

LEGACY FUND
State Investment Board
Statement of Net Position
As of 10/31/2019

	<u>As of</u> <u>10-31-19</u>	<u>As of</u> <u>6-30-19</u>
ASSETS:		
INVESTMENTS (AT FAIR VALUE)		
GLOBAL EQUITIES	\$ 3,281,097,364	\$ 3,203,129,265
GLOBAL FIXED INCOME	2,230,215,562	2,170,475,305
GLOBAL REAL ASSETS	955,381,469	923,488,586
INVESTED CASH (NOTE 1)	<u>45,004,468</u>	<u>255,829,361</u>
 TOTAL INVESTMENTS	 6,511,698,863	 6,552,922,517
 RECEIVABLES		
DIVIDEND/INTEREST RECEIVABLE	24,511,622	27,837,411
MISCELLANEOUS RECEIVABLE	<u>7,251</u>	<u>14,323</u>
 TOTAL RECEIVABLES	 24,518,873	 27,851,734
 OTHER ASSETS		
INVESTED SECURITIES LENDING COLLATERAL (NOTE 2)	31,291,889	19,392,771
OPERATING CASH	<u>238,260</u>	<u>113,720</u>
 TOTAL ASSETS	 <u>6,567,747,885</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	6,350	137,902
ACCRUED EXPENSES	491,538	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>34,706,861</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>6,533,214,987</u>	<u>6,122,227,871</u>
 TOTAL NET POSITION	 <u>\$ 6,533,214,987</u>	 <u>\$ 6,122,227,871</u>

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

12/4/2019

LEGACY FUND

State Investment Board Statement of Changes in Net Position For the Month Ended 10/31/2019

	Month Ended <u>10-31-19</u>	<u>Year-to-Date</u>
ADDITIONS:		
INVESTMENT INCOME		
GAIN ON SALE OF INVESTMENTS	\$ 88,848,416	\$ 432,519,905
LOSS ON SALE OF INVESTMENTS	69,066,298	361,282,923
NET GAINS (LOSSES) INVESTMENTS	19,782,118	71,236,982
NET APPREC (DEPREC) MARKET VALUE	81,803,723	66,240,463
NET CHANGE IN FAIR VALUE OF INVESTMENTS	101,585,841	137,477,445
INTEREST, DIVIDEND & OTHER INVESTMENT INCOME	13,677,896	44,363,924
	115,263,737	181,841,369
LESS INVESTMENT EXPENSES	1,075,802	3,487,239
NET INCOME FROM INVESTING ACTIVITIES	114,187,935	178,354,130
SECURITIES LENDING INCOME	59,404	257,948
SECURITIES LENDING EXPENSES	11,870	51,546
NET SECURITIES LENDING INCOME	47,534	206,402
NET INVESTMENT INCOME	114,235,469	178,560,532
PURCHASE OF UNITS (\$1/UNIT) (NOTE 3)	57,297,207	232,610,575
TOTAL ADDITIONS	171,532,676	411,171,107
DEDUCTIONS:		
ADMINISTRATIVE EXPENSES	51,145	183,991
REDEMPTION OF UNITS (\$1/UNIT) (NOTE 4)	-	-
TOTAL DEDUCTIONS	51,145	183,991
CHANGE IN NET POSITION	171,481,531	410,987,116
NET POSITION:		
BEGINNING OF PERIOD	6,361,733,456	6,122,227,871
END OF PERIOD	\$ 6,533,214,987	\$ 6,533,214,987

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

12/4/2019

LEGACY FUND
Notes To Financial Statements
October 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

\$ 5,832,515,177

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

\$ 159,116,218
