STATE BOARD OF ADMINISTRATION OF FLORIDA

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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: *June 30, 2010*

Subject: *Monthly Performance Report as of May 31, 2010*

Global equity markets retreated in May as fears related to sovereign debt issues spread among investors. The Russell 3000 Index, a broad measure of U.S. equity performance, fell 7.90 percent. Foreign equities fared noticeably worse with the MSCI ACWI ex-U.S. Investable Market Index down 10.67 percent. U.S. fixed income assets benefited from the flight to safety and the Barclays Capital Aggregate Index rose 0.84 percent.

For the 12 months ending May 31, 2010, performance for the SBA's three key mandates was as follows.

	Managed Return	Target Return	Managed vs. Target
FRS Pension Plan	16.63%	13.78%	2.85%
FRS Investment Plan	13.37%	12.68%	0.68%
Lawton Chiles Endowment	18.62%	17.58%	1.03%

Florida Statutes, Section 215.47(6), the "basket clause," requires the Executive Director to report to the Investment Advisory Council any proposed plans to invest in certain investments that are not explicitly authorized. During the month of May 2010, no proposed plans for such investments were reported to the Investment Advisory Council.

Please find attached the SBA's Monthly Performance Report for periods ending May 31, 2010. The report also contains performance information on the Florida Hurricane Catastrophe Fund and the Health Insurance Subsidy Trust Fund. 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. I am also enclosing the Florida Retirement System Pension Plan Review for the first quarter of 2010 which was prepared by our general consultant, Ennis, Knupp & Associates.

Other Items of Note

- On June 6, 2010, clarification was provided to Fund B participants concerning the sale of five bonds from two collateral pools.
- The SBA experienced realized losses of $21.5 million and unrealized losses of $67.2 million on BP-related securities during the period April 20, 2010 to June 11, 2010. The SBA continues to analyze and evaluate BP-related potential claims or litigation.

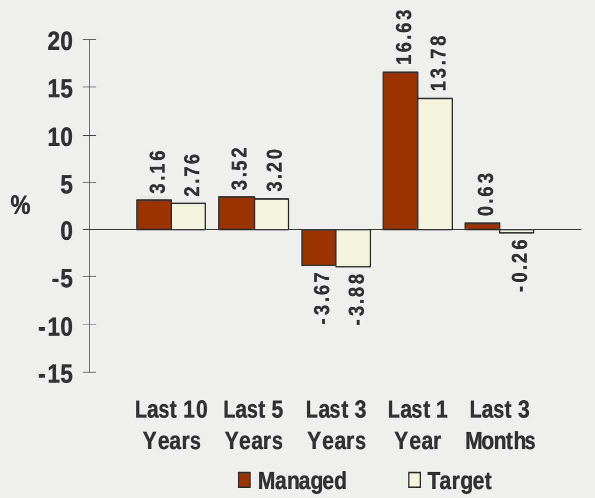
If you have any questions or need additional information, please contact me.

AW/bm
Enclosures

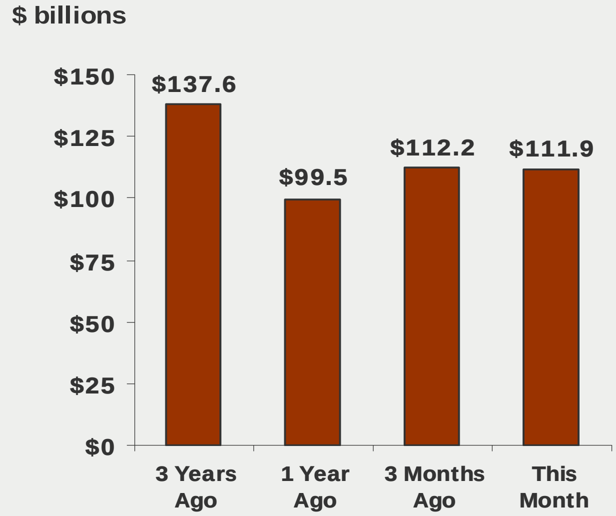
cc: IAC Members
Pat Gleason
Robert Tornillo
Rob Johnson

