



APFC

ALASKA PERMANENT  
FUND CORPORATION

Alaska Municipal League  
December 2023

# THE PERMANENT FUND

*"As a public endowment, the wealth of the Permanent Fund is the responsibility of every Alaskan. Together, we are obligated to protect it for both today and tomorrow.*

*To do so, we need to understand the Fund - **its history, how it works, how it is doing, its role in the future.**"*



**Creation of the Fund**  
*"its history..."*



**Fund Structure**  
*"... how it works..."*



**Fund Performance**  
*"... how its doing..."*



**Future Generations**  
*"... its role in the future"*

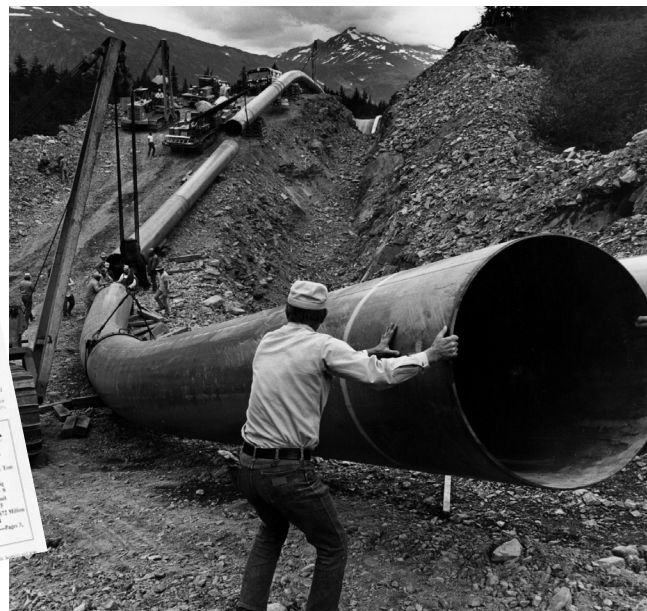
# Oil Sells & Money Arrives

1969: Alaska receives \$900 million in oil and gas lease sale with Prudhoe Bay



FY 1970 state budget: \$173 million

1974: Trans Alaska Pipeline Construction





a legacy of intergenerational resource contribution

Created by Alaskans coming together –  
Voting to amend the Constitution to **dedicate, save,  
and invest** a portion of the state’s mineral revenue to  
benefit all generations.

- 1976** Alaska voters approve a Constitutional Amendment establishing the Permanent Fund.
- 1977** Permanent Fund receives its first deposit of constitutionally dedicated oil revenues; \$734,000.
- 1980** APFC established to manage & and invest the Fund.

