



State Board of Administration of Florida

Major Mandate Review Fourth Quarter 2017

Aon Hewitt | Retirement and Investment
Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc., an Aon Company.



Table of Contents

1. Executive Summary
2. Pension Plan Review
3. Investment Plan Review
4. CAT Fund Review
5. Lawton Chiles Endowment Fund Review
6. Florida PRIME Review
7. Appendix

Aon Hewitt | Retirement and Investment
Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc., an Aon Company.



Executive Summary

- The major mandates each produced generally strong returns relative to their respective benchmarks over both short- and long-term time periods ending December 31, 2017.
- The Pension Plan underperformed its Performance Benchmark during the fourth quarter and outperformed 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, Real Estate and Fixed Income.
 - 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 during the fourth quarter and over the trailing one-, three-, five-, and ten-year periods.
- The Lawton Chiles Endowment Fund outperformed its benchmark during the fourth 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 periods.
- Florida PRIME has continued to outperform its benchmark over both short- and long-term time periods.

(This page is left blank intentionally)

Pension Plan: Executive Summary

- The Pension Plan assets totaled \$162.1 billion as of December 31, 2017 which represents a \$4.5 billion increase since last quarter.
- The Pension Plan, when measured against the Performance Benchmark, underperformed its return during the fourth quarter and outperformed 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 ten-year period, and outperformed over the trailing one-, three-, 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.

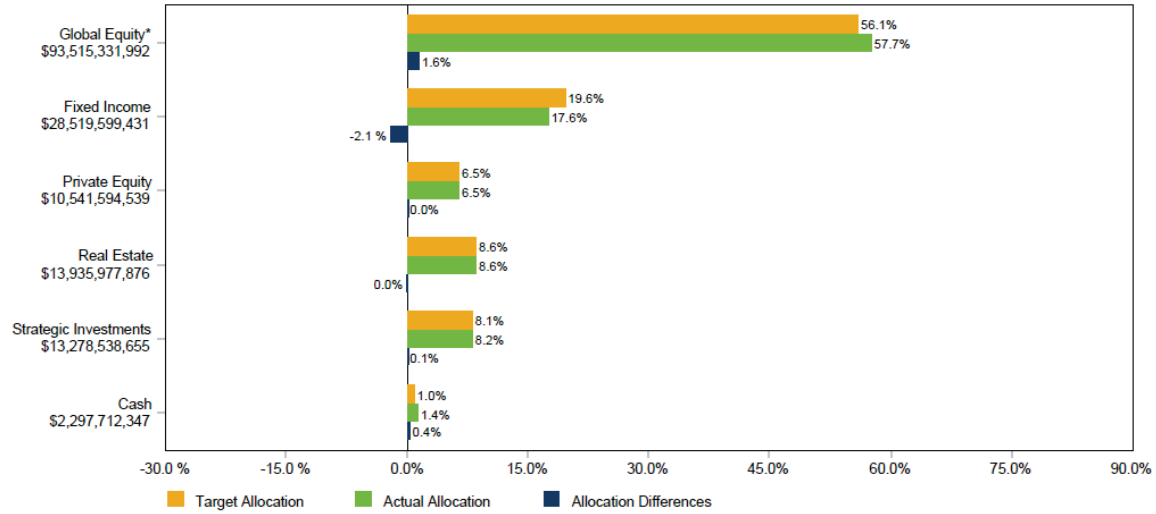
FRS Pension Plan Change in Market Value Periods Ending 12/31/2017

Summary of Cash Flows		
	Fourth Quarter	Fiscal YTD*
Beginning Market Value	\$157,560,572,242	\$153,573,300,933
+/- Net Contributions/(Withdrawals)	\$(1,571,530,167)	\$(3,460,855,710)
Investment Earnings	\$6,099,712,768	\$11,976,309,620
= Ending Market Value	\$162,088,754,843	\$162,088,754,843
Net Change	\$4,528,182,601	\$8,515,453,910

*Period July 2017 – December 2017

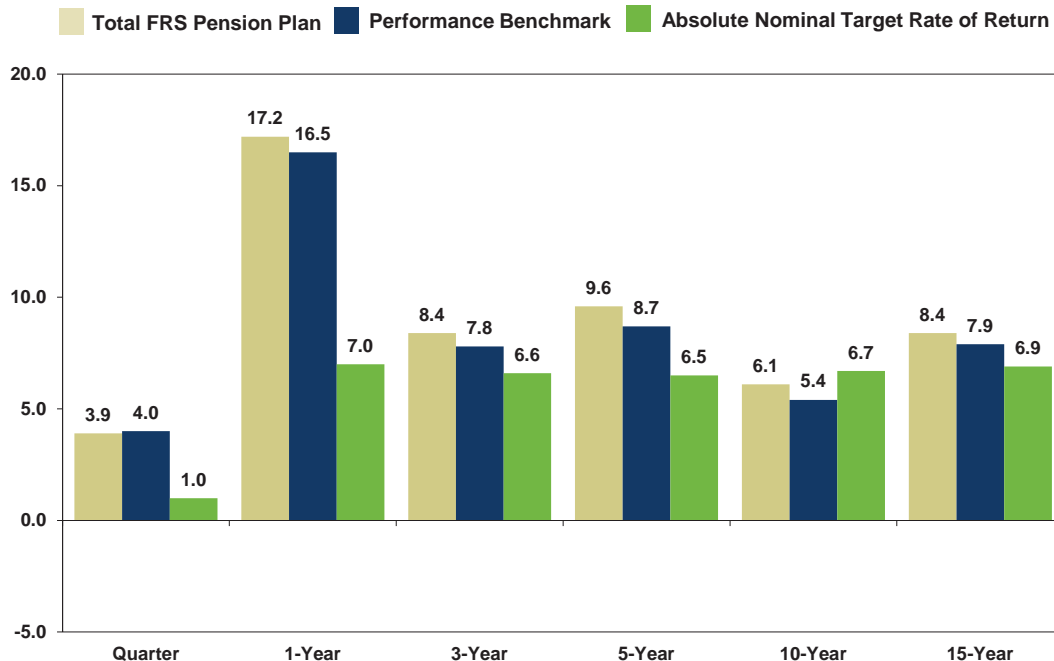
Asset Allocation as of 12/31/2017 Total Fund Assets = \$162.1 Billion

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	162,088,754,841	100.0	100.0		
Global Equity*	93,515,331,992	57.7	56.1	45.0	70.0
Fixed Income	28,519,599,431	17.6	19.6	10.0	26.0
Private Equity	10,541,594,539	6.5	6.5	2.0	9.0
Real Estate	13,935,977,876	8.6	8.6	4.0	16.0
Strategic Investments	13,278,538,655	8.2	8.1	0.0	16.0
Cash	2,297,712,347	1.4	1.0	0.3	5.0



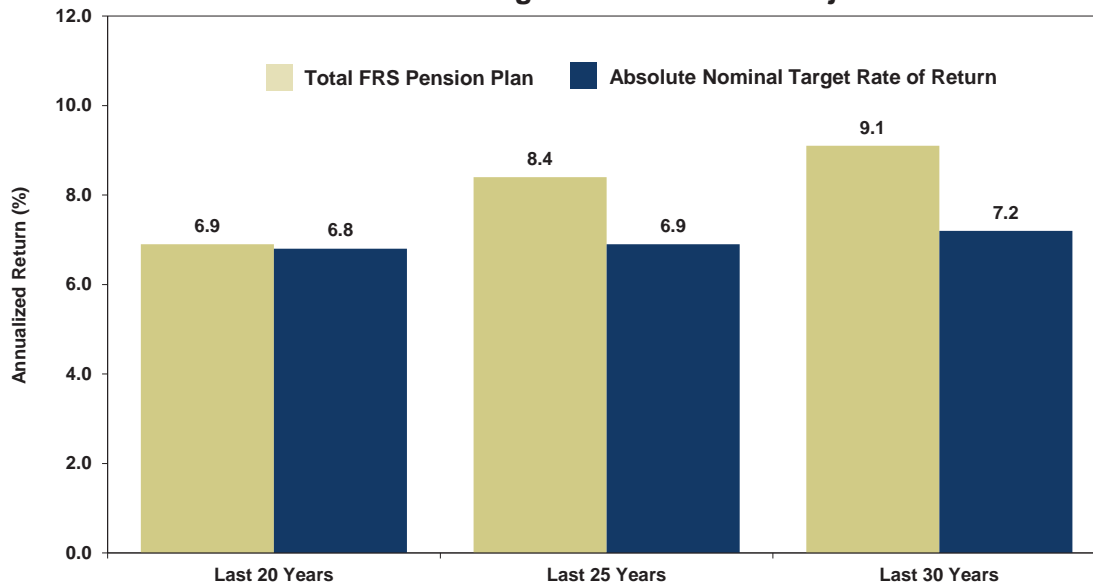
* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.

FRS Pension Plan Investment Results Periods Ending 12/31/2017



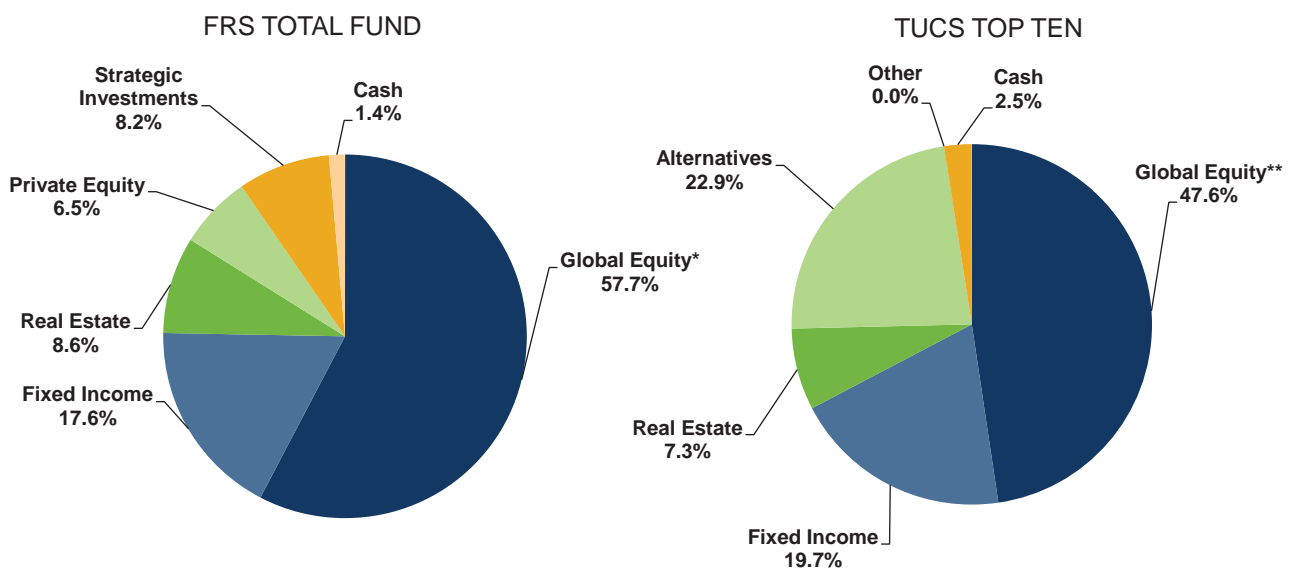
FRS Pension Plan Investment Results Periods Ending 12/31/2017