FLORIDA RETIREMENT SYSTEM PENSION PLAN

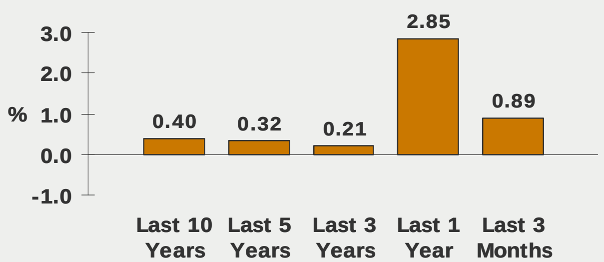
Net Managed and Target Returns



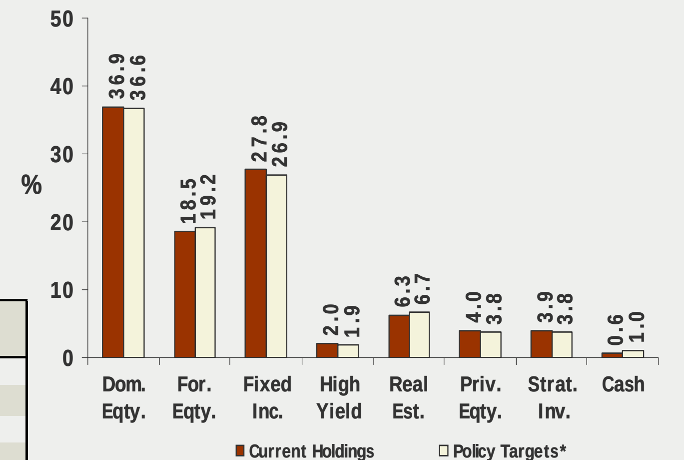
Net Asset Values



Managed vs. Target Return



Asset Allocation



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

Monthly Movement in Asset Allocation Mix

Asset Class	Policy Range		Actual Range	
	Low	High	Low	High
Domestic Equities	30%	47%	36.5%	38.4%
Foreign Equities	11%	25%	17.8%	19.4%
Fixed Income	20%	36%	25.9%	28.2%
High Yield	0%	7%	2.0%	2.1%
Real Estate	2%	12%	6.0%	6.4%
Private Equity	0%	7%	3.6%	4.0%
Strategic Investments	0%	10%	3.5%	3.9%
Cash	0%	9%	0.6%	1.1%

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 PP*	**0.63%**	**-0.26%**	**0.89%**	**16.63%**	**13.78%**	**2.85%**
Asset Allocation	-0.31%	-0.26%	-0.05%	13.75%	13.78%	-0.03%
Domestic Equities	0.07%	0.02%	0.05%	23.28%	23.20%	0.08%
Foreign Equities	-3.79%	-4.91%	1.12%	14.61%	12.39%	2.22%
Fixed Income	2.39%	1.77%	0.62%	14.45%	8.42%	6.03%
High Yield	1.35%	1.50%	-0.14%	20.50%	22.15%	-1.65%
Strategic Investments	2.94%	-0.37%	3.31%	29.56%	12.60%	16.96%

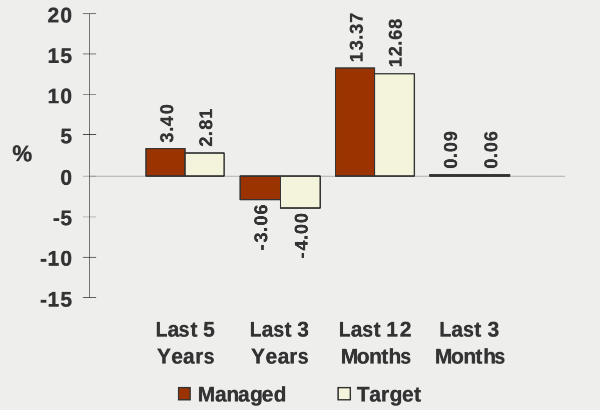
* Includes returns of private market asset classes and cash in addition to listed asset classes. Strategic Investments, Private Equity and Real Estate include assets whose valuations are subject to significant delays relative to the reporting period.

