ALASKA MENTAL HEALTH TRUST AUTHORITY INVESTMENT FUND

MANAGED AS PART OF THE ALASKA PERMANENT FUND

Financial Statements

June 30, 2026 and 2025

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 200
3800 Centerpoint Drive
Anchorage, AK 99503

Independent Auditors' Report

The Boards of Trustees
Alaska Permanent Fund Corporation
Alaska Mental Health Trust Authority:

Opinion

We have audited the financial statements of the Alaska Mental Health Trust Authority Investment Fund managed as part of the Alaska Permanent Fund (the Fund), which comprise the statements of net position as of June 30, 2026 and 2025, and the related statements of changes in net position for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Fund, as of June 30, 2026 and 2025, and the changes in its financial position for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the Alaska Mental Health Trust Authority, as of June 30, 2026 and 2025, or the changes in its financial position for the years then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

KPMG LLP

Anchorage, Alaska
September 2, 2026

ALASKA MENTAL HEALTH TRUST AUTHORITY INVESTMENT FUND
MANAGED AS PART OF THE ALASKA PERMANENT FUND

STATEMENTS OF NET POSITION

	June 30, 2026	June 30, 2025
Assets		
Cash and temporary investments	$ **34,492,000**	34,652,000
Receivables and other assets	**15,048,000**	5,657,000
Investments:		
Marketable debt securities	**174,943,000**	145,966,000
Preferred and common stock	**297,222,000**	251,319,000
Real estate	**75,975,000**	82,254,000
Absolute return	**64,093,000**	50,552,000
Private credit	**24,626,000**	24,694,000
Private equity	**134,781,000**	129,188,000
Infrastructure	**37,108,000**	38,467,000
Total investments	**808,748,000**	722,440,000
Securities lending collateral	**43,782,000**	35,610,000
Total assets	**902,070,000**	798,359,000
Liabilities		
Accounts payable	**14,415,000**	8,291,000
Securities lending collateral	**43,782,000**	35,610,000
Total liabilities	**58,197,000**	43,901,000
Net position		
Restricted for Alaska Mental Health Trust Authority	$ **843,873,000**	754,458,000

See accompanying notes to the financial statements.

ALASKA MENTAL HEALTH TRUST AUTHORITY INVESTMENT FUND
MANAGED AS PART OF THE ALASKA PERMANENT FUND
STATEMENTS OF CHANGES IN NET POSITION

	Years Ended June 30,	
	2026	**2025**
Investment earnings		
Interest	**$ 6,896,000**	6,165,000
Dividends	**5,113,000**	5,611,000
Real estate and other income	**6,371,000**	6,381,000
Total interest, dividends, real estate and other income	**18,380,000**	18,157,000
Net increase (decrease) in the fair value of investments:		
Marketable debt securities	**(418,000)**	4,469,000
Preferred and common stock	**55,261,000**	35,373,000
Real estate	**(1,424,000)**	348,000
Absolute return	**7,827,000**	3,952,000
Private credit	**170,000**	496,000
Private equity	**10,890,000**	7,057,000
Infrastructure	**2,205,000**	4,934,000
Foreign currency forward exchange contracts and futures	**1,344,000**	(829,000)
Currency	**(899,000)**	(2,124,000)
Total net increase in the fair value of investments	**74,956,000**	53,676,000
Investment expenses	**(1,573,000)**	(1,388,000)
Net investment income	**91,763,000**	70,445,000
Capital transactions		
Deposits to investment fund	**12,330,000**	8,100,000
Withdrawals from investment fund	**(14,678,000)**	(58,909,000)
Net increase in net position	**89,415,000**	19,636,000
Net position at beginning of year	**754,458,000**	734,822,000
Net position at end of year	**$ 843,873,000**	754,458,000

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2026 and 2025

1. ENTITY

The Alaska Mental Health Trust Fund (Trust) was created by an act of the State of Alaska (State) legislature as the result of the settlement of mental health land trust litigation (*Weiss v. State*). The act authorized the Alaska Mental Health Trust Authority (Authority), a component unit of the State, to use income from the Trust to assist it in fulfilling its purpose of ensuring an integrated comprehensive mental health program for the State. By statute and memorandum of agreement with the Authority, a portion of the assets of the Trust is to be held and invested by the Alaska Permanent Fund Corporation (APFC) under the same investment authority as the Alaska Permanent Fund is managed. The APFC is a governmental instrumentality of the State and is administered by a board of trustees ("Trustees" or "Board"). By statute, net income from the Trust is distributed to the Mental Health Trust Income Account and is not included in the computation of the Alaska Permanent Fund transfers to the General Fund. These statements present the investments of the Trust managed by the APFC and are not intended to and do not present the Trust's or the Authority's financial position and changes therein in their entirety.

2. SIGNIFICANT ACCOUNTING POLICIES

The Trust's financial statements are reported using the economic resources measurement focus and the modified accrual basis of accounting. In preparing the financial statements, APFC management is required to make estimates and assumptions that affect the reported amounts of assets and the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses for the period. The fair value of real estate, private credit, private equity, and infrastructure investments, and the related unrealized gains and losses thereon, are particularly sensitive estimates. Actual results could differ from those estimates.

The Trust owns unit shares of assets managed by the APFC. Values of assets and liabilities reported in the financial statements represent the Trust's proportional share of the total assets managed by the APFC and are not a direct interest held by the Trust in the assets.

Cash and temporary investments

The amounts shown on the Statements of Net Position as cash and temporary investments include cash on deposit at the custodian bank, cash swept to overnight investment funds, cash collateral held at derivatives brokers, U.S. Treasury bills, commercial paper, and the net fair value of foreign exchange forward contracts. The APFC's asset allocation includes approximately one percent in cash. The APFC investment policy specifies that funds dedicated to this portion of the asset allocation will be invested in money market funds or fixed income securities with weighted average maturities of no greater than 24 months.

