



CHUGACH ELECTRIC ASSOCIATION, INC.
ANCHORAGE, ALASKA

AUDIT AND FINANCE COMMITTEE MEETING

AGENDA

Rachel Morse, Chair
Sisi Cooper, Director
Dan Rogers, Director

Katherine Jernstrom, Director
Mark Wiggin, Director

May 27, 2026

4:00 p.m.

Chugach Board Room

- I. CALL TO ORDER *(4:00 p.m.)*
 - A. *Roll Call*
- II. APPROVAL OF THE AGENDA*
- III. APPROVAL OF THE MINUTES*
 - A. *April 8, 2026 (Richey)*
- IV. PERSONS TO BE HEARD
 - A. *Member Comments*
- V. NEW BUSINESS *(none)*
- VI. CEO REPORTS AND CORRESPONDENCE *(4:05 p.m.)*
 - A. *1st Quarter 2026 Capital Tracking Report (Millwood) (4:05 p.m.)*
 - B. *1st Quarter 2026 Financial Dashboard and Statements (Millwood) (4:15 p.m.)*
 - C. *BRU Quarterly Investment Fund Report (Millwood) (4:25 p.m.)*
- VII. NEW BUSINESS *(none)*
- VIII. DIRECTOR COMMENTS *(held until end of following Regular Board Meeting.)*
- IX. EXECUTIVE SESSION* *(none)*
- X. NEW BUSINESS *(none)*
- XI. ADJOURNMENT* *(4:35 p.m.)*

* *Denotes Action Items*

** *Denotes Possible Action Items*

Capital Tracking Report

1st Quarter 2026

Chugach Electric Association, Inc.

Audit & Finance Committee

May 27, 2026



Projects Summary

1st Quarter 2026

Project Name	Actual	Forecast	Approved	Financial Status				
	(In Millions)			Legend:	Actual	Under	Over <15%	Over >15%
Reliability Projects	\$18.2	\$40.6	\$40.6		45%	100%		
Retirements & Replacements Projects	\$38.1	\$49.5	\$48.2		79%	103%		
Operating Efficiency Projects	\$86.9	\$129.8	\$125.7		69%	103%		
Total Projects	\$143.2	\$219.9	\$214.5					



Capital Tracking Report

1st Quarter 2026

Supplemental Information



Reliability Projects

1st Quarter 2026

Reliability Projects Summary

Project Name	Last Approved	Actual-to-Date	Forecast	Approved	Physically Complete	Financial Status	
		(In Millions)				Legend: Actual Under Over <15% Over >15%	
Reliability							
Beluga Structure Repair	12/10/2025	\$0.3	\$4.3	\$4.3	6%	6%	100%
Whittier Shore Power	12/10/2025	\$1.3	\$11.4	\$11.4	11%	11%	100%
LaTouche Substation Rebuild	8/28/2024	\$6.1	\$7.2	\$7.2	85%	85%	100%
Campbell Lake Substation Rebuild	3/22/2023	\$2.3	\$8.6	\$8.6	36%	26%	100%
Bragaw OH/UG	4/23/2025	\$8.2	\$9.1	\$9.1	90%	90%	100%
Total Reliability		\$18.2	\$40.6	\$40.6			



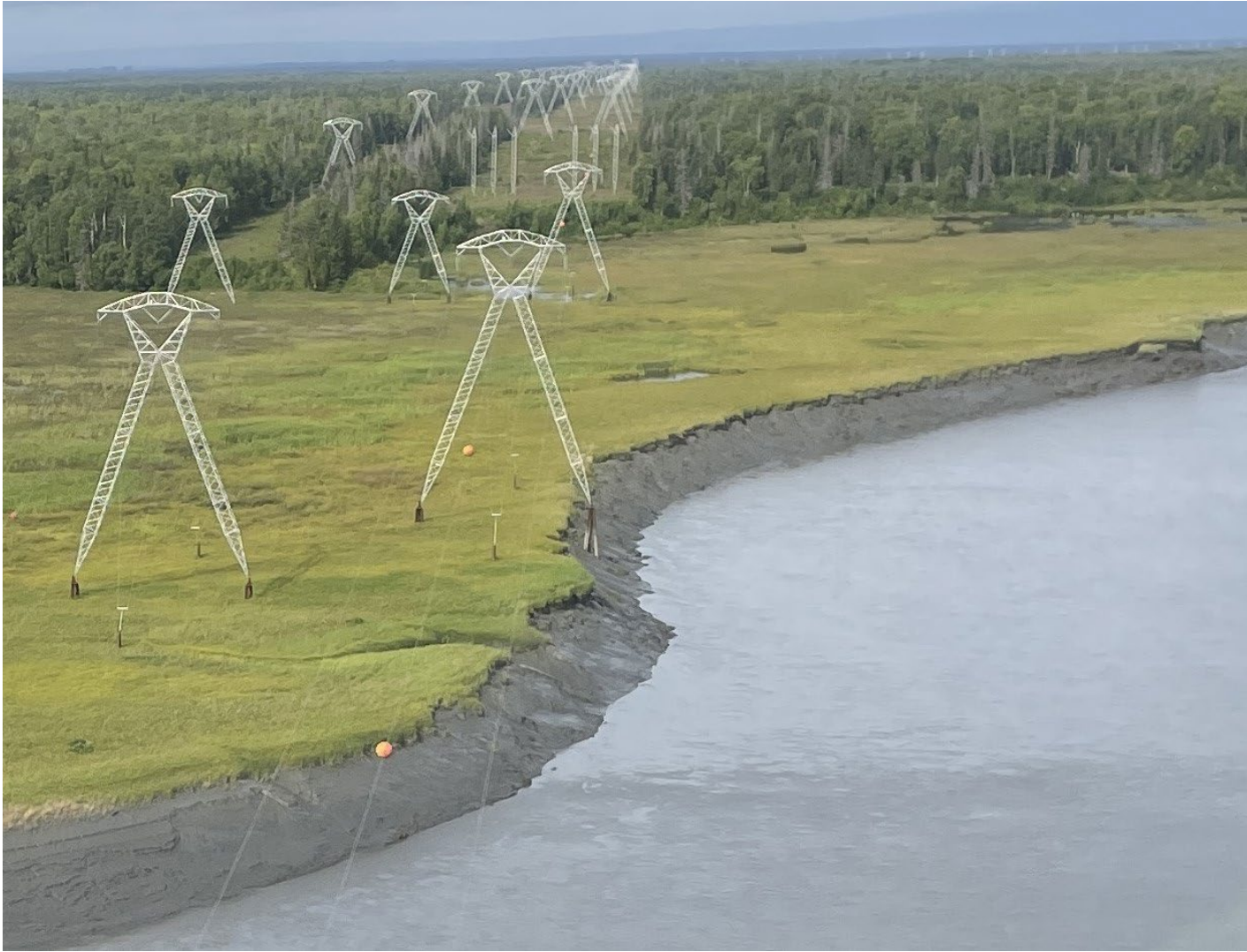
Beluga Structure Repair

- Approved – 12/10/2025
- Project Manager – S. Chanonto
- Physically Complete – 6%
- Approval Amount – \$4.3M
- Actuals – \$0.3M
- Forecast – \$4.3M



Beluga Structure Repair

Phase 2 construction contract awarded. Contractor is preparing permit applications and construction will start in December 2026.



Whittier Shore Power

- Approved – 12/10/2025
- Project Manager – D. Thornton
- Physically Complete – 11%
- Approval Amount – \$11.4M
- Actuals – \$1.3M
- Forecast – \$11.4M

Legend:

Actual

Under

Over <15%

Over >15%



Whittier Shore Power

The distribution portion of the project in Whittier was completed by Chugach internal crews with sidewalk restoration being the only outstanding item. Notice to Proceed on the feeder rebuild between Portage Substation and the tunnel is scheduled for June 2026 with construction window from September 2026 to April 2027.



LaTouche Substation Rebuild

- Approved – 8/28/2024
- Project Manager – C. Kohler
- Physically Complete – 85%
- Approval Amount – \$7.2M
- Actuals – \$6.1M
- Forecast – \$7.2M



LaTouche Substation Rebuild

Construction and commissioning activities will be completed and the station energized in April of 2026.



