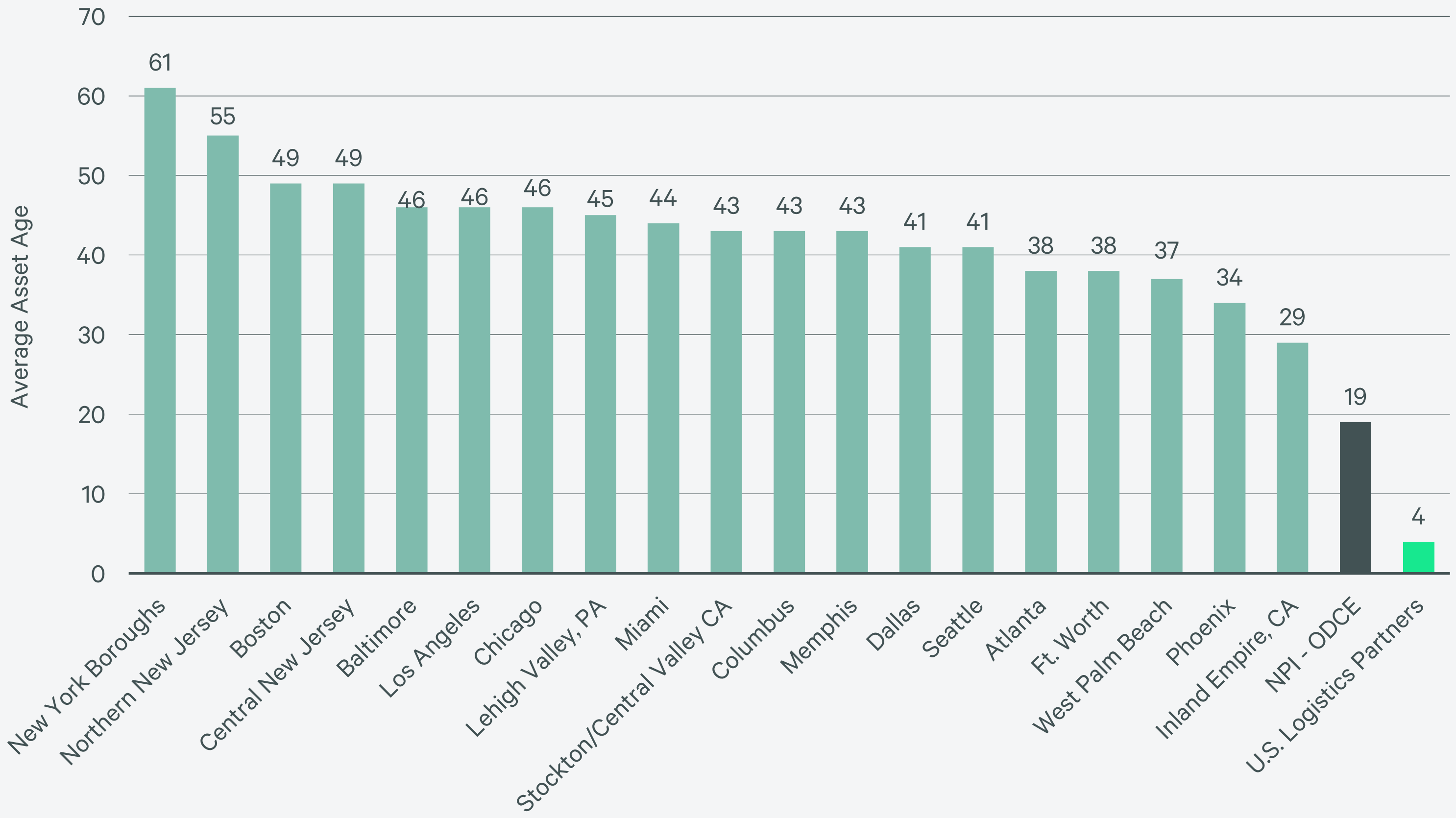
Year over year average amount willing to invest in innovations over the next 2 years



Source: 2023 MHI Annual Industry Report

Average age of logistics stock within USLP's target/ portfolio markets

The vintage of logistics stock in U.S. Logistics Partners' target/portfolio markets is almost 40 years old or greater. In contrast, the average age of an asset within U.S. Logistics Partners is approximately 4 years old[1].



1. Includes USLP's current portfolio and secured pipeline of existing assets and development-to-core assets.

Source: CBRE EA; CBRE Investment Management, Q4 2022

640 Columbia Street

Brooklyn, NY

640 Columbia Street is the first multi-story logistics facility on the East Coast. Recently acquired by USLP through a joint venture partnership, 640 Columbia Street offers 336,350 SF of cutting edge, modern architecture serving four of the most affluent zip codes in Brooklyn.

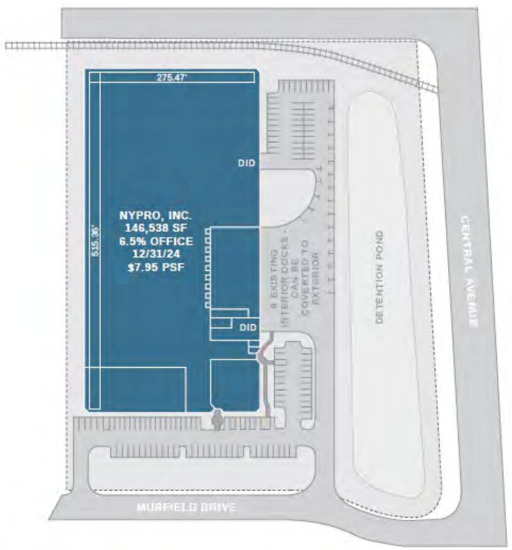
Modern features include:

- 130' truck court depth for easy navigation allowing for quick loading and offloading
- Seamless slab for robotic automation of the warehouse
- Increased floor load capacity allowing for heavy conveyor and sortation systems on all floors of the warehouse
- Potential for solar panels on roofing and EV charging systems for truck fleet

Modern Logistics: 640 Columbia

Example of Early Obsolescence

6325 Muirfield Dr, Hanover Park, IL



History

6325 Muirfield was acquired in May 2014 as one of three single tenant buildings in a logistics portfolio. The property was 100% leased at acquisition to the existing Tenant, Nypro Inc, who at the time had recently signed a 10-year renewal. The original investment strategy at acquisition was to lease the available space and hold the asset for long-term income and appreciation and sell the assets collectively or individually, upon re-stabilizing the assets.

Sale Rationale

Despite premium location, due to changing occupier needs, it was determined the investment no longer was a strategic fit.

Early Obsolescence

The property was outdated, and upcoming lease roll posed significant risk.

During the BOV process for the building, the investment team received an unsolicited offer representing a 29% premium to estimated value and sold the asset.

Investment team believes the asset will ultimately revert to market at significantly lower relative rental rates.

Issues

- Clear height only 24 feet
- Roof load too weak to support solar and modern HVAC requirements
- Insufficient electrical in truck court to support EV charging
- Seamed slabs
- Inefficient column spacing
- No LEED certification
- 5” slab thickness

Built 1992. Sold 2020.

2

CBRE U.S. Logistics Partners overview

U.S. Logistics Partners Performance Summary

For Q2 2023, CBRE U.S. Logistics Partners was the #1 performing fund[1] according to MSCI/PREA AFOE Quarterly Fund Index.

#1

PERFORMING FUND IN Q2 2023

#1

DIRECT REAL ESTATE PERFORMANCE FOR 1-YR PERIOD ENDING Q2 2023

#2

PERFORMING FUND FOR 1-YR PERIOD ENDING Q2 2023 (GROSS)

#3

PERFORMING FUND FOR 1-YR PERIOD ENDING Q2 2023 (NET)

Source: MSCI. As of June 30, 2023. For one year period ending June 30 of each year.
For one year period ending June 30, 2023. No compensation paid for award.

1. Performance based on gross portfolio return for Q2 2023.

Park Aldea – Phase II
Fulfillment | Phoenix, AZ

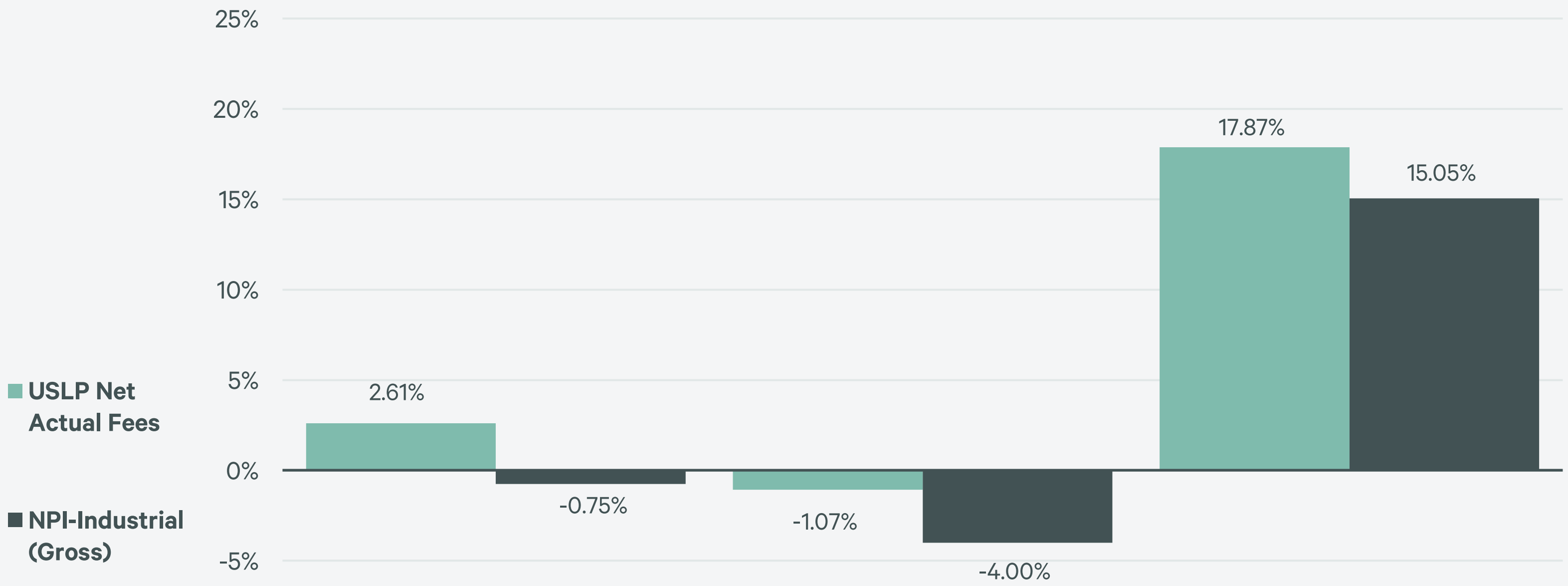
OVERVIEW

U.S. Logistics Partners performance

As of June 30, 2023. The Fund's inception date was September 24, 2021. Returns are calculated from October 1, 2021, through the current period. Past performance is not necessarily indicative of future results.

1. The returns are calculated both gross and net of investment management fees and incentive fees and expenses, which are recorded on an accrual basis, and relate only to investment income and capital allocated to Limited Partners ("LPs"). Incentive fees are reflected in the capital return component because they typically result from changes in the value of real estate investments. Returns are presented net of leverage. Income is based on accrual accounting and recognized at the investment level. Returns include interest income from short-term cash investments. Cash available from operations is normally distributed quarterly. Some LPs have elected to participate in the reinvestment program of distributions ("DRIP"). The DRIP election will reinvest such LPs distributions in additional units issued by the fund quarterly. The TWR is calculated as follows (Income + Appreciation) / (Beginning Net Asset Value + Time Weighted Contributions – Time Weighted Distributions). Component returns are calculated separately using geometrically linked time-weighted rates of return. Therefore, income (loss) and capital returns may not equal total returns due to linking of quarterly returns. Periods greater than one year are annualized. Returns shown include all returns generated by reinvested capital and profit. If such reinvestment was not included, the returns shown may have been lower. "Net Total w/ Actual Fees" data reflects, among other things, returns to investors that are paying reduced fees, and therefore the returns to an investor that does not receive a fee reduction would be lower, as evidenced by the "Net Total w/ Highest Fees."
2. NPI Industrial Methodology disclaimer can be found on page 24.

Gross & Net Fund Returns[1,2]



	Q2 2023		One Year		Since Inception	
	USLP	NPI-Industrial	USLP	NPI-Industrial	USLP	NPI-Industrial
Income (%)	0.35%	0.85%	1.71%	3.25%	2.19%	3.32%
Capital (%)	3.02%	-1.60%	-1.41%	-7.08%	20.81%	11.45%
Gross Total (%)	3.36%	-0.75%	0.29%	-4.00%	23.31%	15.05%
Net Total w/ Actual Fees (%)	**2.61%**	**-**	**-1.07%**	**-**	**17.87%**	**-**
Net Total w/ Highest Fees (%)	2.47%	-	-1.65%	-	17.25%	-

Current portfolio & pipeline

$5,820M GAV[1]

$3,326M NAV[2]

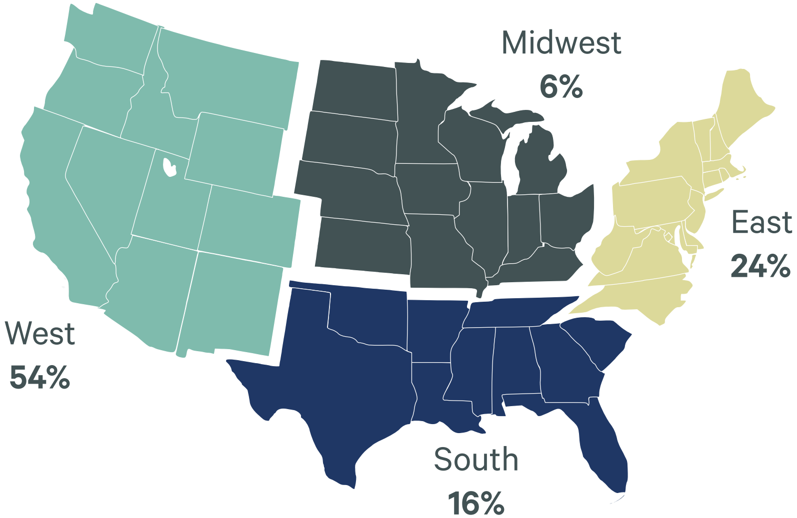
31.7M SF RSF[3]

69 ASSETS[3]

As of June 30, 2023. There is no assurance any pipeline investments will ultimately be acquired by the Fund or that any investments will be profitable or result in a return to investors.

1. Represents projected GAV of portfolio and pipeline when consolidated. Existing assets are shown at GAV as of March 31, 2023 or purchase price if acquired immediately prior to or during 1Q 2023. Developments are shown at the Fund's share of total development cost. Does not account for stabilization of development projects or phased nature of development starts.
2. Represents the projected NAV of the portfolio and pipeline at the real estate level when consolidated. Excludes the impact of fund-level leverage and cash. Calculated as GAV less asset-level and/or construction debt. Does not account for stabilization of development projects or phased nature of development starts. Current development asset NAV shown at fund's share of total development cost minus anticipated or agreed-to construction loan leverage for consistency with development portfolio.
3. Includes developments once complete.
4. Represents in-place rents in Existing Asset Portfolio compared to market rent assumption as of June 30, 2023 in the relevant markets. Market rent is based on several qualitative and quantitative factors including recently executed leases, asking rents on comparable product and input from local market professionals.
5. Includes in process developments and pipeline projects. Calculated as: (Projected Stabilized Value – Developer Promote) / Total Project Cost.

Geography



Existing Asset Portfolio

39.8%

BELOW MARKET RENTS[4]

Development-to-Core Portfolio

55.8%

POST PROMOTE DEVELOPMENT MARGIN[5]

Current Portfolio

4.3 Years

DEVELOPMENT ADJUSTED WALT

OVERVIEW

Speedway Commerce Center

Site Plan & Targeted Economics[1]

428	6.5M	3	7	40’	185’
ACRES[2]	SF	PHASES	BUILDINGS	CLEAR HEIGHT	TRUCK COURTS
$2.3B	**7.8%**	**40%**	**$720M**	**58.9%**	**9**
TOTAL DEVELOPMENT COST	TRENDED RETURN-ON-COST	DISCOUNTED LAND BASIS	EMBEDDED VALUE IN LAND ALONE	POST PROMOTE DEVELOPMENT MARGIN[3]	NO. OF INQUIRIES ALREADY RECEIVED FROM MAJOR GLOBALLY KNOWN TENANTS

1. Projected economics based on budget as of June 30, 2023 and CBREIM underwritten rents as of June 30, 2023.
2. Size of USLP’s total land acquisition. 330 acres under the buildings and an additional 98 acres of parking/trailer storage. Does not include NASCAR acreage.
3. As of June 30, 2023. Calculated as: (Projected Stabilized Value – Developer Promote) / Total Project Cost.

OVERVIEW

Park Aldea Phase II

Site Plan & Targeted Economics[1]

4 NO. OF BUILDINGS	570K SQ. FT.	92% LEASED[1]	+47% PROFORMA VS. ACTUAL RENTS[2]	> 1 Year ACTUAL TO PROFORMA LEASE UP
$69.2M TOTAL DEVELOPMENT COST	38% EXPECTED POST PROMOTE DEV. MARGIN[3]	8.25% RETURN ON COST[4]	32’ CLEAR HEIGHTS	185’ TRUCK COURT DEPTH

As of June 30, 2023. For illustrative purposes only.

1. Park Aldea is 68% leased as of June 30, 2023. The USLP team is in final negotiations with a tenant that will increase occupancy to 92%, which is expected to be finalized over the next month.
2. Contractual rents are 47% higher than August 2021 underwriting.
3. Calculated as: (Projected Stabilized Value – Developer Promote) / Total Project Cost.
4. Return on cost has increased to 8.25% from original underwriting at 5.8% in August 2021.

3

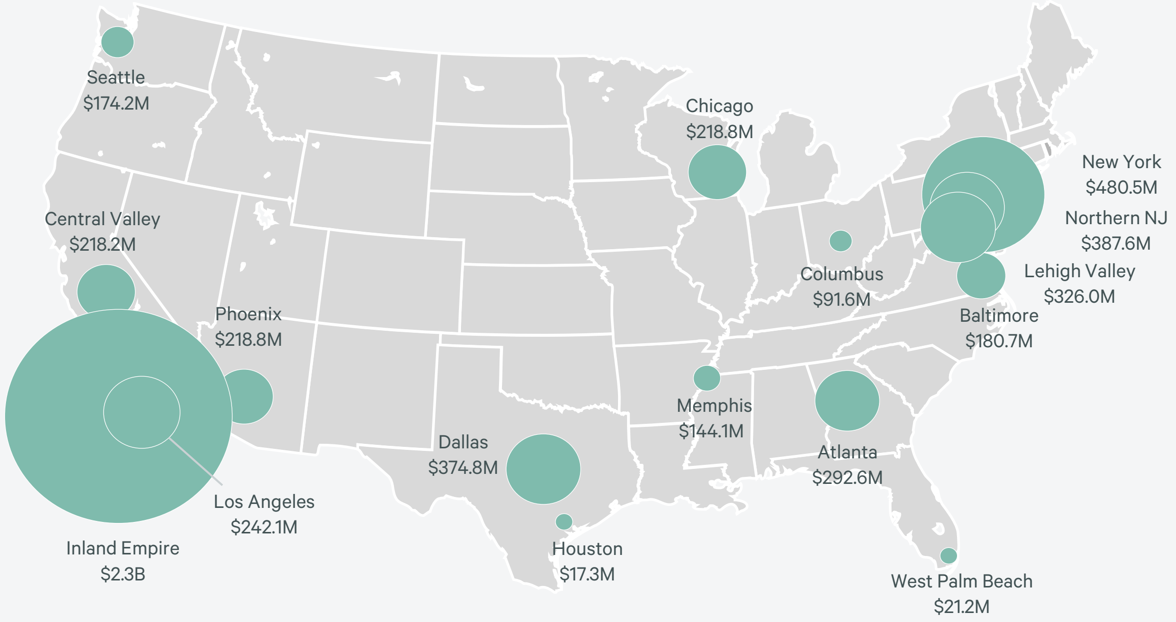
Investor Performance

Investor breakdown in USLP

Capital Called	Quarter Ended	Contributions
Capital Call 1	Q1 2023	$203,835,820
Capital Call 2	Q2 2023	$96,164,180
TOTAL		**$300,000,000**

Geographic Location by USLP GAV[1]

State	Number of Buildings
Arizona	11
California	15
Florida	1
Georgia	6
Illinois	3
Maryland	2
New Jersey	4
New York	4
Ohio	2
Pennsylvania	2
Tennessee	3
Texas	13
Washington	3



As of June 30, 2023. For illustrative purposes only.

1. GAV shown at 100% Share of the investment and based on appraised value as of the stated date or purchase price if an appraisal had not yet been obtained by the stated date.

Investor performance in USLP

Past performance is not indicative of future results. The value of investments and the income from them can go down as well as up and an investor may not get back the amount invested. These investments are designed for investors who understand and are willing to accept these risks. Performance may be volatile, and an investor could lose all or a substantial portion of its investment. Prior to investing in an investment vehicle, prospective investors should consult with their own investment, accounting, regulatory, tax and other advisors as to the consequences of an investment in the investment vehicle.

The returns are calculated both gross and net of investment management fees and incentive fees and expenses, which are recorded on an accrual basis, and relate only to investment income and capital allocated to Limited Partners ("LPs"). Incentive fees are reflected in the capital return component because they typically result from changes in the value of real estate investments. Returns are presented net of leverage. Income is based on accrual accounting and recognized at the investment level. Returns include interest income from short-term cash investments. Cash available from operations is normally distributed quarterly. Some LPs have elected to participate in the reinvestment program of distributions ("DRIP"). The DRIP election will reinvest such LPs distributions in additional units issued by the fund quarterly. The TWR is calculated as follows (Income + Appreciation) / (Beginning Net Asset Value + Time Weighted Contributions – Time Weighted Distributions). Component returns are calculated separately using geometrically linked time-weighted rates of return. Therefore, income (loss) and capital returns may not equal total returns due to linking of quarterly returns. Periods greater than one year are annualized. Returns shown include all returns generated by reinvested capital and profit. If such reinvestment was not included, the returns shown may have been lower.

For illustrative purposes only. Data as of June 30, 2023.

$300M COMMITTED CAPITAL

$304.6M NET ASSET VALUE

3.14% GROSS TOTAL RETURN

2.41% NET TOTAL RETURN

Investor Performance Data; Since Contribution

	Gross Income Return	Gross Appreciation Return	Gross Total Return	Net Income Return	Net Appreciation Return	Net Total Return
1Q2023	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2Q2023	0.35%	2.79%	3.14%	0.14%	2.27%	2.41%
Since inception[1]	0.35%	2.79%	3.14%	0.14%	2.27%	2.41%

1. Since inception returns are calculated from March 30, 2023 through the current period.

Investor performance in Mesa Crossroads

Past performance is not indicative of future results. The value of investments and the income from them can go down as well as up and an investor may not get back the amount invested. These investments are designed for investors who understand and are willing to accept these risks. Performance may be volatile, and an investor could lose all or a substantial portion of its investment. Prior to investing in an investment vehicle, prospective investors should consult with their own investment, accounting, regulatory, tax and other advisors as to the consequences of an investment in the investment vehicle.

The returns are calculated both gross and net of investment management fees and incentive fees and expenses, which are recorded on an accrual basis, and relate only to investment income and capital allocated to Limited Partners ("LPs"). Incentive fees are reflected in the capital return component because they typically result from changes in the value of real estate investments. Returns are presented net of leverage. Income is based on accrual accounting and recognized at the investment level. Returns include interest income from short-term cash investments. Cash available from operations is normally distributed quarterly. Some LPs have elected to participate in the reinvestment program of distributions ("DRIP"). The DRIP election will reinvest such LPs distributions in additional units issued by the fund quarterly. The TWR is calculated as follows (Income + Appreciation) / (Beginning Net Asset Value + Time Weighted Contributions – Time Weighted Distributions). Component returns are calculated separately using geometrically linked time-weighted rates of return. Therefore, income (loss) and capital returns may not equal total returns due to linking of quarterly returns. Periods greater than one year are annualized. Returns shown include all returns generated by reinvested capital and profit. If such reinvestment was not included, the returns shown may have been lower.

For illustrative purposes only. Data as of June 30, 2023.

$44.6M
COMMITTED CAPITAL

$27.3M
CAPITAL CONTRIBUTIONS

-0.17%
GROSS TOTAL RETURN

-0.24%
NET TOTAL RETURN

Investor Performance Data, Since Contribution

	Gross Income Return[2]	Gross Appreciation Return[2]	Gross Total Return[2]	Net Income Return	Net Appreciation Return	Net Total Return
1Q2023	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2Q2023	-0.17%	0.00%	-0.17%	-0.24%	0.00%	-0.24%
Since inception[1]	-0.17%	0.00%	-0.17%	-0.24%	0.00%	-0.24%

1. Since inception returns are calculated from November 10, 2022 through the current period.
2. In accordance with Exhibit IV, Section A(1) of the Investment Management Agreement, the "First Valuation Date" shall be the end of the calendar quarter at least 364 days after the acquisition of the Property. The First Valuation Date shall therefore be March 31, 2025.

Important Information

DISCLAIMER

Important information

NPI Industrial Methodology

The returns are calculated both gross and net of investment management fees and incentive fees and expenses, which are recorded on an accrual basis, and relate only to investment income and capital allocated to Limited Partners (“LPs”). Incentive fees are reflected in the capital return component because they typically result from changes in the value of real estate investments. Returns are presented net of leverage. Income is based on accrual accounting and recognized at the investment level. Returns include interest income from short-term cash investments. Cash available from operations is normally distributed quarterly. Some LPs have elected to participate in the reinvestment program of distributions (“DRIP”). The DRIP election will reinvest such LPs distributions in additional units issued by the fund quarterly. The TWR is calculated as follows (Income + Appreciation) / (Beginning Net Asset Value + Time Weighted Contributions – Time Weighted Distributions). Component returns are calculated separately using geometrically linked time-weighted rates of return. Therefore, income (loss) and capital returns may not equal total returns due to linking of quarterly returns. Periods greater than one year are annualized. Returns shown include all returns generated by reinvested capital and profit. If such reinvestment was not included, the returns shown may have been lower.

