



STATE BOARD OF ADMINISTRATION  
OF FLORIDA

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AS TREASURER  
BILL McCOLLUM  
ATTORNEY GENERAL  
AS SECRETARY  
ASH WILLIAMS  
EXECUTIVE DIRECTOR & CIO

MEMORANDUM

**To:** MEMBERS, STATE BOARD OF ADMINISTRATION  
Governor Charlie Crist, Chairman  
Chief Financial Officer Alex Sink, Treasurer  
Attorney General Bill McCollum, Secretary

**From:** Ash Williams

**Date:** November 5, 2009

**Subject:** Quarterly Performance Report as of September 30, 2009

Equity markets continued to rally in the third quarter as data indicated that economic growth had resumed. The Russell 3000 Index surged 16.3 percent during the quarter, and foreign stock markets, as measured by the MSCI ACWI ex-US Investable Market Index, jumped 20.1 percent. Rising optimism affected fixed income also with the Barclays U.S. Aggregate Bond Index returning 3.7 percent.

For the twelve months ending September 30, 2009, performance for the SBA's three largest multi-asset class mandates was as follows.

	Managed Return	Target Return	Managed vs. Target
FRS Pension Plan	-0.47%	0.08%	-0.55%
FRS Investment Plan	1.21%	-0.02%	1.22%
Lawton Chiles Endowment	-2.99%	-4.81%	1.82%

Florida Statutes, Section 215.47(6), the "basket clause," requires the Executive Director to report to the Board certain investments that are not explicitly authorized. In September 2009, there were no investments in assets requiring use of the basket clause.

Please find attached the SBA's Quarterly Performance Report for periods ending September 30, 2009. The report contains performance information on the FRS programs, the Lawton Chiles Endowment Fund, Florida PRIME, the Florida Hurricane Catastrophe Fund (FHCF), the Retiree Health Insurance Subsidy Trust Fund, and the CAMP-Money Market Fund. Also included is summary data on the SBA's securities lending program. More detailed information on Florida PRIME can be found on the SBA website at [www.sbafla.com/pool](http://www.sbafla.com/pool).

Other Items of Note

- The SBA transferred \$8.05 million in liquid assets from Fund B to Florida PRIME on October 6, 2009. This amount was transferred to Florida PRIME accounts of Fund B participants in proportion to their original Fund B balances. The \$8.05 million is from principal and interest payments on existing securities held in Fund B.
- The SBA Governance Report was submitted to the Board of Trustees at their September 15, 2009 meeting.
- Initial investments have been funded in the Florida Growth Fund.
- ITNs have been issued for Securities Litigation Counsel and Real Estate Third-Party Appraisal Services.
- The FHCF announced improving market conditions, and their financial advisor increased the FHCF's estimated claims paying capacity from \$16 billion to \$19 billion.

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

cc: IAC Members  
Pat Gleason  
Robert Tornillo  
Rob Johnson

AW/bm  
Enclosure

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

Performance Through September 30, 2009

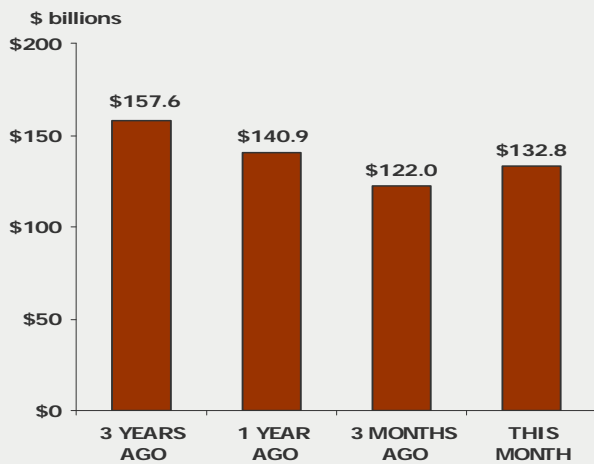
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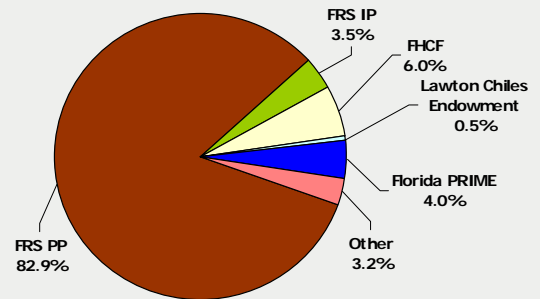
INVESTING FOR FLORIDA'S FUTURE

On September 30, 2009, the State Board of Administration had \$132.8 billion under management. The Florida Retirement System (FRS) continues to be the largest fund under the Board's supervision, with a current net asset value (NAV) of \$110.05 billion split between its Pension Plan (PP) and Investment Plan (IP). The chart below provides an overview of funds under management. A summary of all individual funds under management is included on page 17.

**Total Funds Under Management**



**Breakdown of Funds Under Management**



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## ECONOMIC OVERVIEW

The U.S. Commerce Department estimates that real Gross Domestic Product (GDP) increased at a 3.5 percent annual rate in the third quarter of 2009. This was the first quarter with positive real GDP growth since early 2008 and could mark the technical end of the recession that began in December 2007.

Real personal consumption expenditures rose 3.4 percent in the third quarter. Household spending was boosted by 22.3 percent annualized growth in real durable goods purchases. This was to some extent a by-product of the cash-for-clunkers program, and durables spending will be softer going forward. However, real spending on non-durable goods increased 2.0 percent and on services it advanced 1.2 percent. These were the best gains seen in roughly a year. Consumer spending faces headwinds from continuing job losses and, more recently, higher fuel prices. Analysts look for modest growth in coming quarters.

Real fixed investment as a whole grew at a 2.3 percent annual rate in the third quarter, its first up quarter since April to June 2007. Real residential fixed investment made an important contribution as it grew at a 23.4 percent annual rate. This was its first positive quarter since 2005, and its highest quarterly growth rate since 1986. Clearly, the first-time homebuyers tax credit helped. However, investment in equipment and software increased at a 1.1 percent annual rate - its first gain since late 2007. A widely expected inventory correction also added to growth and could be felt for a few more quarters. Although measures of business sentiment have risen lately, credit is still relatively tight and firms are unlikely to ramp up sharply until a recovery is firmly entrenched. Hence, the near-term outlook is for tepid growth in outlays.

Overall government spending rose at a 2.3 percent annual rate during the quarter. Federal government spending increased at a 7.9 percent annual rate with non-defense expenditures rising 6.8 percent. Unfortunately, state & local government spending fell 1.1 percent. With budget outlooks across the country not optimistic, non-Federal government spending is expected to weigh on growth over the next few quarters.

The trade deficit increased in the third quarter, detracting from real GDP growth, but both exports and imports jumped. The latter was due mainly to higher oil prices, but the former reflected improving economic and credit conditions around the globe. Dollar weakness could help to reduce the trade gap going forward, but the recent jump in oil prices is problematic.

The consensus of economic forecasters believes the recession is over and modest real GDP growth can be expected through 2010 (see chart below). However, concerns remain with respect to bank exposure to commercial real estate and the timing of a return to job growth. If renewed credit issues flare up, with ramifications for Main Street, this outlook may be overly rosy.



Forecast Source: Blue Chip Survey - October 2009

## Economic and Market Conditions

### MARKET SUMMARY

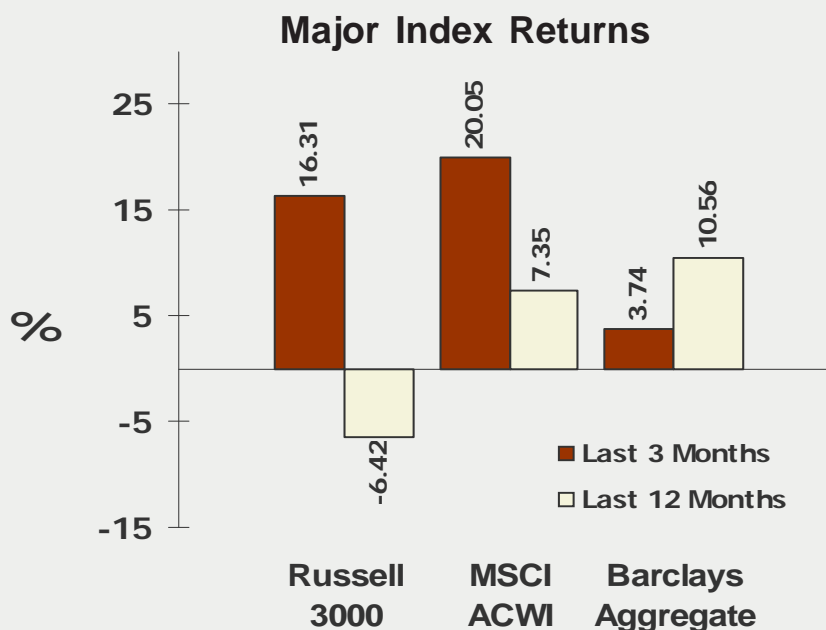
**U.S. equity markets, as measured by the Russell 3000 Index, advanced 16.32 percent in the third quarter of 2009, marking two consecutive quarters of double-digit gains.** Stocks were supported by an accommodative Fed, generally positive economic data, and improved earnings. An uptick in merger and acquisition activity also boosted equity markets. Investor sentiment was further buoyed by improved housing numbers and indications that economic growth had resumed in the third quarter, prompting some high-profile market observers to declare the recession over.

**Global equity markets rallied in the third quarter of 2009 as improved financial conditions and positive economic news made it increasingly clear that a synchronized economic recovery was underway. The MSCI All Country World Investable Market Index ex-U.S. was up a vigorous 20.05 percent.** Emerging markets and small cap stocks rose sharply over the quarter as the combination of low interest rates, mild inflation and upside earnings surprises whetted investors' risk appetites. Defensive stocks such as utilities lagged, while cyclical stocks did better than expected and the financial sector outperformed. With U.S. interest rates very low, the dollar fell appreciably against currencies of countries with substantially higher yields.

