Board of Trustees

Annual Meeting

September 25-26 2024

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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 25-26, 2024

Atwood Conference Center 102/104
550 W 7th Avenue
Anchorage, AK 99501

Written comments can be sent to Trustees anytime at boardpubliccomment@apfc.org

Wednesday, September 25, 2024

Time: 8:30 am – 4:45 pm

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

Event Password: zFCDXN

Teleconference Option
Phone: 323-792-6284
Meeting ID: 290 759 571 951
Phone Conference ID: 345 156 29#

Thursday, September 26, 2024

Time: 8:30 am – 1:15 pm

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

Event Password: QmA9hm

Teleconference Option
Phone: 323-792-6284
Meeting ID: 286 801 069 015
Phone Conference ID: 562 787 909#

AGENDA

WEDNESDAY, SEPTEMBER 25, 2024

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

CALL TO ORDER

ROLL CALL (Action)

APPROVAL OF AGENDA (Action)

APPROVAL OF MINUTES (Action)
- July 24, 2024 – Regular Meeting

OPPORTUNITY FOR PUBLIC PARTICIPATION

8:45 a.m. COMMITTEE REPORTS
- Audit Committee (Information)

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, HR Summary Report, Communications Report, IT Update, Financial Update, Financial Report, APFC Transfers, History & Projections, Investment Management Fee Report

9:30 a.m. CHIEF INVESTMENT OFFICER REPORT (Information)
Marcus Frampton, Chief Investment Officer

10:00 a.m. RISK & COMPLIANCE OVERVIEW (Information)
Sebastian Vadakumcherry, Chief Risk Officer

10:45 a.m. *BREAK* – Board of Trustees Group Photo (Location TBD)

11:00 a.m.	INVESTMENT ADVISOR COMMENTS (Information) John Skjervem George Zinn
11:20 a.m.	REPORT OF ANNUAL AUDIT (Action) Beth Stuart, Lead Audit Partner, KPMG Melissa Beedle, Audit Managing Director, KPMG Valerie Mertz, Chief Financial Officer
12:15 p.m.	*LUNCH*
12:45 p.m.	FUND PERFORMANCE (Information) Greg Allen, Callan LLC Steve Center, Callan LLC
1:45 p.m.	IT SECURITY UPDATE/REVIEW - EXECUTIVE SESSION (Information) Scott Balovich, Director of IT Cody Graves, IT Security Analyst
3:15 p.m.	*BREAK*
4:00 p.m.	LEGAL ADVICE ON GOVERNANCE – EXECUTIVE SESSION (Information)
4:45 p.m.	*RECESS FOR THE DAY*

THURSDAY, SEPTEMBER 26, 2024

8:30 a.m.	MEETING RECONVENES
8:35 a.m.	ASSET CLASS UPDATE – FIXED INCOME (Board Education & Information) Jim Parise, Deputy Chief Investment Officer, Fixed Income Matt Olmsted, Senior Portfolio Manager, Fixed Income
9:30 a.m.	REVISED GOVERNANCE MANUAL UPDATE (Action) Deven Mitchell, Chief Executive Officer Chris Poag, General Counsel
10:30 a.m.	*BREAK*
10:45 a.m.	FY26 BUDGET APPROVAL (ACTION) Alysha Guthrie, Director of Administrative Operations
11:30 a.m.	INVESTMENT ADVISOR COMMENTS (Information) George Zinn John Skjervem
11:50 a.m.	ADDITIONAL OPPORTUNITY FOR PUBLIC PARTICIPATION
12:00 p.m.	*LUNCH*
12:30 p.m.	ELECTION OF CORPORATE OFFICERS (Action) APPOINTMENT OF COMMITTEE ASSIGNMENTS
12:45 p.m.	OTHER MATTERS (Action) 2025 and 2026 Calendar of Board Meetings Deven Mitchell, Chief Executive Officer
1:00 p.m.	TRUSTEE COMMENTS FUTURE AGENDA ITEMS
1:15 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)

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SUBJECT: Approval of Minutes ACTION: X

DATE: September 25, 2024 INFORMATION:

BACKGROUND:

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

- July 24, 2024 Regular Meeting

RECOMMENDATION:

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

ALASKA PERMANENT FUND CORPORATION
REGULAR MEETING OF THE BOARD OF TRUSTEES

July 24, 2024
8:30 am.

Originating at:
Westmark Fairbanks Hotel & Conference Center
West Gold Room
813 Noble Street
Fairbanks, AK 99701

Trustees Present:

Ethan Schutt
Craig Richards
Ryan Anderson
Ellie Rubenstein
Jason Brune
Adam Crum

APFC Staff Present:

Marcus Frampton
Vera-Faudree
Steven Gagliardo
Allen Waldrop
Chris Poag
Val Mertz
Scott Balovich
Shannon McCain
Paulyn Swanson
Sebastian Vadakumcherry
Deven Mitchell
Jim Parise
Alexander Smith
Alysha Guthrie
Ardian Balazhi
Brittney Ortega
Chirag Shah
Cody Graves
Damien Miller
Edward Rime
Eric Ritchie
Henry Lloyd
Jacki Mallinger
Jennifer Loesch
Jessica Thornsburry
Joe Shinn
Jordyn Elie
Joseph Jeralds
Josh Ungar
Juliette Alldredge
Larissa Murray
Lillie Haggard
Luke Kirkham
Marisa McComas
Masha Skuratovskaya
Matthew Ives
Michael Gumz
Nita Tupou
Norix Mangual
Ross Alexander
Sarah Clark
Sarah Struble
Shawn Calhoon
Steve Adams
Tara Mendoza
Terek Rutherford
Tim Andreyka
TJ Hegedus
Tom O'Day
Valeria Martinez

Investment Advisors:
Britt Harris George Zinn

Callan:
Gregg Allen Steve Center

Platinum Equity:
Mark Barnhill Alex Done

Altas:
Andrew Sheiner

Others Participating:
Amory Lelake; Maggie Duffy; Andrew Sheine; Mark Sabbatini; Brynne Paiva; Matthew Benson; Donna Arduin; Michael Bloom; Doug Woodby; Michael L. McHargue; Julee C. Farley; William E. Milks; Gina Romero; Steve Moseley; Hannah Zhang; Phil Nunes; Albert Hicks; Robert Gerschultz; Benjamin J. Hofmeister; Sean Maguire; Jeff Landfield; Sophia Torres; Julia Mesdag; Tim Hess; Kayc Carlson; Travis McCain; Kevin Balaod; Wil Covalt; Larry Smith; Theresa Woldstad; Lauren Albanese; Bernard Auto; Lee Cruise; Mike Prax

ACTION ITEMS

CALL TO ORDER
TRUSTEE SCHUTT called the meeting to order at 8:35 a.m.

ROLL CALL (Action)
The roll call confirmed that all trustees were present, ensuring that the board could make decisions with full representation.

APPROVAL OF AGENDA (Action)
The agenda was reviewed and amended to move the Committee Reports and Action Items to after lunch due to travel constraints of some members. The amended agenda was then approved unanimously without opposition.

ELECTION OF CORPORATE OFFICERS & COMMITTEE ASSIGNMENTS (Action)
The election of corporate officers saw Trustee Brune elected as Chair and Adam Crum as Vice Chair and Chair of the Governance Committee. The election process faced some debate due to concerns about conducting the elections outside of the annual meeting. Some trustees expressed discomfort with the procedural aspects of the timing, but the elections proceeded and were finalized as planned.

APPROVAL OF MINUTES (Action)
The minutes from several previous meetings, including the February 15-16, 2024, Quarterly Meeting, April 22, 2024, Special Meeting, May 8, 2024, Special Meeting, and May 29-30, 2024, Quarterly Meeting, were reviewed and approved without opposition. This approval ensured that the records of past meetings were accurate and formally recognized.

OPPORTUNITY FOR PUBLIC PARTICIPATION
BRYNNE PAIVA from the Laborers International Union of North America raised concerns about job displacement caused by wind energy projects funded by APFC investments, urging the board to consider the social impact of its investment decisions.

DOUG WOODBY from Juneau expressed concerns about APFC's indirect investment in Russian LNG tankers, suggesting that such investments could inadvertently support Russia's war efforts. These public comments highlighted the broader implications of the board's investment decisions and the importance of public accountability.

COMMITTEE REPORTS (Information)
VICE CHAIR CRUM presented the Audit Committee Report, detailing the June 6th meeting where the committee engaged with external auditor KPMG, reviewed the audit plan, and discussed the FY 24 year-to-date financial statement. The final audit presentation was anticipated for September.

TRUSTEE RUBENSTEIN provided an update on the Governance Committee's efforts to clarify roles, responsibilities, and processes, particularly focusing on refining the scope and responsibilities of the Investment Advisory Group (IAG) and updating the Governance Manual to reflect current practices and align with best practices.

CHIEF EXECUTIVE OFFICER'S REPORTS (Information/Standard Reports)
CHIEF EXECUTVIE OFFICER MITCHELL delivered a comprehensive report covering several key areas. He discussed pending board matters, including the removal of compensation and peer group language from the Personnel Management Plan (PMP) to expedite approval, with plans to revisit these sections later. CEO Mitchell emphasized the importance of staff recruitment, retention, and compensation, expressing gratitude to the legislature for their support. The financial update provided insights into the fund's performance and highlighted changes in the management structure, including the appointment of Allen Waldrop as Deputy CIO. Additionally, he discussed the APFC's history and projections, stressing the need for ongoing efforts to ensure the fund's long-term sustainability.

CHIEF INVESTMENT OFFICER REPORT (Information)
CHIEF INVESTMENT OFFICER FRAMPTON reported on the fund's performance, projecting an 8% return for the fiscal year, driven by strong stock market performance. He noted that the fund's performance was slightly below the benchmark as of May, with expectations that the gap would widen in June. He discussed recent rebalancing efforts, including adjustments to the private equity allocation to match the new 18% target. The report also highlighted the hiring of new staff members, including Matt Ives for Fixed Income and Henry Lloyd for Real Estate, to bolster the investment team. Frampton emphasized the positive impact of the strategic gold allocation, which had resulted in a significant gain for the fund.

INVESTMENT POLICY UPDATES (Action)
SEBASTIAN VADAKUMCHERRY, Chief Risk Officer, presented minor updates to the investment policy, which included clarifications on non-cash collateral requirements in securities

lending, guidelines for style categorization in the real estate portfolio, and adjustments to property type categorization to include both NCREIF and MSCI benchmarks. These updates were necessary to reflect the changes approved in May and align the policy with current investment strategies. The board discussed and approved the updated investment policy, addressing questions and providing clarifications as needed.

PRIVATE EQUITY – ASSET CLASS UPDATE (Education/Information)
DEPUTY CIO FOR PRIVATE MARKETS ALLEN WALDROP AND SENIOR ASSOCIATE STEVEN GAGLIARDO provided an update on the private equity program. They discussed the expansion of the team, which now includes seven members with recent hires from prestigious institutions. The portfolio's performance was highlighted, showing an 18.2% return over 10 years and a 16.1% return since inception. The portfolio is well-diversified across industries, with technology, finance, and healthcare being the largest sectors. The discussion also addressed challenges related to rising debt costs and the impact of interest rate increases on the buyout segment, with portfolio adjustments being made to manage these risks.

PLATINUM EQUITY PRESENTATION (Education/Information)
MARK BARNHILL, PARTNER, AND ALEX DOÑÉ, MANAGING DIRECTOR, presented on behalf of Platinum Equity, emphasizing the firm's operations-focused private equity strategy. The presentation provided an overview of Platinum Equity's growth from a small investment shop to a large private equity firm with $47 billion in assets under management. The firm employs an integrated investment process called M&A&O (Mergers, Acquisitions, and Operations), which emphasizes operational improvements from the outset. Platinum Equity primarily targets corporate carve-outs, where it acquires divisions from larger corporations and applies its operations expertise to enhance business value. The presentation also highlighted the firm's focus on acquiring companies at lower multiples and ensuring downside protection, safeguarding capital while delivering consistent, risk-adjusted returns.

ALTAS PARTNERS PRESENTATION (Education/Information)
ANDREW SHEINER, CEO and Managing Partner of Altas Partners, discussed the firm's approach to acquiring high-quality businesses with sustainable cash flows. Unlike Platinum Equity, Altas Partners focuses on acquiring established operations rather than turning around underperforming companies. The firm targets businesses that are not fully optimized and seeks to enhance their performance through deep sector research and strategic planning. Altas Partners has acquired 13 companies over 12 years, with a focus on healthcare services, financial services, and business/industrial services. The firm has generated a 26% net return for its partners since inception, with a low loss ratio of around 3%. The presentation underscored Altas Partners' commitment to capital protection and long-term value creation.

PMP UPDATE (Action)
DEVEN MITCHELL AND SHANNON MCCAIN presented updates to the Personnel Management Plan (PMP), which had not been reviewed for six years. The updates included the removal of compensation and peer group language to expedite approval, the addition of a section on the non-disclosure of confidential information, and updates to the performance management process, which now includes semi-annual evaluations and a shift from a three-point to a five-point evaluation scale. The PMP also introduced policies related to flexible workweeks, ad hoc work-

from-home arrangements, and permanent remote work. Trustees discussed the need for clearer definitions of confidential information, recruitment flexibility, and the CEO's authority to adjust salaries within budget constraints. The updates were well-received, and feedback was provided for further refinement.

TRAINING/TRAVEL BUDGET TRANSFER (Action)
A request was made by Deven Mitchell to transfer $75,000 from the training budget to the travel budget, recognizing the integrated nature of training and travel expenses. This transfer aimed to ensure that staff could attend necessary training without being constrained by budgetary limits.

TRUSTEE RICHARDS expressed some skepticism, viewing the transfer as a workaround for budget cuts to travel. However, after discussion and consideration of the practicalities, the motion was moved, seconded, and passed unanimously.

UPDATE ON INDEPENDENT REVIEW (Information)
TRUSTEE RICHARDS provided an update on the independent investigation regarding staff email leaks. The board had initially considered an external review but decided to hold off on the expenditure due to the high costs. Instead, the board opted to rely on two internal reviews already in progress. The results of these reviews will be presented at the next board meeting, where the need for further action, including the possibility of engaging the very expensive outside firm, will be reassessed.

UPDATE ON SECURITY REVIEW (Information)
The security review was conducted during an executive session. Specific details of the review were closed to the public for confidentiality reasons.

GOVERNANCE COMMITTEE RECOMMENDATIONS (Action)
TRUSTEE RUBENSTEIN, Chair of the Governance Committee, presented the committee's recommendations, which included proposals to rename and expand the Audit Committee's scope to include ethics and cyber security and to potentially create a Communications Committee. The board engaged in a discussion about the necessity of these changes, with some members advocating for a cautious approach to ensure that any structural changes would be beneficial in the long term.

INVESTMENT ADVISOR COMMENTS (Information)
GEORGE ZINN provided comments praising the fund's management over the past five years, noting that the fund had outperformed its benchmark by 300 basis points, adding $3.3 billion in incremental value. He also recognized the positive impact of the fund's internship program, highlighting the benefits for both the interns and the fund. He acknowledged the contributions of the fixed income team and the strategic gold allocation initiated by the CIO, which had resulted in significant gains for the fund. Britt Harris did not participate in the meeting, but George's comments were well-received and appreciated by the board.

CLOSING COMMENTS (Information)
TRUSTEE RUBENSTEIN announced her resignation, effective August 1st, and reflected on her two years of service on the board. She emphasized the importance of teamwork, intellectual

curiosity, and dedication, expressing gratitude for the opportunity to serve. Other trustees echoed their appreciation for her contributions, noting the significant impact she had during her tenure. The trustees also reflected on the day's discussions, expressing their gratitude to the staff and fellow board members for their efforts and commitment to the board's mission.

ADJOURNMENT

The meeting was officially adjourned at 5:19 p.m.

APFC ALASKA PERMANENT FUND CORPORATION
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907.796.1500 | apfc.org

SUBJECT: Chief Executive Officer Report ACTION: _____

DATE: September 25, 2024 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
- Staff Education & Training Report
- HR Summary Report
- Communications Report
- IT Update
- Financial Update
- Financial Report
- APFC Transfers
- APFC History and Projections
- Investment Management Fee Report

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SUBJECT: Pending Board Matters ACTION:

DATE: September 25, 2024 INFORMATION: X

BY	TASK	CAPTURED	TARGET	COMPLETED
Mitchell/McCain	PMP Improvements	7/23	12/24	
Mitchell	Update Compensation Structure	12/22 4/23	TBD	
Mitchell	Peer Group Definition	7/22	TBD	
Mitchell/Balovich	Security Review Update	5/24	7/24	9/24
Hoffmeister	Internal Review	5/24	9/24	9/24
Governance Committee	Governance Committee Recommendations and format update	5/24	9/24 & 12/24	

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SUBJECT: Trustee Education ACTION: _____

DATE: September 25, 2024 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	Regional Workshop Regional Workshop	Denver Chicago	October 22, 2024 October 23, 2024
PPI	Winter Roundtable	Seattle	March 5-7, 2025

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Memo

To: Governance Committee

From: Shannon Ely McCain, Director of Human Resources

Date: September 6, 2024

Re: APFC Financial Disclosure Report

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 as of September 9, 2024.

Disclosures			
Name	Position Title	Disclosure Type	Received
Mike Gumz	Credit Analyst - Fixed Income	Quarterly	7/11/2024
Ardian Balazhi	Intern	Initial	7/12/2024
T.J. Hegedus	Risk Analyst	Quarterly	7/11/2024
Luke Kirkham	Investment Analyst	Quarterly	7/25/2024
Mangual, Norix	Portfolio Accountant II	Quarterly	8/8/2024
Jim Parise	Deputy CIO	Quarterly	7/29/2024
Ed Rimes	Portfolio Manager	Quarterly	7/30/2024
Jed Smith	Procurement Officer	Quarterly	7/19/2024
Vera Bueler-Faudree	Intern	Initial	7/5/2024
Henry Lloyd	Investment Analyst -Real Estate	Initial	6/19/2024
Matt Ives	Credit Analyst - Fixed Income	Initial	7/1/2024
Lesley Creswell	HR Generalist	Initial	7/10/2024
Craig Richards	Trustee	Quarterly	6/12/2024

As a reminder, Quarterly - Only subsequent new Reportable Investments made during the quarter must be disclosed by the thirtieth (30) day following the end of each quarter. For the purpose of clarity, acquiring additional shares or selling shares of an already disclosed Reportable Investment does not need to be disclosed again as a quarterly investment.

All disclosures are under review as required per the APFC Disclosure Policy. After review, disclosures are filed in the appropriate personnel file. If you have any questions, please call me at 907-796-1541.

APFC ALASKA PERMANENT FUND CORPORATION
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Memo

To: Board of Trustees

From: Deven Mitchell
Chief Executive Officer

Date: September 25, 2024

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, 2024. 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	11	29
Fixed Income	39	19
Public Equity	14	35
Private Income	47	120
Absolute Return	5	57
Real Estate	16	130
Private Equity	71	114
Total Fund Cash	0	4

Travel Summary:

Budget-to-Actual Report: July 1, 2023-June 30, 2024

CORPORATE OPERATIONS	BOARD-AUTHORIZED BUDGET	EXPENDITURES
Travel	$800,000	$624,065
Staff	$602,000	$468,802
Trustees	$18,000	$24,710
Moving/Non-Employee	$180,000	$130,554

Trip Summary – 4th Quarter – April 1 through June 30, 2024

TRAVELER	PURPOSE	DATES OF TRAVEL		LOCATION
Frampton	Administrative Travel	April 2	April 5	Anchorage
Rutherford	Manager Meetings	April 8	April 15	Los Angeles
Alexander	Manager Meetings	April 9	April 11	Denver
Mitchell	Conference	April 9	April 12	Anchorage
Skuratovskaya	Manager Meetings	April 14	April 20	New York/ Washington DC

Hatch	Manager Meetings	April 14	April 19	New York
Gagliardo	Manager Meetings	April 14	April 19	London
Shah	Manager Meetings	April 15	April 20	New York
Alexander	Manager Meetings	April 16	April 19	Toronto
Alexander	Manager Meetings	April 21	April 27	Mumbai/India
Waldrop	Juneau Office Visit	April 21	April 25	Juneau
Gagliardo	Annual General Meeting	April 26	May 2	Charleston
Haggard	Manager Meetings	April 26	May 4	New York
Frampton	Manager Meetings	April 28	May 1	Seattle
Vadakumcherry	Manager Meetings	April 28	May 1	Seattle
Smith	Juneau Office Visit	April 29	May 15	Juneau
Shah	Manager Meetings	April 30	May 2	Houston
Pollock	Manage Meetings	May 1	May 3	San Diego
Rutherford	Manager Meetings	May 6	May 8	Miami
Hatch	Manager Meetings	May 6	May 7	San Francisco
Pollock	Manager Meetings	May 6	May 9	San Francisco
Rahn	Conference	May 6	May 8	Beverly Hills
Gagliardo	Annual General Meeting	May 7	May 9	Chicago
Waldrop	Annual General Meeting	May 8	May 9	San Francisco
Hatch	Annual General Meeting	May 11	May 18	New York
Alexander	Manager Meeting	May 12	May 16	Portugal/London
Ungar	Juneau Office Visit	May 12	May 17	Juneau
Gumz	Conference	May 13	May 17	New York
Gagliardo	Juneau Office Visit	May 13	May 15	Juneau
Andreyka	Manager Meetings	May 14	May 18	Tampa/Miami
Waldrop	Manager Meetings	May 15	May 16	Beverly Hills
Rahn	Annual General Meeting	May 15	May 16	Beverly Hills
Hegedus	Training	May 16	June 2	Seattle
Shah	Manager Meetings	May 20	May 25	Boston/New York
Mitchell	Conference	May 21	May 23	Anchorage
Loesch	APFC Board Meeting/Audit Committee	May 27	May 31	Barrow
Mitchell	APFC Board Meeting/Audit Committee	May 27	May 31	Anchorage/Barrow
Razzaque	APFC Board Meeting/Audit Committee	May 27	May 31	Anchorage/Barrow
Alldredge	APFC Board Meeting/Audit Committee	May 27	May 31	Barrow
Murray	APFC Board Meeting/Audit Committee	May 27	May 30	Barrow
Mendoza	APFC Board Meeting/Audit Committee	May 27	May 31	Barrow
Brune	APFC Board Meeting/Audit Committee	May 28	May 30	Barrow
Schutt	APFC Board Meeting/Audit Committee	May 28	May 30	Barrow
Richards	APFC Board Meeting/Audit Committee	May 28	May 30	Barrow
Anderson	APFC Board Meeting/Audit Committee	May 28	May 30	Barrow
Mertz	APFC Board Meeting/Audit Committee	May 28	May 30	Barrow
Poag	APFC Board Meeting/Audit Committee	May 28	May 31	Barrow

Crum	APFC Board Meeting/Audit Committee	May 28	May 30	Barrow
Swanson	APFC Board Meeting/Audit Committee	May 28	May 31	Barrow
Ungar	Annual General Meeting	May 28	May 30	Napa
Rahn	Conference	June 3	June 4	Beverly Hills
Shinn	Manager Meeting	June 3	June 6	Austin
Haggard	Training	June 3	June 6	Chicago
Waldrop	Juneau Office Visit	June 3	June 7	Juneau
Ungar	Juneau Office Visit	June 3	June 7	Juneau
Song	Manager Meeting	June 3	June 6	Austin
Rutherford	Annual General Meeting	June 3	June 6	New York
Shah	Manager Meeting	June 3	June 15	London/Berlin
Rahn	Annual General Meeting	June 8	June 14	London
O'Day	Manager Meeting	June 9	June 14	New York
Alexander	Annual General Meeting	June 10	June 12	Dallas
Clark	Administrative Travel	June10	June 14	Seattle
Swanson	Conference	June 12	June14	Seattle
Mitchel	Conference	June 16	June 20	Missoula
Razzaque	Annual General Meeting	June 21	July 1	New York
McCain	Conference	June 21	June 26	Chicago
Waldrop	Annual General Meeting	June 22	June 27	Denmark/London
Alexander	Annual General Meeting	June 23	June 26	Los Angles
Mangual	Juneau Office Visit	June 23	June 29	Juneau
Mitchell	APFC Board Meeting/Audit Committee	June 23	June 24	Anchorage
Swanson	APFC Board Meeting/Audit Committee	June 23	June 24	Anchorage
Rime	Quarterly Partnership Meeting	June 24	June 28	Santa Ana
Skuratovskaya	Conference	June 24	June 27	New York
Rahn	Annual General Meeting	June 25	June 25	Ranchos Palos Verdes

ALASKA PERMANENT FUND CORPORATION

Q2 April - June 2024

	EMPLOYEE	DEPT	TRAINING TYPE*	VENDOR	COURSE TITLE	CLASS HOURS	CITY	ST
1	Brittney Ortega	FIN	OL	Pryor Learning	Learn to Write Effective Polices & Procedures	6.0		
2	Lillie Haggard	Inv	CS	ILPA	ILPA Member's Conference		Chicago	IL
3	Catherine Hatch	Inv	CS	PEI	PEI Women in Private Markets Summit North America		New York	NY
4	Henry Lloyd	Inv	OL	CFI Institute	Macabacus	15.5		
5	Shannon Mccain	Ops	CS	SHRM	SHRM National Conference & SCP Prep course	12.0	Chicago	IL
6	Eric Ritchie	Inv	OL	Training The Street	Core Comprehensive - Financial Modeling & Corporate Valuation	40.0	N/A	N/A
7	Jessica Thornsburry	Fin	OL	Becker	CPA Exam Prep Course			
8	Sarah Struble	FIN	OL/LT	UAS	Managerial Accounting		Juneau	AK
9	Sarah Struble	FIN	OL/LT	UAS	Fraud & Forensic Examination		Juneau	AK
10								
11								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								

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

ALASKA PERMANENT FUND CORPORATION

	EMPLOYEE	DEPT	TRAINING TYPE*	VENDOR	COURSE TITLE	CLASS HOURS	CITY	ST	
1	Lillie Haggard	Inv	OL	CFA Institute	Private Equity Certificate	125.0	N/A	N/A	August-December
2	Catherine Hatch	Inv	OL	CFA Institute	Private Equity Certificate	125.0	N/A	N/A	August-December
3	Catherine Hatch	Inv	OTT	ILPA	An Insider's Look at PE Managers	8.0	Chicago	IL	
4	Lara Pollock	Inv	OTT	ILPA	An Insider's Look at PE Managers	8.0	Chicago	IL	
5	Catherine Hatch	Inv	CS	With Intelligence	PensionBridge PE Exclusive	8.0	Chicago	IL	
6	Catherine Hatch	Inv	CS	With Intelligence	Next Generation Analyst Retreat (Summer)	5.0	Chicago	IL	
7	Lara Pollock	Inv	CS	With Intelligence	Next Generation Analyst Retreat (Summer)	5.0	Chicago	IL	
8	Juliette Alldredge	Ops	OL	PRSA	Navigating Today's Reputation Risk Management Certificate	12.0	N/A	N/A	
9	Henry Lloyd	Inv	OL	Training the Street	Real Estate Fundamentals	14.0	N/A	N/A	
10	Lara Pollock	Inv	OL	Training the Street	Financial Modeling	14.0	N/A	N/A	
11	Jedediah Smith	Adm	OL	NASPO	Contract Administration Strategies	3.0	N/A	N/A	
12	Nita Tupou	Adm	OL	LinkedIn	Excel Essential Training (Microsoft 365)	2.29m	N/A		
13	Luke Kirkham	Inv	OTT	CFA Institute	CFA Level I Exam	300.0	Minneapolis	MN	
14									
15									
16									
17									
18									
19									
20									
21									

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

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Memo

To: Board of Trustees

Thru: Deven Mitchell, Chief Executive Officer

From: Shannon Ely McCain,
Director of Human Resources

Date: September 6, 2024

RE: Human Resources Summary

Staffing & Recruitment

Recruitment activity through September 6, 2024.

Headcount & Vacancies as of 9/6/2024			
Division	Filled FTE	Vacant FTE	Vacancies at Previous Meeting
Investments (32)	30	2	2
Operations (35)	30	5	4
Departmental Totals	60	7	6
Total FTE's	67		

	Vacant Positions as of 9/6/2024				
Vacancy date	APFC Title	Division	Department	Incumbent	Status
5/9/2024	Investment Analyst - Global Rates	Investments	Fixed Income	Internal Promotion	Actively recruiting
7/8/2024	Investment Operations Analyst	Operations	Middle Office	Internal Promotion	Actively recruiting
12/1/2023	Investment Operations Analyst	Operations	Middle Office	Separation	Actively recruiting
4/28/2023	Portfolio Manager	Investment	Real Estate	Separation	Not actively recruiting
1/3/2023	Administrative Specialist	Operations	Administration	Internal Promotion	Actively recruiting
7/25/2024	Portfolio Accountant	Operations	Administration	Separation	Pending
NEW	Project Manager	Operations	Administration	NEW FY23	Not actively recruiting

APFC Turnover Rates - 5 years				
Fiscal Year	Annual	Average Monthly	Operations Staff Turnover	Investments Staff Turnover
FY20	12.8%	1.1%	5	1
FY21	18.6%	1.5%	4	5
FY22	13.7%	1.1%	4	2
FY23	19.0%	1.6%	9	1
FY24	17.3%	1.4%	8	2

SUBJECT: Communications Update ACTION:

DATE: 9/25-26/2024 INFORMATION: X

APFC Communications
As the investment manager of the Alaska Permanent Fund, APFC is accountable to many audiences: Alaskans, national partners, and global investors. We are committed to providing reliable, accurate information to meet each audience's unique needs and fostering trust, transparency, and accountability.

In-State Mission of Education & Awareness
The goal is to improve understanding of the Fund, APFC's investment management function, and our work to protect Principal and provide a maximum risk-adjusted return to benefit generations of Alaskans. The Permanent Fund reflects Alaska's substantial financial strength derived from natural resources.

Work has been ongoing with our Alaska-based partner, Yuit Communications, to strengthen our education efforts through social media, infographics, targeted message development, and outreach.

Nationwide and Global Focus on Investment Performance and Strategy
APFC is a trusted investment manager on the global financial stage. Ensuring high regard as a partner and thought leader reinforces APFC's standing and the Fund's significance in support of ongoing success.

Together with BackBay Communications, our global financial communications agency, we developed a six-month strategic plan. Central to our efforts are clear and compelling narratives, articulated through thought leadership that highlight APFC's financial management approach, strategic investment, and critical role as a revenue generator for Alaska.

In-state expertise and our global partner's financial sector expertise have proven to be a strong combination.

Presentations, Interviews, Outreach

June 2024 – September 2024
- PEI Interview regarding Private RE allocation — Marcus Frampton
- Bloomberg Interview regarding Asset allocation targets — Marcus Frampton
- PEI Interview regarding Secondaries — Allen Waldrop
- Legislative Budget & Audit Committee — Deven Mitchell
- Legislative Leadership on Fund Values & Structure — Chair and Deven
- Media Outreach on Fund Values & Structure — Deven Mitchell
- The Wall Street Journal Interview — Marcus Frampton
- Private Equity International Interview regarding a PE Update — Allen Waldrop
- PEI Interview for Cover Story on how LPs can assess GP performance — Allen Waldrop
- Talk of Alaska Radio Live Panel — Deven Mitchell
- Commonwealth North Presentation — Deven Mitchell

Publications: Stakeholder Accountability

FY24 Annual Report – Illuminating the Future
The Annual Report was created in compliance with AS 37.13.170. We appreciate the contributions of the finance and auditing team, staff, and partners to support this publication. This annual statutory disclosure is made available in print and digital formats to ensure broad accessibility to the Permanent Fund's audited financial statements and information about APFC's investment management role, such as asset allocation, performance, and revenue generation from Alaska's natural resources.

2024 General Election Pamphlet
In support of accountability to Alaskan voters, the pamphlet includes the Fund's income statement and balance sheet for the last two fiscal years. Content on the Fund's history, structure, and use is included to enhance Alaskan's understanding of this financial resource. The Permanent Fund content is now with the Division of Elections for publication in the 2024 General Election pamphlet per AS 37.13.170

Outreach and Education

Understanding Our Fund - Legislative/Media/Stakeholder Education
To prepare media and our partners in the Legislature for the release of the June 30 and July 1 financials, Communications, in partnership with Yuit, launched a campaign, "Understanding Our Fund." The campaign spanned all media platforms and resulted in relevant media outcomes.

Social Media
APFC's social media, particularly LinkedIn, is a valuable platform to inform the public about the Corporation's work and recruitment efforts. Posts are developed to ensure consistent and relevant messaging about the Fund, APFC, and Alaskans working for Alaska.

AK Youth Education Program Delivery
APFC and Alaska Resource Education (ARE) launched the "Alaska Renewable Revenue" curriculum statewide. In-person training took place in Juneau, Anchorage, and Fairbanks, and virtual training wrapped up in April. We are collaborating with ARE to develop a third and final video to tie the curriculum together. We are working to align the lessons to reach a younger Alaskan audience and enhance learning about the Permanent Fund. We are also preparing for two class visits to Juneau Headquarters with students who have utilized the curriculum in their classrooms.

Looking Forward

Thought Leadership
In production - Fund Targets, Asset Allocation, and Risk with Marcus Frampton and Sebastian Vadakumcherry to enhance understanding of APFC's investment policy as set forth by the Board.

Crisis Communications "Readiness" Planning
We are grateful for the BCDR Committee's review of our draft Crisis Communications Plan. The next steps are completing the document and scheduling related team training and education.

Website Update
apfc.org is a trusted and reliable source of timely information from the Corporation. In partnership with Yuit Communications, there are plans to update the website to enhance stakeholder experience.

Legislative Outreach
Planning for pre-session outreach, including our most recent campaign, "Understanding our Fund," and looking towards working with the 34th Alaska State Legislature in January 2025.

Consolidation of Governance Policies
Preparing to support the Governance Committee's recommendations for a cohesive update and modernization of the presentation of governance documents.

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SUBJECT: APFC IT UPDATE ACTION: _____

DATE: September 25, 2024 INFORMATION: ____X____

APFC IT Update

- APFC IT is in the process of moving all data to the cloud (Teams/SharePoint).
- APFC IT will be enabling Microsoft CoPilot for the APFC domain once data has been moved to the cloud.
- APFC IT has completed the shift from Webex to Teams on all conference equipment in the organization.
- APFC IT Data Center move from FAI to ANC scheduled for late October
- APFC IT has been working with Microsoft to optimize Microsoft Teams Calling in the JNU office.
- AFPC IT has completed the required bi-annual 3rd party IT security audits.
- APFC IT is fully staffed.

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SUBJECT: FY24 Year-end Financial Update ACTION: _____

DATE: September 25, 2024 INFORMATION: X

KEY TAKEAWAYS:

- Total return for the fourth quarter of FY24 of 0.89%, bringing the return for the year to 7.90%. Total fund underperformed the performance benchmark by 159 basis points and the passive benchmark by 400 basis points for the year.
- Accounting net income year-to-date of $5.5 billion, a gain of $727 million for the fourth quarter
- Realized (statutory) net income year-to-date of $4.2 billion, $1.3 billion for the fourth quarter
- Total market value as of June 30th of $80.5 billion, an increase of $2.5 billion for the year
- $3.5 billion transferred to the General Fund during the year in accordance with SB26; $845 million transferred in the fourth quarter
- $533 million of mineral deposits transferred in during the fiscal year
- Committed Earnings Reserve balance of $3.7 billion for FY25 General Fund transfers

Financial results for the fourth quarter of FY24 are consistent with the fairly flat performance in almost every asset class. Overall, the portfolio gained $303 million in value between the end of March and the end of June. There were large drawdowns in the public markets in April, which were mostly recovered in May. Small gains were recorded in every asset class except real estate in June.

Net assets increased by $2.5 billion year-to-date through June. This is a result of the net income of $5.6 billion and $533 million received in mineral royalty deposits offset by the FY24 POMV transfer to the General Fund in the amount of $3.5 billion. Corporate operating expenses and other appropriations for the year totaled $157 million.

The realized earnings balance at the end of June totaled $4.4 billion, leaving a deficit of $433 million after committing the FY25 inflation proofing and FY26 POMV transfer on July 1. Realized earnings in July were sufficient to cover this deficit and the balance was positive at the end of July.

Two transfers totaling $845 million were made to the General Fund during the fourth quarter of FY24. This brings the total transfers for the year to $3.5 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, 2024

Fiscal Year 2024 Net Assets

Balances through June 30, 2024 *(in millions)*

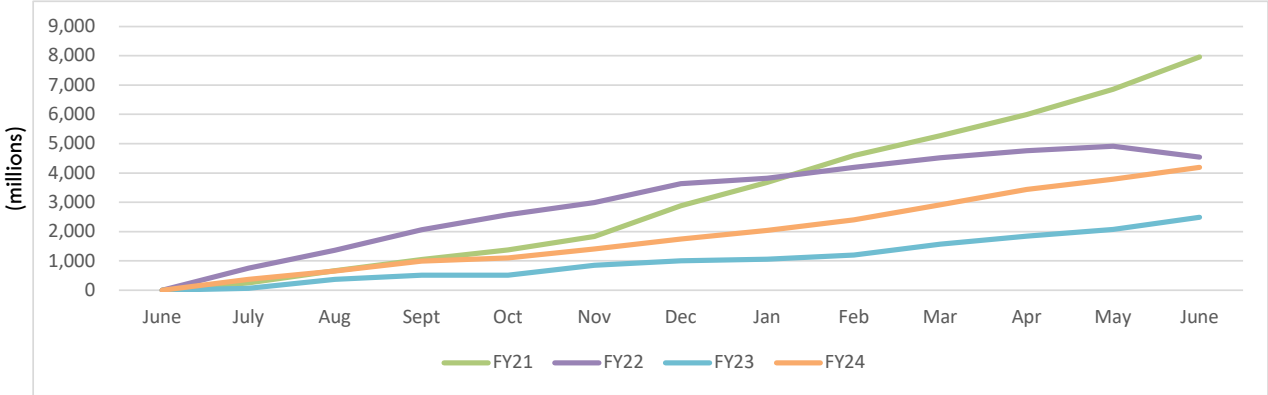
Total assets	$	81,434.5
Less liabilities		(971.7)
Net assets	$	80,462.8
Fund Balances:		
Non-spendable		
Permanent Fund corpus—contributions and appropriations	$	58,365.8
Not in spendable form—unrealized appreciation on invested assets		12,373.2
Total non-spendable fund balance		70,739.0
Committed		
General Fund Commitment		3,657.3
Current FY inflation proofing		-
Current FY AK Capital Income Fund		-
Committed fund balance		3,657.3
Assigned for future appropriations		
Realized earnings		4,365.7
Unrealized appreciation on invested assets		1,700.8
Total assigned fund balance		6,066.5
Total fund balances	$	80,462.8

Fiscal Year 2024 Income

For the twelve months ending June 30, 2024 *(in millions)*

Statutory (Realized) Net Income		
Interest, dividends, real estate, and other income	$	1,659.2
Realized gains on the sale of invested assets		2,716.6
Less operating expenses/legislative appropriations		(156.7)
Less Alaska Capital Income Fund committed realized earnings		(23.6)
Statutory net income		4,195.5
GAAP (Accounting) Net Income		
Statutory net income	$	4,195.5
Unrealized gain on invested assets		1,248.8
Alaska Capital Income Fund committed realized earnings		23.6
Accounting net income	$	5,467.9

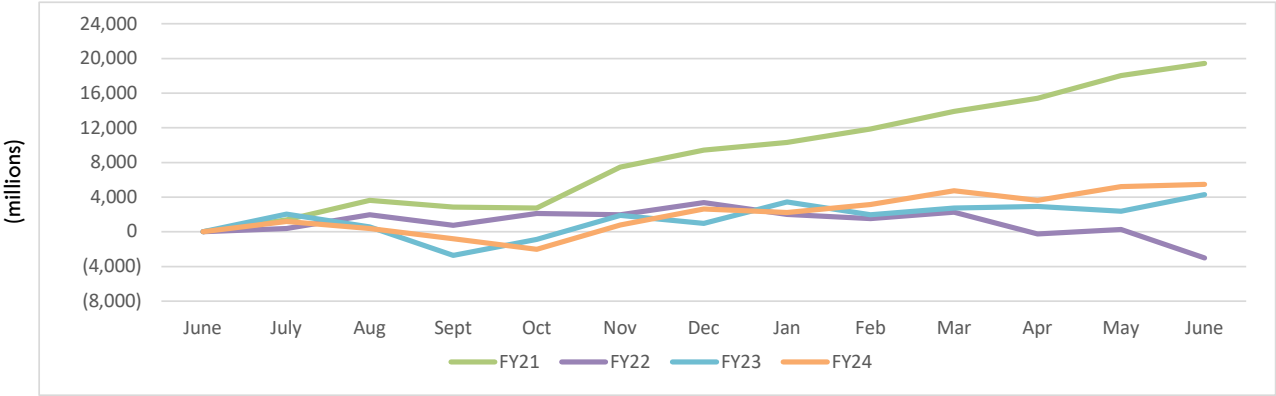
Statutory Net Income, Fiscal Years 2021 - 2024



• 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.

• FY21 statutory net income was $7,962.4 million.
• FY22 statutory net income was $4,543.6 million.
• FY23 statutory net income was $2,491.1 million.
• FY24 statutory net income was $4,195.5 million.

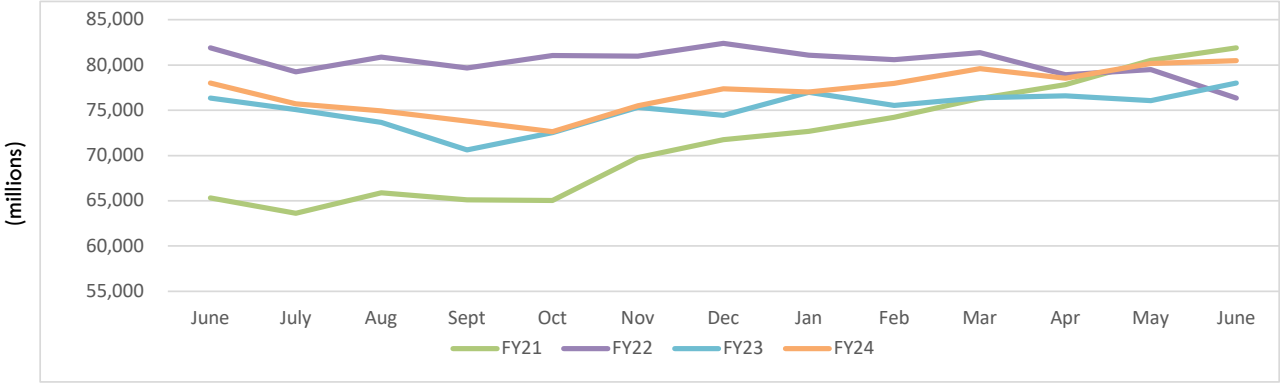
GAAP Accounting Net Income, Fiscal Years 2021 - 2024



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

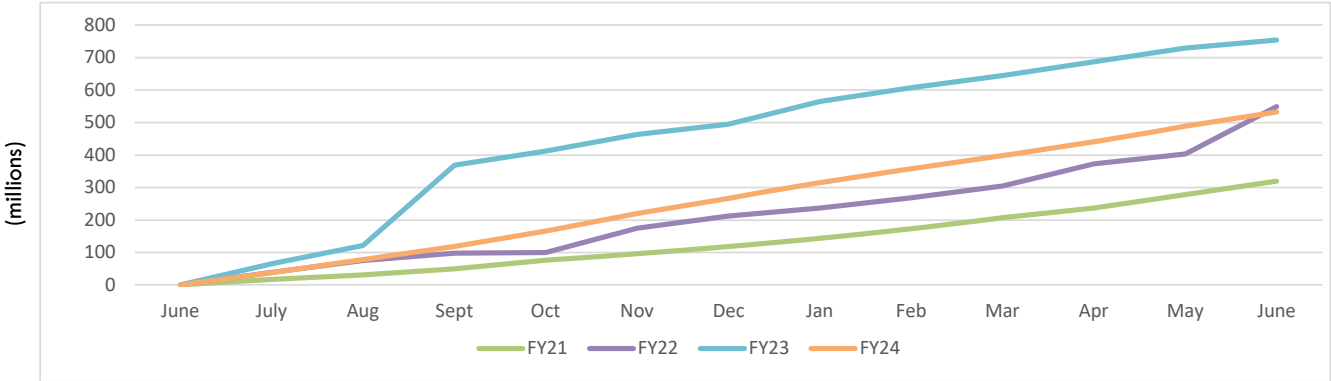
• Accounting net income for FY21 was $19,416.6 million.
• Accounting net loss for FY22 was $3,015.2 million.
• Accounting net income for FY23 was $4,295.9 million.
• Accounting net income for FY24 was $5,467.9 million.

Market Value of Fund Net Assets, Fiscal Years 2021 - 2024



- FY21 net assets as of June 2021 were $81.9 billion, a decrease of $16.6 billion over the FY20 ending balance.
- FY22 net assets as of June 2022 were $76.3 billion, an increase of $5.6 billion over the FY21 ending balance.
- FY23 net assets as of June 2023 were $78 billion, a decrease of $1.7 billion from the FY22 ending balance.
- FY24 net assets as of June 2024 were $80.5 billion, an increase of $2.5 billion from the FY23 ending balance.

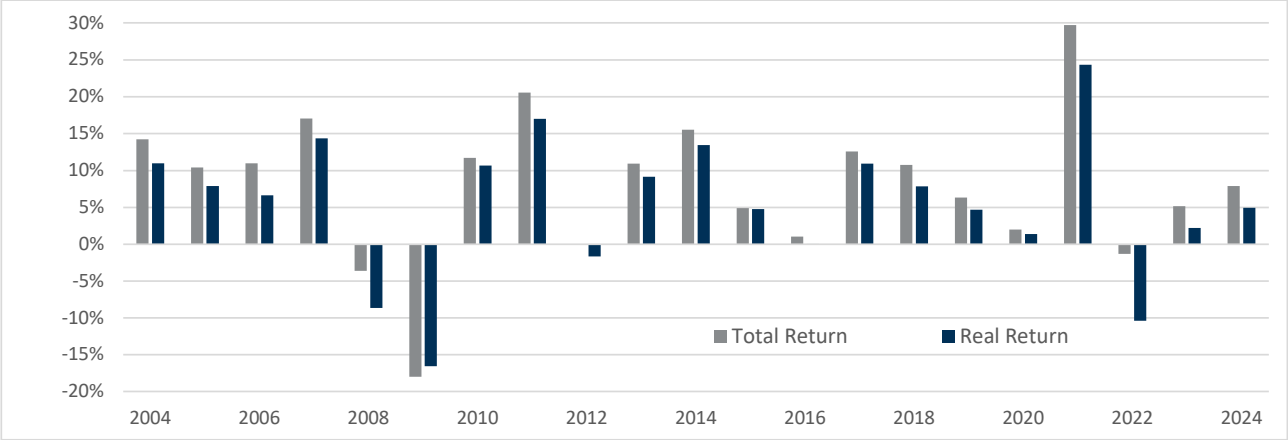
Dedicated Mineral Revenues, Fiscal Years 2021 - 2024



- FY21 mineral revenue was $319.6 million.
- FY22 mineral revenue was $548.9 million.
- FY23 mineral revenue was $753.6 million.
- FY24 mineral revenue was $532.6 million.

Alaska Permanent Fund Historical Returns, Fiscal Years 2004 - 2024

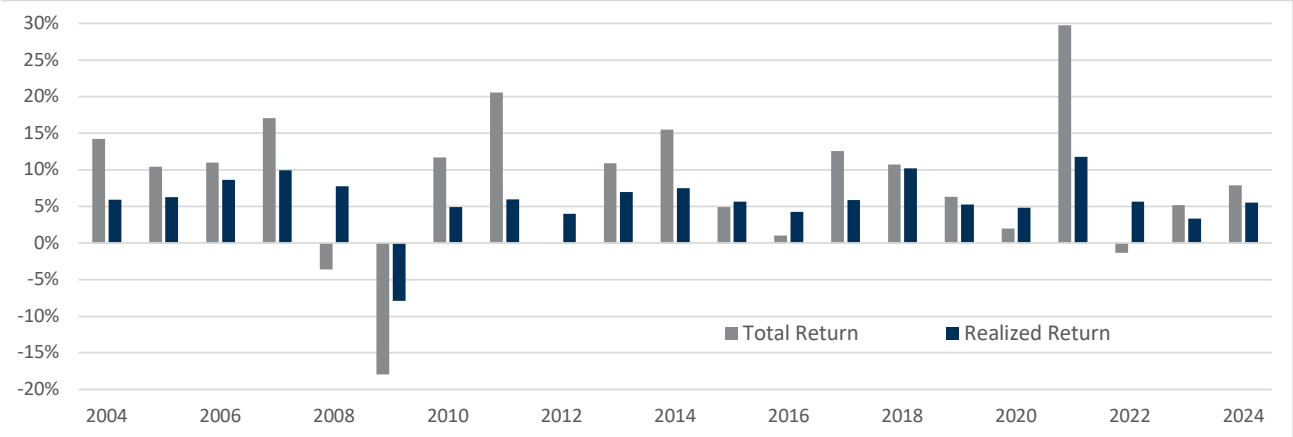
Total return minus inflation equals real return



- Total return annualized over 40 years is 8.79%
- Real return annualized over 40 years is 5.98%

Alaska Permanent Fund Historical Returns, Fiscal Years 2004 - 2024

Total return minus unrealized gains/losses equals realized return



- Total return annualized over 40 years is 8.79%
- Realized return annualized over 40 years is 7.34%

APFC ALASKA PERMANENT FUND CORPORATION

Board of Trustees - APFC Transfers - April 1, 2024 through June 30, 2024

Type of Transfer	April	May	June	Total
Public Equities	(500,889,299)	(752,249)	(650,930,052)	(1,152,571,599)
Fixed Income	8,605,176	(7,575,609)	(1,109,246)	(79,678)
Private Equity & Special Opportunities	(38,157,256)	20,138,869	(40,237,183)	(58,255,570)
Real Estate	93,459,808	(12,339,817)	475,919	81,595,910
Private Income	52,166,659	(50,201,454)	68,410,705	70,375,910
Absolute Return	(252,628,535)	(1,497,000)	5,000,000	(249,125,535)
Tactical Opportunities	29,740,762	(29,831,201)	(33,602,130)	(33,692,569)
Total Fund Cash	653,305,108	(173,711,323)	123,034,483	602,628,267
Risk Parity	(5,170,955)	(9,654)	-	(5,180,608)
Net Transfers	**40,431,468**	**(255,779,437)**	**(528,957,503)**	**(744,305,472)**

ALASKA PERMANENT FUND CORPORATION

Board of Trustees - APFC Transfers - April 2024

Description	Total Fund Cash	Public Equities	Fixed Income	Pvt. Equity & Spec. Opps.	Real Estate	Private Income	Absolute Return	Tactical Opportunities	Risk Parity	Net
State of Alaska & Administrative										
Mineral revenue	38,896,106									**38,896,106**
AIM STIF interest	1,742,655									**1,742,655**
Commission recapture proceeds	16,398									**16,398**
Securities Lending income	23,983									**23,983**
PCE Contribution	10,022,886									**10,022,886**
Corporate expenses	(10,270,559)									**(10,270,559)**
Public Equities										
Lyrical - Value LC	50,000,000	(50,000,000)								**-**
DSM - Growth LC	75,000,000	(75,000,000)								**-**
Eagle Asset Management, Inc.	25,000,000	(25,000,000)								**-**
Pzena Investment Management, LLC	30,000,000	(30,000,000)								**-**
AQR Capital Mgmt Global	40,000,000	(40,000,000)								**-**
Lazard Global Equity	25,000,000	(25,000,000)								**-**
CDAM Global Equity	25,000,000	(25,000,000)								**-**
Arrowstreet Global Equity	50,000,000	(50,000,000)								**-**
McKinley Global	15,000,000	(15,000,000)								**-**
William Blair - EM	20,000,000	(20,000,000)								**-**
DFA International Large Cap	25,000,000	(25,000,000)								**-**
LSV International EQ	45,000,000	(45,000,000)								**-**
DFA Value - EM	20,000,000	(20,000,000)								**-**
WCM Global EQ	25,000,000	(25,000,000)								**-**
DFA International Small Cap Value	30,000,000	(30,000,000)								**-**
Public EQ Sec Lend	889,299	(889,299)								**-**
Fixed Income										
APF US AGG	(40,000,000)		40,000,000							**-**
APF FI Overlay	(382,656)		382,656							**-**
APF TBA Collateral	(8,605,176)		8,605,176							**-**
APF FI Cash	40,382,656		(40,382,656)							**-**
Private Equity & Special Opportunities										
Private Equity distributions	95,447,884			(95,447,884)						**-**
Private Equity capital calls	(59,002,212)			59,002,212						**-**
Special Opportunities distributions	7,602,015			(7,602,015)						**-**
Special Opportunities capital calls	(5,890,431)			5,890,431						**-**
Real Estate										
Direct Real Estate distributions	16,361,236				(16,361,236)					**-**
Direct Real Estate capital calls	(4,807,565)				4,807,565					**-**
Real Estate Funds distributions	695,999				(695,999)					**-**
Real Estate Funds capital calls	(105,709,478)				105,709,478					**-**
Private Income										
Infrastructure distributions	28,026,248					(28,026,248)				**-**
Infrastructure capital calls	(63,348,889)					63,348,889				**-**
Private Credit distributions	23,670,133					(23,670,133)				**-**
Private Credit capital calls	(26,875,300)					26,875,300				**-**
Private Income distributions	687,622					(687,622)				**-**
Private Income capital calls	(14,326,473)					14,326,473				**-**
Absolute Return										
Absolute Return distributions	402,628,535						(402,628,535)			**-**
Absolute Return capital calls	(150,000,000)						150,000,000			**-**
Tactical Opportunities										
APF Tac Opps Public	(29,740,762)							29,740,762		**-**
Risk Parity										
PanAgora	5,170,955								(5,170,955)	**-**
Net Transfers	**653,305,108**	**(500,889,299)**	**8,605,176**	**(38,157,256)**	**93,459,808**	**52,166,659**	**(252,628,535)**	**29,740,762**	**(5,170,955)**	**40,431,468**

ALASKA PERMANENT FUND CORPORATION

Board of Trustees - APFC Transfers - May 2024

Description	Total Fund Cash	Public Equities	Fixed Income	Pvt. Equity & Spec. Opps.	Real Estate	Private Income	Absolute Return	Tactical Opportunities	Risk Parity	Net
State of Alaska & Administrative										
Mineral revenue	70,233,185									**70,233,185**
AIM STIF interest	2,682,833									**2,682,833**
Commission recapture proceeds	12,770									**12,770**
Securities Lending income	29,997									**29,997**
General Fund Transfer	(300,000,000)									**(300,000,000)**
PCE Withdrawal	(7,500,000)									**(7,500,000)**
PCE Contribution	185,796									**185,796**
Corporate expenses	(21,424,018)									**(21,424,018)**
Public Equities										
APF Global LV	(187)	187								**-**
APF Global LV Value	(6,731)	6,731								**-**
APF Intl LV Value	(7,128)	7,128								**-**
Public EQ Sec Lend	766,294	(766,294)								**-**
Fixed Income										
APF Global Rates	4,783,576		(4,783,576)							**-**
APF China Bond Market	(4,769,613)		4,769,613							**-**
APF TBA Collateral	7,561,646		(7,561,646)							**-**
Private Equity & Special Opportunities										
Private Equity distributions	59,707,206			(59,707,206)						**-**
Private Equity capital calls	(84,079,327)			84,079,327						**-**
Special Opportunities distributions	10,801,704			(10,801,704)						**-**
Special Opportunities capital calls	(6,568,451)			6,568,451						**-**
Real Estate										
Direct Real Estate distributions	10,272,816				(10,272,816)					**-**
Direct Real Estate capital calls	(2,392,519)				2,392,519					**-**
Real Estate Funds distributions	4,459,520				(4,459,520)					**-**
Private Income										
Infrastructure distributions	35,764,170					(35,764,170)				**-**
Infrastructure capital calls	(12,123,476)					12,123,476				**-**
Private Credit distributions	48,692,002					(48,692,002)				**-**
Private Credit capital calls	(29,949,404)					29,949,404				**-**
Private Income distributions	7,818,162					(7,818,162)				**-**
Absolute Return										
Absolute Return distributions	1,497,000						(1,497,000)			**-**
Tactical Opportunities										
APF Tac Opps Public	29,831,201							(29,831,201)		**-**
Risk Parity										
PanAgora	9,654								(9,654)	**-**
Net Transfers	**(173,711,323)**	**(752,249)**	**(7,575,609)**	**20,138,869**	**(12,339,817)**	**(50,201,454)**	**(1,497,000)**	**(29,831,201)**	**(9,654)**	**(255,779,437)**

ALASKA PERMANENT FUND CORPORATION

Board of Trustees - APFC Transfers - June 2024

Description	Total Fund Cash	Public Equities	Fixed Income	Pvt. Equity & Spec. Opps.	Real Estate	Private Income	Absolute Return	Tactical Opportunities	Net
State of Alaska & Administrative									
Mineral revenue	21,909,299								**21,909,299**
AIM STIF interest	1,972,832								**1,972,832**
Commission recapture proceeds	18,026								**18,026**
Securities Lending income	39,163								**39,163**
Class action proceeds	254,409								**254,409**
General Fund Transfer	(544,565,889)								**(544,565,889)**
PCE Withdrawal	(5,694,800)								**(5,694,800)**
PCE Contribution	142,651								**142,651**
AMHT Contribution	6,600,000								**6,600,000**
Corporate expenses	(9,633,194)								**(9,633,194)**
Public Equities									
Lyrical - Value LC	40,000,000	(40,000,000)							-
DSM - Growth LC	120,000,000	(120,000,000)							-
Mellon FTSE RAFI US Large	40,000,000	(40,000,000)							-
Pzena Investment Management, LLC	30,000,000	(30,000,000)							-
AQR Capital Mgmt Global	110,000,000	(110,000,000)							-
Arrowstreet Global Equity	100,000,000	(100,000,000)							-
APF Global LV	(142)	142							-
APF Global LV Value	(149)	149							-
McKinley Global	25,000,000	(25,000,000)							-
William Blair - EM	25,000,000	(25,000,000)							-
DFA International Large Cap	50,000,000	(50,000,000)							-
LSV International EQ	50,000,000	(50,000,000)							-
DFA Value - EM	25,000,000	(25,000,000)							-
DFA International Small Cap Value	35,000,000	(35,000,000)							-
APF International LV	(186)	186							-
APF Intl LV Value	477	(477)							-
Public EQ Sec Lend	916,587	(916,587)							-
Domestic Transition	13,464	(13,464)							-
Fixed Income									
APF Fixed Income Plus Holding	3,166		(3,166)						-
Cap Guardian High Yield Fixed Income	291		(291)						-
Oaktree High Yield Fixed Income	65,981		(65,981)						-
APF FI Overlay	230,674		(230,674)						-
Rogge Global Partners	13,540		(13,540)						-
APF Global Rates	(35,979)		35,979						-
APF TBA Collateral	1,039,807		(1,039,807)						-
Colchester EMD LC	22,439		(22,439)						-
APF FI Cash	(230,674)		230,674						-
Private Equity & Special Opportunities									
Private Equity distributions	119,463,412			(119,463,412)					-
Private Equity capital calls	(74,794,947)			74,794,947					-
Special Opportunities distributions	11,573,993			(11,573,993)					-
Special Opportunities capital calls	(16,005,276)			16,005,276					-
Real Estate									
Direct Real Estate distributions	10,440,091				(10,440,091)				-
Direct Real Estate capital calls	(3,927,793)				3,927,793				-
Real Estate Funds distributions	1,849,026				(1,849,026)				-
Real Estate Funds capital calls	(8,837,243)				8,837,243				-
Private Income									
Infrastructure distributions	8,690,153					(8,690,153)			-
Infrastructure capital calls	(34,741,129)					34,741,129			-
Private Credit distributions	51,436,430					(51,436,430)			-
Private Credit capital calls	(85,140,928)					85,140,928			-
Private Income distributions	2,071,009					(2,071,009)			-
Private Income capital calls	(10,726,240)					10,726,240			-
Absolute Return									
Absolute Return capital calls	(5,000,000)						5,000,000		-
Tactical Opportunities									
APF Tac Opps Public	33,602,130							(33,602,130)	-
Net Transfers	**123,034,483**	**(650,930,052)**	**(1,109,246)**	**(40,237,183)**	**475,919**	**68,410,705**	**5,000,000**	**(33,602,130)**	**(528,957,503)**

ALASKA PERMANENT FUND
FUND FINANCIAL HISTORY & PROJECTIONS
preliminary as of June 30, 2024

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[1] State Revenues	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
77-14	0	15,289	22,651	37,940	7,062	45,002	46,807	21,630	19,353	513		5,236	975	6,212	77-14	51,214
15	37,940	600	624	39,164	6,473	45,637	2,907	1,373	624	24		6,147	1,016	7,163	15	52,800
16	39,164	284	0 [5]	39,448	4,750	44,198	2,198	696 [4]	0 [5]	18		7,649	921	8,571	16	52,769
17	39,448	365	0 [5]	39,813	7,155	46,969	3,214	0	0 [5]	25		10,862	1,952	12,816	17	59,784
18	39,813	353	0 [5]	40,166	5,863	46,030	6,324	726	0 [5]	43	2,723	13,738	2,403	18,864	18	64,893
19	40,166	385	989	41,541	6,278	47,819	3,305	2,723	989	22	5,933	10,121	2,427	18,483	19	66,300
20	41,541	319	4,758 [7]	46,618	5,789	52,407	3,106	2,933	4,758 [7]	21	3,091	8,378	1,424	12,893	20	65,301
21	46,618	320	0 [5]	46,938	13,810	60,748	7,962	3,091	0 [5]	50	7,069	9,271	4,807	21,146	21	81,896
22	46,938	549	4,000 [5] [7]	51,487	8,700	60,187	4,544	3,069	4,000 [5] [7]	24	3,361	10,454	2,334	16,148	22	76,336
23	51,487	754	4,179	56,420	11,100	67,520	2,491	3,361	4,179	14	3,526	5,240	1,725	10,492	23	78,011
24	56,420	533	1,413	58,366	12,373	70,739	4,195	3,526	1,413	24	3,657	4,365	1,701	9,724	24	80,463
25	58,366	469	1,000	59,835	13,222	73,057	4,773	3,657	1,000	27	3,799	4,481	1,798	9,937	25	82,994
26	59,835	448	1,507	61,790	14,212	76,002	4,923	3,799	1,507	27	3,976	4,098	1,784	9,539	26	85,542
27	61,790	486	1,557	63,833	15,258	79,091	5,074	3,976	1,557	27	4,012	3,639	1,744	9,041	27	88,131
28	63,833	511	1,609	65,953	16,328	82,281	5,232	4,012	1,609	27	4,130	3,250	1,710	8,618	28	90,899
29	65,953	514	1,662	68,129	17,440	85,569	5,397	4,130	1,662	27	4,259	2,856	1,667	8,180	29	93,749
30	68,129	508	1,716	70,352	18,596	88,949	5,568	4,259	1,716	27	4,392	2,448	1,614	7,720	30	96,668
31	70,352	518	1,772	72,642	19,798	92,440	5,742	4,392	1,772	27	4,529	2,027	1,549	7,233	31	99,673
32	72,642	563	1,830	75,036	21,047	96,083	5,923	4,529	1,830	27	4,670	1,591	1,472	6,720	32	102,803
33	75,036	606	1,891	77,533	23,384	100,917	6,111	4,670	1,891	27	4,817	1,141	344	5,143	33	106,060
Cumulative Totals																
Proj. for FY24-FY33		5,156	15,956				52,938	40,950	15,956	268						

Assumptions:	Total Return	- Inflation	= Total Real Return	Statutory Return
FY24 [2]	7.90%	4.12%	3.78%	5.58%
FY24-FY33 [3]	7.60%	2.50%	5.10%	6.40%

Notes related to financial history and projections:

[1] Dedicated State Revenues in future fiscal years are based on the Spring 2024 Department of Revenue forecast.

