

UNDERSTANDING OUR FUND

News Release

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Beyond the Numbers: What Key Financial Statements & Balance Report Mean for Alaskans

JUNEAU - The Alaska Permanent Fund Corporation (APFC) is pleased to provide the end of FY24 financial statements and the beginning of FY25 fund balance report.

As of June 30, 2024, the end of FY24, the Alaska Permanent Fund has an unaudited total value of \$80.3 billion. The value of the permanent savings in the Principal is \$58.4 billion, with \$12.2 billion of associated unrealized gains. The realized earnings generated from investment activity amounted to \$4.2 billion in FY24, and this statutory net income was deposited into the Earnings Reserve Account. Recognizing there is considerable movement in the transition between the end of FY24 and the beginning of FY25, we've broken the numbers down to highlight what they mean for Alaskans.

Why Should Alaskans Care?

- **Stable State Revenue:** The Earnings Reserve Account (ERA) is a critical source of revenue for Alaska. Due to APFC's stewardship and diligence, the Permanent Fund has become a key renewable financial resource for Alaskans, with the 5% Percent of Market Value (POMV) draw providing more than 55% of Alaska's general fund revenue stream.
- **Future Generations:** APFC's stewardship of the Fund, in line with our constitutional mandate, ensures that all generations of Alaskans benefit from the Fund. Under the two-account structure, the Principal's intergenerational purchasing power is maintained through inflation-proofing appropriations from the ERA.

Mandate

The Alaska Permanent Fund Corporation generates investment revenue to support Alaska today and tomorrow. APFC's task is to maximize returns and generate income through its investment activity while the legislature and executive branches establish policies for its use.

- Based on the two-account structure, spendable amounts are limited to what is available in the ERA. The ERA is the primary source of revenue for Alaska today to support the dividend and government services and for inflation proofing to ensure that the Principal maintains its purchasing power for intergenerational benefit.
- As we look toward the future, an inherent risk we face, given the two-account structure, is the availability of spendable funds in the ERA to meet the obligations of POMV and inflation proofing fully. Currently, payouts from the ERA, which holds the Fund's realized earnings generated through investment activity, aren't keeping pace with the amount of money drawn from the Fund.

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Earnings Reserve Account

At the beginning of FY25, as of July 1, 2024, the Earnings Reserve Account (ERA) has \$3.8 billion committed to the FY26 annual Percent of Market Value (POMV) draw, to support the state's general fund revenue stream. For the FY25 \$1 billion inflation proofing transfer, it's important to note that statutory net income continues to be generated throughout the year based on the portfolio's investment activity and is deposited into the ERA as realized earnings are available for appropriation.

POMV Annual Draw for State Revenues

As the state shifts from being predominantly funded by oil royalties to now needing the financial income from the Alaska Permanent Fund to support state revenues, the budget relies heavily on the Percent of Market Value (POMV) draw to support the provision of essential State services and programs, including the Permanent Fund Dividend - PFD.

Under the POMV methodology, the payout size is predictable and stable from year to year; however, under a two-account Fund structure, the amount available to meet the payout is limited to the balance of available earnings in the ERA. Under the two-account structure, an insufficient balance in the ERA would limit the ability to fulfill the POMV obligation as well as inflation-proof.

On the July 1, 2024 fund balance report, the FY25 POMV draw is funded and has been transferred to the liabilities section. The FY26 POMV draw is reflected in the future commitments within the Earnings Reserve Account.

FY 25 Inflation Proofing Appropriation

The appropriation for the FY25 inflation proofing transfer to Principal is \$1.0 billion and currently, there are earnings of \$571.7 million to cover this appropriation. A portion, \$428.3 million, of the current fiscal year (FY 25) inflation proofing appropriation will need to be earned during the year. Based on current projections, APFC anticipates that there will be sufficient statutory net income, through realized investment earnings, to fully meet this commitment within the first quarter.

Statutory Net Income

The realized earnings generated from investment activity amounted to \$4.2 billion in FY24, and this statutory net income was deposited into the Earnings Reserve Account. The ERA balance continues to grow through Statutory Net Income (SNI) generated based on the portfolio's investment activity. SNI is deposited into the ERA as realized earnings that are available for appropriation. SNI can vary significantly from one fiscal year to the next based on activity in the investment portfolio. APFC manages the portfolio to provide a maximum risk-adjusted return, not towards annual gain realization – like SNI as a key metric.

APFC is committed to keeping Alaskans informed. Visit the new [“ERA Durability” web page](#) or click [here](#) to download an infographic that explains the movement between the FY24 financial statements and the beginning of FY25 fund balance report.

For more detailed financial information, including unaudited financial statements, please visit apfc.org/report-archive.

APFC

ALASKA PERMANENT
FUND CORPORATION

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About APFC

APFC was created by the Alaska State Legislature in 1980 as an independent state entity tasked with managing the assets of the Alaska Permanent Fund on behalf of current and future generations of Alaskans and other funds designated by law.

The Alaska Permanent Fund is a globally recognized sovereign wealth fund established in 1976 by Alaskans to preserve and convert the State's non-renewable mineral and oil wealth into a renewable financial resource. The Fund's ability to sustainably create and grow value for Alaska supports the State's economic stability and prosperity, safeguarding its resources for future generations.