Issue Date: June 30, 2010

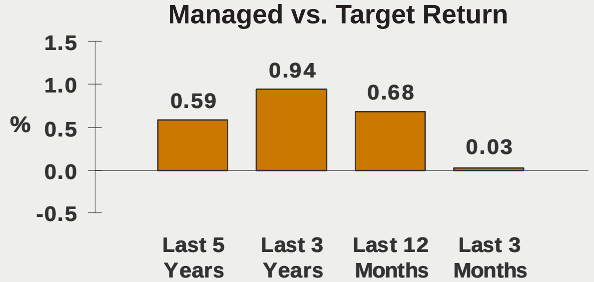
FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN

TOTAL PLAN

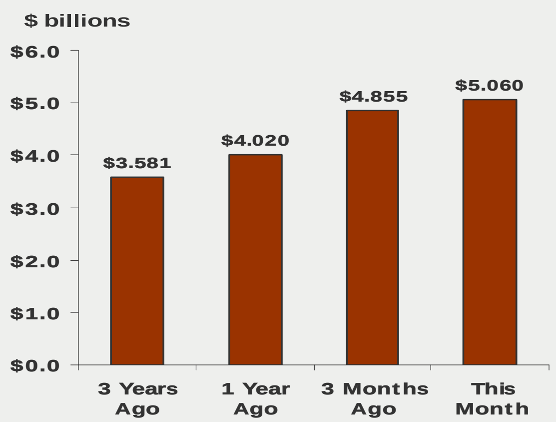
Net Managed and Target Returns



Managed vs. Target Return

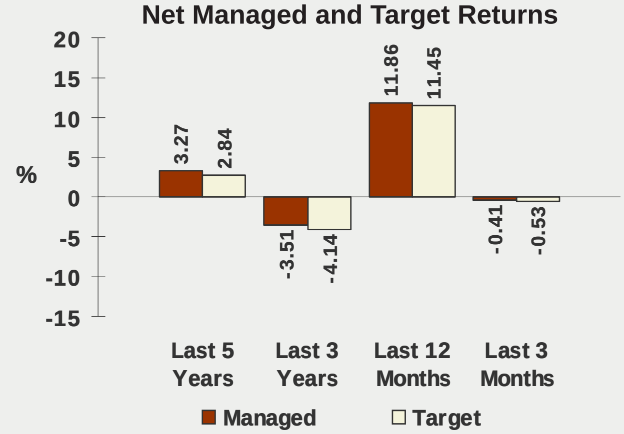


Total Plan Net Asset Value

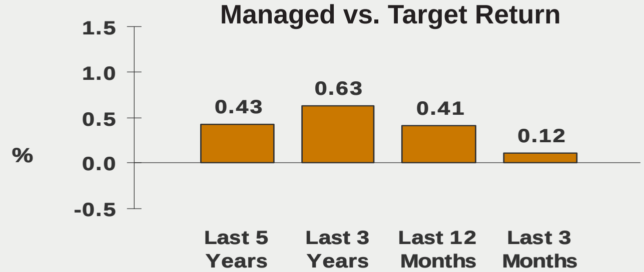


BALANCED FUNDS

Net Managed and Target Returns



Managed vs. Target Return



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*	19,959	56%	7,601	21%	8,398	23%	35,958
Total	86,117	55%	31,961	20%	37,832	24%	155,910
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*			268	7%	3,661	93%	3,929
Total			877	5%	16,797	95%	17,674

