



APFC

ALASKA PERMANENT
FUND CORPORATION

Resource Development Council
The Alaska Permanent Fund

February 2025

A Legacy of Intergenerational Resource Contribution

Alaskans' Extraordinary Vision

In 1976 -

Alaskans chose to permanently forgo immediate use of at least 25% of oil and mineral revenues, saving instead to create a renewable financial resource for generations —the Alaska Permanent Fund.

Today, the Fund -

- **Leads the Nation**
The largest U.S. sovereign wealth fund, globally recognized for converting finite resources into lasting wealth.
- **Supports Alaska**
Provides over 50% of the state's unrestricted general fund revenue for dividends and essential services.



Alaska Constitution Article IX, Section 15 Alaska Permanent Fund

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the state shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law.

Investing for Alaska

Established 1980

Mission

To manage and invest the assets of the permanent fund and other funds designated by law in accordance with AS 37.13.010-37.13.190.

Vision

To deliver outstanding returns for the benefit of all current and future generations of Alaskans.

Board of Trustees

APFC functions as a quasi-independent state entity, governed by a Board of Trustees that oversees the Corporation and serves as the fiduciary for the Fund AS 37.13.

Alaska Permanent Fund

Principal

Constitution and AS 37.13.010

Earnings Reserve Account

AS 37.13.145 (a)

Amerada Hess Settlement

AS 37.13.145 (d)

AK Capital Income Fund

AS 37.05.565

Alaska Mental Health Trust Fund

AS 37.13.300

Alaska Mental Health Trust Authority

Power Cost Equalization Endowment

AS 37.13.310

Alaska Energy Authority – PCE Program



A Renewable Financial Resource

Transforming a portion of the state's royalty wealth into a financial resource to benefit all generations of Alaskans.

AS 37.13.020

The legislature's findings for the purpose of the Permanent Fund:

- *the fund should provide a means of conserving a portion of the state's revenue from mineral resources to benefit all generations of Alaskans;*
- *the fund's goal should be to maintain safety of principal while maximizing total return;*
- *the fund should be used as a savings device managed to allow the maximum use of disposable income from the fund for purposes designated by law.*

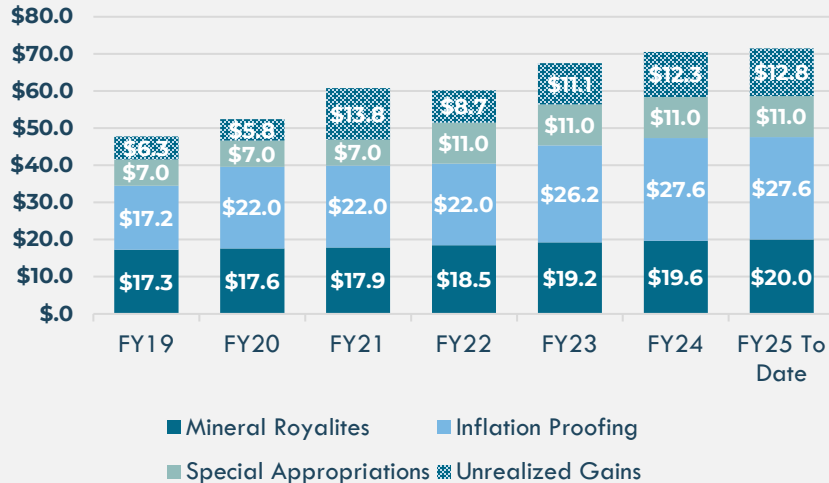
✓ **Permanent Savings**

✓ **Maximum
Risk-Adjusted Returns**

✓ **Use of Earnings:
Driven by Legislation**

Principal: Savings

Cumulative Deposits & Unrealized Gains Balances by Year
\$billions as of December 31, 2024



