

State of Alaska
Department of Revenue
STATE INVESTMENT REVIEW MEETING
May 8, 2024 – 10:00 a.m.

<p>Click here to Join the meeting now Meeting ID: 235 061 742 333 Passcode: TNhqiz</p>	<p>Call In (Audio Only): Phone: 1-907-202-7104 Code: 221 866 860#</p>
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- I. Introduction**
Zachary Hanna, Chief Investment Officer
Adam Crum, Commissioner of Revenue

- II. Treasury Middle Office Presentation**
Scott Jones, Head of Investment Operations
Hunter Romberg, Senior Compliance Officer

- III. State Investment Review**
Zachary Hanna, Chief Investment Officer
 - A. March 31, 2024, Performance – Commissioner’s Report**
 - B. Non-Routine Investment update**
 - C. FY25 Asset Allocation Discussion**

- IV. IAC Comments**
Investment Advisory Council Members

- V. Future Agenda Items & 2024 Calendar**
Zachary Hanna, Chief Investment Officer
Alysia Jones, ARMB Liaison

- VI. Other Matters for Discussion**

- VII. Adjournment**

Treasury Middle Office

Scott Jones, CPA | Head of Investment Operations

Hunter Romberg, CPA, CIPM | Senior Compliance Officer

Grant Ficek | Performance and Data Analyst

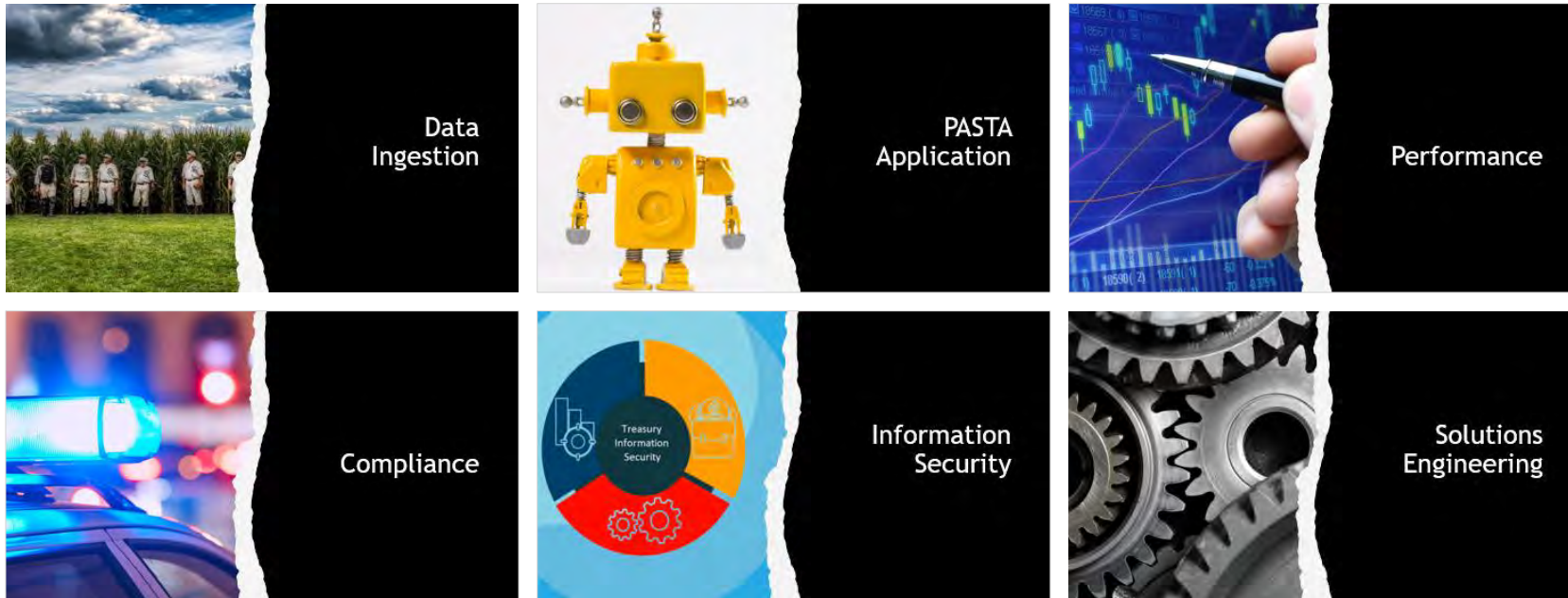
Mariell Mendoza | Investment Compliance and Performance Officer

Vacant | Line of Business IT

Middle Office in Treasury

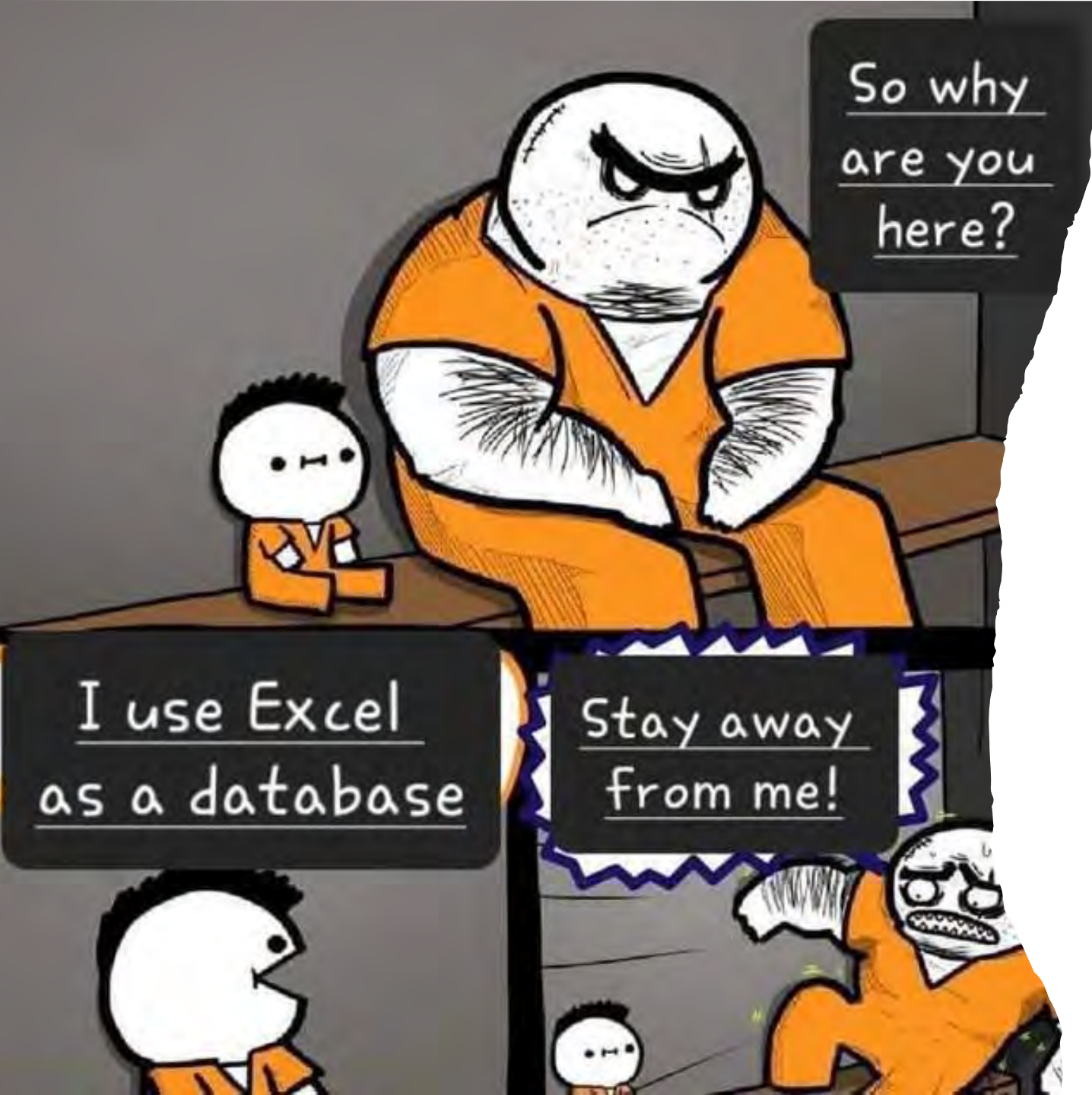


Agenda





Data Ingestion



Moving Treasury to more efficient consumption and use of data

Country/Market	Current MIC	Exchange	Shares in Issue	Weight
USA	USD	NYS	11,100,000	10.00%
USA	USD	NYS	10,000,000	9.00%
USA	USD	NYS	10,000,000	9.00%
USA	USD	NYS	10,000,000	9.00%
USA	USD	NYS	10,000,000	9.00%
USA	USD	NYS	10,000,000	9.00%
USA	USD	NYS	10,000,000	9.00%
USA	USD	NYS	10,000,000	9.00%
USA	USD	NYS	10,000,000	9.00%
USA	USD	NYS	10,000,000	9.00%

AY01NetPerf AY3FNetPerf

Index Name	Index Code	Index Key	Index Value
AY01NetPerf	AY3FNetPerf		4.9725
AY01NetPerf	AY3FNetPerf		0.0002
AY01NetPerf	AY3FNetPerf		-0.0005
AY01NetPerf	AY3FNetPerf		0.0002
AY01NetPerf	AY3FNetPerf		0.0005
AY01NetPerf	AY3FNetPerf		7.6191
AY01NetPerf	AY3FNetPerf		-1.4801
AY01NetPerf	AY3FNetPerf		0.000288716
AY01NetPerf	AY3FNetPerf		1.087355

Fund	Security Name	CUSIP	Shares on Loan	Mkt Val on Loan	Lendable Amount	Dly Net Spread (bps)	Total(Shares on Loan)	Total(Mkt Val on Loan)
AY1X	SECURITY NAME	CUSIP	Shares on Loan	Mkt Val on Loan	Lendable Amount	Dly Net Spread (bps)	Total(Shares on Loan)	Total(Mkt Val on Loan)
AY3N	SECURITY NAME	CUSIP	Shares on Loan	Mkt Val on Loan	Lendable Amount	Dly Net Spread (bps)	Total(Shares on Loan)	Total(Mkt Val on Loan)
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AY3N	SECURITY NAME	CUSIP	Shares on Loan	Mkt Val on Loan	Lendable Amount	Dly Net Spread (bps)	Total(Shares on Loan)	Total(Mkt Val on Loan)
AY30	SECURITY NAME	CUSIP	Shares on Loan	Mkt Val on Loan	Lendable Amount	Dly Net Spread (bps)	Total(Shares on Loan)	Total(Mkt Val on Loan)

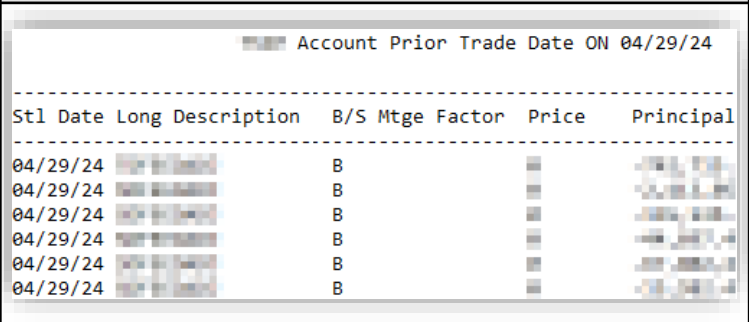
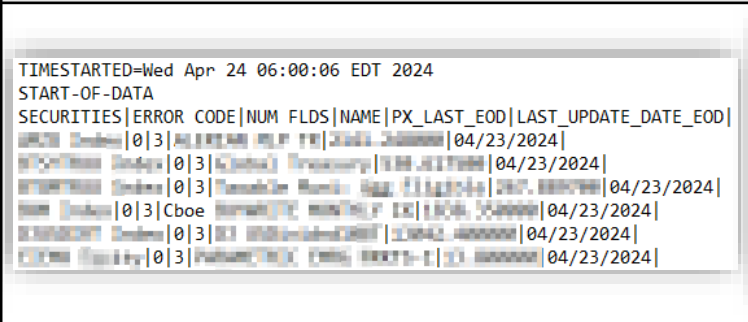
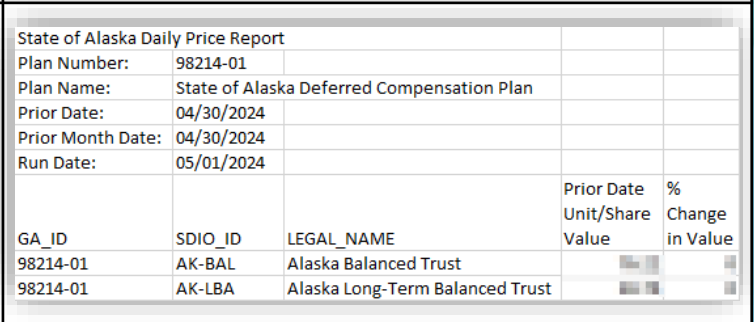
Plan Number	Plan Name	Investment ID	Ticker Symbol	Investment Name	Balance
20240403	State of Alaska Deferred Compensation Plan	AK0001	N/A	Alaska Balanced Trust	4383203
20240411	State of Alaska Deferred Compensation Plan	AK0002	N/A	Alaska Long-Term Balar	9394270
20240412	State of Alaska Deferred Compensation Plan	AK0003	N/A	Alaska Target Date Reti	26312
20240413	State of Alaska Deferred Compensation Plan	AK0004	N/A	Alaska Target Date Reti	7534774.9
20240414	State of Alaska Deferred Compensation Plan	AK0005	N/A	Alaska Target Date Reti	21765236.65
20240415	State of Alaska Deferred Compensation Plan	AK0006	N/A	Alaska Target Date Reti	854,321.486737
20240416	State of Alaska Deferred Compensation Plan	AK0007	N/A	Alaska Target Date Reti	24566286.51

Selected Report Date	PL Fund Code	Fund Name	BSA
4/21/2024	1001	Constitutional Budget Reserve Fund	1137
4/21/2024	1001	Constitutional Budget Reserve Fund	6032
4/21/2024	1004	General Fund	1137
4/21/2024	1004	General Fund	6030
4/21/2024	1004	General Fund	6032
4/21/2024	1004	General Fund	6033
4/21/2024	1027	International Airports Revenue	1137
4/21/2024	1027	International Airports Revenue	6030

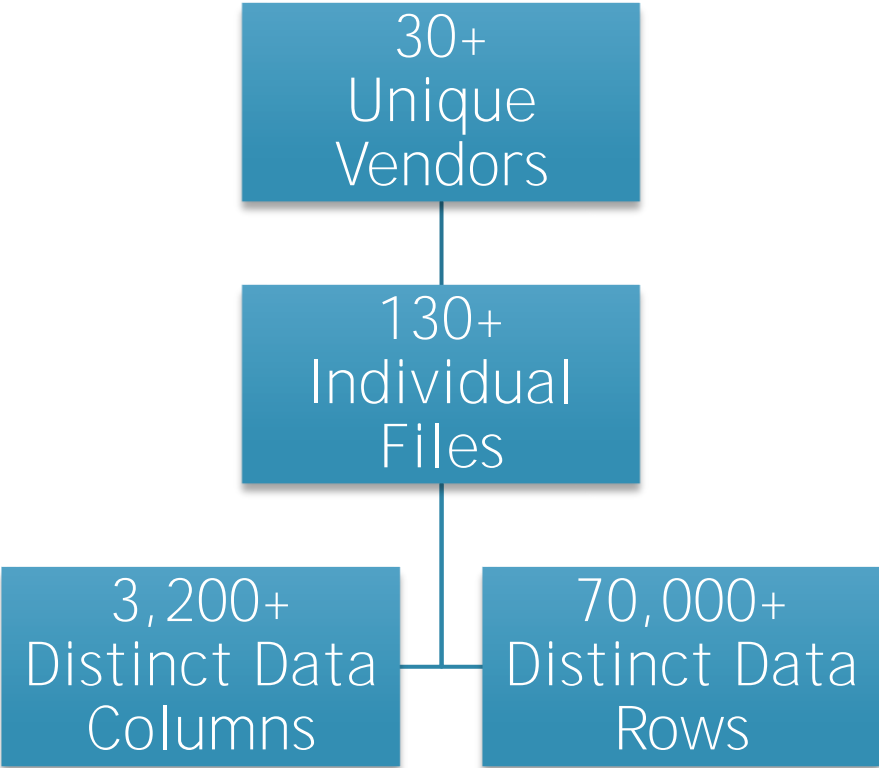
Period Start Date	Period End Date	Fund	Account Name	Account Type	Account Number	Sub-Account Number	SUM(STARTBAL)	SUM(RPTDNET)	SUM(ENLDGRBAL)
4/23/2024	4/23/2024	AY1B	ACCUMULATED CAPITAL	C	950000	'001	2596361448	0	2596361448
4/23/2024	4/23/2024	AY1B	ACCUMULATED INCOME AND CAPITAL	C	950000	'000	1565203.55	0	1565203.55
4/23/2024	4/23/2024	AY1B	AVERAGE COST OF FIXED INCOME	A	911500	'200	0	0	0
4/23/2024	4/23/2024	AY1B	AVERAGE COST SHORT TERM	A	911500	'800	0	0	0
4/23/2024	4/23/2024	AY1B	AVERAGE COST, STIF	A	911500	'790	0	0	0
4/23/2024	4/23/2024	AY1B	AVERAGE SECURITY GAIN LOSS	C	957610	'000	3326408.49	0	3326408.49
4/23/2024	4/23/2024	AY1B	CAPITAL GAINS DISTRIBUTION PAYABLE	L	927100	'000	0	0	0
4/23/2024	4/23/2024	AY1B	CAPITAL SHARES - SHRS	C	951410	'000	0	0	0
4/23/2024	4/23/2024	AY1B	CAPITAL STOCK ESTIMATE - SHRS	C	951610	'000	0	0	0
4/23/2024	4/23/2024	AY1B	COST OF CURRENCY (CASH)	A	912000	'000	0	0	0
4/23/2024	4/23/2024	AY1B	INCOME DISTRIBUTION	C	953500	'000	0	0	0
4/23/2024	4/23/2024	AY1B	INCOME DISTRIBUTION PAYABLE	L	927200	'000	0	0	0
4/23/2024	4/23/2024	AY1B	INTEREST INCOME - SHORT TERM AT BUY R	I	932300	'800	106847.49	0	106847.49
4/23/2024	4/23/2024	AY1B	INTEREST INCOMESTSS	I	932300	'805	0	0	0
4/23/2024	4/23/2024	AY1B	INTEREST PAYABLE - SHORT POSITION ST	L	927000	'250	0	0	0
4/23/2024	4/23/2024	AY1B	INTEREST RECEIVABLE - SHORT TERM	A	917000	'800	0	0	0

Announcement ID	New Index Profile	Current Price	New Price	Sequence No.	Stock Key	Dividend	Dividend Currency	Current Comp. Name	New Comp. Name	Current RIC	New RIC	Current Bloomberg Ticker	New Bloomberg Ticker
100001	State of Alaska	100.00	100.00	1	STOCK	0.00	USD	State of Alaska	State of Alaska	100.00	100.00	100.00	100.00
100002	State of Alaska	100.00	100.00	2	STOCK	0.00	USD	State of Alaska	State of Alaska	100.00	100.00	100.00	100.00
100003	State of Alaska	100.00	100.00	3	STOCK	0.00	USD	State of Alaska	State of Alaska	100.00	100.00	100.00	100.00

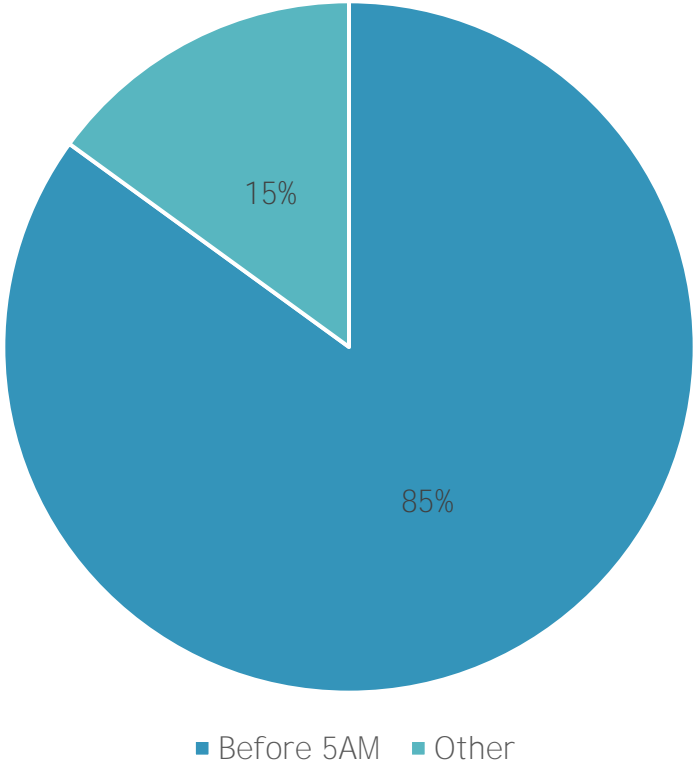
Data Complexities

Fixed Width Files	Delimited Files	Modern Files																																																																																																																																												
<ul style="list-style-type: none"> ▶ One of the original file formats ▶ Allocates specific space for each field ▶ Requires additional layout information and analysis to parse data 	<ul style="list-style-type: none"> ▶ Variable text file formats ▶ Data fields are separated by a known character <ul style="list-style-type: none"> ▶ Most prevalent characters being either commas and tabs ▶ Analysis is performed on a file-by-file basis to ensure all fields are captured 	<ul style="list-style-type: none"> ▶ Newer file formats ▶ More complex with various forms including Excel and XML files ▶ Requires additional layout information and analysis to ensure data complexity is retained 																																																																																																																																												
 <p>Account Prior Trade Date ON 04/29/24</p> <table border="1"> <thead> <tr> <th>Stl</th> <th>Date</th> <th>Long Description</th> <th>B/S</th> <th>Mtge Factor</th> <th>Price</th> <th>Principal</th> </tr> </thead> <tbody> <tr><td>04/29/24</td><td></td><td></td><td>B</td><td></td><td></td><td></td></tr> <tr><td>04/29/24</td><td></td><td></td><td>B</td><td></td><td></td><td></td></tr> <tr><td>04/29/24</td><td></td><td></td><td>B</td><td></td><td></td><td></td></tr> <tr><td>04/29/24</td><td></td><td></td><td>B</td><td></td><td></td><td></td></tr> <tr><td>04/29/24</td><td></td><td></td><td>B</td><td></td><td></td><td></td></tr> <tr><td>04/29/24</td><td></td><td></td><td>B</td><td></td><td></td><td></td></tr> </tbody> </table>	Stl	Date	Long Description	B/S	Mtge Factor	Price	Principal	04/29/24			B				04/29/24			B				04/29/24			B				04/29/24			B				04/29/24			B				04/29/24			B				 <p>TIMESTARTED=Wed Apr 24 06:00:06 EDT 2024 START-OF-DATA SECURITIES ERROR CODE NUM FLDS NAME PX_LAST_EOD LAST_UPDATE_DATE_EOD </p> <table border="1"> <tbody> <tr><td>0000</td><td>0000</td><td>03</td><td>ALASKA BAL TR</td><td>2024.00000</td><td>04/23/2024</td></tr> <tr><td>0000</td><td>0000</td><td>03</td><td>ALASKA BAL TR</td><td>2024.00000</td><td>04/23/2024</td></tr> <tr><td>0000</td><td>0000</td><td>03</td><td>ALASKA BAL TR</td><td>2024.00000</td><td>04/23/2024</td></tr> <tr><td>0000</td><td>0000</td><td>03</td><td>ALASKA BAL TR</td><td>2024.00000</td><td>04/23/2024</td></tr> <tr><td>0000</td><td>0000</td><td>03</td><td>ALASKA BAL TR</td><td>2024.00000</td><td>04/23/2024</td></tr> <tr><td>0000</td><td>0000</td><td>03</td><td>ALASKA BAL TR</td><td>2024.00000</td><td>04/23/2024</td></tr> </tbody> </table>	0000	0000	03	ALASKA BAL TR	2024.00000	04/23/2024	0000	0000	03	ALASKA BAL TR	2024.00000	04/23/2024	0000	0000	03	ALASKA BAL TR	2024.00000	04/23/2024	0000	0000	03	ALASKA BAL TR	2024.00000	04/23/2024	0000	0000	03	ALASKA BAL TR	2024.00000	04/23/2024	0000	0000	03	ALASKA BAL TR	2024.00000	04/23/2024	 <p>State of Alaska Daily Price Report</p> <table border="1"> <tbody> <tr><td>Plan Number:</td><td>98214-01</td><td></td><td></td><td></td></tr> <tr><td>Plan Name:</td><td colspan="4">State of Alaska Deferred Compensation Plan</td></tr> <tr><td>Prior Date:</td><td>04/30/2024</td><td></td><td></td><td></td></tr> <tr><td>Prior Month Date:</td><td>04/30/2024</td><td></td><td></td><td></td></tr> <tr><td>Run Date:</td><td>05/01/2024</td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td>Prior Date</td><td>%</td></tr> <tr><td></td><td></td><td></td><td>Unit/Share</td><td>Change</td></tr> <tr><td></td><td></td><td></td><td>Value</td><td>in Value</td></tr> <tr><td>GA_ID</td><td>SDIO_ID</td><td>LEGAL_NAME</td><td></td><td></td></tr> <tr><td>98214-01</td><td>AK-BAL</td><td>Alaska Balanced Trust</td><td></td><td></td></tr> <tr><td>98214-01</td><td>AK-LBA</td><td>Alaska Long-Term Balanced Trust</td><td></td><td></td></tr> </tbody> </table>	Plan Number:	98214-01				Plan Name:	State of Alaska Deferred Compensation Plan				Prior Date:	04/30/2024				Prior Month Date:	04/30/2024				Run Date:	05/01/2024							Prior Date	%				Unit/Share	Change				Value	in Value	GA_ID	SDIO_ID	LEGAL_NAME			98214-01	AK-BAL	Alaska Balanced Trust			98214-01	AK-LBA	Alaska Long-Term Balanced Trust		
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File Collection and Processing



