State of Alaska
Department of Revenue

STATE INVESTMENT REVIEW MEETING

May 13, 2026 – 10:00 a.m.

Click here to join the meeting **Meeting ID:** 218 002 962 962 51 **Passcode:** Ze3wu2ug	**Call In (Audio Only):** **Phone:** 1-907-202-7104 **Code:** 489 862 16#

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. March 2026 Performance – Commissioner's Report**
- **C. Non-Routine Investments**
- **D. FY2027 Asset Allocation Process and Proforma Asset Allocations**

III. IAC Comments
Investment Advisory Council Members

IV. Future Agenda Items & Calendar
Zachary Hanna, Chief Investment Officer
Alysia Jones, ARMB Liaison

V. Other Matters for Discussion

VI. Adjournment

THE STATE of ALASKA

GOVERNOR MIKE DUNLEAVY

State Investment Review:

- **Economic and Market Update**
- **March 2026 Performance – Commissioner's Report**
- **Non-Routine Investments**
- **FY2027 Asset Allocation Process and Proforma Asset Allocations**
- **Appendix: Treasury Information Resources**

May 13, 2026

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

Economic and Market Update

Inflation and Economic Growth

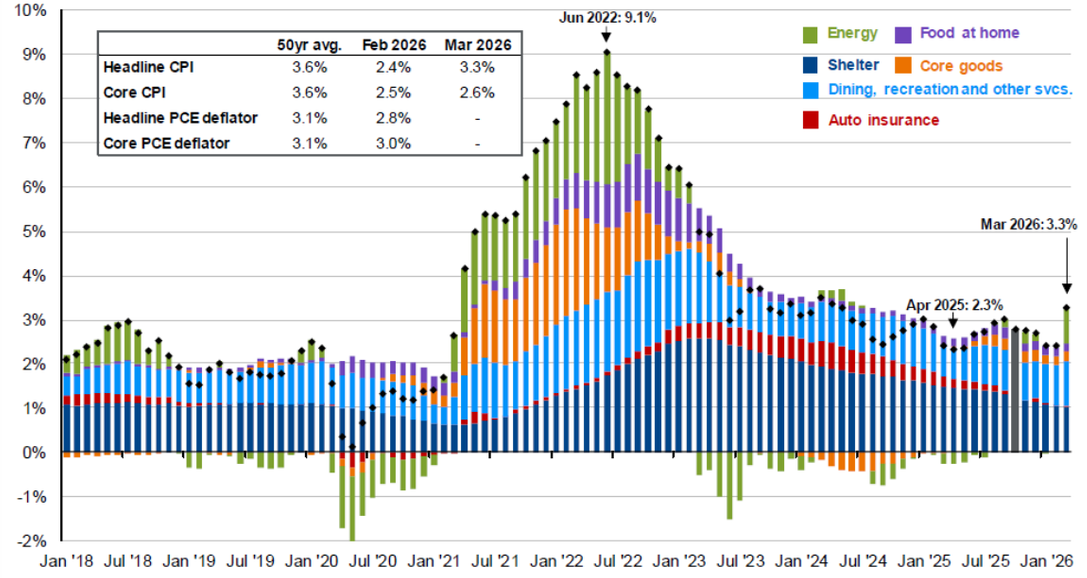
- Inflation had dominated market sentiment, peaking at 9.1% in June of 2022, declining, then rising to 3.3% in March of 2026.
- The market is now focused on the impact of geopolitical conflict on energy, inflation, and growth.
- Economic growth was moderate in 2025, and the same is still expected for 2026.

Inflation components

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Contributors to headline CPI inflation

Contribution to year-over-year % change in CPI, non-seasonally adjusted



	50yr avg.	Feb 2026	Mar 2026
Headline CPI	3.6%	2.4%	3.3%
Core CPI	3.6%	2.5%	2.6%
Headline PCE deflator	3.1%	2.8%	-
Core PCE deflator	3.1%	3.0%	-

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. Headline and core PCE deflator inflation shown are based on seasonally adjusted data due to data availability. Official October 2025 data unavailable due to government shutdown and data shown are J.P. Morgan Asset Management estimates.
Guide to the Markets – U.S. Data are as of April 15, 2026.

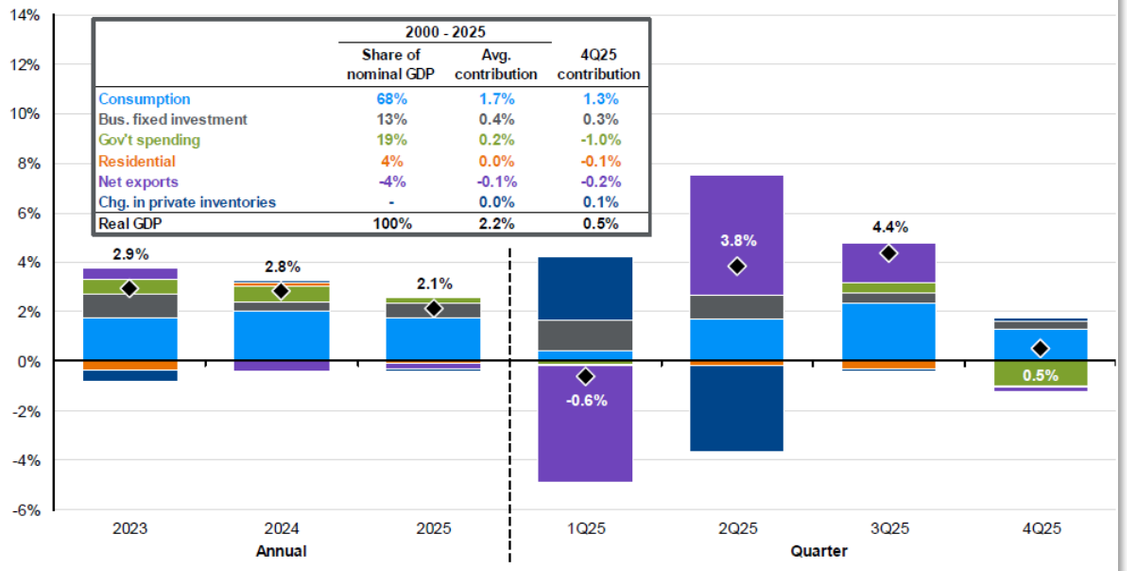
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Components of GDP growth

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Contributors to real GDP growth

Seasonally adjusted annualized rate



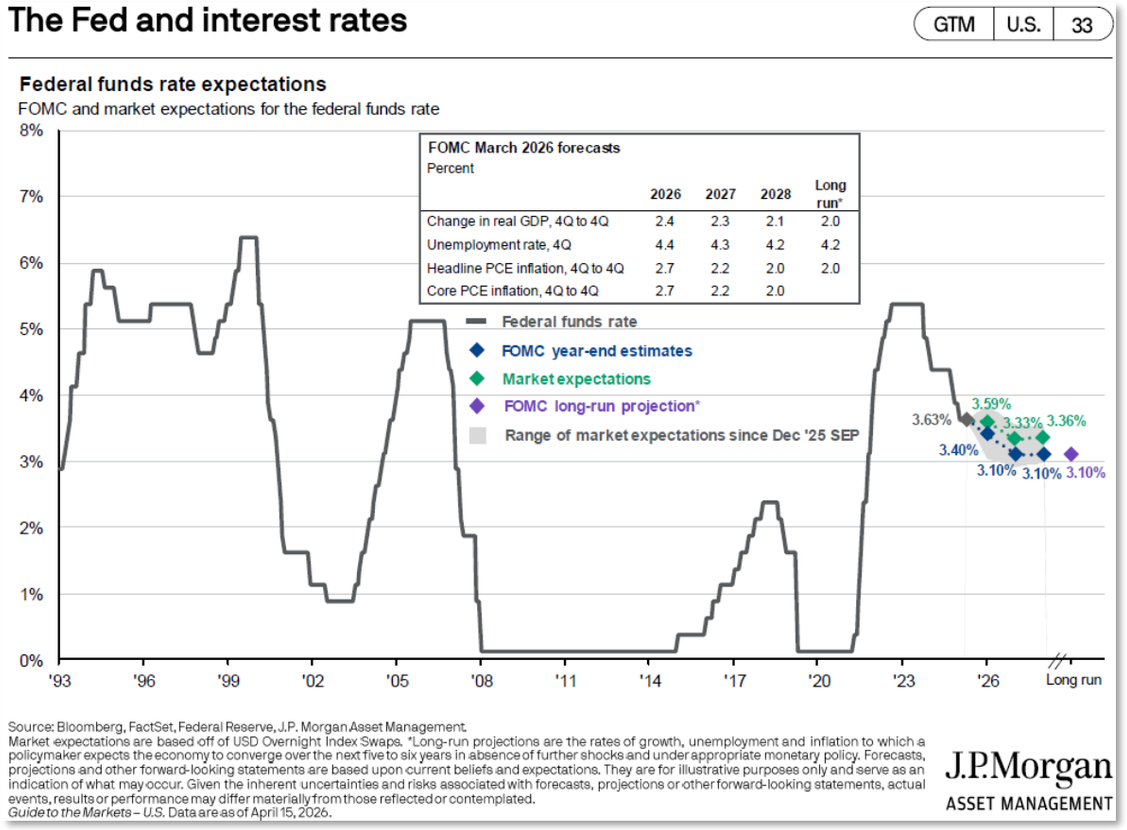
	2000 - 2025 Share of nominal GDP	Avg. contribution	4Q25 contribution
Consumption	68%	1.7%	1.3%
Bus. fixed investment	13%	0.4%	0.3%
Gov't spending	19%	0.2%	-1.0%
Residential	4%	0.0%	-0.1%
Net exports	-4%	-0.1%	-0.2%
Chg. in private inventories	-	0.0%	0.1%
Real GDP	100%	2.2%	0.5%

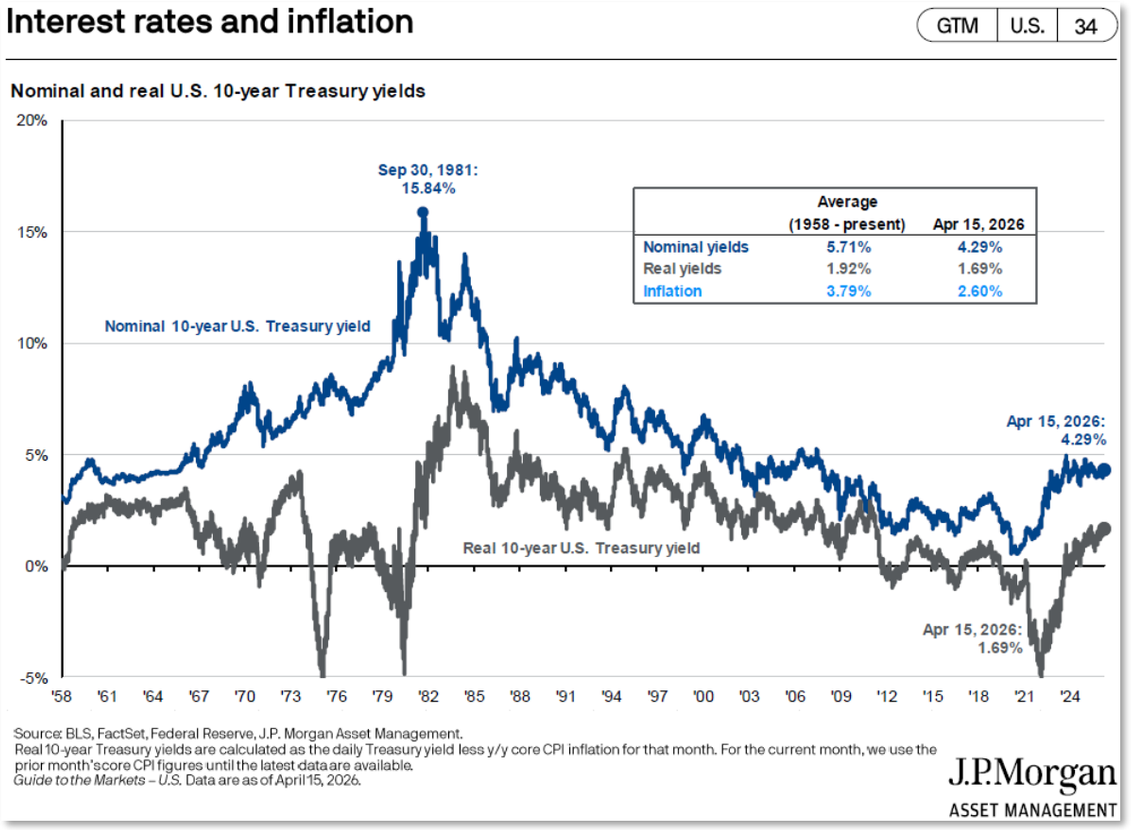
Source: BEA, FactSet, J.P. Morgan Asset Management.
Guide to the Markets – U.S. Data are as of April 15, 2026.

