

# KENAI PENINSULA BOROUGH LAND TRUST INVESTMENT FUND

## INVESTMENT REVIEW

*for the period ending May 31, 2021*

## *Agenda*

- 01 Portfolio Review
- 02 Market Review
- 03 Appendix



ALASKA PERMANENT  
CAPITAL MANAGEMENT  
Registered Investment Adviser

# Account Summary as of May 31, 2021

## *Kenai Peninsula Borough Land Trust Investment Fund*

Account Inception	<b>June 2019</b>
Current Market Value <i>May 31, 2021</i>	<b>\$7,746,803</b>
Total Contributions	<b>\$6,225,227</b>
Cumulative Withdrawals <i>Does Not Include Management or Custodian Fees</i>	<b>\$0</b>
Annualized Account Return <i>June 30, 2019 – May 31, 2021; Gross of Fees</i>	<b>11.91%</b>
Current Allocation	<b>55% Equity / 45% Bonds</b>

Unofficial YTD Performance through 06/11/2021 is **8.24%**. Unofficial market value as of 06/11/2021 is **\$7,811,883**.

# Portfolio Review

*as of May 31, 2021*

Portfolio Review

Market Review

Appendix

# Historical Market Value as of May 31, 2021

## *Kenai Peninsula Borough Land Trust Investment Fund*

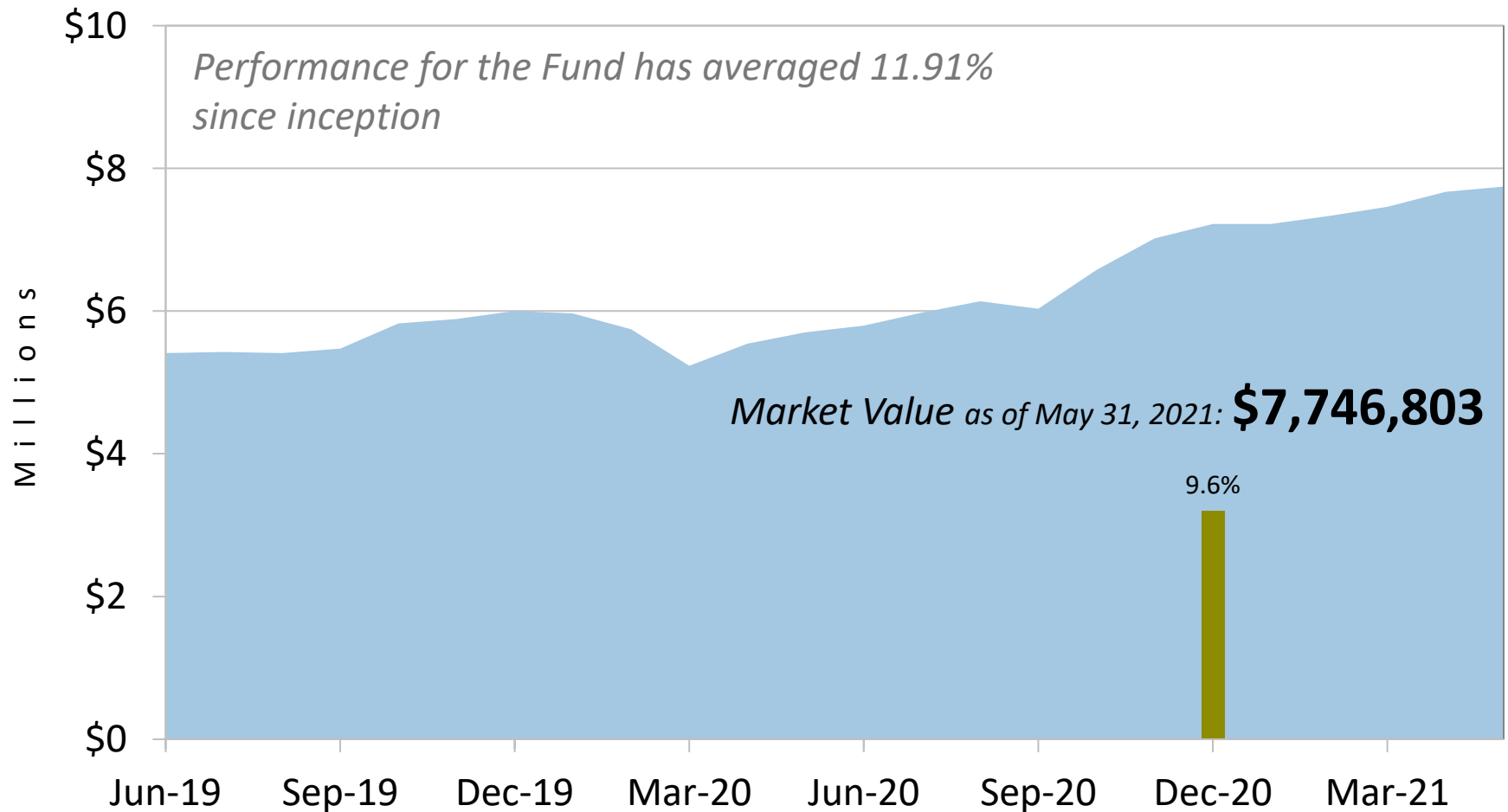
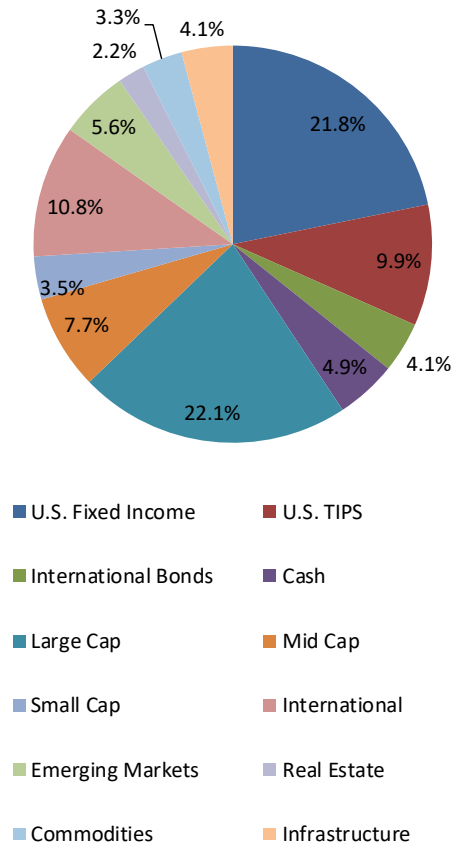


