

Alaska Future Fund, LP
Partner's Capital Statement
For the Quarter Ended December 31, 2019

Prepared for: **Alaska Permanent Fund Corporation**



Beginning Capital	\$ 0
Contributions	59,701
Distributions	-
Transfers	-
Profit/(Loss) Allocation	
Income	-
	
	-
	-
	-
Ending Capital	<u>\$ (267,824)</u>

Commitment Summary

Capital Commitment	\$ 100,000,000
Less: Capital contributions to date	(59,701)
Plus: Distributions subject to recall	-
Remaining Commitment	<u>\$ 99,940,299</u>

Alaska Future Fund, LP
Partner's Capital Statement
For the Quarter Ended June 30, 2020

Prepared for: **Alaska Permanent Fund Corporation**


Beginning Capital	\$ (298,484)
Contributions	-
Distributions	-
Transfers	-
Profit/(Loss) Allocation	
Income	-
	
	-
	-
	-
Ending Capital	<u><u>\$ (563,107)</u></u>

Commitment Summary

Capital Commitment	\$ 100,000,000
Less: Capital contributions to date	(233,831)
Plus: Distributions subject to recall	-
Remaining Commitment	<u><u>\$ 99,766,169</u></u>

Alaska Future Fund, LP
Partner's Capital Statement
For the Quarter Ended September 30, 2020

Prepared for: **Alaska Permanent Fund Corporation**




Beginning Capital	\$	(563,107)
Contributions		-
Distributions		-
Transfers		-
Profit/(Loss) Allocation		
Income		-
		
		-
		-
		-
Ending Capital	\$	(781,111)

Commitment Summary

Capital Commitment	\$	100,000,000
Less: Capital contributions to date		(233,831)
Plus: Distributions subject to recall		-
Remaining Commitment	\$	99,766,169

Alaska Future Fund, LP
Partner's Capital Statement
For the Quarter Ended December 31, 2020

Prepared for: **Alaska Permanent Fund Corporation**





Beginning Capital	\$ (781,111)
Contributions	12,053,849
Distributions	-
Transfers	-
Profit/(Loss) Allocation	
Income	128,285
	
	
	-
	
	
Ending Capital	<u>\$ 10,884,408</u>

Commitment Summary

Capital Commitment	\$ 100,000,000
Less: Capital contributions to date	(12,287,680)
Plus: Distributions subject to recall	-
Remaining Commitment	<u>\$ 87,712,320</u>

Alaska Future Fund, LP
Partner's Capital Statement
For the Quarter Ended March 31, 2021

Prepared for: **Alaska Permanent Fund Corporation**

Beginning Capital	\$ 10,884,408
Contributions	(1,393,035)
Distributions	-
Transfers	-
Profit/(Loss) Allocation	
Income	95,604
	
	-
Unrealized gains/(loss)	2,321,469
	
Ending Capital	<u>\$ 11,459,570</u>

Commitment Summary

Capital Commitment	\$ 100,000,000
Less: Capital contributions to date	(10,894,645)
Plus: Distributions subject to recall	-
Remaining Commitment	<u>\$ 89,105,355</u>

Alaska Future Fund, LP
(A Delaware Limited Partnership)

Financial Statements as of and
for the Year Ended December 31, 2020, and
Independent Auditors' Report Thereon

ALASKA FUTURE FUND, LP
(A Delaware Limited Partnership)

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Independent Auditors' Report

To the Partners of
Alaska Future Fund, LP:



Charlotte, North Carolina
May 25, 2021



**ALASKA FUTURE FUND, LP
(A Delaware Limited Partnership)**

**STATEMENT OF ASSETS, LIABILITIES AND PARTNERS' CAPITAL
AS OF DECEMBER 31, 2020**

ASSETS

Portfolio investment, at fair value (cost \$1,493,622)	\$	1,363,668
Cash		10,178,159
Other assets		20,355
Total assets		<u>11,562,182</u>

LIABILITIES AND PARTNERS' CAPITAL

Liabilities



Total liabilities

<u></u>

Partners' capital

<u>10,941,670</u>









Total liabilities and partners' capital

<u>\$ 11,562,182</u>

See accompanying notes to financial statements.

