ALASKA RETIREMENT MANAGEMENT BOARD

Invested Assets Under The Investment Authority of the
Alaska Retirement Management Board

June 30, 2024

(With Independent Auditors' Report Thereon)

ALASKA RETIREMENT MANAGEMENT BOARD

Invested Assets

Schedules

June 30, 2024

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KPMG LLP
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Independent Auditors' Report

Alaska Retirement Management Board and
State of Alaska, Department of Revenue Treasury Division:

Opinion

We have audited the accompanying schedule of invested assets of the Alaska Retirement Management Board as of June 30, 2024, and the related schedule of investment income and changes in invested assets for the year ended June 30, 2024, and the related notes to the schedules (the schedules).

In our opinion, the accompanying schedules present fairly, in all material respects, the invested assets of the Alaska Retirement and Management Board as of June 30, 2024 and the investment income and changes in invested assets of the Alaska Retirement and Management Board for the year ended June 30, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Treasury Division and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the schedules, the accompanying schedules represent only the invested assets of the Alaska Retirement Management Board and changes therein, and not the complete financial activity of the retirement plans or the State of Alaska as a whole. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Schedules

Management is responsible for the preparation and fair presentation of the schedules in accordance with U.S. generally accepted accounting principles and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedules.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedules.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Treasury Division's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedules.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Anchorage, Alaska
October 15, 2024

ALASKA RETIREMENT MANAGEMENT BOARD

Schedule of Invested Assets

June 30, 2024

(in thousands)

		Pooled investments	Participant directed investments	Total ARMB assets
Investments (at fair value):				
Fixed income	$	6,975,536	—	6,975,536
Broad domestic equity		8,318,504	—	8,318,504
Global equity Ex-U.S.		5,435,688	—	5,435,688
Multi-asset		2,363,011	—	2,363,011
Private equity		5,160,292	—	5,160,292
Real assets		4,591,978	—	4,591,978
Participant directed		—	9,257,895	9,257,895
Synthetic investment contracts (at contract value)		—	793,874	793,874
Securities lending collateral invested		23,914	—	23,914
Securities lending collateral payable		(23,914)	—	(23,914)
Total invested asstes	$	32,845,009	10,051,769	42,896,778

See accompanying notes to schedules

ALASKA RETIREMENT MANAGEMENT BOARD

Schedule of Investment Income and Changes in Invested Assets

Year ended June 30, 2024

(in thousands)

		Pooled investments	Participant directed investments	Total ARMB assets
Investment income (loss):				
Fixed income	$	219,726	—	219,726
Broad domestic equity		1,525,361	—	1,525,361
Global equity ex-U.S.		618,456	—	618,456
Multi-asset		189,877	—	189,877
Private equity		165,930	—	165,930
Real assets		17,497	—	17,497
Participant directed		—	1,198,008	1,198,008
Synthetic investment contracts		—	19,416	19,416
Securities lending income		3,122	—	3,122
Less securities lending expense		(1,956)	—	(1,956)
Net securities lending income		1,166	—	1,166
Total investment income		2,738,013	1,217,424	3,955,437
Total invested assets, beginning of year		31,590,338	8,897,129	40,487,467
Total contributions		1,044,122	577,804	1,621,926
Total (withdrawals)		(2,527,464)	(640,588)	(3,168,052)
Total invested assets, end of year	$	32,845,009	10,051,769	42,896,778

See accompanying notes to schedules

(1) The Accounting Entity

The Alaska Retirement Management Board (Board) is the investment oversight authority for the State of Alaska's Retirement and Benefits Plans (Plans). These Plans are made up of six systems: the Public Employees' Retirement System (PERS), Teachers Retirement System (TRS), Judicial Retirement System (JRS), National Guard and Naval Militia Retirement Systems (MRS), Supplemental Benefits System (SBS), and Deferred Compensation Plan (DCP). The systems comprise a mix of individual Defined Benefit and Defined Contribution Retirement Plans. These schedules of invested assets and of investment income and changes in invested assets (the Schedules) are those of the six systems' invested assets and not the systems as a whole. Fiduciary responsibility for the Board's Invested Assets is pursuant to Alaska Statutes 37.10.210-390.

