



ALASKA PERMANENT  
CAPITAL MANAGEMENT

Registered Investment Adviser

# Kenai Peninsula Borough Land Trust Investment Fund

September 2025

## Historical Summary & Key Takeaways

- Since inception, the portfolio has returned 7.37% gross of fees, outperforming a traditional stock and bond portfolio (6.73%) comprised of the ACWI World Index (55%) and Bloomberg Global Agg Index (45%).
- The portfolio has generated \$5.4M in net earnings since inception.
- APCM has reviewed the portfolio's asset allocation based on our updated 2025 capital market assumptions and is not recommending a change.
- Annually, APCM conducts a fund review process to ensure that the portfolio's current holdings remains an efficient, cost-effective way to access the desired market exposures. As part of this process, two funds were replaced in 2025 to reduce costs within Alternative Beta and enhance the roll strategy within commodities. Further details are provided within the "Manager Review" section of this presentation.

# Staying focused on your goals



## Kenai Peninsula Borough Land Trust Investment Fund September 2025

|                                                                     |              |                             |
|---------------------------------------------------------------------|--------------|-----------------------------|
| Account Inception                                                   |              | June 2019                   |
| Total Contributions                                                 |              | \$ 13,484,673               |
| Withdrawals<br><i>Does not include custodial or management fees</i> |              | \$ 1,200,000                |
| Current Market Value<br><i>September 30, 2025</i>                   |              | \$ 17,737,467               |
| Annualized Account Return*<br><i>Inception – September 30, 2025</i> |              | + 7.37%                     |
| Fee Schedule**                                                      |              | 0.23% Annual Effective Rate |
| Strategic Asset Allocation                                          | Risk Control | 27%                         |
|                                                                     | Risk Assets  | 52%                         |
|                                                                     | Alternatives | 21%                         |

### Contribution Policy:

The net proceeds of land sales will be transferred to the Land Trust Investment Fund (LTIF), provided the fund balance minimum requirements of the Land Trust Fund (LTF) are met. After the first five years, if the fund balance of the Land Trust Fund is more than 125 percent of the maximum established in the fund balance policy the amount greater than 125 percent may be transferred to the general fund or may be used for any other purpose as determined by the assembly.

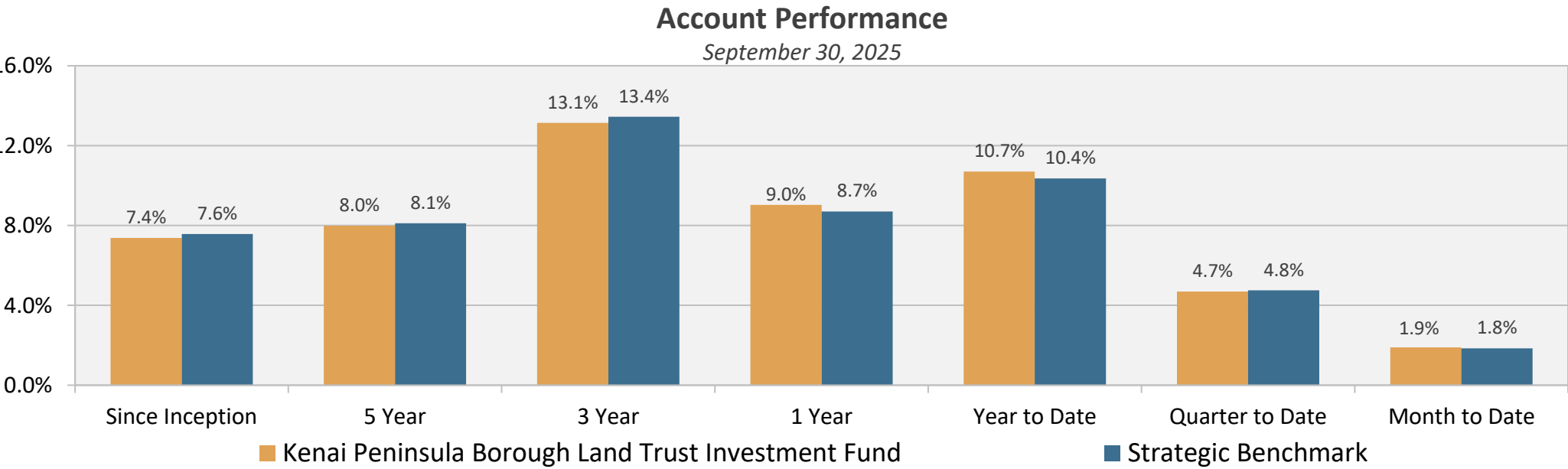
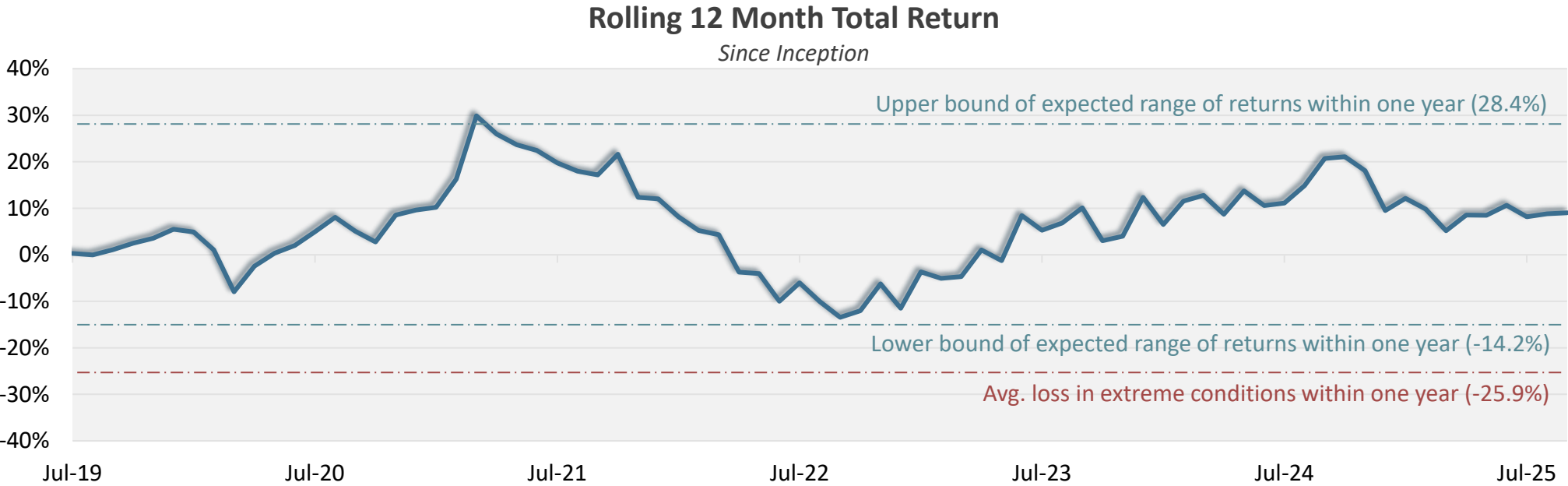
### Distribution Policy: KPB Code of Ordinances: 5.20.200

Transfers to support operations in the Land Trust Fund or the General Fund shall be limited to **5 percent of the market value (5% POMV) of the Land Trust Investment Fund**. The allocation of the **5% POMV shall be first to the Land Trust Fund** to subsidize operations and to ensure compliance with the fund balance policy. If the transfer to the Land Trust Fund is less than 5% POMV the excess may be transferred to the General Fund at the direction of the assembly.

