

LEGACY FUND
State Investment Board
Statement of Net Position
As of 7/31/2019

	<u>As of</u> <u>7-31-19</u>	<u>As of</u> <u>6-30-19</u>
ASSETS:		
INVESTMENTS (AT FAIR VALUE)		
GLOBAL EQUITIES	\$ 3,099,439,160	\$ 3,203,129,265
GLOBAL FIXED INCOME	2,131,476,528	2,170,475,305
GLOBAL REAL ASSETS	905,876,022	923,488,586
INVESTED CASH (NOTE 1)	<u>54,589,598</u>	<u>255,829,361</u>
 TOTAL INVESTMENTS	 6,191,381,308	 6,552,922,517
 RECEIVABLES		
DIVIDEND/INTEREST RECEIVABLE	19,162,593	27,837,411
MISCELLANEOUS RECEIVABLE	<u>16,198</u>	<u>14,323</u>
 TOTAL RECEIVABLES	 19,178,791	 27,851,734
 OTHER ASSETS		
INVESTED SECURITIES LENDING COLLATERAL (NOTE 2)	19,392,771	19,392,771
OPERATING CASH	<u>167,066</u>	<u>113,720</u>
 TOTAL ASSETS	 <u>6,230,119,936</u>	 <u>6,600,280,742</u>
 DEFERRED OUTFLOWS OF RESOURCES		
DEFERRED OUTFLOWS RELATED TO PENSIONS	<u>204,624</u>	<u>234,169</u>
 LIABILITIES:		
SECURITIES LENDING COLLATERAL (NOTE 2)	19,392,771	19,392,771
ACCOUNTS PAYABLE	16,901	137,902
ACCRUED EXPENSES	491,579	545,406
DUE TO OTHER FUNDS (NOTE 5)	-	455,263,216
INVESTMENT EXPENSE PAYABLE	<u>2,917,084</u>	<u>2,917,084</u>
 TOTAL LIABILITIES	 <u>22,818,335</u>	 <u>478,256,379</u>
 DEFERRED INFLOWS OF RESOURCES		
DEFERRED INFLOWS RELATED TO PENSIONS	<u>30,661</u>	<u>30,661</u>
 NET POSITION:		
HELD IN TRUST	<u>6,207,475,564</u>	<u>6,122,227,871</u>
 TOTAL NET POSITION	 <u>\$ 6,207,475,564</u>	 <u>\$ 6,122,227,871</u>

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

9/19/2019

LEGACY FUND

State Investment Board Statement of Changes in Net Position For the Month Ended 7/31/2019

	Month Ended <u>7-31-19</u>	<u>Year-to-Date</u>
ADDITIONS:		
INVESTMENT INCOME		
GAIN ON SALE OF INVESTMENTS	\$ 86,245,530	\$ 86,245,530
LOSS ON SALE OF INVESTMENTS	<u>55,222,602</u>	<u>55,222,602</u>
NET GAINS (LOSSES) INVESTMENTS	31,022,928	31,022,928
NET APPREC (DEPREC) MARKET VALUE	<u>(13,940,000)</u>	<u>(13,940,000)</u>
NET CHANGE IN FAIR VALUE OF INVESTMENTS	17,082,928	17,082,928
INTEREST, DIVIDEND & OTHER INVESTMENT INCOME	<u>8,467,871</u>	<u>8,467,871</u>
	25,550,799	25,550,799
LESS INVESTMENT EXPENSES	<u>1,801,388</u>	<u>1,801,388</u>
NET INCOME FROM INVESTING ACTIVITIES	23,749,411	23,749,411
SECURITIES LENDING INCOME	71,003	71,003
SECURITIES LENDING EXPENSES	<u>14,190</u>	<u>14,190</u>
NET SECURITIES LENDING INCOME	56,813	56,813
NET INVESTMENT INCOME	<u>23,806,224</u>	<u>23,806,224</u>
PURCHASE OF UNITS (\$1/UNIT) (NOTE 3)	<u>61,492,858</u>	<u>61,492,858</u>
TOTAL ADDITIONS	85,299,082	85,299,082
DEDUCTIONS:		
ADMINISTRATIVE EXPENSES	51,389	51,389
REDEMPTION OF UNITS (\$1/UNIT) (NOTE 4)	<u>-</u>	<u>-</u>
TOTAL DEDUCTIONS	<u>51,389</u>	<u>51,389</u>
CHANGE IN NET POSITION	85,247,693	85,247,693
NET POSITION:		
BEGINNING OF PERIOD	<u>6,122,227,871</u>	<u>6,122,227,871</u>
END OF PERIOD	<u>\$ 6,207,475,564</u>	<u>\$ 6,207,475,564</u>

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Notes To Financial Statements

July 31, 2019

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 DUE TO OTHER STATE FUNDS

A transfer to the General Fund in the amount of \$455,263,216 was made on July 23, 2019, representing earnings as defined in Note 6 for the 2017-19 biennium.

NOTE 6 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, became 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

\$ 5,661,397,460

As of the date of these financial statements, the amount of earnings transferrable to the General Fund at the end of the 2019-21 biennium is

\$ 84,674,975