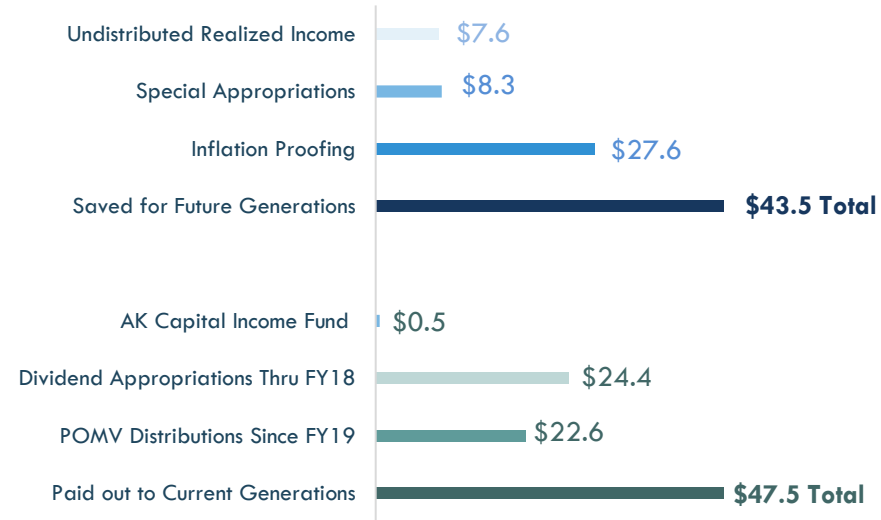
The Principal is the constitutionally protected, nonspendable portion of the Fund that can only be used for income-producing investments.

FY25 Inflation Proofing of \$1.0 billion, as appropriated, will transfer to the Principal at the end of the fiscal year.

\$91.0B

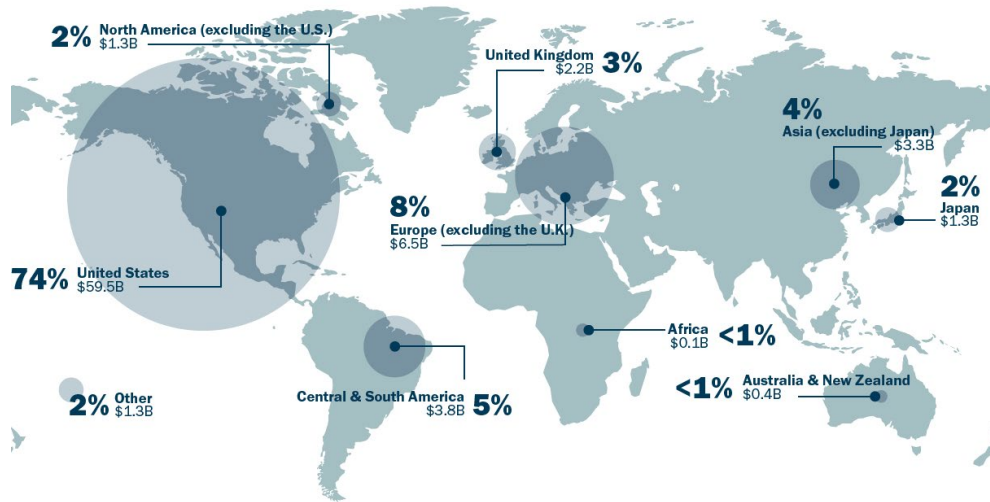
in **Realized Earnings** generated
by the Funds' investments

The legislature and executive branches establish policies for the use of realized earnings in the ERA.



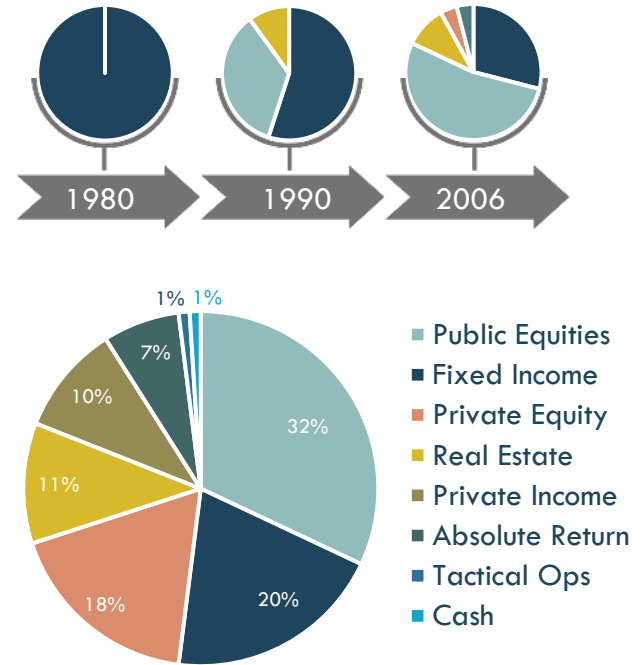
Global Investment

Through prudent asset allocation and strategic decision-making, APFC has robust performance across asset classes, reinforcing our commitment to deliver sustainable value for our stakeholders—the people of Alaska.