ALASKA FUTURE FUND, LP
(A Delaware Limited Partnership)

SCHEDULE OF INVESTMENT
AS OF DECEMBER 31, 2020

<u>Description</u>	<u>Ownership %</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Percentage of Partners' Capital</u>	<u>Geographic Region</u>
INVESTMENT IN INVESTMENT ENTITY					
EQUITY					
MINERALS & MINING					
					United States
TOTAL PORTFOLIO INVESTMENT					

See accompanying notes to financial statements.

**ALASKA FUTURE FUND, LP
(A Delaware Limited Partnership)**

**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020**

INVESTMENT INCOME

Dividend Income	\$ 128,927
Total investment income	<u>128,927</u>

EXPENSES



Total expenses

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
<u>[REDACTED]</u>

NET INVESTMENT LOSS

(946,466)

UNREALIZED DEPRECIATION ON PORTFOLIO INVESTMENT

(129,954)

**NET DECREASE IN PARTNERS' CAPITAL RESULTING FROM
OPERATIONS**

\$ (1,076,420)

See accompanying notes to financial statements.

ALASKA FUTURE FUND, LP
(A Delaware Limited Partnership)

STATEMENT OF CHANGES IN PARTNERS' CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>General Partner</u>	<u>Limited Partner</u>	<u>Total</u>
BALANCE — January 1, 2020			
Capital contributions			
Net decrease in partners' capital resulting from operations			
BALANCE — December 31, 2020			<u>\$10,941,670</u>

See accompanying notes to financial statements.

ALASKA FUTURE FUND, LP
(A Delaware Limited Partnership)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Net decrease in partners' capital resulting from operations \$ (1,076,420)

Adjustments to reconcile net decrease in partners' capital resulting from operations to net cash used in operating activities:

Unrealized depreciation on portfolio investment 129,954

Purchases of portfolio investment [REDACTED]

Distributions from portfolio investment 42,955

Increase in other assets (20,355)

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

Net cash used in operating activities (2,116,349)

CASH FLOWS FROM FINANCING ACTIVITIES:

Capital contributions from partners 12,286,299

Net cash provided by financing activities 12,286,299

NET INCREASE IN CASH 10,169,950

CASH — January 1, 2020 8,209

CASH — December 31, 2020 \$ 10,178,159

See accompanying notes to financial statements.

ALASKA FUTURE FUND, LP
(A Delaware Limited Partnership)

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

1. ORGANIZATION

Nature of Operations — Alaska Future Fund, LP, a Delaware limited partnership (the “Partnership”) was formed on September 20, 2019 and commenced operations on September 30, 2019 (the “Closing Date”). Alaska Future Fund GP, LLC, a Delaware limited liability company, serves as the general partner (the “General Partner”) of the Partnership. The General Partner has the ultimate responsibility for the management, operations, and investment decisions of the Partnership.

The Partnership’s investment strategy is to make investments in private funds or co-invest alongside such private funds whose managers are either based in Alaska, have investment operations in Alaska, have historically invested in private transactions in Alaska and/or have a current bona fide plan to invest in private companies within Alaska with an emphasis on industries including credit, natural resources, transportation and infrastructure. Such investments seek to generate returns consistent with the expected risk and return profile of similar investments with an investment focus outside of Alaska.

The initial term (“Initial Term”) of the Partnership shall continue until the earlier of (i) one year after the date on which all of the investments have been liquidated and (ii) the tenth anniversary of the Closing Date in accordance with the terms of the Limited Partnership Agreement (the “Operating Agreement”). The Partnership’s Initial Term may be extended by the General Partner (i) unilaterally, for one year and (ii) with the written consent of the Limited Partner, for additional periods thereafter, if the General Partner determines in its reasonable discretion that such extensions are required to allow for the orderly liquidation of the Partnership’s investments.

Barings LLC (“Barings”), a Delaware limited liability company, serves as the investment manager (the “Manager”) of the Partnership. Barings is an indirect wholly owned subsidiary of Massachusetts Mutual Life Insurance Company (“MassMutual”). Barings is a registered investment adviser under the Investment Advisers Act of 1940, as amended.

