



2015-2016 Investment Report

This year's Investment Report highlights Florida's network of seaports, one of Florida's greatest economic assets, positively affecting every region and every resident. Whether moving over a hundred million tons of cargo annually or millions of cruise passengers, Florida's seaports generate and support a vast array of commerce.



A special thanks to the Florida Ports Council (FPC) for the photos highlighted throughout this report. The FPC is a Florida nonprofit corporation that serves as the professional association for Florida's fifteen public seaports and their management.

For more information about the Florida Ports Council, please visit their website at www.flaports.org.

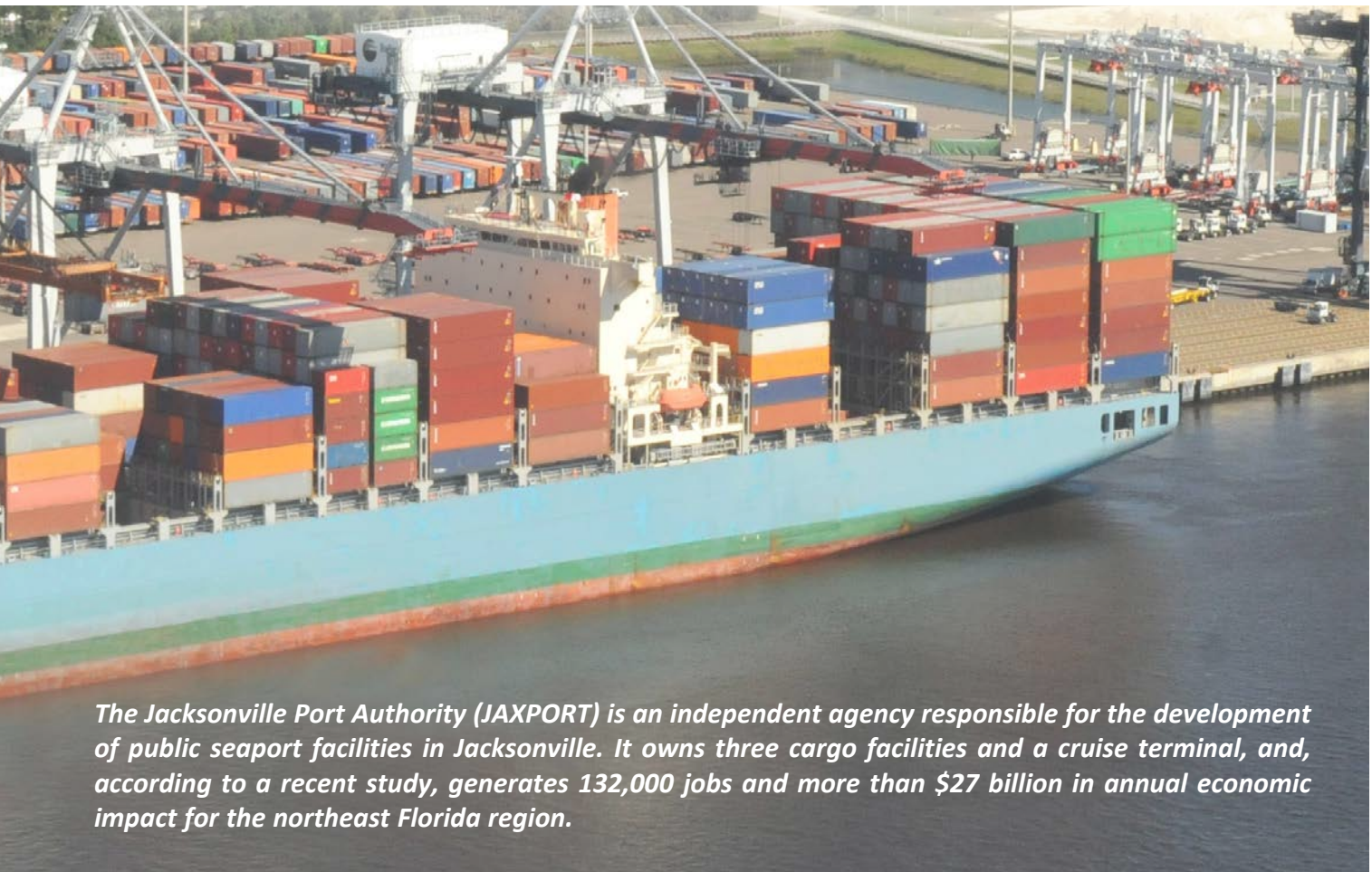
The investment performance information for the period ending June 30, 2016 presented herein represents investment returns based on official data supplied by the SBA's independent asset custodian and performance measurement service provider, BNY Mellon Performance Reporting and Analytics Services, as of that date. Market values and other performance-related information presented herein may not match that reported elsewhere due to possible inclusion of subsequent updates to private market investment valuations, timing differences in the recognition of receivables and other items, or differences in GASB accounting rules and SBA performance measurement policies.



12/27/2016

Table of Contents

- Executive Director’s Report and Transmittal5
- SBA Organizational Structure and Oversight9
- Advisors, Consultants and Auditors10
- SBA Mandate Overview12
- Asset Allocation14
- Risk and the Investment Process15
- Compliance with Investment Strategy18
- SBA’s Non-Investment Management Responsibilities19
- Investment Policy Statements,
Portfolio Guidelines and Trust Agreements21
- Florida Retirement System Pension Plan22
- Florida Retirement System Investment Plan43
- Florida PRIME™49
- Florida Hurricane Catastrophe Fund/State Board of
Administration Finance Corporation53
- Lawton Chiles Endowment Fund56
- Other Funds Under Management.....61



The Jacksonville Port Authority (JAXPORT) is an independent agency responsible for the development of public seaport facilities in Jacksonville. It owns three cargo facilities and a cruise terminal, and, according to a recent study, generates 132,000 jobs and more than \$27 billion in annual economic impact for the northeast Florida region.



Port Manatee is a multi-purpose deep-water seaport on Tampa Bay handling a variety of bulk, break-bulk, containerized and heavy-lift project cargoes. With its proximity to the Panama Canal, Port Manatee offers superior intermodal connectivity, competitive rates and a prime location with nearly 5,000 acres of surrounding green space ripe for development. Port Manatee features approximately 70 acres of lay-down area, one million square feet of public warehouse and office space, and 207,000 square feet of refrigerated space including 30,000 square feet of freezer space.

**TO THE TRUSTEES OF
THE STATE BOARD OF ADMINISTRATION OF FLORIDA,
AND HONORABLE MEMBERS OF
THE FLORIDA SENATE AND
FLORIDA HOUSE OF REPRESENTATIVES:**

It is my privilege to submit the annual Investment Report of the State Board of Administration of Florida (SBA) for the fiscal year ended June 30, 2016, pursuant to the requirements of Florida Statutes, Section 215.44(5).

The statutory mandate of the SBA is to invest, manage, and safeguard assets of the Florida Retirement System (FRS) Trust Fund – its largest mandate – as well as the assets of a variety of other funds. The SBA is dedicated to fulfilling its responsibility to invest Florida’s assets ethically, prudently, and in strict accordance with applicable law, policies, and fiduciary standards.

The State Board of Administration finished the year with \$176.45 billion in assets under management across 29 mandates.

PERFORMANCE

Low costs and added value enhanced pension fund net returns

PENSION TRUST FUND

Performance figures for the fiscal year ended June 30, 2016 show the FRS Pension Plan earning 0.54%, beating its benchmark by 65 basis points and ending the year with a market value of \$141.3 billion after \$7.3 billion in net distributions to beneficiaries. Real Estate, Private Equity and Fixed Income asset classes were the highest performers this year, earning 12.66%, 6.21%, and 4.35% respectively. Strategic Investments, Cash & Cash Equivalents, and Global Equity each earned 1.83%, 0.33%, and -3.09% respectively.

The positive net returns show the value of diversification, our success in controlling costs, and the prudence and patience of sticking to the fund’s long-term investment plan in a challenging year. The excess performance generated \$891.9 million in added value to the fund. This year’s return results in the second longest streak of positive returns for the fund in the past forty years.

Performance for the 25 and 30-year periods exceed the actuarial assumed rates of return, at 8.4% for both periods. However, the 20 year return dipped slightly below the assumed rate of return at 7.3% reflecting the combined impacts of the dot-com meltdown of the early 2000’s and the financial crisis of 2008.

INVESTMENT PLAN

The FRS Investment Plan was established to provide Florida’s public employees with a flexible alternative to the traditional pension plan. The one-year return based on aggregate employee fund selection was -0.88% versus a benchmark of -0.36%. The benchmark is based on the weighted average of the performance of various indices representing the aggregation of each member’s chosen asset allocation. The three, five, and 10 year returns were 5.51%, 5.51%, and 4.87% beating the benchmarks by .13%, .14%, and .37% respectively.

As one of the top ten public defined contribution plans in the United States, during the fiscal year ended June 30, 2016, 23% of newly hired employees elected to join the Investment Plan, and 4,504 Pension Plan members used their second election to switch to the Investment Plan resulting in a record high 169,576 member accounts. The Plan’s year-end assets were \$8.91 billion.

FLORIDA PRIME™

Florida PRIME™, the local government investment pool, provided investment services to 775 participating agencies. For the 12-month period ending June 30, 2016, Florida PRIME™ participant yield was 0.41% beating its benchmark by 20 basis points and ending the year with a market value of \$7.8 billion. Much of the excess performance can be attributed to our industry-low fee structure. Florida PRIME™ has now beaten its benchmark for 20 consecutive years and remains the premier local government investment pool available in Florida today by offering superior liquidity, transparency, and performance at a cost of approximately 75% lower than its closest competitor.

During the first half of the fiscal year, the investment pool's fees were completely offset by legacy reserve funding—resulting in several million dollars in additional investment earnings on behalf of participating governmental entities. The pool's net asset value grew by 11.2 percent, or approximately \$786 million, and distributed \$34.1 million in investment earnings to its investors.

LAWTON CHILES ENDOWMENT FUND (LCEF)

This fiscal year's return on the endowment was -1.48% versus a benchmark return of -1.27%. Florida statutes direct the SBA to manage the LCEF as a perpetual endowment, implying preservation of capital and a sustainable spending rate. However, in spite of a strong history of investment performance, the proportion of the preservation objective sits at 67.6% of its target, largely due to non-program distributions used to support general appropriations.

FLORIDA HURRICANE CATASTROPHE FUND (FHCF)

Florida completed its tenth hurricane season without a hurricane landfall, resulting in continued improvement in the health of the fund. Additionally, the FHCF's claims paying reserves achieved a 0.45% actual return, trailing the benchmark by 12 basis points.

STATE BOARD OF ADMINISTRATION FINANCE CORPORATION

The State Board of Administration Finance Corporation provides the mechanism for the cost effective issuance of bonds to fund hurricane losses. The Corporation issued pre-event bonds in 2013 earning 0.46% on the invested proceeds for the fiscal year ending June 30, 2016, trailing its benchmark by 11 basis points. The corporation also issued pre-event bonds in 2016 for which performance has not yet been calculated.

COSTS

CONTINUED COST CONTROL LEADERSHIP

Most recent information available indicates the SBA continues to be a low cost provider among our peers as measured by CEM Benchmarking, a leading independent external cost and performance analysis firm. This distinction is important and becomes even more valuable in the low market-return environment that we have been experiencing. While operating efficiencies and asset allocation make up a large part of our cost savings, the evolution toward increasing the portion of assets managed in-house, careful stewardship of our external manager relationships and the prudent use of passive investing have also been contributors to effective cost management.

OPERATIONS

AUDITS

The Office of Internal Audit performed or oversaw 70 audit and advisory projects, external audits and assessments, and special projects and risk assessments during the year. The SBA's independent Audit Committee provided its usual thorough oversight on all audit activities. Additionally, independent outside audits continue to result in clean opinions on our annual audited financial statements.

INTERNAL INVESTMENT ACTIVITIES

One of the advantages of managing a large pool of capital is having the scale to cost-effectively build a competent professional team to prudently manage portfolios in-house. While there will always be strategies inappropriate for internal management, experience has proven that we can accomplish excellent results in a number of strategies, at significantly lower cost compared to commercial asset management fees.

For the fiscal year ended June 30, 2016, the SBA managed 42.5% of total assets, or \$60.168 billion internally. This is primarily in public liquid markets, global equities and fixed income, with portfolios totaling \$33.7 billion and \$17.1 billion respectively. We also internally manage an \$8.1 billion real asset portfolio in our Real Estate asset class. All of these portfolios operate under specific investment policies, portfolio guidelines and risk budgets. These define strategy, relevant third party benchmarks, allowable investments and risk tolerances. All asset classes and investment activities report key metrics reflecting performance, compliance and risk regularly and are subject to several levels of oversight internally and externally in real-time through regular meetings of the SBA's internal oversight committees, external advisory bodies and third party fiduciary consultants.

The combined net value added over benchmark in the Global Equity, Fixed Income and Real Estate asset classes exceeded \$705 million for the fiscal year. Internal asset management contributed to this success by providing desirable returns and management cost savings. While managing money internally requires talented professionals and institutional oversight, it clearly rewards competent execution.

FLORIDA HURRICANE CATASTROPHE FUND (FHCF) – Reinsurance

The Florida Catastrophe Fund is financially stronger than it has ever been, through a combination of good luck and good leadership driving prudent policy. We took advantage of record low reinsurance and interest rates to transfer a billion dollars of loss liability for the 2016 hurricane season and issue pre-event bonds. Together, these actions have provided the Cat Fund full liquidity to meet its maximum single-season risk liability for the first time since its 1993 inception.

DISASTER RECOVERY AND BUSINESS CONTINUITY

Disaster Recovery and Business Continuity plans have been substantially improved. Hard and soft infrastructure to support SBA operations in the event of extended power or communications disruptions has been improved. We also have conducted training, such as table top exercises simulating a major hurricane in the Gulf, so that the practical aspects of disruption and steps for preparation and recovery are understood and documented.

REGULATORY COMPLIANCE

We continue to make progress implementing necessary contractual, process and technology changes in the wake of numerous and costly post financial-crisis regulatory reforms. During the past year, the SBA increased the breadth and depth of its clearing counterparties and implemented necessary collateral management processes to facilitate new requirements under Dodd Frank and other applicable regulations. We anticipate even greater activity in this area over the next year as additional regulatory requirements become required.

LOOKING FORWARD

CONTINUED UNCERTAINTY IN A GLOBAL ECONOMY

As expected, this was a challenging year marked by continued low interest rates, global uncertainty and increased market volatility, whether related to Brexit, elections around the globe or the unpredictability of central banks' interest rate intentions. While this environment may have helped borrowers it generally hurt lenders and investors.

The most fundamental question continues to be whether the U.S. and other economies can sustain or strengthen the slow, modest recovery we have been in since the great financial crisis or whether economies will tip back into recession or worse.

Events that raise doubt about the sustainability of recovery tip financial markets away from risk assets (stocks) and toward non-risk assets (treasury bonds). The immediate reflection of these emotional moves is stock price declines and bond price increases (meaning lower interest rates). The reverse can also occur if confidence about economic activity improves.

Major sources of market anxiety include:

- Federal Reserve interest rate tightening commenced in December 2015. More rate hikes will come, does U.S. economic growth stall, reverse, or accelerate?

- Collapse in oil prices – Was the 70% price decline a result of extraction technology driven supply increases or a collapse in demand reflecting faltering global recovery, recession, or worse?
- China: slowed growth and currency devaluation – potentially destabilizing within and beyond the Asian region.
- Ongoing geopolitical instability.
- Low interest rates challenge savers to earn desired returns and have led to more risk taking.
- Potential narrowing of trade policies and a retreat from globalism/free trade.

Offsetting these negatives are several encouraging factors:

- US unemployment has leveled off below 5%, lower than the average unemployment since 1948 and down from a high of 10% in late 2009.
- Consumer debt relative to GDP has come down substantially.
- The U.S. housing market has stabilized as the backlog of unsold homes has been absorbed and new home starts have returned to more normal historical levels, though still below replacement rates implied by obsolescence and new household formation.
- The U.S. rule of law and currency continue to be highly desirable to global investors.
- The same low interest rates that challenge savers make it easier for people to make major purchases like homes or cars and which makes it easier for businesses to invest in their own growth and competitiveness by adding equipment, technology, facilities, and talent.

Two simple lessons can be taken from the recent volatility in asset values. First, short-term swings in market sentiment and values are often just that and are frequently followed by equally dramatic swings in the opposite direction. Second, it is important to maintain a reasonable and disciplined long-term investment plan that reflects liquidity needs and risk tolerances, then stick to it. Prudent investors don't let short-term noise distract them from their long-term plans.

With the Great Financial Crisis nearly a decade behind us, the recovery has advanced on all fronts. Employment, stock prices, interest rates, commercial and residential real estate, consumer confidence and spending, etc. all telegraph a message of strengthening. This raises questions about the longevity of the expansionary phase of the economic cycle. If the economy continues to strengthen, and indications are that it will, central bank policy is likely to change. What might this imply for financial markets and returns for institutional investors? Historically, the later stages of economic recoveries, with modest increases in inflation and modest tightening of monetary policy are a healthy environment for stock prices. The virtuous cycle of more consumption driving more production, more employment, more income and thus still more consumption is well established. It can continue well after monetary policy swings from accommodative to neutral to tightening. While we are not in the business of predicting interest rates or timing markets, we see no reason to make material changes to our current asset allocation. The SBA's objective is prudent long-term investing. We wake up every day thinking about how best to accomplish that objective and maintain the trust placed in us as fiduciaries for the FRS.

SUCCESSION PLANNING

Succession management at the SBA has been effective; retiring senior executives have been replaced with excellent people. During the fiscal year several business units, Global Equity, Fixed Income, Risk & Compliance, Defined Contribution Programs, Internal Audit, Information Technology, and the CAT Fund gained new leaders and/or senior staff. With 25% of our management becoming retirement eligible over the next three years we continue to focus on succession and are optimistic based on recent hires.

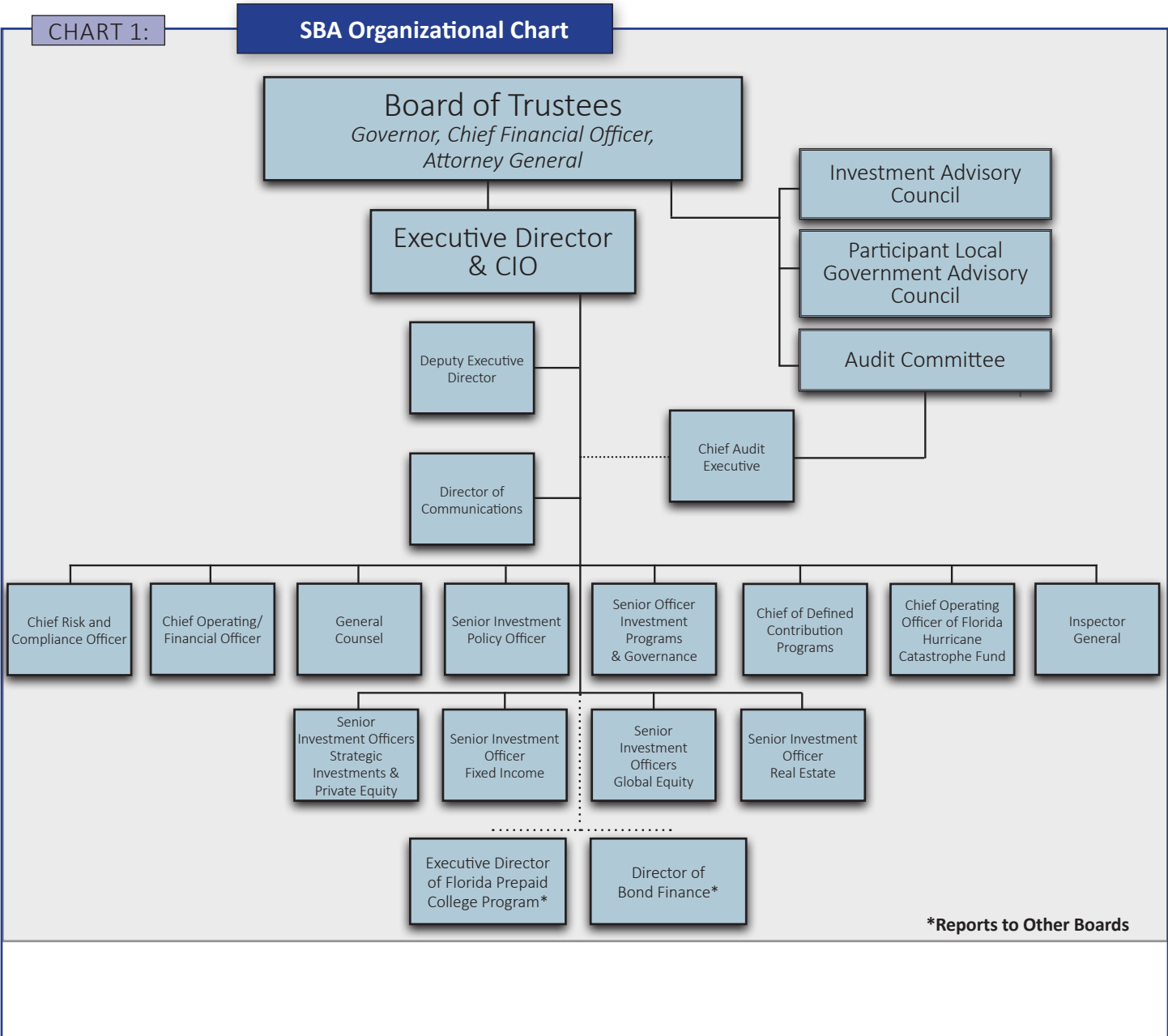
Respectfully submitted,



Ash Williams
Executive Director & CIO

SBA Organizational Structure and Oversight

The SBA is mandated by the Florida Constitution and is governed by a three-member Board of Trustees, comprised of the Governor as Chairman, the Chief Financial Officer, and the Attorney General. The Trustees, in concert with legislative directives, have ultimate oversight of strategy. They delegate authority to the Executive Director & Chief Investment Officer (CIO) to carry out the strategic direction in the day-to-day financial investments and operations of the agency. The Executive Director & CIO manages over 200 professional investment and administrative support staff.



Advisors, Consultants and Auditors

To assist the Trustees and staff with their responsibilities, the Trustees appoint members who have specific knowledge and expertise to several councils, advisory boards, and commissions.

Investment Advisory Council (IAC)

The IAC meets quarterly, or additionally as needed, to provide independent oversight of the SBA's general objectives, policies and strategies, while more broadly covering topics related to the general economic outlook. The IAC provides independent oversight of the SBA's funds and major investment responsibilities, ranging from the Florida Retirement System to the Lawton Chiles Endowment Fund. The Board of Trustees appoints nine members to serve on the IAC for four-year terms pursuant to Section 215.444(2), Florida Statutes.

Audit Committee (AC)

The AC exists to assist the Trustees of the State Board of Administration in fulfilling their oversight responsibilities. The primary duties and responsibilities of the AC are to serve as an independent and objective party to monitor the SBA's processes for financial reporting, internal controls and risks assessment, compliance and review, and to appraise the audit efforts of the SBA's independent auditors and Office of Internal Audit. The Board of Trustees appoints three members to serve four-year terms.

Participant Local Government Advisory Council (PLGAC)

The PLGAC was statutorily created as an additional measure to ensure that Florida PRIME™ is operated and managed in the best interest of investors in that fund. The PLGAC reviews the administration of Florida PRIME™ and makes recommendations regarding such administration to the Trustees. The PLGAC prepares and submits a written biennial report to the Trustees, the Investment Advisory Council, and the Joint Legislative Auditing Committee that describes the activities and recommendations of the council. The Board of Trustees appoints six members to serve on the PLGAC for four-year terms, subject to confirmation by the Florida Senate. Members must possess special knowledge, experience, and familiarity obtained through active, long-standing, and material participation in the dealings of the trust fund.

Florida Hurricane Catastrophe Fund (FHCF) Advisory Council

The Council consists of an actuary, a meteorologist, an engineer, a representative of insurers, a representative of insurance agents, a representative of reinsurers, and three consumers who provide information and advice in connection with its duties related to the FHCF. The Board of Trustees appoints nine-members to the advisory council.

Florida Commission on Hurricane Loss Projection Methodology

The Commission was statutorily created as a panel of experts to provide actuarially sophisticated guidelines and standards for the projection of hurricane losses and is administratively housed within the State Board of Administration. The Commission consists of the following 12 members: the insurance consumer advocate, the senior employee of the State Board of Administration responsible for operations of the Florida Hurricane Catastrophe Fund, the Executive Director of the Citizens Property Insurance Corporation, the Director of the Division of Emergency Management, the actuary member of the Florida Hurricane Catastrophe Fund Advisory Council, an employee of the Office of Insurance Regulation who is an actuary responsible for property insurance rate filings and who is appointed by the Director of the Office of Insurance Regulation, a licensed professional structure engineer who is a full-time member of the State University System with expertise in wind mitigation techniques appointed by the Governor, and five members appointed by the Chief Financial Officer, as follows: an actuary employed full-time by a property and casualty insurer which was responsible for at least 1% of the aggregate statewide direct written premium for homeowner's insurance in the calendar year preceding the member's appointment to the commission, an expert in insurance finance who is a full-time member of the faculty of the State University System and has a background in actuarial science, an expert in statistics who is a full-time member of the faculty of the State University System and has a background in insurance, an expert in computer system design who is a full-time faculty member of the State University System, and an expert in meteorology who is a full-time member of the faculty of the State University System and specializes in hurricanes. The Board of Trustees annually appoints one of the members of the Commission to serve as chair.

The State Board of Administration uses investment, legal and other independent consultants on both a retainer and special project basis. Consultants generally serve as fiduciaries which allow the SBA to obtain best-in-class talent and objective external advice and oversight. Investment consulting services for special projects are engaged on a competitive basis by soliciting proposals from a pool of pre-qualified consultants.

Investment Consultants

The SBA's investment consultants are required to act as fiduciaries under the Investment Advisers Act of 1940 and according to the requirements of Florida Statutes (i.e., essentially the ERISA fiduciary standards of care) in fulfilling their contractually assigned duties. Furthermore, the SBA requires investment consultants to submit an annual independence and disclosure compliance certification.

Performance Measurement

The SBA maintains relationships with firms that provide independent performance measurement services to assist in evaluating the cost effectiveness of certain components of the SBA's investment programs.

Special Projects

The SBA utilizes independent specialists and legal experts for special project work on a regular basis.

External Auditors

The SBA utilizes an external audit protocol whereby the Audit Committee, through the Chief Audit Executive and the Executive Director & CIO, engages and oversees external auditors. The SBA obtains annual commercial audits of FRS Pension Plan, FRS Investment Plan and Florida Hurricane Catastrophe Fund financial statements. All other funds are subject to audit by the Auditor General of the State of Florida. The Audit Committee employs a pool of external auditors to be used for special project audits.



PortMiami is among America's busiest ports and is recognized around the globe as the Cruise Capital of the World and Cargo Gateway of the Americas. Beginning in 2015, the port will be ready to welcome mega-size cargo ships – ahead of the opening of the expanded Panama Canal in 2016. The recently opened Port Tunnel, deepening the harbor, and directly connecting the port to rail and highway systems, will enable PortMiami to increase its cargo and create thousands of new jobs throughout Florida. PortMiami contributes more than \$27 billion annually to the South Florida economy and helps provide direct and indirect employment for more than 207,000 jobs.

SBA Mandate Overview

During the year, assets under SBA management decreased by \$3.5 billion to \$176.4 billion. Table 1 shows details for each SBA fund.