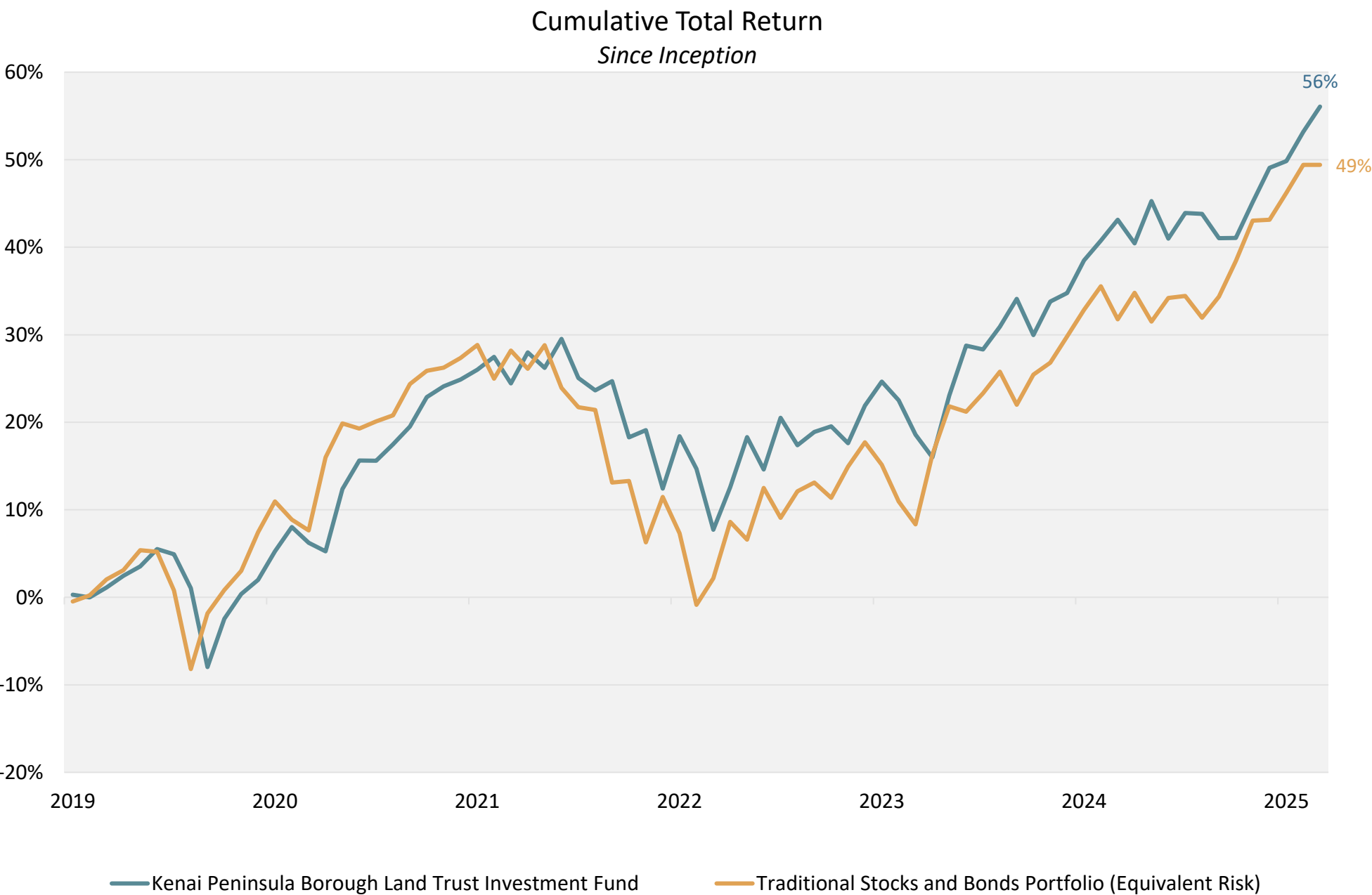
Transfers to the LTF to invest in non-financial assets such as land or income producing investments: **maximum of 10% of the market value of the LTIF in any year or 25% in any five-year period**. An interfund loan from the LTIF to the LTF may be done if the fund balance in the LTF falls below the minimums set by the fund balance policy. Any such interfund loan must be repaid within five years.

\*Performance is gross of management fees, net of internal fund fees, and annualized for periods greater than one year.  
\*\* Current fee schedule is 0.35% on the first \$5M, 0.25% on the next \$5M, and 0.15% thereafter.

