

LEGACY FUND
State Investment Board
Statement of Net Position
As of 8/31/2018

	<u>As of</u> <u>8-31-18</u>	<u>As of</u> <u>6-30-18</u>
ASSETS:		
INVESTMENTS (AT FAIR VALUE)		
GLOBAL EQUITIES	\$ 2,926,642,434	\$ 2,766,036,036
GLOBAL FIXED INCOME	2,010,087,129	1,929,981,907
GLOBAL REAL ASSETS	832,786,518	805,149,765
INVESTED CASH (NOTE 1)	<u>45,333,809</u>	<u>54,793,877</u>
 TOTAL INVESTMENTS	 5,814,849,890	 5,555,961,585
 RECEIVABLES		
DIVIDEND/INTEREST RECEIVABLE	19,347,513	21,357,528
MISCELLANEOUS RECEIVABLE	<u>3,683</u>	<u>14,495</u>
 TOTAL RECEIVABLES	 19,351,196	 21,372,023
 OTHER ASSETS		
INVESTED SECURITIES LENDING COLLATERAL (NOTE 2)	24,284,177	24,284,177
OPERATING CASH	<u>78,895</u>	<u>208,349</u>
 TOTAL ASSETS	 <u>5,858,564,158</u>	 <u>5,601,826,134</u>
 DEFERRED OUTFLOWS OF RESOURCES		
DEFERRED OUTFLOWS RELATED TO PENSIONS	<u>244,618</u>	<u>271,634</u>
 LIABILITIES:		
SECURITIES LENDING COLLATERAL (NOTE 2)	24,284,177	24,284,177
ACCOUNTS PAYABLE	15,050	71,703
ACCRUED EXPENSES	470,290	497,792
INVESTMENT EXPENSE PAYABLE	<u>1,150,895</u>	<u>1,150,895</u>
 TOTAL LIABILITIES	 <u>25,920,412</u>	 <u>26,004,567</u>
 DEFERRED INFLOWS OF RESOURCES		
DEFERRED INFLOWS RELATED TO PENSIONS	<u>9,183</u>	<u>9,183</u>
 NET POSITION:		
HELD IN TRUST	<u>5,832,879,181</u>	<u>5,576,084,018</u>
 TOTAL NET POSITION	 <u>\$ 5,832,879,181</u>	 <u>\$ 5,576,084,018</u>

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

10/4/2018

LEGACY FUND

State Investment Board Statement of Changes in Net Position For the Month Ended 8/31/2018

	Month Ended <u>8-31-18</u>	<u>Year-to-Date</u>
ADDITIONS:		
INVESTMENT INCOME		
GAIN ON SALE OF INVESTMENTS	\$ 57,737,115	\$ 108,364,668
LOSS ON SALE OF INVESTMENTS	33,144,076	71,362,882
NET GAINS (LOSSES) INVESTMENTS	24,593,039	37,001,786
NET APPREC (DEPREC) MARKET VALUE	25,693,447	86,000,871
NET CHANGE IN FAIR VALUE OF INVESTMENTS	50,286,486	123,002,657
INTEREST, DIVIDEND & OTHER INVESTMENT INCOME	9,088,256	15,322,594
	59,374,742	138,325,251
LESS INVESTMENT EXPENSES	1,265,306	2,200,473
NET INCOME FROM INVESTING ACTIVITIES	58,109,436	136,124,778
SECURITIES LENDING INCOME	57,014	149,364
SECURITIES LENDING EXPENSES	11,391	29,850
NET SECURITIES LENDING INCOME	45,623	119,514
NET INVESTMENT INCOME	58,155,059	136,244,292
PURCHASE OF UNITS (\$1/UNIT) (NOTE 3)	58,099,513	120,637,699
TOTAL ADDITIONS	116,254,572	256,881,991
DEDUCTIONS:		
ADMINISTRATIVE EXPENSES	44,967	86,828
REDEMPTION OF UNITS (\$1/UNIT) (NOTE 4)	-	-
TOTAL DEDUCTIONS	44,967	86,828
CHANGE IN NET POSITION	116,209,605	256,795,163
NET POSITION:		
BEGINNING OF PERIOD	5,716,669,576	5,576,084,018
END OF PERIOD	\$ 5,832,879,181	\$ 5,832,879,181

LEGACY FUND

Notes To Financial Statements August 31, 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 \$ 5,027,973,358

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 \$ 293,016,433