ALASKA PERMANENT FUND CORPORATION

2022 ANNUAL REPORT

PERSPECTIVES

PERSPECTIVES

The Alaska Permanent Fund Corporation is viewed through many lenses – an investor, an accountant, a manager, a leader, a steward, a student, and an Alaskan – each bringing a unique perspective on the value and potential of the Alaska Permanent Fund, a world-class financial resource.

At APFC, our passion for investing, decades of financial experience, and steadfast commitment to our fellow Alaskans all contribute to protecting the Fund. Amidst the recent inflationary pressures and economic volatility affecting global markets, prudent management remains, as always, an essential component of the Corporation's work. Entrusted as stewards and fiduciaries of the Fund, APFC's vision and diverse investment strategies complement the long-term investment horizon, ensuring consistent risk-adjusted returns over time. This is the work done every day by APFC's Board and staff as we strive to safeguard and wisely invest the Fund for the benefit of Alaskans today and for generations to come.

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VALUE GENERATED FOR ALASKA

APFC'S VISION

To deliver outstanding returns for the benefit of all current and future generations of Alaskans.

USES OF FUND INCOME $81.1 BILLION

Realized Earnings Since Inception

$12.6 B | $24.4 B | $18.0 B | $12.3 B | $13.8 B

PAID OUT TO CURRENT GENERATIONS	45.6%	$37.0 B
POMV Distributions Since FY19	15.5%	
Dividend Appropriations Through FY18	30.1%	

SAVED FOR FUTURE GENERATIONS	54.4%	$44.1 B
Inflation Proofing	22.2%	
Special Appropriations	15.2%	
Undistributed Realized Income	17.0%	

ANNUALIZED RETURN SINCE INCEPTION	TOTAL FUND VALUE As of June 30, 2022	FY22 TOTAL RETURN
8.91%	$76,337,200,000	-1.32%

PRINCIPAL $60.2 BILLION

$51.5 B | $8.7 B

Deposits & Other Appropriations

Unrealized Gains

EARNINGS RESERVE ACCOUNT (ERA) $16.1 BILLION

$10.4 B | $2.3 B | $3.4 B

Realized Earnings

Unrealized Gains

FY23 POMV Commitment

FY22 SOURCES OF CHANGE IN FUND VALUE

$1,684.1 M Stock dividends, bond interest, and real estate cash flow

-$4,547.8 M Net increase/decrease in fair value of investments

-$151.5 M Operating costs and other Legislative appropriations

$548.9 M Dedicated mineral royalties

-$3,093.3 M Transfers out (General Fund and Alaska Capital Income Fund)

THE BOARD OF TRUSTEES

APFC Board of Trustees 2022 - Left to right sitting: Trustee Gabrielle Rubenstein; Chair Craig Richards; Vice-Chair Lucinda Mahoney, Commissioner of Department of Revenue.
Left to right standing: Trustee Jason Brune, Commissioner of Department of Environmental Conservation; Trustee Ethan Schutt; Trustee Steve Rieger

OUR MANDATE

The Alaska Permanent Fund was established in 1976 by Alaskans to save and invest the State's non-renewable mineral wealth and convert it into a renewable financial resource for the benefit of all current and future generations of Alaskans.

The Alaska State Legislature created the Alaska Permanent Fund Corporation in 1980 as an independent state entity under the oversight of a Board of Trustees serving as fiduciaries of the Fund. APFC's mandate is to manage and invest the assets of the Fund and other funds designated by law. The Corporation's investment philosophy has been recognized globally for its ability to consistently generate and provide value on a long-term basis for Alaska.

MESSAGE FROM THE CHAIR

It has been rewarding in recent years to witness the Alaska Permanent Fund's transition to generating a stable, predictable, and sustainable revenue stream for the State of Alaska. The perspective of this paradigm shift is strongly informed by the Board of Trustees' long-held conviction that adherence to rules-based savings and spending mechanisms can ensure the Fund's intergenerational value and benefit.

As our world continues to change in ways unforseen even a few years ago, serving Alaskans on the Alaska Permanent Fund Corporation's Board of Trustees and helping guide the Fund through these uncertain times has been a humbling experience and a great honor. Persistent market volatility has reinforced the long-term investment perspective of the portfolio, the fortitude of strategic asset allocation, and the importance of leveraging opportunity. Our primary mission continues to be ensuring that the assets of the Fund are safeguarded and well positioned to maximize risk-adjusted returns over a long horizon.

In FY22, we witnessed some of the highest rates of inflation experienced by the Fund. The importance of inflation-proofing the Principal has been a focus since the Corporation was established in 1980, highlighted by APFC's first Board Chair Elmer Rasmuson who called inflation the "thief in the night" for its ability to quietly reduce the Fund's future purchasing power. That serious threat remains true today. The Principal's enduring value can and must be preserved through annual Legislative inflation proofing appropriations until the time that a classic single fund endowment structure is established.

In leading the Fund and the Corporation into the future, the Board recognizes the increasing sophistication of the portfolio and the rapidly changing operating environment of investment management. APFC's ability to rise to the opportunity of the challenge is grounded in governance, leadership, and diligence of the Board and APFC's professional staff working collaboratively in service to Alaskans and stewardship of the Fund.

This year we welcomed Gabrielle "Ellie" Rubenstein and Alaska Department of Environmental Conservation Commissioner Jason Brune to the APFC Board of Trustees. Their service is mission-driven and built upon years of private and public sector experience. We bade farewell to Trustee Bill Moran and his 16 years of distinguished and deep-rooted service to the Fund. Our appreciation also goes to Trustee Corri Feige for her service to the State and insightful oversight during her Board tenure. We acknowledge their contributions and those of other former Trustees in building a legacy of governance and duty that continues to guide the Board's stewardship of the Fund.

The prudent investment and consistent management of the Fund will always be held to the highest standards – those of fiduciary duty, uncompromising integrity, and straightforward accountability. By upholding these principles, the Fund will continue to benefit Alaskans today and in the future.

Craig Richards
Chair, Board of Trustees

APFC IN FY22

60 Budgeted full-time positions

7 Positions filled

2 APFC Interns

Implemented a new **Enterprise Resource Planning** system

30 Alaska vendors utilized for operations

Processed **8,640 internal trades** with a value of **$155 billion**

Monitored investments in **more than 100 countries** around the globe denominated in **42 different currencies**

The Alaska Permanent Fund Corporation is comprised of an experienced, knowledgeable, and diverse team working diligently on behalf of our fellow Alaskans.

As stewards of an enduring financial resource for Alaska, we maintain:

- Good governance in support of effective, prudent, independent management of the Alaska Permanent Fund.
- Accountability and adherence to well-defined policies and procedures.
- A long-term investment strategy to maximize risk-adjusted returns based on a diversified portfolio.
- A dedicated and passionate team of professionals to strengthen and grow the Fund for the benefit of all generations of Alaskans.

Coordinated and implemented a **workplace modernization** program to facilitate a **globally accessible** and **secure** remote work environment

Expanded **cybersecurity monitoring** and advanced **protection**

Accounted for over **43,000 transactions** every month across **more than 800 bank accounts** holding **almost 17,000 unique investments**

Bolstered Alaskans' understanding of the Fund and the work we do through **35 presentations, 5 digital** and **printed publications,** and **107 articles** and **social media posts**

Established a program together with **Alaska Resource Education** to engage **Alaska students** and connect them to the Fund

FROM THE ACTING EXECUTIVE DIRECTOR

As global economies continue to be pushed to extremes, we can already see how the various geopolitical, economic, and social events from the past few years have influenced the performance of the Alaska Permanent Fund. Investing on a long horizon, the Alaska Permanent Fund Corporation has a unique ability to look forward at the bigger picture, assess our strategies, and adjust course to ensure that we achieve our long-term return objectives.

This isn't just hyperbole. Having started working at APFC in 1993 as an accountant, when the Fund was valued at $15 billion and invested across three asset classes, I have been fortunate to see and be part of the growth and transformation of the Corporation into the globally respected financial institution it is today. Even in a challenging year, we have been recognized by our peers and our fellow Alaskans for our ability to provide essential resources to Alaska while safeguarding the Fund. We accomplish this as a Corporation and as individuals, demonstrating our enduring values of integrity, stewardship, and passion.

Over the past year, having the opportunity to lead this Corporation has been an honor. It has given me an even better perspective of the fortitude and resiliency of APFC's dedicated staff and their commitment to serving for the benefit of all Alaskans. In collaboration, APFC's diligent investment teams rely on trusted support from our finance, operations, communications, HR, and IT staff, ensuring that the Corporation remains efficient and effective while meeting the expectations of Alaskans and our global partners.

Though we are always proud to see our colleagues advance professionally, it was with mixed emotions that we said goodbye to some of our valued staff who moved on to new opportunities. With gratitude, I recognize their service and contributions will continue to benefit the Fund for years to come. At the same time, APFC has been fortunate to welcome several bright new staff. Their enthusiasm, knowledge, and engagement are already strengthening our team and enhancing the Corporation.

We embrace our role as an increasingly sophisticated and globally positioned institution. From far and wide, APFC has long been viewed as an effective and influential institutional investor. APFC's team of professionals works every day, upholding our culture and values, fiduciary responsibility, and stewardship of Alaska's most treasured renewable financial resource, the Alaska Permanent Fund.

Valerie Mertz
Acting Executive Director & Chief Financial Officer

THE FUND
A RENEWABLE RESOURCE

As the Constitution states, the Principal of the Alaska Permanent Fund can only be used for income-producing investments and can never be spent. In 1977 the Fund received its first deposit of $734,000 from oil revenues. It continues to receive royalties every year, which are invested to produce income for Alaska's future. By generating wealth from its non-renewable foundation, the Fund has become a genuinely renewable financial resource, as intended.

ALASKA CONSTITUTION ARTICLE IX, SECTION 15
ALASKA PERMANENT FUND

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

PERMANENT FUND EVOLUTION

- In 1976, Alaskans came together and voted to establish the Fund to transform the State's non-renewable resources into a renewable financial resource.
- In 1980, the Legislature made the decision to use the Fund as an investment trust to provide intergenerational wealth to all Alaskans and created the Alaska Permanent Fund Corporation as the Fund's steward and investment manager.
- Since the establishment of APFC, the Board of Trustees has upheld their fiduciary responsibility of prudently investing and managing the assets of the Fund in a manner consistent with the three legislative findings in AS 37.13.020.
  - Provide a means of conserving a portion of the State's revenue from mineral resources to benefit all generations of Alaskans.
  - Maintain safety of Principal while maximizing total return.
  - Used as a savings device managed to allow the maximum use of disposable income from the Fund.
- The formulaic, rules-based Percent of Market Value (POMV) framework, enacted in 2018, ensures the long-term stability and sustainability of the Fund.

SUSTAINABLE
FOR GENERATIONS

The Alaska Permanent Fund serves three primary functions: saving, producing income, and providing stability. A well-designed system of rules and formulaic calculations clearly defining these savings and spending policies ensures that the Fund is safeguarded and protected for future generations.

To ensure long-term sustainability, Alaska Statutes allow for a 5% Percent of Market Value (POMV) draw annually from the Fund.

Since fiscal year 2019, $12.6 billion has been transferred from the Permanent Fund to the Alaska General Fund through the POMV distribution. In FY22 alone, the $3.1 billion POMV draw contributed to over 40% of the State of Alaska's unrestricted revenues.

As the Fund's earnings now contribute significantly to the State's budget, APFC's Board of Trustees continues to reinforce its support for adherence to the rules-based mechanism for deposits into, and withdrawals out of, the Fund. Encouraged by ongoing discussion among state leaders, the Board also upholds its resolutions to constitutionalize a Percent of Market Value methodology for distributions from the Fund, ensuring that a genuinely renewable financial resource will be available to support all generations of Alaskans.

POMV
A RULES-BASED FRAMEWORK

The POMV methodology ensures a predictable and stable draw in support of State revenue. It enables the Corporation to effectively manage the Fund and implement long-term investment policies.

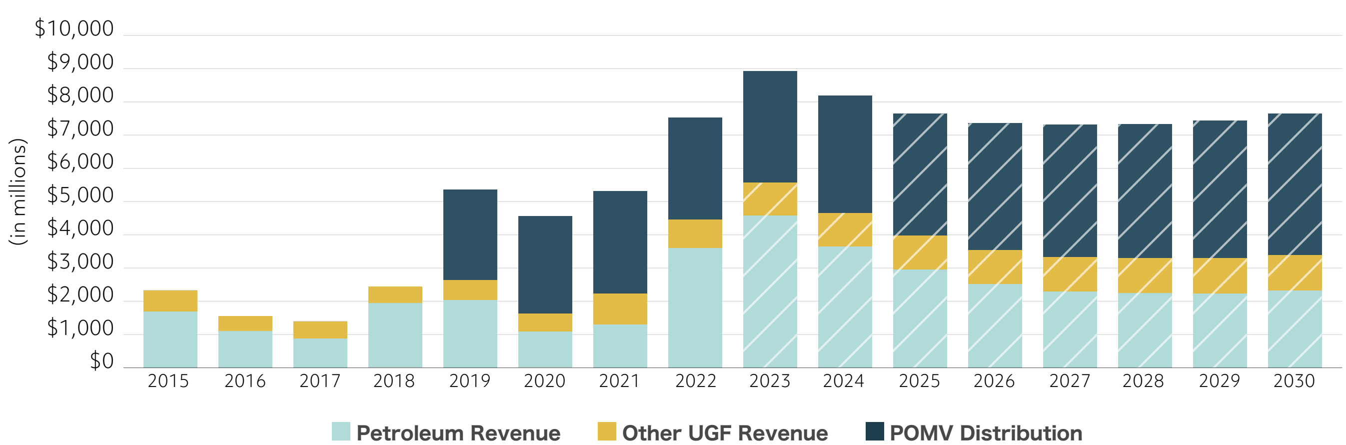
Predictable: Calculated on the average market value of the Fund for the first five of the preceding six fiscal years.

Revenue: Subject to annual appropriation by the Legislature and can be used for any state government service or program, including the dividend.

FY23 POMV Calculation
AS 37.13.140 (b)
Value Based

FY21	$81,472,100,000
FY20	$64,877,100,000
FY19	$65,876,400,000
FY18	$64,469,500,000
FY17	$59,360,400,000
	average
5Yr Avg	$67,211,100,000
X 5%	$3,360,600,000

CONTRIBUTIONS TO THE UNRESTRICTED GENERAL FUND (UGF)



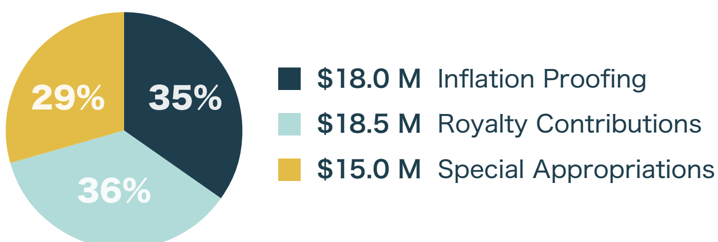
FUND STRUCTURE

The Alaska Permanent Fund functions as a single fund comprised of two separate accounts, the Principal and the Earnings Reserve Account (ERA).

PRINCIPAL: This is the permanently protected, non-spendable part of the Fund that can only to be used for income-producing investments, as established in the Alaska State Constitution. The Principal can only grow through royalty contributions, inflation proofing, and Legislative special appropriations.

Royalties and special appropriations to the Principal support the real growth of the Fund, resulting in more income and higher sustainable draws in the future. The Alaska Permanent Fund Corporation is grateful for the actions taken by the 32nd Legislature to grow the Principal through appropriation of royalties, a special appropriation of $4 billion from the ERA, and through the annual inflation proofing appropriation to Principal in FY23. The Legislature demonstrated further support for the effective management and stewardship of the Fund by providing critical resources through APFC's annual operating budget.

CONTRIBUTIONS TO THE PRINCIPAL
(Since Inception)



EARNINGS RESERVE ACCOUNT (ERA): Annual net realized income generated by the Fund's investments flows into the ERA, as provided in State statute AS 37.13.145.

- **Funds in the ERA are available for use by the Legislature through its power of appropriation.**
- **The ERA is also used to cover the operational costs of managing the Fund and inflation proofing the Principal.**

INFLATION PROOFING

With the Fund's current two-account structure, rising inflation presents an increasing threat to the long-term value of the Principal.

The Board maintains the importance of consistent annual inflation proofing. An annual appropriation from the ERA to the Principal of the Fund sufficient to offset the effects of inflation, as enshrined in AS 37.13.145 (c), is essential to protect its future purchasing power. The statutory inflation proofing mechanism is calculated based on annual inflation rates and only on the deposits/contributions to the Fund's Principal, not on the unrealized gains.

- Inflation rates hit 4.7% in FY22, the highest experienced by the Fund since 1990.
- Looking forward to FY23, the Legislature appropriated an estimated $1.0 billion, at an inflation rate of 2.0%, from the ERA into the Principal. This amount is an estimate based on the consultant's inflation projections at the time. The actual amount will be calculated at the end of the fiscal year.

STATUTORY NET INCOME

Total Statutory Net Income to the ERA **over 5 years**

$25.1 B

Statutory Net Income, as provided in AS 37.13.140, is the direct result of investment activity (buying and selling of assets) and includes two components:

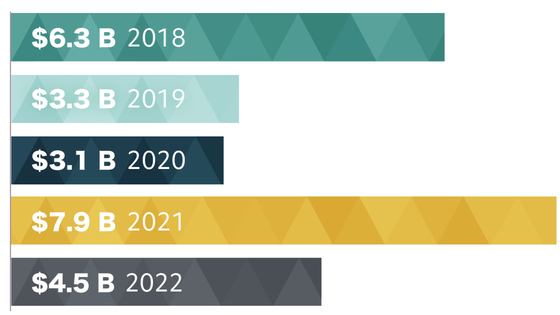
Operating Income: Cash inflows from stock dividends, bond interest, real estate rental fees, and income generated by other alternative investments.

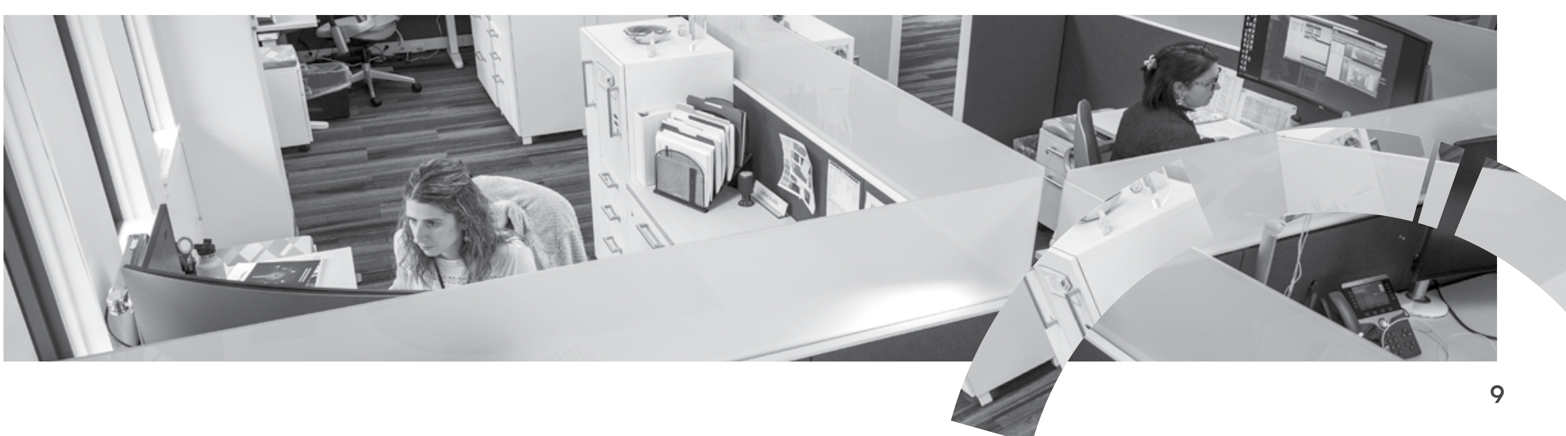
Realized Capital Gains/Losses: All net income (i.e., realized gains minus realized losses) generated by the sale of investments.

Statutory Net Income of the Alaska Permanent Fund is calculated annually, on the last day of the fiscal year, in accordance with generally accepted accounting principles, excluding any unrealized gains or losses.

Statutory Net Income is unpredictable because it is generated through portfolio activity, including the decisions made to rebalance, sell assets, and respond to market conditions. APFC ended FY21 with an unusual amount of unrealized gains related to the unique market environment associated with the pandemic. In FY22, some of these gains were realized as part of our portfolio rebalancing activities.

STATUTORY NET INCOME BY FISCAL YEAR





INVESTMENT MANAGEMENT

WISDOM AND EXPERIENCE

Empowered by the opportunity and responsibility as stewards of the Alaska Permanent Fund, the Alaska Permanent Fund Corporation's investment management focuses on achieving best-in-class overall performance while generating returns that efficiently reward the investment risks. Leveraging the Corporation's internal strengths and taking advantage of strategic investment partnerships through the selection of active external asset managers allows the Fund to consistently outperform its benchmarks.

APFC's Finance team, along with the custodial bank and essential external partners, effectively monitors the increasingly complex and sophisticated investments of the Fund across all asset classes in more than 100 countries and 42 currencies from around the world. To succeed in today's challenging business environment, these Corporate-wide efforts are supported by APFC's IT, HR, risk, compliance, communications, and administrative services.

