

State of Alaska
Department of Revenue
STATE INVESTMENT REVIEW MEETING
September 5, 2025 – 10:00 a.m.

Click here to join the meeting Meeting ID: 290 412 568 750 Passcode: iY7bn36V	Call In (Audio Only): Phone: 1-907-202-7104 Code: 725 810 825#
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- I. Introduction**
Zachary Hanna, Chief Investment Officer
Janelle Earls, Acting Commissioner of Revenue
- II. State Investment Review**
Zachary Hanna, Chief Investment Officer
 - A. Economic and Market Update**
 - B. Performance: Commissioner’s Report June 2025**
 - C. Non-Routine Investments**
 - D. Asset Allocation Process**
 - E. FY2026 Asset Allocation Process**
- III. IAC Comments**
Investment Advisory Council Members
- IV. Future Agenda Items & Calendar**
Zachary Hanna, Chief Investment Officer
- V. Other Matters for Discussion**
- VI. Adjournment**



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of **ALASKA**
GOVERNOR MIKE DUNLEAVY

State Investment Review:

- **Economic and Market Update**
- **Performance: Commissioner's Report June 2025**
- **Non-Routine Investments**
- **Asset Allocation Process**
- **FY2026 Adopted Asset Allocations**
- **Appendix: Treasury Information Resources**



September 5, 2025

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

Economic and Market Update

Economic Growth, Inflation, and Trade

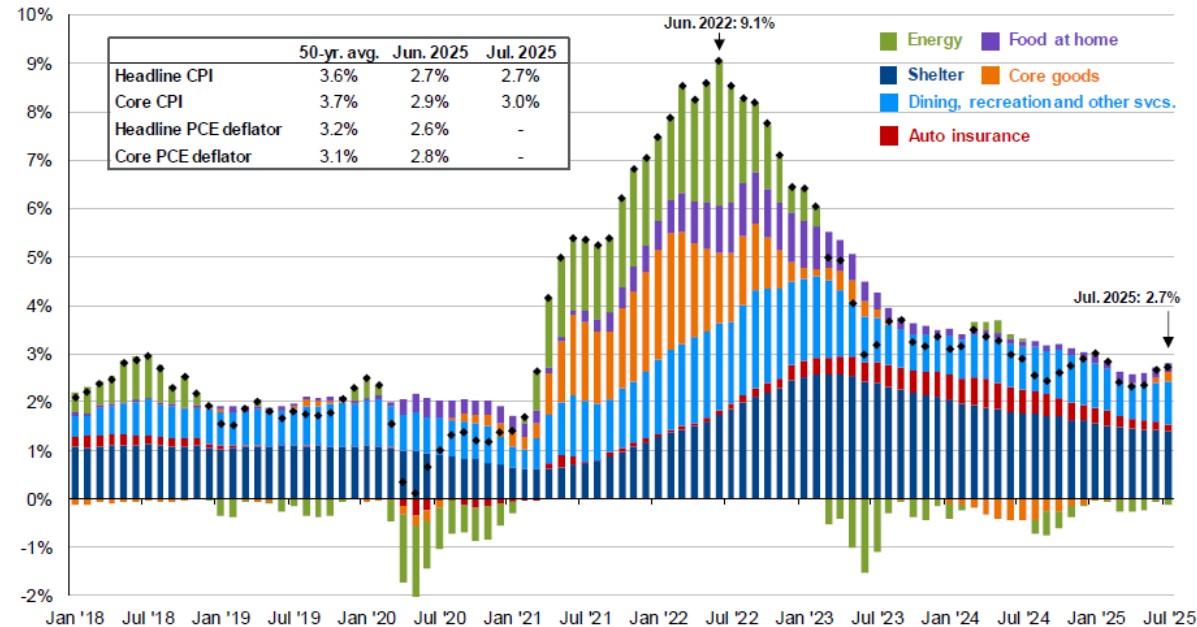
- Inflation peaked at 9.1% in June 2022 and has since eased to ~2.7% as of July 2025, reducing its dominance in market sentiment.
- Markets are now focused on tariff impacts and the potential drag on trade flows and cross-border capital.
- Economic growth was strong in 2024, but expectations for 2025 are more muted amid trade uncertainty.

Inflation components

GTU U.S. 26

Contributors to headline CPI inflation

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



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. "Shelter" includes owners' equivalent rent, rent of primary residence and home insurance. "Food at home" includes alcoholic beverages. Guide to the Markets - U.S. Data are as of August 20, 2025.

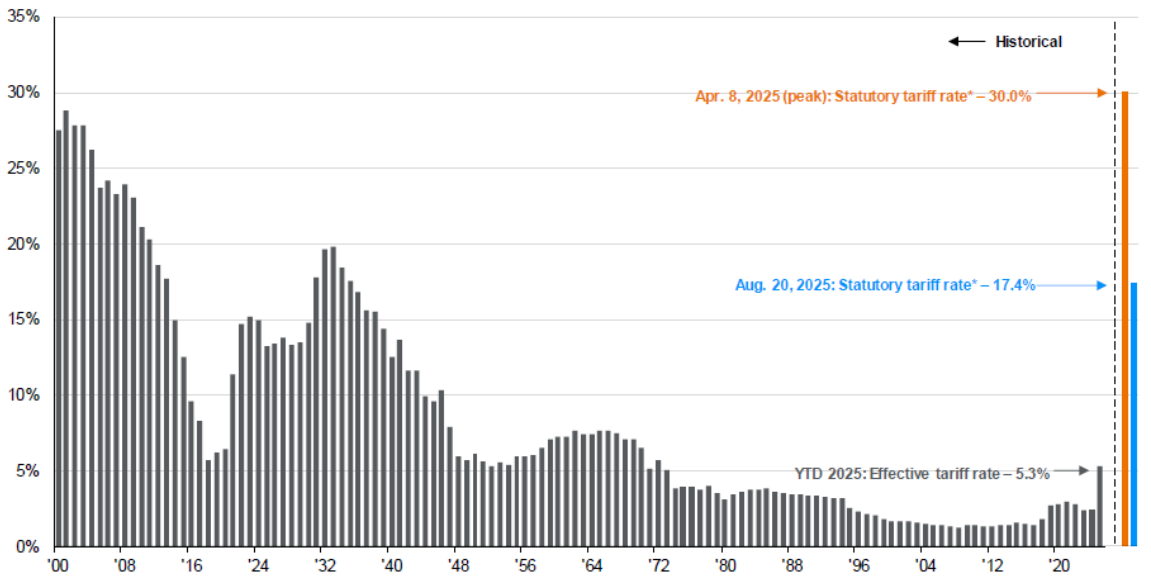
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Tariffs on U.S. imports

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Average tariff rate on U.S. goods imports for consumption

Duties collected / value of total goods imports for consumption



Source: Goldman Sachs Investment Research, United States International Trade Commission, J.P. Morgan Asset Management. For illustrative purposes only. The estimated weighted average U.S. tariff rate includes the latest tariff announcements. Estimates about which goods are USMCA compliant come from Goldman Sachs Investment Research. Imports for consumption: goods brought into a country for direct use or sale in the domestic market. The estimate does not consider non-tariff barriers, such as value-added taxes. *Figures are based on 2024 import levels and assume no change in demand due to tariff increases. 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 August 20, 2025.

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Interest Rates and the Federal Reserve

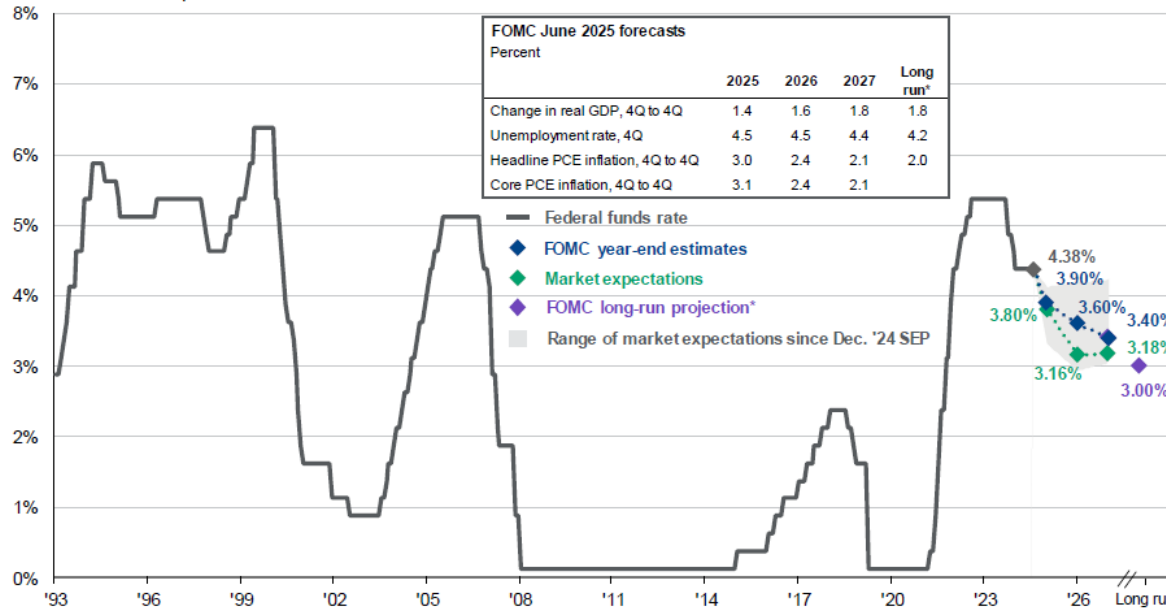
- The Federal Reserve raised rates aggressively from near zero in 2022 to a 5.4% midpoint by July 2023 to combat inflation.
- Since then, the Fed has eased policy, cutting rates by 100 basis points through December 2024, bringing the target rate midpoint to 4.4%.
- The Fed is currently on hold, but markets are pricing in 2–3 cuts by year-end 2025, with the first move expected in September.

The Fed and interest rates

GTM U.S. 33

Federal funds rate expectations

FOMC and market expectations for the federal funds rate



Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.

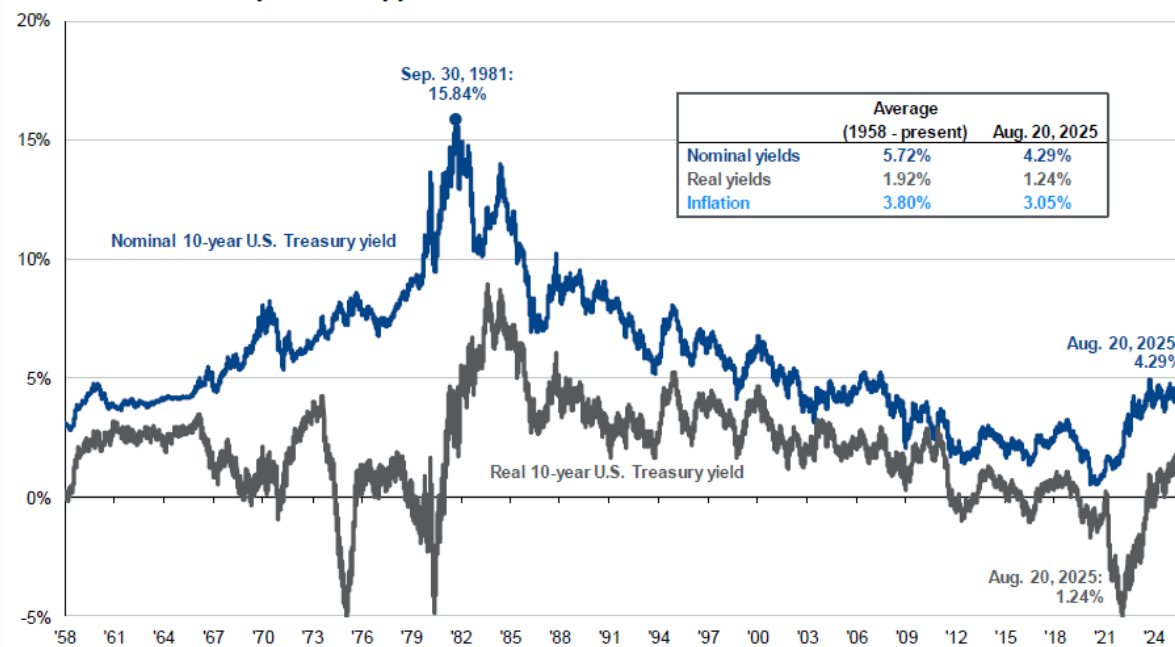
Market expectations are based off of USD Overnight Index Swaps. *Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts, 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 August 20, 2025.

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Interest rates and inflation

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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 August 20, 2025.

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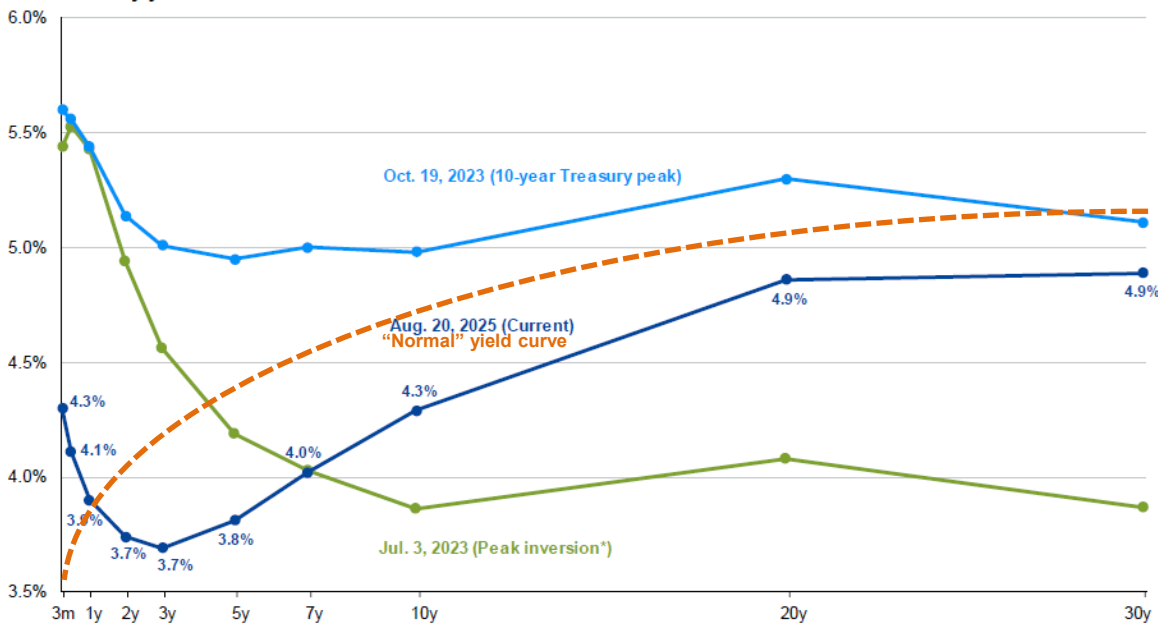
Fixed Income

- Bond yields surged in 2022–2023 as the Fed tightened policy, resetting the fixed income landscape.
- Most bond sectors struggled in 2022 but delivered stronger returns in 2023–2024 as higher yields and initial Fed cuts took hold.
- Despite volatility, forward return expectations remain attractive, supported by elevated starting yields.
- The long end of the curve has moved higher recently, reflecting persistent inflation concerns, heavier debt issuance, and uncertainty around trade and growth.

