



# ALASKA PERMANENT FUND FUND FINANCIAL HISTORY & PROJECTIONS as of November 30, 2016

*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- <sup>(1)</sup> priations | Dedicated <sup>(2)</sup> |                    | FY-End Balance | Unrealized Gain (Loss) |                | FY-End Non-spendable Balance | Acct. Net Income <sup>(3)</sup> | Statutory Net Income <sup>(3)</sup> | 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 |                | Change                 | FY-End Balance |                              |                                 |                                     | Dividends                             | Inf-Proofing / Other <sup>(10)</sup> | Gen. Fund / Other <sup>(4)</sup> |                         | Net Change             | FY-End Balance <sup>(5)</sup> |                     |                         |       |                |  |  |  |  |  |  |  |  |
| 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) <sup>(8)</sup>              | 875                                   | 1,144                                | 0 <sup>(8)</sup>                 | 441                     | (373)                  | (21)                          | (4,901)             | 420                     | 09    | 29,917         |  |  |  |  |  |  |  |  |
| 10                                    | 30,944                    | 0                               | 679                      | 0 <sup>(9)</sup>   | 31,624         | 1,869                  | 421            | 32,045                       | 3,517                           | 1,590 <sup>(8)</sup>                | 858                                   | 0 <sup>(9)</sup>                     | 0 <sup>(8)</sup>                 | 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 <sup>(8)</sup>                | 801                                   | 533                                  | 13 <sup>(8)</sup>                | 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 <sup>(6)</sup>     | 0                               | 840                      | 743                | 36,615         | 964                    | 4,184          | 40,800                       | 4,314 <sup>(6)</sup>            | 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                    | 0                               | 284                      | 0                  | 39,449         | (1,723)                | 4,750          | 44,199                       | 398                             | 2,198                               | 696                                   | 0                                    | 18                               | 7,649                   | (95)                   | 921                           | 1,408               | 8,570                   | 16    | 52,769         |  |  |  |  |  |  |  |  |
| Lo                                    | 39,449                    | 0                               | 277                      | 941                | 40,667         | (4,583)                | 167            | 40,834                       | (3,736)                         | 1,725                               | 1,395                                 | 941                                  | 15                               | 7,039                   | (892)                  | 29                            | (1,503)             | 7,068                   | 17    | 47,902         |  |  |  |  |  |  |  |  |
| Mid                                   | 39,449                    | 0                               | 277                      | 941                | 40,667         | 557                    | 5,307          | 45,974                       | 3,428                           | 2,733                               | 1,501                                 | 941                                  | 23                               | 7,941                   | 115                    | 1,036                         | 407                 | 8,977                   | 17    | 54,951         |  |  |  |  |  |  |  |  |
| Hi                                    | 39,449                    | 0                               | 277                      | 941                | 40,667         | 5,959                  | 10,709         | 51,376                       | 11,661                          | 4,161                               | 1,651                                 | 941                                  | 35                               | 9,218                   | 1,507                  | 2,428                         | 3,075               | 11,646                  | 17    | 63,022         |  |  |  |  |  |  |  |  |
| 18                                    | 40,667                    | 0                               | 299                      | 922                | 41,888         | 261                    | 5,569          | 47,457                       | 3,710                           | 3,292                               | 1,539                                 | 922                                  | 26                               | 8,772                   | 130                    | 1,166                         | 961                 | 9,938                   | 18    | 57,394         |  |  |  |  |  |  |  |  |
| 19                                    | 41,888                    | 0                               | 328                      | 950                | 43,166         | 260                    | 5,829          | 48,995                       | 3,877                           | 3,442                               | 1,530                                 | 950                                  | 26                               | 9,734                   | 148                    | 1,314                         | 1,110               | 11,048                  | 19    | 60,043         |  |  |  |  |  |  |  |  |
| 20                                    | 43,166                    | 0                               | 343                      | 979                | 44,888         | 268                    | 6,097          | 50,584                       | 4,058                           | 3,604                               | 1,603                                 | 979                                  | 26                               | 10,756                  | 160                    | 1,474                         | 1,182               | 12,230                  | 20    | 62,814         |  |  |  |  |  |  |  |  |
| 21                                    | 44,888                    | 0                               | 357                      | 1,009              | 45,853         | 286                    | 6,382          | 52,236                       | 4,248                           | 3,774                               | 1,769                                 | 1,009                                | 26                               | 11,752                  | 162                    | 1,636                         | 1,158               | 13,388                  | 21    | 65,623         |  |  |  |  |  |  |  |  |
| 22                                    | 45,853                    | 0                               | 361                      | 1,040              | 47,255         | 299                    | 6,681          | 53,936                       | 4,439                           | 3,946                               | 1,896                                 | 1,040                                | 26                               | 12,762                  | 169                    | 1,804                         | 1,178               | 14,566                  | 22    | 68,502         |  |  |  |  |  |  |  |  |
| 23                                    | 47,255                    | 0                               | 364                      | 1,071              | 48,690         | 307                    | 6,988          | 55,678                       | 4,636                           | 4,122                               | 1,983                                 | 1,071                                | 26                               | 13,829                  | 180                    | 1,985                         | 1,248               | 15,814                  | 23    | 71,492         |  |  |  |  |  |  |  |  |
| 24                                    | 48,690                    | 0                               | 364                      | 1,104              | 50,158         | 316                    | 7,304          | 57,462                       | 4,840                           | 4,304                               | 2,074                                 | 1,104                                | 26                               | 14,956                  | 193                    | 2,178                         | 1,320               | 17,134                  | 24    | 74,596         |  |  |  |  |  |  |  |  |
| 25                                    | 50,158                    | 0                               | 371                      | 1,137              | 51,666         | 325                    | 7,629          | 59,295                       | 5,052                           | 4,494                               | 2,167                                 | 1,137                                | 26                               | 16,146                  | 206                    | 2,384                         | 1,397               | 18,530                  | 25    | 77,825         |  |  |  |  |  |  |  |  |
| 26                                    | 51,666                    | 0                               | 370                      | 1,171              | 53,207         | 334                    | 7,962          | 61,169                       | 5,272                           | 4,692                               | 2,264                                 | 1,171                                | 26                               | 17,403                  | 220                    | 2,604                         | 1,477               | 20,007                  | 26    | 81,176         |  |  |  |  |  |  |  |  |
| 27                                    | 53,207                    | 0                               | 366                      | 1,205              | 54,778         | 342                    | 8,305          | 63,083                       | 5,501                           | 4,896                               | 2,363                                 | 1,205                                | 26                               | 18,731                  | 235                    | 2,840                         | 1,563               | 21,571                  | 27    | 84,653         |  |  |  |  |  |  |  |  |
| Cumulative Totals                     |                           |                                 |                          |                    |                |                        |                |                              |                                 |                                     |                                       |                                      |                                  |                         |                        |                               |                     |                         |       |                |  |  |  |  |  |  |  |  |
| Proj. for 2017-2026                   |                           |                                 |                          |                    |                |                        |                |                              |                                 | 0                                   | 3,801                                 | 11,528                               | 3,555                            | 49,060                  | 43,299                 | 20,689                        | 11,528              | 288                     | 1,919 | 13,001         |  |  |  |  |  |  |  |  |

