Goal of Asset Allocation

Asset allocation is the process of setting targets among investment alternatives

**Goal:** To diversify the Trust’s portfolio to ensure equity between today’s and future beneficiaries

- Asset allocation is done on a total return basis (income & appreciation)
- The Trust portfolio’s total return goals and the Trust’s spending policy are integrally tied
Trustees have control over asset allocation of DOR-managed Reserves & Reserve-related investment decisions

*Portfolio Governance*

- Trust Land Office
  - Land trust and contributed land assets
- Alaska Permanent Fund Corporation
  - Trust Fund allocations
  - APFC Reserve allocations
- **AMHTA Trustees**
  - DOR Reserve allocations
  - Cash Assets
AMHTA FY21 Asset Allocation* & Function in Diversification

Total Portfolio Allocation

- **Financial Assets**
  - 6% Cash
  - 34% Equities
  - 20% Fixed income
  - 13% Real Estate
  - 24% Alternative Investments

- **Trust Land Assets**
  - 1MM surface acres
  - Recoverable resources

*Preliminary FY21

**Diversification Categories**
- Growth
- Diversifier
- Inflation Hedge
- Deflation Hedge
Staff recommendation: Engage independent investment consultant for a comprehensive portfolio review

Recommended focus of FY22 review:
• Asset Allocation
• Spending Policy
• Reserve Policy
• Inflation Proofing

Financial asset managers regularly revisit allocation targets established by the Trust’s policy statement

FY2011 was the last comprehensive external review
Discussion