



**STATE BOARD OF ADMINISTRATION
OF FLORIDA**

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GOVERNOR
AS CHAIRMAN
ALEX SINK
CHIEF FINANCIAL OFFICER
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: *September 30, 2009*

Subject: *FRS, LCEF and Florida PRIME Summary Performance Report as of August 31, 2009*

Evidence that stabilizing financial conditions were beginning to improve economic performance led to another positive month for equity markets in August. The Russell 3000 Index, a broad measure of U.S. equity performance, rose 3.57 percent. Foreign equities, as measured by the MSCI ACWI ex-U.S. Investable Market Index, posted a 3.74 percent advance in August. An ongoing rally in corporate and other credit-sensitive bonds lifted Fixed Income – as measured by the Barclays Capital Aggregate Index – to a 1.04 percent return in August.

For the 12 months ending August 31, 2009, performance for the SBA's three key mandates was as follows.

	Managed Return	Target Return	Managed vs. Target
FRS Pension Plan	-11.22%	-10.16%	-1.06%
FRS Investment Plan	-8.14%	-9.20%	1.06%
Lawton Chiles Endowment	-13.91%	-15.21%	1.30%

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

Please find attached the FRS, LCEF, and Florida PRIME Summary Performance Report for the period ending August 31, 2009. The report also contains performance information on the Florida Hurricane Catastrophe Fund and the Health Insurance Subsidy Trust Fund. Furthermore, a section has been added with information 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.

Other Items of Note

- The SBA completed the public rollout and web redesign of the rebranded Local Government Investment Pool, now known as Florida PRIME.
- The SBA transferred \$8.15 million in liquid assets from Fund B to Florida PRIME on August 6, 2009. This amount was transferred to Florida PRIME accounts of Fund B participants in proportion to their original adjusted Fund B balances. The \$8.15 million is from principal and interest payments on existing securities held in Fund B.
- Through its comment letter to the Securities and Exchange Commission (SEC) on August 17, 2009, the SBA endorsed proposed rules granting shareowner access to a company's proxy for nomination of candidates for boards of directors. In its comment letter, the SBA praised the Commission's proposal to establish new rules that create "facilitated nominations" for shareowners, otherwise known as proxy access.

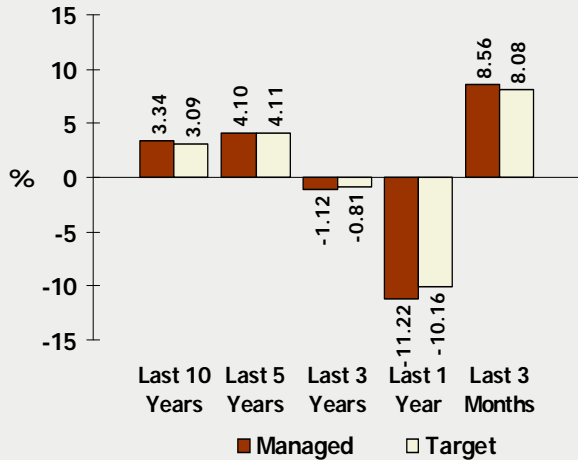
If you have any questions or need additional information, please contact me.

AW/bm
Enclosure

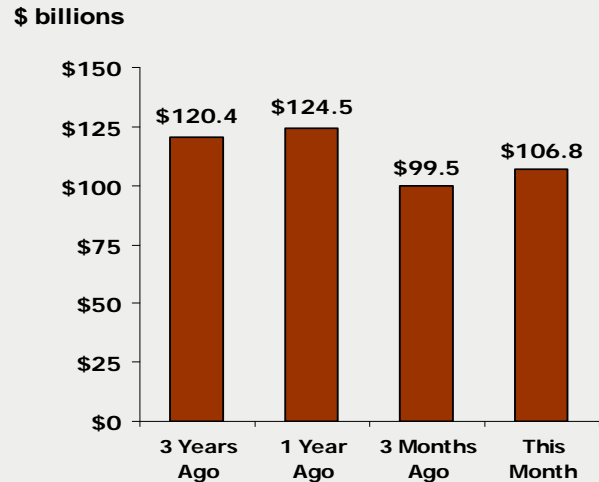
cc: IAC Members
Pat Gleason
Robert Tornillo
Rob Johnson