TABLE 1:

Change in Assets Under Management - Fiscal Year 2015-16

	Market Value June 30, 2015	Investment Gain (Loss)	Net Contributions (Withdrawals)	Market Value June 30, 2016
FRS Pension Plan	\$147,972,946,329	\$650,804,686	\$(7,302,549,121)	\$141,321,201,894
FRS Investment Plan	9,137,914,975	(77,811,891)	(136,513,545)	8,923,589,540
Lawton Chiles Endowment Fund	625,706,661	(9,276,397)	(4,715,000)	611,715,263
Debt Service	830,156,146	12,060,647	235,250,421	1,077,467,215
Gas Tax Clearing Fund ²	0	10,048	(10,048)	0
Florida PRIME ¹	6,622,290,707	34,067,279	718,968,265	7,375,326,251
Fund B Surplus Funds Trust Fund ⁴	43,334,587	1,305	(43,335,892)	0
Florida Hurricane Catastrophe Fund	11,602,307,906	56,154,521	1,071,721,345	12,730,183,773
State Board of Administration Finance Corp	2,059,380,504	11,496,041	1,210,275,002	3,281,151,547
Department of the Lottery Fund	372,309,219	30,379,055	(54,557,953)	348,130,321
Retiree Health Insurance Subsidy Trust Fund	15,399,687	296,444	54,801,561	70,497,693
Police and Firefighters' Premium Tax Trust Fund	224,973,176	613,905	(19,855,450)	205,731,630
Florida Prepaid College Plan Admin Expense	872,691	5,913	850,496	1,729,100
Florida Prepaid College Plan	270,595,271	(1,639,784)	44,825,994	313,781,480
Florida College Investment Plan Admin Expense	255,805	2,036	1,147,404	1,405,245
Florida College Investment Plan	63,749,811	(222,619)	4,954,618	68,481,810
Florida ABLE, Inc. ³	0	2,972	1,634,081	1,637,053
SBA Administrative Fund	44,896,099	350,125	1,900,871	47,147,096
PEORP Administrative Fund	26,140,671	97,021	(6,118,416)	20,119,277
Bond Fee Trust Fund	6,002,131	25,788	(81,153)	5,946,765
Arbitrage Compliance Trust Fund	2,675,145	11,363	(24,605)	2,661,903
Bond Proceeds Trust Fund ²	5,134,600	4,417	(399,099)	4,739,918
Burnham Institute for Medical Research Fund	1,496,115	1,237	0	1,497,352
Torrey Pines Institute for Molecular Studies Fund	3,569,114	6,285	0	3,575,399
SRI International Fund	116,000	123	0	116,123
University of Miami	20,915,030	88,511	0	21,003,541
Oregon Health & Science University ⁴	2,574,519	2,220	(2,576,740)	0
Charles Stark Draper Laboratory ⁴	1,112,618	959	(1,113,577)	0
Florida Division of Blind Services	5,013,859	188,632	0	5,202,491
Insurance Capital Build-up Program	5,840,363	12,727	(179,155)	5,673,935
Inland Protection Financing Corporation	1,463	6	61	1,531
McKnight Doctoral Fellowship Program ⁴	0	980	(980)	0
FSU Research Foundation ⁴	0	40,351	(40,351)	0
Total Assets Under Management	\$179,967,681,203	\$707,774,909	\$(4,225,740,966)	\$176,449,715,146

¹ The Florida PRIME fund values at June 30, 2015 and June 30, 2016 have been reduced by \$380,705,042 and \$416,715,370, respectively. These values represent amounts that are reported by other SBA funds as investments in Florida PRIME (i.e., other funds managed by SBA that are invested in Florida PRIME). The amounts reported for Net Contributions(Withdrawals) and Investment Gain(Loss) have been reduced by \$34,509,145 and \$1,501,183, respectively, for the same reason.

² The fund balance is periodically zero due to cash flows.

³ The Account was opened during the fiscal year.

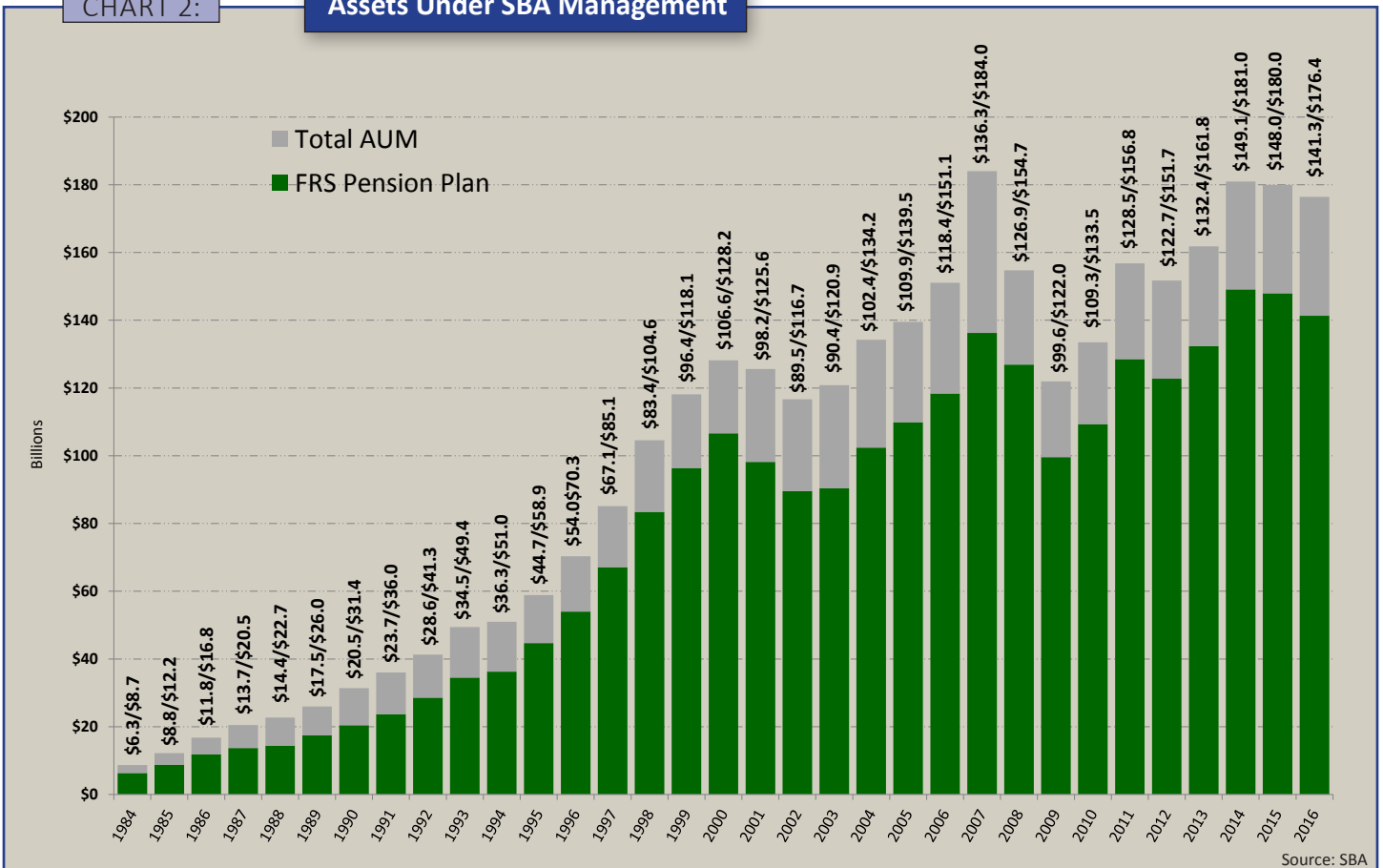
⁴ The Account was closed during the fiscal year.

• Totals may not foot due to rounding

Source: SBA

CHART 2:

Assets Under SBA Management



Source: SBA

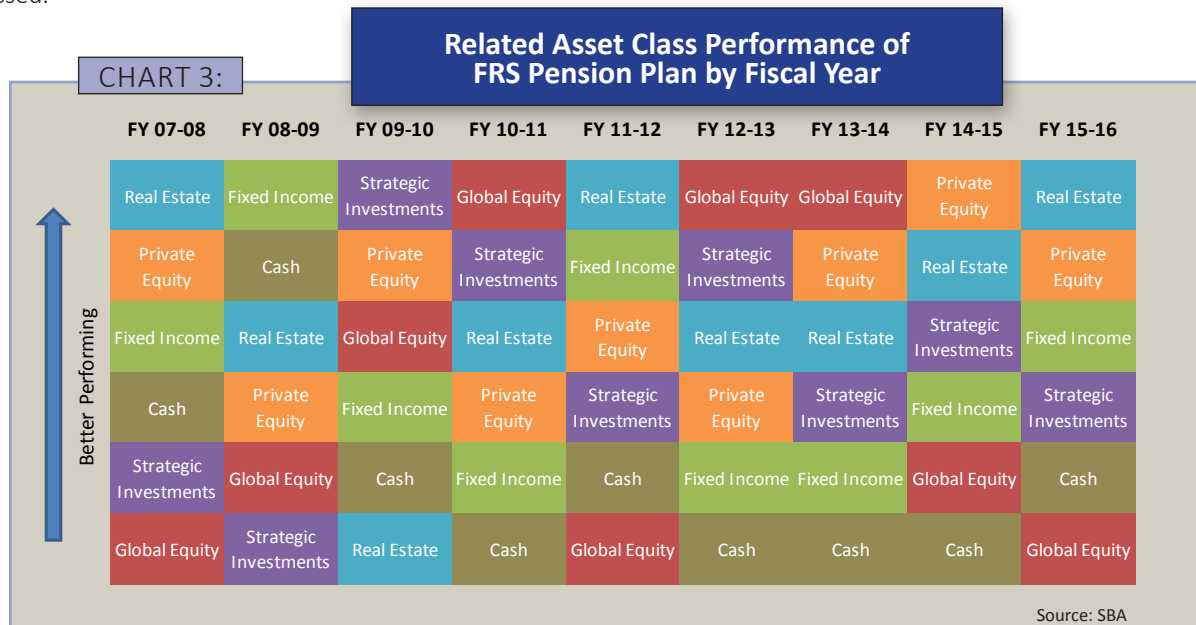
From 1984 to 1992, the total assets under SBA management reported for "Other Funds" were equal to the original cost value of investments, plus accrued interest receivable, plus or minus any pending sales or purchases of investments. Beginning in 1993, investments are reported at fair market value rather than original cost.



The Port of Key West is a major economic engine for the city and local businesses, bringing in almost a million total passengers per year resulting in a local business impact of approximately \$85,000,000. The port provides 1,260 direct and indirect jobs to the citizens of Key West and contributes 15 percent of the city's total tax revenue. For a city with a total population of 22,000, these jobs represent a significant contribution to the overall economy.

Asset Allocation

The SBA's exposure to various major asset types or classes is considered its asset allocation. Because over 90% of the return of a diversified investment portfolio is attributable to its asset allocation, determining the proper asset allocation (i.e., the desired relative exposure to each asset class) is the most fundamental way in which the SBA pursues its investment objective. Likewise, managing actual asset class exposure over time (i.e., managing asset allocation) is important if the SBA is to avoid unnecessary risk. For example, if 60% exposure to stocks is determined to be necessary to meet a long-term return objective, exposures below that, if persistent or poorly timed, will cause the actual return to fall short of the objective. Conversely, an exposure to stocks greater than necessary will subject the portfolio to higher levels of volatility than necessary, which can also result in disappointing returns, particularly when equity markets are stressed.



A thoughtfully constructed portfolio will provide diversification across a sufficiently broad range of investments so that the portfolio has a high probability of meeting the investment objective, notwithstanding the wide distribution of performance often associated with individual investments. In other words, some individual investments may be poor performers during a specific time frame but, in a highly diversified portfolio, their overall impact on the portfolio will often be offset by other investments that, at the time, are better performers.

In practice, maintaining an exact asset allocation is difficult given the dynamic nature of markets and security prices. The SBA typically determines reasonable limits above and below desired asset allocations (known as the target or policy allocation) within which it accepts deviations from the target. This tolerance reflects the fact that trading in securities markets is not free. The SBA must balance the risk of disappointment from misallocation (i.e., not consistently holding their target asset mix) against the performance drag resulting from transaction costs. The scale tips when an asset class moves outside its tolerance range. At this point, the SBA is no longer willing to accept the risk from misallocation, so the portfolio will be rebalanced. This involves selling assets from classes in overweight status and using the proceeds to purchase assets that are underweight. Rebalancing is governed by specific policies that establish target ranges and rebalancing procedures for each asset class.

From time to time, the SBA may temporarily choose to adjust the target asset allocation. This is typically done based upon consideration of near-term market performance, but unusual liquidity needs or other unanticipated factors could also play a role in this decision. Temporary intentional deviation from target asset allocation exposures is known as tactical asset allocation. Most institutional investors recognize that tactical allocations based on a market view are high-risk propositions because of the difficulty of accurately predicting market movements (i.e., "timing" the market). The SBA agrees with this view and generally avoids tactical asset allocation.

The SBA has a long-standing practice of periodically adjusting its target asset allocation based on a formal reevaluation of capital market assumptions, fund liabilities, and the investment objectives.

Risk and the Investment Process

Investing involves a tradeoff between return and risk. Investments expected to produce a higher rate of return over time are associated with a higher level of risk. The first step in the investment process is to develop a clear investment objective. Once a clear investment objective has been formulated, risks posing a threat to achieving that investment objective are identified, analyzed, and ultimately managed.

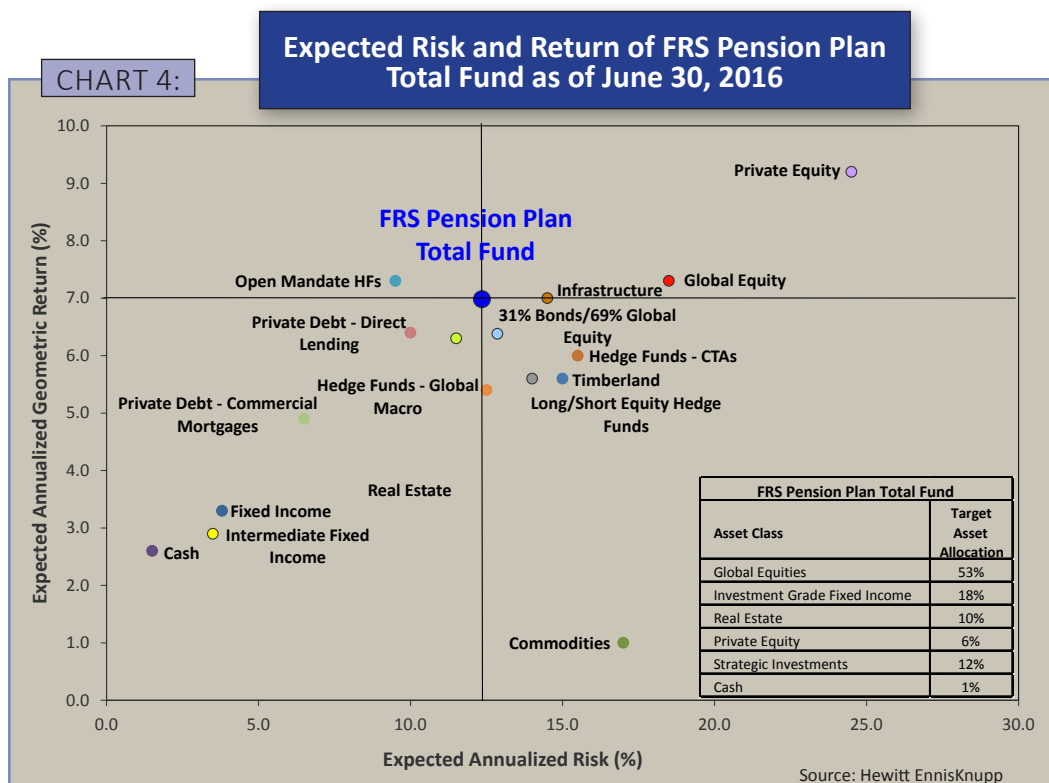
The process of risk management involves identifying risks that should be avoided or mitigated, and those which must be accepted. The SBA has developed a risk framework to identify and categorize risks impacting the SBA. The framework considers a wide range of factors including risks which are specific to the investments themselves, operational processes used to manage the investments, and the environment in which the SBA operates.

Investment management risk is one risk in the SBA's risk framework and encompasses those forms of risk that directly arise in the pursuit of an investment return. Other types of risk consider threats to the organizational and managerial infrastructure that supports a prudent investment process and effective delivery of services. These are the risks that the SBA mitigates or avoids to the degree it can do so cost-effectively.

Inherent risk is one sub-category of investment management risk identified in the SBA's risk management framework. All securities carry inherent risk, which is common to financial instruments. This risk is knowingly assumed by the investor, and sets the foundation for the risk/return tradeoff. Inherent risk includes those risks that relate to performance of the financial markets as a whole (market risk or systematic risk), as well as risks which can be diversified away (idiosyncratic or unsystematic risk).

While each investment in a portfolio may have widely varying returns, a thoughtfully constructed portfolio will diversify sufficiently across a broad range of investments so that the portfolio has a high probability of meeting the investment objective. In a highly diversified portfolio, the goal is for strongly performing securities to more than offset the impact of poorly performing securities in any given time period.

Chart 4 presents examples of how various asset classes and investment strategies carry different risk/return tradeoffs. For example, investing in a mix of 31% Bonds and 69% Global Equity has slightly higher risk and a lower return than the target allocation for the overall FRS Pension Plan.



The SBA uses the following classifications to describe inherent risk:

MARKET RISK

This is the risk that the SBA may experience a loss from unexpected price fluctuations due to overall market movements. Market risk is a characteristic of all financial instruments. Generally speaking, the price of a security fluctuates due to market exposure and security-specific risk factors, collectively driven by the forces of supply and demand. Like any commodity in a freely functioning marketplace, the price of a security is directly proportional to its demand relative to its supply. There are numerous circumstances that can cause the demand for a particular security to increase or decrease. The demand for a stock, for example, is influenced by revised earnings expectations. Demand can also depend on a number of other factors including changing economic conditions, geopolitical events, inclusion in a particular market index, availability of similar securities, perceptions regarding specific industries, or company-specific factors.

CREDIT RISK

Credit risk is a characteristic of debt instruments. It is the risk that an issuer or borrower of debt securities may default on financial obligations. Changes in investor perceptions of the possibility of a default by the issuer cause a bond's prices to fluctuate and may increase credit risk. For example, a credit rating downgrade by agencies such as Standard & Poor's and Moody's will, typically, cause the market price of the issuer's bonds to fall because of perceived increases in the possibility of a default. As with interest rate risk, this risk does not affect the bond's interest payments (provided the issuer does not actually default), but increases the volatility of the market price, which is of consequence to holders who may have to sell.

INTEREST RATE RISK

This is the risk that an investment's value will change due to a change in interest rates. Interest rate risk affects bondholders more than stockholders. Due to the inverse relationship between interest rates and price, fixed-rate debt instruments are subject to interest rate risk, meaning their market prices will decrease in value when generally prevailing interest rates rise. This allows the SBA the ability to earn a higher interest rate on its money elsewhere, perhaps by purchasing a newly issued bond that already features the higher current interest rate.

Prepayment risk is a special form of interest rate risk. It applies to callable bonds which are debt instruments that include an option for the issuer to "call" in the bond and repay debt early. In practice, bonds are most often called when interest rates are falling, resulting in higher reinvestment risk for the SBA. Once a bond is called, issuers can reissue the bonds at a lower interest rate. Thus, the SBA may not actually experience the larger cash flows it expected and must reinvest at lower market interest rates.

INFLATION RISK

This is the risk that investment returns will be lower than the rate of inflation, a reduction in the purchasing power of money. It can arise from expansionary monetary policy, economic supply shock, or as a result of behavioral responses to general perceptions about future price growth. The SBA seeks financial gains in real terms; that is, to increase the inflation adjusted value of the FRS Pension Plan funds under management to keep up with liability growth. Because investment gains are commonly presented in nominal (e.g., not inflation adjusted) terms, the SBA will meet this goal only if nominal investment gains exceed the rate of inflation.

Since inflation is a phenomenon affecting an economy's unit of exchange, inflation risk affects nearly every type of financial security. Equity instruments of certain companies are more resistant to this risk than those of others, depending on the pricing power of the company. Pricing power is the ability to charge a higher price without suffering a proportional reduction in sales volume. Real bonds (e.g., Treasury Inflation-Protected Securities) are an exception. They are not subject to inflation risk since their stated yield and face value at maturity are adjusted to compensate for the contemporaneous rate of inflation.

LIQUIDITY RISK

This is the risk of having limited access to funds, a failure to meet liquidity needs, or a loss resulting from a lack of market liquidity. The SBA may find that, under certain circumstances, there is no ready buyer for a security it wishes to sell. The term "liquidity risk" distinguishes a form of market risk which typically occurs when demand for a given security is weak, or the supply of a security is low.

CURRENCY RISK

This is the risk that an investment's value may change due to a change in exchange rates. In addition to other risks, the value in United States dollars of securities of foreign companies (denominated in foreign currencies) varies based on fluctuations in the value of the applicable foreign currency relative to the dollar. Currency risk arises from differences in current or expected real growth, interest rates, inflation, and macro-policies between the countries.

As one of south Florida's leading economic powerhouses, Port Everglades is an important gateway for international trade and cruise vacations. Already one of the busiest cruise ports in the world, it is also a leading container port and South Florida's main seaport for receiving petroleum products including gasoline, jet fuel and alternative fuels. The total value of economic activity at Port Everglades in fiscal year 2013 (latest data available) was approximately \$26 billion. More than 203,700 Florida jobs are impacted by the port, including those of almost 11,400 people who work for companies that provide direct services to Port Everglades.



SYSTEMIC RISK

This is the risk that material portions of the global financial system will collapse or cease to function adequately. Systemic risk is the possibility of potentially catastrophic financial system instability, typically caused or exacerbated by idiosyncratic events or conditions among financial intermediaries. It results from interlinkages and interdependencies in the financial system or securities markets, where the failure of a single company or cluster of companies (e.g. the financial sector) could cause a cascading failure, potentially bankrupting or bringing down the entire system or market. All investments bear systemic risk.

IDIOSYNCRATIC RISK

This is the risk specific to an individual security. It may be based on the company itself or the industry in which the company operates. Otherwise known as “specific” or “unsystematic” risk, this risk can be mitigated through proper portfolio diversification.

Compliance with Investment Strategy

Although there are numerous definitions of “Investment Strategy,” the SBA considers the term to mean the result of careful planning to determine the allocation of capital among various asset types including stocks, bonds, private equity, strategic investments, real estate, and cash equivalents, in order to achieve investment objectives. In addition to the asset allocation decision, investment strategy also includes selecting the appropriate benchmark indices (indicating baseline return and risk) and determining allowable deviations from targeted allocations for the major asset types. Investment Policy Statements or Investment Portfolio Guidelines are developed to provide a framework within which to execute investment strategies by clearly stating the investment objectives and benchmarks, as well as the required portfolio parameters such as permissible securities and exposure limits.

The SBA takes a systematic approach to monitoring compliance with investment guidelines to ensure that investment strategy is executed as intended for each of the funds under management. Organizationally, the SBA has a dedicated Risk Management and Compliance unit under the direction of a Chief Risk & Compliance Officer, whose responsibility is to assist the Executive Director & CIO in promoting and enhancing prudent risk management, accountability, and compliance with investment guidelines, SBA policies, rules, and regulations.

Investment Oversight Groups for each asset class and for the Total Fund serve as the primary mechanism for the escalation, review, and resolution of compliance violations. These groups regularly review any compliance exceptions and the associated risks that may have a material impact on portfolios, develop and document responses to exceptions and, in the case of material compliance violations, provide recommendations to the Executive Director & CIO for final determination. Membership includes the Chief Risk & Compliance Officer as chairman, the designated asset class compliance officer, the Senior Investment Officer for the applicable asset class, and the Director of Enterprise Risk Management. Investment Oversight Groups meet routinely and may also meet on an ad hoc basis.

Investment Policy Statement limitations on asset allocation are routinely monitored, as are more stringent internal rebalancing policy requirements for the FRS Pension Plan, the FRS Investment Plan, and the Lawton Chiles Endowment Fund. SBA staff routinely monitor the limitations including permitted securities and authorized ranges contained in Section 215.47, Florida Statutes.

For internally managed public market portfolios, SBA staff perform routine testing to determine compliance with portfolio guidelines and with the internal policies which govern trading practices. Tests may be conducted on parameters such as eligible securities, credit quality, concentration limits, liquidity, authorized traders, and approved counterparties. Results of compliance testing on internally managed public market portfolios are routinely reviewed by the respective Investment Oversight Groups.

SBA staff also perform routine compliance testing on externally managed public market portfolios. Tests may be conducted on parameters such as eligible securities, credit quality, concentration limits, and liquidity. The results of compliance testing on externally managed public market portfolios are regularly reviewed by the applicable Investment Oversight Groups. External investment managers are required to notify the SBA in writing of a failure to comply with any term of the Investment Management Agreement, and on an annual basis, they must certify compliance with the terms and provisions of their contracts.

In the case of private market investment funds and limited partnerships, compliance testing is performed by SBA staff through a variety of means, depending upon the structure of the investment. The SBA monitors investment guideline compliance, reviews manager certifications, and completes acquisition checklists to ensure proper documentation is in place prior to committing funds. The results of compliance testing on private market funds are regularly reviewed by the applicable Investment Oversight Groups. In addition, external manager oversight staff conduct site visits with selected managers and general partners throughout the year.

SBA's Non-Investment Management Responsibilities

MyFRS Financial Guidance Program

The award-winning MyFRS Financial Guidance Program gives all Florida Retirement System (FRS) members convenient access to personalized multimedia retirement planning assistance. Its goal is to provide objective information to help members make informed retirement planning choices that meet their individual goals and needs. The program provides no-charge retirement and financial planning services to both Pension Plan and Investment Plan members.

Members receive support through four channels:

- Print and Video – Employees have access to personalized statements, video programs (including a new hire video) and customized material on FRS plan choice, retirement planning, and investing for retirement.
- Toll-free MyFRS Financial Guidance Line – Employees can confidentially discuss their FRS options and retirement planning issues with experienced and objective financial planners from EY (formerly known as Ernst & Young) and counselors from the Florida Division of Retirement.
- MyFRS.com – This web portal is the official FRS education website. It provides FRS plan choice information and personalized retirement planning applications, including Financial Engines' Choice Services and their Personal Online Advisor Service. Members can enroll and manage their FRS Pension Plan or FRS Investment Plan benefits within the portal's secure single-sign-on architecture.
- Workshops – EY conducts workshops annually throughout Florida on FRS retirement plan choice, retirement planning, financial planning, education planning, insurance planning, cash and debt management, and estate planning.

The FRS offers newly hired employees an opportunity to choose a retirement plan that is compatible with their preferences and financial planning goals. The FRS Investment Plan was designed to provide a portable retirement benefit to help attract and retain mobile workers. (More than one-half of new FRS hires will leave their jobs before meeting the eight-year requirement to qualify for FRS Pension Plan benefits). The FRS Pension Plan offers formula-based pension benefits that are based on salary and years of service.

During the fiscal year, approximately 65,000 newly hired employees chose between the two FRS retirement plans: the FRS Pension Plan, a traditional defined benefit plan; or the FRS Investment Plan, a self-directed defined contribution plan. Each newly-hired employee received an FRS new employee enrollment kit that consisted of a benefit comparison statement projecting benefits under both plans, plan information on both retirement plans, a new hire video CD on the benefits offered in both plans, an investment fund summary showing the available investment funds in the Investment Plan together with their fees and projected returns, and a short-form enrollment application. New employees were encouraged to call the toll-free MyFRS Financial Guidance Line to speak with an unbiased Financial Planner and to log on to the program website MyFRS.com to run additional benefit projections using the online choice service.

Active enrollments in the Investment Plan decreased by approximately 1% and Pension Plan enrollments increased by approximately 1% during the 2014-15 fiscal year. Employees who do not make an active plan choice are automatically enrolled (defaulted) to the FRS Pension Plan. The default enrollments increased by approximately 1% from the prior fiscal year. Employees are given one more opportunity during their active FRS career to switch plans. Members using their one time opportunity have consistently chosen to move from the Pension Plan to the Investment Plan.

Non-FRS Plan Assistance

The SBA provides prudent and cost-effective investment consulting to assist the Plan Administrators of the State of Florida Deferred Compensation Program (FDCP), the State University System Optional Retirement Program (SUSORP) and the Senior Management Service Optional Annuity Program (SMSOAP) in fulfilling their fiduciary responsibilities to select investment products.

