Haines Borough Permanent Fund

Strategic Review

for the period ending January 31, 2024

Agenda

1. Strategic Review

2. Portfolio Review

3. Appendix

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Account Summary as of January 31, 2024

Haines Borough Permanent Fund

Account Inception		January 1996
Initial Portfolio Value		$ 3,097,564
Subsequent Contributions		$ 1,427,426
Cumulative Withdrawals *Does not include custodial or management fees*		$ 4,012,055
Current Market Value		$ 9,657,360
Annualized Account Return* *Since Inception*		+5.24%
Annualized Benchmark Return *Since Inception*		+5.07%
Strategic Asset Allocation	Risk Assets	45%
	Risk Control	36%
	Alternatives	19%

*Performance is gross of management fees, net of internal fund fees, and annualized for periods greater than one year.

Historical Performance and Growth

Haines Borough Permanent Fund

1.40%
of annualized outperformance vs a traditional stock/bond allocation* over the last ten years.

2.86%
of annualized, risk- adjusted outperformance vs a traditional stock/bond allocation* over the last ten years.

$4.5M
total contributions.

Current market value of
$9.7M

$4.0M
total withdrawals.

The Permanent Fund has earned a return **greater** than the rate of inflation since inception.

In 1996, APCM begin managing the Haines Borough Permanent Fund as a fixed income only account. Today, the portfolio is diversified across **15 asset classes** and thousands of underlying securities.

Over **$9.1M** of earnings generated.

*Performance is gross of management fees, net of internal fund fees, and annualized. Source: Bloomberg. Traditional portfolio represented by a 30% Stocks / 70% Bond portfolio comprised of the ACWI World Index and Bloomberg Global Agg Index.

Strategic Review

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Purpose, Goals, and Circumstances

Haines Borough Permanent Fund

Purpose

"Money placed or otherwise deposited in the permanent fund is fund principal, which the borough shall hold in trust and invest in perpetuity for the benefit of present and future Haines residents." Haines Borough Permanent Fund Code 3.24.020

Goals

A. Per Code 3.24.020, the primary goal of the fund is the safety of principal while maximizing return. Principal must be protected from the effects of inflation in accordance with 3.24.070.

B. Per code 3.24.090(C), "*…net income available for borough expenses may not exceed 3.5% of the average total market value of the fund for three of the four fiscal years immediately preceding the budget year.*"

Unique Circumstances

A. According to Code 3.24.070 and 3.24.090(A)(B), inflation-adjusted principal may not be spent.

B. Per code 3.24.050(C)(5) the fund may not hold more than 50% of the market value in domestic and foreign common or preferred stocks, including real estate investment trusts.

Overview of Current Investment Goals and Policies

Haines Borough Permanent Fund

2.5% Inflation — APCM expects inflation of 2.5% on average over the next 10 years.

+

3.5% Distribution — Per Code 3.24.090(C), "…net income available for borough expenses may not exceed 3.5% of the average total market value of the fund for three of the four fiscal years immediately preceding the budget year."

+

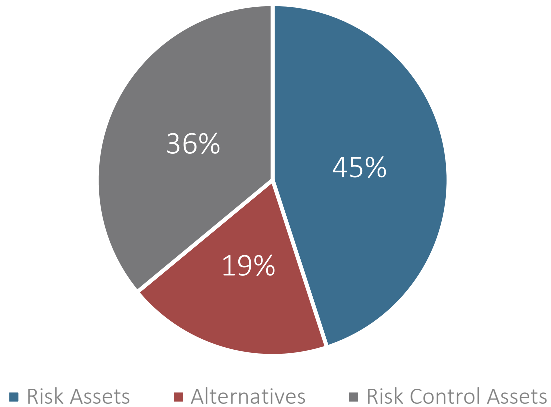
0.3% Expenses — Per Code 3.24.080, "Expenditures directly related to the investment of the permanent fund shall be included in the budget to be paid from the income of the fund."

=

6.3% Minimum Required Return — A return of 6.3% would protect principal against inflation and allow for 3.5% annual distributions. The current strategic asset allocation's expected long-term return is **6.7%.**

Characteristics	Current	
	Expected	Range*
Annual Return	7.1%	**-9.4%** to 25.7%
Long-Term Return	**6.7%**	6.4% to 7.0%
Net Earnings Long-Term Return Less 2.5% Expected Inflation	4.2%	3.9% to 4.5%
Avg. Loss in Extreme Conditions Within a 1-Year Horizon	**-21.8%**	

Current



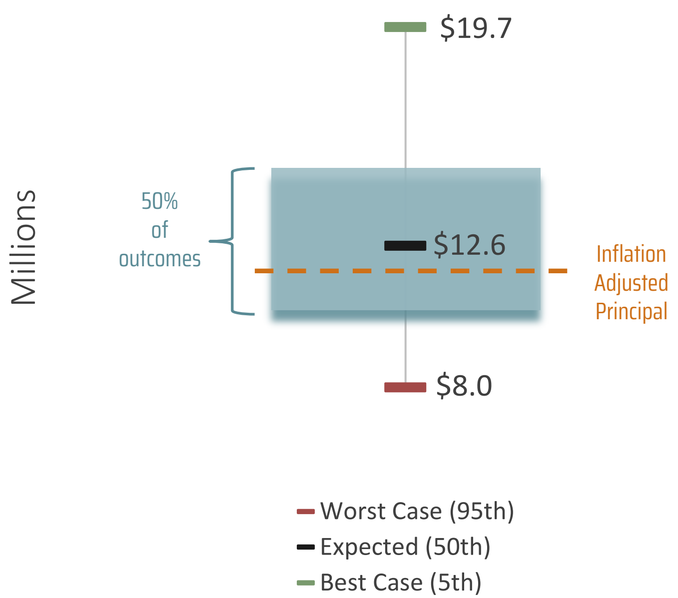
ALASKA PERMANENT CAPITAL MANAGEMENT
Registered Investment Advisor

Wealth Simulations 10-Year Horizon

Haines Borough Permanent Fund

Modeling Assumptions:	Starting Market Value	Contributions	Distributions
	$9.7M	None	3.5%

Expected Ending Value



- The simulations assume the expected remainder of the FY2024 distribution occurs at the beginning of the modeling horizon, and distributions of 3.5% of the 3-year average market value.
- **The current allocation is expected to meet the portfolio's required return over the long term. APCM has no recommended allocation changes at this time.**

Distributions	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
3.5% of 3-Year Avg. Market Value	$333K	$335K	$349K	$359K	$369K	$379K	$390	$402K	$413K	$425K

Simulations from Windham Portfolio Advisor. In addition to distributions shown, the expected remainder of the FY2024 distribution was modeled at the beginning of the simulation horizon.

