

# ALASKA PERMANENT FUND FUND FINANCIAL HISTORY & PROJECTIONS as of November 30, 2017

*Projections extend ten years, and are based on best available information (\$ in millions)*

Nonspendable Fund Balance - Principal										Assigned Fund Balance										TOTAL FUND		
FY	FY-Begin Contrib. Balance	Appro- <sup>(1)</sup> priations	Dedicated <sup>(2)</sup>		FY-End Balance Contributions	Unrealized Gain (Loss)		FY-End Non-spendable Balance	Acct. Net Income <sup>(3)</sup>	Statutory Net Income <sup>(3)</sup>	Distributions of Statutory Net Income			FY-End Balance Realized	Unrealized Gain (Loss)		Net Assigned Change	FY-End Assigned Balance	FY	FY-End Balance		
			State Revenues	Inflation Proofing		Net Change	FY-End Balance				Dividends	Inf-Proofing / Other <sup>(10)</sup>	Gen. Fund / Other <sup>(4)</sup>		Net Change	FY-End Balance <sup>(5)</sup>						
77-08	0	7,039	10,537	11,573	29,149	2,312	2,064	31,213	37,724	37,556	16,652	15,314	421	4,969	352	352	5,942	5,321	77-08	36,534		
09	29,149	0	651	1,144	30,945	(3,513)	(1,449)	29,496	(6,394)	(2,509) <sup>(8)</sup>	875	1,144	0 <sup>(8)</sup>	441	(373)	(21)	(4,901)	420	09	29,917		
10	30,944	0	679	0 <sup>(9)</sup>	31,624	1,869	421	32,045	3,517	1,590 <sup>(8)</sup>	858	0 <sup>(9)</sup>	0 <sup>(8)</sup>	1,194	37	16	790	1,210	10	33,255		
11	31,624	0	887	533	33,044	4,367	4,788	37,832	6,812	2,143 <sup>(8)</sup>	801	533	13 <sup>(8)</sup>	2,016	276	292	1,098	2,308	11	40,140		
12	33,044	0	915	1,073	35,033	(1,568)	3,220	38,253	(100)	1,568	605	1,073	17	1,905	(117)	175	(227)	2,081	12	40,333		
13	35,033	0	840	743	36,615	964	4,184	40,800	4,314	2,928	604	743	30	3,487	392	567	1,973	4,054	13	44,853		
14	36,615	0	779	546	37,941	2,878	7,062	45,002	6,848	3,531	1,235	546	32	5,237	408	975	2,158	6,211	14	51,214		
15	37,941	0	600	624	39,165	(589)	6,473	45,638	2,384	2,907	1,373	624	24	6,147	41	1,016	951	7,162	15	52,800		
16	39,165	0	284	0	39,449	(1,723)	4,750	44,199	398 <sup>(6)</sup>	2,198	696 <sup>(11)</sup>	0 <sup>(12)</sup>	18	7,649	(95)	921	1,408	8,570	16	52,769		
17	39,449	0	365	0	39,814	2,405	7,155	46,969	6,676	3,214	0	0 <sup>(12)</sup>	25	10,864	1,031	1,952	4,246	12,816	17	59,785		
Lo	18	39,814	0	291	1,450	41,555	(3,730)	3,425	44,980	(947)	3,688	726	1,450 <sup>(13)</sup>	27	12,376	(932)	1,020	580	13,396	18	58,376	
Mid	18	39,814	0	291	1,450	41,555	(1,071)	6,084	47,639	3,314	4,391	726	1,450 <sup>(13)</sup>	32	13,078	(38)	1,915	2,177	14,993	18	62,632	
Hi	18	39,814	0	291	1,450	41,555	1,331	8,487	50,042	7,503	5,242	726	1,450 <sup>(13)</sup>	38	13,929	892	2,845	3,957	16,773	18	66,815	
	19	41,555	0	352	943	42,850	(109)	5,975	48,825	3,959	3,950	1,705	943	28	14,380	90	2,005	1,393	16,385	19	65,211	
	20	42,850	0	350	972	44,172	(109)	5,866	50,038	4,123	4,115	1,749	972	28	15,774	90	2,095	1,484	17,869	20	67,907	
	21	44,172	0	359	1,002	45,533	(101)	5,765	51,297	4,295	4,288	1,876	1,002	28	17,185	81	2,176	1,491	19,360	21	70,657	
	22	45,533	0	368	1,033	46,933	(86)	5,678	52,612	4,471	4,464	2,096	1,033	28	18,520	65	2,241	1,401	20,761	22	73,372	
	23	46,933	0	367	1,064	48,365	(81)	5,598	53,963	4,643	4,638	2,227	1,064	28	19,867	59	2,299	1,405	22,166	23	76,129	
	24	48,365	0	377	1,097	49,839	(84)	5,514	55,353	4,819	4,814	2,253	1,097	28	21,331	61	2,360	1,525	23,691	24	79,044	
	25	49,839	0	403	1,130	51,372	(81)	5,433	56,805	5,005	5,001	2,344	1,130	28	22,858	57	2,417	1,584	25,276	25	82,081	
	26	51,372	0	430	1,166	52,967	(79)	5,354	58,321	5,200	5,196	2,437	1,166	28	24,452	54	2,472	1,648	26,924	26	85,245	
	27	52,967	0	453	1,202	54,622	(77)	5,277	59,899	5,402	5,400	2,532	1,202	28	26,118	52	2,523	1,717	28,641	27	88,540	
	28	54,622	0	469	1,240	56,331	(76)	5,201	61,532	5,612	5,611	2,630	1,240	28	27,859	49	2,572	1,791	30,432	28	91,964	
Cumulative Totals																						
Proj. for 2018-2027										0	4,219	12,298	(1,954)	50,844	51,869	22,575	12,298	309	620	17,616		

