



Board of Trustees  
Quarterly Meeting  
December 17, 2025

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## QUARTERLY MEETING OF THE BOARD OF TRUSTEES

**December 17, 2025**

**8:00 a.m. – 4:30 p.m.**

**Michael J. Burns Building  
David Rose Board Room (3<sup>rd</sup> Floor)  
801 W 10<sup>th</sup> Street  
Juneau, AK 99801**

**Teams Webinar Access  
(Click [here](#) to join)**

**Teleconference Option**  
Phone: 323-792-6284  
Phone Conference ID: 529 978 746#

**Written comments can be sent to Trustees anytime at  
[boardpubliccomment@apfc.org](mailto:boardpubliccomment@apfc.org)**

### AGENDA

Wednesday, December 17, 2025

- 8:00 a.m.      CALL TO ORDER  
                   ROLL CALL (Action)  
                   APPROVAL OF AGENDA (Action)  
                   APPROVAL OF MINUTES (Action)
  - September 4, 2025 Regular Meeting
  - October 1-2, 2025 Annual Meeting
                   OPPORTUNITY FOR PUBLIC PARTICIPATION
- 8:15 a.m.      CHIEF EXECUTIVE OFFICER’S REPORTS (Information/Standard Reports)  
                   Pending Board Matters, Trustee Education Report, Disclosure Report, Staff Summary Report, HR  
                   Summary Report, Communications Report, Legislative Update, IT Update, Investment Referral Log,  
                   Financial Update, Financial Report, APFC Transfers, History & Projections, Investment Management  
                   Fee Report, FY26 Budget Report
- 9:00 a.m.      CHIEF INVESTMENT OFFICER’S REPORT (Information)  
                   Marcus Frampton, Chief Investment Officer
- 9:45 a.m.      RISK & COMPLIANCE OVERVIEW (Information)  
                   Sebastian Vadakumcherry, Chief Risk and Compliance Officer
- 10:15 a.m.     BREAK
- 10:30 a.m.     FUND PERFORMANCE PRESENTATION FROM CALLAN (Education & Information)  
                   Greg Allen, Callan LLC  
                   Steve Center, Callan LLC
- 12:00 p.m.     EXECUTIVE DIRECTOR REVIEW  
                   (Executive Session)

Agenda Cont.

- 1:30 p.m. PUBLIC MARKETS OVERVIEW (Education & Information)  
Jim Parise, Deputy CIO – Public Markets
- 2:00 p.m. PRIVATE MARKETS OVERVIEW (Education & Information)  
Allen Waldrop, Deputy CIO – Private Markets
- 2:30 p.m. ASSET CLASS OVERVIEW: PRIVATE EQUITY (Board Education & Information)  
Allen Waldrop, Deputy CIO – Private Markets
- 3:30 p.m. BREAK
- 3:45 p.m. INVESTMENT ADVISOR COMMENTS (Information)  
John Skjervem  
Janet Becker-Wold
- 4:00 p.m. 2026 AND 2027 BOARD MEETING CALENDARS (Action)
- 4:15 p.m. ADDITIONAL OPPORTUNITY FOR PUBLIC PARTICIPATION  
  
OTHER BUSINESS  
  
TRUSTEE COMMENTS  
  
FUTURE AGENDA ITEMS
- 4:30 p.m. ADJOURNMENT

*NOTE: TIMES MAY VARY AND THE CHAIR MAY REORDER AGENDA ITEMS  
(Please telephone Jennifer Loesch at 907.796.1519 with agenda questions.)*

SUBJECT: Approval of Minutes

ACTION: X

DATE: December 17, 2025

INFORMATION:

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**BACKGROUND:**

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

- September 4, 2025 Regular Meeting
- October 1-2, 2025 Annual Meeting

**RECOMMENDATION:**

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

**ALASKA PERMANENT FUND CORPORATION  
BOARD OF TRUSTEES REGULAR MEETING**

September 04, 2025

Virtual

**Trustees Present:**

Jason Brune, Chair  
Ethan Schutt  
Craig Richards  
John Binkley  
Ryan Anderson  
Janelle Earls

**APFC Staff Present:**

Deven Mitchell, CEO  
Marcus Frampton, CIO  
Paulyn Swanson  
Shannon McCain  
Jennifer Loesch  
Larissa Murray  
Scott Balovich  
Alexander Smith  
Lillie Haggard  
Lesley Creswell  
Cody Graves  
Lara Pollock  
Norix Mangual  
Jacki Mallinger  
Cassandra King  
Sarah Struble  
Henry Lloyd

Val Mertz, CFO  
Sebastian Vadakumcherry  
Chris Poag  
Eric Ritchie  
Valeria Martinez  
Steve Adams  
Steven Gagliardo  
Joe Shinn  
Jordyn Perletti  
Josh Ungar  
Marisa McComas  
Ross Alexander  
Juliette Alldredge  
Allen Waldrop  
Jessica Thornsburry  
Chris LaVallee

**KPMG Staff Present:**

Melissa Beedle  
Beth Stuart

**Public:**

Ben Hofmeister  
Aurora Hauke  
Sarah Browning  
Brett Johnson  
Brenda Hentschel  
Larry Smith  
Joe Ebisa

Tim Hess  
Amory Lelake  
Sophia Torres  
Paige Brown  
Iris Samuels  
Cathy Schlingheyde  
Deborah Brollini

## **CALL TO ORDER**

CHAIR JASON BRUNE called the September 4, 2025, regular meeting of the Alaska Permanent Fund Corporation (APFC) Board of Trustees to order at 1:30 p.m.

## **ROLL CALL (Action)**

JENNIFER LOESCH, Executive Assistant & Liaison, conducted a roll call. All six trustees were present, and a quorum was established.

CHAIR BRUNE welcomed new TRUSTEE JANELLE EARLS to the Board. He also thanked former Trustee Crum for his years of service. TRUSTEE EARLS thanked the Chair.

## **APPROVAL OF AGENDA (Action)**

TRUSTEE JOHN BINKLEY moved to approve the agenda. TRUSTEE ETHAN SCHUTT seconded the motion. CHAIR BRUNE asked if there were any additions or corrections. Hearing none, the motion passed without objection, and the agenda was approved.

## **APPROVAL OF MINUTES (Action)**

TRUSTEE BINKLEY moved to approve the minutes from the May 28-29, 2025, Quarterly Meeting. TRUSTEE SCHUTT seconded the motion. CHAIR BRUNE asked if there were any additions or corrections. Hearing none, the motion passed without objection, and the minutes were approved.

## **OPPORTUNITY FOR PUBLIC PARTICIPATION**

CHAIR BRUNE announced the first of two opportunities for public comment and explained the procedure for participating via the webinar tool or by telephone. MS. LOESCH confirmed that no written comments had been received and that no one had indicated a desire to speak. The public comment period was closed.

## **COMMITTEE REPORTS (Information)**

CHAIR BRUNE yielded the floor to TRUSTEE RYAN ANDERSON, Chair of the Audit, Ethics, and Cybersecurity Committee.

TRUSTEE RYAN ANDERSON reported that the committee held a productive meeting earlier in the day to discuss the annual audit. He noted the positive change of expanding the committee's scope to include ethics and cybersecurity, which are important focus areas.

## **REPORT OF THE ANNUAL AUDIT (Action)**

CHIEF FINANCIAL OFFICER VALERIE MERTZ introduced the item, stating that KPMG would provide an abbreviated overview of the annual audit results, which had been presented in detail to the committee that morning. The board's approval was requested to move forward with the publication of the annual report.

BETH STUART, Lead Audit Partner with KPMG, presented the audit results. She reported that KPMG had completed all procedures with the full cooperation of APFC staff and would be

issuing an unmodified opinion on the financial statements. MS. STUART summarized the key findings, noting there was one uncorrected audit misstatement related to the reporting lag for private market investments, which was expected and deemed acceptable. She confirmed there were no new accounting policies adopted, accounting practices were consistent with prior years, and the financial disclosures were accurate. MS. STUART affirmed that KPMG is independent of the APFC.

TRUSTEE BINKLEY inquired if the committee followed the practice of meeting with the auditors in executive session. TRUSTEE ANDERSON confirmed this is a standard practice and occurred during the morning's committee meeting. CHAIR BRUNE added that no concerns were raised during that executive session.

TRUSTEE ANDERSON provided further details from the committee meeting, noting that the committee reviewed the process for ethics reporting and received a presentation on cybersecurity initiatives.

CHRIS POAG, General Counsel for APFC, confirmed that Section 13 of the Board of Trustees charter requires the full board to approve the annual audited financial statements for inclusion in the annual report

TRUSTEE ANDERSON moved to approve the annual audit as presented. TRUSTEE SCHUTT seconded the motion.

A roll call vote was taken:

- Trustee Schutt: Yes
- Trustee Binkley: Yes
- Trustee Anderson: Yes
- Trustee Earls: Yes
- Chair Brune: Yes
- Trustee Richards: Yes

The motion passed unanimously.

### **FY27 BUDGET OVERVIEW & APPROVAL (Action)**

CHIEF EXECUTIVE OFFICER DEVEN MITCHELL provided an overview of the proposed Fiscal Year 2027 (FY27) budget. He commended CFO MERTZ for her leadership in the budget's development. CEO MITCHELL stated that the budget was developed in coordination with the Office of Management and Budget (OMB) and is structured into operations and investment management components, resulting in a net reduction of approximately \$18 million from the prior year's request.

CFO VALERIE MERTZ presented the detailed budget proposal. She explained the zero-based budgeting process that began in July and noted the board's approval was requested at this meeting due to the later scheduling of the annual meeting. Key strategic priorities reflected in the budget include recruiting and retaining talent, fully funding the incentive compensation program, and advancing the Information Technology (IT) strategic roadmap, including enhanced security and

an equipment refresh. The proposal returns the budget structure to one appropriation with three allocations: Operations, Facilities, and Investment Management.

- **Operations Allocation:** This allocation reflects a proposed 6.5% increase.
  - **Personal Services:** A requested increment of \$796,000 is primarily to fully fund the incentive compensation program per board policy. This is partially offset by the proposed forfeiture of one vacant Investment Operations Analyst position (PCN). Following a question from TRUSTEE CRAIG RICHARDS, CFO MERTZ clarified that any unused incentive compensation appropriation remains in the earnings reserve and does not carry over to future years.
  - **Vacant Positions:** CFO MERTZ provided an update on 10 current vacancies. CHAIR BRUNE reiterated his position that positions vacant for extended periods should be filled or eliminated. CEO MITCHELL explained that some positions are part of a strategic realignment of staff and advocated for retaining them at this time, with a commitment to re-evaluate if they remain vacant.
  - **Travel:** An overall increase of \$148,000 was proposed, driven by a \$111,000 increase in authority for third-party reimbursed travel and a \$37,000 increase for board travel. Staff travel was proposed to be held flat to the FY26 authorized level. After discussion initiated by TRUSTEE RICHARDS and TRUSTEE ANDERSON regarding a minor reallocation within the staff travel lines, staff agreed to amend the proposal to show the staff travel line as exactly flat at \$735,000.
  - **Contractual Services:** A 12% increase of \$384,000 was requested, primarily for increased licensing fees associated with an enhanced network firewall to heighten cybersecurity.
  - **Commodities and Equipment:** Proposed increments were for the three-year workstation replacement cycle (\$200,000) and for a data center equipment refresh project (\$250,000) that was not funded in FY26.
- **Facilities Allocation:** A \$66,000 increment was requested to cover contractual lease increases for the Juneau office and the lease for the Anchorage office.
- **Investment Management Allocation:** A decrement of nearly \$20 million was proposed.
  - **Investment Systems:** Reductions totaling over \$1 million were identified, largely due to a strategic shift away from a single, enterprise-wide data warehouse project toward more targeted data solutions where needed.
  - **Investment Manager Fees:** A decrement of \$19 million was proposed for public equities manager fees, reflecting historical spending patterns and a detailed forecast of contractual needs. In response to a question from CHAIR BRUNE regarding public commentary on fees, CHIEF INVESTMENT OFFICER MARCUS FRAMPTON clarified that the fund's total costs are approximately 1%

of assets when including private equity carried interest, and that the FY25 investment return of 9.35% was reported net of all fees and costs.

TRUSTEE RICHARDS commended staff for preparing one of the most conservative and well-thought-out budgets he had seen in ten years.

TRUSTEE SCHUTT moved to approve the FY27 APFC operating budget as presented with the amendment to show staff travel flat at \$735,000 and align non-employee travel to reflect zero change, for inclusion in the Governor's budget submission. TRUSTEE BINKLEY seconded the motion.

A roll call vote was taken:

- Trustee Binkley: Yes
- Trustee Earls: Yes
- Trustee Anderson: Yes
- Trustee Schutt: Yes
- Chair Brune: Yes
- Trustee Richards: Yes

The motion passed unanimously.

#### **ADDITIONAL OPPORTUNITY FOR PUBLIC PARTICIPATION**

CHAIR BRUNE announced the second opportunity for public comment. MS. LOESCH reported that no one had requested to provide testimony. CHAIR BRUNE reminded the public that written comments can be sent to [boardpubliccomment@apfc.org](mailto:boardpubliccomment@apfc.org).

#### **EXECUTIVE DIRECTOR & TRUSTEE COMMENTS**

CEO MITCHELL thanked the staff for their diligence in the budget development process and thanked the board for its thoughtful review.

TRUSTEE BINKLEY echoed the thanks to staff for their hard work on the budget.

TRUSTEE ANDERSON thanked CHAIR BRUNE for leading the meeting and welcomed TRUSTEE EARLS to the board.

TRUSTEE RICHARDS inquired whether the accelerated budget approval timeline presented any challenges. CEO MITCHELL responded that the process worked well from staff's perspective and that the primary consideration was the board's comfort with a single review cycle.

TRUSTEE SCHUTT stated that he preferred the "one-touch" budget process, finding it more efficient.

TRUSTEE EARLS thanked the board for the warm welcome and said the budget-focused meeting was an excellent introduction.

**ADJOURN**

TRUSTEE ANDERSON moved to adjourn the meeting. TRUSTEE SCHUTT seconded the motion. Hearing no objection, the meeting was adjourned at 3:02 p.m.

**Prepared by:** Officemotive, Inc. dba Capital Typing

**Date:** September 22, 2025

**Reviewed by:** \_\_\_\_\_

**Approved:** \_\_\_\_\_

**ALASKA PERMANENT FUND CORPORATION  
ANNUAL MEETING OF THE BOARD OF TRUSTEES**

October 1-2, 2025

Held at:

Marriott Downtown  
Skagway/Valdez Room  
820 W 7th Avenue  
Anchorage, AK 99501

**Trustees Present:** Chair Jason Brune, Ryan Anderson, Ethan Schutt, Craig Richards, John Binkley, Janelle Earls

**APFC Staff Present:** Deven Mitchell, CEO, Val Mertz, CFO, Marcus Frampton, CIO, Chris Poag, Allen Waldrop, Jim Parise, Shawn Calhoon, Jennifer Loesch, Joseph Jeralds, Norix Mangual, Michael Prebeg, Valeria Martinez, Joe Shinn, Henry Lloyd, Alexander Smith, Cassandra King, Eric Ritchie, Tara Mendoza, Sarah Struble, Lara Pollock, Chris LaVallee, Jordyn Perletti, Lillie Haggard, Ian Horwood, Matt Sykes, Sebastian Vadakumcherry, Paulyn Swanson, Shannon McCain, Terek Rutherford, Ross Alexander, Larissa Murray, Josh Ungar, Brady Owen, Matt Gumz, Juliette Alldredge, Scott Balovich, Colton Scudder, Cody Graves, Matthew Ives, Jessica Thornsburry, Tom O'Day, Marisa McComas, Steven Gagliardo, Jacki Mallinger, Roman Lajala, Masha Skuratovskaya, Lesley Creswell, Luke Kirkham

**Investment Advisory Council Members Present:**

John Skjervem, George Zinn, Janet Becker-Wold

**Callan:** Greg Allen, Steve Center

**Public:** Benjamin Hofmeister, Anne Rittgers, Deborah Brollini, Trey Prenovost, Sophia Torres, Jason Kobilka, Zane El-Gamal, Rose Foley, Kevin Balood, Robert Gerschultz, Kayc Carlson, Derek Kreifels, Ben Simpson, Michael Bloom, Theresa Obermeyer, Mei Fang, Alexei Painter, Daniel Abramson, Shannon Cochran, Veronica Tapia, Brenda Hentschel, Michael L. McHargue, Julee C Farley, Michael Gumz, Aurora Hauke, Lauren Windsor, Zack Cziryak, Lee Cruise, Noah Conlon, Anne Rittgers, Rose Foley, Larry Smith, Robert Carter, Sterling Gallagher, Hannah Zhang, Vallette Keller, Bailey Hurston

## **CALL TO ORDER**

CHAIR JASON BRUNE convened the meeting at 8:30 a.m. A roll call confirmed all six trustees were present: Chair Brune, RYAN ANDERSON, ETHAN SCHUTT, CRAIG RICHARDS, JOHN BINKLEY, and JANELLE EARLS.

## **APPROVAL OF AGENDA**

Trustee Anderson moved to approve the agenda. Trustee Schutt seconded. The motion passed by unanimous consent.

## **OPPORTUNITY FOR PUBLIC PARTICIPATION**

**Written Comments:** MT Drum and Amanda Faith Thompson advocated for protecting the Permanent Fund Dividend (PFD). Jeff Tyler suggested passive investing in the S&P 500. Doug Woodby questioned the omission of long-term climate risks from assessments.

**Oral Testimony:** STERLING GALLAGHER, former Commissioner of Revenue, argued the Fund lags market evolution and recommended establishing a commodities division and utilizing options strategies (covered calls/puts) to target a 13% yield.

## **CHIEF EXECUTIVE OFFICER'S REPORTS**

### **Travel & HR Updates**

CHIEF EXECUTIVE OFFICER DEVEN MITCHELL reported operational challenges stemming from administrative orders requiring governor's office approval for travel and personnel actions, which have caused delays and cost increases. Chair Brune proposed submitting an annual travel list for blanket approval. D. Mitchell noted six unfilled positions remain under review or are being returned to the legislature.

### **"One Fund" Initiative**

D. Mitchell presented a strategic communications plan to address the structural mismatch between earnings-based models and statutory accounting, referencing "Trustee Paper 10" and highlighting \$16 billion in unallocated surplus classified as neither spendable nor protected. The board, advisors, and Callan unanimously supported the initiative to educate the public on the constitutional amendment. Trustee Richards and Trustee Schutt framed the current structure as an outdated accounting framework posing material risk to state funding.

### **IT Update**

D. Mitchell reported that the firewall migration from Palo Alto to Cisco is underway and detailed the cautious implementation of Microsoft Copilot AI within an isolated environment.

## **Financial & Fee Report**

The Fund returned 9.35% (net of fees), generating \$5.9 billion in statutory net income and \$489 million in mineral deposits. A \$3.7 billion transfer to the general fund is in process. CHIEF INVESTMENT OFFICER MARCUS FRAMPTON confirmed the total expense ratio is approximately 100 basis points, including 43 basis points for incentive fees paid for outperforming hurdles.

## **Inflation Proofing & Fund Structure**

Trustee Richards questioned the zero appropriation for inflation proofing in FY25/26; CHIEF FINANCIAL OFFICER VALERIE MERTZ clarified the calculation applies only to the \$59 billion protected principal, not the full market value. D. Mitchell estimated the theoretically appropriatable balance (surplus balance above principal) at approximately \$8 billion. Trustees and Callan Consultant GREG ALLEN concurred the two-account system is structurally deficient, creating a conflict where a large Earnings Reserve Account is necessary for stability but vulnerable to political appropriation.

## **CHIEF INVESTMENT OFFICER REPORT**

### **Investment Performance**

M. Frampton reported the Fund met its CPI+5% target over the long term (41.5 years) but lagged the passive benchmark over the 1- and 3-year periods due to strong public equity markets. He, Advisor GEORGE ZINN, and G. Allen rejected a 100% S&P 500 strategy as imprudent given extreme market concentration and valuations surpassing 1929 levels.

### **Incentive Compensation**

The Total Fund achieved 15% of its 1-year goal and 60% of its 5-year goal. M. Frampton noted private market asset classes underperformed their 5-year benchmarks while public asset classes fully earned incentives.

### **Proxy Voting Review**

A review by Strive Asset Management found APFC managers voted against 37 identified ESG-related proposals 75% of the time, improving to 100% in 2025. Chair Brune requested future recommendations for auditing manager voting.

### **Response to Public Comment**

M. Frampton advised against S. Gallagher's recommendations, noting that options strategies risk significant losses during drawdowns and physical commodities lack a long-term risk premium.

## **RISK & COMPLIANCE OVERVIEW**

CHIEF RISK OFFICER SEBASTIAN VADAKUMCHERRY reported a divergence between risk levels and risk appetite due to the legacy 25% discount applied to private equity; staff plans to propose removing this discount as the Aladdin model has been updated. Unfunded commitments total \$7.5 billion, well within the 15.5% limit. Stress testing indicates a GFC-scenario would result in a 40% (\$30 billion) drawdown. S. Vadakumcherry reported compliance with all policies, noting one minor resolved breach during a portfolio transfer.

## **INVESTMENT ADVISOR COMMENTS**

G. Zinn warned that upside risks to inflation are growing, reinforcing the need for inflation proofing. Advisor JOHN SKJERVEM noted his organization faces a similar recruitment inefficiency, experiencing failed recruitments despite larger applicant pools.

## **ASSET ALLOCATION**

### **Private Markets Assessment**

M. Frampton and S. Vadakumcherry presented a cautious outlook on private markets, citing structural headwinds including massive capital inflows (\$1 trillion dry powder), competition from sovereign wealth funds, and compressed valuations. M. Frampton warned that non-performing assets and continuation funds are distorting exit rates.

### **Strategic Direction**

Staff proposed preserving strategic flexibility by incrementally shifting toward liquid public equities to maintain available liquidity for opportunistic re-entry when valuation spreads improve. Trustee Richards and J. Skjervem countered that the shrinking public market (down to ~4,300 companies) necessitates private market exposure.

## **ADDITIONAL PUBLIC COMMENT**

TERESA OBERMEYER expressed frustration regarding bar admission and questioned why the Fund's growth does not better support state needs.

## **RECESS**

The meeting recessed at 12:34 p.m., to reconvene on October 2, 2025.

## **OCTOBER 2, 2025**

### **CALL TO ORDER**

CHAIR JASON BRUNE convened the meeting at 8:30 a.m. A roll call confirmed all six trustees were present.

## **ASSET ALLOCATION (CONTINUED)**

### **Risk Appetite Framework**

SEBASTIAN VADAKUMCHERRY, Chief Risk Officer, reviewed the "risk aware" framework, emphasizing three dimensions: Volatility/VaR (capped at an 80/20 portfolio), Drawdown (limited to GFC-levels of an 80/20 portfolio), and Liquidity (minimum 40% in liquid securities).

In response to TRUSTEE CRAIG RICHARDS, S. Vadakumcherry confirmed that risk breaches trigger board escalation rather than automatic rebalancing. Trustee Richards noted this reporting function was a key compromise during the 2020 adoption; Advisor JOHN SKJERVEM observed no breaches had occurred since inception.

### **Private Equity Modeling & Liquidity**

S. Vadakumcherry explained the 25% valuation discount on private equity (PE) risk within the Aladdin model was a negotiated adjustment to address overestimated volatility. Staff and CHIEF INVESTMENT OFFICER MARCUS FRAMPTON reported that Aladdin's upcoming model (2.5) corrects this, likely allowing for the removal of this discount. Regarding the 40% liquidity floor, S. Vadakumcherry clarified that this level is not driven by the state payout requirement but rather ensures available liquidity to capitalize on market stress, potentially offsetting a decade of traditional alpha.

### **Strategic Guardrails & Peer Analysis**

M. Frampton compared the Fund's allocation to peers, noting it sits between public pensions and endowments. He cited Yale University's recent liquidity crisis as validation of David Swensen's original philosophy regarding strict limits on illiquid assets.

### **Modeling & Option 3**

S. Vadakumcherry presented asset allocation modeling utilizing 25,000 Monte Carlo simulations based on Modern Portfolio Theory and Callan's 2025 assumptions. He noted that higher risk creates a flattening efficient frontier. Staff proposed "Option 3," a three-year shift reducing illiquid assets (PE to 15%, Real Estate to 8%) and increasing Public Equities (41% to 53%).

### **Debate on Option 3 and Return Targets**

Chair Brune challenged the shift into public equities given historic valuations, fearing the Fund was reactively pursuing past returns. M. Frampton and S. Vadakumcherry defended the move as de-risking, arguing liquid equity is safer than illiquid equity in downturns. TRUSTEE ETHAN SCHUTT and Chair Brune expressed preference for a lower target (e.g., CPI+4.5) to protect the corpus rather than forcing capital into overvalued assets to meet CPI+5. Advisor JANET BECKER-WOLD warned that "Option 3" represents a reduction in overall diversification by reducing fixed income and real estate.

## **POMV Mechanics & Cryptocurrency**

GREG ALLEN, Callan LLC, and Trustee Schutt discussed the risk of the POMV formula during crashes, where a lagging formula forces high percentage payouts on depleted principal.

Regarding cryptocurrency, staff noted the Fund currently holds \$9 million in exposure via public stocks and \$90 million via venture capital funds; the latter has generated an 8.5x multiple. M. Frampton reviewed a Goldman Sachs report showing Bitcoin increased volatility significantly. Chair Brune requested modeling a 1% allocation, arguing the potential return boost is "profound" and the asset class cannot be ignored.

## **Market Timing**

Trustee Richards proposed, and M. Frampton agreed to explore, using target triggers (e.g., P/E ratios) rather than a strict timeline to deploy capital into public equities.

## **FUND PERFORMANCE**

STEVE CENTER and Greg Allen (Callan) presented the report for the period ending June 30, 2025.

- **Returns:** The Fund returned 9.35% for FY25, matching its benchmark but lagging the passive index by 3.8%. The Fund outperformed the CPI+5 target.
- **Long-term:** 5-year (9.8%) and 10-year (8.1%) returns beat all benchmarks.
- **Peers:** FY25 returns ranked in the 86th percentile due to lower public equity exposure than peers, but risk-adjusted returns (Sharpe ratio) remained top-quartile over long periods.

## **Tracking Error & Incentive Discussion**

Chair Brune noted negative "Manager Effect" in Q4. J. Becker-Wold clarified this reflected structural tilts (small-cap/value overweight, Mag-7 underweight) rather than manager selection. M. Frampton confirmed staff is reducing the public equity tracking error limit from 400 bps to industry norms to reduce reputational risk. Trustee Richards argued this focus creates incentives to closely track the index rather than take prudent risks.

## **PUBLIC MARKETS OVERVIEW**

JIM PARISE, Deputy CIO, reviewed the \$28.5 billion Public Equity portfolio, detailing a plan to reduce tracking error from 300 bps to 100 bps over two years. FAWAD RAZZAQUE, Director of Public Equities, defended the portfolio's active tilts (Value, Small-Cap, Emerging Markets), citing historic valuation spreads. Regarding internal management, F. Razzaque confirmed the "Tactical Tilt" strategy (which outperformed by 90 bps) was closed, and the "Low P/E" strategy implementation was transferred to State Street.

## **Fixed Income**

J. Parise highlighted the \$17 billion Fixed Income portfolio, noting the internal team generated \$800 million in alpha over 20 years. Trustee Richards questioned the heavy allocation to a low-return asset class; staff defended it as essential liquidity for rebalancing.

## **PRIVATE MARKETS OVERVIEW**

ALLEN WALDROP, Deputy CIO, reported the \$15.3 billion Private Equity program is recovering from a period of stagnation, with strategy shifting from venture/tech to buyouts and growth equity. He noted the program remains cash-flow positive. Private Income returned 14.0% over one year, driven by power generation assets supporting AI data centers. Real Estate performance improved to +1.6%, with \$500 million in dispositions expected.

## **INCENTIVE COMPENSATION DISCUSSION**

SHANNON MCCAIN, Director of HR, reviewed the incentive plan. Chair Brune and Trustee Richards noted that the "transitional weighting" for newer employees (60% of staff) resulted in negligible bonuses, undermining retention goals. The board supported forming a committee to review the plan and explore retention mechanisms.

Regarding the Executive Director position, CHIEF EXECUTIVE OFFICER DEVEN MITCHELL explained the bonus was previously discretionary because he had declined a 50% bonus allocation when new to the role to avoid the appearance of self-manipulation.

## **Executive Session**

TRUSTEE RYAN ANDERSON moved to convene in executive session to discuss the Executive Director's incentive compensation. TRUSTEE ETHAN SCHUTT seconded. The motion passed unanimously (6-0).

## **Reconvene and Action**

Chair Brune reconvened the meeting at 1:54 p.m. R. Anderson moved to amend the incentive policy for the Executive Director, replacing "At the discretion of the Board" with "25 percent" for the period ending June 30, 2025. Trustee Schutt seconded. The motion passed unanimously (6-0). General Counsel CHRIS POAG clarified this applies to all future years; Chair Brune confirmed this intent.

## **ADVISOR AND PUBLIC COMMENTS**

**Investment Advisors:** J. Skjervem praised the rigorous dialogue and noted the strengthening fundamental case for Bitcoin. J. Becker-Wold advised against reducing fixed income, citing its role as the portfolio's best diversifier.

## **Public Participation:**

- **Debra Berlini** expressed distrust regarding the "One Fund" legislation lobbying; Chair Brune cited Trustee Paper 10 as the board's unanimous position.
- **Catherine Mannix** submitted support for a constitutional endowment to protect the PFD.
- **Robert Carter** asked about fraud controls; D. Mitchell and T. Schutt detailed custody segregation and cybersecurity measures.
- **Lauren Windsor** inquired about an unreported meeting with Prosper Alliance and procurement for Strive Asset Management. Staff clarified the meeting occurred before the tracker was implemented and the Strive procurement followed code for small purchases. L. Windsor also asked if J. Brune would recuse himself from SFOF-related votes; J. Brune responded that trustees do not vote on specific investments.
- **Theresa Obermeyer** expressed concern regarding the 60% staff turnover rate and advocated for an ABA-accredited law school.

## **ELECTION OF OFFICERS AND COMMITTEE ASSIGNMENTS**

Trustee Anderson nominated Trustee Schutt for Vice Chair and Trustee Brune for Chair. Trustee Richards seconded (prior to departure). The motion passed unanimously (5-0, Richards absent).

Chair Brune announced committee leadership: Trustee Anderson (Ethics, Audit & Cybersecurity) and Trustee Schutt (Governance).

## **SCHEDULING AND OTHER MATTERS**

The board discussed conflicts with the December 2025 meeting and agreed to finalize dates offline. Staff proposed moving the February 2026 meeting back two weeks to accommodate year-end reporting. D. Mitchell advocated for retaining the current meeting format (Budget in September, Annual in October). Staff confirmed May 2026 will be held in Valdez, with Nome proposed for a future location.

## **TRUSTEE COMMENTS**

TRUSTEE BINKLEY, attending his first annual meeting, praised the professionalism and competency of the staff. Trustee Schutt appreciated the extended decision-making timeline before a final asset allocation decision is required. Trustee Anderson thanked staff for the materials. Chair Brune reiterated concerns regarding turnover and reaffirmed unanimous support for the "One Fund" initiative.

## **ADJOURNMENT**

Trustee Schutt moved to adjourn. Trustee Anderson seconded. The meeting adjourned at 2:39 p.m.

SUBJECT: Chief Executive Officer Report

ACTION:

DATE: December 17, 2025

INFORMATION: X

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**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
- HR Summary Report
- Communications Report
- Legislative Update
- IT Update
- Investment Referral Log
- Financial Update
- Financial Report
- APFC Transfers
- APFC History and Projections
- Investment Management Fee Report
- FY26 Budget Update



SUBJECT: Pending Board Matters

ACTION:

DATE: December 17, 2025

INFORMATION:   X  

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BY	TASK	CAPTURED	TARGET	COMPLETED
Mitchell	Update Compensation Structure	12/22 4/23	TBD	
Mitchell	Peer Group Definition	7/22	TBD	

SUBJECT: Trustee Education

ACTION: \_\_\_\_\_

DATE: December 17, 2025

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	2026 National Conference  <i>Please see page 68 of the Callan Presentation for more Callan events</i>	Scottsdale	April 20-22, 2026
PPI	La Jolla Roundtable	La Jolla, CA	February 25-27, 2026



# Memo

To: Governance Committee  
 From: Deven Mitchell, Chief Executive Officer  
 Date: December 17, 2025  
 Re: Investment 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 30, 2025.

APFC Investment Policy Disclosures			
Name	Position Title	Disclosure Type	Received
Janelle Earls	APFC Trustee	Initial	9/4/25
Janelle Earls	APFC Trustee	Quarterly	10/3/25
Ryan Anderson	APFC Trustee	Quarterly	10/3/25
John Binkley	APFC Trustee	Quarterly	10/10/25
Ethan Schutt	APFC Trustee	Quarterly	11/20/25
Jason Brune	APFC Trustee	Quarterly	10/14/25
Craig Richards	APFC Trustee	Quarterly	10/15/25
Ian Horwood	Private Equity Associate	Initial	7/10/25
Brady Owen	Risk Analyst	Initial	9/15/25
Juliette Alldredge	Communications Manager	Quarterly	10/2/25
Mike Gumz	Credit Analyst	Quarterly	10/14/25
Matthew Ives	Credit Analyst	Quarterly	10/2/25
Luke Kirkham	Investment Analyst	Quarterly	10/27/25
Christopher Lavalley	Senior Portfolio Accountant	Quarterly	10/14/25
Terek Rutherford	Investment Associate	Quarterly	10/2/25
Alex Smith	Investment Operations Manager	Quarterly	10/21/25
Matthew Sykes	Investment Analyst	Quarterly	10/23/25
Allen Waldrop	Deputy CIO – Private Markets	Quarterly	10/16/25

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 Investment Disclosure Policy. After review, disclosures are filed in the appropriate personnel file. Detailed records are kept on file and available upon request.

# Memo

To: Board of Trustees  
 From: Deven Mitchell  
 Chief Executive Officer  
 Date: December 17, 2025  
 Re: Due Diligence and Travel Summary Report

**Background:**

This report includes APFC staff completed travel and due diligence numbers for the period July 1-September 30, 2025. 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	14	31
Fixed Income	28	15
Public Equity	10	33
Private Income	16	186
Absolute Return	2	39
Real Estate	37	160
Private Equity	41	156
Total Fund Cash	0	4

**Travel Summary:**

Budget-to-Actual Report: July 1 through September 30, 2025

\*The following can be found in full in the FY26 Budget Update\*

CORPORATE OPERATIONS	BOARD-AUTHORIZED BUDGET	EXPENDITURES	BUDGET REMAINING
Travel	\$1,025,000	\$147,666	\$877,334
Staff	\$877,000	\$141,985	\$735,015
Trustees	\$18,000	\$3,161	\$14,839
Moving/Non-Employee	\$130,000	\$2,521	\$127,479

**Trip Summary – 1<sup>st</sup> Quarter – July 1 through September 30, 2025**

TRAVELER	PURPOSE	DATES OF TRAVEL		LOCATION
Skuratovskaya	Manager Meetings	July 7	July 10	New York
Gagliardo	Due Diligence	July 22	July 24	Charlotte, NC
Graves	Conference	August 5	August 11	Las Vegas
Mangual	Juneau Office Visit	August 17	August 23	Juneau
Ungar	Anchorage Office Visit	August 17	August 21	Anchorage
Horwood	Anchorage Office Visit	August 18	August 22	Anchorage
Lajala	Training	August 22	August 23	Anchorage
Calhoon	Anchorage Data Center Recovery	August 24	August 29	Anchorage

Adams	Annual General Meeting	August 25	August 27	San Diego
Poag	Anchorage Meeting	August 27	August 27	Anchorage
Mertz	Anchorage Meeting	August 27	August 27	Anchorage
Parise	Manager Meetings	September 4	September 13	New York
Razzaque	Due Diligence	September 5	September 13	New York
Alexander	Annual General Meeting	September 9	September 12	Dallas
Adams	Annual General Meeting	September 14	September 19	Chicago/Washington DC
Balovich	Conference	September 14	September 19	St. Louis
Ritchie	Due Diligence	September 14	September 20	Chicago/Washington DC
Waldrop	Annual General Meeting	September 15	September 19	London
Pollock	Annual General Meeting	September 16	September 19	Chicago
Mitchell	Conference	September 19	September 22	Anchorage
Rime	Due Diligence	September 22	September 26	Ontario
Adams	Due Diligence	September 23	September 25	California
O'Day	Manager Meetings	September 25	September 25	Charlotte, NC
Skuratovskaya	Manager Meetings	September 26	September 26	Whitehorse
Earls	Annual Board of Trustees Meeting	September 27	October 2	Anchorage
Horwood	Anchorage Office Visit	September 29	October 2	Anchorage
Waldrop	Annual Board of Trustees Meeting	September 29	October 2	Anchorage
Vadakumcherry	Annual Board of Trustees Meeting	September 30	October 2	Anchorage
Loesch	Annual Board of Trustees Meeting	September 30	October 2	Anchorage
Mertz	Annual Board of Trustees Meeting	September 30	October 2	Anchorage
Poag	Annual Board of Trustees Meeting	September 30	October 2	Anchorage
Swanson	Annual Board of Trustees Meeting	September 30	October 2	Anchorage
Calhoon	Annual Board of Trustees Meeting & Data Center	September 30	October 5	Anchorage
Alexander	Annual Board of Trustees Meeting	September 30	October 3	Anchorage
Frampton	Annual Board of Trustees Meeting	September 30	October 2	Anchorage
Mitchell	Annual Board of Trustees Meeting	September 30	October 2	Anchorage
Anderson	Annual Board of Trustees Meeting	September 30	October 2	Anchorage
Razzaque	Annual Board of Trustees Meeting	September 30	October 2	Anchorage
Parise	Annual Board of Trustees Meeting	September 30	October 2	Anchorage
McCain	Annual Board of Trustees Meeting	September 30	October 2	Anchorage
Binkley	Annual Board of Trustees Meeting	September 30	October 3	Anchorage



SUBJECT: Human Resources Update

ACTION: None

DATE: December 17, 2025

INFORMATION: X

Employee Engagement & Recognition:

APFC was recognized by *Pensions & Investments* magazine as one of the 2025 Best Places to Work, marking our fifth consecutive year as an honoree. We are proud to have earned this multi-year distinction, especially knowing the time and effort that goes into participating in the survey each year. This recognition reflects the commitment, engagement, and high standards our staff bring to strengthening our workplace year after year.

Staffing and Recruitment Activity:

Since the October Board meeting, HR has supported ongoing recruitment(s) and finalized internal advancement actions. Activity during this reporting period includes two external hires, two internal promotions, and one resignation in Investment Operations. We are happy to welcome our newest team members and recognize the following employees for their excellent work and well-deserved advancement.

New Hires:

- 11/3/2025 Kelli Patterson, Administrative Operations Officer
- 9/15/2025 Brady Owen, Risk Analyst

Finalized Promotions since the October Board Meeting: (effective dates for the internal promotions below were made retroactively upon OMB approval)

- Effective 9/1/2025 Steven Gagliardo, Portfolio Manager (Submitted on 9/4/2025, OMB approval received on 9/22/2025)
- Effective 9/1/2025 Joe Shinn, Senior Analyst (Submitted on 9/4/2025, OMB approval received on 10/16/2025)

Vacancy date	Dept	Section/ Asset Class	Title	Recruitment Status
5/8/2024	Investment	Fixed Income	Investment Analyst (Global Rates)	Recruitment Closed: Interviewing in progress
7/8/2024	Investment	Private Income	**Portfolio Manager	Vacant
10/12/2024	Investment	Private Income	**Investment Analyst	Vacant - Active Recruitment
2/20/2025	Investment	Public Equity	Portfolio Manager	Vacant
3/8/2025	Investment	Real Estate	Director of Investments - RE	Vacant
4/23/2025	Operations	Middle Office	Investment Operations Analyst	Position not funded in FY27
5/10/2025	Operations	Admin Ops	Chief Operating Officer	Active Recruitment
6/9/2025	Operations	Risk & Compliance	Business Analyst	Vacant
10/31/2025	Operations	Risk & Compliance	**Investment Operations Analyst	**Pending Recruitment -GOV Waiver submitted 10/31/2025

**\*\* Private Equity - Investment Analyst / Private Income Portfolio Manager**

The Investment Analyst vacancy created by the promotion of Steven Gagliardo on the Private Equity team is being utilized to recruit for an Analyst for the Private Income team. The recruitment of the Private Income Portfolio Manager has been paused pending the outcome of the Analyst recruitment. The internal approval and submission to OMB for the Investment Analyst waiver completed by APFC on 11/21/2025 and OMB approval received on 12/1/2025.

\*\*Middle Office / Investment Operations Analyst – This position was not funded in APFC’s budget proposal for FY 2027 and will remain vacant until eliminated.

\*\*Middle / Office Operations Analyst – The position became vacant as of 10/31/2025. All APFC internal approvals were completed and the request for a recruitment waiver was submitted to OMB 10/31/2025. This request remains outstanding.

Headcount & Vacancies as of 12/8/2025			
Division	Total FTE	Filled FTE	Vacant FTE
Investments	32	27	5
Operations	35	32	4
<b>Total FTE</b>	<b>68</b>	<b>59</b>	<b>9</b>

**APFC Internship Program(s)**

APFC’s Internal and External Internship Program is currently open and available to qualifying Alaskan students. APFC is committed to supporting the career development and growth of future leaders. Many past interns have transitioned into successful careers in finance and investing, including several who have returned to APFC as staff or Trustees.

Eligibility for the Internship Program requires applicants to be full-time students at an Alaska university or Alaska residents studying elsewhere, and to be enrolled in a bachelor’s or master’s program or have graduated within the past six months.

**Internal Intern Program for Summer 2026**

APFC offers two internal internships, one in Investments and one in Finance. This opportunity allows Alaska students to gain relevant world-class experience in investment management and finance. Interns have many opportunities to engage with experts in Investments and Finance throughout their APFC internship, providing valuable exposure to these fields.

Application Period: 11/18/2025 – 12/31/2025

Competitive Pay: \$25/hour for bachelor’s degree students and \$27/hour for master’s degree students.

**External Intern Program for Summer 2026 – Participating Partners**

Three external partner hosts are currently participating, and APFC continues to reach out to additional partners to increase the number of participants. Additionally, Callan is supporting our program by offering our interns the opportunity to participate in an educational summit in the fall, provided they are available and interested.

- 1) Pathway Capital Management – Irvine, CA
- 2) L&B Realty Advisors – Dallas, TX
- 3) Denali Advisors – Anchorage, AK

Application Period 11/7/2025 – 12/31/2025.

Competitive pay depends on location and the structure of each partnership’s program.

As of 12/8/2025, internal internships have received 37 applications; however, 89% do not meet the Alaskan eligibility requirements. As of 12/8/2025, external partnership internships have received 62 applications, and 70%

do not meet Alaska eligibility requirements. With the upcoming holiday break, we anticipate increased applications being submitted.

### **Outreach and Advertising**

We have increased outreach efforts this year as the program evolves. All internship opportunities are posted on the widely used platform “Handshake” and HR has partnered with APFC Communications team on a social media campaign that includes APFC LinkedIn and Facebook.

“Handshake” is a college-to-career recruiting network often described as a “LinkedIn for students.” It connects students and recent graduates, university career centers, and employers on one shared platform. Universities use it as their primary career services system; employers use it to build early-career talent pipelines; students use it to discover and apply to jobs and internships. In 2025, Handshake’s network spans about 20 million college students and recent alumni, 1 million employers, and 1,500+ partner colleges and universities nationwide, it is one of the most widely used early-career recruiting and career-services ecosystems in the United States.

In addition to “Handshake” we have engaged in direct outreach by phone or email to the following:

Career Offices at Alaska Universities (UAA, UAF, UAS, Alaska Pacific University)

Accounting and Investment Clubs in Alaska

UAA Accounting Club

UAA Finance & Accounting Club

UAF Accounting Club

UAS Accounting Club

Fort Lewis Accounting Club

Universities in the Pacific Northwest including Washington, Oregon, Idaho, and Montana

Native American Center at Fort Lewis College, WA

Scholarship Offices for Alaska Federation of Natives, Sealaska, Arctic Education Foundation, Bering Straits Native Corporation, Aqqaluk Trust, Tlingit and Haida, Huna Totem Corporation

State of Alaska – Department of Labor

Association of Alaska School Boards and career counselors in large high schools in Alaska to begin a pipeline relationship

APFC Board of Trustees

Requested that APFC staff share information on their LinkedIn page and with their alumni college.

Social Media Campaign: APFC Communications created a social media campaign that includes a series of posts on LinkedIn and Facebook.

SUBJECT: Communications Update

ACTION:

DATE: 12/17/2025

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 and accurate information that meets the unique needs of each audience, while fostering trust, transparency, and accountability.

**Communications Vision:** to be a trusted voice in fostering transparency, engagement, and understanding of APFC's mission.

**In-State Mission of Education & Awareness**

Together with our Alaska-based partner, Yuit Communications, we aim to strengthen our education efforts and better support Alaskans' understanding.

**Financial Focus on Institutional Investing**

The coverage of APFC in respected financial publications enhances institutional investor credibility. It ensures accurate, high-quality information about the Fund and our team's stewardship reaches partners, policymakers, stakeholders, and the public.

Combining our local team's insight and our national partner's institutional investment fluency builds trust and credibility, elevating APFC's expertise while sharing Alaska's story.

**Presentations, Interviews, Outreach**

Sept 2025-December 2025

- **Financial Times** interview with Eric Ritchie on Sept 17
- **UAS Networking Dinner** with Deven Mitchell and Shannon McCain on Sept 17
- **Institute of the North** dialogue with Deven Mitchell on Sept 19
- **The Wall Street Journal** with Marcus Frampton on Oct 9
- **Alaska State Chamber** with Chair Jason Brune on Oct 9
- **"Fossils and Geezers"** with Deven Mitchell on Oct 10
- **Alaska Mental Health Trust** with Deven Mitchell on Oct 14
- **The New York Times** with Marcus Frampton Oct 17
- **Juneau Douglas High School** with Deven Mitchell on Oct 22 and Oct 23
- **Fairbanks Chamber** with Deven Mitchell on Nov 4
- **Top 1000 Funds** with Allen Waldrop Nov 12
- **Rep. Underwood and Sen Yundt's Staff** with Deven Mitchell on Nov 14
- **Chinggis Khaan SWF** with Deven Mitchell, Chris Poag, and Pauly Swanson on Dec 1
- **Sen. Merrick & Rep. Schrage** with Deven Mitchell on Dec 2
- **Pitchbook** with Allen Waldrop on Dec 4
- **Pensions & Investments** with Marcus Frampton on Dec 10
- **Fairbanks Legislators** with Deven Mitchell and Marcus Frampton on Dec 11

**Comms Strategic Plan Alignment**

In Q2, emphasis is on APFC's accountability to Alaskans as we prepare for the 50<sup>th</sup> anniversary of the Fund. Additionally, we are actively communicating APFC's role as an expert manager of Alaska's most valuable financial asset, reinforcing the importance of stewardship to deepen the recognition of the Fund as the state's largest source of unrestricted revenue.

Efforts to advance thought leadership align with our broader communications goals, positioning APFC as Alaska's primary revenue generator and a respected global leader in sovereign wealth management.

### **APFC Awarded "Best Places to Work in Money Management"**

APFC is proud to be recognized as a Best Place to Work in Money Management for the fifth consecutive year by *Pensions & Investments*. This recognition reflects not only the strength of our team but also our efforts to highlight APFC's culture, mission, and values.

## **Thought Leadership**

### **People Behind the Fund**

In collaboration with our Partners at Yuit, the "People Behind the Fund" campaign includes short-form video interviews. The series aims to build trust and improve public understanding of the work of APFC.

### **Speaker's Bureau**

In anticipation of the 50<sup>th</sup> anniversary, a speaker's bureau will offer statewide public education on key issues and provide foundational knowledge about Alaska's largest financial resource. The plan includes tailored messaging for diverse audiences in key communities, groups, and sectors.

### **APFC Perspectives and Statewide Opinion Pieces**

Alongside key events, statewide opinion pieces will highlight the Fund's 50<sup>th</sup> anniversary, its history, and structure. These pieces will reinforce why strong stewardship is essential to long-term stability.

## **Outreach and Education**

### **Legislative Outreach**

With the 34<sup>th</sup> Alaska State Legislature – Second Session in January 2026, we are focused on providing presentations to Legislative members and their staff to further understanding of the Fund's structure and to provide updates on values and performance.

### **APFC Insights**

The email newsletter provides monthly financial statements, quarterly performance reports, Board meeting notices, and key publications, offering timely and accurate data and context in one place.

### **AK Youth Education Program Delivery**

The "Alaska Renewable Revenue" curriculum continues to be taught statewide, now reaching 30% of Alaska's school districts. The Anchorage School District formally adopted the curriculum at the start of the academic year. As of the September 2025 quarterly report, ARE has reached over 16 districts, 51 communities, and 1,948 students.

### **Organic Social Media**

APFC's social media serves as a valued public education channel. Posts include consistent and relevant messaging about the Fund and Corporation, with content mirroring the strategic priorities.

## **Looking Forward**

**50th Anniversary of the Alaska Permanent Fund**

The 50th anniversary is in 2026, offering a pivotal moment to celebrate the Fund's origins, evolution, and intergenerational value to Alaskans – a legacy of *Stewardship for Generations*.

During this past quarter, we continued to plan a year-long celebration of the Fund that Alaskans can take pride in. The anniversary of the historic vote to pass the constitutional amendment establishing the Fund (November 2026, Q2 of FY27) presents an opportunity for public outreach that reinforces APFC's global reputation and deepens Alaskans' understanding.

The Permanent Fund is Alaska's financial legacy; a model admired around the world. Together, we can celebrate the Fund's 50 years of growth and the benefits it has brought to all Alaskans.

**2026 Mid FY Review**

To inform Alaskans and policymakers about the performance and management of the Fund, APFC publishes a mid-year review. It provides unaudited Fund values and performance through December, highlighting key information in a concise format.

**Website Update**

APFC is continuing a significant update of apfc.org to strengthen its role as a trusted, reliable source of information. Although the timeline has been extended, the goal remains to improve public understanding through increased transparency, along with improved site and user experience.

SUBJECT: Legislative Update

ACTION:

DATE: 12/17/2025

INFORMATION: X

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The 34<sup>th</sup> Alaska State Legislature's 2<sup>nd</sup> regular session will convene on January 20, 2026.

Objectives, ensuring alignment, and setting a strong foundation for future success.

- **Together we celebrate the 50<sup>th</sup> Anniversary of the Alaska Permanent Fund**
- **Acquire resources to enhance and sustain APFC's investment management capabilities**
- **Educate stakeholders to establish a solid foundation for informed policy decisions**
- **Pursue Board Initiatives**
  - Constitutional amendment for a single-fund endowment
  - Rules-based inflation proofing under the two-account structure
  - Executive Director Recruitment and Personnel Record Confidentiality legislation
- **Monitor and respond to legislation that impacts the Fund and the Corporation**

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### 50<sup>th</sup> Anniversary of the Fund

The discovery of oil in Alaska paved the way for the creation of the Permanent Fund, a lasting achievement rooted in foresight and collective purpose to serve all Alaskans. To make sure that oil wealth would continue to benefit future generations, state leaders established the Fund in 1976.

- January 15, 1976 – Governor Hammond transmitted Sponsor Substitute to House Joint Resolution 39 proposing an amendment to the Alaska Constitution establishing a Permanent Fund for certain proceeds derived from non-renewable resources.
- June 2, 1976 – 9<sup>th</sup> Legislature transmitted SCS CSSS HJR 39 (RES) to the Office of the Governor.
- November 2, 1976 - General Election on November 2, Alaska voters approve a constitutional amendment establishing the Permanent Fund by a margin of 75,588 to 38,518.

### Investment Management Resources

As a quasi-independent public entity, APFC depends on its partnership with the State to ensure sufficient resources for meeting stakeholders' investment management expectations. At the time of this memo draft, we are awaiting the release of the Governor's FY27 Operating Budget based on the Board of Trustees' proposed budget priorities:

- Budget Structure that provides flexibility and accountability through a single appropriation with three allocations
- Recruiting, developing, and retaining exceptional staff with fully funded incentive compensation
- Adhering to strategic strategies, including support for the Anchorage satellite office
- Standard Setting IT Systems through Business Continuity Protections, Cybersecurity Diligence, and Data Applications

### Education

Provide legislators and their staff with information and updates on the Fund's structure, governance, and performance. The 50th Anniversary is a significant year to highlight the Fund's history, mission, and commitment to long-term stewardship for current and future generations.

### Board Initiatives for Corporate Functionality

Look for opportunities to pursue the Board's strategic policy initiatives –

#### AS 37.13.100 Corporation Staff:

- Protect from public records disclosure the identity of all candidates who would like to be considered for the positions of Executive Director and Chief Investment Officer;
- Provide the Board with authority to interview the finalists for the positions of Executive Director and Chief Investment Officer in an executive session; and
- Provide for the confidentiality of personnel records of all APFC staff.

#### AS 37.13.170. Reports and publications

The Governor proposed legislation aimed at eliminating or modifying state agency publications that are outdated, redundant, or excessive. APFC is included in the bill that provides for the use of APFC's website to post annual income statements and balance sheets. [HB200](#) and [SB177](#) remain in the 1<sup>st</sup> committees of referral.

### Legislation that Impacts the Fund and the Corporation

As the second session of the 34<sup>th</sup> Legislature convenes, the following remain active:

- 2 Constitutional Amendments for a classic single fund endowment with a limit of a 5% POMV draw. [HJR10](#) is in HFIN, the 3rd committee of referral, and [SJR14](#) is in SFIN, the 1<sup>st</sup> committee of referral.
  - The proposed resolutions recommend amending the Constitution of the State of Alaska before the voters at the next general election in 2026 to establish a classic endowment structure and distribution formulas from the Alaska Permanent Fund.
- 1 Constitutional Amendment that includes a 5.5% POMV and guaranteed dividends. [SJR 5](#) remains in SJUD, the 1<sup>st</sup> committee of referral.
- 1 bill that maintains the 5% POMV annual draw from the ERA and provides a distribution to the dividend fund and to the general fund. [SB109](#) remains in the 1<sup>st</sup> committee of referral, SFIN.
- 1 bill that maintains the statutory 5% annual POMV draw and designates 69% of state mineral royalty revenue for the dividend, [HB114](#), which remains in HSTA, the 1<sup>st</sup> committee of referral.
- 2 bills that exempt Alaska from observing "advanced time" daylight saving time and call for a change to Alaska's time zone: [HB41](#) and [SB26](#).
  - SB26 passed the Senate on May 13. The House referrals are to HSTA and HFIN.
  - *CONDITIONAL EFFECT: Section 1 of this Act takes effect only if the US Department of Transportation places all of the state within the Pacific Standard Time zone on or before January 1, 2035.*

- 1 bill that adds a subsection to AS 37.13.120 to prohibit investment from furthering social, political, or ideological interests with the sponsor's intent to ensure investment decisions are focused on maximizing returns. [HB 6](#) remains in HJUD, the 1<sup>st</sup> committee of referral.
- 1 bill to allow individuals to direct a portion of their dividend to the state general fund or the Principal of the Permanent Fund. [HB 11](#) remains in HSTA, the 1<sup>st</sup> committee of referral.
- 2 resolutions that bring forth a constitutional appropriation limit: [HJR 1](#), [SJR 4](#). APFC will work with sponsors to ensure that the appropriations for managing the Fund fall within the designated exceptions. This aims to ensure that the funds required to manage the portfolio's assets, as they continue to increase in value, do not compete with the general needs of the state government's budgetary limits. Both resolutions remain in the 1<sup>st</sup> committees of referral.

SUBJECT: APFC IT UPDATE

ACTION: \_\_\_\_\_

DATE: Dec 17, 2025

INFORMATION:  X

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**APFC IT UPDATE**

- APFC IT is approaching the licensing and training phases for Microsoft Copilot, following successful initial implementation. The focus remains on deploying general Copilot capabilities organization-wide, while continuing to develop specialized, custom copilots to enhance automation and analytics.
- The deployment of our new AI-OPS based security ecosystem is now over halfway complete, significantly advancing our ability to detect, respond to, and prevent threats through automation and intelligence.
- Windows 11 deployment is scheduled for around the first of the year, with user training to follow. Additionally, the CIS Cybersecurity auditing and penetration testing phase has already begun.
- APFC IT is fully staffed.