Campbell Lake Substation Rebuild

- Approved – 03/22/2023
- Project Manager – C. Kohler
- Physically Complete – 36%
- Approval Amount – \$8.6M
- Actuals – \$2.3M
- Forecast – \$8.6M

Legend:

Actual

Under

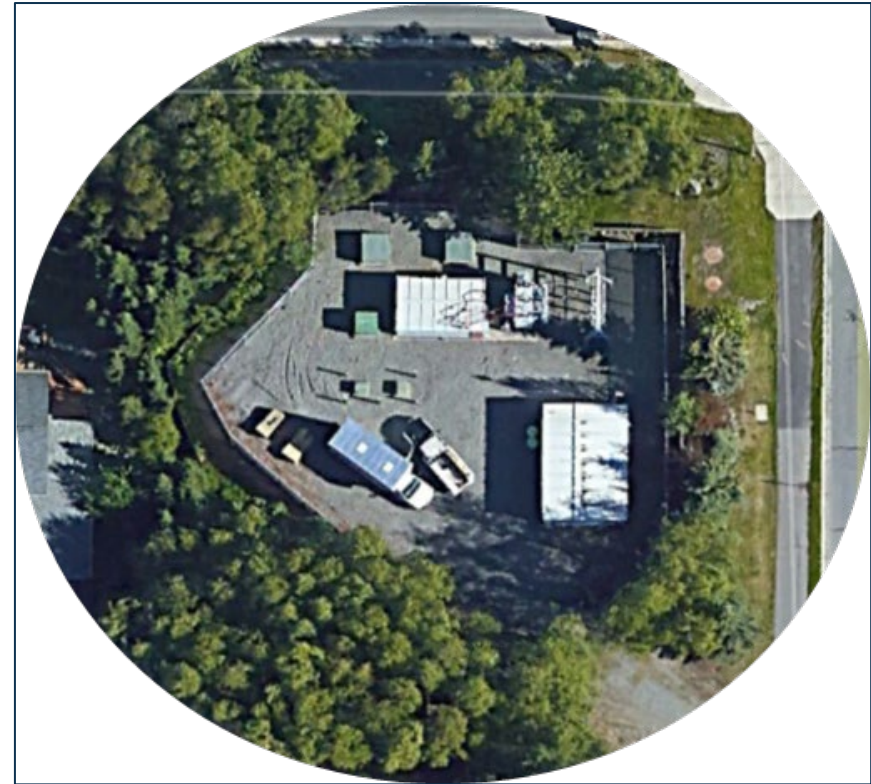
Over <15%

Over >15%



Campbell Lake Substation Rebuild

Created a working group with community members to address the areas of concern from the previous conditional use permit process. Final meeting with the working group scheduled for April 29, 2026, open house meeting with the public scheduled for May 12, 2026, and the conditional use permit application is to be submitted in early June 2026.



Bragaw OH/UG

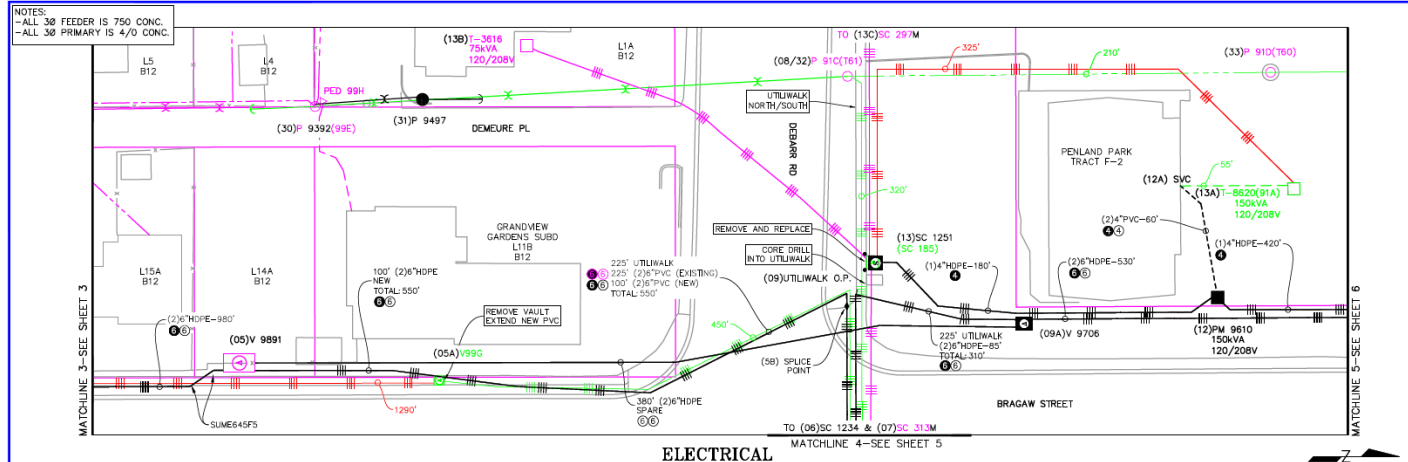
- Approved – 4/23/25
- Project Manager – D. Thornton
- Physically Complete – 90%
- Approval Amount – \$9.1M
- Actuals – \$8.2M
- Forecast – \$9.1M



Bragaw OH/UG



Construction activities began in late May 2025. Underground installation was completed and energized in November 2025. Internal crews are scheduled to complete the removal of existing poles in May, with overall project completion anticipated by the end of May 2026.



Retirement & Replacement Projects

1st Quarter 2026

Retirements & Replacements Projects Summary

Project Name	Last Approved	Actual-to-Date (In Millions)	Forecast	Approved	Physically Complete	Financial Status
						Legend: Actual Under Over <15% Over >15%
Retirements & Replacements						
Sullivan Unit 9 Major Overhaul	4/22/2026	\$2.7	\$14.0	\$14.0	35%	
Cooper Lake Unit 2 Runner Upgrade	4/10/2024	\$3.4	\$3.4	\$3.2	100%	
115kV T-Line Rebuild Girdwood to Indian	1/24/2024	\$32.0	\$32.1	\$31.0	98%	
Total Retirement		\$38.1	\$49.5	\$48.2		

Sullivan Unit 9 Major Overhaul

- Approved – 4/22/2026
- Project Manager – E. Ori
- Physically Complete – 35%
- Approval Amount – \$14.0M
- Actuals – \$2.7M
- Forecast – \$14.0M

Legend:

Actual

Under

Over <15%

Over >15%



Sullivan Unit 9 Major Overhaul

TransCanada Turbines (TCT) found greater-than-expected wear when inspecting the turbine which resulted in higher repair costs than originally budgeted. On April 22, 2026, The Board approved to increase the project authorization to \$14.0 M and an updated PO was issued to TCT for the project changes. Work is continuing but no significant change to project completion.



Cooper Lake Unit 2 Runner Upgrade

- Approved – 4/10/2024
- Project Manager – S. Ruhl
- Physically Complete – 100%
- Approval Amount – \$3.2M
- Actuals – \$3.4M
- Forecast – \$3.4M

Legend:

Actual

Under

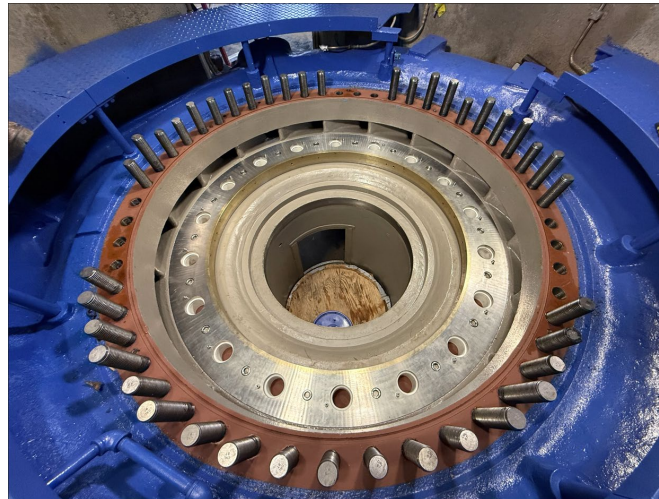
Over <15%

Over >15%



Cooper Lake Unit 2 Runner Upgrade

The reassembly of Unit 2 has been completed; startup and commissioning of turbine and new controls is complete with the unit returning to service at the end of March. The project is now entering the closeout phase.



