

Half a Century of the Alaska Permanent Fund: Stewardship for Generations

By the Alaska Permanent Fund Corporation's Board of Trustees

Fifty years ago, Alaskans made a decision that continues to shape our state's financial future. In 1976, at a pivotal moment early in our statehood, voters amended the Alaska Constitution to set aside a portion of oil and mineral revenues for the benefit of future generations. That choice - bold, disciplined, and uniquely Alaskan - led to the creation of the Alaska Permanent Fund.

The Permanent Fund was born from a clear understanding: Alaska's natural resources were finite, but the opportunity they presented did not have to be. Rather than spending resource wealth as it came in, Alaskans chose to convert a portion of it into a permanent financial asset, one designed to provide lasting value. Within a year, the Fund received its first deposit of \$734 million. Five decades later, it stands as one of the most successful sovereign wealth funds in the world.

This milestone belongs to many. It honors the voters who enshrined the Fund in the Constitution, the legislators and governors who strengthened its protections, and the Trustees, investment professionals, and staff who manage it with integrity and care. It also belongs to the communities across Alaska whose continued support has reinforced the Fund's public legitimacy and purpose.

Today, the Permanent Fund's value exceeds \$85 billion, serving as a cornerstone of Alaska's financial strength. The annual draw from the Fund now accounts for more than 60 percent of the state's unrestricted general fund, supporting essential public services as well as the annual Permanent Fund Dividend (PFD). **The significance of the Fund to Alaska has increased as petroleum revenues have declined, highlighting the foresight of its establishment and the necessity of its long-term health.**

Central to that design is discipline. A portion of all oil and mineral revenues is deposited into the Fund, along with special appropriations and inflation proofing. These deposits are invested on a global scale to generate income. Annual withdrawals for state services and the PFD are governed by a Percent of Market Value (POMV) draw, based on a five-year rolling average of the Fund's value. This rigorous, disciplined structure allows the Fund to support Alaska's current needs while ensuring that the vast majority remains invested for future Alaskans.

APFC's Board of Trustees and staff are deeply honored to help steward a resource that now provides the majority of Alaska's annual revenue. As we mark the 50th anniversary, our responsibility is clear: to ensure the Fund remains strong and sustainable so it can serve generations to come. Fulfilling that responsibility requires a long-term perspective backed by a proven record.

The results speak for themselves. At the close of fiscal year 2025, the Fund earned more than \$7.8 billion (with \$5.9 billion in statutory net income), delivering a 9.35 percent return for the year. Over the past decade, the Fund has returned 8.08 percent annualized, outperforming both its benchmark and its total return objective. These outcomes are not the result of short-term risk-taking, but rather the product of a diversified, long-term investment strategy spread across eight asset classes, including public equities, fixed income, private equity, real estate, private income, and absolute return.

Perhaps most importantly, the 50th anniversary is not just a celebration of past success; it is a call to continued stewardship. The Permanent Fund is a living institution, one that must adapt thoughtfully while remaining anchored to its founding principles. Strong governance, transparency, and public trust will remain essential as the Fund continues to evolve alongside Alaska's changing needs.

The Alaska Permanent Fund demonstrates that planning ahead works. It shows what is possible when a state takes the long view, resists short-term pressures, and invests wisely in its future. As we celebrate half a century of stewardship, we do so with pride, gratitude, and a shared commitment to ensure that this extraordinary legacy endures for generations of Alaskans yet to come.