

# **SBA Major Mandate Performance Update**

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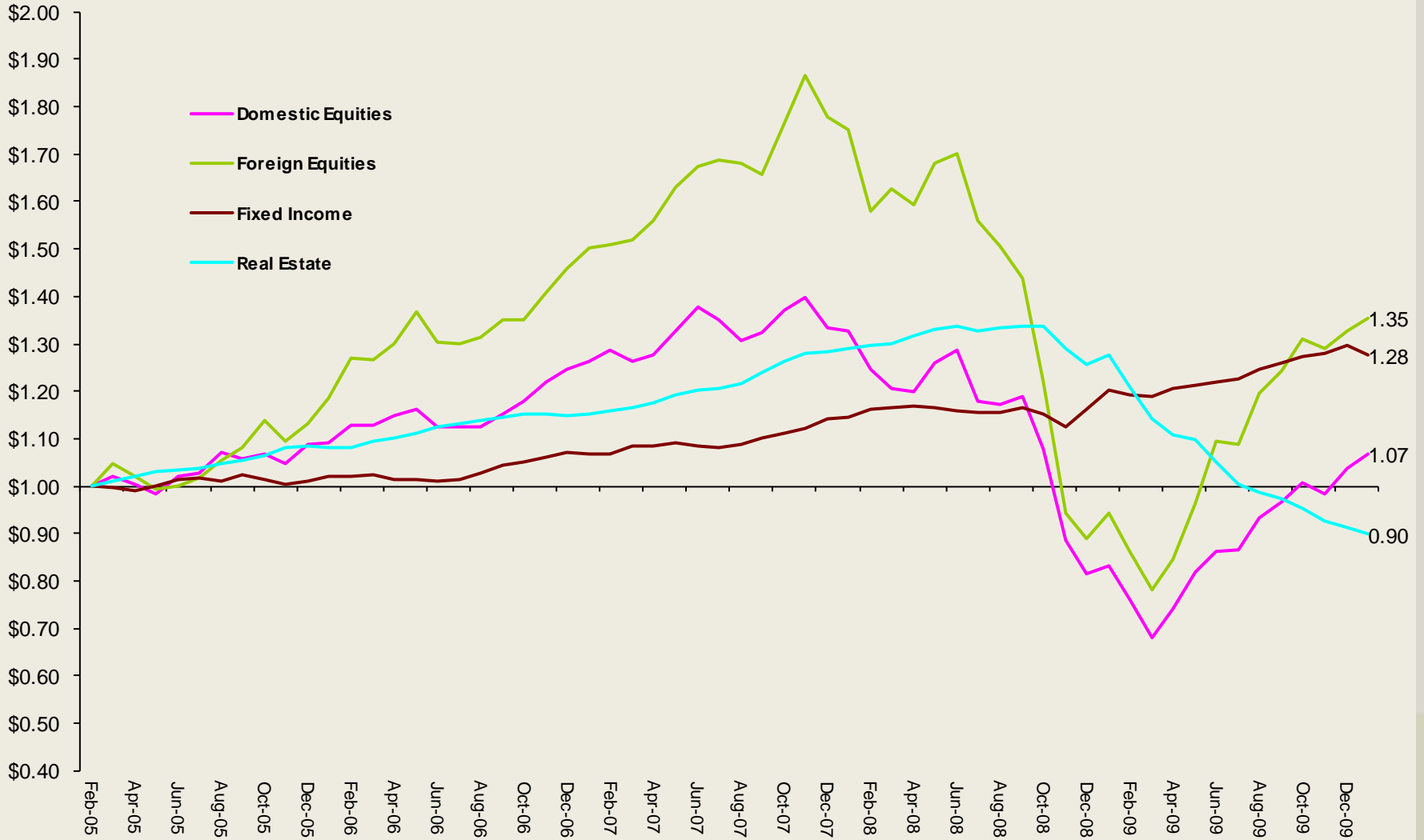
**Investment Advisory Council**

