

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



APPENDIX AB

**Decision and Justification for Asset Allocation for the
Public School Trust Fund
Updated March 2000, Effective April 1, 2000**

The Public School Trust Fund (the Trust) is a non-expendable trust fund the income of which is dedicated to the benefit of Alaska’s public schools. The Public School Permanent Fund was originally created as a consequence of an Act of Congress on March 15, 1915. The applicable statutes (AS 37.14.110-170 and related statutes) are provided in Appendix Z and additional historical material is included in Appendix AA. In 1988, the Trust was relabeled as an “endowment trust” (the name was changed to the Public School Trust Fund) and the Commissioner of Revenue was made the fiduciary.

AS 37.14.170 establishes the investment objectives and focus:

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.