Chart shows month-end portfolio market value from June 2019 to May 2021 and annual performance from December 2019 to December 2020. Performance is gross of fees. Annualized portfolio return from June 30, 2019 to May 31, 2021 is 11.91%.

## PORTFOLIO REVIEW

# Asset Allocation as of May 31, 2021

## *Kenai Peninsula Borough Land Trust Investment Fund*



Asset Class	% Assets	Strategic Benchmark	Range	Market Value
<b>Fixed Income</b>	<b>40.7%</b>	<b>45%</b>		<b>\$3,153,920</b>
U.S. Fixed Income	21.8%	25	15-35%	\$1,688,148
U.S. TIPS	9.9%	10	5-15	\$764,422
International Bonds	4.1%	5	0-10	\$317,954
Cash	4.9%	5	0-10	\$383,396
<b>Equities</b>	<b>49.7%</b>	<b>47%</b>		<b>\$3,848,653</b>
Large Cap	22.1%	22	12-32%	\$1,710,546
Mid Cap	7.7%	7	0-15	\$597,636
Small Cap	3.5%	3	0-6	\$271,291
International	10.8%	10	5-15	\$834,355
Emerging Markets	5.6%	5	0-10	\$434,825
<b>Alternatives</b>	<b>9.6%</b>	<b>8%</b>		<b>\$744,229</b>
Real Estate	2.2%	2	0-5	\$169,780
Commodities	3.3%	3	0-6	\$253,065
Infrastructure	4.1%	3	0-6	\$321,384

