

Callan

September 2019



City of Valdez Permanent Fund

City Council Presentation

Alex Browning

Senior Vice President

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Senior Vice President



At Callan, we collaborate with each client to build tailored and lasting investment solutions.

Firm Overview

- Founded in 1973 by Ed Callan
- Employee-owned investment consulting firm
- Advise more than 400 funds representing greater than \$2.0 trillion in assets
- Over 180 professionals, including 81 shareholders
- Callan began advising the Permanent Fund in 1997

Education & Events

- Callan Institute: National Conference | Regional Workshops
- Center for Investment Training: Callan College
- Customized Sessions & Continuing Education Credits

What Makes Callan Different?

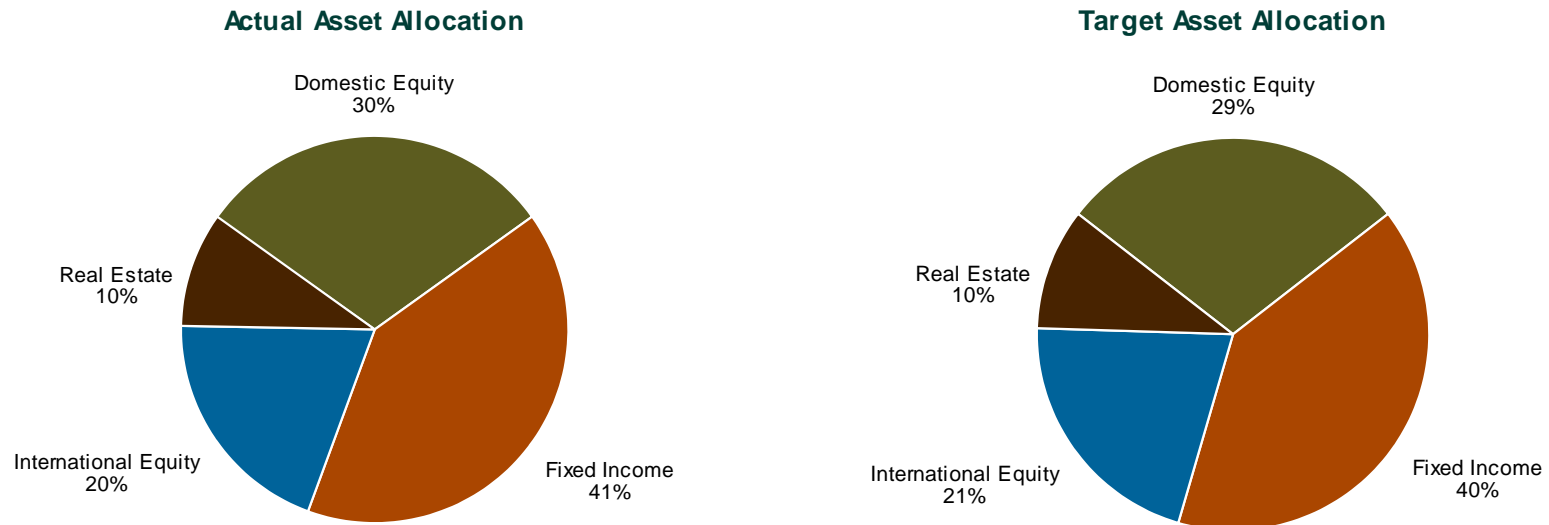
In addition to our unique culture of collaboration and peer oversight, we combine the benefits of large and small consulting firms.



- The City of Valdez Permanent Fund is a very important client to Callan
- Our objective has always been to make the City of Valdez feel like our only client

Total Fund Asset Allocation

As of June 30, 2019



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	63,929	30.3%	29.0%	1.3%	2,670
Fixed Income	85,572	40.5%	40.0%	0.5%	1,077
International Equity	41,561	19.7%	21.0%	(1.3%)	(2,799)
Real Estate	20,176	9.6%	10.0%	(0.4%)	(948)
Total	211,238	100.0%	100.0%		

- Annual distribution to the General Fund = 1.50% or approximately \$3.2MM
- Long-Term Permanent Fund growth objective = CPI + 4.00% or approximately \$8.4MM
- Permanent Fund: 50% Stocks, 40% Bonds, 10% Real Estate