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



Comparison of Asset Allocation (TUCS Top Ten) As of 12/31/2017

FRS Pension Plan vs. Top Ten Defined Benefit Plans



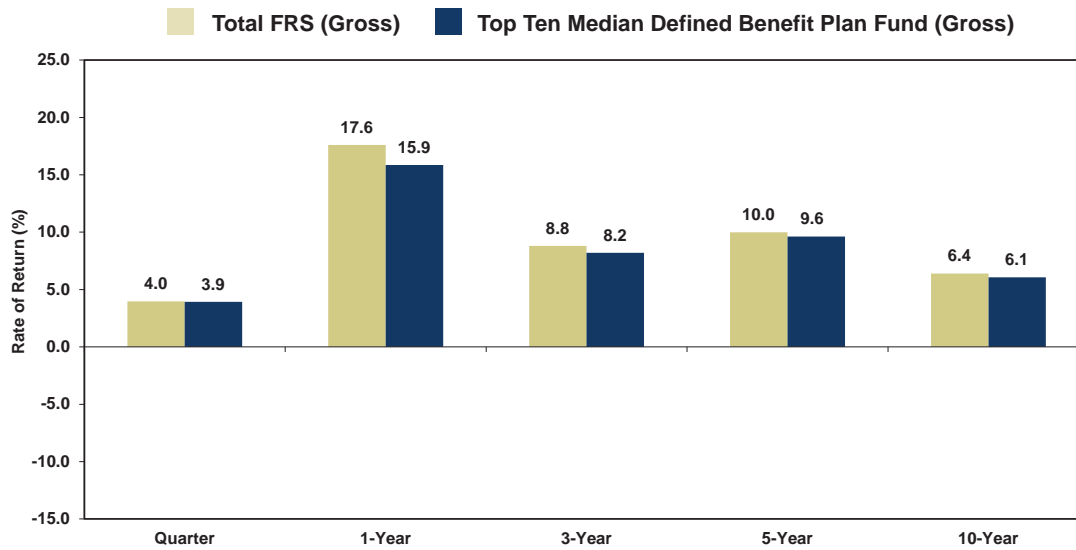
*Global Equity Allocation: 26.3% Domestic Equities; 25.2% Foreign Equities; 5.8% Global Equities; 0.4% Global Equity Liquidity Account. Percentages are of the Total FRS Fund.

**Global Equity Allocation: 29.3% Domestic Equities; 18.3% Foreign Equities.

Note: The TUCS Top Ten Universe includes \$1,532.0 billion in total assets. The median fund size was \$151.3 billion and the average fund size was \$153.2 billion.

Note: Due to rounding, percentage totals displayed may not sum perfectly.

FRS Results Relative to TUCS Top Ten Defined Benefit Plans Periods Ending 12/31/2017



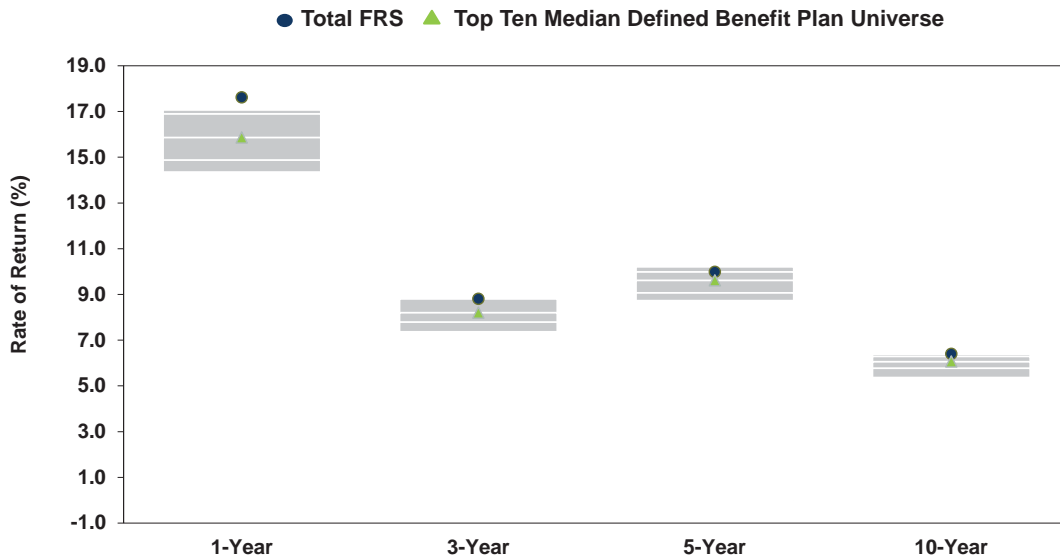
Note: The TUCS Top Ten Universe includes \$1,532.0 billion in total assets. The median fund size was \$151.3 billion and the average fund size was \$153.2 billion.

Aon Hewitt | Retirement and Investment
Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc., an Aon Company.

11



Top Ten Defined Benefit Plans FRS Universe Comparison (TUCS) Periods Ending 12/31/2017



FRS Percentile Ranking

1 25 25 5

Note: The TUCS Top Ten Universe includes \$1,532.0 billion in total assets. The median fund size was \$151.3 billion and the average fund size was \$153.2 billion.

Aon Hewitt | Retirement and Investment
Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc., an Aon Company.

12



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 2016 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 12/31/2017*

	One-Year	Three-Year	Five-Year	Ten-Year
FRS Investment Plan	16.4%	7.6%	8.5%	5.4%
<i>Total Plan Aggregate Benchmark**</i>	15.5%	7.3%	8.2%	5.0%
FRS Investment Plan vs. Total Plan Aggregate Benchmark	0.9	0.3	0.3	0.4

Periods Ending 12/31/2016***

	Five-Year Average Return****	Five-Year Net Value Added	Expense Ratio
FRS Investment Plan	7.2%	0.1%	0.33%*****
<i>Peer Group</i>	8.2	0.2	0.26
FRS Investment Plan vs. Peer Group	-1.0	-0.1	0.07

*Returns shown are net of fees.

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

***Source: 2016 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 2016 Survey that included 145 U.S. defined contribution plans with assets ranging from \$72 million to \$49.6 billion. Peer group for the Expense Ratio represents a custom peer group for FSBA of 17 DC plans including corporate and public plans with assets between \$2.3 - \$15.5 billion.

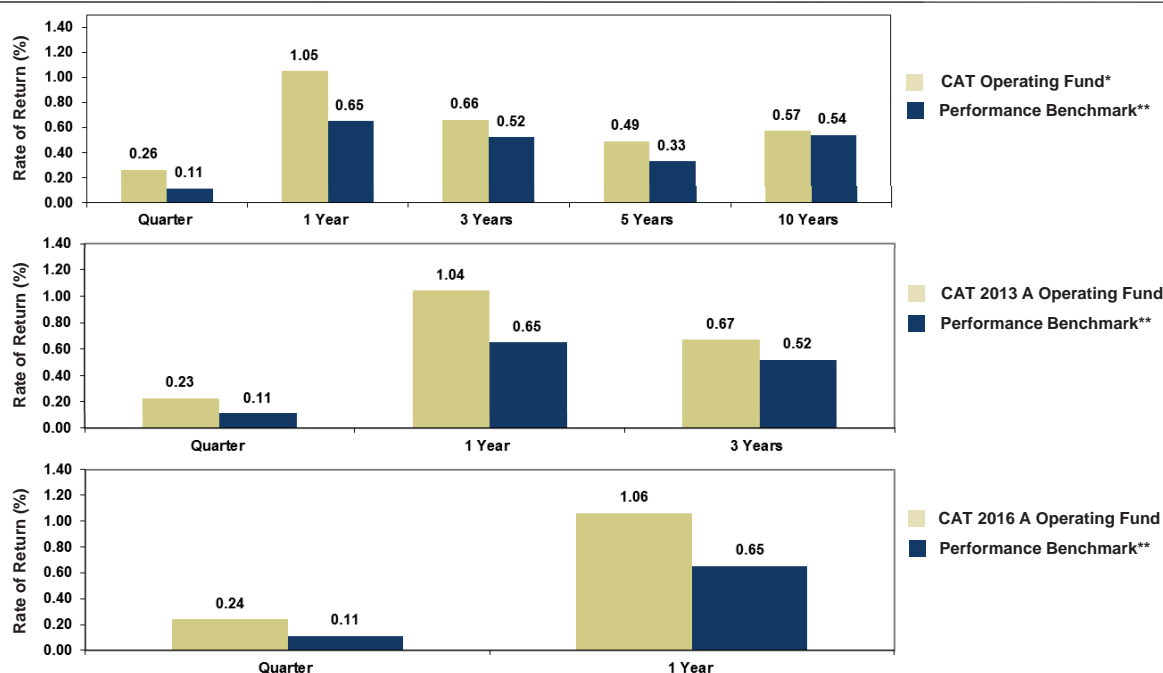
****Returns shown are gross of fees.

*****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 Portfolio Guidelines appropriately constrain 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 Portfolio Guidelines are 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 12/31/2017



*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.

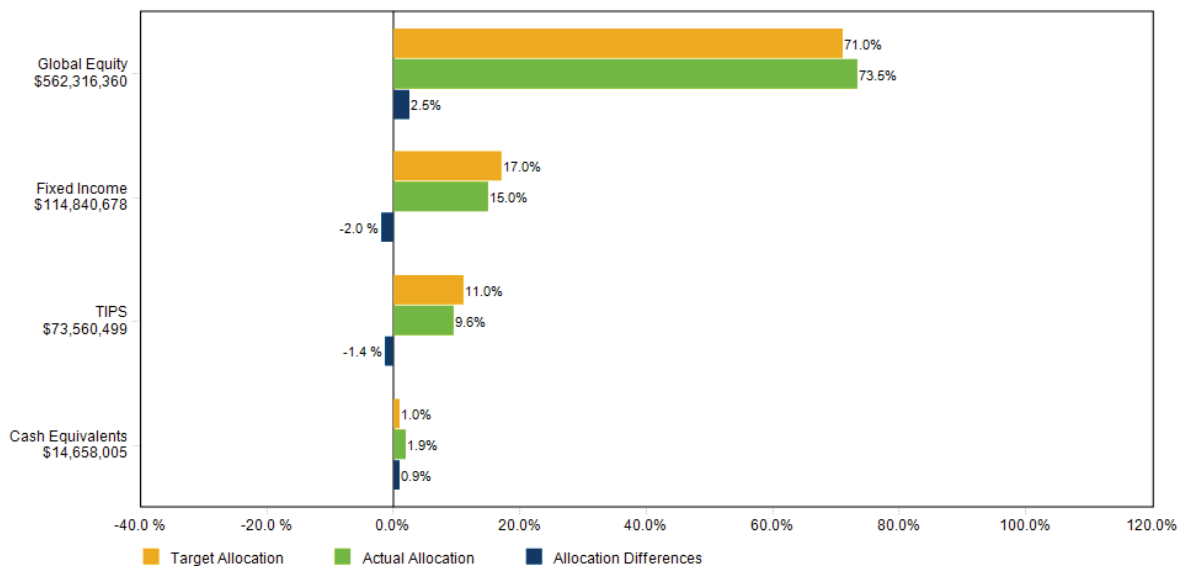
**Performance Benchmark: The CAT Fund was benchmarked to the IBC First Tier through February 2008. From March 2008 to December 2009, it was the Merrill Lynch 1-Month LIBOR. From January 2010 to June 2010, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional 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 \$765.4 million as of December 31, 2017.
- The Endowment's return outperformed its Target over the quarter and the trailing one-, three-, five-, and ten-year time periods.

