MONTHLY PERFORMANCE REPORT TO THE TRUSTEES

Performance Through February 28, 2013

Office of Investment Policy & Economics

STATE BOARD OF ADMINISTRATION OF FLORIDA

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JEFF ATWATER
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PAM BONDI
ATTORNEY GENERAL

ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO

MEMORANDUM

To: ***MEMBERS, STATE BOARD OF ADMINISTRATION***
Governor Rick Scott, Chairman
Chief Financial Officer Jeff Atwater
Attorney General Pam Bondi

From: *Ash Williams*

Date: *April 1, 2013*

Subject: *Monthly Performance Report as of February 28, 2013*

Global equity markets were soft in February as Italy's political uncertainty cast a pall over the Eurozone. A custom version of the MSCI All Country World Investable Market Index rose just 0.16 percent during the month. U.S. fixed income markets came back from two successive down months with a return of 0.50 percent on the Barclays U.S. Bond Aggregate Index.

For the 12 months ending February 28, 2013, performance for the SBA's three multi-asset class mandates was as follows.

	Actual Return	Benchmark Return	Actual Minus Benchmark
FRS Pension Plan	9.88%	8.56%	1.32%
FRS Investment Plan	7.48%	7.24%	0.24%
Lawton Chiles Endowment	7.68%	6.49%	1.19%

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 February 2013, 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 February 28, 2013. The report also contains performance information on Florida PRIME and the Florida Hurricane Catastrophe Fund. More detailed information on Florida PRIME can be found on the SBA website at www.sbafla.com/prime. I am also enclosing the Major Mandate Review for the fourth quarter of 2012, which was prepared by our general consultant, Hewitt EnnisKnupp.

Other Items of Note

- On March 6, 2013, the SBA transferred $3.2 million from Fund B to Florida PRIME. Cash will be transferred to Florida PRIME participants in proportion to their original adjusted Fund B balances. Since the inception of Fund B in December 2007, the total accumulated distribution has amounted to approximately $1.77 billion, or 88.3 percent of the original Fund B principal, pending the transfer noted below.
- In March, the SBA divested approximately $61.5 million of the Fund B portfolio. This amount will be applied to the outstanding principal balances of Fund B participants and distributed in early April, bringing the proportion of original principal returned to over 91.0 percent. The SBA and Fund B's external investment manager, Apollo Capital Management, expect additional asset sales in coming months.

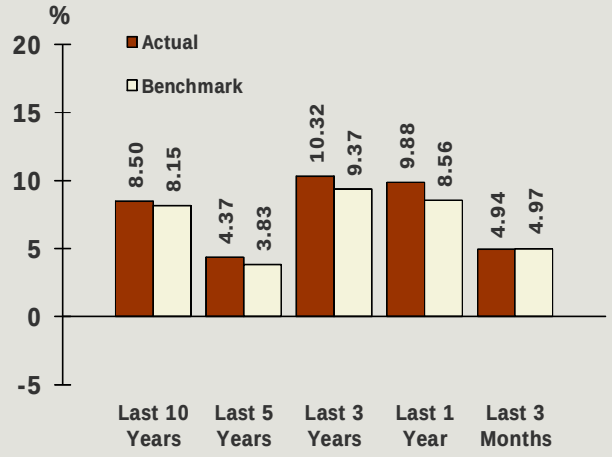
If you have any questions or need additional information, please contact me.

AW/bm
Enclosure

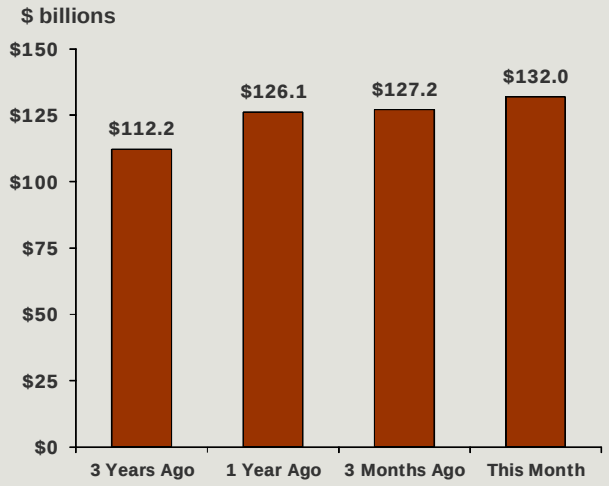
cc: IAC Members
Michael Sevi
Robert Tornillo
Rob Johnson

