

## News Release

**For Immediate Release: December 11, 2024**

**Contact: Paulyn Swanson 907.796.1520 – [pswanson@apfc.org](mailto:pswanson@apfc.org)**

### APFC Holds Q4 2024 Meeting

**Juneau, Alaska — Dec. 11, 2024** — The Board of Trustees of the Alaska Permanent Fund Corporation (APFC) convened for its quarterly meeting in Juneau and via Teams Webinar on December 10-11, 2024. Key discussions included the Fund's performance, an in-depth review of the Absolute Return asset class, and updates on compliance, governance, and operations.

"This meeting provided an opportunity to hear from our investment team on the performance and strategy behind the Fund's diverse investments," said Board Chair Jason Brune. "As Trustees, we set thresholds and guide priorities, but it's the work of APFC's team—much of it done in-house—that continues to outperform, cost less, and deliver exceptional results. We remain committed to thoughtful oversight and ensuring the Fund benefits all Alaskans."

### Best Places to Work

On Dec. 9, APFC was named one of the "[Best Places to Work in Money Management](#)" by *Pensions & Investments* for the fourth consecutive year, highlighting our commitment to a mission-driven culture and employee well-being. This recognition underscores APFC's ability to attract top talent and ensure the delivery of outstanding returns for current and future generations of Alaskans.

### Values and Performance

CIO Marcus Frampton provided an overview of the Fund's performance in his CIO Report. In the first 4 months of FY25, the Fund achieved a fiscal year-to-date return of 2.56% as of October 31, 2024 outperforming its benchmark by 18 basis points. Over the 3- and 5-year periods, the Fund exceeded its performance benchmark by 6 and 36 basis points, respectively. While the Fund exceeded its return objective of CPI + 5% by 46 basis points in the fiscal year-to-date, Frampton noted that the Fund's trailing of this return objective over the 3- and 5-year periods aligns with peer institutions.

"Our daily focus is on managing the Fund against our performance benchmark," said Frampton. "While short-term results can vary, we remain committed to maintaining a strong, diversified portfolio that supports long-term stability and growth for Alaska."

### Public and Private Markets

Jim Parise, Deputy CIO-Public Markets, provided an update on Public Markets regarding the Fund's performance relative to its benchmarks, with notable insights on tactical allocations in U.S. equities and the evolving macroeconomic environment influencing investment decisions. "As we continue to navigate a complex market environment, including the dominance of the Magnificent 7, our investments in value, small-cap, and emerging markets helped drive our public equity allocation's outperformance this quarter, and we are proud of our team's work," said Parise.

Allen Waldrop, Deputy CIO-Private Markets, provided an update on the performance, liquidity, recent investment activity and pacing of the Private Markets portfolios. Private Equity performance remained strong over the long-term while lagging over shorter periods. Three-month performance in Private Income is improving relative to its benchmark, with opportunistic funds driving underperformance over 1- and 3-year periods. Distributions in the portfolio accelerated in Q3 due to increased exit activity in Infrastructure and continued realizations in Private Credit. The Real Estate portfolio saw limited investment activity over the last two quarters, while significant portfolio management efforts are underway.

"We continue to be bullish on Private Markets, remaining on track with our investment pacing and finding numerous opportunities in various categories," said Waldrop. "We are focusing on refinements in several areas regarding our Real Estate portfolio, including our strategy and approach, team structure, investment process, and overall portfolio management."

### **Risk and Compliance**

Chief Risk and Compliance Officer Sebastian Vadakumcherry presented his findings on equity risk exposure and the concentration effects of the magnificent-7 stocks. APFC's underweight to these stocks has lowered the Fund's overall risk profile. He reported that the Fund's exposures remain within its risk tolerance levels and summarized compliance monitoring activity as of September 30, 2024.

### **Absolute Return: Portfolio Review**

"In 2016, we made a significant shift to transition the management of our Absolute Return portfolio in-house," said CIO Frampton. "Previously, we relied on fund-of-funds managers to select hedge funds. Internal management has led to improved performance and substantially lower costs, saving the Fund approximately \$150 million in management fees since the transition."

Youlian Ninkov, APFC Senior Portfolio Manager, presented the Fund's Absolute Return portfolio, including an overview of the asset class, detailing the characteristics APFC looks for in the hedge funds in which it invests, strategies that provide a competitive advantage in investment performance, and key performance highlights and drivers.

"In the shorter-term, since Q4 2023, the Absolute Return portfolio has delivered solid positive returns, with all sub-strategies contributing meaningfully," said Ninkov. "We've captured alpha through single-name dispersion, corporate event opportunities, and higher interest rates. Additionally, our allocation to gold has added approximately 30 basis points annually, offsetting the same level of underperformance from the legacy fund-of-funds portfolio."

### **Investment Consultant Presentation**

APFC's investment consultant, Callan, provided a comprehensive presentation on the Fund's performance, as well as a deeper look at Absolute Return. Callan compared the Fund's shorter- and longer-term performance to that of other large investors in its peer group, providing context on benchmark comparisons and overarching market themes. "The portfolio since it has been changed [brought in-house] has performed really well compared to other large institutions," Joe McGuane, CFA, Senior Vice President in Callan's Alternatives Consulting Group, said of the Fund's Absolute Return asset class.

### **Proxy Voting**

To ensure the Fund's external public equities managers are voting in alignment with the Fund's Investment Policy, the Board discussed conducting a proxy voting audit of the Fund's external equities managers. The Board affirmed the importance of an apolitical process that aligns with APFC's portfolio investment for a maximum risk-adjusted return. The Board directed staff to conduct more research on this topic and report on the results at the next meeting.

### **Surety Bonds**

Following public interest in Alaska's surety bonding statute AS 39.05.050, the Board sought the opinion of the Department of Law. The memo from the Alaska Attorney General's Office outlined the conclusion that the statute does not require Trustees or the Executive Director to obtain surety bonds. Following this legal advice, the Board plans to consider whether to repeal or amend an existing By-Law related to surety bonds at the next meeting.

**Investment Advisory Group (IAG): Board Education Presentation**

John Skjervem, IAG member, delivered a presentation titled 'Climate and Energy Transition Updates,' highlighting key recommendations for Board consideration and Trustee education. His insights included a proposed reading list tailored for investors.

**Personnel Management Plan (PMP) Employee Handbook**

An updated version of APFC's PMP 2024 Employee Handbook was presented to the Board for approval to clarify the confidential information handling and employee discipline. The finalized handbook will be distributed to staff, offering clear guidance on workplace policies while enhancing organizational transparency and accountability.

**Annual Executive Director Review**

During an executive session, the Board conducted the annual performance evaluation of the APFC CEO/Executive Director. In 2023, the Board adopted an updated process to ensure the privacy and integrity of the review. The Chair expressed the Board's satisfaction with CEO/Executive Director Mitchell's performance in 2024 and affirmed their support for his leadership in the upcoming year.

The next meeting of the Board of Trustees will be on February 12-13, 2025, in Juneau and Virtual.

###

**About APFC**

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