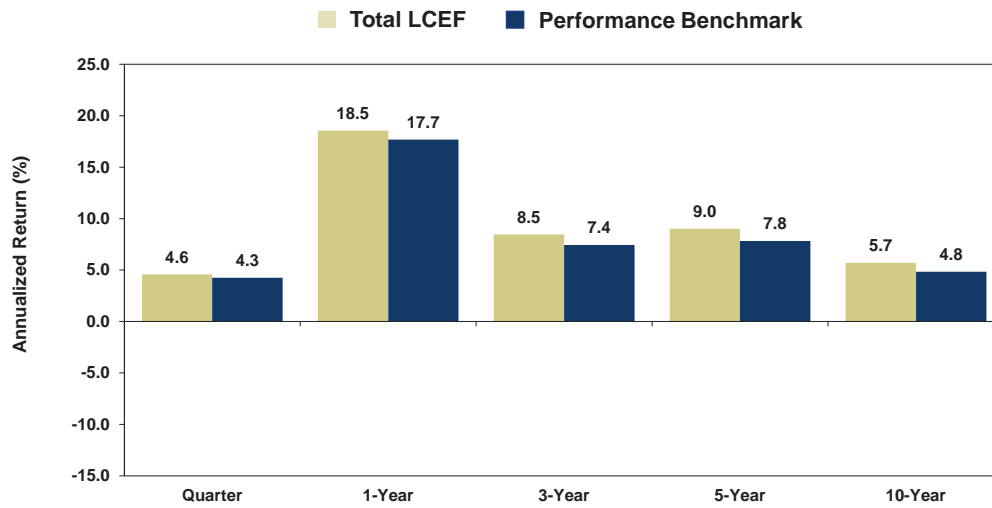
Asset Allocation as of 12/31/2017 Total LCEF Assets = \$765.4 Million

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
LCEF Total Fund	765,375,543	100.0	100.0		
Global Equity	562,316,360	73.5	71.0	61.0	81.0
Fixed Income	114,840,678	15.0	17.0	12.0	22.0
TIPS	73,560,499	9.6	11.0	6.0	16.0
Cash Equivalents	14,658,005	1.9	1.0	0.0	10.0



LCEF Investment Results

Periods Ending 12/31/2017

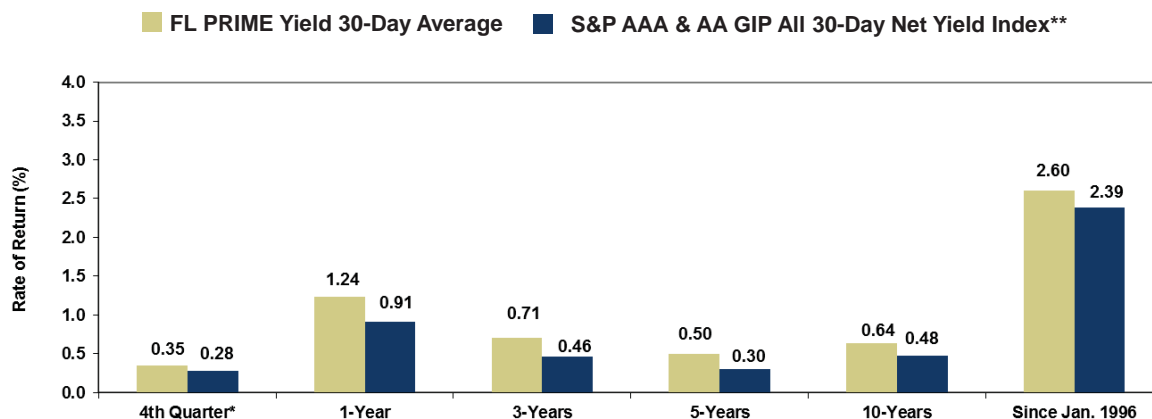


(This page is left blank intentionally)

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 quarter and over the trailing one-, three-, five-, and ten-year time periods.
- As of December 31, 2017, the total market value of Florida PRIME was \$11.4 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.

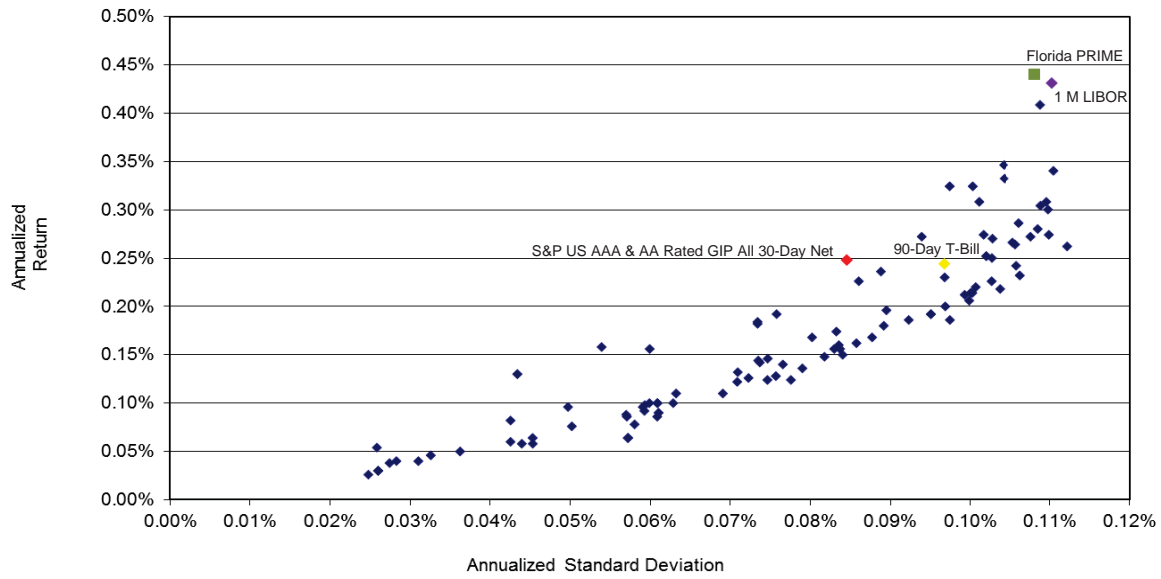
Florida PRIME Investment Results Periods Ending 12/31/2017



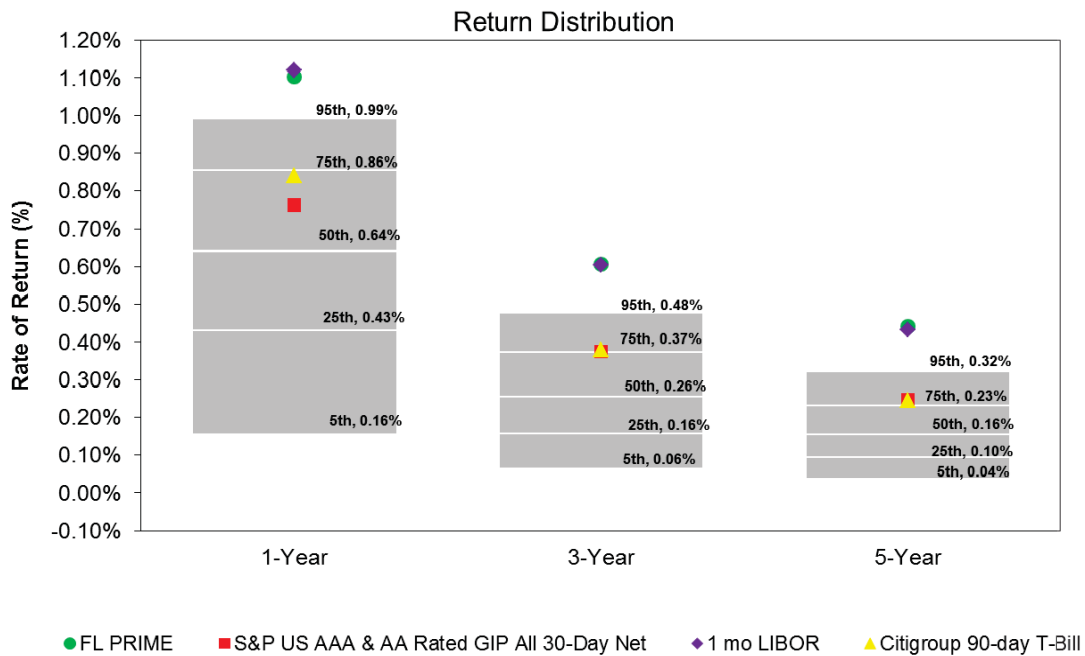
*Returns less than one year are not annualized.

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

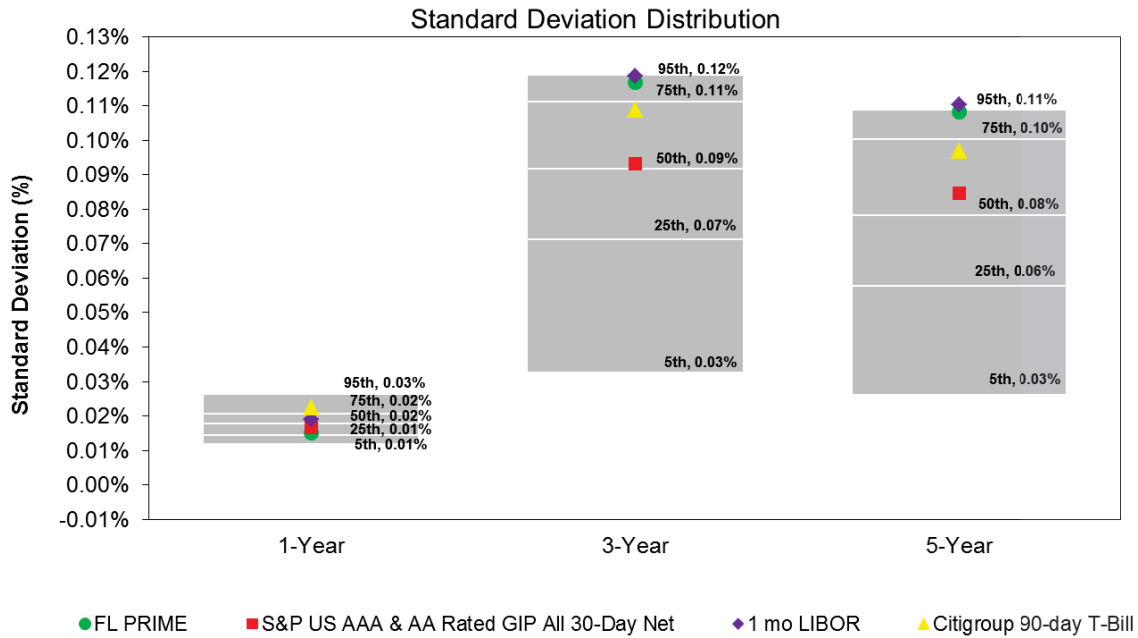
Florida PRIME Risk vs. Return 5 Years Ending 12/31/2017



Return Distribution Periods Ending 12/31/2017



Standard Deviation Distribution Periods Ending 12/31/2017



(This page is left blank intentionally)