Alaska Statute 37.10.071 provides that investments shall be made with the judgment and care under circumstances then prevailing that an institutional investor of ordinary professional prudence, discretion, and intelligence exercises in managing large investment portfolios.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

Investments, except for Synthetic Investment Contracts (SICs), are reported at fair value under Government Accounting Standards Board Statement 72, *Fair Value Measurement and Application*. SICs are reported at contract value under Government Accounting Standards Board Statement 53, *Accounting and Financial Reporting for Derivative Instruments*. Investment income, including interest and dividends, is recognized in the period in which it is earned. Interest income is recognized on an accrual basis, while dividend income is recognized when the dividends are declared. Investment income also includes gains and losses from changes in the fair value of investments as well as fees incurred for investment management services. Investment management expenses for publicly traded investments are accrued daily according to contractual fee schedules; expenses for private market investments are recognized when reported by the fund manager. Contributions represent contributions from employers and employees. Withdrawals represent benefits paid to plan participants and administrative and other investment related expenses. Contributions, benefits paid, and administrative and all other investment related expenses are recorded on a cash basis. Investment purchases and sales are recorded on a trade-date basis.

(b) Valuation

Securities are valued each business day using prices obtained from a pricing service when such prices are available; otherwise, such securities are valued at the most current sale price or based on a valuation provided by investment managers. Fair values of investments that have no readily determinable fair value are generally reported by using the net asset value per share (or its equivalent) of the investment. Pooled participant directed accounts and the collective investment funds are valued based on a unit value determined by the managers or trustees multiplied by the total units held by each Plan. The unit value is determined by the respective managers or trustees based on the fair value of the underlying assets.

The Plan's investments in fully benefit responsive SICs are stated at contract value.

(3) Fair Value Measurements

Various inputs are used in valuing the investments held by the Board. U.S. generally accepted accounting principles (GAAP) establishes a hierarchy of inputs used to value investments emphasizing observable inputs and minimizing unobservable inputs. These inputs are summarized as follows:

Level 1 – Quoted prices for identical assets in an active market.

Level 2 – Inputs, other than quoted prices, that are observable for an asset, either directly or indirectly.

Level 3 – Unobservable inputs. Unobservable inputs should only be used to the extent that observable inputs are not available for a particular asset.

The Board categorizes fair value measurements within the fair value hierarchy established by GAAP. The Board has the following fair value measurements as of June 30, 2024 (in thousands):

	Total	Level 1	Level 2	Level 3
Cash equivalents:				
Certificate of deposit	$ 1,971	—	1,971	—
Deposits	30,251	30,251	—	—
Money market	138,117	—	138,117	—
Repurchase agreement	69,863	—	69,863	—
Total cash equivalents	240,202	30,251	209,951	—
Debt securities				
Commingled debt funds	2,023,539	2,023,539	—	—
Corporate bonds	1,478,334	—	1,478,334	—
Mortgage backed	1,622,165	—	1,622,165	—
Other asset backed	356,143	—	356,143	—
U.S. Government agency	24,643	—	24,643	—
U.S. Treasury bills, notes, and bonds	1,996,813	—	1,996,813	—
Yankee corporate bonds	364,649	—	364,649	—
Yankee government bonds	92,442	—	92,442	—
Total debt securities	7,958,728	2,023,539	5,935,189	—
Equity				
Commingled equity funds	1,017,304	1,017,304	—	—
Common and preferred equity	12,557,237	12,557,166	7	64
Depository receipts	213,391	213,391	—	—
Futures	(165)	(181)	16	—
Real estate inv trust	787,013	787,013	—	—
Rights	4	4	—	—
Total equity	14,574,784	14,574,697	23	64

