

LEGACY FUND
State Investment Board
Statement of Net Position
As of 6/30/2018

	<u>As of</u> <u>6-30-18</u>	<u>As of</u> <u>6-30-17</u>
ASSETS:		
INVESTMENTS (AT FAIR VALUE)		
DOMESTIC EQUITIES	\$ 1,682,589,628	\$ 1,407,188,529
INTERNATIONAL EQUITIES	1,083,446,408	935,447,142
DOMESTIC FIXED INCOME	1,929,981,907	1,605,730,810
REAL ASSETS	805,149,765	712,121,488
INVESTED CASH (NOTE 1)	<u>54,793,877</u>	<u>9,349,540</u>
TOTAL INVESTMENTS	5,555,961,585	4,669,837,509
RECEIVABLES		
DIVIDEND/INTEREST RECEIVABLE	21,357,528	18,126,221
MISCELLANEOUS RECEIVABLE	<u>14,495</u>	<u>10,501</u>
TOTAL RECEIVABLES	21,372,023	18,136,722
OTHER ASSETS		
INVESTED SECURITIES LENDING COLLATERAL (NOTE 2)	24,284,177	33,301,257
OPERATING CASH	<u>208,349</u>	<u>95,642</u>
TOTAL ASSETS	<u>5,601,826,134</u>	<u>4,721,371,130</u>
DEFERRED OUTFLOWS OF RESOURCES		
DEFERRED OUTFLOWS RELATED TO PENSIONS	<u>271,634</u>	<u>119,384</u>
LIABILITIES:		
SECURITIES LENDING COLLATERAL (NOTE 2)	24,284,177	33,301,257
ACCOUNTS PAYABLE	71,703	99,334
ACCRUED EXPENSES	497,792	253,138
INVESTMENT EXPENSE PAYABLE	<u>1,150,895</u>	<u>2,187,485</u>
TOTAL LIABILITIES	<u>26,004,567</u>	<u>35,841,214</u>
DEFERRED INFLOWS OF RESOURCES		
DEFERRED INFLOWS RELATED TO PENSIONS	<u>9,183</u>	<u>11,569</u>
NET POSITION:		
HELD IN TRUST	<u>5,576,084,018</u>	<u>4,685,637,731</u>
TOTAL NET POSITION	<u>\$ 5,576,084,018</u>	<u>\$ 4,685,637,731</u>

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

9/7/2018

LEGACY FUND

State Investment Board Statement of Changes in Net Position For the Month Ended 6/30/2018

	Month Ended <u>6-30-18</u>	<u>Year-to-Date</u>
ADDITIONS:		
INVESTMENT INCOME		
GAIN ON SALE OF INVESTMENTS	\$ 58,404,111	\$ 673,490,477
LOSS ON SALE OF INVESTMENTS	52,194,029	537,881,514
NET GAINS (LOSSES) INVESTMENTS	6,210,082	135,608,963
NET APPREC (DEPREC) MARKET VALUE	(32,129,559)	117,715,692
NET CHANGE IN FAIR VALUE OF INVESTMENTS	(25,919,477)	253,324,655
INTEREST, DIVIDEND & OTHER INVESTMENT INCOME	13,877,466	117,456,240
	(12,042,011)	370,780,895
LESS INVESTMENT EXPENSES	(292,107)	10,018,870
NET INCOME FROM INVESTING ACTIVITIES	(11,749,904)	360,762,025
SECURITIES LENDING INCOME	106,400	810,262
SECURITIES LENDING EXPENSES	21,269	161,927
NET SECURITIES LENDING INCOME	85,131	648,335
NET INVESTMENT INCOME	(11,664,773)	361,410,360
PURCHASE OF UNITS (\$1/UNIT) (NOTE 3)	58,848,164	529,870,755
TOTAL ADDITIONS	47,183,391	891,281,115
DEDUCTIONS:		
ADMINISTRATIVE EXPENSES	266,204	834,828
REDEMPTION OF UNITS (\$1/UNIT) (NOTE 4)	-	-
TOTAL DEDUCTIONS	266,204	834,828
CHANGE IN NET POSITION	46,917,187	890,446,287
NET POSITION:		
BEGINNING OF PERIOD	5,529,166,831	4,685,637,731
END OF PERIOD	\$ 5,576,084,018	\$ 5,576,084,018

LEGACY FUND

Notes To Financial Statements June 30, 2018

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 21-10-12 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 \$ 4,907,335,659

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 \$ 242,859,840