Portfolio Review

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Historical Market Value as of January 31, 2024

Haines Borough Permanent Fund

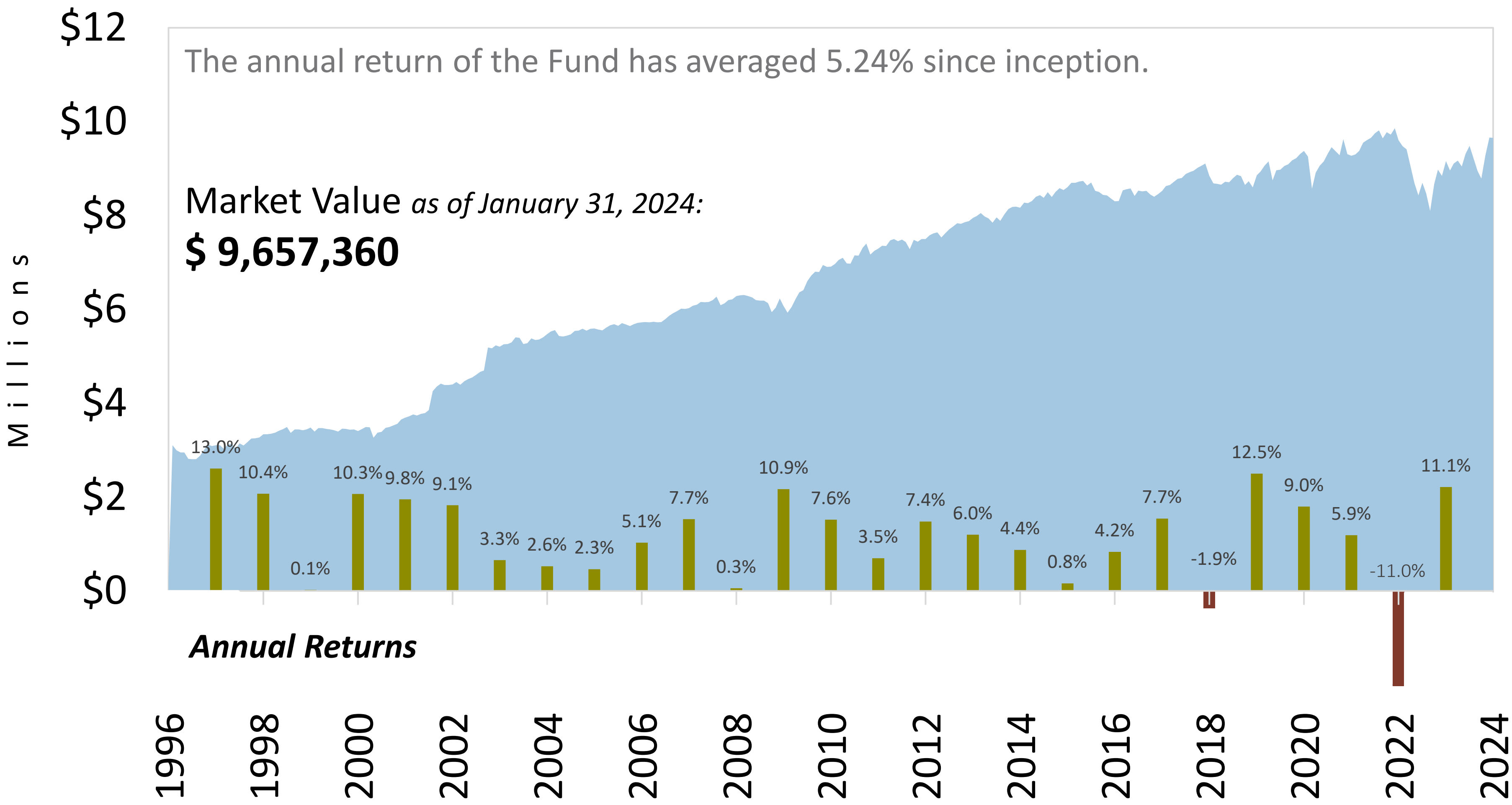
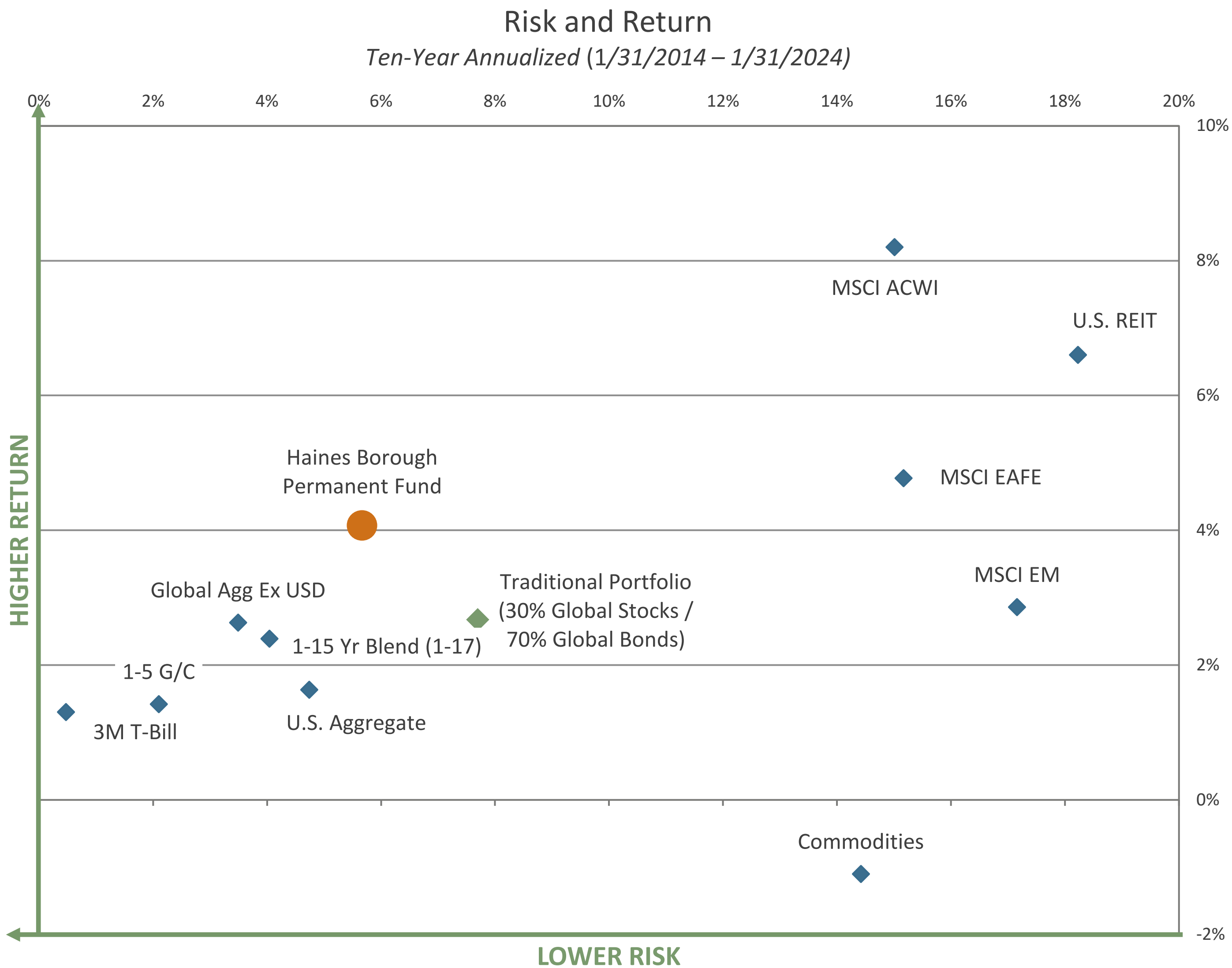


Chart shows month-end portfolio market value from January 1996 to January 2024 and annual returns from December 31, 1996 to December 31, 2023. Performance is gross of management fees, net of internal fund fees, and annualized for periods greater than one year. Annualized portfolio return of 5.24% from January 31, 1996 to January 31, 2024.

