Independent Review Findings and Recommendations

Prepared for the Governor of Alaska by WilmerHale

January 14, 2026

WILMERHALE

Table of Contents

Executive Summary

On July 28, 2025, then-Revenue Commissioner Adam Crum signed a binding investment agreement with DigitalBridge III GP, LLC, a general partnership affiliated with a private equity fund manager, Digital Bridge Advisors, LLC (together with DigitalBridge III GP, LLC and other affiliates "DigitalBridge"), that provided for capital commitments of $75 million (with an initial subscription of $50 million) in a private fund focused on infrastructure investments.[1] Mr. Crum intended to fund the investment with monies from a state fund called the Constitutional Budget Reserve Fund (the "CBRF"), and specifically, a subaccount within the CBRF (the "Subaccount"), which was created for the purpose of investing a portion of the CBRF into higher-yield, longer-term investments.[2]

In early October 2025, Governor Michael Dunleavy commissioned an independent third-party review of the DigitalBridge investment. On October 21, 2025, the State of Alaska engaged WilmerHale to conduct the independent review and provide a summary of findings for the Governor's review. WilmerHale's process involved interviews of relevant Alaska government personnel and third parties; document review, including electronic communications; and analysis of relevant laws, regulations, and policies concerning, among other topics, applicable fiduciary duty standards.

This report proceeds as follows: Section I provides background on the CBRF, the Subaccount, relevant fiduciary duty standards, and the Department of Revenue's non-routine investment protocol; Section II contains a non-exhaustive recitation of relevant facts; Section III describes WilmerHale's findings from the review; and Section IV describes actions WilmerHale recommends to address the findings from the review.

As is detailed further in Section I below, the CBRF was established in 1991 to serve as a source of funds to cover shortfalls in the state budget that may come, for example, from declines in the state's revenue streams. The Subaccount was established in 2000 to allocate a portion of the CBRF to higher yielding investments than the remainder of the CBRF. By statute, the Commissioner of Revenue has authority to establish or modify the investment policy for the Subaccount with the assumption that Subaccount funds "will not be needed for at least five years." Prior to 2025, the

---

[1] In December 2025, SoftBank Group agreed to buy DigitalBridge for $4 billion. *See* Connor Hart, *SoftBank to Buy Data Center Investment Firm DigitalBridge for $4 Billion*, Wall St. J. (Dec. 29, 2025).

[2] As is referenced below, eleven documents are attached to this report as Exhibits. Certain content protected by the attorney-client privilege as well as names of nonpublic third parties have been redacted from the Exhibits.

Subaccount had not been in use since April 2015 when its assets were liquidated and transferred in full to the CBRF main account.

The Commissioner of Revenue is the sole fiduciary of the CBRF (and, by extension, the Subaccount) and therefore must fulfill fiduciary duties in connection with CBRF investment decisions. These duties are articulated in the statutory "prudent investor rule." The prudent investor rule and Alaska law governing investment of state funds provide that fiduciaries have duties of care and loyalty that require context-specific investment decision making (including consideration of enumerated criteria) in the sole best interest of the fund.

The Department of Revenue's non-routine investment protocol was established in the wake of an investigation regarding a 2015 tax credit-backed loan that the Department of Revenue made to a joint venture between a company working on a project to construct an oil processing facility and the Alaska Industrial Development and Export Authority board. The loan received scrutiny from the State Legislature's Division of Legislative Audit, which ultimately concluded, among other findings, that the then-Revenue Commissioner's decision to make the loan was inconsistent with a "prudent person" standard. The Department of Revenue adopted the non-routine investment protocol enumerating steps to assist the Commissioner of Revenue in meeting the prudent investor standard and to help ensure evaluation of such investments was managed and documented consistent with statutory fiduciary duty requirements. The steps include appropriately documenting the investment, seeking advice from investment and legal advisors, and providing notification to relevant stakeholders, among others.

Section II and Appendix B below lay out the most salient facts WilmerHale identified in its review. In short, WilmerHale's review found that Mr. Crum began developing a plan to invest funds from the Subaccount in private equity infrastructure-focused funds in Fall 2024. During August and November 2024 quarterly State Investment Review meetings (periodic meetings attended by the Commissioner of Revenue, Department of Revenue Treasury Division staff, and an independent Investment Advisory Council), Mr. Crum and other meeting participants discussed the concept of reviving the Subaccount for investments and using state funds for in-state infrastructure investments. The meeting materials included an OMB analysis of the CBRF indicating that OMB forecasted that the CBRF was projected to be consumed within approximately two to three years. Two independent Investment Advisory Council members also offered to speak with Mr. Crum further and later put him in touch with individuals experienced in in-state investments. None of these discussions were specific as to potential Subaccount investments, and Mr. Crum did not elaborate or seek feedback on a detailed investment proposal. In October and November 2024, Mr. Crum consulted with the Department of Law regarding the statutory framework underpinning the Subaccount and associated investments of Subaccount assets.

By early 2025, Mr. Crum and then-Deputy Commissioner of Revenue Fadil Limani had reached out to six infrastructure private equity fund managers. Mr. Crum selected these fund managers based on their size, perceived reputation, and Mr. Crum's familiarity with at least some of them via Alaska Permanent Fund Corporation ("APFC") or Alaska Retirement Management Board ("ARM Board") investment considerations that he was aware of via his role as an APFC and ARM Board trustee. Of these six fund managers, Mr. Crum ultimately decided to proceed with DigitalBridge and two others. Mr. Crum did not conduct or direct anyone else to conduct a comparative review of historic returns of infrastructure funds managed by these firms versus private equity funds (or other comparable investment vehicles) managed by other firms as part of his selection process. Mr. Crum similarly did not conduct a comparative review of the selected investments against potential investments outside of the private equity asset class.

In March 2025, the Commissioner of Revenue's office engaged an outside law firm to represent the Department of Revenue in the anticipated Subaccount investment transactions, the legal fees for which the Commissioner of Revenue's office intended to have the fund managers cover. The engagement of the law firm took place outside of established statutory procurement procedures requiring that the attorney general approve engagements of legal services. The law firm went on to assist with negotiating the terms of the transactions and ensured that the legal documentation was in order; it did not play a role in selecting the potential investments, provide an official assessment of the quality of the potential investments, opine on the appropriateness of the potential investments for the CBRF, or advise on whether Mr. Crum had met his statutory fiduciary responsibilities in connection with the potential investments.

In May 2025, Mr. Crum contacted the Department of Law again for legal advice regarding a proposal to utilize the Subaccount to invest with private equity infrastructure fund managers without providing detail on the specific fund managers or funds he was contemplating for the investment. The Department of Law provided a response in late June 2025. Mr. Crum did not seek Department of Law advice on whether he had met his fiduciary duties in connection with the proposed investment, and the Department of Law did not offer Mr. Crum advice on this issue. Also in May 2025, the leadership of the Alaska Senate Finance Committee wrote a letter to Mr. Crum expressing concern about the liquidity of the CBRF and its ability to fund future budget shortfalls. Mr. Crum's response, sent on June 27, 2025, did not address the possibility of any portion of the CBRF being re-allocated from cash-equivalent investments to illiquid, longer-duration investments.

Mr. Crum did not task the Department of Revenue's professional investment staff or engage third-party investment advisory experts to assess and compare the historical returns or risk and liquidity profiles of the full spectrum of potential Subaccount investments that would earn higher returns than the CBRF's existing cash-equivalent investments, and he did not conduct any such assessment on his own. In June, Mr. Crum requested that Treasury staff review three proposed investments—private funds managed by DigitalBridge and the two other fund managers he had previously selected. After noting that the investments had already been selected and there was not sufficient time for a full analysis of the investments, Treasury staff conducted a limited review of the investments. The results of the limited review identified potential issues related to the DigitalBridge fund and one of the other two funds selected by Mr. Crum.

Mr. Crum met with the Governor and his staff in late June 2025 regarding the proposed investments, prior to which he shared a document that described a program to invest CBRF assets in private infrastructure funds that would pay higher returns than existing cash-equivalent CBRF investments. Under the program, the managers of these funds would also agree to provide strategic advice to help "Alaska identify and evaluate infrastructure projects within the state, bringing unique insights into best practices, emerging technologies, and potential investment opportunities within the state." Mr. Crum conceived of these two goals (higher returns and Alaska infrastructure development advice) as a "dual mandate." Mr. Crum met again with the Governor's staff in late July 2025, prior to which he shared another document including profiles on DigitalBridge and the two other fund managers he had selected. The document did not contain details on the specific funds slated for investment. The Governor and his staff were supportive of the program as characterized by Mr. Crum, *i.e.*, an opportunity to use state funds to increase wealth and benefits to Alaskans. They understood that Mr. Crum would proceed according to appropriate protocols.

On July 28, 2025, Mr. Crum signed the binding investment agreement with DigitalBridge, which provided for an initial capital commitment of $50 million and obliged DigitalBridge to have periodic meetings with the State regarding Alaska-based investment opportunities. The next day, Mr. Crum issued a memorandum to staff from the Department of Revenue and the Department of Law with the rationale for the DigitalBridge investment and the other two investments he intended to make with other private fund managers, asserting that a failure to address the "material underperformance" of the current allocation of the CBRF would be a breach of his fiduciary duties. On August 7, 2025, the Governor's staff became aware that the DigitalBridge contract had been signed. Mr. Crum resigned from office effective August 8, 2025.

As is described in more detail in Section III below, WilmerHale's review found the following:

1. Mr. Crum had the statutory authority to make the DigitalBridge investment, subject to meeting his fiduciary duties.

2. WilmerHale has not identified evidence of any conflict of interest related to the DigitalBridge transaction, or that Mr. Crum engaged in self-dealing or that his actions were motivated by personal financial gain. WilmerHale also has not identified any criminal wrongdoing by Mr. Crum.
3. Mr. Crum pursued the private equity investments both for the benefit of the CBRF and for the benefit of Alaska's infrastructure development. He believed not pursuing such investments would be a dereliction of his fiduciary obligations to the CBRF.
4. Mr. Crum reasonably considered higher-return investment options as part of a diversified strategy for the CBRF; however, he only considered a very narrow set of options within a single investment asset class and did not consider any other investments with greater liquidity and lower risk that would also yield higher returns than cash equivalents.
5. Mr. Crum's process for selecting the DigitalBridge fund and the two other private funds in which he intended to invest did not involve rigorous due diligence, and Mr. Crum did not follow Department of Revenue protocols designed to assist him in meeting his fiduciary duties in connection with the investment.
6. Mr. Crum appears to have been on-notice of informal and formal state budgetary projections that indicated that the CBRF funds he intended to move into illiquid investments in the Subaccount might be needed within the next five years. Mr. Crum has called into question the reliability of these projections but has identified no alternative analysis as a substitute.
7. Mr. Crum did not seek or receive advice from any professional investment advisory personnel (including the Investment Advisory Council) in connection with identifying or rigorously assessing a spectrum of potential higher-yield investments in general, or the infrastructure private equity funds, in particular.
8. Mr. Crum engaged with the Department of Revenue's professional investment staff regarding the CBRF Subaccount investment after he had already chosen the private equity funds in which he intended to invest. He did not seek the professional investment staff's substantive advice on investment selection. Nevertheless, because state budget and revenue projections indicated the need for CBRF liquidity in coming years, Department of Revenue's investment staff expressed concerns about investing CBRF funds in illiquid instruments on multiple occasions.
9. Mr. Crum decided not to inform Senate and House Finance Committee Chairs of his CBRF Subaccount investment decision once made because he regarded such notice to be an "abdicat[ion] of statutory authority." He similarly decided not to notify either the State Legislature's Division of Legislative Audit or the Office of Management and Budget of his investment decision prior to entering into the investment, citing the same concern regarding "abdicat[ion] of statutory authority."
10. Mr. Crum did not ask the Department of Law for advice on whether he had met his fiduciary obligations with regard to the private equity investments, and the Department of Law did not opine on the issue.

11. Mr. Crum periodically updated the Governor's office and received support for the general concept. However, the Governor's office did not direct Mr. Crum to pursue the investment.
12. The Commissioner of Revenue's office did not follow statutory procurement procedures in engaging outside legal counsel in connection with the CBRF Subaccount investment.

Mr. Crum's deviations from the non-routine investment protocol, overall lack of diligence during the investment process, and other issues raise significant concerns about whether he met his statutory fiduciary duties. To address these findings and in light of the facts described in this report, WilmerHale offers the following recommendations, which are described in more detail in Section IV below:

A. Consider administrative action to modify the CBRF's sole fiduciary structure.

B. Formalize a requirement to complete and document the steps outlined in the current non-routine investment protocol.

C. Require consultation between the Commissioner of Revenue and the Department of Law regarding application of statutory fiduciary duty standards to non-routine investments.

D. Promulgate a regulation implementing procurement procedures surrounding the engagement of outside legal services to clarify that the procurement procedure must be followed even where the State may not be responsible for payment of legal fees under the contract.

I. The CBRF, the Subaccount, Fiduciary Duty Standards under Alaska Law, and the Non-Routine Investment Protocol

In November 1990, after oil price swings in the mid-1980s negatively impacted the Alaskan economy, Alaska voters approved an amendment to the Alaska Constitution that created the CBRF.[3] The CBRF was intended to serve as a buffer for the State's general fund in the event of future fluctuations in the price of oil.[4] The ballot measure noted that the CBRF would be funded by money the State received from mineral revenue lawsuits or administrative actions, "invested at competitive rates," and used to make up for "shortfall[s]" in the state budget.[5] Appendix W to the Department of Revenue Treasury Division's Investment Policies and Procedures (the "Investment Policies and Procedures") indicates that the CBRF is used to "(1) Cover the expenditures authorized by the Legislature over the course of the current fiscal year; (2) Cover unexpected declines in the state's recurring revenue stream; and (3) Cover future expenditure authorizations by the Legislature."[6]

Since 1991, when the CBRF was first funded, it has ranged in size from approximately $297 million to a peak of around $12.7 billion.[7] As of November 2025, the balance amounted to approximately $2.9 billion.[8] The legislature has withdrawn funds from the CBRF to fill budget shortfalls and for other appropriations 14 times since its creation.[9]

---

3 Off. of Mgmt. & Budget, *Alaska's Fiscal Crossroads: A Discussion* 6 (Mar. 14, 2003), https://omb.alaska.gov/ombfiles/04_budget/Fiscal_CrossroadsDiscussion.pdf.

The full text of Article IX Section 17 of the Alaska Constitution, which established the CBRF, is at Appendix A to this report.

4 *Id*.

5 Ballotpedia, *Alaska Budget Reserve Fund, Measure 1 (1990)*, https://ballotpedia.org/Alaska_Budget_Reserve_Fund,_Measure_1_(1990).

6 Dep't of Treasury, *Appendix W: Reserves Policy* W-2 (Apr. 5, 2021), https://treasury.dor.alaska.gov/docs/treasurydivisionlibraries/treasury-documents/blue_book/Appendix_W_V6.1.pdf.

7 *See* Dep't of Treasury, *Investment Policies and Procedures* XII-98-99 (Dec. 2023), https://treasury.dor.alaska.gov/docs/treasurydivisionlibraries/treasury-documents/blue-book_v6.3-(2)f3964338-b7e3-455b-970a-886456dd8592.pdf?sfvrsn=4b346800_3; State of Alaska: Dep't of Revenue, *Constitutional Budget Reserve*, https://treasury.dor.alaska.gov/home/investments/constitutional-budget-reserve.

8 State of Alaska: Dep't of Revenue, *Constitutional Budget Reserve*, https://treasury.dor.alaska.gov/home/investments/constitutional-budget-reserve.

9 *See* Dep't of Treasury, *Investment Policies and Procedures* XII-99 (Dec. 2023), https://treasury.dor.alaska.gov/docs/treasurydivisionlibraries/treasury-documents/blue-book_v6.3-(2)f3964338-b7e3-455b-970a-886456dd8592.pdf?sfvrsn=4b346800_3.

The Subaccount

In 2000, following a period of higher than anticipated oil prices and a significant settlement which increased the balance of the CBRF, the Legislature amended Alaska Statute Section 37.10.430, "Management of the Budget Reserve Fund," adding subsection (c) and creating a "special subaccount" in the CBRF.[10] Subsection (c) provides, in relevant part:

- Funds in the Subaccount shall be invested to yield higher returns than might be feasible to obtain with other money in the budget reserve fund.
- The Commissioner of Revenue may establish or modify investment policy for the Subaccount.
- In making decisions regarding the investment policy for the Subaccount, the Commissioner of Revenue "shall assume that those funds will not be needed for at least five years."[11]

Between 2001 and 2015, the Subaccount held between approximately $355 million and $6.7 billion.[12] Its assets were liquidated and transferred in full to the CBRF main account in April 2015.[13]

Fiduciary Duty Standards under Alaska Law

Although relevant law does not refer to the CBRF as a "trust" or expressly attribute to the Commissioner of Revenue a fiduciary relationship with the CBRF, the Department of Revenue Treasury Division Investment Policies and Procedures (the "Investment Policies and Procedures") note that "Treasury employs a single fiduciary investment process and standard for all funds entrusted to the Department whether or not the fund is technically denominated as a trust."[14] Pursuant to this "single fiduciary" standard, the Commissioner of Revenue is the sole fiduciary of

---

10 *See* Treasury Div., Dep't of Revenue, *Constitutional Budget Reserve Fund - Investment Policy Statement* B-3-4 (Nov. 21, 2018), https://www.akleg.gov/basis/get_documents.asp?session=31&docid=47242.

11 AS § 37.10.430(c).

12 *See* Dep't of Treasury, *Investment Policies and Procedures* XII-98 (Dec. 2023), https://treasury.dor.alaska.gov/docs/treasurydivisionlibraries/treasury-documents/blue-book_v6.3-(2)f3964338-b7e3-455b-970a-886456dd8592.pdf?sfvrsn=4b346800_3.

13 *Id*.

14 *Id.* at VI-31-32.

the CBRF. Accordingly, the Commissioner of Revenue must comply with the prudent investor rule in connection with CBRF investment decisions.[15]

The Alaska Uniform Prudent Investor Act codifies the "prudent investor rule" and sets forth fiduciary duty requirements under Alaska law. Pursuant to this Act, fiduciaries must "manage trust assets as a prudent investor would by considering the purposes, terms, distribution requirements, and other circumstances of the trust."[16] Further, in accordance with their duty of care, the fiduciary must evaluate investment decisions "not in isolation but in the context of the trust portfolio as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the trust."[17] A fiduciary must consider: "(1) general economic conditions; (2) the possible effects of inflation or deflation; (3) the expected tax consequences of investment decisions or strategies; (4) the role that each investment or course of action plays within the overall trust portfolio[]; (5) the expected total return from income and the appreciation of capital; (6) other resources of the beneficiaries; (7) needs for liquidity, regularity of income, and preservation or appreciation of capital; and (8) an asset's special relationship or special value, if any, to the purposes of the trust or to one or more of the beneficiaries."[18]

The prudent investor rule encompasses the duty of loyalty, which requires that fiduciaries "invest and manage" the assets "solely in the interest of the beneficiaries."[19] This duty is consistent with the specific duties set forth for management and investment of state funds which require that "the fiduciary of a state fund shall . . . exercise the fiduciary duty in the sole financial best interest of the fund entrusted to the fiduciary."[20]

<u>The Non-Routine Investment Protocol</u>

In 2015, the Department of Revenue made a tax credit-backed loan to Mustang Operations Center 1 LLC ("MOC 1"), a joint venture between a company working on a project to construct an oil processing facility and the Alaska Industrial Development and Export Authority ("AIDEA")

---

15 AS § 37.10.071(c) (". . . the fiduciary of a state fund shall apply the prudent investor rule . . . .").

16 AS § 13.36.230(a).

17 AS § 13.36.230(b).

18 AS § 13.36.230(c).

19 AS § 13.36.245.

20 AS § 37.10.071(c).

board.[21] In 2020, following a request from the Chairman of the Legislative Budget and Audit Committee to audit the loan,[22] the State Legislature's Division of Legislative Audit released the results of a review concerning the loan, finding that the then-Revenue Commissioner's decision to make the loan, while legal, was inappropriate under a "prudent person" standard.[23] Among other findings, the Division of Legislative Audit found that Department of Revenue management failed to adequately document consideration of the associated risks when making the loan and that there were inadequate internal controls in place within the Department of Revenue to ensure appropriate documentation of the investment consideration as well as other aspects of the loan.[24]

In connection with this review, the Department of Revenue adopted a protocol for "non-routine investments" that outlined the steps that Commissioner of Revenue should take when considering investments in new asset classes. These steps were designed to assist the Commissioner of Revenue in meeting the prudent investor standard and to help ensure evaluation of such investments was managed and documented consistent with statutory fiduciary duty requirements. The Division of Legislative Audit recommended that the Commissioner of Revenue ensure that future investments be made pursuant to this and other established investment policies and procedures.[25]

The non-routine investment protocol identifies the following steps for investment opportunities that "fall outside the scope of [the Department of Revenue's] existing investment opportunity set":

1. Document the investment opportunity and determine if it merits further diligence and/or if it is more suitable for other funding sources.
2. Seek legal advice on Department of Revenue eligibility.

---

[21] Alaska State Legislature, Div. Legis. Audit, *A Special Rev. of Dep't Revenue, Mustang Operations Center 1 LLC, Loan*, ACN 04-30093-20, at 9 (2020).

[22] Letter from Chairman B. Stedman to Leg. Budget & Audit Comm. Members (May 28, 2018), https://alaskalandmine.com/wp-content/uploads/2018/09/MOC-Loan-Audit-Request.pdf.

[23] Alaska State Legislature, Div. Legis. Audit, *A Special Rev. of Dep't Revenue, Mustang Operations Center 1 LLC, Loan*, ACN 04-30093-20, at ii (2020).

[24] *Id.* at 13-18.

The Division of Legislative Audit also found that the loan created conflicts of interest that were not sufficiently managed (1) between the Commissioner of Revenue's interest in collecting payment on the MOC 1 loan and duties to represent AIDEA in matters relating to MOC 1 as part of AIDEA's board of directors; and (2) between the Commissioner of Revenue's statutory duty to ensure the MOC 1 loan was collateralized and the commissioner's oversight of the valuation and approval of the tax credits.

[25] *Id.* at 28.

3. Seek guidance from external auditors.
4. Use an impartial external expert to evaluate the opportunity and to provide an opinion on the investment.
5. Seek advice from the Investment Advisory Council.
6. Notify the Office of Management and Budget.
7. Complete diligence and investment documentation.
8. Inform the Chairs of the Senate and House Finance Committees of any decision to move forward with an investment.[26]

II. Relevant Facts

A non-exhaustive recitation of most relevant facts WilmerHale identified in its review is described below. Appendix B to this report contains a chronology with the dates of these and other key events.

Adam Crum became Commissioner of Revenue on November 16, 2022. In early and mid-2024, Mr. Crum began having discussions regarding potentially using the Subaccount as a source of funds to advance state initiatives. In August 2024, during a quarterly State Investment Review ("SIR") meeting, Mr. Crum, staff from the Department of Revenue Treasury Division, and the Investment Advisory Council (the "IAC") discussed the possibility of using the Subaccount to invest a percentage of CBRF assets in higher-return, longer-duration investments.[27]

Prior to the August 2024 SIR meeting, Mr. Crum requested that Treasury staff present on the Subaccount at the meeting, and the meeting materials reflect that the background of the CBRF and the Subaccount were reviewed. The meeting materials also included the Office of Management and Budget ("OMB") CBRF analysis indicating that the CBRF was projected to be consumed

---

[26] *See* Dep't of Treasury, *Appendix G: Duties of Care and Loyalty and Treasury's Five-Step Process* G-21 (Apr. 4, 2021), https://treasury.dor.alaska.gov/docs/treasurydivisionlibraries/treasury-documents/blue_book/Appendix_G_V6.1.pdf.

[27] The quarterly SIR meetings provide an opportunity for members of the IAC to offer investment advice for state assets under the fiduciary responsibility of the Commissioner of Revenue. The meetings are attended by the Commissioner of Revenue, Treasury staff, and members of the independent IAC. Appointed by the ARM Board, the three IAC members review investment decisions, make recommendations concerning investment policies, strategies, and procedures, and advise on the selection of consultants. While SIR meetings are not open to the public, meeting materials can be found here: https://treasury.dor.alaska.gov/home/investments/state-investment-review-meetings.

within two to three years.[28] The meeting packet also included a slide detailing the non-routine investment protocol.[29] The resulting discussion among the meeting participants concerned the hypothetical use of the Subaccount; participants have indicated that there was no discussion of investing the Subaccount in specific private equity or infrastructure funds.

During the next SIR meeting, in November 2024, Mr. Crum brought up the possibility of using state funds for in-state infrastructure investments.[30] Two IAC members offered to speak with Mr. Crum further and later put him in touch with individuals with experience in in-state investments. As in the August 2024 meeting, the conversations were non-specific as to potential investments, and Mr. Crum did not seek feedback on a detailed investment proposal.

In October and November 2024, Mr. Crum consulted with the Department of Law regarding the statutory framework underpinning the Subaccount and associated investments of Subaccount assets.[31] Around this time, Mr. Crum and then-Deputy Commissioner of Revenue Fadil Limani began contacting potential private equity fund managers specializing in infrastructure-focused funds to discuss a potential investment of state funds.[32]

By early 2025, Mr. Crum and Mr. Limani had reached out to six infrastructure private equity fund managers. Mr. Crum selected these fund managers based on their size, perceived reputation, and Mr. Crum's familiarity with at least some of them via APFC or ARM Board investment considerations that he was aware of due to his role as an APFC and ARM Board trustee. Of these six fund managers, Mr. Crum ultimately decided to proceed with DigitalBridge and two others. Mr. Crum did not conduct or direct anyone else to conduct a comparative review of historic returns of infrastructure funds managed by these firms versus private equity funds (or other comparable investment vehicles) managed by other firms as part of his selection process.[33] Mr. Crum similarly

---

28 *See* State Investment Review Meeting Packet (Aug. 19, 2024), attached as Exhibit 1, at 28. The quarterly SIR meeting materials are also publicly available at https://treasury.dor.alaska.gov/home/investments/state-investment-review-meetings.

29 *Id.* at 10.

30 *See* State Investment Review Meeting Packet (Nov. 12, 2024), attached as Exhibit 2.

31 The details of the exact opinion requested and response from the Department of Law, as well as the details of other requests from Mr. Crum and responses from the Department of Law discussed in this report, are not included here because they are protected by the attorney-client privilege.

32 On November 18, 2024, the Governor, Mr. Crum, Mr. Limani, and others had a meeting with Switch, Inc. ("Switch"), a DigitalBridge portfolio company, as Switch considered a potential data center in Alaska. The possibility of the State of Alaska investing in DigitalBridge funds was not discussed.

33 Mr. Crum was familiar with several of the private equity fund managers because of previous investments or contemplated investments by the APFC or the ARM Board. The APFC previously invested in funds managed by

did not conduct a comparative review of the selected investments against potential investments outside of the private equity asset class.[34]

In January 2025, DigitalBridge sent materials summarizing the preliminary terms of a potential Department of Revenue investment in one of the funds DigitalBridge manages focused on digital infrastructure.

By March 2025, work on this project had progressed to the point that the Department of Revenue began looking for outside legal counsel to advise on the planned investment transactions. On March 17, 2025, Mr. Limani signed an agreement engaging an outside law firm to represent the Department of Revenue in the transactions. Mr. Crum and Mr. Limani sought agreement from each fund manager that they would pay for portions of the Department of Revenue's legal fees incurred in connection with the transactions, though the law firm's engagement letter is clear that the State of Alaska is ultimately responsible for the fees. The engagement of the firm took place outside of established statutory procurement procedures, including AS § 36.30.015(d), which notes that an executive branch agency "may not contract for the services of legal counsel without the approval of the attorney general."[35]

The law firm assisted with negotiating the terms of the transactions on behalf of the State of Alaska and ensured that the legal documentation was in order. The law firm played no role in selecting the potential investments, and it did not provide an official assessment of quality of the potential investments or advice on whether the potential investments met Alaska's statutory fiduciary duty standards. Indeed, the investments were already selected by the time the law firm was engaged.

In early May 2025, Mr. Crum contacted the Department of Law again for legal advice regarding a proposal to utilize the Subaccount to invest with private equity infrastructure fund managers, which he said was directed by the Governor. Mr. Crum did not provide details of the specific fund managers or funds he was contemplating for the investment. The Department of Law provided a response in late June. Mr. Crum did not seek Department of Law advice on whether he had met his fiduciary duties in connection with the proposed investment, and the Department of Law did not offer Mr. Crum advice on this issue.

DigitalBridge and one of the other fund managers, though these previous investments were not in the same funds that Mr. Crum considered in late 2024 and throughout 2025. Senior Treasury staff, acting on behalf of the ARM Board considered an investment in one of the funds in which Mr. Crum later sought to invest the Subaccount, but ultimately elected not to invest in that fund.

[34] This fact is addressed further in Section III below.

[35] AS § 36.30.015(d).

On May 19, 2025, the leadership of the Senate Finance Committee wrote a letter to Mr. Crum expressing concern about the liquidity of the CBRF and its ability to fund future budgets.[36] Mr. Crum sent a response on June 27, 2025, but did not address the possibility of any portion of the CBRF being re-allocated to non-cash equivalent investments.[37] The response also attached the then-current CBRF investment policy, which indicated that the policy for the CBRF was to be invested 100% in cash equivalents.[38]

In June 2025, Mr. Crum asked the Treasury staff to review three proposed investments—private funds managed by DigitalBridge and the two other fund managers he previously selected. The Treasury staff indicated that they would not have sufficient time to do a full analysis of the investments and questioned the utility of such a review given that it appeared that the investments had already been selected. They ultimately agreed to review a limited set of materials and provide general impressions. In the limited assessment, the Treasury staff identified potential issues related to the DigitalBridge fund and one of the other two funds. On multiple occasions, including in connection with this limited review, Treasury staff also expressed concerns about investing a portion of CBRF assets in illiquid private equity investments.[39]

In late June 2025, Mr. Crum met with the Governor and his staff regarding the proposed investments. Prior to the meeting, Mr. Crum provided the Governor's staff with a one-page document describing at a high level a plan to invest a portion of CBRF assets with infrastructure funds managed by private fund managers who would also agree to provide strategic advice to help "Alaska identify and evaluate infrastructure projects within the state, bringing unique insights into best practices, emerging technologies, and potential investment opportunities within the state."[40]

---

36 Letter from the Senate Finance Comm. to A. Crum (May 19, 2025), attached as Exhibit 3.

37 Letter from A. Crum to Senate Finance Comm. (June 27, 2025), attached as Exhibit 5.

38 *Id.* at 3.

39 Following Mr. Crum's departure, Treasury's Chief Investment Officer issued a memorandum to Department of Revenue leadership recounting advice concerning the CBRF that Treasury staff provided in the period in which Mr. Crum assessed and selected the proposed investments. This memorandum, which is attached as Exhibit 11, states that "Treasury staff did not participate in the selection nor perform due diligence on any of the three funds" and that "Treasury staff does not recommend illiquid private investments for any state funds because of the potential for legislative appropriation." WilmerHale's review identified that Treasury staff expressed these and the considerations described above to Mr. Crum contemporaneously.

40 Document titled "ARTIC – Alaska Resource Technology and Infrastructure Capital" (June 10, 2025), attached as Exhibit 4.

The document referred to this proposal as the Alaska Resource Technology and Infrastructure Capital, or "ARTIC," program—a term that Mr. Crum had been using to refer to the plan since at least May—and noted that the program had a "dual mandate" to achieve "strong out-of-state returns coupled with expert guidance on local projects."[41] The document does not contain details regarding the specific fund managers or funds that Mr. Crum was contemplating. The Governor and his staff were supportive of the program as characterized by Mr. Crum, *i.e.*, an opportunity to use state funds to increase wealth and benefits to Alaskans. They understood that Mr. Crum would proceed according to appropriate protocols.

In late July 2025, Mr. Crum met again with the Governor's staff regarding the investment. Ahead of the meeting, Mr. Crum shared a document with profiles on DigitalBridge and the two other fund managers he had selected, asserting that the selection "represent[ed] a prudent, disciplined, and strategically aligned approach to managing the CBRF subaccount assets . . . ."[42] The document did not contain details on the specific funds. One participant in the meeting recalled Mr. Crum representing that the investments with DigitalBridge and one of the other fund managers had been approved by his "investment advisors," while there were still open questions about the third fund. The Governor's staff left the meeting with the understanding that Mr. Crum would continue working to obtain approval for the third fund.

Following the meeting, Mr. Crum's staff instructed Treasury staff to take the steps necessary to facilitate the private equity investments, including re-opening the Subaccount and preparing an investment policy for the Subaccount consistent with the planned allocation to private equity funds. While those items were in progress, on July 25, 2025, it was announced that Mr. Crum would be resigning effective August 8, 2025.

On July 28, 2025, Mr. Crum signed the binding investment agreement with DigitalBridge, providing for capital commitments of $75 million with an initial subscription of $50 million. The agreement contained language obliging DigitalBridge to have periodic meetings with the State regarding Alaska-based investment opportunities.

On July 29, 2025, Mr. Crum issued a memorandum to staff from the Department of Revenue and the Department of Law detailing his rationale for the investments, including an analysis of both

41 *Id.*

42 Document titled "Investment Manager Selection" (July 17, 2025), attached as Exhibit 6.

statutory authority and compliance with statutory fiduciary duty standards.[43] In the document, Mr. Crum asserted that a failure to address the "material underperformance" of the current allocation of the CBRF would be a breach of his fiduciary duties.[44]

On August 5, 2025, Mr. Crum sent Treasury staff an updated investment policy statement for the Subaccount permitting private equity infrastructure instruments, among other investments.[45] He also directed Treasury staff to transfer $225 million of the CBRF's assets into the Subaccount for investment.[46] That same day, Treasury staff sent Mr. Crum for completion a fillable checklist of the items included in the non-routine investment protocol.[47]

On August 7, 2025, Mr. Crum informed the OMB about the investment via a call. On the same day, the Governor's staff became aware that the DigitalBridge contract had been signed following notification from the OMB. On August 8, 2025, Mr. Crum's last day in office, he provided to Treasury staff and others completed non-routine investment protocol checklists for each of the three private equity infrastructure funds, a more detailed version of the document he had provided to the Governor's staff prior to their June meeting regarding the ARTIC program, and other documents related to the investments.[48] After Mr. Crum left office, the Acting Commissioner of Revenue who succeeded Mr. Crum decided not to proceed with the contemplated investments in the two funds that are not managed by DigitalBridge.

---

43 Memorandum Re: "Fiduciary and Statutory Justification for Reallocation of a Portion of the Constitutional Budget Reserve (CBR) into the Subaccount" (July 29, 2025), attached as Exhibit 7.

44 *Id.* at 2.

45 FY26 CBRF Subaccount Investment Policy Statement (July 29, 2025), attached as Exhibit 8.

46 Ultimately, only the $50 million necessary to make the initial capital commitment to DigitalBridge was transferred into the Subaccount.

47 Mr. Crum has raised concerns that the non-routine investment protocol checklist was not highlighted for him by the Treasury staff earlier in time. A description of the non-routine investment protocol was included in SIR meeting packets circulated during the period covered by WilmerHale's review and was identified at least once in connection with discussion surrounding Mr. Crum's investment proposal at an earlier point in time.

48 Non Routine Investment Compliance Checklist for DigitalBridge Private Market Investment (Aug. 8, 2025), attached Exhibit 9; ARTIC – Alaska Resource Technology and Infrastructure Capital (Aug. 8, 2025), attached as Exhibit 10.

III. Findings

WilmerHale's review found the following:

1. Mr. Crum had the statutory authority to make the DigitalBridge investment, subject to meeting his fiduciary duties.

Pursuant to the Investment Policies and Procedures, Mr. Crum, as Commissioner of Revenue, was the sole fiduciary of state funds entrusted to the Department of Revenue. One of those funds is the CBRF. Alaska law expressly grants the Commissioner of Revenue authority to "establish or modify investment policy for the subaccount."[49] As sole fiduciary, Mr. Crum was required under Alaska law to adhere to the prudent investor rule when making investment decisions related to the Subaccount.[50] Among other obligations, the prudent investor rule requires that fund fiduciaries undertake a fund-specific analysis of the source of assets and the potential investments and make reasonable investment decisions that are in the sole best interest of the fund.[51]

2. WilmerHale has not identified evidence of the existence of any conflict of interest related to the DigitalBridge transaction, or that Mr. Crum engaged in self-dealing or that his actions were motivated by personal financial gain. WilmerHale also has not identified any criminal wrongdoing by Mr. Crum.

There is no evidence, based on the information that WilmerHale has reviewed and has access to, that Mr. Crum had a conflict of interest, engaged in self-dealing, was otherwise motivated to make the investments for personal financial gain, or engaged in criminal wrongdoing.[52]

3. Mr. Crum pursued the private equity investments both for the benefit of the CBRF and for the benefit of Alaska's infrastructure development. He believed not pursuing such investments would be a dereliction of his fiduciary obligations to the CBRF.

Mr. Crum viewed pursuing an investment of a percentage of CBRF funds in higher-yield assets as imperative because it would maximize the CBRF's value and fulfill his fiduciary duties, including

---

49 AS § 37.10.430.

50 AS § 37.10.071(c).

51 AS § 13.36.230-290. Please refer to Section I above for a description of applicable fiduciary duty standards under Alaska law.

52 WilmerHale does not have access to (and has not reviewed) documents outside of the control of the State of Alaska.

his duty to monitor fund investments and ensure that investment allocations remain appropriate given changing conditions.[53] Mr. Crum also intended for the fund managers with which he invested to provide periodic strategic advice to the State regarding Alaska-based investment opportunities, which he understood to be consistent with the Governor's general interest in attracting investment to Alaska. The agreement Mr. Crum signed with DigitalBridge contains provisions requiring DigitalBridge to provide such advice. Mr. Crum conceived of these goals as a "dual mandate" of the ARTIC program.[54]

Mr. Crum's conception of a "dual mandate," however, is in tension with his fiduciary duty of loyalty to the CBRF, which required him to make investment decisions in the sole best interest of the CBRF. By treating as a criterion for evaluating investments the willingness of investment managers to offer Alaska free infrastructure investment advice, Mr. Crum may have overlooked other non-cash equivalent investment options that would have yielded higher returns with lower risk and greater liquidity because the managers of those other investments did not offer infrastructure advice.

4. Mr. Crum reasonably considered higher-return investment options as part of a diversified strategy for the CBRF; however, he only considered a very narrow set of options within a single investment asset class and did not consider any other investments with greater liquidity and lower risk that would also yield higher returns than cash equivalents.

Mr. Crum only considered private equity options, which are highly illiquid, for the Subaccount investment. Within private equity, he only considered sector-specific infrastructure funds. And within that sector, he only considered six specific fund managers. Mr. Crum appears to have identified this asset class without any documented comparative analysis of the broader spectrum of available investment options that would have met his goal of earning higher returns than a 100% cash-equivalent investment portfolio (and been in the best interest of the CBRF).

5. Mr. Crum's process for selecting the DigitalBridge fund and the two other private funds in which he intended to invest did not involve rigorous due diligence, and Mr. Crum did not follow Department of Revenue protocols designed to assist him in meeting his fiduciary duties in connection with the investment.

In selecting the three funds in which he determined to make Subaccount investments, Mr. Crum did not benchmark the funds' risk profile, liquidity, or historical performance of their management

53 *See* Exhibit 7.

54 *See* Exhibit 4; Exhibit 10.

teams against (a) other private equity funds in infrastructure or other sectors or (b) any other specific non-cash-equivalent investment options (*e.g.*, individual equities, index funds, etc.). Rather, Mr. Crum contacted six fund managers who he believed would be strong in infrastructure investing based on their size and/or prior experience with them through other Alaska investments. He then proceeded with those fund managers who showed enthusiasm to work with Alaska.

Mr. Crum has asserted that he received input regarding his investment choices from members of the State Financial Officers Foundation ("SFOF") and from a fiduciary duty expert who he met through SFOF.[55] Nevertheless, WilmerHale has not identified or been provided with any documentation suggesting that anyone carried out standard data-intensive investment diligence procedures related to identifying, comparing, and selecting investments suitable for the purpose Mr. Crum identified for the Subaccount.

While it is possible for the Commissioner of Revenue to fulfill his or her investment-related fiduciary duties without completing all of the elements of the Department of Revenue's non-routine investment protocol, as described above, that protocol was put in place in connection with the MOC 1 legislative audit and was designed to assist the Commissioner of Revenue with meeting his or her fiduciary duties. The protocol includes a series of steps that are consistent with what a prudent investor would do when making an investment in a new asset class, including assessing the investment and source of funds, consulting with professional advisors, and notifying appropriate legislative personnel and the OMB of the investment. Mr. Crum did not follow the key elements of the protocol in connection with the DigitalBridge investment. Mr. Crum's deviations from the non-routine investment protocol and overall lack of diligence during the investment process raise significant concerns about whether he met his statutory fiduciary duties.

Mr. Crum also appears to have deviated from the Department of Revenue's Investment Policies and Procedures, which lay out a multistep process designed to ensure compliance with the prudent investor rule.[56] One of these steps is to formalize an investment policy before implementation of the investment. Mr. Crum formalized the investment policy statement for the Subaccount the day after the agreement with DigitalBridge was signed (though the drafting of the policy was in progress before the agreement was signed).

---

55 *See* Exhibit 9 at 2.

56 *See* Dep't of Treasury, *Investment Policies and Procedures* VI-33-34 (Dec. 2023), https://treasury.dor.alaska.gov/docs/treasurydivisionlibraries/treasury-documents/blue-book_v6.3-(2)f3964338-b7e3-455b-970a-886456dd8592.pdf?sfvrsn=4b346800_3.

6. Mr. Crum appears to have been on-notice of informal and formal state budgetary projections that indicated that the CBRF funds he intended to move into illiquid investments in the Subaccount might be needed within the next five years. Mr. Crum has called into question the reliability of these projections but has identified no alternative analysis as a substitute.

During the period when Mr. Crum was developing and starting to implement his Subaccount investment plan, Alaska government officials and personnel raised to Mr. Crum that the CBRF would likely be needed to fill budget gaps within the coming five years.[57] In addition, SIR quarterly meeting packets compiled for meetings that Mr. Crum attended in 2024 and 2025 included OMB analysis indicating that the entire CBRF balance was projected to be consumed within two to three years. While Mr. Crum has indicated that he does not believe OMB budget projections are reliable, no evidence surfaced during the review to indicate that Mr. Crum possessed or engaged in formulating his own alternative analysis to determine a different time horizon concerning when the funds he intended to move into the long-term investments would be needed.

Mr. Crum appears to have been under the impression that a provision existed in the agreement with DigitalBridge that would allow for the investment to be unwound at Alaska's discretion should the funds be needed by the State. The agreement with DigitalBridge contains no such provision.[58]

7. Mr. Crum did not seek or receive advice from any professional investment advisory personnel (including the IAC) in connection with identifying or rigorously assessing a spectrum of potential higher-yield investments in general, or the infrastructure private equity funds, in particular.

The State makes available to the Commissioner of Revenue the expertise of three seasoned investment professionals on the IAC.[59] While the concept of reviving the Subaccount and the

[57] Findings 8 and 9 below provide additional detail on some of the contact between Mr. Crum and Alaska government officials and personnel regarding the projected need for the CBRF.

[58] The investment agreement with DigitalBridge does permit a Limited Partner (here, the State of Alaska Department of Revenue) with an interest in the fund to sell its interest to another party, but only with written prior consent of the General Partner (here, DigitalBridge). It is entirely at the discretion of the General Partner whether they choose to grant or withhold such consent. Absent agreement of the General Partner, the State of Alaska Department of Revenue would have no ability to liquidate its investment under the terms of the agreement.

[59] Background on the current IAC members is publicly available at: https://treasury.dor.alaska.gov/armb/investment-advisory-council.

general topic of infrastructure investments were discussed with the IAC in August and November 2024, Mr. Crum did not consult them on the selection of higher-yield Subaccount investments or on the merits of investment in the three funds in which he ultimately determined to invest Subaccount assets. Nevertheless, Mr. Crum indicated in documentation concerning the DigitalBridge investment that he had sought guidance from the IAC concerning the investment.[60] In addition, a participant in a meeting between Mr. Crum and the Governor's office recalled that Mr. Crum represented that his "investment advisors" had approved the DigitalBridge investment.

In addition, although Mr. Crum and Mr. Limani engaged and utilized a law firm to review and negotiate legal aspects of the investments, that firm did not play any role in conducting investment diligence regarding potential higher-yield investment options for CBRF investment or evaluating the appropriateness for the CBRF of the three private equity funds identified by Mr. Crum prior to their selection for investment. Indeed, the specific private equity managers (along with one additional manager) were already identified at the time the law firm was engaged. Nevertheless, Mr. Crum indicated in documentation concerning the DigitalBridge investment that the law firm served as an "impartial external expert" engaged to "evaluate the opportunity."[61]

Mr. Crum did not use the services of any other third-party professional investment consultant to identify investment options or perform rigorous benchmarking and evaluations of options for potential Subaccount investment. The Department of Revenue has relationships with professional third-party investment advisors whose services it uses to evaluate potential private equity and other investment opportunities for other state funds, but Mr. Crum did not consult them in connection with evaluating potential Subaccount investments.

Mr. Crum asserted that his selection of one of the three infrastructure funds for investment was supported by prior due diligence and investment by the APFC in an earlier fund managed by the same investment manager. Interviewees noted that the APFC and ARM Board considered and declined to invest in two of the three funds selected by Mr. Crum for Subaccount investment.

8. Mr. Crum engaged with the Department of Revenue's professional investment staff regarding the CBRF Subaccount investment after he had already chosen the private equity funds in which he intended to invest. He did not seek the professional investment staff's substantive advice on investment selection. Nevertheless, because state budget and revenue projections indicated the need for CBRF liquidity in coming years, Department of

60 Exhibit 9.

61 *Id.*

Revenue's investment staff expressed concerns about investing CBRF funds in illiquid instruments on multiple occasions.

The Department of Revenue has experienced professional investment staff available to assist the Commissioner of Revenue in exercising his statutory investment powers by analyzing and offering advice on investment options. The Department of Revenue investment staff includes individuals with significant experience in portfolio management and investment analysis, including private equity analysis. Mr. Crum did not involve the investment staff in his CBRF Subaccount investment project until after investments had been selected and the transactions were at an advanced stage. Before that time, the investment staff was not involved in evaluating potential higher-yield investment options, conducting due diligence, or otherwise assessing the terms of proposed investment agreements. After learning of the proposed investments, investment staff identified risks created by investing CBRF funds in illiquid instruments and flagged concerns relating to two of the funds in which Mr. Crum intended to invest.

While Mr. Crum may have felt that the professional investment staff did not have sufficient experience in private equity to provide guidance on this investment, he did not conduct his own rigorous assessment of the proposed investments, nor did he substitute their guidance by working with an alternative investment advisor of his choosing who had what he believed was the requisite experience.

9. Mr. Crum decided not to inform Senate and House Finance Committee Chairs of his CBRF Subaccount investment decision once made because he regarded such notice to be an "abdicat[ion] of statutory authority." He similarly decided not to notify either the State Legislature's Division of Legislative Audit or the OMB of his investment decision prior to entering into the investment citing the same concern regarding "abdicat[ion] of statutory authority."[62]

Mr. Crum did not inform the Division of Legislative Audit or the OMB of his investment decision prior to entering into the agreement with DigitalBridge contrary to the non-routine investment protocol and notwithstanding the May 19, 2025 Senate Finance Committee inquiry concerning the CBRF. Mr. Crum's June 27, 2025 response to the Senate Finance Committee letter made no mention of any intention to deviate from the then-low-risk, 100% cash-equivalents investment strategy for the CBRF which was attached to his response. Mr. Crum informed the OMB about the investment via a call on August 7, 2025, nearly two weeks after signing the investment agreement with DigitalBridge.

---

[62] *See* Exhibit 9.

10. Mr. Crum did not ask the Department of Law for advice on whether he had met his fiduciary obligations with regard to the private equity investments, and the Department of Law did not opine on the issue.

Mr. Crum engaged with the Department of Law at various junctures while he was considering investing part of the CBRF into private equity via the Subaccount. Mr. Crum did not seek advice from the Department of Law as to whether the private equity investment was consistent with his fiduciary obligations, and the Department of Law did not advise Mr. Crum on that issue.

11. Mr. Crum periodically updated the Governor's office and received support for the general concept. However, the Governor's office did not direct Mr. Crum to pursue the investment.

Pursuant to statute, Mr. Crum did not require authorization from the Governor's office to proceed with the Subaccount investment. In communications, however, Mr. Crum referred to the investment program as being "directed" by the Governor. Although there were multiple meetings between Mr. Crum and the Governor's staff (and one meeting that included the Governor) in which certain details of the proposed investment strategy were discussed, no one in those meetings recalls that Governor's office personnel "directed" Mr. Crum to pursue the investments. As noted, the Governor's office was supportive of the program as characterized by Mr. Crum, *i.e.*, an opportunity to use state funds to increase wealth and benefits to Alaskans. They understood that Mr. Crum would proceed according to appropriate protocols.

12. The Commissioner of Revenue's office did not follow statutory procurement procedures in engaging outside legal counsel in connection with the CBRF Subaccount investment.

The Commissioner of Revenue's office did not follow the statutory procurement process when engaging outside legal counsel in connection with the CBRF investments. In particular, the Commissioner of Revenue's office did not obtain approval from the attorney general to engage the law firm, in apparent contravention of AS § 36.30.015(d), which provides that an executive branch agency "may not contract for the services of legal counsel without the approval of the attorney general."

IV. Recommendations

In light of the foregoing, WilmerHale makes the following recommendations for consideration:

A. Consider administrative action to modify the CBRF's sole fiduciary structure. As noted above, Department of Revenue Treasury Division's Investment Policies and Procedures indicate that the CBRF operates under a "sole fiduciary" structure in which the Commissioner of Revenue has unilateral authority and responsibility over CBRF investment strategy and individual investment decisions. The CBRF plays a key role in Alaska's fiscal infrastructure, and while the sole fiduciary structure may generate efficiencies in investment decision making, other Alaska public investment pools of similar importance—such as those overseen by the APFC and the ARM Board—have multiple fiduciaries. Including additional perspectives in the CBRF investment process could be beneficial.

B. Formalize a requirement to complete and document the steps outlined in the current non-routine investment protocol. The non-routine investment protocol is designed to assist the Commissioner of Revenue with fulfilling his or her fiduciary duties when making non-routine investments. However, the non-routine investment protocol is not formalized in regulation. Formalizing the protocol, perhaps by promulgating a regulation, could ease compliance with fiduciary standards in connection with non-routine investments and ensure that adequate documentation exists regarding investment decision making.

C. Require consultation between the Commissioner of Revenue and the Department of Law regarding application of statutory fiduciary duty standards to non-routine investments. Prior to making a non-routine investment, it would be prudent for the Commissioner of Revenue to consult with the Department of Law on the application of statutory fiduciary duty standards to contemplated investments and confirm that he or she has met such standards. Among other considerations, as part of this analysis, the Department of Law could consider documentation that the Commissioner of Revenue has completed the items set out in the non-routine investment protocol.

D. Promulgate a regulation implementing procurement procedures surrounding the engagement of outside legal services to clarify that the procurement procedure must be followed even where the State may not be responsible for payment of legal fees under the contract. The State's statutory provision regarding the procurement of outside legal service (Alaska Statute § 36.30.015(d)) exists for multiple reasons, only one of which is for the requestor to obtain approval for the budget associated with the contract. Accordingly, regulations should be considered that would state that, even where a contractual arrangement with an outside legal service provider includes agreement that a third party will cover state legal expenses in connection with the contract, the requirements of the procurement statute still apply.

Appendix A – Article IX Section 17 of the Alaska Constitution

(a) There is established as a separate fund in the State treasury the budget reserve fund. Except for money deposited into the permanent fund under section 15 of this article, all money received by the State after July 1, 1990, as a result of the termination, through settlement or otherwise, of an administrative proceeding or of litigation in a State or federal court involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property, shall be deposited in the budget reserve fund. Money in the budget reserve fund shall be invested so as to yield competitive market rates to the fund. Income of the fund shall be retained in the fund. Section 7 of this article does not apply to deposits made to the fund under this subsection.[63] Money may be appropriated from the fund only as authorized under (b) or (c) of this section.