115kV T-Line Rebuild Girdwood to Indian

- Approved – 1/24/2024
- Project Manager – C. Kohler
- Physically Complete – 98%
- Approval Amount – \$31.0M
- Actuals – \$32.0M
- Forecast – \$32.1M

Legend:

Actual

Under

Over <15%

Over >15%



115kV T-Line Rebuild Girdwood to Indian

Construction complete pending fiber install at the Girdwood Substation.



Operating Efficiency Projects

1st Quarter 2026

Operating Efficiency Projects Summary

Project Name	Last Approved	Actual-to-Date (In Millions)	Forecast	Approved	Physically Complete	Financial Status
						Legend: Actual Under Over <15% Over >15%
Operating Efficiency						
Beluga Solar Power	10/22/2025	\$1.0	\$26.4	\$26.4	15%	<div style="display: flex; align-items: center;"> <div style="background-color: #76b82a; width: 100%; height: 15px; margin-right: 5px;"></div> <div style="font-size: 8px; margin-right: 5px;">4%</div> <div style="margin-left: 5px;">100%</div> </div>
Cooper Landing Operations Center	2/25/2026	\$0.4	\$9.8	\$9.8	0%	<div style="display: flex; align-items: center;"> <div style="background-color: #76b82a; width: 100%; height: 15px; margin-right: 5px;"></div> <div style="font-size: 8px; margin-right: 5px;">5%</div> <div style="margin-left: 5px;">100%</div> </div>
CIS/ERP Replacement	9/16/2024	\$18.0	\$26.1	\$25.2	25%	<div style="display: flex; align-items: center;"> <div style="background-color: #f39c12; width: 100%; height: 15px; margin-right: 5px;"></div> <div style="font-size: 8px; margin-right: 5px;">72%</div> <div style="margin-left: 5px;">104%</div> </div>
One Campus Plan	12/14/2022	\$67.5	\$67.5	\$64.3	100%	<div style="display: flex; align-items: center;"> <div style="background-color: #f39c12; width: 100%; height: 15px; margin-right: 5px;"></div> <div style="font-size: 8px; margin-right: 5px;">105%</div> <div style="margin-left: 5px;">105%</div> </div>
Total Operating Efficiency		\$86.9	\$129.8	\$125.7		

Beluga Solar Power

- Approved – 10/22/2025
- Project Manager – D. Highers
- Physically Complete – 15%
- Approval Amount – \$26.4M
- Actuals – \$1.0M
- Forecast – \$26.4M

Legend:

Actual

Under

Over <15%

Over >15%

4%

100%

Beluga Solar Power

After project approval, transformer purchases were completed at the end of 2025. Separately, engineering was completed on an initial communications design resulting in installation of trenching and conduit in December of last year. Engineering design has advanced to 95% completion and contracting for the initial construction phase is next in line for execution by 7/4/2026.



Cooper Landing Operations Center

- Approved – 02/25/2026
- Project Manager – J. Resnick
- Physically Complete – 0%
- Approval Amount – \$9.8M
- Actuals – \$0.4M
- Forecast – \$9.8M

Legend:

Actual

Under

Over <15%

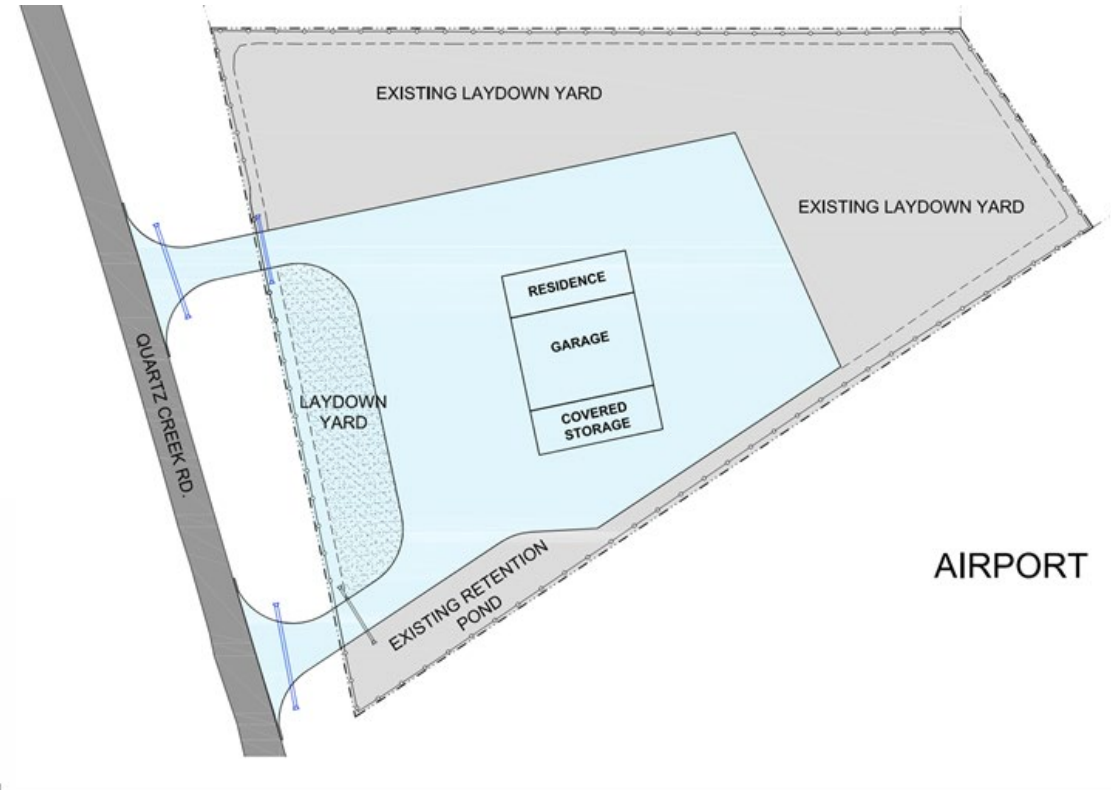
Over >15%

5%

100%

Cooper Landing Operations Center

Chugach selected F&W Construction Company, Inc. to complete the Cooper Landing Operations Center project. Construction is expected to begin in late May.



CIS/ERP Replacement

- Approved – 09/16/2024
- Project Manager – J. Travis
- Physically Complete – 25%
- Approval Amount – \$25.2M
- Actuals – \$18.0M
- Forecast – \$26.1M

Legend:

Actual

Under

Over <15%

Over >15%



CIS/ERP Replacement

The CIS portion of the project has been closed out. Staff has begun meeting with Cayenta to plan the implementation of the remaining modules, including FMS, HCM, and WMS. A revised plan with updated targets is expected to be submitted for Board review prior to year-end 2026.



One Campus Plan

- Approved – 12/14/2022
- Project Manager – J. Resnick
- Physically Complete – 100%
- Approval Amount – \$64.3M
- Actuals – \$67.5M
- Forecast – \$67.5M

Legend:

Actual

Under

Over <15%

Over >15%



One Campus Plan

Construction is complete and Chugach obtained the Certificate of Occupancy from the Municipality. Project was closed out in April.