FLORIDA RETIREMENT SYSTEM PENSION PLAN

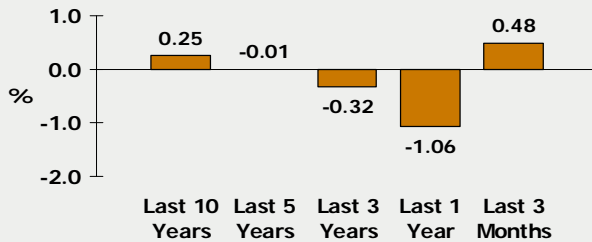
Net Managed and Target Returns



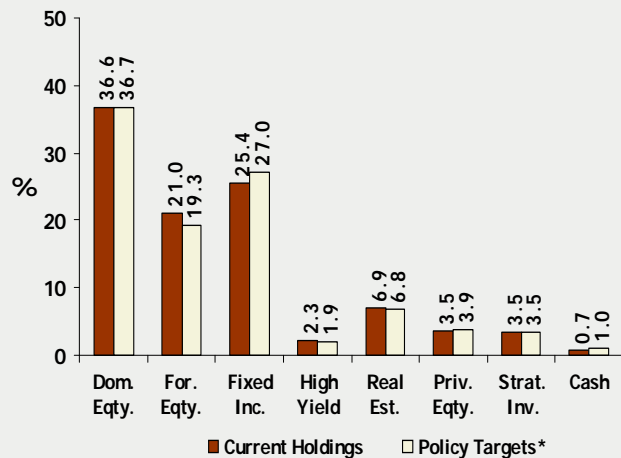
Net Asset Values



Managed vs. Target Return



Asset Allocation



Monthly Movement in Asset Allocation Mix

ASSET CLASS	POLICY RANGE	RANGE OF EST. ALLOCATION
Domestic Equities	30.0 - 47.0 %	36.1 - 36.9 %
Foreign Equities	11.0 - 25.0 %	20.4 - 21.2 %
Fixed Income	20.0 - 36.0 %	25.1 - 25.9 %
High Yield	0.0 - 7.0 %	2.3 - 2.4 %
Real Estate	2.0 - 12.0 %	6.8 - 7.1 %
Private Equity	0.0 - 5.0 %	3.4 - 3.6 %
Strategic Investments	0.0 - 10.0 %	3.4 - 3.5 %
Cash	0.0 - 9.0 %	0.7 - 1.2 %

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

FRS Pension Plan Net Returns by Asset Class

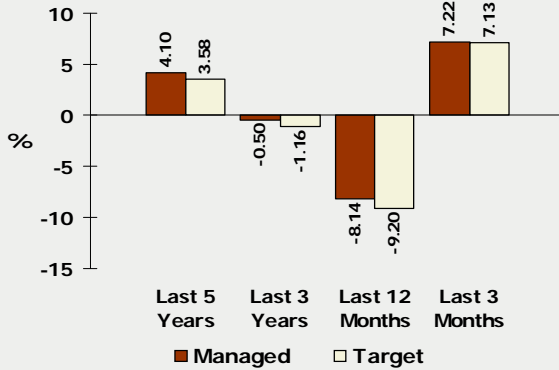
	PAST 3 MONTHS			PAST 12 MONTHS		
	MANAGED	TARGET	MANAGED VS TARGET	MANAGED	TARGET	MANAGED VS TARGET
TOTAL FRS DB*	8.56%	8.08%	0.48%	-11.22%	-10.16%	-1.06%
Asset Allocation	8.11%	8.08%	0.03%	-10.04%	-10.16%	0.12%
Domestic Equities	11.74%	12.01%	-0.27%	-18.46%	-18.62%	0.16%
Foreign Equities	13.68%	13.53%	0.15%	-13.08%	-13.46%	0.38%
Fixed Income	5.73%	3.25%	2.48%	6.39%	7.94%	-1.55%
High Yield	8.25%	8.59%	-0.33%	3.31%	4.44%	-1.13%
Strategic Investments	13.77%	8.11%	5.67%	-22.38%	-13.11%	-9.27%

