Board of Trustees

Regular Meeting

September 2, 2026

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

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BOARD OF TRUSTEES REGULAR MEETING

September 2, 2026
1:00 p.m. – 4:00 p.m.

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

Teams Webinar Access
Join here

Teleconference Option
Phone: 323-792-6284
Phone Conference ID: 745 429 642#

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

AGENDA

WEDNESDAY, SEPTEMBER 2, 2026	
1:00 p.m.	CALL TO ORDER
	ROLL CALL (Action)
	APPROVAL OF AGENDA (Action)
	APPROVAL OF MINUTES (Action) • May 26-27, 2026 Quarterly Meeting
	OPPORTUNITY FOR PUBLIC PARTICIPATION
	COMMITTEE REPORTS (Information) • Governance Committee – Committee Chair Schutt • Audit Committee – Committee Chair Anderson
1:15 p.m.	REPORT OF THE ANNUAL AUDIT (Action) Beth Stuart, Lead Audit Partner, KPMG Melissa Beedle, Audit Managing Director, KPMG Valerie Mertz, Chief Financial Officer
1:45 p.m.	FY28 BUDGET OVERVIEW & APPROVAL (Action) Scott Jones, Chief Operations Officer Kelli Patterson, Administrative Operations Manager
	BREAK (when needed)
3:45 p.m.	ADDITIONAL OPPORTUNITY FOR PUBLIC PARTICIPATION
	OTHER BUSINESS, TRUSTEE COMMENTS, FUTURE AGENDA ITEMS
4:00 p.m.	*ADJOURN*

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

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SUBJECT: Approval of Minutes ACTION: X

DATE: September 2, 2025 INFORMATION:

BACKGROUND:

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

- May 28-29, 2025 Quarterly Meeting

RECOMMENDATION:

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

ALASKA PERMANENT FUND CORPORATION
BOARD OF TRUSTEES QUARTERLY MEETING

May 26–27, 2026

Originating at:
Valdez Convention & Civic Center, Valdez, Alaska

Trustees Present:

Jason Brune, Chair
Ethan Schutt, Vice-Chair
Janelle Earls
Ralph Samuels
John Binkley
Ryan Anderson

APFC Staff Present:

Deven Mitchell, CEO
Val Mertz, CFO
Marcus Frampton, CIO
Sebastian Vadakumcherry
Chris Poag
Paulyn Swanson
Jim Parise
Youlian Ninkov
Juliette Alldredge
Jennifer Loesch
Larissa Murray
Joseph Jeralds
Allen Waldrop
Matthew Ives
Jordyn Perletti
Lesley Creswell
Lillie Haggard
Sarah Struble
Ean Atchley
Norix Mangual
Jacki Mallinger
Ross Alexander
Jessica Thornsburry
Cassandra King
Josh Ungar
Kian Flynn
Eric Ritchie
Chris LaVallee
Sarah Clark
Henry Lloyd
Steve Adams
Brady Owen
Edward Rime
Josiah Nyman
Shannon McCain
Luke Kirkham
Lara Pollock
Scott Balovich
Michael Prebeg
Colton Scrudder
Terek Rutherford
Valeria Martinez
Ben Williams
Matt Olmsted
Kelli Patterson
Ian Horwood
Michael Gumz
Tara Mendoza
Masha Skuratovskaya

Investment Advisors:

Janet Becker-Wold
John Skjervem

Callan:

Greg Allen
Steve Center

Department of Law:

Benjamin Hofmeister

Public:

Mike Williams
Lester Greene
Kevin Balaod
Joseph Panther
Darian Rex
Aurora Hauke
Sophia Torres
Dan Abramson
Michael L. McHargue
Lauren Albanese
Michael Bloom
Nathan Duval
Will Stark
Alex Psilakis
Trey Prenovost
Jay Duddles
Deborah Brollini
Rob Kozlowski
Phil Nunes
Eric Alldredge
Brenda Hentschel

TUESDAY, MAY 26, 2026

CALL TO ORDER

CHAIR JASON BRUNE called the meeting to order at 8:34 a.m. on May 26, 2026, and thanked the City of Valdez for hosting the event.

ROLL CALL

JENNIFER LOESCH conducted the roll call. The following Board members were present:

- CHAIR JASON BRUNE
- VICE CHAIR ETHAN SCHUTT
- TRUSTEE RALPH SAMUELS
- TRUSTEE JOHN BINKLEY
- TRUSTEE JANELLE EARLS (via teleconference)
- TRUSTEE RYAN ANDERSON

J. Loesch confirmed a quorum was present.

APPROVAL OF AGENDA

E. Schutt moved to approve the meeting agenda. R. Samuels seconded the motion. The board approved the agenda without opposition.

APPROVAL OF MINUTES

E. Schutt moved to approve the minutes of the February 23–24, 2026, quarterly meeting. R. Samuels seconded the motion. The board approved the minutes.

OPPORTUNITY FOR PUBLIC PARTICIPATION

LESTER GREENE, Valdez City Council member, welcomed the board to the community and expressed anticipation for the evening's scheduled City Council presentation. Chair Brune thanked L. Greene for the hospitality. No additional in-person or online public comments were offered.

CHIEF EXECUTIVE OFFICER'S REPORTS

CHIEF EXECUTIVE OFFICER DEVEN MITCHELL provided updates on corporate operations and initiatives.

Pending Board Matters and Trustee Education

D. Mitchell reported that the compensation structure and peer group definitions remained pending, with a salary survey presentation planned for the next meeting. He outlined a plan to schedule a summer governance meeting to establish a formal policy for benchmark adjustments, anticipating board approval between September and December 2026. D. Mitchell highlighted upcoming educational opportunities, including a Pacific Pension International roundtable in Toronto scheduled for July 22–24, 2026. Chair Brune thanked CALLAN REPRESENTATIVE STEVE CENTER and Callan for the recent educational event. E. Schutt expressed regret that G. Allen had been unable to attend because of illness.

Staff Summary and Human Resources

D. Mitchell reviewed the due-diligence and travel summary, highlighting approximately 700 contacts during the quarter. He addressed nine current position vacancies. D. Mitchell reported that three selected hires were awaiting Governor's Office approval, with the oldest request pending since early April. A separate request to recruit for a recently vacated IT systems engineer position was also pending. Chair Brune emphasized that APFC generates 66% of the state's General Fund, underscoring the critical need to fill the vacancies. D. Mitchell confirmed the successful selection of internal and external summer interns, including Josiah Nyman and Ian Flynn.

Communications and Legislative Update

D. Mitchell reported that APFC selected Walsh Sheppard from 11 proposals as the new communications partner. Regarding the legislative session, he noted lawmakers introduced 15 APFC-related bills, but none passed. D. Mitchell compared the $11.3 million in state royalty support directed to other departments with APFC's $26 million operational budget. Chair Brune asked whether the segregated treatment of the Amerada Hess earnings ($426 million balance) should be reconsidered. D. Mitchell explained that this was substantially a policy question, rather than merely a legal or reporting simplification. The board examined Senator Stedman's proposed legislation to reduce the Percent of Market Value (POMV) draw rate to 4.5%. R. Samuels stated that higher oil prices could make a reduction in the POMV draw rate more politically feasible, while lower oil prices would make such a reduction more difficult.