Forward exchange contracts

The APFC's investment managers enter into a variety of forward currency contracts in their trading activities and management of foreign currency exchange rate risk exposure. These contracts are typically intended to neutralize the effect of foreign currency fluctuations and the contract amounts do not appear on the balance sheet. Realized gains and losses are included in the net increase/decrease in the fair value of investments at the time the contract is settled and determined based on the difference between the contract rate and the market rate at the time of maturity or closing. Unrealized gains and losses are also included in the net increase/decrease in the fair value of investments and are calculated based on the difference between the contract rate and a forward market rate determined as of the balance sheet date.

A portion of the investment in forward exchange contracts is intended to manage, rather than neutralize, foreign currency fluctuations. Certain managers seek to control the effect of fluctuations in foreign exchange rates within their overall portfolio strategy rather than on a security-by-security basis. They attempt to optimize their foreign currency exposure in a market rather than accept the natural geographical exposure to the market's currency.

Futures

Certain equity and fixed income managers for the APFC are permitted to buy and sell equity and interest rate index futures. The gross contract amounts and fair value of futures do not appear in the balance sheets. The net unrealized gain or loss on open futures trades is included in investments on the balance sheets based on the difference between the future's purchase price and the current value of such futures. Realized gains and losses on futures are included in the net increase/decrease in the fair value of investments at the time the futures contract expires. The net change in unrealized gains and losses is also included in the net increase/decrease in the fair value of investments.

Investments and related policies

The Trust's investments managed by the APFC have been commingled with the assets of the Alaska Permanent Fund and the Power Cost Equalization Endowment Fund for investment purposes. The investments have been credited with unit shares and fractions of unit shares, which represent an undivided beneficial interest in the commingled assets managed by the APFC equal to the proportion those shares bear to the total unit shares outstanding. The Trust has received unit shares and fractions of unit shares based directly upon the dollar amount per share of funds contributed. The Trust will be charged with unit shares and fractions of unit shares based directly upon the dollar amount per share of funds withdrawn.

Carrying value of investments

The investments managed by the APFC are reported at fair value in the Statements of Net Position. Investments without a readily determinable fair value are generally reported at the net asset value per share (or its equivalent) of the investment. Securities transactions are recorded on the trade date that securities are purchased or sold. Unrealized gains and losses are reported as components of net change in net position.

State investment regulations

In accordance with Alaska Statute 37.13.120(a), the Alaska Permanent Fund Trustees have adopted regulations designating the types of eligible investments. The regulations follow the prudent investor rule, requiring the exercise of judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the designation and management of large investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of funds, considering preservation of the purchasing power of the assets over time while maximizing the expected total return from both income and the appreciation of capital.

Investment policy – Asset allocation

The Trustees have established a long-term goal of achieving a five percent real rate of return over time on the investment portfolio. To help achieve this goal, the Trustees allocate the investments among various asset classes. At June 30, 2026, the APFC's strategic asset allocation targets were as follows:

Asset class	Asset class target
Public equities	32%
Fixed income	20%
Private equity	18%
Real estate	11%
Private income	10%
Absolute return	7%
Tactical opportunities	1%
Cash	1%

To allow for market fluctuations and to minimize transaction costs, the Trustees have adopted ranges that permit percentage deviations from the strategic asset allocation targets in accordance with specified reporting requirements and other procedures. Generally, for each asset class, the APFC's Chief Investment Officer has discretionary authority to permit target deviations within one specified range (referred to as the "green zone" in the investment policy), the APFC's Executive Director can approve target deviations for up to 90 days within a broader range (the "yellow zone"), and the Board can approve operating for longer than 30 days within a third range (the "red zone"). For example, the target dollar allocation for the public equities class is 32 percent, with the green zone range set at plus or minus five percent, the yellow zone range set at zero to five percent beyond the green zone, and the red zone range set at greater than five percent beyond the green zone. In a similar manner, the APFC investment policy also requires the APFC to monitor relative risk (the expected investment portfolio's risk and return relative to the risk benchmark using standard industry risk measures), active budget risk (risk due to active management decisions made by managers), and limits on private investments and future commitments.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributable to holding investments from a single issuer. The APFC manages concentration of credit risk by following its strategic asset allocation policy, diversifying investments among managers with varying investment styles and mandates, and monitoring tracking error. Tracking error is a measure of how closely a portfolio follows the index to which it is benchmarked. The APFC's policy for mitigating this risk of loss for fixed income and equity investments is to ensure compliance with the APFC investment policy and investment manager contracts. There is no single-issuer exposure within the APFC portfolio that comprises five percent or more of the overall portfolio. Therefore, no concentration of credit risk is reported in the notes to the financial statements.

Credit risk

Credit risk is the risk that an issuer or other counterparty to a marketable debt investment will not fulfill its obligations. The APFC requires that its investment grade fixed income managers invest in domestic and non-domestic bonds that have an explicit or implied investment grade rating. Should the required ratings on an existing fixed income security fall below the minimum standards, the security must be sold within seven months. Certain high yield investment managers are allowed to invest a specified amount of funds in bonds rated below investment grade.

Custodial credit risk

Custodial credit risk is the risk that in the event of a bank failure deposits may not be returned. The APFC generally requires that all investment securities at custodian banks be held in the name of the Alaska Permanent Fund or the APFC (on behalf of the Alaska Permanent Fund). For non-domestic securities held by most sub-custodians, the APFC's primary custodian provides contractual indemnities against sub-custodial credit risk. Excess cash in custodial accounts is swept daily to a money market fund. Late deposits of cash which miss the money market sweep deadline are deposited into an interest-bearing account at the custodian. These deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At times, balances in individual accounts exceed this limit.

