



APFC

ALASKA PERMANENT
FUND CORPORATION

The Alaska Permanent Fund

RESPECT – PROTECT – PROVIDE

Trustees' Paper Volume 10

Sitka, May 2025

CREATING A RENEWABLE RESOURCE

A Decade of Action

1969

The Prudhoe Bay lease sale brings more than \$900 million to the State for drilling rights

1971

Alaska Native Claims Settlement Act (ANCSA)

1974

Pipeline Construction Begins

1976

Alaska voters approve Constitutional Amendment establishing the Permanent Fund
2/3rds margin 75,588 to 38,518

1977

The Permanent Fund receives its first deposit of dedicated oil royalties totaling \$734,000

1980

The Alaska Permanent Fund Corporation was established to manage and invest the Fund.
The Permanent Fund Dividend program was established.

Respect

Alaska Constitution Article IX, Section 15 Alaska Permanent Fund

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the state shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law.



A Legacy of Intergenerational Resource Contribution

Alaskans chose to permanently forgo immediate use of at least 25% of oil and mineral revenues, saving instead to create a renewable financial resource for generations — the Alaska Permanent Fund.

Today, the Fund –

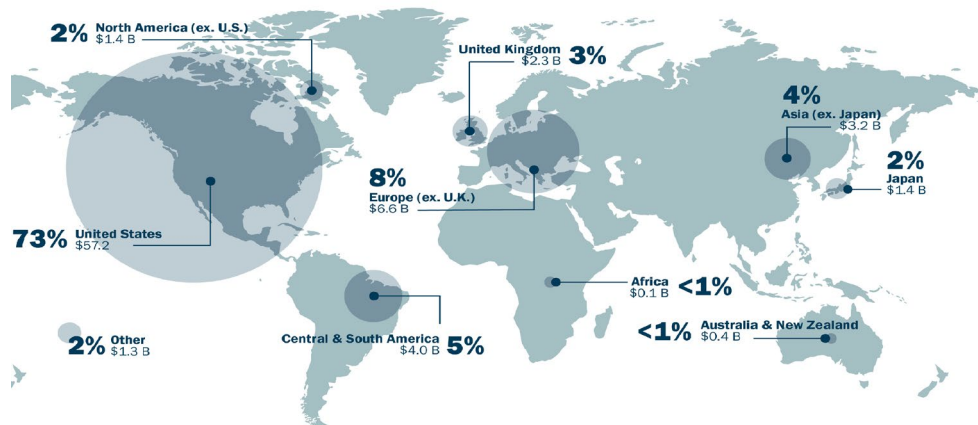
- **Leads the Nation**
The largest U.S. sovereign wealth fund, globally recognized as a model for converting finite natural resources into lasting wealth.
- **Supports Alaska**
Provides over 50% of the state's unrestricted general fund revenue for dividends and essential services through the annual Percent of Market Value (POMV) draw.

Diversification

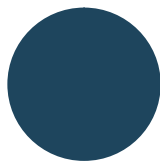
APFC seeks to balance the goals of maximizing returns and minimizing risks.

Risk Management

The goal of risk management is not to avoid risk but to identify, understand, and manage it to acceptable levels.