Files Systematically Processed Before 5AM Each Day

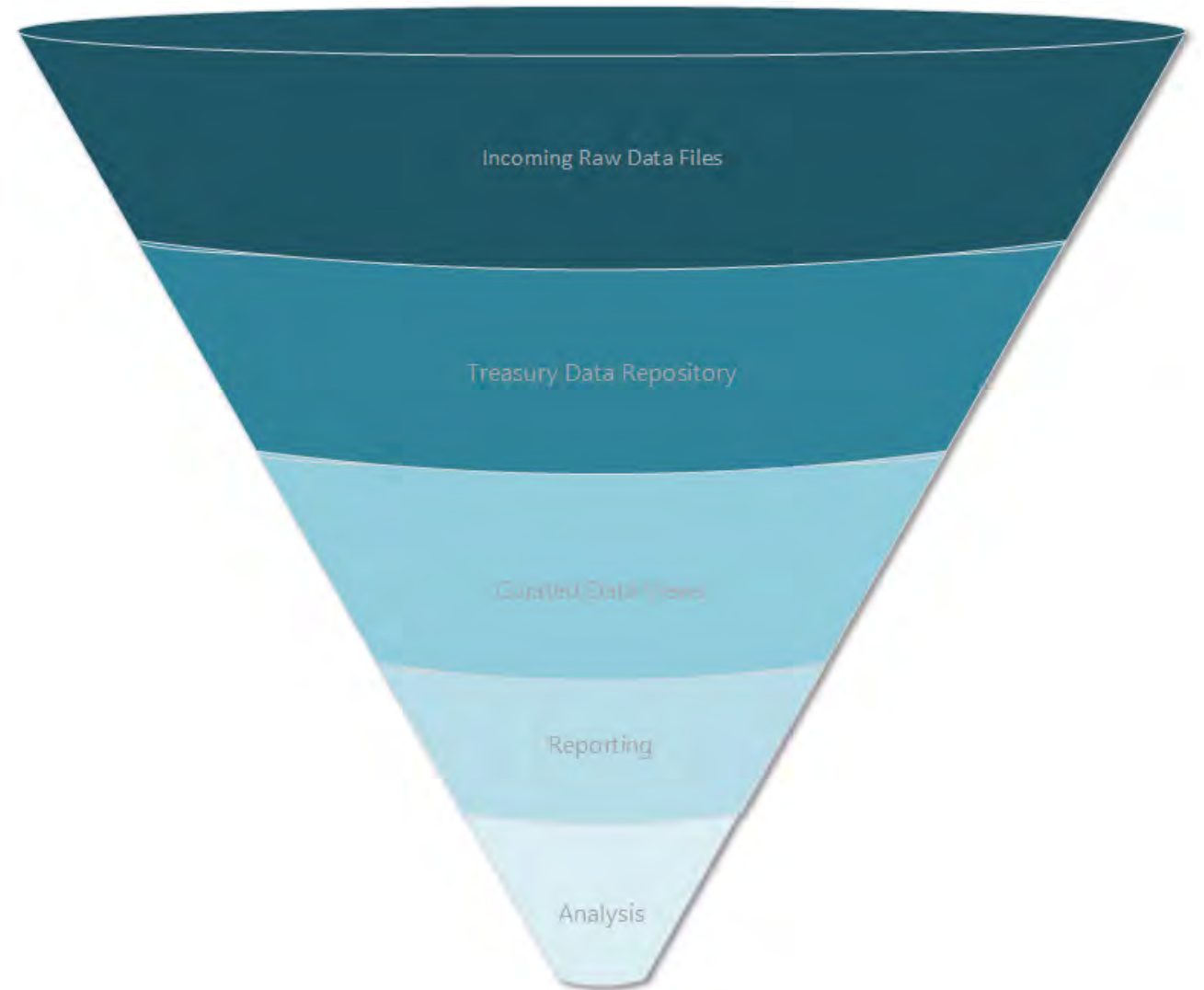


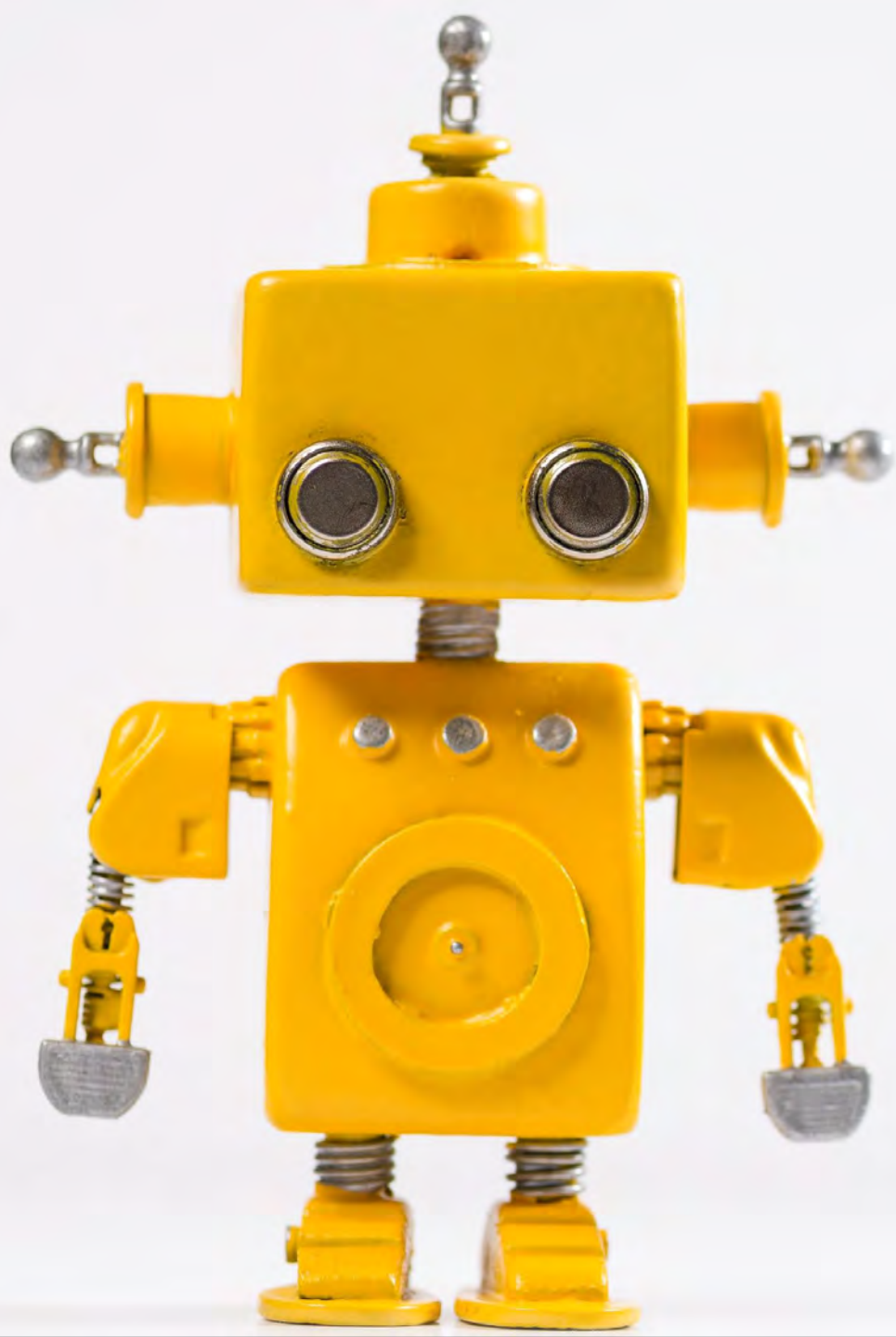
Treasury Data Repository

Easy-to-Access Data in One Place

- ▶ Maintained by the Middle Office
 - ▶ Cost-conscious alternative compared to outsourced off-the-shelf products
 - ▶ Produce substantial value-add with limited resources
 - ▶ Ability to liaise with Treasury staff and technical parties to translate business requirements
- ▶ Unifies complex data with varied formats and file types
 - ▶ Ensure data is valid
 - ▶ Distinguish between system retrieved files and user uploaded files
- ▶ Provides high degree of extensibility and scalability, easily add new
 - ▶ Data sources
 - ▶ Custom file handling (Ex: renaming, file save locations, etc.)

Treasury Pyramid of Data Analysis





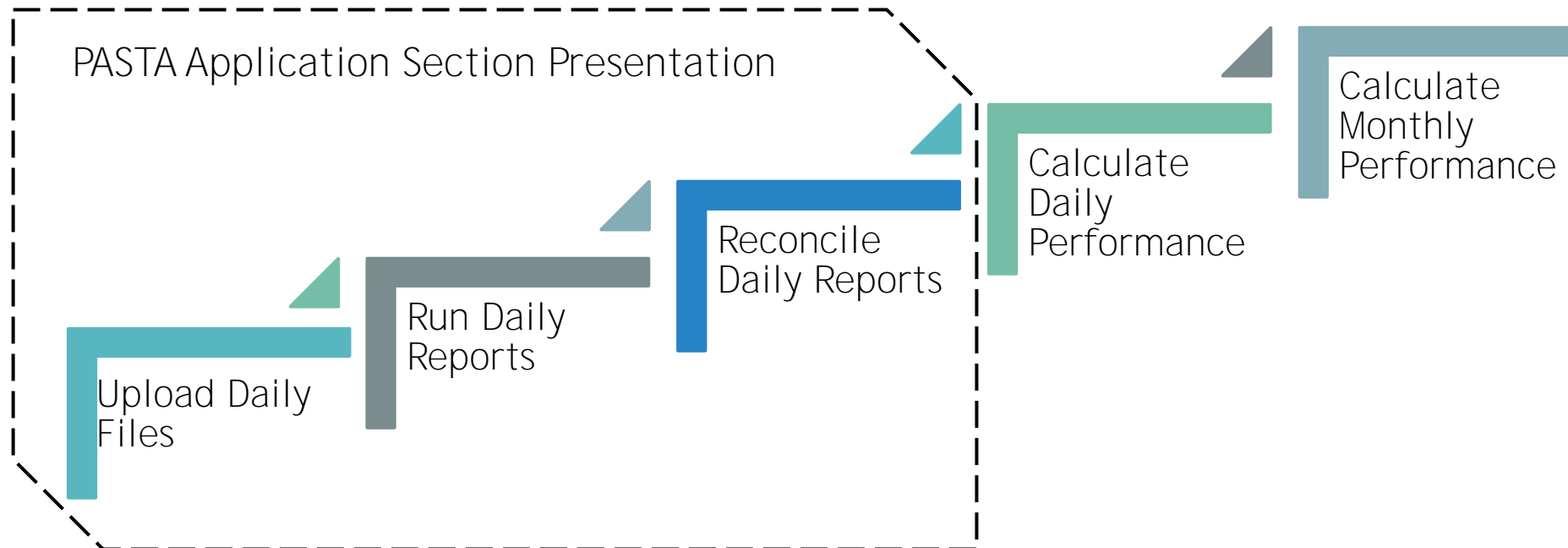
PASTA Application

PASTA Application Overview

- ▶ PASTA - Performance, Analytics, and State Treasury Accounting
- ▶ Ever-expanding web-based Treasury application
- ▶ Hosted on an internally facing web server
 - ▶ Servers for separate environments
 - ▶ Restricted server access (on-prem or VPN)
 - ▶ Behind F5 firewall
- ▶ Database servers used by Treasury
 - ▶ Servers for separate environments
 - ▶ User permissions periodically reviewed
 - ▶ Backups archived
- ▶ Integrated windows authentication
- ▶ Automatic logging to audit database
- ▶ Continuity of Operations (COOP) maintenance and testing











Advanced Performance Area High-Level Workflow



Advanced Performance Area



Upload Daily Files





Icon Legend	
	System process
	Staff process

-  Allow CSV files, Treasury Data Repository data, and PDF files
-  Flag file synchronization issues
 - ▶ Advanced Performance area is missing the Treasury Data Repository data
 - ▶ Advanced Performance area files do not match the Treasury Data Repository data
-  Maintain file history
-  Distinguish between system retrieved files and user uploaded files
 - ▶ User uploaded files not retrieved from a standard FTP server
-   Accept and flag Working Trial Balance amendment files
 - ▶ Custodial bank closes the books daily and reserves reissued reports for material amounts and/or dates
 - ▶ Creates a report warning that requires a user note to resolve



Advanced Performance Area


Run Daily Reports

Icon Legend	
	System process
	Staff process


-  Require specific file data formatting
 - ▶ Provide extra controls that protect against unwanted data type modifications
-  Validate reports
-  Flag report dependency issues (scope limited for presentation)
 - ▶ Current day daily reports must be run before current day Daily Performance report
 - ▶ Prior day Daily Performance report must be run before current day Daily Performance report
 - ▶ Subordinate Daily Performance reports must be run before current month Monthly Performance report
 - ▶ All report warnings must have a user note
-  Flag report outdated issues
 - ▶ Any daily reports using inactive files


Advanced Performance Area Reconcile Daily Reports

Icon Legend	
	System process
	Staff process

 Reconcile the daily reports to ensure data integrity

- ▶ State Street Bank - custodial bank
- ▶ NRS (Northeast Retirement Services) - plan accounting firm
- ▶ ALDER (IRIS) - statewide accounting system reporting service

 Set tolerances for each individual reconciliation

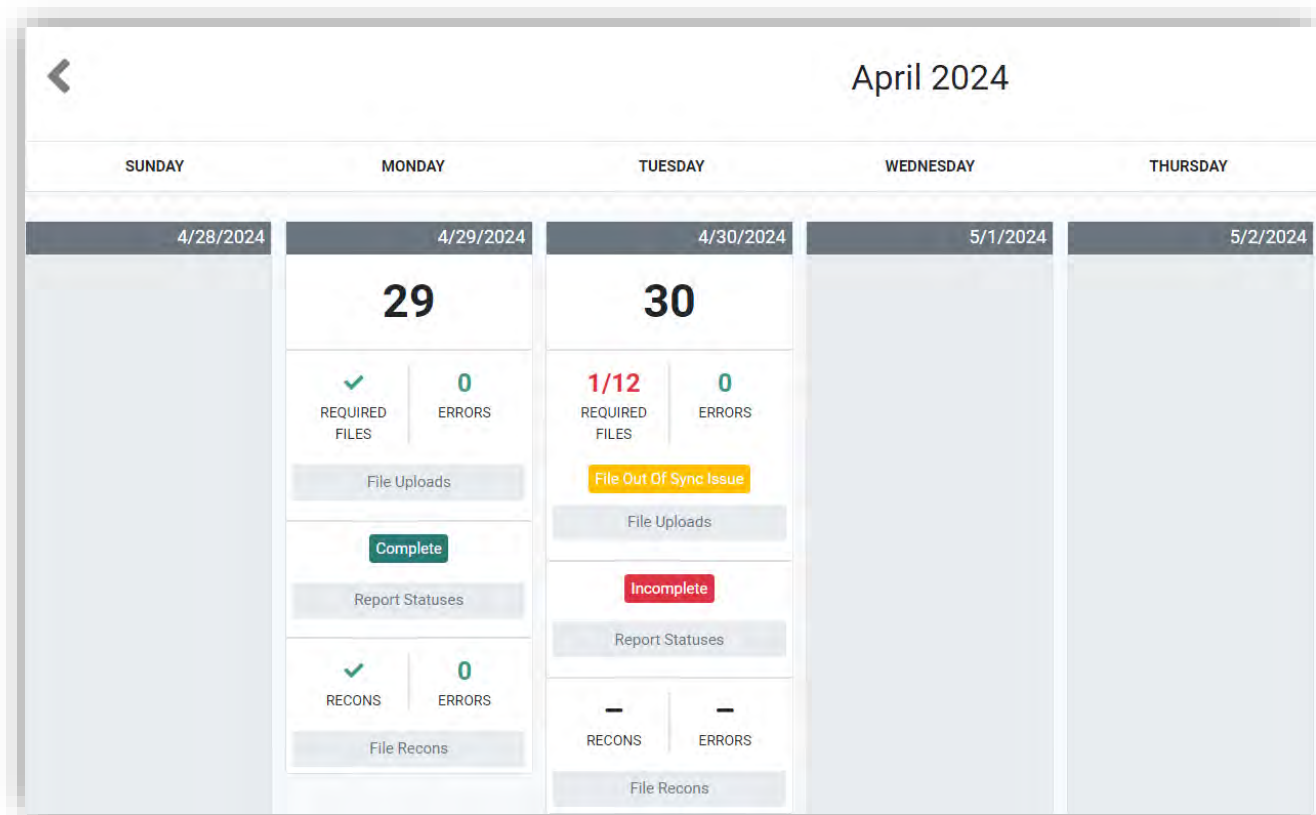
 Treasury Accounting investigates and resolves reconciliation errors

▶ Reconciliation Matrix*

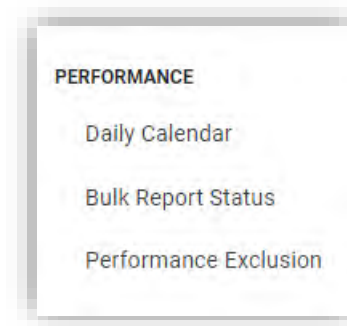
	Report Name					
	Source	Northern Retirement Services (NRS)				
	State Street Bank (SSB)	Northern Retirement Services (NRS)				
Recon	Security Holdings	Working Trial Balance	Pool Balances	Participant Balances	Plan Totals	Plan Transactions
SSB Securities	X	X				
SSB vs NRS Transaction Mapping		X				X
SSB vs NRS Pool NAV		X	X	X		
NRS Calculated Plan NAV Plus Accruals vs Plan Market Value				X	X	

*Not inclusive of all PASTA Application Advanced Performance Area reconciliations, scope limited for presentation.