**March 3, 2010**



INVESTING FOR FLORIDA'S FUTURE

## Growth of \$1 Invested in Benchmarks February 2005 - January 2010



## → SBA Mandates Estimated Month End Market Values (\$Millions)

Mandate	Dec-08	Feb-09	Dec-09	Feb 18, 2010*
FRS Pension Plan	\$97,355	\$86,921	\$113,502	\$112,823
FRS Investment Plan	\$3,736	\$3,464	\$4,810	\$4,820
CAT Fund	\$9,143	\$7,641	\$8,906	\$9,133
Lawton Chiles Endowment	\$1,472	\$1,226	\$666	\$665
Florida PRIME	\$5,686	\$5,967	\$6,537	\$8,187
Other SBA Mandates	\$4,507	\$4,532	\$4,203	\$2,275
<b>Total</b>	<b>\$121,900</b>	<b>\$109,752</b>	<b>\$138,625</b>	<b>\$137,903</b>

\*Unaudited and Tentative Data



## Major SBA Mandate Official Performance

Official Performance through January 2010

### Net Managed Return

Mandate	3-month	1-year	3-year	5-year	10-year
Separately Managed Assets					
FRS Pension Plan	2.70%	24.16%	-2.34%	3.47%	3.12%
FRS Investment Plan	2.48%	21.30%	-1.63%	3.40%	
CAT Operating Fund	0.27%	2.48%	2.25%	3.07%	3.16%
CAT Fund 2007A Note Proceeds	0.18%	1.41%			
Lawton Chiles Endowment	3.48%	26.06%	-4.23%	2.43%	2.60%
Health Insurance Subsidy	0.36%	2.65%	2.34%	3.14%	3.07%
SBA Investment Pools					
Local Government Investment Pool	0.06%	0.52%	2.70%	3.35%	3.18%
CAMP Money Market A	0.07%	0.55%	2.63%	3.34%	3.13%



## Major SBA Mandate Official Performance

Official Performance through January 2010.....

### Managed vs. Benchmark Returns

Mandate	3-month	1-year	3-year	5-year	10-year
FRS Pension Plan	0.44%	-0.01%	-0.03%	0.19%	0.36%
FRS Investment Plan	0.23%	1.34%	0.95%	0.59%	
CAT Operating Fund	0.21%	2.14%	-0.47%	-0.16%	0.25%
CAT Fund 2007A Note Proceeds	0.12%	1.07%			
Lawton Chiles Endowment	0.12%	1.08%	0.22%	0.54%	0.30%
Health Insurance Subsidy	-0.24%	0.03%	-1.41%	-1.08%	
SBA Investment Pools					
Local Government Investment Pool	0.01%	0.13%	0.16%	0.19%	0.24%
CAMP Money Market A	-0.03%	-0.03%	0.22%	0.16%	0.17%