(b) If the amount available for appropriation for a fiscal year is less than the amount appropriated for the previous fiscal year, an appropriation may be made from the budget reserve fund. However, the amount appropriated from the fund under this subsection may not exceed the amount necessary, when added to other funds available for appropriation, to provide for total appropriations equal to the amount of appropriations made in the previous calendar year for the previous fiscal year.

(c) An appropriation from the budget reserve fund may be made for any public purpose upon affirmative vote of three-fourths of the members of each house of the legislature.

(d) If an appropriation is made from the budget reserve fund, until the amount appropriated is repaid, the amount of money in the general fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund. The legislature shall implement this subsection by law.

---

63 Section 7 of Article IX provides, "The proceeds of any state tax or license shall not be dedicated to any special purpose, except as provided in section 15 of this article or when required by the federal government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this section by the people of Alaska."

Appendix B – Chronology

November 14, 2022: Adam Crum was appointed Commissioner of the Department of Revenue.

February 14, 2024: Mr. Crum, Treasury staff, and the IAC met for a quarterly State Investment Review meeting. According to the meeting materials, slides were presented stating that "[f]inancial planning by the administration and the legislature is highly dependent upon the CBRF balance maintain stability and high liquidity" and advising that "[g]iven the short-term expected requirement for these funds, a cash equivalent investment program is warranted." The materials also contain a description of the non-routine investment protocol.

Early to mid-2024: Mr. Crum began having discussions regarding potentially using the Subaccount as a source of funds to advance state initiatives.

Mid-2024: Senior Treasury Staff considered, on behalf of the ARM Board, investment in one of the infrastructure-focused private equity funds that Mr. Crum later engaged with as part of the ARTIC program. Interviewees noted that Treasury staff recommended against investment in the fund, and the ARM Board did not proceed with an investment.

Around this time, interviewees noted that the APFC considered making an investment in DigitalBridge Partners III, the fund to which Mr. Crum later committed CBRF funds. The APFC ultimately declined to invest in the fund.

May 8, 2024: Mr. Crum, Treasury staff, and the IAC met for a quarterly State Investment Review meeting. According to the meeting materials, slides were presented providing OMB projections concerning the state budget and the CBRF. The materials state that the CBRF was projected to be consumed within approximately two to three years. The materials also contain a description of the non-routine investment protocol.

August 19, 2024: Mr. Crum, Treasury staff, and the IAC met for a quarterly State Investment Review meeting. According to the meeting packet, slides were presented regarding the background of the CBRF and the Subaccount. The meeting materials also included an OMB analysis of the CBRF indicating again that CBRF was projected to be consumed within approximately two to three years. The meeting packet also included a slide detailing the non-routine investment protocol. Discussion among the meeting participants concerned the hypothetical use of the Subaccount; participants have indicated that there was no discussion of investing the Subaccount in specific private equity or infrastructure funds.

Fall 2024: Mr. Crum and his staff began contacting potential private equity fund managers specializing in infrastructure focused funds to discuss a potential investment of state funds.

October 23, 2024: Mr. Crum contacted the Department of Law seeking an opinion on the statutory framework underpinning the Subaccount and associated investments of Subaccount assets.

November 12, 2024: Mr. Crum, Treasury staff, and the IAC met for a quarterly State Investment Review meeting. The meeting packet included a slide detailing the non-routine investment protocol and attached the August 2024 meeting packet materials, including the information regarding the CBRF and the Subaccount and OMB projections.[64]

During the meeting, Mr. Crum brought up the possibility of using state funds for in-state infrastructure investments. Two IAC members offered to speak with Mr. Crum further and later put him in touch with individuals with experience in in-state investments.

November 22, 2024: The Department of Law provided a response to Mr. Crum's October 23, 2024 request.

By Early 2025: Mr. Crum and his staff had reached out to six infrastructure private equity fund managers.

January 27, 2025: DigitalBridge provided Mr. Crum with a pitch deck and term sheet regarding a potential investment.

March 17, 2025: Mr. Limani signed an agreement to engage a law firm to represent the Department of Revenue in the transactions. The engagement letter stated that the law firm understood that its fees would be paid for by fund

[64] Exhibit 1.

managers (or their funds or affiliates), but that the State of Alaska would ultimately be responsible for payment. The engagement letter also included the names of DigitalBridge and three other private equity infrastructure fund managers as potential counterparties in transactions.

May 7, 2025: Mr. Crum contacted the Department of Law again for legal advice regarding a proposal to utilize the Subaccount to invest with private equity infrastructure fund managers.

May 19, 2025: The leadership of the Senate Finance Committee wrote a letter to Mr. Crum expressing concern about the liquidity of the CBRF and its ability to fund future budgets. The letter noted that the legislature would likely need to draw from the CBRF to balance the fiscal year 2027 budget and possibly the fiscal year 2026 supplemental budget as well. In the letter, the leadership of the Senate Finance Committee requested that Mr. Crum provide an update regarding the CBRF and expressed an interest that the CBRF remain liquid.

June 2025: Mr. Crum asked Treasury staff to review three selected investments—private funds managed by DigitalBridge and the two other fund managers he previously selected.

June 10, 2025: In advance of a meeting on June 24, 2025, Mr. Crum sent a summary of the ARTIC program to the Governor's staff.

June 24, 2025: Mr. Crum met with the Governor and his staff and had a conceptual discussion regarding the proposed investments.

June 25, 2025: The Department of Law provided a response to Mr. Crum's May 7, 2025 request.

June 27, 2025: Mr. Crum signed an investment policy statement for the CBRF allocating the CBRF entirely to cash equivalents. The investment policy statement noted: "Financial planning by the administration and the legislature is highly dependent upon the CBRF maintaining stability and high liquidity. Given the short-term expected requirement for these funds, a cash equivalent investment program is warranted." The investment policy statement went into effect on July 1, 2025.

Mr. Crum sent a letter to the leadership of the Senate Finance Committee in response to their May 19, 2025 letter.[65] The response did not address the possibility of any portion of the CBRF being re-allocated to non-cash equivalent investments in general or infrastructure private equity funds in particular. The response also attached the then-current CBRF investment policy, which indicated that the policy for the CBRF was to be invested 100% in cash equivalents.

July 10, 2025: Mr. Crum's staff requested assistance from Treasury staff regarding steps necessary to be taken in order to affect an investment out of the Subaccount.

At the same time, Treasury staff provided the results of their limited review of the selected funds, flagging potential issues related to the DigitalBridge fund and one of the other two funds.

July 17, 2025: In advance of a meeting on July 21, 2025, Mr. Crum sent a document to the Governor's staff with profiles on DigitalBridge and the two other fund managers he had selected.[66]

July 21, 2025: Mr. Crum met again with the Governor's staff and had another conceptual discussion regarding the investment.

July 22, 2025: Mr. Crum's staff instructed Treasury staff to take the steps necessary to facilitate the private equity investments, including re-opening the Subaccount and preparing an investment policy statement for the Subaccount consistent with the planned allocation to private equity funds.

July 25, 2025: Mr. Crum's resignation, effective August 8, 2025, is announced.

July 28, 2025: Mr. Crum signed the binding investment agreement with DigitalBridge.

---

65 Exhibit 5.

66 Exhibit 6.

July 29, 2025: Mr. Crum signed an investment policy statement for the Subaccount allowing for investment in private infrastructure instruments.[67]

Mr. Crum also issued a memorandum to staff from the Department of Revenue and the Department of Law detailing his rationale for the investments, including an analysis of both statutory authority and compliance with statutory fiduciary duty standards.[68]

August 5, 2025: Mr. Crum sent the investment policy statement for the CBRF Subaccount to Treasury staff and directed Treasury staff to transfer $225 million of the CBRF's assets into the Subaccount for investment.

That same day, Treasury staff sent Mr. Crum for completion a fillable checklist of the items included in the non-routine investment protocol.

August 7, 2025: Mr. Crum informed the OMB about the investment via a call. The OMB then informed the Governor's staff.

August 8, 2025: On Mr. Crum's last day in office, he provided, among other documents, a completed non-routine investment protocol checklist for DigitalBridge and a more detailed version of the document he had provided to the Governor's staff prior to their June meeting regarding the ARTIC program to Treasury staff and others.[69]

---

67 Exhibit 8.

68 Exhibit 7.

69 Exhibit 9; Exhibit 10.

Exhibit 1

State of Alaska
Department of Revenue

STATE INVESTMENT REVIEW MEETING

August 19, 2024 – 10:00 a.m.

Click here to join the meeting	**Call In (Audio Only):**
Meeting ID: 237 531 107 977	**Phone:** 1-907-202-7104
Passcode: sXPT6w	**Code:** 324 662 873#

I. Introduction
Zachary Hanna, Chief Investment Officer
Adam Crum, Commissioner of Revenue

II. State Investment Review
Zachary Hanna, Chief Investment Officer

- **A. Economic and Market Update**
- **B. June 30, 2024, Performance – Commissioner's Report**
- **C. Non-Routine Investment Update**
- **D. Summary of Adopted FY2025 Asset Allocations**
- **E. Constitutional Budget Reserve Fund & Subaccount Review**

III. IAC Comments
Investment Advisory Council Members

IV. Future Agenda Items & Calendar
Zachary Hanna, Chief Investment Officer
Alysia Jones, ARMB Liaison

V. Other Matters for Discussion

VI. Adjournment

THE STATE of ALASKA

GOVERNOR MIKE DUNLEAVY

State Investment Review:

- Economic and Market Update
- June 2024 Performance – Commissioners Report
- Non-Routine Investment Update
- Summary of Adopted FY2025 Asset Allocations
- Constitutional Budget Reserve Fund and Subaccount Review

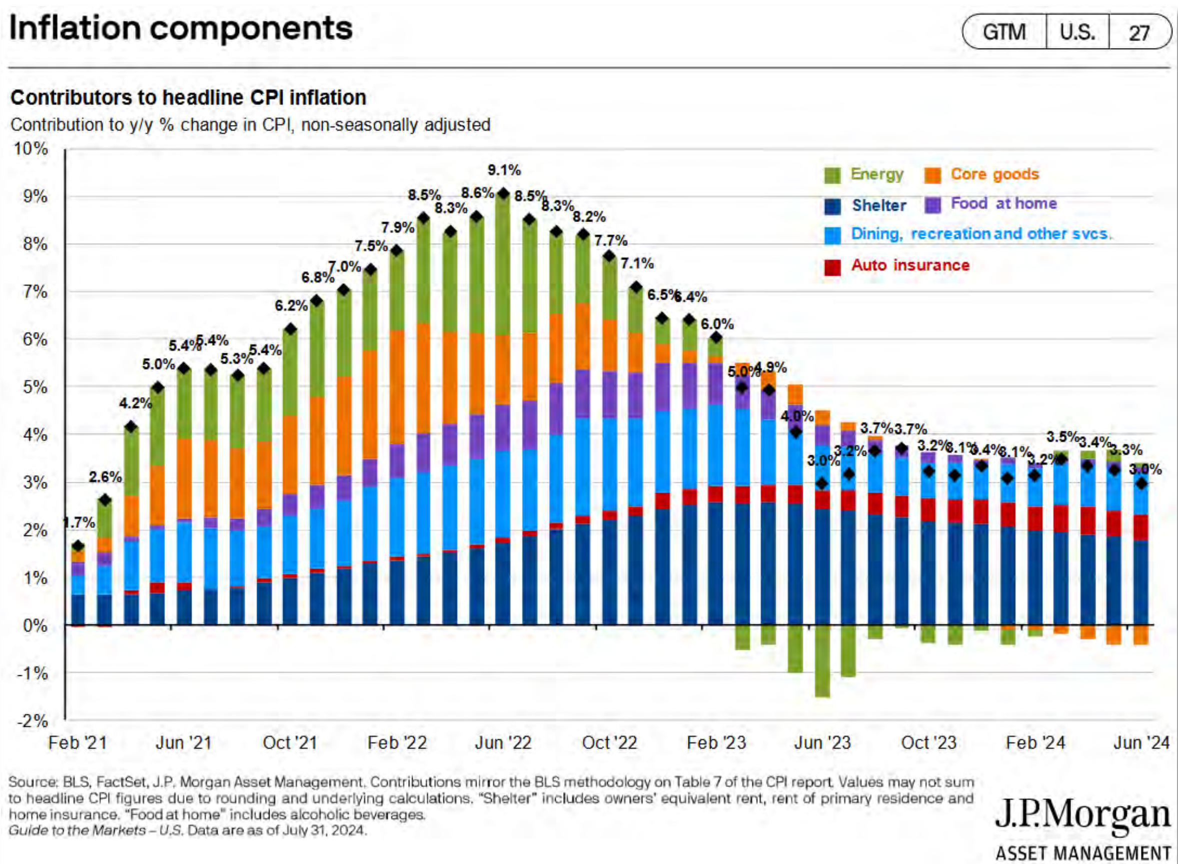
August 2024

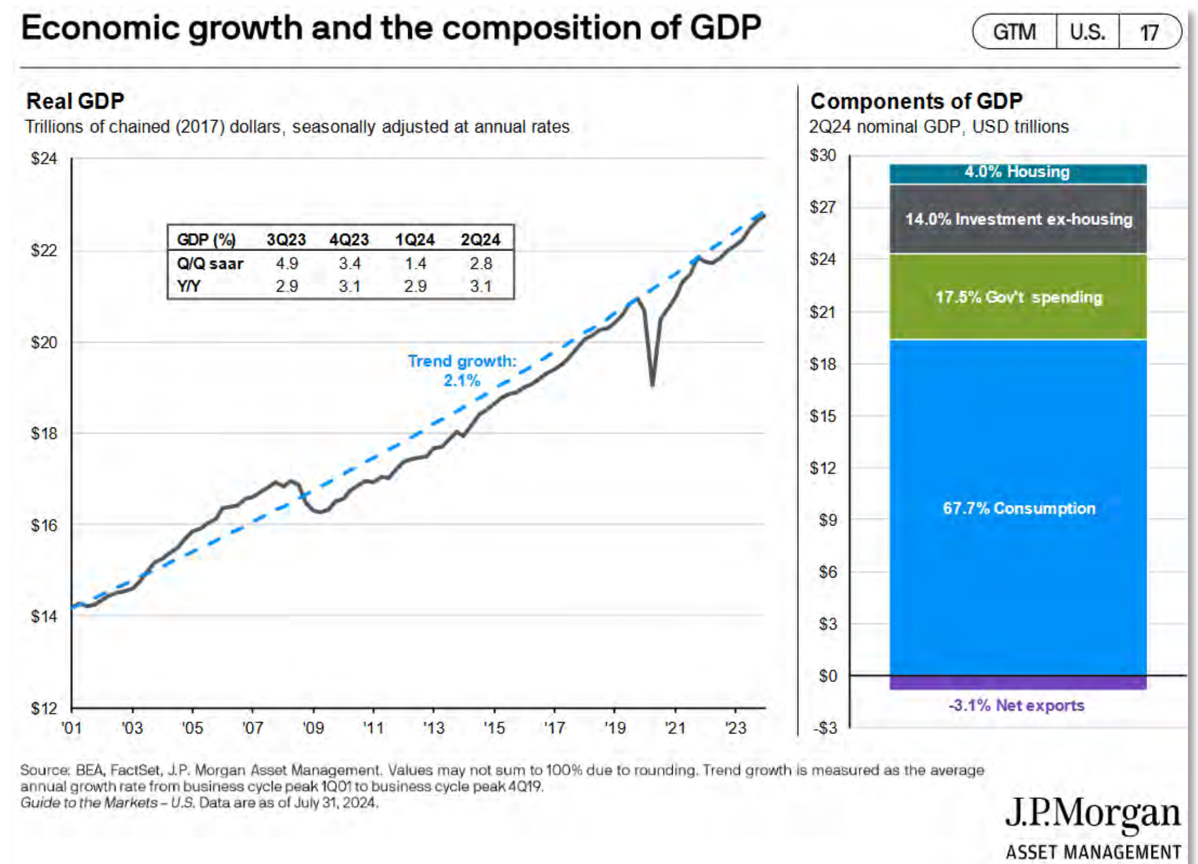
Zachary Hanna, CFA
Chief Investment Officer, Treasury Division
Alaska Department of Revenue

Economic and Market Update

Inflation and Economic Growth

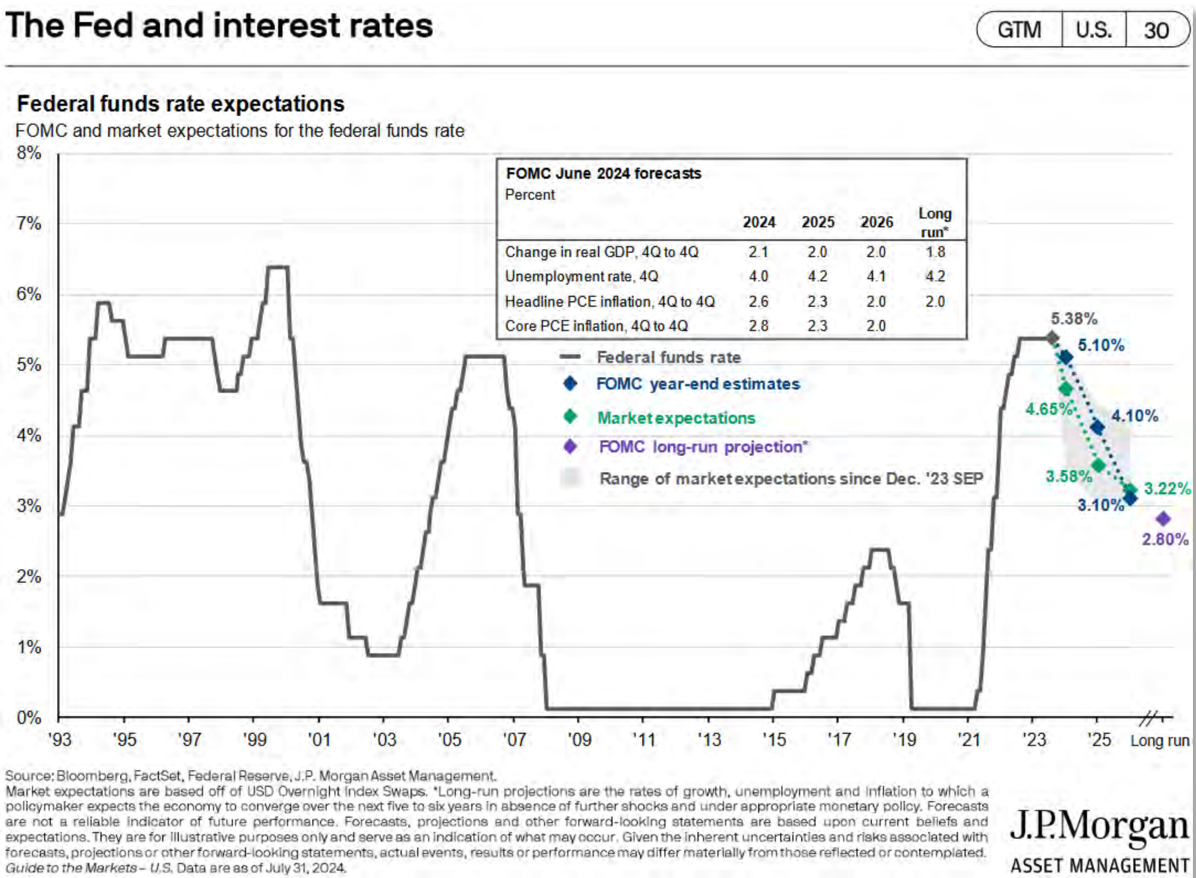
- Inflation has dominated markets since 2022, peaking at 9.1% in June of 2022 and declining to 2.9% in July of 2024.
- The drivers of inflation have rotated considerably in response to higher interest rates. Now mainly centered around services, current drivers have switched from medical services and transportation to shelter, insurance, and recreation.
- Economic growth has slowed but remains relatively strong.

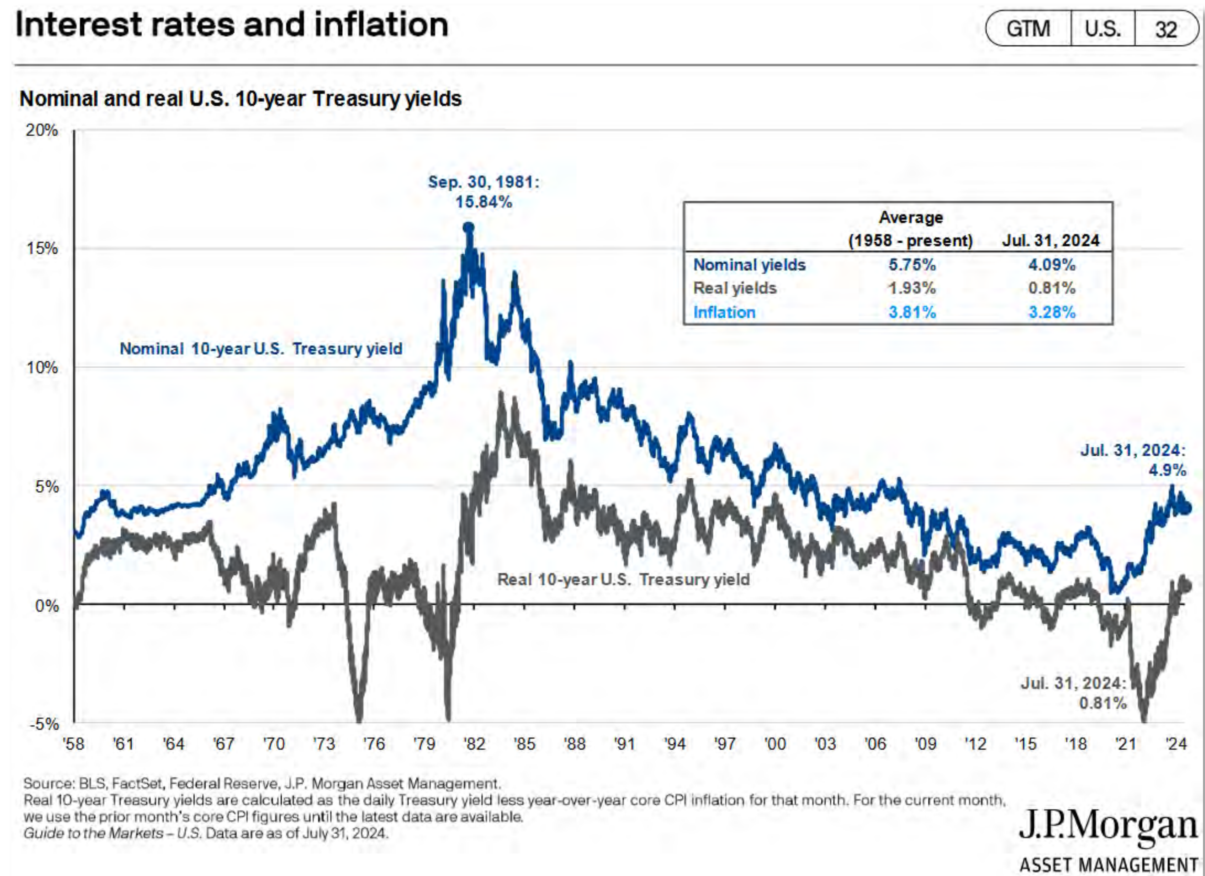




Interest Rates and the Federal Reserve

- To combat inflation, the Federal Reserve has raised interest rates from near zero in 2022 to 5.50% in July of 2023.
- Notably the Fed has made no further changes to rates at the last eight meetings.
- Recent forecasts suggest rate cuts are likely to start as soon as the September Fed meeting.





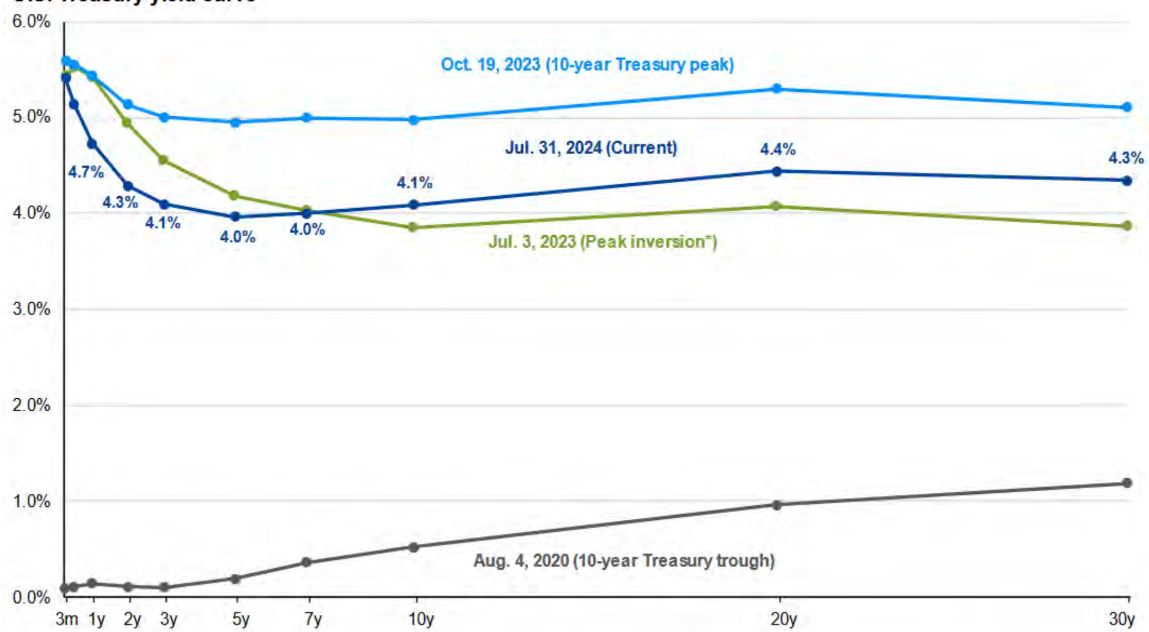
Fixed Income

- Bond yields increased dramatically in reaction to the Fed's increase in rates into 2023.
- Most bond sectors performed very poorly in 2022, but bond returns improved in 2023 and 2024 with higher yields and more tempered rate increases.
- Despite the recent volatility in interest rates, forward return expectations for fixed income investments are strong with high starting yields and a forecast of moderating interest rates.

Yield curve

GTM | U.S. | 34

U.S. Treasury yield curve



Source: FactSet, Federal Reserve, J.P. Morgan Asset Management. Analysis references data back to 2020. *Peak inversion is measured by the spread between the yield on a 10-year Treasury and 2-year Treasury.
Guide to the Markets – U.S. Data are as of July 31, 2024.

J.P.Morgan
ASSET MANAGEMENT

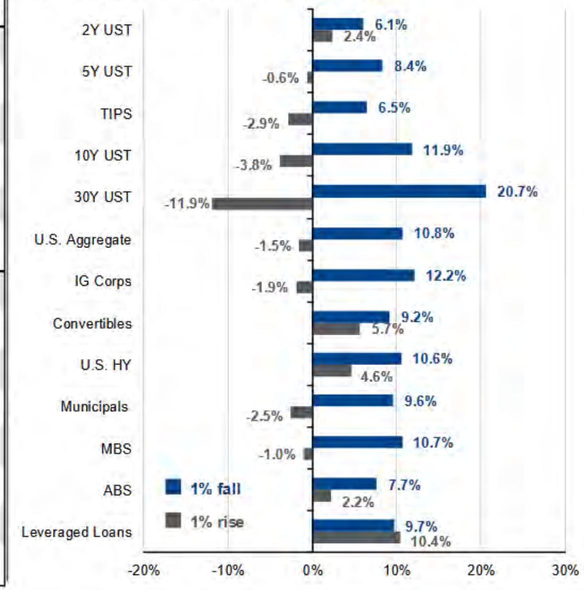
Fixed income market dynamics

GTM | U.S. | 33

	Yield		Return			
U.S. Treasuries	**7/31/2024**	**12/31/2023**	**2024 YTD**	**Avg. Maturity**	**Correlation to 10-year**	**Correlation to S&P 500**
2-Year	4.29%	4.23%	2.27%	2 years	0.76	0.00
5-Year	3.97%	3.84%	1.76%	5	0.94	-0.03
TIPS	1.84%	1.72%	2.50%	7.4	0.73	0.33
10-Year	4.09%	3.88%	0.81%	10	1.00	-0.08
30-Year	4.35%	4.03%	-2.78%	30	0.93	-0.12
Sector						
U.S. Aggregate	4.64%	4.53%	1.61%	8.4	0.89	0.24
IG Corps	5.14%	5.06%	1.89%	10.8	0.68	0.46
Convertibles	7.10%	7.26%	3.30%	-	-0.06	0.86
U.S. HY	7.59%	7.59%	4.58%	4.8	0.07	0.77
Municipals	3.58%	3.22%	0.50%	13.5	0.71	0.26
MBS	4.88%	4.68%	1.63%	7.3	0.81	0.25
ABS	5.44%	5.65%	4.18%	3.8	0.40	0.21
Leveraged Loans	10.05%	10.59%	5.28%	4.6	-0.23	0.61

Impact of a 1% rise or fall in interest rates

Total return, assumes a parallel shift in the yield curve

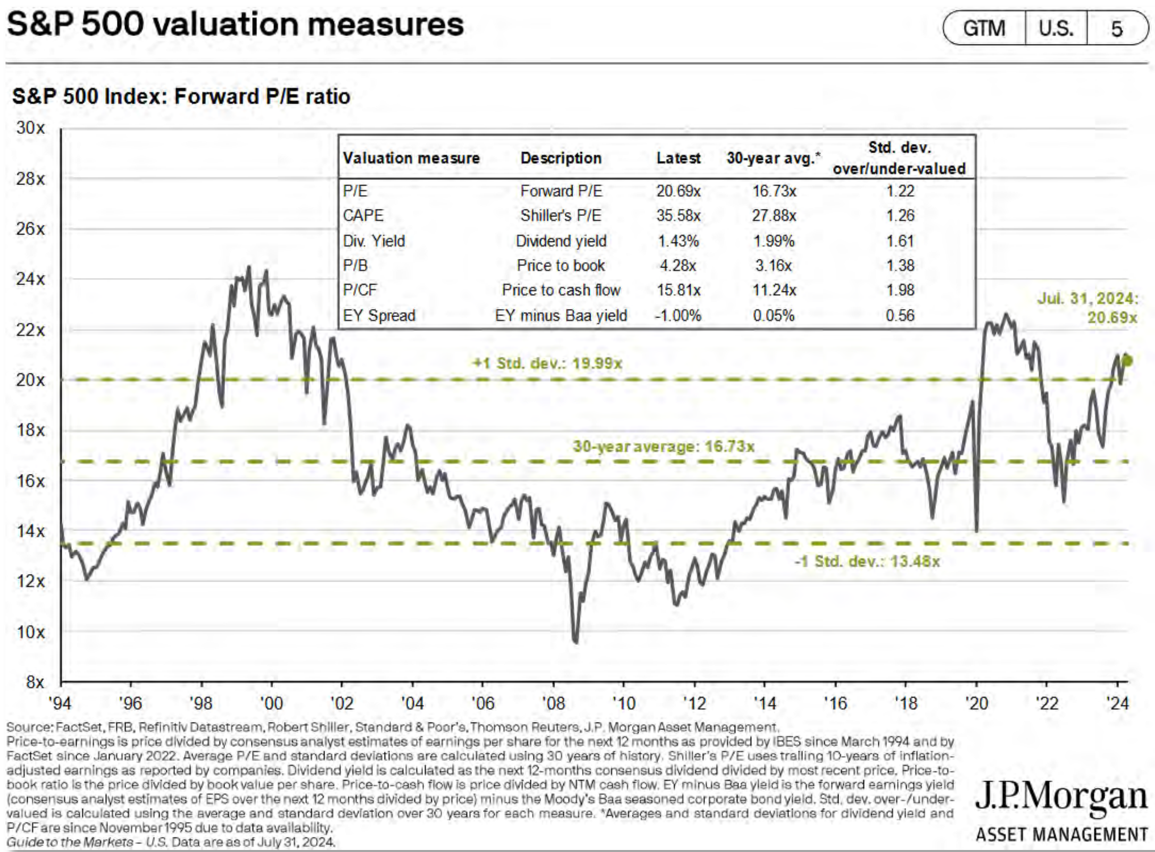


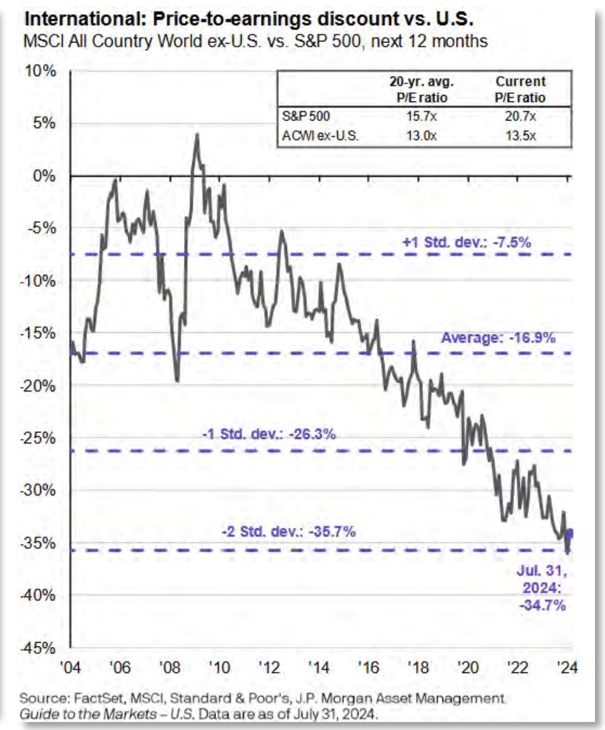
Source: Bloomberg, FactSet, Standard & Poor's, U.S. Treasury, J.P. Morgan Asset Management. Sectors shown above are provided by Bloomberg unless otherwise noted and are represented by – U.S. Aggregate; MBS: U.S. Aggregate Securitized - MBS; ABS: J.P. Morgan ABS Index; IG Corporates: U.S. Corporates; Municipals: Muni Bond; High Yield: Corporate High Yield; Leveraged Loans: J.P. Morgan Leveraged Loan Index; TIPS: Treasury Inflation-Protected Securities; Convertibles: U.S. Convertibles Composite. Convertibles yield is as of most recent month-end and is based on U.S. portion of Bloomberg Global Convertibles Index. Yield and return information based on bellwethers for Treasury securities. Yields shown for TIPS are real yields. Sector yields reflect yield-to-worst. Leveraged loan yields reflect the yield to 3Y takeout. Correlations are based on 15-years of monthly returns for all sectors. ABS returns prior to June 2012 are sourced from Bloomberg. Past performance is not indicative of future results.
Guide to the Markets – U.S. Data are as of July 31, 2024.

J.P.Morgan
ASSET MANAGEMENT

Equity Markets

- Although U.S. equities have declined in value recently, valuations continue to be elevated and driven significantly by just a few constituents.
- Domestic equity returns and valuations remain driven by the largest technology corporations resulting in more concentrated equity indexes.
- International equity valuations remain much lower than in the U.S.





Capital Market Performance Update

- After a challenging 2022, performance was strong in 2023 and fiscal year 2024, but volatile across most asset classes.
- Capital markets have been focused on the interplay of inflation, interest rates, and economic growth.
- As inflation has moderated, the risk of further rate hikes has diminished, removing a growth headwind.
- As a result, equity markets have recovered strongly from the correction of 2022 and both core U.S. fixed income and cash equivalents have benefited from high yields.

2018	2019	2020	2021	2022	2023	FY2024	2024-Q2
Cash Equivalents 1.9%	Broad U.S. Equity 31.0%	Broad U.S. Equity 20.9%	REITs 41.3%	Cash Equivalents 1.5%	Broad U.S. Equity 26.0%	Broad U.S. Equity 23.1%	Broad U.S. Equity 13.6%
Core U.S. Fixed Income 0.0%	REITs 28.7%	TIPS 11.0%	Broad U.S. Equity 25.7%	High Yield (11.2%)	International Equity 15.6%	International Equity 11.6%	International Equity 5.7%
TIPS (1.3%)	International Equity 21.5%	International Equity 10.7%	International Equity 7.8%	TIPS (11.8%)	High Yield 13.4%	High Yield 10.4%	Cash Equivalents 2.6%
High Yield (2.1%)	High Yield 14.3%	Core U.S. Fixed Income 7.5%	TIPS 6.0%	Core U.S. Fixed Income (13.0%)	REITs 11.4%	REITs 5.8%	High Yield 2.6%
REITs (4.0%)	Core U.S. Fixed Income 8.7%	High Yield 7.1%	High Yield 5.3%	International Equity (16.0%)	Core U.S. Fixed Income 5.5%	Cash Equivalents 5.4%	TIPS 0.7%
Broad U.S. Equity (5.2%)	TIPS 8.4%	Cash Equivalents 0.7%	Cash Equivalents 0.0%	Broad U.S. Equity (19.2%)	Cash Equivalents 5.0%	TIPS 2.7%	Core U.S. Fixed Income (0.7%)
International Equity (14.2%)	Cash Equivalents 2.3%	REITs (5.1%)	Core U.S. Fixed Income (1.5%)	REITs (24.9%)	TIPS 3.9%	Core U.S. Fixed Income 2.6%	REITs (2.2%)

Performance:

Commissioner's Report

June 2024

DOR Commissioner's Report: Market Values for Month Ending 6/30/2024

Market Value

Plan Name	Cash Equivalents	Domestic Equity	Fixed Income	Interm. Fixed Income	Int'l Equity	REITs	Market Value
2008 Transportation Project Government Bonds (AY2Q)	$837,072						**$837,072**
2013B Tax Exempt Education (AY3Z)	$192,361						**$192,361**
2016A - 2012 Transporation Bond Act (AY3Y)	$697,899						**$697,899**
2016B - 2012 Transportation Bond Act (AY3Q)	$47,704,737						**$47,704,737**
Alaska Higher Education Investment (AY3L)	$4,905,112	$164,326,458	$121,501,710		$102,126,478	$19,178,901	**$412,038,659**
Alaska Mental Health Trust Reserve (AY2L)	$572,319	$21,385,545	$16,917,929		$14,893,573		**$53,769,366**
ASLC Investment Fund (AY3S)	$1,706,916	$27,048,912	$70,946,641		$16,691,048	$3,360,383	**$119,753,900**
Constitutional Budget Reserve Fund (AY19)	$2,739,948,819						**$2,739,948,819**
Education Endowment Fund (AY3G)	$18,507	$580,405	$429,057		$360,711	$67,756	**$1,456,436**
EVOS Habitat Investment (AY2H)	$24,333,906			$45,125,161			**$69,459,067**
EVOS Research Investment (AY02)	$11,384,466			$21,109,965			**$32,494,431**
GeFONSI I (AY01)	$2,302,493,974			$299,688,461			**$2,602,182,435**
GeFONSI II (AY3F)	$839,270,347	$57,380,478		$458,463,208	$27,815,767		**$1,382,929,799**
Illinois Creek Mine Reclamation (AY9J)	$19,842	$620,229	$458,581		$385,423	$72,381	**$1,556,456**
International Airports Repair & Replacement Fund (AY05)	$528,526						**$528,526**
International Airports Revenue Fund (AY04)	$191,521,275			$32,793,389			**$224,314,664**
International Airports Series 2002 Reserve Account (AY2E)	$16,275,238						**$16,275,238**
International Airports Series 2003 Reserve (AY2U)	$11,570,929						**$11,570,929**
Investment Loss Trust Fund (AY28)	$3,646,986						**$3,646,986**
Permanent Fund Dividend Holding Account (AY2G)	$43,487,633						**$43,487,633**
Public School Trust Fund (AY08)	$11,397,027	$331,957,184	$245,446,494		$206,271,794	$38,743,335	**$833,815,835**
RHIF LTC Insurance (AY11)	$16,120,976	$219,091,750	$438,033,755		$152,937,593	$31,912,173	**$858,096,247**
RHIF Major Medical (AY03)	$21,110,251						**$21,110,251**

**Plans with a market value under $100,000 are excluded from this report. Information on these plans is available upon request.*

Actual Allocation

Plan Name	Cash Equivalents	Domestic Equity	Fixed Income	Interm. Fixed Income	Int'l Equity	REITs
2008 Transportation Project Government Bonds (AY2Q)	100.00%					
2013B Tax Exempt Education (AY3Z)	100.00%					
2016A - 2012 Transporation Bond Act (AY3Y)	100.00%					
2016B - 2012 Transportation Bond Act (AY3Q)	100.00%					
Alaska Higher Education Investment (AY3L)	1.19%	39.88%	29.49%		24.79%	4.65%
Alaska Mental Health Trust Reserve (AY2L)	1.06%	39.77%	31.46%		27.70%	
ASLC Investment Fund (AY3S)	1.43%	22.59%	59.24%		13.94%	2.81%
Constitutional Budget Reserve Fund (AY19)	100.00%					
Education Endowment Fund (AY3G)	1.27%	39.85%	29.46%		24.77%	4.65%
EVOS Habitat Investment (AY2H)	35.03%			64.97%		
EVOS Research Investment (AY02)	35.04%			64.96%		
GeFONSI I (AY01)	88.48%			11.52%		
GeFONSI II (AY3F)	60.69%	4.15%		33.15%	2.01%	
Illinois Creek Mine Reclamation (AY9J)	1.27%	39.85%	29.46%		24.76%	4.65%
International Airports Repair & Replacement Fund (AY05)	100.00%					
International Airports Revenue Fund (AY04)	85.38%			14.62%		
International Airports Series 2002 Reserve Account (AY2E)	100.00%					
International Airports Series 2003 Reserve (AY2U)	100.00%					
Investment Loss Trust Fund (AY28)	100.00%					
Permanent Fund Dividend Holding Account (AY2G)	100.00%					
Public School Trust Fund (AY08)	1.37%	39.81%	29.44%		24.74%	4.65%
RHIF LTC Insurance (AY11)	1.88%	25.53%	51.05%		17.82%	3.72%
RHIF Major Medical (AY03)	100.00%					

**Plans with a market value under $100,000 are excluded from this report. Information on these plans is available upon request.*

DOR Commissioner's Report: Market Values for Month Ending 6/30/2024

Target Allocation

Plan Name	Cash Equivalents	Domestic Equity	Fixed Income	Interm. Fixed Income	Int'l Equity	REITs
2008 Transportation Project Government Bonds (AY2Q)	100.00%					
2013B Tax Exempt Education (AY3Z)	100.00%					
2016A - 2012 Transporation Bond Act (AY3Y)	100.00%					
2016B - 2012 Transportation Bond Act (AY3Q)	100.00%					
Alaska Higher Education Investment (AY3L)	1.00%	39.00%	30.00%		25.00%	5.00%
Alaska Mental Health Trust Reserve (AY2L)	1.00%	39.00%	32.00%		28.00%	
ASLC Investment Fund (AY3S)	1.00%	22.00%	60.00%		14.00%	3.00%
Constitutional Budget Reserve Fund (AY19)	100.00%					
Education Endowment Fund (AY3G)	1.00%	39.00%	30.00%		25.00%	5.00%
EVOS Habitat Investment (AY2H)	35.00%			65.00%		
EVOS Research Investment (AY02)	35.00%			65.00%		
GeFONSI I (AY01)	85.00%			15.00%		
GeFONSI II (AY3F)	61.00%	4.00%		33.00%	2.00%	
Illinois Creek Mine Reclamation (AY9J)	1.00%	39.00%	30.00%		25.00%	5.00%
International Airports Repair & Replacement Fund (AY05)	100.00%					
International Airports Revenue Fund (AY04)	85.00%			15.00%		
International Airports Series 2002 Reserve Account (AY2E)	100.00%					
International Airports Series 2003 Reserve (AY2U)	100.00%					
Investment Loss Trust Fund (AY28)	100.00%					
Permanent Fund Dividend Holding Account (AY2G)	100.00%					
Public School Trust Fund (AY08)	1.00%	39.00%	30.00%		25.00%	5.00%
RHIF LTC Insurance (AY11)	1.00%	25.00%	52.00%		18.00%	4.00%
RHIF Major Medical (AY03)	100.00%					

**Plans with a market value under $100,000 are excluded from this report. Information on these plans is available upon request.*

DOR Commissioner's Report: Market Values for Month Ending 6/30/2024

Relative Allocation

Plan Name	Cash Equivalents	Domestic Equity	Fixed Income	Interm. Fixed Income	Int'l Equity	REITs
2008 Transportation Project Government Bonds (AY2Q)	0.00%					
2013B Tax Exempt Education (AY3Z)	0.00%					
2016A - 2012 Transporation Bond Act (AY3Y)	0.00%					
2016B - 2012 Transportation Bond Act (AY3Q)	0.00%					
Alaska Higher Education Investment (AY3L)	0.19%	0.88%	-0.51%		-0.21%	-0.35%
Alaska Mental Health Trust Reserve (AY2L)	0.06%	0.77%	-0.54%		-0.30%	
ASLC Investment Fund (AY3S)	0.43%	0.59%	-0.76%		-0.06%	-0.19%
Constitutional Budget Reserve Fund (AY19)	0.00%					
Education Endowment Fund (AY3G)	0.27%	0.85%	-0.54%		-0.23%	-0.35%
EVOS Habitat Investment (AY2H)	0.03%			-0.03%		
EVOS Research Investment (AY02)	0.04%			-0.04%		
GeFONSI I (AY01)	3.48%			-3.48%		
GeFONSI II (AY3F)	-0.31%	0.15%		0.15%	0.01%	
Illinois Creek Mine Reclamation (AY9J)	0.27%	0.85%	-0.54%		-0.24%	-0.35%
International Airports Repair & Replacement Fund (AY05)	0.00%					
International Airports Revenue Fund (AY04)	0.38%			-0.38%		
International Airports Series 2002 Reserve Account (AY2E)	0.00%					
International Airports Series 2003 Reserve (AY2U)	0.00%					
Investment Loss Trust Fund (AY28)	0.00%					
Permanent Fund Dividend Holding Account (AY2G)	0.00%					
Public School Trust Fund (AY08)	0.37%	0.81%	-0.56%		-0.26%	-0.35%
RHIF LTC Insurance (AY11)	0.88%	0.53%	-0.95%		-0.18%	-0.28%
RHIF Major Medical (AY03)	0.00%					

**Plans with a market value under $100,000 are excluded from this report. Information on these plans is available upon request.*

DOR Commissioner's Report: Net Pool Performance for Month Ending 6/30/2024

Pool Performance (Net of Fee)	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	0.43%	1.38%	5.71%	5.71%	3.25%	2.33%	2.24%	1.74%
Fixed Income - Short Term	0.58%	1.02%	5.05%	5.05%				
Fixed Income - Core US	0.88%	0.19%	3.21%	3.21%	-2.49%	0.22%	1.21%	1.66%
Fixed Income - Core Plus	0.78%	0.02%	4.16%	4.16%				
Equity - Broad US*	3.09%	3.21%	23.21%	23.21%	8.17%	14.17%	13.49%	
Equity - REITS	2.20%	-0.88%	5.86%	5.86%				
Equity - Global ex-US*	-0.14%	1.06%	11.51%	11.51%	0.49%	5.52%	5.23%	

Benchmark Performance	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	0.41%	1.32%	5.40%	5.40%	3.03%	2.16%	2.07%	1.51%
Fixed Income - Short Term	0.58%	0.91%	4.53%	4.53%				
Fixed Income - Core US	0.95%	0.07%	2.63%	2.63%	-3.02%	-0.23%	0.86%	1.35%
Fixed Income - Core Plus	0.95%	0.07%	2.63%	2.63%				
Equity - Broad US*	3.10%	3.22%	23.13%	23.13%	8.05%	14.14%	13.48%	
Equity - REITS	2.21%	-0.90%	5.78%	5.78%				
Equity - Global ex-US*	-0.10%	0.96%	11.62%	11.62%	0.46%	5.55%	5.17%	

Relative Performance (Net of Fee)	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	0.03%	0.06%	0.30%	0.30%	0.22%	0.18%	0.18%	0.23%
Fixed Income - Short Term	0.00%	0.10%	0.52%	0.52%				
Fixed Income - Core US	-0.07%	0.13%	0.58%	0.58%	0.53%	0.45%	0.34%	0.31%
Fixed Income - Core Plus	-0.17%	-0.05%	1.52%	1.52%				
Equity - Broad US*	-0.01%	0.00%	0.09%	0.09%	0.11%	0.02%	0.00%	
Equity - REITS	-0.01%	0.01%	0.08%	0.08%				
Equity - Global ex-US*	-0.04%	0.10%	-0.12%	-0.12%	0.03%	-0.03%	0.05%	

*Equity performance reflects data as of July 1, 2016 due to accounting structure change.

