Investment Review

Managed Assets
APFC: Trust Fund & Reserves
DOR: Reserves & Cash
TLO: CRE
Trustee Charter & AMPS

“Supervise, monitor and evaluate the Trust’s liquid and non liquid assets while maintaining a long-term focus”

Monitoring, evaluating & comparing APFC, DOR and TLO investment performance

Finance Committee Review
- APFC & DOR performance - Quarterly
- TLO financial performance - Annually (minimum)
- TLO third-party real estate advisory - Annually

Board Review
- Asset Allocation
Birds eye view:
Trust is in a healthy financial position

Inflation-adjusted net assets growth rate:
- 5% lifetime average
- 3.9% in 2020
Drilling down: Liquid and non-liquid investments are managed for long-term sustainability

**Short Term**
- Trust Settlement Income Account (“Checking”)
- Trust Authority Development Account (“TADA”)
- Central Facilities Fund (“CFF”)

**Medium Term**
- DOR Budget Reserves
- APFC Budget Reserves

**Long Term**
- Mental Health Trust Fund
- Commercial Real Estate
Drilling down: Investment Policy Objectives & Time Horizon

### Short Term
*Temporary holding for Trust program use or other investment decisions*

- Time horizon: 2 years
- Goal: preservation of capital

- Trust Settlement Income Account ("Checking")
- Trust Authority Development Account ("TADA")
- Central Facilities Fund ("CFF")

### Medium Term
*Funds that may be needed in the future for Trust programs*

- Time horizon: 5-7 years
- Goal: Balance growth & capital preservation

- DOR Budget Reserves
- APFC Budget Reserves

### Long Term
*Funds for future beneficiary benefit*

- Time horizon: 7-20 years
- Goal: benefit of future beneficiaries

- Mental Health Trust Fund
- Commercial Real Estate
DOR Managed Short-term Accounts
Operating Cash: Income Settlement, CFF, TADA

FY20 Return: 2.15%; performance exceeds benchmark over the past 10 years

Callan 10-year medium expected return: 2.38%
DOR Managed Medium-term Reserves
Invested for future Trust programs

- Current Balance: $56.6MM
- Budget Reserves return has consistently exceeded target and benchmark
- FY2020 return: 5.96%
- Return Target: 5.79%
- 10-year median rate
Trust Managed Investments
Invested for future beneficiaries

Current Value: $61MM

5.97% FY20 CRE performance exceeded NCREIF Property - Office benchmark
APFC Managed Trust Fund & Reserves
Invested for future Trust programs and future beneficiaries

Current Balance: $558MM

FY20 performance: 2.01%
Average annual performance has not met Plan over 1, 3 and 5-year horizons

Callan 10-year medium expected return: 6.75%
Upcoming Trust Requirements - Asset Allocation

**Asset allocation review**
- Annual post-audit review
- Annual adjustment as needed
- Reviews metrics and meets with APFC investment staff \( \geq 1 \) /year

**Trust must consider**
- Lack of control over Mental Health Trust Fund investments
- Limited liquidity of 1MM acres
- Commodity and Foreign Exchange volatility affecting natural resource development
- Limited liquidity of TLO commercial real estate holdings
- Below market lease rates for beneficiary benefit
Questions & Comments