Yield curve

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U.S. Treasury yield curve



Source: FactSet, Federal Reserve, J.P. Morgan Asset Management. Analysis references data back to 2020. *Peak inversion is measured by the spread between the yield on a 10-year Treasury and 2-year Treasury. Guide to the Markets – U.S. Data are as of August 20, 2025.

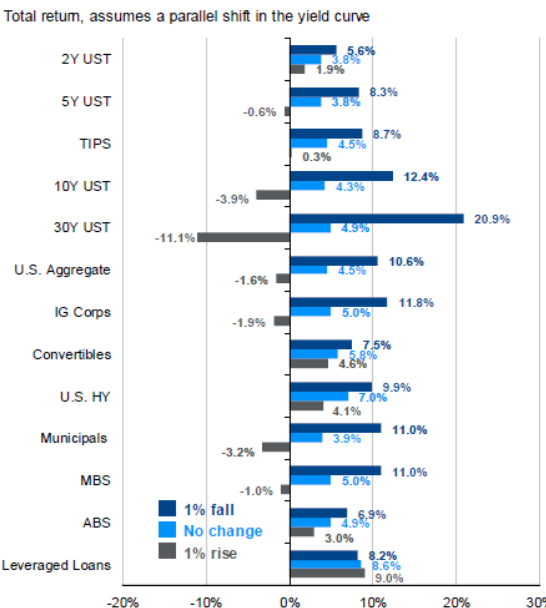
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Fixed income market dynamics

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	Yield		Return			
U.S. Treasuries	8/20/2025	12/31/2024	2025	Avg. Maturity	Correlation to 10-year	Correlation to S&P 500
2-Year	3.74%	4.26%	3.21%	2 years	0.74	0.02
5-Year	3.81%	4.38%	5.26%	5	0.94	0.00
TIPS	1.87%	2.13%	5.44%	7.1	0.74	0.35
10-Year	4.29%	4.58%	5.32%	10	1.00	-0.04
30-Year	4.89%	4.78%	1.01%	30	0.93	-0.08
Sector						
U.S. Aggregate	4.52%	4.91%	4.56%	8.4	0.90	0.27
IG Corps	4.95%	5.33%	5.10%	10.4	0.70	0.48
Convertibles	5.84%	6.13%	10.04%	-	-0.01	0.86
U.S. HY	7.00%	7.49%	5.58%	4.7	0.11	0.79
Municipals	3.92%	3.74%	-0.01%	13.4	0.74	0.27
MBS	4.97%	5.27%	4.76%	7.8	0.82	0.28
ABS	4.92%	5.38%	3.93%	2.2	0.41	0.26
Leveraged Loans	8.59%	8.68%	3.82%	4.7	-0.21	0.61

Fixed income returns in different interest rate scenarios



Source: Bloomberg, FactSet, Federal Reserve Bank of Cleveland, 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 bellwethers for Treasury securities. Yields shown for TIPS are real yields. TIPS returns consider the impact that inflation could have on returns by assuming the Cleveland Fed's 1-year inflation expectation forecasts are realized. 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 August 20, 2025.

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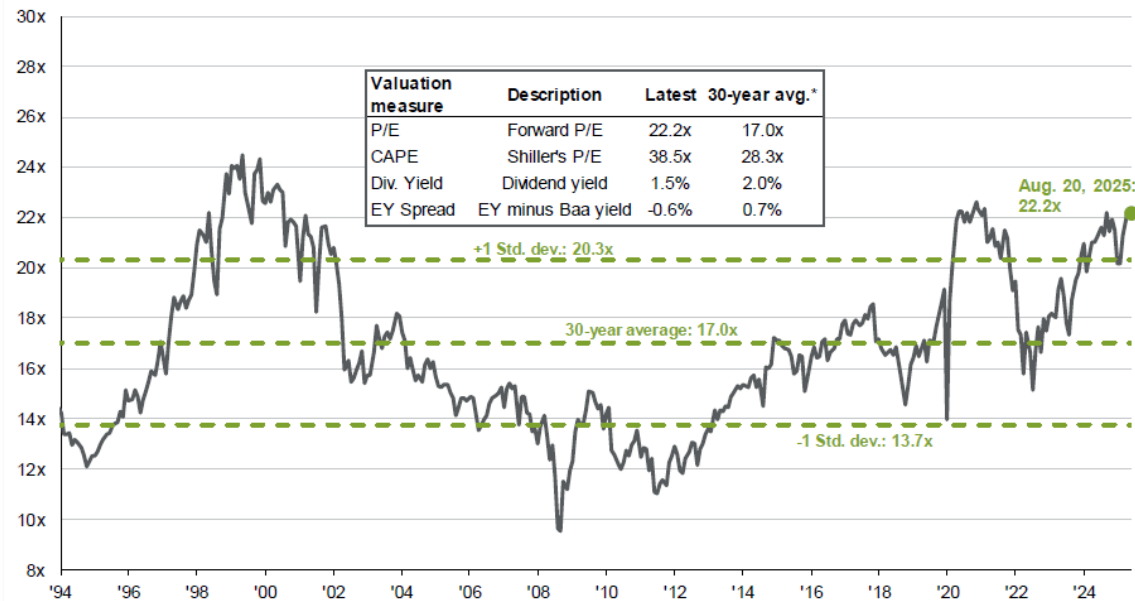
Equity Markets

- The U.S. stock market has experienced higher volatility amid trade uncertainty, though overall growth has continued.
- Domestic equity performance and valuations remain heavily concentrated in the largest technology companies, leading to more top-heavy indices.
- Year-to-date, U.S. equities have been under pressure from trade and geopolitical risks, weighing on broader sentiment.
- International equity valuations continue to trade at a significant discount relative to the U.S., offering a contrast to elevated domestic valuations.

S&P 500 valuation measures

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S&P 500 Index: Forward P/E ratio

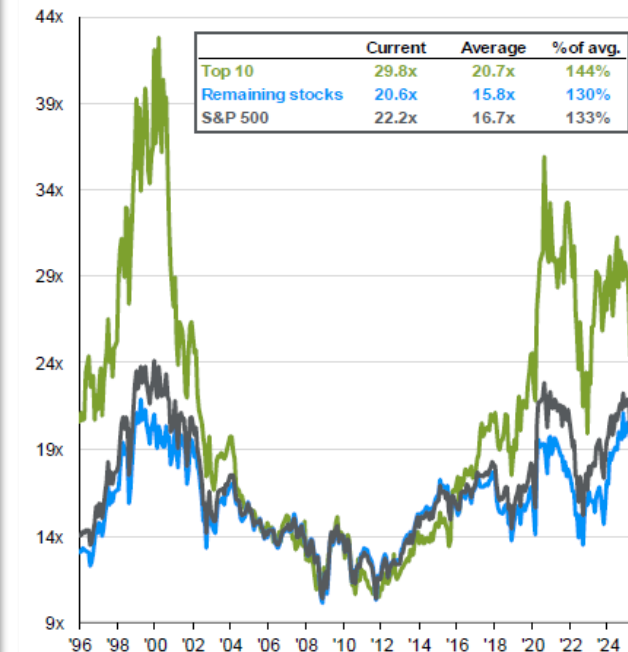


Sources: Bloomberg, FactSet, Moody's, Refinitiv Datastream, Robert Shiller, Standard & Poor's, J.P. Morgan Asset Management.
 Forward P/E ratio is the most recent S&P 500 index price divided by consensus analyst estimates for earnings in the next 12 months, provided by IBES since March 1994 and FactSet since January 2022. Shiller's P/E uses trailing 10-years of inflation-adjusted earnings as reported by companies. Dividend yield is calculated as consensus estimates of dividends in the next 12 months, provided by FactSet, divided by the most recent S&P 500 index price. EY minus Baa yield is the forward earnings yield (the inverse of the forward P/E ratio) minus the Bloomberg U.S. corporate Baa yield since December 2008 and interpolated using the Moody's Baa seasoned corporate bond yield for values beforehand. *Average for dividend yield is since August 1995 due to data availability.
 Guide to the Markets - U.S. Data as of August 20, 2025.

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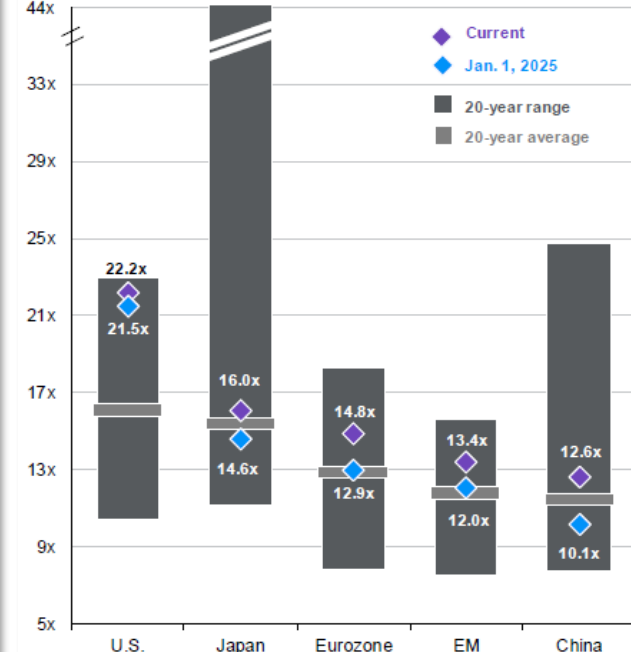
P/E of the top 10 and remaining stocks in the S&P 500

Next 12 months, 1996 - present



Valuations by region/country

Price-to-earnings, next 12 months



Capital Market Performance Update

- Performance was strong for fiscal year 2025 and the second quarter.
- Equities rebounded to new highs in the second quarter of 2025 as trade concerns temporarily eased.
- Capital markets are now focused on inflation, interest rates, and trade uncertainty.
- International equities outpaced U.S. equities for the second consecutive quarter.
- The Fed has paused its rate cuts, keeping short-term yields and cash equivalents elevated.

CY2019	CY2020	CY2021	CY2022	CY2023	CY2024	FY25	2025-Q2
Broad U.S. Equity 31.0%	Broad U.S. Equity 20.9%	REITs 41.3%	Cash Equivalents 1.5%	Broad U.S. Equity 26.0%	Broad U.S. Equity 23.8%	International Equity 17.7%	International Equity 12.0%
REITs 28.7%	TIPS 11.0%	Broad U.S. Equity 25.7%	High Yield (11.2%)	International Equity 15.6%	High Yield 8.2%	Broad U.S. Equity 15.3%	Broad U.S. Equity 11.0%
International Equity 21.5%	International Equity 10.7%	International Equity 7.8%	TIPS (11.8%)	High Yield 13.4%	International Equity 5.5%	High Yield 10.3%	High Yield 3.5%
High Yield 14.3%	Core U.S. Fixed Income 7.5%	TIPS 6.0%	Core U.S. Fixed Income (13.0%)	REITs 11.4%	Cash Equivalents 5.3%	REITs 9.2%	Core U.S. Fixed Income 1.2%
Core U.S. Fixed Income 8.7%	High Yield 7.1%	High Yield 5.3%	International Equity (16.0%)	Core U.S. Fixed Income 5.5%	REITs 4.9%	Core U.S. Fixed Income 6.1%	Cash Equivalents 1.0%
TIPS 8.4%	Cash Equivalents 0.7%	Cash Equivalents 0.0%	Broad U.S. Equity (19.2%)	Cash Equivalents 5.0%	TIPS 1.8%	TIPS 5.8%	TIPS 0.5%
Cash Equivalents 2.3%	REITs (5.1%)	Core U.S. Fixed Income (1.5%)	REITs (24.9%)	TIPS 3.9%	Core U.S. Fixed Income 1.3%	Cash Equivalents 4.7%	REITs (0.9%)

Performance:

Commissioner's Report

June 2025

DOR Commissioner's Report: Market Values for Month Ending 6/30/2025

Market Value

Plan Name	Cash Equivalents	Domestic Equity	Fixed Income	Interm. Fixed Income	Int'l Equity	REITs	Market Value
2013B Tax Exempt Education (AY3Z)	\$202,021						\$202,021
2016A - 2012 Transportation Bond Act (AY3Y)	\$732,949						\$732,949
2016B - 2012 Transportation Bond Act (AY3Q)	\$35,182,029						\$35,182,029
Alaska Higher Education Investment (AY3L)	\$3,280,027	\$174,906,117	\$123,628,622		\$112,722,639	\$20,631,821	\$435,169,226
Alaska Mental Health Trust Reserve (AY2L)	\$639,767	\$24,379,587	\$29,402,450		\$19,149,047		\$73,570,851
ASLC Investment Fund (AY3S)	\$1,371,098	\$32,452,874	\$81,406,304		\$20,755,201	\$4,086,889	\$140,072,366
Constitutional Budget Reserve Fund (AY19)	\$2,889,599,020						\$2,889,599,020
Education Endowment Fund (AY3G)	\$15,134	\$760,248	\$537,411		\$490,017	\$89,719	\$1,892,529
EVOS Habitat Investment (AY2H)	\$18,041,838			\$33,489,322			\$51,531,159
EVOS Research Investment (AY02)	\$7,507,170			\$13,934,841			\$21,442,011
GeFONSI I (AY01)	\$1,918,579,768			\$339,476,975			\$2,258,056,743
GeFONSI II (AY3F)	\$760,357,189	\$54,943,066		\$416,627,776	\$27,619,277		\$1,259,547,308
Illinois Creek Mine Reclamation (AY9J)	\$14,162	\$706,780	\$499,563		\$455,446	\$83,371	\$1,759,322
International Airports Repair & Replacement Fund (AY05)	\$525,111						\$525,111
International Airports Revenue Fund (AY04)	\$228,254,214			\$40,285,042			\$268,539,255
International Airports Series 2002 Reserve Account (AY2E)	\$8,910,401						\$8,910,401
International Airports Series 2003 Reserve (AY2U)	\$12,152,044						\$12,152,044
Investment Loss Trust Fund (AY28)	\$3,748,772						\$3,748,772
Permanent Fund Dividend Holding Account (AY2G)	\$33,805,152						\$33,805,152
Public School Trust Fund (AY08)	\$7,372,948	\$365,914,835	\$258,638,967		\$235,822,995	\$43,163,169	\$910,912,914
RHIF LTC Insurance (AY11)	\$6,901,524	\$153,074,939	\$647,022,224		\$112,858,990	\$37,557,888	\$957,415,565
RHIF Major Medical (AY03)	\$20,843,767						\$20,843,767

*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: Market Values for Month Ending 6/30/2025

Actual Allocation

Plan Name	Cash Equivalents	Domestic Equity	Fixed Income	Interm. Fixed Income	Int'l Equity	REITs
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)	0.75%	40.19%	28.41%		25.90%	4.74%
Alaska Mental Health Trust Reserve (AY2L)	0.87%	33.14%	39.96%		26.03%	
ASLC Investment Fund (AY3S)	0.98%	23.17%	58.12%		14.82%	2.92%
Constitutional Budget Reserve Fund (AY19)	100.00%					
Education Endowment Fund (AY3G)	0.80%	40.17%	28.40%		25.89%	4.74%
EVOS Habitat Investment (AY2H)	35.01%			64.99%		
EVOS Research Investment (AY02)	35.01%			64.99%		
GeFONSI I (AY01)	84.97%			15.03%		
GeFONSI II (AY3F)	60.37%	4.36%		33.08%	2.19%	
Illinois Creek Mine Reclamation (AY9J)	0.80%	40.17%	28.40%		25.89%	4.74%
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)	0.81%	40.17%	28.39%		25.89%	4.74%
RHIF LTC Insurance (AY11)	0.72%	15.99%	67.58%		11.79%	3.92%
RHIF Major Medical (AY03)	100.00%					

*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: Market Values for Month Ending 6/30/2025

Target Allocation

Plan Name	Cash Equivalents	Domestic Equity	Fixed Income	Interm. Fixed Income	Int'l Equity	REITs
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%	32.00%	42.00%		25.00%	
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%	15.00%	69.00%		11.00%	4.00%
RHIF Major Medical (AY03)	100.00%					

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DOR Commissioner's Report: Market Values for Month Ending 6/30/2025

Relative Allocation

Plan Name	Cash Equivalents	Domestic Equity	Fixed Income	Interm. Fixed Income	Int'l Equity	REITs
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)	-0.25% ●	1.19% ✖	-1.59% ✖		0.90% ✖	-0.26% ▲
Alaska Mental Health Trust Reserve (AY2L)	-0.13% ●	1.14% ✖	-2.04% ✖		1.03% ✖	
ASLC Investment Fund (AY3S)	-0.02% ●	1.17% ✖	-1.88% ✖		0.82% ✖	-0.08% ●
Constitutional Budget Reserve Fund (AY19)	0.00% ●					
Education Endowment Fund (AY3G)	-0.20% ●	1.17% ✖	-1.60% ✖		0.89% ✖	-0.26% ▲
EVOS Habitat Investment (AY2H)	0.01% ●			-0.01% ●		
EVOS Research Investment (AY02)	0.01% ●			-0.01% ●		
GeFONSI I (AY01)	-0.03% ●			0.03% ●		
GeFONSI II (AY3F)	-0.63% ◆	0.36% ▲		0.08% ●	0.19% ●	
Illinois Creek Mine Reclamation (AY9J)	-0.20% ●	1.17% ✖	-1.60% ✖		0.89% ✖	-0.26% ▲
International Airports Repair & Replacement Fund (AY05)	0.00% ●					
International Airports Revenue Fund (AY04)	0.00% ●			0.00% ●		
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)	-0.19% ●	1.17% ✖	-1.61% ✖		0.89% ✖	-0.26% ▲
RHIF LTC Insurance (AY11)	-0.28% ▲	0.99% ✖	-1.42% ✖		0.79% ✖	-0.08% ●
RHIF Major Medical (AY03)	0.00% ●					

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DOR Commissioner's Report: Net Pool Performance for Month Ending 6/30/2025

<u>Pool Performance (Net of Fee)</u>	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	0.37%	1.12%	5.02%	5.02%	4.91%	2.98%	2.74%	2.21%
Fixed Income - Short Term	0.70%	1.39%	6.13%	6.13%				
Fixed Income - Core US	1.63%	1.41%	6.36%	6.36%	3.14%	-0.33%	2.17%	2.08%
Fixed Income - Core Plus	1.83%	1.79%	6.90%	6.90%	4.78%			
Equity - Broad US*	5.07%	10.95%	15.23%	15.23%	19.10%	16.00%	13.55%	
Equity - REITS	-0.08%	-0.91%	9.22%	9.22%	3.24%			
Equity - Global ex-US*	3.38%	11.98%	17.72%	17.72%	13.94%	10.17%	6.61%	
<u>Benchmark Performance</u>	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	0.33%	1.04%	4.68%	4.68%	4.56%	2.76%	2.54%	1.98%
Fixed Income - Short Term	0.61%	1.19%	5.72%	5.72%				
Fixed Income - Core US	1.54%	1.21%	6.08%	6.08%	2.55%	-0.73%	1.77%	1.76%
Fixed Income - Core Plus	1.54%	1.21%	6.08%	6.08%	2.55%			
Equity - Broad US*	5.08%	10.99%	15.30%	15.30%	19.08%	15.96%	13.55%	
Equity - REITS	-0.08%	-0.93%	9.20%	9.20%	3.36%			
Equity - Global ex-US*	3.39%	12.03%	17.72%	17.72%	13.99%	10.13%	6.58%	
<u>Relative Performance (Net of Fee)</u>	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	0.04% ●	0.08% ●	0.34% ●	0.34% ●	0.35% ●	0.22% ●	0.20% ●	0.24% ●
Fixed Income - Short Term	0.10% ●	0.19% ●	0.41% ●	0.41% ●				
Fixed Income - Core US	0.10% ●	0.20% ●	0.29% ●	0.29% ●	0.59% ●	0.40% ●	0.39% ●	0.32% ●
Fixed Income - Core Plus	0.29% ●	0.59% ●	0.82% ●	0.82% ●	2.23% ●			
Equity - Broad US*	-0.01% ▲	-0.04% ▲	-0.07% ▲	-0.07% ▲	0.02% ●	0.04% ●	0.00% ●	
Equity - REITS	0.00% ▲	0.02% ●	0.02% ●	0.02% ●	-0.12% ◆			
Equity - Global ex-US*	-0.01% ▲	-0.06% ▲	0.00% ▲	0.00% ▲	-0.05% ▲	0.04% ●	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 6/30/2025

Plan Performance (Net of Fee)	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
2013B Tax Exempt Education (AY3Z)	0.37%	1.12%	5.02%	5.02%	4.91%	2.98%	2.74%	2.21%
2016A - 2012 Transportation Bond Act (AY3Y)	0.37%	1.12%	5.02%	5.02%	4.91%	2.98%	2.73%	2.20%
2016B - 2012 Transportation Bond Act (AY3Q)	0.37%	1.12%	5.02%	5.02%	4.91%	2.98%	2.74%	
Alaska Higher Education Investment (AY3L)	3.36%	7.60%	13.06%	13.06%	12.20%	9.23%	8.30%	7.85%
Alaska Mental Health Trust Reserve (AY2L)	3.21%	7.14%	12.37%	12.37%	12.41%	8.38%	7.81%	7.45%
ASLC Investment Fund (AY3S)	2.63%	4.97%	10.23%	10.23%	8.51%			
Constitutional Budget Reserve Fund (AY19)	0.37%	1.12%	5.02%	5.02%	4.91%	2.98%	3.19%	2.74%
Education Endowment Fund (AY3G)	3.36%	7.58%	13.04%	13.04%	12.19%	9.23%		
EVOS Habitat Investment (AY2H)	0.59%	1.29%	5.74%	5.74%	5.85%	4.55%	5.16%	5.84%
EVOS Research Investment (AY02)	0.59%	1.29%	5.74%	5.74%	6.56%	4.85%	5.33%	5.93%
GeFONSI I (AY01)	0.42%	1.17%	5.23%	5.23%	4.79%	2.56%	2.58%	2.04%
GeFONSI II (AY3F)	0.75%	1.83%	6.11%	6.11%	5.33%	2.92%	3.22%	
Illinois Creek Mine Reclamation (AY9J)	3.36%	7.58%	13.03%	13.03%	12.19%	9.23%	8.28%	7.79%
International Airports Repair & Replacement Fund (AY05)	0.37%	1.12%	5.02%	5.02%	4.91%	2.98%	2.74%	2.21%
International Airports Revenue Fund (AY04)	0.42%	1.17%	5.20%	5.20%	4.77%	2.54%	2.90%	2.56%
International Airports Series 2002 Reserve Account (AY2E)	0.37%	1.12%	5.02%	5.02%	4.91%	2.98%	2.74%	2.21%
International Airports Series 2003 Reserve (AY2U)	0.37%	1.12%	5.02%	5.02%	4.91%	2.98%	2.74%	2.21%
Investment Loss Trust Fund (AY28)	0.37%	1.12%	5.02%	5.02%	4.91%	2.98%	2.74%	2.21%
Permanent Fund Dividend Holding Account (AY2G)	0.37%	1.12%	4.96%	4.96%	4.86%	2.95%	2.74%	2.26%
Public School Trust Fund (AY08)	3.36%	7.58%	13.03%	13.03%	12.18%	9.23%	8.32%	7.64%
RHIF LTC Insurance (AY11)	2.32%	3.91%	9.22%	9.22%	9.40%	5.88%	6.35%	5.93%
RHIF Major Medical (AY03)	0.37%	1.12%	5.02%	5.02%	4.91%	2.98%	2.74%	2.21%

*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: Net Plan Performance for Month Ending 6/30/2025

Benchmark Performance	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
2013B Tax Exempt Education (AY3Z)	0.33%	1.04%	4.68%	4.68%	4.56%	2.76%	2.54%	1.98%
2016A - 2012 Transportation Bond Act (AY3Y)	0.33%	1.04%	4.68%	4.68%	4.56%	2.76%	2.54%	1.98%
2016B - 2012 Transportation Bond Act (AY3Q)	0.33%	1.04%	4.68%	4.68%	4.56%	2.76%	2.54%	
Alaska Higher Education Investment (AY3L)	3.33%	7.62%	12.99%	12.99%	11.95%	9.09%	8.21%	7.72%
Alaska Mental Health Trust Reserve (AY2L)	3.16%	7.04%	12.16%	12.16%	12.08%	8.14%	7.60%	7.23%
ASLC Investment Fund (AY3S)	2.56%	4.81%	9.97%	9.97%	7.92%			
Constitutional Budget Reserve Fund (AY19)	0.33%	1.04%	4.68%	4.68%	4.56%	2.76%	2.98%	2.51%
Education Endowment Fund (AY3G)	3.33%	7.62%	12.99%	12.99%	11.95%	9.09%		
EVOS Habitat Investment (AY2H)	0.51%	1.14%	5.36%	5.36%	5.26%	4.16%	4.89%	5.57%
EVOS Research Investment (AY02)	0.51%	1.14%	5.36%	5.36%	6.03%	4.50%	5.08%	5.70%
GeFONSI I (AY01)	0.37%	1.06%	4.84%	4.84%	4.40%	2.32%	2.36%	1.82%
GeFONSI II (AY3F)	0.68%	1.71%	5.73%	5.73%	5.00%	2.74%	3.07%	
Illinois Creek Mine Reclamation (AY9J)	3.33%	7.62%	12.99%	12.99%	11.95%	9.09%	8.21%	7.72%
International Airports Repair & Replacement Fund (AY05)	0.33%	1.04%	4.68%	4.68%	4.56%	2.76%	2.54%	1.98%
International Airports Revenue Fund (AY04)	0.37%	1.06%	4.84%	4.84%	4.40%	2.32%	2.71%	2.32%
International Airports Series 2002 Reserve Account (AY2E)	0.33%	1.04%	4.68%	4.68%	4.56%	2.76%	2.54%	1.98%
International Airports Series 2003 Reserve (AY2U)	0.33%	1.04%	4.68%	4.68%	4.56%	2.76%	2.54%	1.98%
Investment Loss Trust Fund (AY28)	0.33%	1.04%	4.68%	4.68%	4.56%	2.76%	2.54%	1.98%
Permanent Fund Dividend Holding Account (AY2G)	0.33%	1.04%	4.68%	4.68%	4.56%	2.76%	2.54%	1.98%
Public School Trust Fund (AY08)	3.33%	7.62%	12.99%	12.99%	11.95%	9.09%	8.24%	7.53%
RHIF LTC Insurance (AY11)	2.23%	3.78%	8.98%	8.98%	9.04%	5.68%	6.18%	5.74%
RHIF Major Medical (AY03)	0.33%	1.04%	4.68%	4.68%	4.56%	2.76%	2.54%	1.98%

*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: Net Plan Performance for Month Ending 6/30/2025