Advanced Performance Area Daily Calendar





PASTA Application Advanced Performance Area Daily Calendar



PASTA Application Advanced Performance Area Performance Menu

GeFONSI Area

Calculate and Appropriate Earnings

Icon Legend	
	System process
	Staff process

▶ GeFONSI - General Fund and Other Non-Segregated Investments

 Track MOU Types

- ▶ Assigned by the Department of Administration - Division of Finance
- ▶ Outlines the treatment of earnings generated on participant balances
 - ▶ Determined by federal, statutory, or other legal requirements

 Ingest data

- ▶ Participant balances from the ALDER statewide reporting system via the Treasury Data Repository
- ▶ Plan returns from the PASTA application Advanced Performance area

 Calculate daily earnings for participants of GeFONSI I and GeFONSI II

  Appropriate earnings via system generated XML files

- ▶ Treasury Accounting manually uploads file to the IRIS statewide accounting system

MOU Type	Treatment of Earnings
Type 1	<ul style="list-style-type: none"> ▶ Calculated ▶ Appropriated
Type 2 & Type 3	<ul style="list-style-type: none"> ▶ Calculated ▶ Not appropriated
Type 0 (i.e., not addressed in statute)	<ul style="list-style-type: none"> ▶ Not calculated ▶ Not appropriated



Performance

	Bid (Qty)	Ask (Qty)	Chg	%
(1)	18590(2)	18591(1)	-60	-0.322%
(1)	18590(2)	18590(1)	-70	-0.375%

Performance Methodology

Time-Weighted Returns

- ▶ Daily and monthly performance calculated and stored by the PASTA application
- ▶ Other performance cuts calculated using
 - ▶ Structured Query Language (SQL)
 - ▶ Reporting software
 - ▶ SSRS
 - ▶ Power BI
 - ▶ Data science languages
 - ▶ R
 - ▶ Python
 - ▶ Excel

Money-Weighted Returns - ARMB

- ▶ Utilized for private market performance
- ▶ Quarterly middle and front office review
- ▶ IRRs leveraged for FOIA requests
- ▶ Power BI report sample

Financial Factors ITD Ending 9/30/2023

Manager Data											Strategy Data		Vintage Year Data			
Manager	Committed Capital	Unfunded Commitment	PIC Multiple	Paid in Capital	Distributions	Residual Value	DPI	RVPI	TVPI	ITD IRR	Strategy	ITD IRR	Vintage Year	DPI	TVPI	ITD IRR
Abbott	\$1,000,000,000	\$500,000,000	1.5x	\$1,250,000,000	\$1,000,000,000	\$1,000,000,000	1.0x	1.5x	1.5x	11.00%	Buyout	10.00%	1998	1.0x	1.5x	7.00%
Pathway	\$1,000,000,000	\$500,000,000	1.5x	\$1,250,000,000	\$1,000,000,000	\$1,000,000,000	1.0x	1.5x	1.5x	10.00%	Special Situations	9.00%	1999	1.0x	1.5x	6.00%
Treasury/PE	\$1,000,000,000	\$500,000,000	1.5x	\$1,250,000,000	\$1,000,000,000	\$1,000,000,000	1.0x	1.5x	1.5x	10.00%	Venture Capital	8.00%	2000	1.0x	1.5x	5.00%
Total	\$3,000,000,000	\$1,500,000,000	1.5x	\$3,750,000,000	\$3,000,000,000	\$3,000,000,000	1.0x	1.5x	1.5x	10.00%	Total	9.00%	Total	1.1x	1.3x	6.00%

Security Data													
Manager	Security	Strategy	VY	Committed Capital	Unfunded Commitment	PIC Multiple	Paid in Capital	Distributions	Residual Value	DPI	RVPI	TVPI	ITD IRR
Abbott	ABRY Partners IX	Buyout	2019	\$1,000,000,000	\$500,000,000	1.5x	\$1,250,000,000	\$1,000,000,000	\$1,000,000,000	1.0x	1.5x	1.5x	10.00%
Abbott	ABRY Partners VII	Special Situations	2011	\$1,000,000,000	\$500,000,000	1.5x	\$1,250,000,000	\$1,000,000,000	\$1,000,000,000	1.0x	1.5x	1.5x	10.00%
Abbott	ABRY Partners VIII	Special Situations	2015	\$1,000,000,000	\$500,000,000	1.5x	\$1,250,000,000	\$1,000,000,000	\$1,000,000,000	1.0x	1.5x	1.5x	10.00%
Abbott	ABRY Senior Equity III	Special Situations	2010	\$1,000,000,000	\$500,000,000	1.5x	\$1,250,000,000	\$1,000,000,000	\$1,000,000,000	1.0x	1.5x	1.5x	10.00%
Abbott	ABRY Senior Equity IV	Special Situations	2012	\$1,000,000,000	\$500,000,000	1.5x	\$1,250,000,000	\$1,000,000,000	\$1,000,000,000	1.0x	1.5x	1.5x	10.00%
Treasury/PE	Advent International GPE Fund IX	Buyout	2019	\$1,000,000,000	\$500,000,000	1.5x	\$1,250,000,000	\$1,000,000,000	\$1,000,000,000	1.0x	1.5x	1.5x	10.00%
Total				\$5,000,000,000	\$2,500,000,000	1.5x	\$6,250,000,000	\$5,000,000,000	\$5,000,000,000	1.0x	1.5x	1.5x	10.00%

Icon Legend





System process






Staff process

Performance Calculations

Daily Performance

-  Daily calculation and storage of daily returns
 - ▶ Time-weighted returns
 - ▶ Net and gross of manager fee returns
 - ▶ State Street Bank (SSB) valuation
 - ▶ Daily pricing based on our agreed pricing matrix
 - ▶ Index data is ingested from the PASTA application Benchmark Data area
 - ▶ Plan blended custom benchmark returns use approved target allocations and rebalance frequencies
-  Automatic completion before Treasury staff arrive
 - ▶ If any errors exist, then a system generated email is sent at 5:55AM

Monthly Performance

-  Month end calculation and storage of monthly returns
 - ▶ Geometrically linked daily time-weighted rates of return
-   Report exclusions for months with partial performance
 - ▶ Ex: The Alaska Commission on Postsecondary Education (ACPE) plan was excluded from July 2021 performance reporting because it was funded on July 27th, 2021
 - ▶ Systematically managed by the PASTA application Advanced Performance area

Monthly Commissioner Report Review



Timely Reporting

- ▶ 15 calendar days of month end



Validate Accuracy

- ▶ Reconcile manager provided returns
- ▶ Investigate relative returns greater than or equal to ± 5 bps
- ▶ Focus on 1-month, 3-month, and FYTD performance
- ▶ Review plan return attribution



Four-Eye Review

- ▶ Initial review by Investment Compliance and Performance Officer
- ▶ Final review by Middle Office Manager

Return Attribution Review

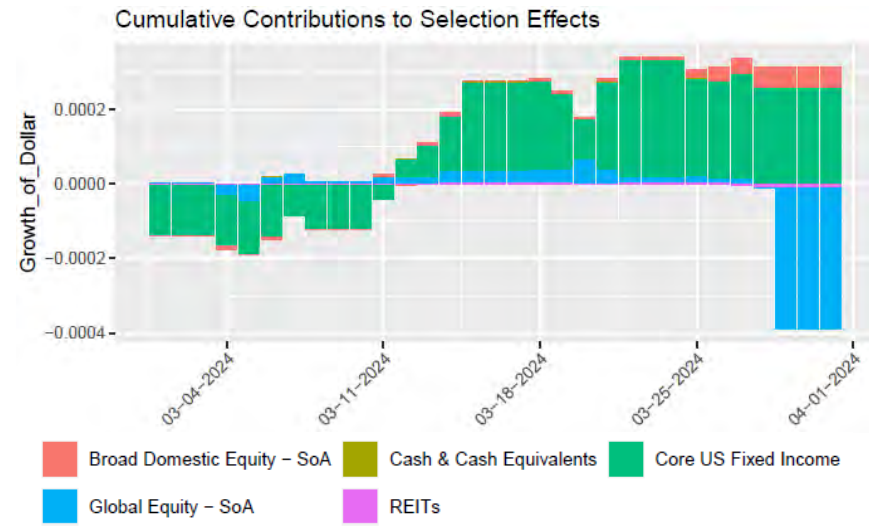
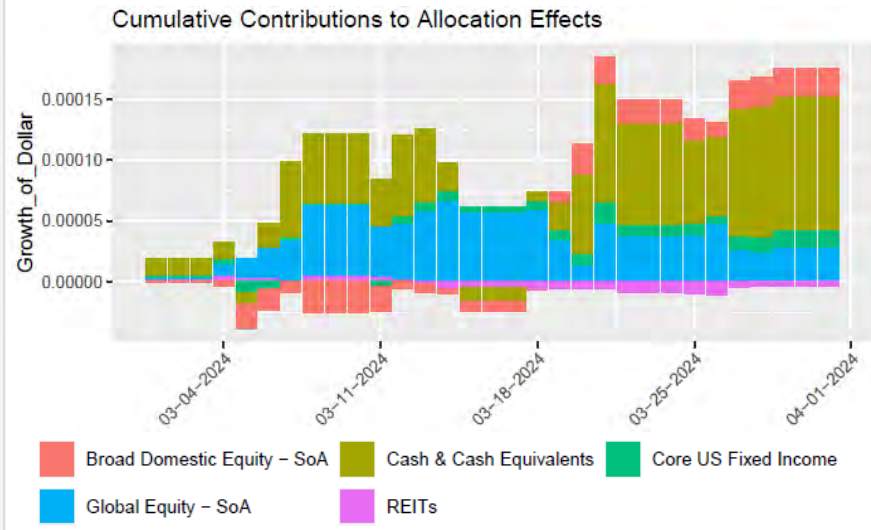
	Plan Return Attribution Analysis	Fund Absolute Return Attribution Analysis (aka Return Contribution Analysis)
<i>Purpose</i>	Identify the sources of relative return between the returns of the plan and the benchmark to understand the effects of active investment decisions	Identify the contributions of security holdings to the total return of the fund
<i>Methodology</i>	<ul style="list-style-type: none"> ▶ Brinson models ▶ Frongello linking algorithm ▶ Net (default) and gross of manager fee returns 	<ul style="list-style-type: none"> ▶ Transaction-based attribution
<i>Timeframe</i>	Including, but not limited to, 1-month, 3-month, FYTD, CYTD, 1-year	Daily
<i>Reviewed</i>	Monthly and ad hoc	Ad hoc

Plan Return Attribution Sample

Alaska Higher Education Investment (AY3L) for March 2024

Asset Class	Average Portfolio Weight	Average Benchmark Weight	Policy Asset Allocation Target	Portfolio Return	Benchmark Return	Allocation	Selection	Total
Broad Domestic Equity - SoA	40.945%	40.673%	39.000%	3.240%	3.226%	0.002%	0.006%	0.008%
Cash & Cash Equivalents	0.358%	0.975%	1.000%	0.463%	0.449%	0.011%	0.000%	0.011%
Core US Fixed Income - SoA	28.511%	28.627%	30.000%	1.013%	0.924%	0.001%	0.026%	0.027%
Global Equity - SoA	25.441%	25.013%	25.000%	2.975%	3.126%	0.003%	-0.038%	-0.035%
REITs	4.744%	4.711%	5.000%	1.761%	1.776%	-0.000%	-0.001%	-0.001%
Total			100.000%	2.451%	2.441%	0.017%	-0.007%	0.010%

	Mean	Variance	Standard Deviation	Semi-Variance	Semi-Standard Deviation	Tracking Risk	Covariance	Correlation	Historical VaR 95%	Historical VaR 99%
Portfolio	0.122%	0.001%	0.375%	0.001%	0.259%	0.007%	0.001%	0.99982	-0.417%	-0.481%
Benchmark	0.120%	0.001%	0.373%							





Compliance

Treasury Compliance Program

- ▶ Provide technical skills, and systems and platform expertise for back, middle, and front office staff
- ▶ In-house development and management
 - ▶ Leverage institutional knowledge of **Treasury's inner**-workings
 - ▶ High degree of flexibility
 - ▶ Cost-conscious alternative compared to outsourced off-the-shelf products (ex. Charles River, Aladdin)

“

Mission Statement

To help protect invested assets entrusted to the ARMB and the Revenue Commissioner by monitoring adherence to existing laws, rules, regulations, contracts, policies, and guidelines

”

Investment Compliance Scope

- ▶ Monitor assets (values as of March 2024)
 - ▶ Commissioner \$8.7B AUM
 - ▶ ARMB \$42.6B AUM

	Count
Plans <i>Ex: Constitutional Budget Reserve (CBRF)</i>	29
Pools <i>Ex: Equity - Broad US</i>	8
Funds <i>Ex: Treasury Core US Fixed Income</i>	10

- ▶ Run tests daily, monthly, quarterly, annual, and ad hoc
 - ▶ Some daily tests are run real-time (Ex: Pre-trade Bloomberg Compliance Rules)
 - ▶ Most daily tests are available the following morning
- ▶ Investigate alerts and monitor corrective actions

Execution of Daily Tests - Commissioner

CY 2023 Variable Daily Tests



4,500+
Internal Trades Reconciled



700+
Internal Reverse REPOs Reconciled



350+
LMCS Sweep Reverse REPOs
Reconciled



52
Plan Rebalances Reviewed



40
Internal Transfer Memos Reviewed

CY 2023 Fixed Daily Tests



7,250 (29 plans × 250 days)
Asset Allocations Analyzed



250 (1 fund × 250 days)
Cash Percentages Analyzed



2,000 (10 funds × 250 days)
Leverage Calculations Checked



2,500 (10 funds × 250 days)
Overdrawn Balances Checked



16,250* (65 rules × 250 days)
Bloomberg Compliance Rules Run

*Bloomberg compliance rules run count includes both ARMB and Commissioner asset rules.

Trade Administration and Support



Administer
Bloomberg and
SWIFT



Coordinate with
custodial bank



Provide trader
support during
market hours

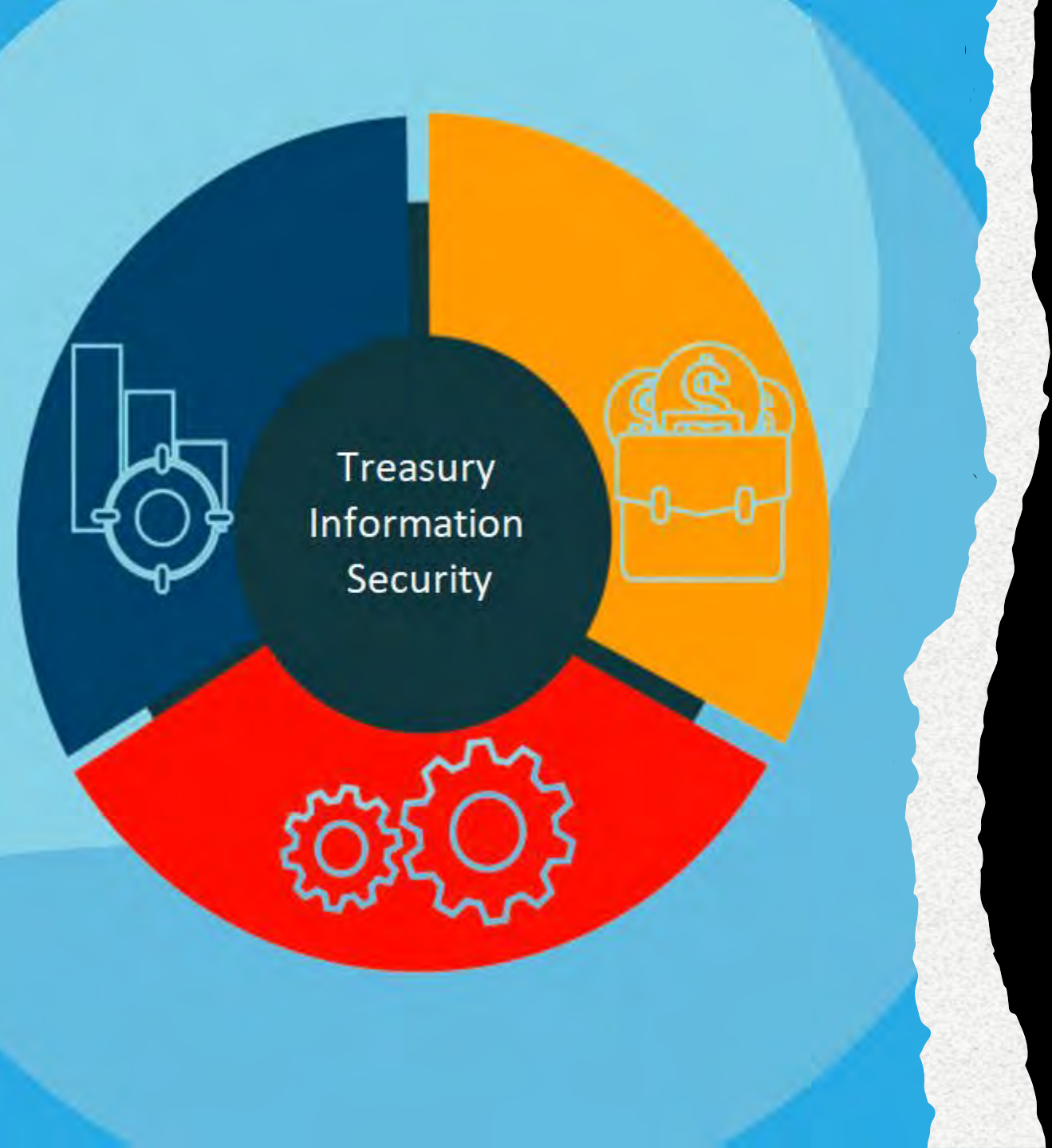


Assist with
operational
improvements

Statutory and Regulatory Compliance

► Track 50+ requirements including

Requirement Name	Due To	Reporter	Authoritative Reference
Quarterly For 13F	SEC	ARMB/Commissioner	17 CFR § 240.13f-1
Annual Form 13H and Form N-PX	SEC	ARMB/Commissioner	17 CFR § 240.13h-1
Annual Report on the Constitutional Budget Reserve (a.k.a. 3-15 Report)	Legislature	Commissioner	AS 37.10.430(b)
Annual Veteran’s Memorial Fund Forecast	Commissioner of DMVA	Commissioner	AS 37.14.730(b)
Annual Higher Education Fund Forecast	Commissioner of Education	Commissioner	AS 37.14.750
Annual Arbitrage Calculations	IRS	Debt Manager	For Tax Exempt Issuances
Quarterly Security Training	OIT	Treasury Director	Department of Revenue Policies



Information
Security



SWIFT Customer Security Program

- Treasury began using SWIFT for trade transmission in CY2021
 - Replaced the antiquated Bloomberg offering
 - Provides straight through trade processing
- SWIFT Customer Security Program (CSP)
 - Protects the SWIFT messaging system and its customers from fraud
 - Ensure compliance via SWIFT Customer Security Controls Framework (CSCF)
 - Requires assessments each year
 - Users report compliance or non-compliance
 - Compliance gaps require a remediation plan
- Work completed by Middle Office
 - \$150K/year outsourcing quote
 - Staff have the required knowledge, skills, and abilities

SWIFT CSCF Controls and Objectives

Security Controls



Customer Security Controls Framework

Objectives

Secure Your Environment

Know and Limit Access

Detect and Respond

Principles

1. Restrict Internet access & Segregate critical systems from general IT environment
2. Reduce attack surface and vulnerabilities
3. Physically secure the environment
4. Prevent compromise of credentials
5. Manage identities and segregate privileges
6. Detect anomalous activity to system or transaction records
7. Plan for incident response and information sharing

SWIFT CSCF Annual Review



Attestation required by December 31st each year



SWIFT updates their framework each year



Controls require review of two components:
design and implementation



140+ individual control elements are reviewed
and documented



Efforts require extensive coordination with OIT

SWIFT Control 4.1: Password Policy

Design: Treasury meets the SWIFT 4.1 control design expectations via:

- SOA ISP-166: Web Filtering
- SOA ISP-178: Password Management
- Treasury ISP 9.4: System and Application Access Control

Implementation: Treasury meets or exceeds minimum password recommendations established by SWIFT as evidenced in the following implementations:

- Default Domain Policy GPO configures all password requirements and is present on sampled Treasury desktops and servers
- Additional password requirements are set by the Treasury Bloomberg Administrator and is used in conjunction with two-factor authentication

Other Duties Related to Information Security

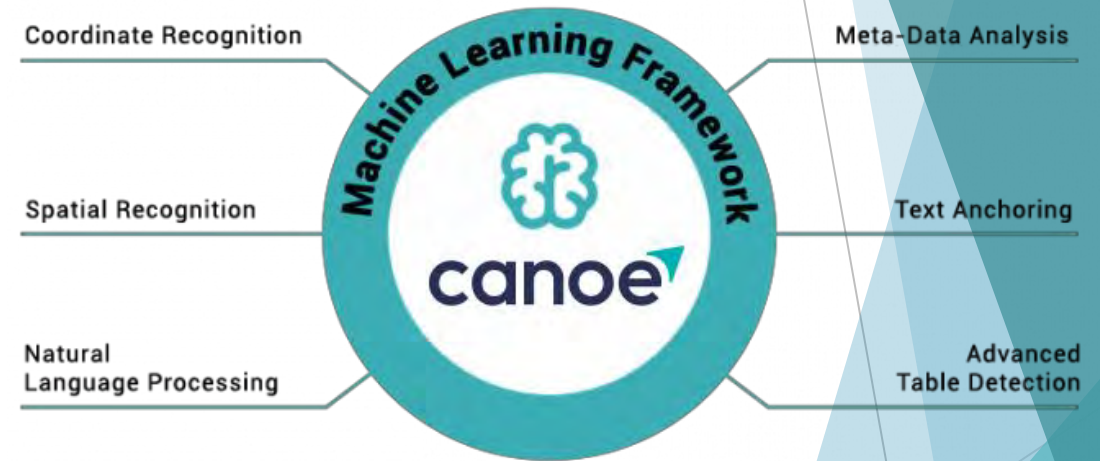
- ▶ Continuity of Operations Plan
 - ▶ Maintenance
 - ▶ Testing
- ▶ Treasury line-of-business position
 - ▶ Resides in Middle Office
 - ▶ Acts as the liaison between the Treasury and the OIT
 - ▶ Aids the division in bettering its information security posture
 - ▶ Provides after-hours support for trading staff



Solutions Engineering

Canoe – Machine Learning Technology

- Automate download and delivery of roughly 650 private market statements and cash flow notices
- Machine learning OCR technology to pull data out of statements and cash flow notices for automated delivery into our databases
- Streamline valuation updates at the custodial bank



Otter AI

- Audio transcription tool being tested on creation of meeting transcripts for SIR and ARMB Committee meetings



Lisa 0:36

Great. So, can you tell me a little bit about your current Web Optimization software?



Charlotte 1:04

We're currently using Web123 Optimization Software, but we're not really happy with it. It's slow, it's clunky, and it's not really meeting our needs.



Lisa 2:11

So, what are some of the specific problems you're having with your current system?



Charlotte 2:46

Well, for one thing, it's really slow. It takes forever to load, and it's often down. That makes it really difficult to track our website traffic and optimize our pages.

Additional Capabilities



Custom Data Processing

- Develop extensible scripts
- Calculate structured performance data for mission critical front office processes
- Calculate dynamic on-the-fly return attribution



Deep Dive Data Analysis Projects

- Review FX rates applied to auto repatriation transactions
- Ensure accuracy and timeliness of foreign tax reclaims
- Confirm custodial bank pricing compliance with agreed upon pricing matrix



Operational Efficiency Enhancements

- Improve existing operational processes
- Streamline back and front office processes
- Research new operational processes
- Improve front office processes (ex: internal reverse REPO tickets, proposed liquidity pool)
- Replace Excel copying/pasting with dynamic Microsoft Power Queries



Fee Tracking

- Consolidate fees incurred from numerous sources
- Provide reporting for ARMB meetings, Revenue Sources Book, etc.



Ad Hoc Analysis

- Provide management requested ad hoc reporting
- Process FOIA requests
- ISO27000 Assessment



Questions



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

State Investment Review:

- **Economic and Market Update**
- **March 2024 Performance**
- **Non-Routine Investment Update**
- **FY25 Asset Allocation Recommendations**



May 2024

Zachary Hanna, CFA
Chief Investment Officer, Treasury Division
Alaska Department of Revenue

Economic and Market Update

Inflation and Economic Growth

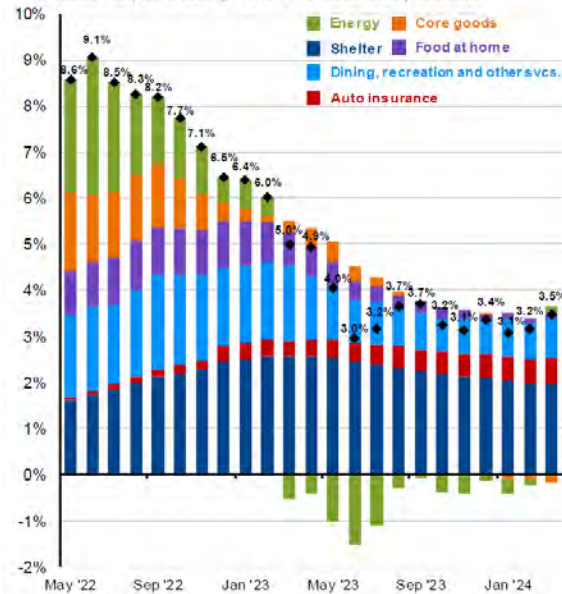
- Inflation has dominated markets since 2022, peaking at 9.1% in June of 2022 and declining to 3.5% in March of 2024.
- The drivers of inflation have rotated considerably in response to higher interest rates. Mainly centered around services, main drivers have switched from medical services and transportation to shelter, insurance, and recreation.
- Economic growth has slowed but remains relatively strong.

