



North Dakota Legislative Council

Prepared for Representative Bosch
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 December 2023

LEGACY AND BUDGET STABILIZATION FUND ADVISORY BOARD - STATUS REPORT TO THE BUDGET SECTION DECEMBER 13, 2023

ADVISORY BOARD OVERVIEW

The Legacy and Budget Stabilization Fund Advisory Board was created by Senate Bill No. 2302 (2011) and is codified as North Dakota Century Code Section 21-10-11. The advisory board develops recommendations for the investment of funds in the legacy fund and the budget stabilization fund, which are presented to the State Investment Board (SIB). The advisory board reports to the Budget Section at least semiannually.

BUDGET STABILIZATION FUND

Asset Allocation Plan and Investment Returns

As of September 2023, the asset allocation of the fund is 99.7 percent short-term fixed income and 0.3 percent in cash and equivalents. The schedule below provides information on budget stabilization fund investment returns as reported by the Retirement and Investment Office (RIO). More detailed information regarding the balance of the fund by asset class and the investment returns, as reported by RIO, is attached as [Appendix A](#).

	Fiscal Year through September 2023			5 Years Ended June 30, 2023		
	Actual	Benchmark	Variance	Actual	Benchmark	Variance
Unaudited investment returns, net of fees	1.42%	0.73%	0.69%	1.61%	1.13%	0.48%

Balance and Transfers

Pursuant to Chapter 54-27.2, any amount in the general fund at the end of a biennium in excess of \$65 million must be transferred to the budget stabilization fund, except that the balance in the budget stabilization fund may not exceed 15 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. The schedule below provides information on the balance of the budget stabilization fund and transfers between the budget stabilization fund and the general fund as reported by RIO.

	Fund Balance - Market Value	Transfer to the General Fund	Transfer from the General Fund
Fiscal Year 2021 - June 30, 2021 ¹	\$749,374,748	\$5,575,109	N/A
Fiscal Year 2022 - June 30, 2022 ²	\$717,359,225	\$0	N/A
Fiscal Year 2023 - June 30, 2023 ³	\$739,482,398	\$0	\$176,601,907
Fiscal Year 2024 - September 30, 2023 ⁴	\$926,988,580	N/A	N/A

¹For June 30, 2021, the 15 percent statutory maximum for the balance of the budget stabilization fund was \$748,943,600 based on total 2021-23 general fund appropriations of \$4,992,957,330 as approved by the 2021 Legislative Assembly during the regular session. The June 30, 2021, balance exceeded the 15 percent statutory maximum because the transfer to the general fund was based on the May 31, 2021, balance of \$754,518,709 and did not include earnings or changes in the value of investments during June 2021.

²For June 30, 2022, the statutory maximum balance was \$751,568,600 because a contingent general fund appropriation of \$17,500,000 became effective on July 1, 2021, which increased the 2021-23 general fund appropriations to \$5,010,457,330. As a result, the maximum balance of the fund increased by \$2,625,000, from \$748,943,600 to \$751,568,600.

³For June 30, 2023, the statutory maximum balance was \$914,429,031 based on general fund appropriations for the 2023-25 biennium of \$6,096,193,537 approved by the 2023 Legislative Assembly during the regular session. Due to the timing of the transfer from the general fund to the budget stabilization fund, the June 30, 2023, balance does not include the transfer.

⁴During the October 2023 special session, the Legislative Assembly approved total general fund appropriations of \$6,097,329,537 increasing the maximum balance of the budget stabilization fund to \$914,599,431. If the balance of the budget stabilization fund exceeds the limit in June 2024, the excess is transferred to the general fund.

LEGACY FUND

Asset Allocation Plan and Investment Returns

When the legacy fund was created in 2011, the Legacy and Budget Stabilization Fund Advisory Board recommended the SIB invest the legacy fund based on an asset allocation plan of 100 percent short-term fixed income investments. In April 2013, the advisory board recommended a new asset allocation plan to add domestic and foreign equities, real estate, real assets, and other fixed income investments to the portfolio for the legacy fund, which was approved by the SIB and fully implemented as of January 2015.

During the 2015-17 biennium, the Legacy and Budget Stabilization Fund Advisory Board authorized the SIB to transfer the investments in the Bank of North Dakota's CD match program from the budget stabilization fund to the legacy fund after the budget stabilization fund was liquidated during the 2015-17 biennium due to a budget shortfall. During the 2019-21 biennium, the advisory board approved an increase in the amount available from the legacy fund for investment in the CD match program to provide up to \$400 million. Currently, the SIB has \$44.6 million of the legacy fund invested in the CD match program.

