

Investment Report

Fiscal Year July 1, 2017 - June 30, 2018



State Seal

In 1985, Secretary of State George Firestone presented the revised Great Seal of the State of Florida to the Governor and the Cabinet. The previous State Seal had several errors which were corrected in the 1985 Seal. This revised Seal has a Seminole Indian woman rather than a Western Plains Indian, the steamboat is more accurate, and the cocoa palm has been changed to a sabal palm as the Legislature prescribed in 1970.



History of the State Seal 1868-1985

The elements and basic design instructions for Florida's State Seal were established by the Legislature in 1868. Early that year, Florida's newly adopted State Constitution had directed that: "The Legislature shall, at the first session, adopt a seal for the state, and such seal shall be the size of an American silver dollar, but said seal shall not again be changed after its adoption by the Legislature."

So the Legislature, acting quickly upon the mandate, passed and sent to Governor Harrison Reed a Joint Resolution on August 6, 1868 specifying "That a Seal of the size of the American silver dollar, having in the center thereof a view of the sun's rays over a high land in the distance, a cocoa tree, a steamboat on water, and an Indian female scattering flowers in the foreground, encircled by the words, 'Great Seal of the State of Florida: In God We Trust', be and the same is hereby adopted as the Great Seal of the State of Florida." "In God We Trust" was adopted as the official state motto in the 2006 Florida Legislative Session. (Florida State Statute 15.0301)

Florida's present Constitution, (Art. II, Sec. 4), continues to require the seal to be prescribed by law. In 1970, more than 100 years after the first specifications were drawn, the Florida Legislature made one change in the official description (CH. 15.03), changing "cocoa tree" in the former language to "Sabal palmetto palm." The sabal palmetto palm had been designated as State Tree in 1953.

Through the years, interpretations of the elements of the Great Seal have differed considerably. The steamboat, for instance, has been depicted in a variety of ways. The various images of the Indian female have drawn criticism from historians conscious of her clothing. The earliest official Great Seal pictured a mountainous background, something absent from the Florida terrain. Another effort showed a feather headdress on the Indian, a blunder inasmuch as Indian males wore the headdresses.

Through it all, however, the elements in the Great Seal have remained consistent.

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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, 2018, 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.

Throughout the year, the SBA has remained true to its responsibility to invest Florida's assets ethically, prudently, and in strict accordance with applicable law, policies, and fiduciary standards. Market and other conditions vary constantly; our commitment to fiduciary excellence is immutable.

FRS Pension Trust Fund

While we are always pleased to post positive returns, and this year is no exception, understanding the context in which to view performance is just as important as the performance numbers themselves. As always, our focus remains on the long-term sustainability of the plan. Therefore, performance for any one year should always be assessed:

- Relative to benchmark(s) - Performance should be compared to that of an appropriate, pre-established benchmark suitable to the assets and strategies to which it applies. Capable investment managers can often add value relative to an underlying benchmark; doing so consistently over time is unusual but not impossible.
- Relative to a long-term real return objective – As a pension fund, our focus is on the long-term because our liabilities, i.e. pension distributions, extend decades into the future. Each year we review our assets and liabilities and identify a long-term real (net of inflation) return that, if attained, will cover our liabilities as they come due. Short-term variance, positive or negative, from the long-term real return objective is expected, but it is our long-term performance compared with our long-term objective that matters.
- Relative to risk – All performance is not created equal; a return captured consistent with carefully controlled risk is more desirable than the same return captured through a strategy whose risk could lead to ruin. The SBA is a disciplined institutional investor; we use a “risk budget” to consciously apportion where we choose to take risk. All returns are considered on a risk-adjusted basis.
- Relative to peers – Do the SBA's risk-adjusted returns compare favorably to our large pension fund peers, or does the comparison suggest their strategy and execution offer an advantage?

For the fiscal year ended June 30, 2018, the FRS Pension Plan earned a net return of 8.98%, beating its total fund benchmark by 76 basis points (0.76%). All asset classes beat their benchmarks earning returns, led by Private Equity with 17.25%, followed by Global Equity with 11.55%, Strategic Investments with 7.76%, Real Estate with 7.21%, Cash & Cash Equivalents with 1.42%, and Fixed Income with (0.16%).

The history of net returns reflecting value added over benchmarks shows the value of well-reasoned investment policy that ensures diversification, risk management and cost control. SBA is prudent and patient in executing the fund's long-term investment plan. As we close the term of 2 of the existing 3 Trustees, for the 8 years ending October 2018, the FRS Pension Fund returned 8.26%, beating its benchmark by 91 basis points. This equates to \$81.85 billion in investment earnings, of which \$8.9 billion was outperformance to the benchmark. Additionally, according to CEM Benchmarking, relative to peers, SBA's investment value added was in the 100th percentile for the five-year period, and in the 95th percentile for ten-year period for the year ending 6/30/2017, among the very best. In addition to investment performance that is credible in any context, Florida SBA continues to be among the lowest cost large North American pension funds.

Performance for the 25- and 30-year periods came in at 8.13% and 8.89% respectively, reflecting the long-term resiliency of the fund to short-term turmoil by posting returns above the assumed rate of return and real return objective while absorbing the combined impacts of the dot-com meltdown of the early 2000's and the global financial crisis of 2008. The 10-, 15- and 20-year returns were at 6.85%, 7.86%, and 6.35% respectively.

FRS 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 9.58%, 78 basis points ahead of the benchmark 8.80%. 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 7.18%, 7.85%, and 6.10%, beating the benchmarks by 0.32%, 0.38%, and 0.41% respectively.

As one of the top ten public defined contribution plans in the United States, during the fiscal year ended June 30, 2018, 24% of newly hired employees elected to join the Investment Plan, and 3,929 Pension Plan members used their second election to switch to the Investment Plan resulting in a record high 190,664 member accounts. The Plan's year-end assets were \$10.83 billion, also the fund's highest fiscal year-end value ever.

This year brought significant legislative changes to the Investment Plan. Members in classes other than the Special Risk Class who are killed in the line of duty will have monthly survivor benefit payments payable for the surviving spouse's lifetime or on behalf of dependent children until the youngest child reaches age 18. The annual benefit is 50 percent of the member's base pay at the time of death. Members who previously were considered retired from the Investment Plan are now allowed to become renewed members of the Investment Plan as of July 1, 2017. Also, effective January 1, 2018, new employees started having eight calendar months after the month of hire to make an active election between the Pension Plan and the Investment Plan. If members do not make an active election by the end of the election period, members in classes other than the Special Risk Class will default to the Investment Plan, and members in the Special Risk Class will default to the Pension Plan. All members will continue to have a second election if they wish to change membership plans.

Florida PRIME™

Florida PRIME™, the SBA managed statewide government investment pool, provided investment services to 737 governmental clients in the fiscal year. The fund remains the leading local government investment pool available in Florida by offering superior liquidity, transparency, low-fees, and performance.

At the end of the fiscal year, on June 30, 2018, Florida PRIME™ participant yield was 2.13% beating its benchmark by 25 basis points and ended the year with a market value of \$10.51 billion. The pool's net asset value grew by 12.7 percent, or approximately \$1.02 billion, all while distributing \$170.7 million in gross investment earnings to its investors. Much of the excess performance can be attributed to our industry-low fee structure, which is approximately 75% lower than peer funds. The net yield of the Pool ended June at 2.13%, reflecting back-to-back interest rate hikes by the Federal Open Market Committee (FOMC) in March 2018 and June 2018.

Lawton Chiles Endowment Fund (LCEF)

Florida statutes created the Lawton Chiles Endowment Fund to provide a perpetual source of enhanced funding for state children's health programs, child welfare programs, children's community-based health and human services initiatives, elder programs, and biomedical research activities related to tobacco use.

The law directs the SBA to manage the LCEF as an annuity with the investment object of the preservation of the real value of the net contributed revenue and a sustainable spending rate. The proportion of the preservation objective increased from 76.05% to 80.62% of its target. This fiscal year's return on the endowment was 9.93% versus a benchmark return of 8.37%.

Florida Hurricane Catastrophe Fund (FHCF)

The Florida Hurricane Catastrophe Fund (FHCF) was created to protect and advance the state's interest in maintaining insurance capacity in Florida by providing reimbursements to insurers for a portion of their catastrophic hurricane losses. The Florida Catastrophe Fund is financially stronger than it has ever been, through a combination of good luck and good leadership driving prudent policy.

The Fund again took advantage of record low reinsurance and interest rates to transfer \$1 billion dollars of potential loss away from Florida's insurance policyholders for the 2018 hurricane season. These actions have provided the Cat Fund full liquidity to meet its maximum single-season risk liability. The FHCF's claims paying reserves achieved a 1.34% actual return, outperforming the benchmark by 14 basis points.

Florida completed the 2017 hurricane season with Hurricane Irma making two landfalls in Florida, the first as a Category 4 hurricane and the second as a Category 3. The FHCF estimates the aggregate total loss reimbursements for Hurricane Irma will be approximately \$3.2 billion to the fund.

State Board of Administration Finance Corporation

The State Board of Administration Finance Corporation provides the mechanism for the cost effective issuance of pre-event bonds to provide a source of additional funds to reimburse insurers for hurricane losses related to future covered events. The Corporation has the same investment objectives as the FHCF; therefore, the investment returns and allocation of securities also reflect the short-term, high quality, and highly liquid nature of the portfolio.

The Corporation issued \$2 billion in pre-event bonds in 2013, with \$500 million maturing in 2016, \$500 million in 2018 and \$1 billion in 2020. The \$1.5 billion remaining in the 2013 series earned 1.22% for the fiscal year ending June 30, 2017, outperforming its benchmark by 13 basis points. In addition, the Corporation issued \$1.2 billion in pre-event bonds in 2016, with \$550 million maturing in 2019 and \$650 million in 2021. The 2016 series earned 1.26% for the fiscal year ending June 30, 2017, outperforming its benchmark by 14 basis points.

Cost Control

Initiatives in efficiencies, infrastructure, and operations continue to be motivated and accelerated by internal budget processes that subject each business unit's budget request to peer review. This process brings relative priorities into focus quickly and gives the entire management team ownership of resource allocation decisions.

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, an important distinction that will become even more valuable in low market-return environments. 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.

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 capable of prudently managing portfolios in-house. While there will always be strategies inappropriate for internal management and net of cost performance is more important than cost alone, experience has proven that we can accomplish excellent results in a number of strategies, at significantly lower cost (from 75% – 90% lower) compared to commercial asset management fees.

For the fiscal year ended June 30, 2018, the SBA increased the total amount managed internally to 44.1% of total assets, or \$70.8 billion up from 43.1% and \$66.2 billion for the fiscal year ending June 30, 2017. This is primarily in public liquid markets, global equities and fixed income, with portfolios totaling \$40.0 billion and \$20.0 billion respectively. We also internally manage an \$8.9 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 dollar value added over benchmark for Global Equity, Fixed Income, Real Estate, Strategic Investments, Cash, and Asset Allocation exceeded \$1.34 billion 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.

Audits

Transparency and oversight are of vital public interest for the State Board of Administration (SBA), an institution responsible for more than \$190 billion. The Florida Legislature recognized this importance, and created and maintains extensive and thorough oversight for the SBA fashioned after international standards and best practices for financial institutions and public pensions.

Every indication is that the SBA's current oversight model is serving the public and our beneficiaries in an exemplary manner. In 2010, the legislature gave statutory status to SBA's Audit Committee (originally created by the SBA Trustees in 2003) with audit responsibilities similar to, and in many cases more extensive than, those outlined for inspectors general in section 20.055. In addition to employing an inspector general responsible for investigations, the SBA has an independent Risk Management and Compliance unit responsible for identifying, assessing, monitoring and ultimately managing risk.

The SBA's Office of Internal Audit, which reports to the independent Audit Committee, performed 26 audit and advisory projects, external audits and assessments, and special projects and risk assessments during the year. The 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.

Corporate Governance

The SBA actively engages portfolio companies throughout the year, addressing corporate governance concerns and seeking opportunities to improve alignment with the interests of our beneficiaries. Highlights from the 2018 proxy season included the continued focus on proxy access by U.S. companies, the initial disclosures of the CEO Pay Ratios, and increasing dissent on executive compensation practices.

During fiscal year 2018, SBA staff cast votes at 11,049 companies worldwide, voting on ballot items including director elections, audit firm ratification, executive compensation plans, mergers & acquisitions, and a variety of other management and shareowner proposals. These votes involved 102,462 distinct voting items—voting 79.1% "For" and 18.6% "Against", with the remaining 2.3% involving abstentions. Of all votes cast, 19.4 percent were "Against" the management-recommended-vote. SBA proxy voting was conducted across 80 countries, with the top five countries comprised of the United States (2,856 votes), Japan (1,354), China/Taiwan (882), South Korea (492), and the United Kingdom (420).

People

As Executive Director and CIO, my priority has been and continues to be building and maintaining our team, culture, reputation, credibility and resources at a strength that empowers mission and vision fulfillment. This is consistent with the Trustees' delegation of authority to the Executive Director & CIO. Our most visible output is investment results. What is less visible is the team and partnership building, policy and strategy formation, risk management and execution. If the team, culture, processes and resources are right, the probability of investment outcomes that earn trust, enhance reputation and build brand value is vastly enhanced. The result is a virtuous cycle where our credibility and performance help garner critical policy support from key SBA stakeholders (Trustees, Legislature, local governments, beneficiaries, taxpayers, media, etc.), which in turn, positions us as a serious, stable, and therefore desirable investment partner in the marketplace. This enables us to capture superior deal flow at more favorable terms and pricing, which ultimately drives the performance that earns trust, enhances reputation and builds brand value.

The SBA staffing plan is now in full effect; talent recruitment and retention are far stronger than just a few years ago.

Over the fiscal year just ended, the SBA completed 10 new hires and had 13 departures, mostly retirements, with the balance a mix of involuntary terminations and voluntary personal relocations. While the SBA continues to have succession exposure, with 35 employees at the supervisor/manager level and above, 17% of all SBA employees, participating in the state's DROP program, the SBA has the tools in place to manage and mitigate the human capital risk.

FRS Actuarial Valuation

In September 2014, October 2016, and October 2017, the Actuarial Assumption Conference took initial positive steps in helping to ensure the sustainability of the FRS-Pension Plan by adopting modest reductions in the actuarial investment return assumption. While currently at 7.4% down from 7.5%, we recommend the Actuarial Assumption Conference continue to closely monitor economic and market conditions and, absent data suggesting a meaningful change in anticipated capital markets returns, continue reducing investment return assumptions to mitigate the risk of persistent underfunding. Florida's state government has historically been a leader in prudent pension fund management and funding, and we fully encourage decision makers to continue to lead in this area.

We applaud the Governor and the Legislature for fully funding Normal Cost and the Unfunded Actuarial Liability (UAL) for FY 2018-2019. Responsible funding is just as important as reasonable benefits and prudent investing are to maintaining a sustainable Florida Retirement System.

Outlook

Looking ahead, the strong returns we have posted this year may signal challenges ahead. Returns reflect the appreciation of asset values, so strong returns mean asset values have risen meaningfully. Looking across all asset classes, geographic regions and industries, there are no major areas that look cheap. To the contrary, risk assets are at historically high valuations; this begs the question of where and how we will capture future returns. There are really three components of an aggregate investment return:

Purchase price – The higher the price paid for an asset, the less room it has for appreciation. Assets acquired at prices less than their intrinsic value have an inherent advantage; the opposite is also true.

Value received or added during the investment-holding period – This could be cash yield received in the form of dividends, interest, rent, royalties or other periodic payments. Thinking more broadly, it could be value added to the investment through skillful management. Improving a business's profitability by growing sales, margins, or both would be an example, as would improving the value of a real estate asset by renovating and repositioning the asset to capture higher rents and thus a higher valuation.

Exit price – Higher is of course better, but rising asset prices reflect rising expectations of asset values, companies growing earnings, increasing rents, boosting dividends, etc. Asset valuations may temporarily dislocate, either positive or negative but will tend to revert to levels reflecting sustainable economic activity. Put another way, neither asset bubbles nor panics should be seen as predictors of future valuations; they are transient extremes.

So what does this have to do with our investment outlook? Let us look at each of the components of investment return and build a forward outlook.

Purchase prices for most risk assets are near or at historic highs, equities and real estate for example. Non-risk assets do not look any better. Bond yields have moved off historic lows while central banks are unwinding prior stimulus and trending into rate tightening. Rising interest rates do not bode well for prices of existing bonds.

Value received or added during investment holding periods may benefit from rising interest rates on the fixed income side. Equity earnings and dividend growth are likely of greater import and dependent on continued economic growth, which is progressing at a reasonable pace. In private market assets, real estate, private equity, and venture capital for example, we have a long history of successfully adding value to assets and have every reason to believe this will continue. Exit prices at current levels are very appealing for long-held assets but broad appreciation across liquid and private asset classes seems less likely given current valuation levels.

Collectively, these factors mean that future returns are likely to be harder to capture. The single largest contributor to our returns historically has been liquid equities. Stock prices essentially reflect what people will pay today for future earnings of companies, some multiple of annual earnings. Stock earnings multiples have expanded significantly in the recent past, so arguably they are less likely to continue to do so. Earnings themselves may well continue to improve as the world's economies slowly but surely gain strength.

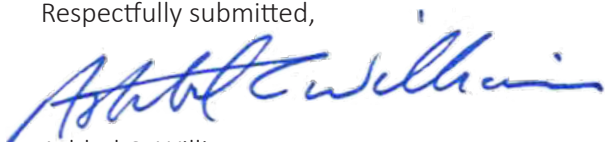
Our job is to find markets, strategies and assets that are reasonably priced when we invest in them and in which our knowledge, long-term perspective, size and investment partners create advantage. Discerning the right mix of opportunities and how to play them is what we do. We are fortunate to have a deep and experienced investment team at the SBA and to partner with many of the world's most capable and respected investment organizations. This positions us to have excellent market visibility and to find value, no matter the asset class, industry or location, often by allying and aligning SBA with the best in class investors in any given space.

We have a thoughtful and disciplined approach to public equity and fixed income investing, and have demonstrated the ability to persistently add value over time and in a range of market environments. A fundamental contributor to this long-term success is close attention to risk; we avoid substantial risks on unknowable events – market timing or interest rates. While this protects the fund from catastrophic error, it also means our returns will be market like, usually a bit better. We capture additional value to our total fund results through our private market holdings and holdings in strategies that are minimally or negatively correlated to our public market assets.

Over the long term, this approach compounds capital very effectively. We accept that we will always have material public equity market exposure and the volatility that comes with it. More importantly, the mortality risk pooling of a defined benefit pension fund allows us to maintain a long-term investment horizon. Individuals, in contrast, commonly shorten their investment horizon and lower risk as they age, to avoid catastrophic capital impairment. The SBA's permanent long-term approach is a meaningful advantage, and our ability to tolerate short-term volatility drives long-term returns allowing us to be buyers when others must be sellers. Add to this our advantages in size, low costs and liquidity (we do not rely on borrowed money) and you can see the cumulative power of our business model.

Florida's unusual approach to pension fund governance is a direct contributor to SBA's success; it provides a very effective balance of flexibility, accountability, oversight and transparency. In addition to our Trustees and the Florida Legislature, none of our successes would be possible without the members of SBA's Investment Advisory Council, and Audit Committee, all whom have generously shared their talent, wisdom, and time, making contributions that strengthen our organization and improve decision-making. I would like to recognize and thank those whose efforts empower the SBA to fulfill our fiduciary responsibility and provide top-quality, low-cost investment and trust services.

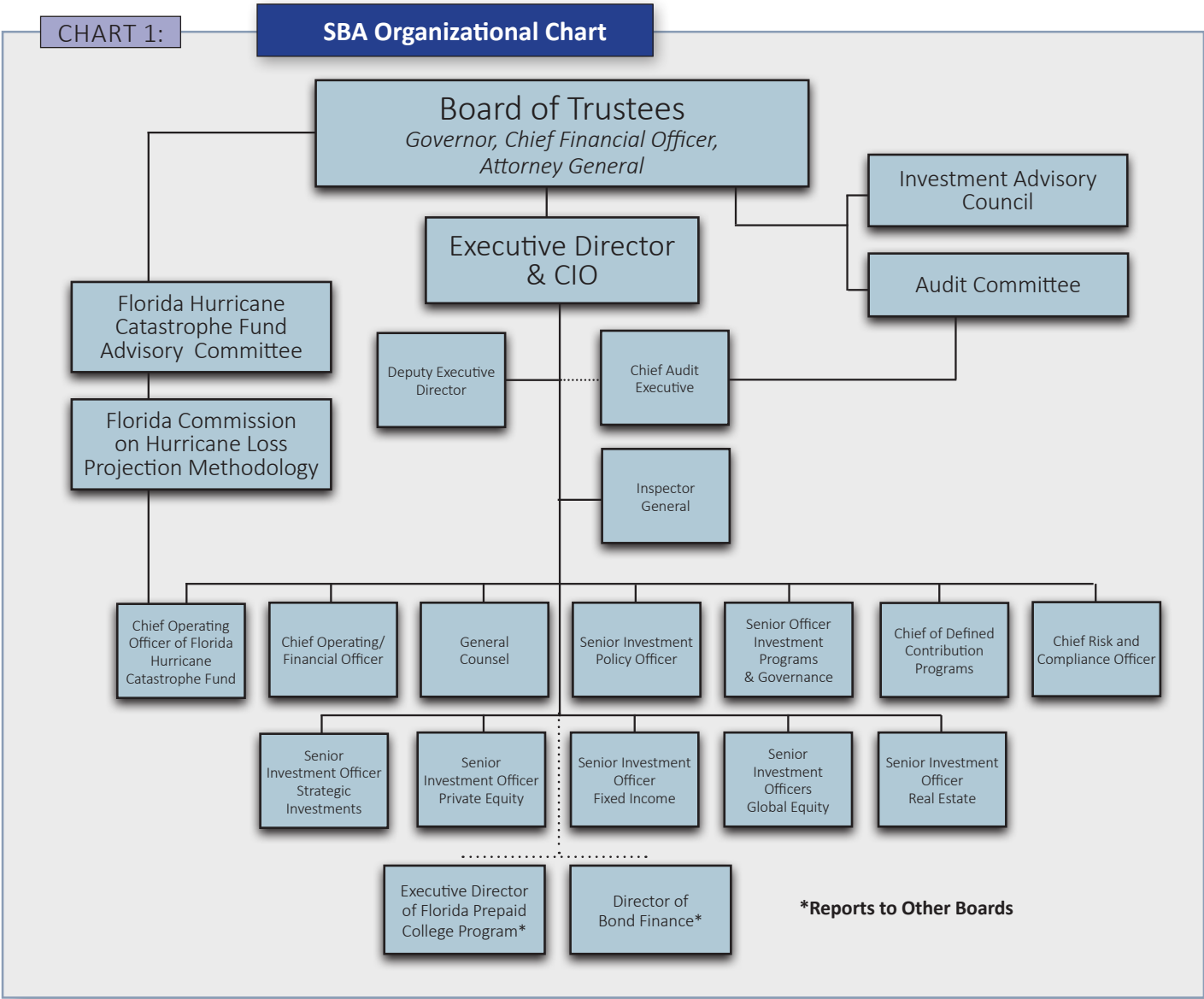
Respectfully submitted,



Ashbel C. Williams
Executive Director & Chief Investment Officer

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 and Florida PRIME™. 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.

