



# **State Board of Administration Performance Report to the Trustees**

*Performance Through August 31, 2016*

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STATE BOARD OF ADMINISTRATION  
OF FLORIDA

1801 HERMITAGE BOULEVARD  
TALLAHASSEE, FLORIDA 32308  
(850) 488-4406

POST OFFICE BOX 13300  
32317-3300

RICK SCOTT  
GOVERNOR  
CHAIR

JEFF ATWATER  
CHIEF FINANCIAL OFFICER

PAM BONDI  
ATTORNEY GENERAL

ASH WILLIAMS  
EXECUTIVE DIRECTOR & CIO

TO: Members, State Board of Administration  
Governor Rick Scott, Chair  
Chief Financial Officer Jeff Atwater  
Attorney General Pam Bondi

FROM:

Ash Williams

DATE:

October 18, 2016

SUBJECT: Performance Report to the Trustees for the Month Ending August 31, 2016

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Please find attached the SBA's Performance Report to the Trustees for the month ending August 31, 2016. For the fiscal-year to-date as of August 31, 2016, performance for the SBA's three multi-asset class mandates was as follows.

	Actual Return	Benchmark Return	Value Added
FRS Pension Plan	3.26%	3.19%	0.07%
FRS Investment Plan	3.45%	3.29%	0.17%
Lawton Chiles Endowment	3.82%	3.58%	0.24%

Florida Statutes, Section 215.47(6), the "basket clause," requires the Executive Director to report to the Investment Advisory Council any proposed plans to invest in certain investments that are not explicitly authorized. During the month ending August 31, 2016, no proposed plans for such investments were reported to the Investment Advisory Council.

If you have any questions or need additional information, please contact me.

AW/jk

cc: IAC Members  
Kristin Olson  
Jeff Woodburn  
Amanda Carey  
Michelle Winokur  
Robert Tornillo  
Stephanie Leeds  
Rob Johnson  
Andrew Fay

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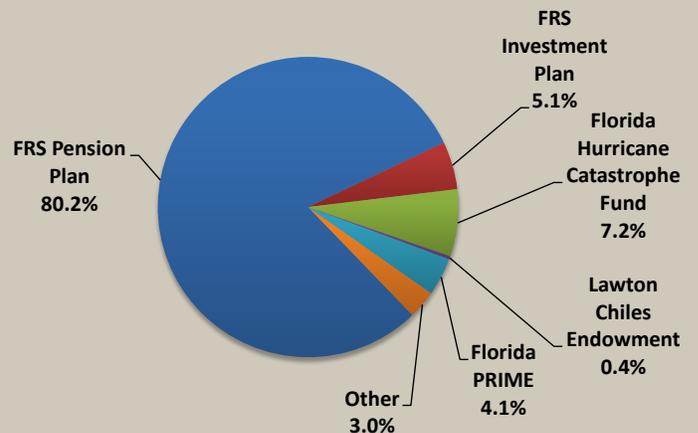
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## SUMMARY OF MANDATES

**TOTAL FUNDS UNDER MANAGEMENT**



**BREAKDOWN OF FUNDS UNDER MANAGEMENT**



# SUMMARY OF MANDATES

Fund Name	COST <sup>1</sup>	MARKET <sup>1</sup>
Florida Retirement System Defined Benefit Pension Plan	\$121,685,860,917.51	\$144,490,466,161.39
Florida Retirement System Investment Plan	7,737,922,939.05	9,241,464,641.43
Lawton Chiles Endowment Fund <sup>3</sup>	579,651,213.08	635,069,570.73
Debt Service Funds:		
Outstanding (non-escrow)	672,012,329.17	672,275,436.63
Refunded (escrow)	1,202,217,120.92	1,202,217,120.92
Gas Tax Clearing Fund	1,851,386.38	1,851,389.47
Florida PRIME	7,362,504,788.54	7,363,071,434.13
Less Florida PRIME holdings in SBA funds <sup>2</sup>	(339,062,747.19)	(339,062,747.19)
Florida Hurricane Catastrophe	13,018,687,515.62	13,024,297,372.81
State Board of Administration Finance Corporation	2,810,814,617.04	2,812,343,664.03
Florida Lottery <sup>3</sup>	164,822,217.16	333,847,415.99
Retiree Health Insurance Subsidy <sup>3</sup>	78,294,700.26	78,294,700.26
Police and Fire Fighters' Premium Tax Trust Fund <sup>3</sup>	120,467,734.73	120,467,734.73
Florida Prepaid College Plan Administration Expense <sup>3</sup>	2,532,173.93	2,532,173.93
Florida Prepaid College Plan Trust Account <sup>3</sup>	4,174,929.98	4,174,929.98
Florida Prepaid College Plan QMA Account	304,500,383.73	324,637,829.77
Florida College Investment Plan Administration Expense <sup>3</sup>	886,235.98	886,235.98
Florida College Investment Plan QMA Account	41,405,004.16	47,289,516.40
Florida College Investment Plan <sup>3</sup>	23,240,827.13	23,240,827.13
Florida ABLE Program Administrative Expense <sup>3</sup>	818,803.03	818,803.03
SBA Administrative Expense Fund:		
SBA Administrative Expense <sup>3</sup>	46,200,948.42	46,200,948.42
SBA Defined Contribution Administrative Expense <sup>3</sup>	18,720,014.67	18,720,014.67
Division of Bond Finance:		
Revenue Bond Fee <sup>3</sup>	6,309,476.89	6,309,476.89
Arbitrage Compliance <sup>3</sup>	2,681,699.68	2,681,699.68
Bond Proceeds	7,128,200.00	7,128,794.85
Department of Economic Opportunity (DEO)		
Burnham Institute for Medical Research, Inc.	1,497,942.04	1,497,942.04
Torrey Pines Institute for Molecular Studies, Inc. <sup>3</sup>	3,579,206.17	3,579,206.17
SRI International	116,172.99	116,172.99
University of Miami <sup>3</sup>	21,027,908.19	21,027,908.19
Florida Division of Blind Services	3,311,556.65	5,330,656.64
Insurance Capital Build-up Program <sup>3</sup>	1,746,147.06	1,746,147.06
Inland Protection Finance Corporation <sup>3</sup>	1,532.95	1,532.95
Paying Bank Recalls	0.00	0.00
<b>Total - All SBA Funds</b>	<b>155,585,923,895.92</b>	<b>180,154,524,712.10</b>

<sup>1</sup> The "Cost" and "Market" columns generally include cash, investment securities, accrued income, pending trades, and the total unrealized gain or loss on invested securities lending cash collateral (if applicable). They do not include security lending income receivable, manager fees payable, and also may not include other receivables or payables that are unique to individual portfolios or funds.