* Includes returns of private market asset classes and cash in addition to listed asset classes. Strategic Investments, Private Equity and Real Estate include assets whose valuations are subject to significant delays relative to the reporting period.

FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN

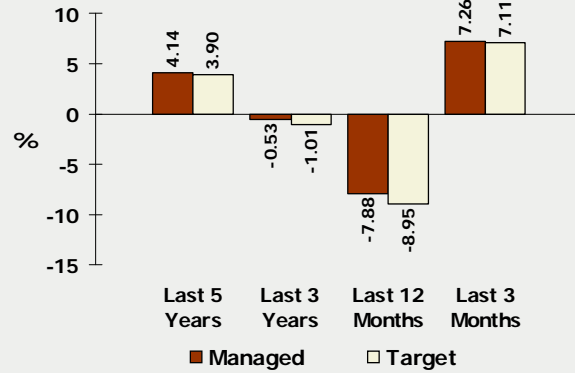
TOTAL PLAN

Net Managed and Target Returns

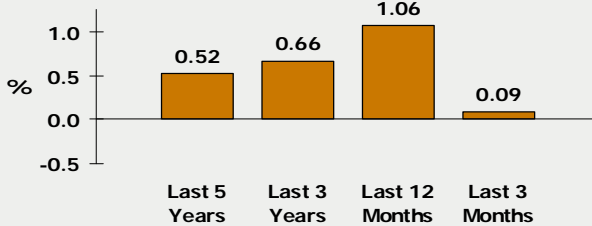


BALANCED FUNDS

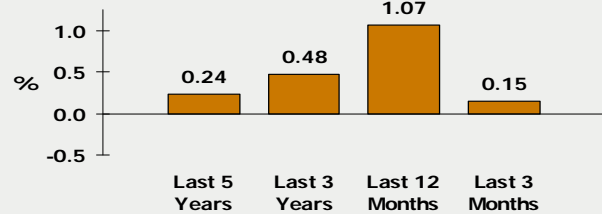
Net Managed and Target Returns



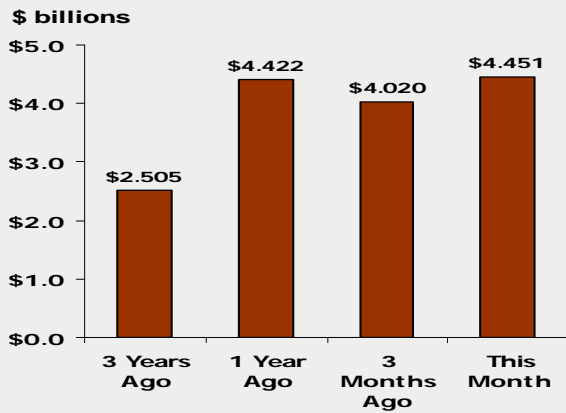
Managed vs. Target Return



Managed vs. Target Return



Total Plan Net Asset Value



FRS Elections

	Defaults (Pension)		Pension Plan		Investment Plan/Hybrid		FY Totals
New Employee							
FY 07-08	38,644	55%	13,663	19%	18,279	26%	70,586
FY 08-09	27,514	56%	10,697	22%	11,155	23%	49,366
FY 09-10*	2,946	57%	1,212	23%	1,022	20%	5,180
Total	69,104	55%	25,572	20%	30,456	24%	125,132
Second Elections							
FY 07-08			236	3%	8,976	97%	9,212
FY 08-09			373	8%	4,160	92%	4,533
FY 09-10*			48	8%	592	93%	640
Total			657	5%	13,728	95%	14,385

