

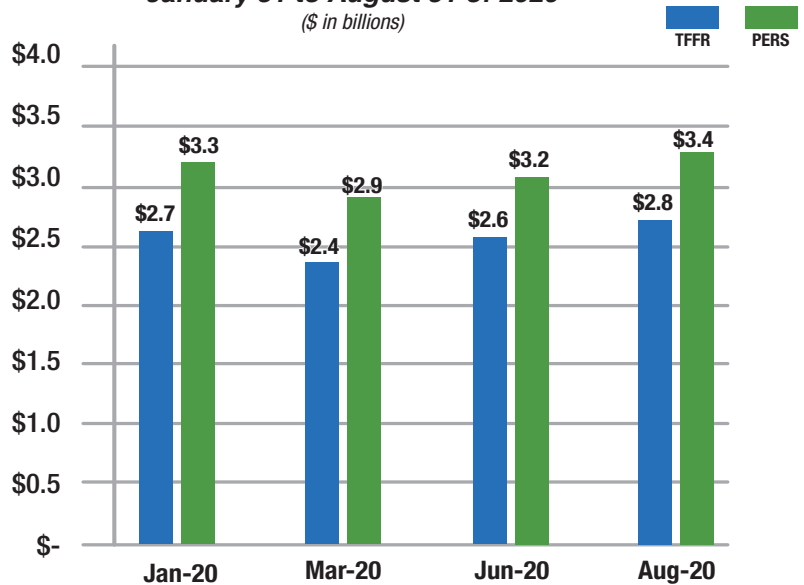


*From the Director's Chair*

*David Hunter*  
Executive Director/CIO

## TFFR and PERS Plans Benefit from Capital Market Recovery in Mid-2020

**Market Value of TFFR and PERS Pension Plans**  
January 31 to August 31 of 2020  
(\$ in billions)



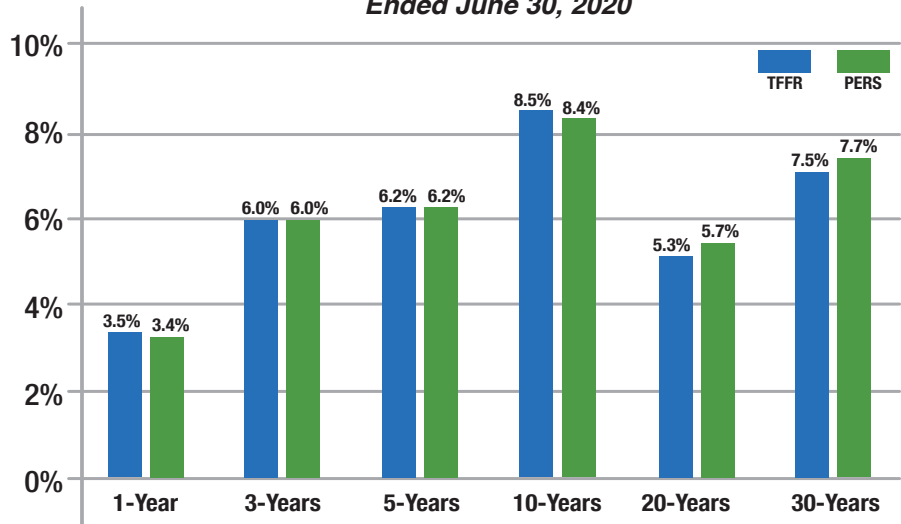
TFFR and PERS benefitted from a major recovery in the capital markets in mid-2020. Due to the impact of the global pandemic, the TFFR pension plan declined from \$2.7 billion in January down to \$2.4 billion in March. Since March, however, the TFFR pension plan has fully recovered and valued at \$2.8 billion in August. Similarly, the PERS pension plan declined from \$3.3 billion in January down to \$2.9 billion in March due to the global pandemic, prior to experiencing a full recovery in recent months, and valued at over \$3.4 billion as of August 31, 2020.

## TFFR and PERS Net Returns Exceed 7.5% per annum the last 30 years

The global pandemic adversely impacted all SIB client results this past year. Despite the impact of COVID-19, TFFR and PERS earned net returns of over 3.4% for the 1-year ended June 30, 2020, which generally exceeded most other U.S. public plans. SIB pension pool returns, which include PERS and TFFR, were ranked in the top 25% of U.S. public plans over the last 10-years by exceeding 8.4%.

