Public School Fund Advisory Board Meeting of the Board

Location of Meeting:

Andrew P. Kashevaroff (APK) Building

395 Whittier Street

Juneau, Alaska

Tuesday
March 10, 2026
4:15 P.M.

Public School Fund Advisory Board

Location of Meeting:
Andrew P. Kashevaroff Building
APK: 395 Whitter Street, Juneau AK 9801

Juneau, Alaska

Tuesday, March 10, 2026

4:15 P.M.

Agenda

I. Call to Order

II. Roll Call

III. Public Meeting Notice

IV. Approval of Agenda

V. Approval of March 10, 2025 Minutes

VI. Public Participation, Communications, Appearances

VII. Report on the Public School Trust Fund – Department of Revenue staff:
Pam Leary, Treasury Director; Scott Jones, Head of operations; Robyn Mesdag, State Investment Officer; and Shane Carson, State Investment Officer

A. Presentation of Audited Financial Statements for the Fiscal Year Ended June 30, 2025 – SECTION II

B. Presentation of Interim Financial Statements for the Month Ended December 31, 2025 – SECTION III

C. Performance Measurement for the Quarter Ended December 31, 2025 – SECTION IV

VIII. Adjournment

Public School Trust Fund Advisory Board
Formal Meeting Minutes
March 10, 2025
Alaska Department of Transportation and Public Facilities - Room 140
3132 Channel Drive, Juneau, Alaska 99801

I. Call to Order

The meeting was called to order at 4:11 p.m.

II. Roll Call

The following members were present:

- **Deena Bishop**, Commissioner, Department of Education & Early Development
- **Karen Morrison**, Deputy Commissioner, Department of Education & Early Development
- **Bryan Zadalis**, Public Information Officer
- **Kathijo Jolin**, Executive Secretary, Department of Education & Early Development
- **Chair James Fields**, State Board of Education & Early Development
- **Sally Stockhausen**, First Vice Chair, State Board of Education & Early Development
- **Pamela Dupras**, Member at Large, State Board of Education & Early Development
- **Scott Jones**, Head of Operations, Department of Revenue
- **Shane Carson**, State Investment Officer, Department of Revenue
- **Robyn Mesdag**, State Investment Officer, Department of Revenue
- **Courtney Oliva**, Asset Accounting Manager, Department of Revenue

A quorum was present.

III. Public Meeting Notice

Mr. Jones reported that a public notice for the meeting had been duly posted in accordance with state requirements.

IV. Approval of Agenda

MOTION: Chair Fields moved to approve the agenda.

SECOND: Ms. Stockhausen seconded the motion.

VOTE: *The motion was approved by consent.*

V. Approval of Minutes

MOTION: Chair Fields moved to approve the minutes of the February 27, 2024 meeting.

SECOND: Ms. Stockhausen seconded the motion.

VOTE: *The motion was approved by consent.*

VI. Public Participation, Communication, Appearances

There were no public comments or participants present.

VII. Report on the Public-School Trust Fund – Department of Revenue staff

Mr. Jones, Head of Operations with the Department of Revenue, summarized the June 30, 2024, audited financial statements:

- Invested assets ending balance: $834 million
- Investment income: $96 million

Mr. Jones also summarized the December 31, 2024, financial statements:

- Fund balance: $839.5 million
- Investment income: $37 million
- Fiscal year-to-date net withdrawals: $31.2 million

Mr. Jones confirmed that asset allocations remained within allowable ranges as of December 31, 2024.

Investment and Market Performance:

Ms. Mesdag provided an overview of the Treasury Division, which consists of 40 investment professionals who manage approximately $50 billion in assets spread across the risk spectrum.

Economic and Inflation Trends:

- Inflation peaked at 9.1% in June 2022, decreasing to 3.4% in December 2023 and 2.9% in December of 2024.
- Inflation was driven by shelter, insurance, and recreation

Capital Market Performance:

- 2022 was a challenging year due to inflation and rising interest rates.
- 2023 showed signs of recovery as inflationary pressures eased.
- In 2024, inflation continued to slow but remained above the Federal Reserve's target.

Public School Trust Fund (PSTF) Performance and Spending Recommendations:

Ms. Mesdag presented investment performance metrics:

- 1-year return: 11.39%
- The fund outperformed benchmark indices in most assessed time periods, bringing the fund's value almost back to peak values in 2021.
- Asset allocation continues to be the primary driver of fund performance.
- Ms. Mesdag recommended the spending cap be 4.8% of the trailing trust value, or $35.1 million.

Asset Allocation & Risk Management:

Ms. Mesdag detailed the annual asset allocation strategy:

- Callan LLC provides 10-year, 20-year, and long-term capital market assumptions.
- Treasury staff align investment objectives, risk tolerance, and liquidity needs to develop an Investment Policy Statement.

