



State Board of Administration Performance Report to the Trustees

Performance Through August 31, 2015

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STATE BOARD OF ADMINISTRATION
OF FLORIDA

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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 19, 2015

SUBJECT: Performance Report to the Trustees

Please find attached the SBA's Performance Report to the Trustees for the month ending August 31, 2015. For the 12 months ending August 31, 2015, performance for the SBA's three multi-asset class mandates was as follows.

	Actual Return	Benchmark Return	Value Added
FRS Pension Plan	-0.45%	-2.20%	1.76%
FRS Investment Plan	-1.83%	-2.45%	0.62%
Lawton Chiles Endowment	-4.53%	-4.39%	-0.13%

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 quarter, 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
Monica Russell
Jeff Woodburn
Michelle Dahnke
Robert Tornillo
Erica Atalla
Rob Johnson
Andrew Fay

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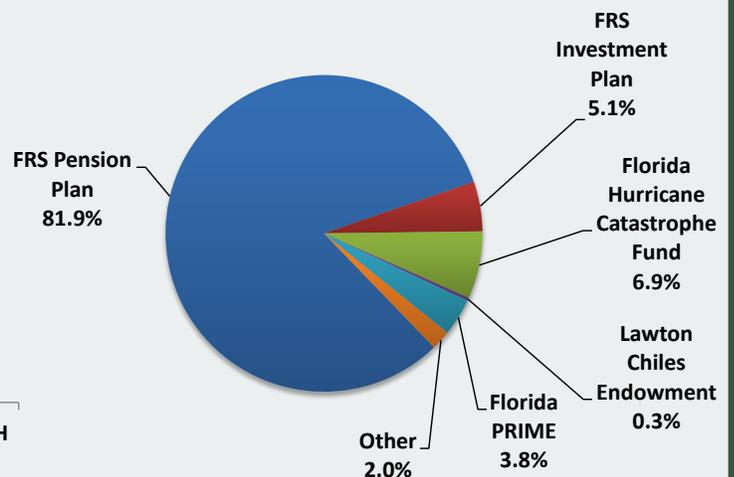
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SUMMARY OF MANDATES

TOTAL FUNDS UNDER MANAGEMENT



BREAKDOWN OF FUNDS UNDER MANAGEMENT

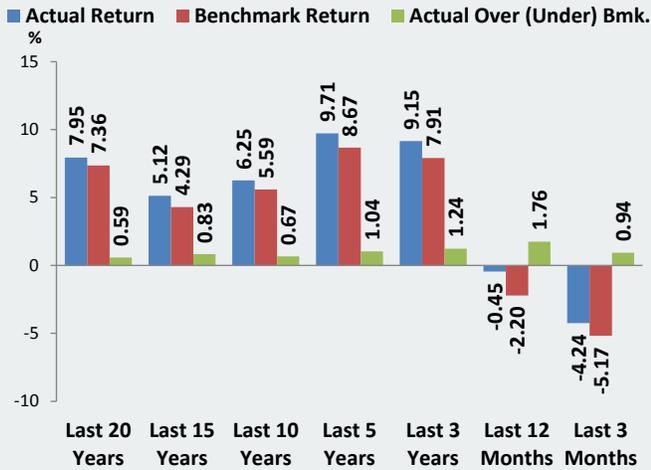


SUMMARY OF MANDATES

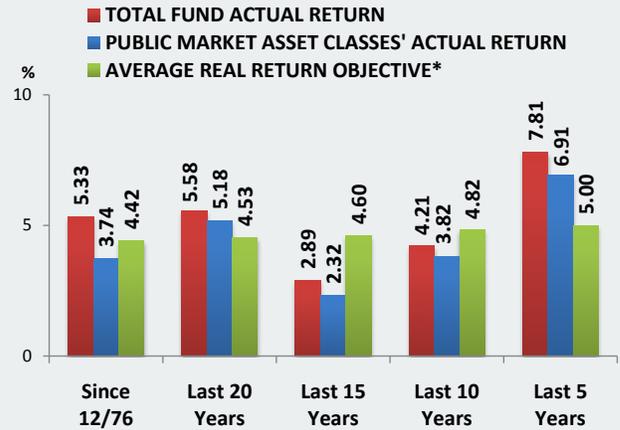
	August 31, 2015 MARKET VALUE (IN THOUSANDS)	July 31, 2015 MARKET VALUE (IN THOUSANDS)
FLORIDA RETIREMENT SYSTEM PENSION PLAN		
FRS PENSION PLAN ASSET CLASSES		
GLOBAL EQUITY	\$80,554,587	\$86,701,363
FIXED INCOME	\$29,595,752	\$29,819,326
REAL ESTATE	\$12,274,693	\$12,601,615
PRIVATE EQUITY	\$8,512,692	\$8,340,331
STRATEGIC INVESTMENTS	\$10,320,613	\$10,265,426
CASH	\$987,513	\$866,976
TOTAL FRS PENSION PLAN	\$142,245,850	\$148,595,038
FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN		
	\$8,814,049	\$9,204,842
LAWTON CHILES ENDOWMENT FUND (IN THOUSANDS)		
LCEF ASSET CLASSES		
GLOBAL EQUITY	\$428,864	\$458,835
FIXED INCOME	\$98,133	\$98,255
TIPS	\$60,616	\$61,076
CASH	\$8,215	\$8,227
TOTAL LCEF	\$595,827	\$626,393
OTHER FUNDS		
DEBT SERVICE NONESCROW	\$676,514	\$589,661
DEBT SERVICE ESCROW	\$1,077	\$1,071
GAS TAX	\$0	(\$0)
RETIREE HEALTH INSURANCE SUBSIDY	\$21,640	\$28,832
POLICE AND FIREFIGHTERS	\$130,577	\$227,114
FLORIDA ENDOWMENT FOR VOCATIONAL REHAB.	\$0	\$0
FLORIDA PRIME	\$6,570,600	\$6,841,925
Less Florida PRIME holdings in SBA funds	(\$287,054)	(\$390,757)
FUND B SURPLUS FUNDS TRUST FUND	\$0	\$0
DEPARTMENT OF THE LOTTERY	\$360,831	\$377,547
SBA ADMINISTRATIVE EXPENSE	\$44,266	\$44,195
PEORP ADMINISTRATIVE TRUST FUND	\$24,512	\$25,633
FLORIDA HURRICANE CATASTROPHE FUND	\$11,929,191	\$11,627,324
STATE BOARD OF ADMINISTRATION FINANCE CORPORATION	\$2,077,297	\$2,044,228
FLORIDA PREPAID COLLEGE PROGRAM	\$336,122	\$352,977
BOND PROCEEDS	\$10,484	\$8,880
ARBITRAGE COMPLIANCE	\$2,672	\$2,665
REVENUE BOND FEE	\$5,860	\$5,863
INLAND PROTECTION FINANCING CORPORATION	\$2	\$2
BLIND SERVICES	\$4,908	\$5,075
ICB PROGRAM	\$1,811	\$1,811
BURNHAM INSTITUTE	\$1,496	\$1,496
TORREY PINES INSTITUTE	\$3,571	\$3,569
SRI INTERNATIONAL	\$116	\$116
UNIVERSITY OF MIAMI	\$20,923	\$20,919
OREGON HEALTH AND SCIENCE	\$2,575	\$2,575
CHARLES STARK DRAPER LABORATORY	\$1,113	\$1,113
PAYING BANK RECALLS	\$0	\$0
OTHER FUNDS TOTAL	\$21,941,104	\$21,823,833
TOTAL ASSETS UNDER MANAGEMENT	\$173,596,832	\$180,250,106