The Legislative Assembly approved House Bill Nos. 1425 and 1512 (2021) directing the advisory board to develop an asset allocation plan for the legacy fund targeting 10 percent of fixed income and 10 percent of equity investments for in-state investment programs. In February 2021, the advisory board changed the asset allocation plan for the legacy fund authorizing the SIB to target 3 percent (with a range of 0 to 6 percent) of the legacy fund investments in private capital markets for an in-state investment program. The State Investment Board selected 50 South Capital to manage the in-state investment "growth fund."

In February 2022, RIO contracted with RVK, Inc., to study the legacy fund asset allocation plan and in-state equity investments. The advisory board updated the investment policy in October 2022 to reflect a target allocation of 20 percent for in-state investments. In June 2023, the advisory board revised the investment policy to reflect additional changes to the asset allocation of the investments of the legacy fund based on recommendations from RVK, Inc., including changes approved during the 2023 legislative session, decreasing the allocations to core fixed income investments, treasury inflation-protected securities, domestic equities, and international equities while increasing the allocations to the Bank of North Dakota's CD match program, private credit, high yield fixed income, private equity, and in-state private equity.

The schedule below provides information on legacy fund investment returns as reported by RIO. More detailed information regarding the investment returns is attached as [Appendix B](#).

	Fiscal Year through September 2023			5 Years Ended June 30, 2023		
	Actual	Benchmark	Variance	Actual	Benchmark	Variance
Unaudited investment returns, net of fees	(2.69%)	(2.90%)	0.21%	5.47%	5.03%	0.44%

Revenue Deposits

The schedule below provides information on the oil and tax revenues and transfers from the strategic investment and improvements fund deposited in the legacy fund since the 2011-13 biennium.

	Oil and Gas Tax Revenue Deposits	Transfers from the Strategic Investment and Improvements Fund ¹	Total Legacy Fund Deposits
2011-13 biennium	\$1,132,412,536	\$146,001,725	\$1,278,414,261
2013-15 biennium	1,679,854,750	201,879,330	1,881,734,080
2015-17 biennium	815,796,247		815,796,247
2017-19 biennium	1,248,613,201		1,248,613,201
2019-21 biennium	965,917,312		965,917,312
2021-23 biennium	1,576,253,276		1,576,253,276
2023-25 biennium - November 30, 2023	277,331,328		277,331,328
Total	\$7,696,178,650	\$347,881,055	\$8,044,059,705

¹Pursuant to Section 15-08.1-08, if the unobligated balance of the strategic investment and improvements fund exceeded \$300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund was deposited instead into the legacy fund. Beginning July 2015, House Bill Nos. 1176 and 1377 (2015) removed the provisions requiring the additional transfers.

Balance and Transfers

The schedule below provides information on the balance of the legacy fund and transfers to the general fund as reported by RIO. Cumulative net income of the legacy fund totaled \$2.86 billion from inception through September 30, 2023. Pursuant to a November 2016 Attorney General's opinion, all earnings accruing through the end of the 2015-17

biennium (\$436,839,672) became part of the principal of the legacy fund. Realized earnings after June 30, 2017, as defined in Section 21-10-12, are transferred to the general fund at the end of each biennium.

House Bill No. 1380 (2021) established a percent of market value (POMV) calculation to determine the amount of legacy fund earnings available for spending each biennium and created a legacy earnings fund. As provided by law, any realized earnings of the legacy fund transferred to the general fund would be immediately transferred to a legacy earnings fund, from which the Legislative Assembly would appropriate or transfer the earnings to various purposes with the amount of spending based on the POMV. During the 2021-22 interim, the Legacy Fund Earnings Committee studied the potential uses of legacy fund earnings.

In Senate Bill No. 2330 (2023), the Legislative Assembly applied the POMV to the definition of legacy fund earnings by changing the statutory definition from realized earnings to an amount based on 7 percent of the 5-year average balance of the legacy fund. House Bill No. 1379 (2023) changed the amounts designated from the legacy earnings fund for bond payments, tax relief, and other legislative purposes. House Concurrent Resolution No. 3033 (2023) provides a constitutional amendment to clarify the process for biennial distributions from the legacy fund and to decrease the amount of principal that can be spent from the fund.

