

## ALASKA PERMANENT FUND

### Balance Sheets

Unaudited (millions of dollars)	January 31, 2017	June 30, 2016
<b>Assets</b>		
Cash and temporary investments	\$ 3,064.8	2,213.1
Receivables, prepaid expenses and other assets	771.0	456.5
Investments:		
Marketable debt securities	8,767.8	9,800.1
Preferred and common stock	23,242.1	20,938.2
Real estate	7,016.7	7,048.2
Absolute return	4,711.6	5,495.9
Public-private credit	1,117.8	1,080.4
Private equity	6,073.3	5,531.4
Infrastructure	2,328.3	1,760.7
Total investments	<u>53,257.6</u>	<u>51,654.9</u>
<b>TOTAL ASSETS</b>	<b>\$ 57,093.4</b>	<b>54,324.5</b>
<b>Liabilities</b>		
Accounts payable	\$ 841.6	841.0
Income distributable to the State of Alaska	0.0	713.8
<b>TOTAL LIABILITIES</b>	<b>841.6</b>	<b>1,554.8</b>
<b>Fund Balances</b>		
Nonspendable:		
Permanent Fund corpus - contributions and appropriations	39,638.3	39,449.4
Not in spendable form - unrealized appreciation on invested assets	6,044.8	4,750.3
Total nonspendable	<u>45,683.1</u>	<u>44,199.7</u>
Committed:		
Current FY dividend	1,372.7	0.0
Current FY inflation proofing	499.4	0.0
Current FY AK Capital Income Fund	11.9	0.0
Total committed	<u>1,884.0</u>	<u>0.0</u>
Assigned for future appropriations:		
Realized earnings	7,286.2	7,649.0
Unrealized appreciation on invested assets	1,398.5	921.0
Total assigned	<u>8,684.7</u>	<u>8,570.0</u>
<b>TOTAL FUND BALANCES</b>	<b>56,251.8</b>	<b>52,769.7</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 57,093.4</b>	<b>54,324.5</b>

## ALASKA PERMANENT FUND

### Statements of Revenues, Expenditures and Changes in Fund Balances

Unaudited (millions of dollars)	Month ended January 31, 2017	Seven months ended January 31, 2017	Fiscal year-end audited June 30, 2016
<b>Revenues</b>			
Interest	\$ 25.8	171.4	306.8
Dividends	15.4	268.8	526.5
Real estate and other income	39.0	198.4	361.0
Total interest, dividends, real estate and other income	80.2	638.6	1,194.3
Net increase (decrease) in the fair value of investments:			
Marketable debt securities	37.0	(216.4)	376.6
Preferred and common stock	669.5	2,244.2	(1,314.9)
Real estate	(12.3)	115.8	534.7
Absolute return	31.6	228.6	(57.3)
Public-private credit	3.9	43.6	(33.1)
Private equity	45.5	388.1	(35.0)
Infrastructure	7.5	83.6	274.8
Emerging markets total opportunities	0.0	0.0	15.0
Derivative Instruments	(5.7)	87.8	(27.7)
Currency	(16.2)	(249.3)	(415.0)
Total net increase (decrease) in investments	760.8	2,726.0	(681.9)
<b>TOTAL REVENUES</b>	<b>841.0</b>	<b>3,364.6</b>	<b>512.3</b>
<b>Expenditures</b>			
Operating expenditures	(9.4)	(62.8)	(105.3)
Other legislative appropriations	0.0	(8.6)	(8.5)
<b>TOTAL EXPENDITURES</b>	<b>(9.4)</b>	<b>(71.4)</b>	<b>(113.8)</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ 831.6</b>	<b>3,293.2</b>	<b>398.5</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	26.6	188.9	284.5
Transfers out	0.0	0.0	(713.8)
<b>NET CHANGE IN FUND BALANCES</b>	<b>858.2</b>	<b>3,482.1</b>	<b>(30.8)</b>
<b>Fund Balances</b>			
Beginning of period	55,393.6	52,769.7	52,800.5
End of period	<b>\$ 56,251.8</b>	<b>56,251.8</b>	<b>52,769.7</b>

#### Statutory Income Calculation

Excess (deficiency) of revenues over (under) expenditures	831.6	3,293.2	398.5
Adjustments to bring net income to statutory net income:			
Unrealized (gains) losses	(706.2)	(1,772.0)	1,817.8
Alaska Capital Income Fund realized income	(0.9)	(11.9)	(18.1)
<b>STATUTORY NET INCOME</b>	<b>\$ 124.5</b>	<b>1,509.3</b>	<b>2,198.2</b>

## ALASKA PERMANENT FUND

### Receivables and Payables

Unaudited (millions of dollars)	January 31, 2017
<b>Accounts Receivable</b>	
Interest Receivable	\$ 70.5
Dividends Receivable	34.4
Foreign Exchange Contracts Receivable	0.0
Pending Sales Fixed Income	403.1
Pending Sales Equities	123.7
Pending Sales Alternative Investments	111.3
State Dedicated Revenues Receivable	27.9
Pending Sales Real Estate/REITs	0.1
Prepaid and Other Receivables	0.0
TOTAL RECEIVABLES	\$ 771.0
<b>Accounts Payable</b>	
Accrued Operating Payables	\$ 24.9
Pending Purchase Fixed Income	698.3
Pending Purchase Equities	115.3
Pending Purch. Alt. Investmnt	2.5
Pending Purchase Real Estate/REITs	0.6
TOTAL PAYABLES	\$ 841.6