### **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.*

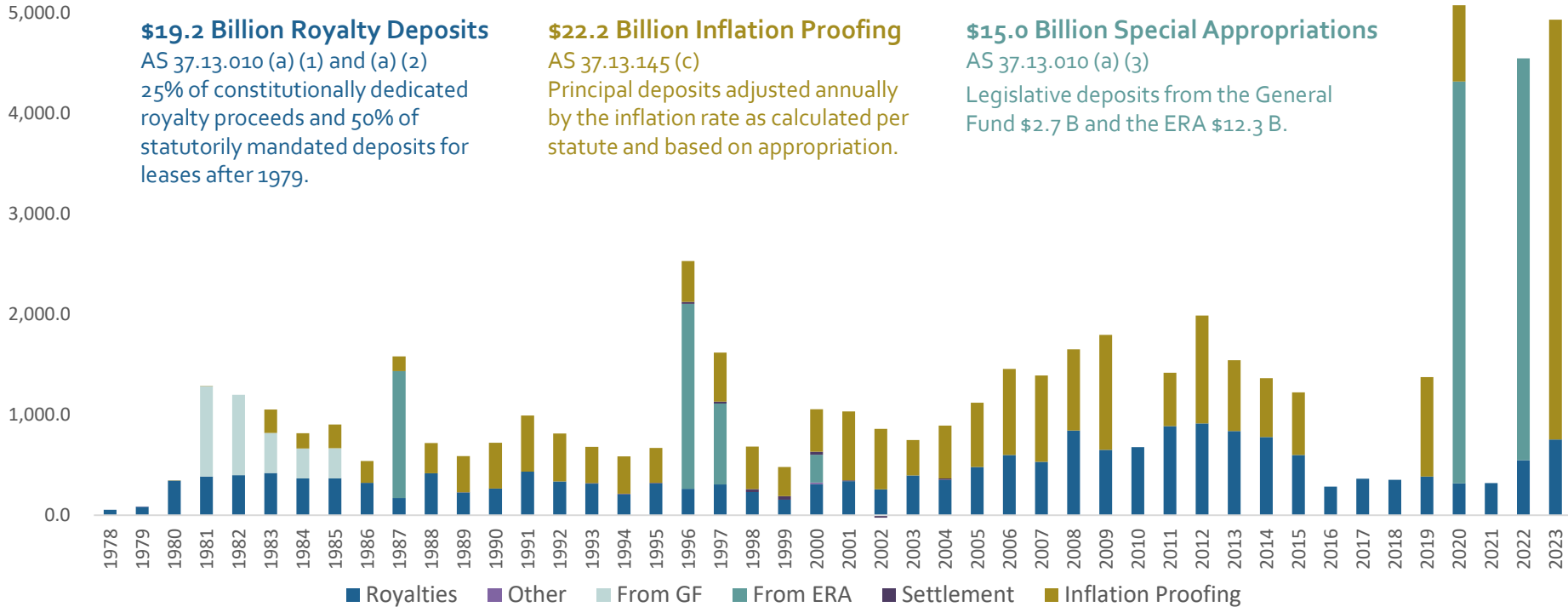
# Saving

6,000 Principal Contributions inception through FY23

**\$19.2 Billion Royalty Deposits**  
 AS 37.13.010 (a) (1) and (a) (2)  
 25% of constitutionally dedicated  
 royalty proceeds and 50% of  
 statutorily mandated deposits for  
 leases after 1979.

**\$22.2 Billion Inflation Proofing**  
 AS 37.13.145 (c)  
 Principal deposits adjusted annually  
 by the inflation rate as calculated per  
 statute and based on appropriation.

**\$15.0 Billion Special Appropriations**  
 AS 37.13.010 (a) (3)  
 Legislative deposits from the General  
 Fund \$2.7 B and the ERA \$12.3 B.