Corporate Governance

As part of the SBA's mission to invest, manage, and safeguard the assets of its various mandates, the SBA plays a vital role in supporting initiatives to ensure that public companies meet high standards of independent and ethical corporate governance. The SBA acts as a strong advocate on behalf of FRS members and beneficiaries, retirees, and other clients to strengthen shareowner rights and promote leading corporate governance practices at U.S. and international companies in which the SBA holds stock.

The SBA's governance philosophy encourages companies to adhere to responsible, transparent practices that correspond with increasing shareowner value and to appropriately consider the input of their shareowners. The SBA's corporate governance activities are focused on enhancing share value and ensuring that public companies are accountable to their shareowners with independent boards of directors, transparent disclosures, accurate financial reporting, and ethical business practices designed to protect the SBA's investments.

During the fiscal year ended June 30, 2016, The SBA cast votes at over 10,300 public companies, voting more than 97,000 individual ballot items during the 2016 proxy season. Individual voting items included director elections, audit firm ratification, executive compensation plans, merger & acquisitions, and a variety of other management and shareowner proposals. Across all voting items, the SBA voted 76.5 percent "For", 20.2 percent "Against", 3.1 percent "Withheld", and 0.2 percent "Abstained" or "Did Not Vote" (due to various local market regulations or liquidity restrictions placed on voted shares). Of all votes cast, 22.2 percent were "Against" the management-recommended-vote (up from 19.4 percent during the same period last year). Among all global proxy votes, the SBA cast at least one dissenting vote at 7,689 annual shareowner meetings, or 74.6 percent of all meetings.

In addition to proxy voting, the SBA actively engages companies it invests in throughout the year, at times maintaining a year-round dialogue and analysis of corporate governance issues and other reforms. Engagement by investors can be a very effective way to advocate for positive changes and improve reporting by the companies in which the SBA invests. Improved corporate disclosures are a key objective of SBA engagement, as transparent and improved comparability can help all shareowners make better investment decisions. The SBA's corporate engagement activity addresses corporate governance concerns and seeks opportunities to improve alignment with the interests of our beneficiaries. Highlights from the 2016 proxy season included the continued record adoption of proxy access by U.S. companies, record high votes of dissent on pay packages for executives in the United Kingdom, and strong gains in the level of independence among Japanese boards of directors. Votes were cast within 81 countries, with the top five countries comprised of the United States (2,913 votes), Japan (1,251), India (470), Taiwan (416), and the United Kingdom (409).

The SBA's Corporate Governance unit prepares a separate annual report detailing its activities and additional reports on corporate governance topics covering a wide range of shareowner issues. Historical information, including prior reports, can be found within the governance section of the SBA's website, available at www.sbafla.com.

Corporate Officer/Trustee Services

By statute, the Executive Director of the SBA serves as the Chief Executive Officer of the Inland Protection Financing Corporation and the Florida Water Pollution Control Financing Corporation.

The CEO directs and supervises the administrative affairs and the operations of the two corporations. These two public purpose corporations work with the Department of Environmental Protection to finance underground petroleum tank cleanup projects and water pollution control project construction loans to local governments in Florida through the issuance of bonds. Employees of the SBA also serve as corporate officers and provide administrative support for the day-to-day operation of the corporations.

Administrative Services

The SBA provides administrative support to the Division of Bond Finance and the Florida Prepaid College Board programs, including accounting, financial reporting, accounts receivable, accounts payable, cash management, facilities management, human resource management, purchasing, receiving, courier, mailroom, copy center, and technology infrastructure support services. The SBA works very closely with each program, interacting on a daily basis to ensure timely, accurate performance. The SBA analyzes all services and costs on a biannual basis to determine their cost effectiveness, and modifies the fees it charges for these services, as appropriate. In both daily interactions and biannual reviews, the Division of Bond Finance and Florida Prepaid College Programs have expressed high levels of satisfaction with these services.

Investment Policy Statements, Portfolio Guidelines and Trust Agreements

The State Board of Administration maintains Investment Policy Statements, Investment Portfolio Guidelines, and Trust Agreements for funds it manages. The purposes of these are to describe the role and control elements of investment activities. The following funds' guidelines were changed during Fiscal Year 2015-16:

- **Florida Hurricane Catastrophe Fund and SBA Finance Corporation**
- **Florida PRIME**
- **Florida PRIME Fund B Surplus Funds Trust Fund**

To view changes made during the fiscal year and all Investment Policy Statements, Investment Policy Guidelines, and Trust Agreements, please visit the Funds We Manage section of the SBA's website at www.sbafla.com.



The Port of Palm Beach is a full-service, diversified landlord port that provides services through its private sector partners and is responsible for facilitating economic development within Palm Beach County, the region and the state of Florida. The 162-acre port generates approximately 2,850 direct and indirect jobs in its community.

Florida Retirement System Pension Plan

Overview and Investment Objective

The Florida Retirement System (FRS) Pension Plan, a defined benefit plan, is one of the largest public retirement plans in the U.S. At year-end, it comprised over 80% of total assets under SBA management. The FRS Pension Plan serves a working and retired membership base of nearly one million public employees.

The SBA follows statutory guidelines and a substantial body of internal policies and procedures in investing the FRS Pension Plan assets. It has a robust governance and control structure in place, utilizes a wide array of professional consultants and external analysts, and employs a highly qualified staff of investment professionals. In keeping with the SBA's commitment to disciplined investment management services, the Investment Advisory Council provides independent oversight of the FRS Pension Fund's general objectives, policies and strategies.

The Pension Plan's long-term financial health rests on three legs: solid long-term investment performance, receipt of actuarially required annual contributions, and a reasonable benefit package.

The SBA's commitment to obtaining solid long-term performance is vital to ensuring that the FRS Pension Plan continues to help participating retirees meet their financial goals and that fund assets are invested prudently. However, investment gains alone are not sufficient to maintain the fund's financial health. Annually determined actuarially sound rates of contribution into the fund are necessary to ensure that the investment base is large enough to meet future Pension Plan benefit obligations. Contribution rates are set by the state legislature, along with plan structure and benefit levels. The Division of Retirement in the Department of Management Services administers the Pension Plan, directs actuarial studies, and makes benefit payments.

Historically, assigning funding and design responsibility to the legislature, benefit management to the Department of Management Services, and investment management to the SBA has proven to be a productive partnership, with approximately 60%+ paid to a retiree coming from investment gains, not from taxpayers or participants through contributions.

Chart 5 shows the funded ratio, a comparison of a pension fund's assets to its projected liabilities, of the Florida Retirement System Pension Plan. A funded ratio at or above 100% indicates that the fund is fully able to cover its accumulated benefit obligations.

During the 11 years ending in 2009, the Pension Fund enjoyed an actuarial surplus, meaning that it was ahead of schedule in building wealth in order to fund its future projected benefit payment obligations. This allowed contribution rates to be lower than normal. Actuarial deficits (a funded ratio below 100%) mean that the Fund has fewer assets than necessary to pay all current and projected accumulated benefit obligations. Actuaries agree that contributions should be higher than the normal cost level in order to pay down any projected deficit.

Performance

The SBA's investment policy objective for the FRS Pension Plan portfolio is to provide investment returns sufficient for the plan to be maintained in a manner that ensures the timely payment of promised benefits to current and future participants and to keep costs at a reasonable level, given actuarially required contributions. The SBA's investment objective is to earn a compounded return of 5% plus the rate of inflation per annum over the long run.

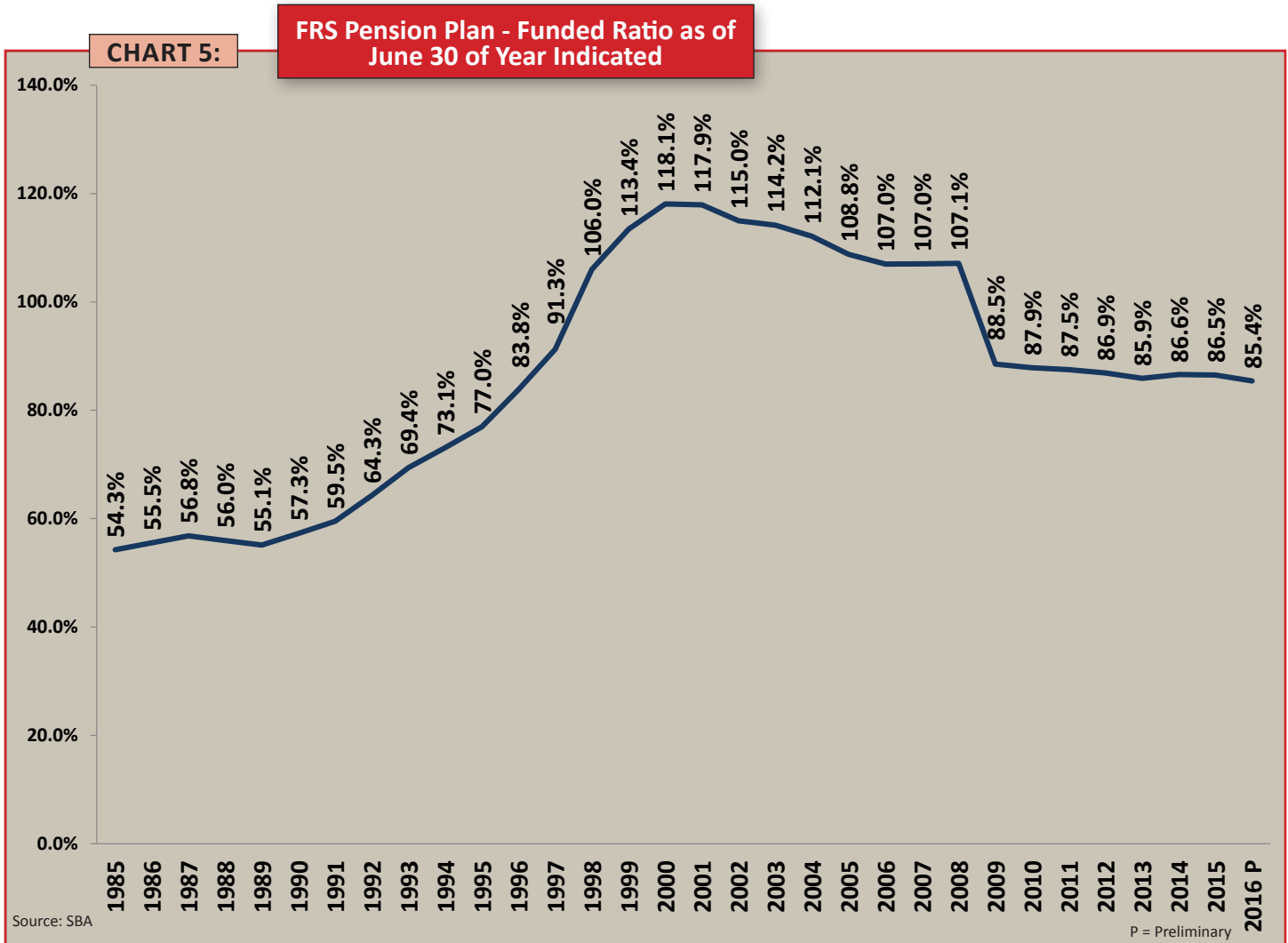


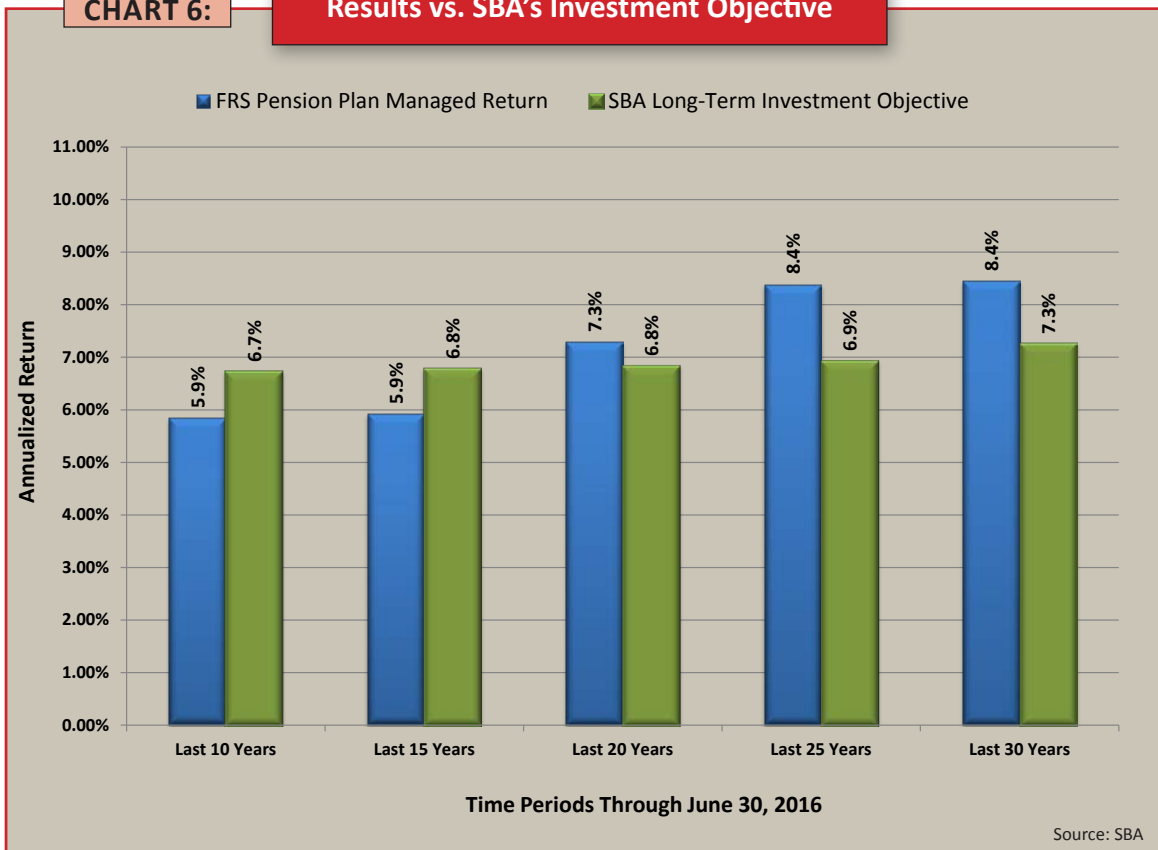
Chart 6 (page 24) compares the SBA's actual return on Pension Plan assets to its investment objective of 5% real growth (inflation plus 5%) for the fund. This objective is derived from an asset/liability analysis of expected benefit growth, contribution levels, market performance, and a risk tolerance for the fund. Over the long-term, 20 years and greater, the SBA has met its long-term objective.

In addition to its investment objective for the Pension Plan, the SBA measures its investment performance relative to market-based benchmarks. Table 2 (page 24) compares actual returns to the total fund benchmark for various periods ending June 30, 2016.

The SBA's actual returns on Pension Plan assets have met or exceeded the long-term investment objective of the fund for the 20-, 25- and 30-year periods.

FRS Pension Plan - Long-Term Performance Results vs. SBA's Investment Objective

CHART 6:



FRS Pension Plan Actual Return vs. Benchmark

TABLE 2:

	Actual Return	Benchmark Return	Actual Over (Under) Bmk.
One Year	0.54%	(0.11%)	0.65%
Three Years	6.96%	6.12%	0.84%
Five Years	6.78%	5.90%	0.87%
Ten Years	5.85%	5.27%	0.58%
Fifteen Years	5.93%	5.46%	0.47%

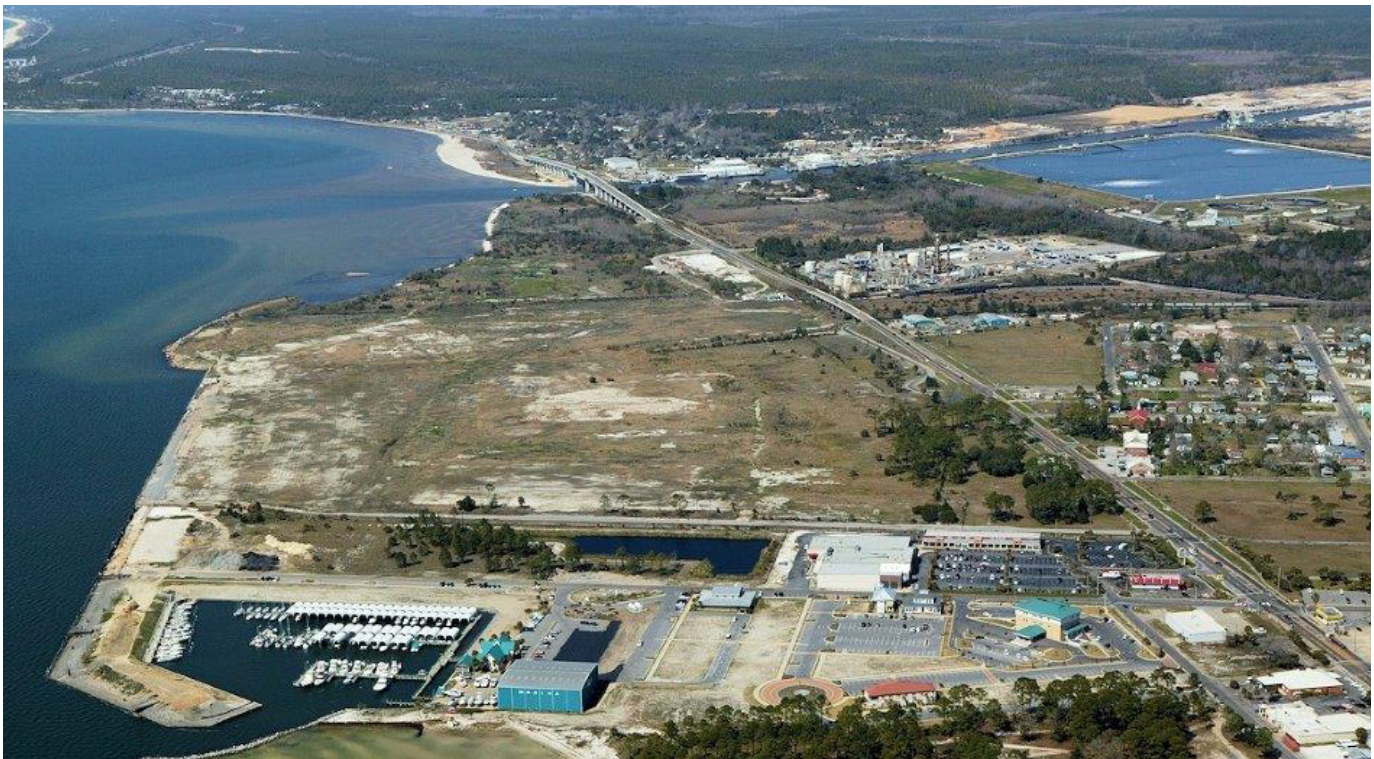
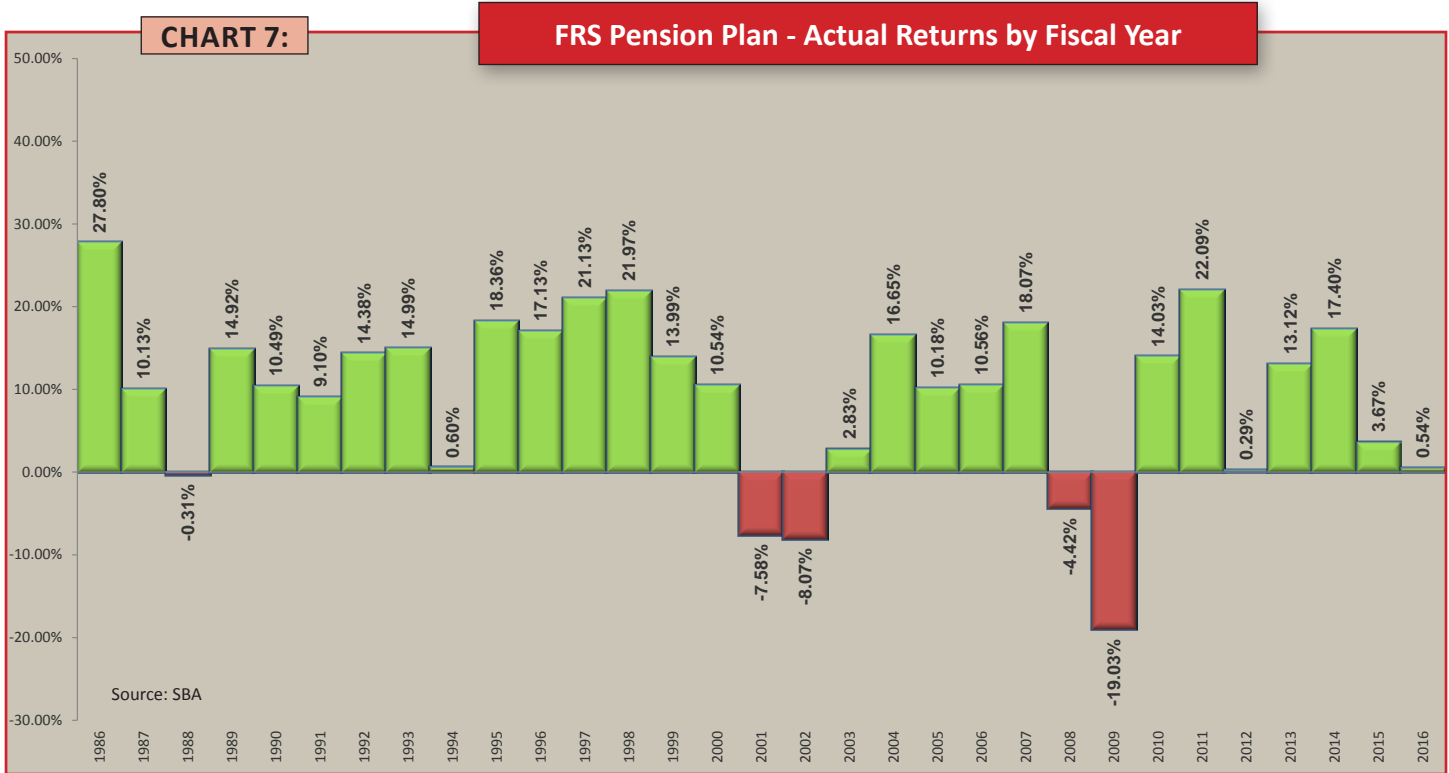
- All returns are annualized for periods indicated through June 30, 2016.
- Benchmark is a weighted blend of individual asset class target indices as applicable; weights and benchmarks are established in the FRS Pension Plan Investment Policy Statement.
- Numbers may not total due to rounding.

Source: SBA

The SBA's actual returns on Pension Plan assets have met or exceeded the performance benchmarks for the 1-, 3-, 5-, 10- and 15-year periods.

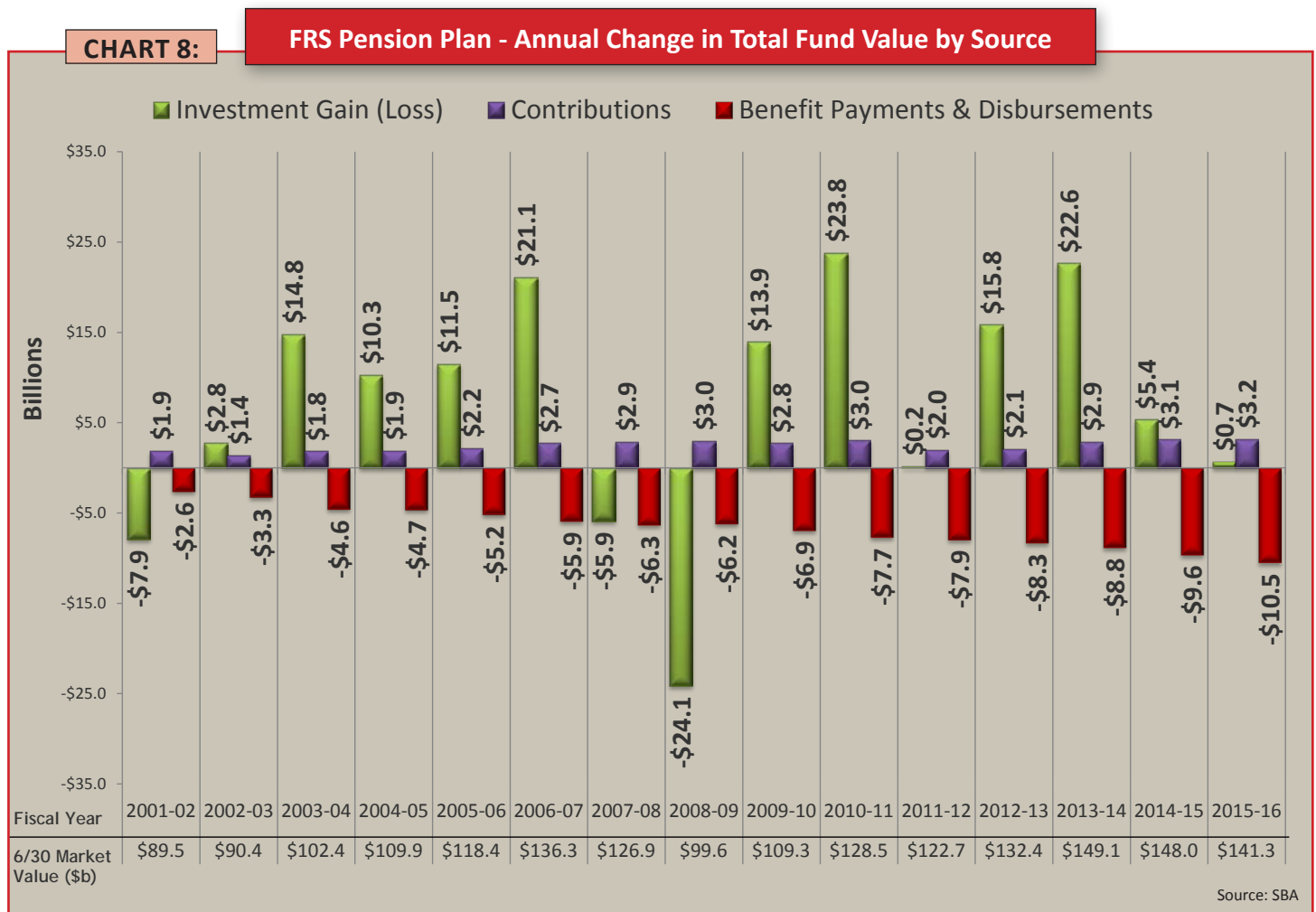
Chart 7 provides the historical one-year returns earned by the Pension Plan.

The SBA has earned a positive return on Pension Plan assets in 34 of the last 43 years, or over three-quarters of the time. In 24 of those years, the return exceeded 10%.



Located in Gulf County, Florida, the Port of Port St. Joe offers a deep-water seaport with nearly 1,900 linear feet at the ship channel turning basin. The port is well suited for bulk and cargo shipments, offering access to rail, the U.S. Gulf Intracoastal Waterway, and state and U.S. highways.

Chart 8 presents the key drivers of growth in the FRS Pension Plan’s asset base. Over the period shown, investment returns (green bars) have generally been positive, with two notable exceptions: the bursting of the tech bubble in the early part of this century and the mortgage crisis that began in 2008. Benefit payments (the red bars falling downward, representing outflows) have grown steadily over the period. This is typical of a mature plan. Contributions into the fund (purple bars) shrank during the early 2000’s, reflecting the surplus the fund had at the time.



The Port of Fernandina provides terminal service to numerous pulp and paper producers located throughout Florida and the Southeast, and provides steel export services to several steel companies with mills in the Southeast. Fernandina supports a number of independent container lines serving Ecuador and Bermuda. The port’s principal cargoes include exports of steel products (including billets, coils beams and rebar), machinery, forest products (including kraft linerboard, logs and treated lumber), corrugated cardboard waste, and building and construction material, as well as imports of wood pulp, hardboard and building materials. The containerized commodities moving through the port include wood pulp, automobile and truck parts, lumber, chemicals, beverages, food stuff and chilled goods, machinery, consumer goods and building materials.



Cost

Tables 3 and 4 present elements of the SBA's cost structure that have historically been of interest to stakeholders.

Chart 9 puts the cost-effectiveness of the Pension Plan into perspective. The chart compares the SBA's cost to those of similar-sized public retirement plans, selected by the independent firm CEM [Cost Effectiveness Measurement] Benchmarking Inc., as appropriate peer organizations.