IT and Financial Updates

D. Mitchell reviewed the IT update, confirming the completion of biannual security audits, full cloud deployment of APFC's file systems, and the implementation of an AIOps-based security ecosystem. Financially, he reported a year-to-date statutory net income of $5.6 billion, well above the $300 million estimate, resulting in an anticipated $8 billion in uncommitted realized earnings in the Earnings Reserve Account. The board reviewed dedicated mineral revenues. J. Earls initially agreed to research the treatment of federal mineral revenue-sharing payments. Later in the meeting, D. Mitchell reported that, beginning in Fiscal Year 2027 (FY27), 25% of those payments would be deposited into the Permanent Fund, with 74.5% allocated to unrestricted revenue and 0.5% to the Public School Trust Fund. Chair Brune summarized that 25% of federal royalties would be deposited into the Permanent Fund.

CHIEF INVESTMENT OFFICER REPORT

CHIEF INVESTMENT OFFICER MARCUS FRAMPTON delivered the investment performance overview.

Performance and Peer Benchmarking

M. Frampton reported that current fiscal-year-to-date performance was approximately 10.7% and stated that, if sustained through year-end, it would represent the fund's highest absolute return in five years. He noted that while liquid asset classes outperformed their benchmarks, a three-month lag in December private valuations resulted in underperformance for private equity (8.79% actual versus 10.73% benchmark), real estate, and private income. M. Frampton introduced an RVK analysis of domestic sovereign wealth funds, reporting that APFC ranked at or near the top of the five-year rankings across recent reporting periods. He reported that APFC's fully loaded fees totaled 103 basis points and argued that the fund operated efficiently relative to the available comparisons. The discussion acknowledged that comparisons among funds were limited by differences in asset allocation and fee-reporting practices.

Public Equities and Absolute Return

M. Frampton reviewed the public equity risk step-down, which lowered the tracking error limit from 400 basis points to 100 basis points effective January 2027. Chair Brune inquired about the underweight position in the "MAG7" stocks, which M. Frampton confirmed had been marginally reduced as part of the tracking error step-down. M. Frampton summarized improvements in the absolute return program following its 2016 restructuring, including the absence of a down year and the elimination of the former fund-of-funds fee layer. He estimated that eliminating that fee layer saved APFC approximately $30 million annually.

RISK & COMPLIANCE OVERVIEW

CHIEF RISK OFFICER SEBASTIAN VADAKUMCHERRY presented the risk metrics and policy compliance report. S. Vadakumcherry clarified that tracking error stood at 206 basis points, while value-added risk indicated the portfolio was 6.1% less risky than its benchmark. He presented a stress test utilizing the Aladdin framework, indicating a potential 38% to 40% drawdown (approximately $35 billion) under a severe global financial crisis scenario. S. Vadakumcherry confirmed that the fund remained fully compliant with all investment policy limits.

PRIVATE MARKETS OVERVIEW

DEPUTY CHIEF INVESTMENT OFFICER – PRIVATE MARKETS ALLEN WALDROP provided a summary of private asset activity. A. Waldrop reported accelerating net positive cash flows for private equity, reaching $1 billion in 2025, and outlined a commitment pacing target of $1.5 billion for the year, confirming $1.1 billion deployed year-to-date. He reviewed private income, noting approximately 9% to 10% absolute returns, benchmark underperformance, a slower start to deployment, and approximately $700 million in net positive fiscal-year cash flow. A. Waldrop then addressed real estate, detailing a declining allocation and net asset value (NAV). He clarified that much of the decline resulted from loan repayments, REIT sales, and asset-sale proceeds, rather than primarily from valuation losses. He confirmed approximately $955 million in fiscal-year real estate commitments and outlined planned disposition activity. The board discussed the composition of APFC's current private-equity benchmark, constructed from Cambridge data, including its treatment of energy and debt strategies. A. Waldrop clarified that staff evaluations of benchmark composition focused on understanding risk alignment rather than influencing incentive compensation.

PUBLIC MARKETS OVERVIEW

DEPUTY CHIEF INVESTMENT OFFICER – PUBLIC MARKETS JIM PARISE discussed the public equities and fixed income portfolios. J. Parise reviewed the public-equity strategies, noting external-manager underperformance despite positive allocation effects. He reported that internally managed fixed income had outperformed its primary benchmark each year since 2013. J. Parise also detailed the impact of data center financing on the fixed income market, noting that credit spreads were at historically tight levels. He indicated staff would maintain a cautious, slightly underweight approach to the sector to ensure appropriate risk compensation.

INVESTMENT ADVISOR COMMENTS

INVESTMENT ADVISOR JOHN SKJERVEM and INVESTMENT ADVISOR JANET BECKER-WOLD offered perspective on the private equity market. J. Skjervem stated that private equity had transitioned from a growth industry to a mature, consolidating market, making manager selection crucial. He asserted that a diversified portfolio must maintain private equity exposure despite increased competition to fulfill fiduciary responsibilities. J. Becker-Wold emphasized that access to high-quality managers was critical and characterized the proposed private-equity reduction as a modest allocation adjustment rather than a withdrawal from the asset class.

FUND PERFORMANCE & OVERVIEW

CALLAN REPRESENTATIVES GREG ALLEN and STEVE CENTER presented the capital markets outlook. S. Center highlighted that rising oil prices (exceeding $100 per barrel) created a structural headwind that could lower long-term GDP by up to 80 basis points. S. Center reported that the Permanent Fund ranked in the 22nd percentile relative to large public funds for the quarter and fiscal year to date and remained in the top quartile over 10 years. It ranked below the median over three years, slightly above the median over five years, and in the 36th percentile over 20 years. He attributed much of the medium-term peer difference to APFC's lower public-equity allocation relative to most public funds.

ASSET CLASS UPDATE – ABSOLUTE RETURN

SENIOR PORTFOLIO MANAGER YOULIAN NINKOV presented an update on the absolute return asset class. Y. Ninkov reported that the current mandate had generated an annualized return of approximately 7.6% net of fees since July 2016, with annualized volatility of approximately 3.5%. Y. Ninkov described the approximately 20-manager, low-turnover portfolio structure, noting its balance among market-neutral, volatility-responsive, and stable-market strategies. He highlighted the ability to liquidate roughly half the portfolio within approximately 90 days and about 80% within one year under ordinary conditions. Y. Ninkov reported that approximately $700 million was raised and $250 million reinvested during the preceding 18 months. He emphasized the portfolio's low equity beta, favorable downside capture, and peer-relative performance. The board and staff discussed whether hedge strategies could provide broader equity-downside protection.

GOVERNANCE COMMITTEE ACTION ITEMS

GENERAL COUNSEL CHRIS POAG presented seven proposed governance policy changes resulting from the WilmerHale governance review. The changes included implementing an annual ethics and conflict-of-interest certification form for trustees, updating the communications policy to clarify staff should not feel pressured to invest based on trustee referrals, formalizing remote work guidelines, tailoring trustee orientations, and enhancing website public education.

J. Binkley moved to adopt the seven governance changes. R. Samuels seconded the motion. A roll call vote was held: E. Schutt (Yes), J. Binkley (Yes), R. Samuels (Yes), R. Anderson (Yes), J. Earls (Yes), and Chair Brune (Yes). The motion passed unanimously.

CORPORATE OPERATIONS OVERVIEW: COMMUNICATIONS

DIRECTOR OF COMMUNICATIONS PAULYN SWANSON and COMMUNICATIONS MANAGER JULIETTE ALLDREDGE provided a departmental update. P. Swanson highlighted

the recent selection of Walsh Sheppard as a communications partner. J. Alldredge outlined the strategic communications plan designed to close the public awareness gap regarding the fund's management and the POMV draw, utilizing audience progression and brand ambassadors.
Chair Brune recessed the meeting for the day.

WEDNESDAY, MAY 27, 2026

MEETING RECONVENES
Chair Brune reconvened the APFC Board of Trustees Quarterly Meeting at 8:34 a.m.