AS OF JUNE 30, 2023

Past performance is not indicative of future results. The value of investments and the income from them can go down as well as up and an investor may not get back the amount invested. These investments are designed for investors who understand and are willing to accept these risks. Performance may be volatile, and an investor could lose all or substantial portion of its investment. Prior to investing in an investment vehicle, prospective investors should consult with their own investment, accounting, regulatory, tax and other advisors as to the consequences of an investment in the investment vehicle.

This presentation (this “Presentation”) has been prepared for a limited number of qualified investors, is provided for informational purposes only, and does not constitute an offer to sell or a solicitation of an offer to purchase any security in any investment vehicle managed by CBRE Investment Management. Such solicitations can only be made to qualified investors by means of a private placement memorandum or prospectus (the “Memorandum”), which describes, among other things, the risks of making an investment as well as other important information about the investment vehicle and its manager. Additionally, this Presentation does not constitute investment advice of any kind.

By accepting the Presentation, you agree to treat it in a confidential manner and to not disclose it to anyone except to (i) your legal, tax and financial advisors who agree to maintain these materials in confidence, or (ii) a governmental official upon request, if entitled to such information pursuant to a judicial or governmental order. This information may not be reproduced, used or disclosed, in whole or in part, without the prior written consent of CBRE Investment Management.

The information set forth herein does not purport to be complete and is subject to change. This Presentation is qualified in its entirety by all of the information set forth in a Memorandum, including, without limitation, all disclaimers, risk factors and conflicts of interest. The Memorandum and a partnership agreement and subscription documents of an investment vehicle must be read carefully in their entirety prior to investing in an investment vehicle. This Presentation does not constitute a part of a Memorandum.

The information contained herein is given as of the date of this Presentation, unless indicated otherwise. CBRE Investment Management has not made any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of any of the information contained herein (including but not limited to information obtained from third parties), and they expressly disclaim any responsibility or liability therefore. CBRE Investment Management does not have any responsibility to update or correct any of the information provided in this Presentation. Certain assumptions may have been made in the analysis which resulted in any information and returns/results detailed herein. No representation is made that any results/returns indicated will be achieved or that all assumptions in achieving these returns have been considered or stated. Additional information is available on request. Opinions and estimates offered constitute our judgment and are subject to change without notice, as are statements of financial market trends, which are based on market conditions. Unless otherwise indicated, figures presented are preliminary, unaudited, subject to change and do not constitute CBRE Investment Management's standard books and records.

Statements contained in this Presentation that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of the investment vehicle's manager. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Additionally, this Presentation contains “forward looking statements.” Actual events or results or the actual performance of any investment vehicle may differ materially from those reflected or contemplated in such forward looking statements.

Certain of the investment vehicles discussed herein use borrowed funds in advance of, or in lieu of, calling capital, and investors make correspondingly later or smaller capital contributions. As a result, an investment vehicle's use of borrowed funds impacts the calculation of net performance metrics (because they measure investor cash flows) and makes net performance higher than it otherwise would be without borrowing.

DISCLAIMER

Notes on CBRE Investment Management Americas industrial performance

Certain economic market and other information contained herein has been obtained from published sources prepared by third parties and in certain cases has not been updated through the date hereof. Neither CBRE Investment Management, any investment vehicle, nor their respective affiliates nor any of their respective employees or agents assume any responsibility for the accuracy or completeness of such information.

As of June 30, 2023. Assets under management ("AUM") refers to the fair market value of real assets-related investments with respect to which CBRE Investment Management provides, on a global basis, oversight, investment management services and other advice and which generally consist of investments in real assets; equity in funds and joint ventures; securities portfolios; operating companies and real assets-related loans. This AUM is intended principally to reflect the extent of CBRE Investment Management' presence in the global real assets market, and its calculation of AUM may differ from the calculations of other asset managers. Please note, AUM data is based on preliminary valuations and therefore may differ slightly from actuals. In addition, differences may occur due to rounding adjustments.

i. Performance. The returns are calculated both gross and net of investment management fees and incentive fees, which are recorded on an accrual basis, and relate only to investment income and capital allocated to Limited Partners ("LPs"). Incentive fees are reflected in the capital return component because they typically result from changes in the value of real estate investments. Returns are presented net of leverage. Income is based on accrual accounting and recognized at the investment level. Returns include interest income from short-term cash investments. Cash available from operations is normally distributed quarterly. Some LPs have elected to participate in the reinvestment program of distributions ("DRIP"). The DRIP election will reinvest such LPs distributions in additional units issued by the fund quarterly. The TWR is calculated as follows (Income + Appreciation) / (Beginning Net Asset Value + Time Weighted Contributions – Time Weighted Distributions). Component returns are calculated separately using geometrically linked time-weighted rates of return. Therefore, income (loss) and capital returns may not equal total returns due to linking of quarterly returns. Periods greater than one year are annualized. Returns shown include all returns generated by reinvested capital and profit. If such reinvestment was not included, the returns shown may have been lower.

ii. Benchmark. The NPI-Industrial Index is the Industrial only portion of the NCREIF Property Index ("NPI" or "Index") and represents returns of all industrial properties within this Index. The Index has been taken from published sources. The NPI is a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only. All properties in the NPI have been acquired, at least in part, on behalf of tax-exempt institutional investors - the great majority being pension funds. As such, all properties are held in a fiduciary environment. The NPI is a collection of unlevered property level returns that meet NCREIF's defined inclusion requirements. The inception date of the Index is October 1, 1977, and is capitalization weighted. Measurement is time-weighted. Performance results for the Index have been calculated in accordance with NCREIF methodology. The data in the Index may not be comparable to the performance of the Fund presented herein due to current and historical differences in portfolio composition by asset size, geographic location, and degree of leverage. The Index return does not reflect deduction of any management fees because it is not a fund-level benchmark. The Index is used solely for comparative purposes only. Because of these differences, the Index should not be relied upon as an accurate measure of comparison. For more information on the Index, please go to the NCREIF website at: www.ncreif.org/data-products/property .

iii. Performance by Region & Investment Type. Performance results for region and investment type have been calculated in accordance with the NCREIF NPI Return methodology and excludes the effect of leverage (all capital invested into properties is assumed to be equity). The NPI Return formula assumes NOI is received at the end of each month during the quarter as well as assuming capital expenditures and partial sales occur mid quarter. Performance results are at the investment level and before the deduction of fund level costs, investment management fees and performance fees. Net cash flow is assumed to be distributed quarterly.

FOR RESIDENTS OF THE UNITED STATES OF AMERICA

CBRE Investment Management, LLC and certain of its affiliates are a registered investment advisers with the United States Securities & Exchange Commission ("SEC"). Registration with the SEC does not imply a certain level of skill or training. The marketing and placement of units in investment vehicles is conducted by certain employees of CBRE Investment Management who are also registered representatives of CBRE Capital Advisors, Inc., a broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority.

Thank you

cbreim.com

APFC ALASKA PERMANENT FUND CORPORATION
801 W 10TH SUITE 302 | JUNEAU, AK 99801
907.796.1500 | apfc.org

SUBJECT: Guest Speaker: Gartner Fellow ACTION: ____________

DATE: Sept 14, 2022 INFORMATION: ______X_____

Introducing Tina Nunno:

Tina Nunno is a Distinguished Vice President and Gartner Fellow in Gartner's CEO and Digital Executive Leaders Research Group. Ms. Nunno is a recognized thought leader and has published extensively on executive communications, decision-making and technology leadership. Ms. Nunno is a sought-after keynote speaker. She has been featured in the opening keynote at multiple Global Symposia, as well as numerous industry events around the world. Her research and presentations on subjects such as "Presenting to the Board of Directors" and "Strategic Thinking and Decision-Making", and "Power Politics", provide insights for how senior executives can achieve both enterprise and personal success.

Tina will be speaking on the hot topic of Generative AI. Recent advances in GenAI make it the most disruptive set of technologies and capabilities to hit the global market in decades. Boards of directors must become familiar with the competitive opportunities provided by GenAI as well as potential threats to meet enterprises' evolving oversight needs.

Tina will be addressing the following:

- What Is Generative AI, and Why Should My Board Pay Attention to It Now?
- What Are the Strategic Opportunities for Financial and investment organizations?
- What Are the Challenges for Cyber-risk Oversight?
- The Rapidly Evolving Regulatory Environment for GenAI
- What Questions Should the Board Ask the CEO and Executives About GenAI?

Tina's presentation will be distributed and added to this packet at a later date

APFC ALASKA PERMANENT FUND CORPORATION
801 W 10TH SUITE 302 | JUNEAU, AK 99801
907.796.1500 | apfc.org

SUBJECT:	Real Estate Valuation Process	ACTION:	____________
DATE:	September 28, 2023	INFORMATION:	X

BACKGROUND:

Following a competitive procurement process early in FY2022, SitusAMC Real Estate Valuation Services, LLC (Situs) was awarded the contract to provide independent real estate valuation services to APFC. Situs oversees the annual appraisal process, including retaining appraisers and facilitating information flow between the advisors, appraisers, and staff. Situs also provides the interim quarterly valuations on most directly held properties.

STATUS:

Brian Velky and Andrew Sabatini, Managing Directors, and Chuck Gohr, Director for Situs, will give an overview of the company and discuss the services provided to APFC. They will also share their observations of the market broadly as it relates to the performance of our real estate portfolio.

SitusAMC

Real Estate Valuation Services

Overview

Prepared for Alaska Permanent Fund Corporation

SitusAMC is the leading provider of independent, licensed commercial real estate valuation/review services.

In 2022, we supported over 21,000 Valuation Assignments addressing $2.0T of asset value. Our team includes 310+ dedicated, highly credentialed valuation professionals (CFA, CPA, CRE, MAI, AI-GRS, CCIM, MRICS and FRICS), including state licenses throughout the nation and is responsible for reviewing and consulting on $500B+ in institutional real estate assets quarterly. SitusAMC supports (i) 45% of the NCREIF Property Index ($700 Billion), (ii) 2 of the 3 largest NFI-ODCE funds, (iii) 3 of the 5 largest U.S. pension funds, and (iv) 3 of the largest U.S. daily valued funds.

Our services are enabled by proprietary technology – VMS (Valuation Management System) – an innovative end-to-end appraisal management and support system featuring robust property and portfolio review. SitusAMC Real Estate Valuation Services, LLC, is a SEC-Registered Investment Advisor (RIA).

Our Services

Commercial Real Estate

- Valuation Management
- Appraisal Review
- Property Valuation
- Daily Valuation
- Development Valuation
- Purchase Price Allocations
- Transaction Opinions
- Litigation Support Services

Residential Real Estate

- Broker Price Opinions
- Value Reconciliations
- Appraisal Management
- Appraisal Reviews

REVS
By The Numbers

$2.0T
of asset value supported in 2022

21,000+
reviews and appraisals completed in 2022

310+
dedicated professionals

3 of 4
largest NFI-ODCE funds

3 of 5
largest U.S. pension funds

3 of the
largest daily valued funds

45%
of the NPI

38%
of the NPI-ODCE

GLOBAL VALUATIONS

U.S.	**$1.9T**
Europe	**$22B**
LATAM	**$20B**
Asia	**$36B**
Canada	**$7B**
Australia	**$3B**

U.S. PROPERTY TYPE TOTALS

Office	**$500B**
Multifamily	**$500B**
Retail	**$300B**
Industrial	**$400B**
Land	**$35B**
Hotel	**$25B**
Other	**$120B**

Commercial Real Estate Valuation Services Offering

SitusAMC is the leading provider of independent, licensed commercial real estate valuation/review services. Our team includes 310+ dedicated, highly credentialed valuation professionals (CFA, CPA, CRE, MAI, AI-GRS, CCIM, MRICS and FRICS), including state licenses throughout the nation. SitusAMC Real Estate Valuation Services, LLC, is a SEC-Registered Investment Advisor (RIA).

OUR SERVICES

- Valuation Management
- Appraisal Review
- Property Valuation
- Daily Valuation
- Development Valuation
- Purchase Price Allocations
- Transaction Opinions
- Litigation Support Services

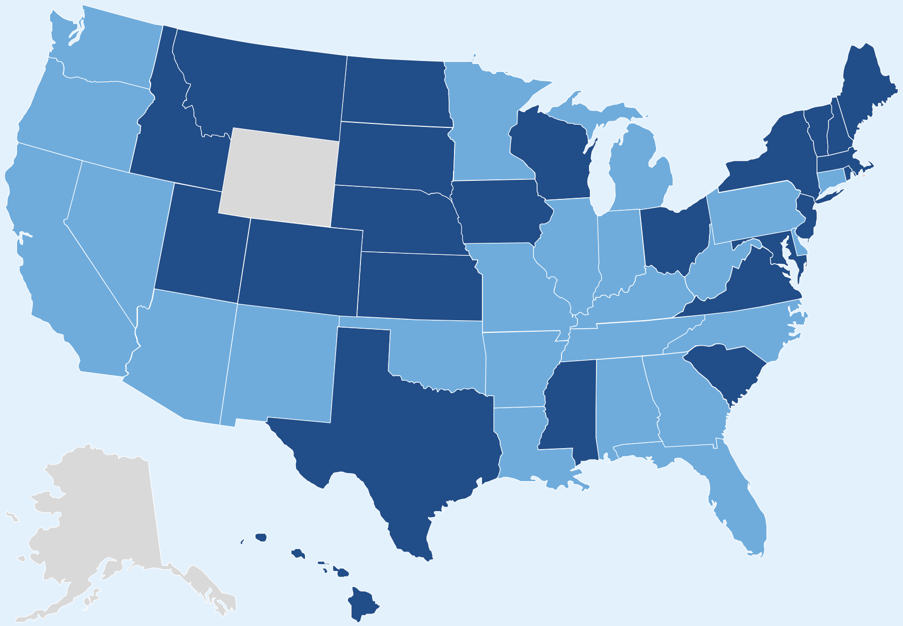
OUR TECHNOLOGY & RESEARCH

Valuation Management System (VMS)
End-to-end appraisal management and support services, combined with property and portfolio review.

Daily Valuation System (DVS)
Daily GAV & NAV reporting system that communicates with VMS and allows importing of external consultant reporting.

Research & Publications
Real Estate Research Corporation (RERC) produces quarterly reports on cap and discount rates covering the national, regional and metro level markets.

AMC AND APPRAISAL LICENSE COVERAGE



241
Total State Appraisal Licenses

29
MAI Designations

11
AI-GRS Designations

24
AMC Licenses

4
CRE Designations

3
CFA Designations

Dedicated APFC Team

Leadership Oversight Team

Brian Velky, MAI, CRE, CFA
Managing Director
Head of REVS

Andrew Sabatini, MAI, CRE
Managing Director
Head of Equity Valuation Management

Charles Gohr, MAI, AI-GRS
Director
APFC Lead

Alex Martin
AVP
Office

Keaton Block
Associate
Retail

Maggie Neyen
Senior Analyst
Industrial

Jenna Hanson
Senior Analyst
Multi-Specialty

Andrea Echeverria
Analyst
Apartment

Additional Subject Matter Resources

Thomas Johnson
Senior Director
Multi-Specialty

Jonathan Kendrick, MRIC
Senior Director
Head of REVS Europe

Tim Graham
VP
Development Valuations

Ralph Rizzolo
AVP
Development Valuations

Strategic Oversight | **Dedicated** | **Support Staff**

SitusAMC is Focused on Your Success

EXPERTISE

- Evaluated $2.0 trillion in CRE assets in U.S. and Europe in 2022, which includes significant specialty practice properties
- Deep bench of senior CRE Professionals, highly Credentialed (CFA, CRE, MAI, AI-GRS, CCIM, FRICS, MRICS)
- 4x growth in valuation services over 5-year period, with focus on client execution through expert-led consultative approach

EXPERIENCE

- 15+ years of providing appraisal, appraisal management and daily valuation services
- Executing quarterly valuation services on $500+ billion for financial reporting purposes
- Appraisal management firm for approximately 45% of the NPI, and 38% of NPI-ODCE

EXECUTION

- Integrated “best-in-class” technology platform to support “best-in-class” service
- Dedicated team approach, where our independent team of valuation professionals serve as an extension of your staff
- Stability, 95% retention rate of professionals

SitusAMC Services Provided to APFC

Valuation Administration, Workflow and Reporting

- Identifying and screening qualified third-party appraisers
- Bidding and engaging third-party appraisers
- Valuation scheduling, data coordination, and administering workflow process
- Proprietary technology for workflow and reporting

Review of Annual Third-Party External Valuations

- External appraisals are completed once a year by an independent third-party MAI-designated appraiser. The typical appraisal cycle of a three-year rotation with a full scope appraisal the first year and subsequent limited scope appraisals in years two and three are the standard schedule.
- External appraisals are reviewed by a qualified SitusAMC professional dedicated to reviewing appraisals for APFC with oversight by a senior MAI professional. APFC asset managers also review and can question the valuations in conjunction with SitusAMC. Comments and concerns are made on a standardized review memorandum within VMS and submitted to the third-party appraiser via the system.

Services provided to APFC

Limited Scope SitusAMC Valuations

- SitusAMC prepares quarterly limited scope desktop appraisals three (3) times per year, in the quarters an annual third-party appraisal is not being performed.
- Valuations are performed by qualified staff and signed by an MAI-designated professional that holds the required state licensing.

SitusAMC Development Valuations/Development Monitoring Process

- Development valuations are managed and valued via SitusAMC's development monitoring process for timely recognition of profit/loss.
- Desktop valuations are performed four (4) times per year by qualified staff and signed by an MAI-designated professional that holds the required state licensing.
- Reporting is consistent with that of the limited scope valuations, plus the inclusion of SitusAMC's proprietary profit/loss mode.

Reporting and Market Updates

- SitusAMC prepares a quarterly presentation highlighting APFC value drivers and other portfolio insights, along with a market update and outlook of commercial real estate trends.

Valuation Management Approach

Appraisal Management Staffing / Appraiser Selection

1. The Right Team in Place at SitusAMC

- Senior Leadership & Dedicated Team led by MAIs

2. Selecting the Right Appraiser

- Dynamic system for bidding, engaging and tracking the appraiser selection process

Valuation & Review Process

3. Proactive Valuation Progress Tracking *(Workflow)*

- Proven track record of transparency and successful execution

4. Independent Comprehensive Review

- SitusAMC's designated/licensed professionals review every valuation

Portfolio Valuation Reporting & Consulting Support

5. Report the Entire Capital Stack *(Equity)*

- SitusAMC's database can track all key variables of property-level and entity-level debt

6. Accounting / Audit Support

- SitusAMC is your partner to execute a successful internal and external audit
- Systematic documentation throughout the appraisal review process ensures a smooth audit process and clean audit trail

7. Report Data & Portfolio Review

- SitusAMC empowers the business via property valuation statistics

8. Portfolio Consulting

- SitusAMC's industry-leading institutional real estate research facilitates robust reporting

Valuation Management System (VMS)

VMS is a cloud-based system that provides workflow and data management as well as robust reporting capabilities.

FEATURES

- Appraisal data storage
- Process management and tracking
- Bid / engage workflow
- Automatic e-mail alerts
- Data warehousing
- Invoice tracking
- Real-time updates and reporting

Valuation Management System

Quality Control

- Multi-User Experience
- Audit Support
- Document Retention

DVS

- Daily Valuation Workflow
- NAV Reporting

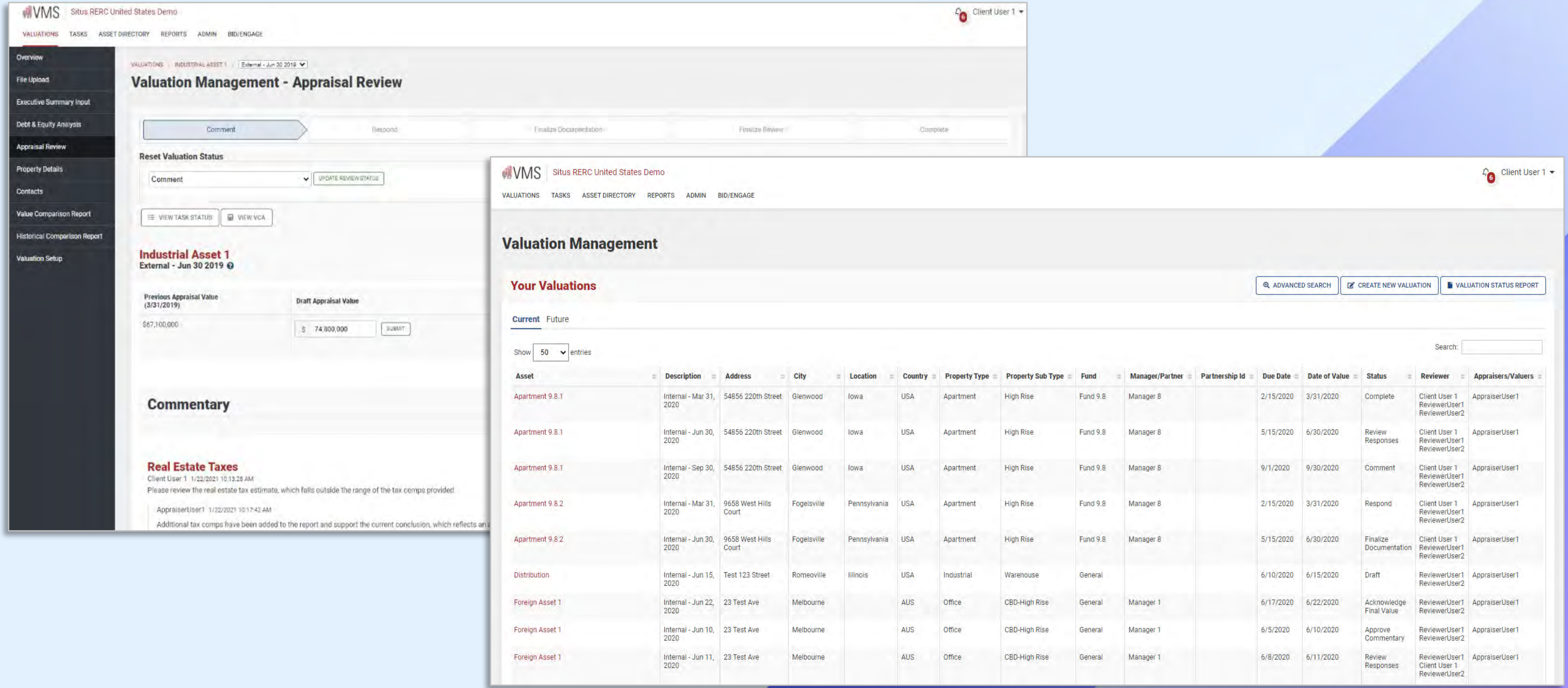
Web Based Platform

- Valuation Management Workflow Tracking
- Appraisal Review
- Reporting

BI Reporting

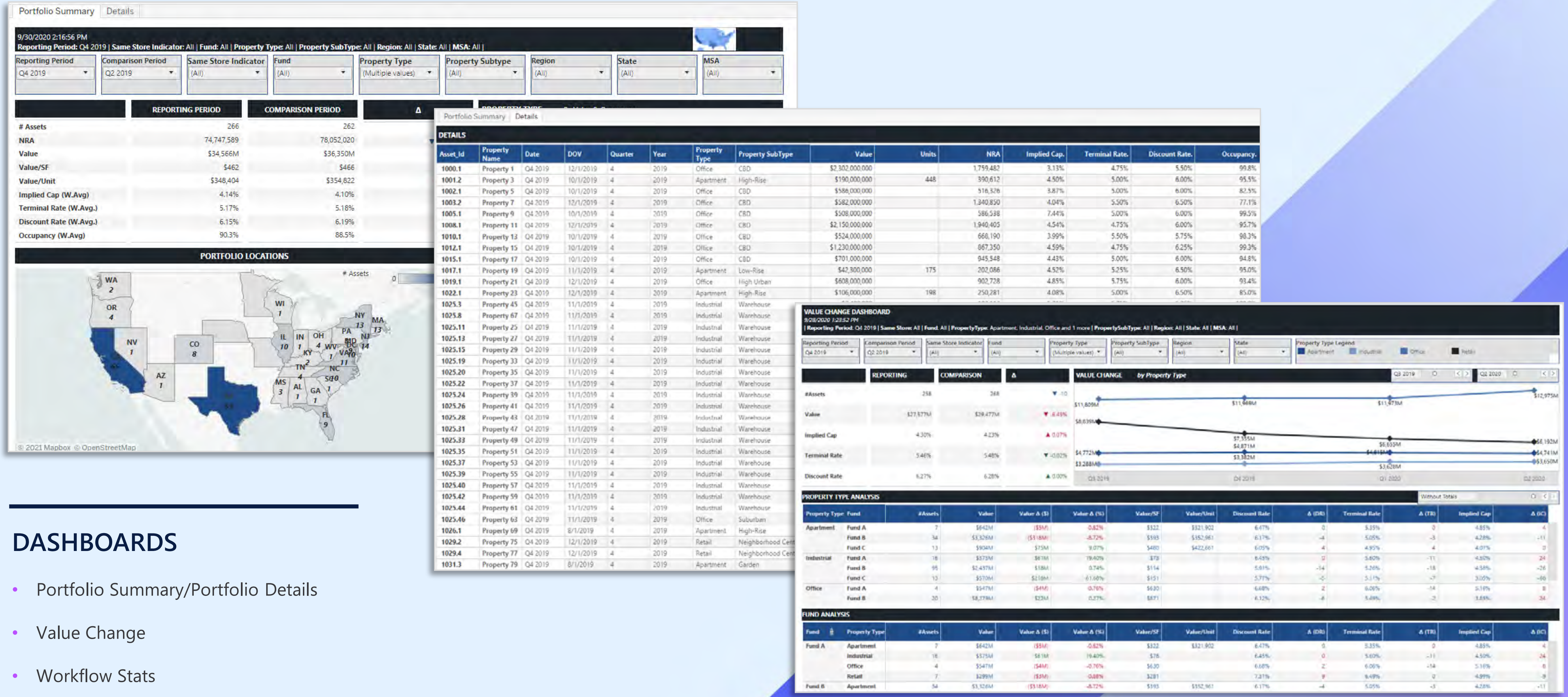
- Tableau Integration
- Dynamic Client Dashboards & Portfolio Review