FLORIDA RETIREMENT SYSTEM PENSION PLAN

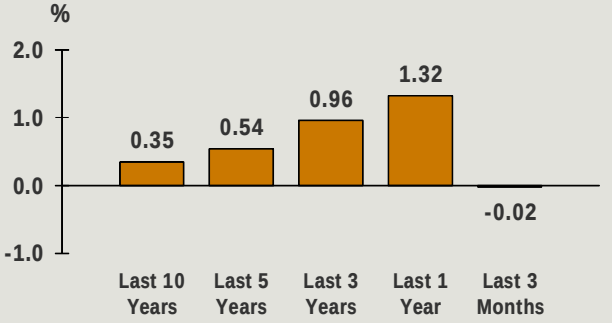
Actual and Benchmark Returns



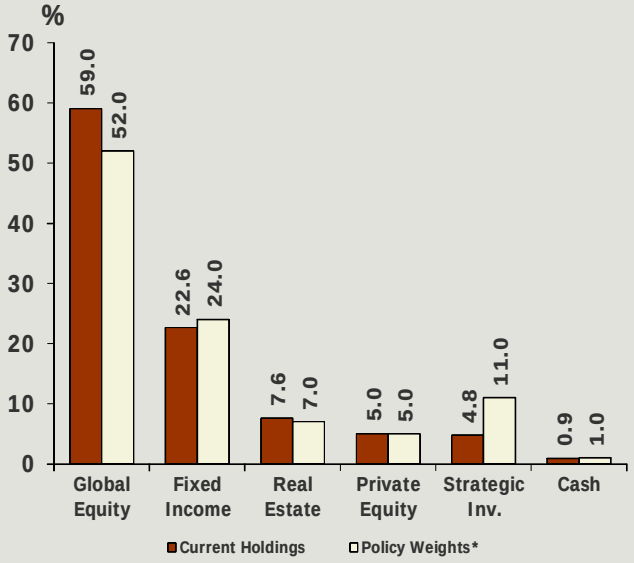
Net Asset Values



Actual Minus Benchmark Return



Asset Allocation



* Policy weights are the 'target allocations' specified in Table 2a of the FRS Investment Policy Statement.

Monthly Movement in Asset Allocation Mix

Asset Class	Policy Range		Actual Range	
	Low	High	Low	High
Global Equity	44%	60%	58.5%	59.4%
Fixed Income	16%	32%	22.3%	22.7%
Real Estate	2%	12%	7.5%	7.6%
Private Equity	0%	7%	4.9%	5.0%
Strategic Investments	0%	20%	4.7%	4.8%
Cash	0%	9%	0.9%	1.4%

FRS Pension Plan Net Returns by Asset Class

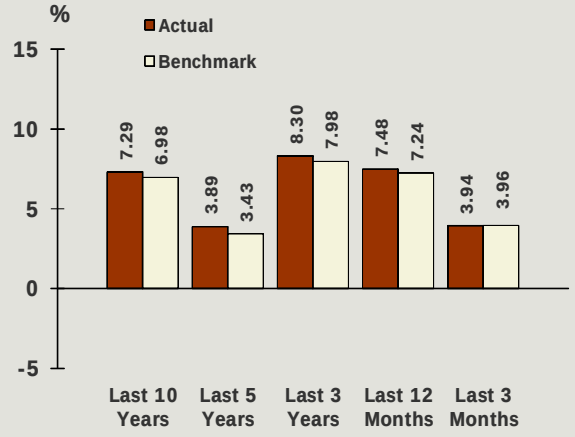
	PAST 3 MONTHS			PAST 12 MONTHS		
	ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK	ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK
TOTAL FRS Pension Plan*	**4.94%**	**4.97%**	**-0.02%**	**9.88%**	**8.56%**	**1.32%**
Asset Allocation	5.00%	4.97%	0.03%	8.46%	8.56%	-0.10%
Global Equity	7.52%	7.37%	0.16%	11.13%	9.69%	1.44%
Fixed Income	-0.02%	-0.34%	0.33%	4.61%	3.12%	1.48%

* 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.