Discussion on How Markets Effect Asset Allocation:

Chair Fields inquired about Ms. Mesdag's and Mr. Carson's opinion on domestic versus international equity performance in the coming year. Ms. Mesdag stated that many economists have different opinions. Mr. Carson answered Chair Fields' question by adding that a lot of both international and domestic equity markets are volatile due to the introduction of US tariffs, which makes it difficult to predict how markets will perform in the future.

VIII. Adjournment

Mr. Jones asked for consent to adjourn the meeting.

MOTION: Chair Fields moved to adjourn.

SECOND: *Seconded by an unidentified member.*

(Recorder could not determine the speaker due to audio quality.)

VOTE: *The motion was approved by consent.*

The meeting adjourned at **4:46 p.m.**

STATE OF ALASKA
DEPARTMENT OF REVENUE - TREASURY DIVISION
INTERNAL INVESTMENT POOL

Schedule of Invested Assets for Certain Participating Funds
June 30, 2025
(Expressed in thousands)

	GENERAL FUND and GeFONSI	CONSTITUTIONAL BUDGET RESERVE FUND MAIN	PUBLIC SCHOOL TRUST FUND	INVESTMENT LOSS TRUST FUND	GENERAL OBLIGATION BOND FUND	INTERNATIONAL AIRPORTS FUND	INTERNATIONAL AIRPORTS CONSTRUCTION FUND	RETIREE HEALTH INSURANCE FUND MAJOR MEDICAL	RETIREE HEALTH INSURANCE FUND LONG-TERM CARE	MINE RECLAMATION FUND	ALASKA STUDENT LOAN CORPORATION INVESTMENT FUND	ALASKA MENTAL HEALTH TRUST RESERVE FUND	EXXON VALDEZ OIL SPILL INVESTMENT FUND	TOTAL INVESTED ASSETS
INVESTMENTS (at Fair Value)														
Cash and cash equivalents	85,734	-	-	-	-	-	-	-	-	-	-	-		85,734
Short-term Fixed Income Pool	2,706,403	2,878,904	7,343	3,735	36,024	227,945	21,063	20,767	6,879	14	1,366	637	25,454	5,936,534
Intermediate-term Fixed Income Pool	756,105	-	-	-	-	40,285		-	-	-	-	-	47,424	843,814
Broad Market Fixed Income	124,166	-	258,639	-	-	-	-	-	647,022	500	81,406	29,402	-	1,141,135
Domestic Equity Pool	230,609	-	365,915	-	-	-	-	-	153,075	707	32,453	24,380	-	807,139
International Equity Pools	140,832	-	235,823	-	-	-	-	-	112,859	455	20,755	19,149	-	529,873
Real Estate Investment Trust Pool	20,722	-	43,163	-	-	-	-	-	37,558	83	4,087	-	-	105,613
Total Investments	4,064,571	2,878,904	910,883	3,735	36,024	268,230	21,063	20,767	957,393	1,759	140,067	73,568	72,878	9,449,842
Receivables, net														
Income Receivable, net of Expenses Payable	9,634	10,695	30	14	136	834	93	77	23	-	5	3	95	21,639
Total Receivables, net	9,634	10,695	30	14	136	834	93	77	23	-	5	3	95	21,639
Net Invested Assets	$ 4,074,205	2,889,599	910,913	3,749	36,160	269,064	21,156	20,844	957,416	1,759	140,072	73,571	72,973	9,471,481

STATE OF ALASKA
DEPARTMENT OF REVENUE - TREASURY DIVISION
INTERNAL INVESTMENT POOL

Schedule of Investment Income and Changes in Net Position for Certain Participating Funds
For the year ended June 30, 2025
(Expressed in thousands)

