

State of Alaska
Department of Revenue
STATE INVESTMENT REVIEW MEETING
February 19, 2026 – 9:00 a.m.

Click here to join the meeting Meeting ID: 268 254 685 659 11 Passcode: pW3ko6kA	Call In (Audio Only): Phone: 1-907-202-7104 Code: 962 733 699#
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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. December 2025 Performance – Commissioner’s Report**
 - C. Non-Routine Investment Update**
 - 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**
- **December 2025 Performance – Commissioner’s Report**
- **Non-Routine Investment Update**
- **FY2027 Asset Allocation Process and Proforma Asset Allocations**
- **Appendix: Treasury Information Resources**



February 19, 2026

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

Economic and Market Update

Inflation and Economic Growth

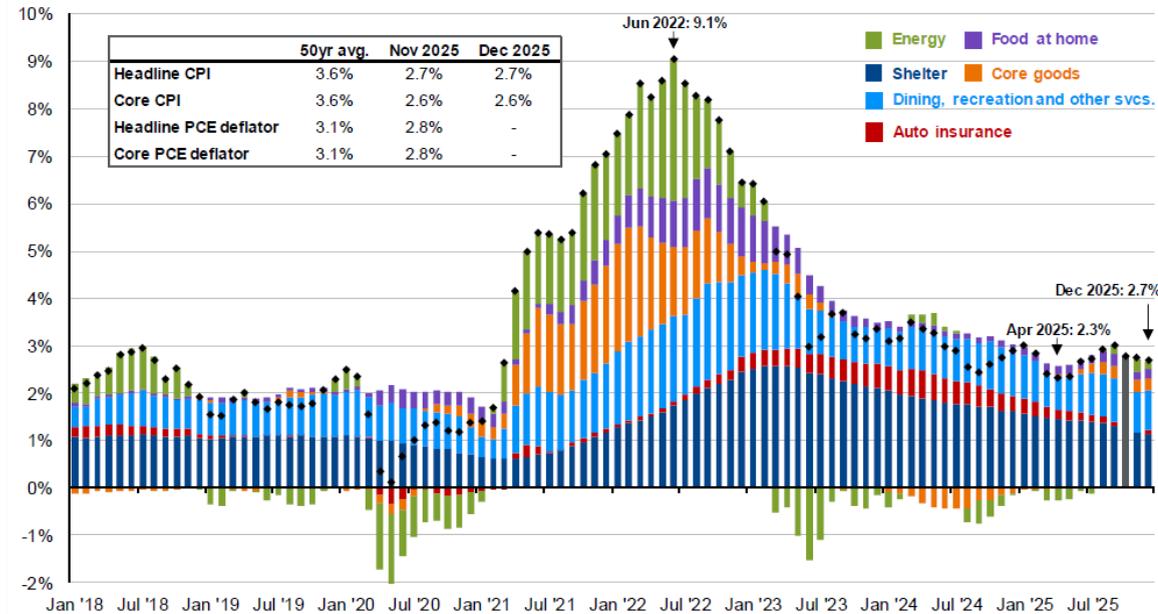
- Inflation has dominated markets since 2022, peaking at 9.1% in June of 2022 and declining to 2.4% in January of 2026.
- The drivers of inflation have shifted considerably in response to higher interest rates, with a current focus on shelter, insurance, and recreation.
- Threats to growth include elevated tariffs/trade barriers, persistent inflation, geopolitical tension, and the labor market.

Inflation components

GTM U.S. 21

Contributors to headline CPI inflation

Contribution to year-over-year % 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. 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 January 30, 2026.

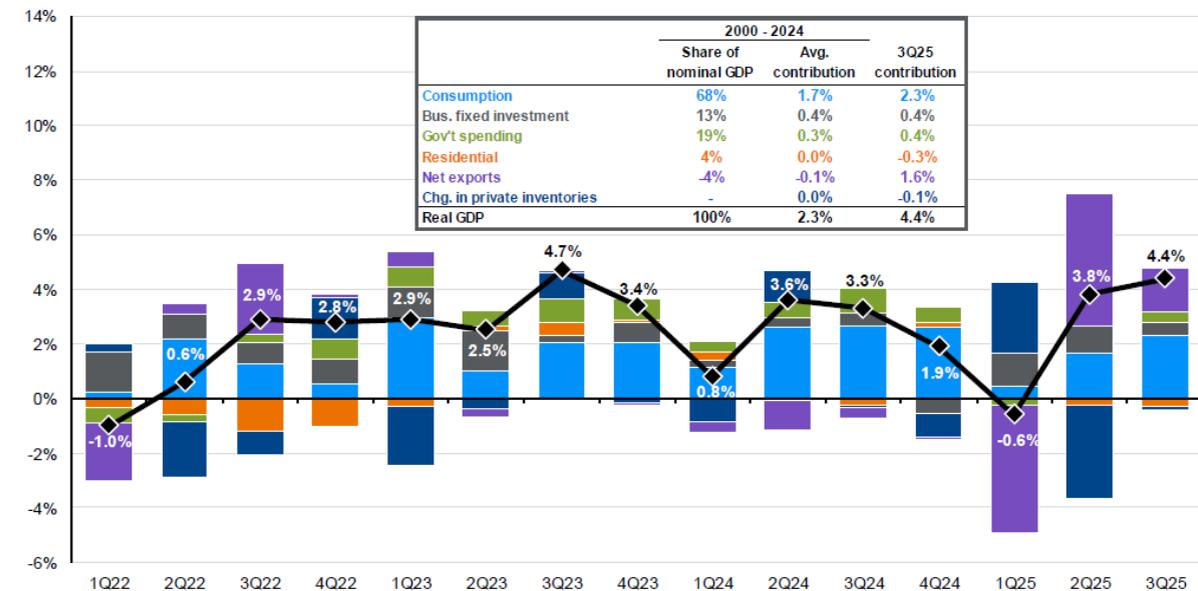
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Components of GDP growth

GTM U.S. 17

Contributors to real GDP growth

Quarter-over-quarter, seasonally adjusted annualized rate



Source: BEA, FactSet, J.P. Morgan Asset Management. Guide to the Markets - U.S. Data are as of January 30, 2026.

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Interest Rates and the Federal Reserve

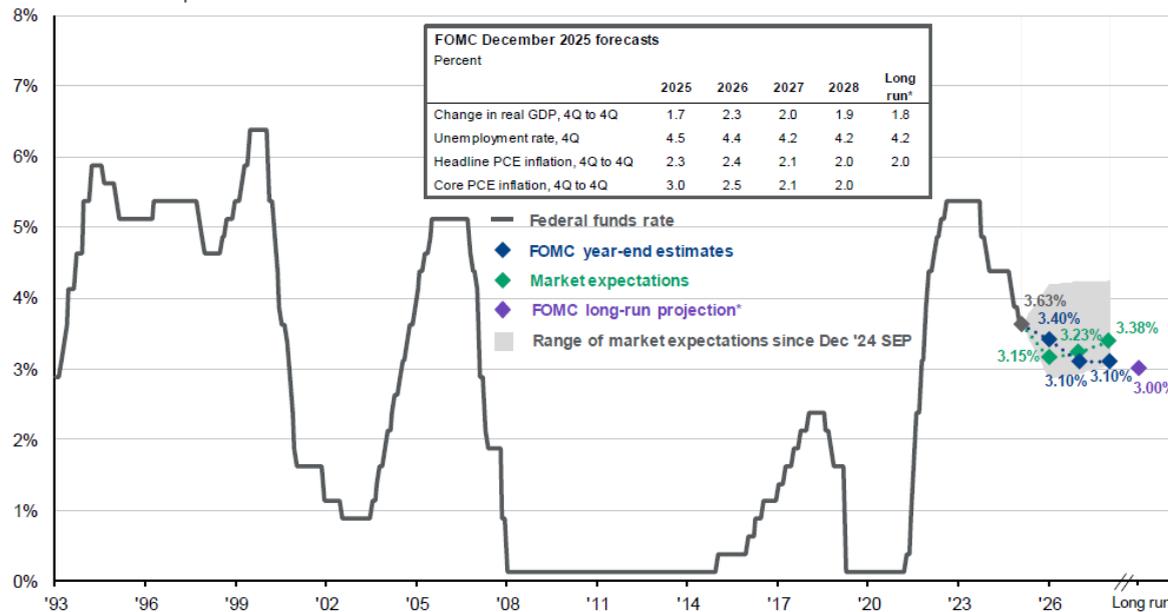
- To combat inflation, the Federal Reserve raised interest rates from near zero in 2022 to a 5.4% midpoint in July 2023.
- The Fed has since cut rates 175 basis points through December, bringing the target rate midpoint to 3.6%.
- Recent market forecasts suggest moderate rate cuts likely through 2026, with 2-3 cuts that are expected to bring rates down to the Fed's long term target of 3%.