Foreign currency risk

Foreign currency risk is the risk of loss from adverse changes in foreign currency exchange rates. Foreign currency risk is managed through foreign currency forward contracts and by diversifying assets into various countries and currencies.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The APFC manages exposure to interest rate risk in part through tracking error guidelines set forth in the APFC investment policy.

Duration is an indicator of a portfolio's market sensitivity to changes in interest rates. In general, the major factors affecting duration are, in order of importance, maturity, prepayment frequency, level of market interest rates, size of coupon, and frequency of coupon payments. Rising interest rates generally translate into the value of fixed income investments declining, while falling interest rates are generally associated with increasing value. Effective duration attempts to account for the price sensitivity of a bond to changes in prevailing interest rates, including the effect of embedded options. As an example, for a bond portfolio with a duration of five years, a one percentage point parallel decline in interest rates would result in an approximate price increase on that bond portfolio of five percent.

The Trust held fixed income investments with floating, step, variable, and zero interest rates valued at $18.7 million at June 30, 2026 and $14.9 million at June 30, 2025. The current annual interest rates range from 0 to 9.0 percent.

Investment income

Earnings are allocated from the commingled invested assets monthly as a credit to the Trust on the basis of total unit shares outstanding at the end of the month. All earnings are subject to allocation, which includes interest, dividends, and realized and unrealized gains and losses on total investments managed by the APFC.

Unit shares

Unit shares represent an undivided beneficial interest in the commingled assets managed by the APFC and are computed on the next calendar day following the valuation date.

Valuation date

The last calendar day of each month is designated as the valuation date.

Deposits to investment fund

Contributions from the Authority, State appropriations, and other sources are recorded when they are received.

Withdrawals from investment fund

Distributions to the Authority, and to the State on behalf of the Authority, are made by liquidation of unit shares. Liquidation of the Trust's unit shares is made at the net asset value of those shares.

3. CASH AND TEMPORARY INVESTMENTS

Cash and temporary investments, which include the market values of foreign currency (FX) and FX forward exchange contracts, are summarized as follows at June 30:

	2026	2025
Cash	**$ 3,509,000**	2,186,000
Pooled funds	**12,133,000**	14,598,000
U.S. Treasury bills	**18,422,000**	18,163,000
FX forward exchange contracts	**428,000**	(295,000)
Total cash and temporary investments	**$ 34,492,000**	34,652,000

Uninvested cash was held at the custodian, sub-custodian, or derivatives broker banks, primarily in interest-bearing accounts. All pooled funds were invested in a money market fund. U.S. Treasury bills are explicitly guaranteed by the U.S. government. Late deposits of cash that miss the money market sweep deadline and foreign currency are deposited in an interest-bearing account at the custodian. The Trust's portion of cash held outside Bank of New York was $457,000 at June 30, 2026 and $771,000 at June 30, 2025. The Trust's portion of deposit amounts at Bank of New York that exceeded the FDIC insurance limit was $3.1 million at June 30, 2026 and $1.4 million at June 30, 2025.

4. MARKETABLE DEBT SECURITIES

Marketable debt securities categorized by debt instrument type at June 30 are summarized as follows:

2026		**Cost**	**Fair value**	**Unrealized gains (losses)**
Mortgage-backed securities	**$**	**29,620,000**	**29,235,000**	**(385,000)**
U.S. Treasury and government notes/bonds		**28,114,000**	**27,954,000**	**(160,000)**
U.S. corporate bonds		**74,841,000**	**73,563,000**	**(1,278,000)**
U.S. commercial mortgage and asset-backed securities		**8,025,000**	**7,924,000**	**(101,000)**
U.S. exchange traded funds		**200,000**	**202,000**	**2,000**
Non-U.S. government bonds		**26,091,000**	**25,394,000**	**(697,000)**
Non-U.S. corporate bonds		**10,429,000**	**10,368,000**	**(61,000)**
Non-U.S. commercial mortgage and asset-backed securities		**308,000**	**303,000**	**(5,000)**
Total marketable debt securities	**$**	**177,628,000**	**174,943,000**	**(2,685,000)**
2025				
Mortgage-backed securities	$	24,388,000	23,747,000	(641,000)
U.S. Treasury and government notes/bonds		23,628,000	23,684,000	56,000
U.S. corporate bonds		61,596,000	60,273,000	(1,323,000)
U.S. commercial mortgage and asset-backed securities		5,693,000	5,598,000	(95,000)
U.S. exchange traded funds		949,000	982,000	33,000
Non-U.S. government bonds		20,065,000	20,707,000	642,000
Non-U.S. corporate bonds		10,641,000	10,568,000	(73,000)
Non-U.S. commercial mortgage and asset-backed securities		177,000	176,000	(1,000)
Non-U.S. exchange traded funds		223,000	231,000	8,000
Total marketable debt securities	$	147,360,000	145,966,000	(1,394,000)

5. MARKETABLE DEBT CREDIT RATINGS

To manage credit risk for marketable debt securities, the APFC monitors fair values of all securities daily and routinely reviews its investment holdings' credit ratings. For accounts with an investment grade mandate, issues falling below the minimum standards are required to be sold within seven months of the downgrade date. Minimum standards are a Standard & Poor's Corporation rating of BBB or better, or Moody's Investors Service Inc. rating of Baa or better, or a comparable rating by another Nationally Recognized Statistical Rating Organization (NRSRO) or by a recognized rating service in the jurisdiction of the issuer. Accounts with high yield mandates are allowed to hold positions in assets with below investment grade ratings (high yield bonds). For purposes of this note, if credit ratings differ among the NRSROs used, the rating with the highest degree of risk (the lowest rating) is reported. At June 30, the Trust's credit ratings for its marketable debt securities are as follows:

2026 NRSRO quality ratings		Domestic	Non-domestic	Total fair value	Percentage of holdings
AAA	$	6,958,000	2,592,000	9,550,000	5.46%
AA		5,530,000	4,816,000	10,346,000	5.91%
A		20,485,000	8,808,000	29,293,000	16.74%
BBB		30,647,000	6,964,000	37,611,000	21.50%
BB		13,933,000	2,850,000	16,783,000	9.59%
B		3,484,000	400,000	3,884,000	2.22%
CCC		-	4,000	4,000	0.00%
CC		-	-	-	0.00%
C		-	-	-	0.00%
D		-	1,828,000	1,828,000	1.04%
Total fair value rated debt securities	**$**	**81,037,000**	**28,262,000**	**109,299,000**	**62.48%**
Exchange traded funds		202,000	-	202,000	0.12%
Not rated		637,000	7,803,000	8,440,000	4.82%
U.S. government explicitly backed by the U.S. government		34,898,000	-	34,898,000	19.95%
U.S. government implicitly backed by the U.S. government		22,104,000	-	22,104,000	12.63%
Total fair value debt securities	**$**	**138,878,000**	**36,065,000**	**174,943,000**	**100.00%**

2025 NRSRO quality ratings		Domestic	Non-domestic	Total fair value	Percentage of holdings
AAA	$	4,758,000	2,379,000	7,137,000	4.89%
AA		3,650,000	4,835,000	8,485,000	5.81%
A		17,826,000	3,922,000	21,748,000	14.90%
BBB		25,564,000	7,855,000	33,419,000	22.90%
BB		10,188,000	2,443,000	12,631,000	8.65%
B		3,316,000	815,000	4,131,000	2.83%
CCC		-	7,000	7,000	0.01%
CC		-	-	-	0.00%
C		-	-	-	0.00%
D		-	633,000	633,000	0.43%
Total fair value rated debt securities	**$**	**65,302,000**	**22,889,000**	**88,191,000**	**60.42%**
Exchange traded funds		983,000	231,000	1,214,000	**0.83%**
Not rated		704,000	8,562,000	9,266,000	**6.35%**
U.S. government explicitly backed by the U.S. government		29,325,000	-	29,325,000	**20.09%**
U.S. government implicitly backed by the U.S. government		17,970,000	-	17,970,000	**12.31%**
Total fair value debt securities	**$**	**114,284,000**	**31,682,000**	**145,966,000**	**100.00%**

6. MARKETABLE DEBT DURATION

To manage its interest rate risk on marketable debt securities, the APFC monitors fair values daily and routinely reviews portfolio duration in comparison to established benchmarks. At June 30, the effective duration by investment type, based on fair value, is as follows:

2026	Percentage of holdings	Duration
Domestic bonds		
Mortgage-backed securities	21.05%	5.36
Treasury and government notes/bonds	20.13%	5.65
Corporate bonds	52.97%	6.63
Commercial mortgage and asset-backed securities	5.71%	1.62
Exchange traded funds	0.15%	-
Total domestic bonds	**100.00%**	**5.87**
Non-domestic bonds		
Treasury and government bonds	70.41%	7.00
Corporate bonds	28.75%	5.37
Commercial mortgage and asset-backed securities	0.84%	0.25
Exchange traded funds	0.00%	-
Total non-domestic bonds	**100.00%**	**6.47**

2025	Percentage of holdings	Duration
Domestic bonds		
Mortgage-backed securities	20.78%	5.55
Treasury and government notes/bonds	20.72%	5.62
Corporate bonds	52.74%	6.57
Commercial mortgage and asset-backed securities	4.90%	1.79
Exchange traded funds	0.86%	-
Total domestic bonds	**100.00%**	**5.87**
Non-domestic bonds		
Treasury and government bonds	65.36%	7.43
Corporate bonds	33.36%	6.42
Commercial mortgage and asset-backed securities	0.55%	0.99
Exchange traded funds	0.73%	-
Total non-domestic bonds	**100.00%**	**7.00**

7. PREFERRED AND COMMON STOCK

Direct investments in preferred and common stock are held by the APFC's custodian bank on behalf of the Trust. The Trust also invests in commingled stock funds, which are held by the custodian bank of the fund manager on behalf of fund investors, and equity index futures, which are held at the prime broker.

Preferred and common stocks and commingled stock funds at June 30, which include the net fair value of equity index futures of $30,000 at June 30, 2026 and $(20,000) at June 30, 2025, are summarized as follows:

2026	Cost	Fair value	Unrealized gains
Direct investments			
Domestic stock	**$ 143,973,000**	**175,409,000**	**31,436,000**
Non-domestic stock	**94,146,000**	**119,324,000**	**25,178,000**
Commingled funds	**1,486,000**	**2,489,000**	**1,003,000**
Total preferred and common stock	**$ 239,605,000**	**297,222,000**	**57,617,000**
2025			
Direct investments			
Domestic stock	$ 115,406,000	143,034,000	27,628,000
Non-domestic stock	90,556,000	106,176,000	15,620,000
Commingled funds	1,640,000	2,109,000	469,000
Total preferred and common stock	$ 207,602,000	251,319,000	43,717,000

8. FOREIGN CURRENCY EXPOSURE

Foreign currency risk arises when a loss could result from adverse changes in foreign currency exchange rates. Foreign currency risk is managed by the international investment managers in part through their decisions to enter into foreign currency forward contracts. Foreign currency risk is also managed through the diversification of assets into various countries and currencies.