	Total	Level 1	Level 2	Level 3
Participant directed				
Money market	$ 132,447	—	132,447	—
Balanced funds	2,171,232	—	2,171,232	—
Target date funds	3,753,096	—	3,753,096	—
Commingled debt funds	523,240	—	523,240	—
Commingled equity funds	2,677,880	—	2,677,880	—
Securities lending collateral invested	23,914	—	23,914	—
Total other	9,281,809	—	9,281,809	—
Total investments by fair value level	32,055,523	16,628,487	15,426,972	64
Investment measured at nav:				
Multi-asset	1,198,027			
Energy	43,184			
Farmland	1,099,201			
Infrastructure	881,923			
Private equity	5,150,340			
Real estate	1,487,955			
Timber	414,337			
Total investment measured at nav	10,274,967			
Total investments measured at fair value	42,330,490			
Synthetic investment contracts at contract value	793,874			
Net receivables / (payables)	(227,586)			
Total invested assets	$ 42,896,778			

Securities classified as level 1 are valued using prices quoted in active markets for those securities. Securities classified as level 2 are valued using matrix pricing with various defined pricing sources. Each balanced and target date options classified as level 2 are priced daily by the investment managers based on the prevailing market values of the underlying security portfolios. Securities classified as level 3 are valued using the last traded price or a price determined by the investment manager’s valuation committee.

Investments in multi-asset, energy, farmland, infrastructure, private equity, real estate, and timber are measured at net asset value (NAV) per share of the investments (or its equivalent) of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. These investments undergo annual independent financial statement audits. Additional information about these investments is listed in the following table (in thousands):

		Fair value	Unfunded commitments	Redemption frequency (if currently available)	Redemption notice period
Multi-asset	$	1,198,027	737,454	Quarterly	2-90 days
Energy		43,184	30,275	N/A	No
Farmland		1,099,201	—	N/A	N/A
Infrastructure		881,923	35,000	Quarterly	30-90 days
Private equity		5,150,340	1,994,591	N/A	No
Real estate		1,487,955	333,227	Varied	Varied
Timber		414,337	—	N/A	N/A
Total investments measured at NAV	$	10,274,967			

Multi-Asset: Investment strategies include pooled investment vehicles and securities in a variety of markets.

Energy: This type includes investments in three energy funds which invest in the debt and equity of energy-related companies. These investments can never be redeemed. The nature of these investments is such that distributions are received through the liquidation of underlying assets of the funds. These investments are expected to be funded for 10 years after the commitment date of the most recent commitment.

Farmland: This investment consists of one wholly-owned fund. This fund is for the purpose of owning and managing real estate property devoted to agricultural use. Investment properties include row crops, permanent crops, and vegetable crops. This investment is a fund of one, and therefore can be liquidated at any time.

Infrastructure: This includes investments in two open-ended infrastructure funds. Investments include electricity generation, transmission, toll roads, pipelines, bridges, and other infrastructure-related assets. Funds can be redeemed on a quarterly basis with proper notice.

Private Equity: This type includes investments in 42 private equity funds including two gatekeeper managers who invest on behalf of the Alaska Retirement Management Board. These funds are diversified in various sectors including but not limited to venture capital, acquisitions, debt, and special situations. These investments can never be redeemed. The nature of these investments is such that distributions are received through the liquidation of underlying assets of the funds. These investments are expected to be funded for 10 years after the commitment date of the most recent commitment.

Real Estate: This type includes investments in 17 real estate funds that invest primarily in U.S. commercial real estate including value-added, opportunistic and core investments. Of these funds, three are open-ended and two others are separately managed accounts that can be liquidated at any time. For the remaining 12 funds, investments can never be redeemed. The nature of these investments is such that distributions are received through the liquidation of underlying assets. The funds are expected to be liquidated 10 years after the commitment date of the most recent commitment.

Timber: Investment in one wholly owned fund that invests in timberland property and related opportunities.