YTD March 2026 Financial Dashboard



102.6%

Firm Sales % of Budget

102.2%

Firm Base Revenue % of Budget

102.6%

OPEX % to Budget (No F&PP)

101.1%

F&PP % of Budget

104.7%

Margin % of Budget

Legend

Actual

Budget

YTD MFI/I to Budget

1.81 1.83

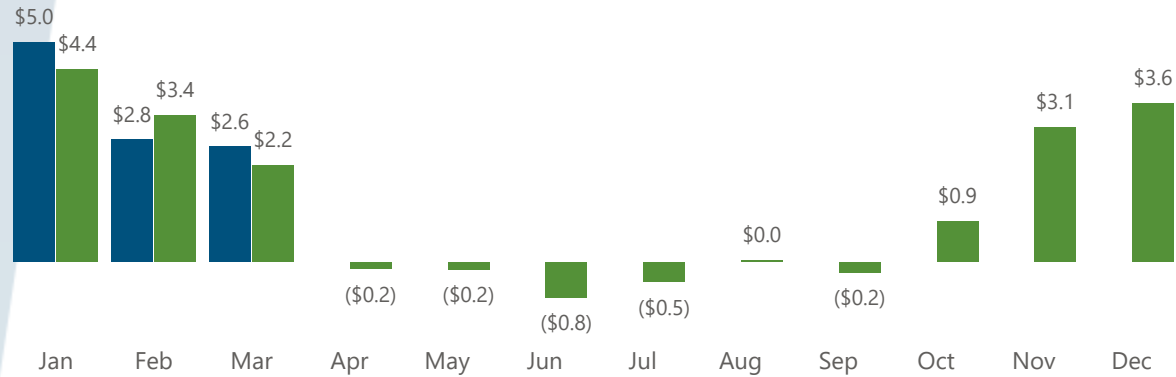
YTD TIER to Budget

1.94 1.99

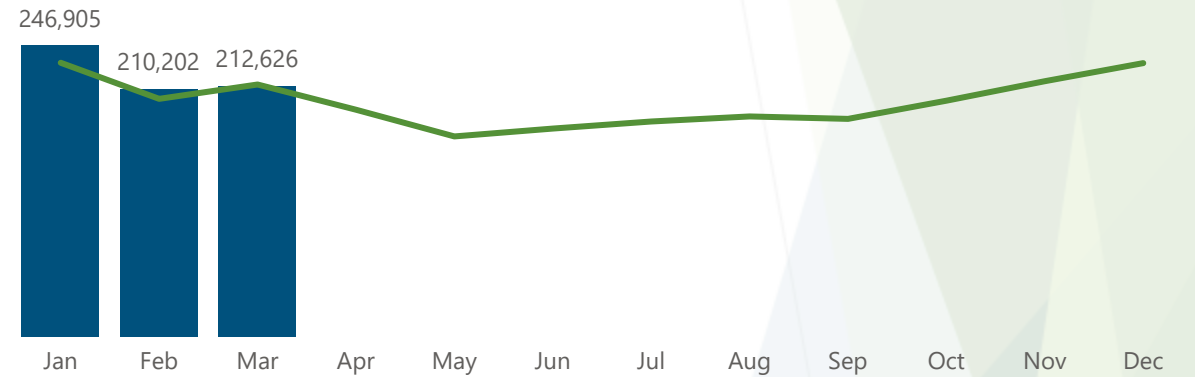
Equity/Cap % to Budget*

16.3% 17.7%

Margin by Month (Million)



Total Sales by Month (MWh)



MFI/I to FMP*

1.83 1.81

TIER to FMP*

1.99 1.94

Equity/Cap % to FMP*

17.7% 16.3%

Operating Expenses (Million)



*Budget and FMP at 12/31/26

CHUGACH ELECTRIC ASSOCIATION, INC
STATEMENT OF OPERATIONS
MONTH ENDING MARCH 31, 2026

in thousands

CATEGORY	ACTUAL	BUDGET	VARIANCE
Operating Revenue	\$ 36,019	\$ 33,469	\$ 2,550
Fuel	6,773	6,328	445
Production	3,100	3,216	(116)
Purchase Power	2,581	2,369	212
Transmission	1,432	717	715
Distribution	2,848	2,832	16
Consumer Accounts	969	1,077	(108)
Administrative, General and Other	5,430	4,984	446
Depreciation & Amortization	6,590	6,082	508
Total Operating Expenses	29,723	27,605	2,118
Long-term Debt and Other	4,203	4,132	71
Charged to Construction	(161)	(118)	(43)
Interest Expense, Net	4,042	4,014	28
Net Operating Margins	2,254	1,849	405
Interest Income	288	175	113
Allowance For Funds Used During Construction	33	77	(44)
Capital Credits, Patronage Dividends and Other	69	124	(55)
Total Nonoperating Margins	390	375	15
Assignable Margins	2,644	2,225	419

CHUGACH ELECTRIC ASSOCIATION, INC
STATEMENT OF OPERATIONS
THREE MONTHS ENDING MARCH 31, 2026

in thousands

CATEGORY	ACTUAL	BUDGET	VARIANCE
Operating Revenue	\$ 106,234	\$ 104,072	\$ 2,162
Fuel	19,584	19,942	(358)
Production	8,976	9,416	(440)
Purchase Power	7,798	7,141	657
Transmission	3,414	2,130	1,284
Distribution	7,891	8,510	(619)
Consumer Accounts	2,894	3,190	(296)
Administrative, General and Other	15,003	14,447	556
Depreciation & Amortization	19,374	18,425	949
Total Operating Expenses	84,934	83,201	1,733
Long-term Debt and Other	12,628	12,311	317
Charged to Construction	(452)	(357)	(95)
Interest Expense, Net	12,176	11,954	222
Net Operating Margins	9,124	8,917	207
Interest Income	716	527	189
Allowance For Funds Used During Construction	94	200	(106)
Capital Credits, Patronage Dividends and Other	555	372	183
Total Nonoperating Margins	1,365	1,099	266
Assignable Margins	10,489	10,016	473

CHUGACH ELECTRIC ASSOCIATION, INC
STATEMENT OF OPERATIONS
MONTH ENDING MARCH 31, 2026 and 2025

in thousands

CATEGORY	2026	2025	VARIANCE
Operating Revenue	\$ 36,019	\$ 32,905	\$ 3,114
Fuel	6,773	7,228	(455)
Production	3,100	2,800	300
Purchase Power	2,581	2,373	208
Transmission	1,432	622	810
Distribution	2,848	2,482	366
Consumer Accounts	969	1,036	(67)
Administrative, General and Other	5,430	4,611	819
Depreciation & Amortization	6,590	5,935	655
Total Operating Expenses	29,723	27,088	2,635
Long-term Debt and Other	4,203	4,289	(86)
Charged to Construction	(161)	(203)	42
Interest Expense, Net	4,042	4,086	(44)
Net Operating Margins	2,254	1,732	522
Interest Income	288	258	30
Allowance For Funds Used During Construction	33	38	(5)
Capital Credits, Patronage Dividends and Other	69	29	40
Total Nonoperating Margins	390	325	65
Assignable Margins	2,644	2,056	588

CHUGACH ELECTRIC ASSOCIATION, INC
STATEMENT OF OPERATIONS
THREE MONTHS ENDING MARCH 31, 2026 and 2025

in thousands

CATEGORY	2026	2025	VARIANCE
Operating Revenue	\$ 106,234	\$ 98,510	\$ 7,724
Fuel	19,584	21,500	(1,916)
Production	8,976	8,915	61
Purchase Power	7,798	7,617	181
Transmission	3,414	2,069	1,345
Distribution	7,891	8,447	(556)
Consumer Accounts	2,894	2,983	(89)
Administrative, General and Other	15,003	13,563	1,440
Depreciation & Amortization	19,374	18,444	930
Total Operating Expenses	84,934	83,538	1,396
Long-term Debt and Other	12,628	12,940	(312)
Charged to Construction	(452)	(577)	125
Interest Expense, Net	12,176	12,363	(187)
Net Operating Margins	9,124	2,609	6,515
Interest Income	716	670	46
Allowance For Funds Used During Construction	94	108	(14)
Capital Credits, Patronage Dividends and Other	555	241	314
Total Nonoperating Margins	1,365	1,019	346
Assignable Margins	10,489	3,628	6,861