APCM's Asset Allocations Access Return More Efficiently

Haines Borough Permanent Fund



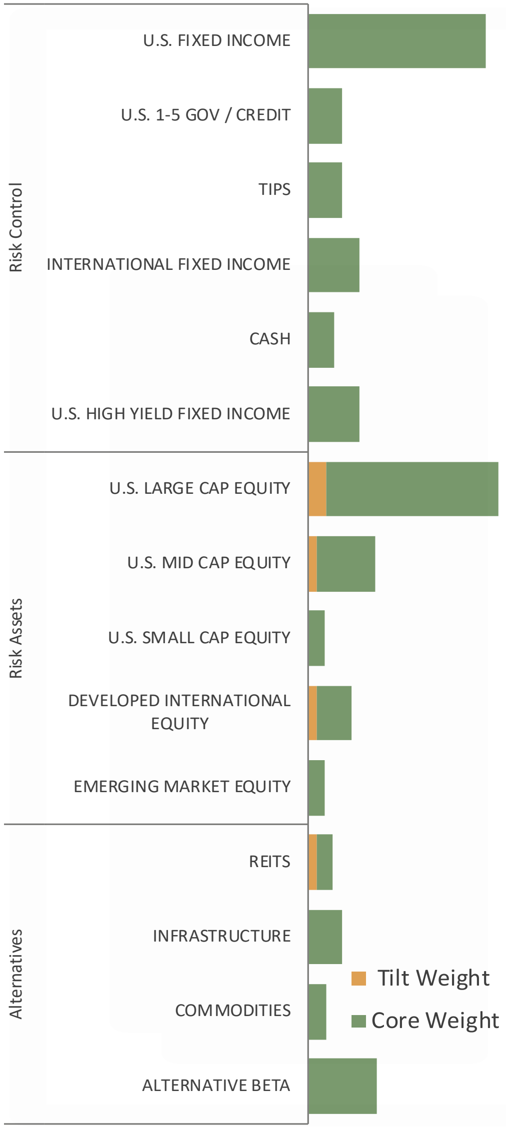
- The graphic depicts realized risk and annualized return for the Haines Borough Permanent Fund relative to a traditional global stock and bond portfolio and several broad market indices.

- The benefits of strategic planning and APCM's portfolio construction are highlighted by the Permanent Fund's higher realized return and less realized risk to the traditional portfolio.

Performance is gross of management fees, net of internal fund fees, and annualized for periods greater than one year. Source: Bloomberg.
Traditional portfolio represented by a 30% Stocks / 70% Bond portfolio comprised of the ACWI World Index and Bloomberg Global Agg Index.