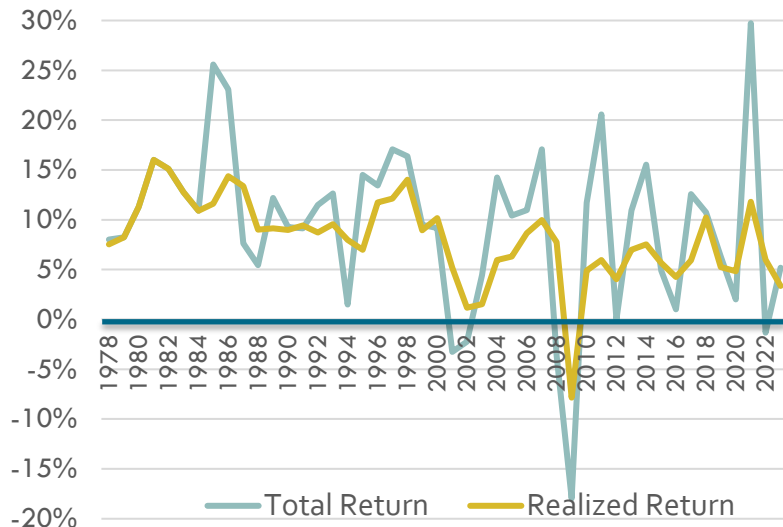
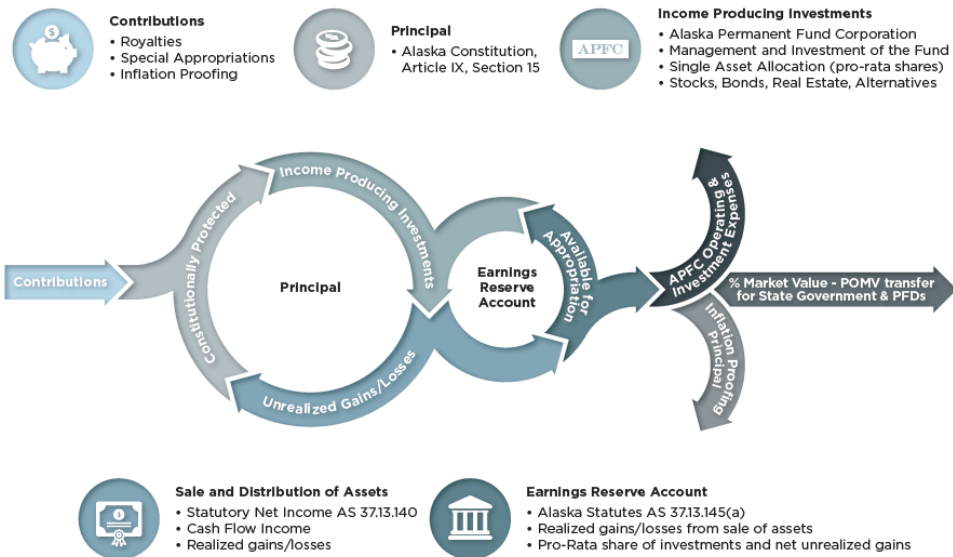


# Producing Income

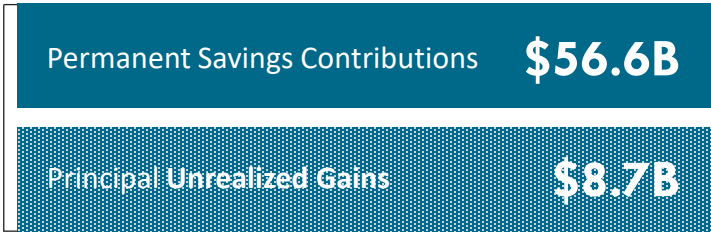
## Two-Account Fund Structure

The Principal is Constitutionally established for permanent savings to be used only for income-producing investments.