INVESTMENT POLICY UPDATE
S. Vadakumcherry introduced the Fiscal Year 2027 (FY27) asset allocation target options for board approval. He presented the staff recommendation to reduce target allocations for private equity, private infrastructure/credit, and real estate by 1% each, while increasing public equities by 2% and absolute return by 1%.

Chair Brune observed that recent market movements had already organically pushed the portfolio into the recommended reduced allocations for illiquid assets. D. Mitchell clarified that Callan's capital market assumptions modeled a 4.8% real return for the staff recommendation. The board discussed the challenge of meeting the state's 5% POMV draw against a 4.8% expected return. G. Allen explained that the portfolio's expected real return had remained below 5% for years, and D. Mitchell stated that the projected range had been approximately 4.17% to 4.8%. G. Allen noted that actual performance had historically helped compensate for the difference between the projected return and the CPI+5 target. S. Center stated that the stair-stepped proposal could extend the crossover period to approximately 20 to 21 years. The board requested that Callan verify the corresponding period under an immediate draw-rate reduction, noting that the previously discussed 12-year estimate required correction or clarification.

In discussing Option 7 rather than the staff recommendation, E. Schutt noted that shifting an additional 6% into public equities would represent approximately $5.4 billion in additional stock purchases at current fund values. J. Becker-Wold supported the staff recommendation, stating it balanced liquidity, return, and volatility considerations without materially increasing overall risk.
E. Schutt moved to approve the staff-recommended asset allocation. R. Samuels seconded the motion. A roll call vote was held: J. Earls (Yes), E. Schutt (Yes), R. Samuels (Yes), R. Anderson (Yes), J. Binkley (Yes), and Chair Brune (Yes). The motion passed unanimously.

APFC BUDGET REVIEW
ADMINISTRATIVE OPERATIONS MANAGER KELLI PATTERSON presented the Fiscal Year 2026 (FY26) budget projections. K. Patterson reviewed the $227.6 million authorized budget,

reporting a projected 77% expenditure rate and an estimated $51.6 million surplus. She detailed projections for staffing, travel, operating expenses, investment-management costs, and investment systems. K. Patterson also reported that, under delegated Board authority, staff transferred $35,000 within the operations appropriation from contractual services to facilities rent to address the projected Anchorage-office lease shortfall. CHIEF FINANCIAL OFFICER VALERIE MERTZ joined the discussion and clarified the investment-systems appropriation, restrictions on charging future-year expenses to the current fiscal year, and the separate funding available for cybersecurity needs.

FY27 BUDGET APPROVAL

The board reviewed the Fiscal Year 2027 (FY27) budget request. The discussion covered a $1.565 million decrement for investment systems, the continued use of the FY26 budget structure, and full funding for incentive compensation. Trustees reviewed language regarding the Anchorage office, distinguishing between investment systems and cybersecurity funding, and expressed continued support for Anchorage and out-of-state staff.

E. Schutt moved to authorize the Chief Executive Officer to expend the legislatively appropriated APFC budget beginning July 1, 2026, consistent with the 2024 strategic plan, and to make necessary transfers. R. Samuels seconded the motion. A roll call vote was held: J. Earls (Yes), E. Schutt (Yes), R. Samuels (Yes), R. Anderson (Yes), J. Binkley (Yes), and Chair Brune (Yes). The motion passed unanimously.

IAG PRESENTATION: BENCHMARKING

INVESTMENT ADVISOR JANET BECKER-WOLD delivered a presentation on benchmarking. J. Becker-Wold addressed the benchmark hierarchy, broad versus composite benchmarks, and related governance and independence issues. She reviewed selection criteria, incentive-compensation implications, annual review requirements, and exceptions. J. Becker-Wold proposed a process leading to a formal benchmark policy and a subsequent review of individual benchmarks.

INVESTMENT ADVISOR COMMENTS

Chair Brune noted that J. Skjervem had departed and G. Zinn was unavailable. No additional investment advisor comments were offered.

CLOSING COMMENTS

Chair Brune confirmed that no additional public comment was offered. Staff and trustees provided final remarks, expressing appreciation for the meeting's productivity, the staff's preparation, and the hospitality of the Valdez host community.

ADJOURNMENT

R. Samuels moved to adjourn the meeting. E. Schutt seconded the motion. The meeting adjourned without objection at 12:09 p.m.

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SUBJECT:	Report of Annual Audit	ACTION:	X
DATE:	September 2, 2026	INFORMATION:	

BACKGROUND:

The corporate governance manual requires the Board of Trustees to approve the annual audited financial statements.

STATUS:

The financial audit for fiscal year 2026 was completed by KPMG with a report date of September 2nd. The results of the audit and a recap of the year-end financial statements were presented to the Audit, Ethics, & Cybersecurity Committee on September 2nd.

Beth Stuart, engagement partner, and Melissa Beedle, audit managing director, from KPMG, will present a summary of the audit results. A copy of the presentation is included here.

RECOMMENDATION:

Staff is requesting board approval of the audited financial statements.

Alaska Permanent Fund Corporation

Discussion with those charged with governance

Audit results for the year ending June 30, 2026

September 2, 2026

Audit results: Overview

Outstanding matters

No outstanding matters.

Auditors’ report

We plan to issue an unmodified opinion.

Uncorrected Misstatements

Uncorrected misstatements associated with reporting lag in alternative investments. See page 8.

Audit results required communications and other matters

Matters to communicate		Reference
Significant unusual transactions	X	
Uncorrected audit misstatements	✓	Page 8
Corrected audit misstatements	X	
Financial statement presentation and disclosure omissions	X	
Non-GAAP policies and practices	X	
Auditors' report	X	
Changes to our risk assessment and planned audit strategy	X	
Significant disclosures, accounting policies and practice	✓	Page 5
Significant accounting estimates	✓	Pages 6 and 7

Matters to communicate		Reference
Related parties	X	
Going concern	X	
Other information	✓	Page 9
Subsequent events	X	
Noncompliance with laws and regulations	X	
Significant difficulties encountered during the audit	X	
Significant findings or issues discussed, or the subject of correspondence with management	X	
Management's consultation with other accountants	X	
Disagreements with management	X	
Other significant matters	X	

✓ = Matters to report X = No matters to report

Audit results required communications and other matters

Matters to communicate	
Consultations	There were no difficult or contentious matters for which the auditor consulted outside the engagement team that are relevant to those charged with governance's oversight of the financial reporting process.
Illegal acts or fraud	No actual or suspected fraud involving management, employees with significant roles in system of internal control, or where fraud results in a material misstatement in the financial statements were identified during the audit.
Written communications	Engagement letter, management representation letters, including summary of uncorrected misstatements to be distributed under separate covers.
Independence	See page 10
Required inquiries	See page 11

Significant disclosures, accounting policies and practices

Description of significant accounting policies and practices	Audit findings
Financial statement disclosures are attached to the financial statements for the Fund and describe the related policies and supplementary detail into the amounts included on the statements. The significant accounting policies are described in note 2 to the financial statements.	There have been no changes to the disclosures or accounting policies and practices used by the entity during FY2026.
GASB 103 was adopted during FY26. This affected the form of the Management's Discussion and Analysis	The Fund appropriately implemented the required changes into the Management's Discussion and Analysis.

Significant accounting estimates

Description of significant accounting estimates
• Valuation of directly owned real estate investments
Audit findings
Management's process used to develop the estimates • Management uses a third party to manage the appraisals of the directly held real estate assets. Each property is valued quarterly by a third-party, Situs, and annually through an appraisal performed by a third party. **Significant assumptions used that have a high degree of subjectivity** • Assumptions used in the determination of the valuation that have a degree of subjectivity include management estimates related to market rent growth rate, vacancy rates, downtime, discount rate, replacement cost new, renewal probability and terminal capitalization rates. **Indicators of possible management bias** • The were no indicators of possible management bias identified during our audit of this estimate. **Qualitative aspects** • No changes in methods in the current year
Conclusions
• We involved our valuation specialist team to review certain properties and their third-party appraisals for consistency and reasonableness with national standards and assumptions. • We performed substantive tests of details over this estimate and determined that the methods used by management and the valuations recorded by management are reasonable.