	Fund Balance - Market Value	Total Net Investment Earnings	Transfer to the General Fund
2017-19 biennium - June 30, 2019 ¹	\$6,122,227,871	\$669,413,658	\$455,263,216
2019-21 biennium - June 30, 2021 ¹	\$8,115,202,181	\$1,887,514,683	\$871,687,384
2021-23 biennium - June 30, 2023 ²	\$8,999,738,920	(\$194,962,309)	\$486,568,637
2023-25 biennium - September 30, 2023	\$8,934,918,948	(\$264,459,338)	N/A

¹Due to the timing of investment reports, the earnings available for transfer to the general fund are based on the realized earnings through May of odd-numbered years. For the 2017-19 biennium, this resulted in 23 months of earnings. Subsequent transfers will consist of 24 months of earnings from June 1 prior to the beginning of the biennium through May 31 of the 2nd year of the biennium. The 2019 legislative revenue forecast reflected an estimated transfer of \$300 million of earnings at the end of the 2017-19 biennium. The 2021 legislative revenue forecast reflects an estimated transfer of \$736 million at the end of the 2019-21 biennium. Senate Bill No. 2362 (2019) provides for a contingent transfer of \$64.37 million from the general fund to the common schools trust fund if the actual legacy fund earnings transferred to the general fund at the end of the 2019-21 biennium exceed \$164.37 million.

²The amount shown for the transfer to the general fund for the 2021-23 biennium reflects the POMV calculation for the 2021-23 biennium earnings of the legacy fund.

ATTACH:2

BUDGET STABILIZATION FUND
INVESTMENT PERFORMANCE REPORT AS OF SEPTEMBER 30, 2023

	September-23						Current FYTD		Prior Year FY23		3 Years Ended 6/30/2023		5 Years Ended 6/30/2023	
	Market Value	Allocation			Quarter		Gross	Net	Gross	Net	Gross	Net	Gross	Net
		Actual	Policy	Bench	Gross	Net								
TOTAL BUDGET STABILIZATION FUND	927,340,799	100.0%	100.0%	100.0%	1.45%	1.42%	1.45%	1.42%	3.23%	3.13%	0.53%	0.42%	1.72%	1.61%
<i>POLICY TARGET BENCHMARK</i>					<i>0.73%</i>	<i>0.73%</i>	<i>0.73%</i>	<i>0.73%</i>	<i>0.54%</i>	<i>0.54%</i>	<i>-0.86%</i>	<i>-0.86%</i>	<i>1.13%</i>	<i>1.13%</i>
CASH EQUIVALENTS														
Northern Trust-MFB NI Gov't Assets Portfolio (1)	1,138,493	0.1%			1.31%	1.31%	1.31%	1.31%	3.39%	3.39%	1.16%	1.16%	1.36%	1.36%
Bank of ND	1,953,383	0.2%			1.34%	1.34%	1.34%	1.34%	3.82%	3.82%	1.37%	1.37%	1.57%	1.57%
TOTAL CASH EQUIVALENTS	3,091,876	0.3%	0.3%	0.3%	1.31%	1.31%	1.31%	1.31%	3.61%	3.61%	1.26%	1.26%	1.46%	1.46%
<i>90 Day T-Bill</i>					<i>1.31%</i>	<i>1.31%</i>	<i>1.31%</i>	<i>1.31%</i>	<i>3.59%</i>	<i>3.59%</i>	<i>1.27%</i>	<i>1.27%</i>	<i>1.55%</i>	<i>1.55%</i>
SHORT TERM FIXED INCOME														
JP Morgan Short Bond Portfolio	460,251,108	49.6%			0.86%	0.86%	0.86%	0.84%	1.78%	1.70%	-0.07%	-0.17%	1.88%	1.78%
Barings Active Short Duration	463,997,815	50.0%			2.01%	2.01%	2.01%	1.98%	4.72%	4.59%	1.12%	0.99%	N/A	N/A
TOTAL SHORT TERM FIXED INCOME	924,248,923	99.7%	99.7%	99.7%	1.45%	1.42%	1.45%	1.42%	3.23%	3.12%	0.52%	0.40%	1.72%	1.61%
<i>Bloomberg 1-3 Year US Gov/Credit Index (2)</i>					<i>0.73%</i>	<i>0.73%</i>	<i>0.73%</i>	<i>0.73%</i>	<i>0.53%</i>	<i>0.53%</i>	<i>-0.88%</i>	<i>-0.88%</i>	<i>1.13%</i>	<i>1.13%</i>

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) All limited partnership-type and mutual funds investment returns will only be reported net of fees, which is standard practice by the investment consultant.