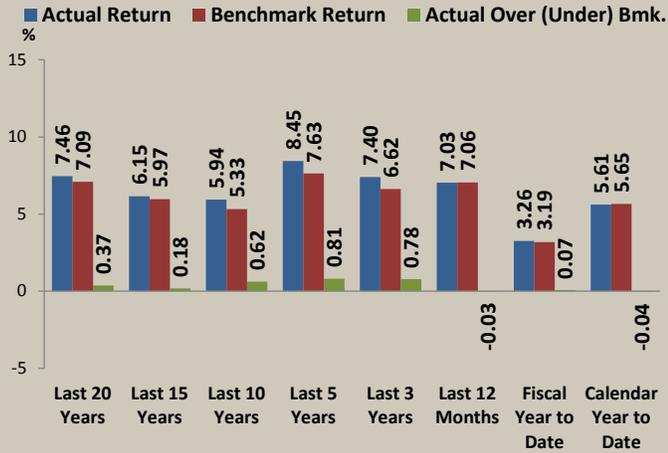
<sup>2</sup> The line titled "Less Florida PRIME Holdings in SBA Funds" includes the total investments in Florida PRIME held by other SBA managed funds that are already included on this report. In order to prevent double counting, these amounts are shown as a reduction to the Florida PRIME fund.

<sup>3</sup> Fund is invested completely, or partially, in Florida PRIME.

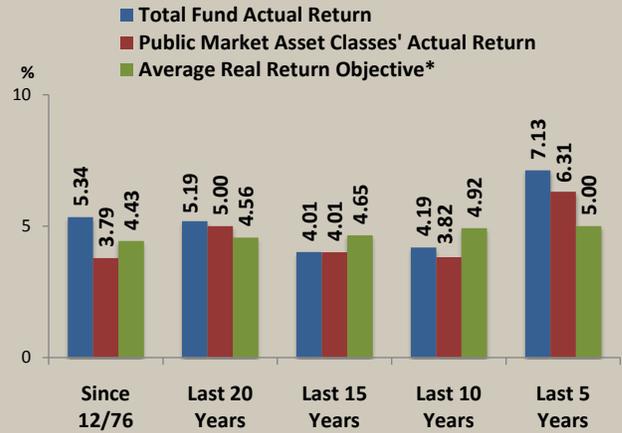
This information is not audited by an independent auditor.

# FLORIDA RETIREMENT SYSTEM PENSION PLAN TOTAL FUND PERFORMANCE & NET ASSET VALUE CHARTS

## TOTAL FUND PERFORMANCE

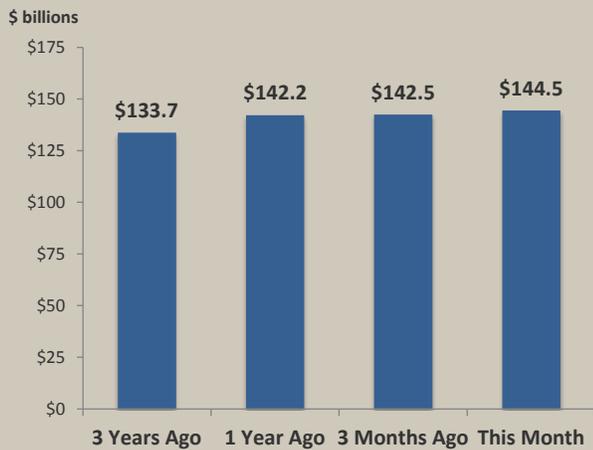


## REAL RETURNS (RETURNS NET OF INFLATION)

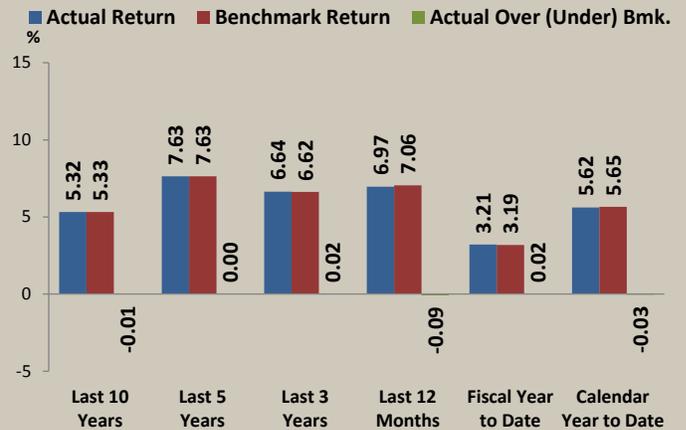


\* The FRS's real return objective was 4.3% prior to June 2003, and 4% from June 2003 to May 2007. It has been 5% since June 1, 2007.

## NET ASSET VALUES



## RETURNS TO ASSET ALLOCATION



# FLORIDA RETIREMENT SYSTEM PENSION PLAN

## ASSET CLASS BENCHMARKS, ALLOCATION & CASH FLOWS

### ASSET CLASS BENCHMARKS

Asset Class	Index
Global Equity	A custom version of the MSCI All Country World Investable Market Index (ACWI IMI), in dollar terms, net of withholding taxes on non-resident institutional investors, adjusted to reflect the provisions of the Protecting Florida's Investments Act
Fixed Income	The Barclays Capital U.S. Intermediate Aggregate Index
Real Estate	The core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index – Open-ended Diversified Core Equity, NET of fees, weighted at 76.5%, and the non-core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index – Open-ended Diversified Core Equity, NET of fees, weighted at 13.5%, plus a fixed return premium of 150 basis points per annum, and the FTSE EPRA/NAREIT Developed Index, in dollar terms, net of withholding taxes on non-resident institutional investors, weighted at 10%
Private Equity	The MSCI All Country World Investable Market Index (ACWI IMI), in dollar terms, net of withholding taxes on non-resident institutional investors, adjusted to reflect the provisions of the Protecting Florida's Investments Act, plus a fixed premium return of 300 basis points per annum
Strategic Investments	A weighted-average of individual portfolio level benchmark returns
Cash & Cash Equivalents	iMoneyNet First Tier Institutional Money Market Funds Net Index