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

TOTAL FUND ACTUAL RETURNS

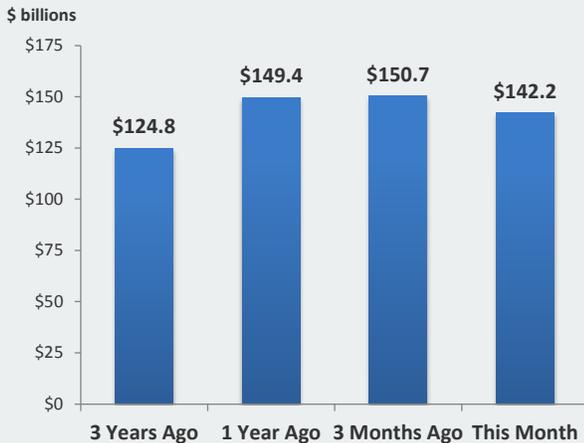


TOTAL FUND REAL RETURNS

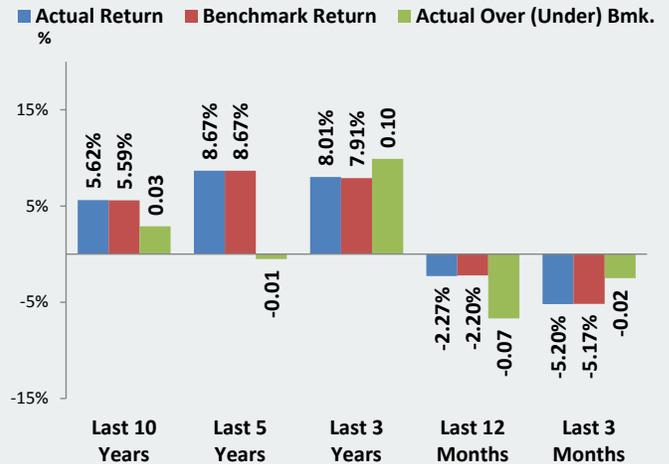


* The FRS's real return objective was 4.3% prior to June 2003, and 4% from June 2003 to May 2007. It has been 5% since June 1, 2007.

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	56.6%	53.0%	45.0%	70.0%	55.7%	58.6%
Fixed Income	20.8%	18.0%	10.0%	26.0%	20.1%	21.3%
Real Estate	8.6%	10.0%	4.0%	16.0%	8.3%	8.8%
Private Equity	6.0%	6.0%	2.0%	9.0%	5.5%	6.0%
Strategic Investments	7.3%	12.0%	0.0%	16.0%	6.9%	7.3%
Cash & Cash Equivalents	0.7%	1.0%	0.25%	5.0%	0.3%	1.2%

CASH FLOWS AND INVESTMENT GAIN/LOSS

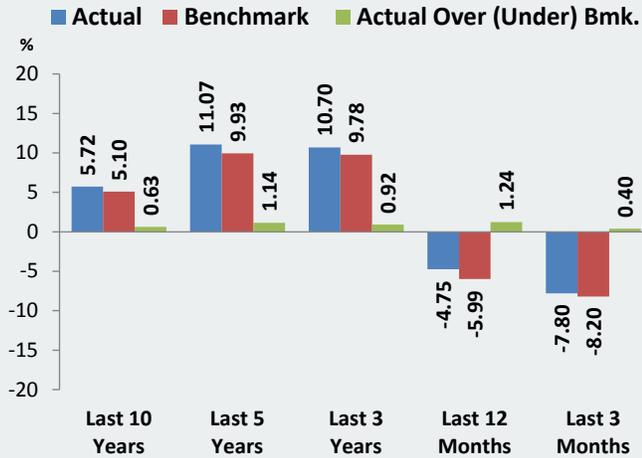
ASSET CLASS ¹	PERFORMANCE OVER LAST 3 MOS.			PERFORMANCE OVER LAST 12 MOS.		
	TRANSFERS & CONTRIB. ²	RETURNS	CHANGE IN NET ASSET VALUE	TRANSFERS & CONTRIB. ²	RETURNS	CHANGE IN NET ASSET VALUE
Global Equity	(\$1,364.9)	(\$6,351.7)	(\$7,716.6)	(\$5,927.4)	(\$3,471.3)	(\$9,398.7)
Fixed Income	(\$337.6)	\$427.0	\$89.5	(\$1,615.0)	\$1,049.5	(\$565.5)
Real Estate	(\$352.0)	\$314.4	(\$37.6)	(\$255.8)	\$1,306.2	\$1,050.4
Private Equity	(\$690.0)	\$256.9	(\$433.1)	(\$995.0)	\$1,063.6	\$68.6
Strategic Investments	\$110.0	\$33.3	\$143.3	\$1,274.6	\$497.5	\$1,772.0
Cash & Cash Equivalents	(\$446.4)	(\$6.6)	(\$453.0)	(\$78.5)	\$9.4	(\$69.1)
Total	(\$3,080.9)	(\$5,326.7)	(\$8,407.6)	(\$7,597.0)	\$454.9	(\$7,142.1)

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

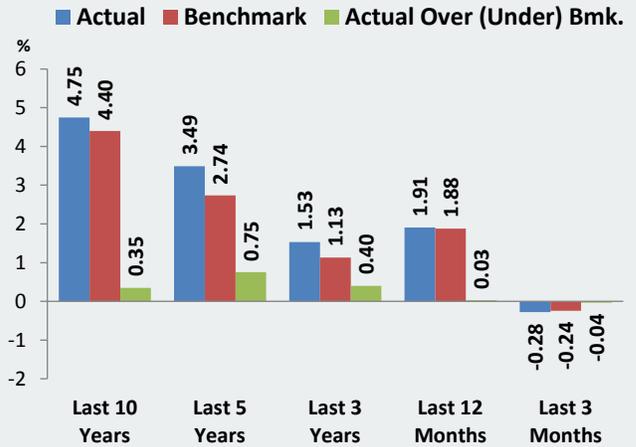
² For all asset classes other than Cash, these figures reflect only inter-asset class transfers. The figure for Cash includes flows external to the fund.