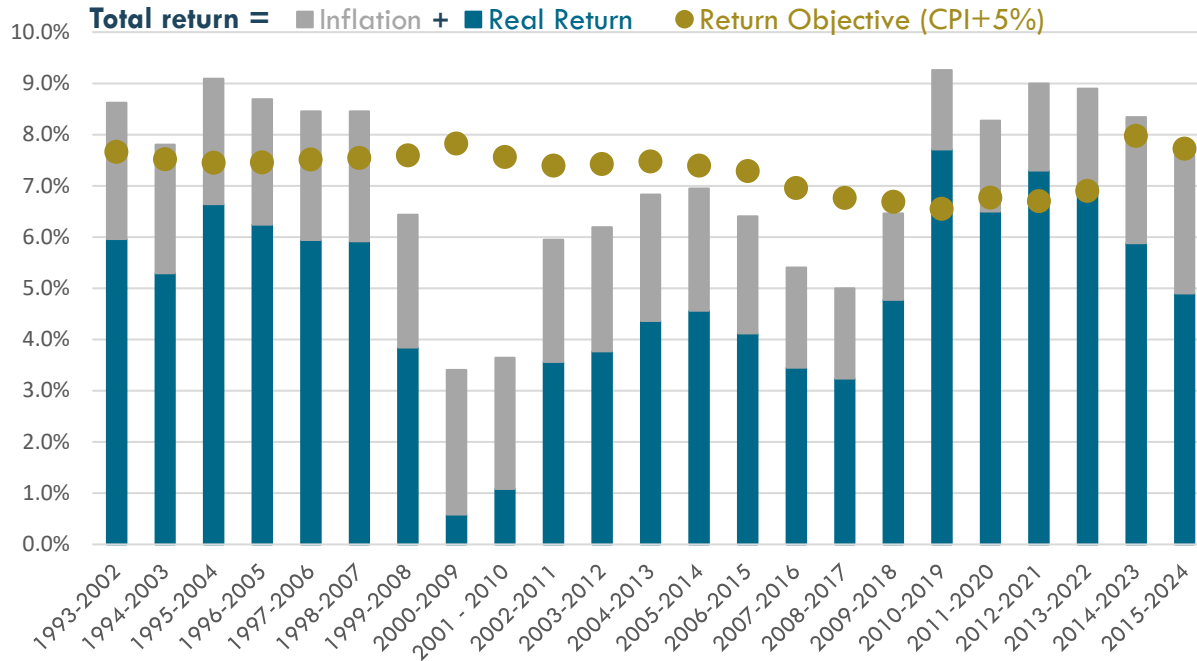
The Alaska Permanent Fund is the largest sovereign wealth fund in the U.S. and is recognized globally as **a model for converting a nonrenewable natural resource into a renewable financial resource.**

Asset Allocation: 1980 to 2025 Target



A maximum risk-adjusted return

Investing for the Long Term



Real Return

Annual investment performance adjusted for inflation indicates sustained value and purchasing power.

The Board's objective for the Fund:

- **Investment Performance**
Ability to generate an annualized return of inflation (CPI) + 5% over a 10-year period.
- **Investment Risk**
Ability of the Fund to achieve the long-term target while conforming to the Board's approved risk appetite metric.



A Rules-Based Permanent Endowment

Ensuring the Permanent Fund will benefit all Alaskans
for decades and centuries to come.

Structural Challenge

Growing Pressure on the ERA

Alaska's Largest Revenue Source

Since the 5% Percent of Market Value Draw was adopted in 2018, the Permanent Fund has become the largest source of predictable revenue to the State.

Spending is Limited to the ERA

The POMV draw is based on the total value of the Fund, but only the realized earnings in the ERA are available for Legislative appropriation.