[2] Current year returns and inflation reflect actual results through June. Inflation amounts are as appropriated.

[3] Future returns are based on 2023 Callan capital market assumptions and median expected returns (the mid case). Actual results will vary.

[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.

FY25 POMV Distribution (actual)[9]		
Ending Fund Value (ex Am Hess)		
FY23	$	77,587.5
FY22		75,912.8
FY21		81,472.4
FY20		64,877.8
FY19		65,875.9
Average Value	$	73,145.3
Statutory Distribution	$	3,657.3

FY25 Statutory Dividend Transfer (actual)[9]		
Statutory Net Income		
FY24	$	4,195.0
FY23		2,491.0
FY22		4,544.0
FY21		7,962.0
FY20		3,106.0
Avail for Dist (21%)	$	4,682.6
Statutory Trnsfr Amt	$	2,341.3

FY26 POMV Distribution (actual)[9]		
Ending Fund Value (ex Am Hess)		
FY24	$	80,038.4
FY23		77,587.5
FY22		75,912.8
FY21		81,472.4
FY20		64,877.8
Average Value	$	75,977.8
Statutory Distribution	$	3,798.9

FY26 Statutory Dividend Transfer (projected)[9]		
Statutory Net Income		
FY25	$	4,773.1
FY24		4,195.0
FY23		2,491.0
FY22		4,544.0
FY21		7,962.0
Avail for Dist (21%)	$	5,032.7
Statutory Trnsfr Amt	$	2,516.3

Income Year-to-Date as of June 30, 2024

FY24 YTD Statutory Net Income		
Interest, dividends, real estate & other income	$	1,659.2
Realized gains (losses) on the sale of assets		2,716.6
Less operating expenses		(156.7)
Less AK Capital Income Fund realized earnings		(23.6)
	$	4,195.5

FY24 YTD Accounting (GAAP) Net Income		
Statutory net income (loss)	$	4,195.5
Unrealized gains (losses) on invested assets		1,248.8
AK Capital Income Fund realized earnings		23.6
Accounting (GAAP) net income (loss)	$	5,467.9

ALASKA PERMANENT FUND CORPORATION

FY 2024 Fees & Expenses by Funding Source*

Report Date	**June 30, 2024**
Total Fund Balance	**82,039,355,000**
FYTD Change in Total Fund Balance (Net of Transfers)	**5,449,917,000**

Investment Management Fees

	Paid from Investments	Paid from Investment Management Allocation	Paid from Operations Allocation	Total	Basis Points
Public Equity	1,964,000	56,314,000	2,454,000	60,732,000	**8**
Fixed Income	0	3,955,000	7,185,000	11,140,000	**1**
Absolute Return	97,803,000	775,000	884,000	99,462,000	**12**
Total Fund Cash	0	238,000	714,000	952,000	**0**
Private Equity & Special Opps	154,018,000	29,342,000	4,944,000	188,304,000	**23**
Private Income	83,080,000	2,893,000	2,261,000	88,234,000	**11**
Real Estate	46,694,000	5,052,000	4,046,000	55,792,000	**7**
Total Investment Management Fees	**383,559,000**	**98,569,000**	**22,488,000**	**504,616,000**	
Basis Points	**47**	**12**	**3**	**62**	

Profit Sharing/Performance

	Paid from Investments	Paid from Investment Management Allocation	Paid from Operations Allocation	Total	Basis Points
Public Equity	0	28,993,000	0	28,993,000	**4**
Absolute Return	84,819,000	0	0	84,819,000	**10**
Private Equity & Special Opps	144,717,000	0	0	144,717,000	**18**
Private Income	27,146,000	0	0	27,146,000	**3**
Real Estate	1,784,000	0	0	1,784,000	**0**
Total Profit Sharing/Performance	**258,466,000**	**28,993,000**	**0**	**287,459,000**	
Basis Points	**31**	**4**	**0**	**35**	

* All amounts presented, including fund balances and change net of transfers, are in USD and consist of APF, AMHT, and PCE 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 25, 2024 INFORMATION: X

BACKGROUND:

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

STATUS:

Marcus Frampton, CIO, will present on the topics described above.

APFC

ALASKA PERMANENT
FUND CORPORATION

CIO Report

Marcus Frampton, Chief Investment Officer

September 25, 2024

Investment Department Current Topics

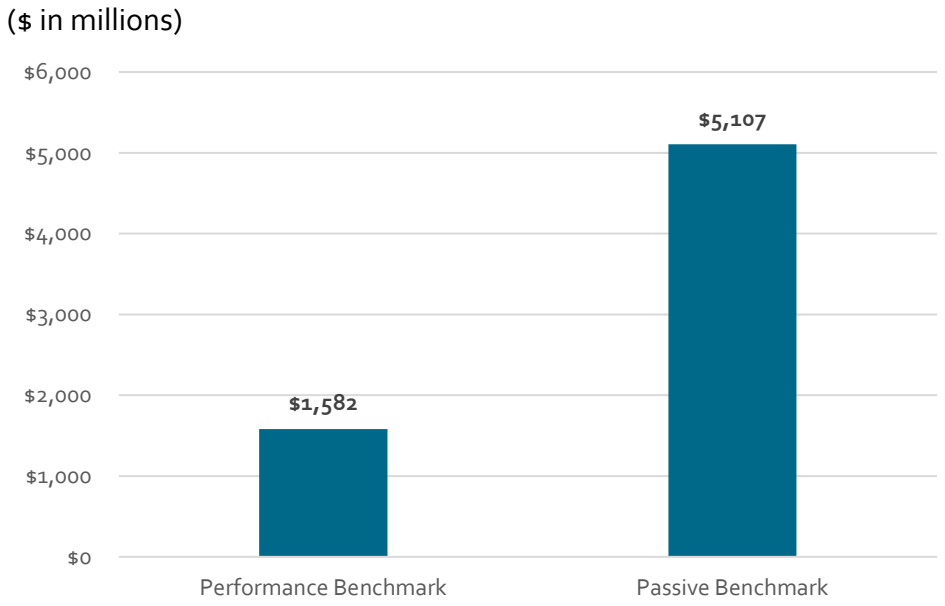
- Performance – *peer comparison to pension funds with higher stock allocations than APFC using Norway's Norges Bank as example*
- Personnel Updates
- Private Market Pacing
- Investment actions taken in FY '25 Q1

APFC Performance Context

1, 3 & 5 Year Performance Summary as of July 2024

	1-Year Annual	3-Year Annualized	5-Year Annualized
Fund Return	7.85%	3.95%	8.45%
Performance Benchmark	8.96%	3.82%	8.02%
APFC (Under)/Out-Performance	*(1.11%)*	*0.13%*	*0.43%*
Passive Benchmark	11.63%	1.71%	6.70%
APFC (Under)/Out-Performance	*(3.78%)*	*2.24%*	*1.75%*
Return Objective (CPI + 5%)	7.90%	9.84%	9.16%
APFC (Under)/Out-Performance	*(0.05%)*	*(5.89%)*	*(0.71%)*

5 year $ Value Add vs. Benchmarks

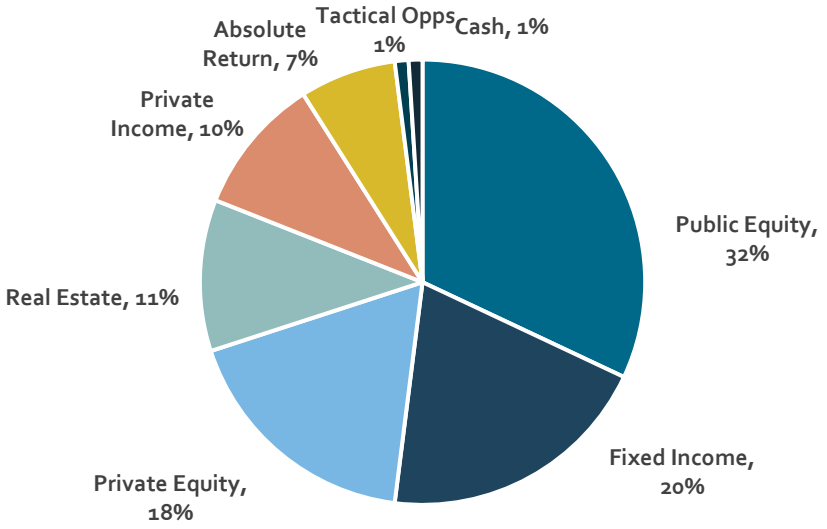


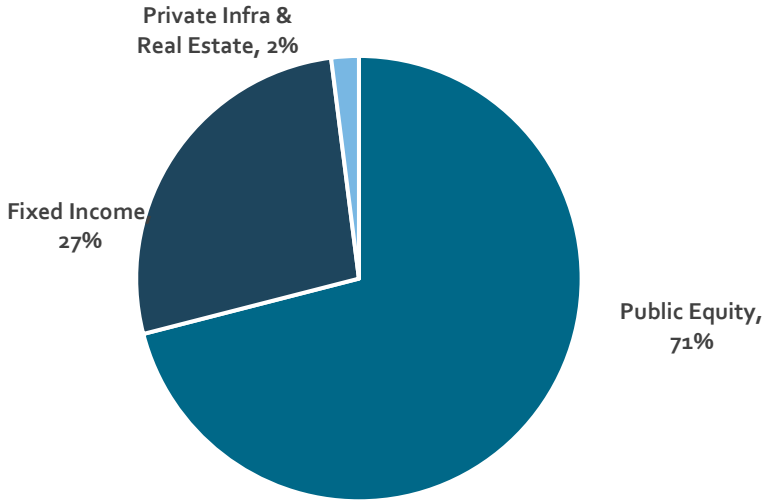
Norges Bank vs. APFC: Key Differences

- *Norges Bank is one of the most admired institutional investors in the World and characterizations of them as a "gold standard" of sorts are reasonable (albeit subjective)*
- *Differences in their approach and portfolio to APFC are monumental and need to be considered in any comparison*

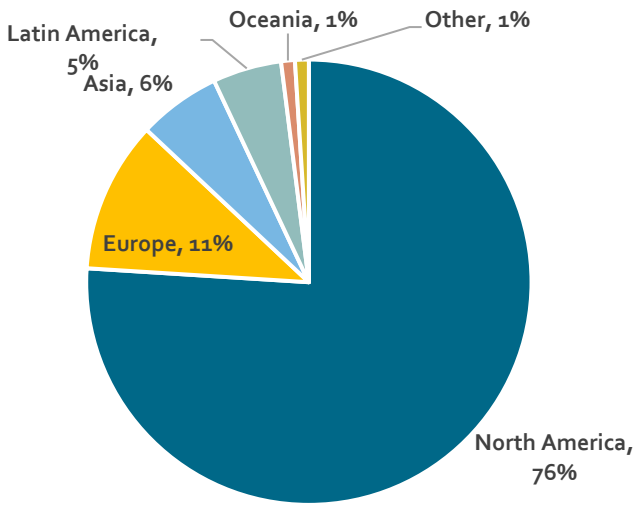
• Reporting Currency	→	US$	"Fund Currency Basket" & Krone
• Asset Allocation	→	Diversified	Predominantly Public Equity & Fixed Income
• Size	→	~US$80 BN	~US$1.7 trillion
• Alternative Investments	→	~45+%	~2%
• Offices	→	Alaska	Oslo, London, New York, Singapore
• Employees	→	61	654
• Tracking Error	→	~150 bps	~45 bps
• Active Management	→	High	Moderate
• Headline Return	→	Net-of-Fees	Gross-of-Fees
• Fiscal Year End	→	June 30	December 31

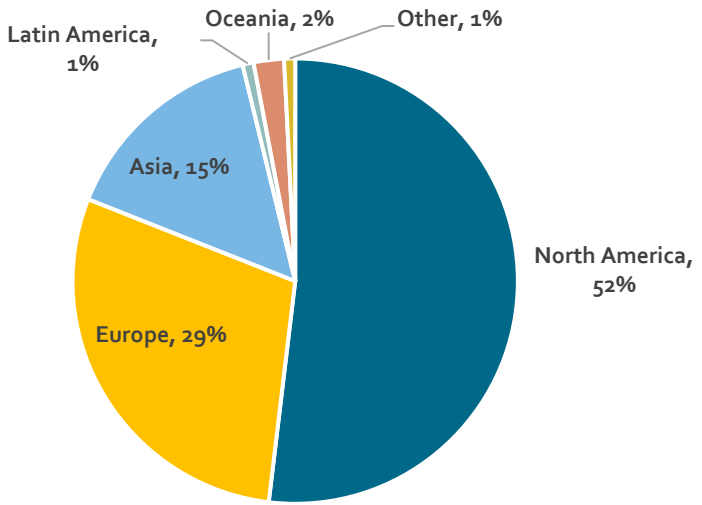
Norges Bank vs. APFC: Asset Allocation





Norges Bank vs. APFC: Geographic Summary

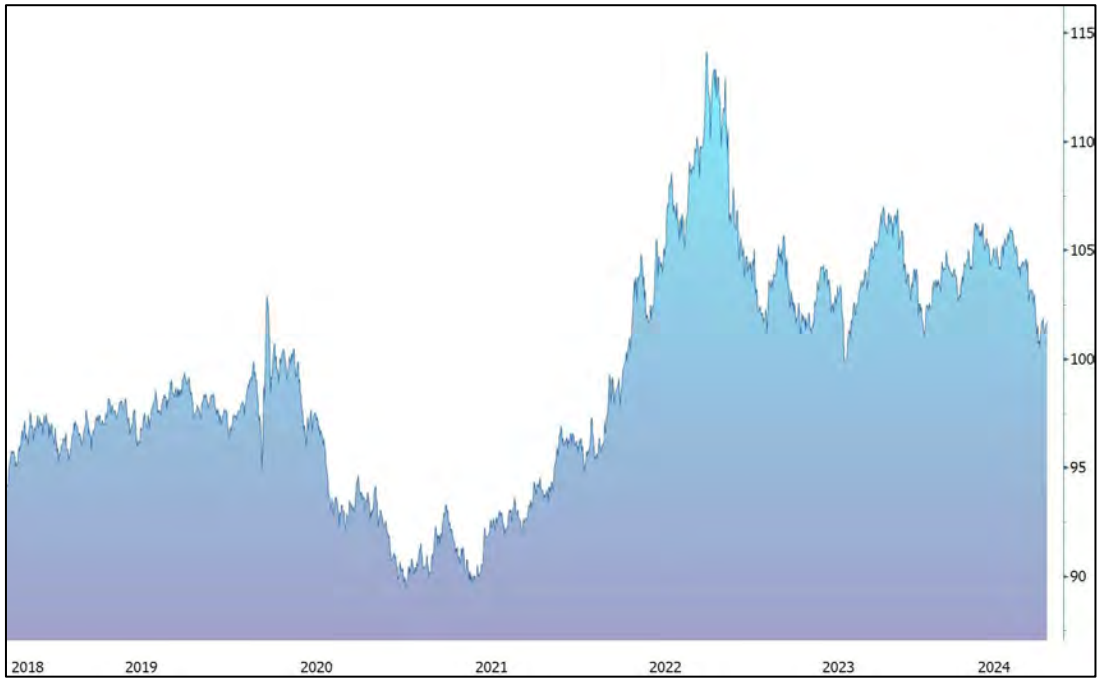




Currency Tailwind for Non-US$ Global Investors

Norwegian Krone / US Dollar

US Dollar Index



Norges Bank vs. APFC: Performance

- While Norges Bank's past three years in local currency (Norwegian Krone) have surpassed APFC's, an apples-to-apples comparison in US$ reveals the opposite picture
- For the 3-years from 2021 to 2023 (latest period with full currency information disclosed for NB) APFC achieved a US$ net annualized return of 6.40% vs. a US$ gross annualized return of 2.41% for Norges Bank

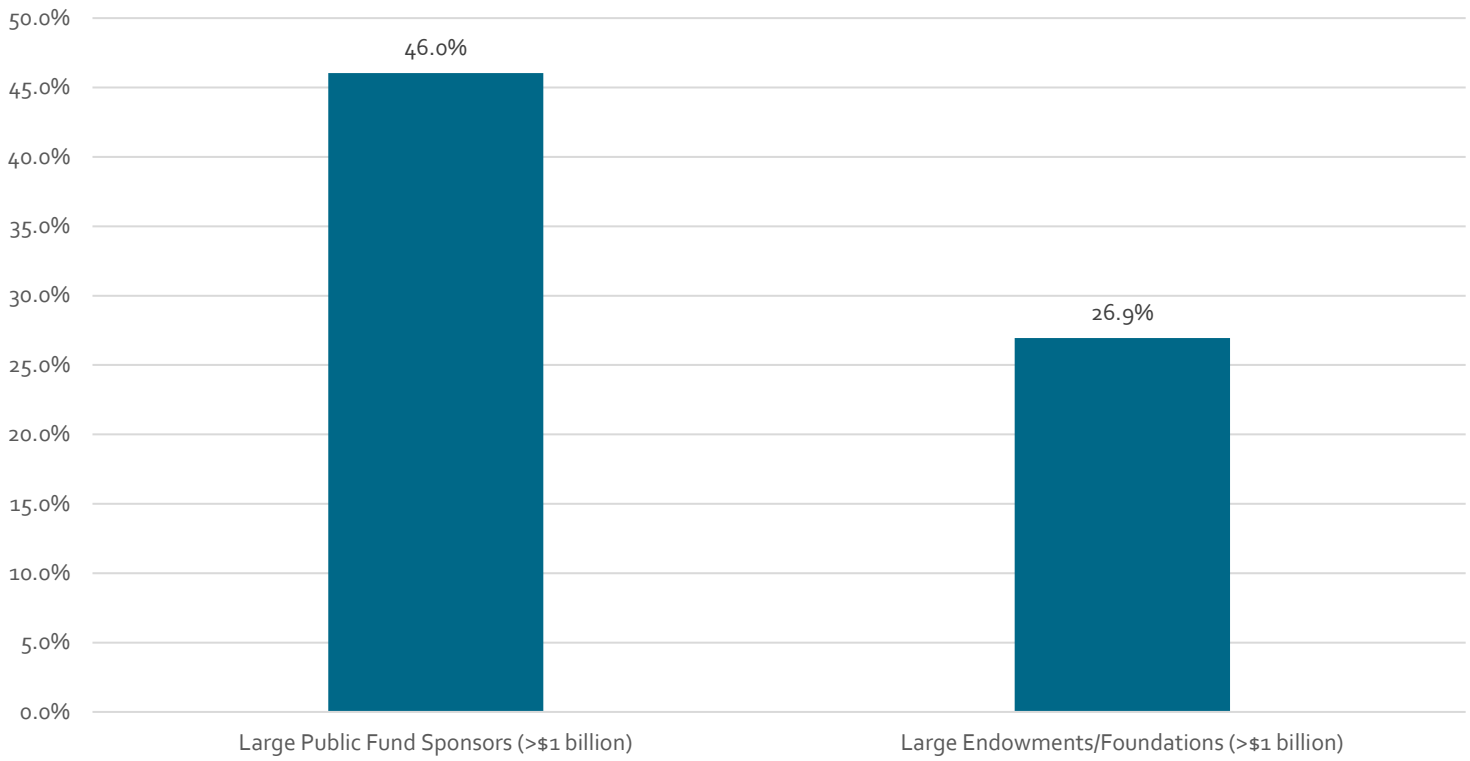
Note: Norges Bank Returns are shown as presented (gross-of-fees); APFC returns shown net-of-fees.

12 Months Ending 12/31:	2021	2022	2023	1H '24	3 Year '21-'23	3.5 Year '21-6/24
US$ Returns						
APFC	18.72%	(6.37%)	8.37%	4.20%	6.40%	6.71%
Norges Bank US$	11.09%	(17.58%)	17.30%	NA	2.41%	NA
Foreign Currency Returns						
Norges Bank Krone	14.42%	(7.93%)	20.93%	NA	8.41%	NA
Norges Bank Currency Basket	14.51%	(14.11%)	16.14%	8.59%	4.53%	6.35%
US CPI + 5%	*12.04%*	*11.47%*	*8.35%*	*4.84%*	*10.61%*	*10.51%*

Take-aways

- Norges Bank is a highly respected investor that correctly is considered a top tier firm; however, they have a very different investment portfolio and strategy than APFC
- With Norges Bank's significantly higher public equity exposure than APFC (~70% vs. ~32%) inevitably APFC will trail Norges Bank (and other pension funds that typically have higher public equity exposure) in years with strong up moves in public stock markets
- Contrary to reports, APFC's return has not trailed Norges Bank in the past three years when looking at currency on an apples-to-apples basis
- Neither APFC nor Norges Bank returns have kept up with CPI + 5% recently (since 2021)
- **While inevitably peer comparisons will come up, Staff recommends reviewing APFC performance versus its performance benchmark and keeping in mind that we are a long-term investor; generally speaking, differences in strategy, implementation and asset allocation drive year-to-year differences in headline <u>absolute</u> returns to a much higher degree than quality of execution by Staff**

Pension & Endowment Median Public Equity Allocation



Source: Callan data.

Investment Actions Taken during Q1 FY 2025

Investment Actions
Quarter Ending September 30, 2024

Public Equity

During the quarter, Staff took the following investment actions:

- Redeemed **$1.32 million** from Public Equities accounts and transferred the amount to Total Fund Cash. Details are below:

July 10th

Redemption from	Amount
DSM - Growth LC	-$110 million
Lyrical - Value LC	-$50 million
Pzena Investment Management, LLC	-$25 million
Eagle Asset Management, Inc	-$25 million
DFA International Large Cap	-$50 million
LSV International EQ	-$50 million
DFA International Small Cap Value	-$50 million
Hardman Johnston Global	-$20 million
ArrowStreet Global Equity	-$110 million
AQR Capital Mgmt Global	-$60 million
State Street Russell Fundamental LC	-$35 million
McKinley Global	-$15 million
	-$600 million

August 1st

Redemption from	Amount
DSM - Growth LC	-$50 million
Mellon FTSE RAFI US Large	-$25 million
Lyrical - Value LC	-$25 million
LSV Value LC	-$25 million
Eagle Asset Management, Inc	-$30 million
Pzena Investment Management, LLC	-$35 million
Schroders International EQ	-$50 million
LSV International EQ	-$25 million
DFA International Large Cap	-$25 million
DFA International Small Cap Value	-$25 million
William Blair - EM	-$25 million
DFA Value - EM	-$25 million
AQR Global	-$50 million
ArrowStreet Global	-$50 million
Longview Global Equity	-$35 million
	-$500 million

August 21st

Redemption from	Amount
DSM - Growth LC	-$15 million
LSV Value LC	-$15 million
Eagle Asset Management, Inc	-$15 million
Pzena Investment Management, LLC	-$15 million
Schroders International EQ	-$15 million
LSV International EQ	-$15 million
DFA International Small Cap Value	-$15 million
Hardman Johnston Global	-$15 million
DFA Value – EM	-$15 million
DFA Small Cap - EM	-$15 million
State Street Russell Fundamental LC	-$30 million
CDAM Global Equity	-$20 million
WCM Global EQ	-$20 million
	-$220 million

Investment Actions (continued)
Quarter Ending September 30, 2024

Private Equity

Fund commitments closed in Q1 FY25:
- $15 million to growth equity co-investment
- $5 million to energy fund
- $20 million to growth equity fund
- $50 million to growth equity fund
- $75 million to growth / buyout continuation fund
- $35 million to energy co-investment
- $35 million to energy co-investment
- **$235 million**

Private Income & Infrastructure

Fund commitments closed in Q1 FY25:
- $20 million to direct lending co-investment
- **$20 million**

Investment Actions (continued)
Quarter Ending September 30, 2024

Absolute Return

During the quarter, Staff took the following investment actions in the Absolute Return portfolio:

- $5 million capital call from Multi-strategy Hedge Fund
- $5 million contribution to Equity Market Neutral Hedge Fund

APFC ALASKA PERMANENT FUND CORPORATION
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907.796.1500 | apfc.org

SUBJECT: Risk & Compliance Overview ACTION: ____

DATE: September 25, 2024 INFORMATION: ___X_

BACKGROUND:

The Risk & Compliance Report provides an overview of historical and forward-looking measures of risk for the Total Fund and its underlying asset classes. The report also includes a summary of the compliance monitoring activity.

STATUS:
The current report contains the following parts:

- **Part-1 [Information]:** is a brief introduction to enterprise risk management (ERM), beginning with the key aspects of the framework at APFC, followed by an outline of the functional organization. A summary of risk types, including measurement and mitigation aspects of investment risk, is also covered. Additionally, a summary of the compliance monitoring activity including examples dealing with regulatory aspects and investment policy (IPS) aspects are provided in this part.

- **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 & Compliance Overview

September 25, 2024

Part 1:

Risk Management & Compliance
- Structure & Framework

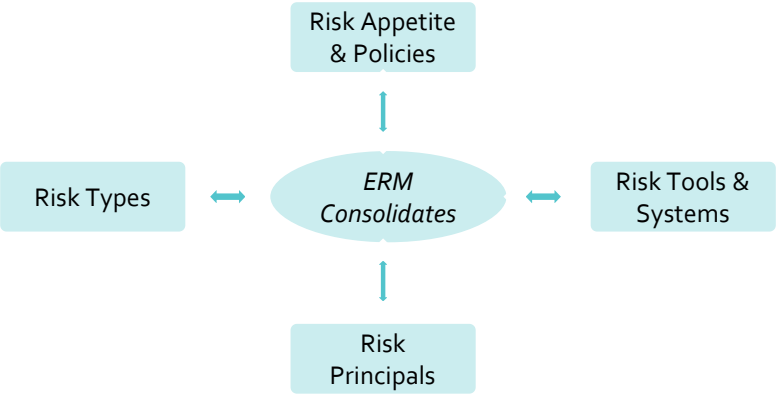
Risk Management & Compliance: introduction

- In terms of risk management & compliance, the investment activity is comprehensively covered by the board approved Investment Policy Statement (IPS) which has an annual renewal cycle. The IPS articulates roles, authorities, guidelines, limits and escalation procedures relating to the measurement, control and reporting of investment/financial risk.
- The investment teams execute their respective strategies in alignment with the IPS.
- The risk and compliance teams, along with the finance and legal teams, constitute an ***independent*** monitoring and reporting framework focused on investment/financial risk.
- This framework is augmented by IT, HR, Communications and Admin to enable monitoring, control, and reporting of operational risks.
- The board plays a crucial oversight role in key aspects including investment policy, authority delegation and governance in general.

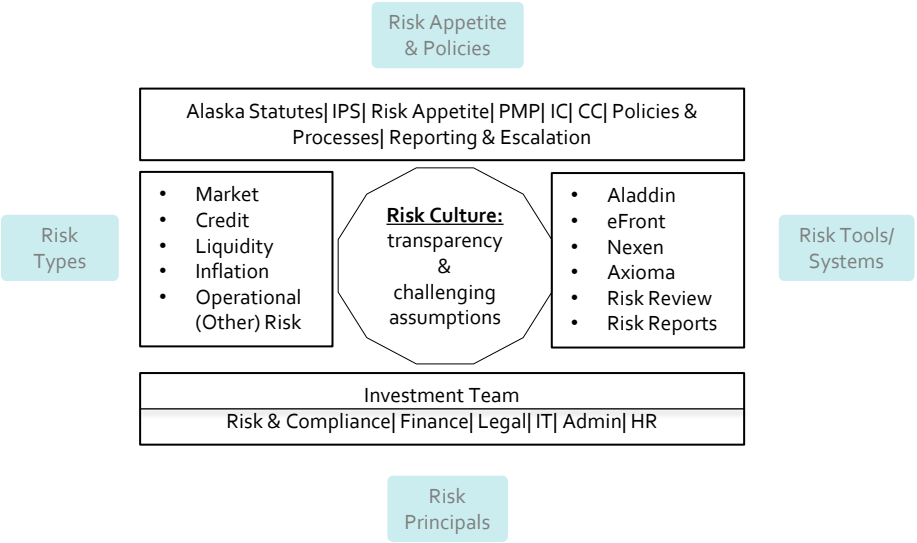
Essentially, all teams/staff at APFC contribute to enabling effective enterprise risk management

Enterprise Risk Management (ERM): spans the entire organization

ERM is a holistic framework that brings together the various aspects of effective risk management



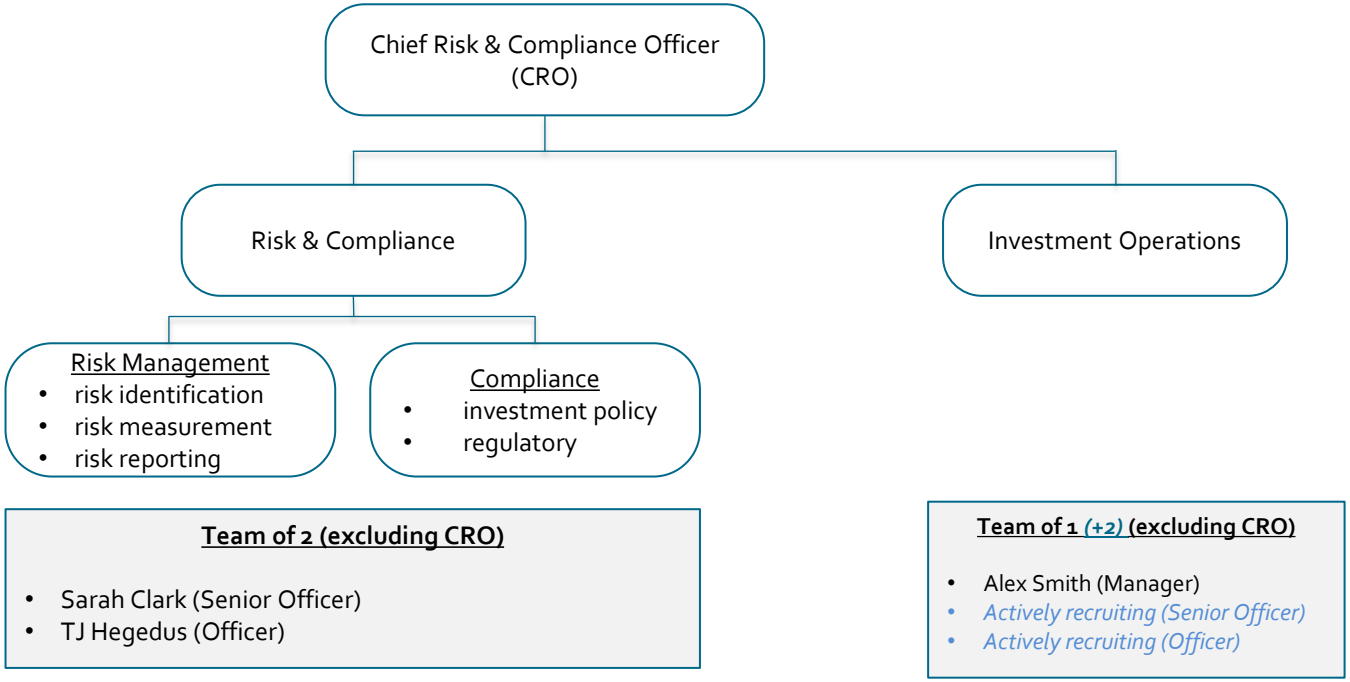
ERM in APFC's context



The components, aligned to the 4 key ERM elements (blue shaded boxes), are not intended to be comprehensive lists but a few illustrative examples

Risk Management & Compliance: organization structure

- A team of 4 oversees risk management, compliance and investment operations (currently)
- The plan is to add 2 members to the investment operations team soon
- Finance, Legal and other teams actively contribute towards the ERM framework



Part 1: A
Risk Management – Key Aspects

ERM: the library of key enterprise risks at APFC

Identifying and naming the relevant risk types is an important first step in the measurement, reporting and management of risk

Investment Risks	Operational Risks*				
Investment	**Information technology**	**Third-party management**	**Accounting and finance**	**Human capital**	**Other**
Market	Cyber Security	Procurement and due diligence	Segregation of duties	Skills mapping and forecasting	Regulatory
Credit	User controls	Vendor solvency	Financial planning and analysis	Hiring, onboarding, terminating	Legal
Liquidity	Data transfer	Contract compliance	Reporting	Culture	Reputational
Inflation	Digitalization		Purchasing	Performance management	Strategy/ mandate creep
	Business resilience		Process automation	Succession planning	

* All non-investment risks are classified under the 'Operational Risk' category

ERM: Investment risks and mitigants

The Investment Policy Statement (IPS) stipulates thresholds and guidelines for most investment risks outlined below

Risk Type	Assessment / Measurement	Control / Mitigation
Market Risk • **Interest Rate Risk** • **Equity Risk** • **FX Risk**	• Value at Risk (VaR) • Tracking Error (TE) • Correlations • Exposure to Asset Classes, Security Types, Geographies, Currencies	• Risk Appetite: Risk Tolerance Portfolio (RTP) • VaR Limits • TE Limits • Asset Allocation and Exposure Limits • Hedging Strategies • Clear guidelines and limits on derivative transactions
Credit Risk	• Spread Duration • VaR and TE measures • Rating Migration • Exposures by Name, Geography, Rating, Sector, etc	• Risk Appetite: Risk Tolerance Portfolio (RTP) • VaR Limits • TE Limits • Asset Allocation and Exposure Limits • Counterparty review and onboarding process
Liquidity Risk	• Proportion of illiquid assets • Model/empirical based liquidity levels • Levels of contributions and distributions for private assets • Cashflow projections	• Risk Appetite: min level of liquid assets • Asset Allocation and Exposure Limits • Minimum liquidity levels for asset classes • Minimum Cash & equivalents • Cash release arrangement with Custodian

Part 1: B
Compliance Monitoring – Key Aspects

As of June 28, 2024

Regulatory/Legal Compliance: examples

For the quarter ending June 28, 2024:

- Quarterly Securities Exchange Commission (SEC) 13 F filing
- Commodity Futures Trading Commission (CFTC) Form 40 submission
- Annual Legal Entity Identifier (LEI) renewal
- Regulation S inquiry
- BNYM Securities Lending agreement amendment
- Securities Exchange Board of India disclosures
- Foreign Account Tax Compliance Act self-certification x 2
- Know Your Customer requests x 10
- New Counterpart ISDA and CSA
- New Counterpart MSFTA and 4210 Amendment
- Office of Foreign Assets Control (OFAC) sanctions monitoring and related reporting
- Annual qualified institutional buyer (QIB) document update

a team effort

- *The General Counsel and Finance team provide significant assistance and are vital in enabling effective compliance*
- *While maintaining independence, the risk and compliance team works closely with the Investment teams as well, to ensure the process is transparent and efficient*

As the nascent initiative of trading non-US public equities internally grows, the monitoring and reporting requirements for regulatory compliance (across multiple geographies and jurisdictions) will significantly increase

Investment Policy (IPS) Compliance: key monitoring elements

Daily Monitoring and Reporting

- Asset allocation levels
- Tracking Error (TE)
- Value at Risk (VaR)
- Derivatives exposures
- Currency & Country exposures
- Intraday trading (systemic)

Monthly Monitoring and Reporting

- A monthly compliance summary report, covering limits and guidelines stipulated in the Investment Policy (IPS) is prepared by the risk & compliance team as of every month end and distributed to the Compliance Committee
- The Compliance Committee (CEO, CIO, CFO, Risk Team) meets monthly to review the end-of-month compliance summary report
- Transaction activity by counterparty
- Fixed Income trading review

IPS Compliance monitoring: examples -1

Table 3: Asset Allocation Levels

	Public Equity	Fixed Income	Private Equity	Real Estate	Private Income	Absolute Return	Tactical Opport-unities	Cash
Single Name / Issuer[3]	1.8%	3.1%	1.8%	6.7%	4.5%	n/a	n/a	n/a
Single Sub- Industry[4]	6.4%	14.4%	20.4%	n/a	7.3%	n/a	n/a	n/a
Single Country - EX US	5.0%	1.6%	6.0%	2.0%	7.8%	n/a	n/a	n/a
Total EX US	44.2%	8.3%	30.3%	8.5%	44.7%	n/a	n/a	n/a
Single Fund Investment[5]	4.9%	0.0%	5.4%	5.7%	6.5%	12.3%	n/a	n/a
Proportion of Ownership[6]	0.7%	n/a	n/a	0.4%	0.2%	n/a	n/a	n/a
Rating - Below Inv Grade	n/a	10.1%	n/a	n/a	n/a	n/a	n/a	0.0%
Rating - Below A- & Unrated	n/a	34.6%	n/a	n/a	n/a	n/a	n/a	0.0%
Rating - Unrated	n/a	1.6%	n/a	n/a	n/a	n/a	n/a	0.0%
FX - Proportion Unhedged	33.1%	0.0%	7.6%	5.0%	8.3%	n/a	n/a	n/a
Liquidity - Proportion w/o Weekly Liq	3.0%	0.0%	n/a	n/a	n/a	100.0%	n/a	0.0%
Liquidity - Proportion w/o Monthly Liq	0.0%	0.0%	n/a	n/a	n/a	66.2%	n/a	0.0%
Liquidity - Proportion w/o Quarterly Liq	0.0%	0.0%	n/a	n/a	n/a	9.7%	n/a	0.0%
Cash & Equivalents	1.8%	4.5%	0.4%	0.1%	0.1%	n/a	n/a	100.0%
MINIMUM Cash & Equivalents	n/a	n/a	n/a	n/a	n/a	n/a	n/a	100.0%

All Targets are Maximum Permitted except-Minimum Cash

IPS Section VII. G. Table 3 includes multiple asset class-wise limits to mitigate concentration, liquidity, FX and credit risks

In the table to the left, green indicates compliance with these limits. The values indicate the largest concentration (as of 6/28/2024), for informational purposes.

IPS Compliance monitoring: examples -2

Asset Class	Parameter	Limit	Actual	Compliance Status
PUEQ	Limit Tactical Tilt portfolio Size to 15% of PUEQ allocation	15%	11%	✓
PUEQ	Limit Tactical Tilt portfolio tracking error contribution to a max of 100 bps	100 bps	43 bps	✓
PUEQ	Prohibit single stock holdings within Tactical Tilt portfolio	0	0	✓
PUEQ	Limit U.S. Large Cap Low P/E portfolio size to 3% of PUEQ	1%	0.60%	✓
PUEQ	Require U.S. Large Cap Low P/E portfolio to hold a minimum of 100 securities at all times, and be equally weighted at rebalance	>100	244	✓
PUEQ	For the U.S. Large Cap Low P/E portfolio, 90% of holdings to be aligned with the lowest valuation quintile of the Russell 1000 index at the time of rebalance	>90%	95%	✓
PUEQ	The sum value of the 6 low volatility portfolios is limited to 5% of the public equity asset allocation	5%	3.7%	✓
PUEQ	For all 6 low volatility portfolios, individual security weights within each account are limited to 4% absolute weight and a +/- 1.5% deviation relative to benchmark weight	4%/1.5%	<limit	✓
PUEQ	For all 6 low volatility portfolios, each account shall hold a minimum of 100 securities.	>100	131 to 168	✓
PE	No more than 20% of the PE asset class shall be invested in public holdings.	<20%	8.5%	✓
PE	Following the public listing of any shares held by an APFC controlled vehicle, such shares shall be liquidated within 18 months.	18 months	2 months	✓
PE	No more than 30% of the PE portfolio may be invested with a single manager.	30%	5.7%	✓
PE	The PE portfolio shall be invested within the following strategy diversification ranges: venture 10-45%, growth equity 0-25%, buyouts 25-75%, specialized funds 0-50%.	Strategy Mix	30% VC, 64% buyout, 6% specialized	✓
IPCIO	No more than 30% of the IPCIO portfolio may be invested with a single manager.	30%	17.8%	✓
AR	APFC shall not constitute more than 30% of a manager's AUM	30%	11.3%	✓
AR	The AR portfolio shall follow these strategy restrictions: relative value managers 0-75%, event driven managers 0-50%, tactical managers 0-75%.	Strategy Mix	55% relative value, 13% event driven, 32% directional	✓
RE	No more than 35% of the RE portfolio may be invested with a single manager.	35%	18.8%	✓
RE	No more than 60% of the directly-held RE portfolio shall be invested in non-core holdings.	60%	38%	✓
RE	The RE portfolio property type mix is measured against a composite benchmark of 15% REIT plus 85% NCREIF. The portfolio property type weights shall not exceed 1.5x the benchmark or 5%, whichever is higher.	1.5xBM or 5%	<limit	✓
RE	RE Portfolio-wide leverage shall not exceed 50% and individual property level leverage are limited to 65%.	50%	31%	✓
TFCASH	Authorized investments within the TFCASH asset class include cash and the following cash equivalents: US treasuries with a max maturity of 24 months, IG corp bonds, reverse repos, money market funds, gold-backed ETFs, AAA rated asset backed securities, or other cash equivalents approved by the CRO and ED	asset type	cash & cash equivalents only	✓
TFCASH	At any point, min 80% of the TFCASH portfolio should be invested in instruments with a final maturity less than 181 days	80%	91%	✓

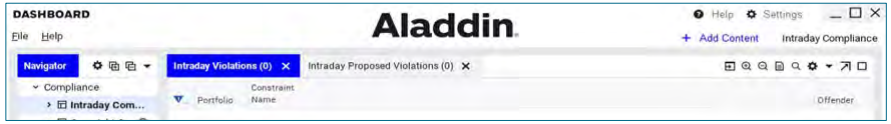
In addition to Table-3 illustrated on the previous slide, the IPS also includes multiple asset class-wise guidelines which are monitored and reported

In the table to the left, green indicates compliance with these limits (as of 6/28/2024), for informational purposes.

Key
PUEQ = Public Equities
PE = Private Equity
IPCIO = Private Income
AR = Absolute Return
RE = Real Estate
TFCASH = Total Fund Cash

Other General Monitoring: some examples

- Intraday internal trading compliance monitoring



- Counterparty onboarding due diligence and ongoing counterparty exposure monitoring.

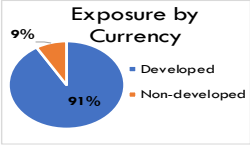
COUNTERPART EXPOSURE REPORT

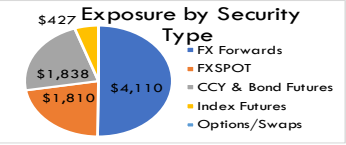
Counterparty Name	Monthly Exposures					1 Yr	2 Yr
	Total #Trd	Change	FIP	PUEQ	Middle	#Trd	#Trd
Counterparty #1	#	#	#	#	#	#	#
Counterparty #2	#	#	#	#	#	#	#
….....	#	#	#	#	#	#	#
Counterparty #49	#	#	#	#	#	#	#
TOTALS	**856**	**(607)**	**382**	**430**	**44**	**12,542**	**23,618**

- Ongoing derivative exposure monitoring to ensure external manager IMA compliance and determine compliance with CFTC thresholds.

Derivative Exposure Report

Total Exposure (mill)
Month-End $8,186
Month Hig $8,443
Month Low $4,517





Asset Manager Breakdown

Portfolio	Asset Manager	NAV (m)	Deriv. (m)	$Change	Net	Gross
#	Manager #1	$	$	$	%	%
#	Manager #2	$	$	$	%	%
….....						
#	Manager #31	$	$	$	%	%

Part 2:
Key Risk Metrics

As of June 28, 2024

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

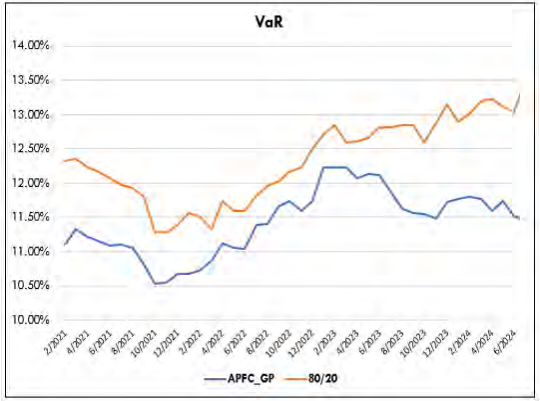
As of Date	Total Fund	Risk Appetite	
6/28/2024	11.51%	13.03%	✓

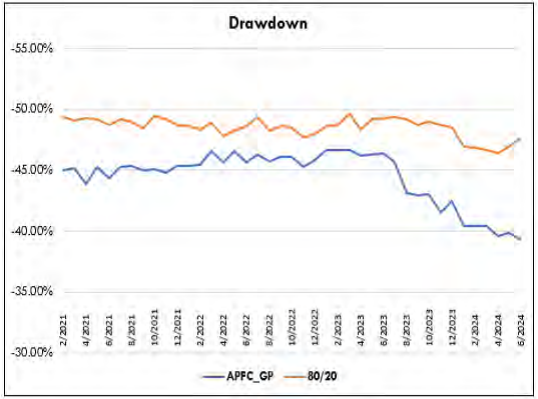
Drawdown Stress PnL: Max
Stress scenario simulating the GFC – Dec 2007 to Mar 2009

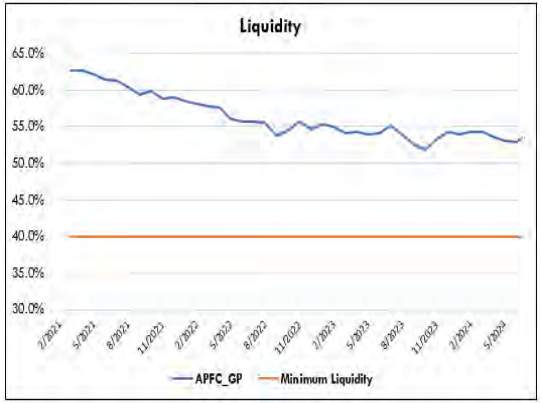
As of Date	Total Fund	Risk Appetite	
6/28/2024	(39.27%)	(47.59%)	✓

Liquidity Level: Min
Public Equities, Fixed Income and Cash, as a % of total fund

As of Date	Total Fund	Risk Appetite	
6/28/2024	52.8%	40%	✓

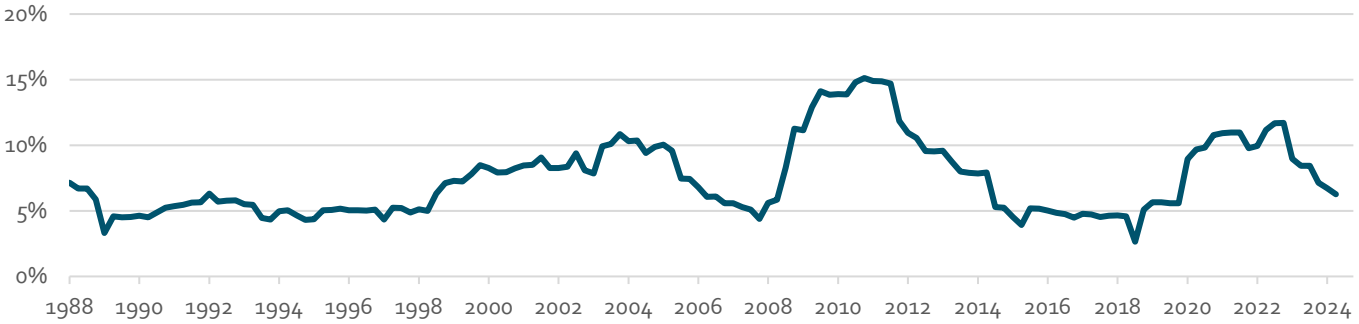




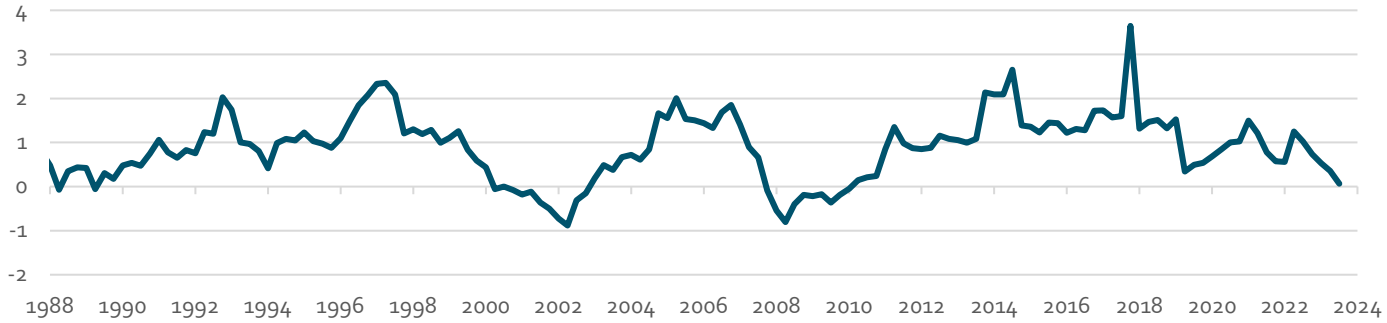


Total Fund: Realized Volatility & Sharpe Ratio

Realized Fund Volatility



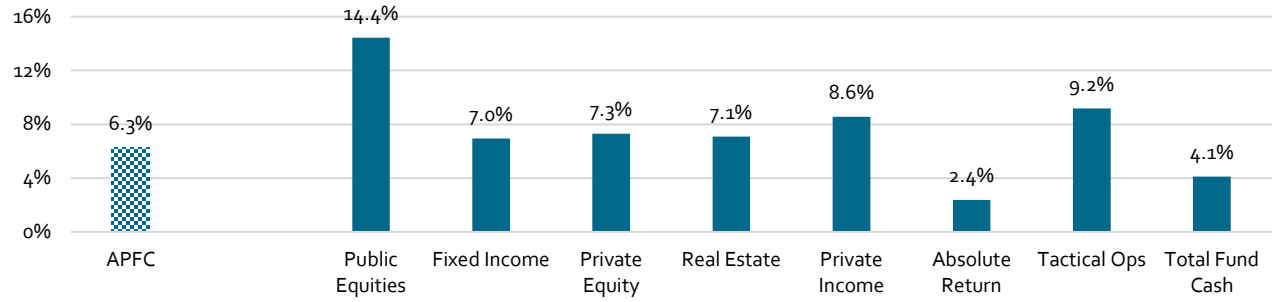
Realized Fund Sharpe Ratio



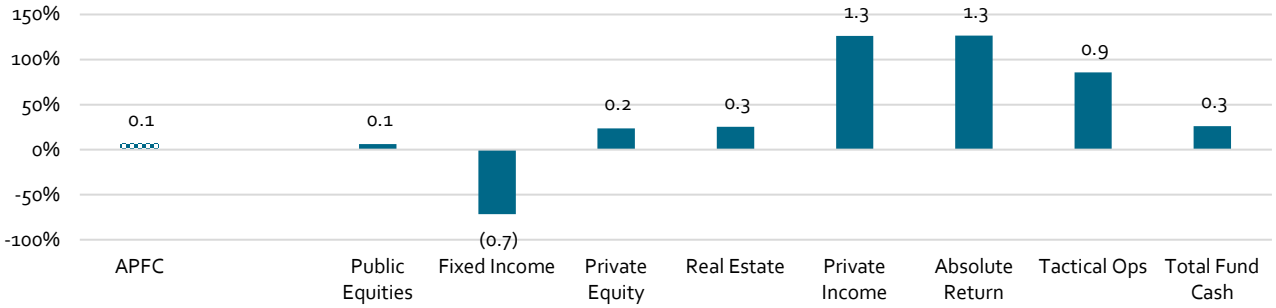
Volatility (standard deviation) and Sharpe ratio have been computed based on rolling 3 year quarterly returns for the Total Fund

Fund & Constituents: Volatility and Sharpe Ratio as of June 28, 2024

Volatility

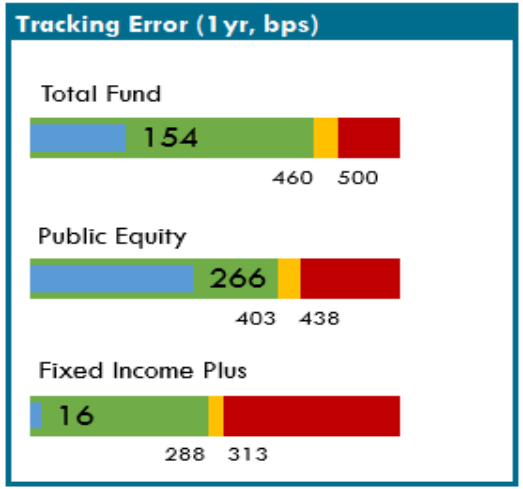


Sharpe Ratio

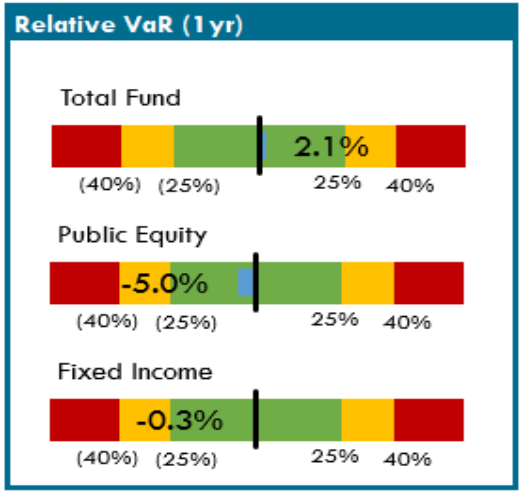


Volatility (standard deviation) and Sharpe ratio have been computed based on historical 3 year quarterly returns as of June 28, 2024, except for Tactical Ops which reflects inception to date values

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

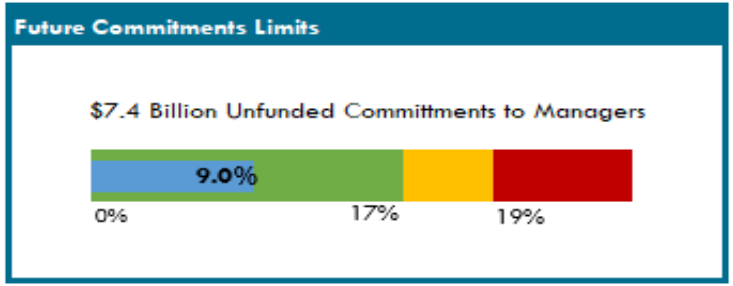
Liquidity Limits: Private Assets

Private Assets: Investments Vs Targets

	$ Billion	% of Total Fund		
		Actual	Target	Actual (Vs) Target
Private Equity	15.1	18.4%	16.0%	2.4%
Private Income	7.3	8.8%	9.0%	-0.2%
Real Estate	9.6	11.6%	10.0%	1.6%
Total	**31.9**	**38.8%**	**35.0%**	

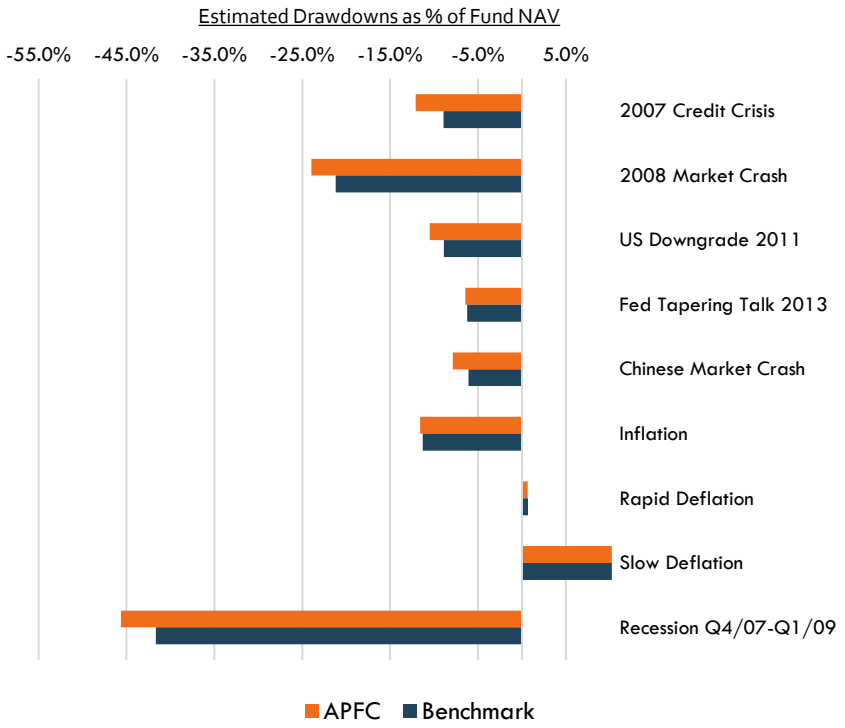
Private Assets: Future Commitments Vs Targets

	$ Billion	% of Total Fund		
		Actual	Target	Actual (Vs) Target
Private Equity	4.3	5.2%	7.0%	-1.8%
Private Income	2.8	3.4%	5.0%	-1.6%
Real Estate	0.4	0.5%	3.0%	-2.5%
Total	**7.4**	**9.0%**	**15.0%**	



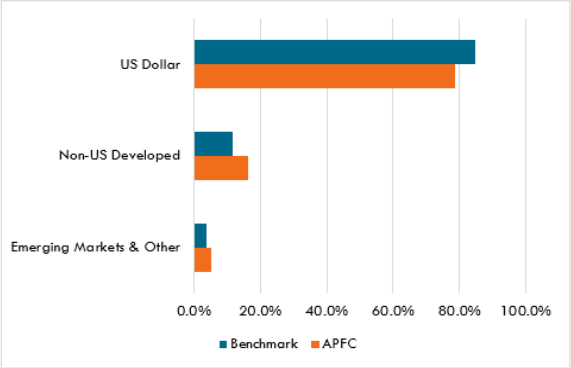
Tail Risk: Current portfolio during extreme events

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.



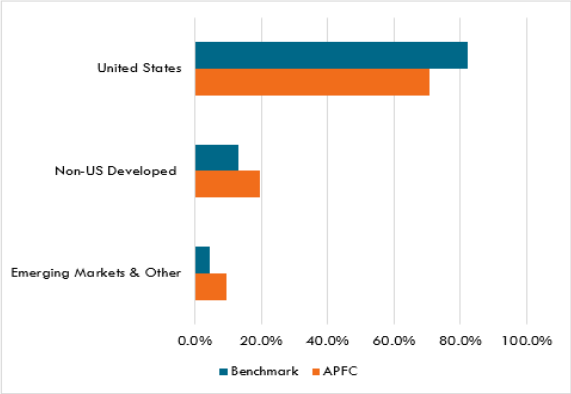
Currency & Geography: breakdowns

Currency breakdown



Currency Name	Exposure ($ millions)
Euro	$5,458,425
British Pound	$2,251,835
Japanese Yen	$1,875,740
Hong Kong Dollar	$975,767
Canadian Dollar	$859,015
Austrailian Dollar	$606,249
Sub-Total	**12,027,031 (14.6% of NAV)**
Total Non-US DM Exposure	**13,293,485 (16.2% of NAV)**

Country breakdown



Country Name	Exposure ($ millions)
China	1,882,820
India	846,086
Taiwan	723,214
Korea (South)	598,274
Brazil	374,476
Mexico	186,717
Sub-Total	**4,611,587 (5.6% of NAV)**
Total EM Exposure	**5,603,116 (6.8% of NAV)**

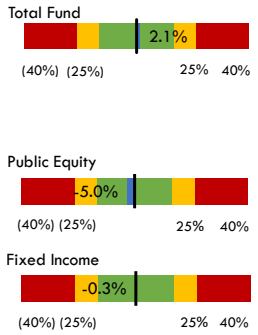
ALASKA PERMANENT FUND CORPORATION

Daily Dashboard - June 28, 2024

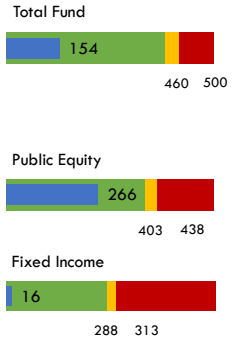
NAV : $ 82,069,900,468

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	**9.6%**	**2.1%**	**1.5%**	**0.3**	**7.5**	**3.7**	**8.0**	**82,070**				
Public Equity	12%	-5.0%	2.7%	0.1	16.4	7.9	17.8	26,817	32.7%	34%		-1.3%
Fixed Income	5%	-0.3%	0.2%	0.8	4.9	0.3	4.7	15,040	18.3%	20%		-1.7%
Private Equity	17%	-3.1%	6.8%	-0.1	0.9	1.5	1.0	15,081	18.4%	16%		2.4%
Real Estate	9%	-23.5%	4.4%	0.4	-3.3	-2.3	-2.5	9,520	11.6%	10%		1.6%
Inf. & Private Income	16%	40.3%	7.8%	-0.1	5.9	4.0	6.0	7,177	8.7%	9%		-0.3%
Absolute Return	3%	-25.3%	3.4%	0.0	9.4	5.8	9.5	5,851	7.1%	7%		0.1%
Tactical Opps	14%	0.0%	0.1%	3.6	29.5	16.9	32.1	1,130	1.4%	2%		-0.6%
Total Fund Cash	0%	-16.7%	0.1%	0.4	5.4	2.6	5.4	1,454	1.8%	2%		-0.2%

Relative VaR (1yr)

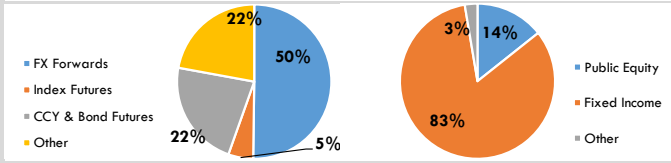


Tracking Error (1yr, bps)

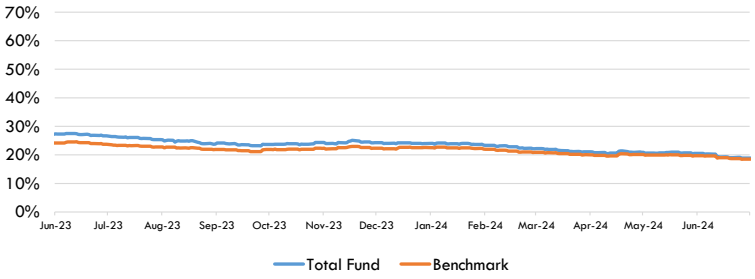


Derivative Exposures ($mill)

	Total Fund	Public Equity	Fixed Income	Other
Total Derivative	**8,186**	**1,172**	**6,798**	**216**
FX Forwards	**4,110**	59	3,838	213
Index Futures	**427**	424	-	3
CCY & Bond Futures	**1,838**	689	1,149	-
Other	**1,810**	-	1,810	-

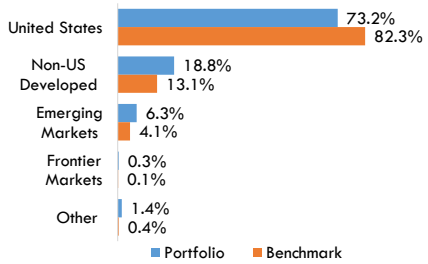


VaR (1yr, 97.5%) as a % of Total Fund NAV



Economic Indicators	6/28/24	6/27/24	% Change
VIX	12.44	12.24	1.6%
U.S. Dollar/Euro	1.07	1.07	0.1%
Credit Index OAS	0.88	0.89	-1.1%
Crude Oil (WTI) ($)	81.54	81.74	-0.2%
10-Year Treasury Yield	4.40	4.29	2.6%
30-Year Treasury Yield	4.56	4.43	3.0%
S&P 500	5,460.48	5,482.87	-0.4%
MSCI ACWI	2,791.14	2,795.20	-0.1%

Country Exposures

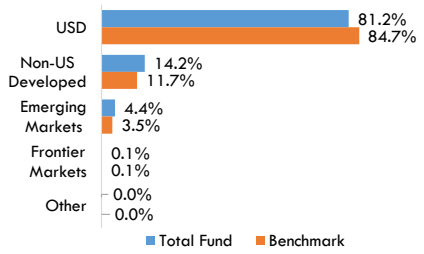


Specific Country Exposures

	Benchmark	APFC
Russia	0.00%	0.09%
Ukraine	0.00%	0.00%
China	1.17%	1.97%
Taiwan	0.72%	0.88%
Israel	0.10%	0.48%
Middle East & Africa	0.37%	0.48%

*Note: Limited granularity is available for the country exopures of private asset benchmarks.

