



# State Board of Administration of Florida

## Major Mandate Review Second Quarter 2017

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## Executive Summary

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- The major mandates each produced generally strong returns relative to their respective benchmarks over both short- and long-term time periods ending June 30, 2017.
- The Pension Plan outperformed its Performance Benchmark during the second quarter and over the trailing one-, three-, five-, ten-, and fifteen-year periods.
  - Over the long-term, Global Equity is the leading source of value added, followed by Strategic Investments, Fixed Income and Real Estate.
  - Over the trailing one-, three-, five-, and ten-year periods, the Pension Plan's return ranked in the top quartile of the TUCS Top Ten Defined Benefit Plan universe.
- The FRS Investment Plan has outperformed the Total Plan Aggregate Benchmark over the trailing one-, three-, five-, and ten-year periods.
- The Lawton Chiles Endowment Fund outperformed its benchmark during the second quarter and over the trailing one-, three-, five-, and ten-year periods.
- The CAT Funds' performance is strong over both short-term and long-term periods, outperforming the benchmark over the trailing one-, three-, five-, and ten-year time periods.
- Florida PRIME has continued to outperform its benchmark over both short and long time periods.

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## Pension Plan: Executive Summary

- The Pension Plan assets totaled \$153.6 billion as of June 30, 2017 which represents a \$3.9 billion increase since last quarter.
- The Pension Plan, when measured against the Performance Benchmark, outperformed its return during the second quarter and over the trailing one-, three-, five-, ten-, and fifteen-year periods.
- Relative to the Absolute Nominal Target Rate of Return, the Pension Plan underperformed over the trailing three-, and ten-year periods, and outperformed over the trailing one-, five-, fifteen-, twenty-, twenty-five-, and thirty-year time periods.
- The Pension Plan is well-diversified across six broad asset classes, and each asset class is also well-diversified.
  - Public market asset class investments do not significantly deviate from their broad market-based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
  - Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type, and investment strategy.
  - Asset allocation is monitored on a daily basis to ensure that the actual asset allocation of the Pension Plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Aon Hewitt Investment Consulting and SBA staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

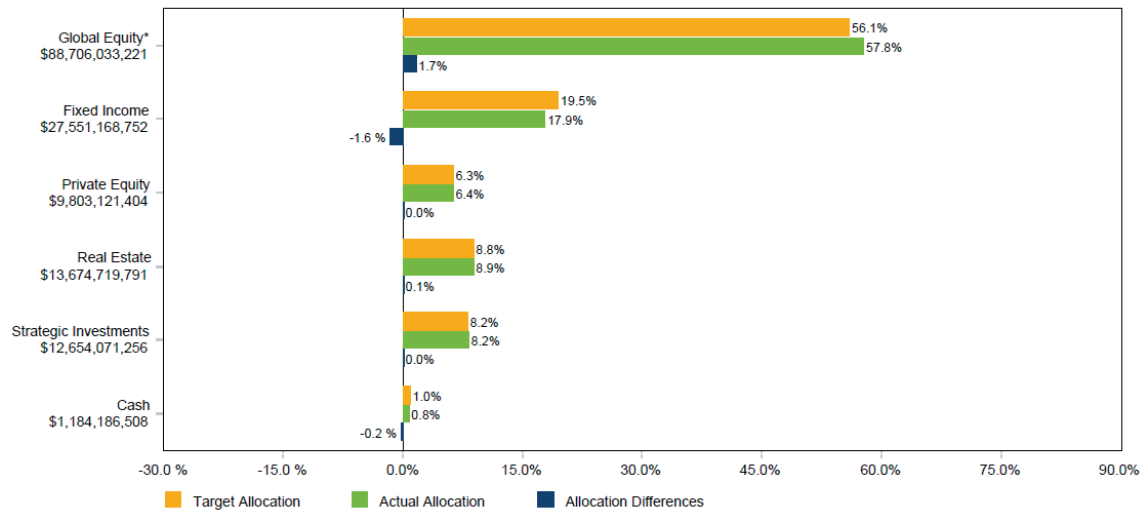
## FRS Pension Plan Change in Market Value Periods Ending 6/30/2017

Summary of Cash Flows		
	Second Quarter	Fiscal YTD*
<b>Beginning Market Value</b>	\$149,705,355,156	\$141,321,201,894
<b>+/- Net Contributions/(Withdrawals)</b>	(\$1,611,157,770)	(\$6,771,736,903)
<b>Investment Earnings</b>	\$5,479,103,547	\$19,023,835,942
<b>= Ending Market Value</b>	\$153,573,300,932	\$153,573,300,932
<b>Net Change</b>	\$3,867,945,777	\$12,252,099,039

\*Period July 2016 – June 2017

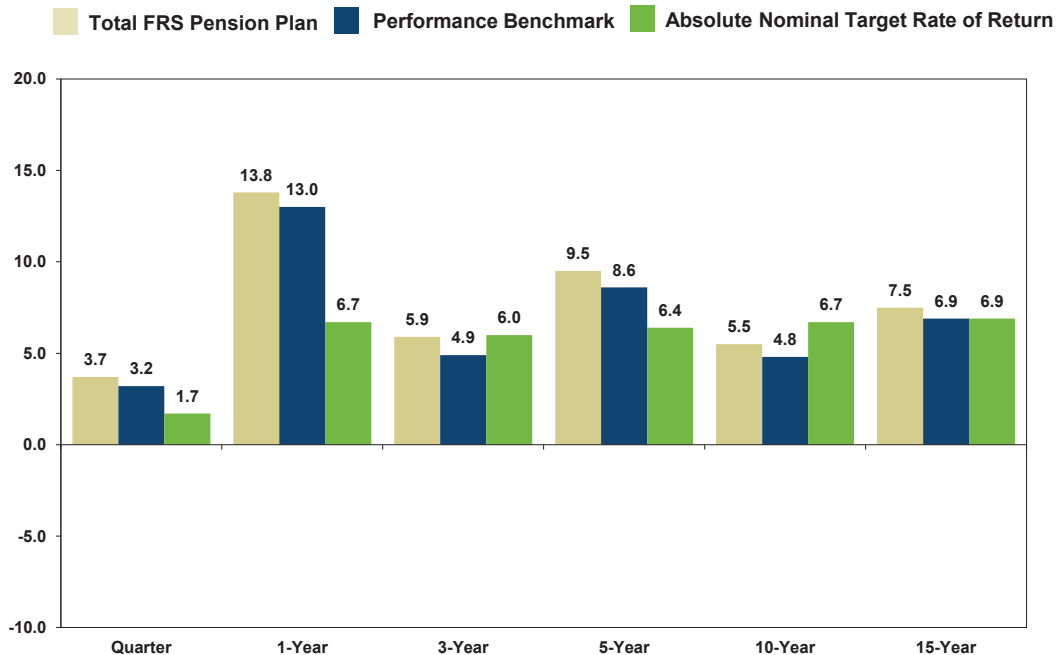
## Asset Allocation as of 6/30/2017 Total Fund Assets = \$153.6 Billion

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	153,573,300,932	100.0	100.0		
Global Equity*	88,706,033,221	57.8	56.1	45.0	70.0
Fixed Income	27,551,168,752	17.9	19.5	10.0	26.0
Private Equity	9,803,121,404	6.4	6.3	2.0	9.0
Real Estate	13,674,719,791	8.9	8.8	4.0	16.0
Strategic Investments	12,654,071,256	8.2	8.2	0.0	16.0
Cash	1,184,186,508	0.8	1.0	0.3	5.0



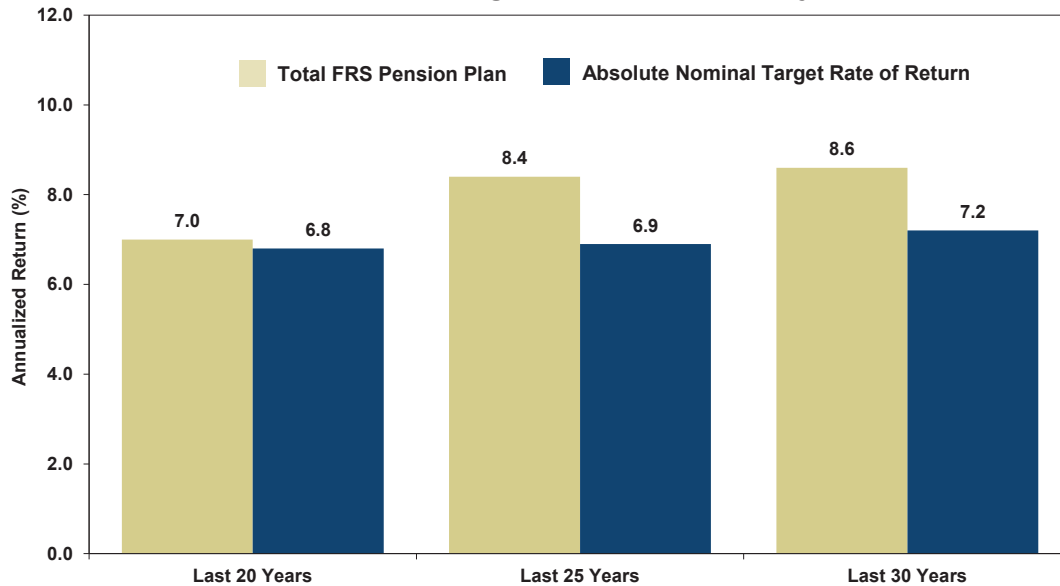
\* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.

## FRS Pension Plan Investment Results Periods Ending 6/30/2017



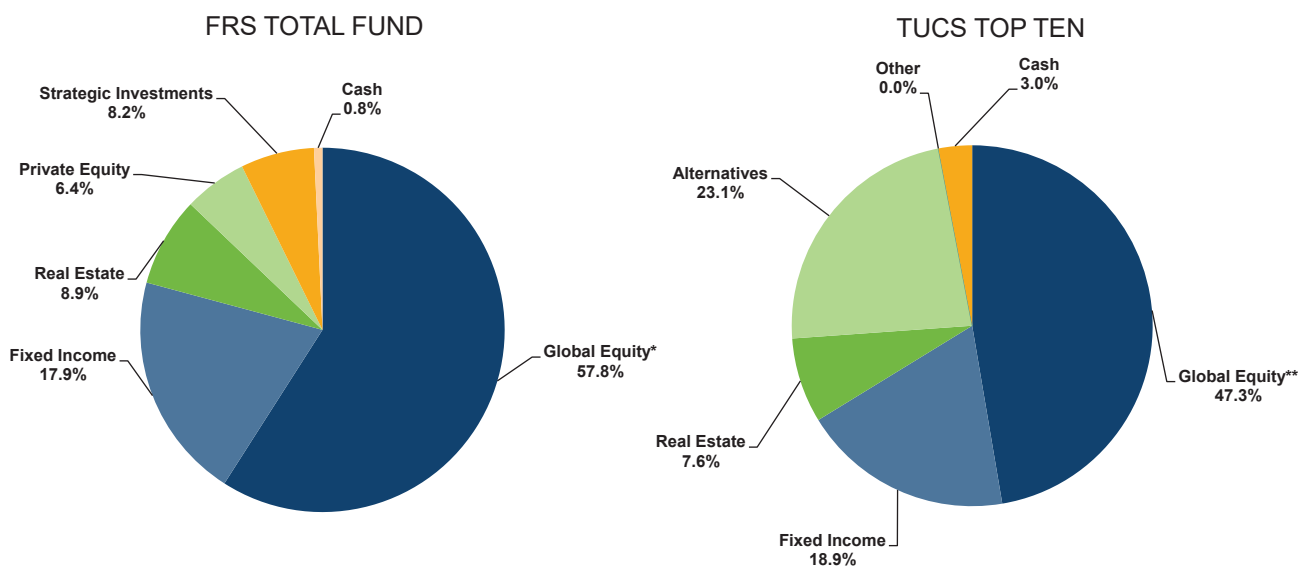
# FRS Pension Plan Investment Results Periods Ending 6/30/2017

## Long-Term FRS Pension Plan Performance Results vs. SBA's Long-Term Investment Objective



# Comparison of Asset Allocation (TUCS Top Ten) As of 6/30/2017

## FRS Pension Plan vs. Top Ten Defined Benefit Plans

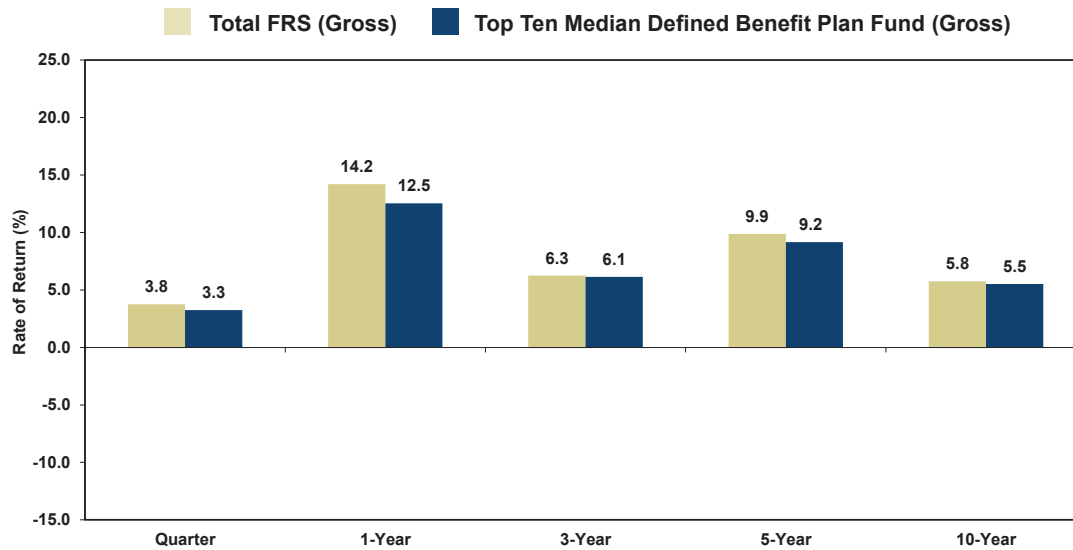


\*Global Equity Allocation: 26.5% Domestic Equities; 24.7% Foreign Equities; 5.7% Global Equities; 0.9% Global Equity Liquidity Account. Percentages are of the Total FRS Fund.

\*\*Global Equity Allocation: 29.7% Domestic Equities; 17.6% Foreign Equities.

Note: The TUCS Top Ten Universe includes \$1,433.2 billion in total assets. The median fund size was \$142.0 billion and the average fund size was \$143.3 billion.

## FRS Results Relative to TUCS Top Ten Defined Benefit Plans Periods Ending 6/30/2017



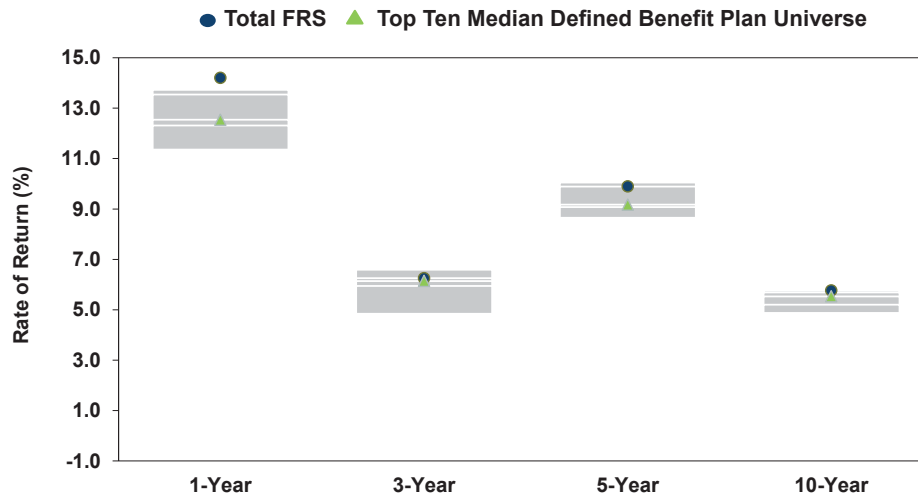
Note: The TUCS Top Ten Universe includes \$1,433.2 billion in total assets. The median fund size was \$142.0 billion and the average fund size was \$143.3 billion.

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## Top Ten Defined Benefit Plans FRS Universe Comparison (TUCS) Periods Ending 6/30/2017



FRS Percentile Ranking	1	25	25	5

Note: The TUCS Top Ten Universe includes \$1,433.2 billion in total assets. The median fund size was \$142.0 billion and the average fund size was \$143.3 billion.

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## Investment Plan: Executive Summary

- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over the trailing one-, three-, five-, and ten-year periods. This suggests strong relative performance of the underlying fund options in which participants are investing.
- The FRS Investment Plan's total expense ratio is slightly higher, on average, when compared to a defined contribution peer group and is lower than the average corporate and public defined benefit plan, based on year-end 2015 data. The total FRS Investment Plan expense ratio includes investment management fees, as well as administration, communication and education costs. Communication and education costs are not charged to FRS Investment Plan members; however, these and similar costs may be charged to members of plans within the peer group.
- Management fees are lower than the median as represented by Morningstar's mutual fund universe for every investment category.
- The FRS Investment Plan offers an appropriate number of fund options that span the risk and return spectrum.
- The Investment Policy Statement is revisited periodically to ensure that the structure and guidelines of the FRS Investment Plan are appropriate, taking into consideration the FRS Investment Plan's goals and objectives.

## Total Investment Plan Returns & Cost

### Periods Ending 6/30/2017\*

	One-Year	Three-Year	Five-Year	Ten-Year
<b>FRS Investment Plan</b>	<b>13.4%</b>	<b>4.8%</b>	<b>8.0%</b>	<b>4.6%</b>
<i>Total Plan Aggregate Benchmark**</i>	12.6%	4.6%	7.6%	4.2%
FRS Investment Plan vs. Total Plan Aggregate Benchmark	0.8	0.2	0.4	0.4

### Periods Ending 12/31/2015\*\*\*

	Five-Year Average Return****	Five-Year Net Value Added	Expense Ratio
<b>FRS Investment Plan</b>	<b>5.6%</b>	<b>0.1%</b>	<b>0.36%*****</b>
<i>Peer Group</i>	6.3	0.2	0.27
FRS Investment Plan vs. Peer Group	-0.7	-0.1	0.09

\*Returns shown are net of fees.

\*\*Aggregate benchmark returns are an average of the individual portfolio benchmark returns at their actual weights.

\*\*\*Source: 2015 CEM Benchmarking Report. Peer group for the Five-Year Average Return and Value Added represents the U.S. Median plan return based on the CEM 2015 Survey that included 136 U.S. defined contribution plans with assets ranging from \$64 million to \$46.4 billion. Peer group for the Expense Ratio represents a custom peer group for FSBA of 15 DC plans including corporate and public plans with assets between \$2.1 - \$15.9 billion.

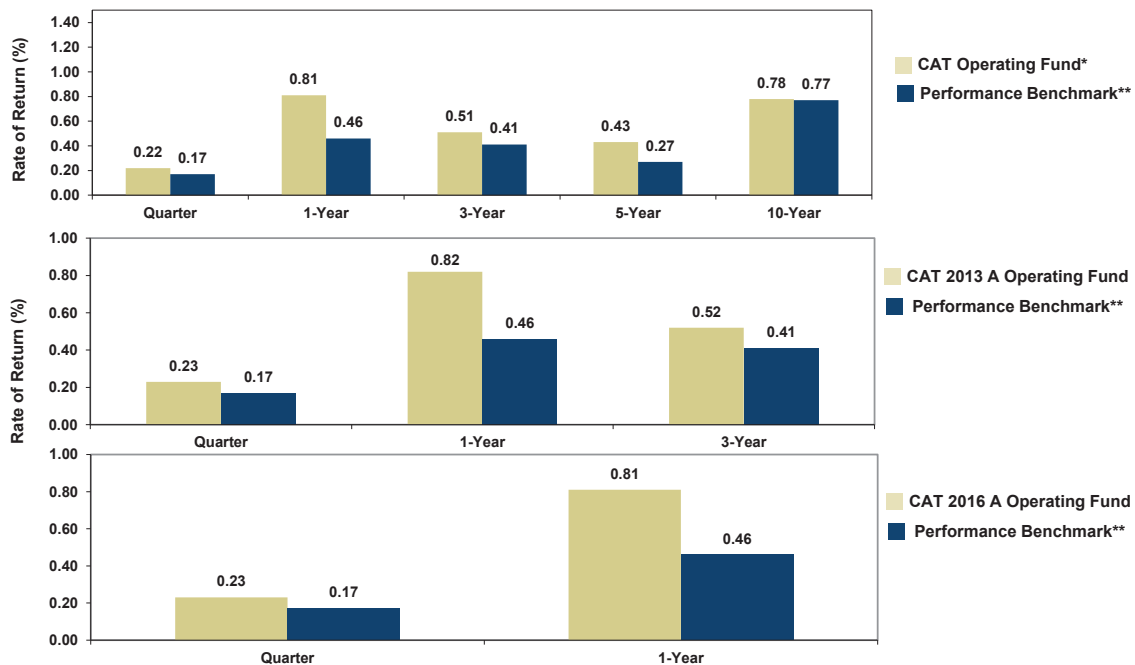
\*\*\*\*Returns shown are gross of fees.

\*\*\*\*\*The total FRS Investment Plan expense ratio includes investment management fees, as well as administration, communication and education costs. These latter costs are not charged to FRS Investment Plan members; however, these and similar costs may be charged to members of plans within the peer group utilized above.

## CAT Fund: Executive Summary

- Returns on an absolute basis continue to be modest given the current low interest rate environment.
- Performance on a relative basis has been favorable over both short- and long-term periods, as the CAT Funds outperformed during the quarter and over the trailing one-, three-, five-, and ten-year time periods.
- The CAT Funds are adequately diversified across issuers within the short-term bond market.
- The Investment Policy Statement appropriately constrains the CAT Funds to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Adequate liquidity exists to address the cash flow obligations of the CAT Funds.
- The Investment Policy Statement is revisited periodically to ensure that the structure and guidelines of the CAT Funds are appropriate, taking into consideration the CAT Funds' goals and objectives.

## CAT Funds Investment Results Periods Ending 6/30/2017



\*CAT Operating Fund: Beginning March 2008, the returns for the CAT Fund reflect marked-to-market returns. Prior to that time, cost-based returns are used.

\*\*Performance Benchmark: The CAT Fund was benchmarked to the IBC First Tier through February 2008. From March 2008 to December 2009, it was the Merrill Lynch 1-Month LIBOR. From January 2010 to June 2010, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Gross Index. From July 2010 to September 2014, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Net Index. Effective October 2014, it is a blend of the average of the Merrill Lynch 1-Yr US Treasury Bill Index and the iMoneyNet First Tier Institutional Money Market Funds Net Index.

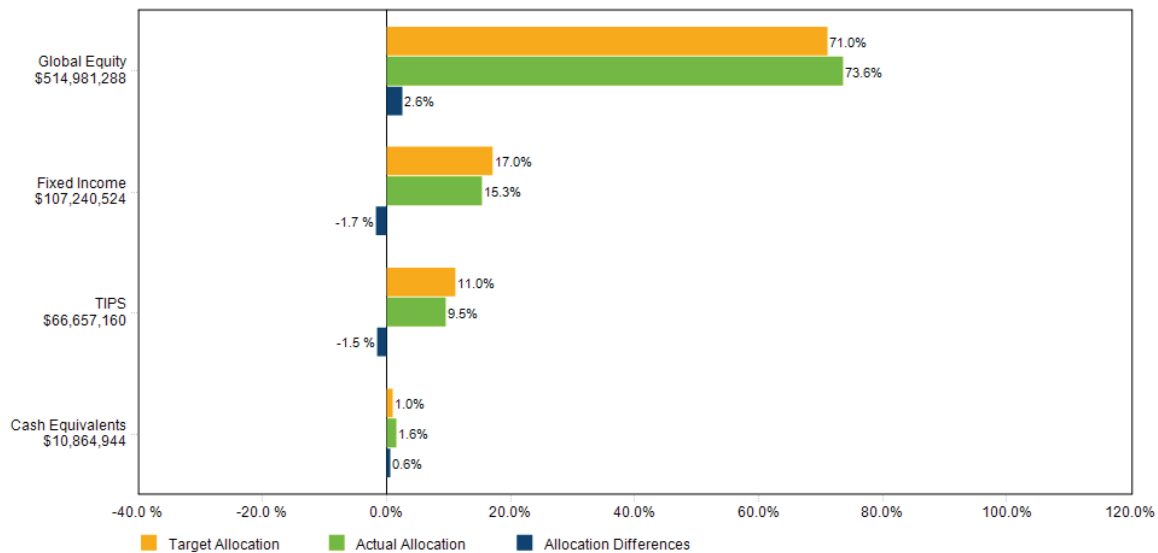


## Lawton Chiles Endowment Fund: Executive Summary

- Established in July 1999, the Lawton Chiles Endowment Fund (LCEF) was created to provide a source of funding for child health and welfare programs, elder programs and research related to tobacco use.
  - The investment objective is to preserve the real value of the net contributed principal and provide annual cash flows for appropriation.
  - The Endowment's investments are diversified across various asset classes including global equity, fixed income, inflation-indexed bonds (TIPS) and cash.
- The Endowment assets totaled \$699.7 million as of June 30, 2017.
- The Endowment's return outperformed its Target over the quarter and the trailing one-, three-, five-, and ten-year time periods.