	GENERAL FUND and GeFONSI	CONSTITUTIONAL BUDGET RESERVE FUND MAIN	PUBLIC SCHOOL TRUST FUND	INVESTMENT LOSS TRUST FUND	GENERAL OBLIGATION BOND FUND	INTERNATIONAL AIRPORTS FUND	INTERNATIONAL AIRPORTS CONSTRUCTION FUND	RETIREE HEALTH INSURANCE FUND MAJOR MEDICAL	RETIREE HEALTH INSURANCE FUND LONG-TERM CARE	MINE RECLAMATION FUND	ALASKA STUDENT LOAN CORPORATION INVESTMENT FUND	ALASKA MENTAL HEALTH TRUST RESERVE FUND	EXXON VALDEZ OIL SPILL INVESTMENT FUND	TOTAL INCOME
Investment Income														
Short-term Fixed Income Pool	$ 132,558	137,590	423	181	2,082	10,016	1,363	1,025	488	1	66	32	1,477	287,302
Intermediate-term Fixed Income Pool	45,145	-	-	-	-	2,167		-	-	-	-	-	3,322	50,634
Broad Market Fixed Income	7,769	-	15,634	-	-	-	-	-	38,523	30	4,840	1,478	-	68,274
Domestic Equity Pool	32,150	-	48,850	-	-	-	-	-	20,271	94	4,441	3,186	-	108,992
International Equity Pool	22,146	-	36,111	-	-	-	-	-	17,104	70	3,087	2,833	-	81,351
Real Estate Investment Trust Pool	2,162	-	4,155	-	-	-	-	-	3,568	8	384	-	-	10,277
Total Investment Income	241,930	137,590	105,173	181	2,082	12,183	1,363	1,025	79,954	203	12,818	7,529	4,799	606,830
Net Contributions (Withdrawals)	(619,758)	12,060	(28,075)	(79)	(15,357)	32,038	(8,144)	(1,291)	19,365	-	7,500	12,273	(33,779)	(623,247)
Net Position, Beginning of Year	4,452,033	2,739,949	833,815	3,647	49,435	224,843	27,937	21,110	858,097	1,556	119,754	53,769	101,953	9,487,898
Net Position, End of Year	$ 4,074,205	2,889,599	910,913	3,749	36,160	269,064	21,156	20,844	957,416	1,759	140,072	73,571	72,973	9,471,481

Public School Trust Fund
Net Asset Value
As of the Month Ending
December 31, 2025

Cash Equivalents		
Short-term Fixed Income Pool *(Internally Managed)*	$	8,467,618
Total Cash and Cash Equivalents		8,467,618
Domestic Fixed Income		
Broad-term *(Internally Managed)*		280,626,237
Total fixed Income Securities		280,626,237
Broad US Equity		
SSgA Russell 3000		372,362,676
Total Broad Domestic Equity		372,362,676
Global Equity Ex-U.S.		
SOA International Equity Pool		244,377,238
Total Global Equity Ex-U.S.		244,377,238
REITS		
Real Estate Investment Trust Pool *(Internally Managed)*		45,917,409
Total Real Assets		45,917,409
Receivables and Payables		
Income Receivable/Payable		27,740
Total Receivables and Payables		27,740
Total Assets	**$**	**951,778,917**

Public School Trust Fund
Schedule of Investment Income (Loss) and Changes in Invested Assets
As of the Month Ending
December 31, 2025

	1-Month	Fiscal YTD
Cash Equivalents		
Short-term Fixed Income Pool *(Internally Managed)*	$ 27,740	$ 164,696
	27,740	164,696
Domestic Fixed Income		
Broad-term *(Internally Managed)*	(442,206)	8,683,101
	(442,206)	8,683,101
Broad US Equity		
SSgA Russell 3000	(97,031)	36,746,278
	(97,031)	36,746,278
Global Equity Ex-U.S.		
SOA International Equity Pool	7,150,996	27,035,333
	7,150,996	27,035,333
REITS		
Real Estate Investment Trust Pool *(Internally Managed)*	(1,002,022)	171,241
	(1,002,022)	171,241
Total Investment Income (Loss)	**5,637,477**	**72,800,649**
Total Invested Assets, Beginning of Period	**945,572,324**	**910,913,118**
Net Contribution (Withdrawal)	**569,115**	**(31,934,850)**
Total Assets	**$ 951,778,917**	**$ 951,778,917**

STATE OF ALASKA
DEPARTMENT OF REVENUE - TREASURY DIVISION
FUND ASSETS UNDER THE INVESTMENT AUTHORITY OF THE COMMISSIONER OF REVENUE

Public School Trust Fund
Asset Allocation Policy with Actual Investment Holdings
December 31, 2025

	Asset Allocation		Market Values	Current Allocation
	Policy	Range		
Cash Equivalents	1%	0% - 3%	8,467,618	0.89%
Domestic Fixed Income	30%	25% - 35%	280,626,237	29.49%
REITs	5%	2% - 8%	45,917,409	4.82%
Broad US Equity	39%	34% - 44%	372,362,676	39.12%
Global Equity Ex-U.S.	25%	20% - 30%	244,377,238	25.68%
	100%		951,751,177	100.00%
Income Receivable			27,740	
Total Invested Assets at Fair Value			951,778,917	

THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Public Schools Trust Fund

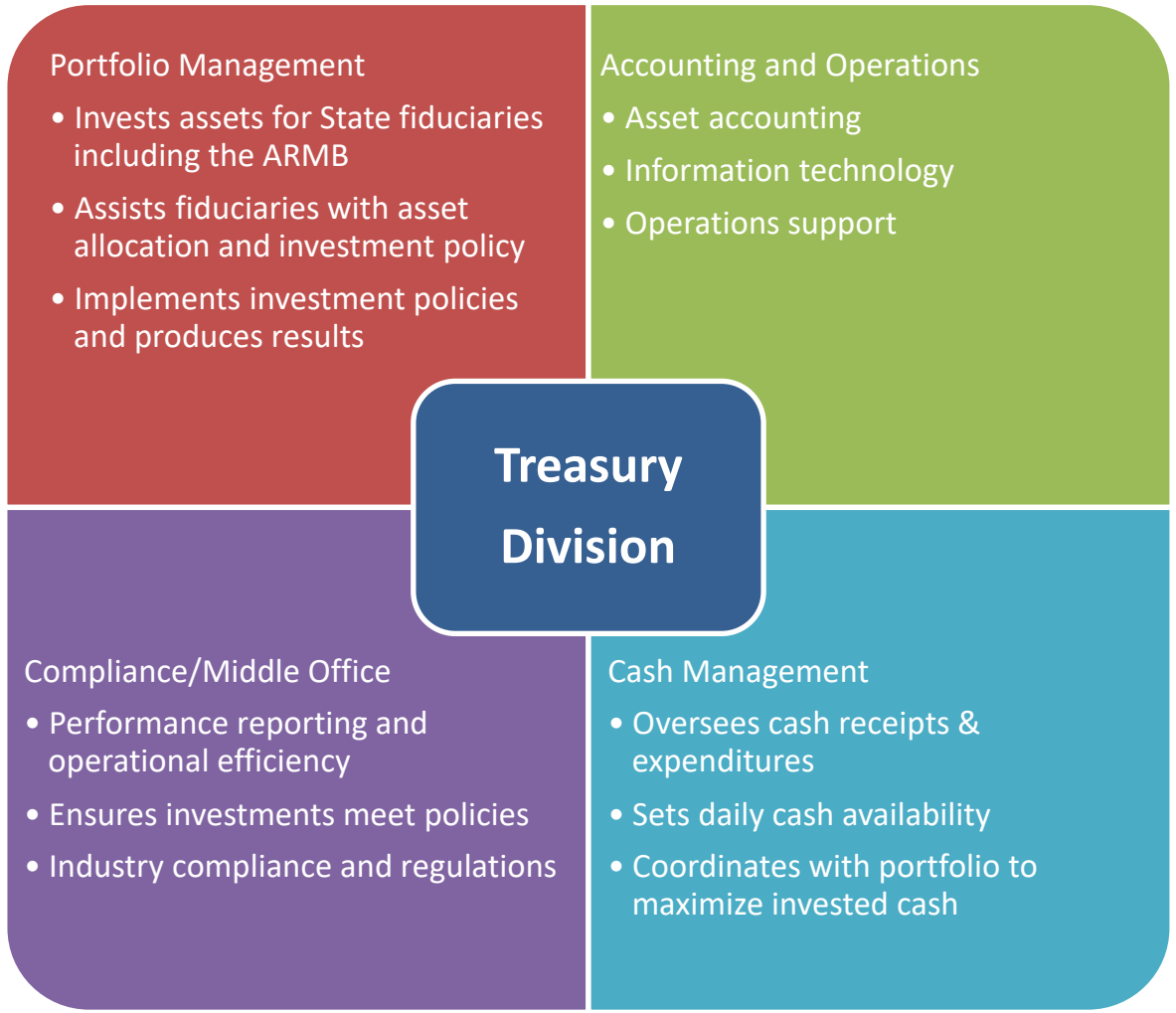
December 2025 Investment Results

March 2026

Shane Carson, CFA
State Investment Officer, Alaska Department of Revenue

Department of Revenue – Treasury Division

- The Treasury Division manages liquidity, risk, and investments across $58 billion in assets for the State of Alaska.
- The Division is comprised of 40 experienced professionals in portfolio management, accounting, operations, compliance, and cash management. Treasury staff average tenure is over 10 years and includes CFAs, CPAs, CTPs and other advanced degrees and designations.
- Managing multiple funds and state cash flows is complex and requires a deep understanding of the investment management and banking systems integrated into the State accounting system.
  - In FY2025, there were 120,000+ trades made on behalf of hundreds of state accounts that roll into 45+ investment funds, utilizing ~30 investment pools, supported by 150+ investment managers and 700+ private equity funds.
  - Accounting ensures that all trades and costs are directed and accounted for in the correct accounts/funds.
  - The Middle Office performs 75+ compliance tests on trades daily and calculates daily performance for over 45 funds.
  - Cash Management processes roughly 100,000 transactions annually for departments to realize revenue and expenditures in the accounting system. There are over $15 billion in cash inflows and cash outflows annually.
- It takes a unique set of skills to manage complex systems with strong results.