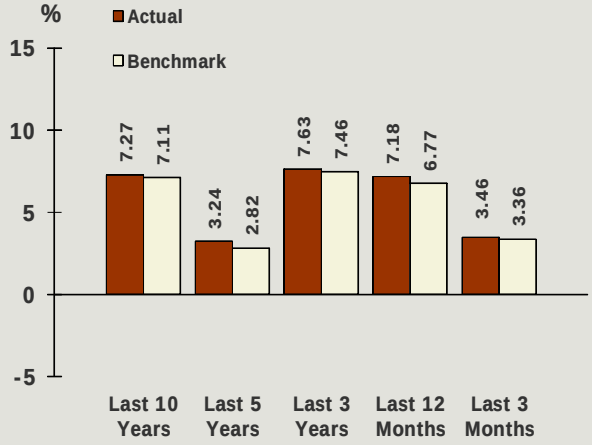
Issue Date: April 1, 2013

FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN

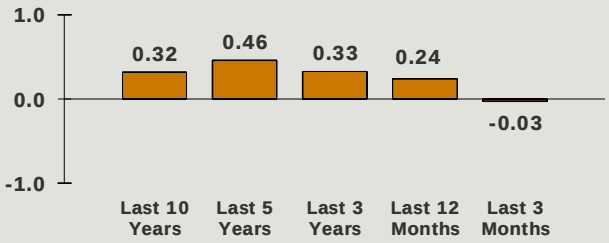
TOTAL PLAN
Actual and Benchmark Returns



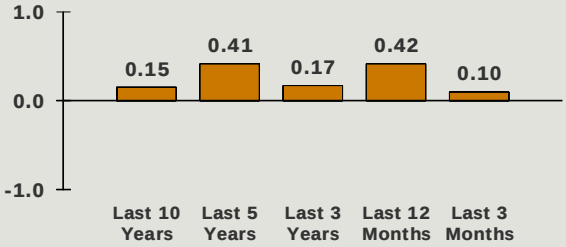
BALANCED FUNDS
Actual and Benchmark Returns



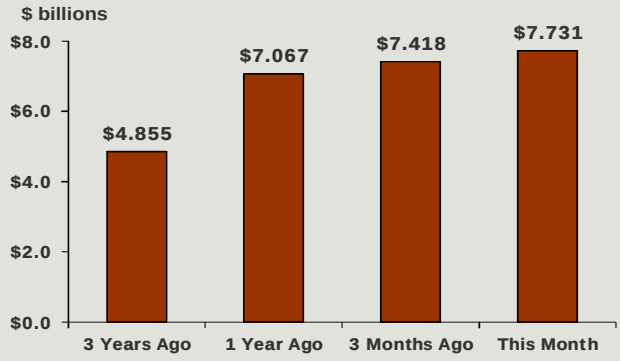
Actual Minus Benchmark Return



Actual Minus Benchmark Return



Total Plan Net Asset Value



FRS Elections

	Defaults (Pension)		Pension Plan		Investment Plan/Hybrid		FY Totals
New Employee							
FY 08-09	25,923	55.7%	10,672	21.7%	11,116	22.6%	47,711
FY 09-10	21,501	55.5%	8,158	21.1%	9,071	23.4%	38,730
FY 10-11	21,049	52.6%	9,042	22.5%	9,960	24.9%	40,051
FY 11-12	20,064	52.8%	6,976	18.4%	10,937	28.8%	37,977
FY 12-13*	17,316	57.6%	4,786	15.9%	7,943	26.4%	30,045
Total	105,853	54.4%	39,634	20.4%	49,027	25.2%	194,514
Second Elections							
FY 08-09			373	8.2%	4,160	91.8%	4,533
FY 09-10			289	6.1%	4,420	93.9%	4,709
FY 10-11			381	4.4%	8,330	95.6%	8,711
FY 11-12			351	5.2%	6,443	94.8%	6,794
FY 12-13*			339	9.0%	3,418	91.0%	3,757
Total			1,733	6.1%	26,771	93.9%	28,504