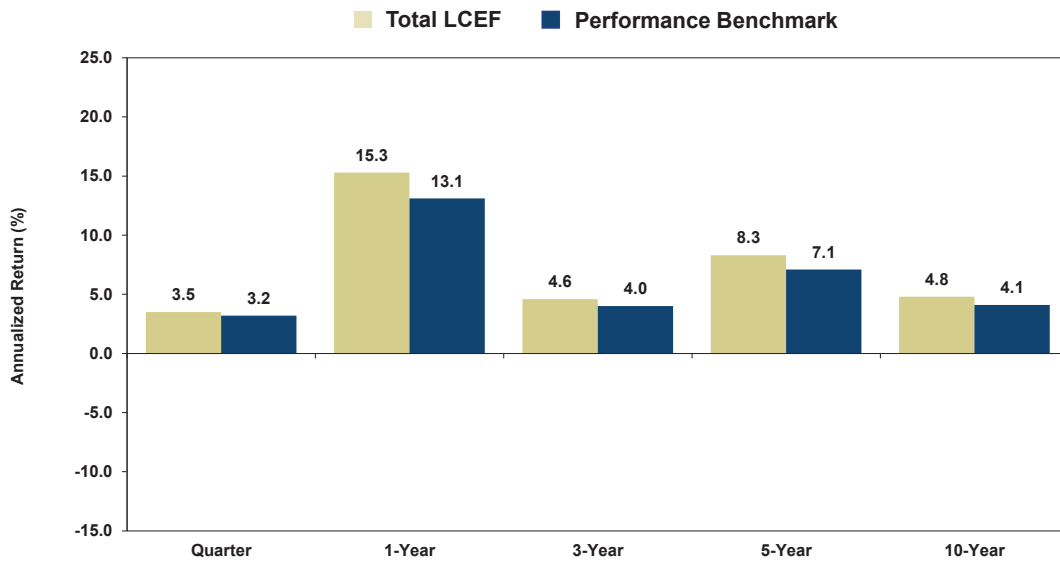
## Asset Allocation as of 6/30/2017 Total LCEF Assets = \$699.7 Million

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
LCEF Total Fund	699,743,916	100.0	100.0		
Global Equity	514,981,288	73.6	71.0	61.0	81.0
Fixed Income	107,240,524	15.3	17.0	12.0	22.0
TIPS	66,657,160	9.5	11.0	6.0	16.0
Cash Equivalents	10,864,944	1.6	1.0	0.0	10.0



# LCEF Investment Results

## Periods Ending 6/30/2017

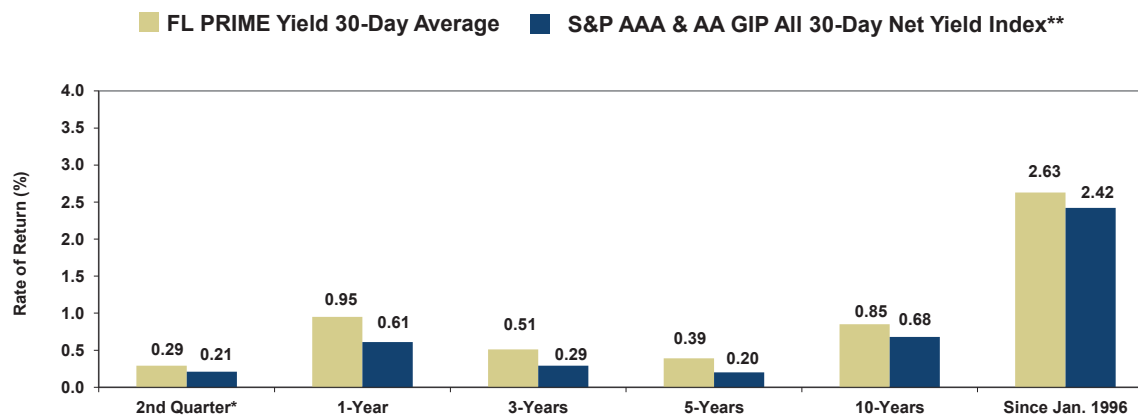


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## Florida PRIME: Executive Summary

- The purpose of Florida PRIME is safety, liquidity, and competitive returns with minimal risk for participants.
- The Investment Policy Statement appropriately constrains Florida PRIME to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Florida PRIME is adequately diversified across issuers within the short-term bond market, and adequate liquidity exists to address the cash flow obligations of Florida PRIME.
- Performance of Florida PRIME has been strong over short- and long-term time periods, outperforming its performance benchmark during the second quarter and over the trailing one-, three-, five-, and ten-year time periods.
- As of June 30, 2017, the total market value of Florida PRIME was \$9.3 billion.
- Aon Hewitt Investment Consulting, in conjunction with SBA staff, compiles an annual best practices report that includes a full review of the Investment Policy Statement, operational items, and investment structure for Florida PRIME.

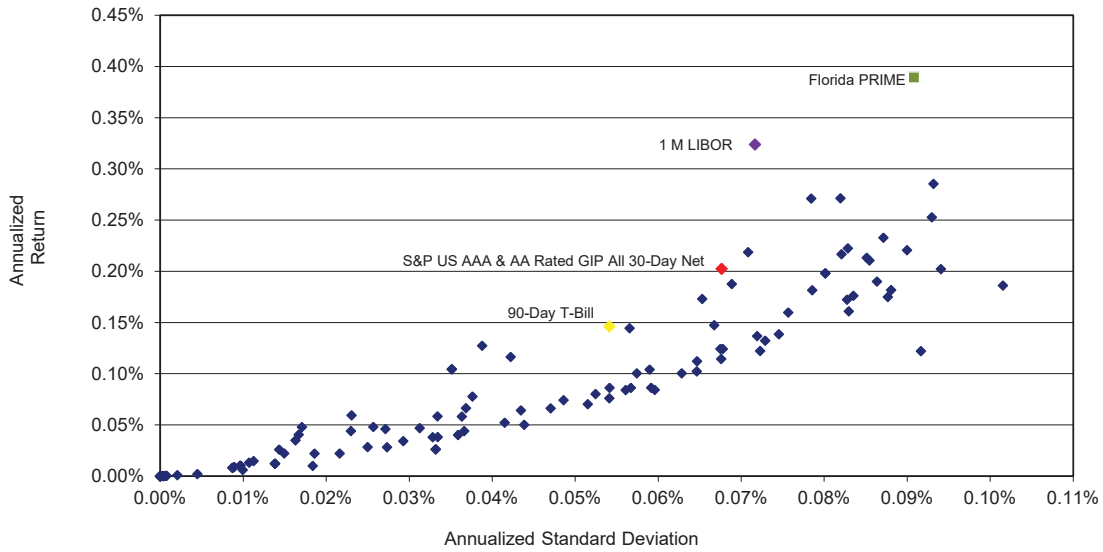
## Florida PRIME Investment Results Periods Ending 6/30/2017



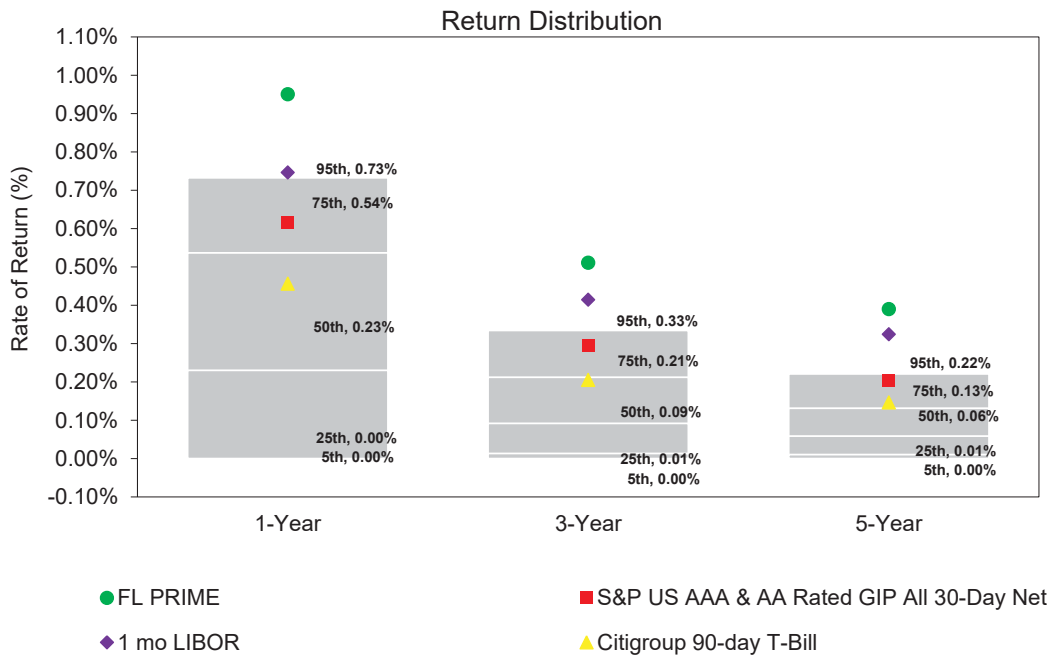
\*Returns less than one year are not annualized.

\*\*S&P AAA & AA GIP All 30-Day Net Yield Index for all time periods shown.

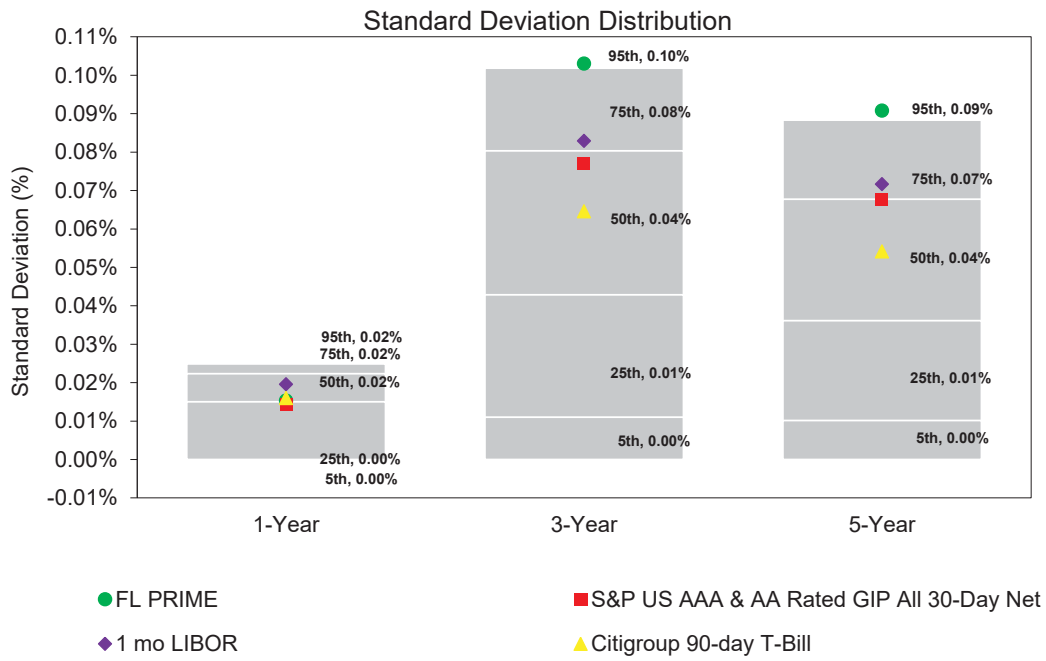
# Florida PRIME Risk vs. Return 5 Years Ending 6/30/2017



# Return Distribution Periods Ending 6/30/2017



# Standard Deviation Distribution Periods Ending 6/30/2017



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## Appendix

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## FRS Investment Plan Costs

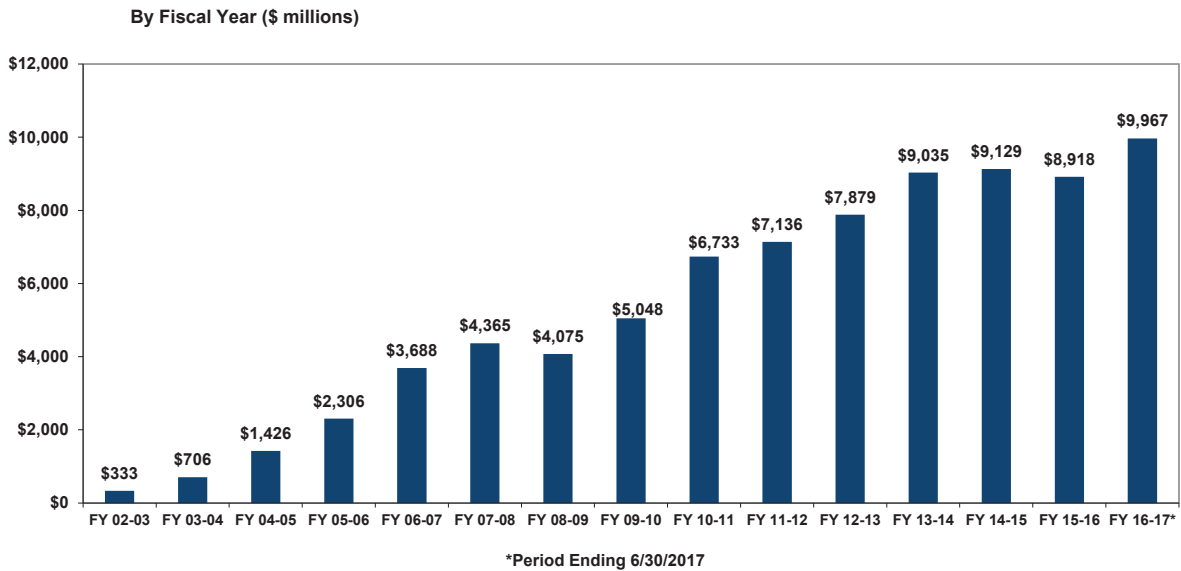
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Investment Category	Investment Plan Fee*	Average Mutual Fund Fee**
Large Cap Equity	0.15%	0.84%
Small-Mid Cap Equity	0.66%	1.03%
International Equity	0.31%	1.05%
Diversified Bonds	0.15%	0.58%
Target Date	0.10%	0.64%
Money Market	0.06%	0.18%

\*Average fee of multiple products in category as of 6/30/2017.

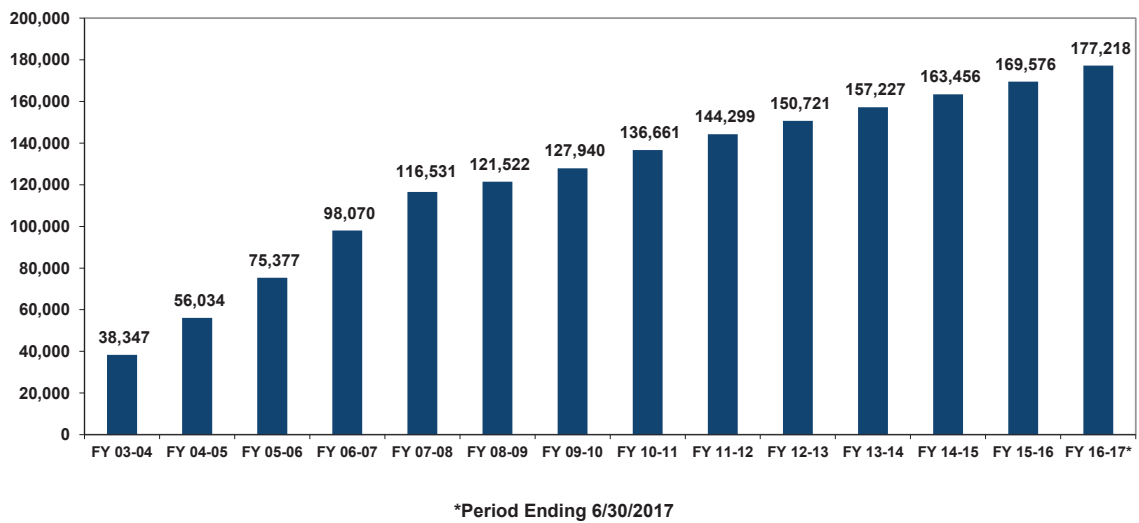
\*\*Source: AHIC's annual mutual fund expense analysis as of 12/31/2016.

## Investment Plan Fiscal Year End Assets Under Management



Source: Investment Plan Administrator

## Investment Plan Membership



Source: Investment Plan Administrator

## Florida Hurricane Catastrophe Fund Background

- The purpose of the Florida Hurricane Catastrophe Fund (FHCF) is to provide a stable, ongoing and timely source of reimbursement to insurers for a portion of their hurricane losses.
- Both the CAT Fund (Operating Fund) and the CAT 2013 A Fund are internally managed portfolios benchmarked to a blend of the average of the Merrill Lynch 1-Yr US Treasury Bill Index and the iMoneyNet First Tier Institutional Money Market Funds Net Index.
- As of June 30, 2017, the total value of all FHCF accounts was \$16.6 billion.

## CAT Operating Fund Characteristics Period Ending 6/30/2017

<b>Maturity Analysis</b>	
1 to 30 Days	34.1%
31 to 60 Days	12.7
61 to 90 Days	3.6
91 to 120 Days	1.7
121 to 150 Days	5.8
151 to 180 Days	5.8
181 to 270 Days	6.8
271 to 365 Days	7.1
366 to 455 Days	2.4
>= 456 Days	19.9
<b>Total % of Portfolio:</b>	<b>100.0%</b>

<b>Bond Rating Analysis</b>	
AAA	34.3%
AA	11.4
A	54.3
Baa	0.0
Other	0.0
<b>Total % of Portfolio:</b>	<b>100.0%</b>



## CAT 2013 A Fund Characteristics Period Ending 6/30/2017

<b>Maturity Analysis</b>	
1 to 30 Days	16.8%
31 to 60 Days	14.2
61 to 90 Days	10.0
91 to 120 Days	8.0
121 to 150 Days	6.3
151 to 180 Days	3.3
181 to 270 Days	7.2
271 to 365 Days	11.2
366 to 455 Days	3.3
>= 456 Days	19.8
<b>Total % of Portfolio:</b>	<b>100.0%</b>

<b>Bond Rating Analysis</b>	
AAA	67.6%
AA	8.6
A	23.8
Baa	0.0
Other	0.0
<b>Total % of Portfolio:</b>	<b>100.0%</b>

## CAT 2016 A Fund Characteristics Period Ending 6/30/2017

<b>Maturity Analysis</b>	
1 to 30 Days	15.5%
31 to 60 Days	11.0
61 to 90 Days	10.2
91 to 120 Days	13.5
121 to 150 Days	7.7
151 to 180 Days	3.3
181 to 270 Days	6.3
271 to 365 Days	9.0
366 to 455 Days	2.1
>= 456 Days	21.4
<b>Total % of Portfolio:</b>	<b>100.0%</b>

<b>Bond Rating Analysis</b>	
AAA	58.4%
AA	8.4
A	33.2
Baa	0.0
Other	0.0
<b>Total % of Portfolio:</b>	<b>100.0%</b>

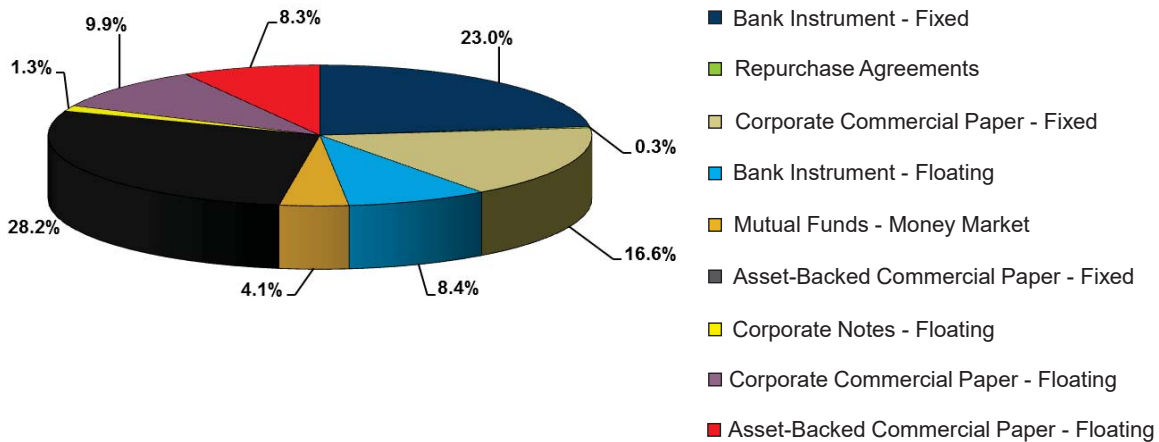
## Florida PRIME Characteristics Quarter Ending 6/30/2017

Cash Flows as of 6/30/2017	Second Quarter	Fiscal YTD*
Opening Balance	\$10,255,188,006	\$7,789,430,976
Participant Deposits	\$3,578,147,239	\$19,814,606,085
Gross Earnings	\$28,536,262	\$86,114,042
Participant Withdrawals	(\$4,531,714,093)	(\$18,359,368,604)
Fees	(\$807,827)	(\$1,432,915)
Closing Balance (6/30/2017)	\$9,329,349,587	\$9,329,349,587
<b>Change</b>	<b>(\$925,838,419)</b>	<b>\$1,539,918,611</b>

\*Period July 2016 – June 2017

## Florida PRIME Characteristics Quarter Ending 6/30/2017

### Portfolio Composition



## Florida PRIME Characteristics Period Ending 6/30/2017

Effective Maturity Schedule	
1-7 Days	42.3%
8 - 30 Days	18.9%
31 - 90 Days	26.4%
91 - 180 Days	9.1%
181+ Days	3.3%
<b>Total % of Portfolio:</b>	<b>100.0%</b>

S & P Credit Quality Composition	
A-1+	67.0%
A-1	33.0%
<b>Total % of Portfolio:</b>	<b>100.0%</b>



FRS Pension Plan | Second Quarter 2017

## Quarterly Investment Review

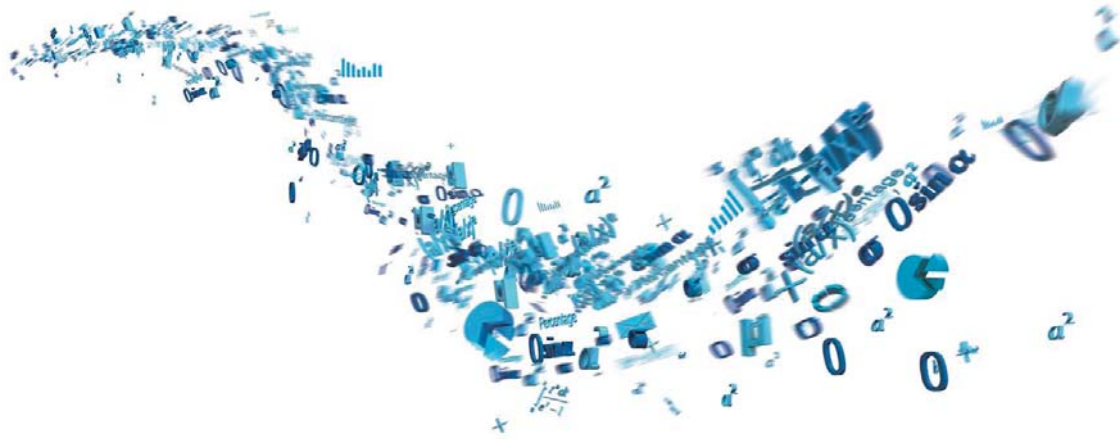
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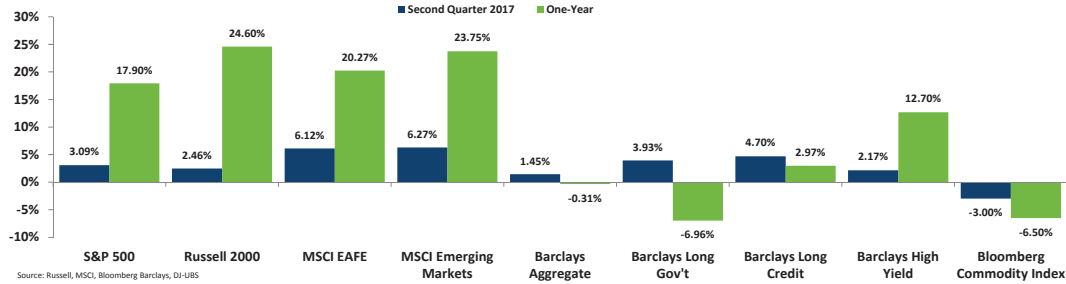


## Market Environment

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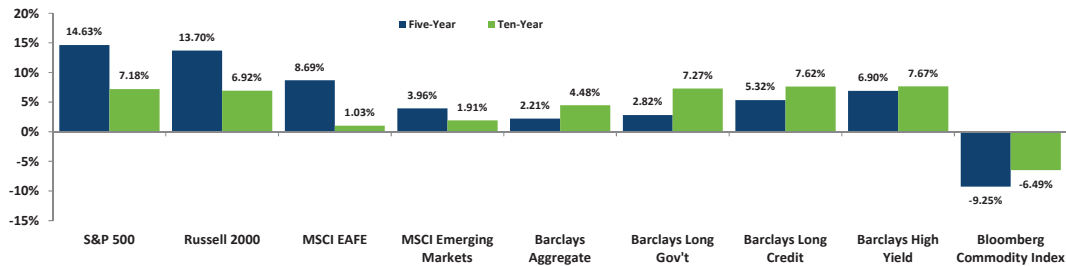
## Market Highlights

SHORT TERM RETURNS  
AS OF 06/30/2017



Source: Russell, MSCI, Bloomberg Barclays, DJ-UBS

LONG TERM ANNUALIZED RETURNS  
AS OF 06/30/2017



Source: Russell, MSCI, Bloomberg Barclays, DJ-UBS

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## Market Highlights

Returns of the Major Capital Markets

Period Ending 06/30/2017

	Second Quarter	1-Year	3-Year <sup>1</sup>	5-Year <sup>1</sup>	10-Year <sup>1</sup>
<b>Equity</b>					
MSCI All Country World IMI	4.25%	19.01%	4.87%	10.74%	3.95%
MSCI All Country World	4.27%	18.78%	4.82%	10.54%	3.71%
Dow Jones U.S. Total Stock Market	3.01%	18.52%	9.04%	14.50%	7.32%
Russell 3000	3.02%	18.51%	9.10%	14.58%	7.26%
S&P 500	3.09%	17.90%	9.61%	14.63%	7.18%
Russell 2000	2.46%	24.60%	7.36%	13.70%	6.92%
MSCI All Country World ex-U.S. IMI	5.85%	20.43%	1.14%	7.58%	1.38%
MSCI All Country World ex-U.S.	5.78%	20.45%	0.80%	7.22%	1.13%
MSCI EAFE	6.12%	20.27%	1.15%	8.69%	1.03%
MSCI EAFE (Local Currency)	2.71%	22.10%	7.02%	12.54%	2.02%
MSCI Emerging Markets	6.27%	23.75%	1.07%	3.96%	1.91%
<b>Fixed Income</b>					
Bloomberg Bloomberg Barclays Global Aggregate	2.60%	-2.18%	-0.35%	0.78%	3.69%
Bloomberg Bloomberg Barclays Aggregate	1.45%	-0.31%	2.48%	2.21%	4.48%
Bloomberg Bloomberg Barclays Long Gov't	3.93%	-6.96%	5.54%	2.82%	7.27%
Bloomberg Bloomberg Barclays Long Credit	4.70%	2.97%	5.28%	5.32%	7.62%
Bloomberg Bloomberg Barclays Long Gov't/Credit	4.39%	-1.07%	5.28%	4.26%	7.58%
Bloomberg Bloomberg Barclays US TIPS	-0.40%	-0.63%	0.63%	0.27%	4.27%
Bloomberg Barclays High Yield	2.17%	12.70%	4.49%	6.90%	7.67%
Citi Group Non-U.S. WGBI	3.81%	-5.01%	-2.20%	-0.80%	3.21%
JP Morgan EMBI Global (Emerging Markets)	2.21%	5.52%	4.64%	5.20%	7.30%
<b>Commodities</b>					
Bloomberg Commodity Index	-3.00%	-6.50%	-14.81%	-9.25%	-6.49%
Goldman Sachs Commodity Index	-5.46%	-9.01%	-24.82%	-13.70%	-9.67%
<b>Hedge Funds</b>					
HFRI Fund-Weighted Composite <sup>2</sup>	1.14%	8.02%	2.57%	4.89%	2.98%
HFRI Fund of Funds <sup>2</sup>	0.20%	5.85%	1.35%	3.75%	0.81%
<b>Real Estate</b>					
NAREIT U.S. Equity REITS	1.52%	-1.70%	8.36%	9.52%	6.00%
<b>Infrastructure</b>					
FTSE Global Core Infrastructure Index	3.12%	6.53%	2.06%	6.82%	3.59%

MSCI Indices show net returns.