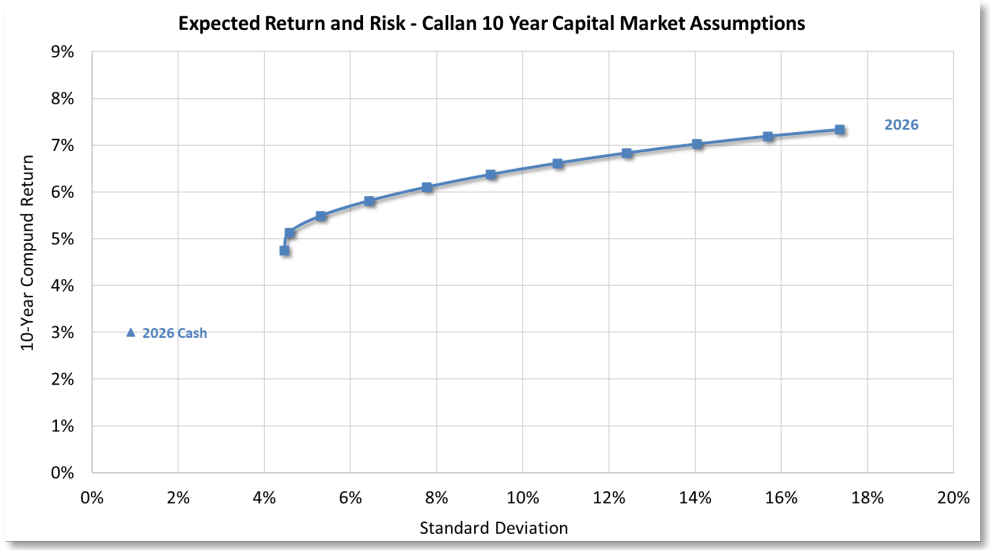


Treasury Investment Process

- Treasury advises and manages assets across the risk spectrum from low-risk cash-equivalent investments through higher risk endowment and retirement funds for five state fiduciaries including the Alaska Retirement Management Board (ARMB) and the Commissioner of Revenue.
- Setting investment policies and asset allocations are key fiduciary duties for these funds. Treasury staff makes recommendations on the investment policy and asset allocation of each fund in a transparent and documented process to multiple State boards and through a quarterly State Investment Review process with an independent investment advisory committee.
- Treasury investment recommendations are consistent with State law and best practice and designed to balance fund investment objectives, risk tolerance, and other attributes including capacity for loss or volatility over short, medium, and longer time horizons.
- The investment process uses independent capital market forecasts to arrive at asset allocations and return and risk expectations.
- For underlying investments, Treasury uses a combination of low-cost internal asset management and specialized external asset managers for each asset class.

Treasury Investment Funds	12/31/2025	Risk Tolerance
Short-Term Funds	$140,834,255	Lowest
CBRF	$2,978,548,407	
GeFONSI	$2,469,210,757	
GeFONSI II	$1,322,892,293	
International Airport Fund	$251,196,701	
Exxon Valdez Oil Spill Funds	*$59,560,226*	
Alaska Student Loan Investment Fund	*$148,579,333*	
Retiree Long Term Care Fund	$1,017,244,487	
Alaska Mental Health Trust Fund	*$79,058,839*	
Alaska Higher Education Investment Fund	$313,474,943	
Public School Trust Fund	$951,778,917	
Other Endowment Funds	$4,213,102	
Alaska Retirement Management Board	*$48,328,250,339*	Highest
Total	**$58,064,842,598**	

Note: Italics indicate funds with a fiduciary other than the Commissioner of Revenue



