STATE OF ALASKA
DEPARTMENT OF REVENUE

Exxon Valdez Oil Spill Trust

2018 Asset Allocation Review

Performance

as of June 30, 2018

EVOS Fund Performance:

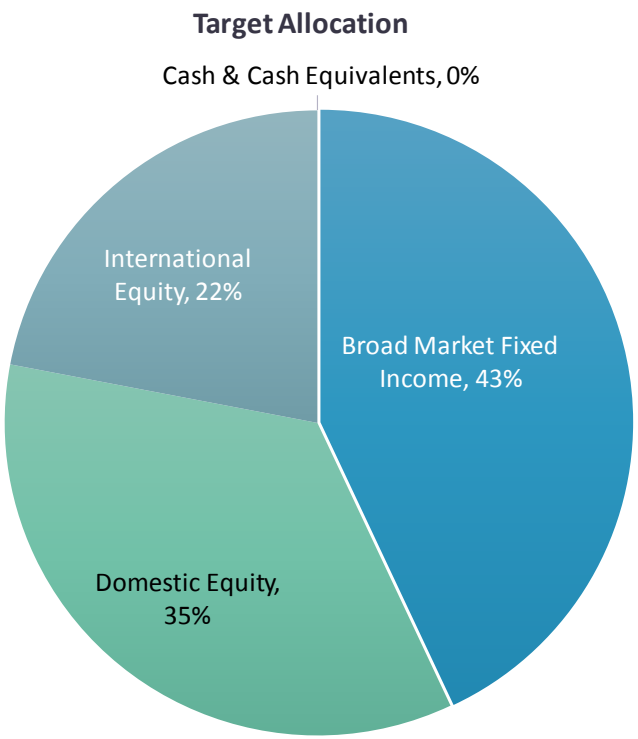
Gross Performance as of June 30, 2018 ($millions)	Value	1 Yr	3 Yr	5 Yr	10 Yr
EVOS Research Investment (AY02)	$101.72	8.17%	7.32%	8.91%	7.78%
EVOS Habitat Investment (AY2H)	$91.13	8.32%	7.42%	8.97%	7.73%
Index		8.15%	7.13%	8.45%	7.19%

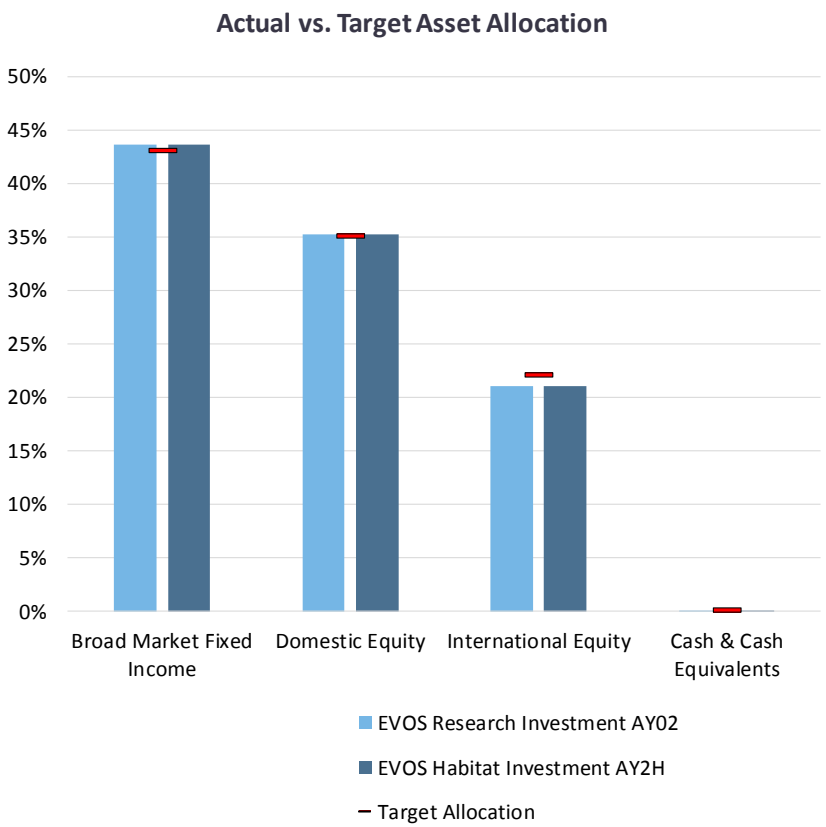
State Investment Pool Performance:

Gross Performance as of June 30, 2018 ($millions)	1 Yr	3 Yr	5 Yr	10 Yr
Cash & Cash Equivalents	1.53%	0.99%	0.71%	0.70%
Index: 3 Month T Bill	1.37%	0.68%	0.42%	0.36%
Broad Market Fixed Income	-0.44%	1.87%	2.34%	3.82%
Index: Bloomberg Barclays Agg	-0.40%	1.72%	2.27%	3.72%
Domestic Equity	14.74%	11.47%	13.23%	10.18%
Index: Russell 3000	14.78%	11.58%	13.29%	10.23%
International Equity	7.53%	5.82%	8.50%	
Index: MSCI ACWI Ex-US	7.28%	5.10%	6.56%	

Asset Allocation

as of June 30, 2018





Capital Market Assumptions

AssetClass	Projected Arithmetic Return	10 Yr. Geometric Mean Return	Projected Standard Deviation
Broad Domestic Equity	8.30%	6.85%	18.23%
Large Cap	8.05%	6.74%	17.40%
Small/Mid Cap	9.30%	7.00%	22.60%
International Equity	8.45%	6.75%	19.70%
Emerging Markets Equity	10.50%	7.00%	27.45%
Global ex US Equity	8.96%	7.00%	21.00%
Intermediate Treasurys	2.85%	2.80%	3.60%
Domestic Fixed	3.05%	3.00%	3.75%
Opportunistic	6.05%	5.65%	10.40%
Real Estate	6.90%	5.70%	16.35%
Timberland	7.35%	6.00%	17.40%
Farmland	7.40%	6.15%	16.90%
Infrastructure	8.00%	6.40%	18.95%
MLPs	8.50%	6.60%	20.70%
Real Assets	7.45%	6.40%	15.79%
Absolute Return	5.35%	5.05%	9.15%
Private Equity	11.10%	8.85%	22.90%
Cash Equivalents	2.25%	2.25%	0.90%
Inflation	2.25%	2.25%	1.50%