APFC thrives on a collaborative and supportive culture across the Corporation. Throughout the life cycle of an investment, APFC's talented and dedicated staff offers world-class support for all of APFC's portfolio activities through:

- Portfolio management
- Due diligence research
- Capital flow
- Reconciliation of portfolio activity
- Performance tracking
- Financial reporting

Through in-house expert management and externally with the industry's leading investment managers, the Corporation is able to successfully carry out the mission of ***managing and investing the assets of the Fund and other funds designated by law.***

VALUES IN ACTION

DEEPLY ROOTED

The Alaska Permanent Fund Corporation's staff are empowered to optimize the workplace to best suit their individual strengths and support each other in building a more robust Corporation. These efforts were recognized in FY22, as APFC was awarded Best Place to Work by *Pensions & Investments* magazine.

"It is incredibly humbling to have our team acknowledged as a Best Place to Work," said Chad Brown, APFC's Director of Human Resources. "As only the second public Fund and the only Sovereign Wealth Fund in the U.S. to have won, I couldn't be more proud of every member of our team who brings a deep commitment and passion to their work. I couldn't think of a better group of people with which to surround myself."

Inspired by the energy of transition, APFC's Board and staff are committed to fulfilling the vital work necessary to safeguard and invest the assets of the Alaska Permanent Fund. APFC remains grateful for the enduring support received from the Legislature, fellow Alaskans, and partners, who like us, want to see Alaska's largest, renewable financial resource succeed at providing for generations to come.

APFC's culture highlights the values that unite us, as a Corporation and as Alaskans:

INTEGRITY
We act in an honorable, respectful, professional manner that continually earns and justifies the trust and confidence of each other and those we serve.

"Acting in a way that earns respect without having to convince people through words."

"Honoring each other's strengths and contributions to the organization."

"Doing what's right instead of what's easy."

STEWARDSHIP
We are committed to wisely investing and protecting the assets, resources, and information with which we have been entrusted.

"Every member of our team identifies how they can best protect the wellbeing of the Fund within their area of influence."

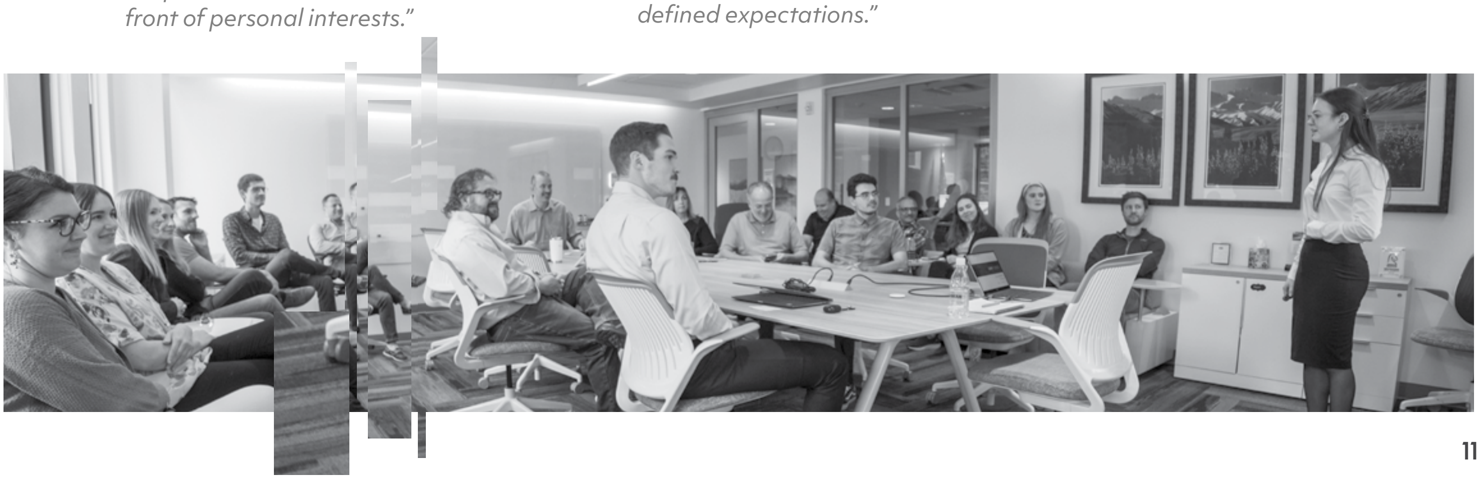
"Putting interests of the Corporation and the Fund in front of personal interests."

PASSION
We are driven to excellence through self-improvement, innovative solutions, and an open, creative culture. We are energized by the challenges and rewards of serving Alaskans.

"Growing in the knowledge of our jobs and identifying opportunities for improvement."

"Serving as an ambassador of the Fund and the Corporation both internally and externally."

"It's about being fully dedicated and committed to excellence and quality, being creative, taking on challenges, and going outside of defined expectations."



INTERNSHIP PROGRAM

FUTURE LEADERSHIP

Through the longstanding Internship Program, the Alaska Permanent Fund Corporation is proudly committed to building finance and investment management capacity in Alaska by mentoring and supporting the career development of the State's future leaders. The program offers interns the opportunity to expand and test their skills while gaining familiarity with a foundational Alaska entity and the global financial industry.

APFC was pleased to welcome two talented Alaskans as interns in FY22: Ely Cook, a recently graduated Finance major at BYU Idaho; and Ellie Knapp, a Finance and Liberal Studies double major at the University of Notre Dame's Mendoza College of Business.

Following in the footsteps of a family member who had a positive internship experience in APFC's External Partner Program, Ely was inspired to learn more about the Corporation and how he could apply his finance education in Alaska, his home state. After starting his Investments internship in Juneau, Ely immersed himself in the Corporation, recognizing the unique opportunity to work side-by-side, listening to, and learning from world-class financial experts.

"This is an amazing team composed of compassionate, competent individuals who are eager and excited to welcome newcomers into their ranks," says Ellie. "Everyone at APFC truly embodies their collective values of integrity, stewardship, and passion."

"This has helped me know what route I want to take in my career without having to spend years figuring out what I like most," says Ely, who was encouraged by the opportunity to explore the Investment programs and included as a team member. "When you work at APFC, you are surrounded by people who want you to succeed and are willing to help. Now, I am confident I can explain the fundamentals of investing and what APFC does for the great State of Alaska."

Being from Juneau, Ellie had the opportunity for an early introduction to APFC. While still in high school, she shadowed APFC's Director of Fixed Income, Jim Parise, where she learned about the mission and functions of the Corporation. Since then, most of her post-secondary career path has been oriented towards working at APFC. Throughout her internship experience, Ellie appreciated the supportive, collaborative, and professional opportunity to apply her classroom skills in a real-world setting. "The professionalism and career exposure I gained at APFC will undoubtedly prepare me for a future career in Finance," says Ellie. "I have been able to work with skilled professionals in a variety of business fields, meet with representatives from firms based across the country and internationally, and gain lots of hands-on experience."

As strong supporters of the Internship Program, the Board of Trustees is committed to ensuring this continues to be one of the premier internship programs in the State. Since 1988, more than 300 young Alaskans have gained exposure to and been empowered with professional investment and finance experience under the guidance of some of the industry's leading financial experts.

SUPPORTING SUCCESSORS

As many of our former interns have gone on to become corporate leaders within Alaska and beyond, APFC began to build an Interns Alumni Network in FY22. This network will help connect established financial professionals with ties to Alaska and mentor interns as they continue to advance in their careers. *Alumni can contact us for more information.*

▶ BECOME AN INTERN

To be eligible to participate in the APFC Internship Program, a student must either be enrolled full-time in an Alaskan university or be an Alaska resident attending school elsewhere. Recent graduates also qualify. Internships are generally open for applications in the fall to begin the following summer. Additional details are available on our website: apfc.org/internships

"By supporting critical operations at APFC, through a real hands-on experience, our interns have a unique opportunity to apply their education to make valuable contributions to the Fund. While gaining world-class professional investment and finance experience, they also gain essential skills with corporate technologies, communications, and research." – Chris LaVallee, APFC Senior Portfolio Accountant II

INVESTMENT STRATEGY
FOR THE LONG RUN

The Alaska Permanent Fund Corporation has long been entrusted, as fiduciaries of the Alaska Permanent Fund, with responsibility for the prudent investment of Alaska's most valuable financial resource. Because of the perpetual nature of the Fund and the Legislature's finding that it should benefit all generations of Alaskans, APFC's Board of Trustees has engineered a dynamic Investment Policy and diverse asset allocation that leverages the Fund's long-term horizon, structural flexibility, and considerable value. Compatible with the Prudent Investor Rule as enshrined in Alaska Statute 37.13.120, this strategy maintains a well-defined risk appetite across a diversified portfolio to ensure that the Fund can create lasting value.

Total Fund objectives, as set forth in APFC's Investment Policy:

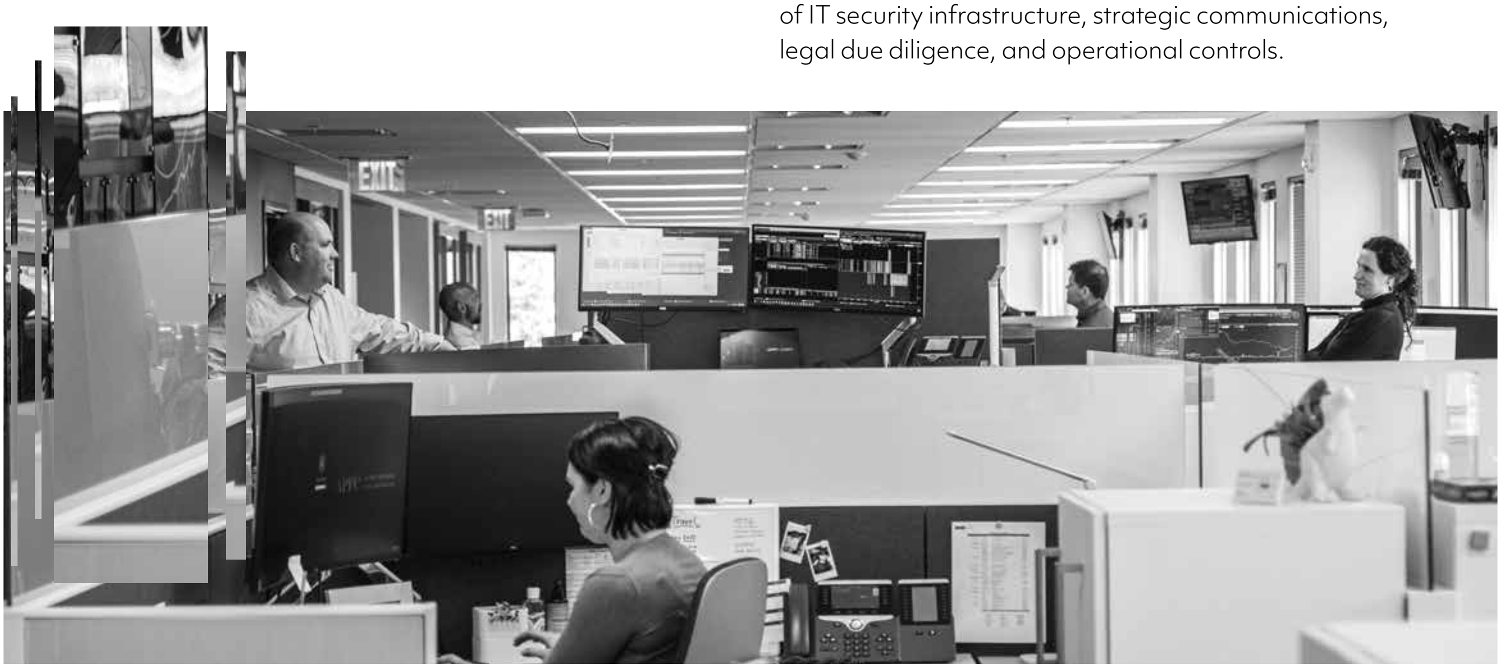
> **Investment Performance:** Ability to generate an annualized return of inflation (CPI) +5% over a 10-year period (long-term target).
>
> **Investment Risk:** Ability of the Fund to achieve long-term targets while conforming to the Board of Trustees' approved risk appetite metric.

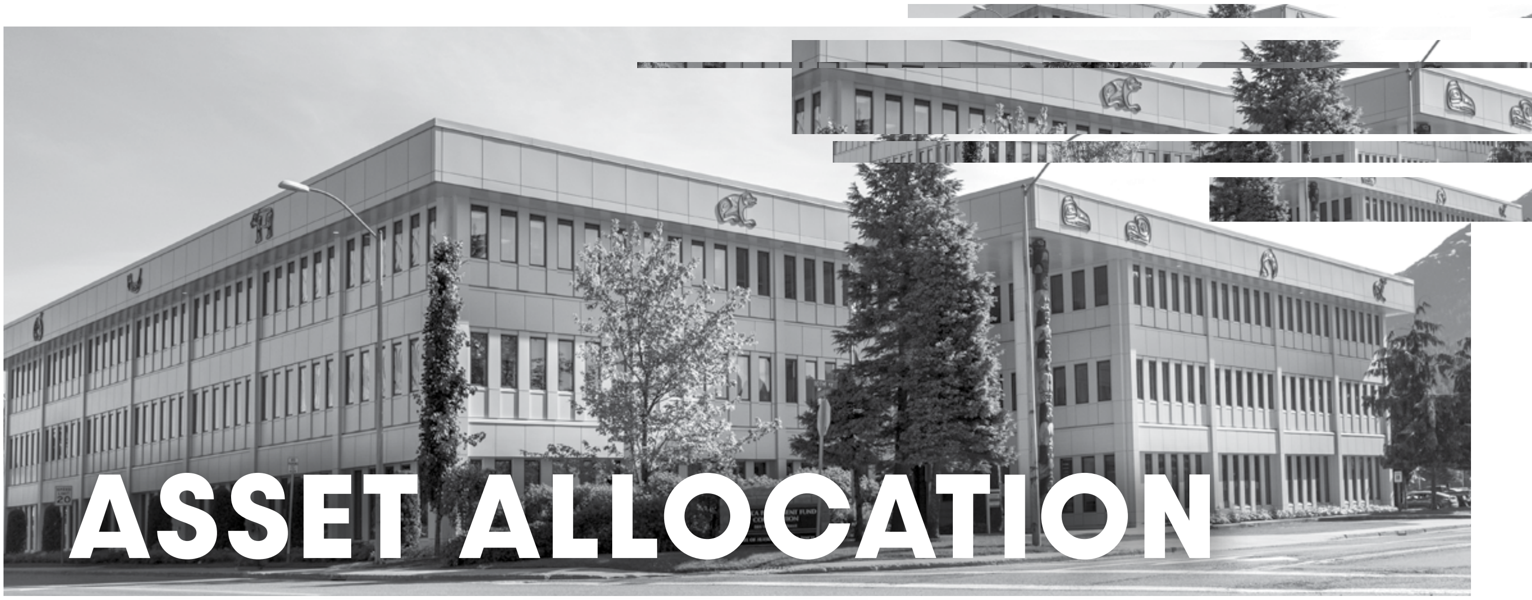
RISK MANAGEMENT

To holistically measure the success of the Fund, it is necessary to regularly assess both returns and risk levels. Across all asset classes and in aggregate, APFC seeks to maximize returns while ensuring risks remain within well-defined thresholds. Recognizing that APFC is in the business of taking risk, the objective of risk management is not to avoid risk but to identify, understand, and manage it to acceptable levels.

Last fiscal year, the Board of Trustees took the critical step of establishing an 80/20 Risk Tolerance Portfolio for the Fund. In FY22, the Corporation conducted its first full year of investment activities within this essential risk guidance, which is defined in terms of a reference portfolio comprised of 80% stocks and 20% bonds. To ensure that the Fund remains within the minimum and maximum thresholds set by the Board, risk metrics of various criteria are regularly measured, including asset class proportions, estimated volatility, and drawdowns, as well as minimum liquidity levels across the Fund.

Beyond market, credit, and liquidity risks, APFC continually faces exposure to legal, reputational, regulatory, and other operational risks. Efforts continue to be made to mitigate these risks, through the consistent reinforcement of IT security infrastructure, strategic communications, legal due diligence, and operational controls.





ASSET ALLOCATION

THE BENEFIT OF DIVERSIFICATION

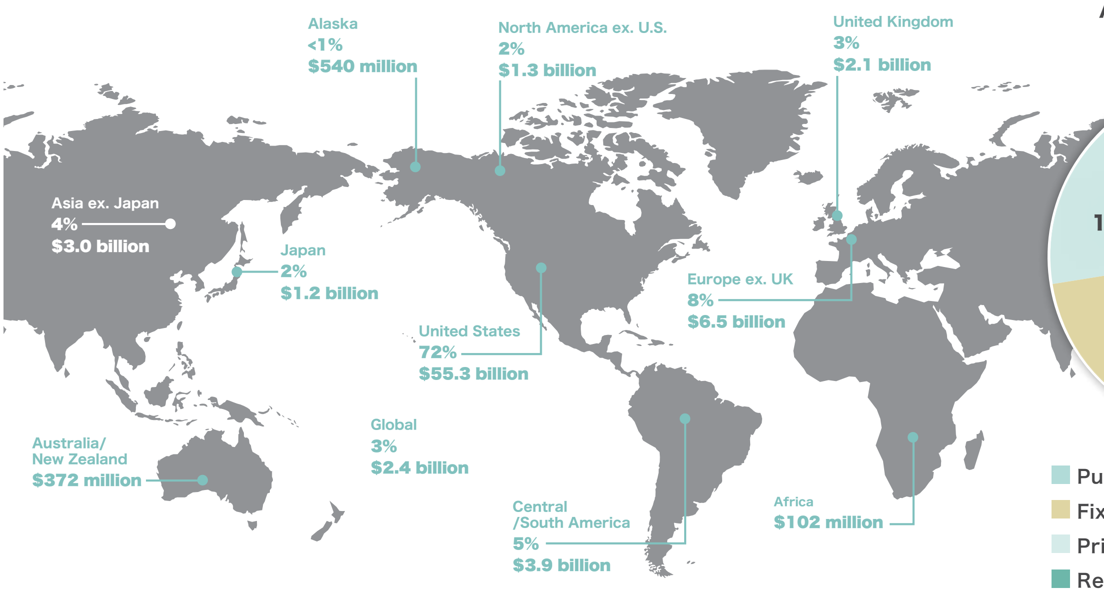
The Alaska Permanent Fund is viewed as one of the largest, most effective, and globally well-positioned institutional investors among US investment plans. With the objective of participating in advantageous investment opportunities around the world, the Alaska Permanent Fund Corporation's investment programs are strategically organized into a diverse portfolio of eight asset classes, including international and domestic public markets, real estate, and alternatives.

Diversification: Helps to ensure that the total Fund can outperform its benchmarks in any given year, despite volatility within individual allocations of the portfolio.

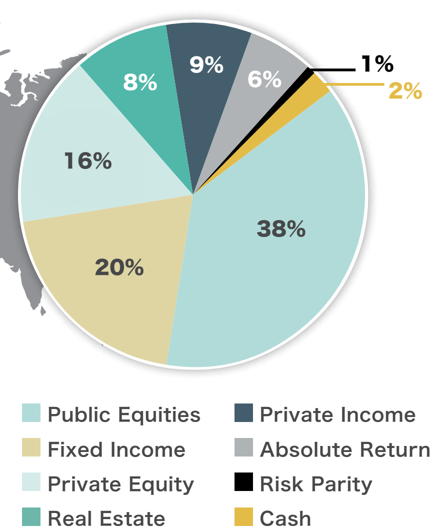
Asset Classes: Managed to achieve specific long-term targets set by APFC's Board of Trustees.

In FY22, the Board continued to implement incremental changes necessary to maintain their 5-year asset allocation course completing in FY25, including a 1% increase in the Private Equity and Real Estate portfolios and a 1% decrease in the Public Equities and Fixed Income portfolios. The Board, with assistance from APFC staff, engages in an asset allocation study at least once every five years to review existing asset classes, analyze risk-return assumptions, and assess correlations of investment returns with applicable benchmarks.

APFC actively partners with leading investment managers and institutional investors on each major continent to gain access to profitable investment opportunities around the globe.



ASSET ALLOCATION TARGETS FY22



PERFORMANCE

The Board of Trustees provides the Alaska Permanent Fund Corporation with a consistent set of goals and benchmarks that allow for a balanced approach to evaluating asset class performance. Our dedicated team of investment professionals is focused on achieving best-in-class overall performance while conforming to the Board of Trustees' approved risk appetite metric. By measuring the Alaska Permanent Fund returns against strategic performance benchmarks, APFC has continually demonstrated an ability to create and add value through active management of the Fund.

Periods of economic retraction represent challenging investment environments. In FY22, through investments that efficiently reward risk, APFC maintained the value of the Principal and generated substantial realized returns for Alaskans.

Due to persistent volatility across all asset classes and record rates of inflation, the Fund did not achieve its Total Return Objective of CPI+5% for FY22, which would have been 14.1%.

"Financial markets in FY22 threw APFC investment staff, and all investors, several curveballs ranging from the highest inflation in decades, severe supply chain hurdles, geopolitical challenges, and the Federal Reserve entering a tightening cycle – concurrent with a very expensive stock market," said APFC Chief Investment Officer Marcus Frampton. "While there were certainly challenges along the way, it is extremely gratifying that the team was able to outperform the Fund's performance benchmarks, as both stocks and bonds experienced heavy declines in the second half of the fiscal year."

APFC's total Fund portfolio is consistently monitored and evaluated across multiple timeframes and relative to three strategic benchmarks set forth in APFC's Investment Policy:

PASSIVE INDEX BENCHMARK

Value Add

This short-term performance indicator is based on a blend of passive indices reflective of a traditional portfolio consisting of public equities, fixed income, and real estate investments. The objective is to earn regularized income to support the liquidity needs of the Fund while outperforming a passive global index portfolio of stocks, bonds, Real Estate Investment Trusts (REITs), and US Treasury inflation-protected securities (US TIPs).