# ALASKA PERMANENT FUND FUND FINANCIAL HISTORY & PROJECTIONS as of January 31, 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>							
77-07	0	7,039	9,693	10,765	27,497	6,198	6,197	33,694	39,096	34,618	15,359	14,506	388	4,132	0	0	(1,504)	4,133	77-07	37,827			
08	27,497	0	844	808	29,149	(3,886)	2,064	31,213	(1,372)	2,938	1,293	808	33	4,969	352	352	1,189	5,321	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 <sup>(6)</sup>	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			
Lo	17	39,449	0	277	548	40,274	(4,585)	165	40,439	(3,736)	1,725	1,395	548 <sup>(12)</sup>	15	7,432	(891)	30	(1,108)	7,463	17	47,902		
Mid	17	39,449	0	277	548	40,274	506	5,256	45,530	3,428	2,733	1,501	548 <sup>(12)</sup>	23	8,334	167	1,088	851	9,422	17	54,951		
Hi	17	39,449	0	277	548	40,274	5,856	10,606	50,879	11,661	4,161	1,651	548 <sup>(12)</sup>	35	9,611	1,610	2,531	3,572	12,143	17	63,022		
	18	40,274	0	299	913	41,486	259	5,515	47,001	3,710	3,292	1,539	913	26	9,174	132	1,220	972	10,394	18	57,394		
	19	41,486	0	328	941	42,755	258	5,773	48,528	3,877	3,442	1,530	941	26	10,145	150	1,370	1,121	11,515	19	60,043		
	20	42,755	0	343	970	44,067	266	6,039	50,106	4,058	3,604	1,603	970	26	11,176	162	1,532	1,193	12,708	20	62,814		
	21	44,067	0	357	1,000	45,424	283	6,322	51,746	4,248	3,774	1,769	1,000	26	12,182	164	1,696	1,169	13,877	21	65,623		
	22	45,424	0	361	1,030	46,815	296	6,619	53,434	4,439	3,946	1,896	1,030	26	13,201	171	1,866	1,190	15,068	22	68,502		
	23	46,815	0	364	1,062	48,241	305	6,924	55,164	4,636	4,122	1,983	1,062	26	14,279	183	2,049	1,260	16,328	23	71,492		
	24	48,241	0	364	1,094	49,699	313	7,237	56,936	4,840	4,304	2,074	1,094	26	15,415	195	2,245	1,332	17,660	24	74,596		
	25	49,699	0	371	1,127	51,196	322	7,559	58,755	5,052	4,494	2,167	1,127	26	16,616	209	2,453	1,409	19,070	25	77,825		
	26	51,196	0	370	1,160	52,726	331	7,890	60,617	5,272	4,692	2,264	1,160	26	17,884	223	2,676	1,490	20,560	26	81,176		
	27	52,726	0	366	1,195	54,287	340	8,230	62,517	5,501	4,896	2,363	1,195	26	19,222	238	2,914	1,577	22,137	27	84,653		
<b>Cumulative Totals</b>																							
Proj. for 2017-2026									0	3,801	11,037	3,480											
									49,060	43,299	20,689	11,037	288			1,993		13,566					

Assumptions: Total Return - Inflation = Total Real Return				Statutory Return			
Lo	FY 2017	-6.84%	1.26%	-8.10%	Lo	3.51%	
Mid	FY 2017 <sup>(6)</sup>	6.70%	1.26%	5.44%	Mid	5.43%	
Hi	FY 2017	22.26%	1.26%	21.00%	Hi	8.15%	
FY 2018-2026 <sup>(7)</sup>				6.95%	2.25%	4.70%	6.24%

### 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 Fall 2016 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> FY77-07 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, to date, there has been no appropriation for FY17.

### Income year-to-date as of January 31, 2017

#### FY16 Statutory net income

Interest, dividends, real estate & other income	\$ 638.6
Realized gains (losses) on the sale of invested assets	954.0
Less operating exp / Legis. Appropriations	(71.4)
Less AK Capital Inc. Fund committed realized earnings	(11.9)
<b>Statutory net income (loss)</b>	<b>\$ 1,509.3</b>

#### FY16 Accounting (GAAP) net income

Statutory net income (loss)	\$ 1,509.3
Unrealized gains (losses) on invested assets	1,772.0
AK Capital Income Fund committed realized earnings	11.9
<b>Accounting (GAAP) net income (loss)</b>	<b>\$ 3,293.2</b>

### PERFORMANCE SUMMARY

(preliminary as of January 31, 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	2.99%	5.49%		2.99%			
FIXED INCOME PLUS	0.26%	-1.09%		0.26%			
PRIVATE EQUITY AND GROWTH OPPORTUNITIES	N/A	0.39%		N/A			
REAL ESTATE	N/A	0.67%	3.60%	N/A	11.48%	10.90%	10.73%
INFRASTRUCTURE/PRIVATE CREDIT/INCOME OPPTS	N/A	0.45%		N/A			
ABSOLUTE RETURN	N/A	-0.11%	2.17%	N/A	1.10%	1.02%	2.88%
ASSET ALLOCATION	N/A	0.51%		N/A			
TOTAL FUND	1.28%	2.26%	5.83%	1.28%	13.21%	6.52%	7.86%
<b>Total Fund Return Objective</b>	<b>0.97%</b>	<b>1.67%</b>	<b>3.63%</b>	<b>0.97%</b>	<b>7.50%</b>	<b>6.26%</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.