

LEGACY FUND
State Investment Board
Statement of Net Position
As of 7/31/2016

	<u>As of</u> <u>7-31-16</u>	<u>As of</u> <u>6-30-16</u>
ASSETS:		
INVESTMENTS (AT MARKET)		
DOMESTIC EQUITIES	\$ 1,183,597,863	\$ 1,135,465,252
INTERNATIONAL EQUITIES	774,412,263	699,895,770
DOMESTIC FIXED INCOME	1,350,869,941	1,333,087,521
REAL ASSETS	620,267,512	615,513,449
INVESTED CASH (NOTE 1)	<u>9,912,170</u>	<u>9,199,026</u>
TOTAL INVESTMENTS	3,939,059,749	3,793,161,018
RECEIVABLES		
DIVIDEND/INTEREST RECEIVABLE	13,941,268	16,324,166
MISCELLANEOUS RECEIVABLE	<u>7,554</u>	<u>5,982</u>
TOTAL RECEIVABLES	13,948,822	16,330,148
OTHER ASSETS		
INVESTED SECURITIES LENDING COLLATERAL (NOTE 2)	49,250,275	49,250,275
OPERATING CASH	<u>5,231</u>	<u>45,931</u>
TOTAL ASSETS	<u>4,002,264,077</u>	<u>3,858,787,372</u>
DEFERRED OUTFLOWS OF RESOURCES		
DEFERRED OUTFLOWS RELATED TO PENSIONS	<u>29,846</u>	<u>48,555</u>
LIABILITIES:		
SECURITIES LENDING COLLATERAL (NOTE 2)	49,250,275	49,250,275
ACCOUNTS PAYABLE	12,065	18,862
ACCRUED EXPENSES	129,546	147,683
INVESTMENT EXPENSE PAYABLE	<u>2,861,410</u>	<u>2,861,410</u>
TOTAL LIABILITIES	<u>52,253,296</u>	<u>52,278,230</u>
DEFERRED INFLOWS OF RESOURCES		
DEFERRED INFLOWS RELATED TO PENSIONS	<u>16,356</u>	<u>16,356</u>
NET POSITION:		
HELD IN TRUST	<u>3,950,024,271</u>	<u>3,806,541,341</u>
TOTAL NET POSITION	<u>\$ 3,950,024,271</u>	<u>\$ 3,806,541,341</u>

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

10/6/2016

LEGACY FUND

State Investment Board Statement of Changes in Net Position For the Month Ended 7/31/2016

	Month Ended <u>7-31-16</u>	<u>Year-to-Date</u>
ADDITIONS:		
INVESTMENT INCOME		
GAIN ON SALE OF INVESTMENTS	\$ 43,379,700	\$ 43,379,700
LOSS ON SALE OF INVESTMENTS	24,978,787	24,978,787
NET GAINS (LOSSES) INVESTMENTS	18,400,913	18,400,913
NET APPREC (DEPREC) MARKET VALUE	88,278,386	88,278,386
NET CHANGE IN FAIR VALUE OF INVESTMENTS	106,679,299	106,679,299
INTEREST, DIVIDEND & OTHER INVESTMENT INCOME	4,261,195	4,261,195
	110,940,494	110,940,494
LESS INVESTMENT EXPENSES	-	-
NET INCOME FROM INVESTING ACTIVITIES	110,940,494	110,940,494
SECURITIES LENDING INCOME	99,380	99,380
SECURITIES LENDING EXPENSES	19,862	19,862
NET SECURITIES LENDING INCOME	79,518	79,518
NET INVESTMENT INCOME	111,020,012	111,020,012
PURCHASE OF UNITS (\$1/UNIT) (NOTE 3)	32,497,395	32,497,395
TOTAL ADDITIONS	143,517,407	143,517,407
DEDUCTIONS:		
ADMINISTRATIVE EXPENSES	34,477	34,477
REDEMPTION OF UNITS (\$1/UNIT) (NOTE 4)	-	-
TOTAL DEDUCTIONS	34,477	34,477
CHANGE IN NET POSITION	143,482,930	143,482,930
NET POSITION:		
BEGINNING OF PERIOD	3,806,541,341	3,806,541,341
END OF PERIOD	\$ 3,950,024,271	\$ 3,950,024,271

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Notes To Financial Statements July 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, earnings of the Legacy Fund, since inception as defined above, is \$ 251,809,394