# Evaluating returns against strategic goals

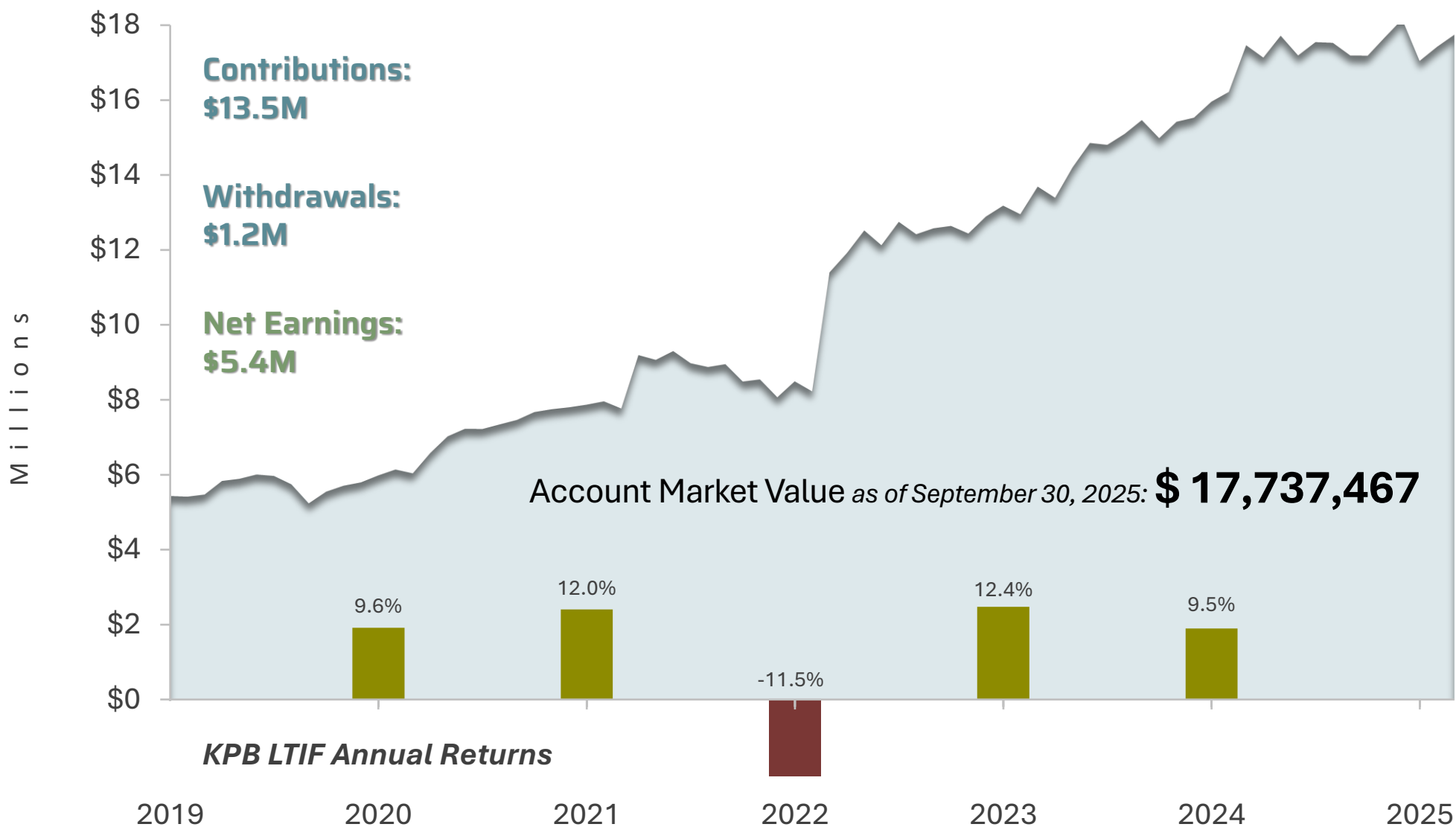


# Diversification is enhancing performance beyond a traditional stock and bond portfolio

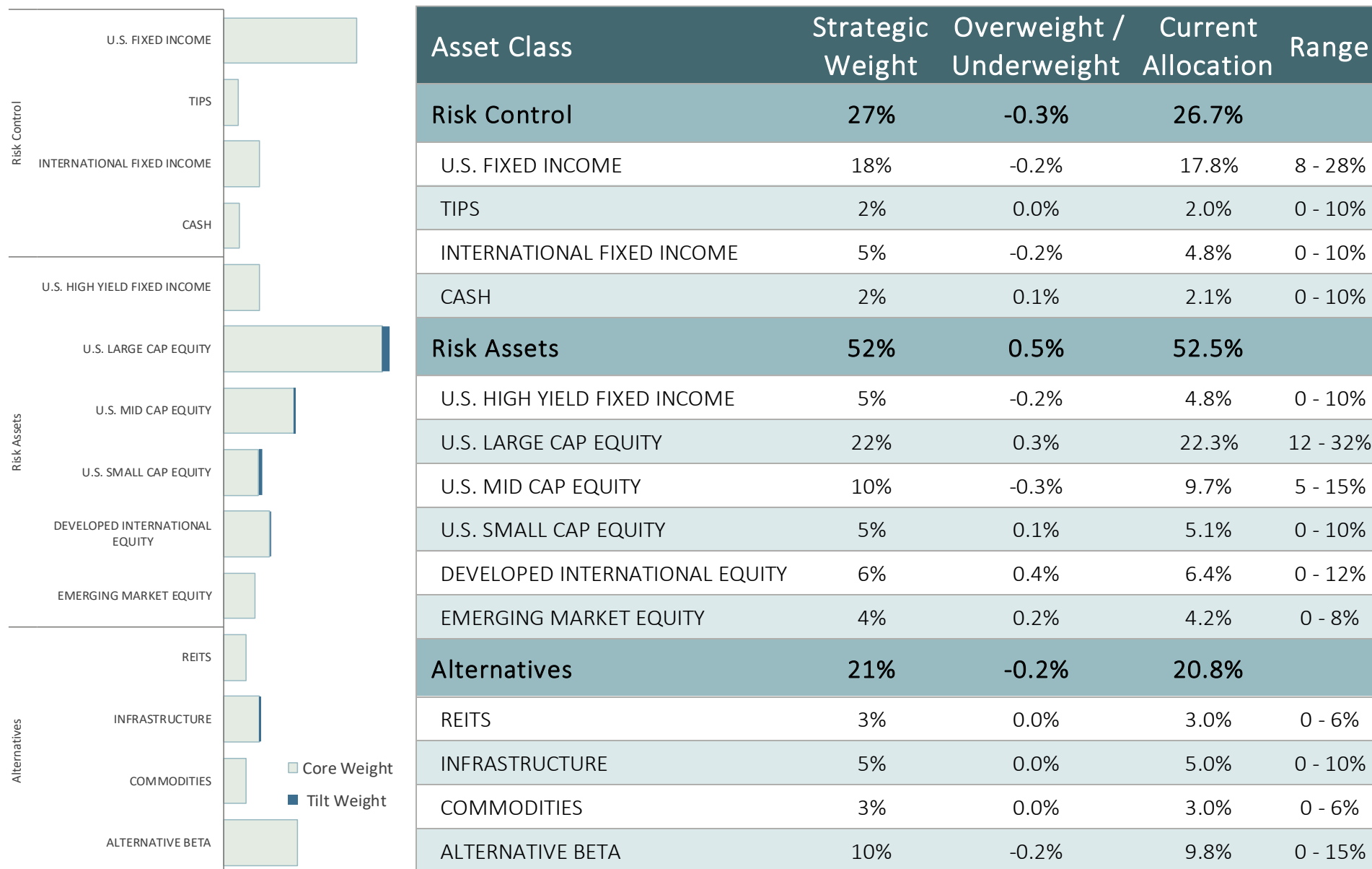


Portfolio performance is gross of management fees and net of fund fees. Traditional Stocks and Bonds Portfolio (Equivalent Risk) is comprised of the ACWI World Index (55%) and Bloomberg Global Agg Index (45%).

# The power of consistency in cumulative earnings



# Aligning near-term tactical adjustments with your long-term strategy





APCM



## Strategic Review

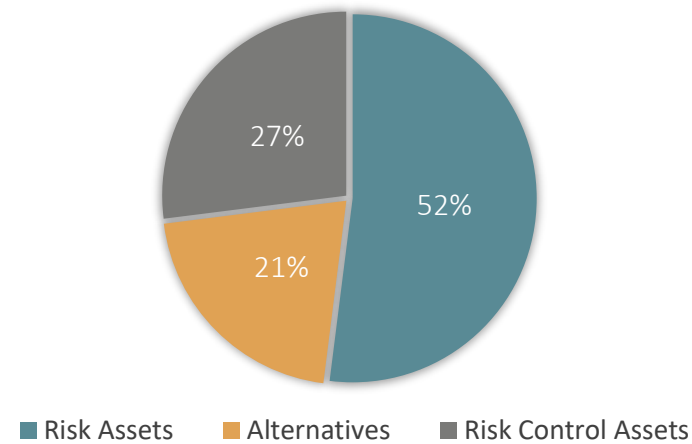
# Current allocation remains optimally suited to meet your long-term goals

The current strategic asset allocation is expected to produce **net earnings of between 3.8% and 4.4%** with a high degree of confidence over the long-term.

Given the potential for large withdrawals to finance the purchase of non-financial assets, APCM recommends that regular annual withdrawals remain below the maximum allowable per KPB Code 5.20.200(A).

The current allocation remains optimally suited to achieve the goals of the Kenai Peninsula Borough Land Trust Investment Fund. Therefore, **APCM is not recommending any change to the strategic asset allocation in 2025.**