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Interest Rates and the Federal Reserve

- To combat inflation, the Federal Reserve (The Fed) raised interest rates from near zero in 2022 to a 5.4% midpoint in July 2023.
- The Fed has since cut rates 175 basis points through December 2025, bringing the target rate midpoint to 3.6% in March 2026.
- No further cuts are forecast for 2026 and the Fed will be closely watching inflation and growth before taking further action.





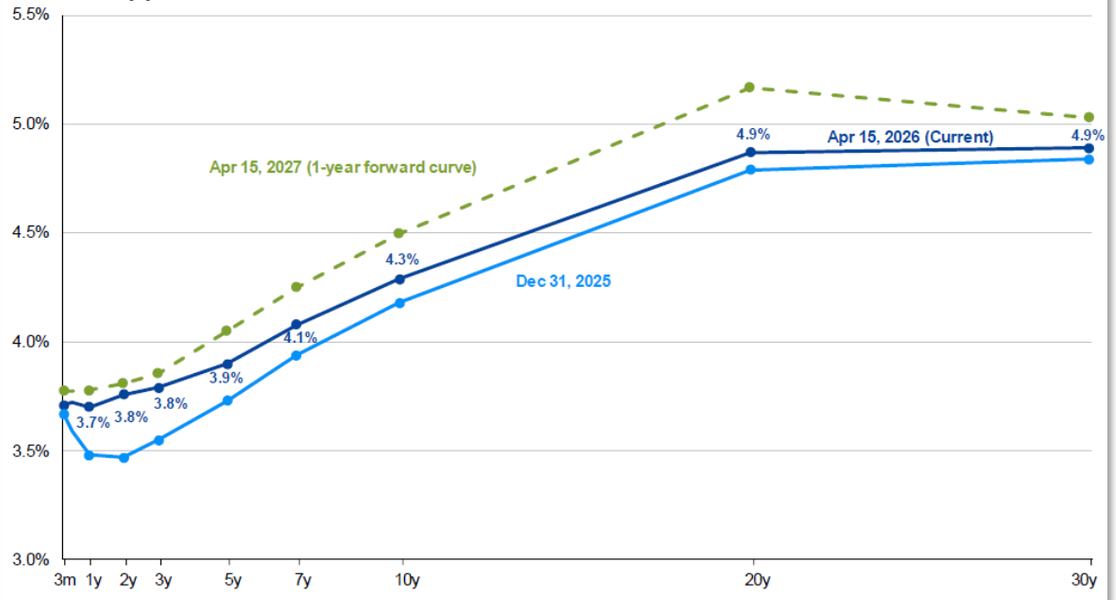
Fixed Income

- The yield curve has largely normalized, with yields increasing across maturities. Short-term yields have declined alongside Fed rate cuts, while longer-term yields have risen, reflecting expectations of persistent inflation, increased Treasury issuance, and elevated geopolitical risk.
- Despite the recent volatility in interest rates, forward return expectations for fixed income investments are relatively strong, with high starting yields.

Yield curve

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U.S. Treasury yield curve



Source: FactSet, Federal Reserve, J.P. Morgan Asset Management.
Guide to the Markets – U.S. Data are as of April 15, 2026.

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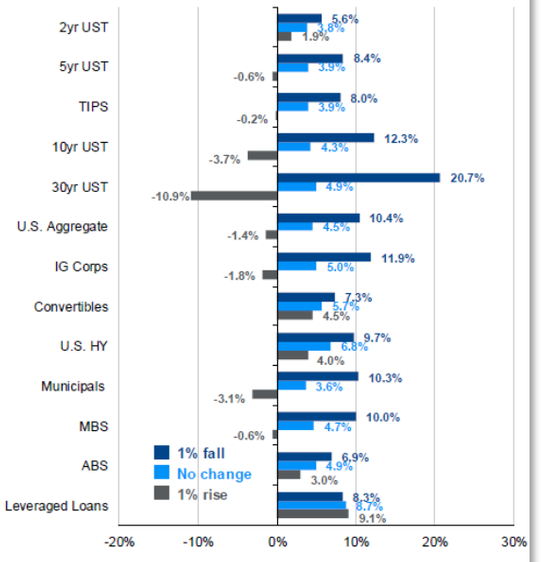
Fixed income market dynamics

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U.S. Treasuries	Yield 4/15/2026	Yield 12/31/2025	Return 2026	Avg. Maturity	Correlation to 10-year	Correlation to S&P 500
2-Year	3.76%	3.47%	0.44%	2 years	0.75	0.03
5-Year	3.90%	3.73%	0.25%	5	0.94	0.03
TIPS	1.61%	1.69%	1.26%	7.4	0.75	0.37
10-Year	4.29%	4.18%	0.19%	10	1.00	0.00
30-Year	4.89%	4.84%	0.33%	30	0.94	-0.04
Sector						
U.S. Aggregate	4.49%	4.32%	0.60%	8.2	0.91	0.30
IG Corps	5.01%	4.81%	0.58%	10.5	0.70	0.51
Convertibles	5.66%	6.13%	11.14%	-	0.02	0.85
U.S. HY	6.85%	6.53%	1.24%	4.8	0.13	0.79
Municipals	3.62%	3.60%	1.05%	13.4	0.73	0.32
MBS	4.73%	4.63%	1.06%	6.9	0.83	0.30
ABS	4.92%	4.69%	0.94%	2.2	0.40	0.30
Leveraged Loans	8.66%	8.10%	0.17%	4.7	-0.21	0.61

Fixed income returns in different interest rate scenarios

Total return, assumes a parallel shift in the yield curve

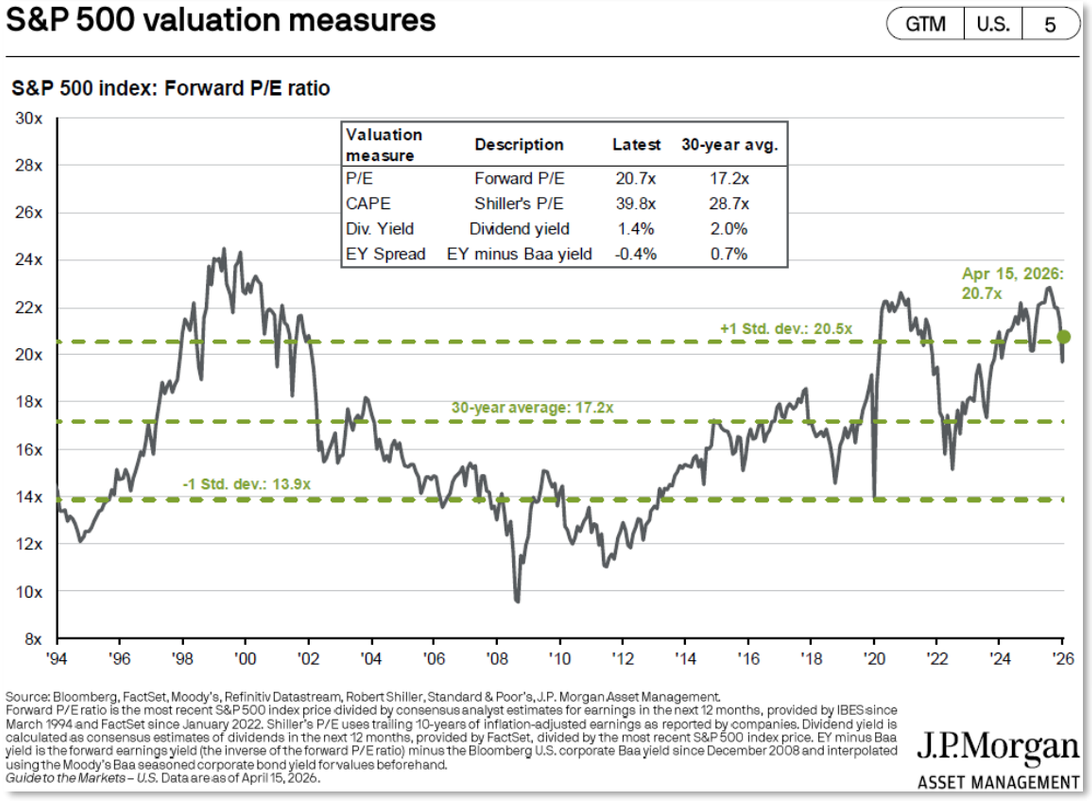


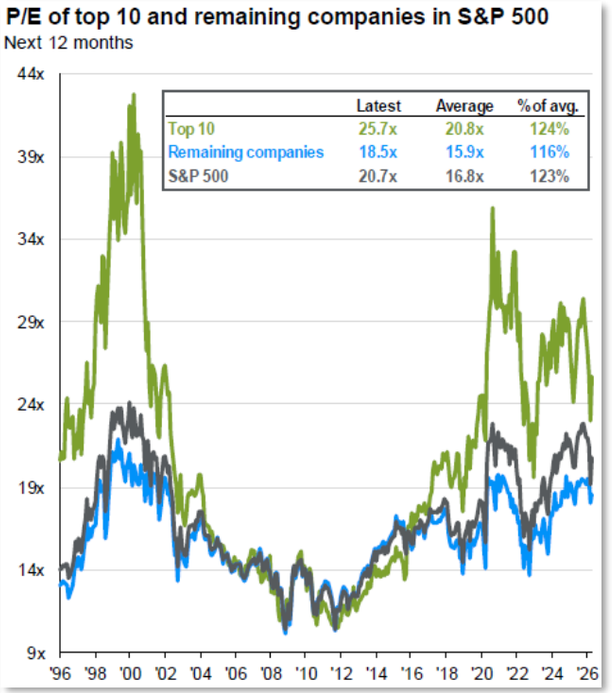
Source: Bloomberg, FactSet, Federal Reserve Bank of Cleveland, Standard & Poor's, U.S. Treasury, J.P. Morgan Asset Management.
Sectors shown above are provided by Bloomberg unless otherwise noted and are represented by – U.S. Aggregate; MBS: U.S. Aggregate Securitized - MBS; ABS: J.P. Morgan ABS Index; 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 3-year 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 no guarantee of future results.
Guide to the Markets – U.S. Data are as of April 15, 2026.