Relative Performance (Net of Fee)	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
2013B Tax Exempt Education (AY3Z)	0.04% ●	0.08% ●	0.34% ●	0.34% ●	0.36% ●	0.22% ●	0.20% ●	0.24% ●
2016A - 2012 Transportation Bond Act (AY3Y)	0.04% ●	0.08% ●	0.34% ●	0.34% ●	0.36% ●	0.22% ●	0.19% ●	0.23% ●
2016B - 2012 Transportation Bond Act (AY3Q)	0.04% ●	0.08% ●	0.34% ●	0.34% ●	0.36% ●	0.22% ●	0.20% ●	
Alaska Higher Education Investment (AY3L)	0.03% ●	-0.02% ▲	0.07% ●	0.07% ●	0.26% ●	0.14% ●	0.09% ●	0.13% ●
Alaska Mental Health Trust Reserve (AY2L)	0.04% ●	0.09% ●	0.21% ●	0.21% ●	0.33% ●	0.24% ●	0.21% ●	0.22% ●
ASLC Investment Fund (AY3S)	0.07% ●	0.16% ●	0.26% ●	0.26% ●	0.59% ●			
Constitutional Budget Reserve Fund (AY19)	0.04% ●	0.08% ●	0.34% ●	0.34% ●	0.36% ●	0.22% ●	0.21% ●	0.23% ●
Education Endowment Fund (AY3G)	0.02% ●	-0.04% ▲	0.05% ●	0.05% ●	0.25% ●	0.14% ●		
EVOS Habitat Investment (AY2H)	0.08% ●	0.15% ●	0.38% ●	0.38% ●	0.59% ●	0.39% ●	0.27% ●	0.27% ●
EVOS Research Investment (AY02)	0.08% ●	0.15% ●	0.38% ●	0.38% ●	0.53% ●	0.35% ●	0.25% ●	0.22% ●
GeFONSI I (AY01)	0.05% ●	0.11% ●	0.39% ●	0.39% ●	0.39% ●	0.24% ●	0.22% ●	0.22% ●
GeFONSI II (AY3F)	0.07% ●	0.12% ●	0.38% ●	0.38% ●	0.33% ●	0.18% ●	0.16% ●	
Illinois Creek Mine Reclamation (AY9J)	0.02% ●	-0.04% ▲	0.04% ●	0.04% ●	0.24% ●	0.14% ●	0.07% ●	0.07% ●
International Airports Repair & Replacement Fund (AY05)	0.04% ●	0.08% ●	0.34% ●	0.34% ●	0.36% ●	0.22% ●	0.20% ●	0.24% ●
International Airports Revenue Fund (AY04)	0.05% ●	0.10% ●	0.36% ●	0.36% ●	0.37% ●	0.22% ●	0.19% ●	0.24% ●
International Airports Series 2002 Reserve Account (AY2E)	0.04% ●	0.08% ●	0.34% ●	0.34% ●	0.36% ●	0.22% ●	0.20% ●	0.24% ●
International Airports Series 2003 Reserve (AY2U)	0.04% ●	0.08% ●	0.34% ●	0.34% ●	0.36% ●	0.22% ●	0.20% ●	0.24% ●
Investment Loss Trust Fund (AY28)	0.04% ●	0.08% ●	0.34% ●	0.34% ●	0.36% ●	0.22% ●	0.20% ●	0.24% ●
Permanent Fund Dividend Holding Account (AY2G)	0.04% ●	0.08% ●	0.28% ●	0.28% ●	0.31% ●	0.19% ●	0.21% ●	0.28% ●
Public School Trust Fund (AY08)	0.02% ●	-0.04% ▲	0.04% ●	0.04% ●	0.24% ●	0.14% ●	0.08% ●	0.11% ●
RHIF LTC Insurance (AY11)	0.09% ●	0.13% ●	0.24% ●	0.24% ●	0.37% ●	0.20% ●	0.16% ●	0.20% ●
RHIF Major Medical (AY03)	0.04% ●	0.08% ●	0.34% ●	0.34% ●	0.36% ●	0.22% ●	0.20% ●	0.24% ●

*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 6/30/2025

Plan Fees for the Last Year

Plan	Fee as a %
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)	0.0193%
Alaska Mental Health Trust Reserve (AY2L)	0.0235%
ASLC Investment Fund (AY3S)	0.0294%
Constitutional Budget Reserve Fund (AY19)	0.0000%
Education Endowment Fund (AY3G)	0.0193%
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)	0.0193%
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)	0.0193%
RHIF LTC Insurance (AY11)	0.0323%
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: 6/30/2025

Program	Account Name	End Balance
GeFONSI I	General Fund	\$1,300,167,278.72
	Alaska Clean Water Fund	\$196,025,915.28
	Alaska Drinking Water Fund	\$119,141,432.78
	Mental Health Trust Income Settlement Account	\$67,336,004.42
	Public Advocacy Trust	\$60,019,154.08
GeFONSI II	Statutory Budget Reserve Fund	\$148,996,118.18
	National Petroleum Reserve Fund	\$139,277,383.83
	Disaster Relief Fund	\$110,347,307.17
	Regional Ed Attendance Area School Fund	\$83,084,517.76
	Highway Equipment Working Capital Fund For Operating Appropriations	\$82,644,801.67
Sum of 5 Largest GeFONSI I and II Funds		\$2,307,039,913.89

Non-Routine Investments

Non-Routine Investment Process

- The Department of Revenue is presented periodically with non-routine investment opportunities that fall outside the scope of its existing investment opportunity set.
- DOR has a non-routine investment protocol that was put in place in 2020.
- Non-routine investment protocol 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.

Non-Routine Investment Protocol

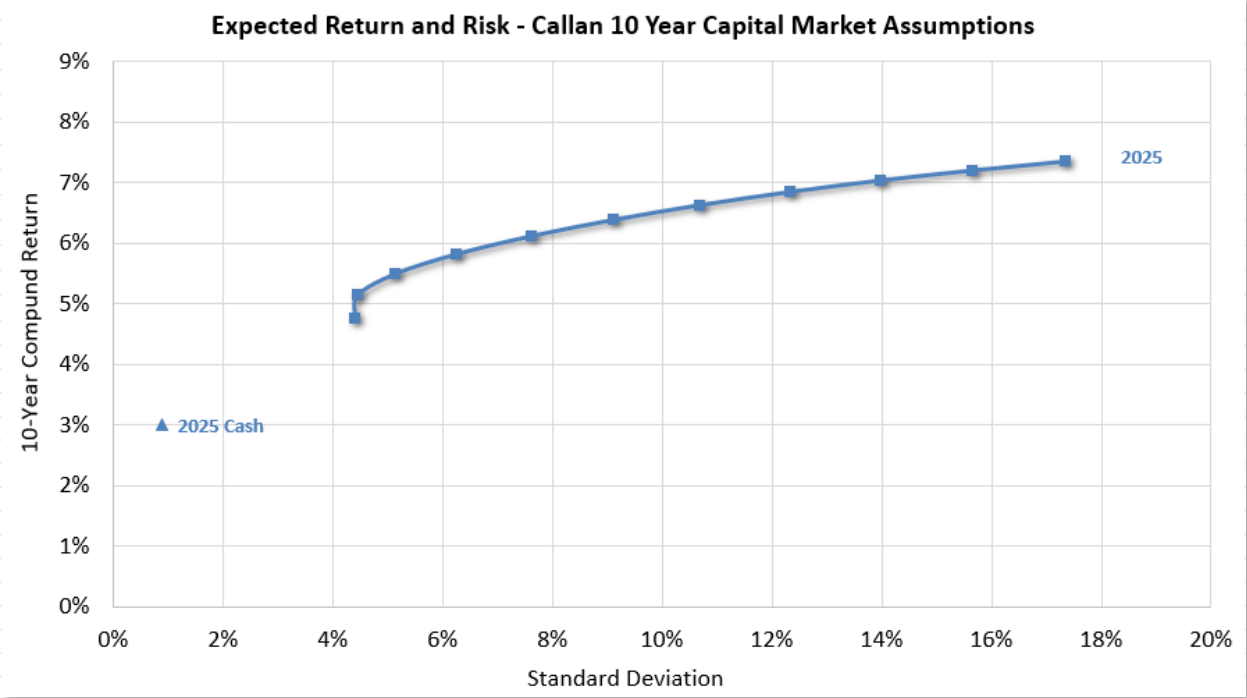
From time to time, the Department of Revenue is presented with investment opportunities that fall outside the scope of its existing investment opportunity set. In those instances, the Department of Revenue will employ the following process:

- Document the investment opportunity to include: date, person presenting opportunity, nature and detail of the investment, funds that will invest.
- Determine if the investment opportunity is similar to existing investments and seek guidance from appropriate investment officer and/or others with knowledge of offered investment opportunity or similar existing investments.
- Determine whether the opportunity merits further scrutiny based on information presented, or on hand.
- Determine whether the opportunity is better suited for other funding sources.
- Seek a legal opinion to verify the opportunity is eligible for consideration by the Department of Revenue.
- Seek guidance from external auditors regarding potential concerns and disclosures.
- Identify and engage an impartial external expert to evaluate the opportunity and to provide a written opinion that covers the suitability of the investment. The written opinion should describe the salient features of the investment opportunity, describe and evaluate risk characteristics, articulate a framework for pricing and recommend an appropriate price or range of prices. The evaluation of risk characteristics should be comprehensive, but at a minimum, should include the risk of losing investment principal and the liquidity profile of the investment.
- After receiving the written opinion from the external expert, and if the investment opportunity is judged by the Department of Revenue to have merit for State of Alaska investments, the Department of Revenue will notify Office of Management and Budget and Legislative Audit of its intent to invest prior to making an investment.
- For investment opportunities that will be made, determine size of investment, date of funding, requirements at custodial bank, basis for valuation, notify compliance, update investment guidelines, determine investment pool and asset class, if applicable, and ensure accounting in the state accounting system is accurate, if required.
- Document process steps above. For investments made, update Blue Book or other documentation, such as financial statement disclosures.

Asset Allocation Process

Asset Allocation Process

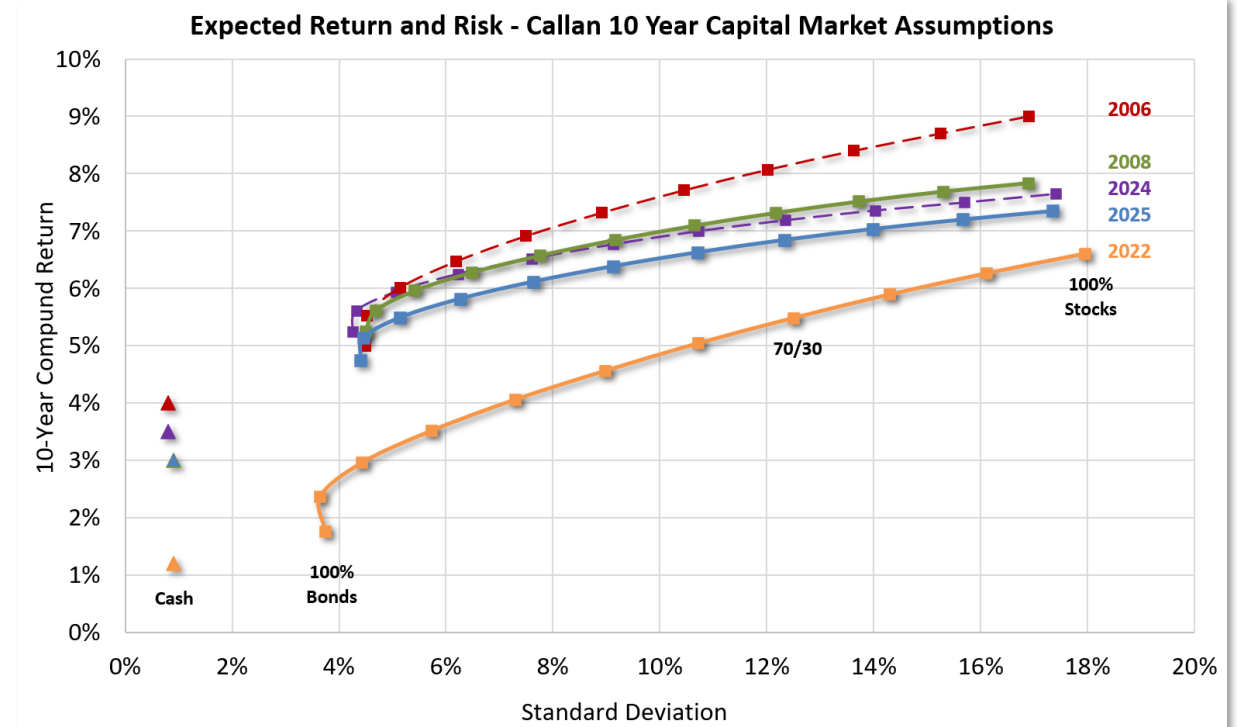
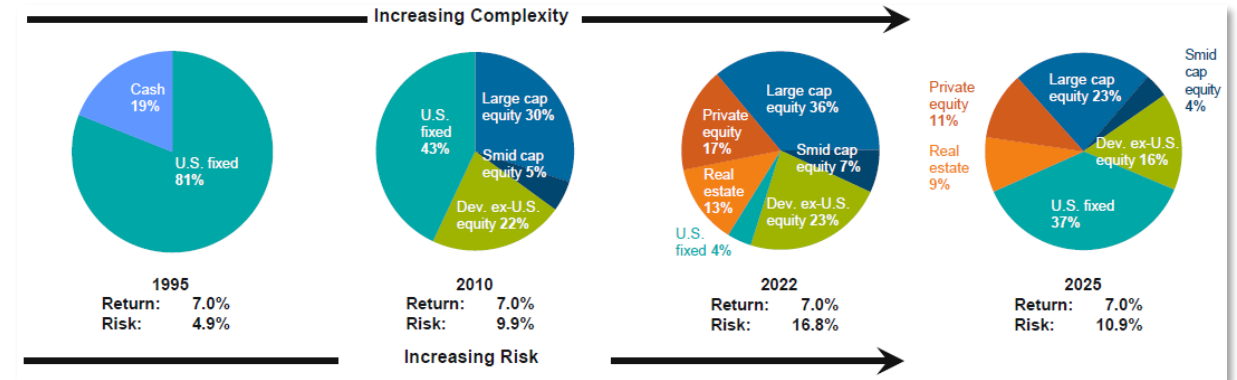
- The Commissioner of Revenue is the fiduciary for over \$8 billion in state assets across 100+ accounts pooled into over 25 funds with similar assets or mandates.
- Setting investment policies and asset allocations are key fiduciary duties for these funds.
- Treasury staff reviews and makes recommendations on the investment policy and asset allocation of each fund at least annually in a manner consistent with Alaska fiduciary and prudent investor standards.
- Each investment program is designed to balance fund investment objectives, risk tolerance, and other attributes:
 - Time horizon
 - Nominal or real return objectives
 - Cashflows, liquidity, and income needs
 - Capacity for loss or volatility over short, medium, and longer time horizons
- Performance, investment policy, and asset allocations are discussed quarterly in a transparent process with an independent investment advisory committee.