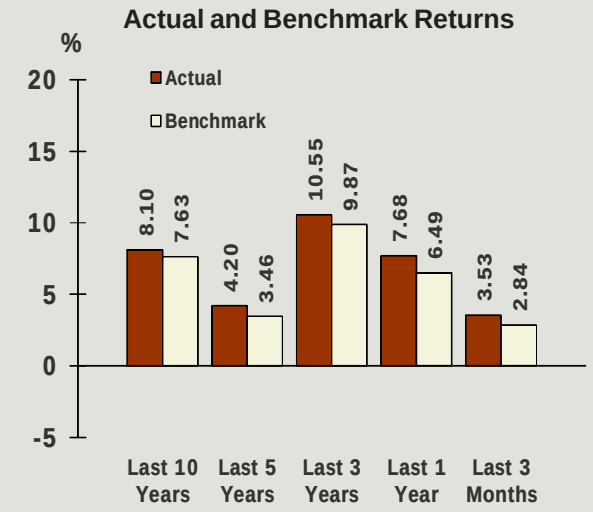
Percentages are shares of FY Totals as of 2/28/2013

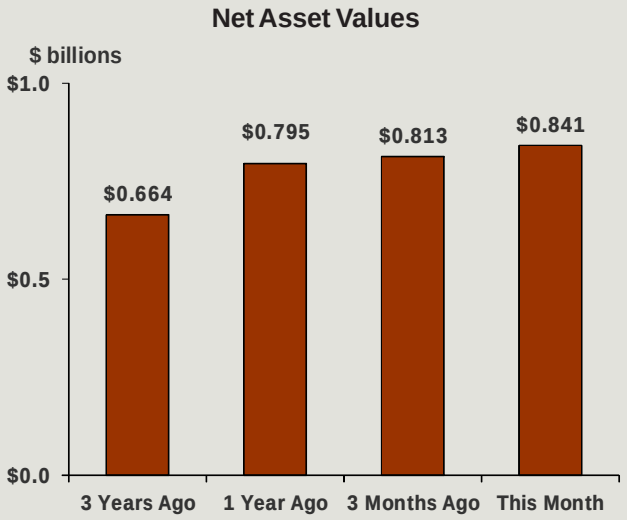
FRS Investment Plan Asset Allocation and Net Returns by Asset Type

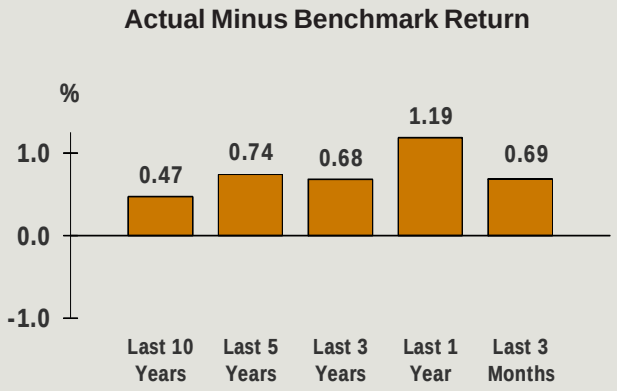
	PERCENT ALLOCATION	PAST 3 MONTHS ACTUAL	PAST 3 MONTHS BENCHMARK	PAST 3 MONTHS ACTUAL MINUS BENCHMARK	PAST 12 MONTHS ACTUAL	PAST 12 MONTHS BENCHMARK	PAST 12 MONTHS ACTUAL MINUS BENCHMARK
TOTAL FRS Investment Plan	**100.0%**	**3.94%**	**3.96%**	**-0.03%**	**7.48%**	**7.24%**	**0.24%**
Domestic Equities	36.3%	8.66%	8.73%	-0.08%	13.00%	13.69%	-0.68%
Foreign Equities	15.1%	6.67%	6.95%	-0.28%	10.24%	8.82%	1.42%
Fixed Income	28.1%	0.14%	-0.02%	0.17%	4.52%	3.59%	0.93%
TIPS	5.5%	-1.27%	-1.29%	0.02%	4.35%	4.25%	0.10%
Money Market Funds	15.0%	0.06%	0.01%	0.05%	0.28%	0.06%	0.22%