At June 30, 2026, the Trust's cash holdings, foreign currency forward contracts, non-domestic public and private equity, and debt securities had exposure to foreign currency risk as follows (shown in U.S. dollar equivalent at fair value and based on the currency in which the securities are held and traded):

Foreign currency	Cash and cash equivalents	Foreign exchange forward contracts	Equity, private debt, real estate, infrastructure	Marketable debt	Total foreign currency exposure
Australian Dollar	$ 27,000	(489,000)	3,042,000	303,000	2,883,000
Brazilian Real	(16,000)	18,000	1,023,000	-	1,025,000
Canadian Dollar	37,000	(864,000)	6,794,000	710,000	6,677,000
Chilean Peso	(6,000)	8,000	68,000	-	70,000
Chinese Yuan Renminbi	58,000	(4,206,000)	2,648,000	4,132,000	2,632,000
Colombian Peso	(2,000)	4,000	28,000	-	30,000
Czech Koruna	1,000	(100,000)	13,000	100,000	14,000
Danish Krone	7,000	(140,000)	846,000	135,000	848,000
Egyptian Pound	3,000	(2,000)	19,000	-	20,000
Euro Currency	653,000	(10,716,000)	35,770,000	8,787,000	34,494,000
Hong Kong Dollar	5,000	(195,000)	6,501,000	-	6,311,000
Hungarian Forint	1,000	(52,000)	90,000	56,000	95,000
Indian Rupee	43,000	-	2,865,000	-	2,908,000
Indonesian Rupiah	9,000	(250,000)	422,000	233,000	414,000
Israeli New Shekel	7,000	(67,000)	648,000	68,000	656,000
Japanese Yen	76,000	(4,918,000)	13,453,000	4,797,000	13,408,000
Kuwaiti Dinar	2,000	-	93,000	-	95,000
Malaysian Ringgit	6,000	(337,000)	286,000	333,000	288,000
Mexican Peso	1,000	(205,000)	683,000	202,000	681,000
New Taiwan Dollar	13,000	(11,000)	9,410,000	-	9,412,000
New Zealand Dollar	9,000	(257,000)	158,000	233,000	143,000
Norwegian Krone	67,000	(61,000)	508,000	-	514,000
Pakistani Rupee	-	-	17,000	-	17,000
Peruvian Sol	4,000	(171,000)	-	165,000	(2,000)
Philippine Peso	4,000	-	148,000	-	152,000
Polish Zloty	9,000	(126,000)	375,000	119,000	377,000
British Pound	170,000	(2,875,000)	10,682,000	1,975,000	9,952,000
Qatari Riyal	4,000	(1,000)	158,000	-	161,000
Romanian Leu	-	(25,000)	-	21,000	(4,000)
Russian Ruble	-	-	2,000	-	2,000
Saudi Riyal	(1,000)	4,000	620,000	-	623,000
Singapore Dollar	16,000	(175,000)	930,000	161,000	932,000
South African Rand	5,000	(3,000)	951,000	-	953,000
South Korean Won	(10,000)	(504,000)	10,851,000	533,000	10,870,000
Swedish Krona	(4,000)	(11,000)	1,419,000	-	1,404,000
Swiss Franc	(55,000)	(143,000)	4,185,000	89,000	4,076,000
Thai Baht	5,000	(218,000)	425,000	219,000	431,000
Turkish Lira	4,000	(3,000)	139,000	-	140,000
UAE Dirham	4,000	3,000	604,000	-	611,000
Total foreign currency exposure	**$ 1,156,000**	**(27,088,000)**	**116,874,000**	**23,371,000**	**114,313,000**

Cash amounts in the table above include receivables, payables, and cash balances in each related currency. If payables exceed receivables and cash balances in a currency, then the total cash balance for that currency will appear as a negative value. The remaining Trust assets are denominated in U.S. dollars and are not included in the table above.

9. SECURITIES LENDING

State regulations at 15 AAC 137.510 and the APFC investment policy authorize the APFC to enter into securities lending transactions on behalf of the Trust. Through a contract with the Bank of New York (the Bank), the APFC lends marketable debt and equity securities to borrowers who are banks and broker-dealers. The loans are collateralized with cash or marketable securities guaranteed by the U.S. government or a U.S. government agency. Under the APFC's contract with the Bank, the Bank must mark the loaned securities and collateral to the market daily, and the loan agreements require the borrowers to maintain the collateral at not less than 102 percent of the fair value of domestic loaned securities (and non-domestic loaned securities denominated in U.S. dollars) and not less than 105 percent of the fair value for other non-domestic loaned securities. The APFC can sell securities that are on loan. If a borrower fails to return the loaned securities (borrower default), the Bank can use cash collateral (and the proceeds from the sale of any noncash collateral) to purchase replacement securities. Generally, the APFC is protected from credit risk associated with the lending transactions through indemnification by the Bank against losses resulting from counterparty failure, reinvestment of cash collateral, default on collateral investments, or a borrower's failure to return loaned securities.

Cash collateral received for loaned securities is reported on the Trust's Statements of Net Position and invested by the Bank on behalf of the Trust. As of June 30, 2026 and 2025, such investments were in overnight repurchase agreements that had a weighted average maturity of one day. The average term of the loans was also one day. At June 30, the value of securities on loan and collateral invested are as follows:

	2026	2025
Fair value of securities on loan, secured by cash collateral	**$ 42,654,000**	34,847,000
Cash collateral	**43,782,000**	35,610,000
Fair value of securities on loan, secured by noncash collateral	**100,446,000**	62,911,000
Noncash collateral	**110,327,000**	68,342,000

The APFC receives 80 percent of earnings derived from securities lending transactions and the Bank retains 20 percent. During the years ended June 30, 2026 and 2025, the Trust incurred no losses from securities lending transactions. The Trust received $277,000 and $218,000 in earnings from securities lending for the years ended June 30, 2026 and 2025, respectively, which is included in the real estate and other income line item on the Statements of Changes in Net Position.