The Fed and interest rates

GTM U.S. 30

Federal funds rate expectations

FOMC and market expectations for the federal funds rate



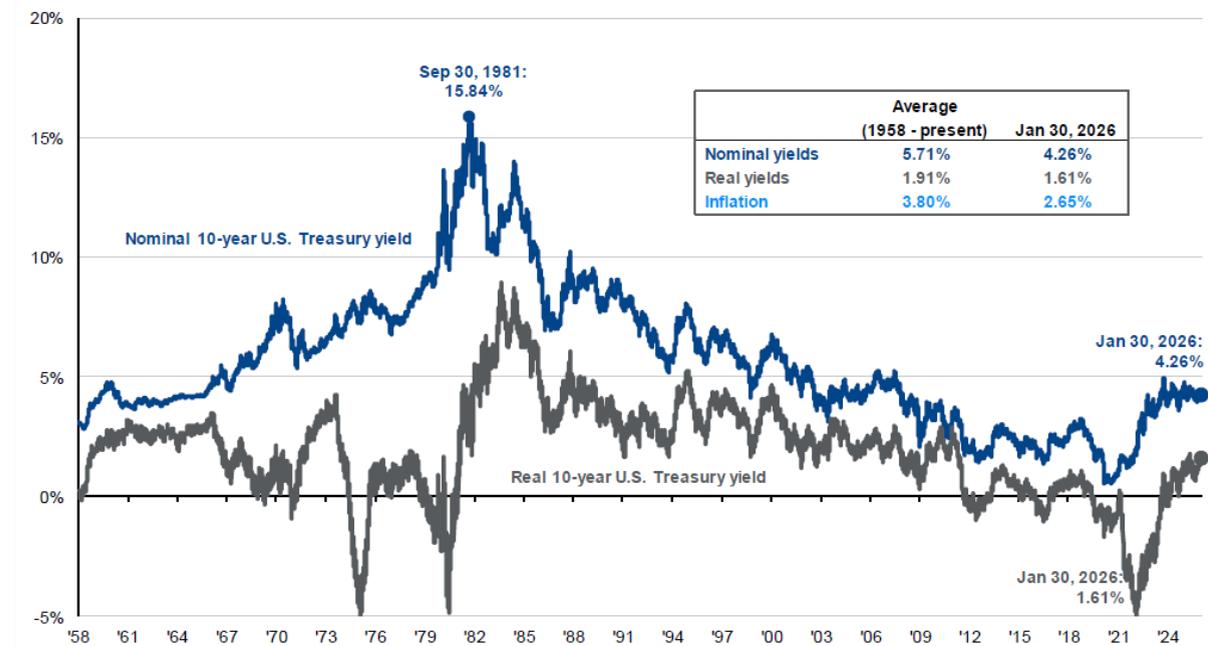
Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.
 Market expectations are based off of USD Overnight Index Swaps. *Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years 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 January 30, 2026.

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Interest rates and inflation

GTM U.S. 31

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 y/y 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 January 30, 2026.

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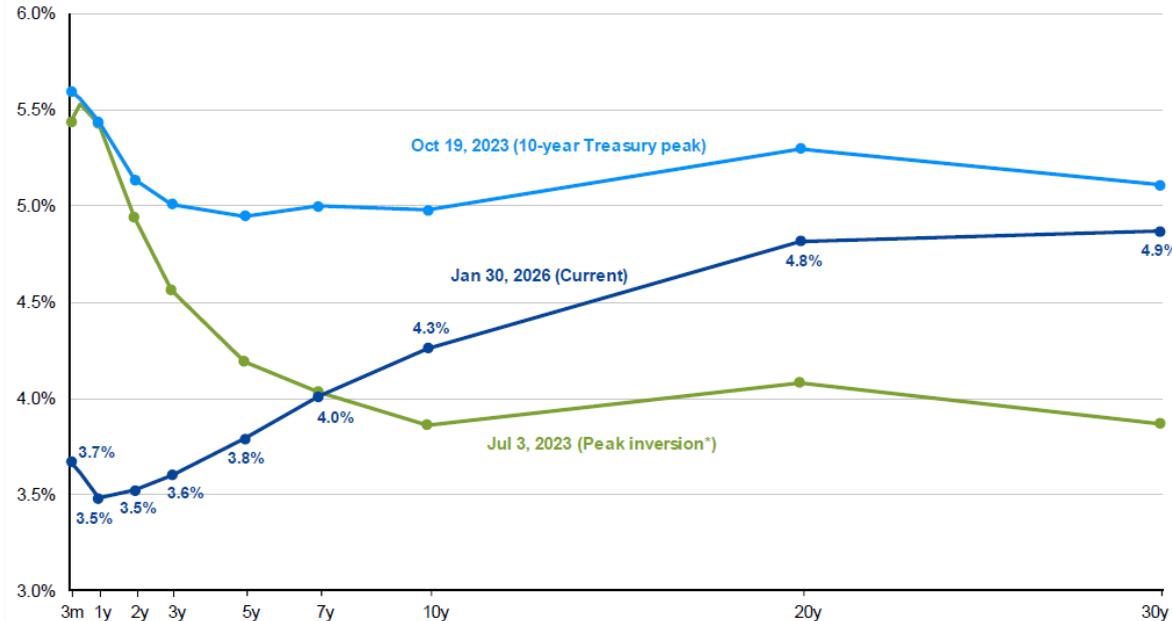
Fixed Income

- Bond yields increased dramatically in reaction to the Fed's increase in rates into 2023.
- Most bond sectors performed poorly in 2022 but returns improved since then due to higher yields and interest rate cuts.
- Despite the recent volatility in interest rates, forward return expectations for fixed income investments are strong, with high starting yields.
- The long end of the yield curve has risen recently, driven by expectations of sustained inflation and increased debt issuance.

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 January 30, 2026.

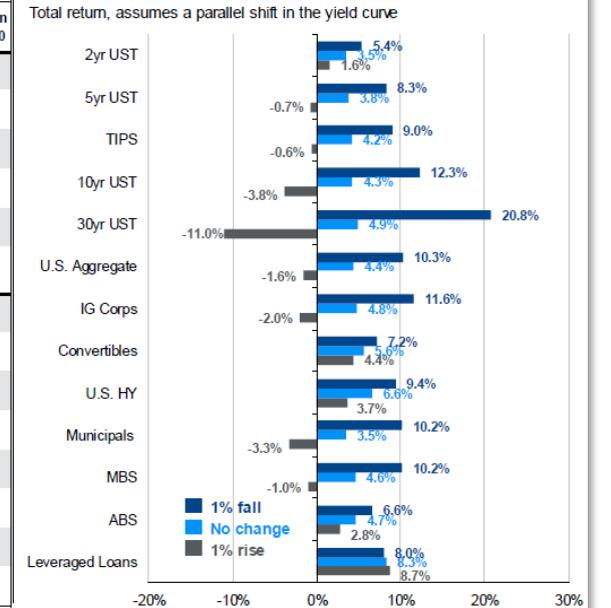
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Fixed income market dynamics

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	Yield		Return			
	1/30/2026	12/31/2025	2026	Avg. Maturity	Correlation to 10-year	Correlation to S&P 500
U.S. Treasuries						
2-Year	3.52%	3.47%	0.18%	2 years	0.74	0.02
5-Year	3.79%	3.73%	-0.10%	5	0.94	0.02
TIPS	1.59%	1.69%	0.31%	7.2	0.75	0.37
10-Year	4.26%	4.18%	-0.49%	10	1.00	-0.01
30-Year	4.87%	4.84%	-0.59%	30	0.93	-0.05
Sector						
U.S. Aggregate	4.36%	4.32%	0.11%	8.2	0.91	0.29
IG Corps	4.84%	4.81%	0.18%	10.4	0.70	0.51
Convertibles	5.60%	6.13%	5.02%	-	0.01	0.85
U.S. HY	6.58%	6.53%	0.51%	4.8	0.12	0.79
Municipals	3.45%	3.60%	0.94%	13.5	0.72	0.32
MBS	4.64%	4.63%	0.41%	7.2	0.83	0.30
ABS	4.70%	4.69%	0.35%	2.2	0.39	0.29
Leveraged Loans	8.33%	8.13%	-0.27%	4.7	-0.20	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 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 areas of January 30, 2026.