Capitalized terms used, but not defined herein, shall have the meaning assigned to them in the Operating Agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The Partnership’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Partnership is an investment company and accordingly follows the accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standard Codification (“ASC”) 946, *Financial Services – Investment Companies*.

Use of Estimates — The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing these financial statements are reasonable and prudent; however, actual results could differ materially from those estimates.

Cash — Cash represents amounts on deposit with one major financial institution. The balances held may exceed federally insured amounts. The Partnership has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on such deposits.

Investment Transactions and Related Investment Income and Expense — Investment transactions are recorded on the transaction date. Investment income and expenses are recorded on an accrual basis. Income from investments is recognized as dividend income when the Partnership receives investee distributions that represent income distributed by the investee as a result of the investee’s operations. Distributions received that represent return of capital are recorded as reductions to cost of the respective investments. Realized gains and losses, recognized upon the Partnership’s sale of an investment or the receipt of an investee distribution attributable to realized gains distributed by the investee and/or distributions in excess of return of capital, are determined on the basis of identified cost.

**ALASKA FUTURE FUND, LP
(A Delaware Limited Partnership)**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020**

Portfolio Investments — Portfolio Investments are recorded at cost upon acquisition, and adjusted to fair value at each valuation date. The Partnership generally invests in investments considered to be illiquid and whose fair values are not readily determinable. Fair value for the Partnership's Portfolio Investments are determined by the Manager as described further below.

Valuation of Investments in Investment Entities — Investment Entities are investment companies and report their financial information to the Partnership at fair value. The Partnership determines the fair value of its investments in Investment Entities using the practical expedient based on the Partnership's proportionate share of the Investment Entities' reported net assets, unless it is probable that the Partnership will sell a portion of a portfolio investment at an amount different from the net asset value ("NAV") of the portfolio investment.

Income Taxes — As a pass-through entity, the Partnership is not subject to United States federal income taxes. Partners take into account separately on their tax returns their share of the federal taxable income, gains, losses, deductions or credits for the Partnership's taxable year. However, the Partnership may be liable to certain state taxes wherein income is derived. The Partnership's interest and other income from non U.S. sources, if any, may be subject to withholding and other taxes levied by the jurisdiction in which the income is sourced. For the year ended December 31, 2020, no provisions for income taxes were deemed necessary.

The Partnership follows the provisions of FASB ASC 740-10, *Income Taxes*. ASC 740-10 clarifies the accounting for income taxes, by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on the recognition, measurement, and classification of amounts relating to uncertain tax positions, accounting for and disclosure of interest and penalties, accounting in interim periods and disclosures. The application of that guidance did not result in the recognition of any unrecognized tax benefits at December 31, 2020. The Partnership's policy is to recognize penalties and interest, if any, as expense. As of December 31, 2020, there were no amounts accrued for penalties and interest. All tax years since inception are open for review by federal, state and local tax authorities.

3. PORTFOLIO INVESTMENT

The Partnership's ability to liquidate its Portfolio Investment is limited based on the provisions of the Portfolio Investment's governing documents. The Partnership generally cannot redeem such investments; rather the nature of the investment is such that the investee may make distributions to the Partnership. However, the Partnership may generally, with the written consent of the investee, transfer or sell its ownership interest in an investee prior to the investee's termination date. If the Partnership's investment is held until their termination date, it is estimated that the underlying assets of the investee would be liquidated over the remainder of the term of the Partnership as defined in Note 1. Due to the limited liquidity of the Partnership's Portfolio Investment, and the inherent uncertainty related to the investee's net assets, the fair values ascribed to such investment may differ materially from the values that may be realized upon liquidation.

The Partnership's investee may charge their investors, including the Partnership, fees and expenses that include asset-based and performance-based fees. Performance-based fees are generally subject to the achievement of a hurdle rate and paid only upon the full return of capital and a preferred return to the Partnership.

Investment objectives of the Portfolio Investment that exceed five percent of partners' capital as of December 31, 2020 are as follows:

[REDACTED] (" [REDACTED] ") is a [REDACTED] in [REDACTED]

The Partnership's unfunded commitment to [REDACTED] as of December 31, 2020 is [REDACTED]

ALASKA FUTURE FUND, LP
(A Delaware Limited Partnership)

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

4. FAIR VALUE MEASUREMENTS

In determining fair value, the Partnership uses various valuation approaches. ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value measurement framework, provides a single definition of fair value, and requires expanded disclosure summarizing fair value measurements. ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing an asset or liability.