### CURRENT ASSET ALLOCATION, TARGET AND RANGES

	Current Weight	Policy Weight	Policy Low	Policy High	Actual Low	Actual High
Global Equity	56.5%	53.0%	45.0%	70.0%	56.4%	57.0%
Fixed Income	18.5%	18.0%	10.0%	26.0%	18.3%	18.6%
Real Estate	9.5%	10.0%	4.0%	16.0%	9.3%	9.5%
Private Equity	6.6%	6.0%	2.0%	9.0%	6.3%	6.6%
Strategic Investments	8.1%	12.0%	0.0%	16.0%	8.0%	8.2%
Cash & Cash Equivalents	0.8%	1.0%	0.25%	5.0%	0.8%	1.3%

### CASH FLOWS AND INVESTMENT GAIN/LOSS

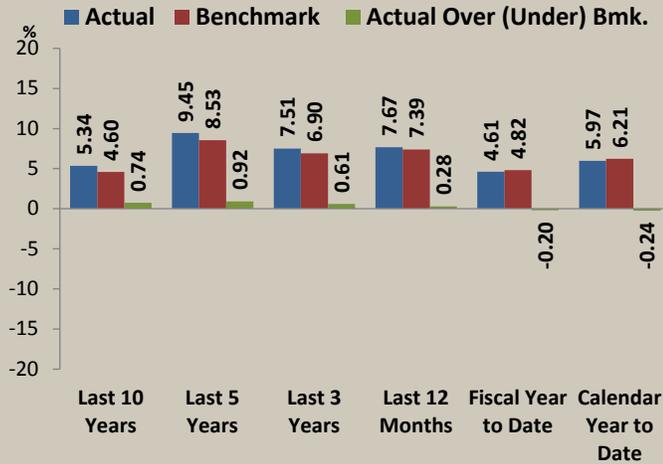
ASSET CLASS <sup>1</sup>	PERFORMANCE OVER LAST 3 MOS.			PERFORMANCE OVER LAST 12 MOS.		
	TRANSFERS & CONTRIB. <sup>2</sup>	RETURNS	CHANGE IN NET ASSET VALUE	TRANSFERS & CONTRIB. <sup>2</sup>	RETURNS	CHANGE IN NET ASSET VALUE
Global Equity	(\$1,924.2)	\$3,012.5	\$1,088.3	(\$5,353.1)	\$6,487.8	\$1,134.7
Fixed Income	(\$1.4)	\$365.1	\$363.7	(\$4,955.3)	\$2,110.0	(\$2,845.3)
Real Estate	\$189.6	\$335.7	\$525.3	(\$117.4)	\$1,500.9	\$1,383.5
Private Equity	\$25.0	\$367.0	\$392.0	\$400.0	\$628.6	\$1,028.6
Strategic Investments	(\$15.0)	\$261.9	\$246.9	\$1,045.0	\$407.7	\$1,452.7
Cash & Cash Equivalents	(\$670.1)	\$26.9	(\$643.2)	\$222.7	(\$62.2)	\$160.5
<b>Total</b>	<b>(\$2,396.0)</b>	<b>\$4,369.0</b>	<b>\$1,973.0</b>	<b>(\$8,758.1)</b>	<b>\$11,072.8</b>	<b>\$2,314.7</b>

<sup>1</sup> Based on available figures as of report time. Unless otherwise stated, all figures are in millions of dollars.

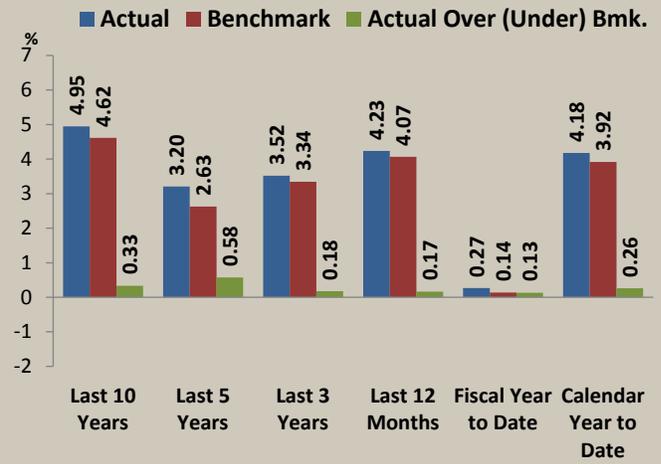
<sup>2</sup> For all asset classes other than Cash, these figures reflect only inter-asset class transfers. The figure for Cash includes flows external to the fund.