Current Allocation



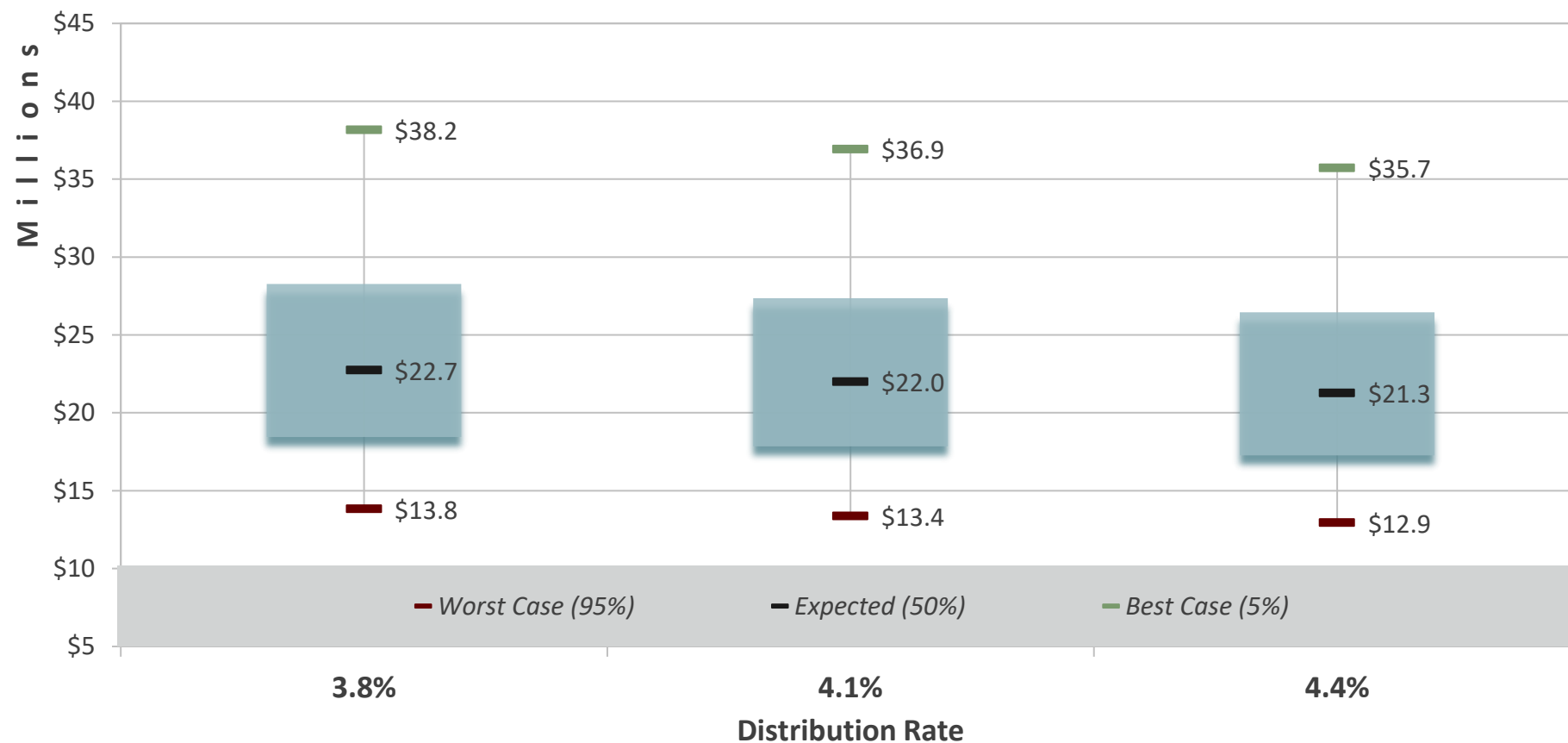
| Expected Risk and Return Characteristics                                       | Current Allocation |                        |
|--------------------------------------------------------------------------------|--------------------|------------------------|
|                                                                                | Expected           | Range*                 |
| Annual Return (Gross)                                                          | 7.1%               | <b>-14.2%</b> to 28.4% |
| Long-Term Return (Gross)                                                       | 6.6%               | 6.3% to 6.9%           |
| Long-Term Real Return (Gross)<br>Long-Term Return Less 2.5% Expected Inflation | <b>4.1%</b>        | 3.8% to 4.4%           |
| Avg. Loss in Extreme Conditions<br>Within a 1-Year Horizon                     |                    | <b>-25.9%</b>          |

\* Range denotes the 95% confidence interval. Risk and return data from Windham Portfolio Advisor.

# Market value and potential distribution projections over the next 10 years

## Monte Carlo Simulation

Starting market value of \$17.7M, no contributions, and annual distributions as a percent of the CY ending market value at the rates listed below.



| Distributions (\$ thousands) | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| 3.8%                         | 708.2  | 724.4  | 741.6  | 761.4  | 778.0  | 799.0  | 817.7  | 843.1  | 863.7  | 884.2   |
| 4.1%                         | 768.3  | 783.3  | 799.2  | 817.9  | 833.0  | 852.6  | 869.6  | 893.6  | 912.5  | 930.9   |
| 4.4%                         | 828.4  | 841.8  | 856.0  | 873.2  | 886.4  | 903.8  | 919.2  | 941.3  | 958.0  | 974.2   |

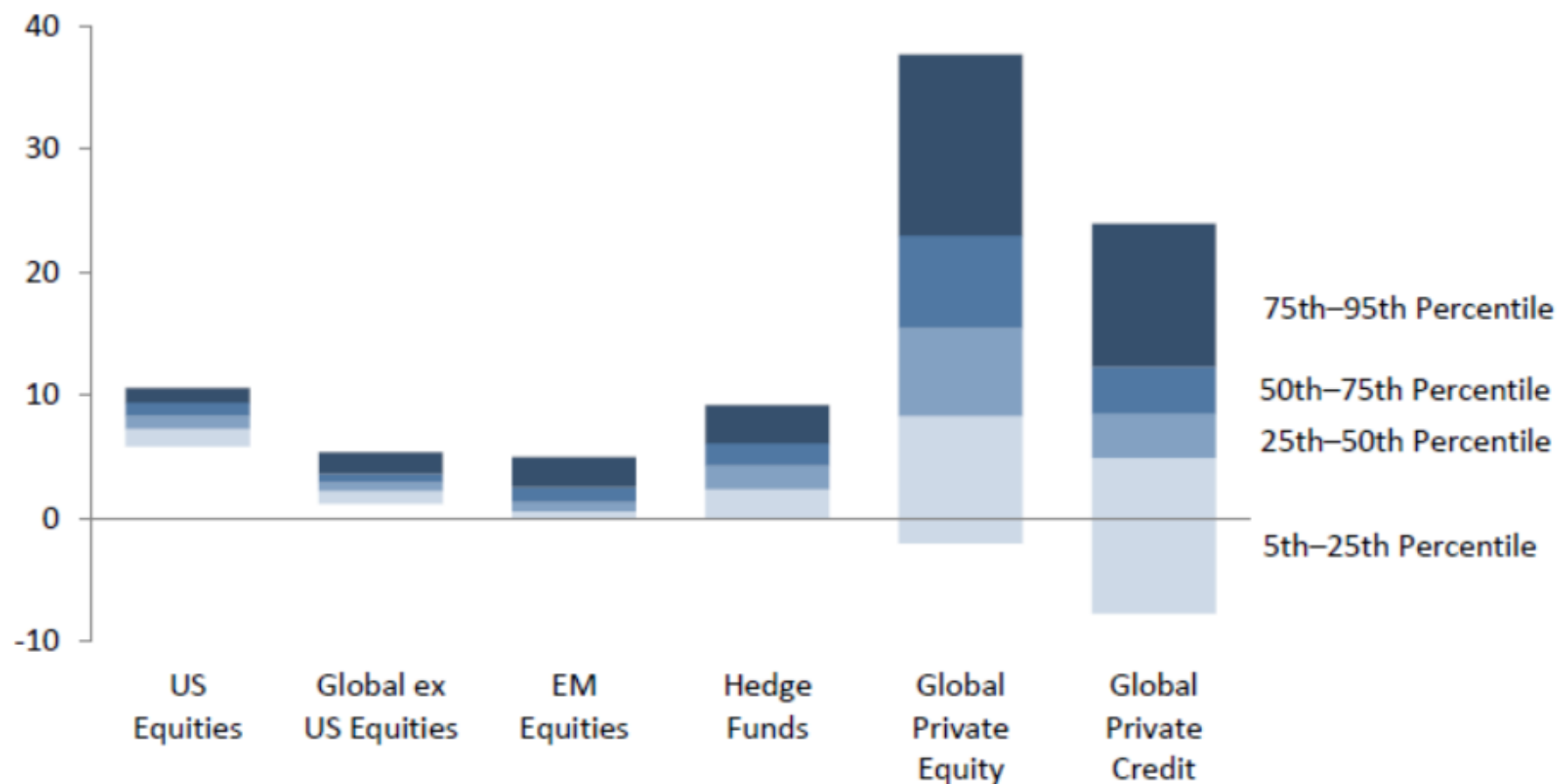


## Manager Review

# Spend strategically where markets are less efficient

## Evaluating manager dispersion across asset classes

January 1, 2008 – June 30, 2023 • Average Annual Manager Returns by Asset Class (%)



Source: Cambridge Associates LLC.