Percentages are shares of FY Totals and may not sum to 100% due to rounding.
*As of 5/31/10

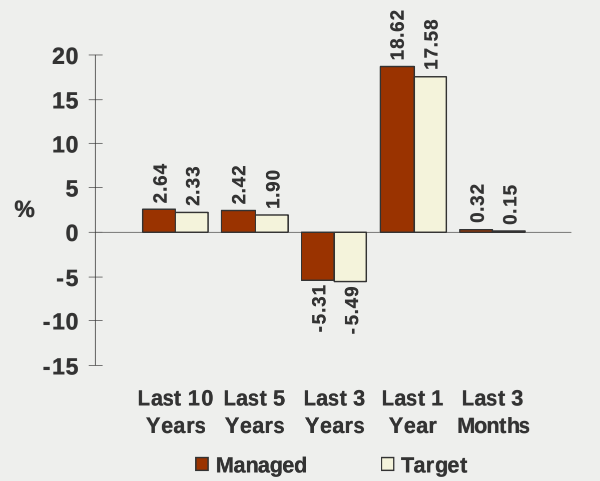
FRS Investment Plan Asset Allocation and Net Returns by Asset Type

	PERCENT ALLOCATION	PAST 3 MONTHS MANAGED	PAST 3 MONTHS TARGET	PAST 3 MONTHS MANAGED VS TARGET	PAST 12 MONTHS MANAGED	PAST 12 MONTHS TARGET	PAST 12 MONTHS MANAGED VS TARGET
TOTAL FRS IP	**100.0%**	**0.09%**	**0.06%**	**0.03%**	**13.37%**	**12.68%**	**0.68%**
Domestic Equities	33.8%	1.41%	1.18%	0.23%	26.95%	25.82%	1.13%
Foreign Equities	16.3%	-5.95%	-5.83%	-0.12%	8.85%	9.13%	-0.29%
Fixed Income	27.0%	1.78%	1.71%	0.07%	11.45%	9.51%	1.94%
TIPS	5.9%	2.56%	2.50%	0.06%	8.58%	8.47%	0.10%
Money Market Funds	16.9%	0.06%	0.08%	-0.01%	0.24%	0.39%	-0.15%