Significant accounting estimates, continued

Description of significant accounting estimates
• Valuation of private investments
Audit findings
Management's process used to develop the estimates • Management receives periodic capital statements from external fund managers. These capital statements are the starting point to estimate fair value of each private investment and are adjusted for any contributions or distributions made during the period and any other factors management believes impact fair value. **Significant assumptions used that have a high degree of subjectivity** • None **Indicators of possible management bias** • The were no indicators of possible management bias identified during our audit of this estimate. **Qualitative aspects** • No changes in methods in the current year
Conclusions
• We performed substantive tests of details over this estimate and determined that the methods used by management and the valuations recorded by management are reasonable.

Uncorrected audit misstatements

To be presented at audit committee meeting

Other information

Other information	Procedures performed
Annual Report	We will obtain a draft of the annual report when it is available and will review it for consistency with the audited financial statements. If we identify any material inconsistencies from the audited financial statements or material misstatements of facts, we will request management to revise the document prior to its publication.

Independence communications

The following are circumstances or relationships that, in our professional judgment, may reasonably be thought to bear on independence, and to which we gave significant consideration, in reaching the conclusion that independence has not been impaired.

Relationship	Description of relationship and relevant safeguards, if applicable
Financial statement preparation assistance	Assistance with pro forma financial statements, word processing, and drafting of the financial statements.
IT Security Assessment	Point-in-time assessment of the actual effectiveness of the Company's specific security controls benchmarked against industry standard Center for Internet Security framework. This engagement was executed based on KPMG's standard, autonomous audit methodologies which are not influenced by the management or staff of the client organization

Affirmation of independence

We hereby affirm that as of September 2, 2026, the engagement team and others in the firm as appropriate, the firm and its affiliated firms, have complied with relevant ethical requirements regarding independence.

Required inquiries

- What are your views about fraud risks, including management override of controls, at the entity and whether you have taken any actions to respond to these risks?
- Are you aware of, or have you identified, any instances of actual, suspected or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets? If so, have the instances been appropriately addressed and how have they been addressed?
- Are you aware of or have you received tips or complaints regarding the entity's financial reporting (including those received through the internal whistleblower program, if such program exists) and, if so, what was your response to such tips and complaints?
- How do you exercise oversight over management's assessment of fraud risk and the establishment of controls to address/mitigate fraud risks?
- Has the entity entered into any significant unusual transactions?
- Have there been any instances of actual or possible violations of laws and regulations, including illegal acts (irrespective of materiality threshold)?
- What is the audit committee's understanding of the entity's relationships and transactions with related parties that are significant to the entity?
- Does any member of the audit committee have concerns regarding relationships or transactions with related parties and, if so, what are the substance of those concerns?
- Have any subsequent events occurred that might affect the financial statements?
- Has there been any correspondence with regulators or licensing authorities?

Tangible outcomes

Our continuous pursuit of delivering a better audit experience to Alaska Permanent Fund Corporation.

Audit Area	Outcome	What we did	Change for better
Alternative investments	Automated data extraction for robust risk assessment	Created an automated workflow to process a large dataset to summarize activity, see movement in investment balances, and more effectively and efficiently assess risks.	Improved audit quality by providing visibility into 100% of the population, while reducing impact of audit requests by focusing only on higher risk activity
Financial reporting	Enhanced and streamlined review	Utilized AI tools to facilitate more streamlined review of disclosures, internal consistency, and conformity with new MD&A requirements.	Reduced lead time in review, providing management with more timely insights
Risk of management override	Automated data analysis for identification of higher-risk journal entries	Implemented automated journal entry analysis tool.	Improved ability to identify higher-risk journal entries and allowed us to provide more timely selections to management

On the 2026 board agenda

Issues for boards to keep in mind as they carry out their 2026 agendas

Reassess the board's engagement in strategy—particularly scenario planning, agility, crisis planning, and resilience.

Understand the company's AI strategy and related risks and opportunities, and closely monitor the governance structure and talent/workforce needs around the deployment and use of the technology.

Consider the adequacy of the company's data governance framework and processes.

Assess whether the company's cybersecurity governance framework and processes are keeping pace.

Keep material sustainability issues embedded in risk and strategy discussions, and monitor management's preparations for sustainability reporting requirements as well as shareholder expectations.

Sustain a healthy board-CEO relationship.

Revisit board and committee risk oversight responsibilities and allocation among committees.

KPMG Board Leadership Center: On the 2026 board agenda

KPMG

Questions?

For additional information and audit committee resources, including National Audit Committee Peer Exchange series, a Quarterly webcast, and suggested publications, visit the KPMG Audit Committee Institute (ACI) at www.kpmg.com/ACI

This presentation to those charged with governance is intended solely for the information and use of those charged with governance and management and is not intended to be and should not be used by anyone other than these specified parties. This presentation is not intended for general use, circulation or publication and should not be published, circulated, reproduced or used for any purpose without our prior written permission in each specific instance.

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ALASKA PERMANENT FUND CORPORATION
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TO: Board of Trustees

THROUGH: Deven Mitchell, CEO

FROM: Scott Jones, Chief Operations Officer

DATE: September 2, 2026 ACTION: X

RE: FY2028 Proposed Budget INFORMATION:

The Alaska Permanent Fund Corporation (APFC) relies on adequate budget resources to ensure that the Alaska Permanent Fund (Fund) and the other funds entrusted to the Corporation by law are managed effectively. This proposed FY2028 budget is designed to sustain that work and to advance the Corporation's vision of delivering outstanding returns for the benefit of all current and future generations of Alaskans.

The FY2028 budget proposal is the culmination of an internal process in which directors and managers quantified the funding levels necessary to manage their areas effectively during the fiscal year beginning July 1, 2027. Staff will incorporate the Board's direction and modify the proposal as necessary. Due to the timing of the annual meeting, staff is seeking the Board's approval of the proposed budget request at this meeting.

Once approved, the proposed budget will be brought forward to the Office of Management and Budget (OMB) for consideration for inclusion in the Governor's FY2028 budget. Ultimately, the Governor's proposed budget will be transmitted to the Legislature by December 15th for deliberation during the upcoming Legislative session. If the Board brings forward additional considerations after this meeting, staff will work with OMB for inclusion in the Governor's amended budget. We look forward to working with the Board throughout the Legislative process.

The proposed FY2028 budget is structured as a single appropriation with three allocations: Corporate Operations, Facilities Rent Non-State Owned, and Investment Management.

This memo outlines the components of each allocation; a detailed breakdown is provided in the appendix.

	FY26 Actuals	FY27 Authorized	FY28 Proposed	Variance From FY26 Actuals	Variance From FY27 Authorized
APFC Appropriation	$ 176,869,393	$ 210,114,100	$ 215,445,209	$ 38,575,816	$ 5,331,109
Corporate Operations	$ 23,109,161	$ 31,047,700	$ 32,820,009	$ 9,710,848	$ 1,772,309
Facilities Non-State Owned	$ 615,579	$ 615,000	$ 698,800	$ 83,221	$ 83,800
Investment Management	$ 153,144,653	$ 178,451,400	$ 181,926,400	$ 28,781,747	$ 3,475,000

CORPORATE OPERATIONS ALLOCATION

The Corporate Operations Allocation is separated into five objects of expenditure. The total request for the allocation represents a 5.7% increase over the FY2027 authorization, as detailed below.