Notes: Returns data and percentiles for US Equities, Global ex US Equities, and EM Equities are time-weighted, while returns data and percentiles for Hedge Funds, Global Private Equity, and Global Private Credit are dollar-weighted. All financial investments involve risk. Depending on the type of investment, losses can be unlimited. Past performance is not indicative of future returns.

# Enhancing strategic asset allocation through security selection

| Traditional $\beta$                                                                                                                                                                                  |                                                                                                                                                                                       | Quantitative $\alpha$                                                                                                                                                                                                                                                                          | Qualitative $\alpha$                                                                                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Broad market exposure                                                                                                                                                                                |                                                                                                                                                                                       | Exposure to non-traditional return drivers                                                                                                                                                                                                                                                     | Manager driven non-systematic risk                                                                                                                                  |
| <ul style="list-style-type: none"> <li>❖ U.S. Large Cap</li> <li>❖ U.S. Mid Cap</li> <li>❖ U.S. Small Cap</li> <li>❖ International Developed</li> <li>❖ Emerging Markets</li> <li>❖ REITs</li> </ul> | <ul style="list-style-type: none"> <li>❖ U.S. Aggregate Bonds</li> <li>❖ International Bonds</li> <li>❖ Global Infrastructure</li> <li>❖ 1-5 Gov. / Credit</li> <li>❖ TIPS</li> </ul> | <ul style="list-style-type: none"> <li>❖ Global Macro</li> <li>❖ Equity Long / Short</li> <li>❖ Event Driven</li> <li>❖ Arbitrage Strategies</li> <li>❖ Defined Outcome</li> <li>❖ Market Neutral</li> <li>❖ Protective Put Strategies</li> <li>❖ Commodities (Roll yield enhanced)</li> </ul> | <ul style="list-style-type: none"> <li>❖ U.S. Municipal Bonds</li> <li>❖ U.S. High Yield Bonds</li> <li>❖ Convertible Arbitrage</li> <li>❖ Hedged Equity</li> </ul> |

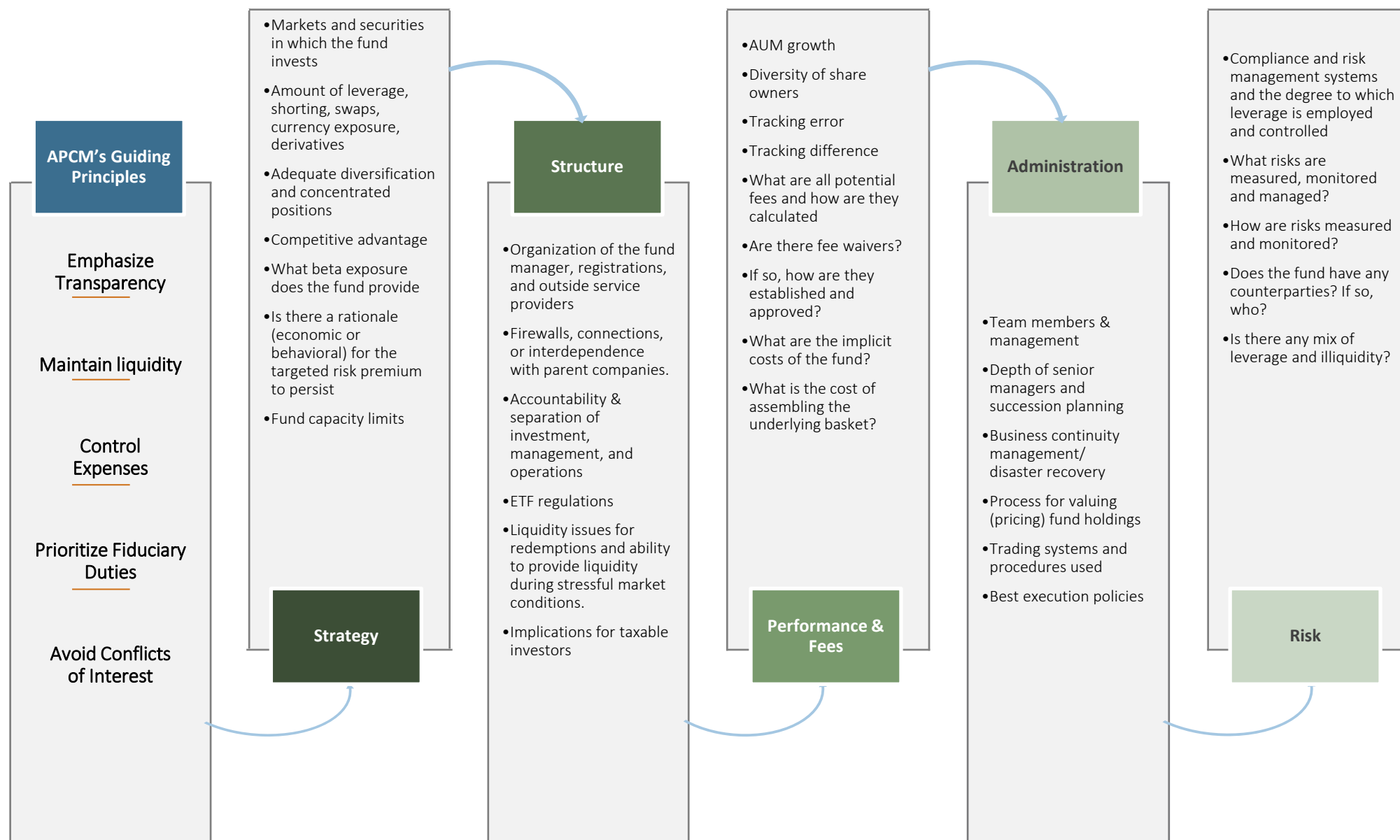
$\beta$

*Beta* denotes the underlying systematic sources of risk that are driven by economic or behavioral forces. Also known as undiversifiable or market risk, **investors are generally compensated for taking on these risks**. The compensation for these risks can be expected over long-time horizons.

*Alpha* denotes investment-specific sources of risk. Also known as diversifiable or idiosyncratic risk, **investors are not compensated for taking this risk through any natural market mechanism**. Persistent value-added from alpha is only possible if a manager's qualitative judgements are correct over time.

$\alpha$

# Annual manager due diligence overview



# Traditional Beta: Customized, cost-effective allocations improve outcomes

**APCM's analysts compared each currently held fund with the closest 3,000 competitors, as measured by tracking error to the benchmark.**

The most competitive alternatives were assessed in terms of their efficiency, tradability, and fit (ETF).

**APCM is not currently making any changes as a result of this year's review. Our core holdings are still the most efficient exposure for APCM clients.**

The internal fund fees within APCM's portfolios remain low, averaging **19%**.