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 25, 2024	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 2024 was completed by KPMG with a report date of September 5th. The results of the audit and a recap of the year-end financial statements were presented to the Audit Committee on September 5th.

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.

Alaska Permanent Fund Corporation Discussion with those charged with governance

Audit results and strategy for the year ending June 30, 2024

Audit results required communications and other matters

Matters to communicate		Response
Significant unusual transactions	X	
Uncorrected audit misstatements	✓	Page 6
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	✓	Page 4-5
Significant financial statement disclosures	X	

Matters to communicate		Response
Related parties	X	
Going concern	X	
Other information	✓	Page 7
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

KPMG

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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 resulted 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 5, 2024, 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 8

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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, 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.

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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.

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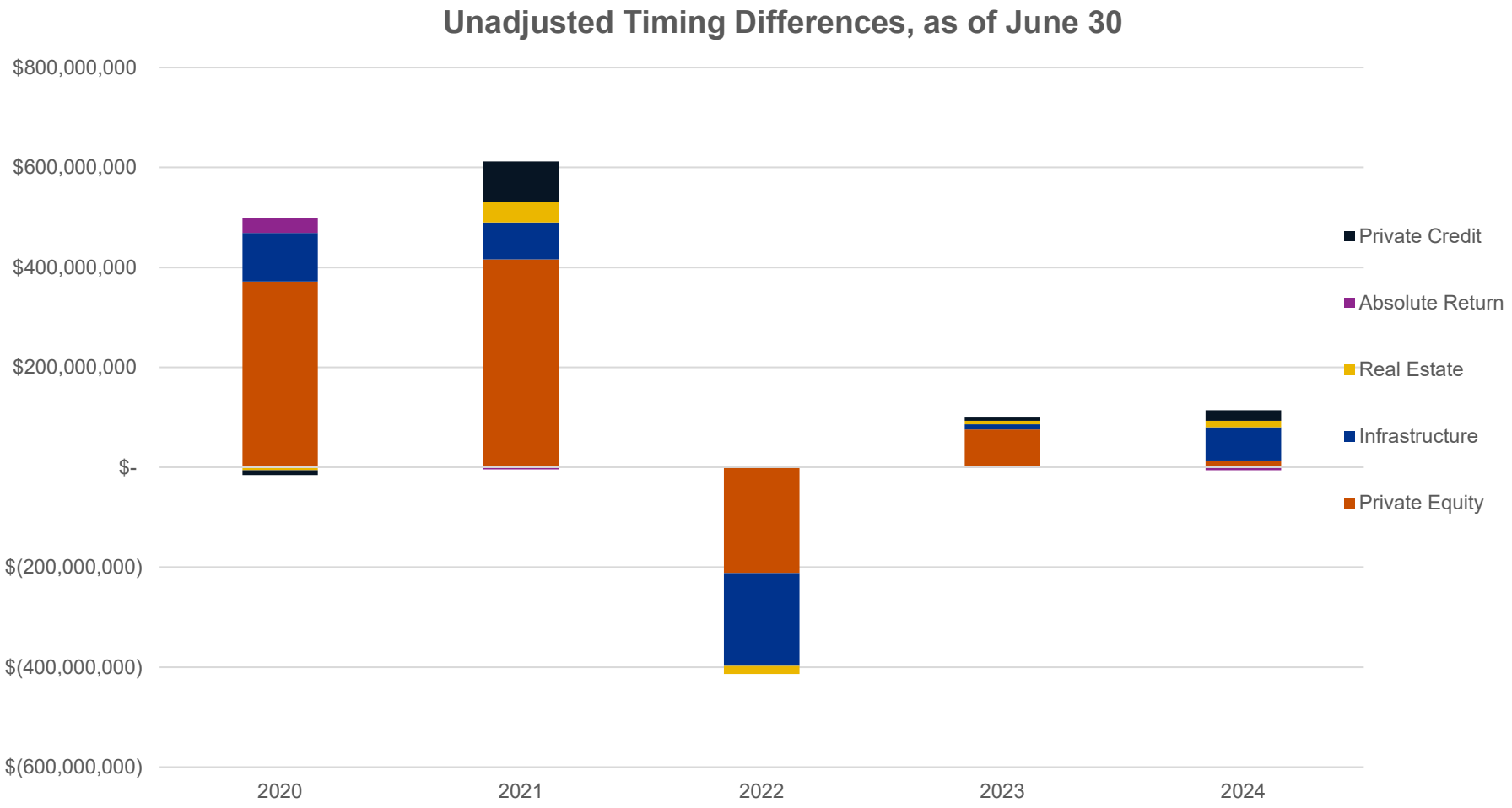
Uncorrected audit misstatements



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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.

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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?

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US 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

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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

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Beth Stuart
Audit Partner
emstuart@kpmg.com

Learn about us: **kpmg.com**

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

SUBJECT: Capital Markets & Performance Review Callan

ACTION: _____

DATE: September 25-26, 2024

INFORMATION: X

BACKGROUND:

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

Callan

September 25, 2024

Alaska Permanent Fund Corporation

2nd Quarter 2024

Capital Markets and Performance Review

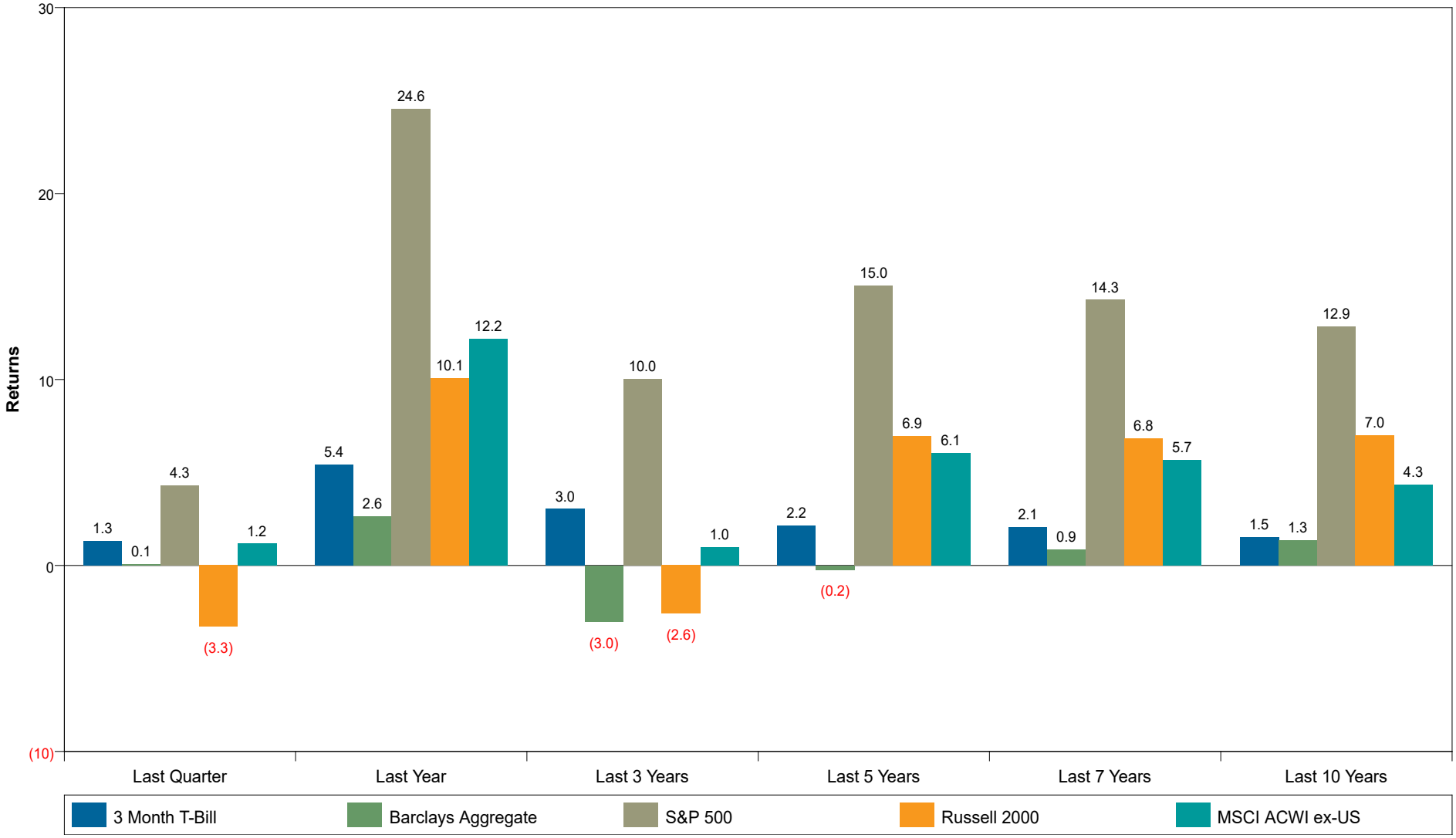
Greg Allen
CEO and Chief Research Officer

Steven Center, CFA
Senior Vice President

Evan Williams, CFA, CAIA
Vice President

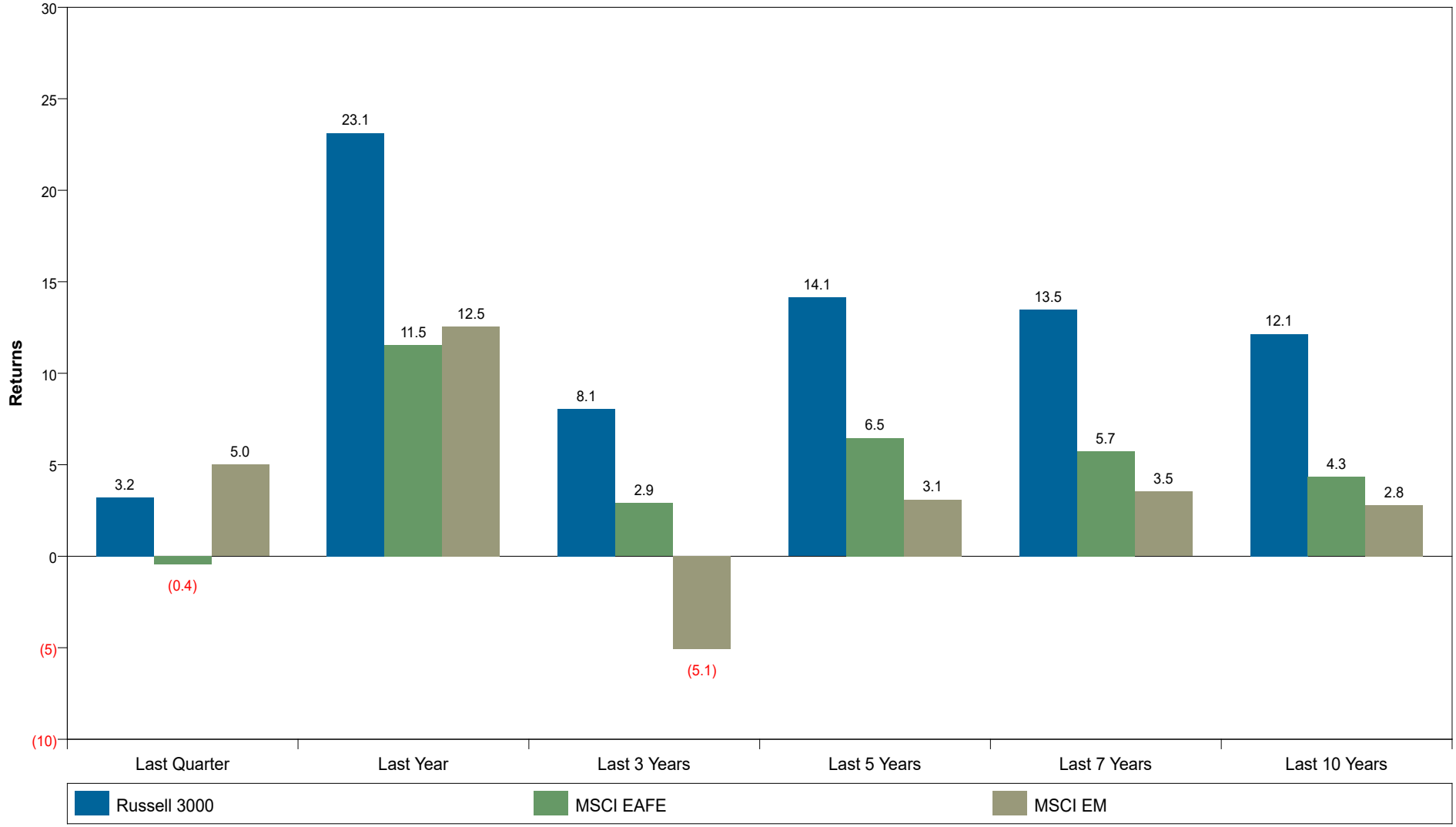
Broad Capital Market Performance

Periods Ended June 30, 2024



Public Equity Capital Market Performance

Periods Ended June 30, 2024



Callan Periodic Table of Investment Returns

Returns for Key Indices

2015	2016	2017	2018	2019	2020	2021	2022	2023	2 Qtrs. 2024
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 26.29%	S&P 500 15.29%
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 17.94%	MSCI Emerging Markets 7.49%
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 16.93%	MSCI World ex USA 4.96%
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 15.66%	MSCI ACWI ex USA SC 2.78%
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 13.44%	Bloomberg Barclays Corp High Yield 2.58%
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 9.83%	Russell 2000 1.73%
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 Global Agg ex US 5.72%	Bloomberg Barclays Aggregate -0.71%
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 Aggregate 5.53%	Bloomberg Barclays Global Agg ex US -5.26%

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
MSCI Emerging Markets 5.00%	S&P 500 24.56%	S&P 500 10.01%	S&P 500 15.05%	S&P 500 14.28%	S&P 500 12.86%	S&P 500 10.29%
S&P 500 4.28%	MSCI Emerging Markets 12.55%	MSCI World ex USA 2.82%	Russell 2000 6.94%	Russell 2000 6.85%	Russell 2000 7.00%	Russell 2000 7.85%
Bloomberg Barclays Corp High Yield 1.09%	MSCI ACWI ex USA SC 11.26%	Bloomberg Barclays Corp High Yield 1.64%	MSCI World ex USA 6.55%	MSCI World ex USA 5.86%	MSCI ACWI ex USA SC 4.44%	MSCI Emerging Markets 7.27%
MSCI ACWI ex USA SC 0.66%	MSCI World ex USA 11.22%	MSCI ACWI ex USA SC -1.45%	MSCI ACWI ex USA SC 6.13%	MSCI ACWI ex USA SC 4.92%	Bloomberg Barclays Corp High Yield 4.31%	MSCI ACWI ex USA SC 7.08%
Bloomberg Barclays Aggregate 0.07%	Bloomberg Barclays Corp High Yield 10.44%	Russell 2000 -2.58%	Bloomberg Barclays Corp High Yield 3.92%	Bloomberg Barclays Corp High Yield 4.23%	MSCI World ex USA 4.27%	Bloomberg Barclays Corp High Yield 6.65%
MSCI World ex USA -0.60%	Russell 2000 10.06%	Bloomberg Barclays Aggregate -3.02%	MSCI Emerging Markets 3.10%	MSCI Emerging Markets 3.54%	MSCI Emerging Markets 2.79%	MSCI World ex USA 5.72%
Bloomberg Barclays Global Agg ex US -2.11%	Bloomberg Barclays Aggregate 2.63%	MSCI Emerging Markets -5.07%	Bloomberg Barclays Aggregate -0.23%	Bloomberg Barclays Aggregate 0.86%	Bloomberg Barclays Aggregate 1.35%	Bloomberg Barclays Aggregate 3.12%
Russell 2000 -3.28%	Bloomberg Barclays Global Agg ex US -0.66%	Bloomberg Barclays Global Agg ex US -7.48%	Bloomberg Barclays Global Agg ex US -3.56%	Bloomberg Barclays Global Agg ex US -1.61%	Bloomberg Barclays Global Agg ex US -1.86%	Bloomberg Barclays Global Agg ex US 1.57%

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

Equity and Bond Markets Mixed in 2Q

Many sectors still have ground to make up to recover losses of 2022

S&P 500 climbed 4.3% in 2Q24

- Emerging markets and non-U.S. small cap equities also posted gains but U.S. small cap and developed non-U.S. stocks fell.

Core fixed income eked out a gain

- The Bloomberg Aggregate rose 0.1% despite rates rising over the quarter.
- Long duration fixed income and non-U.S. bonds fell.
- Interest rates have been volatile as the markets assess when and how swiftly the Fed will begin easing.
- CPI-U came in at 3.0% (year-over-year) in 2Q, falling sharply from last quarter's 3.5%, and improving the prospects for a rate cut later this year.

First signs of cooling for economy

- The final reading for 1Q24 GDP growth came in at 1.4%, down slightly from the initial estimate of 1.6%. 2Q24 GDP is estimated to have risen by 3.0%.

Returns for Periods ended 6/30/24

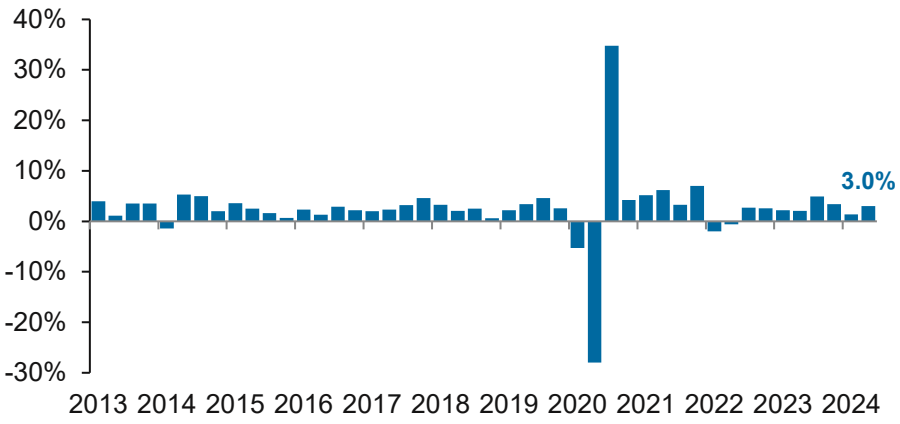
	Quarter	1 Year	1/1/22 - Current	5 Years	10 Years	25 Years
U.S. Equity						
Russell 3000	3.22	23.13	5.96	14.14	12.15	7.82
S&P 500	4.28	24.56	7.29	15.05	12.86	7.67
Russell 2000	-3.28	10.06	-2.18	6.94	7.00	7.60
Global ex-U.S. Equity						
MSCI World ex USA	-0.60	11.22	2.39	6.55	4.27	4.63
MSCI Emerging Markets	5.00	12.55	-2.31	3.10	2.79	--
MSCI ACWI ex USA Small Cap	0.66	11.26	-1.98	6.13	4.44	6.74
Fixed Income						
Bloomberg Aggregate	0.07	2.63	-3.64	-0.23	1.35	3.88
90-day T-Bill	1.32	5.40	3.64	2.16	1.51	1.91
Bloomberg Long Gov/Credit	-1.73	-1.58	-10.91	-2.22	1.65	5.29
Bloomberg Global Agg ex-US	-2.11	-0.66	-7.88	-3.56	-1.86	2.46
Real Estate						
NCREIF Property	-0.98	-6.22	-1.93	3.24	6.00	7.72
FTSE Nareit Equity	0.06	7.79	-5.90	3.90	5.90	9.06
Alternatives						
Cambridge Private Equity*	2.61	5.95	3.47	15.39	13.70	13.62
Cambridge Senior Debt*	4.15	9.97	5.81	6.88	6.90	4.25
HFRI Fund Weighted	0.54	9.80	3.44	6.67	4.77	6.00
Bloomberg Commodity	2.89	5.00	4.79	7.25	-1.29	2.69
CPI-U	0.59	2.97	4.89	4.17	2.80	2.58

*Cambridge Private Equity and Cambridge Senior Debt data as of 12/31/23.
Returns greater than one year are annualized. Sources: Bloomberg, Callan, Cambridge, FTSE Russell, HFRI, MSCI, NCREIF, S&P Dow Jones Indices

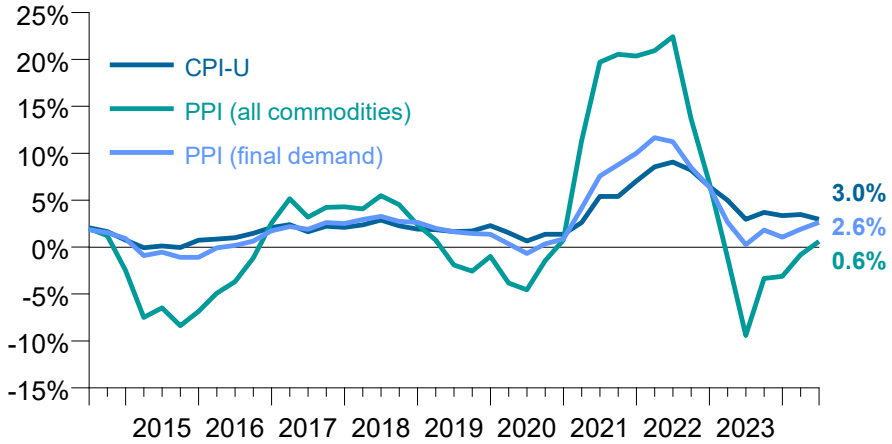
U.S. Economy—Summary

For periods ended 6/30/24

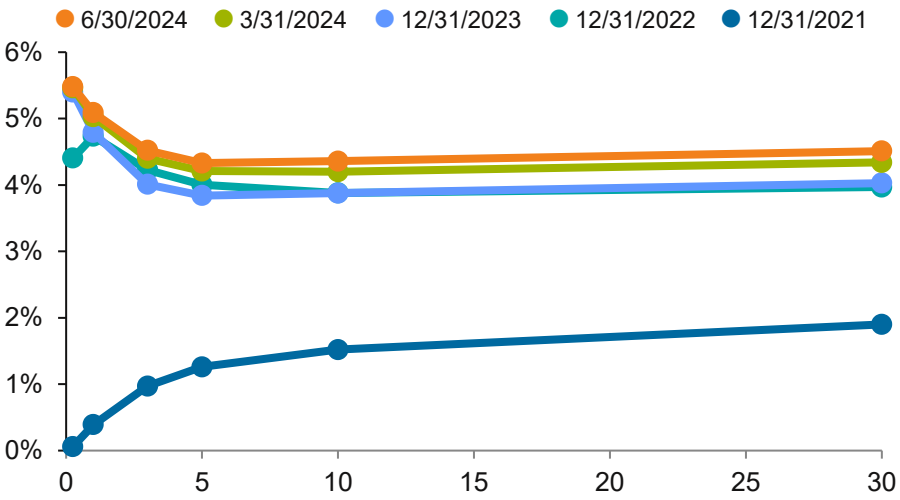
Quarterly Real GDP Growth



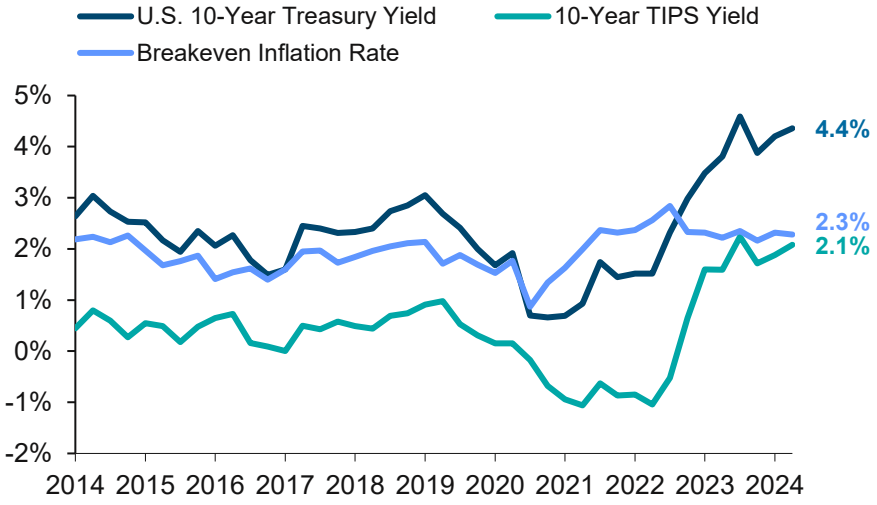
Inflation Year-Over-Year



U.S. Treasury Yield Curves



Historical 10-Year Yields



Sources: Bureau of Labor Statistics, Callan, Federal Reserve

Historical Presidential Election Year Returns vs. a 'Normal' Year

Election year returns (S&P 500) might not be as volatile as you think

We separated the annual return for presidential election years into two pieces:

- The 10-month return (1/1 – 10/31)
- The two months after the election (11/1 – 12/31)

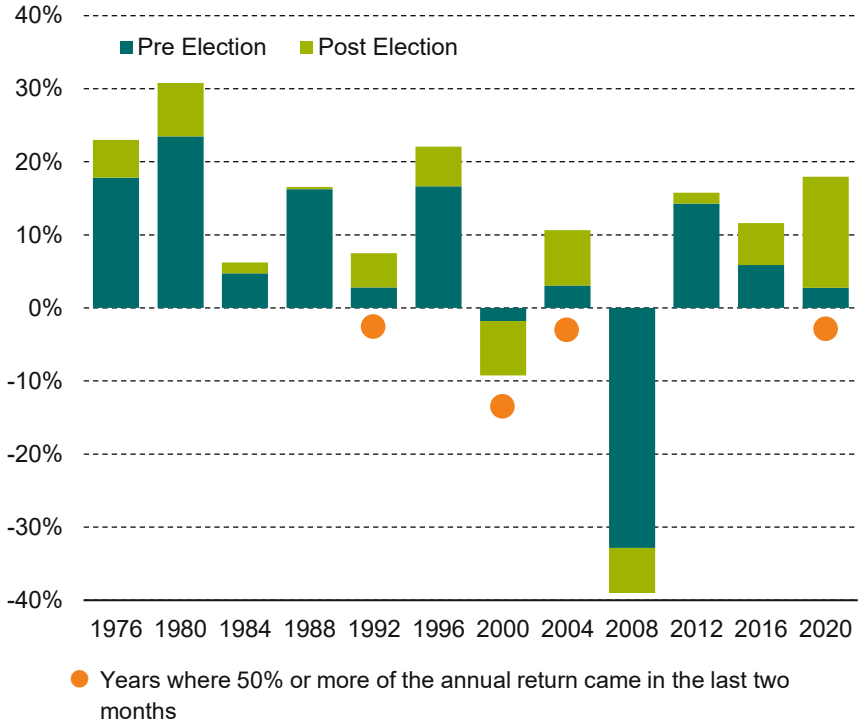
What did we find for the last 12 presidential election years (1976 through 2020)?

- If the return was positive (negative) for the first 10 months of the year, the return for the last two months was also positive (negative), respectively (positive returns continued to be positive and vice versa). Markets didn't "flip" because of an election.

More than half of the annualized return was earned in the last two months of the calendar year in 1992, 2000, 2004, and 2020.

- The most notable was 2020, when the market returned 18.4% with 15.2% coming in the last two months of the year.

Returns in a presidential election year were less volatile than returns in non-presidential election years.

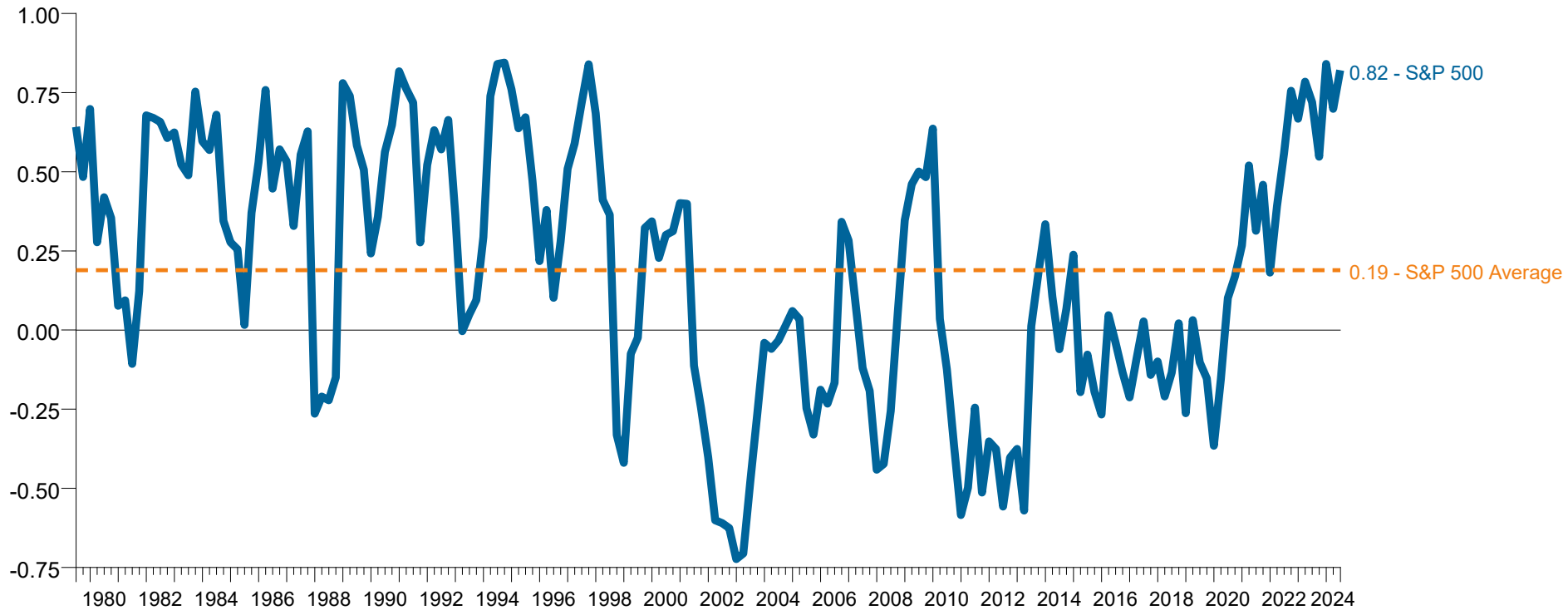


Annual Return Standard Deviations (1976-2023)	
All years average	13.7%
Average for presidential election years	11.8%
Average for year after election year	11.7%

Is the Stock-bond Correlation Shifting to a Higher Level?

1-year correlation between stocks and bonds near 45-year high

Rolling 1 Year Correlation of S&P 500 to Bloomberg Aggregate for 45 Years Ended 6/30/24

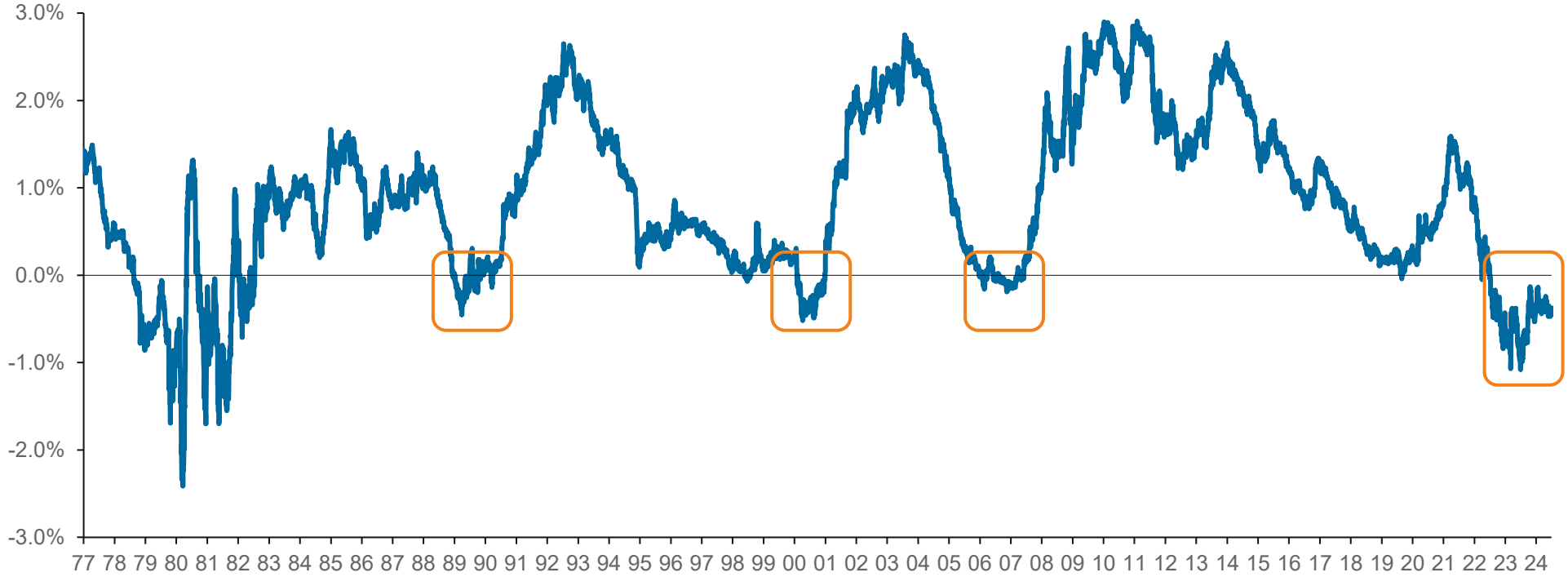


- Forward-looking expected bond returns are now much higher thanks to the rise in interest rates and the resulting higher yields.
- However, the equity risk premium has likely narrowed, and we may be seeing a return to a regime of higher correlation between stocks and bonds, potentially lessening the diversification benefit of bonds to stocks.

Sources: Bloomberg, Callan, S&P Dow Jones Indices

Bond Market Has Been Expecting a Recession Since July 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 interest rates will be cut, and therefore increase their demand for securities with longer duration with higher potential for capital gain when rates fall.
- Bond investors beginning to anticipate “higher for longer” rate regime?
- Inversion started in July 2022, bottomed at -1.08% in July 2023, and ended June 2024 at -0.35%.
- The inversion in the 10-year to 2-year Treasury yield curve normalized on Tuesday, September 4, 2024 – just as we went to print!

Source: Federal Reserve Bank of St. Louis

Contributors to Recent Inflation: Primary Categories

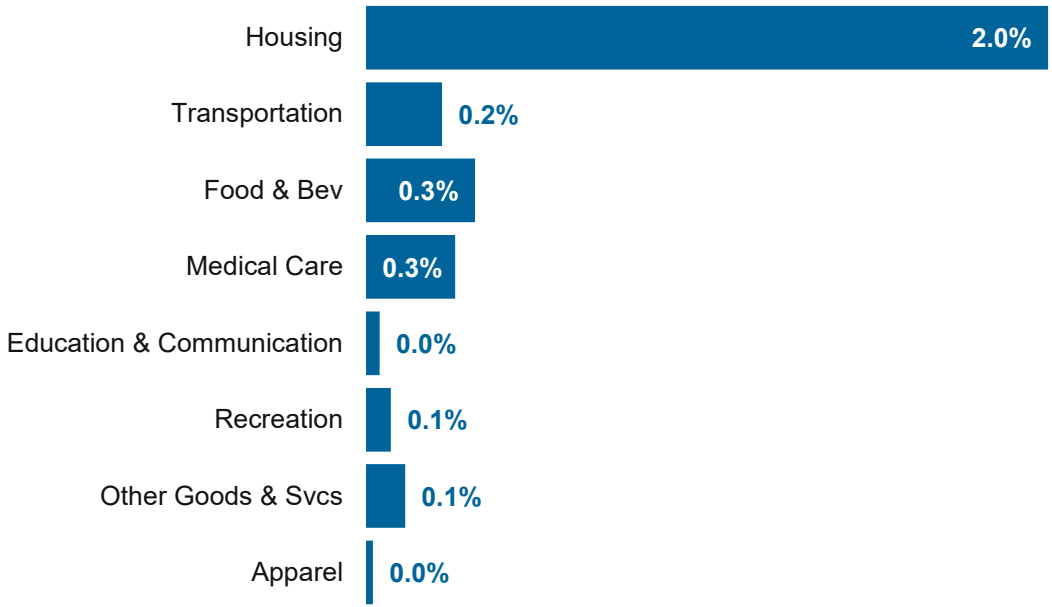
Housing is a broad category that includes Shelter, Fuels and Utilities, and Household Furnishings and Operations as sub-components.

- Shelter makes up 34.7% of the overall index and accounted for over 60% of June's increase in year-over-year headline CPI.

Energy is not shown in this view of CPI because it is a sub-component of other categories.

- Energy makes up 7.0% of the index and is split evenly between Housing (fuel for powering homes) and Transportation (motor fuel).

Contribution to June 2024 Year-Over-Year Inflation



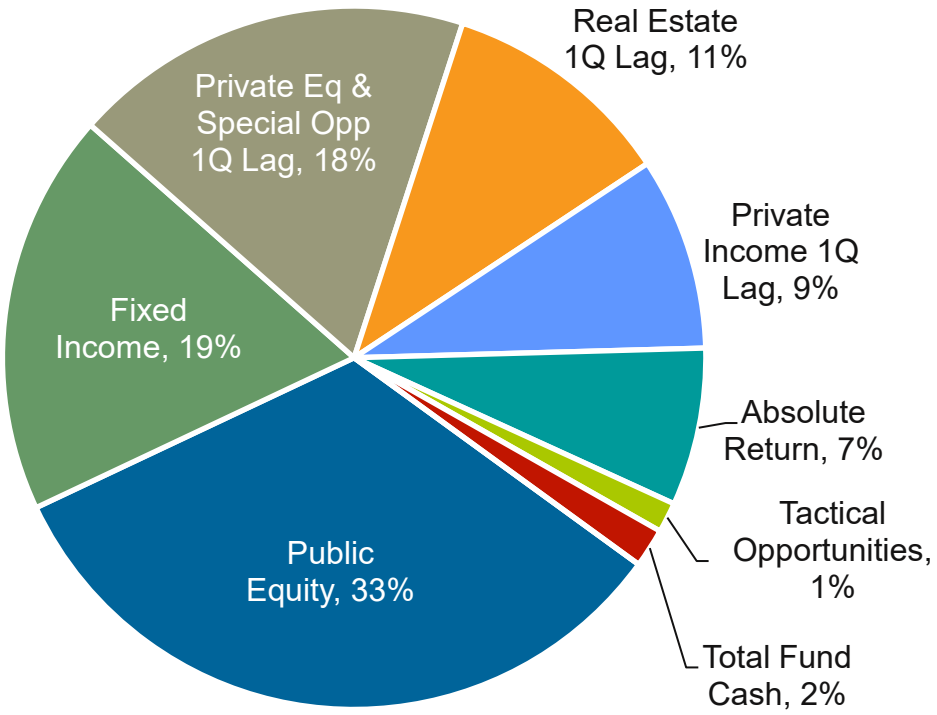
Primary Category	Primary Category Weight	Year-over-Year Change											
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
All Items	100.0%	3.2%	3.7%	3.7%	3.2%	3.1%	3.4%	3.1%	3.2%	3.5%	3.4%	3.3%	3.0%
Housing	44.5%	6.2%	5.7%	5.6%	5.2%	5.2%	4.8%	4.6%	4.5%	4.7%	4.5%	4.6%	4.4%
Transportation	17.2%	-3.0%	1.4%	2.4%	0.8%	0.9%	2.9%	1.6%	2.7%	4.0%	3.5%	2.9%	1.3%
Food & Bev	14.2%	4.8%	4.2%	3.7%	3.3%	2.9%	2.7%	2.6%	2.2%	2.2%	2.2%	2.1%	2.2%
Medical Care	7.8%	-0.5%	-1.0%	-1.4%	-0.8%	0.2%	0.5%	1.1%	1.4%	2.2%	2.6%	3.1%	3.3%
Education & Communication	5.7%	1.2%	1.0%	1.0%	0.9%	-0.1%	-0.1%	0.0%	0.4%	0.2%	0.4%	0.5%	0.7%
Recreation	5.4%	4.1%	3.5%	3.9%	3.2%	2.5%	2.7%	2.8%	2.1%	1.8%	1.5%	1.3%	1.3%
Other Goods & Svcs	2.7%	6.1%	5.8%	6.0%	6.2%	5.6%	5.5%	5.7%	4.7%	4.7%	4.3%	3.8%	4.2%
Apparel	2.5%	3.2%	3.1%	2.3%	2.6%	1.1%	1.0%	0.1%	0.0%	0.4%	1.3%	0.8%	0.8%

Source: U.S. Bureau of Labor Statistics

Total Fund Asset Allocation

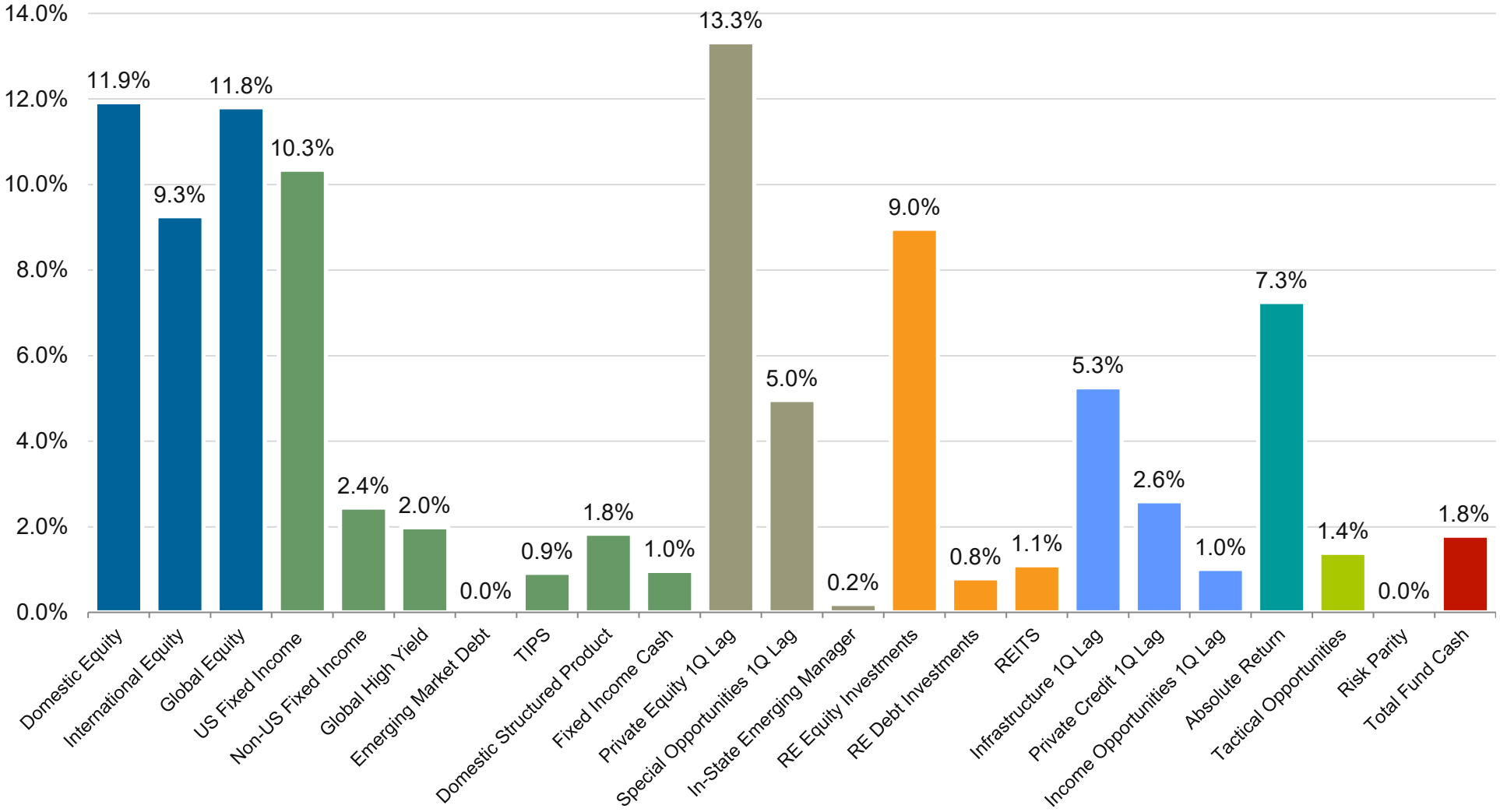
As of June 30, 2024: $81.23B

- 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 33% to public equity, 19% to fixed income, 46% to alternative investments and 2% cash.
- Compared to allocations in the first quarter, weights to public equity decreased modestly while weights to fixed income and real estate increased.
- 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.



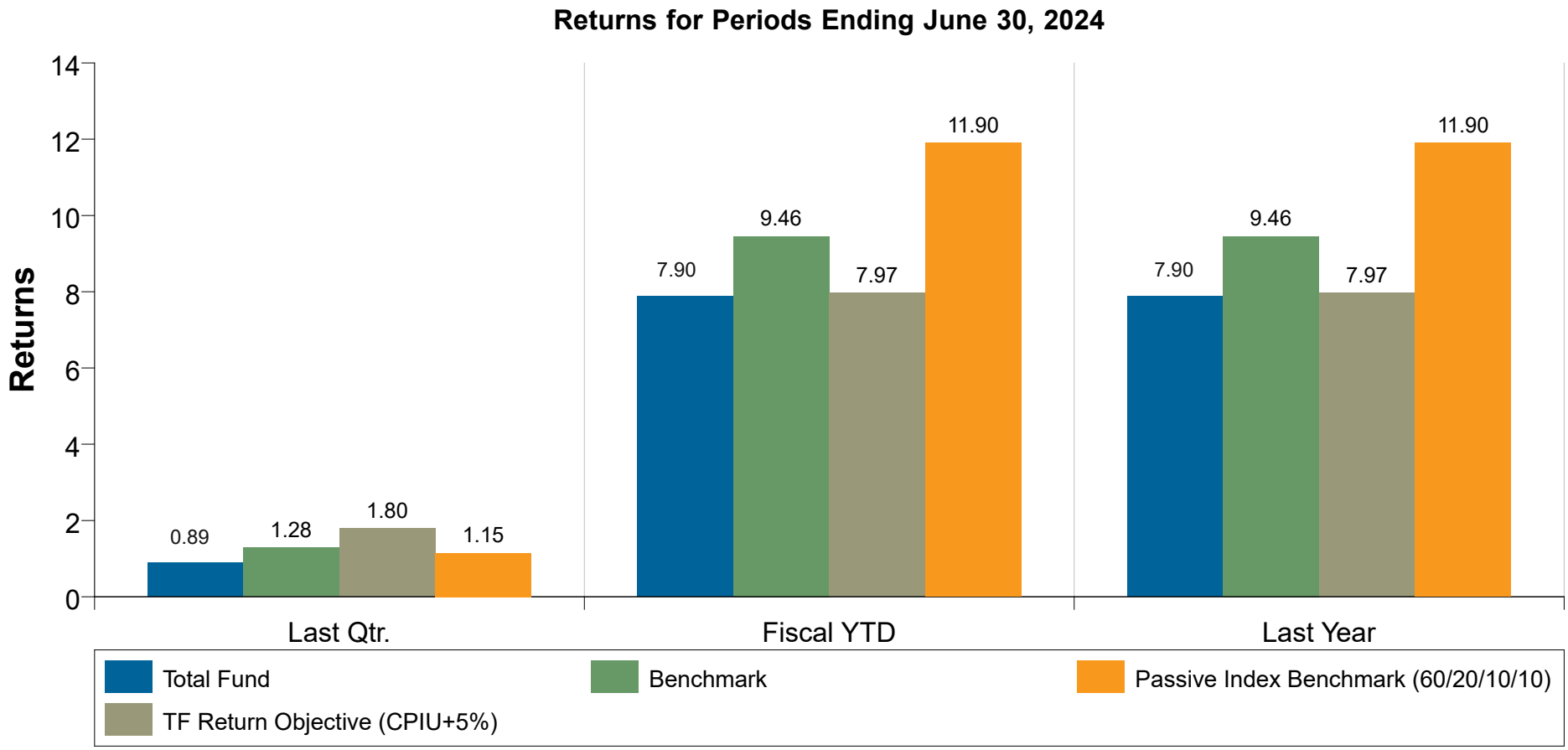
Total Fund Asset Allocation

Periods Ended June 30, 2024



APFC Total Fund Cumulative Returns

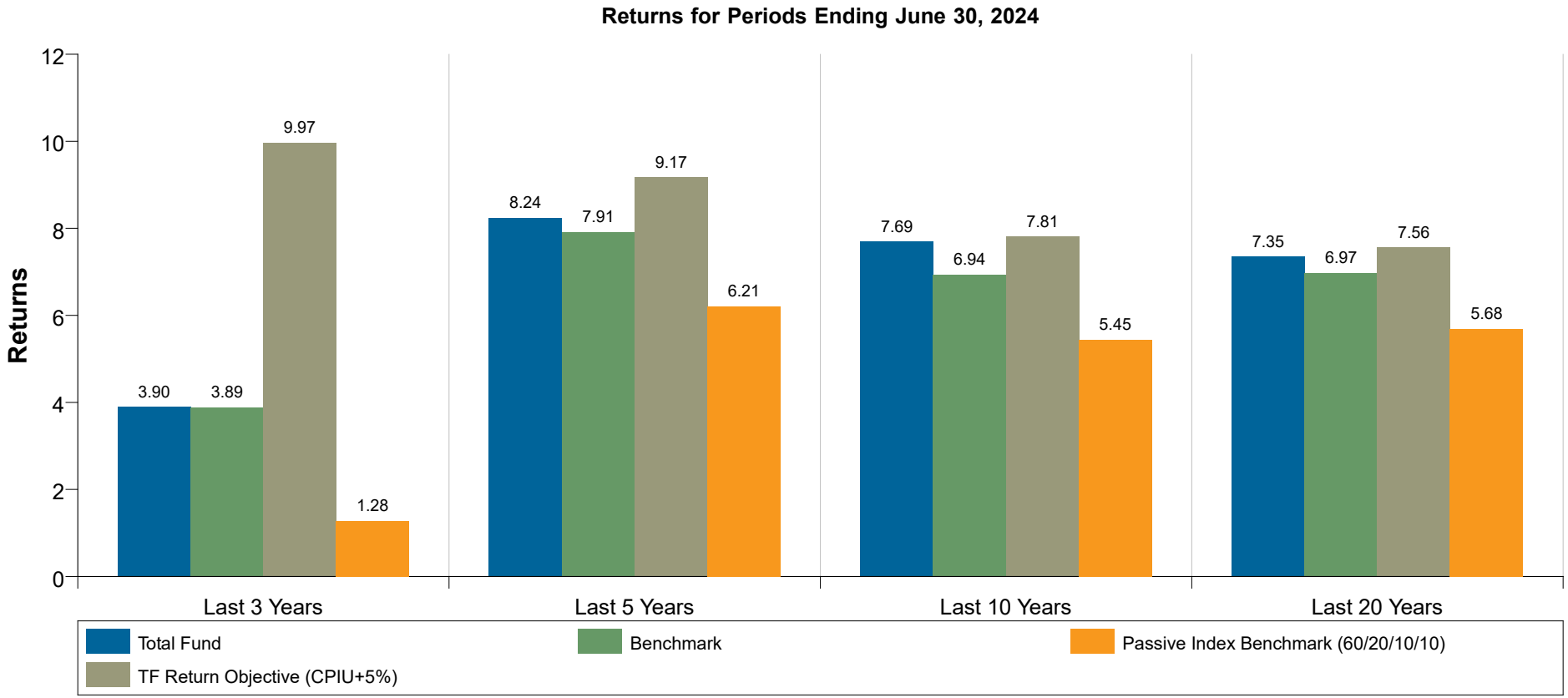
Total Fund versus Total Fund Targets



- Benchmark (FY23-FY24) = 34% 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, 16% Cambridge PE (lagged), 8.5% NCREIF Total Index (lagged), 1.5% MSCI US REIT (lagged), 5.4% Cambridge Global Pvt. Infrastructure (lagged), 3.6% Cliffwater Direct Lending TR (lagged), 3.5% HFRI EH Equity Market Neutral, 3.5% HFRI Macro, 2% 90 Day T-Bills, and 2% S&P 500 Index.

APFC Total Fund Cumulative Returns

Total Fund versus Total Fund Targets



- Benchmark (FY23-FY24) = 34% 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, 16% Cambridge PE (lagged), 8.5% NCREIF Total Index (lagged), 1.5% MSCI US REIT (lagged), 5.4% Cambridge Global Pvt. Infrastructure (lagged), 3.6% Cliffwater Direct Lending TR (lagged), 3.5% HFRI EH Equity Market Neutral, 3.5% HFRI Macro, 2% 90 Day T-Bills, and 2% S&P 500 Index.

APFC Total Fund Attribution

One Quarter Ended June 30, 2024

Relative Attribution Effects for Quarter ended June 30, 2024

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Public Equity	33%	34%	0.47%	2.38%	(0.64%)	(0.03%)	(0.67%)
Fixed Income	18%	20%	0.35%	0.21%	0.03%	0.02%	0.04%
Private Eq & Special Opp	18%	16%	1.68%	1.21%	0.09%	(0.01%)	0.08%
Real Estate	10%	10%	0.33%	(0.87%)	0.12%	(0.01%)	0.12%
Private Income	9%	9%	1.36%	1.63%	(0.02%)	(0.00%)	(0.03%)
Absolute Return	7%	7%	1.80%	0.53%	0.09%	(0.01%)	0.08%
Tactical Opportunities	1%	2%	5.31%	4.28%	0.01%	(0.02%)	(0.01%)
Total Fund Cash	2%	2%	1.10%	1.32%	(0.00%)	0.00%	(0.00%)
Total			**0.89% =**	**1.28% +**	**(0.33%) +**	**(0.06%)**	**(0.39%)**

- In the second quarter, the Total Fund underperformed the Performance Benchmark by 39 basis points.
- Manager effects in Public Equity was the largest detractors to relative returns.
- In aggregate, active management detracted 33 basis points from relative performance, while deviations from the Policy Target lost an additional 6 basis points.

APFC Total Fund Attribution

One Year Ended June 30, 2024

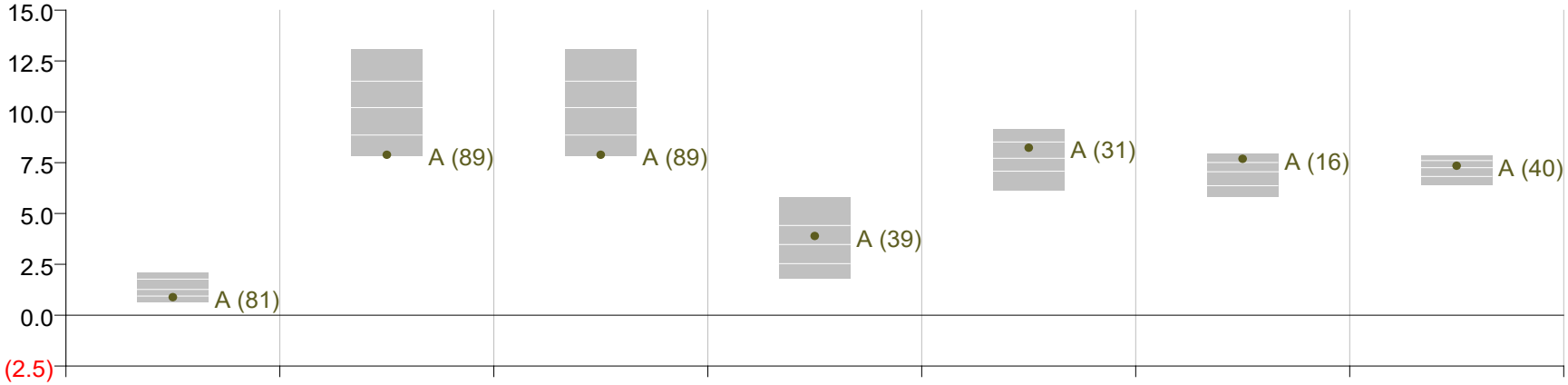
One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Public Equity	33%	34%	16.06%	18.40%	(0.72%)	(0.18%)	(0.90%)
Fixed Income	18%	20%	4.93%	4.24%	0.13%	0.08%	0.21%
Private Eq & Special Opp	19%	16%	2.51%	5.00%	(0.50%)	(0.15%)	(0.65%)
Real Estate	10%	10%	(3.28%)	(4.50%)	0.13%	(0.06%)	0.07%
Private Income	9%	9%	6.55%	9.23%	(0.23%)	(0.00%)	(0.23%)
Absolute Return	7%	7%	9.74%	8.49%	0.09%	(0.02%)	0.07%
Tactical Opportunities	1%	2%	30.97%	24.56%	0.03%	(0.13%)	(0.10%)
Total Fund Cash	2%	2%	5.15%	5.40%	(0.00%)	(0.01%)	(0.02%)
Total			**7.90% =**	**9.45% +**	**(1.07%) +**	**(0.48%)**	**(1.55%)**

- For the trailing year, the Total Fund underperformed the Performance Benchmark by 155 basis points.
- Weak manager performance in Public Equity, Private Equity & Special Opportunities, and Private Income dampened relative results. Asset allocation effects in Public Equity and Private Equity & Special Opportunities also weighed on relative performance.
- In aggregate, active management detracted 107 basis points from relative performance, while deviations from the Policy Target detracted a further 48 basis points.