**The Barclays Capital U.S. Aggregate Index posted a total quarterly return of 3.74 percent.** The top performing sector was the CMBS component, reporting a return of 12.70 percent. The U.S. Treasury sector of the index posted a healthy return of 2.10 percent, rebounding from a negative second quarter on indications from the Fed that interest rates will remain low for "an extended period." Improving fundamentals and strong investor demand were the primary reasons for a strong quarter for U.S. corporate bonds, which posted 556 basis points of excess return over Treasuries. Corporate spreads tightened 88 basis points over the quarter and 337 basis points year-to-date.

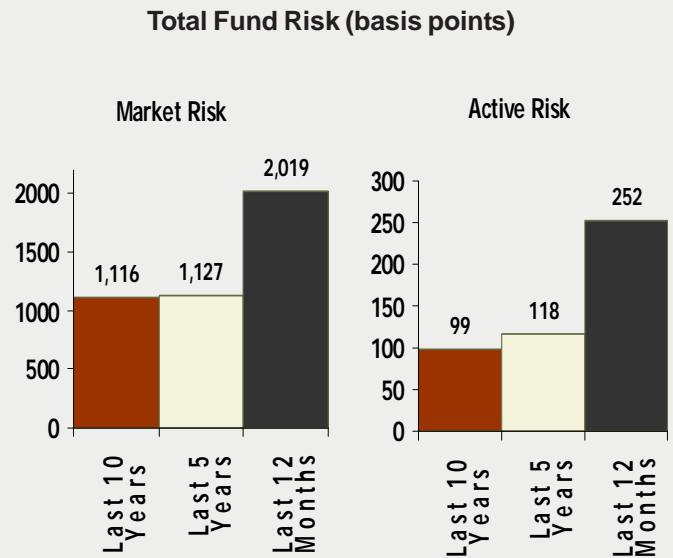
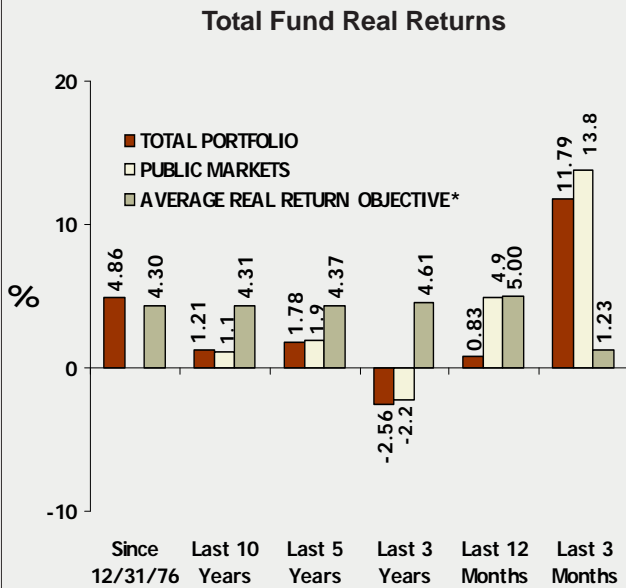
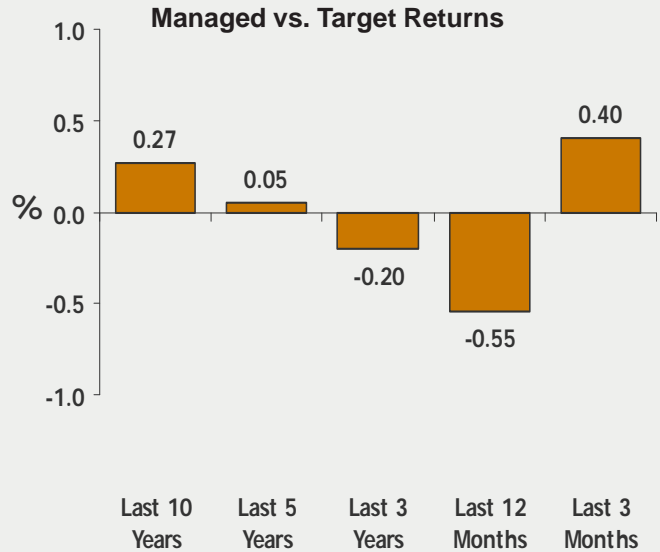
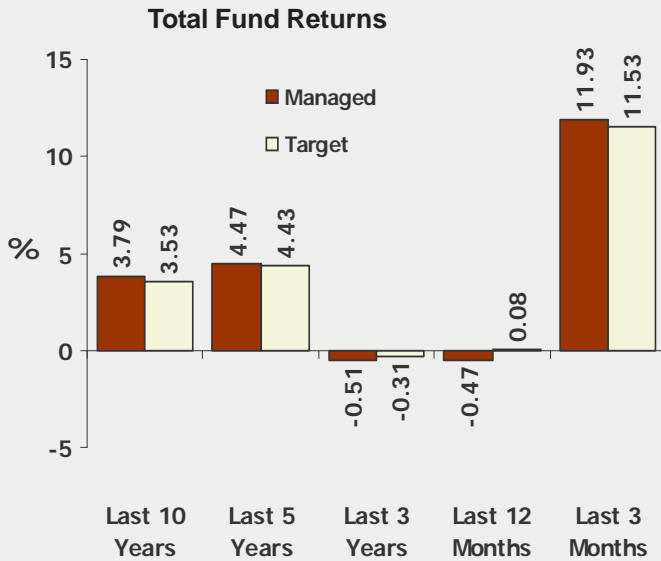
**The commercial real estate market has yet to feel much in the way of beneficial effects from an economic recovery. Over the past four quarters, the NCREIF ODCE Index has had a return of -35.19 percent.** Valuations and income flows continue to soften as vacancies proliferate. Credit scarcity - combined with fraying fundamentals - has resulted in a paucity of transaction activity. Based on past experience, the cycle is unlikely to turn until the recovery strengthens enough to generate job growth, and this could be several quarters off.

The chart below shows the returns on three major indexes that serve as benchmarks for the bulk of the Pension Plan's investments over the past quarter and the past year - 1) the Russell 3000 Index, 2) the MSCI All Country World Investable Market Index ex-U.S., and 3) the Barclays Capital U.S. Aggregate Index.



# FLORIDA RETIREMENT SYSTEM PENSION PLAN

Over the 12 months ending in September, the FRS Pension Plan had a Total Fund net return of -0.47 percent, lagging its performance target by 55 basis points. Effective June 1, 2007, the Trustees adopted an absolute return target based on an actuarial assessment that FRS Pension Plan investments must on average appreciate by 5.0 percent per year in excess of the rate of inflation in order to meet the SBA's long-term investment objectives. The SBA's record in meeting that standard can be seen in the lower chart at left.

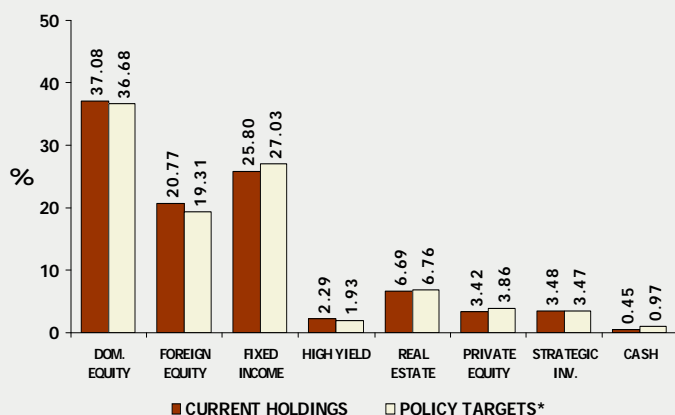


\*The FRS's real return objective was 4.3% prior to June 2003, and 4% from June 2003 to May 2007. It has been 5% since June 1, 2007. A 1.23% quarterly return compounds to 5% annually.

## ASSET ALLOCATION

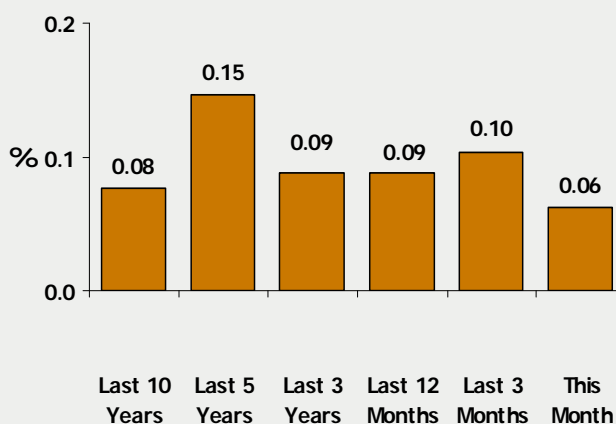
Returns to Asset Allocation arise from differences between asset class actual and target allocations as percentages of the Total Fund (see upper chart at left). In the third quarter of 2009, returns to Asset Allocation beat the target return by 10 basis points thanks to overweights to Domestic and Foreign Equities. During the twelve-month period ended September 30, returns to Asset Allocation beat the target return by 9 basis points. There was one Total Fund rebalancing during the quarter in mid-September with Foreign Equities transferring \$713.5 million to Fixed Income (\$693.3 million) and Domestic Equities (\$20.2 million).

FRS Pension Plan Asset Allocation



\*Policy targets are the 'target allocations' specified in Table 2 of the FRS Investment Policy Statement, adjusted for exposure to Strategic Investments.