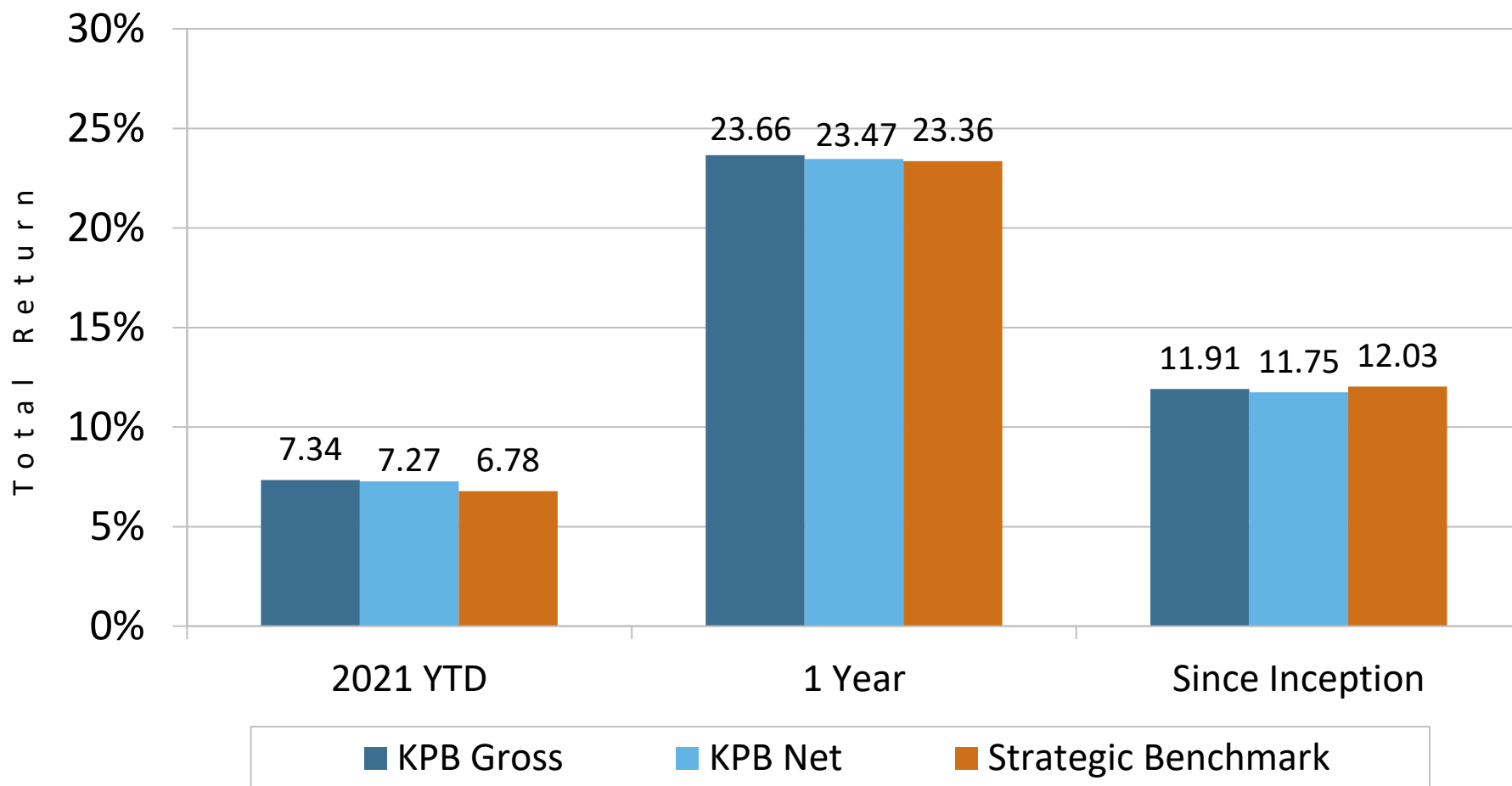
**Total**

**\$7,746,803**

**PORTFOLIO  
REVIEW**

# Account Performance as of May 31, 2021

## *Kenai Peninsula Borough Land Trust Investment Fund*



Performance is gross of fees and annualized for periods greater than one year. Portfolio inception performance begins on June 30, 2019. Strategic benchmark is a blended return of the account's target allocation.