Source: Callan, ARMB Asset Allocation, June 21, 2018

EVOS Applicable Asset Class

Asset Allocation Mix Alternatives

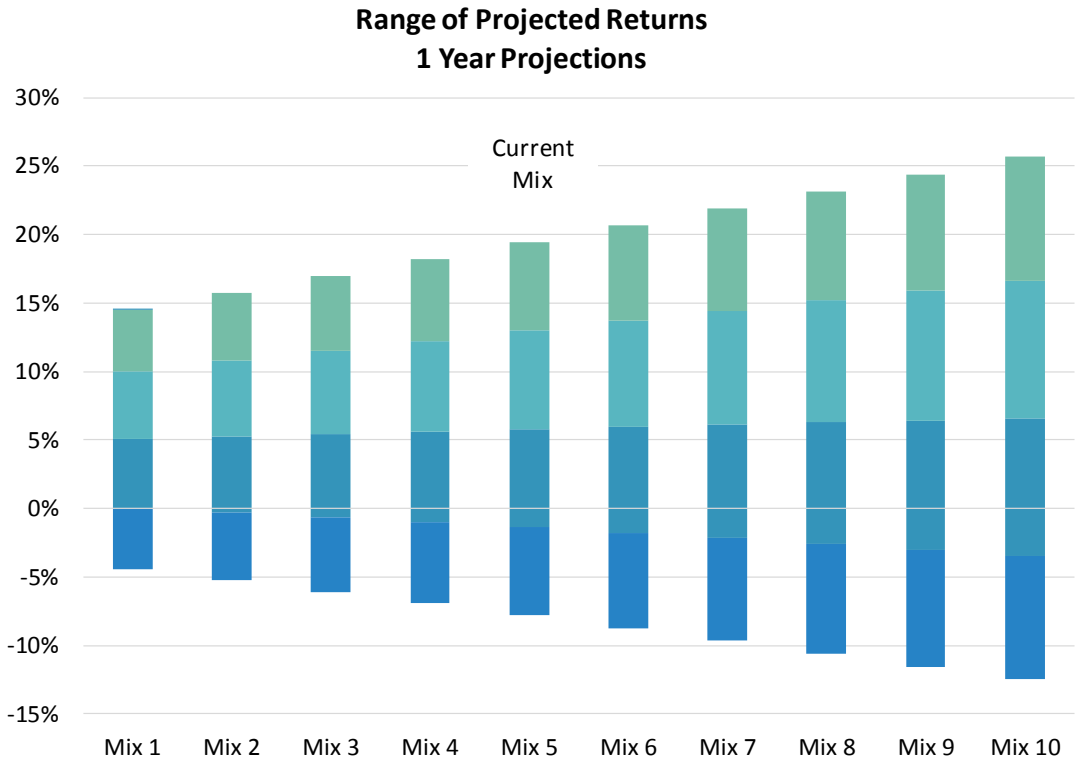
Capital market assumptions and the resulting efficient frontier are unchanged from last year.

	Constraints		Asset Mix Alternatives										
Asset Classes	**Min**	**Max**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**Current Mix**
Broad Domestic Equity	0%	100%	23.9%	26.6%	29.4%	32.2%	35.0%	37.7%	40.5%	43.3%	46.1%	48.9%	35.0%
Global ex-US Equity	0%	100%	15.2%	17.0%	18.7%	20.5%	22.3%	24.0%	25.8%	27.6%	29.3%	31.1%	22.0%
Domestic Fixed	0%	100%	60.9%	56.4%	51.8%	47.3%	42.8%	38.2%	33.7%	29.1%	24.6%	20.0%	43.0%
Cash Equivalents	0%	100%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total			100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Projected 10 Year Return			5.1%	5.2%	5.4%	5.6%	5.8%	6.0%	6.1%	6.3%	6.4%	6.6%	5.8%
Expected Risk (Standard Deviation)			7.4%	8.2%	9.0%	9.8%	10.6%	11.5%	12.3%	13.2%	14.0%	14.9%	10.6%
Sharpe Ratio			0.38	0.37	0.35	0.34	0.33	0.32	0.31	0.31	0.30	0.29	0.32

