



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

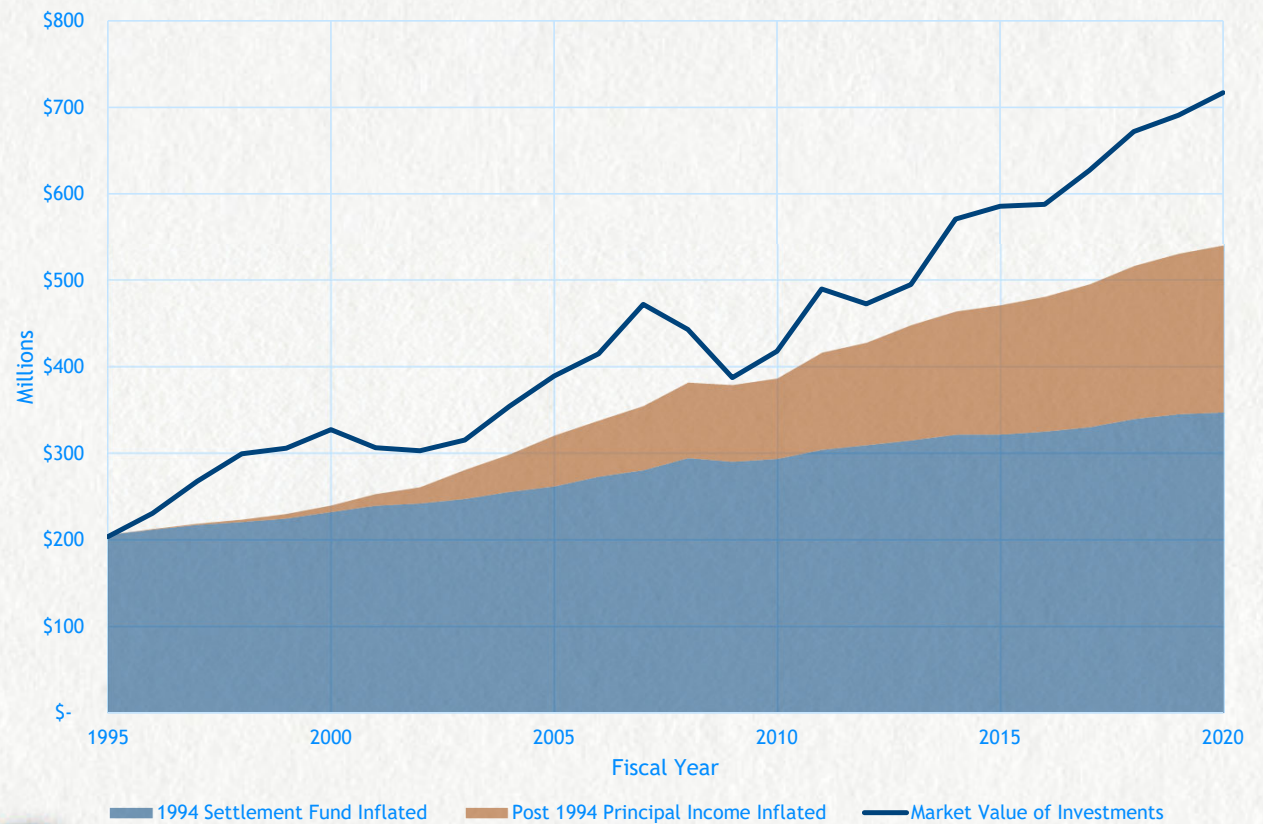


Birds eye view: Trust is in a healthy financial position

Inflation-adjusted net assets growth rate:

- 5% lifetime average
- 3.9% in 2020

Alaska Mental Health Trust Authority
Investment Growth Outpaced Inflation 1996 - 2020



Drilling down: Liquid and non-liquid investments are managed for long-term sustainability