Asset Allocation as of January 31, 2024

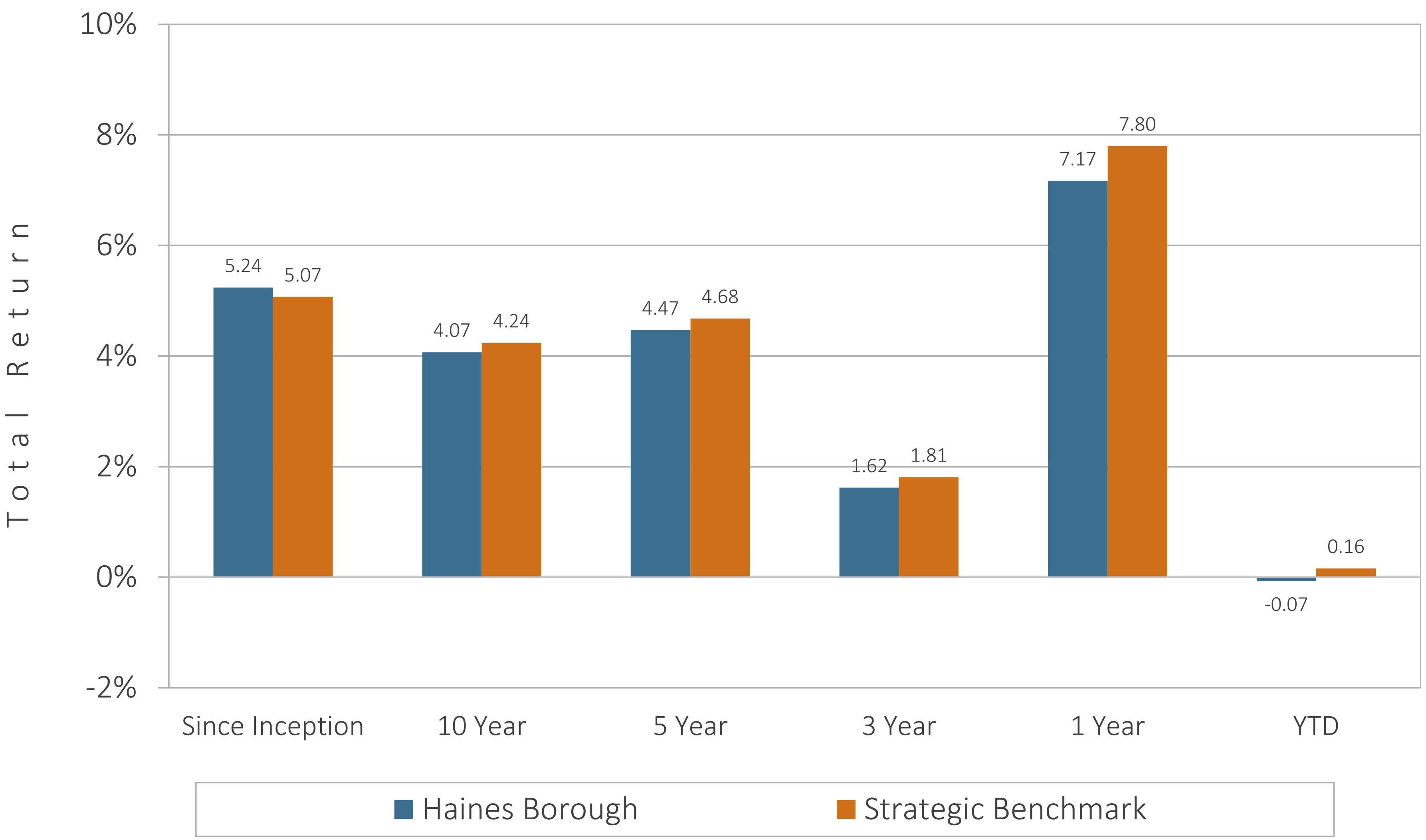
Haines Borough Permanent Fund



Asset Class	Strategic Weight	Overweight / Underweight	Current Allocation	Range
Risk Control	**36%**	**2.0%**	**38.0%**	
U.S. FIXED INCOME	20%	1.0%	21.0%	10 - 30%
U.S. 1-5 GOV / CREDIT	4%	0.0%	4.0%	0 - 8%
TIPS	4%	0.0%	4.0%	0 - 8%
INTERNATIONAL FIXED INCOME	5%	1.0%	6.0%	0 - 10%
CASH	3%	0.0%	3.0%	0 - 10%
Risk Assets	**45%**	**0.2%**	**45.2%**	
U.S. HIGH YIELD FIXED INCOME	6%	0.0%	6.0%	0 - 12%
U.S. LARGE CAP EQUITY	22%	0.5%	22.5%	12 - 32%
U.S. MID CAP EQUITY	8%	-0.1%	7.9%	0 - 16%
U.S. SMALL CAP EQUITY	2%	-0.1%	1.9%	0 - 4%
DEVELOPED INTERNATIONAL EQUITY	5%	0.0%	5.0%	0 - 10%
EMERGING MARKET EQUITY	2%	-0.1%	1.9%	0 - 4%
Alternatives	**19%**	**-2.2%**	**16.8%**	
REITS	3%	-0.2%	2.8%	0 - 6%
INFRASTRUCTURE	4%	0.0%	4.0%	0 - 8%
COMMODITIES	2%	0.0%	2.0%	0 - 4%
ALTERNATIVE BETA	10%	-2.0%	8.0%	0 - 15%

Account Performance as of January 31, 2024

Haines Borough Permanent Fund



Performance is gross of management fees, net of internal fund fees, and annualized for periods greater than one year. Inception performance begins on January 31, 1996. Strategic benchmark is a blended return of the account's target allocation.

Appendix

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Market Review

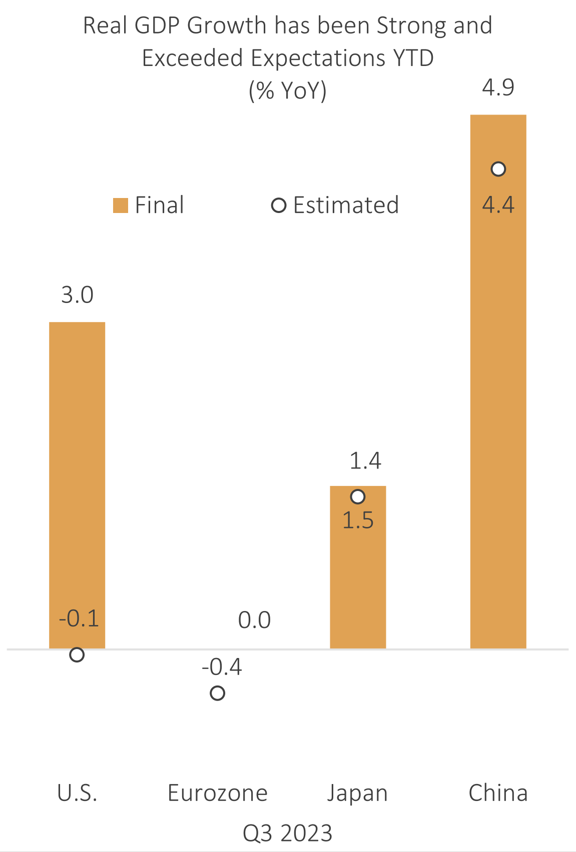
APCM 2024 Views

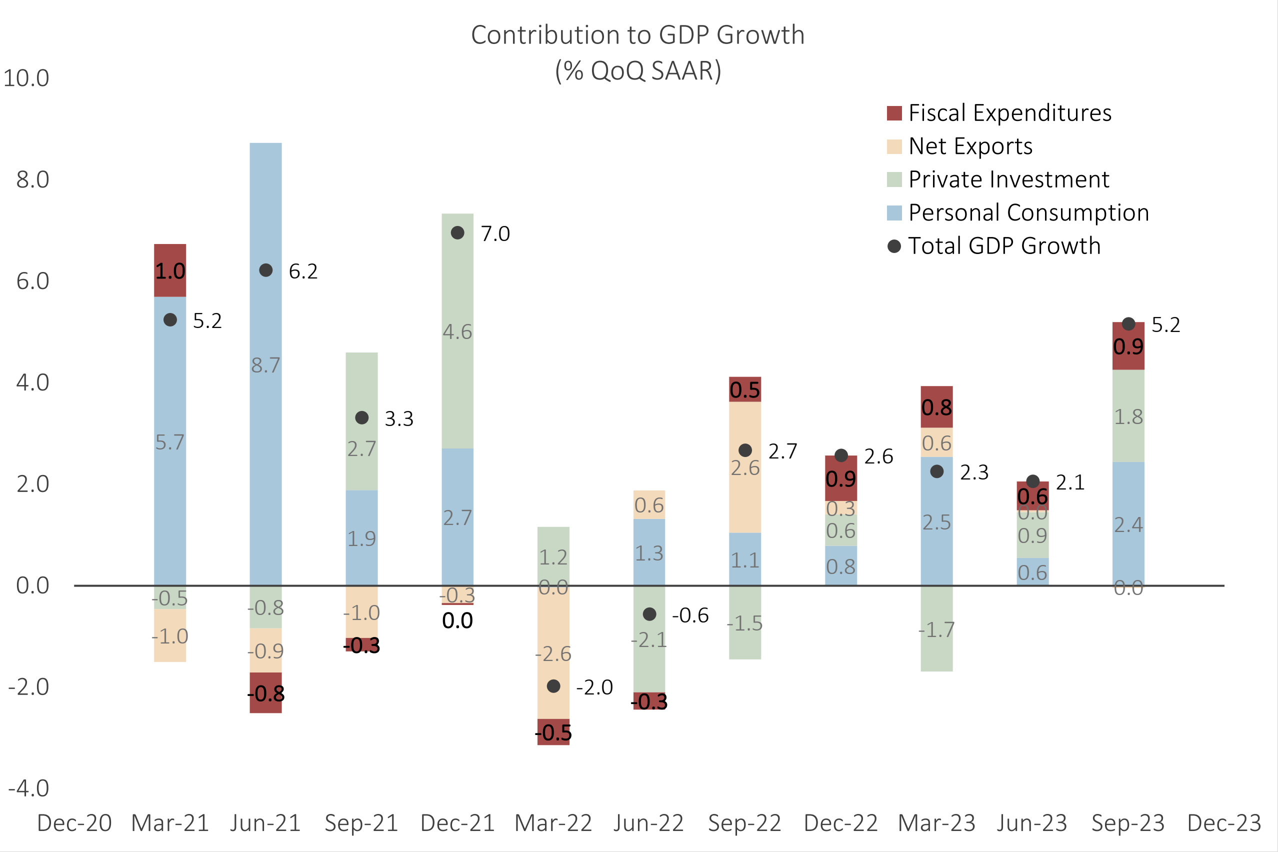
For APCM’s full 2024 outlook, please see the short presentation linked above.

