

LEGACY FUND
State Investment Board
Statement of Net Position
As of 6/30/2016

	<u>As of</u> <u>6-30-16</u>	<u>As of</u> <u>6-30-15</u>
ASSETS:		
INVESTMENTS (AT MARKET)		
DOMESTIC EQUITIES	\$ 1,135,465,252	\$ 994,667,787
INTERNATIONAL EQUITIES	699,895,770	654,451,365
DOMESTIC FIXED INCOME	1,333,087,521	1,148,520,834
REAL ASSETS	615,513,449	509,958,485
INVESTED CASH (NOTE 1)	<u>9,199,026</u>	<u>9,759,431</u>
TOTAL INVESTMENTS	3,793,161,018	3,317,357,902
RECEIVABLES		
DIVIDEND/INTEREST RECEIVABLE	16,324,166	11,273,401
MISCELLANEOUS RECEIVABLE	<u>5,982</u>	<u>5,240</u>
TOTAL RECEIVABLES	16,330,148	11,278,641
OTHER ASSETS		
INVESTED SECURITIES LENDING COLLATERAL (NOTE 2)	49,250,275	-
OPERATING CASH	<u>45,931</u>	<u>3,834</u>
TOTAL ASSETS	<u>3,858,787,372</u>	<u>3,328,640,377</u>
DEFERRED OUTFLOWS OF RESOURCES		
DEFERRED OUTFLOWS RELATED TO PENSIONS	<u>48,555</u>	<u>18,799</u>
LIABILITIES:		
SECURITIES LENDING COLLATERAL (NOTE 2)	49,250,275	-
ACCOUNTS PAYABLE	18,862	19,740
ACCRUED EXPENSES	147,683	100,943
INVESTMENT EXPENSE PAYABLE	<u>2,861,410</u>	<u>2,679,736</u>
TOTAL LIABILITIES	<u>52,278,230</u>	<u>2,800,419</u>
DEFERRED INFLOWS OF RESOURCES		
DEFERRED INFLOWS RELATED TO PENSIONS	<u>16,356</u>	<u>23,046</u>
NET POSITION:		
HELD IN TRUST	<u>3,806,541,341</u>	<u>3,325,835,711</u>
TOTAL NET POSITION	<u>\$ 3,806,541,341</u>	<u>\$ 3,325,835,711</u>

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

9/7/2016

LEGACY FUND

State Investment Board Statement of Changes in Net Position For the Month Ended 6/30/2016

	Month Ended <u>6-30-16</u>	<u>Year-to-Date</u>
ADDITIONS:		
INVESTMENT INCOME		
GAIN ON SALE OF INVESTMENTS	\$ 61,120,745	\$ 841,147,557
LOSS ON SALE OF INVESTMENTS	62,742,580	853,127,415
NET GAINS (LOSSES) INVESTMENTS	<u>(1,621,835)</u>	<u>(11,979,858)</u>
NET APPREC (DEPREC) MARKET VALUE	<u>(5,388,368)</u>	<u>(19,474,993)</u>
NET CHANGE IN FAIR VALUE OF INVESTMENTS	(7,010,203)	(31,454,851)
INTEREST, DIVIDEND & OTHER INVESTMENT INCOME	10,943,677	86,798,282
	<u>3,933,474</u>	<u>55,343,431</u>
LESS INVESTMENT EXPENSES	<u>712,899</u>	<u>9,728,057</u>
NET INCOME FROM INVESTING ACTIVITIES	3,220,575	45,615,374
SECURITIES LENDING INCOME	166,183	835,193
SECURITIES LENDING EXPENSES	33,222	166,936
NET SECURITIES LENDING INCOME	<u>132,961</u>	<u>668,257</u>
NET INVESTMENT INCOME	<u>3,353,536</u>	<u>46,283,631</u>
PURCHASE OF UNITS (\$1/UNIT) (NOTE 3)	<u>28,319,084</u>	<u>434,853,950</u>
TOTAL ADDITIONS	31,672,620	481,137,581
DEDUCTIONS:		
ADMINISTRATIVE EXPENSES	59,042	431,951
REDEMPTION OF UNITS (\$1/UNIT) (NOTE 4)	<u>-</u>	<u>-</u>
TOTAL DEDUCTIONS	<u>59,042</u>	<u>431,951</u>
CHANGE IN NET POSITION	31,613,578	480,705,630
NET POSITION:		
BEGINNING OF PERIOD	<u>3,774,927,763</u>	<u>3,325,835,711</u>
END OF PERIOD	<u>\$ 3,806,541,341</u>	<u>\$ 3,806,541,341</u>

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Notes To Financial Statements June 30, 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 \$ 229,102,245