PERFORMANCE BENCHMARK

Peer Comparison

This indicator is a blend of indices covering all asset classes, reflective of the Fund's target asset allocation.

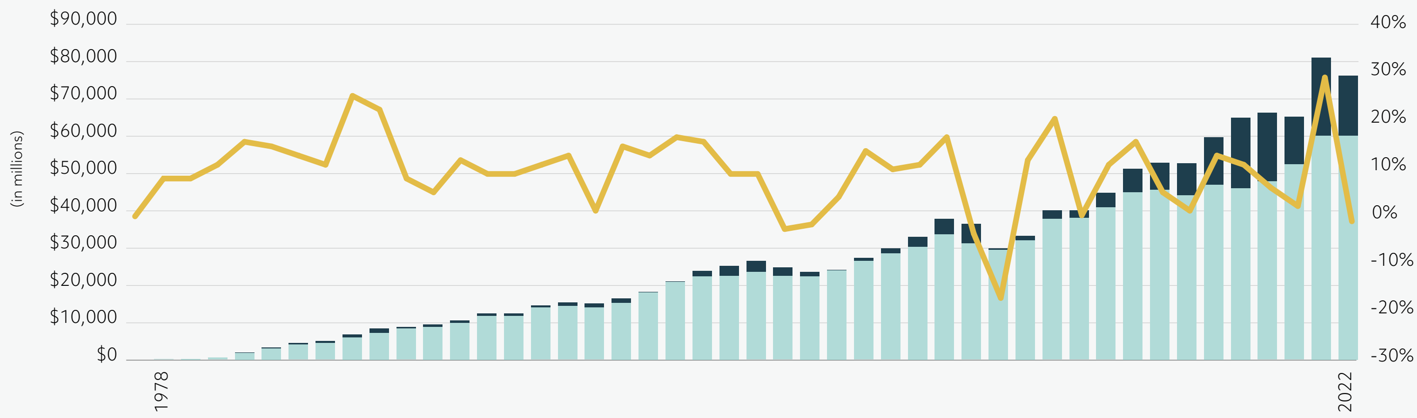
TOTAL FUND RETURN OBJECTIVE

5% Real Return

The long-term investment goal is to achieve an average real rate of return of 5% per year (CPI/inflation +5%) at risk levels consistent with large public and private funds.

Despite the bear market environment, the total Fund portfolio and several asset class programs were able to achieve remarkable returns, outperforming their short and long-term performance benchmarks for the year.

FUND VALUES AND RETURNS (Since Inception)



VALUE ADDED IN FY22

Returns over the passive index benchmark

$10.2 B | **13.32%**

value add | performance add

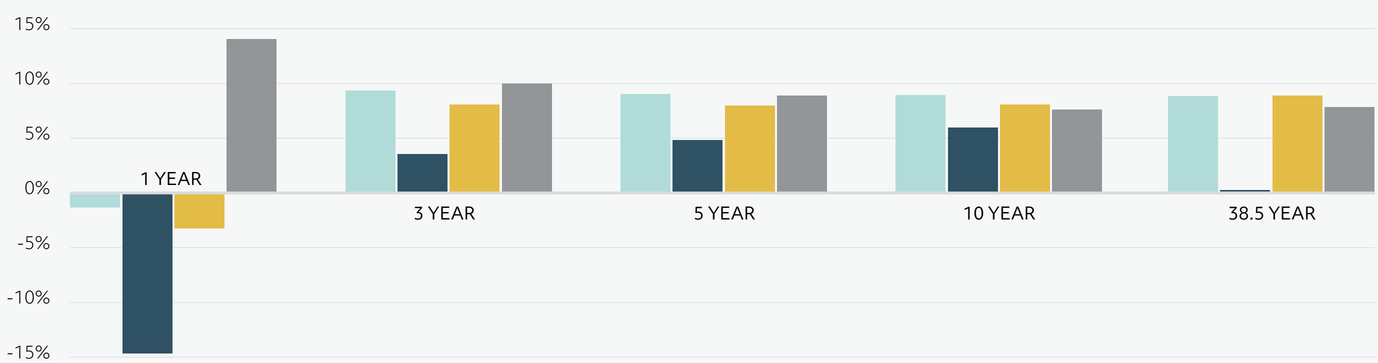
VALUE ADDED OVER 10 YEARS

Returns over the passive index benchmark

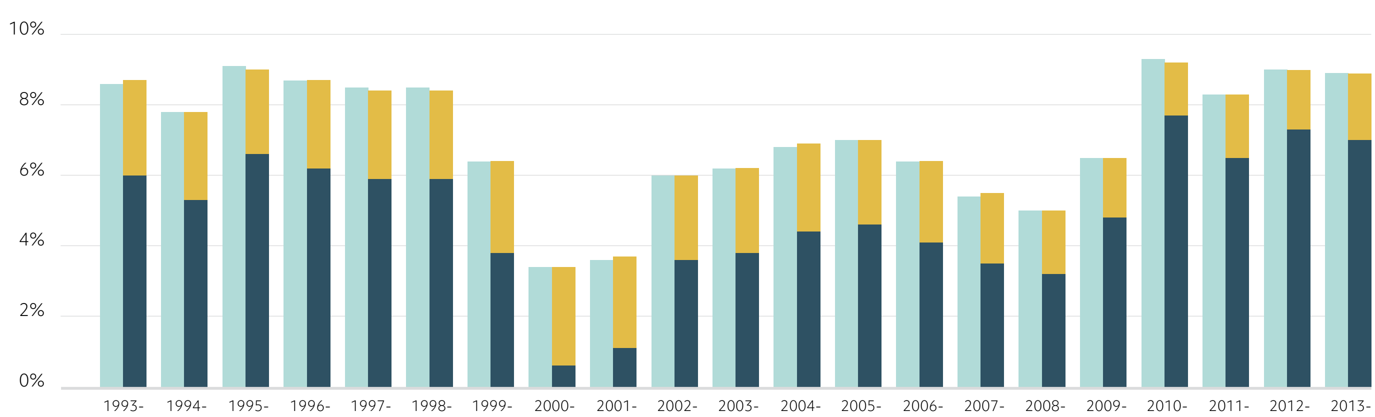
$18.4 B | **2.99%**

value add | performance add

FUND'S LONG-TERM INVESTMENT PERFORMANCE (Since Inception)



ROLLING 10-YEAR FUND RETURNS



PUBLIC EQUITIES

$25.9 BILLION as of June 30, 2022

79 Countries Represented in Holdings
38% Target Asset Allocation

With the objective of generating compelling long-term returns, the Public Equities portfolio is invested across numerous actively managed strategies incorporating a diverse collection of U.S. and international stocks. As the largest asset class in the Alaska Permanent Fund, the performance of the portfolio plays a significant role in the overall performance of the Fund. To efficiently utilize active risk and maximize long-term outperformance, the Public Equities portfolio is managed internally and externally in alignment with risk thresholds established by the Alaska Permanent Fund Corporation's Board of Trustees.

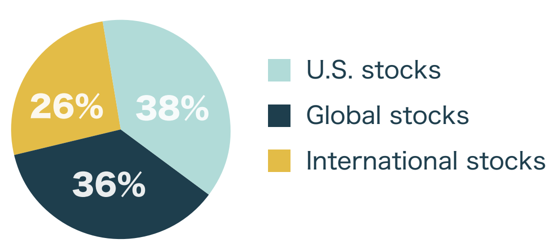
Approximately 85% of the Public Equities portfolio is strategically allocated across external active managers who construct portfolios of individual stocks through a bottom-up approach. Focusing on the fundamentals of specific companies when making their investment decisions, our external managers have consistently delivered net-of-fee outperformance over short- and long-term horizons.

The remaining 15%, internally managed portfolio consists of the largest single account in the asset class, the Tactical Tilt strategy (~10% of the Public Equities portfolio), as well as the U.S. Tactical Tilt strategy, a Low Price-to-Earnings portfolio and a Low Volatility U.S. portfolio. These strategies are managed top-down, with a focus on geographies, sectors, and styles to generate outperformance over the near-to-intermediate time horizon. Since their inception, these strategies have also generally outperformed their benchmarks.

PERFORMANCE IN FY22

As Central Banks began to raise interest rates in an effort to contain inflation during the second half of FY22, global equity markets underwent downward adjustments in valuation. Despite these downward pressures, APFC's ability to quickly and efficiently implement allocations within the Public Equities portfolio has allowed us to outperform benchmarks over short- and long-term horizons. Despite negative returns in FY22, our external active managers and internal management drove solid performance relative to the benchmark index, exceeding the benchmark returns by 2.2% through positions in favor of value and cyclical stocks.

STOCK PORTFOLIO BY MANDATE



PORTFOLIO PERFORMANCE:

> ***Domestic Equities*** *returned -12.0%, outperforming the Russell 3000 benchmark by 1.8%.*
>
> ***International Equites*** *delivered -18.9%, outperforming the MSCI ACWI ex U.S. benchmark by 0.9%.*
>
> ***Global Equities*** *returned -13.1%, outperforming the MSCI ACWI IMI benchmark by 3.4%.*
>
> *The internally managed **Tactical Tilts** portfolio delivered -13.6%, outperforming the benchmark MSCI ACWI IMI Investable Market Index by 2.9%.*

As the performance gap between value and growth segments has continued to widen, externally managed portfolio allocations increasingly favor value assets.

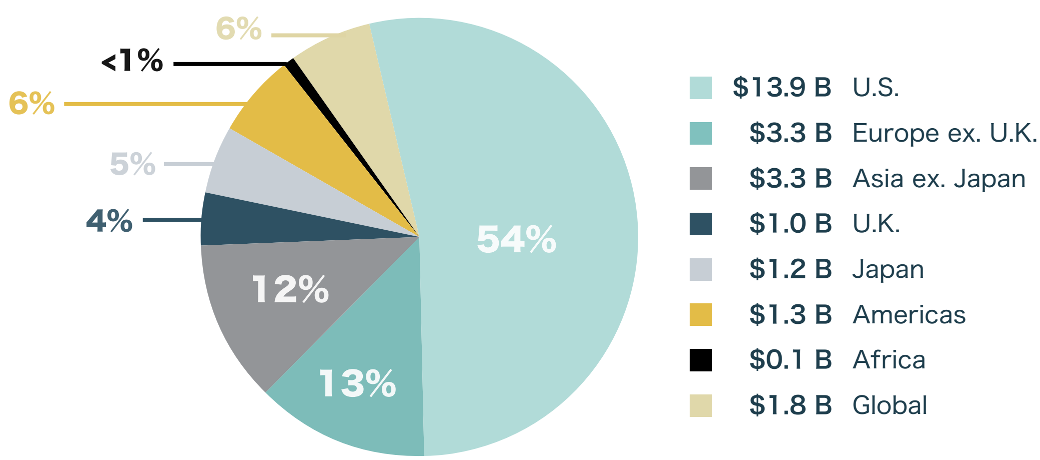
Ongoing market volatility has caused value equities to become increasingly cheaper, inspiring increased long-term acquisitions for the portfolio's value tilt.

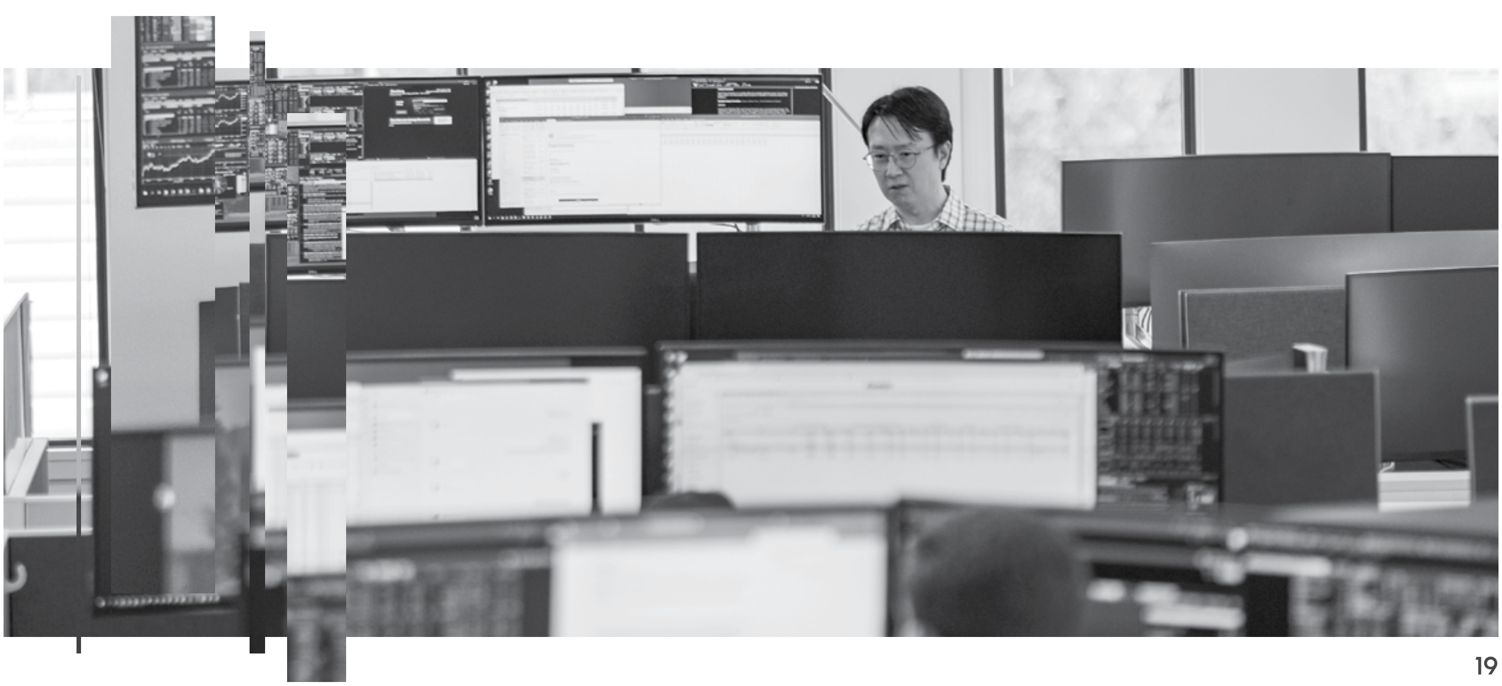
▶ LOOKING FORWARD

APFC believes that there is above-average risk in the downward adjustment of valuations continuing as monetary policies become restrictive, especially in developed economies, and as corporate earnings growth is slowing down. Therefore, our outlook on public equities is generally less favorable over the next 12 months.

On a longer-term basis, we believe that public equities investments are an important return driver for institutional portfolios such as the Fund. In particular, value stocks, small cap stocks, and emerging markets could offer above-average returns and will likely be key focus areas for the Fund's investments.

STOCK PORTFOLIO BY REGION





FIXED INCOME

$14.0 BILLION as of June 30, 2022

12,500 Trades executed internally over the last 5 FYs

20% Target Asset Allocation

The Fixed Income portfolio consisting of U.S. treasuries was the original investment portfolio of the Alaska Permanent Fund, when it was established in 1976. The Fund has relied on Fixed Income's steady returns, liquidity, and stability to support other asset classes throughout several market dislocations over the past 45 years. The consistent outperformance and long-term approach of this asset class can be attributed to the experience of the Fixed Income team, which has some of the longest serving portfolio managers at the Alaska Permanent Fund Corporation.

With direct access to all major domestic and foreign banks, as well as corporate, government, and treasury markets, the Fixed Income portfolio is managed internally at APFC's Alaska-based trading desk. Having this direct connection enables our Fixed Income portfolio managers to effectively and efficiently participate anywhere in the world, in line with other significant global asset managers.

PERFORMANCE IN FY22

As inflation levels reached 40-year highs in FY22, the U.S. government and central banks began to raise rates and implement quantitative tightening efforts worldwide. This has impacted the performance of Fixed Income investments, which have always been sensitive to interest rate changes.

In this rising rate environment, the Fixed Income team maintained an overweight to cash securities, which are less sensitive to interest rate movements. The team also increased the portfolio's allocation to inflation-protected securities, and purchased more high-quality corporate bonds, which, while lower yielding, offer more protection in a spread-widening environment.

Despite negative returns in Fixed Income, due to rising interest rates and spread-widening, APFC's Fixed Income portfolio, once again, outperformed its benchmark, as it has for more than 16 years. The overall Fixed Income portfolio returned -10.82% compared to -10.97% for the benchmark. This outperformance was

due to sector and security selection by the Fixed Income portfolio managers and analysts. Collectively, the Fixed Income team executed 5,247 trades in FY22, with a market value of $134.9 billion.

Following the strategic long-term plan for the asset class, the Corporation brought all Fixed Income-related assets in-house to be managed. Through this effort, APFC is expected to save $8 million in fees annually, while also giving greater control of the portfolio to our investment professionals.

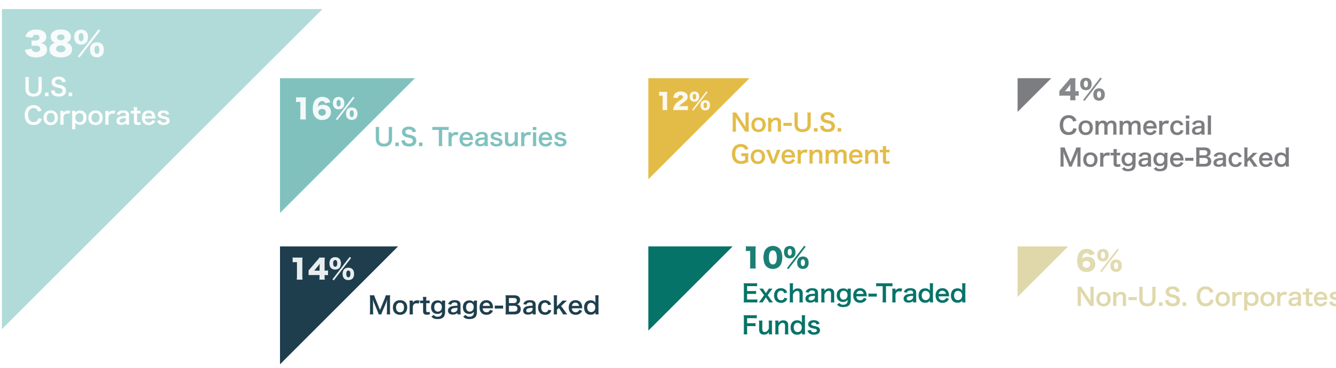
Additionally, as planned for the fiscal year-end, APFC unwound the Alaska Direct Alternative Credit (ADAC) program – APFC's collaborative Fixed Income/Private Income investment strategy. With this reallocation, all publicly traded high-yield bonds were brought directly into the Fixed Income portfolio.

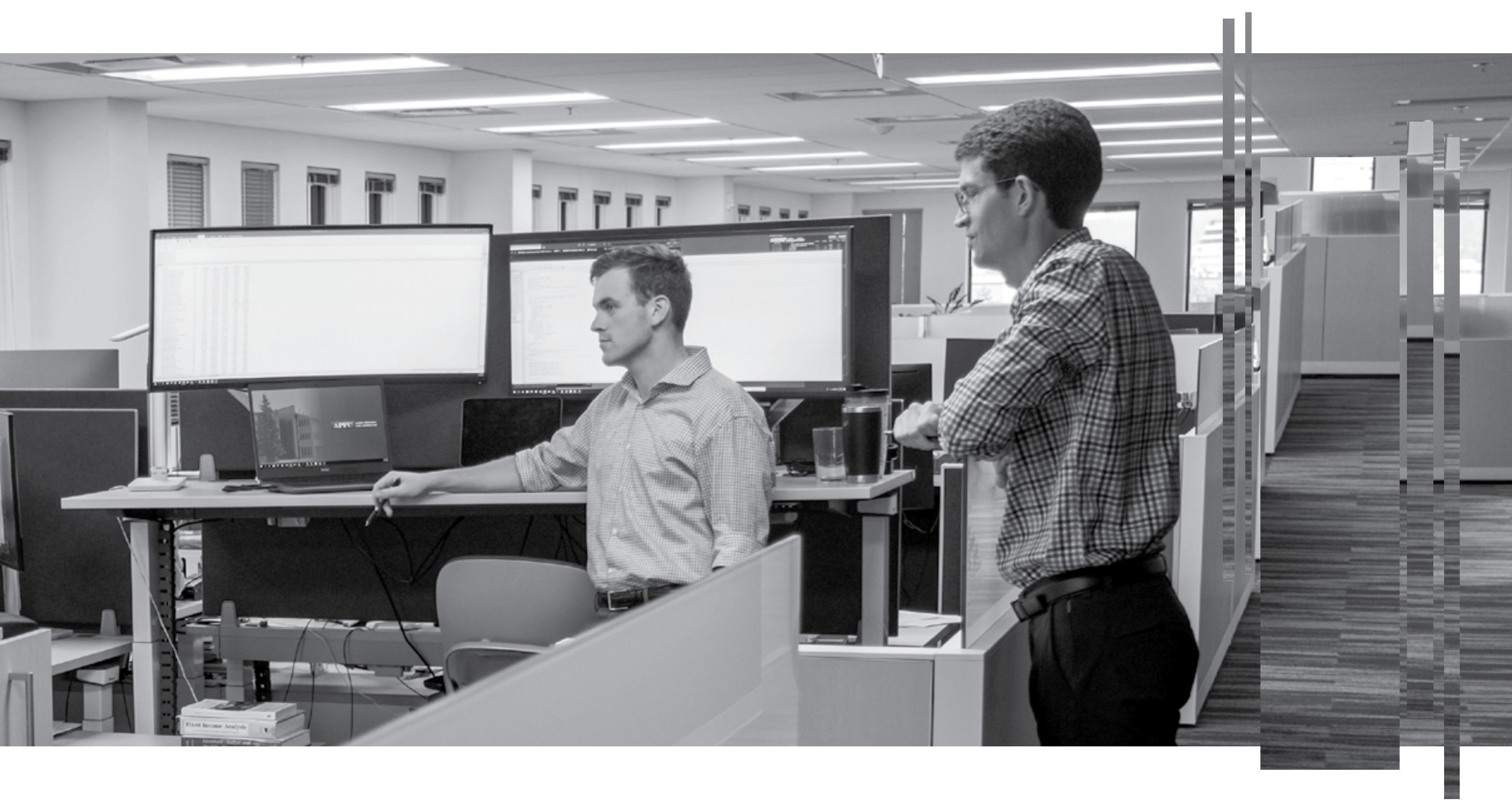
▶ LOOKING FORWARD

Post-pandemic, public markets remain uncertain as they continue to react to the large amounts of fiscal stimulus deployed over the past two years, disrupted supply chains, changing consumer spending habits, and a transforming labor force. After many years of low inflation in the U.S. and worldwide, the quickly rising rates in FY22 surprised markets and became a topic of everyday conversation.