Fund - Account	Assets (6/30/2025)	Risk Tolerance
Short-Term Funds	\$116,238,321	Lowest ↓ Highest
CBRF	\$2,889,599,020	
GeFONSI	\$2,272,148,576	
International Airport	\$268,539,255	
GeFONSI II	\$1,259,547,308	
Retiree Long-Term Care	\$957,415,565	
Illinois Creek Mine	\$1,759,322	
Education Endowment	\$1,892,529	
AK Higher Education	\$435,169,226	
Public School Trust	\$910,913,118	
Total	\$9,113,222,239	

Capital Market Assumptions

- 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 fallen over the past 30 years as interest rates, growth, and inflation expectations have trended downward.
- More recent forward return expectations have generally increased due to inflation and higher starting interest rates
- 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.



2025 Capital Market Assumptions

- In January, Callan released their 10-year capital market assumptions for 2025. Forward return expectations decreased due to elevated equity valuations and lower bond yields.
- 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 Year 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.
- Illiquid alternative investments are not recommended for state funds since the funds are subject to annual legislative changes.

Callan Asset Classes	2025 10-Year Geometric Return	2024 10-Year Geometric Return	Return Change	Real Return	Standard Deviation	Correlation to Domestic Equity
Broad U.S. Equity	7.35%	7.65%	-0.30%	4.9%	17.4%	1.00
Large Cap U.S. Equity	7.25%	7.50%	-0.25%	4.8%	17.0%	1.00
Small/Mid Cap U.S. Equity	7.45%	7.70%	-0.25%	5.0%	22.0%	0.90
International Equity	7.45%	7.65%	-0.20%	5.0%	21.3%	0.77
Developed ex-U.S. Equity	7.25%	7.50%	-0.25%	4.8%	20.2%	0.73
Emerging Market Equity	7.45%	7.70%	-0.25%	5.0%	25.7%	0.78
Cash Equivalents	3.00%	3.00%	0.00%	0.5%	0.9%	-0.03
Government 1-3 year Bonds	4.00%	4.25%	-0.25%	1.5%	2.4%	0.04
Core U.S. Fixed Income	4.75%	5.25%	-0.50%	2.3%	4.4%	0.08
TIPS	4.55%	5.05%	-0.50%	2.1%	5.4%	-0.04
Emerging Market Sovereign Debt	5.35%	6.35%	-1.00%	2.9%	10.7%	0.61
High Yield	6.00%	6.80%	-0.80%	3.5%	11.8%	0.76
Core Real Estate	6.25%	6.00%	0.25%	3.8%	14.0%	0.37
REITs	6.95%	7.15%	-0.20%	4.5%	15.2%	0.77
Private Equity	8.50%	8.75%	-0.25%	6.0%	27.6%	0.80
Private Credit	7.25%	7.40%	-0.15%	4.8%	15.7%	0.66
Hedge Funds	5.70%	6.05%	-0.35%	3.2%	8.2%	0.61
Inflation	2.50%	2.50%	0.00%		1.6%	

FY26 Adopted Asset Allocations

**With 03/31/25 AUM, FY25 and FY26 asset
allocations and FY26 CMAs**

Higher Risk Tolerance Funds

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 appreciation 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	FY 2026																							
Investment Objectives	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.																							
Policy Risk/Loss Range	>10%																							
Time Horizon	Long																							
Asset Allocation	<table><tr><td>Equity - Broad US</td><td>39%</td><td>±5%</td></tr><tr><td>Equity - Global ex-US</td><td>25%</td><td>±5%</td></tr><tr><td>Equity - REITS</td><td>5%</td><td>±3%</td></tr><tr><td>Fixed Income - Core US*</td><td>30%</td><td>±5%</td></tr><tr><td>Fixed Income - Short Term</td><td>0%</td><td></td></tr><tr><td>Fixed Income - Cash Equivalents</td><td>1%</td><td>-1%/+2%</td></tr><tr><td>Total</td><td>100%</td><td></td></tr></table> Note: *Fixed Income - Core US may include up to 20% in tactical fixed income			Equity - Broad US	39%	±5%	Equity - Global ex-US	25%	±5%	Equity - REITS	5%	±3%	Fixed Income - Core US*	30%	±5%	Fixed Income - Short Term	0%		Fixed Income - Cash Equivalents	1%	-1%/+2%	Total	100%	
Equity - Broad US	39%	±5%																						
Equity - Global ex-US	25%	±5%																						
Equity - REITS	5%	±3%																						
Fixed Income - Core US*	30%	±5%																						
Fixed Income - Short Term	0%																							
Fixed Income - Cash Equivalents	1%	-1%/+2%																						
Total	100%																							
Expected Return - Long-Term	6.98%																							
Expected Real Return - Long-Term	4.48%																							
Risk - Standard Deviation	12.38%																							
10% Probable Downside Return - 1 Year	-14.7%																							
5% Probable Downside Return - 1 Year	-18.5%																							
Probability of Loss - 1 Year	28.5%																							
Implementation	Reassess the investment policy and asset allocation annually.																							

The investment policy is effective July 1, 2025



06/27/25

Approved

Date

State of Alaska Asset Allocation

Asset Classes	FY25	FY26	70/30
Broad U.S. Equity	39%	39%	70%
Global ex-U.S. Equity	25%	25%	
US REITS	5%	5%	
Short Duration Gov't/Credit			
Core U.S. Fixed Income	30%	30%	30%
Cash Equivalents	1%	1%	
Total	100%	100%	100%
Optimization Results:			
Expected Return - Long-Term	7.21%	6.98%	6.85%
Expected Return - Real/After Inflation	4.71%	4.48%	4.35%
Risk - Standard Deviation	12.48%	12.38%	12.33%
Sharpe Ratio	0.34	0.32	0.31
Risk Statistics:			
10% Probable Downside Return - 1 Year	-14.6%	-14.7%	-14.7%
5% Probable Downside Return - 1 Year	-18.5%	-18.5%	-18.5%
5% Probable Downside Return - 3 Year	-7.6%	-7.7%	-7.8%
5% Probable Downside Return - 5 Year	-4.3%	-4.4%	-4.5%
Probability of Loss - 1 Year	28.1%	28.5%	28.8%
Prob. Return < -1%	25.4%	25.8%	26.1%
Probability of Loss - 10 Year	3.3%	3.6%	3.9%
Asset Time Horizon Estimate	5.9	5.9	6.0
Dollars: (\$Millions)			
Assets	1,228.5	1,255.5	1,255.5
Expected Annual Earnings	88.6	87.6	85.9
1-Year 10% Probable Return (10% cVaR)	(179.9)	(184.5)	(185.1)
1-Year 5% Probable Return (5% cVaR)	(227.1)	(232.4)	(232.7)
3-Year 5% Probable Return (5% cVaR)	(93.4)	(96.9)	(97.8)
5-Year 5% Probable Return (5% cVaR)	(52.3)	(55.2)	(56.2)

High Risk History	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expected LT Return	7.21%	6.83%	5.60%	5.62%	6.37%	6.58%	6.20%	6.21%	6.55%	6.73%
Expected Volatility	12.48%	12.65%	12.41%	12.50%	12.60%	12.50%	12.70%	12.70%	12.95%	13.23%
10% cVaR	-14.60%	-15.40%	-16.20%	-16.40%	-15.74%	-15.36%	-16.09%	-16.08%	-16.18%	-16.49%

Highest Risk/Endowment Profile Funds - Continued

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	FY 2026																					
Investment Objectives	Maximize return while still being able to fund uncertain maintenance expenditures (amount and size).																					
Policy Risk/Loss Range	>10%																					
Time Horizon	Long																					
Asset Allocation	<table><tr><td>Equity - Broad US</td><td>39%</td><td>±5%</td></tr><tr><td>Equity - Global ex-US</td><td>25%</td><td>±5%</td></tr><tr><td>Equity - REITS</td><td>5%</td><td>±3%</td></tr><tr><td>Fixed Income - Core US*</td><td>30%</td><td>±5%</td></tr><tr><td>Fixed Income - Short Term</td><td>0%</td><td></td></tr><tr><td>Fixed Income - Cash Equivalents</td><td><u>1%</u></td><td>-1%/+2%</td></tr><tr><td>Total</td><td>100%</td><td></td></tr></table> Note: *Fixed Income - Core US may include up to 20% in tactical fixed income	Equity - Broad US	39%	±5%	Equity - Global ex-US	25%	±5%	Equity - REITS	5%	±3%	Fixed Income - Core US*	30%	±5%	Fixed Income - Short Term	0%		Fixed Income - Cash Equivalents	<u>1%</u>	-1%/+2%	Total	100%	
Equity - Broad US	39%	±5%																				
Equity - Global ex-US	25%	±5%																				
Equity - REITS	5%	±3%																				
Fixed Income - Core US*	30%	±5%																				
Fixed Income - Short Term	0%																					
Fixed Income - Cash Equivalents	<u>1%</u>	-1%/+2%																				
Total	100%																					
Expected Return - Long-Term	6.98%																					
Expected Real Return - Long-Term	4.48%																					
Risk - Standard Deviation	12.38%																					
10% Probable Downside Return - 1 Year	-14.7%																					
5% Probable Downside Return - 1 Year	-18.5%																					
Probability of Loss - 1 Year	28.5%																					
Implementation	Reassess the investment policy and asset allocation annually.																					

The investment policy is effective July 1, 2025

	06/27/25
Approved	Date

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	FY 2026																					
Investment Objectives	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.																					
Policy Risk/Loss Range	>10%																					
Time Horizon	Long																					
Asset Allocation	<table><tr><td>Equity - Broad US</td><td>39%</td><td>±5%</td></tr><tr><td>Equity - Global ex-US</td><td>25%</td><td>±5%</td></tr><tr><td>Equity - REITS</td><td>5%</td><td>±3%</td></tr><tr><td>Fixed Income - Core US*</td><td>30%</td><td>±5%</td></tr><tr><td>Fixed Income - Short Term</td><td>0%</td><td></td></tr><tr><td>Fixed Income - Cash Equivalents</td><td>1%</td><td>-1%/+2%</td></tr><tr><td>Total</td><td>100%</td><td></td></tr></table> Note: *Fixed Income - Core US may include up to 20% in tactical fixed income	Equity - Broad US	39%	±5%	Equity - Global ex-US	25%	±5%	Equity - REITS	5%	±3%	Fixed Income - Core US*	30%	±5%	Fixed Income - Short Term	0%		Fixed Income - Cash Equivalents	1%	-1%/+2%	Total	100%	
Equity - Broad US	39%	±5%																				
Equity - Global ex-US	25%	±5%																				
Equity - REITS	5%	±3%																				
Fixed Income - Core US*	30%	±5%																				
Fixed Income - Short Term	0%																					
Fixed Income - Cash Equivalents	1%	-1%/+2%																				
Total	100%																					
Expected Return - Long-Term	6.98%																					
Expected Real Return - Long-Term	4.48%																					
Risk - Standard Deviation	12.38%																					
10% Probable Downside Return - 1 Year	-14.7%																					
5% Probable Downside Return - 1 Year	-18.5%																					
Probability of Loss - 1 Year	28.5%																					
Implementation	Reassess the investment policy and asset allocation annually.																					

The investment policy is effective July 1, 2025

	06/27/25
Approved	Date

Highest Risk/Endowment Profile – Higher Education Fund

- The FY2025 final budget was balanced by a transfer from the \$435 million Alaska Higher Education Investment Fund (AKHEIF).
- An initial transfer of \$130 million occurred at the start of September. The final transfer amount may not be known until late 2025 but could be materially higher.
- Even before these transfers, the AKHEIF was projected to spend beyond its earnings capacity. The transfers will likely affect Alaska Performance Scholarships and grants supported by the fund unless changes are made.
- Staff will recommend a new FY2025 asset allocation once there is greater clarity on the fund and the final transfer amount. If material additional transfers appear likely, this may include derisking the fund somewhat to protect the remaining programs.

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	FY 2025	FY 2024
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	Broad U.S. Equity 39% ± 5% International Equity 25% ± 5% U.S. REITs 5% ± 3% Core U.S. Fixed Income 30% ± 5% <i>*may include up to 7% in tactical fixed income</i> Cash Equivalents 1% - 1%/+2%	39% ± 5% 25% ± 5% 5% ± 5% 30% ± 5% 1% - 1%/+2%
Expected Return - Long-Term	7.21%	6.83%
Expected Real Return - Long-Term	4.71%	4.33%
Risk - Standard Deviation	12.48%	12.65%
Probability of Loss - 1 Year	28.1%	29.5%
10% Probable Downside Return (10% cVaR)	-14.6%	-15.4%
5% Probable Downside Return (5% cVaR)	-18.5%	-19.3%

The proposed policy is effective July 1, 2024:



Approved

6/21/2024

Date

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	FY 2026		
Investment Objectives	To match the fund's assumed actuarial rate of return while minimizing risk.		
Policy Risk/Loss Range	>10%		
Time Horizon	Long		
Asset Allocation	Equity - Broad US	15%	±5%
	Equity - Global ex-US	11%	±5%
	Equity - REITS	4%	±3%
	Fixed Income - Core US*	69%	±5%
	Fixed Income - Short Term	0%	
	Fixed Income - Cash Equivalents	1%	-1%/+2%
	Total	100%	
Note: *Fixed Income - Core US may include up to 20% in tactical fixed income			
Expected Return - Long-Term	5.89%		
Expected Real Return - Long-Term	3.39%		
Risk - Standard Deviation	6.31%		
10% Probable Downside Return - 1 Year	-5.2%		
5% Probable Downside Return - 1 Year	-7.1%		
Probability of Loss - 1 Year	17.5%		
Implementation	Reassess the investment policy and asset allocation annually.		