Short Term

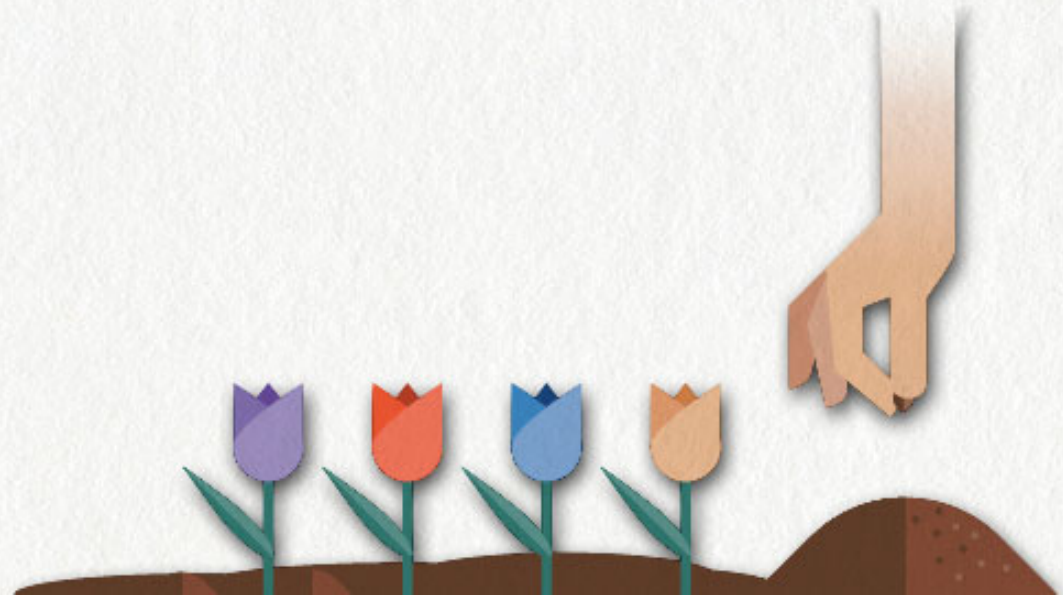
- Trust Settlement Income Account (“Checking”)
- Trust Authority Development Account (“TADA”)
- Central Facilities Fund (“CFF”)

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

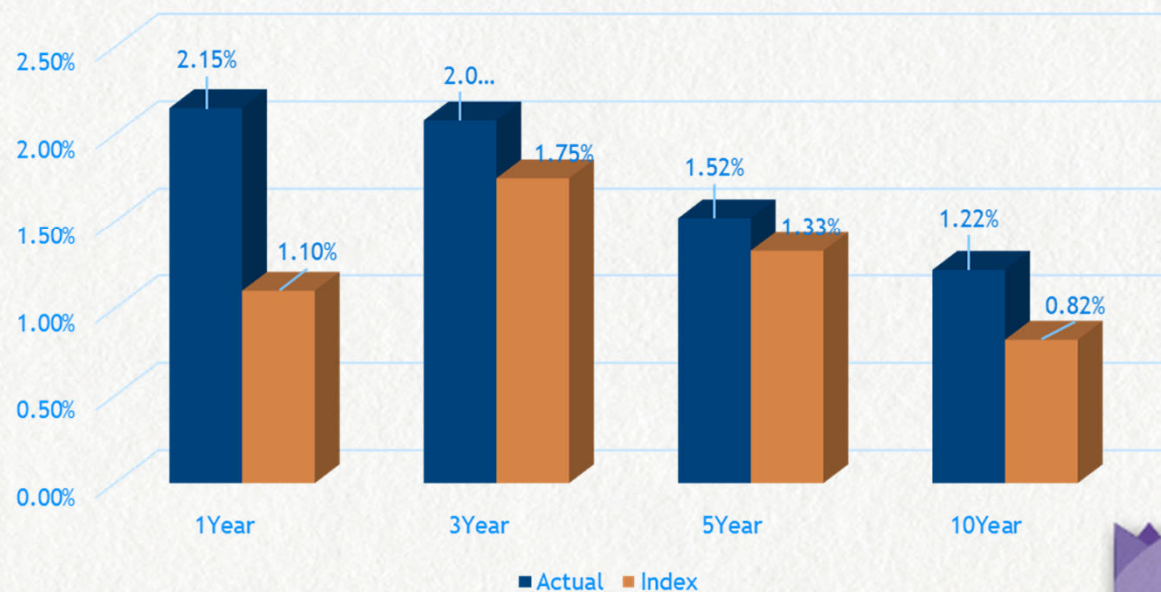
- Mental Health Trust Fund
- Commercial Real Estate



DOR Managed Short-term Accounts

Operating Cash: Income Settlement, CFF, TADA

DOR Managed OperatingCash
Annual Percentage Return by HOlding Period
Actual vs. Benchmark