(2) Prior to April 1, 2017, the benchmark was Bloomberg 1-3 Year US Gov't Index; Prior to October 1, 2011, the benchmark was

LEGACY FUND
INVESTMENT PERFORMANCE REPORT AS OF SEPTEMBER 30, 2023

	September-23						Current FYTD		Prior Year FY23		3 Years Ended 6/30/2023		5 Years Ended 6/30/2023	
	Market Value	Allocation		Quarter		Gross ⁽¹⁾	Net	Gross ⁽¹⁾	Net	Gross ⁽¹⁾	Net	Gross ⁽¹⁾	Net	
		Actual	Policy	Bench ⁽⁶⁾	Gross ⁽¹⁾									Net
TOTAL LEGACY FUND	8,939,632,076	100.0%	100.0%	100.0%	-2.65%	-2.69%	-2.65%	-2.69%	8.37%	8.19%	6.28%	6.06%	5.68%	5.47%
<i>POLICY TARGET BENCHMARK</i>					<i>-2.90%</i>	<i>-2.90%</i>	<i>-2.90%</i>	<i>-2.90%</i>	<i>6.82%</i>	<i>6.82%</i>	<i>4.89%</i>	<i>4.89%</i>	<i>5.03%</i>	<i>5.03%</i>
ATTRIBUTION ANALYSIS														
Asset Allocation					0.04%	0.05%	0.05%	0.05%	-0.13%	-0.13%	0.07%	0.07%	-0.05%	-0.05%
Manager Selection					0.21%	0.16%	0.20%	0.16%	1.68%	1.51%	1.31%	1.10%	0.70%	0.50%
TOTAL RELATIVE RETURN					0.25%	0.21%	0.25%	0.21%	1.55%	1.37%	1.38%	1.17%	0.65%	0.44%
GLOBAL EQUITY	4,426,945,569	49.5%	50.0%	50.0%	-3.21%	-3.25%	-3.20%	-3.25%	16.74%	16.51%	11.85%	11.54%	7.59%	7.32%
<i>Benchmark</i>					<i>-3.37%</i>	<i>-3.37%</i>	<i>-3.37%</i>	<i>-3.37%</i>	<i>15.37%</i>	<i>15.37%</i>	<i>11.14%</i>	<i>11.14%</i>	<i>7.46%</i>	<i>7.46%</i>
PUBLIC EQUITY	4,320,260,106	48.3%	47.0%	48.8%	-3.27%	-3.31%	-3.26%	-3.31%						
<i>Benchmark</i>					<i>-3.45%</i>	<i>-3.45%</i>	<i>-3.45%</i>	<i>-3.45%</i>						
Domestic Equity	2,559,940,007	28.6%	28.0%	29.1%	-3.20%	-3.24%	-3.19%	-3.24%	19.08%	18.89%	14.45%	14.14%	10.02%	9.77%
<i>Benchmark</i>					<i>-3.43%</i>	<i>-3.43%</i>	<i>-3.43%</i>	<i>-3.43%</i>	<i>18.36%</i>	<i>18.36%</i>	<i>13.58%</i>	<i>13.58%</i>	<i>10.07%</i>	<i>10.07%</i>
LARGE CAP DOMESTIC EQUITY														
LA Capital Large Cap Growth	75,850,999	0.8%			-3.28%	-3.32%	-3.28%	-3.32%	26.06%	25.34%	14.86%	14.48%	15.60%	15.28%
LSV Large Cap Value	-	0.0%			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
LA Capital 60% Large Cap/40% Large Cap Active Extension	957,204,170	10.7%			-3.05%	-3.08%	-3.05%	-3.08%	19.82%	19.74%	15.21%	15.09%	12.85%	12.72%
NTAM - Quant Enhanced	377,445,138	4.2%			-2.32%	-2.40%	-2.32%	-2.40%	N/A	N/A	N/A	N/A	N/A	N/A