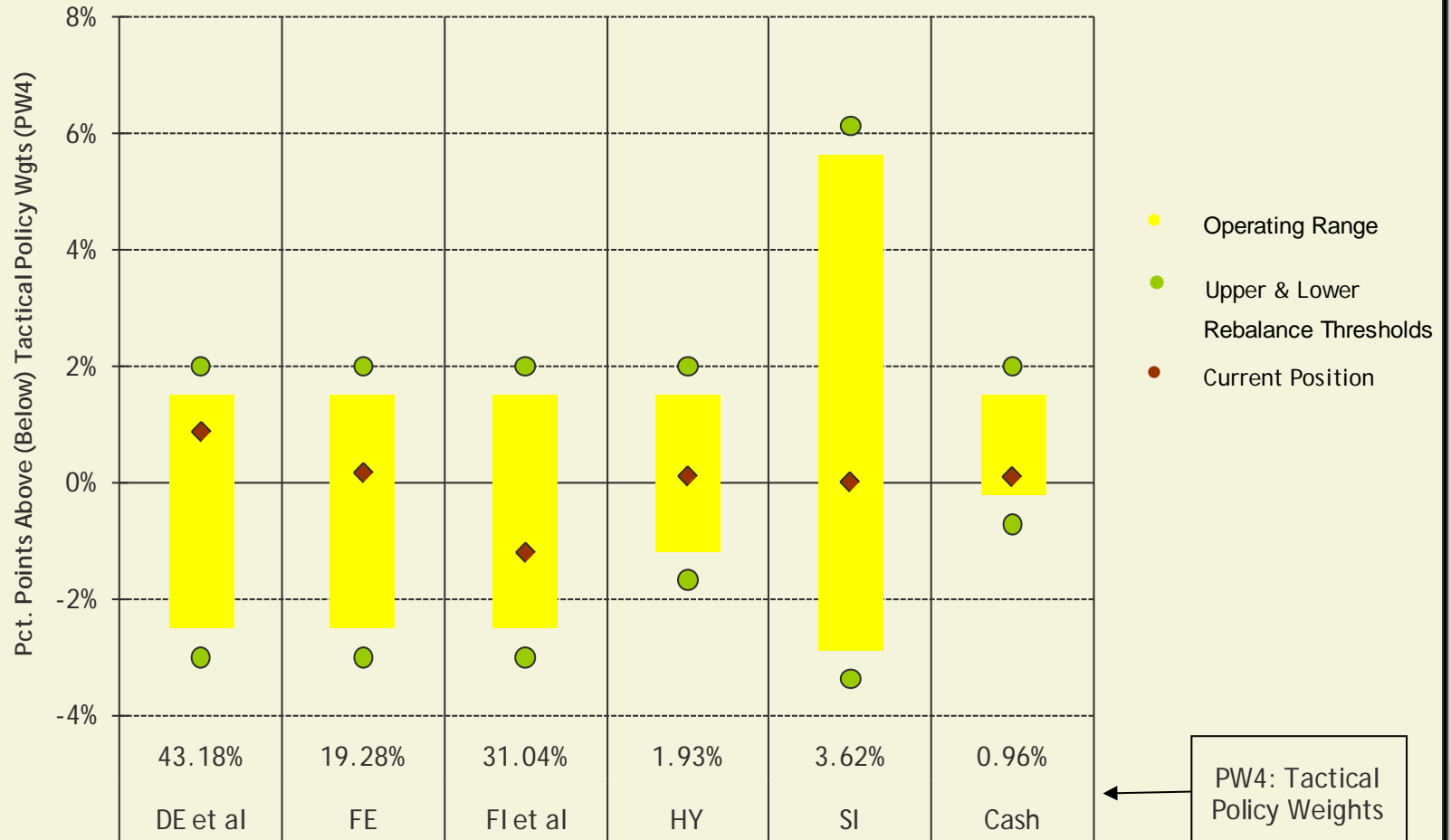
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## → **Asset Allocation Rebalancing Activity Since December 3, 2009 IAC Meeting**

- Normal rebalancing rules are applicable
- Since the last meeting, regular FRS DB liquidity assessments:
  - \$255 MM from Domestic Equities
  - \$268.2 MM from Foreign Equities
  - \$53.4 MM from High Yield
- No FRS DB rebalance was triggered
- Two LCEF rebalances were triggered:
  - Dec 14, 2009: \$3.7 MM from Equities to Fixed Income & TIPS
  - Dec 24, 2009: \$4.0 MM from Equities to Fixed Income & TIPS

# FRS Rebalancing Data at a Glance

18-Feb-2010 Market Close





## FRS Asset Allocation Data

As of February 18, 2010 Market Close

(\$ millions)

	Domestic Equities	Foreign Equities	Fixed Income	High Yield	Real Estate	Private Equity	Strategic Invest.	Cash	Total
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### A. Current Position

Current Portfolio Value (excl. pending tsfrs.)	\$42,846	\$21,928	\$29,282	\$2,325	\$7,279	\$3,939	\$4,079	\$1,145	\$112,823
Amount Over (Under) Tactical Policy Weight <sup>#</sup>	\$979	\$179	(\$1,366)	\$150	--	--	--	\$58	\$0
<b>Current % of Total Fund</b>	<b>37.98%</b>	<b>19.44%</b>	<b>25.95%</b>	<b>2.06%</b>	<b>6.45%</b>	<b>3.49%</b>	<b>3.62%</b>	<b>1.02%</b>	<b>100.00%</b>
Current Position Abv (Bel) Tactical Wgt. (in % pts) <sup>#</sup>	0.87%	0.16%	-1.21%	0.13%	0.00%	0.00%	0.00%	0.05%	0.00%