Florida Hurricane Catastrophe Fund (FHCF) Advisory Council

The FHCF statute requires the SBA Trustees to appoint a nine-member FHCF Advisory Council "to provide the board [SBA] with information and advice in connection with its duties" under the FHCF statute. The Advisory Council is required to include an actuary, a meteorologist, an engineer, a representative of insurers, a representative of insurance agents, a representative of reinsurers, and three consumer representatives.

The practice of the FHCF is to seek Advisory Council approval for each proposed rule revision prior to bringing the proposal before the SBA Trustees. The Advisory Council also reviews claims-paying capacity reports.

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 SBA. 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 structural 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 allows 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.



State Butterfly
Zebra Longwing

Long black wings with distinctive thin yellow bands - combined with slow, graceful flight - characterize the zebra longwing (Heliconius charitonius). It has a wide range of habitats, including hardwood hammocks, thickets, and gardens. The zebra longwing is found throughout the state, although it is more common in south Florida, particularly in the Everglades National Park. In 1996 the state legislature designated the zebra longwing as the official state butterfly.

SBA Mandate Overview

During the year, assets under SBA management increased by \$9.7 billion to \$201.1 billion. Table 1 shows details for each SBA fund.

TABLE 1:

Change in Assets Under Management - Fiscal Year 2017-18

	Market Value June 30, 2017	Investment Gain (Loss)	Net Contributions (Withdrawals)	Market Value June 30, 2018
FRS Pension Plan	\$153,573,300,933	\$ 13,656,852,095	\$ (6,791,728,253)	\$160,438,424,775
FRS Investment Plan	9,972,497,556	945,175,002	(87,434,302)	10,830,238,257
Lawton Chiles Endowment Fund	699,743,916	69,577,944	(6,200,000)	763,121,861
Debt Service	573,307,728	19,456,985	237,019,938	829,784,651
Gas Tax Clearing Fund ²	1,472,347	137,709	49,526	1,659,583
Florida PRIME ¹	8,834,955,992	158,940,267	945,650,500	9,939,546,758
Florida Hurricane Catastrophe Fund	13,846,714,705	202,725,807	412,898,872	14,462,339,384
State Board of Administration Finance Corporation	2,783,052,111	34,489,271	(32,777,398)	2,784,763,985
Department of the Lottery Fund	297,370,263	(2,783,848)	(3,954,451)	290,631,964
Retiree Health Insurance Subsidy Trust Fund	134,445,168	3,111,097	44,048,368	181,604,634
Police and Firefighters' Premium Tax Trust Fund	210,854,563	2,567,015	12,232,000	225,653,578
Florida Prepaid College Plan Administrative Expense	2,345,102	29,086	(721,794)	1,652,393
Florida Prepaid College Plan	337,805,698	20,411,828	(172,258,759)	185,958,766
Florida College Investment Plan Administrative Expense	1,313,508	17,989	(595,735)	735,761
Florida College Investment Plan	80,787,629	5,583,519	5,887,740	92,258,888
Florida ABLE, Inc. Administrative Expense	1,946,697	32,328	(894,833)	1,084,192
Florida ABLE, Inc.	960,911	25,035	1,142,999	2,128,945
SBA Administrative Fund	49,329,572	853,099	2,133,307	52,315,977
PEORP Administrative Fund	18,857,593	304,110	(584,821)	18,576,882
Bond Fee Trust Fund	5,687,290	99,058	187,387	5,973,736
Arbitrage Compliance Trust Fund	2,595,425	43,121	(25,610)	2,612,936
Bond Proceeds Trust Fund ²	453,012	30,454	4,454,461	4,937,928
University of Miami	21,199,325	344,952	0	21,544,277
Florida Division of Blind Services	5,705,295	482,766	(475,000)	5,713,060
Insurance Capital Build-up Program	5,467,147	55,087	(583,406)	4,938,828
Inland Protection Financing Corporation	1,545	26	561	2,132
Burnham Institute for Medical Research Fund ³	1,506,471	15,919	(1,522,390)	0
Torrey Pines Institute for Molecular Studies Fund ⁴	0	320	(320)	0
SRI International Fund ⁴	0	2,153	(2,153)	0
FSU Research Foundation ⁴	0	6,776	(6,776)	0
Pinellas Suncoast Transit Authority ⁴	0	343	(343)	0
Florida Endowment for Vocational Rehabilitation ⁴	0	395	(395)	0
McKnight Doctoral Fellowship Program ⁴	0	274	(274)	0
Total Assets Under Management	\$191,463,677,503	\$15,118,587,984	\$(5,434,061,356)	\$201,148,204,131

¹ Florida PRIME fund values at June 30, 2017, and June 30, 2018, have been reduced by \$495,387,628 and \$573,321,321, 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). Amounts reported for Net Contributions (Withdrawals) and Investment Gain(Loss) have been reduced by \$69,783,432 and \$8,150,261, respectively, for the same reason.

² Fund market value is periodically zero due to cash flows.

³ Fund strategy closed during the fiscal year.

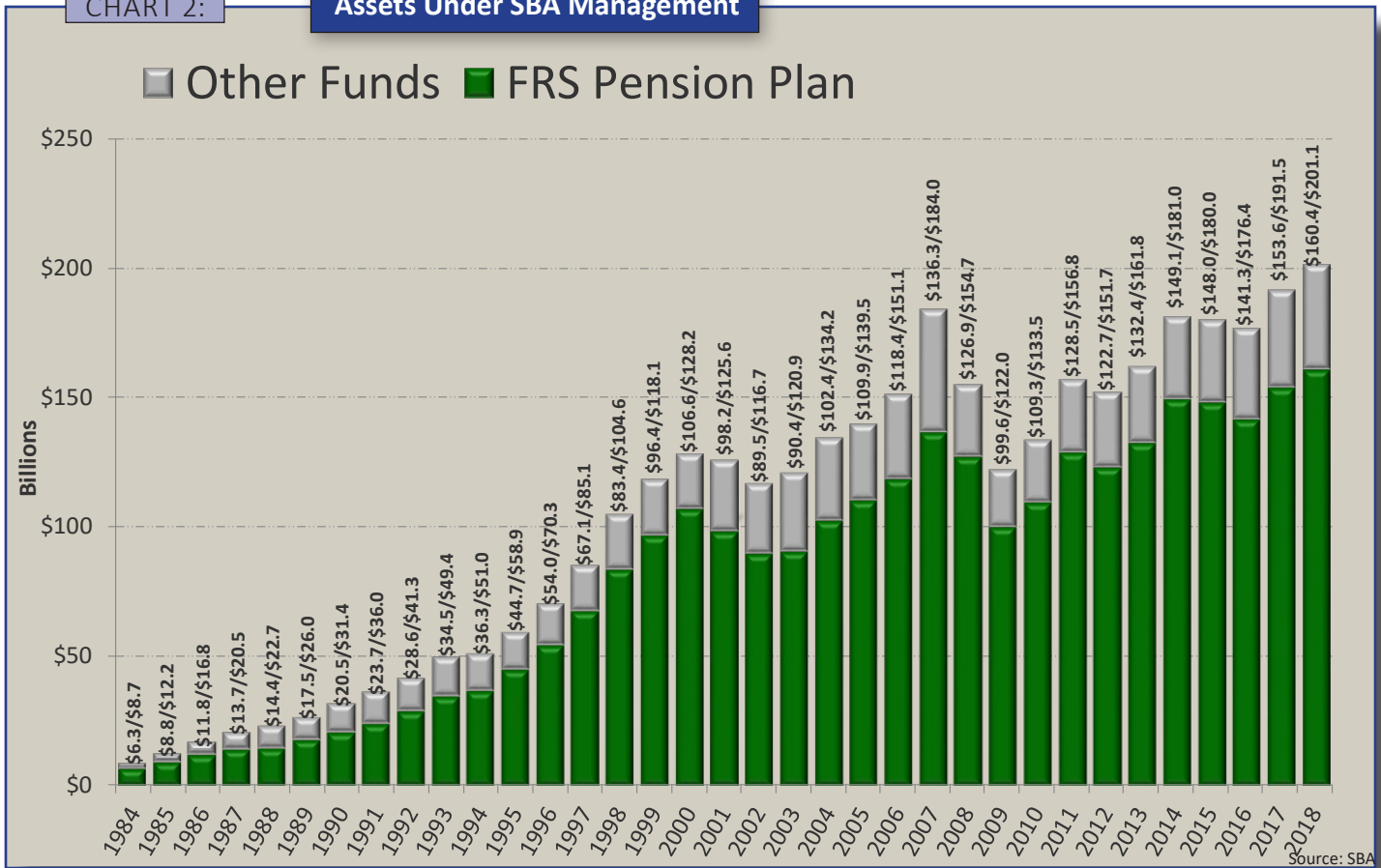
⁴ Fund strategy closed in a prior fiscal year. Transaction amounts reflect residual activity.

• Numbers may not total 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.



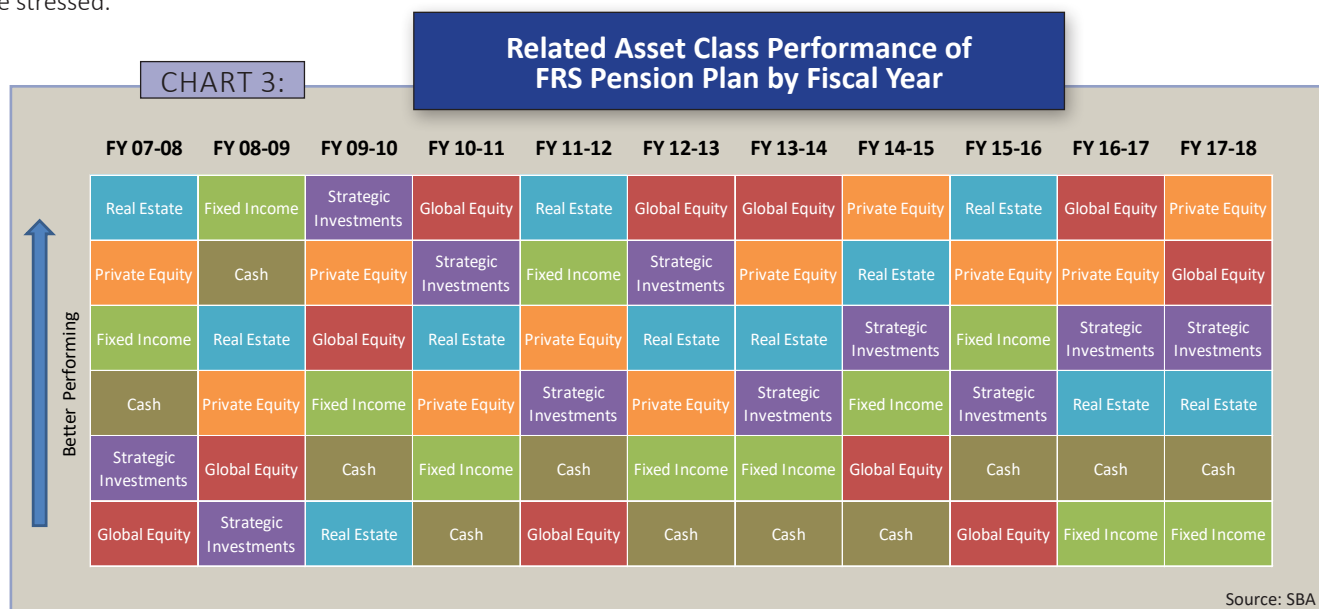
State Shell
Horse Conch

The horse conch (*Pleuroploca gigantea*), also known as the giant band shell, has been Florida's official state shell since 1969. This shell is native to the marine waters around Florida and can grow to a length of twenty-four inches. Young horse conchs have orange-colored shells; adults have orange apertures.

At least 535 million years ago, mollusks acquired the ability to secrete a carbonate of lime solution that formed a hard, protective shell around them. The word "conch" comes from a Greek word meaning "shell."

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.

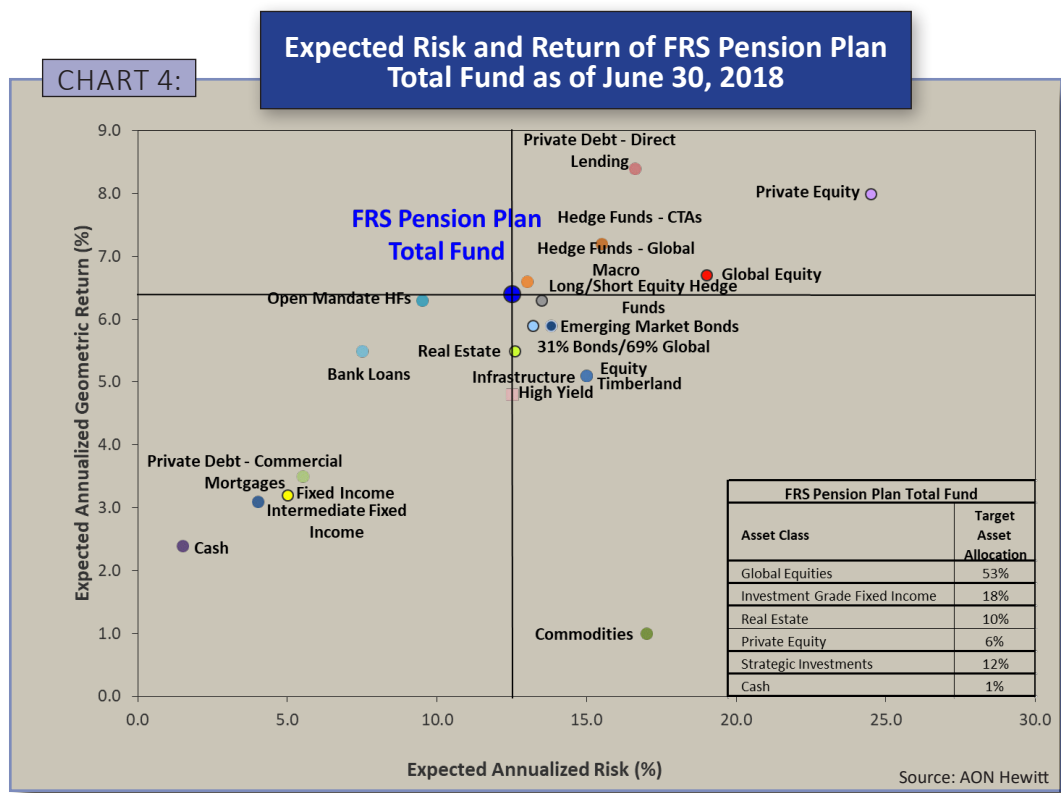
The process of risk management involves identifying risks that should be avoided or mitigated, and those which must be accepted. The SBA has developed a risk framework to identify and categorize risks impacting the SBA. The framework considers a wide range of factors including risks which are specific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



**State Beverage
Orange Juice**

Whenever the words "orange juice" are read, written, or spoken, many people automatically think of Florida. During the Second World War, scientists invented a process for making concentrated orange juice. Soon, a frozen concentrate was developed that transformed orange juice production into a multi-billion-dollar industry. In 1967 the Florida legislature designated orange juice as the official state beverage.

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.

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.

State Stone Agatized Coral

Coral is the outside skeleton of tiny ocean animals called polyps, which live in colonies attached to hard underwater surfaces. When alive, polyps combine their own carbon dioxide with the lime in warm seawater to form a limestone-like hard surface, or coral.



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 helps FRS members make an informed retirement plan choice, understand their plan, and prepare for retirement. The program provides all FRS members access to a variety of retirement planning services online, by phone, in person, and at no cost.

MyFRS.com is the official FRS education website. The site is home to FRS plan choice information and personalized retirement planning applications, including the CHOICE SERVICE and the ADVISOR SERVICE. Members can enroll in the plan of their choice and manage their benefits via the portal's secure single-sign-on architecture.

ChooseMyFRSplan.com is home to the guided experience decision tool. This interactive video asks a few questions and suggests which plan may make the most sense based on the responses provided. The site includes people-like-me videos and access to helpful information and resources, such as an online retirement plan enrollment form.

The toll-free MyFRS Financial Guidance Line offers employees personalized and confidential assistance. Members can call to discuss their FRS options and retirement planning issues with experienced and objective financial planners from EY (formerly known as Ernst & Young) or with counselors from the Florida Division of Retirement.

Educational workshops, delivered both in person and online, are led by EY throughout Florida. Topics include FRS retirement plan choice, retirement planning, financial planning, education planning, insurance planning, cash and debt management, and estate planning. All workshops are available on MyFRS.com.

Personalized choice statements and reminders help new employees make an informed plan choice by their deadline. Additional materials covering FRS plan choice, retirement planning, and investing for retirement can be accessed through MyFRS.com and the MyFRS Financial Guidance Program.

Plan Choice

New employees have eight months to choose either the Investment Plan or the Pension Plan. The FRS Investment Plan is a defined contribution plan. With its lower vesting requirement, it provides a portable retirement benefit that is more attractive to mobile workers. In fact, statistics show that 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, a defined benefit plan, offers formula-based pension benefits that are based on salary and years of service.

A welcome kit provides members with their Personal Identification Number, their plan choice deadline, and important information about their choice. The kit directs employees to other helpful resources, such as ChooseMyFRSplan.com, the toll-free MyFRS Financial Guidance Line, and the online 1st Election CHOICE SERVICE that allows them to run personalized benefit comparisons. During the 2017–2018 fiscal year, approximately 56,000 members received a personalized welcome kit.

Effective January 1, 2018, employees who do not make an active plan choice by their deadline are automatically enrolled in (defaulted to) the FRS Investment Plan, except employees who are in the Special Risk Class, who default to the FRS Pension Plan. As a percentage of overall elections during the 2017–2018 fiscal year, active enrollments in the Investment Plan increased by approximately 1%, and Pension Plan enrollments increased by approximately 1%. Default enrollments decreased by approximately 2% from the prior fiscal year. Employees are given one 2nd Election opportunity during their active FRS career to change plans. Members who used their 2nd Election chose consistently 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 fiscal year 2018, SBA staff cast votes at 11,049 companies worldwide, voting on ballot items including director elections, audit firm ratification, executive compensation plans, mergers & acquisitions, and a variety of other management and shareowner proposals. These votes involved 102,462 distinct voting items—voting 79.1% "For" and 18.6% "Against", with the remaining 2.3% involving abstentions. Of all votes cast, 19.4 percent were "Against" the management-recommended-vote. SBA proxy voting was conducted across 80 countries, with the top five countries comprised of the United States (2,856 votes), Japan (1,354), China/Taiwan (882), South Korea (492), and the United Kingdom (420). The SBA actively engages portfolio companies throughout the year, addressing corporate governance concerns and seeking opportunities to improve alignment with the interests of our beneficiaries. Highlights from the 2018 proxy season included the continued focus on proxy access by U.S. companies, the initial disclosures of the CEO Pay Ratios, and increasing dissent on executive compensation practices.

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.

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 2017-18:

- **Florida Retirement System Pension Plan**
- **Florida Retirement System Investment Plan**
- **Florida PRIME**
- **Florida Hurricane Catastrophe 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.



*State Flower
Orange Blossom*

The blossom of the orange tree (Citrus sinensis) is one of the most fragrant flowers in Florida. Millions of these white flowers perfume the atmosphere throughout central and south Florida during orange blossom time. The orange blossom was selected as the state flower by the 1909 legislature.

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 critical 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.

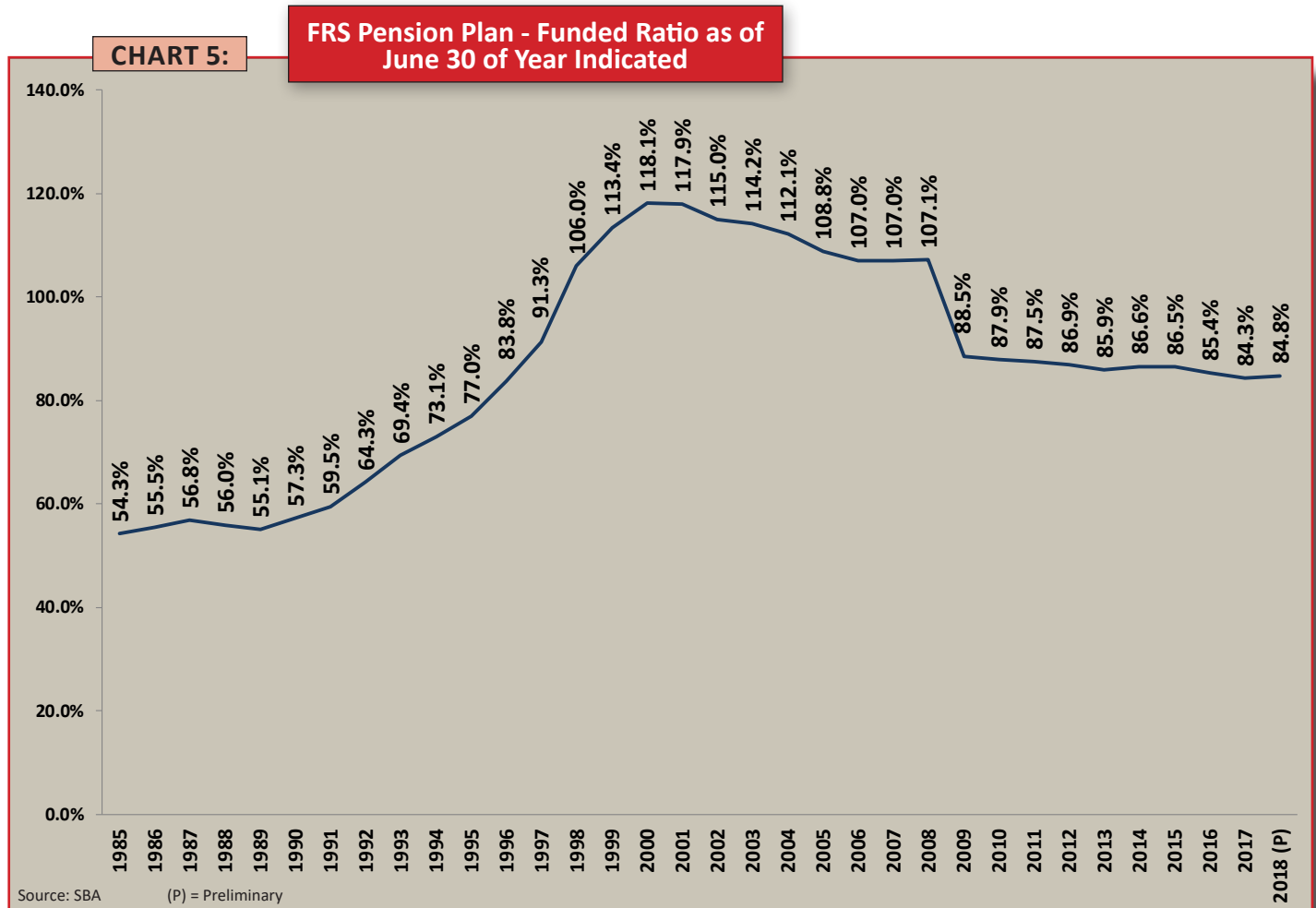
Historically, assigning funding and design responsibility to the legislature, benefit management to the Department of Management Services, and investment management to the SBA has proven to be a productive partnership, with approximately 60%+ paid to a retiree coming from investment gains, not from taxpayers 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 2008, 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 4.5% plus the rate of inflation per annum over the long run.