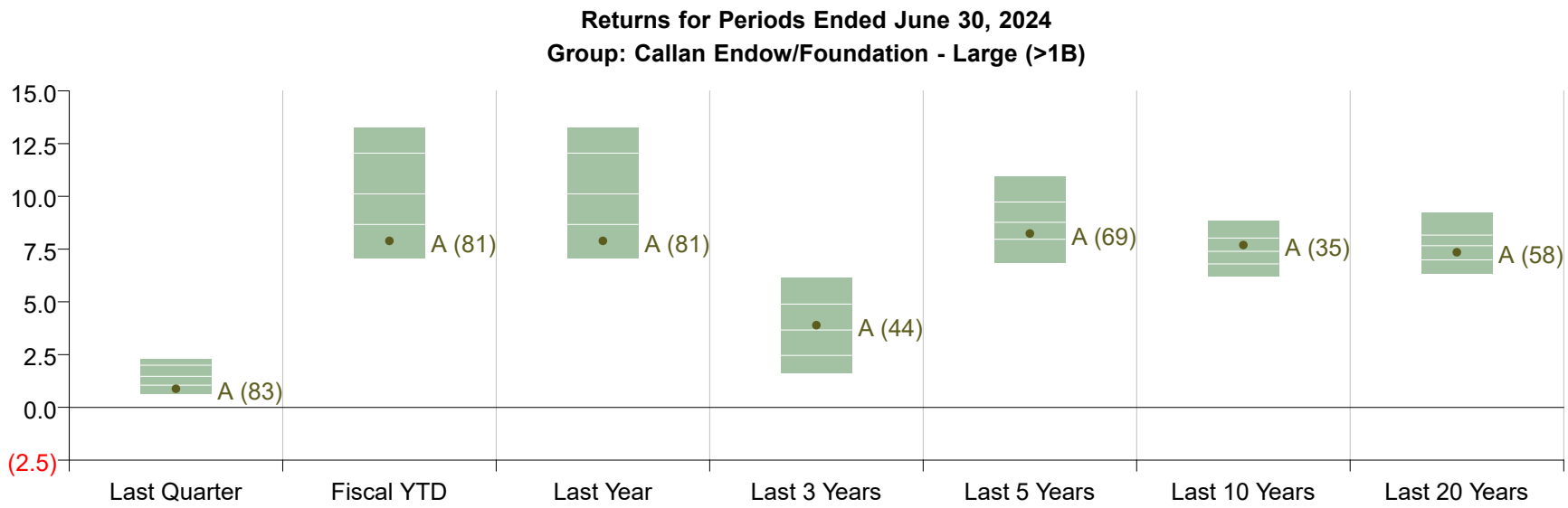
APFC Total Fund Relative to Callan's Large Public Fund Database

Returns for Periods Ended June 30, 2024
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	2.12	13.08	13.08	5.82	9.16	7.94	7.85
25th Percentile	1.77	11.51	11.51	4.41	8.52	7.51	7.60
Median	1.27	10.21	10.21	3.48	7.72	7.06	7.25
75th Percentile	0.94	8.85	8.85	2.54	7.08	6.36	6.82
90th Percentile	0.66	7.82	7.82	1.82	6.16	5.82	6.41
Member Count	126	126	126	123	123	121	108
Total Fund • A	0.89	7.90	7.90	3.90	8.24	7.69	7.35

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	2.27	13.26	13.26	6.12	10.92	8.86	9.24
25th Percentile	1.99	12.05	12.05	4.89	9.73	8.02	8.16
Median	1.48	10.12	10.12	3.67	8.77	7.40	7.67
75th Percentile	1.05	8.67	8.67	2.46	7.97	6.80	6.99
90th Percentile	0.63	7.07	7.07	1.62	6.83	6.22	6.35
Member Count	71	71	71	71	70	70	55
Total Fund • A	0.89	7.90	7.90	3.90	8.24	7.69	7.35

APFC Total Fund Return versus Standard Deviations

Relative to Callan's Large Public Fund Database

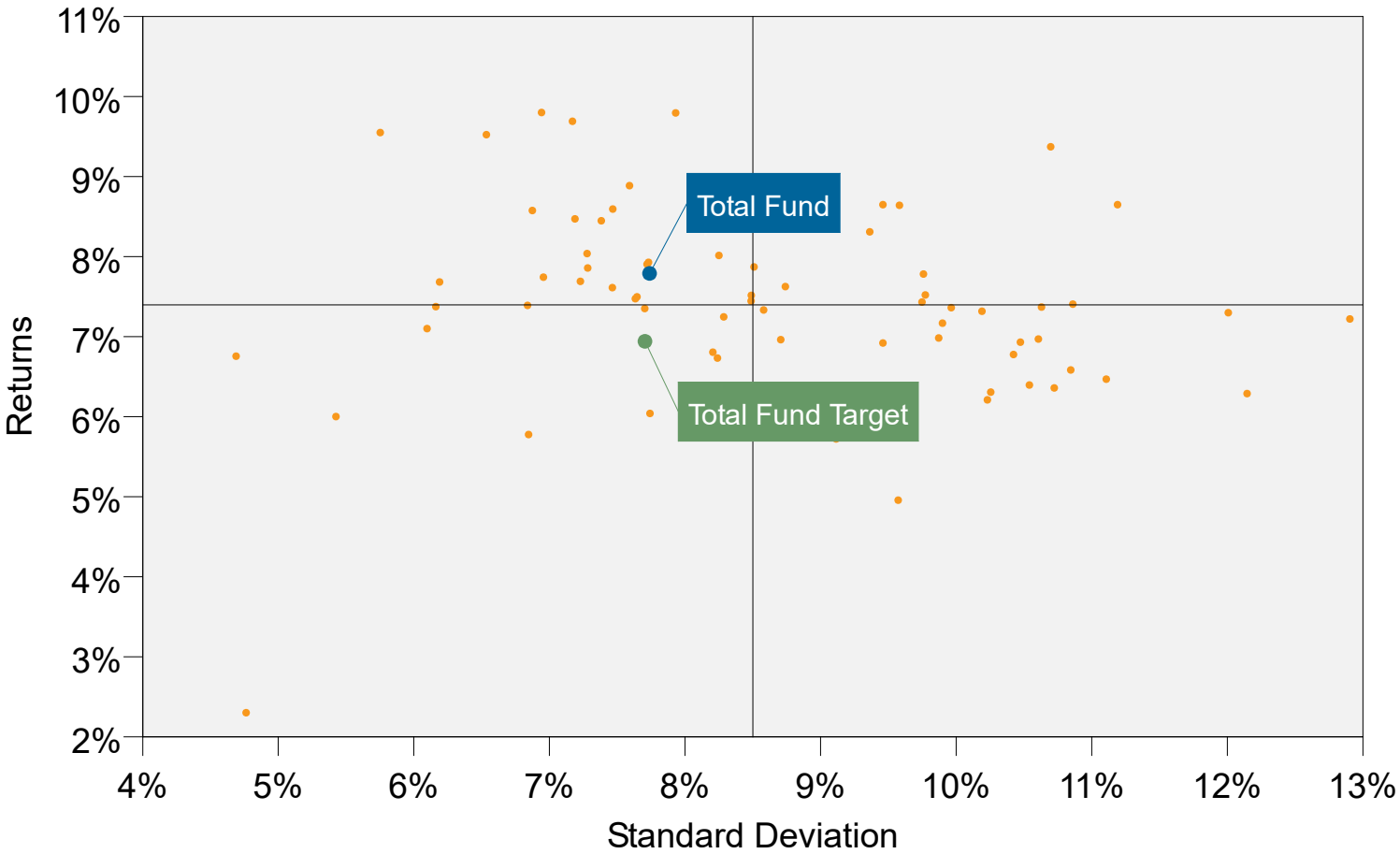
Ten Year Annualized Risk vs Return

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

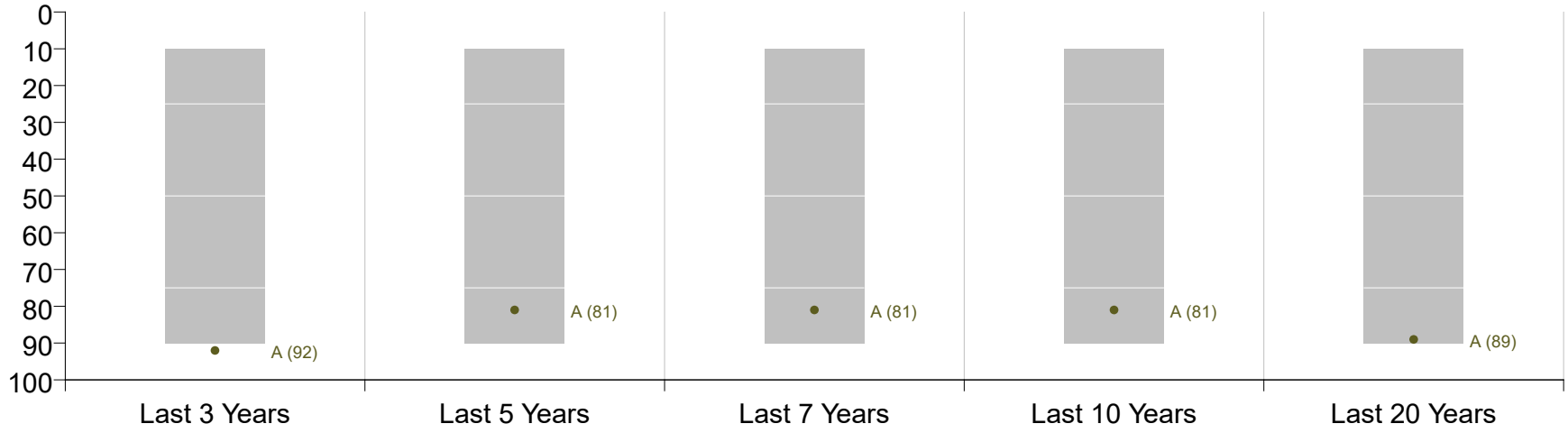
Ten Year Annualized Risk vs Return



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

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

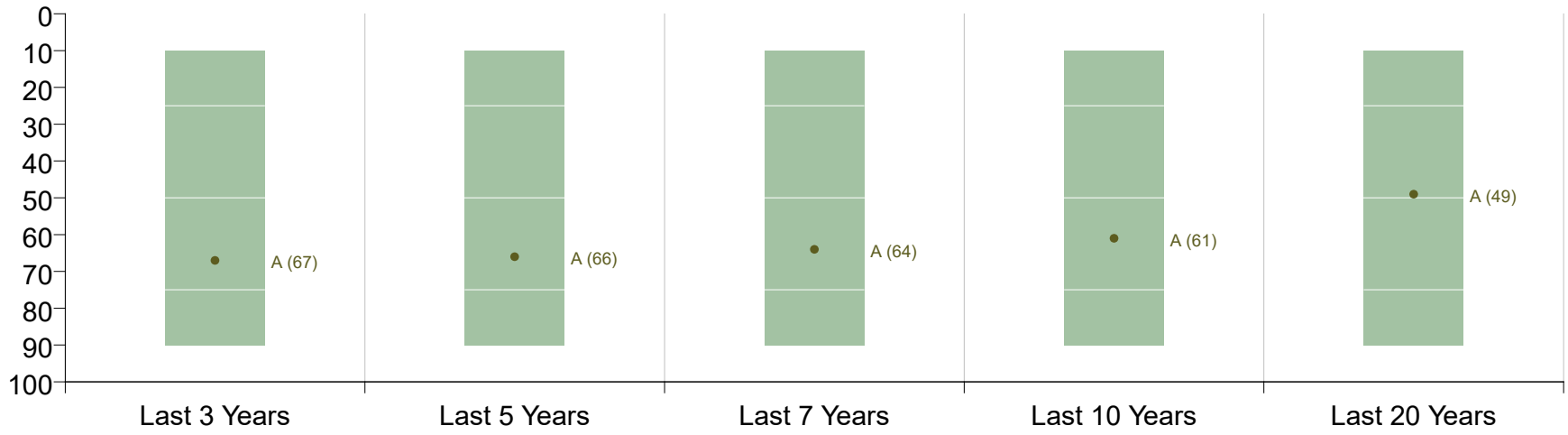
Standard Deviation for Periods Ended June 30, 2024
Group: Callan Public Fund Sponsor - Large (>1B)



	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 20 Years
10th Percentile	11.25	13.91	12.80	11.13	11.51
25th Percentile	10.29	12.98	11.89	10.37	10.76
Median	9.27	11.72	10.67	9.21	10.10
75th Percentile	7.84	10.24	9.23	8.21	9.50
90th Percentile	6.73	8.92	8.31	7.33	8.88
Member Count	123	123	123	121	108
Total Fund • A	6.48	9.54	8.76	7.74	8.89

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

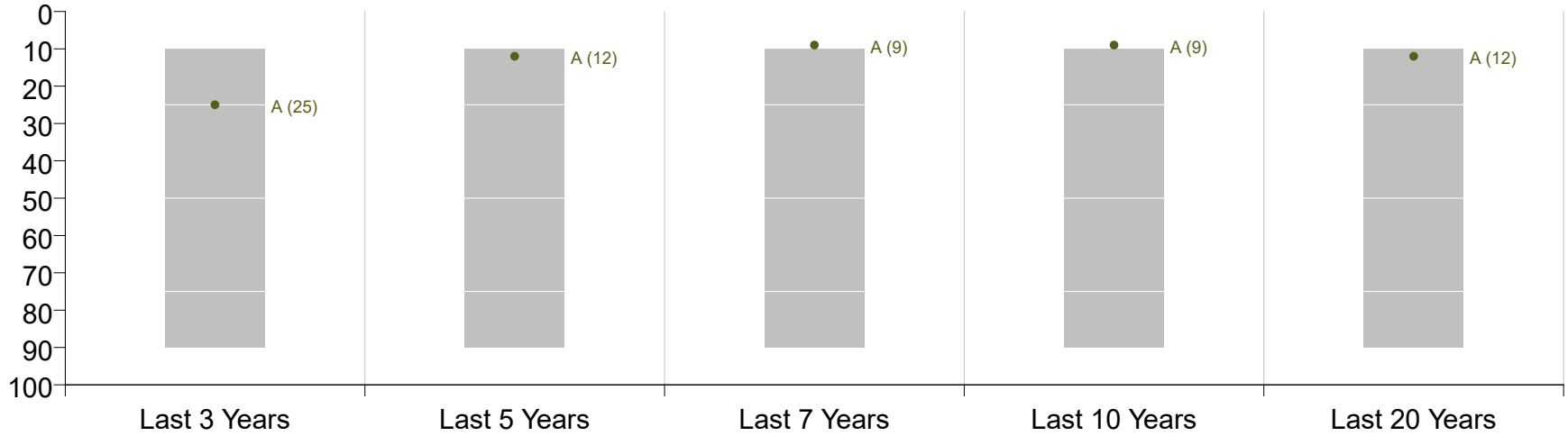
Standard Deviation for Periods Ended June 30, 2024
Group: Callan Endow/Foundation - Large (>1B)



	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 20 Years
10th Percentile	11.49	13.83	12.47	10.83	11.04
25th Percentile	9.51	12.78	11.61	10.02	9.87
Median	6.98	10.49	9.56	8.50	8.89
75th Percentile	6.25	9.23	8.20	7.28	8.32
90th Percentile	5.16	7.79	7.04	6.23	7.37
Member Count	71	70	70	70	55
Total Fund • A	6.48	9.54	8.76	7.74	8.89

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

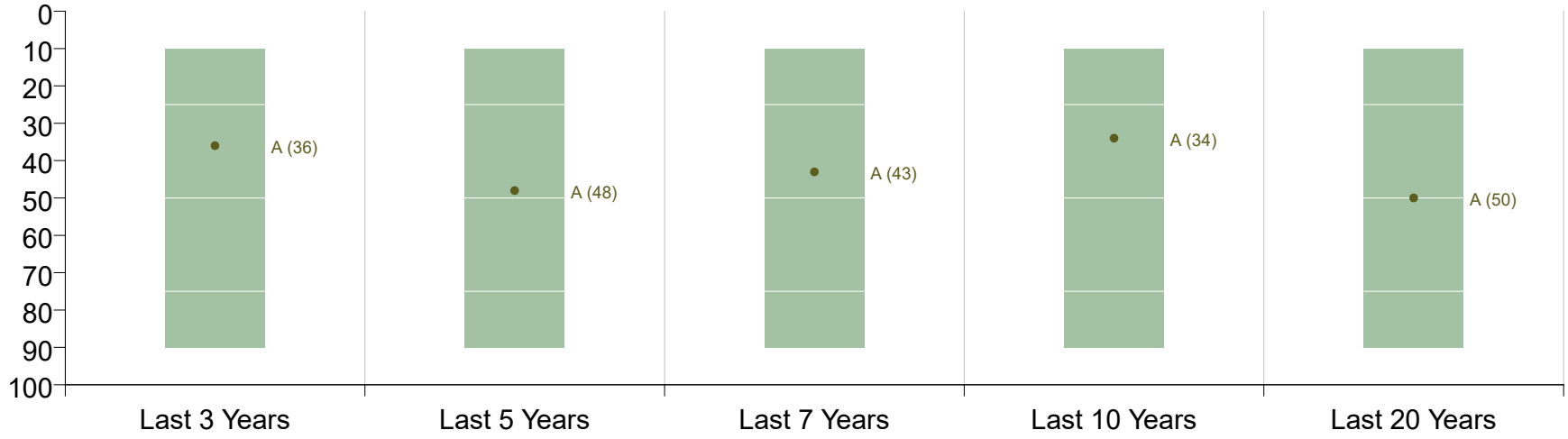
Sharpe Ratio for Periods Ended June 30, 2024
Group: Callan Public Fund Sponsor - Large (>1B)



	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 20 Years
10th Percentile	0.40	0.68	0.72	0.77	0.66
25th Percentile	0.17	0.57	0.61	0.67	0.61
Median	0.04	0.46	0.51	0.57	0.54
75th Percentile	(0.04)	0.40	0.44	0.50	0.51
90th Percentile	(0.12)	0.34	0.39	0.44	0.47
Member Count	123	123	123	121	108
Total Fund • A	0.17	0.66	0.73	0.81	0.66

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

Sharpe Ratio for Periods Ended June 30, 2024
Group: Callan Endow/Foundation - Large (>1B)



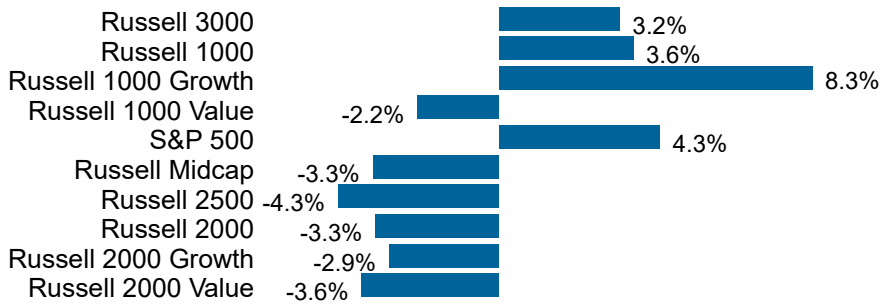
	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 20 Years
10th Percentile	0.46	0.92	0.98	1.02	1.01
25th Percentile	0.29	0.79	0.83	0.86	0.78
Median	0.12	0.64	0.66	0.70	0.66
75th Percentile	(0.05)	0.49	0.52	0.55	0.55
90th Percentile	(0.22)	0.38	0.41	0.46	0.49
Member Count	71	70	70	70	55
Total Fund • A	0.17	0.66	0.73	0.81	0.66

U.S. Equity Performance: 2Q24

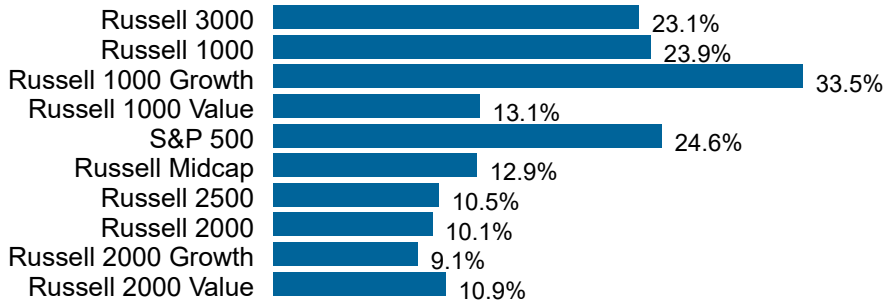
Broad indices exhibited a strong start to 2024, but performance was uneven

- The U.S. equity markets had an exceptional start with the S&P 500 hitting 31 record highs over the first six months of 2024 and gaining 15.3%.
- Index returns continue to be driven by a handful of stocks, especially the "Magnificent Seven," which comprised 33% of the S&P 500 as of quarter-end. As a group, the cohort gained 33% in the first six months of the year, far exceeding the S&P 493 gain of only 5%.
- 2Q returns for the broad index were modest at 4.3%, but sector performance was quite mixed, ranging from -4.5% (Materials) to +13.8% (Technology), with 6 of the 11 S&P 500 sectors posting negative returns during the period.
- During 2Q, value (R1000V: -2.2%) continued to underperform growth (R1000G: +8.3%) and small cap (R2000: -3.3%) continued to underperform large cap (R1000: +3.6%).
- In the first half of 2024, the 12.5% performance difference in small cap (Russell 2000) versus large cap (Russell 1000) was the widest since 1973.

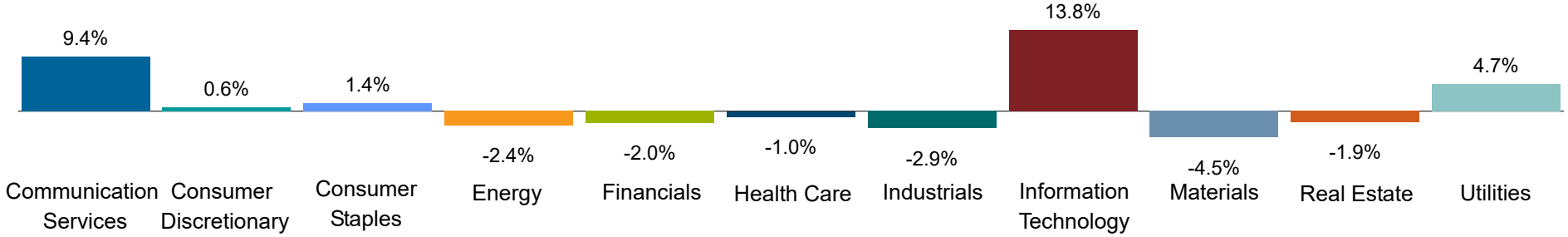
U.S. Equity: Quarter Ended 6/30/24



U.S. Equity: One Year Ended 6/30/24



Industry Sector Quarterly Performance (S&P 500) as of 6/30/24



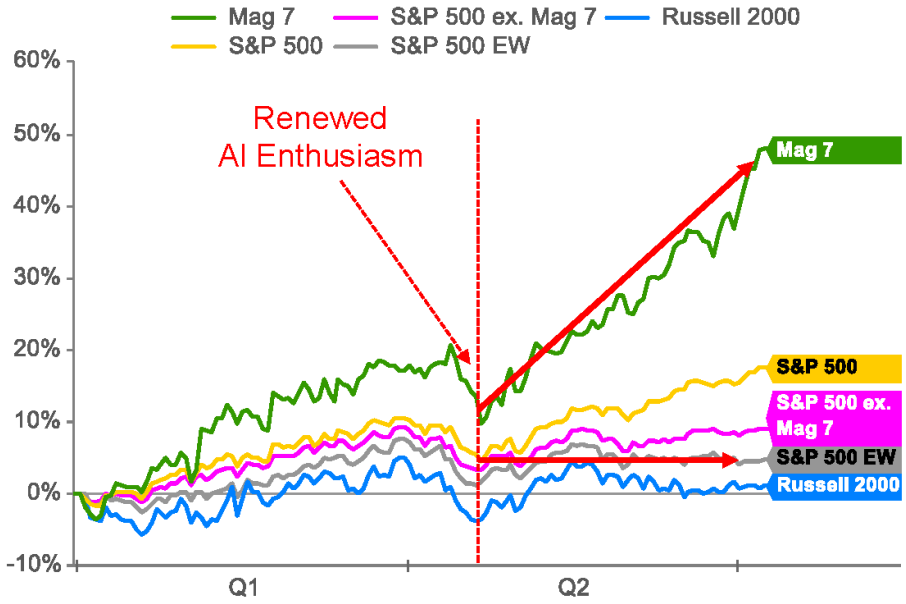
Sources: FTSE Russell, S&P Dow Jones Indices

U.S. Equity Key Theme

The 'Magnificent Seven' continues to drive divergence in performance across cap and style

- The "Magnificent Seven" stocks pushed large cap indices to record highs while the rest of the market traded sideways. Magnificent Seven stocks accounted for 116% of S&P 500 total return in 2Q24.
- YTD 2024, the bucket of Magnificent Seven stocks handily outperformed the equal weight S&P 500 Index and small cap Russell 2000 Index returns.
- Magnificent Seven returns over the trailing 3.5 years (dating back to 2021) are driving a large contribution to total index returns relative to the remaining ~493 stocks in the S&P 500.

Index Total Returns: YTD 2024



Magnificent Seven Return Contribution (S&P 500): 2021-2Q24

Returns	2021	2022	2023	YTD 2024
Magnificent Seven	**40%**	**-40%**	**76%**	**33%**
—Share of returns	33%	56%	63%	61%
S&P 500 ex-Mag Seven	**17%**	**-8%**	**8%**	**5%**
—Share of returns	67%	44%	37%	39%

Magnificent Seven Return Contribution to S&P 500: 2Q24

Stock	2Q Total Return	S&P 500 Contribution
NVIDIA	36.7%	44%
Apple	23.0%	31%
Alphabet	20.8%	19%
Microsoft	6.4%	10%
Amazon.com	7.1%	6%
Tesla	12.6%	3%
Meta Platforms	3.9%	2%
S&P 500	**4.3%**	

Sources: FactSet, J.P. Morgan, Westfield Capital

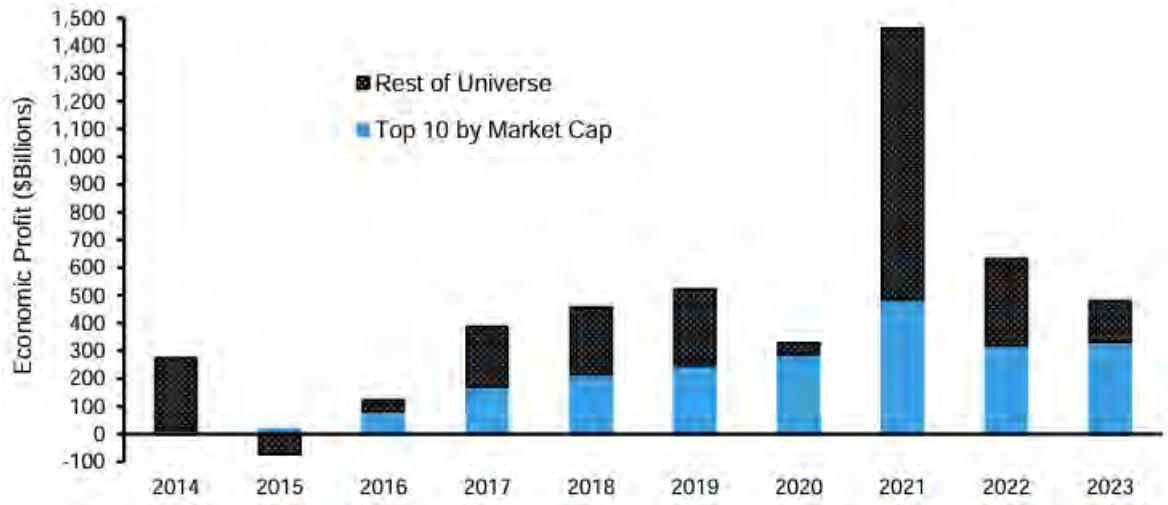
U.S. Equity Key Theme

Historical context for market concentration in U.S. equity indices

- Magnificent Seven stock returns drove increased concentration of the top 10 stocks in the S&P 500 to 37% as of 2Q24, an increase from the low point of ~17% in 2016.
- Market concentration has reached its highest level since 1972. The top 10 stocks have broken away from stocks #11 - #500 to an even greater degree than during the tech bubble in 2000-01.
- The largest and most successful stocks were generating more earnings, earnings growth, and cash relative to the smaller stocks in the index. Price appreciation for the largest stocks is supported by strong earnings growth and large economic profits.*
  - In the 10 years through 2023, the top 10 stocks averaged 19% of the market capitalization while the companies averaged 47% of the economic profit.
  - In 2023: top 10 stocks at YE 2023 were 27% of the market capitalization and the companies earned 69% of the economic profit.

Weight of Top 10 Stocks in the S&P 500 as of 2Q24

Economic Profit of Top 10 by Market Cap for U.S. – 2014 thru 2023



Sources: J.P. Morgan, Morgan Stanley
*Economic Profit = money earned after taking explicit and implicit costs into account

U.S. Equity Key Theme

Small cap vs. large cap performance history

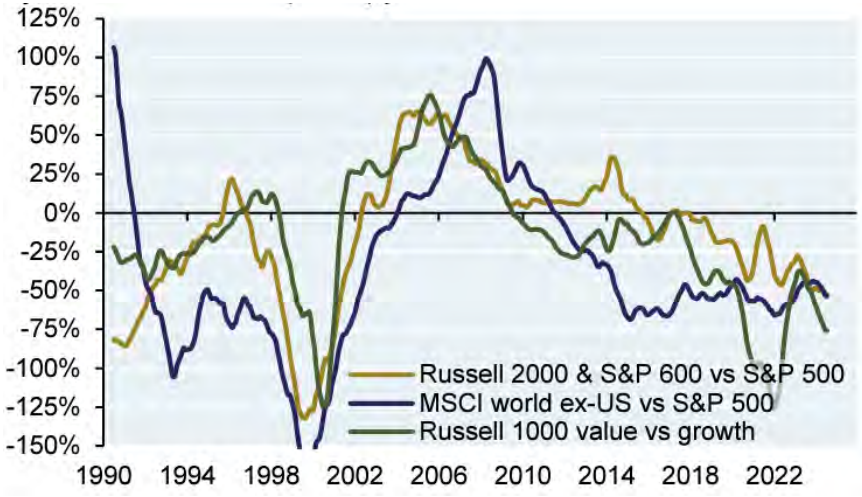
U.S. small cap continued to underperform large cap

Since 2010, small cap has been one of the big three underperforming portfolio strategies alongside value vs. growth and non-U.S. stocks vs. U.S.

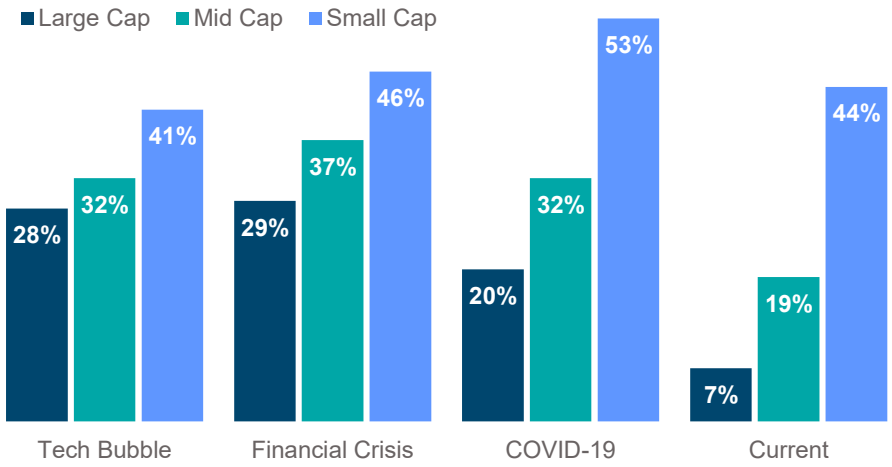
Why has small cap underperformed broadly?

- **Lower quality:** Small cap (R2000) continues to have a higher proportion of unprofitable companies and lower earnings growth.
- **Tech underperformance:** Large cap tech stocks have tripled the performance of small cap tech since YE 2010, with most of that excess performance occurring post-2019.
- **Non-Tech underperformance:** No small cap sector meaningfully outperformed large cap since 2010.

Five Year Cumulative Out-/Under-Performance (as of July 2024)



Percent of Unprofitable Companies (as of July 2024)



Large Cap vs Small Cap Tech Sector Performance (as of July 2024)

Sources: Bloomberg, J.P. Morgan

Global/Global ex-U.S. Equity Performance: 2Q24

Reversal as China snaps back and Japan lags; India continues to outperform

Broad market

- The U.S. continued its lead over developed non-U.S. markets resulting in a positive ACWI return.
- Developed non-U.S. markets struggled with growing uncertainty on future economic growth, political instability, and divergent central bank policies.
- Small caps once again trailed large caps in a higher interest rate environment and amid exchange rate volatility.

Emerging markets

- Emerging markets rebounded, snapping a two-quarter losing streak relative to developed markets as both China and India produced strong returns.
- China's GDP growth exceeded expectations with a rebound in industrial production, manufacturing, and exports. Further, the Chinese government implemented several measures to support capital markets.

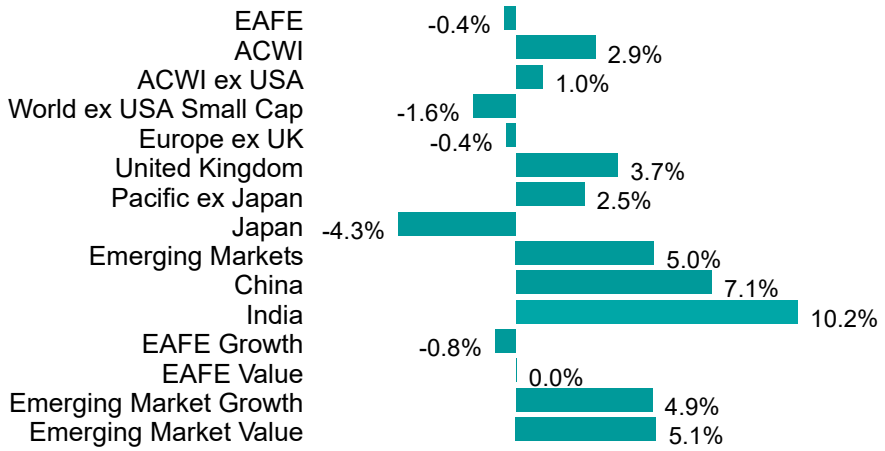
Growth vs. value

- Growth and value saw little difference, as much of the caution was driven around macro concerns about future growth and a growing risk of a recession.

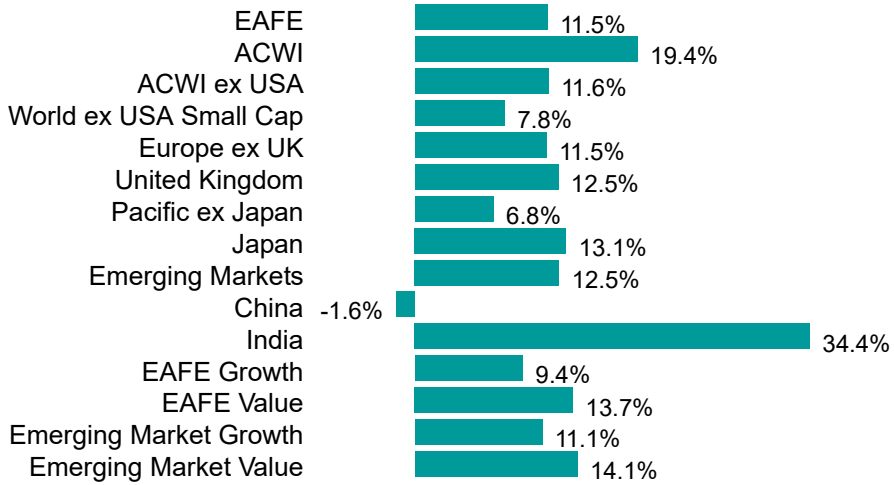
U.S. dollar strength

- The U.S. Dollar Index (DXY), was relatively flat in 2Q due to a balancing act of increased global uncertainty but a more likely 2024 U.S. central bank rate cut.

Global Equity Returns: Quarter Ended 6/30/24



Global Equity Returns: One Year Ended 6/30/24



Source: MSCI

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

Emerging market country allocations changing

China experiences significant decline

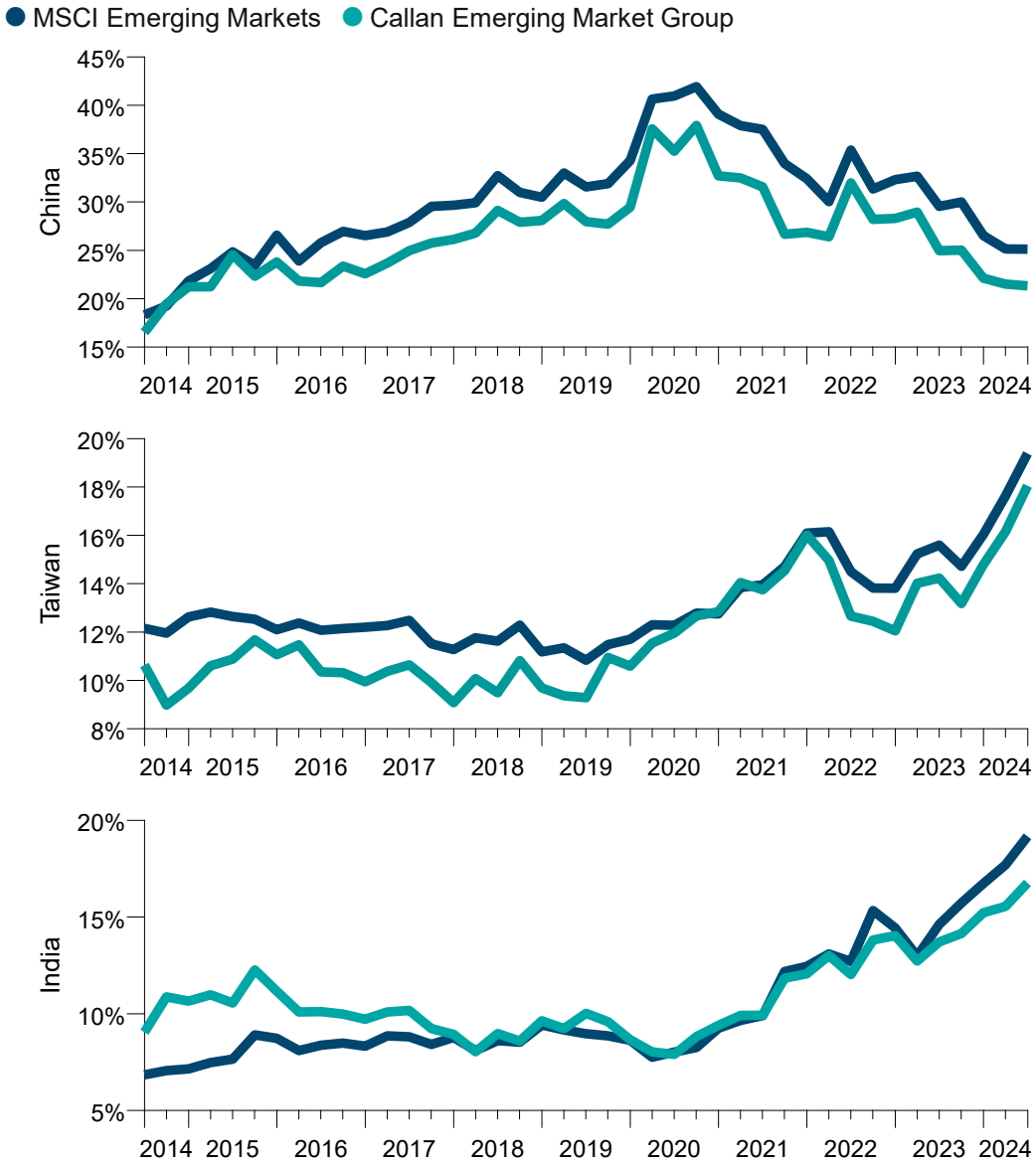
- Mainland China's allocation within the MSCI EM Index and active EM equity strategies has steadily declined since peaking in 2020. Sluggish growth with weak home sales and deflationary pressures combined with heightened geopolitical risks have been contributors.

Taiwan increases with chipmaker's strength

- Despite Taiwan's related geopolitical concerns to mainland China, Taiwan has seen increasing allocations in the index and across managers. The largest stock in the MSCI Taiwan Index, Taiwan Semiconductor (TSMC), which accounts for ~50% of the index, continues to exhibit robust growth as the global leader in semiconductor manufacturing.

India continues rapid growth

- Benefiting from positive demographics with a large growing working population, India has experienced one of the highest real GDP growth rates globally in recent years when compared to other major countries/regions.
- India's growth within the MSCI EM Index and manager allocations has been nearly the mirror image to China's allocations since 2020.



Source: Callan

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

Growth and value manager emerging market exposure diverges

Total EM allocations

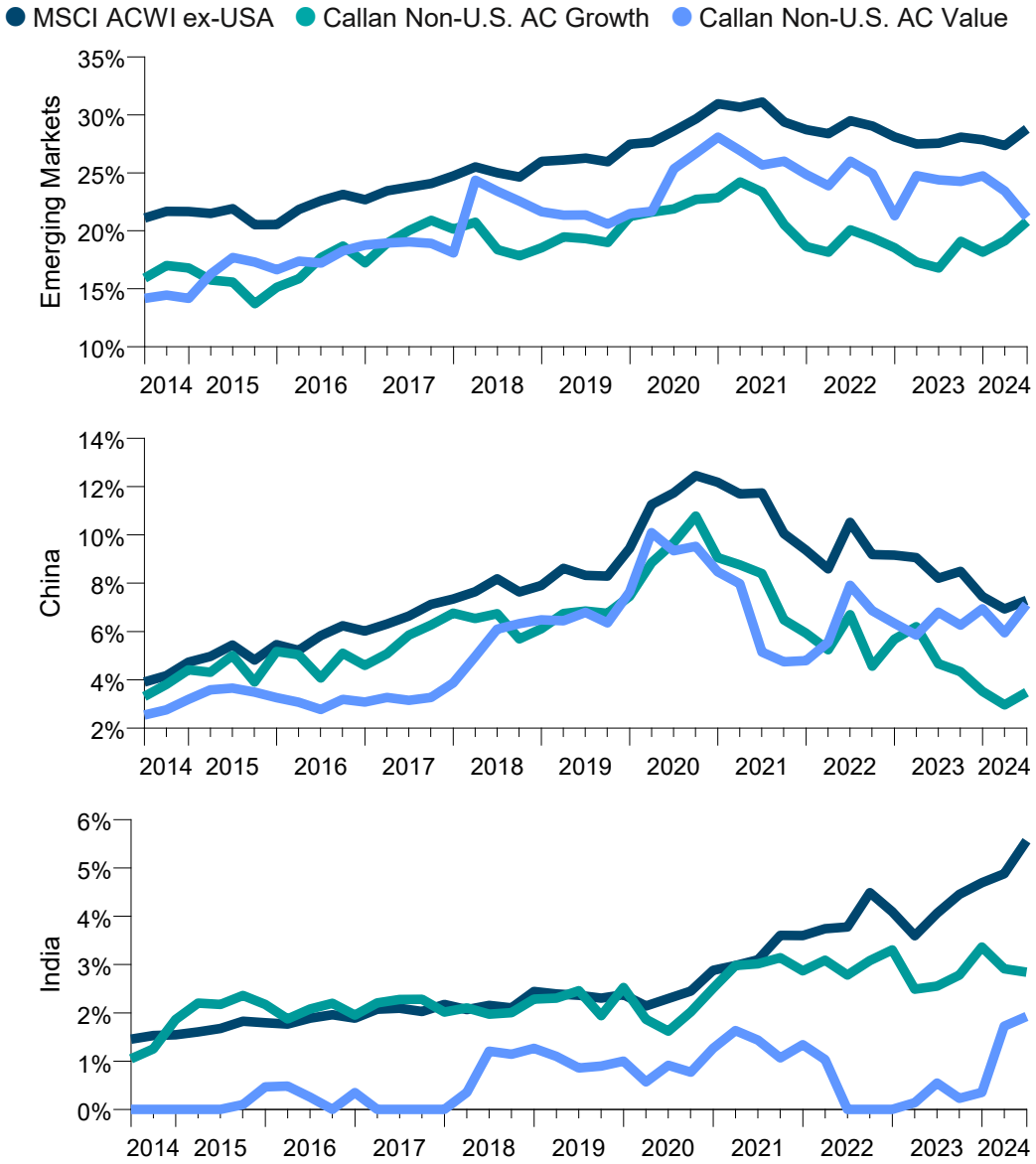
- EM allocations between value and growth managers saw increasing divergences from early 2020 until mid-2023 but have been narrowing the gap since, largely due to TSMC.
- Generally, EM allocations for both value and growth global ex-U.S. managers have been below the MSCI ACWI ex-USA Index weight for EM.

China

- China's weight within the benchmark has decreased since 2020. During this time, growth managers have been decreasing their overall and relative exposure, while value managers have been increasing their relative exposure since 2021 as they find more attractive valuation opportunities in the market drawdown.

India

- High valuations have historically kept value manager exposures in India low while growth managers found the higher growth environment more attractive.
- However, since 2020, growth manager exposure has failed to keep up with India's steady increase within the benchmark. And value managers are reentering the market more recently.

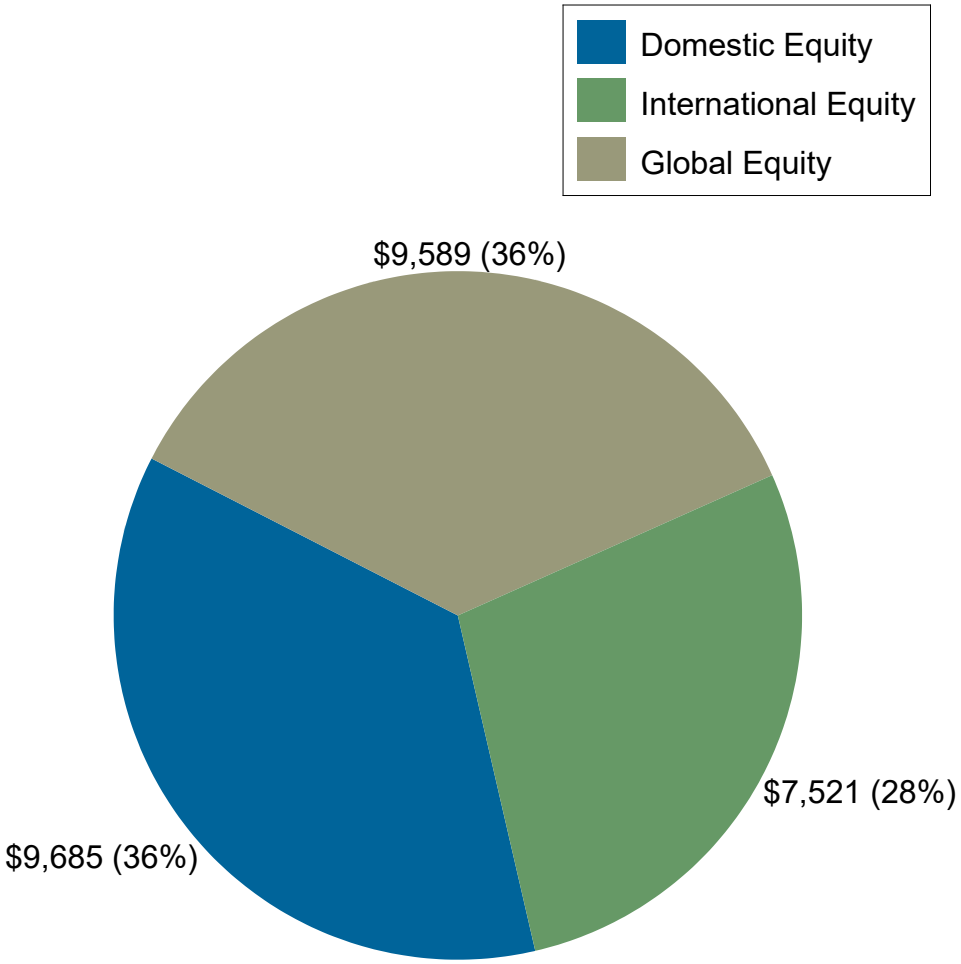


Source: Callan

APFC Public Equity Structure

As of June 30, 2024

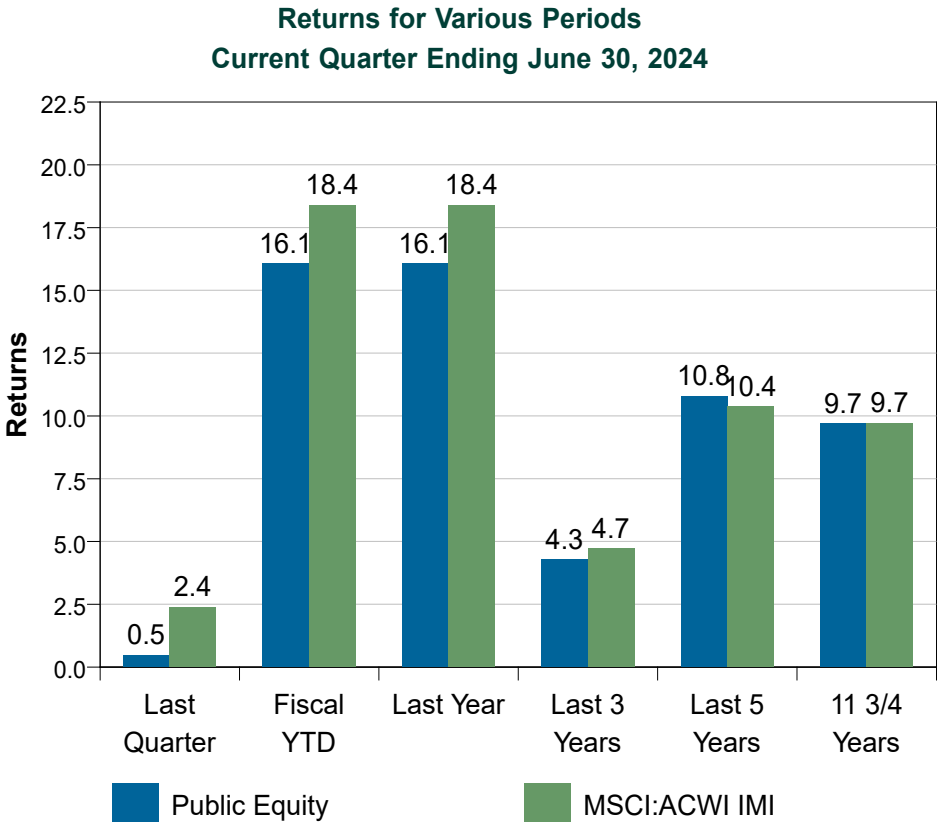
- APFC Public Equity portfolio is comprised of Domestic, International and Global Equity.



APFC Public Equity vs. MSCI ACWI-IMI

Periods Ended June 30, 2024

- APFC Public Equity portfolio trailed the MSCI ACWI IMI index for the quarter and trailing year but produced benchmark like returns over the intermediate and long-term.
- Domestic and Global Equity composites ended behind their respective benchmarks for the quarter and trailing year.
- Overall, the portfolio is well diversified across regions, countries, and underlying strategies.

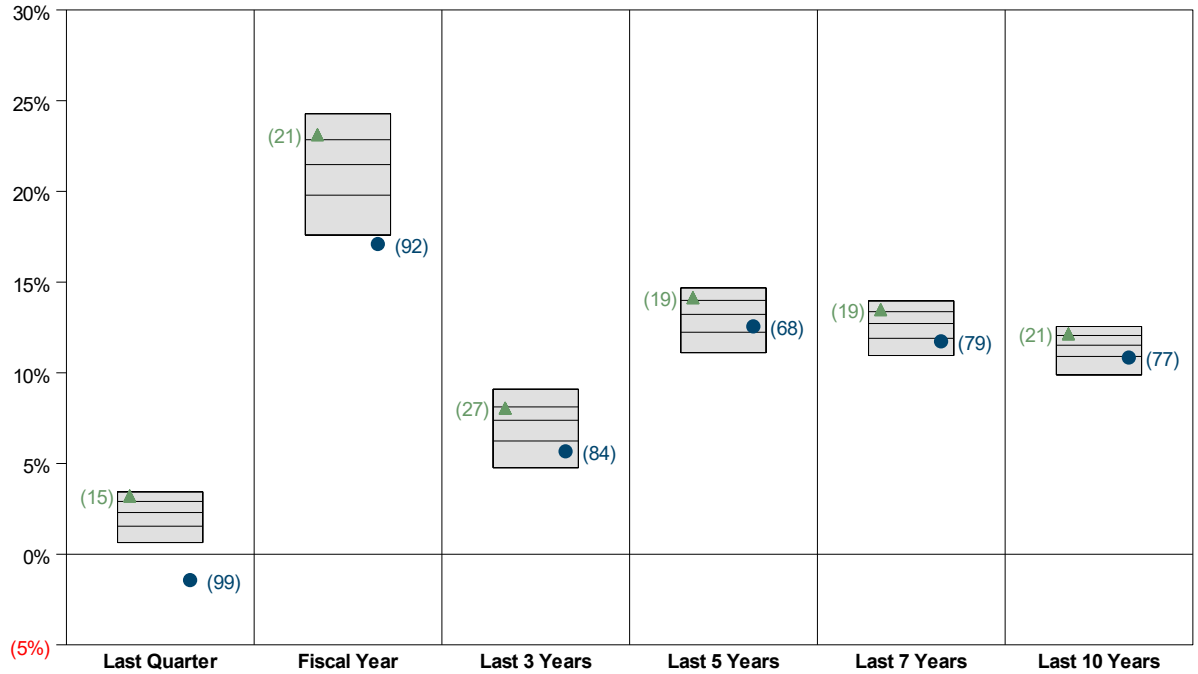


APFC US Equity Performance vs. Fund Sponsor US Equity

Periods Ended June 30, 2024

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

Performance vs Fund Spnsor - Domestic Equity (Gross)



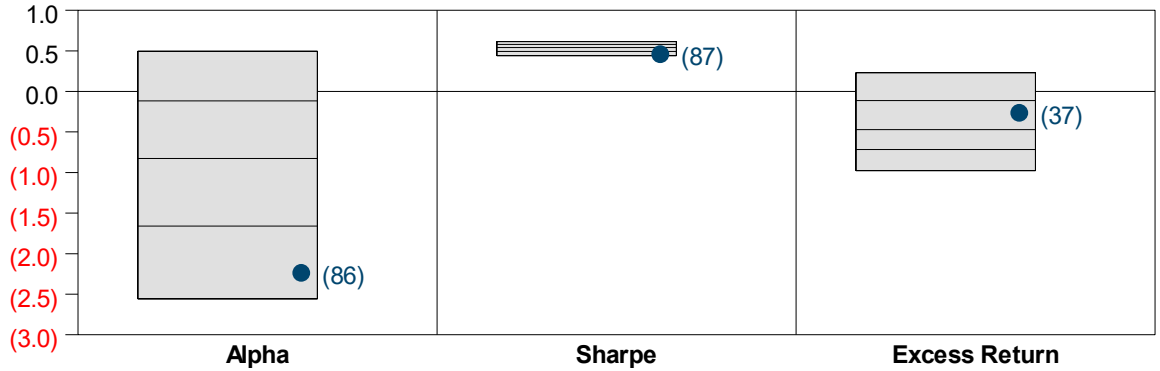
	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	3.44	24.28	9.10	14.68	13.97	12.55
25th Percentile	2.91	22.85	8.12	13.99	13.37	12.05
Median	2.29	21.48	7.38	13.22	12.72	11.52
75th Percentile	1.54	19.79	6.24	12.24	11.90	10.90
90th Percentile	0.64	17.59	4.77	11.11	10.96	9.88
Domestic Equity ●	(1.46)	17.06	5.63	12.52	11.70	10.80
Russell 3000 Index ▲	3.22	23.13	8.05	14.14	13.48	12.15

APFC US Equity Portfolio Risk Adjusted Return Rankings

Periods Ended June 30, 2024

- The universe is comprised of total domestic equity portfolios of large institutional investors in Callan's Fund Sponsor Domestic Equity Database.
- For the trailing five-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 Spnsor - Domestic Equity (Gross)
Five Years Ended June 30, 2024

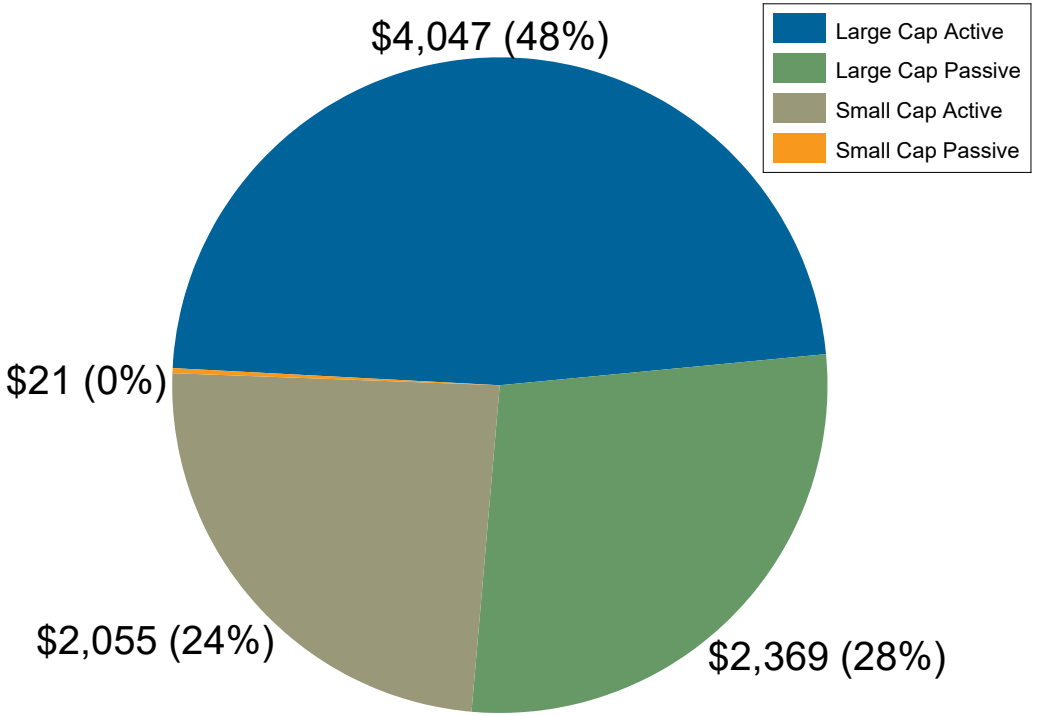


	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.50	0.61	0.23
25th Percentile	(0.12)	0.58	(0.11)
Median	(0.83)	0.54	(0.47)
75th Percentile	(1.66)	0.49	(0.72)
90th Percentile	(2.56)	0.44	(0.98)
Domestic Equity ●	(2.25)	0.45	(0.27)

APFC US Equity Structure

As of June 30, 2024

- US equity portfolio is roughly 72% actively managed and 28% passive (or quasi-passive).
- Roughly 63% of the large cap allocation is actively managed while 99% of the small cap allocation is actively managed.



APFC Large & Small Cap Equity Relative to Peer Universe

Periods Ended June 30, 2024

- APFC's Large Cap and Small Cap portfolios underperformed their benchmark for the quarter. Over the trailing year the Small Cap portfolios outperformed the benchmark, while the Large Cap portfolio missed the benchmark.

- Small Cap portfolios ranked below the peer group median over the quarter, but ahead of the peer group over the trailing year, while Large Cap portfolios ranked below peer group medians over both time periods.

Performance vs Callan Large Capitalization (gross)

	Last Quarter		Fiscal YTD		Last Year		Last 3 Years		Last 5 Years		Last 7 Years		Last 10 Years	
Large Cap Equity	(0.87)	(74)	19.78	(66)	19.78	(66)	6.70	(74)	13.18	(60)	12.25	(62)	11.23	(61)
S&P 500 Index	4.28	(39)	24.56	(53)	24.56	(53)	10.01	(29)	15.05	(42)	14.28	(49)	12.86	(49)
Russell 1000 Index	3.57	(46)	23.88	(56)	23.88	(56)	8.74	(47)	14.61	(46)	13.93	(51)	12.51	(53)
Callan Large Cap	2.89		25.34		25.34		8.54		14.19		14.13		12.76	

Performance vs Callan Small Capitalization (gross)

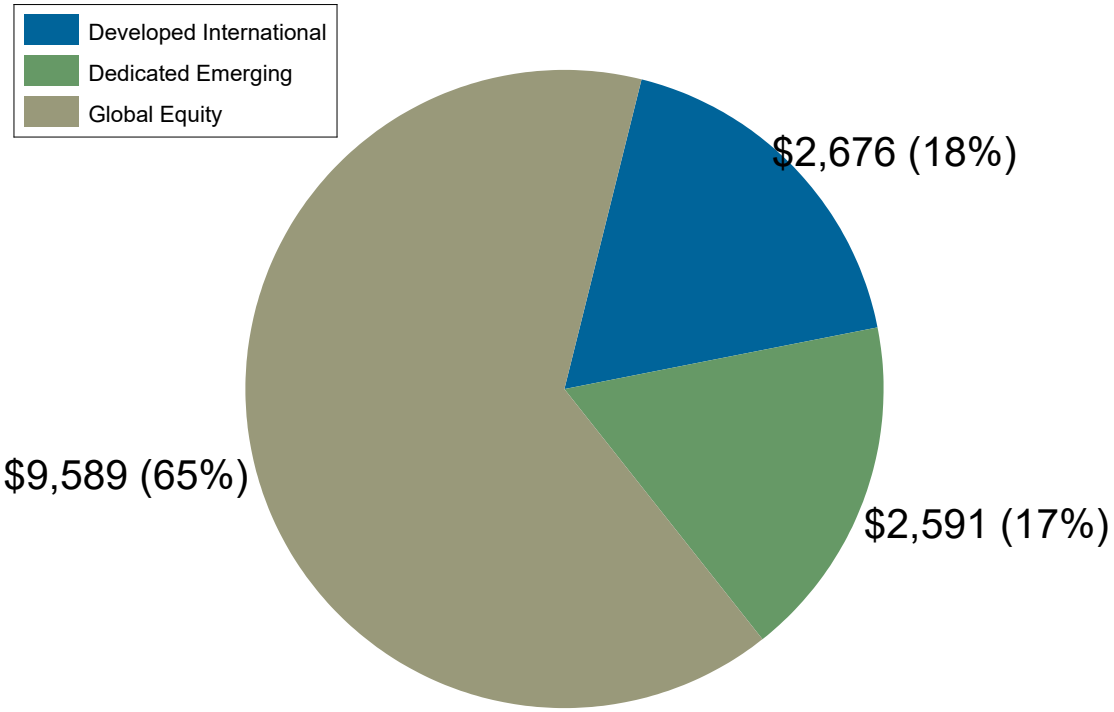
	Last Quarter		Fiscal YTD		Last Year		Last 3 Years		Last 5 Years		Last 7 Years		Last 10 Years	
Small Cap Equity	(3.43)	(61)	12.74	(40)	12.74	(40)	1.83	(44)	10.14	(32)	9.65	(38)	9.33	(41)
Russell 2000 Index	(3.28)	(56)	10.06	(63)	10.06	(63)	(2.58)	(80)	6.94	(84)	6.85	(86)	7.00	(91)
Callan Small Cap	(3.01)		11.65		11.65		0.97		8.96		9.03		8.82	

*Peer group returns reflect median

APFC Non-US and Global Equity Structure

As of June 30, 2024

- 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.

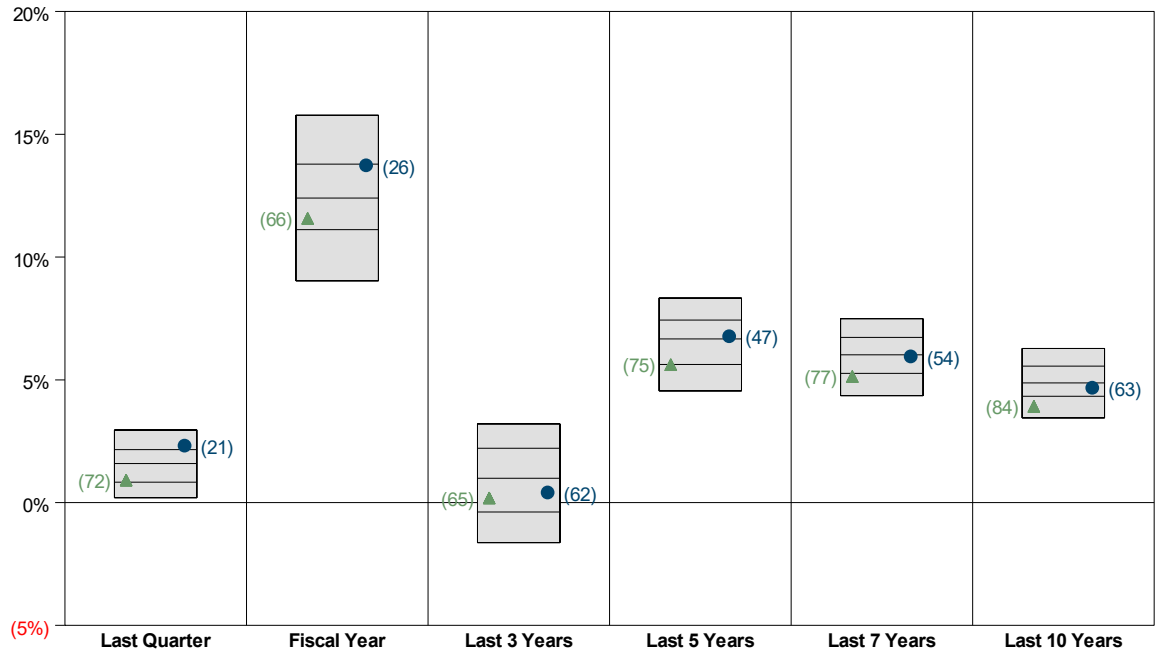


APFC International Equity Relative to Fund Sponsor Universe

Periods Ended June 30, 2024

- International Equity ended the quarter and trailing year ahead of its benchmark and its peer group median.
- In periods outside the 3-year period, the portfolio outperformed its benchmark.
- Relative to other fund sponsor portfolios, International Equity ranked near median for most longer time periods.

Performance vs Fund Spnsor - International Equity (Gross)



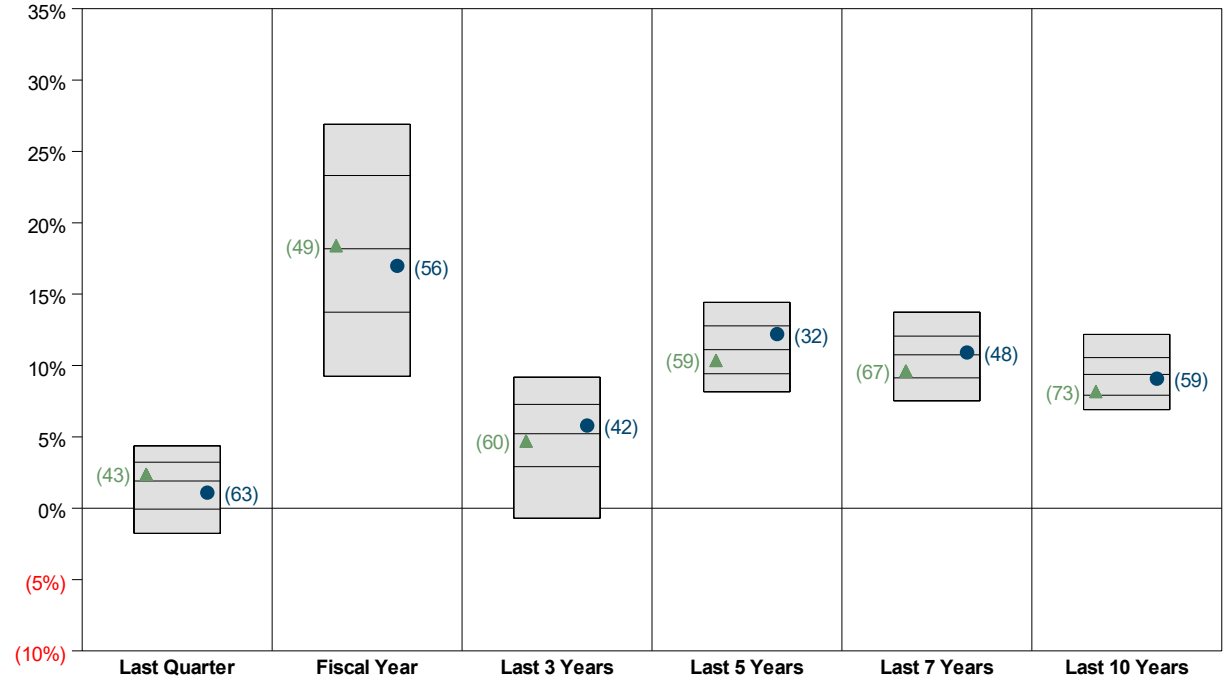
	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	2.95	15.77	3.21	8.33	7.49	6.28
25th Percentile	2.16	13.78	2.21	7.43	6.73	5.56
Median	1.59	12.40	0.99	6.67	6.02	4.88
75th Percentile	0.83	11.11	(0.38)	5.62	5.26	4.33
90th Percentile	0.20	9.03	(1.63)	4.55	4.35	3.45
International Equity ●	2.30	13.71	0.39	6.75	5.93	4.65
MSCI ACWI xUS IMI ▲	0.92	11.57	0.19	5.62	5.13	3.92

APFC Global Equity Relative to Global Universe

Periods Ended June 30, 2024

- APFC Global Equity portfolio trailed its benchmark and for the quarter and trailing year time periods and finished just below the peer group median.
- The portfolio was ahead of its benchmark in periods three years and longer and ranked above the peer group median for the 3-, 5-, and 7-year time periods.
- Performance from the APFC Tactical Tilts portfolio positively impacted performance over the 5- and 7-year periods but has been a drag on performance in the near-term.

