

POLICIES AND PROCEDURES APPLICABLE
TO THE TREASURY DIVISION,
DEPARTMENT OF REVENUE,
STATE OF ALASKA



APPENDIX AD

**Decision and Justification for Asset Allocation for the
Alaska Children's Trust**

The Alaska Children's Trust (the Trust) is a trust the income of which is dedicated to programs for the prevention of child abuse and neglect. The Trust was established in 1988 (ch. 19 SLA 1988). The Alaska Children's Trust Board, established in 1996, oversees the community-based grant programs supported by the Trust (E.O. No. 96 1996). The Commissioner of Revenue is the fiduciary of this Trust (AS 37.14.210, AS 14.25.180(a), AS 37.14.170 and AS 37.10.071). Appendix AC contains the statutes governing the Trust. AS 37.14.170 establishes the investment objectives and focus:

AS 37.14.170. Investments. The commissioner of revenue is the fiduciary of the trust fund and shall invest the fund to provide increasing net income over long-term periods to the fund's income beneficiaries. The commissioner may invest the money in the fund on the basis of probable total rate of return to promote the long-term generation of income. In managing the trust fund, the commissioner shall:

- (1) consider the status of the fund's capital and the income generated on both a current and a probable future basis;
- (2) determine the appropriate investment objectives;
- (3) establish investment policies to achieve the objectives; and
- (4) act only in regard to the financial interests of the fund's beneficiaries.

The central objective is to provide "increasing net income over long-term periods to the Fund's income beneficiaries." Treasury interprets this income objective to be increasing *real*, or inflation adjusted, income over long-term periods.