Appendix

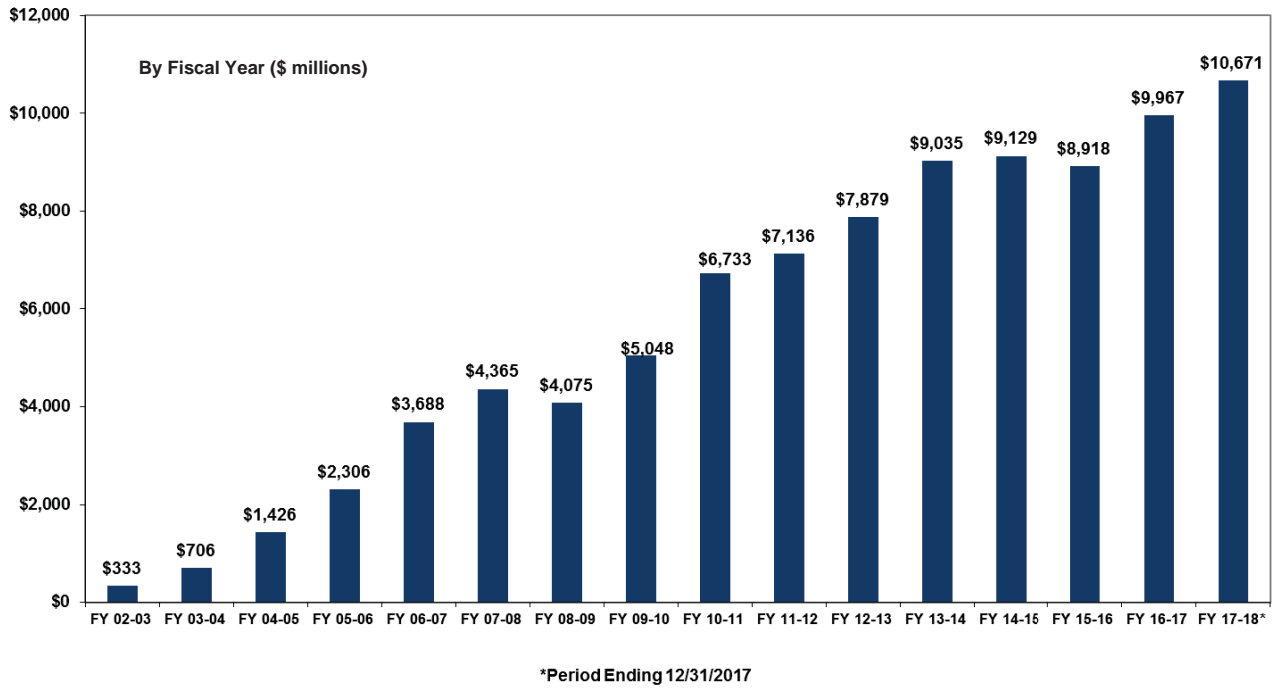
FRS Investment Plan Costs

Investment Category	Investment Plan Fee*	Average Mutual Fund Fee**
Large Cap Equity	0.16%	0.84%
Small-Mid Cap Equity	0.59%	1.03%
International Equity	0.31%	1.05%
Diversified Bonds	0.15%	0.58%
Target Date	0.11%	0.64%
Money Market	0.06%	0.18%

*Average fee of multiple products in category as of 12/31/2017.

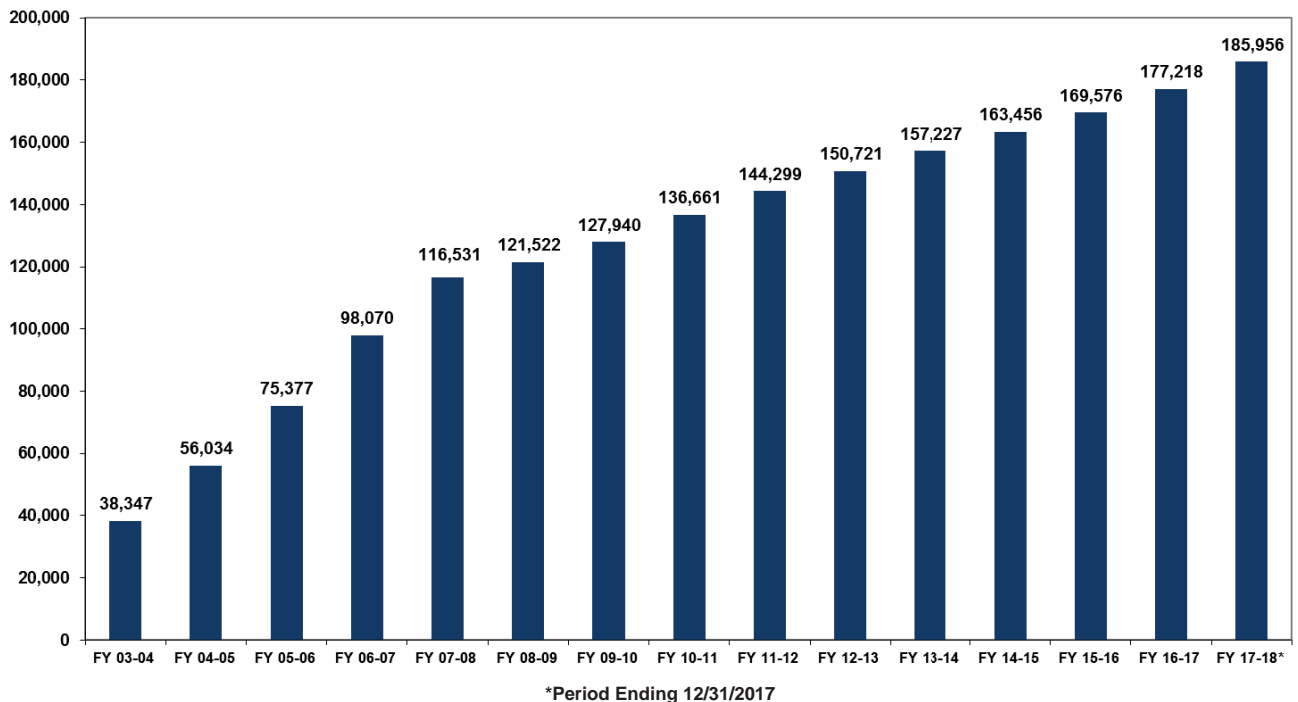
**Source: AHIC's annual mutual fund expense analysis as of 12/31/2016.

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 December 31, 2017, the total value of all FHCF accounts was \$17.6 billion.

CAT Operating Fund Characteristics Period Ending 12/31/2017

Maturity Analysis	
1 to 30 Days	29.18%
31 to 60 Days	18.21
61 to 90 Days	15.51
91 to 120 Days	4.74
121 to 150 Days	4.44
151 to 180 Days	5.42
181 to 270 Days	5.88
271 to 365 Days	5.27
366 to 455 Days	3.03
>= 456 Days	8.32
Total % of Portfolio:	100.00%

Bond Rating Analysis	
AAA	42.48%
AA	20.04
A	37.48
Baa	0.00
Other	0.00
Total % of Portfolio	100.00%

CAT 2013 A Fund Characteristics Period Ending 12/31/2017

Maturity Analysis	
1 to 30 Days	5.42%
31 to 60 Days	15.65
61 to 90 Days	2.32
91 to 120 Days	6.28
121 to 150 Days	1.98
151 to 180 Days	37.77
181 to 270 Days	8.96
271 to 365 Days	7.06
366 to 455 Days	0.60
>= 456 Days	13.96
Total % of Portfolio:	100.00%

Bond Rating Analysis	
AAA	72.03%
AA	16.46
A	11.51
Baa	0.00
Other	0.00
Total % of Portfolio	100.00%

CAT 2016 A Fund Characteristics Period Ending 12/31/2017

Maturity Analysis	
1 to 30 Days	19.13%
31 to 60 Days	14.94
61 to 90 Days	2.07
91 to 120 Days	6.21
121 to 150 Days	2.48
151 to 180 Days	6.23
181 to 270 Days	23.38
271 to 365 Days	7.97
366 to 455 Days	0.74
>= 456 Days	16.85
Total % of Portfolio:	100.00%

Bond Rating Analysis	
AAA	60.49%
AA	23.45
A	16.06
Baa	0.00
Other	0.00
Total % of Portfolio	100.00%

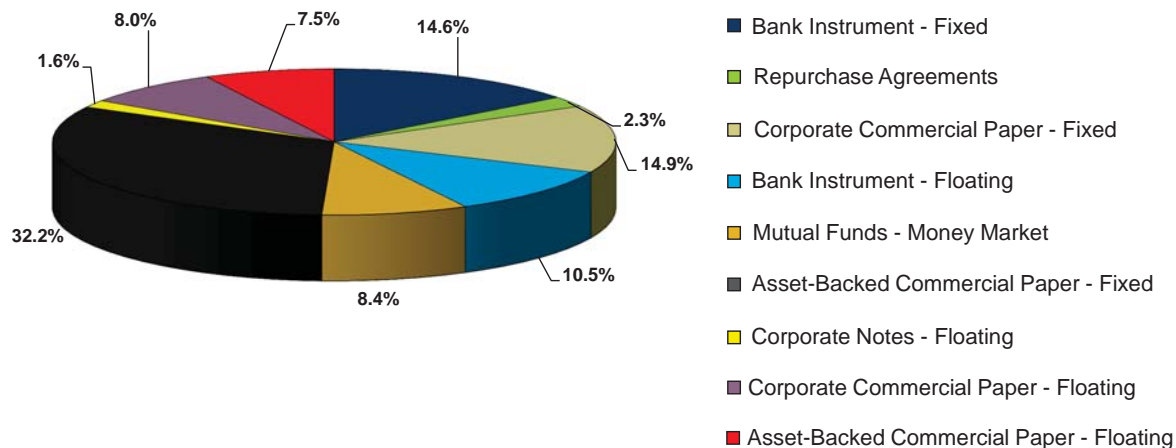
Florida PRIME Characteristics Quarter Ending 12/31/2017

Cash Flows as of 12/31/2017	Fourth Quarter	Fiscal YTD*
Opening Balance	\$8,042,974,215	\$9,329,349,587
Participant Deposits	\$10,234,352,011	\$13,173,469,524
Gross Earnings	\$31,749,044	\$61,900,591
Participant Withdrawals	(\$6,879,389,487)	(\$11,134,297,455)
Fees	(\$731,249)	(\$1,467,714)
Closing Balance (12/31/2017)	\$11,428,954,534	\$11,428,954,534
Change	\$3,385,980,319	\$2,099,604,947

*Period July 2017 – December 2017

Florida PRIME Characteristics Quarter Ending 12/31/2017

Portfolio Composition



Florida PRIME Characteristics Period Ending 12/31/2017

Effective Maturity Schedule	
1-7 Days	40.8%
8 - 30 Days	18.2%
31 - 90 Days	28.5%
91 - 180 Days	7.3%
181+ Days	5.2%
Total % of Portfolio:	100.0%

S & P Credit Quality Composition	
A-1+	64.4%
A-1	35.6%
Total % of Portfolio:	100.0%



FRS Pension Plan | Fourth Quarter 2017

Quarterly Investment Review

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

(This page is left blank intentionally)

Table of Contents

1	Market Environment	1
2	Total Fund	15
3	Global Equity	25
4	Domestic Equities	27
5	Foreign Equities	31
6	Global Equities	35
7	Fixed Income	37
8	Private Equity	41
9	Real Estate	45
10	Strategic Investments	49
11	Cash	51
12	Appendix	53

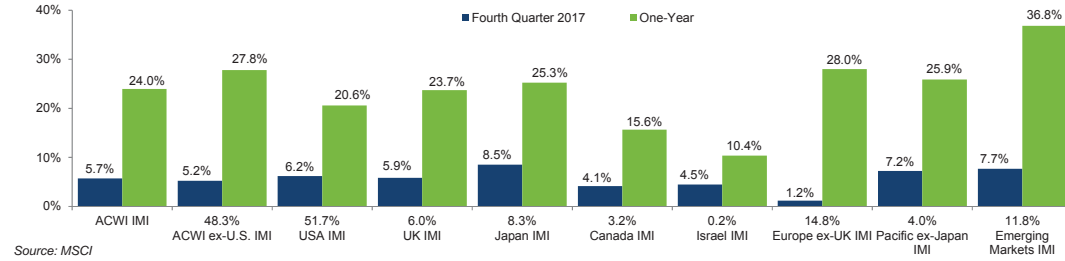
(This page is left blank intentionally)



Market Environment

Global Equity Markets

GLOBAL MSCI IMI INDEX RETURNS AS OF 12/31/2017



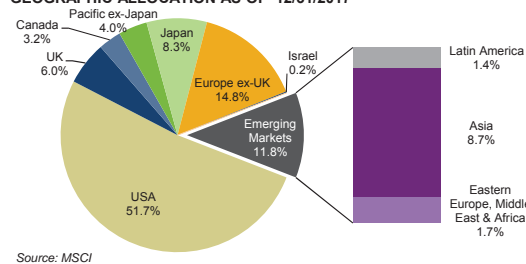
A strong earnings season for corporates combined with continued supportive monetary policy and synchronized pick-up in global growth helped global equities return 5.7% in Q4 2017 in U.S. dollar terms. The weakening of the U.S. dollar (0.4% in trade-weighted terms) led to a lower return of 5.3% in local currency terms.