CHUGACH ELECTRIC ASSOCIATION, INC.
CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2026 AND DECEMBER 31, 2025

in thousands

ASSETS & OTHER DEBITS	Unaudited 3/31/2026	Audited 12/31/2025	CHANGE
Electric Plant in Service	\$ 2,362,811	\$ 2,357,942	\$ 4,869
Construction Work in Progress	95,507	86,599	8,908
Total Utility Plant	2,458,318	2,444,541	13,777
Accum. Prov. for Depreciation/Amortization	(914,639)	(893,679)	(20,960)
Net Utility Plant	1,543,679	1,550,862	(7,184)
Nonutility Property - Net	77	77	0
Operating Lease Right-of-use Assets	3,955	3,963	-8
Financing Lease Right-of-use Assets	178	179	(1)
Investment in Assoc. Organizations	5,880	6,060	(180)
Special Funds	50,169	48,443	1,726
Restricted Cash Equivalents & Other	30	30	0
Long-term Prepayments	144	64	80
Total Other Property & Investments	60,434	58,816	1,618
Cash & Restricted Cash	24,534	27,292	(2,758)
Special Deposits	61	61	0
Restricted Cash Equivalents	500	500	0
Fuel Cost / Other Under Recovery	4,569	4,833	(264)
BRU Capital Surcharge Under - Recovery	34,679	39,541	(4,862)
Accounts Receivable - Net	54,365	57,650	(3,284)
Materials and Supplies	63,222	61,711	1,510
Fuel Stock	12,227	14,491	(2,264)
Prepayments	8,723	6,497	2,227
Other Current Assets	7,336	7,241	95
Total Current & Accrued Assets	210,218	219,817	(9,599)
Deferred Debits	95,508	96,684	(1,176)
Total Assets & Other Debits	1,909,839	1,926,180	(16,341)
LIABILITIES & OTHER CREDITS	3/31/2026	12/31/2025	CHANGE
Memberships	\$ 2,065	\$ 2,065	\$ -
Patronage Capital	223,342	212,895	10,447
Other	18,547	18,529	18
Total Margins & Equities	243,954	233,489	10,465
Bonds Payable	1,105,183	1,124,100	(18,917)
Notes Payable	7,068	7,752	(684)
Unamortized Debt Issuance Costs	(5,704)	(5,799)	96
Operating Lease Liabilities	3,913	3,921	(8)
Financing Lease Liabilities	175	175	(0)
Total Long-Term Debt	1,110,635	1,130,148	(19,513)
Current Installment Of Long-term Obligations	59,832	60,060	(228)
Commercial Paper	189,500	192,000	(2,500)
Accounts Payable	17,588	21,422	(3,834)
Consumer Deposits	1,522	1,540	(18)
Accrued Interest	10,700	10,588	113
Salary, Wages and Benefits	13,674	12,818	856
Fuel Payable	5,898	6,170	(272)
Other Current Liabilities	4,767	4,652	115
Total Current Liabilities	303,482	309,250	(5,768)
Deferred Compensation	1,778	1,894	(117)
Other Liabilities, Non-Current	1,038	909	128
Deferred Liabilities	14,697	15,120	(423)
BRU Regulatory Liability	58,411	61,023	(2,612)
Cost of Removal Obligation	175,844	174,346	1,498
Total Liabilities & Other Credits	1,909,839	1,926,180	(16,341)



ALASKA PERMANENT CAPITAL MANAGEMENT

Registered Investment Adviser

Chugach Electric Beluga River ARO Investment Fund

March 2026

Staying Focused on Your Goals



Chugach Electric Beluga River ARO Investment Fund As of March 31, 2026		
Account Inception		October 2020
Total Contributions		\$ 36,432,165
Withdrawals <i>Does not include custodial or management fees</i>		\$ 0
Current Market Value <i>March 31, 2026</i>		\$ 48,330,193
Annualized Account Return* <i>Inception – March 31, 2026</i>		+ 6.02%
Strategic Asset Allocation	Risk Control	27%
	Risk Assets	52%
	Alternatives	21%

Goals:

The investment objective of the ARO Fund is to achieve a long-term rate of return on assets in the ARO Fund which, in conjunction with monthly deposits of member funds by Chugach, will be sufficient to satisfy the ARO Liability. Using the updated 2025 ARO Study, **the current funded status of the ARO Fund, including anticipated contributions, is 76.2% as of March 31, 2026.**

The targeted minimum return is CPI-U plus 200 basis points. The portfolio is expected to meet this goal over the long-term with an expected return of 6.4% and APCM’s long-term inflation expectation of 2.25%. **Since inception, inflation has been above average, at 4.49%, and the portfolio has returned 6.02%.**

Contribution Policy:

Chugach Electric is to make monthly deposits equal to all funds collected from members for the ARO Surcharge.

*Performance is gross of management fees, net of internal fund fees, and annualized for periods greater than one year.

Funded Status



Contributions to Date	\$ 36,432,165
Net Earnings	\$ 11,898,028
Current Market Value	\$ 48,330,193
Total Liability <i>End of Life</i>	\$ 104,788,115
Anticipated Contributions* <i>Based on 2025 Reserve Study prepared by Ryder Scott</i>	\$ 31,502,578
Funded Status**	76.2%
Current Funding Gap*** <i>Additional contributions beyond projections and/or earnings required to fully fund liability</i>	\$ 24,955,344

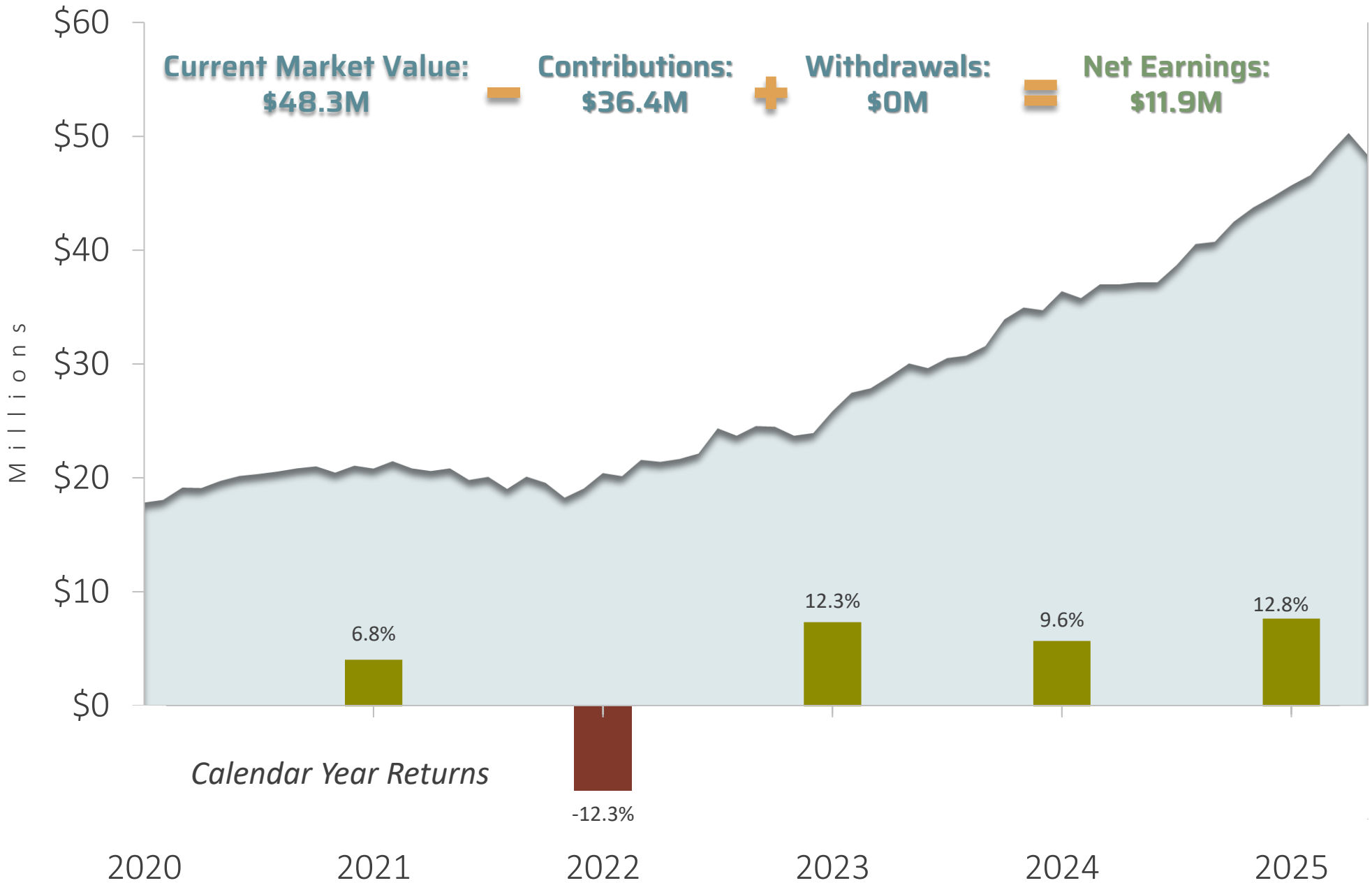
* Anticipated Contributions based on 2025 Reserve Study prepared by Ryder Scott.