FRS Pension Plan - External Investment Management Fees Fiscal Year 2015-16

TABLE 3:

Asset Class	Dollar Amount	Return Basis ¹
Global Equity	\$ 137,125,045	0.29%
Strategic Investments	149,218,773	1.42%
Fixed Income	7,341,013	0.08%
Real Estate	77,200,397	0.60%
Private Equity	138,437,406	1.62%
Total	\$ 509,322,634	0.57%

¹ Return basis expresses external management fees as a percent of the average of the beginning and ending net asset value of assets externally managed in each asset class. This measure is comparable to an annual expense ratio.

• Numbers may not total due to rounding.

Source: SBA

FRS Pension Plan - Net Brokerage Commissions

TABLE 4:

Asset Class	Dollar Amount ¹
Global Equity ²	\$ 24,866,330
Strategic Investments	19,358
Fixed Income	553,208
Real Estate	2,052,298
Private Equity	701
Total	\$ 27,491,894

¹ Brokerage commission amounts for the entire fiscal year are presented in the appropriate year-end asset class.

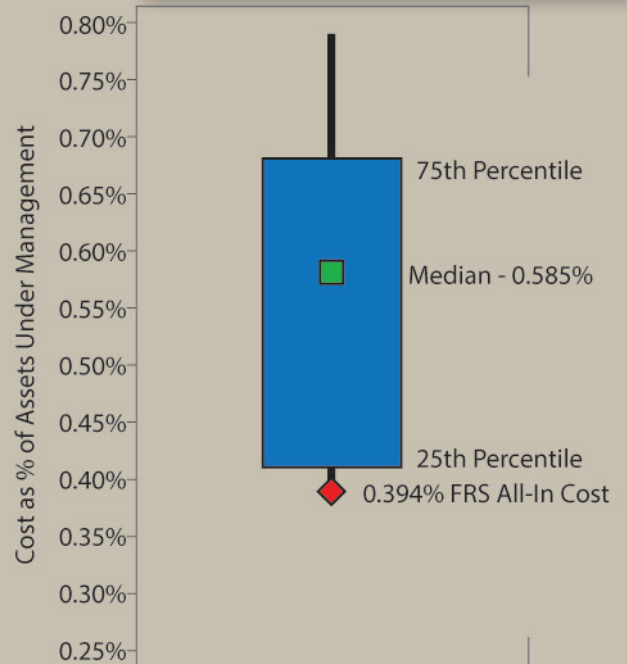
² The amount reported for the Global Equity asset class includes \$2,766,396 that is SBA's estimated share of broker commissions that were paid in commingled funds.

• Numbers may not total due to rounding.

Source: SBA

FRS Pension Plan Cost Comparison All-In Calendar Year 2014 Costs Universe of 17 Large Public Pension Plans

CHART 9:

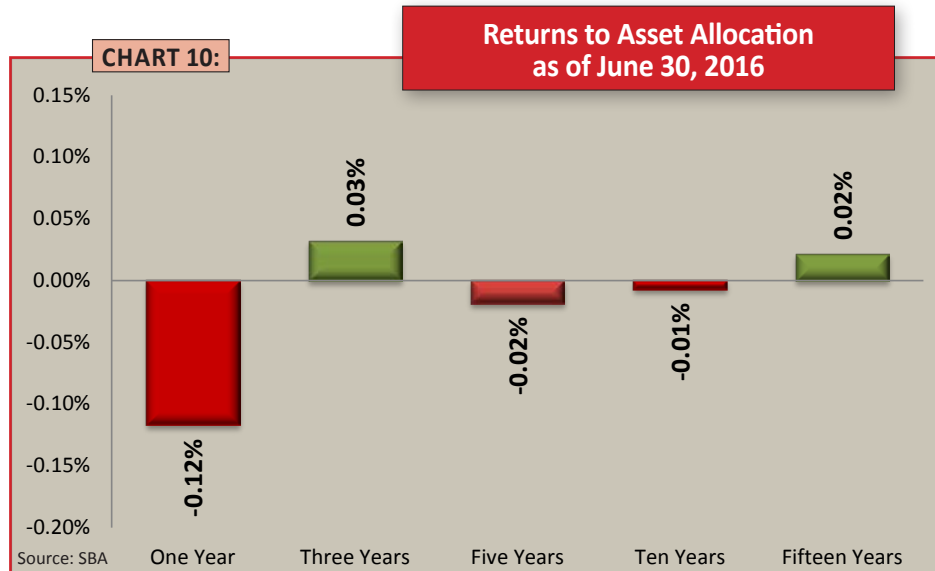


Source: CEM Benchmarking Inc.



Asset Allocation

Returns attributed to asset allocation arise from differences between asset class actual and target allocations as percentages of the Total Fund. During the 12-month period ending June 30, 2016, returns to asset allocation surpassed the target return by 2 basis points. Longer term differences are shown in Chart 10.



Asset Classes

The Pension Plan portfolio is currently divided into six asset classes: Global Equity, Fixed Income, Real Estate, Private Equity, Strategic Investments, and Cash Equivalents. Asset class performance is measured against a broad market index appropriate to the asset class. The indices identified in Table 5 are used as the primary benchmarks for the asset classes. The benchmarks provided in Table 5 were in effect on June 30, 2016.

TABLE 5: Authorized Target Indices as of June 30, 2016

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 nonresident 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 nonresident 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

Source: SBA

Rebalancing

The investment strategy for the Pension Plan is to implement the policy allocation within relatively narrow bands around policy target weights. The SBA manages this strategy through asset allocation and risk-budgeting policies.

TABLE 6:

FRS Pension Plan - Returns by Asset Class for Periods Ending June 30, 2016

		Actual Return	Benchmark Return	Actual Over (Under) Bmk.
Global Equity ¹				
	One Year	(3.09%)	(3.83%)	0.74%
	Three Years	6.85%	6.18%	0.68%
	Five Years	6.54%	5.52%	1.02%
	Ten Years	5.12%	4.39%	0.73%
	Fifteen Years	5.19%	4.71%	0.48%
Fixed Income				
	One Year	4.35%	4.36%	(0.02%)
	Three Years	3.32%	3.16%	0.16%
	Five Years	3.61%	3.22%	0.39%
	Ten Years	5.21%	4.90%	0.31%
	Fifteen Years	5.31%	4.99%	0.32%
Real Estate				
	One Year	12.66%	12.82%	(0.16%)
	Three Years	13.16%	12.34%	0.82%
	Five Years	13.43%	11.95%	1.48%
	Ten Years	7.11%	5.13%	1.98%
	Fifteen Years	9.30%	6.28%	3.02%
Private Equity ²				
	One Year	6.21%	(0.65%)	6.86%
	Three Years	13.65%	10.18%	3.47%
	Five Years	11.57%	12.48%	(0.91%)
	Ten Years	8.74%	10.12%	(1.38%)
	Fifteen Years	7.23%	9.03%	(1.80%)
Strategic Investments				
	One Year	1.83%	1.11%	0.72%
	Three Years	7.16%	5.05%	2.12%
	Five Years	8.19%	5.62%	2.57%
Cash & Cash Equivalents				
	One Year	0.33%	0.15%	0.18%
	Three Years	0.25%	0.07%	0.18%
	Five Years	0.26%	0.06%	0.20%
	Ten Years	0.43%	1.20%	(0.78%)
	Fifteen Years	1.07%	1.55%	(0.48%)

¹ Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic, Foreign and Global Equities components.

² Per industry convention, Private Equity returns are presented on a dollar-weighted basis.

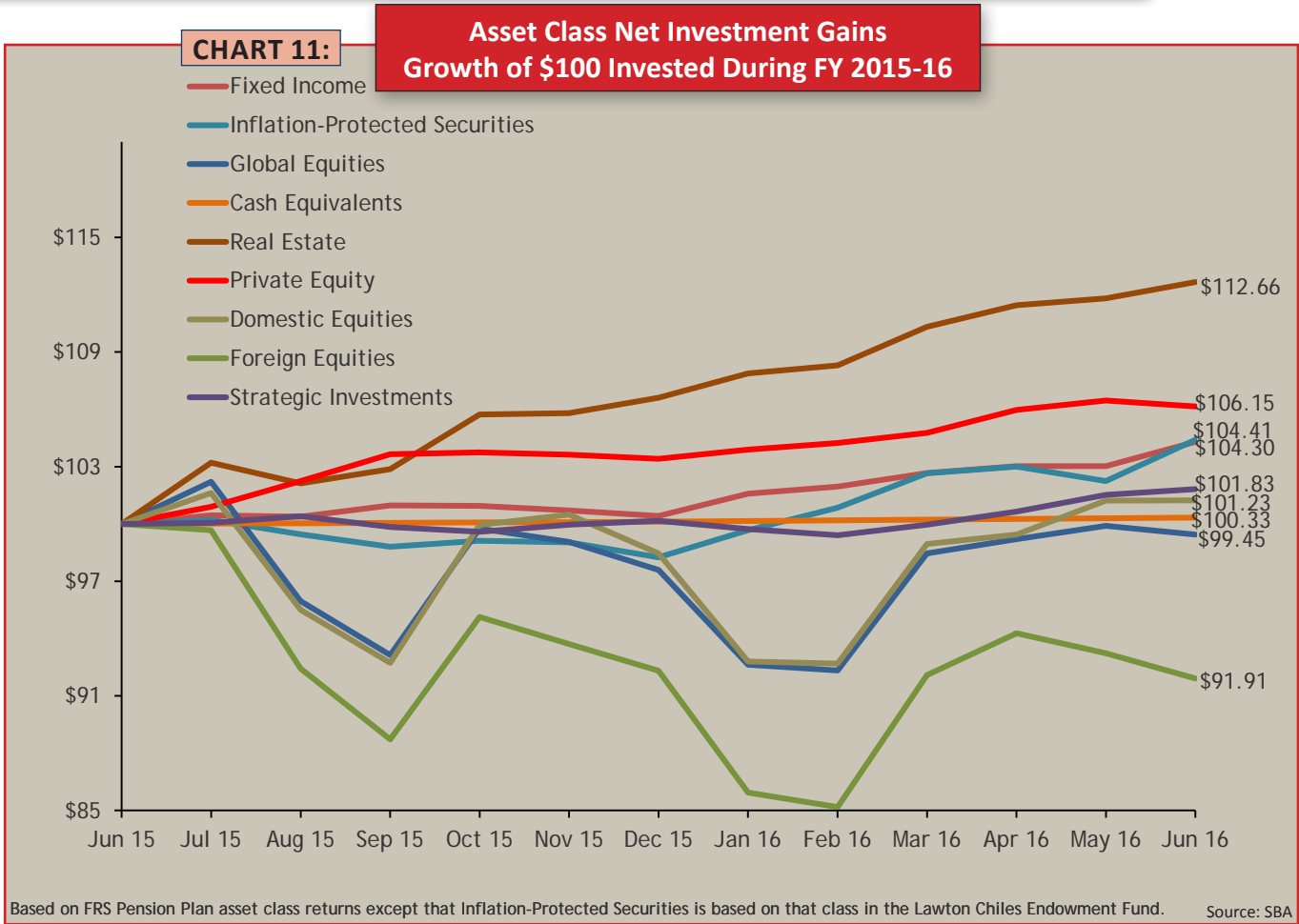
• Numbers may not total due to rounding..

Source: SBA

SBA CONTRACTS WITH PRIVATE EQUITY PARTNERSHIPS REQUIRE THE FOLLOWING DISCLOSURE:

- 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 partner's capital, and portfolio companies are held at cost, leading to a potential understatement of ultimate value.
- Due to numerous factors, including limited valuation and reporting standards, the return information for private equity in this report may not reflect the expected return of the partnerships. The returns contained in this report are calculated by the SBA or its agent and have not been reviewed by the general partners.
- Interim returns may not be meaningful or indicative of ultimate performance during the early stages of the investment life cycle.

Chart 11 illustrates how returns over the year performed for each class.



FRS Pension Plan - Change in Market Value Fiscal Year 2015-16

TABLE 7:

	Market Value 6/30/2015	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2016
Global Equity	\$86,001,699,601	\$(3,714,498,331)	\$(2,732,861,851)	\$79,554,339,420
Fixed Income	29,313,167,689	(3,784,059,323)	1,156,258,503	26,685,366,869
Real Estate	12,284,305,293	(517,000,000)	1,528,371,162	13,295,676,456
Private Equity	8,938,200,649	(335,000,000)	509,463,227	9,112,663,875
Strategic Investments	10,219,336,456	1,160,000,000	207,081,233	11,586,417,690
Cash/Short-Term Securities ¹	1,216,236,641	(111,991,468)	(17,507,588)	1,086,737,585
Total FRS Pension Plan	\$147,972,946,329	\$(7,302,549,121)	\$650,804,686	\$141,321,201,894

¹The investment gain (loss) reported for the Cash/Short-Term Securities asset class includes \$32,395,892 in SBA investment service charges and bank fees paid in several cash expense accounts on behalf of the entire FRS Pension Plan. Excluding these expenses, the reported gain (loss) would have been a positive \$14,888,304.

• Numbers may not total due to rounding.

Source: SBA

Passive vs Active Investing

Investment management can be divided into two broad categories of management style, each reflecting a fundamentally different view regarding how modern capital markets behave. These two schools of thought are generally referred to as passive and active management.

Passive managers attempt to construct their portfolios to closely approximate the performance of well-recognized market indices such as the Russell 1000 Index (large U.S. companies), Russell 3000 Index (large & small U.S. companies) or MSCI World ex-US Investable Market Index (international companies). Passive investing typically has the lowest management costs. Additional savings can be realized when these portfolios are managed internally.

Active managers build a stock portfolio utilizing a wide variety of strategies for identifying companies believed to offer above-average prospects, i.e., those that can “beat the market.” Regardless of the approach, all active managers share a common thread: they buy and sell securities selectively based on their evaluation of future events. Active investing, because of research and time requirements, tends to be more costly.

The SBA employs an active investment strategy where the probability of being paid for assuming the increased cost and risk of active investing is greatest. Conversely, where there is the least likelihood to outperform market indices, the SBA tends to passively invest and save management costs associated with active management. One of the SBA’s historical strengths has been operating at a very low cost. The SBA’s size and significant proportion of passive investments are contributors to the SBA’s cost advantage.

Table 8 shows internal versus external management and the passive versus active management of the funds’ resources.

TABLE 8:

Total Fund and Asset Class Allocation June 30, 2016

Asset Class	Internal	External	Passive	Active	% of Total
Global Equity ¹	42.4%	57.6%	50.5%	49.5%	56.3%
Fixed Income ²	64.2%	35.8%	43.9%	56.1%	18.9%
Cash & Cash Equivalents ³	100.0%	0.0%	2.4%	97.6%	0.8%
Real Estate	60.6%	39.4%	0.0%	100.0%	9.4%
Private Equity	1.1%	98.9%	0.0%	100.0%	6.4%
Strategic Investments	0.7%	99.3%	0.0%	100.0%	8.2%
Total Fund	42.5%	57.5%	36.7%	63.3%	100.0%

Asset Class	Internal (\$m)	External (\$m)	Passive (\$m)	Active (\$m)	Total (\$m)
Global Equity ¹	\$ 33,703	\$ 45,851	\$ 40,214	\$ 39,341	\$ 79,554
Fixed Income ²	17,133	9,553	11,709	14,976	26,685
Cash & Cash Equivalents ³	1,087	0	27	1,060	1,087
Real Estate	8,064	5,232	0	13,296	13,296
Private Equity	99	9,013	0	9,113	9,113
Strategic Investments	82	11,504	0	11,586	11,586
Total Fund	\$ 60,168	\$ 81,153	\$ 51,950	\$ 89,372	\$ 141,321

¹ Includes Global Equity Liquidity Portfolio

² Includes STIPFRS Reserve Liquidation Account and Fixed Income Liquidity Portfolio

³ Includes Securities Lending Account and Total Fund STIPFRS NAV Adjustment Account, Collateral Accounts and Cash Equilization Account

• Numbers may not total due to rounding.

Source: SBA

Portfolios by Asset Class

The following tables show the beginning and ending market values for each individual Pension Plan portfolio, together with net contributions and transfers, and investment gain or loss. The portfolios are grouped into separate tables by asset class.

TABLE 9:

FRS Pension Plan - Global Equity Change in Market Value Fiscal Year 2015-16

Account Name	Market Value 6/30/2015	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2016
Domestic Equities				
Active Large Cap:				
- AJO, LP	\$1,457,300,874	\$(40,155,107)	\$(100,018,431)	\$1,317,127,336
- Jackson Square Partners	1,468,581,035	(197,310,312)	(90,232,962)	1,181,037,761
- Quantitative Management Associates	1,500,042,398	(177,752,001)	(16,851,326)	1,305,439,072
- Smith Asset Management Large Cap Enhanced	1,711,037,334	(135,019,120)	(25,561,206)	1,550,457,008
Active Small Cap				
- AQR R2000 Equity	179,407,771	(4,899,926)	(10,514,148)	163,993,697
- BMO Asset Management	156,578,585	(14,885,926)	(27,332,033)	114,360,626
- Cortina Asset Management	151,721,859	(5,017,551)	(10,031,631)	136,672,677
- Cupps	138,062,510	0	(34,065,128)	103,997,382
- Delta	121,913,669	0	(9,505,272)	112,408,397
- Fisher Investments	217,448,911	0	(6,838,847)	210,610,064
- Mondrian US Small Cap Equity ¹	0	110,611,431	10,630,394	121,241,825
- PanAgora Asset Management	181,318,941	(9,962,363)	(10,851,230)	160,505,348
- Signia Capital	134,078,766	(11,824,570)	(4,054,406)	118,199,790
- Stephens Investment Management Group	182,795,238	(5,000,000)	(14,070,407)	163,724,831
- TAMRO Capital Partners	144,121,328	(107,511,357)	(36,609,971)	0
- Vaughan Nelson Investment Management	237,633,158	(15,045,878)	(9,006,892)	213,580,388
Active Micro Cap				
- Acuitas	142,692,683	0	(2,560,755)	140,131,928
Passive:				
- Avatar R1000 Index Fund	11,902,098,829	(1,127,469,247)	354,418,487	11,129,048,069
- Nova Portfolio	4,963,471,667	(63,648,392)	146,925,245	5,046,748,520
- Phoenix Portfolio	16,050,396,873	(2,287,108,761)	305,137,861	14,068,425,973
Other:				
- Domestic Equity Asset Class Transition	37	15,571,769	(15,571,805)	0
Total Domestic Equities	41,040,702,466	(4,076,427,312)	393,435,536	37,357,710,690
Foreign Equities				
Developed Markets:				
- Acadian Asset Management	1,339,337,349	0	(51,814,938)	1,287,522,411
- AQR Capital Management Small Cap	569,026,635	(48,000,000)	(12,226,988)	508,799,647
- Artisan Partners	1,848,012,269	(10,000,000)	(205,750,533)	1,632,261,736
- Ballie Gifford Overseas Limited	1,829,277,015	(204,044,166)	(160,444,392)	1,464,788,456
- BlackRock Global Inv. Index Plus	1,803,544,312	0	(169,508,510)	1,634,035,802
- BlackRock Global Inv. Small Cap Strategy	880,945,453	(153,000,000)	(25,074,219)	702,871,234
- BlackRock Global Inv. World Ex-US	9,100,118,700	(1,174,353,085)	(794,835,738)	7,130,929,877
- BlackRock Global Inv. World Ex-US Alpha Tilts	2,111,634,386	(200,000,000)	(206,950,608)	1,704,683,779
- BlackRock Restructuring	0	3,013,694	(3,013,653)	41
- Dimensional Fund Advisors	510,293,948	(35,000,000)	(48,258,712)	427,035,236
- Epoch Investment Partners	417,740,868	(30,000,000)	(31,551,572)	356,189,296
- Foreign Equity Internal Active ²	1,166	0	(3)	1,163
- Franklin Templeton Small Cap	341,241,422	0	(50,894,787)	290,346,635
- Mondrian Investment Partners Small Cap	425,494,356	0	(12,817,346)	412,677,010
- Morgan Stanley Investment Management	1,956,309,505	(197,000,000)	(96,921,988)	1,662,387,517
- PineBridge Investments ²	3,815	0	(11)	3,804
- Principal Global Investors- FE	458,271,487	(35,000,000)	(16,734,395)	406,537,092
- Pyramis Global Advisors ²	359,355	(341,981)	41,691	59,065
- Pyramis Global Advisors Trust Small Cap	425,356,194	0	(17,948,974)	407,407,220
- Sprucegrove Investment Management	1,890,155,864	0	(193,724,155)	1,696,431,709
- Templeton Investment Counsel	2,032,168,557	(15,000,000)	(284,574,574)	1,732,593,983
- Victory Capital Management ²	494	0	(1)	493
- Walter, Scott & Partners, Ltd.	2,004,522,375	(244,961,144)	10,788,178	1,770,349,409
- William Blair	434,410,165	(25,000,000)	(3,774,274)	405,635,891
Emerging Markets				

Account Name - continued	Market Value 6/30/2015	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2016
- Aberdeen Asset Management	831,829,392	0	(23,517,821)	808,311,570
- Acadian Asset Management Inc.	877,648,353	0	(106,698,672)	770,949,680
- AQR Capital Mgt. Emerging Markets Small Cap	194,743,667	8,000,000	(23,688,809)	179,054,857
- BlackRock Emerging Markets Index Plus	298,039,773	200,000,000	(36,846,647)	461,193,126
- Dimensional Fund Advisors EM	383,423,462	0	(46,349,610)	337,073,851
- Genesis Emerging Markets	823,426,609	0	(58,899,434)	764,527,176
- M&G Investment Management	811,307,229	22,775,398	(75,575,193)	758,507,434
- Mondrian Investment Partners Ltd.	882,275,214	0	(63,504,292)	818,770,922
- Somerset Capital	768,629,772	25,929,647	(44,252,675)	750,306,745
- State Street Global Advisors	203,644,384	(1)	(19,672,226)	183,972,157
- Trilogy ²	5,224	(4,779)	1,119	1,564
- Wells Capital Management Emerging Markets	739,373,662	23,075,063	(33,802,646)	728,646,078
- William Blair & Company, LLC	755,569,060	0	(90,361,881)	665,207,179
- William Blair Emerging Markets Small Cap	217,146,002	3,991,613	(21,678,740)	199,458,876
Frontier Markets:				
- Aberdeen Frontier Markets	132,720,686	0	(16,509,552)	116,211,135
- First State Frontier Markets	103,622,638	0	(12,370,911)	91,251,727
- HSBC Global Frontier Markets	119,803,701	0	(5,489,226)	114,314,475
- William Blair China A-Shares	154,408,606	(129,479,912)	(24,102,445)	826,250
Total Foreign Equities	38,675,843,124	(2,214,399,651)	(3,079,310,164)	33,382,133,308
Dedicated Global Equities				
Active:				
- Acadian Asset Management ²	5,587	0	(16)	5,571
- Epoch Investment Partners Global	912,833,885	(75,851,131)	55,161,558	892,144,313
- Franklin Templeton ²	21,250	0	(736)	20,514
- Hexavest Inc.	904,438,855	(99,741,320)	58,589,746	863,287,280
- Intech Investment Management	1,500,374,364	0	(4,685,791)	1,495,688,572
- MFG Asset Management	613,482,087	101,861,777	(15,406,276)	699,937,588
- Schroders Investment Management	942,879,692	(75,532,637)	(35,766,987)	831,580,067
- Trilogy Global Advisors	839,404,380	(90,332,424)	(74,138,710)	674,933,245
Passive:				
- Atlas Portfolio	562,298,879	949,623,629	20,538,125	1,532,460,633
- Sinesis ¹	0	496,451,673	10,910,447	507,362,120
Total Dedicated Global Equities	6,275,738,978	1,206,479,566	15,201,358	7,497,419,903
Currency Overlay				
- CIBC Global Managed	(425,696)	(3,019,675)	6,331,334	2,885,964
- Harmonic Managed	3,500,961	(9,943,354)	4,384,604	(2,057,789)
- P/E Global Managed	1,652,128	6,643,715	(4,920,164)	3,375,678
- Quaesta Managed ¹	0	1,907,995	(997,492)	910,503
- Record Managed	(492,979)	(475,964)	6,435,702	5,466,759
Total Currency Overlay	4,234,414	(4,887,283)	11,233,983	10,581,115
Other				
- Cash Equitization Portfolio ¹	0	55,000,000	(3,324,461)	51,675,539
- Citigroup Global Transition	2,252	(544)	(14)	1,693
- Global Equity Cash	5,178,304	(10,155,712)	5,704,243	726,835
- Global Equities Cash Expense	0	2,506,674	(2,727,447)	(220,773)
- Global Equity Liquidity Portfolio ¹	0	1,267,500,000	(13,276,808)	1,254,223,192
- Global Equity Policy Transition Acct 1	62	0	(2)	61
- Global Equity Policy Transition Acct 2 ³	0	0	0	0
- Global Equities Transition Account 1	0	59,885,931	(59,798,075)	87,856
Total Other	5,180,619	1,374,736,349	(73,422,565)	1,306,494,403
Total Global Equity	\$86,001,699,601	\$(3,714,498,331)	\$(2,732,861,851)	\$79,554,339,420

¹ Account opened during the fiscal year.

² Strategy terminated in a prior fiscal year. Residual activity occurred in the current fiscal year.

³ Account inactive during the fiscal year.

• Totals may not total due to rounding.

Source: SBA

TABLE 10:

FRS Pension Plan - Fixed Income
Change in Market Value Fiscal Year 2015-16

Account Name	Market Value 6/30/2015	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2016
Aggregate:				
- Active Core	\$5,159,236,417	\$(79,995,346)	\$231,288,450	\$5,310,529,520
- BlackRock Core Bond Enhanced Index	2,841,230,166	(150,000,000)	116,552,382	2,807,782,548
- Investment Grade AA Account	123,957,610	(20,000,000)	2,585,292	106,542,902
- Neuberger Berman Core	1,831,134,065	(130,000,000)	68,719,828	1,769,853,892
- PIMCO Core	250,416,721	0	9,216,980	259,633,701
- Prudential Conservative Core	1,256,996,026	(100,000,000)	55,963,971	1,212,959,997
- Smith Breeden Associates	2,358,527,988	(100,000,000)	90,566,472	2,349,094,460
- Taplin, Canida & Habacht	1,206,950,095	(100,000,000)	46,254,657	1,153,204,752
Government/Corporate:				
- Fixed Income Gov't./Corp. Passive Account	9,533,203,361	(2,908,000,000)	330,572,503	6,955,775,864
Mortgage:				
- Fixed Income MBS Passive	4,736,733,492	(1,437,400,000)	167,479,975	3,466,813,466
Other:				
- Fixed Income Cash Expense Account	0	364,145	(364,145)	0
- Fixed Income Liquidity Portfolio ¹	0	1,246,500,000	40,389,068	1,286,889,068
- Fixed Income Transition Account	4,646	(4,654)	7	0
- Fixed Income Transition Account ²	0	0	0	0
- Fixed Income Transition Account II ²	0	0	0	0
- STIPFRS Reserve Liquidation Fund	14,777,103	(5,523,468)	(2,966,937)	6,286,698
Total Fixed Income	\$29,313,167,689	\$(3,784,059,323)	\$1,156,258,503	\$26,685,366,869

¹ Account opened during the fiscal year.

² Account inactive during the fiscal year.

• Numbers may not total due to rounding.

