



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Alaska Mental Health Trust Authority

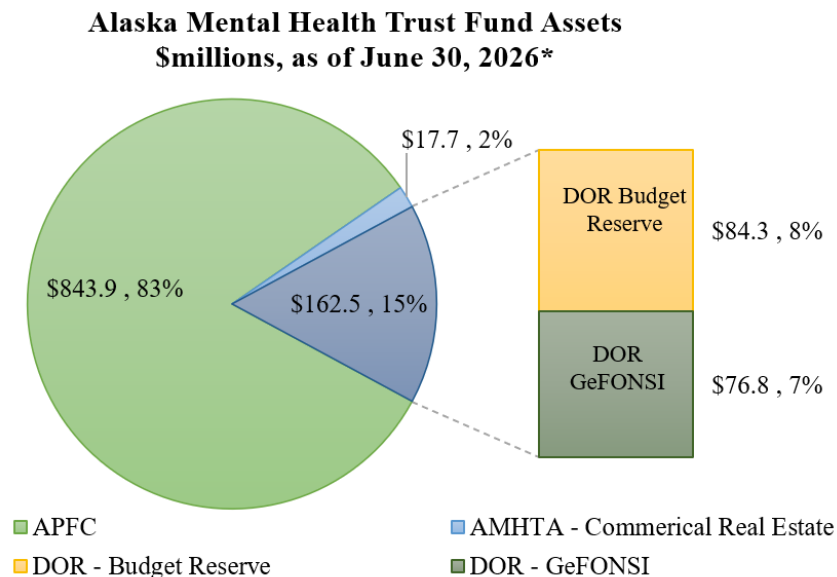
Assets Managed by the State of Alaska Department of Revenue

Performance Review
October 2026

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State Investment Officer

Alaska Mental Health Trust Assets

- The Department of Revenue (DOR) manages approximately \$162.5 million for the Alaska Mental Health Trust Authority (AMHTA), or ~16% of its assets.
- Assets are roughly split between investments in the Budget Reserve Account and shorter-term investments in the GeFONSI pool.



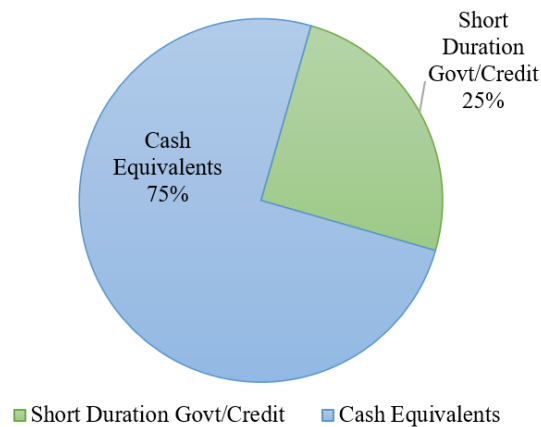
* Source: June 30, 2026 AMHTA Dashboard

GeFONSI

GeFONSI Investments:

- The General Fund and Other Non-segregated Investments (the GeFONSI) is a commingled pool invested internally by DOR staff. Commingling AMHTA assets with other short-term State funds as one investment pool creates several efficiencies that benefit all participants. GeFONSI currently holds over \$2.5 billion in assets including over \$76 million on behalf of AMHTA.
- GeFONSI asset allocation is recommended by DOR staff and approved by the Commissioner of Revenue annually, effective as of July 1. For Fiscal Year 2027, the allocation between Cash Equivalents and Short Duration Govt/Credit was changed from 85%/15% to 75%/25% in response to higher yields.
- GeFONSI is designed to be conservative with low exposure to principal loss and a high liquidity requirement given the short-term time horizon.
- Returns are above benchmark for Fiscal Year 2026 and over the longer term. Returns have been historically low because of a protracted period of low interest rates but have improved recently as yields have increased.