## Traditional Beta Holdings

| Asset Class                | Confirmed Current Holding is Optimal? |
|----------------------------|---------------------------------------|
| Large Cap Equity           | Y                                     |
| Mid Cap Equity             | Y                                     |
| Small Cap Equity           | Y                                     |
| International Equity       | Y                                     |
| Emerging Markets Equity    | Y                                     |
| Infrastructure             | Y                                     |
| REITs                      | Y                                     |
| U.S. Fixed Income          | Y                                     |
| U.S. 1-5 Year Gov/Credit   | Y                                     |
| TIPS                       | Y                                     |
| International Fixed Income | Y                                     |

# Quantitative $\alpha$ : Identifying systematic strategies that consistently add value

Quantitative alpha specifically refers to investment strategies that aim to **systematically capture returns beyond market movements by leveraging quantitative signals and insights**. These strategies require rigorous due diligence process that goes beyond the traditional assessment of pure index funds. The goal is to ascertain the legitimacy, sustainability, and true source of the claimed alpha, distinguishing it from mere beta exposure or random chance.

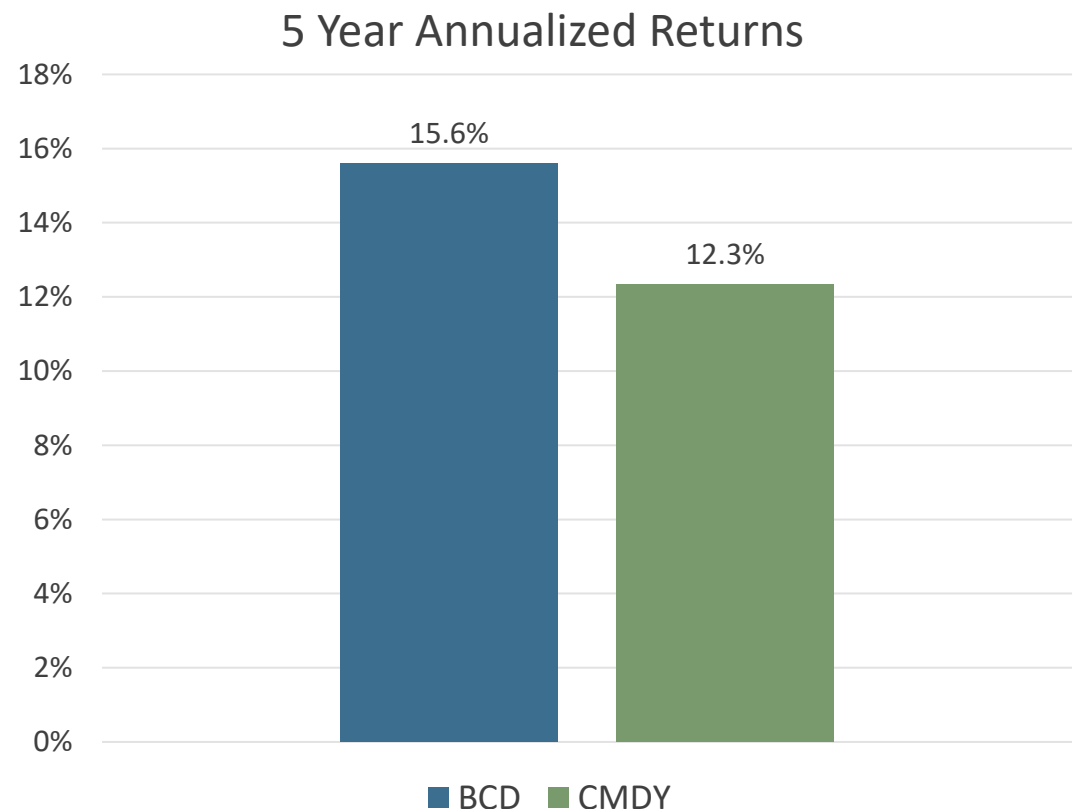
## Key changes:

### Commodities:

Within commodities, **roll yield** is an important factor in the total return. Further research indicates BCD has an **excellent track record, slightly higher returns**, and **straightforward approach** that aligns well with a **broad range of market conditions**. It has shown it can “win by not losing” in contango periods and still keep up in inflationary booms – an ideal profile for generating **steady risk-adjusted alpha** net of expenses.

### Alternative Beta:

Within Alternative Beta, we identified a hedged equity fund, **HELO**, that generates the **same return profile as JHEQX in a more tax efficient and lower cost vehicle (0.50% expense ratio vs. 0.58%)**.



# Qualitative alpha: Persistent outperformance requires additional due diligence

Within some asset classes, data indicates that active management is more likely to consistently outperform the broad market. **When evaluating any active manager, APCM’s fundamental goal is to determine whether active management can provide a consistent risk-adjusted benefit, net of fees.** In addition to our standard review, APCM’s due diligence process for any active management is more in depth, **focusing on the managing firm’s philosophy, process, personnel and performance.** To select an active manager, APCM must have conviction that the decision will generate persistent, explainable, and stable alpha over the long run.

## Municipal Bonds:

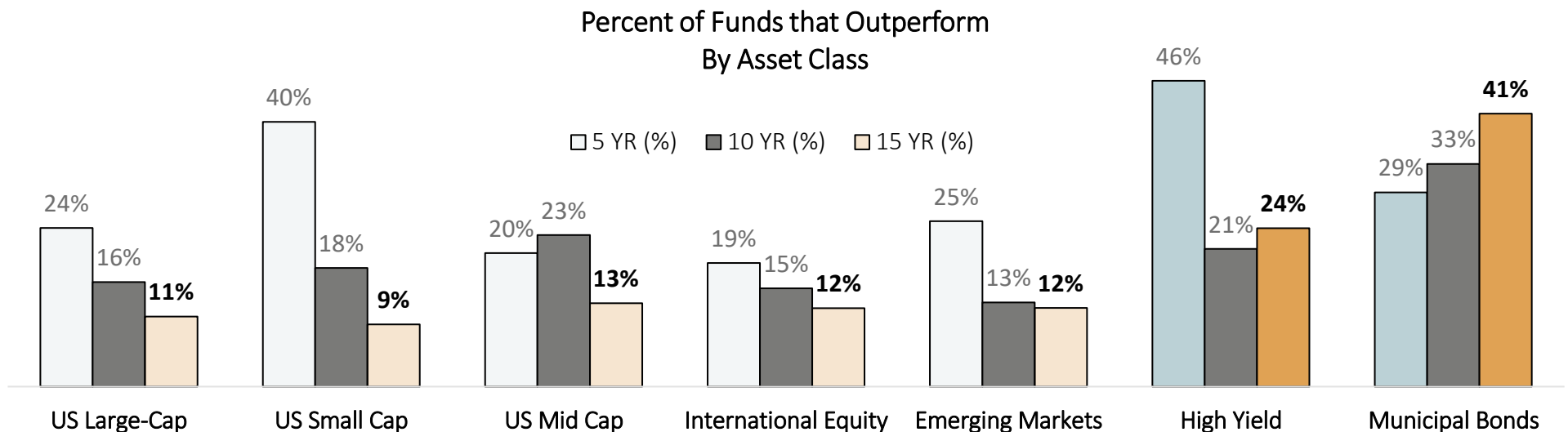
Within municipal fixed income, APCM utilizes two separate actively managed funds to achieve the desired exposure, BMNIX and VWIUX. Over the last five years, both funds have **outperformed the benchmark by 0.64% and 0.33% annualized**, respectively.

## High Yield:

Over the same time period, the actively managed High Yield Fixed Income fund has trailed the benchmark slightly (0.32%) due to a tilt towards higher quality bonds. Given historically tight credit spreads, APCM is maintaining this up-in-quality exposure.

## Private Markets:

APCM’s private equity and private credit managers have a track record of delivering excess returns over the long-term.