Assumptions: Total Return - Inflation = Total Real Return				Statutory Return		
Lo	FY 2018	-1.38%	2.25%	-3.63%	Lo	6.40%
Mid	FY 2018 <sup>(6)</sup>	5.73%	2.25%	3.48%	Mid	7.58%
Hi	FY 2018	12.72%	2.25%	10.47%	Hi	9.01%
	FY 2019-2027 <sup>(7)</sup>	6.50%	2.25%	4.25%		6.53%

### Notes related to financial history and projections FY1977 - FY2027:

- <sup>(1)</sup> Appropriations include special general fund, realized earnings, and other miscellaneous appropriation transfers into principal.
- <sup>(2)</sup> Dedicated State Revenues in current and future fiscal years are based on the Spring 2017 Department of Revenue forecast.
- <sup>(3)</sup> Accounting net income is based on United States Generally Accepted Accounting Principles (GAAP). Statutory net income is accounting net income, excluding any unrealized gains and losses on investments, and excluding earnings of the Alaska Capital Income Fund (AM Hess, et al principal).
- <sup>(4)</sup> FY05 and forward, Amerada Hess, et al. annual net positive settlement earnings are transferred to Alaska Capital Income Fund (ACIF) per AS 37.13.145(d).
- <sup>(5)</sup> Beginning in FY08, based on legal opinion, unrealized gains and losses were allocated between the nonspendable fund balance (principal) and the assigned fund balance (earnings reserve). Prior to FY08, all unrealized gains and losses were included with principal.
- <sup>(6)</sup> Current year returns and inflation are based on 2016 Callan capital market assumptions.
- <sup>(7)</sup> Future returns are based on 2016 Callan capital market assumptions and median expected returns (the mid case). Actual results will vary.
- <sup>(8)</sup> During FY 2009, the ACIF realized losses of \$33.3 million, which are excluded from statutory net income, and are included in the ending unreserved balance as a deficit account. During FY 2010 and FY 2011, the ACIF had realized income of \$20.8 and \$25.3 million, which is excluded from statutory net income, and served to reduce the FY 2009 deficit.
- <sup>(9)</sup> The statutory inflation calculation for FY 2010 was -.36%; therefore, there was no inflation proofing transfer during FY 2010.
- <sup>(10)</sup> FY77-08 includes special appropriations to principal of \$3.7 billion.
- <sup>(11)</sup> The dividend transfer reported for FY16 was paid out in dividends during FY17.
- <sup>(12)</sup> There was no appropriation for inflation proofing for FY16 and FY17.
- <sup>(13)</sup> Current year inflation proofing includes unfunded amounts from prior years.

### Income year-to-date as of November 30, 2017

#### FY18 Statutory net income

Interest, dividends, real estate & other income	\$ 482.7
Realized gains (losses) on the sale of invested assets	1,130.1
Less operating exp / Legis. Appropriations	(57.3)
Less AK Capital Inc. Fund committed realized earnings	(10.7)
<b>Statutory net income (loss)</b>	<b>\$ 1,544.8</b>

#### FY18 Accounting (GAAP) net income

Statutory net income (loss)	\$ 1,544.8
Unrealized gains (losses) on invested assets	2,570.7
AK Capital Income Fund committed realized earnings	10.7
<b>Accounting (GAAP) net income (loss)</b>	<b>\$ 4,126.2</b>

### PERFORMANCE SUMMARY

(preliminary as of November 30, 2017)

	Current Month	Last 3 Months	Fiscal Y-T-D	Calendar Y-T-D	Last 12 Months	Last 3 Years	Last 5 Years
PUBLIC EQUITIES	1.87%	6.16%	9.79%	22.95%	25.08%	8.43%	10.93%
FIXED INCOME PLUS	0.41%	0.41%	2.03%	5.80%	6.95%	3.51%	2.79%
PRIVATE EQUITY AND GROWTH OPPORTUNITIES	N/A	3.41%	7.68%	14.27%	17.42%	21.71%	20.41%
REAL ESTATE	N/A	-0.14%	-0.50%	2.21%	2.48%	8.67%	9.73%
INFRASTRUCTURE/PRIVATE CREDIT/INCOME OPPS	N/A	1.30%	5.41%	10.95%	11.74%	11.01%	11.01%
ABSOLUTE RETURN	N/A	1.99%	3.50%	7.06%	8.40%	2.98%	4.06%
ASSET ALLOCATION	-0.02%	0.64%	2.53%	4.00%	4.81%	2.25%	2.64%
TOTAL FUND	0.91%	3.34%	6.06%	13.58%	15.15%	8.04%	8.95%
<b>Total Fund Return Objective</b>	<b>0.41%</b>	<b>1.68%</b>	<b>2.73%</b>	<b>6.74%</b>	<b>7.20%</b>	<b>6.47%</b>	<b>6.39%</b>

Note related to the performance summary:

Effective October 1, 2016, the Board of Trustees changed the target asset allocation of the Fund. Historical returns for the new asset classes will be reported over time.