Robust Economic Resilience in 2023

2023 Recap

The global economy displayed remarkable resilience in 2023, and inflation generally slowed, easing recessionary fears. In the U.S., Fiscal support contributed significantly to robust economic performance, and interest rates remain near the highest level seen in decades as inflation is still modestly above central bank targets.

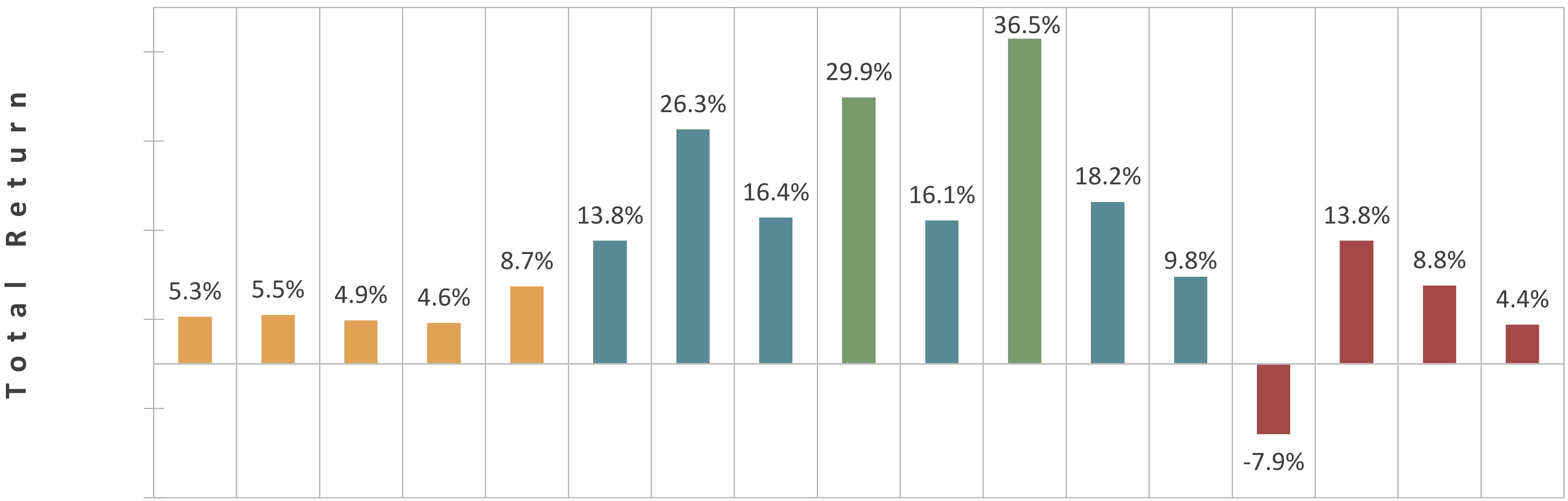




2023 Asset Class Returns

2023 Recap

The combination of **resilient growth and declining inflation** has translated into healthy returns across most asset classes. Fixed income now presents attractive forward-looking returns, offering the potential to **cushion portfolios in the event of a downturn**. Bonds also appear relatively appealing compared to stocks, although stocks, even at these levels, are not excessively priced.



	RISK CONTROL					RISK ASSETS								ALTERNATIVES			
	FIXED INCOME						EQUITIES							ALTERNATIVES			
	Cash	U.S. Fixed Income	1-5 Gov. Credit	TIPS	Intl. Fixed Income	HY Fixed Income	U.S. Large Cap	U.S. Mid Cap	Mid Cap Quality	U.S. Small Cap	Small Cap Quality	Dev. Ex-U.S.	Emerging Markets	Comm.	Real Estate	Infra.	Alt. Beta
Dec. 2023	0.5	3.8	1.6	1.1	3.2	3.9	4.5	8.7	7.6	12.8	11.7	5.3	3.9	-2.7	9.9	4.6	0.4
CY' 2023	5.3	5.5	4.9	4.6	8.7	13.8	26.3	16.4	29.9	16.1	36.5	18.2	9.8	-7.9	13.8	8.8	4.4
CY' 2022	1.5	-13.0	-5.5	-2.7	-12.7	-11.9	-18.1	-13.1	-12.2	-16.1	-14.1	-14.5	-20.1	16.1	-24.4	-10.1	-5.6
5 Year	1.9	1.1	1.5	3.4	1.0	5.0	15.7	12.6	18.0	11.0	18.3	8.2	3.7	7.2	7.2	6.7	2.6

Data: Bloomberg. Asset class performance is represented by the stated index return. Returns annualized for periods greater than one year.