All regions shown above generated positive returns over the quarter. Japan was the strongest performer, returning 8.5% in the fourth quarter of 2017. The Japanese economy and equities ended 2017 in strong footing with a number of economic releases and corporate earnings exceeding analyst forecasts. A positive result in the snap Japanese election and expectations of continued easy monetary policy provided additional support to the strong performance over the quarter.

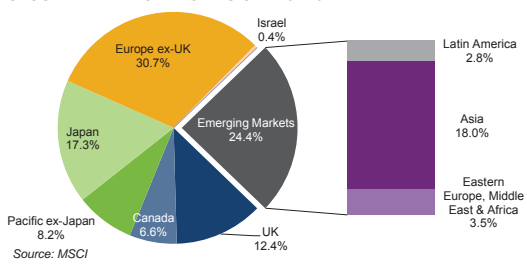


Global Equity Markets

MSCI ALL COUNTRY WORLD IMI INDEX GEOGRAPHIC ALLOCATION AS OF 12/31/2017



MSCI ALL COUNTRY WORLD EX-U.S. IMI INDEX GEOGRAPHIC ALLOCATION AS OF 12/31/2017

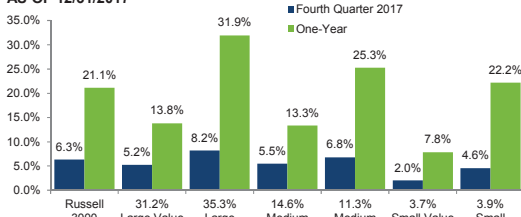


The two exhibits on this slide illustrate the percentage that each country/region represents of the global and international equity markets as measured by the MSCI All Country World IMI Index and the MSCI All Country World ex-U.S. IMI Index, respectively.



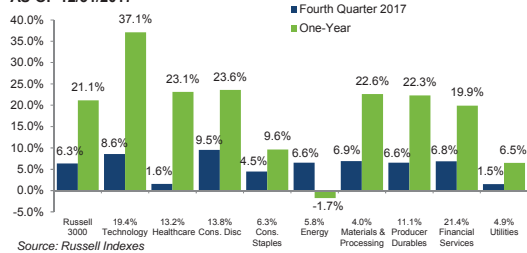
U.S. Equity Markets

RUSSELL STYLE RETURNS AS OF 12/31/2017



Source: Russell Indexes

RUSSELL GICS SECTOR RETURNS AS OF 12/31/2017



Source: Russell Indexes

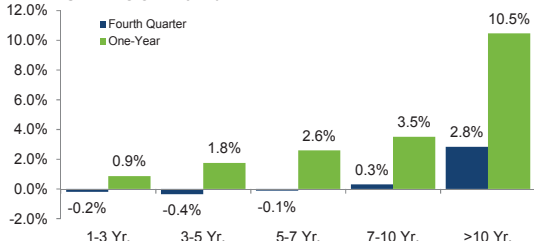
The Russell 3000 Index returned 6.3% during the fourth quarter and 21.1% over the one-year period.

During the fourth quarter, the consumer discretionary sector continued to be the strongest performer, posting returns of 9.5%. More defensive sectors, which are not sensitive to economic activity, underperformed more cyclical sectors. In particular, utilities and healthcare were the weakest sectors, posting returns of 1.5% and 1.6% respectively in Q4 2017.

Performance was positive across the market capitalization spectrum over the quarter. The impressive run for the U.S. equities was sustained in the latter stages of 2017 as it became increasingly clear that the tax reform plan would be signed into law, entering 2018 with fourteen consecutive months of market gains. Large cap stocks outperformed small cap stocks on a one-year basis. In general, growth stocks outperformed value stocks.

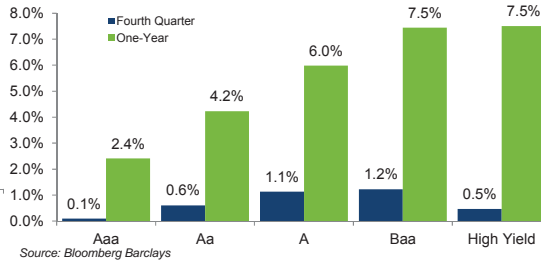
U.S. Fixed Income Markets

BLOOMBERG BARCLAYS U.S. AGGREGATE RETURNS BY MATURITY AS OF 12/31/2017



Source: Bloomberg Barclays

BLOOMBERG BARCLAYS U.S. AGGREGATE RETURNS BY QUALITY AND HIGH YIELD RETURNS AS OF 12/31/2017

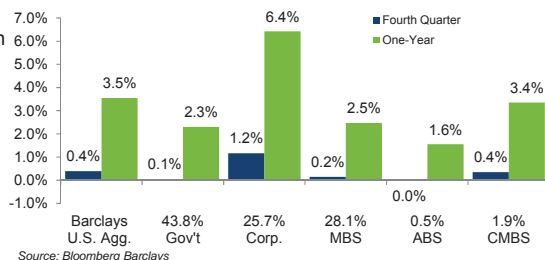


Source: Bloomberg Barclays

The Bloomberg Barclays U.S. Aggregate Bond Index returned 0.4% in the fourth quarter. Credit spreads narrowed over the quarter which supported corporate bond returns. Corporate bonds posted the highest return over the quarter at 1.2%, particularly outperforming securitized assets which broadly edged slightly up. Although performance was positive across all credit qualities, lower quality investment grade bonds outperformed with greater scope for spread tightening.

The yield curve flattened over the quarter with short maturity bond yields moving higher while long maturity yields fell. This flattening led to long duration bonds outperforming intermediate and short duration bonds through the quarter.

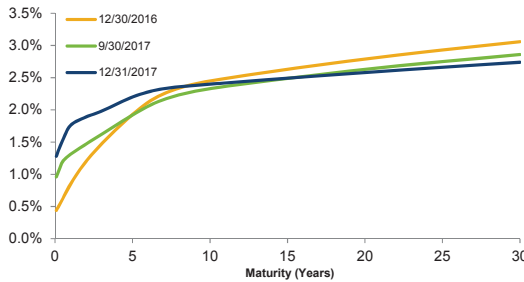
BLOOMBERG BARCLAYS U.S. AGGREGATE RETURNS BY SECTOR AS OF 12/31/2017



Source: Bloomberg Barclays

U.S. Fixed Income Markets

U.S. TREASURY YIELD CURVE



Source: U.S. Department of Treasury

U.S. 10-YEAR TREASURY AND TIPS YIELDS



Source: U.S. Department of Treasury

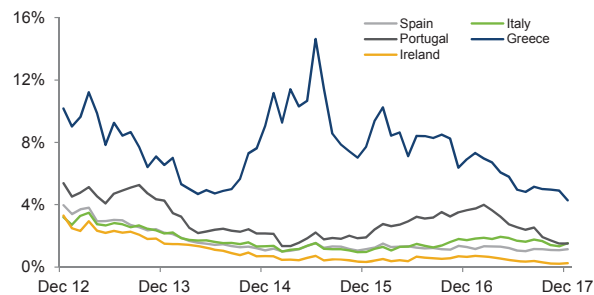
The Treasury yield curve flattened over the quarter, as yields of short to long term maturity bonds rose as expectations of greater monetary tightening grew while longer maturity bond yields fell.

The 10-year U.S. Treasury yield ended the quarter at 2.4%, 7 basis points (bps) higher than at the start of the quarter. This was largely driven by higher breakeven inflation which moved 14 bps higher thereby offsetting the fall in real yields.

The 10-year TIPS yield fell by 5 bps over the quarter and ended the period at 0.4%.

European Fixed Income Markets

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



Source: DataStream

In the Eurozone, bond spreads over 10 year German bunds fell across the peripheral region (except for Spain which remained flat). Spanish government bond yields fell by 4 bps with the majority of the fall being recovered towards end of the quarter as Spain pro-independence parties maintained a majority in the Catalan regional elections.

Italian bond yields fell by 16 bps, however, yields rose sharply towards the end of the quarter as President Sergio Mattarella dissolved parliament ahead of elections in March 2018.

Portuguese government bond yields fell sharply, moving 45 bps lower as Fitch (a major credit rating agency) followed S&P Global Ratings and upgraded the Portuguese bonds credit rating to investment grade.

Greek government bond yields fell by 76 bps to 4.70% due to upbeat economic data and the progress made on the bailout program; the spread between Greek bonds and German Bunds moved 73 bps lower over the same period.

Credit Spreads

Spread (bps)	12/31/2017	9/30/2017	12/31/2016	Quarterly Change (bps)	1-Year Change (bps)
U.S. Aggregate	36	38	43	-2	-7
Long Gov't	2	2	3	0	-1
Long Credit	139	149	167	-10	-28
Long Gov't/Credit	83	90	104	-7	-21
MBS	25	22	15	3	10
CMBS	62	71	75	-9	-13
ABS	36	44	59	-8	-23
Corporate	93	101	123	-8	-30
High Yield	343	347	409	-4	-66
Global Emerging Markets	215	235	288	-20	-73

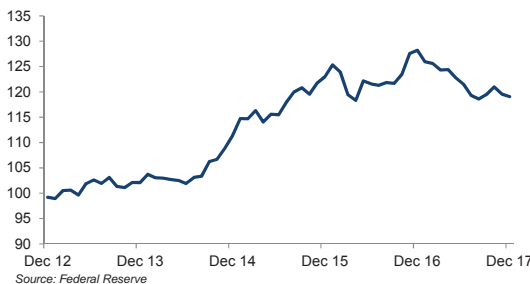
Source: Bloomberg Barclays

During the fourth quarter, credit spreads fell across all the areas of the bond market except for MBS bonds which rose by 3 bps. Meanwhile, Long Government bonds remained flat.

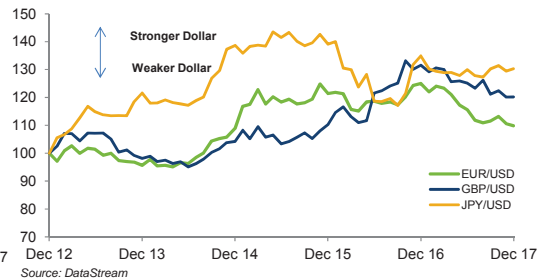
Global emerging market bond spreads fell by the most over the quarter, narrowing by 20 bps. They were followed by Long Credit bonds which fell by 10 bps.

Currency

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



U.S. DOLLAR RELATIVE TO EUR, GBP AND JPY
REBASED TO 100 AT 12/31/2012

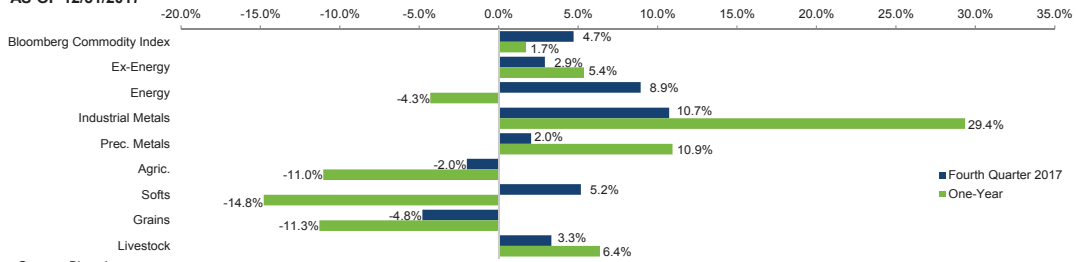


The U.S. dollar weakened by 0.4% on a trade-weighted basis over the quarter which saw the U.S. Federal Reserve (Fed) raising interest rates for the third time in a year. The Fed raised their benchmark rates by 25 bps to a range of 1.25%-1.50%. Widening interest rate differentials and the passing of the stimulatory tax reform was not enough to stem the downward trend in the U.S. dollar.