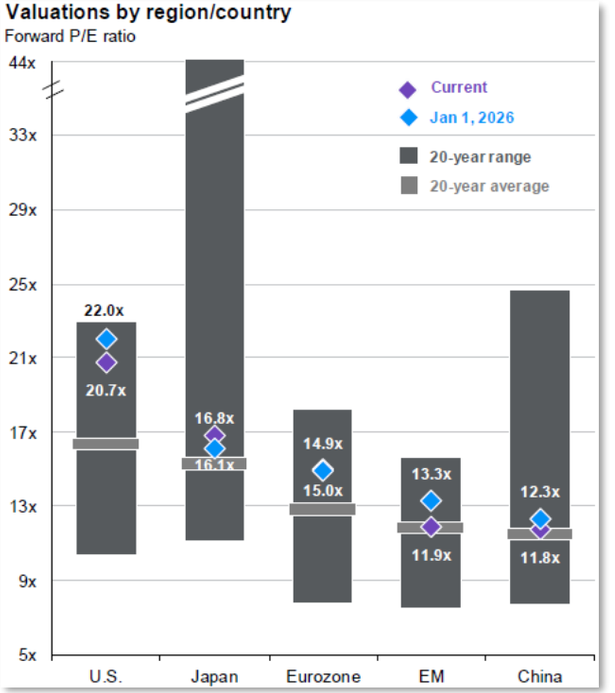
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Equity Markets

- The U.S. stock market is near all-time highs with elevated valuations.
- Domestic equity returns and valuations are primarily driven by the largest technology companies, which has led to more concentrated equity indices.
- International equity valuations remain at a material discount relative to valuations in the U.S.







Capital Market Performance Update

- Market performance was strong for both fiscal year 2025 and calendar year 2025.
- International equities had very strong returns in 2025 with a weakening dollar and low starting valuations relative to U.S. stocks.
- Capital markets continued their typical focus on inflation, interest rates, and economic growth.
- For the quarter, most asset classes were under pressure due to geopolitical conflict and higher expected inflation.
- The Fed has slowed the reduction of short-term rates, keeping cash equivalent yields moderately high.

CY2020	CY2021	CY2022	CY2023	CY2024	CY2025	FY26 YTD	2026-Q1
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 32.4%	International Equity 11.5%	REITs 3.8%
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 17.1%	Broad U.S. Equity 6.4%	Cash Equivalents 0.8%
International Equity 10.7%	International Equity 7.8%	TIPS (11.8%)	High Yield 13.4%	International Equity 5.5%	High Yield 8.6%	REITs 4.2%	TIPS 0.3%
Core U.S. Fixed Income 7.5%	TIPS 6.0%	Core U.S. Fixed Income (13.0%)	REITs 11.4%	Cash Equivalents 5.3%	Core U.S. Fixed Income 7.3%	High Yield 3.4%	Core U.S. Fixed Income 0.0%
High Yield 7.1%	High Yield 5.3%	International Equity (16.0%)	Core U.S. Fixed Income 5.5%	REITs 4.9%	TIPS 7.0%	Core U.S. Fixed Income 3.1%	High Yield (0.5%)
Cash Equivalents 0.7%	Cash Equivalents 0.0%	Broad U.S. Equity (19.2%)	Cash Equivalents 5.0%	TIPS 1.8%	Cash Equivalents 4.2%	Cash Equivalents 2.9%	International Equity (0.7%)
REITs (5.1%)	Core U.S. Fixed Income (1.5%)	REITs (24.9%)	TIPS 3.9%	Core U.S. Fixed Income 1.3%	REITs 2.3%	TIPS 2.5%	Broad U.S. Equity (4.0%)

Performance:

Commissioner's Report

March 2026

DOR Commissioner's Report: Market Values for Month Ending 3/31/2026

Market Value

Plan Name	Cash Equivalents	Domestic Equity	Fixed Income	Interm. Fixed Income	Int'l Equity	REITs	Market Value
2013B Tax Exempt Education (AY3Z)	$413,397						**$413,397**
2016A - 2012 Transportation Bond Act (AY3Y)	$389,444						**$389,444**
2016B - 2012 Transportation Bond Act (AY3Q)	$33,716,168						**$33,716,168**
Alaska Higher Education Investment (AY3L)	$2,958,021	$113,427,561	$90,720,204		$75,158,886	$15,658,908	**$297,923,580**
Alaska Mental Health Trust Reserve (AY2L)	$797,106	$21,189,082	$38,678,574		$17,436,763		**$78,101,525**
ASLC Investment Fund (AY3S)	$1,616,586	$31,288,371	$89,008,865		$20,853,415	$4,597,167	**$147,364,404**
Constitutional Budget Reserve Fund (AY19)	$2,993,477,950						**$2,993,477,950**
Education Endowment Fund (AY3G)	$24,139	$865,009	$691,782		$573,184	$119,447	**$2,273,560**
EVOS Habitat Investment (AY2H)	$16,661,649			$32,414,662			**$49,076,311**
EVOS Research Investment (AY02)	$3,663,261			$7,110,233			**$10,773,494**
GeFONSI I (AY01)	$1,781,629,284			$326,704,132			**$2,108,333,415**
GeFONSI II (AY3F)	$769,596,616	$48,671,756		$424,052,843	$25,155,592		**$1,267,476,806**
Illinois Creek Mine Reclamation (AY9J)	$20,071	$714,175	$571,181		$473,238	$98,580	**$1,877,244**
International Airports Repair & Replacement Fund (AY05)	$515,879						**$515,879**
International Airports Revenue Fund (AY04)	$229,297,050			$39,768,180			**$269,065,230**
International Airports Series 2002 Reserve Account (AY2E)	$9,191,665						**$9,191,665**
International Airports Series 2003 Reserve (AY2U)	$12,535,633						**$12,535,633**
Investment Loss Trust Fund (AY28)	$3,867,105						**$3,867,105**
Permanent Fund Dividend Holding Account (AY2G)	$48,856,771						**$48,856,771**
Public School Trust Fund (AY08)	$10,235,976	$357,327,119	$285,793,047		$236,770,713	$49,329,894	**$939,456,748**
RHIF LTC Insurance (AY11)	$12,679,613	$147,042,192	$703,280,681		$111,462,790	$42,222,975	**$1,016,688,250**
RHIF Major Medical (AY03)	$22,101,949						**$22,101,949**

**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 3/31/2026

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)	0.99%	38.07%	30.45%		25.23%	5.26%
Alaska Mental Health Trust Reserve (AY2L)	1.02%	27.13%	49.52%		22.33%	
ASLC Investment Fund (AY3S)	1.10%	21.23%	60.40%		14.15%	3.12%
Constitutional Budget Reserve Fund (AY19)	100.00%					
Education Endowment Fund (AY3G)	1.06%	38.05%	30.43%		25.21%	5.25%
EVOS Habitat Investment (AY2H)	33.95%			66.05%		
EVOS Research Investment (AY02)	34.00%			66.00%		
GeFONSI I (AY01)	84.50%			15.50%		
GeFONSI II (AY3F)	60.72%	3.84%		33.46%	1.98%	
Illinois Creek Mine Reclamation (AY9J)	1.07%	38.04%	30.43%		25.21%	5.25%
International Airports Repair & Replacement Fund (AY05)	100.00%					
International Airports Revenue Fund (AY04)	85.22%			14.78%		
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)	1.09%	38.04%	30.42%		25.20%	5.25%
RHIF LTC Insurance (AY11)	1.25%	14.46%	69.17%		10.96%	4.15%
RHIF Major Medical (AY03)	100.00%					

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DOR Commissioner's Report: Market Values for Month Ending 3/31/2026

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%	28.00%	49.00%		22.00%	
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 3/31/2026

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)	-0.01%	-0.93%	0.45%		0.23%	0.26%
Alaska Mental Health Trust Reserve (AY2L)	0.02%	-0.87%	0.52%		0.33%	
ASLC Investment Fund (AY3S)	0.10%	-0.77%	0.40%		0.15%	0.12%
Constitutional Budget Reserve Fund (AY19)	0.00%					
Education Endowment Fund (AY3G)	0.06%	-0.95%	0.43%		0.21%	0.25%
EVOS Habitat Investment (AY2H)	-1.05%			1.05%		
EVOS Research Investment (AY02)	-1.00%			1.00%		
GeFONSI I (AY01)	-0.50%			0.50%		
GeFONSI II (AY3F)	-0.28%	-0.16%		0.46%	-0.02%	
Illinois Creek Mine Reclamation (AY9J)	0.07%	-0.96%	0.43%		0.21%	0.25%
International Airports Repair & Replacement Fund (AY05)	0.00%					
International Airports Revenue Fund (AY04)	0.22%			-0.22%		
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)	0.09%	-0.96%	0.42%		0.20%	0.25%
RHIF LTC Insurance (AY11)	0.25%	-0.54%	0.17%		-0.04%	0.15%
RHIF Major Medical (AY03)	0.00%					

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DOR Commissioner's Report: Net Pool Performance for Month Ending 3/31/2026

Pool Performance (Net of Fee)	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	0.26%	0.90%	3.16%	4.32%	5.07%	3.59%	2.93%	2.49%
Fixed Income - Short Term	-0.46%	0.32%	2.75%	4.18%	4.56%			
Fixed Income - Core US	-1.74%	-0.02%	3.32%	4.77%	4.08%	0.75%	1.97%	2.01%
Fixed Income - Core Plus	-1.80%	0.08%	3.13%	4.98%	4.71%			
Equity - Broad US*	-4.95%	-3.92%	6.41%	18.07%	17.87%	10.93%	13.82%	
Equity - REITS	-6.10%	3.76%	4.24%	3.29%	6.66%			
Equity - Global ex-US*	-10.69%	-0.57%	11.75%	25.13%	14.55%	7.09%	8.57%	

Benchmark Performance	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	0.30%	0.87%	3.05%	4.12%	4.78%	3.36%	2.73%	2.27%
Fixed Income - Short Term	-0.46%	0.27%	2.54%	3.77%	4.05%			
Fixed Income - Core US	-1.76%	-0.05%	3.10%	4.35%	3.63%	0.31%	1.56%	1.70%
Fixed Income - Core Plus	-1.76%	-0.05%	3.10%	4.35%	3.63%			
Equity - Broad US*	-4.97%	-3.96%	6.39%	18.09%	17.86%	10.87%	13.81%	
Equity - REITS	-6.11%	3.76%	4.25%	3.28%	6.81%			
Equity - Global ex-US*	-10.79%	-0.71%	11.50%	24.91%	14.49%	7.02%	8.50%	