	FY26 Actuals	FY27 Authorized	FY28 Proposed	Variance From FY26 Actuals	Variance From FY27 Authorized
Corporate Operations	$ 23,109,161	$ 31,047,700	$ 32,820,009	$ 9,710,848	$ 1,772,309
Personal Services	$ 19,387,155	$ 25,394,500	$ 26,481,809	7,094,654	$ 1,087,309
Travel	$ 538,569	$ 1,025,000	$ 1,025,000	486,431	$ -
Contractual Services	$ 2,615,335	$ 3,495,620	$ 4,284,200	1,668,865	$ 788,580
Commodities	$ 129,410	$ 382,580	$ 279,000	149,590	$ (103,580)
Equipment	$ 438,691	$ 750,000	$ 750,000	311,309	$ -

PERSONAL SERVICES

To effectively recruit and retain top talent, it is essential that APFC provide discretionary salary and cost-of-living adjustments. It is equally important to fully fund the Board-approved incentive compensation policy so that funding is authorized in the event all benchmarks are exceeded. The net increase to Personal Services reflects full funding of incentive compensation consistent with the policy, a modest increase in Board honoraria, a five percent increase in salary & benefits for merit and cost-of-living adjustments, as well as reductions related to a position we do not plan to fill.

	FY26 Actuals	FY27 Authorized	FY28 Proposed	Variance From FY26 Actuals	Variance From FY27 Authorized
Personal Services	$ 19,387,155	$ 25,394,500	$ 26,481,809	$ 7,094,654	$ 1,087,309
Base Salaries	$ 11,965,210	$ 14,511,139	$ 15,117,664	$ 3,152,454	$ 606,525
Base Benefits	$ 6,040,407	$ 7,478,936	$ 7,731,623	$ 1,691,216	$ 252,687
Incentive Compensation (Inv. Staff)	$ 1,222,902	$ 3,600,000	$ 3,770,000	$ 2,547,098	$ 170,000
Incentive Compensation (Ops. Staff)	$ 143,381	$ 505,000	$ 530,000	$ 386,619	$ 25,000
Board Honorarium	$ 15,255	$ 16,000	$ 18,000	$ 2,745	$ 2,000
Vacancy		$ (716,575)	$ (685,478)	$ (685,478)	$ 31,097

APFC currently has 66 full-time positions, in addition to two summer interns. This proposal includes eliminating the vacant Business Analyst position, bringing the authorized position count to 65. Four full-time positions are currently vacant:

Staffing Activity as of 8/18/2026				
Vacancy Date	**Dept**	**Section/ Asset Class**	**Title**	**Recruitment Status**
2/20/2025	Investments	Public Equity	Portfolio Manager	Vacant
3/8/2025	Investments	Private Income	Portfolio Manager	Vacant
3/8/2025	Investments	Real Estate	Director of Investments	Vacant
7/24/2026	Operations	Adminstrative Operations	Administrative Specialist	Recruitment

The Administrative Specialist position is in active recruitment. Recruitment is on hold for three positions: Portfolio Manager for Public Equity, Portfolio Manager for Private Income, and Director of Investments for Real Estate.

RETENTION

Effective FY2025, Senate Bill 259 provided a cost-of-living increase and an additional salary adjustment for partially exempt employees not covered by union negotiations, and APFC staff were determined to be eligible. In total, this budget includes a 5% adjustment for merit increases and cost-of-living adjustments, subject to revision pending automatic increases under SB259.

INCENTIVE COMPENSATION

Under the current incentive compensation policy, the maximum distribution for eligible staff is estimated at $4.3 million, comprising approximately $3.8 million for investment staff and $530,000 for operations staff. The FY2028 request includes an increment of $195,000 to reach full funding.

NEW POSITIONS

No new positions are proposed in this request.

TRAVEL

	FY26 Actuals	FY27 Authorized	FY28 Proposed	Variance From	
				FY26 Actuals	FY27 Authorized
Travel	$ 538,569	$ 1,025,000	$ 1,025,000	$ 486,431	$ -
Staff	$ 335,985	$ 735,000	$ 707,000	$ 371,015	$ (28,000)
Trustees	$ 25,540	$ 18,000	$ 46,000	$ 20,460	$ 28,000
Third Party Reimbursed	$ 163,804	$ 250,000	$ 250,000	$ 86,196	$ -
Non-Employee	$ 13,239	$ 22,000	$ 22,000	$ 8,761	$ -

In FY2026, APFC implemented a process to track travel expenses that are reimbursed by a third-party. Third-party travel has become material to APFC's travel budget and, in certain asset classes, is a regular component of portfolio management responsibilities. In FY2026, APFC expended 66% of its Statutorily Designated Program Receipts (SDPR) authority.

SDPR authority cannot be used for any purpose other than recording third-party direct payments and reimbursements associated with third-party travel. Reimbursements and direct payments are recorded as revenue, and the corresponding expenses are charged against that revenue. Third-party reimbursements and direct payments, therefore, represent a net-zero cost to APFC. Staff has requested that the SDPR authority remain flat at $250,000.

The overall FY2028 travel request is flat compared to FY2027. Within that total, an increment of $28,000 has been added to Trustee travel to align the budget more closely with actual expenses, offset by a $28,000 reduction in staff travel.

CONTRACTUAL SERVICES

The Contractual Services budget line covers externally provided services that support activities not directly related to investment management. The major areas are presented below, with detail following.

	FY26 Actuals	FY27 Authorized	FY28 Proposed	Variance From FY26 Actuals	Variance From FY27 Authorized
Contractual Services	$ 2,615,335	$ 3,495,620	$ 4,284,200	$ 1,668,865	$ 788,580
Audit, Legal, Consulting	$ 411,087	$ 778,000	$ 735,000	$ 323,913	$ (43,000)
Public Communications	$ 506,733	$ 542,870	$ 510,000	$ 3,267	$ (32,870)
Board Support and Meetings	$ 38,382	$ 89,400	$ 90,700	$ 52,318	$ 1,300
Information Technology	$ 1,301,381	$ 1,630,000	$ 2,433,300	$ 1,131,919	$ 803,300
HR and Recruitment	$ 59,079	$ 95,000	$ 71,500	$ 12,421	$ (23,500)
Training/Education	$ 82,633	$ 110,050	$ 139,800	$ 57,167	$ 29,750
Office Support	$ 216,041	$ 250,300	$ 303,900	$ 87,859	$ 53,600

AUDIT, LEGAL, CONSULTING

This category accounts for professional services that support the broader needs of the Corporation, including the annual audit, advisory consultants, and Reimbursable Services Agreements (RSAs) with other State of Alaska agencies. The net decrement on this line is the result of a true-up to contractual amounts for consulting and legal fees.

PUBLIC COMMUNICATIONS

This category encompasses contractual support for the communications program, including statutory publication requirements, educational outreach, brand development, digital communications, website maintenance, media relations, crisis communications, and the youth program. A decrement is reflected on this line due to anticipated costs and the alignment of support levels with current needs, while preserving strategic communications resources.

BOARD MEETINGS

This category includes all contractual support related to Board meetings, such as room and equipment rentals, refreshments, transcription services, and consulting fees for the Investment Advisory Group. The small increment on this line reflects an increase in food service costs.

INFORMATION TECHNOLOGY

This category covers all contractual IT services supporting the general operations of the Corporation, including consulting services, software licensing and maintenance, and equipment repairs. A total increment of $803,000 is requested for FY2028. Of that amount, $175,000 would be used for consulting services to build internal AI capability, $260,000 would fund a cybersecurity audit, and a little over $300,000 would cover increased licensing fees for VMware and the Corporation's security ecosystem. Additionally, staff is requesting $50,000 to purchase software that will enable electronic document transfer between staff and the Board.