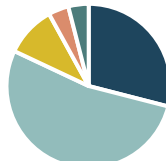
1980



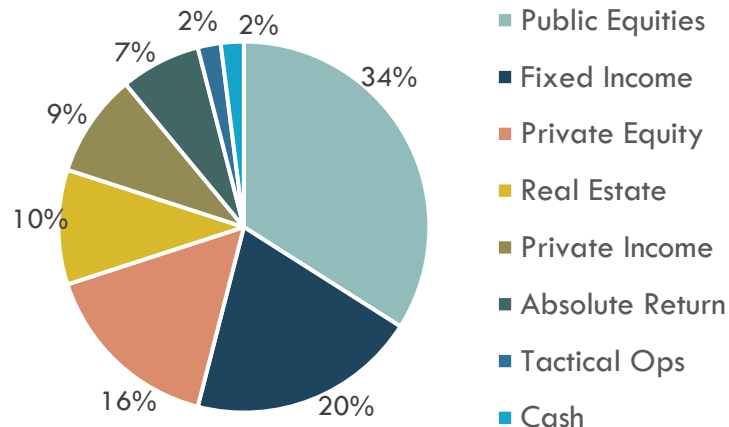
1990



2006

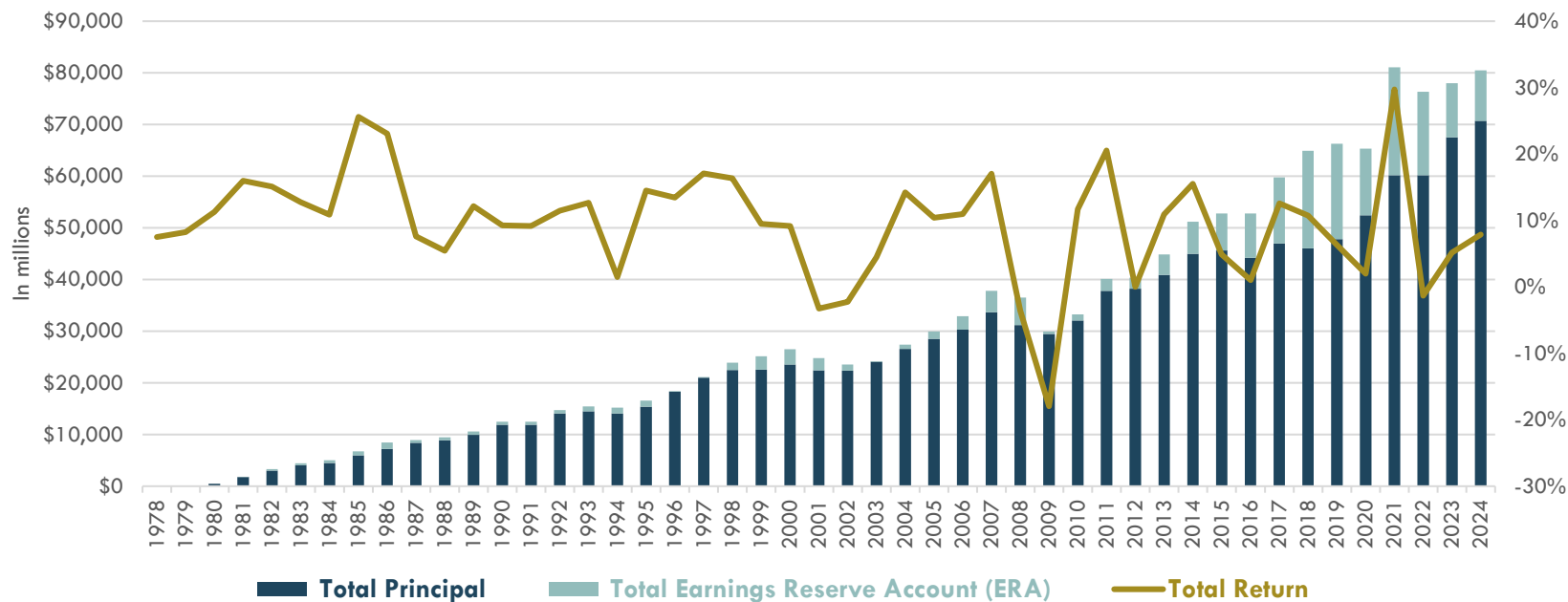


2024 Target Allocation



Values & Returns

8.72% annualized total return



PRINCIPAL is Constitutionally established for permanent savings to be used only for income-producing investments.
The **ERA** is statutorily established to hold investment net income and be available for appropriation.