Relative Performance (Net of Fee)	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	-0.04% ▲	0.03% ●	0.11% ●	0.20% ●	0.30% ●	0.23% ●	0.20% ●	0.22% ●
Fixed Income - Short Term	0.00% ▲	0.05% ●	0.21% ●	0.41% ●	0.50% ●			
Fixed Income - Core US	0.02% ●	0.03% ●	0.21% ●	0.43% ●	0.45% ●	0.44% ●	0.41% ●	0.31% ●
Fixed Income - Core Plus	-0.04% ▲	0.13% ●	0.03% ●	0.63% ●	1.08% ●			
Equity - Broad US*	0.02% ●	0.04% ●	0.02% ●	-0.02% ▲	0.01% ●	0.06% ●	0.01% ●	
Equity - REITS	0.00% ●	0.00% ▲	-0.01% ▲	0.01% ●	-0.16% ◆			
Equity - Global ex-US*	0.10% ●	0.14% ●	0.25% ●	0.22% ●	0.06% ●	0.07% ●	0.07% ●	

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

DOR Commissioner's Report: Net Plan Performance for Month Ending 3/31/2026

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)	0.26%	0.90%	3.16%	4.32%	5.08%	3.59%	2.93%	2.49%
2016A - 2012 Transportation Bond Act (AY3Y)	0.26%	0.90%	3.16%	4.32%	5.08%	3.59%	2.92%	2.49%
2016B - 2012 Transportation Bond Act (AY3Q)	0.26%	0.90%	3.16%	4.32%	5.08%	3.59%	2.93%	
Alaska Higher Education Investment (AY3L)	-5.59%	-1.48%	6.69%	14.79%	12.32%	6.60%	8.76%	8.62%
Alaska Mental Health Trust Reserve (AY2L)	-4.73%	-1.21%	6.16%	13.73%	12.06%	6.51%	8.24%	8.12%
ASLC Investment Fund (AY3S)	-3.92%	-0.82%	5.21%	10.43%	8.82%			
Constitutional Budget Reserve Fund (AY19)	0.26%	0.90%	3.16%	4.32%	5.08%	3.59%	3.26%	2.96%
Education Endowment Fund (AY3G)	-5.58%	-1.47%	6.70%	14.79%	12.32%	6.60%		
EVOS Habitat Investment (AY2H)	-0.22%	0.52%	2.89%	4.22%	4.74%	2.55%	5.10%	6.14%
EVOS Research Investment (AY02)	-0.22%	0.52%	2.89%	4.22%	4.74%	2.58%	5.26%	6.25%
GeFONSI I (AY01)	0.15%	0.81%	3.10%	4.31%	5.01%	3.26%	2.72%	2.30%
GeFONSI II (AY3F)	-0.44%	0.48%	3.33%	5.22%	5.63%	3.26%	3.31%	
Illinois Creek Mine Reclamation (AY9J)	-5.58%	-1.47%	6.70%	14.79%	12.32%	6.60%	8.74%	8.60%
International Airports Repair & Replacement Fund (AY05)	0.26%	0.90%	3.16%	4.32%	5.08%	3.59%	2.93%	2.49%
International Airports Revenue Fund (AY04)	0.15%	0.81%	3.10%	4.30%	5.00%	3.24%	2.96%	2.75%
International Airports Series 2002 Reserve Account (AY2E)	0.26%	0.90%	3.16%	4.32%	5.08%	3.59%	2.93%	2.49%
International Airports Series 2003 Reserve (AY2U)	0.26%	0.90%	3.16%	4.32%	5.08%	3.59%	2.93%	2.49%
Investment Loss Trust Fund (AY28)	0.26%	0.90%	3.16%	4.32%	5.08%	3.59%	2.93%	2.49%
Permanent Fund Dividend Holding Account (AY2G)	0.26%	0.90%	3.16%	4.32%	5.05%	3.56%	2.91%	2.55%
Public School Trust Fund (AY08)	-5.57%	-1.47%	6.70%	14.79%	12.31%	6.60%	8.75%	8.30%
RHIF LTC Insurance (AY11)	-3.46%	-0.49%	4.74%	8.84%	9.06%	4.47%	6.46%	6.25%
RHIF Major Medical (AY03)	0.26%	0.90%	3.16%	4.32%	5.08%	3.59%	2.93%	2.49%

**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 3/31/2026

Benchmark Performance	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
2013B Tax Exempt Education (AY3Z)	0.30%	0.87%	3.05%	4.12%	4.78%	3.36%	2.73%	2.27%
2016A - 2012 Transportation Bond Act (AY3Y)	0.30%	0.87%	3.05%	4.12%	4.78%	3.36%	2.73%	2.27%
2016B - 2012 Transportation Bond Act (AY3Q)	0.30%	0.87%	3.05%	4.12%	4.78%	3.36%	2.73%	
Alaska Higher Education Investment (AY3L)	-5.59%	-1.54%	6.57%	14.69%	12.13%	6.42%	8.63%	8.53%
Alaska Mental Health Trust Reserve (AY2L)	-4.75%	-1.28%	5.97%	13.44%	11.78%	6.25%	7.97%	7.94%
ASLC Investment Fund (AY3S)	-3.94%	-0.88%	5.06%	10.11%	8.41%			
Constitutional Budget Reserve Fund (AY19)	0.30%	0.87%	3.05%	4.12%	4.78%	3.36%	3.04%	2.74%
Education Endowment Fund (AY3G)	-5.59%	-1.54%	6.57%	14.69%	12.13%	6.42%		
EVOS Habitat Investment (AY2H)	-0.19%	0.48%	2.72%	3.89%	4.31%	2.11%	4.77%	5.96%
EVOS Research Investment (AY02)	-0.19%	0.48%	2.72%	3.89%	4.31%	2.20%	4.96%	6.09%
GeFONSI I (AY01)	0.18%	0.78%	2.97%	4.07%	4.67%	3.01%	2.50%	2.09%
GeFONSI II (AY3F)	-0.41%	0.45%	3.19%	4.96%	5.26%	3.05%	3.13%	
Illinois Creek Mine Reclamation (AY9J)	-5.59%	-1.54%	6.57%	14.69%	12.13%	6.42%	8.63%	8.53%
International Airports Repair & Replacement Fund (AY05)	0.30%	0.87%	3.05%	4.12%	4.78%	3.36%	2.73%	2.27%
International Airports Revenue Fund (AY04)	0.18%	0.78%	2.97%	4.07%	4.67%	3.01%	2.76%	2.54%
International Airports Series 2002 Reserve Account (AY2E)	0.30%	0.87%	3.05%	4.12%	4.78%	3.36%	2.73%	2.27%
International Airports Series 2003 Reserve (AY2U)	0.30%	0.87%	3.05%	4.12%	4.78%	3.36%	2.73%	2.27%
Investment Loss Trust Fund (AY28)	0.30%	0.87%	3.05%	4.12%	4.78%	3.36%	2.73%	2.27%
Permanent Fund Dividend Holding Account (AY2G)	0.30%	0.87%	3.05%	4.12%	4.78%	3.36%	2.73%	2.27%
Public School Trust Fund (AY08)	-5.59%	-1.54%	6.57%	14.69%	12.13%	6.42%	8.63%	8.22%
RHIF LTC Insurance (AY11)	-3.47%	-0.54%	4.59%	8.54%	8.77%	4.23%	6.25%	6.08%
RHIF Major Medical (AY03)	0.30%	0.87%	3.05%	4.12%	4.78%	3.36%	2.73%	2.27%

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DOR Commissioner's Report: Net Plan Performance for Month Ending 3/31/2026

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%	0.03%	0.11%	0.20%	0.30%	0.23%	0.20%	0.22%
2016A - 2012 Transportation Bond Act (AY3Y)	-0.04%	0.02%	0.11%	0.20%	0.30%	0.23%	0.19%	0.22%
2016B - 2012 Transportation Bond Act (AY3Q)	-0.04%	0.03%	0.11%	0.20%	0.30%	0.23%	0.20%	
Alaska Higher Education Investment (AY3L)	0.01%	0.06%	0.11%	0.10%	0.20%	0.18%	0.13%	0.09%
Alaska Mental Health Trust Reserve (AY2L)	0.02%	0.07%	0.18%	0.29%	0.28%	0.27%	0.28%	0.18%
ASLC Investment Fund (AY3S)	0.02%	0.06%	0.14%	0.32%	0.41%			
Constitutional Budget Reserve Fund (AY19)	-0.04%	0.03%	0.11%	0.20%	0.30%	0.23%	0.22%	0.22%
Education Endowment Fund (AY3G)	0.02%	0.06%	0.13%	0.09%	0.19%	0.18%		
EVOS Habitat Investment (AY2H)	-0.02%	0.03%	0.17%	0.33%	0.43%	0.44%	0.33%	0.18%
EVOS Research Investment (AY02)	-0.02%	0.03%	0.17%	0.33%	0.43%	0.38%	0.30%	0.16%
GeFONSI I (AY01)	-0.03%	0.03%	0.13%	0.24%	0.34%	0.25%	0.21%	0.21%
GeFONSI II (AY3F)	-0.03%	0.03%	0.13%	0.26%	0.36%	0.21%	0.18%	
Illinois Creek Mine Reclamation (AY9J)	0.02%	0.06%	0.13%	0.10%	0.19%	0.18%	0.12%	0.07%
International Airports Repair & Replacement Fund (AY05)	-0.04%	0.02%	0.11%	0.20%	0.30%	0.23%	0.20%	0.22%
International Airports Revenue Fund (AY04)	-0.03%	0.03%	0.12%	0.23%	0.33%	0.24%	0.21%	0.21%
International Airports Series 2002 Reserve Account (AY2E)	-0.04%	0.03%	0.11%	0.20%	0.30%	0.23%	0.20%	0.22%
International Airports Series 2003 Reserve (AY2U)	-0.04%	0.03%	0.11%	0.20%	0.30%	0.23%	0.20%	0.22%
Investment Loss Trust Fund (AY28)	-0.04%	0.03%	0.11%	0.20%	0.30%	0.23%	0.20%	0.22%
Permanent Fund Dividend Holding Account (AY2G)	-0.04%	0.03%	0.11%	0.20%	0.28%	0.20%	0.17%	0.28%
Public School Trust Fund (AY08)	0.02%	0.07%	0.13%	0.10%	0.19%	0.18%	0.13%	0.08%
RHIF LTC Insurance (AY11)	0.01%	0.06%	0.16%	0.30%	0.29%	0.24%	0.21%	0.16%
RHIF Major Medical (AY03)	-0.04%	0.03%	0.11%	0.20%	0.30%	0.23%	0.20%	0.22%

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

DOR Commissioner's Report: External Management Fees as of Month Ending 3/31/2026

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)	0.0195%
Alaska Mental Health Trust Reserve (AY2L)	0.0260%
ASLC Investment Fund (AY3S)	0.0294%
Constitutional Budget Reserve Fund (AY19)	0.0000%
Education Endowment Fund (AY3G)	0.0196%
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)	0.0195%
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)	0.0195%
RHIF LTC Insurance (AY11)	0.0323%
RHIF Major Medical (AY03)	0.0000%

**Plans with a market value under $100,000 or less than one year of performance history are excluded from this report. Information on these plans is available upon request.*

Commissioner's Report: Top GeFONSI Accounts for Month Ending: 3/31/2026

Program	Account Name	End Balance
GeFONSI I	General Fund	$1,103,204,667.83
	Alaska Clean Water Fund	$215,100,757.42
	Alaska Drinking Water Fund	$139,889,341.18
	Mental Health Trust Income Settlement Account	$74,646,618.90
	Public Advocacy Trust	$65,018,828.53
GeFONSI II	Statutory Budget Reserve Fund	$129,254,312.13
	National Petroleum Reserve Fund	$126,267,437.14
	Public Education Fund	$120,481,703.38
	Disaster Relief Fund	$100,550,957.24
	Highway Equipment Working Capital Fund For Operating Appropriations	$78,133,610.82
	Sum of 5 Largest GeFONSI I and II Funds	**$2,152,548,234.57**

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 is considering defining non-routine investments more completely as:

  "Non-routine investment" means an unusual, infrequent, or high-value transaction that falls outside the Department of Revenue's standard, recurring investment strategy or operating procedures. Non-routine investments include illiquid private market investments and any investments outside of diversified, liquid, publicly traded equities, publicly traded fixed income securities, and cash equivalents that have been the primary investments historically utilized by the Department of Revenue for state funds. Examples of non-routine investments include direct private equity, specialized real estate, or unique, one-off project funding.