The standard establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring most observable inputs to be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Partnership. Unobservable inputs are inputs that reflect the Partnership's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

Investments measured at fair value are classified and disclosed in one of the following categories:

Level 1 — Includes investments for which unadjusted quoted prices are available in active markets for identical investments as of the reporting date, such as publicly traded equity securities. The Partnership does not generally invest in Level 1 investments.

Level 2 — Includes investments for which pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1.

Level 3 — Includes investments for which pricing inputs are unobservable and there is little, if any, market activity for the investment. Level 3 investments include private equity and debt securities and limited partnership interests whose fair value has been determined through the use of broker quotes, models, or other valuation methodologies that are not based on market-corroborated inputs.

The transaction price, excluding transaction costs, is typically the Partnership's best estimate of fair value of an investment at acquisition.

For investments in Investment Entities managed by third parties, the Manager conducts a due diligence review prior to investing which includes an evaluation of the (1) professional reputation and standing of the fund manager, (2) investee's fair valuation methodology, (3) professional reputation and standing of the investee's auditor, and (4) professional reputation and standing of the investee's third party valuation agent (if applicable). On an ongoing basis, the Manager employs various methods for assessing the reasonableness of third-party reported NAV, including regular due diligence of the investee, review of key inputs and assumptions and monitoring of significant events that may materially affect the underlying investee and its ability to report NAV consistent with current fair value guidance. If the Manager believes that the NAV of the Investment Entity does not accurately reflect fair value or NAV is not available, the fair value of the Investment Entity will be determined using alternative valuation procedures.

Transfers of investments between levels are recorded as of the end of the reporting period. There were no such transfers during the year ended December 31, 2020.

The Partnership held no investments as of December 31, 2020 that were valued using unobservable inputs.

5. PARTNERS' CAPITAL

Contributions - From time to time before the third anniversary of the Closing Date of the Partnership (the "Investment Period"), the Partners shall be obligated to contribute cash in an aggregate amount not to exceed their Base Capital Commitment to fund investments and pay expenses related to the Partnership. At the close of the Investment Period,

ALASKA FUTURE FUND, LP
(A Delaware Limited Partnership)

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

the Manager may (a) identify specific investments in which the Manager has committed to invest or in which the Manager is considering investing, and (b) notify the Partners in writing that all or a portion of their uncalled Capital Commitments shall remain committed to the Partnership. Thereafter, until the close of the Initial Term, the Partners shall be obligated to contribute cash to the Partnership in an aggregate amount not to exceed all or the portion of their uncalled Capital Commitments.

As of December 31, 2020, the Partnership has a total commitment of \$100,500,000, of which [REDACTED] is committed by the Limited Partner. The General Partner may call capital up to the amount of unfunded commitments to enable the Partnership to make investments. At December 31, 2020, the Partnership's unfunded commitments amounted to \$88,153,702, of which [REDACTED] is unfunded from the Limited Partner. The ratio of total contributed capital to total committed capital is 12.28%.

A Partner may not redeem its Partnership Interest in the Partnership without the consent of the Manager, for which consent may be withheld in the sole and absolute discretion of the Manager.

Distributions – Distributions are made as described in the Operating Agreement and shall be made in the following order and priority:

- (a) first, [REDACTED] to the Limited Partner until the cumulative distributions to the Limited Partner equal the cumulative capital contributions of the limited partner;
- (b) second, [REDACTED] to the Limited Partner until the cumulative distributions to the Limited Partner in excess of its cumulative capital contributions equal a preferred return on its unreturned capital contributions at the rate of [REDACTED] per annum, compounded annually on each anniversary of the applicable capital contribution (the "Preferred Return");
- (c) third, [REDACTED] to the Limited Partner and [REDACTED] to the General Partner until the General Partner has received distributions with regard to the Limited Partner equal to [REDACTED] of the sum of distributions made pursuant to clause (b) above and this clause (c); and
- (d) fourth, [REDACTED] to the Limited Partner and [REDACTED] to the General Partner thereafter.