ERA Decreasing Availability in the Recent-Term

- The ERA supports the
 - annual 5% Percent of Market Value Draw for current state revenues and
 - Principal Inflation Proofing for intergenerational benefit.
- Since FY22, the available, realized balance of the ERA has continually decreased.

Manual Inflation Proofing

As the ERA Balance is diminished, inflation proofing is more difficult.

The Board of Trustees has been on record for more than 20 years to transition the Fund to a classic endowment, to protect the intergenerational sustainability of the Fund.

Alaska's Largest Revenue Source

Spending is Limited to the ERA

ERA's Decreasing Availability

Manual Inflation Proofing

FY26 POMV Draw Calculation

AS 37.13.140 (b)
Fund Value-Based

FY24	\$80,038.4
FY23	\$77,587.5
FY22	\$75,912.8
FY21	\$81,472.4
FY20	\$64,877.8

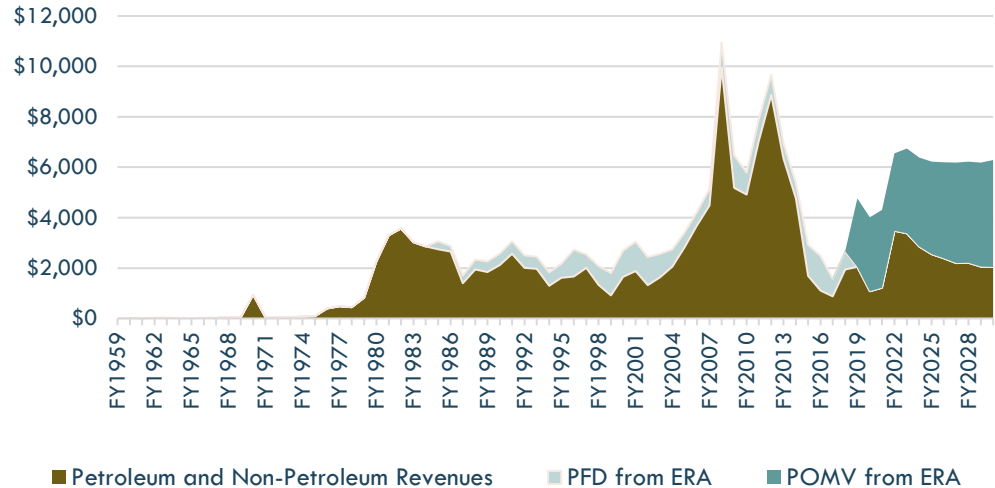
Avg.	\$75,977.8
5%	\$ 3,798.9

The Percent of Market Value (POMV) draw, enacted in 2018, has exceeded traditional revenue sources in providing unrestricted general fund revenues.

Alaska's Largest Revenue Source

Revenue Stability: Alaska's budget has shifted from relying mainly on nonrenewable mineral resources to also depending on sustainable financial revenues generated by the Fund's investments.

State of Alaska Unrestricted General Fund Revenues in \$ millions



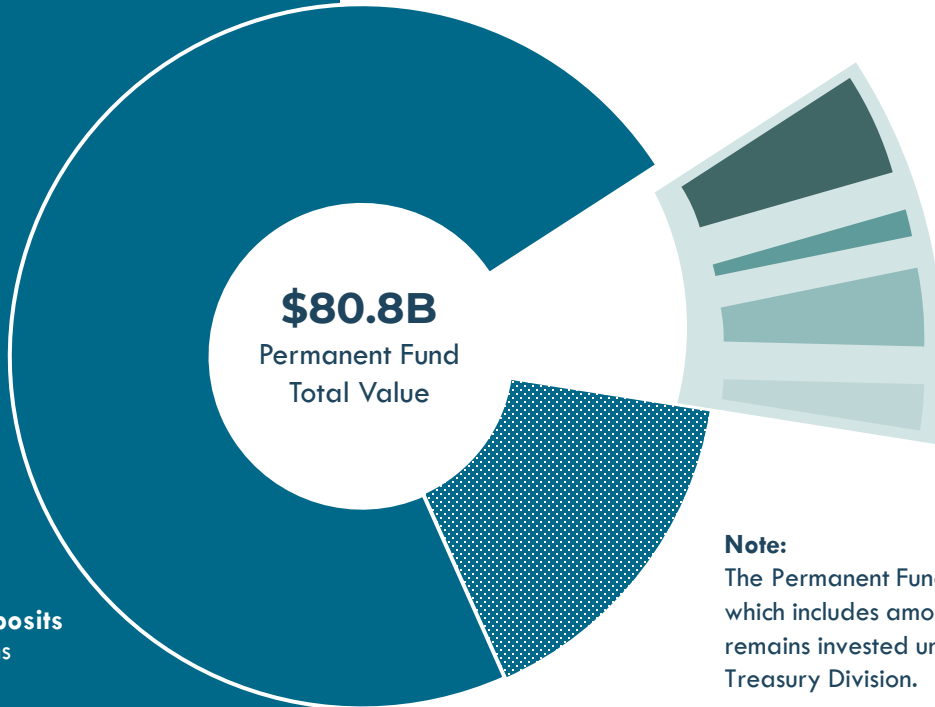
Alaska's Largest Revenue Source
Spending is Limited to the ERA