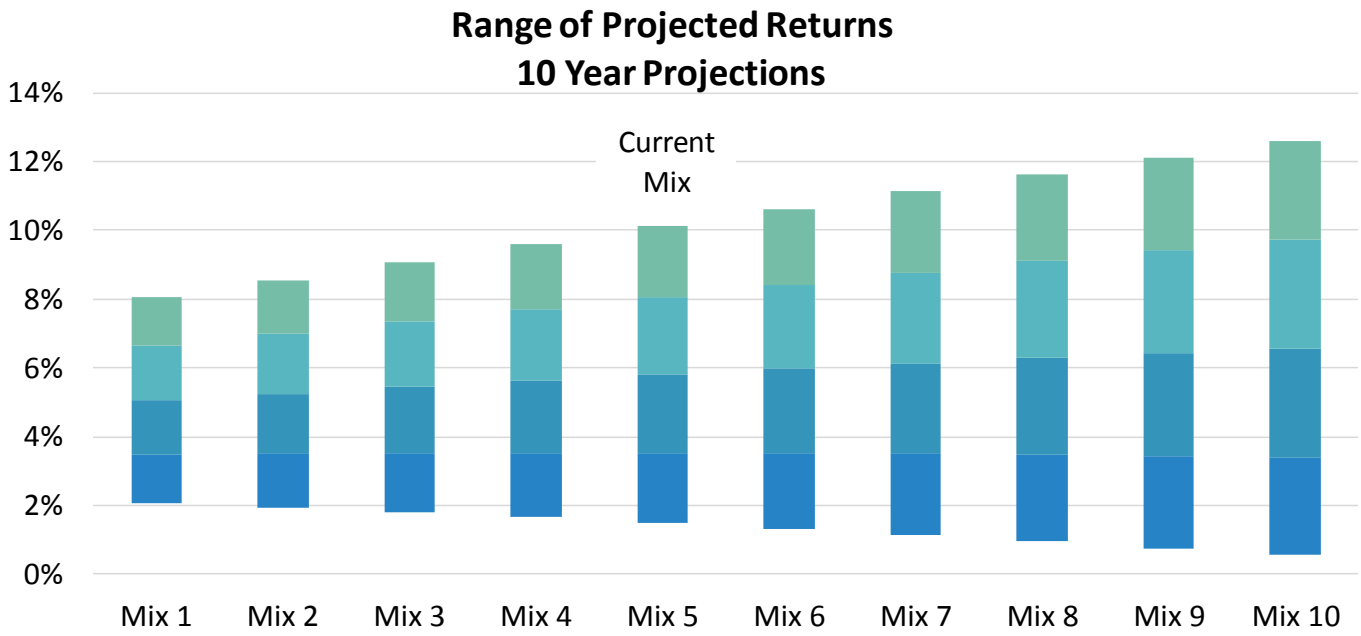
Short-term Possible Outcomes

Short Term Possible Outcomes - 1 Year Projections	Mix 1	Mix 2	Mix 3	Mix 4	Mix 5	Mix 6	Mix 7	Mix 8	Mix 9	Mix 10
Top Decile	14.5%	15.7%	17.0%	18.2%	19.4%	20.7%	21.9%	23.2%	24.4%	25.7%
Top Quartile	10.0%	10.8%	11.5%	12.2%	13.0%	13.7%	14.4%	15.2%	15.9%	16.6%
Mean	5.1%	5.2%	5.4%	5.6%	5.8%	6.0%	6.1%	6.3%	6.4%	6.6%
Bottom Quartile	0.1%	-0.3%	-0.6%	-1.0%	-1.4%	-1.8%	-2.2%	-2.6%	-3.0%	-3.5%
Bottom Decile	-4.4%	-5.2%	-6.1%	-6.9%	-7.8%	-8.7%	-9.7%	-10.6%	-11.5%	-12.5%
Probability of a Negative Return	24.7%	26.1%	27.2%	28.3%	29.3%	30.2%	30.9%	31.7%	32.3%	32.9%

Range of possible returns between the 10th and 90th percentile of a normal distribution. Chart reflects table above with break points at 10%, 25%, and the mean.



Longer-term Possible Outcomes

Long Term Possible Outcomes - 10 Year Projections	Mix 1	Mix 2	Mix 3	Mix 4	Mix 5	Mix 6	Mix 7	Mix 8	Mix 9	Mix 10
Top Decile	8.0%	8.6%	9.1%	9.6%	10.1%	10.6%	11.1%	11.6%	12.1%	12.6%
Top Quartile	6.6%	7.0%	7.4%	7.7%	8.1%	8.4%	8.8%	9.1%	9.4%	9.8%
Mean expected	5.1%	5.2%	5.4%	5.6%	5.8%	6.0%	6.1%	6.3%	6.4%	6.6%
Bottom Quartile	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.4%	3.4%
Bottom Decile	2.1%	1.9%	1.8%	1.6%	1.5%	1.3%	1.1%	0.9%	0.7%	0.5%
Probability of a Negative Return	1.5%	2.1%	2.8%	3.5%	4.2%	5.0%	5.8%	6.6%	7.3%	8.1%

Range of possible returns between the 10th and 90th percentile of a normal distribution. Chart reflects table above with break points at 10%, 25%, and the mean.