

News Release

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Market Value of the Alaska Permanent Fund

Juneau – Knowing that the state’s reliance on the Alaska Permanent Fund to support state services is more significant than it has ever been, our team at APFC is aware of the daily interest in the Fund values. In watching those values, keep in mind that they are changing rapidly – by the hour, the day, the week - and the changes in value primarily reflect movement within the unrealized gains/losses holdings of the Fund. Our APFC team remains vigilant in monitoring this activity and positioning the portfolio within a long-term investment horizon.

APFC’s Chief Investment Officer Marcus Frampton offers, “Through the extreme market volatility prevailing in markets for the past several weeks, the APFC portfolio has held up well. The Fund has ample liquidity to fulfill all our obligations and to opportunistically add to positions where we perceive there to be compelling value. Additionally, the APFC Team’s conservative positioning of the portfolio entering this episode, with an overweight to cash and fixed income, has resulted in very strong relative performance and enviable levels of dry powder to deploy into investment opportunities.”

The total value of the Fund at the beginning of this fiscal year on July 1, 2019 was \$66.3 billion, and six months into the fiscal year had reached a value of \$66.9 billion. We have now officially closed the books on February, and the total value of the Fund on February 29, 2020 was \$64.9 billion. Upon market close on March 16, the total Fund value had fallen to \$58.7 billion.

Monthly, APFC issues financial statements that show the assets, liabilities, and balance of the Alaska Permanent Fund as of the end of the prior month and the previous fiscal year-end. These statements are compiled based on financial data received from the custodial bank and require approximately 2-3 weeks after month-end for our finance team to reconcile the investment activity and complete closing entries. Once these calculations are complete, our team is then able to calculate the balances of both the Principal and the Earnings Reserve Account (ERA).

The cumulative effect of this month’s volatility on the ERA balance will be available when the March financial statements are published. That being said, APFC understands the importance of providing information to update Alaskans and policymakers about the effects of the market downturn on the Earnings Reserve Account during this critical time period.

In an effort to provide timely information on a complex portfolio and after making some simplifying assumptions, our team has estimated that the value of the ERA as of March 16 is now approximately \$16.1 billion. The chart below shows a comparison with June 30, 2019 as well as to our most recent financial statement. This is not intended to be a projection of actual results but an estimate to give stakeholders a sense of the impact of recent market volatility on both the Fund and the ERA.

Alaska Permanent Fund

in billions - unaudited

	16-Mar-20	29-Feb-20	30-Jun-19
Total Fund Value	\$58.7	\$64.9	\$66.3
Principal	\$42.6	\$47.1	\$47.8
Contributions	41.8	41.8	41.5
Unrealized Gains	0.8	5.3	6.3
ERA	\$16.1	\$17.8	\$18.4
Realized Earnings	7.9	7.9	9.1
Unrealized Gains	0.3	2.0	2.4
Committed:			
POMV Distribution	3.1	3.1	2.9
FY20 Special Approp to Principal	4.0	4.0	4.0
FY20 Inflation Proofing	0.7	0.7	0.0
AK Capital Income Fund	0.1	0.1	0.0

italics - estimated projections

It is important to note that the FY20 \$2.9 billion percent of market value (POMV) distribution to the state general fund has largely been fulfilled, and the FY21 transfer of \$3.1 billion under the POMV formula is reflected in the Committed section of the Fund's Balance Sheet and is not impacted by the recent market downturn.

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