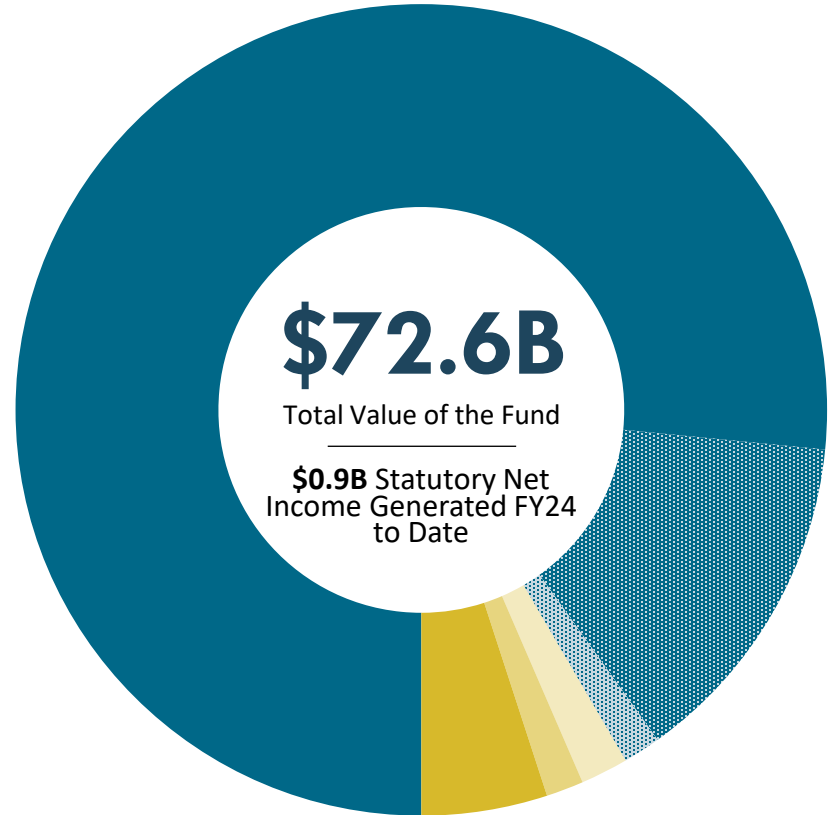
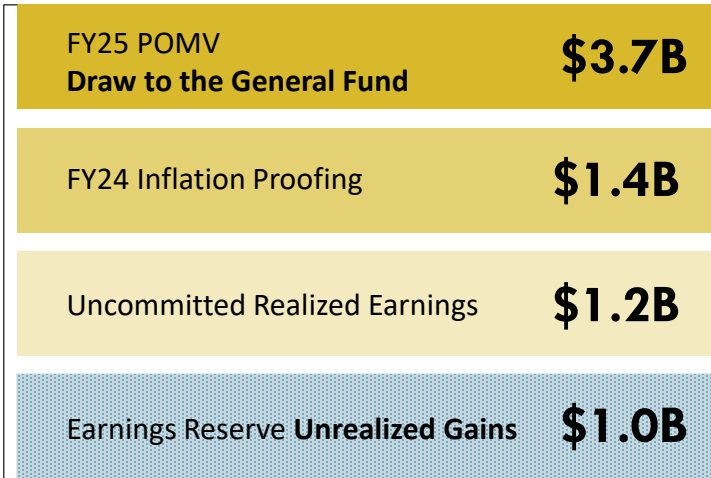
The Earnings Reserve Account is statutorily established to hold investment net income and be available for appropriation.



Principal

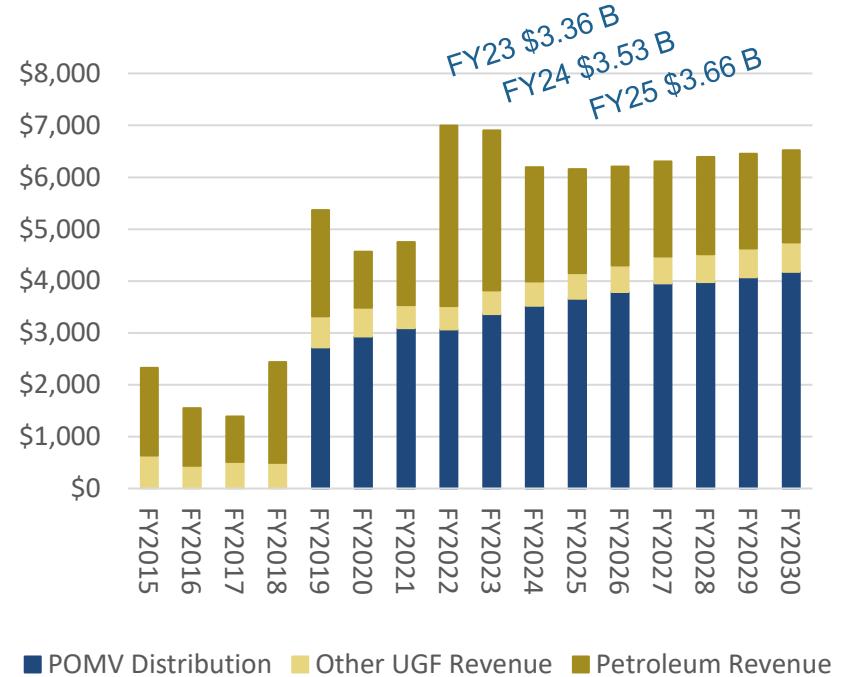
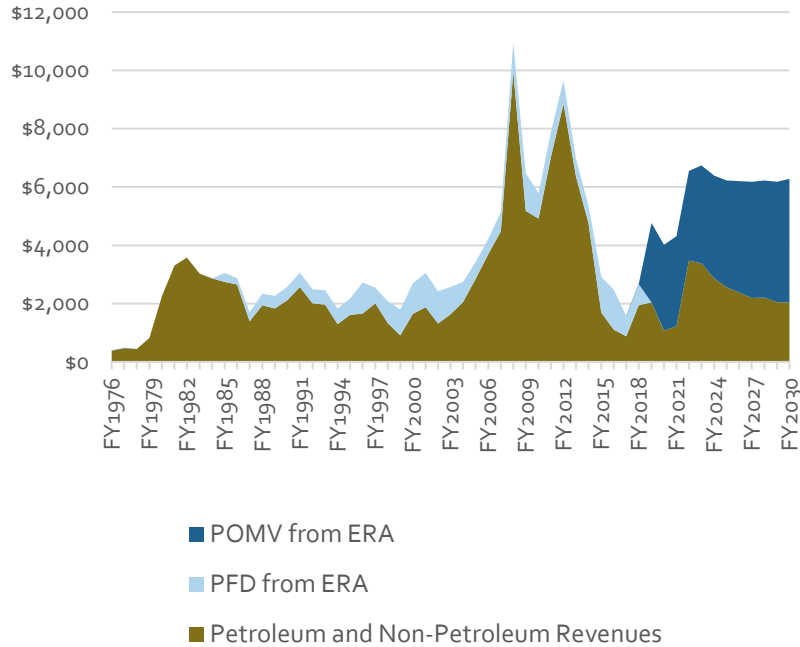