- DOR has a non-routine investment protocol that was put in place in 2020 and is working on updating regulations specific to the CBRF. The following is a summary of the current non-routine investment protocol:
  - 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 and 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.

- DOR has no non-routine investments.

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:

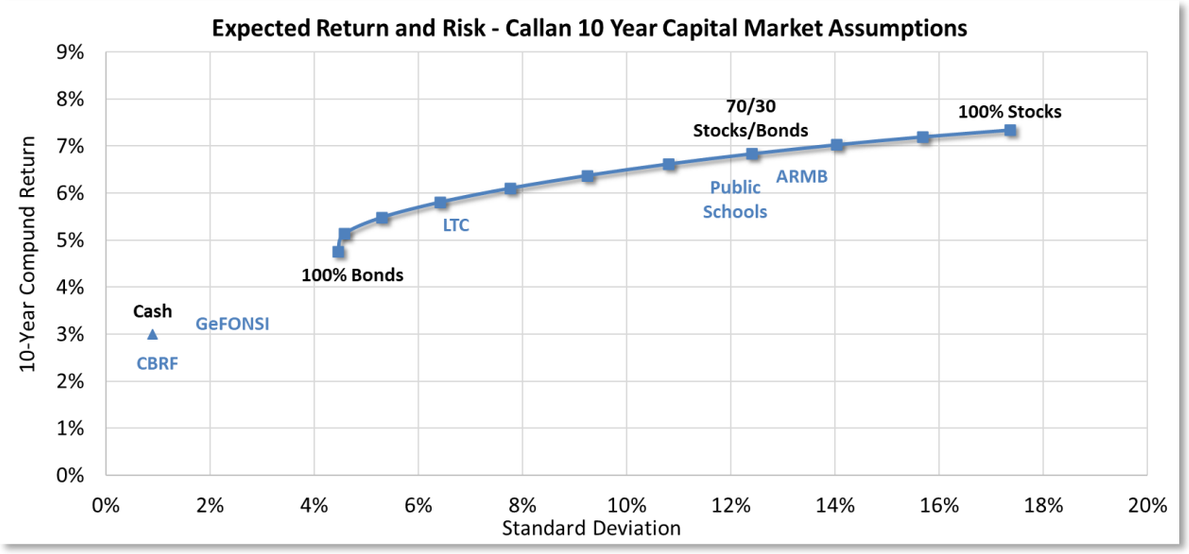
- Document the investment opportunity to include: date, person presenting opportunity, nature and detail of the investment, funds that will invest.
- Determine if the investment opportunity is similar to existing investments and seek guidance from appropriate investment officer and/or others with knowledge 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

Treasury Investment Process

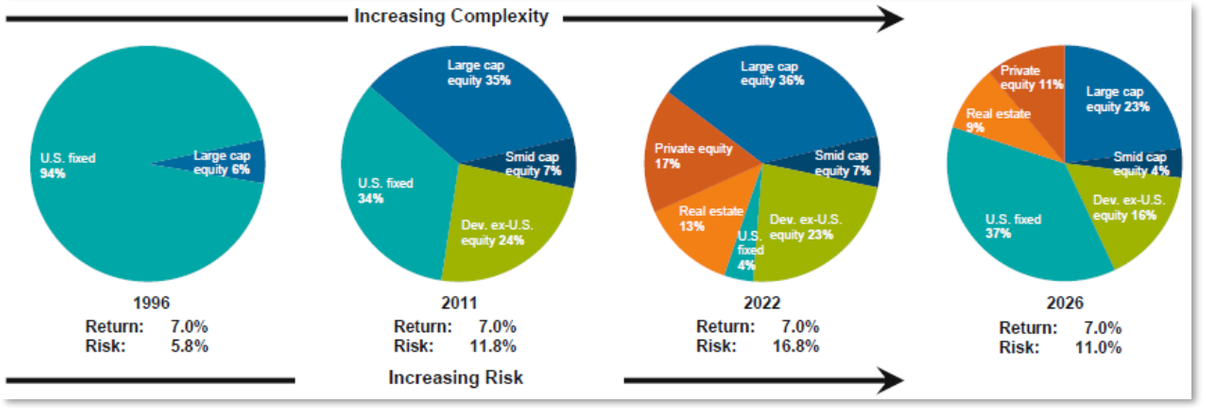
- Treasury manages assets across the risk spectrum from low-risk cash-equivalent investments through higher-risk endowment and retirement funds for several state fiduciaries including the Alaska Retirement Management Board (ARMB) and the Commissioner of Revenue.
- Setting investment policies and asset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

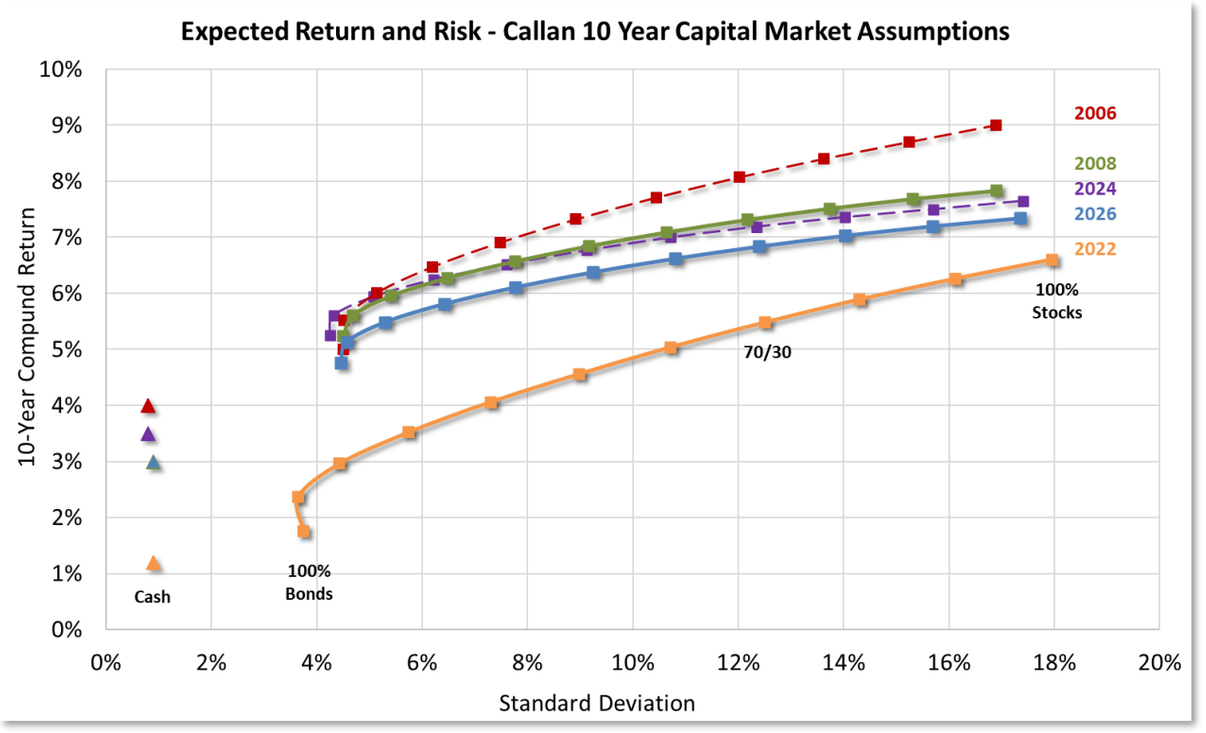
Treasury Investment Funds	3/31/2026	Risk Tolerance
Short-Term Funds	$131,552,802	Lowest
CBRF	$2,993,477,950	↓
GeFONSI	$2,129,279,494	↓
GeFONSI II	$1,267,476,806	↓
International Airport Fund	$269,065,230	↓
Exxon Valdez Oil Spill Funds	*$59,849,805*	↓
Alaska Student Loan Investment Fund	*$147,364,404*	↓
Retiree Long Term Care Fund	$1,016,688,250	↓
Alaska Mental Health Trust Fund	*$78,101,525*	↓
Alaska Higher Education Investment Fund	$297,923,580	↓
Public School Trust Fund	$939,456,958	↓
Other Endowment Funds	$4,150,804	Highest
Total	**$9,334,387,607**	



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 generally fallen over the past 30 years as interest rates, growth, and inflation expectations declined. Forward return expectations have now increased due to inflation, higher starting interest rates and the pullback in equity markets.
- Treasury staff evaluates Callan's capital market assumptions and current market conditions to develop an asset allocation approach for each state fund.
- The goal is to maximize return or minimize risk consistent with investment objectives and risk tolerance using a combination of modern portfolio theory and account specific constraints and characteristics.





2026 Capital Market Assumptions

- In January, Callan released their 10-year capital market assumptions for 2026. Forward return expectations remained mostly unchanged compared to 2025. Return expectations for short duration assets decreased as the Federal Reserve continues to lower rates.
- Staff selects a subset of these asset classes for use in state funds based on risk, return, diversification, liquidity, complexity, and cost.
- DOR is currently using Broad U.S. Equities, International Equities, Government 1-3 Fixed Income, Core U.S. Fixed Income, U.S. REITs, and Cash Equivalents for state funds.
- For some portfolios, staff also invests up to 30% of the fixed income allocation in a tactical bond portfolio that opportunistically invests in high yield, TIPS, and other fixed income asset classes in a risk-managed fashion.
- Only liquid registered investments are used since State funds were not allowed to purchase unregistered investments, including alternative investments, prior to 2021 due to the SEC's definition of accredited investor – a definition that did not apply to the retirement funds and APFC. Even with the SEC change, illiquid investments are still problematic for State funds subject to annual legislative changes.