# FLORIDA RETIREMENT SYSTEM PENSION PLAN ASSET CLASS PERFORMANCE CHARTS

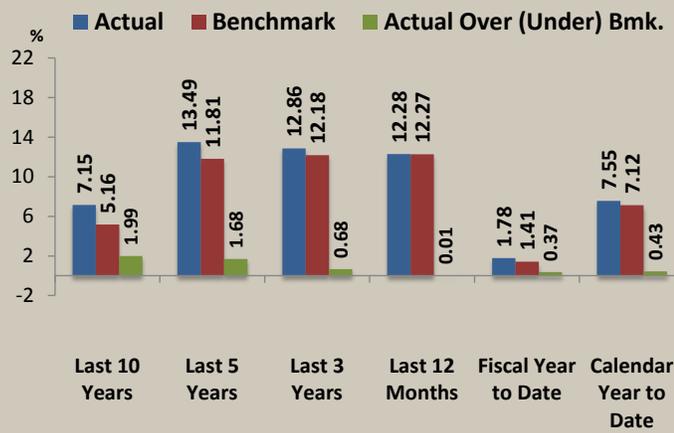
## GLOBAL EQUITY PERFORMANCE



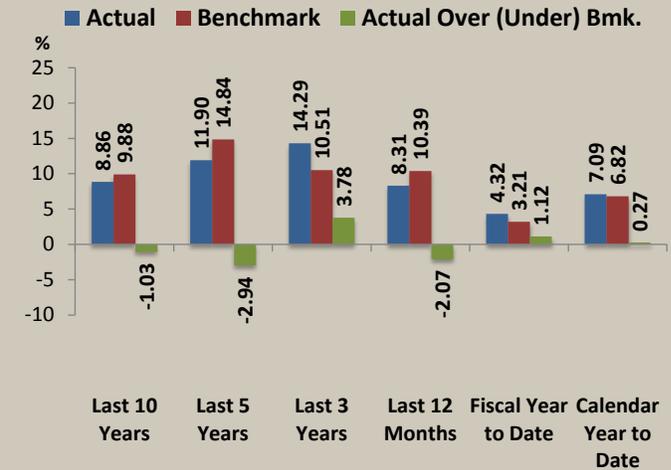
## FIXED INCOME PERFORMANCE



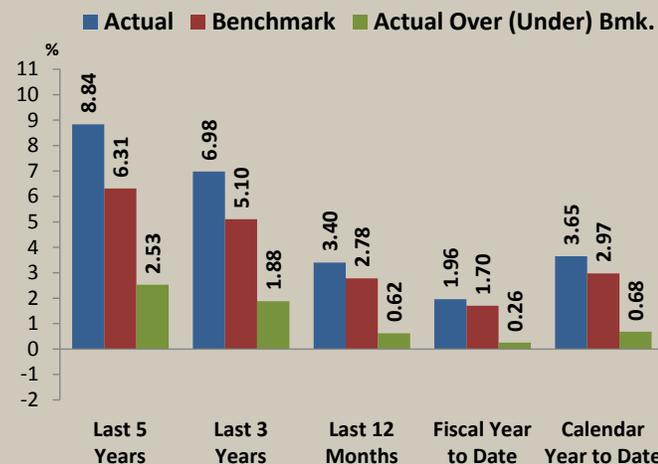
## REAL ESTATE PERFORMANCE



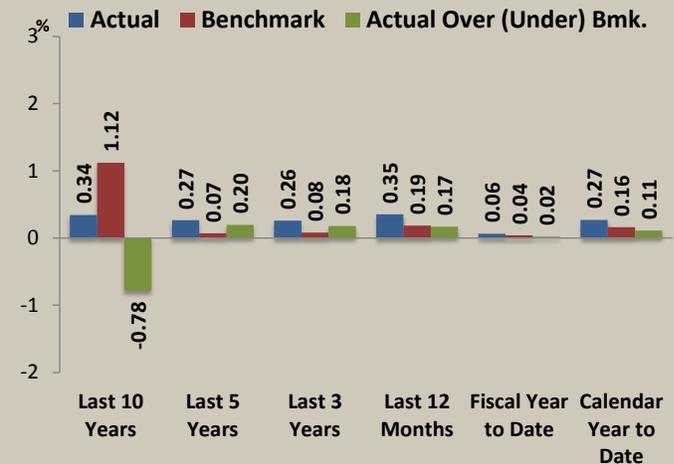
## PRIVATE EQUITY PERFORMANCE



## STRATEGIC INVESTMENTS PERFORMANCE



## CASH & CASH EQUIVALENTS PERFORMANCE



Private-market real estate valuations are subject to significant delays relative to the reporting period.

# FLORIDA RETIREMENT SYSTEM PENSION PLAN

## TOTAL FUND & ASSET CLASS ACTIVE RISK

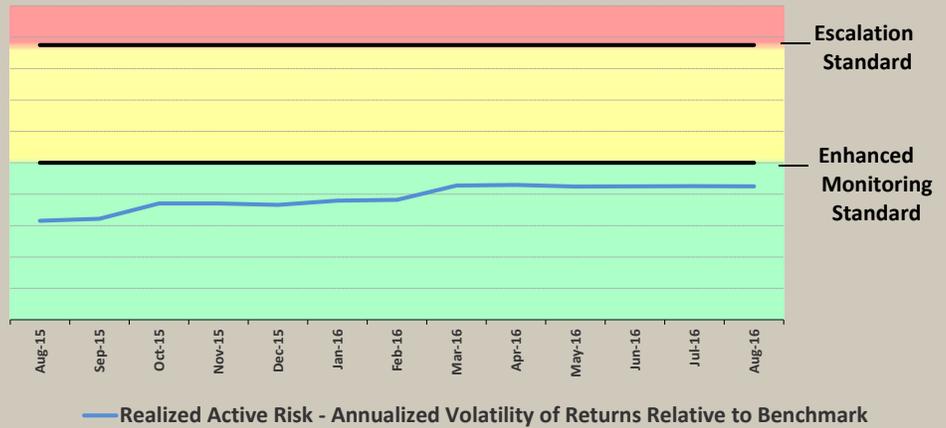
The SBA monitors investment risks relative to established targets. This is referred to as active risk.

Realized active risk represents the volatility of investment performance returns achieved relative to the target benchmark on a 36 month rolling basis.

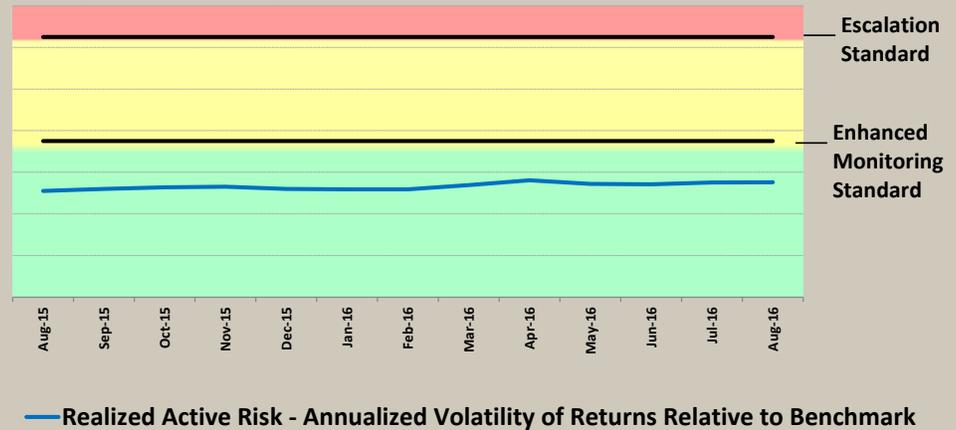
The enhanced monitoring and escalation standards in these charts reflect bands of acceptable active risk levels as established in SBA policy.