**Investment Referral Tracking Log - FY26 Q1**

**July 1 - September 30, 2025**

<b>Referred from</b>	<b>via</b>	<b>Name/Company</b>	<b>Date of referral</b>	<b>Action taken</b>	<b>Follow-up Date</b>	<b>Other Notes</b>
Trustee Crum	email	Red Apple Group	8/8/2025	Forwarded to Allen Waldrop	8/27/2025	Allen followed up directly with a phone call

SUBJECT: FY26 Year-to-Date Financial Update ACTION: \_\_\_\_\_

DATE: December 17, 2025 INFORMATION:  X

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KEY TAKEAWAYS:

- Total return for the first quarter of FY26 of 4.38%. Total fund outperformed the performance benchmark by 6 basis points and underperformed the passive benchmark by 91 basis points.
- Accounting net income year-to-date of \$2,992 million, with the bulk of the earnings occurring in August and September
- Realized (statutory) net income year-to-date of \$1,747 million, higher than for the first quarter of FY25 and also higher than Callan’s high projection
- Total market value as of September 30th of \$84.4 billion, an increase of \$4.4 billion from the same time last year
- \$1.7 billion transferred to the General Fund during the quarter in accordance with the budget appropriation, leaving \$2.1 billion to be transferred later in the year
- \$111 million of mineral deposits transferred in during the quarter, slightly higher than forecast
- Committed Earnings Reserve balance of \$4.0 billion for FY27 General Fund transfers and the FY26 transfer to ACIF
- \$4.2 billion in uncommitted realized earnings at the end of September

Financial results for the first quarter of FY26 reflected gains in nearly every asset class. Overall, the portfolio gained \$2.5 billion in value between the end of June and the end of September. The largest increase by far was experienced in the public equity portfolio, which gained over \$1.8 billion during the quarter or 7.0%. Small gains were experienced in all other asset classes except real estate and private credit.

Net assets decreased by \$696 million year-to-date through September. This is a result of income of \$3.0 billion and \$111 million received in mineral royalty deposits offset by the FY26 POMV transfer to the General Fund in the amount of \$3.8 billion. Corporate operating expenses and other appropriations for the quarter totaled \$42 million.

Three transfers totaling \$1.7 billion were made to the General Fund during the first quarter of FY26, as specified in the budget appropriation. \$2.1 billion remains to be transferred. 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.



**Financial Report  
September 30, 2025**

**Fiscal Year 2026 Net Assets**

Balances through September 30, 2025

(in millions)

Total assets	\$ 88,362.0
Less liabilities	(3,958.0)
Net assets	<u>\$ 84,404.0</u>
Fund Balances:	
Non-spendable	
Permanent Fund corpus—contributions and appropriations	58,965.8
Not in spendable form—unrealized appreciation on invested assets	15,146.0
Total non-spendable fund balance	<u>\$ 74,111.8</u>
Committed	
General Fund Commitment	3,996.9
Current FY inflation proofing	-
Current FY Alaska Capital Income Fund	8.9
Committed fund balance	<u>\$ 4,005.8</u>
Assigned for future appropriations	
Realized earnings	4,183.0
Unrealized appreciation on invested assets	2,103.4
Total assigned fund balance	<u>6,286.4</u>
Total fund balances	<u><u>\$ 84,404.0</u></u>

**Fiscal Year 2026 Income**

For the three months ending September 30, 2025

(in millions)

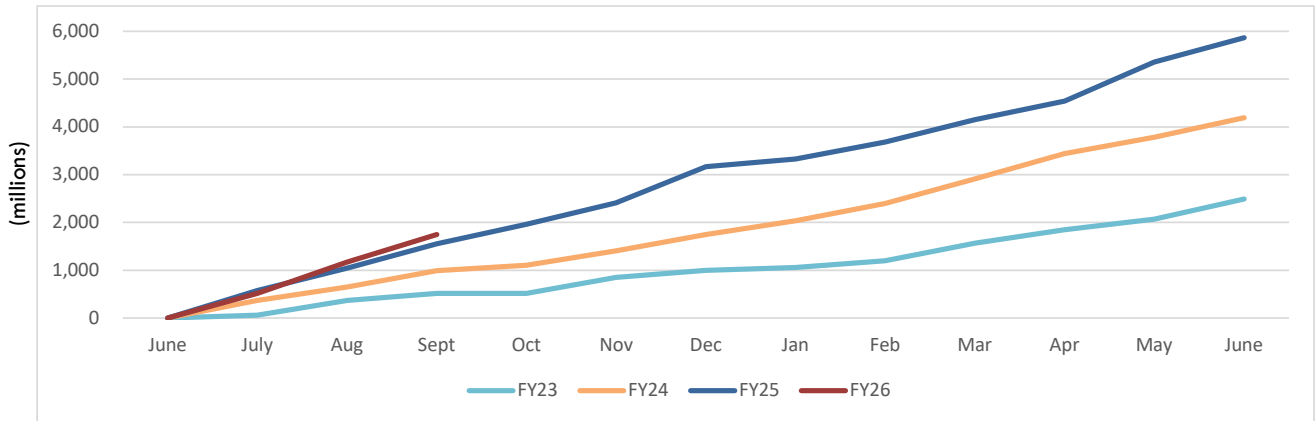
**Statutory (Realized) Net Income**

Interest, dividends, real estate, and other income	\$ 518.0
Realized gains on the sale of invested assets	1,280.0
Less operating expenses/legislative appropriations	(41.7)
Less Alaska Capital Income Fund committed realized earnings	(8.9)
Statutory net income	<u>\$ 1,747.4</u>

**GAAP (Accounting) Net Income**

Statutory net income	\$ 1,747.4
Unrealized gain on invested assets	1,235.6
Alaska Capital Income Fund committed realized earnings	8.9
Accounting net income	<u>\$ 2,991.9</u>

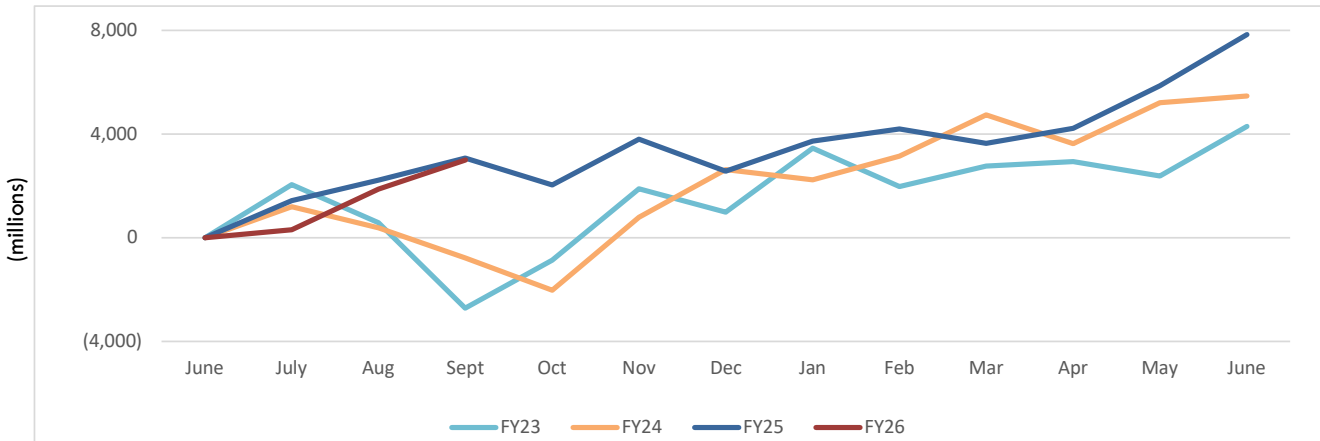
## **Statutory Net Income, Fiscal Years 2023 - 2026**



- 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.

- FY23 statutory net income was \$2,491.1 million.
- FY24 statutory net income was \$4,195.5 million.
- FY25 statutory net income was \$5,865.8 million.
- FY26 statutory net income is \$1,747.4 million to date.

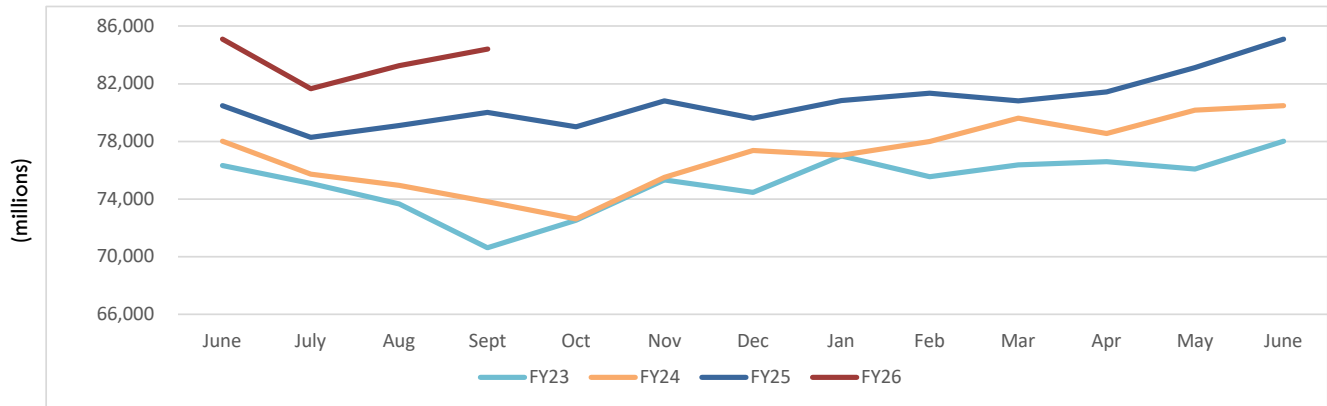
## **GAAP Accounting Net Income, Fiscal Years 2023 - 2026**



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

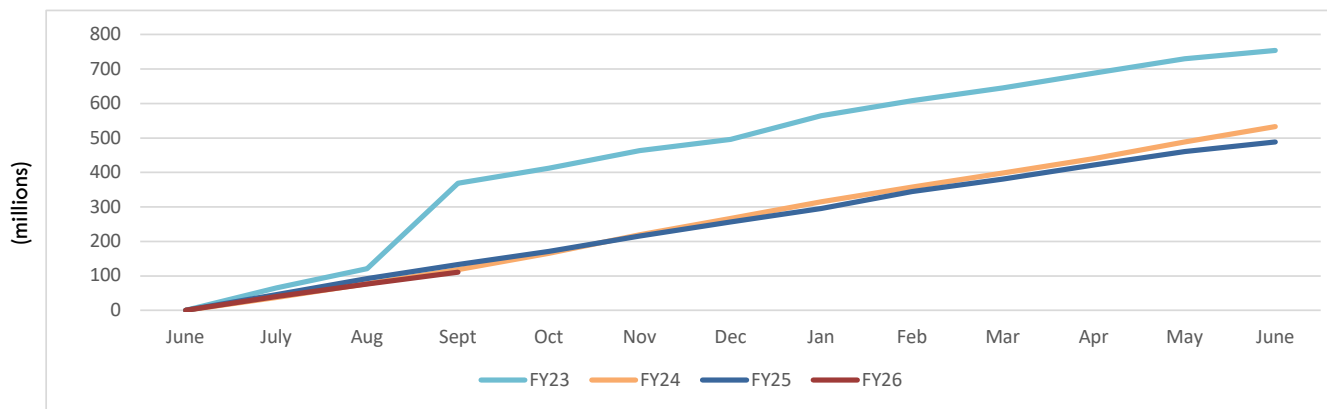
- Accounting net income for FY23 was \$4,295.9 million.
- Accounting net income for FY24 was \$5,467.9 million.
- Accounting net income for FY25 was \$7,836.9 million.
- Accounting net income for FY26 is \$2,991.9 million to date.

## Market Value of Fund Net Assets, Fiscal Years 2023 - 2026



- FY23 net assets as of June 2023 were \$78 billion, an increase of \$1.7 billion over the FY22 ending balance.
- FY24 net assets as of June 2024 were \$80.5 billion, an increase of \$2.5 billion over the FY23 ending balance.
- FY25 net assets as of June 2025 were \$85.1 billion, an increase of \$4.6 billion from the FY24 ending balance.
- FY26 net assets as of September 2025 were \$84.4 billion, a decrease of \$0.7 billion from the FY25 ending balance.

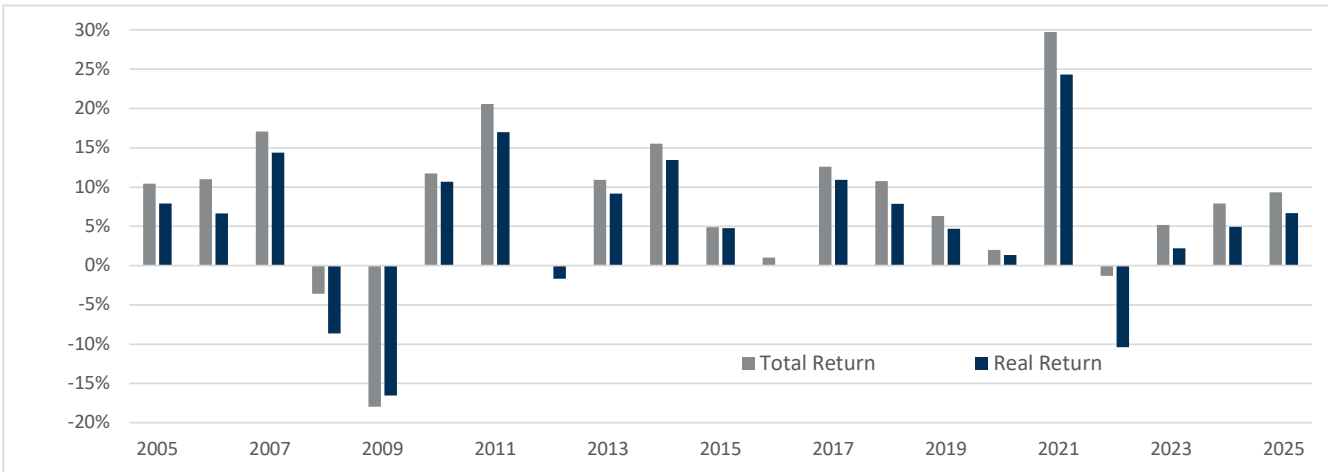
## Dedicated Mineral Revenues, Fiscal Years 2023 - 2026



- FY23 mineral revenue was \$753.6 million.
- FY24 mineral revenue was \$532.6 million.
- FY25 mineral revenue was \$488.7 million.
- FY26 mineral revenue is \$111.2 million to date.

## Alaska Permanent Fund Historical Returns, Fiscal Years 2005 - 2025

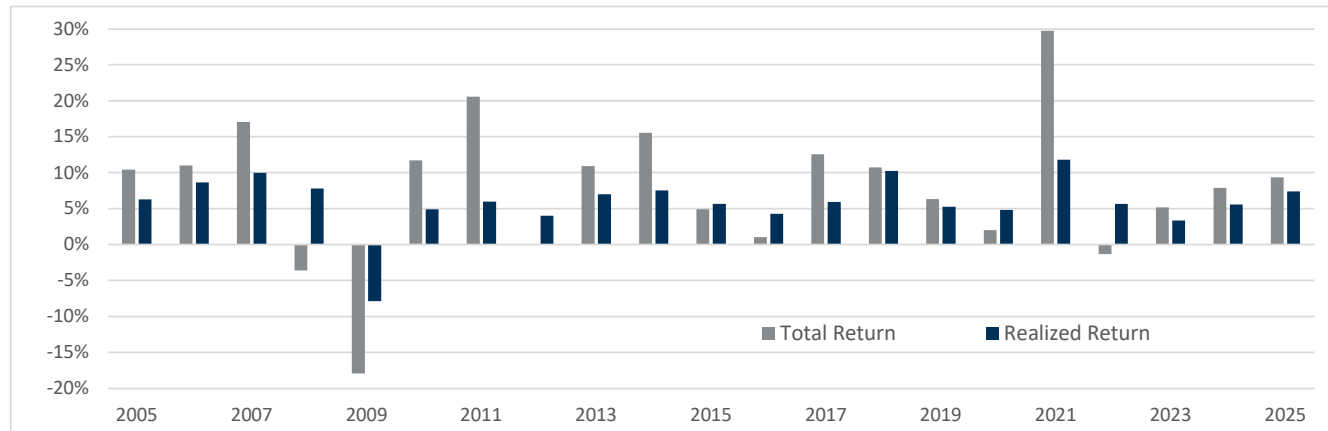
**Total return minus inflation equals real return**



- Total return annualized over 41 years is 8.8%
- Real return annualized over 41 years is 6%

## Alaska Permanent Fund Historical Returns, Fiscal Years 2005 - 2025

**Total return minus unrealized gains/losses equals realized return**



- Total return annualized over 41 years is 8.8%
- Realized return annualized over 41 years is 7.34%



## Board of Trustees - APFC Transfers - July 1, 2025 through September 30, 2025

<u>Type of Transfer</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>Total</u>
<b>Public Equities</b>	(750,962,935)	(700,980,893)	(1,062,837)	(1,453,006,665)
<b>Fixed Income</b>	150,098,836	(98,869)	232,081	150,232,048
<b>Private Equity &amp; Special Opportunities</b>	74,051,451	(162,853,243)	(106,325,581)	(195,127,372)
<b>Real Estate</b>	(242,643,742)	(162,513,119)	(9,203,301)	(414,360,162)
<b>Private Income</b>	(26,959,529)	(58,914,862)	(114,613,477)	(200,487,868)
<b>Absolute Return</b>	(119,995,515)	(134,651,278)	(673,986)	(255,320,779)
<b>Tactical Opportunities</b>	244,047,568	-	24,934,567	268,982,135
<b>Total Fund Cash</b>	70,142,721	291,572,439	13,243,621	374,958,781
<b>Net Transfers</b>	<b>(602,221,145)</b>	<b>(928,439,824)</b>	<b>(193,468,914)</b>	<b>(1,724,129,883)</b>



**Board of Trustees - APFC Transfers - July 2025**

Description	Total Fund Cash	Public Equities	Fixed Income	Pvt. Equity & Spec. Opps.	Real Estate	Private Income	Absolute Return	Tactical Opportunities	Net
<b>State of Alaska &amp; Administrative</b>									
Mineral revenue	36,069,338								36,069,338
AIM STIF interest	2,318,580								2,318,580
Commission recapture proceeds	11,799								11,799
General Fund Transfer	(600,000,000)								(600,000,000)
PCE Draw	(30,000,000)								(30,000,000)
PCE Contribution	47,102								47,102
Corporate expenses	(10,667,964)								(10,667,964)
<b>Public Equities</b>									
APF Equity Overlay	(431,107)	431,107							-
APF Global EQ	109,719	(109,719)							-
APF Global LV	17,516	(17,516)							-
APF Global LV Value	19,050	(19,050)							-
APF Intl LV	33,416	(33,416)							-
APF Intl LV Value	29,167	(29,167)							-
APF Tactical Tilts	(263,682)	263,682							-
APF Tactical Tilts Cash	668,732	(668,732)							-
APF US Tactical Tilt	(182,812)	182,812							-
Public EQ Securities Lending	962,935	(962,935)							-
SSGA MSCI ACWI IMI	750,000,000	(750,000,000)							-
<b>Fixed Income</b>									
APF Dom Struc Prod	(50,000,000)		50,000,000						-
APF FI Cash	(47,433,159)		47,433,159						-
APF FI Overlay	(2,566,841)		2,566,841						-
APF IG Corporate Bonds	(50,000,000)		50,000,000						-
APF TBA Collateral	(131,694)		131,694						-
FI Securities Lending	32,858		(32,858)						-
<b>Private Equity &amp; Special Opportunities</b>									
Private Equity distributions	102,285,262			(102,285,262)					-
Private Equity capital calls	(236,761,104)			236,761,104					-
Special Opportunities distributions	61,686,132			(61,686,132)					-
Special Opportunities capital calls	(1,261,741)			1,261,741					-
<b>Real Estate</b>									
Direct Real Estate distributions	12,034,076				(12,034,076)				-
Direct Real Estate capital calls	(6,301,901)				6,301,901				-
Real Estate Funds distributions	869,096				(869,096)				-
Real Estate Funds capital calls	(2,437,043)				2,437,043				-
Mellon MSCI US REIT	238,479,515				(238,479,515)				-
<b>Private Income</b>									
Infrastructure distributions	21,004,608					(21,004,608)			-
Infrastructure capital calls	(4,181,572)					4,181,572			-
Private Credit distributions	28,759,352					(28,759,352)			-
Private Credit capital calls	(24,005,891)					24,005,891			-
Private Income distributions	7,183,187					(7,183,187)			-
Private Income capital calls	(1,800,154)					1,800,154			-
<b>Absolute Return</b>									
Absolute Return distributions	178,854,504						(178,854,504)		-
Absolute Return capital calls	(58,858,989)						58,858,989		-
<b>Tactical Opportunities</b>									
APF Tactical Opps Public	(244,047,568)							244,047,568	-
<b>Net Transfers</b>	<b>70,142,721</b>	<b>(750,962,935)</b>	<b>150,098,836</b>	<b>74,051,451</b>	<b>(242,643,742)</b>	<b>(26,959,529)</b>	<b>(119,995,515)</b>	<b>244,047,568</b>	<b>(602,221,145)</b>

## Board of Trustees - APFC Transfers - August 2025

Description	Total Fund Cash	Public Equities	Fixed Income	Pvt. Equity & Spec. Opps.	Real Estate	Private Income	Absolute Return	Net
<b>State of Alaska &amp; Administrative</b>								
Mineral revenue	40,510,167							40,510,167
ALM STIF interest	3,037,433							3,037,433
Commission recapture proceeds	20,330							20,330
Class action proceeds	990							990
ACIF Transfer	(31,326,878)							(31,326,878)
DNR Appropriation	(7,636,300)							(7,636,300)
DOR Appropriation	(99,600)							(99,600)
DOL Appropriation	(3,131,800)							(3,131,800)
AMHT Contribution	580,000							580,000
General Fund Transfer	(900,000,000)							(900,000,000)
PCE Withdrawal	(8,985,200)							(8,985,200)
Corporate expenses	(21,408,966)							(21,408,966)
<b>Public Equities</b>								
Arrowstreet Global Equity	100,000,000	(100,000,000)						-
DFA Small Cap EM	30,000,000	(30,000,000)						-
DFA Value EM	30,000,000	(30,000,000)						-
LSV Intl EQ	70,000,000	(70,000,000)						-
Public EQ Securities Lending	980,893	(980,893)						-
Schroders Intl EQ	70,000,000	(70,000,000)						-
SSGA MSCI ACWI IMI	400,000,000	(400,000,000)						-
<b>Fixed Income</b>								
APF TBA Collateral	78,065		(78,065)					-
FI Securities Lending	20,803		(20,803)					-
<b>Private Equity &amp; Special Opportunities</b>								
Private Equity distributions	200,782,919			(200,782,919)				-
Private Equity capital calls	(67,727,175)			67,727,175				-
Special Opportunities distributions	39,842,468			(39,842,468)				-
Special Opportunities capital calls	(10,044,969)			10,044,969				-
<b>Real Estate</b>								
Direct Real Estate distributions	41,175,869				(41,175,869)			-
Direct Real Estate capital calls	(6,647,087)				6,647,087			-
Real Estate Funds distributions	52,974,101				(52,974,101)			-
AEW Dom RE Securities	75,000,000				(75,000,000)			-
Mellon MSCI US REIT	10,236				(10,236)			-
<b>Private Income</b>								
Infrastructure distributions	39,332,291					(39,332,291)		-
Infrastructure capital calls	(38,358,410)					38,358,410		-
Private Credit distributions	65,302,770					(65,302,770)		-
Private Credit capital calls	(7,437,369)					7,437,369		-
Private Income distributions	2,408,096					(2,408,096)		-
Private Income capital calls	(2,332,517)					2,332,517		-
<b>Absolute Return</b>								
Absolute Return distributions	134,651,278						(134,651,278)	-
<b>Net Transfers</b>	<b>291,572,439</b>	<b>(700,980,893)</b>	<b>(98,869)</b>	<b>(162,853,243)</b>	<b>(162,513,119)</b>	<b>(58,914,862)</b>	<b>(134,651,278)</b>	<b>(928,439,824)</b>



**Board of Trustees - APFC Transfers - September 2025**

Description	Total Fund Cash	Public Equities	Fixed Income	Pvt. Equity & Spec. Opps.	Real Estate	Private Income	Absolute Return	Tactical Opportunities	Net
<b>State of Alaska &amp; Administrative</b>									
Mineral revenue	41,437,439								41,437,439
AIM STIF interest	1,839,518								1,839,518
Commission recapture proceeds	59,713								59,713
Class action proceeds	3,898								3,898
General Fund Transfer	(230,000,000)								(230,000,000)
PCE Draw	(2,500,000)								(2,500,000)
Corporate expenses	(4,309,481)								(4,309,481)
<b>Public Equities</b>									
Allspring Global	10,000,000	(10,000,000)							-
APF Equity Overlay	(16,837)	16,837							-
APF Global EQ	7,171	(7,171)							-
APF Global LV	1,930	(1,930)							-
APF Global LV Value	644	(644)							-
APF Intl LV	3,112	(3,112)							-
APF Intl LV Value	4,005	(4,005)							-
DFA Intl LC	25,000,000	(25,000,000)							-
DFA Intl Small Cap Value	25,000,000	(25,000,000)							-
DFA Intl Small Company	25,000,000	(25,000,000)							-
DFA Small Cap EM	15,000,000	(15,000,000)							-
DFA Value EM	10,000,000	(10,000,000)							-
DSM Growth LC	(60,000,000)	60,000,000							-
LSV Intl EQ	25,000,000	(25,000,000)							-
Mellon MSCI World Ex-US	25,000,000	(25,000,000)							-
Public EQ Securities Lending	1,066,735	(1,066,735)							-
Schroders Intl EQ	25,000,000	(25,000,000)							-
SSGA LC	(70,000,000)	70,000,000							-
Trustbridge EM	15,000,000	(15,000,000)							-
Voya LC	(70,003,923)	70,003,923							-
<b>Fixed Income</b>									
APF TBA Collateral	(257,449)		257,449						-
FI Securities Lending	13,666		(13,666)						-
Oaktree High Yield Fixed Income	11,702		(11,702)						-
<b>Private Equity &amp; Special Opportunities</b>									
Private Equity distributions	165,555,196			(165,555,196)					-
Private Equity capital calls	(51,721,918)			51,721,918					-
Special Opportunities distributions	3,938,676			(3,938,676)					-
Special Opportunities capital calls	(11,446,373)			11,446,373					-
<b>Real Estate</b>									
Direct Real Estate distributions	13,024,019				(13,024,019)				-
Direct Real Estate capital calls	(4,391,575)				4,391,575				-
Real Estate Funds distributions	570,857				(570,857)				-
<b>Private Income</b>									
Infrastructure distributions	139,413,431					(139,413,431)			-
Infrastructure capital calls	(32,656,998)					32,656,998			-
Private Credit distributions	40,684,603					(40,684,603)			-
Private Credit capital calls	(42,027,795)					42,027,795			-
Private Income distributions	23,488,591					(23,488,591)			-
Private Income capital calls	(14,288,355)					14,288,355			-
<b>Absolute Return</b>									
Absolute Return distributions	673,986						(673,986)		-
<b>Tactical Opportunities</b>									
APF Tactical Opps Private capital calls	(24,934,567)							24,934,567	-
<b>Net Transfers</b>	<b>13,243,621</b>	<b>(1,062,837)</b>	<b>232,081</b>	<b>(106,325,581)</b>	<b>(9,203,301)</b>	<b>(114,613,477)</b>	<b>(673,986)</b>	<b>24,934,567</b>	<b>(193,468,914)</b>

**ALASKA PERMANENT FUND  
FUND FINANCIAL HISTORY & PROJECTIONS  
as of September 30, 2025**

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

Nonspendable Fund Balance - Principal							Assigned Fund Balance - Earnings Reserve							TOTAL FUND		
FY	FY-Begin Contrib. Balance	Dedicated State Revenues	Inflation Proofing & Special Approp.	FY-End Balance Contributions	Unrealized Gain (Loss) FY-End Balance	FY-End Non-spendable Balance	Statutory Net Income	Distributions			FY-End Balance Realized	Unrealized Gain (Loss) FY-End Balance	FY-End Assigned Balance	FY-End Balance		
								Div/POMV Transfer	Inflation Prfg & Spec Approp.	ACIF					Committed	FY
77-16	0	16,173	23,275	39,448	4,750	44,198	51,912	23,699	19,977	555	7,649	921	8,571	77-16	52,769	
17	39,448	365	0	39,813	7,155	46,968	3,214	0	0	25	10,863	1,952	12,816	17	59,784	
18	39,813	353	0	40,166	5,863	46,030	6,324	726	0	43	2,723	2,403	18,864	18	64,894	
19	40,166	385	989	41,541	6,278	47,820	3,305	2,723	989	22	5,933	2,426	18,482	19	66,300	
20	41,541	319	4,758	46,618	5,789	52,407	3,106	2,933	4,758	21	3,091	1,424	12,894	20	65,302	
21	46,618	320	0	46,938	13,810	60,748	7,962	3,091	0	50	7,069	9,272	4,807	21,148	21	81,897
22	46,938	549	4,000	51,487	8,700	60,187	4,544	3,069	4,000	24	3,361	2,334	16,150	22	76,337	
23	51,487	754	4,179	56,420	11,100	67,520	2,491	3,361	4,179	14	3,526	5,241	1,725	10,491	23	78,012
24	56,420	533	1,413	58,366	12,373	70,739	4,195	3,526	1,413	24	3,799	4,366	1,701	9,724	24	80,463
25	58,366	489	0	58,855	13,642	72,497	5,866	3,657	0	31	3,799	6,432	2,372	12,603	25	85,100
Lo 26	58,855	386	0	59,241	10,879	70,121	3,827	3,799	0	21	3,997	6,263	1,884	12,143	26	82,264
Mid 26	58,855	386	0	59,241	14,510	73,751	4,823	3,799	0	26	3,997	7,258	2,757	14,011	26	87,763
Hi 26	58,855	386	0	59,241	17,750	76,991	6,150	3,799	0	33	3,997	8,586	3,770	16,352	26	93,343
27	59,241	419	1,491	61,151	15,473	76,625	5,059	3,997	1,491	26	4,056	6,770	2,739	13,564	27	90,189
28	61,151	450	1,540	63,141	16,465	79,606	5,201	4,056	1,540	26	4,194	6,237	2,720	13,151	28	92,757
29	63,141	467	1,590	65,198	17,501	82,699	5,349	4,194	1,590	26	4,341	5,655	2,683	12,679	29	95,379
30	65,198	485	1,642	67,325	18,586	85,911	5,501	4,341	1,642	26	4,491	5,023	2,626	12,139	30	98,051
31	67,325	535	1,697	69,557	19,723	89,279	5,655	4,491	1,697	26	4,620	4,362	2,547	11,528	31	100,807
32	69,557	581	1,753	71,891	20,906	92,798	5,816	4,620	1,753	26	4,751	3,673	2,450	10,873	32	103,671
33	71,891	619	1,813	74,324	22,138	96,461	5,982	4,751	1,813	26	4,885	2,957	2,336	10,178	33	106,640
34	74,324	631	1,874	76,828	23,417	100,246	6,154	4,885	1,874	26	5,024	2,214	2,206	9,443	34	109,689
35	76,828	633	1,937	79,398	24,746	104,144	6,330	5,024	1,937	26	5,167	1,440	2,059	8,666	35	112,810
<b>Cumulative Totals</b>																
Proj. for FY26-FY35		5,206	15,337				55,871	44,158	15,337	263						

Assumptions: Total Return - Inflation = Total Real Return					Statutory Return	
Lo	FY26	1.00%	2.50%	-1.50%	Lo	4.90%
Mid	FY26	7.60%	2.50%	5.10%	Mid	6.10%
Hi	FY26	14.30%	2.50%	11.80%	Hi	7.70%
FY26-FY35		7.30%	2.50%	4.80%		6.20%

**Notes related to financial history and projections:**

(1) Dedicated State Revenues in current and future fiscal years are based on the Spring 2025 Department of Revenue forecast.

(2) Current year returns are based on 2024 Callan capital market assumptions. The inflation amount is as appropriated.

(3) Future returns are based on 2024 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. An amount less than the statutory amount was appropriated in FY24 and FY25.

(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.

FY26 POMV Distribution (actual) (8)		FY26 Statutory Dividend Transfer (actual) (8)	
Ending Fund Value (ex Am Hess)		Statutory Net Income	
FY24	\$ 80,038.5	FY25	\$ 5,866.0
FY23	77,587.5	FY24	4,195.0
FY22	75,912.8	FY23	2,491.0
FY21	81,472.8	FY22	4,544.0
FY20	64,877.8	FY21	7,962.0
Average \$ 75,977.9		Avail for	
Statutory Distribution \$ 3,798.9		Dist (21%)	\$ 5,262.2
		Statutory Trnsfr Amt	\$ 2,631.1

FY27 POMV Distribution (actual) (8)		FY27 Statutory Dividend Transfer (projected) (8)	
Ending Fund Value (ex Am Hess)		Statutory Net Income	
FY25	\$ 84,675.5	FY26	\$ 4,822.6
FY24	80,038.5	FY25	5,866.0
FY23	77,587.5	FY24	4,195.0
FY22	75,912.8	FY23	2,491.0
FY21	81,472.8	FY22	4,544.0
Average \$ 79,937.4		Avail for	
Statutory Distribution \$ 3,996.9		Dist (21%)	\$ 4,602.9
		Statutory Trnsfr Amt	\$ 2,301.5

**Income Year-to-Date as of September 30, 2025**

FY26 YTD Statutory Net Income	
Interest, dividends, real estate & other income	\$ 518.0
Realized gains (losses) on the sale of assets	1,280.0
Less operating expenses	(41.7)
Less AK Capital Income Fund realized earnings	(8.9)
	\$ 1,747.4

FY26 YTD Accounting (GAAP) Net Income	
Statutory net income (loss)	\$ 1,747.4
Unrealized gains (losses) on invested assets	1,235.6
AK Capital Income Fund realized earnings	8.9
Accounting (GAAP) net income (loss)	\$ 2,991.9



**FY 2026 Fees & Expenses by Funding Source\***

Report Date	September 30, 2025
Total Fund Balance	86,199,839,000
FYTD Change in Total Fund Balance (Net of Transfers)	984,987,000

***Investment Management Fees***

	Paid from Investments	Paid from Investment Management Appropriation	Paid from Operations Appropriations	Total	Basis Points
Public Equity	607,000	14,834,000	546,000	15,987,000	2
Fixed Income	0	1,477,000	1,878,000	3,355,000	0
Absolute Return	26,736,000	164,000	226,000	27,126,000	3
Private Equity & Special Opps	32,236,000	7,688,000	1,334,000	41,258,000	5
Private Income	20,706,000	782,000	514,000	22,002,000	3
Real Estate	14,206,000	928,000	1,109,000	16,243,000	2
Tactical Opps	201,000	0	0	201,000	0
<b>Total Investment Management Fees</b>	<b>94,692,000</b>	<b>25,873,000</b>	<b>5,607,000</b>	<b>126,172,000</b>	
<b>Basis Points</b>	<b>11</b>	<b>3</b>	<b>1</b>	<b>15</b>	

***Profit Sharing/Performance***

	Paid from Investments	Paid from Investment Management Appropriation	Paid from Operations Appropriations	Total	Basis Points
Absolute Return	18,023,000	0	0	18,023,000	2
Private Equity & Special Opps	60,084,000	0	0	60,084,000	7
Private Income	29,005,000	0	0	29,005,000	3
<b>Total Profit Sharing/Performance</b>	<b>107,112,000</b>	<b>0</b>	<b>0</b>	<b>107,112,000</b>	
<b>Basis Points</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>12</b>	

\* All amounts presented, including fund balances and change net of transfers, are in USD and consist of APF, AMHT, and PCE combined.



**Budget-to-Actuals Through October 31, 2025**

<b>Juneau Office Operations</b>	<b>FY2026 Authorized Budget</b>	<b>FYTD Actuals &amp; Encumbrances</b>	<b>Remaining Budget</b>
Personal Services	\$ 23,881,800	\$ 6,339,112	\$ 17,542,688
Staff	\$ 20,620,800	\$ 4,976,005	\$ 15,644,795
Incentive Compensation	\$ 3,245,000	\$ 1,363,107	\$ 1,881,893
Board: Honoraria	\$ 16,000	\$ -	\$ 16,000
Travel	\$ 1,025,000	\$ 147,666	\$ 877,334
Staff	\$ 877,000	\$ 141,985	\$ 735,015
Trustees	\$ 18,000	\$ 3,161	\$ 14,839
Moving and Non-Employee	\$ 130,000	\$ 2,521	\$ 127,479
Contractual Services	\$ 3,111,500	\$ 1,228,260	\$ 1,883,240
Audit, Legal, Consulting	\$ 768,000	\$ 39,824	\$ 728,176
Public Communications	\$ 547,997	\$ 186,652	\$ 361,345
Board Support and Meetings	\$ 97,400	\$ 17,885	\$ 79,515
Information Technology	\$ 1,282,400	\$ 911,191	\$ 371,209
HR and Recruitment	\$ 101,200	\$ 8,613	\$ 92,587
Training and Conferences	\$ 102,003	\$ 16,924	\$ 85,080
Office Support	\$ 212,500	\$ 47,172	\$ 165,328
<b>Juneau Operations Allocation</b>	<b>\$ 28,018,300</b>	<b>\$ 7,715,039</b>	<b>\$ 20,303,261</b>
<b>Facilities Rent Allocation</b>	<b>\$ 583,000</b>	<b>\$ 291,885</b>	<b>\$ 291,115</b>
<b>Juneau Operations Total</b>	<b>\$ 28,601,300</b>	<b>\$ 8,006,924</b>	<b>\$ 20,594,376</b>

<b>Investment Management</b>	<b>FY2026 Authorized Budget</b>	<b>FYTD Actuals &amp; Encumbrances</b>	<b>Remaining Budget</b>
Due Diligence & Custody	\$ 8,313,400	\$ 1,789,661	\$ 6,523,739
Investment Due Diligence	\$ 5,813,400	\$ 1,054,654	\$ 4,758,746
Custody Fees	\$ 2,500,000	\$ 735,007	\$ 1,764,993
Investment Manager Fees	\$ 178,251,000	\$ 31,129,083	\$ 147,121,917
Public Equities	\$ 139,157,000	\$ 19,819,121	\$ 119,337,879
Real Estate	\$ 3,594,000	\$ 712,307	\$ 2,881,693
Alternative Markets	\$ 35,500,000	\$ 10,597,655	\$ 24,902,345
<b>Investment Management Total</b>	<b>\$ 186,564,400</b>	<b>\$ 32,918,744</b>	<b>\$ 153,645,656</b>

<b>IT and Software Licensing</b>	<b>FY2026 Authorized Budget</b>	<b>FYTD Actuals &amp; Encumbrances</b>	<b>Remaining Budget</b>
Investment Systems	\$ 11,877,700	\$ 2,368,262	\$ 9,509,438
Commodities	\$ 145,000	\$ 29,557	\$ 115,443
Equipment	\$ 443,000	\$ 438,691	\$ 4,309
<b>IT and Software Licensing Total</b>	<b>\$ 12,465,700</b>	<b>\$ 2,836,510</b>	<b>\$ 9,629,190</b>

<b>TOTAL</b>	<b>\$ 227,631,400</b>	<b>\$ 43,762,179</b>	<b>\$ 183,869,221</b>
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SUBJECT: Chief Investment Officer’s Report

ACTION: \_\_\_\_\_

DATE: December 17, 2025

INFORMATION:  X

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BACKGROUND:

The Chief Investment Officer’s report provides an overview of Fund performance, asset allocation, benchmark considerations, 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**

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# CIO Report

*December 17, 2025*

# Investment Department Current Topics

- Performance
- Asset Allocation
- Benchmark Review
- Appendix A - Investment Actions
- Appendix B – Asset Class Performance Detail

# Recent Performance & Benchmarks

## Performance Benchmark

- What APFC portfolio managers manage against day-to-day; benchmark weights for asset classes equal to target asset allocation (32% global equities, 20% fixed income, 18% private equity, 11% real estate 10% private income, 7% absolute return, etc.)
- Investible benchmarks for public markets, universe of peers for private markets
- **APFC has outperformed FYTD 2026 and 5-year time periods as of September 2025**

## Passive Benchmark

- A benchmark portfolio that is investible “with the click of a mouse” – 60% global equities, 20% fixed income, 10% REIT’s, 10% TIP’s
- **APFC has outperformed on the 5-year time period as of September 2025**

## Return Objective (CPI + 5%)

- APFC’s asset allocation targets, informed by third party consultant’s capital market forecasts, are intended to build a portfolio that can deliver expected returns consistent with the return objective of CPI + 5%
- **APFC has outperformed on FYTD 2026, 3-year, and 5-year time periods as of September 2025**

## Performance Summary as of September 30, 2025

	<u>Fiscal</u> <u>Year-to-date</u>	<u>3-Year</u> <u>Annualized</u>	<u>5-Year</u> <u>Annualized</u>
Fund Return	4.38%	10.41%	9.54%
Performance Benchmark	4.32%	11.24%	9.19%
APFC (Under)/Out-Performance	0.06%	(0.83%)	0.35%
Passive Benchmark	5.29%	15.97%	8.45%
APFC (Under)/Out-Performance	(0.91%)	(5.56%)	1.09%
Return Objective (CPI + 5%)	1.90%	8.05%	9.53%
APFC (Under)/Out-Performance	2.48%	2.36%	0.01%

# What Benchmarks Tell Us

## **Return Objective**

Did APFC's asset allocation (with a lesser contribution from execution / implementation) achieve CPI +5?

## **Passive Benchmark**

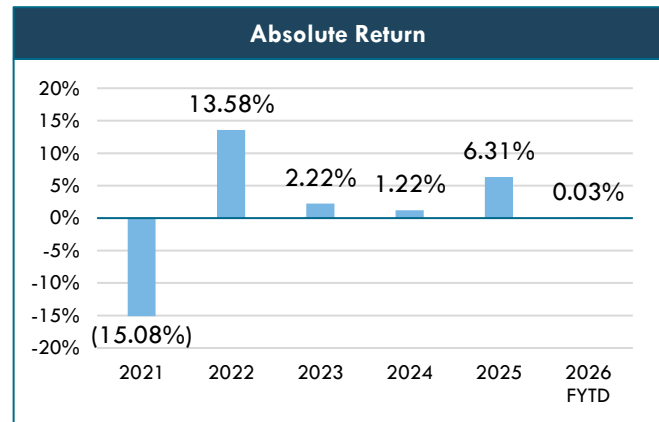
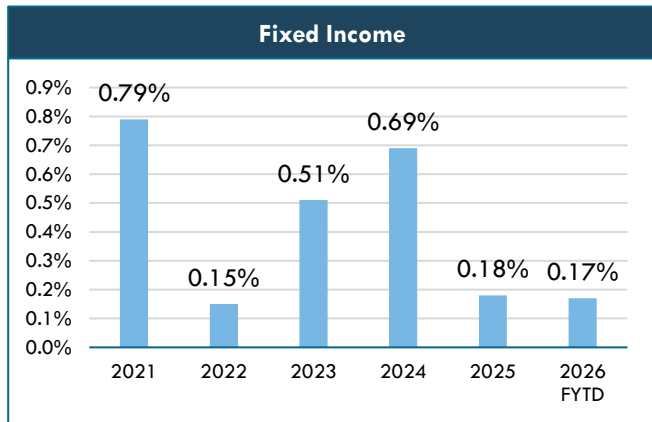
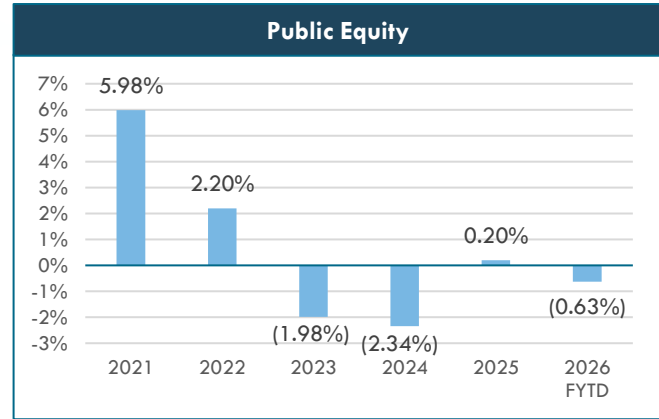
Over market cycles, does the complexity of APFC private markets and alternatives add value versus a “click-of-the-mouse” portfolio of liquid indices?

## **Performance Benchmark**

Over any given time period, did APFC's execution and implementation add or subtract value versus broad industry averages for assigned asset classes?

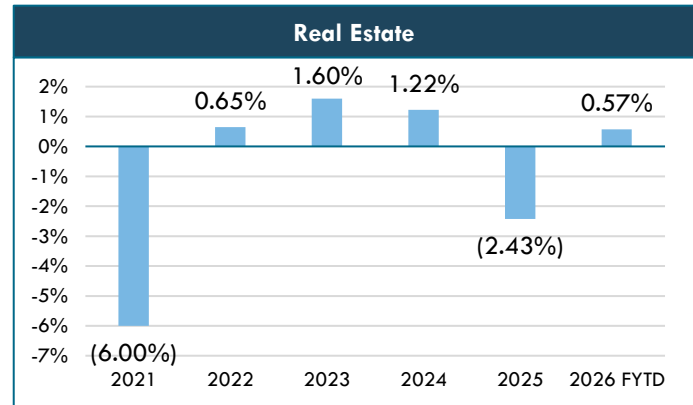
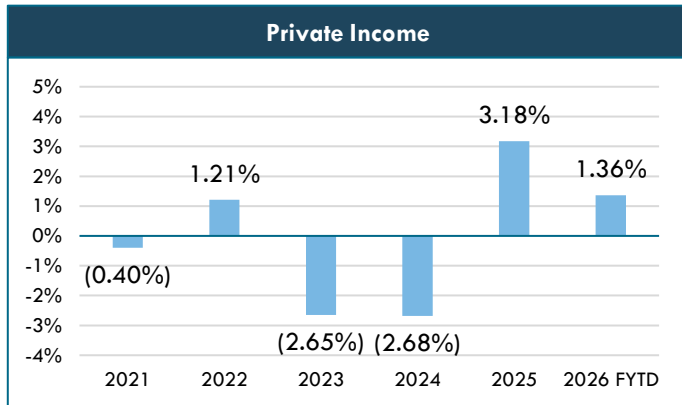
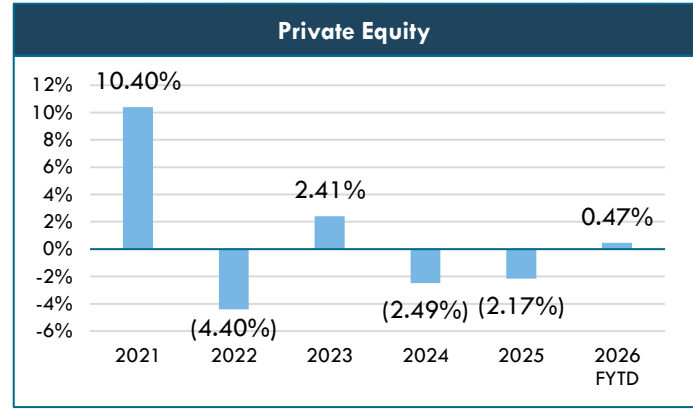
# Public Markets vs. Benchmark (As of Sept. 30, 2025)

Annualized Returns			
	<u>1-Year</u>	<u>3-Year</u>	<u>5-Year</u>
Public Equity	(1.52%)	(1.64%)	0.57%
Fixed Income	0.35%	0.51%	0.44%
Absolute Return	5.95%	3.19%	2.74%



# Private Markets vs. Benchmark (As of Sept. 30, 2025)

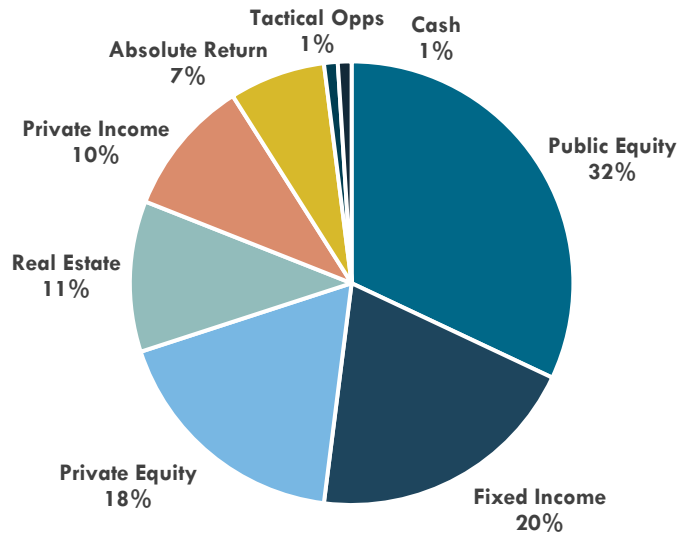
Annualized Returns			
	<u>1-Year</u>	<u>3-Year</u>	<u>5-Year</u>
Private Equity	(0.65%)	(1.02%)	(0.40%)
Private Income	4.81%	(0.81%)	(0.38%)
Real Estate	(1.34%)	0.47%	(0.66%)



# Asset Allocation

- Staff has been and continues to work on asset allocation analysis
- Callan Associates to present asset allocation review in February 2026; by tradition, at May board meeting any change for July 1 will be reviewed

## Current Asset Allocation



## Staff Recommendation

- Reduce target allocations to three private market asset classes by 1% per annum for next three fiscal years, reflecting the desire to preserve optionality for a more attractive deployment environment
- Increase Absolute Return allocation from 7% to 9%
- Allocations to and within Public Equity and Fixed Income toggled based on appetite for various implied return projections for total fund
- Based on various Public Equity and Fixed Income numbers, total fund projected return ranges from CPI + 4.5% to CPI + 5.0%

# Benchmark Review

**Staff has had a number of internal conversations and discussions with Callan and IAG members around the benchmark review process; Staff now wishes to discuss with Trustees the potential for a formal process in the first half of calendar year 2026**

## Key Topics to Review

- We believe that some formality around the process of the ongoing benchmark should be considered (e.g., a benchmark committee)
- Should APFC's private equity benchmark include senior debt strategies and exclude energy strategies as it currently does in both cases?
- Should APFC move from an MSCI ACWI benchmark to a composite of Domestic, Global, and Non-US Equities as we continue to focus on reducing tracking error in our public equity portfolio?
- Review of benchmarks in other areas (in particular, Private Income and Real Estate) to ensure that we continue to feel like we have the right benchmarks

***In any discussion of benchmarks, it is important to be sensitive to optics of changing benchmarks and maintain the practice of all changes, if implemented, being done on a prospective basis. APFC has never and never will look at retrospective benchmark adjustments.***

# Appendix A – Investment Actions

Quarter-to-Date Ending December 31, 2025

# Investment Actions

## *Quarter-to-Date Ending December 31, 2025*

### Public Equity

During the quarter, Staff took the following investment actions:

- November 4<sup>th</sup>: Rebalanced **\$300 million** between external Public Equity accounts

#### **November 4<sup>th</sup>:**

<u>Transfer Account</u>	<u>Amount</u>
LSV INTL Value	-\$50 million
Shroders INTL Value	-\$50 million
DFA INTL Small Cap Value	-\$75 million
DFA INTL Small Cap	-\$75 million
SSGA World ex-US Small Cap	-\$50 million
DSM US Large Cap Growth	+\$75 million
CastleArk US Large Cap Growth	+\$75 million
Voya US Large Cap Growth	+\$75 million
<u>SSGA US Large Cap Growth</u>	<u>+\$75 million</u>
Transfer of <b>\$300 million</b>	

# Investment Actions (continued)

*Quarter-to-Date Ending December 31, 2025*

## Private Equity

- **\$40 million** to Pan-Asian buyout fund
- **\$35 million** to generalist middle market buyout fund
- **\$75 million** to European middle market buyout fund
- **\$5 million** European healthcare co-investment
- **\$23 million** to European middle market buyout fund
- **\$20 million** to small European buyout fund

**Commitment Total: \$198 million**

## Real Estate

- **\$150 million** to industrial closed-end fund
- **\$15 million** from retail asset distribution
- **\$73 million** from retail asset distribution
- **\$40 million** in REIT redemptions

**Investment Action Total: \$278 million**

## Absolute Return

- **\$2 million** distribution from multi-strategy hedge fund
- **\$51 million** distribution from multi-strategy hedge fund
- **\$3 million** distribution from global macro hedge fund

**Investment Action Total: \$56 million**

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# Appendix B – Asset Class Performance Detail

# Asset Class Performance Detail (As of Sept. 30, 2025)

## Annualized Returns

Public Equity	1-Year	3-Year	5-Year
Return	15.27%	20.85%	13.87%
Benchmark	16.79%	22.49%	13.30%
Performance	(1.52%)	(1.64%)	0.57%
Fixed Income	1-Year	3-Year	5-Year
Return	3.92%	6.49%	1.11%
Benchmark	3.57%	5.98%	0.67%
Performance	0.35%	0.51%	0.44%
Absolute Return	1-Year	3-Year	5-Year
Return	13.41%	8.61%	9.20%
Benchmark	7.46%	5.42%	6.46%
Performance	5.95%	3.19%	2.74%
Private Equity	1-Year	3-Year	5-Year
Return	8.65%	4.17%	13.67%
Benchmark	9.30%	5.19%	14.07%
Performance	(0.65%)	(1.02%)	(0.40%)
Private Income	1-Year	3-Year	5-Year
Return	14.46%	9.45%	11.63%
Benchmark	9.65%	10.26%	12.01%
Performance	4.81%	(0.81%)	(0.38%)
Real Estate	1-Year	3-Year	5-Year
Return	4.08%	(0.74%)	4.08%
Benchmark	5.42%	(1.21%)	4.74%
Performance	(1.34%)	0.47%	(0.66%)
Total Fund	1-Year	3-Year	5-Year
Return	10.10%	10.41%	9.54%
Benchmark	10.08%	11.24%	9.19%
Performance	0.02%	(0.83%)	0.35%

## Fiscal Year Annual Returns

Public Equity	2021	2022	2023	2024	2025	'26 FYTD
Return	46.92%	(14.32%)	14.16%	16.06%	16.09%	7.04%
Benchmark	40.94%	(16.52%)	16.14%	18.40%	15.89%	7.67%
Performance	5.98%	2.20%	(1.98%)	(2.34%)	0.20%	(0.63%)
Fixed Income	2021	2022	2023	2024	2025	'26 FYTD
Return	3.68%	(10.82%)	1.63%	4.93%	6.67%	2.10%
Benchmark	2.89%	(10.97%)	1.12%	4.24%	6.49%	1.93%
Performance	0.79%	0.15%	0.51%	0.69%	0.18%	0.17%
Absolute Return	2021	2022	2023	2024	2025	'26 FYTD
Return	12.40%	7.98%	3.84%	9.74%	10.18%	3.75%
Benchmark	27.48%	(5.60%)	1.62%	8.52%	3.87%	3.72%
Performance	(15.08%)	13.58%	2.22%	1.22%	6.31%	0.03%
Private Equity	2021	2022	2023	2024	2025	'26 FYTD
Return	64.61%	17.60%	(2.08%)	2.51%	4.13%	4.34%
Benchmark	54.21%	22.00%	(4.49%)	5.00%	6.30%	3.87%
Performance	10.40%	(4.40%)	2.41%	(2.49%)	(2.17%)	0.47%
Private Income	2021	2022	2023	2024	2025	'26 FYTD
Return	18.06%	16.20%	4.20%	6.55%	11.50%	4.50%
Benchmark	18.46%	14.99%	6.85%	9.23%	8.32%	3.14%
Performance	(0.40%)	1.21%	(2.65%)	(2.68%)	3.18%	1.36%
Real Estate	2021	2022	2023	2024	2025	'26 FYTD
Return	1.41%	23.41%	(2.47%)	(3.28%)	1.57%	1.77%
Benchmark	7.41%	22.76%	(4.07%)	(4.50%)	4.00%	1.20%
Performance	(6.00%)	0.65%	1.60%	1.22%	(2.43%)	0.57%
Total Fund	2021	2022	2023	2024	2025	'26 FYTD
Return	29.73%	(1.32%)	5.18%	7.90%	9.35%	4.38%
Benchmark	27.75%	(3.24%)	5.74%	9.49%	9.29%	4.32%
Performance	1.98%	1.92%	(0.56%)	(1.59%)	0.06%	0.06%

SUBJECT: Risk &amp; Compliance Overview

ACTION: \_\_\_\_\_

DATE: December 17, 2025

INFORMATION:   X  

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**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]:** summarizes a comparative analysis of the Fund versus the risk appetite (the Risk Tolerance Portfolio or "RTP"), both in terms of risk level and returns/performance.
- **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.
- **Part-3 [Information]:** includes a summary of the compliance monitoring activity as of the 2025 September 30 quarter end.



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# Risk & Compliance Overview



# Part 1:

## APFC Fund versus Risk Appetite (Risk Tolerance Portfolio – RTP)

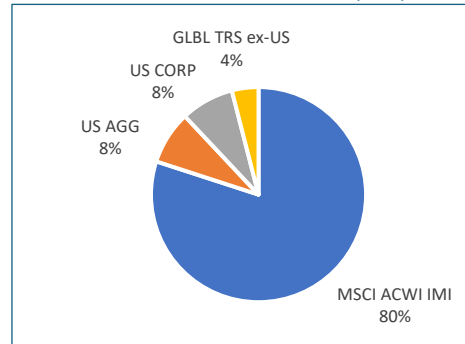
# Risk Appetite: defined and adopted in Q1 2021

A comparative analysis of the Fund versus the risk appetite (Risk Tolerance Portfolio or “RTP”) was conducted, both in terms of risk and returns. The following pages summarize key takeaways of the analysis. The two pages following this one tracks actual APFC risk level versus the RTP, and the couple of pages after that compares returns/performance.