State Bird Mockingbird

The common mockingbird (*Mimus polyglottos*) is a superb songbird and mimic. Its own song has a pleasant lilting sound and is, at times, both varied and repetitive. Often, the mockingbird sings all night long, especially under bright springtime moonlight.

Mockingbirds are usually about ten inches in length, with a fifteen-inch wingspan, grayish upper portions, white undersides, and white patches on the tail and wings. The female has slightly less whiteness in its feathers than the male.

The mockingbird is helpful to humans because it usually feeds on insects and weed seeds. In the summer and fall, it also eats ripe berries.

The nest, a joint project of the male and female mockingbird, is a bulky, open cup of grass, twigs, and rootlets carelessly arranged in a dense tree or bush. The three to six eggs per nest are a pale blue-green with brown spots. This year-round Florida resident is known for its fierce defense of the family nest.

Senate Concurrent Resolution No. 3 of the 1927 legislative session designated the mockingbird as the state bird. Not only a Florida favorite, it is also the state bird of Arkansas, Mississippi, Tennessee, and Texas.



The SBA's actual returns on Pension Plan assets have met or exceeded the long-term investment objective of the fund for the 10-, 15-, 25-, and 30-year periods.

Chart 6 compares the SBA's actual return on Pension Plan assets to its investment objective of 4.5% real growth (inflation plus 4.5%) 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 compares actual returns to the total fund benchmark for various periods ending June 30, 2018.

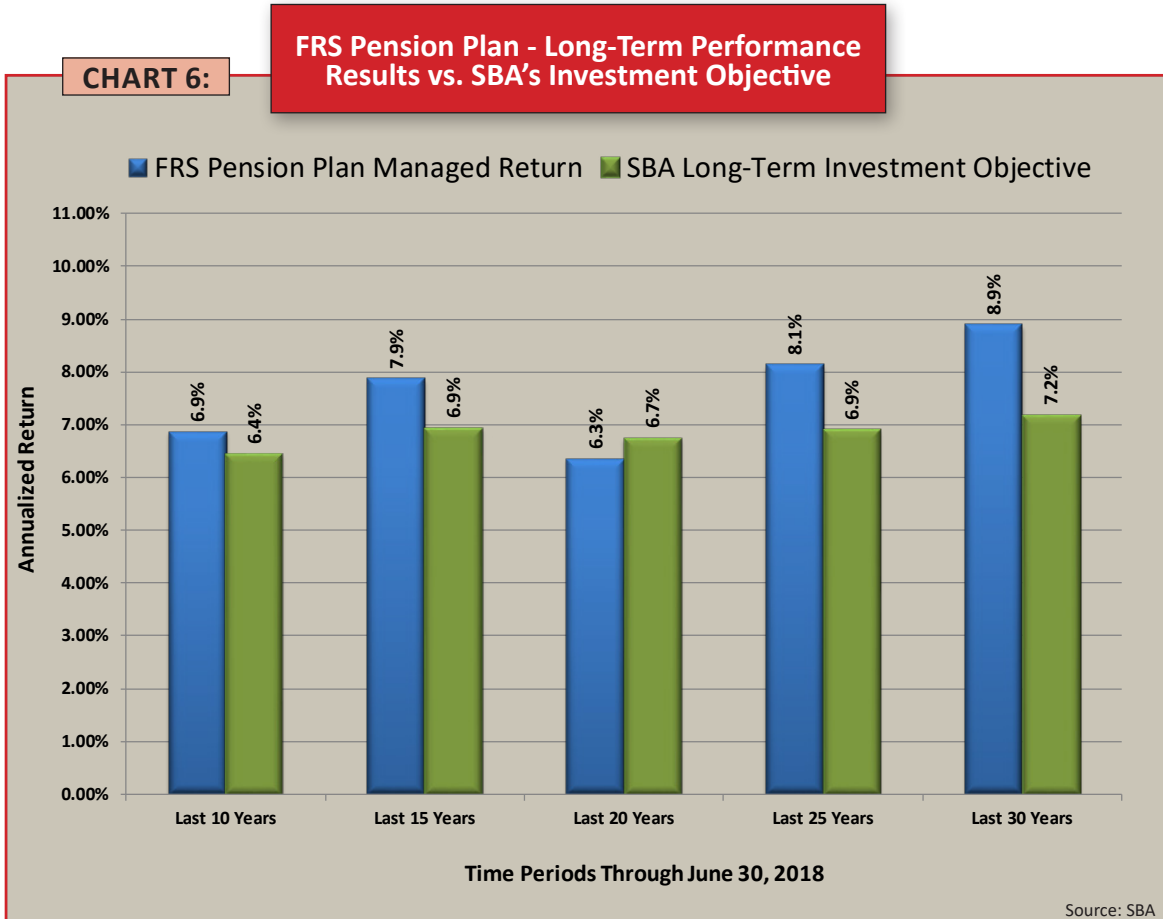


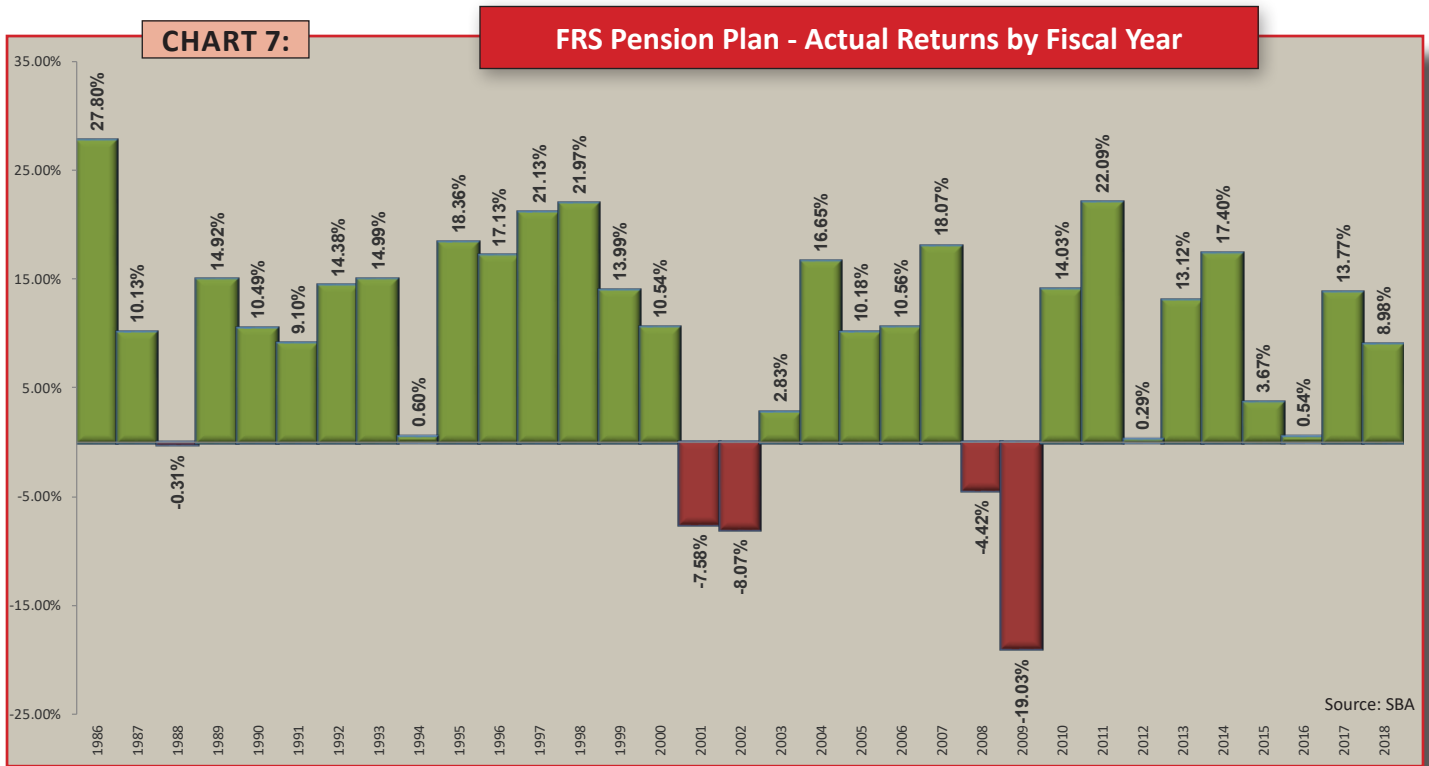
TABLE 2: FRS Pension Plan Actual Return vs. Benchmark

	Actual Return	Benchmark Return	Actual Over (Under) Bmk.
One Year	8.98%	8.22%	0.76%
Three Years	7.62%	6.89%	0.74%
Five Years	8.69%	7.88%	0.82%
Ten Years	6.85%	6.13%	0.72%
Fifteen Years	7.86%	7.26%	0.60%

- All returns are annualized for periods indicated through June 30, 2018
- 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

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



**State Reptile
American Alligator**

In 1987 the Florida legislature designated the American alligator (*Alligator mississippiensis*) as the official state reptile. Long an unofficial symbol of the state, the alligator originally symbolized Florida's extensive untamed wilderness and swamps. Alligators are found throughout Florida and in parts of other southeastern states. They prefer lakes, swamps, canals, and other wetland habitats.

Alligators eat fish, turtles, and a variety of other animals. In late June and early July, female alligators usually lay thirty to fifty eggs in mound-shaped nests made of reeds and other vegetation. Baby alligators hatch after an incubation period of about two months. When hatched, alligators are already fully developed and about eight inches long. Mature alligators usually range from six to twelve feet in length, with females rarely exceeding nine feet.

Because alligators are cold-blooded, we often see them sunning on logs or on banks near water. Gators can move surprisingly fast over short distances, and their powerful jaws and swinging tails make them dangerous to approach. Female alligators are particularly aggressive when guarding their nests. Alligators should not be fed, since this causes them to lose their fear of humans, and feeding is against Florida statutes.

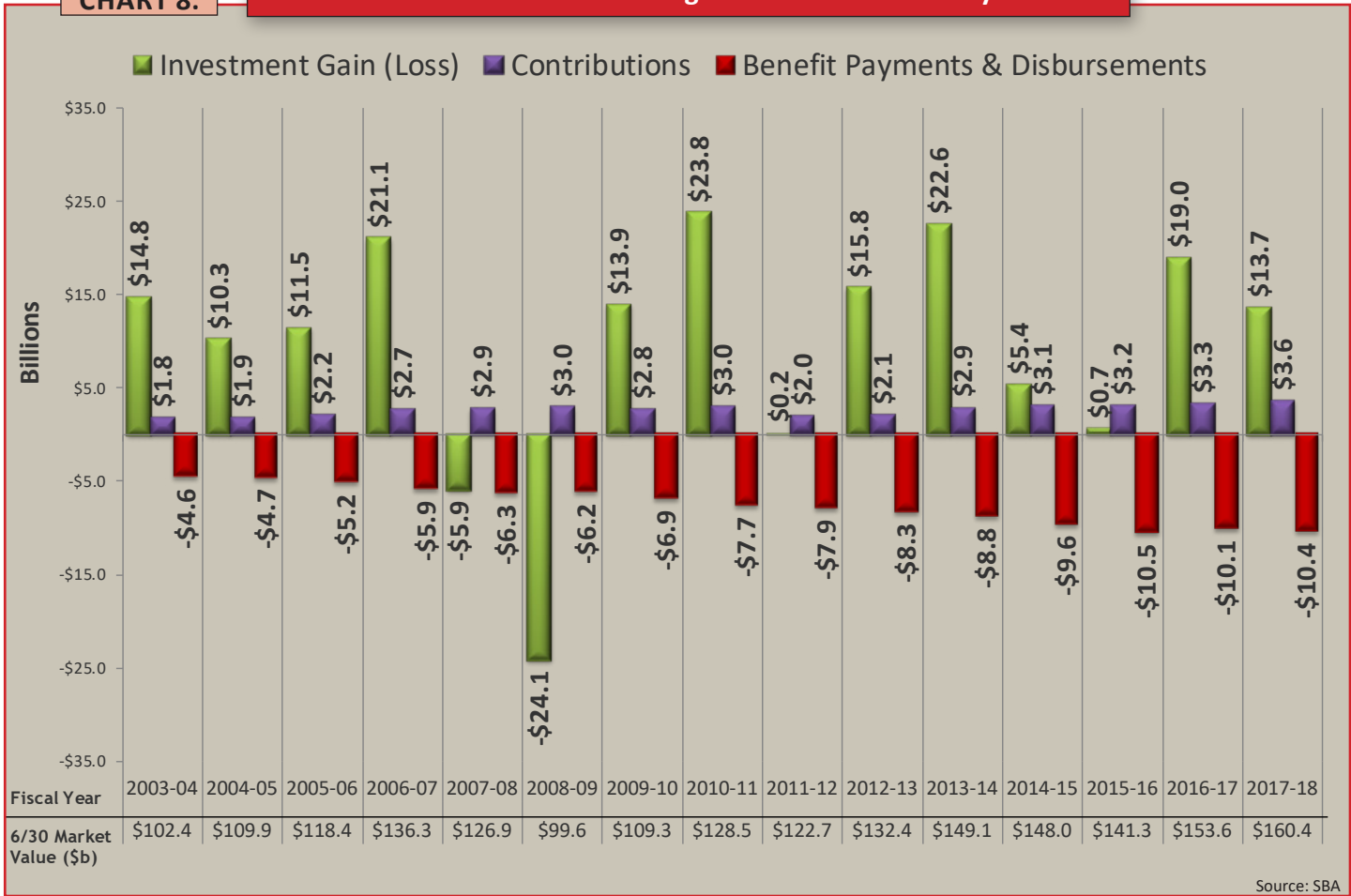
Today, the alligator is no longer on the endangered-species list, because the reptile has successfully repopulated itself after having been over-exploited by illegal hide hunters. Alligators are now under controlled management by the Florida Game and Fresh Water Fish Commission to preserve the species and the wetland habitats that they and other Florida wildlife inhabit.



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.

CHART 8:

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



State Animal
Florida Panther

The most endangered of all Florida's symbols is its state animal, the panther (*Felis concolor coryi*) which was chosen in 1982 by a vote of students throughout the state.

The Florida Panther is a large, long-tailed, pale brown cat that grows to six feet or longer. Its habitat is usually the same as that of the white-tailed deer, which is the mainstay of its diet.

Much folklore surrounds these seldom-seen cats, sometimes called "catamounts" or "painters," and they have been persecuted out of fear and misunderstanding of the role these large predators play in the natural ecosystem. Human population growth has been the primary threat to the panther's range and continues to diminish the quality of existing habitats.

The Panther has been protected from legal hunting in Florida since 1958. It has been on the federal endangered species list since 1967 and on the state's endangered list since 1973. The future of this large animal depends entirely on the management decisions that are made today on its behalf. The Florida Fish and Wildlife Conservation Commission is responsible for management and preservation of this endangered State Animal, but only with your support will the Florida Panther remain a part of our unique wildlife community.

FRS Pension Plan - External Investment Management Fees for Fiscal Year 2017-18

TABLE 3:

Asset Class	Dollar Amount	Return Basis ¹
Global Equity	\$ 150,231,335	0.29%
Strategic Investments	165,934,500	1.33%
Fixed Income	7,262,443	0.07%
Real Estate	84,769,686	0.61%
Private Equity	142,068,666	1.38%
Total	\$ 550,266,630	0.56%

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

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 - Net Brokerage Commissions for Fiscal Year 2017-18

TABLE 4:

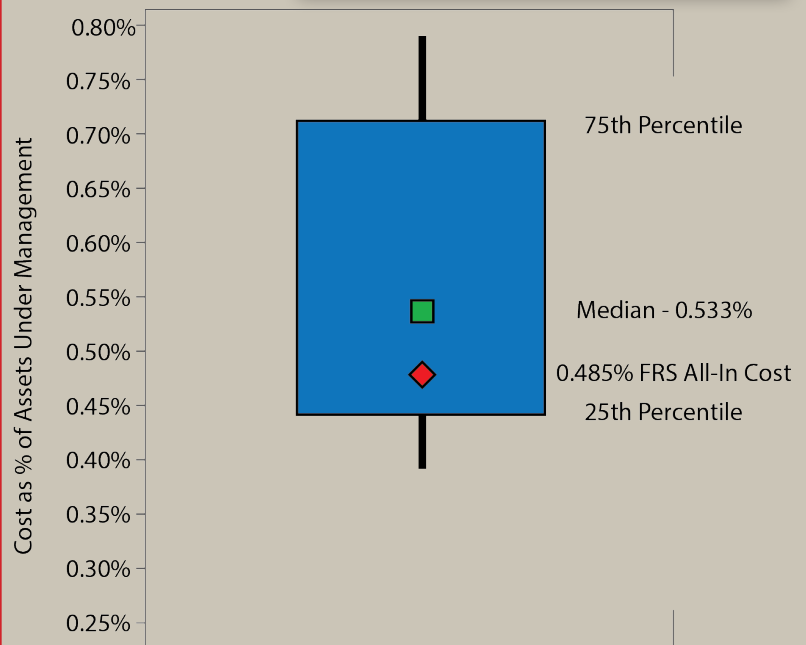
Asset Class	Dollar Amount ¹
Global Equity ²	\$ 23,363,302
Fixed Income	279,808
Real Estate	1,576,851
Private Equity	1,932
Total	\$ 25,251,193

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 Equities asset class does not include broker commission amounts paid in commingled funds.
 • Numbers may not total due to rounding.

Source: SBA

FRS Pension Plan Cost Comparison All-In Calendar Year 2016 Costs Universe of 17 Large Public Pension Plans

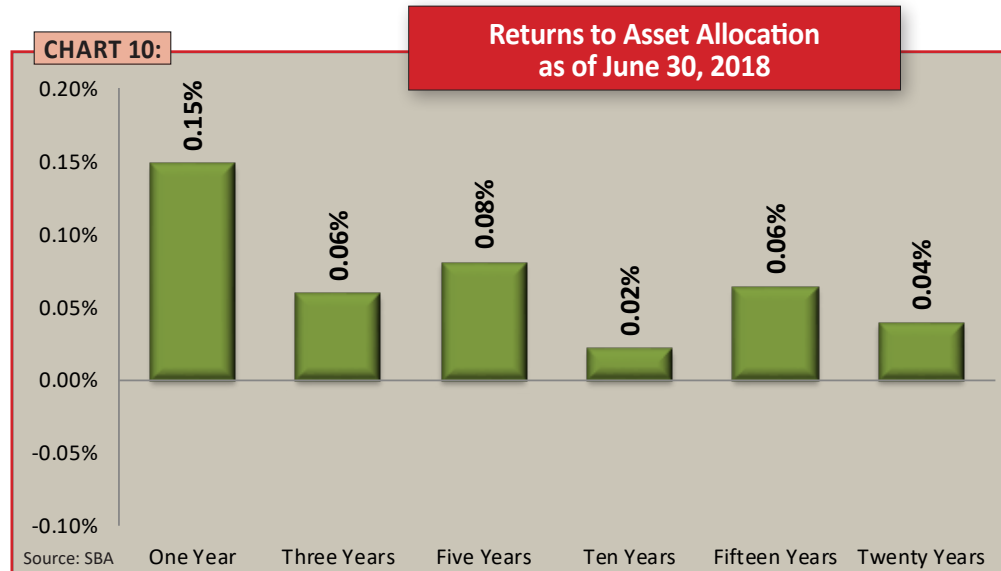
CHART 9:



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, 2018, returns to asset allocation surpassed the target return by 15 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, 2018.

TABLE 5: Authorized Target Indices as of June 30, 2018

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, 2018

		Actual Return	Benchmark Return	Actual Over (Under) Bmk.
Global Equity ¹				
	One Year	11.55%	11.11%	0.44%
	Three Years	8.94%	8.36%	0.58%
	Five Years	10.23%	9.63%	0.60%
	Ten Years	7.23%	6.43%	0.81%
	Fifteen Years	8.43%	7.91%	0.52%
Fixed Income				
	One Year	(0.16%)	(0.32%)	0.16%
	Three Years	1.50%	1.27%	0.23%
	Five Years	2.02%	1.79%	0.23%
	Ten Years	4.07%	3.47%	0.59%
	Fifteen Years	4.02%	3.70%	0.32%
Real Estate				
	One Year	7.21%	7.20%	0.01%
	Three Years	9.51%	8.93%	0.58%
	Five Years	11.05%	10.18%	0.87%
	Ten Years	6.26%	4.89%	1.37%
	Fifteen Years	9.56%	5.95%	3.61%
Private Equity ²				
	One Year	17.25%	14.18%	3.07%
	Three Years	13.69%	11.36%	2.33%
	Five Years	15.18%	13.10%	2.08%
	Ten Years	10.06%	12.35%	(2.29%)
	Fifteen Years	10.38%	12.25%	(1.87%)
Strategic Investments				
	One Year	7.76%	6.58%	1.18%
	Three Years	6.39%	4.73%	1.66%
	Five Years	7.80%	5.66%	2.13%
	Ten Years	5.83%	3.79%	2.04%
Cash & Cash Equivalents				
	One Year	1.42%	1.29%	0.13%
	Three Years	0.79%	0.66%	0.13%
	Five Years	0.56%	0.41%	0.15%
	Ten Years	0.01%	0.43%	(0.42%)
	Fifteen Years	0.93%	1.44%	(0.51%)

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.