Sources, levels, and trends in active risk are regularly evaluated by the SBA Senior Investment Group.

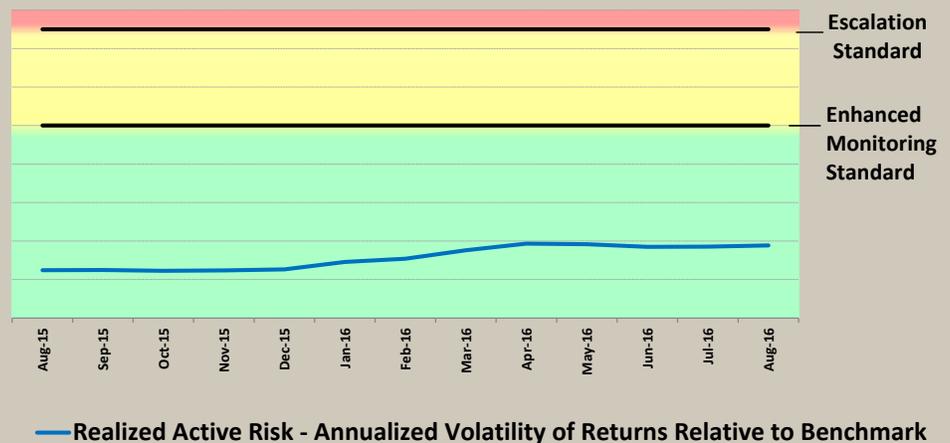
### TOTAL FUND RISK



### GLOBAL EQUITY RISK

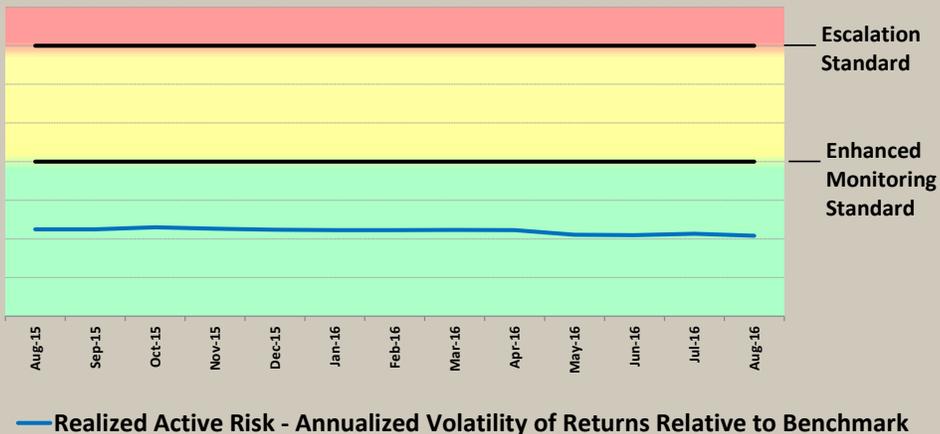


### FIXED INCOME RISK

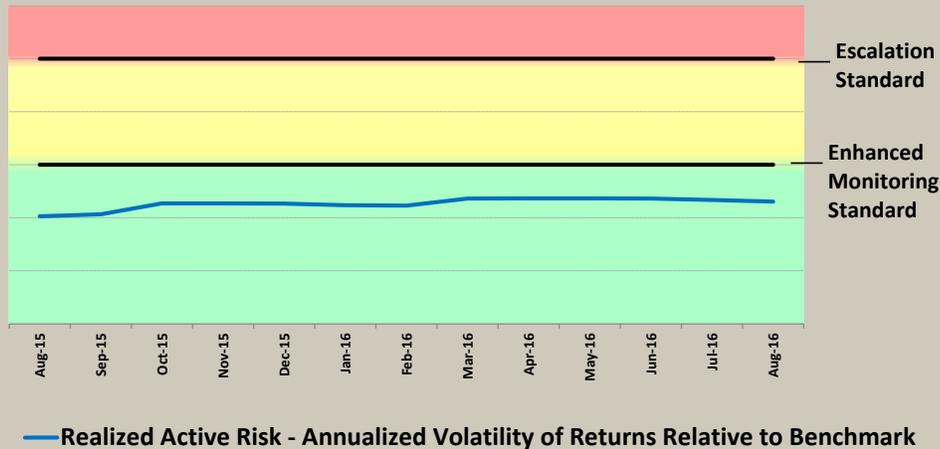


# FLORIDA RETIREMENT SYSTEM PENSION PLAN TOTAL FUND & ASSET CLASS ACTIVE RISK

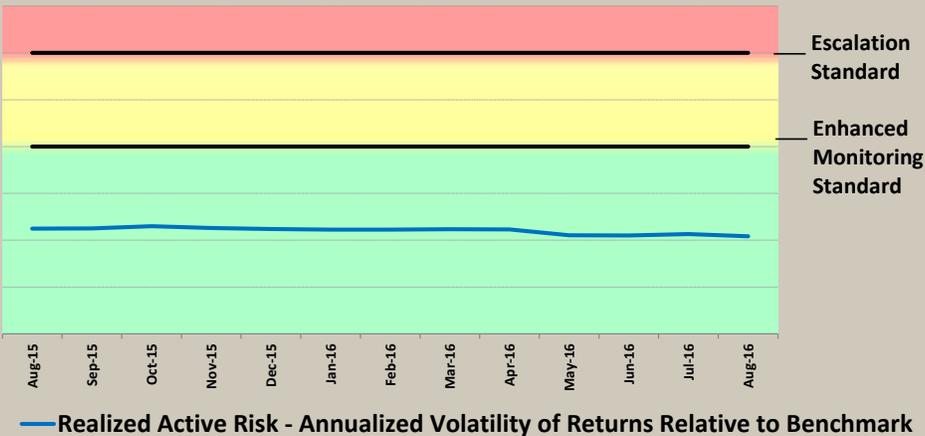
## REAL ESTATE RISK



## PRIVATE EQUITY RISK

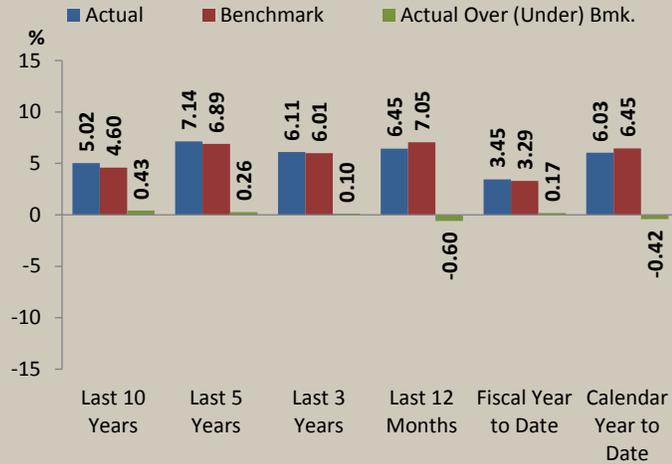


## STRATEGIC INVESTMENTS RISK

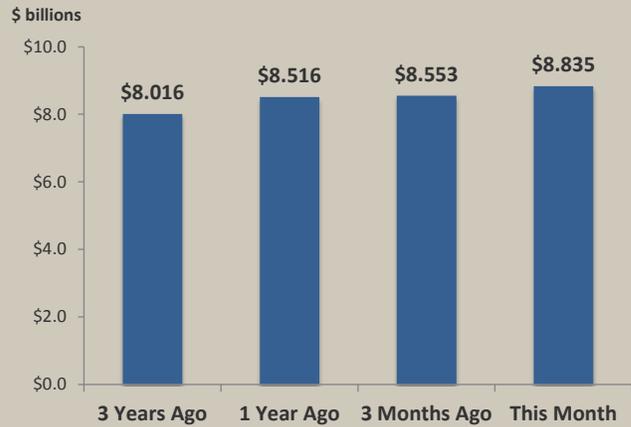


# FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN

## TOTAL FUND PERFORMANCE



## FUND NET ASSET VALUES



## FRS INVESTMENT PLAN ASSET ALLOCATION AND NET RETURNS BY ASSET TYPE

	PERCENT ALLOCATION	PAST 3 MONTHS			PAST 12 MONTHS		
		ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK	ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK
<b>TOTAL FRS Investment Plan</b>	<b>100.0%</b>	<b>3.39%</b>	<b>3.48%</b>	<b>-0.09%</b>	<b>6.45%</b>	<b>7.05%</b>	<b>-0.60%</b>
Domestic Equity	42.2%	4.50%	4.93%	-0.43%	10.54%	11.46%	-0.92%
Foreign Equity	20.0%	3.88%	3.82%	0.06%	4.32%	4.05%	0.28%
Fixed Income	19.7%	2.78%	2.60%	0.18%	6.41%	5.96%	0.45%
Real Assets and TIPS	6.5%	2.47%	2.03%	0.44%	1.99%	4.00%	-2.01%
Money Market Funds	11.6%	0.15%	0.06%	0.09%	0.45%	0.19%	0.26%

Performance figures and totals presented for the FRS Investment Plan do not include balances held in member Self Directed Brokerage Accounts, but they are reflected in total fund figures presented elsewhere in this report.

# FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN

## CASH FLOWS AND MARKET VALUES<sup>1</sup>

	Participant Selections	Contributions <sup>2</sup>	Distributions <sup>3</sup>	Transfers <sup>4</sup>	Investment Gain/Loss <sup>5</sup>	Change in Net Asset Value <sup>6</sup>	Market Value	Percent of Assets
Retirement Date Funds	137,162	35.9	(31.9)	(8.4)	11.0	6.5	3,928.0	42.52%
Money Market	17,431	29.2	(31.5)	10.4	0.5	8.6	1,026.0	11.11%
Real Assets and TIPS	8,649	0.4	(0.6)	(0.2)	(0.5)	(0.8)	93.3	1.01%
Fixed Income	35,810	4.1	(7.7)	4.2	1.1	1.7	739.7	8.01%
Domestic Equity	95,517	9.2	(13.9)	(14.5)	15.7	(3.6)	2,411.5	26.11%
Foreign Equity	50,935	2.3	(3.8)	(6.0)	2.9	(4.6)	632.3	6.85%
Self-Directed Brokerage Account	2,343	0.0	0.0	14.5	(0.5)	14.0	406.2	4.40%

<sup>1</sup> Based on figures provided by the Investment Plan's third-party administrator as of report time. Dollar values are in millions.

<sup>2</sup> Contributions reflect rollovers in, employer and employee contributions, conversions in (Accumulated Benefit Obligation Transfers, true ups) and account adjustments.

<sup>3</sup> Distributions reflect withdrawals and terminations made by participants.

<sup>4</sup> Transfers reflect transactions that do not require funding and capture movement from one fund to another.

<sup>5</sup> Reflect the difference of Net Gains / Losses less contributions, distributions, and transfers.

<sup>6</sup> Reflect the appreciation / depreciation of unit price over the given time period.