Persistent inflationary pressures are expected to encourage central banks globally to hike short-term interest rates. In this environment, APFC will closely monitor changes in global inflation and position the Fixed Income portfolio accordingly.

FIXED INCOME BY TYPE COMPOSITION OF BONDS





REAL ESTATE

$7.1 BILLION as of June 30, 2022

61 Properties

8% Target Asset Allocation

Real Estate assets embody characteristics of both debt and equity. The contractual lease payments received from tenants resemble fixed income obligations and provide the Alaska Permanent Fund with an inflation-resistant cash yield, while the property's residual value contains equity-like attributes.

Invested strategically across a diverse mix of investment styles, ownership structures, property types, and life cycles, Real Estate plays a unique and vital role in the total Fund portfolio. To achieve targeted diversification and return objectives, the Real Estate portfolio is comprised of partial or complete ownership of residential, retail, industrial, office buildings, and other real estate assets in the United States and abroad.

Traditionally, Real Estate has held a core focus where steady cash flow and preservation of capital are the pronounced elements of the asset class. The Alaska Permanent Fund Corporation's current strategic plan enhances that composition by incorporating more non-core investments to achieve the portfolio's return objective.

HIGHLIGHTS FROM FY22

In FY22, APFC's Real Estate team was very active on the new investment front in the wake of market disruptions caused by the pandemic and the subsequent run-up in real estate pricing. Increasing from ~7% to ~9% of the total Fund portfolio during the fiscal year, the portfolio will be progressively increased towards the strategic long-term total asset allocation target of 12%.

In FY22, the portfolio's sector allocation was also brought in line with the National Council of Real Estate Investment Fiduciaries (NCREIF) index benchmark against which the portfolio is measured. As a further sign of success, the portfolio outperformed its benchmark return for the first time in several years.

During the fiscal year, the direct construction lending program diversified the debt initiative while generating compelling risk-adjusted returns. Given the recent rise in interest rates, APFC expects these investments to generate excellent returns.

REAL ESTATE BY SECTOR FY22

With five projects currently under development, the Fund expanded its "build-to-core" investment program in FY22. These opportunities create high-quality, state-of-the-art assets at a substantial discount to core pricing. For FY23, the Real Estate team plans to create a similar program for industrial investments.

▶ LOOKING FORWARD

Real Estate as an asset class generally performs relatively well during times of higher inflation. Property values and rental income both tend to keep pace with inflation over time. However, the outlook is quite varied for individual property types.

The multi-family and industrial sectors have been the two clear winners in recent years, a trend that is expected to continue. A resurgence in U.S. manufacturing, the ongoing growth of e-commerce, and the shifting of supply chains should benefit the industrial sector. The multi-family sector should also perform well given shortages in all areas of residential housing. While some sectors have performed well, the outlook for others is not as strong. The office sector is facing uncertainty as the trend toward remote work and long-term demand remain unpredictable post-pandemic. In the past year, retail sales have improved dramatically. However, landlords will need to adapt to changing shopping trends and focus on attracting more experiential and omni-channel retailers to remain competitive.

We will build on progress made through the success of recent initiatives. Recalibrating the portfolio has resulted in better diversification and investment performance. The Real Estate program is well-positioned to generate steady cash flow and long-term performance.

Rendering of Gables Union Market, Washington D.C.

Rendering of Riverwalk Residences, Fort Lauderdale, FL.

PRIVATE EQUITY AND SPECIAL OPPORTUNITIES

$15.5 BILLION as of June 30, 2022

16% Target Asset Allocation

Private investments are characterized by long investment horizons and limited liquidity. The expectation is that in return for accepting these features, the Alaska Permanent Fund will earn premium long-term returns in this area. The Private Equity and Special Opportunities (PESO) portfolio includes investment strategies such as leveraged buyouts, venture capital, and other special situations in private companies.

The Alaska Permanent Fund Corporation participates in Private Equity investments in commingled funds as a limited partner, as well as through co-investments managed by established external managers. In certain circumstances, the PESO portfolio also holds public shares of investee companies, directly following their initial public offerings.

While the performance of the PESO program has been outstanding over long periods, in FY22, the portfolio underperformed compared to its benchmark. The total portfolio posted a 17.6% return for the year compared to a benchmark return of 22.0%. Performance varied dramatically across the three sub-components of the portfolio:

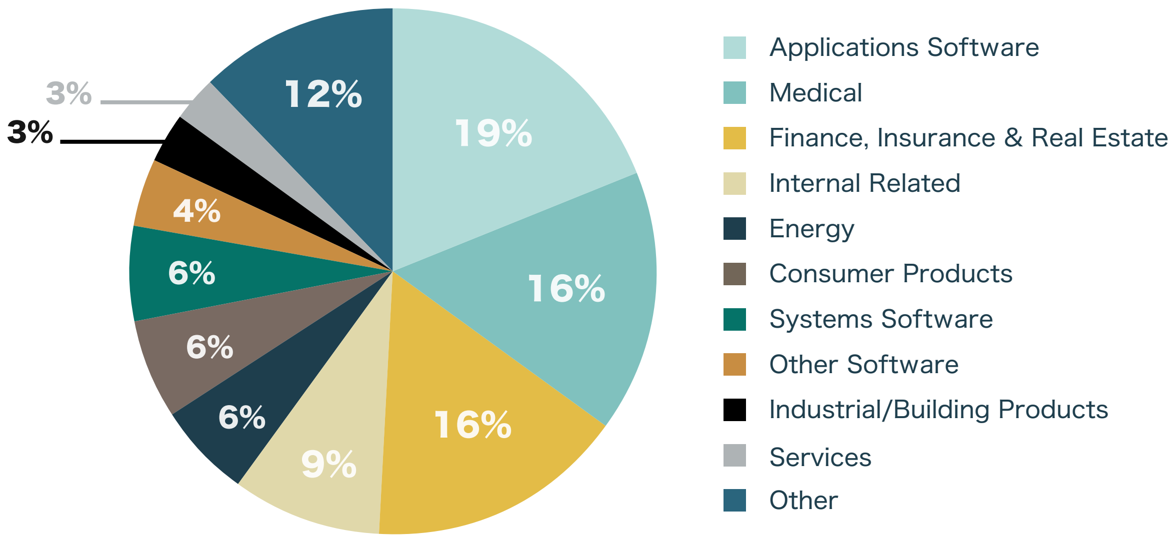
Private Equity 70% of the portfolio: Investments including commingled funds and co-investments generated a 26.1% return, outperforming the benchmark by 4.1%.

Special Opportunities 29% of the portfolio: Investments including funds with newer managers or managers with unique strategies, co-investments with these managers, and other large or exotic co-investments generated a 1.9% return with the underperformance compared to the benchmark driven significantly by the portfolio's relatively large exposure to venture stage life sciences investments.

In-State Emerging Managers 1% of the portfolio: Investments through Alaska emerging private market fund managers and funds comprised of investment opportunities within Alaska generated a 3.2% return for the year, with performance lower than the benchmark due to the underlying managers' recent emergence from the "J-Curve" as expected since their 2019/2020 inception.

The PESO portfolio is an important return driver for the Fund, however, private equity performance is best measured on a longer term. Looking across a five-year period, the total PESO portfolio has generated a 25.1% annual return versus a 20.7% benchmark return. Over that same period, the Private Equity sub-component has generated a 28.3% annualized return, while Special Opportunities has generated a 18.6% annualized return.

PESO INVESTMENTS BY SECTOR



The PESO portfolio is allocated across a broad range of strategies, geographies, and industries, with 75% in the U.S. and 25% in other parts of the world.

FY22 HIGHLIGHTS

DATADOG

Data Dog, a cloud-native company that focuses on analyzing machine data. Following the Company's Initial Public Offering, APFC strategically sold shares in the company, generating $69.3 million of realized proceeds in FY22.

GRAIL

Grail, a life sciences company created to detect cancer early. The company was acquired by Illumina for $9.75 billion in FY22. As a GRAIL shareholder, APFC received cash, Illumina stock, and contingent value rights.

PAULA'S CHOICE SKINCARE

Paula's Choice, a cosmetics and personal products company. As an early investor in this company, APFC realized $43.7 million when it was acquired by Unilever in FY22.

▶ LOOKING FORWARD

In FY22, the PESO portfolio surpassed its strategic long-term total Fund asset allocation target of 16%, ending the fiscal year at approximately 20%. Because of this over-allocation, combined with caution around elevated valuations for private equity transactions, APFC has reduced its target commitment pacing for FY23 to $1.2 billion, down from the $1.6 billion targeted for FY22.

Underlying strategies, including venture capital investments in innovative growing businesses and leveraged buyouts of more mature businesses, are positioned to outperform traditional assets in periods of economic growth. Accordingly, as we move into more difficult markets or recessionary economic environments, the hands-on management of private equity owners, carefully structured transactions with downside protection, will be important to offset reductions in earnings or valuation pressure that will likely be felt in this asset category.

PRIVATE INCOME

INFRASTRUCTURE + PRIVATE CREDIT + INCOME OPPORTUNITIES

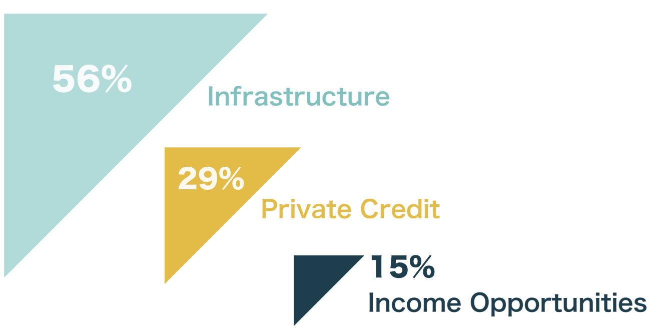
$5.5 BILLION as of June 30, 2022

9% Target Asset Allocation

The Private Income portfolio is comprised of a diverse mix of strategies and investments including infrastructure, private credit, and other opportunistic, income-oriented strategies. The overall objective of this portfolio is to provide greater diversification, inflation protection, current income, and capital appreciation to the Alaska Permanent Fund.

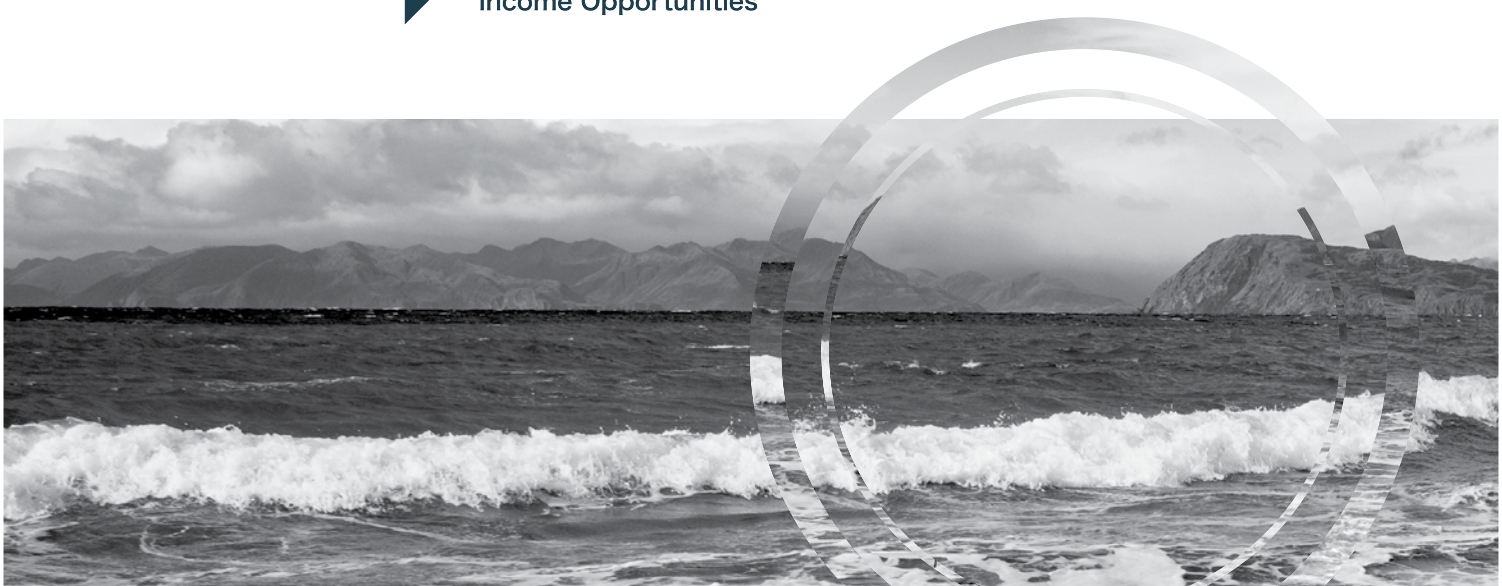
In FY22, the aggregated Private Income portfolio returned 16.2%. During the period, Infrastructure returned 24.4%, Private Credit returned 12.0% and Income Opportunities returned 6.8%. Long-term performance returns remain strong, with the Private Income composite delivering a 12.1% return over the past five years.

PRIVATE INCOME BY ASSET TYPE



PRIVATE CREDIT

Private credit markets saw record deployment and fundraising in the first half of FY22, as business conditions improved post-pandemic. Although capital was deployed at a record pace, key indicators such as leverage, loan-to-value (LTV), and spread-per-multiple-of-leverage remained in line with historical trends. The second half of FY22 saw a meaningful selloff in public markets as monetary policy targeting persistently high inflation began to pull liquidity out of the markets, and fears of a policy-driven recession took hold. The Private Credit Portfolio outperformed public debt markets in FY22, benefitting from a conservatively constructed portfolio of primarily floating rate loans to companies in non-cyclical industries with conservative LTVs, large equity cushions, and financial covenants.



INFRASTRUCTURE

Inflation was the main story with infrastructure in FY22, as the asset class received the first real test of its purported inflation protection characteristics in several decades. Infrastructure assets typically benefit from high operating margins, significant pricing power, and/or stable, contracted revenues which allowed these assets to either see limited impacts or even out-performance over the past year's inflationary environment. The Alaska Permanent Fund Corporation remained active in making new infrastructure commitments across asset types, geographies, and structures, with a focus on diversification, inflation protection, and mitigation of downside risks.

INCOME OPPORTUNITIES

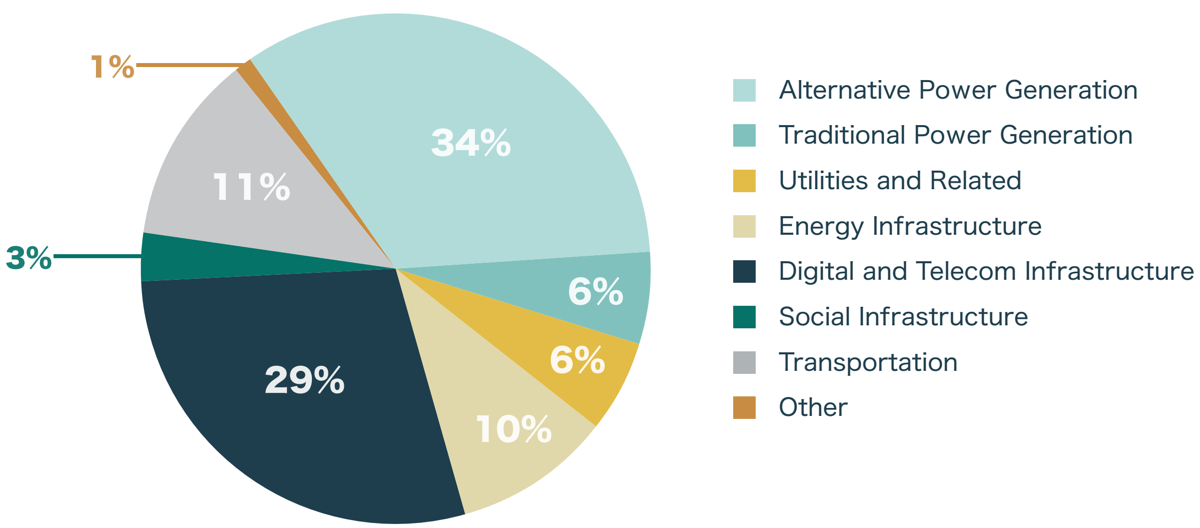
In FY22, investments in the Income Opportunities Portfolio were made in a variety of funds targeting structured credit, minerals lending, and entertainment, all of which have low correlations with broader markets and provide helpful diversification to the overall APFC portfolio.

The relative underperformance of the Income Opportunities portfolio in FY22 was due to the presence of publicly traded high-yield bonds in this portfolio, which declined in line with the high-yield bond index. At fiscal year-end, APFC unwound the Alaska Direct Alternative Credit (ADAC) program, APFC's collaborative Fixed Income/Private Income investment strategy. Accounting for approximately half of the total Income Opportunities portfolio, the publicly traded high-yield bonds were transferred to APFC's Fixed Income Portfolio, while the private credit co-investments remained in the Private Income portfolio. This change resulted in additional headroom for the Private Income Portfolio to reach its target allocation.

▶ LOOKING FORWARD

There are significant headwinds facing investors today, with many economists signaling that the economy may enter a recession in the near future. Despite the uncertain economic picture, we remain patient and disciplined in making new investments in high-quality businesses that are well-positioned to weather potential challenges such as rising interest rates, high inflation, and slower growth. Looking forward, our team is focused on monitoring the health of the current portfolio while identifying promising new investments and strategies.

INFRASTRUCTURE INVESTMENTS BY SECTOR



ABSOLUTE RETURN

$4.9 BILLION as of June 30, 2022

6% Target Asset Allocation

The goal of APFC's Absolute Return strategy is to provide the Permanent Fund with returns that are consistent and accretive to the overall target return over the long term while positioned relatively uncorrelated to traditional asset classes. This portfolio offers better liquidity than most alternative investments while maintaining a diversified range of geographies, securities, and strategies.

Following a period of more active rebalancing during the past two fiscal years, structural activity in the Absolute Return portfolio was relatively low throughout FY22, with only minor additions made to existing allocations.

In FY22, all strategies within the Absolute Return portfolio generated positive returns. The total portfolio returned a positive 8.0%, with an annualized volatility of less than 4% and a correlation to the equity market of negative 24%. Strategies that were active in new issue markets and various quantitative equity market-neutral and systematic futures strategies delivered the strongest returns, followed by macro directional strategies.

Since inception, the Absolute Return portfolio continues to deliver on its objectives, producing a positive annualized 7.9% return, at less than 50% correlation to a traditional 60/40 portfolio. The behavior of the Absolute Return portfolio is consistent with expectations, benefiting from the focus on beta-neutral strategies as well as improved balance and diversification among the strategies, specifically with regards to overall market volatility.

APFC believes that ultimately, an uncorrelated stream of positive returns will prove valuable to the Fund's aggregate portfolio. This is especially true in periods when traditional asset classes experience higher levels of volatility, as seen in FY22. Over the long term, the objective of this portfolio is to identify a diverse set of plans that are individually neutral to market betas while exhibiting low pairwise correlations amongst themselves.

▸ LOOKING FORWARD

The outlook for this asset class remains positive, especially in the context of increased macro uncertainty and volatility associated with traditional asset classes. We believe it is even more important to remain focused on sourcing uncorrelated returns and expect to be actively engaged in increasing the allocation to such strategies.

RISK PARITY

$220 MILLION as of June 30, 2022

1% Target Asset Allocation

Risk Parity describes a strategic approach to asset allocation which equally balances the risk of different asset classes within one portfolio. By avoiding exposure to any one particular economic environment, the portfolio tends to be less impacted by the volatility seen in public equity markets.

The Risk Parity portfolio is managed externally by two managers and is intended to deliver long-term returns of CPI+5% or better while investing in various liquid asset classes with equal allocation to various types of risk. In FY22, the Risk Parity portfolio returned -17.9% versus the HFR 12% Vol Risk Parity benchmark, which returned -17.3% and held more equity beta.

From a major asset class perspective, stocks and bonds were negative, while commodities indices were positive contributors for the trailing 12 months. Ultimately, returns were impacted by the risk in discount rates and risk premiums which generally hurt all traditional assets. When compared to a traditional 60/40 mix, drawdowns in FY22 were similar to portfolios managed with similar volatilities.