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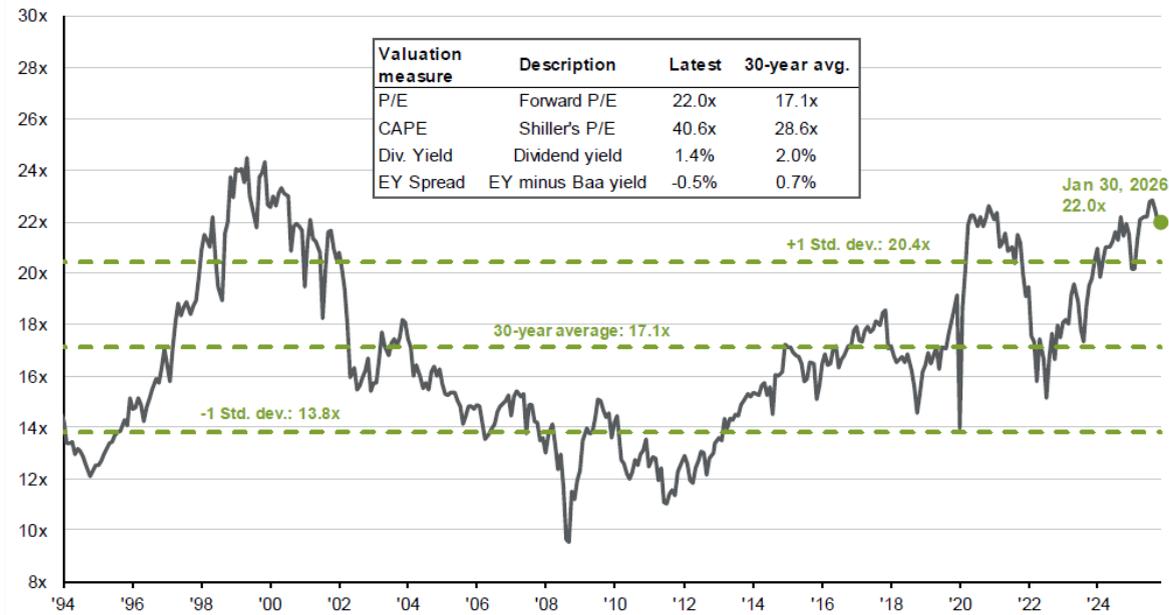
Equity Markets

- The U.S. stock market is near all-time highs, with valuations at elevated levels.
- Domestic equity returns and valuations are primarily driven by the largest technology companies, which has led to more concentrated equity indices.
- In the short term, domestic equity returns may continue to be strong, fueled by expected growth and earnings. However, longer-term prospects are likely to be challenged by high valuations and the potential for inflationary pressures.
- International equity valuations are above their 20-year average, but are at a significant discount compared to the U.S.

S&P 500 valuation measures

GTM U.S. 5

S&P 500 index: Forward P/E ratio



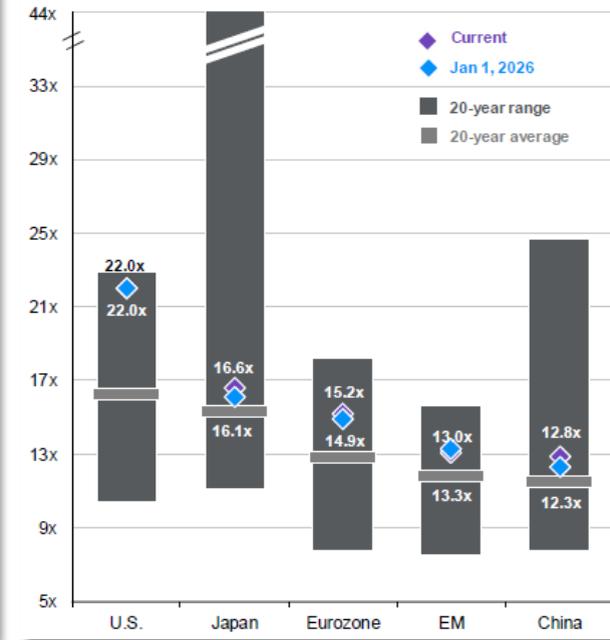
Source: Bloomberg, FactSet, Moody's, Refinitiv Datastream, Robert Shiller, Standard & Poor's, J.P. Morgan Asset Management. Forward P/E ratio is the most recent S&P 500 Index price divided by consensus analyst estimates for earnings in the next 12 months, provided by IBES since March 1994 and FactSet 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. Guide to the Markets - U.S. Data as of January 30, 2026.

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



Valuations by region/country



Capital Market Performance Update

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

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

Performance:
Commissioner's Report
December 2025

DOR Commissioner's Report: Market Values for Month Ending 12/31/2025

Market Value

Plan Name	Cash Equivalents	Domestic Equity	Fixed Income	Interm. Fixed Income	Int'l Equity	Private Infrastructure	REITs	Market Value
2013B Tax Exempt Education (AY3Z)	\$409,725							\$409,725
2016A - 2012 Transportation Bond Act (AY3Y)	\$385,882							\$385,882
2016B - 2012 Transportation Bond Act (AY3Q)	\$33,773,467							\$33,773,467
Alaska Higher Education Investment (AY3L)	\$2,724,360	\$122,669,305	\$92,448,092		\$80,506,444		\$15,126,742	\$313,474,943
Alaska Mental Health Trust Reserve (AY2L)	\$811,137	\$22,212,651	\$38,169,459		\$17,865,592			\$79,058,839
ASLC Investment Fund (AY3S)	\$1,570,671	\$32,957,822	\$88,259,819		\$21,469,087		\$4,321,934	\$148,579,333
CBRF Subaccount (AY10)	\$49,465,850							\$49,465,850
Constitutional Budget Reserve Fund (AY19)	\$2,929,082,557							\$2,929,082,557
Education Endowment Fund (AY3G)	\$20,550	\$902,881	\$680,442		\$592,582		\$111,325	\$2,307,780
EVOS Habitat Investment (AY2H)	\$16,723,128			\$32,114,348				\$48,837,476
EVOS Research Investment (AY02)	\$3,678,322			\$7,044,427				\$10,722,749
GeFONSI I (AY01)	\$2,095,245,429			\$360,495,699				\$2,455,741,128
GeFONSI II (AY3F)	\$797,204,570	\$54,016,272		\$444,020,277	\$27,651,174			\$1,322,892,293
Illinois Creek Mine Reclamation (AY9J)	\$17,069	\$745,381	\$561,765		\$489,195		\$91,912	\$1,905,322
International Airports Repair & Replacement Fund (AY05)	\$511,295							\$511,295
International Airports Revenue Fund (AY04)	\$213,184,447			\$38,012,254				\$251,196,701
International Airports Series 2002 Reserve Account (AY2E)	\$9,110,002							\$9,110,002
International Airports Series 2003 Reserve (AY2U)	\$12,424,260							\$12,424,260
Investment Loss Trust Fund (AY28)	\$3,832,748							\$3,832,748
Permanent Fund Dividend Holding Account (AY2G)	\$59,244,023							\$59,244,023
Public School Trust Fund (AY08)	\$8,495,149	\$372,362,676	\$280,626,237		\$244,377,238		\$45,917,409	\$951,778,709
RHIF LTC Insurance (AY11)	\$11,613,415	\$154,379,127	\$695,748,027		\$115,906,895		\$39,597,023	\$1,017,244,487
RHIF Major Medical (AY03)	\$21,277,400							\$21,277,400