# Market Review

Portfolio Review

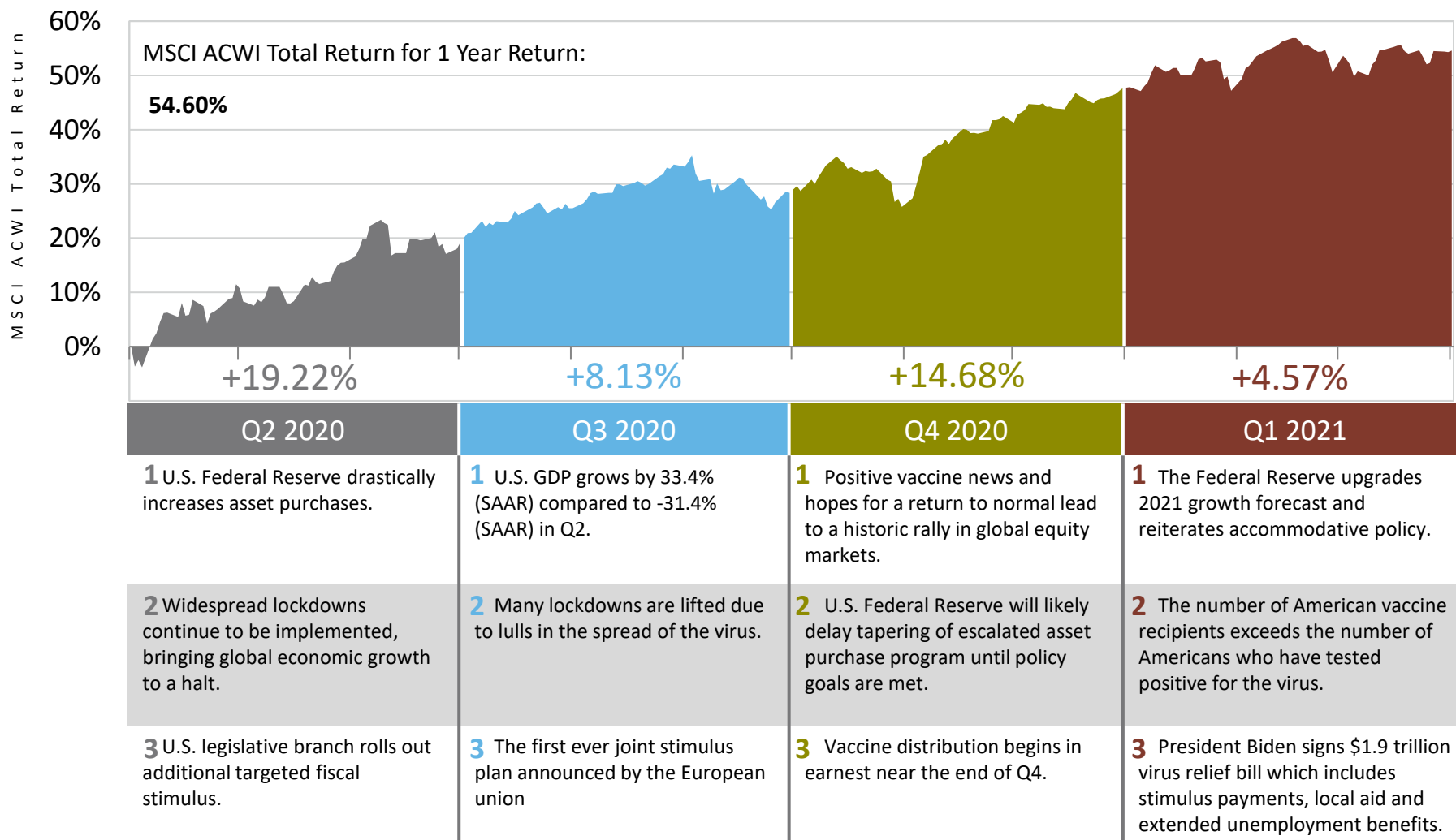
Market Review

Appendix

## MARKET REVIEW

# Global Market Events

## Q2 2020 – Q1 2021





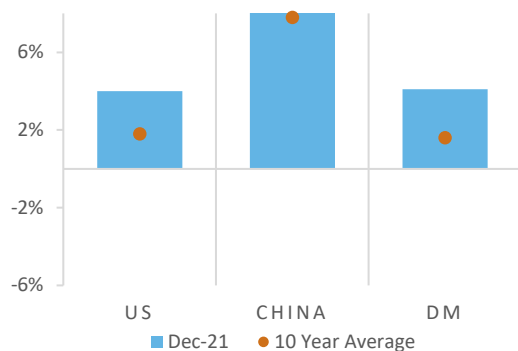
## MARKET REVIEW

# 2021 Outlook

*A Year of Revival, Restoration and Accommodation*

### EARLY STAGES OF A NEW ECONOMIC CYCLE

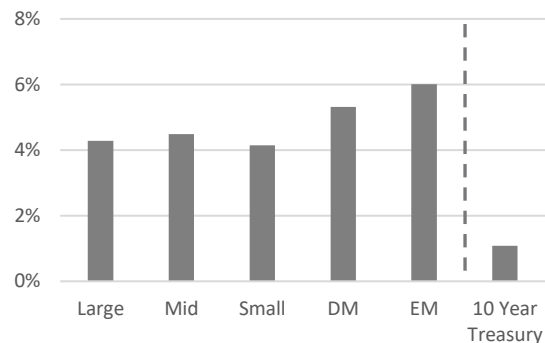
#### PROJECTED GDP GROWTH



- Widespread distribution of highly effective vaccines should lead to a strong pickup in growth, particularly in the second half of the year.
- Massive policy support and additional household savings provide a conducive backdrop to unleash pent-up demand.
- The near-term path of the virus and the success of the vaccination programs remain the most important factors to the outlook.

### STOCKS CONTINUE TO OFFER SUPERIOR RELATIVE RETURN

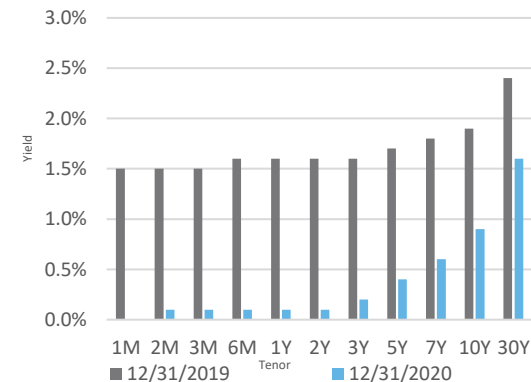
#### EARNINGS YIELD / YIELD



- Equity earnings yields remain above sovereign bond yields, supporting our preference for stocks relative to bonds.
- The economic backdrop and valuations favor U.S. mid and small companies as well as international stocks.
- Infrastructure is also attractive, trading at a discount to global stocks.