Manager Asset Balances

As of June 30, 2019

	June 30, 2019		Net New Inv.	Inv. Return	March 31, 2019	
	Market Value	Weight			Market Value	Weight
Domestic Equity	\$63,928,610	30.26%	\$(2,780)	\$2,393,241	\$61,538,150	29.94%
Large Cap Equity	\$46,475,019	22.00%	\$(2,780)	\$1,914,862	\$44,562,936	21.68%
Vanguard Institutional Index	46,475,019	22.00%	(2,780)	1,914,862	44,562,936	21.68%
Mid Cap Equity	\$12,362,476	5.85%	\$0	\$363,418	\$11,999,057	5.84%
Vanguard S&P Mid Cap 400 Index	12,362,476	5.85%	0	363,418	11,999,057	5.84%
Small Cap Equity	\$5,091,116	2.41%	\$0	\$114,961	\$4,976,156	2.42%
RBC Small Cap Core	5,091,116	2.41%	0	114,961	4,976,156	2.42%
International Equity	\$41,561,036	19.68%	\$(17,816)	\$1,016,535	\$40,562,318	19.74%
Vanguard Intl Growth	17,862,999	8.46%	0	558,799	17,304,200	8.42%
Vanguard Intl Value	16,137,472	7.64%	0	381,217	15,756,255	7.67%
Brandes International Small Cap	7,560,566	3.58%	(17,816)	76,519	7,501,863	3.65%
Fixed Income	\$85,571,920	40.51%	\$(1,578)	\$2,524,997	\$83,048,501	40.41%
Alaska Permanent Cap Mgmt	30,135,202	14.27%	(1,578)	879,290	29,257,489	14.24%
Standish Global Fixed	25,528,746	12.09%	0	729,057	24,799,689	12.07%
Baird Aggregate Bond	29,907,973	14.16%	0	916,650	28,991,324	14.11%
Real Estate	\$20,176,109	9.55%	\$(53,975)	\$(137,197)	\$20,367,282	9.91%
UBS Trumbull Property	9,400,054	4.45%	(22,960)	(360,821)	9,783,835	4.76%
Morgan Stanley Prime Property Fund	10,776,055	5.10%	(31,015)	223,624	10,583,447	5.15%
Total Fund	\$211,237,676	100.0%	\$(76,149)	\$5,797,575	\$205,516,251	100.0%