GeFONSI Target Asset Allocation



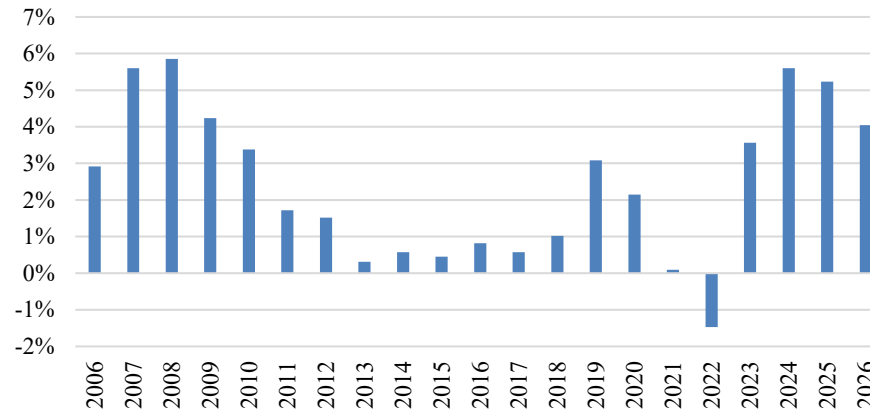
Expected Return/Risk(std dev): 3.76%/1.02%.

Performance as of June 30, 2026	1 Year	6 year	10 year
GeFONSI	4.04%	2.80%	2.36%
GeFONSI Benchmark	3.83%	2.57%	2.15%
Difference	0.21%	0.23%	0.21%

AMHTA GeFONSI Investments

- GeFONSI returns have generally been positive. Returns reflect fixed income yield levels, and changes to those yields over time.
- Returns also reflect adjustments to the asset allocation which is part of an annual process at the Treasury Division.
- Last 12 months earnings through August 2026, GeFONSI has earned \$2.76 million for AMHTA.

GeFONSI Fiscal Year Returns
2006 - 2026



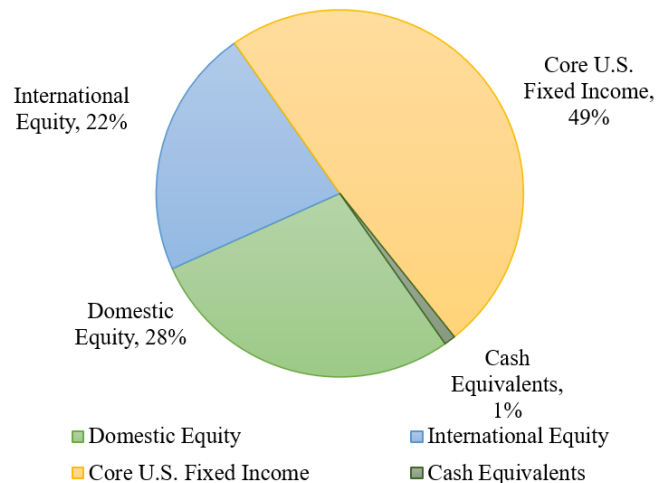
Low	-1.47%
High	5.85%
Average	2.44%
Current Yield (Sept 2026)	4.42%

Budget Reserve

Alaska Mental Health Trust Budget Reserve Investments:

- Alaska Mental Health Trust Reserve assets are invested internally by DOR staff and externally in passive commingled funds managed by State Street Global Advisors and Fidelity.
- The asset allocation is approved by Alaska Mental Health Trust Authority based on the investment policy established in its Asset Management Policy Statement (AMPS).
- As stated in AMPS, the Alaska Mental Health Budget Reserve Fund has a moderate risk tolerance with a medium-term time horizon of five to seven years with an emphasis on balancing preservation of capital while still achieving growth.

FY27 Budget Reserve Asset Allocation



Expected Return/Risk(std dev): 6.50%/9.50%.