FLORIDA RETIREMENT SYSTEM PENSION PLAN ASSET CLASS PERFORMANCE CHARTS

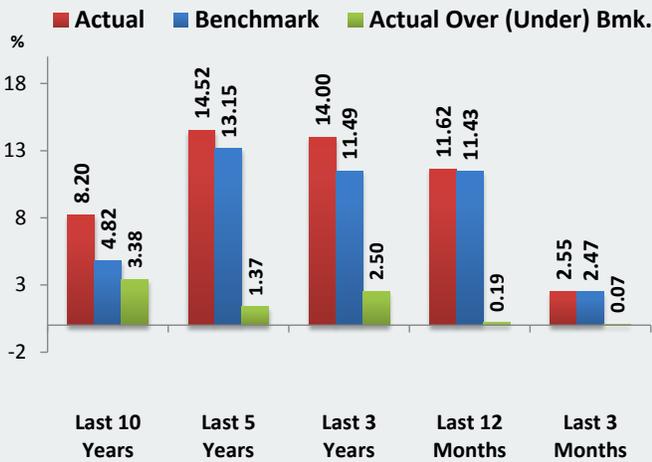
GLOBAL EQUITY



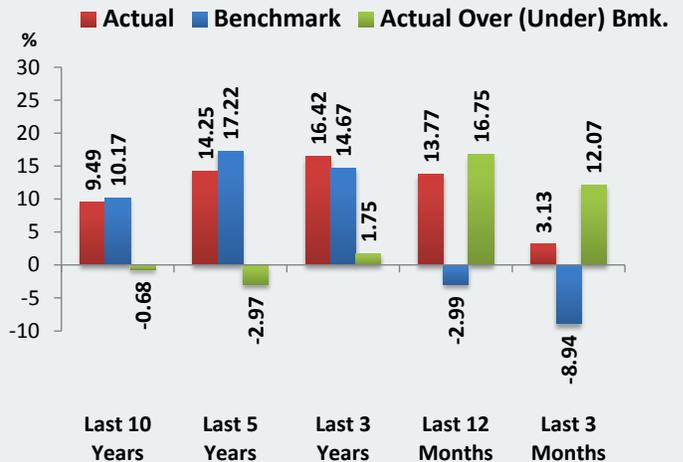
FIXED INCOME



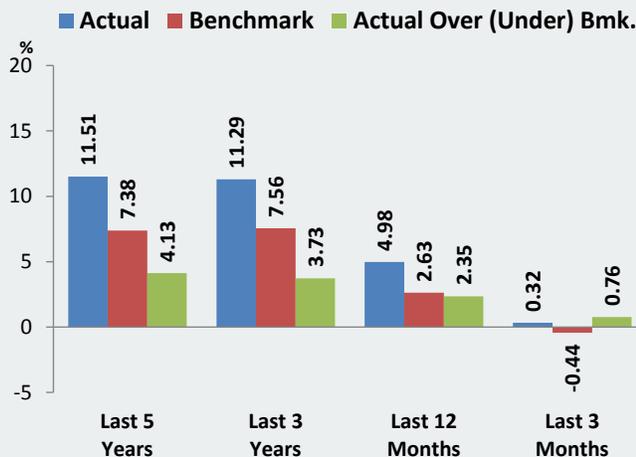
REAL ESTATE



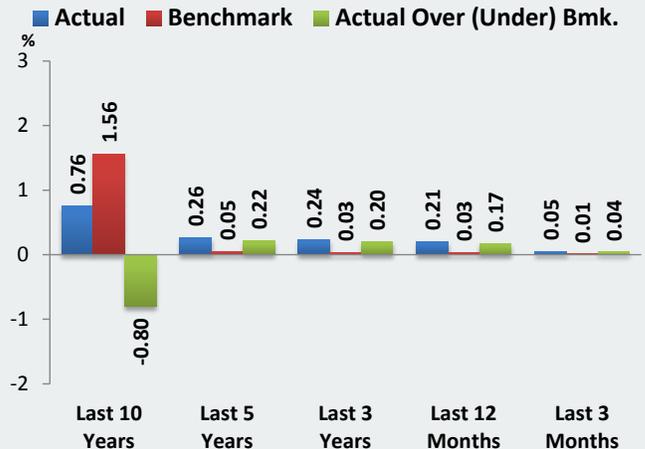
PRIVATE EQUITY



STRATEGIC INVESTMENTS

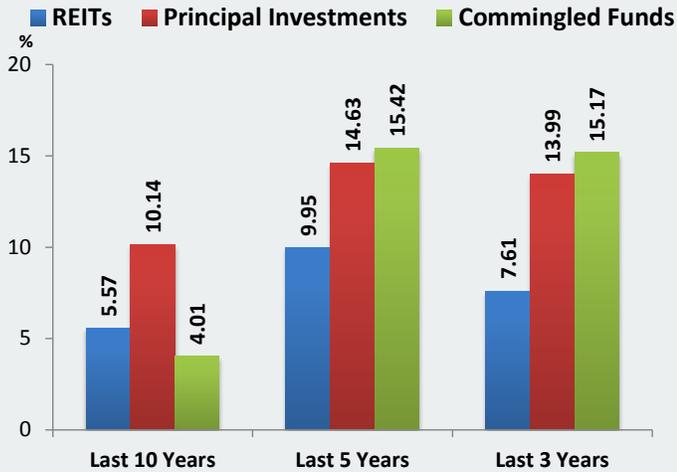


CASH & CASH EQUIVALENTS



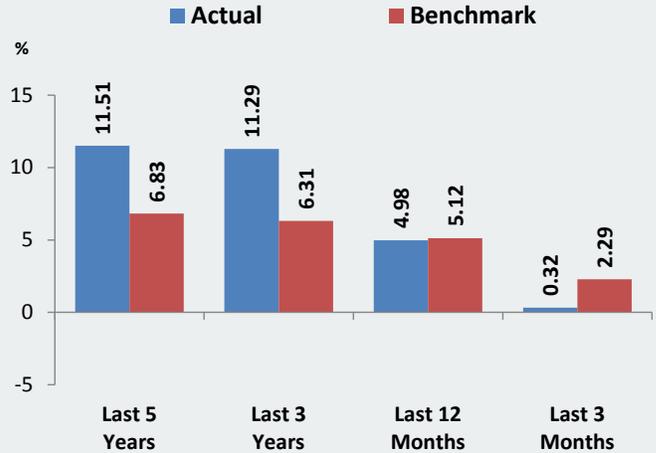
FLORIDA RETIREMENT SYSTEM PENSION PLAN PRIVATE MARKET PERFORMANCE CHARTS

REAL ESTATE PERFORMANCE BY INVESTMENT TYPE

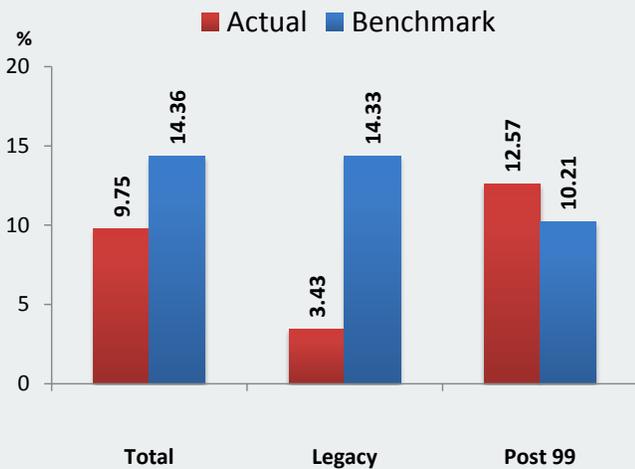


Private-market real estate valuations are subject to significant delays relative to the reporting period.