Returns to Asset Allocation



FRS Pension Plan Asset Allocation Ranges

	Policy		Actual	
	Low	High	Low	High
Domestic Equity	30.0%	47.0%	34.5%	37.3%
Foreign Equity	11.0%	25.0%	19.9%	21.4%
Fixed Income	20.0%	36.0%	24.6%	27.0%
High Yield	0.0%	7.0%	2.2%	2.5%
Real Estate	2.0%	12.0%	6.7%	8.0%
Private Equity	0.0%	7.0%	3.4%	3.8%
Strategic Investments	0.0%	10.0%	3.2%	3.5%
Cash	0.0%	9.0%	0.5%	1.5%

## CASH FLOWS AND INVESTMENT GAIN/LOSS

During the third quarter of 2009, the market value of the FRS Pension Plan increased by \$10,470.7 million, resulting from net benefit payments (payments minus contributions) out of the FRS Trust Fund of \$1,360.8 million and an investment gain of \$11,831.4 million.

ASSET CLASS <sup>1</sup>	PERFORMANCE OVER LAST 3 MOS.			PERFORMANCE OVER PRIOR 12 MOS.		
	TRANSFERS & CONTRIB.	RETURNS <sup>2</sup>	NET GAIN/LOSS	TRANSFERS & CONTRIB.	RETURNS <sup>2</sup>	NET GAIN/LOSS
Domestic Equity	\$15.8	\$5,649.8	\$5,665.6	\$2,615.2	(\$2,976.6)	(\$361.4)
Foreign Equity	(\$1,523.2)	\$4,012.3	\$2,489.1	\$2,224.7	\$1,154.1	\$3,378.8
Fixed Income	\$697.4	\$1,706.3	\$2,403.7	(\$7,545.7)	\$4,798.2	(\$2,747.5)
High Yield	(\$213.5)	\$242.0	\$28.5	(\$373.8)	\$252.5	(\$121.3)
Real Estate	\$113.0	(\$530.0)	(\$417.0)	\$139.6	(\$2,635.0)	(\$2,495.3)
Private Equity	\$39.4	\$133.9	\$173.3	\$379.4	(\$979.7)	(\$600.4)
Strategic Investments	(\$127.4)	\$608.3	\$480.8	(\$532.8)	(\$497.9)	(\$1,030.7)
Cash	(\$362.2)	\$8.8	(\$353.4)	(\$361.3)	(\$121.2)	(\$482.5)
<b>Total</b>	<b>(\$1,360.8)</b>	<b>\$11,831.4</b>	<b>\$10,470.7</b>	<b>(\$3,454.6)</b>	<b>(\$1,005.6)</b>	<b>(\$4,460.2)</b>

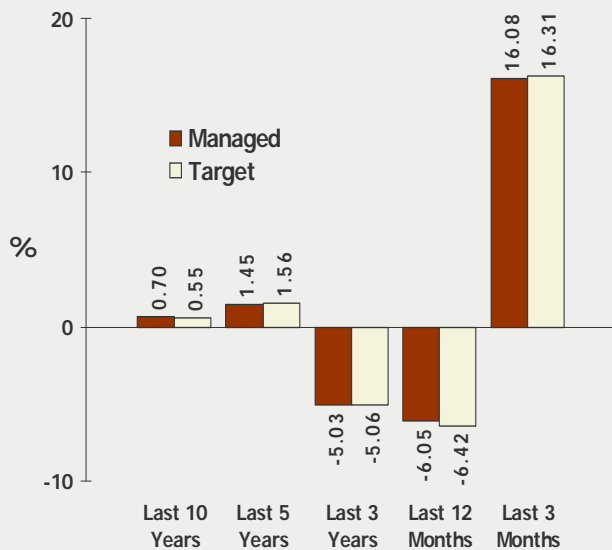
1. Based on available figures as of report time. Unless otherwise stated, all figures are in millions of dollars.

2. These numbers reflect deduction of fees. Negative numbers can occur for the cash portfolio, even when the returns themselves are positive.

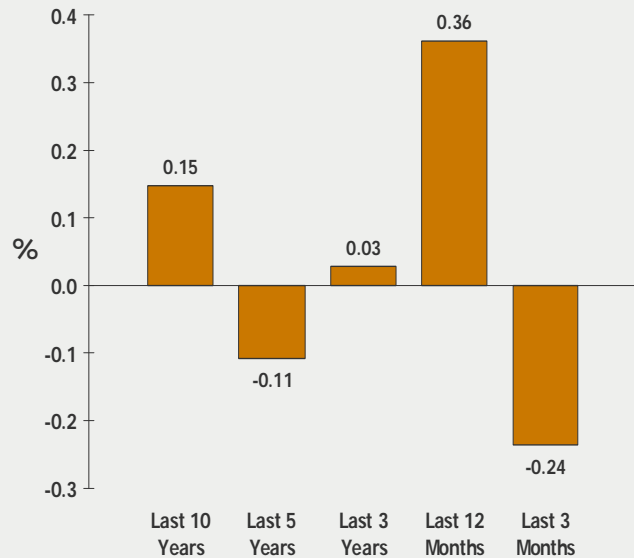
**DOMESTIC EQUITIES**

The quarter-end market value for Domestic Equities was \$40.8 billion. After accounting for external management fees and transaction costs, the asset class lagged its target (the Russell 3000 Index) last quarter but beat it over the last year. All capitalization and style segments of the market posted double-digit gains for the quarter. Investors' continued appetite for risk was once again reflected in the relative performance of market sectors, as small cap edged large cap and value easily beat growth.

**Net Managed and Target Returns**



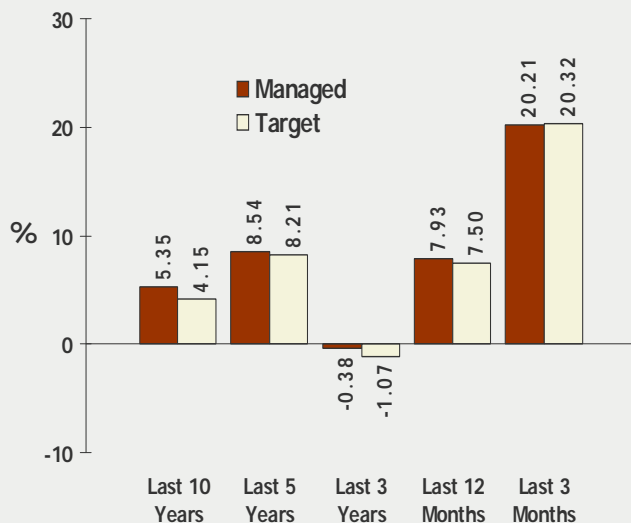
**Managed vs. Target Returns**



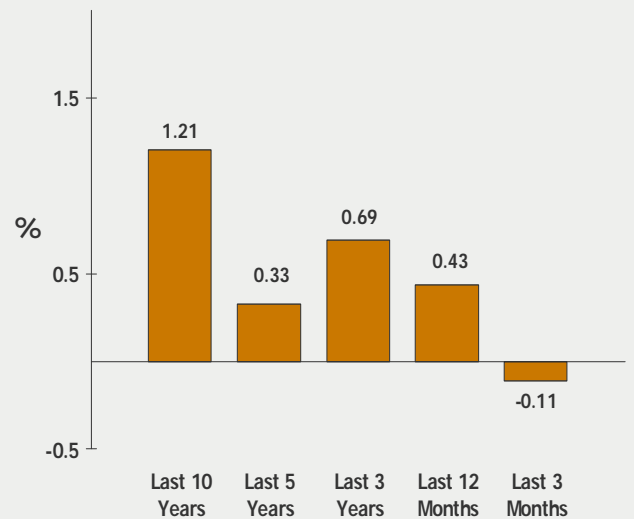
**FOREIGN EQUITIES**

The quarter-end market value for Foreign Equities was \$22.9 billion. After accounting for external management fees and transaction costs, Foreign Equities lagged its target index (a custom version of the MSCI All Country World Investable Market Index ex-U.S.) last quarter, but beat it over the past year. Emerging markets and small cap stocks rose sharply over the quarter as the combination of low interest rates, mild inflation and positive earnings surprises whetted investors' risk appetite.

**Net Managed and Target Returns**



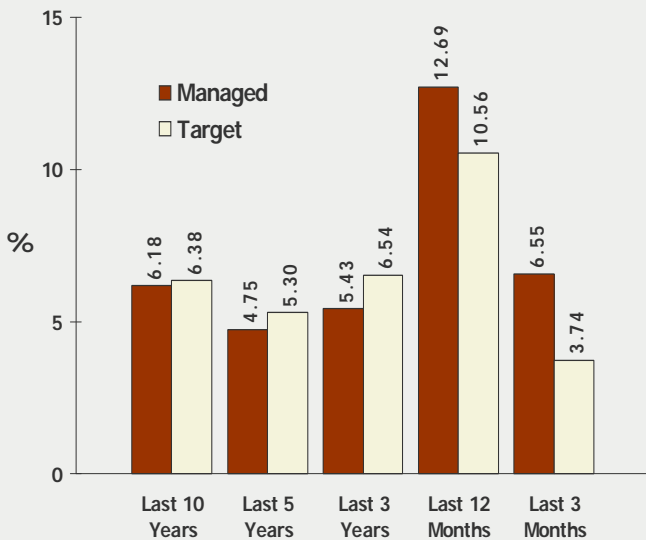
**Managed vs. Target Returns**



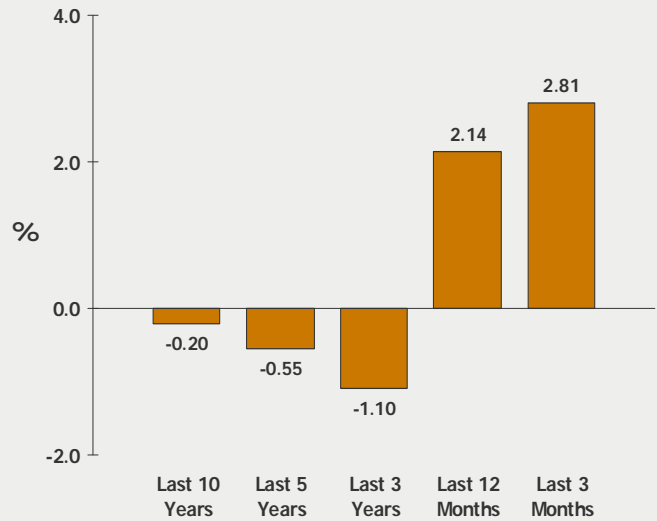
**FIXED INCOME**

The quarter-end market value for Fixed Income was \$28.4 billion. After accounting for external management fees and transaction costs, Fixed Income beat its target (the Barclays Capital U.S. Aggregate Index) over the last three months and over the past year. The top performing sector this quarter was CMBS which benefited from tightening spreads on Legacy TALF financing (primarily AAA) of 250 basis points and ineligible securities tightening 150 to 200 basis points. U.S. corporate bonds also performed well, posting a return of 8.12 percent. The asset class remains overweight to bonds with credit risk and continues to actively manage those securities with elevated risk of loss due to default.