Performance as of June 30, 2026	<u>1 Year</u>	<u>6 year</u>	<u>10 year</u>
Alaska Mental Health Trust Reserve	14.60%	9.39%	8.78%
Alaska Mental Health Reserve Benchmark	14.29%	9.14%	8.61%
Difference	0.31%	0.25%	0.17%
Cash Equivalents	4.15%	3.16%	2.53%
Core U.S. Fixed Income	4.25%	0.42%	1.87%
Core Plus U.S. Fixed Income	4.35%	-	-
Domestic Equity	22.83%	17.11%	15.02%
International Equity	28.05%	12.97%	9.85%

FY27 Budget Reserve Asset Allocation

- The Budget Reserve asset allocation has been derisking since 2022 by shifting 19% from equity to fixed income over this time period.
- The more conservative asset allocation has been facilitated by higher available yields in the fixed income market.

Fiscal Year	Short-Term Fixed Income	Intermediate-Term Fixed Income	Broad Market Fixed Income	Domestic Equity Pool	International Equity Pool	Equity/Fixed Income
2003		100%				
2006	10%		30%	45%	15%	60%/40%
2008	10%		29%	40%	21%	61%/39%
2019	0%		44%	33%	23%	56%/44%
2022	1%		30%	43%	26%	69%/31%
2023	1%		32%	39%	28%	67%/33%
2024	1%		42%	32%	25%	57%/43%
2025	1%		42%	32%	25%	57%/43%
2026	1%		49%	28%	22%	50%/50%
2027	1%		49%	28%	22%	50%/50%

Budget Reserve Investment Holdings

Domestic Equity

- The Budget Reserve account invests in the Russell 3000 index fund to obtain domestic equity investment exposure.
- The Russell 3000 invests in the largest 3000 U.S companies which reflects large cap and mid cap companies (the Russell 1000, ~93%), and small cap companies (the Russell 2000, ~7%).

International Equity

- The Budget Reserve account invests in the MSCI ACWI ex-US index fund to obtain international equity investment exposure.
- The strategy currently holds over 1900 stocks in both developed and emerging markets.

Fixed Income

- The Budget Reserve account invests in two fixed income strategies managed against the Bloomberg U.S. Aggregate Index.
- ~80% of the fixed income allocation is invested internally by Department of Revenue staff in a strategy that expects to closely track the benchmark. The remaining funds are invested in a more active approach managed by Fidelity in the Tactical Bond strategy.
- The duration of the Bloomberg U.S. Aggregate Index is currently 5.8. Duration is a measure of interest rate sensitivity and reflects the expected percentage price change for a 1% move in interest rates. The current yield of the U.S. Aggregate Index is ~5.3%. As interest rates increase, duration decreases and the higher yield of the portfolio provides a more defensive profile for the future. There is a high correlation between starting yields and future returns.

Alaska Mental Health Trust – DOR Fees

- No fees are assessed on GeFONSI accounts.
- Department of Revenue assesses a .10% fee on the Budget Reserve account for administration and the cost of internal fixed income investment. In Fiscal Year 2026 this fee was \$79,501.
- Investment Management fund fees vary by option as shown in table below.