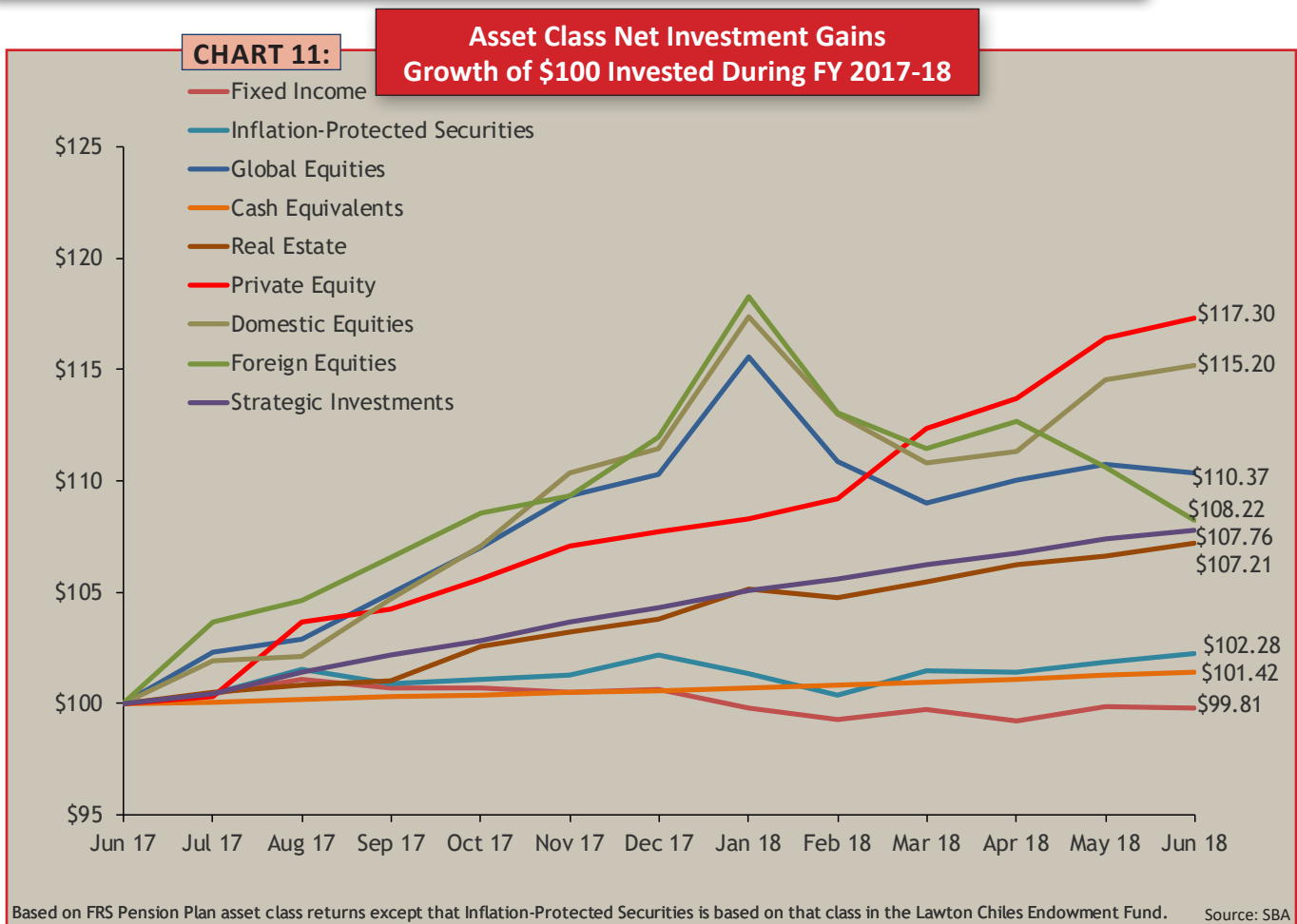


TABLE 7:

FRS Pension Plan - Change in Market Value for Fiscal Year 2017-18

	Market Value 6/30/2017	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2018
Global Equity	\$88,706,033,220	\$ (8,812,799,205)	\$10,090,066,667	\$89,983,300,682
Fixed Income	27,551,168,751	2,580,405,714	(61,707,846)	30,069,866,619
Real Estate	13,674,719,791	(307,400,000)	973,584,676	14,340,904,468
Private Equity	9,803,121,404	(65,000,000)	1,691,598,769	11,429,720,173
Strategic Investments	12,654,071,257	(701,569,764)	965,033,842	12,917,535,335
Cash/Short-Term Securities ¹	1,184,186,508	514,635,002	(1,724,013)	1,697,097,498
Total FRS Pension Plan	\$153,573,300,933	\$ (6,791,728,253)	\$13,656,852,095	\$160,438,424,775

¹ The investment gain (loss) reported for the Cash/Short-Term Securities asset class includes \$35,954,625 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 \$34,230,612.

• 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 as of June 30, 2018

Asset Class	Internal	External	Passive	Active	% of Total
Global Equity ¹	44.4%	55.6%	47.8%	52.2%	56.1%
Fixed Income ²	66.7%	33.3%	46.0%	54.0%	18.7%
Cash & Cash Equivalents ³	100.0%	0.0%	10.2%	89.8%	1.1%
Real Estate	62.1%	37.9%	0.0%	100.0%	8.9%
Private Equity	0.7%	99.3%	0.0%	100.0%	7.1%
Strategic Investments	0.6%	99.4%	0.0%	100.0%	8.1%
Total Fund	44.1%	55.9%	35.6%	64.4%	100.0%

Asset Class	Internal (\$m)	External (\$m)	Passive (\$m)	Active (\$m)	Total (\$m)
Global Equity ¹	\$ 39,982	\$ 50,001	\$ 43,030	\$ 46,953	\$ 89,983
Fixed Income ²	20,062	10,008	13,837	16,233	30,070
Cash & Cash Equivalents ³	1,697	0	174	1,523	1,697
Real Estate	8,899	5,442	0	14,341	14,341
Private Equity	80	11,350	0	11,430	11,430
Strategic Investments	74	12,843	0	12,918	12,918
Total Fund	\$ 70,794	\$ 89,645	\$ 57,041	\$ 103,398	\$ 160,438

¹ Includes Global Equity Liquidity Portfolio and the Cash Equitization Portfolio.

² Includes STIPFRS Reserve Liquidation Account and Fixed Income Liquidity Portfolio.

³ Includes Securities Lending Account, Total Fund STIPFRS NAV Adjustment Account and the collateral accounts.

• 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 for Fiscal Year 2017-18

Account Name	Market Value 6/30/2017	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2018
Domestic Equities				
Active Large Cap:				
- AJO, LP	\$1,174,697,859	\$(144,096,384)	\$120,926,265	\$1,151,527,740
- BMO US Large Cap Growth	986,061,940	0	212,100,628	1,198,162,568
- Quantitative Management Associates	1,167,044,971	(169,260,383)	100,144,782	1,097,929,370
- Smith Asset Management Large Cap Enhanced	1,426,863,669	(423,625,605)	316,497,256	1,319,735,321
Active Small Cap:				
- AQR R2000 Equity	176,029,783	(12,833,996)	24,936,672	188,132,458
- BMO US Small Cap Value ¹	0	159,055,454	10,945,285	170,000,739
- Cortina Asset Management	166,093,670	(10,859,679)	44,943,957	200,177,948
- Delta	135,489,795	10,008,090	25,488,715	170,986,600
- Fisher Investments	229,167,922	(64,264,399)	27,800,086	192,703,609
- Los Angeles Capital ¹	0	175,561,773	14,648,420	190,210,193
- Mondrian US Small Cap Equity	142,799,542	0	25,473,153	168,272,695
- PanAgora Asset Management	181,886,311	(32,657,408)	42,071,535	191,300,439
- Stephens Investment Management Group	194,228,920	(17,937,214)	56,500,193	232,791,899
- Vaughan Nelson Investment Management	223,857,293	(54,357,384)	19,930,968	189,430,877
Active Micro Cap:				
- Acuitas	206,370,501	0	41,770,703	248,141,204
Passive:				
- Avatar R1000 Index Fund	12,934,692,583	(500,228,461)	1,847,350,514	14,281,814,636
- Nova Portfolio	5,950,981,787	(1,067,036,869)	838,012,877	5,721,957,796
- Phoenix Portfolio	15,048,640,237	(1,774,570,263)	2,165,568,620	15,439,638,593
- R2000 Exposure ³	211,094,404	(225,988,432)	14,894,028	0
- R2000 Growth Exposure ³	80,694,928	(86,646,579)	5,951,651	0
Other:				
- Domestic Equity Asset Class Transition	189	15,353,606	(15,232,640)	121,156
- Global Equity Suspended Asset Account	15	0	(14)	1
- Russell 1000 Growth Transition ³	1,275,427	(1,181,073)	(94,355)	0
Total Domestic Equities	40,637,971,745	(4,225,565,205)	5,940,629,299	42,353,035,840
Foreign Equities				
Developed Markets:				
- Acadian Asset Management	1,915,988,594	(531,983,322)	245,966,123	1,629,971,395
- Alliance Bernstein ¹	0	1,390,312,475	(100,640,566)	1,289,671,908
- AQR Capital Management Small Cap	556,059,204	(90,000,000)	56,204,961	522,264,165
- Artisan Partners	1,682,619,024	(300,986,834)	157,735,222	1,539,367,413
- Ballie Gifford Overseas Limited	1,642,245,633	(508,113,204)	419,152,435	1,553,284,865
- BlackRock Global Inv. Index Plus	3,656,521,903	0	277,984,931	3,934,506,834
- BlackRock Global Inv. Small Cap Strategy	858,123,493	386,794,678	149,687,007	1,394,605,178
- BlackRock Global Inv. World Ex-US	6,107,429,316	(2,474,044,285)	491,587,022	4,124,972,053
- BlackRock Global Inv. World Ex-US Alpha Tilts	1,748,953,916	(308,000,000)	152,269,855	1,593,223,770
- BlackRock Restructuring ⁴	0	0	0	0
- Dimensional Fund Advisors	458,802,588	0	24,661,588	483,464,176
- Epoch Investment Partners ²	192,457	(89,979)	(11,464)	91,014
- Fidelity ²	63,193	(85,424)	22,231	0
- Fidelity Institutional ³	464,562,970	(481,265,202)	17,123,344	421,112
- Foreign Equity Internal Active Tax Reclaim	1,194	0	28	1,222
- Franklin Templeton Small Cap ³	365,760,049	(395,348,984)	31,366,153	1,777,218
- GMO ¹	0	1,376,331,875	(88,047,877)	1,288,283,998
- Mondrian Investment Partners Small Cap	489,617,179	(20,000,000)	62,977,959	532,595,138
- Morgan Stanley Investment Management	1,800,788,442	(249,553,785)	162,254,266	1,713,488,924
- PineBridge Investments ²	3,905	0	(3,905)	0
- Principal Global Investors- FE	502,251,546	(55,000,000)	73,688,309	520,939,856
- Sprucegrove Investment Management	1,800,789,874	(401,174,597)	206,968,118	1,606,583,395
- Templeton Investment Counsel	1,858,380,235	(351,297,447)	108,008,225	1,615,091,012
- Victory Capital Management ²	506	0	(506)	0

Account Name - continued	Market Value 6/30/2017	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2018
- Walter, Scott & Partners, Ltd.	1,768,278,751	(298,331,195)	187,652,586	1,657,600,141
- William Blair	477,419,025	(25,000,000)	56,624,398	509,043,422
Emerging Markets:				
- Aberdeen Asset Management	940,942,675	0	(45,221,040)	895,721,635
-Acadian Asset Management Inc.	1,008,751,809	(142,000,000)	72,755,348	939,507,157
-AQR Capital Mgt. Emerging Markets Small Cap	247,434,176	0	24,497,255	271,931,430
- BlackRock Emerging Markets Index Plus	492,289,307	(88,000,000)	49,334,991	453,624,298
- Dimensional Fund Advisors EM	427,479,952	0	24,853,550	452,333,502
- Genesis Emerging Markets	902,425,050	(65,000,000)	87,666,251	925,091,301
- M&G Investment Management	935,985,773	0	28,130,259	964,116,032
- Mondrian Investment Partners Ltd.	955,862,221	(25,000,000)	3,096,848	933,959,069
- Somerset Capital	921,994,942	0	19,419,141	941,414,082
- State Street Global Advisors	252,942,789	0	15,825,145	268,767,934
- Trilogy ²	1,606	(60,364)	58,758	0
- Wells Capital Management Emerging Markets	903,916,674	0	65,481,780	969,398,454
- William Blair & Company, LLC	809,736,785	(42,000,000)	92,567,662	860,304,448
- William Blair Emerging Markets Small Cap	253,763,099	0	15,529,359	269,292,458
Frontier Markets:				
- Aberdeen Frontier Markets	136,118,800	0	(11,772,048)	124,346,752
- First State Frontier Markets	109,555,135	0	11,374,919	120,930,054
- HSBC Global Frontier Markets	136,970,993	0	(3,196,944)	133,774,050
Total Foreign Equities	37,591,024,781	(3,698,895,595)	3,143,631,679	37,035,760,866
Dedicated Global Equities				
Active:				
- Acadian Asset Management ²	5,719	0	(5,719)	0
- Epoch Investment Partners Global	968,376,687	(94,971,310)	30,861,098	904,266,475
- Franklin Templeton ²	21,652	(617)	(21,036)	0
- Hexavest Inc.	958,700,794	(145,000,000)	48,629,424	862,330,218
- Intech Investment Management	1,699,462,804	(170,000,010)	222,882,903	1,752,345,697
- MFG Asset Management	844,102,403	0	119,758,296	963,860,699
- Schroders Investment Management	999,761,363	(175,000,000)	108,675,832	933,437,194
- Trilogy Global Advisors ³	827,188,755	(915,053,705)	89,187,705	1,322,754
- TS&W Florida Retirement System	400,176,489	0	57,762,986	457,939,475
Passive:				
- Atlas Portfolio	1,818,662,796	(13,537,127)	213,753,290	2,018,878,959
- Sinensis	588,484,391	247,122,600	69,169,780	904,776,771
Total Dedicated Global Equities	9,104,943,852	(1,266,440,168)	960,654,558	8,799,158,242
Currency Overlay				
- CIBC Global Managed	4,039,743	(2,948,466)	(6,080,704)	(4,989,428)
- Harmonic Managed ³	81,335	22,674,387	(22,755,721)	0
- P/E Global Managed	(145,575)	(4,304,007)	2,149,335	(2,300,247)
- Quaesta Managed	(17,811,273)	32,300,899	(6,577,587)	7,912,039
- Record Managed	2,262	8,568,640	(7,519,833)	1,051,070
Total Currency Overlay	(13,833,509)	56,291,453	(40,784,510)	1,673,434
Other				
- Cash Equitization Portfolio	62,325,927	(80,000,000)	46,587,930	28,913,857
- Citigroup Global Transition	683	400,736,784	(50,824,316)	349,913,151
- Global Equity Cash	1,077,139	(1,654,206)	1,229,982	652,915
- Global Equities Cash Expense	0	2,838,729	(2,838,170)	558
- Global Equity Liquidity Portfolio	1,321,933,264	0	92,117,010	1,414,050,274
- Global Equity Policy Transition Portfolio 1	0	(35,405)	35,405	0
- Global Equity Policy Transition Portfolio 2	524,850	(525,151)	340	39
- Global Equity Policy Transition Portfolio 3 ⁴	0	0	0	0
- Global Equity Transition Account 1	64,487	449,558	(372,539)	141,506
Total Other	1,385,926,350	321,810,309	85,935,640	1,793,672,300
Total Global Equity	\$88,706,033,220	\$(8,812,799,205)	\$10,090,066,667	\$89,983,300,682

¹ Account opened during the fiscal year.

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

³ Strategy terminated during the fiscal year.

⁴ Account inactive during the fiscal year.

• Numbers may not total due to rounding.

Source: SBA

TABLE 10:

FRS Pension Plan - Fixed Income Change in Market Value for Fiscal Year 2017-18

Account Name	Market Value 6/30/2017	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2018
Aggregate:				
- Active Core	\$ 6,117,415,933	\$ 0	\$ (12,660,847)	\$ 6,104,755,086
- Amundi Pioneer Investments ¹	2,404,233,513	500,000,000	4,464,499	2,908,698,012
- BlackRock Core Bond Enhanced Index	2,820,401,184	0	(5,523,729)	2,814,877,455
- Investment Grade AA Account	111,805,343	0	802,929	112,608,272
- Neuberger Berman Core	1,782,848,694	0	2,761,881	1,785,610,575
- Prudential Conservative Core	1,211,909,693	0	(3,773,906)	1,208,135,786
- Taplin, Canida & Habacht	1,164,915,025	125,000,000	803,012	1,290,718,038
Government/Corporate:				
- Fixed Income Gov't./Corp. Passive Account	7,116,366,870	1,294,300,000	(41,647,841)	8,369,019,030
Mortgage:				
- Fixed Income MBS Passive	3,546,935,913	666,400,000	(776,535)	4,212,559,378
Other:				
- Fixed Income Cash Expense Account	0	358,947	(358,947)	0
- Fixed Income Liquidity Portfolio	1,264,220,858	0	(9,170,541)	1,255,050,317
- Fixed Income Transition ²	0	0	0	0
- Fixed Income Policy Transition ²	0	0	0	0
- Fixed Income Transition II ²	0	0	0	0
- STIPFRS Reserve Liquidation Fund	10,115,725	(5,653,233)	3,372,178	7,834,670
Total Fixed Income	\$ 27,551,168,751	\$ 2,580,405,714	\$ (61,707,846)	\$ 30,069,866,619

¹ Name changed from Smith Breeden Associations to Amundi Pioneer Investments 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 for Fiscal Year 2017-18

Account Name	Market Value 6/30/2017	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2018
Partnerships:				
- ABRY Partners VII, L.P.	\$ 47,181,199	\$ (19,333,911)	\$ 1,093,308	\$ 28,940,596
- ABRY Partners VIII, L.P.	60,049,991	(9,734,631)	8,405,077	58,720,438
- Accel-KKR Capital Partners V, L.P.	2,774,501	9,620,518	35,874	12,430,894
- Accel-KKR Growth Capital Partners II, L.P.	7,076,868	1,296,797	2,067,686	10,441,352
- Advent International GPE VI	36,713,093	(7,648,930)	(1,376,993)	27,687,170
- Advent International GPE VII, L.P.	95,240,651	(15,434,002)	17,341,934	97,148,584
- Advent International GPE VIII, L.P.	34,449,994	38,625,000	3,683,706	76,758,700
- American Industrial Partners Capital Fund VI, L.P.	19,154,618	10,565,754	110,743	29,831,115
- Apax VIII, L.P.	164,369,560	(13,599,321)	26,124,230	176,894,470
- Apollo Investment Fund VIII, L.P.	134,016,424	14,639,869	27,200,824	175,857,117
- Apollo Investment Fund IX, L.P. ¹	0	75,145	(75,145)	0
- Ardian LBO Fund VI, L.P.	19,238,111	28,708,608	1,457,661	49,404,380
- Ares Corporate Opportunities Fund III, L.P.	78,851,167	(23,189,310)	41,517,315	97,179,172
- Ares Corporate Opportunities Fund IV, L.P.	193,563,094	(31,998,046)	24,897,801	186,462,849
- Ares Corporate Opportunities Fund V, L.P.	8,659,573	55,946,122	(2,750,582)	61,855,113
- ASF VI, L.P.	95,231,233	(14,828,148)	13,176,140	93,579,225
- ASF VII, L.P.	19,930,028	26,980,066	5,224,009	52,134,103
- Asia Alternatives FL Investor, L.P.	94,574,780	54,653,721	19,895,374	169,123,875
- Asia Alternatives FL Investor II, LLC ¹	0	8,460,394	(1,748,438)	6,711,956
- Atlas Capital Resources II, L.P.	10,598,769	1,246,792	339,837	12,185,398
- AXA LBO Fund V, L.P.	66,378,637	(33,107,899)	21,625,282	54,896,020
- AXA Secondary Fund V, L.P.	47,606,093	(32,187,223)	4,322,865	19,741,735
- Berkshire Fund VIII, L.P.	55,477,619	(40,342,822)	15,731,468	30,866,265
- Berkshire Fund IX, L.P.	11,531,786	27,251,697	(1,366,372)	37,417,111
- Blackstone Capital Partners VI, L.P.	179,673,824	(17,863,406)	35,880,124	197,690,542
- Blackstone Capital Partners VII, L.P.	23,263,301	19,915,106	5,384,115	48,562,522
- Carlyle Asia Growth Partners IV, L.P.	48,217,721	(17,470,150)	(62,416)	30,685,155

Account Name - continued	Market Value 6/30/2017	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2018
- Carlyle Partners IV, L.P.	2,100,019	0	(156,386)	1,943,633
- Carlyle Partners VI, L.P.	130,636,202	24,106,667	30,311,766	185,054,635
- Carnelian Energy Capital II, L.P. ¹	0	6,616,051	726	6,616,777
- Charlesbank Equity Fund VII, L.P.	44,946,204	(16,579,373)	4,136,470	32,503,301
- Charlesbank Equity Fund VIII, L.P.	63,720,624	(241,966)	11,894,169	75,372,827
- Charlesbank Equity Fund IX, L.P. ¹	0	86,269	(343,472)	(257,203)
- Charlesbank Fund IX Overage Allocation Program ¹	0	6,629,834	0	6,629,834
- Cortec Group V, L.P.	200,098,005	5,148,084	(37,571,134)	167,674,955
- Cortec Group VI, L.P.	18,223,849	15,414,469	(297,169)	33,341,149
- Cressey & Company Fund IV, L.P.	34,024,177	(8,725,440)	11,050,136	36,348,873
- Cressey & Company Fund V, L.P.	38,443,065	27,000,000	11,115,268	76,558,333
- CVC Capital Partners VI, L.P.	51,873,932	16,534,087	5,809,655	74,217,675
- CVC Capital Partners VII, L.P. ¹	0	76,499	(1,030,548)	(954,050)
- CVC European Equity Partners V, L.P.	37,712,376	(21,609,428)	13,571,250	29,674,198
- DCPF VI Oil and Gas Coinvestment Fund, L.P.	58,395,183	(16,199,653)	(2,466,290)	39,729,240
- Denham Commodity Partners Fund VI, L.P.	72,625,897	(1,727,219)	2,116,002	73,014,681
- Denham Oil & Gas Investment Fund, L.P.	34,433,632	4,355,381	8,043,163	46,832,176
- EnCap Energy Capital Fund VIII, L.P.	33,569,930	(8,262,382)	(1,731,589)	23,575,960
- EnCap Energy Capital Fund IX, L.P.	52,836,707	2,175,243	(934,814)	54,077,136
- EnCap Energy Capital Fund X, L.P.	45,827,795	22,523,569	2,621,411	70,972,774
- EnCap Energy Capital Fund XI, L.P. ¹	0	8,368,525	(1,700,768)	6,667,757
- EnCap Flatrock Midstream Fund III, L.P.	20,293,287	(7,822,803)	6,799,449	19,269,934
- EnCap Flatrock Midstream Fund IV, L.P. ¹	0	2,917,899	(518,478)	2,399,421
- Energy Capital Partners II, L.P.	49,745,312	(15,620,865)	(3,788,772)	30,335,675
- Energy Capital Partners III, L.P.	82,062,484	50,753,322	14,193,485	147,009,293
- Energy & Minerals Group Fund III, L.P.	68,243,893	(1,409,329)	1,502,920	68,337,484
- EnerVest Energy Fund XII-A, L.P.	5,114,237	0	(4,912,625)	201,612
- EnerVest Energy Institutional Fund XIII-A, L.P.	10,632,572	0	(10,632,572)	0
- EnerVest Energy Institutional Fund XIV-A, L.P.	85,086,856	4,362,860	3,761,201	93,210,917
- Equistone Partners Europe Fund V, L.P.	52,695,803	13,895,805	7,675,215	74,266,823
- Equistone Partners Europe Fund VI, L.P. ¹	0	70,913	(216,857)	(145,944)
- European Private Equity Opportunities I, L.P.	1,104,688	7,243,150	877,305	9,225,143
- Fairview Special Opportunities Fund, L.P.	303,796,345	(36,559,293)	10,952,094	278,189,146
- Fairview Special Opportunities Fund II, L.P.	32,328,669	24,655,582	4,325,696	61,309,948
- Fairview Ventures Fund II, L.P.	27,784,021	(11,817,999)	2,814,366	18,780,388
- Fairview Ventures Fund III, L.P.	76,437,260	(15,594,746)	2,911,173	63,753,687
- First Reserve Fund XI, L.P.	8,343,424	(1,369,607)	(1,568,508)	5,405,309
- First Reserve Fund XII, L.P.	59,617,560	(11,350,351)	(3,707,764)	44,559,445
- Francisco Partners III, L.P.	77,526,220	(41,247,148)	20,349,634	56,628,706
- Francisco Partners IV, L.P.	51,392,506	27,150,000	19,048,886	97,591,392
- Francisco Partners V, L.P. ¹	0	10,562,278	(621,653)	9,940,625
- FS Equity Partners VI, L.P.	82,549,045	(78,446,660)	87,453,088	91,555,473
- FS Equity Partners VII, L.P.	49,927,182	14,710,066	4,756,397	69,393,645
- Grove Street Partners Buyouts LLC	64,923,019	(22,815,255)	10,250,534	52,358,298
- Grove Street Partners Buyouts II, LLC	142,387,089	1,930,442	27,954,949	172,272,480
- Grove Street Partners Ventures, LLC	112,104,762	(34,907,329)	8,346,652	85,544,085
- Grove Street Partners Ventures II, LLC	285,184,685	(44,708,540)	46,598,706	287,074,852
- GS Partners Ventures III, L.P.	135,896,516	15,052,263	39,552,438	190,501,217
- Hellman & Friedman Capital Partners V, L.P.	1,266,483	(289,422)	15,243	992,304
- Hellman & Friedman Capital Partners VII, L.P.	232,111,226	(94,769,388)	121,832,749	259,174,587
- Hellman & Friedman Capital Partners VIII, L.P.	11,337,699	114,721,402	16,918,433	142,977,534
- Inflexion Buyout Fund IV, L.P.	20,491,497	10,183,470	7,284,224	37,959,192
- Inflexion Enterprise Fund IV, L.P.	209,660	7,427,210	52,948	7,689,817
- Inflexion Partnership Capital Fund I, L.P.	9,094,811	5,849,755	2,748,487	17,693,053
- Insight Venture Partners VIII, L.P.	90,589,359	(9,054,214)	23,821,817	105,356,962
- Insight Venture Partners IX, L.P.	54,348,217	17,184,427	28,018,725	99,551,369
- Insight Venture Partners Growth-Buyout Coinvest Fund, L.P.	41,290,244	(2,181,214)	23,523,894	62,632,924
- Investindustrial VI, L.P.	7,115,175	12,485,902	(826,711)	18,774,366
- JH Whitney VII, L.P.	65,485,677	(23,216,861)	11,477,265	53,746,081
- KKR Asia Fund II, L.P.	108,015,573	(7,116,287)	10,617,878	111,517,164
- KKR Asia Fund III (EEA) SCSp ¹	0	10,502,249	(2,539,220)	7,963,029
- KPS Special Situations Fund III, L.P.	23,360,280	(11,650,594)	3,364,454	15,074,140
- KPS Special Situations Fund IV, L.P.	12,305,441	38,020,322	5,845,049	56,170,812
- LCP FSBA Co-Invest Account L.P.	12,049,254	29,142,853	10,110,054	51,302,161
- Lexington Capital Partners IV, L.P. ²	484,669	(567,395)	82,726	0