# The PAIR Process

## A Perpetual Cycle of Progress

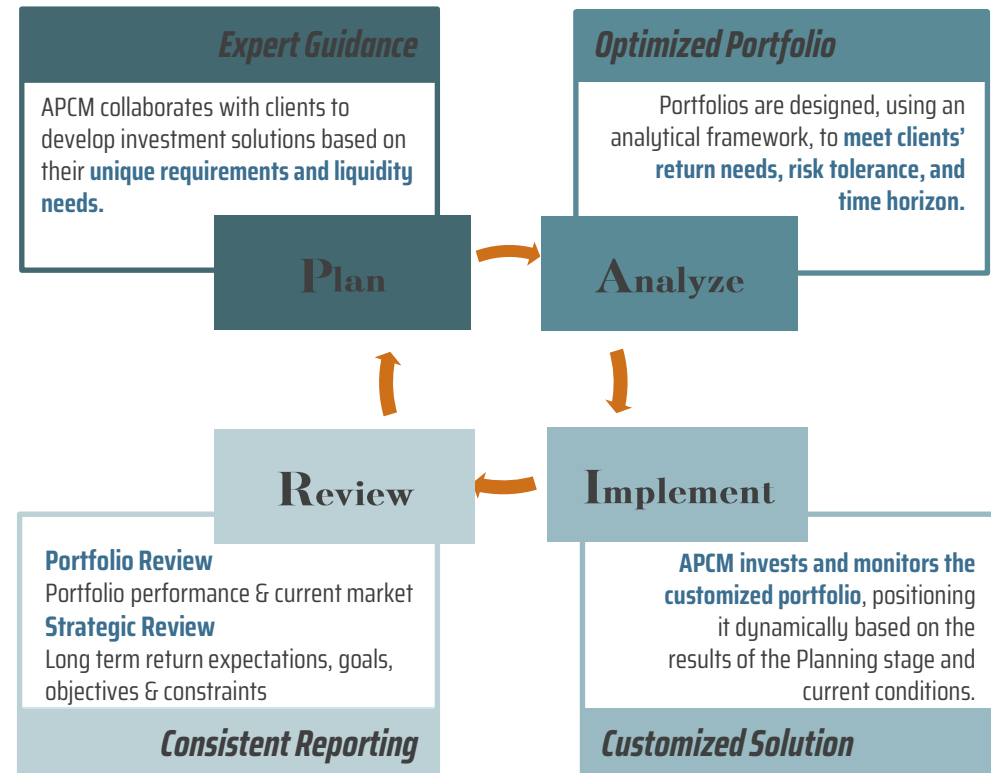
As 2025 ends, we're entering the research phase for 2026 — updating our capital market assumptions (completed annually by the end of the first quarter).

We're also refreshing our secular long-term outlook and cyclical views to ensure portfolios remain positioned for the evolving market environment.

Our annual manager and fund review evaluates performance, cost efficiency, and role within each strategy.

These updates prepare us for your annual strategic review, where we confirm your portfolio's strategy still has a high probability of achieving your goals and objectives.

The Review step of PAIR ensures that both markets and your circumstances are reflected — keeping your strategy purposeful, disciplined, and forward-looking.





## Appendix

# Steady markets through policy transition

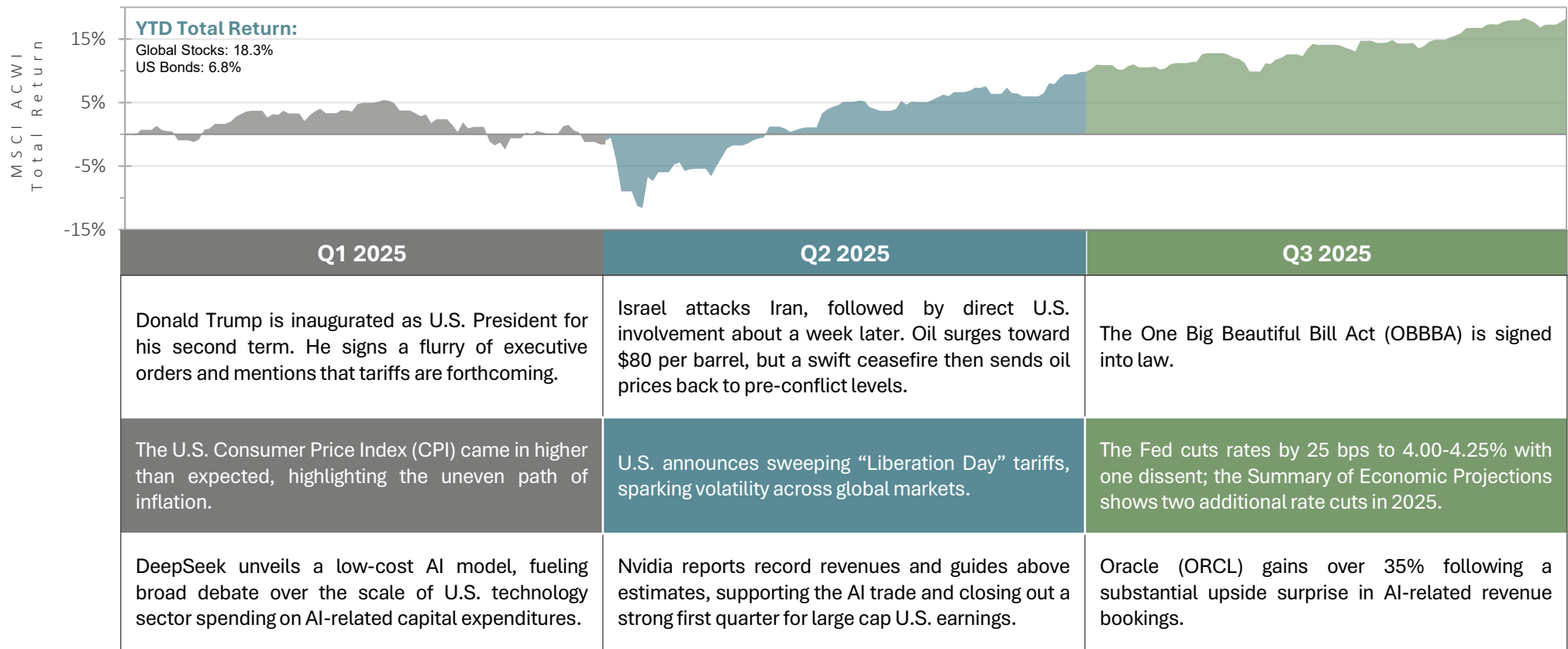


**Resilient markets despite noisy headlines:** Financial markets climbed steadily throughout 2025, shrugging off concerns around tariffs, rising fiscal deficits, and political uncertainty surrounding central bank independence.

**Global expansion continues, but unevenly:** Economic activity remains positive across major regions. The U.S. is benefiting from solid corporate earnings and improved credit conditions, while Europe and China show early signs of cyclical recovery amid mixed policy support.

**Central banks turn accommodative:** The Federal Reserve initiated a rate-cutting cycle late in 2025. Other central banks are following suit, easing financial conditions globally while managing still-elevated inflation expectations.

**Geopolitical and policy noise rising:** Elevated tensions around trade policy, upcoming elections, and shifting fiscal priorities are clouding the near-term policy outlook, even as market volatility remains below average.