Performance vs Callan Global Equity (Gross)



	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	4.37	26.90	9.18	14.42	13.74	12.18
25th Percentile	3.23	23.31	7.27	12.77	12.06	10.55
Median	1.91	18.18	5.22	11.11	10.75	9.37
75th Percentile	(0.06)	13.73	2.91	9.43	9.13	7.91
90th Percentile	(1.76)	9.25	(0.70)	8.16	7.53	6.90
Global Equity ●	1.05	16.93	5.75	12.16	10.86	9.03
MSCI ACWI IMI ▲	2.38	18.40	4.70	10.36	9.62	8.17

APFC International & Global Equity Relative to Fund Sponsor Universe

Periods Ended June 30, 2024

Performance vs Callan Non-US Equity (gross)

	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
International Developed	0.25 (50)	13.37 (31)	13.37 (31)	2.41 (45)	7.44 (44)	6.25 (56)	4.99 (56)
MSCI ACWI xUS (net)	0.96 (26)	11.62 (44)	11.62 (44)	0.46 (72)	5.55 (84)	5.17 (82)	3.84 (89)
Callan Non-U.S. (gr)	0.23	11.15	11.15	2.10	7.10	6.44	5.22

Performance vs Emerging Markets Equity Database (gross)

	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
Emerging Markets	4.94 (46)	13.36 (43)	13.36(43)	(3.42) (38)	5.12(35)	5.10 (41)	3.89 (60)
MSCI EM	5.00 (44)	12.55 (49)	12.55(49)	(5.07) (51)	3.10(71)	3.54 (77)	2.79 (86)
EM Equity DB (gr)	4.48	12.25	12.25	(4.38)	4.25	4.60	4.34

Performance vs Global Equity Database (gross)

	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
Global Equity	1.05(63)	16.93(56)	16.93 (56)	5.75(42)	12.16 (32)	10.86 (48)	9.03 (59)
MSCI ACWI IM Index	2.38(43)	18.40(49)	18.40 (49)	4.70(60)	10.36 (59)	9.62 (67)	8.17 (73)
Global Equity DB (gr)	1.20	15.89	15.89	5.08	10.60	10.15	9.07

*Peer group returns reflect median

- APFC's International Developed portfolio missed its benchmark for the quarter but led over the trailing year. Over the trailing year the Emerging Market portfolio outperformed the benchmark, while it slightly trailed for the quarter.
- The Global Equity portfolio trailed its benchmark over the quarter and trailing year but has outperformed over all other longer time periods.
- All three programs are close to or above peer group medians over the trailing 3, 5 & 7 years
- Performance from the APFC Tactical Tilts portfolio dampened relative results over the quarter and the trailing year.

U.S. Fixed Income Performance: 2Q24

Muted performance across the board

Macro environment

- Fed on hold awaiting more evidence that inflation is under control as economy remained resilient
- 10-year U.S. Treasury yield up modestly from 4.21% to 4.36%
- Curve remained inverted

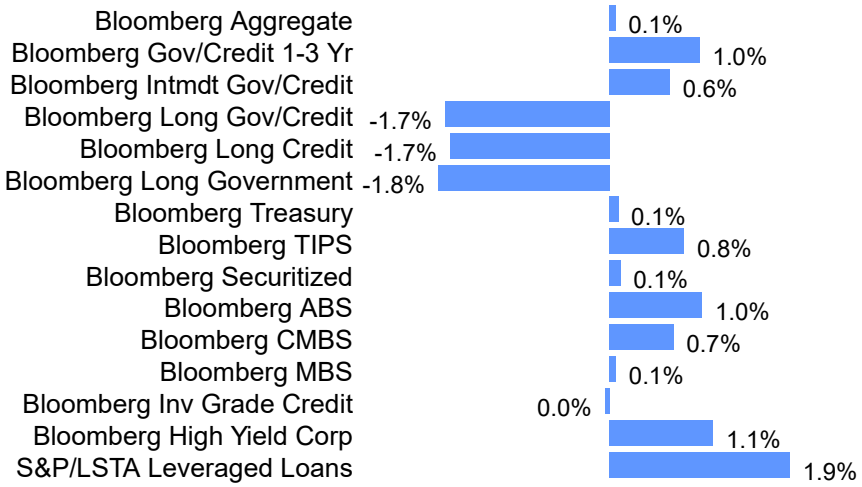
Performance and drivers

- The Bloomberg US Aggregate Index rose 0.1% amid higher rates.
- Corporates and most securitized sectors were roughly flat vs. U.S. Treasuries on a duration-adjusted basis.
- Lower quality outperformed, with high yield corporates and leveraged loans posting the best returns.
- Longer maturity underperformed short and intermediate strategies as curve steepened from 5 years out to 30.

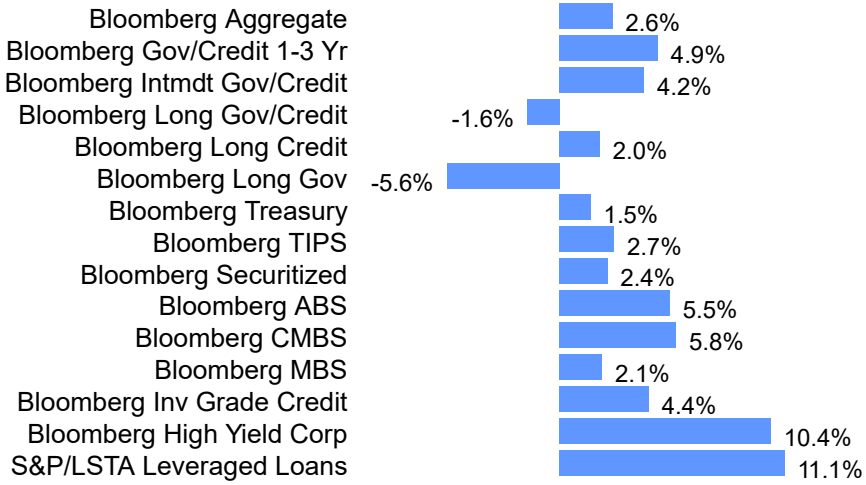
Valuations

- Corporate credit remains rich with spreads near historical tights.
- Default rates, including distressed exchanges, fell to just 1.8% for HY and 3.1% for bank loans.
- IG corporate new issuance slowed from record highs in 1Q but remained robust with $349 billion in new debt, bringing YTD total to $886 billion.
- HY new issuance in 2Q nearly matched 1Q with $83 billion, bringing YTD total to $172 billion.
- Both were met with strong investor demand.

U.S. Fixed Income Returns: Quarter Ended 6/30/24



U.S. Fixed Income Returns: One Year Ended 6/30/24



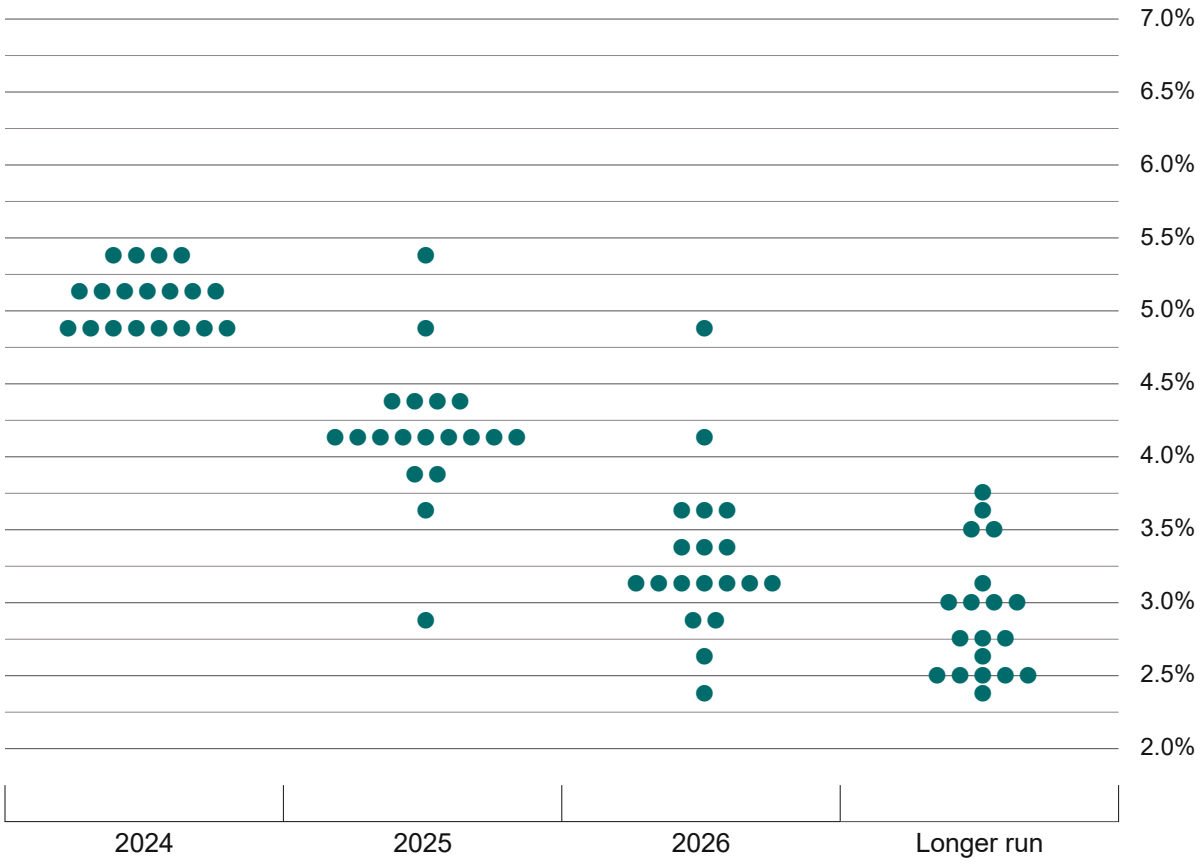
Sources: Bloomberg, Callan, S&P Dow Jones Indices

The Fed's 'Dot Plot'

June 12, 2024

Federal Open Market Committee (FOMC) participants' assessments of appropriate monetary policy

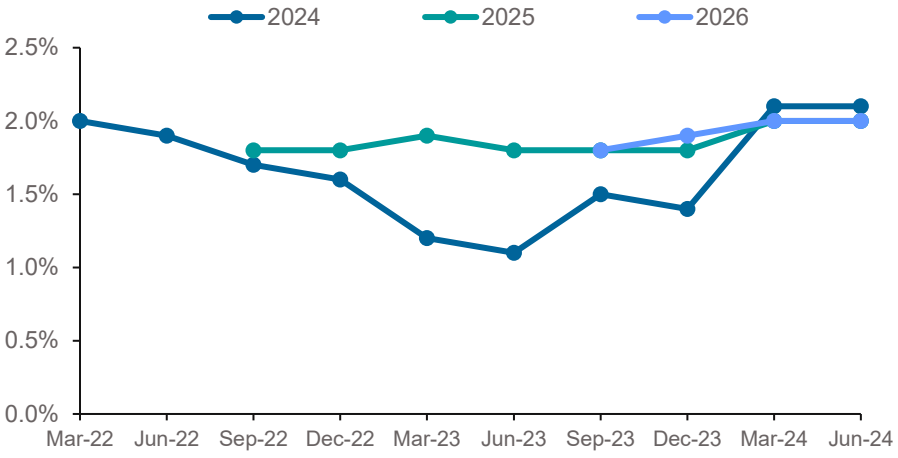
- Median year-end in 2024 = 5.1% (up from 4.6% projection at March meeting)
- "Longer run" up 20 basis points to 2.8%
- Dispersion of views widens in 2025 and 2026 but narrows over longer run.
- Market expects more cuts next year based on CME FedWatch as of July. Fed Funds expectations for end of 2024:
  - 48% expect 4.50% to 4.75%
  - 42% expect 4.75% to 5.00%
  - 7% expect 5.00% to 5.25%



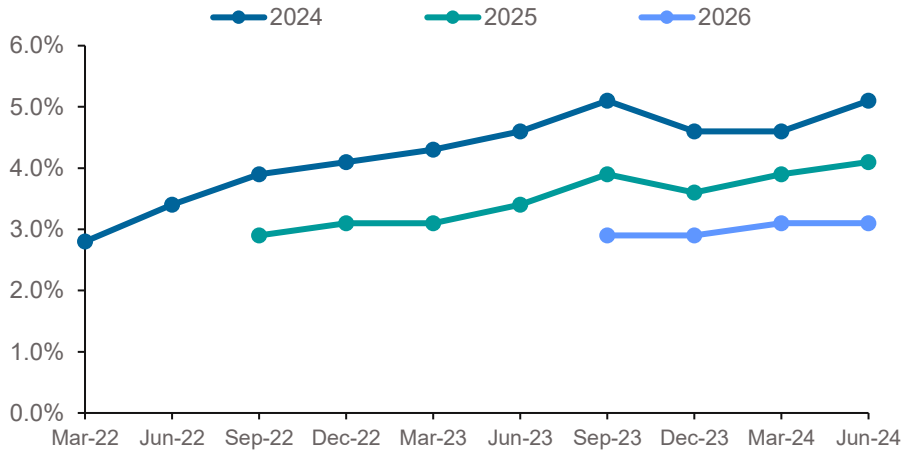
Source: Federal Reserve. FOMC participants do not always submit projections for all time periods.

The Shifting Mindset at the Fed

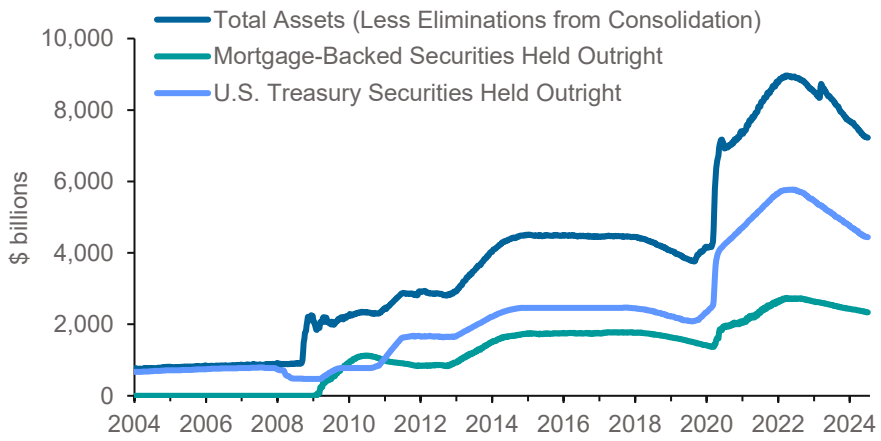
Fed Projection of Change in Real GDP
By Fed Meeting Date and Projection Year



Fed Projection of Fed Funds Rate
By Fed Meeting Date and Projection Year



Fed Balance Sheet



The big swing in the Fed's GDP projection reflects the surprising nature of economic resilience.

- The Fed steadily increased projections for the appropriate Fed Funds Rate in response to this economic strength.
  - Inflation down from recent highs but still above the Fed's long-term 2% target
- The Fed is also unwinding its balance sheet.
  - This has a more direct impact on longer-term rates than the Fed Funds Rate and could help to slow economic activity if it causes rates to rise.

Sources: Federal Reserve, Financial Times

Global Fixed Income Performance: 2Q24

Both developed market rates and the U.S. dollar continued to climb

Macro environment

- Developed market rates rose further in 2Q.
- In June, the Bank of Canada lowered its overnight rate, and the European Central bank cut rates for the first time in five years as growth and inflation moderated.
- Japan's 10-year government bond yield rose above 1% for the first time since 2013.

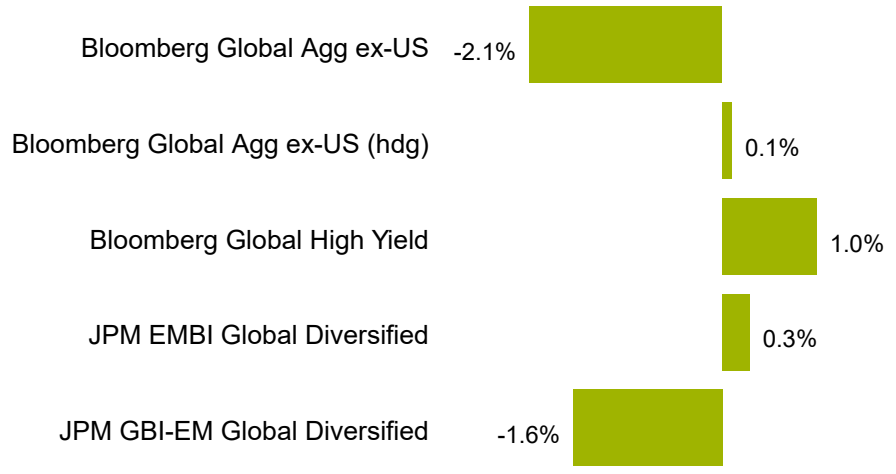
U.S. dollar continued to strengthen

- Major currencies generally continued to weaken relative to the U.S. dollar, albeit at a slower pace from 2Q, detracting from unhedged returns.
- Hedged investors were flat for the quarter following the increase in yields.

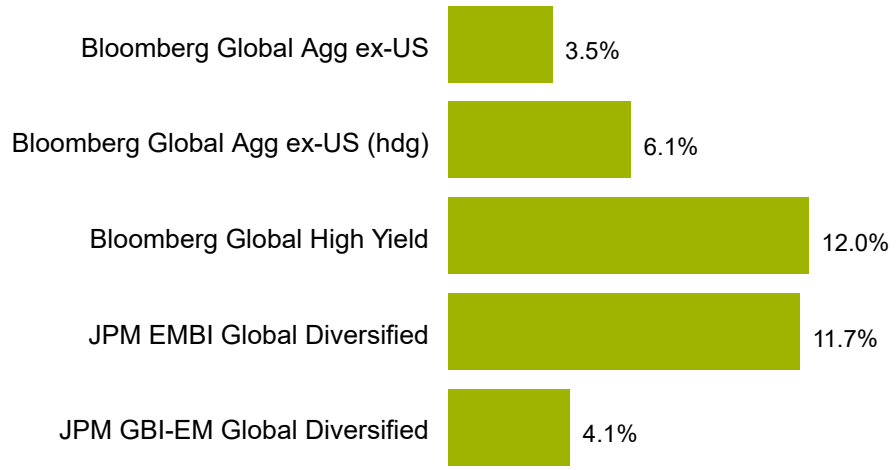
Emerging market debt was similarly lackluster

- India was added to the JPM GBI-EM suite of indices in June.
- EM hard currency rose 0.3% while the local currency JPM EMBI Global Diversified Index declined 1.6% as the U.S. dollar generally if modestly strengthened relative to local currencies.

Global Fixed Income Returns: Quarter Ended 6/30/24



Global Fixed Income Returns: One Year Ended 6/30/24

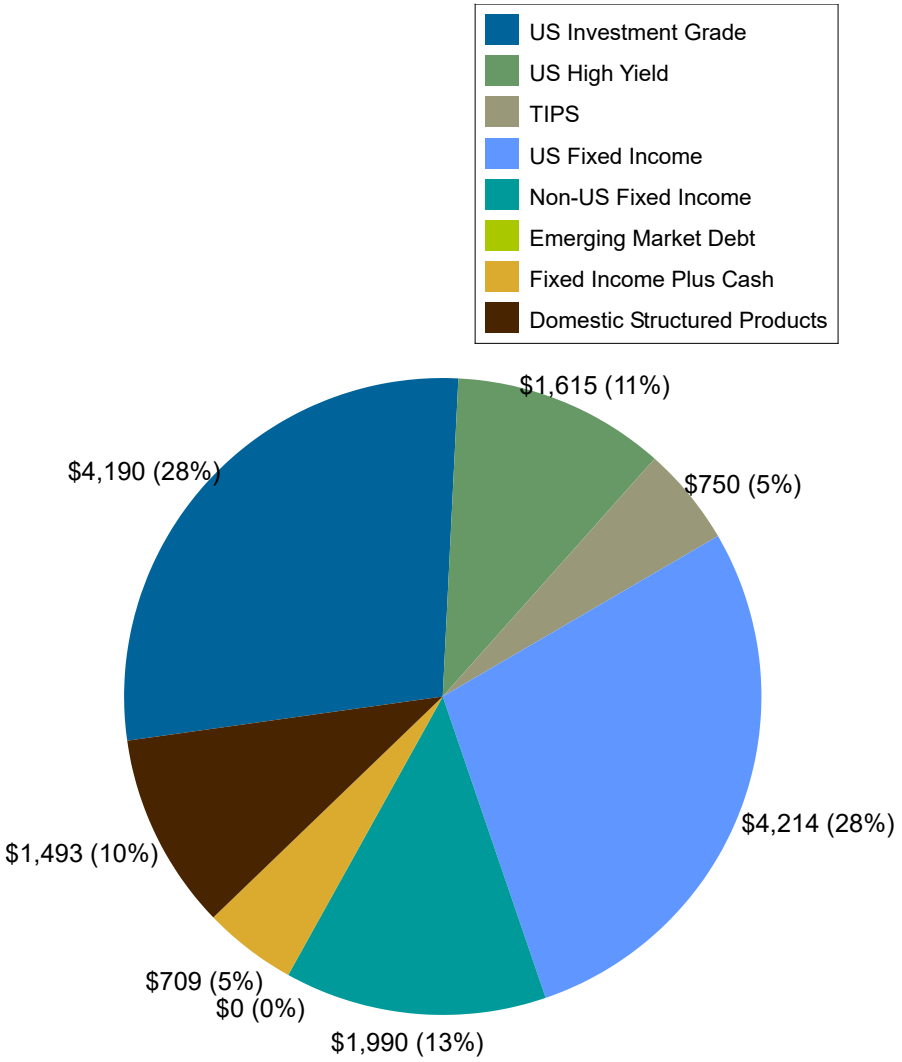


Sources: Bloomberg, JP Morgan

APFC Fixed Income Structure

As of June 30, 2024

- 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, US High Yield and TIPS.
- Small allocations to external managers in liquidation remain in Non-US Fixed Income, US High Yield and Emerging market Debt.

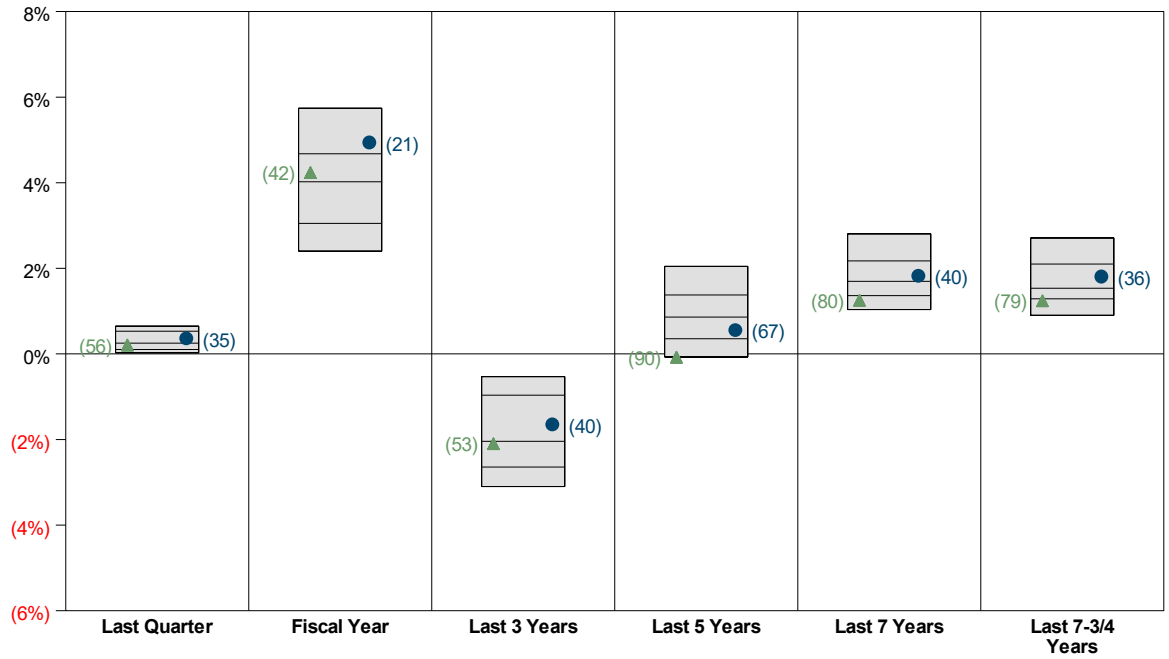


Fixed Income Relative to Public Fixed Income Funds

Periods Ended June 30, 2024

- The APFC Total Fixed Income portfolio outperformed its benchmark in both the quarter and trailing year. The portfolio ranked above median for the quarter and top quartile for the year.
- The portfolio outperformed its benchmark over the 3-, 5-, and 7-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 7 Years	Last 7-3/4 Years
10th Percentile	0.65	5.74	(0.53)	2.05	2.81	2.71
25th Percentile	0.53	4.68	(0.96)	1.38	2.17	2.10
Median	0.25	4.02	(2.04)	0.86	1.70	1.54
75th Percentile	0.10	3.05	(2.64)	0.35	1.36	1.29
90th Percentile	0.03	2.40	(3.10)	(0.07)	1.04	0.90
Fixed Income ●	0.35	4.93	(1.66)	0.54	1.81	1.79
Fixed Income Benchmark ▲	0.21	4.24	(2.10)	(0.07)	1.26	1.24

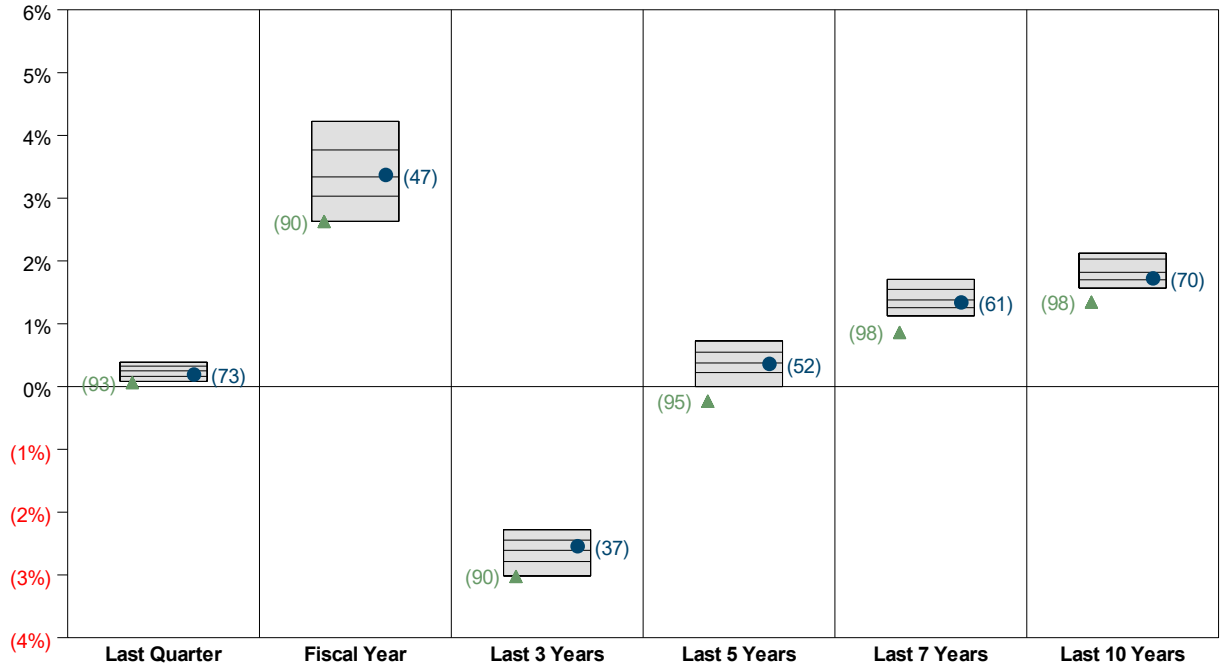
Fixed Income Benchmark components: 5% 90 Day T-Bills, 5% BB US TIPS, 25% BB US Agg, 25% BB US Corp Inv Grade TR, 10% Gl Treas xUS Hdg, 2.5% JPM EMBI Gl Div, 2.5% JPM GBI-EM Gl Div, 10% BB US HY 2% Issuer, 10% S&P Gl REIT & 5% S&P Gl Listed Inf to 6/30/20, 5% 90 Day T-Bills, 5% BB US TIPS, 27.5% BB US Agg, 27.5% BB US Corp Inv Grade TR, 10% Gl Treas xUS Hdg, 2.5% JPM EMBI Gl Div, 2.5% JPM GBI-EM Gl Div, 10% BB US HY 2% Issuer, and 10% BB US Sec Idx to 6/30/22, and 5% 90 T-Bills, 27.5% BB US Corp Inv Gr TR, 15% Gl Treas xUS Hdgd, 27.5% BB US Agg, 10% BB HY Corp Ba, 5% BB US TIPs, and 10% BB US Securitzed Idx thereafter.

US Fixed Income Aggregate Relative to Core Bond Funds

Periods Ended June 30, 2024

- APFC US Fixed Income Aggregate portfolio outperformed its benchmark in the quarter and all other standard periods.
- Peer ranks were below median for the quarter but above median for the 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)



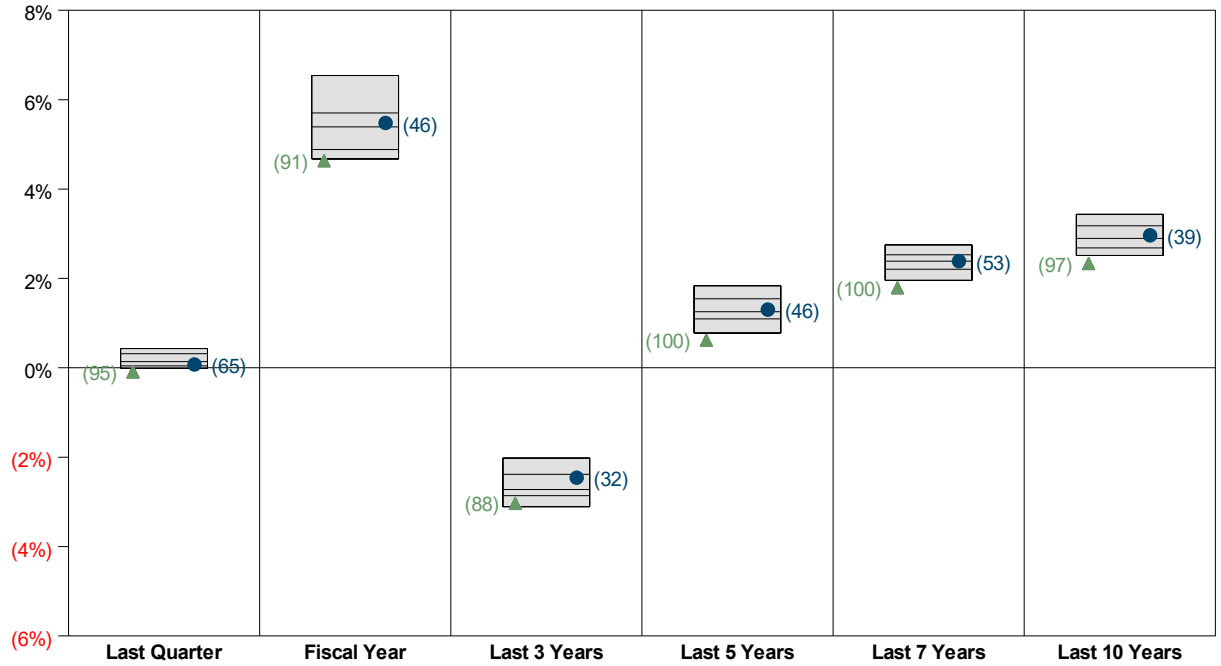
	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	0.39	4.22	(2.28)	0.73	1.71	2.13
25th Percentile	0.33	3.77	(2.45)	0.55	1.55	2.03
Median	0.25	3.34	(2.61)	0.38	1.38	1.82
75th Percentile	0.16	3.03	(2.79)	0.22	1.26	1.70
90th Percentile	0.08	2.63	(3.02)	0.00	1.13	1.57
US Fixed Income Aggregate ●	0.18	3.36	(2.55)	0.35	1.33	1.71
Blmbg:Aggregate ▲	0.07	2.63	(3.02)	(0.23)	0.86	1.35

US Investment Grade Corp Relative to Investment Grade Funds

Periods Ended June 30, 2024

- 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 above the median except for the trailing quarter and 7-year time periods.

Performance vs Callan Investment Grade Credit Fixed Inc (Gross)



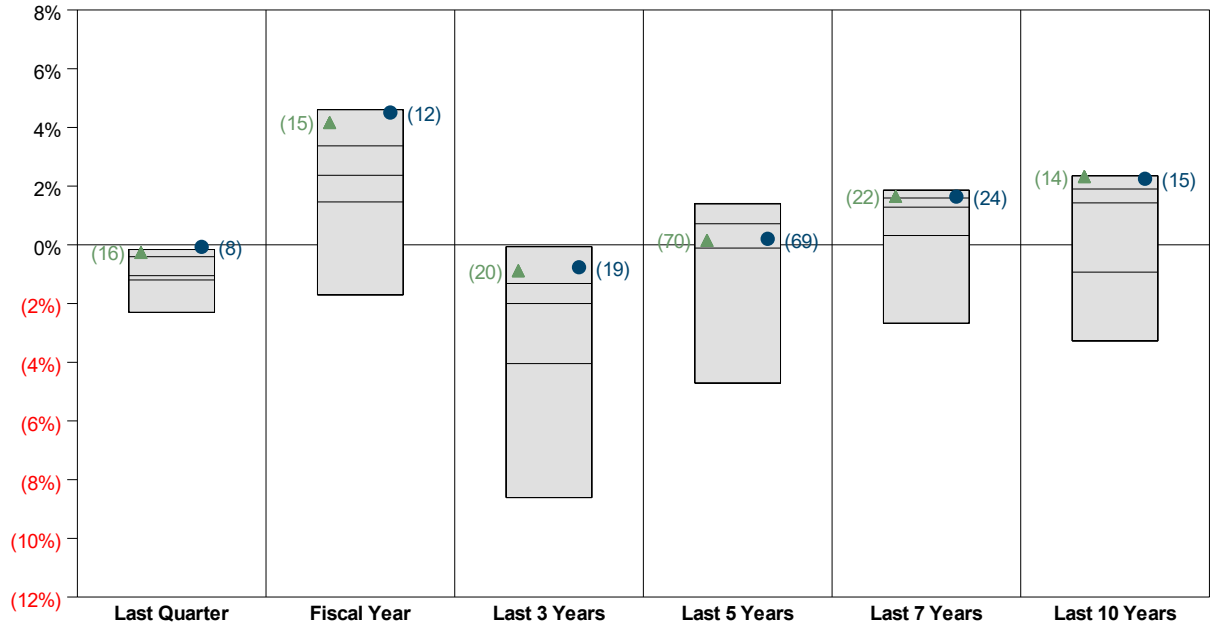
	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	0.43	6.54	(2.02)	1.84	2.75	3.43
25th Percentile	0.32	5.70	(2.38)	1.55	2.53	3.18
Median	0.14	5.39	(2.72)	1.25	2.39	2.90
75th Percentile	0.04	4.88	(2.86)	1.10	2.21	2.68
90th Percentile	(0.01)	4.67	(3.11)	0.78	1.96	2.51
US Investment Grade Corporate ●	0.06	5.46	(2.47)	1.29	2.37	2.95
Blmbg Corporate ▲	(0.09)	4.63	(3.03)	0.62	1.79	2.34

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

Periods Ended June 30, 2024

- The APFC Non-U.S. Fixed Income portfolio finished ahead of its benchmark in the quarter and over the trailing year.
- Compared to peers, the portfolio ranked top quartile for most trailing time periods.

Performance vs Public Fund - International Fixed (Gross)



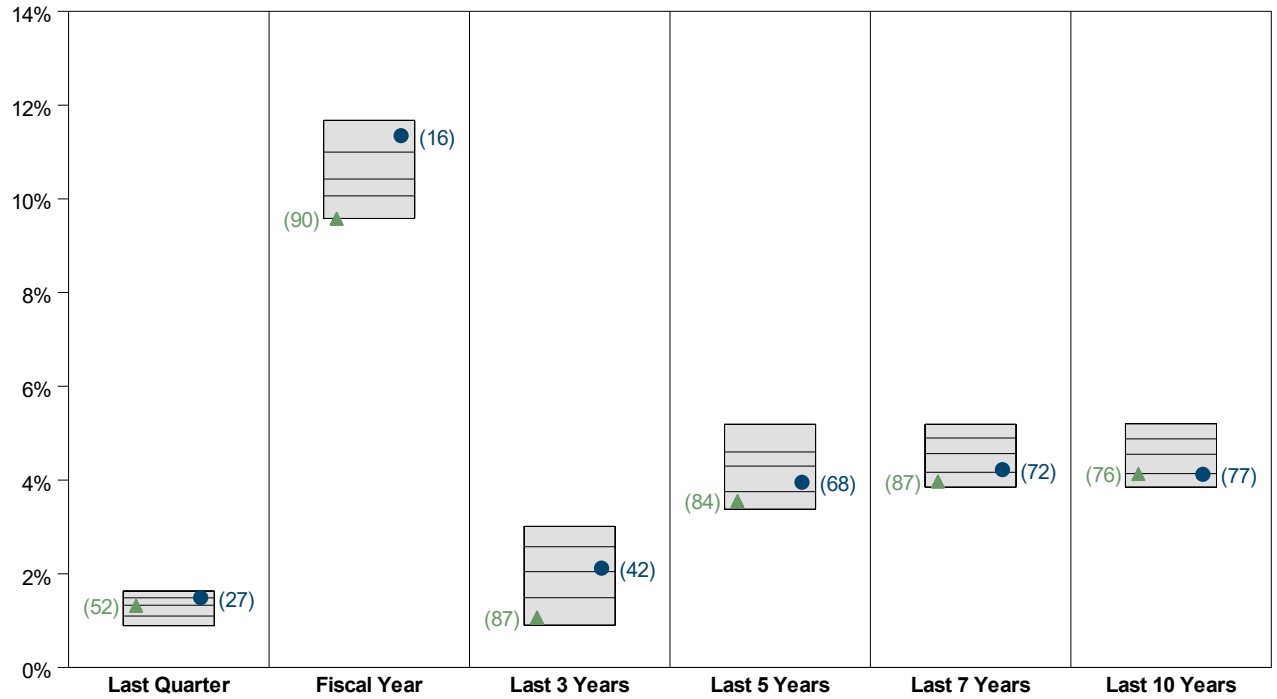
	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	(0.16)	4.61	(0.06)	1.41	1.86	2.35
25th Percentile	(0.41)	3.37	(1.32)	1.39	1.60	1.90
Median	(1.05)	2.37	(2.00)	0.72	1.29	1.43
75th Percentile	(1.20)	1.46	(4.05)	(0.11)	0.32	(0.93)
90th Percentile	(2.30)	(1.71)	(8.61)	(4.71)	(2.67)	(3.28)
Non US Fixed Income ●	(0.09)	4.48	(0.78)	0.18	1.62	2.23
Blmbg Global Treasury ex-US ▲	(0.26)	4.17	(0.88)	0.15	1.65	2.33

US High Yield Relative to High Yield Funds

Periods Ended June 30, 2024

- APFC Global High Yield portfolio bested the benchmark in the quarter and over the trailing year.
- The portfolio ranked below median over longer time 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	1.63	11.67	3.01	5.19	5.19	5.20
25th Percentile	1.49	11.00	2.58	4.60	4.90	4.88
Median	1.33	10.42	2.05	4.30	4.57	4.55
75th Percentile	1.10	10.06	1.49	3.75	4.17	4.14
90th Percentile	0.89	9.58	0.90	3.38	3.85	3.85
US High Yield ●	1.48	11.33	2.10	3.94	4.21	4.11
US High Yield Benchmark ▲	1.32	9.58	1.07	3.55	3.97	4.13

US High Yield Benchmark components: BB US High Yield 2% Issuer Cap through 6/30/22, then BB US BB HY thereafter

TIPS Relative to Callan's Inflation Linked Bonds database

Periods Ended June 30, 2024

- APFC TIPS portfolio finished modestly ahead of its benchmark for the quarter and over the trailing year.
- The TIPS composite ranked above median relative to peers for the quarter and over the trailing year.
- The TIPS allocation includes an In-House TIPS portfolio; APCM was completely liquidated in Q4 2021.

Performance vs Callan Inflation Linked Bonds (Gross)

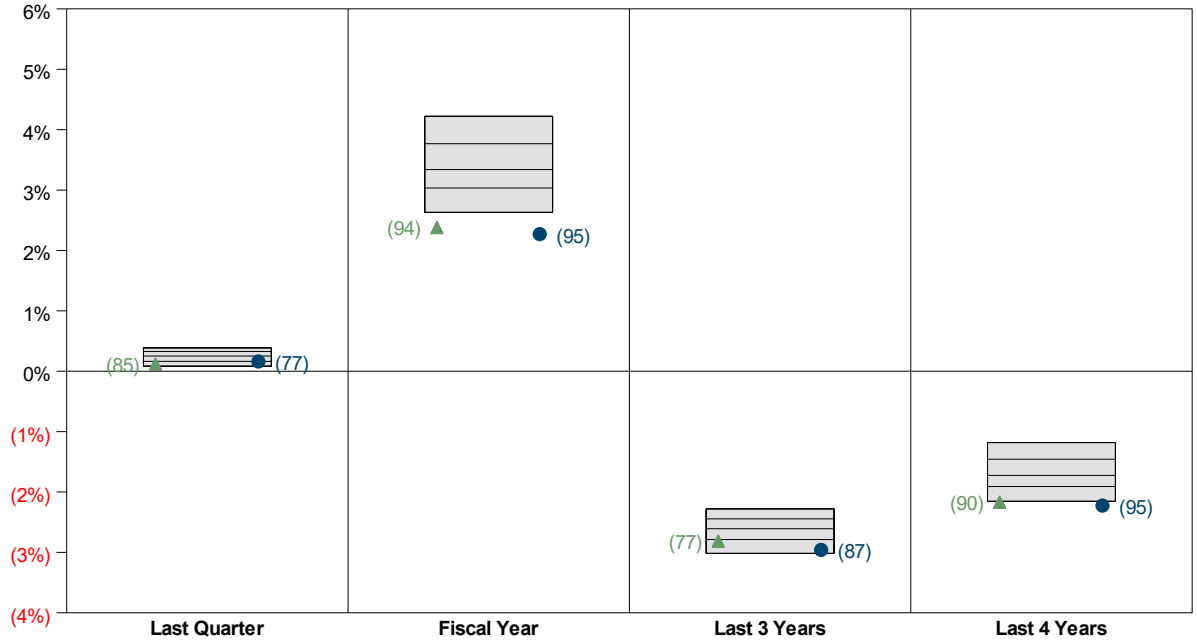
	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	1.21	5.30	0.90	3.92	3.87	2.84
25th Percentile	0.97	3.46	(0.86)	2.57	2.99	2.34
Median	0.87	2.70	(1.23)	2.15	2.60	2.01
75th Percentile	0.78	2.54	(1.47)	2.05	2.48	1.95
90th Percentile	0.65	2.24	(1.86)	1.89	2.43	1.89
TIPS ●	0.92	2.96	(0.91)	2.32	2.62	1.98
Blmbg TIPS ▲	0.79	2.71	(1.33)	2.07	2.47	1.91

Domestic Structured Product to Callan's Core Bond database

Periods Ended June 30, 2024

- The Domestic Structured Product portfolio was funded at the end of the second quarter of 2020.
- The portfolio finished roughly in line with its benchmark for the quarter and trailing year.
- The portfolio ranked below the median of the Core Bond Fixed Income peer group for the quarter and trailing year.

Performance vs Callan Core Bond Fixed Income (Gross)



	Last Quarter	Fiscal Year	Last 3 Years	Last 4 Years
10th Percentile	0.39	4.22	(2.28)	(1.18)
25th Percentile	0.33	3.77	(2.45)	(1.46)
Median	0.25	3.34	(2.61)	(1.72)
75th Percentile	0.16	3.03	(2.79)	(1.91)
90th Percentile	0.08	2.63	(3.02)	(2.15)
Domestic Structured Products ●	0.15	2.26	(2.97)	(2.23)
BB US Securitized ▲	0.12	2.38	(2.81)	(2.17)

U.S. Private Real Estate Performance: 2Q24

Appreciation returns negative once again

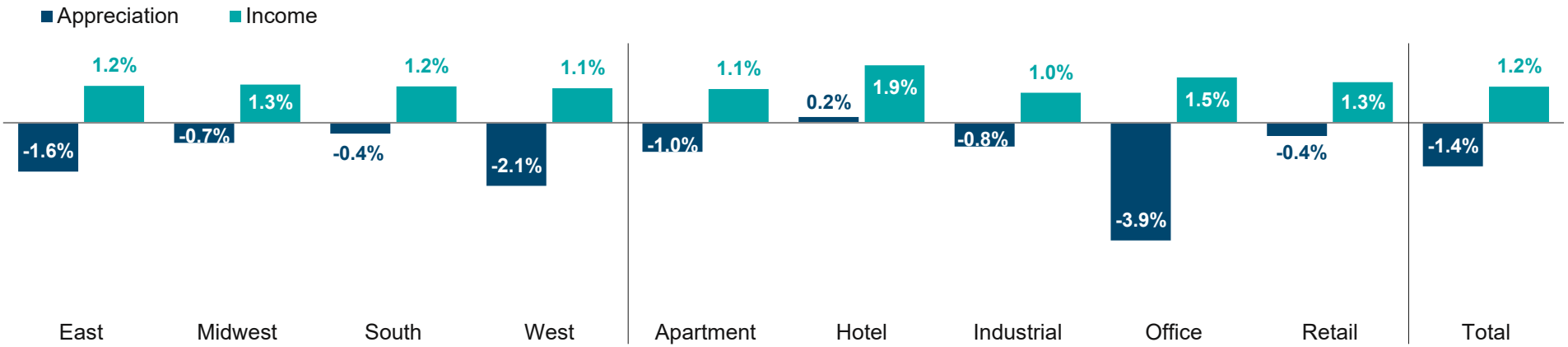
Valuations reflect higher interest rates

- Income returns were positive across sectors and regions.
- All property sectors and regions experienced negative appreciation, except for Hotels.
- 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	-0.7%	-10.0%	1.0%	2.3%	5.5%
Income	0.8%	3.1%	2.8%	2.9%	3.2%
Appreciation	-1.5%	-12.8%	-1.8%	-0.7%	2.2%
NCREIF Property Index	-0.3%	-5.5%	2.3%	3.4%	6.1%
Income	1.2%	4.6%	4.2%	4.3%	4.5%
Appreciation	-1.4%	-9.8%	-1.8%	-0.8%	1.5%

Returns are geometrically linked

NCREIF Property Index Quarterly Returns by Region and Property Type

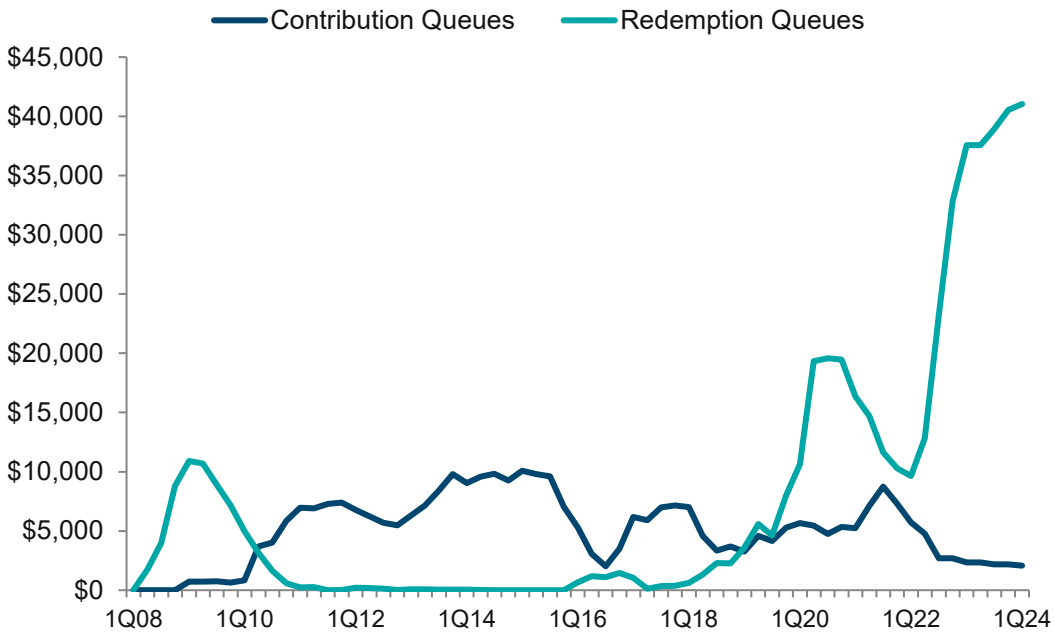


Source: NCREIF; ODCE return is net

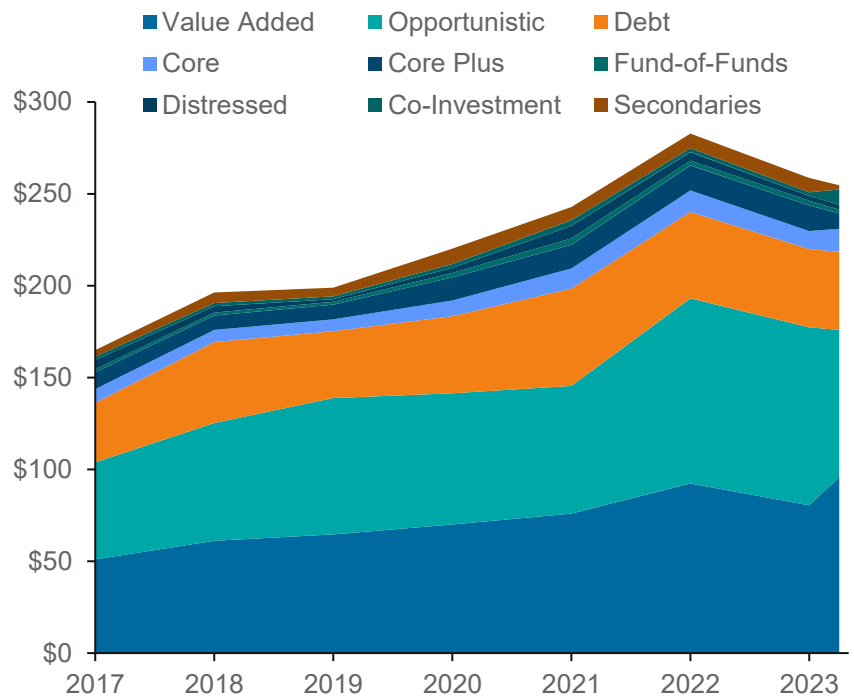
U.S. Private Real Estate Market Trends

Over $250 billion of dry powder

Core Fund Contribution/Redemption Queues ($mm)^



Dry Powder for CRE Investment in North America ($bn)



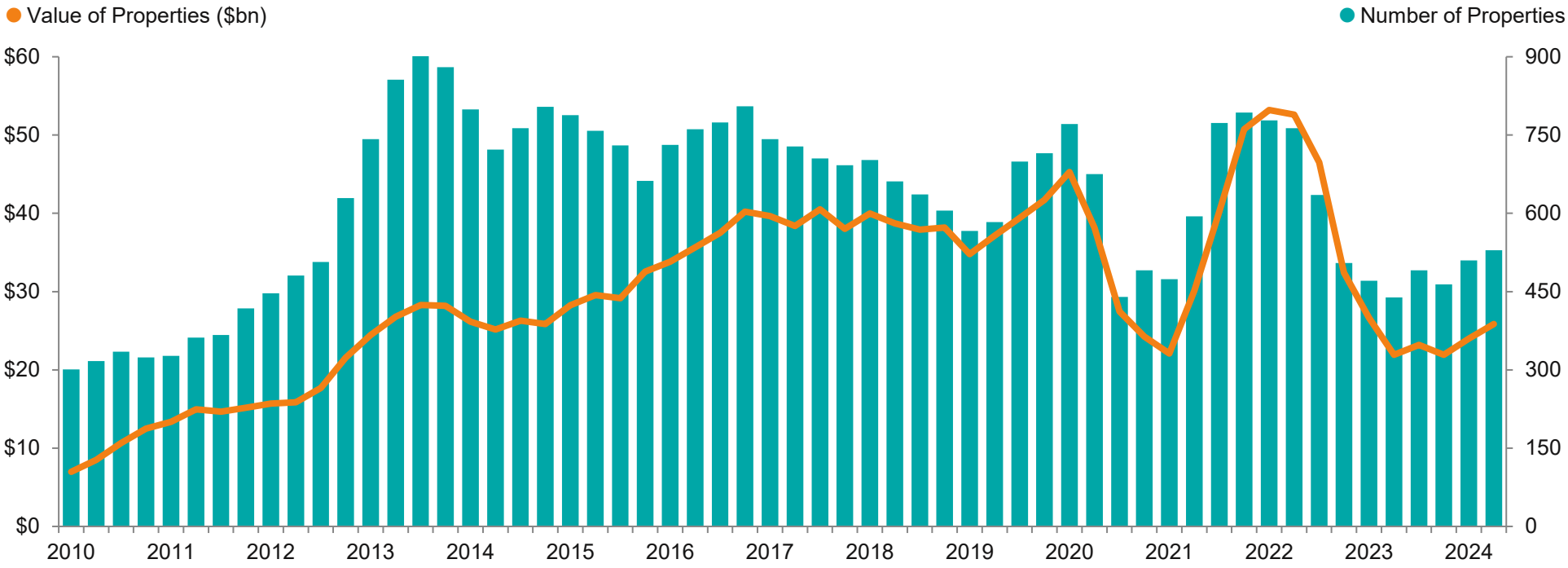
- Current ODCE redemption queues are approximately 17.3% of net asset value, with a median queue of 13.9%. This compares to the GFC when queues peaked at approximately 15% of NAV.
- Outstanding redemption requests for most large ODCE funds are approximately 11% to 20% of net asset value.
- For a large proportion of funds, these redemptions are partial redemptions, due to portfolio rebalancing and liquidity needs. For a smaller underperforming subset, redemption requests are full redemptions indicative of manager termination.
- Interest in real estate remains with over $250 billion of dry powder on the sideline. Stability and certainty in interest rates and values are needed before capital is deployed into the market.

Sources: AEW, NCREIF, Preqin
^ Queue data as of 1Q24, the latest available at time of publication

U.S. Private Real Estate Market Trends

Pricing and transaction volumes remain low through 2Q24

NCREIF Property Index Rolling 4-Quarter Transaction Totals

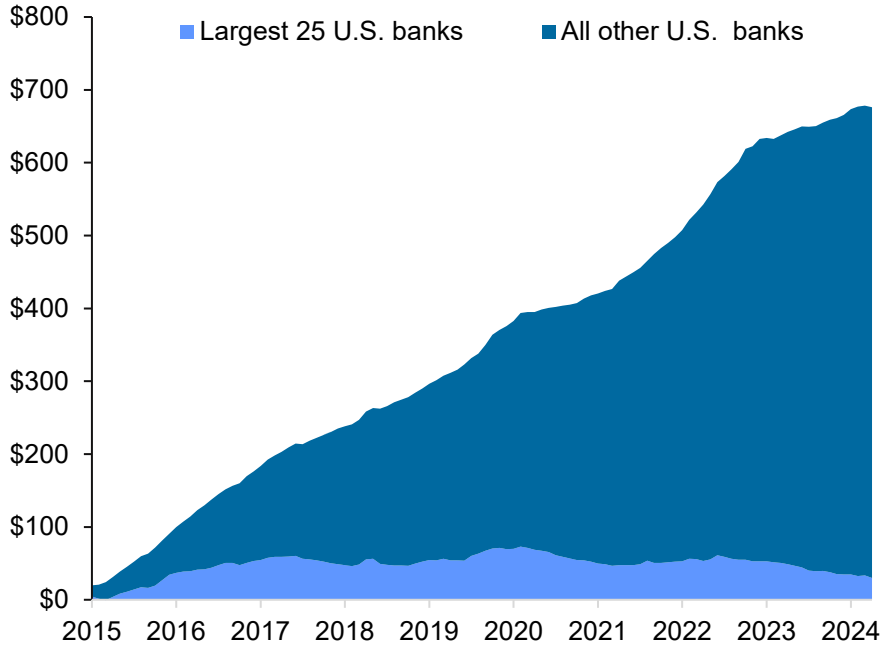


- Transaction volume has flattened on a rolling four-quarter basis and remains well below five-year averages.
- In 2Q24, transaction volume increased slightly on a quarter-over-quarter basis. Transaction volume remains significantly lower compared to 2022.
- The volatile rise in interest rates is the driving force behind the slowdown in transactions. A bid-ask spread remains and price discovery continues to occur among market participants. Values continue to reset adjusting to current base rates.

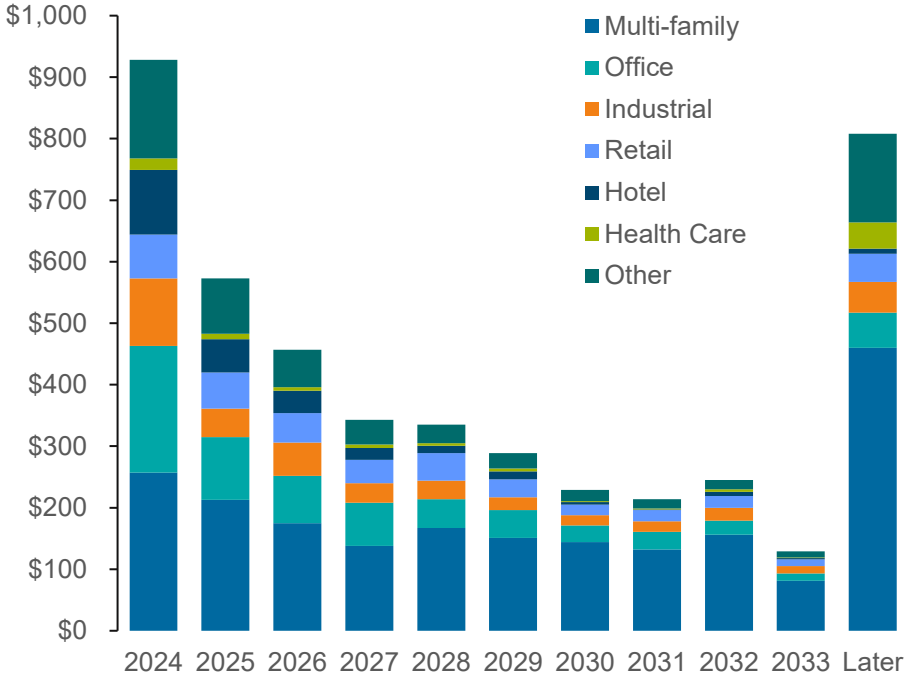
Source: NCREIF

Real Estate Capital Markets

Cumulative Increase in Bank Commercial Real Estate Loan Book (excluding Mutual Funds) $bn



Loan Maturities by Sector ($bn)



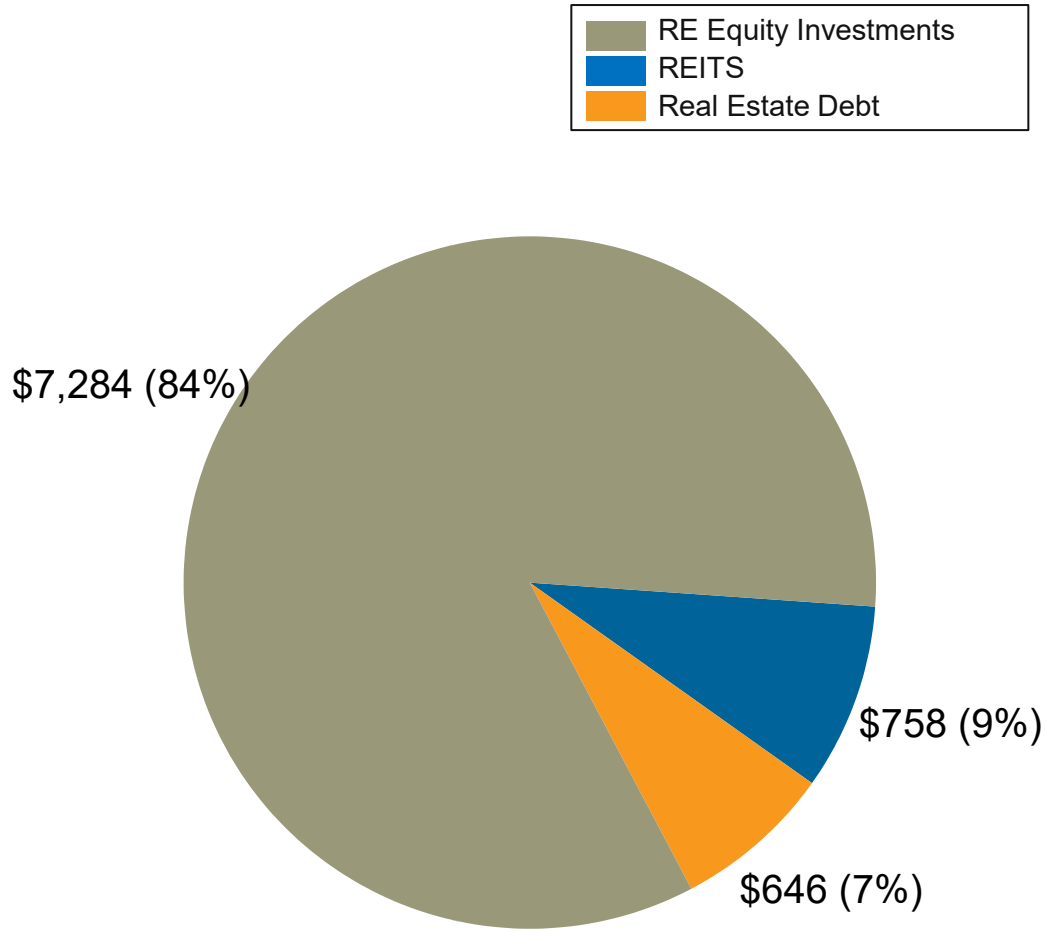
- Smaller and regional banks represent a large and growing share of commercial real estate lending. Additional sources of lending are needed, and debt investment opportunities appear increasingly attractive.
- A sizeable pool of loans maturing in 2024 and 2025, particularly office loans, will put further pressure on lending markets.