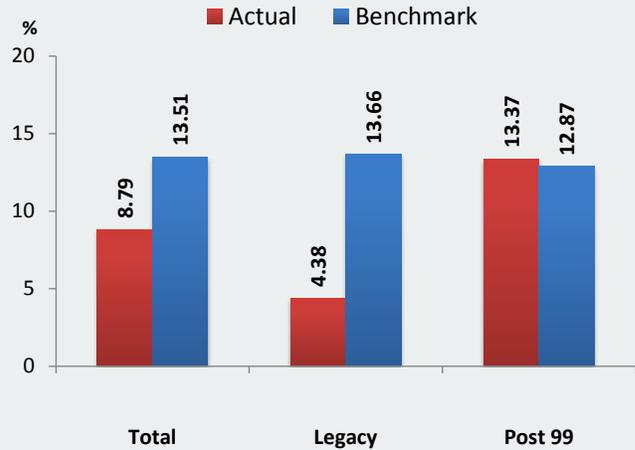
STRATEGIC INVESTMENTS PERFORMANCE VS. LONG-TERM TARGET



PRIVATE EQUITY TIME-WEIGHTED RETURN VS. SECONDARY BENCHMARK¹



PRIVATE EQUITY INTERNAL RATE OF RETURN VS. SECONDARY BENCHMARK¹



¹ The results above are based on data through June 30, 2015. The secondary benchmark is a weighted average of Cambridge Associates' Private Equity and Venture Capital indexes.

Because of the long-term nature of investing in private equity, funds can produce low or negative returns in the early years of the partnership. In the first few years of the partnership, management fees are drawn from partners' capital, and portfolio companies are held at cost, leading to an understatement of ultimate value. Due to numerous factors, including the lack of standardized valuation and reporting standards, the return information for Private Equity in this report may not reflect the expected returns of the partnerships. The returns contained in this report are calculated by SBA's custodian, Bank of New York Mellon, and have not been reviewed by the general partners. Returns during early stages of the investment life cycle may not be meaningful or indicative of ultimate performance. Private Equity asset valuations are subject to significant delays relative to the reporting period.

FLORIDA RETIREMENT SYSTEM PENSION PLAN

TOTAL FUND & ASSET CLASS ACTIVE RISK

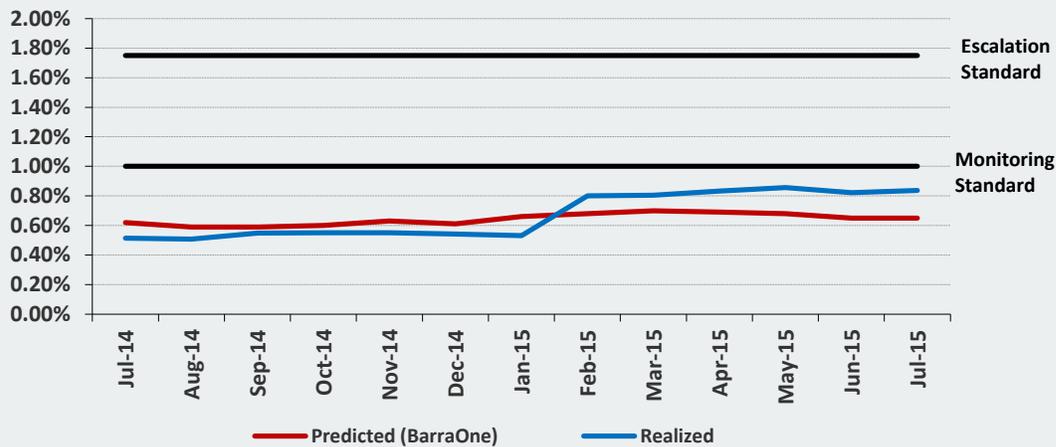
The SBA monitors aggregate active investment risks with respect to established standards.

Monthly active risk, reflected on both a predicted and realized basis in the chart below, measures the standard deviation of annualized actual returns over benchmark returns for the total plan. Similar computations are performed to measure active risk for each asset class.

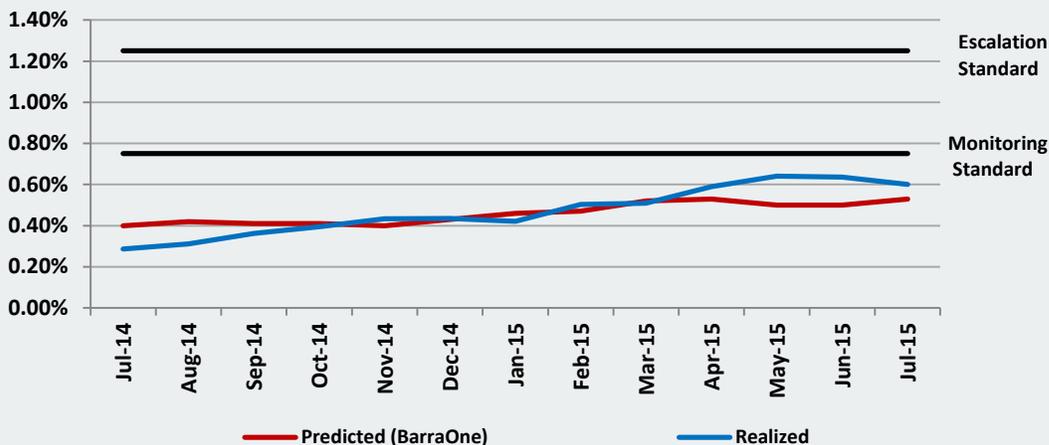
The SBA assigns an acceptable range of risk and measures Realized risk (blue bars in the charts) and Predicted risk (red bars in the charts) against set Monitoring Standards for the total fund and individual asset classes.

For the time periods presented in the charts, no intervention has been necessary.