All other indices show total returns.

<sup>1</sup> Periods are annualized.

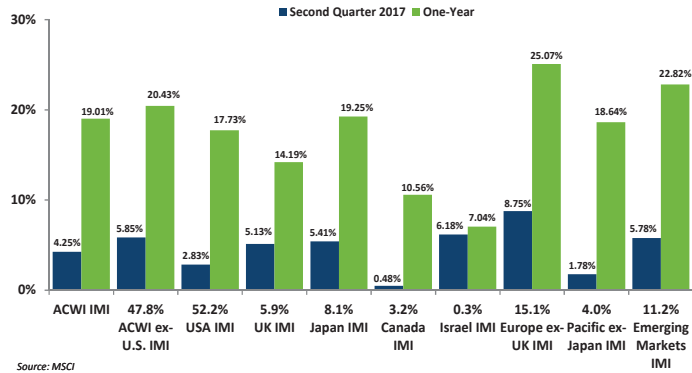
<sup>2</sup> Latest 5 months of HFR data are estimated by HFR and may change in the future.

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Empower Results®

## Global Equity Markets

**GLOBAL MSCI IMI INDEX RETURNS AS OF 06/30/2017**

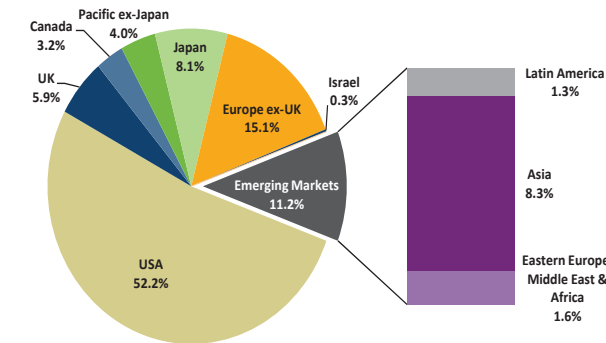


The momentum triggered by the prospects of US reflationary policies that carried global equity markets higher in late 2016 and earlier this year stuttered and was ultimately replaced by strong corporate and economic fundamentals. Global equity markets returned 4.25% in Q2 2017. Performance was, however, far more varied on both a regional and sector level.

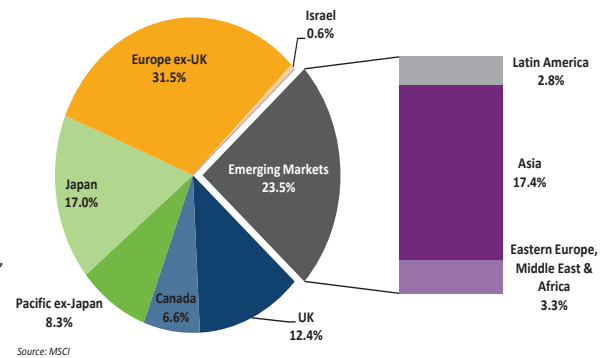
All the regions generated positive returns with the Developed Europe (excluding the UK) being the strongest performing region, returning 8.75% in the second quarter of 2017. Much of the return, however, was due to the weakness of the US dollar. Political risk within continental Europe subsided following the win of pro-EU candidate Emmanuel Macron which encouraged greater risk appetite in the region.

## Global Equity Markets

**MSCI ALL COUNTRY WORLD IMI INDEX GEOGRAPHIC ALLOCATION AS OF 06/30/2017**



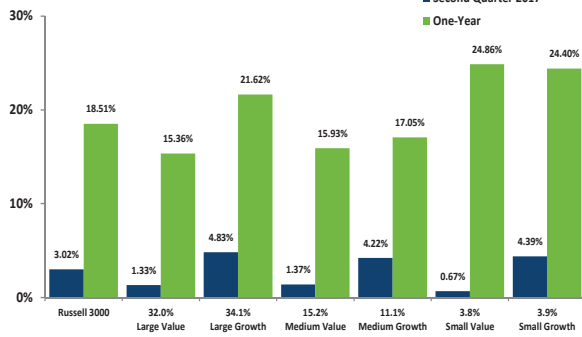
**MSCI ALL COUNTRY WORLD EX-U.S. IMI INDEX GEOGRAPHIC ALLOCATION AS OF 06/30/2017**



The two exhibits on this slide illustrate the percentage that each country/region represents of the global equity market as measured by the MSCI All Country World IMI Index and the MSCI All Country World ex-U.S. IMI Index.

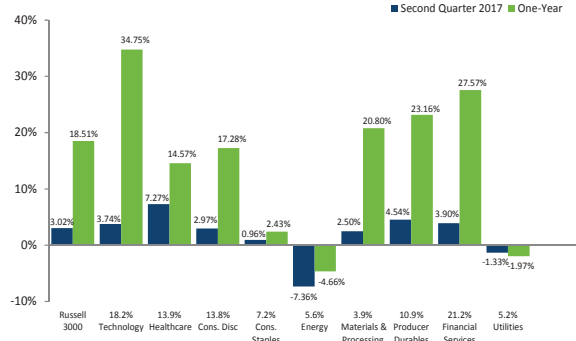
## U.S. Equity Markets

**RUSSELL STYLE RETURNS  
AS OF 06/30/2017**



Source: Russell Indexes

**RUSSELL GICS SECTOR RETURNS  
AS OF 06/30/2017**

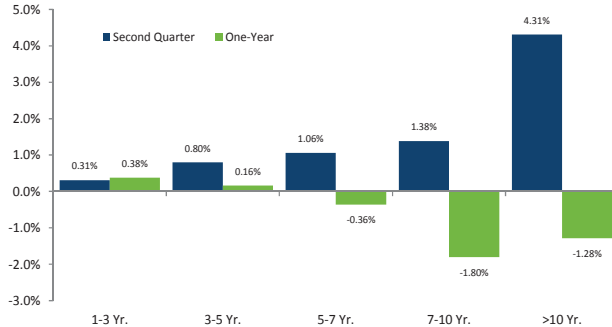


Source: Russell Indexes

The Russell 3000 Index returned 3.02% during the second quarter and returned 18.51% over the one-year period. During the second quarter, the Healthcare sector was the strongest performer, posting a return of 7.27%. Conversely, Energy and Utilities were the weakest and the only sectors which posted negative returns in Q2 2017, falling 7.36% and 1.33% respectively. Performance across the market capitalization spectrum was positive over the quarter. A similar trend to the first quarter of 2017 was observed as Growth stocks outperformed Value stocks across the market capitalization spectrum. In particular, small-cap Value stocks underperformed, returning 0.67% while large-cap Growth stocks was the standout performer returning 4.83%.

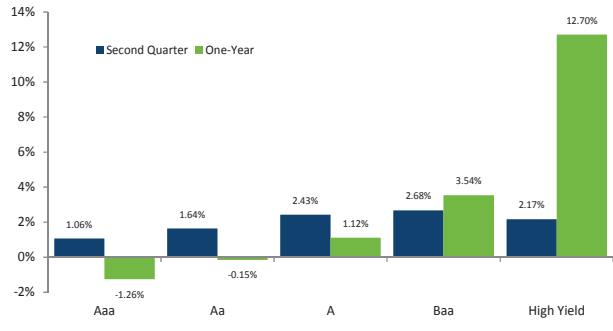
## U.S. Fixed Income Markets

**BLOOMBERG BARCLAYS AGGREGATE RETURNS BY MATURITY  
AS OF 6/30/2017**



Source: Bloomberg Barclays Live

**BLOOMBERG BARCLAYS AGGREGATE RETURNS BY QUALITY AND HIGH YIELD RETURNS  
AS OF 6/30/2017**



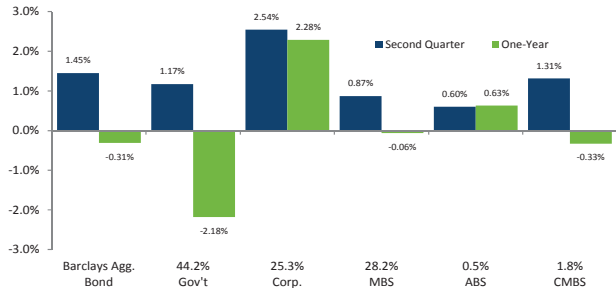
Source: Bloomberg Barclays Live

The Bloomberg Barclays Aggregate Bond returned 1.45% in the second quarter of 2017. Corporate bonds outperformed with a return of 2.54%, driven by lower government bond yields and narrowing credit spreads. ABS bonds returned the least at only 0.60%.

Baa bonds outperformed High Yield bonds and all the other investment grade corporate bonds across different credit qualities. Over the year, High Yield bonds have been the strongest performer, returning 12.70%.

Longer duration bonds outperformed as the US yield curve flattened over the quarter.

**BLOOMBERG BARCLAYS AGGREGATE RETURNS BY SECTOR  
AS OF 6/30/2017**

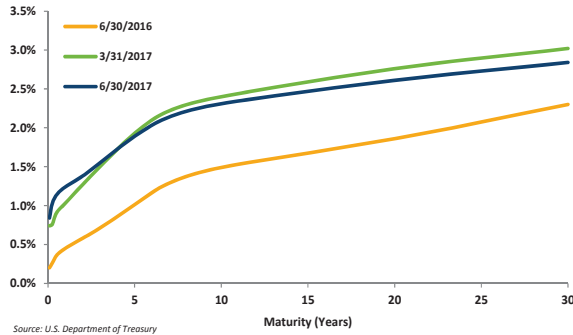


Source: Bloomberg Barclays Live

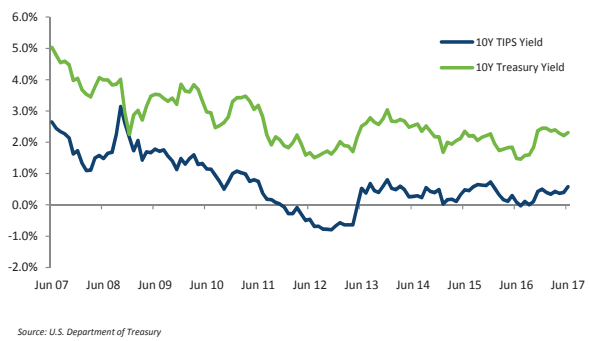


## U.S. Fixed Income Markets

U.S. TREASURY YIELD CURVE



U.S. 10-YEAR TREASURY AND TIPS YIELDS



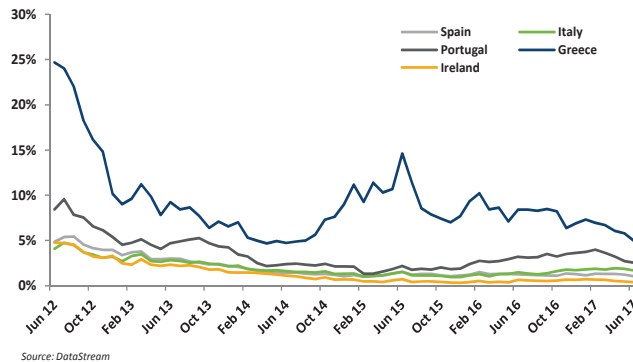
The Treasury yield curve flattened over the quarter. Short maturity bond yields continued to rise as the US Federal Reserve (Fed) hiked the federal funds rate for a third successive quarter. Yields of long maturity bonds fell as inflation expectations decreased amid falling oil prices and concerns over the implementation of reflationary policies.

The 10-year U.S. Treasury yield ended the quarter at 2.31%, 9 basis points lower than its level at the beginning of the quarter.

The 10-year TIPS yield rose by 15 basis points over the quarter and ended the period at 0.58%.

## European Fixed Income Markets

EUROZONE PERIPHERAL BOND SPREADS  
(10-YEAR SPREADS OVER GERMAN BUNDS)



In the Eurozone, bond spreads fell during the second quarter of 2017 with yields falling across the Eurozone periphery (except for Italy). German bund yields rose by 14bps over the quarter with major rise coming towards end of the quarter following a hawkish twist in European Central Bank sentiment, as the ECB Governor intimated that tapering of the extensive Quantitative Easing policy may be on the cards sooner than initially expected.

Furthermore, the election of Emmanuel Macron stemmed the rising tide of populism in European politics and helped to narrow both French and other European government bond yields from German Bund yields.

The bailout of Greek debt led to a larger narrowing of 161bps over the quarter while stronger than expected economic data led to a narrowing of Portuguese government bond yields relative to German Bund yields.

## Credit Spreads

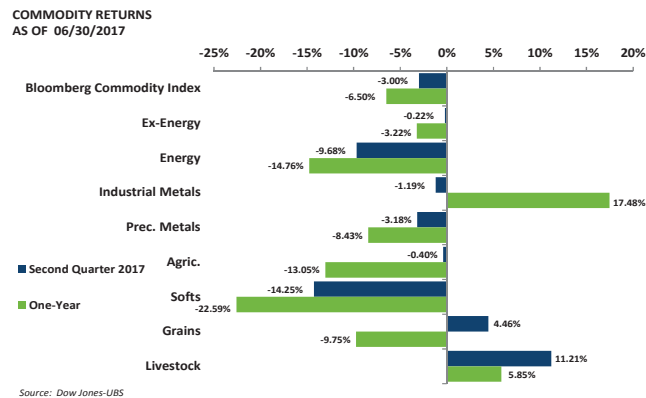
Spread (bps)	6/30/2017	3/31/2017	6/30/2016	Quarterly Change (bps)	1-Year Change (bps)
U.S. Aggregate	43	44	55	-1	-12
Long Gov't	2	3	3	-1	-1
Long Credit	157	168	215	-11	-58
Long Gov't/Credit	94	101	130	-7	-36
MBS	32	27	27	5	5
CMBS	74	77	98	-3	-24
ABS	46	54	61	-8	-15
Corporate	109	118	156	-9	-47
High Yield	364	383	594	-19	-230
Global Emerging Markets	255	257	345	-2	-90

Source: Bloomberg Barclays Live

During the second quarter, increased risk appetite saw a further narrowing of credit spreads which fell across all areas of the credit market except for MBS bonds which rose by 5 basis points.

High Yield bonds spreads (-19 basis points) fell by the most over the quarter, followed by spreads on Long Credit bonds (-11 basis points). After falling by over 30bps last quarter, movements Emerging Market bond spreads were more muted with a narrowing of only 2 basis points.

## Commodities



The Bloomberg Commodity index fell during the second quarter returning -3.00%.

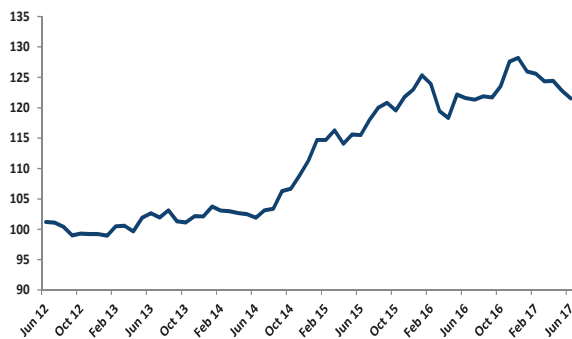
Over the quarter, the best performing segment was Livestock with a return of 11.21%, followed by Grains (4.46%).

Softs was the worst performing sector during the quarter with a return of -14.25%.

The Energy sector was particularly volatile over the quarter. High crude oil inventory levels in the US, driven up by US shale producers, offset the extension of agreed crude oil production cuts which temporarily drove the price of crude oil higher.

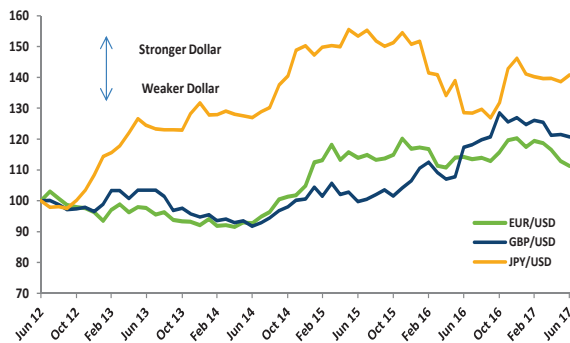
## Currency

TRADE WEIGHTED U.S. DOLLAR INDEX  
(1997 = 100)



Source: Federal Reserve

U.S. DOLLAR RELATIVE TO EUR, GBP AND JPY  
REBASED TO 100 AT 03/31/2012



Source: DataStream

U.S. political uncertainties which could compromise the implementation of reflationary policies, alongside disappointing U.S. economic data dragged the U.S. dollar sharply lower over the quarter as measured through the broad trade weighted U.S. dollar index.

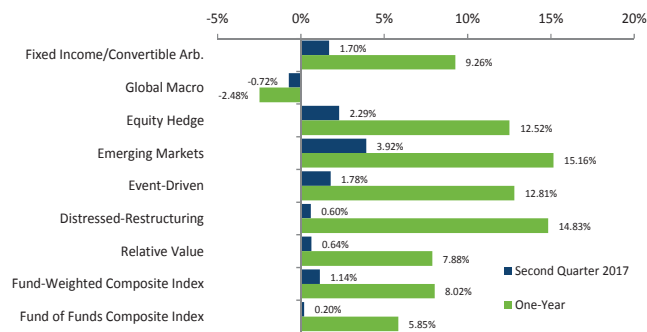
The U.S. dollar depreciated against all the major currencies (except for the yen) despite the Fed hiking the target range for the federal funds rate to 1.00%-1.25% in June as more pronounced expectations that the Bank of England and the ECB would begin tightening their respective monetary policy sent sterling and the euro higher against the U.S. dollar by 3.7% and 6.2% respectively. Meanwhile, the yen fell by 0.8% against the U.S. dollar.

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## Hedge Fund Markets Overview

HEDGE FUND PERFORMANCE  
AS OF 06/30/2017



Note: Latest 5 months of HFR data are estimated by HFR and may change in the future.  
Source: HFR

Hedge fund performance was positive across strategies with the exception of Global Macro strategies.

The HFRI Fund-Weighted Composite Index and the HFRI Fund of Funds Composite Index produced returns of 1.14% and 0.20% respectively during the quarter.

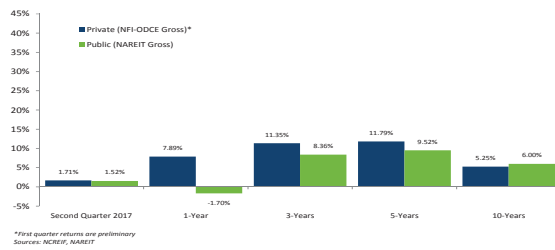
Emerging Markets continued to be the best performer, with a return of 3.92% in the second quarter.

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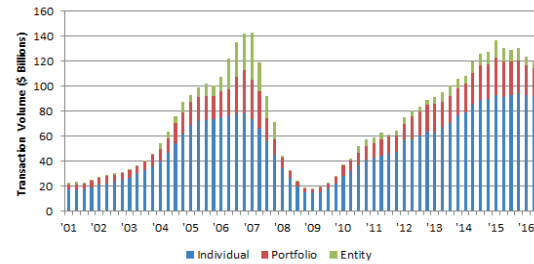


## U.S. Commercial Real Estate Markets

**PRIVATE VS. PUBLIC REAL ESTATE RETURNS AS OF 06/30/2017**



**12 MONTH TRAILING TRANSACTION VOLUME BY TYPE**  
SOURCE: RCA, AON HEWITT 3/31/2017



**Sector returns are mature and moderating.** U.S. Core real estate returns generating 1.71%\* over the second quarter, down 42 bps YOY and 211 bps lower than 2Q2015. The trailing one-year return of 7.9%\* is down 88bps since year-end and trailing down 394 bps from this time last year. While falling significantly in the last 12-months, sector returns had been well above average for a long time and are now back in line with the long-run average range of 7-9%. Moderating returns are expected to continue, with income (versus appreciation) making up the lion's share of the total return going forward.

After modest declines early in the quarter, U.S. REITs (FTSE NAREIT Equity REIT Index) gained 1.5% over the quarter, following a 2.2% gain in June. REITs continued to underperform broader equities up until June, as investors appeared to prefer sectors with a perceived better growth environment. Declining bond yields in June appeared to bolster REIT share prices although performance varied widely by property type. Slowing same-store NOI growth, driven by modest economic growth and increasing supply deliveries, is creating elevated uncertainty in pricing. That said, U.S. REITs are currently trading towards the middle of their five-year historical range relative to their underlying property assets, currently at a 4% premium to private market pricing.

One of the main leading indicators of a peaking market is the sector's **falling transaction activity**, which has been especially present for portfolio and entity deals, down over 30% YOY. Sales volumes as well as pricing for individual assets, however, has remained fairly stable and elevated YTD. That said, stabilized assets are the most attractive to the marketplace while non-stabilized assets or assets in less than key locations often struggle to attract acceptable bids. A disconnect between buyers and sellers is growing, driven initially by a moderation in underlying fundamentals such as demand and rent growth. Given the advanced state of the current real estate cycle, investors' return expectations have begun to decline, increasing the sector's exit risk.

The Fed hiked the federal funds rate target for a third successive quarter to 1.00%-1.25%. The Fed has also signaled for a further rate hike later in 2017. This coupled with the new administration's uncertain policy directions and other global events, such as Britain's recent election shakeup, are impacts yet to be fully reflected in sector dynamics or pricing.

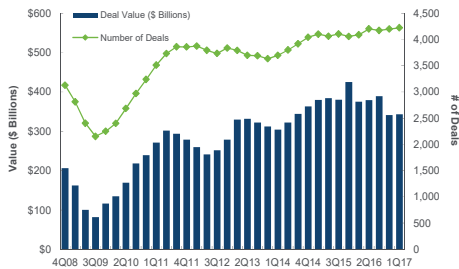
\*Indicates preliminary NFI-ODCE data gross of fees



## Private Equity Market Overview – First Quarter 2017

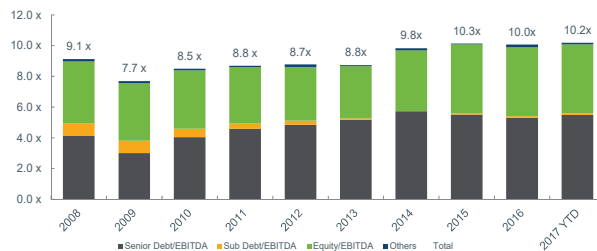
**LTM Global Private Equity-Backed Buyout Deal Volume**

Source: Preqin



**Purchase Price Multiples – All Transactions Sizes**

Source: S&P



**Fundraising:** In 1Q 2017, \$142.8 billion was raised by 240 funds, which was down 13.2% on a capital basis and 28.6% by number of deals from the prior quarter. Dry powder stood at \$1.3 trillion at the end of the quarter, up 7.9% and 26.4% compared to year end 2016 and the five year average, respectively <sup>1</sup>.

**Buyout:** Global private equity-backed buyout deals totaled \$55.2 billion in 1Q 2017, which was down 39.3% and 35.8% from the prior quarter and five year average, respectively <sup>1</sup>. At the end of 1Q 2017, the average purchase price multiple for all U.S. LBOs was 10.2x EBITDA, up from 10.0x as of the end of 2016. Large cap middle-market purchase price multiples stood at 9.6x, down compared to both 4Q 2016 and full year 2016 levels of 9.7x and 10.0x, respectively. The weighted average purchase price multiple across all European transaction sizes averaged 10.9x EBITDA in 1Q 2017, up from 10.3x at year end 2016. Purchase prices for transactions of €1.0 billion or more increased from 11.4x at year end 2016 to 11.8x in the first quarter. Transactions between €500.0 million and €1.0 billion were up 0.8x from the end of 4Q 2016, and stood at 11.3x <sup>2</sup>. Globally, exit value totaled \$49.6 billion on 425 deals in 1Q 2017, down 48.4% and 3.4%, respectively, from 4Q 2016 <sup>1</sup>.

**Venture:** During the first quarter, 1,104 venture backed transactions totaling \$13.9 billion were completed, up from 4Q 2016's total of \$12.0 billion across 1,085 deals. While this marked an increase, these were the two lowest quarterly totals on both a capital and transaction basis during the past eight quarters <sup>3</sup>. Total U.S. venture backed exit activity totaled \$14.9 billion across 169 completed transactions in 1Q 2017, up on a capital basis from \$8.1 billion in 4Q 2016 <sup>4</sup>.

**Mezzanine:** Eight funds closed on \$2.3 billion during the quarter, down from 4Q 2016's record total of \$23.2 billion raised by 15 funds and the five year quarterly average of \$4.8 billion. Estimated dry powder was \$51.6 billion at the end of 1Q 2017, roughly flat from 4Q 2016 <sup>1</sup>. Fundraising remains robust with an estimated 72 funds in market targeting \$16.6 billion of commitments <sup>1</sup>.