Sources: FDIC, JP Morgan Asset Management, MBA, Moody's

APFC Real Estate Structure *(1Q LAG)*

As of March 31, 2024

- 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.

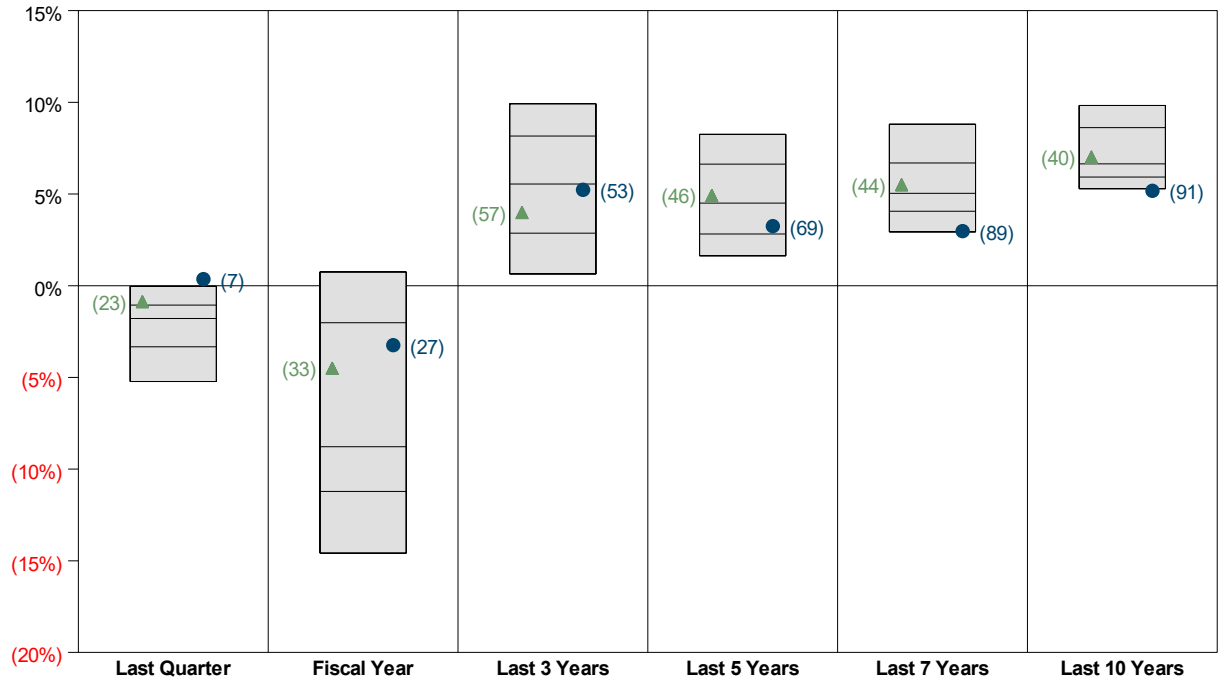


Real Estate Relative to Callan's Total Real Estate Database *(1Q LAG)*

Periods Ended March 31, 2024

- 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 trailing year.
- The portfolio ranked above median in the Real Estate peer group for the quarter and 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	(0.03)	0.75	9.92	8.25	8.80	9.83
25th Percentile	(1.06)	(2.02)	8.16	6.63	6.69	8.62
Median	(1.78)	(8.78)	5.54	4.50	5.04	6.65
75th Percentile	(3.33)	(11.22)	2.86	2.82	4.06	5.93
90th Percentile	(5.23)	(14.59)	0.65	1.63	2.93	5.28
Real Estate ●	0.33	(3.28)	5.20	3.22	2.94	5.14
Real Estate Target ▲	(0.87)	(4.50)	3.99	4.93	5.51	7.02

Real Estate Target components: Real Estate Custom: NCREIF Total Index through 6/30/20, then 85% NCREIF Total Index and 15% MSCI US REIT thereafter

Real Estate Performance *(1Q LAG)*

Periods Ended March 31, 2024

	Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
RE Equity Investments	**0.38**	**-5.72**	**4.91**	**--**	**--**
RE EQ Separate Accts & Direct	-0.05	-7.20	2.83	-0.19	3.41
RE EQ Funds & Co-Invest	0.65	-1.52	10.68	11.17	--
RE EQ Development	3.27	-8.00	--	--	--
RE Debt Investments	**1.93**	**9.08**	**11.12**	**11.40**	**--**
RE Debt Separate Accounts	1.98	9.24	10.70	9.12	--
RE Debt Funds & Co-Invests	1.58	7.91	10.93	--	--
NCREIF Monthly	-0.98	-7.16	3.63	3.76	6.41
REITS	**-0.71**	**9.03**	**5.37**	**--**	**--**
MSCI:US REIT Index	-0.32	10.37	4.03	4.14	6.54
Real Estate Composite	**0.33**	**-3.28**	**5.20**	**3.22**	**5.14**
Real Estate Target	-0.87	-4.50	3.99	4.93	7.02

- In the quarter, APFC's Real Estate Equity and Debt outperformed their respective benchmarks, while the REIT portfolio lagged. Over the trailing year, all three segments outperformed their respective benchmarks.
- Overall, the Real Estate Composite missed its custom benchmark over the quarter but outperformed for the year.

Private Credit Fundraising Landscape

Activity continued to be relatively slow in 1Q24

Private credit stayed in high demand among Callan clients, and a number of large DB plans are looking to increase their allocations from 2%–3% to 5%–10%.

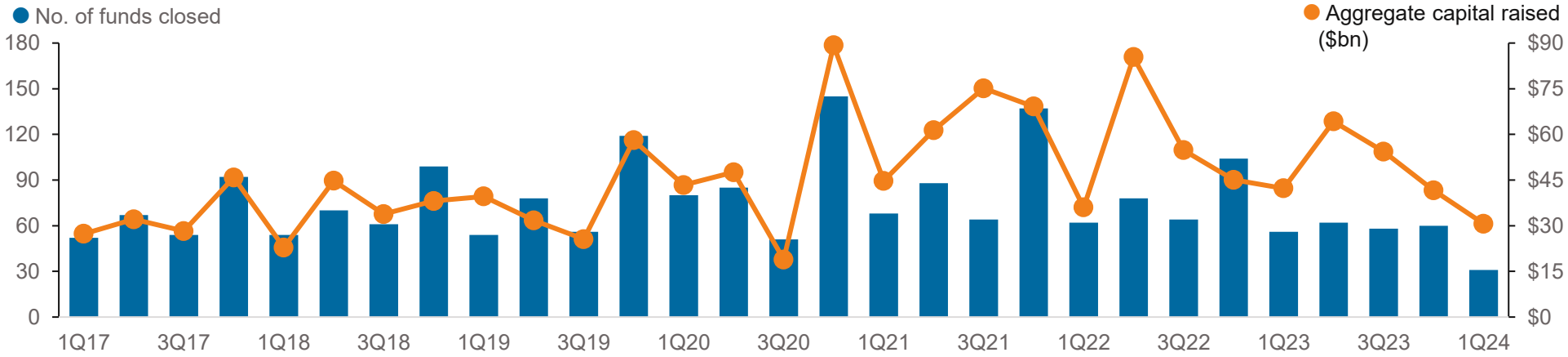
While we always work to build out diversified client portfolios, we think there is particularly interesting relative value in middle market direct lending with an emphasis on unique capital solutions. We also view asset-based lending as an attractive opportunity set.

We are seeing an uptick in stress for some individual names in direct lending portfolios due to a combination of input cost inflation and increased interest expense.

Largest Funds Holding Closes in 1Q24

Name	Amount ($millions)	Strategy
Benefit Street Partners Debt Fund V	$4,700	Direct Lending
Pemberton Strategic Credit Fund III	$2,500	Direct Lending
Ares Australia & New Zealand Credit Fund	$1,700	Direct Lending
PineBridge Private Credit III	$1,700	Direct Lending

Quarterly Private Credit Fundraising

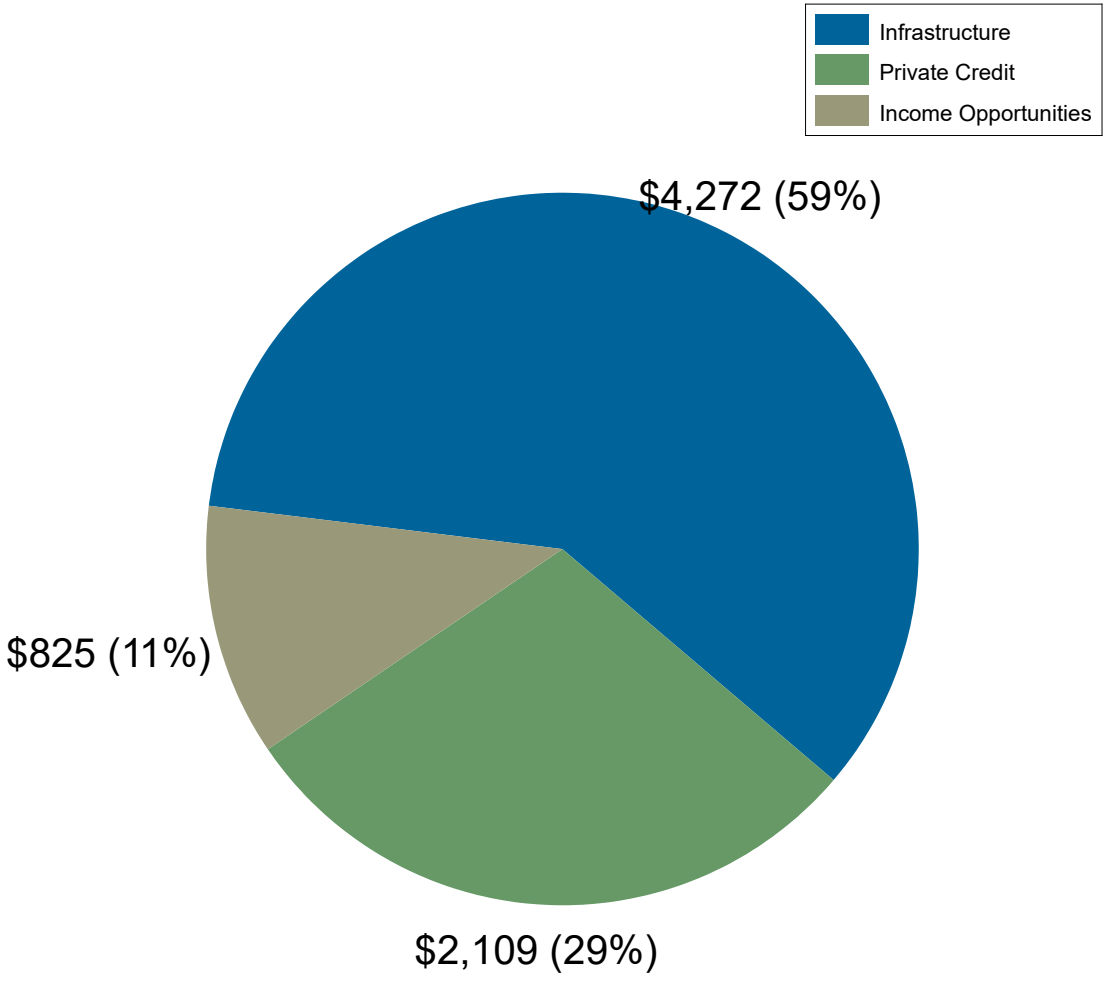


Source: Preqin

APFC Private Income Structure *(1Q LAG)*

As of March 31, 2024

- 59% 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.
- 29% 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, 2024

	Quarter	Last Year	Last 3 Years	Last 5 Years
Private Income	**1.36**	**6.55**	**8.94**	**8.83**
Private Income Custom	1.63	9.23	10.69	8.33
Infrastructure	**1.34**	**6.11**	**11.69**	**10.45**
Cambridge Global Pvt Infrastructure	0.71	7.10	10.46	7.73
Private Credit	**1.02**	**7.51**	**8.82**	**8.35**
Cliffwater Direct Lending TR	3.02	12.49	11.04	9.18
Income Opportunities	**2.42**	**6.05**	**2.78**	**5.60**
Private Income Custom	1.63	9.23	10.69	8.33

- APFC's Private Income composite finished roughly inline with its benchmark (60% Cambridge Global Private Infra and 40% Cliffwater Direct Lending TR) for the quarter but underperformed over the trailing year.
- Private Income sub-strategies, Private Credit, and Income Opportunities underperformed their respective benchmarks over the quarter, while Infrastructure outperformed. Private Credit, Income Opportunities, and Infrastructure underperformed their respective benchmarks over the trailing year.

Private Income Custom Benchmark components: 60% FTSE Dev Core Infr and 40% BB US Corp HY 2% to 6/30/20, 60% Cambridge Global Pri Inf and 40% Cambridge Pri Cdt

Hedge Fund Performance: 2Q24

Artificial intelligence enthusiasm continued to push equity indices higher

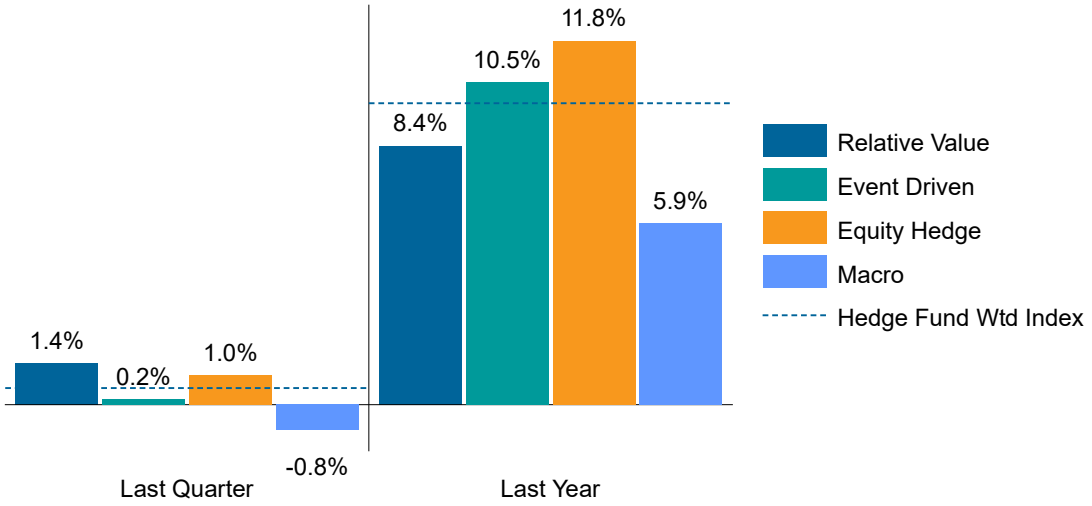
Hedge funds lag equity indices

- Relative value strategies posted a strong quarter, on hopes of a coming rate cut following softer inflation and macroeconomic data points.
- Equity hedge strategies had another strong quarter, as performance came from the Technology, Communication Services, and Utilities sectors.
- Macro strategies ended 2Q lower, as managers gave back gains in commodities, commodity-linked equities, and rates.

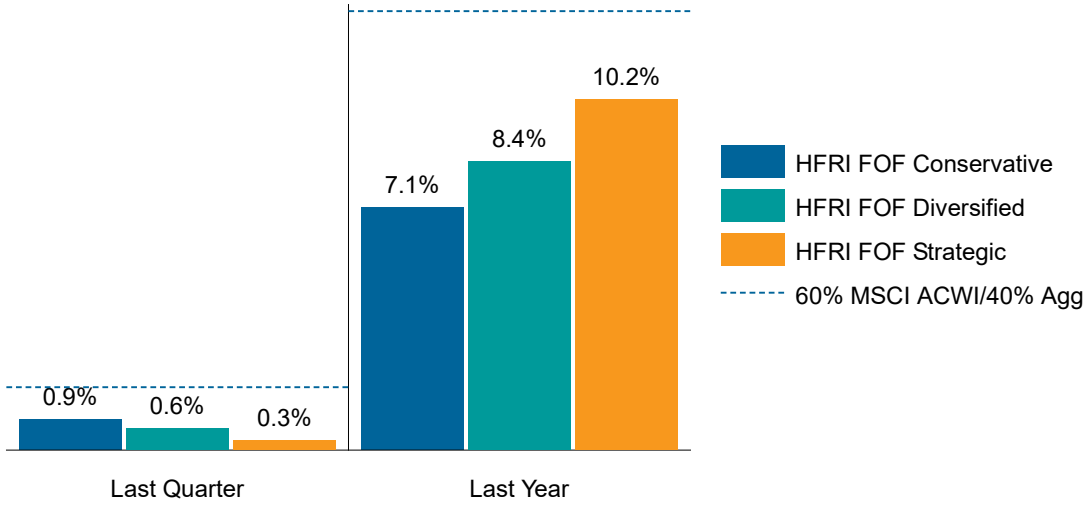
FOFs continued to march higher

- FOFs with more exposure to macro and event-driven strategies saw performance that lagged during the quarter.
- Those FOFs with more diversification across relative value, event-driven, and equity hedge strategies saw higher performance during the quarter.

HFRI Strategy Index Returns vs. Broad Hedge Fund Universe as of 6/30/24



HFRI Fund-of-Funds Returns vs. 60% Stock/40% Bond Mix as of 6/30/24



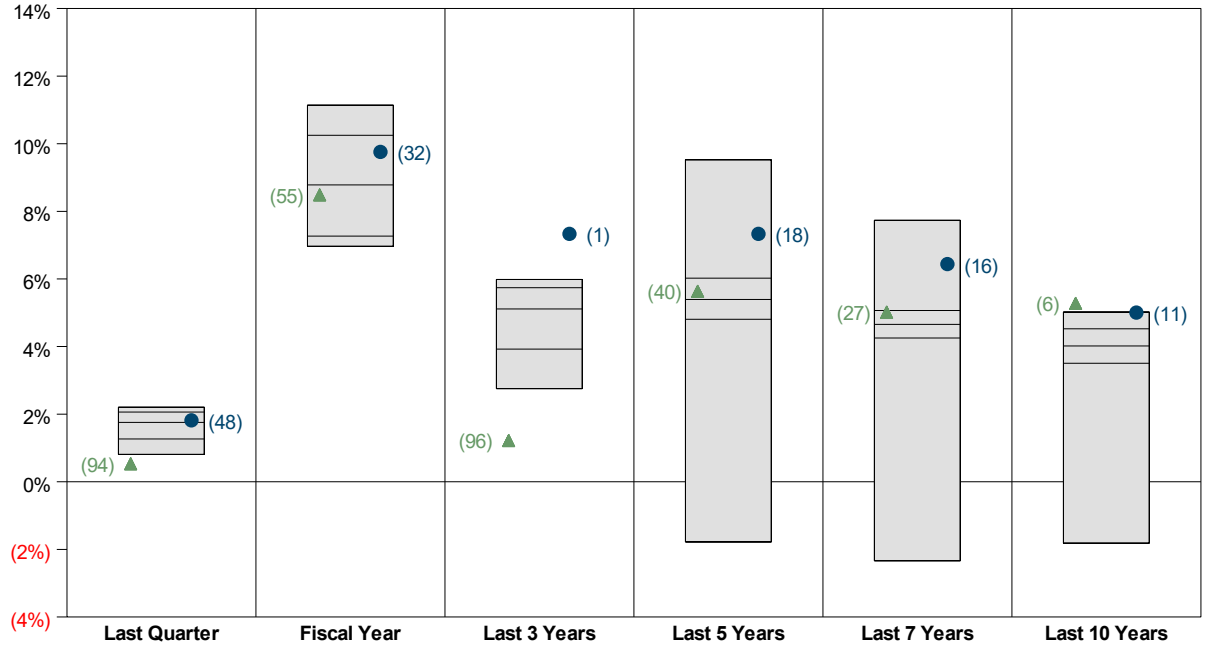
Source: Hedge Fund Research

Absolute Return Portfolio Relative to HFOF Universe

Periods Ended June 30, 2024

- The Absolute Return portfolio bested its benchmark and the peer group median in the quarter and trailing year.
- Over longer time periods the Absolute Return portfolio ranked in the top quartile relative to 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	2.20	11.14	5.98	9.53	7.73	5.02
25th Percentile	2.06	10.25	5.74	6.02	5.06	4.53
Median	1.76	8.78	5.11	5.40	4.65	4.02
75th Percentile	1.26	7.27	3.93	4.81	4.25	3.51
90th Percentile	0.81	6.97	2.76	(1.78)	(2.34)	(1.82)
Absolute Return ●	1.80	9.74	7.31	7.32	6.42	4.99
Absolute Return Benchmark ▲	0.53	8.49	1.22	5.64	5.02	5.28

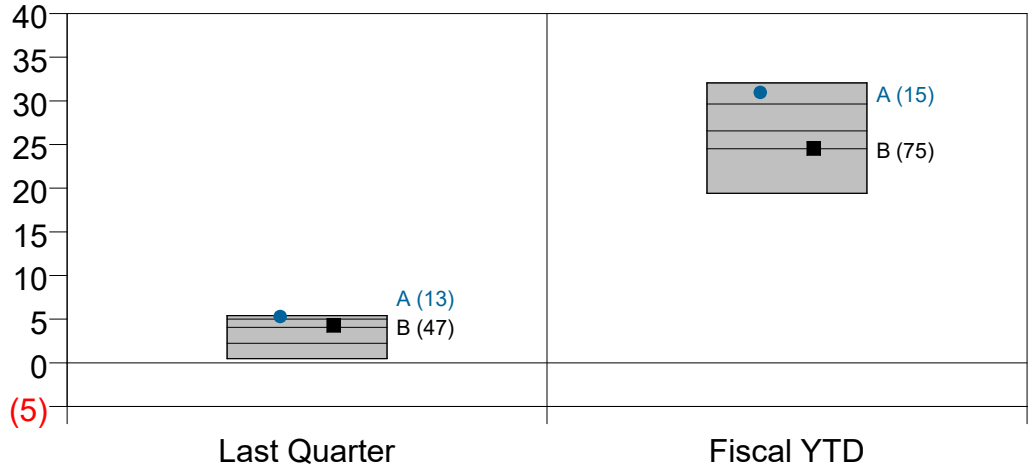
Absolute Return Benchmark components: LIBOR + 4% to 6/30/13, LIBOR + 6% to 6/30/15, LIBOR + 5% to 9/30/16, HFRI Total HFOF Universe to 6/30/22, and 50% HFRI EH Equity Market Neutral and 50% HFRI Macro thereafter

Tactical Opportunities Relative to S&P 500 Index

Periods Ended June 30, 2024

- The Tactical Opportunities portfolio is managed internally to complement the bottom-up stock selection strategies employed by external managers and achieve excess returns from top-down selection decisions emphasizing sectors/industries, countries/regions, and style factors.
- The Tactical Opportunities portfolio outperformed the benchmark and finished top quartile in the peer group over the quarter and fiscal year periods.

Performance vs Callan Large Cap Core (Gross)



		Last Quarter	Fiscal YTD
10th Percentile		5.41	32.08
25th Percentile		5.02	29.64
Median		4.08	26.57
75th Percentile		2.25	24.53
90th Percentile		0.48	19.43
Member Count		36	36
Tactical Opportunities	● A	5.31	30.97
S&P:500	■ B	4.28	24.56

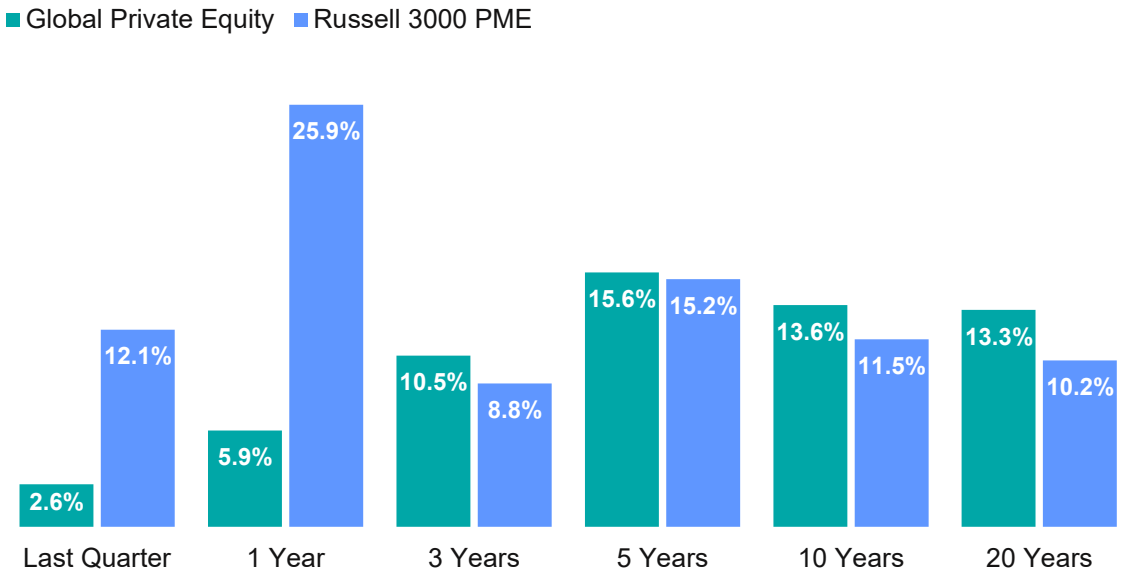
Private Equity Market Trends

Gains for stocks not shared by private equity

Smoothing effect in performance

- Public equity's strong recovery in 2023 (led by the "Magnificent Seven" technology stocks) has left private equity in its wake.
- Private equity doesn't recover as quickly as the public markets, because the smoothing effect dampens private equity returns in both up and down markets.
- Private equity only saw about a fifth of the gains of the public markets over the last year, on a PME basis.
- While buyouts saw solid performance for the year, venture capital continued to struggle given the valuation adjustments from the highs of 2021.

Net IRRs as of 12/31/23



Net IRRs by Strategy as of 12/31/23

Strategy	Last Quarter	1 Year	3 Years	5 Years	10 Years	20 Years
Venture Capital	0.3%	-3.7%	6.0%	17.1%	15.7%	12.5%
Growth Equity	2.2%	4.2%	6.5%	15.4%	13.6%	13.6%
Buyouts	3.6%	10.0%	13.3%	16.2%	14.0%	14.2%
Mezzanine	3.3%	12.3%	12.4%	11.7%	11.1%	11.1%
Credit Opportunities	2.6%	7.9%	10.0%	8.3%	7.4%	9.2%
Control-Oriented Distressed	1.8%	5.3%	16.2%	14.6%	11.1%	11.4%
Total Private Equity	**2.6%**	**5.9%**	**10.5%**	**15.6%**	**13.6%**	**13.3%**

Source: LSEG/Cambridge
PME: Public Market Equivalent

Private Equity Trends

Fundraising and deal activity both plunge

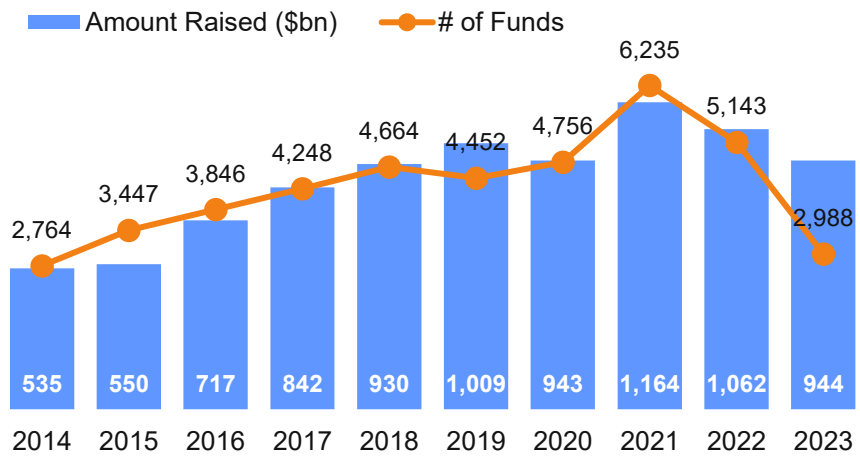
Fundraising

- In 2023 the number of funds raised sharply declined by ~50% from the highs of 2021–22. The 2023 vintage experienced the full impact of the denominator effect, which when combined with slower deal activity and exits, left minimal capital for new commitments.
- As investors' mindsets shifted from growth to value, fundraising concentrated on large and medium buyouts, at the expense of growth equity and venture capital.
- Going into 2024 there is less uncertainty surrounding private markets: valuations have adjusted, public markets have rebounded, and denominator effects have waned. Assuming deal activity picks up, fundraising should follow suit.

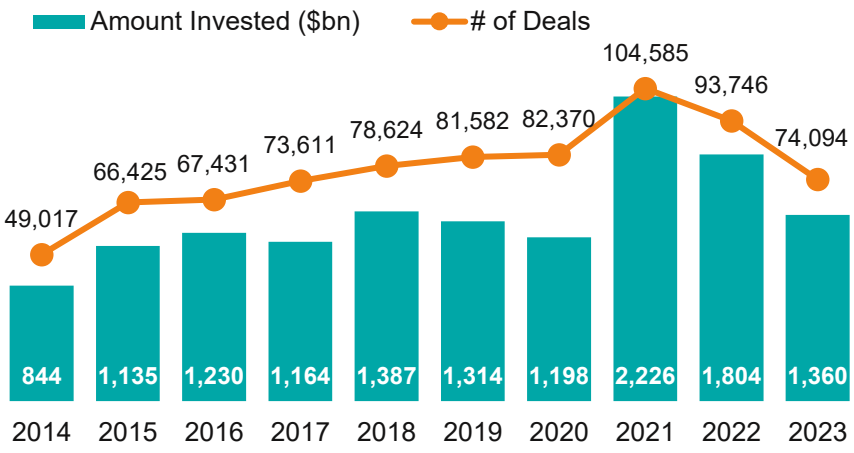
Deal activity

- 3Q23 appears to be the trough in PE deal-making, dropping by a third from its 2021 peak.
- There are small, but promising, signs of recovery with a few noteworthy exits and IPOs (i.e., SRS Distribution and Reddit). A broader snapback in exits, however, is needed to spark the next wave of deal activity.

Annual Fundraising



Annual Deal Activity

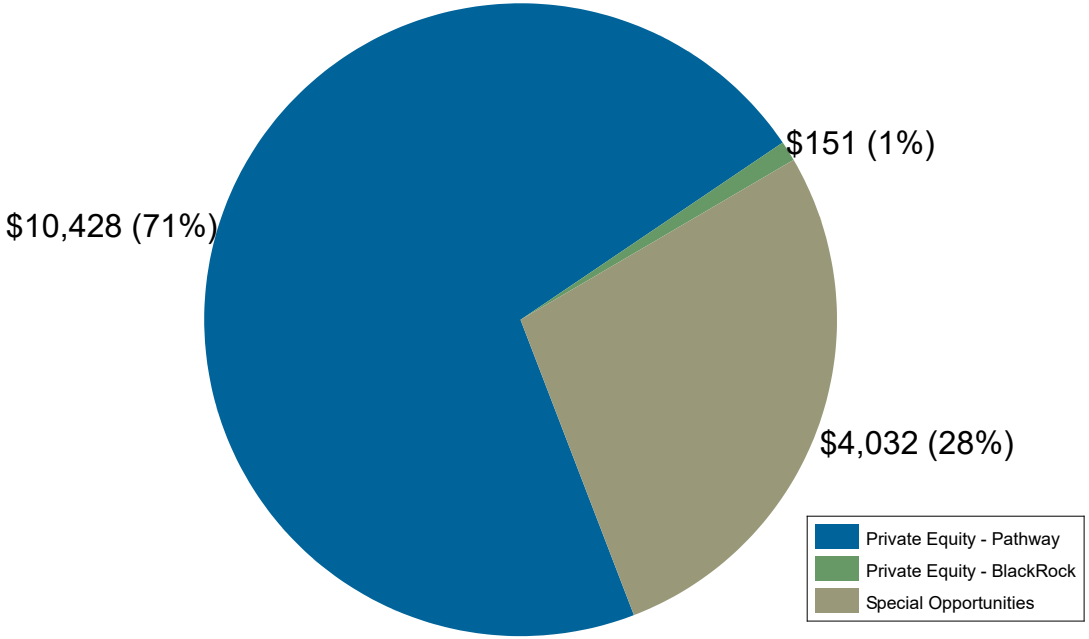


Source: PitchBook

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

As of March 31, 2024

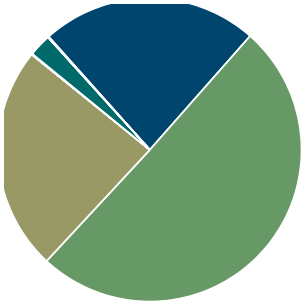
- 71% of the structure was invested in private equity.
- 28% of the structure was invested in special opportunities.



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

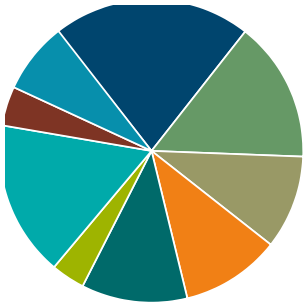
As of March 31, 2024

- 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.



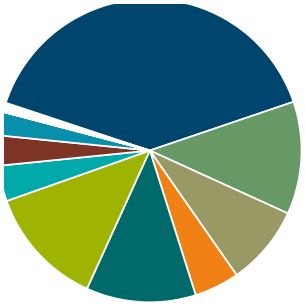
Strategy Mix by Net Asset Value

Venture Capital	23.09%
Buyout	50.40%
Special Situations	23.87%
Secondary Interest	0.07%
Distressed for Control	2.44%
Mezzanine	0.13%



Geographic Mix by Net Asset Value

West/Pacific Northwest	21.18%
North Atlantic	14.97%
Mid-West	10.01%
Southeast	10.59%
Southwest/Rockies	11.26%
Mid-Atlantic	3.56%
Europe	16.61%
Asia/Pacific	4.17%
Other	7.64%



Industry Mix by Net Asset Value

Technology	39.75%
Financial	12.01%
Consumer Discretionary	8.52%
Communication Services	4.85%
Health Care	11.74%
Industrials	12.77%
Energy	3.80%
Consumer Staples	3.25%
Materials	2.51%
Utilities	0.32%
Other/Misc	0.16%
Real Estate	0.33%

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

Periods Ended March 31, 2024

	Last Quarter	FYTD	Last Year	Last 3 Years	Last 5 Years
Private Equity and Special Opportunities	1.68	2.51	2.51	5.96	14.69
Cambridge Private Equity	1.21	5.00	5.00	7.07	14.16

- APFC's Private Equity and Special Opportunities composite underperformed the Cambridge Private Equity benchmark over intermediate and long timeframes.
- In the last reported quarter, Private Equity was up 1.7% and Special Opportunities was up 1.8%.

Total Fund Cash

Periods Ended June 30, 2024

	Quarter	Last Year	Last 3 Years	Last 5 Years
TOTAL FUND CASH	**1.10**	**5.15**	**4.48**	**--**
3 Month T-Bill	1.32	5.40	3.03	2.16
APF Operating Cash	**0.85**	**4.63**	**2.86**	**--**
APF Internal Cash	**1.33**	**5.51**	**3.00**	**--**

- 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 second quarter of 2023 (approximately $320M).

Closing Remarks

- Total Fund ended the second quarter of 2024 with $81.2 billion in assets up from $81.8 billion in the prior quarter. The trailing quarter performance placed the Total Fund in the bottom quartile relative to other large public funds and relative to large endowments/foundations peer group.
- For the quarter, the Total Fund underperformed the Passive Index Benchmarks and the CPI + 5% Benchmark. Over the long-term, the Fund outperformed the passive and performance benchmarks.
- The Public Equity portfolio fell short of its benchmark for the quarter and the trailing year. Domestic, and Global Equity composites lagged their respective benchmarks over the trailing quarter and year as well, while the International Equity composite outperformed over all standard trailing time periods. Public Equity longer-term performance remains favorable.
- The Fixed Income portfolio outperformed its benchmark in the latest quarter and over the trailing year. In the quarter, sub-strategies: US Fixed Income Aggregate, US Investment Grade Corporate, Non-US Fixed Income, US High Yield, and Structured products outperformed their respective benchmarks.
- In the Alternatives portfolio, Private Equity & Special Opportunities, Real Estate, and Absolute Return outperformed their respective benchmarks, while Private Income underperformed in the quarter.
- Prudent asset allocation with appropriate levels of diversification and a long-term perspective remain Callan's recommended course.

Callan

Callan Update

Published Research Highlights: 2Q24

Quantifying Sequence-of-Returns Risk

Sector-Specialist Strategies and Large LPs' Portfolios

2024 Asset Manager DEI Study

2024 Defined Contribution Trends Survey

Recent Blog Posts

Commercial Real Estate Capital Markets and Institutional Investors

Christine Mays

A Look at How We Did With Our Capital Markets Assumptions

Greg Allen and Julia Moriarty

Is This a Time for Active Managers to Shine?

Tony Lissuzzo

Additional Reading

Active vs. Passive quarterly charts

Capital Markets Review quarterly newsletter

Monthly Updates to the Periodic Table

Market Pulse Flipbook quarterly markets update

Market Intelligence (clients-only)

Real Estate Indicators market outlook

Callan Institute Events

Upcoming conferences, workshops, and webinars

Callan College

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 24-26, 2024 – Virtual Session via Zoom

Please visit our website at callan.com/events-education as we add dates to our 2024 calendar!

Mark Your Calendar

2024 Regional Workshops

October 22, 2024 – Denver

October 23, 2024 – Chicago

Watch your email for further details and an invitation.

2025 National Conference

Mark your calendars for this event in Scottsdale on April 27-29, 2025

Our annual conference will feature mainstage speakers and Callan lead workshops on a variety of topics.

This year we welcome Zanny Minton Beddoes to the stage.

Registration for this event will open in January 2025!

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Past performance is no guarantee of future results.

APFC ALASKA PERMANENT FUND CORPORATION
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907.796.1500 | apfc.org

SUBJECT: APFC Fixed Income Asset Class Update

ACTION:

DATE: September 26, 2024

INFORMATION: X

BACKGROUND:

The Fixed Income presentation provides information on the APFC Fixed Income Portfolio.

STATUS:

At this meeting, Director of Fixed Income/Deputy CIO, Jim Parise, will present key elements of APFC Fixed Income allocation and performance. He and Senior Portfolio Manager Matt Olmsted will discuss the Fund's Investment Grade and High Yield portfolios in depth.

APFC

ALASKA PERMANENT
FUND CORPORATION

APFC Fixed Income

September 2024

Agenda

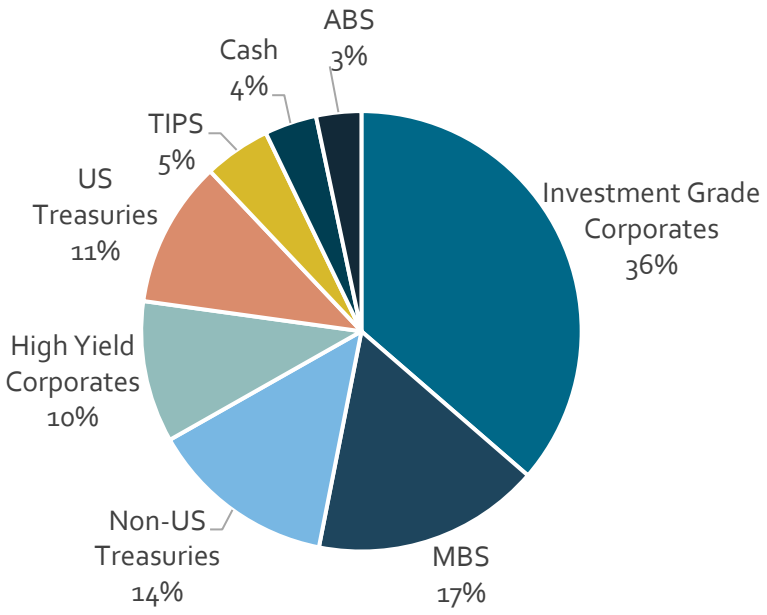
- Fixed Income Overview
- Credit Team
- Investment Grade Portfolio
- High Yield Portfolio
- Market Outlook

Fixed Income

What is Fixed Income?

- Fixed Income investments provide a regular, predictable income stream with return of principal at maturity.
- APFC Fixed Income invests in:
  - Corporate Bonds
  - Mortgage-Backed Securities (MBS)
  - Commercial Mortgages (CMBS)
  - Global Treasury Bonds
  - US Treasury Bonds
  - Inflation-Protected Bonds (TIPS)
  - US Treasury Bills
  - Asset-Backed Securities (ABS)

APFC Fixed Income Allocation



Why Invest in Fixed Income?

Bedrock of Institutional Portfolios

The Fixed Income portfolio provides a consistent, predictable income stream and is a counterbalance to "riskier" asset classes.

Liquidity

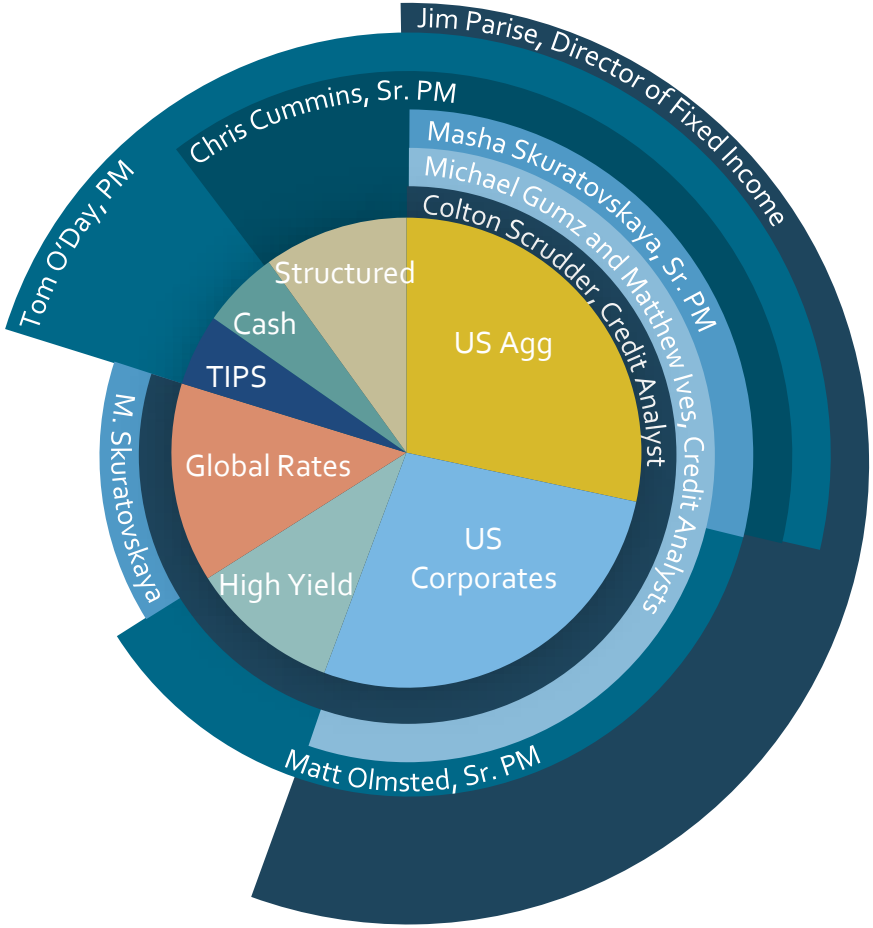
Fixed Income securities are liquid even in times of market stress and often maintain their value because of "flight to quality" away from distressed asset classes.

Low Volatility

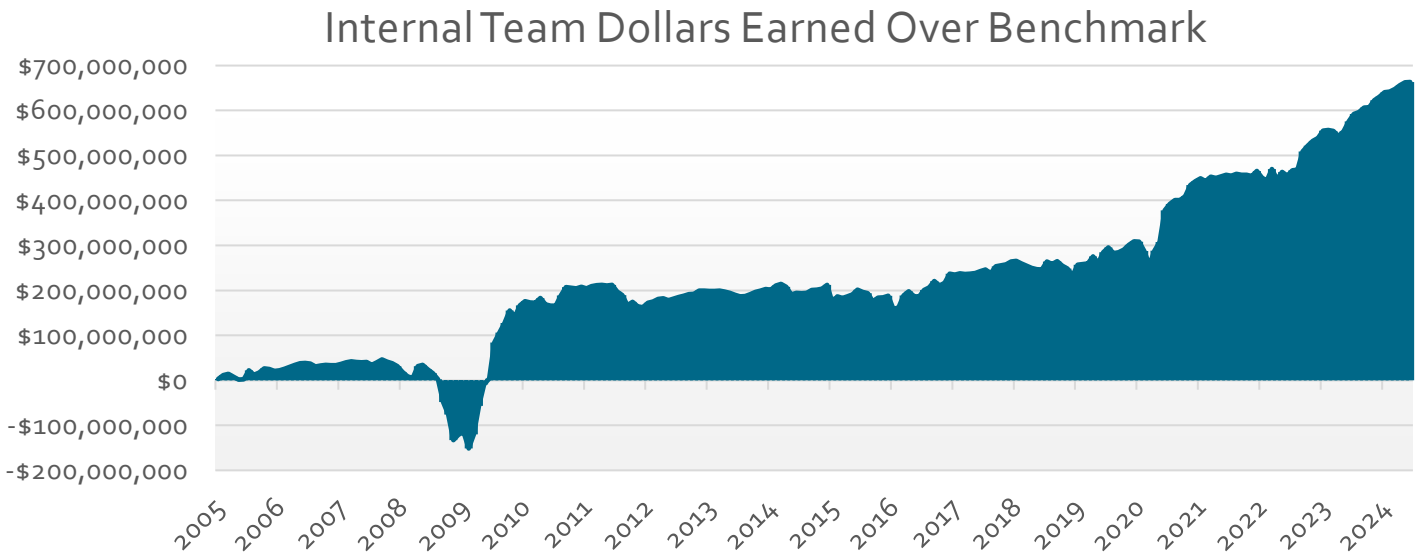
Fixed Income securities have lower volatility than other assets. Additionally, they often have a low correlation to stocks in times of stress.

Fixed Income Team

- Jim Parise
  - Matt Olmsted, CFA
    - Michael Gumz, CFA
    - Matthew Ives
    - Colton Scrudder
  - Chris Cummins
  - Masha Skuratovskaya, CFA
  - Tom O'Day, CFA
- 100+ years industry experience



Excess Returns Over Time



Cumulative $663,000,000 earned over benchmark

Internal Fixed Income team has beaten its primary benchmark every year since 2013.

Fixed Income Plus Performance

Fixed Income Plus ($15,040mm)

- Overweight Corporates and High Yield
- Underweight Global Rates
- Neutral Securitized and TIPS

	Q4	FY/1Yr	3Yr	5Yr
Portfolio	0.35%	4.93%	-1.66%	0.54%
Index	0.21%	4.24%	-2.10%	-0.07%

U.S. Aggregate Portfolio ($4,214mm)

- Neutral duration and long spread product vs Treasuries
- Overweight to Corporates and security selection within Corporates contributed to outperformance this quarter

	Q4	FY/1Yr	3Yr	5Yr
Portfolio	0.18%	3.36%	-2.55%	0.35%
Index	0.07%	2.63%	-3.02%	-0.23%

U.S. Corporate Bond Portfolio ($4,188mm)

- Security Selection was the largest contributor to long-term outperformance
- Reducing risk into tightening credit spreads

	Q4	FY/1Yr	3Yr	5Yr
Portfolio	0.06%	5.46%	-2.47%	1.29%
Index	-0.09%	4.63%	-3.03%	0.62%

High Yield Corporate Portfolio ($1,591mm)

- Security selection dominates performance
- Increased cash balance due to tight spreads

	Q4	FY/1Yr	3Yr	5Yr
Portfolio	1.48%	11.32%	N/A	N/A
Index	1.32%	9.58%	N/A	N/A

Internal portfolios. Performance as of 6/30/2024

Fixed Income Plus Performance

Global Rates ($1,986mm)

- Positioning in Europe and Asia outperformed while Latin America detracted
- Mismatch between CNY bonds and CNH hedge further reduced performance

	Q4	FY/1Yr	3Yr	5Yr
Portfolio	-0.09%	4.49%	-0.81%	0.11%
Index	-0.26%	4.17%	-0.88%	0.15%

Securitized ($1,493mm)

- Security selection within MBS was a positive contributor to relative performance

	Q4	FY/1Yr	3Yr	5Yr
Portfolio	0.15%	2.26%	-2.97%	N/A
Index	0.12%	2.38%	-2.81%	N/A

TIPS ($751mm)

- Neutral duration with focus on pure, mean-reverting relative value plays
- Security selection and curve position drove performance.

	Q4	FY/1Yr	3Yr	5Yr
Portfolio	0.92%	2.96%	-0.90%	2.44%
Index	0.79%	2.71%	-1.33%	2.07%

Fixed Income Plus Cash ($791 mm)

- Source of liquidity
- Seek to at least match T-Bills

	Q4	FY/1Yr	3Yr	5Yr
Portfolio	1.35%	5.58%	3.13%	2.30%
Index	1.32%	5.40%	3.03%	2.16%

Internal portfolios. Performance as of 6/30/2024

Credit Team

US Investment Grade and High Yield Corporates

Portfolio Managers

Jim Parise

Ball State BS Finance

28 years industry experience

23 years at APFC

Investment Grade focus

Matt Olmsted

University of Washington MBA

20 years industry experience

10 years at APFC

High Yield focus

Research Analyst Team

Michael Gumz, CFA

University of Wisconsin-Madison MBA

7 years industry experience

Consumer focus

Matthew Ives

Chicago Booth MBA

3 years industry experience

Basic Industry and Energy focus

Colton Scrudder

Georgetown BS Finance

2 years industry experience

Technology and Communications focus

Our Edge

- Disciplined, repeatable process
- Small, nimble team
- Permanent capital base
- Focus on investments not clients
- Trade size and ideas fit with most broker/dealers
- Good story (helping Alaskans)

Investment Grade Corporates

Jim Parise

Corporate Bonds

Internal IG Corporate portfolio has outperformed its benchmark 12 of the last 14 fiscal years

Performance

	Latest Quarter	FY24	Three Year	Five Year	Inception To Date
Portfolio	0.06%	5.46%	-2.47%	1.29%	4.83%
Index	-0.09%	4.63%	-3.03%	0.62%	4.22%

Quarterly Attribution

	Duration/ Curve	Asset Allocation	Security Selection	Other
Portfolio	0.03%	-0.04%	0.15%	0.01%

Predicted Tracking Error

Total Tracking Error	Curve	Sector Spread	Idiosyncratic	Other
36 bps	7%	89%	4%	0%

Index Comparison

	Portfolio	Index
Duration	7.0	7.0
Yield	5.5	5.5
Spread	94	91
Rating	A3	A3

Composition

- $4.2 Billion
- **2.3 1yr, 1.0 5yr Information Ratio**
- Investment Grade Corporate Bonds
- Bloomberg U.S. Corporate Bond Index
- Futures used to control curve and duration exposure
- Primary PM: Jim Parise

Performance as of 6/30/2024

Investment Philosophy and Strategy

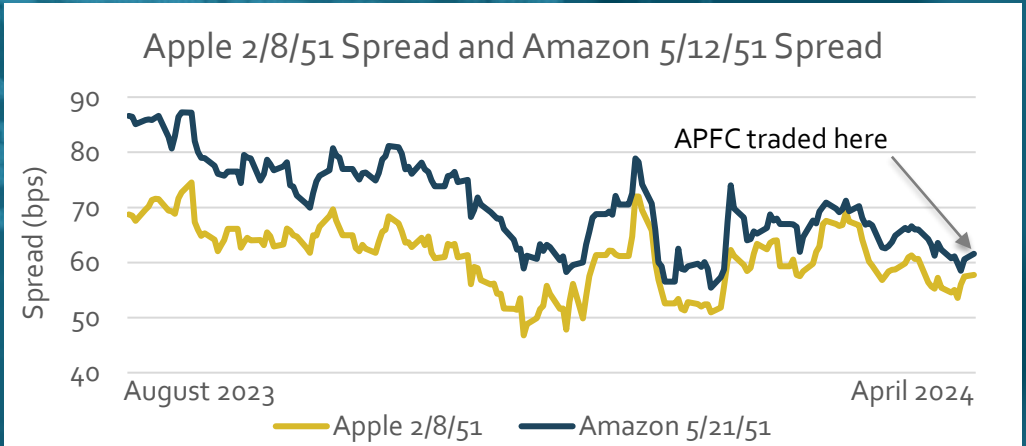
- Reversion to the mean: various factors cause temporary dislocations in the market that eventually return to a "normal" relationship
- Many small trades that take advantage of these dislocations
- Only one or two large "bets" at a time, which could last for multiple quarters or years
- Disciplined approach that is reactive, not predictive
- Proprietary trades that have been developed and successful over many years
- Proven ability to take advantage of market dislocations and crises

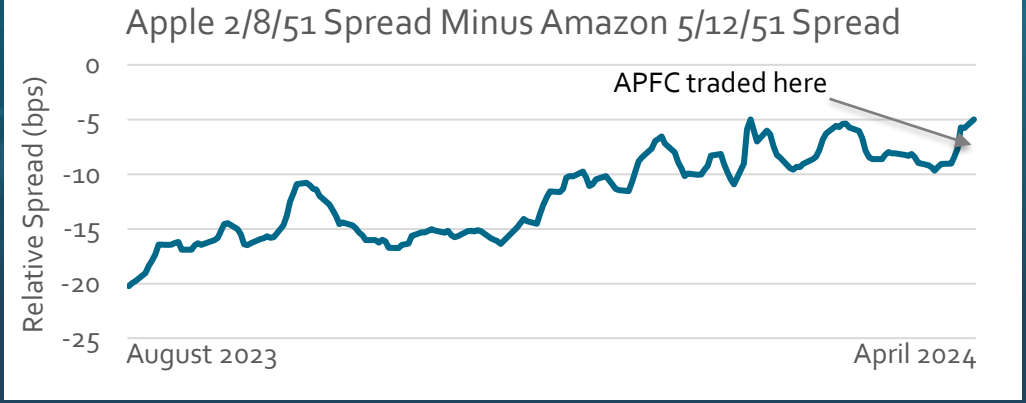
Example Trade

Sell Amazon 3.1 5/12/51 (AA-) +63

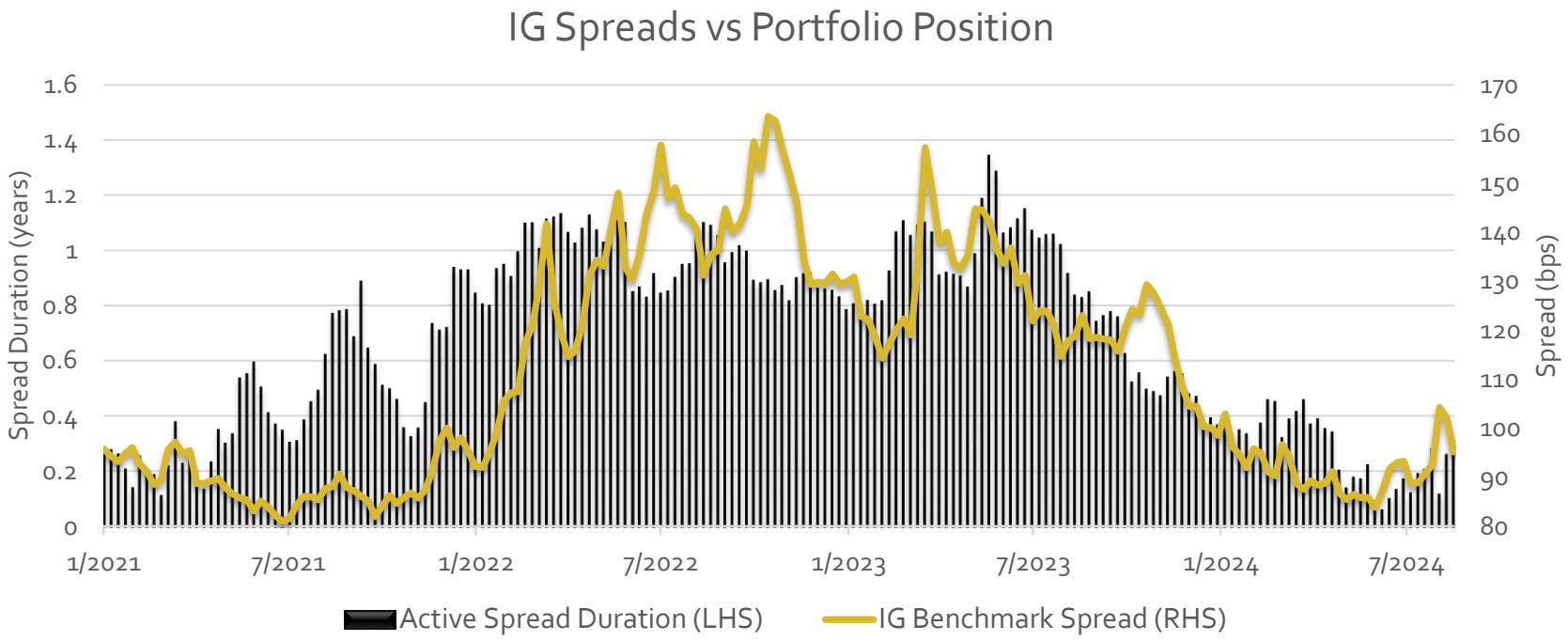
Buy Apple 2.65 2/8/51 (AA+) +58

- Reversion to the mean
- Small trade ($15mm)
- Reactive, not predictive





Historical Spreads



High Yield Corporates

Matt Olmsted

What is a High Yield Company?

- **Small or Mid-Sized Companies**: High Yield companies are often mid-sized businesses that may not have the same financial strength, market position, or diversity as large companies.
- **Higher Leverage**: These companies tend to have more debt relative to equity. Higher leverage increases their financial risk.
- **Higher Business Risk**: High Yield companies often operate in industries or sectors that come with more volatile end markets, greater competition or secular challenges.

Investment Philosophy and Strategy

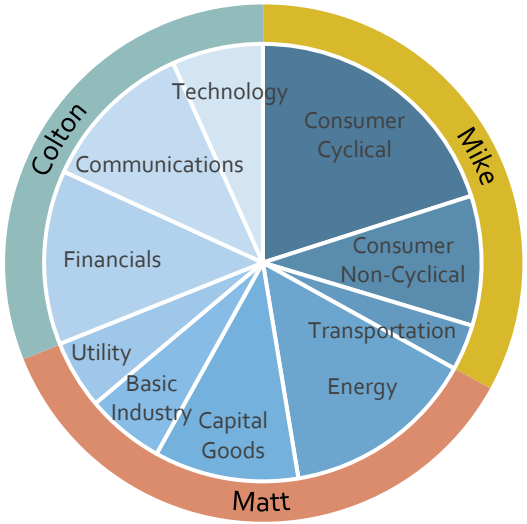
- Add value through risk management and an opportunistic long-term approach to troubled credits
- Actively avoid blow-ups but take risks on bonds that should be "money-good"
- Over or underweight sectors, tickers, or bonds through in-depth research
- Breadth of robust portfolio analytics software allows small team to quantify risk for complex portfolio

Credit Research Analysis

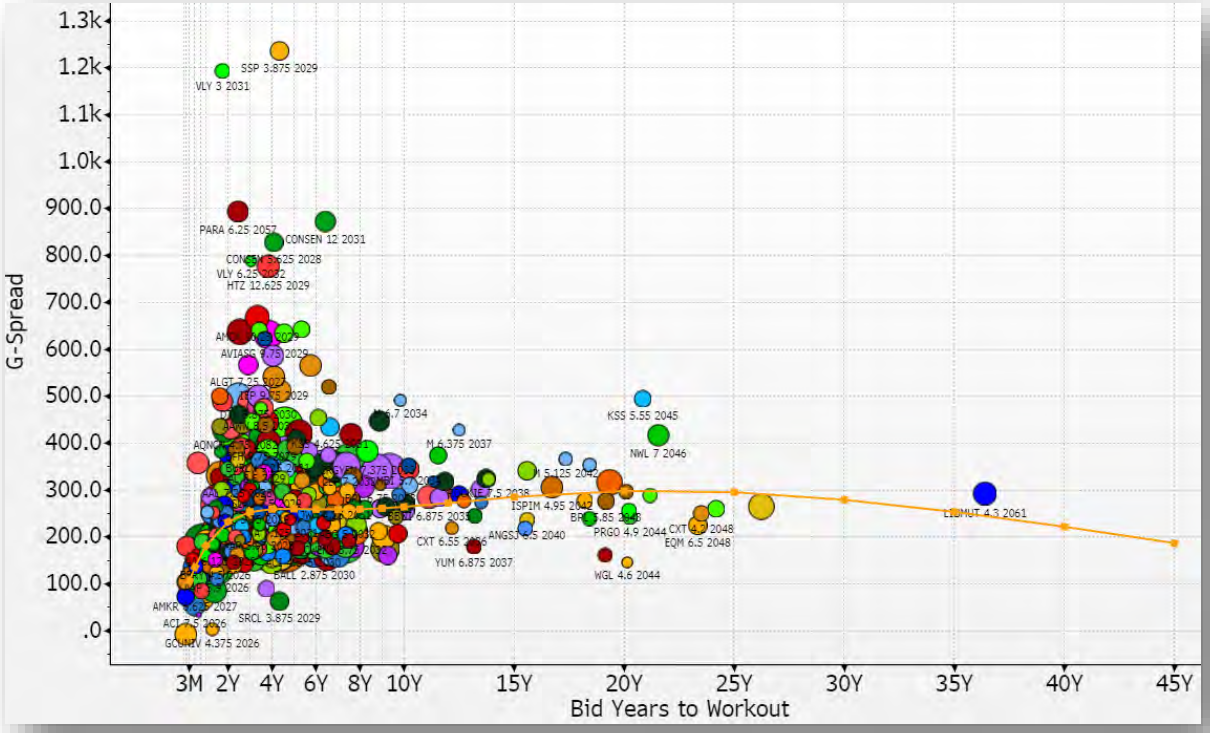
Our credit analysis centers around what the market knows, where risks exist, and how each bond fits the portfolio.

- Credit analysts specialize in specific industries and follow sector-specific trends.
- Analysts listen to management calls, analyze financials, speak with rating agencies and sell-side analysts, attend industry conferences, meet with management, create models, and review macro data to understand a company.
- Analysis determines if the company's bond represents a good risk-adjusted return.