TOTAL FUND RISK

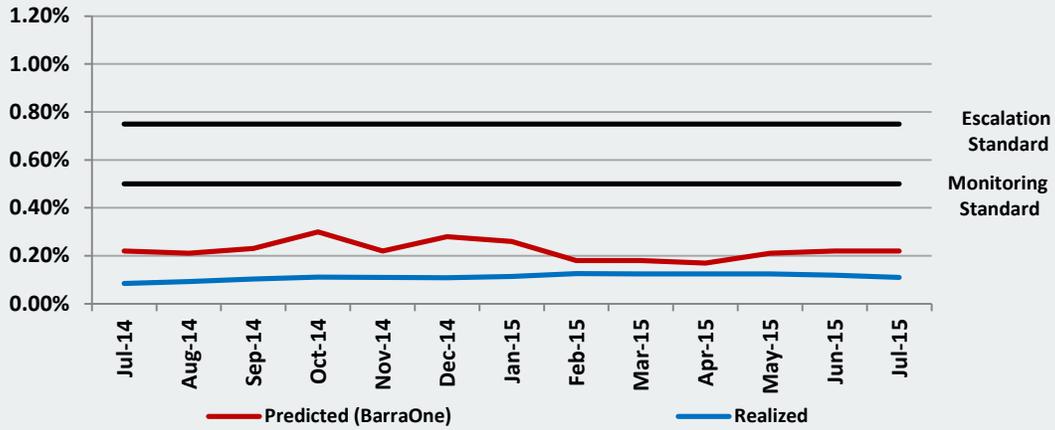


GLOBAL EQUITY RISK

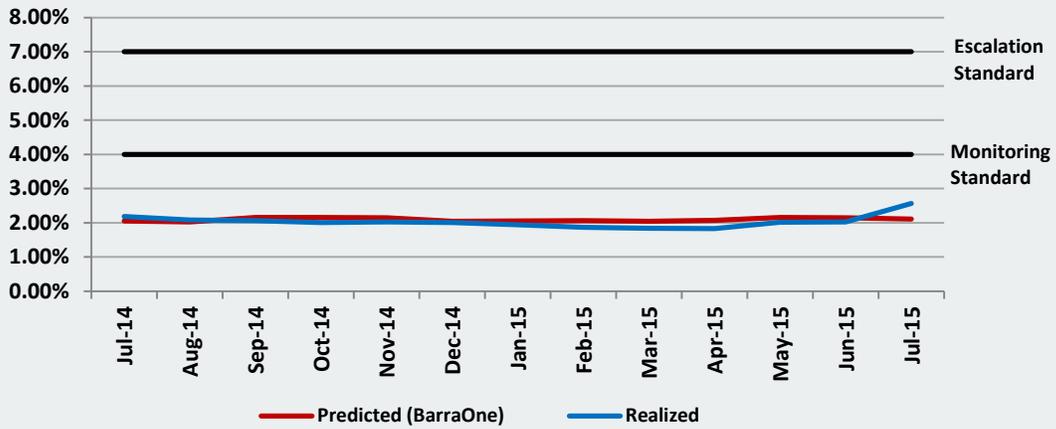


FLORIDA RETIREMENT SYSTEM PENSION PLAN TOTAL FUND & ASSET CLASS ACTIVE RISK

FIXED INCOME RISK

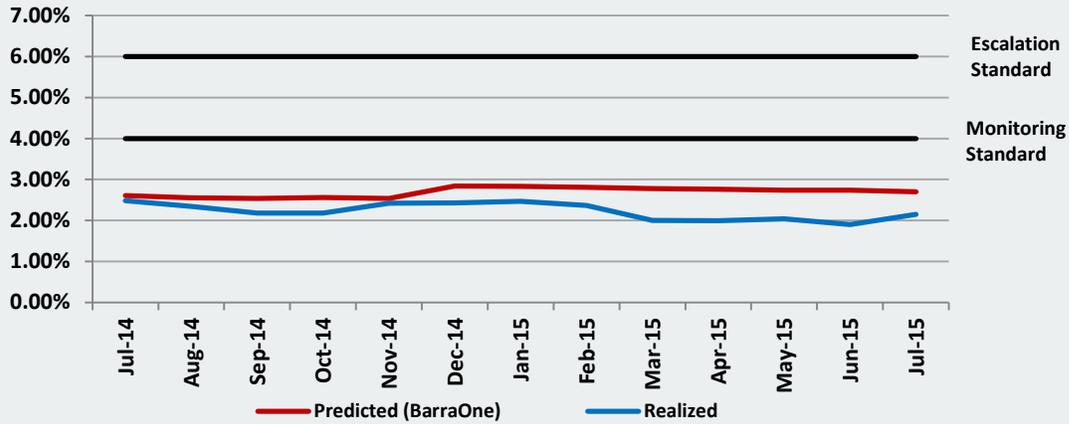


REAL ESTATE RISK

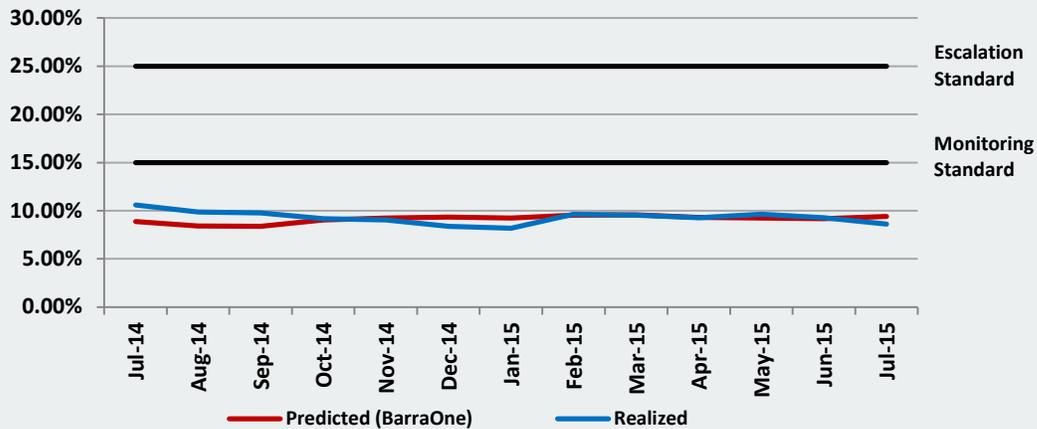


FLORIDA RETIREMENT SYSTEM PENSION PLAN TOTAL FUND & ASSET CLASS ACTIVE RISK

STRATEGIC INVESTMENTS RISK

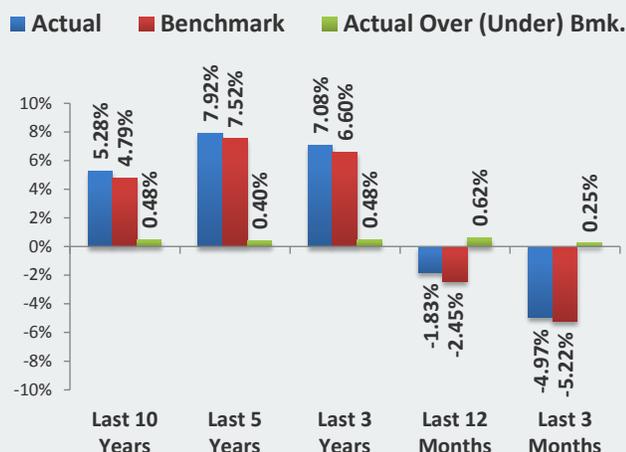


PRIVATE EQUITY RISK

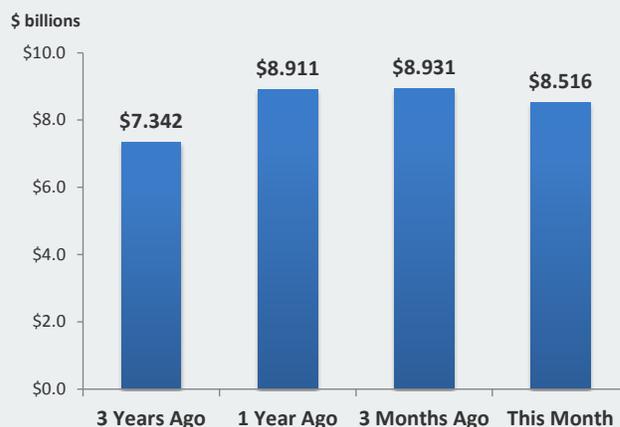


FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN

TOTAL PLAN ACTUAL RETURNS, BENCHMARK RETURNS, AND VALUE ADDED



TOTAL PLAN NET ASSET VALUES



Performance figures and total 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.

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
TOTAL FRS Investment Plan	100.0%	-4.97%	-5.22%	0.25%	-1.83%	-2.45%	0.62%
Domestic Equity	42.3%	-5.82%	-6.23%	0.41%	0.83%	0.05%	0.79%
Foreign Equity	19.7%	-9.44%	-10.04%	0.60%	-9.17%	-11.15%	1.98%
Fixed Income	20.2%	-0.87%	-0.99%	0.12%	1.07%	0.99%	0.08%
Real Assets and TIPS	6.6%	-5.39%	-3.12%	-2.27%	-7.99%	-4.30%	-3.68%
Money Market Funds	11.1%	0.05%	0.01%	0.04%	0.18%	0.03%	0.14%

Figures do not include Self Directed Brokerage Account holdings

CASH FLOWS AND MARKET VALUES¹

	Participant Selections	Contributions ²	Distributions ³	Transfers ⁴	Investment Gain/Loss ⁵	Change in Net Asset Value ⁶	Market Value
Retirement Date Funds	132,134	\$44.2	-\$36.0	-\$46.3	-\$168.9	-\$206.9	\$3,775.6
Money Market	16,135	\$26.1	-\$30.9	\$56.8	-\$2.0	\$50.0	\$947.2
Real Assets and TIPS	9,216	\$0.3	-\$1.0	-\$2.7	-\$2.8	-\$6.1	\$107.3