*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 12/31/2025

Actual Allocation

Plan Name	Cash Equivalents	Domestic Equity	Fixed Income	Interm. Fixed Income	Int'l Equity	Private Infrastructure	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)	0.87%	39.13%	29.49%		25.68%		4.83%
Alaska Mental Health Trust Reserve (AY2L)	1.03%	28.10%	48.28%		22.60%		
ASLC Investment Fund (AY3S)	1.06%	22.18%	59.40%		14.45%		2.91%
CBRF Subaccount (AY10)	100.00%						
Constitutional Budget Reserve Fund (AY19)	100.00%						
Education Endowment Fund (AY3G)	0.89%	39.12%	29.48%		25.68%		4.82%
EVOS Habitat Investment (AY2H)	34.24%			65.76%			
EVOS Research Investment (AY02)	34.30%			65.70%			
GeFONSI I (AY01)	85.32%			14.68%			
GeFONSI II (AY3F)	60.26%	4.08%		33.56%	2.09%		
Illinois Creek Mine Reclamation (AY9J)	0.90%	39.12%	29.48%		25.68%		4.82%
International Airports Repair & Replacement Fund (AY05)	100.00%						
International Airports Revenue Fund (AY04)	84.87%			15.13%			
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)	0.89%	39.12%	29.48%		25.68%		4.82%
RHIF LTC Insurance (AY11)	1.14%	15.18%	68.40%		11.39%		3.89%
RHIF Major Medical (AY03)	100.00%						

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DOR Commissioner's Report: Market Values for Month Ending 12/31/2025

Target Allocation

Plan Name	Cash Equivalents	Domestic Equity	Fixed Income	Interm. Fixed Income	Int'l Equity	Private Infrastructure	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%
CBRF Subaccount (AY10)						100.00%	
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%						

*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 12/31/2025

Relative Allocation

Plan Name	Cash Equivalents	Domestic Equity	Fixed Income	Interm. Fixed Income	Int'l Equity	Private Infrastructure	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)	-0.13% ●	0.13% ●	-0.51% ◆		0.68% ◆		-0.17% ●
Alaska Mental Health Trust Reserve (AY2L)	0.03% ●	0.10% ●	-0.72% ◆		0.60% ◆		
ASLC Investment Fund (AY3S)	0.06% ●	0.18% ●	-0.60% ◆		0.45% ▲		-0.09% ●
CBRF Subaccount (AY10)	100.00% ✖					-100.00% ✖	
Constitutional Budget Reserve Fund (AY19)	0.00% ●						
Education Endowment Fund (AY3G)	-0.11% ●	0.12% ●	-0.52% ◆		0.68% ◆		-0.18% ●
EVOS Habitat Investment (AY2H)	-0.76% ✖			0.76% ✖			
EVOS Research Investment (AY02)	-0.70% ◆			0.70% ◆			
GeFONSI I (AY01)	0.32% ▲			-0.32% ▲			
GeFONSI II (AY3F)	-0.74% ◆	0.08% ●		0.56% ◆	0.09% ●		
Illinois Creek Mine Reclamation (AY9J)	-0.10% ●	0.12% ●	-0.52% ◆		0.68% ◆		-0.18% ●
International Airports Repair & Replacement Fund (AY05)	0.00% ●						
International Airports Revenue Fund (AY04)	-0.13% ●			0.13% ●			
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)	-0.11% ●	0.12% ●	-0.52% ◆		0.68% ◆		-0.18% ●
RHIF LTC Insurance (AY11)	0.14% ●	0.18% ●	-0.60% ◆		0.39% ▲		-0.11% ●
RHIF Major Medical (AY03)	0.00% ●						

*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: Net Pool Performance for Month Ending 12/31/2025

Pool Performance (Net of Fee)	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	0.36%	1.06%	2.24%	4.52%	5.16%	3.41%	2.90%	2.42%
Fixed Income - Short Term	0.34%	1.17%	2.43%	5.59%	4.99%			
Fixed Income - Core US	-0.09%	1.16%	3.34%	7.57%	5.16%	0.05%	2.43%	2.34%
Fixed Income - Core Plus	-0.41%	0.80%	3.05%	7.87%	5.85%			
Equity - Broad US*	-0.03%	2.39%	10.76%	17.12%	22.24%	13.20%	16.64%	
Equity - REITS	-2.13%	-2.14%	0.46%	2.29%	5.96%			
Equity - Global ex-US*	3.01%	5.04%	12.39%	32.56%	17.34%	7.95%	10.17%	

Benchmark Performance	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	0.36%	1.02%	2.16%	4.28%	4.85%	3.19%	2.69%	2.19%
Fixed Income - Short Term	0.33%	1.14%	2.27%	5.17%	4.51%			
Fixed Income - Core US	-0.15%	1.10%	3.15%	7.30%	4.66%	-0.36%	1.99%	2.01%
Fixed Income - Core Plus	-0.15%	1.10%	3.15%	7.30%	4.66%			
Equity - Broad US*	-0.02%	2.40%	10.78%	17.15%	22.25%	13.15%	16.64%	
Equity - REITS	-2.14%	-2.15%	0.47%	2.27%	6.12%			
Equity - Global ex-US*	3.00%	5.05%	12.29%	32.39%	17.33%	7.91%	10.15%	

Relative Performance (Net of Fee)	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	0.01% ●	0.04% ●	0.08% ●	0.24% ●	0.32% ●	0.22% ●	0.20% ●	0.23% ●
Fixed Income - Short Term	0.01% ●	0.04% ●	0.16% ●	0.42% ●	0.48% ●			
Fixed Income - Core US	0.05% ●	0.06% ●	0.19% ●	0.27% ●	0.49% ●	0.41% ●	0.44% ●	0.33% ●
Fixed Income - Core Plus	-0.26% ◆	-0.30% ◆	-0.10% ◆	0.57% ●	1.18% ●			
Equity - Broad US*	-0.01% ▲	-0.01% ▲	-0.02% ▲	-0.02% ▲	0.00% ▲	0.05% ●	0.00% ▲	
Equity - REITS	0.00% ●	0.01% ●	-0.01% ▲	0.02% ●	-0.16% ◆			
Equity - Global ex-US*	0.02% ●	-0.01% ▲	0.09% ●	0.18% ●	0.01% ●	0.04% ●	0.02% ●	

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

DOR Commissioner's Report: Net Pool Performance Including Private Infrastructure for Month Ending 12/31/2025