Earnings Reserve Account



# Providing Stability

Supporting the State's General Fund Revenue (in Millions)



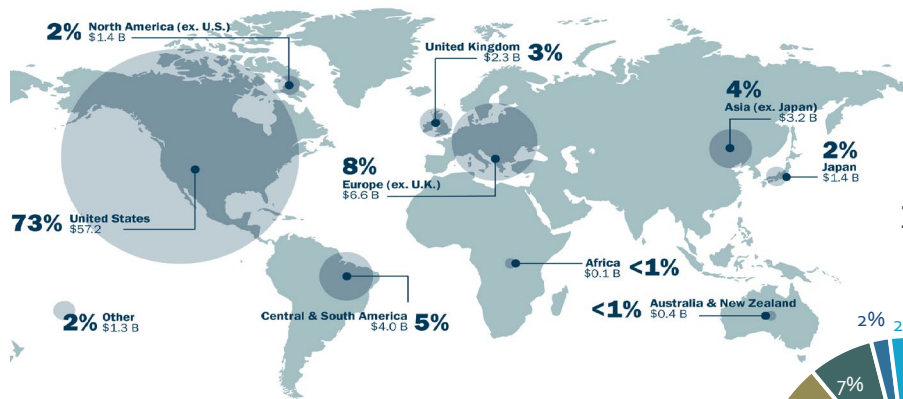


# Diversification as of June 30, 2023

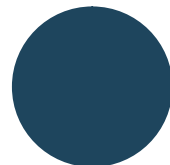
APFC seeks to balance the goals of maximizing returns and minimizing risks.

## Risk Management

The goal of risk management is not to avoid risk but to identify, understand, and manage it to acceptable levels.