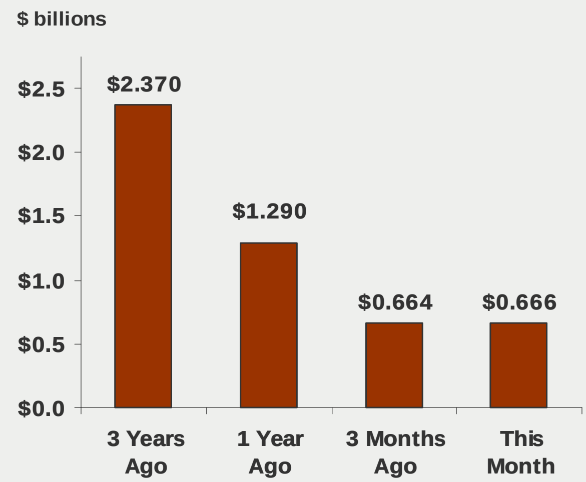
Issue Date: June 30, 2010

LAWTON CHILES ENDOWMENT FUND

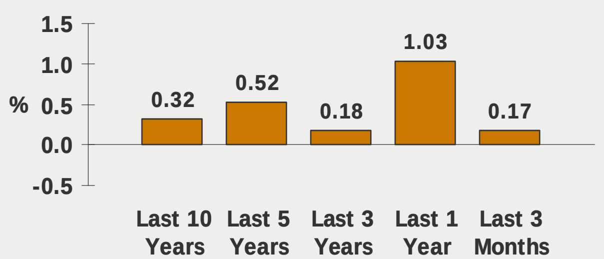
Net Managed and Target Returns



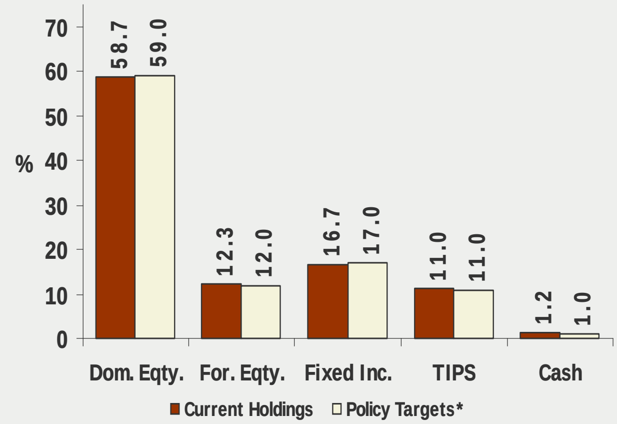
Net Asset Values



Managed vs. Target Return



Asset Allocation



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

Monthly Movement in Asset Allocation Mix

Asset Class	Policy Range Low	Policy Range High	Actual Range Low	Actual Range High
Domestic Equities	54%	64%	58.4%	60.5%
Foreign Equities	6%	18%	11.9%	12.8%
Fixed Income	12%	25%	15.4%	17.0%
TIPS	6%	16%	10.3%	11.2%
Cash	0%	6%	1.1%	1.2%

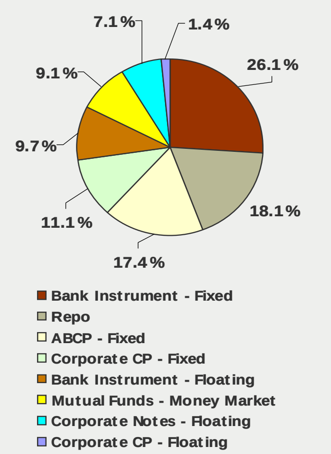
Chiles Endowment Net Returns by Asset Class

	PAST 3 MONTHS			PAST 12 MONTHS		
	MANAGED	TARGET	MANAGED VS TARGET	MANAGED	TARGET	MANAGED VS TARGET
TOTAL LCEF	**0.32%**	**0.15%**	**0.17%**	**18.62%**	**17.58%**	**1.03%**
Asset Allocation	0.04%	0.15%	-0.11%	17.69%	17.58%	0.10%
Domestic Equities	0.15%	0.08%	0.06%	23.61%	23.32%	0.30%
Foreign Equities	-3.47%	-4.94%	1.47%	13.99%	11.81%	2.18%
Fixed Income	1.84%	1.77%	0.08%	8.33%	8.42%	-0.09%
TIPS	2.59%	2.50%	0.09%	9.39%	8.47%	0.92%
Cash	0.40%	0.08%	0.32%	2.97%	0.41%	2.56%

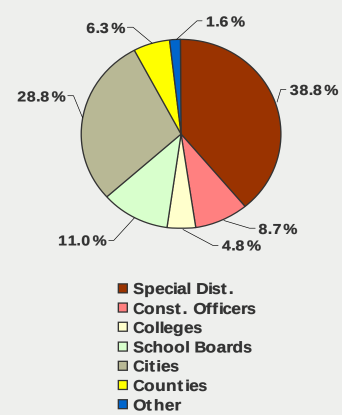
FLORIDA PRIME AND FUND B

Florida PRIME had 799 participants at the end of May 2010 and a balance of $5.48 billion. Fund B Surplus Funds Trust Fund (Fund B) had a balance of $288.0 million. During the month, Florida PRIME earned a return of 0.02 percent, beating its target (the S&P AAA/AA Rated GIP All 30-day Net index) by 1 basis point. Over the 12-month period ending May 31, 2010, Florida PRIME returned 0.31 percent and beat its performance benchmark by 7 basis points. Through May 2010, $1.57 billion, or 78.3 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