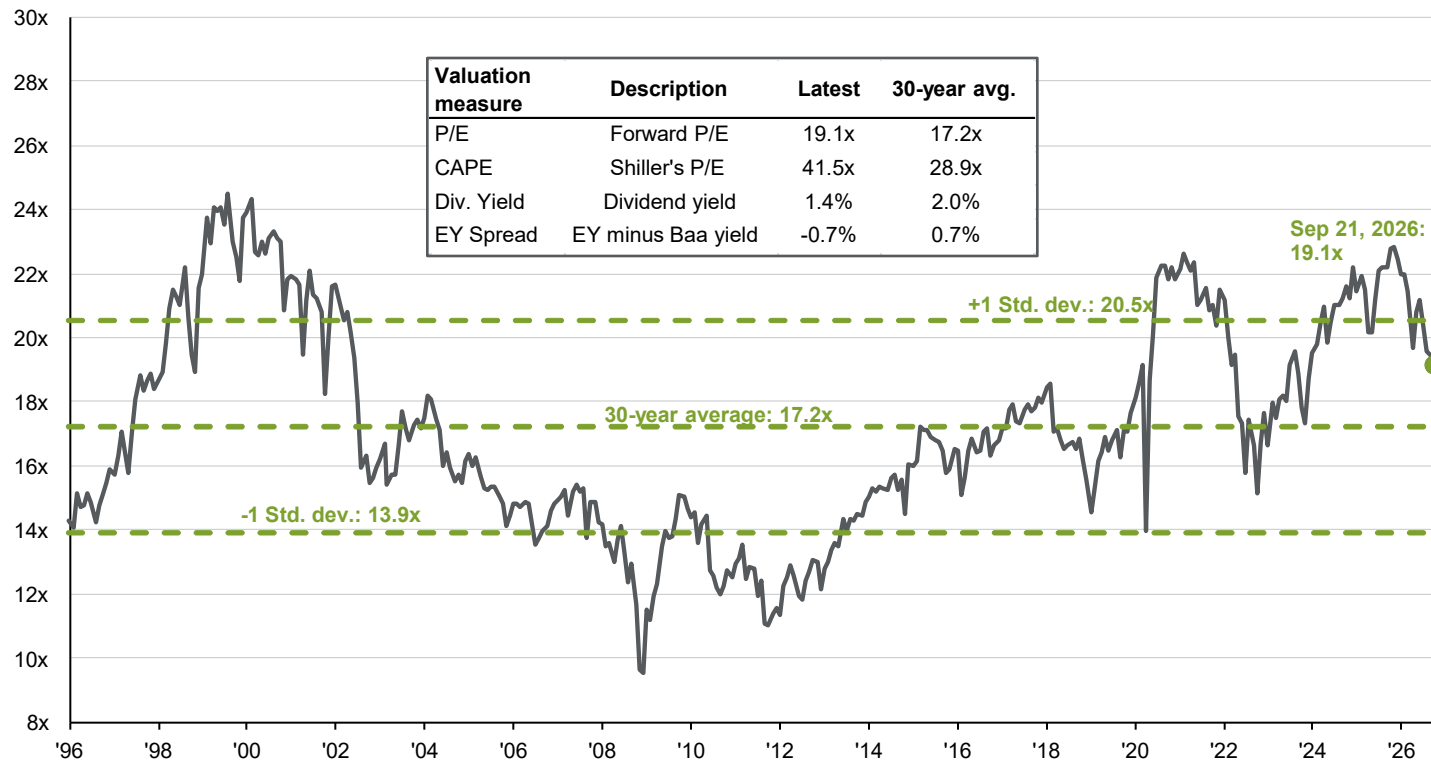
Investment	% Fee on NAV	\$ Fee
SSGA Russell 3000	0.0075%	1,700
SSGA MSCI ACWI Ex-US Equity	0.0125%	2,205
Fidelity Tactical Bond	0.27%	15,432
DOR Administrative Fee	0.10%	79,501
Total Fee *	0.13%	98,838
* % fee is estimate based on average FY26 asset level of \$78.9 million		

Market Review

Equity Market

- The equity market has been producing strong results due in large part to technology related tailwinds.
- Current valuations are on the higher end of the range over the past 30 years.