NTAM Common Russell 1000 Index Fund	385,177,324	4.3%			-3.14%	-3.14%	-3.14%	-3.14%	N/A	N/A	N/A	N/A	N/A	N/A
Parametric/Clifton Group Enhanced	379,946,541	4.3%			-3.23%	-3.23%	-3.23%	-3.23%	19.33%	19.33%	14.21%	14.11%	12.03%	11.97%
TOTAL LARGE CAP DOMESTIC EQUITY	2,175,624,172	24.3%	23.8%	24.8%	-3.00%	-3.01%	-2.98%	-3.01%	20.11%	20.01%	15.57%	15.39%	12.23%	12.06%
<i>Russell 1000</i>					<i>-3.15%</i>	<i>-3.15%</i>	<i>-3.15%</i>	<i>-3.15%</i>	<i>19.36%</i>	<i>19.36%</i>	<i>14.09%</i>	<i>14.09%</i>	<i>11.92%</i>	<i>11.92%</i>
SMALL CAP DOMESTIC EQUITY														
Atlanta Capital Small Cap Equity Fund	121,893,856	1.4%			-3.68%	-3.98%	-3.68%	-3.98%	16.57%	15.91%	14.08%	13.41%	N/A	N/A
Riverbridge Small Cap Growth	121,561,220	1.4%			-5.74%	-5.90%	-5.74%	-5.90%	16.91%	15.92%	N/A	N/A	N/A	N/A
Sycamore Small Cap Value	120,061,905	1.3%			-3.64%	-3.79%	-3.64%	-3.79%	13.22%	12.58%	N/A	N/A	N/A	N/A
NTAM Common Russell 2000 Index Fund	20,798,854	0.2%			-5.09%	-5.10%	-5.09%	-5.10%	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL SMALL CAP DOMESTIC EQUITY	384,315,835	4.3%	4.2%	4.4%	-4.38%	-4.58%	-4.38%	-4.58%	15.09%	14.42%	10.87%	10.13%	3.76%	3.30%
<i>Russell 2000</i>					<i>-5.13%</i>	<i>-5.13%</i>	<i>-5.13%</i>	<i>-5.13%</i>	<i>12.31%</i>	<i>12.31%</i>	<i>10.82%</i>	<i>10.82%</i>	<i>4.21%</i>	<i>4.21%</i>
Total International Equity	1,760,277,081	19.7%	19.0%	19.7%	-3.39%	-3.44%	-3.39%	-3.44%	14.30%	14.01%				
<i>MSCI ACWI ex-US IMI (Net) (2)</i>					<i>-3.49%</i>	<i>-3.49%</i>	<i>-3.49%</i>	<i>-3.49%</i>	<i>13.09%</i>	<i>13.09%</i>				
International All Cap														
William Blair International Leaders	258,275,772	2.9%			-9.87%	-9.96%	-9.87%	-9.96%	17.15%	16.73%	5.03%	4.64%	5.89%	5.50%
Arrowstreet International Equity	412,601,870	4.6%			0.93%	0.82%	0.93%	0.82%	17.76%	17.26%	N/A	N/A	N/A	N/A
State Street MSCI ACWI ex-US Index	-	0.0%			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total International All Cap	670,877,642	7.5%	7.2%	7.4%	-3.52%	-3.62%	-3.52%	-3.62%	N/A	N/A	N/A	N/A	N/A	N/A
<i>MSCI ACWI ex-US IMI (Net)</i>					<i>-3.49%</i>	<i>-3.49%</i>	<i>-3.49%</i>	<i>-3.49%</i>	<i>12.47%</i>	<i>12.47%</i>	<i>7.33%</i>	<i>7.33%</i>	<i>3.38%</i>	<i>3.38%</i>