Account Name - continued	Market Value 6/30/2017	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2018
- Lexington Capital Partners V, L.P.	4,776,037	(1,864,788)	695,124	3,606,373
- Lexington Capital Partners VI-B, L.P.	21,510,427	(11,776,047)	2,615,551	12,349,931
- Lexington Capital Partners VII, L.P.	77,936,008	(21,328,904)	9,423,290	66,030,394
- Lexington Capital Partners VIII, L.P.	60,386,367	47,785,967	33,401,218	141,573,552
- Lexington Co-Investment Partners Pools III & IV, L.P.	51,252,109	(5,634,826)	(9,653,566)	35,963,717
- Lexington Co-Investment Partners 2005, L.P.	136,542,249	(22,226,486)	(5,557,988)	108,757,775
- Lexington Co-Investment Partners 2005 Pool III, L.P.	563,978,937	(200,826,880)	115,371,505	478,523,561
- Lexington Co-Investment Partners 2005 Pool IV, L.P.	1,042,323	168,179,110	20,080,821	189,302,254
- Lexington Middle Market Investors III, L.P.	40,102,824	4,441,109	16,711,505	61,255,438
- Liberty Partners VI	1,325,000	6,119	(1,056,119)	275,000
- Liberty Partners VII	8,999,264	255,174	(404,908)	8,849,530
- Liberty Partners Group II	(1,215)	1,431	(1,440)	(1,224)
- LightBay Capital Partners, L.P. ¹	0	110,466	(110,466)	0
- Montagu Private Equity Fund IV, L.P.	34,681,657	(15,358,642)	9,314,251	28,637,266
- Montagu V, L.P.	5,735,439	19,853,972	8,779,139	34,368,550
- New Mountain Partners II, L.P.	968,252	121,230	477,174	1,566,656
- New Mountain Partners III, L.P.	70,535,547	(19,275,371)	15,951,183	67,211,359
- New Mountain Partners IV, L.P.	84,724,459	(14,966,822)	19,359,491	89,117,128
- OpCapita Consumer Opportunities Fund II, L.P.	6,597,599	12,195,210	(1,494,486)	17,298,322
- OpenView Venture Partners IV, L.P.	12,331,719	8,412,500	1,768,365	22,512,583
- OpenView Venture Partners V, L.P. ¹	0	7,925,303	(350,533)	7,574,770
- Pantheon Global Secondary Fund IV, L.P.	31,224,351	(14,738,525)	4,803,913	21,289,738
- Pantheon Venture Partners II, L.P.	52,803,404	(21,100,028)	9,689,471	41,392,847
- Peak Rock Capital II, L.P.	0	3,210,252	146,300	3,356,552
- Peak Rock Capital Credit Fund II, L.P.	0	509,118	(72,009)	437,109
- Permira V, L.P.	91,620,101	(24,598,933)	19,983,319	87,004,488
- Platinum Equity Capital Partners II, L.P.	36,827,110	(6,187,132)	(22,541,615)	8,098,363
- Platinum Equity Capital Partners III, L.P.	142,307,837	(24,154,917)	24,396,685	142,549,605
- Pomona Capital VI, L.P.	11,839,007	(5,559,611)	432,200	6,711,596
- Pomona Capital VII, L.P.	6,488,516	(7,487,946)	1,189,967	190,537
- Post Oak Energy Partners II, L.P.	26,212,848	2,827,109	4,049,476	33,089,434
- Post Oak Energy Partners III, L.P.	11,375,346	25,062,976	7,367,664	43,805,986
- Post Oak Energy Partners IV, L.P. ¹	0	1,406,829	(609,685)	797,144
- Providence Equity Partners VII, L.P.	163,076,587	(6,824,478)	60,212,371	216,464,480
- RCP Advisors Fund IV, L.P.	19,894,076	(8,230,500)	4,864,269	16,527,844
- RCP Advisors Fund V, L.P.	33,786,864	(9,649,174)	4,365,810	28,503,500
- RCP Advisors Fund VI, L.P.	41,750,963	(20,536,271)	10,364,266	31,578,958
- RCP Advisors Fund VII, L.P.	54,746,202	(8,159,556)	6,250,549	52,837,195
- RCP Advisors Fund VIII, L.P.	34,885,116	(3,305,222)	11,368,184	42,948,077
- RCP Advisors Fund IX, L.P.	24,378,075	10,000,000	1,996,027	36,374,102
- RCP Advisors Fund X, L.P.	6,801,092	12,500,000	(297,440)	19,003,652
- Rise Fund, L.P. (The) ¹	0	4,487,084	(926,472)	3,560,612
- Riverside Capital Appreciation Fund VI, L.P.	62,645,806	(15,978,007)	15,541,076	62,208,875
- Rubicon Technology Partners, L.P.	40,731,427	3,478,857	2,276,702	46,486,986
- Rubicon Technology Partners II, L.P.	0	14,745,925	(1,622,630)	13,123,295
- Searchlight Capital II, L.P.	32,408,124	7,908,572	13,638,954	53,955,650
- Silver Lake Partners IV, L.P.	80,330,884	22,839,121	13,821,823	116,991,828
- Silver Lake Partners V, L.P. ¹	0	10,421,131	(422,748)	9,998,383
- Siris Partners III, L.P.	34,782,250	13,823,875	8,707,481	57,313,606
- Siris Partners IV, L.P. ¹	0	78,488	(78,488)	0
- SVB Capital Partners III, L.P.	15,941,007	3,577,500	1,199,691	20,718,198
- SVB Capital Partners IV, L.P.	0	5,299,365	292,600	5,591,965
- SVB Strategic Investors Fund V-A, L.P.	150,450,455	(14,687,543)	33,607,050	169,369,962
- SVB Strategic Investors Fund V-A Opportunity, L.P.	67,229,367	(10,925,000)	20,496,725	76,801,092
- SVB Strategic Investors VI-A, L.P.	122,005,028	(448,437)	22,551,516	144,108,107
- SVB Strategic Investors Fund VII-A, L.P.	62,668,215	35,875,000	6,929,341	105,472,556
- SVB Strategic Investors Fund VIII-A, L.P.	7,256,305	21,150,645	(1,156,447)	27,250,503
- SVB Strategic Investors Fund IX-A, L.P. ¹	0	9,176	(9,176)	0
- Thoma Bravo Discover Fund, L.P.	20,597,642	10,977,381	15,784,099	47,359,122
- Thoma Bravo Discover Fund II, L.P. ¹	0	68,425	(68,425)	0
- Thoma Bravo Fund IX, L.P.	5,206,310	(6,383,380)	2,316,116	1,139,046
- Thoma Bravo Fund X, L.P.	94,281,321	(42,443,392)	9,652,990	61,490,919
- Thoma Bravo Fund XI, L.P.	178,152,033	(61,553,952)	70,321,319	186,919,400
- Thoma Bravo Fund XII, L.P.	57,503,922	33,833,622	9,218,752	100,556,296
- Thoma Bravo Special Opportunities Fund I, L.P.	67,476,697	(32,553,513)	5,506,575	40,429,760
- Thoma Bravo Special Opportunities Fund II, L.P.	57,393,979	(12,857,213)	15,322,749	59,859,516
- Thoma Cressey Fund VIII, L.P.	1,088,583	5,626	1,279	1,095,488

Account Name - continued	Market Value 6/30/2017	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2018
- Tiger Iron Special Opportunities Fund, L.P.	9,020,955	22,238,270	(1,172,177)	30,087,048
- Top Tier Special Opportunities Fund, L.P.	2,529,090	(738,913)	512,507	2,302,684
- Top Tier Venture Capital II, L.P.	24,276,781	(6,659,765)	(2,618,267)	14,998,749
- Top Tier Venture Capital III, L.P.	36,858,625	(7,914,478)	(4,819,812)	24,124,334
- Top Tier Venture Capital IV, L.P.	104,822,669	(28,256,479)	14,127,214	90,693,405
- TowerBrook Investors II, L.P.	17,254,551	(10,076,964)	(1,357,683)	5,819,904
- TowerBrook Investors III, L.P.	42,726,423	(18,566,821)	268,602	24,428,204
- TowerBrook Investors IV, L.P.	54,096,894	47,511,757	11,990,024	113,598,675
- TPG Growth II, L.P.	167,164,228	(31,027,926)	(14,772,009)	121,364,293
- TPG Growth III, L.P.	45,240,015	21,635,492	13,920,722	80,796,229
- TPG Growth IV, L.P. ¹	0	28,242	(1,368,341)	(1,340,099)
- Trident V, L.P.	79,176,852	(28,478,388)	10,866,234	61,564,699
- Trident VI, L.P.	55,777,486	2,783,859	15,550,507	74,111,852
- Trident VII, L.P.	0	24,444,534	(1,177,106)	23,267,427
- TrueBridge Capital FSA, LLC	7,669,446	8,220,139	6,885,383	22,774,968
- TrueBridge Capital Partners V, L.P. ¹	0	2,247,552	(12,130)	2,235,422
- TrueBridge/FLSBA Special Purpose, LLC	62,901,321	(3,681,433)	14,555,714	73,775,602
- TrueBridge/FLSBA Special Purpose II, LLC	18,310,398	1,817,855	4,330,471	24,458,724
- TrueBridge-Kauffman Fellows End Fund II, L.P.	145,723,374	(6,414,618)	19,154,817	158,463,573
- TrueBridge-Kauffman Fellows End Fund III, L.P.	109,568,973	16,250,000	16,213,389	142,032,362
- TrueBridge-Kauffman Fellows End Fund IV, L.P.	27,544,868	33,750,000	2,641,491	63,936,359
- TSG Capital Fund III, L.P. ³	14,275	0	0	14,275
- Venture Overage Fund, L.P.	82,782,534	8,403,744	1,167,490	92,353,768
- W Capital Partners III, L.P.	46,402,844	12,711,960	6,916,307	66,031,111
- Warburg Pincus China, L.P.	8,889,394	30,396,000	3,369,414	42,654,808
- Warburg Pincus Private Equity IX, L.P.	9,650,643	(802,380)	(1,727,193)	7,121,070
- Warburg Pincus Private Equity X, L.P.	77,396,524	(17,788,996)	9,434,982	69,042,510
- Warburg Pincus Private Equity XI, L.P.	204,584,996	(53,774,696)	33,993,135	184,803,435
- Warburg Pincus Private Equity XII, L.P.	27,208,225	18,225,000	6,856,266	52,289,491
- Waterland Private Equity Fund VII, C.V. ¹	0	23,615	(23,615)	0
- Wellspring Capital Partners V, L.P.	67,486,076	(3,049,305)	1,082,929	65,519,699
- WPEF VI Feeder Fund, L.P.	22,032,076	12,325,193	2,329,976	36,687,246
- WPEF VI Overflow Feeder Fund, L.P.	3,408	5,363	(4,088)	4,683
Other:				
- Private Equity Cash	66,392,675	12,344,070	1,086,545	79,823,290
- Private Equity Cash Expense	0	1,862,469	(1,862,469)	0
- Private Equity Transition ⁴	0	0	0	0
Total Private Equity	\$ 9,803,121,404	\$ (65,000,000)	\$ 1,691,598,769	\$ 11,429,720,173

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 Account was inactive during the fiscal year.

• 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

FRS Pension Plan - Strategic Investments Change in Market Value for Fiscal Year 2017-18

TABLE 12:

Account Name	Market Value 6/30/2017	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2018
- ABRY Advanced Securities Fund, L.P.	\$ 2,307,383	\$ 0	\$ (129,544)	\$ 2,177,839
- ABRY Advanced Securities Fund II, L.P.	56,237,817	(40,012,682)	5,673,353	21,898,487
- ABRY Advanced Securities Fund III, L.P.	74,259,225	11,373,129	8,272,066	93,904,420
- ABRY Senior Equity III, L.P.	3,966,968	(1,307,455)	604,764	3,264,278
- ABRY Senior Equity IV, L.P.	54,123,428	(16,149,597)	11,699,720	49,673,551
- ABRY Senior Equity V, L.P.	3,548,381	9,010,489	24,164	12,583,035
- Anchorage Capital Partners, L.P.	229,317,173	(73,547,107)	9,532,193	165,302,258
- Apollo Aviation Fund Management, LLC ¹	0	39,578,515	(2,648,293)	36,930,223
- Apollo Credit Liquidity Fund, L.P.	21,229,417	(16,978,797)	(3,756,624)	493,996
- AQR Managed Futures Fund II, L.P.	216,803,975	0	(1,978,231)	214,825,744
- AQR Style Premia Fund	155,198,852	0	2,723,671	157,922,523
- Atalaya Special Opportunities Fund VI, L.P.	70,096,138	6,117,695	6,675,742	82,889,574
- Audax Credit Opportunities, LLC	292,817,489	110,400	18,072,220	311,000,109
- Audax Mezzanine Fund IV-A, L.P.	13,781,686	13,129,330	2,798,646	29,709,662
- Bayview Opportunity Fund IV b, LLC	132,005,687	(68,313,189)	20,447,154	84,139,652

Continued on next page

Account Name - continued	Market Value 6/30/2017	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2018
- Bayview Opportunity Master Fund II b, L.P.	4,912,043	(4,254,803)	(9,361)	647,879
- Bayview Opportunity Master Fund III b, L.P.	54,123,987	(41,647,677)	7,143,299	19,619,609
- Benefit Street Credit Alpha Partners, L.P.	152,165,156	0	12,175,375	164,340,531
- Benefit Street Debt Fund IV, L.P. ¹	0	67,470,145	1,365,182	68,835,327
- Benefit Street Partners CRE Conduit Co., L.P.	131,717,764	(141,809,563)	11,087,436	995,637
- BlackRock Carbon Capital V, Inc.	59,021,864	(16,291,120)	4,014,953	46,745,697
- BlackRock Carbon Capital VI, L.P.	40,637,338	14,286,167	3,565,274	58,488,778
- Blackstone Credit Liquidity Partners, L.P. ²	391,641	(388,817)	(2,824)	0
- Blackstone/GSO Capital Solutions Fund, L.P.	22,584,495	(10,902,107)	(1,660,339)	10,022,049
- Blackstone Tactical Opportunities Fund II, L.P.	75,606,342	34,710,731	12,980,959	123,298,032
- Blackstone Unit Trusts	5,885,011	0	213,541	6,098,552
- Boston Timber Opportunities LLC	265,662,729	33,359,403	6,321,548	305,343,680
- Bridgewater Pure Alpha Major Markets, LP ¹	0	34,357	(34,357)	0
- Caerus DT Fund, LLC	400,133,606	0	16,698,747	416,832,353
- Canyon Value Realization Fund, L.P.	115,009,049	0	9,038,106	124,047,155
- Capula Global Relative Value Fund Ltd, L.P.	163,708,231	0	5,948,965	169,657,196
- Carlyle Mezzanine Partners II, L.P.	16,505,619	(1,635,446)	(6,189,044)	8,681,129
- Castlelake Aviation II, L.P.	16,858,189	(6,699,426)	1,887,929	12,046,692
- Castlelake III Aviation Stable Yield, L.P.	0	20,027,741	17,745,210	37,772,951
- Castlelake III, L.P.	92,829,181	(25,165,759)	4,864,270	72,527,692
- Castlelake IV, L.P.	90,123,402	13,806,446	13,128,021	117,057,869
- Centerbridge Capital Partners III, L.P.	41,435,635	20,809,442	4,605,851	66,850,928
- Cerebus FSBA Levered Loan Opp Fund, L.P.	95,197,821	71,782,178	10,597,242	177,577,241
- Cerberus Institutional RE Partners III, L.P.	119,989,730	(34,612,958)	(1,072,009)	84,304,763
- Cerberus Institutional RE Partners IV, L.P.	13,291,480	49,921,366	(463,638)	62,749,208
- Cevian Capital II, L.P.	224,187,000	0	7,442,000	231,629,000
- Chambers Energy Capital III, L.P.	12,464,185	8,837,770	1,484,116	22,786,070
- Coastland Relative Value Fund, LLC ²	133,807,946	(119,623,074)	(14,184,872)	0
- Coastline Fund, L.P.	182,497,936	(4,594,863)	13,270,481	191,173,554
- Coastline Fund, L.P. Tranche II ¹	0	77,633,038	723,300	78,356,338
- Colony Distressed Credit & Special Sit Fund III, L.P.	113,371,566	(22,340,283)	10,441,418	101,472,701
- Colony Distressed Credit & Special Sit Fund IV, L.P.	78,996,499	8,065,328	7,889,576	94,951,403
- Colony Distressed Credit Fund II, L.P.	26,969,335	(5,400,916)	1,500,322	23,068,741
- Crescent Mezzanine Partners VI, L.P.	91,927,648	(24,547,500)	6,517,510	73,897,658
- Crescent Mezzanine Partners VII, L.P.	26,354,685	13,742,222	2,687,392	42,784,299
- CVI Credit Value Fund A, L.P.	41,609,827	(15,125,329)	1,605,276	28,089,774
- CVI Credit Value Fund II A, L.P.	170,460,452	(98,920,470)	21,255,016	92,794,998
- CVI Credit Value Fund III A, L.P.	150,864,016	50,000,000	20,157,111	221,021,127
- CVI Credit Value Fund IV A, L.P. ¹	0	15,068,334	285,993	15,354,326
- CVI Global Value Fund A, L.P.	48,189,504	(1,042,783)	(378,765)	46,767,956
- Davidson Kempner Institutional Partners, L.P. ²	121,834,813	(124,726,332)	2,891,519	0
- Deerfield Private Design Fund IV, L.P.	9,795,658	27,500,000	(255,364)	37,040,294
- Distressed Managers II FL, L.P.	15,587,151	(1,584,149)	(2,091,292)	11,911,710
- DoubleLine Opportunistic Income ¹	0	200,020,186	2,632,564	202,652,750
- Dymon Asia Macro (US) Fund	104,335,515	0	1,182,974	105,518,489
- EIG Energy Fund XVI, L.P.	58,899,685	6,804,924	7,880,564	73,585,174
- Elan Fund, L.P.	416,119,252	3,490	11,993,511	428,116,254
- Falcon Strategic Partners III, L.P.	36,070,835	(4,309,262)	(3,844,105)	27,917,468
- Falcon Strategic Partners IV, L.P.	97,662,981	(7,027,166)	3,414,844	94,050,659
- Florida Growth Fund, LLC	129,684,125	(28,116,633)	22,631,823	124,199,315
- Florida Growth Fund Credit Tranche, LLC	37,203,420	21,747,051	4,237,459	63,187,930
- Florida Growth Fund Tranche II, LLC	118,903,027	(7,572,401)	26,970,825	138,301,451
- Florida Growth Fund II, Tranche 1, LLC	83,795,152	36,001,133	13,225,621	133,021,906
- GI Partners Fund III, L.P.	43,848,601	(37,436,796)	8,385,390	14,797,195
- GI Partners Fund IV, L.P.	122,088,237	23,622,621	26,185,421	171,896,279
- Global Infrastructure Partners II, L.P.	142,962,655	(3,469,617)	23,559,985	163,053,024
- Global Infrastructure Partners III, L.P.	25,039,808	54,805,225	(2,909,366)	76,935,667
- GOF II Feeder B, L.P. ¹	0	18,138	(18,138)	0
- Graham Absolute Return Trading Ltd.	153,134,828	0	9,523,213	162,658,041
- Graticule Asia Macro Fund, L.P.	162,386,576	0	9,121,035	171,507,610
- Gruss Global Investors (Enhanced) II, L.P.	232,977,553	5,116	(6,734,890)	226,247,778
- GSO Capital Opportunities Fund, L.P.	6,257,618	(751,706)	(7,705)	5,498,207
- GSO Capital Opportunities Fund II, L.P.	93,906,101	(27,282,989)	8,320,625	74,943,737
- GSO Capital Opportunities Fund III, L.P.	34,240,896	12,018,873	5,585,265	51,845,034
- GSO Capital Solutions Fund II, L.P.	111,715,301	(48,447,283)	4,006,129	67,274,147
- GSO Capital Solutions Fund III, L.P. ¹	0	6,527,048	445,141	6,972,189
- GSO Energy Select Opportunities Fund, L.P.	29,024,513	20,308,071	5,236,356	54,568,940
- HBK Fund II, L.P.	171,407,236	0	5,400,340	176,807,576
- Healthcare Royalty Partners III, L.P.	25,054,998	3,798,109	286,727	29,139,834
- Highline Capital Partners, L.P.	228,830,621	0	(4,389,408)	224,441,213
- IFM Global Infrastructure (US), L.P.	374,100,754	424	68,252,806	442,353,985