DOR Commissioner's Report: Net Plan Performance for Month Ending 6/30/2024

Plan Performance (Net of Fee)	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
2008 Transportation Project Government Bonds (AY2Q)	0.43%	1.38%	5.71%	5.71%	3.25%	2.34%	2.24%	1.74%
2013B Tax Exempt Education (AY3Z)	0.43%	1.38%	5.71%	5.71%	3.25%	2.34%	2.24%	1.74%
2016A - 2012 Transporation Bond Act (AY3Y)	0.43%	1.38%	5.71%	5.71%	3.25%	2.32%	2.23%	1.73%
2016B - 2012 Transportation Bond Act (AY3Q)	0.43%	1.38%	5.71%	5.71%	3.25%	2.34%	2.24%	
Alaska Higher Education Investment (AY3L)	1.54%	1.55%	13.21%	13.21%	2.64%	7.57%	7.54%	6.86%
Alaska Mental Health Trust Reserve (AY2L)	1.45%	1.62%	13.27%	13.27%	3.12%	7.11%	7.18%	6.59%
ASLC Investment Fund (AY3S)	1.24%	0.95%	8.92%	8.92%				
Constitutional Budget Reserve Fund (AY19)	0.43%	1.38%	5.71%	5.71%	3.25%	2.61%	2.69%	2.32%
Education Endowment Fund (AY3G)	1.54%	1.54%	13.20%	13.20%	2.64%			
EVOS Habitat Investment (AY2H)	0.53%	1.14%	5.28%	5.28%	-0.08%	4.69%	5.53%	5.68%
EVOS Research Investment (AY02)	0.53%	1.14%	5.28%	5.28%	-0.10%	4.91%	5.68%	5.78%
GeFONSI I (AY01)	0.46%	1.33%	5.60%	5.60%	2.52%	1.95%	1.98%	1.57%
GeFONSI II (AY3F)	0.58%	1.33%	6.30%	6.30%	2.01%	2.37%		
Illinois Creek Mine Reclamation (AY9J)	1.54%	1.54%	13.19%	13.19%	2.64%	7.55%	7.52%	6.57%
International Airports Repair & Replacement Fund (AY05)	0.43%	1.38%	5.71%	5.71%	3.25%	2.34%	2.24%	1.74%
International Airports Revenue Fund (AY04)	0.46%	1.33%	5.60%	5.60%	2.50%	2.18%	2.40%	2.13%
International Airports Series 2002 Reserve Account (AY2E)	0.43%	1.38%	5.71%	5.71%	3.25%	2.34%	2.24%	1.74%
International Airports Series 2003 Reserve (AY2U)	0.43%	1.38%	5.71%	5.71%	3.25%	2.34%	2.24%	1.74%
Investment Loss Trust Fund (AY28)	0.43%	1.38%	5.71%	5.71%	3.25%	2.34%	2.24%	1.74%
Permanent Fund Dividend Holding Account (AY2G)	0.43%	1.38%	5.69%	5.69%	3.22%	2.31%	2.34%	1.79%
Public School Trust Fund (AY08)	1.54%	1.54%	13.19%	13.19%	2.64%	7.57%	7.35%	6.62%
RHIF LTC Insurance (AY11)	1.28%	1.06%	9.83%	9.83%	1.42%	5.54%	5.68%	5.29%
RHIF Major Medical (AY03)	0.43%	1.38%	5.71%	5.71%	3.25%	2.34%	2.24%	1.74%

**Plans with a market value under $100,000 are excluded from this report. Information on these plans is available upon request.*

DOR Commissioner's Report: Net Plan Performance for Month Ending 6/30/2024

Benchmark Performance	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
2008 Transportation Project Government Bonds (AY2Q)	0.41%	1.32%	5.40%	5.40%	3.03%	2.16%	2.07%	1.51%
2013B Tax Exempt Education (AY3Z)	0.41%	1.32%	5.40%	5.40%	3.03%	2.16%	2.07%	1.51%
2016A - 2012 Transporation Bond Act (AY3Y)	0.41%	1.32%	5.40%	5.40%	3.03%	2.16%	2.07%	1.51%
2016B - 2012 Transportation Bond Act (AY3Q)	0.41%	1.32%	5.40%	5.40%	3.03%	2.16%	2.07%	
Alaska Higher Education Investment (AY3L)	1.58%	1.48%	12.90%	12.90%	2.41%	7.44%	7.44%	6.73%
Alaska Mental Health Trust Reserve (AY2L)	1.49%	1.56%	12.98%	12.98%	2.82%	6.81%	6.94%	6.28%
ASLC Investment Fund (AY3S)	1.31%	0.87%	8.37%	8.37%				
Constitutional Budget Reserve Fund (AY19)	0.41%	1.32%	5.40%	5.40%	3.03%	2.41%	2.52%	2.11%
Education Endowment Fund (AY3G)	1.58%	1.48%	12.90%	12.90%	2.41%			
EVOS Habitat Investment (AY2H)	0.52%	1.05%	4.83%	4.83%	-0.60%	4.34%	5.30%	5.33%
EVOS Research Investment (AY02)	0.52%	1.05%	4.83%	4.83%	-0.52%	4.60%	5.49%	5.47%
GeFONSI I (AY01)	0.43%	1.26%	5.27%	5.27%	2.28%	1.76%	1.80%	1.37%
GeFONSI II (AY3F)	0.56%	1.25%	5.94%	5.94%	1.84%	2.23%		
Illinois Creek Mine Reclamation (AY9J)	1.58%	1.48%	12.90%	12.90%	2.41%	7.44%	7.44%	6.48%
International Airports Repair & Replacement Fund (AY05)	0.41%	1.32%	5.40%	5.40%	3.03%	2.16%	2.07%	1.51%
International Airports Revenue Fund (AY04)	0.43%	1.26%	5.27%	5.27%	2.27%	2.00%	2.23%	1.91%
International Airports Series 2002 Reserve Account (AY2E)	0.41%	1.32%	5.40%	5.40%	3.03%	2.16%	2.07%	1.51%
International Airports Series 2003 Reserve (AY2U)	0.41%	1.32%	5.40%	5.40%	3.03%	2.16%	2.07%	1.51%
Investment Loss Trust Fund (AY28)	0.41%	1.32%	5.40%	5.40%	3.03%	2.16%	2.07%	1.51%
Permanent Fund Dividend Holding Account (AY2G)	0.41%	1.32%	5.40%	5.40%	3.03%	2.16%	2.07%	1.51%
Public School Trust Fund (AY08)	1.58%	1.48%	12.90%	12.90%	2.41%	7.44%	7.28%	6.51%
RHIF LTC Insurance (AY11)	1.34%	0.99%	9.37%	9.37%	1.17%	5.34%	5.56%	5.09%
RHIF Major Medical (AY03)	0.41%	1.32%	5.40%	5.40%	3.03%	2.16%	2.07%	1.51%

**Plans with a market value under $100,000 are excluded from this report. Information on these plans is available upon request.*

DOR Commissioner's Report: Net Plan Performance for Month Ending 6/30/2024

Relative Performance (Net of Fee)	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
2008 Transportation Project Government Bonds (AY2Q)	0.03%	0.06%	0.30%	0.30%	0.22%	0.18%	0.18%	0.23%
2013B Tax Exempt Education (AY3Z)	0.03%	0.06%	0.30%	0.30%	0.22%	0.18%	0.18%	0.23%
2016A - 2012 Transporation Bond Act (AY3Y)	0.03%	0.06%	0.30%	0.30%	0.22%	0.17%	0.17%	0.22%
2016B - 2012 Transportation Bond Act (AY3Q)	0.03%	0.06%	0.30%	0.30%	0.22%	0.18%	0.18%	
Alaska Higher Education Investment (AY3L)	-0.04%	0.06%	0.31%	0.31%	0.22%	0.13%	0.09%	0.13%
Alaska Mental Health Trust Reserve (AY2L)	-0.04%	0.06%	0.29%	0.29%	0.29%	0.31%	0.24%	0.31%
ASLC Investment Fund (AY3S)	-0.06%	0.08%	0.55%	0.55%				
Constitutional Budget Reserve Fund (AY19)	0.03%	0.06%	0.30%	0.30%	0.22%	0.20%	0.17%	0.21%
Education Endowment Fund (AY3G)	-0.04%	0.06%	0.30%	0.30%	0.23%			
EVOS Habitat Investment (AY2H)	0.01%	0.09%	0.45%	0.45%	0.52%	0.35%	0.23%	0.35%
EVOS Research Investment (AY02)	0.01%	0.09%	0.45%	0.45%	0.43%	0.31%	0.19%	0.31%
GeFONSI I (AY01)	0.02%	0.06%	0.32%	0.32%	0.24%	0.19%	0.18%	0.20%
GeFONSI II (AY3F)	0.02%	0.07%	0.36%	0.36%	0.17%	0.15%		
Illinois Creek Mine Reclamation (AY9J)	-0.04%	0.06%	0.30%	0.30%	0.22%	0.11%	0.07%	0.09%
International Airports Repair & Replacement Fund (AY05)	0.03%	0.06%	0.30%	0.30%	0.22%	0.18%	0.18%	0.23%
International Airports Revenue Fund (AY04)	0.02%	0.07%	0.33%	0.33%	0.22%	0.18%	0.17%	0.22%
International Airports Series 2002 Reserve Account (AY2E)	0.03%	0.06%	0.30%	0.30%	0.22%	0.18%	0.18%	0.23%
International Airports Series 2003 Reserve (AY2U)	0.03%	0.06%	0.30%	0.30%	0.22%	0.18%	0.18%	0.23%
Investment Loss Trust Fund (AY28)	0.03%	0.06%	0.30%	0.30%	0.22%	0.18%	0.18%	0.23%
Permanent Fund Dividend Holding Account (AY2G)	0.03%	0.06%	0.29%	0.29%	0.19%	0.16%	0.27%	0.28%
Public School Trust Fund (AY08)	-0.04%	0.06%	0.29%	0.29%	0.22%	0.13%	0.07%	0.12%
RHIF LTC Insurance (AY11)	-0.06%	0.07%	0.46%	0.46%	0.25%	0.20%	0.13%	0.20%
RHIF Major Medical (AY03)	0.03%	0.06%	0.30%	0.30%	0.22%	0.18%	0.18%	0.23%

**Plans with a market value under $100,000 are excluded from this report. Information on these plans is available upon request.*

DOR Commissioner's Report: External Management Fees as of Month Ending 6/30/2024

Plan Fees for the Last Year

Plan	Fee as a %
2008 Transportation Project Government Bonds (AY2Q)	0.0000%
2013B Tax Exempt Education (AY3Z)	0.0000%
2016A - 2012 Transporation Bond Act (AY3Y)	0.0000%
2016B - 2012 Transportation Bond Act (AY3Q)	0.0000%
Alaska Higher Education Investment (AY3L)	0.0193%
Alaska Mental Health Trust Reserve (AY2L)	0.0204%
ASLC Investment Fund (AY3S)	0.0291%
Constitutional Budget Reserve Fund (AY19)	0.0000%
Education Endowment Fund (AY3G)	0.0195%
EVOS Habitat Investment (AY2H)	0.0000%
EVOS Research Investment (AY02)	0.0000%
GeFONSI I (AY01)	0.0000%
GeFONSI II (AY3F)	0.0006%
Illinois Creek Mine Reclamation (AY9J)	0.0193%
International Airports Repair & Replacement Fund (AY05)	0.0000%
International Airports Revenue Fund (AY04)	0.0000%
International Airports Series 2002 Reserve Account (AY2E)	0.0000%
International Airports Series 2003 Reserve (AY2U)	0.0000%
Investment Loss Trust Fund (AY28)	0.0000%
Permanent Fund Dividend Holding Account (AY2G)	0.0000%
Public School Trust Fund (AY08)	0.0193%
RHIF LTC Insurance (AY11)	0.0265%
RHIF Major Medical (AY03)	0.0000%

**Plans with a market value under $100,000 are excluded from this report. Information on these plans is available upon request.*

Commissioner's Report: Top GeFONSI Accounts for Month Ending: 6/30/2024

Program	Account Name	End Balance
GeFONSI I	General Fund	$1,844,996,590.33
	Alaska Clean Water Fund	$169,269,543.10
	Alaska Drinking Water Fund	$97,323,140.42
	Public Advocacy Trust	$53,405,402.14
	Fish & Game Fund	$50,877,980.79
GeFONSI II	Statutory Budget Reserve Fund	$239,270,292.75
	National Petroleum Reserve Fund	$115,974,681.28
	Regional Ed Attendance Area School Fund	$105,186,110.88
	General Fund Investment Fund	$95,598,786.34
	Highway Equipment Working Capital Fund For Operating Appropriations	$90,317,413.69
	Sum of 5 Largest GeFONSI I and II Funds	**$2,862,219,941.72**

Non-Routine Investments

Non-Routine Investments

- The Department of Revenue is presented periodically with non-routine investment opportunities that fall outside the scope of its existing investment opportunity set.
- The state does not currently have any non-routine investments, and none are presently contemplated by investment staff.

- <u>Non-routine investment process summary:</u>
  - Document the investment opportunity and determine if it merits further diligence and/or if it is more suitable for other funding sources.
  - Seek legal advice on DOR eligibility.
  - Seek guidance from external auditors.
  - Use an impartial external expert to evaluate the opportunity and to provide an opinion on the investment.
  - Seek advice from the Investment Advisory Council.
  - Notify the Office of Management and Budget.
  - Complete diligence and investment documentation.
  - Inform the Chairs of the Senate and House Finance Committees of any decision to move forward with an investment.

Summary of Adopted

FY2025 Asset Allocations

Summary of FY2025 State Asset Allocations

- The Commissioner of Revenue is the fiduciary for over $9 billion in state assets across 100+ accounts pooled into over 25 funds with similar assets or mandates.
- Setting investment policies and asset allocations are key fiduciary duties for these funds.
- Treasury staff reviewed and made recommendations on the investment policy and asset allocation of each fund and discussed them in a transparent process with an independent investment advisory committee.
- Each investment program is designed to balance fund investment objectives, risk tolerance, and other attributes including capacity for loss or volatility over short, medium, and longer time horizons.
- The process used Callan's capital market assumptions and Modern Portfolio Theory to arrive at asset allocations and set short-term return expectations using current yields for lower risk profile funds.
- Expected fiscal year earnings for State funds is $500 million, with $350 million coming from lower risk funds like the CBRF and GeFONSI.

Asset Classes	**Low** ***CBRF***	**Low Moderate** ***GeFONSI I***	**Low High** ***GeFONSI II***	**All SOA**	**Higher Risk** ***LTC***	**Highest Risk** ***Public School***
Broad U.S. Equity			4.0%	**7.5%**	17.0%	39.0%
Global ex-U.S. Equity			2.0%	**5.0%**	14.0%	25.0%
U.S. REITs				**1.1%**	5.0%	5.0%
Core U.S. Fixed Income				**10.0%**	63.0%	30.0%
Short Duration Gov't/Credit		15.0%	33.0%	**9.6%**		
Cash Equivalents	100%	85.0%	61.0%	**66.8%**	1.0%	1.0%
Total	100%	100%	100%	**100%**	100%	100%
Optimization Results:						
Expected Return - Short-Term	**5.09%**	**5.08%**	**5.31%**	**5.54%**		
Expected Return - Long-Term Compound	3.00%	3.18%	3.77%	**4.22%**	**6.43%**	**7.25%**
Expected Return - Real/After Inflation	0.50%	0.68%	1.27%	**1.72%**	3.93%	4.75%
Risk - Standard Deviation	0.90%	0.93%	1.52%	**2.79%**	7.17%	12.48%
Sharpe Ratio	(0.00)	0.20	0.51	**0.44**	0.48	0.34
Risk Statistics						
10% Probable Downside Return - 1 Year	3.5%	3.5%	1.1%	**-0.7%**	-6.2%	-14.6%
5% Probable Downside Return - 1 Year	3.2%	3.2%	0.6%	**-1.5%**	-8.4%	-18.5%
5% Probable Downside Return - 3 Year				**0.9%**	-2.1%	-7.6%
5% Probable Downside Return - 5 Year				**1.6%**	-0.2%	-4.3%
Probability of Loss - 1 Year	0.0%	0.0%	0.6%	**6.5%**	18.5%	28.1%
Prob. Return < -1%	0.0%	0.0%	0.1%	**3.1%**	15.0%	25.4%
Prob. Return < -5%	0.0%	0.0%	0.0%	**0.0%**	5.6%	16.3%
Prob. Return < -10%	0.0%	0.0%	0.0%	**0.0%**	1.1%	8.3%
Prob. Return < -20%	0.0%	0.0%	0.0%	**0.0%**	0.0%	1.4%
Probability of Loss - 10 Year				**0.0%**	0.2%	3.3%
Asset Time Horizon Estimate	0.3	0.5	1.2	**1.9**	5.9	5.9
Dollars: ($Millions)						
Assets	2,857.6	2,822.1	1,382.9	**9,169.6**	858.1	1,248.9
Expected Annual Earnings	**145.4**	**143.4**	**73.4**	**507.9**	**55.2**	**90.6**
1-Year 10% Probable Return (10% cVaR)	**100.3**	**97.4**	**15.3**	**(61.5)**	**(52.9)**	**(182.9)**
1-Year 5% Probable Return (5% cVaR)	92.4	89.4	8.9	**(140.2)**	(71.8)	(230.8)
3-Year 5% Probable Return (5% cVaR)				**82.6**	(18.1)	(95.0)
5-Year 5% Probable Return (5% cVaR)				**151.1**	(1.6)	(53.2)

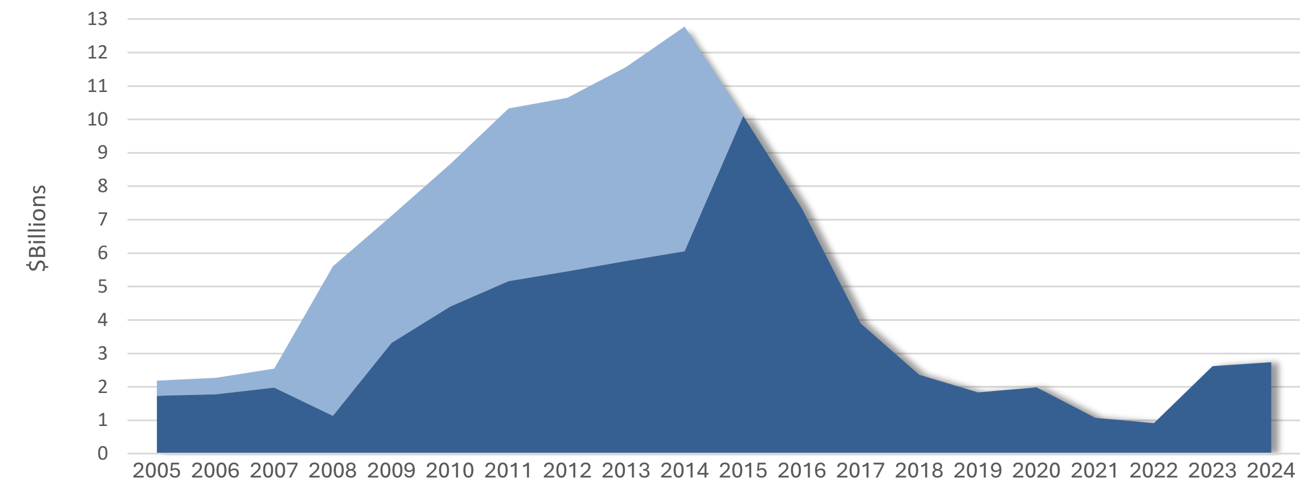
Constitutional Budget Reserve

Main Fund and Subaccount Review

Constitutional Budget Reserve Fund Background

- The Constitutional Budget Reserve Fund (CBRF) was established in the State Constitution in 1990.
- The State relies on the fund for fiscal support when revenue or cashflows are insufficient.
- The CBRF main fund:
  - The main fund has always been invested conservatively to protect principal and limit exposure to oil or capital market volatility.
  - The balance is subject to regular discussion in the legislature with a minimum of $2 billion often referenced.
  - The main fund was last drawn down for fiscal support in 2020 during the pandemic but stabilized in 2023 and 2024.
- The CBRF subaccount:
  - The legislature established a subaccount of the CBRF with funding in 2000 to “be invested to yield higher returns” provided that “those funds will not be needed for at least five years.”
  - The subaccount historically had an asset allocation that was close to 60% equity, 40% fixed income.
  - The size of the subaccount increased by $4.1 billion in 2008 after the legislature transferred in surplus revenue.
  - The legislature has been involved with all transfers into the subaccount and DOR does not have a formal process for evaluating main account and subaccount balances.
  - The subaccount was last used 10 years ago when it was determined that the subaccount would be consumed within 5 years and the balance was transferred back to the main account.
- CBRF investment is subject to a high level of legislative scrutiny.

20 Year History of the Alaska Constitutional Budget Reserve



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total	2.2	2.3	2.5	5.6	7.1	8.7	10.3	10.6	11.6	12.8	10.1	7.3	3.9	2.4	1.8	2.0	1.1	0.9	2.6	2.7
CBRF Sub	0.5	0.5	0.6	4.5	3.8	4.3	5.2	5.2	5.8	6.7	-	-	-	-	-	-	-	-	-	-
CBRF Main	1.7	1.8	2.0	1.1	3.3	4.4	5.2	5.5	5.8	6.1	10.1	7.3	3.9	2.4	1.8	2.0	1.1	0.9	2.6	2.7

Asset Allocation Process and Policy Risk

- Treasury staff reviews every investment policy at least annually and makes recommendations designed to balance investment objectives, risk tolerance, and attributes like time horizon, return objectives, cashflows, liquidity, yield, and capacity for loss or volatility over short, medium, and longer time horizons.

- Documenting the rationale for key investment decisions in a transparent fashion using the State Investment Review and an independent investment advisory committee is core to DOR's investment process.
  - This is good practice generally, but also a critical risk control that helps to insulate long-term investment decisions from shorter-term policy risk by providing policy makers with a record to evaluate.

- DOR uses many external inputs to form the basis for investment decisions including capital market assumptions and market information. The department also uses relevant published state information that is shared as a part of the SIR process.

Relevant links to SOA budgetary/cashflow documentation provided in May:

State of Alaska (SOA) Office of Management and Budget (OMB)
https://omb.alaska.gov/

OMB Amended Budget:
https://omb.alaska.gov/fiscal-year-2025-amended-budget/

CBRF balances: OMB 10-Year Forecast
https://omb.alaska.gov/ombfiles/25_budget/PDFs/FY2025_10-Year_Plan_12-14-23.pdf

CBRF balance: OMB Updated FY25 Fiscal Summary
https://omb.alaska.gov/ombfiles/25_budget/PDFs/FY2025_Fiscal_Summary_4.9.24.pdf

Revenue forecasts Fall/Spring
http://www.tax.alaska.gov/programs/sourcebook/index.aspx

GeFONSI:
https://treasury.dor.alaska.gov/home/investments/gefonsi
https://treasury.dor.alaska.gov/home/investments/gefonsi/gefonsi-cbrf-and-sbrf-charts
https://treasury.dor.alaska.gov/home/cash-management/cash-management-reports
https://treasury.dor.alaska.gov/docs/treasurydivisionlibraries/cash-management/reports/fy24a.pdf?sfvrsn=a97cd63c_117
https://treasury.dor.alaska.gov/docs/treasurydivisionlibraries/investments/gefonsi/2021-8-31-gefonsi-mou-attachment-c-2021-2026.pdf?sfvrsn=44574f35_3

APFC Trustee Paper – Earning Reserve Account (ERA) Sufficiency
https://apfc2017.wpenginepowered.com/download/33/trustees-papers/4839/2024_apfc_trustees-paper-10.pdf

Review of May 2024 CBRF Time Horizon Evaluation

- The forecast that DOR has always used to evaluate the investment timeframe for reserve funds like the CBRF is the ten-year forecast that the State Office of Management and Budget (OMB) publishes each year. This forecast has many assumptions that are subject to active debate, and it is the primary long-term forecast that is public and transparent.
- A five-year portion of this forecast was reviewed at the May SIR meeting with the following observations:
  1) Oil revenue is 33% of total revenue and can vary materially intra-year based on prevailing oil prices and volumes.
  2) The POMV draw from the APFC is 58% of revenue and can vary over time since it is exposed to earnings reserve limitations and smoothed market risk.
  3) The deposit to fund the annual permanent fund dividend to residents gets high legislative focus –full statutory dividends are assumed in the forecast, but not usually adopted.
  4) The overall size of government is also an active legislative debate.
  5) The ending CBRF balance is the result of all of these decisions. As shown, the CBRF was projected to be consumed in 2-3 years with full dividends.
- The budget for FY2025 has now been adopted with meaningful differences from this OMB forecast. The operating budget was higher, and the dividend was lower, which should produce a CBRF balance similar to the current level. This is the result of active debate and compromise in the legislative process.
- These FY2025 budget differences will flow into new OMB forecasts this Fall, which can be used to evaluate any expected long-term CBRF surpluses.

Portions of the OMB forecast discussed at the May 2024 SIR:

Sources of Funds	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**
Traditional UGF Revenue	2,959.4	2,651.2	2,542.3	2,585.8	2,659.3
Petroleum Revenue	2,414.4	1) 2,078.2	1,935.7	1,950.1	2,003.4
Non-Petroleum Revenue	454.5	485.2	518.8	547.9	568.1
Investment Revenue	3,616.6	3,745.0	3,847.8	3,979.8	3,964.8
Non-POMV Investment Revenue	90.5	87.8	87.8	87.8	87.8
Percentage of Market Value	3,526.1	2) 3,657.2	3,760.0	3,892.0	3,877.0
Revenue Adjustments	41.5	0.0	0.0	0.0	0.0
Carryforward	41.5	0.0	0.0	0.0	0.0
Total Revenue	6,527.0	6,308.4	6,302.3	6,477.8	6,536.3
PFD Deposit	(881.5)	3) (2,303.7)	(2,499.7)	(2,199.7)	(2,272.5)
Available Revenue	**5,645.5**	**4,004.7**	**3,802.6**	**4,278.1**	**4,263.8**

Uses of Funds	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**
Permanent Fund Dividend Transfer	881.5	2,303.7	2,499.7	2,199.7	2,272.5
Per capita PFD *(dollars)*	$1,312	$3,429	$3,720	$3,274	$3,382
Operating Budget	**4,831.5**	**4,686.8**	**4,755.2**	**4,831.5**	**4,912.9**
Capital Budget	**364.8**	**305.2**	**309.8**	**314.4**	**319.1**
Total General Fund Appropriations	**5,196.3**	**4) 4,992.0**	**5,065.0**	**5,145.9**	**5,232.0**

Reserve Balances	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**
Statutory Budget Reserve					
SBR Beginning Balance	20.9	20.9	0.0	0.0	0.0
Surplus/(Draws)	0.0	(20.9)	0.0	0.0	0.0
SBR End Balance	**20.9**	**0.0**	**0.0**	**0.0**	**0.0**
Constitutional Budget Reserve					
CBR Beginning Balance	2,734.3	2,829.1	1,939.5	715.9	(137.6)
Earnings & Deposits	94.8	76.7	38.8	14.3	(2.8)
Surplus/(Draws)	0.0	(966.3)	(1,262.4)	(867.8)	(968.2)
CBR End Balance	**2,829.1**	**5) 1,939.5**	**715.9**	**(137.6)**	**(1,108.5)**

Review of Adopted CBRF FY2025 Asset Allocation

AY19: CBRF Investment Policy

The investment policies for the Constitutional Budget Reserve Fund (CBRF) have changed over the years as the balance and the expected uses of the CBRF have changed. Declining production of Alaska North Slope crude oil and the inconsistency of future prices are still a concern. The CBRF is the state's "savings account" and as such is responsible for covering fluctuations in the general fund.

Financial planning by the administration and the legislature is highly dependent upon the CBRF balance maintaining stability and high liquidity. Given the short-term expected requirement for these funds, a cash equivalent investment program is warranted.

Investment Topic	FY 2025		FY 2024
Investment Objective	Very low exposure to principal loss. Little inflation protection needed. High liquidity requirement.		No Change
Risk Tolerance	Low		No Change
Policy Risk/Loss Range	<1%		No Change
Time Horizon	Short		No Change
Asset Allocation	Broad U.S. Equity International Equity Short Duration Govt/Credit Core U.S. Fixed Income Cash Equivalents	 100%	 100%
Expected Return - Short-Term		5.09%	5.01%
Expected Real Return - Short-Term		2.59%	2.51%
Risk - Standard Deviation		0.90%	0.90%
Probability of Loss - 1 Year		0.0%	0.0%
5% Probable Downside Return (5% cVaR)		3.2%	3.2%

The proposed policy is effective July 1, 2024:

Approved — 6/21/2024 — Date

State of Alaska Asset Allocation

Asset Classes	FY24	FY25*	GF I	2/3 ST	GF II	60/40
Broad U.S. Equity					4%	60%
Global ex-U.S. Equity					2%	
US REITS						
Short Duration Gov't/Credit			15%	33%	33%	
Core U.S. Fixed Income						40%
Cash Equivalents	100%	100%	85%	67%	61%	
Total	100%	100%	100%	100%	100%	100%
Optimization Results:						
Expected Return - Short-Term	**5.01%**	**5.09%**	**5.08%**	**5.07%**	**5.31%**	**6.82%**
Expected Return - Real/After Inflation	**2.51%**	**2.59%**	**2.58%**	**2.57%**	**2.81%**	**4.32%**
Risk - Standard Deviation	0.90%	0.90%	0.93%	1.12%	1.52%	10.72%
Sharpe Ratio	(0.00)	(0.00)	(0.01)	(0.02)	0.14	0.16
Risk Statistics:						
10% Probable Downside Return - 1 Year	**3.4%**	**3.5%**	**3.5%**	**3.1%**	**2.6%**	**-12.0%**
5% Probable Downside Return - 1 Year	**3.2%**	**3.2%**	**3.2%**	**2.8%**	**2.2%**	**-15.3%**
Probability of Loss - 1 Year	0.0%	0.0%	0.0%	0.0%	0.0%	26.1%
Prob. Return < -1%	0.0%	0.0%	0.0%	0.0%	0.0%	23.2%
Prob. Return < -2%	0.0%	0.0%	0.0%	0.0%	0.0%	20.4%
Prob. Return < -3%	0.0%	0.0%	0.0%	0.0%	0.0%	17.9%
Prob. Return < -4%	0.0%	0.0%	0.0%	0.0%	0.0%	15.6%
Prob. Return < -5%	0.0%	0.0%	0.0%	0.0%	0.0%	13.4%
Prob. Return < -10%	0.0%	0.0%	0.0%	0.0%	0.0%	5.8%
Prob. Return < -20%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%
Probability of Loss - 10 Year	0.0%	0.0%	0.0%	0.0%	0.0%	2.2%
Asset Time Horizon Estimate	0.3	0.3	0.5	0.8	1.2	6.0
Dollars: ($Millions)						
Assets	2,619.9	2,785.6	2,785.6	2,785.6	2,785.6	2,785.6
Expected Annual Earnings	**131.2**	**141.7**	**141.5**	**141.2**	**147.8**	**189.9**
1-Year 10% Probable Return (10% cVaR)	**89.8**	**97.7**	**96.2**	**86.7**	**73.7**	**(333.0)**
1-Year 5% Probable Return (5% cVaR)	**82.5**	**90.0**	**88.2**	**77.1**	**60.7**	**(424.8)**
3-Year 5% Probable Return (5% cVaR)	103.1	111.9	110.7	104.2	97.5	(164.6)
5-Year 5% Probable Return (5% cVaR)	109.4	118.6	117.7	112.6	108.9	(84.4)

CBRF History	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expected ST Return	5.01%	2.39%	0.05%	0.17%	2.32%	2.89%	2.89%	2.89%	2.89%	2.38%
Expected Volatility	0.90%	0.90%	0.05%	0.90%	1.23%	1.64%	1.62%	1.59%	1.58%	1.58%
10% cVaR	3.40%	0.80%	-0.04%	-1.41%	0.16%	0.01%	0.05%	0.10%	0.12%	-0.40%
Assets (billions)	2.6	2.6	0.9	1.1	2.0	1.8	2.4	3.9	7.3	10.1

CBRF – State Constitution and Statutes

Alaska Constitution

Article IX, Section 17. Budget Reserve Fund.

(a) There is established as a separate fund in the State treasury the budget reserve fund. Except for money deposited into the permanent fund under Section 15 of this article, all money received by the State after July 1, 1990, as a result of the termination, through settlement or otherwise, of an administrative proceeding or of litigation in a State or federal court involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property, shall be deposited in the budget reserve fund. Money in the budget reserve fund shall be invested so as to yield competitive market rates to the fund. Income of the fund shall be retained in the fund. Section 7 of this article does not apply to deposits made to the fund under this subsection. Money may be appropriated from the fund only as authorized under (b) or (c) of this section.

(b) If the amount available for appropriation for a fiscal year is less than the amount appropriated for the previous fiscal year, an appropriation may be made from the budget reserve fund. However, the amount appropriated from the fund under this subsection may not exceed the amount necessary, when added to other funds available for appropriation, to provide for total appropriations equal to the amount of appropriations made in the previous calendar year for the previous fiscal year.

(c) An appropriation from the budget reserve fund may be made for any public purpose upon affirmative vote of three-fourths of the members of each house of the legislature.

(d) If an appropriation is made from the budget reserve fund, until the amount appropriated is repaid, the amount of money in the general fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund. The legislature shall implement this subsection by law.

Alaska Statutes

Section 37.10.430. Management of the Budget Reserve Fund.

(a) The Department of Revenue may transfer management responsibility over all or a portion of the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the Alaska Permanent Fund Corporation.

(b) By March 15 of each year, the Department of Revenue shall, after consulting with the Alaska Permanent Fund Corporation, prepare a report setting out the balance in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) on January 1 and on December 31 of the previous calendar year. The report shall state the nominal, real, and realized return on the budget reserve fund compared to the nominal, real, and realized return on the permanent fund and the general fund during the previous calendar year.

(c) A special subaccount is established in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska). Money in the subaccount shall be invested to yield higher returns that might be feasible to obtain with other money in the budget reserve fund. In establishing or modifying the investment policy for the subaccount in the constitutional budget reserve fund, the commissioner of revenue shall assume that those funds will not be needed for at least five years. Income earned on money in the subaccount shall be retained in the subaccount by the department.

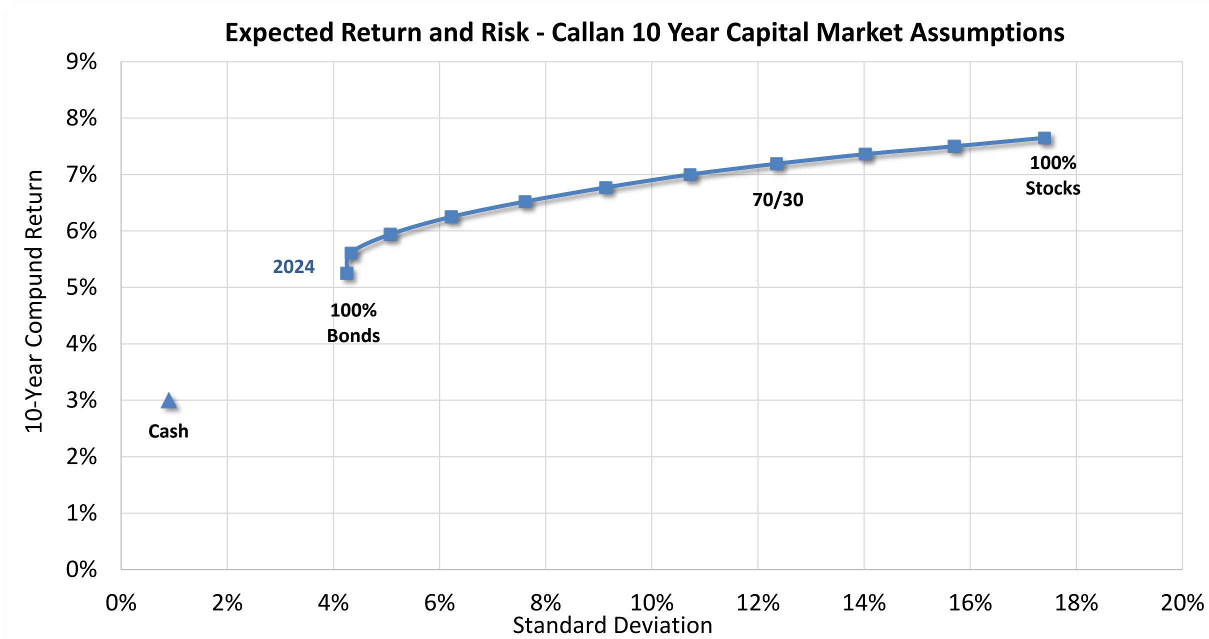
Questions?

Appendices:

- May 2024 Investment Policy and Asset Allocation Process
- Adopted FY2025 Asset Allocations

State Investment Policy and Asset Allocation Process

- The Commissioner of Revenue is the fiduciary for over $8 billion in state assets across 100+ accounts pooled into over 25 funds with similar assets or mandates.
- Setting investment policies and asset allocations are key fiduciary duties for these funds.
- Treasury staff reviews and makes recommendations on the investment policy and asset allocation of each fund at least annually.
- Each investment program is designed to balance fund investment objectives, risk tolerance, and other attributes:
  - Time horizon
  - Nominal or real return objectives
  - Cashflows, liquidity, and income needs
  - Capacity for loss or volatility over short, medium, and longer time horizons
- Performance, investment policy, and asset allocations are discussed quarterly in a transparent process with an independent investment advisory committee.

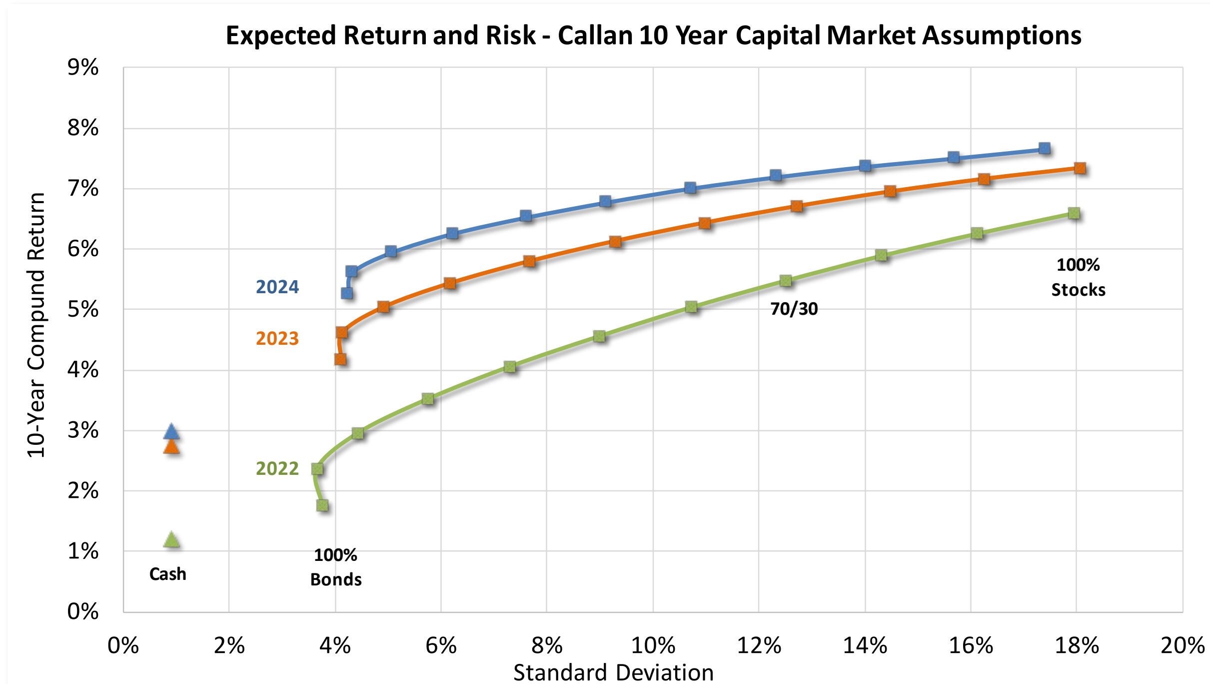


Fund - Account	Assets (6/30/2024)	Risk Tolerance
Short-Term Funds	$117,677,000	Lowest
CBRF	$2,739,949,000	
GeFONSI	$2,602,182,000	
International Airport	$219,896,000	
GeFONSI II	$1,382,930,000	
Retiree Long-Term Care	$858,096,000	
Public School Trust	$833,816,000	
AK Higher Education	$412,039,000	
Illinois Creek Mine	$1,556,000	
Education Endowment	$1,456,000	Highest
Total	**$9,169,597,000**	

Risk Tolerance Assessment

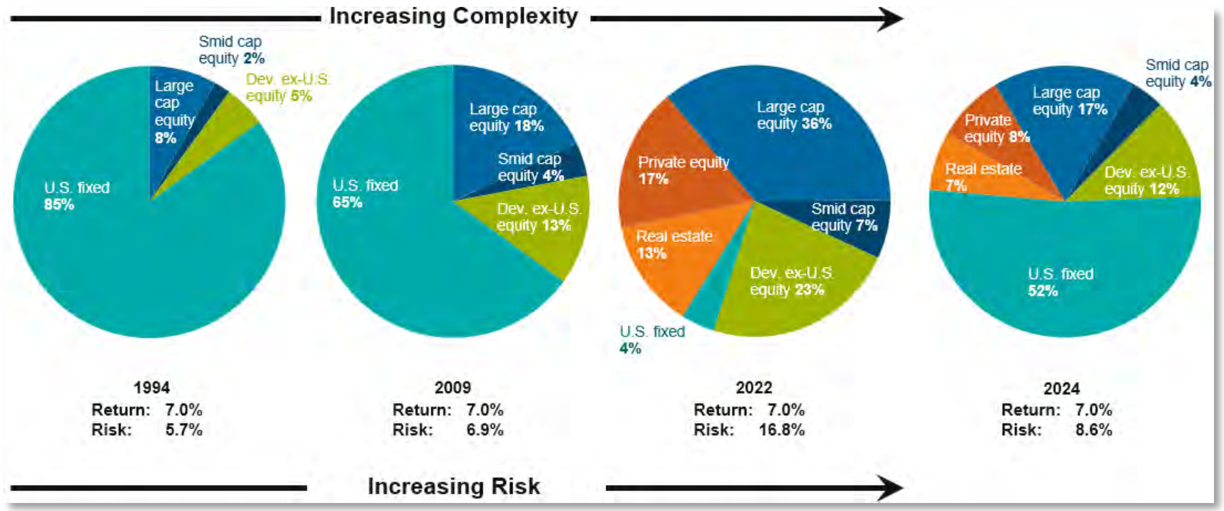
General Risk Tolerance Assessment	Time Horizon	Probability of Loss (1yr)	Magnitude of Potential Loss	Discussion
Low	Short - Less than 1 year	< 1%	< 0.4%	Unwilling to risk material short-term volatility because of the immediate need for the invested funds. Minimizing exposure of principal to loss is very important.
Low-Moderate	Short to Intermediate - 1 to 2 years	< 5%	< 1.5%	Willing to assume an average amount of market risk and volatility to achieve higher returns.
Low-High	Intermediate - 2 to 6 years	< 10%	< 5%	Willing to assume an above average amount of risk, volatility and loss of principal to achieve higher returns.
High - 5% Return Target	Long - Greater than 6 years	> 10%	< 20%	Willing to tolerate an amount of risk, volatility and loss of principal to achieve stated return target over long time periods.
High - Endowment	Long - Greater than 6 years	> 10%	< 20%	Willing to assume a material amount or risk, volatility and loss of principal to take advantage or higher return opportunities.

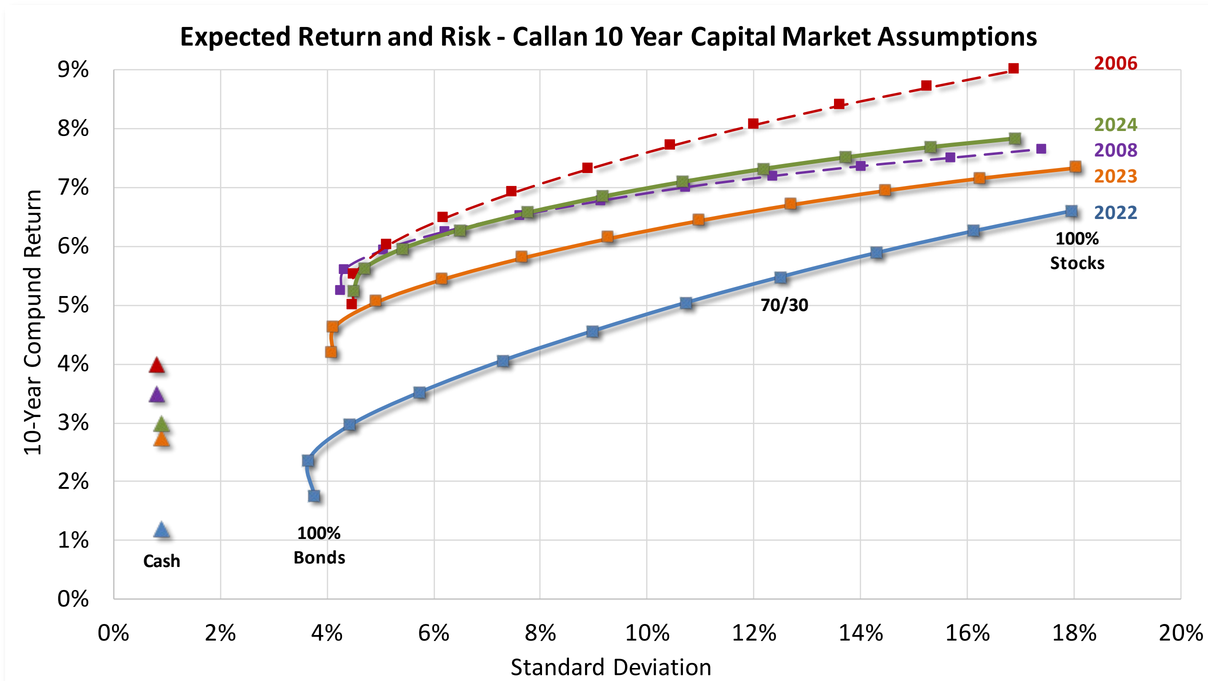
Fund - Account	Assets (6/30/2024)	Risk Tolerance
Short-Term Funds	$117,677,000	Lowest
CBRF	$2,739,949,000	
GeFONSI	$2,602,182,000	
International Airport	$219,896,000	
GeFONSI II	$1,382,930,000	
Retiree Long-Term Care	$858,096,000	
Public School Trust	$833,816,000	
AK Higher Education	$412,039,000	
Illinois Creek Mine	$1,556,000	
Education Endowment	$1,456,000	Highest
Total	**$9,169,597,000**	



Asset Allocation

- Callan is an investment consultant that annually develops 10-year capital market assumptions for clients including the Alaska Retirement Management Board and the Alaska Permanent Fund Corporation. DOR uses these assumptions for independence and consistency.
- Return expectations have generally fallen over the past 30 years as interest rates, growth, and inflation expectations declined. Forward return expectations have now increased due to inflation, higher starting interest rates and the pullback in equity markets.
- Treasury staff evaluates Callan's capital market assumptions and current market conditions to develop an asset allocation approach for each state fund.
- The goal is to maximize return or minimize risk consistent with investment objectives and risk tolerance using a combination of modern portfolio theory and account specific constraints and characteristics.





2024 Capital Market Assumption Update

- In January, Callan released their 10-year capital market assumptions for 2024. Forward return expectations increased due to higher starting interest rates and the pullback in equity markets.
- Staff selects a subset of these asset classes for use in state funds based on risk, return, diversification, complexity, and cost.
- DOR is currently using Broad U.S. Equities, International Equities, Government 1-3 Fixed Income, Broad U.S. Fixed Income, U.S. REITs, and Cash Equivalents for state funds.
- For some portfolios, staff also invests up to 30% of the fixed income allocation in a tactical bond portfolio that opportunistically invests in high yield, TIPS, and other fixed income asset classes in a risk-managed fashion.
- Only liquid registered investments are used since State funds were not allowed to purchase unregistered investments, including alternative investments, prior to 2021 due to the SEC's definition of accredited investor – a definition that did not apply to the retirement funds and APFC. Even with the SEC change, illiquid investments are still problematic for State funds subject to annual legislative changes.

Asset Classes	2024 10-Year Geometric Return	2023 10-Year Geometric Return	Return Change	Real Return	Standard Deviation	Correlation to Domestic Equity
Broad U.S. Equity	**7.65%**	**7.35%**	**0.30%**	**5.2%**	**17.4%**	**1.00**
Large Cap U.S. Equity	**7.50%**	7.25%	0.25%	5.0%	17.0%	1.00
Small/Mid Cap U.S. Equity	**7.70%**	7.45%	0.25%	5.2%	22.0%	0.91
International Equity	**7.65%**	**7.45%**	**0.20%**	**5.2%**	**21.4%**	**0.79**
Developed ex-U.S. Equity	**7.50%**	7.25%	0.25%	5.0%	20.2%	0.73
Emerging Market Equity	**7.70%**	7.45%	0.25%	5.2%	25.6%	0.85
Cash Equivalents	**3.00%**	**2.75%**	**0.25%**	**0.5%**	**0.9%**	**-0.03**
Government 1-3 year Bonds	**4.25%**	3.80%	0.45%	1.8%	2.4%	0.04
Core U.S. Fixed Income	**5.25%**	**4.25%**	**1.00%**	**2.8%**	**4.3%**	**0.08**
TIPS	**5.05%**	4.00%	1.05%	2.6%	5.4%	-0.03
Emerging Market Sovereign Debt	**6.35%**	6.25%	0.10%	3.9%	10.7%	0.61
High Yield	**6.80%**	6.25%	0.55%	4.3%	11.8%	0.75
Core Real Estate	**6.00%**	5.75%	0.25%	3.5%	14.0%	0.34
REITs	**7.15%**	**6.90%**	**0.25%**	**4.7%**	**25.6%**	**0.77**
Private Equity	**8.75%**	8.50%	0.25%	6.3%	27.6%	0.80
Private Credit	**7.40%**	7.00%	0.40%	4.9%	15.7%	0.68
Hedge Funds	**6.05%**	5.55%	0.50%	3.6%	8.2%	0.59
Inflation	**2.50%**	2.50%	0.00%		1.6%	
70/30 Portfolio	**7.11%**	**6.71%**	**0.40%**	**4.6%**		

FY25

Asset Allocation Recommendation

Using March 31, 2024, Assets

State Asset Allocation Approach for FY2025

- Evaluate the current attributes of each fund to identify the best balance of risk and return.
- Use Callan's capital market assumptions and Modern Portfolio Theory to arrive at asset allocations.
- Set short-term return expectations using current yields (YTW) for short-term and moderate risk profiles.
- Emphasize diversification in an uncertain market.

Proforma FY2025 table uses Callan's long-term CMA's for all risk profiles for comparability

Asset Classes	Low	Low Moderate	Low High	All SOA	Higher Risk	Highest Risk
Broad U.S. Equity			4.0%	**8.0%**	17.0%	39.0%
Global ex-U.S. Equity			2.0%	**5.4%**	14.0%	25.0%
U.S. REITs				**1.2%**	5.0%	5.0%
Core U.S. Fixed Income				**10.6%**	63.0%	30.0%
Short Duration Gov't/Credit		15.0%	33.0%	**9.2%**		
Cash Equivalents	100%	85.0%	61.0%	**65.5%**	1.0%	1.0%
Total	100%	100%	100%	**100%**	100%	100%
Optimization Results:						
Expected Return	**3.00%**	**3.18%**	**3.77%**	**4.22%**	**6.43%**	**7.25%**
Expected Return - Real/After Inflation	**0.50%**	**0.68%**	**1.27%**	**1.72%**	**3.93%**	**4.75%**
Risk - Standard Deviation	0.90%	0.93%	1.52%	**2.79%**	7.17%	12.48%
Sharpe Ratio	(0.00)	0.20	0.51	**0.44**	0.48	0.34
Risk Statistics:						
10% Probable Downside Return - 1 Year	1.4%	1.6%	1.1%	**-0.7%**	-6.2%	-14.6%
5% Probable Downside Return - 1 Year	1.1%	1.3%	0.6%	**-1.5%**	-8.4%	-18.5%
5% Probable Downside Return - 3 Year	1.9%	2.1%	2.0%	**0.9%**	-2.1%	-7.6%
5% Probable Downside Return - 5 Year	2.2%	2.3%	2.4%	**1.6%**	-0.2%	-4.3%
Probability of Loss - 1 Year	0.0%	0.0%	0.6%	**6.5%**	18.5%	28.1%
Prob. Return < -1%	0.0%	0.0%	0.1%	**3.1%**	15.0%	25.4%
Prob. Return < -5%	0.0%	0.0%	0.0%	**0.0%**	5.6%	16.3%
Prob. Return < -10%	0.0%	0.0%	0.0%	**0.0%**	1.1%	8.3%
Prob. Return < -20%	0.0%	0.0%	0.0%	**0.0%**	0.0%	1.4%
Probability of Loss - 10 Year	0.0%	0.0%	0.0%	**0.0%**	0.2%	3.3%
Asset Time Horizon Estimate	0.3	0.5	1.2	**1.9**	5.9	5.9
Dollars: ($Millions)						
Assets	2,939.7	2,008.4	1,438.8	**8,459.8**	844.4	1,228.5
Expected Annual Earnings	**88.1**	**63.9**	**54.2**	**356.9**	**54.3**	**89.1**
1-Year 10% Probable Return (10% cVaR)	**41.7**	**31.2**	**16.0**	**(56.8)**	**(52.0)**	**(179.9)**
1-Year 5% Probable Return (5% cVaR)	33.5	25.5	9.3	**(129.3)**	(70.6)	(227.1)
3-Year 5% Probable Return (5% cVaR)	56.6	41.8	28.3	**76.2**	(17.8)	(93.4)
5-Year 5% Probable Return (5% cVaR)	63.7	46.8	34.1	**139.4**	(1.6)	(52.3)

State Budget, Cashflow, Reserve Primer

CBRF and State of Alaska Budget Summary

- Treasury staff works to collect data and evidence that support transparent investment decisions including some key state budgetary and cashflow data.
- The Constitutional Budget Reserve Fund (CBRF) is the State's primary reserve fund. The CBRF has increased and decreased over time as the legislature has either reserved surpluses or appropriated borrowings to cover spending deficits.
- The State Office of Management and Budget (OMB) publishes a ten-year forecast each year. A five-year portion of this forecast are included here with the Governor's proposed budget for FY25:
  1) Oil revenue is 33% of total revenue and can vary materially intra-year based on prevailing oil prices and volumes.
  2) The POMV draw from the APFC is 58% of revenue and can vary over time since it is exposed to both five-year average assets and earnings reserve limitations. The ERA is the only APFC account from which appropriations can be made and its balance could limit future State drawdowns.
  3) The deposit to fund the annual permanent fund dividend to residents gets high legislative focus.
  4) The overall size of government is also a high focus.
  5) The CBRF ending balance is the result of all of these projections and decisions. As shown, the CBRF is currently projected to be consumed in 2-3 years. The minimum CBRF balance is generally viewed to be $1-2 billion.
- By the end of June each year, the State generally has a one-year budget that has gone through legislative and Governor approval.