Over the last 30-years, TFFR and PERS have each earned over 7.5% per annum exceeding their respective long-term return assumptions of 7.25% for TFFR and 7% for PERS.

**Net Investment Returns for Periods**  
Ended June 30, 2020



# State Investment Board Update

The SIB is responsible for administrative oversight of \$17 billion of investments for 18 different clients including TFFR, PERS, Workforce Safety & Insurance (WSI), and the Legacy and Budget Stabilization Advisory Board.

SIB leadership and members include Lt. Governor Brent Sanford as Chair, Dr. Rob Lech as Vice Chair (TFFR), Chief Deputy Attorney General Troy Seibel as Parliamentarian (PERS), State Treasurer Kelly Schmidt, WSI Director Bryan Klipfel, Insurance Commissioner Jon Godfread, Land Commissioner Jodi Smith, Yvonne Smith (PERS), Adam Miller (PERS), Toni Gumeringer (TFFR), Mel Olson (TFFR) and Legacy and Budget Stabilization Fund Advisory Board Chair Representative Keith Kempenich.

The SIB is required to apply the “prudent investor rule” in investing funds under its supervision. The “prudent investor rule” means that in making investments

the fiduciaries shall exercise the judgment and care, under circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regards to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income (as defined by ND Century Code 21-10-07 Legal Investments). The SIB does not make individual investments in securities as all client portfolios are externally managed by approved investment firms using SIB client board approved investment policies and asset allocations.



Lt. Governor Brent Sanford,  
Chair



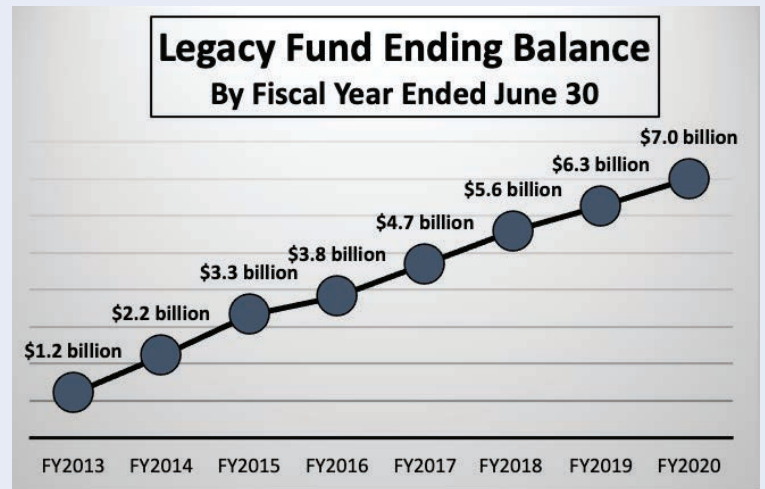
Dr. Rob Lech,  
Vice Chair



Chief Deputy Attorney  
General, Troy Seibel,  
Parliamentarian

## Legacy Fund Inception to Date Net Investment Income Exceeds \$2 billion

Since inception, the Legacy Fund has earned over \$2 billion of net investment income as of August 31, 2020, noting the Fund was not fully invested in its current asset allocation of 50% global equity, 35% global debt and 15% global real assets until early-2015. Legacy Fund earnings (as defined by North Dakota Century Code) of over \$455 million were transferred to the General Fund in mid-2019. Legacy Fund month-end valuations, investment results, and inception to date earnings are posted on RIO’s website at: [www.rio.nd.gov/legacy-fund](http://www.rio.nd.gov/legacy-fund)



Note: The Legacy Fund approximated \$7.5 billion as of August 31, 2020.

## SIB Commits \$400 million to Legacy Fund “In-State Investment Program”

The SIB raised its Legacy Fund “Bank of North Dakota Match Loan Program” commitment to a record high of \$400 million with a new \$100 million funding commitment. The SIB dedicated an additional \$100 million in Legacy Fund investments to provide cost-efficient financing to companies seeking to develop new businesses and infrastructure in North Dakota. Please see RIO’s website for the full press release at: [www.rio.nd.gov/news/sib-press-release-legacy-fund-investment-0](http://www.rio.nd.gov/news/sib-press-release-legacy-fund-investment-0)

# Recent Awards for Excellence in Financial Reporting and Transparency

**The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to RIO for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019.** This marks the 22nd consecutive year that RIO has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

**The Sovereign Wealth Fund (SWF) Institute assigned the highest Transparency Index rating of 10 to the North Dakota Legacy Fund.** The only other U.S. SWF with this rating is the Alaska Permanent Fund (although Norway's SWF is also assigned the highest Transparency Index rating of 10 out of 10).