The investment policy is effective July 1, 2025



06/27/25

Approved

Date

State of Alaska Asset Allocation		
Asset Classes	FY25	FY26
Broad U.S. Equity	15%	15%
Global ex-U.S. Equity	11%	11%
US REITS	4%	
Short Duration Gov't/Credit		
Core U.S. Fixed Income	69%	69%
Cash Equivalents	1%	1%
Total	100%	96%
Optimization Results:		
Expected Return - Long-Term	6.22%	5.57%
Expected Return - Real/After Inflation	3.72%	3.07%
Risk - Standard Deviation	6.29%	5.72%
Sharpe Ratio	0.51	0.45
Risk Statistics:		
10% Probable Downside Return - 1 Year	-4.8%	-4.5%
5% Probable Downside Return - 1 Year	-6.7%	-6.2%
5% Probable Downside Return - 3 Year	-1.3%	-1.2%
5% Probable Downside Return - 5 Year	0.4%	0.3%
Probability of Loss - 1 Year	16.1%	16.4%
Prob. Return < -1%	12.5%	12.5%
Probability of Loss - 10 Year	0.1%	0.1%
Asset Time Horizon Estimate	5.9	5.9
Dollars: (\$Millions)		
Assets	844.4	917.1
Expected Annual Earnings	52.5	51.1
1-Year 10% Probable Return (10% cVaR)	(40.6)	(40.8)
1-Year 5% Probable Return (5% cVaR)	(56.9)	(57.0)
3-Year 5% Probable Return (5% cVaR)	(10.6)	(11.3)
5-Year 5% Probable Return (5% cVaR)	3.7	2.8

LTC	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expected LT Return	6.22%	6.14%	5.27%	5.10%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%
Expected Volatility	6.29%	8.87%	11.14%	10.50%	8.08%	6.02%	8.17%	8.15%	7.52%	7.28%
10% cVaR	-4.80%	-9.40%	-14.30%	-13.50%	-8.93%	-5.32%	-9.09%	-9.05%	-7.95%	-7.53%

Short Term 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 Act
AY3A - International Airports 2010-A	

Investment Topic	FY 2026														
Investment Objectives	Very low exposure to principal loss. Modest current income requirement. Little inflation protection needed. High liquidity requirement.														
Policy Risk/Loss Range	<1%														
Time Horizon	Short														
Asset Allocation	<table><tr><td>Equity - Broad US</td><td>0%</td></tr><tr><td>Equity - Global ex-US</td><td>0%</td></tr><tr><td>Equity - REITS</td><td>0%</td></tr><tr><td>Fixed Income - Core US</td><td>0%</td></tr><tr><td>Fixed Income - Short Term</td><td>0%</td></tr><tr><td>Fixed Income - Cash Equivalents</td><td>100%</td></tr><tr><td>Total</td><td>100%</td></tr></table>	Equity - Broad US	0%	Equity - Global ex-US	0%	Equity - REITS	0%	Fixed Income - Core US	0%	Fixed Income - Short Term	0%	Fixed Income - Cash Equivalents	100%	Total	100%
Equity - Broad US	0%														
Equity - Global ex-US	0%														
Equity - REITS	0%														
Fixed Income - Core US	0%														
Fixed Income - Short Term	0%														
Fixed Income - Cash Equivalents	100%														
Total	100%														
Expected Return - Short-Term	3.94%														
Expected Real Return - Short-Term	1.44%														
Risk - Standard Deviation	0.90%														
10% Probable Downside Return - 1 Year	2.4%														
5% Probable Downside Return - 1 Year	2.1%														
Probability of Loss - 1 Year	0.0%														
Implementation	Reassess the investment policy and asset allocation annually.														

The investment policy is effective July 1, 2025


Approved

06/27/25
Date

State of Alaska Asset Allocation

Asset Classes	FY25	FY26
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	5.09%	3.90%
Expected Return - Real/After Inflation	2.59%	1.40%
Risk - Standard Deviation	0.90%	0.90%
Sharpe Ratio	(0.00)	(0.00)

Risk Statistics:

10% Probable Downside Return - 1 Year	3.5%	2.3%
5% Probable Downside Return - 1 Year	3.2%	2.0%
5% Probable Downside Return - 3 Year	4.0%	2.8%
5% Probable Downside Return - 5 Year	4.3%	3.1%
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	154.1	136.6
Expected Annual Earnings	7.8	5.3
1-Year 10% Probable Return (10% cVaR)	5.4	3.2
1-Year 5% Probable Return (5% cVaR)	5.0	2.8
3-Year 5% Probable Return (5% cVaR)	6.2	3.9
5-Year 5% Probable Return (5% cVaR)	6.6	4.2

Cash History	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expected ST Return	5.09%	5.01%	2.39%	0.05%	0.17%	1.93%	2.25%	2.25%	2.25%	2.25%
Expected Volatility	0.90%	0.90%	0.90%	0.05%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
10% cVaR	3.51%	3.40%	0.80%	0.00%	-1.41%	0.35%	0.67%	0.67%	0.67%	0.67%

The General Fund and Other Non-Segregated Funds (GeFONSI)

The General Fund, GeFONSI, and Cashflow Summary

- Almost all SOA cashflows move through the General Fund (GF) that is part of GeFONSI I. Both the current GF balance of \$1.3 billion and 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 over \$15 billion for FY2026, much of which flows into and then back out of the GF, which speaks to a high need for liquidity in GeFONSI I.

FY2026 Governors Proposed

Revenues	UGF	DGF	Other	Federal	FY2026 Total
Unrestricted Revenue	2,399.9	-	-	-	2,399.9
POMV ERA Draw For Government	3,798.9	-	-	-	3,798.9
Restricted Revenue	-	1,051.1	2,172.4	5,829.5	9,053.0
Carryforward and Adjustments	-	-	-	-	-
Total Revenues	6,198.8	1,051.1	2,172.4	5,829.5	15,251.8

- 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.
- GeFONSI earnings are incorporated in the budgetary process.

GeFONSI I and II – Top 30 Participants of Each as of 6/30/25

GF	Fund Name	Ending Balance	Cum. %/Total
GFI	General Fund	\$ 1,300,167,279	57%
GFI	Alaska Clean Water Fund	\$ 196,025,915	66%
GFI	Alaska Drinking Water Fund	\$ 119,141,433	71%
GFI	Mental Health Trust Income Settlement Account	\$ 67,336,004	74%
GFI	Public Advocacy Trust	\$ 60,019,154	77%
GFI	Fish & Game Fund	\$ 53,377,988	79%
GFI	Oil & Hazardous Substance Release Response Account	\$ 44,227,615	81%
GFI	Vaccine Assessment Fund	\$ 35,557,997	82%
GFI	AHFC Investment Fund	\$ 34,089,600	84%
GFI	Exxon Valdez Settlement	\$ 33,642,866	85%
GFI	Consumer Protection Restitution Settlements	\$ 28,134,118	87%
GFI	AIA Passenger Facility Charge Revenue Fund Application #2	\$ 26,635,271	88%
GFI	Commercial Passenger Vessel Environmental Compliance Fund	\$ 26,574,571	89%
GFI	Renewable Energy Grant Fund	\$ 18,512,999	90%
GFI	PFD Trust	\$ 16,640,153	90%
GFI	Oil & Hazardous Substance Release Prevention Account	\$ 16,388,520	91%
GFI	Group Health And Life Insurance Fund	\$ 16,262,043	92%
GFI	Bulk Fuel Loans Fund	\$ 12,779,555	92%
GFI	DVA Retiree Health	\$ 11,242,991	93%
GFI	FIA Passenger Facility Charge Revenue Fund	\$ 8,893,107	93%
GFI	Bulk Fuel Bridge Loan Fund	\$ 8,784,582	94%
GFI	School Trust Land Sales-GF Portion	\$ 8,566,027	94%
GFI	Memorial Education Revolving Loan Fund	\$ 8,328,061	95%
GFI	MHT Settlement Deferred Maintenance	\$ 8,098,743	95%
GFI	Alaska Clean Water Administrative Operating Account	\$ 7,257,769	95%
GFI	Alaska Drinking Water Administrative Operating Account	\$ 7,028,028	95%
GFI	Rural Development Initiative Fund	\$ 6,336,007	96%
GFI	Election Fund	\$ 5,888,599	96%
GFI	Mariculture RLF	\$ 5,866,656	96%
GFI	Oil & Gas Tax Credit Fund	\$ 5,805,428	97%

GF	Fund Name	Ending Balance	Cum. %/Total
GFII	Statutory Budget Reserve Fund	\$ 148,996,118	12%
GFII	National Petroleum Reserve Fund	\$ 139,277,384	23%
GFII	Disaster Relief Fund	\$ 110,347,307	32%
GFII	Regional Ed Attendance Area School Fund	\$ 83,084,518	38%
GFII	Highway Equipment Working Capital Fund For Operating Appropriations	\$ 82,644,802	45%
GFII	General Fund Investment Fund	\$ 79,678,536	51%
GFII	School Construction Fund	\$ 60,456,900	56%
GFII	State Insurance Catastrophe Reserve	\$ 50,707,759	60%
GFII	Alaska Comprehensive Health Insurance Fund	\$ 48,782,673	64%
GFII	Community Revenue Sharing Fund	\$ 47,402,344	67%
GFII	Commercial Fishing Revolving Loan Fund	\$ 45,003,236	71%
GFII	Alaska Marine Highway System Vessel Replacement Fund	\$ 43,479,729	74%
GFII	Fisheries Enhancement Revolving Loan Fund	\$ 42,931,659	78%
GFII	Alaska Public Building Fund	\$ 41,385,979	81%
GFII	Unclaimed Property	\$ 38,165,455	84%
GFII	Large Passenger Vessel Gambling Tax Account	\$ 30,131,421	86%
GFII	Alaska Marine Highway System Fund	\$ 28,486,930	89%
GFII	Commercial Vessel Passenger Tax Account	\$ 20,398,900	90%
GFII	Public Education Fund	\$ 19,654,500	92%
GFII	Information Services Fund	\$ 19,351,921	93%
GFII	Alaska Fishermen's Fund	\$ 12,528,028	94%
GFII	Alaska Tech & Vocational Education Programs	\$ 7,987,855	95%
GFII	Alaska Seafood Marketing Institute	\$ 7,853,160	96%
GFII	Deposits, Suspense & Miscellaneous	\$ 7,320,741	96%
GFII	Agricultural Revolving Loan Fund	\$ 5,944,540	97%
GFII	Second Injury Fund	\$ 5,602,420	97%
GFII	Employee Assistance & Training Program Account	\$ 5,040,962	97%
GFII	Tobacco Use Education & Cessation	\$ 3,899,249	98%
GFII	Alcohol & Other Drug Abuse Treatment & Prevention	\$ 3,684,360	98%
GFII	Clean Air Protection Fund	\$ 2,545,262	98%

GeFONSI Risk/Return and Asset Allocation History

GeFONSI I Risk/Return History	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expected ST Return	2.87%	2.14%	2.30%	2.30%	2.36%	2.38%	2.38%	1.91%	0.44%	0.27%	2.51%	5.00%	5.08%
Expected Volatility	1.33%	1.28%	1.08%	1.08%	1.08%	1.08%	1.08%	0.93%	1.16%	0.57%	0.90%	0.93%	0.93%
10% cVaR	0.54%	-0.11%	0.40%	0.40%	0.46%	0.48%	0.48%	0.28%	-1.60%	-0.70%	0.90%	3.40%	3.45%

GeFONSI I Asset Allocation	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Equity	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Fixed Income - Core U.S.	0%	0%	0%	0%	0%	0%	0%	0%	23%	15%	0%	0%	0%
Fixed Income - Short-Term	47%	45%	28%	32%	32%	36%	36%	17%	0%	0%	15%	15%	15%
Fixed Income - Cash Equivalents	53%	55%	72%	68%	68%	64%	64%	83%	77%	85%	85%	85%	85%

GeFONSI II Risk/Return History	2018	2019	2020	2021	2022	2023	2024	2025
Expected ST Return	3.38%	3.38%	2.37%	0.94%	0.91%	3.01%	5.24%	5.31%
Expected Volatility	2.58%	2.63%	1.61%	1.47%	1.37%	1.39%	1.51%	1.52%
10% cVaR	-1.15%	-1.24%	-0.46%	-1.64%	-1.50%	0.90%	3.40%	2.65%

GeFONSI II Asset Allocation	2018	2019	2020	2021	2022	2023	2024	2025
Total Equity	11%	13%	7%	7%	6%	6%	6%	6%
Fixed Income - HY	6%	0%	0%	0%	0%	0%	0%	0%
Fixed Income - Core U.S.	5%	9%	9%	18%	26%	0%	0%	0%
Fixed Income - Short-Term	72%	70%	31%	0%	0%	33%	33%	33%
Fixed Income - Cash Equivalents	6%	8%	53%	75%	68%	61%	61%	61%

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	FY 2026														
Investment Objectives	Minimal exposure to principal loss. Maximize current income within moderate risk tolerance. Minimal inflation protection needed. High liquidity requirement.														
Policy Risk/Loss Range	1 - 5%														
Time Horizon	Short to Intermediate														
Asset Allocation	<table><tr><td>Equity - Broad US</td><td>0%</td></tr><tr><td>Equity - Global ex-US</td><td>0%</td></tr><tr><td>Equity - REITS</td><td>0%</td></tr><tr><td>Fixed Income - Core US</td><td>0%</td></tr><tr><td>Fixed Income - Short Term</td><td>15% ±10%</td></tr><tr><td>Fixed Income - Cash Equivalents</td><td>85% ±10%</td></tr><tr><td>Total</td><td>100%</td></tr></table>	Equity - Broad US	0%	Equity - Global ex-US	0%	Equity - REITS	0%	Fixed Income - Core US	0%	Fixed Income - Short Term	15% ±10%	Fixed Income - Cash Equivalents	85% ±10%	Total	100%
Equity - Broad US	0%														
Equity - Global ex-US	0%														
Equity - REITS	0%														
Fixed Income - Core US	0%														
Fixed Income - Short Term	15% ±10%														
Fixed Income - Cash Equivalents	85% ±10%														
Total	100%														
Expected Return - Short-Term	3.97%														
Expected Real Return - Short-Term	1.47%														
Risk - Standard Deviation	0.93%														
10% Probable Downside Return - 1 Year	2.3%														
5% Probable Downside Return - 1 Year	2.1%														
Probability of Loss - 1 Year	0.0%														
Implementation	Reassess the investment policy and asset allocation annually.														
The investment policy is effective July 1, 2025															
	06/27/25														
Approved	Date														

