

LEGACY FUND
State Investment Board
Statement of Net Position
As of 5/31/2016

	<u>As of</u> <u>5-31-16</u>	<u>As of</u> <u>6-30-15</u>
ASSETS:		
INVESTMENTS (AT MARKET)		
DOMESTIC EQUITIES	\$ 1,130,394,005	\$ 994,667,787
INTERNATIONAL EQUITIES	734,977,727	654,451,365
DOMESTIC FIXED INCOME	1,306,471,967	1,148,520,834
REAL ASSETS	579,893,145	509,958,485
INVESTED CASH (NOTE 1)	<u>10,658,187</u>	<u>9,759,431</u>
 TOTAL INVESTMENTS	 3,762,395,031	 3,317,357,902
 RECEIVABLES		
DIVIDEND/INTEREST RECEIVABLE	15,238,554	11,273,401
MISCELLANEOUS RECEIVABLE	<u>8,462</u>	<u>5,240</u>
 TOTAL RECEIVABLES	 15,247,016	 11,278,641
 OTHER ASSETS		
INVESTED SECURITIES LENDING COLLATERAL (NOTE 2)	52,461,384	-
OPERATING CASH	<u>75,174</u>	<u>3,834</u>
 TOTAL ASSETS	 <u>3,830,178,605</u>	 <u>3,328,640,377</u>
 DEFERRED OUTFLOWS OF RESOURCES		
DEFERRED OUTFLOWS RELATED TO PENSIONS	<u>3,828</u>	<u>18,799</u>
 LIABILITIES:		
SECURITIES LENDING COLLATERAL (NOTE 2)	52,461,384	-
ACCOUNTS PAYABLE	-	19,740
ACCRUED EXPENSES	90,504	100,943
INVESTMENT EXPENSE PAYABLE	<u>2,679,736</u>	<u>2,679,736</u>
 TOTAL LIABILITIES	 <u>55,231,624</u>	 <u>2,800,419</u>
 DEFERRED INFLOWS OF RESOURCES		
DEFERRED INFLOWS RELATED TO PENSIONS	<u>23,046</u>	<u>23,046</u>
 NET POSITION:		
HELD IN TRUST	<u>3,774,927,763</u>	<u>3,325,835,711</u>
 TOTAL NET POSITION	 <u>\$ 3,774,927,763</u>	 <u>\$ 3,325,835,711</u>

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

6/27/2016

LEGACY FUND

State Investment Board Statement of Changes in Net Position For the Month Ended 5/31/2016

	Month Ended <u>5-31-16</u>	<u>Year-to-Date</u>
ADDITIONS:		
INVESTMENT INCOME		
GAIN ON SALE OF INVESTMENTS	\$ 62,876,694	\$ 780,026,812
LOSS ON SALE OF INVESTMENTS	72,671,685	790,384,835
NET GAINS (LOSSES) INVESTMENTS	<u>(9,794,991)</u>	<u>(10,358,023)</u>
NET APPREC (DEPREC) MARKET VALUE	<u>12,487,518</u>	<u>(14,086,625)</u>
NET CHANGE IN FAIR VALUE OF INVESTMENTS	2,692,527	(24,444,648)
INTEREST, DIVIDEND & OTHER INVESTMENT INCOME	<u>9,933,385</u>	<u>75,854,605</u>
	12,625,912	51,409,957
LESS INVESTMENT EXPENSES	<u>903,751</u>	<u>9,015,158</u>
NET INCOME FROM INVESTING ACTIVITIES	11,722,161	42,394,799
SECURITIES LENDING INCOME	130,268	669,010
SECURITIES LENDING EXPENSES	26,043	133,714
NET SECURITIES LENDING INCOME	<u>104,225</u>	<u>535,296</u>
NET INVESTMENT INCOME	<u>11,826,386</u>	<u>42,930,095</u>
PURCHASE OF UNITS (\$1/UNIT) (NOTE 3)	<u>27,754,538</u>	<u>406,534,866</u>
TOTAL ADDITIONS	39,580,924	449,464,961
DEDUCTIONS:		
ADMINISTRATIVE EXPENSES	39,348	372,909
REDEMPTION OF UNITS (\$1/UNIT) (NOTE 4)	<u>-</u>	<u>-</u>
TOTAL DEDUCTIONS	<u>39,348</u>	<u>372,909</u>
CHANGE IN NET POSITION	39,541,576	449,092,052
NET POSITION:		
BEGINNING OF PERIOD	<u>3,735,386,187</u>	<u>3,325,835,711</u>
END OF PERIOD	<u>\$ 3,774,927,763</u>	<u>\$ 3,774,927,763</u>

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Notes To Financial Statements May 31, 2016

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.

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. Although not automatically transferred, earnings accrued prior to June 30, 2017, may be expended after June 30, 2017, with legislative approval.

NDCC 21-10-02 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, total earnings of the Legacy Fund, as defined above, is \$ 220,419,383