Fixed Income	32,008	\$2.2	-\$6.2	\$8.8	-\$1.9	\$2.9	\$640.6
Domestic Equity	94,813	\$8.1	-\$14.3	-\$24.9	-\$147.7	-\$178.8	\$2,384.8
Foreign Equity	51,942	\$2.7	-\$4.4	-\$2.1	-\$46.5	-\$50.3	\$654.1
Self-Directed Brokerage Account	1,879	\$0.0	\$0.0	\$10.4	-\$13.9	-\$3.5	\$298.4

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

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

³ Distributions reflect withdrawals and terminations made by participants.

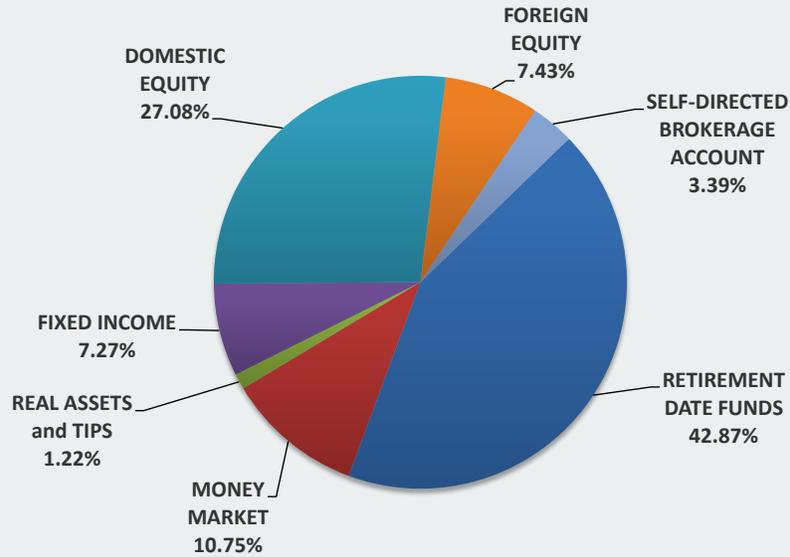
⁴ Transfers reflect transactions that do not require funding and capture movement from one fund to another.

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

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

FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN

PARTICIPANT SELECTION DATA



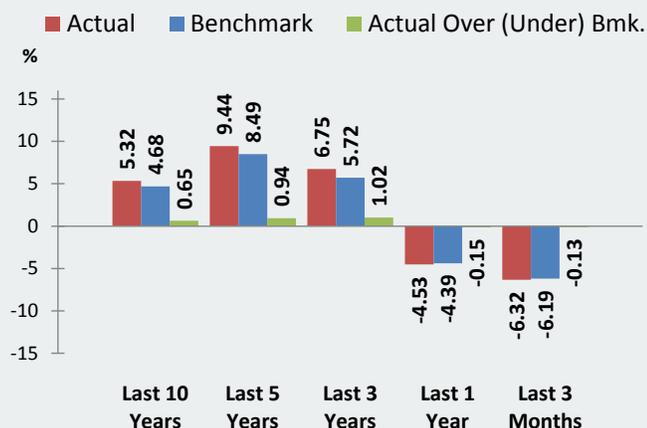
FRS ELECTIONS

	New Employee				Second Elections							
	Defaults (Pension)		Pension Plan		Investment Plan/Hybrid		FY Totals	Pension Plan		Investment Plan/Hybrid		FY Totals
FY 10-11	21,049	52.6%	9,042	22.6%	9,960	24.9%	40,051	381	4.4%	8,330	95.6%	8,711
FY 11-12	20,064	52.8%	6,976	18.4%	10,937	28.8%	37,977	351	5.2%	6,443	94.8%	6,794
FY 12-13	26,105	57.6%	7,345	16.2%	11,895	26.2%	45,345	547	8.7%	5,741	91.3%	6,288
FY 13-14	30,400	58.6%	8,499	16.4%	13,025	25.1%	51,924	583	9.2%	5,721	90.8%	6,304
FY 14-15	33,876	59.9%	9,250	16.3%	13,459	23.8%	56,585	662	11.5%	5,077	88.5%	5,739
FY 15-16*	4,904	60.9%	1,398	17.4%	1,750	21.7%	8,052	111	12.5%	775	87.5%	886
Total	136,398	56.8%	42,510	17.7%	61,026	25.4%	239,934	2,635	7.6%	32,087	92.4%	34,722