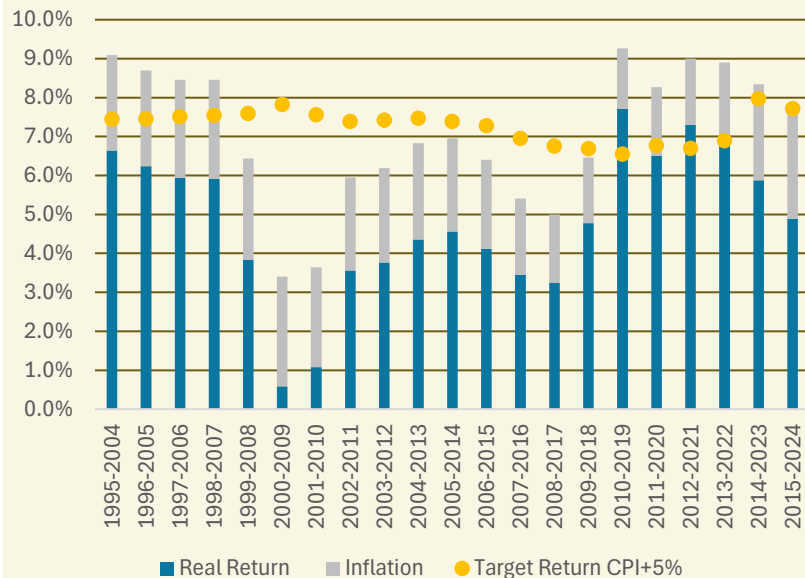
Investing for the Long Term

Target: A maximum risk-adjusted return of inflation (CPI) + 5% over a 10-year period.

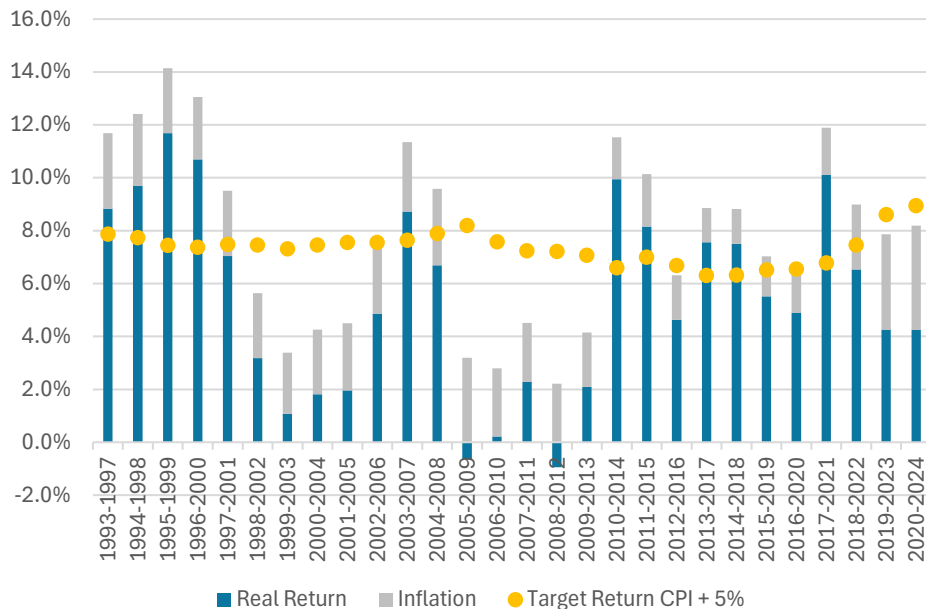
Real Return = Total Return – Inflation (CPI)

Annual investment performance, when adjusted for inflation, demonstrates ongoing value & purchasing power.