### LONG TERM IMPLICATIONS OF COLLAPSING INTEREST RATES

#### U.S. TREASURY YIELD



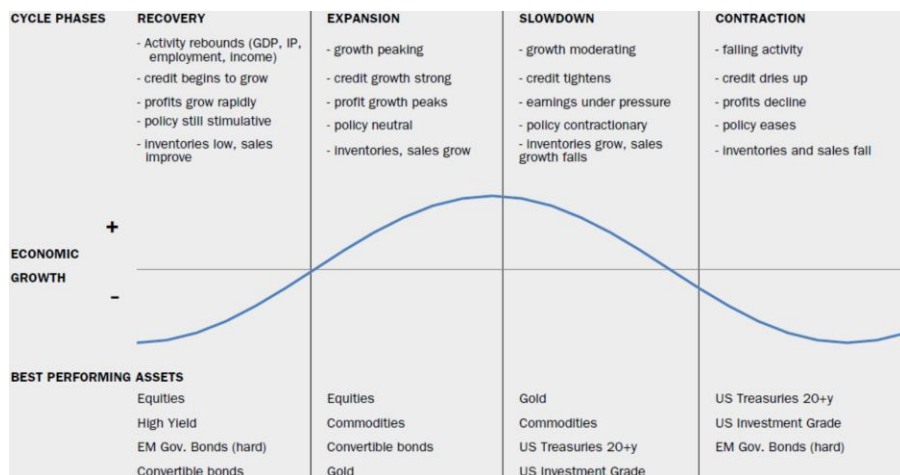
- APCM updated our long-term strategic perspective as the response to the pandemic created meaningful changes to return expectations.
- Publicly traded high yield bonds and alternative beta improve return expectations and increase diversification benefits.
- If appropriate, qualified clients meeting minimum investment requirements can now access the return premia in the private markets.

## MARKET REVIEW

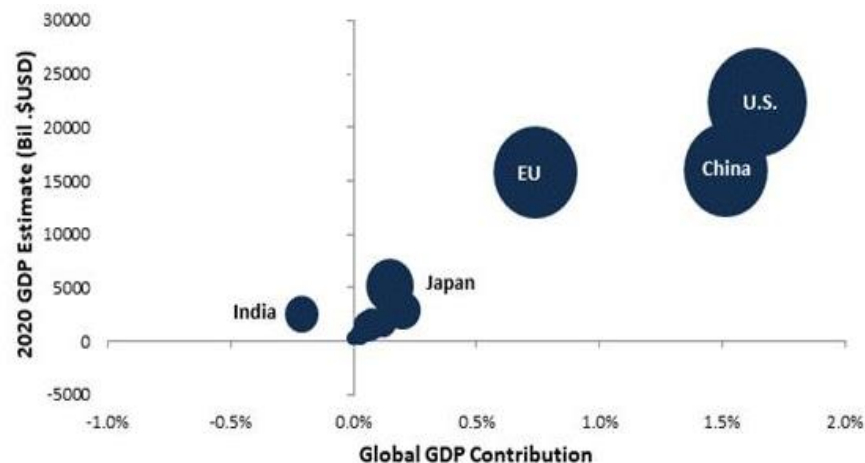
# A Year of Revival, Restoration, and Accommodation

## Global Economies Showing Divergent Growth Paths

### U.S. TRANSITIONING FROM RECOVERY TO EXPANSION

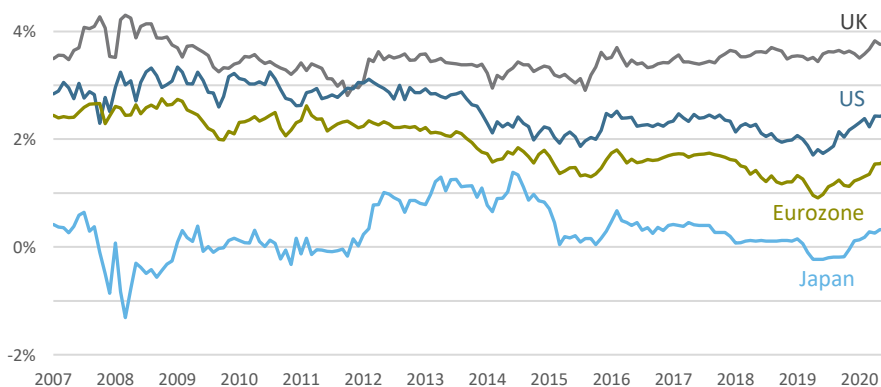


### U.S. EXPECTED TO CONTRIBUTE MOST TO 2021 GLOBAL GDP



### GLOBAL INFLATION EXPECTATIONS ARE RISING...

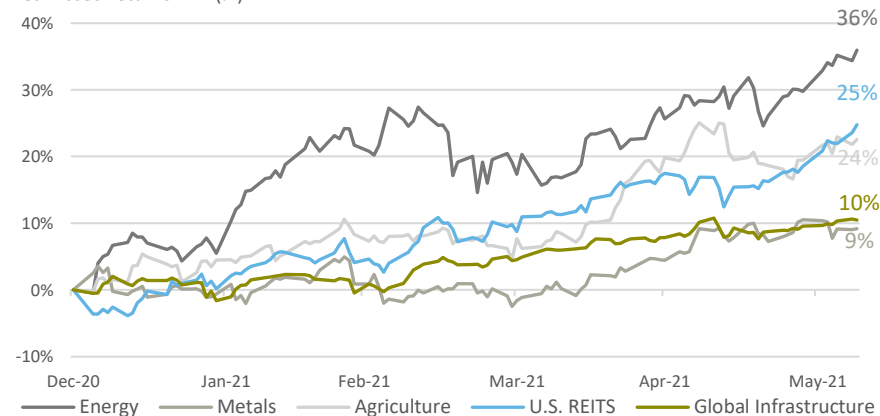
5 Year, 5 Year Inflation Swap Rates (%)