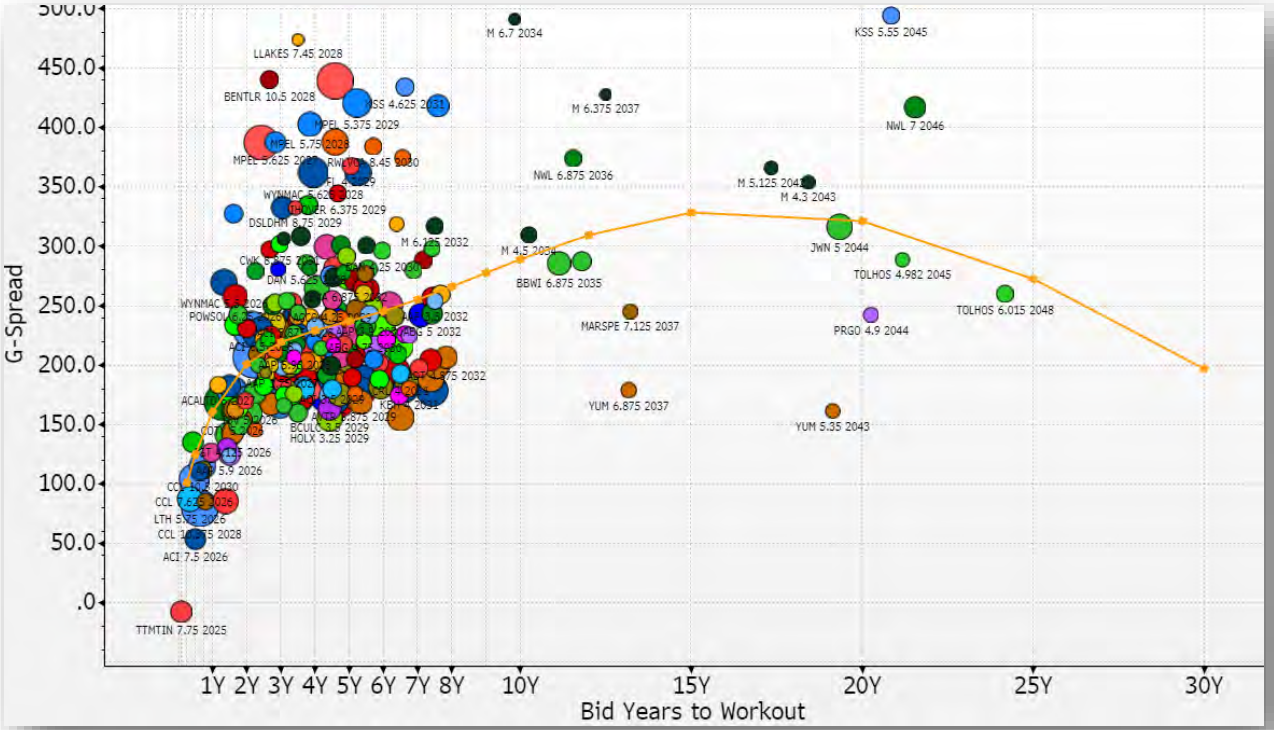
Sector Coverage



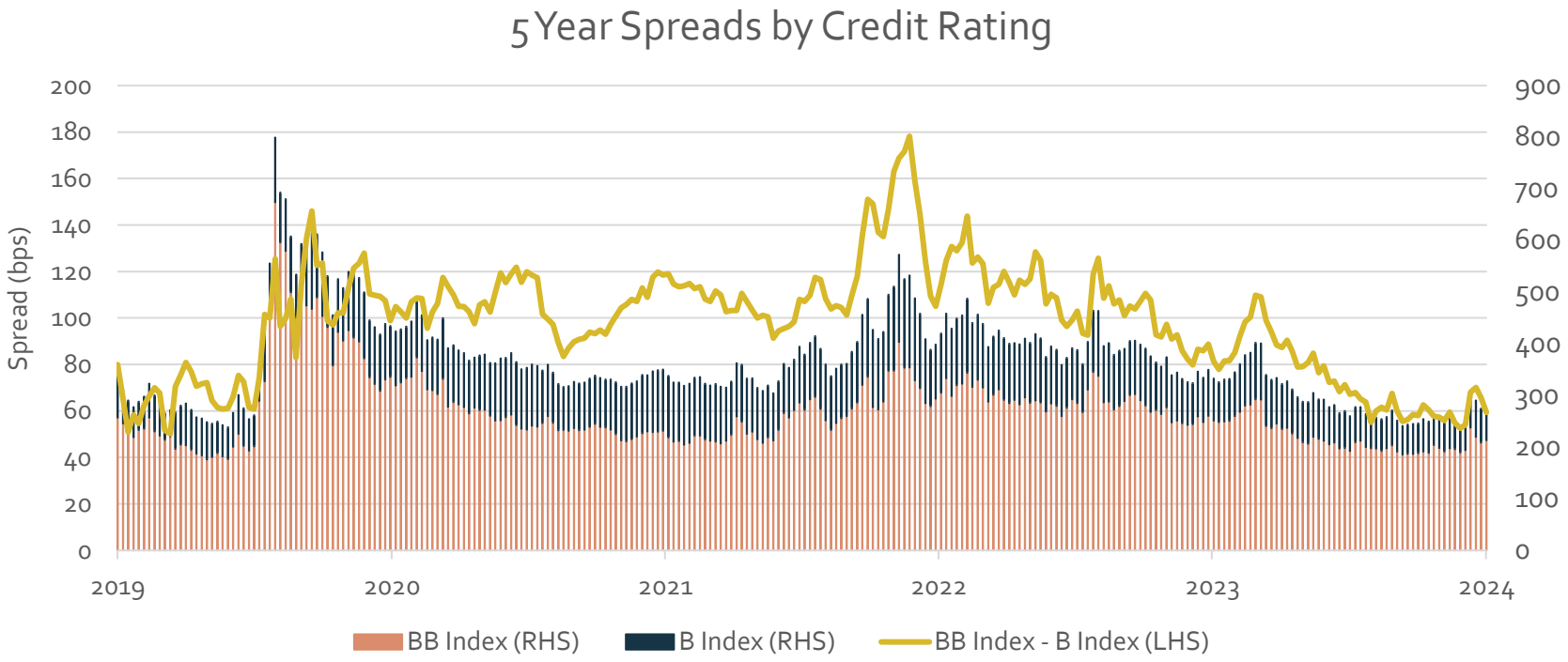
Credit Spreads and Relative Value FIW



Credit Spreads and Relative Value



Strategy and Risk Management



High Yield Corporate Bonds

Internal Portfolio Performance

	Latest Quarter	FYTD	One Year	Three Year	Five Year
Portfolio	1.48%	11.32%	11.32%	N/A	N/A
Index	1.32%	9.58%	9.58%	N/A	N/A

Quarterly Attribution

	Duration/ Curve	Asset Allocation	Security Selection	Other
Portfolio	0.0%	-0.14%	0.22%	0.08%

Predicted Tracking Error

Total Tracking Error	Curve	Spread	Idiosyncratic	Other
49 bps	11%	89%	0%	0%

Index Comparison

	Portfolio	Index
Duration	4.1	4.2
Yield	7.1	6.7
Spread	212	181
Rating	Ba2	Ba2

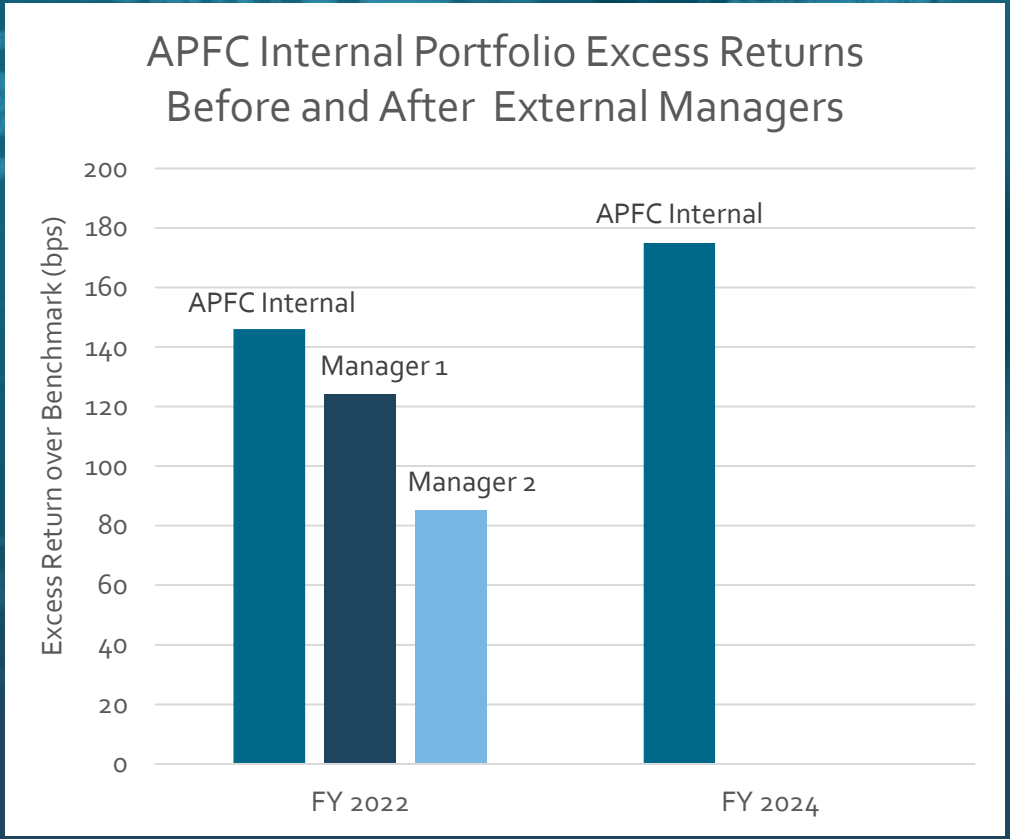
Composition

- $1.6 Billion
- **3.6 1yr, 1.2 2yr Information Ratio**
- High Yield Corporate Bonds
- 300+ positions with 150+ issuers
- Bloomberg U.S. BB Corporate Bond Index
- Yield exceeding benchmark, neutral duration
- Primary PM: Matt Olmsted

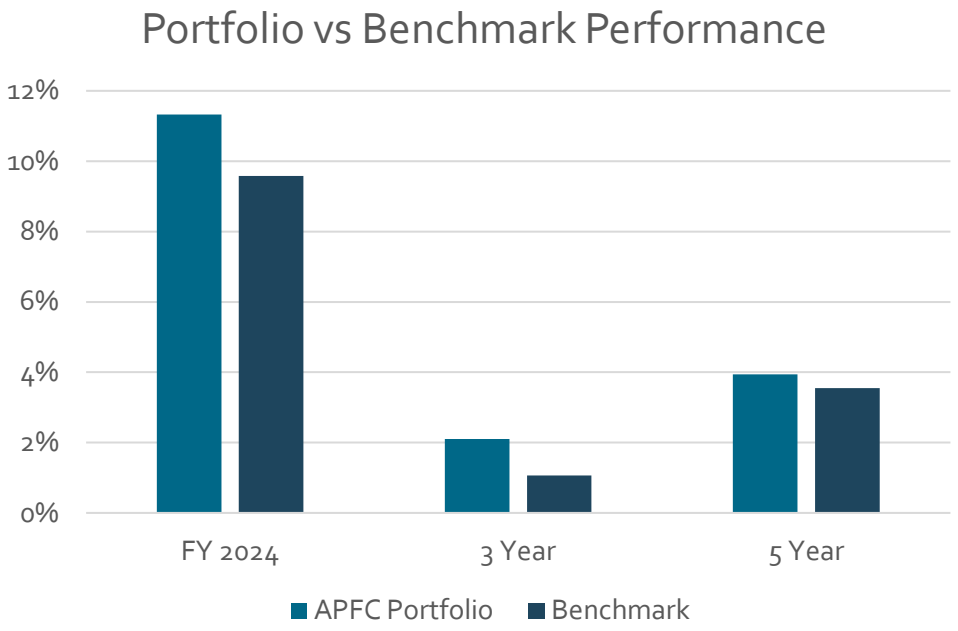
Performance as of 6/30/2024

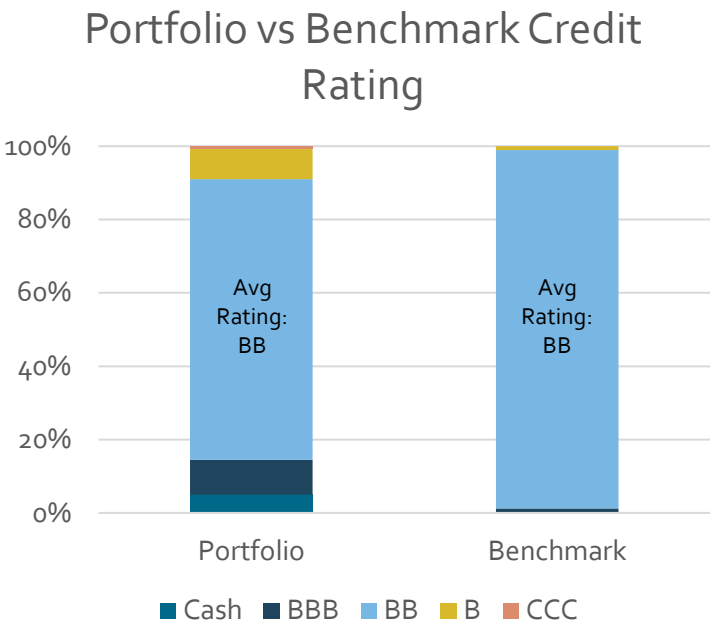
APFC High Yield

- Fixed Income brought its entire portfolio in-house in summer 2022.
- Saves the Fund several million dollar per year
- Internal team is entirely accountable for portfolio performance.
- Top decile of Callan's high quality peers in FY24



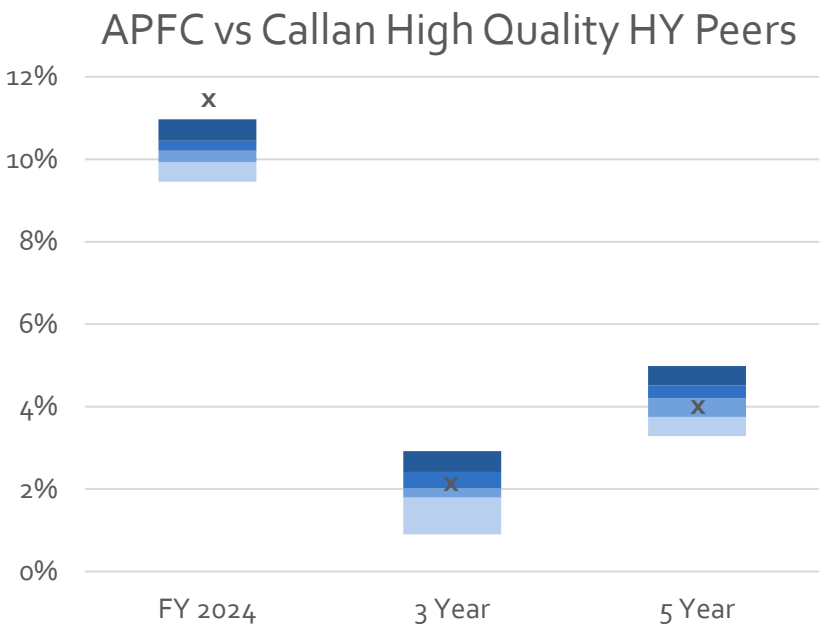
High Yield Performance



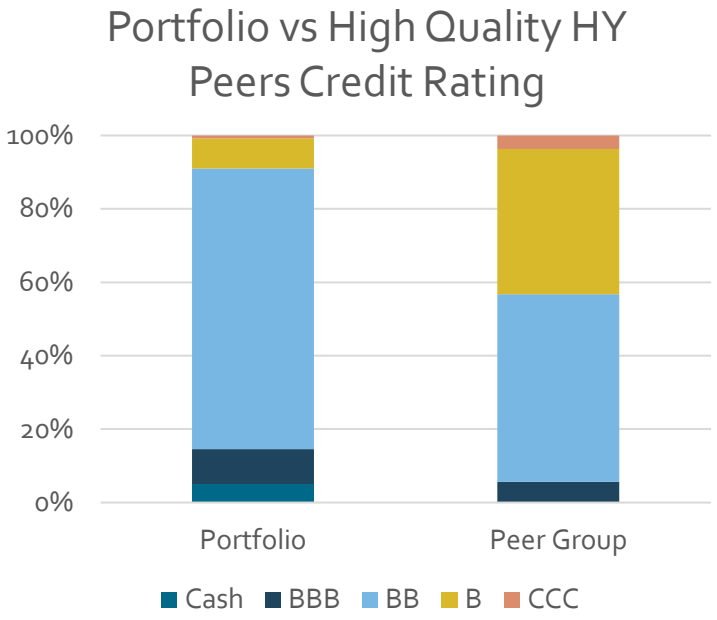


Performance as of 6/30/2024

High Yield Performance



APFC performance includes external managers until FY2023.

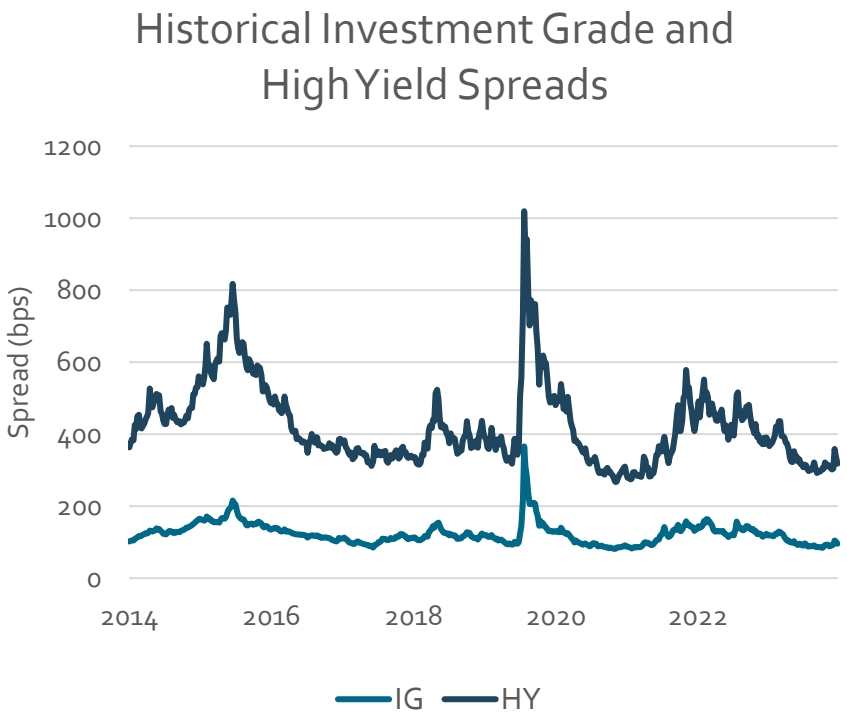


Performance as of 6/30/2024

Outlook

Outlook

- We don't know where the market is going.
- We use historical data to spot anomalies and opportunities in current market prices.
- We use fundamental analysis to select companies that will outperform in the future, regardless of what happens.
- Spreads are relatively tight, so we are not aggressive.



Appendix

High Yield vs Private Credit

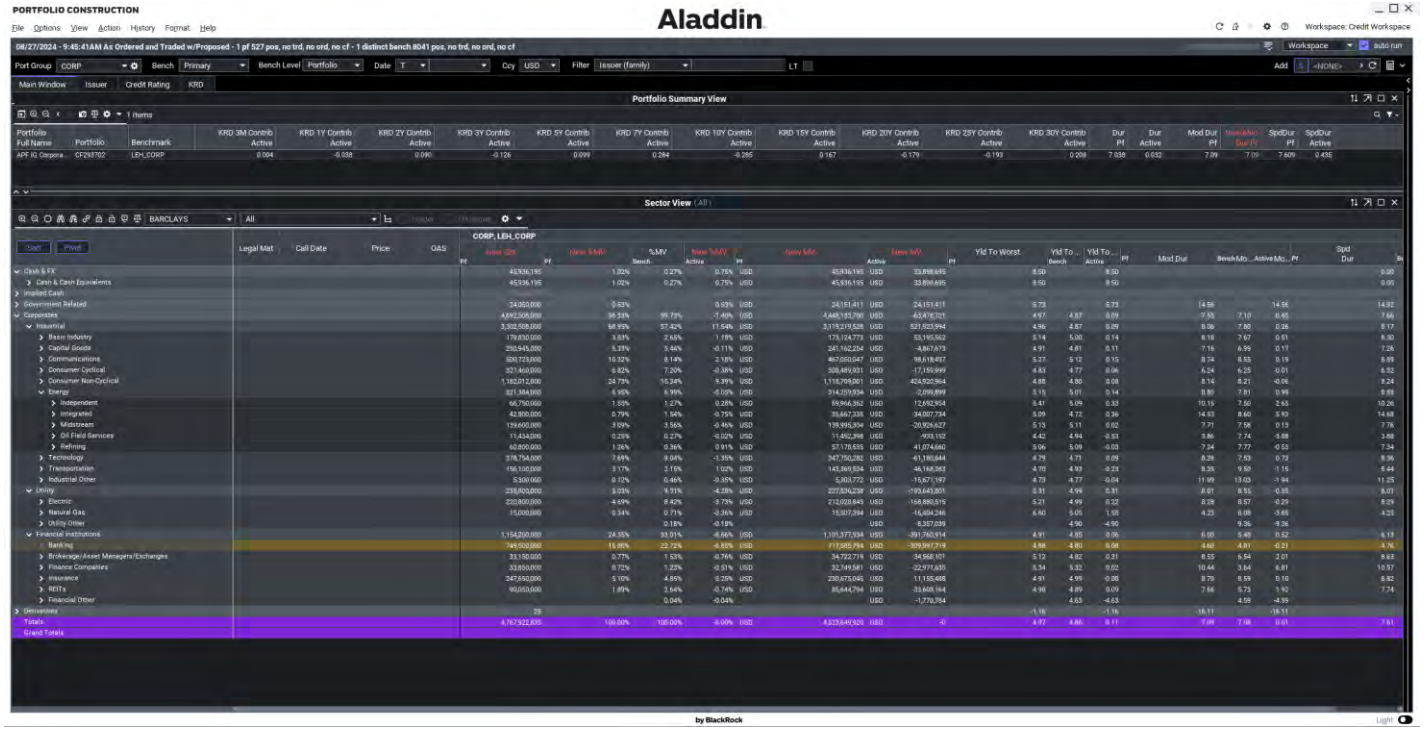
- Private credit serves a different borrower base than high yield. Private credit is to bonds as private equity is to stocks.
- High yield companies are generally larger and have larger debt issuances.
- High yield bonds are fixed rate, while most private credit loans are floating rate.
- High yield is more transparent:
  - HY bonds are marked daily using live market prices while private credit returns are more subjective.
  - HY companies publish detailed financials that APFC's team can study.
- High yield bonds are liquid, unlike APFC's commitments to Private Credit funds.
- Our high yield portfolio does not incur external manager fees.
- The HY benchmark outperformed the Private Credit benchmark last FY.

Bloomberg

LUACTRUU Index
Suggested
Worksheet
Export
Settings
FIW 1: US IG
Index Membership
Returns
Projected
As of 09:48
Group By
BB Indx Comp Rating
then
Maturity
Corporates
United States
Technology
Asset Class
Corporates
Country/Region of R...
United States
China
Taiwan
Canada
United Kingdom
Bloomberg FI Classi...
Electric
Consumer Non-Cycli...
Banking
Technology
Consumer Cyclical
Maturity
<= 1 yrs
1 to 2 yrs
2 to 3 yrs
3 to 5 yrs
5 to 7 yrs
7 to 10 yrs
Bloomberg Index Ra
AAA
AA+ to AA-
A+ to A-
BBB+ to BBB-
Amount Outstanding
Bid Years to Workout

Actives
Bills
Notes
TIPS
Strips
Sprds
Curves
FRN
Bfly
WI
Bills
31) 09/24/24 5.243 / 5.233 5.326 --
32) 10/22/24 5.128 / 5.118 5.229 -0.005
33) 11/29/24 4.965 / 4.955 5.103 +0.010
34) 12/24/24 4.925 / 4.915 5.065 -0.005
35) 02/27/25 4.673 / 4.668 4.847 -0.004
36) 08/07/25 4.198 / 4.185 4.375 -0.030
Notes & Bonds
37) 4⅛ 626 101-06 / 06 ⅛ 3.940 + 01⅛
38) 4⅛ 726 2YR 100-27¼ / 27⅛ 3.908 + 01⅛
39) WI 2YR 3.870 / 3.865 -0.025
40) 4⅛ 627 102-10+ / 11 3.733 + 02
41) 4⅜ 727 101-23 / 23¼ 3.736 + 01¾
42) 3¾ 827 3YR 100-02 / 02¼ 3.724 + 02
43) 4¼ 629 102-17¾ / 18¼ 3.665 + 01¼
44) 4 729 5YR 101-16+ / 16¾ 3.659 + 01
45) WI 5YR 3.638 / 3.632 -0.010
46) 4⅛ 731 7YR 102-12 / 12+ 3.730 - 01+
47) WI 7YR 3.733 / 3.727 +0.010
48) 4 234 101-09 / 10 3.833 - 04+
49) 4⅞ 534 104-10+ / 11 3.835 04+
50) 3⅞ 834 10YR 100-10+ / 11 3.833 04+
51) 4⅛ 544 105-10+ / 12 4.220 - 11
52) 4⅛ 844 20YR 98-24 / 25 4.216 - 10+
Notes & Bonds
53) 4¼ 254 101-24 / 25+ 4.144 - 12+
54) 4⅝ 554 108-10+ / 12 4.133 - 13
55) 4¾ 854 30YR 102-01+ / 02 4.129 - 13+
TIPS
56) 2⅛ 429 102-05¼ / 102-06¼ 1.631 -00¼
57) 1⅞ 734 101-22 / 101-23¼ 1.684 -04
58) 2⅛ 254 103-05+ / 103-08¾ 1.978 - 09+
Curve Trades
59) 2yr vs 5yr -25.117 / -24.732 +2.103
60) 2yr vs 10yr -7.670 / -7.269 +4.518
61) 5yr vs 10yr 17.273 / 17.636 +2.589
62) 10yr vs 30yr 29.439 / 29.719 +0.719
Other Markets
63) US Long(CBT) 09:48 124-03 -0-14
64) 10yr Fut (CBT) 09:49 113-16+ -0-02+
65) 5Yr Fut(CBT) 09:49 109-05¼ +0-01
66) Dow Jones Ind 09:49 41223.602 -16.918
67) S&P 500 Ind 09:34 d 5627.992 +11.152
68) NYM WTI Crd 09:39 d 75.550 -1.870
69) Gold 09:49 2519.515 +1.485
70) Global Agg 08/26 483.143 +0.378
71) US Agg 08/26 2238.315 -1.486
72) US Treasury 08/26 2346.578 1.615

Aladdin


PORTFOLIO CONSTRUCTION
Aladdin
Portfolio Summary View
Sector View
by BlackRock

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

SUBJECT: Proposed Edits to Audit and Investment Advisory Group Charters

ACTION: X

DATE: September 26, 2024

INFORMATION:

Attached for discussion purposes and possible adoption by the Board are proposed changes to the current Audit Committee and Investment Advisory Group Governance Charters. These proposed edits are based on the Board's lengthy discussion at the July 24th Board Meeting with the members of the Governance Committee about modifications to these charters to update and modernize these charters to: (1) include additional advisory responsibilities to the Audit Committee regarding state law ethics issues and cybersecurity protocols and systems; and (2) clarify and expand the scope of the areas which the Investment Advisory Group can apply their expertise to benefit the members of the Board and APFC Staff.

The proposed edits to the Audit Committee Charter were discussed with the members of the Audit Committee on September 5, 2024. The proposed edits to the Investment Advisory Group Charter came from a virtual meeting with the APFC Chief Investment Officer, Executive Director and the members of the Investment Advisory Group.

If the Board adopts these proposed edits or some version of these proposed edits, APFC Staff will then move to improve the appearance and format of these Governance Charters to include hyperlinks that will ease the use of these charters by members of the Board and the public. The goal is to have a final version presented to the Board by the December 10-11th meeting in Juneau.

APFC

ALASKA PERMANENT
FUND CORPORATION

Proposed Amendments to the Governance Charters

Edits to Audit Committee Charter

Expand Scope of authority to include Ethics Disclosures and Cybersecurity

- Executive Branch Ethics Act Disclosures
  - Currently Ethics determinations are reported to the designated ethics supervisor and quarterly to the Attorney General
  - Proposed edits before the Board would require these disclosure also be provided to this Committee
  - Because these reports are confidential, discussion of these reports will take place in executive session
  - Proposed edits would also require this Committee to bring to the attention of the Board any ethics determination that involves a board member or Executive Director
- Bi-Annual Cybersecurity Review
  - Currently the APFC Director of Information Technology is responsible for building and maintaining the cybersecurity systems needed to safeguard APFC from cybersecurity threats. This employee reports to the Executive Director who reports to the Board.
  - Proposed Edits before the Board would provide this Committee with direct oversight over the APFC Cybersecurity Policy (that outlines the Cybersecurity Protocols) and require the Committee every two years to review, with the assistance of an independent consultant: (1) the CyberSecurity Policy to ensure that it remains sufficient; and (2) the results of the bi-annual cybersecurity audit to identify potential areas that need improvement (executive session may be required to consider some of this information to avoid exposing possible vulnerabilities in existing systems that could harm the state)

Edits to the IAG Charter

Expand Scope of areas where the IAG can assist the Board and Staff

- IAG Recommended charter changes/clarifications (discussed with ED/CIO):
  - Leave IAG size at 1-3 members
  - Make clear that each IAG member will annually present an educational topic with input from the Board
  - Require IAG to meet with Executive Director and Chief Investment Officer six weeks before quarterly meeting to: (1) go over performance; (2) discuss proposed changes; and (3) cover CIO investment activity and investment pacing quarterly report
  - Make cleat that IAG can attend special board meeting or committee meeting at the request of the Board/Committee
  - Provide IAG members with option/discretion to attend CIO Investment Committee Meeting virtually or in-person

Proposed Motion: (adopt ‘as-is’)

- I move the Board of Trustees adopt the proposed changes to the Board of Trustees Charters and Governance Policies as outlined in the redlined version of the charters that was included in the Board packet for this meeting.

Proposed Motion: (with edits)

- I move the Board of Trustees adopt the proposed changes to the Board of Trustees Charters and Governance Policies as outlined in the redlined version of the charters that was included in the Board packet but including the amendments that were discussed by the Board during the presentation on this agenda item

APFC
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FUND CORPORATION

ALASKA PERMANENT FUND CORPORATION

BOARD OF TRUSTEES CHARTERS AND GOVERNANCE POLICIES

SEPTEMBER 26~~JULY 24~~, 2024

BOARD CHARTERS AND GOVERNANCE POLICIES

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ALASKA PERMANENT FUND CORPORATION

Charter of the Board of Trustees

INTRODUCTION

1. The State of Alaska has established the Alaska Permanent Fund Corporation (APFC) to manage and invest the assets of the Alaska Permanent Fund and other funds designated by law (Fund). [AS 37.13.040]

2. The Board of Trustees of the APFC (Board) consists of six members appointed by the Governor. Two of the members are required by law to be heads of principal departments of state government, one of whom shall be the commissioner of revenue. Four members shall be appointed by the Governor from the public with recognized competence and wide experience in finance, investments, or other business management-related fields. [AS 37.13.050]

DUTIES AND RESPONSIBILITIES

Governance

3. The Board will establish a committee structure that it considers necessary and appropriate.

4. The Board will establish charters setting out the duties and responsibilities of:

   (a) The Board of Trustees;
   (b) The Chair and Vice Chair of the Board;
   (c) The Committees of the Board;
   (d) The Investment Advisory Group; and
   (e) The Executive Director.

5. The Board will establish governance policies as necessary, including bylaws and other Board standards, to ensure effective operation of the affairs of the Board.

6. The Board will establish a process for the evaluation of the performance of the Executive Director and will conduct such performance evaluation annually.

Investments

7. In managing and investing the assets of the Fund, the Board is required to exercise the judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the designation and management of large investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of funds, considering preservation of the purchasing power of the Fund over time while

maximizing the expected total return from both income and the appreciation of capital. [AS 37.13.120]

8. The Board will establish an investment policy which shall include the Board's overall investment philosophy, as well as other related policies as necessary for the effective management and investment of the assets of the Fund.

9. The Board will establish a framework and process for the management of the investment risk of the Fund, which shall be set out in the investment policy.

10. At least every five years the Board will review the investment policy and approve the long-term or strategic asset allocation of the Fund in terms of the proportion of total assets to be invested within a minimum-maximum range at any point in time.

Finance, Accounting and Audit

11. The Board will ensure that appropriate financial and operational controls and procedures are in place to safeguard the assets of the Fund.

12. The Board will ensure that audits of these controls and procedures are conducted from time to time by an independent external auditor in order to ensure that the assets are properly accounted for, and that the investments of the Fund are in accordance with applicable laws and regulations.

13. The Board will ensure that annual financial statements of the Fund are prepared and that these statements are audited by an independent external auditor. It will approve the annual financial statements, and include them as part of an annual report for distribution to the Governor, the Legislature and the public. [AS 37.13.170]

Operations and Human Resources

14. The Board will appoint an Executive Director and review the performance of the Executive Director annually.

15. The Board will establish a four-year strategic plan for the APFC and review the strategic plan annually.

16. The Board will approve an annual operating budget for the APFC.

17. The Board will establish human resources policies and procedures necessary for the effective management of the APFC, including a compensation and benefit policy and a succession plan for the senior management of the organization.

Communications

18. The Board will establish a communications policy which sets out guidelines with respect to how the Board and individual trustees should communicate with:

    (a) The staff of the APFC;
    (b) Service providers;
    (c) The media, including social media such as Facebook, LinkedIn, and Twitter and
    (d) Other external parties.

Appointments

19. The Board will approve the appointment of the following key service providers and advisors:

    (a) The External Auditor;
    (b) The Custodian;
    (c) The Investment Consultant;
    (d) The members of the Investment Advisory Group; and
    (e) At the Board's election, any other service providers.

Monitoring and Reporting

20. The Board will establish a policy which sets out its requirements regarding the reports the Board will receive on a regular basis in order to meet its responsibility for the oversight of the management of the APFC.

21. The Board will review on a regular basis, without limitation, the following:

    (a) The investment performance of the Fund and each asset class, including the costs of managing the Fund;
    (b) The asset allocation and investment risk of the Fund; and
    (c) The compliance program of the Fund and the APFC in relation to applicable laws and regulations, as well as all policies, procedures and bylaws established by the Board.

22. The Board will review the compliance of the Board, its committees, the Chair and Vice Chair of the Board, and the Executive Director with the duties and responsibilities set out in their respective charters.

23. The Board will review all policies established by the Board as frequently as required under the terms of the individual policy.

REVIEW AND AMENDMENT OF THE CHARTER

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

25. The Board of Trustees adopted this Charter on September 24th[rd], 24th 2020.

ALASKA PERMANENT FUND CORPORATION

Charter of the Ethics, Audit & Cybersecurity Committee of the Board

INTRODUCTION

1. The Board has established an Ethics, Audit & Cybersecurity– Committee ("the Committee") to assist the Board in the financial oversight of the APFC.

2. The Board has established this Charter which sets out the duties and responsibilities of the Committee.

ROLE

3. The role of the ~~Audit~~ Committee will be to:

   (a) Monitor and keep the Board apprised regarding compliance with the Executive Branch Ethics Act requirements set forth in AS 39.52 ("Ethics Act");
   ~~(a)~~(b) Monitor the integrity of the financial reporting process and the system of internal controls and procedures regarding finance, accounting, and legal compliance;
   (c) Review the performance and independence of the APFC's external auditors; ~~and~~
   ~~(b)~~(d) Review the sufficiency and integrity of the cybersecurity systems and protocols in place at APFC to safeguard APFC's information systems against cybersecurity threats; and
   ~~(c)~~(e) Provide an avenue of communication among the external auditors, APFC management, the Chief Financial Officer, and the Board.

AUTHORITIES

4. The Committee will have the authority to conduct any investigation appropriate to fulfill its responsibilities.

5. The Committee will have direct access to the external auditors, as well as all APFC management and staff, legal counsel, as well as all advisors, consultants and investment managers of the Fund.

6. The Committee may retain, at the expense of the APFC and consistent with applicable procurement requirements, consultants or experts it considers necessary in the performance of its duties.

OPERATING PROCEDURES

7. The Committee will consist of at least three Trustees, each of whom must have a basic understanding of finance and accounting and be able to read and understand financial statements.

8. The Committee will meet at least two times annually, or more frequently as circumstances dictate. The Committee Chair will approve an agenda in advance of each meeting.

9. The Committee will invite members of APFC management, auditors, the Investment Advisory Group or other professionals as deemed necessary, to attend meetings and provide pertinent information. The Committee may meet in executive sessions as necessary within the requirements of the Alaska Open Meetings Act [AS 44.62.310].

10. The Committee will maintain minutes or digital recordings of Committee meetings and periodically report to the board of Trustees on significant results of the Committee's activities.

11. The Committee will annually perform a self-assessment of the Committee's performance.

DUTIES AND RESPONSIBILITIES

State Ethics Act Requirements

12. The Committee will review each quarterly report of Ethics Act disclosures made to the Attorney General under AS 39.52.260. Because these reports are confidential under state law, consistent with the requirements of the Open Meetings Act, these reports will be discussed by the Committee in executive session.
13. The Committee may also discuss with an APFC designated ethics supervisor, any declaration of a potential Ethics Act violation received from a member of the Board or a member of APFC Staff. Depending on the status of the Ethics Act declaration being discussed, consistent with the requirements of the Open Meetings Act, this discussion by the Committee shall take place in executive session.
14. The Committee will bring to the attention of the Board any report of a potential Ethics Act violation that involves a member of the Board or the Executive Director.

Financial Reporting and Internal Controls

~~12.~~15. The Committee will carry out the following responsibilities with respect to financial reporting and internal controls:

(a) Review the annual audited financial statements prior to filing or distribution of the final report. This review should include discussion with management and external auditors of significant issues regarding accounting principles, practices, and judgments;

(b) In consultation with management, the external auditors, and the Chief Financial Officer, consider the integrity of the financial reporting processes and controls; discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures; and review significant findings prepared by the external auditors and the Chief Financial Officer together with management's responses;

(c) Discuss any significant changes to applicable accounting principles and any items required to be communicated by the independent auditors;

(d) At least annually, review with the APFC's counsel any legal matters that could have a material impact on the Fund's financial statements, the APFC's compliance with applicable laws and regulations, and any inquiries received from regulators or governmental agencies; and

External Audit

~~13.~~16. The Committee will have the following responsibilities with respect to the APFC's external auditors:

(a) Review the external auditors' audit plan - discuss scope, staffing, locations, reliance upon management, and general audit approach;

(b) Consider the external auditors' judgments about the quality and appropriateness of the APFC's accounting principles as applied in its financial reporting;

(c) Discuss with management and the external auditors the quality of the accounting principles and underlying estimates used in the preparation of the Fund's financial statements;

(d) Discuss with the external auditors the clarity of the financial disclosure practices used or proposed by the APFC;

(e) Review the performance and independence of the auditors and periodically recommend to the Board the appointment of the external auditors or approve any discharge of auditors when circumstances warrant; and

(f) On an annual basis, review and discuss with the external auditors all significant relationships the auditors have with the APFC that could impair the auditors' independence.

CYBERSECURITY POLICY AND CYBERSECURITY AUDIT

17. Every two years, the Committee, in consultation with a cybersecurity consultant hired by the Committee, shall:

    (a) Review the current APFC Cybersecurity Policy to evaluate whether it is sufficient to safeguard APFC's information systems against cybersecurity threats and recommend any amendments to this policy as deemed appropriate; and

    (b) Review the results of the bi-annual third-party cybersecurity audit that is a requirement of the APFC Cybersecurity Policy and recommend any changes that are identified as any area needing improvement. Because the results of this audit may expose vulnerabilities which could lead to harm to the finances of the state, consistent with the requirements of the Open Meetings Act, a discussion of this matter may take place in executive session.

REVIEW AND AMENDMENT OF THE CHARTER

~~14.~~18. The Governance Committee, in consultation with the Audit Committee, and staff will review this Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant and appropriate.

~~15.~~19. The Board of Trustees adopted this Charter on September 2~~4~~6th, 202~~0~~4.

ALASKA PERMANENT FUND CORPORATION

Charter of the Governance Committee of the Board

INTRODUCTION

1. The Board has established a Governance Committee ("the Committee") to assist the Board in the governance of the APFC.

2. The Vice Chair of the Board will serve as the Chair of the Governance Committee. The Vice Chair may act on behalf of the Governance Committee in performing the duties set forth in this Charter with the approval of the full Board.

DUTIES AND RESPONSIBILITIES

Governance

3. The Governance Committee will review the charters of the Board, its committees, the Chair, the Vice Chair, the Investment Advisory Group, and the Executive Director, as well as the governance policies of the Board as frequently as required under the terms of the individual charter or policy. The Committee will recommend any proposed changes in the charters and policies to the Board for approval as necessary.

4. The Committee will review compliance by the Board, its committees, the Chair, the Vice Chair and the Executive Director with the duties and responsibilities set forth in their respective charters.

5. Every three years, the Committee will review and update the senior management personnel (including Executive Director, Chief Investment Officer, Chief Risk Officer and Chief Financial Officer) succession plan.

Strategic Planning and Budgeting

6. The Committee will assist the Board in establishing a Strategic Plan. It will undertake a comprehensive review of the Plan every three to four years, and supervise the preparation of a new Strategic Plan.

Monitoring and Reporting

7. The Committee will review and approve any changes to the list of reports that the Board will receive on a regular basis as set out in the *Monitoring and Reporting Policy*.

REVIEW AND AMENDMENT OF THE CHARTER

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

9. The Board of Trustees amended this Charter on December 11, 2023.

ALASKA PERMANENT FUND CORPORATION

Charter of the Chair of the Board

INTRODUCTION

1. Alaska Statute 37.13.050 requires the Board to elect a Chair annually from among its members.

DUTIES AND RESPONSIBILITIES

2. The Chair will perform the duties and responsibilities and exercise the powers as specified below:

   (a) Appoint the members of the committees of the Board and the committee chairs (other than the chair of the Governance Committee);

   (b) Coordinate Board meetings, agendas, schedules and presentations, in consultation with the Executive Director;

   (c) Preside at the meetings of the Board and ensure that such meetings are conducted in an efficient manner and in accordance with Alaska's Open Meetings Act and agreed-upon rules of order;

   (d) Facilitate effective and open communications between the Board and the Executive Director;

   (e) Act as one of the official spokespersons for the APFC, together with the Executive Director;

   (f) Review and approve travel and other expenses of the members of the Board of Trustees;

   (g) Review and approve travel outside of the United States and other expenses of the Executive Director; and

   (h) Carry out any other duties and responsibilities as assigned by the Board.

REVIEW AND AMENDMENT OF THE CHARTER

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

4. The Board of Trustees adopted this Charter on September 24th, 2020.

ALASKA PERMANENT FUND CORPORATION

Charter of the Vice Chair of the Board

INTRODUCTION

1. The Bylaws of the APFC establish the Vice Chair as an officer of the Board. The Vice Chair is elected annually.

DUTIES AND RESPONSIBILITIES

2. The Vice-Chair will perform the duties and responsibilities and exercise the powers as specified below:

   (a) Assume the duties of the Chair when the Chair is absent, or when the Chair designates the Vice-Chair to act in that capacity;

   (b) Temporarily act as the Chair in the event of death, resignation, removal from office, or permanent disability of the Chair, until the election of a new Chair;

   (c) Serve as the Chair of the Governance Committee; and

   (d) Carry out any other duties and responsibilities as assigned by the Board.

REVIEW AND AMENDMENT OF THE CHARTER

3. The Board of Trustees will review this Charter at least once every three (3) years and make any amendments as necessary to ensure that the Charter remains relevant and appropriate.

4. The Board of Trustees adopted this Charter on September 24th, 2020.

ALASKA PERMANENT FUND CORPORATION

Charter of the Investment Advisory Group

INTRODUCTION

1. The Board of Trustees has established an Investment Advisory Group consisting of at least one but not more than three individuals who have considerable knowledge and experience in the management and investment of large endowment or trust funds to serve as independent advisors to the Board of Trustees.

2. This Charter sets out the duties and responsibilities of the Investment Advisory Group, which includes evaluating Fund performance, asset allocation, the merits of specific investment proposals, and other investment topics identified by the Board.

3. The Board will have full authority over the selection and appointment of the members of the Investment Advisory Group who will serve at the pleasure of the Board.

DUTIES AND RESPONSIBILITIES

4. The Investment Advisory Group (or "IAG") members are expected to attend in-person at least three of the quarterly Board meetings and present at least one educational topic annually for the Board's consideration on best practices in the management of large institutional funds, with input from the Board on the specific educational topic for presentation.

5. The IAG will provide comments to the Board on the following issues:

   (a) The long-term or strategic asset allocation of the Fund;

   (b) The risk management framework of the Fund;

   (c) Any changes to the investment policy;

   (d) Any proposed investment in new asset classes;

   (e) Any proposed investment in new or innovative investment products or strategies, particularly those involving alternative or non-traditional asset classes;

   (f) Any significant changes to the investment management structure of the Fund, including the following:

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

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

6. The IAG shall make contact with the Executive Director (ED) and Chief Investment Officer (CIO) at least six weeks prior to each quarterly Board meeting to discuss topics on the agenda for the upcoming meeting, including:

(a) Fund performance for the quarter;

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

~~(b)~~(c) A report prepared by the CIO that outlines the investment activity for the prior quarter and an update on the annual investment pacing for each asset class.

7. Each Quarter, the Staff shall provide documentation included as a regular Board report, demonstration that the IAG had met with the ED & CIO as required in Section 6.

8. At the request of the Board, IAG members may be invited to attend ~~Any~~a special board meeting or committee meeting and be requested to present ~~special~~ on topics that are to be discussed at the such ~~upcoming Board~~ meetings.

9. Each member of the Investment Advisory Group may also, at their discretion, ~~will annually visit the Juneau office of the APFC and~~ attend in-person or virtually an investment committee meeting held by the CIO~~of the APFC Staff~~.

REVIEW AND AMENDMENT OF THE CHARTER

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

11. The Board of Trustees adopted this Charter on September 2~~4~~6th, 202~~0~~4.

ALASKA PERMANENT FUND CORPORATION

Charter of the Executive Director

INTRODUCTION

1. Alaska Statute 37.13.100 states that the Board of the APFC may employ and determine the salary of an Executive Director.

2. The Bylaws of the APFC state that the Executive Director will be the chief executive officer of the Corporation and serve at the pleasure of the Board. The Bylaws, set out, in general terms, the duties of the Executive Director.

3. The Board has, for greater clarity, established this Charter which sets out, in more specific terms, the duties and responsibilities of the Executive Director.

4. The Executive Director may delegate certain of these duties to staff. The Executive Director will, however, remain responsible for ensuring that these duties are carried out.

DUTIES AND RESPONSIBILITIES

Leadership

5. The Executive Director will provide executive leadership to the APFC in setting and achieving its mission, goals and objectives and will manage the APFC in accordance with guidelines and parameters established by the Board. In doing so, the Executive Director may solicit advice and counsel from the Board as necessary.

Policy Development

6. The Executive Director will provide support to the Board in establishing the policies of the Board. This will involve working with the Board and the Governance Committee to identify issues requiring Board policy, conducting the necessary analysis of such issues and providing clear and well-supported policy recommendations for Board approval.

Investments

7. The Executive Director will develop and recommend to the Board:

   (a) An investment policy, including the Board's overall investment philosophy, and mechanism for monitoring and managing investment risk;

   (b) The long-term or strategic asset allocation of the Fund in terms of the proportion of total assets to be invested within a minimum-maximum range at any point in time; and

8. The Executive Director will implement all investment policies and strategies as approved by the Board.

Finance, Accounting and Audit

9. The Executive Director will direct that appropriate financial and operational controls and procedures are put in place to safeguard the assets of the Fund.

10. The Executive Director will direct and supervise a review of the Corporation's internal controls and procedures to ensure that the operations of the Corporation are performed in a secure and appropriate manner.

11. The Executive Director will direct and supervise the preparation of annual financial statements of the APFC and cooperate in the audit of these statements by an independent external auditor prior to their submission to the Audit Committee for its review.

12. The Executive Director will prepare and coordinate management's response to any issues of significant concern on the part of the external auditor, and will meet and discuss with the Audit Committee the findings of the audit.

Operations and Human Resources

13. The Executive Director will develop and recommend to the Board the overall organizational structure of the APFC.

14. The Executive Director will be responsible for managing the day-to-day operations of the APFC.

15. The Executive Director will have the authority to make all necessary operational expenditures, consistent with budgets, policies, and internal controls established by the Board.

16. The Executive Director will have the authority to execute all formal documents and contracts on behalf of the APFC.

17. The Executive Director will develop and recommend to the Board:

    (a) A strategic plan; and
    (b) An annual operating budget for the APFC.

18. The Executive Director will select and employ the staff necessary to manage the APFC and develop appropriate staff training and development programs.

19. The Executive Director will develop and recommend to the Board human resources policies and procedures necessary for the effective management of the APFC,

including a compensation and benefit policy and a succession plan for the senior management of the organization.

20. The Executive Director will determine the appropriate level of compensation for staff within the benefits and compensation policy approved by the Board.

Communications

21. The Executive Director will develop and recommend to the Board a communications policy which sets outs guidelines with respect to how the Board and individual trustees will communicate with:

    (a) The staff of the APFC;
    (b) Service providers;
    (c) The media, including social media such as Facebook, LinkedIn, and Twitter; and
    (d) Other external parties.

22. The Executive Director will serve as one of the official spokespersons for the APFC, together with the Chair of the Board.

Appointments

23. The Executive Director will direct and supervise the conduct of all necessary due diligence that is appropriate in the search and selection of all service providers of the Fund.

24. The Executive Director will develop and recommend to the Board the appointment of the following key service providers and advisors:

    (a) The External Auditor;
    (b) The Custodian;
    (c) The members of the Investment Advisory Group;
    (d) The Investment Consultant; and
    (e) Other service providers as the Board may direct.

25. The Executive Director will be responsible for the selection and appointment of all other service providers not appointed by the Board.

26. The Executive Director will negotiate and execute the terms and provisions of all agreements and contracts with the service providers of the Fund, including those appointed by the Board.

Monitoring and Reporting

27. The Executive Director will develop and recommend to the Board a monitoring and reporting policy which sets out the Board's requirements regarding the reports it will receive on a regular basis in order to meet its responsibility for the oversight of the management of the APFC.

28. The Executive Director will provide the Board with all relevant and appropriate information in a timely manner so as to enable the Board to meet its responsibilities.

29. The Executive Director will monitor on an ongoing basis, without limitation, the following:

    (a) The investment performance of the Fund, asset classes, and investment managers and portfolios, including the costs of managing the Fund;
    (b) The asset allocation and investment risk of the Fund; and
    (c) The compliance of the Fund and the APFC with all applicable laws and regulations, as well as all policies, procedures and bylaws established by the Board, including those set forth in the Board standards.

30. The Executive Director will periodically review the performance, level of service and fees of the service providers appointed by the Executive Director.

31. The Executive Director will direct and supervise the preparation of an annual report of the APFC for distribution as required by Alaska Statute 37.13.170.

REVIEW AND AMENDMENT OF THE CHARTER

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

33. The Board of Trustees adopted this Charter on September 24th, 2020.

ALASKA PERMANENT FUND CORPORATION

Board Policy Development Process

OBJECTIVES OF THE POLICY

1. The Board of Trustees of the APFC has established this *Board Policy Development Process* in order to meet the following objectives:

   (a) To set out the process by which the Board will develop and establish the policies of the Board; and

   (b) To ensure that the process is sound and reasonable and provides the Board with effective policies that achieves the goals and objectives of the APFC.

POLICY GUIDELINES

Roles and Responsibilities

2. The role of the Executive Director in the policy development process will be to:

   (a) Assist the Board in identifying appropriate areas or subject matters in which a board policy may be required;

   (b) Provide the Board with sound and comprehensive analysis of the underlying issues;

   (c) Undertake any research and analysis required in the development of the proposed policy, with the assistance of external advisors and consultants if necessary; and

   (d) Prepare a draft of the proposed policy for the Board's consideration.

3. The role of the Board is to review the proposed policy, including the research and analysis undertaken, and approve it if the Board determines that the policy will achieve the goals and objectives of the APFC.

Development and Approval

4. Any member of the Board, a Board committee, or the Executive Director may propose to the Board that it consider the development of a new Board policy.

5. In determining whether a particular matter warrants a Board policy, the Board should consider whether it meets the following criteria:

   (a) The matter may have a significant impact on the APFC's ability to achieve its goals and objectives;

(b) It is an ongoing concern which is expected to come up again or remain indefinitely; and

(c) It is not an operational matter that would otherwise fall within the responsibility of the Executive Director.

6. If the Board determines that the matter warrants a Board policy, it will pass a motion directing the Executive Director to prepare and submit a draft policy to the Board for its consideration.

7. A Board policy should contain, at a minimum, the following sections:

(a) Objectives of the policy – what the policy is intended to achieve;
(b) Policy guidelines – the actual terms and provisions of the policy; and
(c) Review and amendment of the policy – how often the policy will be reviewed, and the date(s) on which the policy was adopted and/or amended.

8. The Board will approve the final language of a policy by a roll call vote.

Maintenance and Review

9. All Board policies will be maintained in up-to-date form in a single volume or a series of volumes within the APFC's offices, and will be accessible to trustees, staff and the public. Trustees will be provided with a copy of the Board policies which will be updated as necessary.

10. The Board will formally review a Board policy within the time period specified in the policy, but no less frequently than once every three years. Any Trustee, Board committee, or the Executive Director may propose to the Governance Committee that a particular policy be reviewed earlier than required.

REVIEW AND AMENDMENT OF THE POLICY

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

12. The Board of Trustees adopted this Policy on September 24th, 2020.

ALASKA PERMANENT FUND CORPORATION

Strategic Planning and Budgeting Policy

OBJECTIVES OF THE POLICY

1. The Board of the APFC has established this *Strategic Planning and Budgeting Policy* in order to meet the following objectives:

   (a) To ensure that the APFC plans, in a deliberate and systematic way, for the future needs of the organization; and

   (b) To achieve a consensus among the Board and staff on how those needs and priorities are going to be met.

POLICY GUIDELINES

The Strategic Plan

2. The APFC will establish a Strategic Plan, extending over a period of four years into the future, to be reviewed and updated annually, which will address, without limitation, the following:

   (a) The mission of the APFC;
   (b) The philosophy and core values of the organization;
   (c) The goals and objectives of the APFC over the four-year period;
   (d) An evaluation of the external environment in which the APFC operates;
   (e) An assessment of the organization's internal resources and capabilities; and
   (f) The strategies for achieving the APFC's goals and objectives.

3. The Strategic Plan will include a list of the specific projects and initiatives to be started and/or implemented over the next fiscal year, including for each project or initiative:

   (a) Its potential benefit or impact;
   (b) Responsibility for implementation;
   (c) Timeline for completion; and
   (d) Budgetary implications.

4. The Board, with the assistance of the Executive Director, will undertake a comprehensive review of the Strategic Plan at least every four years.

The Planning and Budgeting Process

5. The Executive Director will review and update the Strategic Plan annually and present a report to the Governance Committee that includes:

   (a) A review of the implementation of the Strategic Plan for the current fiscal year; and

   (b) The updated Strategic Plan, including the current projects and initiatives in progress to be carried forward and new initiatives to be undertaken in the next fiscal year.

6. The Executive Director will present to the Board semi-annually a variance report on the current year's Budget that provides:

   (a) A comparison of actual expenditures versus the budget; and
   (b) An explanation for significant differences in actual and budgeted amounts for any budget item.

7. The Executive Director will prepare and present to the Board annually a proposed Budget for the next fiscal year which provides:

   (a) A breakdown of the Budget by line item, and within each line item by major expense category;

   (b) A comparison of each budget item to the current year's budget and actual expenditure (projected to year-end);

   (c) An explanation of significant changes from the previous year for any budget item; and

   (d) The identification of budgetary amounts tied to any project or initiatives in the Strategic Plan for the next fiscal year.

8. Any significant revisions to the Strategic Plan or Budget must be reviewed and approved by the Board.

9. The Executive Director shall inform the Board Chair in a timely manner, if for any reason, a particular project or initiative cannot be implemented or completed as planned.

REVIEW AND AMENDMENT OF THE POLICY

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

11. The Board of Trustees adopted this Policy on September 24th, 2020.

ALASKA PERMANENT FUND CORPORATION

Monitoring and Reporting Policy

OBJECTIVES OF THE POLICY

1. The Board of the APFC has established this *Monitoring and Reporting Policy* in order to set out its minimum requirements with respect to the reports it expects to receive on a regular basis.

POLICY GUIDELINES

2. The Board will receive the reports specified in the Appendix to this Policy. The reports will be provided on a regular basis at the frequency indicated in the Appendix.

3. The Board may receive additional reports on an ad hoc basis as necessary.

4. Any request by Trustees for additional reports to be provided on a regular basis will require approval by the Board and an amendment to the Appendix of this Policy.

REVIEW AND AMENDMENT OF THE POLICY

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

6. The Board of Trustees amended this Policy on December 11, 2023.

Monitoring and Reporting Policy

APPENDIX

Governance Reports

Name of Report	Frequency	Prepared By	Description of Report
1. Review of Governance Policies and Charters	Every 3 years	Staff	Report on the findings and recommendations of the Board's review of its governance policies and charters. There could be separate reports, for policies one year and charters another year.
2. Governance Report	Every 3 years	Third Party or staff	Report on compliance with governance policies and charters. This report should be part of the Board's review of its policies and charters, and produced with the same frequency, i.e. every 3 years, with separate reports for policies and charters.
3. reserved			
4. Board Education Report	Annual	Staff	Report on the activities of the Board and its members with respect to education.
5. IAG Report	Quarterly	Staff	Report on compliance with IAG requirements

Investment Reports

Name of Report	Frequency	Prepared By	Description of Report
6. Investment Performance Report	Monthly and Quarterly	Staff and/or Investment Consultant	Report on the asset allocation and investment performance of the Fund, including the performance of asset classes
7. Risk Management Report	Quarterly	Staff and/or Investment Consultant	Report on the investment risk of the Fund, its asset classes and investment portfolios.
8. Asset Allocation Study	At least every 5 years	Staff and/or Investment Consultant	Report on the findings and recommendations of a review of the long-term or target asset allocation policy of the Fund.
9. Review of the Fund's Investment Policies	At least every 5 years	Staff and/or Investment Consultant	Report on the findings and recommendations of a review of the investment policy statement and related policies and procedures of the Fund.
10. Review of the Fund's Investment Managers	Quarterly	Staff and/or Investment Consultant	Report on the performance and strategies of the investment managers of the Fund.

Financial, Audit and Operational Reports

Name of Report	Frequency	Prepared By	Description of Report
11. Annual Financial Report, including: ▪ Audited Financial Statements ▪ Management's Discussion and Analysis ▪ Auditor's Opinion	Annual	Staff and External Auditor	Report on the financial position and activities of the Fund.
12. Cybersecurity/IT Audit	Every 3 years	Staff and/or Third Party	Report on the safety and security controls of the Fund.

Planning and Budgeting Reports

Name of Report	Frequency	Prepared By	Description of Report
13. Budget Variance Report	Semi-Annual	Staff	Report on the implementation of the current year's budget, showing the variance between actual and budgeted expenditures.
14. Operating Budget	Annual	Staff	Report on the proposed budget for the next fiscal year.

ALASKA PERMANENT FUND CORPORATION

Trustee Education Policy

OBJECTIVES OF THE POLICY

1. The Board of the APFC has established this *Trustee Education Policy* with the following objectives:

   (a) 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

   (b) 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 Fund.

POLICY GUIDELINES

2. The education program for Trustees will be based on the following principles:

   (a) The program should include both in-house education, so that Trustees can share in a common base of knowledge and information relevant to their tasks, as well as external conferences and seminars, so that Trustees can benefit from exposure to alternative perspectives and interaction with trustees of other organizations;

   (b) There should be diverse sources for education, beyond APFC staff and current service providers, including other external consultants, advisors and experts, so that Trustees may benefit from a wide range of views and opinions; and

   (c) Trustees are expected to participate in any in-house education sessions that may be organized for their benefit, including an orientation session for new Trustees. They are also encouraged to attend external conferences and seminars.

3. The education program will consist of the following:

   (a) A formal orientation for new Trustees;
   (b) A Trustee Reference Manual containing key information about the APFC;
   (c) In-house education, including:
      i) At the request of the Board, an annual education session
      ii) Seminars and briefings from time to time;
      iii) Selected reading material provided by staff; and
   (d) External conferences and seminars.

Orientation Program

4. The Executive Director will develop an orientation program designed to introduce new trustees to all relevant operations of the APFC, and to the duties and responsibilities of the Trustee. The aim of the orientation program will be to ensure that a new Trustee is in a position to contribute fully to the deliberations of the Board, and effectively carry out their duties and responsibilities as soon as possible after joining the Board.

5. The orientation program should include the following:

   (a) A briefing by the Executive Director on the history, mission, organization and operations of the APFC;

   (b) A briefing by the Chief Investment Officer on the investment philosophy, asset allocation, investment managers, and the major investment portfolios of the Fund;

   (c) A briefing on the laws and regulations governing the APFC, the fiduciary duties and responsibilities of the Trustees, the Board Charter, Committee structure, Bylaws and other Board standards including disclosure requirements;

   (d) A briefing on administrative policies and procedures relating to Board members;

   (e) An introduction to the APFC's website and the educational resources available there for Trustees; and

   (f) A briefing by the Chair of the Board and the Executive Director on the major issues currently before the Board.

6. The new Trustee will also, as part of the orientation program, be provided with the following:

   (a) The Trustee Reference Manual;
   (b) Selected articles and papers on the APFC and institutional fund management;
   (c) A list of upcoming conferences and seminars; and
   (d) The most recent Annual Report, including the audited financial statements.

Trustee Reference Manual

7. The Trustee Reference Manual will include the following:

   (a) The laws and regulations governing the Alaska Permanent Fund;
   (b) The Bylaws of the APFC;
   (c) The Charters and Governance Policies established by the Board;
   (d) A list of Board committees and committee members;
   (e) Names and contact information for Trustees, members of the Investment Advisory Group and the Executive Director;

(f) Organization chart of the APFC;
(g) List of the APFC's major service providers; and
(h) The Investment Policy for the Fund.

In-house Education

8. The Board will periodically conduct assessments of its educational requirements to ensure it will be provided with the knowledge and information necessary to discharge its functions.

9. Trustees are encouraged to attend, if scheduled, an annual educational session which may be organized either by the Executive Director or in conjunction with other Alaska public funds such as the Alaska Retirement Management Board.

10. The Executive Director will, from time to time, organize short seminars or presentations on various topics by APFC staff and service providers, as well as other external consultants, advisors and experts. The Executive Director will consult with Trustees to identify topics of special interest or relevance to the Board, taking into account the results of the educational needs assessment. These sessions may be organized either as part of regular Board meetings or as stand-alone events.

11. The Executive Director will also provide Trustees with relevant and appropriate reading material (e.g., journal articles, research studies, news clippings, etc.).

External Conferences and Seminars

12. The Executive Director will maintain a list of conferences and seminars that Trustees may wish to attend, with expenses to be paid for by the APFC upon approval of the Chair. The Executive Director will update the list from time to time taking into account new information and feedback from previous conference attendees.

13. The Executive Director will notify the Board of upcoming conferences on a regular basis at Board meetings.

14. Trustees are free to attend any other conferences, seminars, or workshops, other than those recommended by the Executive Director. The potential reimbursement of expenses incurred by Trustees will be subject to prior approval by the Chair.

Trustee Education Report

15. The Executive Director will present to the Board annually a report on the various educational activities undertaken by the Board and individual Trustees during the year.

REVIEW AND AMENDMENT OF THE POLICY

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

17. The Board of Trustees adopted this Policy on September 24th, 2020.

ALASKA PERMANENT FUND CORPORATION

Board Communications Policy

OBJECTIVES OF THE POLICY

1. The Board has established this *Board Communications Policy* in order to facilitate effective communication by the Trustees with each other, and with APFC staff and service providers, the media and other external parties.