**Net Managed and Target Returns**



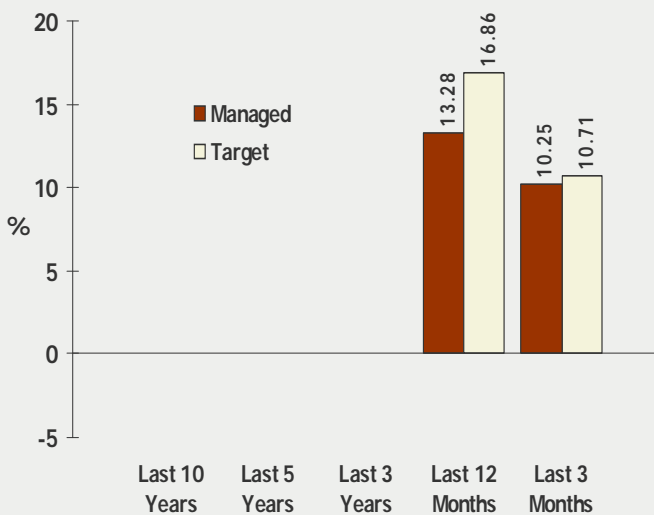
**Managed vs. Target Returns**



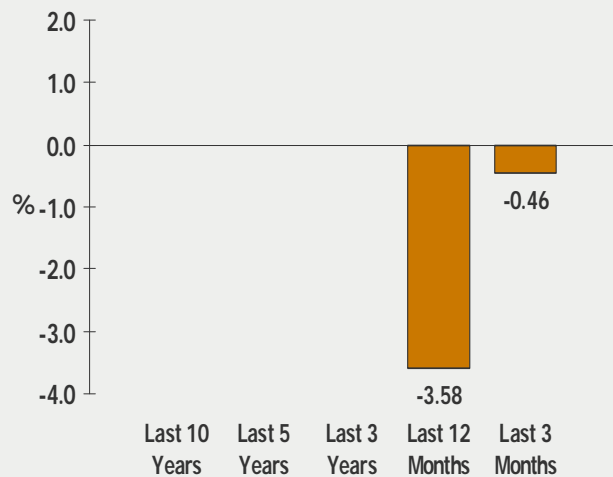
**HIGH YIELD**

The quarter-end market value for High Yield was \$2.5 billion. After accounting for external management fees and transaction costs, High Yield lagged its target (the Barclays Capital U.S. High Yield Ba/B 2% Issuer Capped Index) over the last three months and over the past year. High yield bonds have returned 40 percent year-to-date as improved liquidity along with signs of economic recovery have caused investors to accept greater risk in the search for more yield.

**Net Managed and Target Returns**

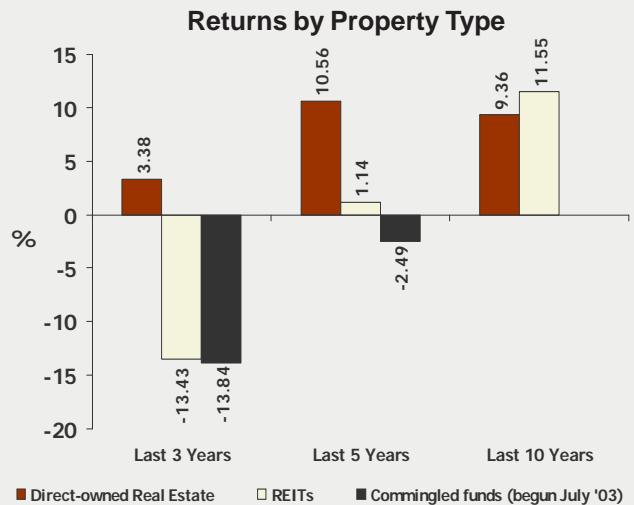
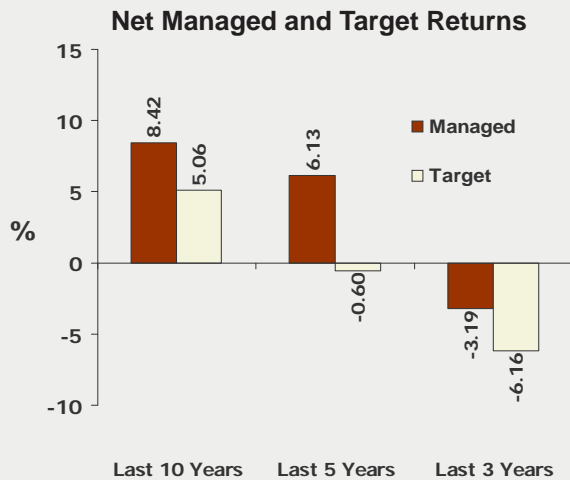


**Managed vs. Target Returns**



**REAL ESTATE**

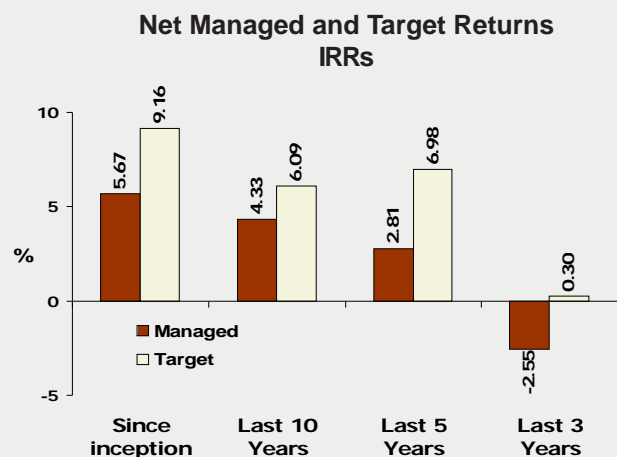
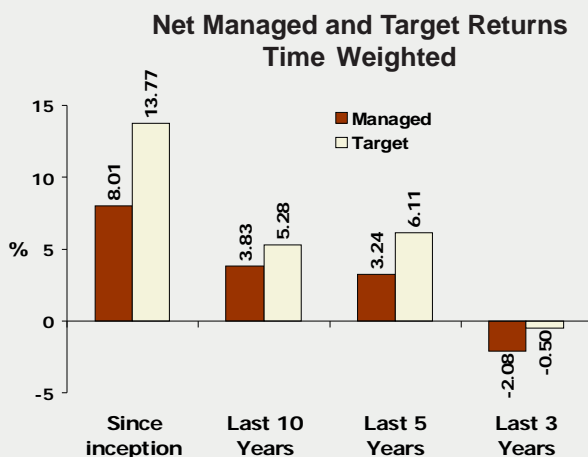
The quarter-end market value for Real Estate was \$8.6 billion, most of which was actively managed. After accounting for external management fees and transaction costs, the asset class has had largely favorable results versus its target (a blend of the NCREIF Open-end Diversified Core Equity Index and the Wilshire RESI Index) for trailing 3-year, 5-year and 10-year periods. The chart at left shows performance of the asset class versus its target for trailing 3-year, 5-year and 10-year periods. The chart at right shows the returns of direct-owned properties, REITs and commingled funds over those same periods - where available. With respect to specific investments, staff continues to closely monitor a joint venture involving resort hotels, which is experiencing heightened stress in the current frugal travel environment.



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

**PRIVATE EQUITY**

The quarter-end market value for Private Equity was \$3.8 billion, all of which was actively managed. After accounting for external management fees and transaction costs, the asset class has lagged its target (the Russell 3000 Index + 450 basis points) since the first private equity investments were made in 1989. During the quarter, the Private Equity portfolio had a net cash outflow of \$37.4 million due largely to exits from Ripplewood Partners and The Blackstone Group.

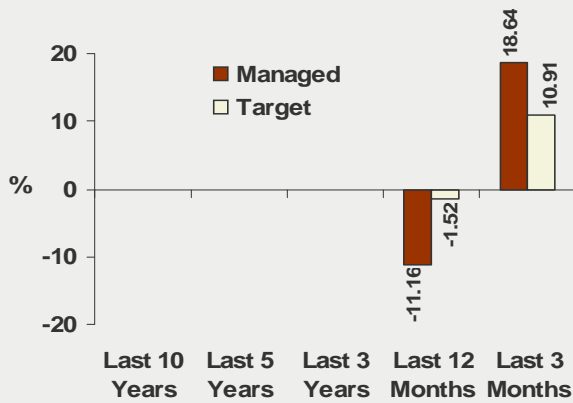


Because of the long-term nature of investing in private equity, funds can produce low or negative returns in the early years of the partnership. In the first few years of the partnership, management fees are drawn from partners' capital, and portfolio companies are held at cost, leading to an understatement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

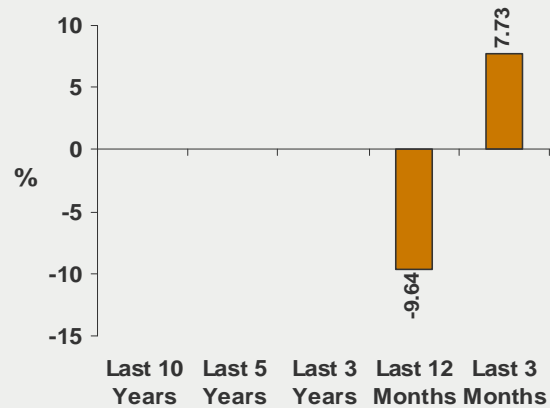
### STRATEGIC INVESTMENTS

The quarter-end market value for Strategic Investments was \$3.8 billion, all of which was actively managed. Over the past three months, Strategic Investments beat its short-term target (an average of individual portfolio level target returns), but lagged it over the last year. During the quarter, Strategic Investments staff began legal negotiations to allocate capital to corporate activist hedge fund managers.