State of Alaska Asset Allocation

Asset Classes	FY25	FY26	1/4 ST	1/3 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	5.08%	3.95%	3.98%	4.01%
Expected Return - Real/After Inflation	2.58%	1.45%	1.48%	1.51%
Risk - Standard Deviation	0.93%	0.93%	1.02%	1.12%
Sharpe Ratio	(0.01)	0.05	0.08	0.09
Risk Statistics:				
10% Probable Downside Return - 1 Year	3.5%	2.3%	2.2%	2.1%
5% Probable Downside Return - 1 Year	3.2%	2.0%	1.9%	1.7%
5% Probable Downside Return - 3 Year	4.0%	2.8%	2.8%	2.7%
5% Probable Downside Return - 5 Year	4.2%	3.1%	3.0%	3.0%
Probability of Loss - 1 Year	0.0%	0.0%	0.0%	0.0%
Asset Time Horizon Estimate	0.5	0.5	0.7	0.8
Long-Term Expected Return	3.18%	3.15%	3.26%	3.34%
Dollars: (\$Millions)				
Assets	1,789.5	1,868.2	1,868.2	1,868.2
Expected Annual Earnings	90.9	73.8	74.4	74.9
1-Year 10% Probable Return (10% cVaR)	61.8	43.4	41.1	38.3
1-Year 5% Probable Return (5% cVaR)	56.7	38.0	35.3	31.9
3-Year 5% Probable Return (5% cVaR)	71.1	53.1	51.8	50.1
5-Year 5% Probable Return (5% cVaR)	75.6	57.8	56.9	55.7

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	FY 2026		
Investment Objectives	Minimal exposure to principal loss. Maximize current income within moderate risk tolerance. Minimal inflation protection needed. High liquidity requirement.		
Policy Risk/Loss Range	1 - 5%		
Time Horizon	Short to Intermediate		
Asset Allocation	Equity - Broad US	0%	
	Equity - Global ex-US	0%	
	Equity - REITS	0%	
	Fixed Income - Core US	0%	
	Fixed Income - Short Term	15%	±10%
	Fixed Income - Cash Equivalents	85%	±10%
	Total	100%	
Expected Return - Short-Term	3.97%		
Expected Real Return - Short-Term	1.47%		
Risk - Standard Deviation	0.93%		
10% Probable Downside Return - 1 Year	2.3%		
5% Probable Downside Return - 1 Year	2.1%		
Probability of Loss - 1 Year	0.0%		
Implementation	Reassess the investment policy and asset allocation annually.		
The investment policy is effective July 1, 2025			
		06/27/25	
Approved		Date	

State of Alaska Asset Allocation

Asset Classes	FY25	FY26	1/4 ST	1/3 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	5.08%	3.95%	3.98%	4.01%
Expected Return - Real/After Inflation	2.58%	1.45%	1.48%	1.51%
Risk - Standard Deviation	0.93%	0.93%	1.02%	1.12%
Sharpe Ratio	(0.01)	0.05	0.08	0.09
Risk Statistics:				
10% Probable Downside Return - 1 Year	3.5%	2.3%	2.2%	2.1%
5% Probable Downside Return - 1 Year	3.2%	2.0%	1.9%	1.7%
5% Probable Downside Return - 3 Year	4.0%	2.8%	2.8%	2.7%
5% Probable Downside Return - 5 Year	4.2%	3.1%	3.0%	3.0%
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	218.9	252.4	252.4	252.4
Expected Annual Earnings	11.1	10.0	10.1	10.1
1-Year 10% Probable Return (10% cVaR)	7.6	5.9	5.6	5.2
1-Year 5% Probable Return (5% cVaR)	6.9	5.1	4.8	4.3
3-Year 5% Probable Return (5% cVaR)	8.7	7.2	7.0	6.8
5-Year 5% Probable Return (5% cVaR)	9.2	7.8	7.7	7.5

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	FY 2026		
Investment Objectives	Tolerate moderate exposure to principal loss to target modestly higher returns.		
Policy Risk/Loss Range	5 - 10%		
Time Horizon	Intermediate		
Asset Allocation	Equity - Broad US	4%	±5%
	Equity - Global ex-US	2%	-2%/+5%
	Equity - REITS	0%	
	Fixed Income - Core US	0%	
	Fixed Income - Short Term	33%	±10%
	Fixed Income - Cash Equivalents	61%	±10%
	Total	100%	
Expected Return - Short-Term	4.29%		
Expected Real Return - Short-Term	1.79%		
Risk - Standard Deviation	1.51%		
10% Probable Downside Return - 1 Year	1.6%		
5% Probable Downside Return - 1 Year	1.2%		
Probability of Loss - 1 Year	0.2%		
Implementation	Reassess the investment policy and asset allocation annually.		

The investment policy is effective July 1, 2025



06/27/25

Approved

Date

State of Alaska Asset Allocation

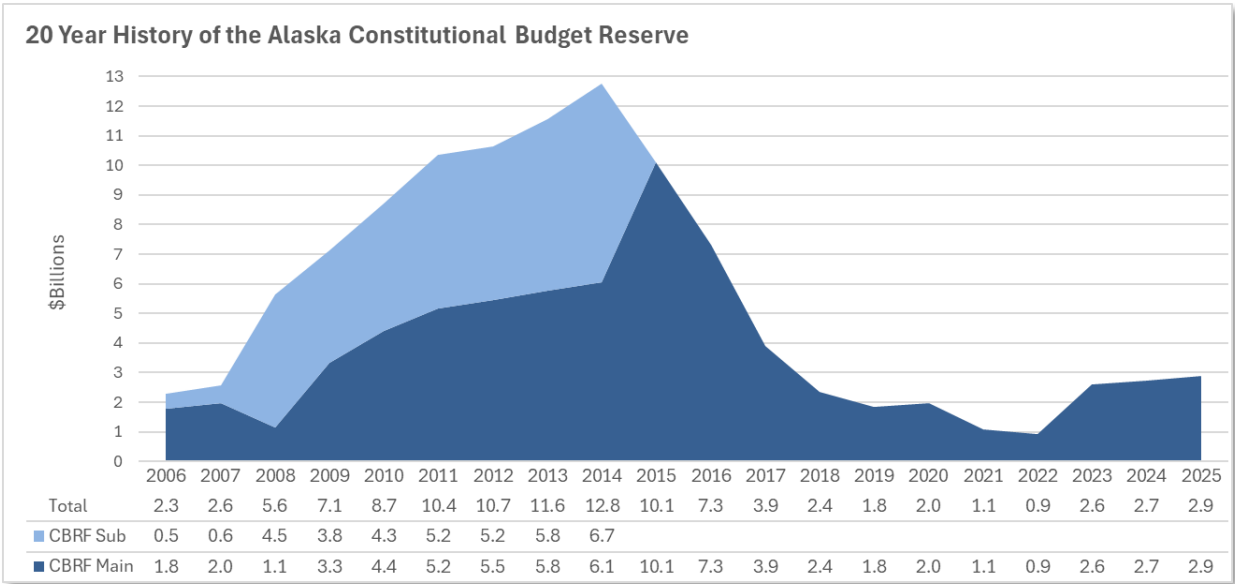
Asset Classes	FY25 GF II	FY26 GF II	GFI	GF I+II
Broad U.S. Equity	4%	4%		1.7%
Global ex-U.S. Equity	2%	2%		0.8%
US REITS				0.0%
Short Duration Gov't/Credit	33%	33%	20%	25.4%
Core U.S. Fixed Income				0.0%
Cash Equivalents	61%	61%	80%	72.1%
Total	100%	100%	100%	100%
Optimization Results:				
Expected Return - Short-Term	5.31%	4.31%	3.97%	4.11%
Expected Return - Real/After Inflation	2.81%	1.81%	1.47%	1.61%
Risk - Standard Deviation	1.52%	1.51%	0.97%	1.09%
Sharpe Ratio	0.14	0.27	0.06	0.19
Risk Statistics:				
10% Probable Downside Return - 1 Year	2.6%	1.7%	2.3%	2.2%
5% Probable Downside Return - 1 Year	2.2%	1.2%	2.0%	1.9%
5% Probable Downside Return - 3 Year	3.5%	2.5%	2.8%	2.8%
5% Probable Downside Return - 5 Year	3.9%	2.9%	3.1%	3.1%
Probability of Loss - 1 Year	0.0%	0.2%	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	0.6	0.8
Dollars: (\$Millions)				
Assets	1,438.8	1,319.5	1,868.2	3,187.7
Expected Annual Earnings	76.3	56.8	74.1	130.9
1-Year 10% Probable Return (10% cVaR)	38.1	21.9	42.4	70.1
1-Year 5% Probable Return (5% cVaR)	31.4	15.8	36.9	59.4
3-Year 5% Probable Return (5% cVaR)	50.4	33.1	52.6	89.7
5-Year 5% Probable Return (5% cVaR)	56.2	38.5	57.5	99.0

Constitutional Budget

Reserve Fund (CBRF)

Constitutional Budget Reserve Fund Historical Background

- The Constitutional Budget Reserve Fund (CBRF) was established in the State Constitution in 1990.
- The fund is the State’s main savings/reserve account that is relied on for fiscal support when revenue or cashflows are insufficient.
- The CBRF main fund:
 - The main fund has always been invested conservatively to protect principal and limit exposure to oil or capital market volatility.
 - The balance is subject to regular discussion in the legislature with a minimum of \$2 billion often referenced.
 - The main fund was last drawn down for fiscal support in 2020 during the pandemic but stabilized in 2023 and 2024.
- The CBRF subaccount:
 - The legislature established a subaccount of the CBRF with funding in 2000 to “be invested to yield higher returns” provided that “those funds will not be needed for at least five years.”
 - The subaccount historically had an asset allocation that was close to 60% equity, 40% fixed income.
 - The size of the subaccount increased by \$4.1 billion in 2008 after the legislature transferred in surplus revenue.
 - The legislature has been involved with all transfers into the subaccount and DOR does not have a formal process for evaluating main account and subaccount balances.
 - The subaccount was last over a decade ago when it was determined that the subaccount would be consumed within 5 years and the balance was transferred back to the main account.
- CBRF investment is subject to a high level of legislative scrutiny.



FY2026 CBRF and State of Alaska Budget Summary

- The forecast that DOR has always used to evaluate the investment timeframe for reserve funds like the CBRF is the ten-year forecast that the State Office of Management and Budget (OMB) publishes each year. This forecast has many assumptions that are subject to active debate, and it is the primary long-term forecast that is public and transparent.
- OMB publishes a ten-year forecast each year. A five-year portion of this forecast is included here with the Governor's proposed budget for FY2026:
 - 1) Oil revenue is 28% of total revenue and can vary materially intra-year based on prevailing oil prices and volumes.
 - 2) The POMV draw from the APFC is 61% of revenue and can vary over time since it is exposed to earnings reserve limitations and smoothed market risk.
 - 3) The deposit to fund the annual permanent fund dividend to residents gets high legislative focus –full statutory dividends are assumed in the forecast, but not usually adopted.
 - 4) The overall size of government is also an active legislative debate.
 - 5) The ending CBRF balance is the result of all of these decisions. As shown, the CBRF was projected to be consumed in 2-3 years with full dividends.
- The FY2025 and FY2026 budgets were a legislative challenge due to lower expected oil revenue and wage pressure. There were meaningful differences from the Governor's proposed budget. The operating budget was higher, the dividend lower, and ultimately the Higher Education Investment Fund was used to balance budget shortfalls for FY2025.

Portions of the 12/2024 FY26 OMB forecast:

Sources of Funds	FY2025	FY2026	FY2027	FY2028	FY2029
Traditional UGF Revenue	2,571.3	2,399.9	2,419.1	2,449.1	2,396.8
Petroleum Revenue	1,849.1	1) 1,724.8	1,731.5	1,742.3	1,676.4
Non-Petroleum Revenue	584.3	587.3	599.9	619.1	632.7
Investment Revenue	3,795.2	3,886.7	4,063.7	4,099.7	4,216.7
Non-POMV Investment Revenue	137.9	87.8	87.7	87.7	87.7
Percentage of Market Value	3,657.3	2) 3,798.9	3,976.0	4,012.0	4,129.0
Revenue Adjustments	32.1	0.0	0.0	0.0	0.0
Carryforward	32.1	0.0	0.0	0.0	0.0
Total Revenue	6,260.7	6,198.8	6,395.1	6,461.1	6,525.8
PFD Deposit	(914.3)	3) (2,504.4)	(2,214.5)	(2,488.5)	(2,600.3)
Available Revenue	5,346.4	3,694.4	4,180.6	3,972.6	3,925.5