Inflation components

GTM U.S. 27

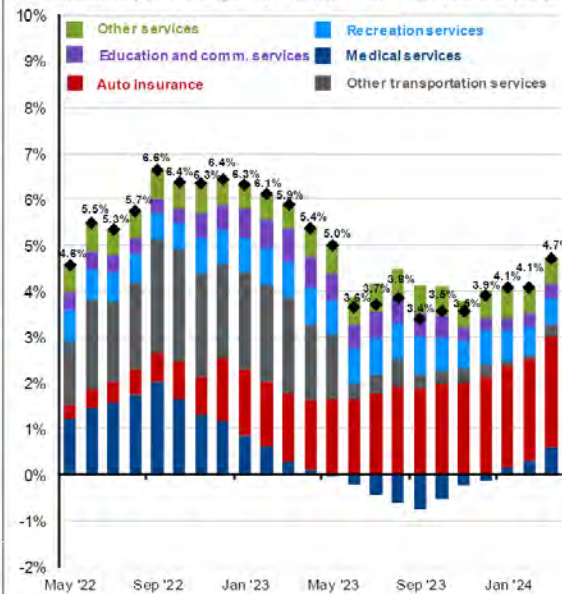
Contributors to headline CPI inflation

Contribution to y/y % change in CPI, non-seasonally adjusted



Contributors to core services ex-shelter CPI inflation*

Contribution to y/y % change in custom CPI index, non-seasonally adj.



Source: BLS, FactSet, J.P. Morgan Asset Management. Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. *Core services ex-shelter CPI is a custom index using CPI components created by J.P. Morgan Asset Management. (Left) "Shelter" includes owners' equivalent rent, rent of primary residence and home insurance. Guide to the Markets - U.S. Data are as of April 30, 2024.

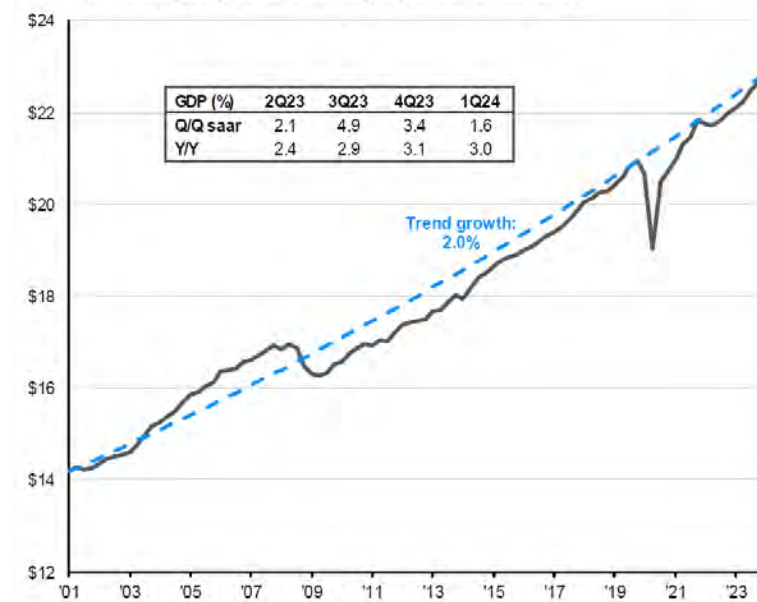
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ASSET MANAGEMENT

Economic growth and the composition of GDP

GTM U.S. 17

Real GDP

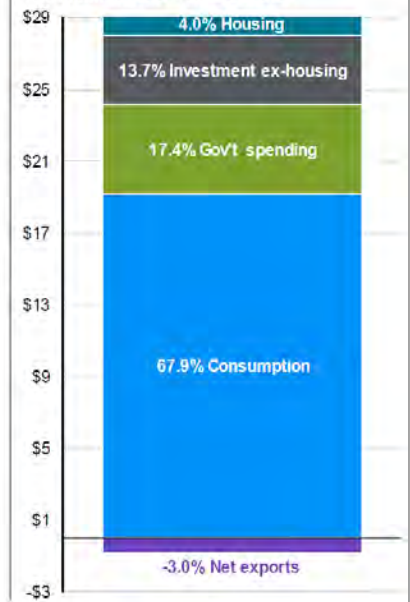
Trillions of chained (2017) dollars, seasonally adjusted at annual rates



Source: BEA, FactSet, J.P. Morgan Asset Management. Values may not sum to 100% due to rounding. Trend growth is measured as the average annual growth rate from business cycle peak 1Q01 to business cycle peak 4Q19. Guide to the Markets - U.S. Data are as of April 30, 2024.

Components of GDP

1Q24 nominal GDP, USD trillions



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Interest Rates and the Federal Reserve

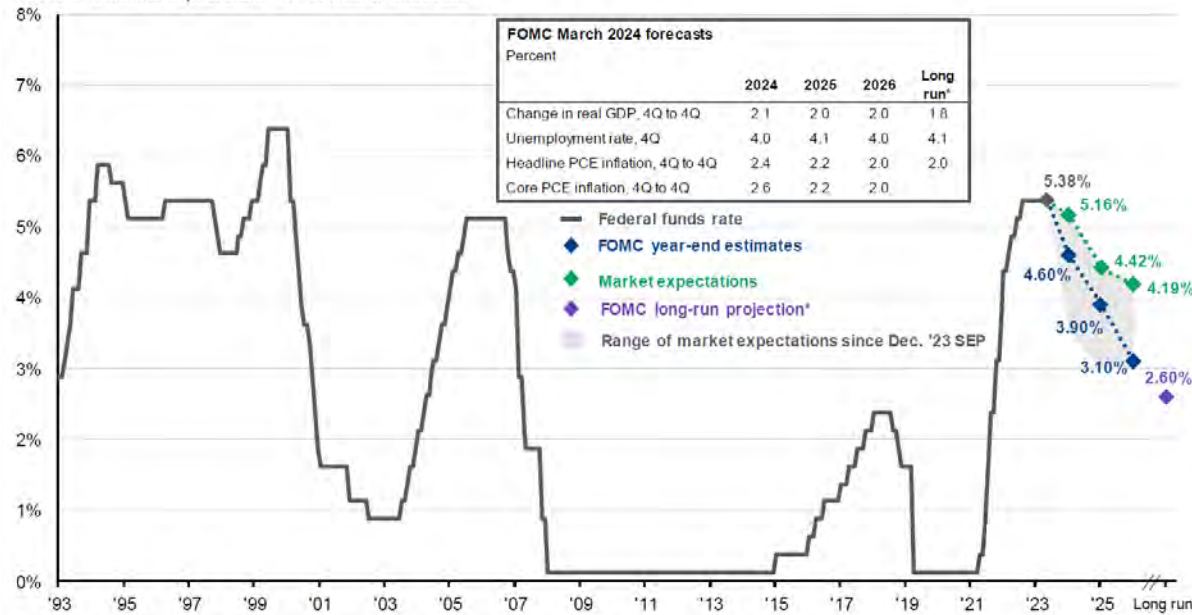
- To combat inflation, the Federal Reserve has raised interest rates from near zero in 2022 to 5.50% in July of 2023.
- Notably the Fed has made no further changes to rates at the last five meetings.
- Inflation has been higher than expected. Recent forecasts have pushed out rate cuts to the end of 2024 or into 2025.

The Fed and interest rates

GTM U.S. 29

Federal funds rate expectations

FOMC and market expectations for the federal funds rate



Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management. Market expectations are based off of USD Overnight Index Swaps. *Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated. Guide to the Markets - U.S. Data are as of April 30, 2024.

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Interest rates and inflation

GTM U.S. 30

Nominal and real U.S. 10-year Treasury yields



Source: BLS, FactSet, Federal Reserve, J.P. Morgan Asset Management. Real 10-year Treasury yields are calculated as the daily Treasury yield less year-over-year core CPI inflation for that month. For the current month, we use the prior month's core CPI figures until the latest data are available. Guide to the Markets - U.S. Data are as of April 30, 2024.

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Fixed Income

- Bond yields increased dramatically in reaction to the Fed's increase in rates into 2023.
- Most bond sectors performed very poorly in 2022, but bond returns improved in 2023 with higher yields and more tempered rate increases.
- Forward expectations for fixed income investments are strong with high starting yields and an expectation of moderating interest rates.

Yield curve

GTM U.S. 32

U.S. Treasury yield curve



Source: FactSet, Federal Reserve, J.P. Morgan Asset Management. Guide to the Markets – U.S. Data are as of April 30, 2024.

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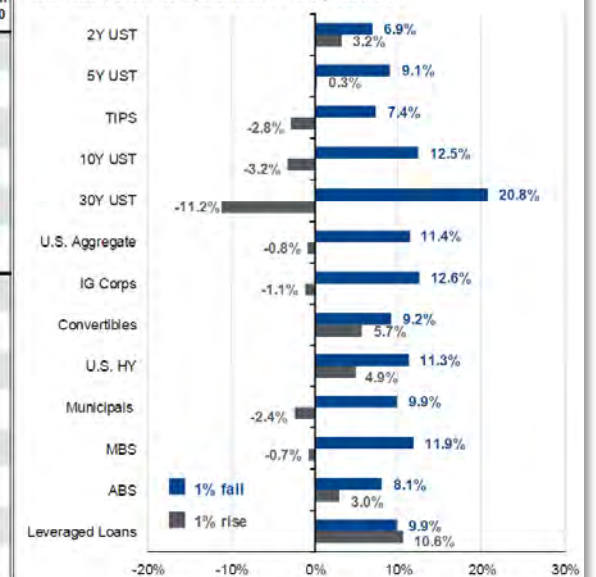
Fixed income market dynamics

GTM U.S. 31

	Yield		Return			
	4/30/2024	12/31/2023	2024 YTD	Avg. Maturity	Correlation to 10-year	Correlation to S&P 500
U.S. Treasuries						
2-Year	5.04%	4.23%	-0.18%	2 years	0.75	-0.01
5-Year	4.72%	3.84%	-2.68%	5	0.94	-0.04
TIPS	2.20%	1.72%	-1.77%	7.2	0.71	0.33
10-Year	4.68%	3.88%	-5.07%	10	1.00	-0.10
30-Year	4.79%	4.03%	-10.48%	30	0.93	-0.13
Sector						
U.S. Aggregate	5.31%	4.53%	-3.28%	8.4	0.88	0.25
IG Corps	5.73%	5.06%	-2.93%	10.6	0.64	0.47
Convertibles	7.11%	7.26%	-0.31%	-	-0.07	0.87
U.S. HY	8.11%	7.59%	0.52%	4.8	0.04	0.77
Municipals	3.77%	3.22%	-1.62%	13.3	0.70	0.27
MBS	5.57%	4.68%	-4.04%	8.0	0.80	0.25
ABS	6.13%	5.65%	1.55%	3.5	0.26	0.23
Leveraged Loans	10.24%	10.59%	3.31%	4.4	-0.24	0.60

Impact of a 1% rise or fall in interest rates

Total return, assumes a parallel shift in the yield curve



Source: Bloomberg, FactSet, Standard & Poor's, U.S. Treasury, J.P. Morgan Asset Management. Sectors shown above are provided by Bloomberg unless otherwise noted and are represented by – U.S. Aggregate; MBS: U.S. Aggregate Securitized; MBS: ABS: J.P. Morgan ABS Index; IG Corporates; U.S. Corporates; Municipals; Muni Bond; High Yield; Corporate High Yield; Leveraged Loans: J.P. Morgan Leveraged Loan Index; TIPS: Treasury Inflation-Protected Securities; Convertibles: U.S. Convertibles Composite. Convertibles yield is as of most recent month-end and is based on U.S. portion of Bloomberg Global Convertibles Index. Yield and return information based on bullwhethers for Treasury securities. Yields shown for TIPS are real yields. Sector yields reflect yield-to-worst. Leveraged loan yields reflect the yield to 3Y takeout. Correlations are based on 15-years of monthly returns for all sectors. ABS returns prior to June 2012 are sourced from Bloomberg. Past performance is not indicative of future results. Guide to the Markets – U.S. Data are as of April 30, 2024.

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Equity Markets

- U.S. equities have continued at more elevated valuations driven significantly by just a few constituents.
- Domestic equity returns and valuations remain driven by the largest technology corporations resulting in more concentrated equity indexes.
- International equity valuations remain much lower than in the U.S.

S&P 500 valuation measures

GTM U.S. 5

S&P 500 Index: Forward P/E ratio

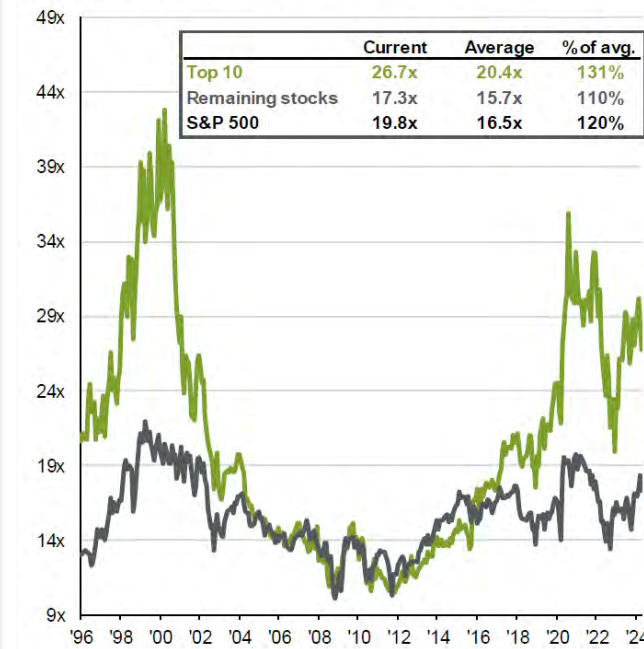


Source: FactSet, FRB, Refinitiv Datastream, Robert Shiller, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management. Price-to-earnings is price divided by consensus analyst estimates of earnings per share for the next 12 months as provided by IBES since March 1994 and by FactSet since January 2022. Current next 12-months consensus earnings estimates are \$245. Average P/E and standard deviations are calculated using 30 years of history. Shiller's P/E uses trailing 10-years of inflation-adjusted earnings as reported by companies. Dividend yield is calculated as the next 12-months consensus dividend divided by most recent price. Price-to-book ratio is the price divided by book value per share. Price-to-cash flow is price divided by NTM cash flow. EY minus Baa yield is the forward earnings yield (consensus analyst estimates of EPS over the next 12 months divided by price) minus the Moody's Baa seasoned corporate bond yield. Std. dev. over-/under-valued is calculated using the average and standard deviation over 30 years for each measure. *Averages and standard deviations for dividend yield and P/CF are since November 1995 due to data availability. Guide to the Markets - U.S. Data are as of April 30, 2024.

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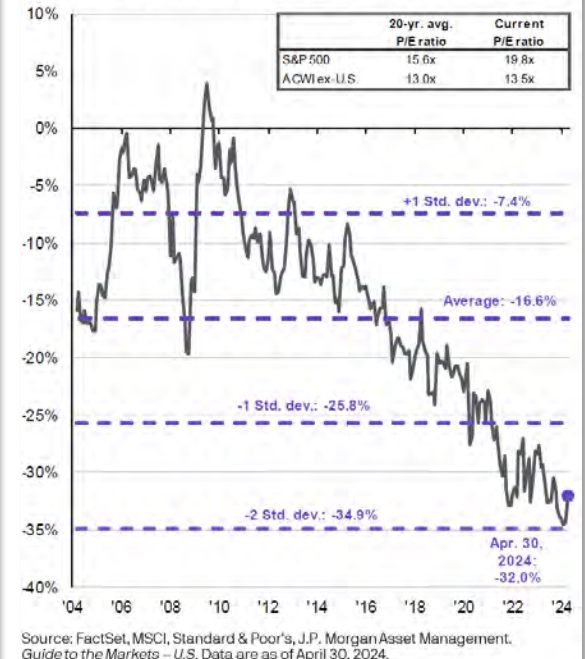
P/E ratio of the top 10 and remaining stocks in the S&P 500

Next 12 months, 1996 - present



International: Price-to-earnings discount vs. U.S.

MSCI All Country World ex-U.S. vs. S&P 500, next 12 months



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management, Guide to the Markets - U.S. Data are as of April 30, 2024.

Capital Market Performance Update

- After a challenging 2022, calendar year 2023 performance was strong, but volatile across most asset classes.
- Capital markets have been focused on the interplay of inflation, interest rates, and economic growth.
- As inflation has moderated, the potential for further interest rate increases and the associated drag on economic growth has decreased.
- As a result, equity markets recovered strongly from the correction of 2022 and both core U.S. fixed income and cash equivalents benefited from high yields.

2018	2019	2020	2021	2022	2023	FY24YTD	2024-Q1
Cash Equivalents 1.9%	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 19.3%	Broad U.S. Equity 10.0%
Core U.S. Fixed Income 0.0%	REITs 28.7%	TIPS 11.0%	Broad U.S. Equity 25.7%	High Yield (11.2%)	International Equity 15.6%	International Equity 10.4%	International Equity 4.5%
TIPS (1.3%)	International Equity 21.5%	International Equity 10.7%	International Equity 7.8%	TIPS (11.8%)	High Yield 13.4%	High Yield 9.2%	High Yield 1.5%
High Yield (2.1%)	High Yield 14.3%	Core U.S. Fixed Income 7.5%	TIPS 6.0%	Core U.S. Fixed Income (13.0%)	REITs 11.4%	REITs 6.7%	Cash Equivalents 1.3%
REITs (4.0%)	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%	Cash Equivalents 4.0%	TIPS (0.1%)
Broad U.S. Equity (5.2%)	TIPS 8.4%	Cash Equivalents 0.7%	Cash Equivalents 0.0%	Broad U.S. Equity (19.2%)	Cash Equivalents 5.0%	Core U.S. Fixed Income 2.6%	Core U.S. Fixed Income (0.8%)
International Equity (14.2%)	Cash Equivalents 2.3%	REITs (5.1%)	Core U.S. Fixed Income (1.5%)	REITs (24.9%)	TIPS 3.9%	TIPS 1.9%	REITs (1.3%)

COMMISSIONER'S REPORT

As of March 31, 2024

DOR Commissioner's Report: Market Values for Month Ending 3/31/2024

Market Value

Plan Name	Cash Equivalents	Domestic Equity	Fixed Income	Interm. Fixed Income	Int'l Equity	REITs	Market Value
2008 Transportation Project Government Bonds (AY2Q)	\$825,673						\$825,673
2013B Tax Exempt Education (AY3Z)	\$189,741						\$189,741
2016A - 2012 Transportation Bond Act (AY3Y)	\$688,395						\$688,395
2016B - 2012 Transportation Bond Act (AY3Q)	\$49,711,545						\$49,711,545
Alaska Higher Education Investment (AY3L)	\$1,444,225	\$167,740,626	\$114,875,977		\$103,161,624	\$19,250,254	\$406,472,706
Alaska Mental Health Trust Reserve (AY2L)	\$477,623	\$21,577,036	\$15,957,825		\$14,899,962		\$52,912,446
ASLC Investment Fund (AY3S)	\$1,407,660	\$27,468,997	\$67,525,490		\$16,813,099	\$3,387,617	\$116,602,863
Constitutional Budget Reserve Fund (AY19)	\$2,785,646,493						\$2,785,646,493
Education Endowment Fund (AY3G)	\$4,758	\$592,045	\$405,393		\$364,124	\$67,967	\$1,434,287
EVOS Habitat Investment (AY2H)	\$24,368,101			\$44,322,741			\$68,690,842
EVOS Research Investment (AY02)	\$11,397,869			\$20,736,251			\$32,134,119
GeFONSI I (AY01)	\$1,491,984,396			\$267,930,654			\$1,759,915,050
GeFONSI II (AY3F)	\$862,699,054	\$63,156,211		\$482,634,625	\$30,296,334		\$1,438,786,224
Illinois Creek Mine Reclamation (AY9J)	\$5,183	\$632,632	\$433,265		\$389,076	\$72,632	\$1,532,788
International Airports Repair & Replacement Fund (AY05)	\$521,329						\$521,329
International Airports Revenue Fund (AY04)	\$185,925,903			\$32,942,914			\$218,868,817
International Airports Series 2002 Reserve Account (AY2E)	\$16,053,598						\$16,053,598
International Airports Series 2003 Reserve (AY2U)	\$11,413,354						\$11,413,354
Investment Loss Trust Fund (AY28)	\$3,597,320						\$3,597,320
Permanent Fund Dividend Holding Account (AY2G)	\$50,510,955						\$50,510,955
Public School Trust Fund (AY08)	\$2,806,762	\$338,056,932	\$231,515,877		\$207,907,340	\$38,795,962	\$819,082,874
RHIF LTC Insurance (AY11)	\$5,608,949	\$227,562,509	\$421,403,580		\$157,194,672	\$32,592,074	\$844,361,784
RHIF Major Medical (AY03)	\$20,736,005						\$20,736,005

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DOR Commissioner's Report: Market Values for Month Ending 3/31/2024

Actual Allocation

Plan Name	Cash Equivalents	Domestic Equity	Fixed Income	Interm. Fixed Income	Int'l Equity	REITs
2008 Transportation Project Government Bonds (AY2Q)	100.00%					
2013B Tax Exempt Education (AY3Z)	100.00%					
2016A - 2012 Transportation Bond Act (AY3Y)	100.00%					
2016B - 2012 Transportation Bond Act (AY3Q)	100.00%					
Alaska Higher Education Investment (AY3L)	0.36%	41.27%	28.26%		25.38%	4.74%
Alaska Mental Health Trust Reserve (AY2L)	0.90%	40.78%	30.16%		28.16%	
ASLC Investment Fund (AY3S)	1.21%	23.56%	57.91%		14.42%	2.91%
Constitutional Budget Reserve Fund (AY19)	100.00%					
Education Endowment Fund (AY3G)	0.33%	41.28%	28.26%		25.39%	4.74%
EVOS Habitat Investment (AY2H)	35.48%			64.52%		
EVOS Research Investment (AY02)	35.47%			64.53%		
GeFONSI I (AY01)	84.78%			15.22%		
GeFONSI II (AY3F)	59.96%	4.39%		33.54%	2.11%	
Illinois Creek Mine Reclamation (AY9J)	0.34%	41.27%	28.27%		25.38%	4.74%
International Airports Repair & Replacement Fund (AY05)	100.00%					
International Airports Revenue Fund (AY04)	84.95%			15.05%		
International Airports Series 2002 Reserve Account (AY2E)	100.00%					
International Airports Series 2003 Reserve (AY2U)	100.00%					
Investment Loss Trust Fund (AY28)	100.00%					
Permanent Fund Dividend Holding Account (AY2G)	100.00%					
Public School Trust Fund (AY08)	0.34%	41.27%	28.27%		25.38%	4.74%
RHIF LTC Insurance (AY11)	0.66%	26.95%	49.91%		18.62%	3.86%
RHIF Major Medical (AY03)	100.00%					

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DOR Commissioner's Report: Market Values for Month Ending 3/31/2024