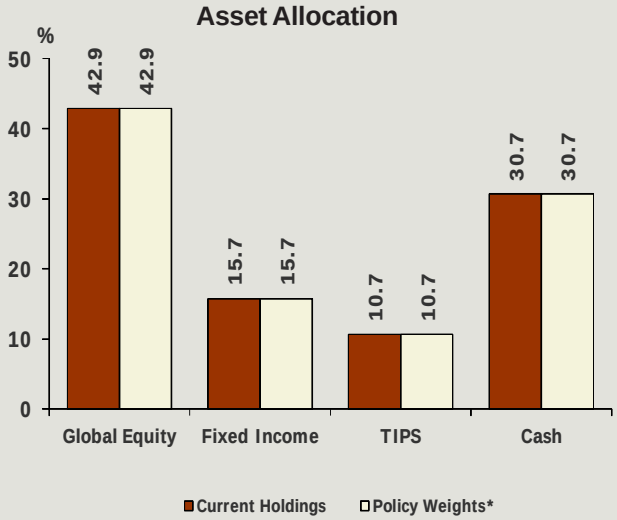
Issue Date: April 1, 2013

LAWTON CHILES ENDOWMENT FUND









Monthly Movement in Asset Allocation Mix

Asset Class	Policy Range*		Actual Range	
	Low	High	Low	High
Global Equity	NA	NA	42.5%	43.1%
Fixed Income	NA	NA	15.6%	15.8%
TIPS	NA	NA	10.6%	10.7%
Cash	NA	NA	30.7%	30.9%

* Because of a scheduled extraordinary payout on June 13, 2013, a cash balance exceeding 30 percent of the endowment's value is being carried. Per the LCEF's Investment Policy Statement, this allows the suspension of normal asset allocation procedures. In particular, policy weights become equal to month-end actual weights, and policy ranges are not applicable.

Chiles Endowment Net Returns by Asset Class

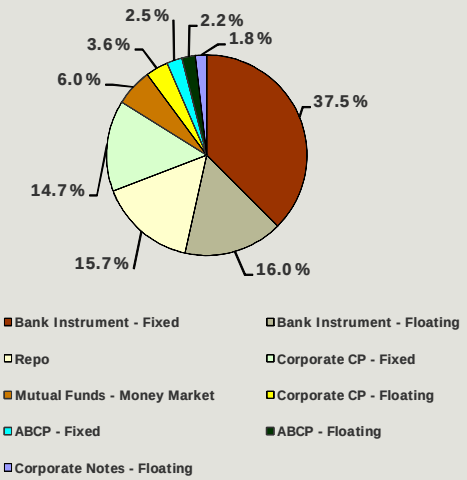
	PAST 3 MONTHS			PAST 12 MONTHS		
	ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK	ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK
TOTAL LCEF	**3.53%**	**2.84%**	**0.69%**	**7.68%**	**6.49%**	**1.19%**
Asset Allocation	2.84%	2.84%	0.00%	6.34%	6.49%	-0.15%
Global Equity	9.01%	7.43%	1.58%	15.57%	13.64%	1.93%
Fixed Income	-0.11%	-0.34%	0.23%	3.62%	3.12%	0.50%
TIPS	-1.34%	-1.29%	-0.05%	4.49%	4.25%	0.23%
Cash	0.07%	0.02%	0.05%	0.93%	0.10%	0.84%