ERA's Decreasing Availability
Manual Inflation Proofing

The balance is held
in two accounts:
**Principal &
Earnings Reserve
Account (ERA)**

\$71.4B
in the
Principal

\$58.6B Permanent Deposits
\$12.8B Unrealized Gains



SPENDING IS LIMITED TO THE ERA:

Fund Values - Structure

As of January 31, 2025

\$9.4B in the ERA

\$3.8B Committed

FY26 POMV Draw for the General Fund

\$1.0B Committed

FY25 Inflation Proofing

\$2.9B Spendable Realized Earnings

Uncommitted and Available for Future

\$1.7B Unrealized Gains

Changes in asset values from the
purchase date to the most current date -
appreciation.

Note:

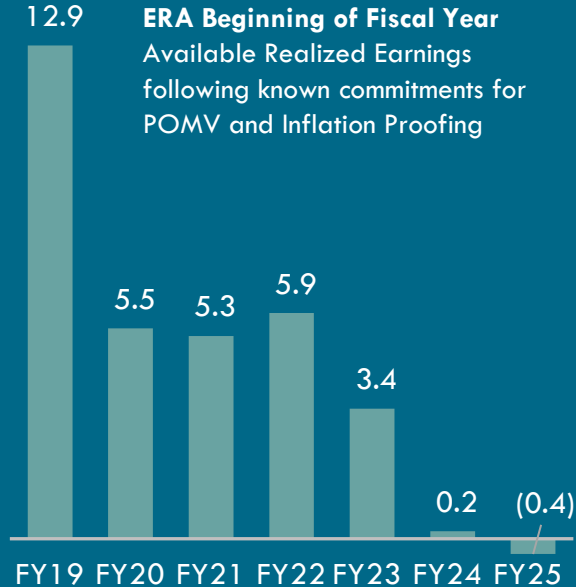
The Permanent Fund's actual Assets Under Management total \$81.3B, which includes amounts set aside like the FY25 POMV Draw, which remains invested until it is sent to the Department of Revenue—Treasury Division.

Alaska's Largest Revenue Source

Spending is Limited to the ERA

ERA's Decreasing Availability

Manual Inflation Proofing



Spending is Limited to the ERA

SUBJECT TO COMMITMENTS – KNOWN OBLIGATIONS

Limited Realized Earnings Availability

Due to the two-account structure, spendable amounts are limited to what's available in the ERA, which is subject to commitments at the beginning of each fiscal year.

\$2.9B

as of Jan. 31, 2025

Available for Appropriation "Spendable"