10. FOREIGN EXCHANGE CONTRACTS, FUTURES, AND OFF-BALANCE SHEET RISK

Certain external investment managers enter into foreign currency forward exchange contracts (FX forward contracts) to buy and sell specified amounts of foreign currencies at specified rates and future dates for the purpose of managing or optimizing foreign currency exposure. The maturity periods for outstanding contracts at June 30, 2026 and 2025 ranged between one and 100 days.

The counterparties to the FX forward contracts consisted of a diversified group of financial institutions. The Trust is exposed to credit risk to the extent of nonperformance by these counterparties. The market risk as of June 30, 2026 and 2025 is limited to the difference between contractual rates and forward market rates determined at the end of the fiscal year.

FX forward contracts during the years ended June 30 are summarized as follows:

		2026	2025
Fair value of FX forward contracts, beginning of year	$	**(296,000)**	212,000
Net change in fair value of FX forward contracts		**724,000**	(508,000)
Fair value of FX forward contracts, end of year	$	**428,000**	(296,000)
Notional amount of FX forward contracts, end of year	$	**66,565,000**	53,108,000

Certain equity and fixed income investment managers are permitted to trade equity and U.S. Treasury index futures. Equity index futures are traded in both domestic and non-domestic markets based on an underlying stock exchange value. Index futures are settled with cash for the net difference between the trade price and the settlement price.

Futures in equity accounts during the years ended June 30 are summarized as follows:

		2026	2025
Fair value of equity index futures, beginning of year	$	**(20,000)**	(6,000)
Net change in fair value of equity index futures		**50,000**	(14,000)
Fair value of equity index futures, end of year	$	**30,000**	(20,000)
Notional amount of equity index futures, end of year	$	**346,000**	44,000

Futures in fixed income accounts during the years ended June 30 are summarized as follows:

		2026	2025
Fair value of U.S. Treasury index futures, beginning of year	$	**(27,000)**	1,000
Net change in fair value of U.S. Treasury index futures		**17,000**	(28,000)
Fair value of U.S. Treasury index futures, end of year	$	**(10,000)**	(27,000)
Notional amount of U.S. Treasury index futures, end of year	$	**3,944,000**	3,500,000

11. REAL ESTATE

The APFC invests Trust assets in a variety of real estate interests, including directly owned real estate, real estate investment trusts, private real estate funds, and other entities in which the assets consist primarily of real property. The APFC also holds a portfolio of real estate loans collateralized by income-producing, institutional real estate in the U.S. that are administered by an external institutional real estate management firm. In recent years, the APFC expanded its real estate portfolio strategy with a "Build-to-Core" investment program, creating high-quality properties.

The APFC invests Trust assets in real estate directly through ownership of interests in corporations, limited liability companies, and partnerships that hold title to the real estate. External institutional real estate management firms administer the majority of the directly owned real estate investments. An internal real estate program manages two directly owned real estate investments.

The APFC periodically reviews real estate investments for other-than-temporary impairment. During FY2026, it was determined that one real estate holding was impaired because it was more likely than not that the carrying cost would not be recovered over the remaining estimated holding period of the asset. In order to reflect the impairment in statutory net income, $663,000 of unrealized losses were realized through a write-down of cost to fair value. In FY2025, three real estate holdings were determined to be impaired and $1.4 million of unrealized losses were realized through a write-down of cost to fair value.

Real estate investments at June 30 are summarized as follows:

2026	**Cost**	**Fair value**	**Unrealized gains (losses)**
Real estate investment trusts	**$ 3,823,000**	**4,769,000**	**946,000**
Real estate funds and notes	**21,222,000**	**22,327,000**	**1,105,000**
American Homes 4 Rent II	**554,000**	**656,000**	**102,000**
Directly owned real estate			
Retail	**$ 6,253,000**	**12,002,000**	**5,749,000**
Office	**17,460,000**	**17,792,000**	**332,000**
Hotel	**557,000**	**589,000**	**32,000**
Industrial	**3,263,000**	**7,338,000**	**4,075,000**
Multifamily	**3,321,000**	**4,286,000**	**965,000**
Development	**6,335,000**	**6,216,000**	**(119,000)**
Total directly owned real estate	**$ 37,189,000**	**48,223,000**	**11,034,000**
Total real estate	**$ 62,788,000**	**75,975,000**	**13,187,000**
2025			
Real estate investment trusts	$ 6,477,000	7,142,000	665,000
Real estate funds and notes	25,051,000	26,997,000	1,946,000
American Homes 4 Rent II	753,000	937,000	184,000
Directly owned real estate			
Retail	$ 7,190,000	12,301,000	5,111,000
Office	15,354,000	15,431,000	77,000
Hotel	535,000	578,000	43,000
Industrial	3,295,000	8,278,000	4,983,000
Multifamily	3,145,000	4,086,000	941,000
Development	5,827,000	6,504,000	677,000
Total directly owned real estate	$ 35,346,000	47,178,000	11,832,000
Total real estate	$ 67,627,000	82,254,000	14,627,000

As of June 30, 2026, the APFC, on behalf of the Trust, had outstanding future funding commitments of $10.8 million for real estate fund investments.

12. ALTERNATIVE INVESTMENTS

Alternative investments include the Trust's investments in absolute return strategies, private credit, private equity, and infrastructure.