[www.swfinstitute.org/research/linaburg-maduell-transparency-index](http://www.swfinstitute.org/research/linaburg-maduell-transparency-index)

## SIB Client Investments

as of June 30, 2020

Fund Name	Market Values as of 8/31/20	Market Values as of 6/30/20
<b>Pension Pool</b>		
Teachers' Fund for Retirement (TFFR)	\$2,773,832,001	\$2,612,716,499
Public Employees Retirement System (PERS)	3,424,539,928	3,212,113,496
City of Bismarck Employees Pension	112,612,259	106,946,867
City of Bismarck Police Pension	44,977,019	42,552,004
City of Grand Forks Employees Pension	71,027,641	67,458,579
Park District of the City of Grand Forks Pension	7,880,633	7,406,214
<b>Subtotal Pension Pool</b>	<b>6,434,869,480</b>	<b>6,049,193,658</b>
<b>Insurance Pool</b>		
Workforce Safety & Insurance (WSI)	2,199,874,706	2,125,881,220
State Fire and Tornado Fund	19,600,488	22,825,556
State Bonding Fund	3,822,112	3,787,526
Petroleum Tank Release Compensation Fund	6,216,941	6,165,424
Insurance Regulatory Trust Fund	5,951,862	5,714,619
State Risk Management Fund	4,017,676	4,561,175
State Risk Management Workers Comp Fund	5,403,933	5,116,217
Cultural Endowment Fund	529,694	493,401
Budget Stabilization Fund	737,062,186	727,275,063
ND Association of Counties (NDACo) Fund	7,046,658	6,693,191
Bismarck Deferred Sick Leave Account	806,673	770,793
City of Fargo FargoDome Permanent Fund	46,494,368	43,550,868
State Board of Medicine Fund	2,576,509	2,470,787
PERS Group Insurance Account	31,789,534	31,495,987
Lewis & Clark Interpretive Center Endowment	835,289	793,808
Attorney General (AG) Settlement Fund	1,071,414	1,057,147
Veterans' Cemetery Trust Fund	334,192	312,782
<b>Subtotal Insurance Pool</b>	<b>3,073,434,234</b>	<b>2,988,965,565</b>
<b>Individual Investment Accounts</b>		
Legacy Fund	7,501,671,928	6,999,783,262
Job Service of North Dakota Pension	96,533,277	95,338,534
Tobacco Control and Prevention Fund	7,594,388	7,589,354
PERS Retiree Health Insurance Credit Fund	154,883,621	144,237,322
<b>Total Assets Under SIB Management</b>	<b>\$17,268,986,930</b>	<b>\$16,285,107,695</b>

Market values are unaudited and subject to change.

### State Investment Board (SIB)

Lt. Governor Brent Sanford, Chair  
 Dr. Rob Lech, TFFR Trustee, Vice Chair  
 Jon Godfread, State Insurance Commissioner  
 Toni Gumeringer, TFFR Trustee  
 Adam Miller, PERS Trustee  
 Mel Olson, TFFR Trustee  
 Kelly Schmidt, State Treasurer  
 Troy Seibel, PERS Trustee  
 Jodi Smith, Land Commissioner  
 Yvonne Smith, PERS Trustee  
 Bryan Klipfel, Director, WSI  
 Rep. Keith Kempenich, Legacy Fund

### RIO Administrative Office

David Hunter, Executive Director/CIO  
 Janilyn Murtha, Deputy Executive Director/  
 Chief Retirement Officer  
 Darren Schulz, Deputy CIO  
 Connie Flanagan, Chief Financial Officer  
 Denise Weeks, Editor

### ND Retirement & Investment Office

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 Toll free: 1-800-952-2970  
[www.rio.nd.gov](http://www.rio.nd.gov)

Articles are for general information only and are not intended to provide specific advice or recommendation. Any views, opinions or conclusions expressed herein are those of the author(s) and do not necessarily reflect the position or policy of the SIB or North Dakota Government. Other forms of this newsletter are available upon request.

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