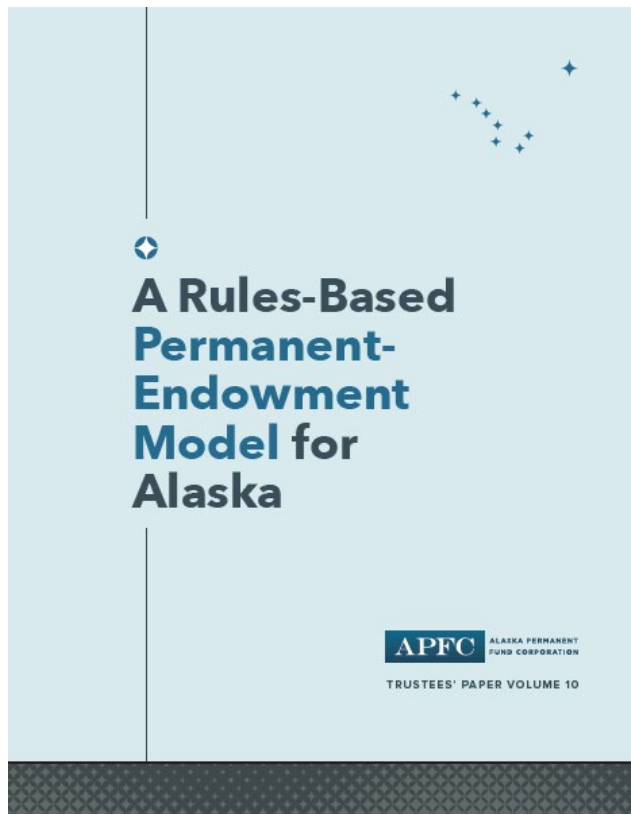
Uncommitted Realized Earnings

Available in the ERA

Long-Term Investment Focus

Realized earnings generated through investment activity are prioritized by maximum long-term return mandates, not realized gains.

Trustees' Paper Volume 10



“Within the world of sovereign wealth funds, the Alaska Permanent Fund is admired and respected for its long tradition of rules-based policymaking, prudent investment management, and sound governance.

That said, the paper shows that the current two-account structure introduces significant risks to the ability to fund the annual POMV transfer that supports the state budget and the Permanent Fund Dividend.

The paper outlines reforms that should be pursued with urgency to ensure that the Fund continues to underpin the sustainability of Alaska’s public finances for current and future generations.”

*Dr. Malan Rietveld
Sovereign Wealth Fund Expert*

Potential Long-Term Stability Approaches

Each approach addresses specific challenges and potential solutions.

- **A constitutional amendment to establish a single-account endowment –**
 - Durable, Constitutional Spending Limit, Permanent Inflation Proofing
- **Combining the two accounts and establishing the permanent endowment model in statute**
 - Requires consistent discipline
- **Suspending inflation proofing when the ERA balance approaches minimum levels**
 - Impacts intergenerational compact
- **Establishing a policy of forced realizations**
 - Impacts APFC's ability to manage the portfolio to a maximum risk-adjusted return

“The combination of a single-account structure and a Constitutional limit on POMV draws linked to the Fund’s long-term real return...will complete the transition to a permanent-endowment model, with the following attractive features and characteristics:

- **Total return investing**
- **POMV spending and automatic inflation proofing**
- **Alignment with the Prudent Investor Law and best practices.**
- **Fit for purpose**