Percentages are shares of FY Totals

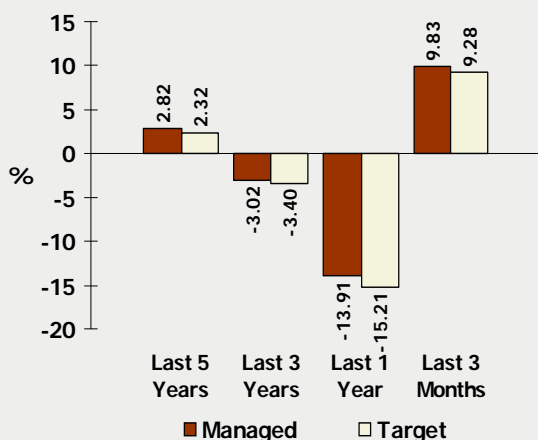
*As of 8/31/09

FRS Investment Plan Asset Allocation and Net Returns by Asset Type

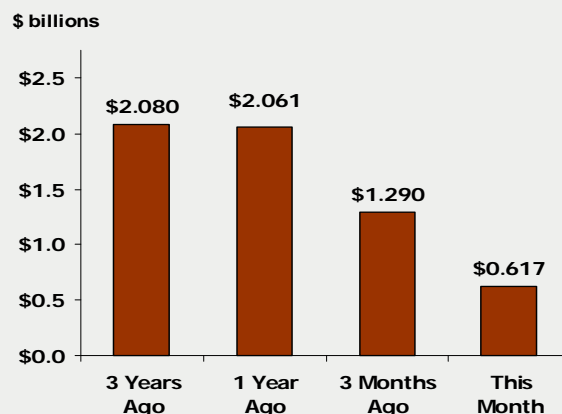
	PERCENT ALLOCATION	PAST 3 MONTHS			PAST 12 MONTHS		
		MANAGED	TARGET	MANAGED VS TARGET	MANAGED	TARGET	MANAGED VS TARGET
TOTAL FRS IP	100.0%	7.22%	7.13%	0.09%	-8.14%	-9.20%	1.06%
Domestic Equities	32.3%	12.74%	12.69%	0.05%	-17.76%	-19.03%	1.28%
Foreign Equities	17.0%	12.23%	13.42%	-1.20%	-12.29%	-15.70%	3.41%
Fixed Income	26.0%	4.66%	3.60%	1.06%	8.48%	7.07%	1.41%
TIPS	5.8%	1.40%	1.41%	-0.01%	-0.28%	-0.48%	0.19%
Money Market Funds	18.9%	0.07%	0.14%	-0.07%	0.76%	1.35%	-0.59%