S&P 500 index: Forward P/E ratio



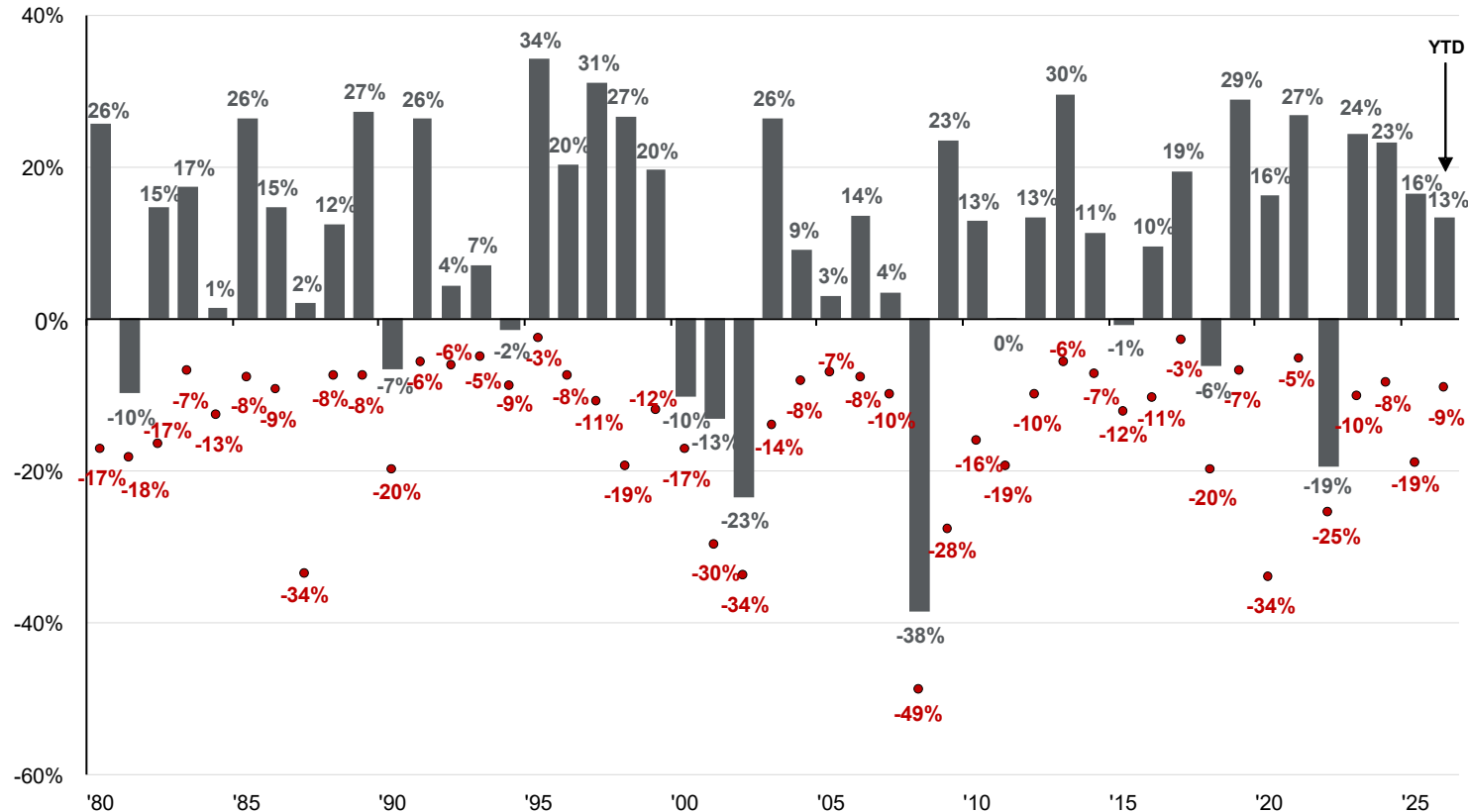
Source: JPM Guide to the Markets, September 21, 2026

Equity Markets Producing Strong Results

- Equity returns have produced strong results over the past 45 years.

S&P 500 intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.2%, annual returns were positive in 35 of 46 years