Callan Asset Classes	2026 10-Year Geometric Return	2025 10-Year Geometric Return	Return Change	Real Return	Standard Deviation	Correlation to Domestic Equity
Broad U.S. Equity	**7.35%**	**7.35%**	**0.00%**	**4.85%**	**17.4%**	**1.00**
Large Cap U.S. Equity	7.25%	7.25%	0.00%	4.75%	17.0%	1.00
Small/Mid Cap U.S. Equity	7.45%	7.45%	0.00%	4.95%	22.0%	0.90
International Equity	**7.45%**	**7.45%**	**0.00%**	**4.95%**	**21.3%**	**0.77**
Developed ex-U.S. Equity	7.25%	7.25%	0.00%	4.75%	20.2%	0.74
Emerging Market Equity	7.45%	7.45%	0.00%	4.95%	25.7%	0.78
Cash Equivalents	**3.00%**	**3.00%**	**0.00%**	**0.50%**	**0.9%**	**-0.03**
Government 1-3 year Bonds	**3.90%**	**4.00%**	**-0.10%**	**1.50%**	**2.4%**	**0.06**
Core U.S. Fixed Income	**4.75%**	**4.75%**	**0.00%**	**2.25%**	**4.5%**	**0.13**
TIPS	4.50%	4.55%	-0.05%	2.05%	5.4%	0.02
Emerging Market Sovereign Debt	5.00%	5.35%	-0.35%	2.85%	10.7%	0.63
High Yield	5.90%	6.00%	-0.10%	3.50%	11.8%	0.75
Core Real Estate	6.25%	6.25%	0.00%	3.75%	14.0%	0.37
REITs	**6.95%**	**6.95%**	**0.00%**	**4.45%**	**20.9%**	**0.77**
Private Equity	8.50%	8.50%	0.00%	6.00%	27.6%	0.80
Private Credit	7.25%	7.25%	0.00%	4.75%	15.7%	0.66
Hedge Funds	5.70%	5.70%	0.00%	3.20%	8.2%	0.63
Inflation	2.50%	2.50%	0.00%		1.6%	

FY27 Asset Allocation Discussion

With 3/31/26 AUM, existing FY26 asset allocations and FY27 CMAs

Long-Term 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	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% Note: *Fixed Income - Core US may include up to 20% in tactical fixed income
Expected Return - Long-Term Expected Real Return - Long-Term	6.98% 4.48%
Risk - Standard Deviation	12.38%
10% Probable Downside Return - 1 Year 5% Probable Downside Return - 1 Year Probability of Loss - 1 Year	-14.7% -18.5% 28.5%
Implementation	Reassess the investment policy and asset allocation annually.

The investment policy is effective July 1, 2025

Approved — Date: 06/27/25

State of Alaska Asset Allocation	FY26	FY27*
Equity - Broad US	39%	39%
Equity - Global ex-US	25%	25%
Equity - REITS	5%	5%
Fixed Income - Short Term		
Fixed Income - Core US	30%	30%
Fixed Income - Cash Equivalents	1%	1%
Total	100%	100%
Optimization Results:		
Expected Return - Long-Term	**6.98%**	**6.97%**
Expected Return - Real/After Inflation	**4.48%**	**4.47%**
Risk - Standard Deviation	12.38%	12.46%
Sharpe Ratio	0.32	0.32
Risk Statistics:		
10% Probable Downside Return - 1 Year	**-14.7%**	**-14.9%**
5% Probable Downside Return - 1 Year	**-18.5%**	**-18.7%**
5% Probable Downside Return - 3 Year	-7.7%	-7.9%
5% Probable Downside Return - 5 Year	-4.4%	-4.5%
Probability of Loss - 1 Year	28.5%	28.8%
Probability of Loss - 10 Year	3.6%	3.8%
Asset Time Horizon Estimate	5.9	5.9
Dollars: ($Millions)		
Assets	1,255.5	1,241.5
Expected Annual Earnings	87.6	86.6
1-Year 10% Probable Return (10% cVaR)	(184.5)	(185.0)
1-Year 5% Probable Return (5% cVaR)	(232.4)	(232.6)
3-Year 5% Probable Return (5% cVaR)	(96.9)	(97.7)
5-Year 5% Probable Return (5% cVaR)	(55.2)	(56.2)

High Risk History	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Expected LT Return	6.98%	7.21%	6.83%	5.60%	5.62%	6.37%	6.58%	6.20%	6.21%	6.55%
Expected Volatility	12.38%	12.48%	12.65%	12.41%	12.50%	12.60%	12.50%	12.70%	12.70%	12.95%
10% cVaR	-14.70%	-14.64%	-15.37%	-16.20%	-16.40%	-15.74%	-15.36%	-16.09%	-16.08%	-16.18%

Highest Risk/Endowment Profile Funds - Continued

AY3L: Alaska Higher Education Investment Policy

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

Investment Topic	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% **may include up to 7% in tactical fixed income* 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 — Date: 6/21/2024

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	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% Note: *Fixed Income - Core US may include up to 20% in tactical fixed income
Expected Return - Long-Term Expected Real Return - Long-Term	6.98% 4.48%
Risk - Standard Deviation	12.38%
10% Probable Downside Return - 1 Year 5% Probable Downside Return - 1 Year Probability of Loss - 1 Year	-14.7% -18.5% 28.5%
Implementation	Reassess the investment policy and asset allocation annually.

The investment policy is effective July 1, 2025

Approved — Date: 06/27/25

Highest Risk/Endowment Profile Funds - Continued

AY3G: Education Endowment Investment Policy

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

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

Investment Topic	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	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%	
	Note: *Fixed Income - Core US may include up to 20% in tactical fixed income		
Expected Return - Long-Term Expected Real Return - Long-Term	6.98% 4.48%		
Risk - Standard Deviation	12.38%		
10% Probable Downside Return - 1 Year 5% Probable Downside Return - 1 Year Probability of Loss - 1 Year	-14.7% -18.5% 28.5%		
Implementation	Reassess the investment policy and asset allocation annually.		

The investment policy is effective July 1, 2025

Approved — Date: 06/27/25

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 Expected Real Return - Long-Term	5.89% 3.39%
Risk - Standard Deviation	6.31%
10% Probable Downside Return - 1 Year 5% Probable Downside Return - 1 Year Probability of Loss - 1 Year	-5.2% -7.1% 17.5%
Implementation	Reassess the investment policy and asset allocation annually.

The investment policy is effective July 1, 2025

Approved — Date: 06/27/25

State of Alaska Asset Allocation

Asset Classes	FY26	FY27
Equity - Broad US	15%	15%
Equity - Global ex-US	11%	11%
Equity - REITS	4%	4%
Fixed Income - Short Term		
Fixed Income - Core US	69%	69%
Fixed Income - Cash Equivalents	1%	1%
Total	100%	100%
Optimization Results:		
Expected Return - Long-Term	**5.89%**	**5.88%**
Expected Return - Real/After Inflation	**3.39%**	**3.38%**
Risk - Standard Deviation	6.31%	6.47%
Sharpe Ratio	0.46	0.45
Risk Statistics:		
10% Probable Downside Return - 1 Year	**-5.2%**	**-5.5%**
5% Probable Downside Return - 1 Year	**-7.1%**	**-7.5%**
5% Probable Downside Return - 3 Year	-1.6%	-1.8%
5% Probable Downside Return - 5 Year	0.1%	-0.1%
Probability of Loss - 1 Year	17.5%	18.2%
Probability of Loss - 10 Year	0.2%	0.2%
Asset Time Horizon Estimate	5.9	5.9
Dollars: ($Millions)		
Assets	917.1	1,016.7
Expected Annual Earnings	54.0	59.8
1-Year 10% Probable Return (10% cVaR)	(47.4)	(55.7)
1-Year 5% Probable Return (5% cVaR)	(65.2)	(75.9)
3-Year 5% Probable Return (5% cVaR)	(14.7)	(18.6)
5-Year 5% Probable Return (5% cVaR)	0.8	(0.9)

LTC	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Expected LT Return	5.89%	6.22%	6.14%	5.27%	5.10%	5.25%	5.25%	5.25%	5.25%	5.25%
Expected Volatility	6.31%	6.29%	8.87%	11.14%	10.50%	8.08%	6.02%	8.17%	8.15%	7.52%
10% cVaR	-5.20%	-4.80%	-9.40%	-14.30%	-13.50%	-8.93%	-5.32%	-9.09%	-9.05%	-7.95%

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

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	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 Expected Real Return - Short-Term	3.94% 1.44%
Risk - Standard Deviation	0.90%
10% Probable Downside Return - 1 Year 5% Probable Downside Return - 1 Year Probability of Loss - 1 Year	2.4% 2.1% 0.0%
Implementation	Reassess the investment policy and asset allocation annually.

The investment policy is effective July 1, 2025

Approved — Date: 06/27/25

State of Alaska Asset Allocation

Asset Classes	FY26	FY27*
Equity - Broad US		
Equity - Global ex-US		
Equity - REITS		
Fixed Income - Short Term		
Fixed Income - Core US		
Fixed Income - Cash Equivalents	100%	100%
Total	100%	100%
Optimization Results:		
Expected Return - Short-Term	**3.94%**	**3.72%**
Expected Return - Real/After Inflation	**1.44%**	**1.22%**
Risk - Standard Deviation	0.90%	0.90%
Sharpe Ratio	(0.00)	(0.00)
Risk Statistics:		
10% Probable Downside Return - 1 Year	**2.4%**	**2.1%**
5% Probable Downside Return - 1 Year	**2.1%**	**1.9%**
5% Probable Downside Return - 3 Year	2.8%	2.6%
5% Probable Downside Return - 5 Year	3.1%	2.9%
Probability of Loss - 1 Year	0.0%	0.0%
Asset Time Horizon Estimate	0.3	0.3
Return Statistics:		
Long-Term Expected Return	3.00%	3.00%
Dollars: ($Millions)		
Assets	136.6	131.6
Expected Annual Earnings	5.3	4.9
1-Year 10% Probable Return (10% cVaR)	3.2	2.8
1-Year 5% Probable Return (5% cVaR)	2.8	2.4
3-Year 5% Probable Return (5% cVaR)	3.9	3.5
5-Year 5% Probable Return (5% cVaR)	4.2	3.8

Cash History	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Expected ST Return	3.94%	5.09%	5.01%	2.39%	0.05%	0.17%	1.93%	2.25%	2.25%	2.25%
Expected Volatility	0.90%	0.90%	0.90%	0.90%	0.05%	0.90%	0.90%	0.90%	0.90%	0.90%
10% cVaR	2.36%	3.51%	3.40%	0.80%	0.00%	-1.41%	0.35%	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 $1.1 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 FY2027, much of which flows into and then back out of the General Fund, which speaks to a high need for liquidity in GeFONSI I.

FY2027 Governors Proposed					
Revenues	**UGF**	**DGF**	**Other**	**Federal**	**FY2027 Total**
Unrestricted Revenue	2,218.6	-	-	-	**2,218.6**
POMV ERA Draw For Government	3,996.9	-	-	-	**3,996.9**
Restricted Revenue	-	1,095.4	2,248.1	5,542.8	**8,886.2**
Carryforward and Adjustments	-	-	-	-	-
Total Revenues	**6,215.5**	**1,095.4**	**2,248.1**	**5,542.8**	**15,101.7**

- 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 up to $1 billion of these accounts have stable balances. 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.
- Expected GeFONSI earnings are incorporated in the budgetary process, which reduces risk tolerance to some degree.