Absolute return strategies are investments in specialized funds that seek to deliver returns that are largely uncorrelated with traditional market-driven asset classes. The Trust is invested in two existing limited partnerships, in which the Trust is the only limited partner ("fund of one"); both are currently in liquidation. The Trust also holds direct hedge fund investments, in which the Trust is one of many limited partners. External investment management services are provided by institutional investment managers who have acknowledged their status as fiduciaries to the Trust. Because of the off-exchange and private nature of many absolute return strategies, investments may have no readily determinable fair value, and the estimated fair values could differ significantly from values that would be obtained in a market transaction for the assets. Each manager provides the APFC with fair value estimates of partnership interests and undergoes an annual independent audit.

The Trust invests in private credit through limited partnerships that invest either directly in distressed or mezzanine debt, or in commingled limited liability funds with a distressed debt or credit opportunity focus. These investments are funded over time as opportunities arise. The limited partnerships and funds undergo annual independent audits. Private credit investments by their nature generally have no readily determinable fair value, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets.

The Trust holds private equity through investments in limited liability companies and limited partnerships that typically invest in unlisted, illiquid common and preferred stock and, to a lesser degree, subordinated and senior debt of companies that are in most instances privately held. The APFC has hired external advisors to assist in the selection of private equity holdings diversified by geography and strategy. Private equity is funded slowly over time as opportunities are identified by the APFC staff, the external advisors, and the underlying fund managers. The underlying private equity funds provide the APFC with fair value estimates of the investments utilizing the most current information available. In addition, the external advisors review the fair value estimates, and the underlying private equity funds undergo annual independent audits. Private equity investments by their nature generally have no readily determinable fair value, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets.

Infrastructure investments involve ownership or operating agreements in essential long-term service assets with high barriers to entry. Examples of infrastructure assets include toll roads, airports, deep water ports, communication towers, and energy generation, storage, and transmission facilities. Investments in this asset class are expected to have inflation protection attributes and exhibit low correlations with other major asset classes in the APFC's investment strategy. The Trust holds infrastructure investments through commingled funds organized as limited partnerships whose investment managers provide periodic fair value estimates and undergo annual independent audits. Infrastructure investments by their nature generally have no readily determinable fair value, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets.

Alternative investments at June 30 are summarized as follows:

2026		Cost	Fair value	Unrealized gains
Absolute return	**$**	**42,299,000**	**64,093,000**	**21,794,000**
Private credit		**21,889,000**	**24,626,000**	**2,737,000**
Private equity		**94,569,000**	**134,781,000**	**40,212,000**
Infrastructure		**28,379,000**	**37,108,000**	**8,729,000**
Total alternative investments	**$**	**187,136,000**	**260,608,000**	**73,472,000**
2025				
Absolute return	$	34,689,000	50,552,000	15,863,000
Private credit		21,873,000	24,694,000	2,821,000
Private equity		90,890,000	129,188,000	38,298,000
Infrastructure		27,120,000	38,467,000	11,347,000
Total alternative investments	$	174,572,000	242,901,000	68,329,000

The APFC periodically reviews alternative investments for other-than-temporary impairment. During FY2026, it was determined that three private credit funds, 42 private equity funds, and one infrastructure fund were impaired because it was more likely than not that the carrying cost would not be recovered over the remaining estimated holding period of the assets. In order to reflect the impairment in statutory net income, $2.8 million of unrealized losses were realized through a write-down of cost to fair value. In FY2025, five private credit funds, 27 private equity funds, and two infrastructure funds were determined to be impaired and $2.4 million of unrealized losses were realized through a write-down of cost to fair value. These impairments have no impact on the carrying value of investments or on the net increase in the fair value of investments.

As of June 30, 2026, the APFC, on behalf of the Trust, had outstanding future funding commitments of $437,000 for absolute return, $14.0 million for private credit, $41.2 million for private equity, and $13.7 million for infrastructure investments. Many alternative investments have liquidity constraints and may not be available for cash withdrawal until a specified period of time has elapsed.

13. FAIR VALUE MEASUREMENT

Various inputs are used in valuing the investments held by the Trust. U.S. Generally Accepted Accounting Principles (GAAP) establishes a hierarchy of inputs used to value investments emphasizing observable inputs and minimizing unobservable inputs. These input levels are summarized as follows:

Level 1 – Quoted or published prices for identical assets in an active market.

Level 2 – Inputs, other than published prices, which are observable for the asset, either directly or indirectly.

Level 3 – Unobservable inputs should only be used to the extent that observable inputs are not available for a particular asset.

Investments measured using Net Asset Value (NAV) per share as a practical expedient to fair value are not categorized into input levels. The input levels used to measure the Trust's investments at June 30 are summarized as follows:

	Measured using input levels			Measured	
2026	**Level 1**	**Level 2**	**Level 3**	**using NAV**	**Total**
Marketable debt securities					
Mortgage-backed securities	**$ -**	**29,235,000**	**-**	**-**	**29,235,000**
U.S. Treasury and government notes/bonds	**27,827,000**	**127,000**	**-**	**-**	**27,954,000**
U.S. corporate bonds	**115,000**	**73,448,000**	**-**	**-**	**73,563,000**
U.S. commercial mortgage and asset-backed securities	**-**	**7,924,000**	**-**	**-**	**7,924,000**
U.S. exchange traded funds	**202,000**	**-**	**-**	**-**	**202,000**
Non-U.S. government bonds	**-**	**25,394,000**	**-**	**-**	**25,394,000**
Non-U.S. corporate bonds	**-**	**10,364,000**	**4,000**	**-**	**10,368,000**
Non-U.S. commercial mortgage and asset-backed securities	**-**	**303,000**	**-**	**-**	**303,000**
Total marketable debt securities	**$ 28,144,000**	**146,795,000**	**4,000**	**-**	**174,943,000**
Preferred and common stock					
Domestic stock	**175,208,000**	**201,000**	**-**	**-**	**175,409,000**
Non-domestic stock	**119,324,000**	**-**	**-**	**-**	**119,324,000**
Commingled funds	**1,110,000**	**-**	**-**	**1,379,000**	**2,489,000**
Total preferred and common stock	**$ 295,642,000**	**201,000**	**-**	**1,379,000**	**297,222,000**
Real estate					
Real estate investment trusts	**4,769,000**	**-**	**-**	**-**	**4,769,000**
Real estate funds and notes	**-**	**-**	**-**	**22,327,000**	**22,327,000**
American Homes 4 Rent II	**-**	**-**	**-**	**656,000**	**656,000**
Directly owned real estate	**-**	**-**	**-**	**48,223,000**	**48,223,000**
Total real estate	**$ 4,769,000**	**-**	**-**	**71,206,000**	**75,975,000**
Absolute return	**-**	**-**	**-**	**64,093,000**	**64,093,000**
Private credit	**-**	**-**	**-**	**24,626,000**	**24,626,000**
Private equity	**-**	**-**	**-**	**134,781,000**	**134,781,000**
Infrastructure	**-**	**-**	**-**	**37,108,000**	**37,108,000**
Total investments	**$ 328,555,000**	**146,996,000**	**4,000**	**333,193,000**	**808,748,000**

2025	Measured using input levels			Measured using NAV	Total
	Level 1	Level 2	Level 3		
Marketable debt securities					
Mortgage-backed securities	$ -	23,747,000	-	-	23,747,000
U.S. Treasury and government notes/bonds	23,623,000	61,000	-	-	23,684,000
U.S. corporate bonds	64,000	60,209,000	-	-	60,273,000
U.S. commercial mortgage and asset-backed securities	-	5,598,000	-	-	5,598,000
U.S. exchange traded funds	982,000	-	-	-	982,000
Non-U.S. government bonds	-	20,707,000	-	-	20,707,000
Non-U.S. corporate bonds	-	10,564,000	4,000	-	10,568,000
Non-U.S. commercial mortgage and asset-backed securities	-	176,000	-	-	176,000
Non-U.S. exchange traded funds	231,000	-	-	-	231,000
Total marketable debt securities	$ 24,900,000	121,062,000	4,000	-	145,966,000
Preferred and common stock					
Domestic stock	142,882,000	152,000	-	-	143,034,000
Non-domestic stock	106,176,000	-	-	-	106,176,000
Commingled funds	865,000	-	-	1,244,000	2,109,000
Total preferred and common stock	$ 249,923,000	152,000	-	1,244,000	251,319,000
Real estate					
Real estate investment trusts	7,142,000	-	-	-	7,142,000
Real estate funds and notes	-	-	-	26,997,000	26,997,000
American Homes 4 Rent II	-	-	-	937,000	937,000
Directly owned real estate	-	-	-	47,178,000	47,178,000
Total real estate	$ 7,142,000	-	-	75,112,000	82,254,000
Absolute return	-	-	-	50,552,000	50,552,000
Private credit	-	-	-	24,694,000	24,694,000
Private equity	-	-	-	129,188,000	129,188,000
Infrastructure	-	-	-	38,467,000	38,467,000
Total investments	$ 281,965,000	121,214,000	4,000	319,257,000	722,440,000

Marketable debt securities and preferred and common stock classified as level 1 are valued using prices quoted in active markets for those securities. Marketable debt securities classified as level 2 are valued using matrix pricing and those classified as level 3 are term loans. Commingled funds reported at NAV use the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions made prior to the balance sheet date.

Publicly traded real estate investment trusts are valued using prices quoted in active markets and are reported as level 1. Directly held real estate, private real estate funds, and real estate debt investments are reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions made prior to the balance sheet date. Directly owned real estate investments are subject to annual appraisals and audits.

Absolute return investments are reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions made prior to the balance sheet date. Absolute return investments undergo annual independent financial statement audits. The redemption notice period is 2-100 days and the frequency of redemption is monthly to semiannually.

Private credit investments are reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions made prior to the balance sheet date. Private credit investments undergo annual independent financial statement audits. Redemptions are not allowed, and the usual life of these investments is 5-7 years.

Private equity and infrastructure investments are reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions made prior to the balance sheet date. Private equity investments undergo annual independent financial statement audits. Redemptions are not allowed, and the usual life of these investments is 10-12 years.

14. STATUTORY NET INCOME

By Alaska law, statutory net income is computed in accordance with GAAP, excluding any unrealized gains or losses. However, the income from investments is required by GAAP to include unrealized gains and losses, regardless of source. Consequently, GAAP income from investments and statutory net income differ.

The APFC periodically reviews investments for other than temporary impairment of value. Investments with fair values significantly less than cost over multiple reporting periods may be considered impaired if the cost basis will not be recovered over the investment's remaining estimated holding period. If an other than temporary impairment is determined to exist for an investment, a realized loss will be recorded, which will replace the previously recorded unrealized loss. Carrying value will not be affected, but the reclassification of the loss from unrealized to realized will affect the statutory net income of the Trust. During FY2026 and FY2025, approximately $3.4 million and $3.8 million, respectively, of impairments were recorded.

Statutory net income for the years ended June 30 is as follows:

		2026	**2025**
Total gain from investments managed by the APFC	$	**91,763,000**	70,445,000
Unrealized gains		**(17,040,000)**	(16,680,000)
Statutory net income	$	**74,723,000**	53,765,000