HR & RECRUITMENT

HR has developed successful strategies for attracting and recruiting talented professionals, and maintaining national reach remains essential to that effort. The $23,500 decrement on this line brings the budget into closer alignment with actual recruitment costs.

TRAINING

Training, professional certifications, and industry conferences are essential to ensuring that APFC can continue to compete in global investment markets and effectively manage and grow the portfolio. As staff are hired into vacant positions and advance internally, ongoing educational opportunities will be critical to their success and to the value they add to the Corporation. An increment of $29,750 is requested on this line.

OFFICE SUPPORT

This group includes all contractual services that support the shared administrative needs of the Corporation, such as state support services provided by the Department of Revenue through RSAs, and office maintenance. An increment of $53,600 is requested for the Office Support line. The majority of the increase reflects a reclassification of telephone expenses that were previously included in Information Technology.

COMMODITIES & EQUIPMENT

Commodities and Equipment are the final two objects of expenditure within the Corporate Operations Allocation. Both lines fund the purchase of goods to support the needs of the Corporation, such as workstations, servers, furniture, and office supplies. The two lines are differentiated by cost: items under $5,000 are charged to Commodities, while items of $5,000 or more are charged to Equipment.

	FY26 Actuals	FY27 Authorized	FY28 Proposed	Variance From	
				FY26 Actuals	FY27 Authorized
Commodities	$ 129,410	$ 382,580	$ 279,000	$ 149,590	$ (103,580)
Equipment	$ 438,691	$ 750,000	$ 750,000	$ 311,309	$ -

COMMODITIES

A complete workstation refresh will occur in FY2027. The net decrement of $103,580 reflects a $195,900 reduction related to the FY2027 workstation refresh, offset by $66,400 of increases to cover inflation on existing subscriptions, new subscription costs for OpenAI (ChatGPT) and Anthropic (Claude), and just over $25,900 for one-off equipment purchases, including increased costs of components such as RAM and GPUs.

EQUIPMENT

Staff requests that the Equipment line remain flat at $750,000 for FY2028. This line funds data center maintenance and improvements, and includes funding for the hardware required to build an internal AI server.

FACILITIES RENT NON-STATE OWNED ALLOCATION

Per OMB guidance, a Facilities Rent Non-State Owned allocation was added to the statewide budget. This allocation captures the lease costs for space occupied in buildings that are not owned by the State of Alaska.

	FY26 Actuals	FY27 Authorized	FY28 Proposed	Variance From	
				FY26 Actuals	FY27 Authorized
Facilities Non-State Owned	$ 615,579	$ 615,000	$ 698,800	$ 83,221	$ 83,800

An increment of $83,800 is requested for this allocation to support a contractual increase for the Juneau office space, the lease cost for the Anchorage office, and for potential expansion of the Anchorage space if needed.

INVESTMENT MANAGEMENT ALLOCATION

The Investment Management Allocation consists of all contractual services that support the investment process, including investment due diligence, investment analytics and trading platforms, investment management fees, and custody fees.

	FY26 Actuals	FY27 Authorized	FY28 Proposed	Variance From	
				FY26 Actuals	FY27 Authorized
Investment Systems & Due Diligence	$ 13,321,173	$ 19,191,400	$ 18,926,400	$ 5,605,227	$ (265,000)
Investment Systems	$ 8,335,875	$ 10,813,000	$ 10,113,000	1,777,125	$ (700,000)
Investment Due Diligence	$ 3,077,021	$ 5,813,400	$ 5,813,400	2,736,379	$ -
Custody Fees	$ 1,908,277	$ 2,565,000	$ 3,000,000	1,091,723	$ 435,000
Investment Manager Fees	$ 139,823,480	$ 159,260,000	$ 163,000,000	$ 23,176,520	$ 3,740,000
Public Equities	$ 106,026,448	$ 120,000,000	$ 120,000,000	13,973,552	$ -
Real Estate	$ 1,992,012	$ 3,000,000	$ 3,000,000	1,007,988	$ -
Alternative Markets	$ 31,805,020	$ 36,260,000	$ 40,000,000	8,194,980	$ 3,740,000

INVESTMENT SYSTEMS

This line comprises the financial network systems, data feeds, and research portals used by APFC staff to make investment decisions; trade, confirm, and account for investments; manage external accounts; and manage investment risk. These vendors include Bloomberg, BlackRock, Tradeweb, Moody's, S&P, and Fitch.

The proposed $700,000 decrement on this line is attributable to reduced consulting costs for a data warehouse project that was budgeted for but ultimately not pursued. Following considerable internal discussion, staff have shifted their approach to data solutions, moving away from a single comprehensive enterprise system toward tools that better meet the specific needs of individual groups. The reduction brings the request more in line with anticipated expenditures.

INVESTMENT DUE DILIGENCE

Funding for fiduciary advisors, the Board's general consultant, performance measurement, manager searches, and APFC's membership in peer groups are captured in this line of expenditure. No increase is requested on this line for FY2028.

INVESTMENT MANAGER FEES

This budget includes all costs paid directly to firms that manage the Fund's external portfolios and does not include fees paid through net-of-fee arrangements. Two types of fees are included in the forecast: base and incentive. Base fees are related to market performance and are paid in alignment with the fiscal year. These fee projections are developed using the management contract terms in conjunction with Callan's market assumptions. Incentive fees are paid when managers outperform their relative benchmarks on a calendar-year basis. Because they are not directly tied to broad market performance, they are difficult to forecast with precision.

For FY2028, staff is requesting an increment of $3.7 million, driven by an increase on the Alternative Markets line. Fees in this area must accommodate the Corporation's growing private markets portfolios. The FY2028 Manager Fees request for Public Equities and Real Estate is flat to FY2027.

CUSTODY FEES

This line accounts for the fees paid for custody of the Fund's assets. Also included are fees paid for collateral management and tax advisory services, which are required to trade in specific international markets.

An increment of $435,000 is requested on this line to reflect increased activity in certain international markets.

BOARD ACTION

Staff is seeking approval from the Board of Trustees to put forward this budget for inclusion in the Governor's FY2028 operating budget.

Proposed motion:

"Move to approve the advancement of the FY2028 APFC operating budget as presented (amended) for inclusion in the Governor's budget that will be submitted to the Legislature."

Appendix: FY2028 Budget Proposal

Corporate Operations Allocation	Actual	Authorized	Proposed	Variance From	
	FY2026	FY2027	FY2028	FY2026	FY2027
Personal Services	$19,387,155	$25,394,500	$26,481,809	$7,094,654	$1,087,309
Staff: Base Salaries	11,965,210	14,041,083	14,664,135	2,698,925	623,052
Staff: Benefits	6,040,407	7,232,417	7,499,674	1,459,267	267,257
Staff: Incentive Compensation	1,366,283	4,105,000	4,300,000	2,933,717	195,000
Board: Honorarium	15,255	16,000	18,000	2,745	2,000
Travel	$538,569	$1,025,000	$1,025,000	$486,431	$-
Staff	335,985	735,000	707,000	371,015	(28,000)
Trustees	25,540	18,000	46,000	20,460	28,000
Third Party Reimbursed	163,804	250,000	250,000	86,196	-
Non-Employee	13,239	22,000	22,000	8,761	-
Contractual Services	$2,615,335	$3,495,620	$4,284,200	$1,668,865	$788,580
Audit, Legal, Consulting	411,087	778,000	735,000	323,913	(43,000)
Public Communications	506,733	542,870	510,000	3,267	(32,870)
Board Support and Meetings	38,382	89,400	90,700	52,318	1,300
Information Technology	1,301,381	1,630,000	2,433,300	1,131,919	803,300
HR and Recruitment	59,079	95,000	71,500	12,421	(23,500)
Training and Conferences	82,633	110,050	139,800	57,167	29,750
Office Support	216,041	250,300	303,900	87,859	53,600
Commodities	$129,410	$382,580	$279,000	$149,590	$(103,580)
Information Technology	64,867	260,000	90,000	25,133	(170,000)
Office Support	64,543	122,580	189,000	124,457	66,420
Equipment	$438,691	$750,000	$750,000	$311,309	$-
Information Technology	438,691	750,000	750,000	311,309	-
Total Allocation	**$23,109,161**	**$31,047,700**	**$32,820,009**	**$9,710,848**	**$1,772,309**