**Distressed Debt:** The LTM U.S. high-yield default rate was 3.9% as of March 2017, which was down from December 2016's LTM rate of 4.7% <sup>5</sup>. Distressed debt and bankruptcy restructuring activity totaled \$70.1 billion during the quarter, up 14.4% from 1Q 2016. U.S. activity accounted for \$31.9 billion in 1Q 2017 and was up 180.5% from the same period last year <sup>6</sup>.

**Secondaries:** Eight funds raised \$19.1 billion during the first quarter, up from \$5.7 billion by eight funds in 4Q 2016 <sup>1</sup>. The average discount rate for all private equity sectors declined 0.2% quarter-over-quarter to 8.3% <sup>7</sup>.

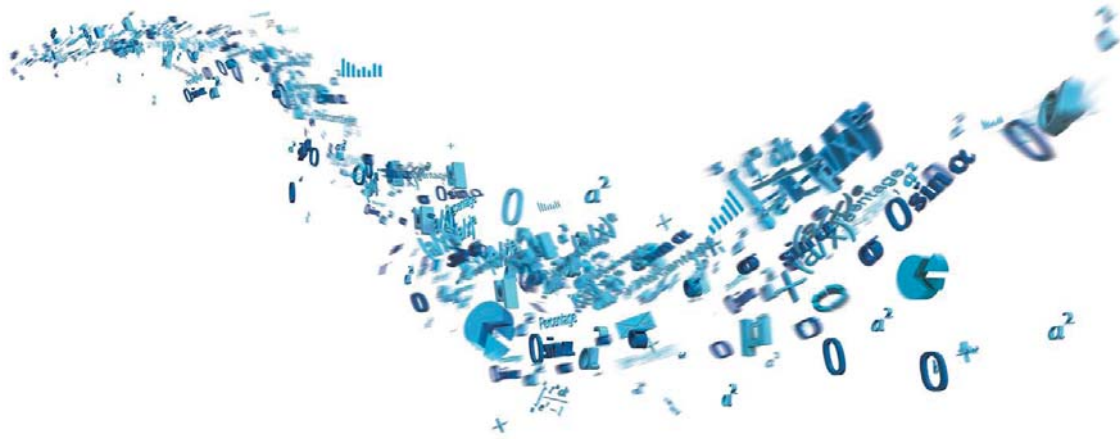
**Infrastructure:** \$29.4 billion of capital was raised by 16 funds in 1Q 2017 compared to \$13.2 billion of capital closed on by 21 partnerships in 4Q 2016. Global Infrastructure Partners III held its final close on \$15.8 billion, which set the record for largest unlisted infrastructure fund ever, surpassing Brookfield Infrastructure Fund III's mark of \$14.0 billion in 2016 <sup>1</sup>. At the end of the quarter, dry powder stood at \$147.0 billion, up from year end 2016 and 2Q 2016's record totals of \$137.0 billion and \$142.0 billion, respectively. Infrastructure managers completed 339 deals with an estimated aggregate deal value of \$205.7 billion in 1Q 2017 compared to 508 deals totaling \$206.8 billion a quarter ago <sup>1</sup>.

**Natural Resources:** During 1Q 2017, two funds closed on \$0.8 billion compared to 14 funds totaling \$5.8 billion in 4Q 2016. Energy and utilities industry managers completed 40 deals totaling a reported \$4.2 billion in 1Q 2017, compared to an estimated 75 transactions totaling \$3.1 billion in 4Q 2016 <sup>1</sup>.

Sources: <sup>1</sup> Preqin <sup>2</sup> Standard & Poor's <sup>3</sup> PWC / CB Insights MoneyTree Report <sup>4</sup> PitchBook/NVCA Venture Monitor  
<sup>5</sup> Fitch Ratings <sup>6</sup> Thomson Reuters <sup>7</sup> UBS  
Notes: FY: Fiscal year ended 12/31; YTD: Year to date; LTM: Last twelve months (aka trailing twelve months); PPM: Purchase Price Multiples: Total Purchase Price / EBITDA.



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Total Fund

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Highlights

Executive Summary

- Performance of the Pension Plan, when measured against the Performance Benchmark, has been strong over short- and long-term time periods.
- Performance relative to peers is also competitive over short- and long-term time periods.
- The Pension Plan is well-diversified across six broad asset classes, and each asset class is also well-diversified.
- Public market asset class investments do not significantly deviate from their broad market based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
- Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type, or investment strategy.
- Asset allocation is monitored on a daily basis to ensure the actual asset allocation of the plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Aon Hewitt Investment Consulting and SBA staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

Performance Highlights

- During the second quarter, the Total Fund outperformed the Performance Benchmark. The Total Fund outperformed the Performance Benchmark during the trailing one-, three-, five-, and ten-year periods.

Asset Allocation

- The Fund assets total \$153.6 billion as of June 30, 2017, which represents a \$3.9 billion increase since last quarter.
- Actual allocations for all asset classes were within their respective policy ranges at quarter-end.
- The Fund was modestly overweight to global equity, with corresponding underweights to fixed income and cash.

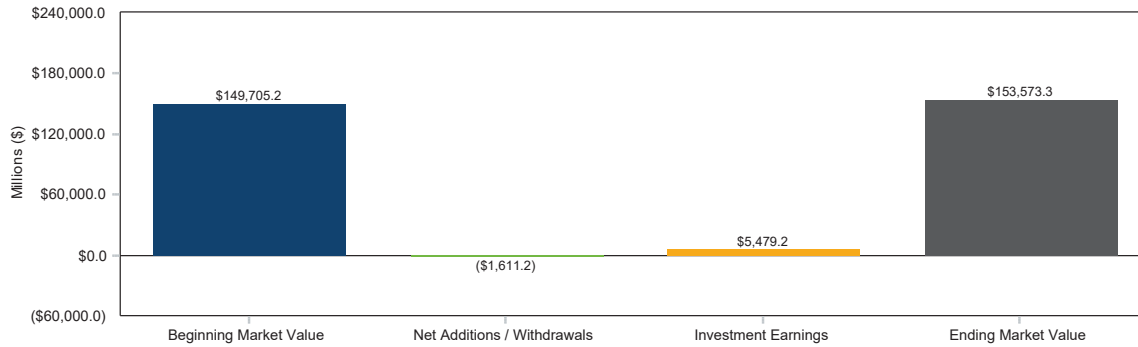


Total Fund

As of June 30, 2017

Total Plan Asset Summary

Change in Market Value  
From April 1, 2017 to June 30, 2017



Summary of Cash Flow

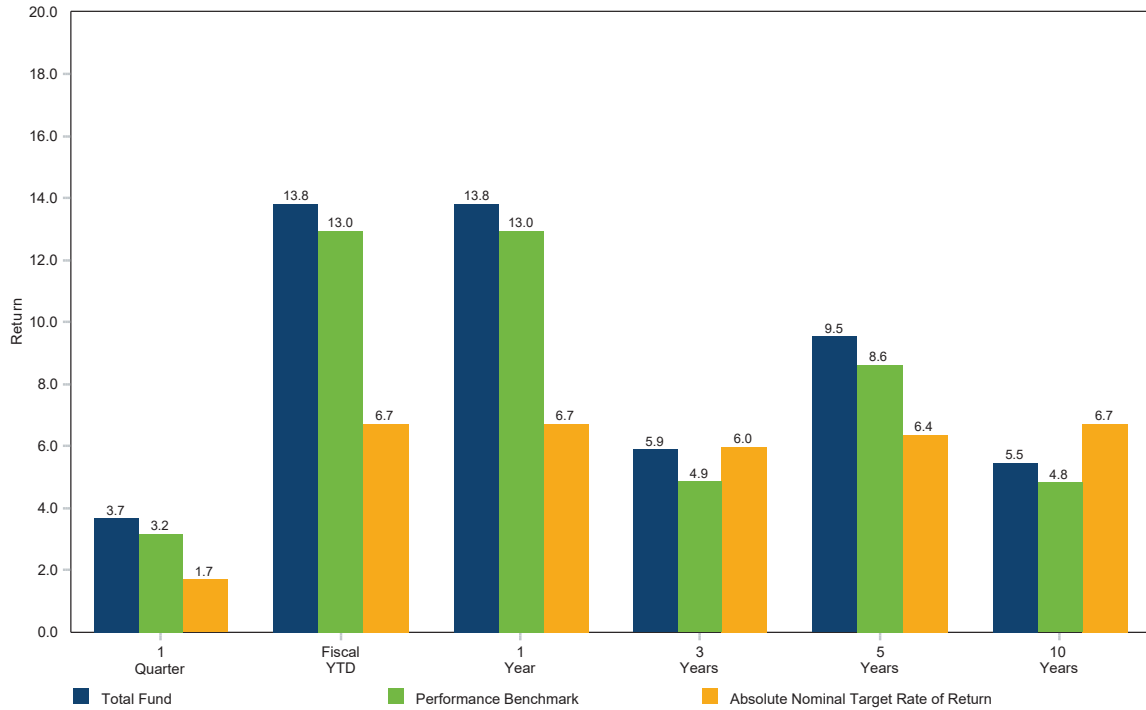
	1 Quarter	Fiscal YTD*
<b>Total Fund</b>		
Beginning Market Value	149,705,244,305	141,420,636,601
+ Additions / Withdrawals	-1,611,157,770	-6,771,736,903
+ Investment Earnings	5,479,214,397	18,924,401,234
= Ending Market Value	153,573,300,932	153,573,300,932

\*Period July 2016 - June 2017



**Total Plan Performance Summary**

**Return Summary**



**Asset Allocation & Performance**

	Allocation			Performance(%)					
	Market Value (\$)	%	Policy(%)	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years
<b>Total Fund</b>	153,573,300,932	100.0	100.0	3.7 (10)	13.8 (24)	13.8 (24)	5.9 (11)	9.5 (19)	5.5 (24)
Performance Benchmark				3.2 (50)	13.0 (35)	13.0 (35)	4.9 (58)	8.6 (43)	4.8 (58)
Absolute Nominal Target Rate of Return				1.7 (96)	6.7 (96)	6.7 (96)	6.0 (9)	6.4 (92)	6.7 (1)
<b>Global Equity*</b>	88,706,033,221	57.8	56.1	4.7	19.7	19.7	5.7	11.6	4.9
Asset Class Target				4.3	19.1	19.1	4.9	10.8	4.1
<b>Domestic Equities</b>	40,636,696,319	26.5		3.0 (56)	18.4 (48)	18.4 (48)	8.9 (24)	14.5 (23)	7.3 (23)
Asset Class Target				3.0 (52)	18.5 (45)	18.5 (45)	9.1 (17)	14.6 (16)	7.3 (24)
<b>Foreign Equities</b>	37,991,200,077	24.7		6.7 (34)	21.6 (25)	21.6 (25)	2.4 (35)	8.7 (39)	2.7 (12)
Asset Class Target				5.9 (68)	20.6 (40)	20.6 (40)	1.2 (83)	7.7 (67)	1.5 (64)
<b>Global Equities</b>	8,704,767,363	5.7		4.6	16.5	16.5	5.7	11.3	3.9
Benchmark				4.1	18.3	18.3	5.1	11.1	4.2
<b>Fixed Income</b>	27,551,168,752	17.9	19.5	1.0 (80)	0.3 (78)	0.3 (78)	2.2 (77)	2.1 (75)	4.6 (65)
Asset Class Target				0.9 (86)	-0.2 (90)	-0.2 (90)	2.0 (78)	1.7 (87)	4.2 (81)
<b>Private Equity</b>	9,803,121,404	6.4	6.3	5.7	18.3	18.3	13.3	14.1	9.0
Asset Class Target				5.1	22.1	22.1	7.9	15.0	9.6
<b>Real Estate</b>	13,674,719,791	8.9	8.8	2.7 (14)	9.1 (21)	9.1 (21)	11.2 (33)	12.7 (10)	6.4
Asset Class Target				1.7 (58)	6.9 (71)	6.9 (71)	10.3 (59)	10.8 (77)	5.2
<b>Strategic Investments</b>	12,654,071,256	8.2	8.2	2.2	9.9	9.9	6.1	9.4	4.1
Short-Term Target				1.3	6.6	6.6	3.6	6.3	2.2
<b>Cash</b>	1,184,186,508	0.8	1.0	0.2	0.6	0.6	0.4	0.3	0.0
iMoneyNet First Tier Institutional Money Market Funds Net Index				0.2	0.5	0.5	0.2	0.2	0.7

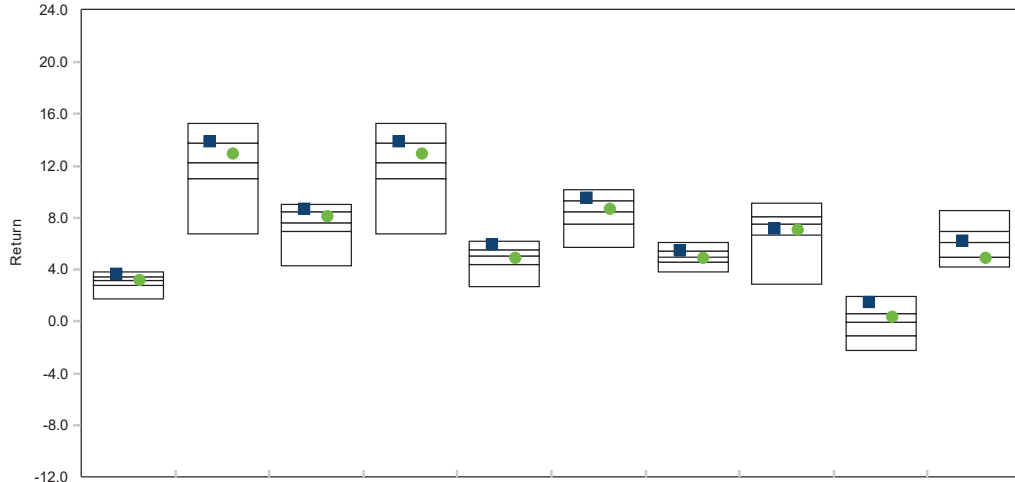
Benchmark and universe descriptions can be found in the Appendix.  
 \* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.



As of June 30, 2017

Plan Sponsor Peer Group Analysis

All Public Plans > \$1B-Total Fund



	1 Quarter	Fiscal YTD	Year To Date	1 Year	3 Years	5 Years	10 Years	2016	2015	2014
■ Total Fund	3.7 (10)	13.8 (24)	8.6 (18)	13.8 (24)	5.9 (11)	9.5 (19)	5.5 (24)	7.2 (63)	1.5 (11)	6.2 (46)
● Performance Benchmark	3.2 (50)	13.0 (35)	8.0 (34)	13.0 (35)	4.9 (58)	8.6 (43)	4.8 (58)	7.1 (65)	0.3 (36)	4.9 (79)
5th Percentile	3.8	15.2	9.0	15.2	6.2	10.1	6.1	9.1	1.9	8.6
1st Quartile	3.5	13.8	8.4	13.8	5.6	9.3	5.5	8.1	0.6	6.9
Median	3.1	12.3	7.6	12.3	5.0	8.4	4.9	7.5	0.0	6.1
3rd Quartile	2.8	11.0	6.9	11.0	4.4	7.5	4.5	6.6	-1.1	5.0
95th Percentile	1.7	6.8	4.3	6.8	2.7	5.7	3.8	2.9	-2.2	4.2
Population	82	78	82	78	76	76	71	111	97	79

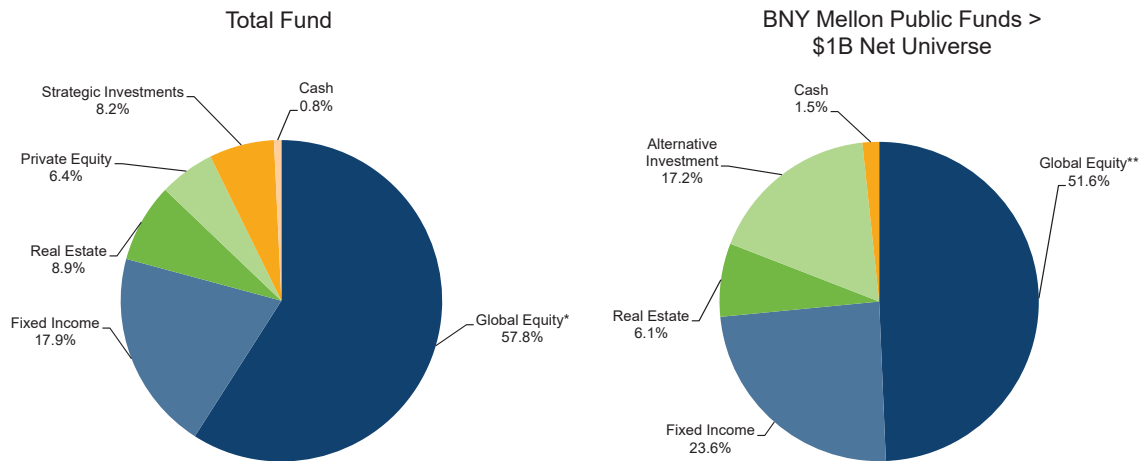
Parentheses contain percentile rankings.



Total Fund

As of June 30, 2017

Universe Asset Allocation Comparison



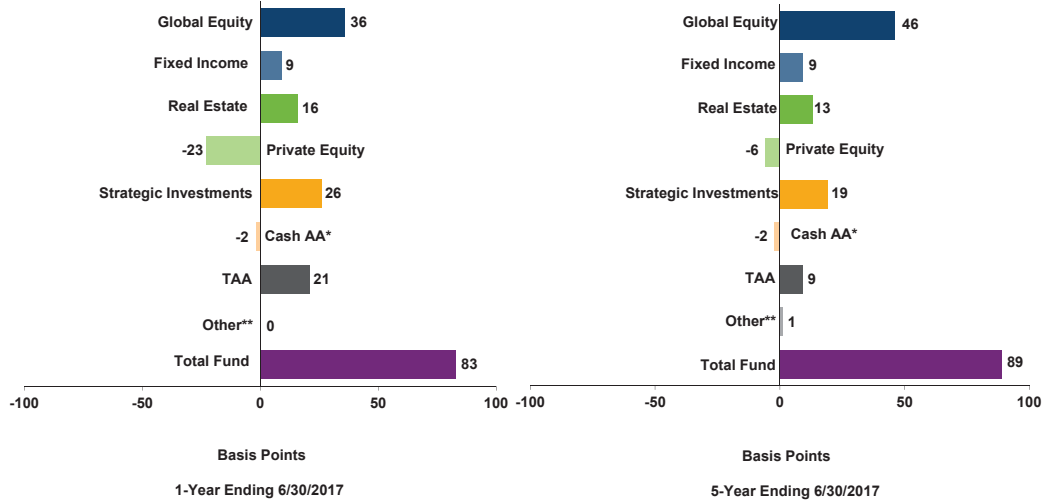
\*Global Equity Allocation: 26.5% Domestic Equities; 24.7% Foreign Equities; 5.7% Global Equities; 0.9% Global Equity Liquidity Account. Percentages are of the Total FRS Fund.

\*\*Global Equity Allocation: 30.5% Domestic Equities; 21.1% Foreign Equities.





Attribution

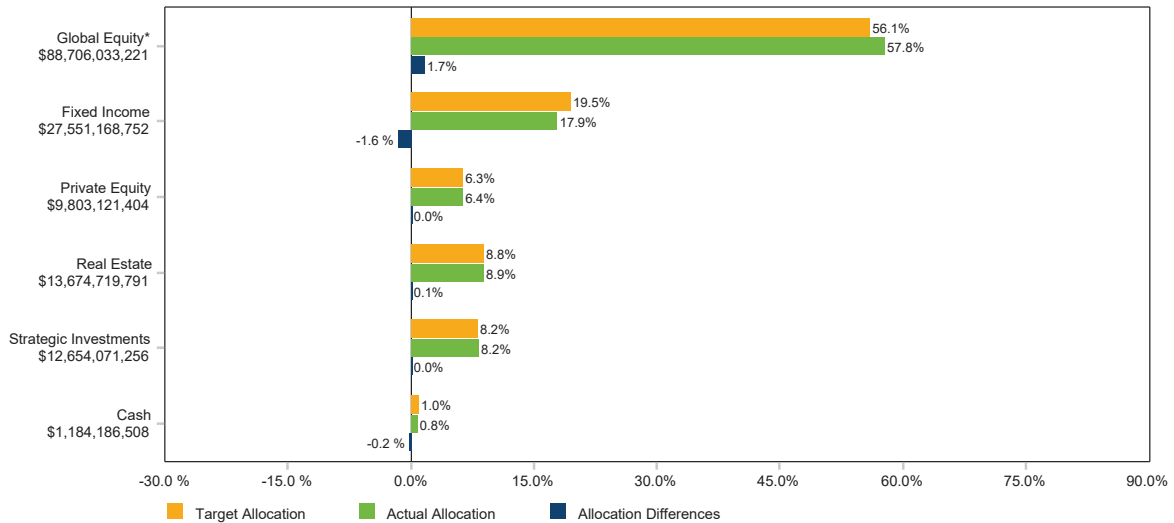


\*Cash AA includes Cash and Central Custody, Securities Lending Account income from 12/2009 to 3/2013 and unrealized gains and losses on securities lending collateral beginning June 2013, TF STIPFRS NAV Adjustment Account, and the Cash Expense Account.  
 \*\*Other includes legacy accounts and unexplained differences due to methodology.



Asset Allocation Compliance

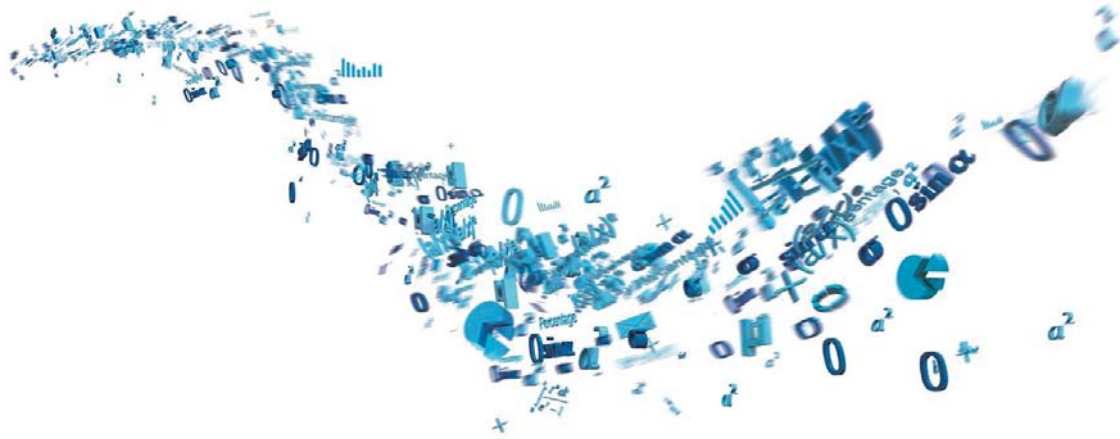
	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	153,573,300,932	100.0	100.0		
Global Equity*	88,706,033,221	57.8	56.1	45.0	70.0
Fixed Income	27,551,168,752	17.9	19.5	10.0	26.0
Private Equity	9,803,121,404	6.4	6.3	2.0	9.0
Real Estate	13,674,719,791	8.9	8.8	4.0	16.0
Strategic Investments	12,654,071,256	8.2	8.2	0.0	16.0
Cash	1,184,186,508	0.8	1.0	0.3	5.0



\* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.



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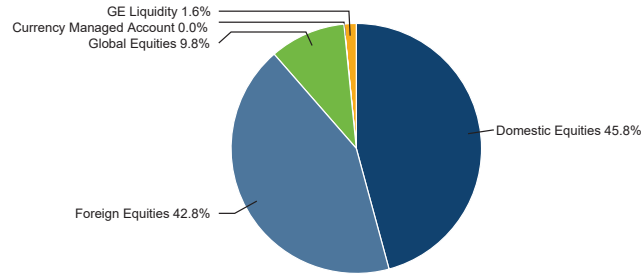


## Global Equity

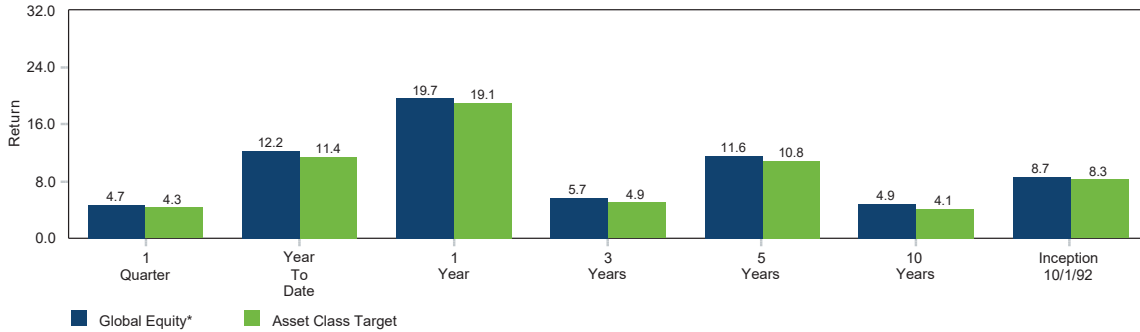
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Global Equity\* Portfolio Overview

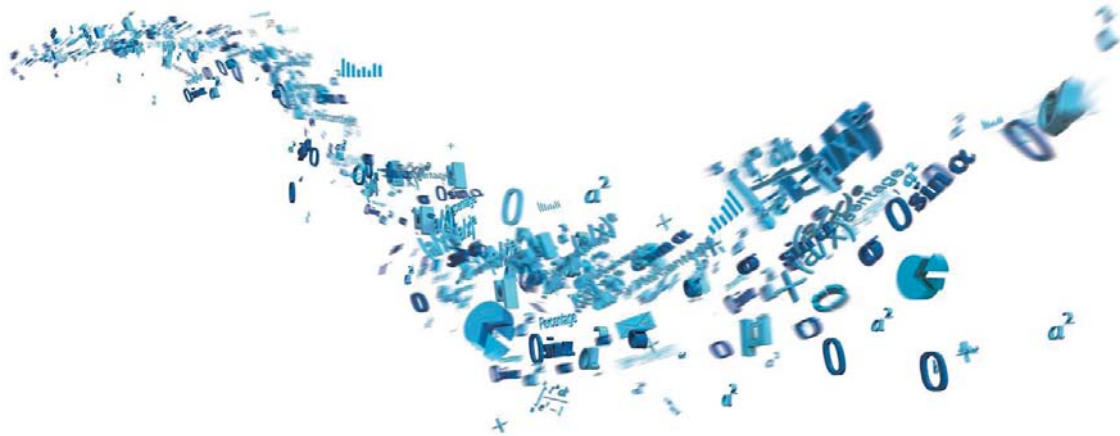
Current Allocation  
June 30, 2017 : \$88,706M



Return Summary



\* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.