Pool Performance (Net of Fee)	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	0.36%	1.06%	2.24%	4.52%	5.16%	3.41%	2.90%	2.42%
Fixed Income - Short Term	0.34%	1.17%	2.43%	5.59%	4.99%			
Fixed Income - Core US	-0.09%	1.16%	3.34%	7.57%	5.16%	0.05%	2.43%	2.34%
Fixed Income - Core Plus	-0.41%	0.80%	3.05%	7.87%	5.85%			
Equity - Broad US*	-0.03%	2.39%	10.76%	17.12%	22.24%	13.20%	16.64%	
Equity - REITS	-2.13%	-2.14%	0.46%	2.29%	5.96%			
Equity - Global ex-US*	3.01%	5.04%	12.39%	32.56%	17.34%	7.95%	10.17%	
Private Infrastructure**	8.90%	-3.54%						
Benchmark Performance	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	0.36%	1.02%	2.16%	4.28%	4.85%	3.19%	2.69%	2.19%
Fixed Income - Short Term	0.33%	1.14%	2.27%	5.17%	4.51%			
Fixed Income - Core US	-0.15%	1.10%	3.15%	7.30%	4.66%	-0.36%	1.99%	2.01%
Fixed Income - Core Plus	-0.15%	1.10%	3.15%	7.30%	4.66%			
Equity - Broad US*	-0.02%	2.40%	10.78%	17.15%	22.25%	13.15%	16.64%	
Equity - REITS	-2.14%	-2.15%	0.47%	2.27%	6.12%			
Equity - Global ex-US*	3.00%	5.05%	12.29%	32.39%	17.33%	7.91%	10.15%	
Private Infrastructure**	0.36%	1.02%						
Relative Performance (Net of Fee)	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	0.01% ●	0.04% ●	0.08% ●	0.24% ●	0.32% ●	0.22% ●	0.20% ●	0.23% ●
Fixed Income - Short Term	0.01% ●	0.04% ●	0.16% ●	0.42% ●	0.48% ●			
Fixed Income - Core US	0.05% ●	0.06% ●	0.19% ●	0.27% ●	0.49% ●	0.41% ●	0.44% ●	0.33% ●
Fixed Income - Core Plus	-0.26% ◆	-0.30% ◆	-0.10% ◆	0.57% ●	1.18% ●			
Equity - Broad US*	-0.01% ▲	-0.01% ▲	-0.02% ▲	-0.02% ▲	0.00% ▲	0.05% ●	0.00% ▲	
Equity - REITS	0.00% ●	0.01% ●	-0.01% ▲	0.02% ●	-0.16% ◆			
Equity - Global ex-US*	0.02% ●	-0.01% ▲	0.09% ●	0.18% ●	0.01% ●	0.04% ●	0.02% ●	
Private Infrastructure**	8.55% ●	-4.56% ◆						

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

**The Private Infrastructure pool started in September 2025 and ended in December 2025.

DOR Commissioner's Report: Net Plan Performance for Month Ending 12/31/2025

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)	0.36%	1.06%	2.24%	4.52%	5.16%	3.41%	2.90%	2.42%
2016A - 2012 Transportation Bond Act (AY3Y)	0.36%	1.06%	2.24%	4.52%	5.17%	3.41%	2.89%	2.42%
2016B - 2012 Transportation Bond Act (AY3Q)	0.36%	1.06%	2.24%	4.52%	5.17%	3.41%	2.90%	
Alaska Higher Education Investment (AY3L)	0.60%	2.42%	8.29%	17.08%	14.95%	7.46%	10.45%	8.86%
Alaska Mental Health Trust Reserve (AY2L)	0.58%	2.32%	7.46%	16.26%	14.66%	7.05%	9.73%	8.37%
ASLC Investment Fund (AY3S)	0.26%	1.83%	6.07%	12.94%	10.58%			
CBRF Subaccount (AY10)	3.62%	-1.11%						
Constitutional Budget Reserve Fund (AY19)	0.36%	1.06%	2.24%	4.52%	5.17%	3.41%	3.43%	2.96%
Education Endowment Fund (AY3G)	0.60%	2.42%	8.30%	17.06%	14.94%	7.45%		
EVOS Habitat Investment (AY2H)	0.35%	1.13%	2.36%	5.21%	5.05%	2.56%	6.19%	6.23%
EVOS Research Investment (AY02)	0.35%	1.13%	2.36%	5.21%	5.05%	2.67%	6.36%	6.32%
GeFONSI I (AY01)	0.36%	1.08%	2.27%	4.71%	5.16%	2.94%	2.72%	2.26%
GeFONSI II (AY3F)	0.39%	1.23%	2.84%	5.93%	6.04%	3.10%	3.62%	
Illinois Creek Mine Reclamation (AY9J)	0.60%	2.42%	8.30%	17.07%	14.94%	7.45%	10.43%	8.84%
International Airports Repair & Replacement Fund (AY05)	0.36%	1.06%	2.24%	4.52%	5.17%	3.41%	2.90%	2.42%
International Airports Revenue Fund (AY04)	0.36%	1.08%	2.27%	4.68%	5.14%	2.92%	3.15%	2.78%
International Airports Series 2002 Reserve Account (AY2E)	0.36%	1.06%	2.24%	4.52%	5.17%	3.41%	2.90%	2.42%
International Airports Series 2003 Reserve (AY2U)	0.36%	1.06%	2.24%	4.52%	5.17%	3.41%	2.90%	2.42%
Investment Loss Trust Fund (AY28)	0.36%	1.06%	2.24%	4.52%	5.17%	3.41%	2.90%	2.42%
Permanent Fund Dividend Holding Account (AY2G)	0.36%	1.10%	2.24%	4.52%	5.14%	3.39%	2.87%	2.47%
Public School Trust Fund (AY08)	0.60%	2.42%	8.30%	17.07%	14.93%	7.45%	10.44%	8.60%
RHIF LTC Insurance (AY11)	0.14%	1.58%	5.26%	11.42%	11.14%	4.65%	7.61%	6.50%
RHIF Major Medical (AY03)	0.36%	1.06%	2.24%	4.52%	5.17%	3.41%	2.90%	2.42%

*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 12/31/2025

Benchmark Performance	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
2013B Tax Exempt Education (AY3Z)	0.36%	1.02%	2.16%	4.28%	4.85%	3.19%	2.69%	2.19%
2016A - 2012 Transportation Bond Act (AY3Y)	0.36%	1.02%	2.16%	4.28%	4.85%	3.19%	2.69%	2.19%
2016B - 2012 Transportation Bond Act (AY3Q)	0.36%	1.02%	2.16%	4.28%	4.85%	3.19%	2.69%	
Alaska Higher Education Investment (AY3L)	0.60%	2.43%	8.24%	17.01%	14.74%	7.30%	10.34%	8.78%
Alaska Mental Health Trust Reserve (AY2L)	0.59%	2.33%	7.35%	16.03%	14.38%	6.81%	9.48%	8.16%
ASLC Investment Fund (AY3S)	0.27%	1.84%	5.99%	12.70%	10.14%			
CBRF Subaccount (AY10)	0.36%	1.02%						
Constitutional Budget Reserve Fund (AY19)	0.36%	1.02%	2.16%	4.28%	4.85%	3.19%	3.21%	2.72%
Education Endowment Fund (AY3G)	0.60%	2.43%	8.24%	17.01%	14.74%	7.30%		
EVOS Habitat Investment (AY2H)	0.34%	1.10%	2.23%	4.85%	4.63%	2.18%	5.91%	5.99%
EVOS Research Investment (AY02)	0.34%	1.10%	2.23%	4.85%	4.63%	2.34%	6.10%	6.12%
GeFONSI I (AY01)	0.35%	1.04%	2.17%	4.41%	4.80%	2.69%	2.50%	2.04%
GeFONSI II (AY3F)	0.39%	1.19%	2.73%	5.61%	5.67%	2.90%	3.45%	
Illinois Creek Mine Reclamation (AY9J)	0.60%	2.43%	8.24%	17.01%	14.74%	7.30%	10.34%	8.78%
International Airports Repair & Replacement Fund (AY05)	0.36%	1.02%	2.16%	4.28%	4.85%	3.19%	2.69%	2.19%
International Airports Revenue Fund (AY04)	0.35%	1.04%	2.17%	4.41%	4.80%	2.69%	2.95%	2.54%
International Airports Series 2002 Reserve Account (AY2E)	0.36%	1.02%	2.16%	4.28%	4.85%	3.19%	2.69%	2.19%
International Airports Series 2003 Reserve (AY2U)	0.36%	1.02%	2.16%	4.28%	4.85%	3.19%	2.69%	2.19%
Investment Loss Trust Fund (AY28)	0.36%	1.02%	2.16%	4.28%	4.85%	3.19%	2.69%	2.19%
Permanent Fund Dividend Holding Account (AY2G)	0.36%	1.02%	2.16%	4.28%	4.85%	3.19%	2.69%	2.19%
Public School Trust Fund (AY08)	0.60%	2.43%	8.24%	17.01%	14.74%	7.30%	10.32%	8.52%
RHIF LTC Insurance (AY11)	0.15%	1.60%	5.16%	11.21%	10.83%	4.44%	7.41%	6.34%
RHIF Major Medical (AY03)	0.36%	1.02%	2.16%	4.28%	4.85%	3.19%	2.69%	2.19%