Target Allocation

Plan Name	Cash Equivalents	Domestic Equity	Fixed Income	Interm. Fixed Income	Int'l Equity	REITs
2008 Transportation Project Government Bonds (AY2Q)	100.00%					
2013B Tax Exempt Education (AY3Z)	100.00%					
2016A - 2012 Transportation Bond Act (AY3Y)	100.00%					
2016B - 2012 Transportation Bond Act (AY3Q)	100.00%					
Alaska Higher Education Investment (AY3L)	1.00%	39.00%	30.00%		25.00%	5.00%
Alaska Mental Health Trust Reserve (AY2L)	1.00%	39.00%	32.00%		28.00%	
ASLC Investment Fund (AY3S)	1.00%	22.00%	60.00%		14.00%	3.00%
Constitutional Budget Reserve Fund (AY19)	100.00%					
Education Endowment Fund (AY3G)	1.00%	39.00%	30.00%		25.00%	5.00%
EVOS Habitat Investment (AY2H)	35.00%			65.00%		
EVOS Research Investment (AY02)	35.00%			65.00%		
GeFONSI I (AY01)	85.00%			15.00%		
GeFONSI II (AY3F)	61.00%	4.00%		33.00%	2.00%	
Illinois Creek Mine Reclamation (AY9J)	1.00%	39.00%	30.00%		25.00%	5.00%
International Airports Repair & Replacement Fund (AY05)	100.00%					
International Airports Revenue Fund (AY04)	85.00%			15.00%		
International Airports Series 2002 Reserve Account (AY2E)	100.00%					
International Airports Series 2003 Reserve (AY2U)	100.00%					
Investment Loss Trust Fund (AY28)	100.00%					
Permanent Fund Dividend Holding Account (AY2G)	100.00%					
Public School Trust Fund (AY08)	1.00%	39.00%	30.00%		25.00%	5.00%
RHIF LTC Insurance (AY11)	1.00%	25.00%	52.00%		18.00%	4.00%
RHIF Major Medical (AY03)	100.00%					

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DOR Commissioner's Report: Market Values for Month Ending 3/31/2024

Relative Allocation

Plan Name	Cash Equivalents	Domestic Equity	Fixed Income	Interm. Fixed Income	Int'l Equity	REITs
2008 Transportation Project Government Bonds (AY2Q)	0.00% ●					
2013B Tax Exempt Education (AY3Z)	0.00% ●					
2016A - 2012 Transportation Bond Act (AY3Y)	0.00% ●					
2016B - 2012 Transportation Bond Act (AY3Q)	0.00% ●					
Alaska Higher Education Investment (AY3L)	-0.64% ◆	2.27% ✖	-1.74% ✖		0.38% ▲	-0.26% ▲
Alaska Mental Health Trust Reserve (AY2L)	-0.10% ●	1.78% ✖	-1.84% ✖		0.16% ●	
ASLC Investment Fund (AY3S)	0.21% ●	1.56% ✖	-2.09% ✖		0.42% ▲	-0.09% ●
Constitutional Budget Reserve Fund (AY19)	0.00% ●					
Education Endowment Fund (AY3G)	-0.67% ◆	2.28% ✖	-1.74% ✖		0.39% ▲	-0.26% ▲
EVOS Habitat Investment (AY2H)	0.48% ▲			-0.48% ▲		
EVOS Research Investment (AY02)	0.47% ▲			-0.47% ▲		
GeFONSI I (AY01)	-0.22% ●			0.22% ●		
GeFONSI II (AY3F)	-1.04% ✖	0.39% ▲		0.54% ◆	0.11% ●	
Illinois Creek Mine Reclamation (AY9J)	-0.66% ◆	2.27% ✖	-1.73% ✖		0.38% ▲	-0.26% ▲
International Airports Repair & Replacement Fund (AY05)	0.00% ●					
International Airports Revenue Fund (AY04)	-0.05% ●			0.05% ●		
International Airports Series 2002 Reserve Account (AY2E)	0.00% ●					
International Airports Series 2003 Reserve (AY2U)	0.00% ●					
Investment Loss Trust Fund (AY28)	0.00% ●					
Permanent Fund Dividend Holding Account (AY2G)	0.00% ●					
Public School Trust Fund (AY08)	-0.66% ◆	2.27% ✖	-1.73% ✖		0.38% ▲	-0.26% ▲
RHIF LTC Insurance (AY11)	-0.34% ▲	1.95% ✖	-2.09% ✖		0.62% ◆	-0.14% ●
RHIF Major Medical (AY03)	0.00% ●					

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DOR Commissioner's Report: Net Pool Performance for Month Ending 3/31/2024

Pool Performance (Net of Fee)	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	0.46%	1.38%	4.27%	5.62%	2.79%	2.19%	2.08%	1.61%
Fixed Income - Short Term	0.44%	0.51%	3.99%	3.76%				
Fixed Income - Core US	1.02%	-0.42%	3.01%	2.40%	-1.94%	0.81%	1.39%	1.85%
Fixed Income - Core Plus	1.00%	-0.05%	4.14%	4.13%				
Equity - Broad US*	3.24%	10.02%	19.38%	29.39%	9.89%	14.36%	13.44%	
Equity - REITS	1.76%	-1.31%	6.80%	7.52%				
Equity - Global ex-US*	2.97%	4.52%	10.34%	13.07%	1.94%	5.99%	5.90%	
Benchmark Performance	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	0.45%	1.29%	4.03%	5.24%	2.58%	2.02%	1.90%	1.38%
Fixed Income - Short Term	0.35%	0.29%	3.58%	2.98%				
Fixed Income - Core US	0.92%	-0.78%	2.56%	1.70%	-2.46%	0.36%	1.06%	1.54%
Fixed Income - Core Plus	0.92%	-0.78%	2.56%	1.70%				
Equity - Broad US*	3.23%	10.02%	19.29%	29.29%	9.78%	14.34%	13.45%	
Equity - REITS	1.78%	-1.30%	6.73%	8.02%				
Equity - Global ex-US*	3.13%	4.69%	10.56%	13.26%	1.94%	5.97%	5.88%	
Relative Performance (Net of Fee)	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	0.01% ●	0.09% ●	0.24% ●	0.38% ●	0.21% ●	0.17% ●	0.18% ●	0.23% ●
Fixed Income - Short Term	0.09% ●	0.22% ●	0.41% ●	0.78% ●				
Fixed Income - Core US	0.09% ●	0.36% ●	0.44% ●	0.71% ●	0.52% ●	0.45% ●	0.33% ●	0.30% ●
Fixed Income - Core Plus	0.08% ●	0.72% ●	1.57% ●	2.43% ●				
Equity - Broad US*	0.01% ●	0.00% ▲	0.09% ●	0.10% ●	0.12% ●	0.02% ●	-0.01% ▲	
Equity - REITS	-0.02% ▲	0.00% ▲	0.07% ●	-0.50% ◆				
Equity - Global ex-US*	-0.15% ◆	-0.17% ◆	-0.23% ◆	-0.19% ◆	0.01% ●	0.03% ●	0.03% ●	

*Equity performance reflects data as of July 1, 2016 due to accounting structure change.

DOR Commissioner's Report: Net Plan Performance for Month Ending 3/31/2024

Plan Performance (Net of Fee)	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
2008 Transportation Project Government Bonds (AY2Q)	0.46%	1.38%	4.27%	5.63%	2.79%	2.19%	2.08%	1.61%
2013B Tax Exempt Education (AY3Z)	0.46%	1.38%	4.27%	5.63%	2.79%	2.19%	2.08%	1.61%
2016A - 2012 Transportation Bond Act (AY3Y)	0.46%	1.38%	4.27%	5.63%	2.79%	2.18%	2.07%	1.60%
2016B - 2012 Transportation Bond Act (AY3Q)	0.46%	1.38%	4.27%	5.63%	2.79%	2.19%	2.08%	
Alaska Higher Education Investment (AY3L)	2.45%	4.91%	11.49%	15.70%	3.97%	8.00%	7.79%	7.09%
Alaska Mental Health Trust Reserve (AY2L)	2.46%	5.08%	11.47%	16.07%	4.19%	7.51%	7.36%	6.79%
ASLC Investment Fund (AY3S)	1.83%	2.61%	7.90%	10.08%				
Constitutional Budget Reserve Fund (AY19)	0.46%	1.38%	4.27%	5.63%	2.79%	2.64%	2.60%	2.24%
Education Endowment Fund (AY3G)	2.45%	4.91%	11.48%	15.69%	3.98%			
EVOS Habitat Investment (AY2H)	0.45%	0.82%	4.09%	4.42%	1.01%	5.18%	5.83%	5.98%
EVOS Research Investment (AY02)	0.45%	0.82%	4.09%	4.42%	1.06%	5.41%	5.98%	6.07%
GeFONSI I (AY01)	0.46%	1.24%	4.22%	5.34%	2.22%	1.88%	1.83%	1.45%
GeFONSI II (AY3F)	0.64%	1.52%	4.91%	6.08%	1.85%	2.49%		
Illinois Creek Mine Reclamation (AY9J)	2.45%	4.91%	11.47%	15.69%	3.97%	7.98%	7.77%	6.51%
International Airports Repair & Replacement Fund (AY05)	0.46%	1.38%	4.27%	5.63%	2.79%	2.19%	2.08%	1.61%
International Airports Revenue Fund (AY04)	0.46%	1.25%	4.22%	5.35%	2.20%	2.23%	2.33%	2.01%
International Airports Series 2002 Reserve Account (AY2E)	0.46%	1.38%	4.27%	5.63%	2.79%	2.19%	2.08%	1.61%
International Airports Series 2003 Reserve (AY2U)	0.46%	1.38%	4.27%	5.63%	2.79%	2.19%	2.08%	1.61%
Investment Loss Trust Fund (AY28)	0.46%	1.38%	4.27%	5.63%	2.79%	2.19%	2.08%	1.61%
Permanent Fund Dividend Holding Account (AY2G)	0.46%	1.38%	4.25%	5.61%	2.76%	2.17%	2.18%	1.65%
Public School Trust Fund (AY08)	2.45%	4.90%	11.47%	15.68%	3.97%	8.00%	7.56%	6.80%
RHIF LTC Insurance (AY11)	1.98%	3.11%	8.68%	12.21%	2.48%	6.04%	5.89%	5.47%
RHIF Major Medical (AY03)	0.46%	1.38%	4.27%	5.63%	2.79%	2.19%	2.08%	1.61%

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DOR Commissioner's Report: Net Plan Performance for Month Ending 3/31/2024

Benchmark Performance	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
2008 Transportation Project Government Bonds (AY2Q)	0.45%	1.29%	4.03%	5.24%	2.58%	2.02%	1.90%	1.38%
2013B Tax Exempt Education (AY3Z)	0.45%	1.29%	4.03%	5.24%	2.58%	2.02%	1.90%	1.38%
2016A - 2012 Transportation Bond Act (AY3Y)	0.45%	1.29%	4.03%	5.24%	2.58%	2.02%	1.90%	1.38%
2016B - 2012 Transportation Bond Act (AY3Q)	0.45%	1.29%	4.03%	5.24%	2.58%	2.02%	1.90%	
Alaska Higher Education Investment (AY3L)	2.44%	4.79%	11.25%	15.36%	3.75%	7.87%	7.71%	6.96%
Alaska Mental Health Trust Reserve (AY2L)	2.46%	4.98%	11.25%	15.70%	3.90%	7.22%	7.13%	6.48%
ASLC Investment Fund (AY3S)	1.79%	2.37%	7.43%	9.32%				
Constitutional Budget Reserve Fund (AY19)	0.45%	1.29%	4.03%	5.24%	2.58%	2.44%	2.43%	2.03%
Education Endowment Fund (AY3G)	2.44%	4.79%	11.25%	15.36%	3.75%			
EVOS Habitat Investment (AY2H)	0.39%	0.64%	3.74%	3.77%	0.50%	4.85%	5.62%	5.62%
EVOS Research Investment (AY02)	0.39%	0.64%	3.74%	3.77%	0.64%	5.11%	5.81%	5.76%
GeFONSI I (AY01)	0.43%	1.14%	3.96%	4.90%	1.99%	1.70%	1.65%	1.25%
GeFONSI II (AY3F)	0.59%	1.38%	4.63%	5.57%	1.69%	2.35%		
Illinois Creek Mine Reclamation (AY9J)	2.44%	4.79%	11.25%	15.36%	3.75%	7.87%	7.71%	6.41%
International Airports Repair & Replacement Fund (AY05)	0.45%	1.29%	4.03%	5.24%	2.58%	2.02%	1.90%	1.38%
International Airports Revenue Fund (AY04)	0.43%	1.14%	3.96%	4.90%	1.99%	2.05%	2.15%	1.79%
International Airports Series 2002 Reserve Account (AY2E)	0.45%	1.29%	4.03%	5.24%	2.58%	2.02%	1.90%	1.38%
International Airports Series 2003 Reserve (AY2U)	0.45%	1.29%	4.03%	5.24%	2.58%	2.02%	1.90%	1.38%
Investment Loss Trust Fund (AY28)	0.45%	1.29%	4.03%	5.24%	2.58%	2.02%	1.90%	1.38%
Permanent Fund Dividend Holding Account (AY2G)	0.45%	1.29%	4.03%	5.24%	2.58%	2.02%	1.90%	1.38%
Public School Trust Fund (AY08)	2.44%	4.79%	11.25%	15.36%	3.75%	7.87%	7.50%	6.68%
RHIF LTC Insurance (AY11)	1.96%	2.91%	8.30%	11.80%	2.23%	5.84%	5.77%	5.27%
RHIF Major Medical (AY03)	0.45%	1.29%	4.03%	5.24%	2.58%	2.02%	1.90%	1.38%

DOR Commissioner's Report: Net Plan Performance for Month Ending 3/31/2024

Relative Performance (Net of Fee)	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
2008 Transportation Project Government Bonds (AY2Q)	0.01% ●	0.09% ●	0.24% ●	0.39% ●	0.21% ●	0.17% ●	0.18% ●	0.23% ●
2013B Tax Exempt Education (AY3Z)	0.01% ●	0.09% ●	0.24% ●	0.39% ●	0.21% ●	0.17% ●	0.18% ●	0.23% ●
2016A - 2012 Transportation Bond Act (AY3Y)	0.01% ●	0.09% ●	0.24% ●	0.39% ●	0.21% ●	0.16% ●	0.17% ●	0.22% ●
2016B - 2012 Transportation Bond Act (AY3Q)	0.01% ●	0.09% ●	0.24% ●	0.39% ●	0.21% ●	0.17% ●	0.18% ●	
Alaska Higher Education Investment (AY3L)	0.01% ●	0.11% ●	0.24% ●	0.34% ●	0.22% ●	0.13% ●	0.08% ●	0.13% ●
Alaska Mental Health Trust Reserve (AY2L)	0.00% ▲	0.10% ●	0.22% ●	0.38% ●	0.29% ●	0.30% ●	0.23% ●	0.32% ●
ASLC Investment Fund (AY3S)	0.03% ●	0.24% ●	0.46% ●	0.76% ●				
Constitutional Budget Reserve Fund (AY19)	0.01% ●	0.09% ●	0.24% ●	0.39% ●	0.21% ●	0.20% ●	0.17% ●	0.21% ●
Education Endowment Fund (AY3G)	0.01% ●	0.11% ●	0.23% ●	0.33% ●	0.22% ●			
EVOS Habitat Investment (AY2H)	0.06% ●	0.18% ●	0.35% ●	0.65% ●	0.51% ●	0.34% ●	0.21% ●	0.36% ●
EVOS Research Investment (AY02)	0.06% ●	0.18% ●	0.35% ●	0.65% ●	0.41% ●	0.30% ●	0.17% ●	0.32% ●
GeFONSI I (AY01)	0.02% ●	0.10% ●	0.25% ●	0.44% ●	0.23% ●	0.18% ●	0.18% ●	0.20% ●
GeFONSI II (AY3F)	0.05% ●	0.14% ●	0.28% ●	0.50% ●	0.16% ●	0.13% ●		
Illinois Creek Mine Reclamation (AY9J)	0.01% ●	0.11% ●	0.22% ●	0.32% ●	0.22% ●	0.11% ●	0.06% ●	0.10% ●
International Airports Repair & Replacement Fund (AY05)	0.01% ●	0.09% ●	0.24% ●	0.39% ●	0.21% ●	0.17% ●	0.18% ●	0.23% ●
International Airports Revenue Fund (AY04)	0.02% ●	0.11% ●	0.26% ●	0.44% ●	0.21% ●	0.18% ●	0.18% ●	0.22% ●
International Airports Series 2002 Reserve Account (AY2E)	0.01% ●	0.09% ●	0.24% ●	0.39% ●	0.21% ●	0.17% ●	0.18% ●	0.23% ●
International Airports Series 2003 Reserve (AY2U)	0.01% ●	0.09% ●	0.24% ●	0.39% ●	0.21% ●	0.17% ●	0.18% ●	0.23% ●
Investment Loss Trust Fund (AY28)	0.01% ●	0.09% ●	0.24% ●	0.39% ●	0.21% ●	0.17% ●	0.18% ●	0.23% ●
Permanent Fund Dividend Holding Account (AY2G)	0.01% ●	0.09% ●	0.22% ●	0.37% ●	0.18% ●	0.15% ●	0.27% ●	0.27% ●
Public School Trust Fund (AY08)	0.01% ●	0.11% ●	0.22% ●	0.32% ●	0.22% ●	0.13% ●	0.06% ●	0.12% ●
RHIF LTC Insurance (AY11)	0.03% ●	0.21% ●	0.38% ●	0.41% ●	0.25% ●	0.20% ●	0.11% ●	0.20% ●
RHIF Major Medical (AY03)	0.01% ●	0.09% ●	0.24% ●	0.39% ●	0.21% ●	0.17% ●	0.18% ●	0.23% ●

*Plans with a market value under \$100,000 are excluded from this report. Information on these plans is available upon request.

DOR Commissioner's Report: External Management Fees as of Month Ending 3/31/2024

Plan Fees for the Last Year

Plan	Fee as a %
2008 Transportation Project Government Bonds (AY2Q)	0.0000%
2013B Tax Exempt Education (AY3Z)	0.0000%
2016A - 2012 Transportation Bond Act (AY3Y)	0.0000%
2016B - 2012 Transportation Bond Act (AY3Q)	0.0000%
Alaska Higher Education Investment (AY3L)	0.0195%
Alaska Mental Health Trust Reserve (AY2L)	0.0204%
ASLC Investment Fund (AY3S)	0.0289%
Constitutional Budget Reserve Fund (AY19)	0.0000%
Education Endowment Fund (AY3G)	0.0198%
EVOS Habitat Investment (AY2H)	0.0000%
EVOS Research Investment (AY02)	0.0000%
GeFONSI I (AY01)	0.0000%
GeFONSI II (AY3F)	0.0006%
Illinois Creek Mine Reclamation (AY9J)	0.0196%
International Airports Repair & Replacement Fund (AY05)	0.0000%
International Airports Revenue Fund (AY04)	0.0000%
International Airports Series 2002 Reserve Account (AY2E)	0.0000%
International Airports Series 2003 Reserve (AY2U)	0.0000%
Investment Loss Trust Fund (AY28)	0.0000%
Permanent Fund Dividend Holding Account (AY2G)	0.0000%
Public School Trust Fund (AY08)	0.0196%
RHIF LTC Insurance (AY11)	0.0257%
RHIF Major Medical (AY03)	0.0000%

**Plans with a market value under \$100,000 are excluded from this report. Information on these plans is available upon request.*

Commissioner's Report: Top GeFONSI Accounts for Month Ending: 3/31/2024

Program	Account Name	End Balance
GeFONSI I	General Fund	\$1,146,081,974.33
	Alaska Clean Water Fund	\$163,738,354.45
	Alaska Drinking Water Fund	\$91,876,590.08
	Public Advocacy Trust	\$52,904,690.58
	Fish & Game Fund	\$51,222,211.41
GeFONSI II	Statutory Budget Reserve Fund	\$264,106,060.74
	Regional Ed Attendance Area School Fund	\$142,365,522.88
	National Petroleum Reserve Fund	\$107,840,186.79
	Highway Equipment Working Capital Fund For Operating Appropriations	\$93,876,927.13
	Disaster Relief Fund	\$90,257,742.63
Sum of 5 Largest GeFONSI I and II Funds		\$2,204,270,261.02

Non-Routine Investments

Non-Routine Investments

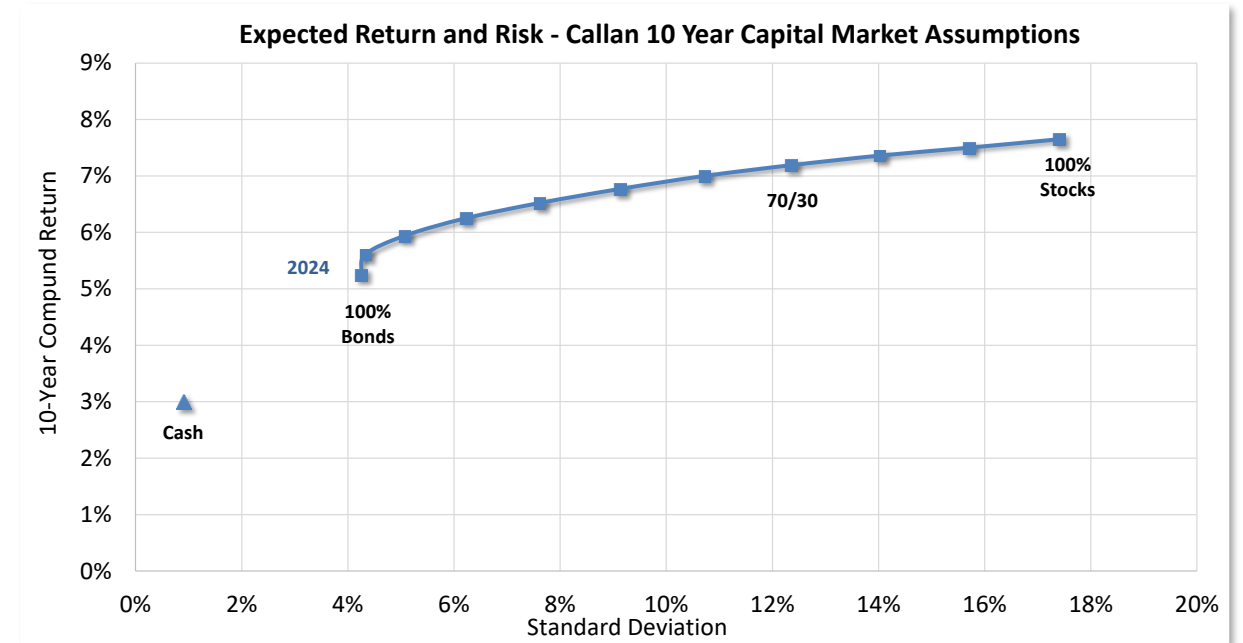
- The Department of Revenue is presented periodically with non-routine investment opportunities that fall outside the scope of its existing investment opportunity set.
- The state does not currently have any non-routine investments, and none are presently contemplated by investment staff.

- Non-routine investment process summary:
 - Document the investment opportunity and determine if it merits further diligence and/or if it is more suitable for other funding sources.
 - Seek legal advice on DOR eligibility.
 - Seek guidance from external auditors.
 - Use an impartial external expert to evaluate the opportunity and to provide an opinion on the investment.
 - Seek advice from the Investment Advisory Council.
 - Notify the Office of Management and Budget.
 - Complete diligence and investment documentation.
 - Inform the Chairs of the Senate and House Finance Committees of any decision to move forward with an investment.

Investment Policy and Asset Allocation Process

State Investment Policy and Asset Allocation Process

- The Commissioner of Revenue is the fiduciary for over \$8 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.
- 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.