POLICY GUIDELINES

Communication among Trustees

2. Trustees are free to communicate with each other on matters concerning the APFC, subject to the requirements of Alaska's Open Meetings Act.

Communication with Staff

3. While Trustees have the right to communicate with any member of the APFC staff, they should direct questions and requests for information regarding the APFC's management and operations to the Executive Director or with eh consent of the Executive Director to senior management staff. APFC Staff are required to report all communications with Trustees regarding the management and operations of APFC to the Executive Director.

4. Any question or request for information which can reasonably be expected to take up a significant amount of time, effort or resources on the part of APFC staff or service providers should be made through a formal request at a Board or committee meeting or with the consent of the Chair of the Board.

5. Trustees may directly contact the Executive Director or with the consent of the Executive Director, members of the senior management staff, with any other question or request for which an answer or response is readily available or can be quickly and easily obtained. APFC Staff are required to report all communications with Trustees under this Section of the Communications Policy to the Executive Director.

6. The provisions of Section 3 through 5 above will not apply to Trustees request for legal advice from APFC's General Counsel or for administrative support from the Board Liaison.

Communication with Service Providers

7. Trustees should communicate with the APFC's investment managers and other service providers on matters concerning the APFC generally at Board or committee

meetings, or through staff. If Trustees have any questions or wish to request any information from service providers, they should contact the Executive Director.

8. If Trustees do communicate directly with a service provider, they should be careful not to disclose any privileged information, make any commitments on behalf of the Board, or provide any special treatment or favoritism to the service provider. Trustees should disclose the nature of any communication with the service provider that is important or material to the APFC to the Board at their earliest convenience.

9. Trustees should refer any investment opportunities or proposals they receive from a service provider or prospective investment manager which may be of relevance to the APFC directly to the Executive Director. The Executive Director will document all investment referrals from a Trustee and any action taken regarding such referrals and provide the Board with a report of such referrals at the next regularly scheduled meeting.

10. The provisions of Section 7 through 9 above will not apply to Trustees' communication with the Investment Consultant, the Investment Advisory Group, the Auditor and APFC legal counsel.

Communication with the Media and Other External Parties

11. The Chair and the Executive Director will both serve as the official spokespersons for the APFC.

12. In their role as spokespersons, they should communicate in a manner consistent with the established policies and decisions of the Board and should not make comments which represent their personal views.

13. The Executive Director will be responsible for all "press releases" or written communications with the media. Such communications should clearly and accurately represent the actions and decisions of the Board.

14. All Trustees, including the Chair, are free to communicate with the media on matters concerning the Board or the APFC in their capacity as individual Trustees. If approached by the media for interviews or information on the APFC, they may refer the matter to one of the official spokespersons. If Trustees do communicate with the media, they should observe the following guidelines:

    (a) Trustees, other than the Chair, should not speak on behalf of the Board unless specifically authorized to do so by the Board;

    (b) If authorized to speak on behalf of the Board, Trustees should follow the provisions of Section 12 above; and

    (c) If Trustees, including the Chair, are speaking as individual Trustees, they should indicate that they are doing so, and not speaking on behalf of the Board.

15. Any written material on the APFC prepared by Trustees for publication or general distribution should be submitted to the Executive Director for review prior to its publication or distribution. The review will be only for the purpose of verifying the accuracy of the material to ensure that the APFC is not being inadvertently misrepresented.

REVIEW AND AMENDMENT OF THE POLICY

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

17. The Board of Trustees amended this Policy on July 24, 2024.

ALASKA PERMANENT FUND CORPORATION

Executive Director Performance Evaluation Policy

OBJECTIVES OF THE POLICY

1. The Board of Trustees of the APFC has established this *Executive Director Performance Evaluation Policy* with the following objectives:

   (a) To ensure that the Executive Director receives appropriate and useful feedback on their performance from the Board on an annual basis; and

   (b) To help develop clear and meaningful performance objectives for the Executive Director.

POLICY GUIDELINES

Roles and Responsibilities

2. The Board will be responsible for evaluating the performance of the Executive Director on an annual basis.

3. The Board may retain the services of an independent third party to facilitate and administer the performance evaluation in order to ensure the integrity and confidentiality of the process.

Evaluation Survey and Criteria

4. The Board will evaluate the performance of the Executive Director based on a number of criteria, including the following:

   (a) Achievement of the goals and objectives of the APFC;
   (b) Completion of the specific projects and initiatives set out in the strategic plan for that fiscal year;
   (c) Implementation of Board policies and reporting requirements;
   (d) General leadership and management skills; and
   (e) Compliance with the Executive Director's charter.

The Evaluation Process

5. Towards the end of the calendar year and before the fourth quarter meeting of the Board, the Chair will distribute a package of materials to each Trustee which may include the following:

   (a) A report prepared by the Executive Director that lists their achievements for the previous year;
   (b) The strategic plan and budget for the fiscal year or a summary thereof; and
   (c) Any other materials that might be relevant to Board's performance evaluation of the Executive Director.

6. Trustees should review the materials provided prior to the meeting during which the Executive Director will be evaluated.

7. The Board, consistent with Alaska's Open Meetings Act, will meet in executive session to review and discuss the Executive Director's performance for the prior year.

8. The Board, consistent with Alaska's Open Meetings Act, will then meet with the Executive Director in executive session to discuss their performance for the prior year and any opportunities for improvement.

9. The Board, after coming out of executive session, will then take any action on the record that may be required to complete the evaluation.

REVIEW AND AMENDMENT OF THE POLICY

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

11. The Board of Trustees amended this Policy on December 11, 2023

ALASKA PERMANENT FUND CORPORATION

Board Standards

OBJECTIVES OF THE STANDARDS

1. The Permanent Fund was established by Article IX, Section 15 of the Alaska Constitution. The statutory purpose of the APFC is to manage and invest the assets of the Permanent Fund. The Trustees' conduct is subject to Alaska Constitution and Statutes, regulations under the Alaska Administrative Code, and various other rules and policies. The Board of Trustees has established the *Board Standards* to identify applicable rules and policies and provide further guidance to Trustees in conducting their affairs and activities as Board members.

POLICY GUIDELINES

2. Trustees will conduct themselves with honesty, integrity, decorum, and professionalism in all aspects of their duties, and in their interaction with fellow trustees, APFC staff, service providers, and other external parties.

With Respect to Compliance with Laws, Regulations and Policies

3. Trustees will abide by all applicable laws and regulations, including, in particular, the following:

   (a) Alaska Statutes at Title 37, Chapter 13;
   (b) Alaska Administrative Code at Title 15, Chapter 137;
   (c) APFC Bylaws;
   (d) The Alaska Open Meetings Act and regulations thereunder;
   (e) The Alaska Executive Branch Ethics Act and regulations thereunder, administered by the Department of Law; and
   (f) The Alaska Conflict of Interest Act and regulations thereunder, administered by the Alaska Public Offices Commission (APOC).

4. Trustees will abide by all policies of the APFC.

With Respect to Confidentiality and Use of Information

5. Trustees will respect the confidentiality of all information pertaining to the APFC to which they become privy to by virtue of their position. They will not disclose any confidential information to any external party unless required to do so by law.

6. Any information on the APFC that Trustees request in their capacity as Trustees will only be to fulfill their responsibilities as Trustees of the APFC and not for use in their own personal or business affairs.

With Respect to Enforcement of the Board Standards

7. The Chair of the Board will enforce and attempt to rectify any breach of the Board Standards.

8. If a Trustee has reason to believe that a material violation of the Board Standards has taken place, they will notify the Chair (or the Vice Chair if the allegation is against the Chair) and the Executive Director.

REVIEW AND AMENDMENT OF THE POLICY

9. This Policy will be reviewed periodically and amended by the Board as necessary or appropriate.

10. The Board of Trustees adopted this Policy on September 24th, 2020.

Cybersecurity Policy

1. Purpose

The purpose of this Cybersecurity Policy is to establish the framework for safeguarding APFC's information systems against cybersecurity threats. This policy aims to protect the confidentiality, integrity, and availability of proprietary information, financial data, and other sensitive information.

2. Scope

This policy applies to all employees, contractors, consultants, temporary staff, and other workers at the APFC, including all personnel affiliated with third parties. It encompasses all equipment, software, and systems owned, leased, or used by APFC.

3. Policy Statement

The APFC is committed to implementing and maintaining an effective cybersecurity program (The Information Security Management System or ISMS) that includes preventive, detective, and corrective controls to mitigate cybersecurity risks.

4. Roles and Responsibilities

- **Ethics, Audit & Cybersecurity Committee:** Oversee the overall cybersecurity strategy and ensure adequate resources are allocated.
- **Director of Information Technology:** Develop, implement, and maintain the cybersecurity program. Report cybersecurity matters to the Ethics, Audit & Cybersecurity Committee and to the Board of Directors at least annually.
- **IT Department:** Implement technical controls and manage the day-to-day operations of cybersecurity measures.
- **All APFC Employees:** Adhere to cybersecurity policies and procedures, report suspicious activities, and participate in mandatory training programs.

5. Risk Management

- **Risk Assessment:** Conduct weekly risk assessments to identify and evaluate cybersecurity threats and vulnerabilities.
- **Risk Mitigation:** Implement measures to mitigate identified risks, including technical controls, administrative controls, and physical security.

6. Access Control

- **User Authentication:** Implement multi-factor authentication (MFA) for accessing sensitive systems and data.
- **Access Rights:** Grant access based on the principle of least privilege. Regularly review and adjust access rights as necessary.

- **Password Management:** Enforce strong password policies, including complexity requirements and regular password changes.

7. Data Protection

- **Data Encryption:** Use encryption to protect sensitive data at rest and in transit.
- **Data Classification:** Classify data based on sensitivity and apply appropriate protection measures.
- **Data Backup:** Regularly create backups of critical data and store backups securely with immutable backups for 6 months.

8. Network Security

- **Firewall Management:** Deploy and maintain firewalls to protect the internal network from external threats.
- **Intrusion Detection and Prevention:** Implement systems to detect and prevent unauthorized access and other malicious activities.
- **Secure Remote Access:** Ensure secure remote access through VPNs and other secure channels.

9. Incident Response

- **Incident Response Plan:** Develop and maintain an incident response plan outlining the procedures for detecting, responding to, and recovering from cybersecurity incidents.
- **Incident Reporting:** Establish procedures for reporting and escalating cybersecurity incidents.
- **Post-Incident Analysis:** Conduct post-incident reviews to identify lessons learned and improve future response efforts.

10. Training and Awareness

- **APFC Employee Training:** Provide regular cybersecurity training for all employees, covering topics such as phishing, social engineering, and secure practices.
- **Awareness Campaigns:** Conduct ongoing awareness campaigns to keep cybersecurity top of mind.

11. Compliance and Audit

- **Regulatory Compliance:** Ensure compliance with all applicable laws, regulations, and industry standards related to cybersecurity.
- **Internal Audits:** Conduct Bi-Annual, 3rd party internal audits to assess the effectiveness of the adopted cybersecurity controls (CIS) and identify areas for improvement.

12. Policy Review

- **Regular Review:** Review and update this policy at least annually or when significant changes occur in the threat landscape or business operations.
- **Board Approval:** Obtain Board of Directors' approval for any significant changes to this policy.

13. Enforcement

- **Non-Compliance:** Non-compliance with this policy may result in disciplinary action, up to and including termination of employment.
- **Reporting Violations:** Encourage reporting of any violations of this policy to the Director of Information Technology or designated authority.

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

TO: Board of Trustees

THROUGH: Deven Mitchell, CEO

FROM: Alysha Guthrie, Director of Administrative Operations

DATE: September 26, 2024 ACTION: X

RE: FY2026 Proposed Budget INFORMATION:

This proposed budget acknowledges the importance of the Alaska Permanent Fund Corporation's (APFC, Corporation) continued success in providing benefits for generations of Alaskans as the largest sovereign wealth fund in the US and the 2nd largest per capita globally.

APFC's operations rely on necessary budget resources to ensure that the Alaska Permanent Fund (Fund) and other funds entrusted to the Corporation by law are effectively managed. This proposed budget will help to ensure that the Corporation can fulfill the vision to deliver outstanding returns for the benefit of all current and future generations of Alaskans.

The budget proposal for FY2026 is a culmination of the internal strategies of directors and managers when anticipating their needs to effectively manage starting July 2025. We have incorporated the boards feedback in this version of the budget by the reclassification of an existing, vacant position, which lowers the personal services ask and aligns with the board's direction to reduce key-man risk. This memo and accompanying presentation also provide more clarity around recent salary adjustments and a trend analysis of basis points for both the operations and investment management.

Once approved, the proposed budget will be brought forward to the Office of Management and Budget (OMB) for review and consideration for the FY2026 Governor's budget. Ultimately, the Governor's proposed budget will be transmitted to the Legislature by December 15th to be deliberated during the upcoming Legislative session. If other considerations are brought forward to staff by the Board after the annual meeting, staff will work with OMB for inclusion into a Governor's amended budget. We look forward to staying engaged with the Board throughout the Legislative process.

This updated memo has two changes: a proposed structure change and an update to reflect the accurate numbers based on a small adjustment made within our budget system, both discussed below.

As the starting point for FY2026 budget development, the FY2025 enacted budget included a structural change for APFC. The Legislature created three separate appropriations: Investment Management Fees, APFC Juneau Office Operations, and APFC Anchorage Office Operations. Ultimately, the $100.00 funding appropriated to the Anchorage Office appropriation was vetoed with the following statement of objection:

"*Veto eliminates new appropriation: Alaska Permanent Fund Corporation Anchorage Office Operations. This appropriation was added by legislature and was not requested or supported by the Administration.*"

We are proposing to go back to the structure that APFC has operated on until this current fiscal year.

APFC requests to return to a single appropriation, Alaska Permanent Fund Corporation, with two allocations: APFC Operations and Investment Management.

The second change to this memo includes all tables related to personal services (including those that totaled the operations allocation). The previous memo and presentation reflects a 3% vacancy factor within personal services, however, to reconcile all of the changes to personal services we are putting forward in FY2026, the vacancy increased to 3.98% within the Alaska Budget System. OMB's vacancy factor guidelines are for agencies with over 51 employees to account for 4-7% vacancy, though the minimum vacancy factor is optional.

The proposed 3.98% vacancy factor for FY2026 is in alignment with OMB guidelines and allows APFC to maximize the funding authority for personal services. It also brings our total personal services ask down to just over $2 million, or a 9% increase. Similarly, the overall operations allocation request decreased to a 10% increase (from 11% initially presented). While the small adjustment is clearly reflected in the variances, it did not have any affect on basis points anticipated with this budget request.

In summary of this memo, the following table represents the FY2026 proposed budget. This memo serves to outline the components within the appropriations; a detailed breakdown can be found in the appendix to this memo.

	FY 2024 Actuals	FY2025 Management Plan	FY2026 Proposed	BPS	FY26 Proposed to FY25 MP	Variance %
APFC Appropriation	$ 150,051,613	$ 226,564,500	$ 230,789,317	28	$ 4,224,817	11%
Operation Allocation	$ 22,488,285	$ 28,400,900	$ 31,293,217	4	$2,892,317	10%
Investment Management Allocation	$127,563,328	$ 198,163,600	$ 199,496,100	24	$1,332,500	1%

APFC OPERATIONS ALLOCATION

The Juneau Office Operations Appropriation is separated into five objects of expenditure. The total request for the appropriation is an 11% increase which will be discussed in each object of expenditure below.

PERSONAL SERVICES

	FY 2024 Actuals	FY2025 Management Plan	FY2026 Proposed	FY26 Proposed to FY25 MP	Variance %
Personal Services	$ 17,547,933	$ 23,032,900	$ 25,079,700	$ 2,046,800	9%
Base Salaries	$ 10,551,523	$ 13,827,228	$ 14,849,092	$ 1,021,864	7%
Base Benefits	$ 4,970,807	$ 6,627,452	$ 7,015,264	$ 387,812	6%
Incentive Compensation (Inv. Staff)	$ 2,004,070	$ 2,800,000	$ 3,575,000	$ 775,000	28%
Incentive Compensation (Ops. Staff)	$ -	$ 445,000	$ 480,000	$ 35,000	8%
Board Honorarium	$ 21,532	$ 16,000	$ 30,000	$ 14,000	88%
Vacancy Factor (3%) + Other		$ (682,780)	$ (869,656)	$ (186,876)	27%

Two main goals for APFC to recruit and retain top talent is to provide discretionary salary adjustments as well as cost of living adjustments. In addition to these personal services increments, it is important to fully fund the board approved incentive compensation to ensure funding is appropriated if all benchmarks are exceeded. The total increase for personal services includes 3% cost of living provided by SB259, a 2% discretionary merit increase based on performance, 2% to fund one new position and provide additional funding to reclass an existing, vacant position, and finally to restore most of the board honoraria (for a total of 9% personal services increase).

APFC currently has 67 full-time positions as well as two summer interns. There are currently seven vacant full-time positions (breakdown by department below).

Position	Department	Vacancy Date	Status
Portfolio Accountant	Finance	7/24/2024	Pending Recruitment
Investment Analyst	Fixed Income	5/9/2024	Actively Recruiting
Investment Operations Analyst	Middle Office	7/8/2024	Actively Recruiting
Investment Operations Analyst	Middle Office	12/1/2023	Actively Recruiting
Portfolio Manager	Real Estate	4/8/2023	Pending Recruitment
Administrative Specialist	Admin	1/3/2023	Actively Recruiting
Project Manager	Admin	New FY23	Reclass for Public Equity PM

- The Portfolio Accountant position was recently vacated and will be posted for hiring in the coming weeks.
- The Investment Analyst position with Fixed Income is recently vacant due to

an internal promotion.

- The two Investment Operations Analysts are critical to our operations and are actively being recruited for.
- The Administrative Specialist is actively being recruited to fill a gap and round out the administrative team; this is necessary to increase capacity of daily functions and provide redundancy particularly with our procurement section.
- Shifting the oversight of Private Markets to our new Deputy CIO has started the strategic review of the Real Estate team. Once they are able to fully assess the teams' capabilities and needs, we will have direction on how to best to best utilize the vacant Portfolio Manager.
- The Project Manager position was new in FY2023 with several other positions. Because there were different ideas of how to best utilize this position, it has never been recruited for or filled. The boards direction to reduce key-man risk and grow the Public Equities team has led us to shift this position to our Public Equities. This will be discussed in the next section of this memo.

NEW POSITIONS

Although there are currently vacant positions, those positions are critical to fulfill the mission of the Corporation. Staff is requesting one additional position and funding to reclass an existing position.

Portfolio Manager, Private Income

Private income makes up just under 9% of the total fund with a target of 10% as of the start of fiscal year 2025.

An additional portfolio manager on the private income team is critical to scaling the program to position the team from less reliance on external consultants for due diligence activities. This person would increase capacity of the team for more thorough oversight over the increasingly complex portfolio, leading to better informed investment decisions and ideally, better returns.

The current three-person team on private income manages the existing portfolio of approximately 120 investments alongside 53 unique investment managers across infrastructure, private credit, and income opportunities. In addition to this, the team reviews over 200 new investment opportunities annually and commits more than $1 billion of capital to 15+ primary funds and co-investments.

This position is a total of $391,615 with salary and benefits.

Senior Analyst/Junior Portfolio Manager, Public Equities

On the public equities team, the strategy and board direction is to ensure redundancies and succession contingencies. This small team of three currently manages 32% of the total fund (20% internally). This position is critical to build out internal strategies to bring additional assets under management in our public equities portfolio and realize cost savings from manager fees. With this strategy, the trading volume and complexity would also likely increase particularly with the increase in international market exposure.

To fill this need, this position would need to be flexibly staffed with either a Senior Analyst or a Junior Portfolio Manager depending on the candidate pool and what skillsets and experience the

best fit candidate brings.

We are seeking to reclassify the existing, vacant Project Manager position to fill this need. The current position is budgeted at $182,259 in salary and benefits, the new position would be $325,260 with salary and benefits for a difference of a $143,001 ask for FY2026.

RETENTION

At the end of the most recent Legislative session, SB259 was passed which for FY2025 provided a 5% COLA increase and an additional 3.38% salary adjustment for all partially exempt employees who are not included in union negotiations. APFC was approved to accept these provisions. SB259 also provided for a 3% increase for FY2026. Staff is requesting the 3% COLA from SB259 as well as a 2% performance-based discretionary merit increase for a total of $688.2.

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 $4.05 million, which reflects $3.6 million for investments staff and $480,000 for operations staff. The FY2026 request includes an increment of $810,000 to achieve full funding.

FY2025 was the first year that we achieved funding for the operations staff. We did not receive full funding for the investment staff for FY2025 given FY2023 actuals so the FY2026 request reflects a 25% increase over FY2025 management plan. It is important to fully fund the approved incentive compensation amount for both recruitment and retention. The lapsed funds at the end of the fiscal year remain in the ERA.

TRAVEL

	FY 2024 Actuals	FY2025 Management Plan	FY2026 Proposed	FY26 Proposed to FY25 MP	Variance %
Travel	$ 624,065	$ 775,000	$ 1,225,000	$ 450,000	34%
Staff	$ 468,802	$ 552,000	$ 718,000	$ 166,000	30%
Training and Conferences		$ 75,000	$ 75,000	$ -	0%
Third Party Travel	$ -	$ -	$ 250,000	$ 250,000	NEW
Trustees	$ 24,710	$ 18,000	$ 33,000	$ 15,000	83%
Moving and Non-Employee	$ 130,554	$ 130,000	$ 149,000	$ 12,000	9%

For FY2026, APFC will implement a new process to ensure transparency with third-party travel. Because third-party travel has become material to APFC's travel budget and is part of the regular duties to carry out the purpose of some of our asset classes, we are requesting additional budget authority to be transparent in our accounting of these trips.

Over the last two years, the approved list of third-party reimbursors has doubled. APFC has historically budgeted for the anticipated APFC direct costs associated with third-party travel, however, to provide more transparency, we are requesting authority for the full cost of each trip which is then offset by the reimbursement and/or the direct pay amount; this is in alignment with the Alaska Administrative Manual for third-party reimbursements. A total of $250,000 of the FY26 proposed travel budget is requested to be Statutorily Designated Program Receipts (SDPR)

authority to account for this type of travel.

SDPR will provide APFC the necessary authority that cannot be utilized for any other purpose aside from recording the third-party direct pay and/or reimbursements from third-party related travel. The reimbursements or receipts for direct pay will be recorded as revenue and the corresponding expenses will be charged against it. It is important to highlight that third-party reimbursements as well as any third party direct pay equate to a net-zero to the State and that all lapsed funds remain in the ERA.

There is also a $166,000 request to increase staff travel, primarily investment staff for asset visits, due diligence, and attend industry-standard conferences and trainings. There is also a request for increase travel costs for the Board as well as a small increase related to non-employee travel and/or relocation.

CONTRACTUAL SERVICES

Contractual services in the operations appropriation accounts for the majority of our programs and operations at APFC. Presented in the below table are the major areas of operations, each are discussed following.

	FY 2024 Actuals	FY2025 Management Plan	FY2026 Proposed	FY26 Proposed to FY25 MP	Variance %
Contractual Services	$ 3,446,285	$ 3,792,100	$ 4,142,097	349,997	9%
Audit, Legal, Consulting	$ 500,023	$ 768,000	$ 857,000	89,000	12%
Public Communications	$ 396,527	$ 547,997	$ 547,997	-	0%
Board Support and Meetings	$ 79,727	$ 117,400	$ 122,900	5,500	5%
Information Technology	$ 1,613,027	$ 1,348,000	$ 1,505,500	157,500	12%
HR and Recruitment	$ 80,915	$ 100,000	$ 100,000	-	0%
Training and Conferences	$ 77,679	$ 102,003	$ 150,000	47,997	47%
Office Support	$ 698,388	$ 808,700	$ 858,700	50,000	6%

AUDIT, LEGAL, CONSULTING

This category accounts for professional services that support the broader needs of the Corporation such as the annual audit, advisory consultants, and the Reimbursable Services Agreement (RSA) with the Department of Law (DOL). Staff has requested an increment of $89,000, primarily for additional legal capacity, but also to cover the SWIFT audit. The total cost of these two items has been offset by a slight reduction in audit costs due to a true up to contractual obligations.

As the assets under management grow, so does the amount of legal work that APFC faces in the management of these state assets. In the near term, to accommodate this increasing legal workload, APFC expects to push additional state law legal work toward the DOL so that in-house counsel can focus the required attention on the investment transactions faced by APFC. To ensure that we have sufficient budget authority to cover this increased legal work being handled by the DOL, APFC seeks to increase its budget authority by $75,000 for FY2026.

In late 2020, APFC was assigned the SWIFT Business Identifier Code (BIC) APFOUS8J as required by BlackRock to allow continued trading and financial messaging with the Aladdin order management system. To date, APFC has engaged in self-attestation within the SWIFT Customer

Security Program (CSP) as allowed. Per SWIFT requirements, a third-party audit is required after multiple periods of self-attestation. This is a niche audit category requiring SWIFT-certified assessors. Staff is requesting $20,000 to meet these SWIFT-mandated requirements.

PUBLIC COMMUNICATIONS

This category encompasses all contractual support for the global 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 FY2026 programmatic needs.

BOARD MEETINGS

All contractual support related to board meetings including room and equipment rentals, refreshments, transcription services, and advisory fees are included in this category. To meet the anticipated needs a small increment of $5,500 is requested to true up to anticipated costs.

INFORMATION TECHNOLOGY

This covers all contractual-based IT services related to the general support of the Corporation including consulting services, software licensing and maintenance, and equipment repairs. An increment of $150,000 is requested specifically for the anticipated increase in software licensing. FY2026 will also be a security audit year.

HR & RECRUITMENT

HR continually looks for new and creative ways to successfully recruit talented professionals. We are asking for flat funding for this line for FY2026.

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 has also been a focus of the board. The increase of nearly $50,000 includes $17,000 for the real estate asset class software training and conferences, $12,000 for executive training opportunities, and a small increase to other asset classes interested in additional training opportunities particularly for their new staff.

OFFICE SUPPORT

All contractual services necessary to support the shared administrative needs of the Corporation are contained within this group, primarily office lease and state support services for the Department of Revenue. The FY2026 request is relatively flat, with the largest increment in this line being to support the Anchorage office lease at $35,000; there is also a request for $5,000 for the anticipated cost increase for the datacenter, and $10,000 in support for increased mobile phone costs.

COMMODITIES & EQUIPMENT

	FY 2024 Actuals	FY2025 Management Plan	FY2026 Proposed	FY26 Proposed to FY25 MP	Variance %
Commodities	$ 427,001	$ 200,900	$ 246,420	$ 45,520	23%
Equipment	$ 443,001	$ 600,000	$ 600,000	$ -	0%

Commodities and Equipment are the final two objects of expenditure within the operations appropriation. These budget lines both include goods purchased to support the needs of the Corporation such as workstations, servers, furniture, and office supplies. The two lines are differentiated primarily by cost – items less than $5,000 fall under the commodities line, while those greater than $5,000 fall in the equipment line.

COMMODITIES

In FY2025, the IT workstation equipment took a decrement to return to the second-year of the three-year workstation replacement cycle. There is an increment request for $25,000 in this line to replace workstation equipment as needed in year three prior to the full replacement cycle. There is also a request for increase for subscriptions across our various departments.

EQUIPMENT

This fiscal year, APFC will be moving and upgrading the Disaster Recovery site from Fairbanks to Anchorage.

The equipment in both Juneau and Anchorage is generationally expiring. To use the newest generations of servers, which will yield the longest service life per dollar, our team will need to replace system components such as the chassis and controllers. Due to the increased cost of computer component and the need to replace a large portion of the compute stack, we are requesting a flat funded budget for FY2026.

INVESTMENT MANAGEMENT ALLOCATION

The Investment Management allocation includes a single object of expenditure (contractual services) that is allocated between four groups of services.

CONTRACTUAL SERVICES

The investment management appropriation consists of all contractual service lines that support the investments and decision-making process. The investment due diligence process is supported in this appropriation as well as investment systems utilized, the investment management fees as well as custody fees.

	FY 2024 Actuals	FY2025 Management Plan	FY2026 Proposed	FY26 Proposed to FY25 MP	Variance %
Investment Systems	$ 7,516,845	$ 11,599,200	$ 12,410,000	810,800	7%
Investment Due Diligence	$ 3,151,780	$ 5,813,400	$ 6,335,100	521,700	9%
Custody Fees	$ 1,350,948	$ 2,500,000	$ 2,500,000	-	0%
Investment Manager Fees	$115,543,754	$ 178,251,000	$ 178,251,000	-	0%
Public Equities	$ 84,135,305	$ 139,157,000	$ 139,157,000	-	0%
Real Estate	$ 2,349,033	$ 3,594,000	$ 3,594,000	-	0%
Alternative Markets	$ 29,059,416	$ 35,500,000	$ 35,500,000	-	0%

INVESTMENT SYSTEMS

This line is comprised of all 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.

There is an increment request of $810,800 for this line, primarily for our investment staffs shared analytics and data, but also includes investment operations consulting, and a request for a data vault contractor.

SHARED SERVICES

This line has a requested increase of $430,800. Part of this also includes a true up to our anticipated Bloomberg terminal costs and SWIFT access for our middle office team. There are systems for some of our asset classes that they are considering and would like to have the flexibility to move forward in FY26 if it is the product they need.

INVESTMENT OPS CONSULTING

There is an increment request for $30,000 for our investment operations team to secure consulting services that may become necessary for investment systems expansion, integration, and improved reliability. This is contingent on emerging needs of the internally-managed Public Equity and/or Fixed Income teams.

DATA VAULT CONTRACTOR

To continue the strategic IT roadmap, APFC has been working with the Bank of New York Mellon

through discovery sessions for the Data Vault project. $350,000 has been requested for consulting services to help with the implementation if we move forward with this project.

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. The request for FY2026 is an increase of $521,700.

The largest increase in this line is to provide $477,000 in additional fiduciary advice across several of our asset classes. $200,000 of that increased authority is for our private income team for additional due diligence as well as adding Albourne modules to their existing resource. There is also increment requests for additional $44,000 in research and membership authority to cover the professional designations of our staff on various teams.

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.

For FY2026, we do not anticipate a need for increased budget authority for management fees.

CUSTODY FEES

This line accounts for 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.

For FY2026, we do not anticipate a need for increased budget authority for custody fees.

BUDGET AUTHORITY VS. ACTUALS TREND OVER THE LAST THREE YEARS

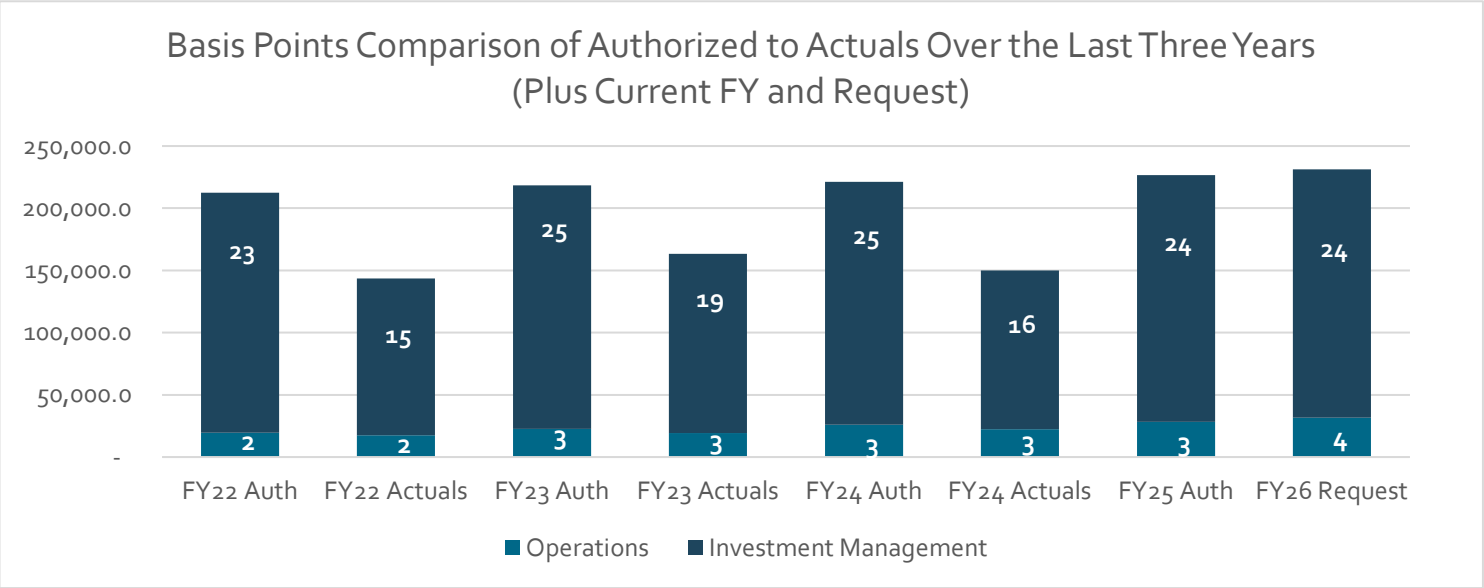
The table below shows the authorized budget amount for APFC broken out by operations and investment management fees for the current fiscal year as well as the previous three fiscal years. It also shows the previous three years of actual budget spend for comparison. The final stacked column is the FY2026 requested budget as presented in this memo. The AUM was estimated for FY2026 but represents generally what we could expect from a basis point perspective.

For year-end actual spend, APFC has averaged 3 basis points of AUM on operations during this timeframe and 17 basis points for investment management fees. For the authorized budget, APFC has averaged 3 basis points of AUM for operations during this timeframe and 24 basis points for investment management fees.

The primary driver for the operations increase is personal services which accounts for 80% of the operating budget. Incentive compensation has been in place for three years for investment staff and was implemented for the operations team in FY2025. The request in FY2025 was to fully fund

incentive compensation for all staff; as mentioned, it was the first year that was achieved for operations staff, but given the FY2023 actuals, the Legislature provided flat-funding for the investment team which on a percentage increase basis makes FY2026 look large since the FY2026 budget request includes full funding of incentive compensation for all staff. It is important to have fully funded incentive compensation so we have budgeted authority to reward staff should our teams exceed their benchmarks.

Similarly, the investment management appropriation has a significant difference in the authorized budget when compared to the actual spend. It is important to have budget authority to meet our contractual obligations should our managers exceed their perspective benchmarks.



	FY22 Auth	FY22 Actuals	FY23 Auth	FY23 Actuals	FY24 Auth	FY24 Actuals	FY25 Auth	FY26 Request
BOY AUM	82,602,000.0	82,602,000.0	77,022,000.0	77,022,000.0	78,715,000.0	78,715,000.0	82,169,000.0	84,875,000.0
Operations	19,536.0	17,392.0	22,649.4	19,304.6	25,933.8	22,488.3	28,400.9	31,293.2
Investment Management	193,039.1	126,236.7	195,868.0	143,970.0	195,363.6	127,563.3	198,163.6	199,496.1
Total APFC Appropriation	212,575.1	143,628.7	218,517.4	163,274.6	221,297.4	150,051.6	226,564.5	230,789.3
BPS Ops	2	2	3	3	3	3	3	4
BPS Inv	23	15	25	19	25	16	24	24

Appendix: FY24 Actuals, FY25 Management Plan, FY26 Request

Operations Allocation FY2025 BOY AUM $ 82,006,153,813	FY24 Actuals	FY25 Management Plan	FY26 Proposed	Variance FY25 Management Plan to FY26 Proposed	Variance %	FY26 Basis Points
Personal Services	$ 17,547,933	$ 23,032,900	$ 25,079,700	$ 2,046,800	9%	3
Staff	$ 15,522,331	$ 19,771,900	$ 20,994,700	$ 1,222,800	6%	
Incentive Compensation	$ 2,004,070	$ 3,245,000	$ 4,055,000	$ 810,000	25%	
Board: Honoraria	$ 21,532	$ 16,000	$ 30,000	$ 14,000	88%	
Travel	$ 624,065	$ 775,000	$ 1,225,000	$ 450,000	58%	0
Staff	$ 468,802	$ 552,000	$ 718,000	$ 166,000	30%	
Training and Conferences	$ -	$ 75,000	$ 75,000	$ -	0%	
Third Party Travel*	$ -	$ -	$ 250,000	$ 250,000		
Trustees	$ 24,710	$ 18,000	$ 33,000	$ 15,000	83%	
Moving and Non-Employee	$ 130,554	$ 130,000	$ 149,000	$ 19,000	15%	
Contractual Services	$ 3,446,285	$ 3,792,100	$ 4,142,097	$ 349,997	9%	1
Audit, Legal, Consulting	$ 500,023	$ 768,000	$ 857,000	$ 89,000	12%	
Public Communications	$ 396,527	$ 547,997	$ 547,997	$ -	0%	
Board Support and Meetings	$ 79,727	$ 117,400	$ 122,900	$ 5,500	5%	
Information Technology	$ 1,613,027	$ 1,348,000	$ 1,505,500	$ 157,500	12%	
HR and Recruitment	$ 80,915	$ 100,000	$ 100,000	$ -	0%	
Training and Conferences	$ 77,679	$ 102,003	$ 150,000	$ 47,997	47%	
Office Support	$ 698,388	$ 808,700	$ 858,700	$ 50,000	6%	
Commodities	$ 427,001	$ 200,900	$ 246,420	$ 45,520	23%	0
Equipment	$ 443,001	$ 600,000	$ 600,000	$ -	0%	0
Corporate Operations Total	**$ 22,488,285**	**$ 28,400,900**	**$ 31,293,217**	**$ 2,892,317**	**10%**	**4**

Investment Allocation FY2025 BOY PF Balance $ 82,006,153,813	FY24 Actuals	FY25 Management Plan	FY26 Proposed	Variance FY25 Management Plan to FY26 Proposed	Variance %	FY26 Basis Points
Investment Systems	$ 7,516,845	$ 11,599,200	$ 12,410,000	$ 810,800	7%	2
Investment Due Diligence	$ 3,151,780	$ 5,813,400	$ 6,335,100	$ 521,700	9%	1
Custody Fees	$ 1,350,948	$ 2,500,000	$ 2,500,000	$ -	0%	0
Investment Manager Fees	$ 115,543,754	$ 178,251,000	$ 178,251,000	$ -	0%	22
Public Equities	$ 84,135,305	$ 139,157,000	$ 139,157,000	$ -	0%	
Real Estate	$ 2,349,033	$ 3,594,000	$ 3,594,000	$ -	0%	
Alternative Markets	$ 29,059,416	$ 35,500,000	$ 35,500,000	$ -	0%	
Investment Management Total	**$ 127,563,328**	**$ 198,163,600**	**$ 199,496,100**	**$ 1,332,500**	**1%**	**24**

APFC Appropriation Total	**$ 150,051,613**	**$ 226,564,500**	**$ 230,789,317**	**$ 4,224,817**	**11%**	**28**

APFC

ALASKA PERMANENT
FUND CORPORATION

FY2026 Proposed Budget

September 26, 2024

FY26 Proposed Budget

Supporting the high level of investment management services demanded of APFC, the FY26 proposed budget aligns strategy across key areas.

- **Recruit and Retain Top Talent**
  - Merit/inflation salary adjustments
  - Fully funded incentive compensation
- **Increase Capacity of Internal Investment Team**
  - Less reliance on external consultants for due diligence
  - Ensure redundancies and succession planning
- **Continue IT Strategic Roadmap**
  - Ensure security (mid-August YTD: 1.8m malicious attempts on our systems)
  - Add resources for data model extract for use cases with the data vault
  - Develop process and integrate investment systems

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.

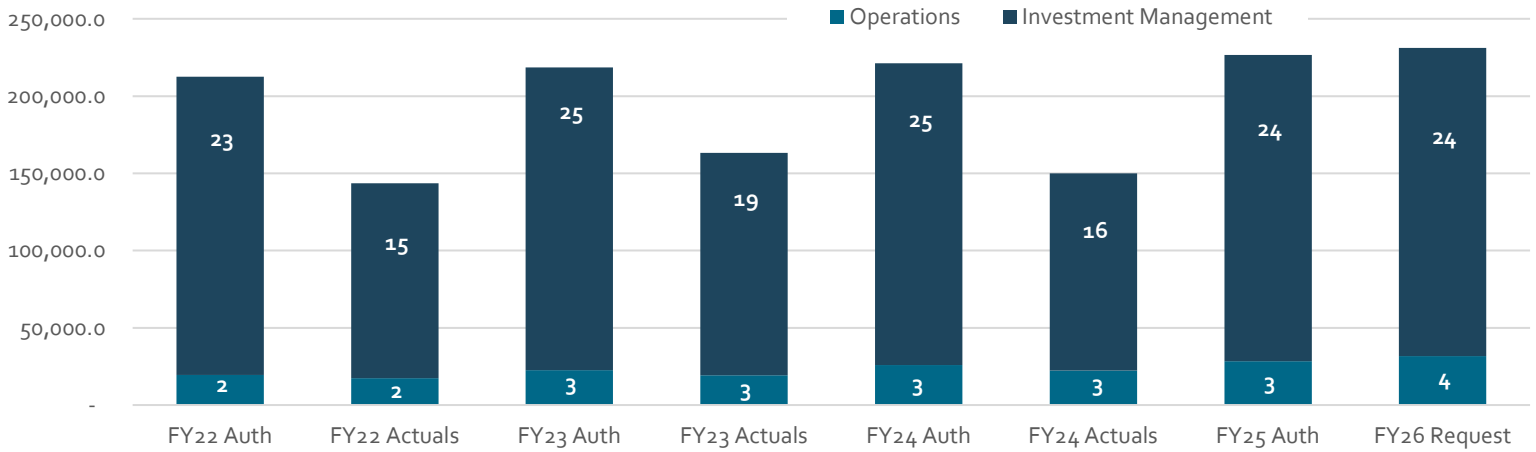
FY2026 Proposed Budget

FY2025 BOY AUM	$ 82,169,000,000	
	FY2026	Basis Points
Operations	$ 31,293,217	4
Investment Management	$ 199,496,100	24
Total APFC Appropriation	$ 230,789,317	28

	FY2024 Actuals	FY2025 Management Plan (MP)	FY2026 Proposed	BPS	FY26 Proposed to FY25 MP	FY26 Proposed to FY24 Actuals
Operations Allocation	22,488,285	28,400,900	31,293,217	4	2,892,317	8,804,932
Investment Management Allocation	98,684,221	198,163,600	199,496,100	24	1,332,500	100,811,879
Total Appropriation	**121,172,507**	**226,564,500**	**230,789,317**	**28**	**4,224,817**	**109,616,810**

Fund Sources: Permanent Fund Gross Receipts, Statutory Designated Program Receipts (SDPR)

Basis Points Comparison of Authorized to Actuals Over the Last Three Years (Plus Current FY & FY26 Request)



- BOY AUM as of June 30, prior FY
- FY26 BOY AUM is an estimate

	FY22 Auth	FY22 Actuals	FY23 Auth	FY23 Actuals	FY24 Auth	FY24 Actuals	FY25 Auth	FY26 Request
BOY AUM	82,602,000.0	82,602,000.0	77,022,000.0	77,022,000.0	78,715,000.0	78,715,000.0	82,169,000.0	84,875,000.0
Operations	19,536.0	17,392.0	22,649.4	19,304.6	25,933.8	22,488.3	28,400.9	31,293.2
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Total APFC Appropriation	212,575.1	143,628.7	218,517.4	163,274.6	221,297.4	150,051.6	226,564.5	230,789.3
BPS Ops	2	2	3	3	3	3	3	4
BPS Inv	23	15	25	19	25	16	24	24

Operations Allocation

Operations Allocation

Budget Components

	FY2024 Actuals	FY2025 Management Plan (MP)	FY2026 Proposed	BPS	FY26 Proposed to FY25 MP	FY26 Proposed to FY24 Actuals
Personal Services	17,547,933	23,032,900	25,079,700	3	2,046,800	7,531,767
Travel	624,065	775,000	1,225,000	0	450,000	600,935
Contractual Services	3,446,285	3,792,100	4,142,097	1	349,997	695,812
Commodities	427,001	200,900	246,420	0	45,520	(180,581)
Equipment	443,001	600,000	600,000	0	-	156,999
Total APFC Operations	**22,488,285**	**28,400,900**	**31,293,217**	**4**	**2,892,317**	**8,804,932**

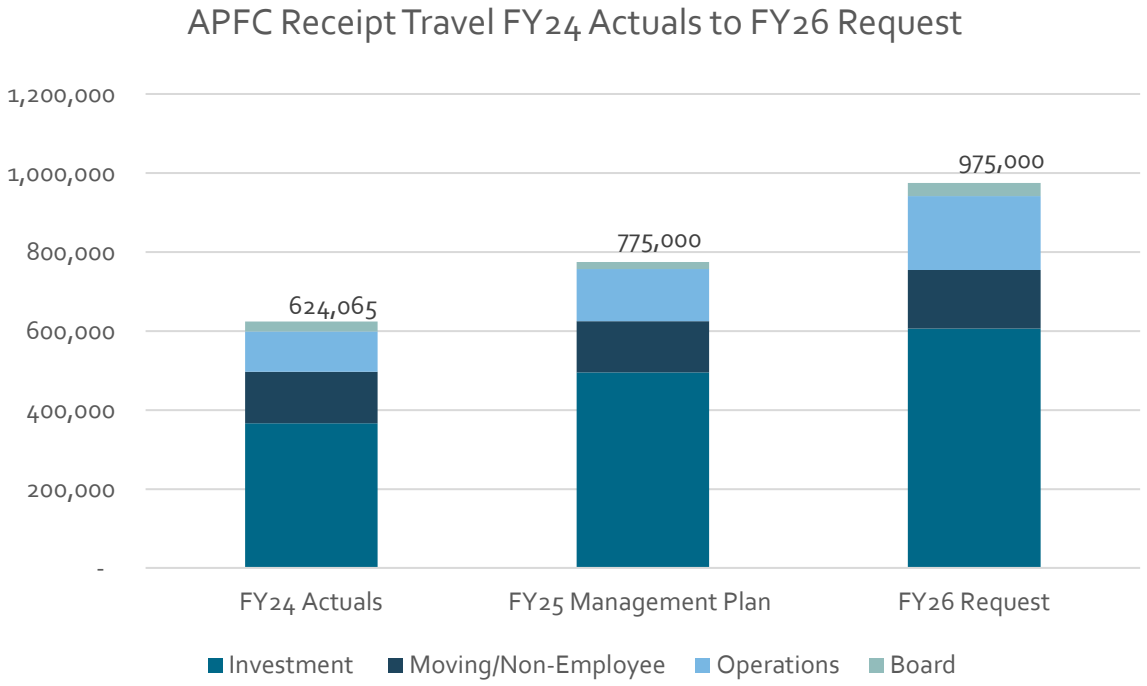
Travel

	FY2024 Actuals	FY2025 Management Plan (MP)	FY2026 Proposed	BPS	FY26 Proposed to FY25 MP	FY26 Proposed to FY24 Actuals
Travel	624,065	775,000	1,225,000	0	450,000	600,935
Staff	468,802	552,000	718,000		166,000	249,198
Training & Conferences	-	75,000	75,000		-	75,000
Third Party	-	-	250,000		250,000	250,000
Trustees	24,710	18,000	33,000		15,000	8,290
Moving & Non-Employee	130,554	130,000	149,000		19,000	18,446

FY26 Travel Request Funding Breakout:

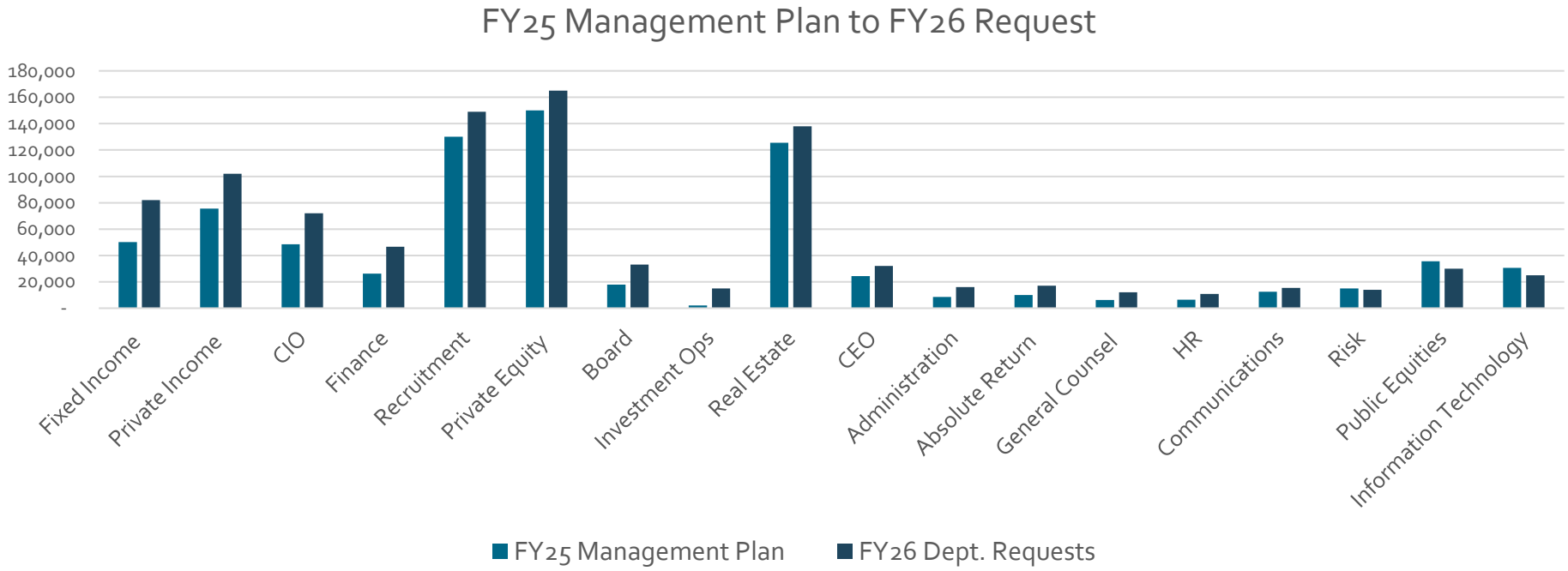
- $200,000 APFC Receipts
- $250,000 SDPR

APFC Receipt Travel



- Investments accounts for 60% of travel, operations averages about 18%
- Investments took 163 trips in FY24, 12 for BOT meetings
- Operations took 73 trips in FY24, 25 for BOT meetings

Travel Requests by Cost Center

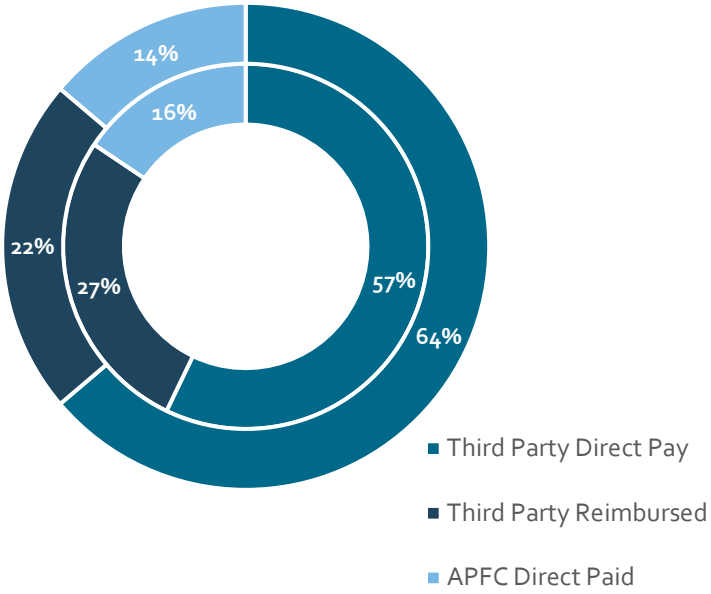


Third-Party Travel

	FY2024 Actuals	FY2026 Request
Third Party Direct Pay	127,900	167,500
Third Party Reimbursed	61,075	82,500
Total (less APFC direct pay)	**188,975**	**250,000***
APFC Direct Paid	*34,882*	*40,000*

- FY26 Request: $250,000 *SDPR
- APFC Direct Paid included in staff request, APFC receipts

FY24 Actuals to FY26 Request



Contractual Services

	FY2024 Actuals	FY2025 Management Plan (MP)	FY2026 Proposed	BPS	FY26 Proposed to FY25 MP	FY26 Proposed to FY24 Actuals
Contractual Services	3,446,285	3,792,100	4,142,097	1	349,997	695,812
Audit, Legal, Consulting	500,023	768,000	857,000		89,000	356,977
Public Communications	396,527	547,997	547,997		-	151,470
Board Support and Meetings	79,727	117,400	122,900		5,500	43,173
Information Technology	1,613,027	1,348,000	1,505,500		157,500	(107,527)
HR and Recruitment	80,915	100,000	100,000		-	19,085
Training and Conferences	77,679	102,003	150,000		47,997	72,321
Office Support	698,388	808,700	858,700		50,000	160,312

Contractual Service Increment Requests

$89,000

Consulting Services:

- Legal
- Middle Office - SWIFT

$157,500

Information Technology:

- IT Security Audit Year
- Increased Software Licensing Costs

$97,997

Staff and Office Support:

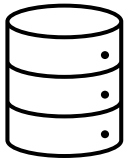
- Training & Conferences
- Anchorage Office Lease
- Increased Datacenter Lease
- Increased Mobile Costs

Commodities & Equipment

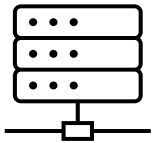
	FY2024 Actuals	FY2025 Management Plan (MP)	FY2026 Proposed	BPS	FY26 Proposed to FY25 MP	FY26 Proposed to FY24 Actuals
Commodities	427,001	200,900	246,420	0	45,520	(180,581)
Equipment	443,001	600,000	600,000	0	-	156,999

Workstation Equipment

Subscriptions



Database & Servers



Datacenter & Computer Rack

Personal Services

Retain professional staff within a competitive labor market.

	FY2024 Actuals	FY2025 Management Plan (MP)	FY2026 Proposed	BPS	FY26 Proposed to FY25 MP	FY26 Proposed to FY24 Actuals
Salaries	10,551,523	13,827,228	14,849,092	2	1,021,864	4,297,569
Benefits	4,970,807	6,627,452	7,015,264	1	387,812	2,044,457
Incentive Compensation	2,004,070	3,245,000	4,055,000	0	810,000	2,050,930
Investments	2,004,070	2,800,000	3,575,000		775,000	1,570,930
Operations	-	445,000	480,000		35,000	480,000
Board Honorarium	21,532	16,000	30,000	0	14,000	8,468
Vacancy		(682,780)	(869,656)		(186,876)	
Total Personal Services	**17,547,933**	**23,032,900**	**25,079,700**	**3**	**2,046,800**	**8,401,423**

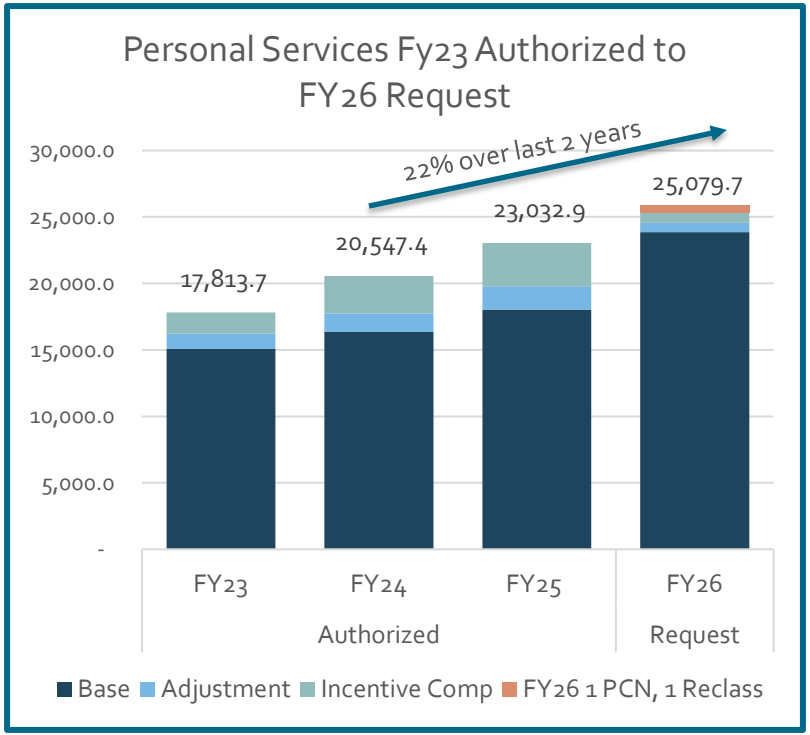
FY26 Proposed Salary Variance (7%):

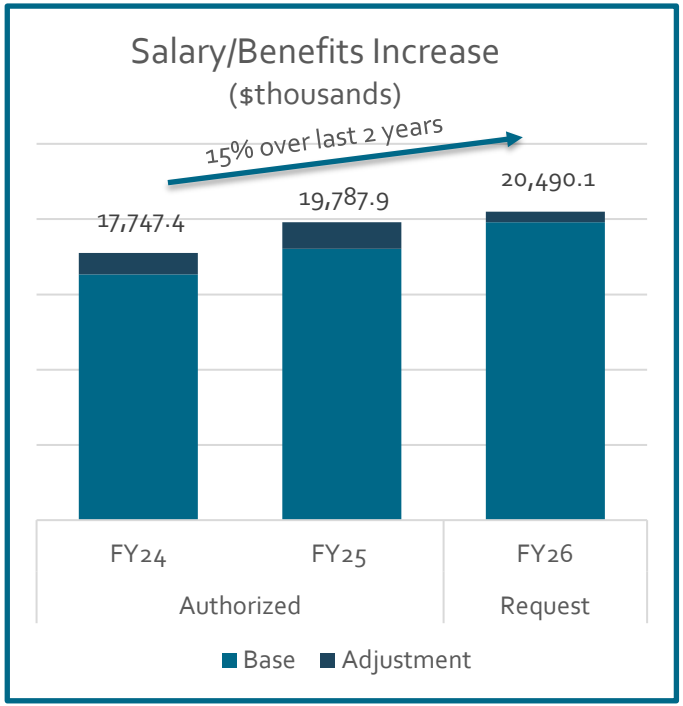
- 3% COLA (SB259)
- 2% Merit
- 2% Additional Positions

FY26 Total Personal Services Variance (9%) also includes:

- Restore Most Board Honoraria
- Increase Needed to Fully Fund Incentive Compensation

Salary Adjustments FY23-26





FY23	$	1,153.8
Exempt 5% COLA*	$	715.4
Merit	$	438.4

FY24	$	1,410.5
Merit	$	1,180.5
Targeted	$	230.0

FY25	$	1,766.4
SB259 5% COLA*	$	853.9
SB259 3.38% merit*	$	605.8
Merit	$	306.7

FY26	$	688.2
SB259 3% COLA*	$	412.9
Merit	$	275.3

*Legislative appropriations outside of APFC

Personal Services Strategy

Increase capacity of internal investment teams.

Portfolio Manager, Private Income

Add one PCN for a total cost of $391.6 ($270.0 salary + benefits)

Private income makes up just under 9% of the total fund with a target of 10% as of the start of fiscal year 2025.

Necessary for:

- Scaling the program
- Less reliance on external consultants for due diligence
- More thorough oversight on increasingly complex portfolio
- Better informed investment decisions

Currently:

- Three-person team with 120 investments and 53 unique investment managers
- Review of over 200 new investments opportunities each year
- Commits more than $1BN of capital to 15+ primary funds and co-investments

Senior Analyst/Junior Portfolio Manager, Public Equities

Reclass existing position for total cost increase of $143.0

This small team of three currently manages 32% of the total fund (20% internally).

Necessary for:

- Adhering to the strategies and board direction to ensure redundancies and succession contingencies
- Building out new and potentially more complex factor-based products and strategies
- Short-term and long-term cost savings from manager fees (once tested)
- Additional capacity for current strategy; increased trading volume, complexity, and international markets

Vacant Positions

APFC Positions	Filled	Vacant
Operations	30	5
Investments	30	2
Total APFC	60	7

Position	Department	Vacancy Date	Status
Portfolio Accountant	Finance	7/24/2024	Pending Recruitment
Investment Analyst	Fixed Income	5/9/2024	Actively Recruiting
Investment Operations Analyst	Middle Office	7/8/2024	Actively Recruiting
Investment Operations Analyst	Middle Office	12/1/2023	Actively Recruiting
Portfolio Manager	Real Estate	4/8/2023	Pending Recruitment
Administrative Specialist	Admin	1/3/2023	Actively Recruiting
Project Manager	Admin	New FY23	Reclass for Public Equity PM

Investment Management Allocation

Investment Management ALLOCATION

	FY2024 Actuals	FY2025 Management Plan (MP)	FY2026 Proposed	BPS	FY26 Proposed to FY25 MP	FY26 Proposed to FY24 Actuals
Investment Systems	7,516,845	11,599,200	12,410,000	2	810,800	4,893,155
Investment Due Diligence	3,151,780	5,813,400	6,335,100	1	521,700	3,183,320
Custody Fees	1,350,948	2,500,000	2,500,000	0	-	1,149,052
Investment Management Fees	115,543,754	178,251,000	178,251,000	22	-	62,707,246
Public Equity	84,135,305	139,157,000	139,157,000		-	55,021,695
Real Estate	2,349,033	3,594,000	3,594,000		-	1,244,967
Alternative Investments	29,059,416	35,500,000	35,500,000		-	6,440,584
Investment Management	**127,563,328**	**198,163,600**	**199,496,100**	**24**	**1,332,500**	**71,932,772**

Investment Systems Increment Requests

$430,800

Shared Services/Analytics/Data

- Investment Ops: Bloomberg, SWIFT, Refinitiv
- Real Estate: Argus, Yardi

$350,000

Data Vault Contractor

- Architect Solutions for Use Cases
- Integrate Automation

$30,000

Investment Operations Consulting

- Develop Process
- Integrate Systems

Investment Due Diligence Increment Requests

$300,000

Private Income: Private Credit and Real Asset Modules

$177,700

Fiduciary Advice

- Additional Due Diligence Various Asset Classes
- Real Estate: Manager Reviews, Underwriting

$44,000

Research and Memberships

- Market Research Data Various Asset Classes
- ISITC Annual Membership

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

SUBJECT: Board of Trustees Meetings ACTION: X

DATE: September 26, 2024 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 2025 Board of Trustees Meeting schedule has been previously approved, however, there are suggested changes to review. Please note that the December 2024 Quarterly Board Meeting will be held December 10-11 in Juneau. Attached are the calendars for your information, please mark your schedules.

RECOMMENDATION:

- Review and approve suggested changes to the 2025 Board of Trustees Meeting Schedule
- Approve 2026 Board of Trustees Meeting Schedule

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

2025 BOARD OF TRUSTEES ADOPTED MEETING CALENDAR

Date	Location	Type of Meeting	Recurring Topics
February 12-13, 2025 Wed/Thurs	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.
May 28-29, 2025 Wed/Thurs	Sitka	Quarterly 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
September 2, 2025* Tuesday	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	Anchorage	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	Quarterly	• 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 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.

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

APFC ALASKA PERMANENT FUND CORPORATION
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2026 BOARD OF TRUSTEES PROPOSED MEETING CALENDAR

Date	Location	Type of Meeting	Recurring Topics
February 11-12, 2026 Wed/Thurs	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.
May 27-28, 2026 Wed/Thurs	Valdez**	Quarterly 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
September 2, 2026* Wednesday	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 23-24, 2026 Wed/Thurs	Anchorage	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 9-10, 2026 Wed/Thurs	Juneau	Quarterly	• 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