Sources of Funds	FY2024		FY2025	FY2026	FY2027	FY2028
Traditional UGF Revenue	2,959.4		2,651.2	2,542.3	2,585.8	2,659.3
Petroleum Revenue	2,414.4	1)	2,078.2	1,935.7	1,950.1	2,003.4
Non-Petroleum Revenue	454.5		485.2	518.8	547.9	568.1
Investment Revenue	3,616.6		3,745.0	3,847.8	3,979.8	3,964.8
Non-POMV Investment Revenue	90.5		87.8	87.8	87.8	87.8
Percentage of Market Value	3,526.1	2)	3,657.2	3,760.0	3,892.0	3,877.0
Revenue Adjustments	41.5		0.0	0.0	0.0	0.0
Carryforward	41.5		0.0	0.0	0.0	0.0
Total Revenue	6,527.0		6,308.4	6,302.3	6,477.8	6,536.3
PFD Deposit	(881.5)	3)	(2,303.7)	(2,499.7)	(2,199.7)	(2,272.5)
Available Revenue	**5,645.5**		**4,004.7**	**3,802.6**	**4,278.1**	**4,263.8**

Uses of Funds	FY2024		FY2025	FY2026	FY2027	FY2028
Permanent Fund Dividend Transfer	881.5		2,303.7	2,499.7	2,199.7	2,272.5
Per capita PFD *(dollars)*	$1,312		$3,429	$3,720	$3,274	$3,382
Operating Budget	**4,831.5**		**4,686.8**	**4,755.2**	**4,831.5**	**4,912.9**
Capital Budget	**364.8**		**305.2**	**309.8**	**314.4**	**319.1**
Total General Fund Appropriations	**5,196.3**	4)	**4,992.0**	**5,065.0**	**5,145.9**	**5,232.0**

Reserve Balances	FY2024		FY2025	FY2026	FY2027	FY2028
Statutory Budget Reserve						
SBR Beginning Balance	20.9		20.9	0.0	0.0	0.0
Surplus/(Draws)	0.0		(20.9)	0.0	0.0	0.0
SBR End Balance	**20.9**		**0.0**	**0.0**	**0.0**	**0.0**
Constitutional Budget Reserve						
CBR Beginning Balance	2,734.3		2,829.1	1,939.5	715.9	(137.6)
Earnings & Deposits	94.8		76.7	38.8	14.3	(2.8)
Surplus/(Draws)	0.0		(966.3)	(1,262.4)	(867.8)	(968.2)
CBR End Balance	**2,829.1**	5)	**1,939.5**	**715.9**	**(137.6)**	**(1,108.5)**

The General Fund, GeFONSI, and Cashflow Summary

- Almost all SOA cashflows move through the General Fund (GF) that is part of GeFONSI I. The current GF balance of $1.1 billion and even total operating revenue in excess of $6 billion are only a part of the overall cashflow picture.
- Total revenues from all sources are expected to be close to $16 billion for FY24, much of which flows into and then back out of the GF, which speaks to a high need for liquidity in GeFONSI I.

FY2024 Management Plan plus Proposed Supplementals

Revenues	UGF	DGF	Other	Federal	FY2024 Total
Unrestricted Revenue	3,024.9	-	-	-	**3,024.9**
POMV ERA Draw For Government[1]	3,526.0	-	-	-	**3,526.0**
Restricted Revenue	-	1,003.0	1,927.0	5,613.9	**8,543.8**
Carryforward and Adjustments	41.5	54.4	40.0	605.0	**740.9**
Total Revenues	**6,592.4**	**1,057.4**	**1,967.0**	**6,218.9**	**15,835.6**

- Unrestricted oil revenue comes in monthly, and Treasury Cash Management works to extend APFC POMV ERA draws throughout the year to increase APFC long-term earnings.
- Material deviations from cash forecasts occur due to both the high level of inflows and the fact that underlying state agencies have independent control over how and when their budgets are spent. The GF can borrow from the CBRF and other funds intra-year to accommodate cashflow mismatches, which serves to stabilize the fund size over time.
- GeFONSI I and II have over 150 subaccounts. Some are annual agency operating accounts, and some are multi-year drawdown accounts. Historical analysis indicates that $600 million of these accounts have stable balances and more current analysis indicates that this amount may be higher – perhaps $1+ billion. However, if CBRF balances are low and/or there are ERA limitations, even long-standing stable-balance accounts could become subject to legislative redirection. Overall, the size of these more stable accounts lengthens the time horizon of GeFONSI within practical limits.

Lowest Risk Tolerance Funds

Short Term Funds

Short-Term Funds Investment Policy

The Department manages several funds that have high liquidity requirements necessitating investment entirely in short-term fixed income. The following funds are covered by this policy:

- AY03 - Retiree Health Insurance Fund
- AY05 - International Airport Repair and Replacement Fund
- AY28 - Investment Loss Trust Fund
- AY2E - 2002 Series Reserve Account
- AY2G - Permanent Fund Dividend Holding Account
- AY2Q - 2008 Transportation Project GO Bonds
- AY2U - 2003 Series Reserve Account
- AY3A - International Airports 2010-A
- AY3B - International Airports 2010-B
- AY3V - 2010-C GO Bonds
- AY3Y - 2013-C GO Bonds
- AY3Z - 2013-B GO Bonds
- AY9X - 2006B Non-AMT Construction Fund
- AY9Y - 2006 Series Variable Rate
- AY3Q - FY 2017 2016B - 2012 Transportation Bond

Investment Topic	Proposed Policy		Current Policy
Investment Objective	Very low exposure to principal loss. Modest current income requirement. Little inflation protection needed. High liquidity requirement.		No Change
Risk Tolerance	Low		No Change
Policy Risk/Loss Range	<1%		No Change
Time Horizon	Short		No Change
Asset Allocation	Broad U.S. Equity International Equity Short Duration Govt/Credit Core U.S. Fixed Income Cash Equivalents	 100%	 100%
Expected Return - Short-Term		5.01%	2.39% (short-term)
Risk - Standard Deviation		0.90%	0.90%
Probability of Loss - 1 Year 5% Probable Downside Return (5% cVaR)		0.0% 3.2%	0.4% 0.5%

The proposed policy is effective July 1, 2023:

Approved

June 20, 2023
Date

State of Alaska Asset Allocation

Asset Classes	FY24	FY25*
Broad U.S. Equity		
Global ex-U.S. Equity		
US REITS		
Short Duration Gov't/Credit		
Core U.S. Fixed Income		
Cash Equivalents	100%	100%
Total	100%	100%
Optimization Results:		
Expected Return - Short-Term	**5.01%**	**5.04%**
Expected Return - Real/After Inflation	**2.51%**	**2.54%**
Risk - Standard Deviation	0.90%	0.90%
Sharpe Ratio	(0.00)	(0.00)
Risk Statistics:		
10% Probable Downside Return - 1 Year	**3.4%**	**3.5%**
5% Probable Downside Return - 1 Year	**3.2%**	**3.2%**
5% Probable Downside Return - 3 Year	3.9%	4.0%
5% Probable Downside Return - 5 Year	4.2%	4.2%
Probability of Loss - 1 Year	0.0%	0.0%
Prob. Return < -1%	0.0%	0.0%
Probability of Loss - 10 Year	0.0%	0.0%
Asset Time Horizon Estimate	0.3	0.3
Dollars: ($Millions)		
Assets	154.3	154.1
Expected Annual Earnings	7.7	7.8
1-Year 10% Probable Return (10% cVaR)	5.3	5.3
1-Year 5% Probable Return (5% cVaR)	4.9	4.9
3-Year 5% Probable Return (5% cVaR)	6.1	6.1
5-Year 5% Probable Return (5% cVaR)	6.4	6.5

Note: FY25 is the current asset allocation with updated capital market assumptions*

Cash History	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expected ST Return	5.01%	2.39%	0.05%	0.17%	1.93%	2.25%	2.25%	2.25%	2.25%	2.25%
Expected Volatility	0.90%	0.90%	0.05%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
10% cVaR	3.40%	0.80%	0.00%	-1.41%	0.35%	0.67%	0.67%	0.67%	0.67%	0.67%

CBRF

AY19: CBRF Investment Policy

The investment policies for the Constitutional Budget Reserve Fund (CBRF) have changed over the years as the balance and the expected uses of the CBRF have changed. Declining production of Alaska North Slope crude oil and the inconsistency of future prices are still a concern. The CBRF is the state's "savings account" and as such is responsible for covering fluctuations in the general fund.

Financial planning by the administration and the legislature is highly dependent upon the CBRF balance maintaining stability and high liquidity. Given the short-term expected requirement for these funds, a cash equivalent investment program is warranted.

Investment Topic	Proposed Policy		Current Policy
Investment Objective	Very low exposure to principal loss. Little inflation protection needed. High liquidity requirement.		No Change
Risk Tolerance	Low		No Change
Policy Risk/Loss Range	<1%		No Change
Time Horizon	Short		No Change
Asset Allocation	Broad U.S. Equity International Equity Short Duration Govt/Credit Core U.S. Fixed Income Cash Equivalents	 100%	 100%
Expected Return - Short-Term		5.01%	2.39% (short-term)
Risk - Standard Deviation		0.90%	0.90%
Probability of Loss - 1 Year 5% Probable Downside Return (5% cVaR)		0.0% 3.2%	0.4% 0.5%

The proposed policy is effective July 1, 2023:

Approved — June 20, 2023 (Date)

State of Alaska Asset Allocation

Asset Classes	FY24	FY25*	GFI	2/3 ST
Broad U.S. Equity				
Global ex-U.S. Equity				
US REITS				
Short Duration Gov't/Credit			15%	33%
Core U.S. Fixed Income				
Cash Equivalents	100%	100%	85%	67%
Total	100%	100%	100%	100%
Optimization Results:				
Expected Return - Short-Term	**5.01%**	**5.04%**	**5.06%**	**5.07%**
Expected Return - Real/After Inflation	**2.51%**	**2.54%**	**2.56%**	**2.57%**
Risk - Standard Deviation	0.90%	0.90%	0.93%	1.12%
Sharpe Ratio	(0.00)	(0.00)	0.01	0.02
Risk Statistics:				
10% Probable Downside Return - 1 Year	**3.4%**	**3.5%**	**3.4%**	**3.1%**
5% Probable Downside Return - 1 Year	**3.2%**	**3.2%**	**3.1%**	**2.8%**
5% Probable Downside Return - 3 Year	3.9%	4.0%	4.0%	3.7%
5% Probable Downside Return - 5 Year	4.2%	4.2%	4.2%	4.0%
Probability of Loss - 1 Year	0.0%	0.0%	0.0%	0.0%
Prob. Return < -1%	0.0%	0.0%	0.0%	0.0%
Probability of Loss - 10 Year	0.0%	0.0%	0.0%	0.0%
Asset Time Horizon Estimate	0.3	0.3	0.5	0.8
Dollars: ($Millions)				
Assets	2,619.9	2,785.6	2,785.6	2,785.6
Expected Annual Earnings	131.2	140.5	140.8	141.2
1-Year 10% Probable Return (10% cVaR)	89.8	96.5	95.5	86.7
1-Year 5% Probable Return (5% cVaR)	82.5	88.8	87.5	77.1
3-Year 5% Probable Return (5% cVaR)	103.1	110.7	110.1	104.2
5-Year 5% Probable Return (5% cVaR)	109.4	117.4	117.0	112.6

CBRF History	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expected ST Return	5.01%	2.39%	0.05%	0.17%	2.32%	2.89%	2.89%	2.89%	2.89%	2.38%
Expected Volatility	0.90%	0.90%	0.05%	0.90%	1.23%	1.64%	1.62%	1.59%	1.58%	1.58%
10% cVaR	3.40%	0.80%	-0.04%	-1.41%	0.16%	0.01%	0.05%	0.10%	0.12%	-0.40%
Assets (billions)	2.6	2.6	0.9	1.1	2.0	1.8	2.4	3.9	7.3	10.1

Low Risk Tolerance Funds

GeFONSI I and II – Top 30 Participants of Each as of 3/31/24

GF	Fund Name	Ending Balance	Cum. %/Total	GF	Fund Name	Ending Balance	Cum. %/Total
GFI	General Fund	$ 1,146,081,974	59%	GFII	Statutory Budget Reserve Fund	$ 264,106,061	18%
GFI	Alaska Clean Water Fund	$ 163,738,354	68%	GFII	Regional Ed Attendance Area School Fund	$ 142,365,523	28%
GFI	Alaska Drinking Water Fund	$ 91,876,590	73%	GFII	National Petroleum Reserve Fund	$ 107,840,187	36%
GFI	Public Advocacy Trust	$ 52,904,691	75%	GFII	Highway Equipment Working Capital Fund For Operating Appropriations	$ 93,876,927	42%
GFI	Fish & Game Fund	$ 51,222,211	78%	GFII	Disaster Relief Fund	$ 90,257,743	49%
GFI	Oil & Hazardous Substance Release Response Account	$ 45,575,795	80%	GFII	General Fund Investment Fund	$ 77,060,569	54%
GFI	Exxon Valdez Settlement	$ 37,896,304	82%	GFII	Community Revenue Sharing Fund	$ 69,739,275	59%
GFI	Mental Health Trust Income Settlement Account	$ 34,717,704	84%	GFII	School Construction Fund	$ 60,639,226	63%
GFI	Renewable Energy Grant Fund	$ 25,490,959	86%	GFII	State Insurance Catastrophe Reserve	$ 56,089,031	67%
GFI	Vaccine Assessment Fund	$ 22,129,380	87%	GFII	Commercial Fishing Revolving Loan Fund	$ 55,656,456	71%
GFI	AIA Passenger Facility Charge Revenue Fund Application #2	$ 18,711,208	88%	GFII	Alaska Comprehensive Health Insurance Fund	$ 49,060,923	74%
GFI	DVA Retiree Health	$ 17,272,343	89%	GFII	Alaska Marine Highway System Vessel Replacement Fund	$ 43,513,694	77%
GFI	Oil & Hazardous Substance Release Prevention Account	$ 17,140,896	89%	GFII	Fisheries Enhancement Revolving Loan Fund	$ 41,488,403	80%
GFI	PFD Trust	$ 17,125,575	90%	GFII	Alaska Marine Highway System Fund	$ 40,756,787	83%
GFI	Group Health And Life Insurance Fund	$ 15,211,488	91%	GFII	Public Education Fund	$ 37,241,069	86%
GFI	Bulk Fuel Loans Fund	$ 13,148,241	92%	GFII	Major Maintenance Grant Fund	$ 32,852,778	88%
GFI	MHT Settlement Deferred Maintenance	$ 8,503,446	92%	GFII	Alaska Public Building Fund	$ 32,373,006	90%
GFI	Bulk Fuel Bridge Loan Fund	$ 8,287,791	93%	GFII	Information Services Fund	$ 16,709,337	91%
GFI	School Trust Land Sales-GF Portion	$ 8,031,496	93%	GFII	Alaska Seafood Marketing Institute	$ 15,368,862	92%
GFI	Railbelt Energy Fund	$ 7,845,895	94%	GFII	Alaska Fishermen's Fund	$ 12,816,281	93%
GFI	Memorial Education Revolving Loan Fund	$ 7,652,410	94%	GFII	Agricultural Revolving Loan Fund	$ 12,540,133	94%
GFI	Alaska Drinking Water Administrative Operating Account	$ 6,993,922	94%	GFII	Commercial Vessel Passenger Tax Account	$ 11,315,132	95%
GFI	Oil & Gas Tax Credit Fund	$ 6,492,925	95%	GFII	Unclaimed Property	$ 11,036,384	96%
GFI	Alaska Clean Water Administrative Operating Account	$ 6,198,931	95%	GFII	Alaska Capital Income Fund	$ 8,256,414	96%
GFI	Rural Development Initiative Fund	$ 5,897,468	95%	GFII	Deposits, Suspense & Miscellaneous	$ 6,845,350	97%
GFI	FIA Passenger Facility Charge Revenue Fund	$ 5,756,161	96%	GFII	Second Injury Fund	$ 6,410,685	97%
GFI	Google Cost Sharing Fund	$ 5,391,367	96%	GFII	Large Passenger Vessel Gambling Tax Account	$ 5,361,471	98%
GFI	Mariculture RLF	$ 5,351,291	96%	GFII	Clean Air Protection Fund	$ 3,463,404	98%
GFI	Election Fund	$ 5,132,710	96%	GFII	Employee Assistance & Training Program Account	$ 3,429,162	98%
GFI	ATIB Repayment Account	$ 4,654,546	97%	GFII	Alcohol & Other Drug Abuse Treatment & Prevention	$ 3,213,949	98%

GeFONSI

AY01: GeFONSI Investment Policy

The General Fund constitutes the largest element of the General Fund and Other Non-Segregated Investments (GeFONSI) fund. Much of the money in the fund has been appropriated and a material loss could affect the state's ability to fulfill its obligations. Treasury expects much of the money in the pool to be spent in less than one year. Accordingly, the allocation should allow minimal exposure to principal loss. Equities are not recommended for the GeFONSI.

Investment Topic	Proposed Policy	Current Policy
Investment Objective	Minimal exposure to principal loss. Maximize current income within moderate risk tolerance. Minimal inflation protection needed. High liquidity requirement.	No Change
Risk Tolerance	Moderate	No Change
Policy Risk/Loss Range	1 - 5%	No Change
Time Horizon	Short to Intermediate	No Change
Asset Allocation	Broad U.S. Equity International Equity Short Duration Govt/Credit 15% ±10% Core U.S. Fixed Income Cash Equivalents 85% ±10%	 15% ±10% 85% ±10%
Expected Return - Short-Term	5.00%	2.51% (short-term)
Risk - Standard Deviation	0.93%	0.90%
Probability of Loss - 1 Year 5% Probable Downside Return (5% cVaR)	0.0% 3.1%	0.3% 0.7%

The proposed policy is effective July 1, 2023:

Approved ____________ Date June 20, 2023

State of Alaska Asset Allocation				
Asset Classes	FY24	FY25*	1/4 ST	2/3 ST
Broad U.S. Equity				
Global ex-U.S. Equity				
US REITS				
Short Duration Gov't/Credit	15%	15%	25%	33%
Core U.S. Fixed Income				
Cash Equivalents	85%	85%	75%	67%
Total	100%	100%	100%	100%
Optimization Results:				
Expected Return - Short-Term	**5.00%**	**5.06%**	**5.06%**	**5.07%**
Expected Return - Real/After Inflation	**2.50%**	**2.56%**	**2.56%**	**2.57%**
Risk - Standard Deviation	0.93%	0.93%	1.02%	1.12%
Sharpe Ratio	(0.00)	0.01	0.02	0.02
Risk Statistics:				
10% Probable Downside Return - 1 Year	**3.4%**	**3.4%**	**3.3%**	**3.1%**
5% Probable Downside Return - 1 Year	**3.1%**	**3.1%**	**3.0%**	**2.8%**
5% Probable Downside Return - 3 Year	3.9%	4.0%	3.9%	3.7%
5% Probable Downside Return - 5 Year	4.1%	4.2%	4.1%	4.0%
Probability of Loss - 1 Year	0.0%	0.0%	0.0%	0.0%
Prob. Return < -1%	0.0%	0.0%	0.0%	0.0%
Probability of Loss - 10 Year	0.0%	0.0%	0.0%	0.0%
Asset Time Horizon Estimate	0.5	0.5	0.7	0.8
Dollars: ($Millions)				
Assets	2,142.2	1,789.5	1,789.5	1,789.5
Expected Annual Earnings	107.2	90.5	90.6	90.7
1-Year 10% Probable Return (10% cVaR)	72.3	61.3	58.7	55.7
1-Year 5% Probable Return (5% cVaR)	66.2	56.2	53.1	49.5
3-Year 5% Probable Return (5% cVaR)	83.6	70.7	69.0	66.9
5-Year 5% Probable Return (5% cVaR)	88.9	75.2	73.9	72.3

GeFONSI History	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expected ST Return	5.00%	2.51%	0.27%	0.44%	1.91%	2.38%	2.38%	2.36%	2.30%	2.30%
Expected Volatility	0.93%	0.90%	0.57%	1.16%	0.93%	1.08%	1.08%	1.08%	1.08%	1.08%
10% cVaR	3.40%	0.90%	-0.70%	-1.60%	0.28%	0.48%	0.48%	0.46%	0.40%	0.40%

International Airport Revenue Fund

AY04: International Airport Revenue Fund Investment Policy

The Revenue Fund maintains a significant balance and the investment earnings on that balance are a revenue source for the airport system. Airport management and airline representatives want to keep fees as stable and low as practical. Relatively stable investment earnings assist the airport system and the airlines in meeting that goal.

Beginning October 2000, the Revenue Fund contained receipts from passenger facility charges collected at the Anchorage and Fairbanks International Airports. All the airport systems' revenue and expenses flow through the Revenue Fund. This includes normal operating transactions and most repair and maintenance projects. This subjects the Revenue Fund to the possibility of relatively significant cash inflows and outflows.

Investment Topic	Proposed Policy	Current Policy
Investment Objective	Minimal exposure to principal loss. Maximize current income within moderate risk tolerance. Minimal inflation protection needed. High liquidity requirement.	No Change
Risk Tolerance	Moderate	No Change
Policy Risk/Loss Range	1 - 5%	No Change
Time Horizon	Short to Intermediate	No Change
Asset Allocation	Broad U.S. Equity International Equity Short Duration Govt/Credit 15% ±10% Core U.S. Fixed Income Cash Equivalents 85% ±10%	 15% ±10% 85% ±10%
Expected Return - Short-Term	5.00%	2.51% (short-term)
Risk - Standard Deviation	0.93%	0.90%
Probability of Loss - 1 Year 5% Probable Downside Return (5% cVaR)	0.0% 3.1%	0.3% 0.7%

The proposed policy is effective July 1, 2023:

Approved

June 20, 2023
Date

State of Alaska Asset Allocation

Asset Classes	FY24	FY25*	1/4 ST	2/3 ST
Broad U.S. Equity				
Global ex-U.S. Equity				
US REITS				
Short Duration Gov't/Credit	15%	15%	25%	33%
Core U.S. Fixed Income				
Cash Equivalents	85%	85%	75%	67%
Total	100%	100%	100%	100%
Optimization Results:				
Expected Return - Short-Term	**5.00%**	**5.06%**	**5.06%**	**5.07%**
Expected Return - Real/After Inflation	**2.50%**	**2.56%**	**2.56%**	**2.57%**
Risk - Standard Deviation	0.93%	0.93%	1.02%	1.12%
Sharpe Ratio	(0.00)	0.01	0.02	0.02
Risk Statistics:				
10% Probable Downside Return - 1 Year	**3.4%**	**3.4%**	**3.3%**	**3.1%**
5% Probable Downside Return - 1 Year	**3.1%**	**3.1%**	**3.0%**	**2.8%**
5% Probable Downside Return - 3 Year	3.9%	4.0%	3.9%	3.7%
5% Probable Downside Return - 5 Year	4.1%	4.2%	4.1%	4.0%
Probability of Loss - 1 Year	0.0%	0.0%	0.0%	0.0%
Prob. Return < -1%	0.0%	0.0%	0.0%	0.0%
Probability of Loss - 10 Year	0.0%	0.0%	0.0%	0.0%
Asset Time Horizon Estimate	0.5	0.5	0.7	0.8
Dollars: ($Millions)				
Assets	184.3	218.9	218.9	218.9
Expected Annual Earnings	9.2	11.1	11.1	11.1
1-Year 10% Probable Return (10% cVaR)	6.2	7.5	7.2	6.8
1-Year 5% Probable Return (5% cVaR)	5.7	6.9	6.5	6.1
3-Year 5% Probable Return (5% cVaR)	7.2	8.6	8.4	8.2
5-Year 5% Probable Return (5% cVaR)	7.6	9.2	9.0	8.8

GeFONSI II

AY3F: GeFONSI II Investment Policy

GeFONSI II is comprised of funds that do not benefit from positive investment returns, nor bear the risk of loss in the event of negative returns. The General Fund benefits, or is harmed, by these returns. GeFONSI II is invested more aggressively than is the GeFONSI. The premise for the higher risk posture is that over the course of several years the General Fund will generate more total return, despite having a higher risk of loss in any given year.

Investment Topic	Proposed Policy			Current Policy	
Investment Objective	Tolerate moderate exposure to principal loss to target modestly higher returns.			No Change	
Risk Tolerance	Moderate-High			No Change	
Policy Risk/Loss Range	5 - 10%			No Change	
Time Horizon	Intermediate			No Change	
Asset Allocation	Broad U.S. Equity	4%	- 4%/+5%	4%	- 4%/+5%
	International Equity	2%	- 2%/+5%	2%	- 2%/+5%
	Short Duration Govt/Credit	33%	±10%	33%	±10%
	Core U.S. Fixed Income				
	Cash Equivalents	61%	±10%	61%	±10%
Expected Return - Short-Term		5.24%		3.01% (short-term)	
Risk - Standard Deviation		1.51%		1.39%	
Probability of Loss - 1 Year		0.0%		1.5%	
5% Probable Downside Return (5% cVaR)		2.1%		0.2%	

The proposed policy is effective July 1, 2023:

Approved

June 20, 2023

Date

GeFONSI II History	2024	2023	2022	2021	2020	2019	2018
Expected ST Return	5.24%	3.01%	0.91%	0.94%	2.37%	3.38%	3.38%
Expected Volatility	1.51%	1.39%	1.37%	1.47%	1.61%	2.63%	2.58%
10% cVaR	3.40%	0.90%	-1.50%	-1.64%	-0.46%	-1.24%	-1.15%

State of Alaska Asset Allocation

Asset Classes	FY24	FY25*	GFI	Gen. Fund
Broad U.S. Equity	4%	4%		5%
Global ex-U.S. Equity	2%	2%		3%
US REITS				0%
Short Duration Gov't/Credit	33%	33%	15%	56%
Core U.S. Fixed Income				0%
Cash Equivalents	61%	61%	85%	162%
Total	100%	100%	100%	226%
Optimization Results:				
Expected Return - Short-Term	**5.24%**	**5.31%**	**5.06%**	**11.71%**
Expected Return - Real/After Inflation	**2.74%**	**2.81%**	**2.56%**	**9.21%**
Risk - Standard Deviation	1.51%	1.52%	0.93%	2.59%
Sharpe Ratio	0.15	0.17	0.01	2.57
Risk Statistics:				
10% Probable Downside Return - 1 Year	**2.6%**	**2.6%**	**3.4%**	**7.2%**
5% Probable Downside Return - 1 Year	**2.1%**	**2.2%**	**3.1%**	**6.4%**
5% Probable Downside Return - 3 Year	3.4%	3.5%	4.0%	8.6%
5% Probable Downside Return - 5 Year	3.8%	3.9%	4.2%	9.3%
Probability of Loss - 1 Year	0.0%	0.0%	0.0%	0.0%
Prob. Return < -1%	0.0%	0.0%	0.0%	0.0%
Probability of Loss - 10 Year	0.0%	0.0%	0.0%	0.0%
Asset Time Horizon Estimate	1.2	1.2	0.5	
Dollars: ($Millions)				
Assets	1,573.9	1,438.8	1,438.8	1,146.1
Expected Annual Earnings	82.4	76.4	72.7	134.2
1-Year 10% Probable Return (10% cVaR)	40.7	38.1	49.3	82.0
1-Year 5% Probable Return (5% cVaR)	33.4	31.4	45.2	72.9
3-Year 5% Probable Return (5% cVaR)	54.1	50.4	56.9	98.8
5-Year 5% Probable Return (5% cVaR)	60.5	56.3	60.4	106.8

Higher Risk Tolerance Funds

Retiree LTC Insurance

AY11: Retiree LTC Insurance Investment Policy

Effective July 1, 1997, the Department of Administration established the Group Health and Life Insurance Fund and the Retiree Health Insurance Fund. The Retiree Health Insurance Fund is further broken down into three plans: 1) medical, 2) dental, vision and audio, and 3) long term care.

The Retiree Long-Term Care Plan consists of premiums paid for retiree long term care. While many retirees are paying premiums into the plan today, at present only a small percentage of the premiums are needed for claims payments. Per the analysis, Actuarial Valuation of the State of Alaska Long-Term Care Program as of June 2021, conducted by Lewis & Ellis, Inc., the actuarial assumed net investment earnings assumption is 5.25%.

Investment Topic	Proposed Policy	Current Policy
Investment Objective	To match the fund's assumed actuarial rate of return while minimizing risk	No Change
Risk Tolerance	High	No Change
Policy Risk/Loss Range	>10%	No Change
Time Horizon	Long	No Change
Asset Allocation	Broad U.S. Equity 25% ±5% International Equity 18% ±5% U.S. REITs 4% ±3% Core U.S. Fixed Income 52% ±5% *may include up to 13% in tactical fixed income Cash Equivalents 1% - 1%/+2%	35% ±5% 22% ±5% 5% ±3% 37% ±5% 1% - 1%/+2%
Expected Return - Long-Term	6.14%	5.27%
Risk - Standard Deviation	8.87%	11.14%
Probability of Loss - 1 Year 10% Probable Downside Return (10% cVaR)	24.4% -9.4%	31.8% -14.3%

The proposed policy is effective July 1, 2023:

Approved

June 20, 2023
Date

State of Alaska Asset Allocation

Asset Classes	FY24	FY25*	Mix 1	Mix 2: 5%
Broad U.S. Equity	25%	25%	15%	5%
Global ex-U.S. Equity	18%	18%	11%	4%
US REITS	4%	4%	4%	1%
Short Duration Gov't/Credit				
Core U.S. Fixed Income	52%	52%	69%	75%
Cash Equivalents	1%	1%	1%	15%
Total	100%	100%	100%	100%
Optimization Results:				
Expected Return - Long-Term	**6.14%**	**6.74%**	**6.24%**	**5.25%**
Expected Return - Real/After Inflation	**3.64%**	**4.24%**	**3.74%**	**2.75%**
Risk - Standard Deviation	8.87%	8.86%	6.29%	3.78%
Sharpe Ratio	0.38	0.42	0.51	0.59
Risk Statistics:				
10% Probable Downside Return - 1 Year	**-9.4%**	**-8.8%**	**-4.8%**	**-1.4%**
5% Probable Downside Return - 1 Year	**-12.1%**	**-11.5%**	**-6.7%**	**-2.5%**
5% Probable Downside Return - 3 Year	-4.4%	-3.8%	-1.3%	0.7%
5% Probable Downside Return - 5 Year	-2.0%	-1.4%	0.4%	1.8%
Probability of Loss - 1 Year	24.4%	22.3%	16.1%	8.2%
Prob. Return < -1%	21.0%	19.1%	12.5%	4.9%
Prob. Return < -5%	17.5%	9.3%	3.7%	0.3%
Prob. Return < -10%	9.2%	2.9%	0.5%	0.0%
Prob. Return < -20%	1.7%	0.1%	0.0%	0.0%
Probability of Loss - 10 Year	1.4%	0.8%	0.1%	0.0%
Asset Time Horizon Estimate	5.9	5.9	5.9	5.1
Dollars: ($Millions)				
Assets	762.3	844.4	844.4	844.4
Expected Annual Earnings	46.8	56.9	52.7	44.3
1-Year 10% Probable Return (10% cVaR)	(71.8)	(74.3)	(40.6)	(11.7)
1-Year 5% Probable Return (5% cVaR)	(92.6)	(97.4)	(56.9)	(21.5)
3-Year 5% Probable Return (5% cVaR)	(33.7)	(32.2)	(10.6)	6.3
5-Year 5% Probable Return (5% cVaR)	(15.5)	(12.1)	3.7	14.9

LTC	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expected LT Return	6.14%	5.27%	5.10%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%
Expected Volatility	8.87%	11.14%	10.50%	8.08%	6.02%	8.17%	8.15%	7.52%	7.28%	7.27%
10% cVaR	-9.40%	-14.30%	-13.50%	-8.93%	-5.32%	-9.09%	-9.05%	-7.95%	-7.53%	-7.51%

Highest Risk/Endowment Profile Funds

AY08: Public School Trust Fund Investment Policy

The Public School Trust Fund is a fund dedicated to the benefit of Alaska's public schools. The central objective is to provide "increasing returns from capital appreciation and net income over long-term periods to the fund's current beneficiaries." The fund may be invested "on the basis of probable total rate of return to promote the long-term generation of capital appreciate and income."

On July 1 of each year, the commissioner shall determine the monthly average market value of the fund for the previous five fiscal years preceding the previous fiscal year. The legislature may appropriate not more than five percent of the amount determined by the commissioner. Pending signature by the governor, the appropriated amount may be expended the following fiscal year.

Investment Topic	Proposed Policy	Current Policy
Investment Objective	High exposure of principal to loss in return for higher expected Longer-term returns. Limited current income requirement. Limited inflation protection needed. Moderate liquidity requirement.	No Change
Risk Tolerance	High	No Change
Policy Risk/Loss Range	>10%	No Change
Time Horizon	Long	No Change
Asset Allocation	Broad U.S. Equity 39% ± 5% International Equity 25% ± 5% U.S. REITs 5% ± 3% Core U.S. Fixed Income 30% ± 5% *may include up to 7% in tactical fixed income* Cash Equivalents 1% - 1%/+2%	39% ± 5% 25% ± 5% 5% ± 5% 30% ± 5% 1% - 1%/+2%
Expected Return - Long-Term	6.83%	5.60%
Risk - Standard Deviation	12.65%	12.41%
Probability of Loss - 1 Year 10% Probable Downside Return (10% cVaR)	29.5% -15.4%	32.6% -16.2%

The proposed policy is effective July 1, 2023:

Approved

June 20, 2023
Date

State of Alaska Asset Allocation				
Asset Classes	FY24	FY25*	Mix 1	70/30
Broad U.S. Equity	39%	39%	36%	70%
Global ex-U.S. Equity	25%	25%	27%	
US REITS	5%	5%	5%	
Short Duration Gov't/Credit				
Core U.S. Fixed Income	30%	30%	31%	30%
Cash Equivalents	1%	1%	1%	
Total	100%	100%	100%	100%
Optimization Results:				
Expected Return - Long-Term	**6.83%**	**7.25%**	**7.24%**	**7.11%**
Expected Return - Real/After Inflation	**4.33%**	**4.75%**	**4.74%**	**4.61%**
Risk - Standard Deviation	12.65%	12.48%	12.38%	12.35%
Sharpe Ratio	0.32	0.34	0.34	0.33
Risk Statistics:				
10% Probable Downside Return - 1 Year	**-15.4%**	**-14.6%**	**-14.5%**	**-14.6%**
5% Probable Downside Return - 1 Year	**-19.3%**	**-18.5%**	**-18.3%**	**-18.4%**
5% Probable Downside Return - 3 Year	-8.2%	-7.6%	-7.5%	-7.6%
5% Probable Downside Return - 5 Year	-4.8%	-4.3%	-4.2%	-4.3%
Probability of Loss - 1 Year	29.5%	28.1%	27.9%	28.2%
Prob. Return < -1%	26.8%	25.4%	25.3%	25.6%
Probability of Loss - 10 Year	4.4%	3.3%	3.2%	3.4%
Asset Time Horizon Estimate	5.9	5.9	5.9	6.0
Dollars: ($Millions)				
Assets	2,091.1	1,228.5	1,228.5	1,228.5
Expected Annual Earnings	142.9	89.1	89.0	87.4
1-Year 10% Probable Return (10% cVaR)	(321.5)	(179.9)	(178.0)	(179.0)
1-Year 5% Probable Return (5% cVaR)	(402.9)	(227.1)	(224.8)	(225.7)
3-Year 5% Probable Return (5% cVaR)	(172.2)	(93.4)	(92.2)	(93.4)
5-Year 5% Probable Return (5% cVaR)	(101.2)	(52.3)	(51.4)	(52.6)

High Risk History	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expected LT Return	6.83%	5.60%	5.62%	6.37%	6.58%	6.20%	6.21%	6.55%	6.73%	6.73%
Expected Volatility	12.65%	12.41%	12.50%	12.60%	12.50%	12.70%	12.70%	12.95%	13.23%	13.23%
10% cVaR	-15.40%	-16.20%	-16.40%	-15.74%	-15.36%	-16.09%	-16.08%	-16.18%	-16.49%	-16.49%

Highest Risk/Endowment Profile Funds - Continued

AY3L: Alaska Higher Education Investment Policy

The Alaska Higher Education Investment Fund was established to make grants and scholarship payments to qualified postsecondary institutions for students. The Legislature may appropriate up to seven percent of the fund's prior June 30 market value balance each year.

Investment Topic	Proposed Policy	Current Policy
Investment Objective	High exposure of principal to loss in return for higher expected Longer-term returns. Limited current income requirement. Limited inflation protection needed. Moderate liquidity requirement.	No Change
Risk Tolerance	High	No Change
Policy Risk/Loss Range	>10%	No Change
Time Horizon	Long	No Change
Asset Allocation	Broad U.S. Equity 39% ± 5% International Equity 25% ± 5% U.S. REITs 5% ± 3% Core U.S. Fixed Income 30% ± 5% **may include up to 7% in tactical fixed income* Cash Equivalents 1% - 1%/+2%	39% ± 5% 25% ± 5% 5% ± 5% 30% ± 5% 1% - 1%/+2%
Expected Return - Long-Term	6.83%	5.60%
Risk - Standard Deviation	12.65%	12.41%
Probability of Loss - 1 Year 10% Probable Downside Return (10% cVaR)	29.5% -15.4%	32.6% -16.2%

The proposed policy is effective July 1, 2023:

Approved

June 20, 2023
Date

AY9J: Illinois Creek Mine Reclamation Investment Policy

The Illinois Creek Gold Mine is a remote gold mine located on state land approximately 51 miles south of Galena, Alaska. Construction of the gold mine began in June, 1996. The companies responsible for the mine dissolved, the financier abandoned its ownership rights, and the State of Alaska inherited operating responsibility for the mine in July 1999. Following reclamation of the mine by American Reclamation Group, the State now assumes responsibility to monitor the site and to fix unexpected post-reclamation problems. To fund the post-closure monitoring and any potential maintenance, this trust fund was created. The Department of Revenue will manage the fund and Department of Natural Resources will withdraw funds for monitoring and reclamation obligations.

Investment Topic	Proposed Policy	Current Policy
Investment Objective	Maximize return while still being able to fund uncertain maintenance expenditures (amount and size)	No Change
Risk Tolerance	High	No Change
Policy Risk/Loss Range	>10%	No Change
Time Horizon	Long	No Change
Asset Allocation	Broad U.S. Equity 39% ± 5% International Equity 25% ± 5% U.S. REITs 5% ± 3% Core U.S. Fixed Income 30% ± 5% **may include up to 7% in tactical fixed income* Cash Equivalents 1% - 1%/+2%	39% ± 5% 25% ± 5% 5% ± 5% 30% ± 5% 1% - 1%/+2%
Expected Return - Long-Term	6.83%	5.60%
Risk - Standard Deviation	12.65%	12.41%
Probability of Loss - 1 Year 10% Probable Downside Return (10% cVaR)	29.5% -15.4%	32.6% -16.2%

The proposed policy is effective July 1, 2023:

Approved

June 20, 2023
Date

Highest Risk/Endowment Profile Funds - Continued

AY3G: Education Endowment Investment Policy

AS 43.23.063(b)(2) directs the commissioner to invest in a manner likely to achieve at least a four percent nominal return over a five-year period.

On July 1 of each year, the "commissioner shall determine the fund balance for the previously closed fiscal year, including the earnings of the fund" and "when the average market value for the fiscal year exceeds $1,000,000,000, transfer 4.5% of the average fiscal-year-end market value of the balance of the fund for the last five fiscal years, including the fiscal year just ended, and including any unrealized gains and losses."

Investment Topic	Proposed Policy	Current Policy
Investment Objective	High exposure of principal to loss in return for higher expected Longer-term returns. Limited current income requirement. Limited inflation protection needed. Moderate liquidity requirement.	No Change
Risk Tolerance	High	No Change
Policy Risk/Loss Range	>10%	No Change
Time Horizon	Long	No Change
Asset Allocation	Broad U.S. Equity 39% ± 5% International Equity 25% ± 5% U.S. REITs 5% ± 3% Core U.S. Fixed Income 30% ± 5% **may include up to 7% in tactical fixed income* Cash Equivalents 1% - 1%/+2%	39% ± 5% 25% ± 5% 5% ± 5% 30% ± 5% 1% - 1%/+2%
Expected Return - Long-Term	6.83%	5.60%
Risk - Standard Deviation	12.65%	12.41%
Probability of Loss - 1 Year 10% Probable Downside Return (10% cVaR)	29.5% -15.4%	32.6% -16.2%

The proposed policy is effective July 1, 2023:

Approved — June 20, 2023

Date

State Asset Allocation Approach for FY2025 Summary

- Evaluate the current attributes of each fund to identify the best balance of risk and return.
- Use Callan's capital market assumptions and Modern Portfolio Theory to arrive at asset allocations.
- Set short-term return expectations using current yields (YTW) for short-term and moderate risk profiles.
- Emphasize diversification in an uncertain market.

2024 Table uses Callan's long-term CMA's for all risk profiles for comparability

Asset Classes	Low	Low Moderate	Low High	All SOA	Higher Risk	Highest Risk
Broad U.S. Equity			4.0%	**8.0%**	17.0%	39.0%
Global ex-U.S. Equity			2.0%	**5.4%**	14.0%	25.0%
U.S. REITs				**1.2%**	5.0%	5.0%
Core U.S. Fixed Income				**10.6%**	63.0%	30.0%
Short Duration Gov't/Credit		15.0%	33.0%	**9.2%**		
Cash Equivalents	100%	85.0%	61.0%	**65.5%**	1.0%	1.0%
Total	100%	100%	100%	**100%**	100%	100%
Optimization Results:						
Expected Return	**3.00%**	**3.18%**	**3.77%**	**4.22%**	**6.43%**	**7.25%**
Expected Return - Real/After Inflation	**0.50%**	**0.68%**	**1.27%**	**1.72%**	**3.93%**	**4.75%**
Risk - Standard Deviation	0.90%	0.93%	1.52%	**2.79%**	7.17%	12.48%
Sharpe Ratio	(0.00)	0.20	0.51	**0.44**	0.48	0.34
Risk Statistics:						
10% Probable Downside Return - 1 Year	1.4%	1.6%	1.1%	**-0.7%**	-6.2%	-14.6%
5% Probable Downside Return - 1 Year	1.1%	1.3%	0.6%	**-1.5%**	-8.4%	-18.5%
5% Probable Downside Return - 3 Year	1.9%	2.1%	2.0%	**0.9%**	-2.1%	-7.6%
5% Probable Downside Return - 5 Year	2.2%	2.3%	2.4%	**1.6%**	-0.2%	-4.3%
Probability of Loss - 1 Year	0.0%	0.0%	0.6%	**6.5%**	18.5%	28.1%
Prob. Return < -1%	0.0%	0.0%	0.1%	**3.1%**	15.0%	25.4%
Prob. Return < -5%	0.0%	0.0%	0.0%	**0.0%**	5.6%	16.3%
Prob. Return < -10%	0.0%	0.0%	0.0%	**0.0%**	1.1%	8.3%
Prob. Return < -20%	0.0%	0.0%	0.0%	**0.0%**	0.0%	1.4%
Probability of Loss - 10 Year	0.0%	0.0%	0.0%	**0.0%**	0.2%	3.3%
Asset Time Horizon Estimate	0.3	0.5	1.2	**1.9**	5.9	5.9
Dollars: ($Millions)						
Assets	2,939.7	2,008.4	1,438.8	**8,459.8**	844.4	1,228.5
Expected Annual Earnings	**88.1**	**63.9**	**54.2**	**356.9**	**54.3**	**89.1**
1-Year 10% Probable Return (10% cVaR)	**41.7**	**31.2**	**16.0**	**(56.8)**	**(52.0)**	**(179.9)**
1-Year 5% Probable Return (5% cVaR)	33.5	25.5	9.3	**(129.3)**	(70.6)	(227.1)
3-Year 5% Probable Return (5% cVaR)	56.6	41.8	28.3	**76.2**	(17.8)	(93.4)
5-Year 5% Probable Return (5% cVaR)	63.7	46.8	34.1	**139.4**	(1.6)	(52.3)

Appendix

- Links to relevant SOA budgetary and cashflow documentation:

State of Alaska (SOA) Office of Management and Budget (OMB)
https://omb.alaska.gov/

OMB Amended Budget:
https://omb.alaska.gov/fiscal-year-2025-amended-budget/

CBRF balances: OMB 10-Year Forecast
https://omb.alaska.gov/ombfiles/25_budget/PDFs/FY2025_10-Year_Plan_12-14-23.pdf

CBRF balance: OMB Updated FY25 Fiscal Summary
https://omb.alaska.gov/ombfiles/25_budget/PDFs/FY2025_Fiscal_Summary_4.9.24.pdf

Revenue forecasts Fall/Spring
http://www.tax.alaska.gov/programs/sourcebook/index.aspx

GeFONSI:
https://treasury.dor.alaska.gov/home/investments/gefonsi
https://treasury.dor.alaska.gov/home/investments/gefonsi/gefonsi-cbrf-and-sbrf-charts
https://treasury.dor.alaska.gov/home/cash-management/cash-management-reports
https://treasury.dor.alaska.gov/docs/treasurydivisionlibraries/cash-management/reports/fy24a.pdf?sfvrsn=a97cd63c_117
https://treasury.dor.alaska.gov/docs/treasurydivisionlibraries/investments/gefonsi/2021-8-31-gefonsi-mou-attachment-c-2021-2026.pdf?sfvrsn=44574f35_3

APFC Trustee Paper – Earning Reserve Account (ERA) Sufficiency
https://apfc2017.wpenginepowered.com/download/33/trustees-papers/4839/2024_apfc_trustees-paper-10.pdf

FY2025 Adopted Asset Allocations

THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Revenue

TREASURY DIVISION

PO Box 110405
Juneau, Alaska 99811-0405
Main: 907.465.3749
Fax: 907.465.2389

Memo

To: Adam Crum, Commissioner of Revenue

From: Zachary Hanna, Chief Investment Officer

Date: June 4, 2024

Re: Fiscal Year 2025 Asset Allocation Approval

Each year, staff reviews the investment objectives, risk tolerance, and other attributes of each fund for which the Commissioner of Revenue has fiduciary responsibility and recommends asset allocations for approval. The recommendations take into consideration expected investment return, income, volatility, cash flows, liquidity, and other fund-specific characteristics.

The State holds a quarterly State Investment Review ("SIR") meeting where asset allocation, performance, market conditions, risk/return considerations, and other matters are discussed at length with the State's Investment Advisory Committee comprised of three independent financial experts.

This fiscal year, the SIR meetings were held on August 14, 2023, November 14, 2023; February 14, 2024; and May 8, 2024. Meeting summaries, packets, and other relevant information are available on the department's website. The May 2024 meeting reviewed the asset allocation process and FY2025 considerations in detail and form the basis for this year's recommendations.

Staff's Investment Policy recommendations for Fiscal Year 2025 are attached for your consideration and approval. The rational for each asset allocation is provided in the May 2024 SIR asset allocation presentation.

Short-Term Funds Investment Policy

The Department manages several funds that have high liquidity requirements necessitating investment entirely in short-term fixed income. The following funds are covered by this policy:

AY03 - Retiree Health Insurance Fund
AY05 - International Airport Repair and Replacement Fund
AY28 - Investment Loss Trust Fund
AY2E - 2002 Series Reserve Account
AY2G - Permanent Fund Dividend Holding Account
AY2Q - 2008 Transportation Project GO Bonds
AY2U - 2003 Series Reserve Account
AY3A - International Airports 2010-A
AY3B - International Airports 2010-B
AY3V - 2010-C GO Bonds
AY3Y - 2013-C GO Bonds
AY3Z - 2013-B GO Bonds
AY9X - 2006B Non-AMT Construction Fund
AY9Y - 2006 Series Variable Rate
AY3Q - FY 2017 2016B - 2012 Transportation Bond Act

Investment Topic	FY 2025		FY 2024
Investment Objective	Very low exposure to principal loss. Modest current income requirement. Little inflation protection needed. High liquidity requirement.		No Change
Risk Tolerance	Low		No Change
Policy Risk/Loss Range	<1%		No Change
Time Horizon	Short		No Change
Asset Allocation	Broad U.S. Equity International Equity Short Duration Govt/Credit Core U.S. Fixed Income Cash Equivalents	 100%	 100%
Expected Return - Short-Term		5.09%	5.01%
Expected Real Return - Short-Term		2.59%	2.51%
Risk - Standard Deviation		0.90%	0.90%
Probability of Loss - 1 Year		0.0%	0.0%
5% Probable Downside Return (5% cVaR)		3.2%	3.2%

The proposed policy is effective July 1, 2024:

Approved: [signature] Date: 6/21/2024

AY19: CBRF Investment Policy

The investment policies for the Constitutional Budget Reserve Fund (CBRF) have changed over the years as the balance and the expected uses of the CBRF have changed. Declining production of Alaska North Slope crude oil and the inconsistency of future prices are still a concern. The CBRF is the state's "savings account" and as such is responsible for covering fluctuations in the general fund.

Financial planning by the administration and the legislature is highly dependent upon the CBRF balance maintaining stability and high liquidity. Given the short-term expected requirement for these funds, a cash equivalent investment program is warranted.

Investment Topic	FY 2025		FY 2024
Investment Objective	Very low exposure to principal loss. Little inflation protection needed. High liquidity requirement.		No Change
Risk Tolerance	Low		No Change
Policy Risk/Loss Range	<1%		No Change
Time Horizon	Short		No Change
Asset Allocation	Broad U.S. Equity		
	International Equity		
	Short Duration Govt/Credit		
	Core U.S. Fixed Income		
	Cash Equivalents	100%	100%
Expected Return - Short-Term		5.09%	5.01%
Expected Real Return - Short-Term		2.59%	2.51%
Risk - Standard Deviation		0.90%	0.90%
Probability of Loss - 1 Year		0.0%	0.0%
5% Probable Downside Return (5% cVaR)		3.2%	3.2%

The proposed policy is effective July 1, 2024:

Approved

6/21/2024

Date

AY01: GeFONSI Investment Policy

The General Fund constitutes the largest element of the General Fund and Other Non-Segregated Investments (GeFONSI) fund. Much of the money in the fund has been appropriated and a material loss could affect the state's ability to fulfill its obligations. Treasury expects much of the money in the pool to be spent in less than one year. Accordingly, the allocation should allow minimal exposure to principal loss. Equities are not recommended for the GeFONSI.

Investment Topic	FY 2025			FY 2024	
Investment Objective	Minimal exposure to principal loss. Maximize current income within moderate risk tolerance. Minimal inflation protection needed. High liquidity requirement.			No Change	
Risk Tolerance	Low-Moderate			No Change	
Policy Risk/Loss Range	1 - 5%			No Change	
Time Horizon	Short to Intermediate			No Change	
Asset Allocation	Broad U.S. Equity				
	International Equity				
	Short Duration Govt/Credit	15%	±10%	15%	±10%
	Core U.S. Fixed Income				
	Cash Equivalents	85%	±10%	85%	±10%
Expected Return - Short-Term		5.08%		5.00%	
Expected Real Return - Short-Term		2.58%		2.50%	
Risk - Standard Deviation		0.93%		0.93%	
Probability of Loss - 1 Year		0.0%		0.0%	
5% Probable Downside Return (5% cVaR)		3.2%		3.1%	

The proposed policy is effective July 1, 2024:

Approved

6/21/2024

Date

AY04: International Airport Revenue Fund Investment Policy

The Revenue Fund maintains a significant balance and the investment earnings on that balance are a revenue source for the airport system. Airport management and airline representatives want to keep fees as stable and low as practical. Relatively stable investment earnings assist the airport system and the airlines in meeting that goal.

Beginning October 2000, the Revenue Fund contained receipts from passenger facility charges collected at the Anchorage and Fairbanks International Airports. All the airport systems' revenue and expenses flow through the Revenue Fund. This includes normal operating transactions and most repair and maintenance projects. This subjects the Revenue Fund to the possibility of relatively significant cash inflows and outflows.

Investment Topic	FY 2025			FY 2024	
Investment Objective	Minimal exposure to principal loss. Maximize current income within moderate risk tolerance. Minimal inflation protection needed. High liquidity requirement.			No Change	
Risk Tolerance	Low-Moderate			No Change	
Policy Risk/Loss Range	1 - 5%			No Change	
Time Horizon	Short to Intermediate			No Change	
Asset Allocation	Broad U.S. Equity				
	International Equity				
	Short Duration Govt/Credit	15%	±10%	15%	±10%
	Core U.S. Fixed Income				
	Cash Equivalents	85%	±10%	85%	±10%
Expected Return - Short-Term		5.08%		5.00%	
Expected Real Return - Short-Term		2.58%		2.50%	
Risk - Standard Deviation		0.93%		0.93%	
Probability of Loss - 1 Year		0.0%		0.0%	
5% Probable Downside Return (5% cVaR)		3.2%		3.1%	

The proposed policy is effective July 1, 2024:

Approved 6/21/2024

Date

AY3F: GeFONSI II Investment Policy

GeFONSI II is comprised of funds that do not benefit from positive investment returns, nor bear the risk of loss in the event of negative returns. The General Fund benefits, or is harmed, by these returns. GeFONSI II is invested more aggressively than is the GeFONSI. The premise for the higher risk posture is that over the course of several years the General Fund will generate more total return, despite having a higher risk of loss in any given year.