DOR Commissioner's Report: Net Plan Performance for Month Ending 12/31/2025

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)	0.01% ●	0.04% ●	0.08% ●	0.24% ●	0.32% ●	0.23% ●	0.20% ●	0.23% ●
2016A - 2012 Transportation Bond Act (AY3Y)	0.01% ●	0.04% ●	0.08% ●	0.24% ●	0.32% ●	0.23% ●	0.19% ●	0.23% ●
2016B - 2012 Transportation Bond Act (AY3Q)	0.01% ●	0.04% ●	0.08% ●	0.24% ●	0.32% ●	0.23% ●	0.20% ●	
Alaska Higher Education Investment (AY3L)	0.00% ▲	-0.01% ▲	0.05% ●	0.07% ●	0.21% ●	0.15% ●	0.11% ●	0.08% ●
Alaska Mental Health Trust Reserve (AY2L)	0.00% ▲	-0.01% ▲	0.11% ●	0.24% ●	0.29% ●	0.24% ●	0.25% ●	0.21% ●
ASLC Investment Fund (AY3S)	0.00% ▲	-0.01% ▲	0.08% ●	0.24% ●	0.44% ●			
CBRF Subaccount (AY10)	3.26% ●	-2.13% ◆						
Constitutional Budget Reserve Fund (AY19)	0.01% ●	0.04% ●	0.08% ●	0.24% ●	0.32% ●	0.23% ●	0.22% ●	0.23% ●
Education Endowment Fund (AY3G)	0.00% ▲	-0.01% ▲	0.06% ●	0.06% ●	0.20% ●	0.15% ●	●	
EVOS Habitat Investment (AY2H)	0.01% ●	0.04% ●	0.13% ●	0.36% ●	0.42% ●	0.38% ●	0.28% ●	0.25% ●
EVOS Research Investment (AY02)	0.01% ●	0.04% ●	0.13% ●	0.36% ●	0.42% ●	0.34% ●	0.26% ●	0.20% ●
GeFONSI I (AY01)	0.01% ●	0.04% ●	0.10% ●	0.30% ●	0.36% ●	0.24% ●	0.22% ●	0.23% ●
GeFONSI II (AY3F)	0.01% ●	0.04% ●	0.10% ●	0.32% ●	0.37% ●	0.19% ●	0.17% ●	
Illinois Creek Mine Reclamation (AY9J)	0.00% ▲	-0.01% ▲	0.06% ●	0.06% ●	0.20% ●	0.15% ●	0.09% ●	0.06% ●
International Airports Repair & Replacement Fund (AY05)	0.01% ●	0.04% ●	0.08% ●	0.24% ●	0.32% ●	0.23% ●	0.20% ●	0.23% ●
International Airports Revenue Fund (AY04)	0.01% ●	0.04% ●	0.09% ●	0.27% ●	0.34% ●	0.23% ●	0.20% ●	0.24% ●
International Airports Series 2002 Reserve Account (AY2E)	0.01% ●	0.04% ●	0.08% ●	0.24% ●	0.32% ●	0.23% ●	0.20% ●	0.23% ●
International Airports Series 2003 Reserve (AY2U)	0.01% ●	0.04% ●	0.08% ●	0.24% ●	0.32% ●	0.23% ●	0.20% ●	0.23% ●
Investment Loss Trust Fund (AY28)	0.01% ●	0.04% ●	0.08% ●	0.24% ●	0.32% ●	0.23% ●	0.20% ●	0.23% ●
Permanent Fund Dividend Holding Account (AY2G)	0.01% ●	0.08% ●	0.09% ●	0.24% ●	0.29% ●	0.20% ●	0.18% ●	0.28% ●
Public School Trust Fund (AY08)	0.00% ▲	-0.01% ▲	0.06% ●	0.06% ●	0.20% ●	0.15% ●	0.12% ●	0.08% ●
RHIF LTC Insurance (AY11)	-0.01% ▲	-0.02% ▲	0.10% ●	0.20% ●	0.31% ●	0.21% ●	0.20% ●	0.16% ●
RHIF Major Medical (AY03)	0.01% ●	0.04% ●	0.08% ●	0.24% ●	0.32% ●	0.23% ●	0.20% ●	0.23% ●

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

DOR Commissioner's Report: External Management Fees as of Month Ending 12/31/2025

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)	0.0196%
Alaska Mental Health Trust Reserve (AY2L)	0.0255%
ASLC Investment Fund (AY3S)	0.0297%
Constitutional Budget Reserve Fund (AY19)	0.0000%
Education Endowment Fund (AY3G)	0.0197%
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)	0.0197%
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)	0.0197%
RHIF LTC Insurance (AY11)	0.0326%
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: 12/31/2025

Program	Account Name	End Balance
GeFONSI I	General Fund	\$1,481,420,785.29
	Alaska Clean Water Fund	\$210,072,421.81
	Alaska Drinking Water Fund	\$130,161,537.22
	Public Advocacy Trust	\$63,928,507.54
	Mental Health Trust Income Settlement Account	\$63,787,713.86
GeFONSI II	Statutory Budget Reserve Fund	\$131,623,247.03
	National Petroleum Reserve Fund	\$127,287,829.40
	Public Education Fund	\$121,406,159.38
	Disaster Relief Fund	\$120,060,553.38
	Highway Equipment Working Capital Fund For Operating Appropriations	\$87,267,857.46
Sum of 5 Largest GeFONSI I and II Funds		\$2,537,016,612.37

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.

Non-Routine Investment Sale

- The prior Commissioner approved a \$50 million commitment from the CBRF Subaccount to a private infrastructure fund managed by DigitalBridge.
- WilmerHale was subsequently retained to conduct an independent review, and its published report provides a detailed account of the investment and related decision-making.
<https://gov.alaska.gov/wilmerhale-report-on-digitalbridge-cbrf-sub-account-investment-released/>
- The investment has since been sold, with cash proceeds received prior to year-end 2025. The State followed the Non-Routine Investment process for the sale, including engagement of external experts, consultation with the State’s auditor and the Investment Advisory Council, and notification to the chairs of the legislative finance committees outlining the transaction details.
- The Subaccount has now been fully liquidated, and all proceeds have been transferred back to the CBRF Main Account. Performance for both CBRF accounts is included in this presentation.
- The Department of Revenue will develop regulations to formally institutionalize the Non-Routine Investment process.
- The Department no longer has any non-routine investments.

Non-Routine Investment Protocol

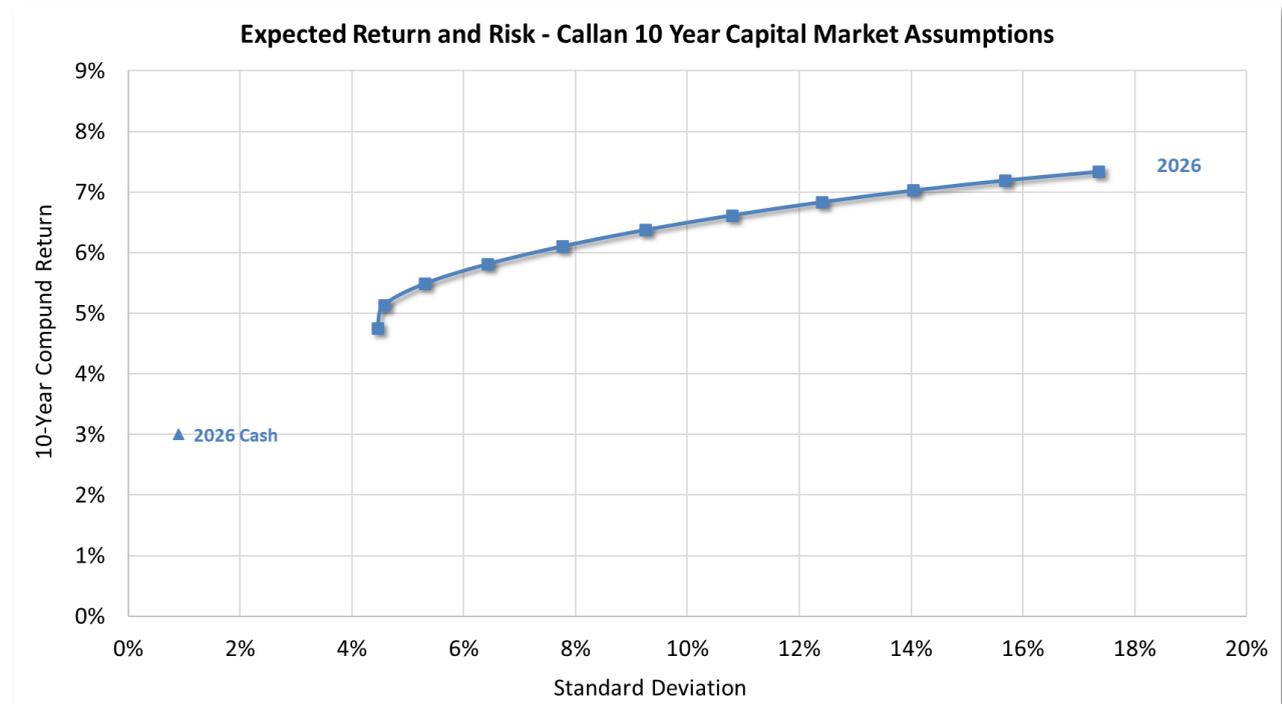
From time to time, the Department of Revenue is presented with investment opportunities that fall outside the scope of its existing investment opportunity set. In those instances, the Department of Revenue will employ the following process:

- 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

Asset Allocation Process

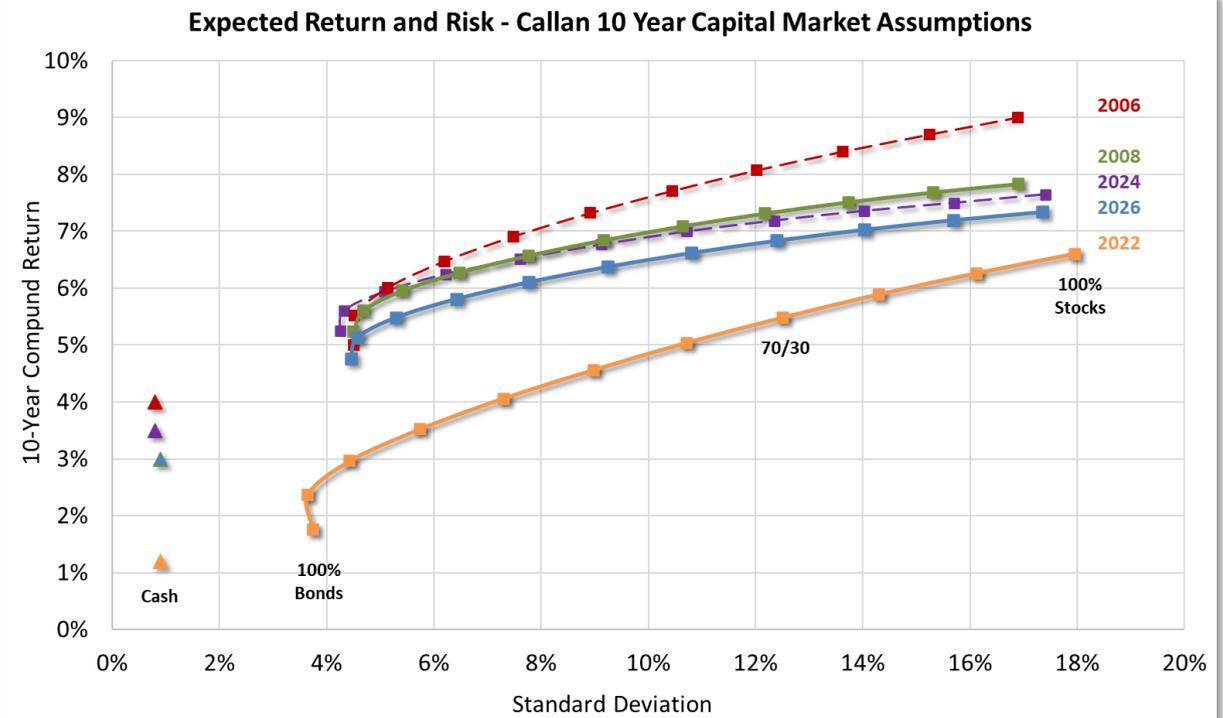
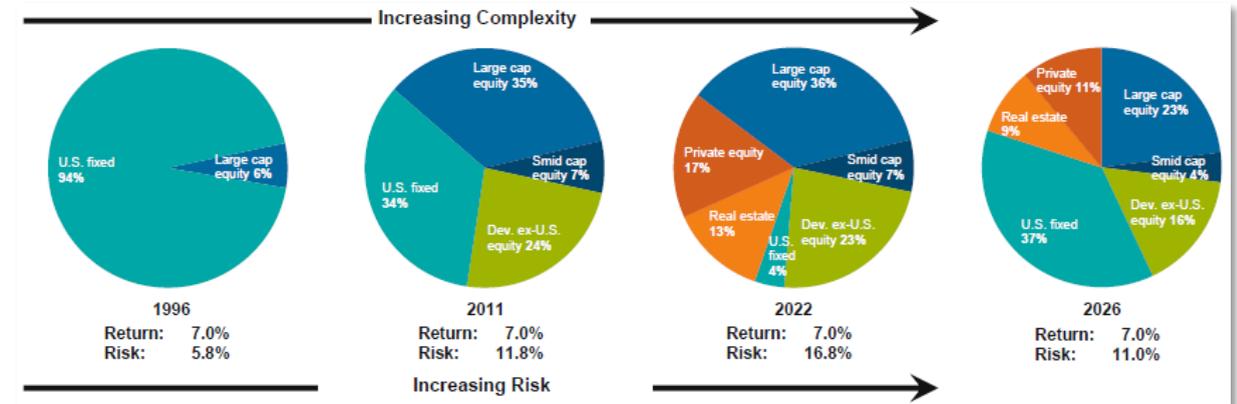
- The Commissioner of Revenue is the fiduciary for over \$9 billion in state assets across 100+ accounts pooled into over 25 funds with similar assets or mandates.
- Setting investment policies and asset allocations are key fiduciary duties for these funds.
- Treasury staff reviews and makes recommendations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



Treasury SOA Investment Funds	12/31/2025	Risk Tolerance
Short-Term Funds	\$140,834,255	Lowest ↓ Highest
CBRF	\$2,978,548,407	
GeFONSI	\$2,469,210,757	
GeFONSI II	\$1,322,892,293	
International Airport Fund	\$251,196,701	
Retiree Long Term Care Fund	\$1,017,244,487	
Alaska Higher Education Investment Fund	\$313,474,943	
Public School Trust Fund	\$951,778,917	
Other Endowment Funds	\$4,213,102	
Total	\$9,449,393,862	

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, complexity, and cost.
- DOR is currently using Broad U.S. Equities, International Equities, Government 1-3 Fixed Income, Broad U.S. Fixed Income, U.S. REITs, and Cash Equivalents for state funds.
- For some portfolios, staff also invests up to 30% of the fixed income allocation in a tactical bond portfolio that opportunistically invests in high yield, TIPS, and other fixed income asset classes in a risk-managed fashion.
- Only liquid registered investments are used since State funds were not allowed to purchase unregistered investments, including alternative investments, prior to 2021 due to the SEC's definition of accredited investor – a definition that did not apply to the retirement funds and APFC. Even with the SEC change, illiquid investments are still problematic for State funds subject to annual legislative changes.