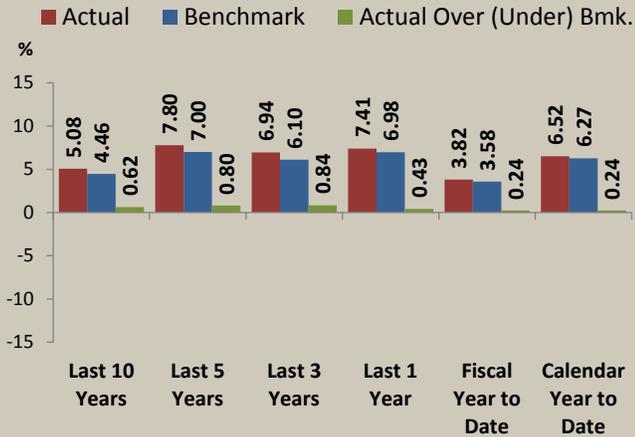
## FRS PLAN ELECTIONS

	New Employee				Second Elections							
	Defaults (Pension)		Pension Plan		Investment Plan/Hybrid		FY Totals	Pension Plan		Investment Plan/Hybrid		FY Totals
FY 11-12	19,063	51.3%	6,973	18.8%	11,141	30.0%	37,177	334	5.0%	6,401	95.0%	6,735
FY 12-13	24,930	56.2%	7,319	16.5%	12,087	27.3%	44,336	535	8.6%	5,713	91.4%	6,248
FY 13-14	29,139	57.3%	8,491	16.7%	13,198	26.0%	50,828	555	8.9%	5,694	91.1%	6,249
FY 14-15	32,410	58.7%	9,247	16.7%	13,556	24.6%	55,213	635	11.2%	5,058	88.8%	5,693
FY 15-16	35,884	59.9%	10,368	17.3%	13,631	22.8%	59,883	680	13.2%	4,467	86.8%	5,147
FY 16-17*	5,595	63.7%	1,638	18.6%	1,550	17.6%	8,783	132	16.6%	663	83.4%	795
Total	147,021	57.4%	44,036	17.2%	65,163	25.4%	256,220	2,871	9.3%	27,996	90.7%	30,867

\* Fiscal Year percentages are as of month end, and may not total due to rounding.

# LAWTON CHILES ENDOWMENT FUND

## FUND PERFORMANCE



## FUND NET ASSET VALUE



## CURRENT ASSET ALLOCATION, TARGET AND RANGES

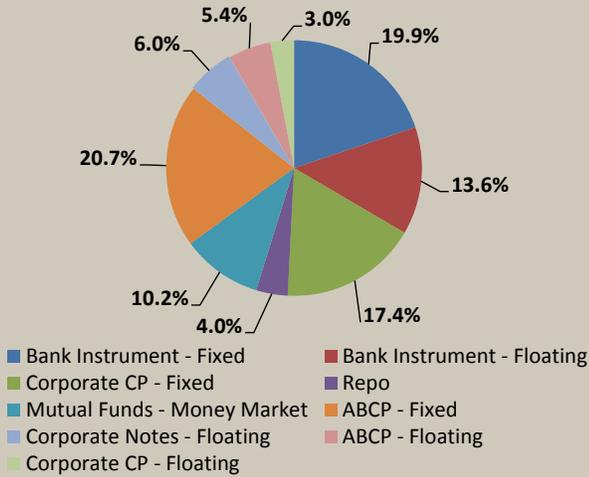
Asset Class	Current Weight	Policy Weight	Policy Low	Policy High	Actual Low	Actual High
Global Equity	72.4%	71.0%	61.0%	81.0%	72.3%	72.7%
Fixed Income	16.4%	17.0%	12.0%	22.0%	16.2%	16.5%
TIPS	10.1%	11.0%	6.0%	16.0%	10.0%	10.1%
Cash & Cash Equivalents	1.1%	1.0%	0.0%	10.0%	1.1%	1.1%

## CHILES ENDOWMENT NET RETURNS BY ASSET CLASS

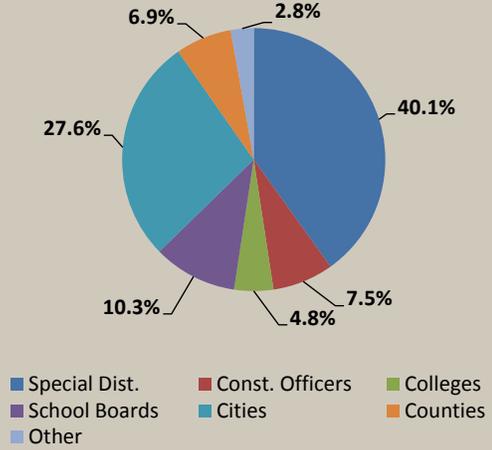
	PAST 3 MONTHS			PAST 12 MONTHS		
	ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK	ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK
<b>TOTAL LCEF</b>	<b>3.92%</b>	<b>3.58%</b>	<b>0.33%</b>	<b>7.41%</b>	<b>6.98%</b>	<b>0.43%</b>
Asset Allocation	3.58%	3.58%	0.00%	6.79%	6.98%	-0.19%
Global Equity	4.55%	4.07%	0.47%	8.16%	7.28%	0.89%
Fixed Income	2.29%	2.32%	-0.03%	6.01%	5.97%	0.04%
TIPS	2.60%	2.50%	0.10%	5.46%	5.37%	0.09%
Cash & Cash Equivalents	0.18%	0.10%	0.08%	0.50%	0.27%	0.23%