Issue Date: April 1, 2013

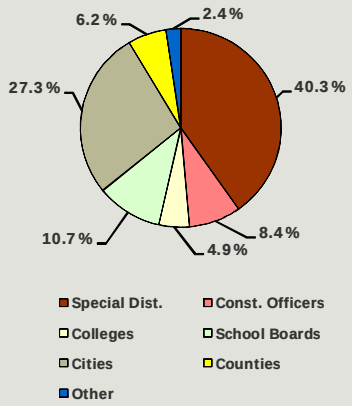
FLORIDA PRIME AND FUND B

Florida PRIME had 844 participants at the end of February 2013 and a balance of $8.79 billion. Fund B Surplus Funds Trust Fund (Fund B) had a balance of $244.9 million. During the month, Florida PRIME earned a return of 0.02 percent, beating its benchmark (the S&P AAA/AA Rated GIP All 30-day Net index) by 1 basis point. Over the 12-month period ending February 28, 2013, Florida PRIME returned 0.29 percent and beat its performance benchmark by 19 basis points. Through February 2013, $1.77 billion, or 88.1 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

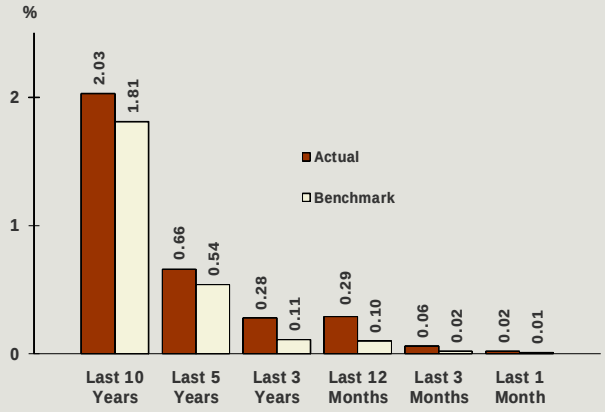


Florida PRIME Final Maturity Schedule

Month	Percent of Assets	Cumulative percent
Mar-13	48.1%	48.1%
Apr-13	13.4%	61.4%
May-13	9.0%	70.5%
Jun-13	6.9%	77.3%
Jul-13	5.0%	82.3%
Aug-13	5.0%	87.3%
Sep-13	2.9%	90.2%
Oct-13	1.1%	91.3%
Jan-14	1.5%	92.8%
Feb-14	2.6%	95.4%
Mar-14	4.4%	99.7%
*Other	0.3%	100.0%

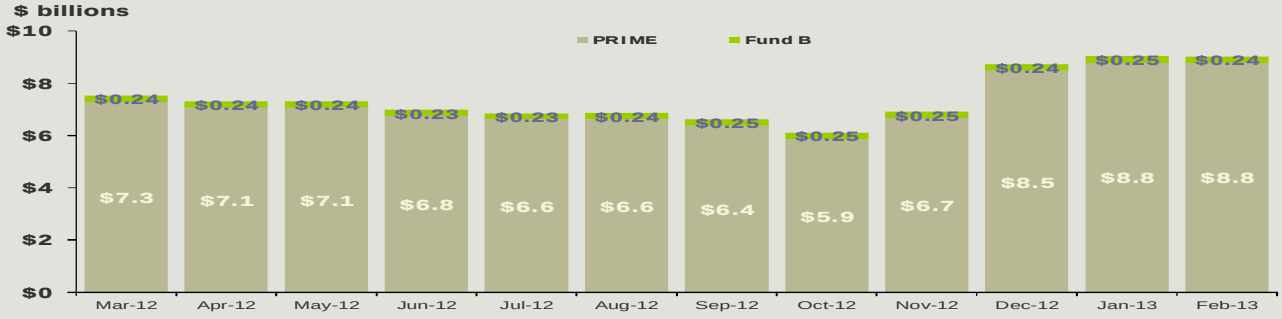
* Consists of two variable-rate notes with long-term final maturities, but frequent rate resets.