Allocation of Net Decrease in Partners' Capital Resulting from Operations — The net decrease in partners' capital resulting from operations is allocated to all Partners in proportion to their respective percentage interest in the Partnership.

6. RELATED-PARTY TRANSACTIONS

For all services rendered hereunder to the Partnership, the Manager shall be paid an annual management fee (the "Management Fee") based on the following criteria:

- (a) from the Closing Date until the first anniversary thereof, [REDACTED] per annum of Limited Partner's Capital Commitment;
- (b) from the completion of the time period set forth in clause (a) above until the termination of the Investment Period, [REDACTED] of Limited Partner's Capital Commitment; and
- (c) [REDACTED]

period; provided, further, that in no event shall any Management Fees be assessed for periods after the earlier of (A) an event of dissolution and (B) the ten year anniversary of the first day of the Investment Period.

**ALASKA FUTURE FUND, LP
(A Delaware Limited Partnership)**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020**

An amount equal to [REDACTED] of its annual Management Fee shall be due and payable by the Partnership quarterly in advance during each year of its Term. The Management Fee shall be pro-rated for the initial quarter and/or the final quarter of the Partnership, as applicable.

7. ADMINISTRATION AGREEMENT

[REDACTED] (the "Administrator") provides administrative and transfer agency services on behalf of the Partnership. The Partnership pays the Administrator an annual fee, which is calculated and accrued monthly based on the Partnership's month-end net asset value and is payable monthly in arrears as of the last business day of each month.

The administration fees incurred for the year ended December 31, 2020 of [REDACTED] are included in professional fees payable on the Statement of Assets, Liabilities, and Partners' Capital and in professional fees on the Statement of Operations.

8. CUSTODIAN AGREEMENT

[REDACTED] (the "Custodian") serves as the Partnership's custodian. The Custodian receives a custody fee calculated and accrued monthly.

The custodian fees incurred for the year ended December 31, 2020 of [REDACTED] are included in professional fees payable on the Statement of Assets, Liabilities, and Partners' Capital and in professional fees on the Statement of Operations.

9. INDEMNIFICATIONS

The Partnership enters into agreements that contain a variety of indemnifications. The Partnership's maximum exposure under these arrangements is unknown, as it would involve future claims that may be made against the Partnership. However, the Partnership expects the risk of loss to be remote.

10. RISK CONCENTRATIONS

The Partnership's activities expose it to a variety of financial risks: market risk, liquidity risk, credit risk, currency risk and investment strategy risk.

The Portfolio Investment presents a risk of loss of capital. Generally, the maximum loss resulting from an investment is its carrying value. The Partnership is subject to liquidity risk if a Portfolio Investment has redemption restrictions, suspends or imposes gates on its redemption and other events affecting its liquidity. The Partnership is exposed to credit risk if an investee encounters difficulty in meeting its obligations associated with financial liabilities.

Certain impacts from the COVID-19 outbreak may have a significant negative impact on the Partnership's performance. These circumstances may continue for an extended period of time, and may have an adverse impact on economic and market conditions. The ultimate economic fallout from the pandemic, and the long-term impact on economies, markets, industries and individual companies, are not known. The extent of the impact to the financial performance of the Partnership will depend on future developments, which are highly uncertain and cannot be predicted.

ALASKA FUTURE FUND, LP
(A Delaware Limited Partnership)

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

11. FINANCIAL HIGHLIGHTS

The following represents ratios to average limited partner's capital and internal rate of return information for the year ended December 31, 2020

Ratios to average limited partner's capital

Net investment loss	<u>(52.28%)</u>
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Operating expenses	<u>59.47%</u>
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Performance

Internal Rate of Return as of December 31, 2020	<u>(72.74%)</u>
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Due to the infancy of the Partnership, the internal rate of return was determined not to be meaningful performance measurements at December 31, 2019.

12. SUBSEQUENT EVENTS

The Manager has evaluated the impact of subsequent events occurring from the balance sheet date through May 25, 2021, the date the financial statements were available for issuance. No subsequent events have been identified that would require recognition or disclosure in the Partnership's financial statements.