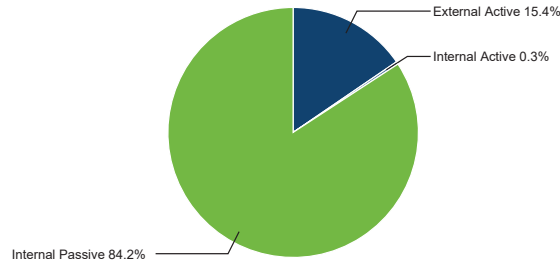


Domestic Equities

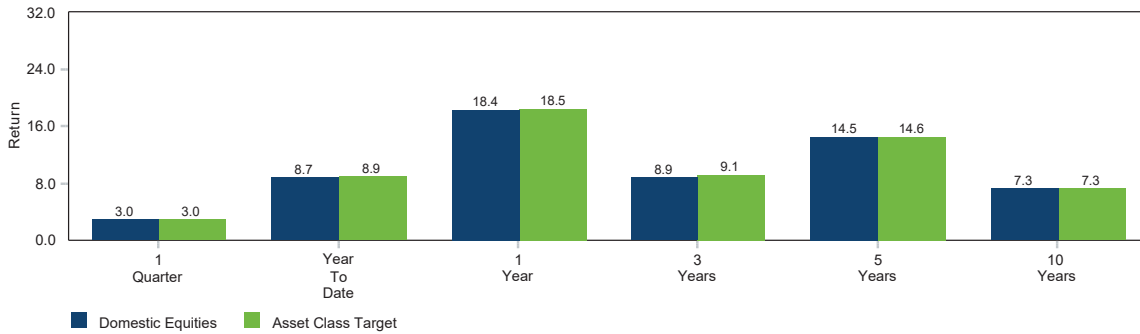


Domestic Equities Portfolio Overview

Current Allocation  
June 30, 2017 : \$40,637M

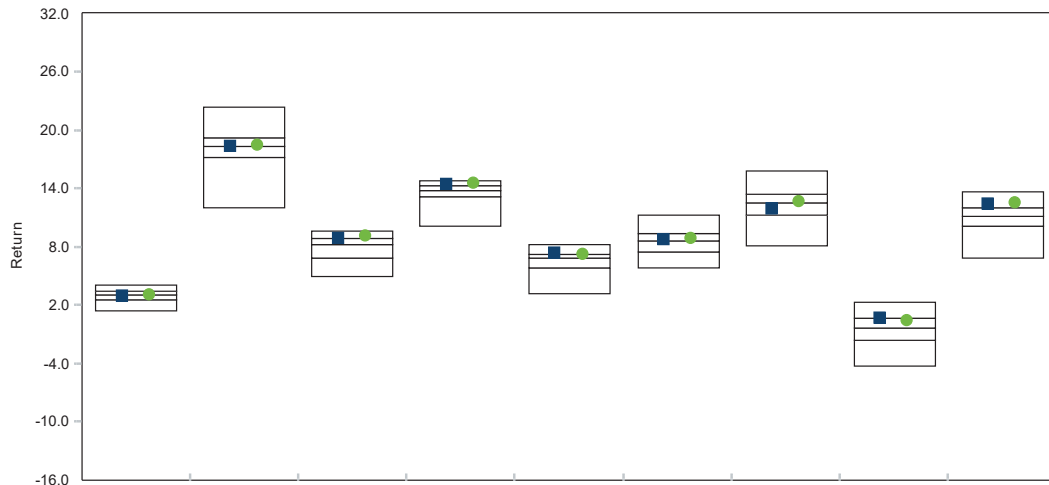


Return Summary



Plan Sponsor Peer Group Analysis

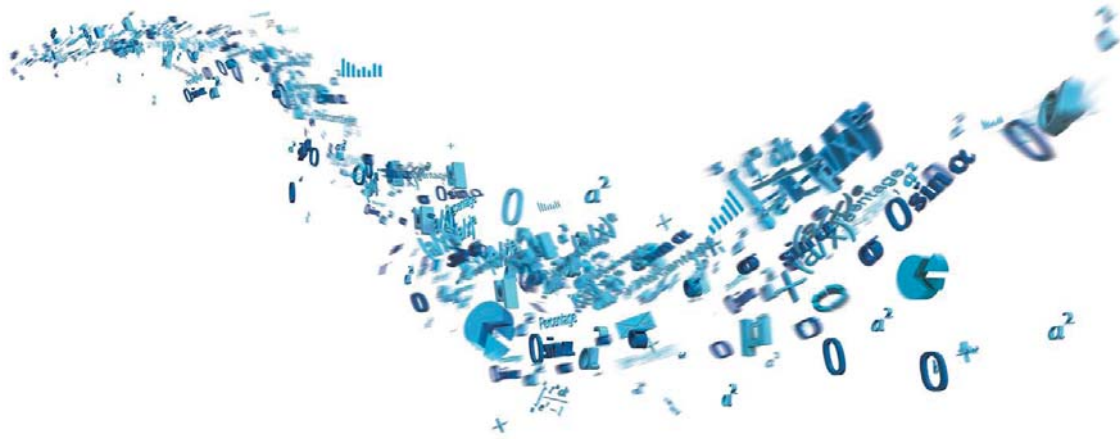
All Public Plans > \$1B-US Equity Segment



	1 Quarter	1 Year	3 Years	5 Years	10 Years	Year To Date	2016	2015	2014
■ Domestic Equities	3.0 (56)	18.4 (48)	8.9 (24)	14.5 (23)	7.3 (23)	8.7 (42)	11.9 (63)	0.6 (26)	12.4 (18)
● Asset Class Target	3.0 (52)	18.5 (45)	9.1 (17)	14.6 (16)	7.3 (24)	8.9 (36)	12.7 (46)	0.5 (29)	12.6 (18)
5th Percentile	4.1	22.4	9.7	14.8	8.3	11.3	15.9	2.3	13.6
1st Quartile	3.5	19.3	8.8	14.3	7.2	9.4	13.4	0.7	12.0
Median	3.0	18.3	8.3	13.8	6.9	8.6	12.6	-0.3	11.1
3rd Quartile	2.6	17.2	6.9	13.1	5.9	7.5	11.3	-1.6	10.1
95th Percentile	1.4	12.0	5.0	10.2	3.2	5.9	8.1	-4.3	6.8
Population	72	65	61	53	32	71	64	58	39

Parentheses contain percentile rankings.

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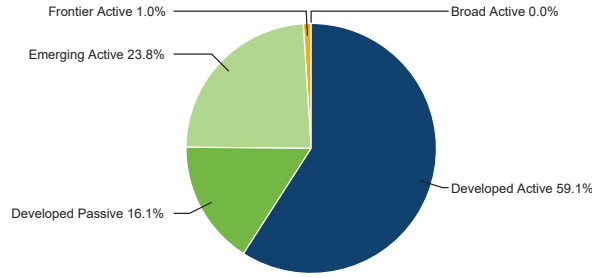
## Foreign Equities

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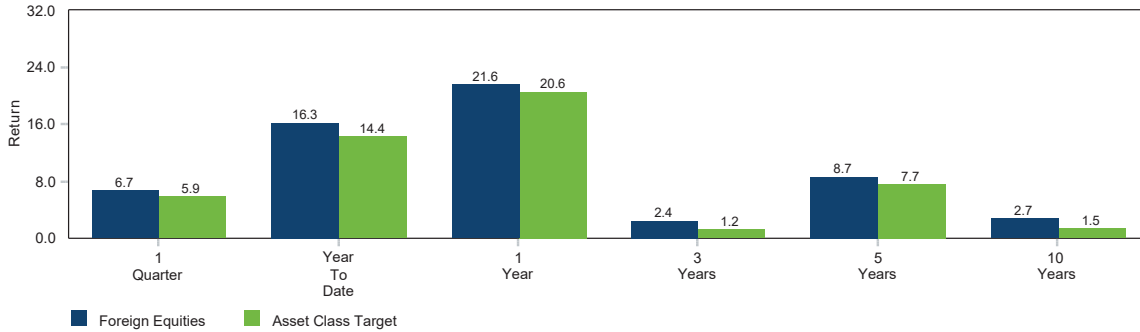
Foreign Equities Portfolio Overview

Current Allocation

June 30, 2017 : \$37,991M

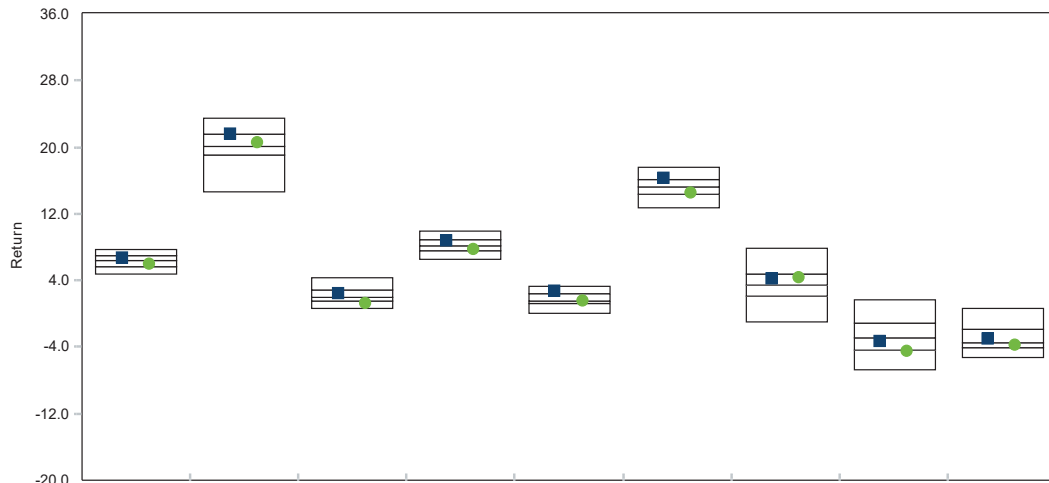


Return Summary



Plan Sponsor Peer Group Analysis

All Public Plans > \$1B-Intl. Equity Segment



	1 Quarter	1 Year	3 Years	5 Years	10 Years	Year To Date	2016	2015	2014
■ Foreign Equities	6.7 (34)	21.6 (25)	2.4 (35)	8.7 (39)	2.7 (12)	16.3 (20)	4.1 (37)	-3.4 (56)	-3.0 (39)
● Asset Class Target	5.9 (68)	20.6 (40)	1.2 (83)	7.7 (67)	1.5 (64)	14.4 (72)	4.3 (33)	-4.5 (78)	-3.7 (68)
5th Percentile	7.7	23.5	4.3	10.0	3.3	17.6	7.9	1.7	0.7
1st Quartile	7.0	21.6	2.8	8.9	2.4	16.0	4.7	-1.2	-1.9
Median	6.3	20.1	2.0	8.2	1.6	15.3	3.4	-3.0	-3.4
3rd Quartile	5.7	19.1	1.5	7.6	1.3	14.3	2.1	-4.3	-4.1
95th Percentile	4.7	14.7	0.6	6.6	0.0	12.8	-0.9	-6.7	-5.2
Population	70	67	59	51	32	70	64	55	38

Parentheses contain percentile rankings.

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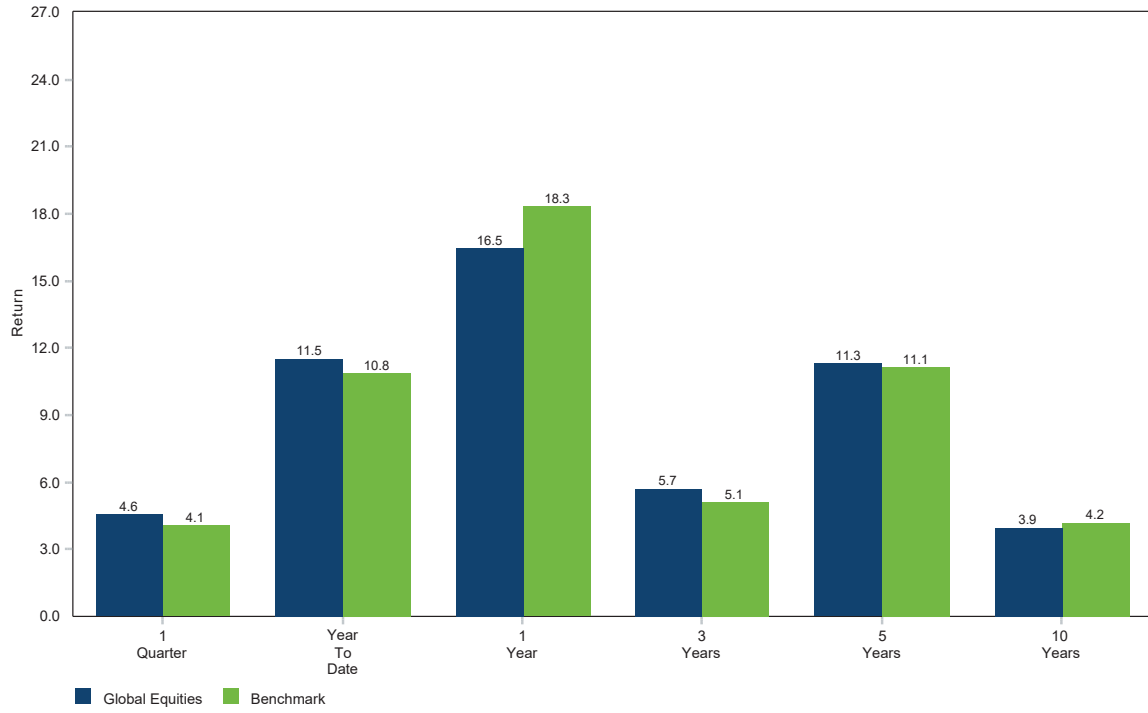


## Global Equities

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Global Equities Performance Summary

Return Summary

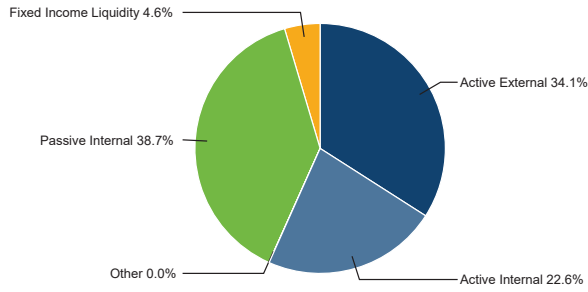


Fixed Income

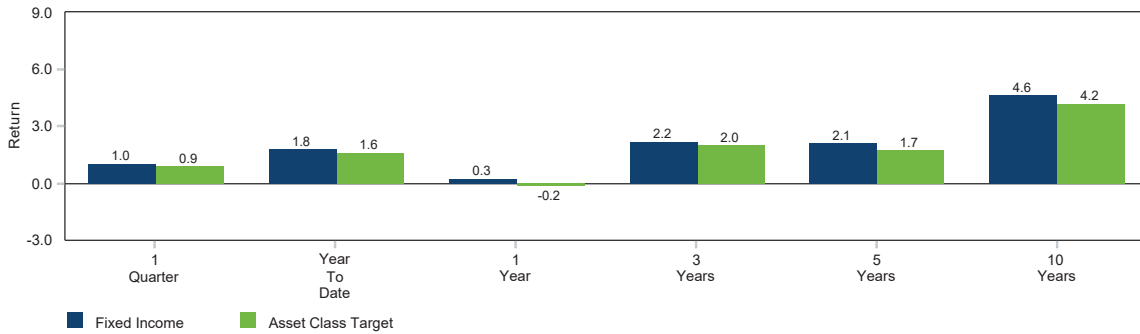


Fixed Income Portfolio Overview

Current Allocation  
June 30, 2017 : \$27,551M

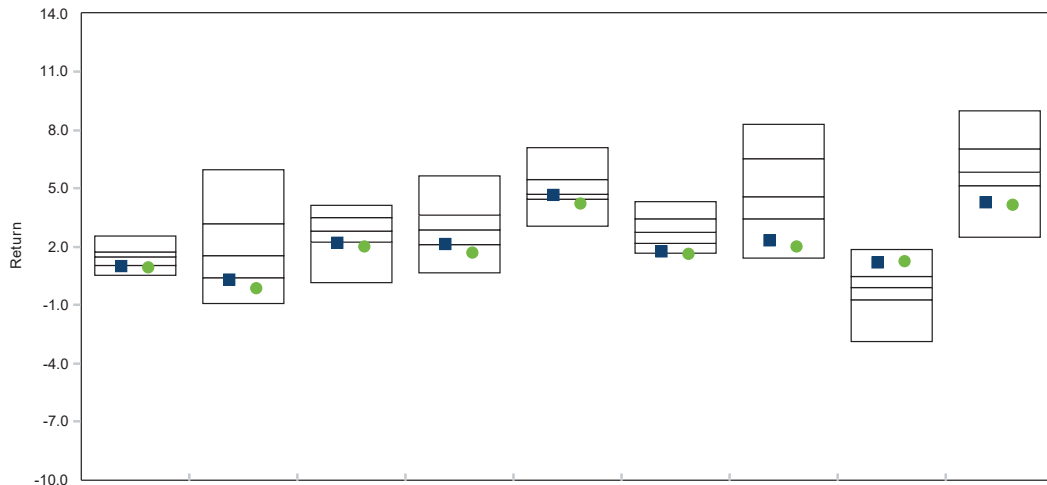


Return Summary



Plan Sponsor Peer Group Analysis

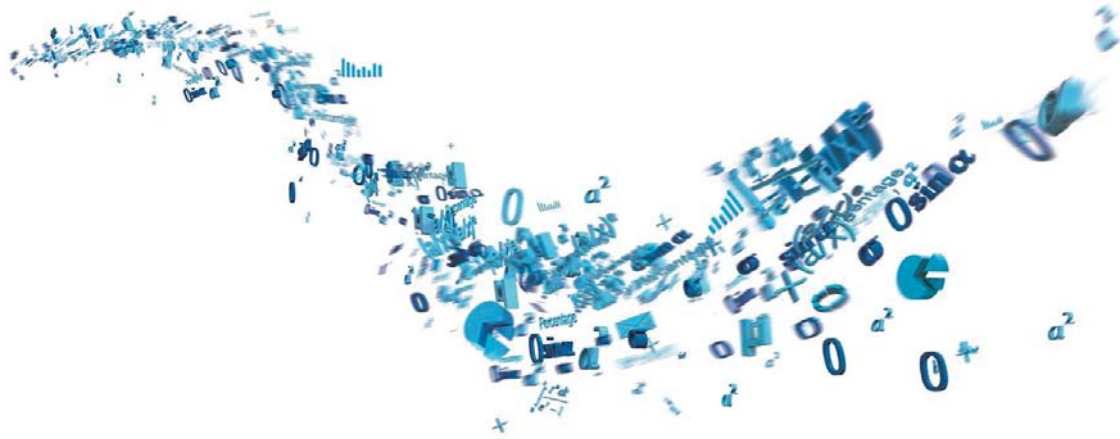
All Public Plans > \$1B-US Fixed Income Segment



	1 Quarter	1 Year	3 Years	5 Years	10 Years	Year To Date	2016	2015	2014
■ Fixed Income	1.0 (80)	0.3 (78)	2.2 (77)	2.1 (75)	4.6 (65)	1.8 (92)	2.3 (90)	1.2 (9)	4.3 (86)
● Asset Class Target	0.9 (86)	-0.2 (90)	2.0 (78)	1.7 (87)	4.2 (81)	1.6 (98)	2.0 (93)	1.2 (9)	4.1 (87)
5th Percentile	2.6	6.0	4.1	5.6	7.1	4.3	8.3	1.9	9.0
1st Quartile	1.8	3.2	3.5	3.7	5.5	3.5	6.5	0.5	7.1
Median	1.5	1.6	2.8	2.9	4.7	2.8	4.6	-0.1	5.9
3rd Quartile	1.1	0.4	2.2	2.1	4.5	2.2	3.4	-0.7	5.2
95th Percentile	0.6	-0.9	0.2	0.7	3.1	1.7	1.4	-2.9	2.5
Population	69	67	63	57	37	69	66	54	39

Parentheses contain percentile rankings.

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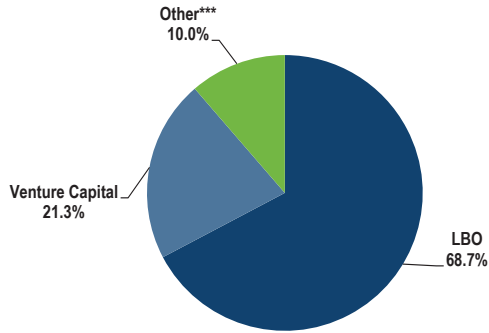


## Private Equity

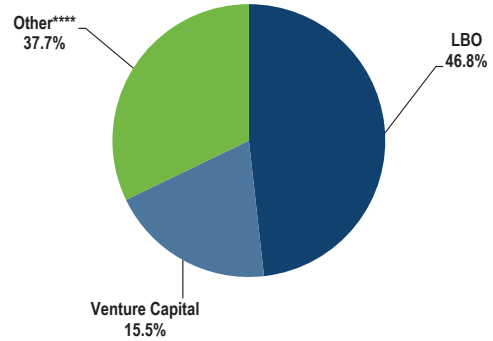
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Overview

FRS Private Equity by Market Value\*



Preqin Private Equity Strategies by Market Value\*\*

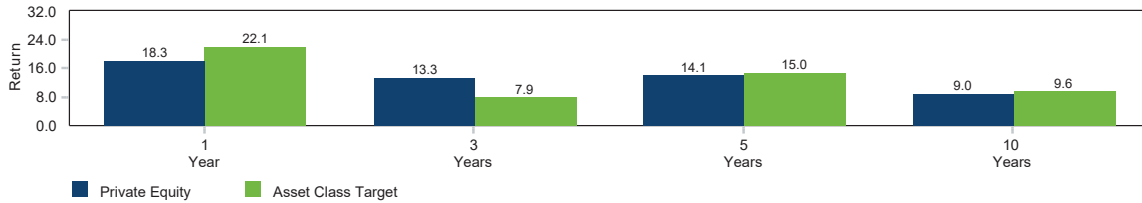


\*Allocation data is as of June 30, 2017.  
 \*\*Allocation data is as of June 30, 2015, from the Preqin database.  
 \*\*\*Other for the FRS Private Equity consists of Growth Capital, Secondary, PE Cash, and PE Transition.  
 \*\*\*\*Other for the Preqin data consists of Distressed PE, Growth, Mezzanine, and other Private Equity/Special Situations.  
 Preqin universe is comprised of 10,000 private equity funds representing \$3.8 trillion.

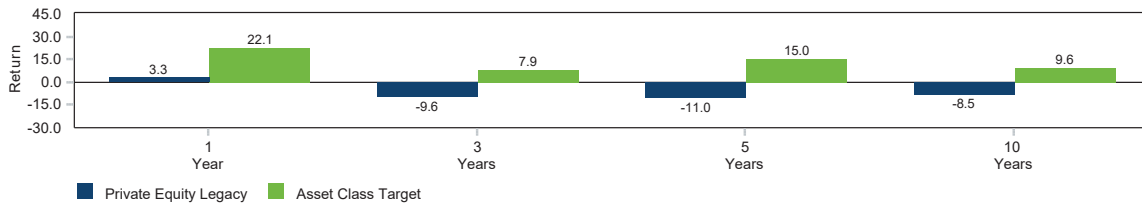


Time-Weighted Investment Results

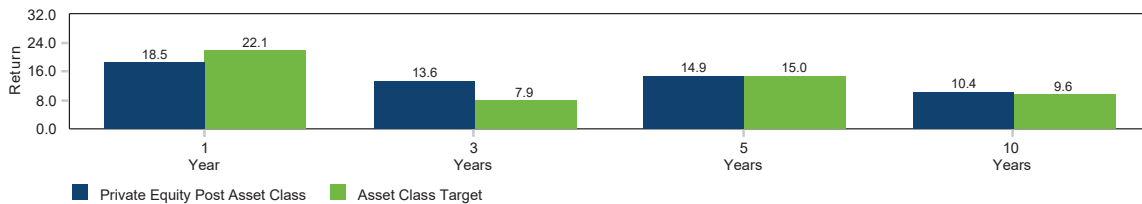
Private Equity Return Summary as of June 30, 2017



Private Equity Legacy Return Summary as of June 30, 2017



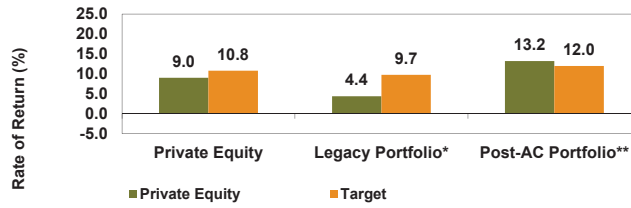
Private Equity Post Asset Class Return Summary as of June 30, 2017



Dollar-Weighted Investment Results

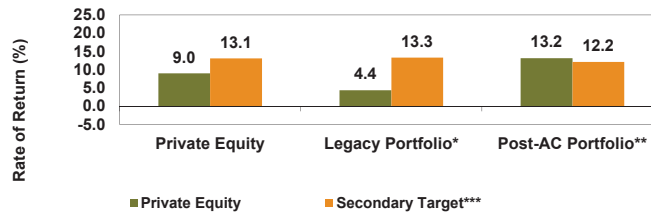
As of June 30, 2017

Since Inception



As of June 30, 2017

Since Inception

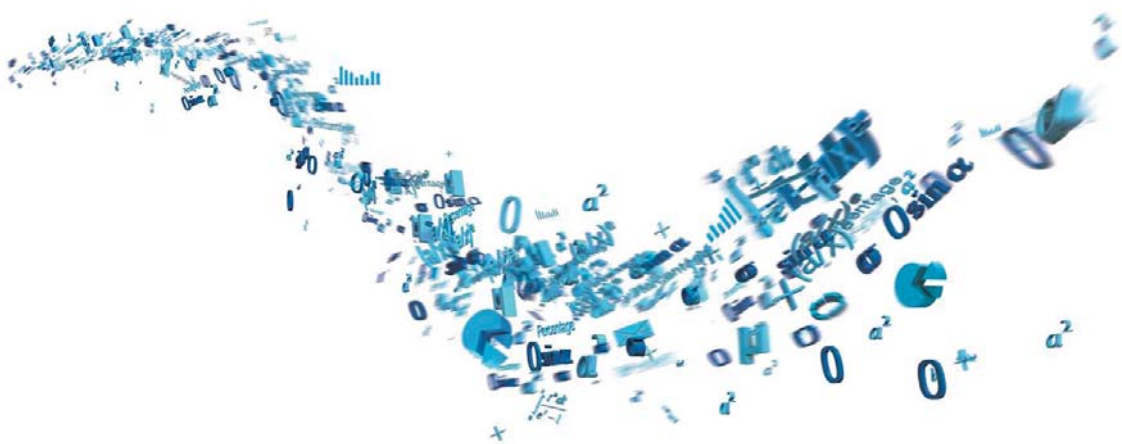


\*The Inception Date for the Legacy Portfolio is January 1989.