Florida PRIME Actual* and Benchmark Returns



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

Florida PRIME and Fund B Market Values



SBA SECURITIES LENDING*

This is a summary of earnings from the SBA's third-party agent security lending programs. Additional lending activity that occurs within commingled vehicles is not reflected. 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. The SBA conducted a review of its securities lending program in 2009 and lowered the level of risk in the collateral reinvestment portfolios. This led to the phasing in of low-risk reinvestment vehicles such as overnight repurchase agreements (repos). As of February 28, 2013, the SBA had 90.2 percent of its reinvested collateral for the FRS Pension Plan in repos.

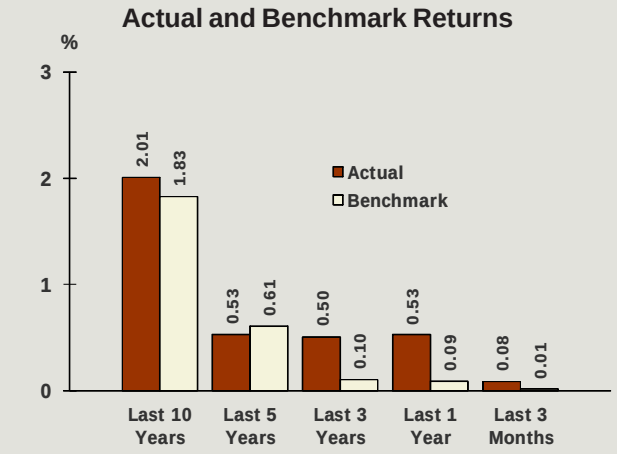
FRS Pension Plan					
Net Income			Returns (annualized basis points)		
February 2013	Fiscal Year to Date	Calendar Year to Date	February 2013	Fiscal Year to Date	Calendar Year to Date
$3,284,103	$24,660,249	$5,980,218	110	91	96

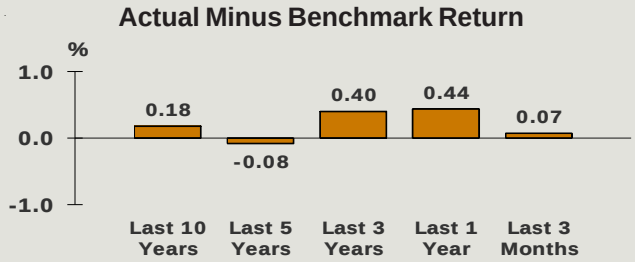
Lawton Chiles Endowment Fund					
Net Income			Returns (annualized basis points)		
February 2013	Fiscal Year to Date	Calendar Year to Date	February 2013	Fiscal Year to Date	Calendar Year to Date
$12,404	$60,330	$22,808	120	100	123

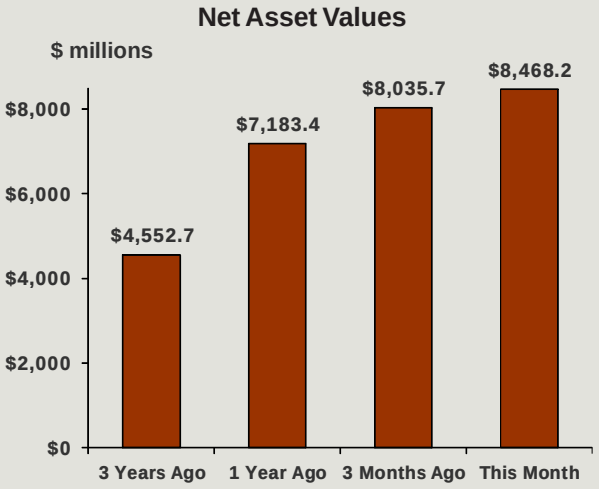
Florida Lottery					
Net Income			Returns (annualized basis points)		
February 2013	Fiscal Year to Date	Calendar Year to Date	February 2013	Fiscal Year to Date	Calendar Year to Date
$102,525	$884,582	$215,489	24	27	26

* This information does not include non-cash security loans, interest receivable on investments or other receivables or payables associated with securities lending. Unrealized gain/(loss) on collateral reinvestment is included once per year in the FRS's financial statements, but is not reflected in investment returns.