▶ LOOKING FORWARD

As developed markets show signs of slowing down and inflation remains high, the Risk Parity portfolio should provide a differentiated return stream for the Fund. APFC's Risk Parity portfolio will maintain the essential symmetrical profile while employing tools and portfolio construction techniques to increase asset diversification and mitigate downside risks.

CASH

$1.8 BILLION as of June 30, 2022

2% Target Asset Allocation

The Alaska Permanent Fund Corporation actively manages the assets of the Alaska Permanent Fund on a long-term horizon, which means that investments are made and held for a long time. To rebalance portfolios, purchase new investments without selling others, and provide liquidity when needed, APFC maintains a well-balanced, internally managed Cash portfolio. APFC's Total Fund Cash portfolio includes short-term fixed income investments that are internally managed by the Fixed Income team, as well as an allocation to Gold investments that are accessed through exchange-traded funds. Both areas provide an important source of liquidity to the Fund. The short-term fixed income components of the portfolio are vulnerable to inflationary conditions, whereas the portion of the portfolio invested in Gold exchange-traded funds should provide some inflation protection.

In FY22, the total Cash portfolio returned -0.83% vs. the 0.17% benchmark. The $440 million Operating Cash portfolio returned 0.39% through the fiscal year, relative to the 0.17% benchmark.

The $751 million Internal Cash Portfolio returned 0.21% vs. the 0.17% benchmark.

As volatility continued to impact the market and the U.S. Federal Reserve began to raise interest rates, some commercial paper in the Cash portfolio was rolled off, and proceeds were invested in T-Bills. This move was made as spreads were expected to widen and liquidity to dry up. Excess returns in the Internal Cash portfolio came from a modest duration underweight position in a rising rate environment and yield pickup from investing in commercial paper.

▶ LOOKING FORWARD

As the U.S. Federal Reserve increases rates and tightens monetary policy, we expect the risk and liquidity premiums on commercial paper to increase as well. With increased volatility expected in global markets, the Cash portfolio is available to support the Corporation's rebalancing efforts and liquidity needs. APFC will remain vigilant in identifying opportunities to enhance the return of our Cash portfolio.

MANAGEMENT AND PERFORMANCE FEES

The Alaska Permanent Fund Corporation's fiduciary duties include monitoring the actual costs of investment management. The fees associated with externally managed assets consist of (1) management fees, which are paid based upon assets under management, and (2) performance fees, which increase with managers' outperformance relative to their benchmarks.

MANAGEMENT FEES

For FY22, the total investment management fees paid were $448.2 million, including external and internal management. This equates to 0.57% or 57 basis points of all assets under management for the Alaska Permanent Fund valued at $77.0 billion as of June 30, 2022, including funds managed for the Alaska Mental Health Trust Authority. APFC has three methods for the tracking and payment of management fees:

FEES FUNDED BY INVESTMENTS $327.1 MILLION

Based on the value of assets under management, these fees are netted against income and retained by the investment manager before the net profit is distributed back to the Fund. These fees are not included in the annual APFC investment management fee allocation in the State's operating budget.

FEES FUNDED BY INVESTMENT MANAGEMENT APPROPRIATION $103.6 MILLION

These fees reflect the value of assets under management, contractual terms for external management, and the internal costs associated with effective portfolio management, such as investment systems, due diligence, and custody fees. The fees for internal and external portfolio management are funded through the investment management fee allocation of APFC's appropriation in the State's operating budget.

APFC OPERATIONS APPROPRIATION $17.5 MILLION

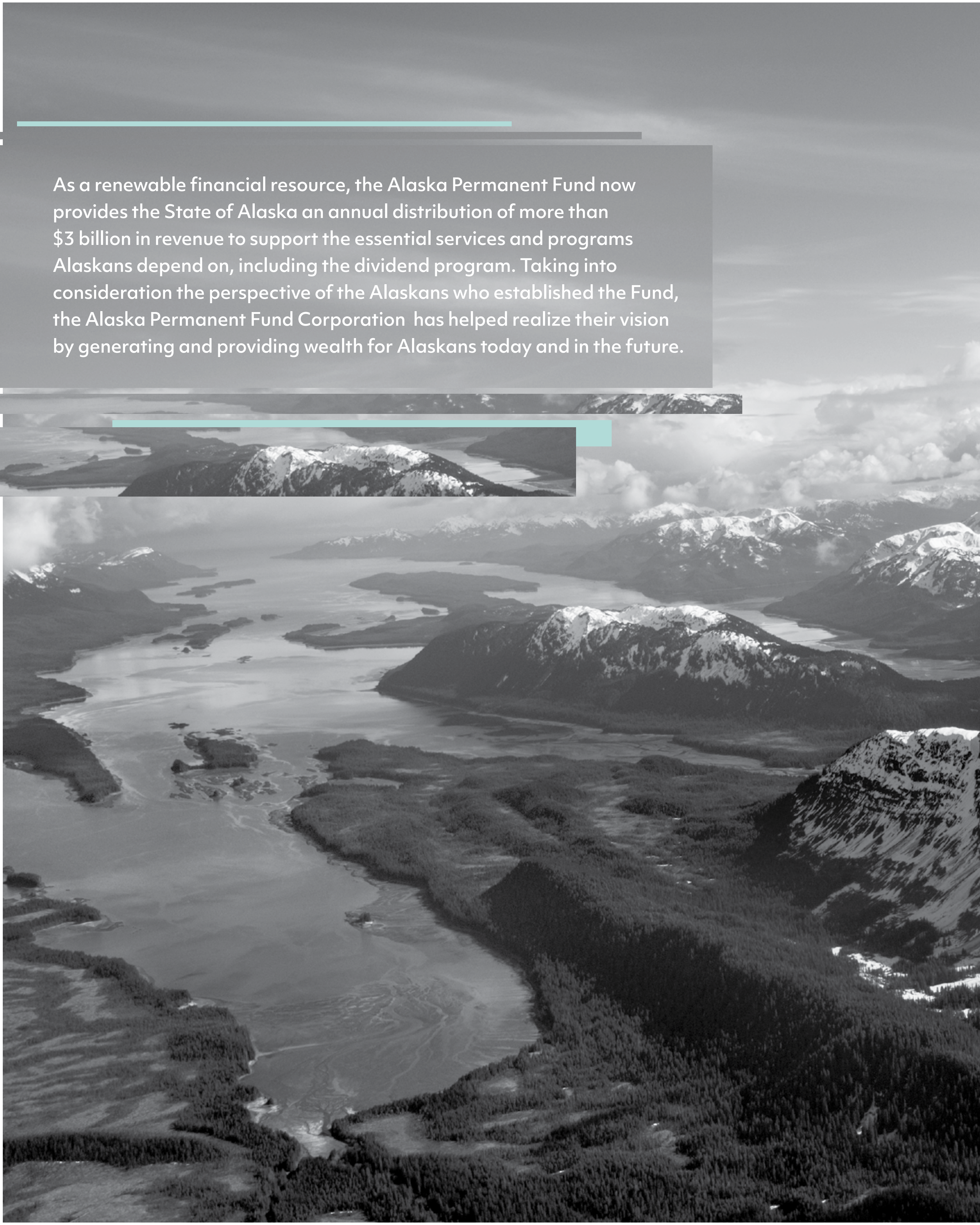
The Corporation's operating expenses, including personal services, travel, contractual services, commodities, and equipment, are directly related to the management of all assets in the portfolio. These costs are funded through the operations allocation of APFC's appropriation in the State's operating budget.

PERFORMANCE FEES $488.7 million

If an external manager has generated a return on investment in excess of a predetermined benchmark, they are entitled to share in a portion of the profits. The distinction between management and performance fees is important because a year in which APFC pays high performance fees is also a year in which APFC assets will have performed well above expectations.

Performance fees associated with public markets are generally funded by appropriation. Performance fees for private market assets are most often funded by the investments and netted out of the returns.

Current and complete information is published in the Quarterly Investment Management Fee Report, available on apfc.org.



As a renewable financial resource, the Alaska Permanent Fund now provides the State of Alaska an annual distribution of more than $3 billion in revenue to support the essential services and programs Alaskans depend on, including the dividend program. Taking into consideration the perspective of the Alaskans who established the Fund, the Alaska Permanent Fund Corporation has helped realize their vision by generating and providing wealth for Alaskans today and in the future.

KPMG LLP
Suite 600
701 West Eighth Avenue
Anchorage, AK 99501

Independent Auditors' Report

The Board of Trustees
Alaska Permanent Fund Corporation
(A Component Unit of the State of Alaska):

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheets of the Alaska Permanent Fund (the Fund), a governmental fund of the State of Alaska, as of June 30, 2022 and 2021, and the related statements of revenues, expenditures and changes in fund balances for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Fund, as of June 30, 2022 and 2021, and the changes in its financial position for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Alaska Permanent Fund and do not purport to, and do not, present fairly the financial position of the State of Alaska as of June 30, 2022 and 2021, or the changes in its financial position for the years then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2022 on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

KPMG LLP

Anchorage, Alaska
September 1, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Alaska Permanent Fund Corporation ("APFC") management is pleased to provide this Management's Discussion and Analysis ("MD&A") of the financial activities of the Alaska Permanent Fund ("Fund" or "Permanent Fund") for the fiscal years ended June 30, 2022 and June 30, 2021. This narrative is intended to provide management's insight into the results of operations from the past two fiscal years and highlight specific factors that contributed to those results. The MD&A is comprised of three sections: financial highlights, discussion regarding use of the financial statements, and analysis of the financial statements; the sections should be reviewed together with the financial statements and related notes that follow it.

FINANCIAL HIGHLIGHTS

- Following a year of unprecedented growth, public markets were extremely volatile and ended the year in negative territory. The Fund ended the fiscal year ("FY") at a total return of -1.32 percent. Total return for the Fund has been negative only five other times in its history. Despite the negative performance, the fund outperformed the performance benchmark by 192 basis points in FY2022. Total fund return for FY2021 outperformed this benchmark by 198 basis points at 29.73 percent.

- FY2022's deficiency of revenues over expenditures (net loss) was $3.0 billion. This is in stark contrast to the $19.4 billion earned in FY2021 and is also significantly lower than FY2020's level of $1.6 billion.

- During FY2018, legislation was passed which, subject to appropriation, provides for a transfer from the Earnings Reserve Account to the General Fund to help balance the State's budget. The amount of the transfer is based upon a percentage of the average market value of the Fund at the end of the first five of the preceding six fiscal years. The funding for the Alaska Permanent Fund dividend is then transferred from the General Fund. The June 30, 2022 balance sheet reflects a $3.4 billion commitment of fund balance for the appropriation to be transferred to the General Fund in FY2023. The June 30, 2021 balance sheet reflects a $3.1 billion commitment of fund balance for the appropriation that was transferred to the General Fund in FY2022.

- The portion of dedicated State of Alaska revenues deposited into the principal (or "corpus") of the Fund is based on mineral prices and production. In FY2022, this amount came in at $549 million, well above FY2021's deposits of $320 million.

- Inflation proofing of the Fund's corpus is outlined in Alaska Statute and, like the transfer to the General Fund, is subject to appropriation. In FY2021, the statutory inflation rate was 1.23 percent, which would have resulted in a transfer of $577 million to the corpus. In FY2022, the statutory inflation rate was 4.70 percent and would have resulted in a transfer of $2.4 billion, but because there was no appropriation included in the FY2021 or FY2022 budgets, no transfers were made. There was also no appropriation for inflation proofing for FY2016 – FY2018. If appropriated, the transfers for all five years would have totaled $4.4 billion. There were appropriations for inflation proofing for FY2019 and FY2020 which resulted in transfers totaling $1.7 billion to the corpus.

- During FY2021, legislation was passed to transfer $4 billion from the Earnings Reserve Account to the corpus in FY2022. This amount is reflected as committed fund balance on the June 30, 2021 balance sheet. The transfer was completed on July 1, 2021.

USING THE FINANCIAL STATEMENTS

This section of the MD&A aims to introduce the Fund's required financial statement components which include: Balance Sheets; Statements of Revenues, Expenditures and Changes in Fund Balances; and Notes to the Financial Statements.

BALANCE SHEETS

The Balance Sheets present all assets, liabilities and fund balances of the Fund as of June 30, 2022, as well as the prior fiscal year's ending balances at June 30, 2021.

Assets are grouped into broad categories for ease of readability and analysis. Receivables include cash not yet received from the sale of investments, as well as dividends and interest receivable from stock and bond holdings. Investments are broken out by traditional asset class and are shown at market value. The securities lending cash collateral (cash received from the borrower on loans of securities that is returned to the borrower once the loan is terminated without default) is shown as an asset.

Liabilities on the Balance Sheets primarily consist of obligations for investments purchased but not yet settled (shown in the accounts payable grouping), the amount payable to the State of Alaska for the Alaska Capital Income Fund (ACIF), and the securities lending cash collateral that is returned to borrowers of the Fund's stocks and bonds when the borrowers return those loaned assets to the Fund.

In the graph set forth below, fund balances are shown in three categories: nonspendable, committed, and assigned.

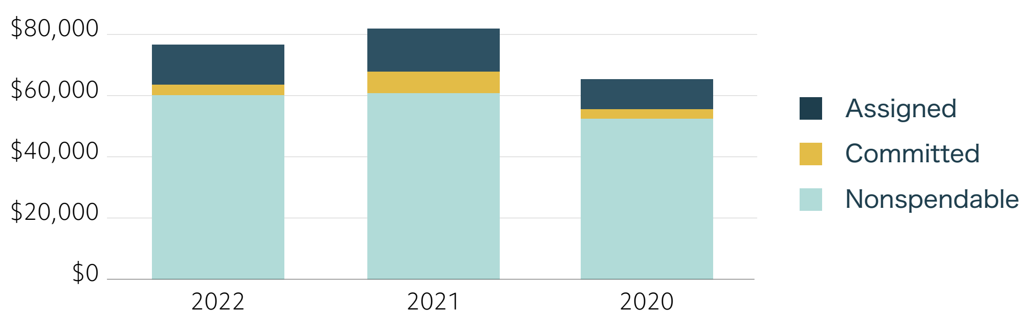
- The largest category is nonspendable (79 percent as of June 30, 2022) which is not available for government appropriation by the State of Alaska.
- Committed fund balance (4 percent as of June 30, 2022) represents amounts that have been signed into law before the end of the fiscal year for transfer to another account or purpose during the subsequent fiscal year. In both years, this includes the legislation which took effect at the beginning of FY2019, which provides for a Percent of Market Value transfer from the Earnings Reserve Account to the General Fund. For FY2021, it also includes legislative action to transfer an additional $4 billion from the Earnings Reserve Account to the corpus.
- The remaining balance (the assigned fund balance) is available for government appropriation. The assigned fund balance decreased by 9 percent from FY2021 to FY2022, from $14.1 billion to $12.8 billion. Generally, five factors contribute significantly to changes in the assigned fund balance: investment cash flow income including transactional realized gains and losses (statutory net income); the State of Alaska General Fund transfer; inflation proofing (a transfer of assets from the assigned to the nonspendable fund balance); special appropriations out of the Earnings Reserve Account; and the change in unrealized gains and losses allocated to the assigned fund balance. During FY2022, the amounts contributing to the net decrease of approximately $1.3 billion in the assigned fund balance were:

  (i) realized income of $4.5 billion;

  (ii) the commitment of $3.4 billion for transfer to the General Fund; and

  (iii) the allocation of a portion of unrealized gains and losses, which decreased from FY2021 to FY2022 by $2.5 billion, to a balance of $2.3 billion.

FUND BALANCES June 30 (in millions)



STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

The Statements of Revenues, Expenditures and Changes in Fund Balances present the financial activity of the Fund over the 12 months in FY2022 and FY2021.

Revenues are shown in two sections on the statement, separating cash receipts of various investment holdings such as interest, dividends, and real estate rental income, from the change in value of investment holdings. The first section of the revenues also includes miscellaneous income such as class action litigation proceeds and securities lending income. The second section of revenues ("Net increase (decrease) in the fair value of investments") includes both realized and unrealized gains and losses on investments. Realized gains and losses are produced only through the sale of investments, while unrealized gains and losses are the result of changes in the fair value of investments without the sale of those investments. Realized and unrealized gains and losses are summarized by asset class to match the groupings on the Balance Sheets and represent the total net increase or decrease for the year in each asset category.

To derive the total net change in fund balances from the prior year to the current year, the Statements of Revenues, Expenditures and Changes in Fund Balances also includes the Fund's expenditures and other sources and uses of funds. Operating expenditures include fees paid to external investment managers, salaries of APFC employees, and other routine operating costs such as rent, travel, and legal fees. Other legislative appropriations made through the State's annual budget process are obligations for support services received from other State of Alaska departments.

Dedicated State revenues transferred into the Fund's principal are based on a percentage of mineral revenues that the State receives. Transfers out of the Fund are the Percent of Market Value transfer to the General Fund and the annual deposit to the Alaska Capital Income Fund (ACIF).

NOTES TO THE FINANCIAL STATEMENTS

The Notes to the Financial Statements are an essential element to fully understanding all financial aspects of the Fund and to interpreting the major components of the financial statements. The Notes to the Financial Statements can be found immediately following the Statements of Revenues, Expenditures and Changes in Fund Balances.

FINANCIAL STATEMENT ANALYSIS

This section of the MD&A is intended to provide an analysis of past fiscal years' activities and specific contributors to changes in the net assets of the Fund. The fund balance serves to provide a gauge of the financial strength of the Fund. While assets of the Fund exceeded liabilities each year by double digit ratios (excluding securities lending collateral, held separately by the custodian for repayment to the borrower upon a loan's completion), the nonspendable fund balance is unavailable for appropriation. The table set forth below was derived from the Balance Sheets of the Fund, and provides a comparison of the change between balances at June 30, 2022 and 2021.

	June 30			
Balance Sheets	2022	2021	Net change	Percent
Assets				
Cash and temporary investments	$ **4,050,405,000**	5,828,413,000	(1,778,008,000)	(31)%
Receivables and other assets	**616,955,000**	787,673,000	(170,718,000)	(22)%
Investments	**73,009,953,000**	77,931,831,000	(4,921,878,000)	(6)%
Securities lending collateral	**4,576,507,000**	4,348,802,000	227,705,000	5%
Total assets	$ **82,253,820,000**	88,896,719,000	(6,642,899,000)	(7)%
Liabilities				
Accounts payable	**1,316,140,000**	2,601,006,000	(1,284,866,000)	(49)%
Income distributable to the State of Alaska	**24,002,000**	50,116,000	(26,114,000)	(52)%
Securities lending collateral	**4,576,507,000**	4,348,802,000	227,705,000	5%
Total liabilities	$ **5,916,649,000**	6,999,924,000	(1,083,275,000)	(15)%
Fund balances				
Nonspendable:				
Permanent Fund corpus - contributions and appropriations	**51,487,347,000**	46,938,431,000	4,548,916,000	10%
Unrealized appreciation on invested assets	**8,700,308,000**	13,809,979,000	(5,109,671,000)	(37)%
Total nonspendable	**60,187,655,000**	60,748,410,000	(560,755,000)	(1)%
Committed:				
General Fund appropriation	**3,360,567,000**	3,069,296,000	291,271,000	9%
Permanent Fund corpus	**—**	4,000,000,000	(4,000,000,000)	n/a
Total committed	**3,360,567,000**	7,069,296,000	(3,708,729,000)	(52)%
Assigned for future appropriations:				
Realized earnings	**10,454,488,000**	9,271,412,000	1,183,076,000	13%
Unrealized appreciation on invested assets	**2,334,461,000**	4,807,677,000	(2,473,216,000)	(51)%
Total assigned	**12,788,949,000**	14,079,089,000	(1,290,140,000)	(9)%
Total fund balances	$ **76,337,171,000**	81,896,795,000	(5,559,624,000)	(7)%
Total liabilities and fund balances	$ **82,253,820,000**	88,896,719,000	(6,642,899,000)	(7)%

The value of the Fund's assets, excluding securities lending collateral, decreased significantly between June 30, 2021 and June 30, 2022. The value of the Fund's assets is most significantly impacted by investment performance. Comparative performance for each asset class is shown below:

	FY2022	FY2021
Public Equity	**-14.32%**	46.92%
Fixed Income	**-10.82%**	3.68%
Private Equity & Special Opportunities	**17.60%**	64.61%
Real Estate	**23.41%**	1.41%
Private Income	**16.20%**	18.06%
Absolute Return	**7.98%**	12.40%
Risk Parity	**-17.93%**	23.32%
Cash	**-0.83%**	not available
TOTAL FUND	**-1.32%**	29.73%

The ending values of securities lending collateral invested and the related liability are dependent upon the amount of securities out on loan on any particular day. The counterparty lending the security has the option of pledging cash or non-cash collateral. The cash collateral amount is presented on the Balance Sheets. The average value of assets on loan during FY2022 was $10.4 billion, with a low of $9.2 billion and a high of $12.3 billion. The Fund had earnings from securities lending of $29.0 million during FY2022, a significant increase from $23.7 million received in FY2021.

In the liability section of the Balance Sheets, accounts payable primarily consist of obligations due but not yet settled on securities purchased. The open transactions can vary widely from day to day and are usually the largest portion of Fund payables, representing 98 percent in FY2022 and 99 percent in FY2021. The decrease of approximately $1.3 billion from FY2021 to FY2022 was primarily due to the timing of fixed income purchases at the end of the fiscal year.

The sole amount due to the State of Alaska at the end of FY2022 and FY2021 is the transfer to the Alaska Capital Income Fund (ACIF). This amount is calculated based on realized earnings and was $24.0 million for FY2022 and $50.1 million for FY2021. The $26 million dollar decrease from the prior year is caused by much lower realized returns in FY2022 versus FY2021.

