

Permanent Fund up 4.50% for Fiscal Year 2017

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The Alaska Permanent Fund's (Fund) total value as of December 31, 2016 (unaudited) is \$55.4 billion, comprised of \$45.1 billion in Principal and \$10.3 billion in the Earnings Reserve. The Fund's investment portfolio gained 4.50% in the first half of FY17.

The Permanent Fund is invested with a long-term horizon that seeks to maximize total return, while preserving capital to benefit all generations of Alaskans. The Trustees, as fiduciaries, set the target allocation for the Fund with the goal of implementing a diversified, long term investment strategy. The table below reflects the positive performance of the total Fund in comparison to the passive index performance benchmark, as well as to a peer benchmark index proxy and to the Board of Trustees' strategic real return objective of 5% in excess of inflation.

Alaska Permanent Fund - Benchmark Objectives (as of December 31, 2016)

	FY17 YTD	Calendar Year	Last 3 Years	Last 5 Years
Total Fund Performance	4.50%	8.10%	5.53%	8.36%
Passive Index Benchmark (60 Stocks 30 Bonds 10 Real Estate)	2.00%	6.33%	2.73%	6.62%
Peer Benchmark Index Proxy	3.32%	7.52%	4.38%	7.70%
Board of Trustees Return Objective (CPI + 5%)	2.64%	7.08%	6.19%	6.36%

In review of the Fund's performance, Chief Executive Officer, Angela Rodell, notes that "the Alaska Permanent Fund Corporation's active management of the Alaska Permanent Fund has added value of \$1.32 billion to the overall portfolio in the first half of FY17 by outperforming the passive index benchmark by 2.50% (250 bps)."

The current allocation structure defines asset classes according to investment objective (growth and income) and liquidity, which is reflective of APFC's focus on efficient portfolio management, this being reward for the risks undertaken. The asset classes represent both Public Markets for stocks and bonds; and Private Markets for real estate, private equity, hedge funds and infrastructure. During the first two quarters of FY17, Public Equities performance was robust with a return of 7.61% overall, driven primarily by strength in the U.S. Stock Market that marked returns in excess of 10%. This strong performance overshadowed a 2.4% decline in fixed income related investments due to a spike in U.S. and International interest rates. Following are the FY17 six month performance returns by asset class.

Alaska Permanent Fund - Investment Returns as of December 31, 2016

Public Market Asset Classes		Private Market Asset Classes	
Public Equities (Stocks)	7.61%	Real Estate	3.60%
Fixed Income Plus (Bonds)	-2.37%	Private Equity and Growth Opportunities	0.28%
Asset Allocation Strategies / Cash	1.07%	Hedge Funds	2.17%
		Infrastructure, Private Credit & Income Opportunities	1.10%

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