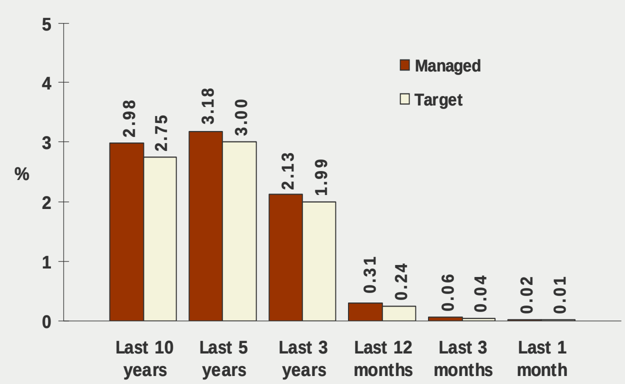


Florida PRIME Final Maturity Schedule

Month	Percent of Assets	Cumulative percent
Jun-10	51.1%	51.1%
Jul-10	14.3%	65.4%
Aug-10	11.0%	76.3%
Sep-10	2.4%	78.7%
Oct-10	0.1%	78.9%
Nov-10	4.6%	83.4%
Dec-10	9.3%	92.7%
Jan-11	3.1%	95.8%
Apr-11	1.8%	97.6%
May-11	1.8%	99.5%
Other*	0.5%	100.0%

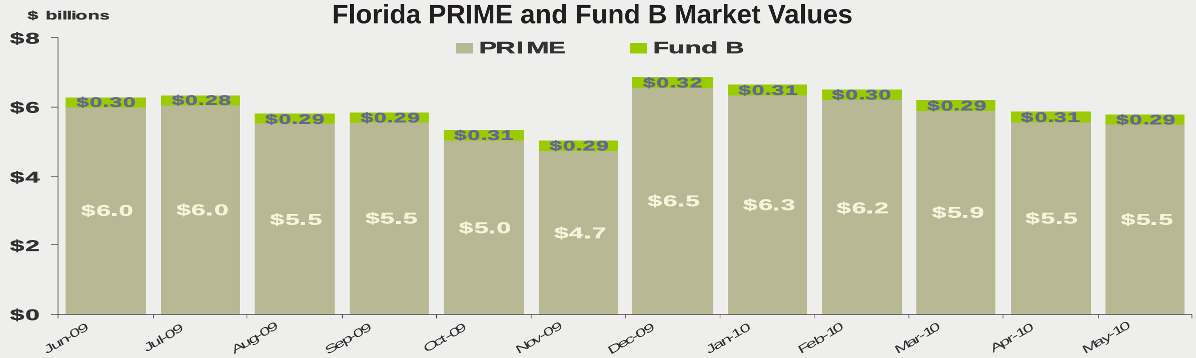
* Consists of three variable-rate notes with long-term final maturities, but frequent rate resets.

Florida PRIME Managed* and Target Returns



* Return calculated pursuant to Chapter 19-7.001, Florida Administrative Code.