Account Name - continued	Market Value 6/30/2017	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2018
- ITE Rail Fund, L.P. ¹	0	53,207	(53,207)	0
- Jackson Timberland Opportunities, LLC	193,311,096	(9,183,913)	5,968,300	190,095,483
- JHL Capital Group Fund, LLC	96,750,795	(48,150,905)	(2,491,473)	46,108,417
- King Street Capital Fund, L.P.	259,594,945	(228,851,565)	348,869	31,092,249
- KV Partners, LLC	94,839,393	(146,499,062)	52,417,203	757,534
- Lake Jackson, L.P.	0	11,624	(11,624)	0
- LCM Credit Opportunities Fund III(a), L.P.	23,395,394	53,371,471	4,831,260	81,598,125
- Levine Leichtman Capital Partners IV, L.P.	27,047,575	5,217,111	6,068,085	38,332,771
- Levine Leichtman Capital Partners V, L.P.	167,044,275	(4,235,543)	24,890,621	187,699,353
- Levine Leichtman Capital Partners VI, L.P. ¹	0	37,941,941	603,482	38,545,424
- Lexington GP Holdings, L.P.	137,177,750	(17,952,232)	24,353,606	143,579,124
- Litespeed Partners, L.P.	89,669,594	(92,837,650)	13,482,014	10,313,958
- Luxor Capital Partners, L.P.	89,961,250	0	21,424,795	111,386,045
- Marathon European Credit Opp Fund II, L.P.	81,752,382	(25,134,227)	13,326,399	69,944,554
- Mason Capital Fund, L.P. ³	930,614	0	0	930,614
- MCP Private Capital Fund, III ¹	0	18,955,085	(1,846,671)	17,108,414
- MKP Opportunity Partners, L.P.	157,612,009	0	873,783	158,485,792
- MW Eureka (US) ¹	0	50,038,374	4,907,724	54,946,099
- Oaktree Opportunities Fund VIII, L.P.	24,474,354	(18,131,209)	4,222,539	10,565,684
- Oaktree Opportunities Fund VIIIb, L.P.	31,171,748	(10,029,145)	5,345,756	26,488,360
- Oaktree Opportunities Fund IX, L.P.	88,690,797	(17,927,774)	6,631,912	77,394,935
- Oaktree Opportunities Fund Xb, L.P. ¹	0	5,000,000	0	5,000,000
- OCM Opportunities Fund VIIb, L.P.	3,614,272	(1,016,662)	372,971	2,970,581
- Orion Mine Finance Co-Investment Fund II, L.P. ¹	0	2,566,489	0	2,566,489
- Orion Mine Finance Fund I, L.P.	110,388,774	(30,327,940)	2,720,974	82,781,808
- Orion Mine Finance Fund II, L.P. ¹	0	54,152,858	(2,783,084)	51,369,775
- OZ Domestic Partners II, L.P.	288,082,730	0	29,286,033	317,368,763
- P2 Capital Fund, L.P.	264,488,500	0	47,519,961	312,008,461
- PCG Special Situation Partners, L.P.	22,971,600	(3,487,363)	160,060	19,644,297
- Primary Wave Music IP Fund 1, L.P.	9,541,308	3,266,567	(239,295)	12,568,580
- Principal RE Debt (SBAF Mortgage Fund), LLC	188,339,029	(34,578,240)	13,190,719	166,951,509
- Providence Debt Fund III, L.P.	153,308,220	(14,358,268)	7,958,988	146,908,940
- Providence Equity Global Group, LLC	162,602,924	(10,504,833)	(9,631,818)	142,466,273
- Providence TMT Debt Opportunity Fund II, L.P.	22,841,031	(15,342,500)	1,332,121	8,830,652
- Providence TMT Special Situation Fund, L.P.	5,245,905	(2,916,454)	(310,170)	2,019,281
- Rubik Holdings LTD ¹	0	50,026,702	878,905	50,905,607
- SASOF III, L.P.	52,480,879	(20,705,757)	3,083,354	34,858,476
- Scopia PX, LLC	116,616,198	0	5,591,746	122,207,944
- Special Situation Partners II, L.P.	48,431,706	(8,349,914)	671,530	40,753,322
- Sprott Private Resource Lending (US), L.P.	4,243,951	42,527,650	1,406,207	48,177,807
- Square Mile Partners III, L.P.	16,125,606	(11,207,451)	(1,507,303)	3,410,852
- Starboard Value and Opportunity Fund, LLC	303,983,410	0	43,949,676	347,933,086
- Taconic Opportunity Fund, L.P.	277,965,140	0	14,897,885	292,863,025
- TCW Crescent Mezzanine Partners V, L.P.	18,356,925	(10,138,227)	1,712,119	9,930,817
- Three Bridges Europe Fund, L.P.	95,020,138	0	7,223,407	102,243,545
- Tintoretto Partners, L.P. ¹	0	65,199,842	1,417,416	66,617,258
- Tricon Housing Partners I US, L.P.	34,122,257	(3,907,364)	2,789,576	33,004,469
- Tricon Housing Partners II US, L.P.	88,269,740	(8,641,841)	(3,763,558)	75,864,340
- Trigate Property Partners II, L.P.	30,205,363	(3,042,270)	3,127,866	30,290,959
- Trigate Property Partners III, L.P.	15,936,429	197,697	2,404,300	18,538,427
- TSSP Adjacent Opportunities Partners, L.P.	99,570,254	21,090,936	10,639,293	131,300,483
- Varde Fund X, L.P.	72,228,549	(37,402,836)	3,498,753	38,324,467
- Varde Fund XI, L.P.	260,846,316	(64,039,859)	18,387,154	215,193,611
- Varde Fund XII (c), L.P.	100,709,226	110,000,000	11,543,862	222,253,088
- Vine Media Opportunities Fund III, L.P.	90,824,030	(5,103,368)	(210,691)	85,509,971
- Vine Media Opportunities Fund IV, L.P. ¹	0	4,983,101	2,311,378	7,294,479
- VSS Structured Capital II, L.P.	18,318,875	(5,566,457)	5,436,161	18,188,579
- Wayzata Opportunities Fund II, L.P.	7,963,817	(6,112,038)	1,098,076	2,949,855
- Wayzata Opportunities Fund III, L.P.	43,584,892	(7,174,272)	(389,212)	36,021,408
- York Capital Management, L.P. ²	199,022,552	(210,755,798)	11,733,247	0
Other:				
- Strategic Investments Cash	69,709,447	(3,192,050)	917,561	67,434,958
- Strategic Investment Cash Expense	0	2,185,755	(2,185,755)	0
- Strategic Investments Transition	2,634,852	(1,569,764)	(277,027)	788,061
Total Strategic Investments	\$ 12,654,071,257	\$ (701,569,764)	\$ 965,033,842	\$ 12,917,535,335

¹ Account opened during the fiscal year.

² Account assets sold or partnership interest sold during the fiscal year. Balances and activity reflect residual activity.

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

• 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

TABLE 13:

FRS Pension Plan - Real Estate
Change in Market Value for Fiscal Year 2017-18

Account Name	Market Value 6/30/2017	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2018
Joint Ventures:				
- Ramco ²	\$ 422,702	\$ 0	\$ 7,578	\$ 430,280
Pooled Funds:				
- AEW Senior Housing Investors III, L.P.	15,094,993	8,421,297	1,949,024	25,465,314
- AEW Value Investors Asia III ¹	0	21,105,472	(938,099)	20,167,372
- Beacon Capital Strategic Partners Fund V, L.P.	774,756	(688,170)	(4,711)	81,875
- BlackRock Diamond Property Fund, Inc.	434,774	(658,935)	332,546	108,385
- BlackRock Europe Property Fund IV	4,849,756	7,149,917	142,156	12,141,829
- Blackstone Real Estate Partners Asia, L.P.	108,342,014	31,353,075	19,021,189	158,716,278
- Blackstone Real Estate Partners Europe V, L.P.	8,442,159	32,105,883	7,166,773	47,714,815
- Blackstone Real Estate Partners VI, L.P.	37,107,157	(21,733,921)	9,238,633	24,611,869
- Blackstone Real Estate Partners VII, L.P.	258,003,846	(60,075,289)	42,516,995	240,445,552
- Blackstone Real Estate Partners VIII, L.P.	45,042,209	6,763,640	7,254,768	59,060,617
- Brookfield-Fairfield US Multifamily Fund I, L.P.	17,697,683	(18,282,538)	1,281,549	696,694
- Brookfield-Fairfield US Multifamily Fund II, L.P.	70,520,183	(17,942,510)	18,710,649	71,288,322
- CapMan Nordic Real Estate Fund	41,452,462	(6,256,659)	4,447,533	39,643,336
- CapMan Nordic Real Estate II ¹	0	8,865,579	285,197	9,150,776
- Carlyle Property Investors, L.P. ¹	0	98,963,613	399,120	99,362,732
- Carlyle Realty Partners VI, L.P.	30,186,981	(15,808,639)	578,289	14,956,631
- Carlyle Realty Partners VII, L.P.	33,693,431	(5,299,696)	4,795,870	33,189,605
- Carlyle Realty Partners VIII, L.P.	0	827,385	(1,059,541)	(232,156)
- CIM Fund VIII, L.P.	37,285,126	2,990,116	2,034,342	42,309,584
- EMI Pooled Fund Expenses Account ³	0	0	0	0
- Europa Fund IV, L.P.	61,248,902	(19,921,883)	6,081,022	47,408,041
- Heitman Value Partners III, L.P.	34,296,195	(7,186,387)	4,977,211	32,087,019
- Heitman Value Partners IV, L.P. ¹	0	52,952	(598,692)	(545,740)
- Hines Value Added Fund II, L.P.	3,924,874	0	(650,908)	3,273,966
- JP Morgan EOP Fund III	17,675,059	15,353,782	6,690,654	39,719,496
- JP Morgan Special Situation Property Fund	179,096,776	(4,763,243)	17,402,242	191,735,775
- JP Morgan Strategic Property Fund	395,017,518	(61,538,888)	23,465,237	356,943,867
- Landmark Real Estate Fund VIII, L.P. ¹	0	5,134,488	3,018,503	8,152,991
- Prime Property Fund, LLC	376,460,478	(15,113,773)	31,134,926	392,481,631
- Principal US Property Fund	363,084,118	0	30,666,177	393,750,294
- Prologis USFL, L.P.	115,288,626	46,054,701	30,643,113	191,986,440
- Prudential PRISA	332,804,745	(12,340,707)	25,238,718	345,702,756
- Prudential PRISA Fund III	241,669,588	(14,277,122)	22,428,805	249,821,271
- Rockpoint Real Estate Fund III, L.P.	10,372,294	(2,483,200)	106,099	7,995,193
- Rockpoint Real Estate Fund IV, L.P.	54,134,182	(14,910,444)	3,009,340	42,233,078
- Rockpoint Real Estate Fund V, L.P.	32,726,718	20,525,856	4,925,602	58,178,176
- RREEF America REIT II Pooled Fund	306,310,936	(10,015,706)	23,373,787	319,669,017
- Starwood Distressed Opp. Fund IX Global, L.P.	66,547,379	(19,292,109)	4,959,740	52,215,010
- Starwood Opportunity Fund X Global, L.P.	103,251,332	(41,668,396)	13,113,469	74,696,405
- Starwood Global Opportunity Fund XI, L.P.	0	0	417,360	417,360
- Tristan EPISO 3, L.P.	46,944,406	(5,168,146)	7,121,196	48,897,456
- Tristan EPISO 4, L.P.	13,832,601	13,621,537	2,167,331	29,621,469
- UBS Pooled Fund, L.P.	291,229,461	(107,278,902)	12,556,249	196,506,807
Principal Investments	8,523,072,649	(141,853,267)	488,672,854	8,869,892,235
Real Estate Investment Trusts (REITs):				
- AEW Global REIT	363,050,626	0	25,493,621	388,544,247
- CohenSteers Global REIT	295,287,047	0	18,756,714	314,043,761
- Invesco Global REIT	349,936,010	0	23,758,252	373,694,261
- RREEF Global REIT	357,353,455	0	26,344,735	383,698,190
Other:				
- Real Estate Cash Account	30,753,583	(2,693,402)	714,102	28,774,283
- Real Estate Cash Expense Account	0	562,641	(562,641)	0
- Real Estate Transition Account ³	0	0	0	0
Total Real Estate Investments	\$ 13,674,719,791	\$ (307,400,000)	\$ 973,584,676	\$ 14,340,904,468

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.

⁴ Account inactive during the fiscal year.

• For certain real estate 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 for Fiscal Year 2017-18

Account Name	Market Value 6/30/2017	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2018
Cash Expense Account ¹	\$ 0	\$ 99,724	\$ (99,724)	\$ 0
Cash Securities Lending Account ²	(39,864,142)	0	6,210,804	(33,653,338)
Central Cash/Short-Term	1,062,348,472	468,680,377	26,268,552	1,557,297,401
Centralized Cleared IM Collateral Account	124,795,587	0	1,517,423	126,313,010
Centralized MSFTA Collateral Account	10,068,329	10,000,000	216,226	20,284,556
Centralized Non-Cleared Cash Collateral	26,672,840	0	397,824	27,070,664
TF STIPFRS NAV Adjustment Account ³	165,422	0	(380,217)	(214,795)
Total Fund Cash Expense Account ⁴	0	35,854,901	(35,854,901)	0
Total Cash Asset Class	\$ 1,184,186,508	\$ 514,635,002	\$ (1,724,013)	\$ 1,697,097,498

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 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 2018, the net unrealized loss decreased, resulting in an unrealized gain of \$5,759,358 that is included in the Investment Gain (Loss) column.

³ The TF STIPFRS NAV Adjustment Account is used to record the difference between the net market value of the Short-Term Investment Pool (STIPFRS) that 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.

⁴ Numbers may not total due to rounding

Source: SBA

TABLE 15:

FRS Pension Plan Net Securities Lending Revenue by Fiscal Year

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
2016-17	49,210,608
2017-18	41,689,317
Total	\$ 689,530,054

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.



**State Wildflower
Coreopsis**

In 1991 the flower of the genus Coreopsis was designated as Florida's official wildflower. The state legislature made this designation after the colorful flowers were used extensively in Florida's roadside plantings and highway beautification programs. The coreopsis is found in a variety of colors, ranging from golden to pink.

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	\$ 997,861,194	\$ 636,641,375
Fixed Income	91,273,719	19,469,344
Real Estate- Core ¹	569,435,252	0
Real Estate- Non-Core ¹	157,375,219	0
Sub-Total Separate Accounts	\$ 2,217,505,978	\$ 694,712,004
Commingled Accounts- Indirect		
Real Estate- Commingled ²	337,723,439	0
Private Equity- Commingled ³	345,472,076	87,522,827
Strategic Investments- Commingled	172,651,436	30,022,387
Sub-Total Commingled⁴	855,846,951	117,545,214
Total	\$ 3,073,352,929	\$ 812,257,218

¹ Real Estate Core and Non-Core data as of June 30, 2018, net of debt.

² Real Estate Commingled Account data as of June 30, 2018, net of debt.

³ Private Equity data as of March 31, 2018.

⁴ The Pension Plan owns Florida investments in commingled funds valued at \$855,846,951. 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.

⁵ Included in All Florida Holdings

• Numbers may not total due to rounding..

Source: SBA

Florida Retirement System Investment Plan

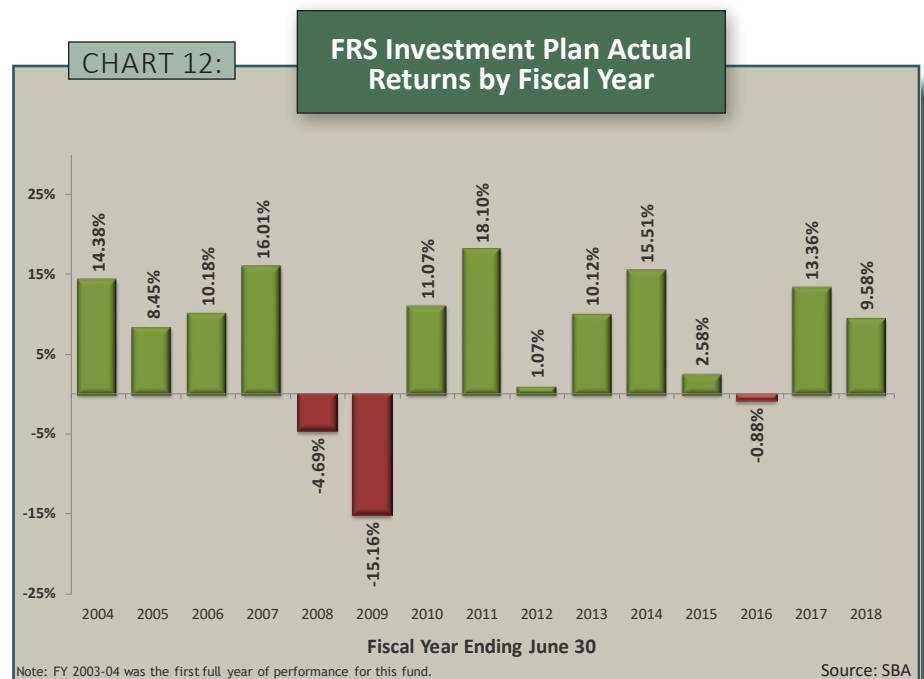
Overview and Investment Objective

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 190,000 and \$10.8 billion in assets as of June 30, 2018.

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 22 funds, including 11 funds spread across five asset classes, and 11 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	9.58%	8.80%	0.78%
Three Years	7.18%	6.86%	0.32%
Five Years	7.85%	7.47%	0.38%
Ten Years	6.10%	5.69%	0.41%
Since Inception	7.06%	6.69%	0.37%

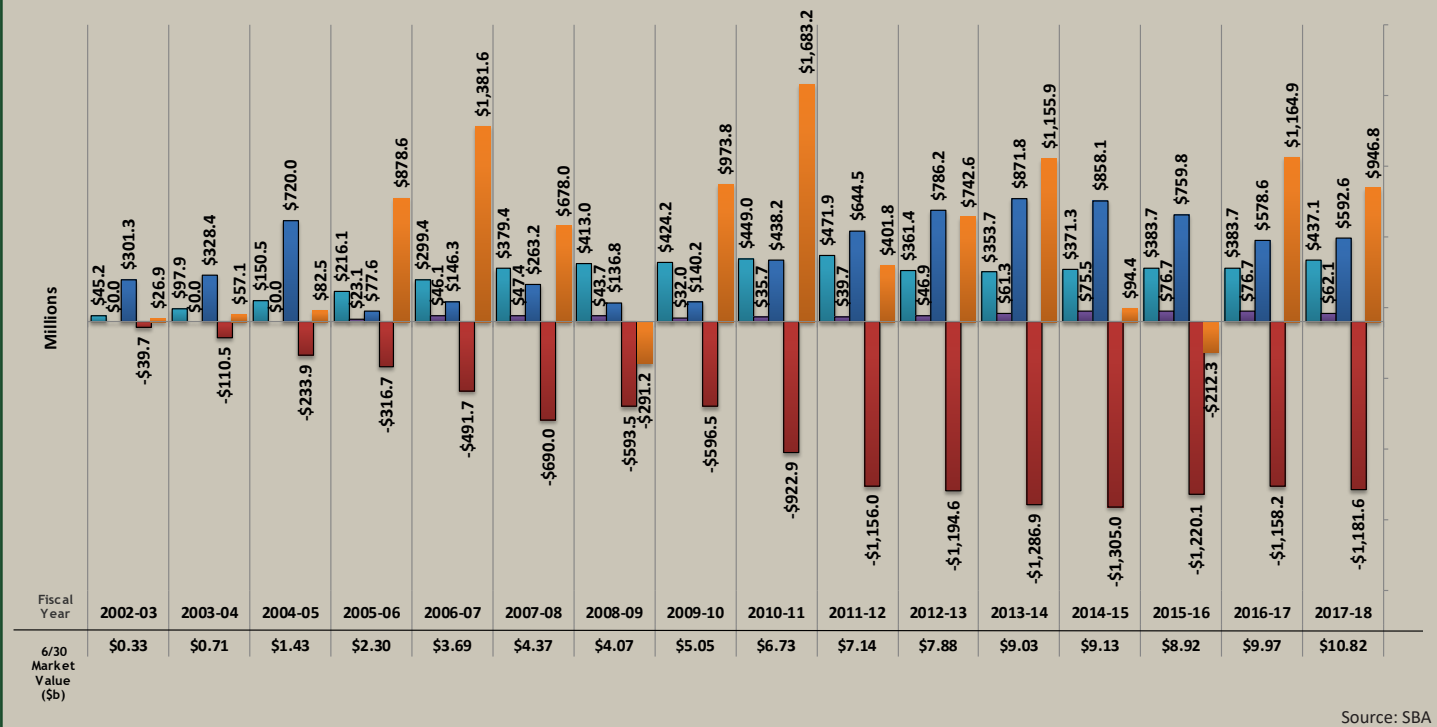
- All returns are annualized for periods indicated through June 30, 2018.
- Benchmark is a weighted blend of individual asset class target indices as applicable per the FRS Investment Plan Investment Policy Statement; weights are based on contemporaneous market valuations, per participant asset allocation 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

Contributions DROP Rollover Contributions Transfers from DB & Misc. Distributions Investment Gain (Loss)



Source: SBA



State Marine Mammal Manatee

The manatee (*Trichechus manatus*), also called a sea cow, is a gray, waterplant-eating, gentle giant that reaches eight to fourteen feet in length and can weigh more than a ton. It was designated the state marine mammal in 1975.

Manatees are on the endangered species list, but chances for their survival are good if humans' activities can be controlled. Of all the known causes of manatee fatalities, humans are responsible for about half of the deaths. The most-common cause of death for manatees is being struck by boats and barges. Also, the propeller blades of speeding boats can cut a manatee's hide to ribbons. The Florida Manatee Sanctuary Act of 1978 and later regulations have limited the speed of boats in waters populated by manatees during winter months, when more than 1,500 of the creatures swim to warm bays and rivers to avoid pneumonia and death.

