

LEGACY FUND
State Investment Board
Statement of Net Position
As of 9/30/2018

	<u>As of</u> <u>9-30-18</u>	<u>As of</u> <u>6-30-18</u>
ASSETS:		
INVESTMENTS (AT FAIR VALUE)		
GLOBAL EQUITIES	\$ 2,944,414,308	\$ 2,766,036,036
GLOBAL FIXED INCOME	2,037,448,765	1,929,981,907
GLOBAL REAL ASSETS	828,654,190	805,149,765
INVESTED CASH (NOTE 1)	<u>52,443,540</u>	<u>54,793,877</u>
 TOTAL INVESTMENTS	 5,862,960,803	 5,555,961,585
 RECEIVABLES		
DIVIDEND/INTEREST RECEIVABLE	23,155,064	21,357,528
MISCELLANEOUS RECEIVABLE	<u>5,840</u>	<u>14,495</u>
 TOTAL RECEIVABLES	 23,160,904	 21,372,023
 OTHER ASSETS		
INVESTED SECURITIES LENDING COLLATERAL (NOTE 2)	25,627,173	24,284,177
OPERATING CASH	<u>162,350</u>	<u>208,349</u>
 TOTAL ASSETS	 <u>5,911,911,230</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)	25,627,173	24,284,177
ACCOUNTS PAYABLE	15,050	71,703
ACCRUED EXPENSES	470,495	497,792
INVESTMENT EXPENSE PAYABLE	<u>1,150,895</u>	<u>1,150,895</u>
 TOTAL LIABILITIES	 <u>27,263,613</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>5,884,883,052</u>	<u>5,576,084,018</u>
 TOTAL NET POSITION	 <u>\$ 5,884,883,052</u>	 <u>\$ 5,576,084,018</u>

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State Investment Board Statement of Changes in Net Position For the Month Ended 9/30/2018

	Month Ended <u>9-30-18</u>	<u>Year-to-Date</u>
ADDITIONS:		
INVESTMENT INCOME		
GAIN ON SALE OF INVESTMENTS	\$ 53,377,218	\$ 161,741,886
LOSS ON SALE OF INVESTMENTS	52,373,438	123,736,320
NET GAINS (LOSSES) INVESTMENTS	1,003,780	38,005,566
NET APPREC (DEPREC) MARKET VALUE	(28,471,285)	57,529,586
NET CHANGE IN FAIR VALUE OF INVESTMENTS	(27,467,505)	95,535,152
INTEREST, DIVIDEND & OTHER INVESTMENT INCOME	12,496,702	27,819,296
	(14,970,803)	123,354,448
LESS INVESTMENT EXPENSES	-	2,200,473
NET INCOME FROM INVESTING ACTIVITIES	(14,970,803)	121,153,975
SECURITIES LENDING INCOME	48,020	197,384
SECURITIES LENDING EXPENSES	9,594	39,444
NET SECURITIES LENDING INCOME	38,426	157,940
NET INVESTMENT INCOME	(14,932,377)	121,311,915
PURCHASE OF UNITS (\$1/UNIT) (NOTE 3)	66,978,003	187,615,702
TOTAL ADDITIONS	52,045,626	308,927,617
DEDUCTIONS:		
ADMINISTRATIVE EXPENSES	41,755	128,583
REDEMPTION OF UNITS (\$1/UNIT) (NOTE 4)	-	-
TOTAL DEDUCTIONS	41,755	128,583
CHANGE IN NET POSITION	52,003,871	308,799,034
NET POSITION:		
BEGINNING OF PERIOD	5,832,879,181	5,576,084,018
END OF PERIOD	\$ 5,884,883,052	\$ 5,884,883,052

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Notes To Financial Statements September 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 \$ 5,094,951,361

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 \$ 306,513,586