

News Release**For Immediate Release: December 12, 2018****Contact: Pauly Swanson 907.796.1520****The APFC Board of Trustees Review Fund Performance and Risk Components**

Juneau – The Board of Trustees held its quarterly meeting in Juneau, Alaska on December 11-12, 2018 to review the performance of the Fund through September 30, 2018, consider the components of a comprehensive risk program, and learn about the 2019 market forecast from the Alaska Permanent Fund Corporation's (APFC) investment partners.

The Alaska Permanent Fund (Fund) gained 2.13% during the first quarter of fiscal year 2019 (FY19) and the Fund ended September 30, 2018 with total net assets under management valued at \$63.9 billion (unaudited), the value of the Principal is \$46.9 billion and the value of the ERA is \$17.0 billion.

Callan, APFC's consultant, in their review of the Fund's performance noted that in the rolling 12 month period ending September 30, the Fund gained 8.7%. This trailing year performance puts the total Fund in the top third relative to other large public funds, and in the top half versus other large endowments/foundations. It was recognized that since the quarter ended on September 30, the markets have exhibited a great deal of volatility which is expected within a long term investment horizon. The Fund's portfolio is designed to weather through periods of market corrections and diversification continues to be an essential element in effectively managing the portfolio through various market cycles.

The Board was also presented with a comprehensive overview of the planned approach to risk management by APFC's new Chief Risk and Compliance Officer, Sebastian Vadakumcherry. The establishment of an independent and dedicated risk management function reflects APFC leadership's recognition to mature and strengthen the internal control framework. Chair Richards remarked that "it is great to welcome Sebastian to the APFC team. He brings a wealth of experience and knowledge pertaining to risk management and compliance that will take APFC to the next level of sophistication in asset management practices."

In addition to receiving updates from APFC's staff on performance of individual asset classes, the Board of Trustees:

- Were provided with insights from APFC's asset class teams pertaining to strategic initiatives designed to bring best in class advances to Fund management. APFC continually looks for opportunities to add value to the Fund through innovative approaches such as the build to core program for Real Estate, developing an internal private credit program, and capitalizing on direct and co-investment private market opportunities.
- Received a Macroeconomic Overview of the 2019 Investment Market Outlook from Morgan Stanley and Bridgewater, with both firms forecasting a period of low market returns in the next 3-5 years. This led to a robust discussion about the impacts of an endowment model concept on asset allocation and investment strategy in such a market environment.
- Appointed an Ad-Hoc Committee for further review of the Incentive Compensation Policy.
- Welcomed Commissioner of Revenue Bruce Tangeman and Commissioner of Natural Resources Feige to the APFC Board of Trustees. As appointed by Governor Dunleavy, they now fill the two seats on the Board of Trustees reserved for cabinet members.

The next quarterly meeting of the Board of Trustees will be held on February 27-28, 2018 at the Corporation's headquarters in Juneau, Alaska.

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