Total fund balance decreased by 7 percent from FY2021 to FY2022, or $5.6 billion, consistent with the -1.32 percent total return for the year and the net transfers out of the Fund. Components of this decrease were $1.7 billion in stock dividends, bond interest, and cash flow income from other investments, $549 million in dedicated mineral deposits, offset by decrease in the fair value of investments of $4.5 billion, operating expenses and other appropriations of $152 million, and the General Fund transfer of $3.1 billion.

In comparison, total fund balance increased from FY2020 to FY2021 by 25 percent, or $17 billion, due to net income of the Fund of $19.4 billion and transfers in (State dedicated mineral revenues of $320 million) offset by transfers out (General Fund of $3.1 billion and ACIF of $50 million).

The table below is derived from the Statements of Revenues, Expenditures and Changes in Fund Balances, and shows the annual activity of the Fund. The differences in activity in FY2022 as compared to FY2021 are shown in both dollars and percentages.

Statements of Revenues, Expenditures and Changes in Fund Balances	Year Ended June 30 2022	2021	Net change	Percent
Revenues				
Total interest, dividends, real estate and other income	$ **1,684,102,000**	1,524,731,000	159,371,000	10%
Total net increase (decrease) in the fair value of investments	**(4,547,805,000)**	18,066,481,000	(22,614,286,000)	(125)%
Total revenues	**(2,863,703,000)**	19,591,212,000	(22,454,915,000)	(115)%
Expenditures				
Operating expenditures	**(142,258,000)**	(166,151,000)	23,893,000	(14)%
Other legislative appropriations	**(9,281,000)**	(8,444,000)	(837,000)	10%
Total expenditures	**(151,539,000)**	(174,595,000)	23,056,000	(13)%
Excess (deficiency) of revenues over expenditures	**(3,015,242,000)**	19,416,617,000	(22,431,859,000)	(116)%
Other financing sources (uses)				
Transfers in – dedicated State revenues	**548,916,000**	319,585,000	229,331,000	72%
Transfers out – appropriations	**(3,093,298,000)**	(3,141,609,000)	48,311,000	(2)%
Net change in fund balances	**(5,559,624,000)**	16,594,593,000	(22,154,217,000)	(134)%
Fund balances				
Beginning of period	**81,896,795,000**	65,302,202,000	16,594,593,000	25%
End of period	$ **76,337,171,000**	81,896,795,000	(5,559,624,000)	(7)%

During FY2022, cash flow revenue from interest, dividends, real estate, and other sources was slightly higher than FY2021 levels at $140 million per month on average, up from $127 million per month on average in FY2021. Cash flow income for both FY2022 and FY2021 was higher than the average in FY2020 of $117 million per month.

The change in the fair value of investments decreased by 125 percent from $18.1 billion in FY2021 to -$4.5 billion in FY2022. The public equity portfolio experienced large losses during FY2022 following the extreme gains in value during FY2021 that were experienced in the recovery from the COVID-19 pandemic. FY2021's change in fair value of investments was a 4,893 percent increase from the $362 million gain in FY2020, reflective of this market recovery in FY2021.

Operating expenditures decreased from FY2021 to FY2022 by 14 percent. This decrease is in contrast to the increase experienced between FY2020 and FY2021 of 38 percent. The volatility between years is mainly caused by fluctuations in amounts paid in investment management fees. Investment management fees depend upon the value of assets under management by external managers and their performance relative to their benchmarks. Market volatility and changes to asset allocation cause fees to fluctuate.

Transfers in of dedicated State revenues increased significantly from FY2021 to FY2022 by 72 percent ($229 million), totaling $549 million in FY2022 compared to $320 million in FY2021. These transfers totaled $319 million in FY2020. The Alaska Constitution requires that at least 25% of mineral royalties and related payments received by the State be transferred to the Permanent Fund. State statutes mandate an additional 25% on select leases be deposited. Transfers in of dedicated state revenues under these statutes are subject to legislative appropriation.

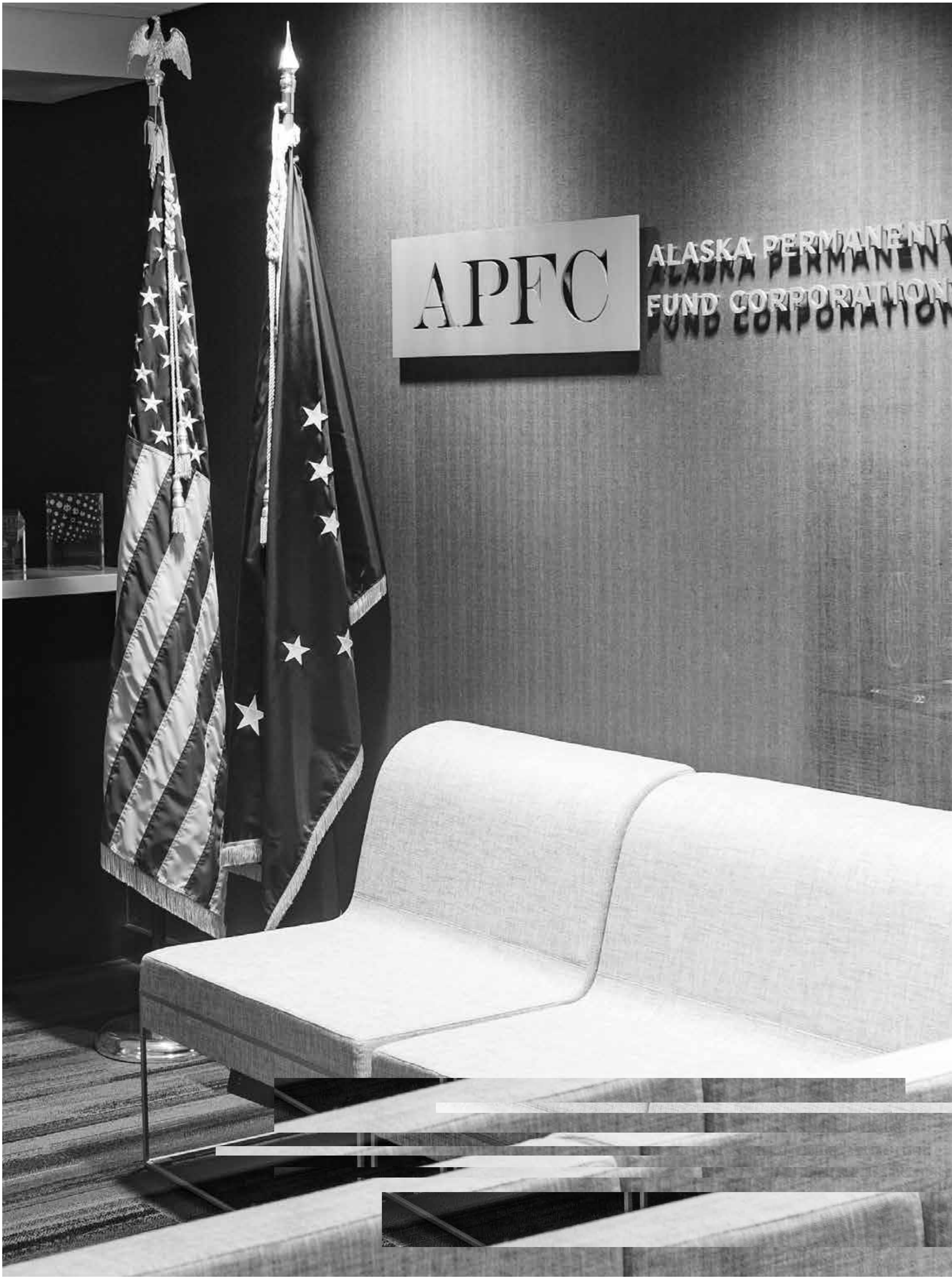
Transfers out of the Fund are for two purposes: 1) an appropriation to the General Fund and 2) an appropriation to fund the Alaska Capital Income Fund (ACIF). The General Fund and ACIF transfers are subject to legislative appropriation. The total transfer amount is shown as committed fund balance at the end of the year in which the appropriation is made, and the commitment is released when the transfers are made. The ACIF transfer is based on realized earnings for only one year; it is not averaged over multiple years. ACIF realized earnings of $24 million in FY2022 and $50 million in FY2021. The earnings for FY2020 were $20 million.

Economic, Investment, and Political Factors

The market value of and earnings from the Fund's assets are directly impacted by the volatility of the financial markets, as well as investment decisions made by the Trustees, internal Fund management, and external Fund investment managers. Diversification of asset allocation and investments within each allocation are intended to mitigate the risk of volatility of the financial markets. The APFC, as a component unit of the State of Alaska, is subject to legislative changes that govern the APFC and the Fund.

Additional Information

This financial report is designed to provide an overview of the Alaska Permanent Fund's ending net asset balances and fiscal year financial activities. This report does not include any other funds owned or managed by the State of Alaska or APFC. Due to the potential volatility of the financial markets, Fund values and income may vary greatly from period to period. For more information on the Fund, both current and historical, readers are encouraged to visit www.apfc.org or send specific information requests to the Alaska Permanent Fund Corporation at 801 West 10th Street, Suite 302, Juneau, Alaska 99801.


APFC
ALASKA PERMANENT
FUND CORPORATION

ALASKA PERMANENT FUND BALANCE SHEETS

		June 30, 2022	June 30, 2021
Assets			
Cash and temporary investments	$	**4,050,405,000**	5,828,413,000
Receivables and other assets		**616,955,000**	787,673,000
Investments:			
Marketable debt securities		**13,968,307,000**	16,438,369,000
Preferred and common stock		**25,870,083,000**	30,861,925,000
Real estate		**7,099,497,000**	5,662,727,000
Absolute return		**5,075,585,000**	5,170,653,000
Private credit		**2,527,914,000**	2,257,082,000
Private equity		**15,453,580,000**	15,132,193,000
Infrastructure		**3,014,987,000**	2,408,882,000
Total investments		**73,009,953,000**	77,931,831,000
Securities lending collateral		**4,576,507,000**	4,348,802,000
Total assets	$	**82,253,820,000**	88,896,719,000
Liabilities			
Accounts payable		**1,316,140,000**	2,601,006,000
Income distributable to the State of Alaska		**24,002,000**	50,116,000
Securities lending collateral		**4,576,507,000**	4,348,802,000
Total liabilities	$	**5,916,649,000**	6,999,924,000
Fund balances			
Nonspendable:			
Permanent Fund corpus - contributions and appropriations		**51,487,347,000**	46,938,431,000
Unrealized appreciation on invested assets		**8,700,308,000**	13,809,979,000
Total nonspendable		**60,187,655,000**	60,748,410,000
Committed:			
General Fund appropriation		**3,360,567,000**	3,069,296,000
Permanent Fund corpus		**—**	4,000,000,000
Total committed		**3,360,567,000**	7,069,296,000
Assigned for future appropriations:			
Realized earnings		**10,454,488,000**	9,271,412,000
Unrealized appreciation on invested assets		**2,334,461,000**	4,807,677,000
Total assigned		**12,788,949,000**	14,079,089,000
Total fund balances	$	**76,337,171,000**	81,896,795,000
Total liabilities and fund balances	$	**82,253,820,000**	88,896,719,000

See accompanying notes to the financial statements.

ALASKA PERMANENT FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

		Year Ended June 30,	
		2022	2021
Revenues			
Interest	$	**456,146,000**	436,481,000
Dividends		**696,785,000**	558,073,000
Real estate and other income		**531,171,000**	530,177,000
Total interest, dividends, real estate and other income		**1,684,102,000**	1,524,731,000
Net increase (decrease) in the fair value of investments:			
Marketable debt securities		**(2,467,669,000)**	174,364,000
Preferred and common stock		**(4,812,661,000)**	11,233,705,000
Real estate		**947,527,000**	157,866,000
Absolute return		**294,355,000**	685,979,000
Private credit		**105,756,000**	278,447,000
Private equity		**961,453,000**	5,821,192,000
Infrastructure		**485,323,000**	432,593,000
Foreign currency forward exchange contracts and futures		**188,421,000**	(11,325,000)
Currency		**(250,310,000)**	(706,340,000)
Total net increase (decrease) in the fair value of investments		**(4,547,805,000)**	18,066,481,000
Total revenues		**(2,863,703,000)**	19,591,212,000
Expenditures			
Operating expenditures		**(142,258,000)**	(166,151,000)
Other legislative appropriations		**(9,281,000)**	(8,444,000)
Total expenditures		**(151,539,000)**	(174,595,000)
Excess (deficiency) of revenues over expenditures		**(3,015,242,000)**	19,416,617,000
Other financing sources (uses)			
Transfers in - dedicated State revenues		**548,916,000**	319,585,000
Transfers out - statutory and legislative appropriations		**(3,093,298,000)**	(3,141,609,000)
Net change in fund balances		**(5,559,624,000)**	16,594,593,000
Fund balances			
Beginning of period		**81,896,795,000**	65,302,202,000
End of period	$	**76,337,171,000**	81,896,795,000

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022 and 2021

1. ENTITY

The Constitution of the State of Alaska ("State") was amended by public referendum in 1976 to dedicate a portion of certain natural resource revenues to the Alaska Permanent Fund ("Fund"). Contributions to the Fund are to be invested in income producing investments in accordance with the prudent investor rule. In 1980, the Alaska State Legislature ("Legislature") established the Alaska Permanent Fund Corporation ("APFC"), a State governmental instrumentality within the Department of Revenue, to manage and invest Fund assets. The APFC is managed by a six member board of trustees ("Trustees" or "Board") consisting of the Commissioner of Revenue, one other head of a principal state department, and four public members with recognized competence and experience in finance, investments, or other business management related fields. The Governor appoints the public members to staggered four year terms and can remove public members only for cause. The Board employs an executive director who in turn employs additional staff as necessary. The Fund's assets are diversified across a wide variety of investments in accordance with statutes, regulations, and APFC's investment policy. The Fund's investment performance is generally related to the success of the financial markets. While diversification aims to mitigate volatility, significant period to period fluctuations in investment performance may occur.

By annual appropriation, the APFC transfers (i) a portion of the Fund's realized earnings to the State's General Fund, (ii) a portion of realized earnings sufficient to offset the effect of inflation on contributions and appropriations to the nonspendable balance of the Fund, (iii) realized earnings on the balance of the North Slope royalty case settlement money (*State v. Amerada Hess, et al.*) to the Alaska Capital Income Fund (ACIF), and (iv) any special appropriations authorized by the Legislature and the Governor. The remaining balance of the Fund's realized earnings (referred to in Alaska Statute as the Earnings Reserve Account) is held in the assigned fund balance by the APFC and is subject to appropriation by the Legislature. The nonspendable fund balance (referred to in the Alaska Constitution as the principal) includes the historical cost basis of contributions and appropriations. Because the Alaska Constitution specifies that principal can only be used for income producing investments, it is unavailable for appropriation by the Legislature. Unrealized gains and losses (appreciation/depreciation) on Fund assets are allocated proportionately between the principal and the Earnings Reserve Account. The unrealized amounts allocated to contributions and appropriations are considered a component of principal and are nonspendable, unless and until they become realized, at which point they will be transferred to the Earnings Reserve Account in the assigned (realized earnings) fund balance. All assets are aggregated for investment purposes.

2. SIGNIFICANT ACCOUNTING POLICIES

The Fund's financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. In preparing the financial statements, APFC management is required to make estimates and assumptions as of the date of the balance sheet that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets, liabilities, revenues, and expenses for the period. The fair value of real estate, private credit, private equity, and infrastructure investments, and the related unrealized gains and losses thereon, are particularly sensitive estimates. Actual results could differ from those estimates.

Cash and temporary investments

The amounts shown on the balance sheets as cash and temporary investments include cash on deposit at the custodian bank, cash swept to overnight investment funds, cash collateral held at derivatives brokers, U.S. Treasury bills, commercial paper, and the net fair value of foreign exchange forward contracts. The APFC's asset allocation includes approximately two percent in cash. APFC's investment policy specifies that funds dedicated to this portion of the asset allocation will be invested in money market funds or fixed income securities with weighted average maturities of no greater than 24 months.

General Fund appropriations

In FY2018 the Legislature passed Senate Bill 26, which created a percent of market value draw on the Earnings Reserve Account for transfer to the General Fund. Alaska Statute 37.13.140 was amended to specify the formula for Percent of Market Value as 5 percent of the average market value of the fund as of June 30 for the first five of the preceding six fiscal years, including the fiscal year just ended. The average market value of the fund includes the Earnings Reserve Account, but not the principal attributed to the settlement of *State v. Amerada Hess, et al.* This legislation took effect for FY2019 and replaced the appropriation to the Dividend Fund. The amount appropriated prior to year end as transferrable to the General Fund for the next fiscal year is shown as committed fund balance on the financial statements at June 30.

Inflation proofing

Alaska statutes require that the contributions and appropriations of the Fund be adjusted annually to offset the effect of inflation on Fund principal during the fiscal year. Based on advice from the Alaska Department of Law, an annual intra fund inflation proofing transfer (from the assigned to the nonspendable fund balance) should occur only by legislative appropriation. The APFC measures inflation by (i) computing the percentage change in the averages of the monthly United States Consumer Price Index for all urban consumers for the two previous calendar years and (ii) applying that percentage to the total of the nonspendable fund balance, excluding unrealized gains and losses, at the end of the fiscal year. Using this formula, the inflation proofing rates for the years ended June 30, 2022 and 2021 were 4.70 percent and 1.23 percent, respectively. The transfer would have been $2.4 billion for FY2022; however, the necessary appropriation was not included in the budget authorization so no transfer was made. The transfer for FY2021, which was also not appropriated, would have been $577 million.

Fund balance

- **Unrealized gains and losses**
  A State of Alaska Attorney General's Opinion dated June 16, 2009 clarified the accounting treatment of the Fund's unrealized gains and losses by providing that unrealized appreciation or depreciation on invested assets should be allocated proportionately to principal and the Earnings Reserve Account.

- **Nonspendable fund balance**
  Nonspendable fund balance includes items that cannot be spent. This includes the corpus of the Permanent Fund, and the unrealized gains and losses allocated to it.

- **Committed fund balance**
  Committed fund balance can only be used for specific purposes subject to constraints imposed by a formal action of the Alaska Legislature, the State's highest level of decision making authority. This formal action is the passage of a law creating, modifying, or rescinding an appropriation. Earnings Reserve Account amounts appropriated to the General Fund are included in this classification. The commitment is released when the transfer to the General Fund has been made. In FY2021, a commitment to principal is also included as committed fund balance.

- **Assigned fund balance**
  Assigned fund balance includes amounts that are constrained by the State's intent to be used for a specific purpose, but are not committed. The Alaska Legislature is the body authorized by the Alaska Constitution to assign amounts to a specific purpose. Alaska Statute 37.13.020 authorizes the Legislature to assign funds in the Earnings Reserve Account. The Earnings Reserve Account includes realized earnings, and the unrealized gains and losses allocated to it.

Forward exchange contracts

Fund managers enter into a variety of forward currency contracts in their trading activities and management of foreign currency exchange rate risk exposure. These contracts are typically intended to neutralize the effect of foreign currency fluctuations, and the contract amounts do not appear on the balance sheet. Realized gains and losses are included in the net increase/decrease in the fair value of investments at the time the contract is settled and determined based on the difference between the contract rate and the market rate at the time of maturity or closing. Unrealized gains and losses are also included in the net increase/decrease in the fair value of investments, and are calculated based on the difference between the contract rate and a forward market rate determined as of the balance sheet date.

A portion of the investment in forward exchange contracts is intended to manage, rather than neutralize, foreign currency fluctuations. Certain managers seek to control the effect of fluctuations in foreign exchange rates within their overall portfolio strategy rather than on a security by security basis. They attempt to optimize their foreign currency exposure in a market rather than accept the natural geographical exposure to the market's currency.

Futures

Certain equity and fixed income managers for the Fund are permitted to buy and sell equity and interest rate index futures. The gross contract and fair value of futures do not appear in the balance sheets. The net unrealized gain or loss on open futures trades is included in investments on the balance sheets, based on the difference between the future's purchase price and the current value of such index futures. Realized gains and losses on futures are included in the net increase/decrease in the fair value of investments at the time the futures contract expires. The net change in unrealized gains and losses is also included in the net increase/decrease in the fair value of investments.

Income taxes

In the opinion of legal counsel, the Fund should not be subject to United States federal income taxation under the doctrine of implied statutory immunity for states because it is an integral part of the State, and it performs an essential governmental function, with its income, if any, accruing to the State. The Fund may be subject to tax in certain international jurisdictions.

INVESTMENTS AND RELATED POLICIES

Carrying value of investments

The Fund considers all of its ownership interests in securities and other assets to be investments because they are held for the purpose of income or profit and have a present service capacity based solely on their ability to generate cash or be sold to generate cash. Investments are reported at fair value in the financial statements. Investments without a readily determinable fair value are generally reported at the net asset value per share (or its equivalent) of the investment. Securities transactions are recorded on the trade date that securities are purchased or sold. Unrealized gains and losses are reported as components of net change in fund balance.

State investment regulations

In accordance with Alaska Statute 37.13.120(a), the Trustees have adopted regulations designating the types of eligible investments for Fund assets. The regulations follow the prudent investor rule, requiring the exercise of judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the designation and management of large investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of funds, considering preservation of the purchasing power of the Fund over time while maximizing the expected total return from both income and the appreciation of capital.