**Net Managed and Target Returns**



**Managed vs. Target Returns**

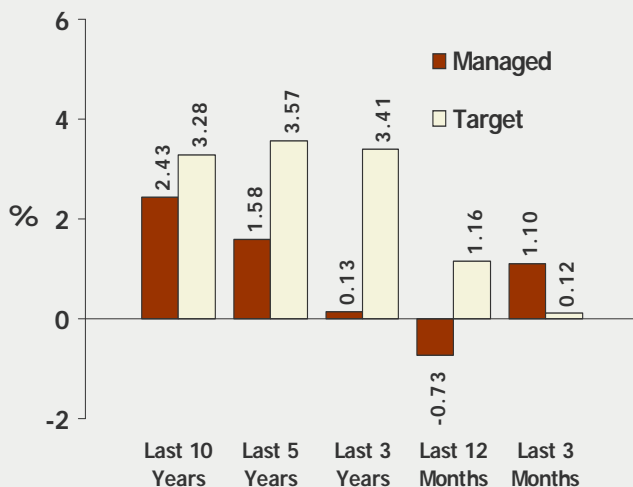


Strategic investments includes some private market assets whose valuations are subject to significant delays relative to the reporting period.

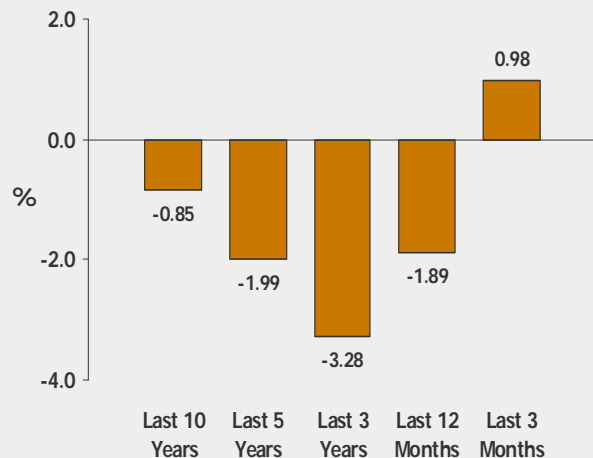
### CASH EQUIVALENTS

The quarter-end market value for Cash was \$498.5 million, all of which was actively managed. Cash beat its target index (the iMoneyNet First Tier Institutional Money Market Funds Gross Index) over the last quarter, but lagged it over the past year due to realized losses on Lehman and Washington Mutual securities, and unrealized losses on defaulted and restructured asset-backed commercial paper. From a long-run perspective, cash is the least attractive asset because its historic return has fallen short of inflation. However, it does act as a buffer against market turbulence, and liquidity is required to meet monthly expenses and benefit obligations.

**Net Managed and Target Returns**



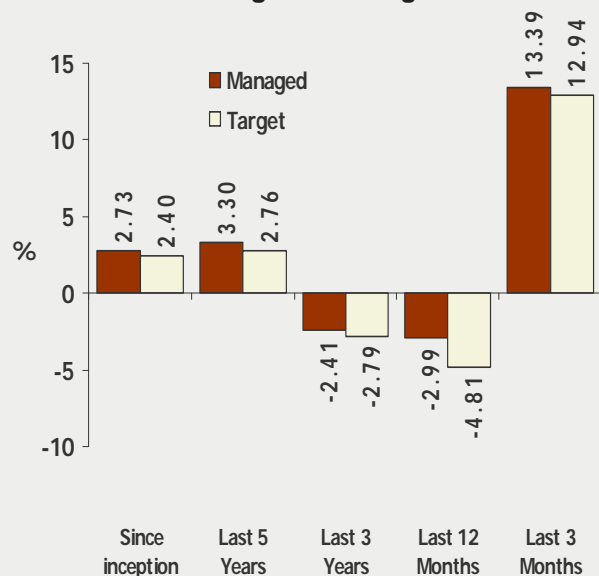
**Managed vs. Target Returns**



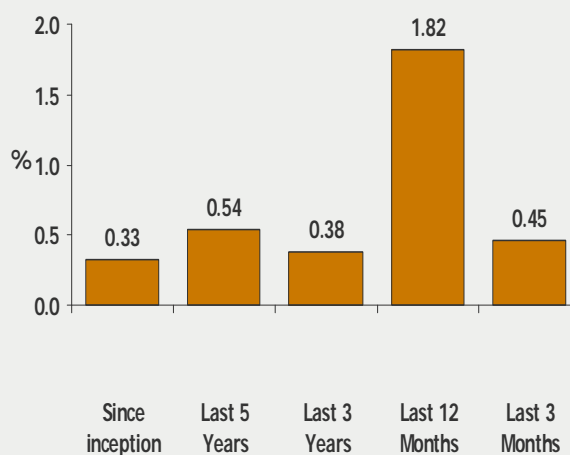
## LAWTON CHILES ENDOWMENT FUND

The Lawton Chiles Endowment Fund (LCEF) had an end-of-quarter market value of \$639.2 million, representing a net increase of \$75.5 million for the quarter. Over the last three months, the Endowment's investments returned 13.39 percent, beating the return on its performance target by 45 basis points. The total investment return on the Endowment was -2.99 percent over the past year, beating its target return by 182 basis points. At quarter-end, the Endowment had overweights in Domestic Equities, Foreign Equities, and Cash. It had underweights in Fixed Income and TIPS. Fixed Income triggered a rebalance in mid-September with \$3.2 million being transferred to Domestic Equities (\$1.5 million), Foreign Equities (\$1.6 million) and Cash (\$0.1 million).

### Net Managed and Target Returns



### Managed vs. Target Returns



### LCEF Asset Allocation vs. Target

	Current	Target
Domestic Equity	60.5%	59.0%
Foreign Equity	13.8%	12.0%
Fixed Income	14.4%	17.0%
TIPS	10.1%	11.0%
Cash	1.1%	1.0%

### LCEF Asset Allocation Ranges

	Policy		Actual	
	Low	High	Low	High
Domestic Equity	54.0%	64.0%	58.3%	60.9%
Foreign Equity	6.0%	18.0%	12.9%	14.1%
Fixed Income	12.0%	25.0%	13.9%	15.8%
TIPS	6.0%	16.0%	11.3%	13.9%
Cash	0.0%	10.0%	1.1%	1.3%

### LCEF Returns by Asset Class

	Quarter			Last 12 Months		
	Managed	Target	Managed vs. Target	Managed	Target	Managed vs. Target
Asset Allocation	13.3%	12.9%	0.3%	-3.3%	-4.8%	1.5%
Domestic Equity	16.4%	16.4%	0.0%	-6.5%	-6.6%	0.1%
Foreign Equity	20.4%	20.1%	0.3%	3.2%	7.4%	-4.2%
Fixed Income	3.7%	3.9%	0.2%	9.0%	10.6%	-1.6%
TIPS	3.5%	3.1%	0.4%	7.5%	5.7%	1.9%
Cash	1.1%	0.1%	0.9%	1.2%	1.0%	0.1%
<b>Total Net Return</b>	<b>13.4%</b>	<b>12.9%</b>	<b>0.5%</b>	<b>-3.0%</b>	<b>-4.8%</b>	<b>1.8%</b>

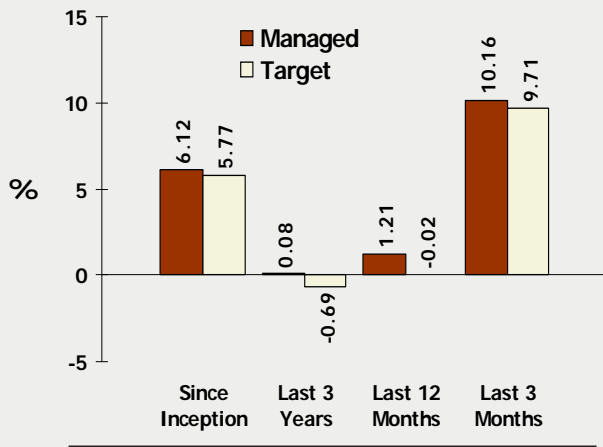
# FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN

## PERFORMANCE

Over the past quarter, the rebound in domestic securities markets continued to help reduce the losses over the first half of the past year. The total Investment Plan (IP) return for the quarter was 10.16 percent, outperforming the Plan's target return by 44 basis points. Fixed Income funds outperformed their benchmarks by 118 basis points. Domestic Equity funds outperformed their benchmarks by 30 basis points. The volatile International Equities funds also outperformed their benchmarks by 31 basis points. TIPS ended the quarter slightly ahead of the benchmark (4 basis points). The Money Market fund underperformed its benchmark by 6 basis points, continuing to emphasize quality over maximizing yield. The Balanced Funds outperformed their aggregate benchmark by 25 basis points.