**Funded Status calculated as current market value plus anticipated contributions, divided by the ARO liability.

***Total Liability – (Current Market Value + Anticipated Contributions)

Since Inception, the Portfolio has Generated Over \$10M of Net Earnings

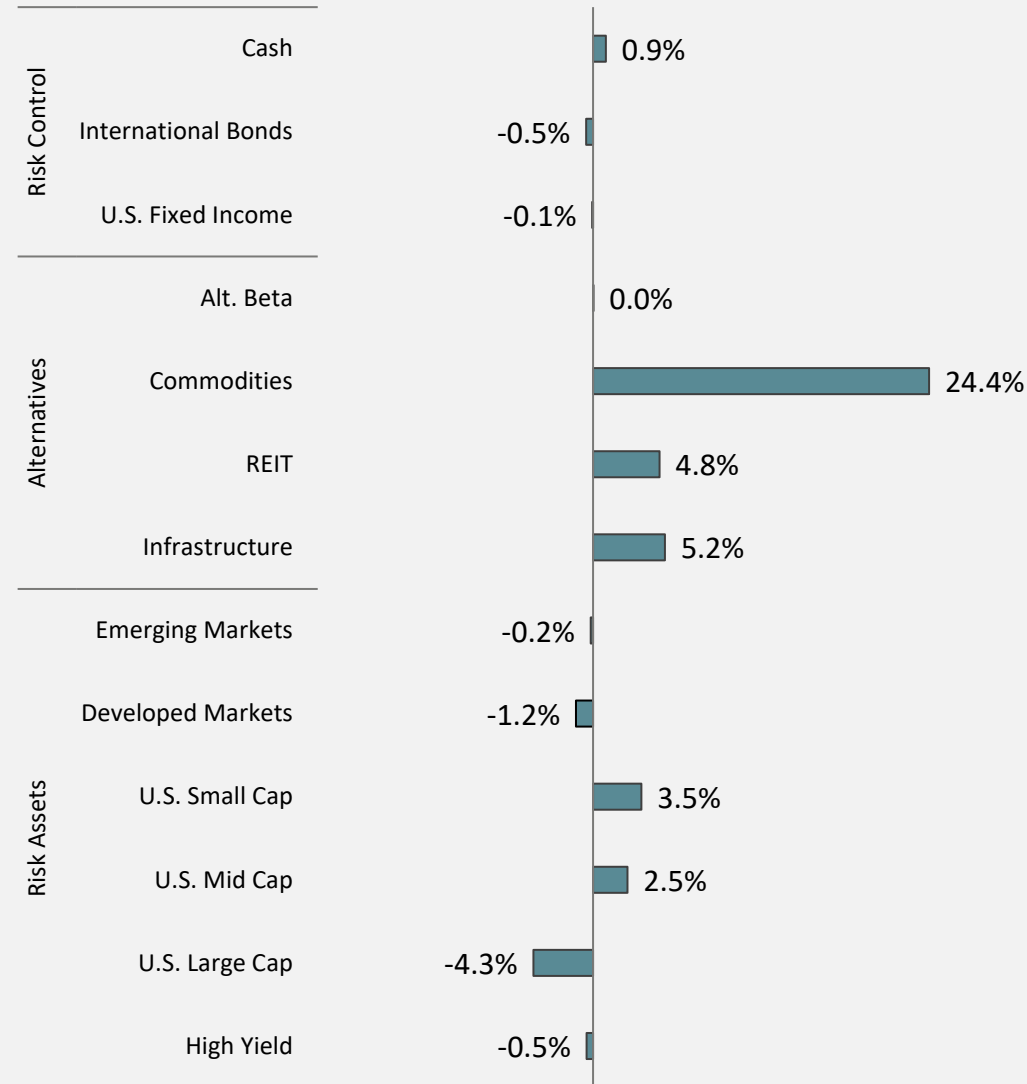
Current Market Value: \$48.3M
 Contributions: \$36.4M
 Withdrawals: \$0M
 Net Earnings: \$11.9M



Geopolitics, Not Fundamentals, Drove First Quarter Returns

- ❖ Market performance in the first quarter was largely **driven by the energy shock tied to the Iran conflict, rather than a deterioration in underlying economic conditions.**
- ❖ U.S. equities experienced increased volatility and lagged several global asset classes during the period.
- ❖ **Commodities and energy-sensitive assets were the strongest performers,** benefiting from higher oil prices and geopolitical risk premia.
- ❖ Fixed income delivered modestly negative returns but was not a primary driver of portfolio performance

Q1 2026 Index Returns



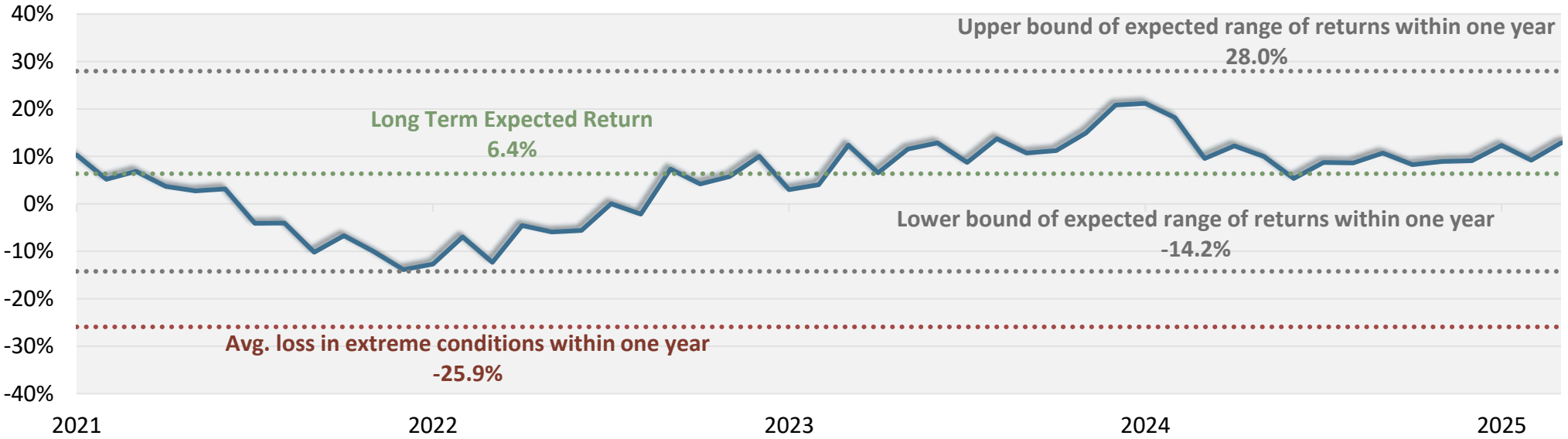
Source: Bloomberg.

Asset class returns shown are for market indices, and do not reflect the performance of the portfolio.