| Assumptions: Total Return - Inflation = Total Real Return |                        |        |       | Statutory Return |       |       |       |
|---|------------------------|--------|-------|------------------|-------|-------|-------|
| Lo  | FY 2017                | -6.84% | 2.25% | -9.09%           | Lo    | 3.51% |       |
| Mid   | FY 2017 <sup>(6)</sup> | 6.70%  | 2.25% | 4.45%            | Mid   | 5.43% |       |
| Hi  | FY 2017                | 22.26% | 2.25% | 20.01%           | Hi    | 8.15% |       |
| FY 2018-2026 <sup>(7)</sup>                               |                        |        |       | 6.95%            | 2.25% | 4.70% | 6.24% |

**Notes related to financial history and projections FY1977 - FY2027:**

<sup>(1)</sup> Appropriations include special general fund, realized earnings, and other miscellaneous appropriation transfers into principal.

<sup>(2)</sup> Dedicated State Revenues in current and future fiscal years are based on the Fall 2016 Department of Revenue forecast.

<sup>(3)</sup> 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).

<sup>(4)</sup> 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.

<sup>(5)</sup> Current year returns and inflation are based on 2016 Callan capital market assumptions.

<sup>(6)</sup> Future returns are based on 2016 Callan capital market assumptions and median expected returns (the mid case). Actual results will vary.

<sup>(7)</sup> 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.

<sup>(8)</sup> The statutory inflation calculation for FY 2010 was -.36%; therefore, there was no inflation proofing transfer during FY 2010.

<sup>(9)</sup> FY77-07 includes special appropriations to principal of \$3.7 billion.

| Income year-to-date as of November 30, 2016            |            |
|--|------------|
| <b>FY16 Statutory net income</b>                       |            |
| Interest, dividends, real estate & other income        | \$ 453.9   |
| Realized gains (losses) on the sale of invested assets | 829.7      |
| Less operating exp / Legis. Appropriations             | (50.4)     |
| Less AK Capital Inc. Fund committed realized earnings  | (9.6)      |
| Statutory net income (loss)                            | \$ 1,223.6 |
| <b>FY16 Accounting (GAAP) net income</b>               |            |
| Statutory net income (loss)                            | \$ 1,223.6 |
| Unrealized gains (losses) on invested assets           | 691.7      |
| AK Capital Income Fund committed realized earnings     | 9.6        |
| Accounting (GAAP) net income (loss)                    | \$ 1,924.9 |

| PERFORMANCE SUMMARY<br>(preliminary as of November 30, 2016) | Current Month | Last 3 Months | Fiscal Y-T-D | Calendar Y-T-D | Last 12 Months | Last 3 Years | Last 5 Years |
|--|---------------|---------------|--------------|----------------|----------------|--------------|--------------|
| PUBLIC EQUITIES  | 0.67%         |               |              |                |                |              |              |
| FIXED INCOME PLUS  | -2.41%        |               |              |                |                |              |              |
| PRIVATE EQUITY AND GROWTH OPPORTUNITIES                      | -0.57%        |               |              |                |                |              |              |
| REAL ESTATE  | N/A           | 0.26%         | 2.53%        | 9.50%          | 9.76%          | 11.24%       | 10.93%       |
| INFRASTRUCTURE/PRIVATE CREDIT/INCOME OPPTS                   | 0.16%         |               |              |                |                |              |              |
| ABSOLUTE RETURN  | N/A           | 0.83%         | 2.24%        | -0.02%         | -0.74%         | 1.30%        | 3.05%        |
| ASSET ALLOCATION   | 0.01%         |               |              |                |                |              |              |
| TOTAL FUND   | -0.19%        | -0.27%        | 2.78%        | 6.33%          | 4.65%          | 5.27%        | 8.02%        |
| <b>Total Fund Return Objective</b>                           | <b>0.26%</b>  | <b>1.43%</b>  | <b>2.19%</b> | <b>6.61%</b>   | <b>6.69%</b>   | <b>6.17%</b> | <b>6.31%</b> |

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.