Source: SBA

TABLE 11:

FRS Pension Plan - Private Equity
Change in Market Value Fiscal Year 2015-16

Account Name	Market Value 6/30/2015	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2016
Partnerships:				
- ABRY Partners VII, L.P.	\$78,291,547	\$(16,560,535)	\$12,826,810	\$74,557,823
- ABRY Partners VIII, L.P.	15,256,889	27,303,610	292,052	42,852,550
- Accel-KKR Growth Capital Partners II, L.P. ⁴	1,213,669	2,299,429	(161,124)	3,351,974
- Accel-KKR Capital Partners V, L.P. ¹	0	31,133	(31,133)	0
- Advent International GPE VI	64,751,538	(31,618,160)	11,370,314	44,503,692
- Advent International GPE VII, L.P.	83,657,938	4,845,536	4,132,163	92,635,637
- Advent International GPE VIII, L.P. ¹	0	54,771	(54,771)	0
- American Industrial Partners Capital Fund VI, L.P. ¹	0	1,656,597	(844,651)	811,946
- Apax VIII, L.P.	67,011,925	65,514,421	20,245,107	152,771,453
- Apollo Investment Fund VI, L.P.	86,154,941	(13,026,254)	(6,786,803)	66,341,884
- Apollo Investment Fund VII, L.P.	72,189,183	(9,498,923)	(5,781,163)	56,909,096
- Apollo Investment Fund VIII, L.P.	41,173,503	42,297,864	3,699,166	87,170,532
- Ares Corporate Opportunities Fund III, L.P.	91,187,680	(15,007,545)	12,198,840	88,378,975
- Ares Corporate Opportunities Fund IV, L.P.	132,079,844	22,539,447	5,903,013	160,522,305
- Ares Corporate Opportunities Fund V, L.P. ¹	0	60,312	(60,312)	0
- ASF VI, L.P.	59,354,886	19,044,024	3,568,510	81,967,420
- ASF VII, L.P. ¹	0	11,047,642	518,105	11,565,747
- Asia Alternatives FL Investor, L.P.	20,718,394	22,952,696	6,426,966	50,098,056
- Atlas Capital Resources II, L.P.	6,057,792	(1,242,580)	2,351,428	7,166,640
- AXA LBO Fund V, L.P.	39,899,620	20,304,216	8,383,121	68,586,958
- AXA Secondary Fund V, L.P.	72,123,885	(11,540,383)	4,200,982	64,784,484
- Berkshire Fund VIII, L.P.	35,317,046	6,664,166	3,840,958	45,822,170
- Berkshire Fund IX, L.P. ¹	0	85,726	(85,726)	0
- Blackstone Capital Partners V, L.P.	104,118,397	(53,462,365)	1,478,277	52,134,309
- Blackstone Capital Partners VI, L.P.	143,974,168	37,477,435	6,879,955	188,331,559

Account Name - continued	Market Value 6/30/2015	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2016
- Blackstone Capital Partners VII, L.P. ¹	0	67,012	(67,012)	0
- Carlyle Asia Growth Partners IV, L.P.	57,271,407	(742,999)	1,023,896	57,552,304
- Carlyle Partners IV, L.P.	10,803,547	(3,140,322)	(1,129,508)	6,533,717
- Carlyle Partners V, L.P.	142,474,986	(46,802,066)	(1,617,806)	94,055,114
- Carlyle Partners VI, L.P.	63,466,025	32,942,991	(20,051)	96,388,965
- Charlesbank Equity Fund VII, L.P.	81,687,410	(32,702,301)	12,499,475	61,484,584
- Charlesbank Equity Fund VIII, L.P.	9,135,837	24,595,611	(1,156,145)	32,575,303
- Cortec Group V, L.P.	53,732,602	(15,811,586)	69,479,582	107,400,598
- Cortec Group VI, L.P. ¹	0	12,694,973	(1,221,534)	11,473,439
- Cressey & Company Fund IV, L.P.	36,676,338	(2,418,720)	793,471	35,051,089
- Cressey & Company Fund V, L.P.	10,125,000	13,877,584	827,120	24,829,704
- CVC Capital Partners VI	5,482,743	23,708,550	(1,759,104)	27,432,188
- CVC European Equity Partners V	64,105,906	(23,207,357)	578,756	41,477,304
- DCPF VI Oil and Gas Coinvestment Fund, L.P.	12,542,476	20,413,114	3,897,420	36,853,010
- Denham Commodity Partners Fund VI, L.P.	39,727,071	3,267,031	108,837	43,102,938
- Denham Oil & Gas Investment Fund, L.P. ¹	0	6,701,643	(542,762)	6,158,881
- EnCap Energy Capital Fund VIII, L.P.	48,439,502	1,875,952	(23,068,923)	27,246,530
- EnCap Energy Capital Fund IX, L.P.	34,628,791	10,047,370	5,402,427	50,078,588
- EnCap Energy Capital Fund X, L.P.	3,265,319	17,592,706	(2,051,889)	18,806,137
- EnCap Flatrock Midstream Fund III, L.P.	1,528,662	3,997,961	1,930,870	7,457,494
- Energy Capital Partners II, L.P.	65,240,383	(872,479)	(17,507,688)	46,860,216
- Energy Capital Partners III, L.P.	25,543,891	9,685,429	1,302,056	36,531,376
- Energy & Minerals Group Fund III, L.P.	59,481,470	11,833,286	(12,817,642)	58,497,114
- EnerVest Energy Fund XII-A, L.P.	47,280,267	0	(42,532,715)	4,747,552
- EnerVest Energy Institutional Fund XIII-A, L.P.	85,104,345	613,314	(71,023,930)	14,693,729
- EnerVest Energy Institutional Fund XIV-A, L.P. ¹	0	49,016,481	(2,388,445)	46,628,036
- Equistone Partners Europe Fund V, L.P.	5,470,457	20,593,710	1,379,400	27,443,566
- Fairview Special Opportunities Fund, L.P.	190,702,682	30,993,416	31,281,558	252,977,656
- Fairview Special Opportunities Fund II, L.P.	2,313,935	15,755,055	(1,739,591)	16,329,400
- Fairview Ventures Fund II, L.P.	35,339,543	(5,733,921)	613,761	30,219,383
- Fairview Ventures Fund III, L.P.	85,076,306	(11,354,425)	3,802,148	77,524,028
- First Reserve Fund XI, L.P.	28,581,098	(592,338)	(19,552,926)	8,435,834
- First Reserve Fund XII, L.P.	110,411,822	(494,607)	(43,620,137)	66,297,078
- Francisco Partners III, L.P.	86,056,398	(6,410,576)	12,454,445	92,100,267
- Francisco Partners IV, L.P.	13,743,750	11,062,500	898,622	25,704,872
- FS Equity Partners VI, L.P.	89,556,449	(16,952,443)	382,735	72,986,741
- FS Equity Partners VII, L.P.	10,103,391	42,214,325	(499,046)	51,818,670
- Gores Capital Partners I, L.P. ³	0	837	(837)	0
- Gores Capital Partners II, L.P. ³	0	1,888	(1,888)	0
- Gores Capital Partners III, L.P. ³	0	11,734	(11,734)	0
- Green Equity Investors V, L.P.	67,810,508	(8,707,034)	6,399,000	65,502,474
- Green Equity Investors VI, L.P.	121,325,839	21,116,172	10,411,441	152,853,452
- Grove Street Partners Buyouts LLC	98,118,466	(26,122,125)	3,688,238	75,684,579
- Grove Street Partners Buyouts II, LLC	90,859,081	12,917,462	11,100,744	114,877,286
- Grove Street Partners Ventures, LLC	165,272,729	(37,828,484)	5,774,359	133,218,604
- Grove Street Partners Ventures II, LLC	276,699,130	(17,999,553)	23,963,921	282,663,497
- GS Partners Ventures III, L.P.	60,127,371	31,971,875	11,682,484	103,781,730
- Hellman & Friedman Capital Partners V, L.P.	2,081,373	(200,091)	(156,174)	1,725,108
- Hellman & Friedman Capital Partners VI, L.P.	33,159,886	(18,109,362)	8,011,756	23,062,280
- Hellman & Friedman Capital Partners VII, L.P.	133,639,225	21,792,753	38,121,297	193,553,275
- Hellman & Friedman Capital Partners VIII, L.P. ¹	0	7,028	(7,028)	0
- Inflexion Buyout Fund IV, L.P.	155,708	12,693,089	(1,901,402)	10,947,395
- Inflexion Enterprise Fund IV, L.P. ¹	0	200,013	(141,862)	58,151
- Inflexion Partnership Capital Fund I, L.P.	(809)	2,810,869	(760,206)	2,049,853
- Insight Venture Partners VIII, L.P.	73,998,987	4,532,685	8,863,643	87,395,314
- Insight Venture Partners IX, L.P.	11,364,673	17,209,892	(2,312,173)	26,262,392
- Insight Venture Partners Growth-Buyout Coinvest Fund, L.P.	8,500,000	10,110,433	(103,593)	18,506,840
- Investindustrial VI, L.P. ¹	0	6,796,096	(769,602)	6,026,494
- JH Whitney VII, L.P.	63,019,885	(1,127,157)	6,423,312	68,316,040
- Kelso Investment Associates VII, L.P. ³	0	357	(357)	0
- Kelso Investment Associates VIII, L.P. ³	0	12,652	(12,652)	0
- KKR Asia Fund II, L.P.	40,886,748	17,036,660	6,966,199	64,889,607
- Kohlberg Investors VI, L.P. ³	0	941	(941)	0
- KPS Special Situations Fund III, L.P.	32,625,161	(9,378,206)	2,443,208	25,690,163
- KPS Special Situations Fund IV, L.P.	15,408,186	(8,237,618)	872,377	8,042,945
- LCP FSBA Co-Invest Account L.P. ¹	0	5,045,102	(45,102)	5,000,000

Continued on next page

Account Name - continued	Market Value 6/30/2015	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2016
- Lexington Capital Partners IV, L.P.	5,873,033	(943,628)	(1,278,414)	3,650,991
- Lexington Capital Partners V, L.P.	11,004,234	(4,031,958)	(253,704)	6,718,572
- Lexington Capital Partners VI-B, L.P.	37,544,966	(9,075,436)	804,122	29,273,652
- Lexington Capital Partners VII, L.P.	116,892,495	(26,147,511)	8,468,377	99,213,361
- Lexington Capital Partners VIII, L.P.	28,179,589	26,763,814	3,158,917	58,102,320
- Lexington Co-Investment Partners II (Pools III & IV), L.P.	88,050,801	(5,624,296)	2,313,655	84,740,160
- Lexington Co-Investment Partners 2005, L.P.	290,920,900	(76,453,899)	(5,915,050)	208,551,951
- Lexington Co-Investment Partners 2005 II (Pool III), L.P.	378,958,945	103,098,682	42,621,919	524,679,546
- Lexington Co-Investment Partners 2005 II (Pool IV), L.P. ¹	0	21,610	(21,610)	0
- Lexington Middle Market Investors III, L.P.	27,099,644	5,897,848	2,701,813	35,699,305
- Liberty Partners VI	3,365,000	(326,829)	(347,098)	2,691,073
- Liberty Partners VII	12,368,703	316,793	(3,993,478)	8,692,018
- Liberty Partners Group II	(443)	2,831	(3,505)	(1,117)
- Lindsay Goldberg & Bessemer II, L.P. ³	(1)	2,628	(2,627)	0
- Lindsay Goldberg III, L.P. ³	0	10,941	(10,941)	0
- Montagu Private Equity Fund IV	30,678,959	(2,608,407)	5,319,435	33,389,986
- Montagu V, L.P. ¹	0	2,242,565	(2,234,391)	8,173
- New Mountain Partners II, L.P.	4,035,695	(3,417,072)	250,342	868,965
- New Mountain Partners III, L.P.	87,711,161	(36,703,721)	28,685,205	79,692,645
- New Mountain Partners IV, L.P.	21,772,276	22,790,255	5,790,941	50,353,472
- OpenView Venture Partners IV, L.P.	3,238,946	4,337,500	(240,744)	7,335,702
- Pantheon Global Secondary Fund IV, L.P.	42,240,935	(3,247,583)	1,038,861	40,032,213
- Pantheon Venture Partners II, L.P.	91,055,523	(17,850,001)	(4,926,412)	68,279,110
- Permira IV, L.P.	32,576,948	(16,123,773)	4,146,669	20,599,843
- Permira V, L.P.	45,465,316	16,774,615	2,905,336	65,145,266
- Platinum Equity Capital Partners, L.P.	5,733,172	(2,342,470)	166,626	3,557,328
- Platinum Equity Capital Partners II, L.P.	38,236,423	(12,865,679)	4,303,307	29,674,051
- Platinum Equity Capital Partners III, L.P.	88,519,052	21,656,576	7,833,999	118,009,627
- Pomona Capital VI, L.P.	19,201,539	(3,642,595)	246,938	15,805,882
- Pomona Capital VII, L.P.	13,930,657	(4,783,565)	(2,342,083)	6,805,009
- Post Oak Energy Partners II, L.P.	2,761,507	7,217,260	376,481	10,355,248
- Providence Equity Partners VI, L.P.	30,827,767	(7,790,690)	4,718,350	27,755,427
- Providence Equity Partners VII, L.P.	84,603,968	31,791,422	13,033,337	129,428,727
- RCP Advisors Fund IV, L.P.	35,009,323	(11,923,177)	6,678,388	29,764,534
- RCP Advisors Fund V, L.P.	40,699,446	(11,420,731)	5,535,814	34,814,529
- RCP Advisors Fund VI, L.P.	42,128,264	(4,160,354)	6,918,838	44,886,748
- RCP Advisors Fund VII, L.P.	35,714,272	2,016,881	7,890,503	45,621,657
- RCP Advisors Fund VIII, L.P.	16,581,273	5,000,000	4,006,571	25,587,844
- RCP Advisors Fund IX, L.P.	4,276,460	7,500,000	63,756	11,840,216
- RCP Advisors Fund X, L.P. ¹	0	4,015,222	(790,068)	3,225,153
- Riverside Capital Appreciation Fund V, L.P.	29,334,179	143,162	(2,264,375)	27,212,966
- Riverside Capital Appreciation Fund VI, L.P.	26,638,181	15,076,457	5,262,186	46,976,824
- Rubicon Technology Partners, L.P.	6,669,816	20,754,090	1,273,011	28,696,917
- Searchlight Capital II, L.P. ¹	0	18,812,496	(1,237,356)	17,575,140
- Silver Lake Partners IV, L.P.	38,534,880	16,716,438	4,653,059	59,904,377
- Siris Partners III, L.P.	(29,587)	11,238,973	(1,132,238)	10,077,148
- Snow Phipps II, L.P. ³	0	4,204	(4,204)	0
- Summit Partners Growth Equity Fund VIII-A, L.P. ³	0	13,014	(13,014)	0
- SVB Capital Partners III, L.P.	6,734,917	4,277,055	(319,292)	10,692,680
- SVB Strategic Investors Fund V-A, L.P.	106,839,129	5,250,000	24,471,928	136,561,057
- SVB Strategic Investors Fund V-A Opportunity, L.P.	41,187,566	3,500,000	15,329,239	60,016,805
- SVB Strategic Investors VI-A, L.P.	56,370,801	32,812,500	14,267,019	103,450,320
- SVB Strategic Investors Fund VII-A, L.P.	10,062,500	20,000,000	(1,432,009)	28,630,491
- TA XI, L.P. ³	0	12,720	(12,720)	0
- Thoma Bravo Discover Fund ¹	0	7,399,782	(435,301)	6,964,481
- Thoma Bravo Fund IX, L.P.	27,582,702	(18,643,596)	10,544,927	19,484,033
- Thoma Bravo Fund X, L.P.	90,284,249	(9,641,069)	19,935,661	100,578,841
- Thoma Bravo Fund XI, L.P.	72,384,258	59,266,981	6,462,875	138,114,114
- Thoma Bravo Fund XII, L.P. ¹	0	8,329,525	(1,111,277)	7,218,248
- Thoma Bravo Special Opportunities Fund I, L.P.	39,043,071	0	2,483,729	41,526,800
- Thoma Bravo Special Opportunities Fund II, L.P.	12,716,526	27,359,217	2,288,199	42,363,942
- Thoma Cressey Fund VIII, L.P.	38,547,328	(52,454,957)	15,764,299	1,856,670
- Thomas H. Lee Equity Fund VI, L.P. ²	96,701,531	(80,275,747)	(16,425,784)	0
- Tiger Iron Special Opportunities Fund, L.P. ¹	0	759,427	(187,718)	571,710

Account Name - continued	Market Value 6/30/2015	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2016
- Top Tier Special Opportunities Fund, L.P.	6,367,756	(66,434)	(1,470,932)	4,830,389
- Top Tier Venture Capital II, L.P.	68,884,920	(13,919,820)	(12,797,217)	42,167,883
- Top Tier Venture Capital III, L.P.	58,439,332	(12,125,362)	(1,385,707)	44,928,263
- Top Tier Venture Capital IV, L.P.	127,995,028	(20,676,416)	10,327,138	117,645,750
- TowerBrook Investors II, L.P.	33,986,452	(9,914,076)	(464,561)	23,607,815
- TowerBrook Investors III, L.P.	89,609,887	(37,006,435)	7,562,697	60,166,149
- TowerBrook Investors IV, L.P.	17,759,603	5,562,899	13,217,252	36,539,754
- TPG Growth II, L.P.	125,062,111	4,165,675	29,119,302	158,347,088
- TPG Growth III, L.P. ¹	0	16,873,124	(4,075,669)	12,797,455
- TPG Partners V, L.P. ³	0	5,966	(5,966)	0
- TPG Partners VI, L.P. ³	0	21,875	(21,875)	0
- Trident V, L.P.	78,722,067	(8,542,930)	5,540,086	75,719,223
- Trident VI, L.P.	11,442,291	24,064,299	2,541,800	38,048,390
- TrueBridge Capital FSA, LLC ¹	0	4,178,477	(395,177)	3,783,300
- TrueBridge/FLSBA Special Purpose, LLC	53,022,771	(123,711)	11,546,992	64,446,052
- TrueBridge/FLSBA Special Purpose II, LLC	8,737,755	4,387,500	1,189,248	14,314,503
- TrueBridge-Kauffman Fellows Endowment Fund II, L.P.	125,590,328	0	19,818,415	145,408,743
- TrueBridge-Kauffman Fellows Endowment Fund III, L.P.	57,620,295	28,750,000	7,188,023	93,558,318
- TrueBridge-Kauffman Fellows Endowment Fund IV, L.P. ¹	0	11,347,207	(827,116)	10,520,091
- TSG Capital Fund III, L.P.	19,394	0	(3,807)	15,587
- Venture Overage Fund, L.P.	74,512,500	(16,335,889)	6,864,224	65,040,835
- W Capital Partners III, L.P.	31,403,454	3,102,346	3,599,355	38,105,155
- Warburg Pincus Private Equity IX, L.P.	17,494,669	(7,138,313)	(1,402,012)	8,954,345
- Warburg Pincus Private Equity X, L.P.	112,381,174	(33,288,835)	(5,456,339)	73,636,000
- Warburg Pincus Private Equity XI, L.P.	147,724,968	38,838,975	7,786,609	194,350,552
- Warburg Pincus Private Equity XII, L.P. ¹	0	6,372,173	(902,269)	5,469,904
- Wellspring Capital Partners IV, L.P.	46,447,680	(12,759,663)	2,351,290	36,039,307
- Wellspring Capital Partners V, L.P.	93,930,351	35,805,753	30,252,643	159,988,747
- WPEF VI Feeder Fund, L.P.	0	5,799,266	(1,352,876)	4,446,390
- WPEF VI Overflow Feeder Fund, L.P.	0	41,298	(34,343)	6,956
Other:				
- Private Equity Cash	818,181,694	(718,749,433)	(100,178)	99,332,082
- Private Equity Cash Expense	0	1,871,265	(1,871,265)	0
- Private Equity Transition	91,320,576	(91,320,576)	0	0
Total Private Equity	\$8,938,200,649	\$(335,000,000)	\$509,463,227	\$9,112,663,875

¹ Account opened during the fiscal year.

² Account assets sold or partnership interest sold during the fiscal year. Account will be closed unless residual activity occurs.

³ Account assets sold or partnership interest sold during the prior fiscal year. Balances and activity reflect residual activity.

⁴ Name changed during the year from Accel-KKR Structured Capital Partners II, L.P. to Accel-KKR Growth Capital Partners II, L.P.

• Private Equity market values are estimates of value which may or may not represent what would be actually realized in arm's-length sales transactions. The market values are self-reported by the external managers of these accounts and incorporate their estimate of the value of illiquid publicly traded securities and private market holdings.

• Numbers may not total due to rounding.

Source: SBA

TABLE 12:

**FRS Pension Plan - Strategic Investments
Change in Market Value Fiscal Year 2015-16**

Account Name	Market Value 6/30/2015	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2016
Debt-Oriented:				
- ABRY Advanced Securities Fund, L.P.	\$2,420,669	\$(653,483)	\$195,088	\$1,962,274
- ABRY Advanced Securities Fund II, L.P.	114,145,111	(9,946,238)	1,076,955	105,275,828
- ABRY Advanced Securities Fund III, L.P.	27,641,437	28,449,356	327,239	56,418,031
- ABRY Senior Equity III, L.P.	31,024,253	(14,434,866)	1,706,220	18,295,608
- ABRY Senior Equity IV, L.P.	29,809,815	14,715,902	4,587,347	49,113,063
- Anchorage Capital Partners, L.P.	223,012,805	0	(8,464,607)	214,548,197
- Apollo Credit Liquidity Fund, L.P.	20,614,463	3,764,167	(6,467,820)	17,910,810
- Atalaya Special Opportunities Fund VI, L.P. ¹	0	42,482,026	738,793	43,220,819
- Audax Credit Opportunities, LLC	266,666,821	134,200	10,284,998	277,086,019
- Bayview Opportunity Master Fund II b, L.P.	15,834,800	(3,805,694)	1,402,048	13,431,154
- Bayview Opportunity Master Fund III b, L.P.	150,577,035	(2,823,164)	4,634,777	152,388,648

Continued on next page

Account Name - continued	Market Value 6/30/2015	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2016
- Benefit Street Partners CRE Conduit Co., L.P.	119,336,630	17,399	(4,959,410)	114,394,619
- BlackRock Carbon Capital V, Inc.	123,771,405	(26,483,777)	11,572,039	108,859,666
- Blackstone Credit Liquidity Partners, L.P.	443,729	0	11,875	455,604
- Blackstone/GSO Capital Solutions Fund, L.P.	53,415,973	(16,643,156)	(5,164,867)	31,607,950
- Canyon Value Realization Fund, L.P.	104,919,503	0	(3,090,972)	101,828,531
- Carlyle Mezzanine Partners II, L.P.	39,311,246	(16,934,473)	2,516,024	24,892,797
- Castllake III, L.P.	59,713,750	13,195,316	5,997,344	78,906,409
- Castllake IV, L.P. ¹	0	40,792,281	(100,466)	40,691,815
- Centerbridge Capital Partners III, L.P.	7,609,990	24,023,129	2,791,548	34,424,667
- Cerberus Institutional RE Partners III, L.P.	146,031,715	(16,981,297)	24,113,992	153,164,410
- Colony Distressed Credit Fund II, L.P.	59,661,092	(21,662,945)	2,419,911	40,418,058
- Colony Distressed Credit & Special Sit Fund III, L.P.	53,086,413	45,676,043	7,557,030	106,319,486
- Crescent Mezzanine Partners VI, L.P.	97,131,207	14,314,023	8,985,148	120,430,378
- CVI Credit Value Fund A, L.P.	113,327,371	(42,351,032)	6,255,865	77,232,204
- CVI Credit Value Fund II A, L.P.	230,312,158	0	3,730,047	234,042,205
- CVI Credit Value Fund III A, L.P.	20,000,000	50,012,719	5,472,965	75,485,684
- CVI Global Value Fund A, L.P.	85,151,992	(21,637,113)	2,904,181	66,419,060
- Distressed Managers II FL, L.P.	32,733,041	(4,881,831)	(2,001,157)	25,850,053
- Falcon Strategic Partners III, L.P.	58,369,367	(249,611)	5,616,773	63,736,529
- Falcon Strategic Partners IV, L.P.	67,449,531	10,087,717	9,726,662	87,263,910
- GSO Capital Opportunities Fund, L.P.	46,733,452	(20,995,503)	279,699	26,017,648
- GSO Capital Opportunities Fund, II L.P.	68,835,634	14,812,148	(5,092,359)	78,555,423
- GSO Capital Solutions Fund, II L.P.	41,323,062	29,519,305	(6,793,607)	64,048,760
- King Street Capital Fund, L.P.	247,580,209	0	(2,569,869)	245,010,340
- Levine Leichtman Capital Partners IV, L.P.	47,780,205	(12,863,086)	13,283,190	48,200,309
- Levine Leichtman Capital Partners V, L.P.	66,804,984	71,496,731	13,838,536	152,140,251
- Marathon European Credit Opp Fund II, L.P.	90,439,423	(12,792,558)	4,954,944	82,601,810
- Oaktree Opportunities Fund VIII, L.P.	58,498,488	(13,221,822)	(7,814,985)	37,461,682
- Oaktree Opportunities Fund VIIIb, L.P.	50,442,814	(9,085,920)	(4,020,211)	37,336,683
- Oaktree Opportunities Fund IX, L.P.	96,173,257	5,000,000	(5,524,543)	95,648,714
- Oaktree Opportunities Fund Xb, L.P. ¹	0	44,159	(44,159)	0
- OCM Opportunities Fund VIIb, L.P.	6,332,641	0	(1,814,409)	4,518,232
- PCG Special Situation Partners, L.P.	65,044,670	(13,764,323)	2,418,739	53,699,086
- Principal RE Debt (SBAF Mortgage Fund), LLC	254,153,818	(34,898,172)	18,751,132	238,006,778
- Providence Debt Fund III, L.P.	80,295,673	37,737,243	322,923	118,355,839
- Providence TMT Debt Opportunity Fund II, L.P.	67,312,622	(26,562,546)	384,942	41,135,018
- Providence TMT Special Situation Fund, L.P.	6,160,021	0	(815,322)	5,344,699
- Special Situation Partners II, L.P.	59,966,587	(8,050,597)	2,252,105	54,168,095
- Square Mile Partners III, L.P.	28,419,772	(11,810,973)	3,494,525	20,103,324
- TCW Crescent Mezzanine Partners V, L.P.	44,913,163	(19,569,324)	2,502,761	27,846,600
- Tricon Housing Partners I US, L.P.	91,465,397	(32,714,337)	7,551,138	66,302,198
- Tricon Housing Partners II US, L.P.	64,517,586	7,186,618	6,769,013	78,473,217
- Trigate Property Partners II, L.P.	29,432,888	(1,182,984)	5,812,587	34,062,491
- Varde Fund X, L.P.	140,981,798	(41,548,605)	11,817,158	111,250,351
- Varde Fund XI, L.P.	204,183,585	20,000,000	17,370,742	241,554,327
- Varde Fund XII (c), L.P. ¹	0	32,400,000	0	32,400,000
- VSS Structured Capital II, L.P.	57,961,853	(39,311,355)	9,652,251	28,302,749
- Wayzata Opportunities Fund II, L.P.	16,052,303	(5,051,169)	(1,273,389)	9,727,745
- Wayzata Opportunities Fund III, L.P.	34,661,954	22,545,000	(4,820,056)	52,386,898
Diversifying Strategies:				
- AQR Managed Futures Fund II, L.P.	192,038,615	19,757	10,963,777	203,022,149
- AQR Style Premia Fund ¹	0	150,053,996	1,858,876	151,912,872
- Benefit Street Credit Alpha Partners, L.P. ¹	0	150,072,097	1,422,878	151,494,976
- Caerus DT Fund, LLC	327,778,055	0	26,619,471	354,397,526
- Capula Global Relative Value Fund Ltd, L.P. ¹	0	150,097,596	1,243,924	151,341,520
- Coastland Relative Value Fund, LLC ³	150,265,290	38,405	8,099,850	158,403,544
- Dymon Asia Macro (US) Fund ¹	0	100,067,032	1,622,968	101,690,000
- Elan Fund, L.P.	319,818,753	0	15,851,912	335,670,665
- Graham Absolute Return Trading Ltd. ¹	0	150,072,366	(2,510,378)	147,561,989
- Graticule Asia Macro Fund, L.P. ¹	0	150,043,862	(2,306,507)	147,737,355
- Healthcare Royalty Partners III, L.P.	645,012	2,177,615	147,402	2,970,028
- Vine Media Opportunities Fund III, L.P.	37,502,178	24,233,409	4,972,816	66,708,403
Equity:				
- Blackstone Unit Trusts	6,130,537	0	(1,952,962)	4,177,575
- Cevian Capital II, L.P.	186,281,000	0	(24,835,000)	161,446,000
- Highline Capital Partners, L.P.	222,993,247	0	(4,824,886)	218,168,361
- JHL Capital Group Fund, LLC	110,490,935	0	(5,022,984)	105,467,951

