

**LEGACY FUND**  
**State Investment Board**  
**Statement of Net Position**  
**As of 12/31/2017**

	<u>As of</u> <u>12-31-17</u>	<u>As of</u> <u>6-30-17</u>
<b>ASSETS:</b>		
INVESTMENTS (AT FAIR VALUE)		
DOMESTIC EQUITIES	\$ 1,566,840,080	\$ 1,407,188,529
INTERNATIONAL EQUITIES	1,047,683,107	935,447,142
DOMESTIC FIXED INCOME	1,794,108,606	1,605,730,810
REAL ASSETS	776,928,551	712,121,488
INVESTED CASH (NOTE 1)	<u>52,568,512</u>	<u>9,349,540</u>
<b>TOTAL INVESTMENTS</b>	<b>5,238,128,856</b>	<b>4,669,837,509</b>
<b>RECEIVABLES</b>		
DIVIDEND/INTEREST RECEIVABLE	14,172,089	18,126,221
MISCELLANEOUS RECEIVABLE	<u>11,436</u>	<u>10,501</u>
<b>TOTAL RECEIVABLES</b>	<b>14,183,525</b>	<b>18,136,722</b>
<b>OTHER ASSETS</b>		
INVESTED SECURITIES LENDING COLLATERAL (NOTE 2)	25,982,646	33,301,257
OPERATING CASH	<u>28,874</u>	<u>95,642</u>
<b>TOTAL ASSETS</b>	<b><u>5,278,323,901</u></b>	<b><u>4,721,371,130</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
DEFERRED OUTFLOWS RELATED TO PENSIONS	<u>97,379</u>	<u>119,384</u>
<b>LIABILITIES:</b>		
SECURITIES LENDING COLLATERAL (NOTE 2)	25,982,646	33,301,257
ACCOUNTS PAYABLE	6,968	99,334
ACCRUED EXPENSES	230,872	253,138
INVESTMENT EXPENSE PAYABLE	<u>2,187,487</u>	<u>2,187,485</u>
<b>TOTAL LIABILITIES</b>	<b><u>28,407,973</u></b>	<b><u>35,841,214</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
DEFERRED INFLOWS RELATED TO PENSIONS	<u>11,569</u>	<u>11,569</u>
<b>NET POSITION:</b>		
HELD IN TRUST	<u>5,250,001,738</u>	<u>4,685,637,731</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 5,250,001,738</u></b>	<b><u>\$ 4,685,637,731</u></b>

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

2/1/2018

# LEGACY FUND

## State Investment Board Statement of Changes in Net Position For the Month Ended 12/31/2017

	Month Ended <u>12-31-17</u>	<u>Year-to-Date</u>
ADDITIONS:		
INVESTMENT INCOME		
GAIN ON SALE OF INVESTMENTS	\$ 50,285,717	\$ 256,947,992
LOSS ON SALE OF INVESTMENTS	31,299,054	178,351,183
NET GAINS (LOSSES) INVESTMENTS	18,986,663	78,596,809
NET APPREC (DEPREC) MARKET VALUE	15,717,753	219,256,515
NET CHANGE IN FAIR VALUE OF INVESTMENTS	34,704,416	297,853,324
INTEREST, DIVIDEND & OTHER INVESTMENT INCOME	12,054,038	51,479,543
	46,758,454	349,332,867
LESS INVESTMENT EXPENSES	50,253	4,754,047
NET INCOME FROM INVESTING ACTIVITIES	46,708,201	344,578,820
SECURITIES LENDING INCOME	60,036	389,848
SECURITIES LENDING EXPENSES	11,997	77,907
NET SECURITIES LENDING INCOME	48,039	311,941
NET INVESTMENT INCOME	46,756,240	344,890,761
PURCHASE OF UNITS (\$1/UNIT) (NOTE 3)	44,430,941	219,712,923
TOTAL ADDITIONS	91,187,181	564,603,684
DEDUCTIONS:		
ADMINISTRATIVE EXPENSES	40,988	239,677
REDEMPTION OF UNITS (\$1/UNIT) (NOTE 4)	-	-
TOTAL DEDUCTIONS	40,988	239,677
CHANGE IN NET POSITION	91,146,193	564,364,007
NET POSITION:		
BEGINNING OF PERIOD	5,158,855,545	4,685,637,731
END OF PERIOD	\$ 5,250,001,738	\$ 5,250,001,738

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2/1/2018

# LEGACY FUND

## Notes To Financial Statements December 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 \$ 4,597,177,827

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 \$ 125,394,569