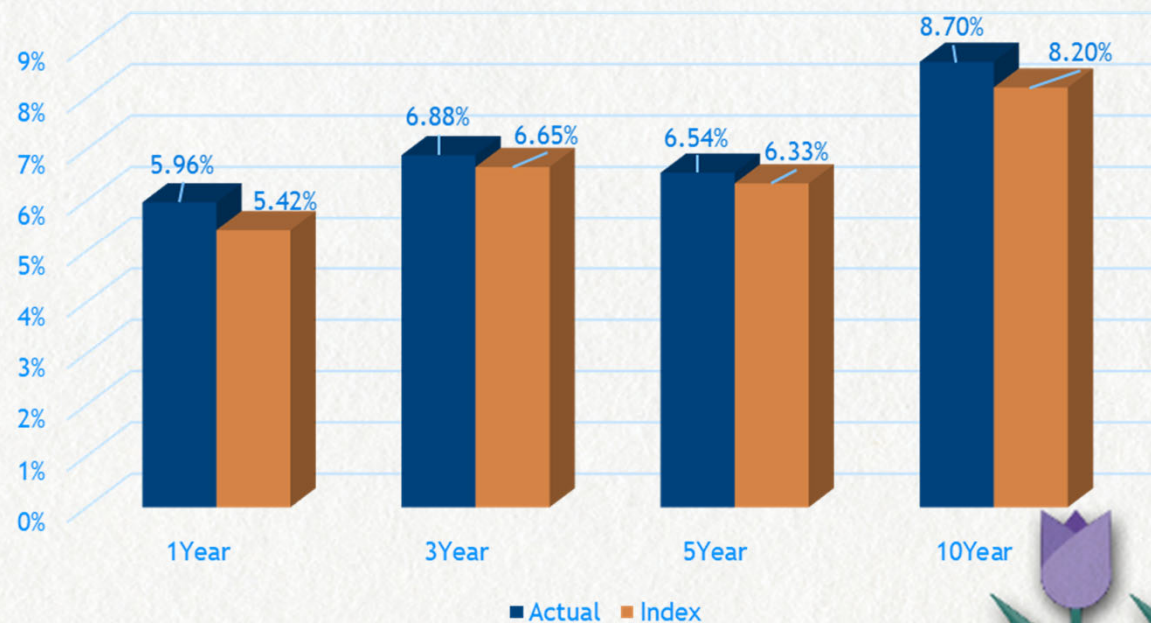
FY20 Return:
2.15%; performance
exceeds benchmark
over the past 10
years

Callan 10-year
medium expected
return: 2.38%



DOR Managed Medium-term Reserves Invested for future Trust programs

DOR Managed Trust Budget Reserves
Annual Percentage Return by Holding Period
Actual vs. Benchmark



➤ Current Balance:
\$56.6MM

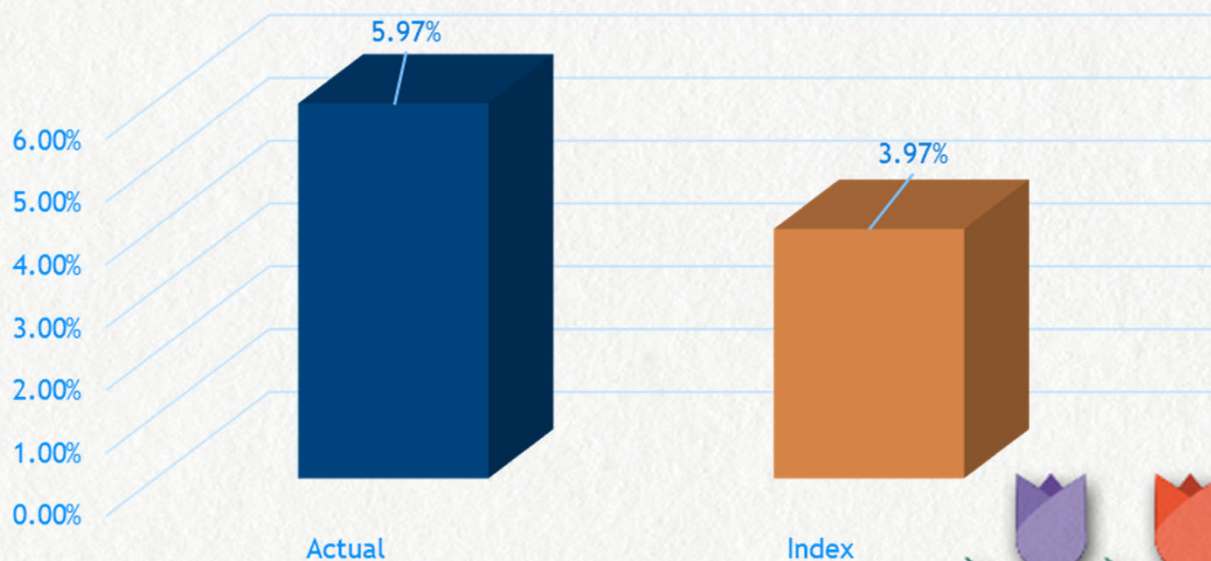
➤ Budget Reserves return
has consistently exceeded
target and benchmark

➤ FY2020 return: 5.96%

➤ Return Target: 5.79%
10-year median rate

Trust Managed Investments Invested for future beneficiaries

Trust/TLO Managed Commercial Real Estate
FY2020 Unlevered Return
Actual vs. NCREIF Benchmark