10-Year Returns



5-Year Returns



Alaska's Largest UGF Revenue Source

FY26 POMV Draw Calculation

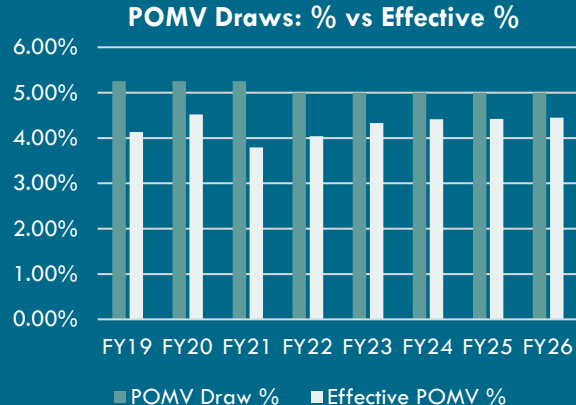
AS 37.13.140 (b) Fund Value-Based

FY24	\$80,038.4
FY23	\$77,587.5
FY22	\$75,912.8
FY21	\$81,472.4
FY20	\$64,877.8

Avg.	\$75,977.8
5%	\$ 3,798.9

FY26 = \$ **3.8B**
 FY27 = \$ **4.0B estimated**

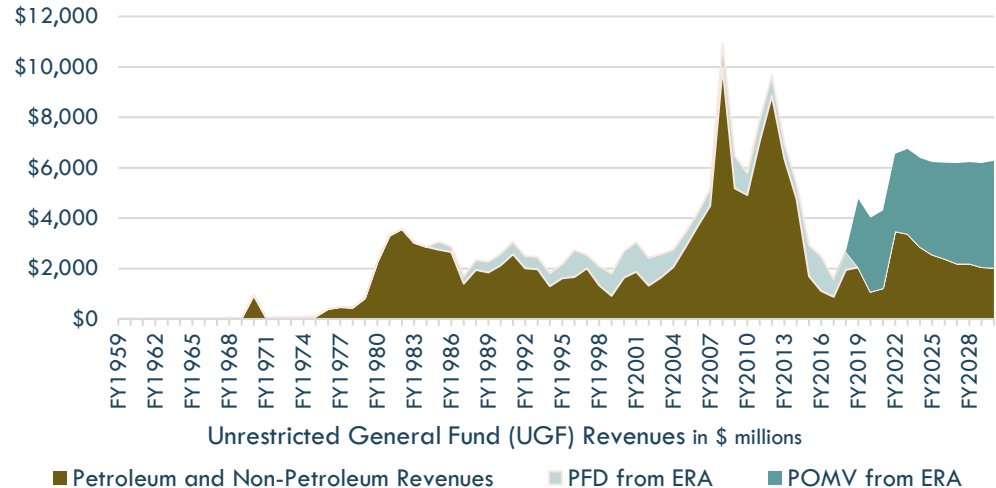
 FY19-FY25 = \$ **22.4B**
 over 7 fiscal years



The Shift in Alaska's Revenue

Alaska's budget has transitioned from primarily relying on nonrenewable mineral royalty resources to depending on financial revenues generated by the Fund.

The POMV draw, enacted in 2018, has exceeded traditional revenue sources in providing unrestricted general fund revenues.



Protect

Proposed: Single-Fund Endowment Model

- Merge the Principal and the ERA into a Single-Fund.
- Limit annual distributions through a Constitutional POMV Rule.
- Ensure automatic inflation proofing by adhering to a long-term sustainable withdrawal rate.

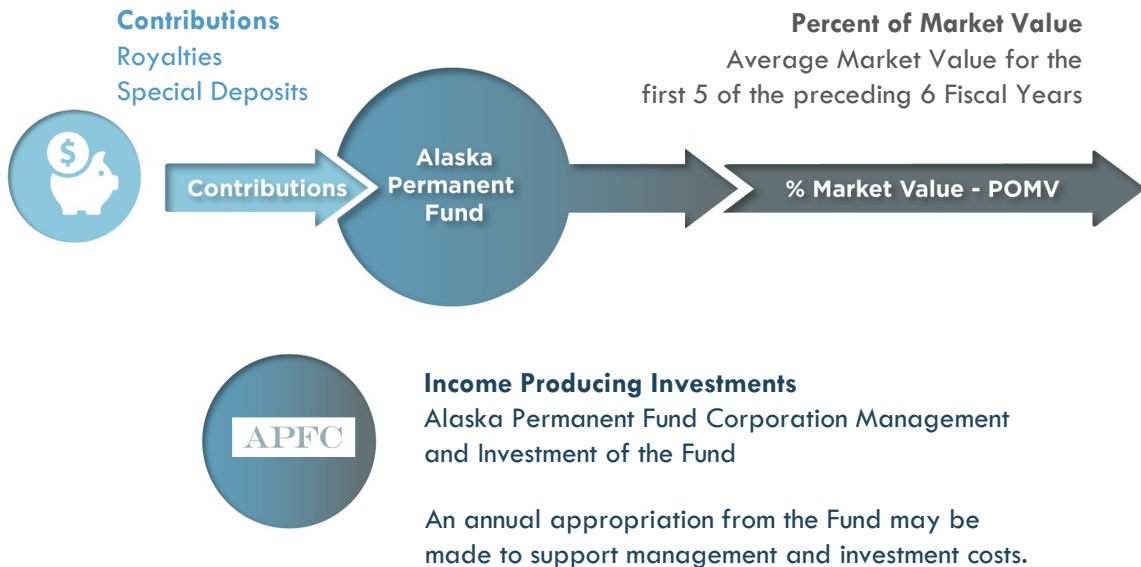
Inflation Proofed

A Single-Fund Endowment is permanently inflation-proofed and ensures the Fund's real value is maintained over time while supporting its intended beneficiaries.