Portfolio Returns in Line with Long-term Strategic Expectations

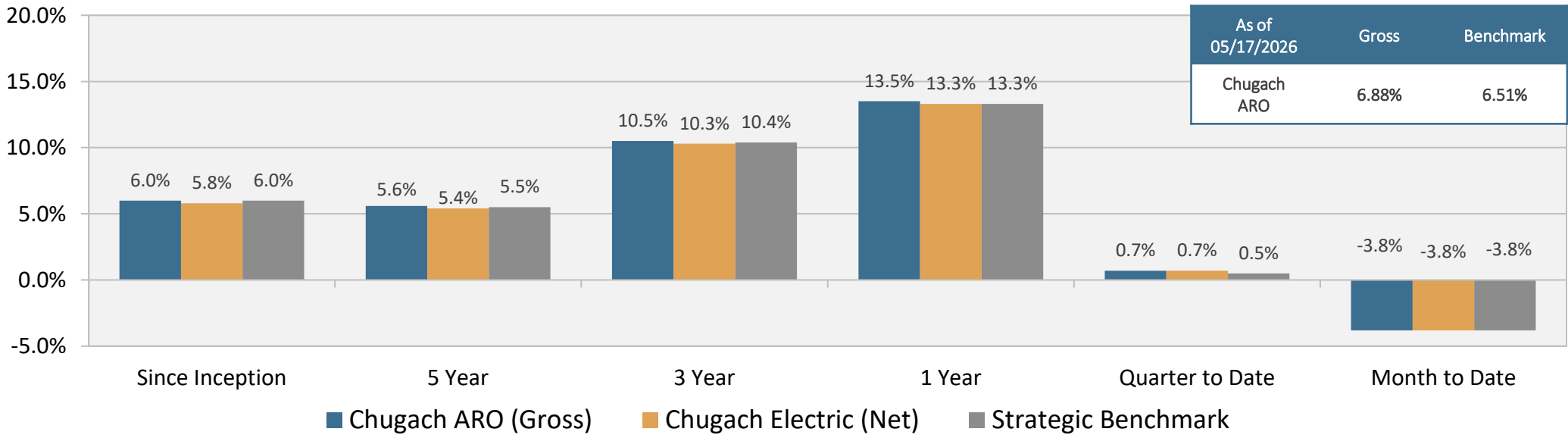


Rolling 12 Month Total Return



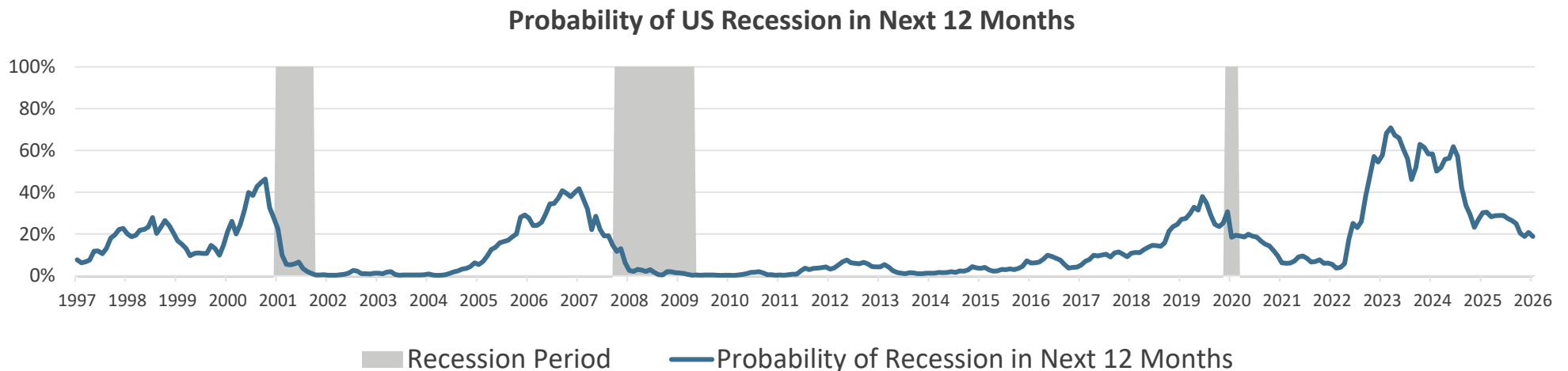
Account Performance

March 31, 2026













Markets Are Pricing Uncertainty—Not Economic Stress

- ❖ Credit markets, which historically lead during periods of economic stress, **remain stable** and are **not signaling a meaningful increase in recession risk**.
- ❖ Equity valuations have declined more than would typically be implied by changes in credit conditions, indicating a disconnect between sentiment and fundamentals.
- ❖ This divergence suggests that equity markets are reacting to uncertainty around inflation, policy, and earnings—**not pricing a collapse in economic activity**.
- ❖ Market leadership remains consistent with expansion, with cyclical sectors continuing to outperform defensive areas.
- ❖ Investor **sentiment has weakened significantly relative to institutional positioning**, creating a historically wide gap that has often been associated with stronger forward returns.

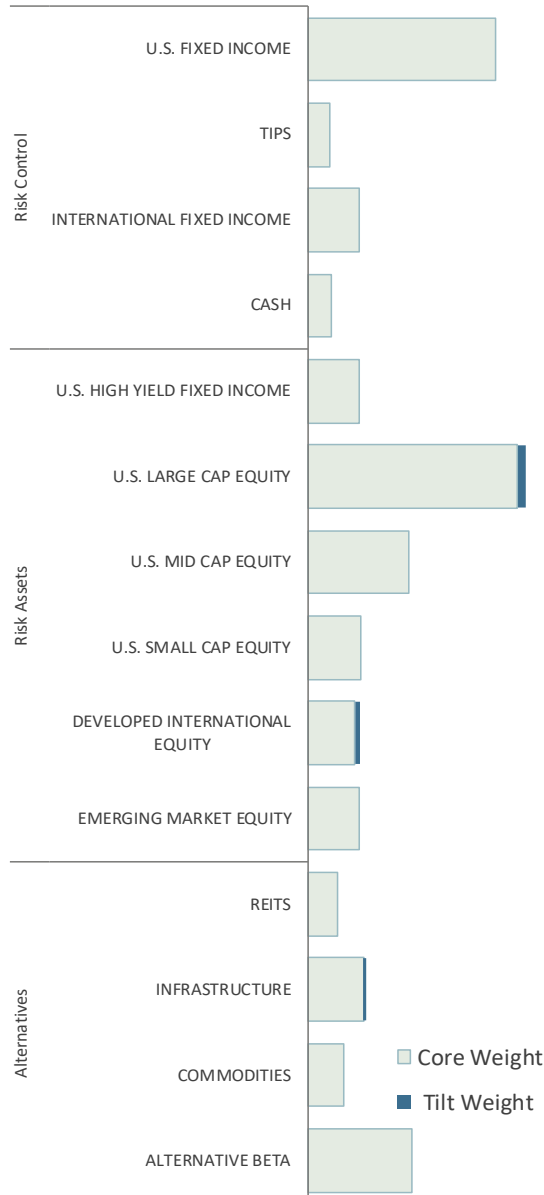


Slower Growth, Continued Expansion



 BEST CASE	 WORST CASE
<p>01 Growth  STABLE</p> <p>The baseline outlook remains one of continued economic expansion, even as growth moderates due to higher energy prices and increased uncertainty.</p>	<p>01 Energy  ELEVATED</p> <p>A sustained increase in oil prices could materially tighten financial conditions and increase recession risk.</p>
<p>02 Consumer  HOLDING</p> <p>Consumer spending is slowing but remains supported by stable employment and income trends.</p>	<p>02 Geopolitical  ELEVATED</p> <p>A breakdown in negotiations or expansion of the conflict could disrupt energy supply or global trade flows.</p>
<p>03 Credit  STABLE</p> <p>Credit conditions remain broadly stable, reinforcing the view that systemic risk is limited.</p>	<p>03 Inflation  WATCH</p> <p>Persistent inflation pressures could limit central bank flexibility and delay policy easing.</p>
<p>04 Policy  STABLE</p> <p>Central banks are likely to look through temporary energy-driven inflation, provided long-term expectations remain anchored.</p>	<p>04 Labor  WATCH</p> <p>Deterioration in labor market data or credit conditions would signal a shift toward a more defensive outlook.</p>

