

LEGACY FUND
State Investment Board
Statement of Net Position
As of 10/31/2017

	<u>As of</u> <u>10-31-17</u>	<u>As of</u> <u>6-30-17</u>
ASSETS:		
INVESTMENTS (AT FAIR VALUE)		
DOMESTIC EQUITIES	\$ 1,514,190,004	\$ 1,407,188,529
INTERNATIONAL EQUITIES	1,015,613,700	935,447,142
DOMESTIC FIXED INCOME	1,720,182,730	1,605,730,810
REAL ASSETS	743,366,193	712,121,488
INVESTED CASH (NOTE 1)	<u>49,196,345</u>	<u>9,349,540</u>
TOTAL INVESTMENTS	5,042,548,972	4,669,837,509
RECEIVABLES		
DIVIDEND/INTEREST RECEIVABLE	18,029,770	18,126,221
MISCELLANEOUS RECEIVABLE	<u>7,365</u>	<u>10,501</u>
TOTAL RECEIVABLES	18,037,135	18,136,722
OTHER ASSETS		
INVESTED SECURITIES LENDING COLLATERAL (NOTE 2)	26,261,008	33,301,257
OPERATING CASH	<u>120,799</u>	<u>95,642</u>
TOTAL ASSETS	<u>5,086,967,914</u>	<u>4,721,371,130</u>
DEFERRED OUTFLOWS OF RESOURCES		
DEFERRED OUTFLOWS RELATED TO PENSIONS	<u>97,379</u>	<u>119,384</u>
LIABILITIES:		
SECURITIES LENDING COLLATERAL (NOTE 2)	26,261,008	33,301,257
ACCOUNTS PAYABLE	13,857	99,334
ACCRUED EXPENSES	231,713	253,138
INVESTMENT EXPENSE PAYABLE	<u>2,187,487</u>	<u>2,187,485</u>
TOTAL LIABILITIES	<u>28,694,065</u>	<u>35,841,214</u>
DEFERRED INFLOWS OF RESOURCES		
DEFERRED INFLOWS RELATED TO PENSIONS	<u>11,569</u>	<u>11,569</u>
NET POSITION:		
HELD IN TRUST	<u>5,058,359,659</u>	<u>4,685,637,731</u>
TOTAL NET POSITION	<u>\$ 5,058,359,659</u>	<u>\$ 4,685,637,731</u>

These financial statements are preliminary, unaudited and subject to change.

11/30/2017

LEGACY FUND

State Investment Board Statement of Changes in Net Position For the Month Ended 10/31/2017

	Month Ended <u>10-31-17</u>	<u>Year-to-Date</u>
ADDITIONS:		
INVESTMENT INCOME		
GAIN ON SALE OF INVESTMENTS	\$ 38,287,192	\$ 160,898,468
LOSS ON SALE OF INVESTMENTS	24,958,722	115,341,134
NET GAINS (LOSSES) INVESTMENTS	13,328,470	45,557,334
NET APPREC (DEPREC) MARKET VALUE	41,609,792	161,450,137
NET CHANGE IN FAIR VALUE OF INVESTMENTS	54,938,262	207,007,471
INTEREST, DIVIDEND & OTHER INVESTMENT INCOME	9,460,059	31,763,861
	64,398,321	238,771,332
LESS INVESTMENT EXPENSES	1,700,943	3,919,175
NET INCOME FROM INVESTING ACTIVITIES	62,697,378	234,852,157
SECURITIES LENDING INCOME	58,704	277,256
SECURITIES LENDING EXPENSES	11,730	55,409
NET SECURITIES LENDING INCOME	46,974	221,847
NET INVESTMENT INCOME	62,744,352	235,074,004
PURCHASE OF UNITS (\$1/UNIT) (NOTE 3)	37,219,661	137,803,399
TOTAL ADDITIONS	99,964,013	372,877,403
DEDUCTIONS:		
ADMINISTRATIVE EXPENSES	39,380	155,475
REDEMPTION OF UNITS (\$1/UNIT) (NOTE 4)	-	-
TOTAL DEDUCTIONS	39,380	155,475
CHANGE IN NET POSITION	99,924,633	372,721,928
NET POSITION:		
BEGINNING OF PERIOD	4,958,435,026	4,685,637,731
END OF PERIOD	\$ 5,058,359,659	\$ 5,058,359,659

LEGACY FUND

Notes To Financial Statements October 31, 2017

The following notes to financial statements are intended to provide general descriptions of line items in the financial statements.

NOTE 1 INVESTED CASH

Insurance Cash Pool invested in the short-term investment fund (STIF) at The Northern Trust Company and a demand account at Bank of North Dakota.

NOTE 2 SECURITIES LENDING COLLATERAL

Securities are loaned versus collateral that may include cash, U.S. government securities and irrevocable letters of credit. U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus any interest. Non-U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus any accrued interest. Non-cash collateral cannot be pledged or sold unless the borrower defaults. Cash open collateral is invested in a short term investment pool.

NOTE 3 PURCHASE OF UNITS

Cash transferred into investment accounts at The Northern Trust during the current fiscal year.

NOTE 4 REDEMPTION OF UNITS

Cash transferred out of investment accounts at The Northern Trust during the current fiscal year.

NOTE 5 EARNINGS AVAILABLE

Section 26 of Article X of the Constitution of North Dakota dictates that earnings of the Legacy Fund accruing after June 30, 2017, shall be transferred to the general fund at the end of each biennium. Earnings accrued prior to June 30, 2017, become part of the principal of the fund.

NDCC 21-10-02 defines "earnings" for the purposes of Section 26, Article X as "net income in accordance with generally accepted accounting principles, excluding any unrealized gains or losses."

As of the date of these financial statements, the principal balance of the Legacy Fund is \$ 4,515,268,303

As of the date of these financial statements, earnings of the Legacy Fund eligible for transfer to General Fund at the end of the biennium is \$ 73,468,392