Source: Boppinon, Evercore ISI, Bloomberg

### ... SUPPORTING REAL ASSET RETURNS

Real Asset Returns YTD (%)

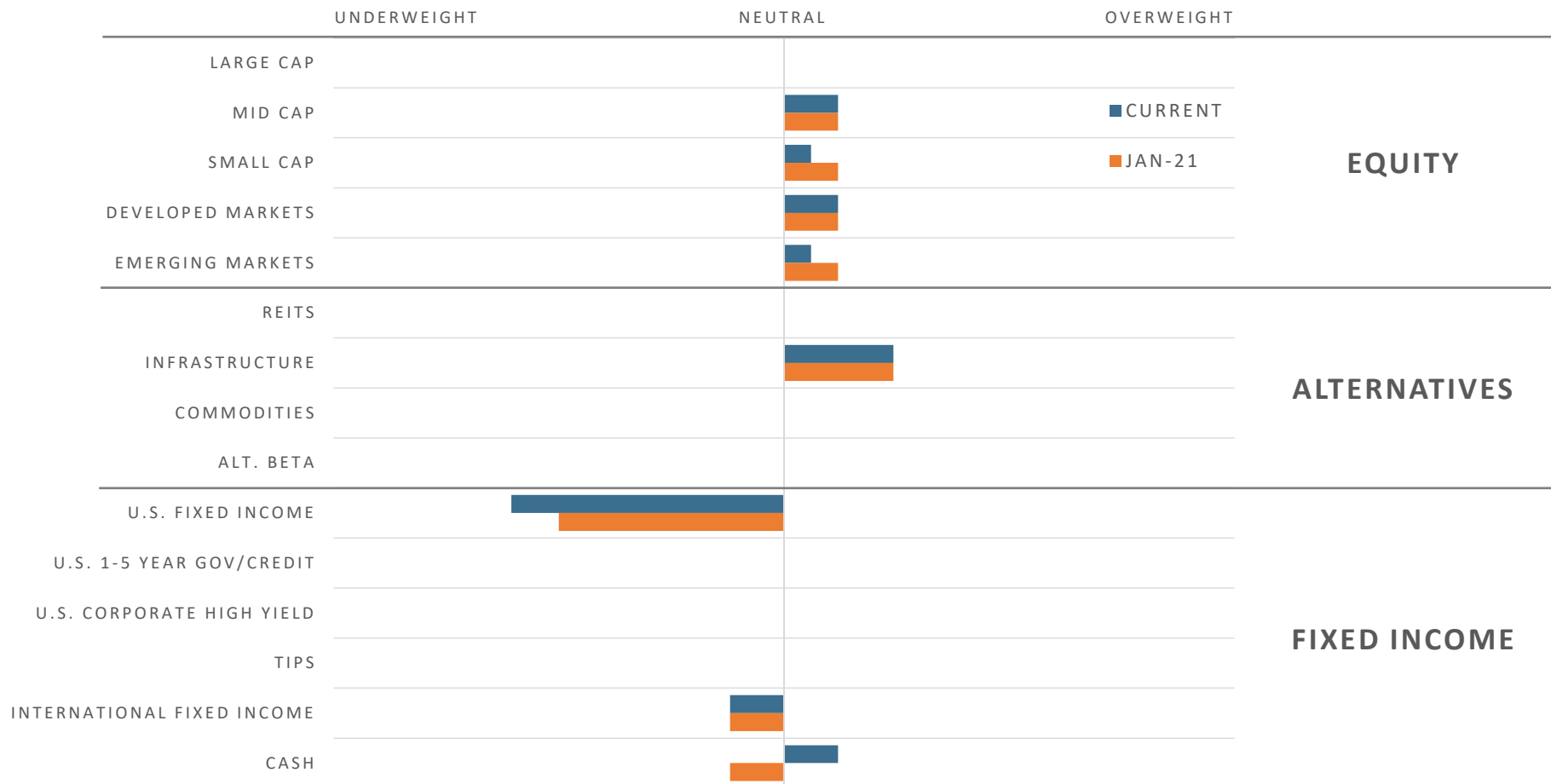


## MARKET REVIEW

# A Year of Revival, Restoration, and Accommodation

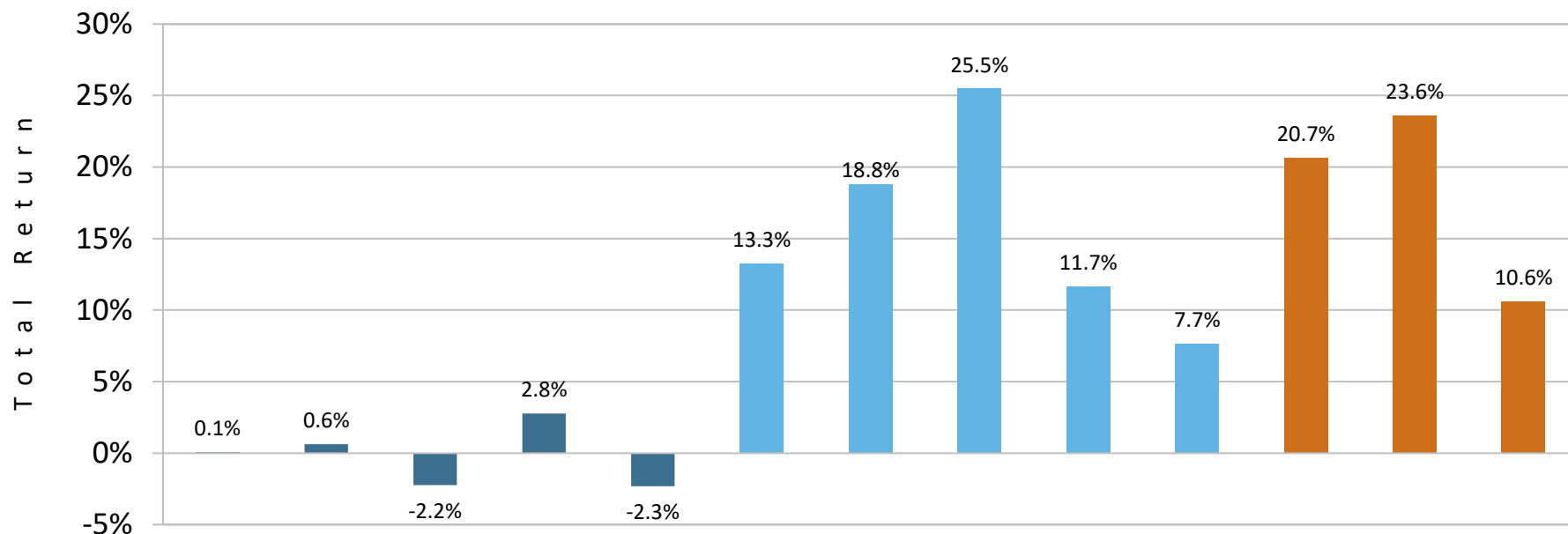
*Maintaining a Modest Overweight to Risky Assets and Alternatives*

## TACTICAL ASSET ALLOCATION



# MARKET REVIEW

## Asset Class Returns *Year-to-Date as of May 31, 2021*



	RISK CONTROL					RISK ASSETS							
	FIXED INCOME					EQUITIES					REAL ASSETS		
	Cash	Municipal Bonds	U.S. Fixed Income	TIPS	Intl. Fixed Income	U.S. Large Cap	U.S. Mid Cap	U.S. Small Cap	Dev. Ex-U.S.	Emerging Markets	Comm.	Real Estate	Infra.
YTD	0.1	0.6	-2.2	2.8	-2.3	13.3	18.8	25.5	11.7	7.7	20.7	23.6	10.6
1 Year	0.1	3.7	0.0	6.4	0.7	32.9	42.0	54.6	30.6	39.8	45.8	26.2	18.8
3 Year	1.4	4.5	5.3	4.3	4.3	17.2	12.7	12.1	8.3	9.3	2.8	11.4	11.5
5 Year	1.2	3.0	3.1	2.9	3.2	17.0	14.1	15.6	9.7	13.0	2.1	7.6	8.4

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

# Appendix

Portfolio Review

Market Review

Appendix

# Portfolio Appraisal

## KENAI PENINSULA BOROUGH - LAND TRUST INVESTMENT FUND

May 31, 2021



ALASKA PERMANENT  
CAPITAL MANAGEMENT

Registered Investment Adviser

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
<b>DOMESTIC FIXED INCOME FUNDS/ETF</b>									
14,591	VANGUARD SHORT-TERM TIPS ETF	49.71	725,334	52.39	764,422	9.87	0		
19,800	VANGUARD TOTAL BOND MARKET ETF	83.51	1,653,512	85.26	1,688,148	21.79	NA		