Capital Market Performance Update

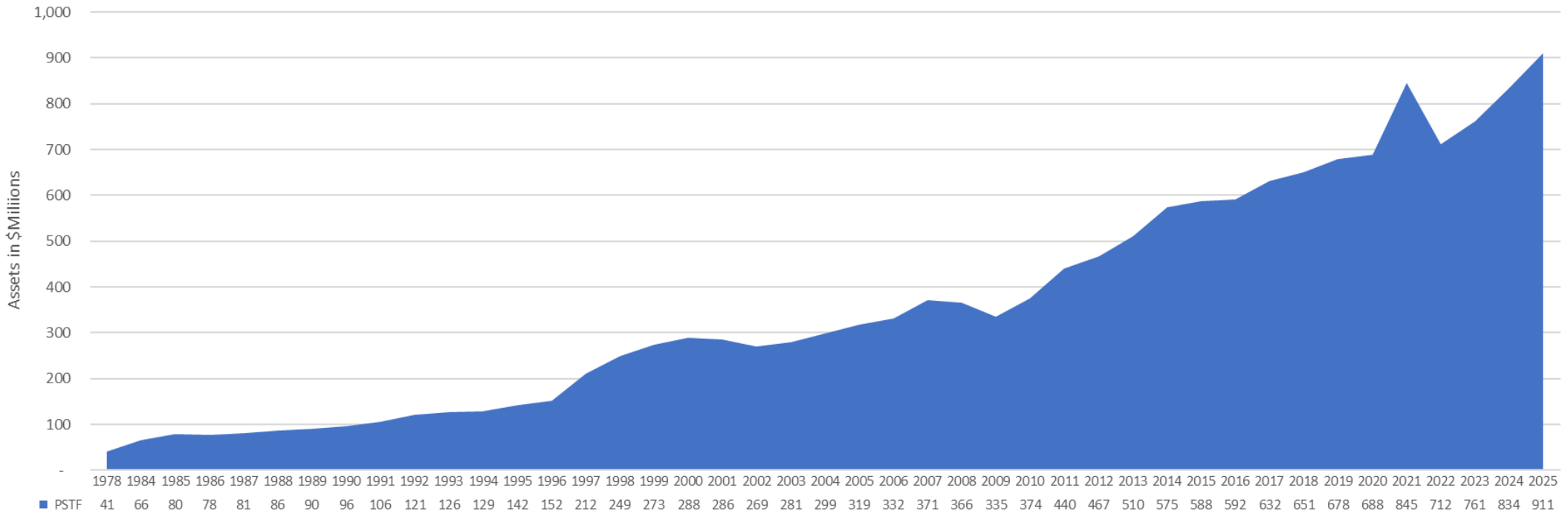
- Performance was strong for both fiscal year 2025 and calendar year 2025.
- International equities had very strong returns in 2025 with a weakening dollar and low starting valuations relative to U.S. stocks.
- Capital markets continued their typical focus on inflation, interest rates, and economic growth.
- For the quarter, most asset classes continued to see positive returns despite geopolitical tensions and stubborn inflation.
- The Fed has slowed the reduction of short-term rates, keeping cash equivalent yields moderately high. Longer duration assets were up due to high starting yields.

CY2019	CY2020	CY2021	CY2022	CY2023	CY2024	FY25	CY2025	Q4-12/31/25
Broad U.S. Equity 31.0%	Broad U.S. Equity 20.9%	REITs 41.3%	Cash Equivalents 1.5%	Broad U.S. Equity 26.0%	Broad U.S. Equity 23.8%	International Equity 17.7%	International Equity 32.4%	International Equity 5.1%
REITs 28.7%	TIPS 11.0%	Broad U.S. Equity 25.7%	High Yield (11.2%)	International Equity 15.6%	High Yield 8.2%	Broad U.S. Equity 15.3%	Broad U.S. Equity 17.1%	Broad U.S. Equity 2.4%
International Equity 21.5%	International Equity 10.7%	International Equity 7.8%	TIPS (11.8%)	High Yield 13.4%	International Equity 5.5%	High Yield 10.3%	High Yield 8.6%	High Yield 1.3%
High Yield 14.3%	Core U.S. Fixed Income 7.5%	TIPS 6.0%	Core U.S. Fixed Income (13.0%)	REITs 11.4%	Cash Equivalents 5.3%	REITs 9.2%	Core U.S. Fixed Income 7.3%	Core U.S. Fixed Income 1.1%
Core U.S. Fixed Income 8.7%	High Yield 7.1%	High Yield 5.3%	International Equity (16.0%)	Core U.S. Fixed Income 5.5%	REITs 4.9%	Core U.S. Fixed Income 6.1%	TIPS 7.0%	Cash Equivalents 1.0%
TIPS 8.4%	Cash Equivalents 0.7%	Cash Equivalents 0.0%	Broad U.S. Equity (19.2%)	Cash Equivalents 5.0%	TIPS 1.8%	TIPS 5.8%	Cash Equivalents 4.2%	TIPS 0.1%
Cash Equivalents 2.3%	REITs (5.1%)	Core U.S. Fixed Income (1.5%)	REITs (24.9%)	TIPS 3.9%	Core U.S. Fixed Income 1.3%	Cash Equivalents 4.7%	REITs 2.3%	REITs (2.1%)

Asset History

- The PSTF is a long-term horizon that provides a portion of the State's public education funding.
- The PSTF was established in 1978, replacing the territorial era public school land grant originally created by congress in 1915, by a transfer of the balance from the permanent school trust.
- Following passage of HB 213 in 2018, the fund is now managed as one fund, under a percentage of market value method (five percent of the average market value for the five years preceding the last previous fiscal year).

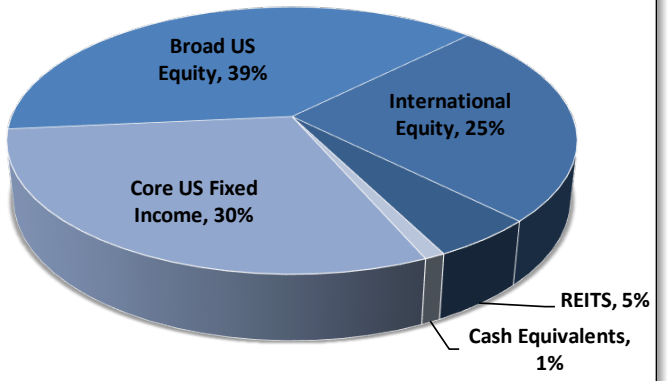
Invested Asset History



Note: Data is at fiscal year end of June 30.

