

News Release**For Immediate Release: September 28, 2017****Contact: Pauly Swanson 907.796.1520****The Board of Trustees Approves Strategic Measures to Advance APFC's Mission**

Juneau – The Board of Trustees reviewed the fiscal year 2017 (FY17) investment performance of the Alaska Permanent Fund (Fund), considered capital market projections and approved measures to advance the strategic mission of the Alaska Permanent Fund Corporation during their Annual Meeting on September 27 and 28, 2017 in Juneau. As noted in the 2017 Annual Report, released at the meeting, the Fund's assets under management (AUM) reached an end of fiscal year high, totaling \$59.8 billion on June 30, 2017, comprised of \$47.0 billion in the Principal of the Fund and \$12.8 billion in the Earnings Reserve Account. Since the end of the fiscal year, the AUM has continued to reach record market values and is now well over \$61 billion.

Chair Bill Moran noted that “he is proud of all that APFC accomplished in FY17 and is impressed by the staff's sustained commitment to strive for optimal long term, risk adjusted investment performance, improve business processes and implement best practice standards in their stewardship of the Alaska Permanent Fund.”

APFC staff offered the Board of Trustees a plan to fulfill the Corporation's strategic goal of developing and implementing best in class asset investment capabilities to produce target long term real returns by the end of FY21. Based on a comprehensive review of the performance metrics and standards, staff brought forth the following recommendations that the Board adopted: implementation of an Annual Fund and Asset Class Investment Performance Scorecard and introduction of a one-quarter lag for the reporting of APFC's private market investments beginning with FY18.

The Board of Trustees affirmed their commitment to managing the Fund on behalf of all Alaskans and adopted a resolution directing APFC to identify and pursue legislative support for inflation proofing the Principal of the Alaska Permanent Fund to preserve the purchasing power for all generations.

Chief Executive Officer, Angela Rodell, stated “our constitutional mandate requires us to invest the Fund in perpetuity for all generations of Alaskans. The Board of Trustees has put in place tools and measures which recognize the climate we find ourselves in and allow us to continue on a path of success.”

Callan, APFC's General Consultant, also offered a review of APFC's current asset allocation, designed to optimize expected return vs expected risk over a long term horizon, and provided their 10-year total return projection for the Fund which is anticipated to be 6.50%, reflecting a decrease of 45 basis points (0.45%) from the previous forecast. This reduction of long term expected returns is a natural result of changes in global market conditions based on the combination of recent exceptional returns in the public equities market, the persistence of low interest rates, and the shift of growth toward emerging markets that have fewer developed investment opportunities. APFC staff provided context as to how these projections impact APFC's current target allocation and noted that at this time it was not deemed necessary to adjust the asset allocation approved by the Board of Trustees in December of 2016.

The Board also reviewed and approved the implementation of a liquidity overlay program that APFC staff developed in conjunction with Callan to institute industry best practice standards for liquidity

management. The use of an overlay program will increase APFC's ability to effectively manage cash and meet ongoing liquidity needs efficiently. Following an extensive selection process, NISA Investment Advisors, LLC has been appointed as the external manager of this program.

As part of APFC's commitment to provide insightful education pertaining to the portfolio's asset classes, a panel discussion was conducted with three of APFC's venture capital partners. The dialogue provided the Board of Trustees an opportunity to evaluate and discuss strategic long term considerations related to APFC's investments in venture capital.

The Board of Trustees also addressed the following agenda items:

- Review and approval of KPMG's results of the Annual Audit for Fiscal Year 2017
- Release of the 2017 Annual Report that can now be viewed at apfc.org
- Consideration of APFC's Risk and Asset Allocations
- Approval of the Budget Request to be put forward for Fiscal Year 2019
- Election of Trustee Bill Moran to Chair and Trustee Carl Brady to Vice-Chair of the APFC Board of Trustees.
- Welcomed Commissioner Andrew Mack to the Board of Trustees. He now holds one of the two seats reserved for executive branch cabinet members. Trustee Sheldon Fisher now serves in the seat designated for the Commissioner of Revenue.