LEGACY FUND
INVESTMENT PERFORMANCE REPORT AS OF SEPTEMBER 30, 2023

	September-23						Current FYTD		Prior Year FY23		3 Years Ended 6/30/2023		5 Years Ended 6/30/2023	
	Market Value	Allocation		Quarter		Gross ⁽¹⁾	Net	Gross ⁽¹⁾	Net	Gross ⁽¹⁾	Net	Gross ⁽¹⁾	Net	
		Actual	Policy	Bench ⁽⁶⁾	Gross ⁽¹⁾									Net
Developed International Large Cap														
LSV International Large Cap Value	7,168	0.0%			-3.62%	-3.62%	-3.62%	-3.62%	N/A	N/A	N/A	N/A	N/A	N/A
State Street MSCI World ex-US Index	681,950,182	7.6%			-4.10%	-4.10%	-4.10%	-4.10%	N/A	N/A	N/A	N/A	N/A	N/A
Total Developed International Large Cap	681,957,349	7.6%	7.3%	7.6%	-4.10%	-4.10%	-4.10%	-4.10%	14.25%	14.06%	N/A	N/A	N/A	N/A
<i>MSCI World Ex US</i>					-4.10%	-4.10%								
Developed International Small Cap														
DFA International Small Cap Value (1)	44,271,774	0.5%			0.07%	0.07%	0.07%	0.07%	15.25%	15.25%	12.69%	12.69%	2.19%	2.19%
Vanguard International Explorer Fund (1)	-	0.0%			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State Street MSCI World ex-US Small Cap Index	64,793,997	0.7%			-3.39%	-3.40%	-3.39%	-3.40%	N/A	N/A	N/A	N/A	N/A	N/A
Wellington International Small Cap Opportunities	43,884	0.0%			3.56%	3.20%	3.56%	3.20%	N/A	N/A	N/A	N/A	N/A	N/A
Total Developed International Small Cap	109,109,654	1.2%	1.2%	1.2%	-2.60%	-2.72%	-2.60%	-2.72%	N/A	N/A	N/A	N/A	N/A	N/A
<i>MSCI World Ex US Small Cap (3)</i>					-3.48%	-3.48%	-3.48%	-3.48%	10.11%	10.11%	6.03%	6.03%	0.42%	0.42%
Emerging Markets														
Axiom Emerging Markets Equity Fund	-	0.0%			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DFA Emerging Markets All Cap Core	154,580,536	1.7%			-1.52%	-1.52%	-1.52%	-1.52%	N/A	N/A	N/A	N/A	N/A	N/A
DFA Emerging Markets Small Cap Portfolio (1)	-	0.0%			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State Street MSCI Emerging Markets Ex China Index	101,198,376	1.1%			-3.39%	-3.39%	-3.39%	-3.39%	N/A	N/A	N/A	N/A	N/A	N/A
State Street MSCI China Index	42,553,523	0.5%			-1.97%	-1.97%	-1.97%	-1.97%	N/A	N/A	N/A	N/A	N/A	N/A
State Street MSCI Emerging Markets Index	-	0.0%			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Emerging Markets Equity	298,332,435	3.3%	3.3%	3.4%	-1.93%	-1.94%	-1.93%	-1.94%	N/A	N/A	N/A	N/A	N/A	N/A
<i>MSCI Emerging Markets</i>					-2.93%	-2.93%								
Global Equity Transition Account	43,018	0.0%	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PRIVATE EQUITY														
50 South Capital 1889 Growth Fund (1)	38,852,310	0.4%			-1.70%	-1.70%	-1.70%	-1.70%	-14.24%	-14.24%	N/A	N/A	N/A	N/A
Sixth Street Partners - TAO (1)	67,833,153	0.8%			0.00%	0.00%	0.00%	0.00%	11.52%	11.52%	N/A	N/A	N/A	N/A
Altor Fund VI	-	0.0%			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL PRIVATE EQUITY (1)	106,685,463	1.2%	3.0%	1.2%	-0.63%	-0.63%	-0.63%	-0.63%	4.30%	4.30%	N/A	N/A	N/A	N/A
GLOBAL FIXED INCOME														
<i>Benchmark</i>	3,076,895,308	34.4%	35.0%	35.0%	-2.34%	-2.38%	-2.34%	-2.38%	1.40%	1.32%	-1.81%	-1.90%	2.19%	2.08%
					-3.23%	-3.23%	-3.23%	-3.23%	-0.94%	-0.94%	-3.97%	-3.97%	0.77%	0.77%
CORE FIXED INCOME														
Western Asset U.S. Core Fixed Income	648,552,525	7.3%			-3.93%	-3.99%	-3.93%	-3.99%	-0.55%	-0.64%	-4.18%	-4.28%	0.91%	0.80%
Prudential Core Fixed Income	649,145,357	7.3%			-3.01%	-3.06%	-3.01%	-3.06%	0.62%	0.45%	-3.22%	-3.40%	1.60%	1.40%
PIMCO Core Plus Constrained	651,600,177	7.3%			-2.88%	-2.90%	-2.88%	-2.90%	N/A	N/A	N/A	N/A	N/A	N/A
PIMCO Distressed Senior Credit Opportunities II (1)	105,773,592	1.2%			1.60%	1.60%	1.60%	1.60%	5.07%	5.07%	5.03%	5.03%	4.77%	4.77%
PIMCO BRAVO II (1)	1,126,746	0.0%			0.00%	0.00%	0.00%	0.00%	-35.97%	-35.97%	-6.50%	-6.50%	-7.12%	-7.12%
State Street Credit Index	84,083,119	0.9%			-2.94%	-2.95%	-2.94%	-2.95%	N/A	N/A	N/A	N/A	N/A	N/A
State Street Gov Index	122,585,799	1.4%			-2.99%	-2.99%	-2.99%	-2.99%	N/A	N/A	N/A	N/A	N/A	N/A
Manulife/Declaration Total Return Bond Fund (1)	158,987,086	1.8%			-1.67%	-1.67%	-1.67%	-1.67%	1.18%	1.18%	0.84%	0.84%	2.41%	2.41%
State Street U.S. Govt Credit Bond Index	-	0.0%			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Allspring US Corporate Plus	203,648,887	2.3%			-2.57%	-2.63%	-2.57%	-2.63%	3.11%	2.97%	-1.41%	-1.58%	3.16%	2.98%
Bank of ND Match Loan CDs	179,658,925	2.0%			0.76%	0.76%	0.76%	0.76%	3.03%	3.03%	2.79%	2.79%	2.95%	2.95%
Bloomberg Aggregate					-3.23%	-3.23%	-3.23%	-3.23%	-0.94%	-0.94%	-3.97%	-3.97%	0.77%	0.77%

