

ALASKA PERMANENT FUND

Balance Sheets

Unaudited (millions of dollars)	May 31, 2017	June 30, 2016
Assets		
Cash and temporary investments	\$ 4,960.4	2,213.1
Receivables, prepaid expenses and other assets	650.3	456.5
Investments:		
Marketable debt securities	9,006.4	9,800.1
Preferred and common stock	23,986.0	20,938.2
Real estate	6,900.5	7,048.2
Absolute return	4,413.1	5,495.9
Public-private credit	1,125.5	1,080.4
Private equity	6,656.7	5,531.4
Infrastructure	2,470.1	1,760.7
Total investments	<u>54,558.3</u>	<u>51,654.9</u>
TOTAL ASSETS	\$ 60,169.0	54,324.5
Liabilities		
Accounts payable	\$ 675.2	841.0
Income distributable to the State of Alaska	0.0	713.8
TOTAL LIABILITIES	675.2	1,554.8
Fund Balances		
Nonspendable:		
Permanent Fund corpus - contributions and appropriations	39,763.0	39,449.4
Not in spendable form - unrealized appreciation on invested assets	7,225.4	4,750.3
Total nonspendable	<u>46,988.4</u>	<u>44,199.7</u>
Committed:		
Current FY dividend	1,519.9	0.0
Current FY inflation proofing	501.0	0.0
Current FY AK Capital Income Fund	22.7	0.0
Total committed	<u>2,043.6</u>	<u>0.0</u>
Assigned for future appropriations:		
Realized earnings	8,538.9	7,649.0
Unrealized appreciation on invested assets	1,922.9	921.0
Total assigned	<u>10,461.8</u>	<u>8,570.0</u>
TOTAL FUND BALANCES	59,493.8	52,769.7
TOTAL LIABILITIES AND FUND BALANCES	\$ 60,169.0	54,324.5

ALASKA PERMANENT FUND

Statements of Revenues, Expenditures and Changes in Fund Balances

Unaudited (millions of dollars)	Month ended May 31, 2017	Eleven months ended May 31, 2017	Fiscal year-end audited June 30, 2016
Revenues			
Interest	\$ 28.5	281.5	306.8
Dividends	75.4	487.0	526.5
Real estate and other income	53.0	350.0	361.0
Total interest, dividends, real estate and other income	156.9	1,118.5	1,194.3
Net increase (decrease) in the fair value of investments:			
Marketable debt securities	71.8	(33.5)	376.6
Preferred and common stock	376.6	4,008.8	(1,314.9)
Real estate	5.8	189.2	534.7
Absolute return	11.4	353.5	(57.3)
Public-private credit	12.2	69.6	(33.1)
Private equity	170.1	932.8	(35.0)
Infrastructure	80.7	244.8	274.8
Emerging markets total opportunities	0.0	0.0	15.0
Derivative Instruments	(4.0)	77.4	(27.7)
Currency	(11.8)	(431.0)	(415.0)
Total net increase (decrease) in investments	712.8	5,411.6	(681.9)
TOTAL REVENUES	869.7	6,530.1	512.3
Expenditures			
Operating expenditures	(10.6)	(111.0)	(105.3)
Other legislative appropriations	0.0	(8.6)	(8.5)
TOTAL EXPENDITURES	(10.6)	(119.6)	(113.8)
Excess (deficiency) of revenue over expenditures	\$ 859.1	6,410.5	398.5
Other Financing Sources (Uses)			
Transfers in	34.1	313.6	284.5
Transfers out	0.0	0.0	(713.8)
NET CHANGE IN FUND BALANCES	893.2	6,724.1	(30.8)
Fund Balances			
Beginning of period	58,600.6	52,769.7	52,800.5
End of period	\$ 59,493.8	59,493.8	52,769.7

Statutory Income Calculation

Excess (deficiency) of revenues over (under) expenditures	859.1	6,410.5	398.5
Adjustments to bring net income to statutory net income:			
Unrealized (gains) losses	(544.6)	(3,477.1)	1,817.8
Alaska Capital Income Fund realized income	(2.4)	(22.7)	(18.1)
STATUTORY NET INCOME	\$ 312.1	2,910.7	2,198.2

ALASKA PERMANENT FUND

Receivables and Payables

Unaudited (millions of dollars)	May 31, 2017
Accounts Receivable	
Interest Receivable	\$ 75.3
Dividends Receivable	75.1
Foreign Exchange Contracts Receivable	0.0
Pending Sales Fixed Income	281.0
Pending Sales Equities	92.1
Pending Sales Alternative Investments	108.9
State Dedicated Revenues Receivable	15.8
Pending Sales Real Estate/REITs	2.1
Prepaid and Other Receivables	0.0
TOTAL RECEIVABLES	\$ 650.3
Accounts Payable	
Accrued Operating Payables	\$ 23.5
Pending Purchase Fixed Income	551.3
Pending Purchase Equities	97.1
Pending Purch. Alt. Investmnt	1.8
Pending Purchase Real Estate/REITs	1.5
TOTAL PAYABLES	\$ 675.2