The key principles behind this are:

- Growth in the Fund's value keeps pace with or exceeds inflation.
- A prudent spending rule/limited draw rate ensures sustainability.
- Returns above the draw rate are reinvested.

Proposed: Single-Fund Endowment

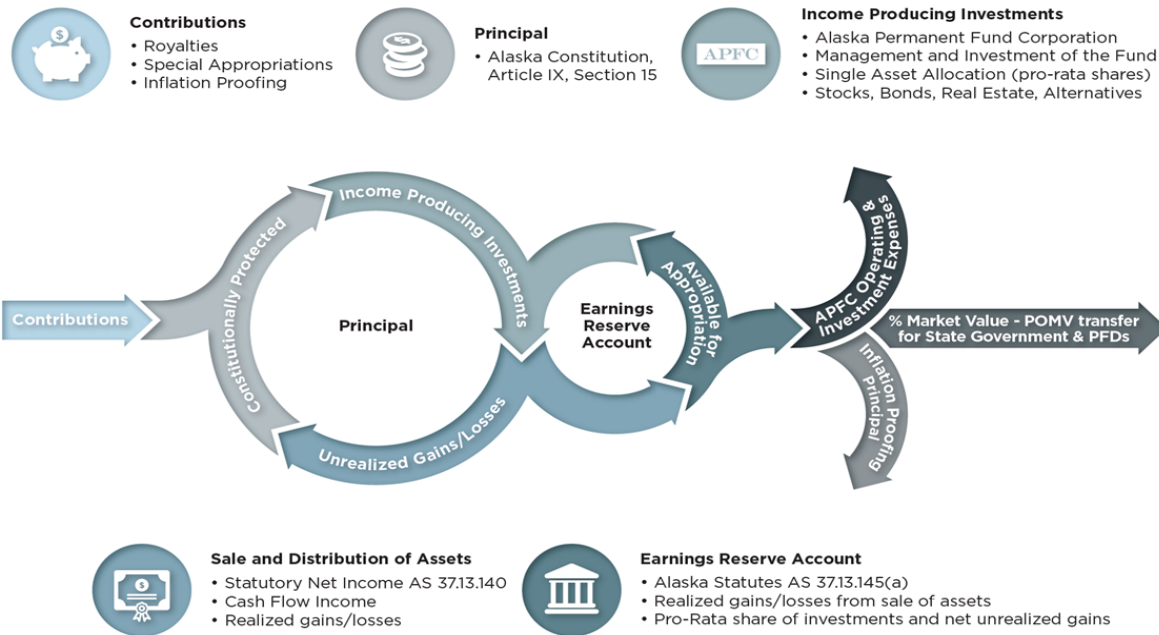


Guaranteed POMV Transfer

The transition to a Single-Fund would guarantee availability for an annual POMV transfer while maintaining flexibility in how the money is utilized.

Annual draw certainty would ensure the ability to provide for a dividend and essential government services.

Current: Two-Account Structure



The **Principal** provides permanent savings to be used only for income-producing investments.

Realized earnings are deposited into the **Earnings Reserve Account (ERA)** for appropriation by the Legislature.

POMV draws to support the state's current revenue needs and transfers to inflation proof the Principal are limited to the balance of the ERA.

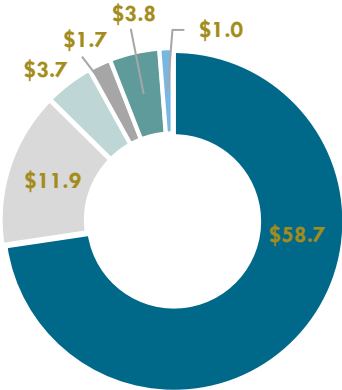
Protect

Adopting a Single-Fund Endowment Model with a constitutionally established spending limit, would **strengthen the Fund's long-term stability and purchasing power** for future generations.