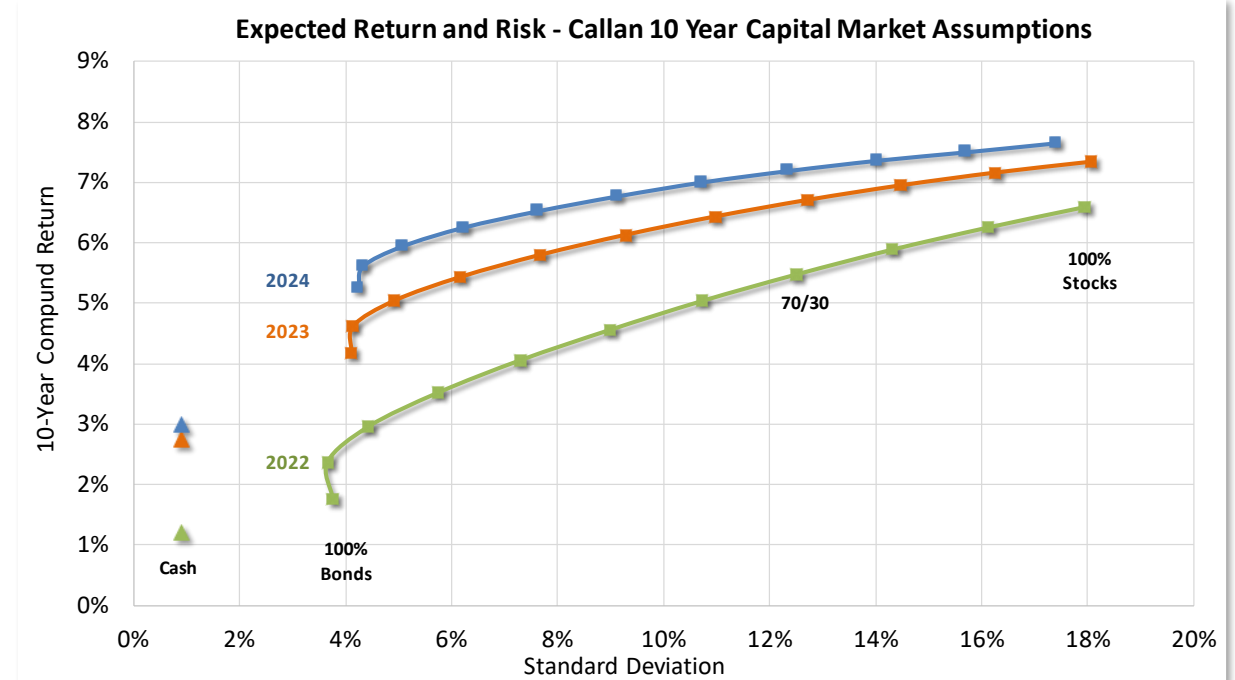


Fund - Account	Assets (3/31/2024)	Risk Tolerance
Short-Term Funds	\$154,100,000	Lowest ↓ Highest
CBRF	\$2,785,646,000	
GeFONSI	\$1,789,499,000	
International Airport	\$218,869,000	
GeFONSI II	\$1,438,786,000	
Retiree Long-Term Care	\$844,362,000	
Public School Trust	\$819,083,000	
AK Higher Education	\$406,473,000	
Illinois Creek Mine	\$1,533,000	
Education Endowment	\$1,434,000	
Total	\$8,459,785,000	

Risk Tolerance Assessment

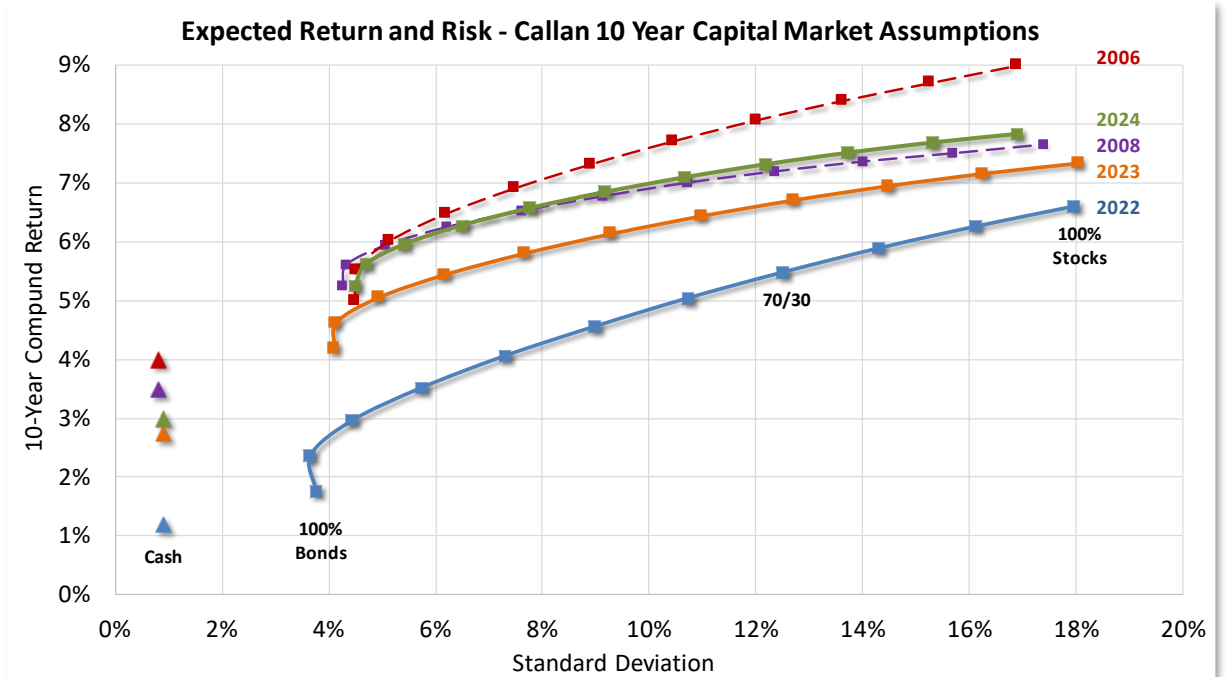
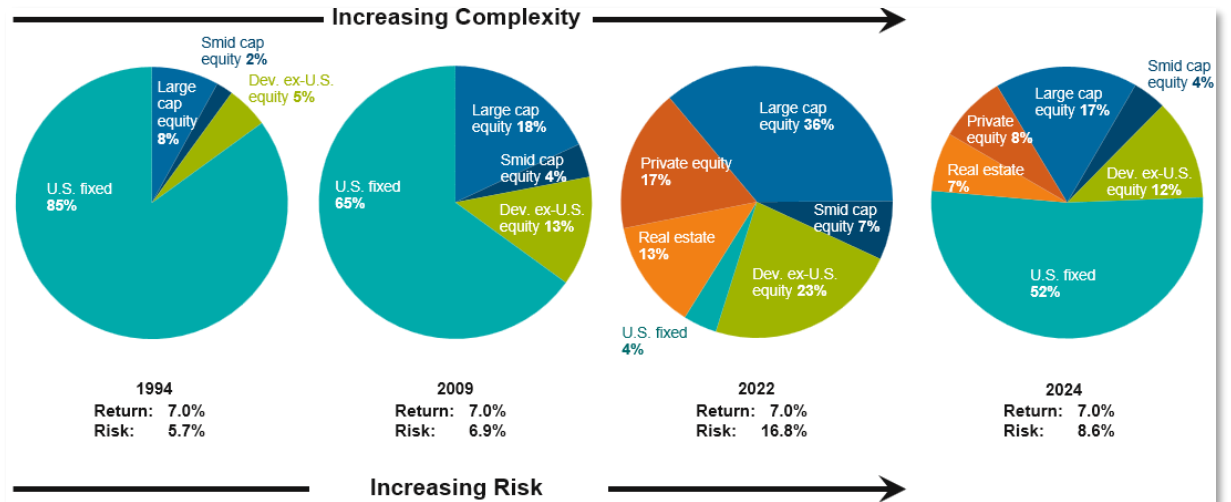
General Risk Tolerance Assessment	Time Horizon	Probability of Loss (1yr)	Magnitude of Potential Loss	Discussion
Low	Short - Less than 1 year	< 1%	< 0.4%	Unwilling to risk material short-term volatility because of the immediate need for the invested funds. Minimizing exposure of principal to loss is very important.
Low-Moderate	Short to Intermediate - 1 to 2 years	< 5%	< 1.5%	Willing to assume an average amount of market risk and volatility to achieve higher returns.
Low-High	Intermediate - 2 to 6 years	< 10%	< 5%	Willing to assume an above average amount of risk, volatility and loss of principal to achieve higher returns.
High - 5% Return Target	Long - Greater than 6 years	> 10%	< 20%	Willing to tolerate an amount of risk, volatility and loss of principal to achieve stated return target over long time periods.
High - Endowment	Long - Greater than 6 years	> 10%	< 20%	Willing to assume a material amount of risk, volatility and loss of principal to take advantage of higher return opportunities.

Fund - Account	Assets (3/31/2024)	Risk Tolerance
Short-Term Funds	\$154,100,000	Lowest ↓ Highest
CBRF	\$2,785,646,000	
GeFONSI	\$1,789,499,000	
International Airport	\$218,869,000	
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AK Higher Education	\$406,473,000	
Illinois Creek Mine	\$1,533,000	
Education Endowment	\$1,434,000	
Total	\$8,459,785,000	



Asset Allocation

- Callan is an investment consultant that annually develops 10-year capital market assumptions for clients including the Alaska Retirement Management Board and the Alaska Permanent Fund Corporation. DOR uses these assumptions for independence and consistency.
- Return expectations have generally fallen over the past 30 years as interest rates, growth, and inflation expectations declined. Forward return expectations have now increased due to inflation, higher starting interest rates and the pullback in equity markets.
- Treasury staff evaluates Callan's capital market assumptions and current market conditions to develop an asset allocation approach for each state fund.
- The goal is to maximize return or minimize risk consistent with investment objectives and risk tolerance using a combination of modern portfolio theory and account specific constraints and characteristics.



2024 Capital Market Assumption Update

- In January, Callan released their 10-year capital market assumptions for 2024. Forward return expectations increased due to higher starting interest rates and the pullback in equity markets.
- Staff selects a subset of these asset classes for use in state funds based on risk, return, diversification, complexity, and cost.
- DOR is currently using Broad U.S. Equities, International Equities, Government 1-3 Fixed Income, Broad U.S. Fixed Income, U.S. REITs, and Cash Equivalents for state funds.
- For some portfolios, staff also invests up to 30% of the fixed income allocation in a tactical bond portfolio that opportunistically invests in high yield, TIPS, and other fixed income asset classes in a risk-managed fashion.
- Only liquid registered investments are used since State funds were not allowed to purchase unregistered investments, including alternative investments, prior to 2021 due to the SEC's definition of accredited investor – a definition that did not apply to the retirement funds and APFC. Even with the SEC change, illiquid investments are still problematic for State funds subject to annual legislative changes.

Asset Classes	2024 10-Year Geometric Return	2023 10-Year Geometric Return	Return Change	Real Return	Standard Deviation	Correlation to Domestic Equity
Broad U.S. Equity	7.65%	7.35%	0.30%	5.2%	17.4%	1.00
Large Cap U.S. Equity	7.50%	7.25%	0.25%	5.0%	17.0%	1.00
Small/Mid Cap U.S. Equity	7.70%	7.45%	0.25%	5.2%	22.0%	0.91
International Equity	7.65%	7.45%	0.20%	5.2%	21.4%	0.79
Developed ex-U.S. Equity	7.50%	7.25%	0.25%	5.0%	20.2%	0.73
Emerging Market Equity	7.70%	7.45%	0.25%	5.2%	25.6%	0.85
Cash Equivalents	3.00%	2.75%	0.25%	0.5%	0.9%	-0.03
Government 1-3 year Bonds	4.25%	3.80%	0.45%	1.8%	2.4%	0.04
Core U.S. Fixed Income	5.25%	4.25%	1.00%	2.8%	4.3%	0.08
TIPS	5.05%	4.00%	1.05%	2.6%	5.4%	-0.03
Emerging Market Sovereign Debt	6.35%	6.25%	0.10%	3.9%	10.7%	0.61
High Yield	6.80%	6.25%	0.55%	4.3%	11.8%	0.75
Core Real Estate	6.00%	5.75%	0.25%	3.5%	14.0%	0.34
REITs	7.15%	6.90%	0.25%	4.7%	25.6%	0.77
Private Equity	8.75%	8.50%	0.25%	6.3%	27.6%	0.80
Private Credit	7.40%	7.00%	0.40%	4.9%	15.7%	0.68
Hedge Funds	6.05%	5.55%	0.50%	3.6%	8.2%	0.59
Inflation	2.50%	2.50%	0.00%		1.6%	
70/30 Portfolio	7.11%	6.71%	0.40%	4.6%		

FY25

Asset Allocation Recommendation

Using March 31, 2024, Assets

State Asset Allocation Approach for FY2025

- Evaluate the current attributes of each fund to identify the best balance of risk and return.
- Use Callan’s capital market assumptions and Modern Portfolio Theory to arrive at asset allocations.
- Set short-term return expectations using current yields (YTW) for short-term and moderate risk profiles.
- Emphasize diversification in an uncertain market.

Proforma FY2025 table uses Callan’s long-term CMA’s for all risk profiles for comparability

Asset Classes	Low	Low Moderate	Low High	All SOA	Higher Risk	Highest Risk
Broad U.S. Equity			4.0%	8.0%	17.0%	39.0%
Global ex-U.S. Equity			2.0%	5.4%	14.0%	25.0%
U.S. REITs				1.2%	5.0%	5.0%
Core U.S. Fixed Income				10.6%	63.0%	30.0%
Short Duration Gov't/Credit		15.0%	33.0%	9.2%		
Cash Equivalents	100%	85.0%	61.0%	65.5%	1.0%	1.0%
Total	100%	100%	100%	100%	100%	100%
Optimization Results:						
Expected Return	3.00%	3.18%	3.77%	4.22%	6.43%	7.25%
Expected Return - Real/After Inflation	0.50%	0.68%	1.27%	1.72%	3.93%	4.75%
Risk - Standard Deviation	0.90%	0.93%	1.52%	2.79%	7.17%	12.48%
Sharpe Ratio	(0.00)	0.20	0.51	0.44	0.48	0.34
Risk Statistics:						
10% Probable Downside Return - 1 Year	1.4%	1.6%	1.1%	-0.7%	-6.2%	-14.6%
5% Probable Downside Return - 1 Year	1.1%	1.3%	0.6%	-1.5%	-8.4%	-18.5%
5% Probable Downside Return - 3 Year	1.9%	2.1%	2.0%	0.9%	-2.1%	-7.6%
5% Probable Downside Return - 5 Year	2.2%	2.3%	2.4%	1.6%	-0.2%	-4.3%
Probability of Loss - 1 Year	0.0%	0.0%	0.6%	6.5%	18.5%	28.1%
Prob. Return < -1%	0.0%	0.0%	0.1%	3.1%	15.0%	25.4%
Prob. Return < -5%	0.0%	0.0%	0.0%	0.0%	5.6%	16.3%
Prob. Return < -10%	0.0%	0.0%	0.0%	0.0%	1.1%	8.3%
Prob. Return < -20%	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%
Probability of Loss - 10 Year	0.0%	0.0%	0.0%	0.0%	0.2%	3.3%
Asset Time Horizon Estimate	0.3	0.5	1.2	1.9	5.9	5.9
Dollars: (\$Millions)						
Assets	2,939.7	2,008.4	1,438.8	8,459.8	844.4	1,228.5
Expected Annual Earnings	88.1	63.9	54.2	356.9	54.3	89.1
1-Year 10% Probable Return (10% cVaR)	41.7	31.2	16.0	(56.8)	(52.0)	(179.9)
1-Year 5% Probable Return (5% cVaR)	33.5	25.5	9.3	(129.3)	(70.6)	(227.1)
3-Year 5% Probable Return (5% cVaR)	56.6	41.8	28.3	76.2	(17.8)	(93.4)
5-Year 5% Probable Return (5% cVaR)	63.7	46.8	34.1	139.4	(1.6)	(52.3)

State Budget, Cashflow, Reserve Primer

CBRF and State of Alaska Budget Summary

- Treasury staff works to collect data and evidence that support transparent investment decisions including some key state budgetary and cashflow data.
- The Constitutional Budget Reserve Fund (CBRF) is the State's primary reserve fund. The CBRF has increased and decreased over time as the legislature has either reserved surpluses or appropriated borrowings to cover spending deficits.
- The State Office of Management and Budget (OMB) publishes a ten-year forecast each year. A five-year portion of this forecast are included here with the Governor's proposed budget for FY25:
 - 1) Oil revenue is 33% of total revenue and can vary materially intra-year based on prevailing oil prices and volumes.
 - 2) The POMV draw from the APFC is 58% of revenue and can vary over time since it is exposed to both five-year average assets and earnings reserve limitations. The ERA is the only APFC account from which appropriations can be made and its balance could limit future State drawdowns.
 - 3) The deposit to fund the annual permanent fund dividend to residents gets high legislative focus.
 - 4) The overall size of government is also a high focus.
 - 5) The CBR ending balance is the result of all of these projections and decisions. As shown, the CBR is currently projected to be consumed in 2-3 years. The minimum CBR balance is generally viewed to be \$1-2 billion.
- By the end of June each year, the State generally has a one-year budget that has gone through legislative and Governor approval.

Sources of Funds	FY2024	FY2025	FY2026	FY2027	FY2028
Traditional UGF Revenue	2,959.4	2,651.2	2,542.3	2,585.8	2,659.3
Petroleum Revenue	2,414.4	1) 2,078.2	1,935.7	1,950.1	2,003.4
Non-Petroleum Revenue	454.5	485.2	518.8	547.9	568.1
Investment Revenue	3,616.6	3,745.0	3,847.8	3,979.8	3,964.8
Non-POMV Investment Revenue	90.5	87.8	87.8	87.8	87.8
Percentage of Market Value	3,526.1	2) 3,657.2	3,760.0	3,892.0	3,877.0
Revenue Adjustments	41.5	0.0	0.0	0.0	0.0
Carryforward	41.5	0.0	0.0	0.0	0.0
Total Revenue	6,527.0	6,308.4	6,302.3	6,477.8	6,536.3
PFD Deposit	(881.5)	3) (2,303.7)	(2,499.7)	(2,199.7)	(2,272.5)
Available Revenue	5,645.5	4,004.7	3,802.6	4,278.1	4,263.8

Uses of Funds	FY2024	FY2025	FY2026	FY2027	FY2028
Permanent Fund Dividend Transfer	881.5	2,303.7	2,499.7	2,199.7	2,272.5
Per capita PFD (dollars)	\$1,312	\$3,429	\$3,720	\$3,274	\$3,382
Operating Budget	4,831.5	4,686.8	4,755.2	4,831.5	4,912.9
Capital Budget	364.8	305.2	309.8	314.4	319.1
Total General Fund Appropriations	5,196.3	4) 4,992.0	5,065.0	5,145.9	5,232.0

Reserve Balances	FY2024	FY2025	FY2026	FY2027	FY2028
Statutory Budget Reserve					
SBR Beginning Balance	20.9	20.9	0.0	0.0	0.0
Surplus/(Draws)	0.0	(20.9)	0.0	0.0	0.0
SBR End Balance	20.9	0.0	0.0	0.0	0.0
Constitutional Budget Reserve					
CBR Beginning Balance	2,734.3	2,829.1	1,939.5	715.9	(137.6)
Earnings & Deposits	94.8	76.7	38.8	14.3	(2.8)
Surplus/(Draws)	0.0	(966.3)	(1,262.4)	(867.8)	(968.2)
CBR End Balance	2,829.1	5) 1,939.5	715.9	(137.6)	(1,108.5)

The General Fund, GeFONSI, and Cashflow Summary

- Almost all SOA cashflows move through the General Fund (GF) that is part of GeFONSI I. The current GF balance of \$1.1 billion and even total operating revenue in excess of \$6 billion are only a part of the overall cashflow picture.
- Total revenues from all sources are expected to be close to \$16 billion for FY24, much of which flows into and then back out of the GF, which speaks to a high need for liquidity in GeFONSI I.

FY2024 Management Plan plus Proposed Supplementals

Revenues	UGF	DGF	Other	Federal	FY2024 Total
Unrestricted Revenue	3,024.9	-	-	-	3,024.9
POMV ERA Draw For Government ¹	3,526.0	-	-	-	3,526.0
Restricted Revenue	-	1,003.0	1,927.0	5,613.9	8,543.8
Carryforward and Adjustments	41.5	54.4	40.0	605.0	740.9
Total Revenues	6,592.4	1,057.4	1,967.0	6,218.9	15,835.6

- Unrestricted oil revenue comes in monthly, and Treasury Cash Management works to extend APFC POMV ERA draws throughout the year to increase APFC long-term earnings.
- Material deviations from cash forecasts occur due to both the high level of inflows and the fact that underlying state agencies have independent control over how and when their budgets are spent. The GF can borrow from the CBRF and other funds intra-year to accommodate cashflow mismatches, which serves to stabilize the fund size over time.
- GeFONSI I and II have over 150 subaccounts. Some are annual agency operating accounts, and some are multi-year drawdown accounts. Historical analysis indicates that \$600 million of these accounts have stable balances and more current analysis indicates that this amount may be higher – perhaps \$1+ billion. However, if CBR balances are low and/or there are ERA limitations, even long-standing stable-balance accounts could become subject to legislative redirection. Overall, the size of these more stable accounts lengthens the time horizon of GeFONSI within practical limits.

Lowest Risk Tolerance Funds

Short Term Funds

Short-Term Funds Investment Policy

The Department manages several funds that have high liquidity requirements necessitating investment entirely in short-term fixed income. The following funds are covered by this policy:

AY03 - Retiree Health Insurance Fund	AY3B - International Airports 2010-B
AY05 - International Airport Repair and Replacement Fund	AY3V - 2010-C GO Bonds
AY28 - Investment Loss Trust Fund	AY3Y - 2013-C GO Bonds
AY2E - 2002 Series Reserve Account	AY3Z - 2013-B GO Bonds
AY2G - Permanent Fund Dividend Holding Account	AY9X - 2006B Non-AMT Construction Fund
AY2Q - 2008 Transportation Project GO Bonds	AY9Y - 2006 Series Variable Rate
AY2U - 2003 Series Reserve Account	AY3Q - FY 2017 2016B - 2012 Transportation Bond
AY3A - International Airports 2010-A	

Investment Topic	Proposed Policy	Current Policy
Investment Objective	Very low exposure to principal loss. Modest current income requirement. Little inflation protection needed. High liquidity requirement.	No Change
Risk Tolerance	Low	No Change
Policy Risk/Loss Range	<1%	No Change
Time Horizon	Short	No Change
Asset Allocation	Broad U.S. Equity International Equity Short Duration Gov't/Credit Core U.S. Fixed Income Cash Equivalents 100%	100%
Expected Return - Short-Term	5.01%	2.39% (short-term)
Risk - Standard Deviation	0.90%	0.90%
Probability of Loss - 1 Year	0.0%	0.4%
5% Probable Downside Return (5% cVaR)	3.2%	0.5%

The proposed policy is effective July 1, 2023:


 Approved
 June 20, 2023
 Date

State of Alaska Asset Allocation

Asset Classes	FY24	FY25*
Broad U.S. Equity		
Global ex-U.S. Equity		
US REITS		
Short Duration Gov't/Credit		
Core U.S. Fixed Income		
Cash Equivalents	100%	100%
Total	100%	100%
Optimization Results:		
Expected Return - Short-Term	5.01%	5.04%
Expected Return - Real/After Inflation	2.51%	2.54%
Risk - Standard Deviation	0.90%	0.90%
Sharpe Ratio	(0.00)	(0.00)

Risk Statistics:

10% Probable Downside Return - 1 Year	3.4%	3.5%
5% Probable Downside Return - 1 Year	3.2%	3.2%
5% Probable Downside Return - 3 Year	3.9%	4.0%
5% Probable Downside Return - 5 Year	4.2%	4.2%
Probability of Loss - 1 Year	0.0%	0.0%
Prob. Return < -1%	0.0%	0.0%
Probability of Loss - 10 Year	0.0%	0.0%
Asset Time Horizon Estimate	0.3	0.3

Dollars: (\$Millions)

Assets	154.3	154.1
Expected Annual Earnings	7.7	7.8
1-Year 10% Probable Return (10% cVaR)	5.3	5.3
1-Year 5% Probable Return (5% cVaR)	4.9	4.9
3-Year 5% Probable Return (5% cVaR)	6.1	6.1
5-Year 5% Probable Return (5% cVaR)	6.4	6.5

Note: FY25* is the current asset allocation with updated capital market assumptions

Cash History	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expected ST Return	5.01%	2.39%	0.05%	0.17%	1.93%	2.25%	2.25%	2.25%	2.25%	2.25%
Expected Volatility	0.90%	0.90%	0.05%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
10% cVaR	3.40%	0.80%	0.00%	-1.41%	0.35%	0.67%	0.67%	0.67%	0.67%	0.67%

CBRF

AY19: CBRF Investment Policy

The investment policies for the Constitutional Budget Reserve Fund (CBRF) have changed over the years as the balance and the expected uses of the CBRF have changed. Declining production of Alaska North Slope crude oil and the inconsistency of future prices are still a concern. The CBRF is the state's "savings account" and as such is responsible for covering fluctuations in the general fund.