Investment Topic	FY 2025			FY 2024	
Investment Objective	Tolerate moderate exposure to principal loss to target modestly higher returns.			No Change	
Risk Tolerance	Low-High			No Change	
Policy Risk/Loss Range	5 - 10%			No Change	
Time Horizon	Intermediate			No Change	
Asset Allocation	Broad U.S. Equity	4%	- 4%/+5%	4%	- 4%/+5%
	International Equity	2%	- 2%/+5%	2%	- 2%/+5%
	Short Duration Govt/Credit	33%	±10%	33%	±10%
	Core U.S. Fixed Income				
	Cash Equivalents	61%	±10%	61%	±10%
Expected Return - Short-Term		5.31%		5.24%	
Expected Real Return - Short-Term		2.81%		2.74%	
Risk - Standard Deviation		1.52%		1.51%	
Probability of Loss - 1 Year		0.0%		0.0%	
5% Probable Downside Return (5% cVaR)		2.2%		2.1%	

The proposed policy is effective July 1, 2024:

Approved 6/21/2024

Date

AY11: Retiree LTC Insurance Investment Policy

Effective July 1, 1997, the Department of Administration established the Group Health and Life Insurance Fund and the Retiree Health Insurance Fund. The Retiree Health Insurance Fund is further broken down into three plans: 1) medical, 2) dental, vision, and audio, and 3) long term care.

The Retiree Long-Term Care Plan consists of premiums paid for retiree long term care. While many retirees are paying premiums into the plan today, at present only a small percentage of the premiums are needed for claims payments. Per the analysis, Actuarial Valuation of the State of Alaska Long-Term Care Program as of June 2021, conducted by Lewis & Ellis, Inc., the actuarial assumed net investment earnings assumption is 5.25%.

Investment Topic	FY 2025	FY 2024
Investment Objective	To match the fund's assumed actuarial rate of return while minimizing risk	No Change
Risk Tolerance	High	No Change
Policy Risk/Loss Range	>10%	No Change
Time Horizon	Long	No Change
Asset Allocation	Broad U.S. Equity 15% ± 5% International Equity 11% ± 5% U.S. REITs 4% ± 3% Core U.S. Fixed Income 69% ± 5% **may include up to 17% in tactical fixed income* Cash Equivalents 1% - 1%/+2%	25% ± 5% 18% ± 5% 4% ± 3% 52% ± 5% 1% - 1%/+2%
Expected Return - Long-Term	6.22%	6.14%
Expected Real Return - Long-Term	3.72%	3.64%
Risk - Standard Deviation	6.29%	8.87%
Probability of Loss - 1 Year	16.1%	24.4%
10% Probable Downside Return (10% cVaR)	-4.8%	-9.4%
5% Probable Downside Return (5% cVaR)	-6.7%	-12.1%

The proposed policy is effective July 1, 2024:

Approved

6/21/2024
Date

AY08: Public School Trust Fund Investment Policy

The Public School Trust Fund is a fund dedicated to the benefit of Alaska's public schools. The central objective is to provide "increasing returns from capital appreciation and net income over long-term periods to the fund's current beneficiaries." The fund may be invested "on the basis of probable total rate of return to promote the long-term generation of capital appreciation and income."

On July 1 of each year, the commissioner shall determine the monthly average market value of the fund for the previous five fiscal years preceding the previous fiscal year. The legislature may appropriate not more than five percent of the amount determined by the commissioner. Pending signature by the governor, the appropriated amount may be expended the following fiscal year.

Investment Topic	**FY 2025**	**FY 2024**
Investment Objective	High exposure of principal to loss in return for higher expected longer-term returns. Limited current income requirement. Limited inflation protection needed. Moderate liquidity requirement.	No Change
Risk Tolerance	High	No Change
Policy Risk/Loss Range	>10%	No Change
Time Horizon	Long	No Change
Asset Allocation	Broad U.S. Equity 39% ± 5% International Equity 25% ± 5% U.S. REITs 5% ± 3% Core U.S. Fixed Income 30% ± 5% **may include up to 7% in tactical fixed income* Cash Equivalents 1% - 1%/+2%	39% ± 5% 25% ± 5% 5% ± 5% 30% ± 5% 1% - 1%/+2%
Expected Return - Long-Term	7.21%	6.83%
Expected Real Return - Long-Term	4.71%	4.33%
Risk - Standard Deviation	12.48%	12.65%
Probability of Loss - 1 Year	28.1%	29.5%
10% Probable Downside Return (10% cVaR)	-14.6%	-15.4%
5% Probable Downside Return (5% cVaR)	-18.5%	-19.3%

The proposed policy is effective July 1, 2024:

Approved

6/21/2024

Date

AY3L: Alaska Higher Education Investment Policy

The Alaska Higher Education Investment Fund was established to make grants and scholarship payments to qualified postsecondary institutions for students. The Legislature may appropriate up to seven percent of the fund's prior June 30 market value balance each year.

Investment Topic	FY 2025			FY 2024	
Investment Objective	High exposure of principal to loss in return for higher expected longer-term returns. Limited current income requirement. Limited inflation protection needed. Moderate liquidity requirement.			No Change	
Risk Tolerance	High			No Change	
Policy Risk/Loss Range	>10%			No Change	
Time Horizon	Long			No Change	
Asset Allocation	Broad U.S. Equity	39%	± 5%	39%	± 5%
	International Equity	25%	± 5%	25%	± 5%
	U.S. REITs	5%	± 3%	5%	± 5%
	Core U.S. Fixed Income	30%	± 5%	30%	± 5%
	**may include up to 7% in tactical fixed income*				
	Cash Equivalents	1%	- 1%/+2%	1%	- 1%/+2%
Expected Return - Long-Term		7.21%		6.83%	
Expected Real Return - Long-Term		4.71%		4.33%	
Risk - Standard Deviation		12.48%		12.65%	
Probability of Loss - 1 Year		28.1%		29.5%	
10% Probable Downside Return (10% cVaR)		-14.6%		-15.4%	
5% Probable Downside Return (5% cVaR)		-18.5%		-19.3%	

The proposed policy is effective July 1, 2024:

Approved

6/21/2024

Date

AY9J: Illinois Creek Mine Reclamation Investment Policy

The Illinois Creek Gold Mine is a remote gold mine located on state land approximately 51 miles south of Galena, Alaska. Construction of the gold mine began in June, 1996. The companies responsible for the mine dissolved, the financier abandoned its ownership rights, and the State of Alaska inherited operating responsibility for the mine in July 1999. Following reclamation of the mine by American Reclamation Group, the State now assumes responsibility to monitor the site and to fix unexpected post-reclamation problems. To fund the post-closure monitoring and any potential maintenance, this trust fund was created. The Department of Revenue will manage the fund and Department of Natural Resources will withdraw funds for monitoring and reclamation obligations.

Investment Topic	FY 2025			FY 2024
Investment Objective	Maximize return while still being able to fund uncertain maintenance expenditures (amount and size)			No Change
Risk Tolerance	High			No Change
Policy Risk/Loss Range	>10%			No Change
Time Horizon	Long			No Change
Asset Allocation	Broad U.S. Equity	39%	± 5%	39% ± 5%
	International Equity	25%	± 5%	25% ± 5%
	U.S. REITs	5%	± 3%	5% ± 5%
	Core U.S. Fixed Income	30%	± 5%	30% ± 5%
	**may include up to 7% in tactical fixed income*			
	Cash Equivalents	1%	- 1%/+2%	1% - 1%/+2%
Expected Return - Long-Term		7.21%		6.83%
Expected Real Return - Long-Term		4.71%		4.33%
Risk - Standard Deviation		12.48%		12.65%
Probability of Loss - 1 Year		28.1%		29.5%
10% Probable Downside Return (10% cVaR)		-14.6%		-15.4%
5% Probable Downside Return (5% cVaR)		-18.5%		-19.3%

The proposed policy is effective July 1, 2024:

Approved

6/21/2024

Date

AY3G: Education Endowment Investment Policy

AS 43.23.063(b)(2) directs the commissioner to invest in a manner likely to achieve at least a four percent nominal return over a five-year period.

On July 1 of each year, the "commissioner shall determine the fund balance for the previously closed fiscal year, including the earnings of the fund" and "when the average market value for the fiscal year exceeds $1,000,000,000, transfer 4.5% of the average fiscal-year-end market value of the balance of the fund for the last five fiscal years, including the fiscal year just ended, and including any unrealized gains and losses."

Investment Topic	**FY 2025**	**FY 2024**
Investment Objective	High exposure of principal to loss in return for higher expected longer-term returns. Limited current income requirement. Limited inflation protection needed. Moderate liquidity requirement.	No Change
Risk Tolerance	High	No Change
Policy Risk/Loss Range	>10%	No Change
Time Horizon	Long	No Change
Asset Allocation	Broad U.S. Equity 39% ± 5% International Equity 25% ± 5% U.S. REITs 5% ± 3% Core U.S. Fixed Income 30% ± 5% **may include up to 7% in tactical fixed income* Cash Equivalents 1% - 1%/+2%	39% ± 5% 25% ± 5% 5% ± 5% 30% ± 5% 1% - 1%/+2%
Expected Return - Long-Term Expected Real Return - Long-Term	7.21% 4.71%	6.83% 4.33%
Risk - Standard Deviation	12.48%	12.65%
Probability of Loss - 1 Year 10% Probable Downside Return (10% cVaR) 5% Probable Downside Return (5% cVaR)	28.1% -14.6% -18.5%	29.5% -15.4% -19.3%

The proposed policy is effective July 1, 2024:

Approved

6/21/2024

Date

State of Alaska
Department of Revenue

2024 State Investment Review Meeting Schedule

February 14, 2024 @ 10:30 AM (Videoconference)

1. December 31, 2023, Performance
2. 2024 Capital Market Assumptions and asset class discussion
3. Fixed Income Investments

May 08, 2024 @ 10:00 AM (Videoconference)

1. March 31, 2024, Performance
2. FY2025 Asset Allocation Discussion
3. Middle Office Update

August 19, 2024 @ 10:00 AM (Videoconference)

1. June 30, 2024, Performance
2. FY2025 Asset Allocation Discussion

November 12, 2024 @ 10:00 AM (Videoconference)

1. September 30, 2024, Performance
2. TBD

Updated: 08/15/2024

Exhibit 2

State of Alaska
Department of Revenue

STATE INVESTMENT REVIEW MEETING

November 12, 2024 – 10:00 a.m.

Click here to join the meeting	Call In (Audio Only):
Meeting ID: 244 541 102 780	**Phone:** 1-907-202-7104
Passcode: msdRog	**Code:** 344 777 625#

I. **Introduction**
Zachary Hanna, Chief Investment Officer
Adam Crum, Commissioner of Revenue

II. **Bond Market and Fidelity Tactical Bond Portfolio**
Michael Plage, Portfolio Manager, Fidelity Investments

III. **State Investment Review**
Zachary Hanna, Chief Investment Officer

A. **Economic and Market Update**

B. **September 30, 2024 Performance – Commissioner's Report**

C. **Non-Routine Investment Update**

D. **FY2025 Asset Allocation Summary**

IV. **Other Items**

V. **IAC Comments**
Investment Advisory Council Members

VI. **Future Agenda Items & Calendar**
Zachary Hanna, Chief Investment Officer
Alysia Jones, ARMB Liaison

VII. **Other Matters for Discussion**

VIII. **Adjournment**

Tactical Bond LP

November 12, 2024

Presentation to: Alaska State Investment Review

Michael Plage, CFA
Portfolio Manager

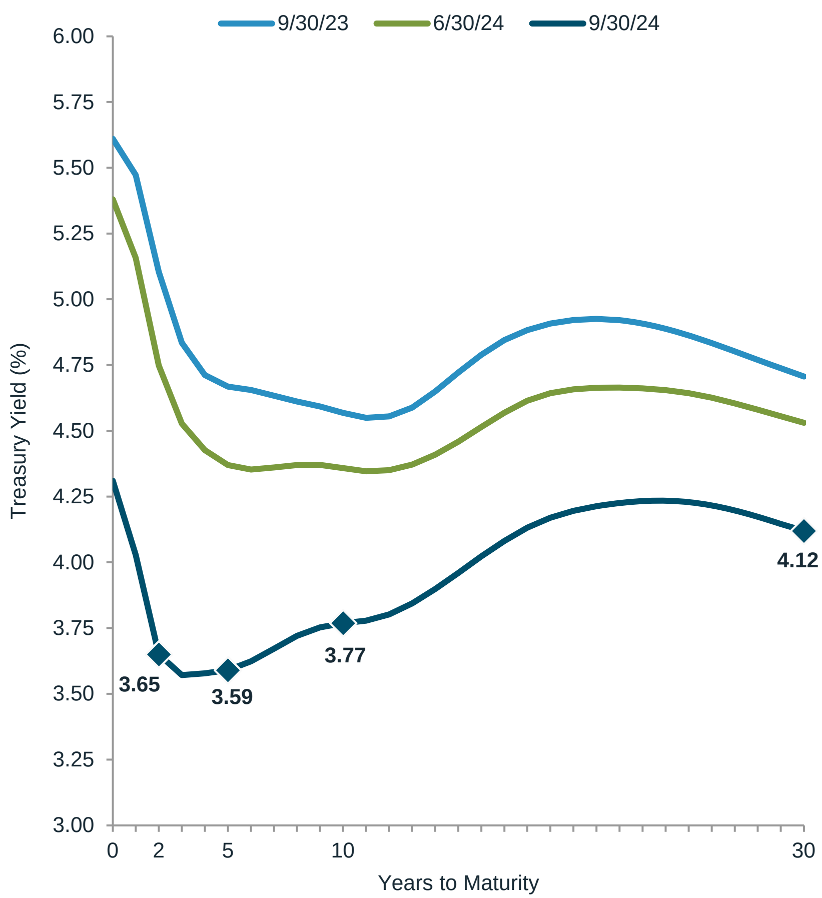
Kristin Shofner
Senior Vice President,
Business Development

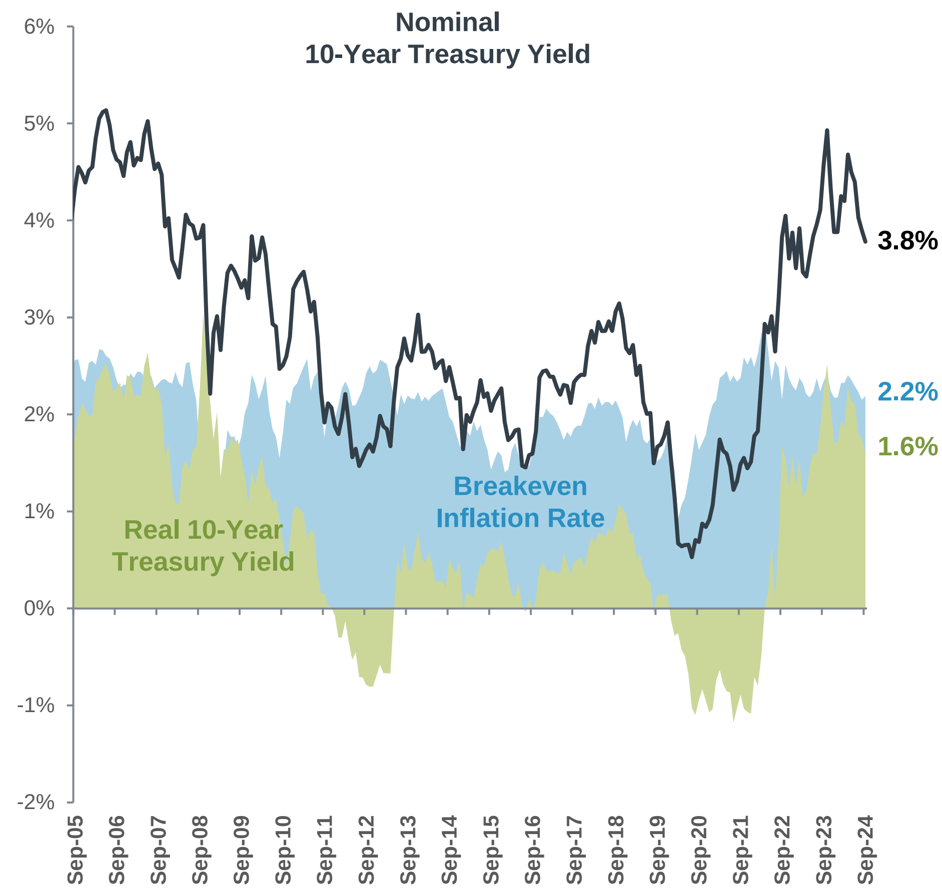
Fidelity INVESTMENTS

Table of Contents

Market Environment

Interest Rate Environment



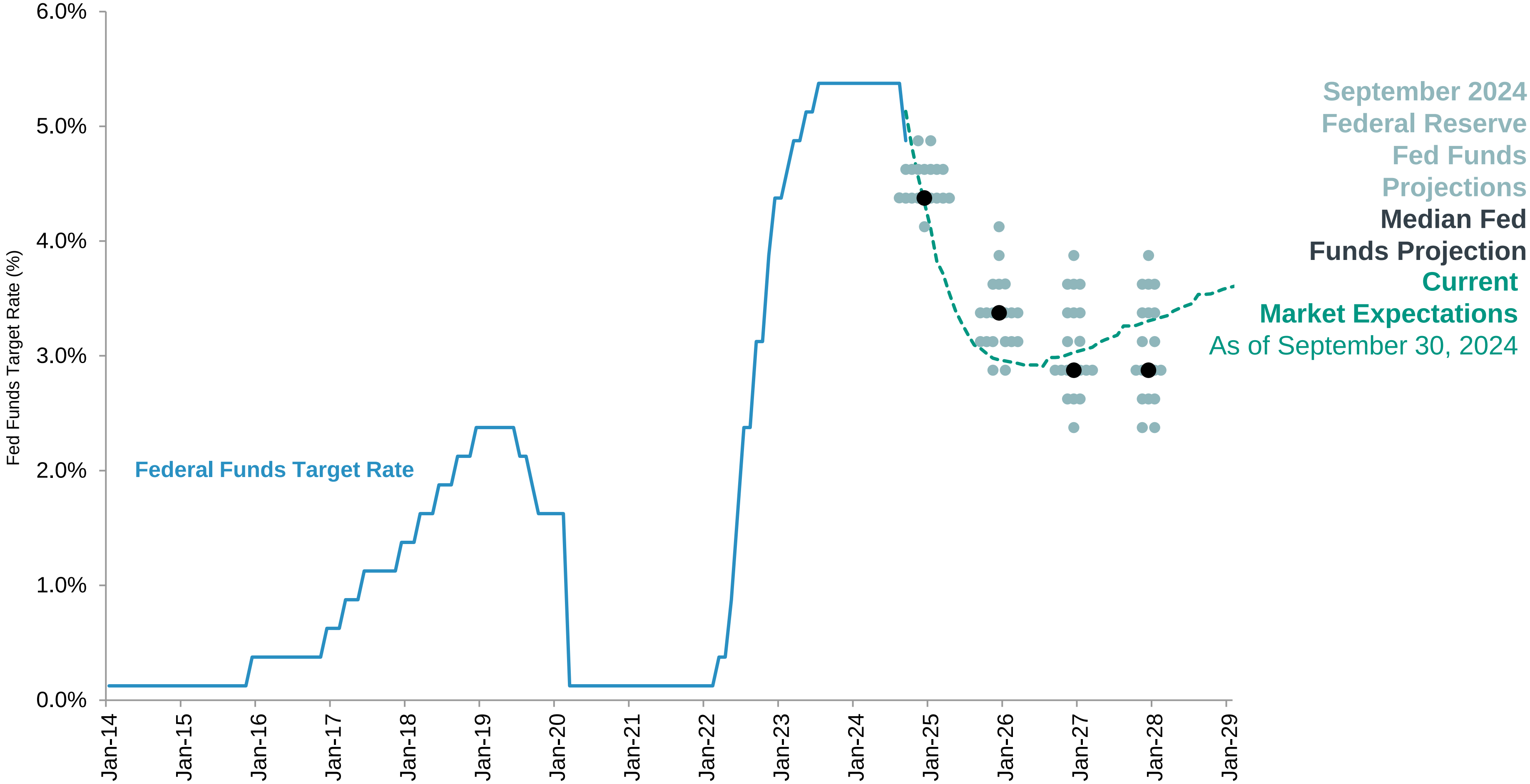


Source: (Left) Tradeweb, Fidelity Investments as of 9/30/24; (Right) Bloomberg as of 9/30/24.

For Alaska State Investment Review use only.

202410-34370

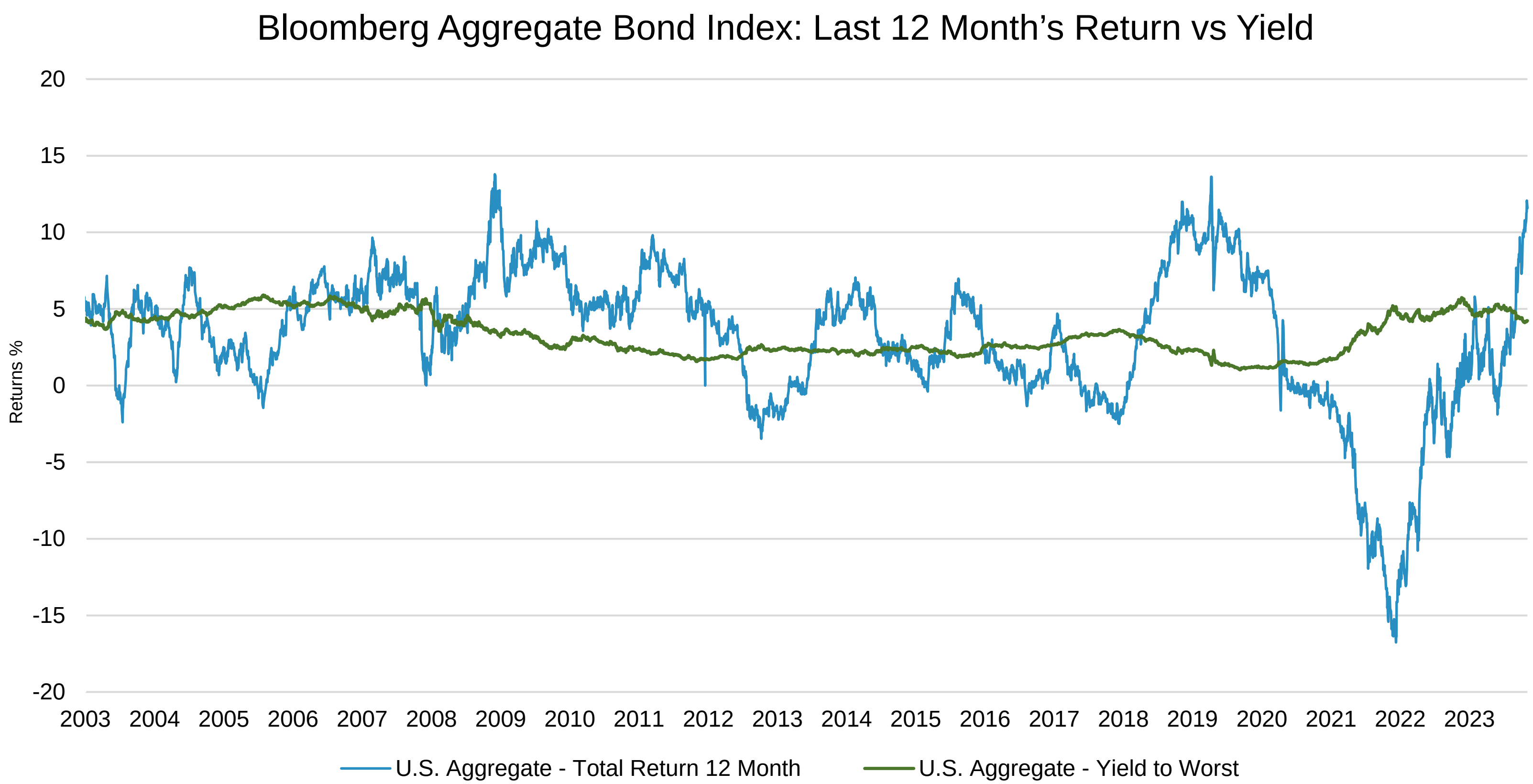
Fed Funds Target Rate: Market Expectations and Fed Projections



Source: Federal Reserve and Bloomberg, as of 9/30/24.

The Federal Open Market Committee (FOMC) is the branch of the Federal Reserve Board that determines the direction of monetary policy.

Bond Returns vs Yield



Sources: Bloomberg, as of 9/30/24.

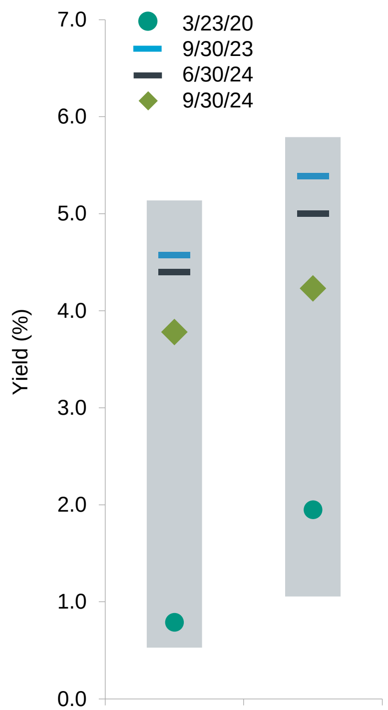
 For Alaska State Investment Review use only.

202410-34370

Fixed Income Yields and Spreads

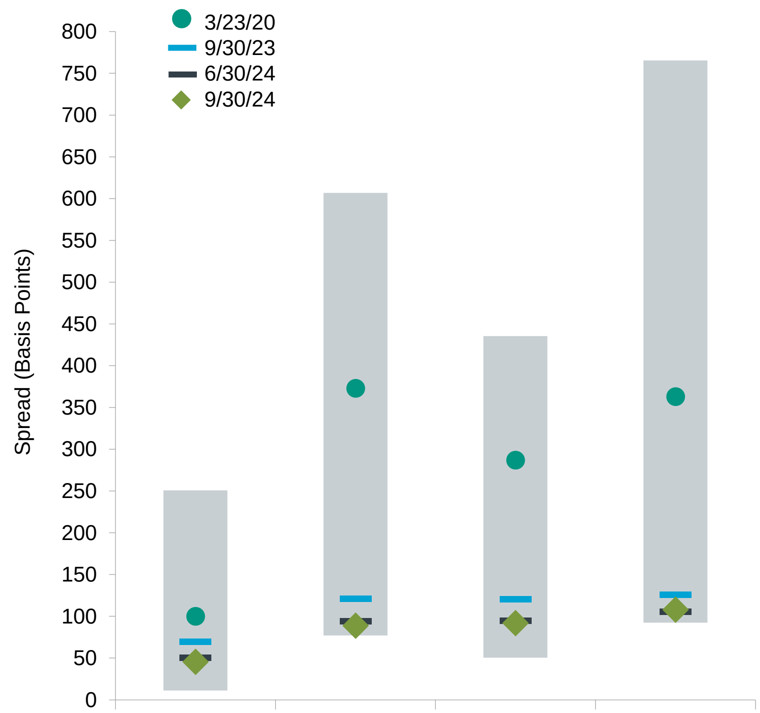
20-year rate and spread ranges

10-YR TREASURY / U.S. AGG



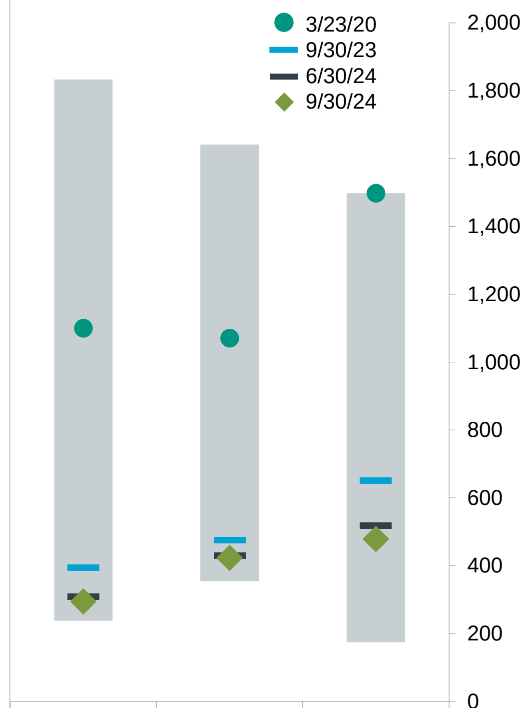
Asset Class	10-Year Treasury	U.S. Aggregate
Percentile Rank	72	69

INVESTMENT GRADE SECTORS



Asset Class	Securitized	U.S. Corporate IG	International Credit	Emerging Market Debt-Investment Grade
Percentile Rank	46	11	22	7

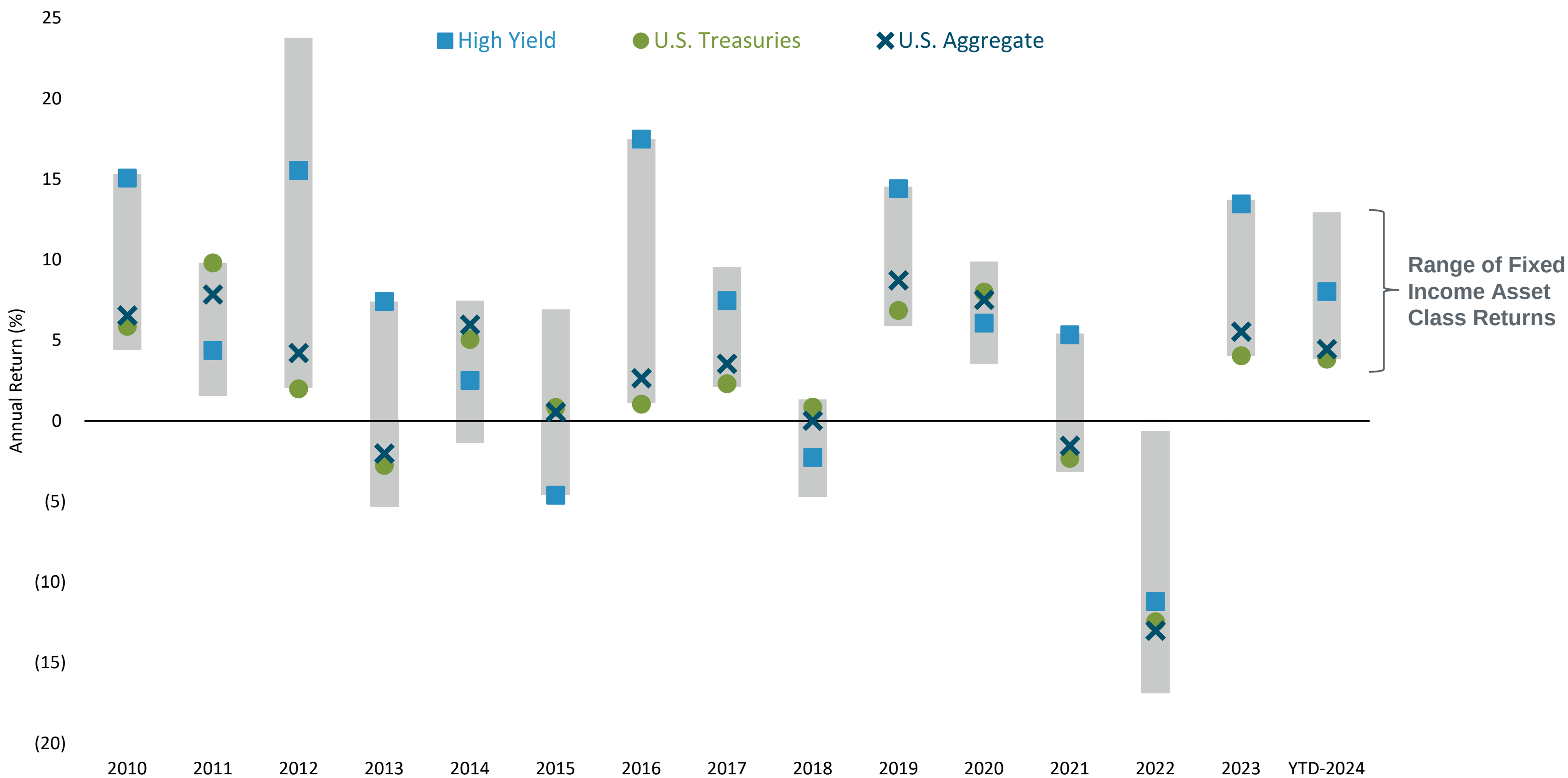
HIGH YIELD SECTORS



U.S. Corporate High Yield	Leveraged Loans	Emerging Market Debt-High Yield
7	36	36

Spread data are based on option-adjusted spread except for Leveraged Loans which is based on spread to maturity. Sources: Bloomberg and S&P as of 9/30/24.
Note: Leveraged Loan is based on YTM (yield to maturity) and Spread to Maturity. The green portion of leveraged loan represents London Interbank Offered Rate (LIBOR). All others use YTW (yield-to-worst) and OAS (option-adjusted-spread). Yields and spreads are represented by the Bloomberg U.S. Aggregate Bond Index, Bloomberg U.S. Securitized Index, Bloomberg U.S. Aggregate Local Authorities Index, Bloomberg Corporate Investment Grade Index, Bloomberg Global Credit Index, Bloomberg U.S. Corporate High Yield Index, S&P/LSTA Leveraged Performing Loan Index, and Bloomberg Emerging Markets USD Aggregate Index. It is not possible to invest directly in an index. All market indices are unmanaged. Not intended to represent the performance of any Fidelity portfolio. Notes: Data is for the month-end periods October 2004 – September 2024. Spread data are based on option-adjusted spread except for Leveraged Loans which is based on spread to maturity.

Bonds Offer Diverse Opportunity Set



Source: Bloomberg and Fidelity Investments, as of 9/30/24.

Range of bond returns are represented by the Bloomberg U.S. Aggregate Bond Index, Bloomberg U.S. Treasury Index, Bloomberg U.S. Agency Index, Bloomberg Emerging Markets USD Aggregate-Investment Grade Index, Bloomberg Emerging Markets USD Aggregate-High Yield Index, Bloomberg U.S. Corporate Investment Grade Index, Bloomberg U.S. Mortgage Backed Securities Index, Morningstar LSTA U.S. Performing Loan Index and ICE BofA U.S. High Yield Constrained Index.

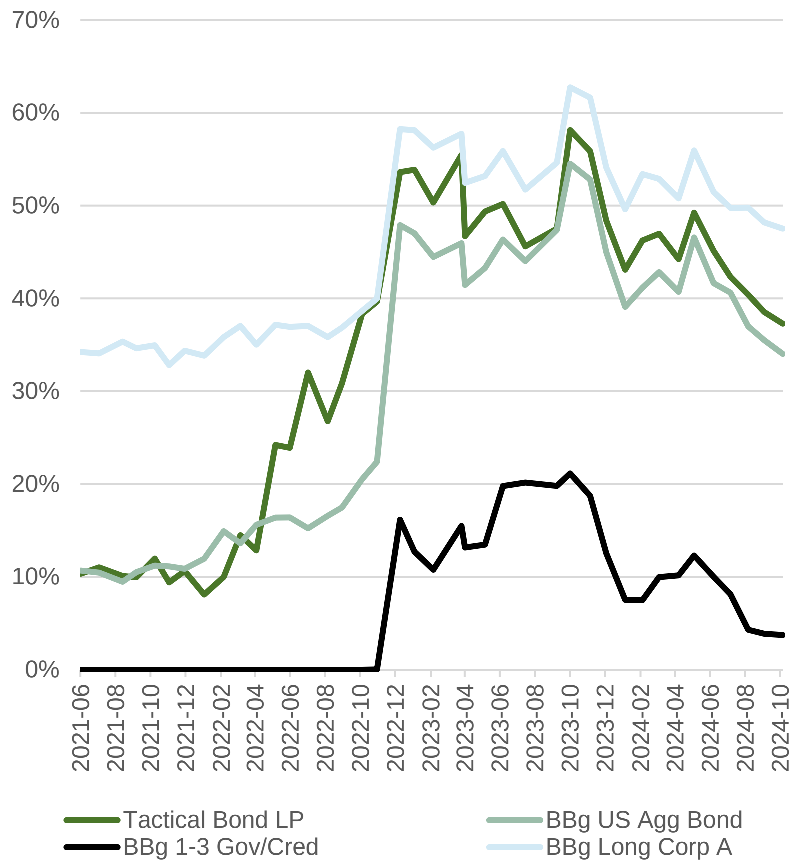
Calendar year performance from 2010 to 2023.

Past performance is no guarantee of future results. It is not possible to invest directly in an index. All market indices are unmanaged. Not intended to represent the performance of any Fidelity portfolio.

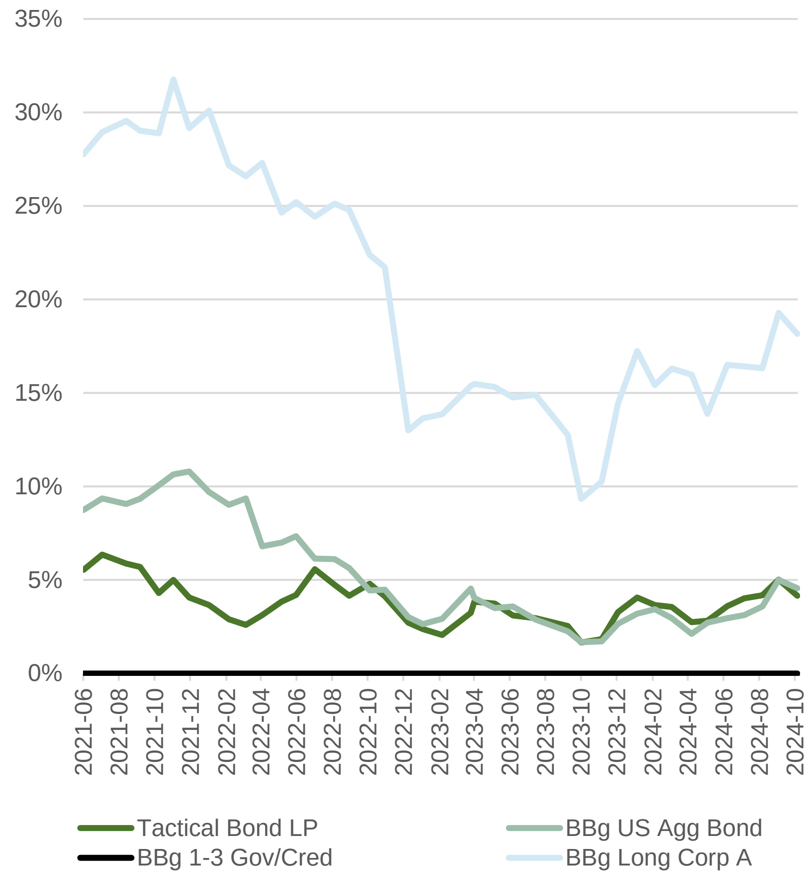
Scenario Analysis

Simulated Probability of Annualized Quarterly Returns

Probability of >10% Annualized Projection



Probability of <-10% Annualized Projection



The risk model simulations are consistent with the implied volatility regime, on the dates shown. The portfolio and benchmark holdings along with and a dependency structure across the risk factors which has been estimated from historical relationships. It also has been conditioned on the level of volatility present in the market at that time. The impact on the portfolio and benchmark uses the sample space of 5000 simulated factor changes and coincident exposures to project contributions to price return for each factor.

Hypothetical data projections has inherent limitations due to the prospective application of a model designed using predicted and historical data trends and may not reflect the effect that any future material market or economic factors could have on performance. Projected returns are shown with gross hypothetical performance, not reflective of actual results and, given that market conditions may vary, an investor should not expect to achieve such results.

Thus Hypothetical Performance is speculative and of extremely limited use to any investor and should not be relied upon in any way. Hypothetical performance of the model is no guarantee of future results.

Methodology Scenario Analysis

Model Objective: to provide an indication of how the portfolio's performance (as currently positioned) would be impacted over the next year, in the event of a substantial shock to an external market factor (ie, S&P 500 declines 20%; Treasury 10 Year rate increases 100 basis points, etc). The model is a stress test on the existing exposures of the portfolio given current market conditions and the stated hypothetical outcomes. The model estimates an instantaneous shock price return and projects total returns over the subsequent year assuming the current yield of the portfolio.

Investment Universe: Current portfolio and benchmark holdings are used. Benchmark is the primary benchmark for the strategy, Bloomberg U.S. Aggregate Index.

Was leverage used? No.

Why were the specific events/time periods chosen?

- The historical time periods represent historical market stress events which are used to get risk factor changes to provide an indication of how the current portfolio may perform if the historical event were to happen with todays exposures.
- The hypothetical scenarios use the most recent factor simulations which are conditioned on the level of volatility present in the market.

Trading/Taxes/Coupon income assumptions:

- Trading: The simulations assume a 'static' portfolio, with no hypothetical trades taking place.
- Tax treatment of gains: no trades occur, so all gains treated as unrealized.
- Coupon income: The strategy is assumed to have an income return equivalent to the current annualized yield of the portfolio. This yield is added to the instantaneous price shock of the portfolio to approximate total return.

Other information

- Portfolio holdings are exposed to numerous risk factors (ie, interest rate risk, credit risk, currency risk, emerging market risk) in order to model the portfolio's sensitivity to each risk factor so as to estimate the impact to the portfolio's value in the event of a certain hypothetical scenario.
- The risk factors are derived based on real time series of data stretching back to January 2000. They are modeled by marginal skew-t distributions and related to each other through a skewed-t copular distribution. We simulate 20,000 draws from this copular, and then condition on the VIX to get 5000 conditioned simulations to the market. It is from this set that we then condition on hypothetically to get the risk factor changes in the hypothetical scenarios. The risk factor changes in the historical scenarios are historical factor changes from the specified periods at monthly cadence.
- The model of hypothetical scenarios is an instantaneous shock based on the risk factor simulations generated from the risk model and is conditioned on the level of volatility seen in the market as represented by the VIX index. The model methodology will remain the same in future simulations, but more data will be available for the risk factors (longer time series), and the level of volatility in the market (VIX index) will change.

Additional Risks / Disclosures

- The simulated outcomes assume current portfolio exposures will remain static for the time period in question, whereas in practice, portfolio holdings are frequently being adjusted.
- The risk factors driving the simulation are derived from historical relationships and historical data. Additionally, the dependency structure across the risk factors has been estimated from historical relationships and conditioned on the level of volatility present in the market at that time. Risk factor dependencies and weights are estimates only, and the resulting performance simulations are speculative and of extremely limited use to any investor and should not be relied upon in any way.
- Hypothetical data projections have inherent limitations due to the prospective application of a model designed using predicted and historical data trends and may not reflect the effect that any future material market or economic factors could have on performance. Projected returns are not reflective of actual results and, given that market conditions may vary, an investor should not expect to achieve such results.

Hypothetical Custom Scenario Analysis

		Tactical Bond LP Hypothetical Returns as of 10/18/24			US AGG			
	1 YR Total Relative Return (bps)	1 YR Total Return (bps)	Price Return (bps)	Yield (bps)	1 YR Total Return (bps)	Price Return (bps)	Yield (bps)	Scenario Description
S&P -20%	26	**482**	-49	531	**456**	7	449	Credit spreads widen 36 bps at short end and 32 bps at long end UST Curve bull steepening: -20 bps at short end and -17 bps at long end
S&P -10%	56	**550**	19	531	**493**	44	449	Credit spreads widen 18 bps at short end and 17 bps at long end UST Curve bull steepening: -14 bps at short end and -14 bps at long end
S&P +10%	106	**598**	68	531	**493**	44	449	Credit spreads tighten -17 bps at short end and -15 bps at long end UST Curve bull steepening: -5 bps at short end and 0 bps at long end
10Y +100 bps	73	**26**	-504	531	**-46**	-495	449	Credit spreads tighten -12 bps at short end and -13 bps at long end UST Curve bear steepening: 43 bps at short end and 83 bps at long end
10Y -100 bps	44	**955**	424	531	**910**	461	449	Credit spreads widen 40 bps at short end and 36 bps at long end UST Curve bull flattening: -59 bps at short end and -85 bps at long end
Hawkish FED (S&P -20%, 10Y +50 bps)	31	**124**	-406	531	**93**	-356	449	Credit spreads widen 27 bps at short end and 24 bps at long end UST Curve bear steepening: 17 bps at short end and 43 bps at long end
2Y -200 bps	-66	**972**	441	531	**1038**	589	449	Credit spreads widen 64 bps at short end and 55 bps at long end UST Curve bull steepening: -155 bps at short end and -77 bps at long end

The scenario analysis is an estimate of how prescribed changes in specific risk factors within Fidelity's risk model framework would impact the performance of the Tactical Bond LP portfolio and its benchmark. The prescribed changes are equivalent to instantaneous shocks and the resulting estimates of instantaneous price returns are combined with the current portfolio/benchmark yield (an estimate of income return component) to project an estimate of 1-year gross absolute portfolio and relative (to benchmark) returns. The calculations area purely hypothetical and for illustrative purposes only as they assume the current portfolio holdings and benchmark exposures are static and remain unchanged for the subsequent year. The analysis is based on the holdings of the representative account of the Tactical Bond LP strategy as of 10/18/24 using risk monthly risk simulations as of 9/30/24.

The risk model simulations are consistent with the current implied volatility regime, and a dependency structure across the risk factors which has been estimated from historical relationships. Conditioned on the prescribed change to one (or more) risk factors, the 500 closest fitting simulations from the 5000 monthly simulations (the sample space) are chosen for the scenario analysis. The impact on the portfolio and benchmark uses these simulated factor changes and current exposures to project contributions to price return for each factor. The distribution of relative returns and other key risk metrics are computed using the 500 scenarios chosen for this analysis.

Hypothetical data has inherent limitations due to the retroactive application of a model designed with the benefit of hindsight and may not reflect the effect that any material market or economic factors may have had on FMR's use of the model during the time periods shown. Thus, performance is speculative and of extremely limited use to any investor and should not be relied upon in any way. Hypothetical performance is no guarantee of future results.
Calculations are shown with gross hypothetical performance, fees and expenses would reduce returns. Please see the Methodology slide within this presentation for more information.

Methodology Scenario Analysis

Model Objective: to provide an indication of how the portfolio's performance (as currently positioned) would be impacted over the next year, in the event of a substantial shock to an external market factor (ie, S&P 500 declines 20%; Treasury 10 Year rate increases 100 basis points, etc). The model is a stress test on the existing exposures of the portfolio given current market conditions and the stated hypothetical outcomes. The model estimates an instantaneous shock price return and projects total returns over the subsequent year assuming the current yield of the portfolio.

Investment Universe: Current portfolio and benchmark holdings are used. Benchmark is the primary benchmark for the strategy, Bloomberg US Aggregate Index.

Was leverage used? No.

Why were the specific events/time periods chosen?

- The historical time periods represent historical market stress events which are used to get risk factor changes to provide an indication of how the current portfolio may perform if the historical event were to happen with todays exposures.
- The hypothetical scenarios use the most recent factor simulations which are conditioned on the level of volatility present in the market.

Trading/Taxes/Coupon income assumptions:

- Trading: The simulations assume a 'static' portfolio, with no hypothetical trades taking place.
- Tax treatment of gains: no trades occur, so all gains treated as unrealized.
- Coupon income: The strategy is assumed to have an income return equivalent to the current annualized yield of the portfolio. This yield is added to the instantaneous price shock of the portfolio to approximate total return.

Other information

- The model of hypothetical scenarios is an instantaneous shock based on the risk factor simulations generated from the risk model and is conditioned on the level of volatility seen in the market as represented by the VIX index. The model methodology will remain the same in future simulations, but more data will be available for the risk factors (longer time series), and the level of volatility in the market (VIX index) will change.
- The risk factors are based on real time series of data stretching back to January 2000. They are modeled by marginal skew-t distributions and related to each other through a skewed-t copular distribution. We simulate 20,000 draws from this copular, and then condition on the VIX to get 5000 conditioned simulations to the market. It is from this set that we then condition on hypothetically to get the risk factor changes in the hypothetical scenarios. The risk factor changes in the historical scenarios are historical factor changes from the specified periods at monthly cadence.

Tactical Bond

State of Alaska Performance Review

Performance as of September 30, 2024

	CUMULATIVE		ANNUALIZED		
	3-Month	YTD	1-Year	Since Inception (2/14/22)	TNA ($M)
State of Alaska - Tactical Bond Fund, LP Gross%	**5.39**	**5.46**	**13.37**	**1.71**	**$221.3**
State of Alaska - Tactical Bond Fund, LP Net%	**5.33**	**5.30**	**13.13**	**1.48**	
BBg US Agg Bond Index%	5.20	4.45	11.57	(0.06)	
Relative Return (Gross)%	*0.19*	*1.01*	*1.80*	*1.77*	
Relative Return (Net)%	*0.13*	*0.85*	*1.56*	*1.54*	

Client data shown. All figures shown in USD.
Indices may not be representative of the types of investments made by the strategy and there can be no assurance any such historical trends will continue in the future. All indices are unmanaged, and performance of the indices includes reinvestment of dividends and interest income, unless otherwise noted.

Any gross returns do not reflect the deduction of investment advisory ("IA"), performance, administrative or custodial fees, but do include trading expenses. Deduction of all fees will reduce returns.

If net performance is shown, it is less the client advisory fee charged employing this strategy; other fees and expenses will reduce returns. Past performance is no guarantee of future results.

State of Alaska Performance Review

Performance attribution summary as of September 30, 2024

	YTD	1-Year
State of Alaska Tactical Bond (Gross)	**5.46%**	**13.37%**
Bloomberg U.S. Aggregate Index	4.45%	11.57%
Active Return (Gross)	*1.01%*	*1.80%*

CONTRIBUTION TO TACTICAL BOND TOTAL RETURN (Basis Points)		
Sector	YTD	1-Year
Treasuries	188	605
TIPS	-	-
Government Related	(1)	-
Inv. Grade Corp	47	141
Financials	*26*	*61*
Industrials	*20*	*75*
Utilities	*1*	*5*
Securitized	14	20
MBS/RMBS	-	-
CMBS	*5*	*8*
ABS	*9*	*12*
High Yield	93	201
Emerging Market Debt	33	93
Leveraged Loans	80	130
Global Credit ex US	69	154
Cash/Other	26	(7)
Total Contribution to Return	**546**	**1337**

Client data is shown.

Indices may not be representative of the types of investments made by the strategy and there can be no assurance any such historical trends will continue in the future. All indices are unmanaged, and performance of the indices includes reinvestment of dividends and interest income, unless otherwise noted.

Attribution (also commonly referred to as Contribution to Return) is intended to demonstrate the sources of excess return relative to the benchmark for the strategy over the time-period shown and is does not reflect the impact of fees and expenses.

Does not include all assets of the portfolio. Gross returns do not reflect the deduction of investment advisory ("IA"), performance, administrative or custodial fees, but do include trading expenses. Deduction of all fees will reduce returns.

State of Alaska Tactical Bond LP Portfolio Positioning

As of September 30, 2024

Characteristics	FIAM Tactical Bond LP	Bloomberg U.S. Aggregate Index	Difference
YTW%	5.06%	4.21%	0.85%
Duration (yrs)	6.52	6.05	0.47
Sector Allocation (%)			
US Treasuries	52.87	43.36	9.51
TIPS	0.00	0.00	0.00
Gov't Related	1.90	4.51	(2.61)
Inv. Grade Corporates	9.88	24.43	(14.55)
Financials	5.00	8.00	(3.00)
Industrials	4.80	14.14	(9.34)
Utilities	0.08	2.29	(2.21)
High Yield Corporates	8.45	0.00	8.45
Securitized	1.79	27.14	(25.35)
Agency MBS	0.00	25.16	(25.16)
Non-Agency MBS	0.00	0.00	0.00
CMBS	0.65	1.52	(0.87)
Consumer ABS	1.12	0.46	0.66
CLO's	0.02	0.00	0.02
Emerging Market Debt	4.28	0.00	4.28
Leveraged Loans	8.03	0.00	8.03
Global Bond	8.49	0.00	8.49
Cash/Other	4.31	0.56	3.75
Total	**100.00%**	**100.00%**	

Corporate Industry Allocation (%)	FIAM Tactical Bond LP	Bloomberg U.S. Aggregate Index	Difference
Banking	6.02	5.47	0.55
Consumer Cyclical	4.75	1.76	2.99
Communications	4.35	2.01	2.34
Consumer Non-Cyclical	3.48	3.82	(0.34)
Capital Goods	2.14	1.32	0.82
Technology	2.00	2.22	(0.22)
Insurance	1.64	1.18	0.45
Other	1.63	0.17	1.45
Electric	1.38	2.09	(0.71)
Energy	1.31	1.73	(0.42)
Basic Industry	0.90	0.65	0.25
REITs	0.56	0.66	(0.10)
Finance Companies	0.55	0.30	0.25
Transportation	0.51	0.52	(0.01)
Brokerage	0.39	0.37	0.02
Natural Gas	0.05	0.16	(0.11)
Total	**31.65%**	**24.43%**	
Ratings Allocation (%)			
AAA	60.07	73.86	(13.79)
AA	0.32	4.35	(4.03)
A	3.36	11.13	(7.77)
BBB	16.21	10.65	5.56
BB	11.60	0.00	11.60
B	6.12	0.00	6.12
CCC	1.13	0.00	1.13
NR/Other	1.19	0.00	1.19
Total	**100.00%**	**100.00%**	

Client account information is shown.