- **Background:** The following risk appetite framework, based on the Risk Tolerance Portfolio (RTP) – an 80% equity/20% bond reference portfolio, was approved by the board in February 2021:

- a) Value at Risk (VaR, 1 year, 1SD) shall not exceed that of the RTP
- b) Drawdown (GFC 2007 – 2009) shall not exceed that of the RTP
- c) Liquidity: The combined allocation to Public equities, Fixed income and Cash shall not be lower than 40%

Risk Tolerance Portfolio (RTP)



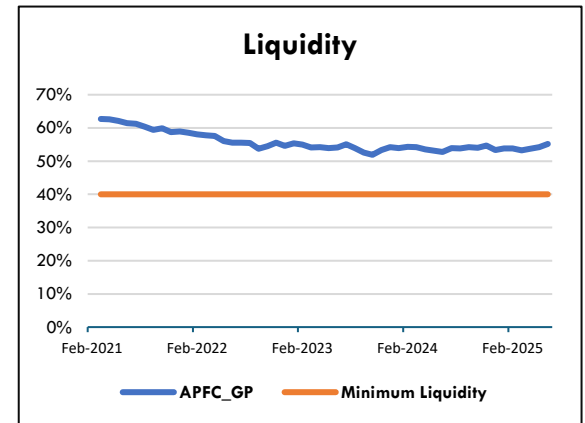
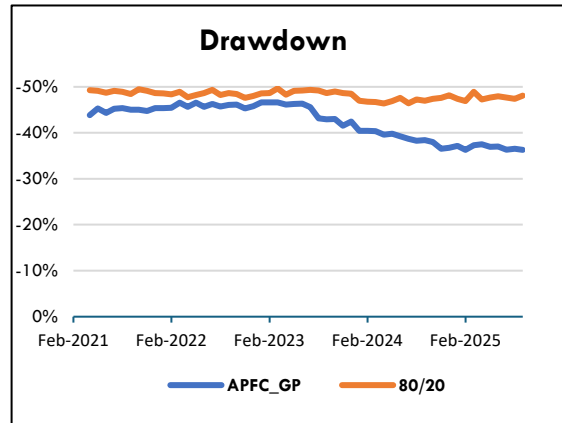
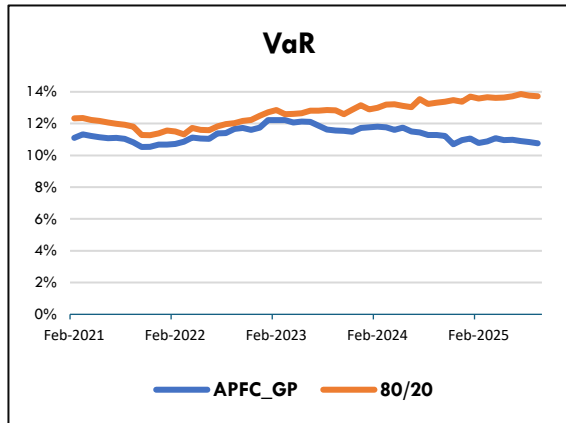
Measurement Parameters

- Value at Risk or VaR: based on 10 years historical constant weighted monthly data
- The Private Equity risk estimate computed by Aladdin will be reduced by an override scaling down of the private equity exposure to 75% of actual exposure when comparing to RTP

# Fund Risk: has been within approved risk appetite

[Risk appetite reflects the 80/20 equity/bond Risk Tolerance Portfolio (RTP)]

Feb 2021 to Sep 2025

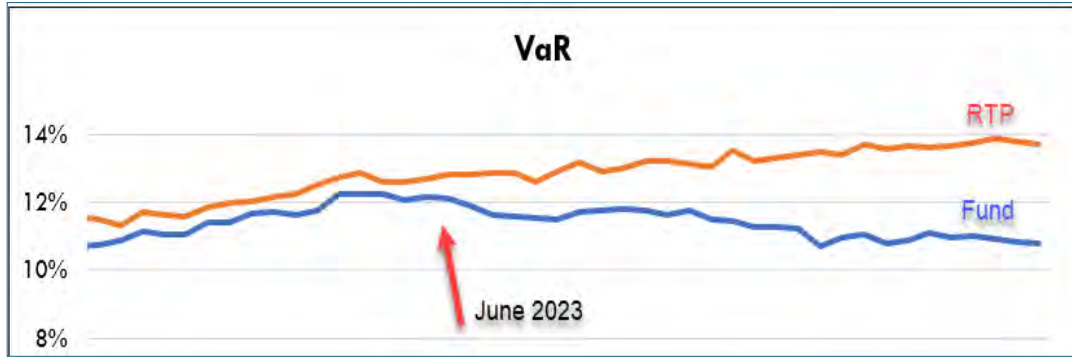


- Since instituting the risk appetite (RTP) definition in early 2021, Fund risk has been within the threshold on all three dimensions: max-VaR, max-Drawdown, and min-Liquidity.
- The risk & compliance team monitors and reports this monthly.

# Fund Risk: the gap relative to risk appetite has widened modestly over the last two years

[Risk appetite reflects the 80/20 equity/bond Risk Tolerance Portfolio (RTP)]

Magnified view of a portion of VaR graph



	VaR	
	9/30/2025	6/30/2023
APFC Fund	10.77%	12.11%
Risk Tolerance Portfolio (RTP)	13.71%	12.81%
Difference	-2.94%	-0.70%

The key drivers for the expanded deviation of Fund-VaR (Vs.) RTP-VaR since mid-2023 are:

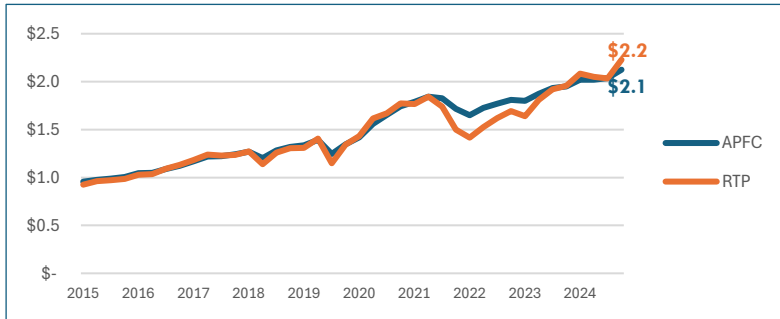
- changed asset allocation and related vols/correlations (reduced Fund-VaR)
- increased vol for ACWI (increased RTP-VaR)
- Model/data changes (reduced Fund-VaR)

# Historical Returns: APFC Vs. Risk Appetite

[Risk appetite reflects the 80/20 equity/bond Risk Tolerance Portfolio (RTP)]

The previous two pages compared risk levels between the Fund and its defined risk appetite (RTP), in this and the next page we compare returns.

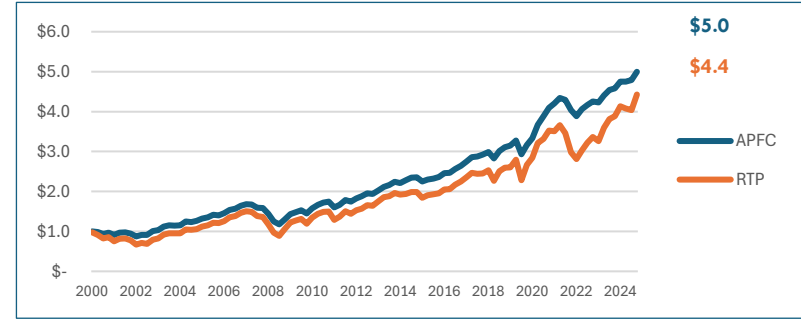
**Last 10 years:** Growth of \$1 invested in APFC Vs RTP



**Over a 10-year period: 2015 to 2025**

- Cumulatively, the RTP outperformed the APFC during the last 10 years ending 6/30/2025.
- A dollar invested in the APFC in 2015 grew to \$2.1 (annualized return of 7.83%), compared to growing to \$2.2 if invested in the RTP (annualized return of 8.34%)

**Last 25 years:** Growth of \$1 invested in APFC Vs RTP



**Over a 25-year period: 2000 to 2025**

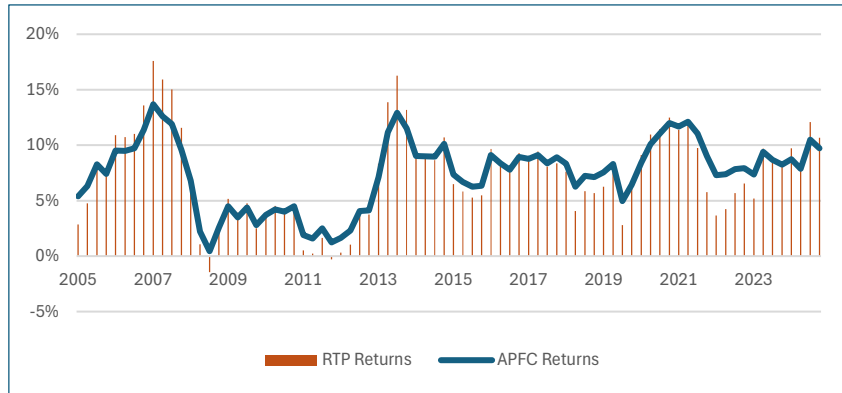
- Cumulatively, the APFC outperformed the RTP during the last 25 years ending 6/30/2025
- A dollar invested in the APFC in 2000 grew to \$5 (annualized return of 6.65%), compared to growing to \$4.4 if invested in the RTP (annualized return of 6.13%)

# Historical Returns: APFC Vs. Risk Appetite

[Risk appetite reflects the 80/20 equity/bond Risk Tolerance Portfolio (RTP)]

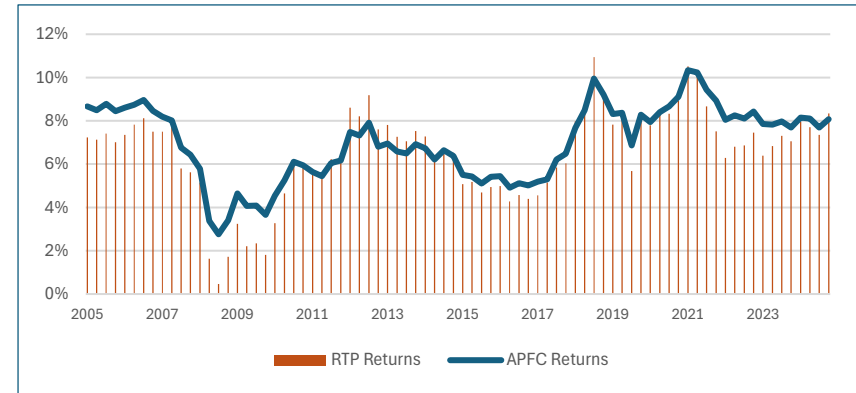
- In the previous page we compared cumulative returns over 10 and 25 years – to understand by how much APFC out/under performed the RTP
- Another angle, provided below, compares rolling 5-year and 10-year returns, computed every quarter from 2005 to 2025 – to know the frequency (how many times) APFC out/under performed the RTP. For 5-year returns, APFC outperformed on just over half or 55% of the 80 quarters (20 years), and on 10-year returns the outperformance frequency was even better at 73%

Annualized 5-year returns: 2005 to 2025  
Quarterly rolling basis



- Count # APFC beat RTP : 44 (55%)
- Count # Negatives : APFC – Nil; RTP - 2

Annualized 10-year returns: 2005 to 2025  
Quarterly rolling basis



- Count # APFC beat RTP : 58 (73%)
- Count # Negatives : APFC – Nil; RTP - Nil

# APFC Fund (Vs) Risk Appetite: Key takeaways

- The threshold for risk or risk appetite, defined by the 80% Equity/20% Bond Risk Tolerance Portfolio (RTP), was adopted by the board in early 2021. Staff regularly monitors APFC's actual risk level to ensure it is within this threshold.
- **Risk:** Since it's inception in early 2021, the Fund's actual risk level consistently remained within the defined risk appetite.
- **Returns:** Cumulative returns of the APFC portfolio outperformed the RTP over a 25-year lookback, based on historical back-testing. Over the last 20 years, the APFC's frequency of outperformance was a sound 73%. Given the limited history of the MSCI ACWI component, going back further in time was not possible.
- **Caveats:**
  - Given APFC's material allocation to private assets, a performance comparison to the RTP that fully comprises public listed assets, may not be readily reliable (impact of lag, non-market private asset valuations, illiquidity factors, etc.).
  - Additionally, with the “smoothing” effect of private asset valuations, measuring and comparing ex-post volatilities was considered not meaningful.
  - Assumptions were made on rebalancing frequency and time-scaling of returns. For index data pre-2010, an ETF proxy of the MSCI ACWI was used.



## Part 2:

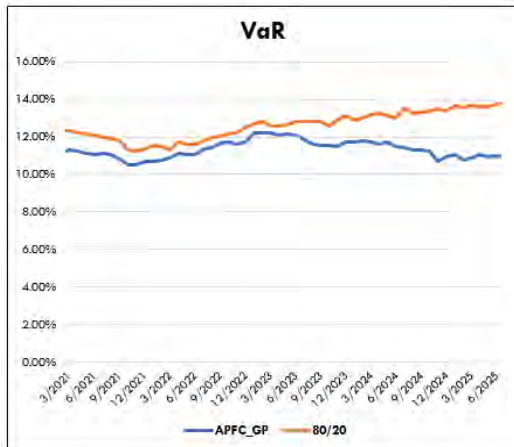
Key Risk Metrics  
as of September 30, 2025

# Fund Risk: relative to approved risk appetite

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

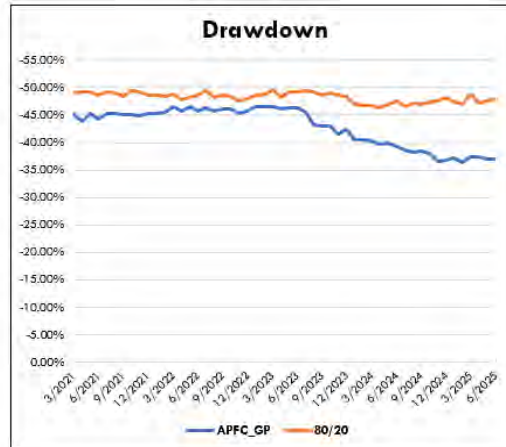
**Value at Risk (VaR): Max**  
1 year, 1SD, 10-year monthly historical data equally weighted

As of Date	Total Fund	Risk Appetite	
9/30/2025	10.77%	13.71%	✓



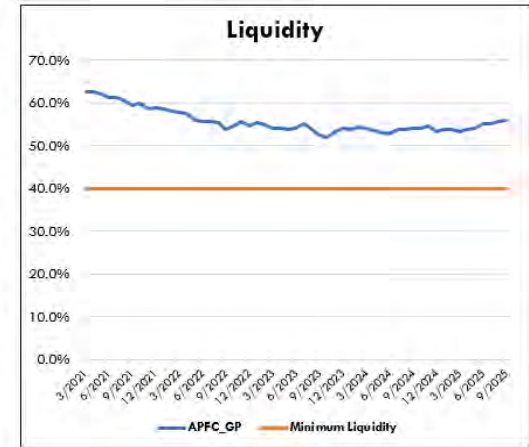
**Drawdown Stress PnL: Max**  
Stress scenario simulating the GFC – Dec 2007 to Mar 2009

As of Date	Total Fund	Risk Appetite	
9/30/2025	(36.29%)	(48.06%)	✓



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

As of Date	Total Fund	Risk Appetite	
9/30/2025	55.9%	40%	✓

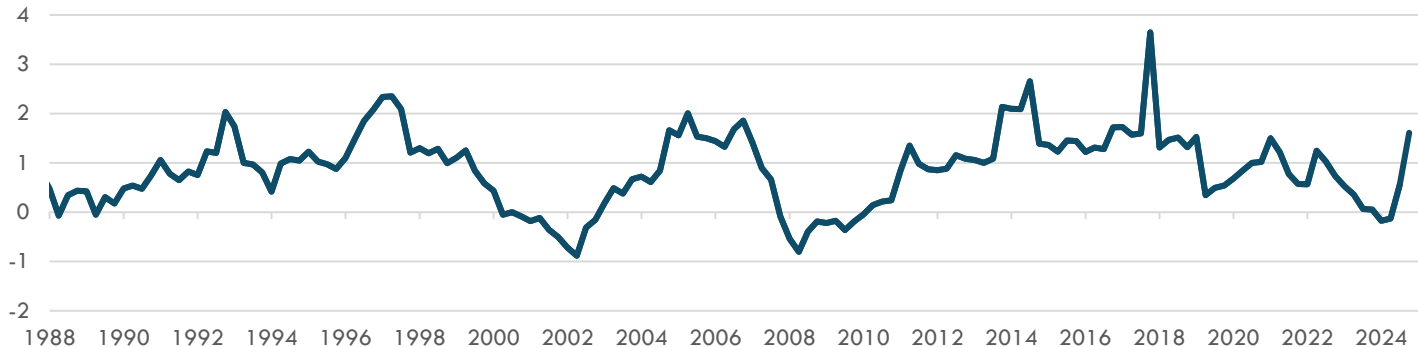


# Total Fund: realized volatility & Sharpe ratio

Realized Fund  
Volatility



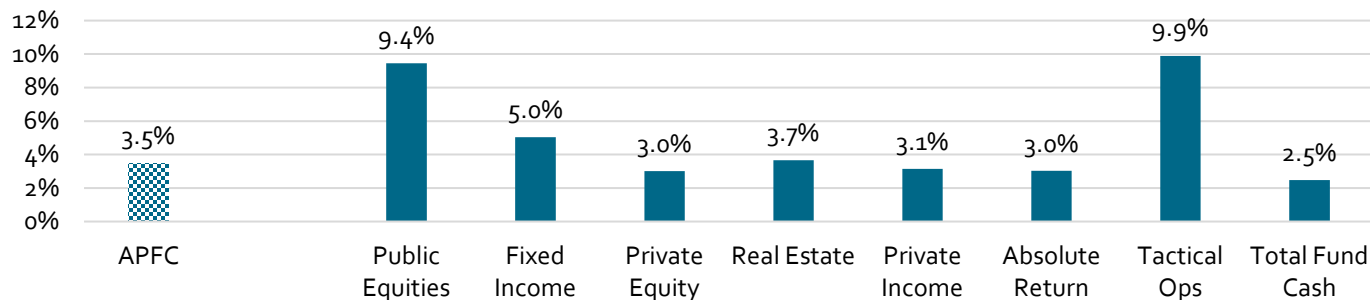
Realized Fund  
Sharpe Ratio



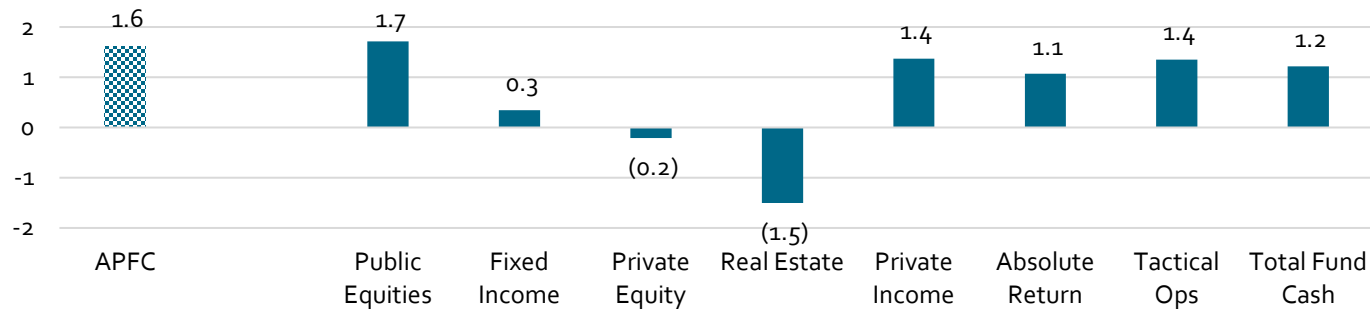
Volatility (standard deviation) and Sharpe ratio have been computed based on rolling 3 year quarterly returns for the Total Fund

# Fund & Constituents: realized volatility & Sharpe ratio

## Volatility

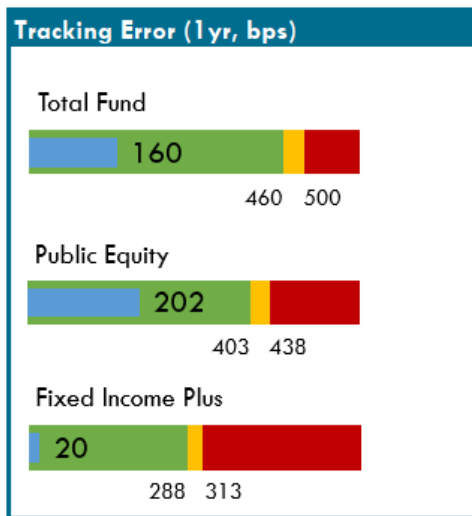


## Sharpe Ratio

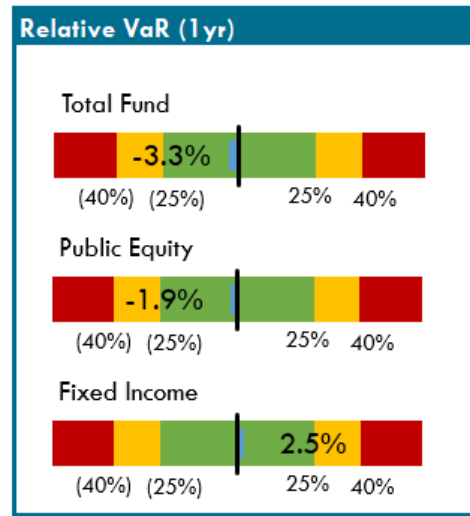


Volatility (standard deviation) and Sharpe Ratio have been computed based on historical 3 year quarterly returns

# Tracking Error and VaR vs. Limits



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



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

# Liquidity Limits: Private Assets

## Private Assets: Investments Vs Targets

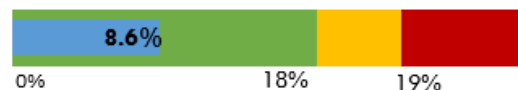
	\$ Billion	% of Total Fund		
		Actual	Target	Actual (Vs) Target
Private Equity	15.4	17.4%	18.0%	-0.6%
Private Income	7.9	9.0%	10.0%	-1.0%
Real Estate	8.9	10.0%	11.0%	-1.0%
Tactical Ops	1.0	1.1%	1.0%	0.1%
<b>Total</b>	<b>33.1</b>	<b>37.5%</b>	<b>40.0%</b>	

## Private Assets: Future Commitments Vs Targets

	\$ Billion	% of Total Fund		
		Actual	Target	Actual (Vs) Target
Private Equity	4.4	5.0%	7.0%	-2.0%
Private Income	2.9	3.3%	5.0%	-1.7%
Real Estate	0.3	0.4%	3.0%	-2.6%
Tactical Ops	0.0	0.0%	0.5%	-0.5%
<b>Total</b>	<b>7.62</b>	<b>8.6%</b>	<b>15.5%</b>	

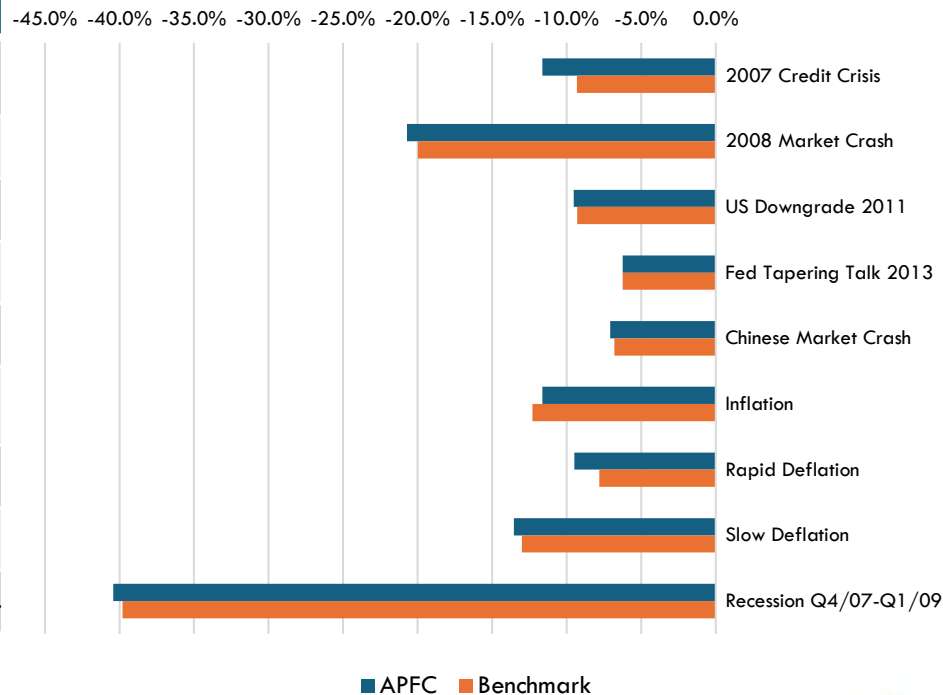
## Future Commitments Limits

\$7.62 Billion Unfunded Commitments to Managers



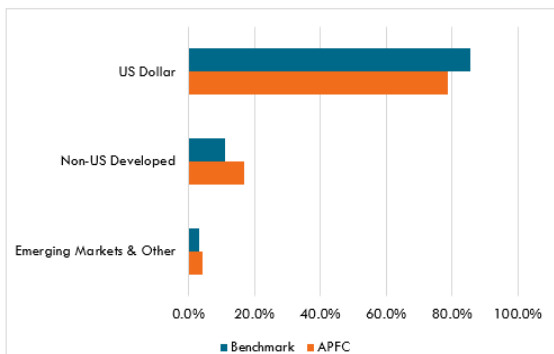
# Tail Risk: Current portfolio during extreme events

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.



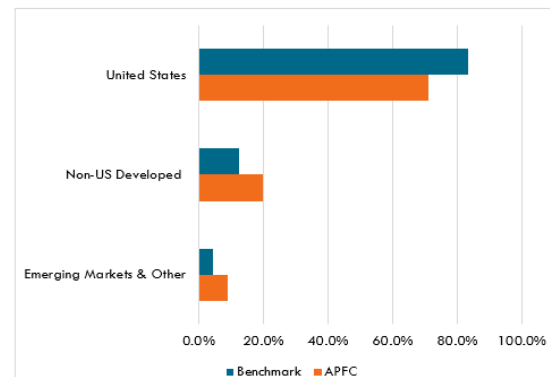
# Geography & Currency breakdowns

Currency breakdown



Currency Name	Exposure (\$ 000's)
Euro	\$6,236,309
British Pound	\$2,380,429
Japanese Yen	\$1,956,801
Hong Kong Dollar	\$1,053,581
Canadian Dollar	\$1,032,129
Australian Dollar	\$572,514
<b>Sub-Total</b>	<b>13,231,762 (15.0% of NAV)</b>
<b>Total Non-US DM Exposure</b>	<b>14,611,395 (16.5% of NAV)</b>

Country breakdown



Country Name	Exposure (\$ 000's)
China	1,617,191
Korea (South), Republic of	641,519
India	637,107
Taiwan (Repub	631,953
Indonesia	386,424
Brazil	301,331
<b>Sub-Total</b>	<b>4,215,524 (4.8% of NAV)</b>
<b>Total EM Exposure</b>	<b>5,157,934 (5.8% of NAV)</b>

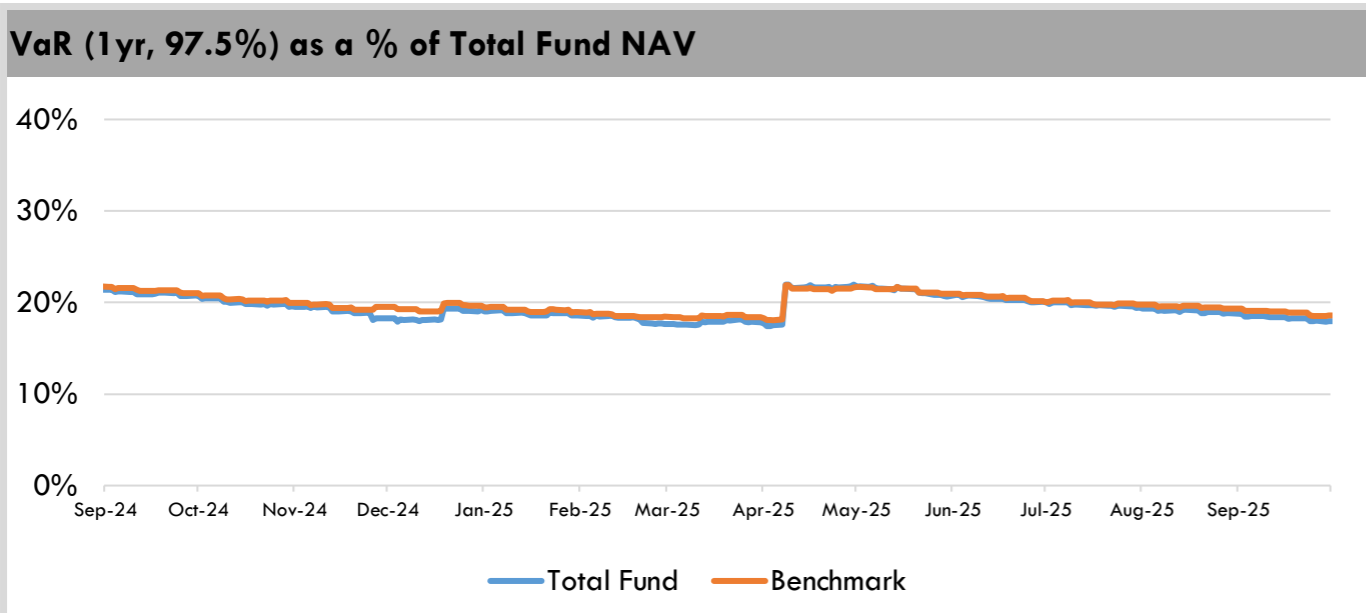
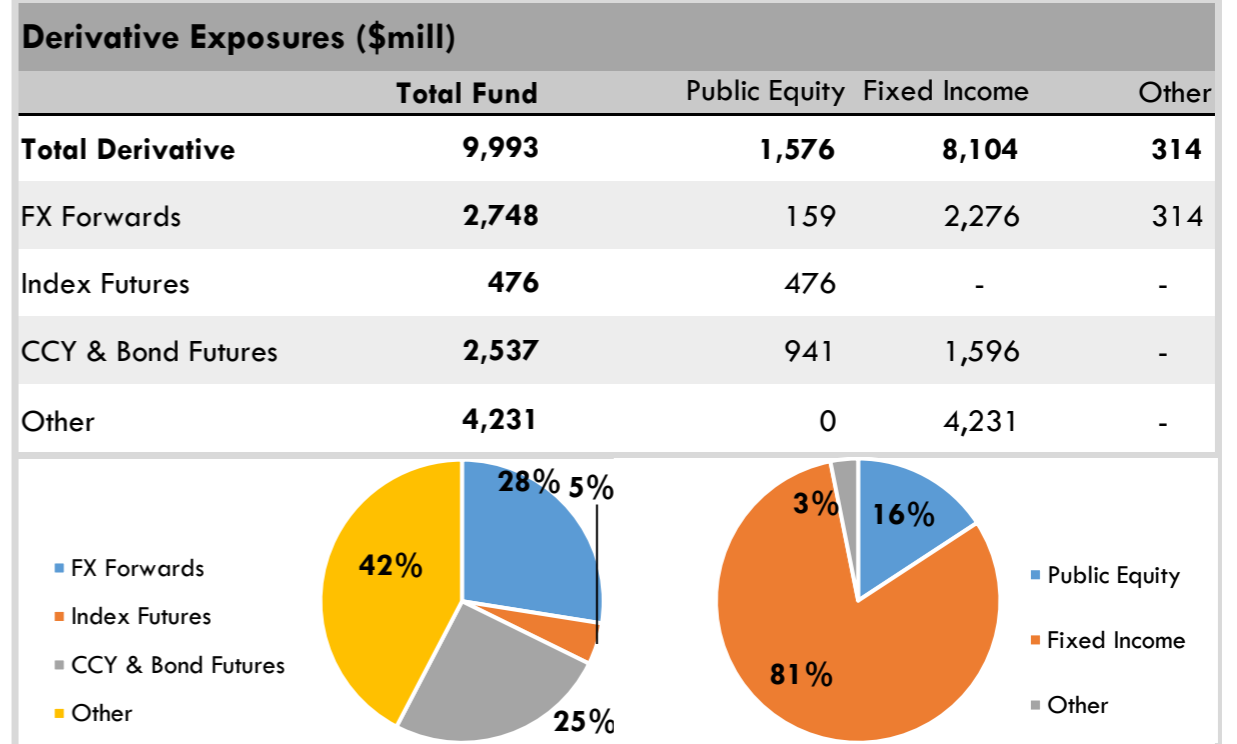
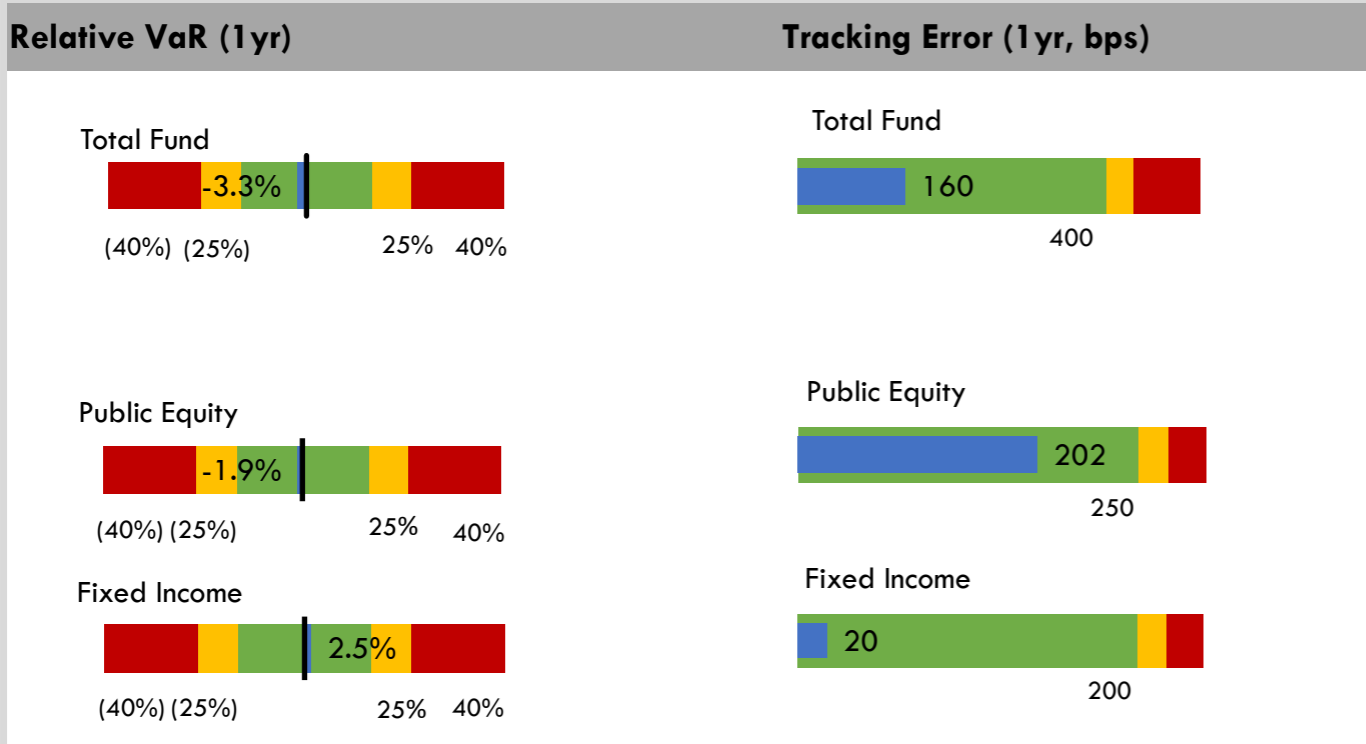
Daily Dashboard - September 30, 2025

NAV : \$ 88,052,467,161



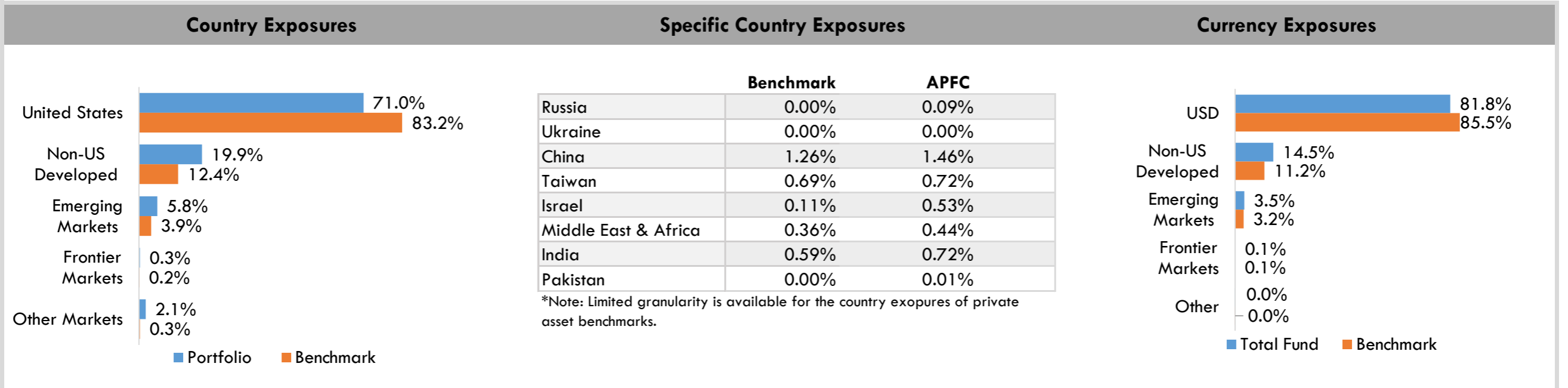
Permanent Fund:	98%	\$ 86,282,612,571
AMHT + PCE:	2%	\$ 1,769,854,590

Risk	Performance (%)							Asset Allocation				
	1 SD	Rel VaR	TE	MTD	FYTD	CYTD	1 Year	NAV (\$mill)	NAV	Target	Compliance	Under/Over
<b>Total Fund</b>	<b>9.2%</b>	<b>-3.3%</b>	<b>1.6%</b>	<b>1.1</b>	<b>4.0</b>	<b>10.4</b>	<b>9.7</b>	<b>88,052</b>				
Public Equity	13.3%	-1.9%	2.0%	2.5	7.2	19.2	16.0	28,929	32.9%	32%	Green	0.9%
Fixed Income	4.1%	2.5%	0.2%	1.1	2.1	6.0	3.9	17,685	20.1%	20%	Green	0.1%
Private Equity	17.5%	-12.7%	7.7%	0.1	3.2	5.8	7.5	15,172	17.2%	18%	Green	-0.8%
Real Estate	7.2%	-14.7%	3.6%	0.2	1.2	3.7	2.4	8,868	10.1%	11%	Green	-0.9%
Inf. & Private Income	11.3%	69.7%	7.9%	0.0	3.3	10.5	13.5	7,829	8.9%	10%	Green	-1.1%
Absolute Return	2.2%	-27.3%	3.4%	0.2	2.6	7.8	11.5	6,050	6.9%	7%	Green	-0.1%
Tactical Opps	13.9%	-7.5%	1.2%	3.5	7.9	12.9	15.4	953	1.1%	1%	Green	0.1%
Total Fund Cash	0.1%	-25.3%	0.1%	0.4	1.1	3.2	4.4	2,567	2.9%	1%	Green	1.9%



**Economic Indicators**

	9/30/25	9/29/25	% Change
VIX	16.28	16.12	1.0%
U.S. Dollar/Euro	1.17	1.17	0.1%
Credit Index OAS	0.70	0.69	1.4%
Crude Oil (WTI) (\$)	62.37	63.45	-1.7%
10-Year Treasury Yield	4.15	4.14	0.3%
30-Year Treasury Yield	4.73	4.70	0.6%
S&P 500	6,688.46	6,661.21	0.4%
MSCI ACWI	3,482.84	3,467.84	0.4%





# Part 3:

Compliance Monitoring  
as of September 30, 2025

# Regulatory/Legal Compliance

Task	Description	Total completed for the quarter ending 9/30/25
SEC 13 F Filing	The Securities & Exchange Commission's (SEC) Form 13F is a quarterly filing required of all institutional investors with >\$100 million in assets. It discloses their public equity holdings and external managers.	1
U.S. KYC	Know Your Customer (KYC) is a process by which financial institutions verify their customers' identity and assess the risks associated with them. APFC must provide notarized passports and utility bills, bylaws, certify authorized signatories and more.	13
German KYC	Know Your Customer (KYC) requirements can vary by country. German requirements are far more in-depth than U.S. requirements and require assistance from external legal counsel. Items may include FBI background check, detailed information on controlled assets and more.	1
Counterparty onboarding	Upon engaging with a new counterparty, APFC signs contracts and completes forms to establish the trading relationship.	1

# Regulatory/Legal Compliance

Task	Description	Total completed for the quarter ending 6/30/25
Tax Documentation Request	Form W-9 Request for Taxpayer Identification Number	3
FINRA 2242	From time-to-time certain broker/dealers distribute debt research solely to eligible institutional investors. Financial Industry Regulatory Authority (FINRA) requires eligibility to be verified.	0
Sanctions Questionnaire	As a matter of due diligence, counterparties assess whether clients have business dealings in or with sanction targets.	0
Authorized Traders Verification	Counterparties request verification of whom APFC authorizes to trade on its behalf.	3
Institutional Suitability Certificate FINRA 2111	Financial Industry Regulatory Authority (FINRA) requires investors to certify that they are capable of independently evaluating investment risk and will exercise independent judgement.	0
Beneficial Ownership Certification	APFC must verify that the Fund is wholly owned by the state, with no individual beneficial owners.	0

# Regulatory/Legal Compliance

Task	Description	Total completed for the quarter ending 6/30/25
AML Questionnaire	Anti-money laundering (AML) efforts consist of the laws, regulations and procedures that are designed to prevent criminals from exchanging money obtained through illegal activities.	0
QIB certification	The Qualified Institutional Buyer certification allows APFC to participate in large-scale securities offerings.	2
Reg S Update	Reg S is a regulation by the U.S. SEC that allows companies to raise capital outside the United States without the need for SEC registration.	1
CRS/FATCA	Forms for the collection and reporting of tax identifiers and other financial account information.	0
Sophisticated Municipal Market Professional (SMMP) Affirmation	SMMP is a requirement set by the Municipal Securities Rulemaking Board (MSRB) in which investors must affirm that they can independently evaluate investment risks and market value.	2

# Investment Policy (IPS) Compliance

IPS Section VII.G.Table-3 provides asset allocation target levels to ensure proper diversification of the Fund. In the table below, green indicates compliance to these limits. The values reflect the permissible largest concentrations for each matrix parameter, for informational purposes

	Public Equity	Fixed Income	Private Equity	Real Estate	Private Income	Absolute Return	Tactical Opportunities	Cash	Total Fund
<b>Future Outstanding Commitments<sup>1</sup></b>	0.0%	0.0%	7.0%	3.0%	5.0%	2.0%	0.0%	0.0%	17.0%
<b>Benchmark</b>	M68420USN	BBGEMBUS22	CAMB_PE	RE_2021	CAM_PI	HFRIPRXY23	SNP500	LEH3MD_TB	LHJPMUSVY2
<b>Tracking Error</b>	See III.A.5	See III.B.5							4.0%
<b>Relative VaR<sup>2</sup></b>	100.0%	100.0%							100.0%
<b>% of Asset Allocation</b>									
Single Name / Issuer <sup>3</sup>	4%	4%	2%	10%	2%	n/a	n/a	n/a	
Single Sub- Industry <sup>4</sup>	20%	20%	30%	n/a	30%	n/a	n/a	n/a	
Single Country - EX US	10%	10%	20%	20%	20%	n/a	n/a	n/a	
Total EX US	50%	30%	50%	50%	50%	n/a	n/a	n/a	
Single Fund Investment <sup>5</sup>	5%	10%	10%	10%	10%	15%	n/a	n/a	
Proportion of Ownership <sup>6</sup>	5%	n/a	n/a	5%	5%	n/a	n/a	n/a	
Rating - Below Inv Grade	n/a	25%	n/a	n/a	n/a	n/a	n/a	n/a	0%
Rating - Below A- & Unrated	n/a	50%	n/a	n/a	n/a	n/a	n/a	n/a	0%
Rating - Unrated	n/a	5%	n/a	n/a	n/a	n/a	n/a	n/a	0%
FX - Proportion Unhedged	50%	30%	50%	50%	50%	n/a	n/a	n/a	
Liquidity - Proportion w/o Weekly Liq	10%	10%	100%	100%	100%	100%	n/a	n/a	5%
Liquidity - Proportion w/o Monthly Liq	2%	2%	100%	100%	100%	100%	n/a	n/a	0%
Liquidity - Proportion w/o Quarterly Liq	0%	0%	100%	100%	100%	40%	n/a	n/a	0%
Cash & Equivalents	2%	10%	5%	5%	5%	n/a	n/a	n/a	100%
<b>MINIMUM Cash &amp; Equivalents</b>	0%	0%	0%	0%	0%	n/a	n/a	n/a	30%

All Targets are Maximum Permitted except-Minimum Cash

#### Notes:

- <sup>1</sup> % of Total Fund
- <sup>2</sup> Ratio of Portfolio VaR to Benchmark VaR
- <sup>3</sup> Single Name / Issuer: represents security level exposure to single entity or operating company.  
US Treasury & Govt Agencies are exempt. For Private Assets, the limit applies at the time of investment or cost basis.
- <sup>4</sup> Definition: GICS Sub-Industry
- <sup>5</sup> Single Fund Investment: represents exposure to an external fund or external strategy based vehicle.  
Excludes passive/index-based strategies.
- <sup>6</sup> Proportion of Ownership: For Real Estate and Private Income, the limit is only applicable to the REIT and listed infrastructure portfolios

# Investment Policy Compliance

Asset Class	Parameter	Limit	Actual	Compliance Status
PUEQ	The internally managed public equity transitional account shall not exceed 3% of overall pueq NAV and shall only hold ETFs or cash.	3%	0.01%	✓
PE	No more than 20% of the PE asset class shall be invested in public holdings.	<20%	10%	✓
PE	Following the public listing of any shares held by an APFC controlled vehicle, such shares shall be liquidated within 18 months.	18 months	1 month	✓
PE	No more than 30% of the PE portfolio may be invested with a single manager.	30%	5%	✓
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	29% VC, 1% Growth, 64% buyout, 6% specialized	✓
IPCIO	No more than 30% of the IPCIO portfolio may be invested with a single manager.	30%	9%	✓
AR	APFC shall not constitute more than 30% of a manager's AUM	30%	13%	✓
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, 14% event driven, 31% directional	✓

# Investment Policy Compliance

Asset Class	Parameter	Limit	Actual	Compliance Status
RE	No more than 35% of the RE portfolio may be invested with a single manager.	35%	14%	✓
RE	No more than 60% of the directly-held RE portfolio shall be invested in non-core holdings.	60%	20%	✓
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%	21%	✓
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%	88%	✓

86 of 238

-end-

The logo for APFC (Alaska Permanent Fund Corporation) is displayed in white serif font on a dark teal rectangular background. The background of the entire slide is a semi-transparent blue overlay of a financial trading interface, showing various data tables, charts, and navigation menus.

APFC

ALASKA PERMANENT  
FUND CORPORATION



**SUBJECT:** Fund Performance Review  
Greg Allen, Callan CEO & Chief Research Officer  
Steve Center, Callan Senior VP

**ACTION:**

**DATE:** December 17, 2025

**INFORMATION:** X

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**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, Senior Vice President, will be the presenters at this meeting.

# Callan



December 17, 2025

**Alaska Permanent Fund  
Corporation**

3<sup>rd</sup> Quarter 2025  
Capital Markets and Performance  
Review

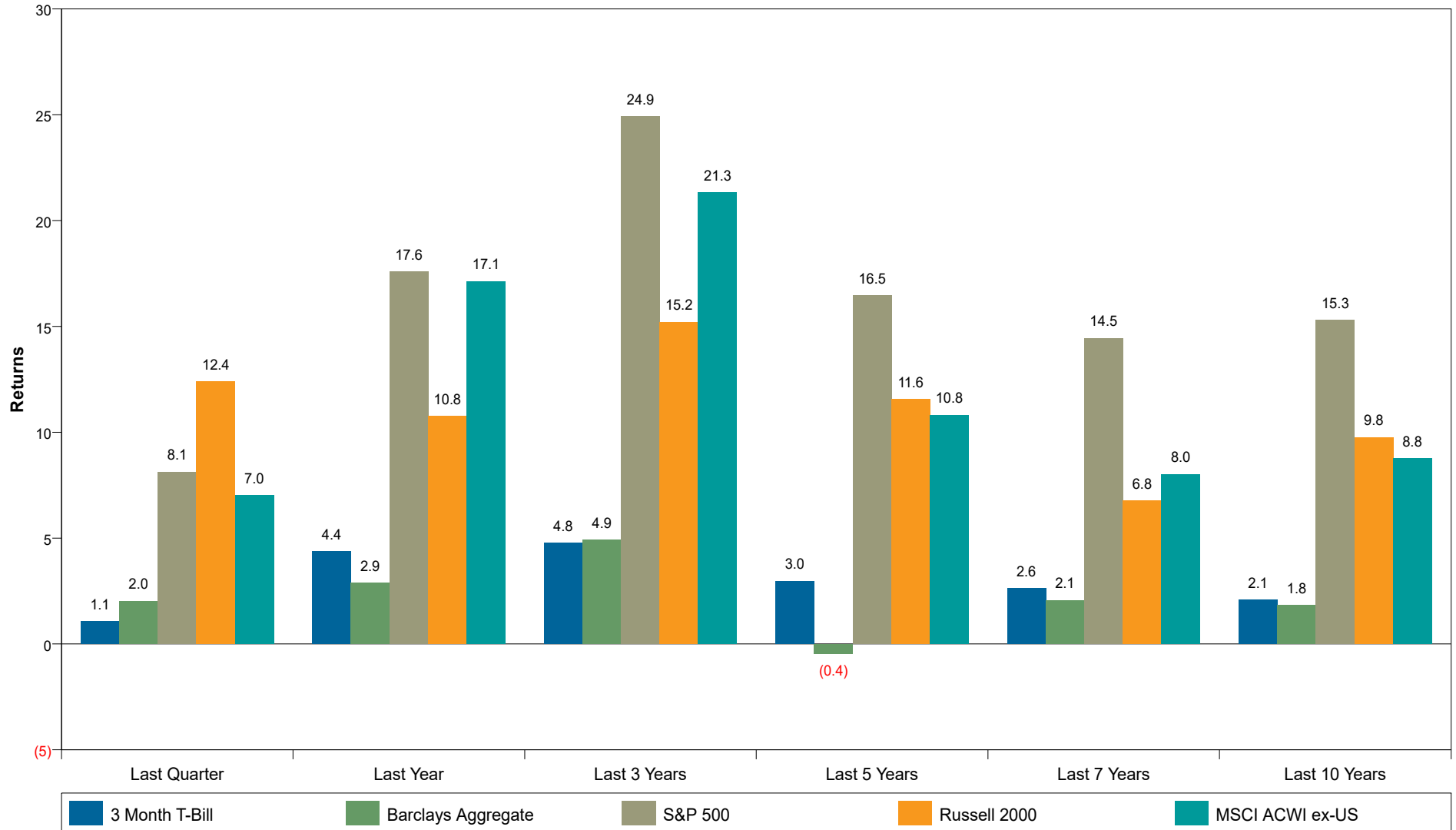
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**Greg Allen**  
CEO and Chief Research Officer

**Steven Center, CFA**  
Senior Vice President

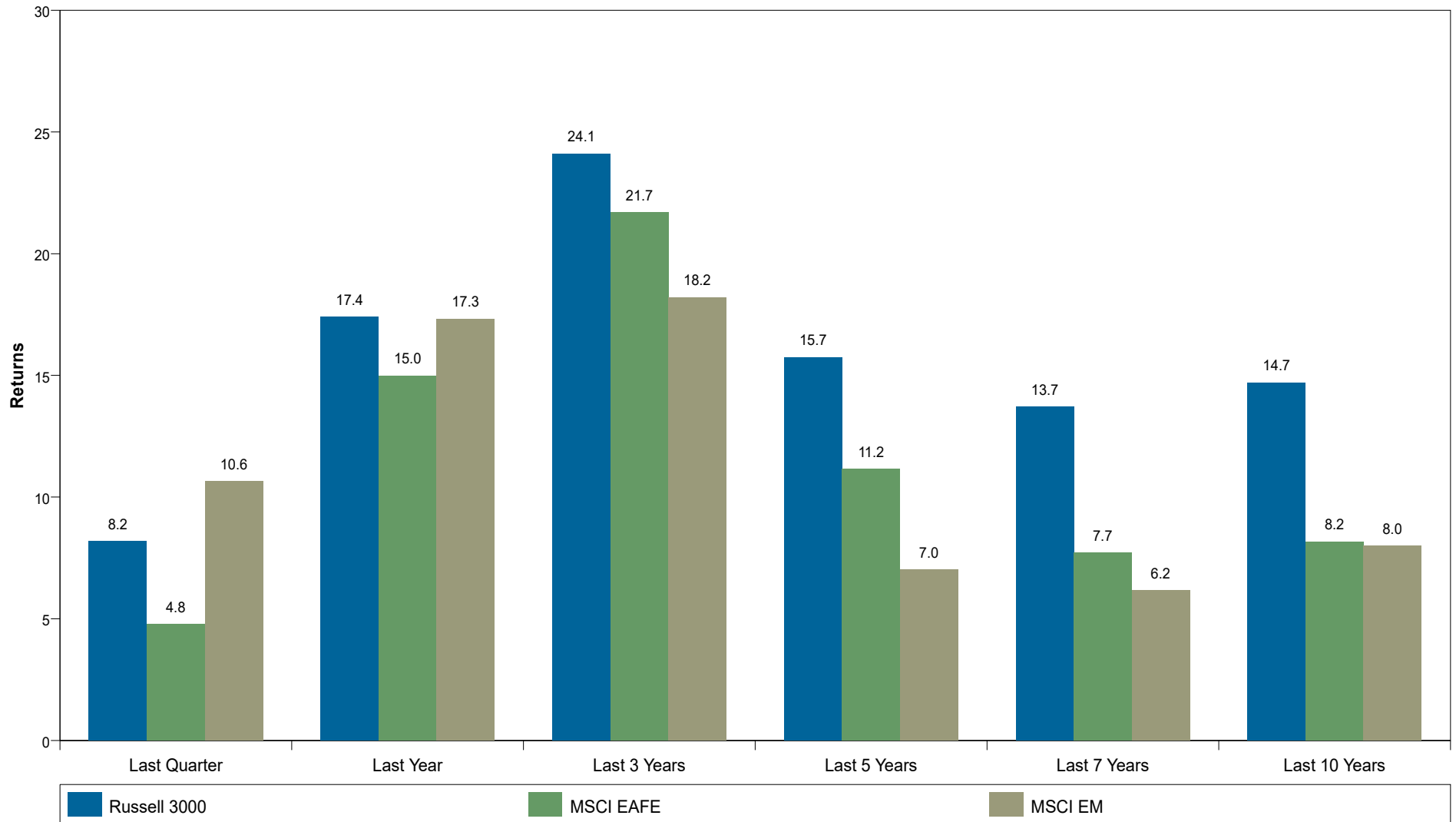
# Broad Capital Market Performance

Periods Ended September 30, 2025



# Public Equity Capital Market Performance

Periods Ended September 30, 2025



# Callan Periodic Table of Investment Returns

## Returns for Key Indices

2016	2017	2018	2019	2020	2021	2022	2023	2024	3 Qtrs. 2025
Russell 2000 21.31%	MSCI Emerging Markets 37.28%	Bloomberg Aggregate 0.01%	S&P 500 31.49%	Russell 2000 19.96%	S&P 500 28.71%	Bloomberg Corp High Yield -11.19%	S&P 500 26.29%	S&P 500 25.02%	MSCI Emerging Markets 27.53%
Bloomberg Corp High Yield 17.13%	MSCI ACWI ex USA SC 31.65%	Bloomberg Corp High Yield -2.08%	MSCI:ACWI IMI 26.35%	S&P 500 18.40%	MSCI:ACWI IMI 18.22%	Bloomberg Aggregate -13.01%	MSCI:ACWI IMI 21.58%	MSCI:ACWI IMI 16.37%	MSCI ACWI ex USA SC 25.54%
S&P 500 11.96%	MSCI World ex USA 24.21%	Bloomberg Global Agg ex US -2.15%	Russell 2000 25.52%	MSCI Emerging Markets 18.31%	Russell 2000 14.82%	MSCI World ex USA -14.29%	MSCI World ex USA 17.94%	Russell 2000 11.54%	MSCI World ex USA 25.34%
MSCI Emerging Markets 11.19%	MSCI:ACWI IMI 23.95%	S&P 500 -4.38%	MSCI World ex USA 22.49%	MSCI:ACWI IMI 16.25%	MSCI ACWI ex USA SC 12.93%	S&P 500 -18.11%	Russell 2000 16.93%	Bloomberg Corp High Yield 8.19%	MSCI:ACWI IMI 18.25%
MSCI:ACWI IMI 8.36%	S&P 500 21.83%	MSCI:ACWI IMI -10.08%	MSCI ACWI ex USA SC 22.42%	MSCI ACWI ex USA SC 14.24%	MSCI World ex USA 12.62%	MSCI:ACWI IMI -18.40%	MSCI ACWI ex USA SC 15.66%	MSCI Emerging Markets 7.50%	S&P 500 14.83%
MSCI ACWI ex USA SC 3.91%	Russell 2000 14.65%	Russell 2000 -11.01%	MSCI Emerging Markets 18.44%	Bloomberg Global Agg ex US 10.11%	Bloomberg Corp High Yield 5.28%	Bloomberg Global Agg ex US -18.70%	Bloomberg Corp High Yield 13.44%	MSCI World ex USA 4.70%	Russell 2000 10.39%
MSCI World ex USA 2.75%	Bloomberg Global Agg ex US 10.51%	MSCI World ex USA -14.09%	Bloomberg Corp High Yield 14.32%	MSCI World ex USA 7.59%	Bloomberg Aggregate -1.54%	MSCI ACWI ex USA SC -19.97%	MSCI Emerging Markets 9.83%	MSCI ACWI ex USA SC 3.36%	Bloomberg Global Agg ex US 9.36%
Bloomberg Aggregate 2.65%	Bloomberg Corp High Yield 7.50%	MSCI Emerging Markets -14.57%	Bloomberg Aggregate 8.72%	Bloomberg Aggregate 7.51%	MSCI Emerging Markets -2.54%	MSCI Emerging Markets -20.09%	Bloomberg Global Agg ex US 5.72%	Bloomberg Aggregate 1.25%	Bloomberg Corp High Yield 7.22%
Bloomberg Global Agg ex US 1.49%	Bloomberg Aggregate 3.54%	MSCI ACWI ex USA SC -18.20%	Bloomberg Global Agg ex US 5.09%	Bloomberg Corp High Yield 7.11%	Bloomberg Global Agg ex US -7.05%	Russell 2000 -20.44%	Bloomberg Aggregate 5.53%	Bloomberg Global Agg ex US -4.22%	Bloomberg Aggregate 6.13%

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
Russell 2000 12.39%	S&P 500 17.60%	S&P 500 24.94%	S&P 500 16.47%	S&P 500 14.45%	S&P 500 15.30%	S&P 500 10.97%
MSCI Emerging Markets 10.64%	MSCI Emerging Markets 17.32%	MSCI:ACWI IMI 22.49%	MSCI:ACWI IMI 13.30%	MSCI:ACWI IMI 10.84%	MSCI:ACWI IMI 11.63%	MSCI:ACWI IMI 8.18%
S&P 500 8.12%	MSCI:ACWI IMI 16.79%	MSCI World ex USA 21.60%	MSCI World ex USA 11.60%	MSCI World ex USA 8.03%	Russell 2000 9.77%	Russell 2000 8.14%
MSCI:ACWI IMI 7.67%	MSCI World ex USA 16.03%	MSCI ACWI ex USA SC 19.36%	Russell 2000 11.56%	MSCI ACWI ex USA SC 7.16%	MSCI World ex USA 8.41%	MSCI ACWI ex USA SC 6.73%
MSCI ACWI ex USA SC 6.68%	MSCI ACWI ex USA SC 15.93%	MSCI Emerging Markets 18.21%	MSCI ACWI ex USA SC 9.97%	Russell 2000 6.76%	MSCI ACWI ex USA SC 8.37%	Bloomberg Corp High Yield 6.71%
MSCI World ex USA 5.33%	Russell 2000 10.76%	Russell 2000 15.21%	MSCI Emerging Markets 7.02%	MSCI Emerging Markets 6.17%	MSCI Emerging Markets 7.99%	MSCI Emerging Markets 6.11%
Bloomberg Corp High Yield 2.54%	Bloomberg Corp High Yield 7.41%	Bloomberg Corp High Yield 11.09%	Bloomberg Corp High Yield 5.55%	Bloomberg Corp High Yield 5.33%	Bloomberg Corp High Yield 6.17%	MSCI World ex USA 5.63%
Bloomberg Aggregate 2.03%	Bloomberg Aggregate 2.88%	Bloomberg Global Agg ex US 5.75%	Bloomberg Aggregate -0.45%	Bloomberg Aggregate 2.06%	Bloomberg Aggregate 1.84%	Bloomberg Aggregate 3.23%
Bloomberg Global Agg ex US -0.59%	Bloomberg Global Agg ex US 1.87%	Bloomberg Aggregate 4.93%	Bloomberg Global Agg ex US -2.54%	Bloomberg Global Agg ex US -0.33%	Bloomberg Global Agg ex US 0.48%	Bloomberg Global Agg ex US 1.72%

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

# Global Equity Markets Continue to Run in 3Q25

U.S. markets lead developed ex-U.S. markets; emerging markets continue strength from 1Q and 2Q

## Big gains for global stocks

- S&P 500 rose 8.1% in 3Q25, while U.S. small caps jumped 12.4%. Global markets are looking past the impact of U.S. tariffs and show confidence in the absence of a recession in the U.S. economy.