Financial planning by the administration and the legislature is highly dependent upon the CBRF balance maintaining stability and high liquidity. Given the short-term expected requirement for these funds, a cash equivalent investment program is warranted.

Investment Topic	Proposed Policy	Current Policy
Investment Objective	Very low exposure to principal loss. Little inflation protection needed. High liquidity requirement.	No Change
Risk Tolerance	Low	No Change
Policy Risk/Loss Range	<1%	No Change
Time Horizon	Short	No Change
Asset Allocation	Broad U.S. Equity International Equity Short Duration Gov't/Credit Core U.S. Fixed Income Cash Equivalents 100%	100%
Expected Return - Short-Term	5.01%	2.39% (short-term)
Risk - Standard Deviation	0.90%	0.90%
Probability of Loss - 1 Year 5% Probable Downside Return (5% cVaR)	0.0% 3.2%	0.4% 0.5%

The proposed policy is effective July 1, 2023:


 Approved _____ Date June 20, 2023

CBRF History	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expected ST Return	5.01%	2.39%	0.05%	0.17%	2.32%	2.89%	2.89%	2.89%	2.89%	2.38%
Expected Volatility	0.90%	0.90%	0.05%	0.90%	1.23%	1.64%	1.62%	1.59%	1.58%	1.58%
10% cVaR	3.40%	0.80%	-0.04%	-1.41%	0.16%	0.01%	0.05%	0.10%	0.12%	-0.40%
Assets (billions)	2.6	2.6	0.9	1.1	2.0	1.8	2.4	3.9	7.3	10.1

State of Alaska Asset Allocation

Asset Classes	FY24	FY25*	GFI	2/3 ST
Broad U.S. Equity				
Global ex-U.S. Equity				
US REITS				
Short Duration Gov't/Credit			15%	33%
Core U.S. Fixed Income				
Cash Equivalents	100%	100%	85%	67%
Total	100%	100%	100%	100%
Optimization Results:				
Expected Return - Short-Term	5.01%	5.04%	5.06%	5.07%
Expected Return - Real/After Inflation	2.51%	2.54%	2.56%	2.57%
Risk - Standard Deviation	0.90%	0.90%	0.93%	1.12%
Sharpe Ratio	(0.00)	(0.00)	0.01	0.02

Risk Statistics:

10% Probable Downside Return - 1 Year	3.4%	3.5%	3.4%	3.1%
5% Probable Downside Return - 1 Year	3.2%	3.2%	3.1%	2.8%
5% Probable Downside Return - 3 Year	3.9%	4.0%	4.0%	3.7%
5% Probable Downside Return - 5 Year	4.2%	4.2%	4.2%	4.0%
Probability of Loss - 1 Year	0.0%	0.0%	0.0%	0.0%
Prob. Return < -1%	0.0%	0.0%	0.0%	0.0%
Probability of Loss - 10 Year	0.0%	0.0%	0.0%	0.0%
Asset Time Horizon Estimate	0.3	0.3	0.5	0.8

Dollars: (\$Millions)

Assets	2,619.9	2,785.6	2,785.6	2,785.6
Expected Annual Earnings	131.2	140.5	140.8	141.2
1-Year 10% Probable Return (10% cVaR)	89.8	96.5	95.5	86.7
1-Year 5% Probable Return (5% cVaR)	82.5	88.8	87.5	77.1
3-Year 5% Probable Return (5% cVaR)	103.1	110.7	110.1	104.2
5-Year 5% Probable Return (5% cVaR)	109.4	117.4	117.0	112.6

Low Risk Tolerance Funds

GeFONSI I and II – Top 30 Participants of Each as of 3/31/24

GF	Fund Name	Ending Balance	Cum. %/Total	GF	Fund Name	Ending Balance	Cum. %/Total
GFI	General Fund	\$ 1,146,081,974	59%	GFI	Statutory Budget Reserve Fund	\$ 264,106,061	18%
GFI	Alaska Clean Water Fund	\$ 163,738,354	68%	GFI	Regional Ed Attendance Area School Fund	\$ 142,365,523	28%
GFI	Alaska Drinking Water Fund	\$ 91,876,590	73%	GFI	National Petroleum Reserve Fund	\$ 107,840,187	36%
GFI	Public Advocacy Trust	\$ 52,904,691	75%	GFI	Highway Equipment Working Capital Fund For Operating Appropriations	\$ 93,876,927	42%
GFI	Fish & Game Fund	\$ 51,222,211	78%	GFI	Disaster Relief Fund	\$ 90,257,743	49%
GFI	Oil & Hazardous Substance Release Response Account	\$ 45,575,795	80%	GFI	General Fund Investment Fund	\$ 77,060,569	54%
GFI	Exxon Valdez Settlement	\$ 37,896,304	82%	GFI	Community Revenue Sharing Fund	\$ 69,739,275	59%
GFI	Mental Health Trust Income Settlement Account	\$ 34,717,704	84%	GFI	School Construction Fund	\$ 60,639,226	63%
GFI	Renewable Energy Grant Fund	\$ 25,490,959	86%	GFI	State Insurance Catastrophe Reserve	\$ 56,089,031	67%
GFI	Vaccine Assessment Fund	\$ 22,129,380	87%	GFI	Commercial Fishing Revolving Loan Fund	\$ 55,656,456	71%
GFI	AIA Passenger Facility Charge Revenue Fund Application #2	\$ 18,711,208	88%	GFI	Alaska Comprehensive Health Insurance Fund	\$ 49,060,923	74%
GFI	DVA Retiree Health	\$ 17,272,343	89%	GFI	Alaska Marine Highway System Vessel Replacement Fund	\$ 43,513,694	77%
GFI	Oil & Hazardous Substance Release Prevention Account	\$ 17,140,896	89%	GFI	Fisheries Enhancement Revolving Loan Fund	\$ 41,488,403	80%
GFI	PFD Trust	\$ 17,125,575	90%	GFI	Alaska Marine Highway System Fund	\$ 40,756,787	83%
GFI	Group Health And Life Insurance Fund	\$ 15,211,488	91%	GFI	Public Education Fund	\$ 37,241,069	86%
GFI	Bulk Fuel Loans Fund	\$ 13,148,241	92%	GFI	Major Maintenance Grant Fund	\$ 32,852,778	88%
GFI	MHT Settlement Deferred Maintenance	\$ 8,503,446	92%	GFI	Alaska Public Building Fund	\$ 32,373,006	90%
GFI	Bulk Fuel Bridge Loan Fund	\$ 8,287,791	93%	GFI	Information Services Fund	\$ 16,709,337	91%
GFI	School Trust Land Sales-GF Portion	\$ 8,031,496	93%	GFI	Alaska Seafood Marketing Institute	\$ 15,368,862	92%
GFI	Railbelt Energy Fund	\$ 7,845,895	94%	GFI	Alaska Fishermen's Fund	\$ 12,816,281	93%
GFI	Memorial Education Revolving Loan Fund	\$ 7,652,410	94%	GFI	Agricultural Revolving Loan Fund	\$ 12,540,133	94%
GFI	Alaska Drinking Water Administrative Operating Account	\$ 6,993,922	94%	GFI	Commercial Vessel Passenger Tax Account	\$ 11,315,132	95%
GFI	Oil & Gas Tax Credit Fund	\$ 6,492,925	95%	GFI	Unclaimed Property	\$ 11,036,384	96%
GFI	Alaska Clean Water Administrative Operating Account	\$ 6,198,931	95%	GFI	Alaska Capital Income Fund	\$ 8,256,414	96%
GFI	Rural Development Initiative Fund	\$ 5,897,468	95%	GFI	Deposits, Suspense & Miscellaneous	\$ 6,845,350	97%
GFI	FIA Passenger Facility Charge Revenue Fund	\$ 5,756,161	96%	GFI	Second Injury Fund	\$ 6,410,685	97%
GFI	Google Cost Sharing Fund	\$ 5,391,367	96%	GFI	Large Passenger Vessel Gambling Tax Account	\$ 5,361,471	98%
GFI	Mariculture RLF	\$ 5,351,291	96%	GFI	Clean Air Protection Fund	\$ 3,463,404	98%
GFI	Election Fund	\$ 5,132,710	96%	GFI	Employee Assistance & Training Program Account	\$ 3,429,162	98%
GFI	ATIB Repayment Account	\$ 4,654,546	97%	GFI	Alcohol & Other Drug Abuse Treatment & Prevention	\$ 3,213,949	98%

AY01: GeFONSI Investment Policy

The General Fund constitutes the largest element of the General Fund and Other Non-Segregated Investments (GeFONSI) fund. Much of the money in the fund has been appropriated and a material loss could affect the state's ability to fulfill its obligations. Treasury expects much of the money in the pool to be spent in less than one year. Accordingly, the allocation should allow minimal exposure to principal loss. Equities are not recommended for the GeFONSI.

Investment Topic	Proposed Policy	Current Policy
Investment Objective	Minimal exposure to principal loss. Maximize current income within moderate risk tolerance. Minimal inflation protection needed. High liquidity requirement.	No Change
Risk Tolerance	Moderate	No Change
Policy Risk/Loss Range	1 - 5%	No Change
Time Horizon	Short to Intermediate	No Change
Asset Allocation	Broad U.S. Equity International Equity Short Duration Gov't/Credit 15% ±10% Core U.S. Fixed Income Cash Equivalents 85% ±10%	15% ±10% 85% ±10%
Expected Return - Short-Term	5.00%	2.51% (short-term)
Risk - Standard Deviation	0.93%	0.90%
Probability of Loss - 1 Year	0.0%	0.3%
5% Probable Downside Return (5% cVaR)	3.1%	0.7%

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June 20, 2023
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GeFONSI History	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expected ST Return	5.00%	2.51%	0.27%	0.44%	1.91%	2.38%	2.38%	2.36%	2.30%	2.30%
Expected Volatility	0.93%	0.90%	0.57%	1.16%	0.93%	1.08%	1.08%	1.08%	1.08%	1.08%
10% cVaR	3.40%	0.90%	-0.70%	-1.60%	0.28%	0.48%	0.48%	0.46%	0.40%	0.40%

State of Alaska Asset Allocation

Asset Classes	FY24	FY25*	1/4 ST	2/3 ST
Broad U.S. Equity				
Global ex-U.S. Equity				
US REITS				
Short Duration Gov't/Credit	15%	15%	25%	33%
Core U.S. Fixed Income				
Cash Equivalents	85%	85%	75%	67%
Total	100%	100%	100%	100%
Optimization Results:				
Expected Return - Short-Term	5.00%	5.06%	5.06%	5.07%
Expected Return - Real/After Inflation	2.50%	2.56%	2.56%	2.57%
Risk - Standard Deviation	0.93%	0.93%	1.02%	1.12%
Sharpe Ratio	(0.00)	0.01	0.02	0.02

Risk Statistics:

10% Probable Downside Return - 1 Year	3.4%	3.4%	3.3%	3.1%
5% Probable Downside Return - 1 Year	3.1%	3.1%	3.0%	2.8%
5% Probable Downside Return - 3 Year	3.9%	4.0%	3.9%	3.7%
5% Probable Downside Return - 5 Year	4.1%	4.2%	4.1%	4.0%
Probability of Loss - 1 Year	0.0%	0.0%	0.0%	0.0%
Prob. Return < -1%	0.0%	0.0%	0.0%	0.0%
Probability of Loss - 10 Year	0.0%	0.0%	0.0%	0.0%
Asset Time Horizon Estimate	0.5	0.5	0.7	0.8

Dollars: (\$Millions)

Assets	2,142.2	1,789.5	1,789.5	1,789.5
Expected Annual Earnings	107.2	90.5	90.6	90.7
1-Year 10% Probable Return (10% cVaR)	72.3	61.3	58.7	55.7
1-Year 5% Probable Return (5% cVaR)	66.2	56.2	53.1	49.5
3-Year 5% Probable Return (5% cVaR)	83.6	70.7	69.0	66.9
5-Year 5% Probable Return (5% cVaR)	88.9	75.2	73.9	72.3

International Airport Revenue Fund

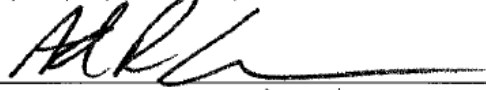
AY04: International Airport Revenue Fund Investment Policy

The Revenue Fund maintains a significant balance and the investment earnings on that balance are a revenue source for the airport system. Airport management and airline representatives want to keep fees as stable and low as practical. Relatively stable investment earnings assist the airport system and the airlines in meeting that goal.

Beginning October 2000, the Revenue Fund contained receipts from passenger facility charges collected at the Anchorage and Fairbanks International Airports. All the airport systems' revenue and expenses flow through the Revenue Fund. This includes normal operating transactions and most repair and maintenance projects. This subjects the Revenue Fund to the possibility of relatively significant cash inflows and outflows.

Investment Topic	Proposed Policy	Current Policy
Investment Objective	Minimal exposure to principal loss. Maximize current income within moderate risk tolerance. Minimal inflation protection needed. High liquidity requirement.	No Change
Risk Tolerance	Moderate	No Change
Policy Risk/Loss Range	1 - 5%	No Change
Time Horizon	Short to Intermediate	No Change
Asset Allocation	Broad U.S. Equity International Equity Short Duration Gov't/Credit 15% ±10% Core U.S. Fixed Income Cash Equivalents 85% ±10%	15% ±10% 85% ±10%
Expected Return - Short-Term	5.00%	2.51% (short-term)
Risk - Standard Deviation	0.93%	0.90%
Probability of Loss - 1 Year	0.0%	0.3%
5% Probable Downside Return (5% cVaR)	3.1%	0.7%

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Approved

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Date

State of Alaska Asset Allocation

Asset Classes	FY24	FY25*	1/4 ST	2/3 ST
Broad U.S. Equity				
Global ex-U.S. Equity				
US REITS				
Short Duration Gov't/Credit	15%	15%	25%	33%
Core U.S. Fixed Income				
Cash Equivalents	85%	85%	75%	67%
Total	100%	100%	100%	100%
Optimization Results:				
Expected Return - Short-Term	5.00%	5.06%	5.06%	5.07%
Expected Return - Real/After Inflation	2.50%	2.56%	2.56%	2.57%
Risk - Standard Deviation	0.93%	0.93%	1.02%	1.12%
Sharpe Ratio	(0.00)	0.01	0.02	0.02

Risk Statistics:

10% Probable Downside Return - 1 Year	3.4%	3.4%	3.3%	3.1%
5% Probable Downside Return - 1 Year	3.1%	3.1%	3.0%	2.8%
5% Probable Downside Return - 3 Year	3.9%	4.0%	3.9%	3.7%
5% Probable Downside Return - 5 Year	4.1%	4.2%	4.1%	4.0%
Probability of Loss - 1 Year	0.0%	0.0%	0.0%	0.0%
Prob. Return < -1%	0.0%	0.0%	0.0%	0.0%
Probability of Loss - 10 Year	0.0%	0.0%	0.0%	0.0%
Asset Time Horizon Estimate	0.5	0.5	0.7	0.8

Dollars: (\$Millions)

Assets	184.3	218.9	218.9	218.9
Expected Annual Earnings	9.2	11.1	11.1	11.1
1-Year 10% Probable Return (10% cVaR)	6.2	7.5	7.2	6.8
1-Year 5% Probable Return (5% cVaR)	5.7	6.9	6.5	6.1
3-Year 5% Probable Return (5% cVaR)	7.2	8.6	8.4	8.2
5-Year 5% Probable Return (5% cVaR)	7.6	9.2	9.0	8.8

GeFONSI II

AY3F: GeFONSI II Investment Policy

GeFONSI II is comprised of funds that do not benefit from positive investment returns, nor bear the risk of loss in the event of negative returns. The General Fund benefits, or is harmed, by these returns. GeFONSI II is invested more aggressively than is the GeFONSI. The premise for the higher risk posture is that over the course of several years the General Fund will generate more total return, despite having a higher risk of loss in any given year.

Investment Topic	Proposed Policy	Current Policy																									
Investment Objective	Tolerate moderate exposure to principal loss to target modestly higher returns.	No Change																									
Risk Tolerance	Moderate-High	No Change																									
Policy Risk/Loss Range	5 - 10%	No Change																									
Time Horizon	Intermediate	No Change																									
Asset Allocation	<table border="0"> <tr> <td>Broad U.S. Equity</td> <td>4%</td> <td>- 4%/+5%</td> <td>4%</td> <td>- 4%/+5%</td> </tr> <tr> <td>International Equity</td> <td>2%</td> <td>- 2%/+5%</td> <td>2%</td> <td>- 2%/+5%</td> </tr> <tr> <td>Short Duration Gov't/Credit</td> <td>33%</td> <td>±10%</td> <td>33%</td> <td>±10%</td> </tr> <tr> <td>Core U.S. Fixed Income</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Cash Equivalents</td> <td>61%</td> <td>±10%</td> <td>61%</td> <td>±10%</td> </tr> </table>	Broad U.S. Equity	4%	- 4%/+5%	4%	- 4%/+5%	International Equity	2%	- 2%/+5%	2%	- 2%/+5%	Short Duration Gov't/Credit	33%	±10%	33%	±10%	Core U.S. Fixed Income					Cash Equivalents	61%	±10%	61%	±10%	
Broad U.S. Equity	4%	- 4%/+5%	4%	- 4%/+5%																							
International Equity	2%	- 2%/+5%	2%	- 2%/+5%																							
Short Duration Gov't/Credit	33%	±10%	33%	±10%																							
Core U.S. Fixed Income																											
Cash Equivalents	61%	±10%	61%	±10%																							
Expected Return - Short-Term	5.24%	3.01% (short-term)																									
Risk - Standard Deviation	1.51%	1.39%																									
Probability of Loss - 1 Year	0.0%	1.5%																									
5% Probable Downside Return (5% cVaR)	2.1%	0.2%																									

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GeFONSI II History	2024	2023	2022	2021	2020	2019	2018
Expected ST Return	5.24%	3.01%	0.91%	0.94%	2.37%	3.38%	3.38%
Expected Volatility	1.51%	1.39%	1.37%	1.47%	1.61%	2.63%	2.58%
10% cVaR	3.40%	0.90%	-1.50%	-1.64%	-0.46%	-1.24%	-1.15%

State of Alaska Asset Allocation

Asset Classes	FY24	FY25*	GFI	Gen. Fund
Broad U.S. Equity	4%	4%		5%
Global ex-U.S. Equity	2%	2%		3%
US REITS				0%
Short Duration Gov't/Credit	33%	33%	15%	56%
Core U.S. Fixed Income				0%
Cash Equivalents	61%	61%	85%	162%
Total	100%	100%	100%	226%
Optimization Results:				
Expected Return - Short-Term	5.24%	5.31%	5.06%	11.71%
Expected Return - Real/After Inflation	2.74%	2.81%	2.56%	9.21%
Risk - Standard Deviation	1.51%	1.52%	0.93%	2.59%
Sharpe Ratio	0.15	0.17	0.01	2.57

Risk Statistics:

10% Probable Downside Return - 1 Year	2.6%	2.6%	3.4%	7.2%
5% Probable Downside Return - 1 Year	2.1%	2.2%	3.1%	6.4%
5% Probable Downside Return - 3 Year	3.4%	3.5%	4.0%	8.6%
5% Probable Downside Return - 5 Year	3.8%	3.9%	4.2%	9.3%
Probability of Loss - 1 Year	0.0%	0.0%	0.0%	0.0%
Prob. Return < -1%	0.0%	0.0%	0.0%	0.0%
Probability of Loss - 10 Year	0.0%	0.0%	0.0%	0.0%
Asset Time Horizon Estimate	1.2	1.2	0.5	

Dollars: (\$Millions)

Assets	1,573.9	1,438.8	1,438.8	1,146.1
Expected Annual Earnings	82.4	76.4	72.7	134.2
1-Year 10% Probable Return (10% cVaR)	40.7	38.1	49.3	82.0
1-Year 5% Probable Return (5% cVaR)	33.4	31.4	45.2	72.9
3-Year 5% Probable Return (5% cVaR)	54.1	50.4	56.9	98.8
5-Year 5% Probable Return (5% cVaR)	60.5	56.3	60.4	106.8

Higher Risk Tolerance Funds

Retiree LTC Insurance

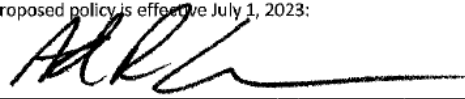
AY11: Retiree LTC Insurance Investment Policy

Effective July 1, 1997, the Department of Administration established the Group Health and Life Insurance Fund and the Retiree Health Insurance Fund. The Retiree Health Insurance Fund is further broken down into three plans: 1) medical, 2) dental, vision and audio, and 3) long term care.

The Retiree Long-Term Care Plan consists of premiums paid for retiree long term care. While many retirees are paying premiums into the plan today, at present only a small percentage of the premiums are needed for claims payments. Per the analysis, Actuarial Valuation of the State of Alaska Long-Term Care Program as of June 2021, conducted by Lewis & Ellis, Inc., the actuarial assumed net investment earnings assumption is 5.25%.