Current Value:
\$61MM

5.97% FY20 CRE
performance
exceeded NCREIF
Property - Office
benchmark



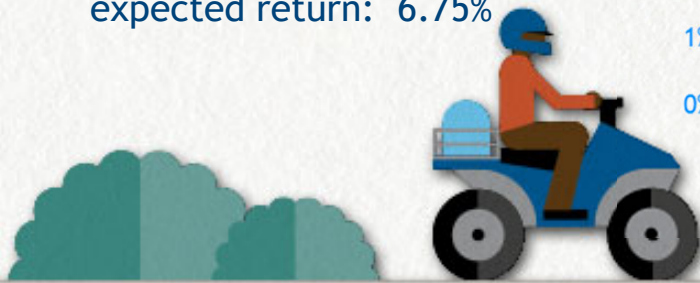
APFC Managed Trust Fund & Reserves

Invested for future Trust programs and future beneficiaries

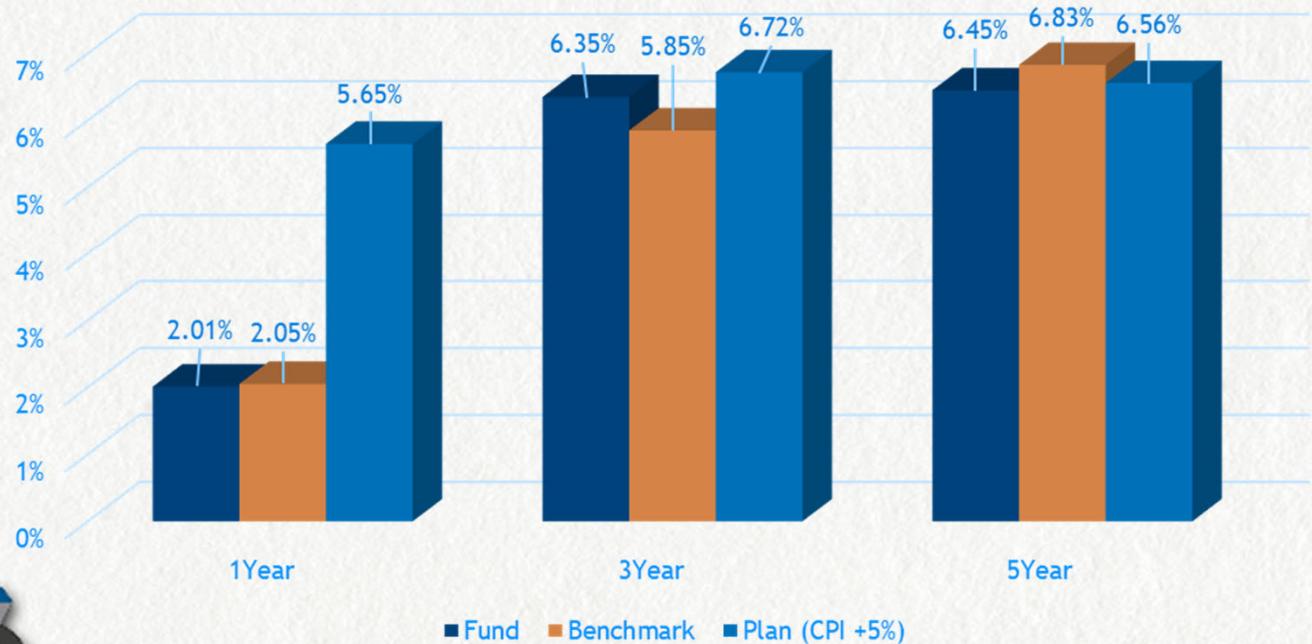
Current Balance:
\$558MM

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%



APFC Managed Trust Fund & Reserves
Annual Percentage Return by Holding Period
Actual vs. Benchmark & Plan



Upcoming Trust Requirements - Asset Allocation

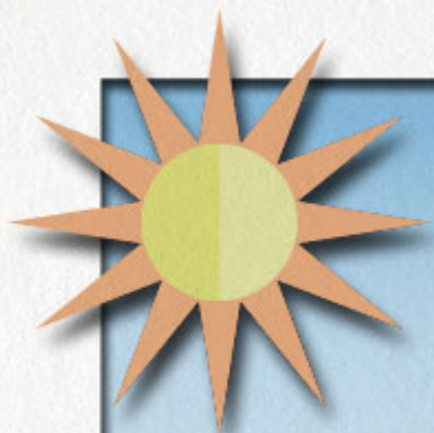
Asset allocation review

- Annual post-audit review
- Annual adjustment as needed
- Reviews metrics and meets with APFC investment staff ≥ 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



Trust
Alaska Mental Health
Trust Authority