### B. Policy Target Weights & Ranges

Policy High	47.00%	25.00%	36.00%	7.00%	12.00%	7.00%	10.00%	9.00%	--
Target Operating Range High	38.61%	20.78%	28.66%	3.43%	11.25%	6.25%	9.25%	2.46%	--
<b>PW1: Fixed Policy Weights</b>	<b>38.00%</b>	<b>20.00%</b>	<b>28.00%</b>	<b>2.00%</b>	<b>7.00%</b>	<b>4.00%</b>	<b>0.00%</b>	<b>1.00%</b>	<b>100.00%</b>
PW2: Prorated Policy Weights*	36.63%	19.28%	26.99%	1.93%	6.75%	3.86%	3.62%	0.96%	100.00%
PW3: Floating Policy Weights (per box C below)	37.11%	19.28%	27.16%	1.93%	6.45%	3.49%	3.62%	0.96%	100.00%
<b>PW4: Tactical Policy Weights (per box D below)<sup>#</sup></b>	<b>37.11%</b>	<b>19.28%</b>	<b>27.16%</b>	<b>1.93%</b>	<b>6.45%</b>	<b>3.49%</b>	<b>3.62%</b>	<b>0.96%</b>	<b>100.00%</b>
Target Operating Range Low	34.61%	16.78%	24.66%	0.75%	2.75%	0.75%	0.75%	0.75%	--
Policy Low	30.00%	11.00%	20.00%	0.00%	2.00%	0.00%	0.00%	0.00%	--

### C. Private Market Floating Weight Adjustments (RE and PE over/under-weights are allocated per the factors below)

Reallocation shares for Real Estate	40%	0%	60%	0%	0%	0%	0%	0%	100%
Reallocation shares for Private Equity	100%	0%	0%	0%	0%	0%	0%	0%	100%

### D. Target Weight Increment From TAA Tilt(s)

	0.00%	0.00%	0%	0.00%	0%	0%	0%	0%	0.00%
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### E. Pending But Unexecuted Transfers

These amounts are not reflected in the top row	\$(5.5)	--	--	\$(36.7)	--	--	--	\$42.2	\$0.0
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\*When the actual allocation of Strategic Investments is greater than zero, all other asset class fixed policy weights are reduced pro-rata.

<sup>#</sup>"Tactical policy weight" refers to the row in blue in box B, labeled PW4, which is inclusive of the prorations to SI, the private market floating weights and any TAA tilt that may be in place.

# **SBA Major Initiatives Update**

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**Investment Advisory Council**

**March 3, 2010**

## → SBA Major Initiatives and Ongoing Projects

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- Strategic Investments
- Florida Growth Fund

## → Strategic Investments

### Allocations and Commitments as of January 31, 2010

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<b>Asset Type Programs</b>	<b>Market Value (\$MM)</b>	<b>Market Value + Unfunded Commitments (\$MM)</b>
Debt-Oriented	\$1,662	\$3,330
Equity	\$2,163	\$2,163
Real Assets	--	--
Multi-Sector Strategies	\$291	\$655
<b>TOTAL</b>	<b>\$4,116</b>	<b>\$6,148</b>

## → Recent Capital Call Activity

	<b>Capital Calls 6/01/09 – 9/11/09 (\$MM)</b>	<b>Capital Calls 9/12/09 – 11/18/09 (\$MM)</b>	<b>Capital Calls 11/19/09-2/18/10 (\$MM)</b>
2003-08 Distressed Debt	\$21	\$21	(\$6)
2008-09 Mezzanine Funds	\$25	\$14	\$13
2008-09 Real Estate Debt	(\$7)	\$1	\$11
2007-2009 Bridge Loans	(\$31)	\$1	(\$33)
2008 Multi-Sector Strategies	\$75	\$13	\$7
<b>TOTAL</b>	<b>\$83</b>	<b>\$50</b>	<b>(\$8)</b>

# Strategic Investments

## → January 31, 2010 Exposure and Potential New FY 2009-10 Commitments

Asset Type Programs	Market Value + Unfunded Commitments (MM)	Not to Exceed New Commitments (MM)**
Debt-Oriented	\$3,330	\$500
Equity*	\$2,163	\$500
Real Assets	--	\$250
Multi-Sector Strategies	\$655	\$500
<b>TOTAL</b>	<b>\$6,148</b>	<b>\$1,750</b>

\* Gross new commitments. Does not represent the net impact, including drawing additional resources from Global Equities managers to fund Corporate Governance Activist Managers.