Peak Growth and Inflation

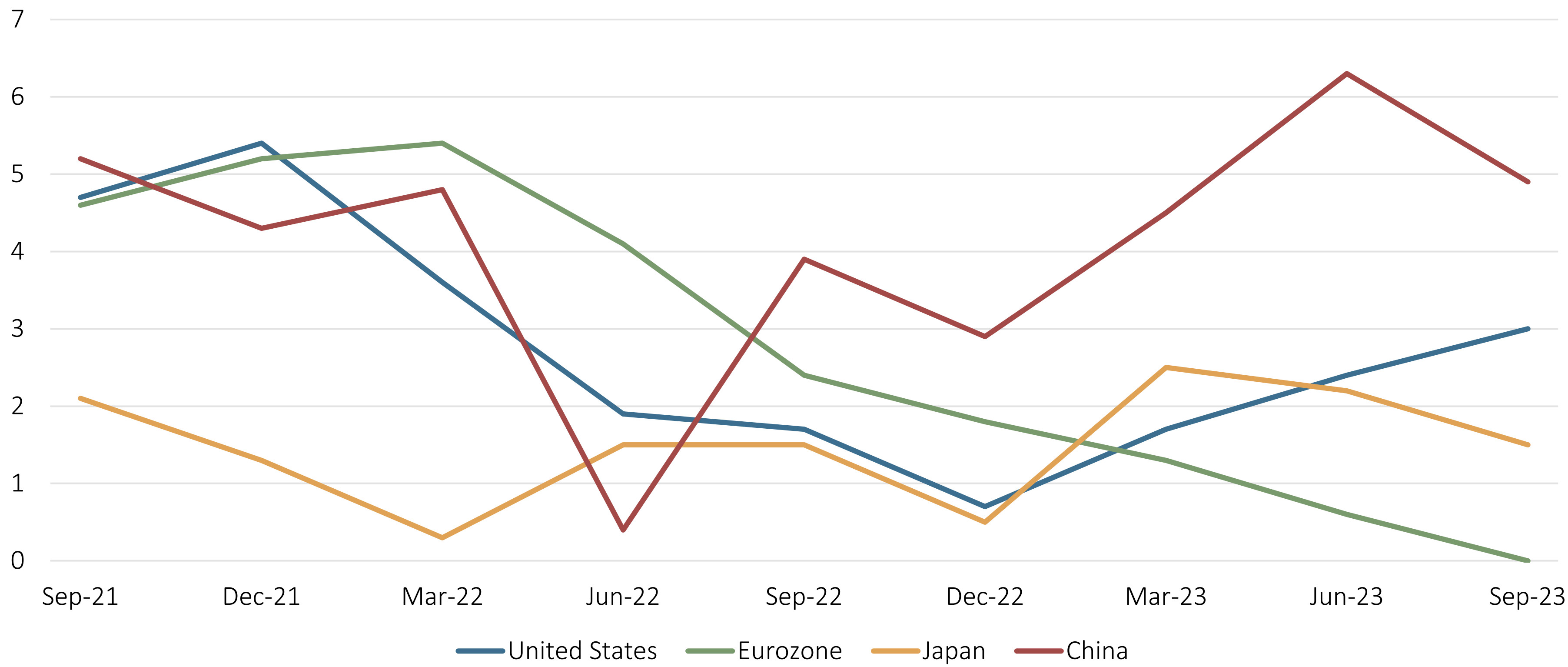
2024 Outlook

We believe both **growth and inflation have peaked**. The robust economic resilience witnessed in 2023 is poised to wane, yielding to weakness in the face of diminishing fiscal support and the delayed impacts of tighter monetary policies, which are gaining global traction.

	Peak Inflation	Now
U.S.	9.1%	3.1%
Eurozone	10.6%	2.4%
Japan	4.3%	3.3%
China	2.8%	-0.5%

Real GDP Growth

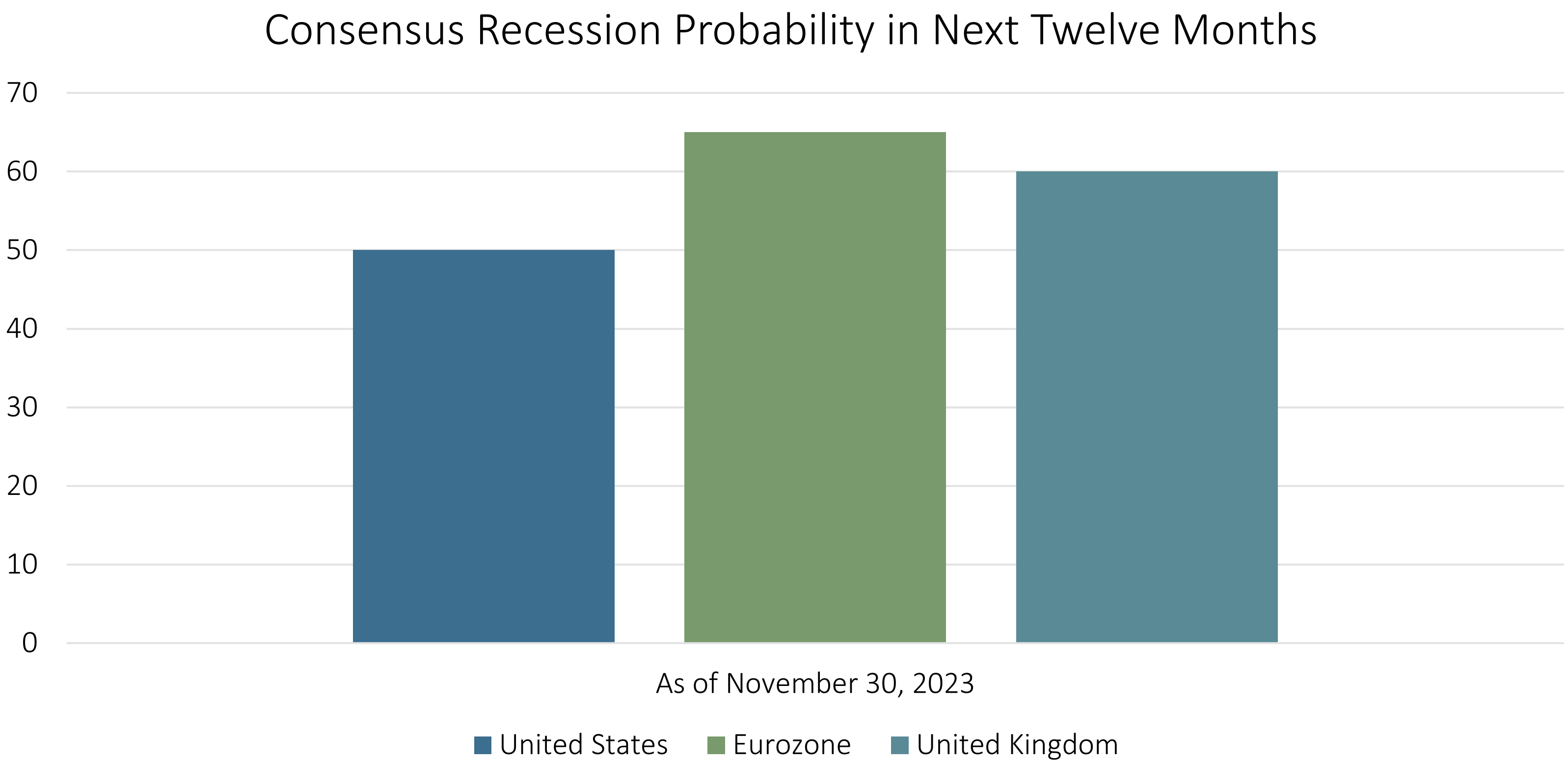
(YOY %)