Synthetic Investment Contracts: The Board's investment manager entered into investment contracts, on behalf of the Board, with five financial institutions. These institutions provide wrap contracts that cover separately managed SIC portfolios. The accounts are credited with earnings and investment deposits, less administrative expenses charged by the financial institutions and investment withdrawals. The contracts are included in the Board's statements at contract value. They are fully benefit-responsive. There are no reserves against contract value for the credit risk of the contract issuer or otherwise. The crediting interest rate is based on the approximate rate of interest that will amortize differences between contract and market value over the portfolio's average duration. Accounts and terms of SICs are as follows:

	As of June 30, 2024	
	Contract provider	**Alaska retirement management board**
Contract value of investment contract	Prudential Insurance Company of America	153,545,306
Market value of portfolio	Prudential Insurance Company of America	138,500,533
Average crediting rate	Prudential Insurance Company of America	2.53 %
Contract value of investment contract	New York Life Insurance Co.	153,007,057
Market value of portfolio	New York Life Insurance Co.	137,810,596
Average crediting rate	New York Life Insurance Co.	2.44 %
Contract value of investment contract	Pacific Life Insurance Co.	153,784,165
Market value of portfolio	Pacific Life Insurance Co.	138,775,456
Average crediting rate	Pacific Life Insurance Co.	2.54 %
Contract value of investment contract	State Street Bank & Trust Co.	153,606,600
Market value of portfolio	State Street Bank & Trust Co.	139,049,418
Average crediting rate	State Street Bank & Trust Co.	2.52 %
Contract value of investment contract	Massachusetts Mutual Life Insurance Co.	153,017,276
Market value of portfolio	Massachusetts Mutual Life Insurance Co.	137,799,127
Average crediting rate	Massachusetts Mutual Life Insurance Co.	2.37 %

(4) Deposit and Investment Risk

(a) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The ARMB invests its cash in the State of Alaska, Treasury Division's (Treasury) Short-Term Fixed Income Pool. As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to 14 months to maturity or 14 months expected average life for amortizing securities upon purchase. Floating rate securities are limited to three years to maturity or three years expected average life for amortizing securities upon purchase. These constraints apply to trade date, except for securities bought at new issue, for which settlement date applies.

Duration is a measure of interest rate risk. It measures a security's sensitivity to a 100-basis point change in interest rates. The duration of a pool is the average fair value weighted duration of each security in the pool taking into account all related cash flows. The ARMB uses industry-standard analytical software developed by The Yield Book Inc. to calculate effective duration. The software considers various possible future interest rates, historical and estimated prepayment rates, call options and other variable cash flows for purposes of the effective duration calculation. Through its investment policy, the ARMB manages its exposure to fair value losses arising from increasing interest rates by limiting the effective duration of its domestic fixed income pool portfolios to ± 20% of the Bloomberg U.S. Aggregate Total Return Bond Index.

At June 30, 2024, the Board's effective duration by investment type was as follows:

	Effective duration (in years)
Corporate bonds	6.20
Mortgage backed	5.45
Other asset backed	0.86
U.S. Government agency	1.17
U.S. Treasury bills, notes, and bonds	6.92
Yankee corporate bonds	4.16
Yankee government bonds	4.39
Total portfolio	5.86

Synthetic Investment Contracts

The Board contracts with an external investment manager who is given the authority to invest in SICs and a reserve. This external manager also manages the securities underlying the SICs. In the case of the Board's constant duration SICs, duration is the fair value weighted average term to maturity of all fixed income securities underlying the contracts and their related cash flows. Duration of the Plan's structured payout SICs is the weighted average maturity of the contract payments. Through the Board's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration on SICs as follows:

The duration of constant duration SICs cannot exceed the longer of six years or the duration of the Bloomberg U.S. Aggregate Total Return Bond Index plus one-half year. The weighted average duration of the constant duration SICs was 4.49 years at June 30, 2024. The duration of the Bloomberg U.S. Aggregate Total Return Bond Index was 6.13 years at June 30, 2024. The account's weighted average effective duration will generally not exceed the effective duration of the Bloomberg

U.S. Aggregate Intermediate Total Return Bond Index plus 10%. The weighted average duration of the account was 4.49 years at June 30, 2024. The duration of the Bloomberg U.S. Aggregate Intermediate Total Return Bond Index was 4.45 years at June 30, 2024. The balance of the reserve is invested in the custodian’s Institutional Treasury Money Market Fund and the external manager’s Cash Reserves Trust Fund.