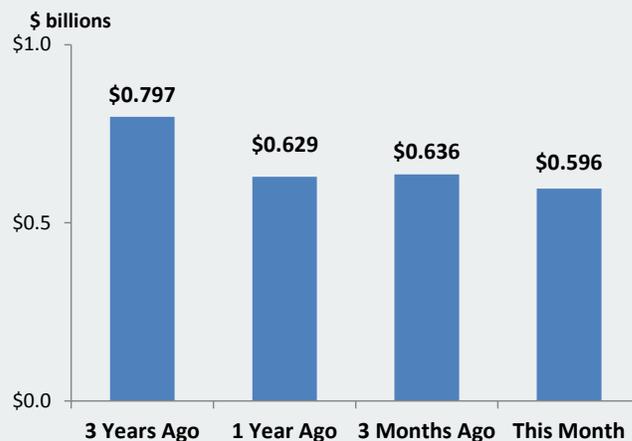
* Fiscal Year percentages are as of month end, and may not add up due to rounding.

LAWTON CHILES ENDOWMENT FUND

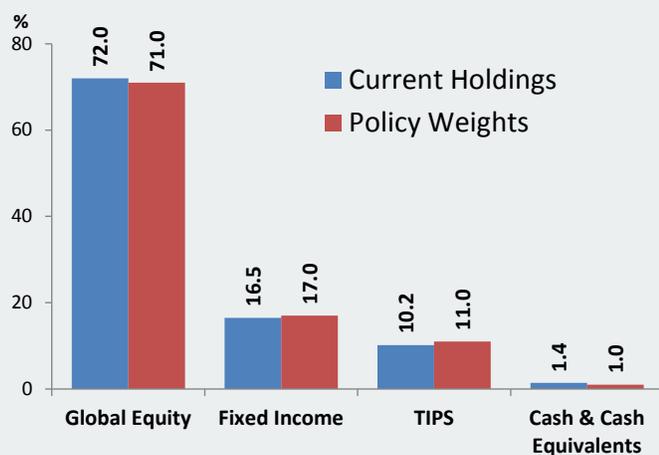
ACTUAL RETURNS, BENCHMARK RETURNS, AND VALUE ADDED



NET ASSET VALUE



ASSET ALLOCATION



MONTHLY MOVEMENT IN ASSET ALLOCATION

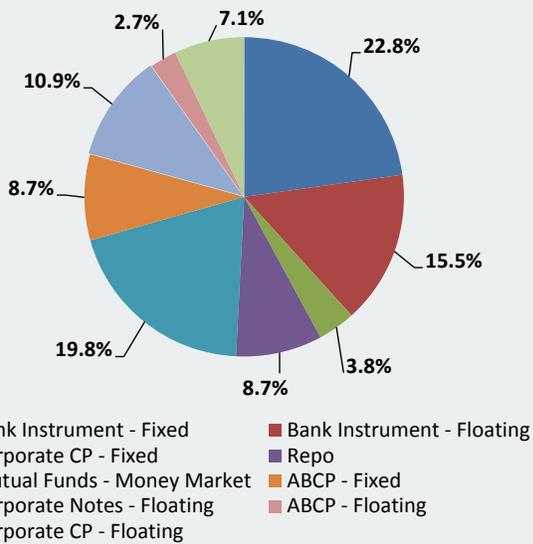
Asset Class	Policy Range		Actual Range	
	Low	High	Low	High
Global Equity	61.0%	81.0%	71.0%	73.3%
Fixed Income	12.0%	22.0%	15.7%	17.0%
TIPS	6.0%	16.0%	9.7%	10.5%
Cash & Cash Equivalents	0.0%	10.0%	1.3%	1.4%

CHILES ENDOWMENT NET RETURNS BY ASSET CLASS

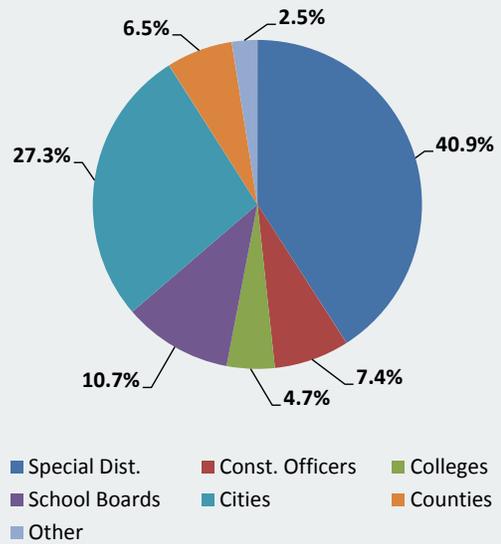
	PAST 3 MONTHS			PAST 12 MONTHS		
	ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK	ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK
TOTAL LCEF	-6.32%	-6.19%	-0.13%	-4.53%	-4.39%	-0.15%
Asset Allocation	-6.36%	-6.19%	-0.16%	-4.59%	-4.39%	-0.20%
Global Equity	-8.28%	-8.33%	0.05%	-6.20%	-6.24%	0.04%
Fixed Income	-0.53%	-0.55%	0.01%	1.75%	1.56%	0.19%
TIPS	-1.51%	-1.53%	0.02%	-2.63%	-2.73%	0.10%
Cash & Cash Equivalents	0.06%	0.02%	0.04%	0.43%	0.06%	0.37%