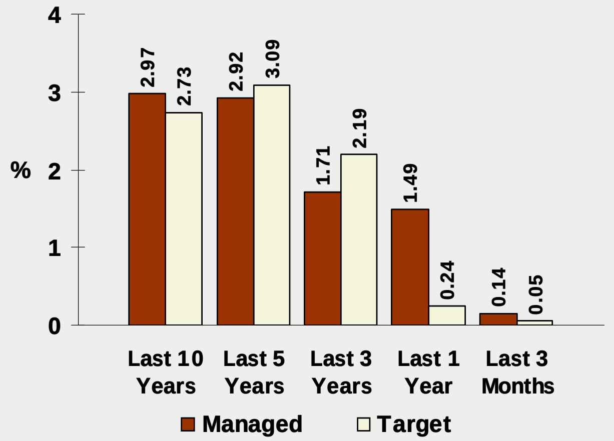
Florida PRIME and Fund B Market Values



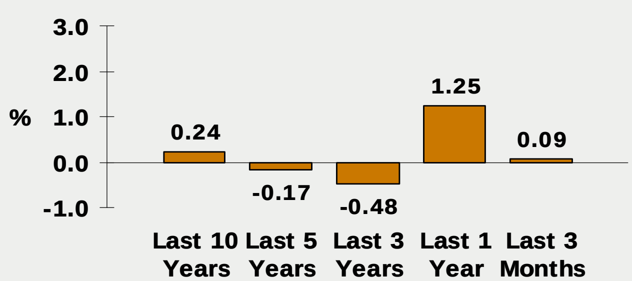
FLORIDA HURRICANE CATASTROPHE FUND

OPERATING FUND

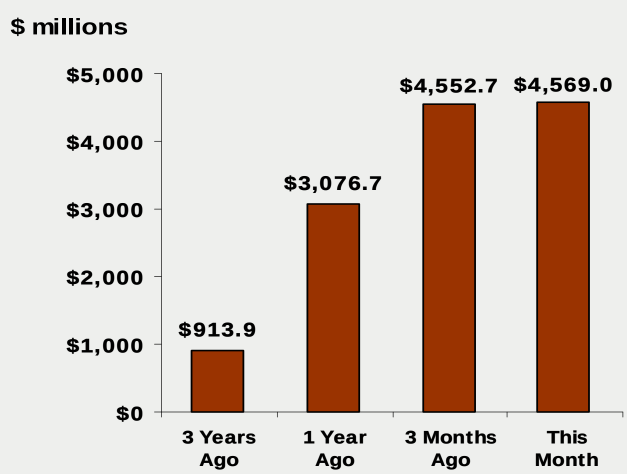
Net Managed and Target Returns



Managed versus Target Return

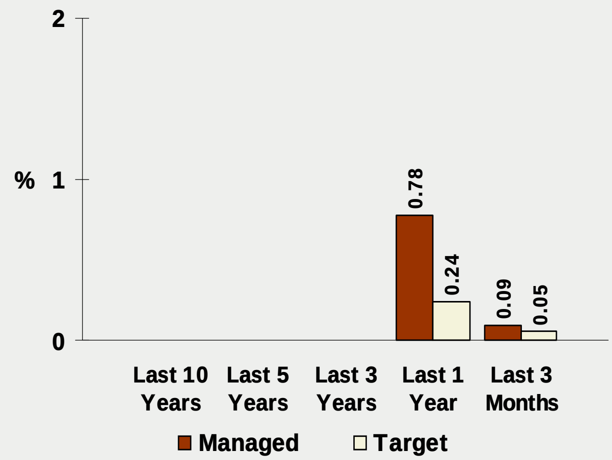


Net Asset Values

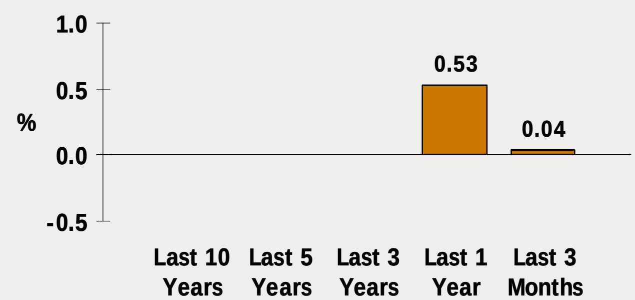


2007A NOTE PROCEEDS

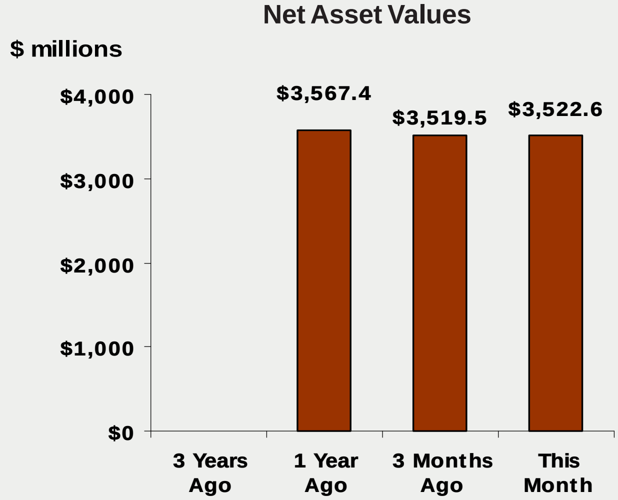
Net Managed and Target Returns



Managed versus Target Return

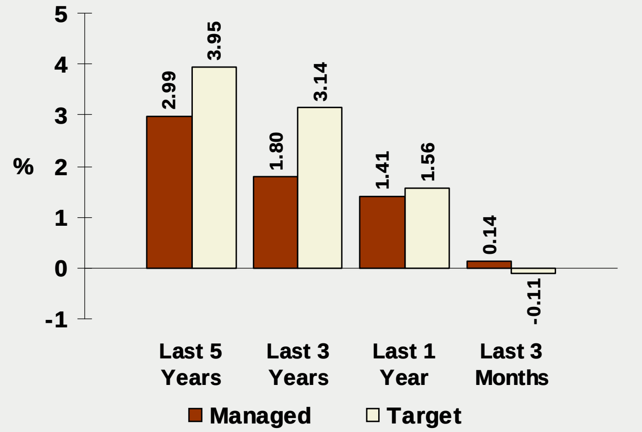


Net Asset Values