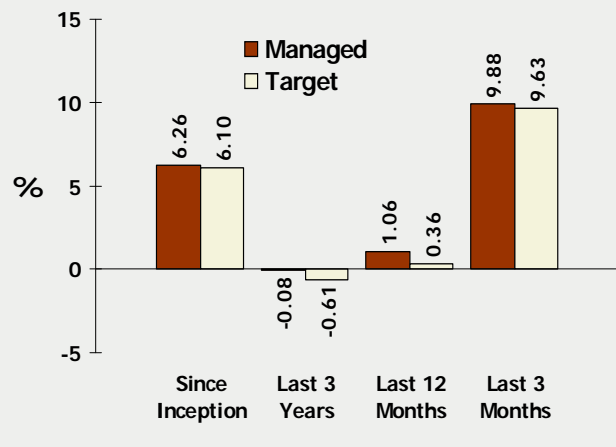
### TOTAL PLAN

Net Managed and Target Returns

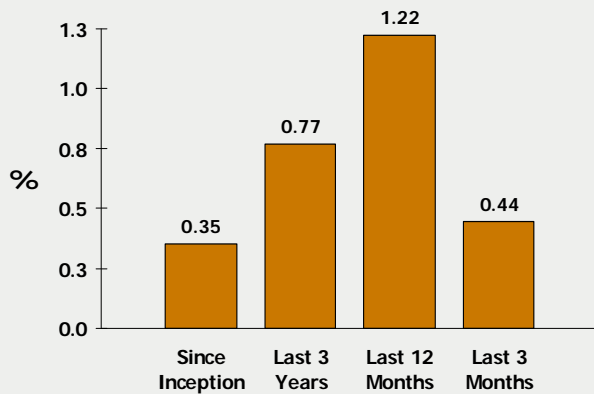


### BALANCED FUNDS

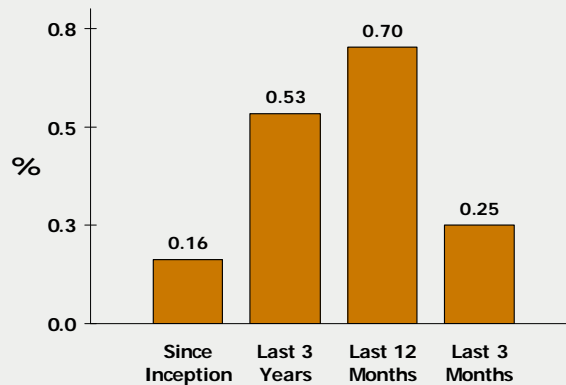
Net Managed and Target Returns



### Managed vs. Target Returns



### Managed vs. Target Returns



### Investment Plan Asset Allocation and Returns by Asset Type

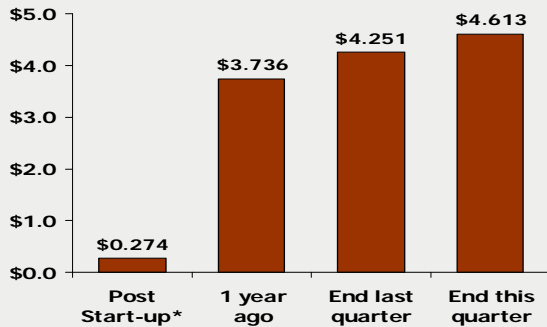
	Percent Allocation	Quarter			Last 12 Months		
		Managed	Target	Managed vs. Target	Managed	Target	Managed vs. Target
Domestic Equity	33.0%	17.60%	17.31%	0.30%	-4.92%	-6.87%	1.95%
Foreign Equity	17.4%	19.25%	18.93%	0.31%	3.81%	1.75%	2.07%
Fixed Income	25.8%	5.45%	4.27%	1.18%	13.22%	10.68%	2.54%
TIPS	5.7%	3.12%	3.08%	0.04%	5.85%	5.67%	0.18%
Money Market Funds	18.0%	0.06%	0.12%	-0.06%	0.58%	1.16%	-0.57%

# FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN

## PARTICIPANT DATA

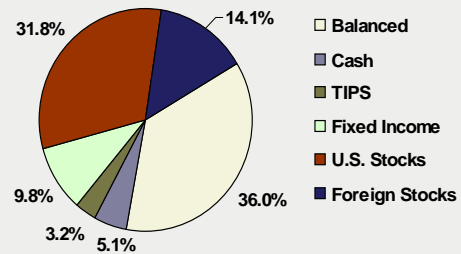
At the end of the third quarter 2009, FRS Investment Plan assets were \$4.61 billion in 122,586 member accounts. This represents an increase of 1,064 accounts from the prior quarter. During the quarter, transfers from the Pension Plan to the Investment Plan totaled \$127.4 million, and employer contributions were \$95.8 million. Third-quarter total distributions of \$115.7 million were 14 percent below those of the second quarter. Rollovers (\$63 million) and lump sum distributions (\$52.6 million) were made by 4,823 members. While the number of rollovers remained lower than lump sum distributions (599 vs. 4,823), money being rolled over to other retirement accounts continued to exceed lump sum distributions paid directly to members. Also, in the third quarter, the Investment Plan received qualified plan rollovers of \$435,053 and DROP rollovers totaling \$10.7 million.

**Total Plan Net Asset Value (\$billion)**



\*The initial DC transition concluded March 31, 2003 when the initial election period for the third employee-group closed.

**Participant Selection Data  
Third Quarter 2009**



## Participant Election Data

	New Employee Elections			Second Elections	
	Default to Pension	Pension Plan	Investment Plan/Hybrid	Pension Plan	Investment Plan/Hybrid
FY 07-08	38,644 (55%)	13,663 (19%)	18,279 (26%)	236 (3%)	8,976 (97%)
FY 08-09	27,514 (56%)	10,697 (22%)	11,155 (23%)	373 (8%)	4,160 (92%)
FY 09-10*	4,091 (58%)	1,615 (23%)	1,406 (20%)	75 (7%)	960 (93%)
<b>Total</b>	<b>70,249 (55%)</b>	<b>25,975 (20%)</b>	<b>30,840 (24%)</b>	<b>684 (5%)</b>	<b>14,096 (95%)</b>

Percentages are shares of FY Totals  
\*as of 09/30/09

## Cash Flows and Market Values<sup>1</sup>

	Participant Selections	Contributions <sup>2</sup>	Distributions <sup>3</sup>	Transfers <sup>4</sup>	Returns <sup>5</sup>	NET Gain/Loss	End. Mkt Val
Balanced Funds	116,862	\$104.4	-\$29.8	\$6.3	\$153.5	\$234.3	\$1,746.8
Cash	16,697	\$77.5	-\$64.9	-\$46.1	\$0.5	-\$33.0	\$724.4
TIPS	10,246	\$3.6	-\$2.7	-\$48.7	\$5.0	\$1.1	\$168.2
Fixed Income	31,677	\$10.6	-\$5.5	\$17.1	\$31.7	\$53.9	\$469.3
Domestic Equity	103,219	\$27.3	-\$8.4	\$16.1	\$157.8	\$192.9	\$1,060.6
Foreign & Global Equity	45,685	\$10.9	-\$4.3	\$11.4	\$69.5	\$87.5	\$442.0

- Based on available figures as of report time. Dollar values are in millions.
- Contributions reflect rollovers in, Employer contributions and conversions in (ABO Transfers In, True up) and includes any account adjustments.
- Distributions reflect withdrawals and terminations made by participants.
- Transfers reflect transactions that do not require funding and capture movement from one fund to another.
- Returns reflect the difference of Net Gains / Losses less contributions, distributions, and transfers.  
Returns reflect the appreciation / depreciation of unit price over the given time period.

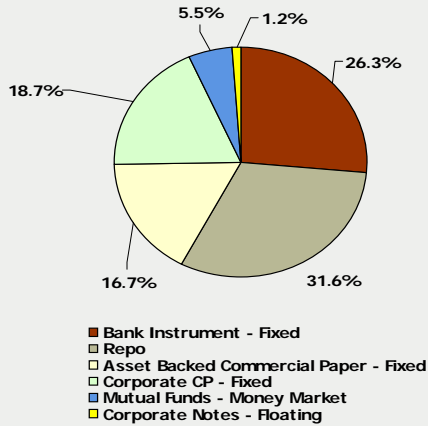
## Participant Education Data

Use of MyFRS Financial Guidance Line			Use of MyFRS.com		
Last 12 months	Annual Growth	Last 12 months	Annual Growth		
Total Calls	186,857	-3%	Total Visits	1,515,763	-4%
Choice Calls	123,783	-4%	Online 2nd Election & Advisor Service	240,343	-13%
Planning Calls	61,377	0%			
Employer Calls	651	-33%			

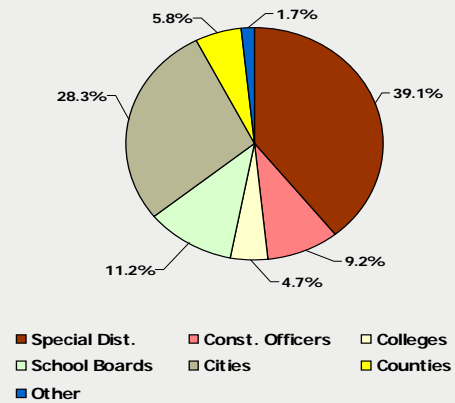
# FLORIDA PRIME

Florida PRIME had 813 participants at the end of September 2009 and a balance of \$5.36 billion. Fund B Surplus Funds Trust Fund (Fund B) had a balance of \$285.3 million. During the quarter, Florida PRIME earned a return of 0.10 percent and beat its target (the S&P AAA/AA Rated GIP All 30-day Net index) by 2 basis points. Over the 12-month period ending September 30, 2009, Florida PRIME returned 0.88 percent and beat its target by 4 basis points. Through September 30, 2009, \$1.49 billion, or 74.1 percent of original participant balances in Fund B, had been returned to clients. The SBA continues to manage Fund B to maximize the present value of cash distributions to participants.

