

LEGACY FUND
State Investment Board
Statement of Net Position
As of 9/30/2019

	<u>As of</u> <u>9-30-19</u>	<u>As of</u> <u>6-30-19</u>
ASSETS:		
INVESTMENTS (AT FAIR VALUE)		
GLOBAL EQUITIES	\$ 3,139,775,966	\$ 3,203,129,265
GLOBAL FIXED INCOME	2,224,245,417	2,170,475,305
GLOBAL REAL ASSETS	929,282,024	923,488,586
INVESTED CASH (NOTE 1)	<u>49,106,214</u>	<u>255,829,361</u>
 TOTAL INVESTMENTS	 6,342,409,621	 6,552,922,517
 RECEIVABLES		
DIVIDEND/INTEREST RECEIVABLE	22,470,053	27,837,411
MISCELLANEOUS RECEIVABLE	<u>5,396</u>	<u>14,323</u>
 TOTAL RECEIVABLES	 22,475,449	 27,851,734
 OTHER ASSETS		
INVESTED SECURITIES LENDING COLLATERAL (NOTE 2)	31,291,889	19,392,771
OPERATING CASH	<u>98,814</u>	<u>113,720</u>
 TOTAL ASSETS	 <u>6,396,275,773</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)	31,291,889	19,392,771
ACCOUNTS PAYABLE	16,608	137,902
ACCRUED EXPENSES	490,699	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>34,716,280</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>6,361,733,456</u>	<u>6,122,227,871</u>
 TOTAL NET POSITION	 <u>\$ 6,361,733,456</u>	 <u>\$ 6,122,227,871</u>

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

11/6/2019

LEGACY FUND

State Investment Board Statement of Changes in Net Position For the Month Ended 9/30/2019

	Month Ended <u>9-30-19</u>	<u>Year-to-Date</u>
ADDITIONS:		
INVESTMENT INCOME		
GAIN ON SALE OF INVESTMENTS	\$ 107,957,826	\$ 343,671,489
LOSS ON SALE OF INVESTMENTS	87,438,701	292,216,625
NET GAINS (LOSSES) INVESTMENTS	20,519,125	51,454,864
NET APPREC (DEPREC) MARKET VALUE	38,301,001	(15,563,260)
NET CHANGE IN FAIR VALUE OF INVESTMENTS	58,820,126	35,891,604
INTEREST, DIVIDEND & OTHER INVESTMENT INCOME	11,808,037	30,686,028
	70,628,163	66,577,632
LESS INVESTMENT EXPENSES	77,163	2,411,437
NET INCOME FROM INVESTING ACTIVITIES	70,551,000	64,166,195
SECURITIES LENDING INCOME	73,190	198,544
SECURITIES LENDING EXPENSES	14,627	39,676
NET SECURITIES LENDING INCOME	58,563	158,868
NET INVESTMENT INCOME	70,609,563	64,325,063
PURCHASE OF UNITS (\$1/UNIT) (NOTE 3)	58,747,082	175,313,368
TOTAL ADDITIONS	129,356,645	239,638,431
DEDUCTIONS:		
ADMINISTRATIVE EXPENSES	41,323	132,846
REDEMPTION OF UNITS (\$1/UNIT) (NOTE 4)	-	-
TOTAL DEDUCTIONS	41,323	132,846
CHANGE IN NET POSITION	129,315,322	239,505,585
NET POSITION:		
BEGINNING OF PERIOD	6,232,418,134	6,122,227,871
END OF PERIOD	\$ 6,361,733,456	\$ 6,361,733,456

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11/6/2019

LEGACY FUND
Notes To Financial Statements
September 30, 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

\$ 5,775,217,970

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

\$ 126,735,617
