

Trust

Alaska Mental Health
Trust Authority

Asset Allocation Update & Policy Study Recommendation

July 29, 2021 Finance Committee

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



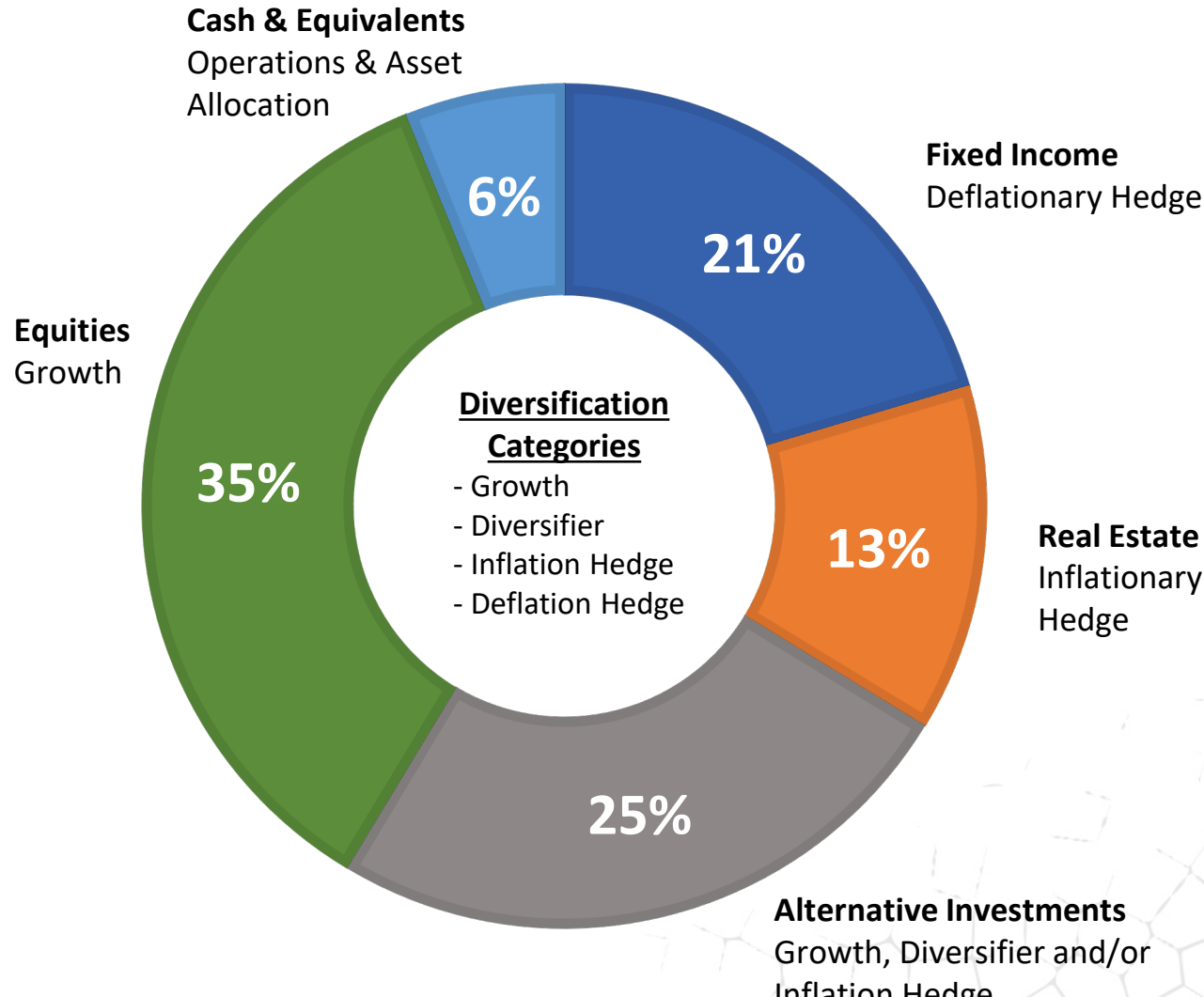


Trustees have control over asset allocation of DOR-managed Reserves & Reserve-related investment decisions

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

A woman with dark hair and glasses, wearing a grey hoodie, is crouching next to a German Shepherd dog. The dog is sitting and looking towards the camera with its mouth open. The background is a bright, slightly blurred outdoor setting.

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