Cash/Other may include cash and derivatives.

Ratings are based on highest of Moody's, S&P, and Fidelity ratings.

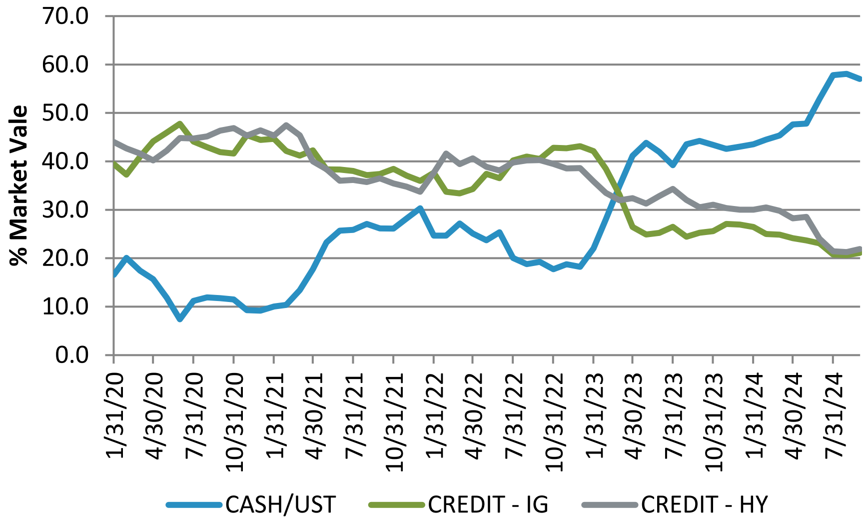
 For Alaska State Investment Review use only.

202410-34370

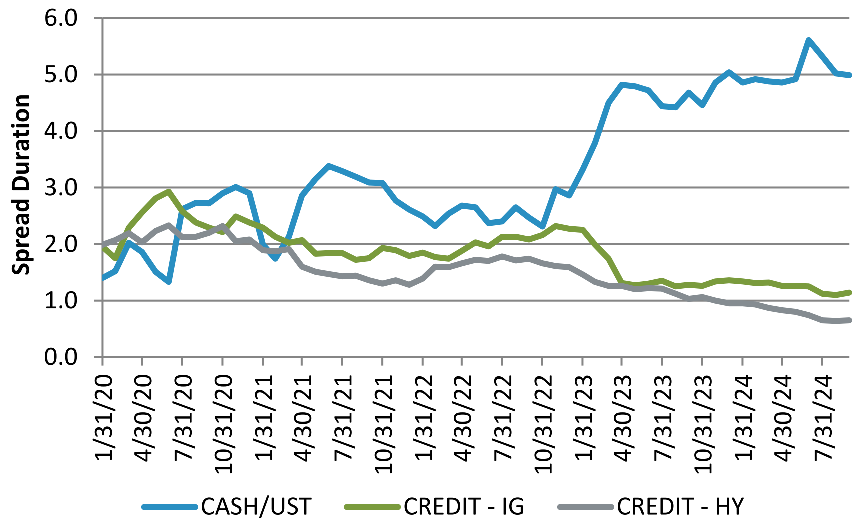
Asset Allocation Tactical Bond

As of September 30, 2024

Portfolio Weights (%)



Portfolio Contribution to Spread Duration (yrs)



Client account information is shown.

Source: Fidelity Investments.

 For Alaska State Investment Review use only.

202410-34370

FIAM Tactical Bond Strategy

Macroeconomic views

The Big Story

The Fed is cutting short term interest rates while the 3-month average unemployment rate is just 4.2% and real growth is almost 3%. If negative trends were starting to emerge, the Fed is hoping to steady them and prolong the cycle with looser monetary policy. Financial conditions are already at the easiest levels in the past 30 months, and if the Fed's SEP is even close to accurate, conditions may get even easier from here. Equities are making new all-time highs and default rates have been trending lower. It may be hard for fixed income risk assets to underperform dramatically with that backdrop in the near term, but valuations reflect all that good news and momentum. We are very modestly long risk, diversified, liquid, and being very patient as we wait for new opportunities. While alpha from sector beta is elusive, there are many dislocations among issuers and individual bonds to take advantage through the high conviction recommendations of our world class research analysts and traders.

The Federal Reserve

The Fed has commenced the easing cycle with a 50bp cut in September which Chair Powell characterized as a "strong start". The fresh dots imply an additional 50bp of cuts this year with 100bp more in 2025 while the market is pricing in a bit more.

European Central Bank

President Lagarde and the ECB continue cautious cutting, delivering a second 25bp cut this month with no commitment on the future path, yet the market is pricing in about 25bp per meeting through mid-2025 and recent macro data in Europe has reinforced such market expectations.

Bank of Japan

The prospect of ever so slight convergence of short-term rates in Japan relative to the US has driven JPY to the strongest level vs USD in a year. The stronger yen, vulnerable Nikkei, and volatility caused by the unwind of the carry trade may prompt the BOJ to be patient and evaluate the data carefully before hiking again. The new Japanese PM Ishiba's recent prevarication on continued BoJ rate hikes underscores the delicate market environment that the BoJ will have to contend with as it normalizes.

Bank of Canada

BOC had 75bp of cuts under its belt before the Fed got out of the blocks. During the September press conference, Powell implied perhaps they should have cut in July, perhaps a nod to our neighbors to the north. The market continues to price in an aggressive easing cycle, but we don't expect significant divergence between the Fed and BOC.

Portfolio positioning for representative account, as of October 2024.

FIAM Tactical Bond Strategy

Valuations

Leveraged Loans: Modest overweight after meaningfully reducing our position this summer. Leveraged loans gave up their spot as the top performing fixed income asset class. Its floating rate nature, which had been an advantage, has started to take a toll as the Fed began its rate cutting cycle, reducing the yield advantage of loans. How much further the Fed goes remains to be seen, but the direction of travel is clear.

High Yield: Modest overweight. The duration of HY bonds has propelled the asset class ahead of leveraged loans YTD.

Investment Grade Corporates: Underweight. Sector is priced for perfection as demand for yield has driven spreads to very tight level despite over $1.2 trillion in supply YTD. A return in spreads to just the long-term median from current levels would erase four years of excess carry. Investors can receive 85% of the IG credit yield buying USTs of similar maturity.

Global Credit: Modest overweight. Spreads close to the 12 month average relative to US IG credit. A small carry advantage remains and alpha will likely be idiosyncratic in nature. Less correlated to UST than domestic credit.

Emerging Markets: Selective ownership of names like Mexico, Brazil, Dominican Republic in local currencies and US$. Sector has had a tremendous performance run to the point that a great many EMD names have spreads and yields at or below IG corporate debt with similar credit quality.

US Treasuries: Further reduced duration given recent rally in rates. That said, Treasuries remain a large overweight with exposure close to the high of our nearly two-decade portfolio history. Most of the yield curve now has a positive slope, but substantial further steepening remains possible as developed market curves continue to normalize. As a result, the intermediate part of the yield curve is our favorite. High potential total return in a number of scenarios (geopolitical risk, deteriorating labor market, growth scare, etc.). US Presidential election is not an investable theme and we do not expect this to be a source of rate volatility.

Inflation Protected Bonds (TIPs): Zero weight. Inflation break-evens have been 2.2% to 2.4% for the better part of two years and are currently at the lower bound of that range. We prefer the liquidity of nominal USTs.

Mortgage-Backed Securities: Zero weight. Spreads in the 40 bps area vs USTs are not compelling for this strategy. We prefer the liquidity and stability of USTs.

Structured Product: Selective overweight. Overweight to franchise bonds and airplane financing. Very small CMBS holdings on valuation for the most part. Continue to look for well structured idiosyncratic exposure.

Local Currency Debt: Idiosyncratic exposure only and total size below 3%. Currency volatility is significantly (like 3x) higher than rate volatility. Overweight to Mexico, Brazil and Japan. Mexico and Brazil local currency bonds enjoy high yields. JPY has had a nice run but may stall as much interest rate convergence is already priced in.

Risk and Return Targets

Yield Target: 5.25% (unch)
Duration Target: about 6.5 years (+0.40 years to the Bloomberg U.S. Aggregate Bond Index)
Volatility Target: modestly higher than Bloomberg U.S. Aggregate Bond Index
Targeted Risk to Risk-Free Asset Ratio: 45%/55% (-5% risk)

Portfolio positioning representative account, as of October 2024. Source: Fidelity. For illustrative purposes only. Target Return is aspirational and is not determined using any calculation methodology. Target Excess Return/Target Alpha is presented net the highest fee applicable to any FIAM client employing this strategy. FIAM determines the strategy's Target Excess Return/Target Alpha taking into consideration the strategy's target tracking error and applying an assumed information ratio. Although FIAM believes it has a reasonable basis for any target, there is no assurance that actual results will be comparable. Actual results will depend on prevailing systemic conditions impacting capital markets as well as idiosyncratic factors affecting individual portfolio securities. Target Returns are determined when a product is launched and are not revised over time. Target performance metrics are speculative and of extremely limited use to any investor and should not be relied upon in any way.

Appendix

Fixed Income Assets Under Management (In Billions)

Active Diversified	Institutional $36.4	Retail $241.2	Total $277.6
Core Constrained	5.2	2.2	7.4
Core	11.6	155.1	166.8
Core Plus	11.6	79.3	90.9
Tactical Bond	7.9	4.5	12.5

Limited Term	Institutional $44.2	Retail $29.0	Total $73.2
Low Duration Solutions	4.4	13.8	18.2
Short/Stable Value	35.9	6.7	42.6
Short-Intermediate	0.8	2.0	2.8
Intermediate	3.1	6.5	9.6

LDI	Institutional $11.8	Retail $0.0	Total $34.4B[1]
Long Corporate	8.8	0.0	8.8
Long Gov't/Credit	3.1	0.0	3.1

Gov't/Mortgage	Institutional $3.4	Retail $54.0	Total $57.4
Government	0.1	7.1	7.2
Mortgage	3.3	46.9	50.2

Municipal	Institutional $6.1	Retail $42.2	Total $48.3
Municipal	6.1	42.2	48.3

Global Bond	Institutional $3.9	Retail $11.5	Total $15.5
Global	0.0	2.7	2.7
Canada	3.9	8.9	12.8

Credit/Global Credit	Institutional $9.6	Retail $8.8	Total $18.3
Credit	8.7	6.3	15.0
Global Credit	0.9	2.4	3.3

Passive	Institutional $32.7	Retail $195.7	Total $228.4
US Multisector Bond	14.9	93.9	108.8
US Treasury	13.6	87.1	100.6
Municipal	0.0	0.3	0.3
Global Bond	4.0	12.7	16.7
Canada	0.3	1.7	2.0

High Income	Institutional $22.1	Retail $98.6	Total $120.6
High Yield	4.0	52.0	56.0
Leveraged Loan	11.4	20.6	32.0
Equity	0.5	7.1	7.7
Emerging Markets	3.2	10.9	14.1
HY CMBS	2.3	6.5	8.8
Direct Lending	0.6	1.4	2.0

Total Fixed Income AUM	Institutional	Retail	Total
Bonds	**$148.1**	**$582.4**	**$730.6**
High Income	**$22.1**	**$98.6**	**$120.6**
Money Market	**$526.8**	**$880.2**	**$1,407.0**
Total	**$697.0**	**$1,561.2**	**$2,258.2**

Data as of 9/30/24. Includes sub-portfolios. Totals may vary due to rounding.

[1]Total also includes Canadian LDI, Intermediate Duration LDI, and Long Term Treasury Bond Index LDI assets.

Fidelity Fixed Income Assets under management include accounts managed by FIAM and its affiliates, not all of which may be part of the FIAM firm for GIPS purposes.

Emphasis on Strong Fundamental Research

Head of Fixed Income Research
Matt Bartlett (32-yrs)

Managing Director
London Office
Mark Flaherty (28-yrs)

- UK/European Media, Telecom, Technology, European Utilities
  Shaunn Griffiths (29-yrs)
- UK/European Industrials, Property, Retail
  Richard Kehoe (23-yrs)
- UK, Italian, Aussie Banks
  Matthew Hegarty (28-yrs)
- Nordic, Dutch, Belgian Banks
  Katherine MacDonald (6-yrs)
- German, Swiss, French, Spanish Banks
  Michael Steinbarth (26-yrs)
- UK/European Sovereigns, Macro
  Tom Nolan (16-yrs)
- Transportation, Infrastructure, European Consumer Sector, European Insurance, Tobacco
  Paul Dew (9-yrs)

Managing Director
Financials and Structured
Thomas Chistolini (32-yrs)

- Regional Banks, Finance Cos, Japan Banks
  Kevin Flynn (7-yrs)
- Insurance Companies
  Matthew Healey (32-yrs)
- Canadian Banks & Asset Mgrs, Credit Card Banks
  Colin Keenan (22-yrs)
- Money Center Banks, Asset Mgrs, Home Builders
  Mohak Rao (19-yrs)
- ABS/CLO's
  Yami Baker (29-yrs)
- RMBS
  Rick Zhang (16-yrs)
- REITs
  James Gallant (17-yrs)
- CMBS
  Conor Timmins (8-yrs)

Macro, Sovereigns, Industrials and Utilities

- Retail, Restaurants, Canadian Media, Infrastructure
  Payal Agarwal (20-yrs)
- Paper & Packaging, Consumer
  Nick Arco (4-yrs)
- Macro Generalist
  Aditi Balachandar (11-yrs)
- Autos, Transportation, Manufacturing
  Catherine Bush (22-yrs)
- Energy, Pipelines
  John Cassidy (34-yrs)
- U.S. Media, Telecom, Cable
  Kristina Clark (26-yrs)
- Utilities, Pharma., Medical Equipment
  Carrie Saint Louis (29-yrs)
- Sovereigns
  Heather Hagerty (27-yrs)
- Macro Generalist
  Kana Norimoto (29-yrs)
- Refiners, Chemicals
  Liam Quinn (5-yrs)
- Aerospace & Defense, Airlines
  Wes Trowbridge (14-yrs)
- Metals/Mining, Energy Services, BB Corporates
  Andrew Wigren (27-yrs)
- Technology, Health Care Svcs
  Katie Wong (8-yrs)

Managing Director
Municipals
James Richardson (11-yrs)

- Tax-Backed
  John Beardmore (21-yrs)`
- Tax-Backed
  Ben Garfield (4-yrs)
- Revenue
  Eric Bringardner (13-yrs)
- Tax-Backed
  Bradley Garcia (14-yrs)
- Revenue
  Amy Johonnett (20-yrs)
- Revenue
  Mark Ryan (13-yrs)
- Tax-Backed
  Chase Savage (7-yrs)
- Revenue
  Hannah Sullivan (23-yrs)
- Tax-Backed
  Sarah Thompson (17-yrs)
- Structured, ABCP
  John Vetter (36-yrs)
- Revenue
  Chris Grimble (5-yrs)

- Broad-based research approach:
  - Macro/Sovereign
  - Finance
  - Industrial
  - Municipal
- Experienced team:
  - Many with 15–25+ years
  - Career analysts
  - Heavily influence process
- Deep financial coverage:
  - MNC, Regional, Non-U.S.
  - Macro benefit
- Macro/Muni broadens universe:
  - Expand beyond corporates
  - Requires deep analysis
  - Critical in long duration
- Leverage equity platform:
  - Attend company visits
  - Evaluate equity/debt perspectives

Note: Years of experience is in parentheses.
Includes managing directors and analysts.
Source: FMR LLC., as of October 2024.

Biographies

Michael Plage, CFA

Portfolio Manager

Michael Plage is a portfolio manager in the Fixed Income division at Fidelity Investments. Fidelity Investments is a leading provider of investment management, retirement planning, portfolio guidance, brokerage, benefits outsourcing, and other financial products and services to institutions, financial intermediaries, and individuals.

In this role, Mr. Plage co-manages the Fidelity and Fidelity Advisor Investment Grade Bond Funds, Fidelity and Fidelity Advisor Sustainable Core Plus Bond Funds, Fidelity and Fidelity Advisor Tactical Bond Funds, Fidelity Investment Grade Bond ETF, Fidelity Sustainable Core Plus Bond ETF, and Fidelity Total Bond ETF, as well as various institutional portfolios for U.S. and non- U.S. investors.

Prior to assuming his current responsibilities, Mr. Plage managed Fidelity Corporate Bond ETF, Fidelity and Advisor Corporate Bond and Short Duration High Income Funds, and Fidelity Puritan Fund, as well as institutional and retail fixed income portfolios within credit strategies, including high yield. Previously, he worked as a fixed income trader from 2005 to 2009.

Before joining Fidelity in 2005, he was a trader at Travelers Insurance (Citigroup) from 1997 to 2005. He has been in the financial industry since 1997.

Mr. Plage earned his bachelor of science degree in management from the University of South Carolina and his master of business administration degree in finance from the University of Connecticut. He is also a CFA® charterholder.

Beau Coash

IPM Team Lead, Fixed Income

Beau Coash is a fixed income IPM team lead on the Institutional Portfolio Management team at Fidelity Institutional®. Fidelity Institutional is a division of Fidelity Investments that offers investment insights, strategies, and solutions, as well as trading services to a wide range of wealth management firms and institutional investors. Fidelity Investments is a leading provider of investment management, retirement planning, portfolio guidance, brokerage, benefits outsourcing, and other financial products and services to institutions, financial intermediaries, and individuals.

In this role, Mr. Coash is an active part of the portfolio management team and represents the team's capabilities, thought processes, and views to clients and consultants. He is also the fixed income relationship partner for the Asset Allocation, Strategic Advisers, and Global Asset Allocation divisions.

Prior to joining Fidelity as global head of syndicate and primary trading in Fidelity's Equity Trading division in 2005, Mr. Coash served as senior vice president in corporate bond sales at Lehman Brothers. Previously, he held leadership positions in development and national sales in start-up companies.

Mr. Coash was also a professional football player for the New England Patriots and Boston Breakers. He has been in the financial industry since 1993.

Mr. Coash earned his bachelor of arts degree in history from Middlebury College and his master of business administration degree in entrepreneurship studies from Harvard Business School. He also holds the Financial Industry Regulatory Authority (FINRA) Series 7 and 63 licenses.

Biographies

Jeffrey Moore, CFA

Portfolio Manager

Jeffrey Moore is a portfolio manager in the Fixed Income division at Fidelity Investments. Fidelity Investments is a leading provider of investment management, retirement planning, portfolio guidance, brokerage, benefits outsourcing, and other financial products and services to institutions, financial intermediaries, and individuals.

In this role, Mr. Moore co-manages the Fidelity and Fidelity Advisor Investment Grade Bond Funds, Fidelity and Fidelity Advisor Tactical Bond Funds, Fidelity and Fidelity Advisor Total Bond Funds, and Fidelity Investment Grade Bond ETF, as well as various institutional portfolios for U.S. and non- U.S. investors. Additionally, he is a presenting member of Fidelity's Asset Allocation Committee.

Prior to assuming his current position, Mr. Moore was a fixed income analyst assigned to several sectors, including sovereign debt, energy, real estate investment trusts (REITs), banks, and Canada.

Before joining Fidelity in 1995, Mr. Moore worked at Dominion Bond Rating Service in Toronto and in Canada's Department of Finance. Mr. Moore was selected for the Accelerated Economist Training Program, serving on the Treasury Board and in the Privy Council Office. He has been in the financial industry since 1990.

Mr. Moore earned his bachelor of arts degree, with honors, in economics from the University of Western Ontario and his master's degree in economics from the University of Waterloo. He is also a CFA® charterholder.

Mr. Moore has authored a number of Thought Leadership papers, most recently "Active Multi-Sector Fixed Income Investing in an Uncertain Yield Environment" in 2013, "Stretching for Yield in the Fixed Income Market" in 2012, and "What Does Risk Free Mean Now?" in 2012. In Canada, he authored the paper "The Art and Science of Fixed Income" in 2009 and co-authored the paper "The Social Cost of Labor Taxes" for the Canadian Tax Journal in 1990. Additionally, Mr. Moore and team received Morningstar's 2016 U.S. Fixed-Income Manager of the Year Award for Fidelity Total Bond Fund.

Biographies

Kristin Shofner

Senior Vice President, Business Development

Kristin Shofner is senior vice president of business development within the Asset Management Solutions division at Fidelity Investments. Fidelity Investments is a leading provider of investment management, retirement planning, portfolio guidance, brokerage, benefits outsourcing, and other financial products and services to institutions, financial intermediaries, and individuals. The Fidelity Asset Management Solutions division is an integrated investment, distribution, and client service organization dedicated to meeting the unique needs of the institutional marketplace.

In this role, Ms. Shofner leads the development of relationships with public pension plans.

Prior to joining Fidelity in 2013, Ms. Shofner served as director of institutional sales and marketing at Lord, Abbett & Co. LLC. Previously, she served as manager of institutional sales and client services and as a manager research associate at Asset Strategy Consulting, later acquired by InvestorForce. She has been in the financial industry since 1998.

Ms. Shofner earned her bachelor of arts degree in history and sociology from the University of California at Santa Barbara where she ran Division I Cross Country and Track & Field. She was also a member of our United States Ekiden Relay Team in China and ran in the US Olympic Trials Women's Steeplechase in Atlanta.

Melissa Moesman

Vice President, Account Executive

Melissa Moesman is a vice president account executive within the Asset Management Solutions division at Fidelity Investments. Fidelity Investments is a leading provider of investment management, retirement planning, portfolio guidance, brokerage, benefits outsourcing, and other financial products and services to institutions, financial intermediaries, and individuals. The Fidelity Asset Management Solutions division is an integrated investment, distribution, and client service organization dedicated to meeting the unique needs of the institutional marketplace.

In this role, Ms. Moesman is responsible for account management for both public and private institutional clients.

Prior to joining Fidelity in 2006, Ms. Moesman served as a relationship manager at Linedata Services. Previously, she held various client-related roles at Investors Bank & Trust Company, where she managed a corporate actions accounting group and the endowment, foundation, and institutional product line. Ms. Moesman also managed the donor relations program at Wellesley College. She has been in the financial industry since 2000.

Ms. Moesman earned her bachelor of arts degree from Wellesley College and her master of business administration degree from Babson College. She also holds the Financial Industry Regulatory Authority (FINRA) Series 7 and 63 licenses.

Important Information

Please read this information carefully. Speak with your relationship manager if you have any questions.

Information provided in, and presentation of, this document are for informational and educational purposes only and are not a recommendation to take any particular action, or any action at all, nor an offer or solicitation to buy or sell any securities or services presented. It is not investment advice. Fidelity does not provide legal or tax advice.

Before making any investment decisions, you should consult with your own professional advisers and take into account all of the particular facts and circumstances of your individual situation. Fidelity and its representatives may have a conflict of interest in the products or services mentioned in these materials because they have a financial interest in them, and receive compensation, directly or indirectly, in connection with the management, distribution, and/or servicing of these products or services, including Fidelity funds, certain third-party funds and products, and certain investment services.

Risks

Past performance is no guarantee of future results. An investment may be risky and may not be suitable for an investor's goals, objectives and risk tolerance. Investors should be aware that an investment's value may be volatile and any investment involves the risk that you may lose money.

The value of a strategy's investments will vary in response to many factors, including adverse issuer, political, regulatory, market or economic developments. The value of an individual security or a particular type of security can be more volatile than and perform differently from the market as a whole. Nearly all accounts are subject to volatility in non-U.S. markets, either through direct exposure or indirect effects on U.S. markets from events abroad, including fluctuations in foreign currency exchanges rates and, in the case of less developed markets, currency illiquidity. Developments that disrupt global economies and financial markets, such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions or other events may magnify factors that affect performance. In addition, some countries experience low or negative interest rates, from time to time, which may magnify interest rate risk for the markets as a whole and for the funds or accounts. The discontinuation and replacement of LIBOR (an indicative measure of the average interest rate at which major global banks could borrow from one another) and other benchmark rates may have a significant impact on the financial markets and may adversely impact fund or account performance. Additionally, funds or accounts that pursue debt investments are subject to risks of prepayment or default, as well as changes to bankruptcy or debtor relief laws, which may impede collection efforts or alter timing and amount of collections.

The performance of fixed income strategies will change daily based on changes in interest rates and market conditions and in response to other economic, political, or financial developments. Debt securities are sensitive to changes in interest rates depending on their maturity and may involve the risk that their prices may decline if interest rates rise or, conversely, if interest rates decline, their prices may increase. Debt securities carry the risk of default, prepayment risk, and inflation risk. Changes specific to an issuer, such as its financial condition or its economic environment, can affect the credit quality or value of an issuer's securities. Lower-quality debt securities (those rated or considered below investment-grade quality, also referred to as high-yield debt securities) and certain types of other securities are more volatile, speculative and involve greater risk due to increased sensitivity to adverse issuer, political, regulatory, and market developments, especially in periods of general economic difficulty. The value of mortgage securities may change due to shifts in the market's perception of issuers and changes in interest rates, regulatory, or tax changes.

Derivatives may be volatile and involve significant risk, including but not limited to credit risk, currency risk, leverage risk, counterparty risk, leverage risk, valuation risk, and liquidity risk. Using derivatives can disproportionately increase losses and reduce opportunities for gains in certain circumstances. Derivatives involve leverage because they can provide investment exposure in an amount exceeding the initial investment. Leverage can magnify investment risks and cause losses to be realized more quickly. A small change in the underlying asset, instrument, or index can lead to a significant loss. Assets segregated to cover these transactions may decline in value and are not available to meet redemptions. Government legislation or regulation could affect the use of these transactions and could limit the ability to pursue such investment strategies.

The securities, derivatives, and currency markets of emerging-market countries are generally smaller, less developed, less liquid, and more volatile than those of the United States and other developed markets, and disclosure and regulatory standards in many respects are less stringent. There also may be a lower level of monitoring and regulation of markets in emerging market countries and the activities of investors in such markets and enforcement of existing regulations may be extremely limited and arbitrary. Emerging-market countries are more likely to experience political uncertainty and instability, including the risk of war, terrorism, nationalization, limitations on the removal of funds or other assets, impacts of the spread of infectious diseases, or diplomatic developments that affect investments in these countries. In many cases, there is a heightened possibility of government control of the economy, expropriation or confiscatory taxation, imposition of withholding taxes on interest payments, or other similar developments.

Important Information, continued

Risks - Continued
These materials contain statements that are “forward-looking statements,” which are based on certain assumptions of future events. FIAM and its affiliated advisory entities do not assume any duty to update any forward-looking statement. Actual events may differ from those assumed. There can be no assurance that forward-looking statements, including any projected returns, will materialize or that actual market conditions and/or performance results will not be materially different or worse than those presented.

Performance Data
Gross composite returns do not reflect the deduction of investment advisory ("IA"), performance, administrative or custodial fees, but do include trading expenses. Deduction of all fees will reduce returns. Net composite returns are calculated by deducting the highest advisory fee applicable to any account employing this strategy during the time period shown and applicable performance fee (if any), exclusive of minimum fee arrangements. Other fees and expenses may reduce returns. See the GIPS Composite Report for performance figures that are net of the highest advisory fee (including performance fee, if any) applicable to any account in the Composite, which includes accounts managed by FIAM LLC and its affiliated advisory entities, as permitted, including Fidelity Diversifying Solutions LLC (FDS). Historical performance shown may have been achieved by a different investment adviser in the GIPS Firm definition than the investment adviser presenting the performance, and the investment team responsible for the performance shown may have changed over the course of the composite’s performance time period shown. See FIAM LLC's Form ADV for more information about advisory fees if FIAM LLC is the investment manager for the account. See FDS’ Form ADV for more information about advisory fees if FDS is the investment manager for the account. For additional information about advisory fees related to other affiliated advisory entities of FIAM LLC, speak with your relationship manager. All results reflect realized and unrealized appreciation and the reinvestment of dividends and investment income, if applicable. Taxes have not been deducted. FIAM LLC and its affiliated advisory entities claim compliance with the Global Investment Performance Standards (GIPS) as part of the Fidelity Investments firm.

* * * *

Fidelity Institutional Asset Management (FIAM) includes the following entities that provide investment services: Fidelity Institutional Asset Management Trust Company, a New Hampshire trust company (FIAM TC), and FIAM LLC, a U.S. registered investment adviser. Fidelity Asset Management Solutions (FAMS) includes Fidelity Diversifying Solutions LLC (FDS), a U.S. registered investment adviser, commodity pool operator and commodity trading advisor. FAMS provides a broad array of investment solutions with its Global Institutional Solutions (GIS), Global Asset Allocation (GAA), and institutional equity, fixed income, high income, and alternative asset management teams through FIAM LLC, FIAM TC and FDS.

“Fidelity Investments” and/or “Fidelity” refers collectively to FMR LLC, a U.S. company, and its subsidiaries, including but not limited to Fidelity Management & Research Company LLC (FMR),FIAM LLC and FIAM TC.

Certain data and other information in this presentation have been supplied by outside sources and are believed to be reliable and current. Data and information from third-party databases, such as eVestment Alliance, Callan, and Morningstar are self-reported by firms that generally pay a subscription fee to use such databases, and the database sponsors do not guarantee or audit the accuracy, timeliness, or completeness of the data and information provided, including any rankings. Rankings or similar data reflect information at the time rankings were retrieved from a third-party database, and such rankings may vary significantly as additional data from managers is reported. Rankings may include a variety of product structures, including some in which certain clients may not be eligible to invest. FIAM and its affiliated advisory entities cannot verify the accuracy of information from outside sources, and potential investors should be aware that such information is subject to change without notice.

Index comparisons are presented for illustrative purposes only. Indices are not investments, are not professionally managed and do not reflect deductions for fees or expenses.

Assets and securities contained within this these indices are different than the assets and securities contained in the strategy and will therefore have different risk and reward profiles. There can be no assurance any such correlations or trends would persist in the future.

FIAM or its affiliated advisory entity has prepared this presentation for, and only intends to provide it to, institutional, sophisticated, and/or qualified investors in one-on-one or comparable presentations. Do not distribute or reproduce this report.

Important Information, continued

Professional Designation
The Chartered Financial Analyst (CFA) designation is offered by the CFA Institute. To obtain the CFA charter, candidates must pass three exams demonstrating their competence, integrity, and extensive knowledge in accounting, ethical and professional standards, economics, portfolio management, and security analysis, and must also have at least 4,000 hours of qualifying work experience completed in a minimum of 36 months, among other requirements. CFA® is a trademark owned by CFA Institute.

Not FDIC Insured • No Bank Guarantee • May Lose Value

FIAM-IA
EXPIRES: 11/30/24

THE STATE of ALASKA

GOVERNOR MIKE DUNLEAVY

State Investment Review:

- Economic and Market Update
- September 2024 Performance – Commissioners Report
- Non-Routine Investment Update
- FY2025 Asset Allocation Summary

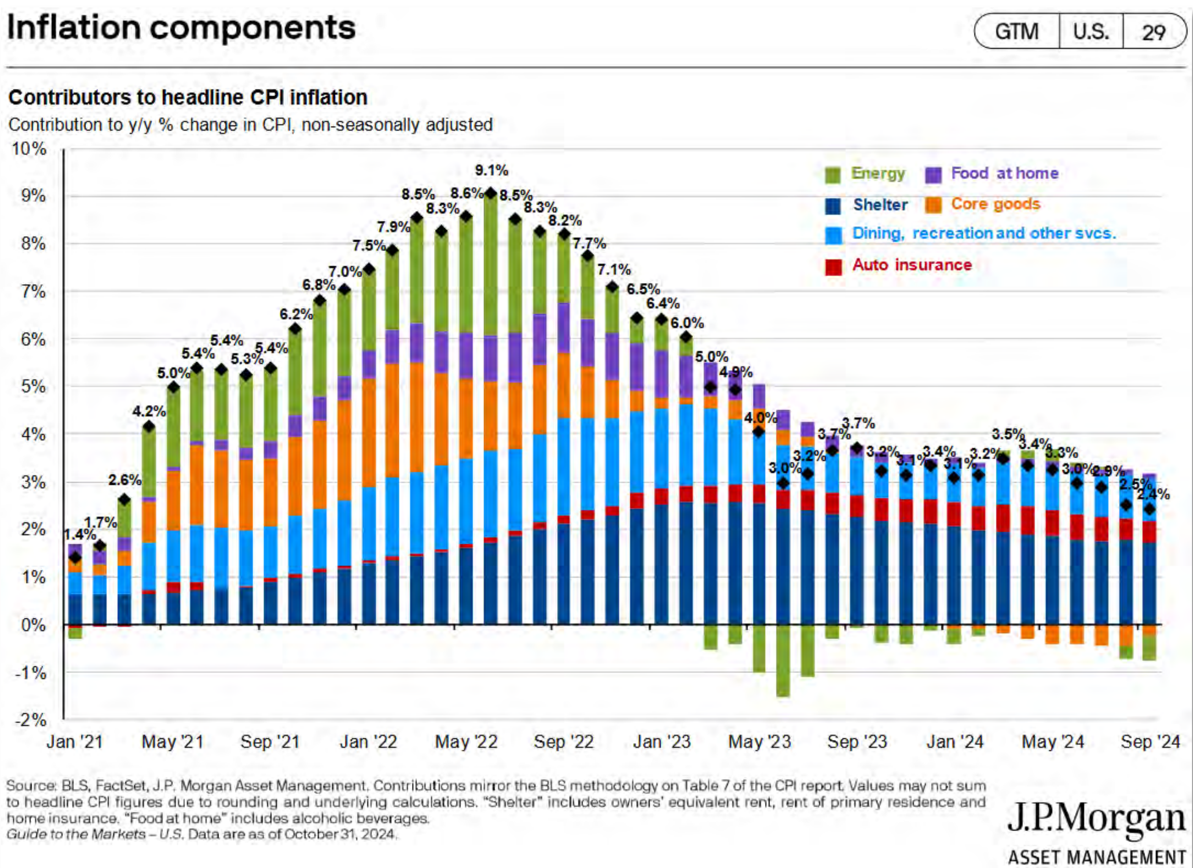
November 2024

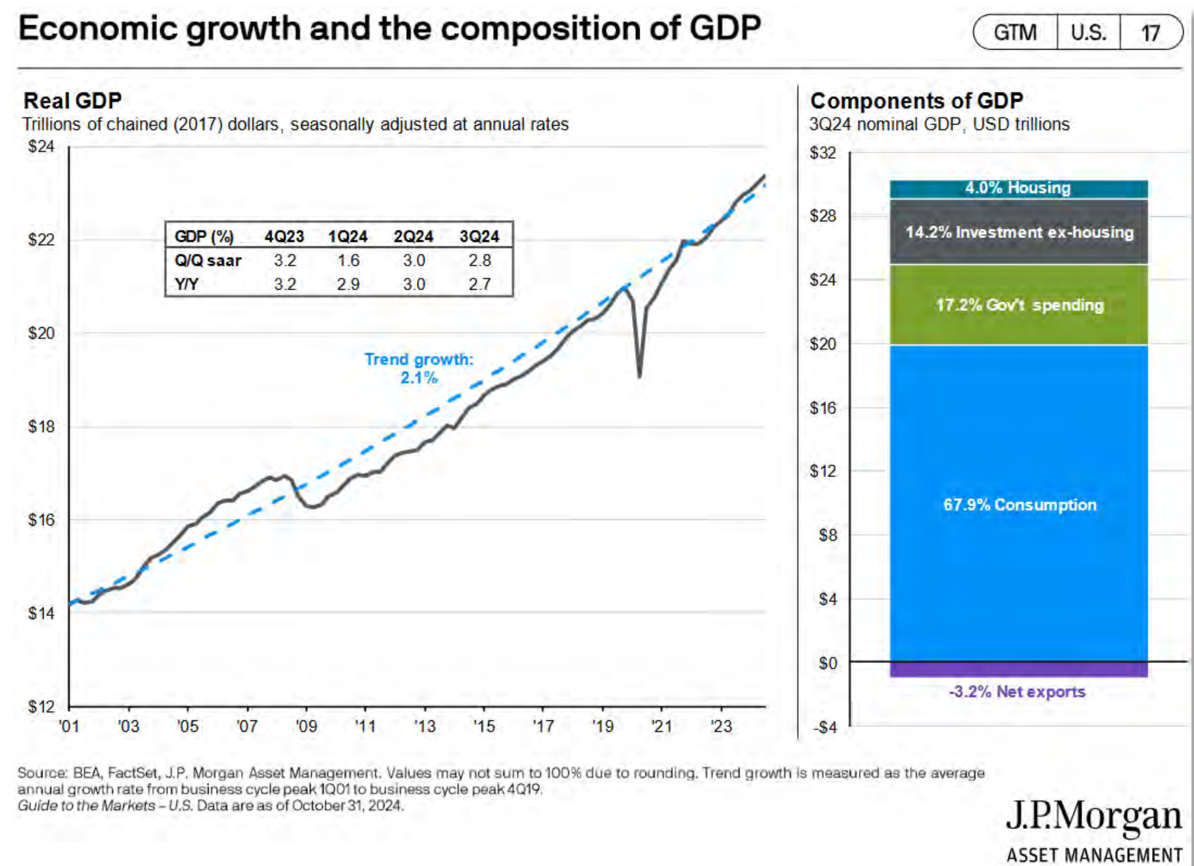
Zachary Hanna, CFA
Chief Investment Officer, Treasury Division
Alaska Department of Revenue

Economic and Market Update

Inflation and Economic Growth

- Inflation has dominated markets since 2022, peaking at 9.1% in June of 2022 and declining to 2.4% in October of 2024.
- The drivers of inflation have shifted considerably in response to higher interest rates, with a current focus on shelter, insurance, and recreation.
- Economic growth has slowed but remains relatively strong.
- Early post-election market expectations indicate strong economic growth with the potential for inflationary pressure.

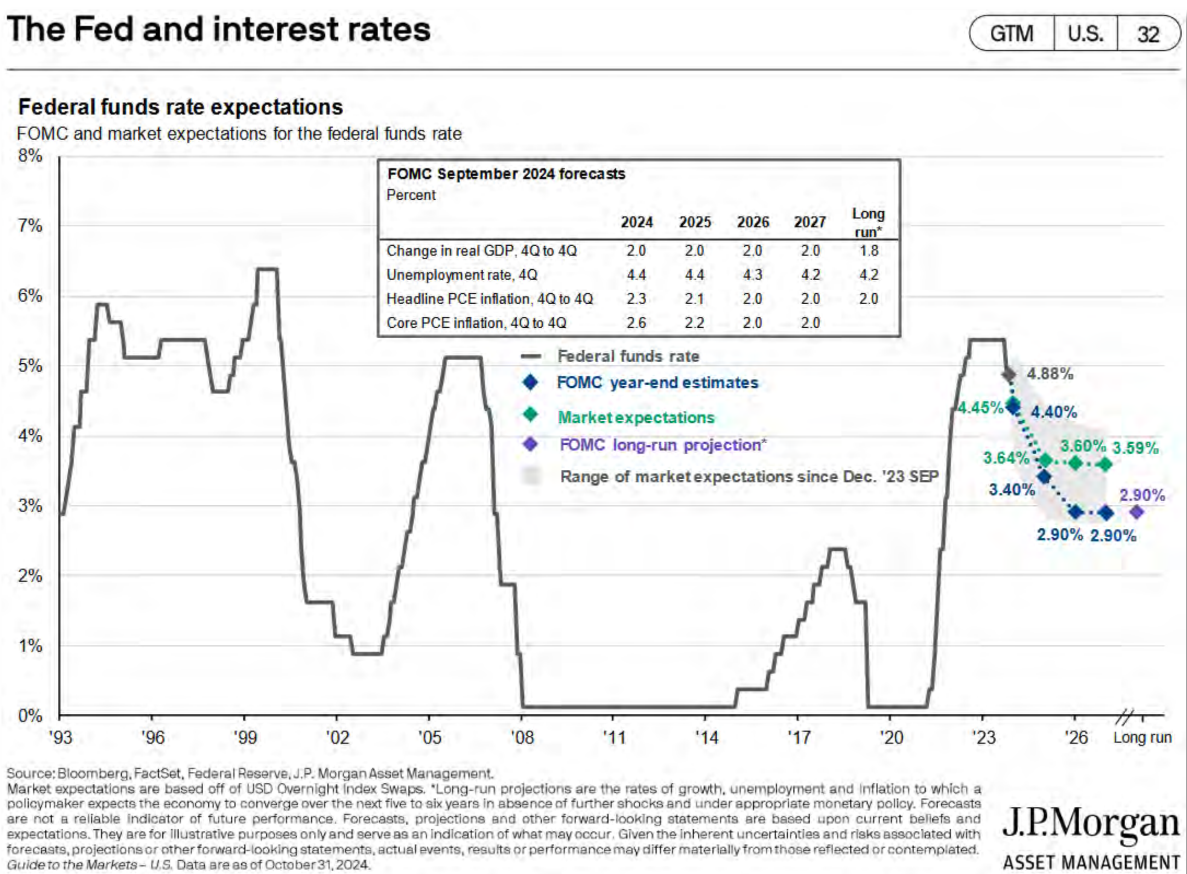




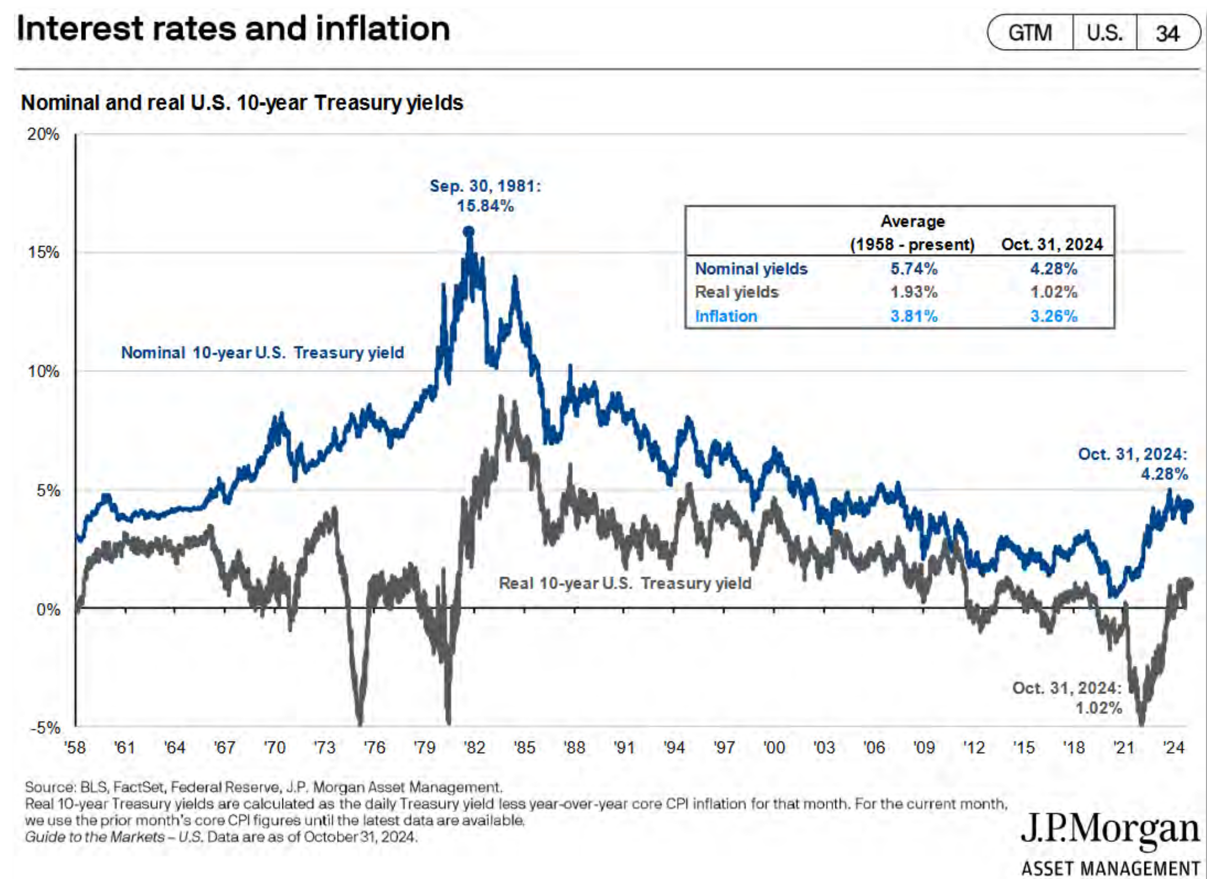
GDP (%)	4Q23	1Q24	2Q24	3Q24
Q/Q saar	3.2	1.6	3.0	2.8
Y/Y	3.2	2.9	3.0	2.7

Interest Rates and the Federal Reserve

- To combat inflation, the Federal Reserve raised interest rates from near zero in 2022 to a 5.50% ceiling in July 2023.
- The Fed has since cut rates 75 basis points through November, bringing the target rate ceiling to 4.75%.
- Recent market forecasts suggest moderate rate cuts are likely through 2025, with three additional cuts currently expected.



	2024	2025	2026	2027	Long run*
Change in real GDP, 4Q to 4Q	2.0	2.0	2.0	2.0	1.8
Unemployment rate, 4Q	4.4	4.4	4.3	4.2	4.2
Headline PCE inflation, 4Q to 4Q	2.3	2.1	2.0	2.0	2.0
Core PCE inflation, 4Q to 4Q	2.6	2.2	2.0	2.0	



	Average (1958 - present)	Oct. 31, 2024
Nominal yields	5.74%	4.28%
Real yields	1.93%	1.02%
Inflation	3.81%	3.26%

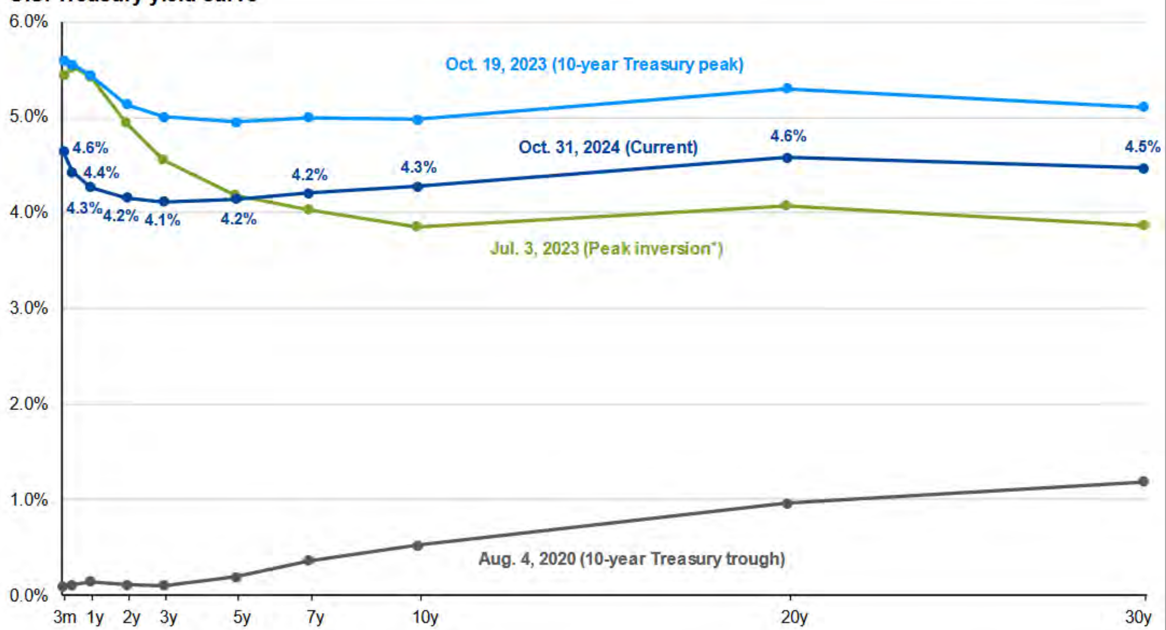
Fixed Income

- Bond yields increased dramatically in reaction to the Fed's increase in rates into 2023.
- Most bond sectors performed poorly in 2022 but returns improved in 2023 and 2024 with higher yields and interest rate cuts.
- Despite the recent volatility in interest rates, forward return expectations for fixed income investments are strong, with high starting yields.
- The long end of the yield curve has risen recently, driven by expectations of sustained inflation and increased debt issuance.

Yield curve

GTM | U.S. | 36

U.S. Treasury yield curve



Source: FactSet, Federal Reserve, J.P. Morgan Asset Management. Analysis references data back to 2020. *Peak inversion is measured by the spread between the yield on a 10-year Treasury and 2-year Treasury.
Guide to the Markets – U.S. Data are as of October 31, 2024.

J.P.Morgan ASSET MANAGEMENT

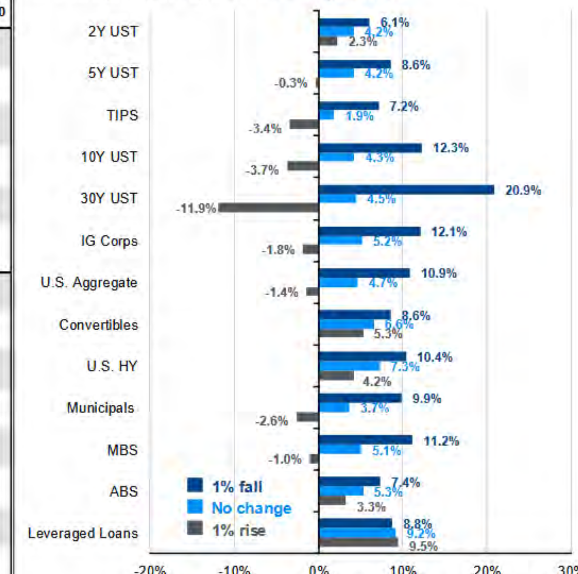
Fixed income market dynamics

GTM | U.S. | 35

U.S. Treasuries	Yield 10/31/2024	Yield 12/31/2023	Return 2024 YTD	Avg. Maturity	Correlation to 10-year	Correlation to S&P 500
2-Year	4.16%	4.23%	3.33%	2 years	0.76	0.01
5-Year	4.15%	3.84%	1.63%	5	0.94	-0.02
TIPS	1.86%	1.72%	2.97%	7.4	0.73	0.33
10-Year	4.28%	3.88%	-0.08%	10	1.00	-0.08
30-Year	4.47%	4.03%	-4.07%	30	0.93	-0.12
Sector						
U.S. Aggregate	4.73%	4.53%	1.86%	8.4	0.90	0.25
IG Corps	5.16%	5.06%	2.77%	10.7	0.68	0.46
Convertibles	6.63%	7.26%	8.63%	-	-0.06	0.86
U.S. HY	7.33%	7.59%	7.42%	4.8	0.07	0.78
Municipals	3.66%	3.22%	0.81%	13.6	0.72	0.25
MBS	5.08%	4.68%	1.54%	7.7	0.81	0.26
ABS	5.34%	5.65%	5.85%	2.3	0.42	0.22
Leveraged Loans	9.16%	10.59%	7.75%	4.6	-0.24	0.61

Fixed income returns in different interest rate scenarios

Total return, assumes a parallel shift in the yield curve

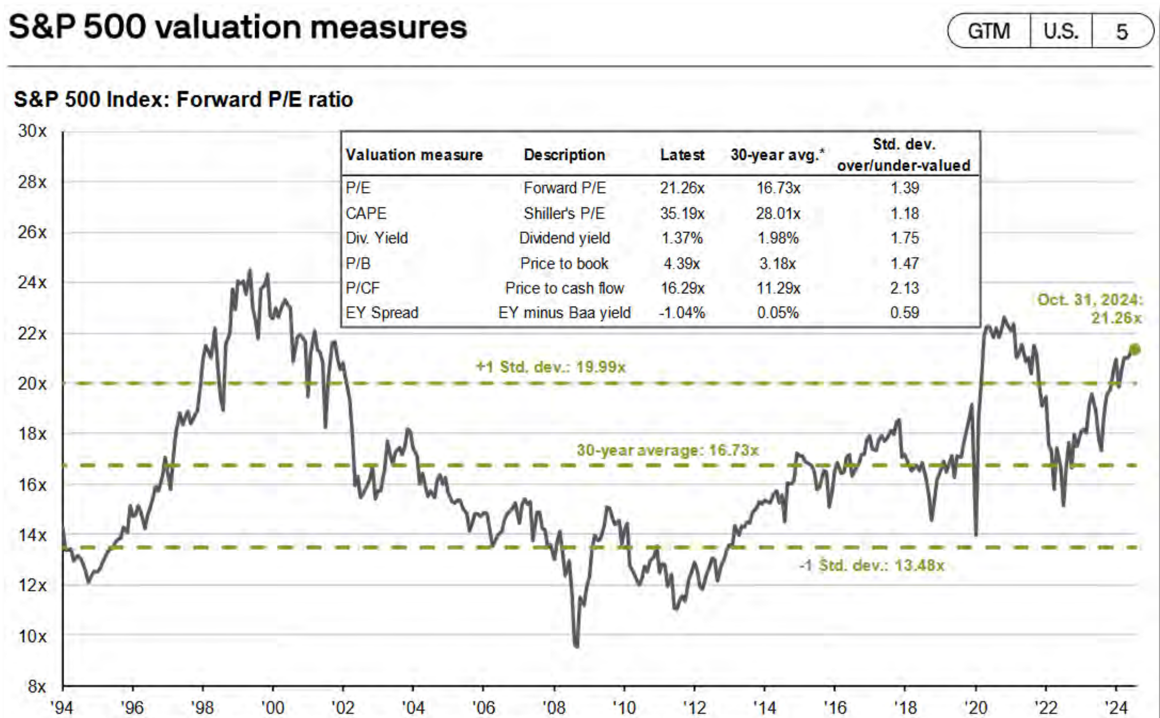


Source: Bloomberg, FactSet, Standard & Poor's, U.S. Treasury, J.P. Morgan Asset Management. Sectors shown above are provided by Bloomberg unless otherwise noted and are represented by – U.S. Aggregate; MBS: U.S. Aggregate Securitized - MBS; ABS: J.P. Morgan ABS Index; IG Corporates: U.S. Corporates; Municipals: Muni Bond; High Yield: Corporate High Yield; Leveraged Loans: J.P. Morgan Leveraged Loan Index; TIPS: Treasury Inflation-Protected Securities; Convertibles: U.S. Convertibles Composite. Convertibles yield is as of most recent month-end and is based on U.S. portion of Bloomberg Global Convertibles Index. Yield and return information based on bellwethers for Treasury securities. Yields shown for TIPS are real yields. Sector yields reflect yield-to-worst. Leveraged loan yields reflect the yield to 3Y takeout. Correlations are based on 15-years of monthly returns for all sectors. ABS returns prior to June 2012 are sourced from Bloomberg. Past performance is not indicative of future results.
Guide to the Markets – U.S. Data are as of October 31, 2024.