Facilities Non-State Owned Allocation	Actual	Authorized	Proposed	Variance From	
	FY2026	FY2027	FY2028	FY2026	FY2027
Office Rent/Lease	615,579	615,000	698,800	83,221	83,800
Total Allocation	**$615,579**	**$615,000**	**$698,800**	**$83,221**	**$83,800**

Investment Management Allocation	Actual	Authorized	Proposed	Variance From	
	FY2026	FY2027	FY2028	FY2026	FY2027
Investment Systems & Due Diligence	$13,321,173	$19,191,400	$18,926,400	$5,605,227	$(265,000)
Investment Systems	8,335,875	10,813,000	10,113,000	1,777,125	(700,000)
Investment Due Diligence	3,077,021	5,813,400	5,813,400	2,736,379	-
Custody Fees	1,908,277	2,565,000	3,000,000	1,091,723	435,000
Investment Manager Fees	$139,823,480	$159,260,000	$163,000,000	$23,176,520	$3,740,000
Public Equities	106,026,448	120,000,000	120,000,000	13,973,552	-
Fixed Income	-	-	-	-	-
Real Estate	1,992,012	3,000,000	3,000,000	1,007,988	-
Alternative Assets	31,805,020	36,260,000	40,000,000	8,194,980	3,740,000
Total Allocation	**$153,144,653**	**$178,451,400**	**$181,926,400**	**$28,781,747**	**$3,475,000**

Total APFC	**$ 176,869,393**	**$ 210,114,100**	**$ 215,445,209**	**$ 38,575,816**	**$ 5,331,109**

ALASKA PERMANENT FUND CORPORATION

FY2028 Proposed Budget

September 2, 2026

FY28 Proposed Budget

Supporting the high level of investment management services demanded of APFC, the FY28 proposed budget aligns strategy across key areas.

- **Recruit and Retain Top Talent**
  - Fully funded incentive compensation
  - Personal services increase includes authorization to allow for targeted salary increases.

- **Continue IT Strategic Roadmap**
  - Enhanced Security
  - Expanded and enhanced AI for staff
  - Data center cooling system replacement

APFC MISSION

To manage and invest the assets of the Permanent Fund and other funds designated by law.

APFC VISION

Our vision is to deliver outstanding returns for the benefit of all current and future generations of Alaskans.

FY2028 Proposed Budget

	FY26 Actuals	FY27 Authorized	FY28 Proposed	Variance From FY26 Actuals	Variance From FY27 Authorized
APFC Appropriation	$ 176,869,393	$ 210,114,100	$ 215,445,209	$ 38,575,816	$ 5,331,109
Corporate Operations	$ 23,109,161	$ 31,047,700	$ 32,820,009	$ 9,710,848	$ 1,772,309
Facilities Non-State Owned	$ 615,579	$ 615,000	$ 698,800	$ 83,221	$ 83,800
Investment Management	$ 153,144,653	$ 178,451,400	$ 181,926,400	$ 28,781,747	$ 3,475,000

Fund Sources:

Permanent Fund Gross Receipts, Statutory Designated Program Receipts (SDPR)

Operations Allocation

Operations Allocation

Five objects of expenditure.

	FY26 Actuals	FY27 Authorized	FY28 Proposed	Variance From FY26 Actuals	Variance From FY27 Authorized
Corporate Operations	$ 23,109,161	$ 31,047,700	$ 32,820,009	$ 9,710,848	$ 1,772,309
Personal Services	$ 19,387,155	$ 25,394,500	$ 26,481,809	7,094,654	$ 1,087,309
Travel	$ 538,569	$ 1,025,000	$ 1,025,000	486,431	$ -
Contractual Services	$ 2,615,335	$ 3,495,620	$ 4,284,200	1,668,865	$ 788,580
Commodities	$ 129,410	$ 382,580	$ 279,000	149,590	$ (103,580)
Equipment	$ 438,691	$ 750,000	$ 750,000	311,309	$ -

Personal Services

Retain professional staff within a competitive labor market.

	FY26 Actuals	FY27 Authorized	FY28 Proposed	Variance From FY26 Actuals	Variance From FY27 Authorized
Personal Services	$ 19,387,155	$ 25,394,500	$ 26,481,809	$ 7,094,654	$ 1,087,309
Base Salaries	$ 11,965,210	$ 14,511,139	$ 15,117,664	$ 3,152,454	$ 606,525
Base Benefits	$ 6,040,407	$ 7,478,936	$ 7,731,623	$ 1,691,216	$ 252,687
Incentive Compensation (Inv. Staff)	$ 1,222,902	$ 3,600,000	$ 3,770,000	$ 2,547,098	$ 170,000
Incentive Compensation (Ops. Staff)	$ 143,381	$ 505,000	$ 530,000	$ 386,619	$ 25,000
Board Honorarium	$ 15,255	$ 16,000	$ 18,000	$ 2,745	$ 2,000
Vacancy		$ (716,575)	$ (685,478)	$ (685,478)	$ 31,097

FY28 Proposed Salary Variance (4%):

- Removes one PCN: Business Analyst
- 5% adjustment for COLA and merit

FY28 Total Personal Services Variance (4%):

- Increase Board Honorarium
- Fully Fund Incentive Compensation

Vacant Positions

APFC Positions	Filled	Vacant
Investments	29	3
Operations	32	1
Total APFC	**61**	**4**

Staffing Activity as of 8/18/2026				
Vacancy Date	**Dept**	**Section/ Asset Class**	**Title**	**Recruitment Status**
2/20/2025	Investments	Public Equity	Portfolio Manager	Vacant
3/8/2025	Investments	Private Income	Portfolio Manager	Vacant
3/8/2025	Investments	Real Estate	Director of Investments	Vacant
7/24/2026	Operations	Adminstrative Operations	Administrative Specialist	Recruitment

Travel

Obtain information and training through collaboration with industry peers.

	FY26 Actuals	FY27 Authorized	FY28 Proposed	Variance From	
				FY26 Actuals	FY27 Authorized
Travel	$ 538,569	$ 1,025,000	$ 1,025,000	$ 486,431	$ -
Staff	$ 335,985	$ 735,000	$ 707,000	$ 371,015	$ (28,000)
Trustees	$ 25,540	$ 18,000	$ 46,000	$ 20,460	$ 28,000
Third Party Reimbursed	$ 163,804	$ 250,000	$ 250,000	$ 86,196	$ -
Non-Employee	$ 13,239	$ 22,000	$ 22,000	$ 8,761	$ -

Contractual Services

Leveraging external partnerships.