VMS Technology



342 of 414

Performance Dashboards



DASHBOARDS

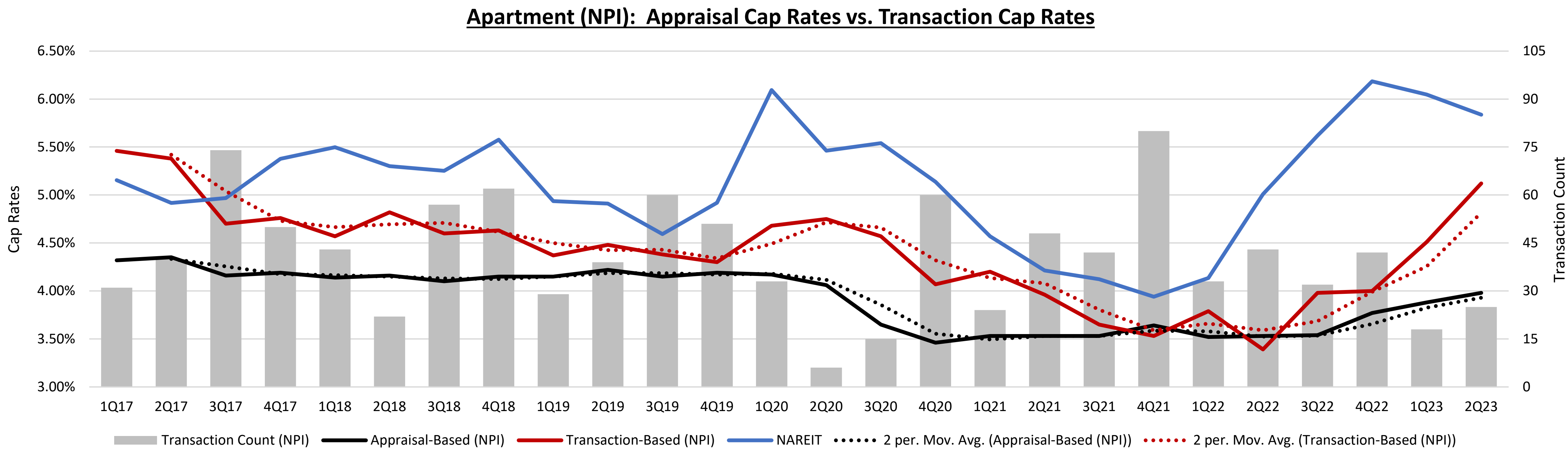
- Portfolio Summary/Portfolio Details
- Value Change
- Workflow Stats
- International (w/Currency Exchange)

SitusAMC

SitusAMC REVS
3Q23 Market Update & Outlook

September 2023

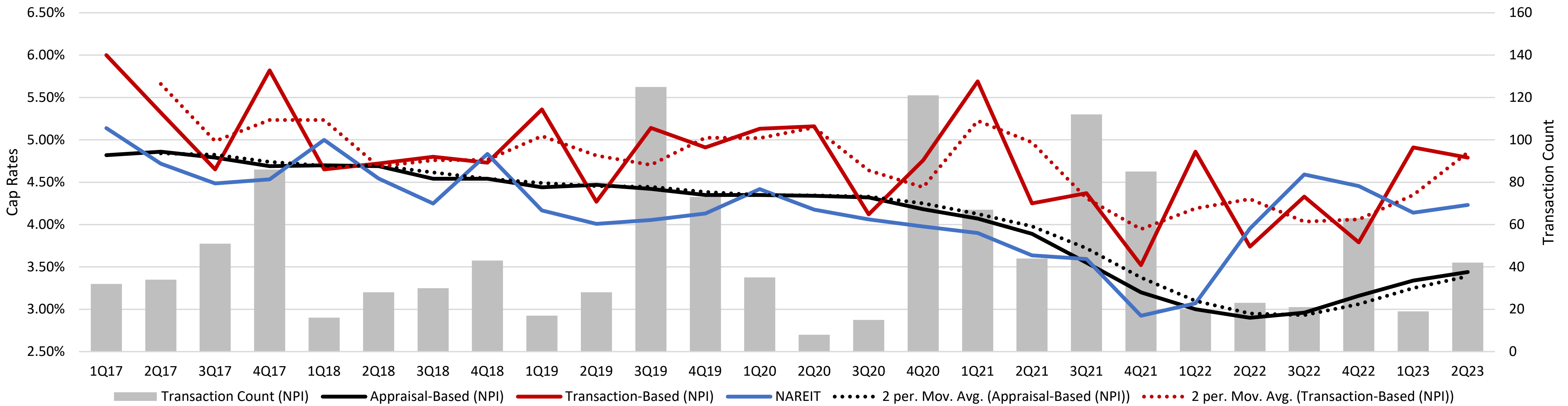
Apartment Cap Rates – Transactions Indicate Continued Increases



Source: NCREIF, NAREIT, SitusAMC

Quarter	Appraisal-Based	Transaction Based	Transaction Count
3Q22	3.54%	3.98%	32
4Q22	3.77%	4.00%	42
1Q23	3.88%	4.51%	18
2Q23	3.98%	5.12%	25

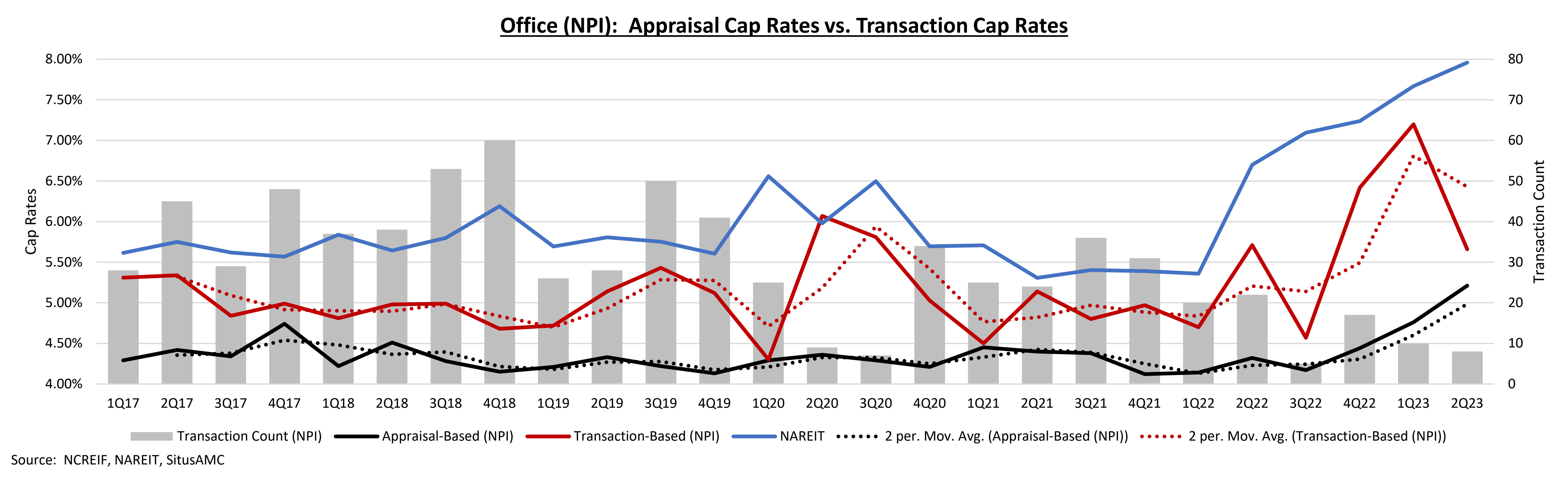
Industrial Cap Rates – Rate Reset is Occurring…Even in Industrial



Source: NCREIF, NAREIT, SitusAMC

Quarter	Appraisal-Based	Transaction Based	Transaction Count
3Q22	2.96%	4.33%	21
4Q22	3.16%	3.79%	63
1Q23	3.34%	4.91%	19
2Q23	3.44%	4.79%	42

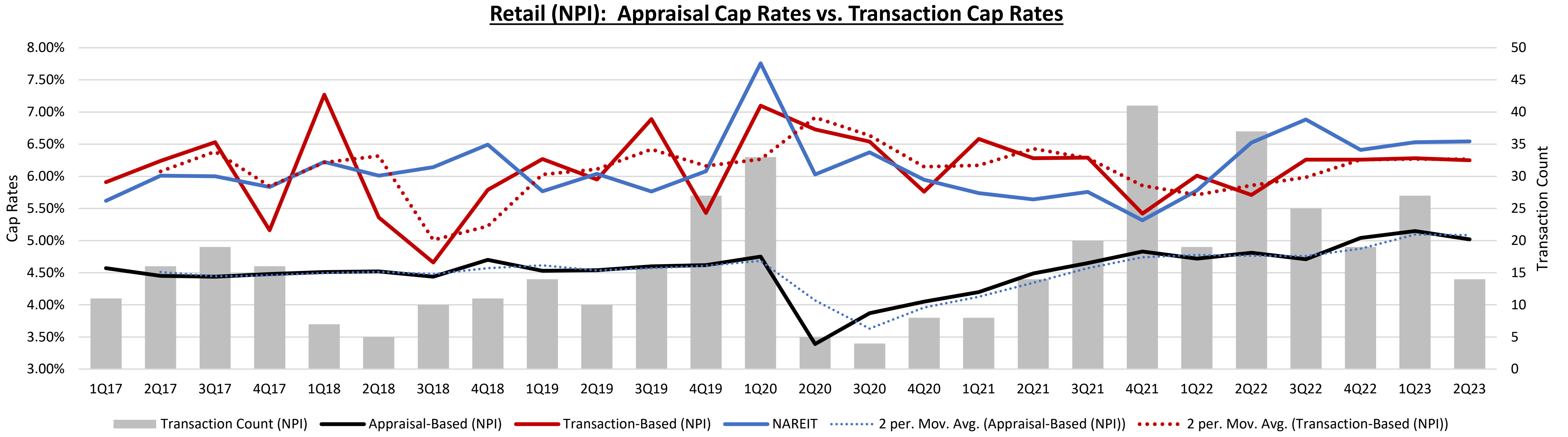
Office Cap Rates (Wide Gap) – Transaction Noise / Public on Rise



Source: NCREIF, NAREIT, SitusAMC

Quarter	Appraisal-Based	Transaction Based	Transaction Count
3Q22	4.17%	4.57%	5
4Q22	4.44%	6.42%	17
1Q23	4.76%	7.20%	10
2Q23	5.21%	5.66%	8

Retail Cap Rates – Historical Spread May Suggest Stabilization

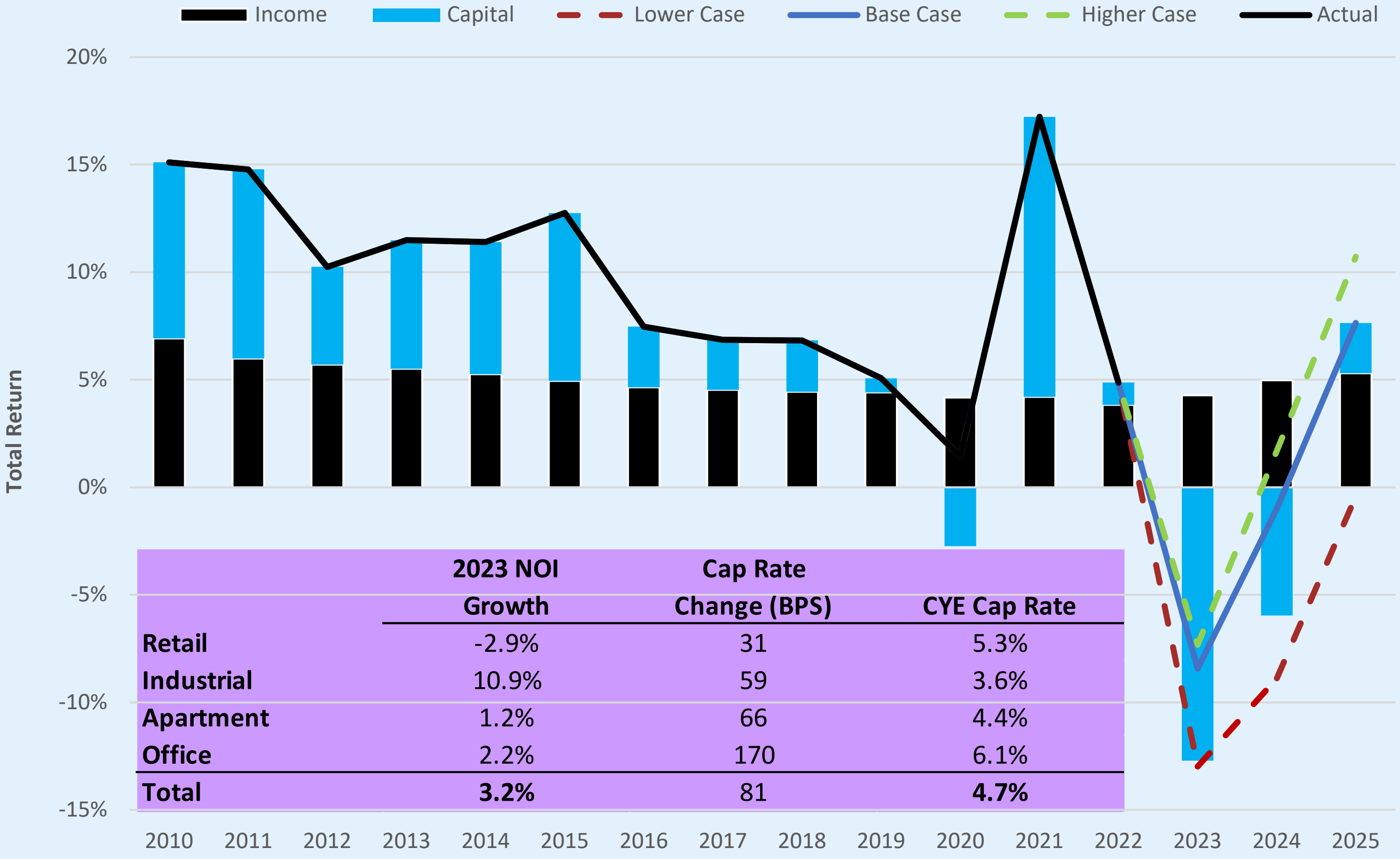


Source: NCREIF, NAREIT, SitusAMC

Quarter	Appraisal-Based	Transaction Based	Transaction Count
3Q22	4.71%	6.26%	25
4Q22	5.04%	6.26%	19
1Q23	5.15%	6.28%	27
2Q23	5.02%	6.25%	14

SitusAMC Total Return Forecast – Expect Additional 10%+ Value Decline

SITUSAMC TOTAL RETURN FORECAST



	2023 NOI Growth	Cap Rate Change (BPS)	CYE Cap Rate
Retail	-2.9%	31	5.3%
Industrial	10.9%	59	3.6%
Apartment	1.2%	66	4.4%
Office	2.2%	170	6.1%
Total	**3.2%**	81	**4.7%**

CAPITAL RETURNS (NPI-ODCE)
BY PROPERTY TYPE

	2022 (Actual)	YTD 2023 (Actual)	2023 (Forecast)	2024 (Forecast)
Retail	-1.9%	-2.9%	-5.3%	-2.8%
Industrial	11.3%	-2.5%	-7.5%	-4.6%
Apartment	2.3%	-5.3%	-11.7%	-5.0%
Office	-8.3%	-13.7%	-23.7%	-11.0%
Total	**0.8%**	**-6.4%**	**-12.7%**	**-6.0%**

The total return forecast is SitusAMC's proprietary model based on SitusAMC data and data from NPI-ODCE, and is for unleveraged, institutional-grade properties. Total returns are derived from an income component and a capital appreciation/depreciation component.
Sources NCREIF, SitusAMC, 1Q 2023.

SitusAMC

APFC Portfolio

September 2023

September 30, 2023, Valuations by Property Type

Apartment

- Implied cap rate went from 4.10% in 3Q22 to 4.63% in 3Q23 **(+0.53%)**

Industrial

- Implied cap rate went from 2.62% in 3Q22 to 3.98% in 3Q23 **(+1.36%)**

Office

- Implied cap rate went from 4.07% in 3Q22 to 4.59% in 3Q23 **(+0.52%)**

Retail

- Implied cap rate went from 3.48% in 3Q22 to 4.27% in 3Q23 **(+0.79%)**

Value Change: 3Q22 to 3Q23

-6.22%	-14.76%
APARTMENT	RETAIL
-0.76%	-12.10%
INDUSTRIAL	OFFICE

*This includes only U.S. operating assets from 3Q22 and 3Q23, ignoring any acquisitions or dispositions, calculated at APFC's % share as of 3Q23 for the property types referenced above
*This uses DRAFT values as of 9/15/23 for 3Q23

SitusAMC™

Powering
opportunity
everywhere.

352 of 414

DISCLAIMER

General

This disclaimer applies to this document and any and all verbal or written comments of any person(s) presenting it. This document, taken together with any such verbal or written comments, is referred to collectively as this "Proposal." SitusAMC taken together with its respective affiliates and subsidiaries are collectively referred to as "SitusAMC." The terms of this Proposal are for discussion purposes only and not intended to constitute a final definitive agreement for services, which each party reserves the right to negotiate and enter into at its sole discretion.

Confidentiality, Distribution of Proposal

This Proposal is produced solely for you and your internal purposes and may not be transmitted, reproduced (in whole or in part) or made available to any other person without the prior express, written consent of SitusAMC. By accepting receipt of this Proposal, you agree that you will acknowledge and agrees to confidential nature of this Proposal, and shall treat this Proposal accordingly. This reminder should not, in any way, limit the terms and conditions of any documentation containing confidentiality provisions that you (or your organization) executed with SitusAMC.

Forward-Looking Statements

Forward-looking statements (including estimates, opinions or expectations about any future event(s)) contained in this Proposal are based on a variety of estimates and assumptions made by SitusAMC. These estimates and assumptions are inherently uncertain and are subject to numerous business, competitive, financial, geopolitical, industry, market and regulatory risks that are outside of SitusAMC's control. There can be no assurances that any such estimates and/or assumptions will prove accurate, and actual results may differ materially. The inclusion of any forward looking statements herein should not be regarded as an indication or representation that SitusAMC considers such forward looking statement to be a reliable prediction of future events and no forward looking statement should be relied upon as such. SitusAMC makes no representation or warranty regarding any forward looking statement.

Past Performance

In all cases for which historical performance is presented, please note that past performance is not a reliable indicator of future results and should not be relied upon as such.

No Reliance, No Update, and Use of information

This Proposal is for informational purposes only. This Proposal does not purport to be complete on any topic(s) addressed herein. The information included in this Proposal is provided to you as of the dates indicated and SitusAMC does not intend to update the information after this Proposal is distributed to you. Certain information contained in this Proposal includes calculations and/or figures that have been prepared internally and have not been audited or verified by a third party. This Proposal may contain the subjective views of certain SitusAMC personnel and may not necessarily reflect the collective view of SitusAMC or certain SitusAMC business units.

No Advice

This Proposal is not intended to provide, and should not be relied upon, for advice of any kind, including, without limitation, accounting, investment, legal and/or tax advice.

Current Data

Unless otherwise noted, the information presented herein is as of the date of this Proposal.

Logos, Trade Names, Trademarks and Copyrights

Certain logos, trade names, trademarks and copyrights included in this Proposal are strictly for identification and informational purposes only. Such logos, trade names, trademarks and copyrights may be owned by companies or persons not affiliated with SitusAMC. SitusAMC makes no claim that any such company or person has sponsored or endorsed the use of any such logo, trade name, trademark and/or copyright. The Interlocking Circles design, SitusAMC, and Realizing Opportunities in Real Estate are registered trademarks of SitusAMC.

Financial Services and Markets Act

Nothing contained in this Proposal is intended to constitute a financial promotion for the purpose of Section 21 of the Financial Services and Markets Act 2000.0

APFC ALASKA PERMANENT FUND CORPORATION
801 W 10TH SUITE 302 | JUNEAU, AK 99801
907.796.1500 | apfc.org

SUBJECT: Climate Change, Misguided Activism & a Roadmap for Institutional Investors
John Skjervem, APFC Investment Advisor

ACTION:__________

DATE: September 28, 2023

INFORMATION:_____X_____

BACKGROUND:

John Skjervem is under contract with APFC to act as a member of the Investment Advisory Group (IAG) for the Board of Trustees. Mr. Skjervem's presentation at this meeting is in fulfillment of the contractual requirement to annually present a topic for the Board's consideration on best practices in the management of large institutional funds.

Climate Change, Misguided Activism and a Roadmap for Institutional Investors

APFC ALASKA PERMANENT FUND CORPORATION

John D. Skjervem, CFA

September 28, 2023

Disclaimer

The views, observations and opinions expressed in this presentation are those of the presenter alone and do not in any way reflect official policy or positions of Utah Retirement Systems or the views or policies of any other organization with which the presenter is affiliated. The information set forth herein has been obtained or derived from sources believed by the presenter to be reliable, but the presenter makes no representations or warranties, express or implied, regarding the information's accuracy or completeness.

Agenda

Section I: Climate Change

Section II: Divestment & Net Zero Initiatives

Section III: What Should Concerned Citizens & Activists Do?

Section IV: What Should Institutional Investors Do?