			2,378,845		2,452,570	31.66			
<b>INTERNATIONAL FIXED INCOME FUNDS/ETF</b>									
5,585	VANGUARD TOTAL INTL BOND ETF	57.37	320,401	56.93	317,954	4.10	NA		
<b>DOMESTIC LARGE CAP EQUITY FUNDS/ETF</b>									
692	FLEXSHARES QUAL DIV ETF	44.51	30,801	56.05	38,787	0.50	NA		
3,980	SPDR S&P 500 ETF	300.69	1,196,747	420.04	1,671,759	21.58	NA		
			1,227,548		1,710,546	22.08			
<b>DOMESTIC MID CAP EQUITY FUNDS/ETF</b>									
2,193	ISHARES CORE S&P MIDCAP 400 ETF	188.07	412,439	272.52	597,636	7.71	NA		
<b>DOMESTIC SMALL CAP EQUITY FUNDS/ETF</b>									
2,404	ISHARES S&P SMALLCAP 600 INDEX ETF	74.91	180,087	112.85	271,291	3.50	NA		
<b>INTERNATIONAL EQUITY FUNDS/ETF</b>									
10,864	ISHARES ETF CORE MSCI EAFE	67.35	731,648	76.80	834,355	10.77	NA		
<b>EMERGING MARKET FUNDS/ETF</b>									
6,524	ISHARES ETF CORE MSCI EMERGING MKTS	51.57	336,436	66.65	434,825	5.61	NA		
<b>REAL ESTATE &amp; INFRASTRUCTURE</b>									
5,458	FLEXSHAR STX GLOBAL BROAD INF ETF	51.31	280,064	58.88	321,384	4.15	NA		
1,364	JPMORGAN BETABUILDERS MSCI US REIT ETF	84.82	115,696	93.75	127,875	1.65	NA		
995	PACER INDUSTRIAL REAL ESTATE ETF	35.20	35,023	42.12	41,905	0.54	NA		
			430,782		491,164	6.34			
<b>COMMODITIES</b>									
4,676	ISHARES BB ROLL SELECT COMMODITY ETF	39.17	183,166	54.12	253,065	3.27	NA		
<b>CASH AND EQUIVALENTS</b>									
	WFB PUBLIC INST BANK DEPOSIT ACCOUNT		383,396		383,396	4.95			
<b>TOTAL PORTFOLIO</b>			<b>6,584,748</b>		<b>7,746,803</b>	<b>100</b>	<b>0</b>	<b>0</b>	