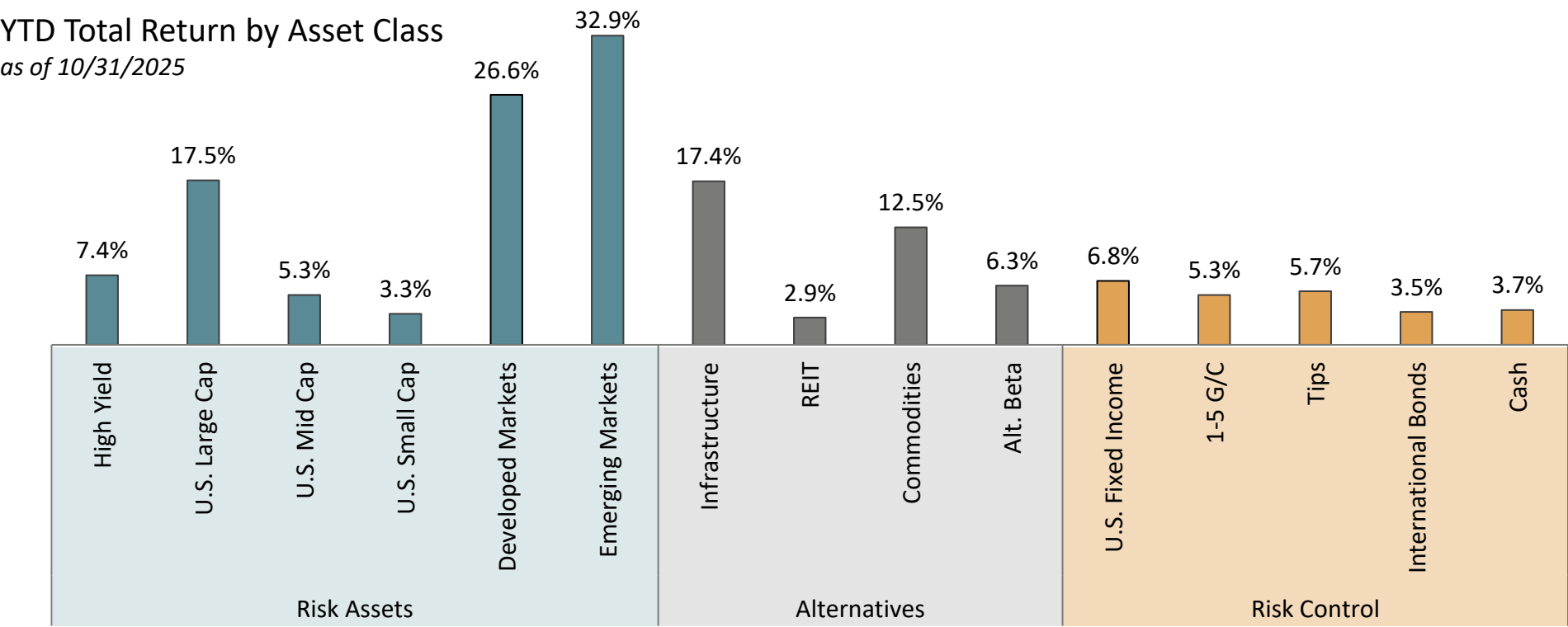
# Broad-based gains across asset classes

**Equities post strong returns across the board:** U.S. large-cap stocks hit record highs, led by earnings strength in tech and consumer sectors. Small caps rebounded sharply late in the year as rate cut expectations improved their earnings outlook.

**International and emerging markets outperform:** A weaker U.S. dollar supported foreign equity returns, while emerging markets benefited from stabilizing growth and renewed investor interest in diversified risk exposure.

**Fixed income regains footing:** Bond markets posted positive returns as yields declined and Fed rate cuts were priced in. Investment-grade debt offered attractive income, while high-yield spreads remained historically tight, signaling elevated risk appetite.

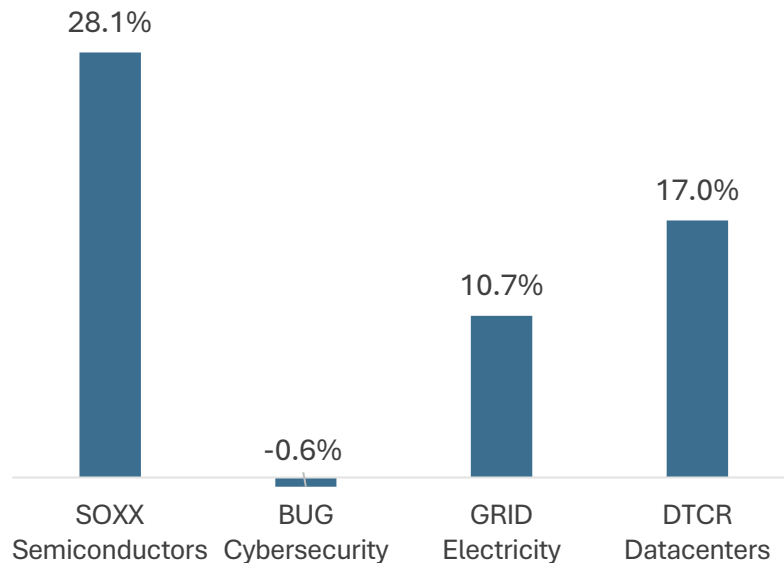
**Gold and alternatives add diversification:** Gold surged to new highs as investors sought safety amid geopolitical concerns and softening real yields. Alternative investments have delivered solid results, though performance varied across strategies depending on exposure to credit and macro-sensitive strategies.



# Navigating the AI opportunity Within a changing policy landscape

## AI Tilt Performance

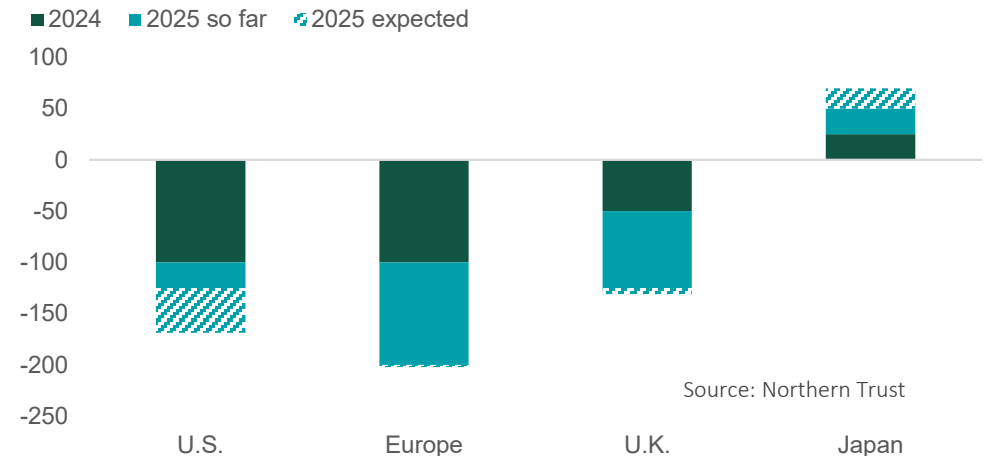
7/31/25 - 10/31/25



## The Fed Returns to Rate Cuts

With more emphasis on downside labor market risk versus upside risk to inflation, the Fed opened the door to rate

## CENTRAL BANK POLICY RATE CHANGES (BPS)



Source: Northern Trust

**Slower but still positive global growth:** Most developed economies are expected to grow modestly, supported by easing financial conditions. While a recession isn't the base case, risks remain from prior monetary tightening and uneven consumer momentum.

**Supportive but limited policy easing:** Central banks are pivoting to rate cuts, which should bolster risk assets. However, persistent inflation pressures and large fiscal imbalances may limit how aggressive they can be.

**Targeted AI exposure with fundamental backing:** Our portfolios maintain strategic overweight to companies in the AI value chain—including semiconductors, data centers, electrical grid expansion and cyber security—where earnings and adoption trends remain strong.

**Rebalancing to align with risk targets:** Following equity market strength, we've harvested gains and redirected capital to underweight areas like fixed income to preserve strategic balance and manage downside risk.

**Prepared for shifts in market leadership:** While committed to secular AI trends, we maintain flexibility to pivot should macro data or investor sentiment shift. Tactical adjustments will continue to reflect our conviction and evolving risk-reward dynamics.

## **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.