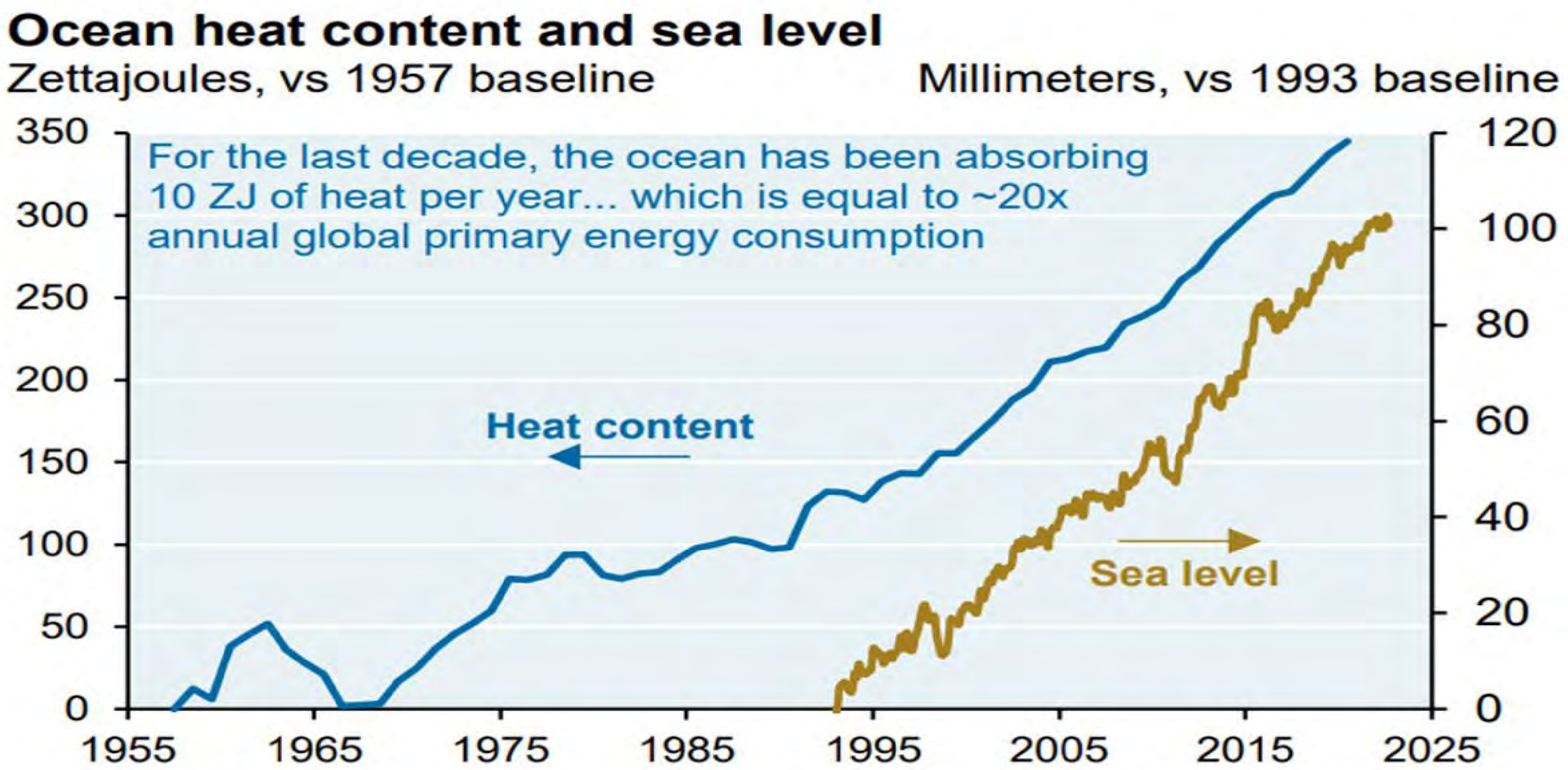
Section V: Conclusion

Appendix

Climate Change, Misguided Activism and a Roadmap for Institutional Investors

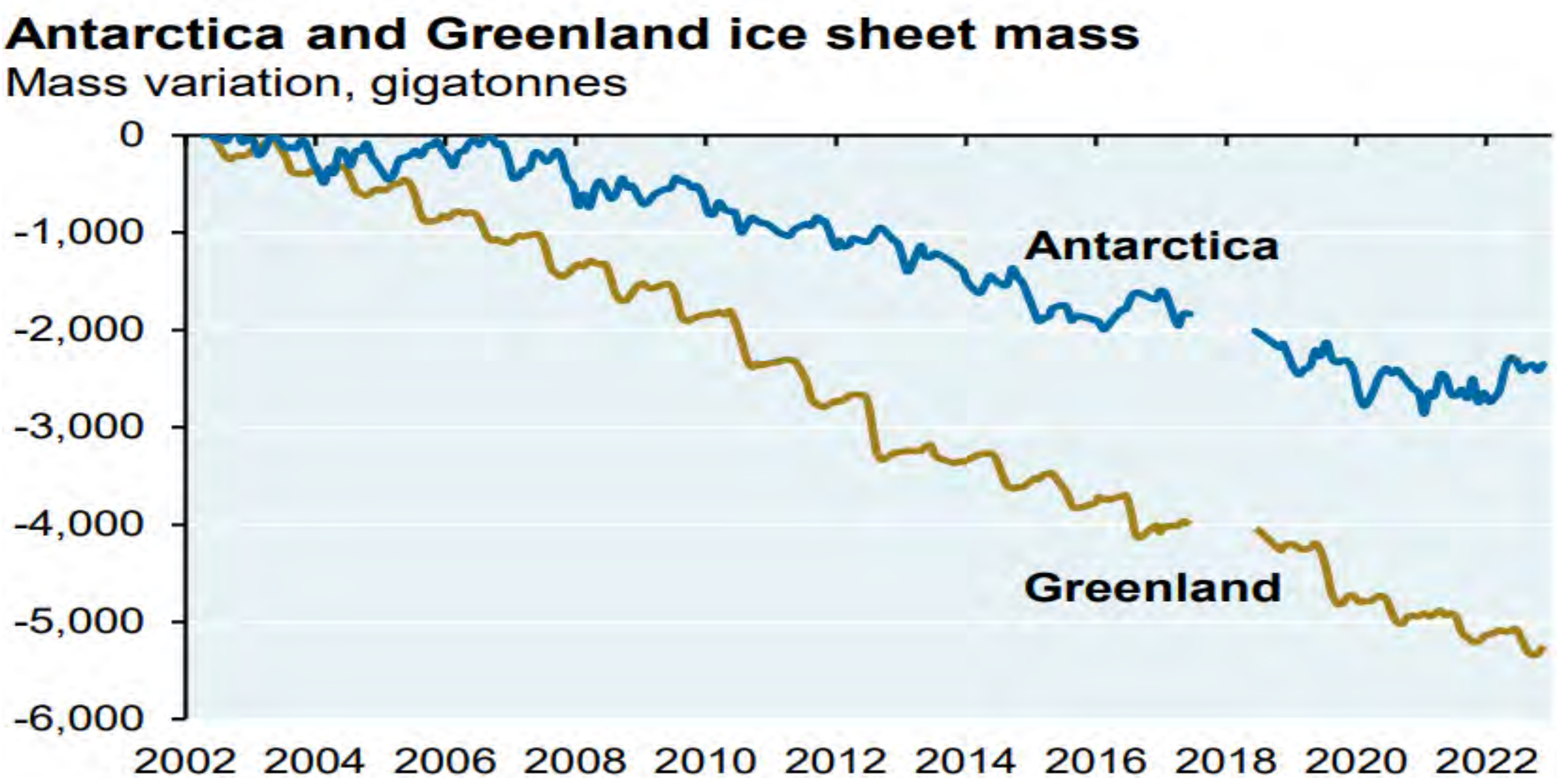
Section I: Climate Change

Climate Change



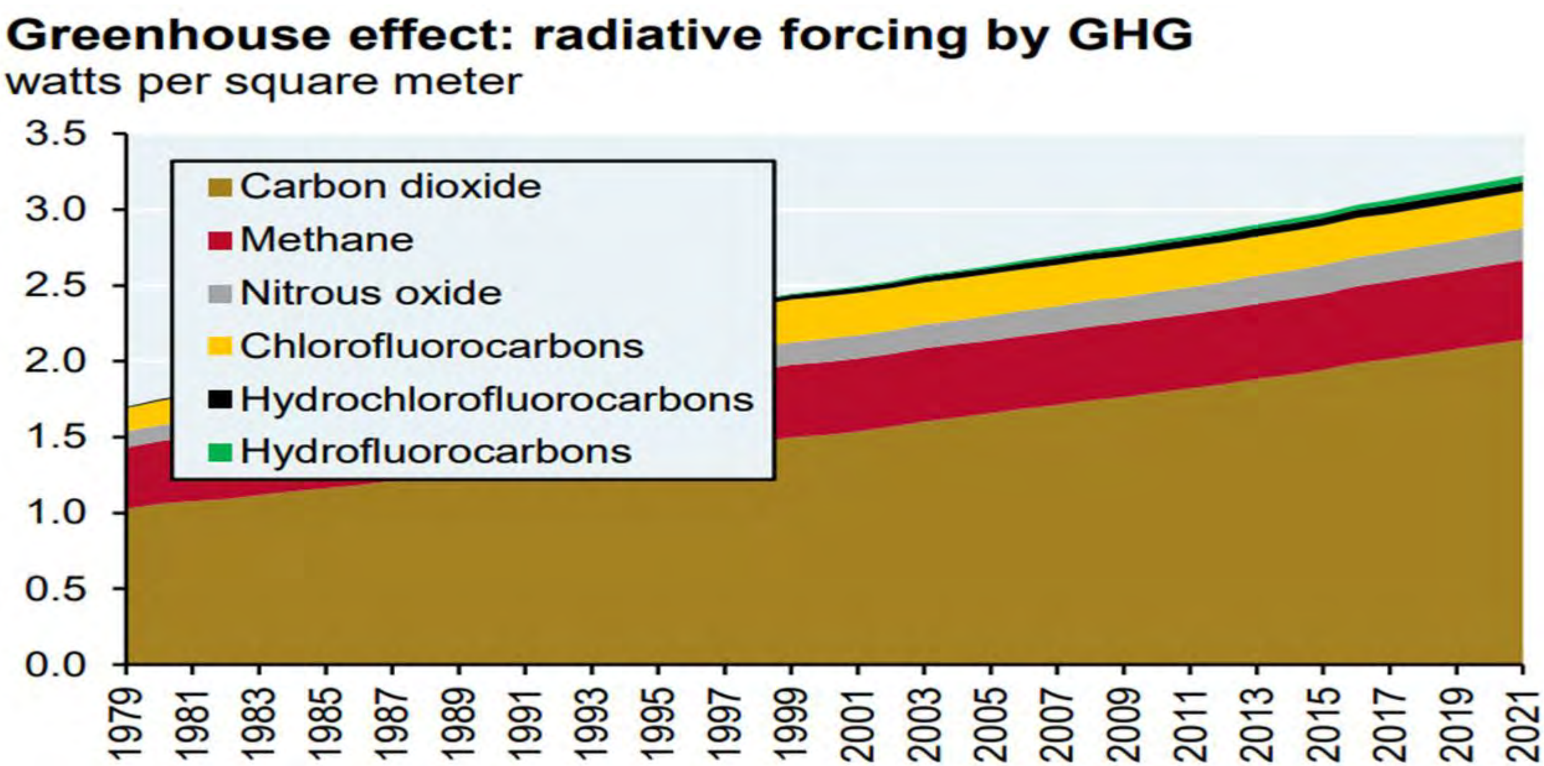
Source: NASA/NOAA, 2022; JP Morgan, 2023. 1 ZJ = 1021 joules.

Climate Change



Source: NASA, November 2022; JP Morgan, 2023.

Climate Change



Source: NOAA Global Monitoring Laboratory, 2022; JP Morgan, 2023.

Climate Change, Misguided Activism and a Roadmap for Institutional Investors

Section II: Divestment & Net Zero Initiatives

Divestment

- Doesn't Work: **exactly no one** quit smoking because CalSTRS divested its shares in tobacco companies
- Harms funds and their beneficiaries*
- Robs institutional investors of engagement opportunities
- Transfers shares to less responsible shareholders
- And if divestment did work, it would manifest as a direct and punitive tax on the poor and working classes

* CalSTRS cumulative divestment cost estimate is $9.5 billion as of December 31, 2023.
See Appendix for study details.

Net Zero

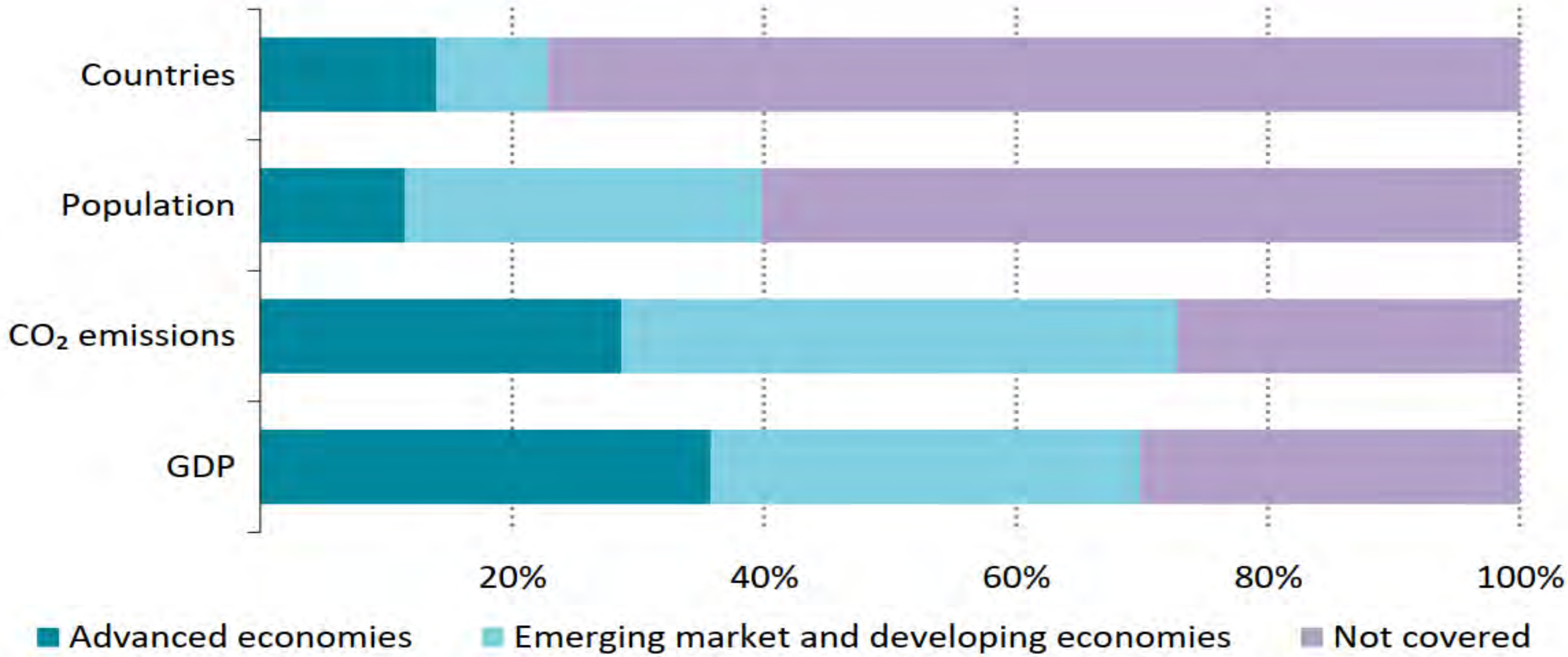
- Sustainability frameworks are noble (and good)
- Net Zero initiatives are largely futile and represent the latest round of easy, feel-good distractions
- The Emerging World doesn’t care about the West’s net zero ambitions

2023 Population Statistics

– OPERS	393 thousand
– Oregon	4.24 million
– United States	335.38 million
– OECD	1.38 billion
– Africa	1.47 billion
– China	1.41 billion
– India	1.40 billion
– Indonesia	279.48 million
– Pakistan	247.65 million
– Brazil	218.69 million
– Bangladesh	167.18 million

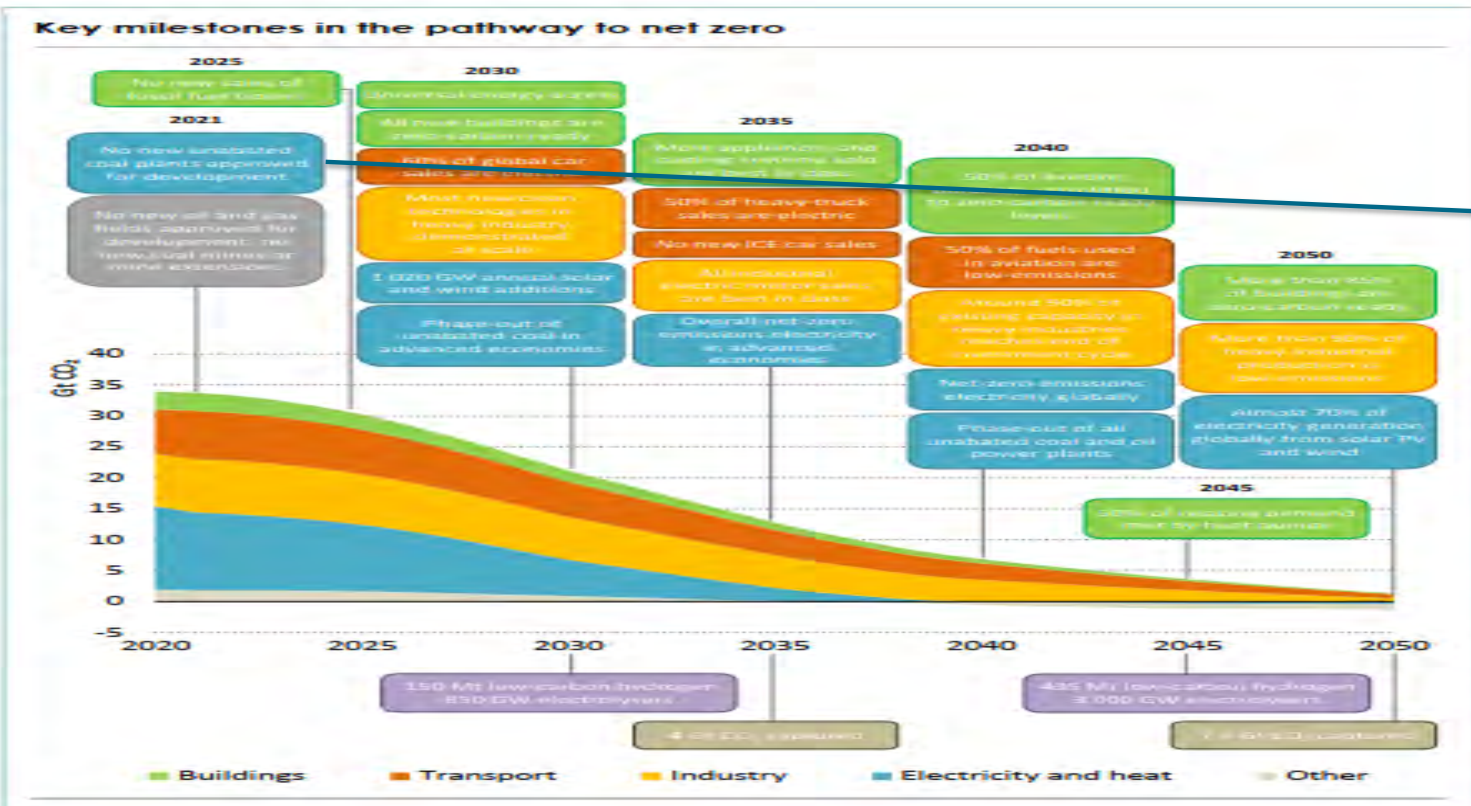
Source: United States Census Bureau; The World Bank; Worldometer.

National Net Zero Pledges



Source: *Net Zero by 2050*, IEA, October, 2021.

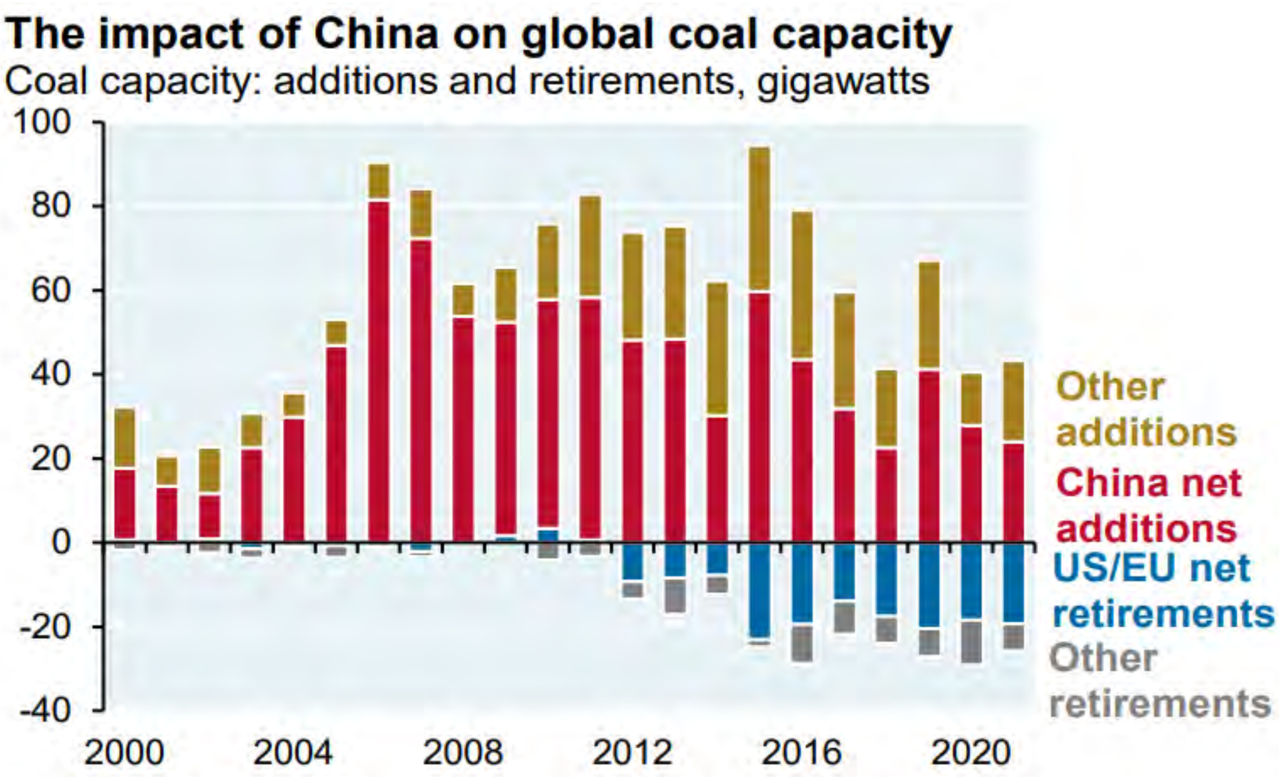
China Didn't Get the Memo



2021: "No new unabated coal plants approved for development."

Source: *Net Zero by 2050*, IEA, October, 2021.

East vs. West



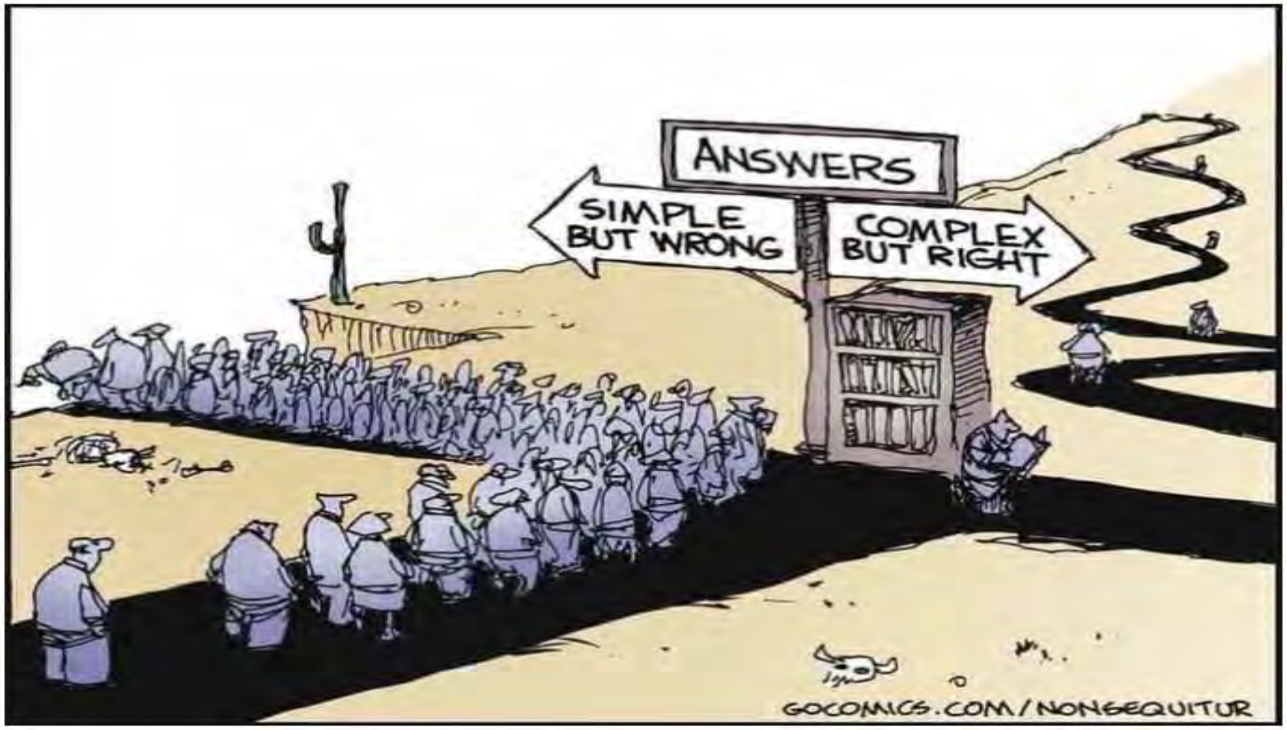
"In 2022, China approved 106 GW of new coal capacity, the highest figure in 7 years, and which is equal to the last 5 years of decommissioned coal capacity in the US and Europe combined."*

* J.P. Morgan, *Eye on the Market*, 2023 Annual energy Paper

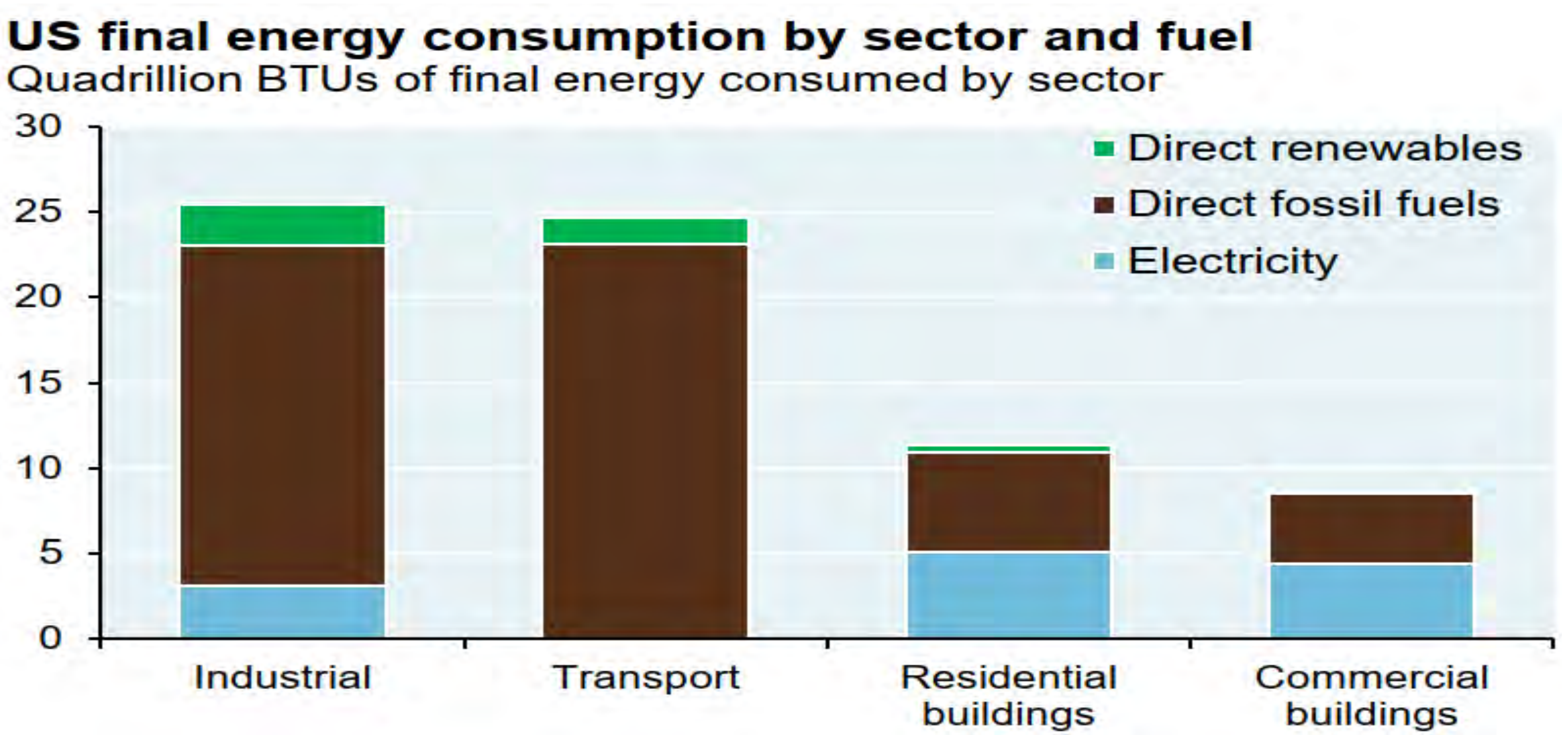
Source: Centre for Research on Energy and Clean Air. 2021.


Climate Change, Misguided Activism and a Roadmap for Institutional Investors
Section III: What Should Concerned Citizens & Activists Do?