FLORIDA PRIME AND FUND B

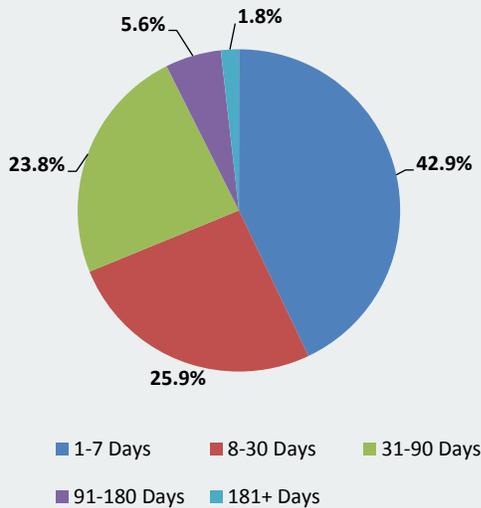
PORTFOLIO COMPOSITION



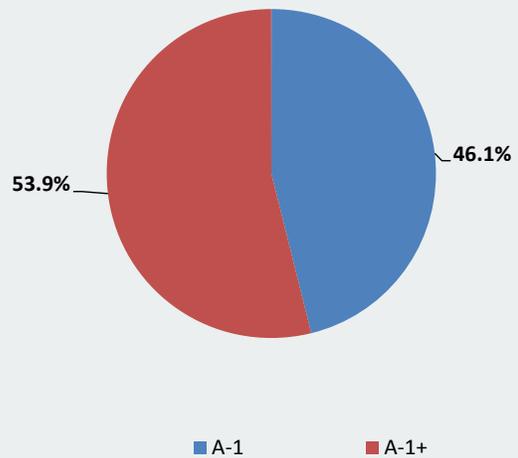
PARTICIPANTS BY TYPE - 802 TOTAL



EFFECTIVE MATURITY SCHEDULE

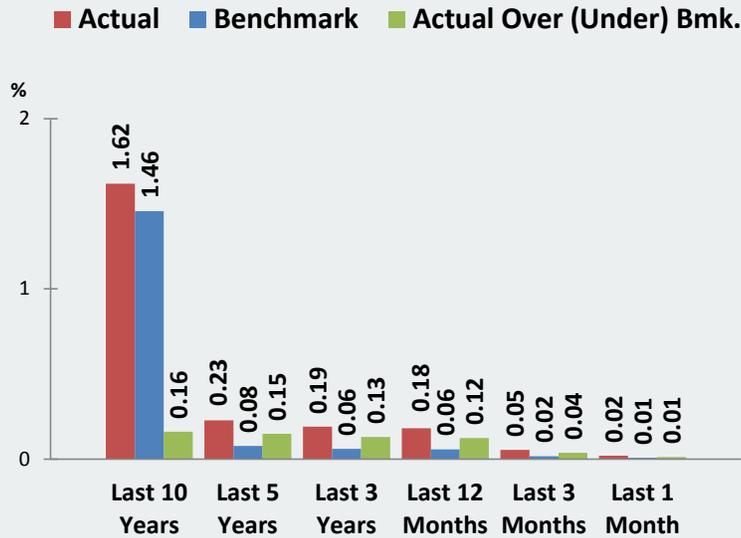


CREDIT QUALITY



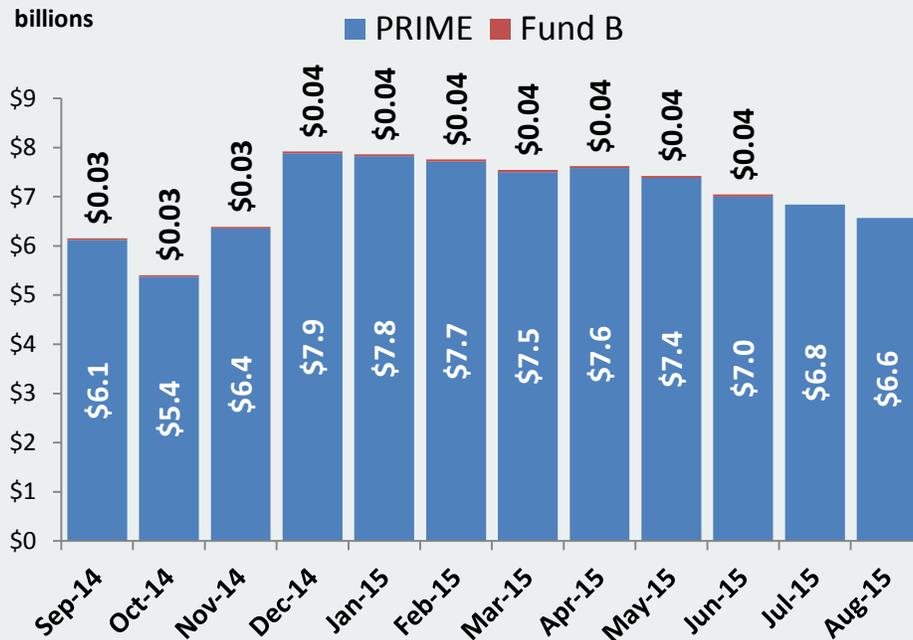
FLORIDA PRIME AND FUND B

FLORIDA PRIME PERFORMANCE RETURNS



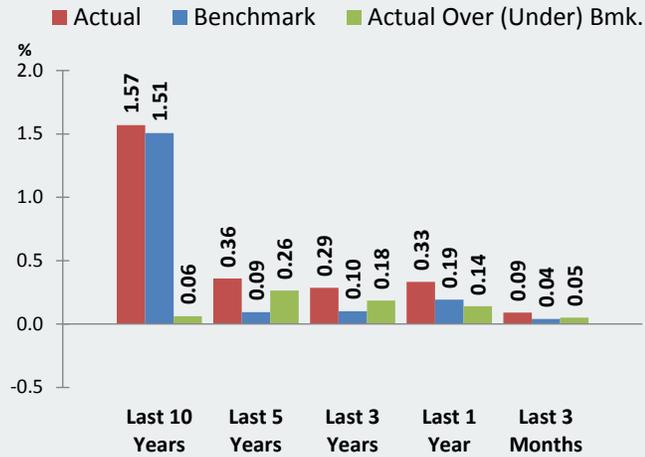
* Return calculated pursuant to Chapter 19-7.011, Florida Administrative Code
Returns less than 1-year are not annualized

FLORIDA PRIME AND FUND B MARKET VALUES



FLORIDA HURRICANE CATASTROPHE FUND

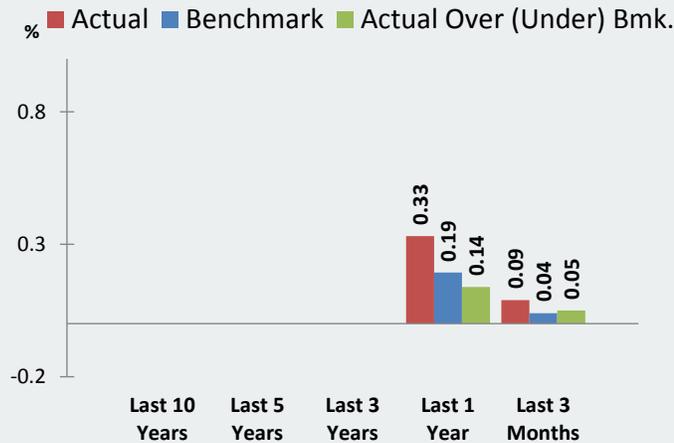
OPERATING FUND ACTUAL RETURNS, BENCHMARK RETURNS, AND VALUE ADDED



OPERATING FUND NET ASSET VALUES



2013A NOTE PROCEEDS ACTUAL RETURNS, BENCHMARK RETURNS, AND VALUE ADDED



2013A NOTE PROCEEDS NET ASSET VALUES



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