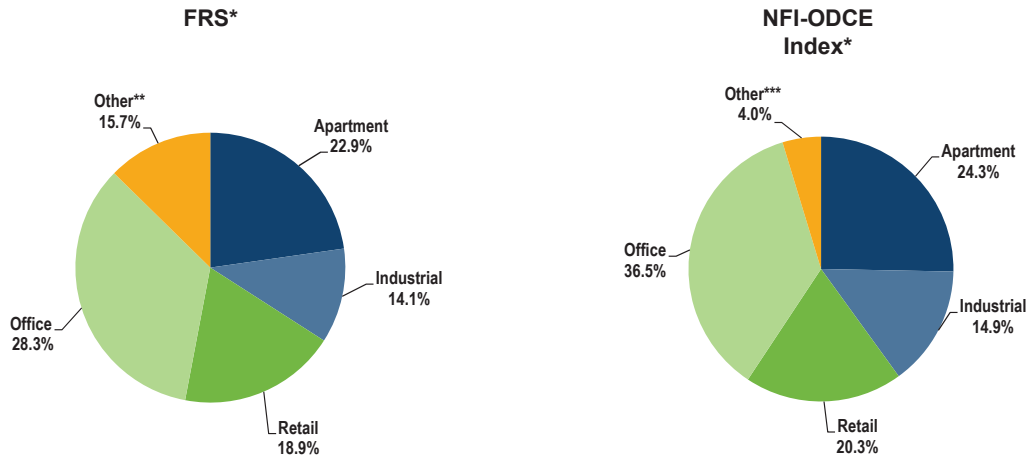
\*\*The Inception Date for the Post-AC Portfolio is September 2000.

\*\*\*The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index based on actual ABAL weights. Secondary Target data is on a quarterly lag.

Real Estate



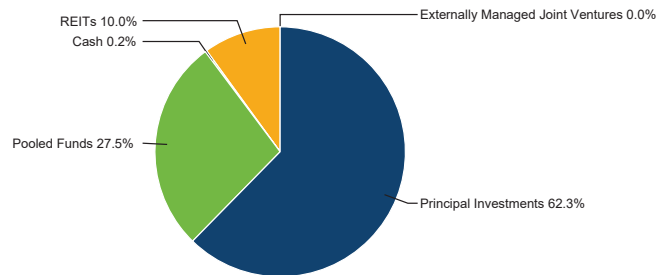
Overview



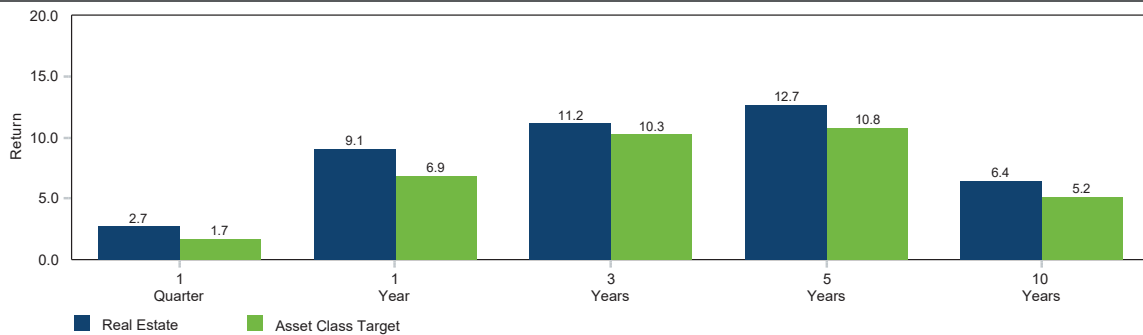
\*Property Allocation data is as of March 31, 2017. The FRS chart includes only the FRS private real estate assets. Property type information for the REIT portfolios is not included.  
 \*\*Other for the FRS consists of Hotel, Land, Preferred Equity, Agriculture, Self-Storage and Senior Housing.  
 \*\*\*Other for the NFI-ODCE Index consists of Hotel, Senior Living, Health Care, Mixed Use, Single Family Residential, Parking, Timber/Agriculture, Land and Infrastructure.

Real Estate Portfolio Overview

Current Allocation  
 June 30, 2017 : \$13,675M

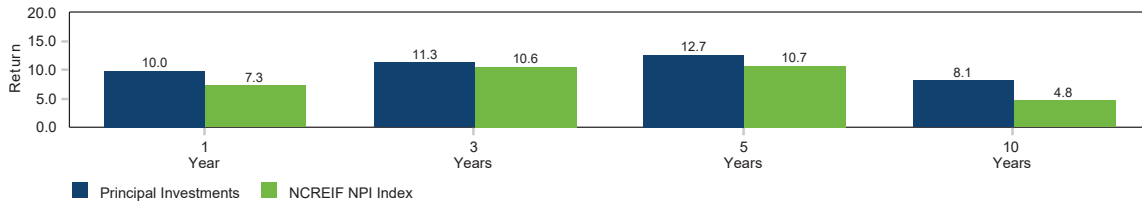


Return Summary

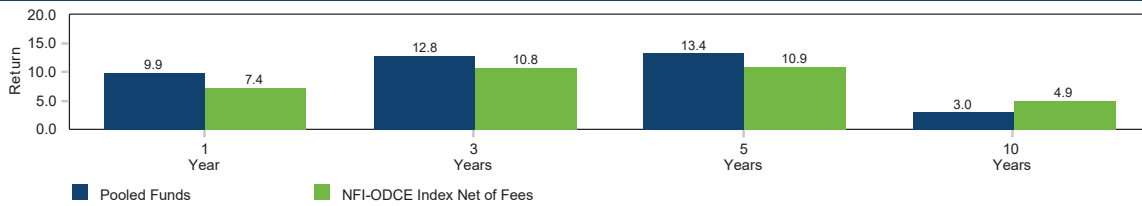


## Real Estate

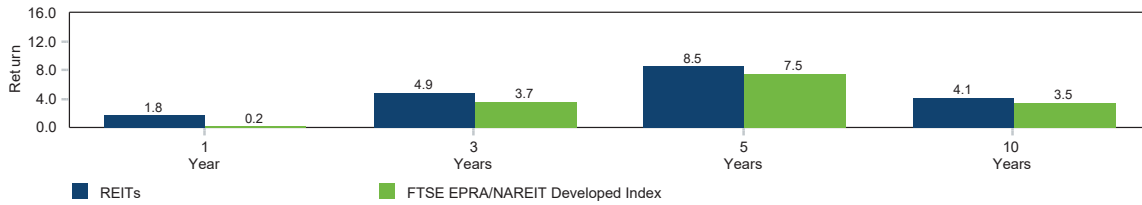
Principal Investments Return Summary as of June 30, 2017



Pooled Funds Return Summary as of June 30, 2017



REITs Return Summary as of June 30, 2017



50

**AON**  
Empower Results®



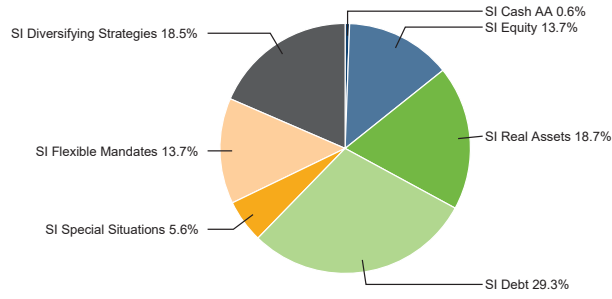
## Strategic Investments

51

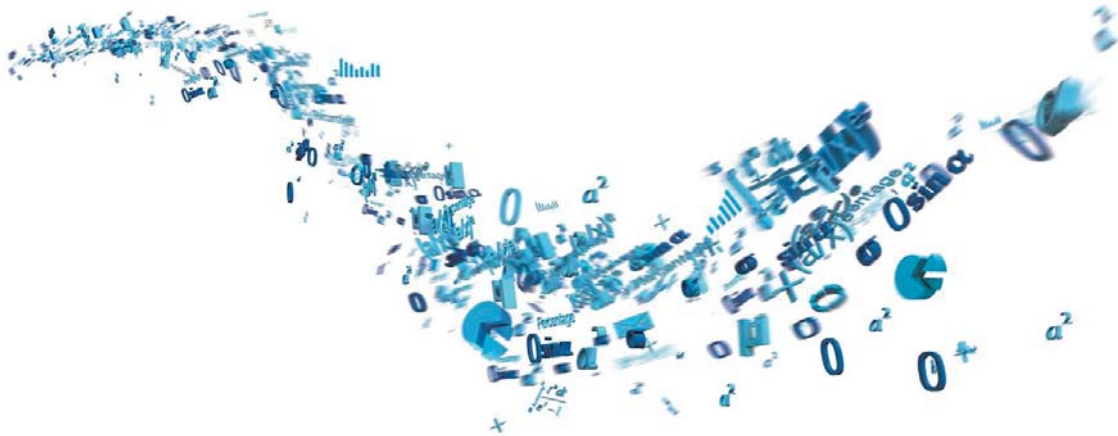
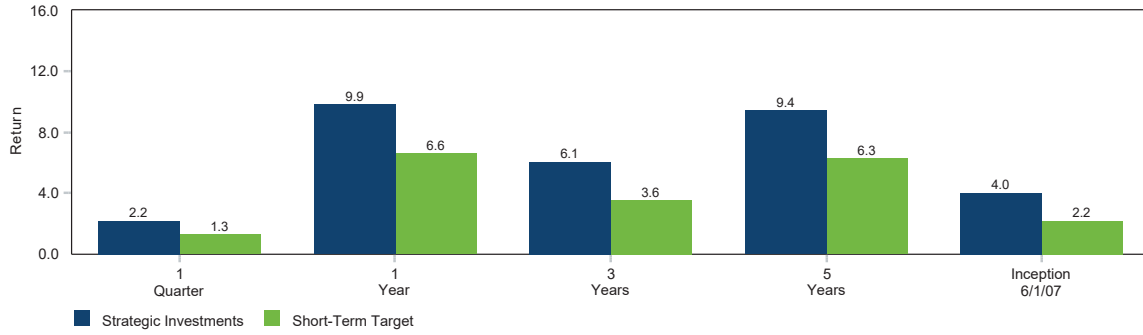
**AON**  
Empower Results®

Strategic Investments Portfolio Overview

Current Allocation  
June 30, 2017 : \$12,654M



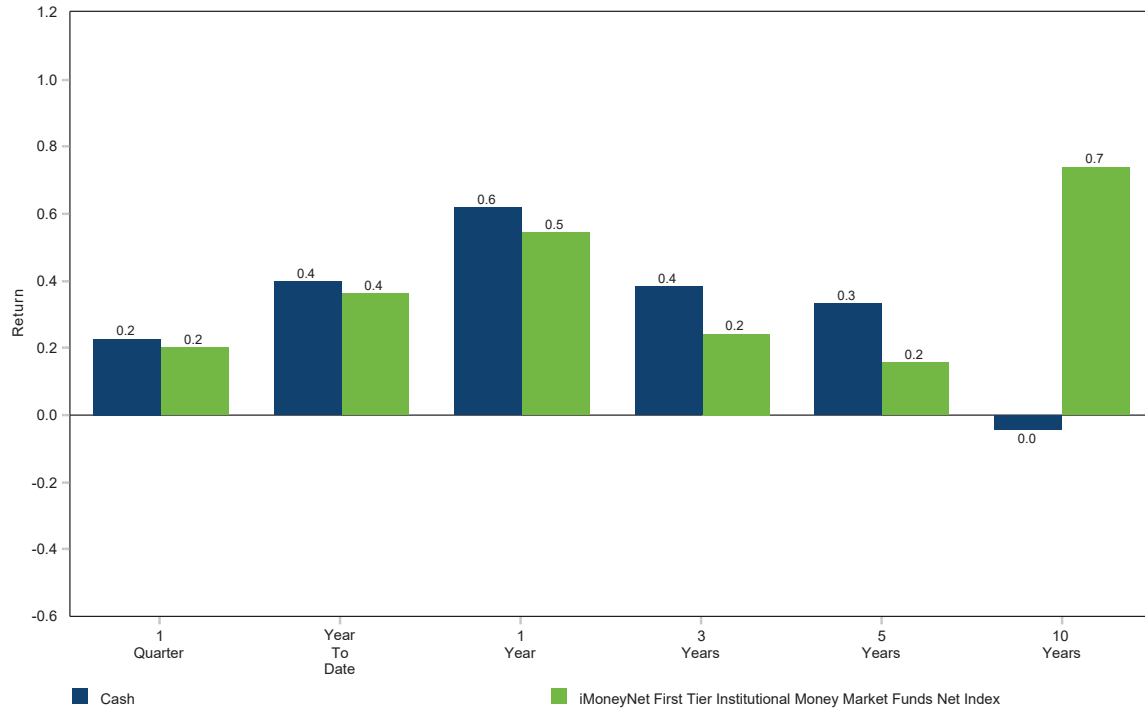
Return Summary



Cash

Cash Performance Summary

Return Summary



Appendix



## Appendix

## Total FRS Assets

**Performance Benchmark** - A combination of the Global Equity Target, the Barclays Capital U.S. Intermediate Aggregate Index, the Private Equity Target Index, the Real Estate Investments Target Index, the Strategic Investments Target Benchmark, and the iMoneyNet First Tier Institutional Money Market Funds Net Index. The short-term target policy allocations to the Strategic Investments, Real Estate and Private Equity asset classes are floating and based on the actual average monthly balance of the Global Equity asset class. Please refer to section VII. Performance Measurement in the FRS Defined Benefit Plan Investment Policy Statement for more details on the calculation of the Performance Benchmark. Prior to October 1, 2013, the Performance benchmark was a combination of the Global Equity Target, the Barclays Aggregate Bond Index, the Private Equity Target Index, the Real Estate Investments Target Index, the Strategic Investments Target Benchmark, and the iMoneyNet First Tier Institutional Money Market Funds Net Index. The short-term target policy allocations to the Strategic Investments, Real Estate and Private Equity asset classes are floating and based on the actual average monthly balance of the Global Equity asset class. Prior to July 2010, the Performance Benchmark was a combination of the Russell 3000 Index, the Foreign Equity Target Index, the Strategic Investments Target Benchmark, the Barclays Aggregate Bond Index, the Real Estate Investments Target Index, the Private Equity Target Index, the Barclays U.S. High Yield Ba/B 2% Issuer Capped Index, and the iMoneyNet First Tier Institutional Money Market Funds Gross Index. During this time, the short-term target policy allocations to Strategic Investments, Real Estate and Private Equity asset classes were floating and based on the actual average monthly balance of the Strategic Investments, Real Estate and Private Equity asset classes. The target weights shown for Real Estate and Private Equity were the allocations that the asset classes were centered around. The actual target weight floated around this target month to month based on changes in asset values.

## Total Global Equity

**Performance Benchmark** - A custom version of the MSCI All Country World Investable Market Index, adjusted to exclude companies divested under the provisions of the Protecting Florida's Investments Act (PFIA). Prior to July 2010, the asset class benchmark is a weighted average of the underlying Domestic Equities, Foreign Equities and Global Equities historical benchmarks.

## Total Domestic Equities

**Performance Benchmark** - The Russell 3000 Index. Prior to July 1, 2002, the benchmark was the Wilshire 2500 Stock Index. Prior to January 1, 2001, the benchmark was the Wilshire 2500 Stock Index ex-Tobacco. Prior to May 1, 1997, the benchmark was the Wilshire 2500 Stock Index. Prior to September 1, 1994, the benchmark was the S&P 500 Stock Index.

## Total Foreign Equities

**Performance Benchmark** - A custom version of the MSCI ACWI ex-U.S. Investable Market Index adjusted to exclude companies divested under the PFIA. Prior to April 1, 2008, it was the MSCI All Country World Index ex-U.S. Investable Market Index. Prior to September 24, 2007, the target was the MSCI All Country World ex-U.S. Free Index. Prior to November 1, 1999, the benchmark was 85% MSCI Europe, Australasia and Far East (EAFE) Foreign Stock Index and 15% IFCI Emerging Markets Index with a half weight in Malaysia. Prior to March 31, 1995, the benchmark was the EAFE Index.

## Total Global Equities

**Performance Benchmark** - Aggregated based on each underlying manager's individual benchmark. The calculation accounts for the actual weight and the benchmark return. The benchmarks used for the underlying managers include both the MSCI FSB All Country World ex-Sudan ex-Iran Net Index and MSCI FSB All Country World ex-Sudan ex-Iran Net Investable Market Index (IMI).

## Appendix

## Total Fixed Income

**Performance Benchmark** - The Barclays Capital U.S. Intermediate Aggregate Index. Prior to October 1, 2013, it was the Barclays U.S. Aggregate Bond Index. Prior to June 1, 2007, it was the Fixed Income Management Aggregate (FIMA). Prior to July 1, 1999, the benchmark was the Florida High Yield Extended Duration Index. Prior to July 31, 1997, the benchmark was the Florida Extended Duration Index. Prior to July 1, 1989, the Salomon Brothers Broad Investment-Grade Bond Index was the benchmark. For calendar year 1985, the performance benchmark was 70% Shearson Lehman Extended Duration and 30% Salomon Brothers Mortgage Index.

## Total Private Equity

**Performance Benchmark** - The MSCI All Country World Investable Market Index (ACWI IMI), adjusted to reflect the provisions of the Protecting Florida's Investments Act, plus a fixed premium return of 300 basis points per annum. Prior to July 1, 2014, the benchmark was the domestic equities target index return (Russell 3000 Index) plus a fixed premium return of 300 basis points per annum. Prior to July 1, 2010, it was the domestic equities target index return plus a fixed premium return of 450 basis points per annum. Prior to November 1, 1999, Private Equities was part of the Domestic Equities asset class and its benchmark was the domestic equities target index return plus 750 basis points.

## Total Real Estate

**Performance Benchmark** - The core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index- Open-ended Diversified Core Equity, net of fees, weighted at 76.5%, and the non-core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index- Open-ended Diversified Core Equity, net of fees, weighted at 13.5%, plus a fixed return premium of 150 basis points per annum, and the FTSE EPRA/NAREIT Developed Index, in dollar terms, net of withholding taxes on non-resident institutional investors, weighted at 10%. Prior to July 1, 2014, the benchmark was a combination of 90% NCREIF ODCE Index, net of fees, and 10% FTSE EPRA/NAREIT Developed Index, net of fees. Prior to July 1, 2010, it was a combination of 90% NCREIF ODCE Index, gross of fees, and 10% Dow Jones U.S. Select RESI. Prior to June 1, 2007, it was the Consumer Price Index plus 450 basis points annually. Prior to July 1, 2003, the benchmark was the Dow Jones U.S. Select Real Estate Securities Index Un-Levered. Prior to November 1, 1999, the benchmark was the Russell-NCREIF Property Index.

## Total Strategic Investments

**Performance Benchmark** - Long-term, 5% plus the contemporaneous rate of inflation or CPI. Short-term, a weighted aggregation of individual portfolio level benchmarks.

## Total Cash

**Performance Benchmark** - The iMoneyNet First Tier Institutional Money Market Funds Net Index. Prior to July 1, 2010, it was the iMoneyNet First Tier Institutional Money Market Funds Gross Index. Prior to June 1, 2007, it was the return of the Merrill Lynch 90-Day (Auction Average) Treasury Bill Yield Index.

## Appendix

## Description of Benchmarks

Barclays Capital U.S. Intermediate Aggregate Bond Index - A market value-weighted index consisting of U.S. Treasury securities, corporate bonds and mortgage-related and asset-backed securities with one to ten years to maturity and an outstanding par value of \$250 million or greater.

Consumer Price Index (CPI) - The CPI, an index consisting of a fixed basket of goods bought by the typical consumer and used to measure consumer inflation.

FTSE EPRA/NAREIT Developed Index - An index designed to represent general trends in eligible real estate equities worldwide. Relevant real estate activities are defined as the ownership, disposal and development of income-producing real estate. This index covers the four primary core asset classes (Industrial, Retail, Office, and Apartment).

iMoneyNet First Tier Institutional Money Market Funds Net Index - An average of non-governmental institutional funds that do not hold any second tier securities. It includes money market mutual funds, net of fees, that invest in commercial paper, bank obligations and short-term investments in the highest ratings category and is open to corporations and fiduciaries only.

MSCI All Country World Investable Market Index - A free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets. This investable market index contains constituents from the large, mid, and small cap size segments and targets a coverage range around 99% of free-float adjusted market capitalization.

NCREIF ODCE Property Index - The NCREIF ODCE is a capitalization-weighted, gross of fee, time-weighted return index. The index is a summation of open-end funds, which NCREIF defines as infinite-life vehicles consisting of multiple investors who have the ability to enter or exit the fund on a periodic basis, subject to contribution and/or redemption requests.

Russell 3000 Index - A capitalization-weighted stock index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This represents most publicly traded, liquid U.S. stocks.

## Appendix

## Description of Universes

Total Fund - A universe comprised of 82 total fund portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics and Investment Metrics. Aggregate assets in the universe comprised \$1.4 trillion as of quarter-end and the average market value was \$16.5 billion.

Domestic Equity - A universe comprised of 72 total domestic equity portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$323.3 billion as of quarter-end and the average market value was \$3.9 billion.

Foreign Equity - A universe comprised of 70 total international equity portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$243.8 billion as of quarter-end and the average market value was \$3.0 billion.

Fixed Income - A universe comprised of 69 total fixed income portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$342.7 billion as of quarter-end and the average market value was \$4.2 billion.

Real Estate - A universe comprised of 50 total real estate portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$77.8 billion as of quarter-end and the average market value was \$0.9 billion.

Private Equity - An appropriate universe for private equity is unavailable.

Strategic Investments - An appropriate universe for strategic investments is unavailable.

## Appendix

### Explanation of Exhibits

Quarterly and Cumulative Excess Performance - The vertical axis, excess return, is a measure of fund performance less the return of the primary benchmark. The horizontal axis represents the time series. The quarterly bars represent the underlying funds' relative performance for the quarter.

Ratio of Cumulative Wealth Graph - An illustration of a portfolio's cumulative, un-annualized performance relative to that of its benchmark. An upward-sloping line indicates superior fund performance versus its benchmark. Conversely, a downward-sloping line indicates underperformance by the fund. A flat line is indicative of benchmark-like performance.

Performance Comparison - Plan Sponsor Peer Group Analysis - An illustration of the distribution of returns for a particular asset class. The component's return is indicated by the circle and its performance benchmark by the triangle. The top and bottom borders represent the 5th and 95th percentiles, respectively. The solid line indicates the median while the dotted lines represent the 25th and 75th percentiles.

## Notes

- The rates of return contained in this report are shown on an after-fees basis unless otherwise noted. They are geometric and time-weighted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.
- Due to rounding throughout the report, percentage totals displayed may not sum to 100%. Additionally, individual fund totals in dollar terms may not sum to the plan total.