LAWTON CHILES ENDOWMENT FUND

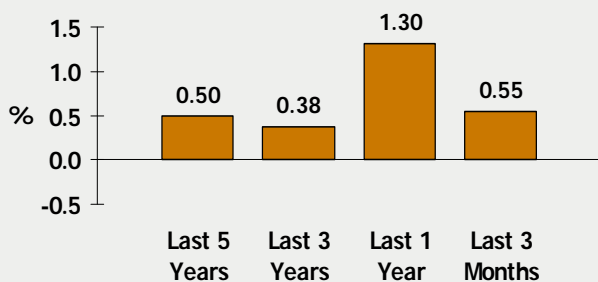
Net Managed and Target Returns



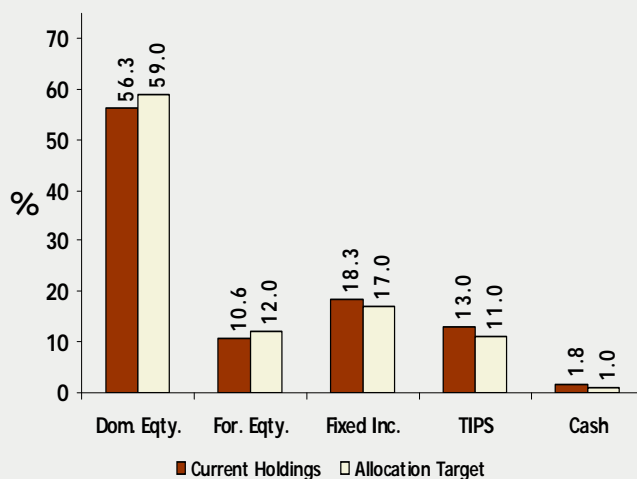
Net Asset Values



Managed vs. Target Return



Asset Allocation*



Monthly Movement in Asset Allocation Mix

ASSET CLASS	POLICY RANGE	RANGE OF EST. ALLOCATION
Domestic Equities	54.0 - 64.0 %	60.1 - 60.9 %
Foreign Equities	6.0 - 18.0 %	13.5 - 13.9 %
Fixed Income	12.0 - 25.0 %	14.1 - 14.6 %
TIPS	6.0 - 16.0 %	10.2 - 10.6 %
Cash	0.0 - 10.0 %	1.2 - 1.2 %

* The Policy Weights shown became effective July 1, 2009.

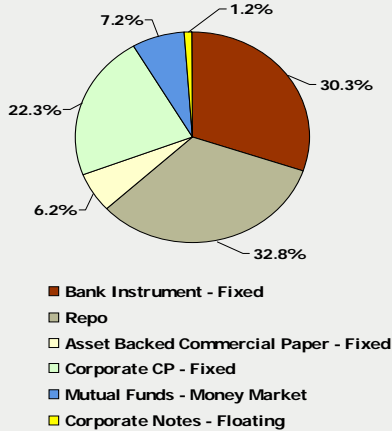
Chiles Endowment Net Returns by Asset Class

	PAST 3 MONTHS			PAST 12 MONTHS		
	MANAGED	TARGET	MANAGED VS TARGET	MANAGED	TARGET	MANAGED VS TARGET
TOTAL LCEF*	9.83%	9.28%	0.55%	-13.91%	-15.21%	1.30%
Asset Allocation	9.47%	9.28%	0.19%	-14.01%	-15.21%	1.20%
Domestic Equities	12.10%	12.06%	0.04%	-18.68%	-18.80%	0.11%
Foreign Equities	14.32%	13.07%	1.25%	-19.17%	-13.67%	-5.50%
Fixed Income	2.61%	3.25%	-0.64%	6.51%	7.94%	-1.43%
TIPS	1.53%	1.41%	0.12%	1.21%	-0.48%	1.68%

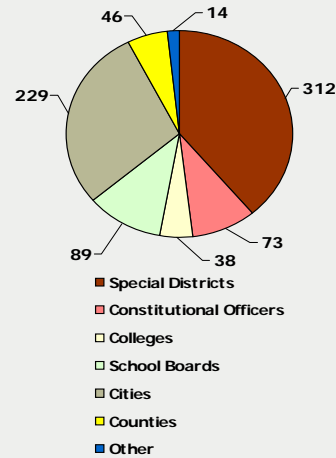
* Includes returns of real estate and cash in addition to listed asset classes. The real estate asset class was terminated on April 1, 2009.