J.P.Morgan ASSET MANAGEMENT

Equity Markets

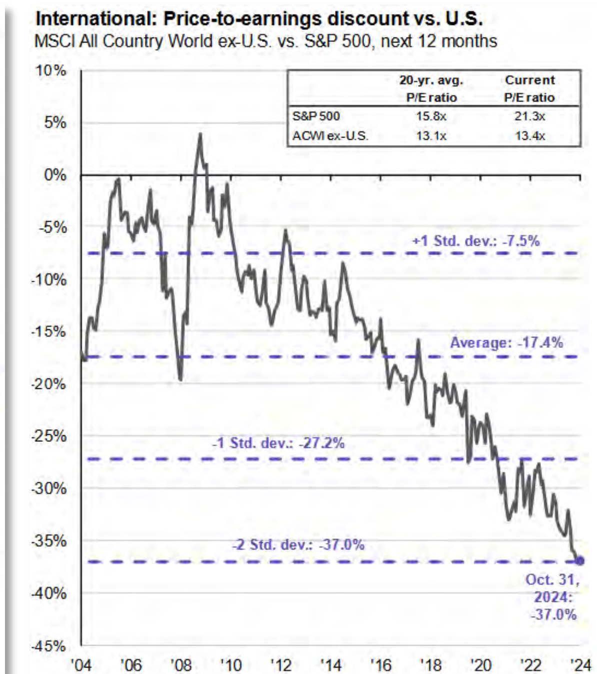
- The U.S. stock market is near all-time highs, with valuations at elevated levels.
- Domestic equity returns and valuations are primarily driven by the largest technology companies, which has led to more concentrated equity indices.
- In the short term, domestic equity returns may continue to be strong, fueled by expected growth and earnings. However, longer-term prospects are likely to be challenged by high valuations and the potential for inflationary pressures.
- International equity valuations are close to long-term averages, but at a significant discount compared to the high valuations in the U.S.



Valuation measure	Description	Latest	30-year avg.*	Std. dev. over/under-valued
P/E	Forward P/E	21.26x	16.73x	1.39
CAPE	Shiller's P/E	35.19x	28.01x	1.18
Div. Yield	Dividend yield	1.37%	1.98%	1.75
P/B	Price to book	4.39x	3.18x	1.47
P/CF	Price to cash flow	16.29x	11.29x	2.13
EY Spread	EY minus Baa yield	-1.04%	0.05%	0.59

Source: FactSet, FRB, Refinitiv Datastream, Robert Shiller, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management.
Price-to-earnings is price divided by consensus analyst estimates of earnings per share for the next 12 months as provided by IBES since March 1994 and by FactSet since January 2022. Average P/E and standard deviations are calculated using 30 years of history. Shiller's P/E uses trailing 10-years of inflation-adjusted earnings as reported by companies. Dividend yield is calculated as the next 12-months consensus dividend divided by most recent price. Price-to-book ratio is the price divided by book value per share. Price-to-cash flow is price divided by NTM cash flow. EY minus Baa yield is the forward earnings yield (consensus analyst estimates of EPS over the next 12 months divided by price) minus the Moody's Baa seasoned corporate bond yield. Std. dev. over-/under-valued is calculated using the average and standard deviation over 30 years for each measure. *Averages and standard deviations for dividend yield and P/CF are since November 1995 due to data availability.
Guide to the Markets – U.S. Data are as of October 31, 2024.

	Current	Average	% of avg.
Top 10	29.8x	20.5x	145%
Remaining stocks	18.1x	15.7x	115%
S&P 500	21.3x	16.6x	128%



	20-yr. avg. P/E ratio	Current P/E ratio
S&P 500	15.8x	21.3x
ACWI ex-U.S.	13.1x	13.4x

Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management.
Guide to the Markets – U.S. Data are as of October 31, 2024.

Capital Market Performance Update

- Performance was strong for FY24, CY 2024 YTD, and the last quarter.
- All asset classes had strong performance for the third quarter, led by REITs and International Equity, followed by U.S. Equity and Fixed Income.
- Capital markets have been focused on inflation, interest rates, and economic growth.
- Inflation has continued to moderate, and the Fed has started cutting interest rates, easing the pressure on economic growth.
- As a result, equity markets have recovered strongly and both core U.S. fixed income and cash equivalents have benefited from high yields.

2018	2019	2020	2021	2022	2023	FY2024	CYTD2024	Q3-9/30/24
Cash Equivalents 1.9%	Broad U.S. Equity 31.0%	Broad U.S. Equity 20.9%	REITs 41.3%	Cash Equivalents 1.5%	Broad U.S. Equity 26.0%	Broad U.S. Equity 23.1%	Broad U.S. Equity 20.6%	REITs 16.8%
Core U.S. Fixed Income 0.0%	REITs 28.7%	TIPS 11.0%	Broad U.S. Equity 25.7%	High Yield (11.2%)	International Equity 15.6%	International Equity 11.6%	REITs 14.2%	International Equity 8.1%
TIPS (1.3%)	International Equity 21.5%	International Equity 10.7%	International Equity 7.8%	TIPS (11.8%)	High Yield 13.4%	High Yield 10.4%	International Equity 14.2%	Broad U.S. Equity 6.2%
High Yield (2.1%)	High Yield 14.3%	Core U.S. Fixed Income 7.5%	TIPS 6.0%	Core U.S. Fixed Income (13.0%)	REITs 11.4%	REITs 5.8%	High Yield 8.0%	High Yield 5.3%
REITs (4.0%)	Core U.S. Fixed Income 8.7%	High Yield 7.1%	High Yield 5.3%	International Equity (16.0%)	Core U.S. Fixed Income 5.5%	Cash Equivalents 5.4%	TIPS 4.9%	Core U.S. Fixed Income 5.2%
Broad U.S. Equity (5.2%)	TIPS 8.4%	Cash Equivalents 0.7%	Cash Equivalents 0.0%	Broad U.S. Equity (19.2%)	Cash Equivalents 5.0%	TIPS 2.7%	Core U.S. Fixed Income 4.4%	TIPS 4.1%
International Equity (14.2%)	Cash Equivalents 2.3%	REITs (5.1%)	Core U.S. Fixed Income (1.5%)	REITs (24.9%)	TIPS 3.9%	Core U.S. Fixed Income 2.6%	Cash Equivalents 4.0%	Cash Equivalents 1.4%

Performance:

Commissioner's Report

September 2024

DOR Commissioner's Report: Market Values for Month Ending 9/30/2024

Market Value

Plan Name	Cash Equivalents	Domestic Equity	Fixed Income	Interm. Fixed Income	Int'l Equity	REITs	Market Value
2008 Transportation Project Government Bonds (AY2Q)	$849,310						**$849,310**
2013B Tax Exempt Education (AY3Z)	$195,173						**$195,173**
2016A - 2012 Transportation Bond Act (AY3Y)	$708,102						**$708,102**
2016B - 2012 Transportation Bond Act (AY3Q)	$44,389,868						**$44,389,868**
Alaska Higher Education Investment (AY3L)	$2,212,855	$168,625,887	$126,331,180		$109,216,441	$23,928,141	**$430,314,504**
Alaska Mental Health Trust Reserve (AY2L)	$425,568	$19,279,938	$20,490,555		$14,655,312		**$54,851,373**
ASLC Investment Fund (AY3S)	$1,388,207	$29,353,474	$78,236,975		$18,866,871	$4,431,904	**$132,277,431**
Constitutional Budget Reserve Fund (AY19)	$2,777,535,063						**$2,777,535,063**
Education Endowment Fund (AY3G)	$9,237	$697,568	$522,607		$451,758	$98,953	**$1,780,123**
EVOS Habitat Investment (AY2H)	$24,600,813			$46,514,398			**$71,115,212**
EVOS Research Investment (AY02)	$11,508,733			$21,760,479			**$33,269,212**
GeFONSI I (AY01)	$1,717,879,422			$297,301,331			**$2,015,180,754**
GeFONSI II (AY3F)	$886,527,354	$60,954,008		$476,230,151	$30,793,718		**$1,454,505,231**
Illinois Creek Mine Reclamation (AY9J)	$8,582	$651,384	$488,005		$421,941	$92,432	**$1,662,344**
International Airports Repair & Replacement Fund (AY05)	$507,310						**$507,310**
International Airports Revenue Fund (AY04)	$191,889,034			$33,739,235			**$225,628,269**
International Airports Series 2002 Reserve Account (AY2E)	$16,513,173						**$16,513,173**
International Airports Series 2003 Reserve (AY2U)	$11,740,090						**$11,740,090**
Investment Loss Trust Fund (AY28)	$3,700,302						**$3,700,302**
Permanent Fund Dividend Holding Account (AY2G)	$1,128,615,462						**$1,128,615,462**
Public School Trust Fund (AY08)	$4,403,768	$335,381,680	$251,261,119		$217,221,679	$47,591,094	**$855,859,340**
RHIF LTC Insurance (AY11)	$10,000,698	$138,939,240	$622,461,093		$102,947,238	$41,008,458	**$915,356,727**
RHIF Major Medical (AY03)	$20,747,424						**$20,747,424**

**Plans with a market value under $100,000 are excluded from this report. Information on these plans is available upon request.*

DOR Commissioner's Report: Market Values for Month Ending 9/30/2024

Actual Allocation

Plan Name	Cash Equivalents	Domestic Equity	Fixed Income	Interm. Fixed Income	Int'l Equity	REITs
2008 Transportation Project Government Bonds (AY2Q)	100.00%					
2013B Tax Exempt Education (AY3Z)	100.00%					
2016A - 2012 Transportation Bond Act (AY3Y)	100.00%					
2016B - 2012 Transportation Bond Act (AY3Q)	100.00%					
Alaska Higher Education Investment (AY3L)	0.51%	39.19%	29.36%		25.38%	5.56%
Alaska Mental Health Trust Reserve (AY2L)	0.78%	35.15%	37.36%		26.72%	
ASLC Investment Fund (AY3S)	1.05%	22.19%	59.15%		14.26%	3.35%
Constitutional Budget Reserve Fund (AY19)	100.00%					
Education Endowment Fund (AY3G)	0.52%	39.19%	29.36%		25.38%	5.56%
EVOS Habitat Investment (AY2H)	34.59%			65.41%		
EVOS Research Investment (AY02)	34.59%			65.41%		
GeFONSI I (AY01)	85.25%			14.75%		
GeFONSI II (AY3F)	60.95%	4.19%		32.74%	2.12%	
Illinois Creek Mine Reclamation (AY9J)	0.52%	39.18%	29.36%		25.38%	5.56%
International Airports Repair & Replacement Fund (AY05)	100.00%					
International Airports Revenue Fund (AY04)	85.05%			14.95%		
International Airports Series 2002 Reserve Account (AY2E)	100.00%					
International Airports Series 2003 Reserve (AY2U)	100.00%					
Investment Loss Trust Fund (AY28)	100.00%					
Permanent Fund Dividend Holding Account (AY2G)	100.00%					
Public School Trust Fund (AY08)	0.51%	39.19%	29.36%		25.38%	5.56%
RHIF LTC Insurance (AY11)	1.09%	15.18%	68.00%		11.25%	4.48%
RHIF Major Medical (AY03)	100.00%					

**Plans with a market value under $100,000 are excluded from this report. Information on these plans is available upon request.*

DOR Commissioner's Report: Market Values for Month Ending 9/30/2024

Target Allocation

Plan Name	Cash Equivalents	Domestic Equity	Fixed Income	Interm. Fixed Income	Int'l Equity	REITs
2008 Transportation Project Government Bonds (AY2Q)	100.00%					
2013B Tax Exempt Education (AY3Z)	100.00%					
2016A - 2012 Transportation Bond Act (AY3Y)	100.00%					
2016B - 2012 Transportation Bond Act (AY3Q)	100.00%					
Alaska Higher Education Investment (AY3L)	1.00%	39.00%	30.00%		25.00%	5.00%
Alaska Mental Health Trust Reserve (AY2L)	1.00%	34.80%	38.00%		26.20%	
ASLC Investment Fund (AY3S)	1.00%	22.00%	60.00%		14.00%	3.00%
Constitutional Budget Reserve Fund (AY19)	100.00%					
Education Endowment Fund (AY3G)	1.00%	39.00%	30.00%		25.00%	5.00%
EVOS Habitat Investment (AY2H)	35.00%			65.00%		
EVOS Research Investment (AY02)	35.00%			65.00%		
GeFONSI I (AY01)	85.00%			15.00%		
GeFONSI II (AY3F)	61.00%	4.00%		33.00%	2.00%	
Illinois Creek Mine Reclamation (AY9J)	1.00%	39.00%	30.00%		25.00%	5.00%
International Airports Repair & Replacement Fund (AY05)	100.00%					
International Airports Revenue Fund (AY04)	85.00%			15.00%		
International Airports Series 2002 Reserve Account (AY2E)	100.00%					
International Airports Series 2003 Reserve (AY2U)	100.00%					
Investment Loss Trust Fund (AY28)	100.00%					
Permanent Fund Dividend Holding Account (AY2G)	100.00%					
Public School Trust Fund (AY08)	1.00%	39.00%	30.00%		25.00%	5.00%
RHIF LTC Insurance (AY11)	1.00%	15.00%	69.00%		11.00%	4.00%
RHIF Major Medical (AY03)	100.00%					

Plans with a market value under $100,000 are excluded from this report. Information on these plans is available upon request.

DOR Commissioner's Report: Market Values for Month Ending 9/30/2024

Relative Allocation

Plan Name	Cash Equivalents	Domestic Equity	Fixed Income	Interm. Fixed Income	Int'l Equity	REITs
2008 Transportation Project Government Bonds (AY2Q)	0.00%					
2013B Tax Exempt Education (AY3Z)	0.00%					
2016A - 2012 Transportation Bond Act (AY3Y)	0.00%					
2016B - 2012 Transportation Bond Act (AY3Q)	0.00%					
Alaska Higher Education Investment (AY3L)	-0.49%	0.19%	-0.64%		0.38%	0.56%
Alaska Mental Health Trust Reserve (AY2L)	-0.22%	0.35%	-0.64%		0.52%	
ASLC Investment Fund (AY3S)	0.05%	0.19%	-0.85%		0.26%	0.35%
Constitutional Budget Reserve Fund (AY19)	0.00%					
Education Endowment Fund (AY3G)	-0.48%	0.19%	-0.64%		0.38%	0.56%
EVOS Habitat Investment (AY2H)	-0.41%			0.41%		
EVOS Research Investment (AY02)	-0.41%			0.41%		
GeFONSI I (AY01)	0.25%			-0.25%		
GeFONSI II (AY3F)	-0.05%	0.19%		-0.26%	0.12%	
Illinois Creek Mine Reclamation (AY9J)	-0.48%	0.18%	-0.64%		0.38%	0.56%
International Airports Repair & Replacement Fund (AY05)	0.00%					
International Airports Revenue Fund (AY04)	0.05%			-0.05%		
International Airports Series 2002 Reserve Account (AY2E)	0.00%					
International Airports Series 2003 Reserve (AY2U)	0.00%					
Investment Loss Trust Fund (AY28)	0.00%					
Permanent Fund Dividend Holding Account (AY2G)	0.00%					
Public School Trust Fund (AY08)	-0.49%	0.19%	-0.64%		0.38%	0.56%
RHIF LTC Insurance (AY11)	0.09%	0.18%	-1.00%		0.25%	0.48%
RHIF Major Medical (AY03)	0.00%					

**Plans with a market value under $100,000 are excluded from this report. Information on these plans is available upon request.*

DOR Commissioner's Report: Net Pool Performance for Month Ending 9/30/2024

Pool Performance (Net of Fee)	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	0.48%	1.46%	1.46%	5.78%	3.74%	2.51%	2.41%	1.88%
Fixed Income - Short Term	0.83%	2.92%	2.92%	7.31%				
Fixed Income - Core US	1.38%	5.11%	5.11%	11.99%	-0.87%	0.77%	1.81%	2.15%
Fixed Income - Core Plus	1.44%	5.34%	5.34%	13.14%				
Equity - Broad US*	2.07%	6.22%	6.22%	35.24%	10.39%	15.27%	13.74%	
Equity - REITS	3.16%	16.76%	16.76%	34.82%	3.38%			
Equity - Global ex-US*	2.67%	7.87%	7.87%	24.99%	4.11%	7.49%	5.52%	

Benchmark Performance	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	0.43%	1.37%	1.37%	5.46%	3.49%	2.32%	2.22%	1.65%
Fixed Income - Short Term	0.81%	2.89%	2.89%	6.78%				
Fixed Income - Core US	1.34%	5.20%	5.20%	11.57%	-1.39%	0.33%	1.47%	1.84%
Fixed Income - Core Plus	1.34%	5.20%	5.20%	11.57%				
Equity - Broad US*	2.07%	6.23%	6.23%	35.19%	10.29%	15.26%	13.74%	
Equity - REITS	3.17%	16.79%	16.79%	34.77%	3.51%			
Equity - Global ex-US*	2.69%	8.06%	8.06%	25.35%	4.14%	7.59%	5.44%	

Relative Performance (Net of Fee)	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
Cash Equivalents	0.05% ●	0.10% ●	0.10% ●	0.33% ●	0.25% ●	0.19% ●	0.18% ●	0.23% ●
Fixed Income - Short Term	0.02% ●	0.03% ●	0.03% ●	0.52% ●				
Fixed Income - Core US	0.04% ●	-0.09% ◆	-0.09% ◆	0.42% ●	0.52% ●	0.44% ●	0.33% ●	0.30% ●
Fixed Income - Core Plus	0.10% ●	0.14% ●	0.14% ●	1.57% ●				
Equity - Broad US*	0.00% ▲	0.00% ▲	0.00% ▲	0.04% ●	0.11% ●	0.00% ●	0.01% ●	
Equity - REITS	-0.01% ▲	-0.03% ▲	-0.03% ▲	0.05% ●	-0.13% ◆			
Equity - Global ex-US*	-0.02% ▲	-0.19% ◆	-0.19% ◆	-0.37% ◆	-0.03% ▲	-0.09% ◆	0.08% ●	

Equity performance reflects data as of July 1, 2016 due to accounting structure change.

Plan Performance (Net of Fee)	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
2008 Transportation Project Government Bonds (AY2Q)	0.48%	1.46%	1.46%	5.78%	3.74%	2.51%	2.41%	1.88%
2013B Tax Exempt Education (AY3Z)	0.48%	1.46%	1.46%	5.78%	3.74%	2.51%	2.41%	1.88%
2016A - 2012 Transportation Bond Act (AY3Y)	0.48%	1.46%	1.46%	5.78%	3.74%	2.50%	2.40%	1.88%
2016B - 2012 Transportation Bond Act (AY3Q)	0.48%	1.46%	1.46%	5.78%	3.74%	2.51%	2.41%	
Alaska Higher Education Investment (AY3L)	2.08%	6.81%	6.81%	25.32%	5.20%	8.80%	8.01%	7.71%
Alaska Mental Health Trust Reserve (AY2L)	1.96%	6.20%	6.20%	24.38%	5.45%	8.17%	7.59%	7.35%
ASLC Investment Fund (AY3S)	1.77%	6.07%	6.07%	19.47%	4.14%			
Constitutional Budget Reserve Fund (AY19)	0.48%	1.46%	1.46%	5.78%	3.74%	2.72%	2.80%	2.46%
Education Endowment Fund (AY3G)	2.07%	6.80%	6.80%	25.32%	5.19%			
EVOS Habitat Investment (AY2H)	0.71%	2.41%	2.41%	6.77%	0.93%	4.96%	5.33%	6.05%
EVOS Research Investment (AY02)	0.71%	2.41%	2.41%	6.77%	0.93%	5.19%	5.49%	6.15%
GeFONSI I (AY01)	0.54%	1.69%	1.69%	6.01%	3.09%	2.18%	2.18%	1.73%
GeFONSI II (AY3F)	0.71%	2.28%	2.28%	7.79%	2.79%	2.69%		
Illinois Creek Mine Reclamation (AY9J)	2.07%	6.80%	6.80%	25.31%	5.19%	8.80%	7.99%	7.30%
International Airports Repair & Replacement Fund (AY05)	0.48%	1.46%	1.46%	5.78%	3.74%	2.51%	2.41%	1.88%
International Airports Revenue Fund (AY04)	0.53%	1.68%	1.68%	6.01%	3.06%	2.33%	2.53%	2.29%
International Airports Series 2002 Reserve Account (AY2E)	0.48%	1.46%	1.46%	5.78%	3.74%	2.51%	2.41%	1.88%
International Airports Series 2003 Reserve (AY2U)	0.48%	1.46%	1.46%	5.78%	3.74%	2.51%	2.41%	1.88%
Investment Loss Trust Fund (AY28)	0.48%	1.46%	1.46%	5.78%	3.74%	2.51%	2.41%	1.88%
Permanent Fund Dividend Holding Account (AY2G)	0.41%	1.35%	1.35%	5.66%	3.68%	2.47%	2.50%	1.92%
Public School Trust Fund (AY08)	2.07%	6.80%	6.80%	25.30%	5.19%	8.80%	7.90%	7.42%
RHIF LTC Insurance (AY11)	1.70%	6.03%	6.03%	20.56%	3.67%	6.43%	6.20%	5.98%
RHIF Major Medical (AY03)	0.48%	1.46%	1.46%	5.78%	3.74%	2.51%	2.41%	1.88%

Plans with a market value under $100,000 are excluded from this report. Information on these plans is available upon request.

DOR Commissioner's Report: Net Plan Performance for Month Ending 9/30/2024

Benchmark Performance	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
2008 Transportation Project Government Bonds (AY2Q)	0.43%	1.37%	1.37%	5.46%	3.49%	2.32%	2.22%	1.65%
2013B Tax Exempt Education (AY3Z)	0.43%	1.37%	1.37%	5.46%	3.49%	2.32%	2.22%	1.65%
2016A - 2012 Transportation Bond Act (AY3Y)	0.43%	1.37%	1.37%	5.46%	3.49%	2.32%	2.22%	1.65%
2016B - 2012 Transportation Bond Act (AY3Q)	0.43%	1.37%	1.37%	5.46%	3.49%	2.32%	2.22%	
Alaska Higher Education Investment (AY3L)	2.05%	6.86%	6.86%	25.12%	4.97%	8.69%	7.92%	7.59%
Alaska Mental Health Trust Reserve (AY2L)	1.94%	6.27%	6.27%	24.22%	5.17%	7.90%	7.36%	7.06%
ASLC Investment Fund (AY3S)	1.74%	6.13%	6.13%	19.09%	3.72%			
Constitutional Budget Reserve Fund (AY19)	0.43%	1.37%	1.37%	5.46%	3.49%	2.49%	2.62%	2.24%
Education Endowment Fund (AY3G)	2.05%	6.86%	6.86%	25.12%	4.97%			
EVOS Habitat Investment (AY2H)	0.68%	2.36%	2.36%	6.32%	0.39%	4.61%	5.09%	5.72%
EVOS Research Investment (AY02)	0.68%	2.36%	2.36%	6.32%	0.48%	4.88%	5.28%	5.85%
GeFONSI I (AY01)	0.49%	1.60%	1.60%	5.66%	2.81%	1.98%	1.99%	1.52%
GeFONSI II (AY3F)	0.67%	2.20%	2.20%	7.38%	2.59%	2.55%		
Illinois Creek Mine Reclamation (AY9J)	2.05%	6.86%	6.86%	25.12%	4.97%	8.69%	7.92%	7.22%
International Airports Repair & Replacement Fund (AY05)	0.43%	1.37%	1.37%	5.46%	3.49%	2.32%	2.22%	1.65%
International Airports Revenue Fund (AY04)	0.49%	1.60%	1.60%	5.66%	2.81%	2.13%	2.36%	2.06%
International Airports Series 2002 Reserve Account (AY2E)	0.43%	1.37%	1.37%	5.46%	3.49%	2.32%	2.22%	1.65%
International Airports Series 2003 Reserve (AY2U)	0.43%	1.37%	1.37%	5.46%	3.49%	2.32%	2.22%	1.65%
Investment Loss Trust Fund (AY28)	0.43%	1.37%	1.37%	5.46%	3.49%	2.32%	2.22%	1.65%
Permanent Fund Dividend Holding Account (AY2G)	0.43%	1.37%	1.37%	5.46%	3.49%	2.32%	2.22%	1.65%
Public School Trust Fund (AY08)	2.05%	6.86%	6.86%	25.12%	4.97%	8.69%	7.83%	7.31%
RHIF LTC Insurance (AY11)	1.67%	6.09%	6.09%	20.23%	3.41%	6.24%	6.07%	5.78%
RHIF Major Medical (AY03)	0.43%	1.37%	1.37%	5.46%	3.49%	2.32%	2.22%	1.65%

**Plans with a market value under $100,000 are excluded from this report. Information on these plans is available upon request.*

DOR Commissioner's Report: Net Plan Performance for Month Ending 9/30/2024

Relative Performance (Net of Fee)	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year
2008 Transportation Project Government Bonds (AY2Q)	0.05%	0.10%	0.10%	0.33%	0.25%	0.19%	0.19%	0.23%
2013B Tax Exempt Education (AY3Z)	0.05%	0.10%	0.10%	0.33%	0.25%	0.19%	0.19%	0.23%
2016A - 2012 Transportation Bond Act (AY3Y)	0.05%	0.10%	0.10%	0.33%	0.25%	0.18%	0.18%	0.23%
2016B - 2012 Transportation Bond Act (AY3Q)	0.05%	0.10%	0.10%	0.33%	0.25%	0.19%	0.19%	
Alaska Higher Education Investment (AY3L)	0.02%	-0.05%	-0.05%	0.19%	0.23%	0.11%	0.10%	0.12%
Alaska Mental Health Trust Reserve (AY2L)	0.02%	-0.07%	-0.07%	0.16%	0.28%	0.28%	0.23%	0.29%
ASLC Investment Fund (AY3S)	0.03%	-0.06%	-0.06%	0.39%	0.42%			
Constitutional Budget Reserve Fund (AY19)	0.05%	0.10%	0.10%	0.33%	0.25%	0.22%	0.18%	0.22%
Education Endowment Fund (AY3G)	0.02%	-0.05%	-0.05%	0.20%	0.23%			
EVOS Habitat Investment (AY2H)	0.03%	0.05%	0.05%	0.45%	0.54%	0.35%	0.24%	0.34%
EVOS Research Investment (AY02)	0.03%	0.05%	0.05%	0.45%	0.45%	0.31%	0.21%	0.29%
GeFONSI I (AY01)	0.05%	0.10%	0.10%	0.35%	0.28%	0.20%	0.19%	0.21%
GeFONSI II (AY3F)	0.04%	0.08%	0.08%	0.41%	0.20%	0.14%		
Illinois Creek Mine Reclamation (AY9J)	0.02%	-0.05%	-0.05%	0.19%	0.22%	0.11%	0.08%	0.08%
International Airports Repair & Replacement Fund (AY05)	0.05%	0.10%	0.10%	0.33%	0.25%	0.19%	0.19%	0.23%
International Airports Revenue Fund (AY04)	0.04%	0.09%	0.09%	0.36%	0.25%	0.20%	0.17%	0.23%
International Airports Series 2002 Reserve Account (AY2E)	0.05%	0.10%	0.10%	0.33%	0.25%	0.19%	0.19%	0.23%
International Airports Series 2003 Reserve (AY2U)	0.05%	0.10%	0.10%	0.33%	0.25%	0.19%	0.19%	0.23%
Investment Loss Trust Fund (AY28)	0.05%	0.10%	0.10%	0.33%	0.25%	0.19%	0.19%	0.23%
Permanent Fund Dividend Holding Account (AY2G)	-0.02%	-0.01%	-0.01%	0.21%	0.19%	0.15%	0.27%	0.27%
Public School Trust Fund (AY08)	0.02%	-0.06%	-0.06%	0.18%	0.22%	0.11%	0.08%	0.11%
RHIF LTC Insurance (AY11)	0.03%	-0.06%	-0.06%	0.32%	0.27%	0.19%	0.13%	0.19%
RHIF Major Medical (AY03)	0.05%	0.10%	0.10%	0.33%	0.25%	0.19%	0.19%	0.23%

**Plans with a market value under $100,000 are excluded from this report. Information on these plans is available upon request.*

DOR Commissioner's Report: External Management Fees as of Month Ending 9/30/2024

Plan Fees for the Last Year

Plan	Fee as a %
2008 Transportation Project Government Bonds (AY2Q)	0.0000%
2013B Tax Exempt Education (AY3Z)	0.0000%
2016A - 2012 Transportation Bond Act (AY3Y)	0.0000%
2016B - 2012 Transportation Bond Act (AY3Q)	0.0000%
Alaska Higher Education Investment (AY3L)	0.0208%
Alaska Mental Health Trust Reserve (AY2L)	0.0223%
ASLC Investment Fund (AY3S)	0.0312%
Constitutional Budget Reserve Fund (AY19)	0.0000%
Education Endowment Fund (AY3G)	0.0210%
EVOS Habitat Investment (AY2H)	0.0000%
EVOS Research Investment (AY02)	0.0000%
GeFONSI I (AY01)	0.0000%
GeFONSI II (AY3F)	0.0006%
Illinois Creek Mine Reclamation (AY9J)	0.0208%
International Airports Repair & Replacement Fund (AY05)	0.0000%
International Airports Revenue Fund (AY04)	0.0000%
International Airports Series 2002 Reserve Account (AY2E)	0.0000%
International Airports Series 2003 Reserve (AY2U)	0.0000%
Investment Loss Trust Fund (AY28)	0.0000%
Permanent Fund Dividend Holding Account (AY2G)	0.0000%
Public School Trust Fund (AY08)	0.0208%
RHIF LTC Insurance (AY11)	0.0300%
RHIF Major Medical (AY03)	0.0000%

**Plans with a market value under $100,000 are excluded from this report. Information on these plans is available upon request.*

Commissioner's Report: Top GeFONSI Accounts for Month Ending: 9/30/2024

Program	Account Name	End Balance
GeFONSI I	General Fund	$1,158,737,607.78
	Alaska Clean Water Fund	$176,730,873.46
	Alaska Drinking Water Fund	$103,649,338.00
	Fish & Game Fund	$61,652,128.97
	Public Advocacy Trust	$53,886,788.23
GeFONSI II	Statutory Budget Reserve Fund	$231,327,462.51
	National Petroleum Reserve Fund	$130,595,906.13
	Regional Ed Attendance Area School Fund	$125,308,497.88
	Public Education Fund	$102,059,987.38
	Highway Equipment Working Capital Fund For Operating Appropriations	$94,086,910.26
	Sum of 5 Largest GeFONSI I and II Funds	**$2,238,035,500.60**

Non-Routine Investments

Non-Routine Investments

- The Department of Revenue is presented periodically with non-routine investment opportunities that fall outside the scope of its existing investment opportunity set.
- The state does not currently have any non-routine investments, and none are presently contemplated by investment staff.

- <u>Non-routine investment process summary:</u>
  - Document the investment opportunity and determine if it merits further diligence and/or if it is more suitable for other funding sources.
  - Seek legal advice on DOR eligibility.
  - Seek guidance from external auditors.
  - Use an impartial external expert to evaluate the opportunity and to provide an opinion on the investment.
  - Seek advice from the Investment Advisory Council.
  - Notify the Office of Management and Budget.
  - Complete diligence and investment documentation.
  - Inform the Chairs of the Senate and House Finance Committees of any decision to move forward with an investment.

Summary of Adopted

FY2025 Asset Allocations

Summary of FY2025 State Asset Allocations

- The Commissioner of Revenue is the fiduciary for over $9 billion in state assets across 100+ accounts pooled into over 25 funds with similar assets or mandates.
- Setting investment policies and asset allocations are key fiduciary duties for these funds.
- Treasury staff reviewed and made recommendations on the investment policy and asset allocation of each fund and discussed them in a transparent process with an independent investment advisory committee.
- Each investment program is designed to balance fund investment objectives, risk tolerance, and other attributes including capacity for loss or volatility over short, medium, and longer time horizons.
- The process used Callan's capital market assumptions and Modern Portfolio Theory to arrive at asset allocations and set short-term return expectations using current yields for lower risk profile funds.
- Expected fiscal year earnings for State funds is $500 million, with $350 million coming from lower risk funds like the CBRF and GeFONSI.

Asset Classes	**Low** *CBRF*	**Low Moderate** *GeFONSI I*	**Low High** *GeFONSI II*	**All SOA**	**Higher Risk** *LTC*	**Highest Risk** *Public School*
Broad U.S. Equity			4.0%	**7.5%**	17.0%	39.0%
Global ex-U.S. Equity			2.0%	**5.0%**	14.0%	25.0%
U.S. REITs				**1.1%**	5.0%	5.0%
Core U.S. Fixed Income				**10.0%**	63.0%	30.0%
Short Duration Gov't/Credit		15.0%	33.0%	**9.6%**		
Cash Equivalents	100%	85.0%	61.0%	**66.8%**	1.0%	1.0%
Total	100%	100%	100%	**100%**	100%	100%
Optimization Results:						
Expected Return - Short-Term	**5.09%**	**5.08%**	**5.31%**	**5.54%**		
Expected Return - Long-Term Compound	3.00%	3.18%	3.77%	**4.22%**	**6.43%**	**7.25%**
Expected Return - Real/After Inflation	0.50%	0.68%	1.27%	**1.72%**	3.93%	4.75%
Risk - Standard Deviation	0.90%	0.93%	1.52%	**2.79%**	7.17%	12.48%
Sharpe Ratio	(0.00)	0.20	0.51	**0.44**	0.48	0.34
Risk Statistics						
10% Probable Downside Return - 1 Year	3.5%	3.5%	1.1%	**-0.7%**	-6.2%	-14.6%
5% Probable Downside Return - 1 Year	3.2%	3.2%	0.6%	**-1.5%**	-8.4%	-18.5%
5% Probable Downside Return - 3 Year				**0.9%**	-2.1%	-7.6%
5% Probable Downside Return - 5 Year				**1.6%**	-0.2%	-4.3%
Probability of Loss - 1 Year	0.0%	0.0%	0.6%	**6.5%**	18.5%	28.1%
Prob. Return < -1%	0.0%	0.0%	0.1%	**3.1%**	15.0%	25.4%
Prob. Return < -5%	0.0%	0.0%	0.0%	**0.0%**	5.6%	16.3%
Prob. Return < -10%	0.0%	0.0%	0.0%	**0.0%**	1.1%	8.3%
Prob. Return < -20%	0.0%	0.0%	0.0%	**0.0%**	0.0%	1.4%
Probability of Loss - 10 Year				**0.0%**	0.2%	3.3%
Asset Time Horizon Estimate	0.3	0.5	1.2	**1.9**	5.9	5.9
Dollars: ($Millions)						
Assets	2,857.6	2,822.1	1,382.9	**9,169.6**	858.1	1,248.9
Expected Annual Earnings	**145.4**	**143.4**	**73.4**	**507.9**	**55.2**	**90.6**
1-Year 10% Probable Return (10% cVaR)	**100.3**	**97.4**	**15.3**	**(61.5)**	**(52.9)**	**(182.9)**
1-Year 5% Probable Return (5% cVaR)	92.4	89.4	8.9	**(140.2)**	(71.8)	(230.8)
3-Year 5% Probable Return (5% cVaR)				**82.6**	(18.1)	(95.0)
5-Year 5% Probable Return (5% cVaR)				**151.1**	(1.6)	(53.2)

Questions?

Appendix:

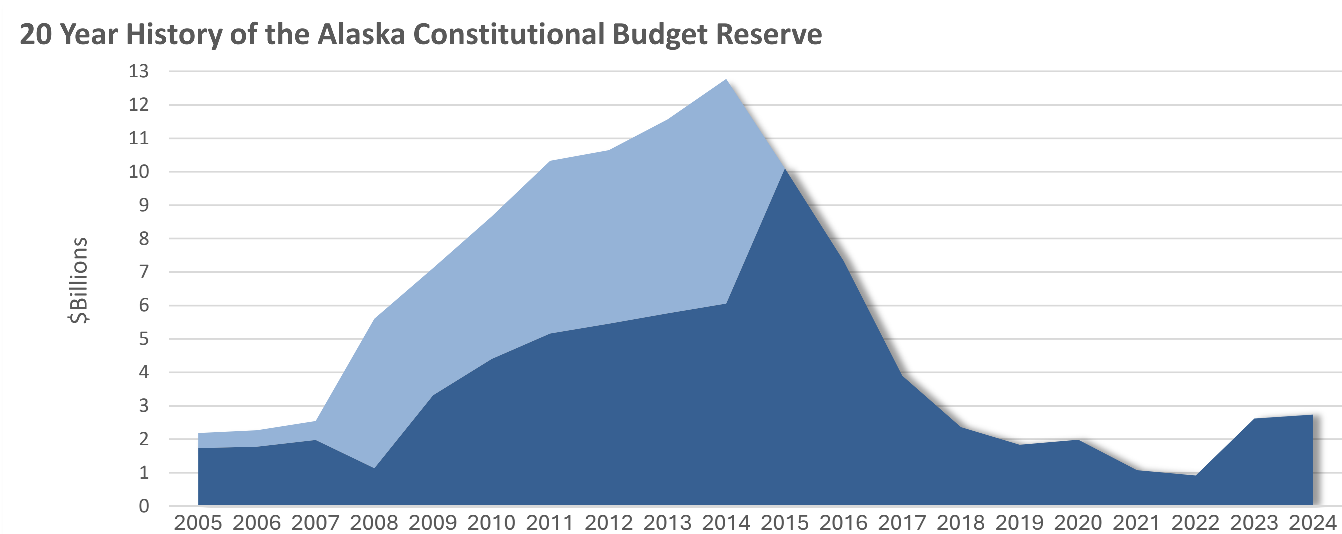
August 2024

Constitutional Budget Reserve

Main Fund and Subaccount Review

Constitutional Budget Reserve Fund Background

- The Constitutional Budget Reserve Fund (CBRF) was established in the State Constitution in 1990.
- The State relies on the fund for fiscal support when revenue or cashflows are insufficient.
- The CBRF main fund:
  - The main fund has always been invested conservatively to protect principal and limit exposure to oil or capital market volatility.
  - The balance is subject to regular discussion in the legislature with a minimum of $2 billion often referenced.
  - The main fund was last drawn down for fiscal support in 2020 during the pandemic but stabilized in 2023 and 2024.
- The CBRF subaccount:
  - The legislature established a subaccount of the CBRF with funding in 2000 to “be invested to yield higher returns” provided that “those funds will not be needed for at least five years.”
  - The subaccount historically had an asset allocation that was close to 60% equity, 40% fixed income.
  - The size of the subaccount increased by $4.1 billion in 2008 after the legislature transferred in surplus revenue.
  - The legislature has been involved with all transfers into the subaccount and DOR does not have a formal process for evaluating main account and subaccount balances.
  - The subaccount was last used 10 years ago when it was determined that the subaccount would be consumed within 5 years and the balance was transferred back to the main account.
- CBRF investment is subject to a high level of legislative scrutiny.



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total	2.2	2.3	2.5	5.6	7.1	8.7	10.3	10.6	11.6	12.8	10.1	7.3	3.9	2.4	1.8	2.0	1.1	0.9	2.6	2.7
CBRF Sub	0.5	0.5	0.6	4.5	3.8	4.3	5.2	5.2	5.8	6.7	-	-	-	-	-	-	-	-	-	-
CBRF Main	1.7	1.8	2.0	1.1	3.3	4.4	5.2	5.5	5.8	6.1	10.1	7.3	3.9	2.4	1.8	2.0	1.1	0.9	2.6	2.7

Asset Allocation Process and Policy Risk

- Treasury staff reviews every investment policy at least annually and makes recommendations designed to balance investment objectives, risk tolerance, and attributes like time horizon, return objectives, cashflows, liquidity, yield, and capacity for loss or volatility over short, medium, and longer time horizons.

- Documenting the rationale for key investment decisions in a transparent fashion using the State Investment Review and an independent investment advisory committee is core to DOR's investment process.
  - This is good practice generally, but also a critical risk control that helps to insulate long-term investment decisions from shorter-term policy risk by providing policy makers with a record to evaluate.

- DOR uses many external inputs to form the basis for investment decisions including capital market assumptions and market information. The department also uses relevant published state information that is shared as a part of the SIR process.

Relevant links to SOA budgetary/cashflow documentation provided in May:

State of Alaska (SOA) Office of Management and Budget (OMB)
https://omb.alaska.gov/

OMB Amended Budget:
https://omb.alaska.gov/fiscal-year-2025-amended-budget/

CBRF balances: OMB 10-Year Forecast
https://omb.alaska.gov/ombfiles/25_budget/PDFs/FY2025_10-Year_Plan_12-14-23.pdf

CBRF balance: OMB Updated FY25 Fiscal Summary
https://omb.alaska.gov/ombfiles/25_budget/PDFs/FY2025_Fiscal_Summary_4.9.24.pdf

Revenue forecasts Fall/Spring
http://www.tax.alaska.gov/programs/sourcebook/index.aspx

GeFONSI:
https://treasury.dor.alaska.gov/home/investments/gefonsi
https://treasury.dor.alaska.gov/home/investments/gefonsi/gefonsi-cbrf-and-sbrf-charts
https://treasury.dor.alaska.gov/home/cash-management/cash-management-reports
https://treasury.dor.alaska.gov/docs/treasurydivisionlibraries/cash-management/reports/fy24a.pdf?sfvrsn=a97cd63c_117
https://treasury.dor.alaska.gov/docs/treasurydivisionlibraries/investments/gefonsi/2021-8-31-gefonsi-mou-attachment-c-2021-2026.pdf?sfvrsn=44574f35_3

APFC Trustee Paper – Earning Reserve Account (ERA) Sufficiency
https://apfc2017.wpenginepowered.com/download/33/trustees-papers/4839/2024_apfc_trustees-paper-10.pdf

Review of May 2024 CBRF Time Horizon Evaluation

- The forecast that DOR has always used to evaluate the investment timeframe for reserve funds like the CBRF is the ten-year forecast that the State Office of Management and Budget (OMB) publishes each year. This forecast has many assumptions that are subject to active debate, and it is the primary long-term forecast that is public and transparent.
- A five-year portion of this forecast was reviewed at the May SIR meeting with the following observations:
  1) Oil revenue is 33% of total revenue and can vary materially intra-year based on prevailing oil prices and volumes.
  2) The POMV draw from the APFC is 58% of revenue and can vary over time since it is exposed to earnings reserve limitations and smoothed market risk.
  3) The deposit to fund the annual permanent fund dividend to residents gets high legislative focus –full statutory dividends are assumed in the forecast, but not usually adopted.
  4) The overall size of government is also an active legislative debate.
  5) The ending CBRF balance is the result of all of these decisions. As shown, the CBRF was projected to be consumed in 2-3 years with full dividends.
- The budget for FY2025 has now been adopted with meaningful differences from this OMB forecast. The operating budget was higher, and the dividend was lower, which should produce a CBRF balance similar to the current level. This is the result of active debate and compromise in the legislative process.
- These FY2025 budget differences will flow into new OMB forecasts this Fall, which can be used to evaluate any expected long-term CBRF surpluses.

Portions of the OMB forecast discussed at the May 2024 SIR:

Sources of Funds	FY2024	FY2025	FY2026	FY2027	FY2028
Traditional UGF Revenue	2,959.4	2,651.2	2,542.3	2,585.8	2,659.3
Petroleum Revenue	2,414.4	1) 2,078.2	1,935.7	1,950.1	2,003.4
Non-Petroleum Revenue	454.5	485.2	518.8	547.9	568.1
Investment Revenue	3,616.6	3,745.0	3,847.8	3,979.8	3,964.8
Non-POMV Investment Revenue	90.5	87.8	87.8	87.8	87.8
Percentage of Market Value	3,526.1	2) 3,657.2	3,760.0	3,892.0	3,877.0
Revenue Adjustments	41.5	0.0	0.0	0.0	0.0
Carryforward	41.5	0.0	0.0	0.0	0.0
Total Revenue	6,527.0	6,308.4	6,302.3	6,477.8	6,536.3
PFD Deposit	(881.5)	3) (2,303.7)	(2,499.7)	(2,199.7)	(2,272.5)
Available Revenue	**5,645.5**	**4,004.7**	**3,802.6**	**4,278.1**	**4,263.8**

Uses of Funds	FY2024	FY2025	FY2026	FY2027	FY2028
Permanent Fund Dividend Transfer	881.5	2,303.7	2,499.7	2,199.7	2,272.5
Per capita PFD *(dollars)*	$1,312	$3,429	$3,720	$3,274	$3,382
Operating Budget	**4,831.5**	**4,686.8**	**4,755.2**	**4,831.5**	**4,912.9**
Capital Budget	**364.8**	**305.2**	**309.8**	**314.4**	**319.1**
Total General Fund Appropriations	**5,196.3**	**4) 4,992.0**	**5,065.0**	**5,145.9**	**5,232.0**

Reserve Balances	FY2024	FY2025	FY2026	FY2027	FY2028
Statutory Budget Reserve					
SBR Beginning Balance	20.9	20.9	0.0	0.0	0.0
Surplus/(Draws)	0.0	(20.9)	0.0	0.0	0.0
SBR End Balance	**20.9**	**0.0**	**0.0**	**0.0**	**0.0**
Constitutional Budget Reserve					
CBR Beginning Balance	2,734.3	2,829.1	1,939.5	715.9	(137.6)
Earnings & Deposits	94.8	76.7	38.8	14.3	(2.8)
Surplus/(Draws)	0.0	(966.3)	(1,262.4)	(867.8)	(968.2)
CBR End Balance	**2,829.1**	**5) 1,939.5**	**715.9**	**(137.6)**	**(1,108.5)**

Review of Adopted CBRF FY2025 Asset Allocation

AY19: CBRF Investment Policy

The investment policies for the Constitutional Budget Reserve Fund (CBRF) have changed over the years as the balance and the expected uses of the CBRF have changed. Declining production of Alaska North Slope crude oil and the inconsistency of future prices are still a concern. The CBRF is the state's "savings account" and as such is responsible for covering fluctuations in the general fund.

Financial planning by the administration and the legislature is highly dependent upon the CBRF balance maintaining stability and high liquidity. Given the short-term expected requirement for these funds, a cash equivalent investment program is warranted.

Investment Topic	FY 2025		FY 2024
Investment Objective	Very low exposure to principal loss. Little inflation protection needed. High liquidity requirement.		No Change
Risk Tolerance	Low		No Change
Policy Risk/Loss Range	<1%		No Change
Time Horizon	Short		No Change
Asset Allocation	Broad U.S. Equity International Equity Short Duration Govt/Credit Core U.S. Fixed Income Cash Equivalents	 100%	 100%
Expected Return - Short-Term		5.09%	5.01%
Expected Real Return - Short-Term		2.59%	2.51%
Risk - Standard Deviation		0.90%	0.90%
Probability of Loss - 1 Year		0.0%	0.0%
5% Probable Downside Return (5% cVaR)		3.2%	3.2%

The proposed policy is effective July 1, 2024:

Approved — 6/21/2024 — Date

State of Alaska Asset Allocation

Asset Classes	FY24	FY25*	GF I	2/3 ST	GF II	60/40
Broad U.S. Equity					4%	60%
Global ex-U.S. Equity					2%	
US REITS						
Short Duration Gov't/Credit			15%	33%	33%	
Core U.S. Fixed Income						40%
Cash Equivalents	100%	100%	85%	67%	61%	
Total	100%	100%	100%	100%	100%	100%
Optimization Results:						
Expected Return - Short-Term	**5.01%**	**5.09%**	**5.08%**	**5.07%**	**5.31%**	**6.82%**
Expected Return - Real/After Inflation	**2.51%**	**2.59%**	**2.58%**	**2.57%**	**2.81%**	**4.32%**
Risk - Standard Deviation	0.90%	0.90%	0.93%	1.12%	1.52%	10.72%
Sharpe Ratio	(0.00)	(0.00)	(0.01)	(0.02)	0.14	0.16
Risk Statistics:						
10% Probable Downside Return - 1 Year	**3.4%**	**3.5%**	**3.5%**	**3.1%**	**2.6%**	**-12.0%**
5% Probable Downside Return - 1 Year	**3.2%**	**3.2%**	**3.2%**	**2.8%**	**2.2%**	**-15.3%**
Probability of Loss - 1 Year	0.0%	0.0%	0.0%	0.0%	0.0%	26.1%
Prob. Return < -1%	0.0%	0.0%	0.0%	0.0%	0.0%	23.2%
Prob. Return < -2%	0.0%	0.0%	0.0%	0.0%	0.0%	20.4%
Prob. Return < -3%	0.0%	0.0%	0.0%	0.0%	0.0%	17.9%
Prob. Return < -4%	0.0%	0.0%	0.0%	0.0%	0.0%	15.6%
Prob. Return < -5%	0.0%	0.0%	0.0%	0.0%	0.0%	13.4%
Prob. Return < -10%	0.0%	0.0%	0.0%	0.0%	0.0%	5.8%
Prob. Return < -20%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%
Probability of Loss - 10 Year	0.0%	0.0%	0.0%	0.0%	0.0%	2.2%
Asset Time Horizon Estimate	0.3	0.3	0.5	0.8	1.2	6.0
Dollars: ($Millions)						
Assets	2,619.9	2,785.6	2,785.6	2,785.6	2,785.6	2,785.6
Expected Annual Earnings	**131.2**	**141.7**	**141.5**	**141.2**	**147.8**	**189.9**
1-Year 10% Probable Return (10% cVaR)	**89.8**	**97.7**	**96.2**	**86.7**	**73.7**	**(333.0)**
1-Year 5% Probable Return (5% cVaR)	**82.5**	**90.0**	**88.2**	**77.1**	**60.7**	**(424.8)**
3-Year 5% Probable Return (5% cVaR)	103.1	111.9	110.7	104.2	97.5	(164.6)
5-Year 5% Probable Return (5% cVaR)	109.4	118.6	117.7	112.6	108.9	(84.4)

CBRF History	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expected ST Return	5.01%	2.39%	0.05%	0.17%	2.32%	2.89%	2.89%	2.89%	2.89%	2.38%
Expected Volatility	0.90%	0.90%	0.05%	0.90%	1.23%	1.64%	1.62%	1.59%	1.58%	1.58%
10% cVaR	3.40%	0.80%	-0.04%	-1.41%	0.16%	0.01%	0.05%	0.10%	0.12%	-0.40%
Assets (billions)	2.6	2.6	0.9	1.1	2.0	1.8	2.4	3.9	7.3	10.1

CBRF – State Constitution and Statutes

Alaska Constitution

Article IX, Section 17. Budget Reserve Fund.