## Modest 3Q returns for core fixed income

- The Bloomberg Aggregate rose 2.0%, up from 1.2% in 2Q. Long duration rose 3.2% as long rates came down.
- CPI-U rose 3.0% (year-over-year) through September. The core index also rose 3.0%. Both figures are up from June but below economist estimates of 3.1%. There were some signs that tariffs are lifting prices in smaller categories, but modest shelter inflation weighed down the overall index at both the core and headline levels.

## Dislocation in economic growth measures

- The job market stopped expanding in April while GDP growth surged 3.8% in 2Q and is on track for another gain in 3Q.
- Consumer spending has surprised on the upside; business spending has paused.

Returns for Periods ended 9/30/25

	Quarter	1 Year	3 Years	5 Years	10 Years	25 Years
<b>U.S. Equity</b>						
Russell 3000	8.18	17.41	24.12	15.74	14.71	8.35
S&P 500	8.12	17.60	24.94	16.47	15.30	8.36
Russell 2000	12.39	10.76	15.21	11.56	9.77	7.80
<b>Global ex-U.S. Equity</b>						
MSCI World ex USA	5.33	16.03	21.60	11.60	8.41	5.18
MSCI Emerging Markets	10.64	17.32	18.21	7.02	7.99	--
MSCI ACWI ex USA Small Cap	6.68	15.93	19.36	9.97	8.37	7.62
<b>Fixed Income</b>						
Bloomberg Aggregate	2.03	2.88	4.93	-0.45	1.84	3.90
90-day T-Bill	1.08	4.38	4.77	2.98	2.08	1.86
Bloomberg Long Gov/Credit	3.16	-1.28	3.96	-4.57	1.88	5.25
Bloomberg Global Agg ex-US	-0.59	1.87	5.75	-2.54	0.48	3.12
<b>Real Estate</b>						
NCREIF Property	1.19	4.65	-2.55	3.79	5.03	7.39
FTSE Nareit Equity	4.77	-1.98	10.80	9.33	6.61	9.17
<b>Alternatives</b>						
Cambridge Private Equity*	3.86	9.29	5.02	14.24	12.80	10.45
Cambridge Senior Debt*	4.20	9.74	9.42	8.97	7.92	4.88
HFRI Fund Weighted	5.44	11.08	9.97	8.76	6.41	5.61
Bloomberg Commodity	3.65	8.88	2.76	11.53	3.96	1.73
Gold Spot Price	17.10	45.64	32.32	15.36	13.26	11.13
<b>Inflation: CPI-U</b>	0.69	3.01	3.05	4.53	3.16	2.54

\*Cambridge Private Equity and Cambridge Senior Debt data as of 2Q25.

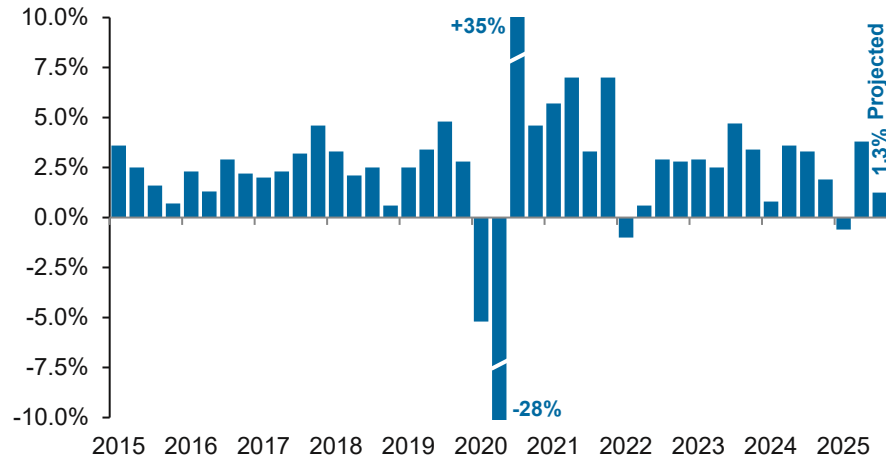
Returns greater than one year are annualized.

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

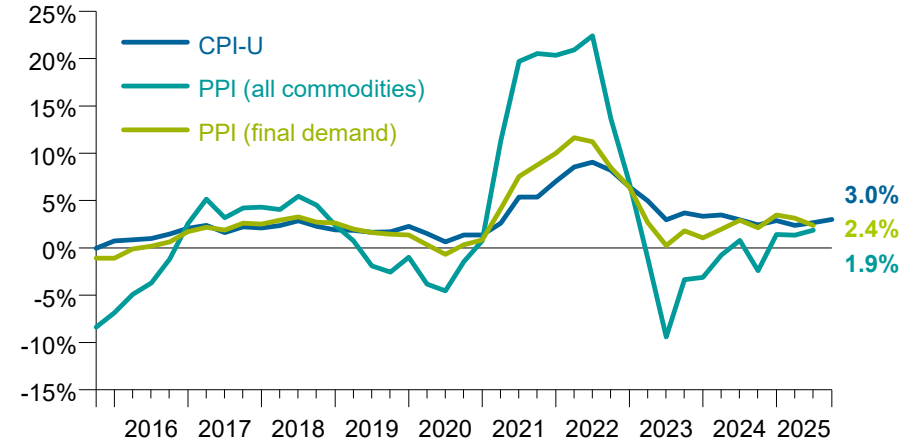
# U.S. Economy—Summary

For periods ended 9/30/25

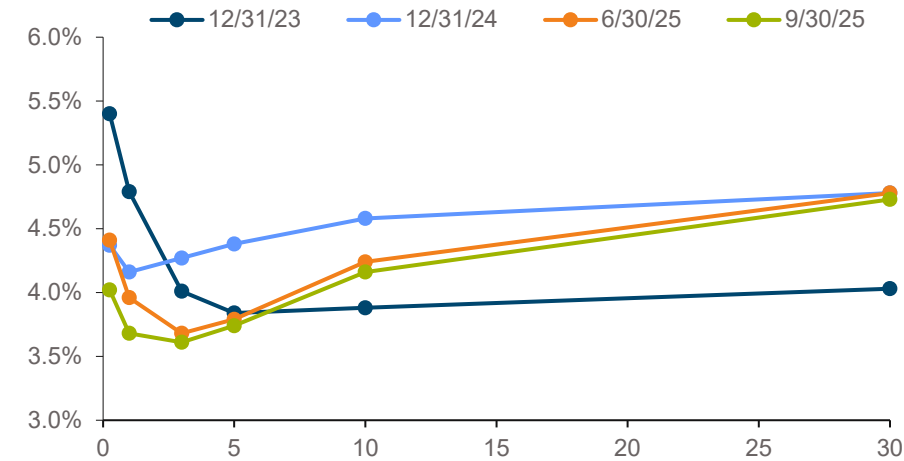
## Quarterly Real GDP Growth



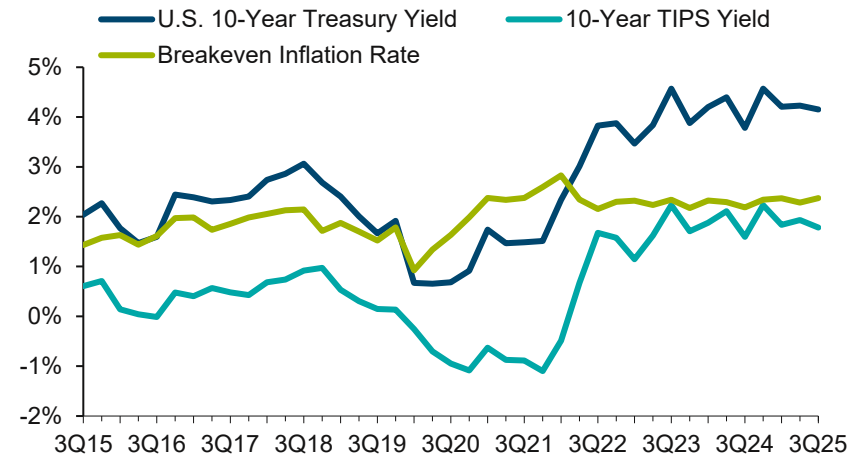
## Inflation Year-Over-Year\*



## U.S. Treasury Yield Curves



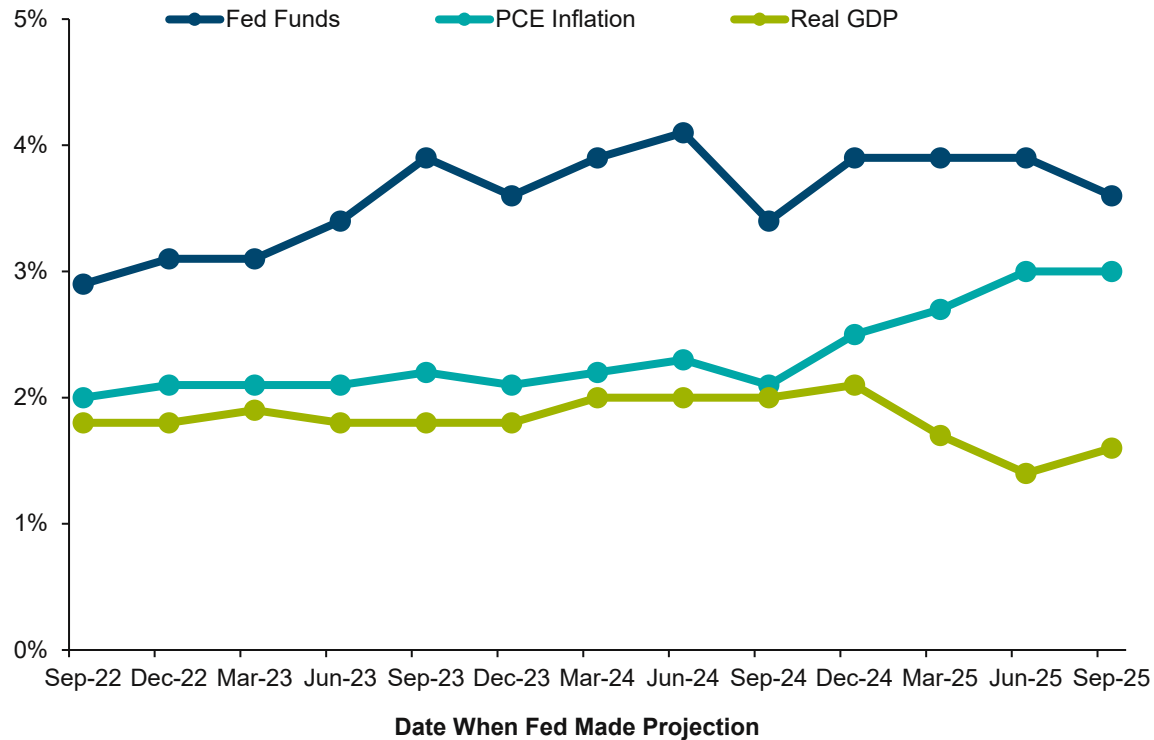
## Historical 10-Year Yields



Sources: Bureau of Labor Statistics, Callan, Federal Reserve, Blue Chip consensus for projected GDP; \*PPI data for 3Q25 not available.

# The Shifting Mindset at the Fed

Consensus FOMC Economic Projections for 2025



Projections for the Fed Funds Rate at the end of 2025 reflect expectations for two 0.25 percentage point cuts.

- Long-term neutral rate of 3.0% expected to be hit after 2028.

In the most recent release, the Fed increased its projection for GDP growth, held the projection for inflation steady, and lowered the expected Fed Funds Rate for the end of 2025.

Inflation is expected to reach Fed's target of 2% in 2028.

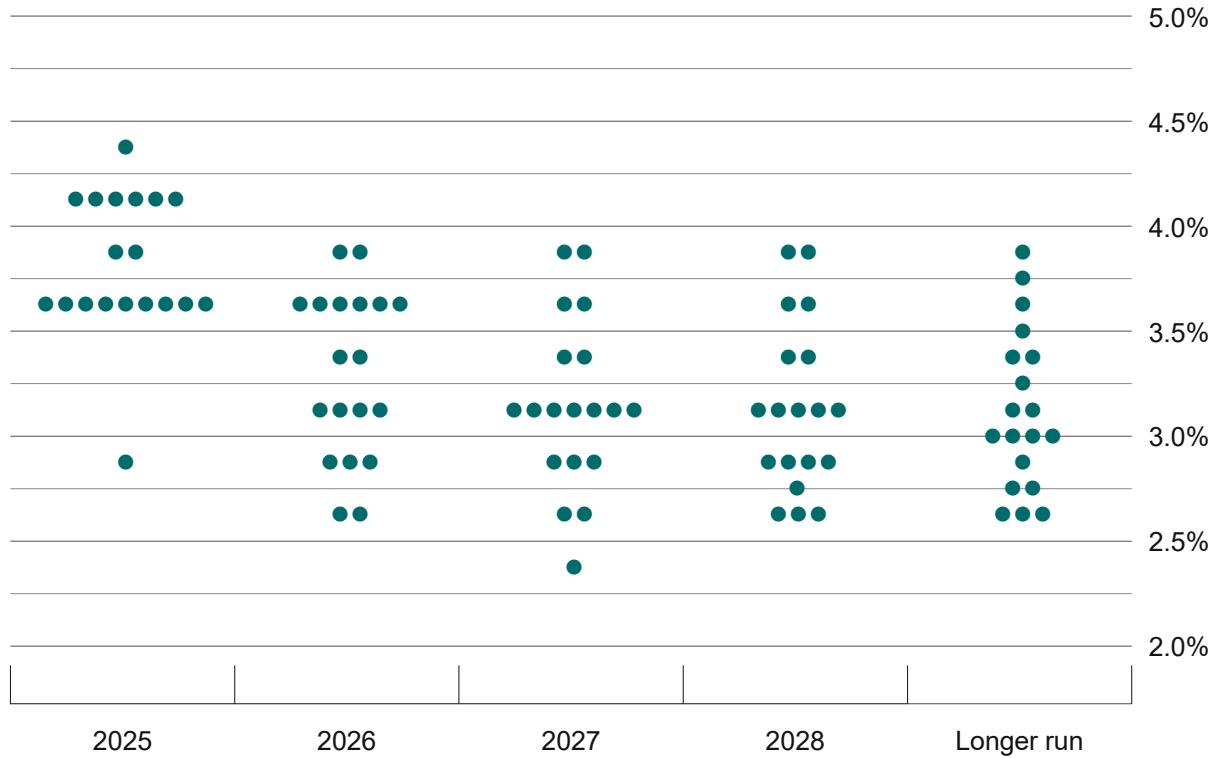
Sources: Federal Reserve, Financial Times

# The Fed's 'Dot Plot'

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

### Most project 3.5%-4.5% for 2025

- Median year-end in 2025 = 3.6% (down from 3.9% in June).
- “Longer run” median held at 3.0%
  - Bias is toward higher rates; lower bound is 2.6% but higher bound is 3.6%.
- Most participants project between 3.5% and 4.5% for 2025 but one member projected just below 3%.
  - Dispersion of views among all participants widens in 2026 and beyond.



Source: Federal Reserve; as of 9/17/25

# Bond Market Forecasts of Inflation

## Market Implied Inflation Expectations



The 10-year breakeven inflation rate is the difference in yield between the nominal 10-year Treasury and the 10-year Treasury Inflation-Protected Security (TIPS).

- Includes current level of inflation
- Breakeven rate: the rate of inflation that would make an investor indifferent to holding nominal bonds vs. TIPS

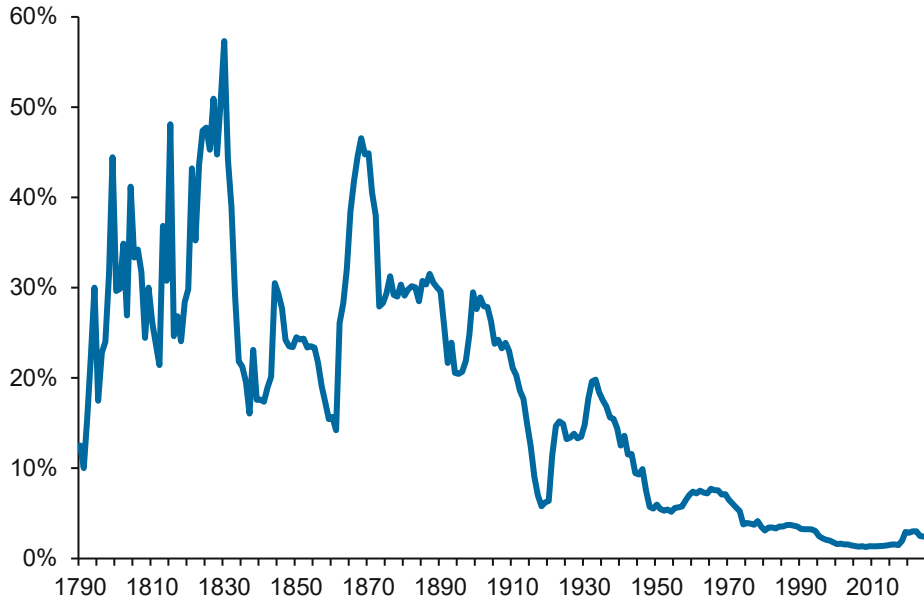
The 5-year, 5-year forward rate is the bond market's estimate of the 5-year inflation rate 5 years from now.

- Excludes current levels of inflation

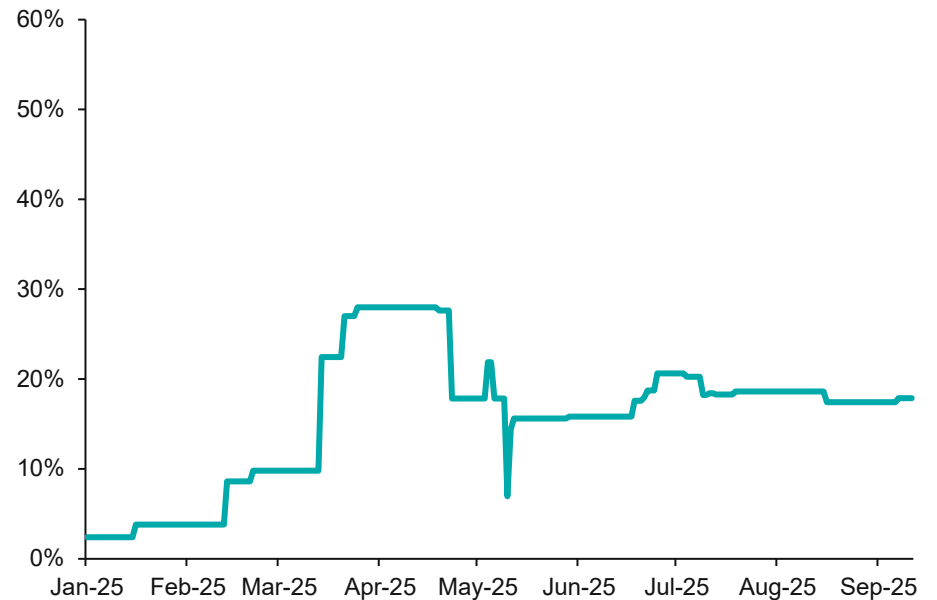
Source: Federal Reserve Bank of St. Louis

# Tracking the Effective Tariff Rate

## Historical Effective Tariff Rate



## Estimated Average Effective Tariff Rate



**Big picture:** The imposition of tariffs as they have currently evolved will likely raise prices for imported goods, adding to inflation pressures. The potential reduction in purchasing power from higher prices may slow demand and the economy. For goods with a ready domestic substitute, consumers and businesses can shift demand, but the prices paid for goods may still be higher.

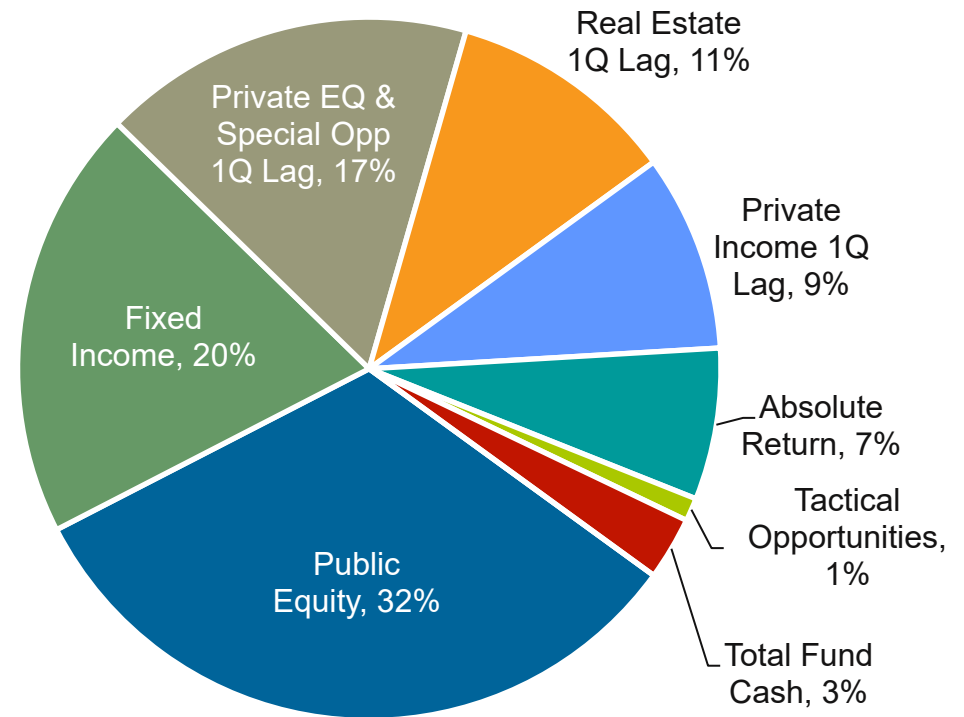
- The charts compare the historical effective tariff rate in the United States through 2024 to the estimated average effective tariff rate in 2025 based on the shifting policies throughout the year.
- The current estimate puts the effective tariff rate at the highest level since 1934.

Source: The Budget Lab at Yale

## Total Fund Asset Allocation

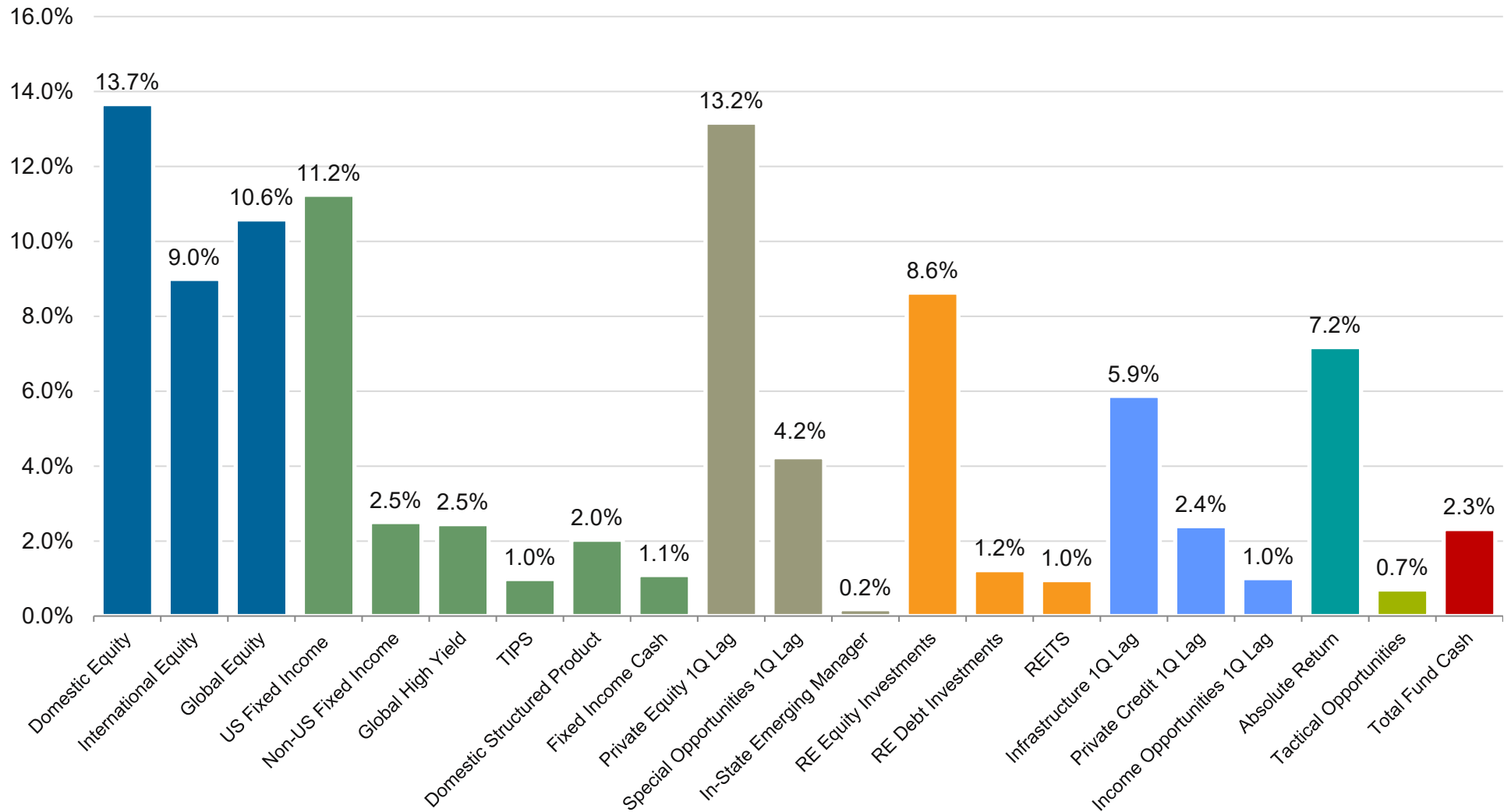
As of September 30, 2025: \$89.1B

- 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 32% to public equity, 20% to fixed income, 45% to alternative investments and 3% cash.
- Compared to allocations in the second quarter, weight to public equity decreased modestly while weight to cash increased.
- Alternatives include private equity, special opportunities, real estate, private infrastructure, private credit, private income, absolute return, and tactical opportunities.
- Private Equity & Special Opportunities, Real Estate, and Infrastructure & Private Income are reported on a one-quarter lag.



# Total Fund Asset Allocation

Periods Ended September 30, 2025

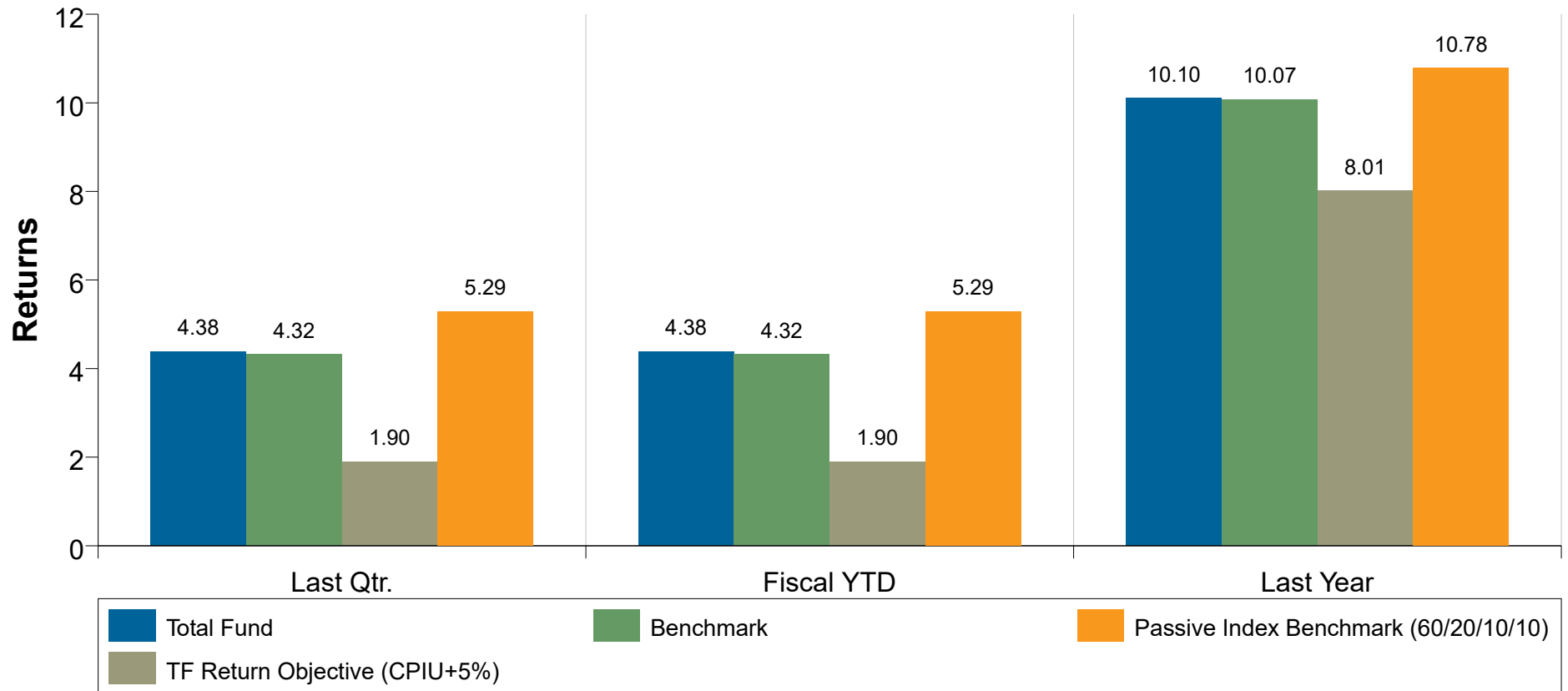


# APFC Total Fund Cumulative Returns

Total Fund versus Total Fund Targets

**REVISED**

Returns for Periods Ending September 30, 2025



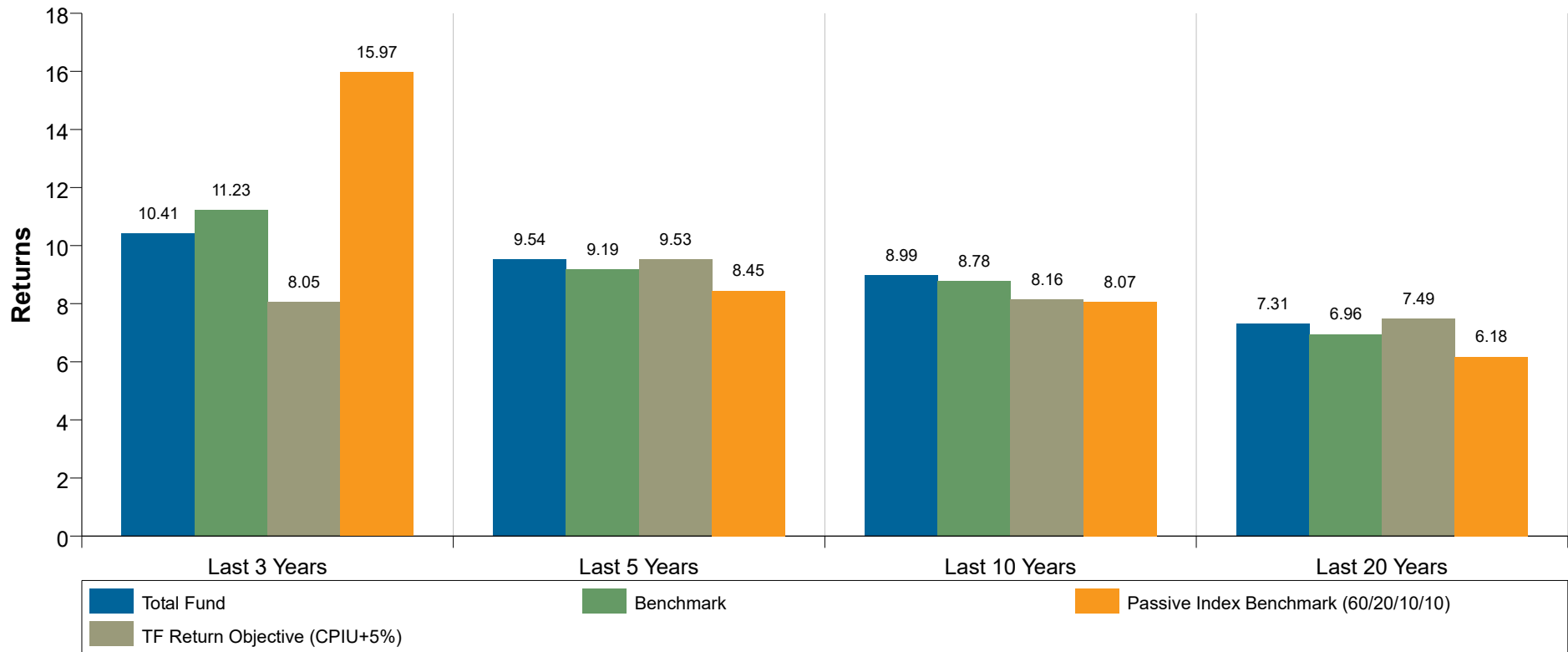
- Benchmark (FY25-FY26) = 32% MSCI ACWI IMI, 1.0% 90 Day T-Bills, 1.0% BB US TIPS, 5.5% BB Agg, 5.5% BB Corp IG, 3.0% BB Global Treasury xUS Hdgd, 2.0% BB US BB HY, 2.0% BB US Securitized, 18% Cambridge PE (lagged), 11% NCREIF Total Index (lagged), 6.0% Cambridge Global Pvt. Infrastructure (lagged), 4.0% Cliffwater Direct Lending TR (lagged), 3.5% HFRI EH Equity Market Neutral, 3.5% HFRI Macro, 1% 90 Day T-Bills, and 1% S&P 500 Index.

# APFC Total Fund Cumulative Returns

Total Fund versus Total Fund Targets

**REVISED**

Returns for Periods Ending September 30, 2025



- Benchmark (FY25-FY26) = 32% 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, 18% Cambridge PE (lagged), 11% NCREIF Total Index (lagged), 6.0% Cambridge Global Pvt. Infrastructure (lagged), 4.0% Cliffwater Direct Lending TR (lagged), 3.5% HFRI EH Equity Market Neutral, 3.5% HFRI Macro, 1% 90 Day T-Bills, and 1% S&P 500 Index.

# APFC Total Fund Attribution

One Quarter Ended September 30, 2025

## Relative Attribution Effects for Quarter ended September 30, 2025

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Public Equity	32%	32%	7.04%	7.67%	(0.20%)	0.00%	(0.20%)
Fixed Income	20%	20%	2.10%	1.93%	0.04%	0.00%	0.04%
Private Eq & Special Opp	17%	18%	4.34%	3.87%	0.08%	0.00%	0.08%
Real Estate	11%	11%	1.77%	1.20%	0.06%	(0.00%)	0.06%
Private Income	9%	10%	4.50%	3.14%	0.12%	0.01%	0.14%
Absolute Return	7%	7%	3.75%	3.72%	0.00%	(0.00%)	0.00%
Tactical Opportunities	1%	1%	7.90%	8.12%	(0.00%)	(0.00%)	(0.00%)
Total Fund Cash	3%	1%	1.10%	1.08%	0.00%	(0.06%)	(0.06%)
<b>Total</b>			<b>4.38%</b>	<b>4.32%</b>	<b>+ 0.11%</b>	<b>+ (0.04%)</b>	<b>0.06%</b>

- In the third quarter, the Total Fund outperformed the Performance Benchmark by 6 basis points.
- Manager effect in Private Income was the largest contribution to relative returns.
- In aggregate, active management added 11 basis points to relative performance, while deviations from the Policy Target lost 4 basis points.

# APFC Total Fund Attribution

One Year Ended September 30, 2025

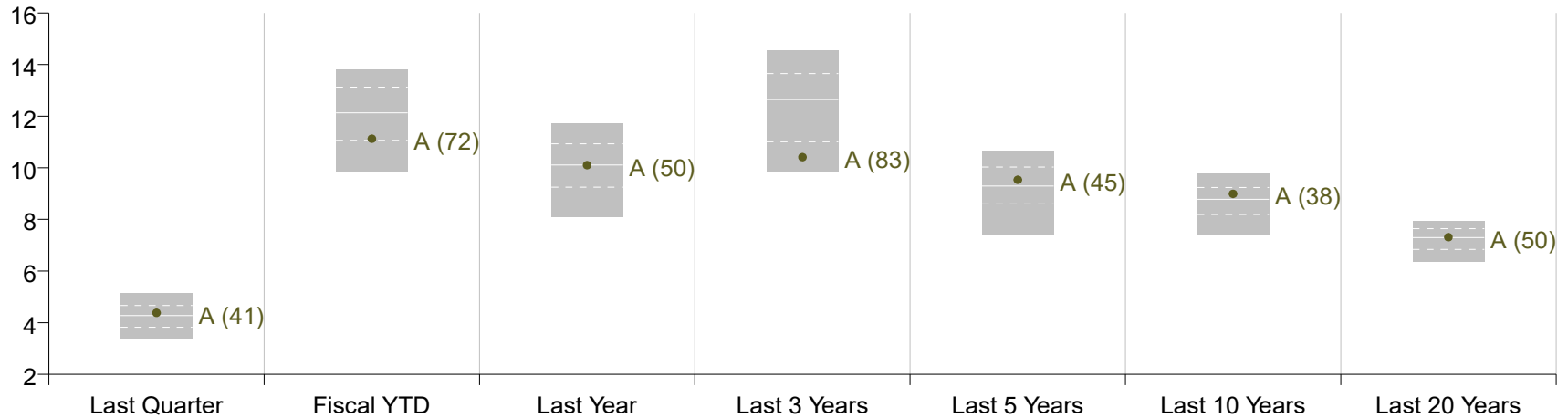
## One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Public Equity	32%	32%	15.27%	16.79%	(0.48%)	(0.02%)	(0.50%)
Fixed Income	20%	20%	3.92%	3.57%	0.07%	0.03%	0.10%
Private Eq & Special Opp	18%	18%	8.65%	9.30%	(0.12%)	0.00%	(0.11%)
Real Estate	11%	11%	4.08%	5.42%	(0.16%)	(0.01%)	(0.17%)
Private Income	9%	10%	14.46%	9.65%	0.42%	(0.01%)	0.42%
Absolute Return	7%	7%	13.41%	7.46%	0.43%	(0.01%)	0.42%
Tactical Opportunities	1%	1%	15.41%	17.60%	(0.02%)	(0.02%)	(0.04%)
Total Fund Cash	2%	1%	4.42%	4.38%	0.00%	(0.09%)	(0.09%)
<b>Total</b>			<b>10.10%</b>	<b>= 10.08%</b>	<b>+ 0.15%</b>	<b>+ (0.12%)</b>	<b>0.03%</b>

- Over the last year, the Total Fund outperformed the Performance Benchmark by 3 basis points.
- Manager performance in Public Equity and Real Estate dampened relative results. The largest contribution came from Private Income and Absolute Return.
- Asset allocation, particularly an overweight in cash, detracted from relative performance.
- In aggregate, active management added 15 basis points to relative performance, while deviations from the Policy Target cost 12 basis points.

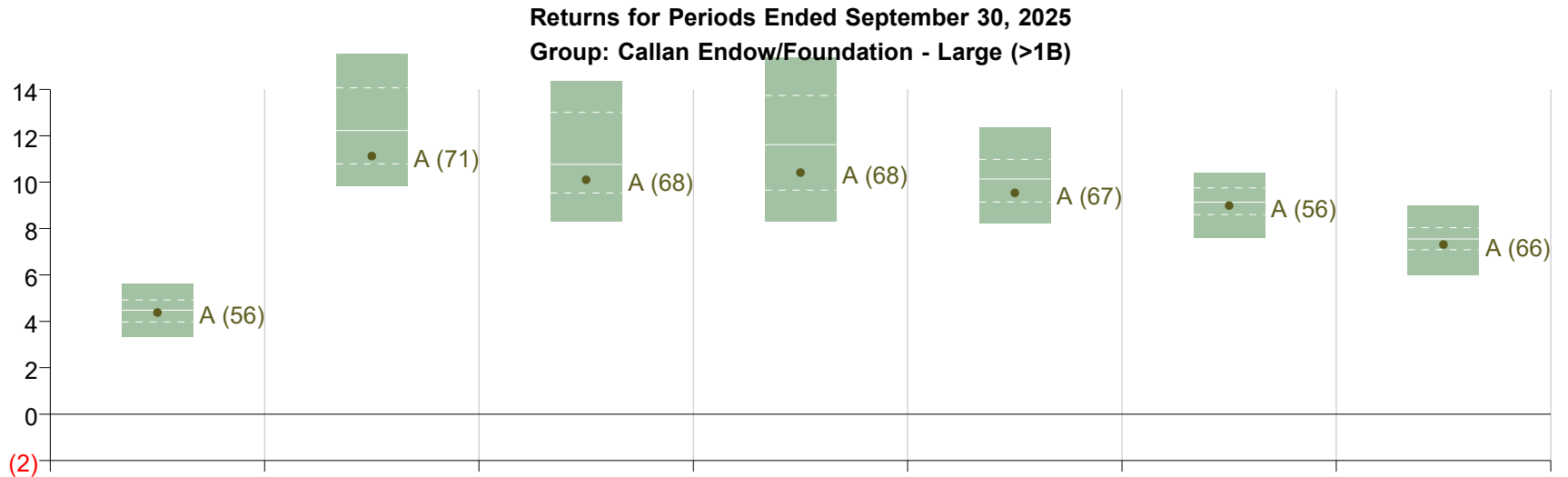
# APFC Total Fund Relative to Callan's Large Public Fund Database

Returns for Periods Ended September 30, 2025  
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	5.12	13.81	11.73	14.55	10.67	9.79	7.95
25th Percentile	4.67	13.13	10.93	13.66	10.03	9.24	7.64
Median	4.27	12.13	10.11	12.65	9.30	8.78	7.30
75th Percentile	3.82	11.07	9.25	11.01	8.60	8.19	6.84
90th Percentile	3.38	9.83	8.10	9.82	7.44	7.42	6.38
Member Count	133	133	133	124	122	120	106
Total Fund • A	4.38	11.13	10.10	10.41	9.54	8.99	7.31

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



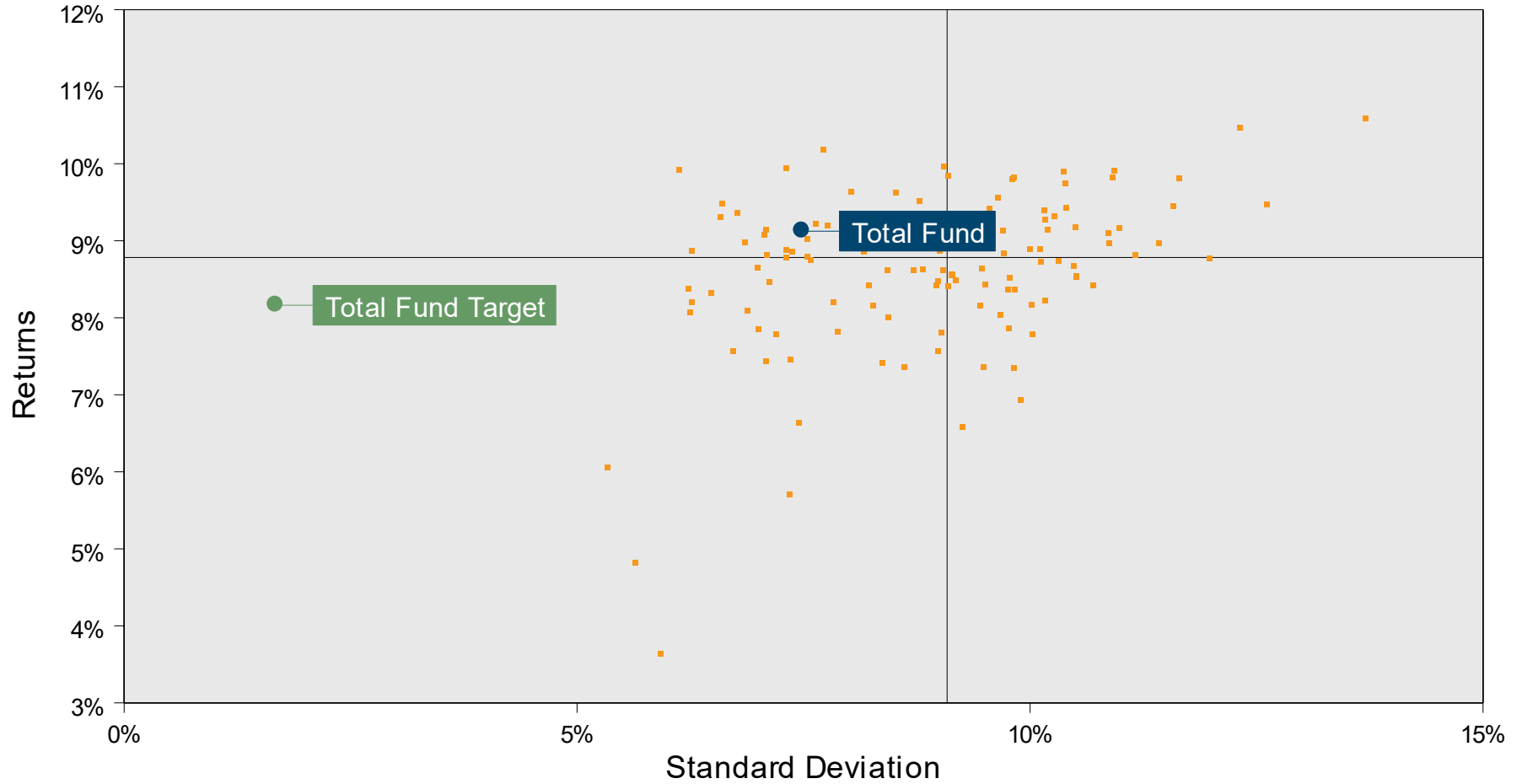
(2)

	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 20 Years
10th Percentile	5.63	15.53	14.35	15.38	12.36	10.38	9.01
25th Percentile	4.92	14.07	13.01	13.74	10.99	9.76	8.04
Median	4.48	12.23	10.77	11.62	10.14	9.14	7.56
75th Percentile	3.97	10.79	9.53	9.65	9.15	8.60	7.08
90th Percentile	3.33	9.81	8.31	8.29	8.22	7.59	6.02
Member Count	71	71	71	71	71	71	56
Total Fund • A	4.38	11.13	10.10	10.41	9.54	8.99	7.31

# 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

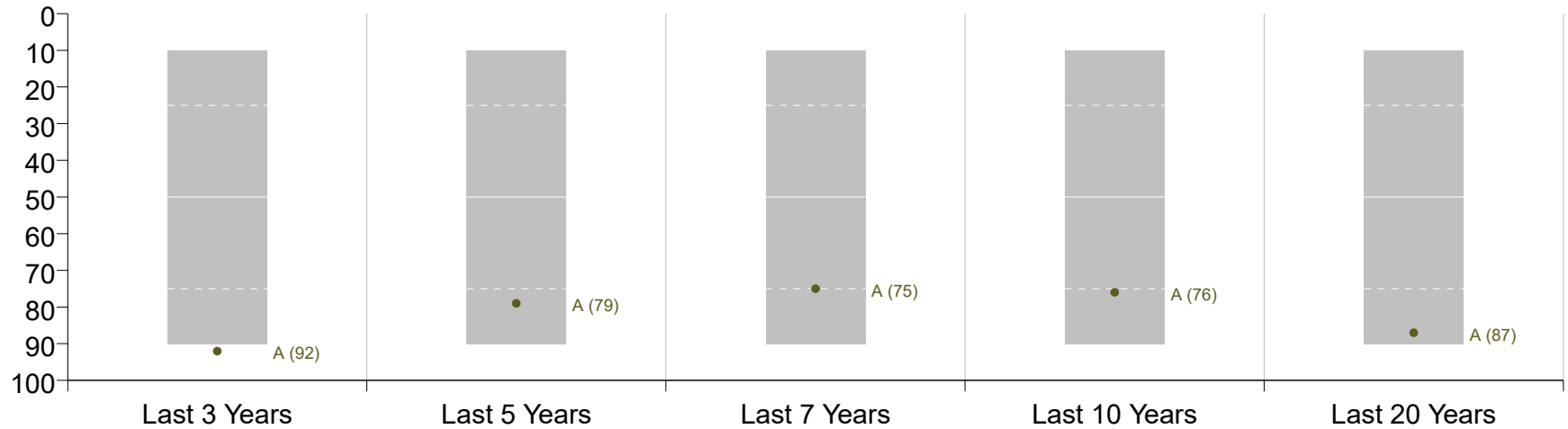
## Ten Year Annualized Risk vs Return



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

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

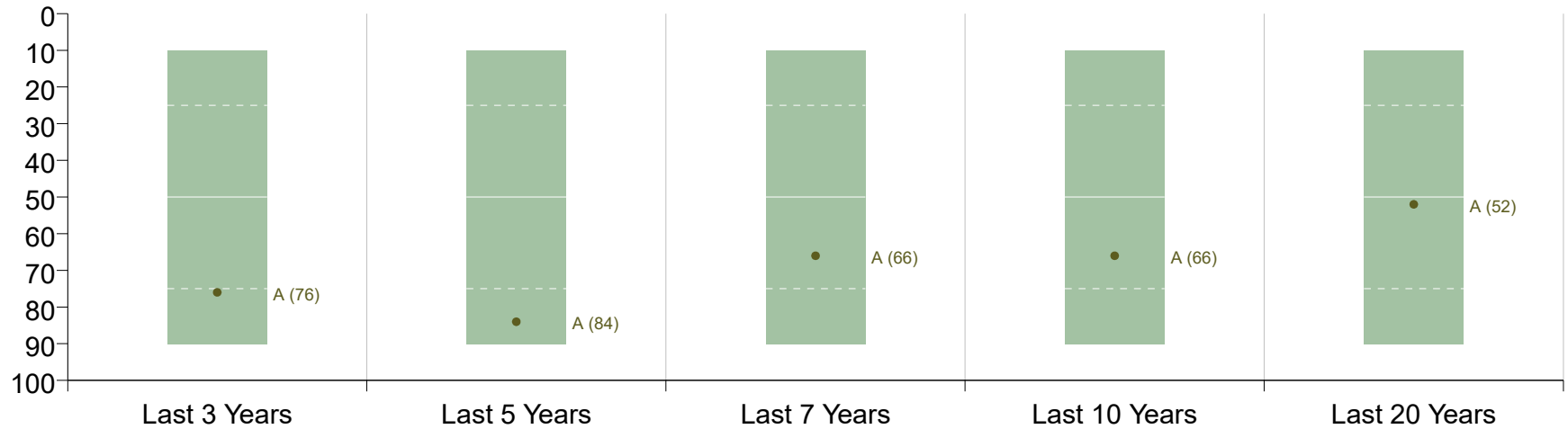
Standard Deviation for Periods Ended September 30, 2025  
Group: Callan Public Fund Sponsor - Large (>1B)



	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 20 Years
10th Percentile	7.05	10.34	13.02	10.98	11.65
25th Percentile	6.34	9.89	11.93	10.11	10.72
Median	5.65	8.83	10.66	9.09	9.92
75th Percentile	4.43	7.29	8.83	7.57	9.16
90th Percentile	3.77	6.58	8.04	6.83	8.62
Member Count	124	122	122	120	106
Total Fund • A	3.59	7.08	8.82	7.49	8.77

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

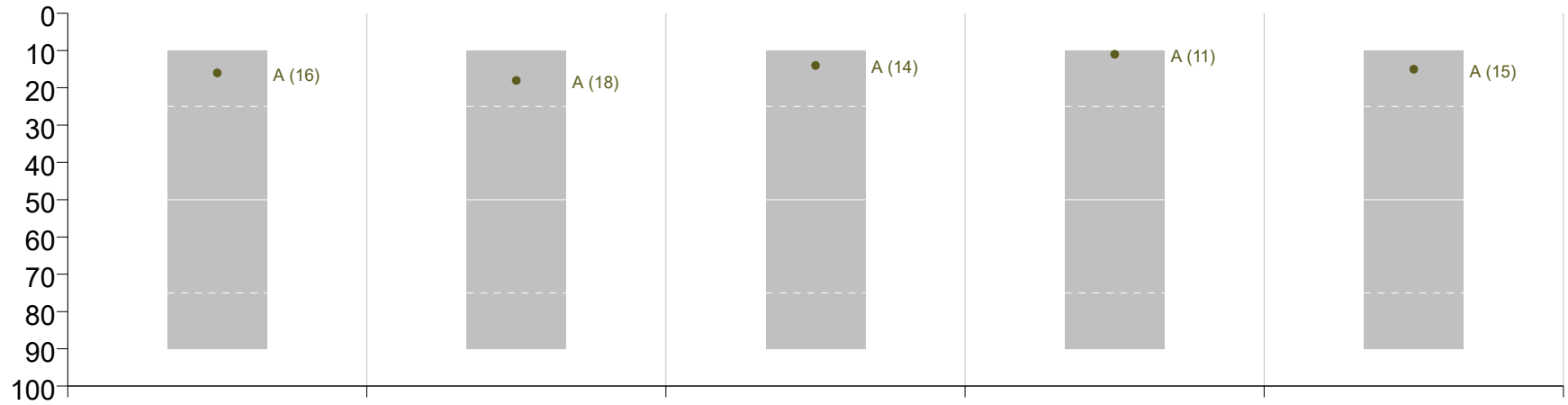
Standard Deviation for Periods Ended September 30, 2025  
Group: Callan Endow/Foundation - Large (>1B)



	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 20 Years
10th Percentile	7.29	11.05	12.97	10.97	10.71
25th Percentile	5.85	9.74	12.06	10.21	9.84
Median	4.43	8.68	9.79	8.40	8.78
75th Percentile	3.61	7.55	8.32	7.11	8.05
90th Percentile	3.04	6.44	7.16	6.13	7.11
Member Count	71	71	71	71	56
Total Fund ● A	3.59	7.08	8.82	7.49	8.77

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

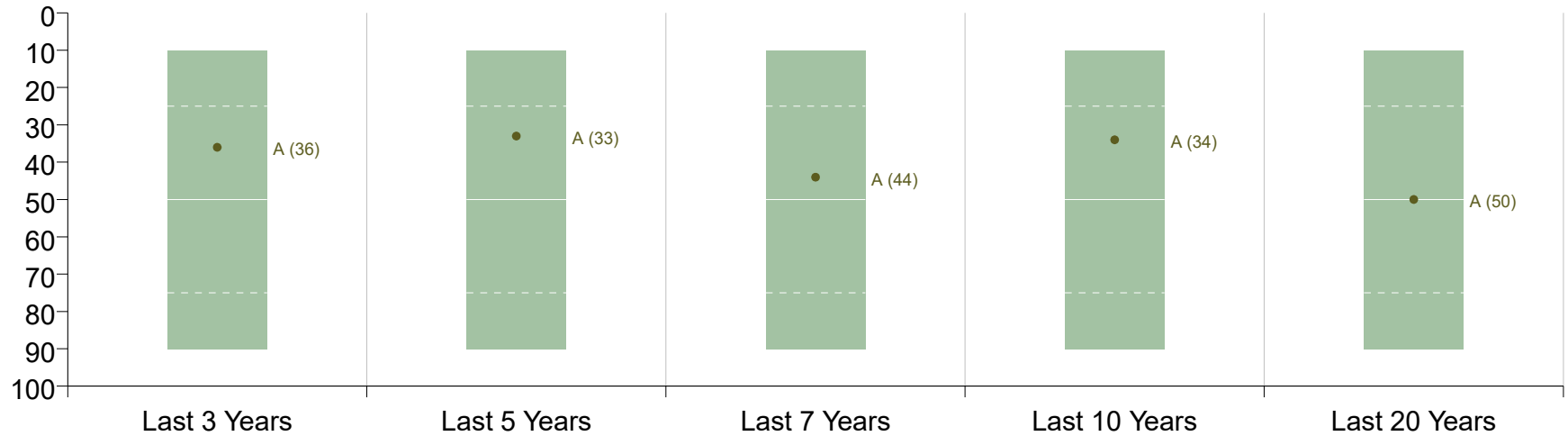
Sharpe Ratio for Periods Ended September 30, 2025  
Group: Callan Public Fund Sponsor - Large (>1B)



	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 20 Years
10th Percentile	1.68	1.11	0.74	0.96	0.66
25th Percentile	1.54	0.87	0.63	0.86	0.61
Median	1.41	0.70	0.51	0.72	0.55
75th Percentile	1.26	0.61	0.44	0.64	0.50
90th Percentile	1.10	0.53	0.40	0.59	0.47
Member Count	124	122	122	120	106
Total Fund ● A	1.64	0.96	0.68	0.94	0.65

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

Sharpe Ratio for Periods Ended September 30, 2025  
Group: Callan Endow/Foundation - Large (>1B)



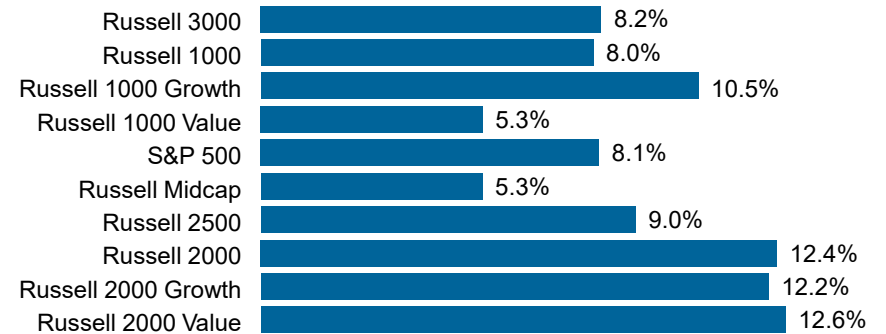
	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 20 Years
10th Percentile	1.95	1.20	0.94	1.13	0.96
25th Percentile	1.75	1.04	0.80	1.02	0.77
Median	1.50	0.87	0.65	0.81	0.65
75th Percentile	1.30	0.65	0.49	0.66	0.54
90th Percentile	0.92	0.51	0.41	0.57	0.47
Member Count	71	71	71	71	56
Total Fund • A	1.64	0.96	0.68	0.94	0.65

# U.S. Equity Performance: 3Q25

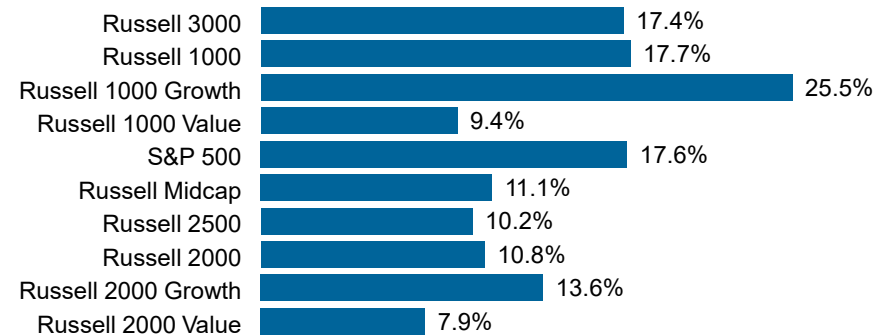
Another strong quarter for U.S. equity, particularly for small cap indices

- The S&P 500 Index jumped 8% in 3Q25, supported by strong corporate earnings growth and guidance.
- 10 out of the 11 S&P sectors posted positive returns. Information Technology (+13%), Communication Services (+12%), and Consumer Discretionary (+10%) led the pack, supported by the continued strength of the AI ecosystem. Consumer Staples was down (-2%) after tough July and September results. Its typical defensive posturing, combined with softened consumer spending trends, caused it to struggle in a highly risk-on market environment.
- Small cap indices outperformed large cap indices, a reversal in performance patterns observed during 2Q25.
- Style leadership was mixed. Growth outperformed value in large cap while value slightly outpaced growth in small cap.