The account did not hold any buy-and-hold SICs or structured payout SICs investments at June 30, 2024.

(b) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Domestic Fixed Income investments can include instruments with investment grade credit ratings, some high yield credit ratings, commercial paper rated at least P-1 or equivalent, and corporate debt securities rated at least investment grade.

At June 30, 2024, the Board’s Invested Assets consisted of fixed income securities with credit quality ratings issued by nationally recognized statistical rating organizations (NRSROs). Securities lending collateral was invested in a registered 2(a)-7 money market fund that was not rated. Using Standard & Poor’s Corporation rating scale, the values for the ARMB’s individually held debt securities by rating are as follows (in thousands):

Rating		US dollar
AAA	$	328,933
AA		150,890
A		825,578
BBB		896,917
BB		3,919
A-1		8,497
U.S. Government agency		24,643
U.S. Treasury bills, notes, and bonds		1,996,813
Not Rated		1,768,862
Grand total	$	6,005,052

Synthetic Investment Contracts

The Board’s investment policy has the following credit risk limitations for SICs, investments underlying the SICs and the reserve:

SICs issuers must have an investment grade rating by at least one NRSROs. Obligations of supranational agencies, foreign governments, and foreign government entities must have a minimum rating of A- or equivalent by at least one NRSRO. Corporate debt securities must have a minimum rating of BBB- of equivalent by at least one NRSRO. Maximum exposure to corporate debt securities rated BBB- to BBB+ or equivalent by two or more NRSROs is 20% of the account's total value. The ratings assigned to issuers of money market instruments must have the highest rating assigned to such instruments by at least one NRSRO. Asset-backed securities must have a minimum rating of AAA or equivalent by at least one NRSRO. This limitation does not apply to the investment funds maintained by the custodian.

(c) Custodial Credit Risk – Deposits

Custodial credit risk is the risk that deposits may not be returned in the event of a bank failure. The Board does not have a policy in relation to custodial credit risk for deposits. At June 30, 2024, the Board's Invested Assets had uncollateralized and uninsured foreign currency deposits of $31,573,000.

(d) Foreign Currency Risk

Foreign Currency Risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Board's Stable Value Fund policy requires that all investments underlying a SIC be denominated in U.S. dollars. For all other funds, through its asset allocation, the Board limits risk by limiting total investments in foreign currencies to the following:

Pension system	Multi-asset	Global equity ex-U.S.	Private equity pool	Real assets pool
PERS	12 %	12 %	12 %	12 %
TRS	12	12	21	21
JRS	12	12	21	21
MRS	12	13	12	11

INVESTED ASSETS UNDER THE INVESTMENT AUTHORITY OF THE ALASKA RETIREMENT MANAGEMENT BOARD

Notes to Schedules

June 30, 2024

At June 30, 2024, the Board had exposure to foreign currency risk with the following deposits and investments (in thousands):