**Florida PRIME Assets by Type**



**Florida PRIME Participants by Type**

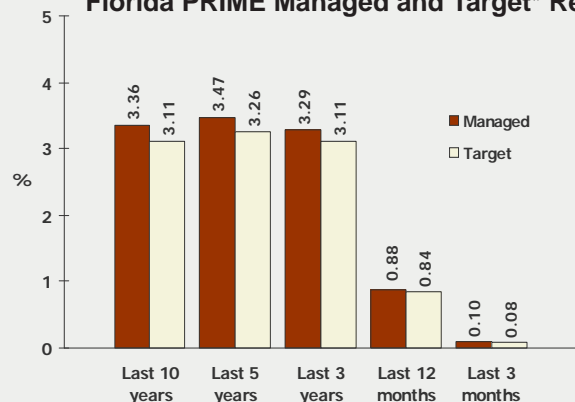


**Florida PRIME Final Maturity Schedule**

Month	Percent of Assets	Cumulative percent
Oct-09	71.5%	71.5%
Nov-09	6.3%	77.8%
Dec-09	10.9%	88.7%
Jan-10	3.7%	92.4%
Feb-10	0.5%	92.9%
Mar-10	3.7%	96.6%
Jun-10	0.9%	97.6%
Aug-10	1.9%	99.4%
Other*	0.6%	100.0%

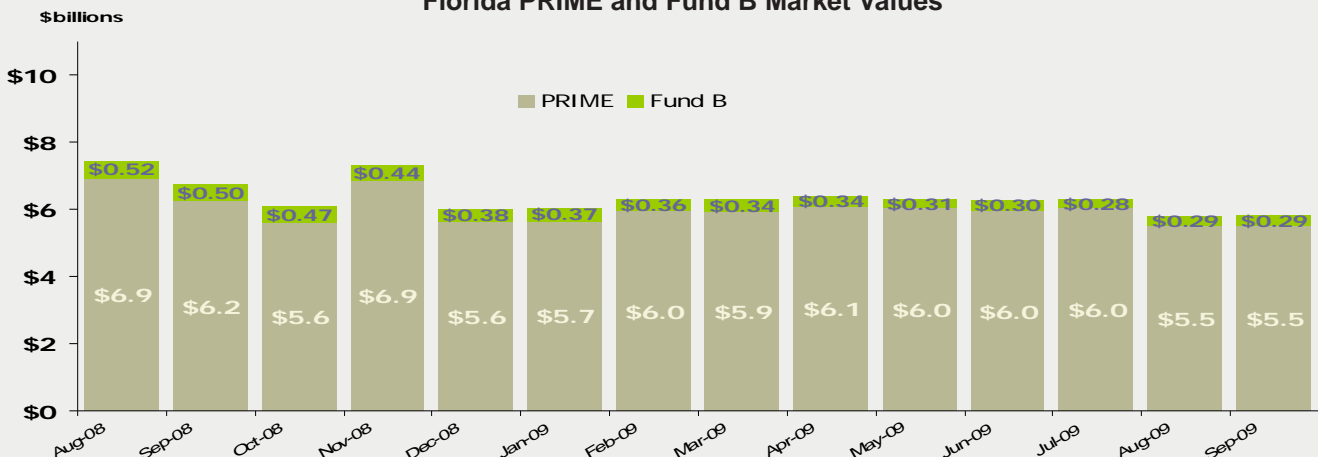
\* Consists of three variable-rate notes with long-term final maturities, but frequent rate resets.

**Florida PRIME Managed and Target\* Returns**



\* Target is the S&P AAA/AA Rated GIP 30-Day Net Index. Prior to July 1, 2009 the gross version was used. Three-month returns are not annualized.

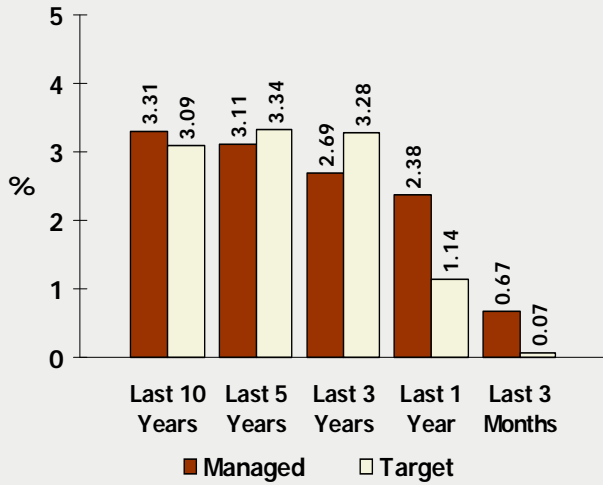
**Florida PRIME and Fund B Market Values**



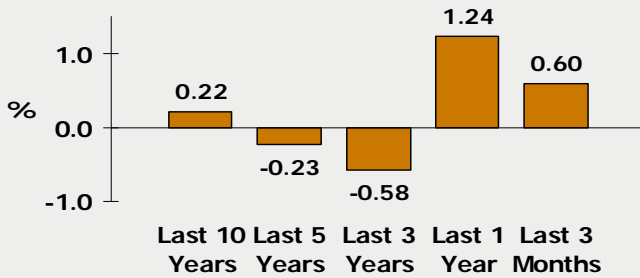
# FLORIDA HURRICANE CATASTROPHE FUND

## OPERATING FUND

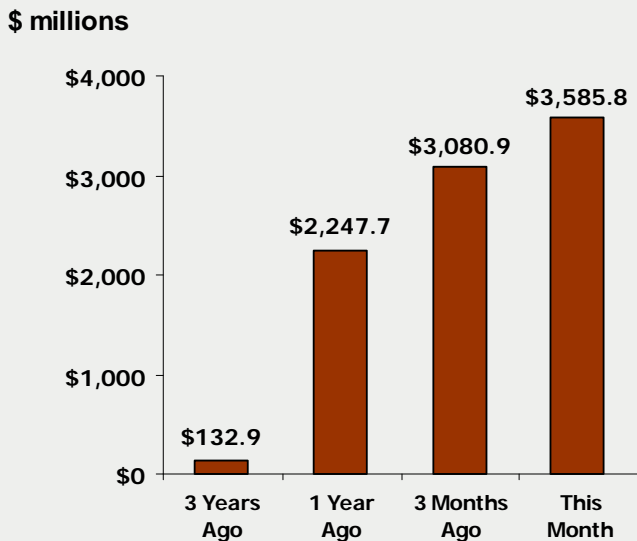
Net Managed and Target\* Returns



Managed vs. Target Returns

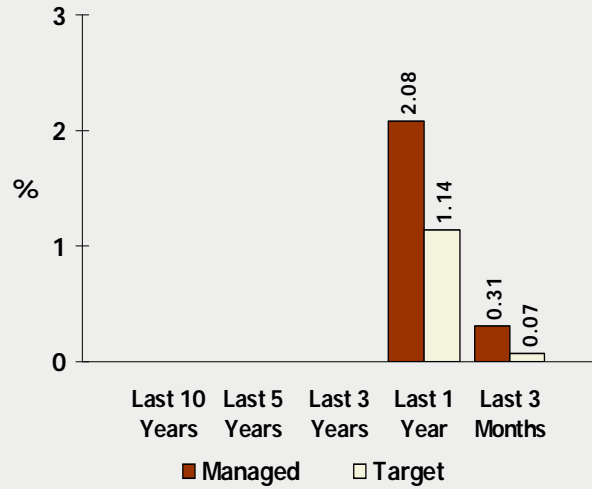


Net Asset Values

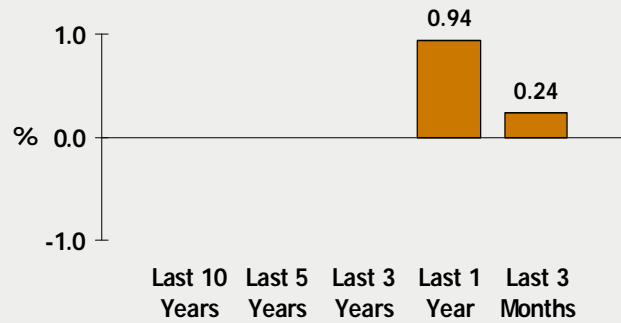


## 2007A NOTE PROCEEDS

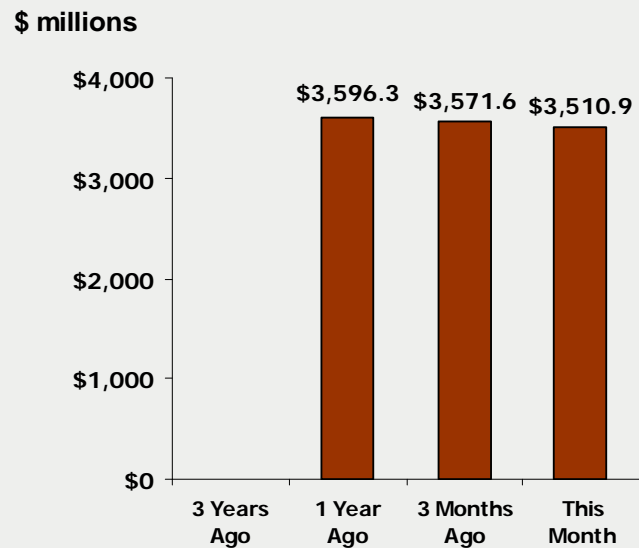
Net Managed and Target\* Returns



Managed vs. Target Returns



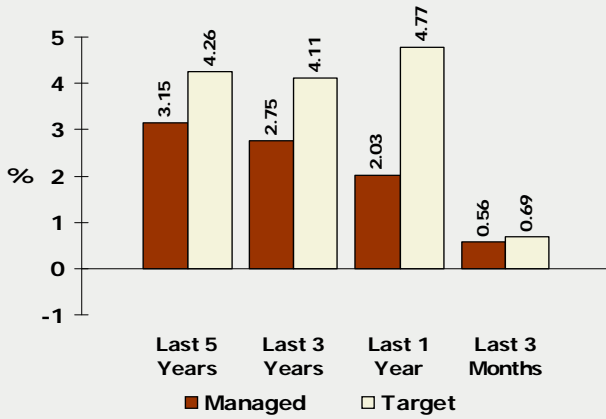
Net Asset Values



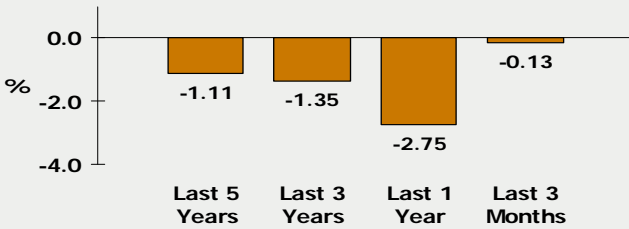
\* Target is the Merrill Lynch 1-month LIBOR CMTR Index for all time periods.