Florida PRIME had 801 participants at the end of August 2009 and a balance of \$5.52 billion. Fund B Surplus Funds Trust Fund (Fund B) had a balance of \$287.1 million. During the month, Florida PRIME earned a return of 0.03 percent and lagged its target (the S&P AAA/AA Rated GIP All 30-day Net index) by 1 basis point. Over the 12-month period ending August 31, 2009, Florida PRIME returned 1.05 percent and lagged its performance benchmark by 16 basis points. Through August 31, 2009, \$1.48 billion, or 73.6 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

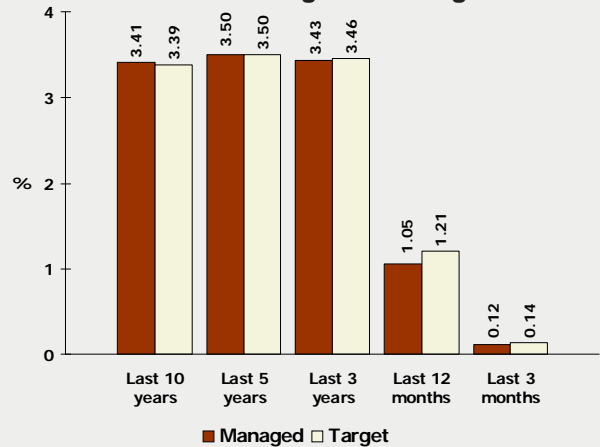


Florida PRIME Final Maturity Schedule

Month	Percent of Assets	Cumulative Percent
Sep-09	62.9%	62.9%
Oct-09	13.3%	76.3%
Nov-09	6.3%	82.6%
Dec-09	9.0%	91.6%
Jan-10	3.8%	95.4%
Feb-10	0.5%	95.9%
Mar-10	0.8%	96.6%
Jun-10	0.9%	97.6%
Aug-10	1.9%	99.4%
Other*	0.6%	100.0%

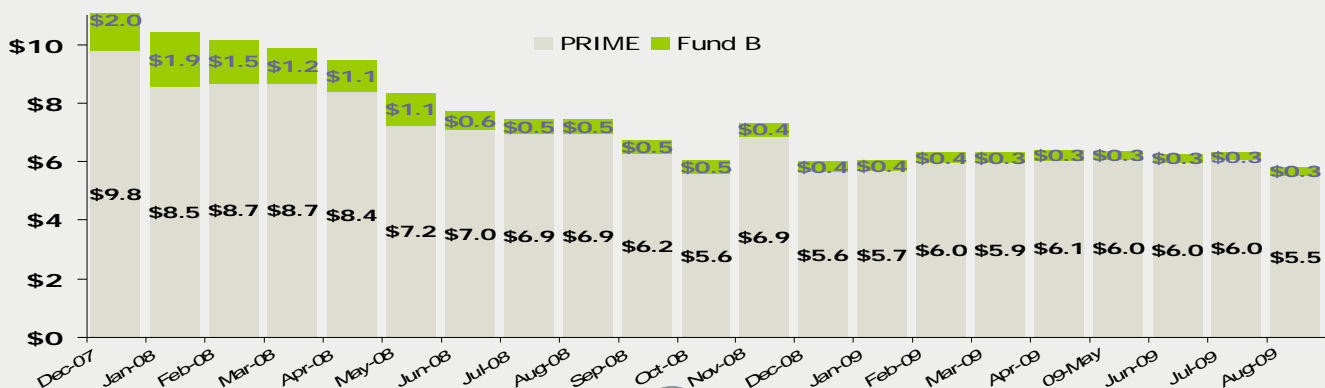
* Consists of three variable-rate notes with long-term final maturities, but frequent rate resets.