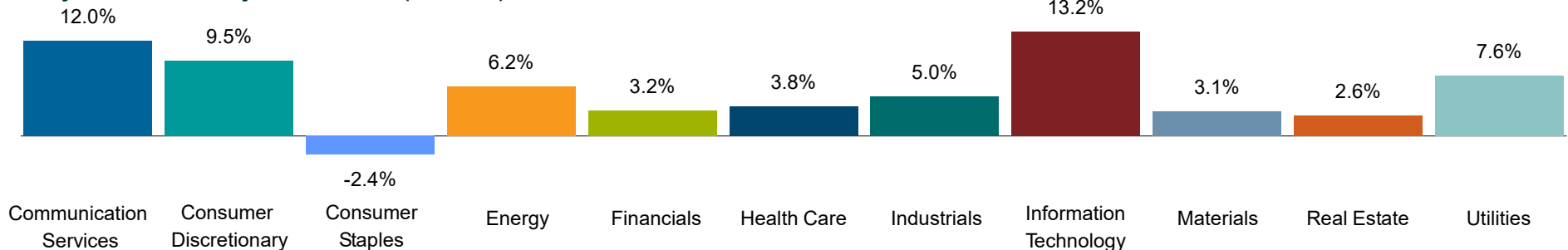
## U.S. Equity: Quarter Ended 9/30/25



## U.S. Equity: One Year Ended 9/30/25



## Industry Sector Quarterly Performance (S&P 500) as of 9/30/25

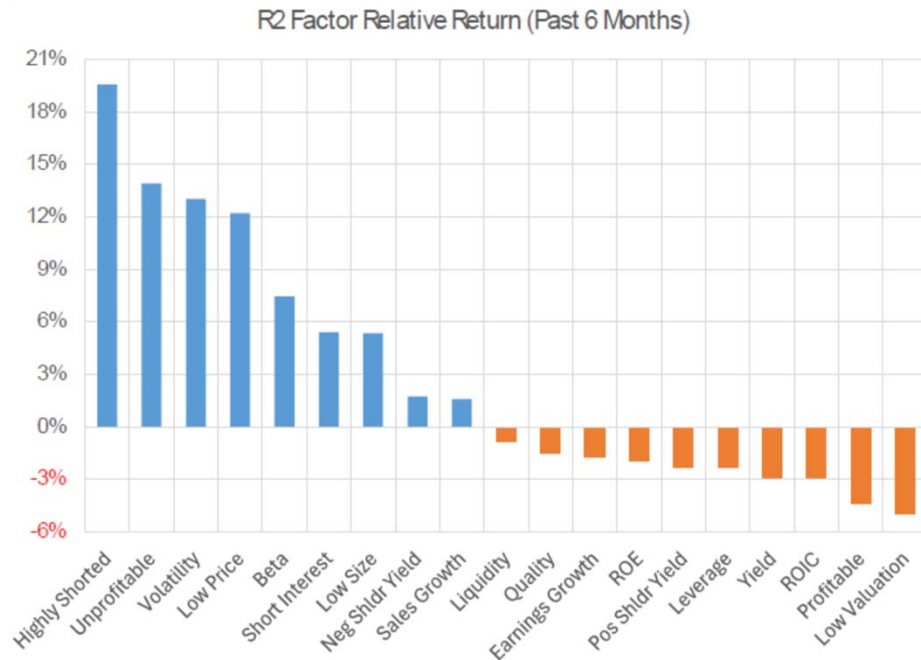


Sources: FTSE Russell, S&P Dow Jones Indices

# 3Q25: A Strong Risk On Rally with a Low Quality/Speculative Overhang

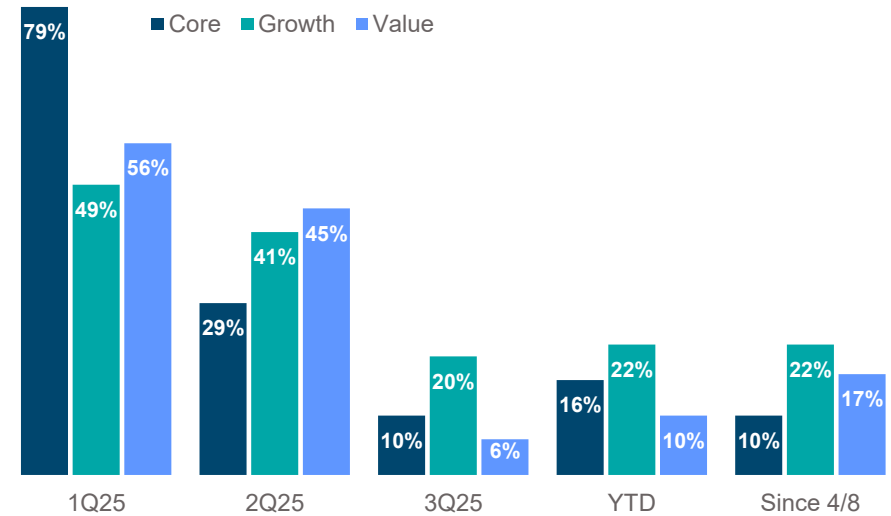
Small/smld cap managers have faced significant performance challenges

## 'Low Quality' Factors Have Led the Markets Since April 8



## Relative Outperformance of Active Managers Fell Throughout 2025

Percent of Small Funds Beating Their R2000 Style Benchmark



Since the market bottom on April 8, low quality stocks have led the markets. For example: In the Russell 2500 Growth Index, **non-earners were up ~70% from 4/8 to the end of 3Q; during 3Q alone, non-earners were up over 25%**. By comparison, positive earning stocks were up 35% and 8%, respectively.

Speculative/retail investor momentum favored biopharma, cryptocurrency, and quantum computing stocks. Of the top 50 stocks in the Russell 2000, 37 were biopharma stocks; the balance were a mix of cryptocurrency and quantum computing stocks.

Many managers have zero exposure or an underweight to biopharma due to reticence around investing in binary outcomes or lack of in-house biopharma expertise. Cryptocurrency and quantum computing are broadly viewed as areas that lack fundamental strength for long-term investing.

Sources: Allspring, FactSet, FRP, Furey, Morningstar

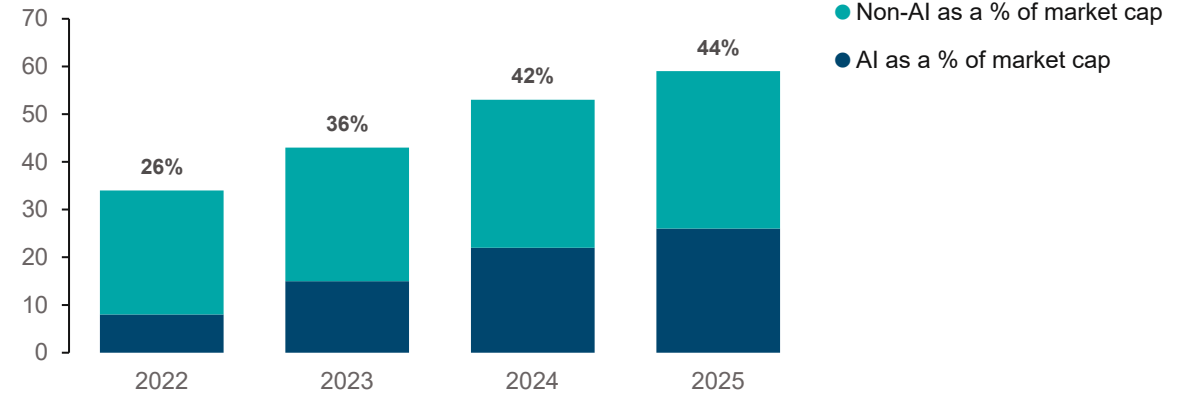
# Artificial Intelligence Dominates the U.S. Equity Markets

AI-related spend continues to buoy AI stocks' contribution to index market cap and returns

Since the rollout of ChatGPT at the end of 2022, AI infrastructure spend in both the private and public sectors has increased exponentially. Increased spending—and subsequent investor enthusiasm—exacerbates market concentration issues. Nvidia, Microsoft, Apple, Alphabet, and Amazon are the biggest, most aggressive investors in AI and, in aggregate, comprise 30% and 45% of the S&P 500 and Russell 1000 Growth benchmarks, respectively. An underexposure to AI infrastructure plus an overweight to software (considered to be an “AI-trade loser”) has generally driven significant intermediate-term performance dispersion.

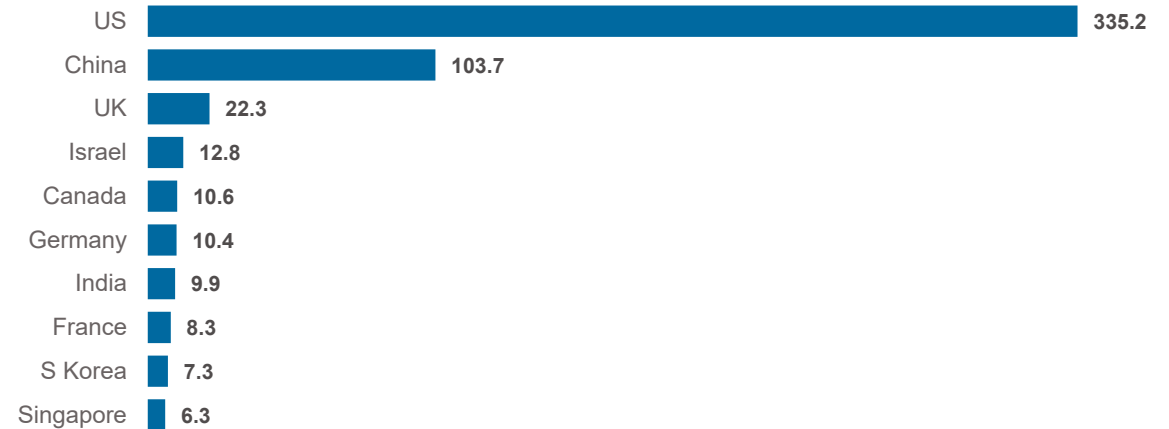
## AI Companies Now Comprise 44% of the S&P 500's Total Market Cap

S&P 500 market cap and share of cap from AI companies  
\$T, year-end or most recent



## Total AI Infrastructure Spend in the U.S. is 3x More Than Other Countries

Cumulative private sector investment in AI, 2013–2023



Sources: J.P. Morgan, S&P Global

# Global/Global ex-U.S. Equity Performance: 3Q25

Lagged U.S. stocks in 3Q but maintained YTD lead

## Broad market

- Global ex-U.S. equities modestly underperformed the U.S. in 3Q25 but remained ahead year-to-date.
- Emerging markets led developed markets higher.
- Accommodative monetary policy in emerging markets, fiscal support in China, and a U.S.-Japan trade deal supported ex-U.S. performance.
- Global ex-U.S. small caps kept pace with global ex-U.S. large caps while U.S. small caps outpaced their large cap counterparts.
- China was the clear leader, supported by government intervention and easing trade tensions with the U.S.

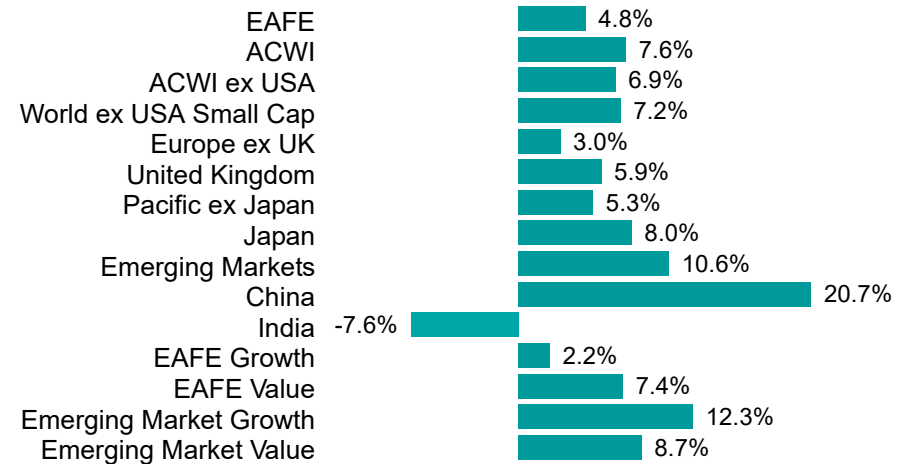
## Growth vs. value

- Value outperformed growth in developed ex-U.S. markets while growth outperformed value in emerging markets.
- Technology companies, semiconductors, and European banks led markets while health care stocks were laggards.

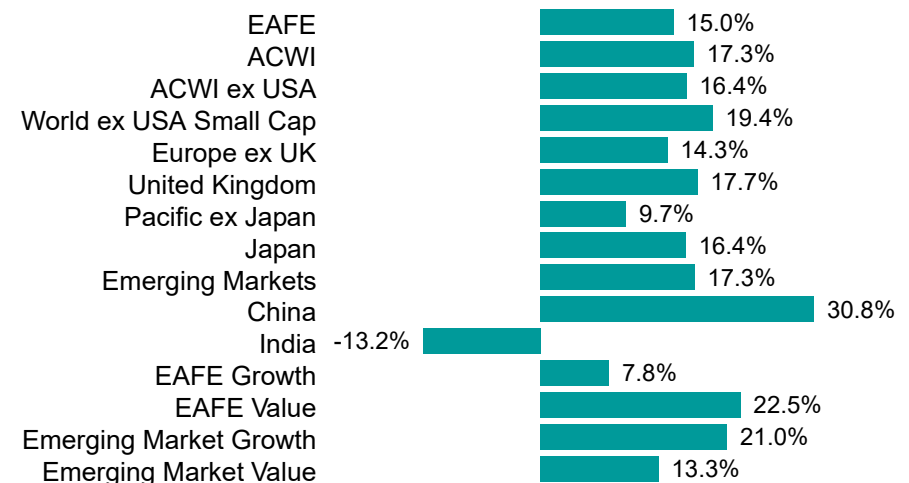
## U.S. dollar

- The U.S. dollar stabilized (+0.9%) after a sharp decline in the first half of the year (-10%), reducing the currency tailwind for non-U.S. markets.

## Global Equity Returns: Quarter Ended 9/30/25



## Global Equity Returns: One Year Ended 9/30/25



Source: MSCI

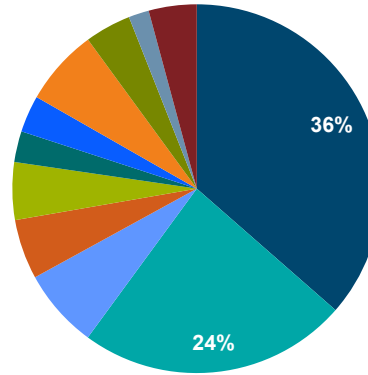
# Global/Global ex-U.S. Equity Key Themes

## EAFE's concentrated returns

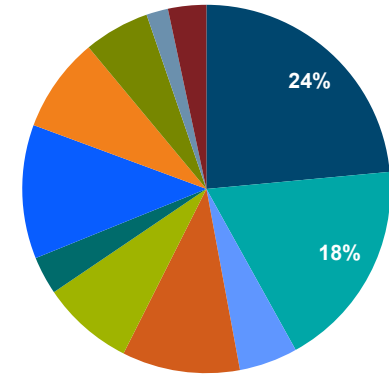
### Driven by Financials and Industrials

- Through the first three quarters, Financials and Industrials accounted for 60% of the total EAFE index returns.
- This follows a trend from 2024, where those sectors added 5.5% to total returns, while the remainder of the index fell 1.7%.
- For active EAFE investors, much of their performance can be explained by their weighting to these two sectors.

Percentage of Total Return YTD 2025



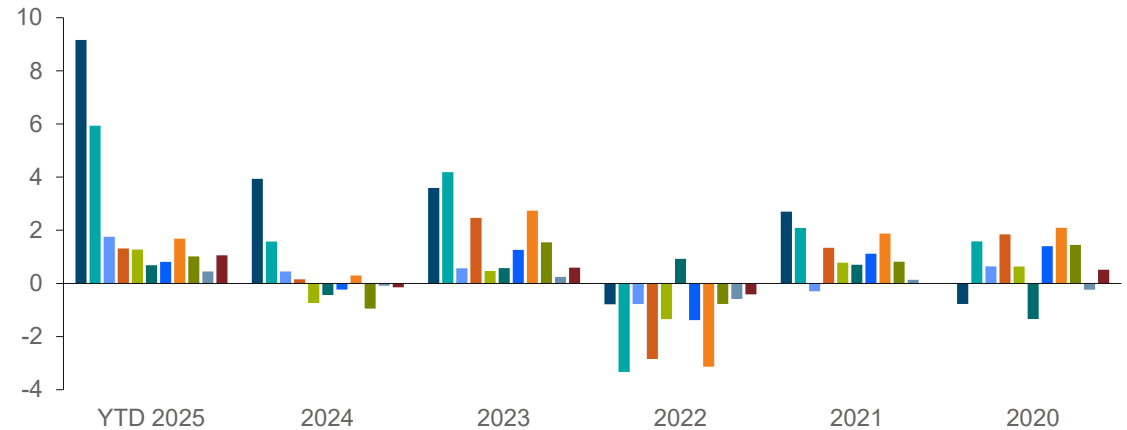
Sector Average Weight in MSCI EAFE YTD 2025



- Financials
- Industrials
- Communication
- Consumer Disc
- Consumer Staples
- Energy
- Health Care
- Info Technology
- Materials
- Real Estate
- Utilities



Sector Contribution to MSCI EAFE Return



Sources: Acadian Investment Management, Image by ChatGPT

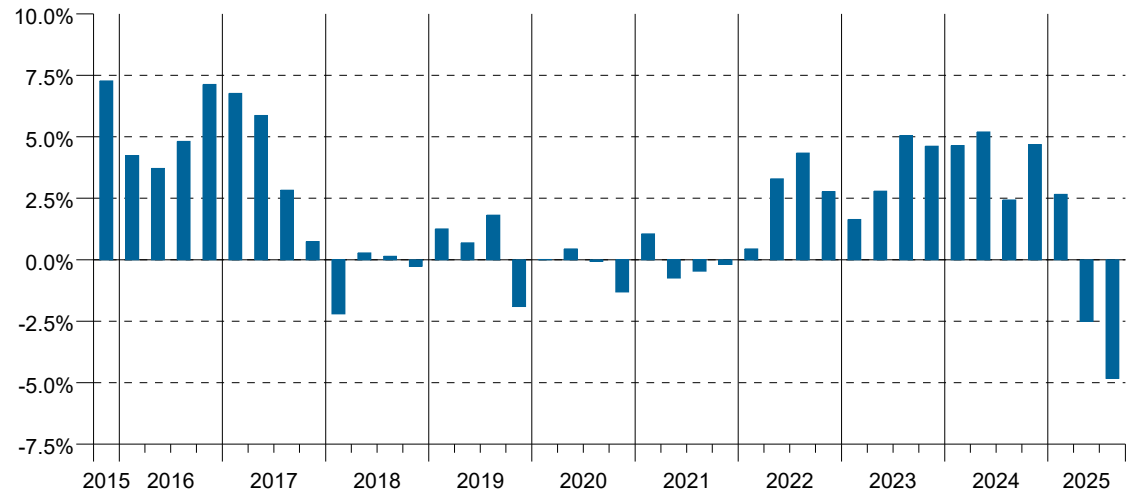
# Global/Global ex-U.S. Equity Key Themes

## Dollar tailwind no more?

### The U.S. dollar rebounds in 3Q

- The dollar's weakness helped U.S. investors in the first half of the year, but that support faded in 3Q25.
- Since peaking in September 2022, the dollar's decline created one of the largest three-year performance gaps in a decade between the MSCI EAFE Local Currency index and the U.S. dollar version.
- Many investors still expect the dollar to weaken, but near-term signals point the other way.
- For example, the euro-dollar exchange rate and the yield gap between U.S. and German two-year government bonds usually move together. That link broke earlier this year but has recently started to tighten again.
- If that continues, it could put pressure on foreign currencies and lead to a stronger dollar in the short run.
- U.S. investors may not get a currency tailwind for global ex-U.S. assets in the next few months, even though longer-term trends may favor a weaker dollar.

MSCI EAFE Local Currency Rolling 3 Year Excess Return Relative to MSCI EAFE



EURUSD vs. Spread Between German 2 Year Bunds – U.S. 2 Year Treasury Notes

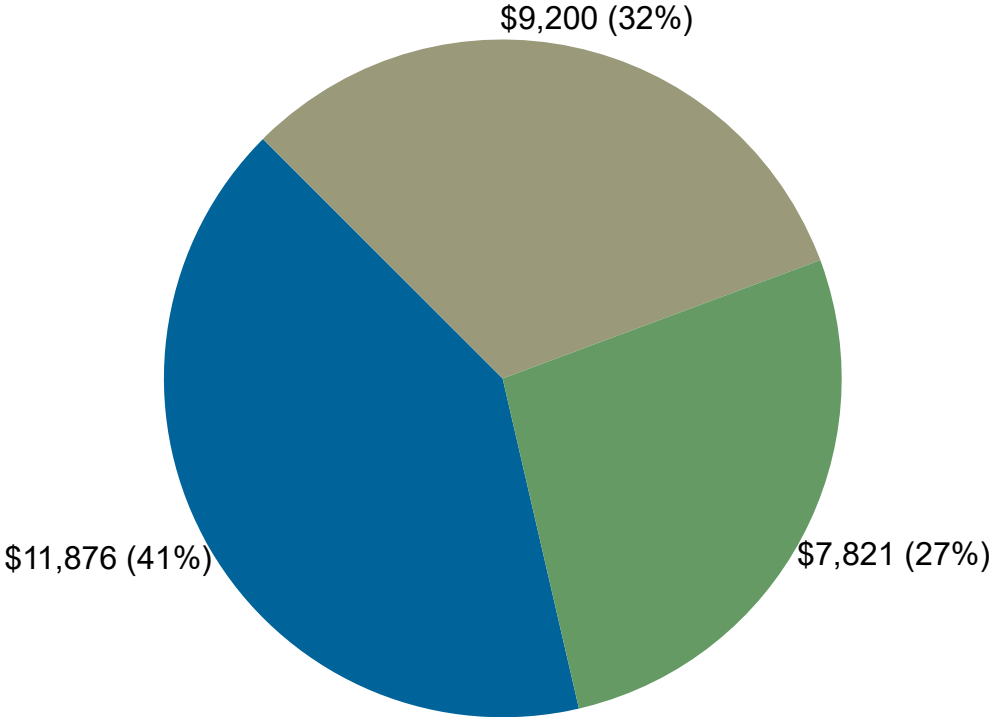
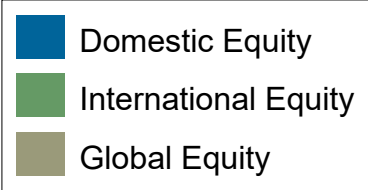


Sources: Bloomberg, MSCI, P/E Investments

# APFC Public Equity Structure

As of September 30, 2025

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

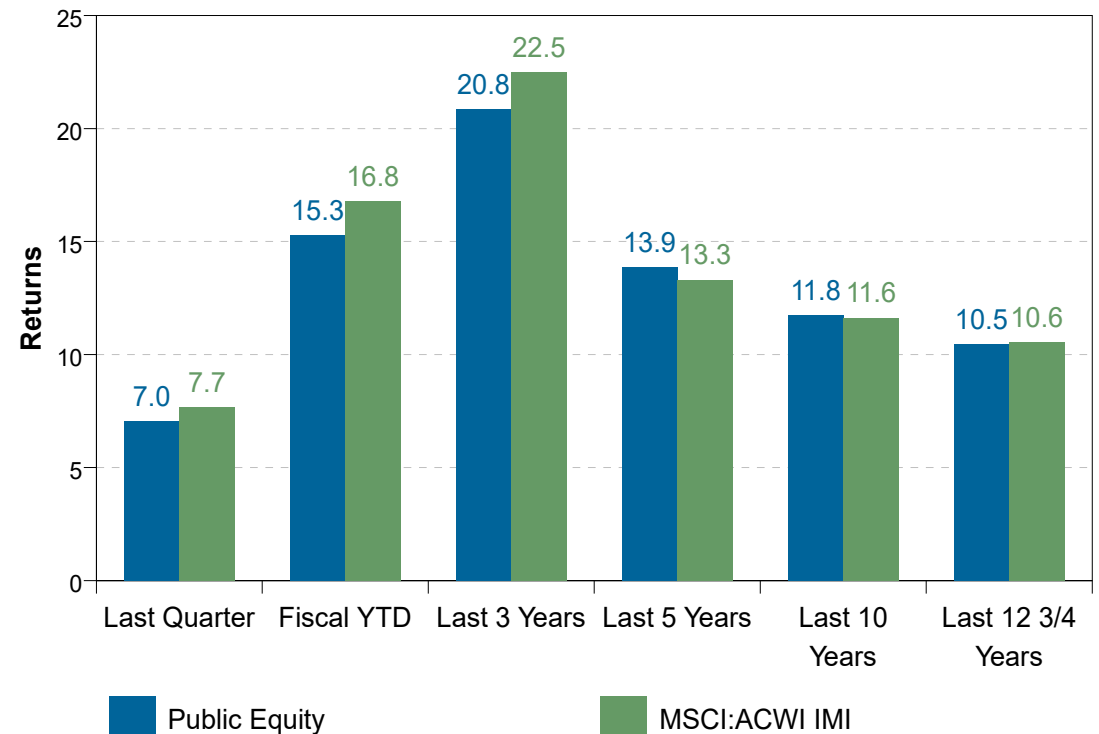


# APFC Public Equity vs. MSCI ACWI-IMI

Periods Ended September 30, 2025

- APFC Public Equity portfolio trailed the MSCI ACWI IMI index for the quarter and over the trailing three years. The portfolio modestly outperformed over the trailing five and ten years.
- Domestic and Global Equity composites lagged their respective benchmarks for the quarter and trailing year. Compared to peers, the Global Equity composite ranked above median for both periods. The International Equity composite exceeded its benchmark for all standard time periods.
- Overall, the portfolio is well diversified across regions, countries, and underlying strategies.

Returns for Various Periods  
Current Quarter Ending September 30, 2025

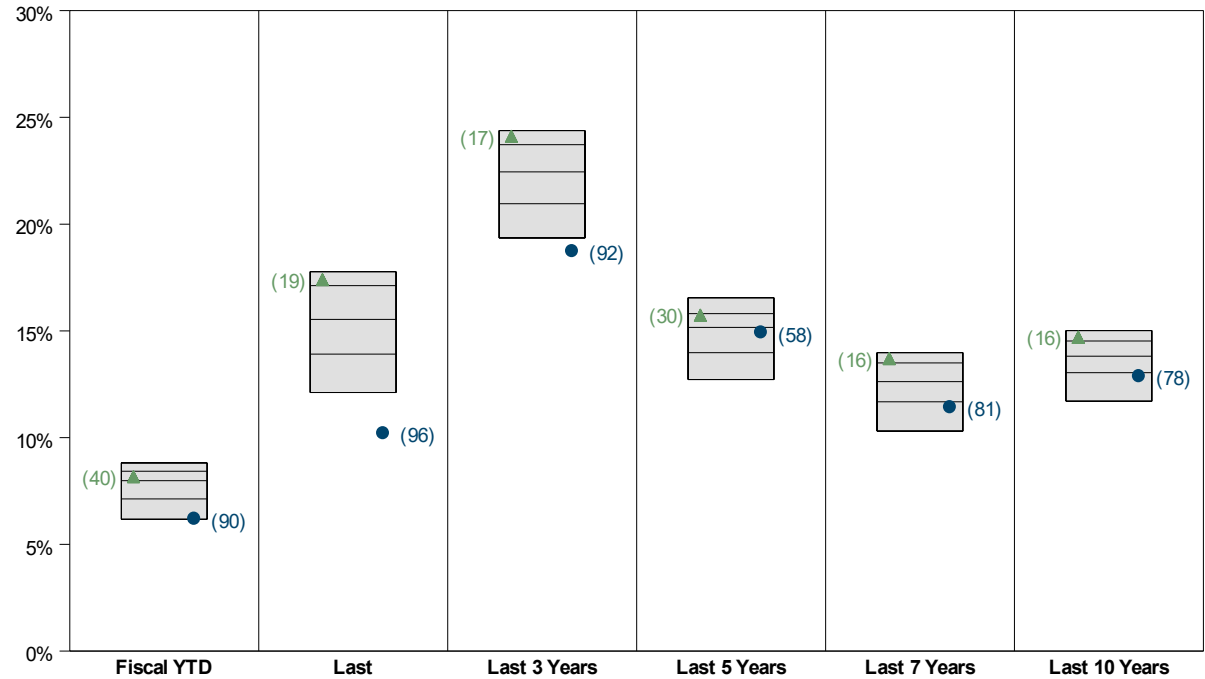


# APFC US Equity Performance vs. Fund Sponsor US Equity

Periods Ended September 30, 2025

- The universe is comprised of total domestic equity portfolios of large institutional investors in Callan's Fund Sponsor Database.
- APFC US Equity portfolio lagged the Russell 3000 Index for all time periods shown.
- When compared to US Equity portfolios of other large institutional investors, APFC's US Equity composite ranked below median in all time periods shown.

Performance vs Fund Sponsor - Domestic Equity (Gross)



10th Percentile	8.82	17.77	24.38	16.56	13.98	15.02
25th Percentile	8.43	17.12	23.73	15.81	13.50	14.52
Median	7.99	15.54	22.45	15.17	12.62	13.81
75th Percentile	7.13	13.92	20.96	13.98	11.69	13.05
90th Percentile	6.18	12.11	19.36	12.72	10.31	11.71
<b>Domestic Equity</b> ●	6.17	10.17	18.70	14.89	11.39	12.84
Russell 3000 Index ▲	8.18	17.41	24.12	15.74	13.71	14.71

# APFC US Equity Portfolio Risk Adjusted Return Rankings

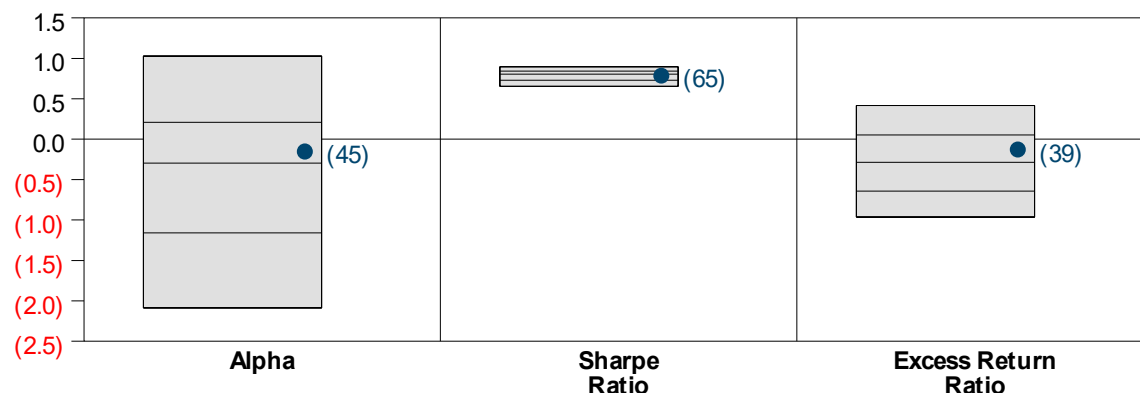
Periods Ended September 30, 2025

- 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 above median for alpha and excess return ratio.

- Alpha measures contribution to performance – portfolio's return above index adjusted for risk.
- Sharpe Ratio represents return gained per unit of risk taken (return/risk).
- Excess Return Ratio measures alpha (return above benchmark) divided by tracking error (risk versus benchmark).

**Risk Adjusted Return Measures vs Russell 3000 Index  
Rankings Against Fund Sponsor – Domestic Equity (Gross)  
Five Years Ended September 30, 2025**

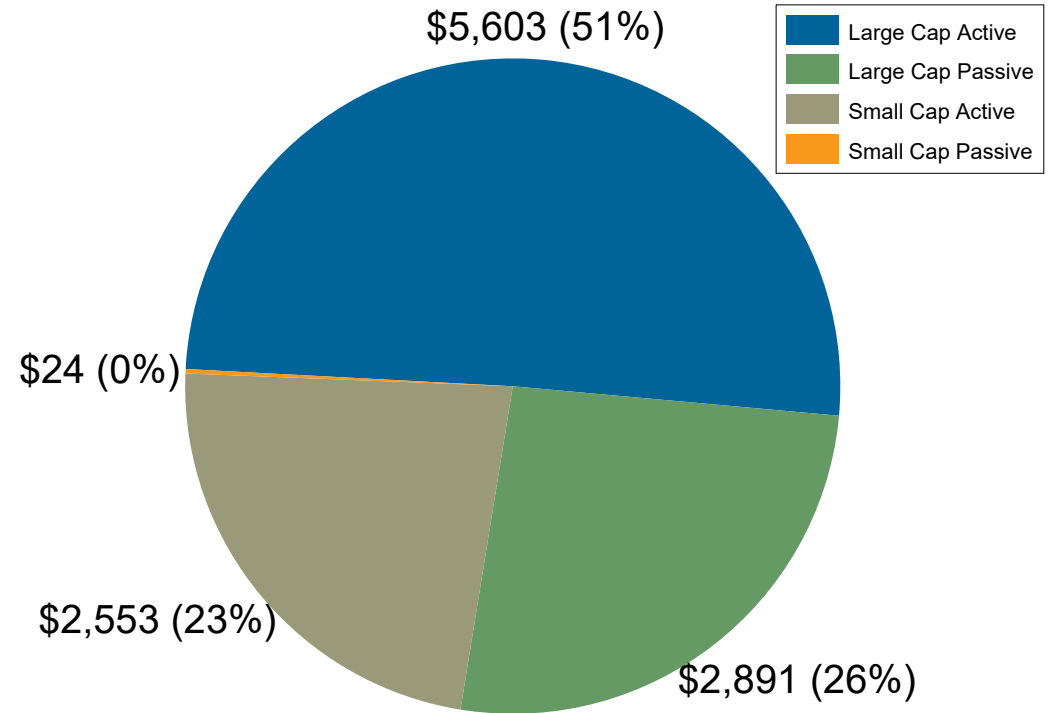


	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.03	0.90	0.41
25th Percentile	0.21	0.84	0.05
Median	(0.30)	0.80	(0.28)
75th Percentile	(1.16)	0.73	(0.64)
90th Percentile	(2.09)	0.65	(0.96)
<b>Domestic Equity ●</b>	<b>(0.17)</b>	<b>0.77</b>	<b>(0.15)</b>

# APFC US Equity Structure

As of September 30, 2025

- US equity portfolio is roughly 74% actively managed and 26% passive (or quasi-passive).
- Roughly 66% 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 September 30, 2025

- APFC's Large Cap and Small Cap portfolios both underperformed the benchmark for the quarter and trailing year.
- Small Cap portfolio ranked above the peer group median for the quarter and below median for the trailing year. The Large Cap portfolio ranked below median for the quarter and last year.

## 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	5.74 <sup>(62)</sup>	5.74 <sup>(62)</sup>	12.49 <sup>(65)</sup>	20.79 <sup>(64)</sup>	15.77 <sup>(35)</sup>	12.28 <sup>(60)</sup>	13.45 <sup>(58)</sup>
S&P 500 Index	8.12 <sup>(22)</sup>	8.12 <sup>(22)</sup>	17.60 <sup>(36)</sup>	24.94 <sup>(43)</sup>	16.47 <sup>(28)</sup>	14.45 <sup>(37)</sup>	15.30 <sup>(38)</sup>
Russell 1000 Index	7.99 <sup>(25)</sup>	7.99 <sup>(25)</sup>	17.75 <sup>(35)</sup>	24.64 <sup>(46)</sup>	15.99 <sup>(33)</sup>	14.18 <sup>(41)</sup>	15.04 <sup>(43)</sup>
Callan Large Cap	6.59	6.59	15.74	23.95	14.82	13.63	14.29

## Performance vs Callan Small Capitalization (gross)

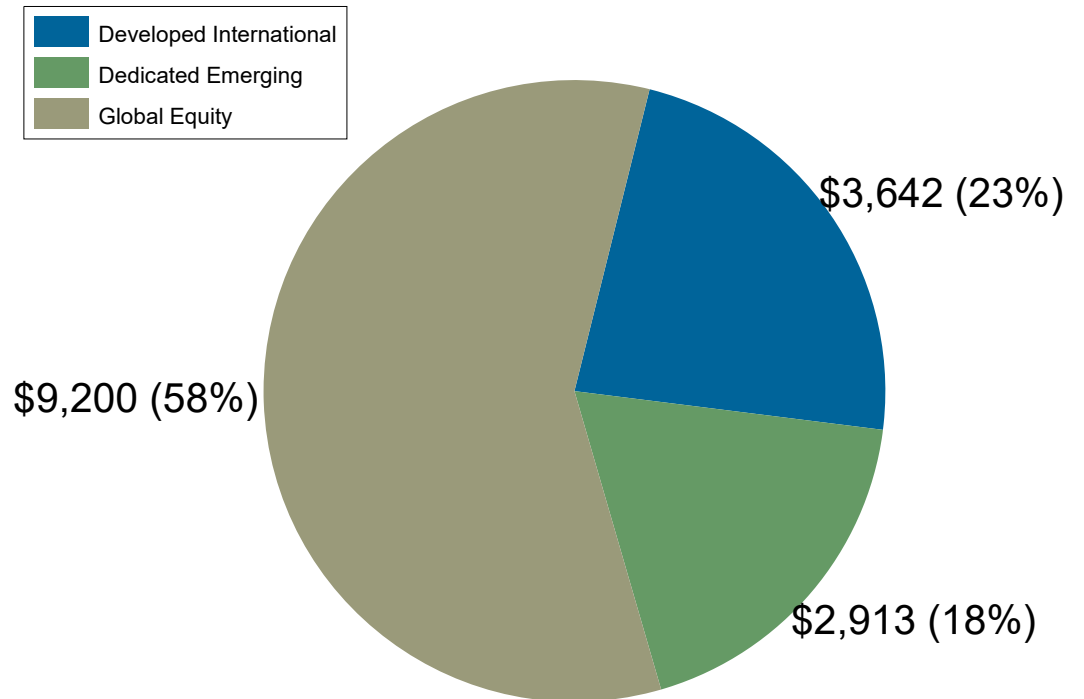
	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
Small Cap Equity	7.66 <sup>(46)</sup>	7.66 <sup>(46)</sup>	3.01 <sup>(69)</sup>	13.80 <sup>(53)</sup>	12.20 <sup>(37)</sup>	7.89 <sup>(32)</sup>	10.69 <sup>(32)</sup>
Russell 2000 Index	12.39 <sup>(11)</sup>	12.39 <sup>(11)</sup>	10.76 <sup>(22)</sup>	15.21 <sup>(31)</sup>	11.56 <sup>(44)</sup>	6.76 <sup>(57)</sup>	9.77 <sup>(52)</sup>
Callan Small Cap	7.32	7.32	5.62	14.05	11.17	6.99	9.85

\*Peer group returns reflect median

# APFC Non-US and Global Equity Structure

As of September 30, 2025

- 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.

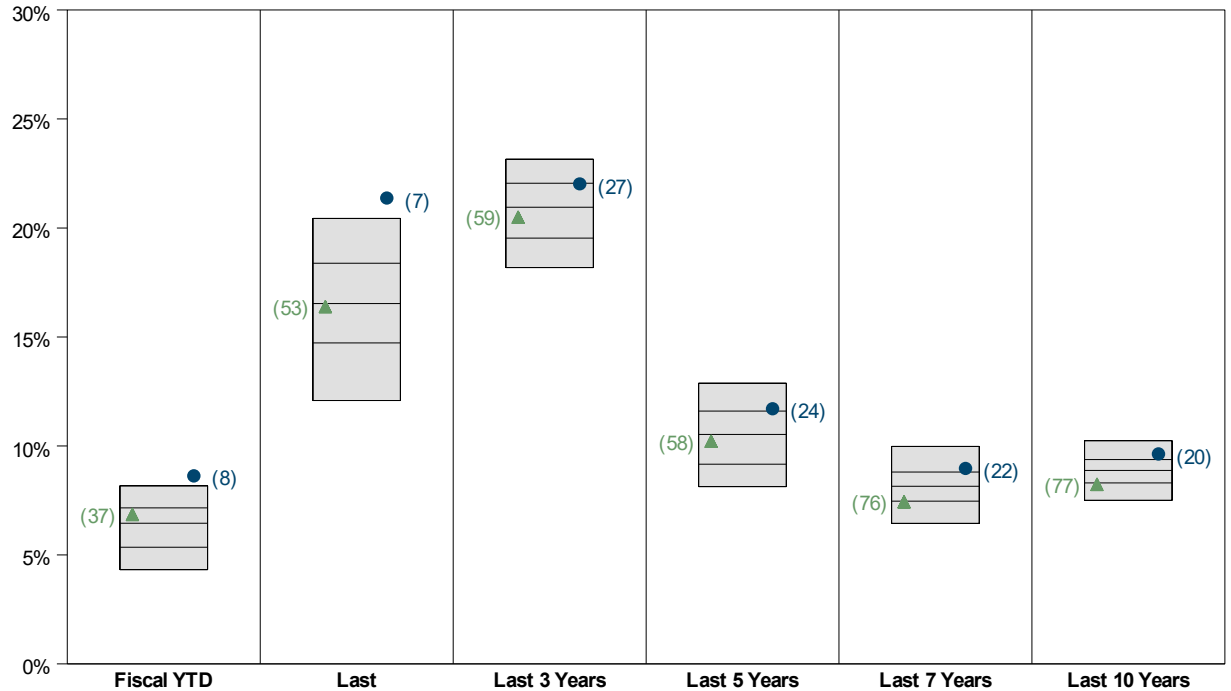


# APFC International Equity Relative to Fund Sponsor Universe

Periods Ended September 30, 2025

- International Equity ended the quarter and last year ahead of its benchmark and in the top decile of its peer group.
- The portfolio exceeded its benchmark over all measured time periods.
- Relative to other fund sponsor portfolios, International Equity ranked above median for all measured time periods.

Performance vs Fund Sponsor - International Equity (Gross)



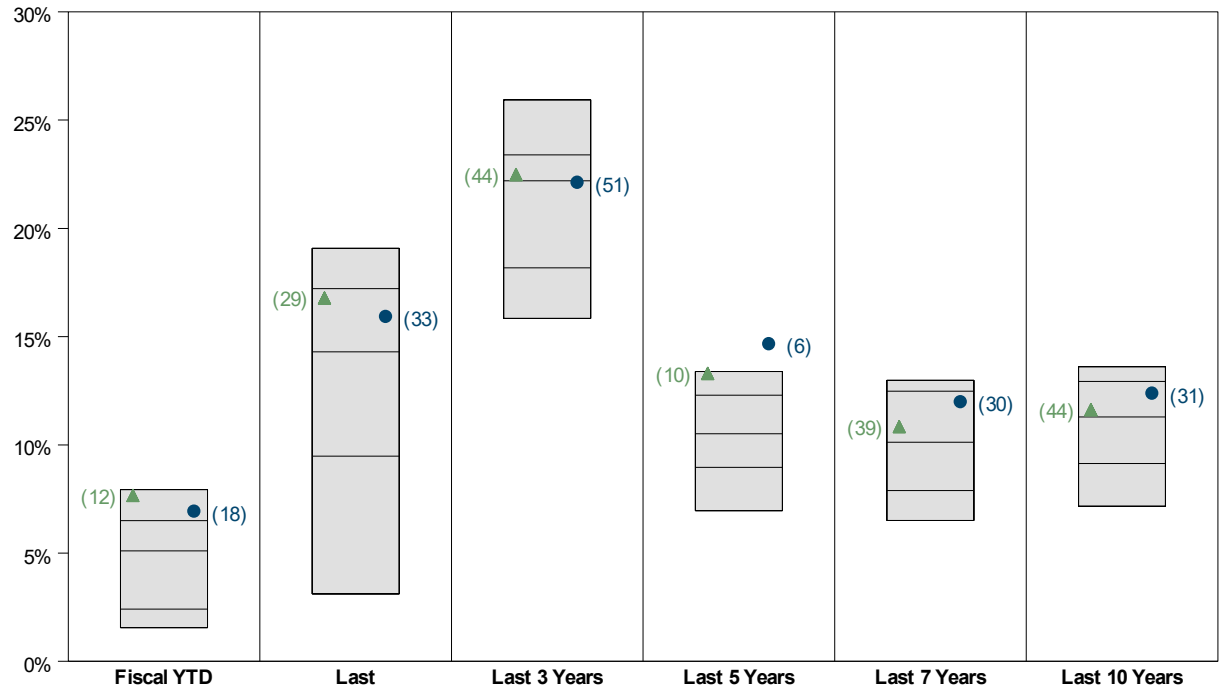
	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	8.18	20.43	23.15	12.88	9.98	10.24
25th Percentile	7.17	18.38	22.05	11.60	8.80	9.38
Median	6.46	16.53	20.95	10.53	8.15	8.87
75th Percentile	5.35	14.72	19.53	9.16	7.47	8.30
90th Percentile	4.33	12.08	18.19	8.13	6.45	7.50
<b>International Equity</b> ●	8.57	21.31	21.96	11.64	8.91	9.57
MSCI ACWI xUS IMI ▲	6.86	16.39	20.50	10.22	7.44	8.25

# APFC Global Equity Relative to Global Universe

Periods Ended September 30, 2025

- APFC Global Equity portfolio outperformed its benchmark and peers over the trailing quarter.
- Over the last year, the portfolio lagged the benchmark but ranked above the median of its peer group. For the trailing 3-year period, the portfolio ranked slightly below the median of the peer group.
- The portfolio was ahead of its benchmark and ranked above its peer group median over longer time periods.

Performance vs Callan Global Equity MFs (Institutional Net)



10th Percentile	7.94	19.08	25.93	13.39	12.98	13.61
25th Percentile	6.50	17.21	23.39	12.30	12.48	12.93
Median	5.10	14.30	22.20	10.51	10.12	11.29
75th Percentile	2.41	9.48	18.18	8.96	7.89	9.14
90th Percentile	1.56	3.12	15.84	6.96	6.51	7.17
<b>Global Equity</b> ●	6.88	15.88	22.07	14.62	11.94	12.33
<b>MSCI ACWI IMI</b> ▲	7.67	16.79	22.49	13.30	10.84	11.63

# APFC International & Global Equity Relative to Fund Sponsor Universe

Periods Ended September 30, 2025

## 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	6.54 <sup>(27)</sup>	6.54 <sup>(27)</sup>	20.43 <sup>(29)</sup>	22.82 <sup>(41)</sup>	12.88 <sup>(33)</sup>	8.98 <sup>(40)</sup>	9.50 <sup>(35)</sup>
MSCI ACWI xUS (net)	6.89 <sup>(21)</sup>	6.89 <sup>(21)</sup>	16.45 <sup>(50)</sup>	20.67 <sup>(66)</sup>	10.26 <sup>(61)</sup>	7.49 <sup>(73)</sup>	8.23 <sup>(73)</sup>
Callan Non-U.S. (gr)	5.18	5.18	16.43	22.02	11.24	8.57	8.93

## 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	11.48 <sup>(38)</sup>	11.48 <sup>(38)</sup>	17.45 <sup>(58)</sup>	18.40 <sup>(48)</sup>	8.38 <sup>(18)</sup>	7.86 <sup>(19)</sup>	9.10 <sup>(15)</sup>
MSCI EM	10.64 <sup>(49)</sup>	10.64 <sup>(49)</sup>	17.32 <sup>(58)</sup>	18.21 <sup>(49)</sup>	7.02 <sup>(33)</sup>	6.17 <sup>(47)</sup>	7.99 <sup>(40)</sup>
EM Equity DB (gr)	10.41	10.41	17.96	17.96	6.15	6.10	7.46

## 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	6.88 <sup>(18)</sup>	6.88 <sup>(18)</sup>	15.88 <sup>(33)</sup>	22.07 <sup>(51)</sup>	14.62 <sup>(6)</sup>	11.94 <sup>(30)</sup>	12.33 <sup>(31)</sup>
MSCI ACWI IM Index	7.67 <sup>(12)</sup>	7.67 <sup>(12)</sup>	16.79 <sup>(29)</sup>	22.49 <sup>(44)</sup>	13.30 <sup>(10)</sup>	10.84 <sup>(39)</sup>	11.63 <sup>(44)</sup>
Global Equity DB (gr)	5.10	5.10	14.30	22.20	10.51	10.12	11.29

\*Peer group returns reflect median

- APFC's International Developed lagged its benchmark for the quarter but exceeded it for the trailing year.
- The Emerging Markets portfolio outperformed its benchmark over the quarter and trailing year.
- The Global Equity portfolio underperformed its benchmark for the quarter and last year.
- All three programs both exceeded their respective benchmarks and ranked above their peer group medians over the trailing 5, 7, and 10-year periods.

# U.S. Fixed Income Performance: 3Q25

The Fed cut rates; Aggregate gains 2.0%

## Macro environment

- The Fed cut rates at the September meeting, with long-end rates moving higher, pricing in the potential for continued upward inflation pressures.
- Despite long-end upward movement post-meeting, yields eventually fell across the curve, amid weakening economic sentiment.
- The yield curve steepened modestly, with the 2s/10s spread widening as much as 65 bps—before ending at 55 bps, up from 52 bps at the end of 2Q.