Account Name - continued	Market Value 6/30/2015	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2016
- KV Partners, LLC	110,875,798	(59,419,515)	20,067,777	71,524,060
- Lexington GP Holdings, L.P.	92,696,590	(8,010,394)	37,583,272	122,269,468
- P2 Capital Fund, L.P.	203,841,794	0	3,184,241	207,026,035
- Providence Equity Global Group, LLC	159,029,714	(4,707,065)	7,930,117	162,252,765
- Scopia PX, LLC	126,296,171	0	(13,456,240)	112,839,931
- Starboard Value and Opportunity Fund, LLC	291,239,103	0	(11,172,906)	280,066,197
- Three Bridges Europe Fund, L.P.	96,172,725	0	(13,365,545)	82,807,180
Flexible Mandates:				
- Blackstone Tactical Opportunities Fund II, L.P. ¹	0	46,956,921	994,055	47,950,976
- Coastline Fund, L.P.	22,795,986	78,499,716	(1,814,137)	99,481,566
- Davidson Kempner Institutional Partners, L.P.	110,011,869	0	2,238,480	112,250,349
- Gruss Global Investors (Enhanced) II, L.P.	233,568,586	0	(12,499,116)	221,069,470
- HBK Fund II, L.P.	161,595,965	0	(1,319,722)	160,276,243
- Litespeed Partners, L.P.	92,372,042	0	(12,224,630)	80,147,412
- Luxor Capital Partners, L.P.	93,677,892	0	(24,943,219)	68,734,673
- Mason Capital Fund, L.P. ²	191,903,054	(175,477,000)	(7,172,623)	9,253,431
- OZ Domestic Partners II, L.P.	271,539,264	0	(18,322,324)	253,216,940
- Taconic Opportunity Fund, L.P.	252,211,667	0	(3,062,607)	249,149,060
- York Capital Management, L.P.	214,319,668	0	(46,389,389)	167,930,279
Global Macro:				
- MKP Opportunity Partners, L.P.	161,813,061	0	(10,256,061)	151,557,000
Real Assets:				
- Bayview Opportunity Fund IV b, LLC	40,231,322	26,572,705	793,973	67,598,001
- Boston Timber Opportunities LLC	192,347,916	63,791,955	13,253,462	269,393,333
- Cerberus Institutional RE Partners IV, L.P. ¹	0	18,888,088	(671,041)	18,217,047
- Chambers Energy Capital III, L.P. ¹	0	183,694	(158,356)	25,339
- Colony Distressed Credit & Special Sit Fund IV, L.P. ¹	0	55,926,612	(3,004,251)	52,922,361
- EIG Energy Fund XVI, L.P.	17,534,556	13,486,685	(62,421)	30,958,819
- Global Infrastructure Partners II, L.P.	84,959,691	11,037,116	14,887,420	110,884,227
- Global Infrastructure Partners III, L.P. ¹	0	1,140,816	(1,071,512)	69,304
- GSO Energy Select Opportunities Fund, L.P. ¹	0	7,899,905	588,112	8,488,017
- IFM Global Infrastructure (US), L.P.	308,318,001	42	22,969,062	331,287,105
- Jackson Timberland Opportunities, LLC	155,280,951	26,856,714	5,378,613	187,516,277
- Orion Mine Finance Fund I, L.P.	51,213,445	33,929,300	114,247	85,256,991
- Trigate Property Partners III, L.P. ¹	0	580,397	(812,846)	(232,449)
Special Situations:				
- Castlelake Aviation II L.P.	66,180,775	(38,768,776)	5,425,312	32,837,311
- Florida Growth Fund, LLC	156,790,229	(30,591,903)	21,068,514	147,266,840
- Florida Growth Fund Credit Tranche, LLC	18,117,945	13,383,927	2,954,833	34,456,705
- Florida Growth Fund Tranche II, LLC	96,749,997	1,178,476	15,811,278	113,739,751
- Florida Growth Fund II, Tranche 1, LLC	0	47,375,514	182,174	47,557,688
- GI Partners Fund III, L.P.	58,122,760	(8,373,091)	(3,984,893)	45,764,776
- GI Partners Fund IV, L.P.	37,969,829	27,457,638	14,105,786	79,533,253
- SASOF III, L.P. ¹	0	24,758,272	(3,346,046)	21,412,227
- TSSP Adjacent Opportunities Partners, L.P. ⁴	27,322,310	50,869,589	2,569,645	80,761,543
Other:				
- Strategic Investments Cash Account	45,157,140	30,152,867	190,919	75,500,926
- Strategic Investment Cash Expense Account	0	2,051,132	(2,051,132)	0
- Strategic Investments Transition Account	3,143,838	0	(649,237)	2,494,600
Total Strategic Investments	\$10,219,336,456	\$1,160,000,000	\$207,081,233	\$11,586,417,690

¹ Account opened during the fiscal year.

² Account assets sold or partnership interest sold during the fiscal year. Account will be closed after residual activity completes.

³ Name changed from Overland Relative Value Fund, LLC to Coastland Relative Value Fund, LLC during the fiscal year.

⁴ TSSP Adjacent Opportunities Partners, L.P. changed from Debt-Oriented to Special Situations during the fiscal year.

- For certain strategic investment accounts, market values are estimates of value which may or may not represent what would actually be realized in arm's-length sales transactions. In such cases the market values are self-reported by the external managers of these accounts and incorporate their estimate of the value of illiquid publicly traded securities and private market holdings.

- Numbers may not total due to rounding.

Source: SBA

TABLE 13:

FRS Pension Plan - Real Estate Change in Market Value Fiscal Year 2015-16

Account Name	Market Value 6/30/2015	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2016
Joint Ventures:				
- MS Inland Fund, LLC ²	\$200,000	\$(280,879)	\$80,879	\$0
- Ramco ²	158,757,676	(159,033,976)	1,238,801	962,501
Pooled Funds:				
- Beacon Capital Strategic Partners Fund V, L.P.	20,116,205	(11,965,629)	640,679	8,791,255
- BlackRock Diamond Property Fund, Inc.	27,767,884	(20,565,367)	(2,415,342)	4,787,175
- BlackRock Europe Property Fund IV ¹	0	1,308,782	15,919	1,324,701
- Blackstone Real Estate Partners Asia, L.P.	102,655,538	4,260,517	15,439,109	122,355,164
- Blackstone Europe V ¹	0	91,439	(91,439)	0
- Blackstone Real Estate Partners VI, L.P.	186,162,681	(33,728,607)	(37,116,871)	115,317,203
- Blackstone Real Estate Partners VII, L.P.	304,511,746	(27,519,091)	26,568,085	303,560,740
- Blackstone Real Estate Partners VIII, L.P. ¹	0	37,741,222	1,115,008	38,856,230
- Brookfield-Fairfield US Multifamily Fund I, L.P.	53,604,824	(19,025,366)	10,220,584	44,800,042
- Brookfield-Fairfield US Multifamily Fund II, L.P.	33,941,527	12,960,165	12,904,837	59,806,529
- CapMan Nordic Real Estate Fund	22,996,456	15,299,464	5,241,533	43,537,453
- Carlyle Realty Partners VI, L.P.	60,665,045	(23,363,104)	9,110,589	46,412,530
- Carlyle Realty Partners VII, L.P.	4,703,440	12,642,697	2,045,468	19,391,605
- CIM Fund VIII, L.P.	14,614,056	8,481,302	1,746,706	24,842,064
- EMI Pooled Fund Expenses Account	0	87,510	(87,510)	0
- Europa Fund IV, L.P.	34,270,273	13,824,544	4,889,068	52,983,885
- Heitman Value Partners III, L.P.	8,630,594	8,139,502	2,580,913	19,351,009
- Hines Value Added Fund II, L.P.	39,847,345	(2,624,222)	18,304,732	55,527,855
- JP Morgan EOP Fund III	(198,161)	6,396,348	(1,037,798)	5,160,389
- JP Morgan Special Situation Fund	154,278,901	(4,144,699)	21,784,088	171,918,290
- JP Morgan Strategic Property Fund	359,433,989	(13,188,844)	35,643,071	381,888,217
- Prime Property Fund, LLC	334,682,151	(13,627,798)	37,611,872	358,666,226
- Principal US Property Fund	298,872,314	0	34,442,673	333,314,987
- Prologis USFL, L.P.	0	97,219,562	5,615,574	102,835,136
- Prudential PRISA	297,311,400	(10,373,863)	36,212,947	323,150,483
- Prudential PRISA Fund II	164,784,699	(66,963,395)	23,800,772	121,622,076
- Prudential PRISA Fund III	193,633,243	(4,025,695)	37,987,715	227,595,263
- Rockpoint Real Estate Fund III, L.P.	16,265,237	(3,152,327)	(2,552,725)	10,560,185
- Rockpoint Real Estate Fund IV, L.P.	48,793,368	4,269,160	10,083,650	63,146,178
- Rockpoint Real Estate Fund V, L.P. ¹	0	11,351,687	(966,472)	10,385,215
- RREEF America REIT II Pooled Fund	274,921,413	(10,098,339)	30,771,421	295,594,495
- Starwood Distressed Opp Fund IX Global, L.P.	82,031,753	(3,375,500)	7,563,441	86,219,694
- Starwood Opportunity Fund X Global, L.P.	1,511,369	72,206,381	10,773,838	84,491,588
- Tristan EPISO 3, L.P.	39,123,966	9,277,252	7,651,768	56,052,986
- Tristan EPISO 4, L.P. ¹	0	7,391,950	81,008	7,472,957
- UBS Pooled Fund, L.P.	270,083,349	(8,317,019)	25,608,235	287,374,565
Principal Investments	7,406,633,395	(423,146,187)	994,471,826	7,977,959,034
Real Estate Investment Trusts (REITs):				
- AEW Global REIT	318,736,896	0	40,678,351	359,415,246
- CohenSteers Global REIT	253,697,652	0	26,622,753	280,320,404
- Invesco Global REIT	315,781,656	0	31,268,546	347,050,203
- RREEF Global REIT	312,638,574	0	42,430,296	355,068,870
Other:				
- Real Estate Cash Account	67,842,840	17,985,210	(22,221)	85,805,829
- Real Estate Cash Expense Account	0	585,214	(585,214)	0
- Real Estate Transition Account ³	0	0	0	0
Total Real Estate Investments	\$12,284,305,293	\$(517,000,000)	\$1,528,371,162	\$13,295,676,456

¹ Account opened during the fiscal year.

² Strategy terminated or account closed during a prior fiscal year. Balances and activity reflect residual activity.

³ Account inactive during the fiscal year.

• For certain strategic investments accounts, market values are estimates of value which may or may not represent what would be actually realized in arm's-length sales transactions. In such cases the market values are self-reported by the external managers of these accounts and incorporate their estimate of the value of illiquid publicly traded securities and private market holdings.

• Numbers may not total due to rounding.

Source: SBA

TABLE 14:

FRS Pension Plan - Miscellaneous Portfolios Change in Market Value Fiscal Year 2015-16

Account Name	Market Value 6/30/2015	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2016
Cash Expense Account ¹	\$ 0	\$ 119,567	\$ (119,567)	\$ 0
Central Cash/Short-Term	1,271,304,125	(170,887,360)	4,356,085	1,104,772,850
Centralized MSFTA Collateral Account ⁴	0	10,000,000	4,804	10,004,804
Centralized Non-Cleared Cash Collateral ⁴	0	16,500,000	50,245	16,550,245
TF STIPFRS NAV Adjustment Account ²	(5,797,533)	0	5,971,918	174,384
Cash Securities Lending Account ³	(49,269,951)	0	4,505,251	(44,764,699)
Total Fund Cash Expense Account ¹	0	32,276,325	(32,276,325)	0
Total Cash Asset Class	\$ 1,216,236,641	\$ (111,991,469)	\$ (17,507,588)	\$ 1,086,737,585

¹ The Cash Expense Account and the Total Fund Cash Expense Account are both used to pay various expenses (including SBA investment service charges and bank fees) on behalf of the entire FRS Pension Plan. Excluding these expenses, the reported investment gain (loss) would have been \$0 for both accounts.

² The TF STIPFRS NAV Adjustment Account is used to record the difference between the net market value of the Short-Term Investment Pool (STIPFRS) the SBA utilizes to invest cash balances in the FRS Pension Plan and the total participant balances (carried at amortized cost) of all the individual portfolios that are invested in the pool.

³ The SBA includes the net unrealized gain (loss) on invested cash collateral in the securities lending program in the total market value of the Cash Securities Lending Account. In fiscal year 2016, the net unrealized loss decreased, resulting in an unrealized gain of \$4,505,251 that is included in the Investment Gain (Loss) column.

⁴ Account opened during the fiscal year.

• Numbers may not total due to rounding.

Source: SBA

TABLE 15:

FRS Pension Plan Net Securities Lending Revenue by Fiscal Year

2000-01	\$ 45,645,138
2001-02	49,744,143
2002-03	34,628,432
2003-04	34,558,808
2004-05	38,447,917
2005-06	50,490,779
2006-07	54,097,509
2007-08	115,505,817
2008-09	96,168,151
2009-10 ¹	(134,528,845)
2010-11	43,594,622
2011-12	43,777,884
2012-13	48,168,513
2013-14	44,532,896
2014-15	38,044,668
2015-16	41,398,835
Total	\$644,275,267

¹ The loss for 2009-10 resulted from a decline in value of various investments held in the securities lending portfolio. The recovery in value of these investments was not considered probable. Therefore, the underlying securities were written down resulting in a net realized loss. Net income without this loss was \$38,001,712.

• This table is on an accrual basis, not a cash basis, meaning income is recorded when earned, not when received.

• Numbers may not total due to rounding.

Source: SBA

Securities lending is the short-term loan of securities for a fee. With its large portfolio of assets, the Pension Plan is well suited to such a program. Mutual funds and ETFs typically have lending programs for the same reasons. The demand to borrow shares usually comes from hedge funds or short-sellers. When securities are loaned, borrowers provide collateral, such as cash or government securities, of value equal to, or greater than, the loaned securities. As shown in Table 15, the program has provided significant gains over the long-term. However, fallout from the mortgage crisis resulted in losses during Fiscal Year 2009-10. In response, the program was restructured to a more conservative set of re-investment guidelines.

Florida Investments

In 2008, the Florida Legislature authorized the SBA to invest up to 1.5% of net state retirement system trust fund assets in technology and high-growth investments of certain businesses with a significant presence in Florida.

The legislature made a determination that such investments would economically benefit the state. These investments may include space technology, aerospace and aviation engineering, computer technology, renewable energy, and medical and life sciences. The SBA created the Florida Growth Fund as the vehicle to carry out this mandate.

As part of the initiative, Florida Statutes require the SBA to report the year-end value of all the Pension Plan's Florida-based investments, as well as the component that can be considered growth and technology. Table 16 provides those figures for all Pension Plan investments that meet the criteria.

TABLE 16:

All Florida Holdings

Growth & Technology⁵

Asset Class	Net Asset Value	Net Asset Value
Separate Accounts- Direct		
Global Equity	\$ 741,783,872	\$ 479,135,805
Fixed Income	69,769,636	35,319,647
Real Estate- Core ¹	452,520,160	0
Real Estate- Non-Core ¹	97,308,340	0
Sub-Total Separate Accounts	\$ 1,361,382,008	\$ 514,473,452
Commingled Accounts- Indirect ²		
Real Estate- Commingled ³	390,487,053	0
Private Equity- Commingled ⁴	243,413,120	43,090,474
Strategic Investments- Commingled	477,233,273	112,504,247
Sub-Total Commingled	1,111,133,446	155,594,721
Total	\$ 2,472,515,455	\$ 670,068,173

¹ Real Estate Core and Non-Core data as of June 30, 2016, net of debt.

² The Pension Plan owns Florida investments in commingled funds valued at \$1,111,133,446. The Pension Plan owns shares of each commingled fund, not the underlying assets, i.e., property, equity or debt instruments. The assets are owned by the funds.

³ Real Estate Commingled Account data as of June 30, 2016, net of debt.

⁴ Private Equity data as of March 31, 2016.

⁵ Included in All Florida Holdings

• Numbers may not total due to rounding..

Source: SBA

Florida Retirement System Investment Plan

Overview and Investment Objective

The Florida Retirement System (FRS) Investment Plan was established by the legislature to provide Florida’s public employees with a portable, flexible alternative to the FRS Pension Plan (a traditional defined benefit plan). Since opening its first employee account in 2002, the Investment Plan has become one of the largest optional public-sector defined contribution retirement plans in the U.S., with more than 169,000 members and \$8.92 billion in assets as of June 30, 2016.

The primary objectives of the Investment Plan are to offer investment options that avoid excessive risk, have a prudent degree of diversification relative to broad market indices and provide a long-term rate of return, net of all expenses and fees, which achieves or exceeds the returns on comparable market benchmark indices.

The Executive Director & CIO is responsible for selecting, evaluating, and monitoring performance of the investment options, with a focus on maximizing returns within appropriate risk constraints. The Investment Plan features 21 funds, including 11 funds spread across five asset classes, and 10 retirement date funds that are mixtures of various asset classes. A Self-Directed Brokerage Account is also available.

The SBA follows Florida Statutes’ fiduciary standards of care in managing the Investment Plan’s options. The Investment Advisory Council provides independent oversight of the plan’s general objectives, policies, and strategies.

Performance

Investment performance in the Investment Plan is measured on an absolute basis (actual returns) and relative to appropriate market benchmarks for each investment option. Performance data is aggregated for the total fund and for each product type, using participant allocations as the weighting factors. Unlike the Pension Plan, asset allocation in the Investment Plan is the responsibility of each individual investor.

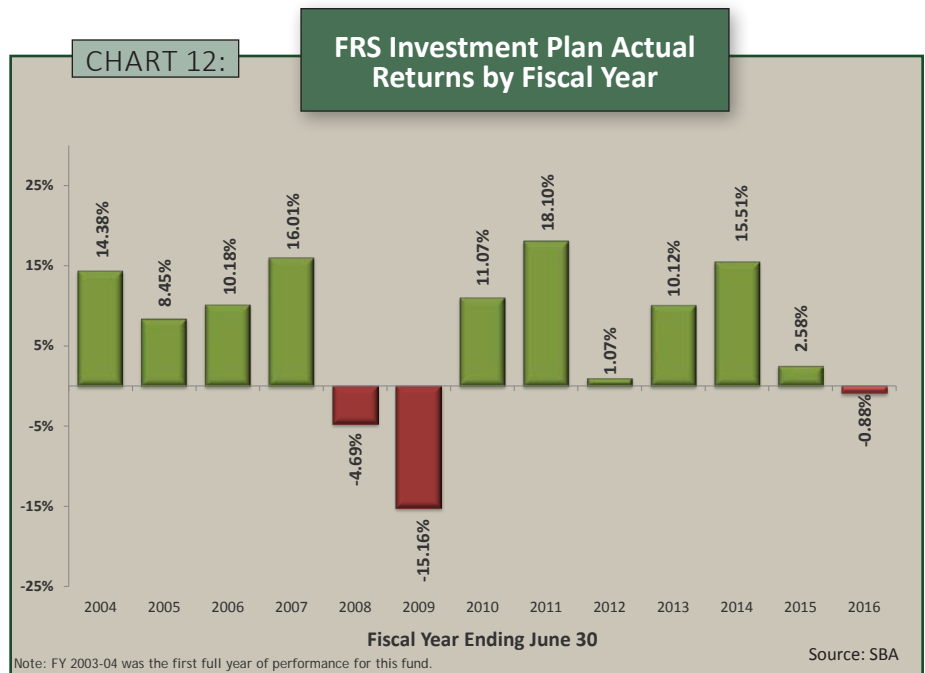


TABLE 17:

FRS Investment Plan Returns vs. Benchmark

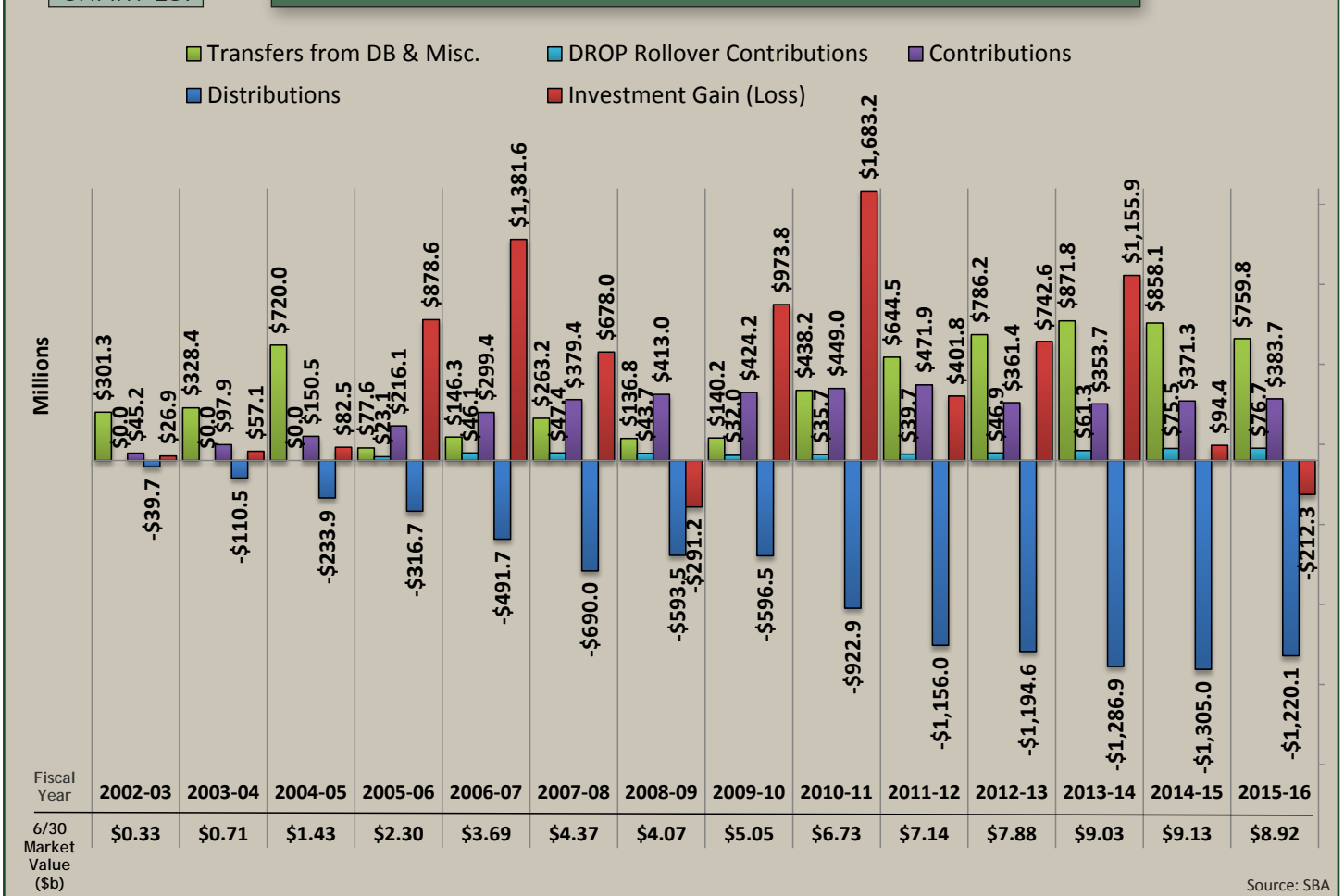
	Actual Return	Benchmark Return	Actual Over (Under) Bmk.
One Year	(0.88%)	(0.36%)	(0.52%)
Three Years	5.51%	5.38%	0.13%
Five Years	5.51%	5.37%	0.14%
Ten Years	4.87%	4.50%	0.37%
Since Inception	6.44%	6.13%	0.31%

- All returns are annualized for periods indicated through June 30, 2016.
- Benchmark is a weighted blend of individual asset class target indices as applicable per the FRS Investment Plan Investment Policy Statement; weights are based on contemporaneous market valuations, per participant asset allocation choices.
- Inception of the fund is August 2002.
- Numbers may not total due to rounding.

Source: SBA

CHART 13:

FRS Investment Plan - Annual Change in Total Fund Value by Source



Source: SBA



Costs

Total plan cost equals the sum of investment option management fees plus administrative, education and fiduciary costs. The Investment Plan's total plan cost (or expense ratio) for calendar year 2015 was 36 basis points (bps). This exceeded its benchmark cost of 27 bps by 9 bps, or 0.09%.

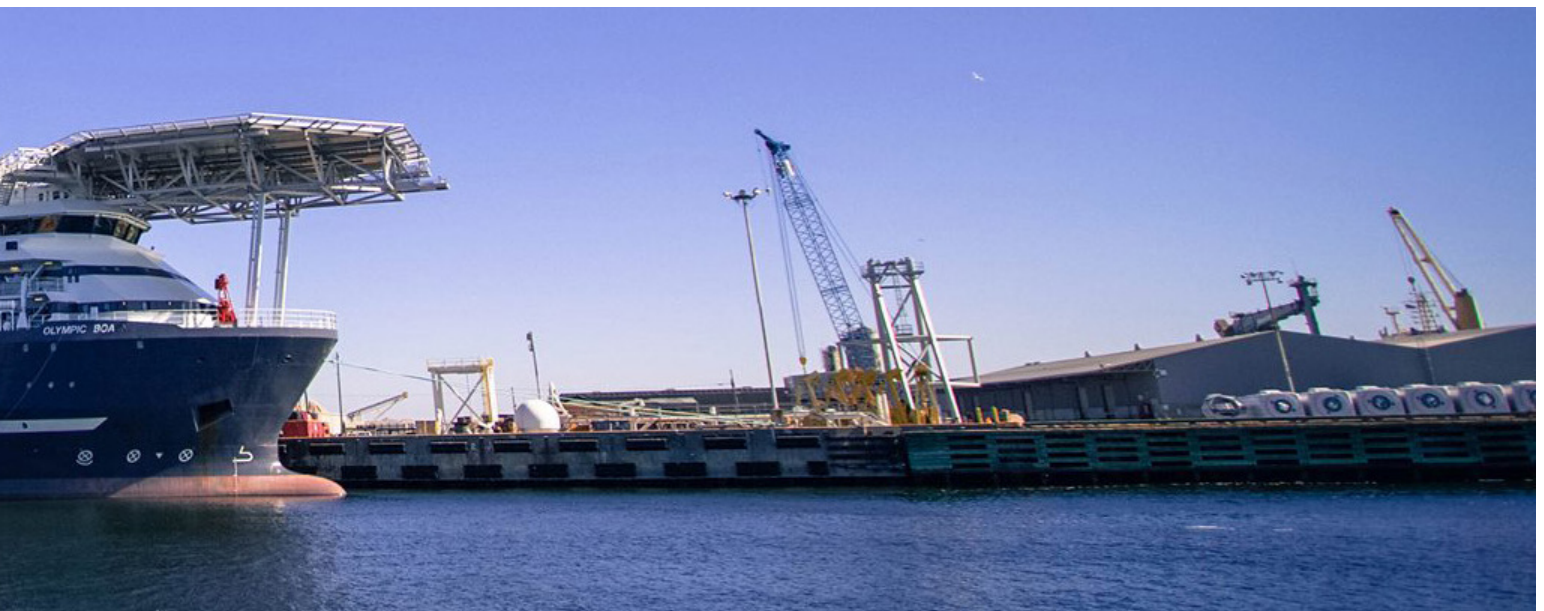
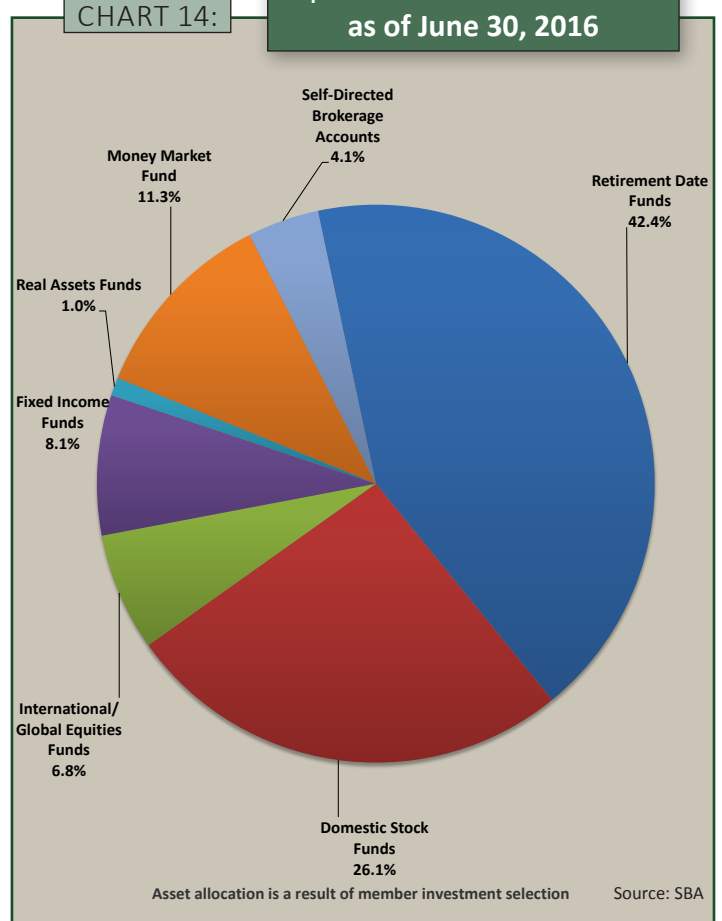
The benchmark cost equals the Plan's asset mix multiplied by the size-adjusted peer median cost for each asset category.