The U.S. dollar depreciated against all the major currencies with the exception of the Japanese yen. The Bank of England (BoE) hiked the base for the first time in a decade, restoring the base rate back to the pre-Brexit level of 0.5%. Brexit talks showed signs of progress with the European Union and the UK agreeing to a deal on the first stage of Brexit negotiations which sent sterling 0.8% higher against the U.S. dollar. The yen marginally fell by 0.1% against the U.S. dollar. Positive economic data emanating from the Eurozone supported the euro's 1.6% appreciation against the 'greenback'.

Commodities

COMMODITY RETURNS AS OF 12/31/2017



Source: Bloomberg

Note: Softs and Grains are part of a wider Agriculture Index

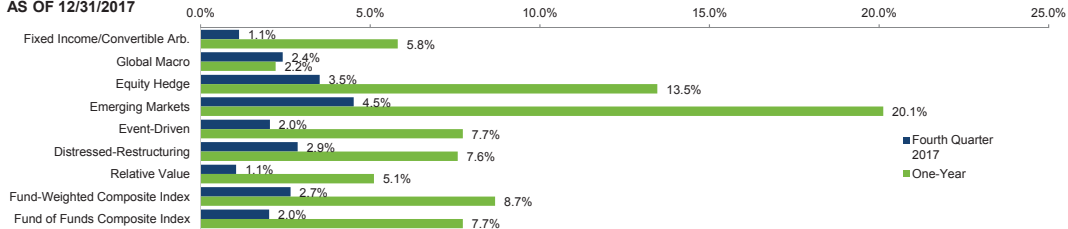
A strong upturn in commodity prices over the quarter saw the Bloomberg Commodity Index return 4.7%, driven mainly by the increase in crude oil prices. The price of WTI crude oil rose 17.0% to over \$60/bbl.

Over the quarter, the best performing segment was Industrial Metals with a return of 10.7%, followed by Energy (8.9%).

Grains and agriculture were the worst performing sectors over the quarter, returning -4.8% and -2.0% respectively.

Hedge Fund Markets Overview

HEDGE FUND PERFORMANCE AS OF 12/31/2017



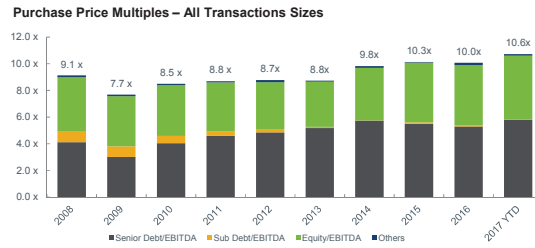
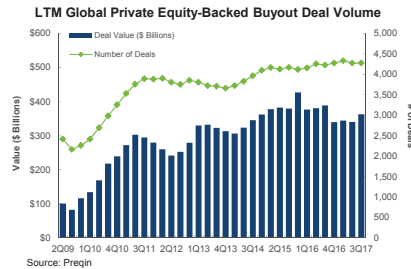
Note: Latest 5 months of HFR data are estimated by HFR and may change in the future.
Source: HFR

Hedge fund performance was positive across all strategies in the fourth quarter.

The HFRI Fund-Weighted Composite Index and the HFRI Fund of Funds Composite Index produced returns of 2.7% and 2.0%, respectively, during the quarter.

Emerging market hedge funds continued to be the best performer, posting a return of 4.5% during the fourth quarter which brought the one-year return to 20.1%. Global macro strategies ended 2017 in positive fashion, returning 2.4% which brought the 12 month return back into the 'black'.

Private Equity Market Overview – Third Quarter 2017



Fundraising: In 3Q 2017, \$149.2 billion was raised by 274 funds, which was a decline of 12.2% on a capital basis and 18.5% by number of deals from the prior quarter. Dry powder stood at \$1.3 trillion at the end of the quarter, an increase of 0.3% and 28.4% compared to 2Q 2017 and the five year average, respectively.¹

Buyout: Global private equity-backed buyout deals totaled \$118.0 billion in 3Q 2017, which was an increase of 22.3% and 34.2% from the prior quarter and five year average, respectively.¹ At the end of 3Q 2017, the average purchase price multiple for all U.S. LBOs was 10.6x EBITDA, up from 10.3x as of the end of 2Q 2017. Large cap middle-market purchase price multiples stood at 10.5x, up compared to both 2Q 2017 and full year 2016 levels of 10.3x and 10.0x, respectively. The weighted average purchase price multiple across all European transaction sizes averaged 11.0x EBITDA on an LTM basis in 3Q 2017, up slightly from 10.8x in 2Q 2017. Purchase prices for transactions of €1.0 billion or more decreased slightly from 12.1x in 2Q 2017 to 12.0x in the third quarter. Transactions between €250.0 million and €500.0 million were up 0.6x from the end of 2Q 2017, and stood at 10.1x.² Globally, exit value totaled \$68.1 billion on 421 deals in 3Q 2017 compared to \$69.2 billion on 443 deals in the prior quarter.¹

Venture: During the third quarter, 1,299 venture backed transactions totaling \$19.2 billion were completed, which was an increase on a capital basis over the prior quarter's total of \$19.0 billion across 1,260 deals. This was 22.5% higher than the five-year quarterly average of \$15.7 billion.³ Total U.S. venture backed exit activity totaled approximately \$11.2 billion across 144 completed transactions in 2Q 2017, down from \$1.5 billion across 156 exits in 2Q 2017.⁴

Mezzanine: Eight funds closed on \$3.6 billion during the quarter. This was an increase from the prior quarter's total of \$3.4 billion raised by nine funds, but represented a decline of 24.8% from the five year quarterly average of \$4.8 billion. Estimated dry powder was \$50.0 billion at the end of 3Q 2017, which was flat compared to 2Q 2017.¹

Distressed Debt: The LTM U.S. high-yield default rate was 1.6% as of September 2017, which was down from March 2017's LTM rate of 2.2%.⁵ Distressed debt and bankruptcy restructuring activity totaled \$156.4 billion during the first nine months of 2017, representing a decline of 17.0% from the same period in 2016. U.S. activity accounted for \$70.7 billion through September 2017 and was down 28.0% from the same period of the prior year.⁶

Secondaries: Seven funds raised \$11.7 billion during the third quarter, up from \$5.6 billion by 12 funds in 2Q 2017.¹ The average discount rate for all private equity sectors declined 0.1% quarter-over-quarter to 8.0%.⁷

Infrastructure: \$11.9 billion of capital was raised by 17 funds in 3Q 2017 compared to \$7.6 billion of capital raised by 14 partnerships in 2Q 2017. At the end of the quarter, dry powder stood at \$154.0 billion, up from the prior quarter's record total of \$150.2 billion. Infrastructure managers completed 344 deals with an estimated aggregate deal value of \$123.2 billion in 3Q 2017 compared to 403 deals totaling \$147.4 billion a quarter ago.¹

Natural Resources: During 3Q 2017, seven funds closed on \$2.6 billion compared to 10 funds totaling \$5.3 billion in 2Q 2017. Energy and utilities industry managers completed approximately 99 deals totaling an estimated \$21.0 billion through 3Q 2017, which represents 93.4% of the full year capital deployment in 2016.¹

Sources: ¹ Preqin ² Standard & Poor's PWC / CB Insights MoneyTree Report ³ PitchBook/NVCA Venture Monitor ⁴ Fitch Ratings ⁵ Thomson Reuters ⁶ UBS

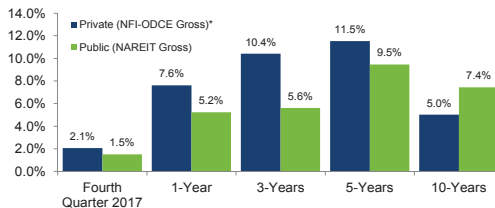
Notes: FY: Fiscal year ended 12/31; YTD: Year to date; LTM: Last twelve months (aka trailing twelve months); PPM: Purchase Price Multiples: Total Purchase Price / EBITDA.

12



U.S. Commercial Real Estate Markets

PRIVATE VS. PUBLIC REAL ESTATE RETURNS AS OF 12/31/2017



*Fourth quarter returns are preliminary
Sources: NCREIF, NAREIT



US Core returns holding in long run average range. The trailing one-year return for U.S. core real estate was 7.6%* in the fourth quarter, holding fairly steady over the year and remaining within the sector's long run average range of 7.0-9.0%. During the quarter, returns climbed slightly to 2.1%*, up 20 bps over Q3 but 4 bps lower YOY. Income is now, and will continue to be, the larger driver of the sector's total return. Returns are expected to moderate again slightly in 2018 as the real estate cycle is very mature.

US REITs underperformed US Core, but total returns for global property stocks (FTSE EPRA/NAREIT Developed Index) ended the year up 11.5%, driven largely by outsized returns in both the Europe (+28.8%) and Asia (+26.8%); US REITs gained a modest 5.2%. Top performing sectors during the year included infrastructure, data centers, manufactured homes and industrial. Retail REIT returns was the only sector not in positive territory for the year. The US REIT market ended the year trading at an approximate 2% premium to NAVs.

Transaction volume cooled; but prices rose. 2017 demonstrated a continued modest decline in sales momentum, but sales prices continued to rise slightly—continuing to mark new peaks and establishing a wider divergence from the sales volume trend. The current mature point-in-cycle is making underwriting new purchases more difficult, but a still healthy debt market continues to provide sellers with the opportunity to refinance when there is a lack of interested buyers. While sales volume is now off 15% in the last two years, buyers have largely become more selective as trends by property type and region vary tremendously. Industrial, suburban office and limited service hotels actually marked year over year (YOY) sales growth, while sales in retail as well as office, hotel and apartments in the six major markets fell significantly YOY. Values for high quality assets remained relatively stable throughout the year; however, there is also a wide disparity in relative valuations within the property sectors and regions.

Sector fundamentals continue to remain on solid footing as we enter 2018, albeit not as healthy as this time last year. A clear slowing in net absorption across most property types in 2017 was noted. This combined with largely still rising new supply continues to set expectations for more downward pressure on fundamentals as 2018 progresses. More cautious underwriting assumptions should be employed in 2018. That said, the recent Tax Cuts and Jobs Act bill passed in the U.S. should benefit commercial real estate in several areas, and may help prolong the current cycle short term.

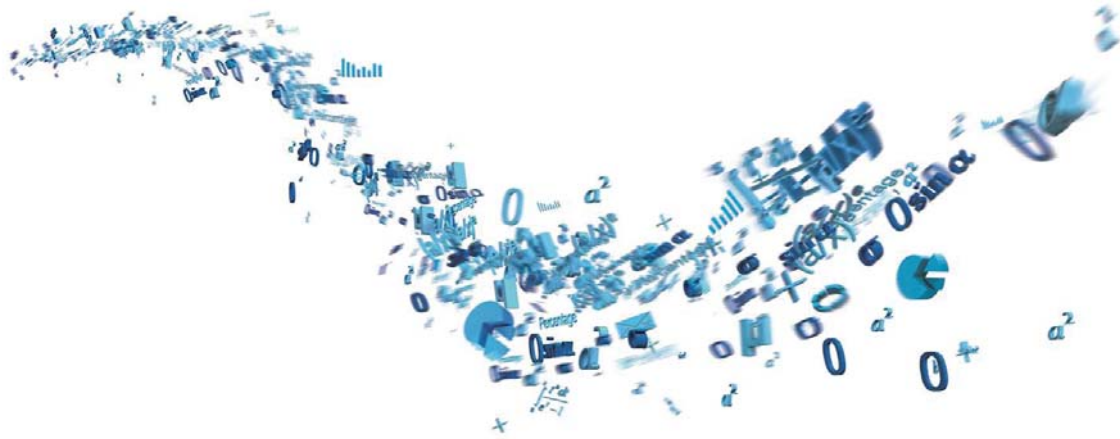
Overall, investors should continue to expect moderating sector returns in 2018 as the cycle is very mature. Portfolio construction is crucial to help manage risk at this stage in the cycle, as new dollars deployed will likely have to withstand a down cycle before being returned to investors.