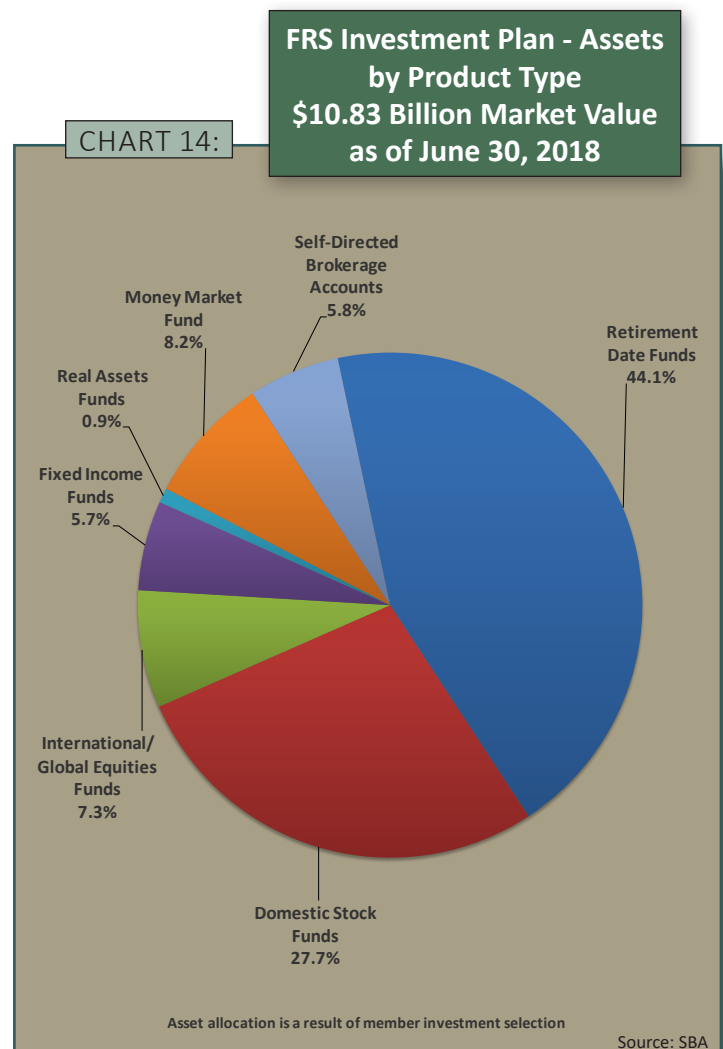
Costs

Total plan cost equals the sum of investment option management fees plus administrative, education, participant advice, and fiduciary costs. According to CEM Benchmarking, the Investment Plan's total plan cost (or expense ratio) for calendar year 2017 was 30 basis points (bps). This exceeded its benchmark cost of 28 bps by 2 bps, or 0.02%. The reason for exceeding the benchmark is the extensive education program and resources offered to FRS members. Without these costs, the Investment Plan would be comparable to all peers.

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

Investment Options

The Investment Plan offers a diversified array of fund options that span the risk and return spectrum. The investments options include a suite of customized target date funds, along with a money market fund, multi-asset fund, bond funds, US stock funds and foreign and global stock funds. The average fees across all investment funds are highly competitive at 0.17%.



Retirement Date Funds

The FRS Retirement Date Funds invest in a diversified portfolio of other Investment Plan funds and use an asset allocation concept often referred to as “target date funds.” The mix of funds in each Retirement Date Fund is based on the amount of time a member in the Investment Plan has before retirement, and the mix gradually changes as the member nears retirement. 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, 2018

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 2060 Retirement Date Fund 2060 Retirement Custom Index	10.43%	10.22%	0.21%	8.32%	8.06%	0.26%	9.43%	9.16%	0.27%	n/a	n/a	n/a	7.51%	7.19%	0.32%
FRS 2055 Retirement Date Fund 2055 Retirement Custom Index	10.43%	10.22%	0.21%	8.32%	8.06%	0.26%	9.43%	9.16%	0.27%	n/a	n/a	n/a	7.51%	7.19%	0.32%
FRS 2050 Retirement Date Fund 2050 Retirement Custom Index	10.47%	10.22%	0.25%	8.35%	8.06%	0.29%	9.45%	9.16%	0.29%	n/a	n/a	n/a	7.54%	7.19%	0.35%
FRS 2045 Retirement Date Fund 2045 Retirement Custom Index	10.35%	10.15%	0.20%	8.29%	8.03%	0.26%	9.42%	9.15%	0.27%	n/a	n/a	n/a	7.48%	7.16%	0.32%
FRS 2040 Retirement Date Fund 2040 Retirement Custom Index	9.97%	9.61%	0.36%	8.03%	7.67%	0.36%	9.26%	8.93%	0.33%	n/a	n/a	n/a	7.23%	6.81%	0.42%
FRS 2035 Retirement Date Fund 2035 Retirement Custom Index	9.50%	8.96%	0.54%	7.74%	7.19%	0.55%	9.01%	8.57%	0.44%	n/a	n/a	n/a	6.96%	6.36%	0.60%
FRS 2030 Retirement Date Fund 2030 Retirement Custom Index	8.64%	8.21%	0.43%	7.17%	6.81%	0.36%	8.17%	7.86%	0.31%	n/a	n/a	n/a	6.41%	6.02%	0.39%
FRS 2025 Retirement Date Fund 2025 Retirement Custom Index	7.84%	7.38%	0.46%	6.51%	6.20%	0.31%	7.26%	6.89%	0.37%	n/a	n/a	n/a	5.74%	5.44%	0.30%
FRS 2020 Retirement Date Fund 2020 Retirement Custom Index	6.79%	6.37%	0.42%	5.62%	5.43%	0.19%	6.24%	5.85%	0.39%	n/a	n/a	n/a	4.86%	4.71%	0.15%
FRS 2015 Retirement Date Fund 2015 Retirement Custom Index	5.91%	5.46%	0.45%	4.76%	4.63%	0.13%	5.19%	4.79%	0.40%	n/a	n/a	n/a	4.00%	3.94%	0.06%
FRS Retirement Income Fund Retirement Income Custom Index	5.40%	5.10%	0.30%	4.26%	4.29%	(0.03%)	4.67%	4.30%	0.37%	n/a	n/a	n/a	3.50%	3.63%	(0.13%)

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

Source: SBA

Money Market Fund

The FRS Money Market Fund invests 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 fund has 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, 2018

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	1.66%	1.29%	0.37%	0.97%	0.66%	0.31%	0.65%	0.41%	0.24%	0.54%	0.43%	0.11%	1.53%	1.46%	0.07%

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

Source: SBA

Multi-Asset Fund

The FRS Inflation Adjusted Multi-Assets Fund invests 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 fund seeks long-term real (net of inflation) returns to preserve the future purchasing power of accumulated assets. Members 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 - Multi-Asset Fund

Annual Average Investment Returns After Deducting Fees – Data Through June 30, 2018

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 FRS Custom Real Assets Index	5.63%	5.71%	(0.08%)	2.00%	2.67%	(0.67%)	1.81%	1.96%	(0.15%)	n/a	n/a	n/a	0.98%	1.97%	(0.99%)

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

Source: SBA

Bond Funds

The Investment Plan has three bond funds that invest primarily in fixed income securities. The quality of a bond is reflected in the credit rating of the company or agency that issues the bond. . 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, 2018

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	(0.37%)	(0.40%)	0.03%	1.83%	1.72%	0.11%	2.38%	2.27%	0.11%	3.91%	3.72%	0.19%	4.27%	4.11%	0.16%
FRS Intermediate Bond Fund Barclays Capital Intermediate Aggregate Bond Index	(0.48%)	(0.32%)	(0.16%)	1.52%	1.27%	0.25%	1.96%	1.83%	0.13%	3.50%	3.29%	0.21%	3.99%	3.74%	0.25%
FRS Core Plus Fixed Income Fund FRS Custom Core Plus Fixed Income Index	0.50%	0.06%	0.44%	3.01%	2.35%	0.66%	3.37%	3.01%	0.36%	n/a	n/a	n/a	2.47%	1.85%	0.62%

• Numbers may not total due to rounding.

Source: SBA

U.S. Stock Funds

The Investment Plan provides several U.S. Stock Funds including a large US equity, an all cap US equity and a small/mid cap US equity. U.S. Stock Fund 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, 2018

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	14.81%	14.78%	0.03%	11.70%	11.58%	0.12%	13.39%	13.29%	0.10%	10.33%	10.23%	0.10%	9.72%	9.65%	0.07%
FRS U.S. Large Cap Equity Fund Russell 1000 Index	18.15%	14.54%	3.61%	12.09%	11.64%	0.45%	14.52%	13.37%	1.14%	n/a	n/a	n/a	11.88%	11.10%	0.78%
FRS U.S. Small/Mid Cap Equity Fund FRS Custom Small/Mid Cap Index	16.81%	16.24%	0.57%	12.40%	10.90%	2.50%	13.61%	11.28%	2.33%	n/a	n/a	n/a	12.53%	11.07%	1.46%

• Numbers may not total due to rounding.

Source: SBA

Foreign and Global Stock Funds

The Investment Plan has three Foreign and Global Stock Funds. These 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, 2018

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	8.09%	7.75%	0.34%	5.68%	5.46%	0.22%	6.97%	6.66%	0.31%	3.19%	2.84%	0.35%	7.64%	7.33%	0.31%
FRS Foreign Stock Fund MSCI All Country World ex U.S. Index	9.35%	7.28%	2.07%	6.51%	5.29%	1.22%	8.34%	6.31%	2.03%	4.86%	2.69%	2.17%	7.21%	4.80%	2.41%
FRS Global Stock Fund MSCI All Country World Index	15.52%	10.73%	4.79%	11.38%	8.19%	3.20%	12.21%	9.41%	2.80%	8.67%	5.81%	2.86%	10.80%	7.91%	2.90%

• Numbers may not total due to rounding.

Source: SBA

Self-Directed Brokerage Account

The Investment Plan also offers its members access to a self-directed brokerage account. It does not fall into any single asset class because it allows the member to invest in a vast number of different investments in addition to the Plan's primary investment funds. The Self-Directed Brokerage Account is not suitable for all members and the members who use the Account assume the full risk and responsibility for the investments selected.

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, and continues to offer participants exceptional service, including expanded reporting, enhanced web functionality, improved customer service, and strengthened investment guidelines.

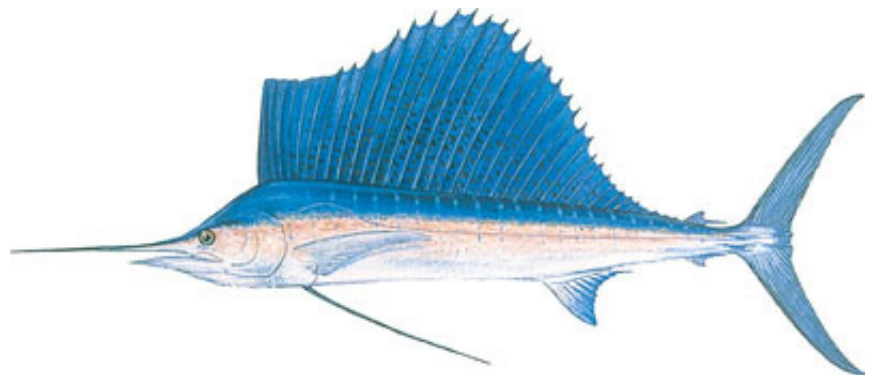
Florida PRIME™ is governed by Chapters 215 and 218, Florida Statutes, and Chapter 19-7 of the Florida Administrative Code (collectively referred to as, "applicable Florida law").

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.

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, 2018, Florida PRIME™ had a net asset value of \$10.5 billion, comprising assets held in 1,386 investor accounts on behalf of 737 participants. During the fiscal year, the fund's assets increased by approximately \$1.2 billion, representing an 13% increase in net asset value.



State Saltwater Fish
Sailfish

Sailfish (Istiophorus platypterus) are not unique to Florida; they are found nearly everywhere there is warm ocean water. However, Florida sailfishing is legendary, especially in the Fort Pierce, Miami, and Keys areas during colder months. Sailfish migrate southward as the weather chills in the north.

The sailfish can reach speeds of sixty m.p.h. The average size of sailfish found in Florida is approximately six to seven feet and thirty to forty-five pounds. (The author Ernest Hemingway landed a nine-foot, one-inch sailfish off Key West in 1934.)

The 1975 Florida legislature adopted the Atlantic sailfish as the state's official saltwater fish.

Performance

For the fiscal year ending June 30, 2018, Florida PRIME™ delivered an aggregate \$170.7 million in investment earnings to its investors, more than double the amount earned by participants during the prior fiscal year. During fiscal year 2018, the pool processed over \$42.2 billion in participant cash flows (including both deposits and withdrawals). Relative performance of Florida PRIME™ has been strong over both short- and long-term time periods. For the period ending June 30, 2018, Florida PRIME™ generated excess returns (performance above the pool's benchmark) of approximately 31 basis points (0.31%) over the last 12 months, 28 basis points (0.28%) over the last three years, and 21 basis points (0.21%) over the last five years. Florida PRIME™ has outperformed all other government investment pools statewide. Through the five-year period ending June 30, 2018, Florida PRIME™ ranked as the highest performing investment vehicle when compared to all registered money market funds within iMoneyNet's First Tier Institutional Fund Universe. 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. During the fiscal year the Federal Open Markets Committee (FOMC) raised interest rates twice leading to a steady rise in the pool's yield to end the fiscal year at 2.11%.

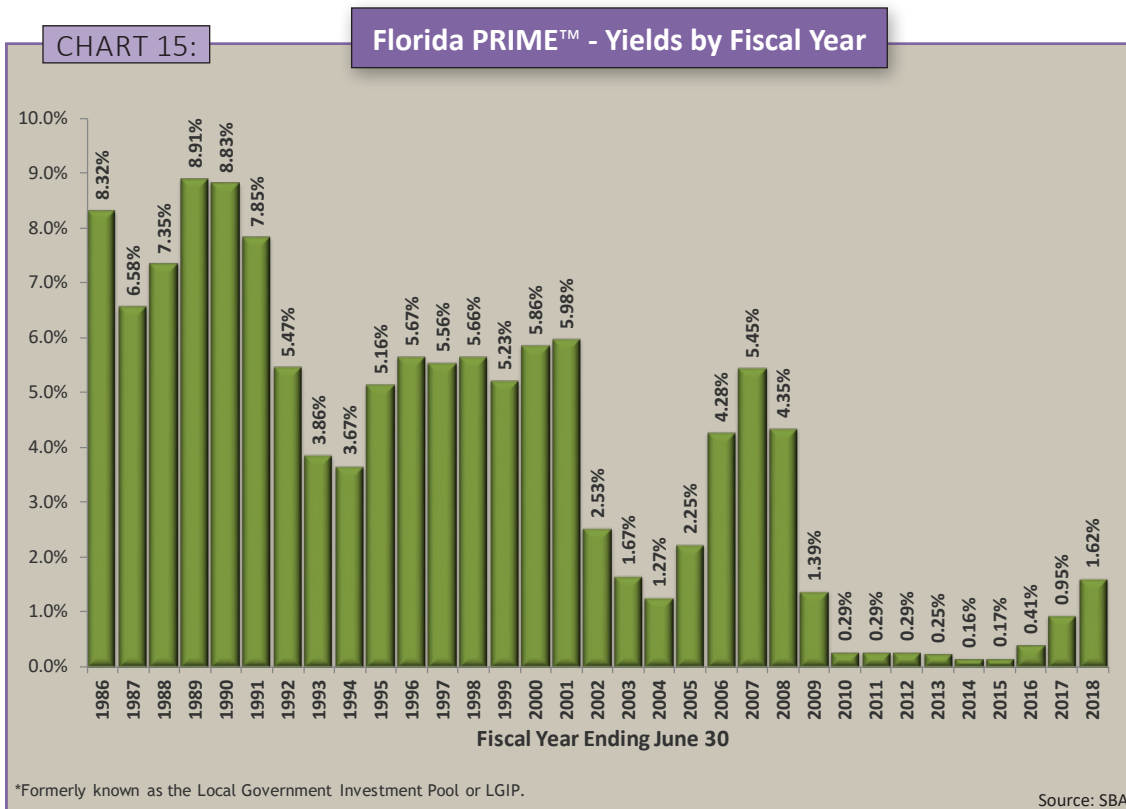


TABLE 24:

Florida PRIME™ - Participant Performance Data Through June 30, 2018

	Florida PRIME 30 Day Avg Yield ¹	Benchmark Yield ²	Actual Over (Under) Bmk.
One Year	1.62%	1.32%	0.30%
Three Years	0.99%	0.71%	0.28%
Five Years	0.66%	0.45%	0.21%
Ten Years	0.58%	0.41%	0.17%
Fifteen Year	1.55%	1.33%	0.21%
Twenty Years	2.21%	1.99%	0.22%
Twenty-Five Years	2.79%	2.62%	0.17%

¹ All yields are annualized for periods indicated through June 30, 2018.

² Yields are net of fees, and reflect the yield calculation pursuant to Chapter 19-7.011, Florida Administrative Code.

³ 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.

⁴ Numbers may not total due to rounding.

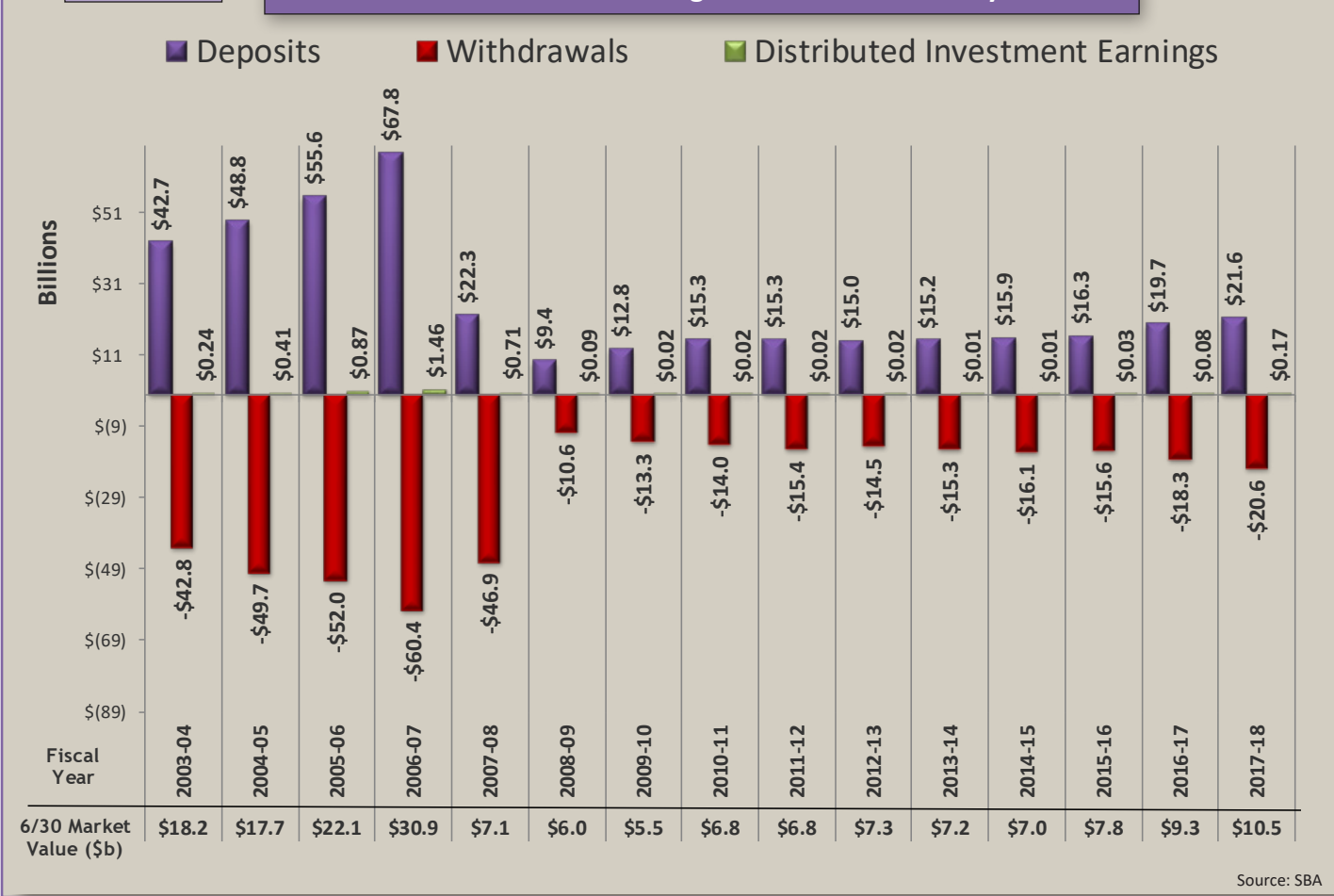
⁵ Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.

⁶ The net-of-fee benchmark is the S&P AAA/AA Rated GIP All 30-day Net Index for all time periods.

Source: SBA

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, 2018, the fee charged to Florida PRIME™ investors was 3.33 basis points (or 0.0333%) 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.

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 46 basis points. The average expense ratio among all “prime” institutional money market funds equals 32 basis points (net expense ratio).



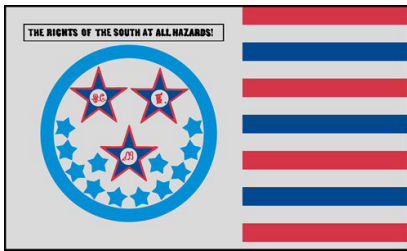
State Flag

The current design of Florida's state flag was adopted in 1900. In that year, Florida voters ratified a constitutional amendment based on an 1899 joint resolution of the state legislature to add diagonal red bars, in the form of a St. Andrew's cross, to the flag.

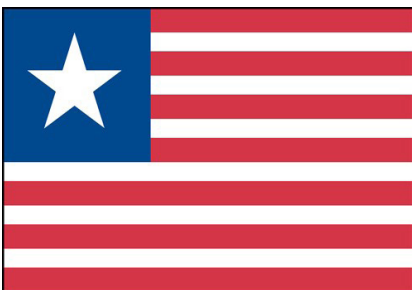
Between 1868 and 1900, Florida's state flag consisted of a white field with the state seal in the center. During the late 1890s, Governor Francis P. Fleming suggested that a red cross be added, so that the banner did not appear to be a white flag of truce or surrender when hanging still on a flagpole.

In the rewriting of the Constitution in 1968, the dimensions were dropped and became statutory language. The flag is described in these words: "The seal of the state, of diameter one half the hoist, in the center of a white ground. Red bars in width one fifth the hoist extending from each corner toward the center, to the outer rim of the seal."

Some of the flags that have flown over Florida are presented on this page.



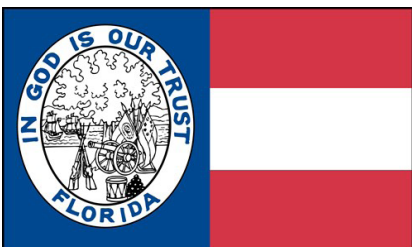
Secession Flag - 1861



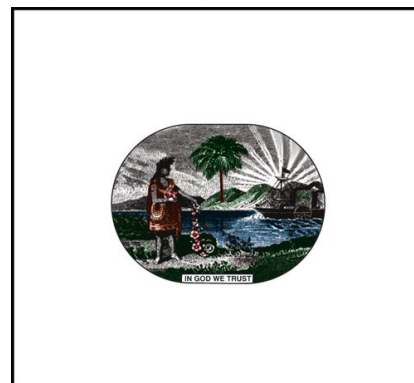
The Lone Star Flag - 1861



State Flag - 1900



State Flag - 1861



State Flag - 1868



State Flag - 1845

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 FHCF. Therefore, the investment objective for the FHCF 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 FHCF. Earnings for the most recent period continue to be modest by historical standards, due to the FHCF’s conservative investment policy and the low interest rate environment during the year.