*Trustees’ Paper Volume 10
Dr. Malan Rietveld
Sovereign Wealth Fund Expert*



Contributions

- Royalties
- Special Appropriations
- Inflation Proofing



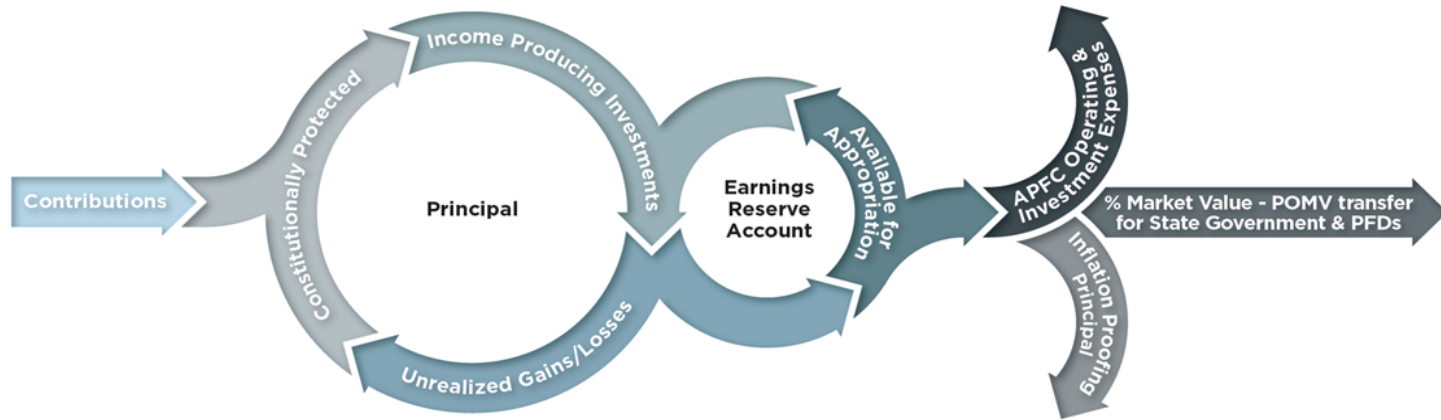
Principal

- Alaska Constitution, Article IX, Section 15



Income Producing Investments

- Alaska Permanent Fund Corporation
- Management and Investment of the Fund
- Single Asset Allocation (pro-rata shares)
- Stocks, Bonds, Real Estate, Alternatives



Sale and Distribution of Assets

- Statutory Net Income AS 37.13.140
- Cash Flow Income
- Realized gains/losses



Earnings Reserve Account

- Alaska Statutes AS 37.13.145(a)
- Realized gains/losses from sale of assets
- Pro-Rata share of investments and net unrealized gains

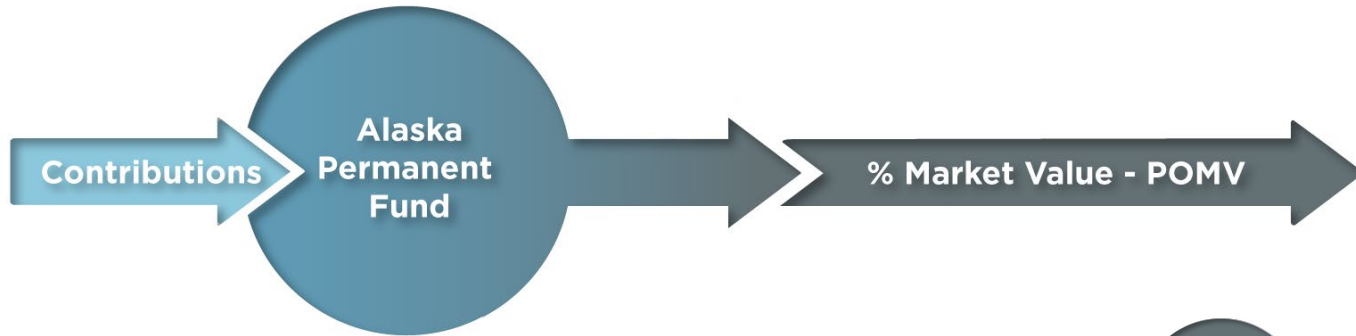
Current Structure: Two Accounts



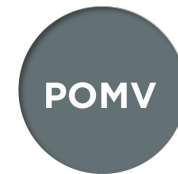
Contributions
Royalties
Special Deposits



Income Producing Investments
Alaska Permanent Fund Corporation
Management and Investment of the Fund



Percent of Market Value
Average Market Value for the
First 5 of the preceding 6 Fiscal Years



Proposed: Classic Endowment Structure



Alaska's Renewable Revenue: The Permanent Fund

The “Alaska’s Renewable Revenue” Curriculum, which aligns with state standards in **Math, Government, and History**, (High School 9-12 grade) incorporates:

- ✓ Financial Literacy
- ✓ The Alaska Permanent Fund
- ✓ Fund Structure
- ✓ Investment Management
- ✓ How the Fund converts nonrenewable resources into a renewable economic resource



In partnership with
Alaska Resource Education (ARE)
to equip Alaska's future leaders