Get Educated

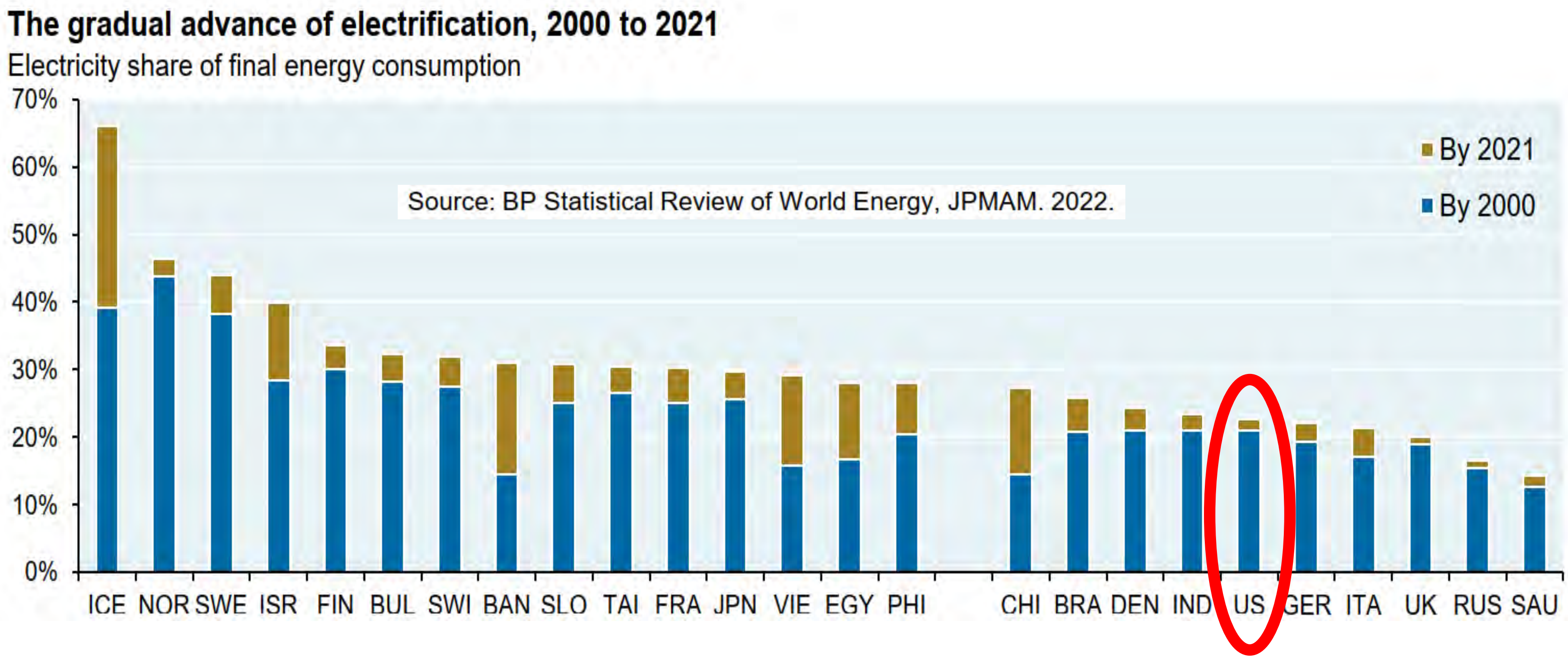


The Big Four



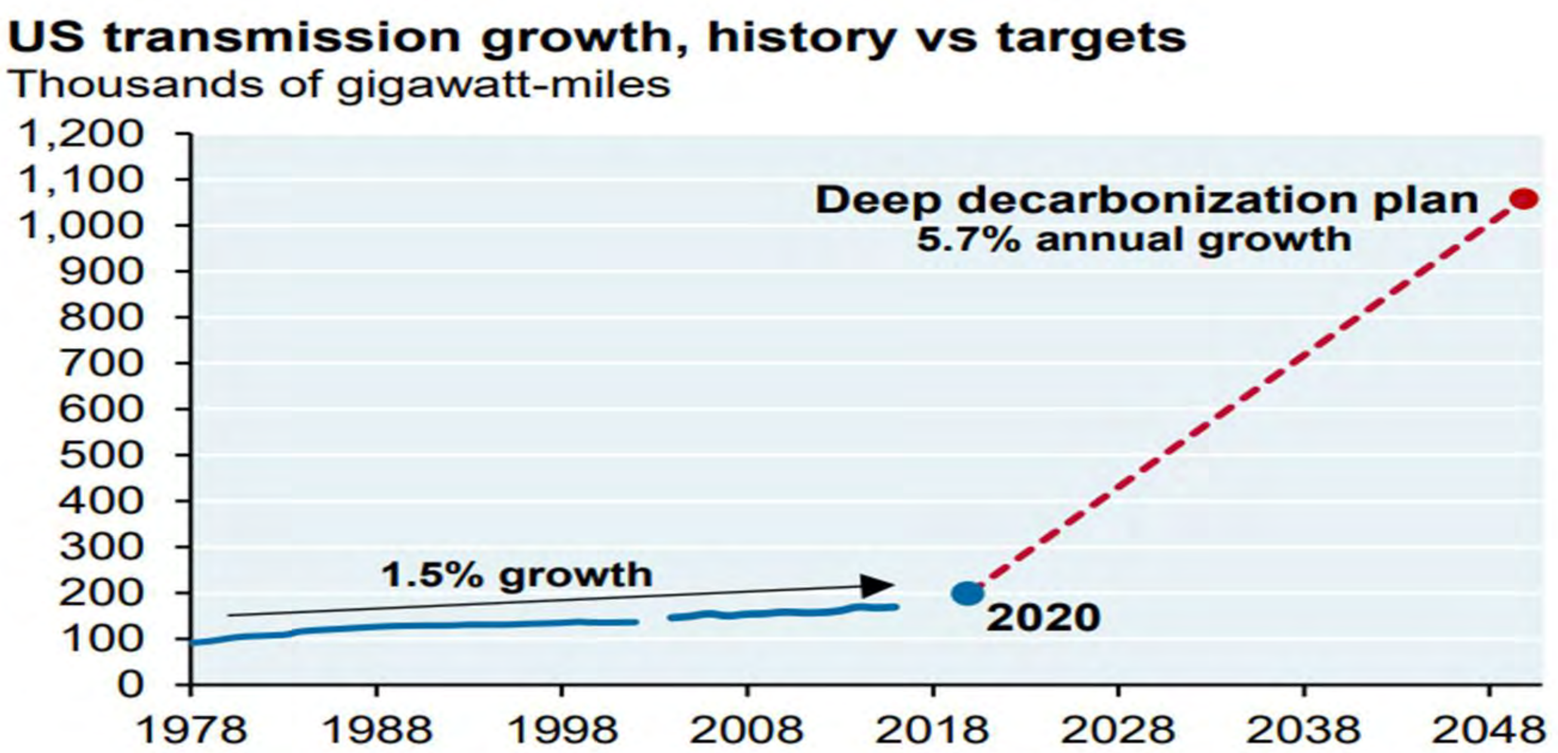
Source: Energy Information Administration; JPMAM, 2021.

Negligible Progress in 20 Years



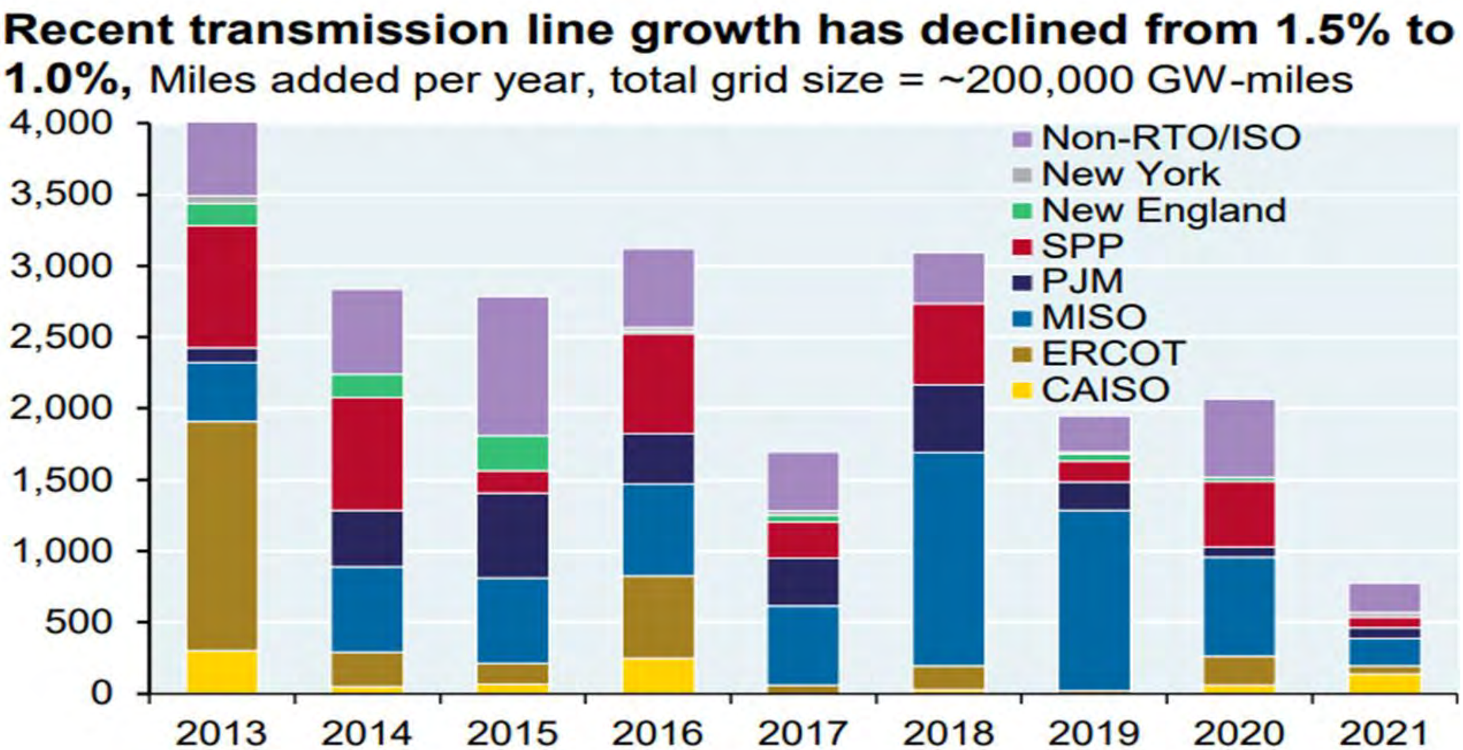
Source: BP Statistical Review of World Energy; JPMAM, 2022.

The Grid Must Expand



Source: DOE; UT Austin; Larson et al (Princeton); JPMAM, 2022.

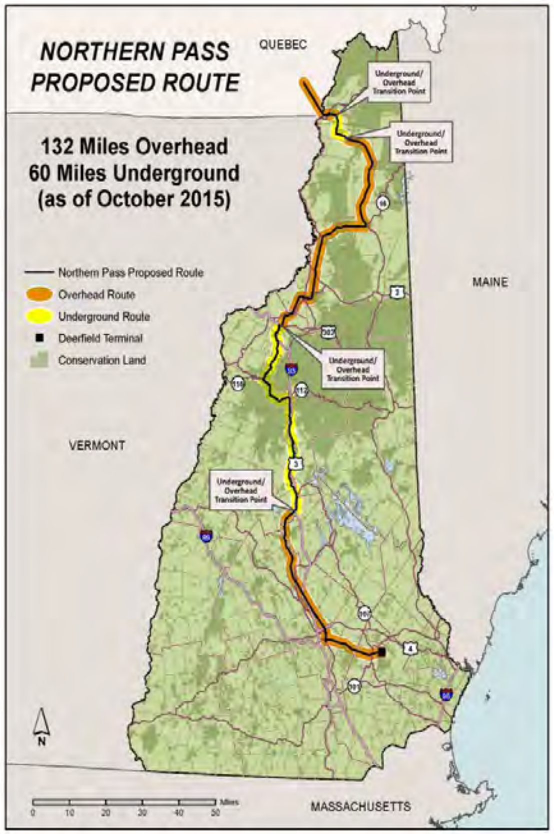
Going the Wrong Way



Source: S&P Global; JPMAM, 2022. Note: Transmission lines > 100 kV

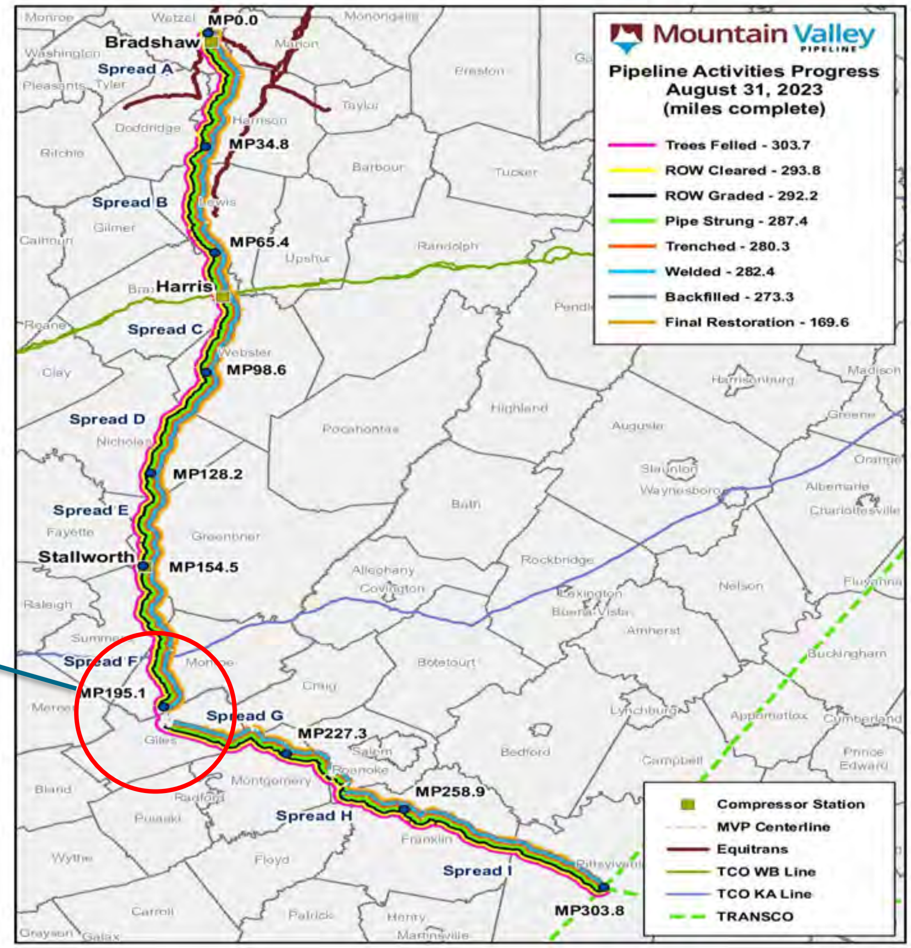
Remember Northern Pass

New Hampshire and Maine blocked Massachusetts' access to Canadian hydropower.



Source: Concord Monitor; AP Photo/Michael Casey.

Mountain Valley Pipeline



C'mon, man!?!

Source: *mountainvalleypipeline.info*

They'd Rather Burn More Coal?!?

Source: Bloomberg.

This Guy Gets It

Climate Change, Misguided Activism and a Roadmap for Institutional Investors

Section IV: What Should Institutional Investors Do?

Both/And, Left-to-Right

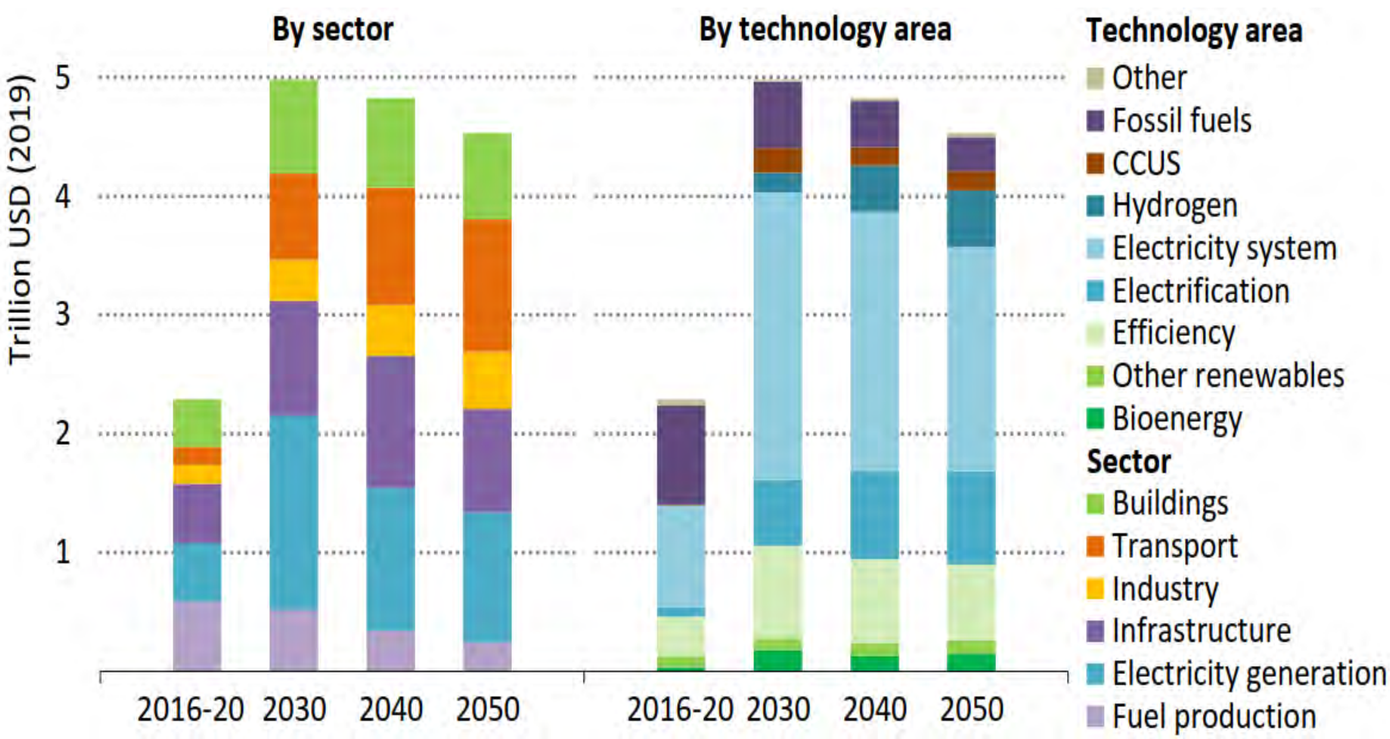
Fossil Fuels
- Coal
- Oil

Natural Gas
- Peaker plants
- Co-generation plants (coal or natural gas)

Hybrid
- Renewables
- Natural Gas
- Hydrogen

Moonshots
- Hydrogen
- Fission
- Fusion

Average Annual Investment Projections



"Capital investment in energy rises from 2.5% of GDP in recent years to 4.5% by 2023; *the majority is spent on electricity generation, networks and electric end-user equipment*." [italics added]

Source: *Net Zero by 2050*, IEA, October, 2021.

GS Thinks So Too

We Believe The Climate Transition Could Be a $30+ Trillion Opportunity Over the Next Decade

Creating a multi-trillion-dollar opportunity to advance climate impact and decarbonization

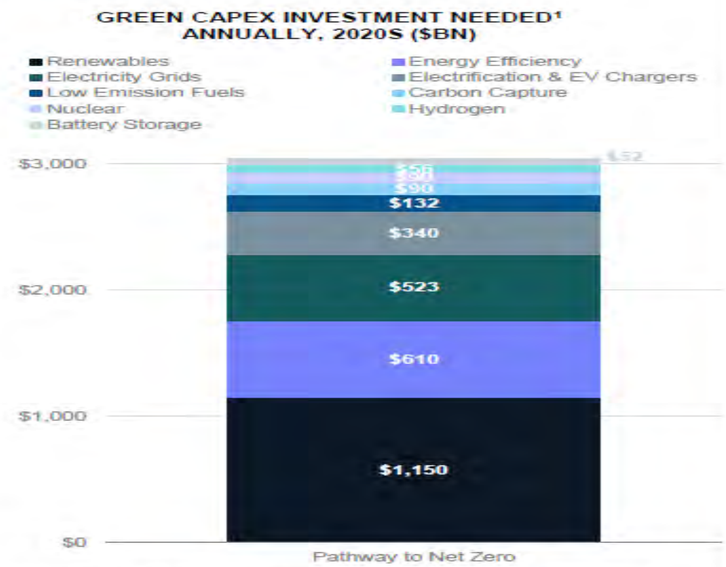
Clean Energy

Sustainable Transport

$3.0tn

Clean power, energy & electrification investments required annually through 2030 to meet Net Zero UN Sustainable Development Goals[1,2]…

… versus only $600bn debt plus $200bn equity deployment in climate-impact investments in 2020[3,4]



ADDITIONAL SECTOR OPPORTUNITIES

Sustainable Infrastructure	~$2.5tn	**Transport & telecom infrastructure capital required to meet UN objectives[5]** global, annually (through 2030)
Water & Wastewater	~$0.5tn	**Water infrastructure capital investment required to meet UN objectives[5]** global, annually (through 2030)

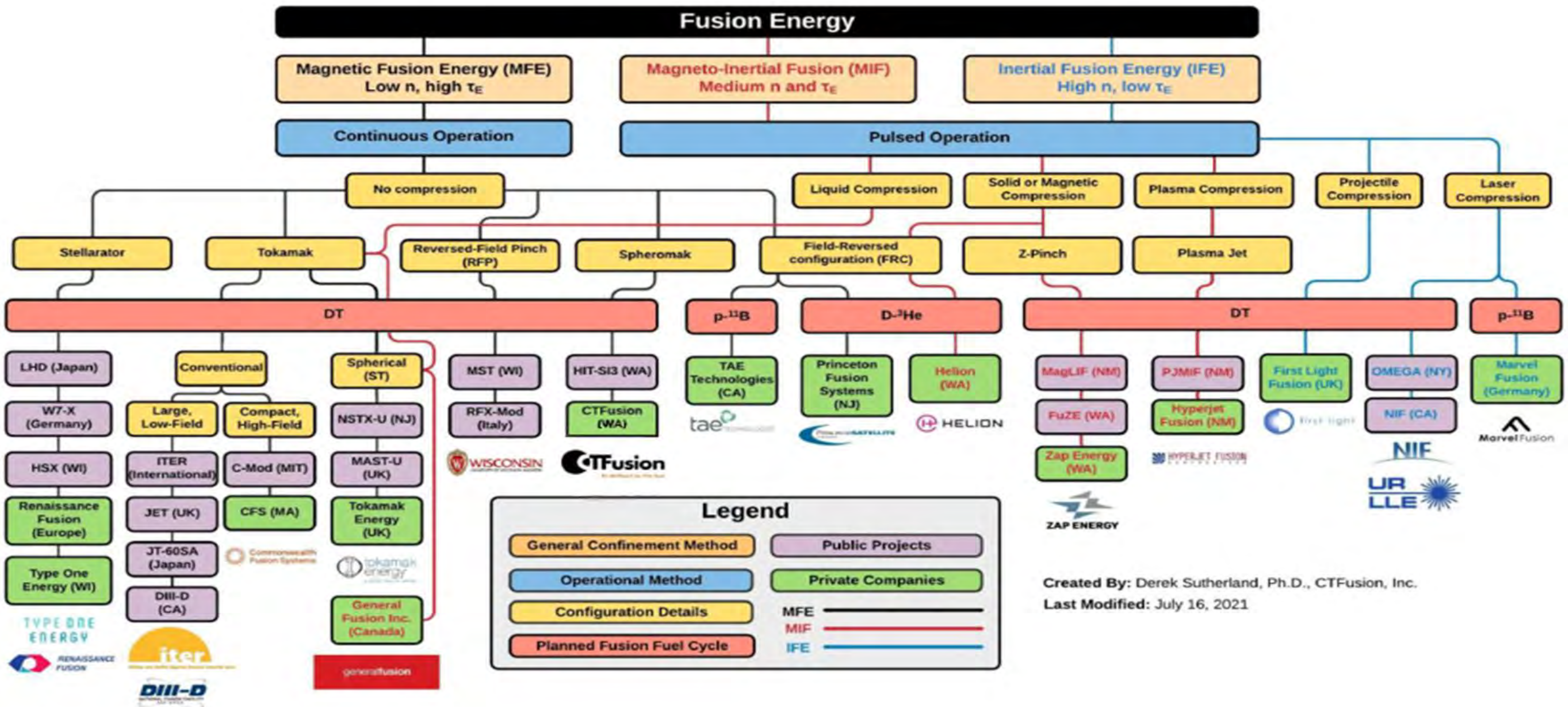
1. Source: Goldman Sachs Global Investment Research (Oct 2021). 2. The Climate Policy Initiative has estimated this figure to be as high as $4.1 trillion minimum investment annually by 2030 (Climate Policy Initiative, "Global Landscape of Climate Finance 2021."). 3. Source: International Energy Agency (iea.org): *World Energy Investment 2021*. Executive summary. 4. Source: Climate Policy Initiative, "Global Landscape of Climate Finance 2021." 5. Sources: Goldman Sachs Global Investment Research, OECD: "Financing Climate Futures: Rethinking Infrastructure" (2018).