ALASKA PERMANENT FUND FUND FINANCIAL HISTORY & PROJECTIONS as of May 31, 2017

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

Nonspendable Fund Balance - Principal										Assigned Fund Balance										TOTAL FUND		
FY	FY-Begin Contrib. Balance	Appro- ⁽¹⁾ priations	Dedicated ⁽²⁾		FY-End Balance Contributions	Unrealized Gain (Loss)		FY-End Non-spendable Balance	Acct. Net Income ⁽³⁾	Statutory Net Income ⁽³⁾	Distributions of Statutory Net Income			FY-End Balance Realized	Unrealized Gain (Loss)		Net Assigned Change	FY-End Assigned Balance	FY	FY-End Balance		
			State Revenues	Inflation Proofing		Net Change	FY-End Balance				Dividends	Inf-Proofing / Other ⁽¹⁰⁾	Gen. Fund / Other ⁽⁴⁾		Net Change	FY-End Balance ⁽⁵⁾						
77-07	0	7,039	9,693	10,765	27,497	6,198	6,197	33,694	39,096	34,618	15,359	14,506	388	4,132	0	0	(1,504)	4,133	77-07	37,827		
08	27,497	0	844	808	29,149	(3,886)	2,064	31,213	(1,372)	2,938	1,293	808	33	4,969	352	352	1,189	5,321	08	36,534		
09	29,149	0	651	1,144	30,945	(3,513)	(1,449)	29,496	(6,394)	(2,509) ⁽⁸⁾	875	1,144	0 ⁽⁸⁾	441	(373)	(21)	(4,901)	420	09	29,917		
10	30,944	0	679	0 ⁽⁹⁾	31,624	1,869	421	32,045	3,517	1,590 ⁽⁸⁾	858	0 ⁽⁹⁾	0 ⁽⁸⁾	1,194	37	16	790	1,210	10	33,255		
11	31,624	0	887	533	33,044	4,367	4,788	37,832	6,812	2,143 ⁽⁸⁾	801	533	13 ⁽⁸⁾	2,016	276	292	1,098	2,308	11	40,140		
12	33,044	0	915	1,073	35,033	(1,568)	3,220	38,253	(100)	1,568	605	1,073	17	1,905	(117)	175	(227)	2,081	12	40,333		
13	35,033	0	840	743	36,615	964	4,184	40,800	4,314	2,928	604	743	30	3,487	392	567	1,973	4,054	13	44,853		
14	36,615	0	779	546	37,941	2,878	7,062	45,002	6,848	3,531	1,235	546	32	5,237	408	975	2,158	6,211	14	51,214		
15	37,941	0	600	624	39,165	(589)	6,473	45,638	2,384	2,907	1,373	624	24	6,147	41	1,016	951	7,162	15	52,800		
16	39,165 ⁽⁶⁾	0	284	0	39,449	(1,723)	4,750	44,199	398 ⁽⁶⁾	2,198	696 ⁽¹¹⁾	0 ⁽¹²⁾	18	7,649	(95)	921	1,408	8,570	16	52,769		
Lo	17	39,449	0	333	548	40,330	(4,587)	163	40,493	(3,738)	1,726	1,395	548 ⁽¹²⁾	15	7,433	(891)	30	(1,108)	7,463	17	47,956	
Mid	17	39,449	0	333	548	40,330	507	5,257	45,588	3,430	2,735	1,501	548 ⁽¹²⁾	23	8,335	165	1,086	851	9,421	17	55,009	
Hi	17	39,449	0	333	548	40,330	5,861	10,611	50,942	11,667	4,163	1,651	548 ⁽¹²⁾	35	9,613	1,608	2,529	3,572	12,142	17	63,084	
18	40,330	0	321	915	41,566	260	5,517	47,083	3,714	3,296	1,540	915	26	9,176	132	1,218	973	10,394	18	57,478		
19	41,566	0	341	943	42,850	259	5,776	48,627	3,883	3,447	1,531	943	26	10,150	150	1,368	1,124	11,518	19	60,145		
20	42,850	0	350	972	44,172	267	6,043	50,215	4,065	3,611	1,605	972	26	11,183	162	1,530	1,195	12,714	20	62,928		
21	44,172	0	363	1,002	45,537	284	6,327	51,864	4,256	3,781	1,771	1,002	26	12,192	164	1,694	1,172	13,886	21	65,750		
22	45,537	0	366	1,033	46,936	297	6,624	53,560	4,448	3,954	1,899	1,033	26	13,214	171	1,865	1,193	15,079	22	68,639		
23	46,936	0	369	1,064	48,369	306	6,930	55,299	4,646	4,130	1,987	1,064	26	14,293	183	2,048	1,262	16,341	23	71,640		
24	48,369	0	370	1,097	49,836	314	7,245	57,080	4,850	4,314	2,078	1,097	26	15,432	196	2,243	1,335	17,675	24	74,756		
25	49,836	0	379	1,130	51,345	324	7,568	58,913	5,063	4,505	2,172	1,130	26	16,635	209	2,452	1,411	19,087	25	77,999		
26	51,345	0	380	1,164	52,888	332	7,900	60,789	5,284	4,703	2,269	1,164	26	17,905	223	2,675	1,493	20,579	26	81,368		
27	52,888	0	384	1,199	54,471	342	8,242	62,713	5,515	4,909	2,369	1,199	26	19,246	238	2,912	1,579	22,158	27	84,871		
Cumulative Totals																						
Proj. for 2017-2026										0	3,956	11,066	3,492	49,155	43,385	20,722	11,066	288	1,991	13,588		