# RETIREE HEALTH INSURANCE SUBSIDY TRUST FUND

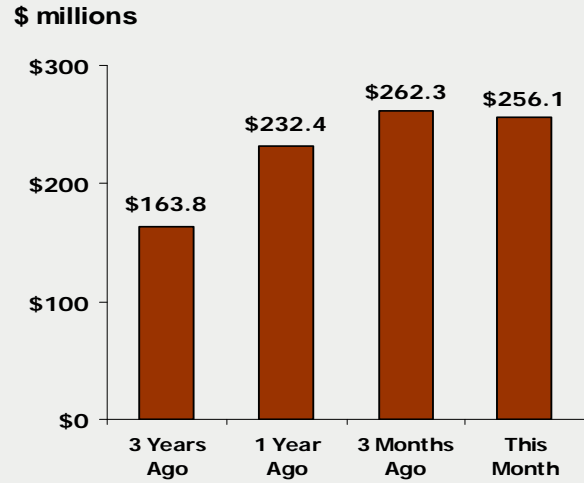
## Net Managed and Target\* Returns



### Managed vs. Target Returns



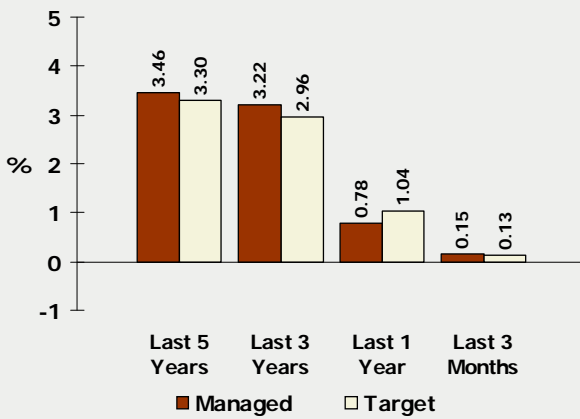
## Net Asset Values



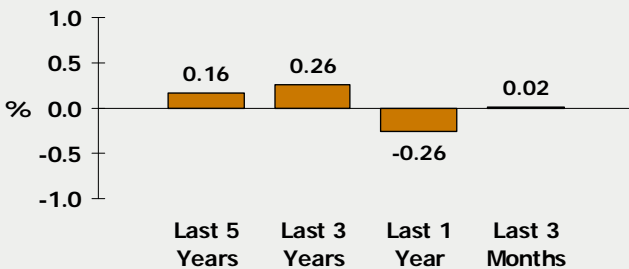
\* Target is the Merrill Lynch 1-year LIBOR CMTR Index for all time periods.

# CAMP - MONEY MARKET

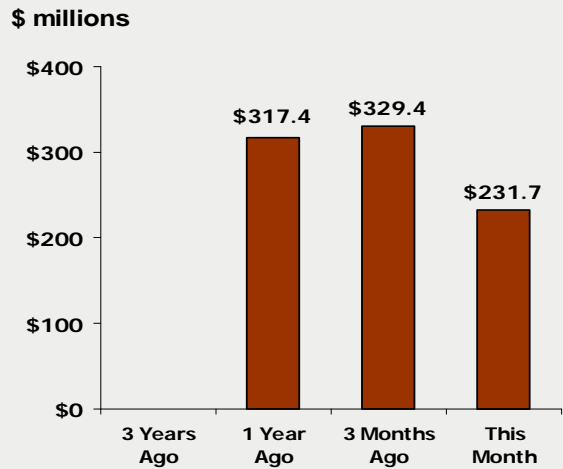
## Net Managed and Target\* Returns



### Managed vs. Target Returns



## Net Asset Values



\* Target is the S&P AAA/AA Rated GIP 30-Day Gross Index for all time periods.

## SECURITIES LENDING COLLATERAL REINVESTMENT\*

As of September 30, 2009	Book Value	Market Value	Unrealized Gain/(Loss)
FRS Pension Plan	\$11,329,912,741	\$10,862,698,069	(\$467,214,673)
Lawton Chiles Endowment Fund	\$71,553,625	\$70,941,221	(\$612,405)
Other Funds	\$891,344,669	\$870,888,009	(\$20,456,660)
<b>Total</b>	<b>\$12,292,811,036</b>	<b>\$11,804,527,299</b>	<b>(\$488,283,737)</b>

\* This is a summary of investment positions held at month-end in the SBA's various security lending programs. The SBA lends securities and receives cash and securities as collateral for the loans. The cash is reinvested. Earnings on the investments, net of broker rebates, are split between the lending agent and the SBA. When security loans mature and the borrowed securities are returned to the SBA, the cash and securities received as collateral are returned to the borrower. This information does not include non-cash security loans, interest receivable on investments or other receivables or payables that may be associated with securities lending. Amounts are based on information provided by the lending agents. Securities lending income is credited within the return calculations for those portfolios from which the securities are lent. Unrealized gain/(loss) on the collateral reinvestment portfolios is included once per year in the SBA's financial statements but is not reflected in investment returns.

## SUMMARY OF SBA MANDATES

FLORIDA RETIREMENT SYSTEM (IN THOUSANDS)	September 30, 2009 MARKET VALUE	June 30, 2009 MARKET VALUE
<b>FRS PENSION PLAN ASSET CLASSES</b>		
DOMESTIC EQUITIES	\$40,810,500	\$35,144,917
FOREIGN EQUITIES	\$22,860,177	\$20,371,068
FIXED INCOME	\$28,397,619	\$25,993,943
HIGH YIELD	\$2,524,229	\$2,495,713
REAL ESTATE	\$7,362,582	\$7,779,556
PRIVATE EQUITY	\$3,761,486	\$3,588,200
STRATEGIC INVESTMENTS	\$3,834,792	\$3,353,971
CASH	\$499,182	\$854,513
<b>TOTAL FRS PENSION PLAN</b>	<b>\$110,049,862</b>	<b>\$99,579,208</b>
<b>TOTAL FRS INVESTMENT PLAN</b>	<b>\$4,612,719</b>	<b>\$4,076,398</b>
<b>LAWTON CHILES ENDOWMENT FUND (IN THOUSANDS)</b>		
<b>LCEF ASSET CLASSES</b>		
DOMESTIC EQUITIES	\$386,708	\$333,605
FOREIGN EQUITIES	\$88,398	\$74,757
FIXED INCOME	\$91,907	\$85,251
REAL ESTATE	\$0	\$0
TIPS	\$64,872	\$62,693
CASH	\$7,286	\$7,327
<b>TOTAL</b>	<b>\$639,170</b>	<b>\$563,701</b>
<b>OTHER FUNDS (IN THOUSANDS)</b>		
DEBT SERVICE NONESCROW	\$791,014	\$398,879
DEBT SERVICE ESCROW	\$1,135,268	\$1,166,555
GAS TAX	\$0	\$0
RETIREE HEALTH INSURANCE SUBSIDY	\$256,076	\$262,262
POLICE AND FIREFIGHTERS	\$61,184	\$205,847
FLORIDA ENDOWMENT FOR VOCATIONAL REHAB.	\$1,992	\$2,078
FLORIDA PRIME	\$5,355,296	\$5,985,805
FUND B SURPLUS FUNDS TRUST FUND	\$285,285	\$279,844
DEPARTMENT OF THE LOTTERY	\$997,444	\$1,029,759
SBA ADMINISTRATIVE EXPENSE	\$42,048	\$45,859
PEORP ADMINISTRATIVE TRUST FUND	\$35,019	\$34,091
FLORIDA HURRICANE CATASTROPHE	\$3,585,829	\$3,080,862
FLORIDA HURRICANE CATASTROPHE FINANCING CORP.	\$4,332,531	\$4,632,954
FLORIDA PREPAID COLLEGE PROGRAM <sup>1</sup>	\$184,168	\$189,980
BOND PROCEEDS	\$9,741	\$3,234
ARBITRAGE COMPLIANCE	\$2,271	\$2,226
REVENUE BOND FEE	\$2,218	\$1,469
INLAND PROTECTION FINANCING CORPORATION	\$1	\$1
BLIND SERVICES	\$2,053	\$2,049
MCKNIGHT EDUCATION FUND	\$1,264	\$1,354
SCRIPPS	\$102,354	\$111,582
FSU RESEARCH FOUNDATION	\$276	\$437
ICB PROGRAM	\$19,170	\$4,027
BURNHAM INSTITUTE	\$123,304	\$121,698
TORREY PINES INSTITUTE	\$18,745	\$18,520
PINELLAS SUN COAST TRANSIT AUTHORITY	\$43	\$42
SRI INTERNATIONAL	\$4,090	\$4,052
UNIVERSITY OF MIAMI	\$38,668	\$38,561
MAX PLANCK	\$67,308	\$67,140
OREGON HEALTH AND SCIENCE	\$27,374	\$47,259
CHARLES STARK DRAPER LABORATORY	\$5,098	\$8,092
WYNDCREST DD FLORIDA	\$13,000	na
PAYING BANK RECALLS	\$0	\$0
<b>OTHER FUNDS TOTAL</b>	<b>\$17,500,133</b>	<b>\$17,746,521</b>
<b>ALL FUNDS</b>	<b>\$132,801,884</b>	<b>\$121,965,828</b>

1. Activity in the Florida Prepaid College Fund is reported with a month's lag due to delay in receiving custodian reports.