Less of This

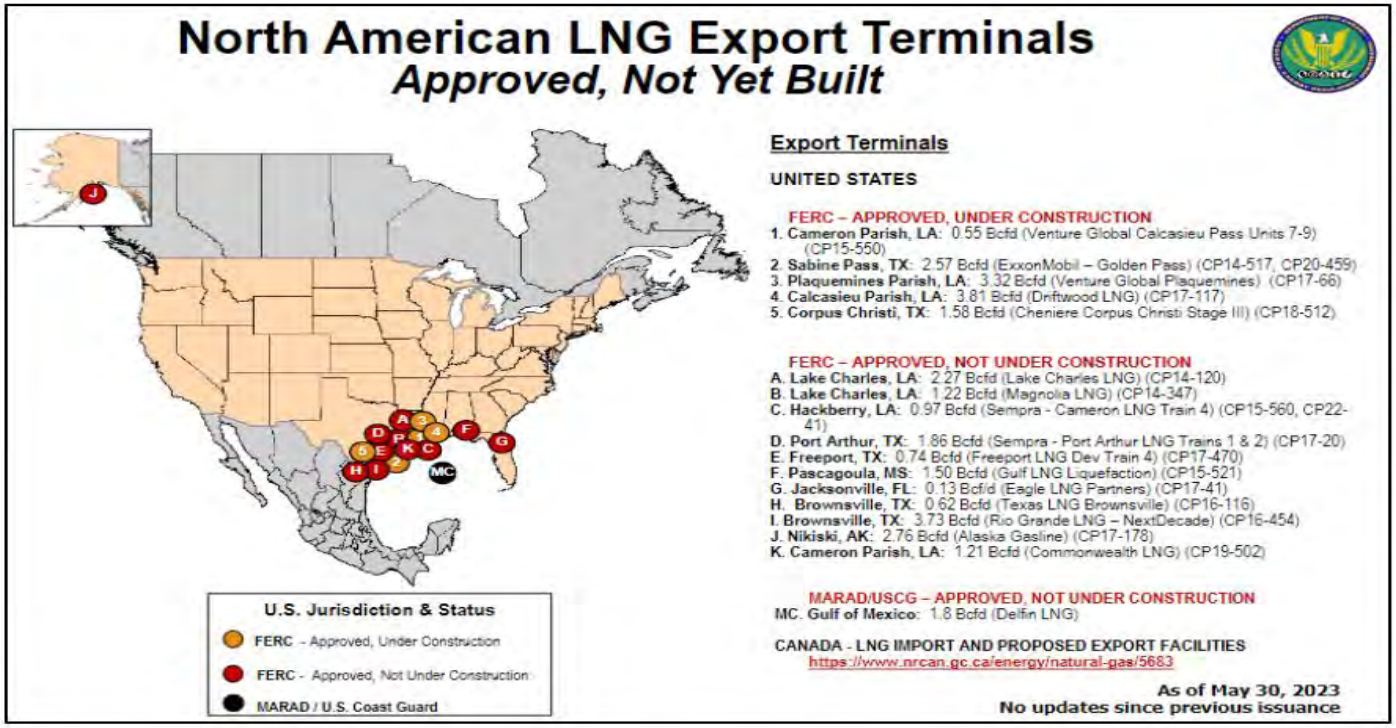
More of This


arpa·e
energy innovation summit
March 22-24, 2023 • Washington, D.C.
ARPAE-Summit.com
ACADEMIA
INDUSTRY
RESEARCH
GOVERNMENT
INVESTORS
MEDIA
ENTREPRENEURS
The Future, Faster
over 100 speakers & keynote addresses
more than 2,700 registered attendees from 49 states & 27 countries
35 government agencies including representatives from DOD, DOE, & other civilian & state agencies
over 50 registered students from 26 universities across 18 states & D.C.
more than 400 transformational technologies
focused networking opportunities

Fusion Industry Landscape

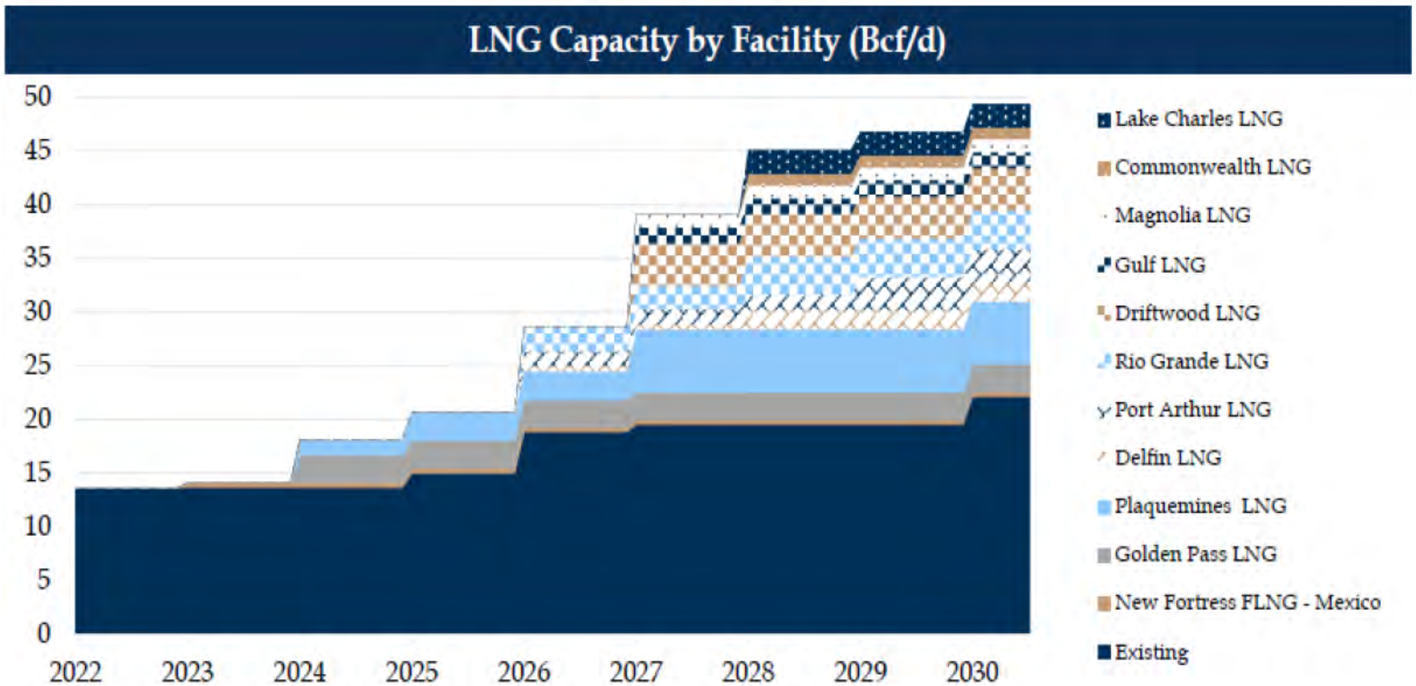


LNG Boom



Source: *GREYROCK Investment Partners, 2023*.

Exports that Displace Coal

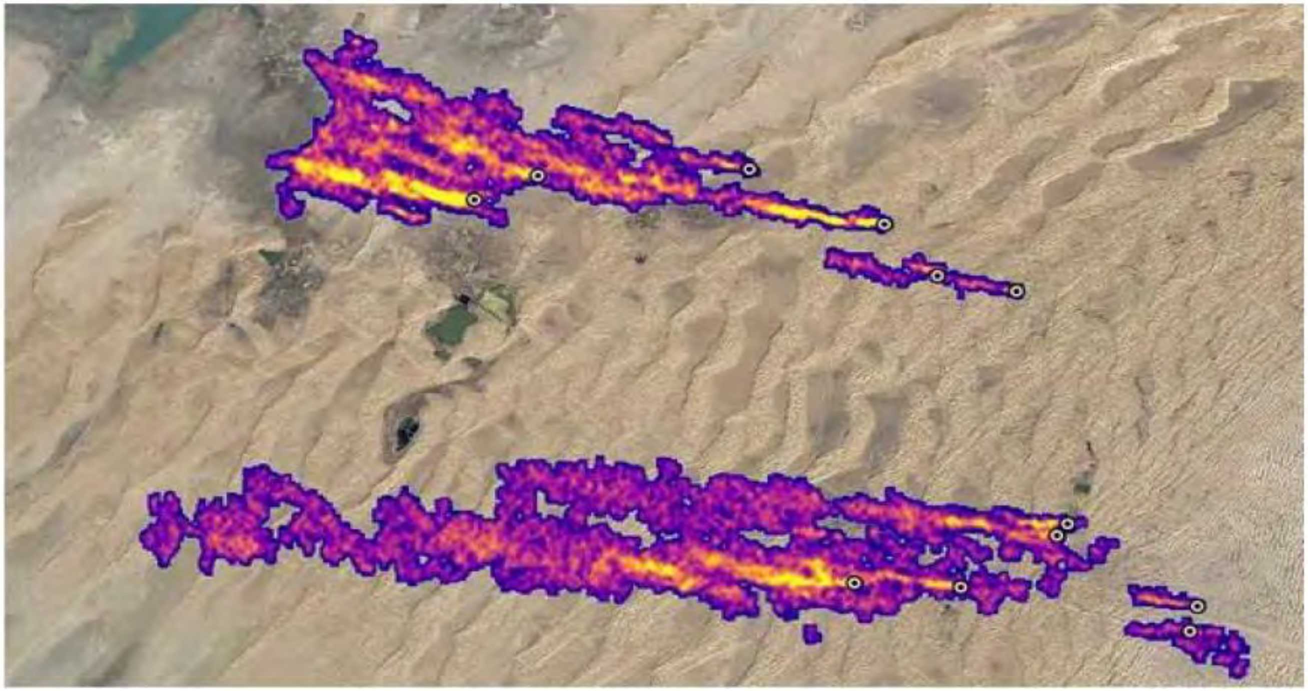


The U.S. is expected to almost double its LNG export capacity by 2026 and nearly triple that capacity by 2030.

Source: ARM Energy, May 2023.

Source: *GREYROCK Investment Partners, 2023*.

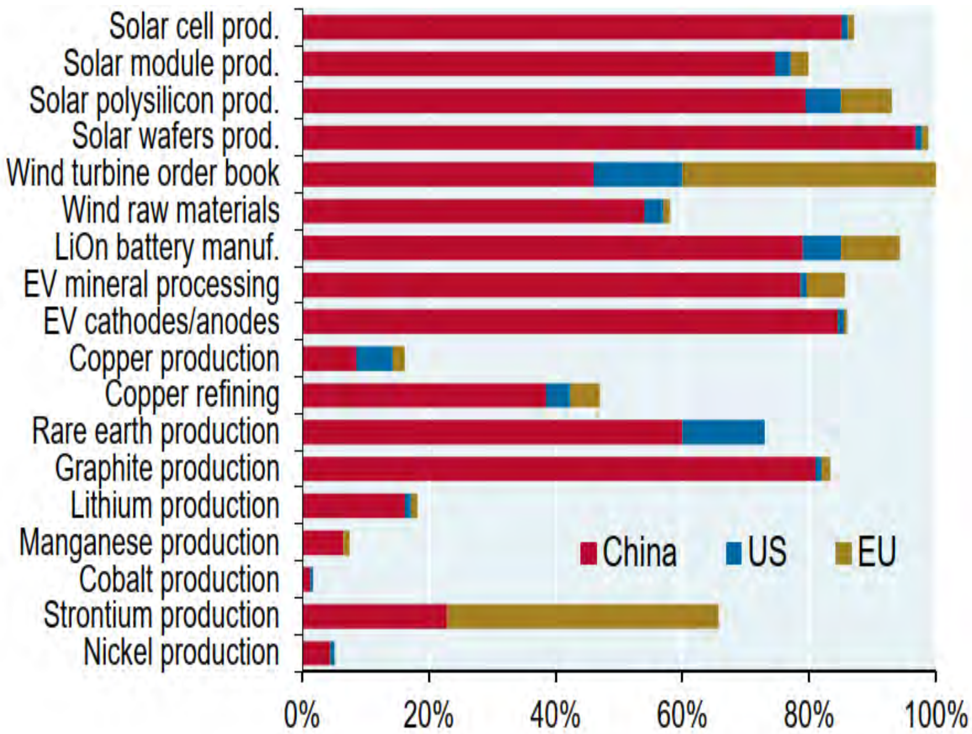
October, 2022



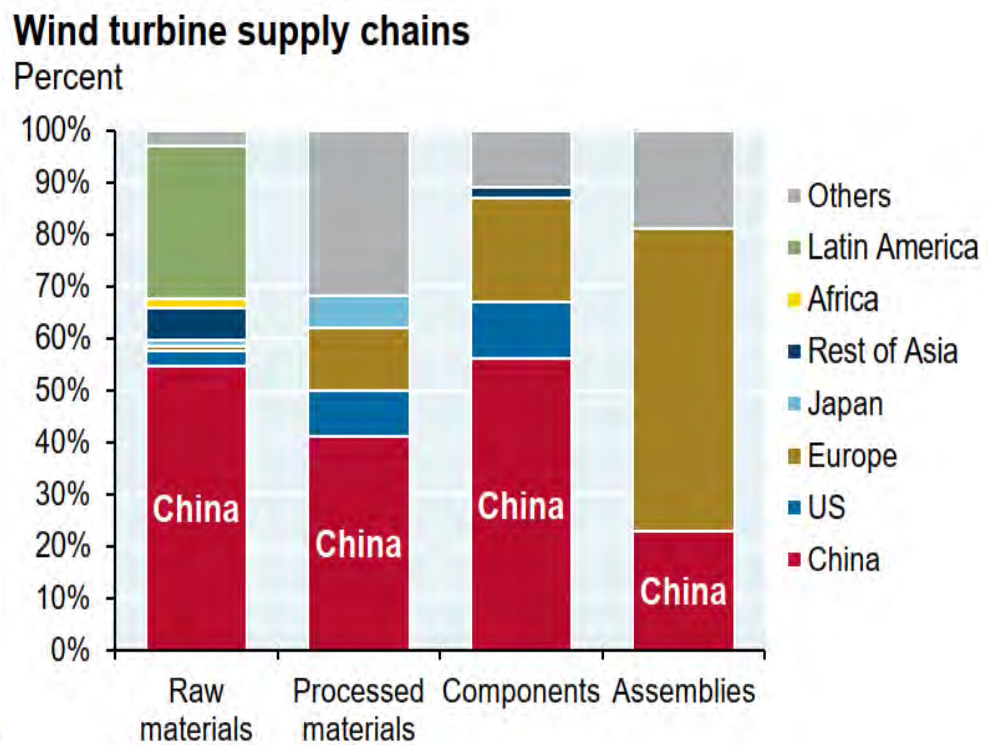
Methane plumes east of Hazar, Turkmenistan

Source: *Nasa/JPL-Caltech/AFP/Getty; GREYROCK Investment Partners.*

China Dominates Renewables Supply Chains

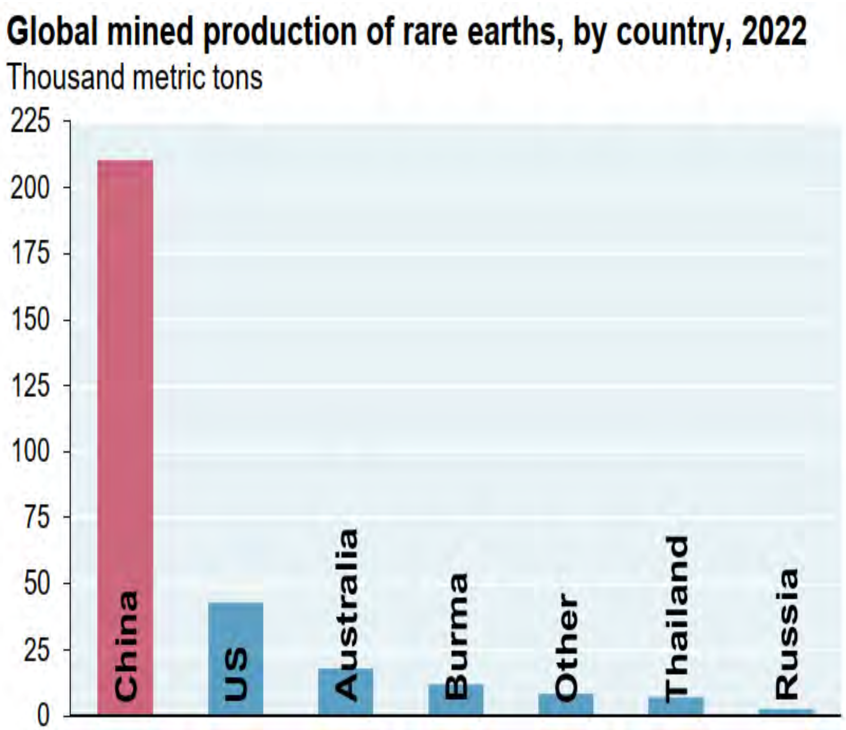


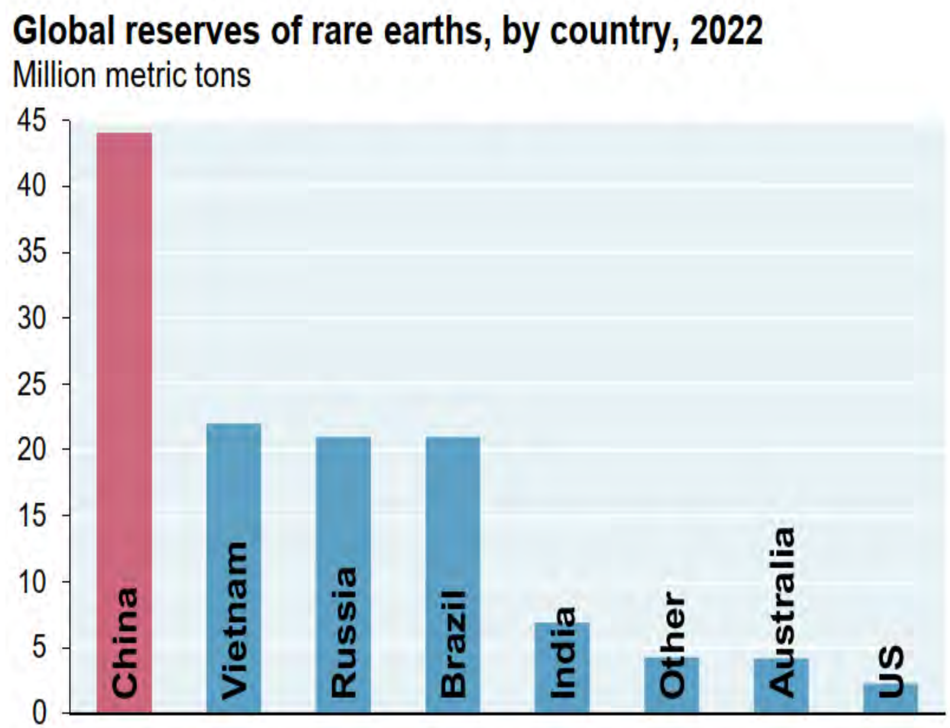
Sources: Benchmark Mineral Intelligence; BNEF; EC; IEA; S&P; USGS; JPMAM, 2022.



Source: European Commission, 2022.

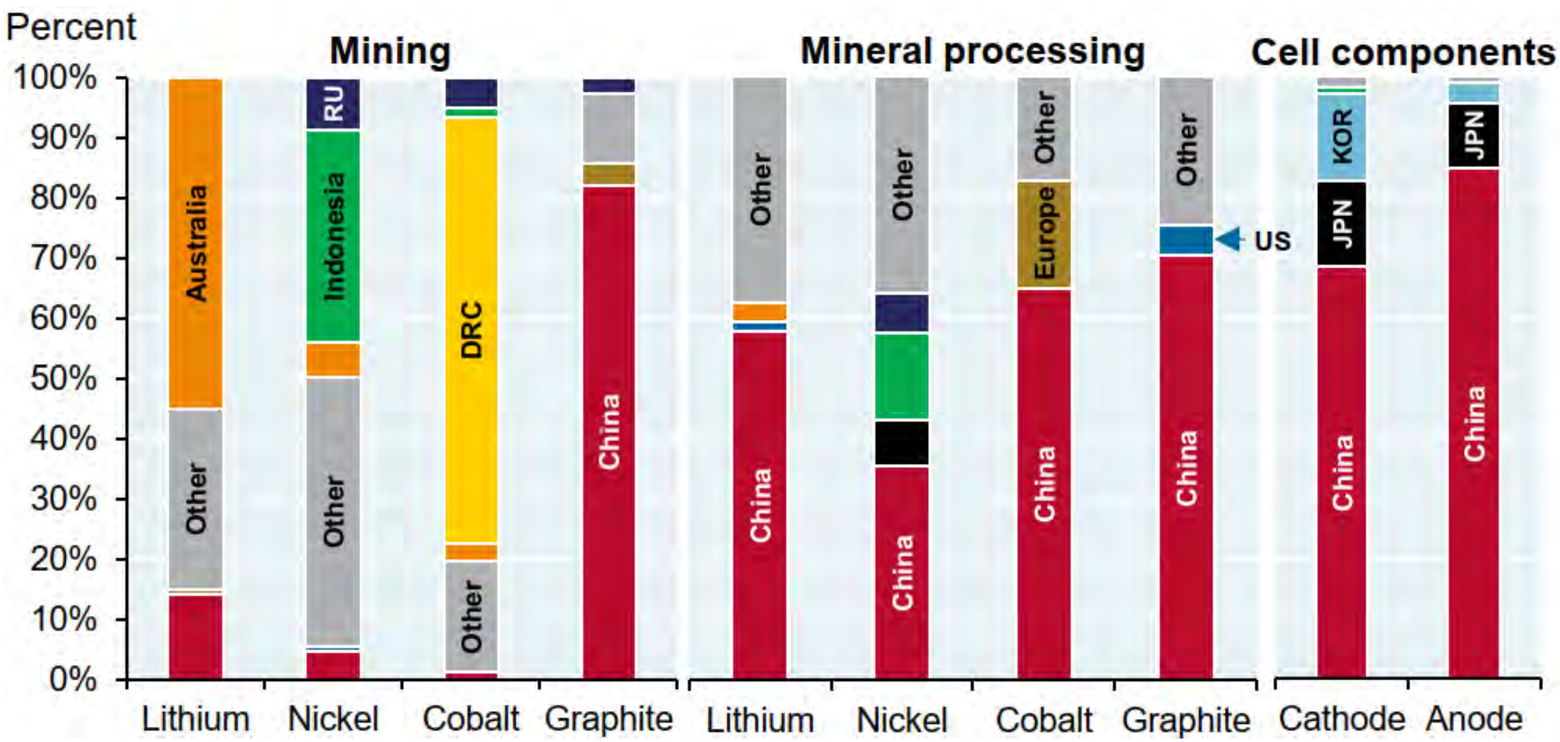
China Dominates Rare Earths Reserves and Production





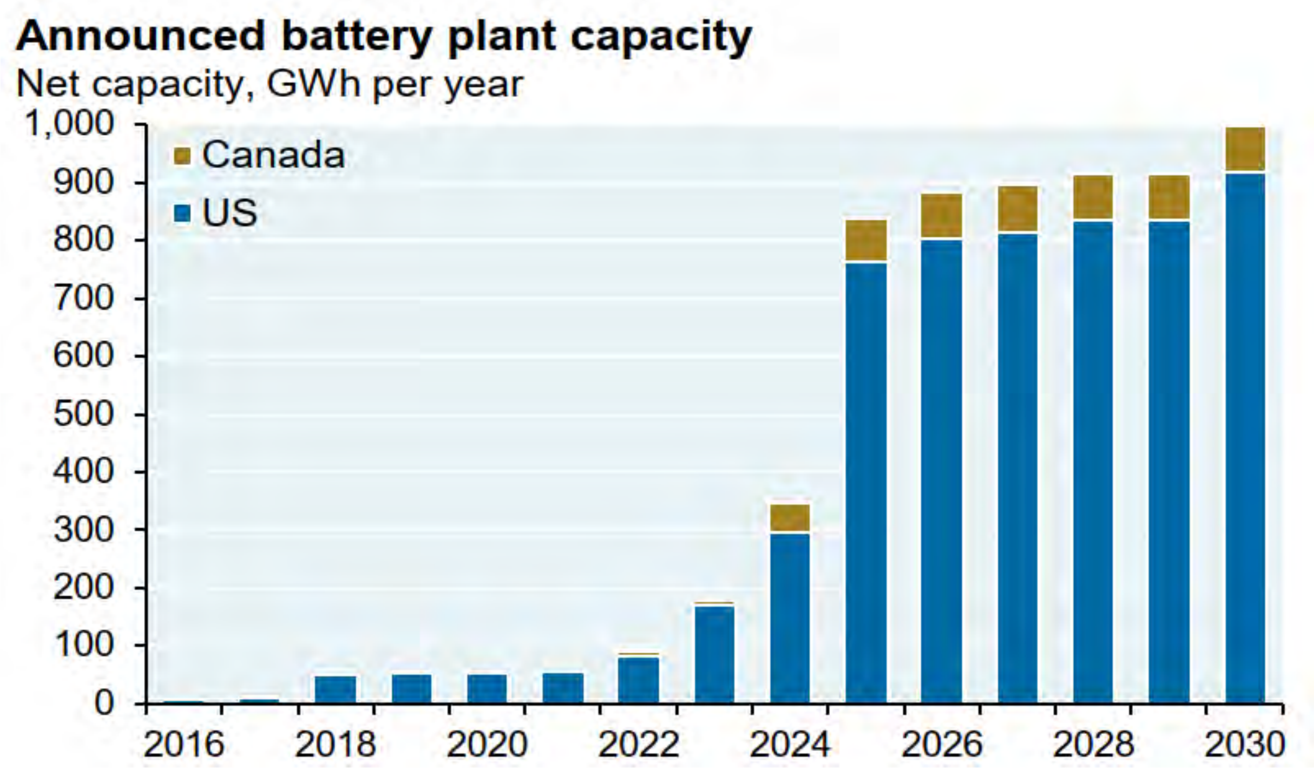
Source: USGS, 2023.

China Dominates Battery Supply Chains Too



Source: IEA, 2022.

Reshoring Opportunity



Source: Argonne National Laboratory, Nov 2022; JPMAM.