LEGACY FUND
INVESTMENT PERFORMANCE REPORT AS OF SEPTEMBER 30, 2023

	September-23						Current FYTD		Prior Year FY23		3 Years Ended 6/30/2023		5 Years Ended 6/30/2023	
	Market Value	Allocation		Quarter		Gross ⁽¹⁾	Net	Gross ⁽¹⁾	Net	Gross ⁽¹⁾	Net	Gross ⁽¹⁾	Net	
		Actual	Policy	Bench ⁽⁶⁾	Gross ⁽¹⁾									Net
Ares ND Credit Strategies (1)	118,050,022	1.3%			0.00%	0.00%	0.00%	0.00%	7.74%	7.74%	10.03%	10.03%	7.92%	7.92%
Cerberus ND Private Credit Fund (1)	153,653,888	1.7%			2.12%	2.12%	2.12%	2.12%	7.89%	7.89%	8.81%	8.81%	8.88%	8.88%
S&P LSTA Leveraged Loan B Index					3.85%	3.85%	3.85%	3.85%	11.57%	11.57%	6.53%	6.53%	4.49%	4.49%
Fixed Income Transition Account	29,185	0.0%			N/A	N/A								
TOTAL FIXED INCOME	3,076,895,308	34.4%	35.0%	35.0%	0.00%	0.00%								
Bloomberg Aggregate					-3.23%	-3.23%	-3.23%	-3.23%	-0.94%	-0.94%	-3.97%	-3.97%	0.77%	0.77%
GLOBAL REAL ASSETS	1,312,867,403	14.7%	15.0%	15.0%	-1.78%	-1.84%	-1.78%	-1.84%	-0.98%	-1.24%	5.85%	5.58%	5.77%	5.48%
Benchmark					-1.49%	-1.49%	-1.49%	-1.49%	-3.22%	-3.22%	4.20%	4.20%	4.49%	4.49%
DIVERSIFIED REAL ASSETS														
Western Asset US TIPS	369,951,146	4.1%	4.5%	4.5%	-3.37%	-3.43%	-3.37%	-3.43%	-0.91%	-1.00%	-0.20%	-0.30%	2.28%	2.17%
Bloomberg US Gov't Inflation Linked Bond Index (4)					-2.80%	-2.80%	-2.80%	-2.80%	-1.33%	-1.33%	-0.31%	-0.31%	2.42%	2.42%
Grosvenor Customized Infrastructure Strategies II (1)	50,689,097	0.6%	0.6%	0.6%	-0.26%	-0.26%	-0.26%	-0.26%	16.30%	16.30%	17.22%	17.22%	14.55%	14.55%
Grosvenor Customized Infrastructure Strategies III (1)	40,443,642	0.5%	0.5%	0.5%	6.44%	6.44%	6.44%	6.44%	5.19%	5.19%	N/A	N/A	N/A	N/A
JP Morgan Infrastructure Investments Fund (IIF)	105,390,519	1.2%	1.2%	1.2%	0.06%	0.06%	0.06%	0.06%	12.50%	11.49%	8.43%	7.56%	7.62%	6.82%
ISQ Global Infrastructure Fund II (1)	79,933,447	0.9%	0.9%	0.9%	-0.55%	-0.55%	-0.55%	-0.55%	10.04%	10.04%	14.21%	14.21%	10.33%	10.33%
ISQ Global Infrastructure Fund III (1)	26,693,295	0.3%	0.3%	0.3%	0.06%	0.06%	0.06%	0.06%	1.78%	1.78%	N/A	N/A	N/A	N/A
Macquarie Infrastructure Partners IV (1)	91,879,327	1.0%	1.0%	1.0%	0.05%	0.05%	0.05%	0.05%	2.67%	2.67%	12.66%	12.66%	N/A	N/A
Macquarie Infrastructure Partners V (1)	97,872,727	1.1%	1.1%	1.1%	0.13%	0.13%	0.13%	0.13%	6.21%	6.21%	N/A	N/A	N/A	N/A
50% NCREIF ODCE/50% CPI-U (lagged one quarter) (5)					-0.52%	-0.52%	-0.52%	-0.52%	-3.04%	-3.04%	6.49%	6.49%	4.98%	4.98%
TOTAL DIVERSIFIED REAL ASSETS	862,853,199	9.7%	10.0%	10.0%	-1.21%	-1.24%	-1.21%	-1.24%	4.33%	4.16%	5.28%	5.10%	5.80%	5.61%
Benchmark					-1.55%	-1.55%	-1.55%	-1.55%	-1.52%	-1.52%	2.89%	2.89%	3.77%	3.77%
REAL ESTATE														
J.P. Morgan U.S. Real Estate Income and Growth Domestic, LP	199,315,451	2.2%			-4.73%	-4.93%	-4.73%	-4.93%	-10.47%	-11.10%	7.57%	6.94%	5.65%	4.99%
Invesco Core Real Estate-USA, LP	207,987,852	2.3%			-1.57%	-1.66%	-1.57%	-1.66%	-9.83%	-10.10%	7.33%	6.99%	6.05%	5.70%
Invesco Real Estate U.S. Fund VI (1)	42,710,901	0.5%			0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL GLOBAL REAL ESTATE	450,014,204	5.0%	5.0%	5.0%	-2.85%	-2.99%	-2.85%	-2.99%	-9.57%	-9.99%	7.68%	7.21%	5.97%	5.48%
NCREIF Total Index					-1.37%	-1.37%	-1.37%	-1.37%	-6.60%	-6.60%	6.79%	6.79%	5.90%	5.90%

