

Legacy Fund

June 30, 2015

Legacy Fund Schedule of Investment Expenses

	FY 2015				FY 2014			
	Average Market Value	Fees in \$	Fees in %	Contribution to Total Fees	Average Market Value	Fees in \$	Fees in %	Contribution to Total Fees
Investment managers' fees:								
Domestic large cap equity managers	657,310,185	1,280,864	0.19%	0.04%	221,898,125	502,317	0.23%	0.03%
Domestic small cap equity managers	240,214,984	1,043,694	0.43%	0.03%	80,140,583	350,670	0.44%	0.02%
International equity managers	587,722,699	2,397,207	0.41%	0.08%	208,777,033	884,793	0.42%	0.05%
Domestic fixed income managers	985,960,253	2,910,709	0.30%	0.10%	341,169,338	1,199,773	0.35%	0.07%
Diversified real assets managers	249,618,003	599,955	0.24%	0.02%	8,725,730	33,040	0.38%	0.00%
Real estate managers	151,340,748	1,125,359	0.74%	0.04%	48,719,775	490,567	1.01%	0.03%
Short-term fixed income managers	152,806,876	202,772	0.13%	0.01%	854,086,155	1,053,958	0.12%	0.06%
Cash & equivalents managers	15,892,632	21,374	0.13%	0.00%	57,174,100	60,350	0.11%	0.00%
Total investment managers' fees	3,040,866,380	9,581,934	0.32%		1,820,690,839	4,575,468	0.25%	
Custodian fees		313,311	0.01%	0.01%		216,970	0.01%	0.01%
Investment consultant fees		152,627	0.01%	0.01%		68,630	0.00%	0.00%
Total investment expenses		10,047,873	0.33%			4,861,068	0.27%	
Total Performance Fees Paid		1,754,110	0.06%			558,086	0.03%	
Actual Investment Performance (Net of Fees)			3.31%				6.64%	
Policy Benchmark			2.37%				5.54%	
Outperformance			0.94%				1.10%	

- Investment fees for the Legacy Fund increased to 0.33% from 0.27% during the last year as the approved asset allocation strategy (of 50% equity, 35% fixed income and 15% real assets) was implemented. Performance fees doubled to approximately 0.06% from 0.03% in the prior year largely due to higher active management.
- The Legacy Fund received better than a 2:1 return on investment management fees during each of the past two years (e.g. 0.94% versus 0.33% in fiscal 2015 is nearly 3:1 and 1.10% versus 0.27% in fiscal 2014 is 4:1).
- For the fiscal year ended June 30, 2015, active management generated \$28 million of incremental income for North Dakota (e.g. \$3 billion x 0.94% = \$28 million) after deducting \$10 million of investment expenses.