

LEGACY FUND
State Investment Board
Statement of Net Position
As of 8/31/2019

	<u>As of</u> <u>8-31-19</u>	<u>As of</u> <u>6-30-19</u>
ASSETS:		
INVESTMENTS (AT FAIR VALUE)		
GLOBAL EQUITIES	\$ 3,035,270,589	\$ 3,203,129,265
GLOBAL FIXED INCOME	2,197,189,564	2,170,475,305
GLOBAL REAL ASSETS	933,072,867	923,488,586
INVESTED CASH (NOTE 1)	47,815,212	255,829,361
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TOTAL INVESTMENTS	6,213,348,232	6,552,922,517
RECEIVABLES		
DIVIDEND/INTEREST RECEIVABLE	22,176,828	27,837,411
MISCELLANEOUS RECEIVABLE	17,711	14,323
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TOTAL RECEIVABLES	22,194,539	27,851,734
OTHER ASSETS		
INVESTED SECURITIES LENDING COLLATERAL (NOTE 2)	19,392,771	19,392,771
OPERATING CASH	125,680	113,720
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TOTAL ASSETS	<u>6,255,061,222</u>	<u>6,600,280,742</u>
DEFERRED OUTFLOWS OF RESOURCES		
DEFERRED OUTFLOWS RELATED TO PENSIONS	204,624	234,169
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LIABILITIES:		
SECURITIES LENDING COLLATERAL (NOTE 2)	19,392,771	19,392,771
ACCOUNTS PAYABLE	16,608	137,902
ACCRUED EXPENSES	490,588	545,406
DUE TO OTHER FUNDS (NOTE 5)	-	455,263,216
INVESTMENT EXPENSE PAYABLE	2,917,084	2,917,084
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TOTAL LIABILITIES	<u>22,817,051</u>	<u>478,256,379</u>
DEFERRED INFLOWS OF RESOURCES		
DEFERRED INFLOWS RELATED TO PENSIONS	30,661	30,661
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NET POSITION:		
HELD IN TRUST	<u>6,232,418,134</u>	<u>6,122,227,871</u>
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TOTAL NET POSITION	<u>\$ 6,232,418,134</u>	<u>\$ 6,122,227,871</u>

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

10/4/2019

LEGACY FUND

State Investment Board Statement of Changes in Net Position For the Month Ended 8/31/2019

	Month Ended <u>8-31-19</u>	<u>Year-to-Date</u>
ADDITIONS:		
INVESTMENT INCOME		
GAIN ON SALE OF INVESTMENTS	\$ 149,468,133	\$ 235,713,663
LOSS ON SALE OF INVESTMENTS	149,555,322	204,777,924
NET GAINS (LOSSES) INVESTMENTS	<u>(87,189)</u>	<u>30,935,739</u>
NET APPREC (DEPREC) MARKET VALUE	<u>(39,924,261)</u>	<u>(53,864,261)</u>
NET CHANGE IN FAIR VALUE OF INVESTMENTS	(40,011,450)	(22,928,522)
INTEREST, DIVIDEND & OTHER INVESTMENT INCOME	10,410,120	18,877,991
	<u>(29,601,330)</u>	<u>(4,050,531)</u>
LESS INVESTMENT EXPENSES	<u>532,886</u>	<u>2,334,274</u>
NET INCOME FROM INVESTING ACTIVITIES	(30,134,216)	(6,384,805)
SECURITIES LENDING INCOME	54,351	125,354
SECURITIES LENDING EXPENSES	10,859	25,049
NET SECURITIES LENDING INCOME	<u>43,492</u>	<u>100,305</u>
NET INVESTMENT INCOME	<u>(30,090,724)</u>	<u>(6,284,500)</u>
PURCHASE OF UNITS (\$1/UNIT) (NOTE 3)	<u>55,073,428</u>	<u>116,566,286</u>
TOTAL ADDITIONS	24,982,704	110,281,786
DEDUCTIONS:		
ADMINISTRATIVE EXPENSES	40,134	91,523
REDEMPTION OF UNITS (\$1/UNIT) (NOTE 4)	-	-
TOTAL DEDUCTIONS	<u>40,134</u>	<u>91,523</u>
CHANGE IN NET POSITION	24,942,570	110,190,263
NET POSITION:		
BEGINNING OF PERIOD	<u>6,207,475,564</u>	<u>6,122,227,871</u>
END OF PERIOD	<u>\$ 6,232,418,134</u>	<u>\$ 6,232,418,134</u>

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10/4/2019

LEGACY FUND
Notes To Financial Statements
August 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 \$ 5,716,470,888

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 \$ 94,468,378