

LEGACY FUND
State Investment Board
Statement of Net Position
As of 10/31/2021

| | <u>As of</u> <u>10-31-21</u> | <u>As of</u> <u>6-30-21</u> |
|---|---------------------------------|--------------------------------|
| ASSETS: | | |
| INVESTMENTS (AT FAIR VALUE) | | |
| GLOBAL EQUITIES | \$ 4,303,613,117 | \$ 4,675,750,227 |
| GLOBAL FIXED INCOME | 2,948,435,608 | 2,916,006,936 |
| GLOBAL REAL ASSETS | 1,236,833,232 | 1,185,549,801 |
| INVESTED CASH (NOTE 1) | 47,848,172 | 188,441,320 |
| | <hr/> | <hr/> |
| TOTAL INVESTMENTS | 8,536,730,129 | 8,965,748,284 |
| RECEIVABLES | | |
| DIVIDEND/INTEREST RECEIVABLE | 26,608,277 | 27,536,721 |
| MISCELLANEOUS RECEIVABLE | 7,539 | 13,371 |
| | <hr/> | <hr/> |
| TOTAL RECEIVABLES | 26,615,816 | 27,550,092 |
| OTHER ASSETS | | |
| INVESTED SECURITIES LENDING COLLATERAL (NOTE 2) | 35,398,104 | 40,777,415 |
| OPERATING CASH | 101,604 | 268,932 |
| | <hr/> | <hr/> |
| TOTAL ASSETS | <u>8,598,845,653</u> | <u>9,034,344,723</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| DEFERRED OUTFLOWS RELATED TO PENSIONS | 587,789 | 625,682 |
| | <hr/> | <hr/> |
| LIABILITIES: | | |
| SECURITIES LENDING COLLATERAL (NOTE 2) | 35,398,104 | 40,777,415 |
| ACCOUNTS PAYABLE | 19,318 | 153,056 |
| ACCRUED EXPENSES | 963,051 | 1,037,094 |
| DUE TO OTHER FUNDS (NOTE 5) | - | 871,687,384 |
| INVESTMENT EXPENSE PAYABLE | 5,949,800 | 5,949,800 |
| | <hr/> | <hr/> |
| TOTAL LIABILITIES | <u>42,330,273</u> | <u>919,604,749</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| DEFERRED INFLOWS RELATED TO PENSIONS | 163,475 | 163,475 |
| | <hr/> | <hr/> |
| NET POSITION: | | |
| HELD IN TRUST | <u>8,556,939,694</u> | <u>8,115,202,181</u> |
| | <hr/> | <hr/> |
| TOTAL NET POSITION | <u>\$ 8,556,939,694</u> | <u>\$ 8,115,202,181</u> |

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

11/27/2021

LEGACY FUND

State Investment Board Statement of Changes in Net Position For the Month Ended 10/31/2021

| | Month Ended <u>10-31-21</u> | <u>Year-to-Date</u> |
|--|--------------------------------|-------------------------|
| ADDITIONS: | | |
| INVESTMENT INCOME | | |
| NET GAINS (LOSSES) INVESTMENTS | 39,422,659 | 187,933,713 |
| NET APPREC (DEPREC) MARKET VALUE | <u>180,156,048</u> | <u>13,242,153</u> |
| NET CHANGE IN FAIR VALUE OF INVESTMENTS | 219,578,707 | 201,175,866 |
| INTEREST, DIVIDEND & OTHER INVESTMENT INCOME | <u>13,691,440</u> | <u>45,056,055</u> |
| | <u>233,270,147</u> | <u>246,231,921</u> |
| LESS INVESTMENT EXPENSES | <u>675,261</u> | <u>6,657,449</u> |
| NET INCOME FROM INVESTING ACTIVITIES | 232,594,886 | 239,574,472 |
| SECURITIES LENDING INCOME | 41,987 | 174,130 |
| SECURITIES LENDING EXPENSES | 8,394 | 34,811 |
| NET SECURITIES LENDING INCOME | <u>33,593</u> | <u>139,319</u> |
| NET INVESTMENT INCOME | <u>232,628,479</u> | <u>239,713,791</u> |
| PURCHASE OF UNITS (\$1/UNIT) (NOTE 3) | <u>49,109,244</u> | <u>202,234,575</u> |
| TOTAL ADDITIONS | 281,737,723 | 441,948,366 |
| DEDUCTIONS: | | |
| ADMINISTRATIVE EXPENSES | 61,420 | 210,853 |
| REDEMPTION OF UNITS (\$1/UNIT) (NOTE 4) | - | - |
| TOTAL DEDUCTIONS | <u>61,420</u> | <u>210,853</u> |
| CHANGE IN NET POSITION | 281,676,303 | 441,737,513 |
| NET POSITION: | | |
| BEGINNING OF PERIOD | <u>8,275,263,391</u> | <u>8,115,202,181</u> |
| END OF PERIOD | <u>\$ 8,556,939,694</u> | <u>\$ 8,556,939,694</u> |

LEGACY FUND
Notes To Financial Statements
October 31, 2021

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 \$871,687,384 was made on July 19, 2021, representing earnings as defined in Note 6 for the 2019-21 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 \$ 8,203,497,406

As of the date of these financial statements, the amount of earnings transferrable to the General Fund at the end of the 2021-23 biennium is \$ 353,442,288