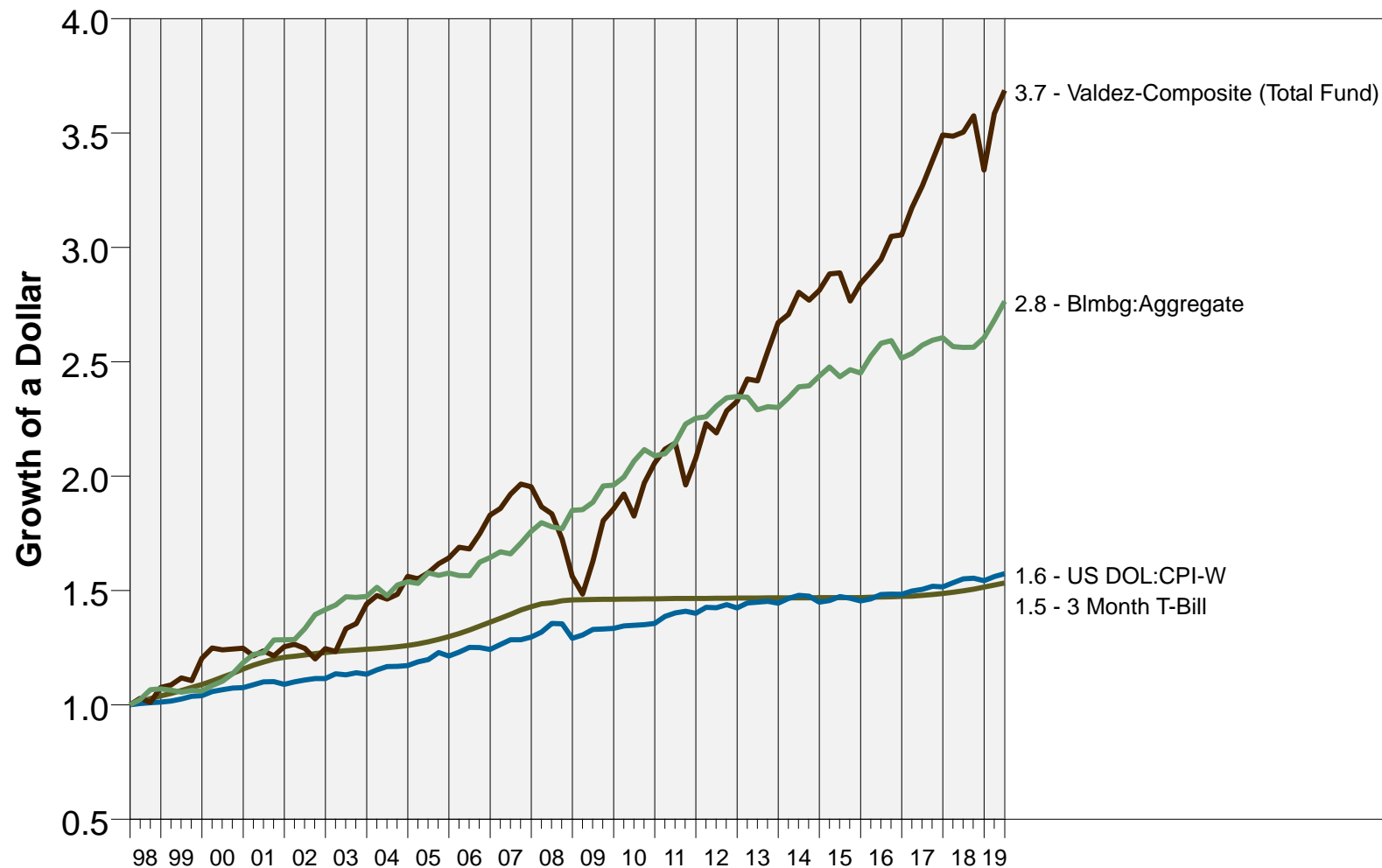
Valdez \$ Investment Returns

Trailing 1-Year Period

	3Q18	4Q18	1Q19	2Q19	Last Year
Domestic Equity	\$ 3,873,836	\$ (9,888,126)	\$ 7,451,733	\$ 2,393,241	\$ 3,830,684
Vanguard Institutional Index	\$ 3,243,068	\$ (6,135,838)	\$ 5,354,103	\$ 1,914,862	\$ 4,376,195
Vanguard S&P Mid Cap 400 Index	\$ 469,406	\$ (2,190,916)	\$ 1,516,259	\$ 363,418	\$ 158,167
RBC Small Cap Core	\$ 161,362	\$ (1,561,372)	\$ 581,371	\$ 114,961	\$ (703,678)
International Equity	\$ (267,801)	\$ (4,997,669)	\$ 3,511,671	\$ 1,016,535	\$ (737,264)
Vanguard International Growth	\$ (272,109)	\$ (2,604,917)	\$ 2,246,592	\$ 558,799	\$ (71,635)
Vanguard International Value	\$ 160,485	\$ (1,964,370)	\$ 1,358,917	\$ 381,217	\$ (63,751)
Brandes International Small Cap	\$ (156,177)	\$ (428,382)	\$ (93,838)	\$ 76,519	\$ (601,878)
Fixed Income	\$ 52,825	\$ 824,608	\$ 2,572,267	\$ 2,524,997	\$ 5,974,697
Alaska Permanent Capital Management	\$ 26,876	\$ 396,146	\$ 830,287	\$ 879,290	\$ 2,132,599
Standish Global Fixed Income	\$ 5,658	\$ 39,382	\$ 811,370	\$ 729,057	\$ 1,585,467
Baird Aggregate Bond	\$ 20,291	\$ 389,080	\$ 930,610	\$ 916,650	\$ 2,256,631
Real Estate	\$ 457,108	\$ 294,777	\$ 230,374	\$ (137,197)	\$ 845,062
UBS Trumbull Property	\$ 134,131	\$ 165,731	\$ 66,779	\$ (360,821)	\$ 5,820
Mogran Stanley Prime Property Fund	\$ 322,977	\$ 129,046	\$ 163,595	\$ 223,624	\$ 839,242
Total	\$ 4,115,968	\$ (13,766,410)	\$ 13,766,045	\$ 5,797,576	\$ 9,913,179

Valdez Total Fund Growth

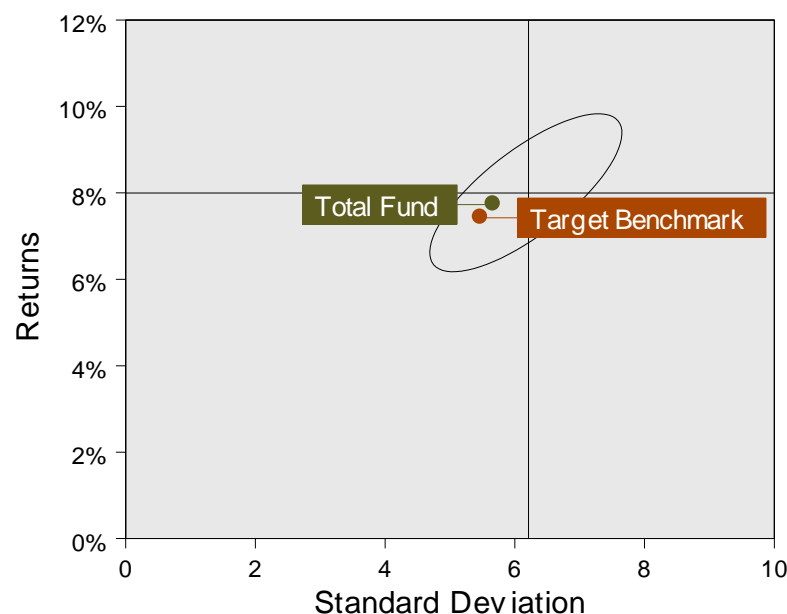
**Growth of a Dollar
For 21 1/4 Years Ended June 30, 2019**



Permanent Fund Total Returns

Cumulative Annualized

Callan Public Fund Spons- Mid (100M-1B) (Gross)
Annualized Seven Year Risk vs Return



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 15 Years
10th Percentile	3.80	7.83	10.36	6.99	9.45	10.39	7.53
25th Percentile	3.52	6.89	9.43	6.37	8.83	9.67	7.04
Median	3.33	6.19	8.68	5.83	8.00	8.91	6.59
75th Percentile	3.08	5.26	8.08	5.42	7.49	8.36	6.09
90th Percentile	2.82	4.73	7.41	4.56	6.98	7.63	5.70
Total Fund ●	2.82	5.19	7.74	5.63	7.73	8.51	6.36
Target Benchmark ▲	3.11	6.87	7.77	5.50	7.42	8.29	6.24