**\$80.8 Billion Total Fund Value
FYTD as of March 31, 2025**

Current Two-Account Structure

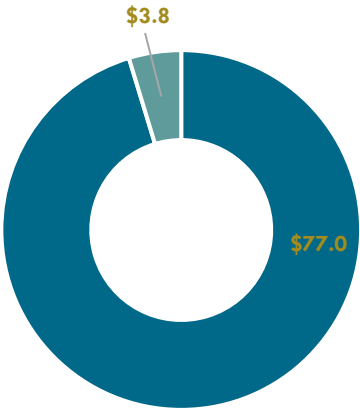
Constitutionally Protected:
73% | \$58.7 billion



- Principal Deposits
- ERA Realized Earnings
- ERA 5% POMV Draw
- Principal Unrealized Gains
- ERA Unrealized Gains
- ERA Inflation Proofing to Principal

Proposed Endowment Model

Constitutionally Protected:
95% | \$77.0 billion



- The Fund
- 5% POMV Draw

The Single-Fund Endowment Retains Earnings

Under the Single-Fund Endowment Structure, income would be calculated according to generally accepted accounting principles, meaning all earnings (realized and unrealized) would be retained within the Fund.

All earnings are retained and reinvested in the Single-Fund, thus eliminating the need for inflation proofing.



PROVIDE

Reform for Today and Tomorrow

For the Present

- Ensure the option of an annual payout to support dividends and government services.
- Maintain stable payouts from year to year.
- Make the payout method compatible with the investment strategy.

For the Future

- Prevent overspending in the good years.
- Maintain purchasing power for the entire Fund.

RESPECT – PROTECT – PROVIDE

Benefits of the Single-Fund Model

Alignment with Prudent Investor Standards

Follows best fiduciary and prudent practices for endowments and trusts.

Total-Return Investing

Maximizes long-term growth without liquidity constraints.

Predictable & Sustainable Spending

A maximum draw POMV rule prevents overspending while providing stable annual revenue to support essential services and dividends.

Automatic Inflation Proofing

Eliminates the need for manual and ad hoc legislative adjustments.

Trustees' Paper Volume 10



"Within the world of sovereign wealth funds, the Alaska Permanent Fund is admired and respected for its long tradition of rules-based policymaking, prudent investment management, and sound governance.

That said, the paper shows that the current two-account structure introduces significant risks to the ability to fund the annual POMV transfer that supports the state budget and the Permanent Fund Dividend.

The paper outlines reforms that should be pursued with urgency to ensure that the Fund continues to underpin the sustainability of Alaska's public finances for current and future generations."

*Dr. Malan Rietveld
Sovereign Wealth Fund Expert*

Constitutional Amendment

The Board has been on record for more than 20 years to transition the Fund from its current two-account system to a one unified account system, to protect the intergenerational sustainability of the Fund to provide for all generations.

BOARD RESOLUTIONS

00-13, 03-05, 04-09, 18-04, and 20-01


- Supporting a constitutional amendment to limit the annual Fund payout to not more than a 5% POMV averaged over a period of 5 years.
- Implementation of a constitutional POMV spending limit for the Fund, has the accompanying benefit of assuring permanent inflation proofing of the Fund.

accordance with appropriations made...
ent of money shall be incurred except as authorized...
appropriations outstanding at the end of the period of time...
all be void.

14. Legislative Post-Audit— The legislature shall appoint an...
at its pleasure. He shall be a certified public accountant. The...
conduct post-audits as prescribed by law and shall report...
and to the governor.

§ 15. Alaska Permanent Fund— At least twenty-five per...
lease rentals, royalties, royalty sale proceeds, federal mi...
payments and bonuses received by the State shall be...
fund, the principal of which shall be used only for...
investments specifically designated by law as elig...
investments. All income from the permanent fun...
general fund unless otherwise provided by law.

§ 16. Appropriation Limit — Except for appro...
fund dividends, appropriations of revenue...
required to pay the principal and interest...
appropriations of money received from a n...
purposes, including revenues of a public...

The background of the image is a semi-transparent blue overlay on a financial market data interface. It features various elements: a table of stock prices with columns for price, change, and volume; a line chart showing price movement over time; a candlestick chart; and a volume bar chart. Text elements include 'Honoring the vision and sacrifices of the Alaskans who created the Fund, ensuring that a portion of Alaska's mineral wealth is saved and invested to benefit all Alaskans, today and tomorrow.' and the APFC logo and name. The overall aesthetic is professional and data-driven.

Honoring the vision and sacrifices of the Alaskans who created the Fund,
ensuring that a portion of Alaska's mineral wealth is saved and invested to
benefit all Alaskans, today and tomorrow.

APFC

ALASKA PERMANENT
FUND CORPORATION