GeFONSI I and II – Top 30 Participants of Each as of 3/31/26

GF	Fund Name	Ending Balance	Cum. %/Total	GF	Fund Name	Ending Balance	Cum. %/Total
GFI	General Fund	$ 1,103,204,668	52%	GFII	Statutory Budget Reserve Fund	$ 129,254,312	10%
GFI	Alaska Clean Water Fund	$ 215,100,757	62%	GFII	National Petroleum Reserve Fund	$ 126,267,437	20%
GFI	Alaska Drinking Water Fund	$ 139,889,341	68%	GFII	Public Education Fund	$ 120,481,703	30%
GFI	Mental Health Trust Income Settlement Account	$ 74,646,619	72%	GFII	Disaster Relief Fund	$ 100,550,957	38%
GFI	Public Advocacy Trust	$ 65,018,829	75%	GFII	Highway Equipment Working Capital Fund For Operating Appropriations	$ 78,133,611	44%
GFI	Fish & Game Fund	$ 54,482,444	77%	GFII	Regional Ed Attendance Area School Fund	$ 61,644,072	49%
GFI	Oil & Hazardous Substance Release Prevention Account	$ 44,837,854	79%	GFII	School Construction Fund	$ 60,456,900	53%
GFI	Oil & Hazardous Substance Release Response Account	$ 43,952,090	81%	GFII	Unclaimed Property	$ 59,408,555	58%
GFI	Exxon Valdez Settlement	$ 39,984,675	83%	GFII	Community Revenue Sharing Fund	$ 55,695,166	62%
GFI	Vaccine Assessment Fund	$ 36,706,543	85%	GFII	State Insurance Catastrophe Reserve	$ 50,045,267	66%
GFI	AHFC Investment Fund	$ 35,242,273	87%	GFII	Commercial Fishing Revolving Loan Fund	$ 49,813,963	70%
GFI	AIA Passenger Facility Charge Revenue Fund Application #2	$ 28,686,518	88%	GFII	Alaska Comprehensive Health Insurance Fund	$ 48,745,614	74%
GFI	Commercial Passenger Vessel Environmental Compliance Fund	$ 23,948,957	89%	GFII	Fisheries Enhancement Revolving Loan Fund	$ 44,767,500	78%
GFI	PFD Trust	$ 16,967,366	90%	GFII	Alaska Marine Highway System Vessel Replacement Fund	$ 42,939,308	81%
GFI	Group Health And Life Insurance Fund	$ 16,677,845	91%	GFII	General Fund Investment Fund	$ 41,341,192	84%
GFI	Renewable Energy Grant Fund	$ 16,594,271	91%	GFII	Alaska Public Building Fund	$ 32,088,643	87%
GFI	Bulk Fuel Loans Fund	$ 13,995,737	92%	GFII	Alaska Marine Highway System Fund	$ 29,780,915	89%
GFI	FIA Passenger Facility Charge Revenue Fund	$ 10,599,952	92%	GFII	Commercial Vessel Passenger Tax Account	$ 24,771,509	91%
GFI	DVA Retiree Health	$ 9,240,897	93%	GFII	Alaska Capital Income Fund	$ 20,594,775	93%
GFI	School Trust Land Sales-GF Portion	$ 8,855,670	93%	GFII	Alaska Fishermen's Fund	$ 12,264,848	94%
GFI	Bulk Fuel Bridge Loan Fund	$ 8,827,798	94%	GFII	Deposits, Suspense & Miscellaneous	$ 7,999,130	94%
GFI	Memorial Education Revolving Loan Fund	$ 8,741,572	94%	GFII	Information Services Fund	$ 7,938,731	95%
GFI	Alaska Clean Water Administrative Operating Account	$ 8,086,527	95%	GFII	Large Passenger Vessel Gambling Tax Account	$ 7,160,169	95%
GFI	Rural Development Initiative Fund	$ 7,231,011	95%	GFII	Agricultural Revolving Loan Fund	$ 5,595,368	96%
GFI	Alaska Drinking Water Administrative Operating Account	$ 7,087,574	95%	GFII	Second Injury Fund	$ 5,362,575	96%
GFI	MHT Settlement Deferred Maintenance	$ 7,049,805	96%	GFII	Alaska Seafood Marketing Institute	$ 5,269,559	97%
GFI	Fire Suppression Fund	$ 6,486,152	96%	GFII	Major Maintenance Grant Fund	$ 5,048,508	97%
GFI	Mariculture RLF	$ 6,061,933	96%	GFII	Alcohol & Other Drug Abuse Treatment & Prevention	$ 4,784,806	97%
GFI	Oil & Gas Tax Credit Fund	$ 6,001,727	96%	GFII	Employee Assistance & Training Program Account	$ 4,199,053	98%
GFI	ATIB Repayment Account	$ 5,387,469	97%	GFII	Alaska Tech & Vocational Education Programs	$ 4,068,091	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	2026
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%	3.97%
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%	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%	2.34%

GeFONSI I Asset Allocation	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Equity	0%	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%	0%
Fixed Income - Short-Term	47%	45%	28%	32%	32%	36%	36%	17%	0%	0%	15%	15%	15%	15%
Fixed Income - Cash Equivalents	53%	55%	72%	68%	68%	64%	64%	83%	77%	85%	85%	85%	85%	85%

GeFONSI II Risk/Return History	2018	2019	2020	2021	2022	2023	2024	2025	2026
Expected ST Return	3.38%	3.38%	2.37%	0.94%	0.91%	3.01%	5.24%	5.31%	4.29%
Expected Volatility	2.58%	2.63%	1.61%	1.47%	1.37%	1.39%	1.51%	1.52%	1.51%
10% cVaR	-1.15%	-1.24%	-0.46%	-1.64%	-1.50%	0.90%	3.40%	2.65%	1.64%

GeFONSI II Asset Allocation	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Equity	11%	13%	7%	7%	6%	6%	6%	6%	6%
Fixed Income - HY	6%	0%	0%	0%	0%	0%	0%	0%	0%
Fixed Income - Core U.S.	5%	9%	9%	18%	26%	0%	0%	0%	0%
Fixed Income - Short-Term	72%	70%	31%	0%	0%	33%	33%	33%	33%
Fixed Income - Cash Equivalents	6%	8%	53%	75%	68%	61%	61%	61%	61%

GeFONSI

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	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 Expected Real Return - Short-Term	3.97% 1.47%
Risk - Standard Deviation	0.93%
10% Probable Downside Return - 1 Year 5% Probable Downside Return - 1 Year Probability of Loss - 1 Year	2.3% 2.1% 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	FY26	FY27	Current	1/3 ST
Equity - Broad US				
Equity - Global ex-US				
Equity - REITS				
Fixed Income - Short Term	15%	25%	15%	33%
Fixed Income - Core US				
Fixed Income - Cash Equivalents	85%	75%	85%	67%
Total	100%	100%	100%	100%
Optimization Results:				
Expected Return - Short-Term	**3.97%**	**3.76%**	**3.74%**	**3.77%**
Expected Return - Real/After Inflation	**1.47%**	**1.26%**	**1.24%**	**1.27%**
Risk - Standard Deviation	0.93%	1.02%	0.93%	1.12%
Sharpe Ratio	0.05	0.04	0.02	0.04
Risk Statistics:				
10% Probable Downside Return - 1 Year	**2.3%**	**2.0%**	**2.1%**	**1.8%**
5% Probable Downside Return - 1 Year	**2.1%**	**1.7%**	**1.8%**	**1.5%**
5% Probable Downside Return - 3 Year	2.8%	2.5%	2.6%	2.4%
5% Probable Downside Return - 5 Year	3.1%	2.8%	2.9%	2.7%
Probability of Loss - 1 Year	0.0%	0.0%	0.0%	0.0%
Asset Time Horizon Estimate	0.5	0.7	0.5	0.8
Return Statistics:				
Long-Term Expected Return	3.15%	3.23%	3.14%	3.31%
Dollars: ($Millions)				
Assets	1,868.2	2,129.3	2,129.3	2,129.3
Expected Annual Earnings	73.8	80.0	79.7	80.3
1-Year 10% Probable Return (10% cVaR)	43.4	42.1	45.0	38.6
1-Year 5% Probable Return (5% cVaR)	38.0	35.4	38.9	31.3
3-Year 5% Probable Return (5% cVaR)	53.1	54.3	56.1	52.0
5-Year 5% Probable Return (5% cVaR)	57.8	60.1	61.4	58.4

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 Expected Real Return - Short-Term	3.97% 1.47%
Risk - Standard Deviation	0.93%
10% Probable Downside Return - 1 Year 5% Probable Downside Return - 1 Year Probability of Loss - 1 Year	2.3% 2.1% 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	FY26	FY27	Current	1/3 ST
Equity - Broad US				
Equity - Global ex-US				
Equity - REITS				
Fixed Income - Short Term	15%	25%	15%	33%
Fixed Income - Core US				
Fixed Income - Cash Equivalents	85%	75%	85%	67%
Total	100%	100%	100%	100%
Optimization Results:				
Expected Return - Short-Term	**3.97%**	**3.76%**	**3.74%**	**3.77%**
Expected Return - Real/After Inflation	**1.47%**	**1.26%**	**1.24%**	**1.27%**
Risk - Standard Deviation	0.93%	1.02%	0.93%	1.12%
Sharpe Ratio	0.05	0.04	0.02	0.04
Risk Statistics:				
10% Probable Downside Return - 1 Year	**2.3%**	**2.0%**	**2.1%**	**1.8%**
5% Probable Downside Return - 1 Year	**2.1%**	**1.7%**	**1.8%**	**1.5%**
5% Probable Downside Return - 3 Year	2.8%	2.5%	2.6%	2.4%
5% Probable Downside Return - 5 Year	3.1%	2.8%	2.9%	2.7%
Probability of Loss - 1 Year	0.0%	0.0%	0.0%	0.0%
Asset Time Horizon Estimate	0.5	0.7	0.5	0.8
Return Statistics:				
Long-Term Expected Return	3.15%	3.23%	3.14%	3.31%
Dollars: ($Millions)				
Assets	252.4	269.1	269.1	269.1
Expected Annual Earnings	10.0	10.1	10.1	10.1
1-Year 10% Probable Return (10% cVaR)	5.9	5.3	5.7	4.9
1-Year 5% Probable Return (5% cVaR)	5.1	4.5	4.9	4.0
3-Year 5% Probable Return (5% cVaR)	7.2	6.9	7.1	6.6
5-Year 5% Probable Return (5% cVaR)	7.8	7.6	7.8	7.4

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 Expected Real Return - Short-Term	4.29% 1.79%
Risk - Standard Deviation	1.51%
10% Probable Downside Return - 1 Year 5% Probable Downside Return - 1 Year Probability of Loss - 1 Year	1.6% 1.2% 0.2%
Implementation	Reassess the investment policy and asset allocation annually.