**PERFORMANCE HISTORY  
GROSS OF FEES  
KENAI PENINSULA BOROUGH - LAND TRUST**



**ALASKA PERMANENT  
CAPITAL MANAGEMENT**  
Registered Investment Adviser

**Percent Return  
Per Period**

Time Period	Total Account	BLEND	Fixed Income	BB BARC AGG BENCH	Domestic Large Cap Equity	S&P 500 LARGE CAPS BENCH	Domestic Mid Cap Equity	S&P 400 MIDCAP BENCH	Domestic Small Cap Equity	S & P 600 SMALL CAPS BENCH	Int'l Equity	MSCI EAFE Index	Emerging Market Equity	MSCI EMERGING MARKET BENCH	Real Estate	S&P US REIT BENCH	Diversified Alternatives	BB COMMODITY
05-31-20 to 06-30-20	1.63	1.73	0.59	0.63	1.74	1.99	1.42	1.26	3.34	3.74	3.48	3.40	6.69	7.35	0.87	3.04	2.65	2.28
06-30-20 to 07-31-20	3.18	3.23	1.08	1.49	5.85	5.64	4.56	4.61	4.28	4.11	2.00	2.33	8.63	8.94	3.68	4.14	5.58	5.71
07-31-20 to 08-31-20	2.64	2.76	-0.38	-0.81	6.96	7.19	3.58	3.51	3.89	3.99	4.93	5.14	3.11	2.21	1.97	0.75	5.43	6.76
08-31-20 to 09-30-20	-1.67	-1.74	0.00	-0.05	-3.75	-3.80	-3.34	-3.25	-4.67	-4.70	-1.98	-2.60	-0.94	-1.60	-2.04	-3.21	-2.66	-3.35
09-30-20 to 10-31-20	-0.90	-0.87	-0.29	-0.45	-2.62	-2.66	2.09	2.17	2.37	2.58	-3.63	-3.99	1.04	2.06	-2.94	-2.57	0.45	1.41
10-31-20 to 11-30-20	6.75	6.91	0.85	0.98	10.75	10.95	14.60	14.28	18.22	18.17	14.50	15.50	9.63	9.25	9.42	10.73	3.77	3.51
11-30-20 to 12-31-20	2.90	2.81	0.33	0.14	3.71	3.84	6.46	6.52	8.24	8.32	5.11	4.65	7.11	7.35	2.98	3.36	4.71	4.97
12-31-20 to 01-31-21	-0.01	0.00	-0.44	-0.72	-1.00	-1.01	1.49	1.50	6.17	6.29	-0.76	-1.07	2.89	3.07	-1.01	0.15	1.68	2.63
01-31-21 to 02-28-21	1.61	1.44	-0.99	-1.44	2.81	2.76	6.88	6.80	7.82	7.65	2.32	2.24	1.37	0.76	1.70	3.96	6.52	6.47
02-28-21 to 03-31-21	1.74	1.46	-0.58	-1.25	4.61	4.38	4.77	4.67	3.53	3.33	2.43	2.30	-0.57	-1.51	5.03	4.43	-1.83	-2.15
03-31-21 to 04-30-21	2.80	2.75	0.64	0.79	5.27	5.34	4.41	4.50	1.93	2.04	3.15	3.01	1.72	2.49	4.82	8.04	7.97	8.29
04-30-21 to 05-31-21	1.01	0.98	0.26	0.33	0.67	0.70	0.28	0.20	2.09	2.08	3.35	3.26	1.87	2.32	1.38	0.93	3.53	2.73
<b>Date to Date</b>																		
05-31-20 to 05-31-21	23.66	23.36	1.06	-0.40	39.95	40.32	57.37	56.77	72.44	73.07	39.61	38.41	50.94	51.00	28.38	38.33	44.28	46.22