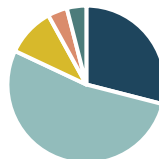
1980



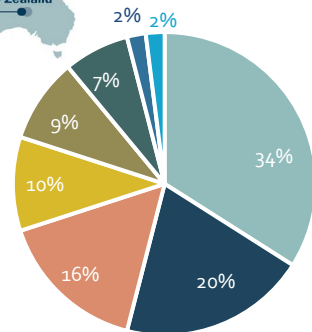
1990



2006



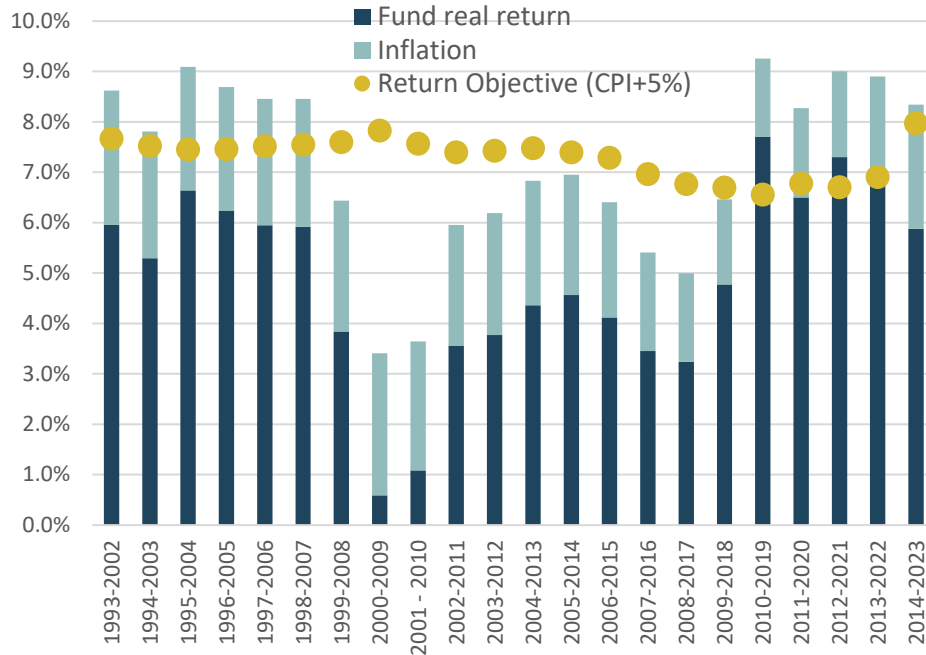
## 2024 Target Allocation



- Public Equities
- Fixed Income
- Private Equity
- Real Estate
- Private Income
- Absolute Return
- Tactical Ops
- Cash

# 10 Year Annualized Returns

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



Performance as of Fiscal Year-end 23	Fund	Passive Index	Performance Benchmark	Return Objective CPI + 5%
1 Year	5.18%	8.78%	5.74%	7.97%
3 Year	10.49%	6.05%	9.45%	10.78%
5 Year	7.93%	4.98%	7.52%	8.91%
10 Year	8.42%	5.89%	7.54%	7.72%
39.5 Year	8.74%	NA	8.80%	7.83%

**Long-term target return objective: 5% + inflation (CPI).**

# Renewable Financial Resource inception through June 2023

## Savings

Since the First Royalty Deposit of \$734 thousand  
The Principal has grown to \$56.6 billion of permanent deposits.

## Income-Producing

Realized Earnings have totaled more than \$83.6 billion.

## Earnings Use

- Inflation Proofing Principal \$22.2 B
- ERA Special Appropriations to Principal \$12.3 B
- Alaska Capital Income – Amerada Hess ~\$0.5B
- Dividend Draws through FY18 \$24.4 B
- Percent of Market Value Draws FY19-FY23 \$15.5 B

# Consistent Discipline

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The Alaska Permanent Fund is recognized globally as a model for **converting a non-renewable natural resource into a renewable financial resource.**

## HONORING THE PAST

Honoring the vision and sacrifices of the Alaskans who created the Fund and enduring leadership committed to intergenerational benefit.

## STEWARDSHIP

Protecting the Principal and maximizing investment returns for the benefit of current and future generations of Alaskans.

## PROVIDING STABILITY

Providing a predictable revenue stream to help balance the State's budget now and into the future.

# APFC

As Alaskans, it is our responsibility  
to respect the contributions of our predecessors,  
support the current generation,  
and pave the way for future generations  
to benefit from the Fund.