

Fund takes \$10 billion drubbing

STOCK MARKET WOES: Dividend check could be smaller next year if net income doesn't reach target.

By **BILL WHITE** A-1 11/3/08
 bwhite@adn.com

Alaska Permanent Fund investments had a negative 8.5 percent return during the July-September quarter thanks to sagging stock markets, said officials of the state oil-wealth savings account.

The fund value fell to \$33 billion on Sept. 30, the end of the quarter. But stock markets plunged in October, and the fund's value now is about \$30 billion. The value peaked at \$40.4 billion a year ago.

Despite the pounding from the stock market, the fund should have positive "statutory net income" for the fiscal year that ends next June, said Michael Burns, chief executive of the Alaska Permanent Fund Corp. That should prop up next fall's annual Permanent Fund dividend paid to Alaskans. The dividend is based on net income averaged over five years.

Burns predicts this fiscal year's statutory net income will be positive. But unless it hits

Fund tumbles

The Alaska Permanent Fund has dropped \$6 billion in the last two months; \$10 billion in past year.



Source: Alaska Permanent Fund Corp.

RON ENGSTROM / Anchorage Daily News

about \$1.5 billion, next year's dividend will likely be smaller than the \$2,069 paid this year.

"With our cash stream from real estate rent and other sources, we expect to end the fiscal year with a positive balance for statutory net income," Burns said. But he noted that one-fourth into that fiscal year the fund was showing a \$137 million loss, not a posi-

tive number.

"These certainly aren't easy times, but our advantage is right there in our name — Permanent," Burns said. "Our board sets an allocation for the long term, and accepts that volatility will come in the short term. Our job now is to hold to our long-term plans, and not be tempted to change course in the middle of the storm."

Here's how the fund's different investments did in the July-September quarter:

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— Michael Burns, chief executive of the Alaska Permanent Fund Corp.

- Non-U.S. stocks — down 22.5 percent.
- Global stocks — down 17 percent.
- U.S. stocks — down 8.1 percent.
- Private equity and hedge funds — down 9.1 percent.
- Foreign bonds — down 3 percent.
- U.S. bonds — down 1.6 percent.
- Real estate — up 0.2 percent.

Bill White can be reached at bwhite@adn.com or 257-4311.