



Mayor Suzanne LaFrance  
**Municipality of Anchorage**

May 27, 2026  
Mayor Suzanne LaFrance  
Assembly  
Municipality of Anchorage  
PO Box 196650  
Anchorage, AK 99519

RE: MOA Trust Board Annual Report: 2025

Dear Mayor LaFrance and Assembly Members:

The Municipality of Anchorage Trust Board (“Board”) is required under AMC 4.40.170.E.4 to provide an annual report which summarizes major performance and operational highlights of the trust during the previous year, as well as commentary on market conditions and potential significant initiatives for the trust in the coming year.

GENERAL MATTERS

The Board worked with MOA Purchasing Department to conduct an RFP Search for an external investment consultant that resulted in the hiring of Callan Associates to replace RVK starting January 1, 2026.

The Board also worked with MOA HR Department to hire Kevin Liu as Director of Portfolio Operations. Kevin started with the Municipality on April 6, 2026.

The Board met regularly with the external investment consultant (RVK) to review the Trust Fund portfolio composition and performance, and to confirm compliance with the Investment Policy Statement. There were multiple conversations regarding the underperformance of the non-US equity mandates, which led to both managers being terminated in April 2026.

The Board provided monthly updates to the Assembly Budget and Finance Committee-of-the-whole on Trust related activity.

Most importantly, over the last 3 years ending December 31, 2025 the Trust’s annualized return of 11.87% was substantially above the CPI + 4% benchmark of 6.97%; we are meeting our goal of maintaining value above the rate of inflation while returning 4% to support MOA operations.

MOA TRUST FUND STRATEGY

Per AMC 6.50.060.G, “*The investment objective of the Trust is to utilize a balanced investment approach, combined with a controlled spending policy, to preserve the purchasing power of the corpus and to maximize the rates of return over time by investing in equity and fixed income instruments, real estate and alternative investments and strategies, within prudent levels of risk and consistent with established endowment investment practices.*” The Trust’s investment time horizon is greater than 10 years; its risk tolerance is moderate to moderately high.

The Board believes the Investment Policy Statement is fundamentally prudent and appropriate given the investment horizon and earnings objectives of the Trust. The Investment Policy is based on modern portfolio theory to maximize expected returns while keeping risks within acceptable levels. Investable assets are allocated to a diversified mix of differentiated asset classes defined in the Investment Policy Statement. **During 2025, the Investment Policy Statement was reviewed and revised by suggestion of board members and the Trust's investment consultant.** The policy is executed by the MOA Chief Financial Officer as supported by the Trust Manager and investment consultant. All investments are managed by external portfolio managers. The Board participates in regular quarterly meetings. The primary focus of the meetings is to deliver on the fiduciary duty to supervise the Trust.

In 2025, with the exception of the non-US mandates, the Trust found the performance of the investment managers to be satisfactory. The Trust strategically maintained its holdings in cash equivalents to minimize rebalancing risk to the fund, which might otherwise occur with the biannual distributions to the MOA.

#### FUND PERFORMANCE

Overall, the Trust investments performed well during 2025, and all portfolio returns for the Trust cited in this report are shown net of fees. On an absolute basis, Trust investments returned a combined 15.11% in 2025. The Trust underperformed slightly (0.26%) relative to the policy benchmark of 15.37%. The policy benchmark is comprised of market indices weighted in the same proportion as the Trust's asset allocation policy.

While International Equity underperformed relative to its benchmark, it had the highest absolute return at 29.62%.

The broad U.S. equity market, represented by the Russell 3000, also performed well and finished the year up 17.15%. Fixed Income, Emerging Markets Debt, and Real Estate all outperformed their benchmarks, while Private Credit underperformed relative to their policy benchmarks.

The market value of the Trust Fund portfolio as of December 31, 2025, was approximately \$483.2 million. During 2025, the trust dividend payout to the MOA was approximately \$16.6 million. The Trust received payments from the Anchorage Hydropower Utility of approximately \$1.1 million.

The Trust Fund continues to meet the investment objective to preserve the purchasing power of the corpus. With the Trust's investment horizon and risk profile setting the investment policy benchmarks, the Trust is closely following the maximization of rate of return over time. Since inception, the Trust Fund has generated an annualized return of 6.13%, while the policy benchmark has an annualized return of 6.11%. From that perspective, the Trust is meeting the objective of maximizing the rate of return over time to the Board's satisfaction.

**2025 Municipality of Anchorage Trust Fund – Investment Performance (net of investment management fees)**

	<u>Market Value</u>	<u>% of Portfolio</u>	<u>2025 Return</u>
<b>Domestic Equity Composite</b> <i>Russell 3000 Index</i>	<b>\$152,252,454</b>	<b>32.69%</b>	<b>17.15%</b> 17.15%
<b>International Equity Composite</b> <i>MSCI ACWI ex-US Index (Net)</i>	<b>\$115,024,004</b>	<b>23.80%</b>	<b>29.62%</b> 32.39%
<b>Domestic Core/Plus Fixed Income Composite</b> <i>Bloomberg US Aggregate Index</i>	<b>\$106,718,833</b>	<b>22.08%</b>	<b>7.77%</b> 7.30%
<b>Private Credit Composite</b> <i>S&amp;P Leveraged Loan Index + 2%</i>	<b>\$25,538,959</b>	<b>5.28%</b>	<b>6.08%</b> 7.94%
<b>Emerging Markets Debt Composite</b> <i>JPM EMBI Global Diversified Index</i>	<b>\$25,501,671</b>	<b>5.28%</b>	<b>14.64%</b> 14.30%
<b>Real Estate Composite</b> <i>NCREIF ODCE Value Weighted Index (Net)</i>	<b>\$50,158,344</b>	<b>10.38%</b>	<b>3.93%</b> 2.92%
<b>Cash Equivalents</b> <i>ICE BofA US 3-Month T-Bill Index</i>	<b>\$8,044,997</b>	<b>1.66%</b>	<b>5.17%</b> 5.25%
<b>Total Trust</b> <i>Total Trust Policy Target</i>	<b>\$483,239,262</b>	<b>100.00%</b>	<b>15.11%</b> 15.37%

Source: Callan

2025 was marked by market volatility, with a new administration, an enactment of tariffs, a partial government shutdown, and a cycle of easing interest rates. Volatility due to political conditions continues to impact the investment portfolio. Diversification continues to be an important strategy in mitigating risks across the portfolio.

For 2026, the Board intends to focus on individual investment manager performance as well as establishing operating policies in conjunction with the newly hired Director of Portfolio Operations. The Trust also plans to work with the Trust’s investment consultant to assess the impact of geopolitical events on the Trust’s investment policy and the need for policy changes.

**CONCLUSION**

The Board affirms its support of the core tenants of the Trust’s investment policy – namely that diversification and asset allocation remain the most effective strategy to achieve the long-term goals of the Trust. The Board also affirms that the MOA Chief Fiscal Officer with support from the Trust Manager and Trust’s investment consultant are implementing the Board’s instructions in a prudent and appropriate manner consistent with the Trust’s investment and controlled spending policies.

This annual report was approved unanimously by the Board at its May 29, 2026, regular meeting.

Respectfully submitted,

/Alex Slivka/, Chair  
MOA Trust Board

Kevin Liu  
Director of Investment Operations