

LEGACY FUND
State Investment Board
Statement of Net Position
As of 12/31/2018

	<u>As of</u> <u>12-31-18</u>	<u>As of</u> <u>6-30-18</u>
ASSETS:		
INVESTMENTS (AT FAIR VALUE)		
GLOBAL EQUITIES	\$ 2,620,522,327	\$ 2,766,036,036
GLOBAL FIXED INCOME	2,088,704,379	1,929,981,907
GLOBAL REAL ASSETS	854,391,908	805,149,765
INVESTED CASH (NOTE 1)	<u>52,268,576</u>	<u>54,793,877</u>
 TOTAL INVESTMENTS	 5,615,887,190	 5,555,961,585
 RECEIVABLES		
DIVIDEND/INTEREST RECEIVABLE	20,756,700	21,357,528
MISCELLANEOUS RECEIVABLE	<u>6,414</u>	<u>14,495</u>
 TOTAL RECEIVABLES	 20,763,114	 21,372,023
 OTHER ASSETS		
INVESTED SECURITIES LENDING COLLATERAL (NOTE 2)	19,610,979	24,284,177
OPERATING CASH	<u>140,616</u>	<u>208,349</u>
 TOTAL ASSETS	 <u>5,656,401,899</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)	19,610,979	24,284,177
ACCOUNTS PAYABLE	15,050	71,703
ACCRUED EXPENSES	471,469	497,792
INVESTMENT EXPENSE PAYABLE	<u>1,150,895</u>	<u>1,150,895</u>
 TOTAL LIABILITIES	 <u>21,248,393</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>5,635,388,941</u>	<u>5,576,084,018</u>
 TOTAL NET POSITION	 <u>\$ 5,635,388,941</u>	 <u>\$ 5,576,084,018</u>

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

2/1/2019

LEGACY FUND

State Investment Board Statement of Changes in Net Position For the Month Ended 12/31/2018

	Month Ended <u>12-31-18</u>	<u>Year-to-Date</u>
ADDITIONS:		
INVESTMENT INCOME		
GAIN ON SALE OF INVESTMENTS	\$ 152,074,446	\$ 487,852,850
LOSS ON SALE OF INVESTMENTS	171,217,231	451,838,987
NET GAINS (LOSSES) INVESTMENTS	<u>(19,142,785)</u>	<u>36,013,863</u>
NET APPREC (DEPREC) MARKET VALUE	<u>(193,311,151)</u>	<u>(423,974,990)</u>
NET CHANGE IN FAIR VALUE OF INVESTMENTS	(212,453,936)	(387,961,127)
INTEREST, DIVIDEND & OTHER INVESTMENT INCOME	<u>13,204,089</u>	<u>62,939,118</u>
	(199,249,847)	(325,022,009)
LESS INVESTMENT EXPENSES	<u>-</u>	<u>5,039,899</u>
NET INCOME FROM INVESTING ACTIVITIES	(199,249,847)	(330,061,908)
SECURITIES LENDING INCOME	45,539	354,337
SECURITIES LENDING EXPENSES	9,100	70,808
NET SECURITIES LENDING INCOME	<u>36,439</u>	<u>283,529</u>
NET INVESTMENT INCOME	<u>(199,213,408)</u>	<u>(329,778,379)</u>
PURCHASE OF UNITS (\$1/UNIT) (NOTE 3)	<u>70,826,949</u>	<u>389,365,463</u>
TOTAL ADDITIONS	(128,386,459)	59,587,084
DEDUCTIONS:		
ADMINISTRATIVE EXPENSES	50,606	282,161
REDEMPTION OF UNITS (\$1/UNIT) (NOTE 4)	<u>-</u>	<u>-</u>
TOTAL DEDUCTIONS	<u>50,606</u>	<u>282,161</u>
CHANGE IN NET POSITION	(128,437,065)	59,304,923
NET POSITION:		
BEGINNING OF PERIOD	<u>5,763,826,006</u>	<u>5,576,084,018</u>
END OF PERIOD	<u>\$ 5,635,388,941</u>	<u>\$ 5,635,388,941</u>

LEGACY FUND

Notes To Financial Statements December 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 \$ 5,296,701,122

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 \$ 336,774,290