FLORIDA HURRICANE CATASTROPHE FUND







On September 30, 2012, certain notes issued by the Florida Hurricane Catastrophe Fund in 2007 matured. Performance for the proceeds of that issuance had been reported separately, but is no longer applicable. The data shown apply only to the Florida Hurricane Catastrophe Fund's Operating Fund. Future note issuance is anticipated, and when it occurs, separate performance reporting will resume.

SUMMARY OF SBA MANDATES

FLORIDA RETIREMENT SYSTEM (IN THOUSANDS)	February 28, 2013 MARKET VALUE	January 31, 2013 MARKET VALUE
FRS PENSION PLAN ASSET CLASSES		
GLOBAL EQUITY	$77,948,280	$78,002,501
FIXED INCOME	$29,874,877	$29,700,443
REAL ESTATE	$10,009,937	$10,021,162
PRIVATE EQUITY	$6,621,476	$6,586,327
STRATEGIC INVESTMENTS	$6,324,044	$6,346,359
CASH	$1,238,443	$1,362,428
TOTAL FRS PENSION PLAN	**$132,017,057**	**$132,019,221**
TOTAL FRS INVESTMENT PLAN	**$7,731,013**	**$7,676,831**
LAWTON CHILES ENDOWMENT FUND (IN THOUSANDS)		
LCEF ASSET CLASSES		
GLOBAL EQUITY	$361,127	$358,266
FIXED INCOME	$132,267	$131,620
TIPS	$89,612	$89,644
CASH	$258,330	$258,274
TOTAL	**$841,335**	**$837,805**
OTHER FUNDS (IN THOUSANDS)		
DEBT SERVICE NONESCROW	$1,113,525	$1,013,651
DEBT SERVICE ESCROW	$1,968,386	$1,847,972
GAS TAX	$1,726	$0
RETIREE HEALTH INSURANCE SUBSIDY	$138,829	$144,708
POLICE AND FIREFIGHTERS	$106,258	$106,293
FLORIDA ENDOWMENT FOR VOCATIONAL REHAB.	$43	$44
FLORIDA PRIME	$8,788,036	$8,789,979
Less Florida PRIME holdings in SBA funds	($593,913)	($600,153)
FUND B SURPLUS FUNDS TRUST FUND	$244,929	$249,713
DEPARTMENT OF THE LOTTERY	$567,760	$591,610
SBA ADMINISTRATIVE EXPENSE	$32,550	$33,415
PEORP ADMINISTRATIVE TRUST FUND	$36,009	$35,567
FLORIDA HURRICANE CATASTROPHE FUND	$8,468,216	$8,474,807
FLORIDA HURRICANE CATASTROPHE FINANCE CORP.	$1,116,376	$1,037,938
FLORIDA PREPAID COLLEGE PROGRAM	$193,318	$191,479
BOND PROCEEDS	$12,308	$12,385
ARBITRAGE COMPLIANCE	$2,688	$2,672
REVENUE BOND FEE	$5,886	$5,619
INLAND PROTECTION FINANCING CORPORATION	$2	$2
BLIND SERVICES	$4,120	$4,036
MCKNIGHT EDUCATION FUND	$1,254	$1,239
SCRIPPS	$7,938	$7,937
FSU RESEARCH FOUNDATION	$242	$246
ICB PROGRAM	$2,669	$2,670
BURNHAM INSTITUTE	$38,954	$38,932
TORREY PINES INSTITUTE	$4,774	$6,601
PINELLAS SUN COAST TRANSIT AUTHORITY	$38	$38
SRI INTERNATIONAL	$319	$319
UNIVERSITY OF MIAMI	$20,839	$20,839
MAX PLANCK	$3,387	$3,387
OREGON HEALTH AND SCIENCE	$2,568	$2,568
CHARLES STARK DRAPER LABORATORY	$1,112	$1,111
PAYING BANK RECALLS	$0	$0
OTHER FUNDS TOTAL	**$22,291,147**	**$22,027,623**
ALL FUNDS	**$162,880,552**	**$162,561,480**

State Board of Administration
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