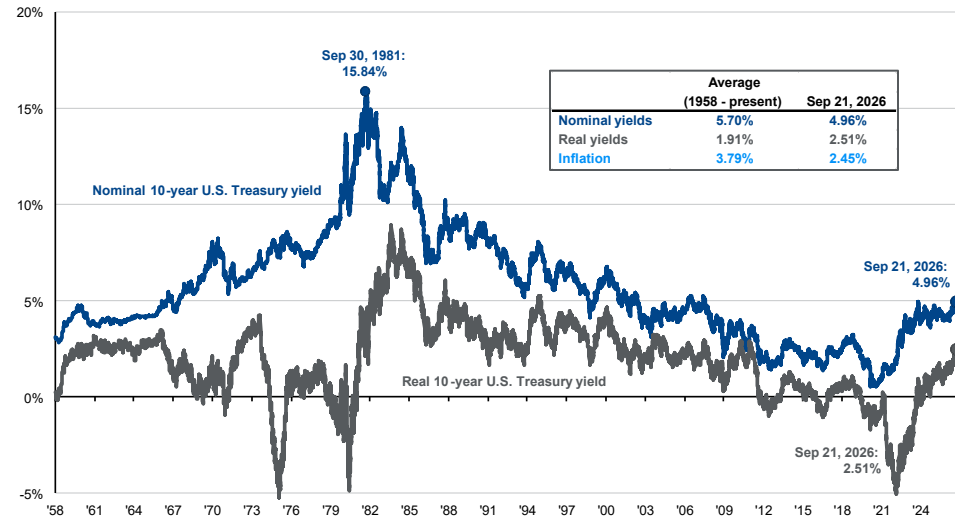


Source: JPM Guide to the Markets, September 21, 2026

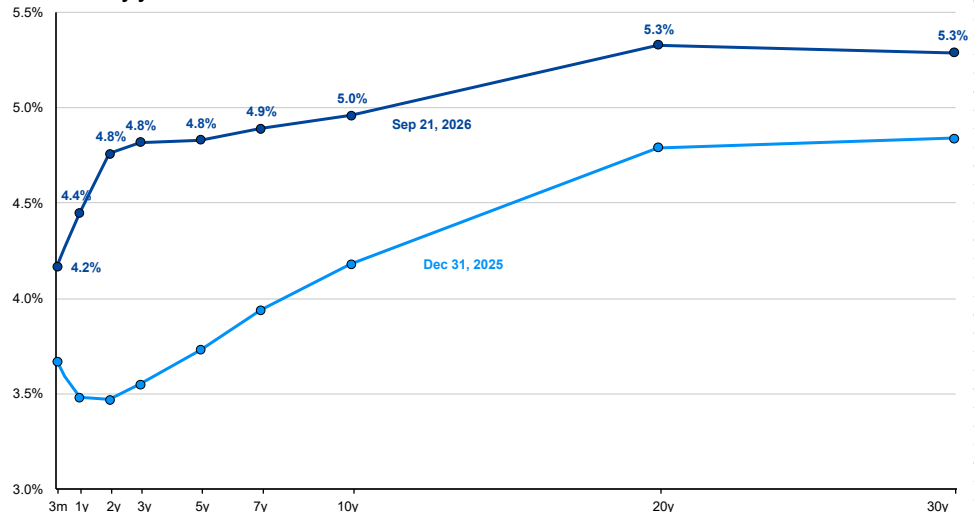
Fixed Income Market

- U.S. interest rates are at their highest level in 20 years but not outside of “normal” within a longer historical context.
- Factors pressuring interest rates higher include inflation expectations, U.S. fiscal policy, and competing interests for debt capital.
- The rate change has been large in 2026 which has negatively impacted fixed income investments. The 10-year U.S. Treasury yield is up ~80bps this year.
- Going forward yield returns improve as interest rates increase.

Nominal and real U.S. 10-year Treasury yields



U.S. Treasury yield curve



Source: JPM Guide to the Markets, September 21, 2026

AMHTA Performance through August 31, 2026

Performance as of August 31, 2026	<u>FYTD</u>	<u>1 Year</u>	<u>6 year</u>	<u>10 year</u>
GeFONSI	0.61%	3.83%	2.87%	2.42%
GeFONSI Benchmark	0.58%	3.63%	2.64%	2.21%
Difference	0.03%	0.20%	0.23%	0.21%
Alaska Mental Health Trust Reserve	0.87%	12.67%	8.35%	8.58%
Alaska Mental Health Reserve Benchmark	0.83%	12.38%	8.12%	8.37%
Difference	0.04%	0.29%	0.23%	0.21%
Cash Equivalents	0.68%	4.03%	3.27%	2.58%
Core U.S. Fixed Income	-0.87%	2.33%	0.16%	1.73%
Tactical Bond	-0.87%	2.45%		
Domestic Equity	2.27%	20.12%	15.13%	14.81%
International Equity	2.94%	27.63%	11.91%	9.63%

Questions?