Probability of Recession

2024 Outlook

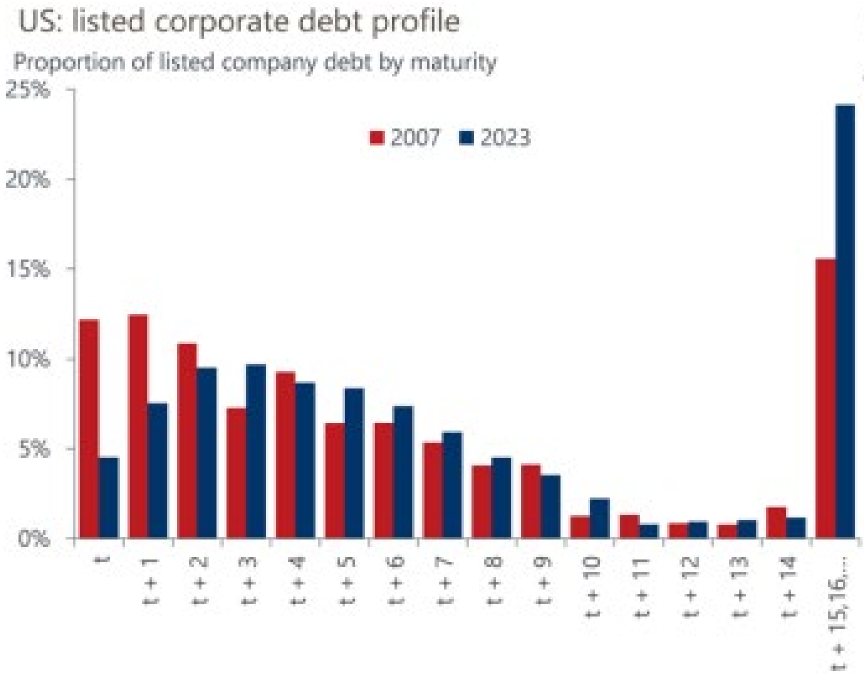
This deceleration, however, is not uniform across countries. **The United States seems better positioned for a favorable economic outcome** compared to Europe and the UK, where recessions are likely. Consequently, we anticipate a divergence in economic and market performance, prompting **earlier rate cuts in Europe.** In China, while there is an acknowledgment of the need to support growth, domestic demand is expected to remain subdued in 2024 due to insufficient stimulus in the wake of the lingering property downturn and other challenges.

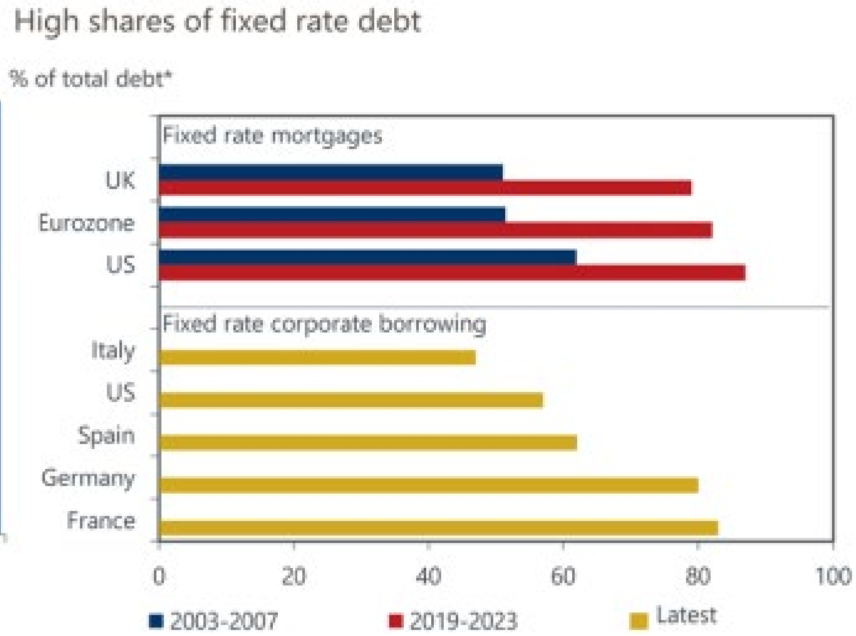


Impacts of Fiscal and Monetary Policies

2024 Outlook

Timing the business cycle is difficult. Growth could persist for some time as fiscal and monetary policies impact the economy with long and variable lags. Noteworthy is the extension of debt maturities by households and businesses, **cushioning the economy against the gradual pass-through of rising interest rates**. Post-pandemic supply-chain normalization and potential AI-driven productivity enhancements could further bolster economic prospects, but their immediate impact remains uncertain. Other factors that can support further growth include **healthy household and corporate balance sheets** and the use of proactive financial stability policies, as demonstrated by the U.S. Federal Deposit Insurance Corporation's swift extension of bank guarantees under exceptional circumstances in 2023, effectively averting a recession.



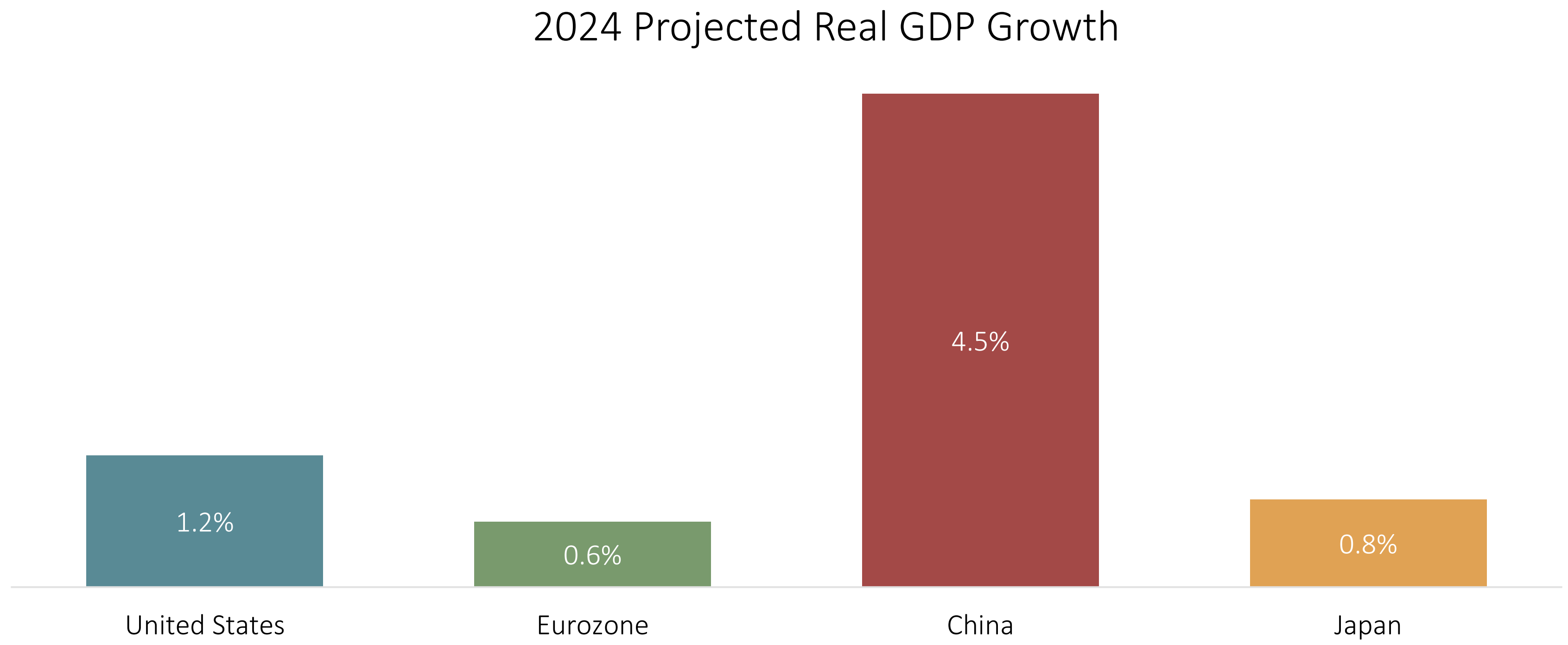


Global Economic Growth

2024 Outlook

While global economic growth is anticipated to be **slower yet positive in 2024**, historical precedents caution against underestimating challenges. Achieving a soft landing amid elevated inflation is a rarity in central banking history. Previous tightening cycles with policy rate hikes of 400 basis points or more **have often culminated in recession.** Additionally, tight financial conditions heighten the risk of market accidents, particularly in vulnerable sectors such as commercial real estate.