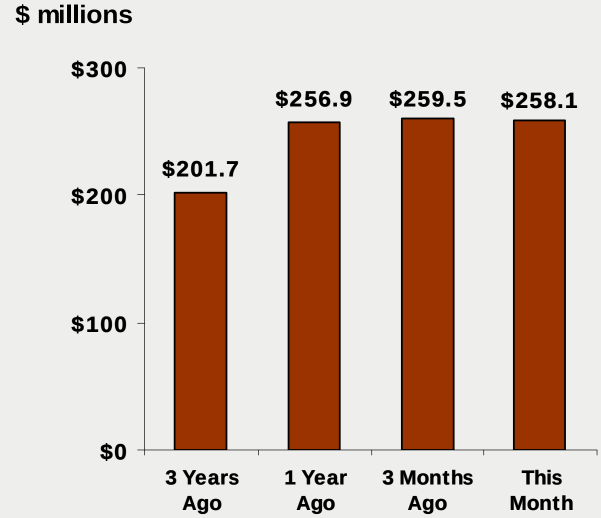


HEALTH INSURANCE SUBSIDY TRUST FUND

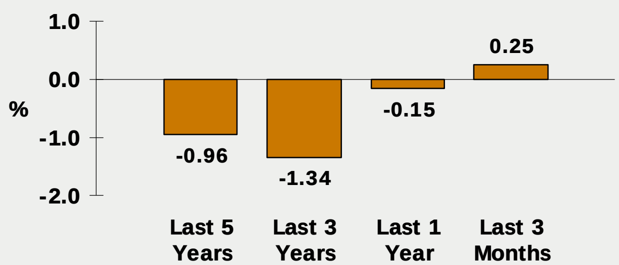
Net Managed and Target Returns



Net Asset Values



Managed versus Target Return



SECURITIES LENDING COLLATERAL REINVESTMENT*

As of May 31, 2010	Book Value	Market Value	Unrealized Gain/(Loss)
FRS Pension Plan	$6,674,490,754	$6,352,720,584	($321,770,170)
Lawton Chiles Endowment Fund	$8,281,821	$7,767,048	($514,773)
Florida Lottery	$860,852,251	$852,508,722	($8,343,529)
Total	$7,543,624,826	$7,212,996,355	($330,628,472)

* 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.