Aligning Near-term Tactical Adjustments with your Long-term Strategy

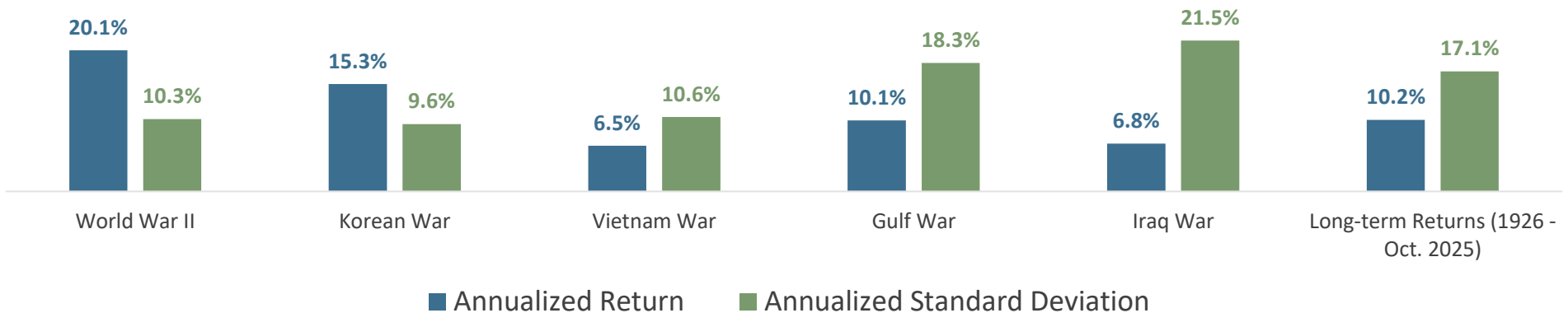


Asset Class	Strategic Weight	Overweight / Underweight	Current Allocation	Range
Risk Control	27%	0.4%	27.4%	
U.S. FIXED INCOME	18%	0.1%	18.1%	8 - 28%
TIPS	2%	0.0%	2.0%	0 - 10%
INTERNATIONAL FIXED INCOME	5%	0.0%	5.0%	0 - 10%
CASH	2%	0.3%	2.3%	0 - 10%
Risk Assets	52%	-1.3%	50.7%	
U.S. HIGH YIELD FIXED INCOME	5%	-0.1%	4.9%	0 - 10%
U.S. LARGE CAP EQUITY	22%	-0.9%	21.1%	12 - 32%
U.S. MID CAP EQUITY	10%	-0.2%	9.8%	5 - 15%
U.S. SMALL CAP EQUITY	5%	0.0%	5.0%	0 - 10%
DEVELOPED INTERNATIONAL EQUITY	6%	-1.0%	5.0%	0 - 12%
EMERGING MARKET EQUITY	4%	1.0%	5.0%	0 - 8%
Alternatives	21%	0.9%	21.9%	
REITS	3%	-0.2%	2.8%	0 - 6%
INFRASTRUCTURE	5%	0.6%	5.6%	0 - 10%
COMMODITIES	3%	0.4%	3.4%	0 - 6%
ALTERNATIVE BETA	10%	0.1%	10.1%	0 - 15%

Geopolitical Shocks Tend to Drive Volatility, Not Lasting Market Damage

- ❖ Historical market data shows that **geopolitical events typically lead to short-term volatility but have not resulted in sustained market declines absent broader economic deterioration.**
- ❖ The situation remains fluid, with both escalation and de-escalation scenarios still plausible, and recent developments highlighting increased uncertainty around the near-term path.
- ❖ **The primary economic transmission channel remains energy prices**, rather than systemic disruption to financial markets or global demand.
- ❖ Current market pricing reflects uncertainty around the path of the conflict, but not a sustained breakdown in economic activity.
- ❖ **The broader economic backdrop remains more resilient than in typical pre-recession environments**, with limited signs of stress in labor markets or credit.

Wartime US Stock Returns



Source: First Trust. Past performance is no guarantee of future results. Total market returns use data from 7/1/1926–10/31/2025. Universe includes all New York Stock Exchange (NYSE), American Stock Exchange (AMEX) & NASDAQ stocks. Returns are market-cap weighted. Dates used for each war are as follows: World War II: 12/8/1941–9/2/1945; Korean War: 6/27/1950–7/27/1953; Vietnam War: 3/8/1965–3/29/1973; Gulf War: 8/2/1990–2/28/1991; Iraq War: 3/20/2003–12/15/2011.

Portfolio Positioning: Staying Invested Through Uncertainty



01 Strategic Alignment

Positioning remains close to long-term targets — the current backdrop does not support a defensive reallocation.

02 Targeted Exposure

Equity exposure in pro-growth sectors, including the AI-driven productivity space.

03 Disciplined Rebalancing

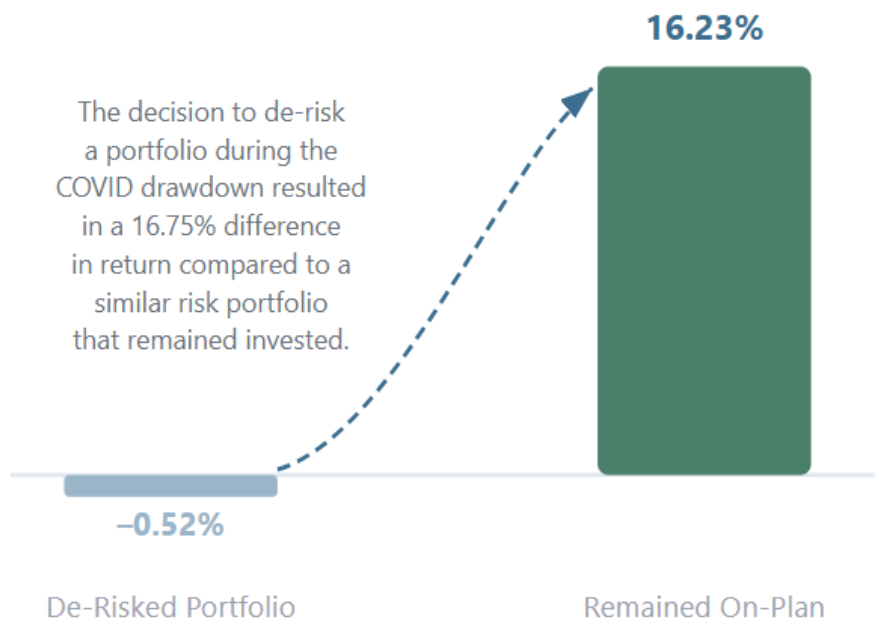
Volatility is used as a rebalancing opportunity — not a reason to reduce overall risk exposure.

04 Data-Driven Outlook

Monitoring energy, credit, and labor markets — defensive posture warranted only on deteriorating indicators.

EQUITY MARKETS HAVE BAD PERIODS — BUT EARN POSITIVE RETURNS OVER TIME; THE MORE DAYS YOU ARE INVESTED, THE BETTER YOUR ODDS OF MEETING YOUR GOALS.

02/29/20 – 12/31/20*



* Source: Axys. The returns shown are for illustrative purposes. They are based on actual client accounts, one which changed strategic allocations during the COVID crisis and one which did not. Both portfolios' original strategic allocations were the same at the start of the crisis.

Disclosures



Important Assumptions

IMPORTANT: The projections or other information generated by Alaska Permanent Capital Management Company (APCM) regarding the likelihood of various outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. There can be no assurance that the projected or simulated results will be achieved or sustained. The charts and data only present a range of possible outcomes. Actual results will vary over time, and such results may be better or worse than the simulated scenarios. Clients should be aware that the potential for loss (or gain) may be greater than that demonstrated in the simulations. Please note that the analysis does not take into consideration all asset classes, and other asset classes not considered may have characteristics similar or superior to those being analyzed.

Important Legal Information

These calculations are designed to be informational and educational only, and when used alone, do not constitute investment advice. APCM encourages investors to review their investment strategy periodically as financial circumstances do change.

Model results are provided as a rough approximation of future financial performance. Actual results could produce different outcomes (either better or worse) than those illustrated by the model, since it is not possible to anticipate every possible combination of financial market returns. APCM is not responsible for the consequences of any decisions or actions taken in reliance upon or as a result of the information provided by the results of the model.

Other Influences on Rates of Return

Investment management fees: Returns are presented gross of management fees and include the reinvestment of all income. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The collection of fees produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) quarterly fee assessment, (b) \$1,000,000 investment, (c) portfolio return of 8% a year, and (d) 1.00% annual investment advisory fee would be \$10,416 in the first year, and cumulative effects of \$59,816 over five years and \$143,430 over ten years. Actual investment advisory fees incurred by clients may vary.

Taxes: Unless noted otherwise, model results have not been adjusted for any state or federal taxes or penalties.

Inflation: Unless noted otherwise, model results do not adjust any inputs or outcomes for inflation. Inflation is assumed to be constant over the investment horizon.

Limitations Inherent in Model Results

Limitations include but are not restricted to the following:

Model results do not represent actual trading and may not reflect the impact that material economic and market factors might have had on APCM's decision making if the actual client money were being managed.

Extreme market movements may occur more frequently than represented in the model.

Some asset classes have relatively limited histories. While future results for all asset classes in the model may materially differ from those assumed in APCM's calculations, the future results for asset classes with limited histories may diverge to a greater extent than the future results of asset classes with longer track records.

Market crises can cause asset classes to perform similarly over time; reducing the accuracy of the projected portfolio volatility and returns. The model is based on the long-term behavior of the asset classes and therefore is less reliable for short-term periods. This means that the model does not reflect the average periods of "bull" and "bear" markets, which can be longer than those modeled.

The model represent APCM's best view of the next 7-10 years, but is unlikely to reflect actual investment returns worldwide over this period.