\*\* Subject to change at the discretion of the Executive Director & CIO

# → Strategic Investments Activity Since December 2009 IAC Meeting

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- Mezzanine / Corporate Debt-Oriented Funds
  - ABRY Senior Equity III (Pending consultant opinion)
  - Oaktree Opportunities Fund VIII (Investment approved; in legal negotiations)
  - GSO Capital Solutions (Pending consultant opinion)
  - Varde Fund X (Investment approved; in legal negotiations)
- Real Estate Debt Funds & Separate Accounts
  - Bayview Opportunity Fund II (Due diligence ongoing)
- Senior Bank Loan Funds & Separate Accounts
  - Audax (Investment approved; in legal negotiations)

# → Strategic Investments Activity Since December 2009 IAC Meeting

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- Corporate Governance Activist
  - Cevian (Investment approved; in legal negotiations)
  - Knight Vinke (Investment approved; in legal negotiations)
  - P2 (Investment approved; in legal negotiations)
  - Ramius (Investment approval pending)
- Multi-Sector/Hedge Fund Strategies
  - Staff and Cambridge Associates are developing a forward calendar of hedge fund managers for inclusion in a diversified model portfolio
  - Development of manager monitoring guidelines and oversight protocol
- Other Investments Reviewed
  - Staff and Townsend Associates conducted timber manager interviews



## FGF Co-Investments Pipeline Review

Preliminary Screening: 183

Initial Diligence: 104

Meeting: 26

Final Diligence: 7

Closed: 4\*

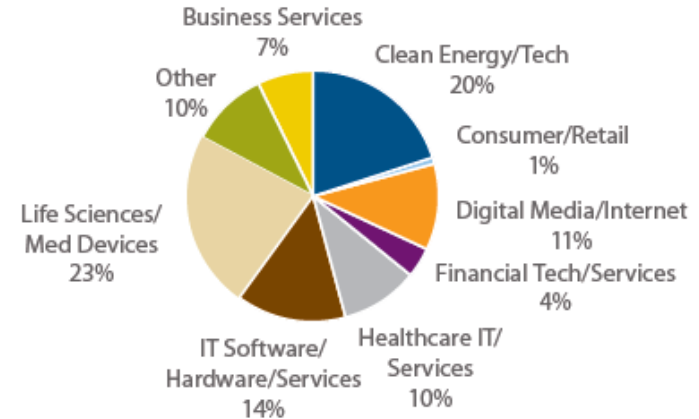
Note: This represents all investment activity from FGF inception to date

\* 1 fund pending documentation

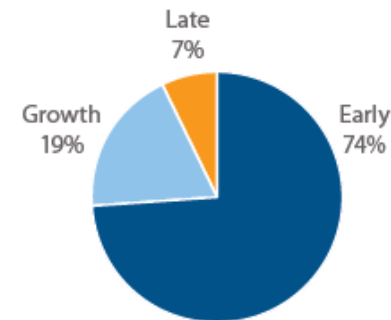
## Direct Investment Criteria

- The direct investment portion of the Florida Growth Fund will make co-investments into companies alongside private equity partnerships. Hamilton Lane's dedicated direct investment team rigorously reviews each opportunity, focusing on:
  - Companies headquartered in, or conducting a significant portion of its business in Florida
  - Industry and stage agnostic
  - Experienced management teams
  - Attractive growth trends, with a preference toward technology-related businesses
  - \$3 million to \$15 million equity investments

## FGF Co-Investments Reviewed by Industry



## FGF Co-Investments Reviewed by Stage



## FGF Partnerships Pipeline Review

Preliminary Screening: 30

Meeting: 20

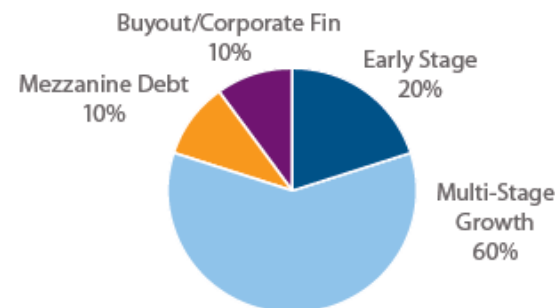
Site Visit: 4

Closed: 3\*

Note: This represents all investment activity from FGF inception to date

\* 2 funds pending documentation

## FGF Fund Allocation by Strategy



## Fund Partnership Criteria

- The Fund will seek to make meaningful commitments to top-tier private equity partnerships identified through Hamilton Lane's rigorous due diligence process, with specific focus on:
  - Venture Capital, Growth Equity and Small to Mid-Sized Buyouts
  - Funds based in Florida or that have a significant investment presence in Florida
  - Seeking attractive track records, stable and cohesive management teams, strong and coherent investment strategies
  - \$5 million to \$15 million commitments