Finally, amid global uncertainties, though geopolitical strategists do not anticipate the escalation of the Middle East war into a widespread regional conflict, risks remain which underscores the importance of **maintaining vigilance in the year ahead.**

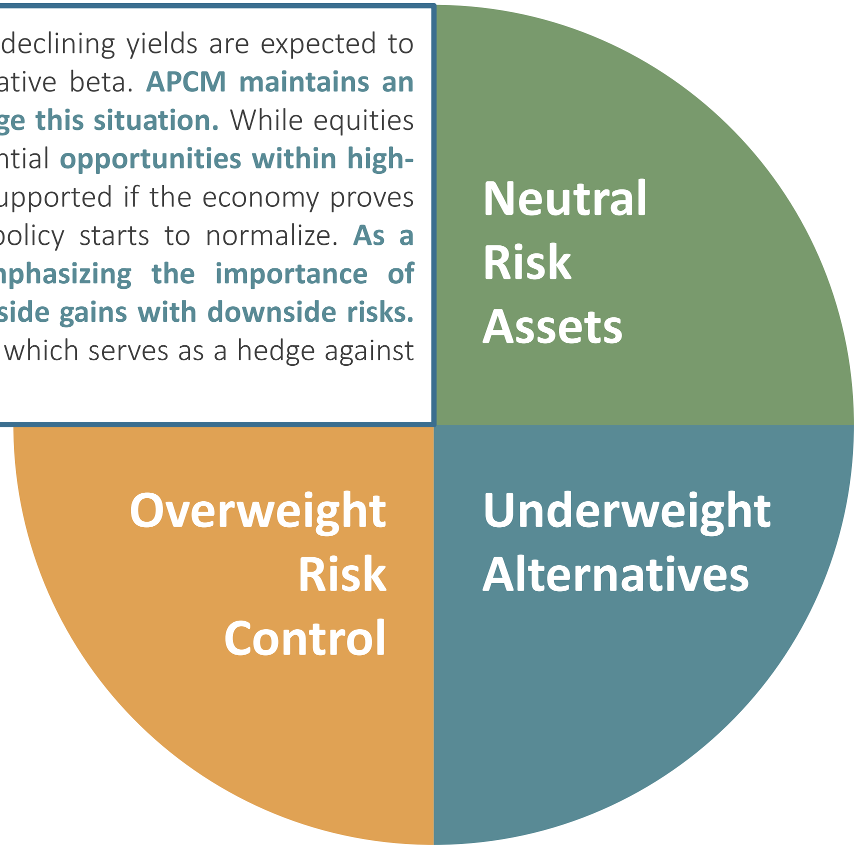


Building in Reinforcements for 2024

Positioning

APCM's 2024 strategy is designed to accommodate an array of macroeconomic and market scenarios

Bond yields are attractive, and in the event of a recession, declining yields are expected to provide attractive returns, surpassing the returns of alternative beta. **APCM maintains an overweight to bonds funded by alternative beta to leverage this situation.** While equities seem relatively expensive compared to bonds, we see potential **opportunities within high-quality names.** Nonetheless, equities may continue to be supported if the economy proves more resilient than currently anticipated of if monetary policy starts to normalize. **As a result, we maintain a neutral stance on equities, emphasizing the importance of sustaining exposure to risk assets to balance potential upside gains with downside risks.** Additionally, we highlight the significance of exposure to oil, which serves as a hedge against geopolitical risks in the Middle East.



Disclosures

Important Assumptions

IMPORTANT: The projections or other information generated by Alaska Permanent Capital Management Company (APCM) regarding the likelihood of various outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. There can be no assurance that the projected or simulated results will be achieved or sustained. The charts and data only present a range of possible outcomes. Actual results will vary over time, and such results may be better or worse than the simulated scenarios. Clients should be aware that the potential for loss (or gain) may be greater than that demonstrated in the simulations. Please note that the analysis does not take into consideration all asset classes, and other asset classes not considered may have characteristics similar or superior to those being analyzed.

Important Legal Information

These calculations are designed to be informational and educational only, and when used alone, do not constitute investment advice. APCM encourages investors to review their investment strategy periodically as financial circumstances do change.

Model results are provided as a rough approximation of future financial performance. Actual results could produce different outcomes (either better or worse) than those illustrated by the model, since it is not possible to anticipate every possible combination of financial market returns. APCM is not responsible for the consequences of any decisions or actions taken in reliance upon or as a result of the information provided by the results of the model.

Other Influences on Rates of Return

Investment management fees: Returns are presented gross of management fees and include the reinvestment of all income. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The collection of fees produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) quarterly fee assessment, (b) $1,000,000 investment, (c) portfolio return of 8% a year, and (d) 1.00% annual investment advisory fee would be $10,416 in the first year, and cumulative effects of $59,816 over five years and $143,430 over ten years. Actual investment advisory fees incurred by clients may vary.

Taxes: Unless noted otherwise, model results have not been adjusted for any state or federal taxes or penalties.

Inflation: Unless noted otherwise, model results do not adjust any inputs or outcomes for inflation. Inflation is assumed to be constant over the investment horizon.

Limitations Inherent in Model Results

Limitations include but are not restricted to the following:

Model results do not represent actual trading and may not reflect the impact that material economic and market factors might have had on APCM's decision making if the actual client money were being managed.

Extreme market movements may occur more frequently than represented in the model.

Some asset classes have relatively limited histories. While future results for all asset classes in the model may materially differ from those assumed in APCM's calculations, the future results for asset classes with limited histories may diverge to a greater extent than the future results of asset classes with longer track records.

Market crises can cause asset classes to perform similarly over time; reducing the accuracy of the projected portfolio volatility and returns. The model is based on the long-term behavior of the asset classes and therefore is less reliable for short-term periods. This means that the model does not reflect the average periods of "bull" and "bear" markets, which can be longer than those modeled.

The model represent APCM's best view of the next 7-10 years, but is unlikely to reflect actual investment returns worldwide over this period.