Florida PRIME Managed and Target Returns



\$ billions

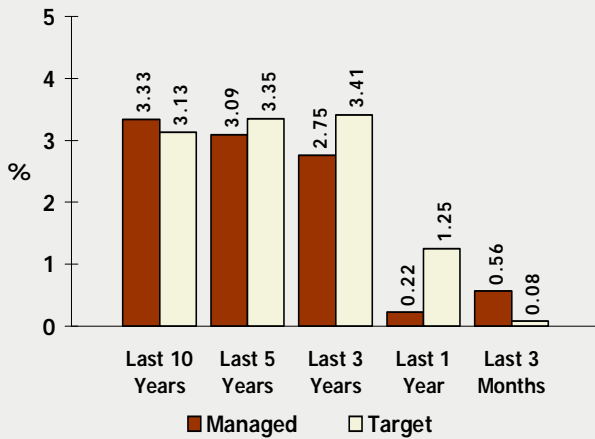
Florida PRIME and Fund B Market Values



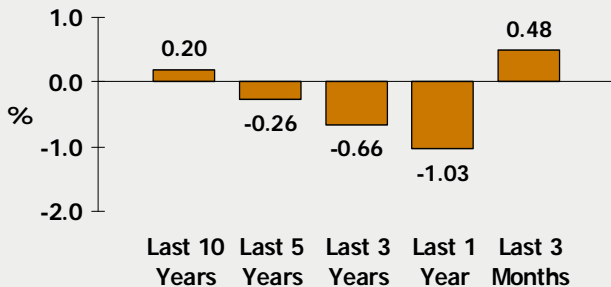
FLORIDA HURRICANE CATASTROPHE FUND

OPERATING FUND

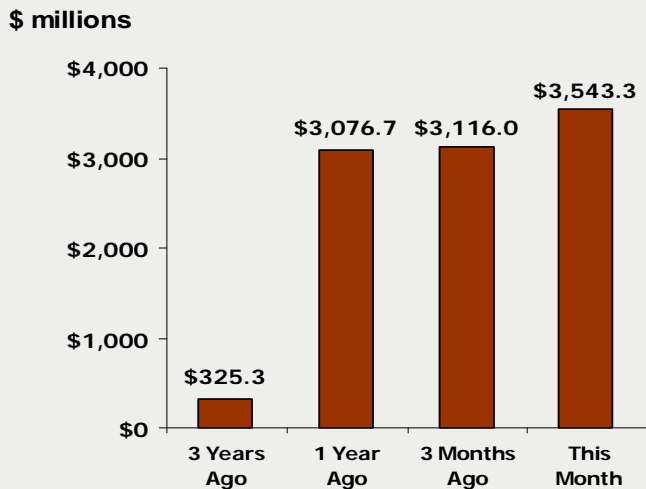
Net Managed and Target Returns



Managed versus Target Return

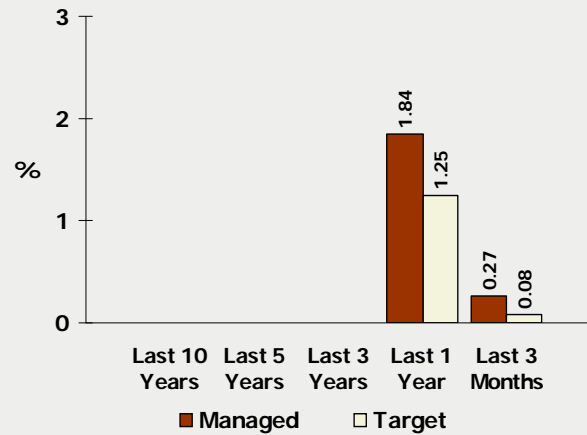


Net Asset Values

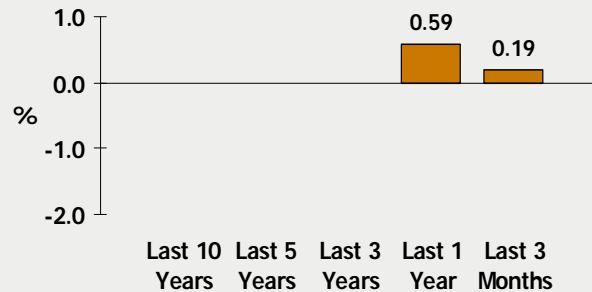


2007A NOTE PROCEEDS

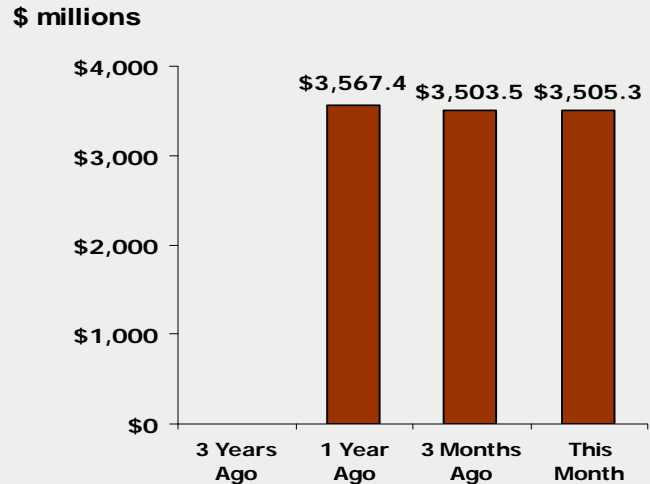
Net Managed and Target Returns



Managed versus Target Return

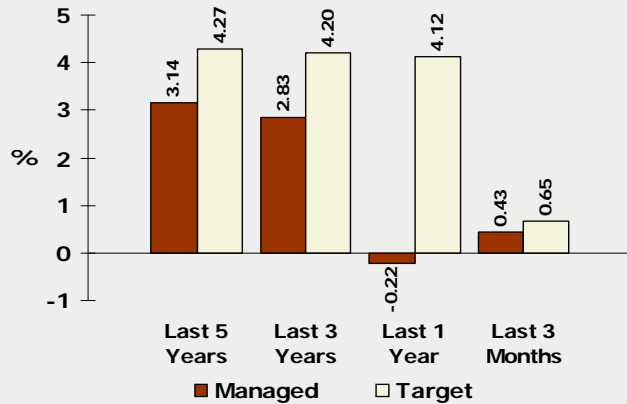


Net Asset Values