Investment policy – Asset allocation

The Trustees have established a long term goal of achieving a five percent real rate of return over time on the Fund's investment portfolio. To help achieve this goal, the Trustees allocate the Fund's investments among various asset classes. At June 30, 2022, the APFC's strategic asset allocation targets were as follows:

Asset Class	Asset Class Target
Public equity	38%
Fixed income	20%
Private equity & special opportunities	16%
Real estate	8%
Infrastructure & private income	9%
Absolute return	6%
Risk parity	1%
Cash	2%

To allow for market fluctuations and to minimize transaction costs, the Trustees have adopted ranges that permit percentage deviations from the strategic asset allocation targets in accordance with specified reporting requirements and other procedures. Generally, for each asset class, the APFC's Chief Investment Officer has discretionary authority to permit target deviations within one specified range (referred to as the "green zone" in the investment policy), the APFC's Executive Director can approve target deviations for up to 90 days within a broader range (the "yellow zone"), and the Board can approve operating for longer than 30 days within a third range (the "red zone"). For example, the target dollar allocation for the public equities class is 38 percent, with the green zone range set at plus or minus five percent, the yellow zone range set at zero to five percent beyond the green zone, and red zone range set at greater than five percent beyond the green zone. In a similar manner, the APFC investment policy also requires the APFC to monitor relative risk (the expected investment portfolio's risk and return relative to the risk benchmark using standard industry risk measures), active budget risk (risk due to active management decisions made by managers), and limits on private investments and future commitments.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributable to holding investments from a single issuer. The APFC manages the Fund's concentration of credit risk by following its strategic asset allocation policy, diversifying investments among managers with varying investment styles and mandates, and monitoring tracking error. Tracking error is a measure of how closely a portfolio follows the index to which it is benchmarked. The APFC's policy for mitigating this risk of loss for fixed income and equity investments is to ensure compliance with APFC investment policy and investment manager contracts. There is no single issuer exposure within the APFC portfolio that comprises five percent or more of the overall portfolio. Therefore, no concentration of credit risk is reported in the notes to the financial statements.

Credit risk

Credit risk is the risk that an issuer or other counterparty to a marketable debt investment will not fulfill its obligations. The APFC requires that its investment grade fixed income managers invest in domestic and non domestic bonds that have an explicit or implied investment grade rating. Should the required ratings on an existing fixed income security fall below the minimum standards, the security must be sold within seven months. Certain high yield investment managers are allowed to invest a specified amount of funds in bonds rated below investment grade.

Custodial credit risk

Custodial credit risk is the risk that in the event of a bank failure the Fund's deposits may not be returned. The APFC generally requires that all investment securities at custodian banks be held in the name of the Fund or the APFC (on behalf of the Fund). For the Fund's non domestic securities held by most sub custodians, the APFC's primary custodian provides contractual indemnities against sub custodial credit risk. Excess cash in custodial accounts is swept daily to a money market fund. Late deposits of cash which miss the money market sweep deadline are deposited to an interest bearing account at the custodian.

Foreign currency risk

Foreign currency risk is the risk of loss from adverse changes in foreign currency exchange rates. Foreign currency risk is managed through foreign currency forward contracts and by diversifying assets into various countries and currencies.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The APFC manages the Fund's exposure to interest rate risk in part through tracking error guidelines set forth in the APFC's investment policy. Duration is an indicator of a portfolio's market sensitivity to changes in interest rates. In general, the major factors affecting duration are, in order of importance, maturity, prepayment frequency, level of market interest rates, size of coupon, and frequency of coupon payments. Rising interest rates generally translate into the value of fixed income investments declining, while falling interest rates are generally associated with increasing value. Effective duration attempts to account for the price sensitivity of a bond to changes in prevailing interest rates, including the effect of embedded options. As an example, for a bond portfolio with a duration of five years, a one percentage point parallel decline in interest rates would result in an approximate price increase on that bond portfolio of five percent.

The fund held fixed income investments with floating, variable, and step interest rates valued at $649 million at June 30, 2022 and $758 million at June 30, 2021. The annual interest rates ranged from 0 to 15.5 percent for both fiscal years.

Transfers in

Contributions from dedicated State revenues are recorded when certain revenues defined by the constitution, or by statute and legislative appropriation, are received or reported by the Alaska Department of Natural Resources and are available to meet current obligations. Contributions from appropriations and other sources are recorded when received.

Transfers out

Transfers out to other State agencies are recorded when measurable and represent a present obligation to pay.

Reclassifications

APFC made certain reclassifications to the FY2021 balances in the accompanying statements to make them consistent with the FY2022 presentation.

3. CASH AND TEMPORARY INVESTMENTS

Cash and temporary investments, which includes the market values of foreign currency (FX) and FX forward exchange contracts, are summarized as follows at June 30:

		2022	2021
Cash	$	**152,106,000**	202,593,000
Pooled funds		**1,642,066,000**	1,322,111,000
Commercial paper		**39,558,000**	563,191,000
U.S. Treasury bills		**2,174,013,000**	3,715,823,000
FX forward exchange contracts		**42,662,000**	24,695,000
Total cash and temporary investments	$	**4,050,405,000**	5,828,413,000

Uninvested cash was held at the custodian, sub custodian, or derivatives broker banks, primarily in interest bearing accounts. All pooled funds were invested in a money market fund. U.S. Treasury bills are explicitly guaranteed by the U.S. government.

4. RECEIVABLES AND OTHER ASSETS

Receivables and other assets at June 30 are as follows:

	2022	2021
Interest receivable	$ **94,834,000**	107,526,000
Dividends receivable	**65,832,000**	52,578,000
Sales receivable	**344,411,000**	567,735,000
Dedicated State revenues receivable	**111,878,000**	59,834,000
Total receivables and other assets	$ **616,955,000**	787,673,000

5. MARKETABLE DEBT SECURITIES

Marketable debt securities, categorized by debt instrument type and country of registration, at June 30 are summarized as follows:

2022	Cost	Fair value	Unrealized gains (losses)
U.S. Treasury and government notes/bonds	$ **2,370,389,000**	**2,250,552,000**	**(119,837,000)**
Mortgage-backed securities	**1,972,826,000**	**1,901,040,000**	**(71,786,000)**
U.S. corporate bonds	**5,952,642,000**	**5,334,084,000**	**(618,558,000)**
Commercial mortgage/asset-backed securities	**682,365,000**	**627,443,000**	**(54,922,000)**
Non-U.S. Treasury and government bonds	**1,947,074,000**	**1,723,348,000**	**(223,726,000)**
Non-U.S. corporate bonds	**808,325,000**	**734,486,000**	**(73,839,000)**
Commingled and exchange traded funds	**1,417,264,000**	**1,397,354,000**	**(19,910,000)**
Total marketable debt securities	$ **15,150,885,000**	**13,968,307,000**	**(1,182,578,000)**

2021			
U.S. Treasury and government notes/bonds	$ 2,389,975,000	2,396,855,000	6,880,000
Mortgage-backed securities	2,535,497,000	2,543,881,000	8,384,000
U.S. corporate bonds	6,259,931,000	6,700,979,000	441,048,000
Commercial mortgage/asset-backed securities	674,984,000	681,384,000	6,400,000
Non-U.S. Treasury and government bonds	2,358,445,000	2,333,976,000	(24,469,000)
Non-U.S. corporate bonds	998,114,000	1,073,502,000	75,388,000
Commingled and exchange traded funds	712,403,000	707,792,000	(4,611,000)
Total marketable debt securities	$ 15,929,349,000	16,438,369,000	509,020,000

6. MARKETABLE DEBT CREDIT RATINGS

To manage credit risk for marketable debt securities, the APFC monitors fair values of all securities daily and routinely reviews its investment holdings' credit ratings. For accounts with an investment grade mandate, issues falling below the minimum standards are required to be sold within seven months of the downgrade date. Minimum standards are a Standard & Poor's Corporation rating of BBB or better, or Moody's Investors Service, Inc. rating of Baa or better, or a comparable rating by another Nationally Recognized Statistical Rating Organization (NRSRO) or by a recognized rating service in the jurisdiction of the issuer. Accounts with high yield mandates are allowed to hold positions in assets with below investment grade ratings (high yield bonds). For purposes of this note, if credit ratings differ among the NRSROs used, the rating with the highest degree of risk (the lowest rating) is reported. At June 30, 2022, the Fund's credit ratings for its marketable debt securities are as follows:

NRSRO quality ratings	Domestic	Non-domestic	Total fair value	Percentage of holdings
AAA	$ 475,931,000	292,950,000	768,881,000	5.50%
AA	497,042,000	388,283,000	885,325,000	6.34%
A	1,359,805,000	351,492,000	1,711,297,000	12.25%
BBB	2,699,614,000	499,360,000	3,198,974,000	22.90%
BB	705,978,000	156,814,000	862,792,000	6.18%
B	210,315,000	23,542,000	233,857,000	1.68%
CCC	3,624,000	3,015,000	6,639,000	0.05%
CC	—	—	—	—
C	—	—	—	—
D	28,000	104,866,000	104,894,000	0.75%
Total fair value of rated debt securities	**5,952,337,000**	**1,820,322,000**	7,772,659,000	**55.65%**
Commingled and exchange traded funds	996,698,000	400,656,000	1,397,354,000	10.00%
Not rated	13,897,000	679,287,000	693,184,000	4.96%
U.S. government explicitly backed by the U.S. government (AA)	2,632,095,000	—	2,632,095,000	18.84%
U.S. government implicitly backed by the U.S. government (AA)	1,473,015,000	—	1,473,015,000	10.55%
Total fair value debt securities	**$ 11,068,042,000**	**2,900,265,000**	**13,968,307,000**	**100.00%**

7. MARKETABLE DEBT DURATION

To manage its interest rate risk on marketable debt securities, the APFC monitors fair values daily and routinely reviews portfolio duration in comparison to established benchmarks. At June 30, 2022, the effective duration by investment type, based on fair value, is as follows:

	Percent of bond holdings	Duration
Domestic bonds		
Treasury and government notes/bonds	20.33%	6.70
Mortgage-backed securities	17.18%	6.85
Corporate bonds	48.19%	8.02
Commercial mortgage and asset-backed securities	5.29%	3.43
Commingled and exchange traded funds	9.01%	—
Total domestic bonds	**100.00%**	**6.58**
Non-domestic bonds		
Treasury and government bonds	59.42%	7.47
Corporate bonds	25.33%	7.75
Commercial mortgage and asset-backed securities	1.44%	1.23
Commingled and exchange traded funds	13.81%	—
Total non-domestic bonds	**100.00%**	**6.42**

8. PREFERRED AND COMMON STOCK

Direct investments in preferred and common stock are held by the APFC's custodian bank on behalf of the Fund. The Fund also invests in commingled stock funds, which are held by the custodian bank of the fund manager on behalf of fund investors, and equity index futures, which are held at the prime broker.

Preferred and common stocks and commingled stock funds at June 30 are summarized as follows, which include the net fair value of equity index futures of $(1.4) million as of June 30, 2022 and $9.1 million as of June 30, 2021:

2022	Cost	Fair value	Unrealized gains (losses)
Direct investments			
Domestic stock	**$ 12,377,124,000**	**13,658,150,000**	**1,281,026,000**
Non-domestic stock	**12,339,879,000**	**11,925,570,000**	**(414,309,000)**
Commingled funds	**207,742,000**	**195,138,000**	**(12,604,000)**
Total preferred and common stock	**$ 24,924,745,000**	**25,778,858,000**	**854,113,000**
2021			
Direct investments			
Domestic stock	$ 11,706,300,000	16,522,154,000	4,815,854,000
Non-domestic stock	10,561,737,000	13,379,045,000	2,817,308,000
Commingled funds	459,173,000	570,594,000	111,421,000
Total preferred and common stock	$ 22,727,210,000	30,471,793,000	7,744,583,000

9. FOREIGN CURRENCY EXPOSURE

Foreign currency risk arises when a loss could result from adverse changes in foreign currency exchange rates. Foreign currency risk is managed by the international investment managers in part through their decisions to enter into foreign currency forward contracts. Foreign currency risk is also managed through the diversification of assets in various countries and currencies.

At June 30, 2022, the Fund's cash holdings, foreign currency forward contracts, non domestic public and private equity, and debt securities had exposure to foreign currency risk as follows (shown in U.S. dollar equivalent at fair value and based on the currency in which the securities are held and traded):

Foreign currency	Cash and equivalents	Foreign exchange forward contracts	Equity, private debt, real estate, infrastructure	Marketable debt	Total foreign currency exposure
Australian Dollar	$ (418,000)	(53,215,000)	303,548,000	39,788,000	289,703,000
Brazil Real	1,254,000	(363,000)	132,199,000	—	133,090,000
Canadian Dollar	(1,258,000)	(45,001,000)	647,036,000	39,010,000	639,787,000
Chilean Peso	120,000	—	6,095,000	—	6,215,000
Chinese Yuan Renminbi	3,932,000	(185,112,000)	293,303,000	179,644,000	291,767,000
Colombian Peso	466,000	(6,401,000)	1,212,000	5,283,000	560,000
Czech Koruna	11,000	—	1,354,000	—	1,365,000
Danish Krone	830,000	(17,065,000)	150,600,000	16,463,000	150,828,000
Egyptian Pound	7,000	(10,000)	944,000	—	941,000
Euro Currency	8,260,000	(601,279,000)	3,423,172,000	500,756,000	3,330,909,000
Hong Kong Dollar	9,984,000	(13,381,000)	976,107,000	—	972,710,000
Hungarian Forint	240,000	(1,225,000)	5,578,000	922,000	5,515,000
Indian Rupee	3,736,000	—	312,772,000	—	316,508,000
Indonesian Rupiah	374,000	(24,716,000)	79,768,000	23,065,000	78,491,000
Israeli Shekel	723,000	(15,565,000)	59,379,000	15,312,000	59,849,000
Japanese Yen	13,271,000	(416,825,000)	1,124,784,000	400,598,000	1,121,828,000
Kuwaiti Dinar	13,000	—	1,592,000	—	1,605,000
Malaysian Ringgit	553,000	(21,065,000)	28,113,000	20,277,000	27,878,000
Mexican Peso	278,000	(12,959,000)	61,046,000	12,907,000	61,272,000
New Taiwan Dollar	3,067,000	(3,202,000)	402,027,000	—	401,892,000
New Zealand Dollar	1,192,000	(12,920,000)	17,793,000	12,119,000	18,184,000
Norwegian Krone	(60,000)	(10,404,000)	90,397,000	10,476,000	90,409,000
Pakistan Rupee	4,000	—	285,000	—	289,000
Peruvian Sol	653,000	(11,809,000)	—	13,095,000	1,939,000
Philippines Peso	80,000	—	7,819,000	—	7,899,000
Polish Zloty	259,000	—	41,800,000	—	42,059,000
Pound Sterling	3,594,000	(186,967,000)	1,129,360,000	121,358,000	1,067,345,000
Qatari Riyal	271,000	—	40,988,000	—	41,259,000
Russian Ruble	94,000	—	59,211,000	1,728,000	61,033,000
Saudi Arabian Riyal	739,000	—	80,931,000	—	81,670,000
Singapore Dollar	890,000	(3,734,000)	51,293,000	4,753,000	53,202,000
South African Rand	647,000	163,000	81,993,000	—	82,803,000
South Korean Won	2,526,000	(47,263,000)	363,710,000	45,765,000	364,738,000
Swedish Krona	1,907,000	(719,000)	187,177,000	—	188,365,000
Swiss Franc	2,595,000	(4,663,000)	367,981,000	—	365,913,000
Thailand Baht	167,000	(3,866,000)	46,965,000	4,112,000	47,378,000
Turkish Lira	256,000	—	13,574,000	—	13,830,000
UAE Dirham	16,000	—	16,616,000	—	16,632,000
Total foreign currency exposure	$ 61,273,000	(1,699,566,000)	10,608,522,000	1,467,431,000	10,437,660,000

Cash amounts in the schedule above include receivables, payables, and cash balances in each related currency. If payables exceed receivables and cash balances in a currency, then the total cash balance for that currency will appear as a negative value. The remaining Fund investments are denominated in U.S. dollars and are not included in the schedule above.

10. REAL ESTATE

The Fund holds a variety of real estate interests, including directly owned real estate, real estate investment trusts, multi family and industrial real estate operating companies, private real estate funds, and other entities in which the assets consist primarily of real property. The Fund's directly owned real estate is through ownership of interests in corporations, limited liability companies, and partnerships that hold title to the real estate. External institutional real estate management firms administer the majority of the Fund's directly owned real estate investments. An internal real estate management program was initiated during FY2021 and two existing direct holdings were moved into this program. The Fund also holds a portfolio of real estate loans collateralized by income producing, institutional real estate in the United States; these are administered by an external institutional real estate management firm.

The APFC periodically reviews real estate investments for other than temporary impairment. During FY2022, it was determined that one direct real estate holding was impaired because it was more likely than not that the Fund would not recover the carrying cost over the remaining estimated holding period of the asset. In order to reflect the impairment in statutory net income and fund balance classifications, $219.5 million of unrealized losses were realized through a write down of cost to fair value. In FY2021, one real estate holding was impaired with a related write down of $3.8 million. Real estate investments at June 30 are summarized as follows:

2022		Cost	Fair value	Unrealized gains
Real estate investment trusts	$	**875,976,000**	**987,913,000**	**111,937,000**
Real estate funds and notes		**1,248,987,000**	**1,552,958,000**	**303,971,000**
American Homes 4 Rent II		**101,659,000**	**170,433,000**	**68,774,000**
Directly owned real estate -				
Retail		**714,005,000**	**1,704,483,000**	**990,478,000**
Office		**1,077,572,000**	**1,362,502,000**	**284,930,000**
Hotel		**59,403,000**	**67,993,000**	**8,590,000**
Industrial		**110,952,000**	**662,664,000**	**551,712,000**
Multifamily		**168,734,000**	**349,120,000**	**180,386,000**
Development		**231,092,000**	**241,431,000**	**10,339,000**
Total real estate	$	**4,588,380,000**	**7,099,497,000**	**2,511,117,000**
2021				
Real estate investment trusts	$	682,890,000	944,695,000	261,805,000
Real estate funds and notes		987,201,000	1,043,254,000	56,053,000
American Homes 4 Rent II		115,866,000	145,832,000	29,966,000
Directly owned real estate -				
Retail		794,974,000	1,347,873,000	552,899,000
Office		1,073,478,000	1,274,920,000	201,442,000
Hotel		59,422,000	65,947,000	6,525,000
Industrial		242,284,000	477,168,000	234,884,000
Multifamily		176,475,000	291,093,000	114,618,000
Development		71,926,000	71,945,000	19,000
Total real estate	$	4,204,516,000	5,662,727,000	1,458,211,000

As of June 30, 2022, the APFC, on behalf of the Fund, had outstanding future funding commitments of $552 million for real estate fund investments.

11. ALTERNATIVE INVESTMENTS

Alternative investments include the Fund's investments in absolute return and risk parity strategies, private equity, infrastructure, and private credit. The APFC periodically reviews alternative investments for other than temporary impairment.

Absolute return strategies are investments in specialized funds that seek to deliver returns that are largely uncorrelated with traditional market driven asset classes. The Fund invested in two absolute return limited partnerships in which the Fund was the only limited partner ("fund of one"); both are currently in liquidation. The Fund also holds direct hedge fund investments, in which the Fund is one of many limited partners. Risk parity strategies also seek to deliver returns that are largely uncorrelated with global public markets, however they do so through allocation of risk rather than allocation of capital. External investment management services for both strategies are provided by institutional investment managers who have acknowledged their status as fiduciaries to the Fund. Because of the off exchange and private nature of many absolute return strategies, investments may have no readily determinable fair value, and the estimated fair values could differ significantly from values that would be obtained in a market transaction for the assets. Risk parity strategy investments are generally more liquid but may also not have readily determinable fair value depending on the underlying investments of a given fund. For both strategies, each manager provides the Fund with fair value estimates of partnership interests and undergoes an annual independent audit.

The Fund holds private equity through investments in limited liability companies and limited partnerships that typically invest in unlisted, illiquid common and preferred stock and, to a lesser degree, subordinated and senior debt of companies that are in most instances privately held. The APFC has hired external advisors to assist in the selection of private equity holdings diversified by geography and strategy. Private equity is funded slowly over time as opportunities are identified by APFC staff, the external advisors, and the underlying fund managers. The underlying private equity funds provide the Fund with fair value estimates of the investments utilizing the most current information available. In addition, the external advisors review the fair value estimates and the underlying private equity funds undergo annual independent audits. Private equity investments by their nature generally have no readily determinable fair value, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets.

During FY2022, it was determined that nine private equity funds were impaired because it was more likely than not that the Fund would not recover the carrying cost over the remaining estimated holding period of the assets. In order to reflect the impairment in statutory net income and fund balance classifications, $38.6 million of unrealized losses were realized through a write down of cost to fair value. In FY2021, 12 private equity funds were impaired with a related write down of $49.8 million. These impairments have no impact on the carrying value of investments or on the net increase in the fair value of private equity investments.

Infrastructure investments involve ownership or operating agreements in essential long term service assets with high barriers to entry. Examples of infrastructure assets include toll roads, airports, deep water ports, communication towers, and energy generation, storage and transmission facilities. Investments in this asset class are expected to have inflation protection attributes and exhibit low correlations with other major asset classes in the Fund's investment strategy. The Fund holds infrastructure investments through commingled funds organized as limited partnerships whose investment managers provide periodic fair value estimates and undergo annual independent audits. Infrastructure investments by their nature generally have no readily determinable fair value, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets.

During FY2022 and FY2021, no infrastructure funds were determined to be impaired.

The Fund invests in private credit through limited partnerships that invest either directly in distressed or mezzanine debt, or in commingled limited liability funds with a distressed debt or credit opportunity focus. These investments are funded over time as opportunities arise. The limited partnerships and funds undergo annual independent audits. Private credit investments by their nature generally have no readily determinable fair value, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets.