(a) There is established as a separate fund in the State treasury the budget reserve fund. Except for money deposited into the permanent fund under Section 15 of this article, all money received by the State after July 1, 1990, as a result of the termination, through settlement or otherwise, of an administrative proceeding or of litigation in a State or federal court involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property, shall be deposited in the budget reserve fund. Money in the budget reserve fund shall be invested so as to yield competitive market rates to the fund. Income of the fund shall be retained in the fund. Section 7 of this article does not apply to deposits made to the fund under this subsection. Money may be appropriated from the fund only as authorized under (b) or (c) of this section.

(b) If the amount available for appropriation for a fiscal year is less than the amount appropriated for the previous fiscal year, an appropriation may be made from the budget reserve fund. However, the amount appropriated from the fund under this subsection may not exceed the amount necessary, when added to other funds available for appropriation, to provide for total appropriations equal to the amount of appropriations made in the previous calendar year for the previous fiscal year.

(c) An appropriation from the budget reserve fund may be made for any public purpose upon affirmative vote of three-fourths of the members of each house of the legislature.

(d) If an appropriation is made from the budget reserve fund, until the amount appropriated is repaid, the amount of money in the general fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund. The legislature shall implement this subsection by law.

Alaska Statutes

Section 37.10.430. Management of the Budget Reserve Fund.

(a) The Department of Revenue may transfer management responsibility over all or a portion of the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the Alaska Permanent Fund Corporation.

(b) By March 15 of each year, the Department of Revenue shall, after consulting with the Alaska Permanent Fund Corporation, prepare a report setting out the balance in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) on January 1 and on December 31 of the previous calendar year. The report shall state the nominal, real, and realized return on the budget reserve fund compared to the nominal, real, and realized return on the permanent fund and the general fund during the previous calendar year.

(c) A special subaccount is established in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska). Money in the subaccount shall be invested to yield higher returns that might be feasible to obtain with other money in the budget reserve fund. In establishing or modifying the investment policy for the subaccount in the constitutional budget reserve fund, the commissioner of revenue shall assume that those funds will not be needed for at least five years. Income earned on money in the subaccount shall be retained in the subaccount by the department.

State of Alaska
Department of Revenue

State Investment Review 2025 Meeting Schedule

February 13, 2025 @ 10:00 AM (Videoconference)

1. December 31, 2024, Performance
2. 2024 Capital Market Assumptions and asset class discussion
3. Fixed Income Investments

May 08, 2025 @ 10:00 AM (Videoconference)

1. March 31, 2025, Performance
2. FY2026 Asset Allocation Discussion

August 14, 2025 @ 10:00 AM (Videoconference)

1. June 30, 2025, Performance
2. FY2025 Asset Allocation Discussion

November 6, 2025 @ 10:00 AM (Videoconference)

1. September 30, 2025, Performance
2. Middle Office Update

JANUARY

Su	Mo	Tu	We	Th	Fr	Sa
29	30	31	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1
2	3	4	5	6	7	8

FEBRUARY

Su	Mo	Tu	We	Th	Fr	Sa
26	27	28	29	30	31	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	1
2	3	4	5	6	7	8

MARCH

Su	Mo	Tu	We	Th	Fr	Sa
23	24	25	26	27	28	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31	1	2	3	4	5

APRIL

Su	Mo	Tu	We	Th	Fr	Sa
30	31	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	1	2	3
4	5	6	7	8	9	10

MAY

Su	Mo	Tu	We	Th	Fr	Sa
27	28	29	30	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31
1	2	3	4	5	6	7

JUNE

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	1	2	3	4	5
6	7	8	9	10	11	12

JULY

Su	Mo	Tu	We	Th	Fr	Sa
29	30	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31	1	2
3	4	5	6	7	8	9

AUGUST

Su	Mo	Tu	We	Th	Fr	Sa
27	28	29	30	31	1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31	1	2	3	4	5	6

SEPTEMBER

Su	Mo	Tu	We	Th	Fr	Sa
31	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	1	2	3	4
5	6	7	8	9	10	11

OCTOBER

Su	Mo	Tu	We	Th	Fr	Sa
28	29	30	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1
2	3	4	5	6	7	8

NOVEMBER

Su	Mo	Tu	We	Th	Fr	Sa
26	27	28	29	30	31	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	1	2	3	4	5	6

DECEMBER

Su	Mo	Tu	We	Th	Fr	Sa
30	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31	1	2	3
4	5	6	7	8	9	10

KEY

- Approved ARMB Meeting Dates
- External Meeting Material Deadline
- APFC Meetings
- State Holidays
- NCTR Conference *(Tentative)*
- School Breaks (ANC: 2/17-21 & 3/31-4/4,.FAI: 3/10-14, JNU 3/24-28)
- Callan conference in Scottsdale, AZ
- SIR Meetings *(proposed)*

Exhibit 3

ALASKA STATE LEGISLATURE

SENATE FINANCE COMMITTEE

Sen. Bert Stedman
State Capitol, Room 516
(907) 465-3873
Sen.Bert.Stedman@akleg.gov

Sen. Lyman Hoffman
State Capitol, Room 518
(907) 465-4453
Sen.Lyman.Hoffman@akleg.gov

Sen. Donald Olson
State Capitol, Room 508
(907) 465-3707
Sen.Donny.Olson@akleg.gov

Official Business

May19, 2025

Commissioner Adam Crum
State of Alaska Dept. of Revenue
P.O. Box 110400
Juneau AK, 99811-0400

Dear Commissioner Crum,

As Alaska continues to navigate unclear and unstable fiscal difficulties, we are writing to express concern regarding the Constitutional Budget Reserve (CBR). It is highly likely next session the Legislature will need to draw from the CBR to balance the FY27 budget and possibly the FY26 supplemental budget.

The Senate Finance Committee is requesting a CBR status and investment allocation update. Please respond in writing as soon as possible. We will not be holding a committee hearing on this until next session.

For the status update, please provide current balance compared to the previous 5 years. Also provide draws, deposits, interest earnings, and projections. Regarding the investment allocation, please provide the current allocation compared to the previous five years and projected allocations.

We are particularly interested in the CBR remaining liquid and ready to assist Alaska. There is a concern the CBR may be invested in longer-term investments that will add management costs and reduce the liquidity of the CBR.

If questions arise, please contact David Scott in Sen. Stedman's office, 907-465-3873.

Thank you for your assistance. We appreciate your consideration of this request, so we all remain cognizant of Alaska's ability to meet its obligations.

Senator Lyman Hoffman

Senator Donald Olson

Senator Bert Stedman

Exhibit 4

ARTIC – Alaska Resource Technology and Infrastructure Capital

Purpose:

Utilize the subaccount authority in the CBR to bring together four world class infrastructure investors to bring financial returns and attention to the state of Alaska.

Intro and Objective:

Build exposure to stable, long-duration asset class - The infrastructure asset class represents **trillions of dollars** in global investment over the next two decades, with private infrastructure funds achieving **annualized net returns in the 8-12%** range, generating benefits from diversification and improved returns. By allocating capital to leading global investment management firms with deep expertise in the infrastructure sector, the CBR expects to benefit from key factors that make infrastructure a compelling investment through all cycles, including stable cash flows, inflation protection, economics resilience and the potential for growth.

Leverage program to support development of Alaska's infrastructure – The mandate for investment managers that participate in the program will incorporate a strategic advisory role **centered on** helping Alaska identify and evaluate infrastructure projects within the state, bringing unique insights into best practices, emerging technologies, and potential investment opportunities within the state. The program will integrate periodic reports and consultations, highlighting opportunities to leverage the program's global mandate for the benefit of Alaska's infrastructure development.

The vision for this program is straightforward: entrust a portion of Alaska's investable assets to top-tier infrastructure managers who possess both a track record of delivering competitive returns and the capacity to advise on high-impact projects within Alaska. This dual mandate—strong out-of-state returns coupled with expert guidance on local projects—will help Alaska generate superior risk-adjusted performance while modernizing key sectors of our economy, particularly digital infrastructure.

THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Revenue

COMMISSIONER'S OFFICE

State Office Building
333 Willoughby Avenue, 11th Floor
P.O. Box 110400
Juneau, Alaska 99811-0400
Main: 907.465.2300
Fax: 907.465.2389

June 27, 2025

The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
Alaska State Capitol, Room 518
Juneau, AK 99801

The Honorable Donald Olson
Co-Chair, Senate Finance Committee
Alaska State Capitol, Room 508
Juneau, AK 99801

The Honorable Bert Stedman
Co-Chair, Senate Finance Committee
Alaska State Capitol, Room 516
Juneau, AK 99801

Dear Co-Chairs Hoffman, Olson, and Stedman,

Thank you for your patience as we coordinated information to fully respond to your letter requesting information on the Constitutional Budget Reserve Fund (CBRF) dated May 19, 2025.

The table below provides requested data as of 4/30/25 as well the past five fiscal years. These numbers represent cash balances and do not take into account general fund balances related to the sweep. These numbers are subject to change after the reappropriation period in late August.

Constitutional Budget Reserve Data (in thousands)

	FY20	FY21	FY22	FY23	FY24	As of 4/30/25
Beginning Asset Balance	1,831,528	1,983,226	1,076,067	914,500	2,619,931	2,739,949
Earnings	62,806	2,154	1,243	62,893	150,357	115,660
Contributions	412,292	83,749	34,214	1,652,414	258,574	5,816
Withdrawals	(323,400)	(993,062)	(197,024)	(9,875)	(288,913)	(4,898)
Ending Asset Balance	**1,983,226**	**1,076,067**	**914,500**	**2,619,932**	**2,739,949**	**2,856,527**

Regarding the investment allocation history and current projections, the CBRF is discussed at each quarterly State Investment Review (SIR) meeting. The following are portions of exhibits from the most recent, May 8, 2025, meeting packet available at:

https://treasury.dor.alaska.gov/home/investments/state-investment-review-meetings

Page 44 of the SIR packet reflects the 10-year CBRF Risk/Return and asset allocation history:

CBRF Main Fund Risk/Return History	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expected ST Return	2.89%	2.89%	2.89%	2.89%	2.32%	0.17%	0.05%	2.39%	5.01%	5.09%
Expected Volatility	1.58%	1.59%	1.62%	1.64%	1.23%	0.90%	0.05%	0.90%	0.90%	0.90%
10% cVaR	0.12%	0.10%	0.05%	0.01%	0.16%	-1.41%	-0.04%	0.80%	3.40%	3.51%
Assets (billions)	7.3	3.9	2.4	1.8	2.0	1.1	0.9	2.6	2.7	2.8

CBRF Main Fund Asset Allocation	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Equity	7%	7%	5%	7%	4%	0%	0%	0%	0%	0%
Fixed Income - HY	0%	0%	4%	0%	0%	0%	0%	0%	0%	0%
Fixed Income - Core U.S.	23%	24%	24%	26%	21%	0%	0%	0%	0%	0%
Fixed Income - Short-Term	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Fixed Income - Cash Equivalents	70%	69%	67%	67%	75%	100%	100%	100%	100%	100%

Page 45 of the packet has the current CBRF investment policy:

AY19: CBRF Investment Policy

The investment policies for the Constitutional Budget Reserve Fund (CBRF) have changed over the years as the balance and the expected uses of the CBRF have changed. Declining production of Alaska North Slope crude oil and the inconsistency of future prices are still a concern. The CBRF is the state's "savings account" and as such is responsible for covering fluctuations in the general fund.

Financial planning by the administration and the legislature is highly dependent upon the CBRF balance maintaining stability and high liquidity. Given the short-term expected requirement for these funds, a cash equivalent investment program is warranted.

Investment Topic	**FY 2025**		**FY 2024**
Investment Objective	Very low exposure to principal loss. Little inflation protection needed. High liquidity requirement.		No Change
Risk Tolerance	Low		No Change
Policy Risk/Loss Range	<1%		No Change
Time Horizon	Short		No Change
Asset Allocation	Broad U.S. Equity International Equity Short Duration Govt/Credit Core U.S. Fixed Income Cash Equivalents	 100%	 100%
Expected Return - Short-Term		5.09%	5.01%
Expected Real Return - Short-Term		2.59%	2.51%
Risk - Standard Deviation		0.90%	0.90%
Probability of Loss - 1 Year		0.0%	0.0%
5% Probable Downside Return (5% cVaR)		3.2%	3.2%

The proposed policy is effective July 1, 2024:

Approved

6/21/2024

Date

Page 45 of the packet also has the potential FY2026 asset allocation and earnings projection. The FY2026 asset allocation was discussed at the meeting but has not yet been adopted.

State of Alaska Asset Allocation

Asset Classes	FY25	FY26	GF II
Broad U.S. Equity			4%
Global ex-U.S. Equity			2%
US REITS			
Short Duration Gov't/Credit			33%
Core U.S. Fixed Income			
Cash Equivalents	100%	100%	61%
Total	100%	100%	100%
Optimization Results:			
Expected Return - Short-Term	**5.09%**	**3.90%**	**4.31%**
Expected Return - Real/After Inflation	**2.59%**	**1.40%**	**1.81%**
Risk - Standard Deviation	0.90%	0.90%	1.51%
Sharpe Ratio	(0.00)	(0.00)	0.27
Risk Statistics:			
10% Probable Downside Return - 1 Year	**3.5%**	**2.3%**	**1.7%**
5% Probable Downside Return - 1 Year	**3.2%**	**2.0%**	**1.2%**
5% Probable Downside Return - 3 Year	4.0%	2.8%	2.5%
5% Probable Downside Return - 5 Year	4.3%	3.1%	2.9%
Probability of Loss - 1 Year	0.0%	0.0%	0.2%
Asset Time Horizon Estimate	0.3	0.3	1.2
Long-Term Expected Return	3.00%	3.00%	3.69%
Dollars: ($Millions)			
Assets	2,785.6	2,843.8	2,843.8
Expected Annual Earnings	141.7	**110.9**	122.4
1-Year 10% Probable Return (10% cVaR)	97.7	66.0	47.2
1-Year 5% Probable Return (5% cVaR)	90.0	**58.1**	34.0
3-Year 5% Probable Return (5% cVaR)	111.9	80.4	71.4
5-Year 5% Probable Return (5% cVaR)	118.6	87.3	82.9

I hope this information is responsive to your request. Please let me know if I can be of further assistance.

Adam Crum
Commissioner

cc: Jordan Shilling, Director, Governor's Legislative Office
Lacey Sanders, Director, Office of Management and Budget

Exhibit 6

Investment Manager Selection

Justification and Recommendation for the Selection of Infrastructure Investment Managers for the Constitutional Budget Reserve Fund Subaccount

I. Executive Summary

This report outlines the Department of Revenue's recommendation to allocate investment mandates from the Constitutional Budget Reserve Fund (CBRF) subaccount to three leading infrastructure investment managers: [redacted], DigitalBridge, and [redacted]. This action is undertaken in direct fulfillment of Alaska Statute 37.10.430(c), which authorizes the investment of subaccount funds for higher, long-term returns. The primary objective is to enhance the compounding of real (inflation-adjusted) and nominal returns, thereby growing the fund's value over time and diversifying the State's financial reserves away from an over-reliance on interest rates in the case of the CBRF and volatile commodity-linked revenues.

Infrastructure as the target asset class is rooted in its inherent financial characteristics: stable, long-duration, and inflation-linked cash flows, resilience across economic cycles, and strong risk-adjusted return potential. These attributes are well-suited to the subaccount's long-term, conservative growth objectives.

The selected managers form an optimized, diversified portfolio. [redacted] provides unparalleled scale, global reach, and a diversified, value-add approach. DigitalBridge offers specialized, pure-play exposure to the high-growth digital infrastructure sector. [redacted] contributes a differentiated platform-building strategy with expertise in energy transition and high-growth emerging markets. The combined selection of [redacted], DigitalBridge, and [redacted] represents a prudent, disciplined, and strategically aligned approach to managing the CBRF subaccount assets, positioning the fund to achieve its statutory mandate.

II. The Financial and Strategic Rationale for Private Infrastructure

The selection of private infrastructure as the target asset class for the CBRF subaccount is grounded in its unique financial characteristics, which align exceptionally well with the fund's long-term objectives of compounding real value with a conservative risk posture.

An Asset Class for Long-Term Value Compounding

Infrastructure assets form the backbone of the global economy, providing essential services such as power, water, transportation, and data connectivity. Unlike more cyclical industries, the demand for infrastructure services remains relatively constant, providing a foundation of stability and downside protection that is well-suited to the CBRF's conservative nature.

Historically, private infrastructure has demonstrated strong performance relative to other asset classes, often with significantly lower volatility. Unlisted infrastructure, in particular, has consistently outperformed listed global equities over time, offering a superior risk-adjusted return profile. The target of 8-12% annualized net returns for this program is consistent with historical performance for the asset class and aligns directly with the subaccount's mandate to achieve "higher returns" than the low single-digit yields available from cash equivalents.

A critical characteristic of infrastructure is its inherent ability to act as an inflation hedge. Many infrastructure assets, such as regulated utilities, toll roads, and contracted power providers, have explicit inflation-linkage mechanisms built into their revenue models, whether through regulation or long-term contracts with CPI-linked escalators. In an environment of persistent inflation, this attribute is paramount to achieving the core objective of compounding *real* value over time and protecting the fund's purchasing power against erosion.

Finally, infrastructure provides significant portfolio diversification benefits. The asset class exhibits a low correlation with traditional public equity and fixed income markets, meaning its performance is driven by different factors. For the State of Alaska, whose financial position is more influenced by the performance of public markets and the volatility of commodity prices, this low correlation is a crucial element in de-risking the State's overall portfolio and enhancing its long-term financial stability.

Capturing Secular Trends for Sustained Growth

The investment thesis for infrastructure extends beyond its defensive characteristics. The asset class is at the epicenter of several powerful, multi-decade secular trends that are creating a massive and growing opportunity set for investment. This allocation is not a passive investment in legacy assets; it is an active allocation to the companies and platforms that are enabling large economic transformations, providing a powerful engine for long-term growth that is well-aligned with the CBRF subaccount's forward-looking mandate.

- **The Digital Transformation:** The exponential growth in data creation and consumption—driven by cloud migration, media streaming, and most profoundly, the artificial intelligence (AI) revolution—is creating unprecedented demand for digital infrastructure. This includes the data centers that house the computational power for AI, the fiber optic networks that provide high-speed connectivity, and the cell towers that enable mobile communication. Meeting this demand will require an estimated $2 trillion in global digital infrastructure investment by 2030, creating a vast and durable opportunity for investors.

- **The Global Energy Transition:** The worldwide imperative to grow economies sustainably requires a wholesale modernization of our energy systems. This structural shift necessitates trillions of dollars of investment in power generation from conventional and renewable sources (hydro, wind, solar), energy storage solutions like batteries, grid modernization to handle intermittent power sources, and other enabling infrastructure. This is not a cyclical trend but a fundamental reshaping of the global energy landscape that will drive investment for decades to come.

III. Analysis of Selected Investment Managers

The selection of [redacted], DigitalBridge, and [redacted] was the result of diligence designed to identify not just excellent managers, but a complementary set whose combined strengths create a balanced, synergistic portfolio. The managers were chosen for their institutional quality, strategic alignment with the CBRF subaccount's objectives, and differentiated approaches to value creation.

Table 1: Comparative Overview of Selected Managers

Metric	[redacted]	DigitalBridge	[redacted]
Firm-wide AUM	>$1.2 Trillion	~$100 Billion	>$45 Billion
Infrastructure AUM	~$130 Billion	~$100 Billion	>$45 Billion
Core Strategy	Diversified Core/Core+	Pure-Play Digital Infrastructure	Global Platform Building
Target Sectors	Energy Transition, Transport, Digital, Water & Waste	Data Centers, Cell Towers, Fiber, Small Cells, Edge	Energy, Utilities, Transport, Digital, Social, Environmental
Infra Geographic Focus	North America	Global	Global (Developed & High-Growth Emerging Markets)
Key Differentiator	Unmatched scale; "[redacted] Advantage" value creation	Singular focus and "Investor-Operator" model	"Start small, grow big" platform approach; EM expertise

---

A. Manager Profile: [redacted]

Firm Overview:

[redacted] is the world's largest alternative asset manager, with over $1.2 trillion in assets under management, including an infrastructure platform managing approximately $130 billion. The firm is a globally recognized leader with an unparalleled reputation for institutional quality, operational excellence, and a proven track record of generating strong returns for investors across multiple economic cycles. Its scale, brand, and extensive network provide significant competitive advantages in sourcing, financing, and operating large-scale infrastructure assets.

Investment Strategy:

[redacted] infrastructure strategy is characterized by a disciplined focus on Core and Core+ assets, primarily located in North America. The firm pursues a long-term, buy-and-hold philosophy, targeting large-scale, high-quality assets that provide essential services and can deliver stable, long-term capital appreciation along with a predictable annual cash flow yield. This strategy leverages [redacted] size to pursue large, complex transactions—including corporate joint ventures and take-privates—where competition is often less intense, allowing for more attractive entry valuations. The firm is an active investor across its key thematic sectors: energy transition, transportation, digital infrastructure, and water and waste.

Value Creation Model: The "[redacted] Advantage":

[redacted] approach extends far beyond simply providing capital; the firm acts as a strategic partner, actively driving value creation through a model it refers to as the "[redacted] Advantage." This model is built on three pillars:

1. **Disciplined Operational Mindset:** [redacted] employs a rigorous, operationally focused approach throughout the investment lifecycle. The firm engages directly and deeply in the due diligence and ongoing asset management processes, seeking to drive value enhancement through greater accountability, transparency, and operational improvements at the portfolio company level.
2. **Platform-Wide Synergies:** A key differentiator is the ability to leverage the vast intellectual capital and resources of the entire [redacted] enterprise. Portfolio companies gain access to firm-wide expertise in areas like data science and cybersecurity, as well as the benefits of [redacted] group purchasing power, which can significantly reduce costs across a wide range of categories and directly improve margins.
3. **Proactive Thematic Investing:** [redacted] has demonstrated a consistent ability to identify and invest ahead of powerful secular megatrends. The firm has built substantial platforms in its highest-conviction themes, including logistics, digital, the global energy transition, and the digital economy, positioning its portfolio to capitalize on long-term structural growth drivers.

Alignment with CBRF Objectives:

[redacted] strategy is exceptionally well-aligned with the core objectives of the CBRF subaccount. The focus on large-scale, essential infrastructure in stable jurisdictions like North America provides a strong foundation of downside protection and resilience, consistent with the State's conservative investment posture. The assets themselves are typically inflation-protected, either contractually or through their essential nature, which directly supports the mandate to generate real returns. Simultaneously, the firm's intensive, value-add operational approach targets the "higher returns" required by the statute, moving beyond simple asset ownership to actively create growth and enhance value.

B. Manager Profile: DigitalBridge

Firm Overview:

DigitalBridge is the world's leading pure-play alternative asset manager dedicated exclusively to the digital infrastructure sector, with approximately $100 billion in assets under management. The firm's singular focus and deep expertise have established it as the preeminent investor in this space, a fact recognized by its selection as "Digital Infrastructure Investor of the Year" by the industry publication *Infrastructure Investor*. This specialization provides a unique and powerful advantage in a rapidly evolving and technically complex market.

Investment Strategy: The "Investor-Operator" Model:

DigitalBridge's core philosophy is its "Investor-Operator" model, which fundamentally distinguishes it from traditional asset managers. The firm does not passively hold assets; it actively manages, builds, and scales its portfolio companies, blending sophisticated capital deployment with decades of hands-on operational know-how. This strategy is executed through a "full-stack" approach, investing across the five key verticals of the digital ecosystem: data centers, macro cell towers, fiber networks, small cells, and edge infrastructure. This comprehensive view allows the firm to identify and capitalize on opportunities at the convergence of these verticals.

Value Creation Model:

Value creation at DigitalBridge is an active, operational process. The firm leverages its deep industry relationships and M&A execution capabilities to scale its platforms through strategic acquisitions. A prime example is the acquisition of Crown Castle's fiber assets by DigitalBridge's portfolio company, Zayo, a move that significantly expanded Zayo's network and strengthened its market position. Beyond M&A, DigitalBridge drives value through strategic development, sophisticated financing expertise, and the implementation of proprietary, industry-leading back-office systems that enhance efficiency and drive margin expansion at its portfolio companies. The firm actively partners with the world's largest hyperscalers and enterprises to understand their evolving needs and optimize assets for specific, high-growth use cases like AI-driven workloads.

Alignment with CBRF Objectives:

DigitalBridge provides highly targeted, concentrated exposure to the digital infrastructure megatrend, which is widely expected to outpace the growth of traditional infrastructure sectors. This specialization represents a direct investment in the powerful secular tailwinds of global digitization, AI proliferation, and cloud migration. For the CBRF subaccount, this allocation is designed to capture the significant upside potential in one of the most transformative sectors of the modern economy, directly fulfilling the mandate to seek higher, long-duration returns.

C. Manager Profile: [redacted]

Firm Overview:

[redacted] is a leading independent, partner-led global infrastructure investment manager with over $45 billion in assets under management. Founded in 2012 by former Morgan Stanley executives, the firm has established a reputation for its disciplined, analytical investment process and its differentiated global approach. The firm's influence is evidenced by its recognition in the *Infrastructure Investor* awards.

Investment Strategy: The "Platform Building" Approach:

[redacted] signature investment strategy is its "platform building" methodology, often summarized as "start small, grow big". The firm focuses on acquiring and consolidating mid-market companies, often in complex situations or carve-outs, and using them as a foundational platform for growth. This growth is achieved through a combination of organic development and a series of follow-on, bolt-on acquisitions. This approach allows for disciplined, incremental capital deployment and creates the potential for significant value creation through multiple arbitrage, as a collection of smaller assets is transformed into a larger, more valuable, and institutionally sought-after platform. A key element of their strategy is a truly global mandate, with deep expertise and a local presence in both developed markets (North America, Europe) and select high-growth emerging markets in Asia and Latin America.

Value Creation Model:

Value creation at [redacted] is driven by a hands-on, operational approach to scaling these platform businesses. This process is underpinned by a proprietary "Risk Wheel" framework, a sophisticated model that evaluates ten critical risk factors to assess, compare, and continuously monitor investments across diverse geographies and sectors. This ensures a consistent and disciplined approach to achieving attractive risk-adjusted returns. The firm's capital deployment is patient and methodical; rather than writing large, upfront checks, [redacted] allocates additional capital into its platforms as they demonstrate success and execute on their growth plans, ensuring that capital is allocated to proven winners.

Alignment with CBRF Objectives:

[redacted] provides a source of return and diversification that is highly complementary to the other selected managers. Its focus on higher-growth emerging markets offers the CBRF subaccount access to geographies with higher potential growth trajectories and diversification. The firm possesses deep expertise in the energy transition with a dedicated InfraTech strategy, aligning perfectly with the program's key thematic goals. The disciplined, risk-managed, platform-building approach offers an attractive and prudent method for gaining exposure to these high-growth themes.

Table 2: Alignment of Manager Strategies with CBRF Subaccount Objectives

CBRF Subaccount Objective	[redacted]	**DigitalBridge**	[redacted]
Enhance Real Returns	Targets 10% net IRR through value-add operations on large-scale assets.	Targets higher growth in digital sector, historically outperforming traditional infra.	Platform-building model targets multiple arbitrage and growth, with funds delivering high IRRs.
Inflation Hedging	Invests in inflation-protected assets like regulated utilities and transport.	Data center and tower leases often have contractual inflation escalators.	Infrastructure assets with regulated returns or pricing power provide inflation linkage.
Downside Protection / Resilience	Focus on Core/Core+ essential assets in stable, developed markets provides a low-risk foundation.	Essentiality of digital connectivity provides resilient demand across cycles.	Proprietary "Risk Wheel" framework ensures disciplined risk management and downside protection.
Exposure to Digitalization / AI	Selected investments in data centers (e.g., QTS) and digital infrastructure.	Pure-play specialist; entire portfolio is dedicated to the digital/AI megatrend.	Invests in digital platforms with dedicated InfraTech strategy.
Exposure to Energy Transition	Dedicated energy transition fund; major investments in renewables.	Focus on sustainable infrastructure, to power data centers.	Dedicated Energy Transition strategy; builds renewable platforms globally.

CBRF Subaccount Objective	[redacted]	DigitalBridge	[redacted]
Access to High-Growth Geographies	Primarily North America, with some European exposure.	Global footprint across North America, Europe, and Asia.	Differentiated exposure to high-growth emerging markets in Asia and Latin America.

V. Portfolio Synergy and Conclusion

The recommendation to appoint [redacted], DigitalBridge, and [redacted] is not merely a selection of three excellent individual managers, but a deliberate construction of a synergistic and balanced portfolio. The combination of these firms provides the CBRF subaccount with a multi-faceted exposure to the infrastructure asset class, designed to capture diverse sources of return while mitigating concentration risk.

- **Scale and Stability ([redacted]):** [redacted] serves as a foundational anchor. Its focus on large-scale, high-quality Core and Core+ assets in stable, developed markets provides a baseline of resilience and downside protection. Their unparalleled scale and value-add operational model offer a lower-risk entry point into the asset class.

- **Thematic Specialization (DigitalBridge):** DigitalBridge acts as the portfolio's higher-conviction growth engine. Its pure-play focus on digital infrastructure provides targeted exposure to what is arguably the most powerful secular growth driver in the market today—the proliferation of data, cloud computing, and AI.

- **Growth and Diversification ([redacted]):** [redacted] introduces two crucial elements of diversification. First, its expertise in high-growth markets provides access to different economic cycles and growth trajectories that are less correlated with the developed markets targeted by [redacted]. Second, its distinctive platform-building strategy offers a different model of value creation, focused on mid-market M&A and consolidation.

This multi-manager structure is inherently risk-mitigating. It prevents an over-concentration in any single manager's style, any single geographic region, or any single infrastructure sub-sector. It allows the CBRF to leverage best-in-class expertise across different facets of a complex and evolving market, from large-scale, stable assets to hyper-growth digital platforms and emerging market opportunities.

In conclusion, the selection of [redacted], DigitalBridge, and [redacted] is a prudent, disciplined, and strategically sound action. It directly addresses the statutory mandate of Alaska Statute 37.10.430(c) by positioning the CBRF subaccount to achieve higher, long-term returns. The strategy is designed to compound real value over time through exposure to an asset class with inherent inflation-hedging properties and powerful secular tailwinds. The complementary nature of the selected managers creates a robust and diversified portfolio, fulfilling the Department of Revenue's fiduciary duty to manage these state assets for sustainable, long-term growth.

Exhibit 7

THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Revenue

COMMISSIONER'S OFFICE

State Office Building
333 Willoughby Avenue, 11th Floor
PO Box 110400
Juneau, Alaska 99811-0400
Main: 907.465.2300
Toll free tax: 888.224.4538

MEMORANDUM

Date: July 29, 2025

To: Zach Hanna, Chief Investment Officer
Pam Leary, Treasury Director

CC: Ben Hofmeister, Attorney
Scott Jones, Audit Coordinator
Llewellyn Smyth, Policy Advisor
Janelle Earls, Administrative Services Director

FROM: Adam Crum, Commissioner of Revenue

SUBJECT: Fiduciary and Statutory Justification for Reallocation of a Portion of the Constitutional Budget Reserve (CBR) into the Subaccount

Executive Summary:

The Department of Revenue is initiating a strategic reallocation of a small portion of the Constitutional Budget Reserve (CBR) to improve long-term performance and fulfill both our statutory authority and fiduciary obligations. The CBR currently holds $2.9 billion, 100% of which is in money market instruments. While this allocation prioritizes liquidity and capital preservation, the long-term expected returns of approximately 3.0% and expected Real Return of 0.5% are inadequate to maintain purchasing power or maximize value for the State of Alaska.

Pursuant to AS 37.10.430(c), the Department will reallocate a portion of the fund into a subaccount targeting higher-yield, moderate-risk investments, such as infrastructure funds, with a history of 8–12% returns, consistent with the minimum five-year investment horizon prescribed in statute.

Legal and Fiduciary Framework:

1. Statutory Authority – AS 37.10.430(c):

"Money in the subaccount shall be invested to yield higher returns than might be feasible to obtain with other money in the budget reserve fund. In establishing or modifying the investment policy for the subaccount in the budget reserve fund, the commissioner of revenue shall assume that those funds will not be needed for at least five years."

This statute provides clear legislative direction to seek enhanced returns within the subaccount, with a long-term investment horizon in mind. Inaction—particularly when better alternatives are available—is not only inconsistent with the statutory language, it undermines the legislative intent of differentiating the subaccount from the core liquidity pool.

2. Fiduciary Duty – Prudent Investor Standard:

As a fiduciary steward of Alaska's public funds, the Department is bound by the duty of prudence, which requires:

- Thoughtful asset allocation based on risk-return objectives.
- Periodic reassessment of investment decisions based on market conditions.
- Proactive diversification to avoid undue concentration in low-yield assets.

Other aspects of being a fiduciary that must be maintained are standards such as Duty to Monitor and Duty of Loyalty.

The U.S. Supreme Court case *Tibble v. Edison International*, 575 U.S. 523 (2015), reinforced that fiduciaries have a continuing **duty to monitor** and act when investment circumstances change. Merely maintaining the status quo—particularly when it underperforms materially—is not sufficient to meet fiduciary standards.

- The CBR's expected Real Return of 0.5% are inadequate to maintain purchasing power or maximize value for the State of Alaska, and doing nothing to adjust for this material underperformance would be a breach of **duty to monitor**.

The recent court ruling of *Spence vs American Airlines* regarding American Airlines 401(k) plan, reinforced the **duty of loyalty** and that fiduciaries must act solely in the financial best interests of the beneficiaries, and no other concern or interest.

- The desire to avoid political or operational risk at the expense of long-term financial performance could be considered negligent and breach of **duty of loyalty**, if inaction serves institutional comfort rather than the financial best interest of the account's beneficiaries, in this case, all Alaska residents.

Rationale for Action:

- Deteriorating Cash Returns: The Federal Reserve's pivot toward lowering interest rates will likely drive money market yields downward, eroding the already-low returns of the current 100% cash-equivalent allocation.
- Callan's Capital Market Assumptions are used to calculate returns and risk:
  - Inflation – 2.5%
  - Cash Equivalents, expected return – 3.0%

- o Broad US equity, expected return – 7.35%
  - ▪ Projected risk – 17.35%
- o Private Infrastructure, expected return – 6.35%
  - ▪ Projected risk – 15.20%

- Inflation and Opportunity Cost: Real returns, net of inflation, on money markets may become negative, reducing the real value of the CBR over time.

  - o Cash equivalents Real Returns = 0.5%
  - o Private Infrastructure Real Returns = 3.85%
  - o Broad US equity Real Returns = 4.85%

- Risk Return Objectives: when compared to Broad US Equity, Private Infrastructure has a lower risk, and a far lower risk when Global Markets are included. The higher return at lower risk is a prudent and thoughtful approach to maintaining the buying power of the CBR while diligently diversifying.
- Long-Term Horizon Justified: Under AS 37.10.430(c), the Commissioner is to assume a minimum of a five-year investment horizon—a timeframe well-suited for moderate-risk asset classes such as infrastructure, private credit, or real assets, which offer strong risk-adjusted returns and income stability.
- Limited Exposure, Preserved Liquidity: Over 92% of the CBR will remain in cash-equivalents, preserving liquidity for emergencies or legislative appropriation. The reallocated portion will be managed within a dedicated subaccount, segregated and governed by investment policy guidelines that reflect the statutory mandate and risk tolerance.

Conclusion:

This action reflects sound fiduciary management and a statutory obligation to seek better long-term outcomes for the State of Alaska. It is a proactive step in protecting and growing public assets while maintaining appropriate liquidity buffers. Failure to act under these conditions – given the opportunity to measurably improve performance while remaining within acceptable risk parameters when low returns persist and viable alternatives exist – would risk both financial underperformance and breach of fiduciary responsibility.

Exhibit 8

CBRF Subaccount

Current CBRF investments in cash equivalents have an expected long-term return of 3%, **experiencing paltry returns of just 0.5%**. From a fiduciary standpoint, and based on statutory requirements, this level of return is grossly inadequate to preserve the fund's purchasing power or to maximize its long-term value for the State of Alaska. This investment policy statement aims to remedy both of these that have gone unaddressed by adhereing to statue. ***Pursuant to AS 37.10.430(c)*** , the Department will reallocate a portion of the fund into a subaccount targeting higher-yield, moderate-risk investments—such as infrastructure funds and equity investments consistent with the minimum five-year investment horizon prescribed in statute.

Statutory Authority - AS 37.10.430(c) *: Money in the subaccount shall be invested to yield higher returns than might be feasible to obtain with other money in the budget reserve fund. In establishing or modifying the investment policy for the subaccount in the budget reserve fund, the commissioner of revenue shall assume that those funds will not be needed for at least five years.*

Investment Topic	FY 2026	
Investment Objectives	Maintain strict adherence to fiduciary standards with special attention to public benefit by highlighting the duties of loyalty, care, and continuous oversight. By actively pursuing risk-adjusted, long-term returns in accordance with AS 37.10.430(c). Strategically accept comparatively limited principal risk to preserve purchasing power and enhance the fund's real value over time, with minimal reliance on current income generation.	
Policy Risk/Loss Range	>10%	
Time Horizon	Moderately Long	
Asset Allocation	Private - Infrastructure	0% to 100%
	Broad U.S. Equity	0% to 100%
	Fixed Income - Cash Equivalents	0% to 100%
	Total	100%
	Notes: Allocations will vary due to cash flows related to private investments. Plan benchmark is the AY19:CBRF benchmark.	
Expected Return - Long-Term Expected Real Return - Long-Term	6.35% - 7.35% 3.85% - 4.85% Note: Private - Infrastructure - U.S. Equities	
Risk - Standard Deviation	15.2% - 17.35% Note: Private - Infrastructure - U.S. Equities	
10% Probable Downside Return - 1 Year 5% Probable Downside Return - 1 Year Probability of Loss - 1 Year	-20.3% -24.9% 33.7%	
Implementation	Reassess the investment policy and asset allocation annually.	

The investment policy is effective July 29, 2025

Approved — Date: July 29, 2025

Exhibit 9

Attachment A – Non Routine Investment Compliance Checklist

Investment: Private Market Investments – **DigitalBridge**

Type: Long term (10+ year) private market investment

Classification: Non Routine Investment under Treasury Division Policy

Policy Step	Description	Responsible Party	Date Completed	Supporting Documentation / Location
1	Document the investment opportunity (date, presenter, nature/details, participating funds)	DOR / Investment Signatory	January 27, 2025	Email Communications
2	Determine similarity to existing investments; seek guidance from appropriate investment officer/subject matter expert	DOR / Investment Signatory	Similar to other infra investments at ARMB and APFC December 2025	APFC completed a deal with DB
3	Determine whether the opportunity merits further scrutiny based on the information	DOR / Investment Signatory	Yes, continued to look at it for months	

	presented or available			
4	Determine whether the opportunity is better suited for other funding sources and seek a legal opinion to verify the opportunity's eligibility for consideration by the Department of Revenue.	DOR / Investment Signatory	There is no better funding source. Sought legal opinions twice 11/22/24 6/25/2025	Email Communications
5	Seek guidance from external auditors on potential concerns/disclosures	DOR / Investment Signatory	N/A	
6	Identify and engage impartial external expert to evaluate opportunity	DOR / Investment Signatory	Engaged with [redacted] to represent state interests in March 2025. They were provided data room access by investment firms and performed diligence.	Ongoing with SFOF and colleague states, as well as fiduciary experts
7	Seek guidance from Investment Advisory Council	DOR / Investment Signatory	Yes November 2024 – State Investment Review Cmte	Individual calls with Advisors
8	Notify Office of Management & Budget and Legislative Audit prior to investment	DOR / Investment Signatory	OMB Notified via call Leg Audit N/A	Treasury must not abdicate its statutory authority. OMB and Legislative Audit have neither jurisdiction nor role in investment decisions or policies.

10	Inform Senate and House Finance Committee Chairs of investment decision	DOR / Investment Signatory	N/A	Treasury must not abdicate its statutory authority.
9.1	Determine size, date of funding, custodial bank requirements, valuation basis	DOR / Investment Signatory	Process started in July 2025	Email communications
9.2	Notify Compliance	Treasury	Yes May 28, 2025	The Attorney General authorized Hoffmeister to work with Commissioner
9.3	Update investment guidelines	DOR / Investment Signatory	July 29, 2025	Email Communications
9.4	Assign pool/asset class	Treasury	ONGOING	
9.5	Ensure accurate state accounting system entry	Treasury	ONGOING	
11	Document all process steps; update Blue Book or other relevant disclosures	DOR / Investment Signatory	All process steps are well documented through outside counsel [redacted]. Bluebook is N/A	

Exhibit 10

ARTIC – Alaska Resource Technology and Infrastructure Capital

Purpose:

Utilize the subaccount authority in the Constitutional Budget Reserve (CBR) to bring together three world class infrastructure investors to bring financial returns and attention to the state of Alaska.

Scope:

CBR current value = $2.9 billion

- Currently invested in money markets
  - High interest rates saw 5%+ returns
  - Lower interest rates have projected long term returns at 3%

- Invest $225 million of CBR into the Subaccount
  - $75 million each to three different asset managers
    - Less than 8% of CBR

Intro and Objective:

Build exposure to stable, long-duration asset class - The infrastructure asset class represents **trillions of dollars** in global investment over the next two decades, with private infrastructure funds achieving **annualized net returns in the 8-12%** range, generating benefits from diversification and improved returns. By allocating capital to leading global investment management firms with deep expertise in the infrastructure sector, the CBR expects to benefit from key factors that make infrastructure a compelling investment through all cycles, including stable cash flows, inflation protection, economics resilience and the potential for growth.

Leverage program to support development of Alaska's infrastructure – The mandate for investment managers that participate in the program will incorporate a strategic advisory role **centered on** helping Alaska identify and evaluate infrastructure projects within the state, bringing unique insights into best practices, emerging technologies, and potential investment opportunities within the state. The program will integrate periodic reports and consultations, highlighting opportunities to leverage the program's global mandate for the benefit of Alaska's infrastructure development.

The vision for this program is straightforward: entrust a portion of Alaska's investable assets to top-tier infrastructure managers who possess both a track record of delivering competitive returns and the capacity to advise on high-impact projects within Alaska. This dual mandate—strong out-of-state returns coupled with expert guidance on local projects—will help Alaska generate superior risk-adjusted performance while modernizing key sectors of our economy, such as traditional and digital infrastructure.

Legal Review

[redacted]

Financial Overview

Over the past four years, the CBRF has grown to $2.88 billion, largely due to strong money market returns exceeding 5%, a result of elevated interest rates set by the Federal Reserve. With interest rates falling by 100 basis points in the final quarter of 2024, projected money market returns have already declined, with more rate cuts projected in 2025. The CBR's current money market strategy could yield minimal growth, and possibly negative returns when adjusted for inflation in the years ahead. It is important to note, while the CBR's investment policy is intentionally conservative, current return projections may fall short even of that standard.

Interestingly, the legislature authorized the creation of a CBR subaccount 25 years ago. The terms AS 37.10.430(c), provide that money "in the subaccount shall be invested to yield higher returns than might be feasible to obtain with other money in the budget fund. In establishing or modifying the investment policy for the subaccount in the budget reserve fund, the commissioner of revenue shall assume that those funds will not be needed for at least five years."

Findings

The transfer of money to the subaccount and the investment is in the sole best interest of the fund and meets the basic tenets of the prudent investors of time horizon, risk tolerance, and financial goals of the beneficiaries:

1. Time Horizon
    a. Adhering to the statutory requirement of AS 37.10.430(c), the proposed amount to invest of less than 8% of CBR funds <u>won't be needed for at least five years.</u>
2. Risk Tolerance
    a. This proposed investment is well within the risk tolerance bands used to evaluate state investments. Infrastructure is not speculative, it's stable and provides steady returns, and it is a growing sector around the world. Infrastructure investments are typically categorized as "core" or "core-plus" and generally have a moderate risk profile.
3. Financial goals of the beneficiaries

a. The projected returns of 8-12% are far greater than Callan's projected CBRF returns of 3.0%. Growing the CBRF, even a small portion, is furthering the goals of all Alaskans as it increases the size of our rainy-day account, and it means statutory language in AS 37.10.430(c) that money "in the subaccount shall be invested to yield higher returns than might be feasible to obtain with other money in the budget fund."

Manager Selection

Developing the ARTIC Program concept took place over almost a year and many discussions with different asset managers and investment advisors. Evaluation criteria was first formed by evaluating asset manager success in specific areas of infrastructure: traditional (roads, bridges, ports, etc.); digital infrastructure (cell towers, AI data centers, etc); and in the merging of infrastructure and technology (logistics, supply chain, etc). Managers not only had to excel in their investment area but also be willing to participate and provide their expert guidance to Alaska leaders on potential projects.

The second part of the evaluation criteria was the willingness of the asset managers to participate in quarterly project review meetings with Alaska leaders to provide guidance and insight into how to make Alaska projects more investable. There is no promise of investment, just their expertise and guidance for improving prospects in Alaska.

The vision for this program is straightforward: entrust a portion of Alaska's investable assets to top-tier infrastructure managers who possess both a track record of delivering competitive returns and the capacity to advise on high-impact projects within Alaska. This dual mandate—strong out-of-state returns coupled with expert guidance on local projects—will help Alaska generate superior risk-adjusted performance while modernizing key sectors of our economy, such as traditional and digital infrastructure.

Managers that were engaged through this process: [redacted], [redacted], [redacted], [redacted], and Digital Bridge. The three asset managers that emerged on top are: [redacted], Digital Bridge and [redacted].

Conclusion

The Alaska Resource Technology and Infrastructure Capital (ARTIC) Program is a unique opportunity to provide returns to funds that would otherwise see projected long term decreases in returns, while simultaneously bringing world class expertise to bear on potential Alaska projects. It is a sign to the world that Alaska is taking control of its future and won't settle for managed declined and paltry returns in money markets, but is willing to step up and take control of its financial and economic future by encouraging and supporting investment growth and project development.

Exhibit 11

Department of Revenue

TREASURY DIVISION

PO Box 110405
Juneau, Alaska 99811-0405
Main: 907.465.3749
Fax: 907.465.4397

THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Memo

To: Janelle Earls, DOR Acting Commissioner

Cc: Pam Leary, Director, Treasury Division

Llewellyn Smyth, DOR Policy Director

From: Zachary Hanna, Chief Investment Officer, Treasury Division

Date: August 13, 2025

Re: Summary of Treasury Staff CBRF Recommendations

As requested, the following summarizes Treasury staff investment advice provided over the past year regarding the Constitutional Budget Reserve Fund (CBRF).

Background:

Treasury staff manages $55 billion in assets for several State of Alaska fiduciaries. The largest of these is the Alaska Retirement Management Board (ARMB), a nine-member board responsible for managing more than $40 billion in retirement-related funds. Treasury also manages investments for the Alaska Student Loan Corporation, the Mental Health Trust, and the Exxon Valdez Oil Spill Trust. These boards all have distributed decision-making structures, rely on independent advisors, and operate through a transparent public process. In addition, Treasury manages investments for the Commissioner of Revenue, who by statute is the sole fiduciary for $9 billion across 20+ state funds. Treasury staff is committed to providing investment advice consistent with State law and best practice while respecting the authority and responsibility vested with these State investment fiduciaries.

Starting in 2020, the DOR Commissioner instituted a Quarterly State Investment Review (SIR) process to provide greater transparency and structure around investment decisions made by the Commissioner as sole fiduciary – including those that are non-routine in nature. This process provides the DOR Commissioner with a forum for staff recommendations and independent advice from the ARMB's three-person investment advisory committee (IAC). IAC members provide the DOR Commissioner with independent viewpoints on staff investment recommendations and Commissioner initiatives on request. Documenting the rationale for key investment decisions through the SIR process is a core part of Treasury's investment process for state funds, and all SIR meeting packets are publicly available at https://treasury.dor.alaska.gov/home/investments/state-investment-review-meetings.

Recent CBRF Discussions:

At the DOR Commissioner's request, the CBRF and its subaccount were discussed in more detail at the August 19, 2024, SIR meeting. Beginning on page 24 of that meeting packet, Treasury staff reviewed the history and investment considerations for both. The CBRF peaked at over $12 billion in 2014, fell below $1 billion in 2022, and has remained above $2 billion for the past three years.

Staff emphasized the CBRF's importance as a fiscal backstop when revenues or cash flows are insufficient, a role that has led to significant legislative scrutiny over time. This legislative interest was reinforced in a May 19, 2025, letter from the Co-Chairs of the Senate Finance Committee to the DOR Commissioner, which highlighted the potential that the CBRF would be required to balance the FY 2027 budget. The letter stressed the need for the fund to remain liquid and expressed concern about committing assets to longer-term investments that could add costs and reduce liquidity.

At the August 2024 SIR meeting, staff also re-reviewed the May 2024 CBRF time-horizon, which concluded that publicly available fiscal information did not support a horizon beyond five years. Staff recognizes that establishing an appropriate CBRF main fund balance target is an important policy decision that could provide long-term benefits to the State, especially if developed in conjunction with the legislature.

At the May 8, 2025, SIR meeting, Treasury staff presented the fiscal year 2026 asset-allocation recommendations to the DOR Commissioner and the IAC. This included the quarterly disclosure of non-routine investments and the DOR's Non-Routine Investment Protocol (pdf page 21). Treasury staff reiterated its longstanding guidance against including illiquid alternative investments in state funds because state funds are subject to legislative appropriation (pdf page 25). Regarding the CBRF, staff again noted the State's fiscal challenges, the absence of data supporting a longer-term investment horizon, and the recommendation to keep the fund in cash equivalents to capture high current yields (pdf pages 41-45). Staff also discussed the possibility of taking on modestly higher risk in the main fund while retaining liquidity when cash rates decline materially. For funds with a higher risk tolerance, Treasury recommended a diversified mix of asset classes to optimize risk-adjusted returns and provide some downside protection. The May SIR packet also included materials in the appendix starting on pdf page 47 on Alaska's Fiduciary and Uniform Prudent Investor Standards, constitutional and statutory CBRF laws, and State budget and fiscal documents.

Later in May and again in June of 2025, the Treasury Chief Investment Officer was informed by the DOR Commissioner that he was inclined to direct that the CBRF subaccount be funded and invested in three specific private investment funds. Treasury staff did not participate in the selection nor perform due diligence on any of the three funds. Additionally, prospective commitments to these three private investment funds was not discussed at a SIR meeting with the Investment Advisory Committee.

On August 6, 2025, the DOR Commissioner directed that the CBRF subaccount be opened with $225 million and provided an investment policy statement for the subaccount. The DOR Commissioner also signed a limited partnership commitment for up to $75 million with private infrastructure fund Digital Bridge. The DOR Commissioner documented the rationale for the subaccount's funding, investment approach, and fund selection. The remaining two planned private investments were not completed before the DOR Commissioner's resignation on August 8, 2025, and remain for subsequent DOR Commissioners to consider.

Summary:

Treasury staff's position on the CBRF has not changed. There is no publicly available fiscal information that supports an investment horizon beyond five years, but setting an appropriate CBRF main fund balance target is an important policy decision that could provide long-term benefits to the State. Treasury staff does not recommend illiquid private investments for any state funds because of the potential for legislative appropriation. Staff recommends that both the CBRF main fund and any subaccount be invested in investments that can provide the State with liquidity when needed. Additionally, for funds with a higher risk tolerance, Treasury staff recommends a diversified mix of investments to optimize risk-adjusted returns and provide some downside protection.