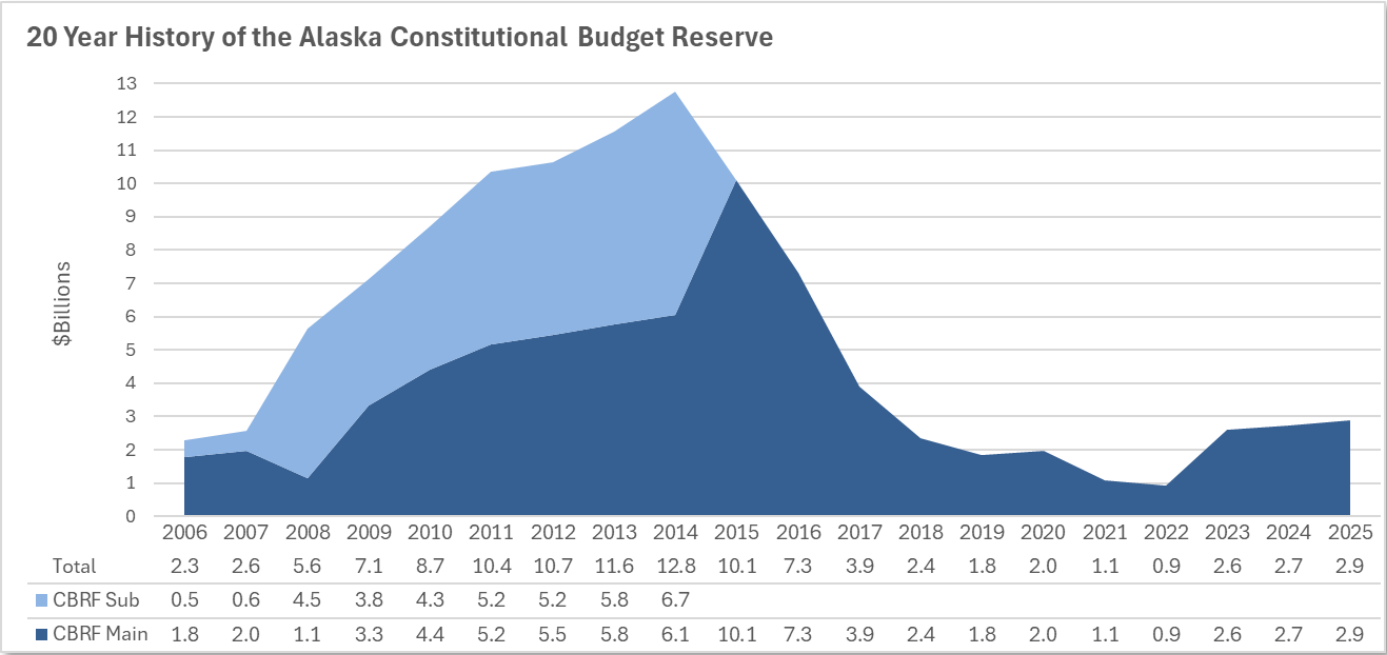
Uses of Funds	FY2025	FY2026	FY2027	FY2028	FY2029
Permanent Fund Dividend Transfer	914.3	2,504.4	2,214.5	2,488.5	2,600.3
Per capita PFD (dollars)	\$1,386	\$3,838	\$3,428	\$3,854	\$4,024
Operating Budget	5,164.7	4,932.6	5,103.7	5,221.8	5,335.8
Capital Budget	330.7	282.4	289.5	296.7	304.1
Total General Fund Appropriations	5,495.3	4) 5,215.0	5,393.1	5,518.5	5,639.9

Reserve Balances	FY2025	FY2026	FY2027	FY2028	FY2029
Statutory Budget Reserve					
SBR Beginning Balance	0.0	0.0	0.0	0.0	0.0
Surplus/(Draws)	0.0	0.0	0.0	0.0	0.0
SBR End Balance	0.0	0.0	0.0	0.0	0.0
Constitutional Budget Reserve					
CBR Beginning Balance	2,717.8	2,884.0	1,525.4	434.0	(987.2)
Earnings & Deposits	166.2	161.9	121.1	124.8	128.5
Surplus/(Draws)	0.0	(1,520.6)	(1,212.5)	(1,545.9)	(1,714.5)
CBR End Balance	2,884.0	5) 1,525.4	434.0	(987.2)	(2,573.1)

CBRF Risk/Return and Asset Allocation History

CBRF Main Fund Risk/Return History	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expected ST Return	3.01%	2.30%	2.38%	2.89%	2.89%	2.89%	2.89%	2.32%	0.17%	0.05%	2.39%	5.01%	5.09%
Expected Volatility	2.31%	2.06%	1.58%	1.58%	1.59%	1.62%	1.64%	1.23%	0.90%	0.05%	0.90%	0.90%	0.90%
10% cVaR	-1.04%	-1.32%	-0.40%	0.12%	0.10%	0.05%	0.01%	0.16%	-1.41%	-0.04%	0.80%	3.40%	3.51%
Assets (billions)	5.8	6.1	10.1	7.3	3.9	2.4	1.8	2.0	1.1	0.9	2.6	2.7	2.9

CBRF Main Fund Asset Allocation	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Equity	0%	0%	0%	7%	7%	5%	7%	4%	0%	0%	0%	0%	0%
Fixed Income - HY	0%	0%	0%	0%	0%	4%	0%	0%	0%	0%	0%	0%	0%
Fixed Income - Core U.S.	20%	20%	20%	23%	24%	24%	26%	21%	0%	0%	0%	0%	0%
Fixed Income - Short-Term	61%	61%	33%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Fixed Income - Cash Equivalents	19%	19%	47%	70%	69%	67%	67%	75%	100%	100%	100%	100%	100%



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	FY 2026
Investment Objectives	Very low exposure to principal loss. Little inflation protection needed. High liquidity requirement.
Policy Risk/Loss Range	<1%
Time Horizon	Short
Asset Allocation	Equity - Broad US0% Equity - Global ex-US0% Equity - REITS0% Fixed Income - Core US0% Fixed Income - Short Term0% Fixed Income - Cash Equivalents100% Total100%
Expected Return - Short-Term	3.94%
Expected Real Return - Short-Term	1.44%
Risk - Standard Deviation	0.90%
10% Probable Downside Return - 1 Year	2.4%
5% Probable Downside Return - 1 Year	2.1%
Probability of Loss - 1 Year	0.0%
Implementation	Reassess the investment policy and asset allocation annually.
The investment policy is effective July 1, 2025	
	06/27/25
Approved	Date

State of Alaska Asset Allocation

Asset Classes	FY25	FY26	GF II
Broad U.S. Equity			4%
Global ex-U.S. Equity			2%
US REITS			
Short Duration Gov't/Credit			33%
Core U.S. Fixed Income			
Cash Equivalents	100%	100%	61%
Total	100%	100%	100%
Optimization Results:			
Expected Return - Short-Term	5.09%	3.90%	4.31%
Expected Return - Real/After Inflation	2.59%	1.40%	1.81%
Risk - Standard Deviation	0.90%	0.90%	1.51%
Sharpe Ratio	(0.00)	(0.00)	0.27
Risk Statistics:			
10% Probable Downside Return - 1 Year	3.5%	2.3%	1.7%
5% Probable Downside Return - 1 Year	3.2%	2.0%	1.2%
5% Probable Downside Return - 3 Year	4.0%	2.8%	2.5%
5% Probable Downside Return - 5 Year	4.3%	3.1%	2.9%
Probability of Loss - 1 Year	0.0%	0.0%	0.2%
Asset Time Horizon Estimate	0.3	0.3	1.2
Long-Term Expected Return			
	3.00%	3.00%	3.69%
Dollars: (\$Millions)			
Assets	2,785.6	2,843.8	2,843.8
Expected Annual Earnings	141.7	110.9	122.4
1-Year 10% Probable Return (10% cVaR)	97.7	66.0	47.2
1-Year 5% Probable Return (5% cVaR)	90.0	58.1	34.0
3-Year 5% Probable Return (5% cVaR)	111.9	80.4	71.4
5-Year 5% Probable Return (5% cVaR)	118.6	87.3	82.9

Questions?

Appendix

Treasury Information Resources

Treasury Online Information Resources

Treasury website:

<https://treasury.dor.alaska.gov/>

Treasury investment policies and procedures:

[https://treasury.dor.alaska.gov/docs/treasurydivisionlibraries/treasury-documents/blue-book_v6.3-\(2\)f3964338-b7e3-455b-970a-886456dd8592.pdf?sfvrsn=4b346800_3](https://treasury.dor.alaska.gov/docs/treasurydivisionlibraries/treasury-documents/blue-book_v6.3-(2)f3964338-b7e3-455b-970a-886456dd8592.pdf?sfvrsn=4b346800_3)

Treasury duty of care including non-traditional Investments:

https://treasury.dor.alaska.gov/docs/treasurydivisionlibraries/treasury-documents/blue_book/Appendix_G_V6.1.pdf

Treasury investment information and performance:

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

<https://treasury.dor.alaska.gov/home/investments/monthly-investment-reports>

Alaska Retirement Management Board information and performance:

<https://treasury.dor.alaska.gov/armb>

Quarterly State Investment Review Information and Meeting Packets:

<https://treasury.dor.alaska.gov/home/investments/state-investment-review-meetings>

State of Alaska Budget Documents

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

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

OMB Budget:

<https://omb.alaska.gov/budget-reports/>

CBRF balances: OMB 10-Year Forecast

<https://omb.alaska.gov/information/10-year-plan/>

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

Alaska Fiduciary and Uniform Prudent Investor Standards

ARMB/Commissioner Fiduciary Duty

Sec. 37.10.071. Investment powers and duties.

(c) In exercising investment, custodial, or depository powers or duties under this section, the fiduciary of a state fund shall apply the prudent investor rule and exercise the fiduciary duty in the sole financial best interest of the fund entrusted to the fiduciary. Among beneficiaries of a fund, the fiduciaries shall treat beneficiaries with impartiality.

Alaska General Trust Law – Uniform Prudent Investor Act

Sec. 13.36.230. Standard of care; portfolio strategy; risk and return objectives.

(a) A trustee shall invest and manage trust assets as a prudent investor would by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution.

(b) A trustee's investment and management decisions respecting individual assets shall be evaluated not in isolation but in the context of the trust portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the trust.

(c) Among circumstances that a trustee shall consider in investing and managing trust assets are those of the following that are relevant to the trust or its beneficiaries:

- (1) general economic conditions;
 - (2) the possible effect of inflation or deflation;
 - (3) the expected tax consequences of investment decisions or strategies;
 - (4) the role that each investment or course of action plays within the overall trust portfolio, which may include financial assets, interests in closely held enterprises, tangible and intangible personal property, and real property;
 - (5) the expected total return from income and the appreciation of capital;
 - (6) other resources of the beneficiaries;
 - (7) needs for liquidity, regularity of income, and preservation or appreciation of capital; and
 - (8) an asset's special relationship or special value, if any, to the purposes of the trust or to one or more of the beneficiaries.
- (d) A trustee shall make a reasonable effort to verify facts relevant to the investment and management of trust assets.

(e) A trustee may invest in any kind of property or type of investment consistent with the standards of AS 13.36.225 — 13.36.290.

(f) A trustee who has special skills or expertise, or is named trustee in reliance on the trustee's representation that the trustee has special skills or expertise, has a duty to use those special skills or expertise.

Sec. 13.36.235. Diversification.

A trustee shall diversify the investments of the trust unless the trustee reasonably determines that, because of special circumstances, the purposes of the trust are better served without diversifying.

Sec. 13.36.240. Duties at inception of trusteeship.

Within a reasonable time after accepting a trusteeship or receiving trust assets, a trustee shall review the trust assets and make and implement decisions concerning the retention and disposition of assets in order to bring the trust portfolio into compliance with the purposes, terms, distribution requirements, and other circumstances of the trust and with the requirements of AS 13.36.225 — 13.36.290.

Sec. 13.36.245. Loyalty.

A trustee shall invest and manage the trust assets solely in the interest of the beneficiaries.

Sec. 13.36.250. Impartiality.

If a trust has two or more beneficiaries, the trustee shall act impartially in investing and managing the trust assets, taking into account any differing interests of the beneficiaries.

Sec. 13.36.260. Investment costs.

In investing and managing trust assets, a trustee may only incur costs that are appropriate and reasonable in relation to the assets, the purposes of the trust, and the skills of the trustee.

CBRF – State Constitution and Statutes

Alaska Constitution

Article IX, Section 17. Budget Reserve Fund.

(a) There is established as a separate fund in the State treasury the budget reserve fund. Except for money deposited into the permanent fund under Section 15 of this article, all money received by the State after July 1, 1990, as a result of the termination, through settlement or otherwise, of an administrative proceeding or of litigation in a State or federal court involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property, shall be deposited in the budget reserve fund. Money in the budget reserve fund shall be invested so as to yield competitive market rates to the fund. Income of the fund shall be retained in the fund. Section 7 of this article does not apply to deposits made to the fund under this subsection. Money may be appropriated from the fund only as authorized under (b) or (c) of this section.

(b) If the amount available for appropriation for a fiscal year is less than the amount appropriated for the previous fiscal year, an appropriation may be made from the budget reserve fund. However, the amount appropriated from the fund under this subsection may not exceed the amount necessary, when added to other funds available for appropriation, to provide for total appropriations equal to the amount of appropriations made in the previous calendar year for the previous fiscal year.

(c) An appropriation from the budget reserve fund may be made for any public purpose upon affirmative vote of three-fourths of the members of each house of the legislature.

(d) If an appropriation is made from the budget reserve fund, until the amount appropriated is repaid, the amount of money in the general fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund. The legislature shall implement this subsection by law.

Alaska Statutes

Section 37.10.430. Management of the Budget Reserve Fund.

(a) The Department of Revenue may transfer management responsibility over all or a portion of the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the Alaska Permanent Fund Corporation.

(b) By March 15 of each year, the Department of Revenue shall, after consulting with the Alaska Permanent Fund Corporation, prepare a report setting out the balance in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) on January 1 and on December 31 of the previous calendar year. The report shall state the nominal, real, and realized return on the budget reserve fund compared to the nominal, real, and realized return on the permanent fund and the general fund during the previous calendar year.

(c) A special subaccount is established in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska). Money in the subaccount shall be invested to yield higher returns that might be feasible to obtain with other money in the budget reserve fund. In establishing or modifying the investment policy for the subaccount in the constitutional budget reserve fund, the commissioner of revenue shall assume that those funds will not be needed for at least five years. Income earned on money in the subaccount shall be retained in the subaccount by the department.

**State of Alaska
Department of Revenue**

State Investment Review 2025 Meeting Schedule

February 14, 2025 @ 10:00 AM (Videoconference)

1. December 31, 2024, Performance
2. 2025 Capital Market Assumptions
3. FY2026 Asset Allocation Process and Proforma

May 08, 2025 @ 8:30 AM (Videoconference)

1. March 31, 2025, Performance
2. FY2026 Asset Allocation Discussion

August 14, 2025 @ 10:00 AM (Videoconference)

1. June 30, 2025, Performance
2. FY2026 Asset Allocation Discussion

November 6, 2025 @ 10:00 AM (Videoconference)

1. September 30, 2025, Performance
2. Middle Office Update