# FLORIDA PRIME

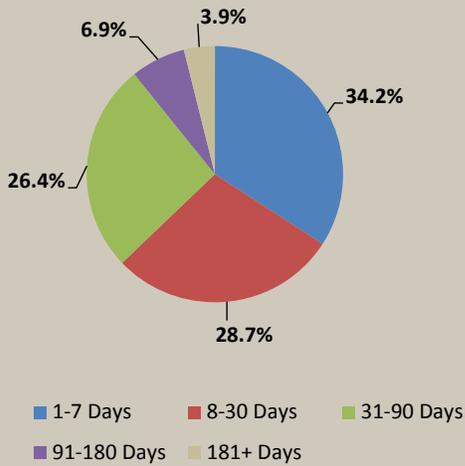
## PORTFOLIO COMPOSITION



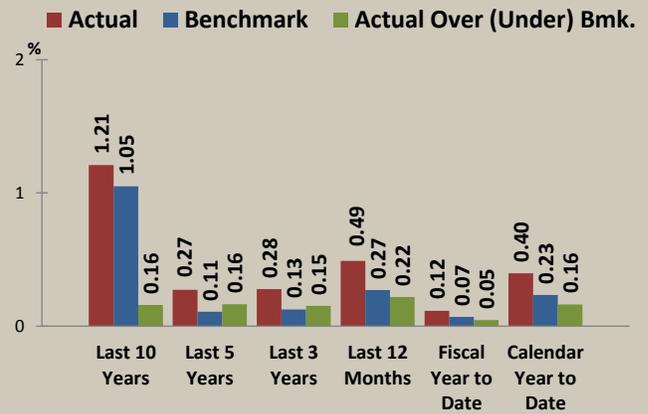
## PARTICIPANTS BY TYPE - 749 TOTAL



## EFFECTIVE MATURITY SCHEDULE

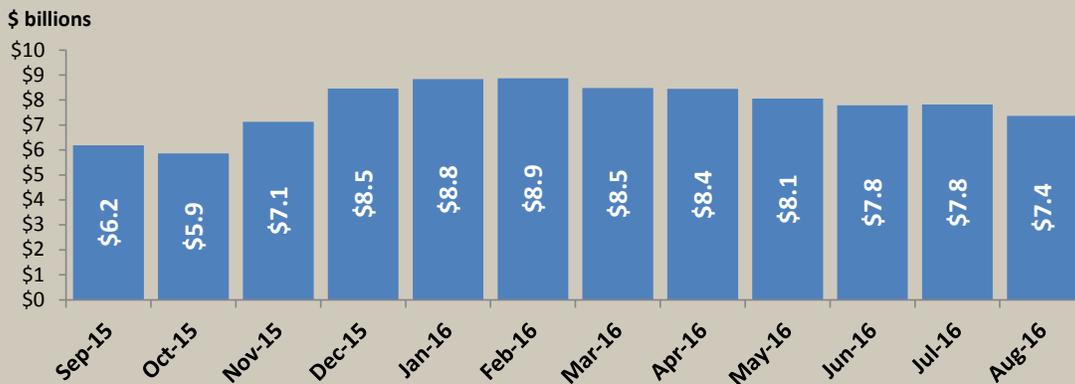


## FLORIDA PRIME PERFORMANCE



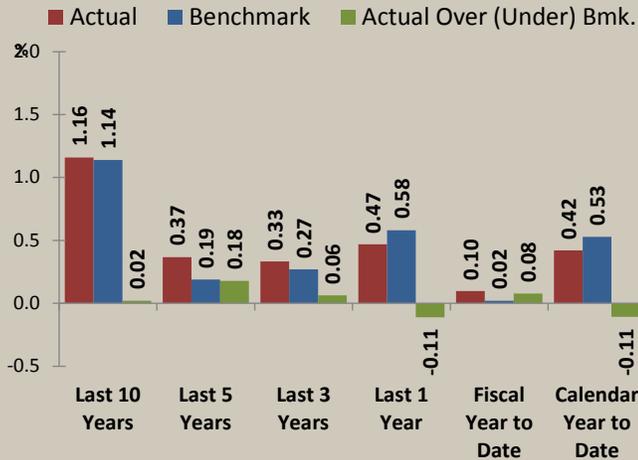
\* Return calculated pursuant to Chapter 19-7.011, Florida Administrative Code  
Returns less than 1-year are not annualized

## FLORIDA PRIME MARKET VALUES



# FLORIDA HURRICANE CATASTROPHE FUND

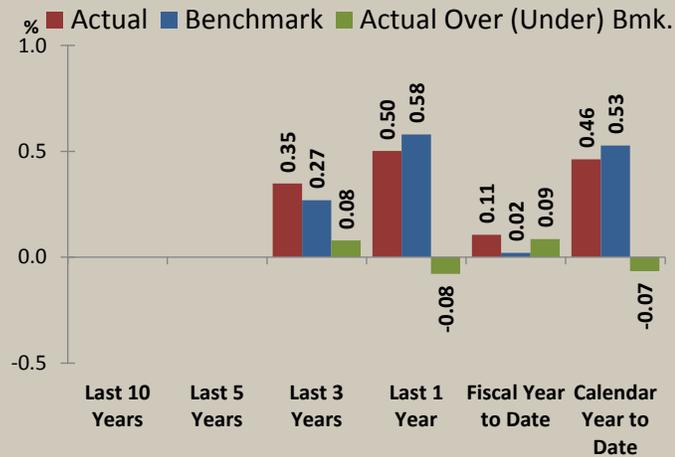
## OPERATING FUND PERFORMANCE



## OPERATING FUND NET ASSET VALUES



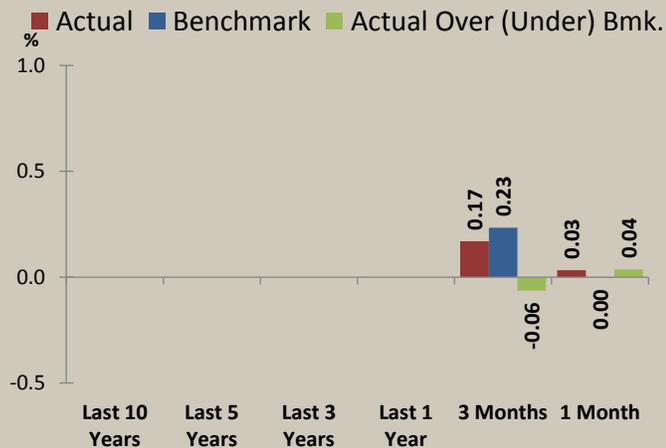
## 2013A NOTE PROCEEDS PERFORMANCE



## 2013A NOTE PROCEEDS NET ASSET VALUES



## 2016 NOTE PROCEEDS PERFORMANCE



## 2016 NOTE PROCEEDS NET ASSET VALUES





**For more information, please visit:**

- [www.sbafla.com](http://www.sbafla.com) for additional information about the agency and updates on managed assets,
- [www.myfrs.com](http://www.myfrs.com) for more information about the FRS Investment Plan and MyFRS Financial Guidance Program,
- [www.sbafla.com/prime](http://www.sbafla.com/prime) for Florida PRIME, and
- [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf) for the Florida Hurricane Catastrophe Fund.

**State Board of Administration  
1801 Hermitage Boulevard, Suite 100  
Tallahassee, Florida 32308  
(850) 488-4406  
[www.sbafla.com](http://www.sbafla.com)**