	FY26 Actuals	FY27 Authorized	FY28 Proposed	Variance From FY26 Actuals	Variance From FY27 Authorized
Contractual Services	$ 2,615,335	$ 3,495,620	$ 4,284,200	$ 1,668,865	$ 788,580
Audit, Legal, Consulting	$ 411,087	$ 778,000	$ 735,000	$ 323,913	$ (43,000)
Public Communications	$ 506,733	$ 542,870	$ 510,000	$ 3,267	$ (32,870)
Board Support and Meetings	$ 38,382	$ 89,400	$ 90,700	$ 52,318	$ 1,300
Information Technology	$ 1,301,381	$ 1,630,000	$ 2,433,300	$ 1,131,919	$ 803,300
HR and Recruitment	$ 59,079	$ 95,000	$ 71,500	$ 12,421	$ (23,500)
Training/Education	$ 82,633	$ 110,050	$ 139,800	$ 57,167	$ 29,750
Office Support	$ 216,041	$ 250,300	$ 303,900	$ 87,859	$ 53,600

- Information Technology
  - Replace datacenter cooling system
  - Implementation of an internal AI environment
  - Cyber security audit

- Office Support
  - Increase to pass-through expenses from the Department of Revenue
  - Reclassification of phone charges from information technology

Commodities & Equipment

Tools critical to maximizing returns.

	FY26 Actuals	FY27 Authorized	FY28 Proposed	Variance From FY26 Actuals	Variance From FY27 Authorized
Commodities	$ 129,410	$ 382,580	$ 279,000	$ 149,590	$ (103,580)
Equipment	$ 438,691	$ 750,000	$ 750,000	$ 311,309	$ -

Commodities - < $5,000

- ➢ Subscriptions
- ➢ Office Supplies
- ➢ Workstation Equipment

Equipment - > $5,000

- ➢ Internal AI hardware

Facilities Non-State Owned Allocation

Facilities Non-State Owned

Professional space to support excellent work.

	FY26 Actuals	FY27 Authorized	FY28 Proposed	Variance From	
				FY26 Actuals	FY27 Authorized
Facilities Non-State Owned	$ 615,579	$ 615,000	$ 698,800	$ 83,221	$ 83,800

- $652,000 Juneau Office
- $46,000 Anchorage Office

Investment Management Allocation

Investment Management

The core of our business.

	FY26 Actuals		FY27 Authorized		FY28 Proposed		Variance From			
							FY26 Actuals		FY27 Authorized	
Investment Systems & Due Diligence	$	13,321,173	$	19,191,400	$	18,926,400	$	5,605,227	$	(265,000)
Investment Systems	$	8,335,875	$	10,813,000	$	10,113,000		1,777,125	$	(700,000)
Investment Due Diligence	$	3,077,021	$	5,813,400	$	5,813,400		2,736,379	$	-
Custody Fees	$	1,908,277	$	2,565,000	$	3,000,000		1,091,723	$	435,000
Investment Manager Fees	$	139,823,480	$	159,260,000	$	163,000,000	$	23,176,520	$	3,740,000
Public Equities	$	106,026,448	$	120,000,000	$	120,000,000		13,973,552	$	-
Real Estate	$	1,992,012	$	3,000,000	$	3,000,000		1,007,988	$	-
Alternative Markets	$	31,805,020	$	36,260,000	$	40,000,000		8,194,980	$	3,740,000

Investment Systems & Due Diligence

-$700,000

Investment Systems

- Consulting & Modeling
- Shared Services/ Analytics/Data
- Invest/Fin Network Access Fees

Flat

Investment Due Diligence

- Fiduciary Advice
- Subject Matter Expert
- Performance Measurement
- Research & Membership
- Manager Searches
- Legal Fees-Investments Specific

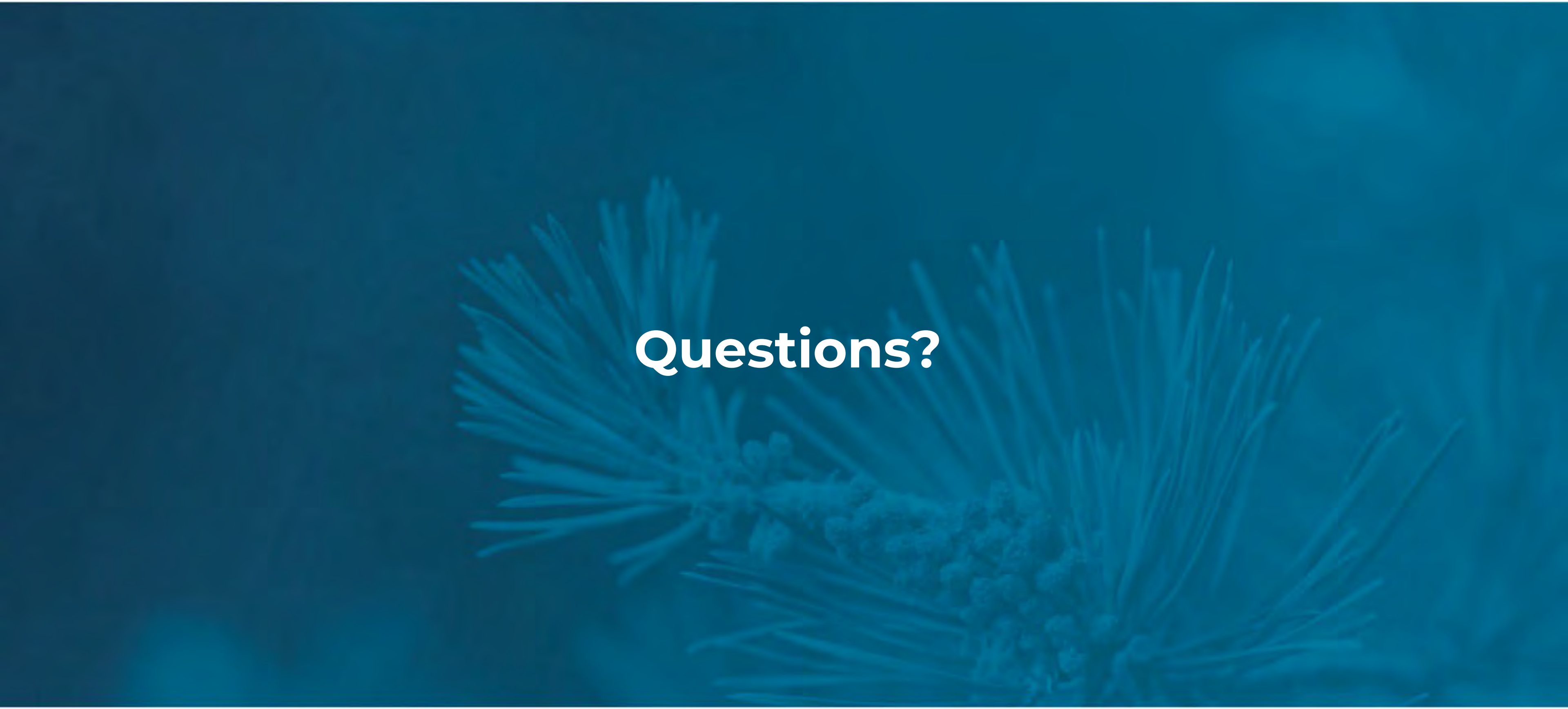
+$435,000

Custody Fees

- Safekeeping
- Trade Settlement
- Securities Lending
- Collateral Management
- Investment Accounting
- Tax Advisory Services

Investment Manager Fees

Public Markets	Real Estate	Alternative Markets
Flat	Flat	+$3,740,000
➢ Public Equities	➢ Real Estate	➢ Private Equity ➢ Absolute Return ➢ Private Income


Questions?

Board Action

“Move to approve the advancement of the FY2028 APFC operating budget as presented (amended) for inclusion in the Governor’s budget that will be submitted to the Legislature”