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FRS Investment Plan | Second Quarter 2017

## Quarterly Investment Review

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## FRS Investment Plan

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As of June 30, 2017

**Asset Allocation & Performance**

	Allocation		Performance(%)					
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
FRS Investment Plan	9,967,198,945	100.0	3.0	7.6	13.4	4.8	8.0	4.6
Total Plan Aggregate Benchmark			2.7	7.0	12.6	4.6	7.6	4.2
<b>Retirement Date</b>	<b>4,332,573,010</b>	<b>43.5</b>						
FRS Retirement Fund	384,435,049	3.9	1.9 (57)	5.2 (55)	6.8 (76)	2.3 (93)	4.4 (88)	-
Retirement Custom Index			1.8 (66)	4.8 (63)	6.6 (78)	2.5 (83)	4.3 (89)	-
FRS 2015 Retirement Date Fund	344,474,693	3.5	2.2 (74)	5.8 (56)	8.2 (70)	2.7 (92)	5.1 (95)	-
2015 Retirement Custom Index			2.0 (93)	5.3 (86)	7.5 (77)	2.8 (89)	5.0 (96)	-
FRS 2020 Retirement Date Fund	585,823,677	5.9	2.7 (43)	6.9 (30)	10.4 (32)	3.5 (69)	6.6 (64)	-
2020 Retirement Custom Index			2.5 (60)	6.5 (61)	9.8 (46)	3.5 (69)	6.4 (69)	-
FRS 2025 Retirement Date Fund	649,827,728	6.5	3.1 (45)	7.9 (38)	12.5 (26)	4.2 (66)	7.9 (60)	-
2025 Retirement Custom Index			2.9 (53)	7.5 (54)	11.9 (34)	4.0 (68)	7.7 (64)	-
FRS 2030 Retirement Date Fund	580,091,255	5.8	3.4 (41)	8.7 (39)	14.3 (28)	4.8 (56)	9.3 (47)	-
2030 Retirement Custom Index			3.3 (49)	8.4 (57)	13.7 (33)	4.5 (70)	9.0 (54)	-
FRS 2035 Retirement Date Fund	534,860,357	5.4	3.7 (37)	9.6 (33)	16.2 (22)	5.1 (59)	10.4 (36)	-
2035 Retirement Custom Index			3.6 (59)	9.1 (59)	15.2 (41)	4.7 (77)	10.0 (50)	-
FRS 2040 Retirement Date Fund	467,759,493	4.7	3.9 (41)	10.1 (39)	17.0 (27)	5.2 (65)	10.6 (48)	-
2040 Retirement Custom Index			3.8 (51)	9.8 (54)	16.5 (38)	4.9 (75)	10.3 (53)	-
FRS 2045 Retirement Date Fund	446,929,205	4.5	4.0 (47)	10.3 (40)	17.5 (27)	5.4 (68)	10.7 (46)	-
2045 Retirement Custom Index			3.9 (51)	10.1 (49)	17.2 (32)	5.1 (77)	10.4 (60)	-
FRS 2050 Retirement Date Fund	243,971,681	2.4	4.0 (41)	10.3 (42)	17.6 (31)	5.4 (69)	10.7 (55)	-
2050 Retirement Custom Index			3.9 (49)	10.1 (52)	17.2 (42)	5.1 (75)	10.4 (69)	-
FRS 2055 Retirement Date Fund	94,399,871	0.9	4.0 (57)	10.3 (51)	17.5 (50)	5.4 (70)	10.7 (63)	-
2055 Retirement Custom Index			3.9 (61)	10.1 (66)	17.2 (51)	5.1 (85)	10.4 (80)	-



As of June 30, 2017

**Asset Allocation & Performance**

	Allocation		Performance(%)					
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
Cash	929,509,835	9.3	0.3 (1)	0.5 (1)	0.9 (1)	0.5 (1)	0.4 (1)	0.8 (4)
FRS Money Market Fund	929,509,835	9.3	0.3 (1)	0.5 (1)	0.9 (1)	0.5 (1)	0.4 (1)	0.8 (4)
iMoneyNet 1st Tier Institutional Net Index			0.2 (20)	0.4 (15)	0.5 (20)	0.2 (18)	0.2 (19)	0.7 (10)
<b>Real Assets</b>	<b>90,779,459</b>	<b>0.9</b>						
FRS Real Assets Fund	90,779,459	0.9	0.5	3.3	3.5	-1.4	-0.3	-
FRS Custom Real Assets Index			0.3	2.3	2.6	-0.7	-0.3	-
<b>Fixed Income</b>	<b>666,476,022</b>	<b>6.7</b>	<b>1.6 (1)</b>	<b>2.9 (2)</b>	<b>2.1 (15)</b>	<b>2.9 (1)</b>	<b>2.8 (14)</b>	<b>5.0 (8)</b>
Total Bond Index			1.5 (1)	2.5 (2)	1.5 (30)	2.7 (3)	2.5 (21)	4.5 (15)
FRS U.S. Bond Enhanced Index Fund	243,629,571	2.4	1.5 (34)	2.4 (34)	-0.3 (6)	2.6 (34)	2.3 (17)	4.7 (39)
Bmbg. Barc. U.S. Aggregate			1.4 (34)	2.3 (36)	-0.3 (8)	2.5 (34)	2.2 (18)	4.5 (44)
FIAM Intermediate Duration Pool Fund	107,422,257	1.1	1.0 (17)	1.9 (12)	0.4 (73)	2.2 (7)	2.2 (36)	4.0 (22)
Bmbg. Barc. U.S. Intermediate Aggregate			0.9 (21)	1.6 (34)	-0.2 (90)	2.0 (22)	1.9 (54)	4.0 (22)
FRS Core Plus Fixed Income Fund	315,424,193	3.2	1.9 (26)	3.4 (29)	3.1 (28)	3.1 (34)	3.9 (28)	-
FRS Custom Core-Plus Fixed Income Index			1.6 (59)	2.7 (65)	1.8 (58)	2.8 (47)	3.5 (37)	-
<b>Domestic Equity</b>	<b>2,706,930,699</b>	<b>27.2</b>	<b>2.9 (51)</b>	<b>8.5 (53)</b>	<b>20.1 (31)</b>	<b>9.1 (24)</b>	<b>14.9 (23)</b>	<b>7.9 (19)</b>
Total U.S. Equities Index			2.8 (54)	7.9 (59)	19.1 (43)	8.8 (29)	14.4 (36)	7.2 (32)
FRS U.S. Stock Market Index Fund	914,894,421	9.2	3.1 (56)	9.0 (56)	18.7 (48)	9.2 (36)	14.7 (31)	7.4 (33)
Russell 3000 Index			3.0 (58)	8.9 (56)	18.5 (48)	9.1 (38)	14.6 (33)	7.3 (35)
FRS U.S. Large Cap Equity Fund	912,082,235	9.2	3.9 (29)	10.2 (34)	22.0 (18)	9.3 (31)	15.0 (22)	-
Russell 1000 Index			3.1 (44)	9.3 (42)	18.0 (47)	9.3 (31)	14.7 (29)	-
FRS U.S. Small/Mid Cap Equity Fund	879,954,043	8.8	1.9 (55)	6.2 (51)	21.8 (31)	8.8 (25)	15.4 (13)	-
FRS Custom Small/Mid Cap Index			2.1 (50)	6.0 (52)	19.8 (45)	7.2 (42)	11.4 (87)	-



As of June 30, 2017

**Asset Allocation & Performance**

	Allocation		Performance(%)					
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
<b>International/Global Equity</b>	<b>729,141,031</b>	<b>7.3</b>	<b>6.2 (53)</b>	<b>15.2 (56)</b>	<b>21.0 (43)</b>	<b>2.6 (37)</b>	<b>9.4 (29)</b>	<b>2.8 (27)</b>
Total Foreign and Global Equities Index			5.6 (66)	13.9 (72)	20.2 (48)	1.7 (49)	8.6 (39)	1.5 (50)
FRS Foreign Stock Index Fund	291,799,988	2.9	6.0 (59)	14.7 (63)	20.8 (45)	1.4 (53)	8.8 (38)	1.5 (50)
MSCI All Country World ex-U.S. IMI Index			5.8 (61)	14.3 (67)	20.4 (47)	1.1 (58)	8.4 (42)	1.1 (60)
American Funds New Perspective Fund	265,792,888	2.7	6.9 (20)	17.1 (14)	21.6 (25)	8.1 (12)	13.0 (22)	6.7 (17)
MSCI All Country World Index Net			4.3 (56)	11.5 (49)	18.8 (44)	4.8 (48)	10.5 (53)	3.6 (56)
American Funds Euro-Pacific Growth Fund	171,548,155	1.7	7.7 (5)	17.8 (9)	22.2 (33)	3.7 (3)	9.6 (10)	3.5 (3)
MSCI All Country World ex-U.S. Index			5.8 (58)	14.1 (50)	20.6 (36)	1.2 (35)	7.6 (64)	0.9 (43)
<b>FRS Self-Dir Brokerage Acct</b>	<b>511,788,891</b>	<b>5.1</b>						

The returns for the Retirement Date Funds, Real Assets Fund, Core Plus Fixed Income Fund, U.S. Large Cap Equity Fund, and U.S. Small/Mid Cap Equity Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.

Note: The SDBA opened for members on 1/2/14. No performance calculations will be made for the SDBA.



As of June 30, 2017

**Asset Allocation & Performance**

	Performance(%)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	
<b>FRS Investment Plan</b>	<b>8.0</b>	<b>-0.9</b>	<b>4.9</b>	<b>15.2</b>	<b>10.5</b>	<b>0.7</b>	<b>10.6</b>	<b>18.4</b>	<b>-23.2</b>	
Total Plan Aggregate Benchmark	8.5	-1.3	4.9	14.6	9.7	0.9	10.2	16.8	-23.4	
<b>Retirement Date</b>										
FRS Retirement Fund	6.2 (48)	-2.6 (100)	4.4 (83)	3.5 (96)	10.7 (56)	3.4 (9)	11.5 (52)	20.0 (82)	-	
Retirement Custom Index	6.2 (48)	-1.8 (95)	3.6 (90)	3.4 (96)	8.5 (74)	5.0 (1)	9.9 (80)	19.1 (84)	-	
FRS 2015 Retirement Date Fund	6.7 (43)	-2.5 (98)	4.4 (78)	5.5 (89)	11.3 (43)	2.1 (20)	11.5 (62)	21.8 (67)	-	
2015 Retirement Custom Index	6.5 (50)	-1.8 (92)	3.7 (92)	5.7 (88)	9.6 (88)	3.2 (1)	10.4 (85)	22.2 (65)	-	
FRS 2020 Retirement Date Fund	7.4 (19)	-2.1 (92)	4.4 (79)	9.6 (75)	12.4 (38)	0.6 (38)	12.2 (64)	24.5 (55)	-	
2020 Retirement Custom Index	7.1 (31)	-1.6 (82)	3.9 (88)	9.7 (75)	11.0 (74)	1.5 (21)	11.2 (86)	24.2 (58)	-	
FRS 2025 Retirement Date Fund	8.0 (14)	-1.7 (80)	4.5 (86)	13.7 (74)	13.5 (43)	-0.7 (35)	12.5 (88)	26.4 (64)	-	
2025 Retirement Custom Index	7.6 (19)	-1.5 (75)	4.2 (91)	13.8 (74)	12.4 (73)	-0.3 (26)	11.8 (93)	26.3 (65)	-	
FRS 2030 Retirement Date Fund	8.5 (17)	-1.3 (60)	4.5 (83)	18.1 (54)	14.6 (34)	-2.1 (50)	13.0 (86)	29.0 (48)	-	
2030 Retirement Custom Index	8.0 (36)	-1.5 (63)	4.4 (83)	18.2 (52)	13.8 (53)	-2.0 (49)	12.5 (91)	29.2 (47)	-	
FRS 2035 Retirement Date Fund	9.1 (18)	-1.4 (46)	4.4 (84)	22.0 (38)	15.8 (23)	-3.0 (46)	13.7 (80)	29.8 (58)	-	
2035 Retirement Custom Index	8.3 (46)	-1.7 (63)	4.3 (85)	22.0 (38)	15.2 (46)	-3.1 (47)	13.3 (89)	30.1 (57)	-	
FRS 2040 Retirement Date Fund	9.2 (19)	-1.4 (52)	4.4 (83)	22.3 (48)	15.8 (36)	-3.0 (38)	13.7 (79)	29.8 (54)	-	
2040 Retirement Custom Index	8.6 (45)	-1.7 (66)	4.3 (84)	22.4 (48)	15.2 (50)	-3.1 (38)	13.3 (85)	30.1 (53)	-	
FRS 2045 Retirement Date Fund	9.4 (20)	-1.5 (48)	4.4 (82)	22.3 (60)	15.8 (38)	-3.0 (26)	13.7 (86)	29.8 (65)	-	
2045 Retirement Custom Index	8.9 (37)	-1.7 (59)	4.3 (83)	22.4 (60)	15.2 (68)	-3.1 (26)	13.3 (89)	30.1 (63)	-	
FRS 2050 Retirement Date Fund	9.5 (21)	-1.5 (55)	4.4 (82)	22.3 (53)	15.8 (36)	-3.0 (20)	13.7 (84)	29.8 (73)	-	
2050 Retirement Custom Index	8.9 (37)	-1.7 (62)	4.3 (82)	22.4 (53)	15.2 (58)	-3.1 (20)	13.3 (87)	30.1 (70)	-	
FRS 2055 Retirement Date Fund	9.3 (27)	-1.4 (54)	4.4 (80)	22.3 (73)	15.8 (45)	-	-	-	-	
2055 Retirement Custom Index	8.9 (33)	-1.7 (68)	4.3 (80)	22.4 (72)	15.2 (75)	-	-	-	-	





As of June 30, 2017

**Asset Allocation & Performance**

	Performance(%)								
	2016	2015	2014	2013	2012	2011	2010	2009	2008
Cash	0.6 (1)	0.2 (4)	0.1 (1)	0.2 (1)	0.3 (1)	0.2 (1)	0.3 (2)	0.3 (34)	2.4 (41)
FRS Money Market Fund	0.6 (1)	0.2 (4)	0.1 (1)	0.2 (1)	0.3 (1)	0.2 (1)	0.3 (2)	0.3 (34)	2.4 (41)
iMoneyNet 1st Tier Institutional Net Index	0.3 (24)	0.0 (26)	0.0 (23)	0.0 (23)	0.1 (23)	0.1 (23)	0.2 (7)	0.7 (3)	3.0 (5)
<b>Real Assets</b>									
FRS Real Assets Fund	6.0	-7.9	3.2	-9.1	9.1	7.4	11.7	16.0	-
FRS Custom Real Assets Index	6.2	-5.0	1.8	-8.9	6.6	4.6	13.0	17.2	-
<b>Fixed Income</b>									
Total Bond Index	4.3 (11)	0.1 (84)	4.9 (2)	-1.2 (88)	4.8 (62)	7.4 (1)	7.0 (35)	8.9 (78)	1.9 (49)
FRS U.S. Bond Enhanced Index Fund	2.7 (3)	0.7 (33)	6.2 (35)	-2.0 (16)	4.4 (14)	7.9 (67)	6.7 (48)	6.5 (6)	5.9 (87)
Blmbg. Barc. U.S. Aggregate	2.6 (3)	0.5 (43)	6.0 (36)	-2.0 (17)	4.2 (15)	7.8 (67)	6.5 (49)	5.9 (7)	5.2 (89)
FIAM Intermediate Duration Pool Fund	3.1 (31)	0.9 (30)	3.4 (20)	-0.5 (63)	4.9 (59)	5.9 (12)	7.0 (35)	11.9 (54)	-1.7 (56)
Blmbg. Barc. U.S. Intermediate Aggregate	2.0 (69)	1.2 (16)	4.1 (6)	-1.0 (83)	3.6 (79)	6.0 (11)	6.1 (48)	6.5 (86)	4.9 (11)
FRS Core Plus Fixed Income Fund	5.7 (27)	0.1 (46)	4.6 (88)	0.8 (20)	11.1 (16)	4.6 (88)	10.1 (28)	21.6 (20)	-
FRS Custom Core-Plus Fixed Income Index	4.9 (40)	0.2 (41)	5.1 (80)	0.8 (20)	7.8 (51)	7.6 (32)	9.1 (42)	18.7 (31)	-
<b>Domestic Equity</b>									
Total U.S. Equities Index	13.7 (27)	0.7 (32)	11.5 (43)	35.2 (44)	16.9 (34)	0.3 (37)	20.4 (24)	30.9 (51)	-36.5 (33)
FRS U.S. Stock Market Index Fund	14.9 (21)	-0.5 (43)	11.1 (47)	34.0 (55)	16.5 (37)	-0.1 (40)	19.3 (30)	28.4 (64)	-36.5 (33)
Russell 3000 Index	12.7 (27)	0.5 (51)	12.6 (34)	33.6 (40)	16.4 (40)	1.0 (39)	16.9 (19)	28.3 (52)	-37.3 (51)
FRS U.S. Large Cap Equity Fund	9.3 (58)	2.7 (30)	12.8 (42)	36.4 (22)	17.2 (24)	1.2 (45)	17.8 (19)	30.5 (36)	-
Russell 1000 Index	12.1 (33)	0.9 (43)	13.2 (33)	33.1 (47)	16.4 (31)	1.5 (41)	16.1 (31)	28.4 (43)	-
FRS U.S. Small/Mid Cap Equity Fund	19.9 (24)	-1.1 (37)	8.6 (28)	37.1 (46)	18.7 (26)	-0.9 (37)	29.6 (25)	37.0 (41)	-
FRS Custom Small/Mid Cap Index	19.6 (25)	-4.2 (72)	7.7 (34)	22.0 (98)	15.3 (53)	1.1 (23)	21.3 (86)	26.4 (86)	-

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As of June 30, 2017

**Asset Allocation & Performance**

	Performance(%)								
	2016	2015	2014	2013	2012	2011	2010	2009	2008
International/Global Equity	4.5 (42)	-2.6 (48)	-3.2 (42)	21.6 (33)	18.6 (53)	-11.3 (23)	10.1 (73)	34.8 (62)	-40.9 (20)
Total Foreign and Global Equities Index	4.9 (38)	-4.4 (55)	-3.0 (40)	20.6 (39)	16.6 (72)	-11.3 (23)	10.1 (73)	32.4 (69)	-42.8 (30)
FRS Foreign Stock Index Fund	5.3 (37)	-4.4 (55)	-4.5 (54)	20.5 (39)	17.6 (63)	-11.8 (27)	9.2 (77)	32.3 (69)	-42.5 (28)
MSCI All Country World ex-U.S. IMI Index	4.4 (42)	-4.6 (55)	-4.2 (51)	21.0 (36)	16.4 (72)	-12.2 (30)	8.9 (78)	33.7 (66)	-43.6 (35)
American Funds New Perspective Fund	2.2 (80)	5.6 (13)	3.7 (43)	27.1 (41)	21.0 (15)	-7.4 (45)	13.0 (56)	37.7 (43)	-37.7 (30)
MSCI All Country World Index Net	7.9 (45)	-2.4 (54)	4.2 (39)	22.8 (60)	16.3 (38)	-5.5 (35)	11.8 (61)	30.0 (65)	-40.7 (43)
American Funds Euro-Pacific Growth Fund	1.0 (64)	-0.5 (23)	-2.3 (14)	20.6 (51)	19.6 (30)	-13.3 (57)	9.8 (22)	39.6 (6)	-40.3 (21)
MSCI All Country World ex-U.S. Index	5.0 (17)	-5.3 (76)	-3.4 (17)	15.8 (73)	17.4 (64)	-13.3 (59)	11.6 (14)	32.5 (38)	-43.1 (57)
FRS Self-Dir Brokerage Acct									

The returns for the Retirement Date Funds, Real Assets Fund, Core Plus Fixed Income Fund, U.S. Large Cap Equity Fund, and U.S. Small/Mid Cap Equity Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.  
 Note: The SDBA opened for members on 1/2/14. No performance calculations will be made for the SDBA.

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## FRS Investment Plan

As of June 30, 2017

## Asset Allocation

Asset Allocation as of 6/30/2017								
	U.S. Equity	Non-U.S. Equity	U.S. Fixed Income	Real Assets	Cash	Brokerage	Total	% of Total
FRS Retirement Fund	60,356,303	55,743,082	139,165,488	129,170,176			384,435,049	3.9%
FRS 2015 Retirement Date Fund	62,349,920	57,527,274	117,465,870	107,131,630			344,474,693	3.5%
FRS 2020 Retirement Date Fund	141,769,330	131,224,504	187,463,577	125,366,267			585,823,677	5.9%
FRS 2025 Retirement Date Fund	194,948,318	179,352,453	187,800,213	87,726,743			649,827,728	6.5%
FRS 2030 Retirement Date Fund	201,871,757	186,209,293	144,442,723	47,567,483			580,091,255	5.8%
FRS 2035 Retirement Date Fund	208,595,539	192,549,729	110,181,234	23,533,856			534,860,357	5.4%
FRS 2040 Retirement Date Fund	199,733,304	184,765,000	72,970,481	10,290,709			467,759,493	4.7%
FRS 2045 Retirement Date Fund	199,330,425	183,687,903	53,631,505	10,279,372			446,929,205	4.5%
FRS 2050 Retirement Date Fund	108,811,370	100,272,361	29,276,602	5,611,349			243,971,681	2.4%
FRS 2055 Retirement Date Fund	42,102,343	38,798,347	11,327,985	2,171,197			94,399,871	0.9%
<b>Total Retirement Date Funds</b>	<b>\$ 1,419,868,608</b>	<b>\$ 1,310,129,945</b>	<b>\$ 1,053,725,676</b>	<b>\$ 548,848,781</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,332,573,010</b>	<b>43.5%</b>
FRS Money Market Fund					929,509,835		929,509,835	9.3%
<b>Total Cash</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 929,509,835</b>	<b>\$ -</b>	<b>\$ 929,509,835</b>	<b>9.3%</b>
FRS Real Assets Fund				90,779,459			90,779,459	0.9%
<b>Total Real Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 90,779,459</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 90,779,459</b>	<b>0.9%</b>
FRS U.S. Bond Enhanced Index Fund			243,629,571				243,629,571	2.4%
FIAM Intermediate Duration Pool Fund			107,422,257				107,422,257	1.1%
FRS Core Plus Fixed Income Fund			315,424,193				315,424,193	3.2%
<b>Total Fixed Income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 666,476,022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 666,476,022</b>	<b>6.7%</b>
FRS U.S. Stock Market Index Fund	914,894,421						914,894,421	9.2%
FRS U.S. Large Cap Equity Fund	912,082,235						912,082,235	9.2%
FRS U.S. Small/Mid Cap Equity Fund	879,954,043						879,954,043	8.8%
<b>Total Domestic Equity</b>	<b>\$ 2,706,930,698</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,706,930,698</b>	<b>27.2%</b>
FRS Foreign Stock Index Fund		291,799,988					291,799,988	2.9%
American Funds New Perspective Fund		265,792,888					265,792,888	2.7%
American Funds Euro-Pacific Growth Fund		171,548,155					171,548,155	1.7%
<b>Total International/Global Equity</b>	<b>\$ -</b>	<b>\$ 729,141,031</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 729,141,031</b>	<b>7.3%</b>
FRS Self-Dir Brokerage Acct						511,788,891	511,788,891	5.1%
<b>Total Self-Dir Brokerage Acct</b>						<b>\$ 511,788,891</b>	<b>\$ 511,788,891</b>	<b>5.1%</b>
<b>Total Portfolio</b>	<b>\$ 4,126,799,306</b>	<b>\$ 2,039,270,975</b>	<b>\$ 1,720,201,698</b>	<b>\$ 639,628,240</b>	<b>\$ 929,509,835</b>	<b>\$ 511,788,891</b>	<b>\$ 9,967,498,945</b>	<b>100.0%</b>
<b>Percent of Total</b>	<b>41.40%</b>	<b>20.46%</b>	<b>17.26%</b>	<b>6.42%</b>	<b>9.33%</b>	<b>5.13%</b>	<b>100.0%</b>	

The returns for the Retirement Date Funds, Real Assets Fund, Core Plus Fixed Income Fund, U.S. Large Cap Equity Fund, and U.S. Small/Mid Cap Equity Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.

Note: The SDBA opened for members on 1/2/14. No performance calculations will be made for the SDBA.



As of June 30, 2017

## Multi Timeperiod Statistics

	3 Years Return	3 Years Standard Deviation	3 Years Sharpe Ratio	3 Years Tracking Error	3 Years Information Ratio	3 Years Up Market Capture	3 Years Down Market Capture
FRS Investment Plan	4.85	7.18	0.66	0.46	0.49	101.81	99.83
FRS Retirement Fund	2.30	4.96	0.44	0.53	-0.44	100.66	105.31
FRS 2015 Retirement Date Fund	2.72	5.38	0.48	0.51	-0.19	101.30	103.68
FRS 2020 Retirement Date Fund	3.47	6.18	0.55	0.45	0.02	101.89	102.80
FRS 2025 Retirement Date Fund	4.20	6.93	0.60	0.47	0.34	100.64	98.78
FRS 2030 Retirement Date Fund	4.76	7.73	0.61	0.48	0.51	101.41	99.15
FRS 2035 Retirement Date Fund	5.11	8.67	0.59	0.53	0.82	102.82	99.47
FRS 2040 Retirement Date Fund	5.24	9.04	0.59	0.55	0.57	101.28	98.64
FRS 2045 Retirement Date Fund	5.38	9.16	0.59	0.65	0.40	100.08	97.42
FRS 2050 Retirement Date Fund	5.39	9.18	0.59	0.64	0.44	100.34	97.65
FRS 2055 Retirement Date Fund	5.38	9.17	0.59	0.63	0.41	100.19	97.59
FRS Money Market Fund	0.47	0.10	4.60	0.03	7.91	195.00	N/A
FRS Real Assets Fund	-1.41	6.19	-0.24	1.81	-0.38	110.80	118.97
FRS U.S. Bond Enhanced Index Fund	2.60	2.90	0.82	0.09	1.27	101.58	98.63
FIAM Intermediate Duration Pool Fund	2.21	2.22	0.90	0.61	0.33	110.39	110.90
FRS Core Plus Fixed Income Fund	3.12	3.17	0.92	0.69	0.49	113.42	114.82
FRS U.S. Stock Market Index Fund	9.23	10.63	0.86	0.05	2.48	100.42	99.59
FRS U.S. Large Cap Equity Fund	9.27	11.64	0.80	2.43	0.06	107.91	114.57
FRS U.S. Small/Mid Cap Equity Fund	8.76	12.99	0.69	1.63	0.86	100.05	90.23
FRS Foreign Stock Index Fund	1.42	12.06	0.16	1.49	0.17	97.55	95.68
American Funds New Perspective Fund	8.13	10.77	0.76	2.96	1.05	110.09	87.34
American Funds Euro-Pacific Growth Fund	3.71	11.13	0.36	4.13	0.57	93.60	77.97

The returns for the Retirement Date Funds, Real Assets Fund, Core Plus Fixed Income Fund, U.S. Large Cap Equity Fund, and U.S. Small/Mid Cap Equity Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.