	Deposits	Futures	Futures	Private equity	Rights and warrants
Australian Dollar	$ 289	131,489	—	374	—
Brazilian Real	393	59,179	—	—	—
Canadian Dollar	819	220,284	(6)	—	—
Chilean Peso	183	4,704	—	—	—
Colombian Peso	171	862	—	—	—
Czech Koruna	78	4,116	—	—	—
Danish Krone	206	116,458	—	—	—
Euro Currency	2,288	1,041,189	(6)	413,931	4
Hong Kong Dollar	1,105	214,441	2	—	—
Hungarian Forint	108	1,468	—	—	—
Iceland Krona	—	—	—	—	—
Indian Rupee	6,024	105,534	—	—	—
Indonesian Rupiah	77	12,652	—	—	—
Japanese Yen	3,200	736,477	45	—	—
Kuwaiti Dinar	697	2,492	—	—	—
Malaysian Ringgit	32	16,097	—	—	—
Mexican Peso	58	25,403	—	—	—
New Israeli Sheqel	814	10,500	—	—	—
New Taiwan Dollar	4,311	174,378	—	—	—
New Zealand Dollar	1,401	4,031	—	—	—
Norwegian Krone	335	33,784	—	—	—
Philippine Peso	273	2,700	—	—	—
Polish Zloty	39	13,296	—	—	—
Pound Sterling	1,056	480,967	(11)	74,729	—
Qatari Rial	1,339	2,504	—	—	—
Russian Ruble	1,341	—	—	—	—
Saudi Riyal	1,755	10,886	—	—	—
Singapore Dollar	691	49,649	(4)	—	—
South African Rand	34	15,481	—	—	—
South Korean Won	108	115,211	—	—	—
Swedish Krona	39	124,005	—	12,779	—
Swiss Franc	639	275,810	—	—	—
Thailand Baht	37	15,648	—	—	—
Turkish Lira	872	24,975	—	—	—
Uae Dirham	89	11,123	—	—	—
Yuan Renminbi	672	83,726	—	—	—
Grand total	$ 31,573	4,141,519	20	501,813	4

(e) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

The Board's policy regarding concentration of credit risk for domestic fixed income are as follows:

The account manager is prohibited from purchasing more than ten percent of the currently outstanding par value of any corporate bond issue or more than five percent of the account's assets of high yield securities.

The account manager may not invest more than forty percent of the account's assets in investment grade corporate debt, more than the benchmark weight plus five percent of debt securities rated below A- or equivalent, more than twenty-five percent of the account's assets in any one corporate sector defined by the Bloomberg U.S. Aggregate Total Return Bond Index, or more than five percent of the account's assets in corporate bonds of any one company or affiliated group.

The Board's policy regarding concentration of credit risk for domestic and international equities are as follows:

The Board may not invest more than five percent of total shares outstanding of any security or more than ten percent of any international account benchmarked against the MSCI EAFE Index or MSCI EAFE Small Cap Index in emerging markets.

Synthetic Investment Contracts

The Board's policy regarding concentration of credit risk for the underlying investments and the reserve are as follows:

No investment will be made if, at the time of purchase, total investment in any single issuer of investment contracts would exceed thirty-five percent of the account's total value.

No investment will be made if, at the time of the purchase, the total investment in any single issuer or in all issuers of the securities held as supporting investments under the SICs in the table below would exceed the respective percentage of the account's total value.

Investment type	Maximum per issuer	Maximum for all issuers
U.S. Treasuries, U.S. Agency, and U.S. Government Entity Securities – Full faith and credit	100 %	100 %
U.S. Agency Securities and U.S. Government Entity Securities – Non full faith and credit	100	100
Agency mortgage-backed securities	50	50
Non-agency mortgage-backed securities	5	50
Asset-backed securities	5	50
Domestic and foreign corporate debt securities	5	50
Supranational agency, foreign government, and foreign government entity securities	5	50
Money market instruments – non government/agency	5	100
Custodian short-term	100	100

No investment will be made if, at the time of purchase, the total investment in all domestic and foreign corporate debt securities of any one industry would exceed twenty-five percent of the account's total value.

For the reserve, no investment will be made if, at the time of purchase, the total investment of any single issuer of money market instruments exceeds five percent of the account's total value. This limitation does not apply to the investment funds maintained by the custodian and obligations of the U.S. Government or U.S. Government Agencies.

For corporate debt securities rated BBB- to BBB+ or equivalent by two of more NRSROs, the maximum exposure is limited to twenty percent of the account's total value.

(5) Derivatives, Foreign Exchange, and Counterparty Credit Risk

The Board is exposed to credit risk on investment derivative instruments that are in asset positions. The Board has no policy of requiring collateral or other security to support derivative instruments subject to credit risk. Additionally, the Board has no policy regarding entering into netting arrangements when it enters into derivative instrument transactions with a counterparty, nor does the Board have a policy for contingencies.