Asset Classes	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%	4.9%	17.4%	1.00
Large Cap U.S. Equity	7.25%	7.25%	0.00%	4.8%	17.0%	1.00
Small/Mid Cap U.S. Equity	7.45%	7.45%	0.00%	5.0%	22.0%	0.90
International Equity	7.45%	7.45%	0.00%	5.0%	21.3%	0.77
Developed ex-U.S. Equity	7.25%	7.25%	0.00%	4.8%	20.2%	0.74
Emerging Market Equity	7.45%	7.45%	0.00%	5.0%	20.7%	0.78
Cash Equivalents	3.00%	3.00%	0.00%	0.5%	0.9%	-0.03
Government 1-3 year Bonds	3.90%	4.00%	-0.10%	1.4%	2.4%	0.06
Core U.S. Fixed Income	4.75%	4.75%	0.00%	2.3%	4.5%	0.14
TIPS	4.50%	4.55%	-0.05%	2.0%	5.4%	0.02
Emerging Market Sovereign Debt	5.00%	5.35%	-0.35%	2.5%	10.7%	0.63
High Yield	5.90%	6.00%	-0.10%	3.4%	11.8%	0.75
Core Real Estate	6.25%	6.25%	0.00%	3.8%	14.0%	0.37
REITs	6.95%	6.95%	0.00%	4.5%	20.9%	0.77
Private Equity	8.50%	8.50%	0.00%	6.0%	27.6%	0.80
Private Credit	7.25%	7.25%	0.00%	4.8%	15.7%	0.66
Hedge Funds	5.70%	5.70%	0.00%	3.2%	8.2%	0.63
Inflation	2.50%	2.50%	0.00%	0.0%	1.6%	
70/30 Portfolio	6.84%	6.85%	-0.01%	4.3%	12.4%	

Initial FY27 Asset Allocation Discussion

**With 12/31/25 AUM, existing FY26 asset
allocations and draft FY27 CMAs**

Proforma FY2027 State Asset Allocations – Short Term Funds

- State Funds with a short investment horizon and low-to-moderate risk tolerance are largely invested in cash equivalents and short-term bonds currently.
- The short-duration positioning of these funds is not typical. This was an intentional decision that was accretive to returns. Staff may recommend increasing the risk profile over time.
- If no changes are made to asset allocations, return expectations would be 50-60 bps lower than FY2026 due to a lower cash yields.
- These proforma nominal earnings are still high in comparison to the last 20 years.

Asset Classes/Statistics	Short-Term Lowest Short Term Funds/CBRF			Short-Term Low GeFONSI I			Short-Term Moderate GeFONSI II		
	FY26	FY27	Change	FY26	FY27	Change	FY26	FY27	Change
Broad U.S. Equity	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.0%	4.0%	0.0%
Global ex-U.S. Equity	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	2.0%	0.0%
U.S. REITs	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Core U.S. Fixed Income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Short Duration Gov't/Credit	0.0%	0.0%	0.0%	15.0%	15.0%	0.0%	33.0%	33.0%	0.0%
Cash Equivalents	100%	100%	0.0%	85.0%	85.0%	0.0%	61.0%	61.0%	0.0%
Total	100%	100%	0%	100%	100%	0%	100%	100%	0%
Optimization Results:									
Expected Return - Short Term	3.94%	3.39%	-0.56%	3.97%	3.43%	-0.53%	4.29%	3.81%	-0.47%
Expected Return - Real/After Inflation	1.44%	0.89%	-0.56%	1.47%	0.93%	-0.53%	1.79%	1.31%	-0.47%
Risk - Standard Deviation	0.90%	0.90%	0.00%	0.93%	0.93%	0.00%	1.51%	1.52%	0.01%
Sharpe Ratio	(0.00)	(0.00)	0.00	0.02	0.05	0.03	0.23	0.28	0.05
Risk Statistics:									
10% Probable Downside Return - 1 Year	2.4%	1.8%	-0.6%	2.3%	1.8%	-0.5%	1.6%	1.1%	-0.5%
5% Probable Downside Return - 1 Year	2.1%	1.5%	-0.6%	2.1%	1.5%	-0.5%	1.2%	0.7%	-0.5%
Probability of Loss - 1 Year	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.6%	0.4%
Asset Time Horizon Estimate	0.3	0.3	0.0	0.5	0.5	0.0	1.2	1.2	0.0
Dollars: (\$Millions)									
Assets	3,005.7	3,119.4	113.7	2,540.8	2,720.4	179.6	1,259.5	1,322.9	63.3
Expected Annual Earnings	118.5	105.6	(12.9)	100.8	93.4	(7.4)	54.0	50.5	(3.5)
1-Year 10% Probable Return (10% cVaR)	71.0	56.4	(14.7)	59.4	49.1	(10.3)	20.7	15.2	(5.5)
1-Year 5% Probable Return (5% cVaR)	62.7	47.7	(15.0)	52.1	41.3	(10.8)	14.8	9.0	(5.8)

Short Term Fund Risk/Return Fiscal Year 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%	2.36%
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	2.8	

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%

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%

Proforma FY2027 State Asset Allocations – Long-Term Funds

- State Funds with a long investment time horizon and high tolerance for risk have up to a 70% equity/30% fixed income risk level to focus on longer term growth at the potential expense of short-term volatility and loss.
- Callan’s 2026 capital market assumptions are mostly unchanged after another year of strong returns across asset classes in 2025.
- Overall, long-term forward return expectations for these funds is expected to be about the same as they were for FY2026.

Asset Classes/Statistics	Long-Term 5% Return RLTC			Long-Term High Public Schools		
	FY26	FY27	Change	FY26	FY27	Change
Broad U.S. Equity	15.0%	15.0%	0.0%	39.0%	39.0%	0.0%
Global ex-U.S. Equity	11.0%	11.0%	0.0%	25.0%	25.0%	0.0%
U.S. REITs	4.0%	4.0%	0.0%	5.0%	5.0%	0.0%
Core U.S. Fixed Income	69.0%	69.0%	0.0%	30.0%	30.0%	0.0%
Short Duration Gov't/Credit	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash Equivalents	1.0%	1.0%	0.0%	1.0%	1.0%	0.0%
Total	100%	100%	0%	100%	100%	0%
Optimization Results:						
Expected Return - Long Term	5.89%	5.88%	-0.01%	6.98%	6.97%	-0.01%
Expected Return - Real/After Inflation	3.39%	3.38%	-0.01%	4.48%	4.47%	-0.01%
Risk - Standard Deviation	6.31%	6.47%	0.16%	12.38%	12.46%	0.08%
Sharpe Ratio	0.46	0.45	-0.01	0.32	0.32	0.00
Risk Statistics:						
10% Probable Downside Return - 1 Year	-5.2%	-5.5%	-0.3%	-14.7%	-14.9%	-0.2%
5% Probable Downside Return - 1 Year	-7.1%	-7.4%	-0.3%	-18.5%	-18.7%	-0.2%
5% Probable Downside Return - 3 Year	-1.6%	-1.8%	-0.2%	-7.7%	-7.8%	-0.1%
5% Probable Downside Return - 5 Year	0.1%	-0.1%	-0.2%	-4.4%	-4.5%	-0.1%
Probability of Loss - 1 Year	17.5%	18.1%	0.6%	28.5%	28.7%	0.2%
Prob. Return < -5%	4.2%	4.6%	0.4%	16.6%	16.7%	0.2%
Prob. Return < -10%	0.6%	0.7%	0.1%	8.4%	8.6%	0.2%
Prob. Return < -20%	0.0%	0.0%	0.0%	1.5%	1.5%	0.1%
Probability of Loss - 10 Year	0.2%	0.2%	0.0%	3.6%	3.8%	0.1%
Asset Time Horizon Estimate	5.9	5.9	0.0	5.9	5.9	0.0
Dollars: (\$Millions)						
Assets	957.4	1,017.2	59.8	1,349.7	1,269.5	(80.3)
Expected Annual Earnings	56.4	59.8	3.4	94.2	88.5	(5.7)
1-Year 10% Probable Return (10% cVaR)	(49.5)	(55.5)	(6.0)	(198.4)	(188.6)	9.8
1-Year 5% Probable Return (5% cVaR)	(68.1)	(75.8)	(7.7)	(249.8)	(237.3)	12.5
3-Year 5% Probable Return (5% cVaR)	(15.4)	(18.4)	(3.0)	(104.1)	(99.3)	4.8
5-Year 5% Probable Return (5% cVaR)	0.8	(0.7)	(1.5)	(59.3)	(56.9)	2.4

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.

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 Discussion

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