The investment policy is effective July 1, 2025

Approved

06/27/25
Date

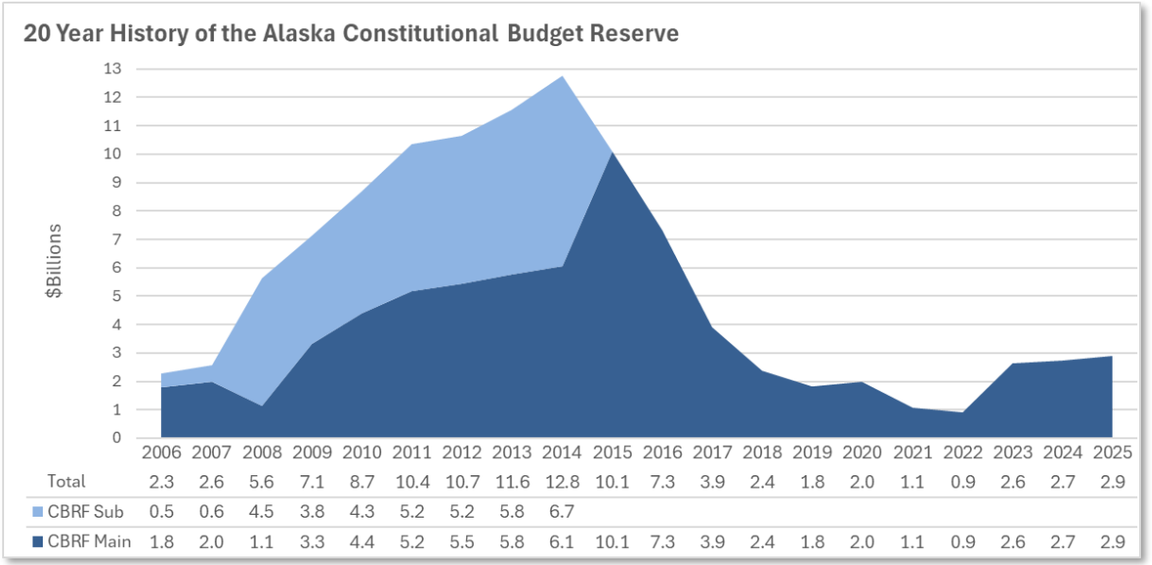
State of Alaska Asset Allocation

Asset Classes	FY26	FY27 GFII	GFI	Current	GF I+II
Equity - Broad US	4%	4%		4%	1.5%
Equity - Global ex-US	2%	2%		2%	0.7%
Equity - REITS					0.0%
Fixed Income - Short Term	33%	44%	25%	33%	32.1%
Fixed Income - Core US					0.0%
Fixed Income - Cash Equivalents	61%	50%	75%	61%	65.7%
Total	100%	100%	100%	100%	100%
Optimization Results:					
Expected Return - Short-Term	**4.29%**	**4.10%**	**3.76%**	**4.08%**	**3.89%**
Expected Return - Real/After Inflation	**1.79%**	**1.60%**	**1.26%**	**1.58%**	**1.39%**
Risk - Standard Deviation	1.51%	1.66%	1.02%	1.52%	1.16%
Sharpe Ratio	0.27	0.23	0.04	0.24	0.14
Risk Statistics:					
10% Probable Downside Return - 1 Year	**1.6%**	**1.2%**	**2.0%**	**1.4%**	**1.8%**
5% Probable Downside Return - 1 Year	**1.2%**	**0.7%**	**1.7%**	**0.9%**	**1.5%**
5% Probable Downside Return - 3 Year	2.5%	2.1%	2.5%	2.3%	2.5%
5% Probable Downside Return - 5 Year	2.9%	2.6%	2.8%	2.7%	2.8%
Probability of Loss - 1 Year	0.2%	0.7%	0.0%	0.4%	0.0%
Asset Time Horizon Estimate	1.2	1.4	0.7	1.2	0.9
Long-Term Expected Return	3.69%	3.76%	3.23%	3.66%	3.43%
Dollars: ($Millions)					
Assets	1,319.5	1,267.5	2,129.3	1,267.5	3,396.8
Expected Annual Earnings	56.8	51.9	80.0	51.7	132.0
1-Year 10% Probable Return (10% cVaR)	21.9	14.9	42.1	17.9	62.7
1-Year 5% Probable Return (5% cVaR)	15.8	8.4	35.4	11.9	50.5
3-Year 5% Probable Return (5% cVaR)	33.1	26.8	54.3	28.7	85.0
5-Year 5% Probable Return (5% cVaR)	38.5	32.5	60.1	33.9	95.5

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 cash flows 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 has grown since then.
- 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 subaccount was closed in 2015 as oil revenue decreased materially.
  - Historically the legislature had been involved in all transfers into the subaccount, but the subaccount was funded by the DOR Commissioner for a $50 million private market investment in September of 2025. After further examination, the investment was sold and the subaccount was closed in February of 2026.
- CBRF investment is subject to a high level of legislative scrutiny.



FY2027 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 six-year portion of this forecast is included here with the Governor's proposed budget for FY2027:
  1) Oil revenue is 23% of total revenue and can materially vary intra-year based on prevailing oil prices and volumes.
  2) The POMV draw from the APFC is 64% of revenue and can vary over time since it is exposed to earnings reserve limitations and smoothed market risk.
  3) The forecast assumes roughly $1 billion per year in additional new revenue starting in FY2028.
  4) The deposit to fund the annual permanent fund dividend to residents gets high legislative focus – relatively high dividends are assumed in the forecast, but often not adopted.
  5) The overall size of government is also an active legislative debate.
  6) The ending CBRF balance is the result of these decisions. As shown, the CBRF is projected to decrease by 50% in the next 5 fiscal years before new revenue measures balance the budget.
- Higher oil prices have alleviated some pressure for the FY2027 budget. There are also likely to be meaningful differences from the Governor's proposed budget. The operating budget may be higher, the capital budget higher, the dividend lower, and there is discussion about using some of the CBRF to balance the budget by FY2027.

Portions of the FY27 OMB 10-year forecast:

	Sources of Funds	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
30	**Traditional UGF Revenue**	**2,148.3**	**2,218.6**	**2,267.0**	**2,264.7**	**2,296.1**	**2,382.5**
31	Petroleum Revenue	1,425.1	1) 1,443.7	1,473.7	1,479.0	1,493.9	1,566.1
32	Non-Petroleum Revenue	623.8	694.0	712.4	704.9	721.3	735.5
33	Non-POMV Investment Revenue	99.4	80.9	80.9	80.9	80.9	80.9
34	**Percentage of Market Value (POMV) from ERA**	**3,798.8**	2) **3,996.9**	**4,069.8**	**4,223.8**	**4,387.5**	**4,553.7**
35	**Revenue Adjustments**	**34.8**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
36	Carryforward	34.8	0.0	0.0	0.0	0.0	0.0
37	**Total Revenue**	**5,982.0**	**6,215.5**	**6,336.8**	**6,488.5**	**6,683.6**	**6,936.2**
38	New Revenue Measures	0.0	92.6	3) 896.9	942.0	972.6	938.9
39	**Available Revenue**	**5,982.0**	**6,308.0**	**7,233.7**	**7,430.5**	**7,656.3**	**7,875.2**

	Uses of Funds	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
1	**Permanent Fund Dividend (PFD)**	**685.3**	4) **2,365.9**	**2,034.9**	**2,111.9**	**2,193.8**	**2,276.8**
2	Per capita PFD (dollars)	1,000	3,650	3,125	3,241	3,364	3,490
27	**Total Operating Budget**	**5,874.9**	**7,564.5**	**7,275.9**	**7,386.8**	**7,509.3**	**7,632.4**
28	**Total Capital Budget**	**159.1**	**156.6**	**158.2**	**159.7**	**161.3**	**163.0**
29	**Total General Fund Appropriations**	**6,328.7**	5) **7,721.1**	**7,434.0**	**7,546.5**	**7,670.7**	**7,795.4**

	Constitutional Budget Reserve	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
41	CBR Beginning Balance	2,959.6	2,772.4	1,434.9	1,283.2	1,212.9	1,242.7
42	Earnings & Deposits	159.6	75.4	48.7	45.7	44.3	44.9
43	Surplus/(Draws)	(346.8)	(1,413.0)	(200.3)	(116.0)	(14.4)	79.8
44	CBR Ending Balance	2,772.4	6) 1,434.9	1,283.2	1,212.9	1,242.7	6) 1,367.4

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	2026
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%	3.94%
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%	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%	2.40%
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	3.0

CBRF Main Fund Asset Allocation	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Equity	0%	0%	0%	7%	7%	5%	7%	4%	0%	0%	0%	0%	0%	0%
Fixed Income - HY	0%	0%	0%	0%	0%	4%	0%	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%	0%
Fixed Income - Short-Term	61%	61%	33%	0%	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%	100%

CBRF Subaccount Risk/Return History	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expected LT Return	7.31%	7.49%	7.68%	7.61%	7.87%	6.96%	6.85%	6.31%	5.98%	6.31%
Expected Volatility	10.51%	10.77%	11.05%	10.94%	10.78%	10.78%	10.78%	10.78%	10.78%	11.34%
10% cVaR	-11.14%	-11.42%	-11.71%	-11.59%	-11.05%	-11.96%	-12.07%	-12.61%	-12.94%	-13.59%
Assets (billions)	0.5	0.5	0.6	4.5	3.8	4.3	5.2	5.2	5.8	6.7

CBRF Subaccount Asset Allocation	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Private - Infastructure	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Equity	59%	61%	64%	64%	65%	62%	59%	58%	58%	61%
Fixed Income - HY	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Fixed Income - Core U.S.	41%	39%	36%	36%	35%	38%	41%	42%	42%	39%
Fixed Income - Short-Term	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Fixed Income - Cash Equivalents	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Notes:

- *Asset values as of fiscal year-end, except for 2026, which uses March 31, 2026.*
- *The CBRF Subaccount was funded by the Commissioner from September 2025 to February 2026 for a private market investment but does not appear in the table since the subaccount was opened and closed within a single fiscal year, with no balance at any fiscal year-end or on March 31.*

CBRF

AY19: CBRF Investment Policy

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

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

Investment Topic	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 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 — Date: 06/27/25

State of Alaska Asset Allocation

Asset Classes	FY26	FY27*	GF II
Equity - Broad US			4%
Equity - Global ex-US			2%
Equity - REITS			
Fixed Income - Short Term			44%
Fixed Income - Core US			
Fixed Income - Cash Equivalents	100%	100%	50%
Total	100%	100%	100%
Optimization Results:			
Expected Return - Short-Term	**3.94%**	**3.72%**	**4.10%**
Expected Return - Real/After Inflation	**1.44%**	**1.22%**	**1.60%**
Risk - Standard Deviation	0.90%	0.90%	1.66%
Sharpe Ratio	(0.00)	(0.00)	0.23
Risk Statistics:			
10% Probable Downside Return - 1 Year	**2.4%**	**2.1%**	**1.2%**
5% Probable Downside Return - 1 Year	**2.1%**	**1.9%**	**0.7%**
5% Probable Downside Return - 3 Year	2.8%	2.6%	2.1%
5% Probable Downside Return - 5 Year	3.1%	2.9%	2.6%
Probability of Loss - 1 Year	0.0%	0.0%	0.7%
Asset Time Horizon Estimate	0.3	0.3	1.4
Return Statistics:			
Long-Term Expected Return	3.00%	3.00%	3.76%
Dollars: ($Millions)			
Assets	2,843.8	2,993.5	1,267.5
Expected Annual Earnings	110.9	111.2	51.9
1-Year 10% Probable Return (10% cVaR)	66.0	64.0	14.9
1-Year 5% Probable Return (5% cVaR)	58.1	55.7	8.4
3-Year 5% Probable Return (5% cVaR)	80.4	79.2	26.8
5-Year 5% Probable Return (5% cVaR)	87.3	86.4	32.5

Questions?

Appendix

State Investment 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

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) – Budget, 10-Year Forecast, Fiscal Summary
https://omb.alaska.gov/

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 2026 Meeting Schedule

February 19, 2026 @ 9:00 AM (Videoconference)

1. December 31, 2025, Performance
2. FY2027 Asset Allocation Process and Proforma Asset Allocations

May 13, 2026 @ 10:00 AM (Videoconference)

1. March 31, 2026, Performance
2. FY2027 Asset Allocation Process and Proforma Asset Allocations

August 13, 2026 @ 10:00 AM (Videoconference)

1. June 30, 2026, Performance
2. FY2027 Asset Allocation Discussion

November 5, 2026 @ 10:00 AM (Videoconference)

1. September 30, 2026, Performance
2. Middle Office Update