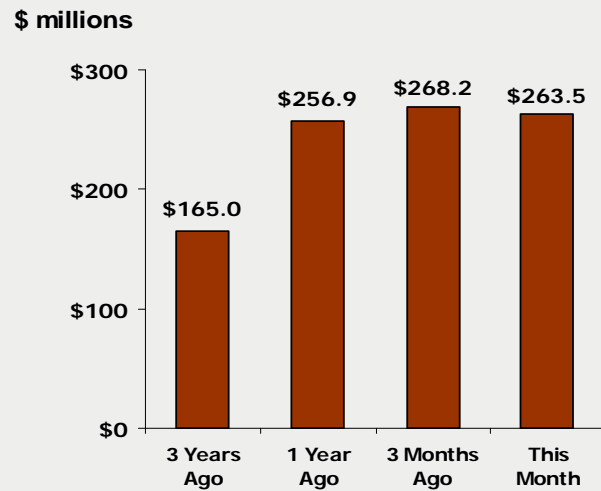


HEALTH INSURANCE SUBSIDY TRUST FUND

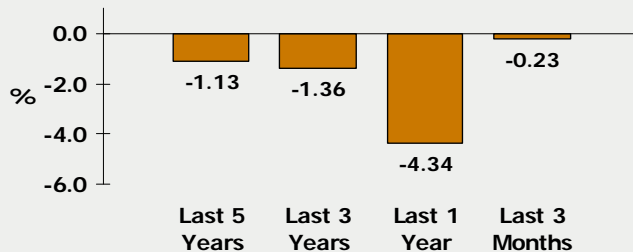
Net Managed and Target Returns



Net Asset Values



Managed versus Target Return



SECURITIES LENDING COLLATERAL REINVESTMENT*

As of August 31, 2009	Book Value	Market Value	Unrealized Gain/(Loss)
FRS Pension Plan	\$12,113,943,497	\$11,620,926,242	(\$493,017,255)
Lawton Chiles Endowment Fund	\$70,488,001	\$69,840,632	(\$647,368)
Other Funds	\$878,561,585	\$854,418,753	(\$24,142,832)
Total	\$13,062,993,082	\$12,545,185,627	(\$517,807,455)

* 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.