Assumptions: Total Return - Inflation = Total Real Return				Statutory Return			
Lo	FY 2017	-6.84%	1.26%	-8.10%	Lo	3.51%	
Mid	FY 2017 ⁽⁶⁾	6.70%	1.26%	5.44%	Mid	5.43%	
Hi	FY 2017	22.26%	1.26%	21.00%	Hi	8.15%	
FY 2018-2026 ⁽⁷⁾				6.95%	2.25%	4.70%	6.24%

Notes related to financial history and projections FY1977 - FY2027:

- ⁽¹⁾ Appropriations include special general fund, realized earnings, and other miscellaneous appropriation transfers into principal.
- ⁽²⁾ Dedicated State Revenues in current and future fiscal years are based on the Fall 2016 Department of Revenue forecast.
- ⁽³⁾ Accounting net income is based on United States Generally Accepted Accounting Principles (GAAP). Statutory net income is accounting net income, excluding any unrealized gains and losses on investments, and excluding earnings of the Alaska Capital Income Fund (AM Hess, et al principal).
- ⁽⁴⁾ FY05 and forward, Amerada Hess, et al. annual net positive settlement earnings are transferred to Alaska Capital Income Fund (ACIF) per AS 37.13.145(d).
- ⁽⁵⁾ Beginning in FY08, based on legal opinion, unrealized gains and losses were allocated between the nonspendable fund balance (principal) and the assigned fund balance (earnings reserve). Prior to FY08, all unrealized gains and losses were included with principal.
- ⁽⁶⁾ Current year returns and inflation are based on 2016 Callan capital market assumptions.
- ⁽⁷⁾ Future returns are based on 2016 Callan capital market assumptions and median expected returns (the mid case). Actual results will vary.
- ⁽⁸⁾ During FY 2009, the ACIF realized losses of \$33.3 million, which are excluded from statutory net income, and are included in the ending unreserved balance as a deficit account. During FY 2010 and FY 2011, the ACIF had realized income of \$20.8 and \$25.3 million, which is excluded from statutory net income, and served to reduce the FY 2009 deficit.
- ⁽⁹⁾ The statutory inflation calculation for FY 2010 was -36%; therefore, there was no inflation proofing transfer during FY 2010.
- ⁽¹⁰⁾ FY77-07 includes special appropriations to principal of \$3.7 billion.
- ⁽¹¹⁾ The dividend transfer reported for FY16 was paid out in dividends during FY17.
- ⁽¹²⁾ There was no appropriation for inflation proofing for FY16 and, to date, there has been no appropriation for FY17.

Income year-to-date as of May 31, 2017

FY17 Statutory net income

Interest, dividends, real estate & other income	\$ 1,118.5
Realized gains (losses) on the sale of invested assets	1,934.5
Less operating exp / Legis. Appropriations	(119.6)
Less AK Capital Inc. Fund committed realized earnings	(22.7)
Statutory net income (loss)	\$ 2,910.7

FY17 Accounting (GAAP) net income

Statutory net income (loss)	\$ 2,910.7
Unrealized gains (losses) on invested assets	3,477.1
AK Capital Income Fund committed realized earnings	22.7
Accounting (GAAP) net income (loss)	\$ 6,410.5

PERFORMANCE SUMMARY

(preliminary as of May 31, 2017)	Current Month	Last 3 Months	Fiscal Y-T-D	Calendar Y-T-D	Last 12 Months	Last 3 Years	Last 5 Years
PUBLIC EQUITIES	1.88%	5.18%		11.15%			
FIXED INCOME PLUS	0.97%	1.78%		3.62%			
PRIVATE EQUITY AND GROWTH OPPORTUNITIES	N/A	N/A		N/A			
REAL ESTATE	N/A	N/A	5.14%	N/A	7.41%	9.38%	10.24%
INFRASTRUCTURE/PRIVATE CREDIT/INCOME OPPTS	N/A	N/A		N/A			
ABSOLUTE RETURN	N/A	N/A	6.66%	3.02%	5.63%	2.02%	3.55%
ASSET ALLOCATION	N/A	N/A		1.54%			
TOTAL FUND	0.93%	2.77%	11.39%	6.39%	11.78%	6.29%	9.22%
Total Fund Return Objective	0.49%	1.67%	6.11%	3.38%	6.88%	5.95%	6.27%

Note related to the performance summary:

Effective October 1, 2016, the Board of Trustees changed the target asset allocation of the Fund. Historical returns for the new asset classes will be reported over time.