**LEGACY FUND
INVESTMENT PERFORMANCE REPORT AS OF SEPTEMBER 30, 2023**

	September-23						Current FYTD		Prior Year FY23		3 Years Ended 6/30/2023		5 Years Ended 6/30/2023	
	Market Value	Allocation		Quarter		Gross ⁽¹⁾	Net	Gross ⁽¹⁾	Net	Gross ⁽¹⁾	Net	Gross ⁽¹⁾	Net	
		Actual	Policy	Bench ⁽⁶⁾	Gross ⁽¹⁾									Net
CASH EQUIVALENTS														
Northern Trust-MFB NI Gov't Assets Portfolio (1)	6,385,048	0.1%			1.52%	1.52%	1.52%	1.52%	3.42%	3.42%	1.17%	1.17%	1.37%	1.37%
Bank of ND	114,382,741	1.3%			1.35%	1.35%	1.35%	1.35%	3.82%	3.82%	1.37%	1.37%	1.57%	1.57%
TOTAL CASH EQUIVALENTS	120,767,789	1.4%	0.0%	0.0%	1.37%	1.37%	1.37%	1.37%	3.58%	3.58%	1.24%	1.24%	1.45%	1.45%
<i>90 Day T-Bill</i>					1.31%	1.31%	1.31%	1.31%	3.59%	3.59%	1.27%	1.27%	1.55%	1.55%
RESIDUAL HOLDINGS														
<i>Residual Holdings Account</i>	2,156,008	0.0%	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Initial funding September 7, 2011.

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) All limited partnership-type (and mutual funds as of 7/1/14) investment returns will only be reported net of fees, which is standard practice by the investment consultant.

(2) Prior to October 1, 2022, this benchmark was the MSCI World ex-US.

(3) Prior to October 1, 2022, the benchmark was S&P BMI, EPAC, <\$2B

(4) Prior to November 1, 2018, the benchmark was Bloomberg Global Inflation Linked Index.

(5) Prior to July 1, 2018, the benchmark was CPI-W.

(6) Adjusted policy percentage using corridor method of benchmarking.