Sources: NCREIF, RCA, CBRE-EA, Aon Hewitt, *Indicates preliminary NFI-ODCE data (gross of fees)

13



(This page is left blank intentionally)



Total Fund

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

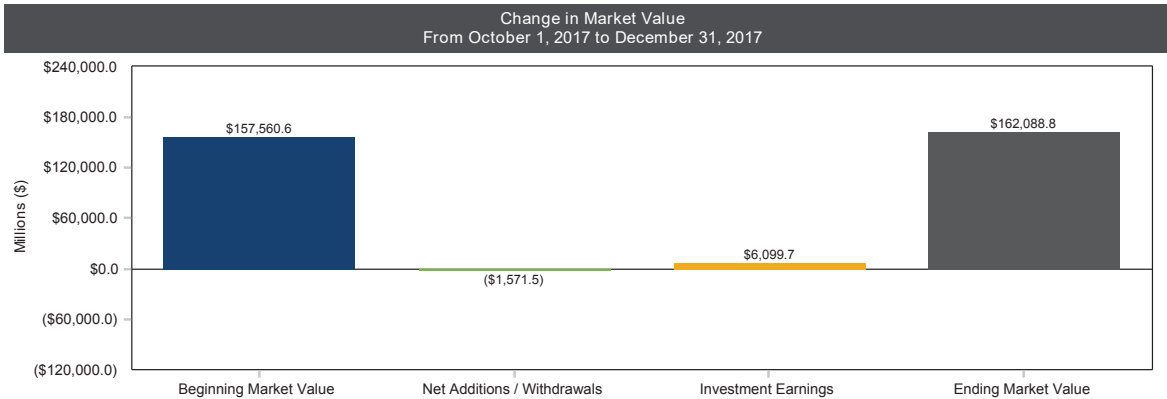
Asset Allocation

- The Fund assets total \$162.1 billion as of December 31, 2017, which represents a \$4.5 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 a corresponding underweight to fixed income.

Total Fund

As of December 31, 2017

Total Plan Asset Summary



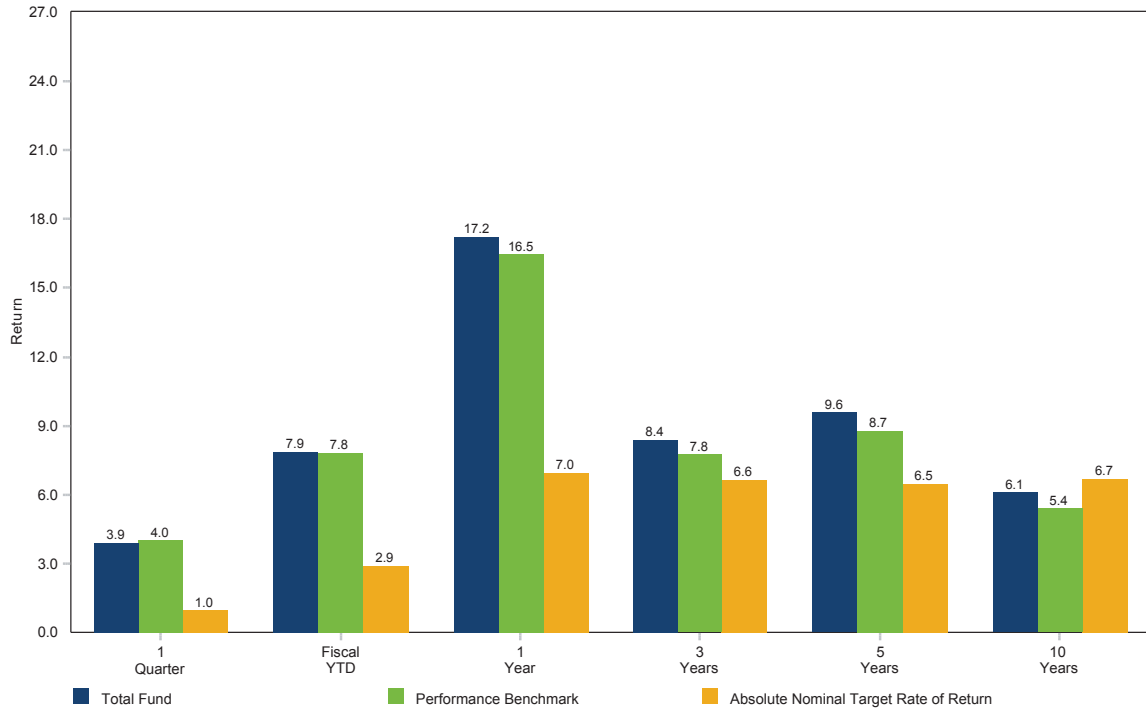
Summary of Cash Flow

	1 Quarter	Fiscal* YTD
Total Fund		
Beginning Market Value	157,560,572,240	153,573,300,932
+ Additions / Withdrawals	-1,571,530,167	-3,460,855,710
+ Investment Earnings	6,099,712,770	11,976,309,621
= Ending Market Value	162,088,754,843	162,088,754,843

*Period July 2017 - December 2017

Total Plan Performance Summary

Return Summary



Asset Allocation & Performance

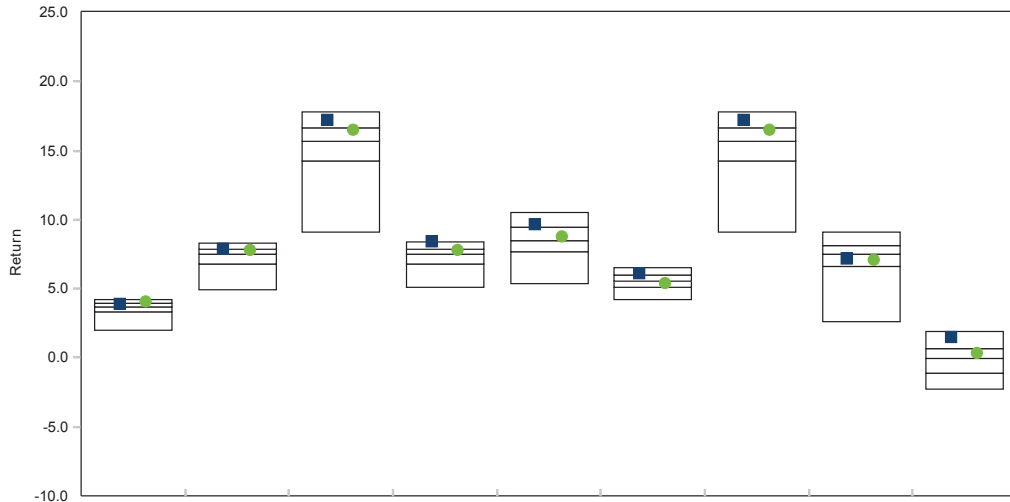
	Allocation			Performance(%)					
	Market Value (\$)	%	Policy(%)	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years
Total Fund	162,088,754,843	100.0	100.0	3.9 (30)	7.9 (25)	17.2 (14)	8.4 (5)	9.6 (19)	6.1 (19)
Performance Benchmark				4.0 (17)	7.8 (30)	16.5 (28)	7.8 (32)	8.7 (39)	5.4 (60)
Absolute Nominal Target Rate of Return				1.0 (97)	2.9 (98)	7.0 (97)	6.6 (82)	6.5 (91)	6.7 (4)
Global Equity*	93,515,331,992	57.7	56.1	5.7	11.6	25.2	10.2	11.9	6.0
Asset Class Target				5.7	11.3	24.0	9.5	11.1	5.2
Domestic Equities	42,625,093,312	26.3		6.5 (11)	11.5 (20)	21.2 (25)	10.9 (24)	15.5 (17)	8.7 (19)
Asset Class Target				6.3 (21)	11.2 (30)	21.1 (29)	11.1 (13)	15.6 (15)	8.6 (23)
Foreign Equities	40,847,098,569	25.2		5.1 (39)	12.0 (27)	30.2 (19)	9.4 (30)	8.3 (37)	3.5 (12)
Asset Class Target				5.2 (29)	11.8 (29)	27.9 (58)	8.4 (60)	7.3 (67)	2.2 (63)
Global Equities Benchmark	9,451,753,950	5.8		5.1	10.3	23.0	9.4	11.6	4.9
Benchmark				5.5	10.7	22.7	9.3	11.4	5.0
Fixed Income	28,519,599,431	17.6	19.6	0.0 (95)	0.7 (96)	2.4 (95)	2.0 (85)	1.7 (83)	4.1 (68)
Asset Class Target				-0.1 (99)	0.7 (96)	2.3 (95)	1.8 (89)	1.5 (88)	3.7 (82)
Private Equity	10,541,594,539	6.5	6.5	3.3	7.7	18.1	13.4	14.9	9.3
Asset Class Target				7.6	11.9	27.0	12.6	16.0	10.8
Real Estate	13,935,977,876	8.6	8.6	2.7 (25)	3.8 (49)	8.7 (41)	10.1 (49)	12.2 (27)	6.4
Asset Class Target				1.9 (66)	3.5 (66)	7.3 (76)	9.6 (69)	10.3 (72)	4.8
Strategic Investments	13,278,538,655	8.2	8.1	2.1	4.3	9.3	6.2	8.9	4.5
Short-Term Target				2.2	4.0	7.2	4.5	6.1	2.4
Cash	2,297,712,349	1.4	1.0	0.3	0.6	1.0	0.5	0.4	-0.1
MoneyNet First Tier Institutional Money Market Funds Net Index				0.3	0.5	0.9	0.4	0.3	0.5

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.