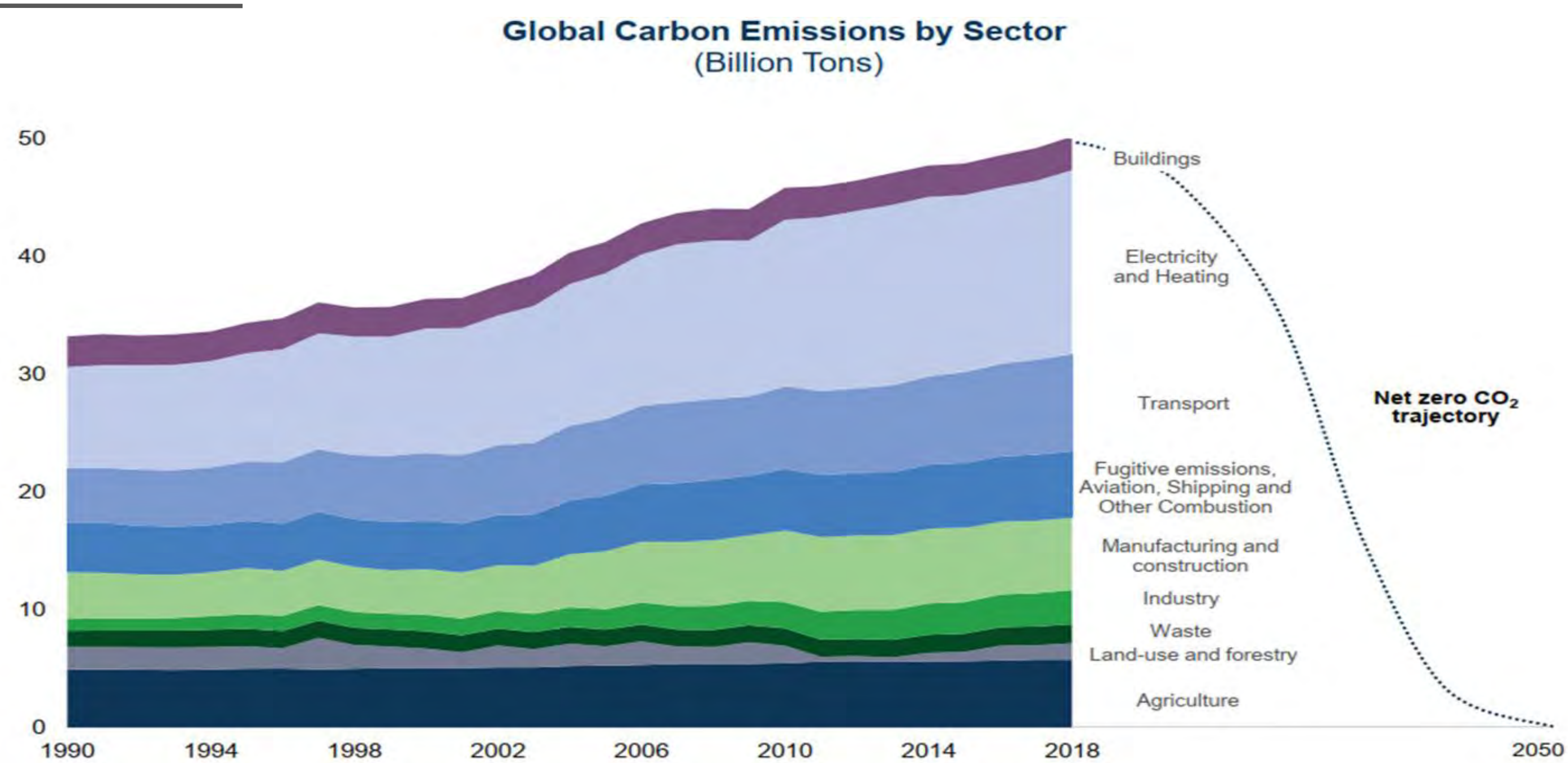
"Nearly 20 battery giga-factories open every year to 2030 to satisfy battery demand for electric cars in the NZE; higher density batteries are needed to electrify long-haul trucks."

Source: *Net Zero by 2050*, IEA, October, 2021.

Climate Change, Misguided Activism and a Roadmap for Institutional Investors

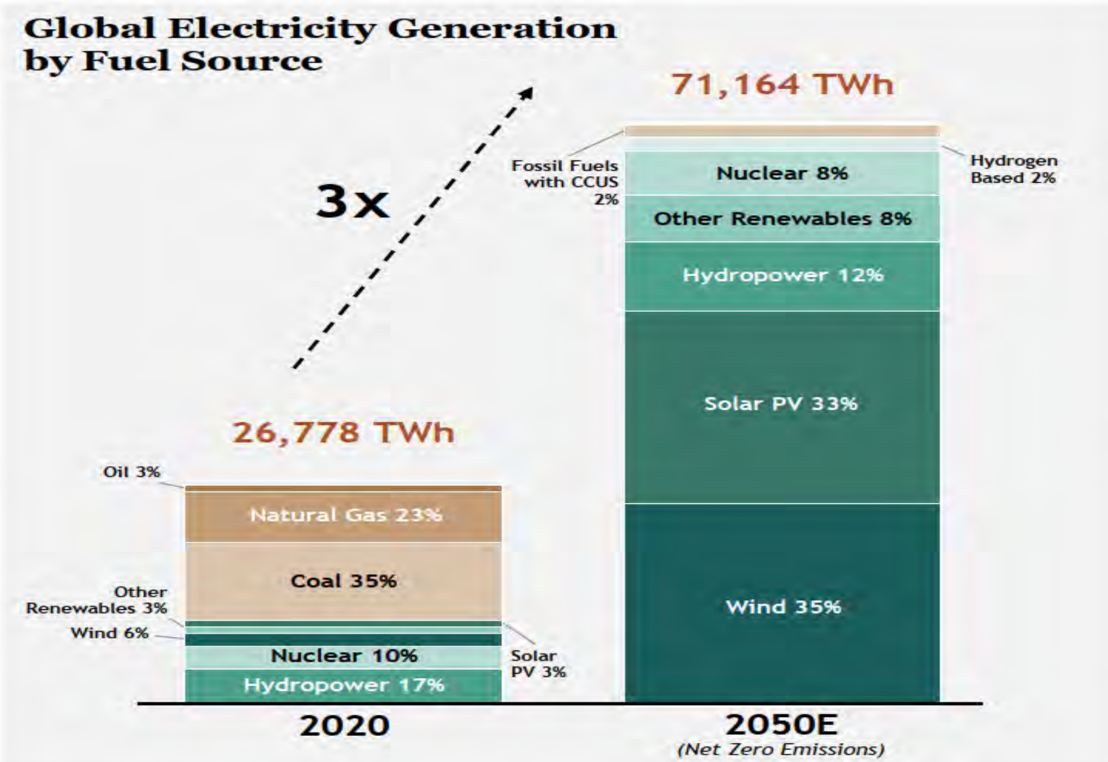
Section V: Conclusion

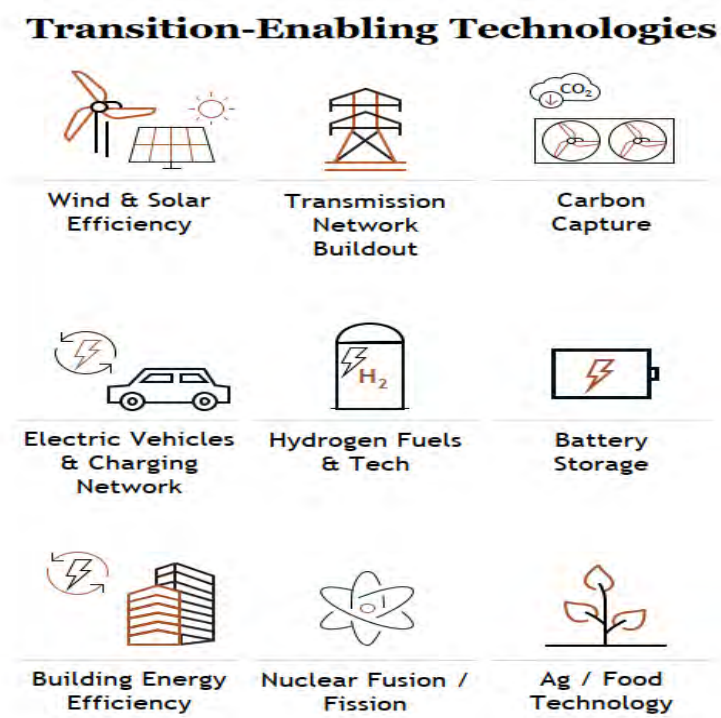
Daunting



Source: Brookfield, June 2022; CAIT Climate Data Explorer via Climate Watch, Our World in Data.

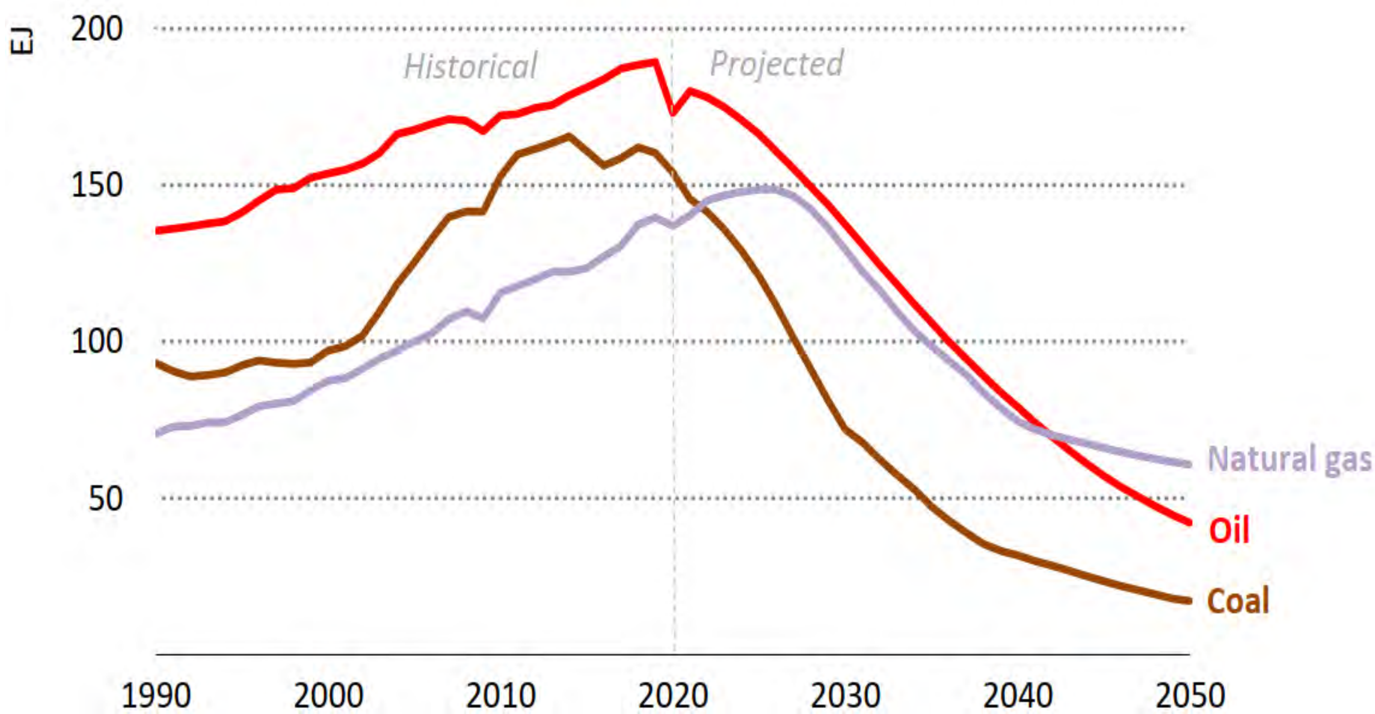
Massive Growth Predicted in Opportunity Set





Source: *Net Zero by 2050*, IEA, 2021; Blackstone.

Unique Challenge for Alaska



"Between 2020 and 2050, demand for coal falls 90%, oil by 75% and natural gas by 55%."

Source: *Net Zero by 2050*, IEA, October, 2021.

For a successful technology, reality must take precedence over public relations, for Nature cannot be fooled.

-Richard P Feynman

Conclusion

Climate Change
- Now
- Faster
- More Severe?

Divestment
- Doesn't Work, Hurts Plan Funding, Truncates Engagement & Pushes Ownership into Less Responsible Hands

Net Zero Initiatives
- Noble but Spitting Into the Wind

Energy Transition
- Reliable Hydrocarbon Supply is Essential
- Hybrid Solutions ("Both/And")
- Moonshots

Challenges
- Misguided Activism (e.g., NIMBYism)
- Transition Will Likely Be Inflationary
- Resource Nationalism and Associated Geopolitical Tensions/Conflicts

Unique Challenges for Alaska
- Unique Role for APFC?

Climate Change, Misguided Activism and a Roadmap for Institutional Investors

Questions?


Climate Change, Misguided Activism and a
Roadmap for Institutional Investors
Appendix

CalSTRS Divestment Costs

CALSTRS
HOW WILL YOU SPEND YOUR FUTURE?

Attachment 2
Investment Committee - Item 5
March 2, 2023
Page 1

Divestment Policy Cost Analysis

As of December 31, 2022

CalSTRS firmly believes that active and direct engagement is the best way to drive long-term value creation. CalSTRS Divestment Policy states that the consideration of divestment only comes after the CIO indicates that all efforts at engagement have been fully exhausted. In these instances, the Investment Committee will receive analysis and determine if continuing investment is prudent and consistent with fiduciary duty.

CalSTRS' commitment to engagement with companies rather than divestment is based on several considerations: (i) divestment would eliminate our standing and rights as a shareowner and foreclose further engagement; (ii) divestment would be likely to have negligible impact on portfolio companies or the market; (iii) divestment could result in increased costs; and (iv) divestment could compromise CalSTRS' investment strategies and negatively affect investment performance.

Total Divestment Impact*	
Tobacco *prior to* 2010	Divestment Policy
(5,159,179,363)	(4,390,703,081)
(9,549,882,444)	

Quarterly Divestment Gain/Loss ($MM)

Program Impact	Inception	Quarter: Discount = 0 $ (MM)	Quarter: Discount = Total Fund** $ (MM)	Quarter: Discount = Total Fund** %	6 Months: Discount = 0 $ (MM)	6 Months: Discount = Total Fund** $ (MM)	6 Months: Discount = Total Fund** %	1 Year: Discount = 0 $ (MM)	1 Year: Discount = Total Fund** $ (MM)	1 Year: Discount = Total Fund** %	Divestment Period (Inception): Discount = 0 $ (MM)	Divestment Period (Inception): Discount = Total Fund** $ (MM)	Divestment Period (Inception): Discount = Total Fund** Cumulative	Divestment Period (Inception): Discount = Total Fund** Annualized
Total Fund Divestment* **		**51.18**	**(122.10)**	**0.018%**	**(45.15)**	**(77.77)**	**-0.019%**	**(590.85)**	**(417.66)**	**-0.152%**	**(2,457.35)**	**(4,390.70)**	**-2.243%**	**-0.179%**
US Equity G/L	Jan-10	(47.51)	(60.78)	-0.080%	(21.95)	(25.08)	-0.039%	(134.07)	(95.34)	-0.152%	(78.33)	(388.69)	-0.764%	-0.059%
Non-US Equity G/L	Jan-10	101.31	(57.72)	0.265%	(20.35)	(49.73)	-0.076%	(459.83)	(326.97)	-0.800%	(2,364.43)	(3,973.04)	-10.436%	-0.839%
Fixed Income G/L	Jan-10	(2.62)	(3.60)	-0.009%	(2.84)	(2.95)	-0.009%	3.05	4.66	0.007%	(14.59)	(28.97)	-0.069%	-0.005%
Tobacco****	Sep-00													
Firearms	May-13													
Geo Risk****	Oct-08													
Thermal Coal	Jul-20													

* Total Divestment Impact includes the impacts of the Divestment Policy as of January 2010 and the Benchmark Modification Program (passive strategy divestment) as of March 2000 - reinvested at the return of the Total Fund
** Assumes gains and losses would have earned the return of the Total Fund
*** Return impact is estimated using average market values for each period
**** Tobacco and Geopolitical Risk programs captured as of January 2010. Geo Risk includes the divestment from U.S. Prisons as of January 2019.

CalSTRS Divestment Costs

Attachment 2
Investment Committee - Item 5
March 2, 2023
Page 2

CalSTRS' Divestment Policy Cost Analysis

Background:

This cost analysis tracks the estimated gains and losses associated with CalSTRS' two divestment related programs: The Legacy Benchmark Modification program (2000 - 2009) and The Divestment Policy Program beginning in 2010. CalSTRS has divested from several companies, beginning in 2006, when certain companies were divested due to geopolitical risk concerns, but for the purposes of this analysis the cost of The Divestment Policy Program is calculated as of January 2010.

Prior to 2010, CalSTRS passive strategies divested from all tobacco companies, when they were removed from CalSTRS benchmarks "Benchmark Modification" (Equity as of September 2000 and Debt as of July 2002). During this time there was not a policy requiring divestment for active managers.

The divestment policy outlines six current divestment-related actions that are tracked in this analysis based on their implementation dates: tobacco companies (January 2010), firearms companies (May 2013), thermal coal companies (U.S. and Non-U.S. as of July 2020), U.S private prison companies (January 2019) and Iran (as of January 2010). Included in the divestment policy cost calculation is the divestment of Sudan from October 2008 until restrictions were lifted in February 2021. Additionally, in 2018, MSCI added Saudi Arabia to their benchmarks, but CalSTRS chose not to include Saudi Arabia in the custom benchmarks - therefore the cost of divestment in Saudi Arabia is captured in the Total Divestment Impact, but is not tracked separately.

Divestment cost is reported at The CalSTRS' Board's request, as a policy requirement.

Methodology:

This cost analysis is an estimate. The gain or loss (potential cost) associated with divestment is captured at three levels: U.S. Equity, Non-U.S. Equity and Debt.

To calculate a gain/loss, a return difference is calculated by comparing the monthly return of each levels fully inclusive benchmark versus the CalSTRS' custom version which excludes divested assets. This return difference is applied to the levels beginning balance to understand that months gain or loss. The cumulative gain or loss is then compounded each month at the Total Fund's return, net of manager fees.

The Total Fund return serves as the discount rate: the rate of return we would expect had the gain been available to invest, or the return we would have lost had the loss reduced the Total Fund's value. Using a discount / re-investment rate is required to estimate the true value gained or lost over the period and is consistent with industry standard cash flow modeling.

The total divestment impact is captured in terms of two components:
1) The Legacy Benchmark Modification Program (the removal of tobacco companies from the CalSTRS' benchmarks -passive strategy divestment), which ran from March 2000 to December 2009, compounded through the present period.
2) The Divestment Policy Program, captured as of January 2010, compounded through the present period.

Media Bias

If we can't trust the scientists and scientific journals, who can we trust?

https://www.thefp.com/p/i-overhyped-climate-change-to-get-published

Fossil Fuel Price Projections Along the Net Zero Path

Real terms (USD 2019)	2010	2020	2030	2040	2050
IEA crude oil (USD/barrel)	91	37	35	28	24
Natural gas (USD/MBtu)					
United States	5.1	2.1	1.9	2.0	2.0
European Union	8.7	2.0	3.8	3.8	3.5
China	7.8	5.7	5.2	4.8	4.6
Japan	12.9	5.7	4.4	4.2	4.1
Steam coal (USD/tonne)					
United States	60	45	24	24	22
European Union	108	56	51	48	43
Japan	125	75	57	53	49
Coastal China	135	81	60	54	50

Notes: MBtu = million British thermal units. The IEA crude oil prices are a weighted average import price among IEA member countries. Natural gas prices are weighted averages expressed on a gross calorific-value basis. US natural gas prices reflect the wholesale price prevailing on the domestic market. The European Union and China gas prices reflect a balance of pipeline and liquefied natural gas (LNG) imports, while Japan gas prices solely reflect LNG imports. LNG prices used are those at the customs border, prior to regasification. Steam coal prices are weighted averages adjusted to 6 000 kilocalories per kilogramme. US steam coal prices reflect mine-mouth price plus transport and handling cost. Coastal China steam coal price reflects a balance of imports and domestic sales, while the European Union and Japanese steam coal prices are solely for imports.

Source: *Net Zero by 2050*, IEA, October, 2021.

Behavioral Change Milestone Assumptions

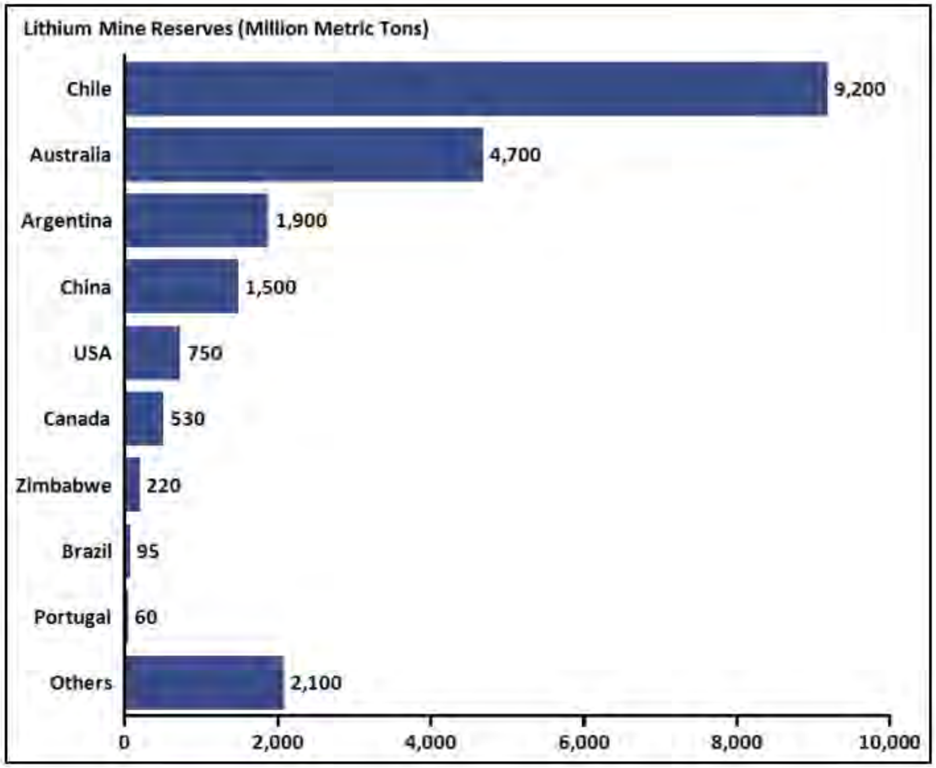
Sector	Year	Milestone
Industry	2020	• Global average plastics collection rate = 17%.
	2030	• Global average plastics collection rate = 27%. • Lightweighting reduces the weight of an average passenger car by 10%.
	2050	• Global average plastics collection rate = 54%. • Efficiency of fertiliser use improved by 10%.
Transport	2030	• Eco-driving and motorway speed limits of 100 km/h introduced. • Use of ICE cars phased out in large cities.
	2050	• Regional flights are shifted to high-speed rail where feasible. • Business and long-haul leisure air travel does not exceed 2019 levels.
Buildings	2030	• Space heating temperatures moderated to 19-20 °C on average. • Space cooling temperatures moderated to 24-25°C on average. • Excessive hot-water temperatures reduced.
	2050	• Use of energy-intensive materials per unit of floor area decreases by 30%. • Building lifetime extended by 20% on average.

Note: Eco-driving involves pre-emptive stopping and starting; ICE = internal combustion engine.

Hmmm……

Source: *Net Zero by 2050*, IEA, October, 2021.

Resource Nationalization

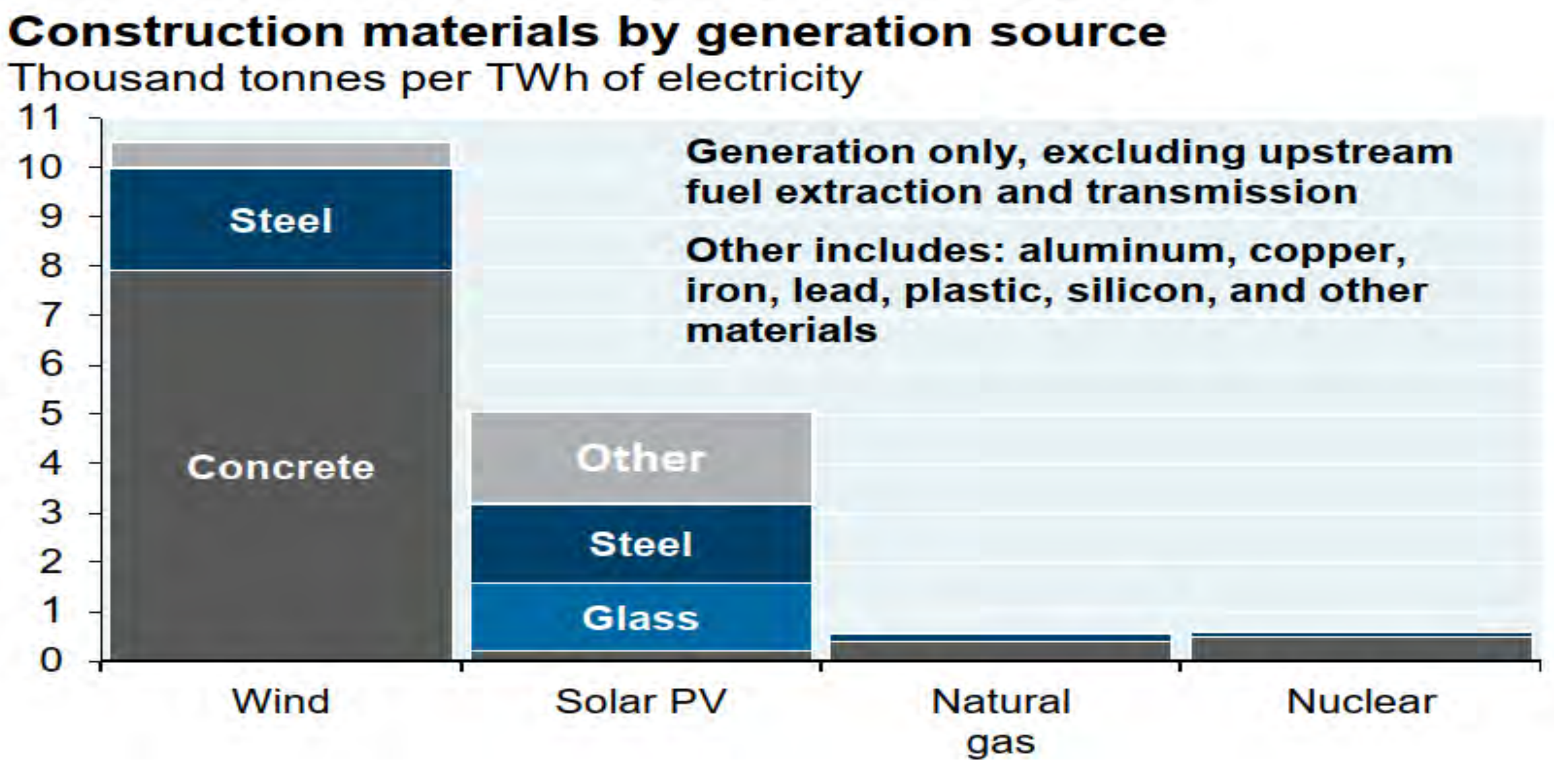


THE LITHIUM TRIANGLE

Much of the world's lithium comes from an area called the "lithium triangle" in Chile, Argentina, and Bolivia. The area contains about 54% of the world's lithium reserves amounting to 11 million metric tons according to the USGS.