Public Schools Trust Fund Management

- Effective December 1, 2018, HB213 moved the Public Schools Trust Fund (Trust) to a percent-of-market-value (POMV) structure with total returns as the long-term goal.
- The legislature can appropriate up to 5% of the trailing 5-year average value of assets.
- Treasury recommends inflation-proofing the Trust and annually will provide a spending range that corresponds to an expectation of inflation-proofing the Trust over 20 and 30-year forward periods.
- For fiscal year 2027, the recommended spending cap level is 5% of the trailing Trust value of $750.0 million, resulting in a spending level of $37.5 million.
- The asset allocation is consistent with a high-risk tolerance reflecting the goal of providing "increasing returns from capital appreciation and net income over long-term periods to the fund's current beneficiaries."
- The policy asset allocation target is 39% Domestic Equities, 25% International Equities, 5% Domestic REITs, 30% Broad Fixed Income and 1% Cash & Cash Equivalents.
- The Commissioner of Revenue is the fiduciary.

		Public School Trust Fund[1]	
Investment Objective		Long-Term: High Risk	
Target Asset Allocation			
Market Value ($000's)		Market Value	
	12/31/2021	**$850,700**	
	12/31/2022	**$700,300**	
	12/31/2023	**$779,100**	
	12/31/2024	**$839,500**	
	12/31/2025	**$951,800**	
Returns through 12/31/2025		Returns	Benchmark[2]
	6 Month	8.30%	8.24%
	1 Year	17.07%	17.01%
	3 Year	14.93%	14.74%
	5 Year	7.45%	7.30%
	10 Year	8.60%	8.52%
Expected Long-Term Return: 6.98%			

1: HB213, effective November 2018, revised the calculation for determining the amount appropriatable for future fiscal years' support of the state public school system.

2: Broad US Equity: Russell 3000 Index; Cash Equivalents: 3-month U.S. Treasury Bill; Core US Fixed Income: Bloomberg U.S. Aggregate Index; International Equity: MSCI ACWI ex-US Index; REITs: REIT Index annualized greater than 1 year

Treasury Asset Class Performance

- State funds invest in commingled asset class investments managed by Treasury staff and external managers.
- Asset class investments are allocated in different proportions to meet a range of fund investment policies.
- State asset class performance for calendar year 2025 was strong across asset classes.
- Most asset classes exceeded benchmark performance for the year and longer time periods adding additional value.

State of Alaska Asset Class Returns through 12/31/2025

Pool Performance (Net of Fee)	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	4.52%	5.16%	3.41%	2.90%	2.42%
Fixed Income - Short Term	5.59%	4.99%			
Fixed Income - Core US	7.57%	5.16%	0.05%	2.43%	2.34%
Fixed Income - Core Plus	7.87%	5.85%			
Equity - Broad US*	17.12%	22.24%	13.20%	16.64%	
Equity - REITS	2.29%	5.96%			
Equity - Global ex-US*	32.56%	17.34%	7.95%	10.17%	