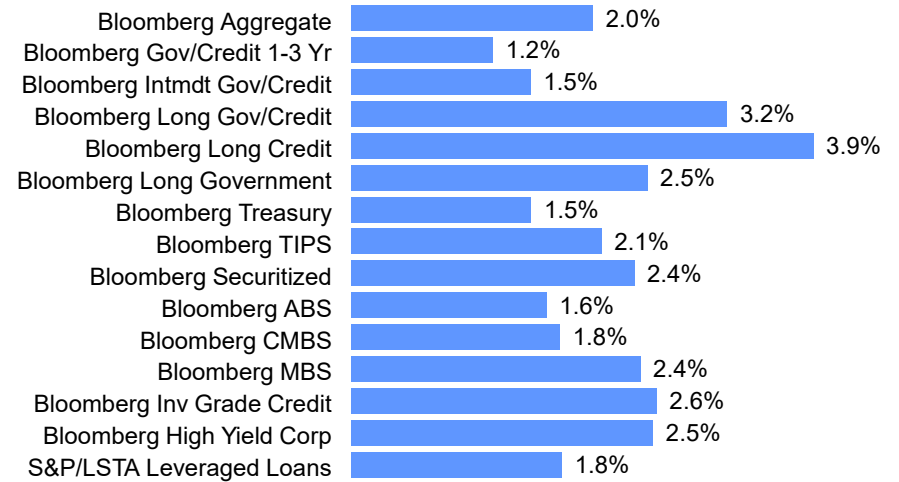
## Performance and drivers

- The Bloomberg US Aggregate Bond Index rose 2.0%, supported by declining Treasury yields.
- IG corporates outperformed Treasuries amid continued spread tightening, as did securitized credit.
- High yield outperformed floating rate bank loans as yields declined.

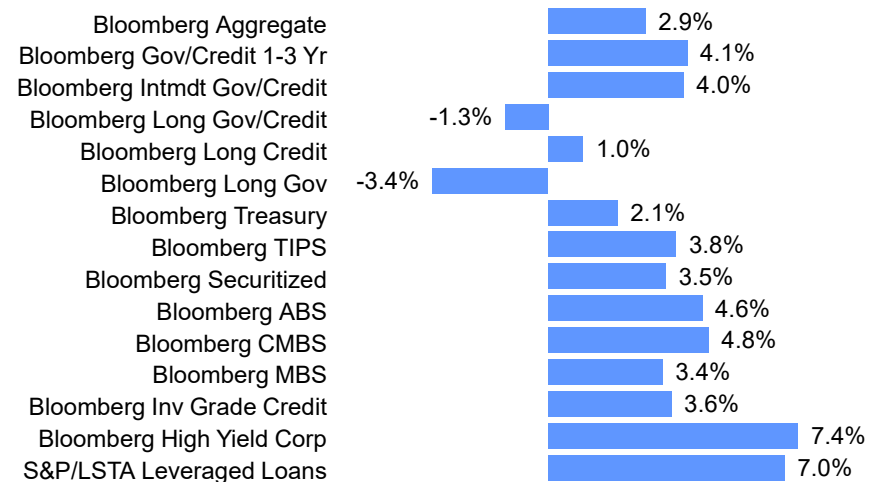
## Valuations

- Corporate credit spreads continue to grind tighter amid high demand from market participants.
- New issuance across both IG and HY ticked up in September after the typical summer lull.

## U.S. Fixed Income Returns: Quarter Ended 9/30/25



## U.S. Fixed Income Returns: One Year Ended 9/30/25



Sources: Bloomberg, Callan, SIFMA Research, S&P Dow Jones Indices, U.S. Treasury

# Global Fixed Income Performance: 3Q25

## U.S. dollar strengthened as tariff shock settles

### Macro environment

- The ECB held rates steady at its September meeting as inflation remained in line with its medium-term goal. The ECB indicated it remains data-dependent, signaling readiness to adjust monetary policy meeting-by-meeting.
- The BOE cut rates in August but held steady in September, indicating policy is not on a pre-set path, much like the ECB.

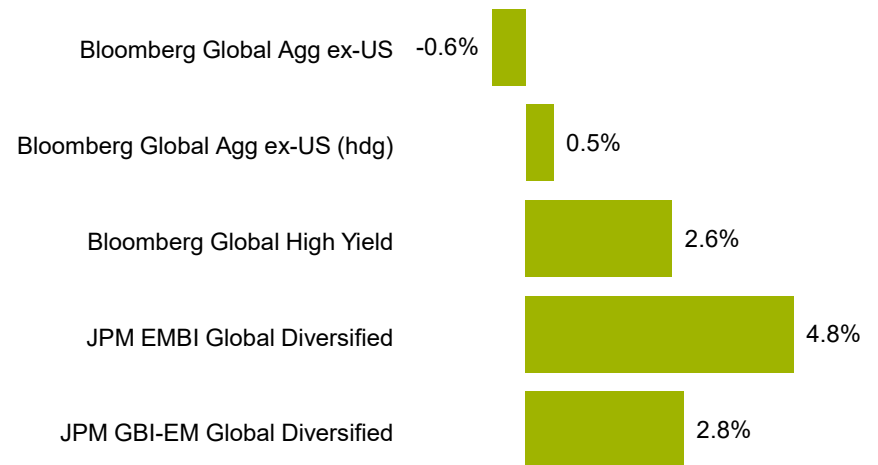
### U.S. dollar strengthened slightly

- The U.S. dollar strengthened modestly amid reciprocal tariff postponements.
- The Bloomberg Global Aggregate ex US Hedged Index outperformed the unhedged version due to the stronger dollar.

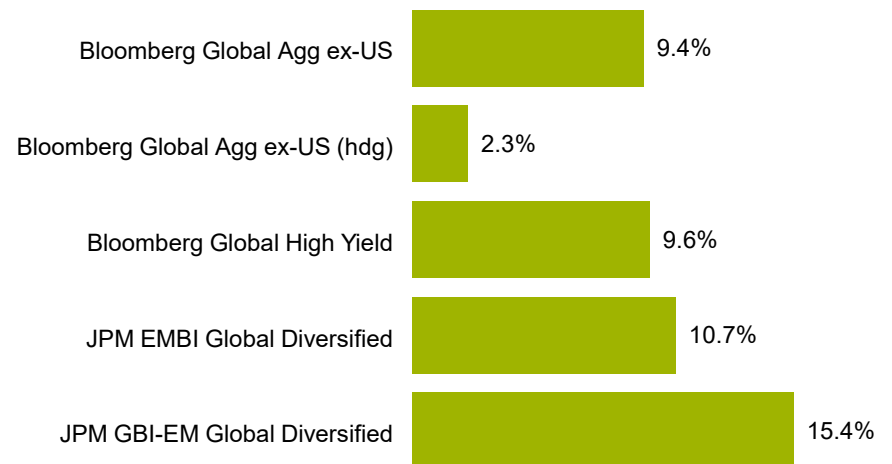
### Emerging market debt delivers another strong quarter

- The dollar's rise supported hedged currency EMD over unhedged EMD. Spread tightening has continued to persist across EMD segments amid the global hunt for value within credit.

### Global Fixed Income Returns: Quarter Ended 9/30/25



### Global Fixed Income Returns: One Year Ended 9/30/25

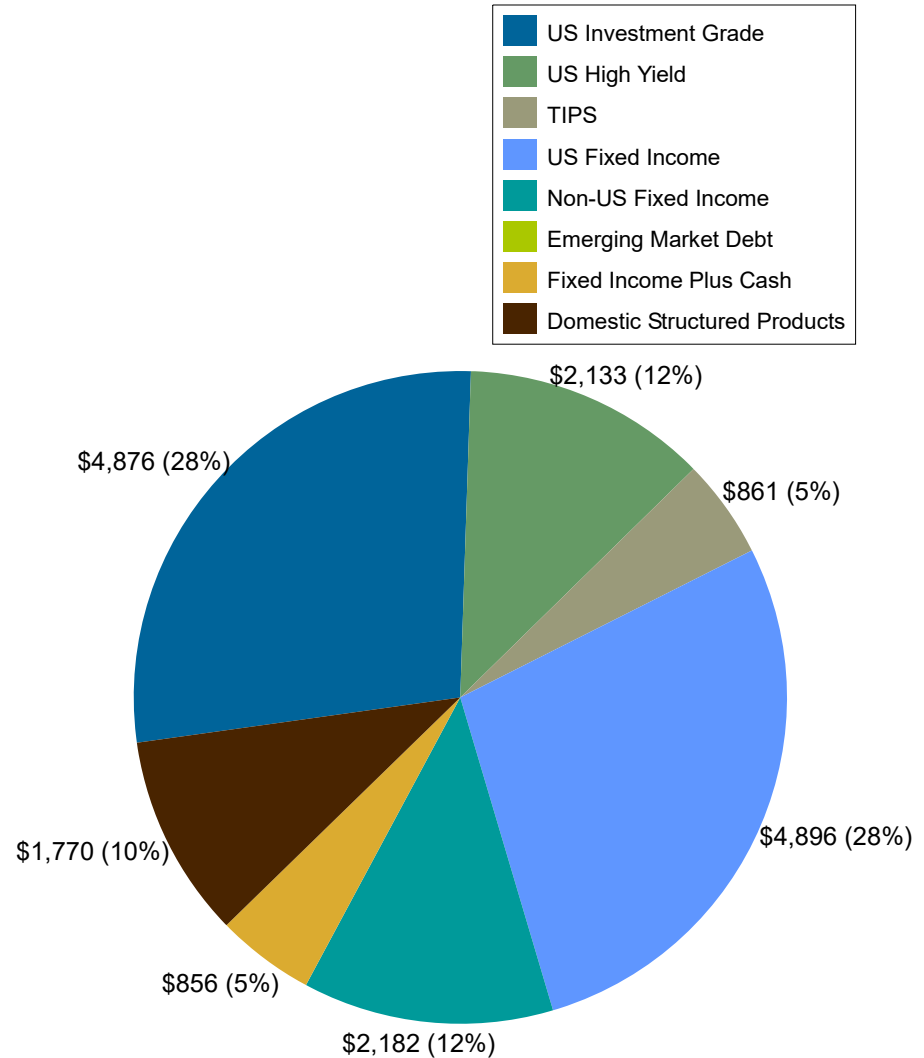


Sources: Bloomberg, ICE Data Indices, J.P. Morgan

# APFC Fixed Income Structure

As of September 30, 2025

- 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.



## Fixed Income Relative to Benchmarks

Periods Ended September 30, 2025

	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	
● Broader fixed income outperformed the benchmark over all measured trailing time periods.	Fixed Income	2.10	2.10	3.92	6.49	1.11	2.82	--
	Fixed Income Benchmark	1.93	1.93	3.57	5.98	0.67	2.27	--
● Over the quarter US fixed income, US investment grade, Non-US fixed income, US high yield, TIPS, and Structured products finished in line with or outperformed their respective benchmarks.	US Fixed Income Aggregate	2.18	2.18	3.26	5.61	0.06	2.57	2.32
	Blmbg:Aggregate	2.03	2.03	2.88	4.93	(0.45)	2.06	1.84
	US Investment Grade Corporate	2.78	2.78	4.09	7.85	0.91	3.72	3.75
	Blmbg:Corporate	2.60	2.60	3.63	7.07	0.35	3.13	3.12
	Non US Fixed Income	0.20	0.20	2.16	4.54	0.33	2.03	2.24
	Blmbg Global Treasury ex-US	0.19	0.19	2.11	4.50	0.36	2.03	2.30
● Over the trailing year, all asset classes outperformed their respective benchmarks aside from Structured Products.	US High Yield	2.48	2.48	7.33	10.58	5.56	5.13	5.79
	US High Yield Benchmark	2.31	2.31	6.88	9.94	4.87	4.84	5.82
	TIPS	2.16	2.16	3.99	5.15	1.78	3.72	3.25
	Blmbg TIPS	2.10	2.10	3.79	4.88	1.42	3.42	3.01
	Domestic Structured Products	2.38	2.38	3.27	4.86	(0.18)	--	--
	BB US Securitized	2.38	2.38	3.48	5.10	(0.05)	1.70	1.49

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% GI Treas xUS Hdg, 2.5% JPM EMBI GI Div, 2.5% JPM GBI-EM GI Div, 10% BB US HY 2% Issuer, 10% S&P GI REIT & 5% S&P GI 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% GI Treas xUS Hdg, 2.5% JPM EMBI GI Div, 2.5% JPM GBI-EM GI Div, 10% BB US HY 2% Issuer, and 10% BB US Sec Idx to 6/30/22.

5% 90 T-Bills, 27.5% BB US Corp Inv Gr TR, 15% GI Treas xUS Hdgd, 27.5% BB US Agg, 10% BB HY Corp Ba, 5% BB US TIPS, and 10% BB US Securitized Idx thereafter.

# U.S. Private Real Estate Performance: 3Q25

Sector appreciation mostly turns positive, outside of Office and Retail

## Valuations reflect higher interest rates

- Valuations appear to have bottomed and are in the very early stages of a recovery.
- Income returns were positive across sectors and regions.
- Property sectors were mixed; Office and Retail experienced negative appreciation, while the remaining sectors had positive or flat appreciation.
- West region underperformance was driven by repricing of industrial in Southern California.
- 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	0.5%	3.2%	-6.1%	2.6%	4.1%
Income	0.8%	3.2%	3.0%	3.0%	3.2%
Appreciation	-0.3%	-0.1%	-8.9%	-0.4%	1.0%
NCREIF Property Index	1.2%	4.6%	-2.6%	3.8%	5.0%
Income	1.2%	4.8%	4.5%	4.4%	4.5%
Appreciation	0.0%	-0.1%	-6.9%	-0.6%	0.5%

Returns are geometrically linked

## NCREIF Property Index Quarterly Returns by Region and Property Type

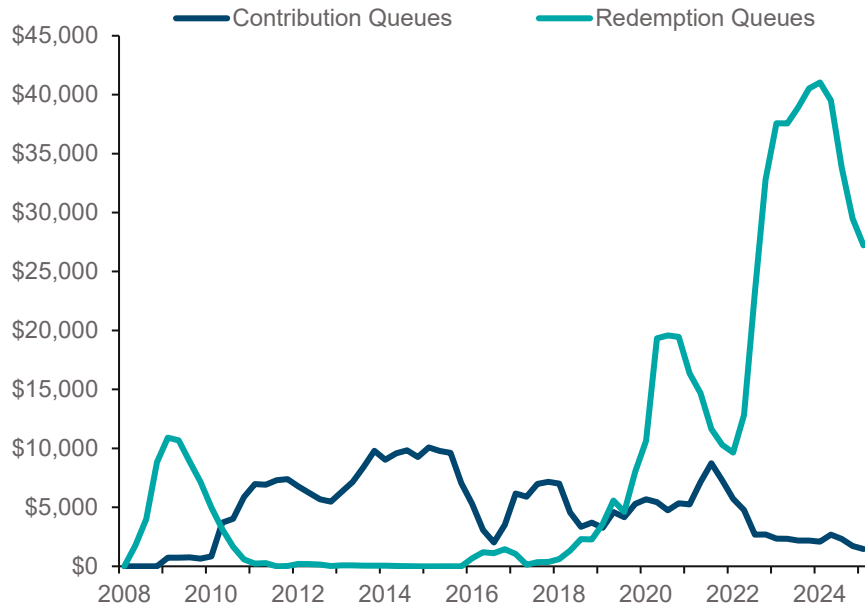


Source: NCREIF; ODCE return is net

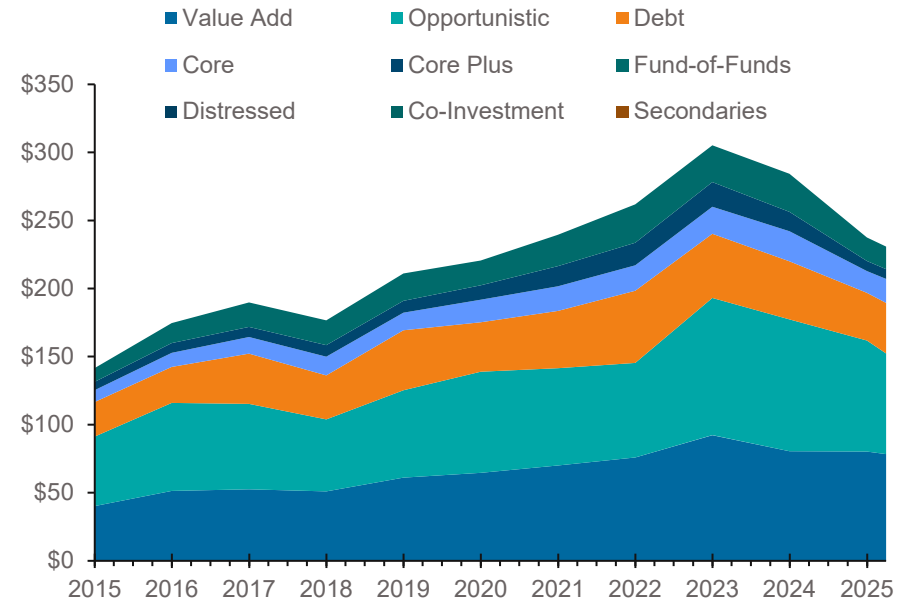
# U.S. Private Real Estate Market Trends

Over \$230 billion of dry powder

Core Fund Contribution/Redemption Queues (\$mm)^



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



- ODCE redemption queues are approximately 12.0% of net asset value (NAV) with a median queue of 9.5%. This compares to the Global Financial Crisis, when queues peaked at approximately 15% of NAV.
- Outstanding redemption requests for most large ODCE funds are approximately 0% to 52% of NAV.
- Redemption queues are now sharply decreasing after having peaked at 19.3% of NAV in 1Q24. This has been driven primarily by rescissions of redemption requests within a handful of managers with large queues and increased redemption payments due to increased transactions.

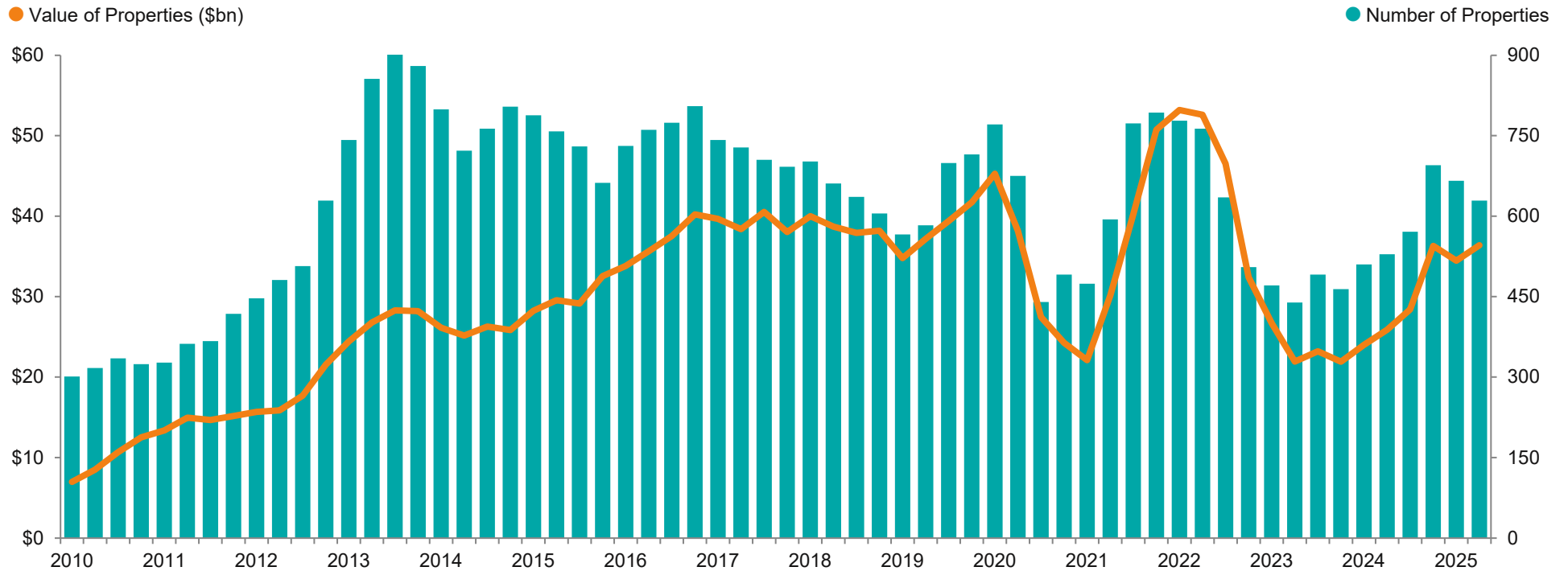
Sources: AEW, NCREIF, Preqin

^Queue data as of 2Q25 the latest available at time of publication

# U.S. Private Real Estate Market Trends

Pricing and transaction volumes are increasing after bottoming

## NCREIF Property Index Rolling 4-Quarter Transaction Totals

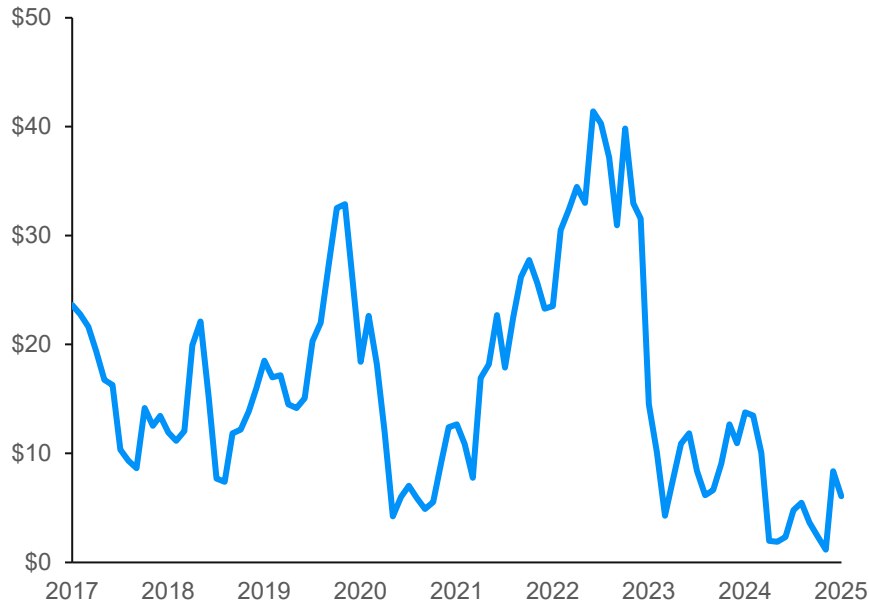


- Transaction volume is increasing on a rolling four-quarter basis yet remains below five-year averages.
- In 3Q25, transaction volume increased on a quarter-over-quarter basis, driven by the reversal of tariff policy. Transaction volume remains lower compared to 2022.
- The volatile rise in interest rates is the driving force behind the slowdown in transactions. Valuations have largely adjusted to increased borrowing costs.

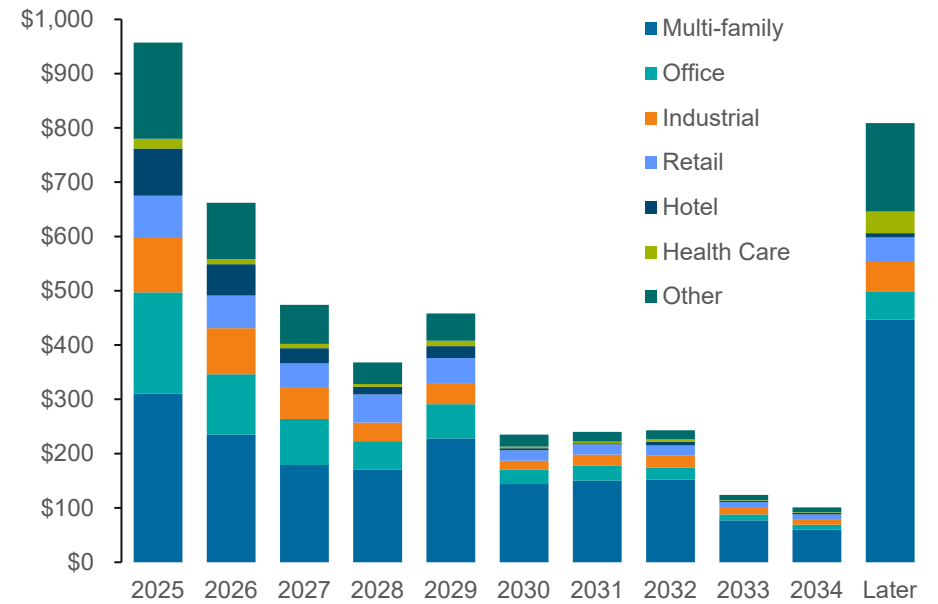
Source: NCREIF

# Real Estate Capital Markets

Bank CRE Net issuance (Rolling 3 Months) \$bn



Loan Maturities by Sector (\$bn)



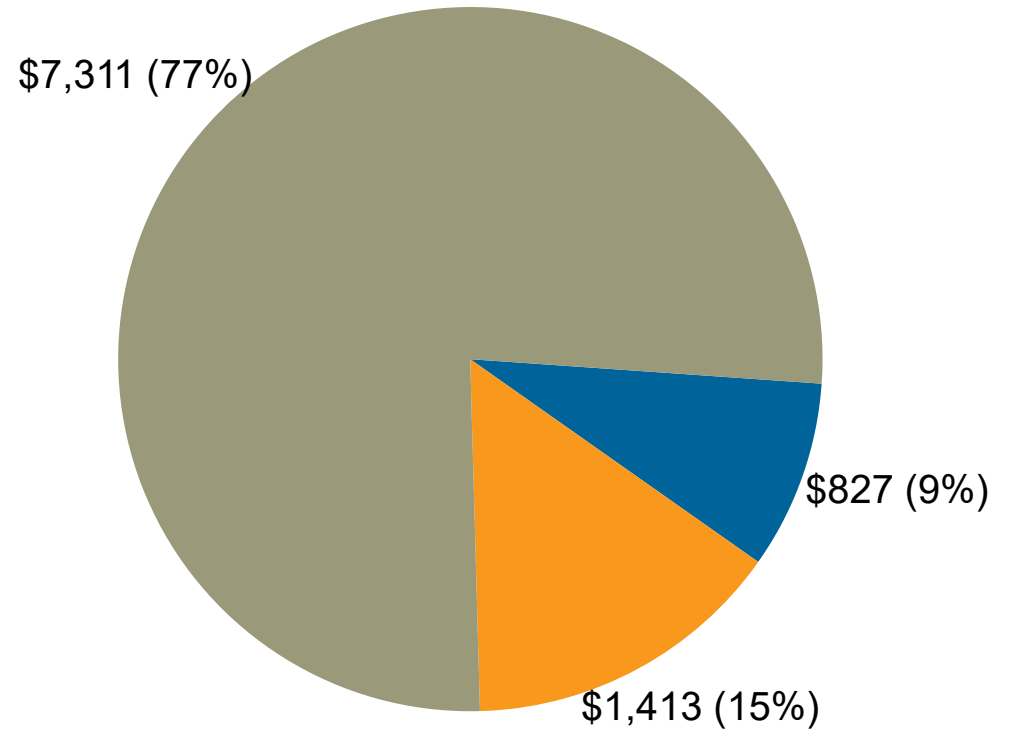
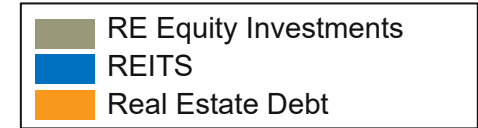
- Bank issuance is increasing, but additional sources of lending are needed, and debt investment opportunities appear increasingly attractive.
- A sizeable pool of loans maturing in 2025 is driven by short-term extensions from prior years, particularly multi-family and office loans, and will put further pressure on lending markets.

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

# APFC Real Estate Structure (1Q LAG)

As of June 30, 2025

- 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.



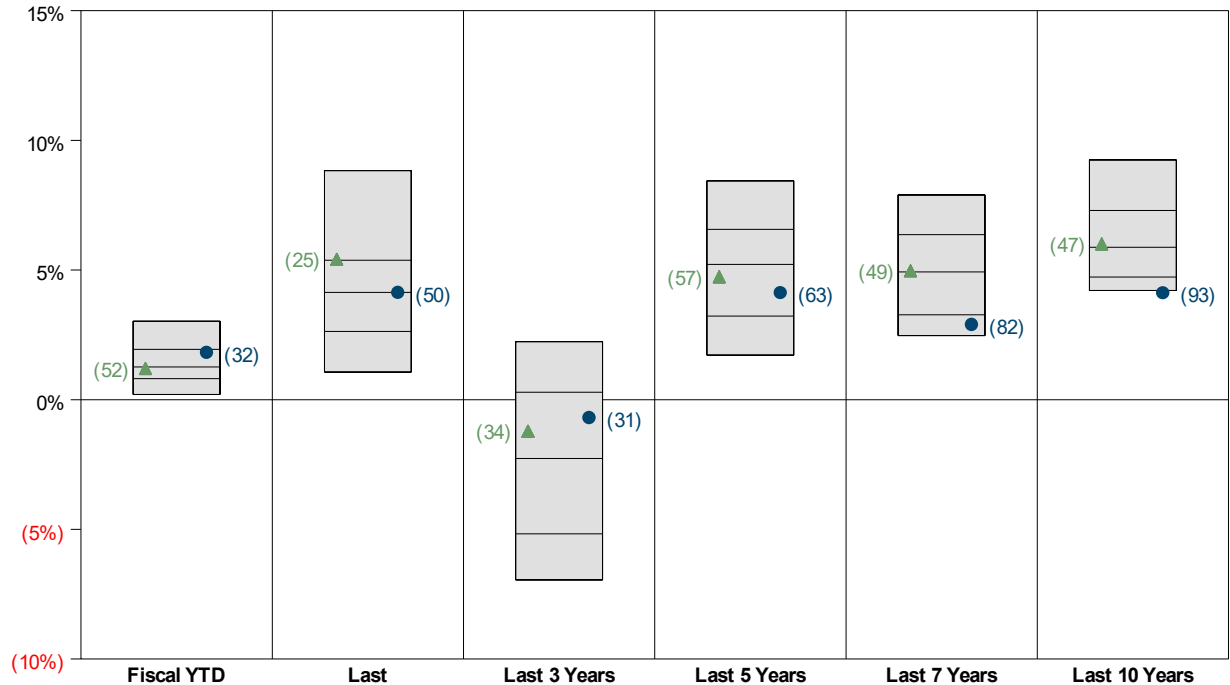
# Real Estate Relative to Callan's Total Real Estate Database (1Q LAG)

Periods Ended June 30, 2025

**REVISED**

- APFC Real Estate portfolio performance is shown net of fees for all investments.
- The real estate portfolio exceeded its benchmark for the quarter and but underperformed over the trailing year.
- The portfolio ranked above median in the Real Estate peer group for the quarter and trailing 3-year period. Over the last year, the portfolio ranked at median.

Performance vs Public Fund - Real Estate (Gross)



	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	3.03	8.83	2.23	8.44	7.90	9.25
25th Percentile	1.94	5.38	0.28	6.57	6.37	7.30
Median	1.26	4.13	(2.27)	5.21	4.92	5.87
75th Percentile	0.81	2.63	(5.18)	3.22	3.27	4.73
90th Percentile	0.20	1.06	(6.95)	1.72	2.47	4.21
<b>Real Estate</b> ●	1.77	4.08	(0.74)	4.08	2.85	4.07
Real Estate Target ▲	1.23	5.44	(1.20)	4.74	4.97	6.01

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 June 30, 2025

**REVISED**

	Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
<b>RE Equity Investments</b>	<b>2.03</b>	<b>2.79</b>	<b>-2.36</b>	<b>2.78</b>	--
RE EQ Separate Accts & Direct	1.46	-0.02	-4.85	0.58	1.83
RE EQ Funds & Co-Invest	3.67	6.46	1.30	11.23	--
RE EQ Development	1.15	12.21	9.49	--	--
<b>RE Debt Investments</b>	<b>1.89</b>	<b>8.32</b>	<b>9.29</b>	<b>10.32</b>	--
RE Debt Separate Accounts	1.89	8.36	9.35	9.45	--
RE Debt Funds & Co-Invests	1.91	7.67	8.86	10.43	--
<i>NCREIF Monthly</i>	1.23	4.25	-2.74	3.71	5.23
<b>REITS</b>	<b>-0.69</b>	<b>9.21</b>	<b>5.49</b>	<b>9.18</b>	--
<i>MSCI:US REIT Index</i>	-1.14	8.92	5.40	8.63	6.33
<b>Real Estate Composite</b>	<b>1.77</b>	<b>4.08</b>	<b>-0.74</b>	<b>4.08</b>	<b>4.07</b>
<i>Real Estate Target</i>	1.23	5.44	-1.20	4.74	6.01

- In the quarter, all Real Estate portfolios outperformed their respective benchmarks. Over the trailing year, the Real Estate Debt portfolio and REITs portfolio exceeded their benchmarks.
- Overall, the Real Estate Composite exceeded its custom benchmark over the quarter and trailing 3-year period but lagged over the trailing 1-, 5-, and 10-year periods.

# Private Credit Fundraising Landscape

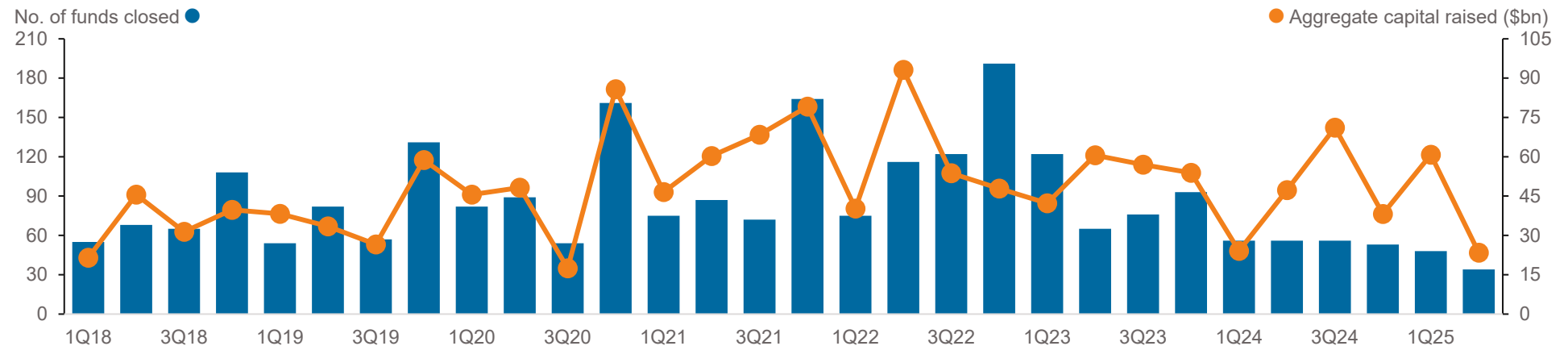
## Activity continued to be relatively slow in 2Q25

- The top four funds raised in 2Q25 were across various verticals of private credit.
- Direct lending continues to dominate fundraises, with mezzanine following. Fund-of-funds and venture debt continue to lose interest among LPs.
- Private credit stayed in high demand among Callan clients, and most LPs look to maintain or increase their target allocation.
- We continue to notice increased interest in specialty finance/ABL strategies.

### Largest Funds Holding Closes in 2Q25

Name	Amount (\$millions)	Strategy
Dawson Portfolio Finance 6	\$8,000	Niche
TPG Twin Brook Direct Lending (continuation vehicle)	\$3,000	Direct Lending
Park Square Capital Partners V	\$2,833	European Direct Lending
Five Arrows Debt Partners IV	\$2,829	Opportunistic

### Quarterly Private Debt Fundraising

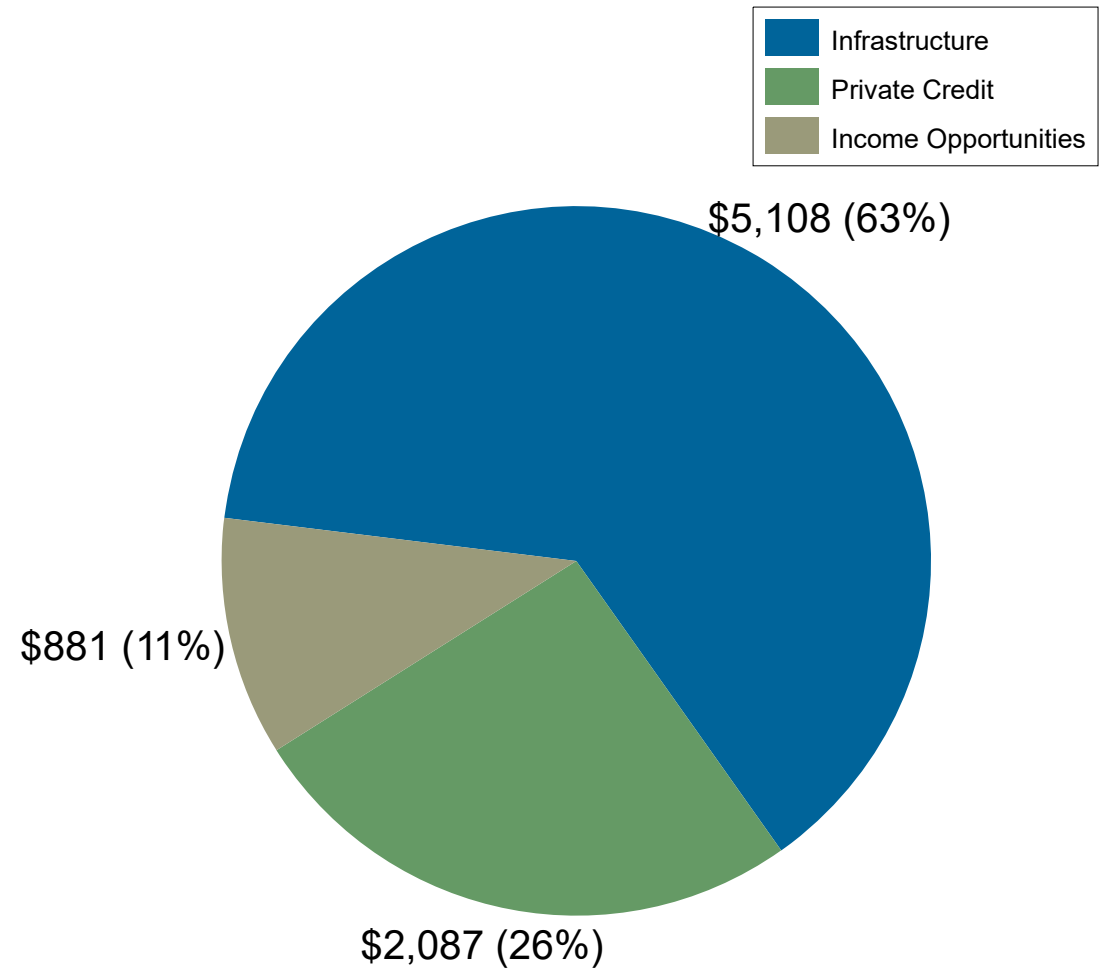


Source: Preqin

## APFC Private Income Structure (1Q LAG)

As of June 30, 2025

- 63% of the structure is invested in infrastructure funds, which includes a diversified portfolio of infrastructure, energy, and generation assets. Listed Infrastructure makes up just 7.8% of this allocation.
- 26% 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 June 30, 2025

	Quarter	Last Year	Last 3 Years	Last 5 Years
<b>Private Income</b>	<b>4.50</b>	<b>14.46</b>	<b>9.45</b>	<b>11.63</b>
Private Income Custom	3.14	9.65	10.26	12.01
<b>Infrastructure</b>	<b>5.50</b>	<b>19.10</b>	<b>10.97</b>	<b>14.85</b>
Cambridge Global Pvt Infrastructure	3.67	9.38	9.97	11.73
<b>Private Credit</b>	<b>3.88</b>	<b>8.37</b>	<b>8.21</b>	<b>10.02</b>
Cliffwater Direct Lending TR	2.34	10.06	10.67	12.42
<b>Income Opportunities</b>	<b>0.45</b>	<b>6.08</b>	<b>4.44</b>	<b>5.65</b>
Private Income Custom	3.14	9.65	10.26	12.01

- APFC's Private Income composite outperformed its benchmark (60% Cambridge Global Private Infra and 40% Cliffwater Direct Lending TR) over the quarter by 136 basis points.
- Infrastructure and Private Credit exceeded their respective benchmarks for the quarter. Over the last year, Infrastructure returned 19.1% vs its benchmark return of 9.4%.
- Over the last year, Private Credit and Income Opportunities missed their respective benchmarks. The overall portfolio gained 14.5% vs. its benchmark return of 9.7%

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: 3Q25

Surge in performance to end the quarter

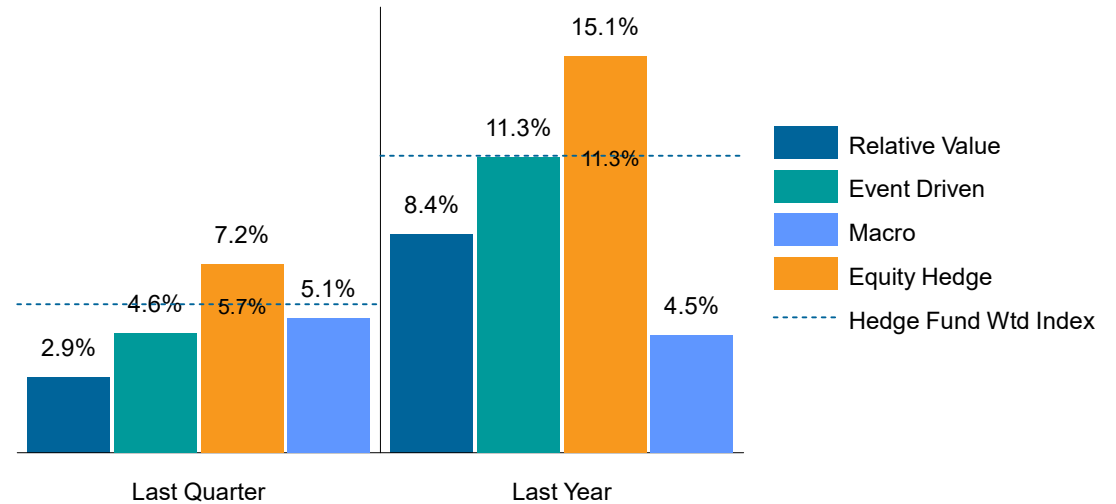
## Equities drove hedge fund performance

- Equity hedge again led all hedge fund strategies, as the AI-boom continued to push up “growthier” names.
- Macro strategies performed well, driven by positioning in gold, equities, and interest rates.
- Event-driven strategies saw positive momentum as M&A activity picked up along with AI-related deals.
- Relative value strategies ended higher, as managers profited from the Fed rate cut.

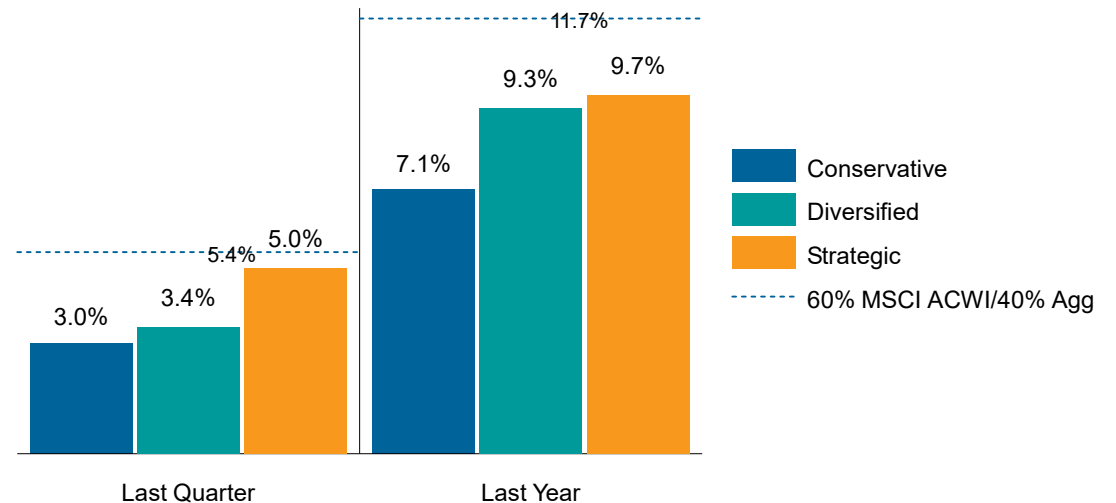
## FOFs saw continued strong performance

- Fund-of-funds (FOFs) with more exposure to equity hedge and macro strategies performed better.
- FOFs with more diversification across credit strategies, in addition to less equity beta, lagged slightly on the quarter.

HFRI Strategy Index Returns vs. Broad Hedge Fund Universe as of 9/30/25



HFRI Fund-of-Funds Returns vs. 60% Stock/40% Bond Mix as of 9/30/25



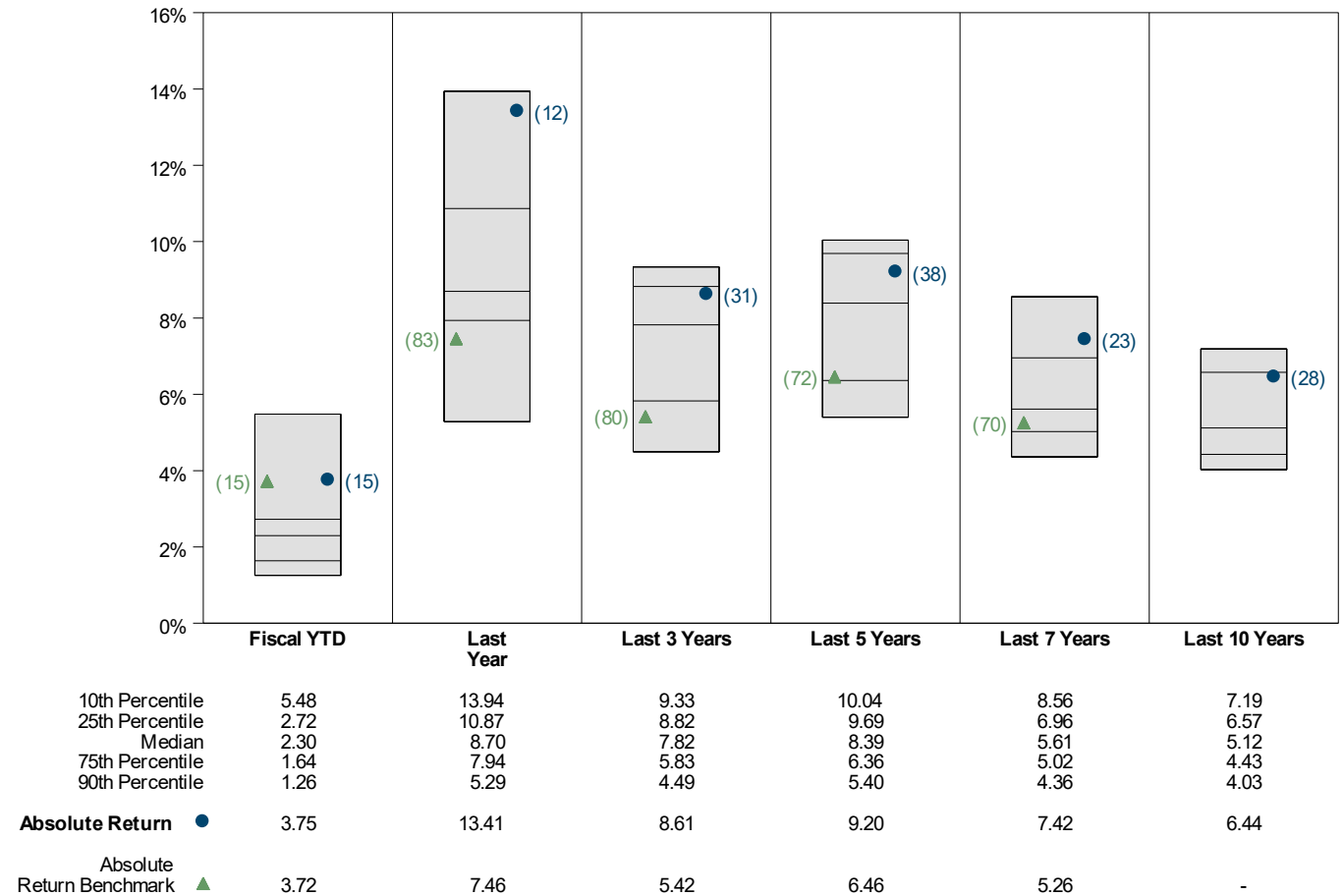
Source: Hedge Fund Research

# Absolute Return Portfolio Relative to HFOF Universe

Periods Ended September 30, 2025

- The Absolute Return portfolio posted returns in line with its benchmark for the quarter. Compared to peers, the portfolio ranked in the top quartile for the last quarter and year.
- The portfolio ranked above the median of its peer group for all standard time periods.

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



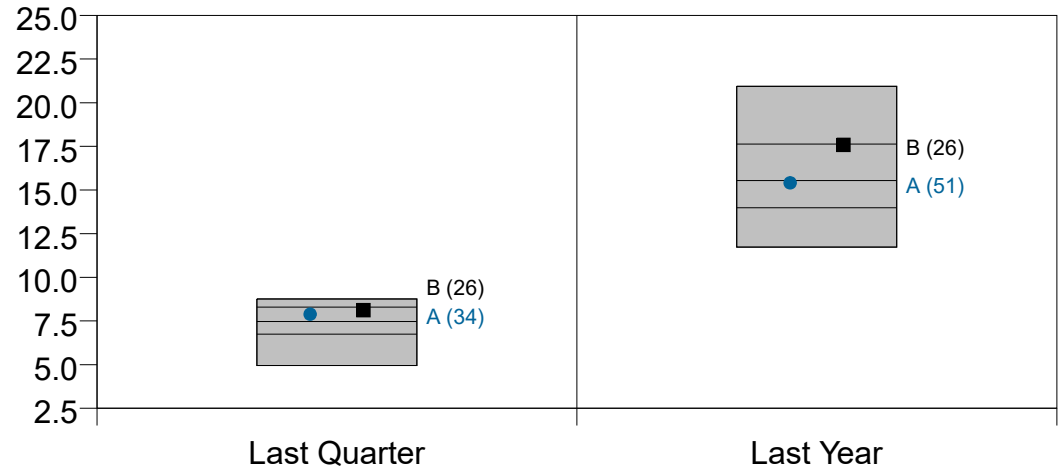
Absolute Return Benchmark components: LIBOR + 4% to 6/30/13, LIBOR + 6% to 6/30/15, LIBOR + 5% to 9/30/16, HFRI Total HFOF Universe to 6/30/22, and 50% HFRI EH Equity Market Neutral and 50% HFRI Macro thereafter

# Tactical Opportunities Relative to S&P 500 Index

Periods Ended September 30, 2025

- 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 underperformed the benchmark for the last quarter and year.
- Compared to its peer group, the portfolio ranked above median for the last quarter and year.

Performance vs Callan Large Cap Core (Gross)



10th Percentile	8.76	20.94
25th Percentile	8.31	17.63
Median	7.48	15.55
75th Percentile	6.75	13.98
90th Percentile	4.96	11.73
Member Count	35	34
Tactical Opportunities ● A	7.90	15.41
S&P:500 ■ B	8.12	17.60

# Private Equity Trends

## Private equity remains steady as public equity rebounds in 2Q25

### Quarterly Snapshot

- Public equities reversed their 1Q25 losses, jumping ahead of private equity in 2Q.
- Private equity gained a steadier 4% during the quarter, compared to the double-digit rebound in the public markets.
- Performance across strategy types was nearly identical: venture capital (+4.3%), growth equity (+4.1%), buyouts (+4.3%).

### Long-Term Performance

- Across most time horizons, the various PE strategy types have delivered broadly similar results. The primary exception is the three-year period, where venture capital and growth equity were impacted by the technology downturn of 2022–23.
- Over the 20-year time horizon, private equity has outperformed public equity by 2%.

Net IRRs as of 6/30/25



Net IRRs by Strategy as of 6/30/25

Strategy	Last Quarter	1 Year	3 Years	5 Years	10 Years	20 Years
Venture Capital	4.3%	10.1%	-0.2%	13.5%	13.0%	12.3%
Growth Equity	4.1%	10.6%	4.7%	13.1%	13.0%	13.1%
Buyouts	4.3%	9.7%	8.2%	15.8%	13.8%	13.0%
<b>Private Equity</b>	<b>4.3%</b>	<b>10.0%</b>	<b>5.5%</b>	<b>14.8%</b>	<b>13.5%</b>	<b>12.9%</b>

Source: LSEG/Cambridge. PME: Public Market Equivalent

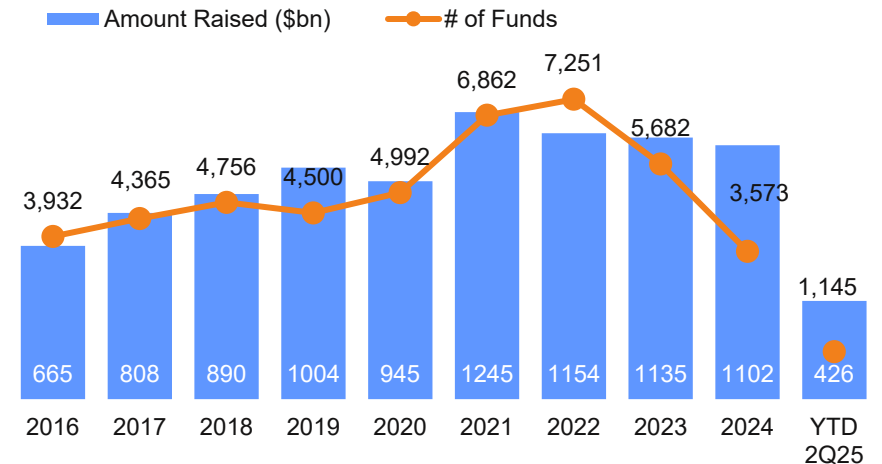
# Private Equity Trends

## Fundraising still declining, but deal activity shows bright spots

### Fundraising

- Fundraising for 1H25 was down 30% from 1H24, across both fundraising volume and the number of funds. Persistent exit backlogs and limited distributions have left LPs with less capital to recycle into new commitments.
- Fundraising timelines have lengthened, leaving a larger number of funds in the market without final closes and therefore not captured in headline statistics.
- Despite the aggregate decline, there has been a growing bifurcation in fundraising—a small group of in-demand funds are oversubscribed and even cutting back LPs’ commitments, while the broader universe remains challenged.