During FY2022, no private credit funds were determined to be impaired. In FY2021, three private credit funds were impaired with a related write-down of $11.1 million.

Alternative investments at June 30 are summarized as follows:

2022		Cost	Fair value	Unrealized gains
Absolute return	$	**3,802,233,000**	**5,075,585,000**	**1,273,352,000**
Private equity		**9,220,244,000**	**15,544,805,000**	**6,324,561,000**
Infrastructure		**2,146,698,000**	**3,014,987,000**	**868,289,000**
Private credit		**2,181,719,000**	**2,527,914,000**	**346,195,000**
Total alternative investments	$	**17,350,894,000**	**26,163,291,000**	**8,812,397,000**

2021				
Absolute return	$	4,180,792,000	5,170,653,000	989,861,000
Private equity		8,381,923,000	15,294,438,000	6,912,515,000
Infrastructure		2,004,046,000	2,636,769,000	632,723,000
Private credit		1,914,808,000	2,257,082,000	342,274,000
Total alternative investments	$	16,481,569,000	25,358,942,000	8,877,373,000

As of June 30, 2022, the APFC, on behalf of the Fund, had outstanding future funding commitments of $152 million for absolute return, $4.3 billion for private equity, $1.3 billion for infrastructure, and $1.9 billion for private credit investments. Many alternative investments have liquidity constraints and may not be available for cash withdrawal until a specified period of time has elapsed.

12. SECURITIES LENDING

State regulations at 15 AAC 137.510 and APFC investment policy authorize the APFC to enter into securities lending transactions on behalf of the Fund. Through a contract with the Bank of New York Mellon (the Bank), the Fund lends marketable debt and equity securities to borrowers who are banks and broker dealers. The loans are collateralized with cash or certain marketable securities. Under APFC's contract with the Bank, the Bank must mark the loaned securities and collateral to the market daily, and the loan agreements require the borrowers to maintain the collateral at not less than 102 percent of the fair value of the loaned securities for domestic securities (and non domestic loaned securities denominated in U.S. dollars) and not less than 105 percent of the fair value for other non domestic loaned securities. The APFC can sell securities that are on loan. If a borrower fails to return the loaned securities (borrower default), the Bank can use cash collateral (and the proceeds on the sale of any non cash collateral) to purchase replacement securities. Generally, the APFC is protected from credit risk associated with the lending transactions through indemnification by the Bank against losses resulting from counterparty failure, the reinvestment of cash collateral, default on collateral investments, or a borrower's failure to return loaned securities.

Cash collateral received for loaned securities is reported on the Fund's balance sheets and invested by the Bank of New York Mellon on behalf of the Fund. As of June 30, 2022, such investments were in overnight repurchase agreements that had a weighted average maturity of one day. The average term of the loans was also one day. At June 30, the value of securities on loan is as follows:

		2022	2021
Fair value of securities on loan, secured by cash collateral	$	**4,444,929,000**	4,249,447,000
Cash collateral		**4,576,507,000**	4,348,802,000
Fair value of securities on loan, secured by non-cash collateral		**5,734,690,000**	7,445,378,000
Non-cash collateral		**6,341,254,000**	8,230,657,000

The Fund receives 80 percent of earnings derived from securities lending transactions and the Bank of New York Mellon retains 20 percent. During the years ended June 30, 2022 and 2021, the Fund incurred no losses from securities lending transactions. The Fund received income of $29.0 million and $23.7 million from securities lending for the years ended June 30, 2022 and 2021, respectively, which is included in the real estate and other income line on the Statements of Revenues, Expenditures and Changes in Fund Balances.

13. ACCOUNTS PAYABLE

Accounts payable include trades entered into on or before June 30 that settle after fiscal year end. Cash held for trade settlements is included in cash and short term investments. Accounts payable at June 30 are summarized as follows:

		2022	2021
Accrued liabilities	$	**25,650,000**	28,888,000
Securities purchased		**1,290,490,000**	2,572,118,000
Total accounts payable	$	**1,316,140,000**	2,601,006,000

14. STATUTORY AND LEGISLATIVE APPROPRIATIONS

Historically, the Legislature has appropriated portions of the Fund's statutory net income to the Permanent Fund Dividend Fund (Dividend Fund), a sub fund of the State's General Fund created in accordance with Alaska Statute 43.23.045 and administered by the Alaska Department of Revenue. The Dividend Fund is used primarily for the payment of dividends to qualified Alaska residents. In addition, the Legislature has appropriated a portion of the dividend distribution to fund various other agency activities.

Beginning with FY2019, legislation requires that, upon appropriation, a portion of the realized earnings be transferred to the State's General Fund instead of the Dividend Fund, based upon a Percent of Market Value calculation. The amount transferred to the General Fund was $3,069,296,000 in FY2022. For FY2023 the amount appropriated is $3,360,567,000, to be split evenly between the Dividend and General Funds. This amount is shown as committed as of June 30, 2022.

Per statute, realized earnings on the principal balance of the dedicated State revenues from the North Slope royalty case settlements (*State v. Amerada Hess, et al.*) have been appropriated from the Fund to the Alaska Capital Income Fund (ACIF) established under Alaska Statute 37.05.565. Funds in the ACIF may be further appropriated for any public purpose. During years with net realized losses, no funds are transferred to the ACIF. Statutory and legislative appropriations made during the years ended June 30 are summarized as follows:

		2022	2021
Income distributed during the year:			
General Fund transfer	$	**3,069,296,000**	3,091,493,000
Income distributable at year end:			
Alaska Capital Income Fund		**24,002,000**	50,116,000
Total statutory and legislative appropriations	$	**3,093,298,000**	3,141,609,000

Appropriations for APFC operating expenses and other specific State agencies are made separately and are detailed in Note 20.

15. FUND BALANCES

Fund balance activity during the years ended June 30 is summarized as follows:

		2022	2021
Nonspendable			
Balance, beginning of year	$	**60,748,410,000**	52,408,063,000
Dedicated State revenues		**548,916,000**	319,585,000
Commitment to principal		**4,000,000,000**	—
Change in unrealized appreciation (depreciation) on invested assets		**(5,109,671,000)**	8,020,762,000
Balance, end of year	$	**60,187,655,000**	60,748,410,000
Committed			
Balance, beginning of year	$	**7,069,296,000**	3,091,493,000
General Fund transfer to liability		**(3,069,296,000)**	(3,091,493,000)
General Fund commitment		**3,360,567,000**	3,069,296,000
Commitment to principal		**(4,000,000,000)**	4,000,000,000
Balance, end of year	$	**3,360,567,000**	7,069,296,000
Assigned			
Balance, beginning of year	$	**14,079,089,000**	9,802,646,000
General Fund commitment		**(3,360,567,000)**	(3,069,296,000)
Commitment to principal		**—**	(4,000,000,000)
Settlement earnings payable to the ACIF		**(24,002,000)**	(50,116,000)
Realized earnings, net of operating expenditures		**4,567,645,000**	8,012,519,000
Change in unrealized appreciation (depreciation) on invested assets		**(2,473,216,000)**	3,383,336,000
Balance, end of year	$	**12,788,949,000**	14,079,089,000
Total			
Balance, beginning of year	$	**81,896,795,000**	65,302,202,000
Dedicated State revenues		**548,916,000**	319,585,000
General Fund transfer		**(3,069,296,000)**	(3,091,493,000)
Settlement earnings payable to the ACIF		**(24,002,000)**	(50,116,000)
Excess (deficiency) of investment revenues over expenditures		**(3,015,242,000)**	19,416,617,000
Balance, end of year	$	**76,337,171,000**	81,896,795,000

The composition of the contributions and appropriations in the nonspendable fund balance at June 30 is shown as follows:

		2022	2021
Dedicated State revenues	$	**18,465,090,000**	17,916,174,000
Special appropriations		**14,885,906,000**	10,885,906,000
Inflation proofing		**17,983,440,000**	17,983,440,000
Settlement earnings		**152,911,000**	152,911,000
Total contributions and appropriations	$	**51,487,347,000**	46,938,431,000

On June 16, 2009, the Alaska Attorney General issued a legal opinion clarifying the accounting treatment of unrealized gains and losses. Based on the opinion, proportionate values of the unrealized appreciation or depreciation of invested assets should be allocated to nonspendable fund balances and assigned fund balances. As of June 30, 2022, the Fund's net unrealized gain was $11,034,769,000, of which $8,700,308,000 was allocated to the nonspendable fund balance and $2,334,461,000 was allocated to the assigned fund balance. As of June 30, 2021, the Fund's net unrealized gain was $18,617,656,000, of which $13,809,979,000 was allocated to the nonspendable fund balance and $4,807,677,000 was allocated to the assigned fund balance.

During the fiscal years 1990 through 1999, the Fund received dedicated State revenues from North Slope royalty case settlements (*State v. Amerada Hess, et al.*). Accumulated settlement related activity, included in the contributions and appropriations balance of the Fund at June 30, is $424,399,000. By statute, realized earnings from these settlement payments are to be treated in the same manner as other Fund income, except that these settlement earnings are excluded from the calculation of the transfer to the General Fund and are not subject to inflation proofing. Since 2005, the Legislature has appropriated these settlement earnings to the Alaska Capital Income Fund (ACIF). Prior to 2005, the statute required such earnings to be appropriated to Fund principal. The Fund realized earnings on settlement principal of $24,002,000 during FY2022 and $50,116,000 during FY2021.

16. FAIR VALUE MEASUREMENT

Various inputs are used in valuing the investments held by the Fund. U.S. generally accepted accounting principles (GAAP) establishes a hierarchy of inputs used to value investments emphasizing observable inputs and minimizing unobservable inputs. These input levels are summarized as follows:

Level 1 – Quoted prices for identical assets in an active market.

Level 2 – Inputs, other than quoted prices, that are observable for the asset, either directly or indirectly.

Level 3 – Unobservable inputs. Unobservable inputs should only be used to the extent that observable inputs are not available for a particular asset.

Investments measured using Net Asset Value (NAV) per share as a practical expedient to fair value are not categorized into input levels. The input levels used to measure the Fund's investments and derivative instruments at June 30 are summarized as follows:

	Measured using input levels			Measured using	
2022	Level 1	Level 2	Level 3	NAV	Total
Marketable debt securities	**$ 3,614,209,000**	**10,338,193,000**	**15,905,000**	**—**	**13,968,307,000**
Preferred and common stock	**25,870,070,000**	**—**	**13,000**	**—**	**25,870,083,000**
Real estate	**988,367,000**	**—**	**—**	**6,111,130,000**	**7,099,497,000**
Absolute return	**—**	**—**	**—**	**5,075,585,000**	**5,075,585,000**
Private credit	**—**	**—**	**—**	**2,527,914,000**	**2,527,914,000**
Private equity	**—**	**—**	**—**	**15,453,580,000**	**15,453,580,000**
Infrastructure	**—**	**—**	**—**	**3,014,987,000**	**3,014,987,000**
Total investments	**$ 30,472,646,000**	**10,338,193,000**	**15,918,000**	**32,183,196,000**	**73,009,953,000**

	Measured using input levels			Measured using	
2021	Level 1	Level 2	Level 3	NAV	Total
Marketable debt securities	$ 3,023,565,000	13,331,791,000	83,013,000	—	16,438,369,000
Preferred and common stock	30,433,516,000	27,000	40,000	282,342,000	30,715,925,000
Real estate	944,679,000	—	—	4,718,048,000	5,662,727,000
Absolute return	—	—	—	5,170,653,000	5,170,653,000
Private credit	—	—	—	2,257,082,000	2,257,082,000
Private equity	—	—	—	15,132,193,000	15,132,193,000
Infrastructure	—	—	—	2,408,882,000	2,408,882,000
Total investments	$ 34,401,760,000	13,331,818,000	83,053,000	29,969,200,000	77,785,831,000

Marketable debt securities and preferred and common stock classified as level 1 are valued using prices quoted in active markets for those securities. Debt securities classified as level 2 are valued using matrix pricing and those valued at level 3 are term loans.

Publicly traded real estate investment trusts are valued using prices quoted in active markets and are reported as level 1. Directly held real estate, real estate debt investments, and private real estate funds are reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. The underlying directly owned real estate investments are subject to annual appraisals and audits.

Absolute return investments are reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Absolute return investments undergo annual independent financial statement audits. The redemption notice period is from 1-91 days and the frequency of redemption is daily to quarterly.

Private credit investments are reported at NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Private credit investments undergo annual independent financial statement audits. Redemptions are not allowed and the usual life of these investments is 5-7 years.

Private equity investments are reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Private equity investments undergo annual independent financial statement audits. Redemptions are not allowed and the usual life of these investments is 10-12 years.

Infrastructure investments are reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Infrastructure investments undergo annual independent financial statement audits. Redemptions are not allowed and the usual life of these investments is 5-7 years.

17. STATUTORY NET INCOME

By Alaska law, statutory net income is computed in accordance with GAAP, excluding settlement income from the North Slope royalty case (*State v. Amerada Hess, et al.*) and any unrealized gains or losses. However, the excess of revenues over expenditures is required by GAAP to include unrealized gains and losses, regardless of source. Consequently, GAAP excess of revenues over expenditures and statutory net income differ.

The APFC periodically reviews investments for other than temporary impairment of value. Investments with fair values significantly less than cost over multiple reporting periods may be considered impaired if the cost basis will not be recovered over the investment's remaining estimated holding period. If an other than temporary impairment is determined to exist for an investment, a realized loss will be recorded which will replace the previously recorded unrealized loss. Carrying value will not be affected, but the reclassification of the loss from unrealized to realized will affect the statutory net income of the Fund. During FY2022, approximately $258 million of net impairments were recorded. During FY2021, approximately $65 million of net impairments were recorded.

Statutory net income for the years ended June 30 is calculated as follows:

		2022	2021
Excess (deficiency) of revenues over expenditures	$	**(3,015,242,000)**	19,416,617,000
Unrealized (gains) losses		**7,582,887,000**	(11,404,098,000)
Settlement earnings		**(24,002,000)**	(50,116,000)
Statutory net income	$	**4,543,643,000**	7,962,403,000

18. INVESTMENT INCOME BY SOURCE

Investment income during the years ended June 30 is summarized as follows:

		2022	2021
Interest			
Marketable debt securities	$	**448,266,000**	432,314,000
Short-term		**7,880,000**	4,167,000
Total interest	$	**456,146,000**	436,481,000
Total dividends	$	**696,785,000**	558,073,000
Real estate and other income			
Directly owned real estate income, net of fees		**89,821,000**	75,271,000
Real estate investment trust income, net of fees		**28,373,000**	22,613,000
Real estate fund and notes, net of fees		**42,925,000**	8,110,000
Absolute return income, net of fees		**10,000**	—
Private credit income, net of fees		**69,981,000**	80,094,000
Infrastructure income, net of fees		**43,200,000**	16,021,000
Private equity income, net of fees		**204,730,000**	302,533,000
Class action litigation income		**22,664,000**	1,160,000
Security lending, commission recapture, and other income		**29,467,000**	24,375,000
Total real estate and other income	$	**531,171,000**	530,177,000

19. FOREIGN EXCHANGE CONTRACTS, FUTURES, AND OFF BALANCE SHEET RISK

Certain APFC external investment managers enter into foreign currency forward exchange contracts (FX forward contracts) to buy and sell specified amounts of foreign currencies for the Fund at specified rates and future dates for the purpose of managing or optimizing foreign currency exposure. The maturity periods for outstanding contracts at June 30, 2022 ranged between one and 114 days.

The counterparties to the FX forward contracts consist of a diversified group of financial institutions. The Fund is exposed to credit risk to the extent of non performance by these counterparties. The Fund's market risk as of June 30, 2022 is limited to the difference between contractual rates and forward market rates determined at the end of the fiscal year.

Activity and balances related to FX forward contracts for FY2022 and FY2021 are summarized as follows:

		2022	2021
Balances at June 30			
Fair value of FX forward contracts	$	**1,867,092,000**	5,895,569,000
Net unrealized gains on FX forward contracts		**42,662,000**	24,695,000
Face value of FX forward contracts	$	**1,909,754,000**	5,920,264,000
Activity for fiscal years ending June 30			
Change in unrealized gains	$	**17,923,000**	19,018,000
Realized gains (losses)		**156,428,000**	(87,693,000)
Net increase (decrease) in fair value of FX forward contracts	$	**174,351,000**	(68,675,000)

Certain APFC equity investment managers are permitted to trade in equity index futures for the Fund's account, and the internal fixed income management team trades U.S. Treasury index futures. Equity index futures are traded in both domestic and non domestic markets based on an underlying stock exchange value. Equity and fixed income index futures are settled with cash for the net difference between the trade price and the settle price.

Activity and balances related to futures in equity accounts for FY2022 and FY2021 are summarized as follows:

		2022	2021
Balances at June 30			
Face value of equity index futures	$	**(1,996,000)**	94,252,000
Net unrealized gains (losses) on futures		**(1,366,000)**	9,131,000
Fair value of equity index futures	$	**(3,362,000)**	103,383,000
Activity for fiscal years ending June 30			
Change in unrealized gains (losses)	$	**(10,503,000)**	6,553,000
Realized gains (losses)		**(25,948,000)**	41,577,000
Net increase (decrease) in fair value of equity index futures	$	**(36,451,000)**	48,130,000

Activity and balances related to futures in fixed income accounts for FY2022 and FY2021 are summarized as follows:

		2022	2021
Balances at June 30			
Face value of U.S. Treasury index futures	$	**36,314,000**	106,178,000
Net unrealized gains (losses) on futures		**3,556,000**	(5,717,000)
Fair value of U.S. Treasury index futures	$	**39,870,000**	100,461,000
Activity for fiscal years ending June 30			
Change in unrealized gains (losses)	$	**9,276,000**	(5,015,000)
Realized gains		**40,964,000**	14,405,000
Net increase in fair value of U.S. Treasury index futures	$	**50,240,000**	9,390,000

The face value of FX forward contracts and futures shown in these schedules is not required to be included in the Fund's balance sheets. All other activity amounts shown above are included in the Fund's financial statements on the Statements of Revenues, Expenditures and Changes in Fund Balances.

20. EXPENDITURES

Fund expenditures for the years ended June 30 are summarized as follows:

		2022	2021
APFC operating expenditures			
Salaries and benefits	$	**13,300,000**	10,707,000
Communications and electronic services		**6,688,000**	5,360,000
Consulting fees		**3,071,000**	3,184,000
Training, supplies, services and other		**1,029,000**	774,000
Rent		**509,000**	509,000
Travel		**508,000**	116,000
Legal and audit fees		**944,000**	897,000
Property and equipment		**635,000**	605,000
Public information and subscriptions		**291,000**	145,000
Subtotal APFC operating expenditures		**26,975,000**	22,297,000
Investment management and custody fees			
Investment management fees		**114,089,000**	142,683,000
Custody and safekeeping fees		**1,194,000**	1,171,000
Subtotal investment management and custody fees		**115,283,000**	143,854,000
Total operating expenditures, investment management and custody fees	$	**142,258,000**	166,151,000
Other legislative appropriations from corporate receipts			
Department of Natural Resources		**6,493,000**	6,147,000
Department of Law		**2,688,000**	2,198,000
Department of Revenue		**100,000**	99,000
Total other legislative appropriations	$	**9,281,000**	8,444,000
Total expenditures	$	**151,539,000**	174,595,000

Through the appropriations and budget process, the Legislature allocates corporate receipts to other State departments to compensate these departments for work done on behalf of the Fund during the year.

21. PENSION PLANS

All APFC full time, regular employees participate in the State of Alaska Public Employees Retirement System (PERS). PERS is a multiple employer public employee retirement system established and administered by the State to provide pension and post employment healthcare benefits to eligible retirees. The PERS financial report can be obtained from the State of Alaska's Retirement and Benefits website. Benefit and contribution provisions are established by state law and can be amended only by the Legislature.

PERS consists of Defined Contribution Retirement (PERS DCR) and Defined Benefit Retirement (PERS DBR) plans. Employees who entered the system on or after July 1, 2006 participate in the PERS DCR plan. Employees who entered the system prior to July 1, 2006 participate in the PERS DBR plan. PERS DBR employees contribute 6.75 percent of their annual salaries to PERS and PERS DCR members contribute 8 percent.

As an integrated cost sharing plan, the PERS system requires employers to pay a uniform contribution rate of 22 percent of eligible employee salaries for the benefit of PERS members. Total salaries subject to PERS for the years ended June 30, 2022 and 2021 amounted to $9,023,000 and $7,395,000, respectively.

In addition to the pension plan discussed above, all APFC employees and Trustees participate in the Alaska Supplemental Benefits System Supplemental Annuity Plan (SBS AP). The SBS AP is a multiple employer defined contribution plan created pursuant to Internal Revenue Code section 401(a) to provide benefits in lieu of those provided by the Federal Social Security System. Each year, APFC employees and Trustees contribute 6.13 percent of salaries or honoraria, up to a specified maximum, to SBS AP. The APFC contributes a matching 6.13 percent. Participants are eligible to withdraw from SBS AP 60 days after termination of employment or service as a Trustee. Total salaries and honoraria for individuals subject to SBS AP for the years ended June 30, 2022 and 2021 amounted to $7,908,000 and $5,465,000, respectively.

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"Money may not be everything, but I tell you, having the Permanent Fund gives us all a lot of confidence and determination for the future."

– Elmer Rasmuson, APFC's First Board Chair

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This publication on the activities and financial condition of the Alaska Permanent Fund is submitted in accordance with AS 37.13.170.
This report was printed at a cost of $17.15 per copy by Northern Printing. Annual report design by MSI Communications.