Resources for Teachers

APFC.ORG/AK-CURRICULUM

The Curriculum

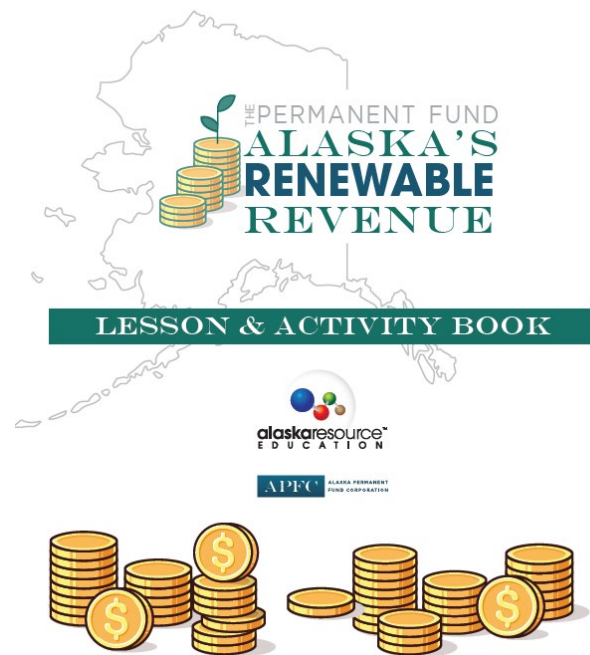
- **Create-a-State:** Students learn about funding a state government with available natural resources and how to transform a nonrenewable resource into a renewable resource.
- **Renewable Financial Resource:** Students learn about investment types and the importance of portfolio diversification.
- **Fund Sustainability Simulation:** Students learn the importance and challenge of managing money keeping future generations in mind.

Lesson & Activity Workbook

- Full workbook, including lesson plan materials and activity components.

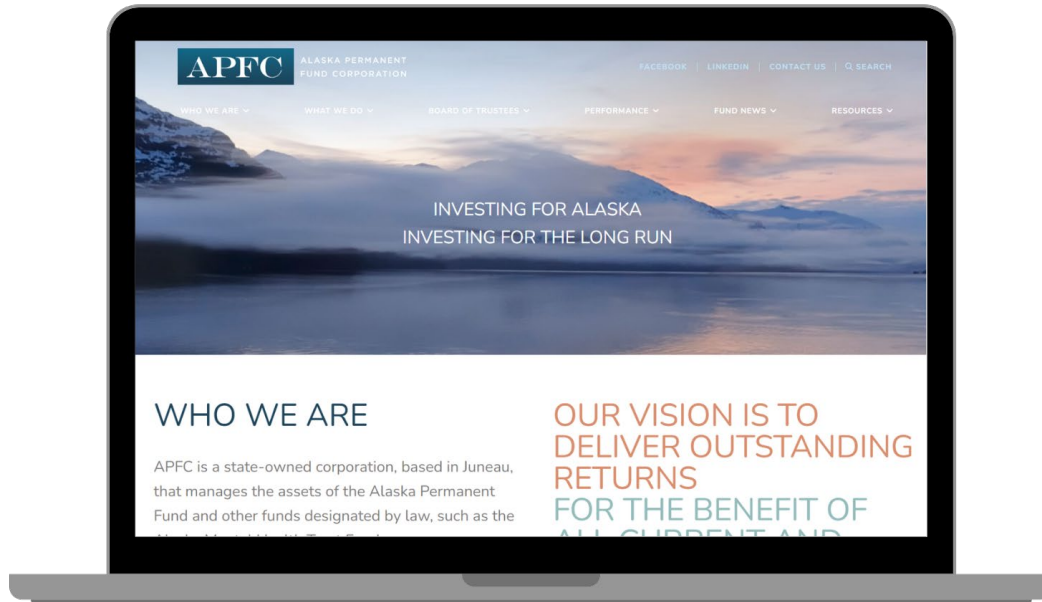
Educational Videos

- Videos about the Alaska Permanent Fund, investing, and how diversification ensures stability and maximizes returns.



Transparency at Your Fingertips

Visit apfc.org for the most up-to-date information.



facebook.com/AlaskaPFC



linkedin.com/company/alaska-permanent-fund-corporation/

Annual Report

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Education

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Monthly Fund Values

Financial Statements

Performance Reports

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Consistent Discipline

Stewardship

- Honoring the vision and sacrifices of the Alaskans that created the Fund and leadership committed to ensuring that a portion of our mineral wealth is saved and invested to benefit all Alaskans, today and tomorrow.
- Protecting the Principal and maximizing investment returns for the benefit of current and future generations of Alaskans.
- Providing a predictable revenue stream to help balance the State's budget now and into the future.





134104.11					
14297.62	-0.28%				
113019.86					
120199.41	+1.33%	+1.30%			
148577.13					
1114146.2					
15405.30					
11321.26					
1124826.8					
19935.94					



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