

News Release

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ANNUAL MEETING OF THE BOARD OF TRUSTEES

September 26, 2024 – ANCHORAGE, ALASKA – The Board of Trustees of the Alaska Permanent Fund Corporation (APFC) convened for its Annual Meeting in Anchorage and via Teams Webinar on September 25-26, 2024. Key discussions included the Fund's Fiscal Year 2024 performance, investment strategy, and governance initiatives focused on ensuring the Fund's sustainability and growth for all Alaskans.

The Board approved the recommended revisions to their Charters and Governance Policies, the annual independent audit report, the proposed FY26 budget, and the meeting calendar for 2025-2026. The Board elected corporate officers and appointed committee roles, extending the tenures of Trustee Jason Brune as Chair, Trustee Adam Crum as Vice Chair and Governance Committee Chair, and Trustee Ryan Anderson as Audit Committee Chair.

Chair Jason Brune stated, "It is an honor to serve with my fellow Trustees, and I am grateful for their confidence in me as the Board Chair. Moving forward, I am excited our collaborative efforts will ensure APFC operates with the utmost accountability in our stewardship of the Permanent Fund."

Values and Performance

The Alaska Permanent Fund closed FY24 on June 30, 2024, with a value of \$80.5 billion, reflecting an increase of \$2.5 billion from the prior fiscal year. The change in the Fund's value is attributed to several factors, including \$533 million in mineral royalties deposited to grow the Principal and income from investment activity, which added to the Earnings Reserve Account (ERA). Meanwhile, appropriations from the ERA to support state government services and the dividend program, alongside operating and investment expenses, reduce the overall value. In FY24, the POMV draw from the ERA was \$3.5 billion, comprising over half of the unrestricted general funds for Alaska.

The Fund's long term performance remains strong. Over the past 10 years, the Fund has returned 7.69%, slightly underperforming the Board's long term target return objective of 7.81% (CPI+5%, 2.81% + 5%).

"The Board of the Alaska Permanent Fund Corporation is committed to providing prudent and meaningful oversight as fiduciaries. The Permanent Fund holds great significance and importance to Alaska. I encourage Alaskans to engage with and learn more about it. Our Board of Trustees meeting discussions with APFC management, advisors, and stakeholders demonstrates our dedication to transparency by the highest industry standards," stated Trustee Chair Jason Brune.

Risk and Compliance

Chief Risk and Compliance Officer Sebastian Vadakumcherry provided an overview of the Fund's risk and compliance management framework. Vadakumcherry highlighted APFC's proactive approach to monitoring market, credit, and liquidity risks, ensuring the Fund's exposure remains within the Board's risk tolerance

levels. In addition to reporting risk measures quarterly, the Risk and Compliance team will now provide ongoing updates on the Corporation's comprehensive compliance monitoring activities.

Capital Markets

Callan, APFC's investment advisor, reviewed capital market trends and provided insight into the Fund's long term investment outlook. Callan's analysis reinforced APFC's approach to asset diversification and highlighted the potential for continued growth across multiple asset classes. The review of long term performance noted the challenges of consistently meeting the target return objective of CPI+5% over 3, 5, and 10-year time periods.

Fixed Income Updates

Jim Parise, Director of Fixed Income/Deputy CIO, and Matt Olmsted, Senior Portfolio Manager of Fixed Income, presented on the resilience and stability of the Fixed Income portfolio, which achieved a return of 4.93%. The portfolio continues to generate reliable returns with limited risk, contributing to the Fund's overall growth and providing essential diversification that mitigates the impact of fluctuations in more volatile asset classes. Over the last 19 years, the internal fixed income team added an incremental value of \$663 million to the portfolio, beating their primary benchmark every year since 2013. The Fund's Fixed Income portfolio is managed entirely in-house at APFC's Juneau-based trading desk, a change implemented at the start of FY23.

"We are proud to consistently outperform our benchmarks, resulting in exceptional returns for the fixed income portfolio," said Jim Parise. "Since bringing all fixed income assets in-house two years ago, we've been able to deliver strong returns for Alaskans while upholding the legacy of the Fund's first asset class."

Proposed FY26 Operating Budget

In preparing the proposed FY26 budget, the Board of Trustees and staff carefully considered the Corporation's needs to meet stakeholders' high expectations. The Board discussed fiscal responsibility balanced with giving the support needed to manage and invest the Alaska Permanent Fund effectively. As approved by the Trustees, APFC's requests to ensure ongoing support for professional staff and to meet ongoing information technology security diligence and data enhancement will be brought forward for inclusion in the Governor's proposed budget for the Legislature's consideration.

Audit and Governance

During the meeting, the Board reviewed and approved the findings of the FY24 third-party audit conducted by KPMG. The audit reported no issues, reflecting the Corporation's adherence to the highest standards of financial accountability. The Board elected to expand the Audit Committee's scope of authority to include ethics disclosures and cybersecurity program review.

Chief Executive Officer Deven Mitchell remarked, "By strengthening the Board's Charters and Governance Policies, the Board is continuing to align APFC's governance framework with industry best practices, supporting our mission to benefit all current and future Alaskans through the prudent investment and management of the Alaska Permanent Fund.

In a commitment to strong governance, the Board also voted to approve updates to the APFC Governance Manual. The updates are aimed at aligning APFC's governance framework with industry best practices and ensuring that APFC remains at the forefront of investment management and oversight. The Board elected to expand the Audit Committee's scope of authority to include ethics disclosures and cybersecurity program review. Also, amendments were adopted to the Charters to enhance the Investment Advisor Group (IAG)'s contributions in supporting the work of the Board and Staff.

Chair Brune expressed his appreciation for the IAG, stating, "I would like to thank the work of our IAG members, George Zinn, John Skjervem, and Britt Harris, for providing relevant and insightful perspectives on all aspects of managing a multi-billion dollar endowment. Their time, commitment, and knowledge sharing are particularly valuable given the complexities of institutional investing, and we thank them for their contributions to the stewardship of the Alaska Permanent Fund."

The next meeting of the Board of Trustees will be on December 10-11, 2024 in Juneau and Virtual.

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About APFC

The Alaska Permanent Fund Corporation (APFC) manages the assets of the Alaska Permanent Fund, a globally recognized sovereign wealth fund. Established in 1976, the Fund preserves Alaska's non-renewable mineral and oil wealth as a renewable financial resource for current and future generations of Alaskans. The Fund also serves as the primary source of revenue for Alaska's unrestricted general funds, supporting the state's economic stability and prosperity.

APFC is a quasi-independent state agency with one mission: to manage and invest the assets of the Alaska Permanent Fund and other funds designated by law.

The Alaska Permanent Fund is the largest sovereign wealth fund in the U.S., with \$80.5 billion in assets as of the end of FY24. For more information, visit www.apfc.org.

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