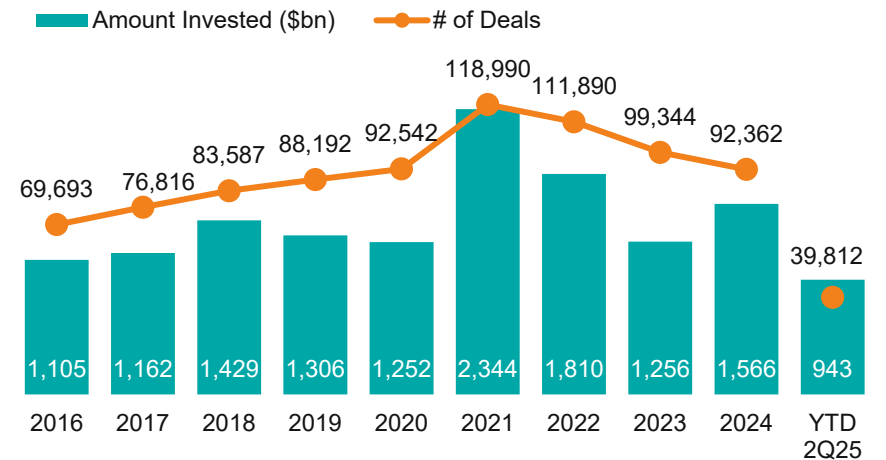
### Annual Fundraising



### Deal Activity

- Deal activity has seen a persistent trend: deal volume going up and deal count going down.
- Deal volume saw a massive boost in 1H25, up by 40% compared to 1H24 and on track to reach 2022 levels. Deal count, on the other hand, was down 22%.
- Capital has been concentrated in the largest deals across both buyouts and venture capital/growth, driven by:
  1. A more business-friendly administration spurring larger deals that might previously have faced antitrust scrutiny
  2. Companies of scale seen to be more resilient amid ongoing trade uncertainty
  3. Large capital requirements of AI companies driving “mega” rounds with venture capital

### Annual Deal Activity



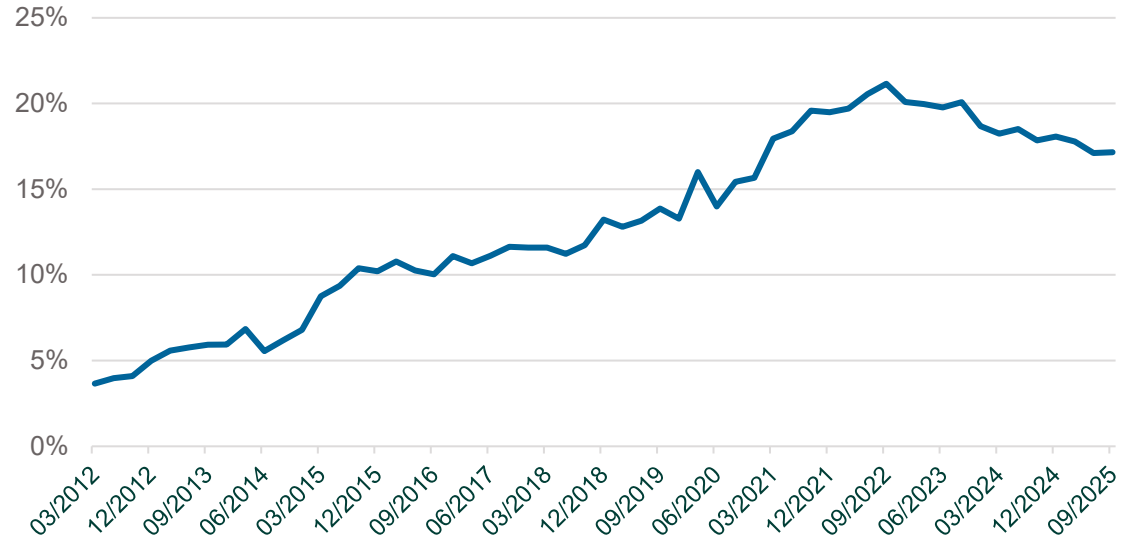
Source: PitchBook

# APFC Private Equity and Special Opportunities Allocation Growth (1Q LAG)

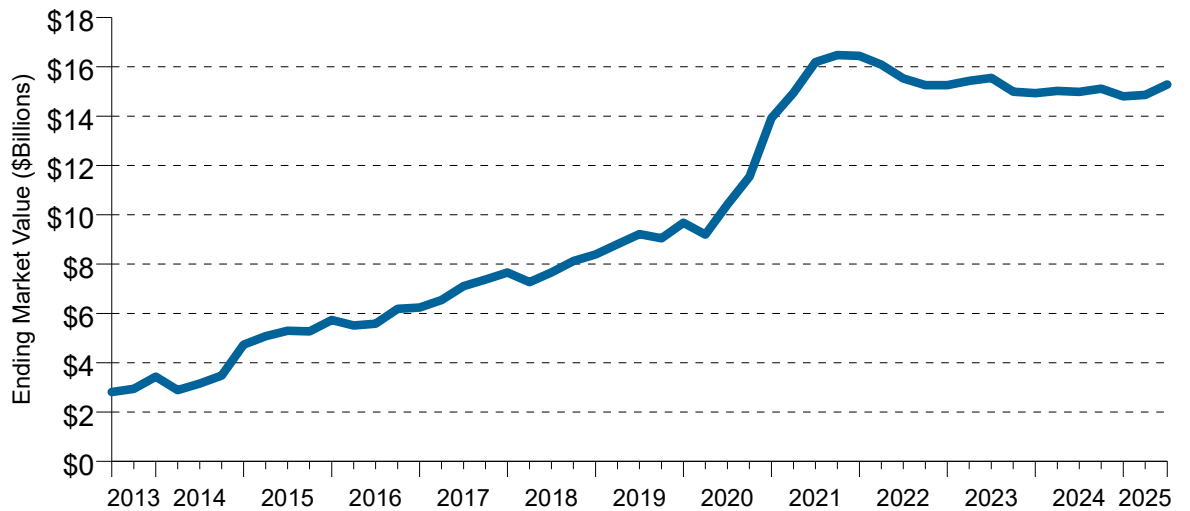
As of June 30, 2025

- For the second quarter 2025 period, 17.4% of the total fund was allocated to Private Equity & Special Opportunities.
- Allocation to the Private Equity and Special Opportunities portfolio has grown ~7% over the last ten years.

Private Equity & Special Opportunities Allocation



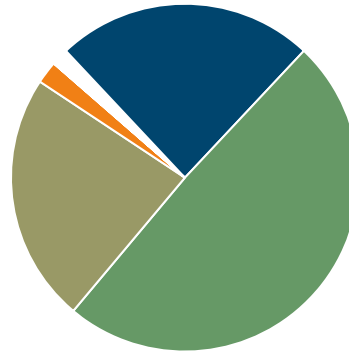
Ending Market Value Through June 30, 2025



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

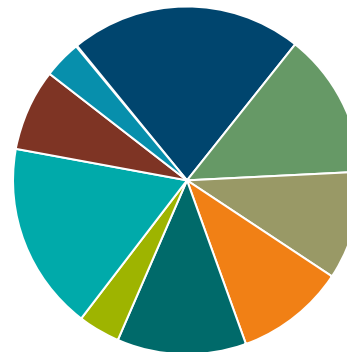
As of June 30, 2025

- APFC's Total Private Equity Portfolio continues 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.



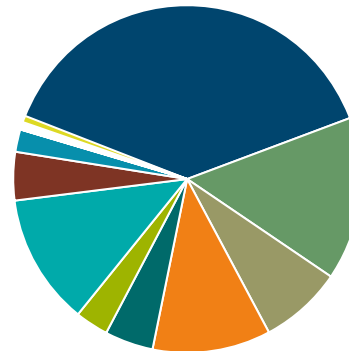
## Strategy Mix by Net Asset Value

Venture Capital	23.98%
Buyout	49.11%
Special Situations	23.22%
Distressed for Control	2.15%
Mezzanine	0.13%



## Geographic Mix by Net Asset Value

West/Pacific Northwest	21.64%
North Atlantic	13.53%
Southeast	10.10%
Mid-West	10.17%
Southwest/Rockies	11.99%
Mid-Atlantic	3.90%
Europe	17.50%
Other	7.62%
Asia/Pacific	3.54%



## Industry Mix by Net Asset Value

Technology	38.55%
Financial	15.15%
Consumer Discretionary	7.71%
Health Care	10.99%
Communication Services	4.48%
Consumer Staples	3.07%
Industrials	12.17%
Energy	4.51%
Materials	2.12%
Other/Misc	0.25%
Real Estate	0.46%
Utilities	0.55%

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

Periods Ended June 30, 2025

	Last Quarter	FYTD	Last Year	Last 3 Years	Last 5 Years
Private Equity and Special Opportunities	4.34	4.34	8.65	4.17	13.67
Cambridge Private Equity	3.87	3.87	9.30	5.19	14.07

- APFC's Private Equity and Special Opportunities composite outperformed the Cambridge Private Equity benchmark over the last quarter.
- The portfolio underperformed its benchmark over the trailing 1-, 3-, and 5-year periods.

## Total Fund Cash

Periods Ended September 30, 2025

	Quarter	Last Year	Last 3 Years	Last 5 Years
<b>TOTAL FUND CASH</b>	<b>1.10</b>	<b>4.42</b>	<b>7.74</b>	<b>3.86</b>
3 Month T-Bill	1.08	4.38	4.77	2.98
<b>APF Operating Cash</b>	<b>0.95</b>	<b>4.14</b>	<b>4.39</b>	<b>2.90</b>
<b>APF Internal Cash</b>	<b>1.17</b>	<b>4.59</b>	<b>4.87</b>	<b>3.01</b>

- 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).

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## Closing Remarks

- Total Fund ended the third quarter of 2025 with \$89.1 billion in assets up from \$86.9 billion in the prior quarter. The trailing quarter performance placed the Total Fund above median relative to other large public funds but below median relative to the large endowments/foundations peer group.
- For the quarter, the Total Fund underperformed the Passive Index Benchmark but exceeded the allocation and CPI + 5% Benchmark. Over the trailing 5-, 10-, and 20-year periods, the Fund outperformed both the passive and performance benchmarks.
- The Public Equity portfolio missed its benchmark for the quarter and trailing year. Domestic and Global Equity composites underperformed their respective benchmarks for the quarter and year. International Equity bested its benchmark for the quarter and trailing year and ranked in the first quartile among peers. Public Equity longer-term performance remains positive.
- The Fixed Income portfolio finished ahead of its benchmark for the quarter and trailing year. In the quarter, all sub-strategies: US Fixed Aggregate, US Investment Grade, Non-US, US High Yield, TIPS, and Domestic Structured products posted returns in line with or above their respective benchmarks. All strategies exceeded their benchmarks for the trailing year as well.
- In the Alternatives portfolio, the Private Equity, Real Estate, Private Income, and Absolute Return portfolios each outperformed their respective benchmarks over the quarter. The Absolute Return and Private Income portfolios also exceeded their targets for the trailing year.
- Prudent asset allocation with appropriate levels of diversification and a long-term perspective remain Callan's recommended course.

Callan

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**Callan Update**

# Published Research Highlights: 3Q25

Style, Trend, Analysis & Research (STAR) Report: Mid-Year 2025



Research Café: Impact Investing in Fixed Income



New Feature: The Callan Botcast (AI-generated podcasts)



Research Café: Modeling Returns and Managing Market Cap Weights



## Recent Blog Posts

**What Investors Need to Know about the 2025 Russell Reconstitution**

Nicole Wubbena

**New Tax on Endowments Will Likely Lead to Portfolio Management Changes**

Evan Williams

**A Framework for Evaluating Risk-Mitigating Strategies**

Sean Lee

## 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 virtual events

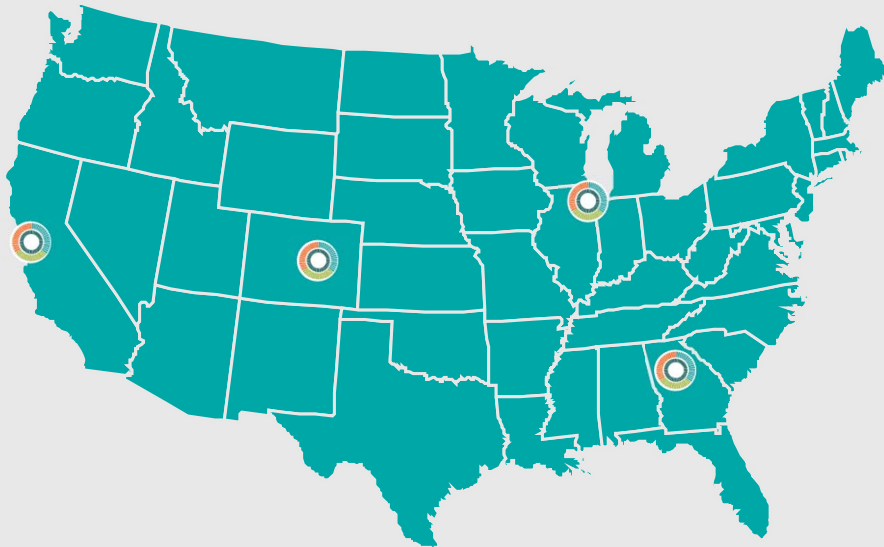
## 2026 Regional Workshop Dates

### Workshop Dates

- ▶ June 16, 2026 – Denver
- ▶ June 18, 2026 – Chicago
- ▶ October 20, 2026 – Atlanta
- ▶ October 22, 2026 – San Francisco

### Workshop Agenda

- ▶ 8:00 - 9:00 AM  
Continental Breakfast
- ▶ 9:00 - 10:15 AM  
Workshop and Q&A
- ▶ 10:15 - 11:00 AM  
Roundtable Discussions



## Mark Your Calendar

### 2026 National Conference

April 20-22, 2026 – Scottsdale, Arizona

*Watch your email for further details and an invitation.*



## Upcoming Virtual Events

### November 5, 2025

2025 Asset Manager Sustainable Investment Practices Study Webinar

### January 21, 2026

Capital Markets Assumptions Webinar

# Introducing Callan On-Demand Education (CODE)

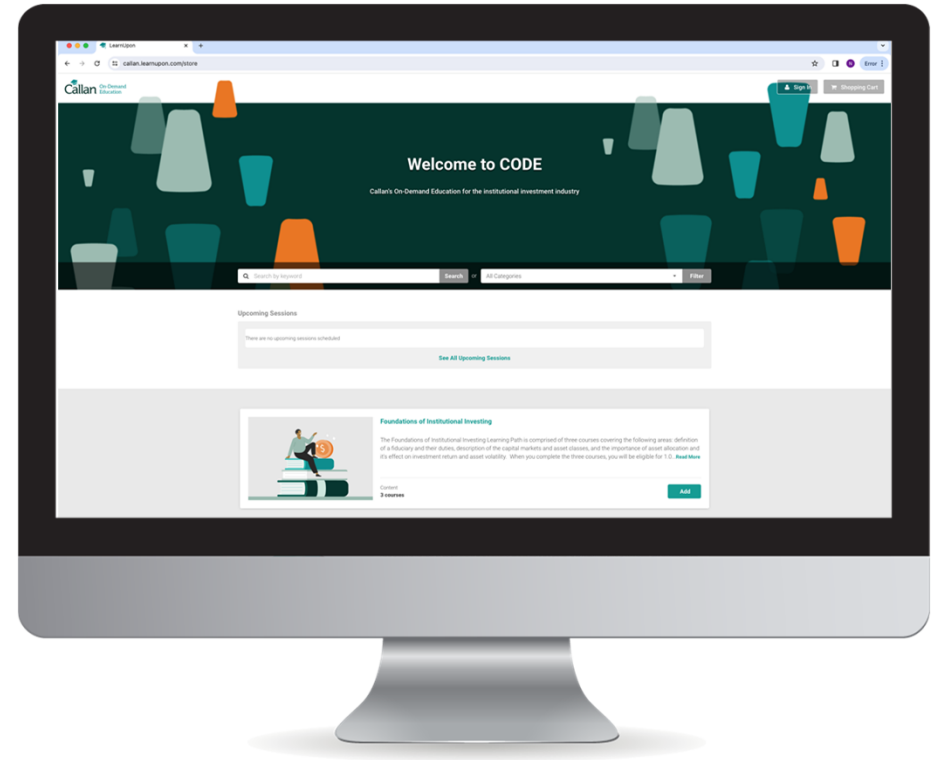


- ▶ Variety of educational courses
- ▶ Interactive and engaging
- ▶ Self-guided modules
- ▶ Eligible for continuing education credits
- ▶ Learning at your own pace

**CODE** courses are designed for investment professionals of all levels—and they're self-guided. Access them anytime, from anywhere, and get continuing education credits for each completed course.

**CODE** is for you, your colleagues, your new hires, and your interns. It's for anyone interested in learning about institutional investing.

[callan.com/code](https://callan.com/code)



## 3 Reasons to Take CODE Courses

- 1 Become a better fiduciary
- 2 Showcase your skills and knowledge
- 3 Learn from Callan's investment experts

## Callan Updates

Firm updates by the numbers, as of September 30, 2025

**Total Associates:** ~205

**Company Ownership:**

- ▶ 100% employee ownership
- ▶ ~70% of employees are equity owners
- ▶ Well-diversified ownership

Total Investment Consultants: 50+

Total Specialty and Research Consultants: 65+

Total CFA/CAIA/FRMs: 60+

Total Institutional Investor Clients: 475+

Provides advisory services to institutional investor/asset owner clients with more than \$4+ trillion

**NEW ON CODE:** Callan clients have free access to all CODE courses, all of which offer continuing education credits.

- ▶ **Welcome to CallanDNA:** Learn how to get the most out of Callan's proprietary manager database, including deep-dive details about all managers in your portfolio.

**“Callan is a truly special place to develop a career in investment consulting. Since joining the firm, I have enjoyed collaborating with long-tenured colleagues to build successful investment programs for Callan's clients. I look forward to continuing to help my team and clients navigate challenges and seize the opportunities presented in this dynamic industry.”**

— Uvan Tseng, CFA, SVP, on his promotion to lead Callan's West Coast Consulting team



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

Past performance is no guarantee of future results.

**SUBJECT:** APFC Public Markets  
Asset Class Update

**ACTION:**

**DATE:** December 17, 2025

**INFORMATION:** X

---

**BACKGROUND:**

The Public Markets presentation provides information on the APFC Public Equities, Fixed Income, and Cash Portfolio.

**STATUS:**

At this meeting, Deputy CIO/Director of Fixed Income, Jim Parise, will present key elements of APFC Public Markets allocation and performance.



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# Public Markets Board Presentation

October 2025

## Public Equities

- \$28.9 billion portfolio
- 98% of Portfolio is outside managers
- 2% of Portfolio is managed in-house across various strategies
- Outside managers have added ~4obps/yr in outperformance historically.

## Fixed Income

- \$17.7 billion portfolio
- 100% of Portfolio is internally managed
- Primary strategies are relative value and reversion to the mean.

# Public Equities FY26 Q1 Overview

Factor	Positioning
Market Cap	Overweight to Small and Mid
Value vs Growth	Overweight to Value
Developed vs Emerging Market (EM)	Overweight to Emerging Market

## Market Cap

Small cap outperformed mid and large.

	FY26 Q1	1 Yr
S&P 500	8.1%	17.6%
Mid Cap Core	5.3%	11.1%
Small Cap Core	12.2%	10.8%

## Value vs Growth

Growth outperformed value for large caps. Value outperformed for mid caps.

	FY26 Q1	1 Yr
Large Cap Value	5.3%	9.4%
Large Cap Growth	10.5%	25.5%
Mid Cap Value	6.2%	7.6%
Mid Cap Growth	2.8%	22.0%
Small Cap Value	12.6%	7.9%
Small Cap Growth	12.2%	13.6%

## Developed vs Emerging

EM outperformed DM.

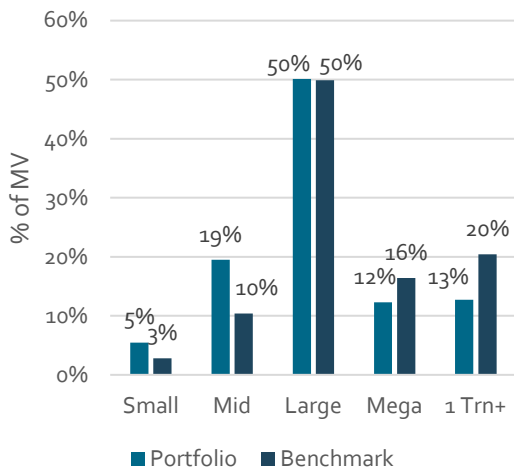
	FY26 Q1	1 Yr
S&P 500	8.1%	17.6%
MSCI EM	10.6%	17.3%

# Public Equities Factor Positioning

## Market Cap

Small cap outperformed mid and large.

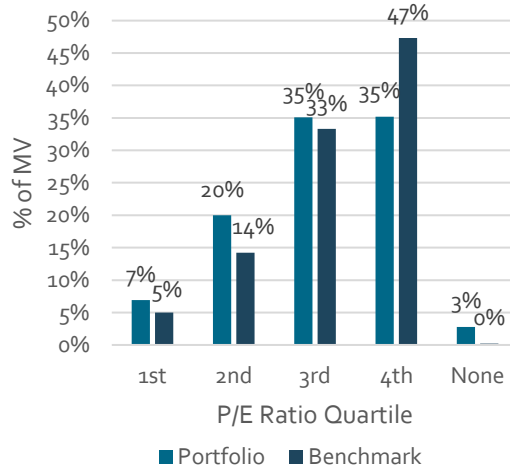
### Market Cap Positioning



## Value vs Growth

Growth outperformed value for large caps. Value outperformed for mid caps.

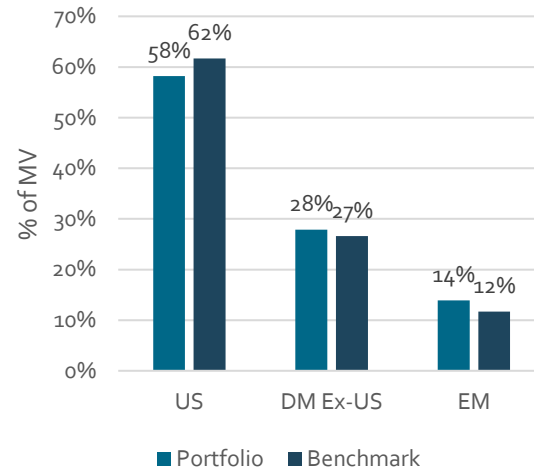
### Value vs Growth Positioning



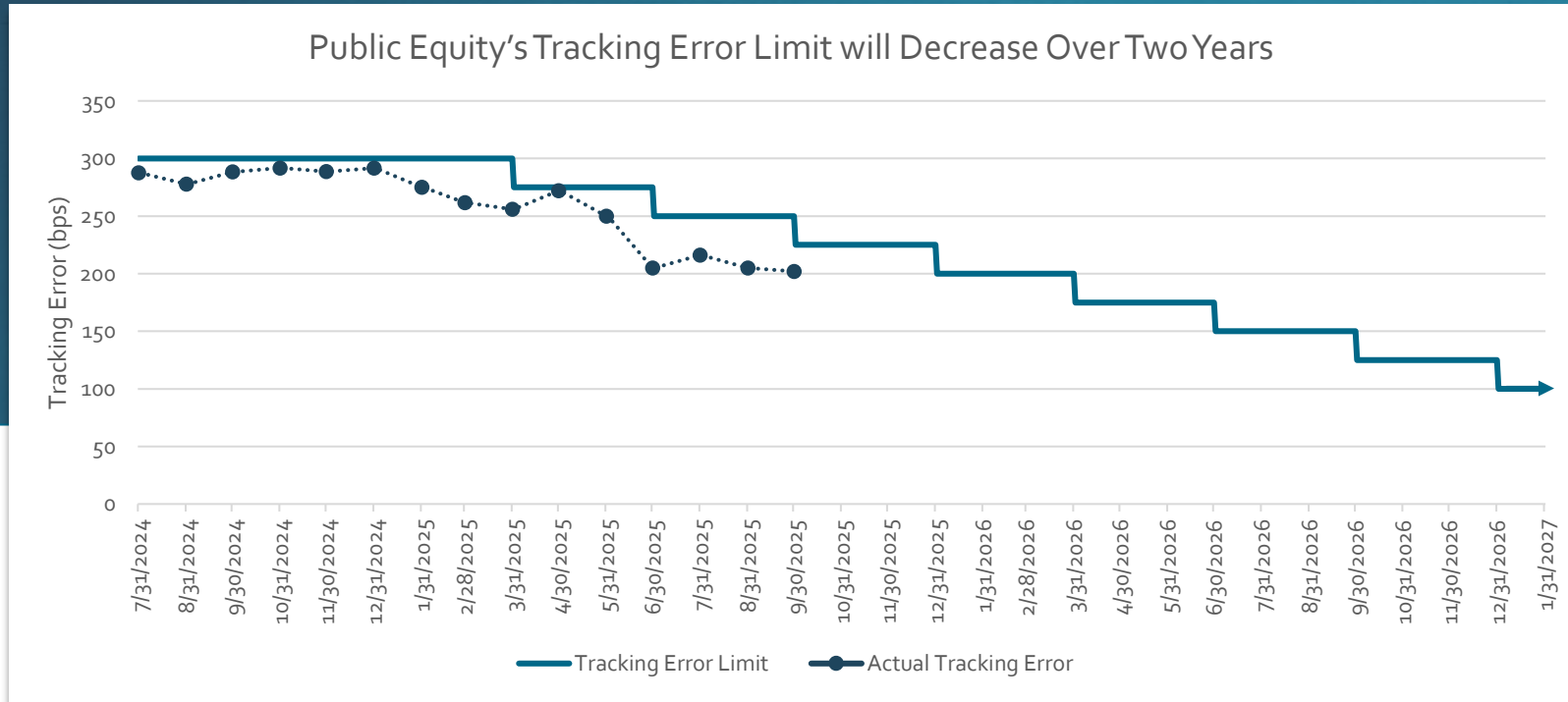
## Developed vs Emerging

EM outperformed DM.

### DM vs EM Positioning

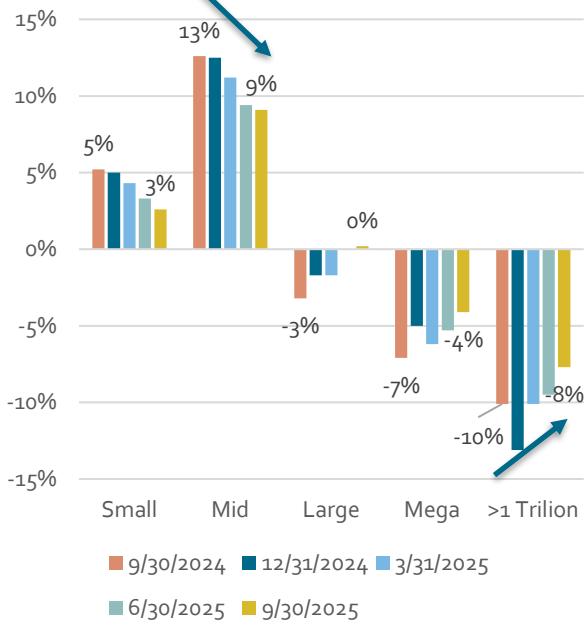


# Public Equity Tracking Error

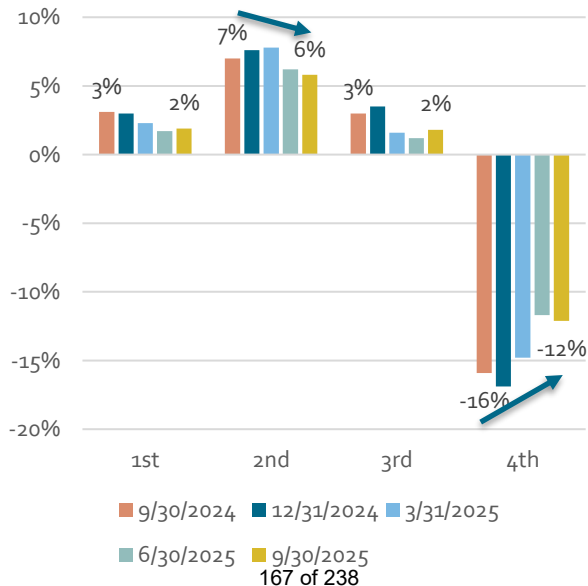


# Positioning Trending Closer to Benchmark

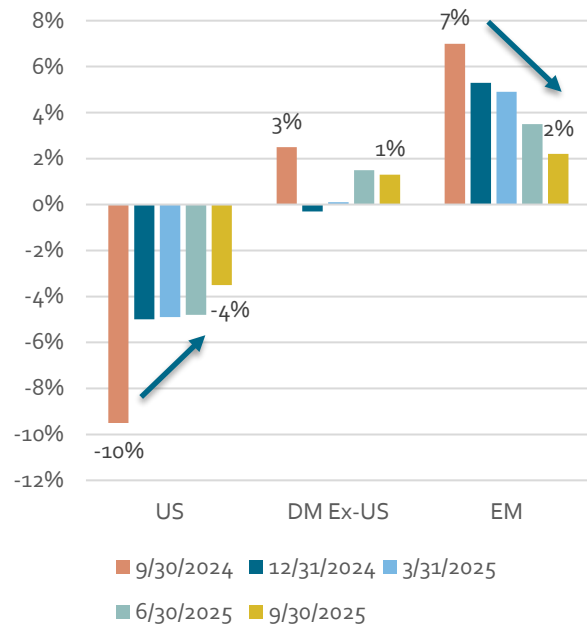
## Active Market Cap Positioning (%MV)



## Active Value vs Growth Positioning by Price/Earnings Quartile (%MV)



## Active US, DM, and EM Positioning (%MV)

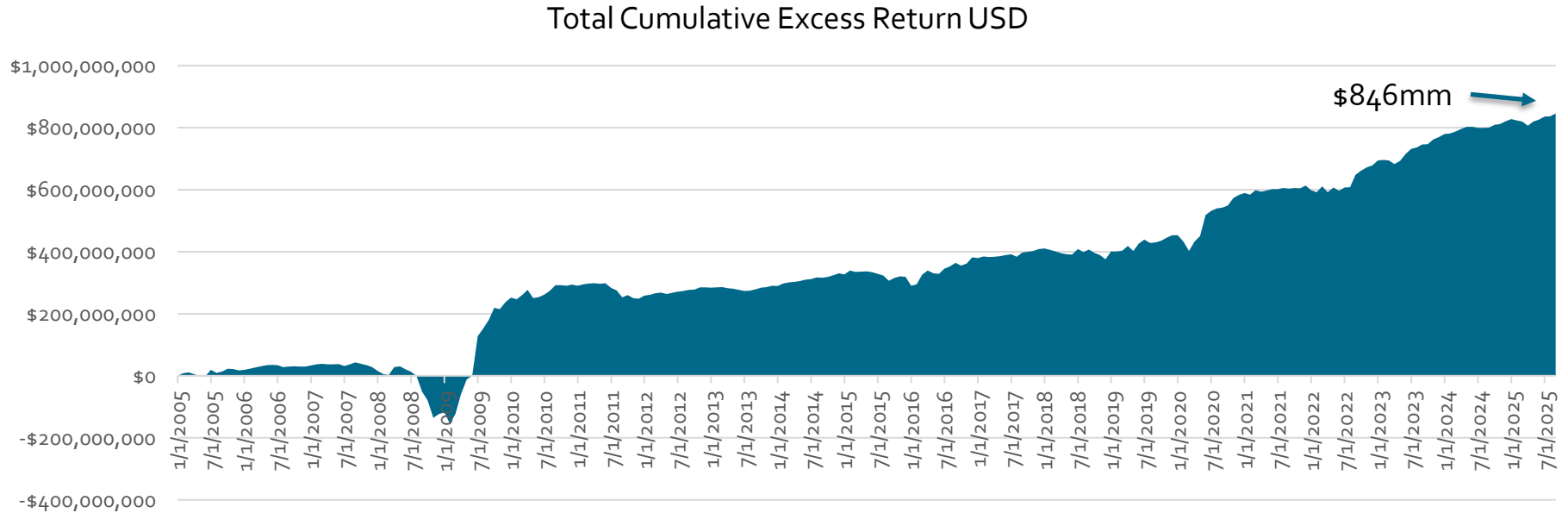


# Public Equities FY26 Q1 Performance

<b>Attribution (bps)</b>	<b>FY26 Q1</b>
<b>Active Selection</b>	<b>-78</b>
External Active Managers	-78
<b>Active Allocation</b>	<b>+15</b>
Factor-based External and Internal strategies	-21
Positioning across External Managers *	+36
<b>Performance</b>	<b>-63</b>
<i>* Plug figure</i>	

APFC's active managers underperformed mainly due to weak U.S. small-cap stock selection as low-quality names led the rally. Active allocation added value, driven by international value, small caps, EM, and China, with some drag from U.S. low-volatility strategies.

# Fixed Income Dollars Added over Benchmark



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

# Fixed Income Overview

	FY26 Q1	1yr	3yr	5yr
Fixed Income Plus (\$17,685mm)	2.10%	3.92%	6.49%	1.11%
<i>Custom Index</i>	1.93%	3.57%	5.98%	0.67%
US Aggregate (\$4,896mm)	2.18%	3.26%	5.61%	0.06%
<i>Bloomberg US Aggregate Bond Index</i>	2.03%	2.88%	4.93%	-0.45%
US Corporate (\$4,876mm)	2.78%	4.09%	7.85%	0.91%
<i>Bloomberg Investment Grade Corporate Index</i>	2.60%	3.63%	7.07%	0.35%
High Yield (\$2,133mm)	2.48%	7.33%	10.58%	5.56%
<i>Bloomberg Corporate High Yield BB (Ba) Index</i>	2.31%	6.88%	9.94%	4.87%
Non-US Rates (\$2,182mm)	0.20%	2.16%	4.54%	0.33%
<i>Bloomberg Global Treasury ex-US (USDH) Index</i>	0.19%	2.11%	4.50%	0.36%
Securitized (\$1,770mm)	2.38%	3.27%	4.86%	N/A
<i>Bloomberg US Securitized Index</i>	2.38%	3.48%	5.10%	-0.05%
TIPS (\$861mm)	2.16%	3.99%	5.15%	1.76%
<i>Bloomberg US Treasury: US TIPS Index</i>	2.10%	3.79%	4.88%	1.42%
Cash (\$953mm)	1.18%	4.61%	4.97%	3.09%
<i>90 Day T-Bills Index</i>	1.08%	4.38%	4.77%	2.98%

As of 9/30/2025

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# Fixed Income FY26 Q1 Performance

Portfolio	Portfolio Weights	Portfolio Returns	Benchmark Returns	Portfolio		Total Return Contribution
				Allocation Contribution	Excess Portfolio Return Excess Allocation	
US Aggregate	27.7%	2.18%	2.03%	0.00%	0.04%	0.04%
US Corporate	27.6%	2.78%	2.60%	0.00%	0.05%	0.05%
High Yield	12.1%	2.48%	2.31%	0.01%	0.02%	0.03%
Securitized	10.0%	2.38%	2.38%	0.00%	0.00%	0.00%
Non-US Rates	12.3%	0.20%	0.19%	0.05%	0.00%	0.05%
TIPS	4.9%	2.16%	2.10%	0.00%	0.00%	0.00%
Cash	5.4%	1.18%	1.08%	0.00%	0.00%	0.00%
<b>Total</b>		2.10%	1.93%	0.05%	0.12%	0.17%

# Fixed Income Overview

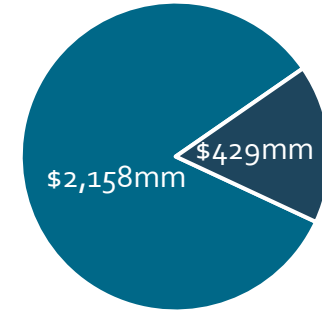
	Portfolio		Benchmark		Active		Alloc Change FY25 Q4E to FY26 Q1E
	%	Market Value	%	Market Value	%	Market Value	
US Aggregate	27.7%	\$ 4,896,091,832	27.5%	\$ 4,863,393,281	0.2%	\$ 32,698,551	-0.2%
US Corporate	27.6%	\$ 4,875,978,353	27.5%	\$ 4,863,393,281	0.1%	\$ 12,585,072	0.3%
High Yield	12.1%	\$ 2,133,199,895	10.0%	\$ 1,768,506,648	2.1%	\$ 364,693,247	0.0%
Securitized	10.0%	\$ 1,770,131,103	10.0%	\$ 1,768,506,648	0.0%	\$ 1,624,455	0.2%
Non-US Rates	12.3%	\$ 2,182,431,135	15.0%	\$ 2,652,759,972	-2.7%	\$ (470,328,837)	-0.4%
TIPS	4.9%	\$ 861,164,340	5.0%	\$ 884,253,324	-0.1%	\$ (23,088,984)	0.0%
Cash	5.4%	\$ 953,387,228	5.0%	\$ 884,253,324	0.4%	\$ 69,133,904	0.2%

	FY26 Q1 1 Year		Spread (bps)		Change in Spread (bps)				
	FY26 Q1	1 Year	9/30/2025	8/31/2025	12/31/2024	6/30/2024	9/30/2024	9/30/2023	9/30/2022
US Aggregate	2.18%	3.26%	28	-2	-6	-11	-8	-24	-34
US Corporate	2.78%	4.09%	74	-5	-6	-20	-15	-47	-85
High Yield	2.48%	7.33%	167	-3	-12	-10	-13	-98	-187
Securitized	2.38%	3.27%	33	-4	-12	-18	-13	-37	-38
Non-US Rates	0.20%	2.16%	13	-1	-3	-8	-5	-8	-11
TIPS	2.16%	3.99%	49	-2	5	-8	-15	-18	-4
Cash	1.18%	4.61%	31	-3	-12	-17	-11	-35	-38
CMBS			75	-3	-5	-22	-18	-55	-30

# Cash Management Overview

\$2.587 Billion Cash at Q1E

- Internal Cash (\$2,158mm)
  - Internally managed
  - Short-dated bills, treasuries, commercial paper, repo, and asset-backed securities
  - Most assets held to maturity
- Operational Cash (\$429mm)
  - Invested in overnight STIF (short-term investment fund)
  - 100% of portfolio is immediately liquid
- Liquidity enables the Fund to meet operational needs, capital calls, and appropriations to the State.



■ Internal Cash ■ Operational Cash

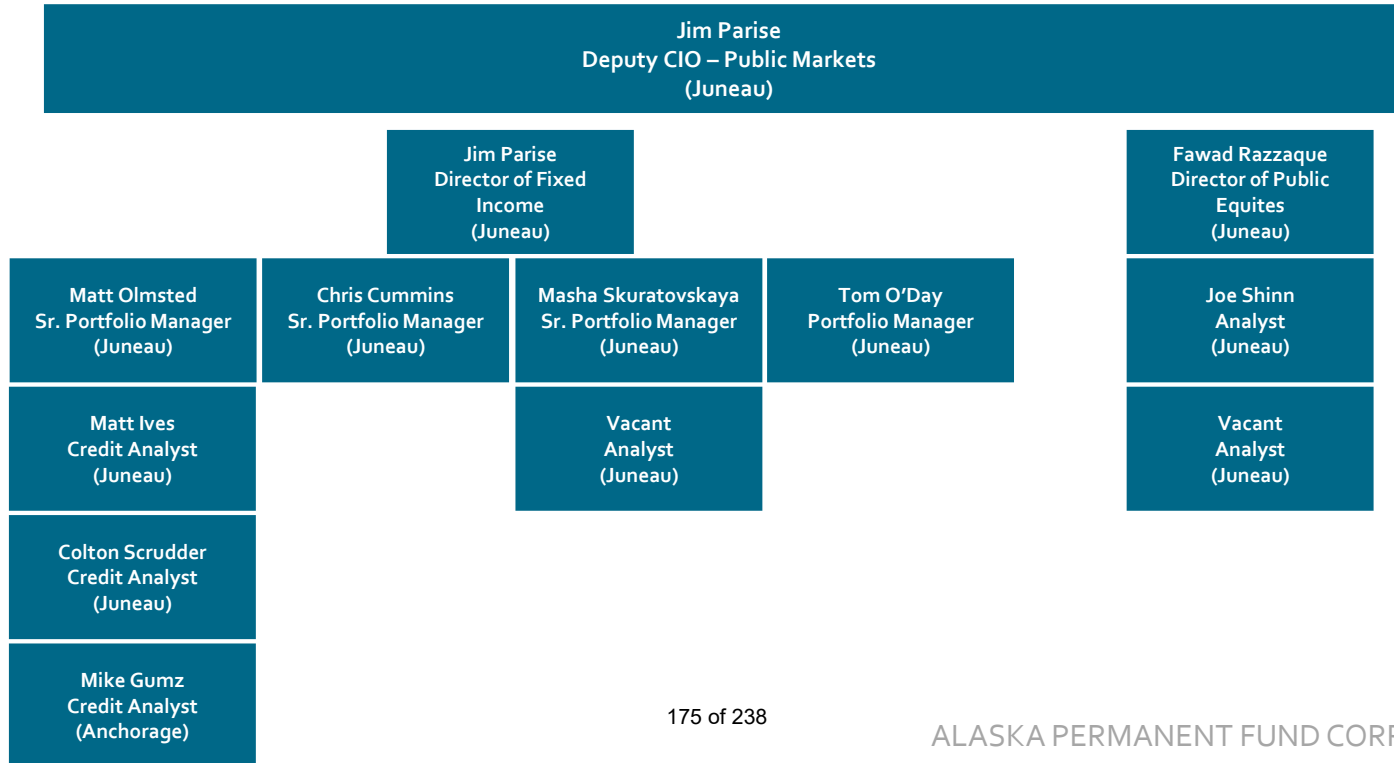
## FY26 Q1 Transfers

- \$1.7bn transferred to State
- \$78mm DNR Royalties received
- \$2.1bn cumulative rebalancing between asset classes
- \$1.2bn net positive cash flow from private markets



# Appendix

# Public Markets – Overview



# Public Equity – Strategy Summary

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Fawad Razzaque  
Director of Public  
Equities  
(Juneau)

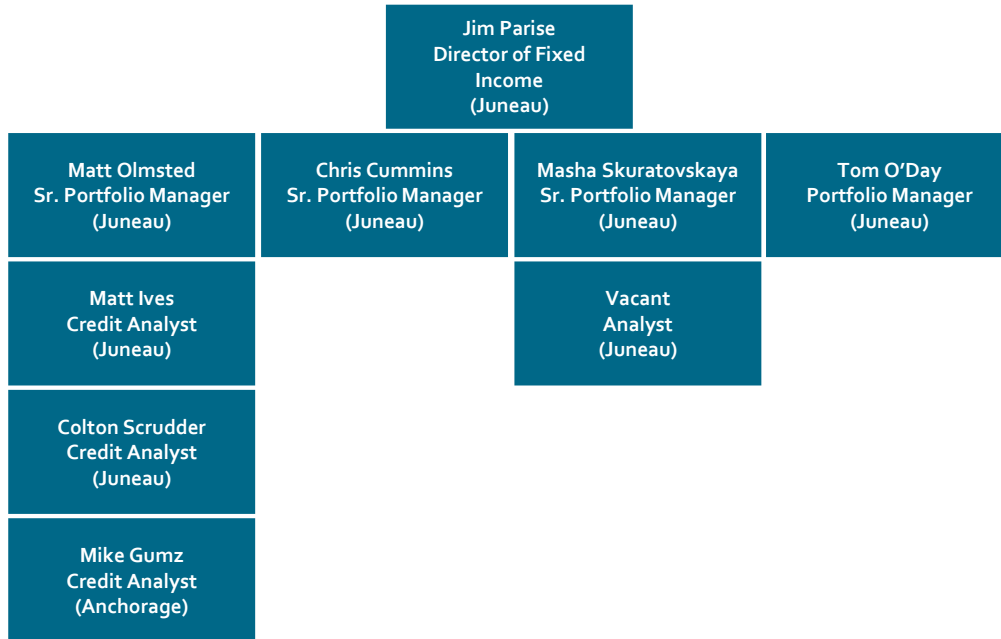
Joe Shinn  
Analyst  
(Juneau)

Vacant  
Analyst  
(Juneau)

- Current team includes 3 professionals (1 Vacancy)
- \$28.9 billion portfolio
- 98% of Portfolio is outside managers
- 2% of Portfolio is managed in-house across various strategies

- Current Strategy
  - Long-standing Value and Country tilt toward EM
  - Internal accounts are factor-based and/or best ideas.
  - Outside managers historically have add ~40 bps/yr in outperformance.
- Future Strategy
  - Reduce tracking error closer to industry standard
  - Tracking error reduced over time to allow for tilts to manifest
  - Eliminate internally managed portfolio to focus on outside managers
  - Align overall benchmark to match mandate and portfolio structure

# Fixed Income – Strategy Summary



- Current Strategy
  - 100% internally managed across seven portfolios
  - Relative value and reversion to the mean are primary strategies
- Future Strategy
  - Reduce tracking error closer to industry standard
  - Recruit analyst for Global Rates Portfolio

SUBJECT: Private Markets Overview

ACTION:

DATE: December 17, 2025

INFORMATION: X

---

BACKGROUND:

The presentation provides an overview of APFC's Private Markets portfolios, including Private Equity, Private Income and Real Estate.

STATUS:

Allen Waldrop, Deputy CIO-Private Markets, will present an update on the performance, liquidity, recent investment activity and pacing of the various Private Markets portfolios.



**APFC**

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# Private Markets Update

# Contents

- I. Private Equity – To be covered in asset class update**
- II. Private Income
- III. Real Estate
- IV. Appendix – Strategy Summaries

# Contents

- I. Private Equity
- II. Private Income**
- III. Real Estate
- IV. Appendix – Strategy Summaries

# Highlights

- Allocation fell to 8.9%, under target of 10%
- Deployment pace remains consistent at \$1.3bn annually, but first half of FY 2026 has been slower
  - M&A / LBO volume is slower than anticipated in 2025
  - Direct Lending volume down 15% YTD 2025 vs 2024
- Signs of weakness appearing in the market
  - Private Credit defaults rates are low, but trending upwards for junior debt
  - PIK interest holding steady but may start to climb
- Portfolio continues to be cash flow positive

# Portfolio

Strategy	Commit. Amount <sup>a</sup>	Total Contrib.	Total Distrib.	Market Value	% of MV	Total Value	Gain/Loss	TVPI	DPI	IRR
Private Credit	\$6,271.7	\$5,465.0	\$4,958.4	\$2,089.1	26%	\$7,047.5	\$1,582.5	1.29x	0.91x	7.2%
Infrastructure	7,832.2	7,060.9	5,899.6	5,106.9	63%	11,006.4	3,945.6	1.56x	0.84x	11.1%
Income Opps	1,501.3	2,234.3	1,823.6	880.9	11%	2,704.4	470.1	1.21x	0.82x	5.7%
<b>Total</b>	<b>\$15,605.1</b>	<b>\$14,760.2</b>	<b>\$12,681.5</b>	<b>\$8,076.8</b>	<b>100%</b>	<b>\$20,758.4</b>	<b>\$5,998.2</b>	<b>1.41x</b>	<b>0.86x</b>	<b>9.1%</b>

NOTES: As of June 30, 2025. Amounts may not foot due to rounding.

<sup>a</sup>Commitment amounts as of September 30, 2025. Commitments to non-USD-denominated investments are calculated using exchange rates at the time of commitment. Commitments to AK Credit Co-Investment Fund represent underlying asset-level commitments.

Annual Commitments  
(\$ millions)



# Investment Activity and Pacing – FY 2025

## FY 2025 COMMITMENTS

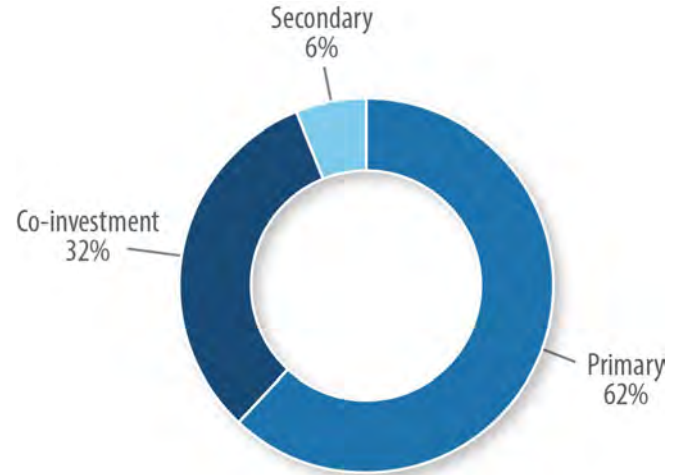
(\$ in millions)

Category	Closed	Target	Percentage
Private Credit	\$259	\$520	50%
Infrastructure	501	780	64%
<b>Total</b>	<b>\$760</b>	<b>\$1,300</b>	<b>58%</b>

NOTE: Represents activity from July 1, 2024, through June 30, 2025.

- Activity includes 5 primary investments, 2 secondary investments, and 7 co-investments
- Broad range of deal flow provides for interesting opportunity set along with potential fee savings

## FY 2025 COMMITMENT ACTIVITY BY INVESTMENT TYPE



# Investment Activity and Pacing - YTD FY 2026

## FY 2026 COMMITMENTS

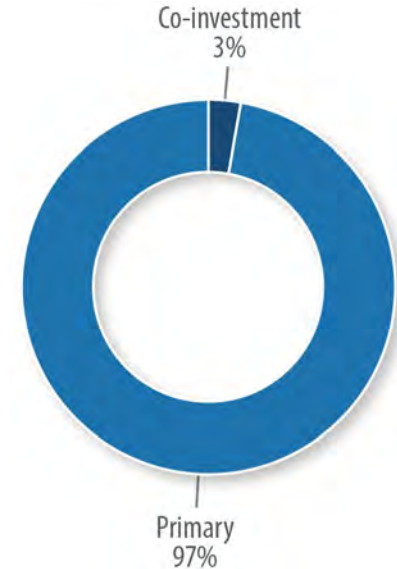
(\$ in millions)

Category	Closed	Target	Percentage
Private Credit	\$80	\$520	15%
Infrastructure	100	780	13%
<b>Total</b>	<b>\$180</b>	<b>\$1,300</b>	<b>14%</b>

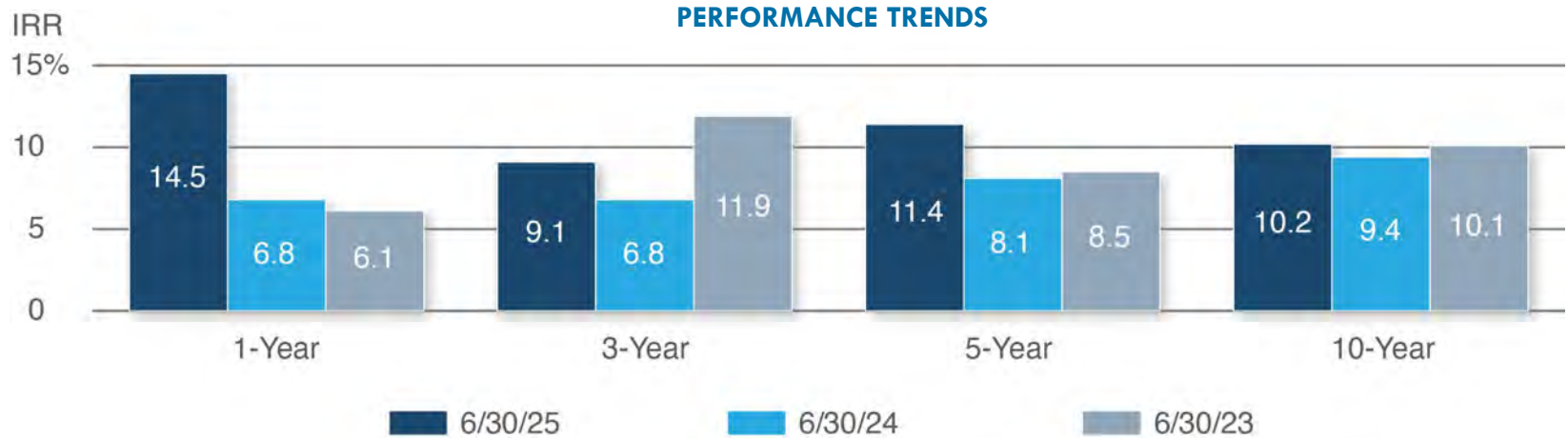
NOTES: Represents activity from July 1, 2025, through November 30, 2025.

- Activity includes 2 primary investments and 1 co-investment
- First quarter was relatively slower, but expect activity to pick up over the next couple quarters

## FY 2026 COMMITMENT ACTIVITY BY INVESTMENT TYPE

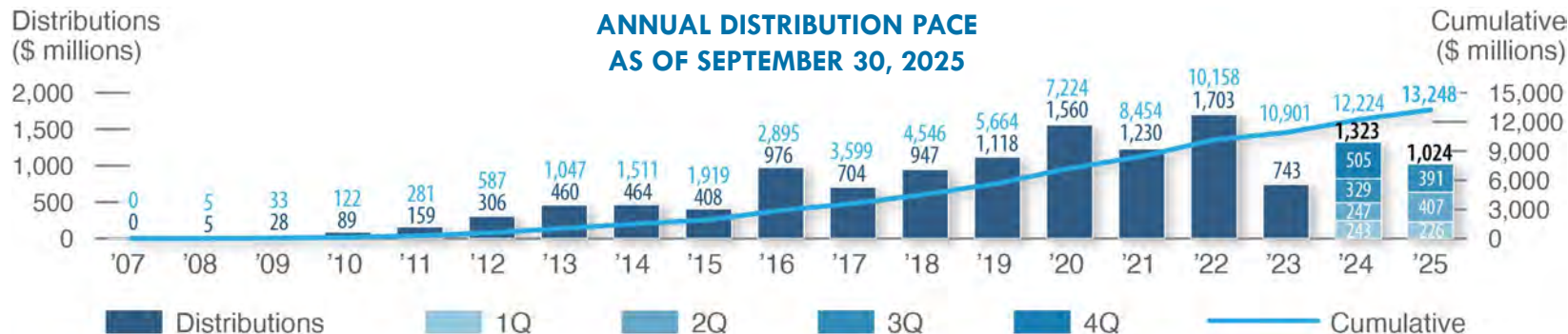
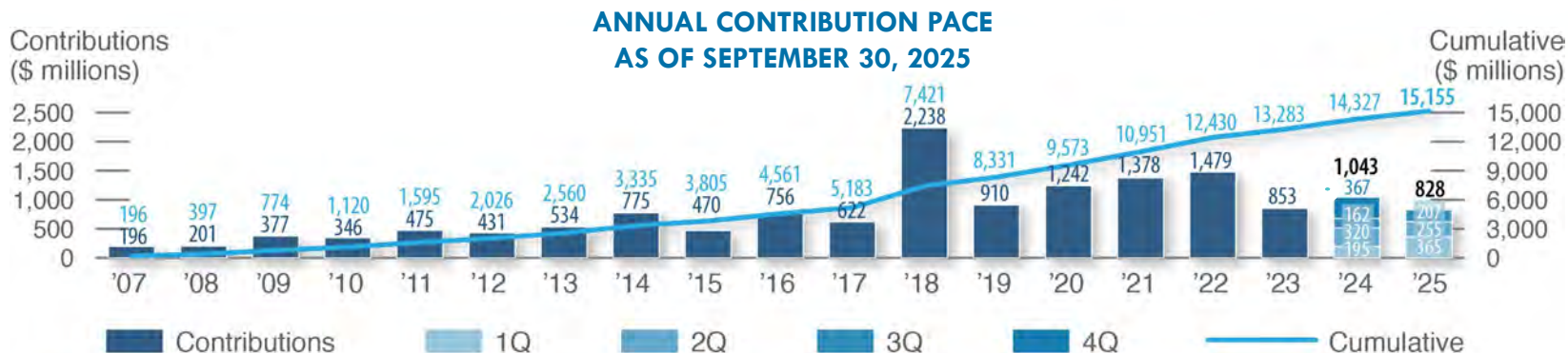


# Performance



- FY25 performance across all time periods improved relative to FY24

# Cash Flows

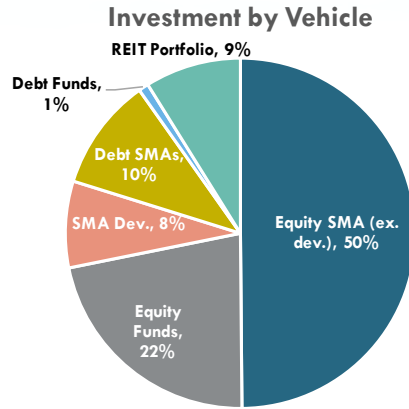
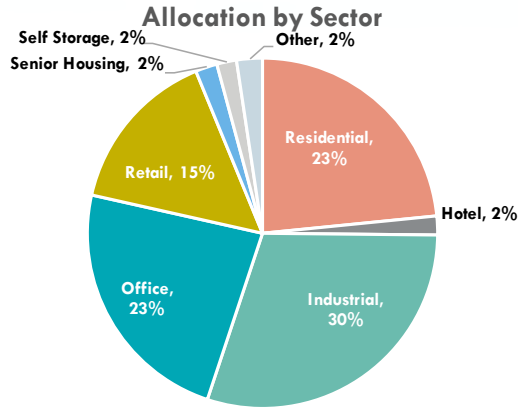


NOTE: Represents cash-flow activity at the investment level and excludes investments that have been terminated or transferred out of AK Credit Opportunities.