The reason for exceeding the benchmark is the extensive education program and resources offered to all FRS members. Without these costs, the Investment Plan would be comparable to all peers.

Investment Options

The Investment Plan offers a diversified array of fund options that span the risk and return spectrum. Effective July 1, 2014, the Investment Plan fund lineup changed. The changes, which were approved by the State Board of Administration's Investment Advisory Council and Trustees (Governor, Chief Financial Officer, and Attorney General), simplified the existing fund lineup. Some of the funds were combined to create new funds, and a slate of Retirement Date Funds replaced the FRS Select Balanced Funds. Average fees across all investment funds are highly competitive at 0.19%.

FRS Investment Plan - Assets by Product Type \$8.9 Billion Market Value as of June 30, 2016



Since its formal establishment in 1754, the Port of Pensacola has served as northwest Florida's gateway to the world. From its early shipments of regionally harvested lumber, locally made bricks and sailing ship masts, to the locally manufactured paper and power plant components being moved today, the Port of Pensacola has always existed, at least in part, to serve local and regional business interests. The port is committed to providing an efficient and cost-effective port for national, international and multi-national shippers seeking a congestion-free, service-oriented alternative.

Retirement Date Funds

Retirement Date Funds invest in a diversified portfolio of other Investment Plan funds and use an asset allocation concept called “target date funds.” The mix of funds in each Retirement Date Fund is based on the amount of time a participant has before retirement, and the mix gradually changes as their retirement date nears. This gradual change follows a careful investment allocation strategy called a “glide path.”

TABLE 18:

FRS Investment Plan - Retirement Date Funds

Annual Average Investment Returns After Deducting Fees – Data Through June 30, 2016

Fund Name Performance Benchmark	Last 12 Months			Last 3 Years			Last 5 Years			Last 10 Years			Since Inception		
	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added
FRS 2055 Retirement Date Fund 2055 Retirement Custom Index	(2.04%)	(2.36%)	0.32%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(0.20%)	(0.51%)	0.31%
FRS 2050 Retirement Date Fund 2050 Retirement Custom Index	(2.06%)	(2.36%)	0.30%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(0.21%)	(0.51%)	0.30%
FRS 2045 Retirement Date Fund 2045 Retirement Custom Index	(2.03%)	(2.36%)	0.33%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(0.20%)	(0.51%)	0.31%
FRS 2040 Retirement Date Fund 2040 Retirement Custom Index	(2.02%)	(2.22%)	0.20%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(0.19%)	(0.44%)	0.25%
FRS 2035 Retirement Date Fund 2035 Retirement Custom Index	(1.66%)	(1.84%)	0.18%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(0.01%)	(0.24%)	0.22%
FRS 2030 Retirement Date Fund 2030 Retirement Custom Index	(0.85%)	(0.95%)	0.10%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.31%	0.19%	0.12%
FRS 2025 Retirement Date Fund 2025 Retirement Custom Index	(0.41%)	(0.34%)	(0.07%)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.28%	0.29%	(0.02%)
FRS 2020 Retirement Date Fund 2020 Retirement Custom Index	(0.08%)	0.30%	(0.39%)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.15%	0.42%	(0.27%)
FRS 2015 Retirement Date Fund 2015 Retirement Custom Index	0.38%	1.00%	(0.62%)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.10%	0.55%	(0.45%)
FRS Retirement Income Fund Retirement Income Custom Index	0.70%	1.30%	(0.60%)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.13%	0.60%	(0.47%)

• Numbers may not total due to rounding. Inception July 2014.

Source: SBA

Money Market Fund

Money Market Funds invest in short-term securities (financial instruments or obligations) that are high quality and can be sold quickly with little loss of value. Because of these investments, the funds have limited risk of declining in value. However, over the long term, money market investment returns have been modest and may not keep pace with inflation. Money market funds are not FDIC insured or guaranteed.

TABLE 19:

FRS Investment Plan - Money Market Fund

Annual Average Investment Returns After Deducting Fees – Data Through June 30, 2016

Fund Name Performance Benchmark	Last 12 Months			Last 3 Years			Last 5 Years			Last 10 Years			Since Inception		
	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added
FRS Money Market Fund iMoneyNet Money Fund Average	0.38%	0.15%	0.23%	0.24%	0.07%	0.17%	0.25%	0.06%	0.19%	1.23%	1.22%	0.01%	1.56%	1.54%	0.03%

• Numbers may not total due to rounding. Inception August 2002.

Source: SBA

Real Assets Fund

Real Assets Funds invest in a diversified array of assets that may help offset inflationary pressures. These assets include, but are not limited to, U.S. Treasury inflation-linked securities, commodities, real estate investment trusts, gold, and other securities. The funds seek long-term real (net of inflation) returns to preserve the future purchasing power of accumulated assets. Participants could lose money over short- or long-term periods by investing in this fund and returns may not keep pace with inflation.

TABLE 20:

FRS Investment Plan - Real Assets Fund

Annual Average Investment Returns After Deducting Fees – Data Through June 30, 2016

Fund Name Performance Benchmark	Last 12 Months			Last 3 Years			Last 5 Years			Last 10 Years			Since Inception		
	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added
FRS Real Assets Fund Barclays FRS Custom Real Assets Index	(2.92%)	(0.23%)	(2.68%)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(3.78%)	(2.28%)	(1.49%)

• Numbers may not total due to rounding. Inception August 2002

Source: SBA

Bond Funds

Bond Funds invest primarily in fixed income securities which are similar to IOUs. The short-term risk of bond funds is relatively low. However, over time, the value of a bond is affected by interest rates, inflation, and other factors.

TABLE 21:

FRS Investment Plan - Bond Funds

Annual Average Investment Returns After Deducting Fees – Data Through June 30, 2016

Fund Name Performance Benchmark	Last 12 Months			Last 3 Years			Last 5 Years			Last 10 Years			Since Inception		
	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added
FRS U.S. Bond Enhanced Index Fund Barclays Capital Aggregate Bond Index	6.25%	6.00%	0.25%	4.22%	4.06%	0.16%	3.91%	3.76%	0.15%	5.36%	5.13%	0.23%	4.95%	4.77%	0.18%
FIAM Intermediate Duration Pool Fund Barclays Capital Intermediate Aggregate Bond Index	4.69%	4.36%	0.33%	3.31%	3.24%	0.07%	3.30%	2.96%	0.34%	4.65%	4.66%	(0.02%)	4.58%	4.32%	0.26%
FRS Core Plus Fixed Income Fund FRS Custom Core Plus Fixed Income Index	5.51%	5.21%	0.29%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.14%	3.27%	(0.13%)

• Numbers may not total due to rounding.

Source: SBA

U.S. Stock Funds

U.S. Stock Funds invest primarily in stocks issued by U.S. companies. The short-term risk of investing in stocks has been much higher than bonds. However, over long periods of time, stocks have generally performed better than bonds.

TABLE 22:

FRS Investment Plan - U.S. Stock Funds

Annual Average Investment Returns After Deducting Fees – Data Through June 30, 2016

Fund Name Performance Benchmark	Last 12 Months			Last 3 Years			Last 5 Years			Last 10 Years			Since Inception		
	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added
FRS U.S. Stock Market Index Fund Russell 3000 Index	2.30%	2.14%	0.16%	11.22%	11.13%	0.09%	11.68%	11.60%	0.08%	7.49%	7.40%	0.09%	8.75%	8.68%	0.07%
FRS U.S. Large Cap Equity Fund Russell 1000 Index	(2.26%)	2.93%	(5.20%)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.42%	5.13%	(1.70%)
FRS U.S. Small/Mid Cap Equity Fund FRS Custom Small/Mid Cap Index	(0.22%)	(2.10%)	1.87%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.75%	1.41%	1.35%

• Numbers may not total due to rounding.

Source: SBA

Foreign and Global Stock Funds

Foreign and Global Stock Funds invest primarily in stocks issued by foreign companies. Compared to U.S. stocks, foreign stocks are affected by additional risk factors such as foreign laws and regulations, differences in accounting practices, political, and currency risks. Over the long-term, foreign stocks have provided additional diversification benefits.

TABLE 23:

FRS Investment Plan - Foreign and Global Stock Funds

Annual Average Investment Returns After Deducting Fees – Data Through June 30, 2016

Fund Name Performance Benchmark	Last 12 Months			Last 3 Years			Last 5 Years			Last 10 Years			Since Inception		
	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added	Actual Return	Benchmark Return	Value Added
FRS Foreign Stock Index Fund MSCI All Country World Index ex US IMI Index	(9.60%)	(9.61%)	0.02%	2.38%	2.08%	0.30%	1.67%	1.35%	0.32%	2.01%	1.69%	0.32%	6.72%	6.42%	0.30%
American Funds EuroPacific Growth Fund MSCI All Country World ex U.S. Index	(9.57%)	(9.80%)	0.24%	3.77%	1.62%	2.15%	2.50%	0.56%	1.94%	3.97%	1.45%	2.52%	5.82%	3.32%	2.51%
American Funds New Perspective Fund MSCI All Country World Index	(1.60%)	(3.73%)	2.13%	8.21%	6.03%	2.17%	8.00%	5.69%	2.31%	6.95%	3.97%	2.98%	9.74%	6.96%	2.77%

• Numbers may not total due to rounding.

Source: SBA

Overview and Investment Objective

Florida PRIME™ provides eligible participants a cost-effective investment vehicle for their surplus funds. Officially named the Local Government Surplus Funds Trust Fund, its investment strategy emphasizes, in order of importance, preservation of capital (safety), liquidity, and competitive yield. Florida PRIME™ is managed by an industry leader in professional money management and maintains conservative investment policies and a Standard & Poor's 'AAAm' rating. Florida PRIME™ has enhanced transparency and extensive governance oversight. Florida PRIME™ continues to offer participants exceptional service, including expanded reporting, enhanced web functionality, improved customer service, and strengthened investment guidelines.

Florida PRIME™ is governed by Chapters 215 and 218, Florida Statutes, and Chapter 19-7 of the Florida Administrative Code (collectively referred to as, "applicable Florida law").

The Trustees (comprised of the Governor, the Chief Financial Officer, and the Attorney General of the State of Florida) have delegated the administrative and investment authority to manage Florida PRIME™ to the Executive Director & CIO of the SBA, subject to applicable Florida law. Additionally, the Trustees appoint a six-member Participant Local Government Advisory Council and the SBA's nine-member Investment Advisory Council, which are responsible for review of the Florida PRIME™ Investment Policy Statement and any proposed changes prior to its presentation to the Trustees, and may undertake other duties set forth in applicable Florida law.

Eligible Participants

Units of local government eligible to participate in Florida PRIME™ include, but are not limited to, any county, municipality, school district, special district, clerk of the circuit court, sheriff, property appraiser, tax collector, supervisor of elections, state university, state college, community college, authority, board, public corporation, or any other political subdivision or direct support organization of the state.

As of June 30, 2016, Florida PRIME™ had a net asset value of \$7.8 billion, comprising assets held in 1,466 investor accounts on behalf of 775 participants. During the fiscal year, the fund's assets increased by approximately \$786 million, representing an 11.2% increase in net asset value.



Port Canaveral is a fast-growing seaport with cruise traffic expected to double and cargo projected to increase 20-fold during the next five years. Port Canaveral is home to three seasonal ships and eight year-round cruise ships from Carnival Cruise Lines, Disney Cruise Line, Royal Caribbean International, and Norwegian Cruise Line. As part of overall expansion plans, and with a goal of accommodating larger vessels, Phase 1 of a dredging project began in May 2014 to widen Canaveral's 3.5-mile channel by 100 feet, expanding the current width to 500 feet overall and initiating the harbor entrance deepening project. Port Canaveral is extending its cargo reach with development of intermodal facilities in the north and central areas of Brevard County while pursuing on-dock rail to a new state-of-the-art container terminal in the north cargo area.

Performance

For the fiscal year ending June 30, 2016, Florida PRIME™ delivered an aggregate \$34.1 million in investment earnings to its investors, more than double the amount earned by participants during the prior fiscal year. Relative performance of Florida PRIME™ has been strong over short- and long-term time periods. For the period ending June 30, 2016, Florida PRIME™ generated excess returns (performance above the pool's benchmark) of approximately 20 basis points (0.20%) over the last 12 months, 14 basis points (0.14%) over the last three years, and 16 basis points (0.16%) over the last five years. By historical standards, absolute returns have been low over the past five years, reflecting the near-zero Federal Funds rate strategy employed as part of the stimulative monetary policy of the Federal Reserve Board of Governors. The investment yield achieved by Florida PRIME™ began a steady climb ultimately closing the year at its highest level since May 2009.

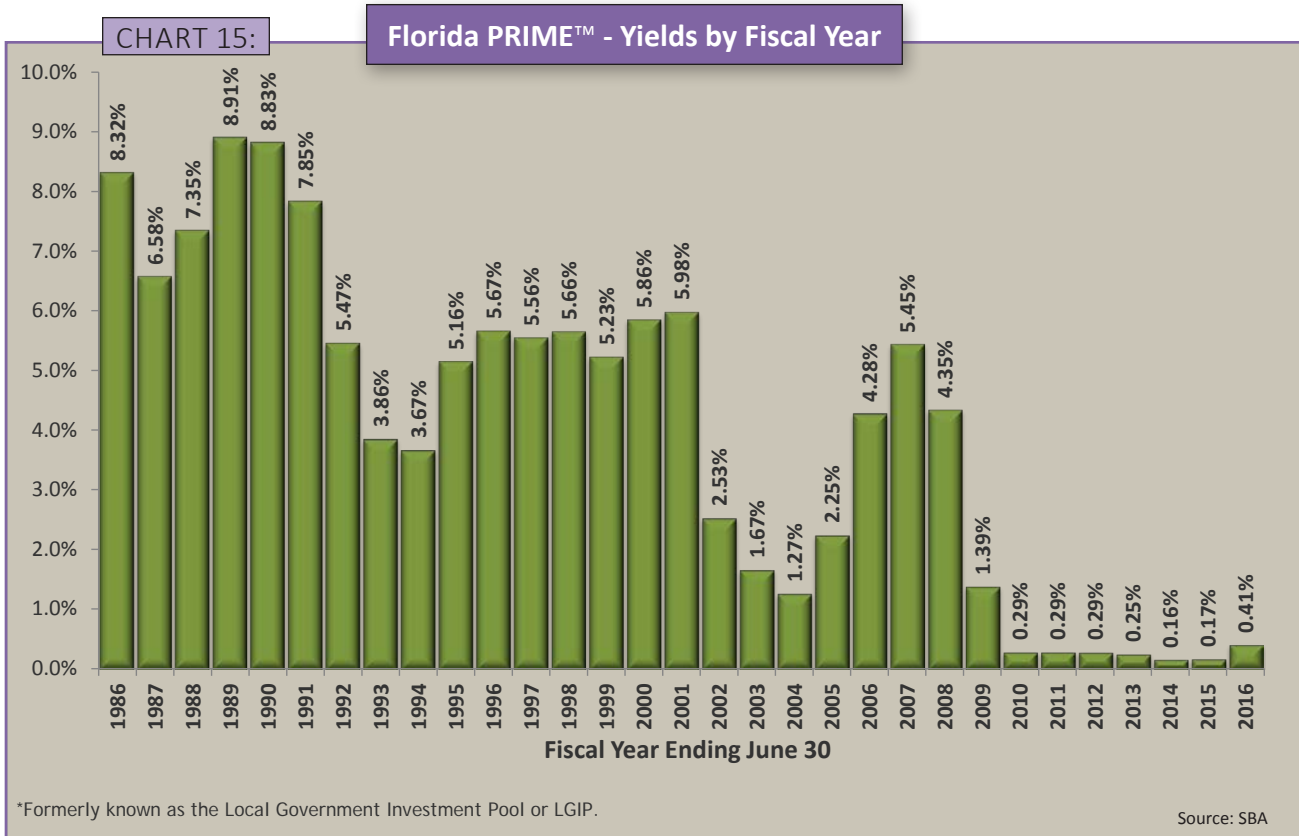


TABLE 24: Florida PRIME™ - Participant Performance Data Through June 30, 2016

	Florida PRIME 30 Day Avg Yield ¹	Benchmark Yield ²	Actual Over (Under) Bmk.
One Year	0.41%	0.21%	0.20%
Three Years	0.25%	0.11%	0.14%
Five Years	0.26%	0.10%	0.16%
Ten Years	1.29%	1.13%	0.16%
Fifteen Year	1.66%	1.45%	0.21%
Twenty Years	2.64%	2.44%	0.21%
Twenty-Five Years	3.06%	2.87%	0.19%

- All yields are annualized for periods indicated through June 30, 2016.
- Yields are net of fees, and reflect the yield calculation pursuant to Chapter 19-7.011, Florida Administrative Code.
- Benchmark is the S&P AAA/AA Rated GIP All 30-Day Net Index for all time periods except the period July, 1994 to March, 1995 where an approximation using one month LIBOR was used.
- Numbers may not total due to rounding.

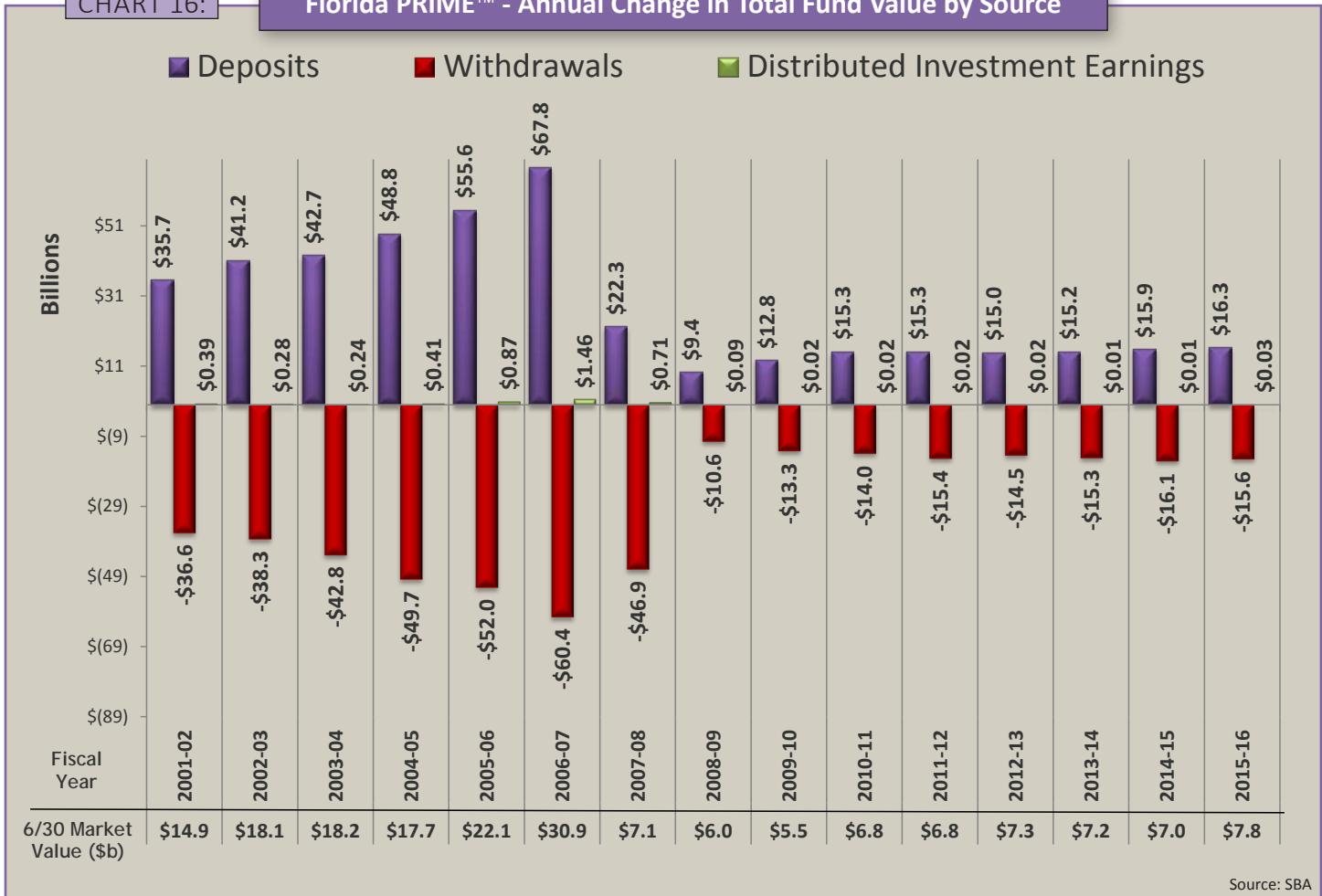
- Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.
- The net-of-fee benchmark is the S&P AAA/AA Rated GIP All 30-day Net Index for all time periods.

Source: SBA

During the fiscal year ending June 30, 2016, participant deposits totaled \$16.34 billion and participant withdrawals totaled \$15.59 billion, for a net increase of approximately \$786 million in the pool's net asset value.

CHART 16:

Florida PRIME™ - Annual Change in Total Fund Value by Source



Source: SBA

Cost

As the lowest-cost investment pool in the state, Florida PRIME™ offers the best value for governmental investors, with total fees that are a fraction of the cost of other investment options. The all-in fees of Florida PRIME™ are approximately one-fourth (1/4) those of its closest competitor, by far the lowest of any similar government investment pool (“GIP”) in the State of Florida, and lower than most other GIPs nationwide and other institutional money market products. All investors are charged a uniform rate to participate in Florida PRIME™. As of June 30, 2016, the fee charged to Florida PRIME™ investors was 3.0 basis points (or 0.03%) of account value. This charge covers the cost of investment management, record keeping, legal compliance, maintenance of a fund rating, and fiduciary oversight of the investment pool. Due to investment management fee rebates within the portfolio, actual fees charged to participants averaged approximately 2.7 basis points (or 0.027%) during the first half of the fiscal year. Beginning on January 1, 2016, all participant charges were offset using reserve funds, decreasing the total fees to zero.

According to the most recent iMoneyNet™ report on GIPs, the average total cost for all types of money market funds was 14.39 basis points. The average fee for GIPs classified as money market funds was 7.59 basis points. These fee levels, approaching three to six times the cost of Florida PRIME™, are roughly commensurate with other statewide GIPs available to local governments in Florida, which range from 11 to 22 basis points, depending on the specific level of temporary fee waiver in effect. According to iMoneyNet™ data, the average fee charged among all taxable, registered money market funds, excluding government-sponsored investment pools, stands at 15 basis points. The average expense ratio among all “prime” institutional money market funds equaled 20 basis points (actual charges) and 43 basis points (fees incurred, but not charged), indicating a high proportional amount of fund expenses being waived.

Port Panama City is a dynamic and growing port. Today it handles more than 1.7 million tons of cargo per year including containerized cargo, copper cathodes, steel plate, steel coils, kraft paper, wood pellets and aggregates. The port provides essential support service for five major manufacturing companies, including two located on the port.



Florida Hurricane Catastrophe Fund/ State Board of Administration Finance Corporation

The Florida Hurricane Catastrophe Fund (FHCF) was created in 1993 in response to Florida’s property insurance crisis resulting from Hurricane Andrew. The purpose of this tax-exempt state trust fund is to encourage additional insurance capacity in the state by providing a stable and ongoing source of reimbursement to insurers for a portion of their catastrophic hurricane losses. The FHCF is funded by reimbursement premiums charged to participating insurers, investment earnings, and emergency assessments on most property and casualty insurers.

Performance

The SBA acts as investment manager for the FHCF. Reimbursing insurers fully for their covered losses in a timely manner is the primary mission of the Fund. Therefore, the investment objective for the Fund is defined by the following prioritized goals: (i) liquidity; (ii) safety of principal; and (iii) competitive returns. The investment returns of the portfolio are consistent with the mission of the Fund. Earnings for the most recent period continue to be modest by historical standards, due to the Fund’s conservative investment policy and the low interest rate environment during the year.

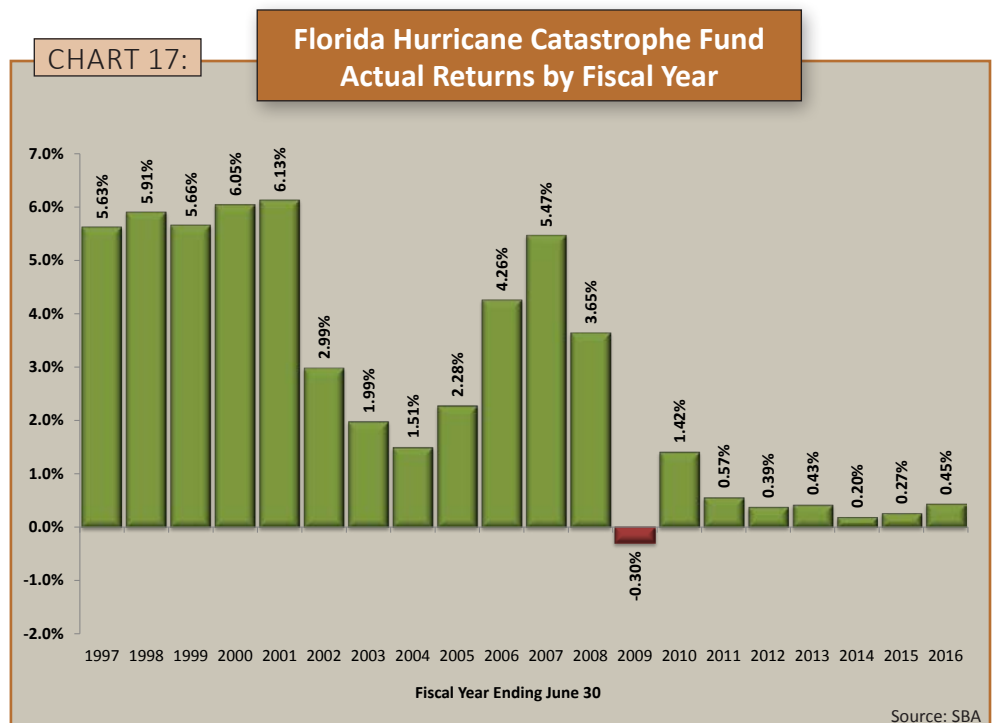


TABLE 25: Florida Hurricane Catastrophe Fund Returns for Periods Ending June 30, 2016

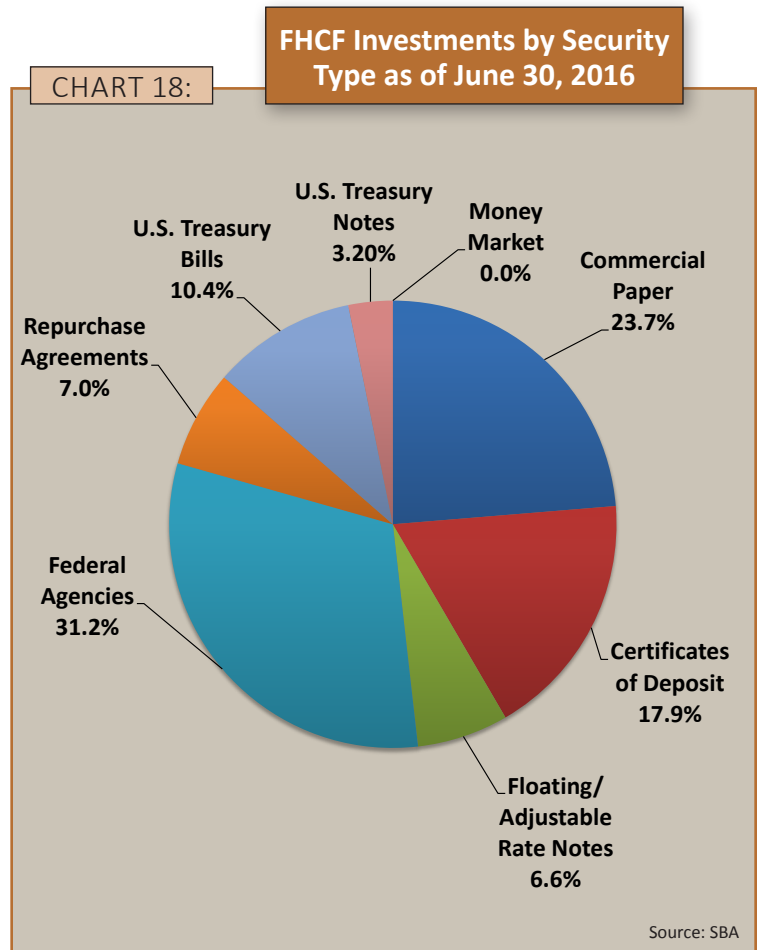
	Actual Return	Benchmark Return	Actual Over (Under) Bmk.
One Year	0.45%	0.57%	(0.12%)
Three Years	0.31%	0.27%	0.04%
Five Years	0.35%	0.19%	0.16%
Ten Years	1.24%	1.22%	0.02%
Fifteen Years	1.69%	1.47%	0.22%

- All returns are annualized for periods indicated through June 30, 2016.
- Benchmark is a Blend of 75% of the Bank of America Merrill Lynch 1-Year U.S. Treasury Bill Index and 25% of the iMoneyNet First Tier Institutional Money Market Funds Net Index."
- Inception of the Fund was July 1996.
- Numbers may not total due to rounding.