Source: *GREYROCK Investment Partners, 2023*.

Renewables are Expensive to Build



Source: Argonne National Laboratory; Department of Energy; JPMAM, 2022.


Climate Change, Misguided Activism and a
Roadmap for Institutional Investors
Thank You

SUBJECT: Strategic Plan Update ACTION:

DATE: September 28, 2023 INFORMATION: X

BACKGROUND:

Staff has been working with Board volunteers to create a goals-oriented plan for the Corporation to follow. The initial approach and goals are summarized below.

Theme has been identified as Being the Best endowment style sovereign wealth fund in the world

Three draft business-related goals are:

1. **Increase AUM to $100 billion by DATE TBD**
    a. **Strategy to achieve increased return above 5% plus CPI currently target.**
        i. **Consider offices located out of state or international**
        ii. **Consider greater use of leverage – statute change to provide flexibility**
    b. **Inflow/outflow is 5% too high a POMV should the Board advocate for reducing the POMV outflow or increasing the state oil revenue inflows at all, in every year or only in strong state revenue years**
    c. **Reduce reliance on third party advisors**
        i. **Initial focus on private equity asset class**

2. **Pursue Change to improve Corporate Functionality – Initial subjects include:**
    a. **Budget flexibility from State Legislature**
    b. **Statutory exemption from State Open Meeting Act**
    c. **Statutory exemption form State Procurement Code**
    d. **Statute change to improve personnel records privacy issues**
    e. **Statute change to allow for use of balance sheet debt issues (irrevocably (potentially on a subject to appropriation basis) pledging revenues of the fund to securitizations)**

3. **Build on Communications Plan**
    a. **In state mission of education**
    b. **Nationwide focus on investment performance, competence and strategy**

One overarching structural goal is:

Fix two account fund structure issues with ERA vs Principal
    c. **Statutory/constitutional fixes**
    d. **Less focus as this matter will be addressed by Trustee Paper Number 10**

RECOMMENDATION:

Board members provide their feedback on the goals that have been identified.

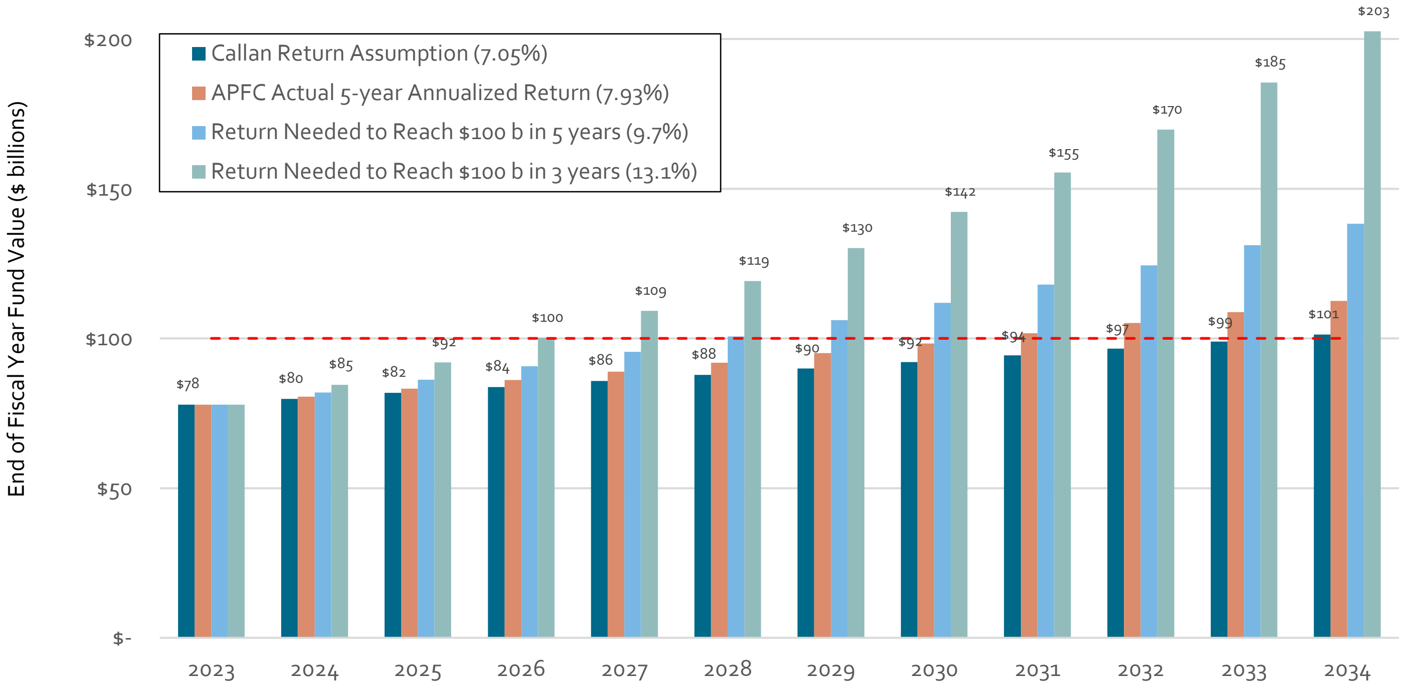
Staff and volunteer board members will continue refining and building out strategy for realization of the goals. This process will culminate in an October 30 Board meeting to consider and approve an updated plan.

APFC ALASKA PERMANENT FUND CORPORATION

APFC Path to $100 Billion Total Fund Value

September 2023

Return Needed to Reach $100 billion Total Fund Value



- **11 years** (FYE 2034) needed to reach $100 billion at Callan's annual return assumption of **7.05%**.
- **8 years** (FYE 2031) needed to reach $100 billion at APFC's 5-year annual return of **7.93%**.
- To reach $100 billion NAV in **5 years** (FYE 2028), APFC would need an annual return of at least **9.7%**.
- To reach $100 billion NAV in **3 years** (FYE 2026), APFC would need an annual return of at least **13.1%**.

Sources: APFC June 30, 2023 History and Projections; APFC June 30, 2023 Monthly Performance Report

(1) Year 2023 is actual; 2024 and beyond are projections
(2) APFC Actual 5-Year Annualized Return is as of June 30, 2023
(3) Fund value is shown as of fiscal year end and less POMV Transfer

Effect of Leverage on Returns

Total Fund Levered Return Sensitivity (1)

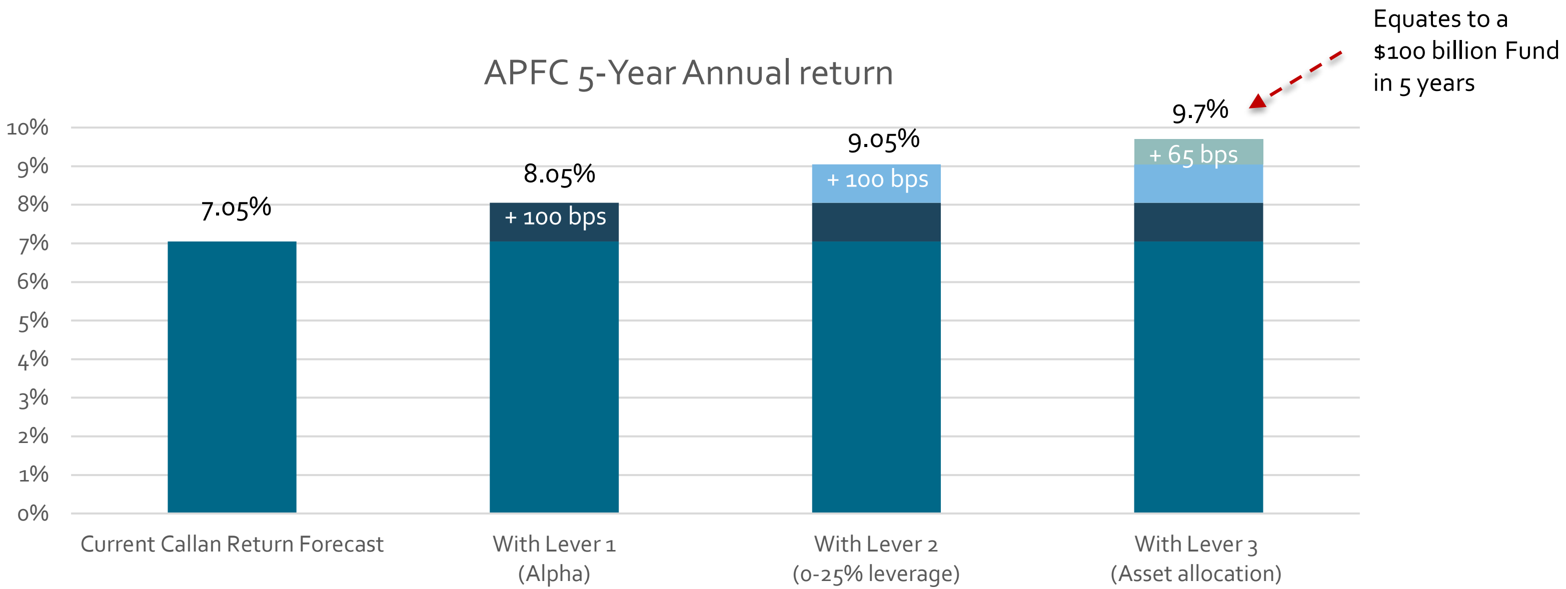
% Total Fund Leverage	Unlevered Return % → 0%	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
0%	0.00%	1.00%	2.00%	3.00%	4.00%	5.00%	6.00%	7.00%	8.00%	9.00%	10.00%
10%	-0.56%	0.56%	1.67%	2.78%	3.89%	5.00%	6.11%	7.22%	8.33%	9.44%	10.56%
20%	-1.25%	0.00%	1.25%	2.50%	3.75%	5.00%	6.25%	7.50%	8.75%	10.00%	11.25%
30%	-2.14%	-0.71%	0.71%	2.14%	3.57%	5.00%	6.43%	7.86%	9.29%	10.71%	12.14%
40%	-3.33%	-1.67%	0.00%	1.67%	3.33%	5.00%	6.67%	8.33%	10.00%	11.67%	13.33%
50%	-5.00%	-3.00%	-1.00%	1.00%	3.00%	5.00%	7.00%	9.00%	11.00%	13.00%	15.00%
60%	-7.50%	-5.00%	-2.50%	0.00%	2.50%	5.00%	7.50%	10.00%	12.50%	15.00%	17.50%
70%	-11.67%	-8.33%	-5.00%	-1.67%	1.67%	5.00%	8.33%	11.67%	15.00%	18.33%	21.67%
80%	-20.00%	-15.00%	-10.00%	-5.00%	0.00%	5.00%	10.00%	15.00%	20.00%	25.00%	30.00%
90%	-45.00%	-35.00%	-25.00%	-15.00%	-5.00%	5.00%	15.00%	25.00%	35.00%	45.00%	55.00%

Red = Levered return is less than unlevered return
Green = Levered return is greater than or equal to unlevered return

(1) Assumes a 5% cost of debt based on borrowing at ~100 bps spread to US 10-Year Treasury yield

Levers to Achieve Higher Expected Returns

- **Lever 1:** 100 basis points outperformance from creating a high-performance driven investment office.
- **Lever 2:** Modest Fund leverage in line with peers.
- **Lever 3:** Asset allocation adjustment.

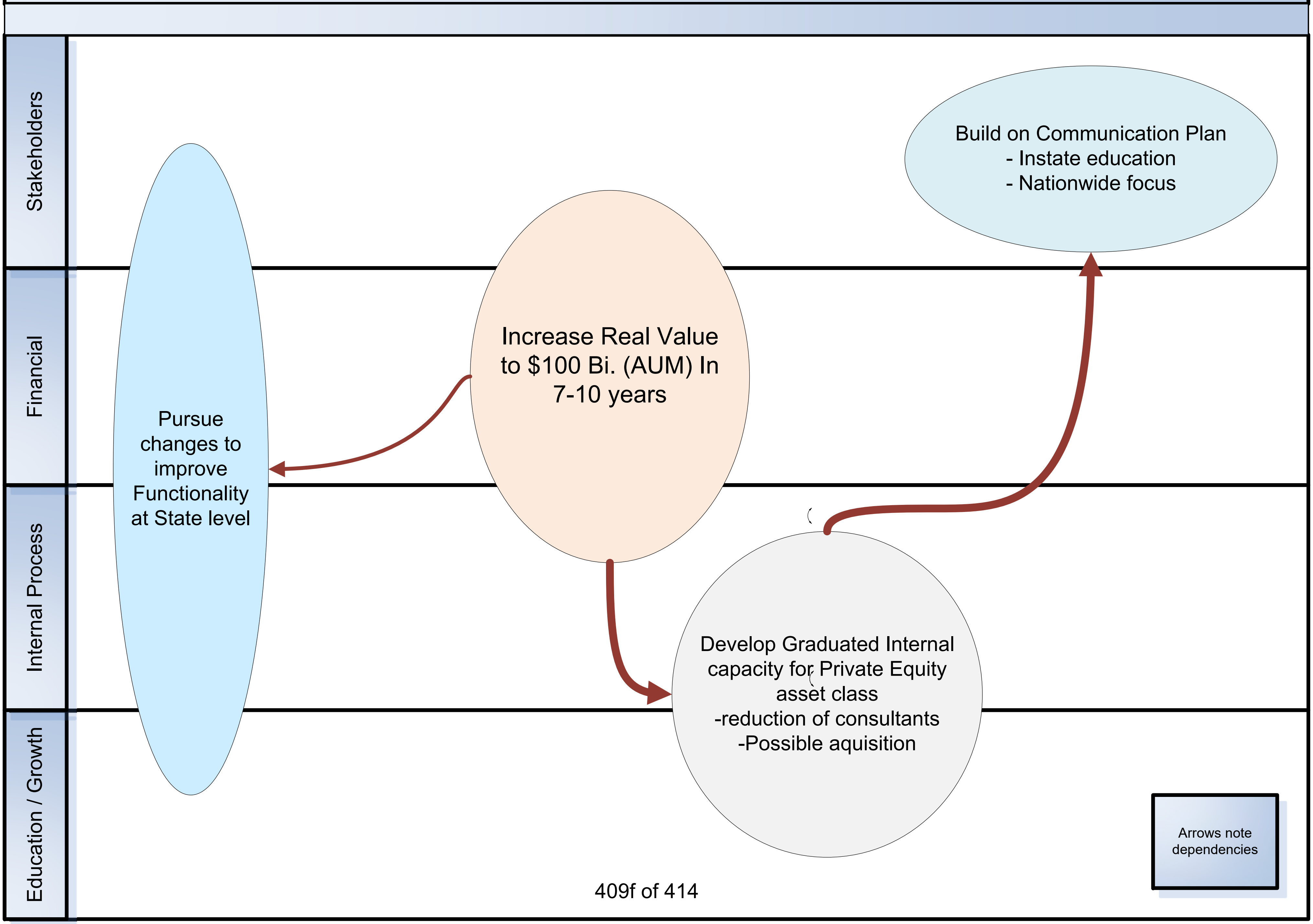


Risks Associated with the Levers

	Lever 1 **Alpha**	**Lever 2** **Leverage**	**Lever 3** **Asset Allocation Adj.**
Risks	• Ability to attract and retain high performers • Lack of long-term commitment by stakeholders to strategy and budgets • Disparity within organization in terms of culture, compensation, legacy processes • Increased operational risk	• Increased volatility (expected loss) of returns • Increased liquidity risk • Structuring, managing and administering debt program and related operational risks • Increased legal risks	• Increased volatility (expected loss) of returns: redefining risk appetite • Increased liquidity risk • Potentially lower benefits of diversification across asset classes • Potential adverse impacts of increasing scale in certain scale sensitive assets
Pre-Requisite	• Approval of strategy, budgets and operating model by all stakeholders	• Approval from relevant stakeholders on the ability to have structural leverage with recourse to the Fund	• Revise BOT approved risk appetite and asset allocation

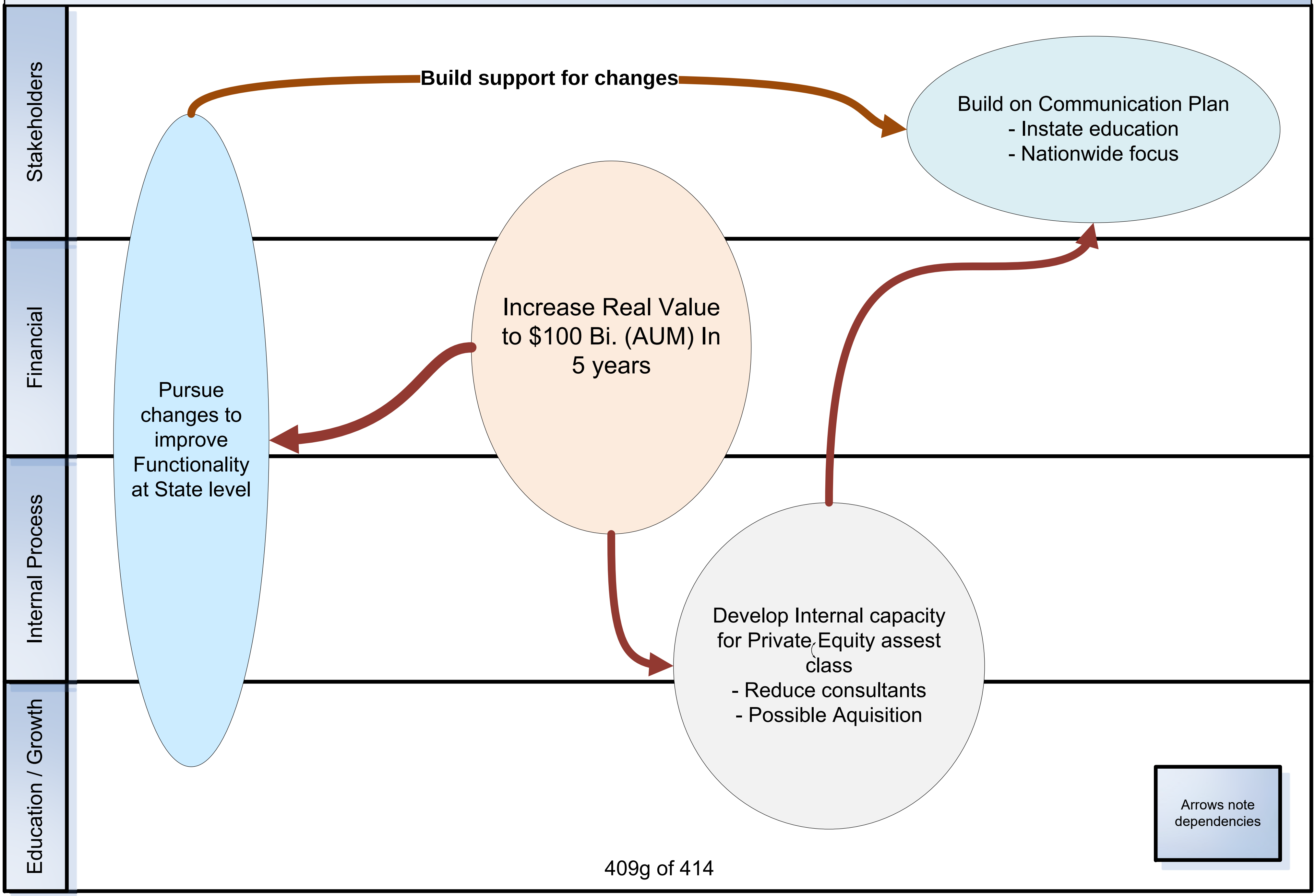
APFC Draft Strategy Map 1

Prepared by KMD Services & Consulting llc



APFC Draft Strategy Map 2

Prepared by KMD Services & Consulting llc



SUBJECT: Board of Trustees Meetings

ACTION: X

DATE: September 28, 2023

INFORMATION:

BACKGROUND:

APFC's Board of Trustees holds quarterly and regular meetings to review and evaluate the investment performance of the portfolio, the asset allocation and investment risk of the Fund, and the compliance program in relation to applicable laws, regulations, and governance policies. Special meetings of the Board of Trustees are scheduled as required.

The 2024 Board of Trustees Meeting schedule has been previously approved, however, there are suggested changes to review. Please note that the December 2023 Quarterly Board Meeting will be held December 13-14 in Juneau. Attached are the calendars for your information, please mark your schedules.

RECOMMENDATION:

- Review and approve suggested changes of the 2024 Board of Trustees Meeting Schedule
- Approve 2025 Board of Trustees Meeting Schedule

2024 ADOPTED BOARD OF TRUSTEES MEETING CALENDAR

With suggested changes in red

Date	Location	Type of Meeting	Recurring Topics
February 15, 2024 Thursday	Juneau	Quarterly	• CEO/CIO/CRO/COO reports • Performance for quarter ending 12/31 update • Asset Class Update/Review TBD • opportunity to discuss CIO recommendations and provide input/concerns. • Legislative Update – Opportunity for Board to weigh in on Legislative Strategy, pending legislation affecting APFC, or process.
April 10, 2024 Wednesday	Anchorage	Regular	• CEO/CIO/CRO/COO reports • Legislative Update – update and feedback • Discuss Investment Policy ahead of May meeting, final discussion before the revised policy is provided in May.
May 22-23, 2024 Wed/Thurs CONFLICT FOR TRUSTEE CRUM ALTERNATE DATES: May 15-16, 2024 May 28-29, 2024	TBD**	Regular Audit Committee	• CEO/CIO/CRO/COO reports • Investment Policy review and adoption – policy is functionally finalized • Legislative Update/end of session review • Asset Class Update/Review TBD • Performance for quarter ending 3/31 – Callan • Budget Review • Private Markets Pacing approval • Review YTD financials and coming year audit plan
July 17, 2024 Wednesday	TBD**	Regular	• CEO/CIO/CRO/COO reports • No regular topics

September 3, 2024* Tuesday ALTERNATE DATE DUE TO LABOR DAY HOLIDAY September 5, 2024 Thursday	Juneau	Audit Committee Budget Planning Session	• CEO/CIO/CRO/COO reports • Review Audit process • Budget Discussion ahead of annual meeting ask for adjustment to budget to meet goals.
September 25-26, 2024 Wed/Thurs	TBD**	Annual Meeting	• CEO/CIO/CRO/COO reports • Budget Approval – This is the budget that will be submitted to the Governor's Office for consideration. • Performance for FY end 6/30 - Callan • Asset Class Update/Review TBD • Report of Annual Audit • Election of Corporate Officers – Chair and Vice-Chair • Calendar of meetings for next two years
December 11-12, 2024 Wed/Thurs ALTERNATE DATES DUE TO BUDGET RELEASE DECEMBER 10-11, 2024 TUES/WED	Juneau	Regular	• CEO/CIO/CRO/COO reports • Performance for quarter end 9/30 - Callan • CEO Evaluation – Chair coordinates – executive session • Asset Class Update/Review TBD

Committee Meetings and Special or additional APFC board meetings will be scheduled as needed.

*The Audit Committee Meeting in September must be scheduled in advance to coordinate with the release date for the Audited Statements and the Annual Report as required in statute.

** We invite the Trustees to suggest locations for a non-Juneau/Anchorage meeting once a year – logistics such as time of year, costs, venue & hotel room availability will be taken into account

Standard Topics for Quarterly Meetings include Callan Updates and Asset Class Updates. Asset Class Updates are scheduled throughout the year and will rotate through the Asset Classes

2025 BOARD OF TRUSTEES PROPOSED MEETING CALENDAR

Date	Location	Type of Meeting	Recurring Topics
February 12, 2025 Wednesday	Juneau	Quarterly	• CEO/CIO/CRO/COO reports • Performance for quarter ending 12/31 update • Asset Class Update/Review TBD • opportunity to discuss CIO recommendations and provide input/concerns. • Legislative Update – Opportunity for Board to weigh in on Legislative Strategy, pending legislation affecting APFC, or process.
April 9, 2025 Wednesday	Anchorage	Regular	• CEO/CIO/CRO/COO reports • Legislative Update – update and feedback • Discuss Investment Policy ahead of May meeting, final discussion before the revised policy is provided in May.
May 21-22, 2025 OR May 28-29 Wed/Thurs	TBD**	Regular Audit Committee	• CEO/CIO/CRO/COO reports • Investment Policy review and adoption – policy is functionally finalized • Legislative Update/end of session review • Asset Class Update/Review TBD • Performance for quarter ending 3/31 – Callan • Budget Review • Private Markets Pacing approval • Review YTD financials and coming year audit plan
July 16, 2025 Wednesday	TBD**	Regular	• CEO/CIO/CRO/COO reports • No regular topics

September 4, 2025* Thursday	Juneau	Audit Committee Budget Planning Session	• CEO/CIO/CRO/COO reports • Review Audit process • Budget Discussion ahead of annual meeting ask for adjustment to budget to meet goals.
September 24-25, 2025 Wed/Thurs	TBD**	Annual Meeting	• CEO/CIO/CRO/COO reports • Budget Approval – This is the budget that will be submitted to the Governor's Office for consideration. • Performance for FY end 6/30 - Callan • Asset Class Update/Review TBD • Report of Annual Audit • Election of Corporate Officers – Chair and Vice-Chair • Calendar of meetings for next two years
December 10-11, 2025 Wed/Thurs	Juneau	Regular	• CEO/CIO/CRO/COO reports • Performance for quarter end 9/30 - Callan • CEO Evaluation – Chair coordinates – executive session • Asset Class Update/Review TBD

Committee Meetings and Special or additional APFC board meetings will be scheduled as needed.

*The Audit Committee Meeting in September must be scheduled in advance to coordinate with the release date for the Audited Statements and the Annual Report as required in statute.

** We invite the Trustees to suggest locations for a non-Juneau/Anchorage meeting once a year – logistics such as time of year, costs, venue & hotel room availability will be taken into account

Standard Topics for Quarterly Meetings include Callan Updates and Asset Class Updates. Asset Class Updates are scheduled throughout the year and will rotate through the Asset Classes