

Permanent Fund up 3.86% in First Quarter of Fiscal Year 2017

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The Alaska Permanent Fund's (Fund) total investment portfolio gained 3.86% in the first quarter of fiscal year 2017 (FY17), getting the year off to a strong start with solid performance across asset classes. With an increase in value of \$2 billion to the overall Fund portfolio, the Fund ended September 30, 2016 with a total value of \$54.8 billion, comprised of \$45.1 billion in Principal and \$9.7 billion in the Earnings Reserve.

During the past quarter, the equity portfolio made a strong comeback and performed well, with the emerging markets contributing to a boost in returns. The performance in alternative investments was also up this past quarter, mostly attributable to the private equity and true special opportunities portfolios. Concentrated single-company positions were also reduced in the Permanent Fund portfolio (particularly in biotechnology) in order to realize gains and reduce future volatility in the Fund.

Chief Executive Officer, Angela Rodell, notes that "Diversification among asset classes and geographies each with meaningful long-term expected returns has delivered a combination of strong overall investment earnings with only modest portfolio volatility on both a short- and long-term basis. We will continue to identify and secure those opportunities worldwide which can deliver these benefits to the people of Alaska for many years to come."

The Permanent Fund is invested with a long-term investment horizon that seeks to maximize total return, while preserving capital to meet the needs of current and future generations of Alaskans. The table below reflects the positive performance of the total fund and within asset classes, for both the most recent quarter, as well as longer time horizons.

Alaska Permanent Fund - Investment Returns (as of September 30, 2016)

	% of the Fund	FY17 Q1	Last 12 Months	Last 3 Years	Last 5 Years
Total Fund	100%	3.86	9.75	6.83	9.10
US Bonds	19%	1.20	6.35	3.93	3.71
Non-US Stocks	17%	7.86	12.17	0.80	5.93
US Stocks	12%	5.76	14.46	9.90	16.58
Global Stocks	12%	5.61	11.22	5.89	11.79
Real Estate	11%	2.56	11.14	11.77	11.28
Absolute Return	9%	2.27	2.16	3.29	4.80
Private Equity	7%	2.89	11.53	17.64	15.85
Infrastructure and Other Real Assets	4%	0.31	16.65	14.32	9.16
True Special Opportunity	4%	4.72	7.63	-	-
Non-US Bonds	2%	1.83	11.03	4.36	4.55
Public and Private Credit	2%	1.29	4.13	5.79	8.34
Private CIOs/Real Return Mandate	1%	-0.60	3.54	-	-

The Alaska Permanent Fund Corporation diversifies the Fund’s portfolio in order to reduce and control Fund risk and monitors the Fund’s performance through passive performance index benchmarks, public fund peers and long term objectives set by the Board of Trustees. The table below shows that the Fund is performing well in comparison to the passive performance benchmark and ahead of the 5% real return objective set by the Board of Trustees.

Alaska Permanent Fund - Benchmark Objectives (as of September 30, 2016)

	FY17 Q1	Last 12 Months	Last 3 Years	Last 5 Years
Total Fund Performance	3.86	9.75	6.83	9.10
Performance Benchmark (60 Stocks 30 Bonds 10 Real Estate)	3.51	11.19	4.64	7.93
Board of Trustees Return Objective (CPI + 5%)	1.39	6.47	6.03	6.25

Additional detailed information can be found at the following links for the Permanent Fund’s [financial statements](#) and [investment performance](#).