On June 30, 2024, the Board had the following derivative instruments:

	Changes in fair value		Fair value		
	Classification	Amount	Classification	Amount	Notional
Commodity futures long	Investment revenue	$ 3,587,897	Futures	$ —	3,300
Commodity futures short	Investment revenue	(315,712)	Futures	—	—
Fixed income futures long	Investment revenue	(2,155,654)	Futures	—	20,078,926
Fixed income futures short	Investment revenue	2,804,652	Futures	—	—
FX forwards	Investment revenue	(1,064,515)	Long term instruments	859,340	95,254,371
Index futures long	Investment revenue	54,914	Futures	—	459,062
Index futures short	Investment revenue	(2,169,890)	Futures	—	—
Rights	Investment revenue	12,310	Common stock	4,013	13,478
Warrants	Investment revenue	(23,130)	Common stock	137	14,712

The International Equity Pool includes foreign currency forward contracts to buy and sell specified amounts of foreign currencies at specified rates on specified future dates for the purpose of hedging existing security positions. The counterparties to the foreign currency forward contracts consist of a diversified group of financial institutions. Credit risk exposure exists to the extent of nonperformance by these counterparties; however, the risk of default is considered to be remote. The market risk is limited to the difference between contractual rates and forward rates at the balance sheet date. At June 30, 2024, the Board had the following Foreign Currency risk related to derivatives:

Currency name	Options	Receivables	Payables	Total exposure
Australian Dollar	$ —	(15,614)	(3,534)	(19,148)
Brazilian Real	120	—	—	120
Canadian Dollar	—	2,852	2,696	5,548
Swiss Franc	—	(2,162)	13,086	10,924
Chilean Peso	26	—	—	26
Danish Krone	—	(678)	21,740	21,062
Euro Currency	4,004	7,459	325,852	337,315
Pound Sterling	—	(7,476)	16,283	8,807
Indian Rupee	—	8,863	(2,053)	6,810
Japanese Yen	—	(200,719)	650,902	450,183
South Korean Won	—	6,291	35,552	41,843
	$ 4,150	(201,184)	1,060,524	863,490

At June 30, 2024, the Board had no counterparty credit and counterparty concentration risk associated with its investment derivative positions.

(6) Securities Lending

Alaska Statute 37.10.071 authorizes the Board to lend assets, under an agreement and for a fee, against deposited collateral of equivalent fair value. The Board lends marketable debt and equity securities through a contract with State Street Bank and Trust (the Bank). International equity security loans were collateralized at not less than 105 percent of their fair value. All other security loans were collateralized at not less than 102 percent of their fair value. Loaned securities and collateral were marked to market daily and collateral was received or delivered the following day, as necessary, to maintain collateral levels. The Board cannot pledge or sell collateral received until and unless a borrower defaults. At year-end, the Board had no credit risk exposure to the borrowers because the amounts the Board owed to the borrowers exceeded the amounts the borrowers owed the Board.

The fair value of securities on loan at June 30, 2024, was approximately $23.2 million. At June 30, 2024, cash collateral received totaling $23.9 million is reported as a securities lending payable and the fair value of the re-invested cash collateral totaling $23.9 million is reported as security lending collateral invested in the Schedule of Invested Assets.

Cash collateral was invested in a registered 2(a)-7 money market fund. Maturities of investments in the money market fund generally did not match the maturities of the loaned securities because the lending agreements were terminable at will. Securities under loan, cash collateral and cash collateral payable are recorded on the Schedule of Invested Assets at fair value. The Bank and the Board received a fee from earnings on invested collateral. The Bank and the Board shared the fee paid by the borrower.

There was limited credit risk associated with the lending transactions since the Board was indemnified by the Bank against any loss resulting from counterparty failure or default on a loaned security or its related income distributions. The Bank further indemnified the Board against loss due to borrower rebates in excess of earnings on cash collateral. Indemnifications were subject to limitation relating to a force majeure event as outlined in the contract.

For the year ended June 30, 2024 there were no losses incurred as a result of securities lending transactions and there were no violations of legal or contractual provisions nor failures by any borrowers to return loaned securities.