As of June 30, 2017

Multi Timeperiod Statistics

	5 Years Return	5 Years Standard Deviation	5 Years Sharpe Ratio	5 Years Tracking Error	5 Years Information Ratio	5 Years Up Market Capture	5 Years Down Market Capture
FRS Investment Plan	7.95	6.40	1.21	0.42	0.72	101.83	98.79
FRS Retirement Fund	4.39	4.82	0.88	1.32	0.09	107.01	111.43
FRS 2015 Retirement Date Fund	5.12	5.12	0.97	1.11	0.11	105.18	108.45
FRS 2020 Retirement Date Fund	6.55	5.80	1.10	0.81	0.24	104.51	106.47
FRS 2025 Retirement Date Fund	7.92	6.47	1.19	0.56	0.42	102.48	101.64
FRS 2030 Retirement Date Fund	9.26	7.23	1.24	0.43	0.61	101.65	99.69
FRS 2035 Retirement Date Fund	10.41	8.15	1.24	0.48	0.73	101.90	99.48
FRS 2040 Retirement Date Fund	10.57	8.41	1.22	0.50	0.56	101.13	98.82
FRS 2045 Retirement Date Fund	10.66	8.48	1.22	0.56	0.44	100.51	97.85
FRS 2050 Retirement Date Fund	10.67	8.50	1.22	0.55	0.46	100.65	98.03
FRS 2055 Retirement Date Fund	10.66	8.49	1.22	0.55	0.45	100.57	97.98
FRS Money Market Fund	0.38	0.08	4.59	0.02	8.65	234.36	N/A
FRS Real Assets Fund	-0.35	6.13	-0.05	1.68	-0.03	112.12	112.69
FRS U.S. Bond Enhanced Index Fund	2.33	2.88	0.75	0.11	1.07	102.25	99.83
FIAM Intermediate Duration Pool Fund	2.22	2.22	0.93	0.57	0.60	112.07	105.94
FRS Core Plus Fixed Income Fund	3.91	3.27	1.14	0.76	0.54	114.86	119.05
FRS U.S. Stock Market Index Fund	14.68	9.81	1.43	0.05	1.67	100.29	99.72
FRS U.S. Large Cap Equity Fund	15.01	10.76	1.34	2.73	0.15	105.12	109.44
FRS U.S. Small/Mid Cap Equity Fund	15.44	11.91	1.26	2.46	1.48	114.66	95.45
FRS Foreign Stock Index Fund	8.76	11.39	0.78	1.36	0.20	99.24	96.41
American Funds New Perspective Fund	13.04	10.09	1.25	2.83	0.81	105.56	86.17
American Funds Euro-Pacific Growth Fund	9.61	10.54	0.91	3.62	0.47	95.91	79.09

The returns for the Retirement Date Funds, Real Assets Fund, Core Plus Fixed Income Fund, U.S. Large Cap Equity Fund, and U.S. Small/Mid Cap Equity Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.

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Appendix

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As of June 30, 2017

## Benchmark Descriptions

Retirement Date Benchmarks - A weighted average composite of the underlying components' benchmarks for each fund.

iMoneyNet 1st Tier Institutional Net Index - An index made up of the entire universe of money market mutual funds. The index currently represents over 1,300 funds, or approximately 99 percent of all money fund assets.

FRS Custom Real Assets Index - A monthly weighted composite of underlying indices for each TIPS and Real Assets fund. These indices include Barclays U.S. TIPS Index, MSCI World-AC World Index and the Bloomberg Commodity Total Return Index, NAREIT Developed Index, S&P Global Infrastructure Index, S&P Global Natural Resources Index.

Total Bond Index - A weighted average composite of the underlying benchmarks for each bond fund.

Barclays Aggregate Bond Index - A market value-weighted index consisting of government bonds, SEC-registered corporate bonds and mortgage-related and asset-backed securities with at least one year to maturity and an outstanding par value of \$250 million or greater. This index is a broad measure of the performance of the investment grade U.S. fixed income market.

Barclays Intermediate Aggregate Bond Index - A market value-weighted index consisting of U.S. Treasury securities, corporate bonds and mortgage-related and asset-backed securities with one to ten years to maturity and an outstanding par value of \$250 million or greater.

FRS Custom Core-Plus Fixed Income Index - A monthly rebalanced blend of 80% Barclays U.S. Aggregate Bond Index and 20% Barclays U.S. High Yield Ba/B 1% Issuer Constrained Index.

Total U.S. Equities Index - A weighted average composite of the underlying benchmarks for each domestic equity fund.

Russell 3000 Index - A capitalization-weighted index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This index is a broad measure of the performance of the aggregate domestic equity market.

Russell 1000 Index - An index that measures the performance of the largest 1,000 stocks contained in the Russell 3000 Index.

FRS Custom Small/Mid Cap Index - A monthly rebalanced blend of 25% S&P 400 Index, 30% Russell 2000 Index, 25% Russell 2000 Value Index, and 20% Russell Mid Cap Growth Index.

Total Foreign and Global Equities Index - A weighted average composite of the underlying benchmarks for each foreign and global equity fund.

MSCI All Country World ex-U.S. IMI Index - A capitalization-weighted index of stocks representing 22 developed country stock markets and 23 emerging countries, excluding the U.S. market.

MSCI All Country World Index - A capitalization-weighted index of stocks representing approximately 46 developed and emerging countries, including the U.S. and Canadian markets.

MSCI All Country World ex-U.S. Index - A capitalization-weighted index consisting of 23 developed and 21 emerging countries, but excluding the U.S.

As of June 30, 2017

## Descriptions of Universes

Retirement Date Funds - Target date universes calculated and provided by Lipper.

FRS Money Market Fund - A money market universe calculated and provided by Lipper.

FRS U.S. Bond Enhanced Index Fund - A long-term bond fixed income universe calculated and provided by Lipper.

FIAM Intermediate Duration Pool Fund - A broad intermediate-term fixed income universe calculated and provided by Lipper.

FRS Core Plus Fixed Income Fund - A core plus bond fixed income universe calculated and provided by Lipper.

FRS U.S. Stock Market Index Fund - A large cap blend universe calculated and provided by Lipper.

FRS U.S. Large Cap Equity Fund - A large cap universe calculated and provided by Lipper.

FRS U.S. Small/Mid Cap Equity Fund - A small/mid cap universe calculated and provided by Lipper.

FRS Foreign Stock Index Fund - A foreign blend universe calculated and provided by Lipper.

American Funds New Perspective Fund - A global stock universe calculated and provided by Lipper.

American Funds Euro-Pacific Growth Fund - A foreign large blend universe calculated and provided by Lipper.

## Notes

- The rates of return contained in this report are shown on an after-fees basis unless otherwise noted. They are geometric and time-weighted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.
- Due to rounding throughout the report, percentage totals displayed may not sum to 100%. Additionally, individual fund totals in dollar terms may not sum to the plan total.

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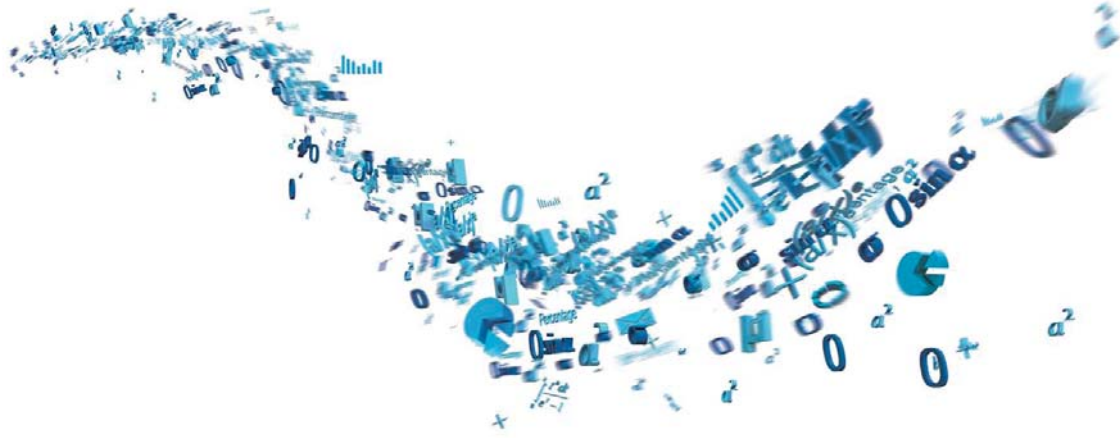
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Lawton Chiles Endowment Fund | Second Quarter 2017

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## Quarterly Investment Review

Visit the Aon Hewitt Retirement and Investment Blog (<http://retirementandinvestmentblog.aon.com>); sharing our best thinking.



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## LCEF Total Fund

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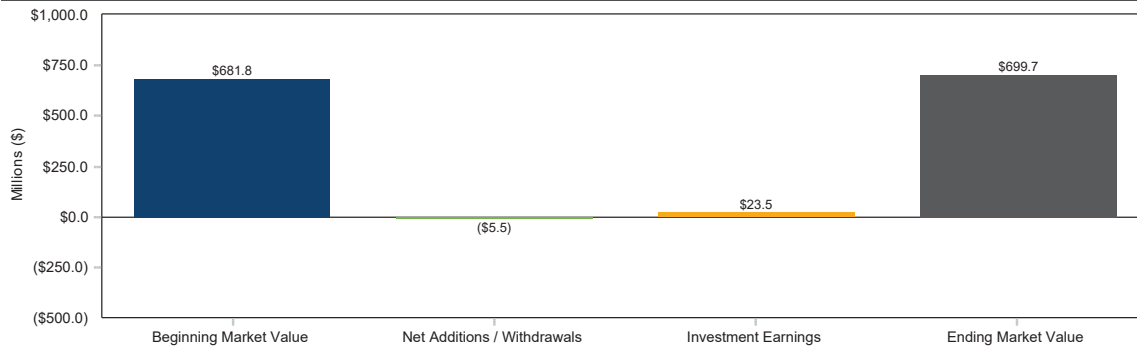


LCEF Total Fund

As of June 30, 2017

### Total Plan Asset Summary

### Change in Market Value From April 1, 2017 to June 30, 2017



### Summary of Cash Flow

	1 Quarter	Fiscal YTD*
LCEF Total Fund		
Beginning Market Value	681,772,109	611,715,263
+ Additions / Withdrawals	-5,544,445	-5,544,445
+ Investment Earnings	23,516,253	93,573,098
= Ending Market Value	699,743,916	699,743,916

\*Period July 2016 - June 2017

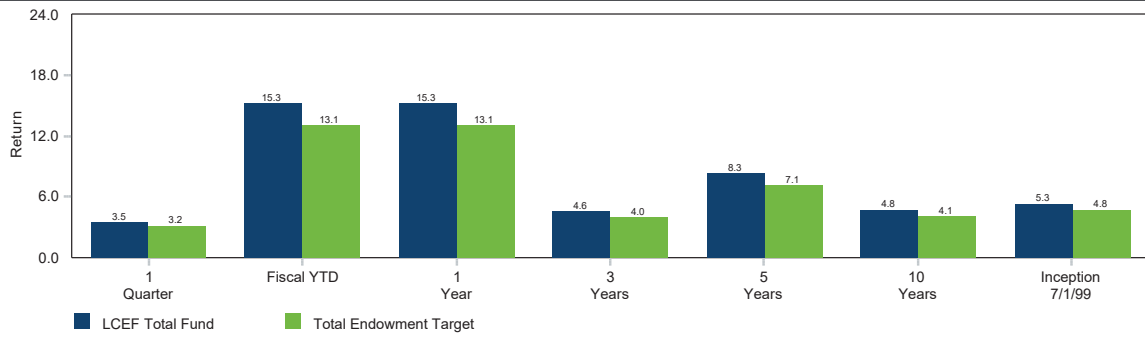
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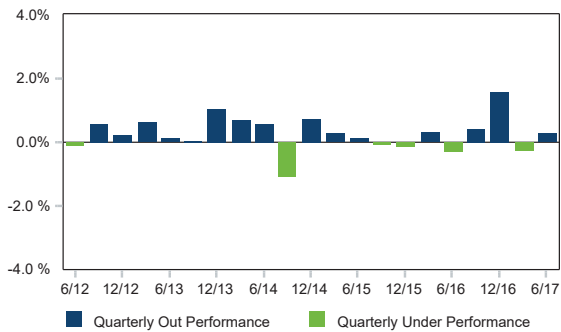


## Total Plan Performance Summary

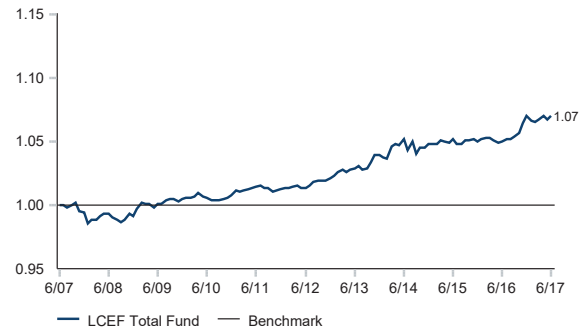
## Return Summary



## Quarterly Excess Performance



## Ratio of Cumulative Wealth - 10 Years



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## Asset Allocation &amp; Performance

	Allocation			Performance(%)					
	Market Value (\$)	%	Policy(%)	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years
LCEF Total Fund	699,743,916	100.0	100.0	3.5 (10)	15.3 (5)	15.3 (5)	4.6 (38)	8.3 (37)	4.8 (40)
Total Endowment Target				3.2 (22)	13.1 (31)	13.1 (31)	4.0 (63)	7.1 (80)	4.1 (72)
Global Equity*	514,981,288	73.6	71.0	4.5	21.7	21.7	5.6	12.5	5.8
Global Equity Target				4.2	19.0	19.0	4.8	10.9	4.9
Fixed Income	107,240,524	15.3	17.0	1.5 (32)	-0.3 (60)	-0.3 (60)	2.6 (27)	2.4 (44)	4.5 (45)
Bimbg. Barc. U.S. Aggregate				1.4 (34)	-0.3 (61)	-0.3 (61)	2.5 (32)	2.2 (51)	4.5 (48)
TIPS	66,657,160	9.5	11.0	-0.3	-0.4	-0.4	0.8	0.4	4.6
Barclays U.S. TIPS				-0.4	-0.6	-0.6	0.6	0.3	4.3
Cash Equivalents	10,864,944	1.6	1.0	0.3	0.9	0.9	0.6	0.5	1.1
S&P US AAA & AA Rated GIP 30D Net Yield Index				0.2	0.6	0.6	0.3	0.2	0.7

Benchmark and universe descriptions are provided in the Appendix.

\*Global Equity became an asset class in September 2012 by merging the Domestic Equities and Foreign Equities asset classes. The return series prior to September 2012 is a weighted average of Domestic Equities' and Foreign Equities' historical performance.

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As of June 30, 2017

Calendar Year Performance

	Performance(%)										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	
<b>LCEF Total Fund</b>	9.2 (5)	-1.4 (44)	5.2 (41)	14.7 (53)	13.2 (23)	1.9 (15)	14.0 (14)	21.2 (48)	-29.2 (75)	6.3 (84)	
Total Endowment Target	7.1 (26)	-1.6 (47)	4.3 (55)	12.8 (78)	12.2 (47)	1.5 (17)	13.7 (18)	19.6 (59)	-28.9 (73)	6.5 (79)	
<b>Global Equity*</b>	11.4	-1.9	5.3	27.1	20.4	-1.1	17.0	30.8	-39.6	6.8	
Global Equity Target	8.4	-2.4	3.9	24.1	19.4	-2.2	16.1	30.5	-39.2	7.2	
<b>Fixed Income</b>	2.7 (60)	0.6 (33)	6.0 (19)	-1.8 (75)	4.6 (82)	7.6 (41)	7.0 (74)	4.6 (96)	5.8 (5)	7.3 (40)	
Bimbg. Barc. U.S. Aggregate	2.6 (60)	0.5 (35)	6.0 (20)	-2.0 (77)	4.2 (88)	7.8 (38)	6.5 (77)	5.9 (87)	5.2 (15)	7.0 (51)	
<b>TIPS</b>	4.8	-1.2	3.5	-8.7	7.2	13.6	6.1	13.3	-2.0	12.4	
Barclays U.S. TIPS	4.7	-1.4	3.6	-8.6	7.0	13.6	6.3	11.4	-2.4	11.6	
<b>Cash Equivalents</b>	0.7	0.5	0.2	0.2	1.3	0.1	2.0	2.6	0.5	5.4	
S&P US AAA & AA Rated GIP 30D Net Yield Index	0.4	0.1	0.0	0.1	0.1	0.2	0.3	0.7	2.3	4.7	

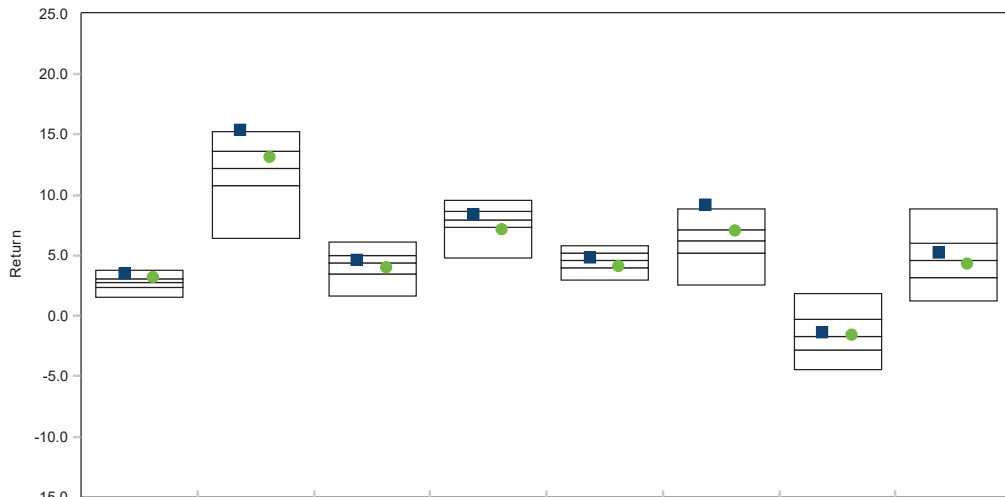
\*Global Equity became an asset class in September 2012 by merging the Domestic Equities and Foreign Equities asset classes. The return series prior to September 2012 is a weighted average of Domestic Equities' and Foreign Equities' historical performance.



As of June 30, 2017

Plan Sponsor Peer Group Analysis

All Endowments-Total Fund

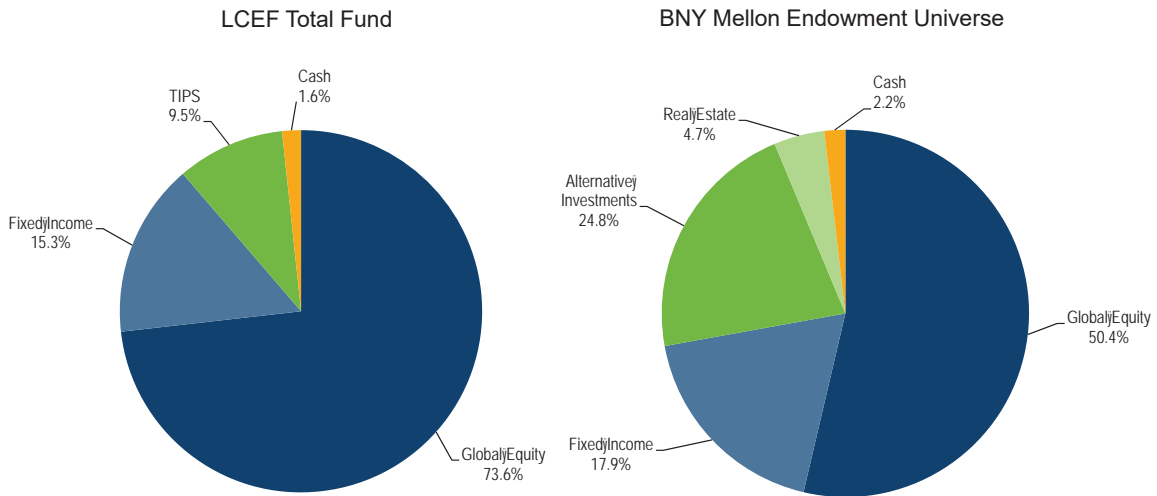


	1 Quarter	1 Year	3 Years	5 Years	10 Years	2016	2015	2014
■ LCEF Total Fund	3.5 (10)	15.3 (5)	4.6 (38)	8.3 (37)	4.8 (40)	9.2 (5)	-1.4 (44)	5.2 (41)
● Total Endowment Target	3.2 (22)	13.1 (31)	4.0 (63)	7.1 (80)	4.1 (72)	7.1 (26)	-1.6 (47)	4.3 (55)
5th Percentile	3.8	15.3	6.1	9.6	5.8	8.9	1.8	8.8
1st Quartile	3.1	13.6	5.0	8.6	5.2	7.1	-0.3	6.0
Median	2.8	12.2	4.4	8.0	4.6	6.2	-1.7	4.6
3rd Quartile	2.4	10.8	3.5	7.4	4.0	5.2	-2.8	3.1
95th Percentile	1.5	6.4	1.6	4.8	3.0	2.6	-4.4	1.2
Population	183	175	165	153	115	322	309	297

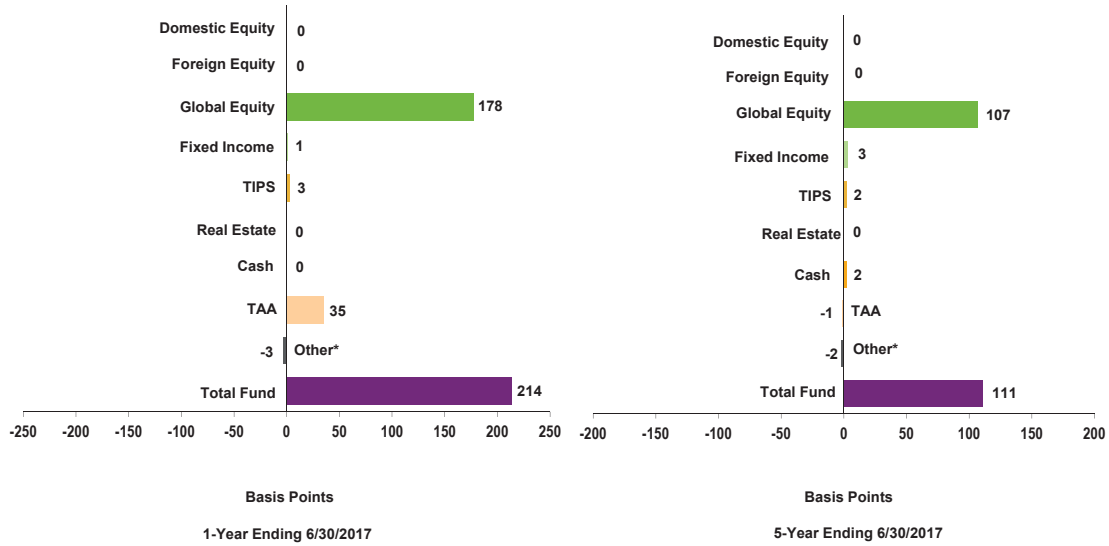
Parentheses contain percentile rankings.



Universe Asset Allocation Comparison



Attribution



\*Other includes differences between official performance value added due to methodology and extraordinary payouts.



## Appendix

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As of June 30, 2017

### Benchmark Descriptions

#### LCEF Total Fund

Total Endowment Target - A weighted blend of the individual asset class target benchmarks.

#### Total Global Equity

MSCI ACWI IMI ex-Tobacco - From 7/1/2014 forward, a custom version of the MSCI ACWI IMI excluding tobacco-related companies. From 10/1/2013 to 6/30/2014, a custom version of the MSCI ACWI IMI adjusted to reflect a 55% fixed weight in the MSCI USA IMI and a 45% fixed weight in the MSCI ACWI ex-USA IMI, and excluding certain equities of tobacco-related companies. From 9/1/2012 to 9/30/2013, a custom version of the MSCI ACWI IMI excluding tobacco-related companies. Prior to 9/1/2012, the benchmark is a weighted average of both the Domestic Equities and Foreign Equities historical benchmarks.

#### Total Domestic Equities

Russell 3000 Index ex-Tobacco - Prior to 9/1/2012, an index that measures the performance of the 3,000 stocks that make up the Russell 1000 and Russell 2000 Indices, while excluding tobacco companies.

#### Total Foreign Equities

MSCI ACWI ex-US IMI ex-Tobacco - Prior to 9/1/2012, a capitalization-weighted index representing 44 countries, but excluding the United States. The index includes 23 developed and 21 emerging market countries, and excludes tobacco companies.

#### Total Fixed Income

Barclays Aggregate Bond Index - A market value-weighted index consisting of the Barclays Credit, Government, and Mortgage-Backed Securities Indices. The index also includes credit card, auto, and home equity loan-backed securities. This index is the broadest available measure of the aggregate investment grade U.S. fixed income market.

#### Total TIPS

Barclays U.S. TIPS - A market value-weighted index consisting of U.S. Treasury Inflation-Protected Securities with one or more years remaining until maturity with total outstanding issue size of \$500 million or more.

#### Total Cash Equivalents

S&P U.S. AAA & AA Rated GIP 30-Day Net Yield Index - An unmanaged, net-of-fees, market index representative of the Local Government Investment Pool. On 10/1/2011, the S&P U.S. AAA & AA Rated GIP 30-Day Net Yield Index replaced the S&P U.S. AAA & AA Rated GIP 30-Day Gross Yield Index, which was previously used from 4/30/08 - 9/30/11. Prior to 4/30/08, it was the average 3-month T-bill rate.

As of June 30, 2017

## Universe Descriptions

### LCEF Total Fund

A universe comprised of 181 total endowment portfolio returns, net of fees, calculated and provided by BNY Mellon Performance & Risk Analytics and Investment Metrics. Aggregate assets in the universe comprised \$232.9 billion as of quarter-end and the average market value was \$1.3 billion.

### Total Fixed Income

A universe comprised of 50 total fixed income portfolio returns, net of fees, of endowment plans calculated and provided by BNY Mellon Performance & Risk Analytics and Investment Metrics. Aggregate assets in the universe comprised \$15.5 billion as of quarter-end and the average market value was \$312.4 million.

As of June 30, 2017

## Explanation of Exhibits

**Quarterly and Cumulative Excess Performance** - The vertical axis, excess return, is a measure of fund performance less the return of the primary benchmark. The horizontal axis represents the time series. The quarterly bars represent the underlying funds' relative performance for the quarter.

**Ratio of Cumulative Wealth Graph** - An illustration of a portfolio's cumulative, un-annualized performance relative to that of its benchmark. An upward-sloping line indicates superior fund performance versus its benchmark. Conversely, a downward-sloping line indicates underperformance by the fund. A flat line is indicative of benchmark-like performance.

**Performance Comparison - Plan Sponsor Peer Group Analysis** - An illustration of the distribution of returns for a particular asset class. The component's return is indicated by the circle and its performance benchmark by the triangle. The top and bottom borders represent the 5th and 95th percentiles, respectively. The solid line indicates the median while the dotted lines represent the 25th and 75th percentiles.

## Notes

- The rates of return contained in this report are shown on an after-fees basis unless otherwise noted. They are geometric and time-weighted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.
- Due to rounding throughout the report, percentage totals displayed may not sum to 100%. Additionally, individual fund totals in dollar terms may not sum to the plan total.

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