Source: SBA

Portfolio

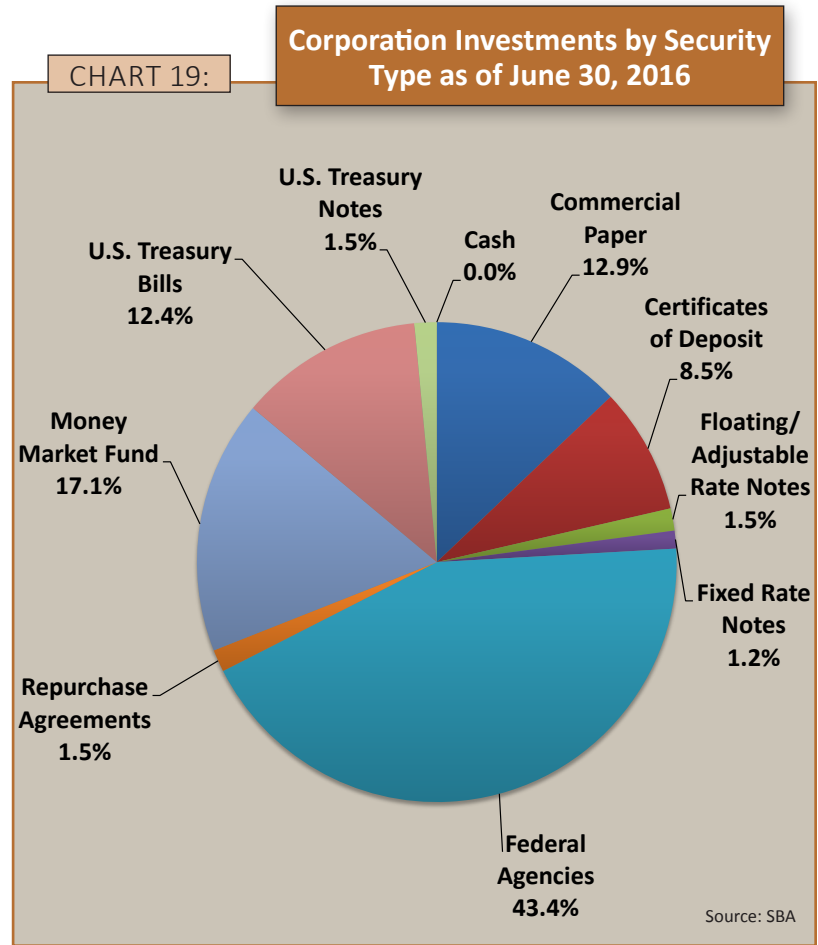
Cash flow needs for the FHCF after a hurricane are difficult to project, but it is prudent to assume that significant amounts of cash could be needed to pay covered losses quickly if there is a large event. Since paying such losses fully and in a timely manner is the primary mission of the FHCF, liquidity and principal stability in the portfolio must be paramount. The SBA invests in short-term, high quality, and highly liquid fixed income securities such as certificates of deposit, commercial paper, U.S. government agency notes, and U.S. Treasury bills.



St. Lucie County is exploring strategic options for the Port of Fort Pierce. The county owns 20 acres at the port, adjacent to 67 acres owned privately, as well as 12 acres that house the privately owned Indian River Terminal.

State Board of Administration Finance Corporation

The State Board of Administration Finance Corporation (Corporation) was created as a public benefits corporation to provide a mechanism for the cost-effective and efficient issuance of bonds to fund hurricane losses for the Florida Hurricane Catastrophe Fund (Fund).



Pre-Event Financing

In order to provide a source of additional funds to reimburse insurers for hurricane losses related to future covered events, the Corporation issued \$2.0 billion taxable, pre-event Series 2013A revenue bonds in Fiscal Year 2012-13 and \$1.2 billion taxable, pre-event Series 2016A revenue bonds in Fiscal Year 2015-16. The proceeds of these bonds are invested and managed by the SBA as a potential source of reimbursement for future hurricane losses. The investment earnings on the bonds, as well as the Fund's reimbursement premiums, are the funding sources for the payment of interest on the bonds.

The Corporation has the same investment objectives as the Fund, therefore, the investment returns and allocation of securities also reflect the short-term, high quality, and highly liquid nature of the portfolio.

TABLE 26: State Board of Administration Finance Corporation Series 2013A Returns for Periods Ending June 30, 2016

	Actual Return	Benchmark Return	Actual Over (Under) Bmk.
One Year	0.46%	0.57%	(0.11%)
Three Years	0.32%	0.27%	0.05%
Since Inception	0.30%	0.25%	0.05%

- All returns are annualized for periods indicated through June 30, 2016.
- Benchmark is a blend of 75% of the Bank of America Merrill Lynch 1-Year U.S. Treasury Bill Index and 25% of the iMoney Net First Tier Institutional Money Market Funds Net Index.
- Inception of the fund was April 2013.
- Numbers may not total due to rounding.

Source: SBA

Lawton Chiles Endowment Fund

Overview and Investment Objective

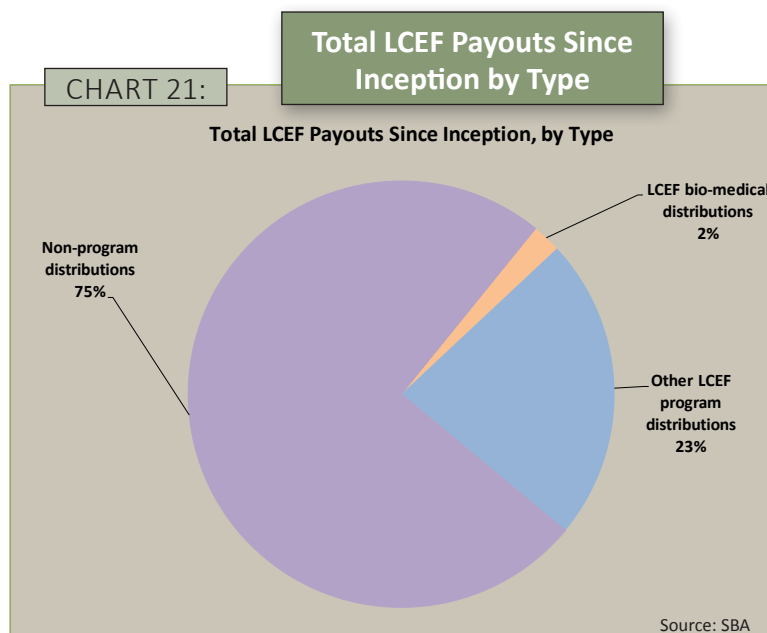
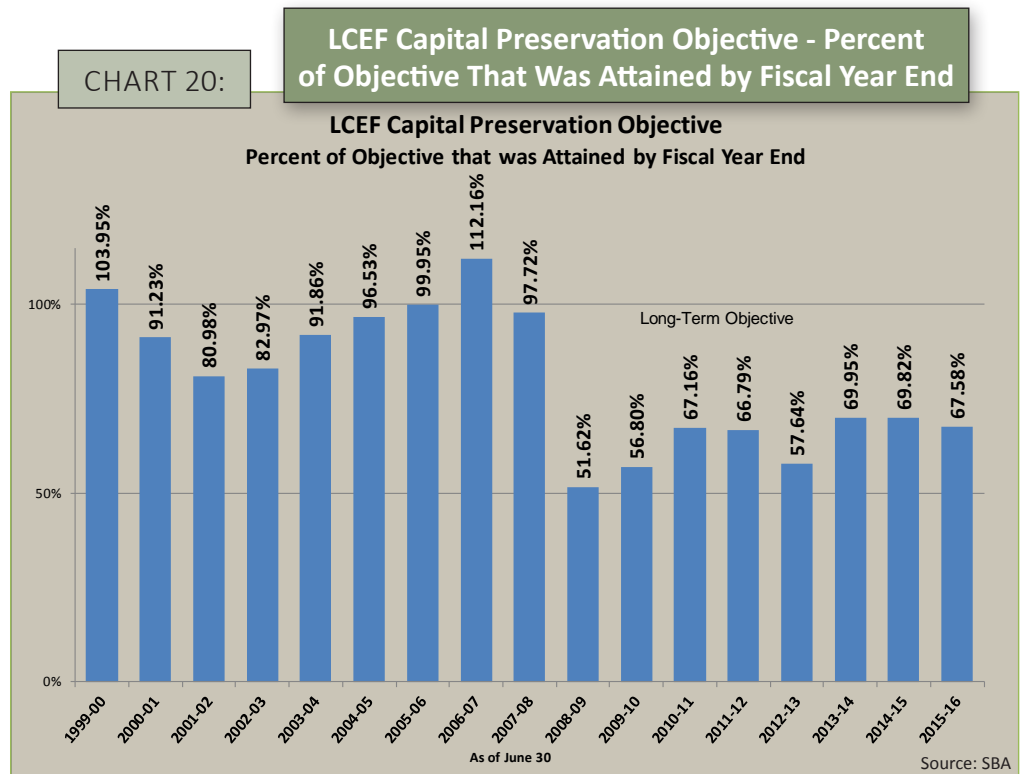
Created by the Florida Legislature in 1999, the purpose of the Lawton Chiles Endowment Fund (LCEF) is to invest a portion of the state's tobacco settlement monies to provide a perpetual source of enhanced funding for health maintenance and research programs related to tobacco use. The SBA has the statutory authority and responsibility for the investment of LCEF assets, subject to certain investment limitations and consistent with an Investment Policy Statement approved by the SBA Trustees.

Capital Preservation Objective

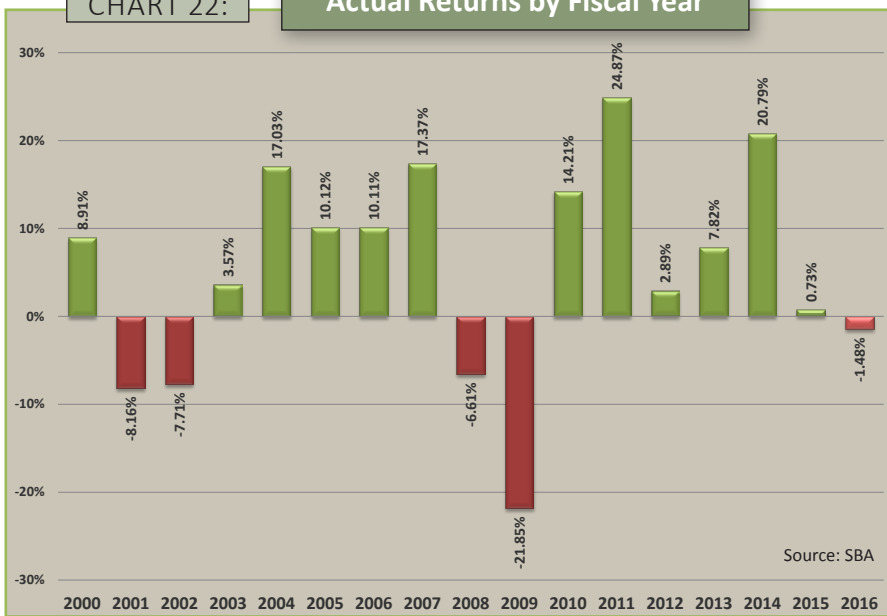
Florida law specifies that the LCEF shall be managed as a perpetuity, with an investment objective of long-term preservation of the real value of the principal. The law further requires a specified regular annual cash outflow for appropriation, as nonrecurring revenue.

Chart 20 provides the inflation-adjusted value of cumulative net contributions to the LCEF as of June 30, 2016, which was approximately \$624 million (in 1999 dollars).

Chart 21 provides the percentage by purpose of the total payouts from the Fund.



**Lawton Chiles Endowment Fund
Actual Returns by Fiscal Year**



Performance

Chart 22 illustrates actual returns for the LCEF for each year since its inception. Negative returns over two years early in the millennium and two years more recently are reflections, respectively, of the bursting of the tech bubble and the more recent financial crisis.

In addition to the statutory investment objective for the Endowment Fund, the SBA measures performance relative to market-based benchmarks. Table 27 compares actual returns to the benchmark return for various periods ending June 30, 2016.

TABLE 27:

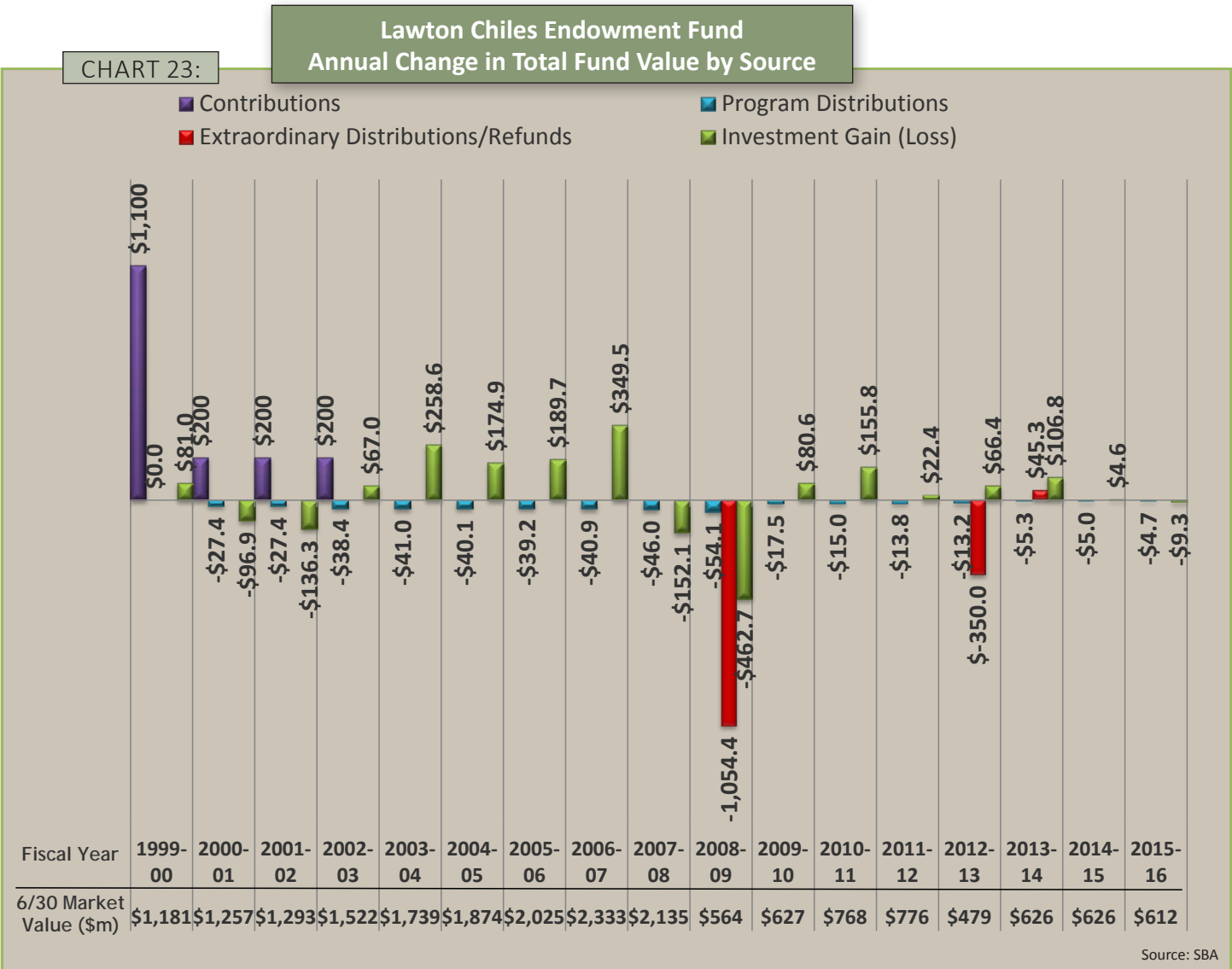
**Lawton Chiles Endowment Fund
Returns for Periods Ending June 30, 2016**

	Actual Return	Benchmark Return	Actual Over (Under) Bmk.
One Year	(1.48%)	(1.27%)	(0.21%)
Three Years	6.23%	5.52%	0.71%
Five Years	5.87%	5.14%	0.73%
Ten Years	4.97%	4.39%	0.59%
Since Inception	4.76%	4.29%	0.47%

- All returns are annualized for periods indicated through June 30, 2016.
- Benchmark is a weighted blend of individual asset class target indices as applicable; weights and benchmarks are established in the Lawton Chiles Endowment Fund Investment Policy Statement.
- Inception of the Fund was July 1999.
- Numbers may not total due to rounding.

Source: SBA

Chart 23 illustrates the components of year-to-year change in the endowment’s net asset value. The Fund received external infusions of capital (i.e., contributions) only in the first four years of its existence (purple bars). Since then, the only support for annual payouts (light blue bars) has been earnings on those initial investments (green bars). The Fund’s assets were substantially reduced by the extraordinary payouts, and partial repayments (red bars).



Cost

External investment management fees, by asset class, paid by the Fund are presented in table 28.

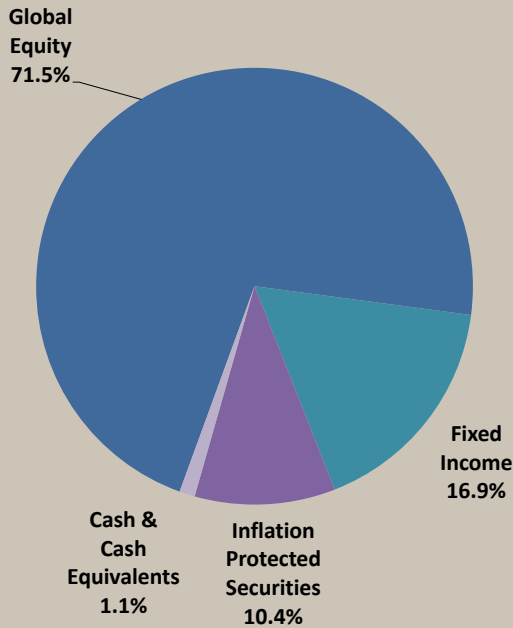
**TABLE 28: External Investment Management Fees
Fiscal Year 2015-16**

Asset Class	Dollar Amount
Global Equity	\$ 432,537
Fixed Income	34,905
Inflation-Indexed	15,327
Total	\$ 482,769

Source: SBA

CHART 24:

**Lawton Chiles Assets by Type
\$611.71 Million as of June 30, 2016**



Source: SBA

Over its life, the only non-transitional change to the Endowment Fund's asset allocation was the elimination of exposure to Real Estate Investment Trust securities (REITs) at the beginning of Fiscal Year 2009-10. This was part of a general streamlining of the Fund's investment structure, as its net asset base shrank from \$2.13 billion on June 30, 2008 to \$0.56 billion a year later.

Asset Allocation

The principal performance measure of a fund's asset allocation is a weighted composite of the benchmark returns of each of its asset classes, where the weights are the policy allocations for each class. Chart 24 shows the actual asset allocation for the LCEF as of June 30, 2016. Table 29 compares what would have been earned had actual exposures adhered strictly to the target weights and had the Fund earned only the benchmark return for each asset class, and the deviation from the policy weights that occurred in practice added to or detracted from the policy return of the Fund.

TABLE 29:

**LCEF Returns to Asset Allocation
Periods Ending June 30, 2016**

	Policy Return	Implementation Return
One Year	(1.72%)	(1.37%)
Three Years	5.41%	5.48%
Five Years	4.99%	5.12%
Ten Years	4.42%	4.38%
Since Inception	4.46%	4.28%

Source: SBA

Asset Classes

As of June 30, 2016, assets of the Lawton Chiles Endowment Fund are currently divided into four classes: Global Equity, Fixed Income, Inflation-Protected Securities, and Cash Equivalents. Table 30 presents returns by asset class over various periods ending June 30, 2016.

TABLE 30:

**Lawton Chiles Endowment Fund Actual Returns
by Asset Class for Periods Ending June 30, 2016**

	Actual Return	Benchmark Return	Actual Over (Under) Bmk.		Actual Return	Benchmark Return	Actual Over (Under) Bmk.
Global Equity				TIPS			
One Year	(3.88%)	(4.24%)	0.36%	One Year	4.40%	4.35%	0.05%
Three Years	7.29%	6.18%	1.11%	Three Years	2.33%	2.31%	0.02%
Five Years	8.28%	7.06%	1.22%	Five Years	2.71%	2.63%	0.08%
Ten Years	5.83%	5.17%	0.66%	Ten Years	5.05%	4.75%	0.30%
Fixed Income				Cash Equivalents			
One Year	6.06%	6.00%	0.06%	One Year	0.43%	0.21%	0.21%
Three Years	4.09%	4.06%	0.03%	Three Years	0.36%	0.11%	0.26%
Five Years	3.88%	3.76%	0.12%	Five Years	0.46%	0.10%	0.36%
Ten Years	5.19%	5.13%	0.05%	Ten Years	1.57%	1.12%	0.46%

• Global Equity became an asset class in September 2012. The historical return series prior to September 2012 was derived from the underlying Domestic and Foreign Equities components.

• Numbers may not total due to rounding.

Source: SBA

Portfolios by Asset Class

Table 31 shows the beginning and ending market values for each asset class and individual Endowment Fund portfolios, together with net contributions and withdrawals, and investment gain or loss.

TABLE 31:

Lawton Chiles Endowment Fund Assets Under Management Market Value Change by Asset Class and Portfolio, Fiscal Year June 30, 2016

	Market Value 6/30/2015	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2016
Global Equities Portfolios				
- Chiles Domestic Equities Russell 3000 xTobacco	\$5,707	(268,921)	322,871	\$59,657
- Chiles Domestic Equities Transition Account	585	(723)	47,201	47,064
- Acadian- Chiles (ICEF)-Foreign Equities	458,938,432	(3,250,100)	(18,135,371)	437,552,961
Fixed Income Portfolios				
- Chiles Barclays Aggregate	97,575,690	0	5,912,508	103,488,198
- Chiles Fixed Income Cash Expense	0	2,205	(2,205)	0
Inflation-Indexed Bond Portfolios				
- Chiles TIPS Account ¹	1	(1)	0	0
- BlackRock TIPS Passive	60,944,303	1	2,685,577	63,629,882
- Chiles TIPS Cash Expense	0	2,067	(2,067)	0
Cash/Short-Term Portfolios				
- Chiles Cash	8,241,941	(1,338,586)	34,146	6,937,502
- Chiles Cash Expense	0	1,844	(1,844)	0
- Chiles Securities Lending	0	0	0	0
- Chiles Total Fund Expense	0	137,213	(137,213)	0
Total Lawton Chiles Endowment	\$625,706,661	\$(4,715,000)	(\$9,276,397)	\$611,715,263

¹ Account closed during the fiscal year.

• Numbers may not total due to rounding.

Source: SBA



Other Funds Under Management

In addition to the major mandates and investment pools discussed earlier in this report, the SBA either managed or facilitated the management of assets for several other clients, within four broad categories. The clients and nature of the SBA's responsibilities are enumerated below. Assets may be held in one or more of the SBA's investment pools, as well as in separately managed portfolios. Return data is not calculated individually for these clients either because the client's assets are managed in a pooled investment product, or because returns are not indicative of the SBA's effectiveness in managing the assets.

Portfolios Managed Under Fiduciary Discretion

- Retiree Health Insurance Subsidy Trust Fund

The SBA develops and maintains an investment policy for this Fund, setting forth an investment benchmark, a portfolio style, a risk profile, holding limitations, authorized securities, an investment objective and so forth. The SBA exercises its discretion as an investment fiduciary, cognizant of the risk tolerance of the Fund, in a manner similar to its services for major mandate clients.

Portfolios with Dedicated Bond Strategies

- Burnham Institute for Medical Research Fund
- Department of the Lottery Fund
- Charles Stark Draper Laboratory
- Oregon Health & Science University
- SRI International Fund
- Torrey Pines Institute for Molecular Studies Fund
- University of Miami

Typically, for clients within this category, pursuant to a trust agreement containing investment policy guidelines, the SBA manages a portfolio of laddered fixed income and/or short-term instruments whose maturities are matched to a Principal Disbursement Schedule supplied by the client. For select clients, the SBA utilizes Florida PRIME™ for short-term cash allocations. For all of these clients, the SBA seeks to provide safety of principal and a competitive return within the confines of the payout amounts and dates specified by the client.

For each Lottery winner who chooses annuity payments rather than a lump sum payout, the SBA purchases Treasury STRIPS for the term prescribed with the net winnings allocated.

Program Directed Assets – Specific Terms

- Bond Proceeds Trust Fund
- Debt Service
- Gas Tax Clearing Fund

These portfolios contain assets of state government programs temporarily available for investment. The programs are housed within or closely affiliated with the SBA. Pursuant to specific Investment Portfolio Guidelines, transactions are executed by the SBA's investment staff upon instruction from the program specifying the terms of the investment.

Client Directed Assets – Investment Products

- Florida Division of Blind Services
- Florida Prepaid College Plan
- Florida Prepaid Investment Plan
- McKnight Doctoral Fellowship Program

For these clients, the SBA has secured certain products of external investment managers deemed cost-effective and suitable to the needs of the client. The clients determine whether and when to invest or withdraw their assets from these investment products.

Other

- Police and Firefighters' Premium Tax Trust Fund
- Bond Fee Trust Fund
- Arbitrage Compliance Trust Fund
- Insurance Capital Build-up Program
- Inland Protection Financing Corporation
- FSU Research Foundation
- Florida ABLE, Inc.
- Florida Prepaid College Plan Administrative Expense
- Florida College Investment Plan Administrative Expense
- SBA Administrative Fund
- PEORP Administrative Fund



Port Tampa Bay is largest of the Florida ports by tonnage and land, and is a critical economic engine for all of Central Florida. Located in the fastest growing region of our state, Port Tampa Bay is a full service port handling all types of cargo and cruise passengers, as well as other maritime activities including important shipbuilding and repair facilities. Building on a long and rich history as a significant bulk port, Port Tampa Bay today handles a broad mix of bulk, break-bulk, container, ro/ro and heavy lift/project cargo.





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