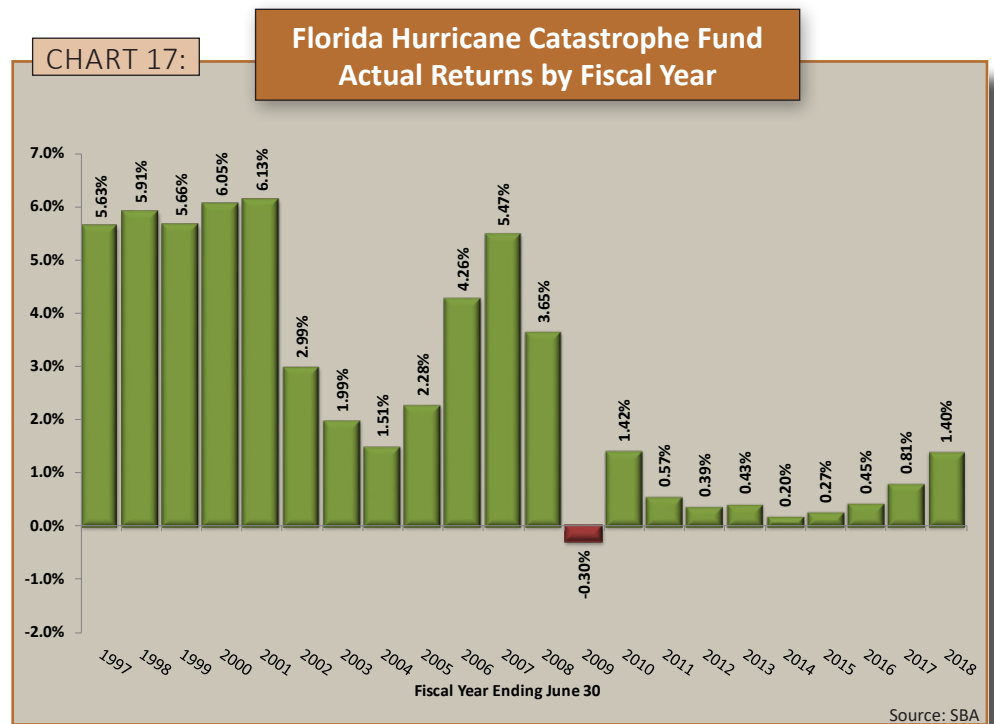


TABLE 25: Florida Hurricane Catastrophe Fund Returns for Periods Ending June 30, 2018

	Actual Return	Benchmark Return	Actual Over (Under) Bmk.
One Year	1.40%	1.16%	0.25%
Three Years	0.89%	0.73%	0.16%
Five Years	0.63%	0.48%	0.14%
Ten Years	0.56%	0.45%	0.11%
Fifteen Years	1.51%	1.36%	0.15%

- All returns are annualized for periods indicated through June 30, 2018.
- Benchmark is a weighted-average of individual portfolio level benchmark returns.
- Inception of the Fund was July 1996.
- Numbers may not total due to rounding.

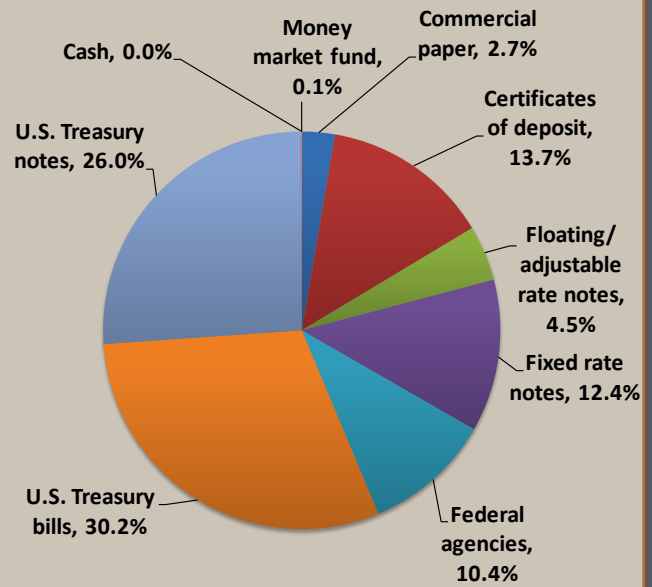
Source: SBA

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.

CHART 18:

FHCF Investments by Security Type as of June 30, 2018

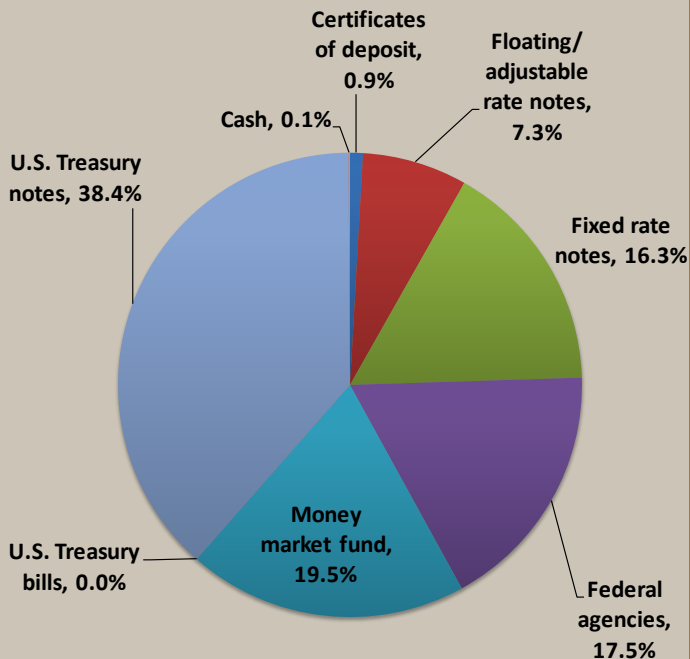


¹ Market value includes accrued interest receivable, but does not include pending investment sales receivable or investment purchases payable.

Source: SBA

CHART 19:

Corporation Investments by Security Type as of June 30, 2018



¹ Market value includes accrued interest receivable, but does not include pending investment sales receivable or pending investment purchases payable.

Source: SBA

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 FHCF.

TABLE 26:

State Board of Administration Finance Corporation Series 2013A Returns for Periods Ending June 30, 2018

	Actual Return	Benchmark Return	Actual Over (Under) Bmk.
One Year	1.22%	1.09%	0.13%
Three Years	0.83%	0.71%	0.13%
Five Years	0.60%	0.47%	0.13%
Since Inception	0.58%	0.46%	0.12%

- All returns are annualized for periods indicated through June 30, 2018.
- The total return of the portfolio will serve as the benchmark.
- Inception of the fund was April 2013.
- Numbers may not total due to rounding.

Source: SBA

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 FHCF's reimbursement premiums, are the funding sources for the payment of interest on the bonds.

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

TABLE 27:

State Board of Administration Finance Corporation Series 2016 Returns for Periods Ending June 30, 2018

	Actual Return	Benchmark Return	Actual Over (Under) Bmk.
One Year	1.26%	1.12%	0.14%
Since Inception	0.98%	0.84%	0.14%

- All returns are annualized for periods indicated through June 30, 2018.
- From June 2017 to January 2018 the benchmark was 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. From February 2018 to June 2018 the benchmark is the managed return.
- Inception of the fund was February 2016.
- Numbers may not total due to rounding.

Source: SBA

Lawton Chiles Endowment Fund

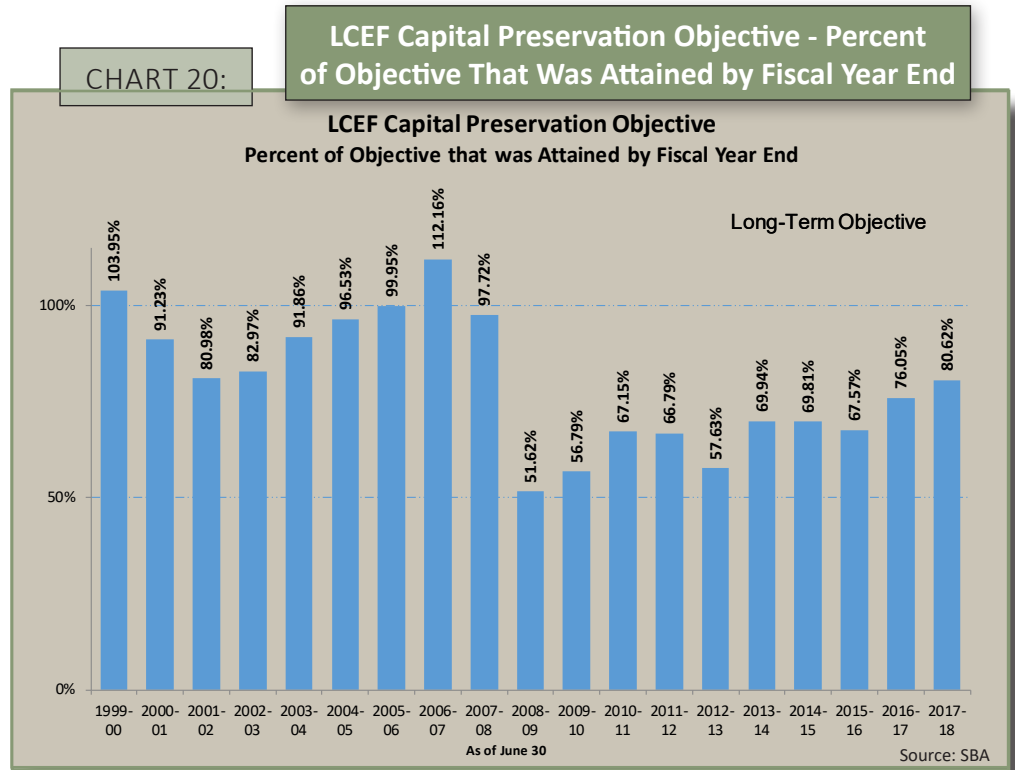
Overview and Investment Objective

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.

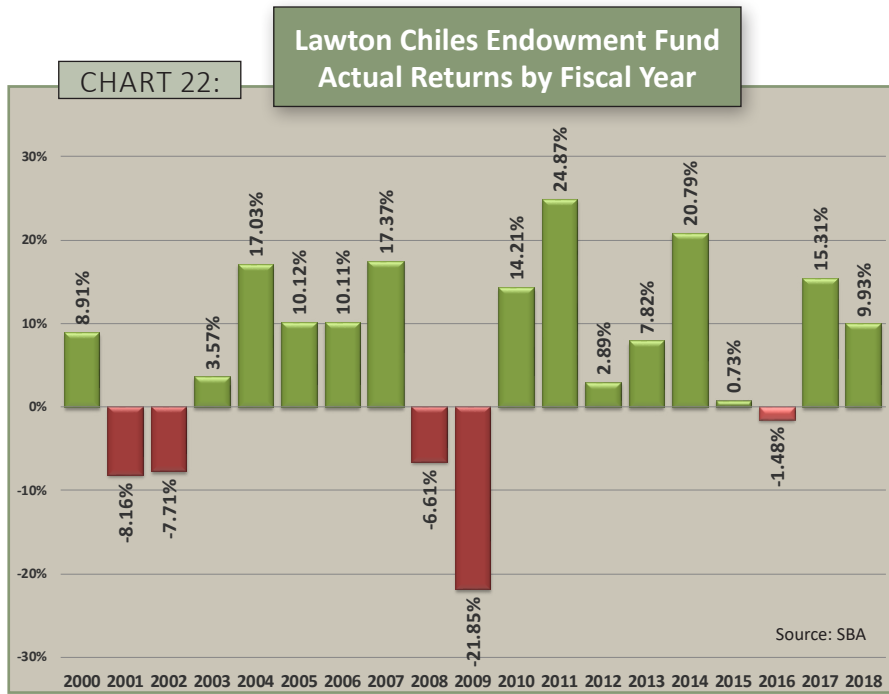
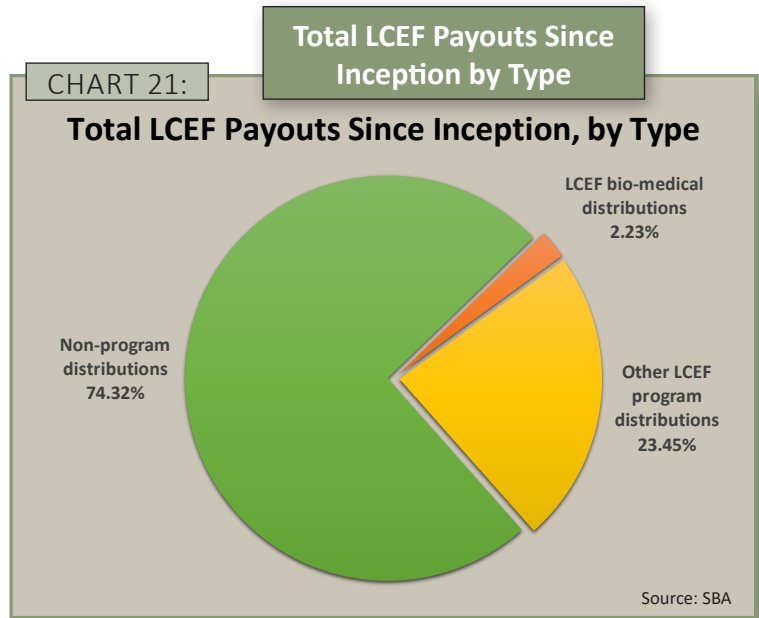
Chart 20 provides the percentage of the inflation-adjusted value of cumulative net contributions to the LCEF as of June 30, 2018, which increased to 80.62% from 76.05%.



State Tree
Sabal Palm

The sabal palm (*Sabal palmetto*) is the most widely distributed palm in Florida. It grows in almost any soil and has many uses, including food, medicine, and landscaping. The 1953 Florida legislature designated the sabal palm as the state tree, and the 1970 legislature mandated that the sabal palm should replace the cocoa palm on the state seal.

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



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 28 compares actual returns to the benchmark return for various periods ending June 30, 2018.

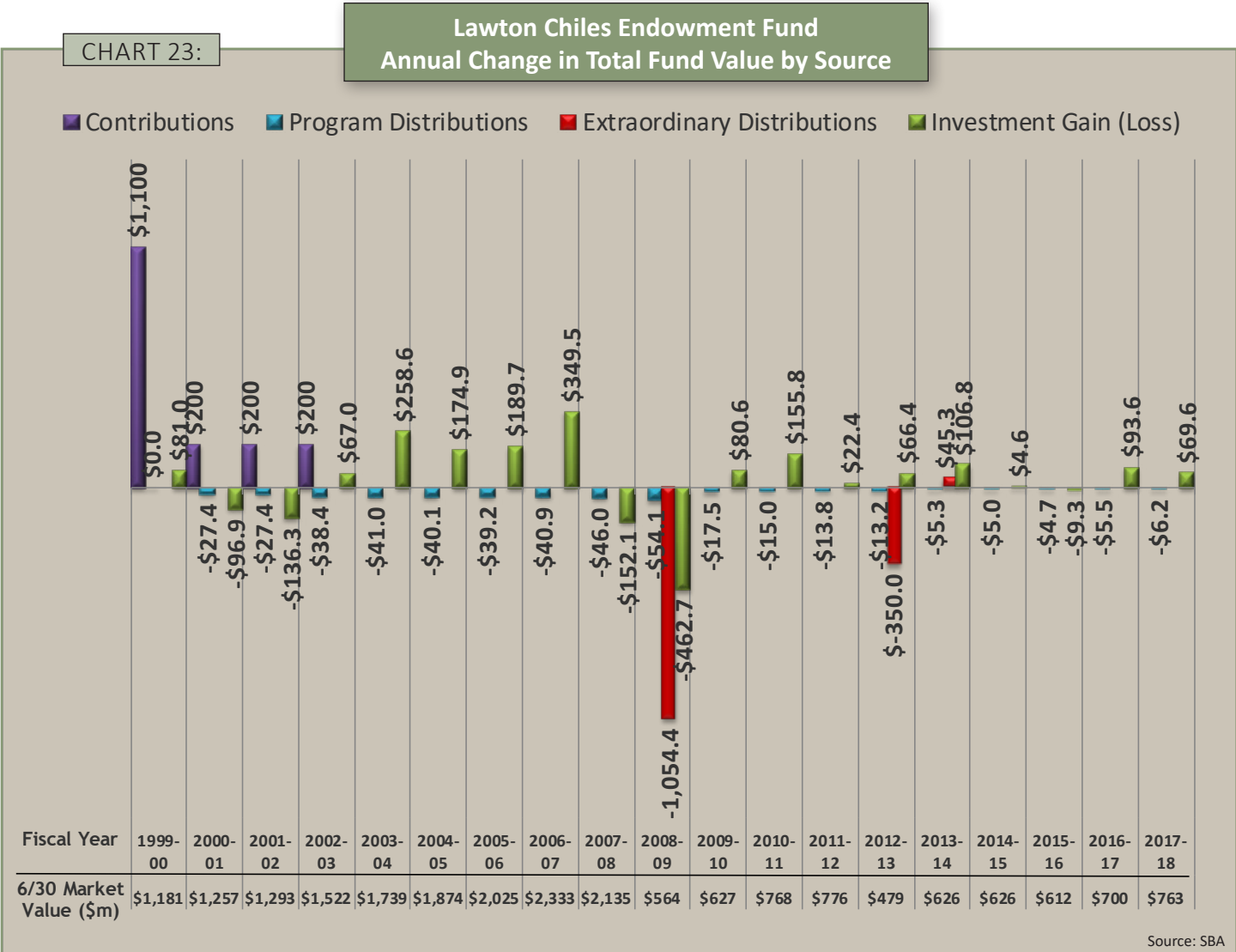
TABLE 28: **Lawton Chiles Endowment Fund Returns for Periods Ending June 30, 2018**

	Actual Return	Benchmark Return	Actual Over (Under) Bmk.
One Year	9.93%	8.37%	1.56%
Three Years	7.69%	6.55%	1.14%
Five Years	8.73%	7.55%	1.17%
Ten Years	6.51%	5.56%	0.95%
Since Inception	5.56%	4.94%	0.61%

- All returns are annualized for periods indicated through June 30, 2018.
- 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 distributions, and partial repayments (red bars).



Cost

External investment management fees, by asset class, paid by the Fund are presented in table 29.

TABLE 29: External Investment Management Fees for Fiscal Year 2017-18

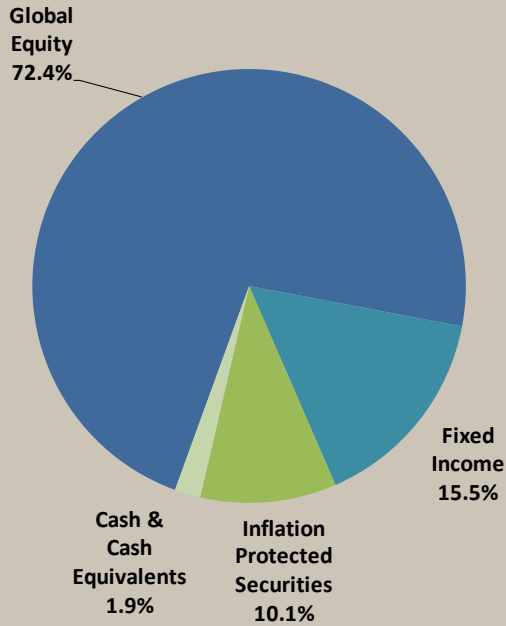
Asset Class	Dollar Amount	Return Basis ¹
Foreign Equities	\$ 555,218	0.10%
Fixed Income	40,289	0.04%
Inflation-Indexed	18,481	0.03%
Total	\$ 613,988	0.08%

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

CHART 24:

**Lawton Chiles Assets by Type
\$763.1 Million as of June 30, 2018**



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, 2018. Table 30 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 30:

**LCEF Returns to Asset Allocation
Periods Ending June 30, 2018**

	Policy Return	Implementation Return
One Year	8.61%	8.37%
Three Years	6.61%	6.55%
Five Years	7.63%	7.55%
Ten Years	5.68%	5.56%
Since Inception	5.15%	4.94%

Source: SBA

Asset Classes

As of June 30, 2018, assets of the Lawton Chiles Endowment Fund are currently divided into four classes: Global Equity, Fixed Income, Inflation-Protected Securities, and Cash Equivalents. Table 31 presents returns by asset class over various periods ending June 30, 2018.

TABLE 31:

**Lawton Chiles Endowment Fund Actual Returns
by Asset Class for Periods Ending June 30, 2018**

	Actual Return	Benchmark Return	Actual Over (Under) Bmk.
Global Equity			
One Year	13.35%	11.57%	1.78%
Three Years	9.87%	8.38%	1.49%
Five Years	11.25%	9.74%	1.51%
Ten Years	8.50%	7.41%	1.09%
Fixed Income			
One Year	(0.32%)	(0.40%)	0.07%
Three Years	1.78%	1.72%	0.06%
Five Years	2.31%	2.27%	0.04%
Ten Years	3.71%	3.72%	(0.01%)
TIPS			
One Year	2.28%	2.11%	0.17%
Three Years	2.07%	1.93%	0.15%
Five Years	1.77%	1.68%	0.09%
Ten Years	3.31%	3.03%	0.27%
Cash Equivalents			
One Year	1.66%	1.32%	0.34%
Three Years	1.00%	0.71%	0.28%
Five Years	0.73%	0.45%	0.28%
Ten Years	0.88%	0.47%	0.41%

- 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 32 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 32:

Lawton Chiles Endowment Fund Assets Under Management Market Value Change by Asset Class and Portfolio, Fiscal Year June 30, 2018

	Market Value 6/30/2017	Net Contributions (Withdrawals)	Investment Gain (Loss)	Market Value 6/30/2018
Global Equities Portfolios				
- Acadian- Chiles (ICEF)-Foreign Equities	\$ 514,960,473	\$ (30,634,404)	\$ 68,360,591	\$ 552,686,659
- Chiles Domestic Equities Russell 3000 xTobacco	3,649	(34,606)	31,072	114
- Chiles Global Equities Transition Account	17,167	(18,906)	2,909	1,171
Fixed Income Portfolios				
- Chiles Barclays Aggregate	107,240,524	11,510,000	(494,890)	118,255,634
- Chiles Fixed Income Cash Expense ¹	0	1,992	(1,992)	0
Inflation-Indexed Bond Portfolios				
- BlackRock TIPS Passive	66,657,160	9,150,000	1,632,096	77,439,255
- Chiles TIPS Cash Expense ¹	0	1,858	(1,858)	0
Cash/Short-Term Portfolios				
- Chiles Cash	10,864,944	3,654,317	219,765	14,739,026
- Chiles Cash Expense ¹	0	1,625	(1,625)	0
- Chiles Securities Lending ^{1,2}	0	0	0	0
- Chiles Total Fund Expense ¹	0	168,124	(168,124)	0
Total Lawton Chiles Endowment	\$ 699,743,916	\$ (6,200,000)	\$ 69,577,944	\$ 763,121,861

¹ Account balance is periodically zero due to cash flows.

² Account inactive during the fiscal year.

• Numbers may not total due to rounding

Source: SBA



State Freshwater Fish
Largemouth Bass

One of America's most-prized gamefish, the Florida largemouth bass (*Micropterus salmoides floridanus*) seems to grow to unusually large size in Florida waters. It can reach a length of more than twenty inches and weigh more than fifteen pounds. This black bass is an elongated sunfish, whose distinguishing feature, aside from its exceptionally large mouth, is a deep notch in the dorsal fin. Largemouth bass usually live in quiet waters that contain bountiful vegetation.

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

- Department of the Lottery 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

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
- Florida ABLE, Inc.
- Florida Prepaid College Plan Administrative Expense
- Florida College Investment Plan Administrative Expense
- SBA Administrative Fund
- PEORP Administrative Fund

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