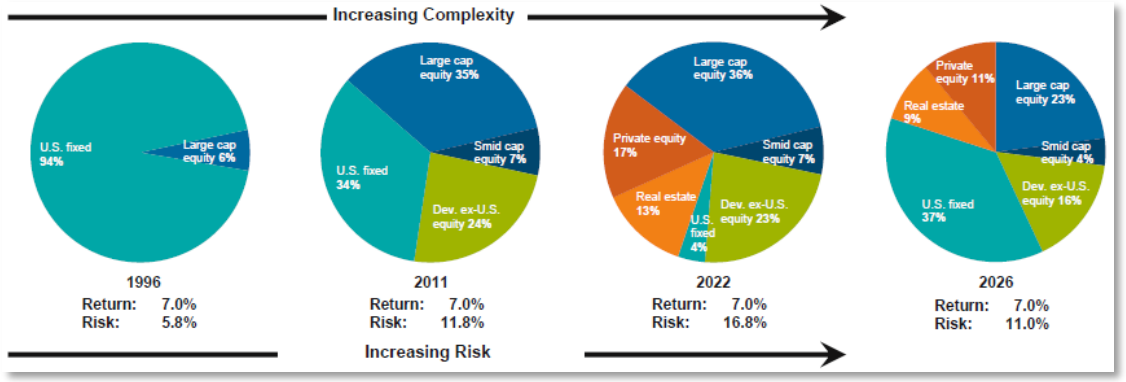
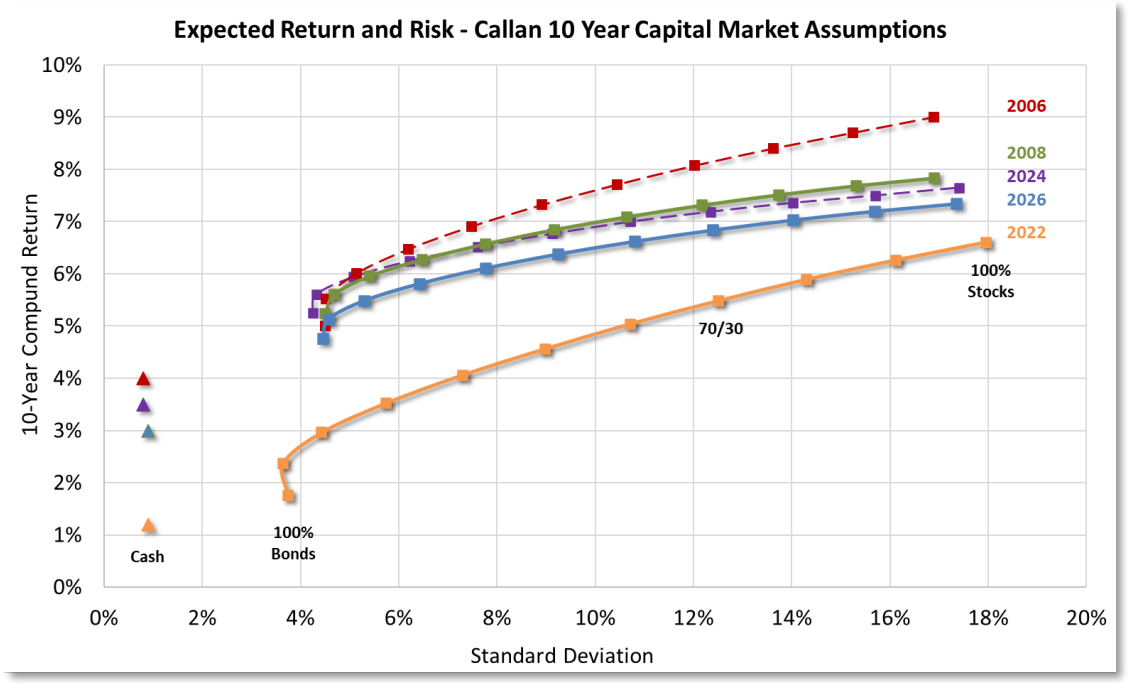
Benchmark Performance	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	4.28%	4.85%	3.19%	2.69%	2.19%
Fixed Income - Short Term	5.17%	4.51%			
Fixed Income - Core US	7.30%	4.66%	-0.36%	1.99%	2.01%
Fixed Income - Core Plus	7.30%	4.66%			
Equity - Broad US*	17.15%	22.25%	13.15%	16.64%	
Equity - REITS	2.27%	6.12%			
Equity - Global ex-US*	32.39%	17.33%	7.91%	10.15%	

Relative Performance (Net of Fee)	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	0.24% ●	0.32% ●	0.22% ●	0.20% ●	0.23% ●
Fixed Income - Short Term	0.42% ●	0.48% ●			
Fixed Income - Core US	0.27% ●	0.49% ●	0.41% ●	0.44% ●	0.33% ●
Fixed Income - Core Plus	0.57% ●	1.18% ●			
Equity - Broad US*	-0.02% ▲	0.00% ▲	0.05% ●	0.00% ▲	
Equity - REITS	0.02% ●	-0.16% ◆			
Equity - Global ex-US*	0.18% ●	0.01% ●	0.04% ●	0.02% ●	

Benchmarks: Cash Equivalents: 3-month U.S. Treasury Bill; Short Term Fixed Income: Bloomberg 1-3 Gov Index; Core/ US Fixed Income: Bloomberg U.S. Aggregate Index; Broad US Equity: Russell 3000 Index; International Equity; REITs: NAREIT Index; MSCI ACWI ex-US Index

Investment Policy and

Asset Allocation Process

Asset Allocation Process

- The Commissioner of Revenue is the fiduciary for over $9 billion in state assets across 100+ accounts pooled into over 25 funds with similar assets or mandates.
- Setting investment policies and asset allocations are key fiduciary duties for these funds.
- Treasury staff reviews and makes recommendations on the investment policy and asset allocation of each fund at least annually in a manner consistent with Alaska fiduciary and prudent investor standards.
- Each investment program is designed to balance fund investment objectives, risk tolerance, and other attributes:
  - Time horizon
  - Nominal or real return objectives
  - Cashflows, liquidity, and income needs
  - Capacity for loss or volatility over short, medium, and longer time horizons
- Performance, investment policy, and asset allocations are discussed quarterly in a transparent process with an independent investment advisory committee.