# Contents

- I. Private Equity
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# Portfolio Overview



## Allocation

- 9.8% actual versus target of 11%

## Equity Investments

- 72 direct investments managed by 8 advisors (7 external and 1 internal)
- 5 development partners
- 8 fund investments (4 open-ended and 4 closed-end)

## Debt Investments

- 2 funds
- 2 Separately Managed Accounts

## REITs

- Allocation target of  $\pm 5\%$  (hard cap of 10%)
- Shift from a completion strategy to tactical

## Key Portfolio Metrics

Portfolio	NAV (\$M)
Equity SMA (incl. dev.)	5,439
Equity Funds	2,065
Debt (Funds & SMAs)	1,064
REIT Portfolio	834
<b>Total</b>	<b>9,401</b>

Equity SMA Metrics	
SMA GAV (\$M)	7,227
SMA Leverage	24.8%
# SMA Assets	74
SMA Occupancy	86%

\*Portfolio figures are as of 2Q25; however, RE allocation percent is as of this this month 189 of 238

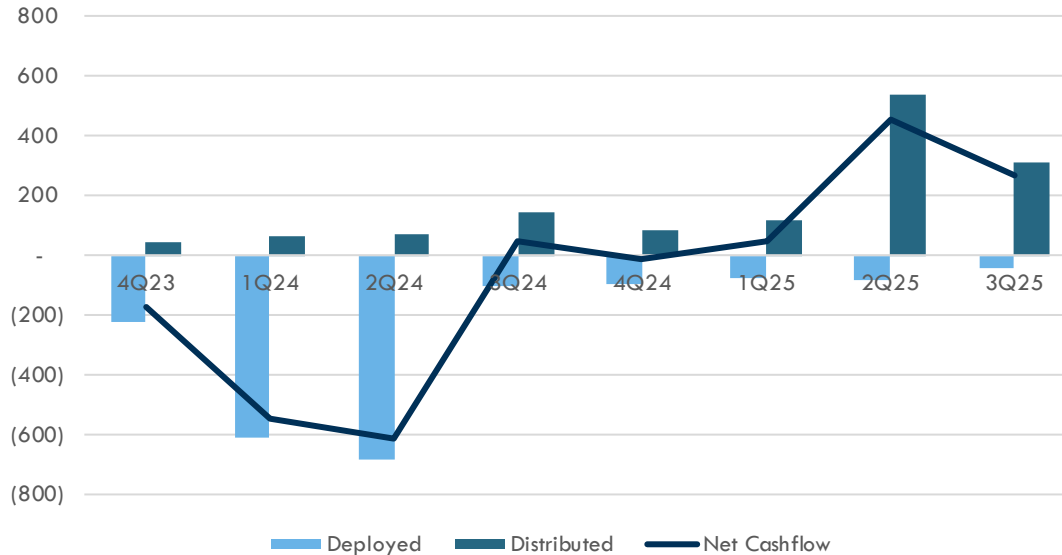
# Performance

	NAV (\$M)	Returns					Over / (Under) Performance				
		1 Quarter	1 Year	3 Year	5 Year	10 Year	1 Quarter	1 Year	3 Year	5 Year	10 Year
<b>Total Portfolio</b>											
<b>Benchmark</b>	-	<b>1.20%</b>	<b>5.42%</b>	<b>-1.21%</b>	<b>4.74%</b>	<b>5.95%</b>	-	-	-	-	-
APFC Real Estate	9,401	1.77%	4.08%	-0.74%	4.08%	4.07%	0.57%	-1.34%	0.47%	-0.66%	-1.88%
<b>APFC Vehicle vs. Benchmark Component</b>											
REITs Portfolio	834	-0.69%	9.21%	5.49%	9.18%	7.11%	0.45%	0.29%	0.09%	0.55%	0.78%
Equity Funds Portfolio	2,065	3.67%	6.46%	1.30%	11.23%		2.47%	2.23%	4.05%	7.53%	
Debt Funds / SMA Portfolio	1,064	1.89%	8.32%	9.29%	10.32%		0.69%	4.09%	12.04%	6.62%	
SMA Portfolio	4,688	1.46%	-0.02%	-4.85%	0.58%	1.83%	0.26%	-4.25%	-2.10%	-3.12%	-3.39%
Development Portfolio	751	1.15%	12.21%	9.49%			-0.05%	7.98%	12.24%		
<b>APFC SMA vs. NCREIF Sector Benchmark</b>											
SMA Industrial Portfolio (incl. dev.)	993	1.12%	5.60%	5.86%	20.87%	16.42%	0.13%	0.92%	6.44%	8.59%	3.89%
SMA Residential Portfolio (incl. dev.)	1,168	1.39%	10.02%	2.84%	6.97%	6.62%	-0.02%	4.89%	4.66%	2.25%	1.15%
SMA Retail Portfolio (incl. dev.)	1,370	-1.05%	-0.43%	-4.97%	-3.42%	-0.06%	-2.99%	-8.05%	-7.24%	-6.05%	-3.28%
SMA Office Portfolio (incl. dev.)	1,840	2.39%	1.42%	-5.67%	-1.41%	-0.21%	1.60%	1.58%	4.27%	3.00%	-1.07%
SMA Hotel Portfolio (incl. dev.)	67	0.52%	5.23%	4.01%	3.42%	6.32%	0.48%	1.18%	-3.82%	-1.47%	3.42%

\*1Q lag; periods ended 6/30/2025

# Liquidity

## CASHFLOW ACTIVITY



- The real estate portfolio has been partially repositioned and continues to generate steady cash flow to the fund
- Direct investments, listed real estate, and open-end funds provide significant flexibility to access liquidity
- Upon adjustment of the multiyear increase plan initiated in 2020, new deployment has fallen substantially
- Net cashflow became positive again in 3Q24, and has remained so for 4 of the last 5 quarters
- RE cashflow is positive by ~\$813M over the same 5 quarter period

# Benchmark Comparison

RE Portfolio Sector Allocation					
	Total Portfolio Exposure		NCREIF	Spread (+/-)	Upper Limit
Residential	2,237,374,344	23.8%	30.7%	(6.8%)	46.0%
Hotel	163,414,032	1.7%	0.4%	1.3%	5.0%
Industrial	2,810,582,723	29.9%	32.6%	(2.6%)	48.9%
Office	2,157,339,850	23.0%	18.2%	4.8%	27.3%
Retail	1,434,222,332	15.3%	12.6%	2.7%	18.9%
Senior Housing	188,520,954	2.0%	1.3%	0.7%	5.0%
Self Storage	170,844,490	1.8%	2.5%	(0.7%)	5.0%
Other	223,262,419	2.4%	1.7%	0.7%	5.0%
<b>Total</b>	<b>\$9,385,561,143</b>	<b>100.0%</b>	<b>100.0%</b>		

## Key Considerations

- Sector underweight to Residential (-6.8%) and Industrial (-2.6%); overweight Office (4.8%), Retail (2.7%), and Hotel (1.3%), with Senior Housing, Self Storage, and Other roughly equivalent to the NCREIF Expanded NPI benchmark

# Key Initiatives / Activity

## New Investments

- Committed \$150M into US industrial-focused fund to continue strategy with a trusted separately managed account partner
- Updated REIT investment structure to a tactical strategy that seeks highest risk adjusted returns in the US Market

## Direct Dispositions

- There are 11 assets currently in the disposition process that are anticipated to generate ~\$450M of proceeds

## Key Achievements

- Two retail dispositions closed in November:
  - The portfolio sale returned \$88M in net sale proceeds to APFC which will be redeployed through our recent fund investment
  - The sale was highly accretive to APFC's portfolio with a 7% annual since-inception return, over the 30-year hold period
- APFC's debt program received several loan repayments during the quarter:
  - \$132M from two loan payoffs in October, with five additional payoffs totaling ~\$270M expected through the rest of the FY
  - \$37M from repayment of debt fund multifamily, senior living, and office loans

## Team

- Continued development of junior staff via technical training programs, collaboration with existing partners, and continued involvement in asset dispositions, new investments, and portfolio management assignments

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# Private Markets – Overview

**Allen Waldrop**  
Deputy CIO – Private Markets  
(Sacramento)

**Allen Waldrop**  
Director  
(Sacramento)

**Ross Alexander**  
Senior Portfolio Mgr  
(Juneau)

**Eric Ritchie**  
Senior Portfolio Mgr  
(Juneau)

**Josh Ungar**  
Senior Portfolio Mgr  
(Boston)

**Steven Gagliardo**  
Portfolio Manager  
(Anchorage)

**Vacant**  
Portfolio Manager  
(TBD)

**Ed Rime**  
Portfolio Manager  
(Juneau)

**Steve Adams**  
Senior Portfolio Mgr  
(Temecula)

**Lara Pollock**  
Associate  
(Anchorage)

**Ian Horwood**  
Associate  
(Juneau)

**Terek Rutherford**  
Associate  
(Anchorage)

**Henry Lloyd**  
Analyst  
(Juneau)

**Matt Sykes**  
Analyst  
(Juneau)

**Lillie Haggard**  
Analyst  
(Anchorage)

# Private Equity – Strategy Summary

**Allen Waldrop**  
Director  
(Sacramento)

**Josh Ungar**  
Senior Portfolio Mgr  
(Boston)

**Steven Gagliardo**  
Portfolio Manager  
(Anchorage)

**Lara Pollock**  
Associate  
(Anchorage)

**Ian Horwood**  
Associate  
(Juneau)

**Lillie Haggard**  
Analyst  
(Anchorage)

- Team includes six professionals
- Focus primarily on fund investments, but also covers co-investments and other projects

- New hires have enhanced our in-house capabilities
- Current deployment pace is \$1.5bn annually, consistent with prior year
- Target 50% - 75% of annual capital deployment into funds annually, focusing on our best existing relationships and select new relationships
- Increase co-investment activity to get capital deployed in a more attractive investment environment, drive stronger returns / asset growth and reduce fees
- Targeted 200 bps outperformance of median Cambridge benchmarks on a rolling 5-year basis
- PE team leverages several third-parties for market research, deal sourcing, deal evaluation / due diligence, legal assistance, financial and tax accounting, distribution management and post investment monitoring and reporting

# Private Income – Strategy Summary

**Ross Alexander**  
**Senior Portfolio Mgr**  
**(Juneau)**

**Vacant**  
**Portfolio Manager**  
**(TBD)**

**Terek Rutherford**  
**Associate**  
**(Anchorage)**

- Current team includes two professionals with one vacancy

- Focus is on fund investments and co-investments
- Current deployment pace is \$1.3bn annually, consistent with prior year
- Target 60% - 75% of annual capital deployment into funds annually
- Team is working to increase co-investment deal flow and commitments to enhance returns from best ideas in lower fee structures
- Across PI, targeting 50 bps outperformance versus composite benchmark consisting of 60% Cambridge Global Private Infra (lagged) and 40% Cliffwater Direct Lending Index
- PI team leverages several third-parties to supplement deal sourcing, due diligence, and post-investment monitoring and reporting

# Private Income – Strategy Summary (2)

- Private Credit

- US-focused, with selective investments in Europe and Rest of World
- Portfolio is concentrated in senior loans to mid-sized companies with returns primarily from current yield
- Continuing to back top-tier managers focused on capital preservation and low loss ratios across cycles
- Concentrating fund commitments to generate increased co-investment deal flow
- Building co-investment book to 25-35% of private credit to generate enhanced returns from reduced fee drag; currently at ~15%

- Infrastructure

- Diversified across strategy, sector, and geography
- Primarily invest through funds in core-plus and value-add strategies to achieve attractive returns mainly from capital appreciation
- OECD bias with limited emerging market exposure
- Continuing to back top-tier managers for funds
- Focusing on mid-market and specialist funds for new commitments
- Proactively increasing co-investment deal flow and commitments to enhance returns
- Co-investments are in best ideas across sectors and geographies

- Income Opps

- Opportunities that have similar characteristics to infra or private credit, but do not fit those mandates
- High bar for new commitments
- Likely to remain less than 15% of Private Income NAV + unfunded going forward
- Focused on opportunities that primarily provide significant current yield and return enhancement due to market inefficiencies and niche strategies

# Real Estate – Strategy Summary

**Eric Ritchie**  
**Senior Portfolio Mgr**  
**(Juneau)**

**Ed Rime**  
**Portfolio Manager**  
**(Juneau)**

**Steve Adams**  
**Senior Portfolio Mgr**  
**(Temecula)**

**Henry Lloyd**  
**Analyst**  
**(Juneau)**

**Matt Sykes**  
**Analyst**  
**(Juneau)**

- Current focus on fund investments, co-investments, and strategic direct / SMA portfolio dispositions (reduction target of 50%)
- New investments focused on high cash yield (4% to 6%) and total risk adjusted returns (8%-10%)
- Staff development through industry / technical trainings as well as development of specific goals and objectives
- Will add new debt managers to diversify the debt investment program with the aim to continue to generate outsized returns throughout all market cycles
- The RE team leverages, several third-parties for market research, deal sourcing, deal evaluation / due diligence, legal assistance, financial, property, and tax accounting
- APFC's Real Estate portfolio is comprised of over 100 different investment vehicles and ~2,000 assets across the globe

# Real Estate – Strategy Summary (2)

## Direct Investments

- Focus direct investments on stabilized core and core+ assets in major markets with stable fundamentals and growth tailwinds
- Increase reliance on SMAs for property-level decisions such as leasing, maintenance, improvements
- Routine evaluation of asset performance and business plan progress to optimize exit timing and returns
- Sale of non-strategic assets to reduce risk positions and optimize portfolio composition

## Development Projects

- Limit development as a percent of total RE portfolio and through annual commitment limits
- Focus development on certain sectors and markets (e.g. Develop to Core, Multi-Family)

## Fund Investments

- Focus fund commitments on higher-risk strategies (value-added and opportunistic) and international markets
- Utilize a mix of closed-end and open-ended funds to balance capital flows across different market environments
- Provide co-investment opportunities to gain additional exposures and manage capital flows and reduce fee impacts<sup>200 of 238</sup>

## Debt

- Maintain the sizing of the debt program at ~10% of RE NAV and tranche it over a longer periods to diversify across different economic and interest rate environments, and to smooth cash flow demands
- Increase the use of specialized real estate debt managers (via SMAs or commingled funds) to reduce staff burden
- Improve alignment with managers through GP commitments and refined fee structures

## REITs

- Shifted from completion to tactical strategy
- Leveraging strategy to gain access to high quality managers and assets in the public market

The logo for APFC (Alaska Permanent Fund Corporation) is displayed in white serif font on a dark teal rectangular background. The background of the entire slide is a semi-transparent blue overlay of a financial trading interface, showing various data tables, charts, and navigation menus.

APFC

ALASKA PERMANENT  
FUND CORPORATION

Integrity • Stewardship • Passion



SUBJECT: Private Equity – Asset Class Update

ACTION:

DATE: December 17, 2025

INFORMATION: X

---

BACKGROUND:

The presentation provides an overview of APFC's Private Equity program.

STATUS:

Allen Waldrop, Deputy CIO-Private Markets, and Ian Horwood, Associate, will present an update on the objectives, team, strategy, portfolio composition, performance, liquidity and recent investment activity of the Private Equity program.



**APFC**

ALASKA PERMANENT  
FUND CORPORATION

# Private Equity Asset Class Update

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- I. Program Overview
- II. Portfolio Composition
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# Objectives and Approach

## Objectives

- Build a diversified, global private equity portfolio, focusing on venture capital, growth equity, buyout and special situations opportunities through primary partnerships, secondaries, co-investments, and direct investments in operating companies
- Target 200 bps outperformance of median Cambridge benchmarks on a rolling 5-year basis
- Achieve diversification across stage, industry, geography, and other factors
- Includes the ability to seek longer-term, high-conviction, theme-driven investments

## Core Principles

*APFC is a leading investor in private equity*

*Our capital is valuable and we should be very selective*

*Stay focused, follow the process, maintain discipline, avoid mistakes*

*Everything we do has a direct impact on the people of Alaska*

# Objectives and Approach (2)

## Fund Commitments

- APFC's fund strategy emphasizes robust, long-term partnerships with exceptional investors applying specialized skills and insights to the companies or assets which they invest
- Identifying these managers and investing with them over time is key to our long-term success

## Co-investments

- The team evaluates and pursues targeted transactions alongside leading managers
- Co-investments enable the team to execute on targeted exposures to certain sectors, investment types and geographies as we build a diversified portfolio

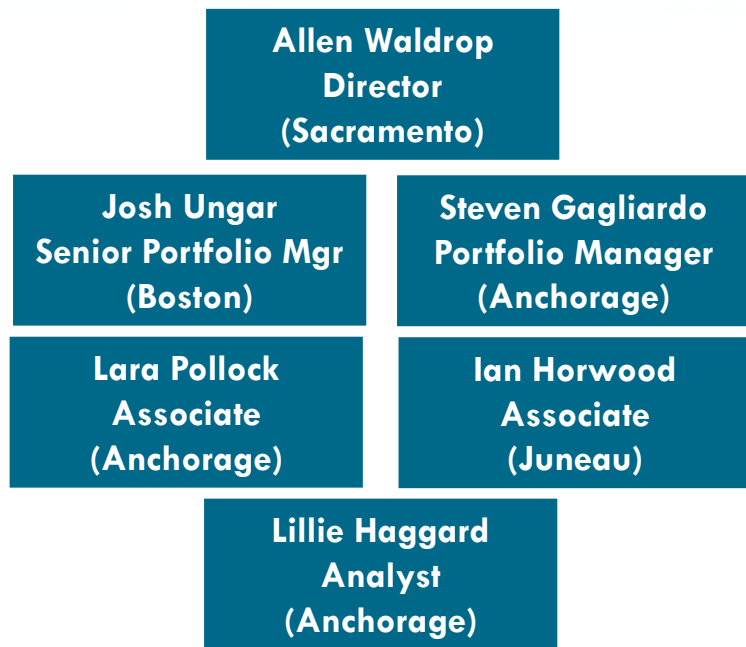
## Secondaries / CVs

- Occasionally, there are opportunities to acquire interests in other funds or portfolio companies at discounts to the stated values
- Provides an opportunity to earn returns in shorter duration assets, generally at lower fees than primary funds

## Direct Investments

- When certain factors align, we will make direct investments into operating companies with differentiated themes and opportunities
- We invest alongside other sophisticated investors while maintaining a risk framework that ensures resilience if outcomes fall short of expectations

# Team



- Team includes six professionals across four locations
- Focus primarily on fund investments, but the team also covers co-investments and other projects giving exposure across a range of transactions
- New hires have enhanced our in-house capabilities particularly as it relates to co-investments
- PE team leverages several third-parties for market research, deal sourcing, deal evaluation / due diligence, legal assistance, financial and tax accounting, distribution management and post investment monitoring and reporting

# FY 2025 - Year In Review

- Allocation of 17.3% under target of 18% (NAV remains at ~\$15bn)
- Deployment pace remains consistent at \$1.5bn annually
- Executed on 39 opportunities in FY25 across a range of types (funds, co-investments, directs and CVs), including 7 new relationships
- Differentiated structures drive significant fee savings over the long term
- Performance improved significantly in FY25 (7.5%) and appears to have bottomed in FY24 (0.1%)
- Liquidity position continues to be strong – 5<sup>th</sup> consecutive year of distributions exceeding contributions
- Team is fully staffed and operating with enhanced processes and systems

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# Overview

Strategy	Commit. Amount <sup>a</sup>	Total Contrib.	Total Distrib.	Market Value	% of MV	Total Value	Gain/Loss	TVPI	DPI	IRR
Buyouts	\$13,775.4	\$11,592.9	\$11,226.8	\$8,612.6	56%	\$19,839.5	\$8,246.6	1.71x	0.97x	13.9%
Venture Capital	4,732.6	4,328.6	5,771.4	4,064.3	26%	9,835.7	5,507.1	2.27x	1.33x	21.8%
Growth Equity	2,054.1	1,719.2	1,785.1	1,575.7	10%	3,360.8	1,641.6	1.95x	1.04x	20.9%
Energy	1,859.3	1,756.1	1,611.9	728.3	5%	2,340.2	584.1	1.33x	0.92x	5.6%
Debt	1,299.1	1,324.1	1,372.0	395.4	3%	1,767.4	443.3	1.33x	1.04x	9.8%
<b>Total</b>	<b>\$23,720.4</b>	<b>\$20,720.9</b>	<b>\$21,767.2</b>	<b>\$15,376.4</b>	<b>100%</b>	<b>\$37,143.6</b>	<b>\$16,422.7</b>	<b>1.79x</b>	<b>1.05x</b>	<b>15.2%</b>

NOTES: Represents since-inception returns (2004 through June 30, 2025). Amounts may not foot due to rounding.

<sup>a</sup>Commitments to non-USD-denominated investments are calculated using exchange rates at the time of commitment.

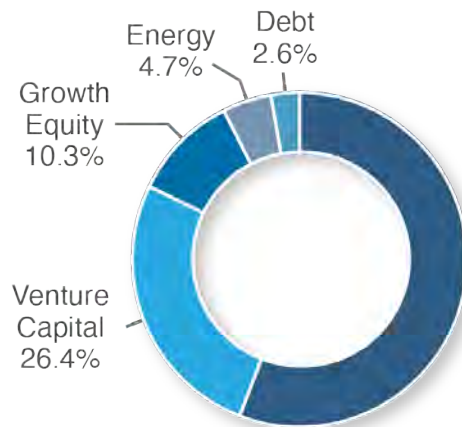
## Annual Commitments (\$ millions)



# Strategy

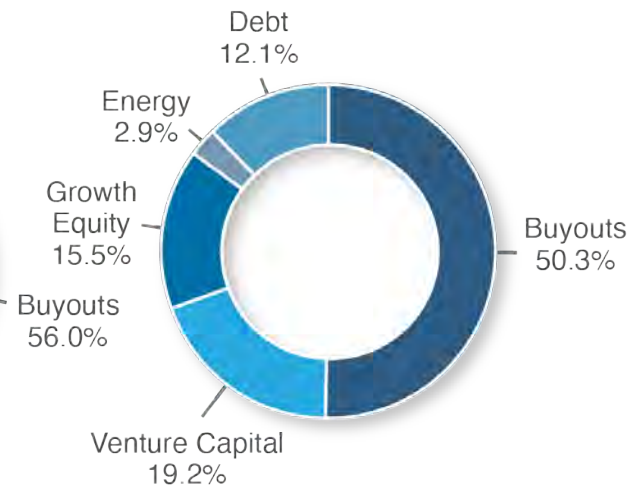
- Portfolio exposures continue to evolve as we work to rebalance
  - Buyout exposure increased to 56% from 55% in the prior year
  - Venture Capital exposure remains significant at 26% in the current and prior year
- Commitments deployed in FY25 were spread across funds, secondaries, and co-investments
  - 74% Buyout
  - 7% Venture Capital
  - 10% Growth
  - 9% Energy

## APFC PORTFOLIO



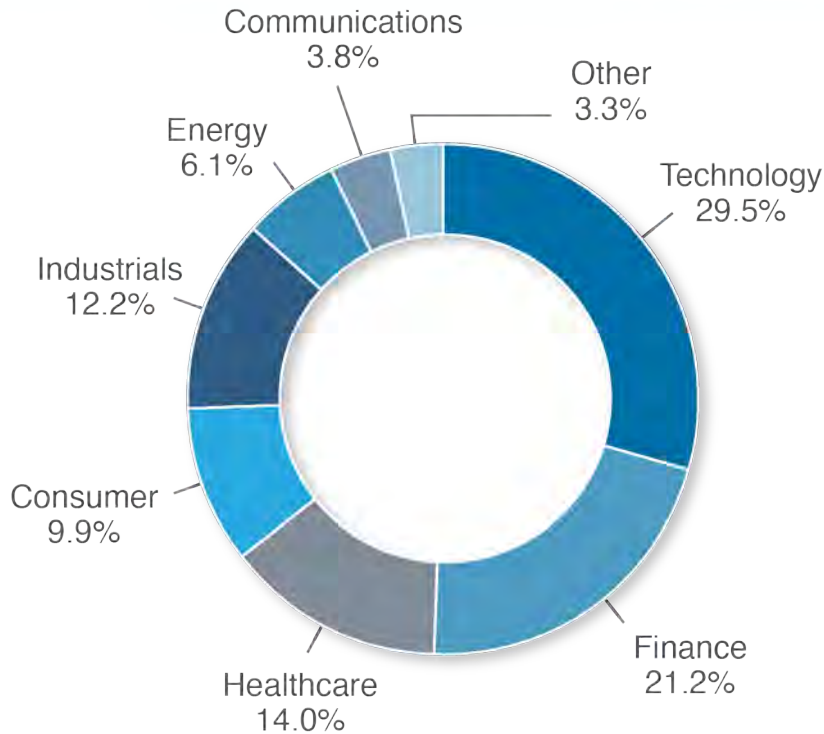
NOTE: Market values represent net fund-level data as of June 30, 2025.

## CAMBRIDGE BENCHMARK



SOURCE: Cambridge pooled global all funds benchmarks for 2004- through 2025-vintage fund, as of June 30, 2025.

# Industry



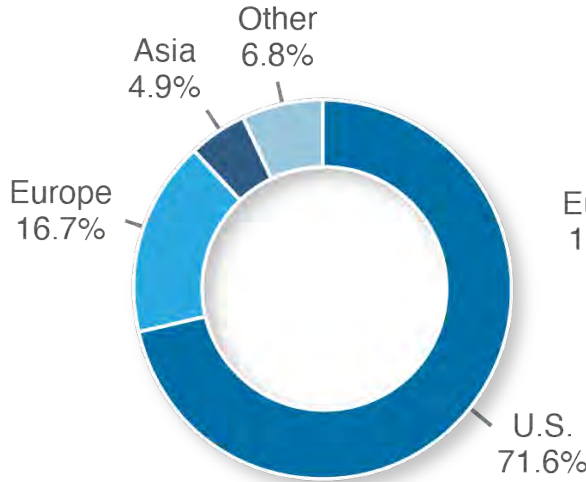
NOTE: Market values represent gross company-level data as of June 30, 2025.

- Portfolio is diversified across 135 managers who collectively own interests in over 7,650 underlying companies across a range of industries
- Sector diversification has improved
  - Technology has remained flat from the prior year and continues to be the largest sector weight
    - Expect a decline during FY26 as exit activity increases
  - Exposure to Industrials, Finance and Healthcare all increased due to recent fund commitments and co-investments

# Geography

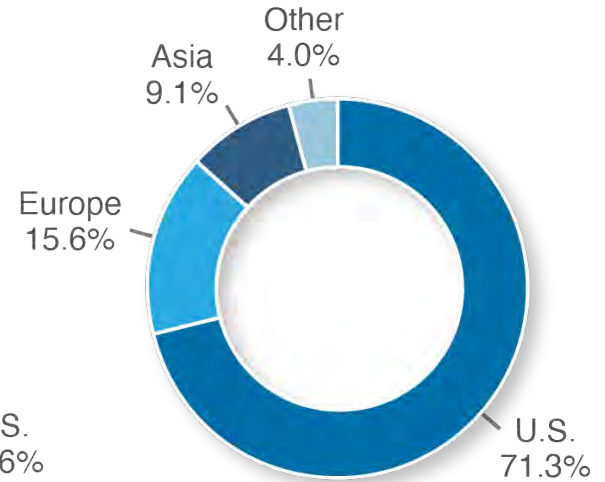
- U.S. and Europe exposure (88%) is consistent with the broader PE market (87%)
- Europe exposure expected to rise as a result of increased fund commitments in FY25 and FY26
- Asia exposure diversified across Japan, Korea, Australia and China and declining
- China exposure is 2% (\$273m NAV) and declining as investments are realized

### APFC PORTFOLIO



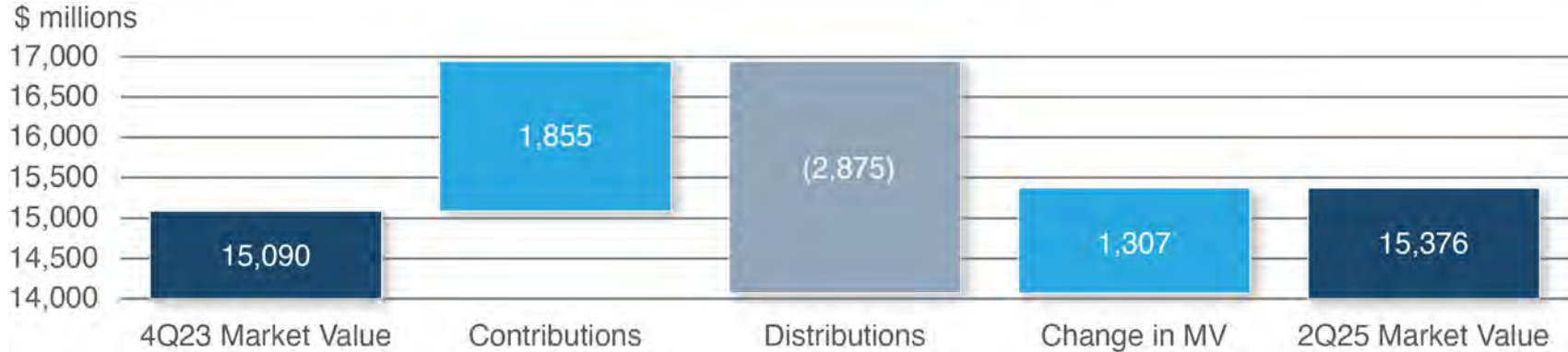
NOTE: Note: Market values represent gross company-level data as of June 30, 2025.

### CAMBRIDGE BENCHMARK



SOURCE: Cambridge pooled global all funds benchmarks for 2004- through 2025-vintage fund, as of June 30, 2025.

# Net Asset Value



NOTE: Market values represent net fund-level data as of June 30, 2025.

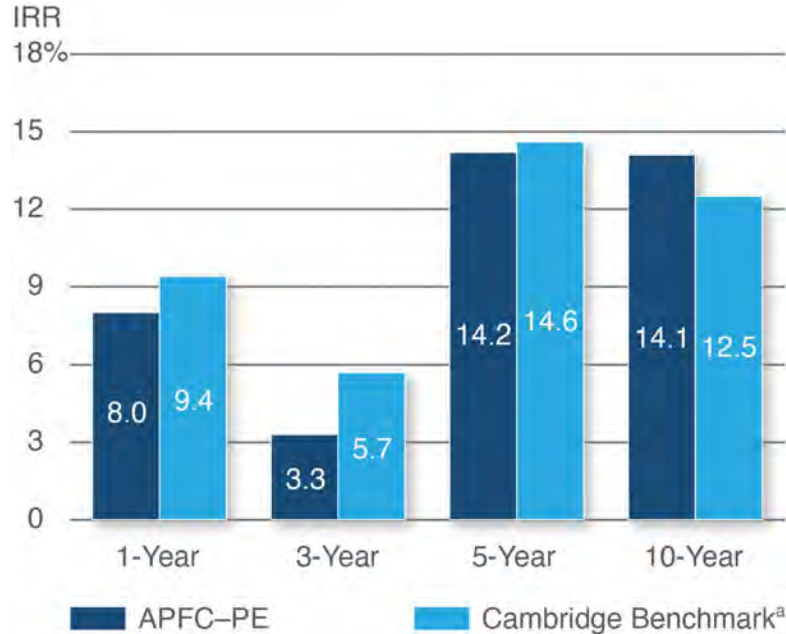
- Portfolio NAV marginally increased from 12/31/23 to 6/30/25, as new investment activity and investment gains were mostly offset by realizations (distributions exceeded contributions)
- Allocation declined over the same period from 18.6% to 17.2% driven by an increase in total APFC assets from \$80.6bn to \$86.3bn (denominator increased)

# Contents

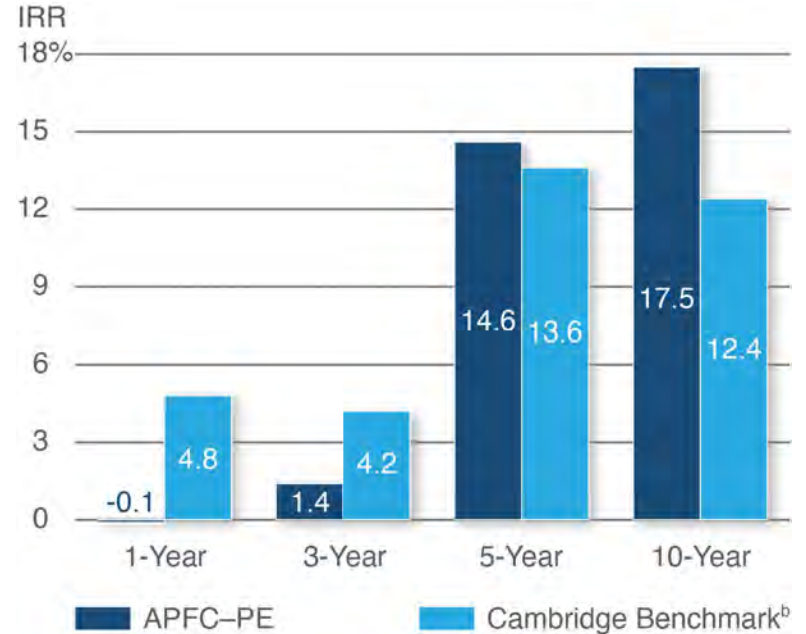
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# Performance vs Benchmarks

AS OF JUNE 30, 2025



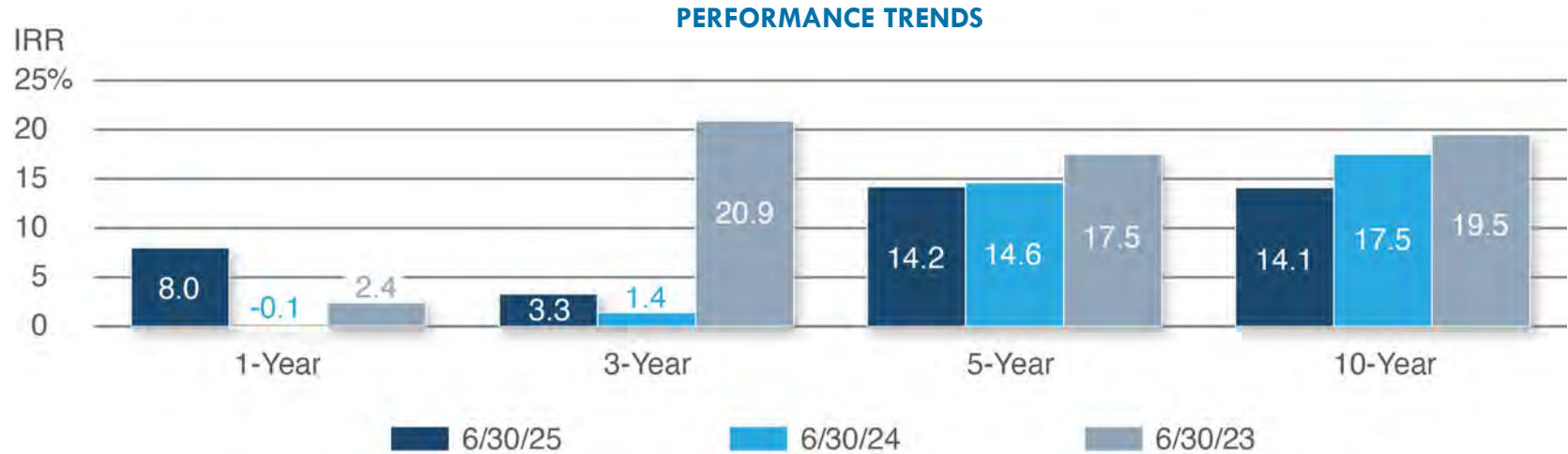
AS OF JUNE 30, 2024



<sup>a</sup>Cambridge pooled global all funds benchmarks for 2004- through 2025-vintage funds, as of June 30, 2025.

<sup>b</sup>Cambridge pooled global all funds benchmarks for 2004- through 2024-vintage funds, as of June 30, 2024.

# Performance vs Benchmarks (2)



NOTE: As of June 30, 2025.

- Short-term performance continues to improve, with the 1-year return increasing to 8.0% from the low of -0.1% in FY24
- Decline in the 3-year return from FY23 to FY25 is due to the roll-off of 2021 returns and higher weighting of two underperforming years (FY23 and FY24)

# Market Value Changes

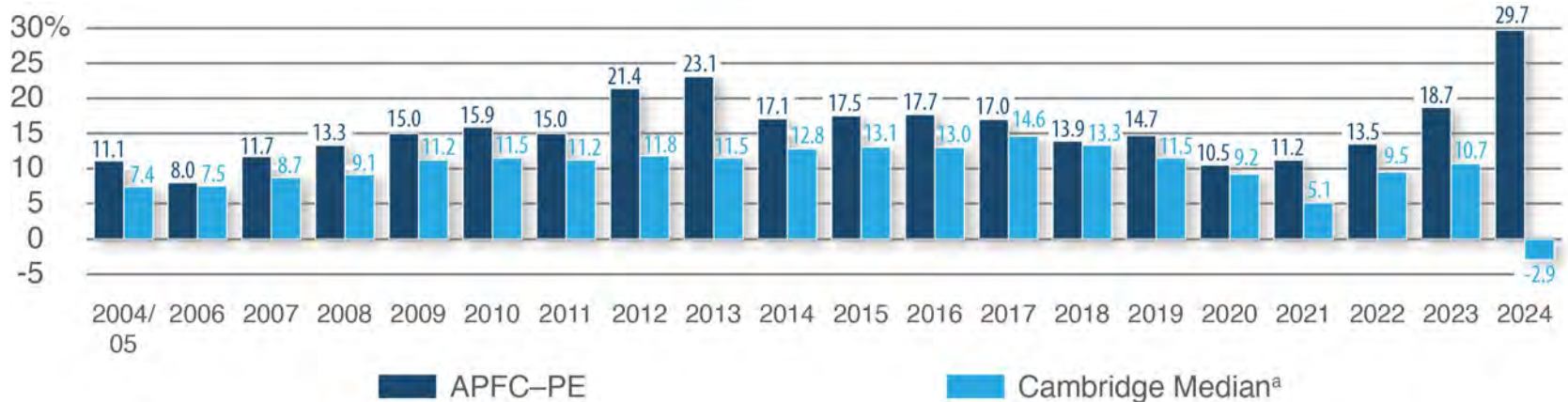
## APFC PE. Net Change in Market Value by Fiscal Year

As of June 30, 2025; \$ in millions

Strategy	2022 FY	2023 FY	2024 FY	2025 FY
Venture	-841	-289	-552	379
Growth	46	14	63	127
Buyout	728	604	368	595
Debt	23	12	-3	22
Energy	341	33	116	58
<b>Total</b>	<b>296</b>	<b>374</b>	<b>-8</b>	<b>1,181</b>

- Performance in FY 2022, 2023 and 2024 was significantly impacted by value declines in venture capital
- FY 2025 performance showed increases in valuation across all categories

# Vintage Year Returns

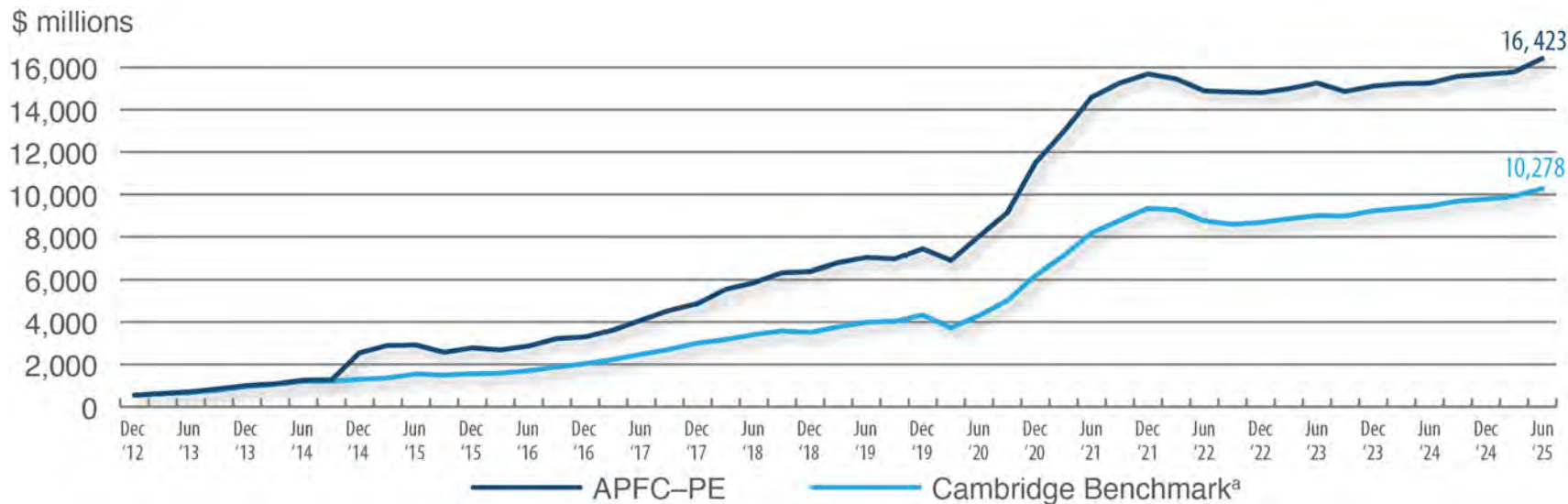


NOTES: Pathway began constructing the APFC portfolio in the latter part of 2004 and made only two partnership commitments. Given this, the 2004 year has been combined with the 2005 year.  
<sup>a</sup>Cambridge pooled global all funds median benchmark, as of June 30, 2025.

- In 2016 – 2020, the margin of outperformance narrowed largely due to underperformance of staff directed investments in the “Special Opportunities” portfolio, which totaled \$4.1 bn from 2016 - 2020
- Outperformance in 2021 was driven by two co-investments which generated 50% of the total gain in the vintage year

# Value Impact

## SINCE-INCEPTION GAIN/LOSS COMPARISON WITH CAMBRIDGE BENCHMARKS



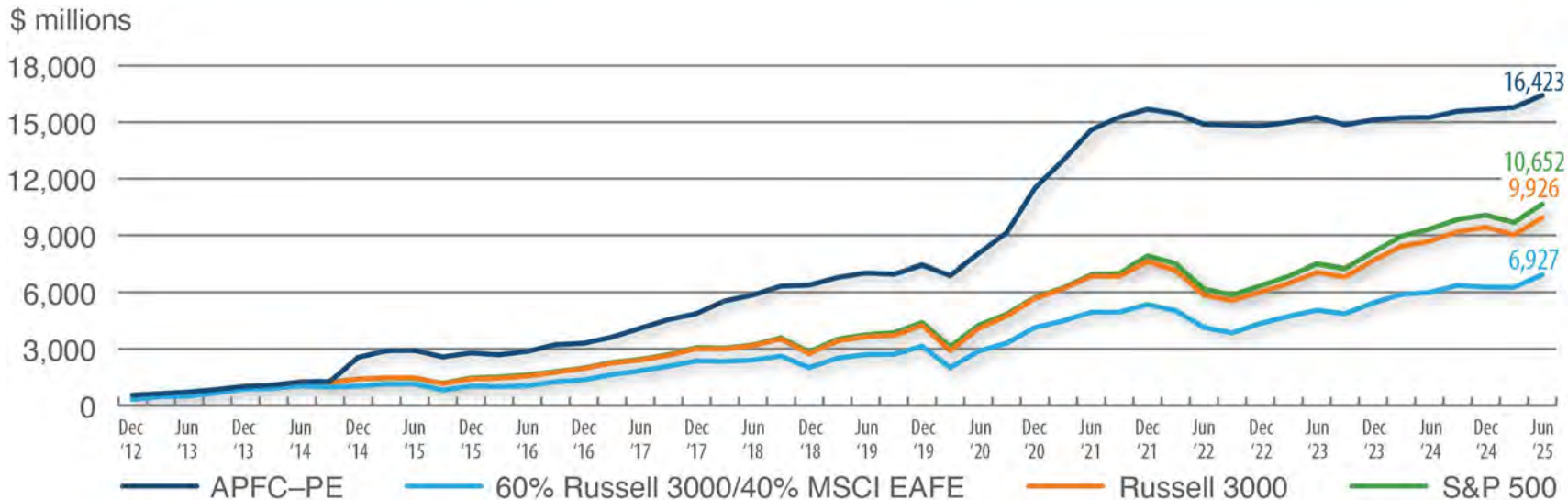
NOTE: Based on quarterly cash flows.

<sup>a</sup>Cambridge pooled global all funds benchmark for 2004- through 2025-vintage funds, as of June 30, 2025.

- Outperformance against the median private equity returns has generated **\$6.1bn of additional value**

# Value Impact (2)

## SINCE-INCEPTION GAIN/LOSS COMPARISON WITH PUBLIC BENCHMARKS



NOTES: As of June 30, 2025.  
Based on daily cash flows.

- Outperformance versus public market benchmarks drove ~\$5.8bn - \$9.5bn of additional value depending on the index

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# Annual Cash Flows

## ANNUAL CONTRIBUTION PACE SEPTEMBER 30, 2025

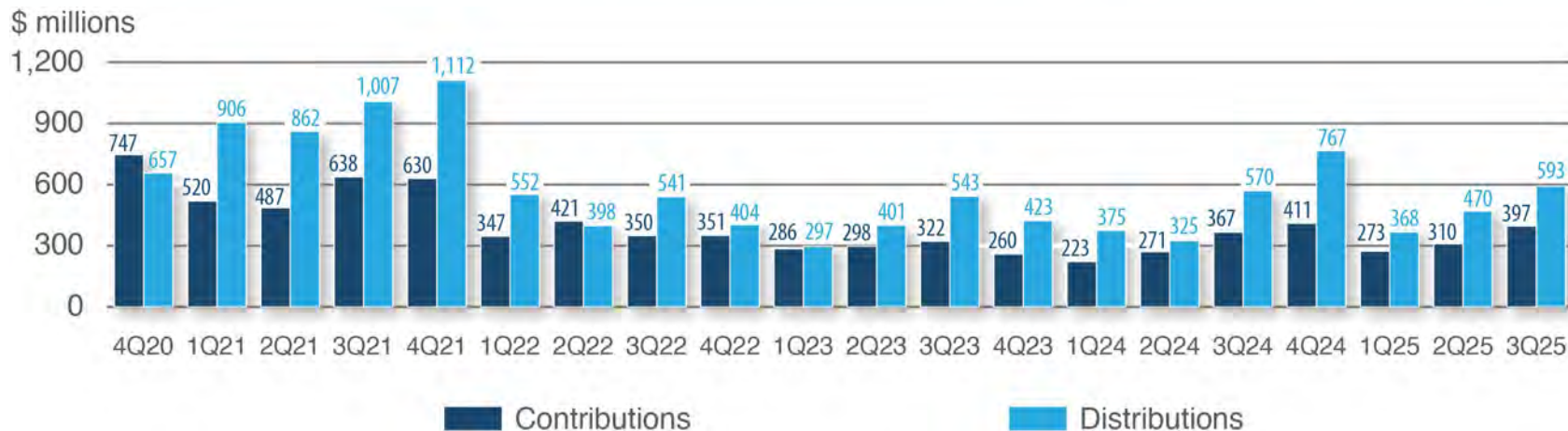


## ANNUAL DISTRIBUTION PACE SEPTEMBER 30, 2025



NOTE: Amounts may not foot due to rounding.

# Quarterly Cash Flows



NOTE: As of September 30, 2025.

- Portfolio has been cash flow positive (more distributions than contributions) in each of the past five fiscal years (FY25, FY24, FY23, FY22, FY21) and in 18 of the past 20 quarters
- Expect distribution pace to accelerate over the next several quarters as a result of increased IPO / M&A activity

# Unfunded Commitments



NOTE: As of June 30, 2025.

- Unfunded commitments (“dry powder”) total \$4.3bn across the PE portfolio, representing 22% of total exposure (NAV + Unfunded)
- Adjustments to the commitment pace (~\$1bn in FY 2022 and 2023; \$1.5bn in FY 2024 and 2025) have enabled APFC to keep the unfunded balance relatively flat (\$4.3bn at June 30, 2025 compared to \$4.1bn at December 31, 2023) despite changes to the investment pace

# Contents

- I. Program Overview
- II. Portfolio Composition
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- IV. Liquidity and Cash Flows
- V. Investment Activity**
- VI. Focus Areas

# Investment Activity and Pacing

## FY 2025 COMMITMENTS

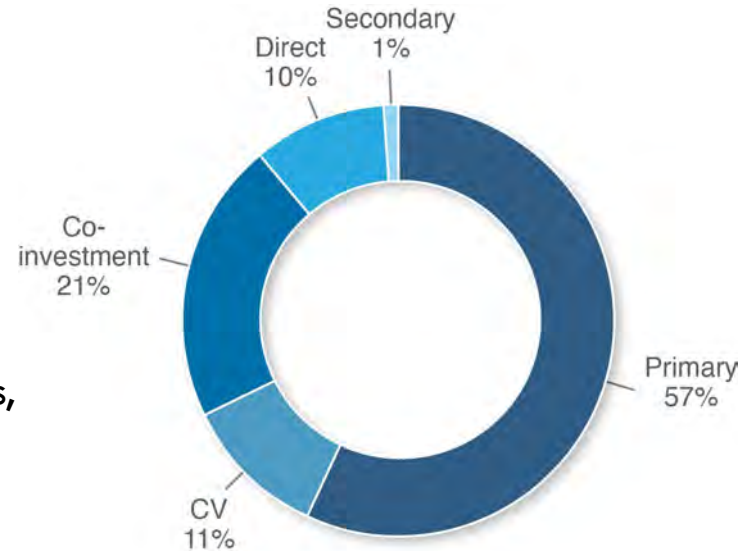
(\$ in millions)

Category	Closed	Target	Percentage
APFC	\$971	\$1,200	81%
APFC-PCM	298	300	99%
<b>Total</b>	<b>\$1,269</b>	<b>\$1,500</b>	<b>85%</b>

NOTE: Represents activity from July 1, 2024, through June 30, 2025.

- Activity includes 19 primary funds, 12 co-investments, 5 CVs, 2 direct investments, and 1 secondary portfolio
- Broad range of deal flow provides for interesting opportunity set along with potential fee savings

## FY 2025 COMMITMENT ACTIVITY BY INVESTMENT TYPE



# Investment Activity and Pacing – FY 2026

## FY 2026 COMMITMENTS

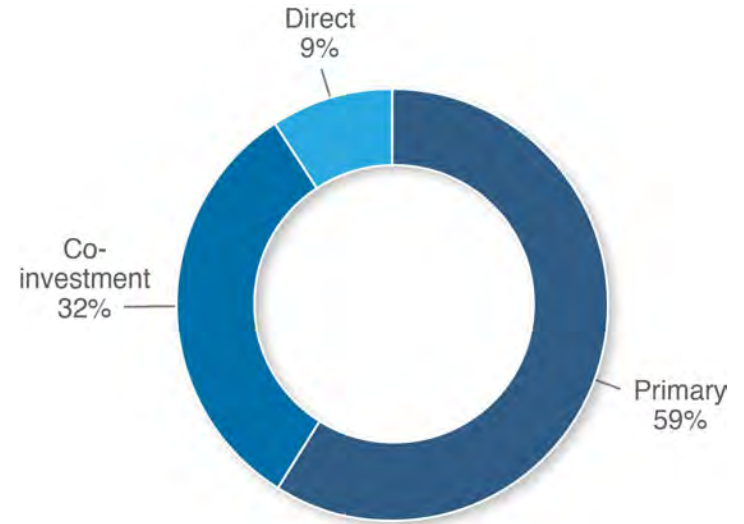
(\$ in millions)

Category	Closed	Target	Percentage
APFC	\$360	\$1,200	30%
APFC-PCM	23	300	8%
<b>Total</b>	<b>\$383</b>	<b>\$1,500</b>	<b>26%</b>

NOTE: Represents activity from July 1, 2025, through September 30, 2025.

- Activity includes 3 primary funds, 3 co-investments, and 1 direct investment

## FY 2026 COMMITMENT ACTIVITY BY INVESTMENT TYPE



# Contents

- I. Program Overview
- II. Portfolio Composition
- III. Performance Analysis
- IV. Liquidity and Cash Flows
- V. Investment Activity
- VI. Focus Areas**

# Focus Areas – FY 2026

- Portfolio Management
  - Continue to reposition portfolio to reduce volatility while generating strong returns
  - Manage pacing / deployment and leverage opportunities to accelerate liquidity
- Funds
  - Maintain focused, highly selective approach targeting leading existing and new relationships
- Co-investments / Directs / CVs
  - Enhance sourcing, screening and relationship building efforts
  - Leverage additional team capacity and skill sets to increase execution pace
  - Develop processes to capitalize on smaller, harder to access opportunities with partners

# Focus Areas – FY 2026 (2)

- Process
  - Continue process improvement initiatives around the investment sourcing, screening and execution function
  - Improve portfolio management efforts
  - Implement CRM system to more effectively manage data
  - Assess opportunities to leverage AI tools
- Team
  - Continue professional development efforts with targeted training and education opportunities

# Industry Considerations

- Artificial Intelligence (“AI”)
  - Impacts on manager’s processes, underlying portfolio companies, investability of certain sectors
- Continuation Vehicles
  - Impacts on alignment and performance reporting
- Leverage Tools
  - Use of NAV loans and subscription lines
- Retail
  - Impact of retail inflows on Private Equity

The logo for APFC (Alaska Permanent Fund Corporation) is displayed in white serif font on a dark teal rectangular background. The background of the entire slide is a blue-tinted collage of financial data, including stock price tables, line charts, and candlestick charts.

APFC

ALASKA PERMANENT  
FUND CORPORATION

Integrity • Stewardship • Passion

SUBJECT: Board of Trustees Meeting Calendar    ACTION: X

DATE: December 17, 2025

INFORMATION:

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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 2026 Board of Trustees Meeting schedule has been previously approved, however, there are suggested changes to review. Attached are the calendars for your information, please mark your schedules.

RECOMMENDATION:

- Review and approve suggested changes to the 2026 Board of Trustees Meeting Schedule
- Approve 2027 Board of Trustees Meeting Schedule

## 2026 ADOPTED BOARD OF TRUSTEES MEETING CALENDAR

With possible changes in red

Date	Location	Type of Meeting	Recurring Topics
February 23-24, 2026 Mon/Tues	Juneau	Quarterly	<ul style="list-style-type: none"> <li>• CEO/CIO/CRO/COO reports</li> <li>• Performance for quarter ending 12/31 update</li> <li>• Asset class update/review TBD</li> <li>• Opportunity to discuss CIO recommendations and provide input/concerns.</li> <li>• Legislative update – Opportunity for Board to weigh in on legislative strategy, pending legislation affecting APFC, or process.</li> <li>• Discuss Investment policy ahead of May meeting, final discussion before the revised policy is provided in May.</li> </ul>
May 26-27, 2026 Tues/Wed  Alternate Date for EAC Committee Mtg? Virtual?	Valdez	Quarterly  Ethics, Audit & Cybersecurity Committee	<ul style="list-style-type: none"> <li>• CEO/CIO/CRO/COO reports</li> <li>• Investment Policy review and adoption – policy is functionally finalized</li> <li>• Legislative update/end of session review</li> <li>• Asset class update/review TBD</li> <li>• Performance for quarter ending 3/31 – Callan</li> <li>• Budget review</li> <li>• Private markets pacing approval</li> <li>• Review YTD financials and coming year audit plan</li> </ul>
September 2, 2026 Wednesday	Juneau  Potentially Virtual	Ethics, Audit & Cybersecurity Committee*  Regular Meeting	<ul style="list-style-type: none"> <li>• Review audit and audit process</li> <li>• Approve annual audit</li> <li>• Budget approval – This is the budget that will be submitted to the Governor’s Office for consideration.</li> </ul>

<p>September 23-24, 2026 Wed/Thurs</p> <p><i>New Dates September 30-October 1</i></p>	<p>Anchorage</p> <p><b>NEW PROPOSED LOCATION</b></p> <p><b>Nome</b></p>	<p>Annual</p>	<ul style="list-style-type: none"> <li>• CEO/CIO/CRO/COO reports</li> <li>• Performance for FY end 6/30 - Callan</li> <li>• Asset Class Update/Review TBD</li> <li>• Election of Corporate Officers – Chair and Vice-Chair</li> <li>• Calendar of meetings for next two years</li> </ul>
<p>December 9-10, 2026 Wed/Thurs</p>	<p>Juneau</p> <p>In-Person Optional</p>	<p>Quarterly</p>	<ul style="list-style-type: none"> <li>• CEO/CIO/CRO/COO reports</li> <li>• Performance for quarter end 9/30 - Callan</li> <li>• CEO Evaluation – Chair coordinates – executive session</li> <li>• Asset class update/review TBD</li> </ul>

Committee Meetings and Special or additional APFC board meetings will be scheduled as needed.

\*The Ethics, Audit & Cybersecurity Committee Meeting 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

## 2027 PROPOSED BOARD OF TRUSTEES MEETING CALENDAR

Date	Location	Type of Meeting	Recurring Topics
February 24-25, 2027 Wed/Thurs	Juneau	Quarterly	<ul style="list-style-type: none"> <li>• CEO/CIO/CRO/COO reports</li> <li>• Performance for quarter ending 12/31 update</li> <li>• Asset class update/review TBD</li> <li>• Opportunity to discuss CIO recommendations and provide input/concerns.</li> <li>• Legislative update – Opportunity for board to weigh in on Legislative Strategy, pending legislation affecting APFC, or process.</li> <li>• Discuss Investment Policy ahead of May meeting, final discussion before the revised policy is provided in May.</li> </ul>
May 26-27, 2027 Wed/Thurs	<p><b>Anchorage</b></p> <p>Alternate Location?</p> <p>Homer?</p>	<p>Quarterly</p> <p>Ethics, Audit &amp; Cybersecurity Committee</p>	<ul style="list-style-type: none"> <li>• CEO/CIO/CRO/COO reports</li> <li>• Investment policy review and adoption – policy is functionally finalized</li> <li>• Legislative update/end of session review</li> <li>• Asset class update/review TBD</li> <li>• Performance for quarter ending 3/31 – Callan</li> <li>• Budget review</li> <li>• Private markets pacing approval</li> <li>• Review YTD financials and coming year audit plan</li> </ul>
September 1, 2027 Wednesday	Juneau	<p>Ethics, Audit &amp; Cybersecurity Committee*</p> <p>Regular</p>	<ul style="list-style-type: none"> <li>• Review Audit Process</li> <li>• Budget Discussion ahead of annual meeting ask for adjustment to budget to meet goals</li> <li>• Potentially approve audit and budget</li> </ul>

September 29-30, 2027 Wed/Thurs	Anchorage	Annual	<ul style="list-style-type: none"> <li>• CEO/CIO/CRO/COO reports</li> <li>• Performance for FY end 6/30 - Callan</li> <li>• Asset class update/review TBD</li> <li>• Election of Corporate Officers – Chair and Vice-Chair</li> <li>• Report of annual audit</li> <li>• Budget approval – This is the budget that will be submitted to the Governor’s Office for consideration.</li> <li>• Calendar of meetings for next two years</li> </ul>
December 8-9, 2027 Wed/Thurs	Juneau  In-Person Optional	Quarterly	<ul style="list-style-type: none"> <li>• CEO/CIO/CRO/COO reports</li> <li>• Performance for quarter end 9/30 - Callan</li> <li>• CEO Evaluation – Chair coordinates – executive session</li> <li>• Asset Class Update/Review TBD</li> </ul>

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