Investment Topic	Proposed Policy	Current Policy																		
Investment Objective	To match the fund's assumed actuarial rate of return while minimizing risk	No Change																		
Risk Tolerance	High	No Change																		
Policy Risk/Loss Range	>10%	No Change																		
Time Horizon	Long	No Change																		
Asset Allocation	<table border="0"> <tr> <td>Broad U.S. Equity</td> <td>25% ± 5%</td> <td>35% ± 5%</td> </tr> <tr> <td>International Equity</td> <td>18% ± 5%</td> <td>22% ± 5%</td> </tr> <tr> <td>U.S. REITs</td> <td>4% ± 3%</td> <td>5% ± 3%</td> </tr> <tr> <td>Core U.S. Fixed Income</td> <td>52% ± 5%</td> <td>37% ± 5%</td> </tr> <tr> <td colspan="3"><i>*may include up to 13% in tactical fixed income</i></td> </tr> <tr> <td>Cash Equivalents</td> <td>1% - 1%/+2%</td> <td>1% - 1%/+2%</td> </tr> </table>	Broad U.S. Equity	25% ± 5%	35% ± 5%	International Equity	18% ± 5%	22% ± 5%	U.S. REITs	4% ± 3%	5% ± 3%	Core U.S. Fixed Income	52% ± 5%	37% ± 5%	<i>*may include up to 13% in tactical fixed income</i>			Cash Equivalents	1% - 1%/+2%	1% - 1%/+2%	
Broad U.S. Equity	25% ± 5%	35% ± 5%																		
International Equity	18% ± 5%	22% ± 5%																		
U.S. REITs	4% ± 3%	5% ± 3%																		
Core U.S. Fixed Income	52% ± 5%	37% ± 5%																		
<i>*may include up to 13% in tactical fixed income</i>																				
Cash Equivalents	1% - 1%/+2%	1% - 1%/+2%																		
Expected Return - Long-Term	6.14%	5.27%																		
Risk - Standard Deviation	8.87%	11.14%																		
Probability of Loss - 1 Year	24.4%	31.8%																		
10% Probable Downside Return (10% cVaR)	-9.4%	-14.3%																		

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LTC	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expected LT Return	6.14%	5.27%	5.10%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%
Expected Volatility	8.87%	11.14%	10.50%	8.08%	6.02%	8.17%	8.15%	7.52%	7.28%	7.27%
10% cVaR	-9.40%	-14.30%	-13.50%	-8.93%	-5.32%	-9.09%	-9.05%	-7.95%	-7.53%	-7.51%

State of Alaska Asset Allocation

Asset Classes	FY24	FY25*	Mix 1	Mix 2: 5%
Broad U.S. Equity	25%	25%	15%	5%
Global ex-U.S. Equity	18%	18%	11%	4%
US REITS	4%	4%	4%	1%
Short Duration Gov't/Credit				
Core U.S. Fixed Income	52%	52%	69%	75%
Cash Equivalents	1%	1%	1%	15%
Total	100%	100%	100%	100%
Optimization Results:				
Expected Return - Long-Term	6.14%	6.74%	6.24%	5.25%
Expected Return - Real/After Inflation	3.64%	4.24%	3.74%	2.75%
Risk - Standard Deviation	8.87%	8.86%	6.29%	3.78%
Sharpe Ratio	0.38	0.42	0.51	0.59

Risk Statistics:

10% Probable Downside Return - 1 Year	-9.4%	-8.8%	-4.8%	-1.4%
5% Probable Downside Return - 1 Year	-12.1%	-11.5%	-6.7%	-2.5%
5% Probable Downside Return - 3 Year	-4.4%	-3.8%	-1.3%	0.7%
5% Probable Downside Return - 5 Year	-2.0%	-1.4%	0.4%	1.8%
Probability of Loss - 1 Year	24.4%	22.3%	16.1%	8.2%
Prob. Return < -1%	21.0%	19.1%	12.5%	4.9%
Prob. Return < -5%	17.5%	9.3%	3.7%	0.3%
Prob. Return < -10%	9.2%	2.9%	0.5%	0.0%
Prob. Return < -20%	1.7%	0.1%	0.0%	0.0%
Probability of Loss - 10 Year	1.4%	0.8%	0.1%	0.0%
Asset Time Horizon Estimate	5.9	5.9	5.9	5.1

Dollars: (\$Millions)

Assets	762.3	844.4	844.4	844.4
Expected Annual Earnings	46.8	56.9	52.7	44.3
1-Year 10% Probable Return (10% cVaR)	(71.8)	(74.3)	(40.6)	(11.7)
1-Year 5% Probable Return (5% cVaR)	(92.6)	(97.4)	(56.9)	(21.5)
3-Year 5% Probable Return (5% cVaR)	(33.7)	(32.2)	(10.6)	6.3
5-Year 5% Probable Return (5% cVaR)	(15.5)	(12.1)	3.7	14.9

Highest Risk/Endowment Profile Funds


AY08: Public School Trust Fund Investment Policy

The Public School Trust Fund is a fund dedicated to the benefit of Alaska's public schools. The central objective is to provide "increasing returns from capital appreciation and net income over long-term periods to the fund's current beneficiaries." The fund may be invested "on the basis of probable total rate of return to promote the long-term generation of capital appreciate and income."

On July 1 of each year, the commissioner shall determine the monthly average market value of the fund for the previous five fiscal years preceding the previous fiscal year. The legislature may appropriate not more than five percent of the amount determined by the commissioner. Pending signature by the governor, the appropriated amount may be expended the following fiscal year.

Investment Topic	Proposed Policy	Current Policy																		
Investment Objective	High exposure of principal to loss in return for higher expected Longer-term returns. Limited current income requirement. Limited inflation protection needed. Moderate liquidity requirement.	No Change																		
Risk Tolerance	High	No Change																		
Policy Risk/Loss Range	>10%	No Change																		
Time Horizon	Long	No Change																		
Asset Allocation	<table border="0"> <tr> <td>Broad U.S. Equity</td> <td>39% ± 5%</td> <td>39% ± 5%</td> </tr> <tr> <td>International Equity</td> <td>25% ± 5%</td> <td>25% ± 5%</td> </tr> <tr> <td>U.S. REITs</td> <td>5% ± 3%</td> <td>5% ± 5%</td> </tr> <tr> <td>Core U.S. Fixed Income</td> <td>30% ± 5%</td> <td>30% ± 5%</td> </tr> <tr> <td colspan="3"><i>*may include up to 7% in tactical fixed income</i></td> </tr> <tr> <td>Cash Equivalents</td> <td>1% - 1%/+2%</td> <td>1% - 1%/+2%</td> </tr> </table>	Broad U.S. Equity	39% ± 5%	39% ± 5%	International Equity	25% ± 5%	25% ± 5%	U.S. REITs	5% ± 3%	5% ± 5%	Core U.S. Fixed Income	30% ± 5%	30% ± 5%	<i>*may include up to 7% in tactical fixed income</i>			Cash Equivalents	1% - 1%/+2%	1% - 1%/+2%	
Broad U.S. Equity	39% ± 5%	39% ± 5%																		
International Equity	25% ± 5%	25% ± 5%																		
U.S. REITs	5% ± 3%	5% ± 5%																		
Core U.S. Fixed Income	30% ± 5%	30% ± 5%																		
<i>*may include up to 7% in tactical fixed income</i>																				
Cash Equivalents	1% - 1%/+2%	1% - 1%/+2%																		
Expected Return - Long-Term	6.83%	5.60%																		
Risk - Standard Deviation	12.65%	12.41%																		
Probability of Loss - 1 Year	29.5%	32.6%																		
10% Probable Downside Return (10% cVaR)	-15.4%	-16.2%																		

The proposed policy is effective July 1, 2023:



 Approved

June 20, 2023

Date

State of Alaska Asset Allocation

Asset Classes	FY24	FY25*	Mix 1	70/30
Broad U.S. Equity	39%	39%	36%	70%
Global ex-U.S. Equity	25%	25%	27%	
US REITS	5%	5%	5%	
Short Duration Gov't/Credit				
Core U.S. Fixed Income	30%	30%	31%	30%
Cash Equivalents	1%	1%	1%	
Total	100%	100%	100%	100%
Optimization Results:				
Expected Return - Long-Term	6.83%	7.25%	7.24%	7.11%
Expected Return - Real/After Inflation	4.33%	4.75%	4.74%	4.61%
Risk - Standard Deviation	12.65%	12.48%	12.38%	12.35%
Sharpe Ratio	0.32	0.34	0.34	0.33

Risk Statistics:

10% Probable Downside Return - 1 Year	-15.4%	-14.6%	-14.5%	-14.6%
5% Probable Downside Return - 1 Year	-19.3%	-18.5%	-18.3%	-18.4%
5% Probable Downside Return - 3 Year	-8.2%	-7.6%	-7.5%	-7.6%
5% Probable Downside Return - 5 Year	-4.8%	-4.3%	-4.2%	-4.3%
Probability of Loss - 1 Year	29.5%	28.1%	27.9%	28.2%
Prob. Return < -1%	26.8%	25.4%	25.3%	25.6%
Probability of Loss - 10 Year	4.4%	3.3%	3.2%	3.4%
Asset Time Horizon Estimate	5.9	5.9	5.9	6.0

Dollars: (\$Millions)

Assets	2,091.1	1,228.5	1,228.5	1,228.5
Expected Annual Earnings	142.9	89.1	89.0	87.4
1-Year 10% Probable Return (10% cVaR)	(321.5)	(179.9)	(178.0)	(179.0)
1-Year 5% Probable Return (5% cVaR)	(402.9)	(227.1)	(224.8)	(225.7)
3-Year 5% Probable Return (5% cVaR)	(172.2)	(93.4)	(92.2)	(93.4)
5-Year 5% Probable Return (5% cVaR)	(101.2)	(52.3)	(51.4)	(52.6)

High Risk History	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expected LT Return	6.83%	5.60%	5.62%	6.37%	6.58%	6.20%	6.21%	6.55%	6.73%	6.73%
Expected Volatility	12.65%	12.41%	12.50%	12.60%	12.50%	12.70%	12.70%	12.95%	13.23%	13.23%
10% cVaR	-15.40%	-16.20%	-16.40%	-15.74%	-15.36%	-16.09%	-16.08%	-16.18%	-16.49%	-16.49%

Highest Risk/Endowment Profile Funds - Continued

AY3L: Alaska Higher Education Investment Policy

The Alaska Higher Education Investment Fund was established to make grants and scholarship payments to qualified postsecondary institutions for students. The Legislature may appropriate up to seven percent of the fund's prior June 30 market value balance each year.

Investment Topic	Proposed Policy	Current Policy																		
Investment Objective	High exposure of principal to loss in return for higher expected Longer-term returns. Limited current income requirement. Limited inflation protection needed. Moderate liquidity requirement.	No Change																		
Risk Tolerance	High	No Change																		
Policy Risk/Loss Range	>10%	No Change																		
Time Horizon	Long	No Change																		
Asset Allocation	<table border="0"> <tr> <td>Broad U.S. Equity</td> <td>39% ± 5%</td> <td>39% ± 5%</td> </tr> <tr> <td>International Equity</td> <td>25% ± 5%</td> <td>25% ± 5%</td> </tr> <tr> <td>U.S. REITs</td> <td>5% ± 3%</td> <td>5% ± 5%</td> </tr> <tr> <td>Core U.S. Fixed Income</td> <td>30% ± 5%</td> <td>30% ± 5%</td> </tr> <tr> <td colspan="3"><i>*may include up to 7% in tactical fixed income</i></td> </tr> <tr> <td>Cash Equivalents</td> <td>1% - 1%/+2%</td> <td>1% - 1%/+2%</td> </tr> </table>	Broad U.S. Equity	39% ± 5%	39% ± 5%	International Equity	25% ± 5%	25% ± 5%	U.S. REITs	5% ± 3%	5% ± 5%	Core U.S. Fixed Income	30% ± 5%	30% ± 5%	<i>*may include up to 7% in tactical fixed income</i>			Cash Equivalents	1% - 1%/+2%	1% - 1%/+2%	
Broad U.S. Equity	39% ± 5%	39% ± 5%																		
International Equity	25% ± 5%	25% ± 5%																		
U.S. REITs	5% ± 3%	5% ± 5%																		
Core U.S. Fixed Income	30% ± 5%	30% ± 5%																		
<i>*may include up to 7% in tactical fixed income</i>																				
Cash Equivalents	1% - 1%/+2%	1% - 1%/+2%																		
Expected Return - Long-Term	6.83%	5.60%																		
Risk - Standard Deviation	12.65%	12.41%																		
Probability of Loss - 1 Year	29.5%	32.6%																		
10% Probable Downside Return (10% cVaR)	-15.4%	-16.2%																		

The proposed policy is effective July 1, 2023:



 Approved


June 20, 2023
 Date

AY9J: Illinois Creek Mine Reclamation Investment Policy

The Illinois Creek Gold Mine is a remote gold mine located on state land approximately 51 miles south of Galena, Alaska. Construction of the gold mine began in June, 1996. The companies responsible for the mine dissolved, the financier abandoned its ownership rights, and the State of Alaska inherited operating responsibility for the mine in July 1999. Following reclamation of the mine by American Reclamation Group, the State now assumes responsibility to monitor the site and to fix unexpected post-reclamation problems. To fund the post-closure monitoring and any potential maintenance, this trust fund was created. The Department of Revenue will manage the fund and Department of Natural Resources will withdraw funds for monitoring and reclamation obligations.

Investment Topic	Proposed Policy	Current Policy																		
Investment Objective	Maximize return while still being able to fund uncertain maintenance expenditures (amount and size)	No Change																		
Risk Tolerance	High	No Change																		
Policy Risk/Loss Range	>10%	No Change																		
Time Horizon	Long	No Change																		
Asset Allocation	<table border="0"> <tr> <td>Broad U.S. Equity</td> <td>39% ± 5%</td> <td>39% ± 5%</td> </tr> <tr> <td>International Equity</td> <td>25% ± 5%</td> <td>25% ± 5%</td> </tr> <tr> <td>U.S. REITs</td> <td>5% ± 3%</td> <td>5% ± 5%</td> </tr> <tr> <td>Core U.S. Fixed Income</td> <td>30% ± 5%</td> <td>30% ± 5%</td> </tr> <tr> <td colspan="3"><i>*may include up to 7% in tactical fixed income</i></td> </tr> <tr> <td>Cash Equivalents</td> <td>1% - 1%/+2%</td> <td>1% - 1%/+2%</td> </tr> </table>	Broad U.S. Equity	39% ± 5%	39% ± 5%	International Equity	25% ± 5%	25% ± 5%	U.S. REITs	5% ± 3%	5% ± 5%	Core U.S. Fixed Income	30% ± 5%	30% ± 5%	<i>*may include up to 7% in tactical fixed income</i>			Cash Equivalents	1% - 1%/+2%	1% - 1%/+2%	
Broad U.S. Equity	39% ± 5%	39% ± 5%																		
International Equity	25% ± 5%	25% ± 5%																		
U.S. REITs	5% ± 3%	5% ± 5%																		
Core U.S. Fixed Income	30% ± 5%	30% ± 5%																		
<i>*may include up to 7% in tactical fixed income</i>																				
Cash Equivalents	1% - 1%/+2%	1% - 1%/+2%																		
Expected Return - Long-Term	6.83%	5.60%																		
Risk - Standard Deviation	12.65%	12.41%																		
Probability of Loss - 1 Year	29.5%	32.6%																		
10% Probable Downside Return (10% cVaR)	-15.4%	-16.2%																		

The proposed policy is effective July 1, 2023:



 Approved

June 20, 2023
 Date

Highest Risk/Endowment Profile Funds - Continued

AY3G: Education Endowment Investment Policy

AS 43.23.063(b)(2) directs the commissioner to invest in a manner likely to achieve at least a four percent nominal return over a five-year period.

On July 1 of each year, the "commissioner shall determine the fund balance for the previously closed fiscal year, including the earnings of the fund" and "when the average market value for the fiscal year exceeds \$1,000,000,000, transfer 4.5% of the average fiscal-year-end market value of the balance of the fund for the last five fiscal years, including the fiscal year just ended, and including any unrealized gains and losses."

Investment Topic	Proposed Policy	Current Policy																		
Investment Objective	High exposure of principal to loss in return for higher expected Longer-term returns. Limited current income requirement. Limited inflation protection needed. Moderate liquidity requirement.	No Change																		
Risk Tolerance	High	No Change																		
Policy Risk/Loss Range	>10%	No Change																		
Time Horizon	Long	No Change																		
Asset Allocation	<table border="0"> <tr> <td>Broad U.S. Equity</td> <td>39% ± 5%</td> <td>39% ± 5%</td> </tr> <tr> <td>International Equity</td> <td>25% ± 5%</td> <td>25% ± 5%</td> </tr> <tr> <td>U.S. REITs</td> <td>5% ± 3%</td> <td>5% ± 5%</td> </tr> <tr> <td>Core U.S. Fixed Income</td> <td>30% ± 5%</td> <td>30% ± 5%</td> </tr> <tr> <td colspan="3"><i>*may include up to 7% in tactical fixed income</i></td> </tr> <tr> <td>Cash Equivalents</td> <td>1% - 1%/+2%</td> <td>1% - 1%/+2%</td> </tr> </table>	Broad U.S. Equity	39% ± 5%	39% ± 5%	International Equity	25% ± 5%	25% ± 5%	U.S. REITs	5% ± 3%	5% ± 5%	Core U.S. Fixed Income	30% ± 5%	30% ± 5%	<i>*may include up to 7% in tactical fixed income</i>			Cash Equivalents	1% - 1%/+2%	1% - 1%/+2%	
Broad U.S. Equity	39% ± 5%	39% ± 5%																		
International Equity	25% ± 5%	25% ± 5%																		
U.S. REITs	5% ± 3%	5% ± 5%																		
Core U.S. Fixed Income	30% ± 5%	30% ± 5%																		
<i>*may include up to 7% in tactical fixed income</i>																				
Cash Equivalents	1% - 1%/+2%	1% - 1%/+2%																		
Expected Return - Long-Term	6.83%	5.60%																		
Risk - Standard Deviation	12.65%	12.41%																		
Probability of Loss - 1 Year	29.5%	32.6%																		
10% Probable Downside Return (10% cVaR)	-15.4%	-16.2%																		

The proposed policy is effective July 1, 2023:



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State Asset Allocation Approach for FY2025 Summary

- Evaluate the current attributes of each fund to identify the best balance of risk and return.
- Use Callan’s capital market assumptions and Modern Portfolio Theory to arrive at asset allocations.
- Set short-term return expectations using current yields (YTW) for short-term and moderate risk profiles.
- Emphasize diversification in an uncertain market.

2024 Table uses Callan’s long-term CMA’s for all risk profiles for comparability

Asset Classes	Low	Low Moderate	Low High	All SOA	Higher Risk	Highest Risk
Broad U.S. Equity			4.0%	8.0%	17.0%	39.0%
Global ex-U.S. Equity			2.0%	5.4%	14.0%	25.0%
U.S. REITs				1.2%	5.0%	5.0%
Core U.S. Fixed Income				10.6%	63.0%	30.0%
Short Duration Gov't/Credit		15.0%	33.0%	9.2%		
Cash Equivalents	100%	85.0%	61.0%	65.5%	1.0%	1.0%
Total	100%	100%	100%	100%	100%	100%
Optimization Results:						
Expected Return	3.00%	3.18%	3.77%	4.22%	6.43%	7.25%
Expected Return - Real/After Inflation	0.50%	0.68%	1.27%	1.72%	3.93%	4.75%
Risk - Standard Deviation	0.90%	0.93%	1.52%	2.79%	7.17%	12.48%
Sharpe Ratio	(0.00)	0.20	0.51	0.44	0.48	0.34
Risk Statistics:						
10% Probable Downside Return - 1 Year	1.4%	1.6%	1.1%	-0.7%	-6.2%	-14.6%
5% Probable Downside Return - 1 Year	1.1%	1.3%	0.6%	-1.5%	-8.4%	-18.5%
5% Probable Downside Return - 3 Year	1.9%	2.1%	2.0%	0.9%	-2.1%	-7.6%
5% Probable Downside Return - 5 Year	2.2%	2.3%	2.4%	1.6%	-0.2%	-4.3%
Probability of Loss - 1 Year	0.0%	0.0%	0.6%	6.5%	18.5%	28.1%
Prob. Return < -1%	0.0%	0.0%	0.1%	3.1%	15.0%	25.4%
Prob. Return < -5%	0.0%	0.0%	0.0%	0.0%	5.6%	16.3%
Prob. Return < -10%	0.0%	0.0%	0.0%	0.0%	1.1%	8.3%
Prob. Return < -20%	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%
Probability of Loss - 10 Year	0.0%	0.0%	0.0%	0.0%	0.2%	3.3%
Asset Time Horizon Estimate	0.3	0.5	1.2	1.9	5.9	5.9
Dollars: (\$Millions)						
Assets	2,939.7	2,008.4	1,438.8	8,459.8	844.4	1,228.5
Expected Annual Earnings	88.1	63.9	54.2	356.9	54.3	89.1
1-Year 10% Probable Return (10% cVaR)	41.7	31.2	16.0	(56.8)	(52.0)	(179.9)
1-Year 5% Probable Return (5% cVaR)	33.5	25.5	9.3	(129.3)	(70.6)	(227.1)
3-Year 5% Probable Return (5% cVaR)	56.6	41.8	28.3	76.2	(17.8)	(93.4)
5-Year 5% Probable Return (5% cVaR)	63.7	46.8	34.1	139.4	(1.6)	(52.3)

Questions?

Appendix

- Links to relevant SOA budgetary and cashflow documentation:

State of Alaska (SOA) Office of Management and Budget (OMB)

<https://omb.alaska.gov/>

OMB Amended Budget:

<https://omb.alaska.gov/fiscal-year-2025-amended-budget/>

CBRF balances: OMB 10-Year Forecast

https://omb.alaska.gov/ombfiles/25_budget/PDFs/FY2025_10-Year_Plan_12-14-23.pdf

CBRF balance: OMB Updated FY25 Fiscal Summary

https://omb.alaska.gov/ombfiles/25_budget/PDFs/FY2025_Fiscal_Summary_4.9.24.pdf

Revenue forecasts Fall/Spring

<http://www.tax.alaska.gov/programs/sourcebook/index.aspx>

GeFONSI:

<https://treasury.dor.alaska.gov/home/investments/gefonsi>

<https://treasury.dor.alaska.gov/home/investments/gefonsi/gefonsi-cbrf-and-sbrf-charts>

<https://treasury.dor.alaska.gov/home/cash-management/cash-management-reports>

https://treasury.dor.alaska.gov/docs/treasurydivisionlibraries/cash-management/reports/fy24a.pdf?sfvrsn=a97cd63c_117

https://treasury.dor.alaska.gov/docs/treasurydivisionlibraries/investments/gefonsi/2021-8-31-gefonsi-mou-attachment-c-2021-2026.pdf?sfvrsn=44574f35_3

APFC Trustee Paper – Earning Reserve Account (ERA) Sufficiency

https://apfc2017.wpenginepowered.com/download/33/trustees-papers/4839/2024_apfc_trustees-paper-10.pdf

State of Alaska
Department of Revenue

2024 State Investment Review Meeting Schedule

February 14, 2024 @ 10:30 AM (Videoconference)

1. December 31, 2023, Performance
2. 2024 Capital Market Assumptions and asset class discussion
3. Fixed Income Investments

May 08, 2024 @ 10:00 AM (Videoconference)

1. Middle Office Update
2. March 31, 2024, Performance
3. FY2025 Asset Allocation Discussion

August TBD, 2024 @ 10:00 AM (Videoconference)

1. June 30, 2024, Performance
2. FY2025 Asset Allocation Discussion

November TBD, 2024 @ 10:00 AM (Videoconference)

1. September 30, 2024, Performance
2. TBD