Plan Sponsor Peer Group Analysis

All Public Plans > \$1B-Total Fund



	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	2017	2016	2015
■ Total Fund	3.9 (30)	7.9 (25)	17.2 (14)	8.4 (5)	9.6 (19)	6.1 (19)	17.2 (14)	7.1 (61)	1.4 (11)
● Performance Benchmark	4.0 (17)	7.8 (30)	16.5 (28)	7.8 (32)	8.7 (39)	5.4 (60)	16.5 (28)	7.1 (63)	0.3 (36)
5th Percentile	4.2	8.3	17.8	8.4	10.5	6.6	17.8	9.1	1.9
1st Quartile	3.9	7.9	16.6	7.9	9.5	6.0	16.6	8.1	0.7
Median	3.7	7.5	15.6	7.5	8.5	5.5	15.6	7.5	0.0
3rd Quartile	3.4	6.8	14.3	6.8	7.6	5.1	14.3	6.6	-1.1
95th Percentile	2.0	4.9	9.1	5.1	5.4	4.2	9.1	2.6	-2.2
Population	92	92	90	86	86	78	90	108	94

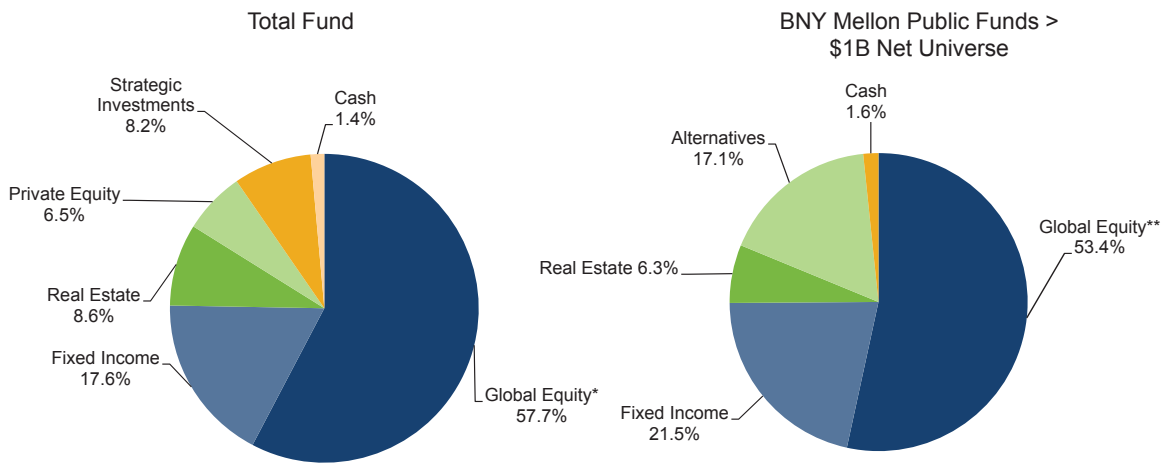
Parentheses contain percentile rankings.



Total Fund

As of December 31, 2017

Universe Asset Allocation Comparison



*Global Equity Allocation: 26.3% Domestic Equities; 25.2% Foreign Equities; 5.8% Global Equities; 0.4% Global Equity Liquidity Account. Percentages are of the Total FRS Fund.

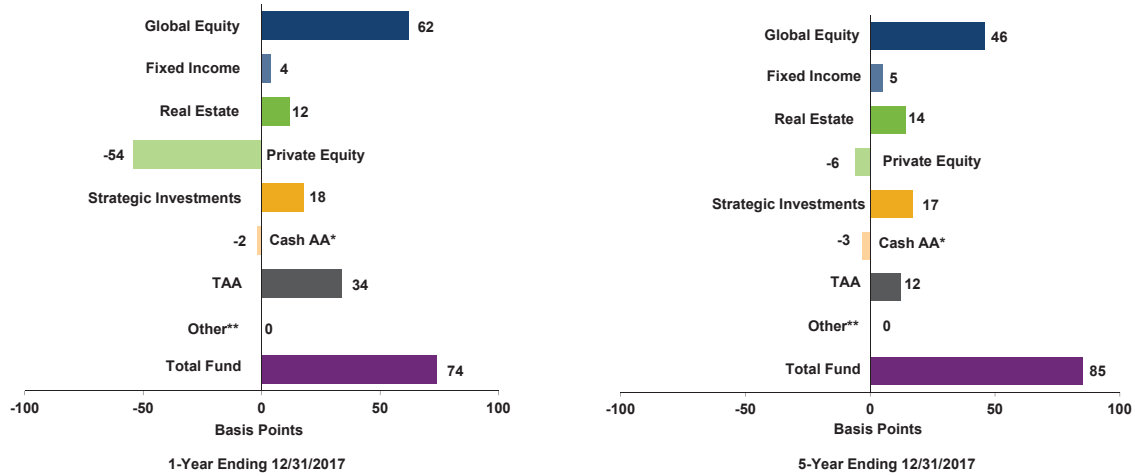
**Global Equity Allocation: 29.9% Domestic Equities; 23.5% Foreign Equities.



Total Fund

As of December 31, 2017

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.

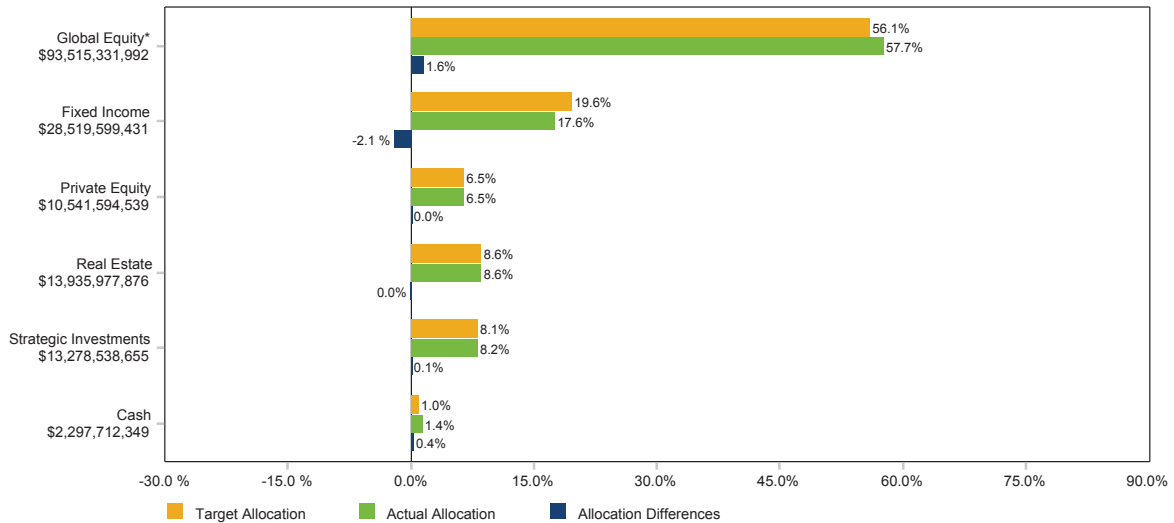


Total Fund

As of December 31, 2017

Asset Allocation Compliance

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	162,088,754,843	100.0	100.0		
Global Equity*	93,515,331,992	57.7	56.1	45.0	70.0
Fixed Income	28,519,599,431	17.6	19.6	10.0	26.0
Private Equity	10,541,594,539	6.5	6.5	2.0	9.0
Real Estate	13,935,977,876	8.6	8.6	4.0	16.0
Strategic Investments	13,278,538,655	8.2	8.1	0.0	16.0
Cash	2,297,712,349	1.4	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.



(This page is left blank intentionally)

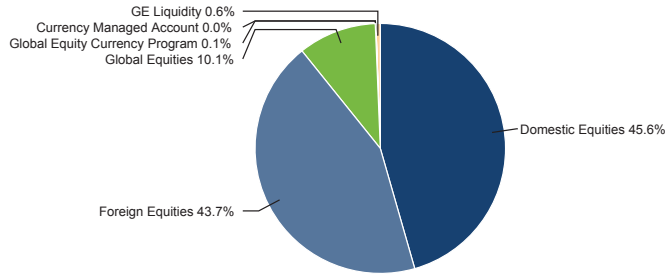


Global Equity

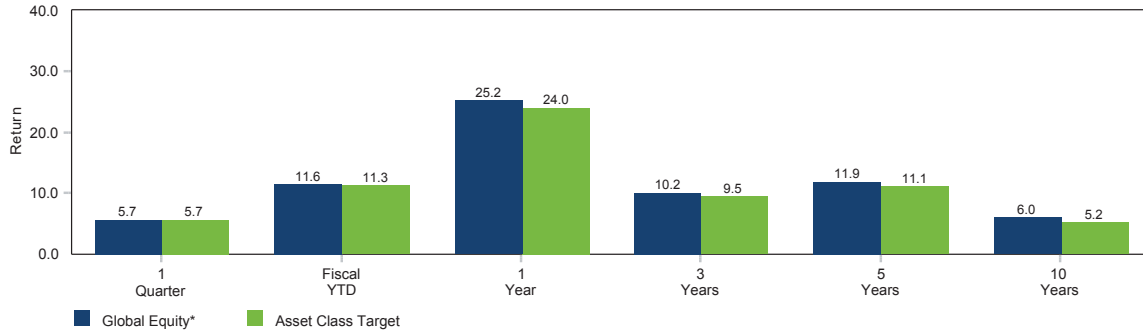
Global Equity* Portfolio Overview

Current Allocation

December 31, 2017 : \$93,515M



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.

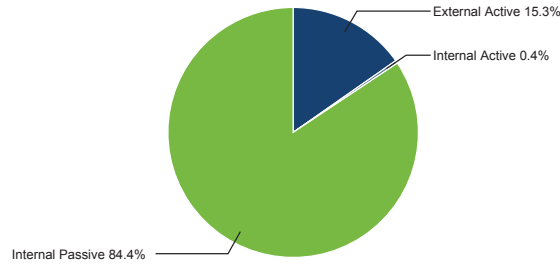


Domestic Equities

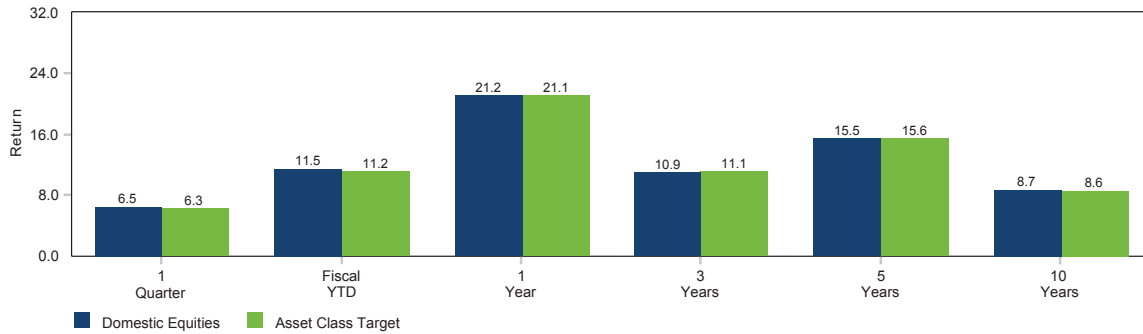
Domestic Equities Portfolio Overview

Current Allocation

December 31, 2017 : \$42,625M

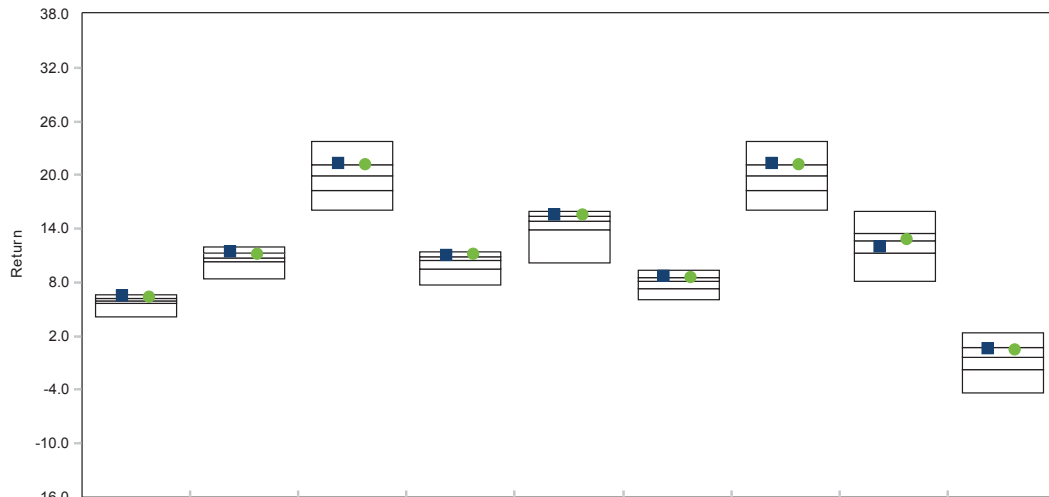


Return Summary



Plan Sponsor Peer Group Analysis

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



	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	2017	2016	2015
Domestic Equities	6.5 (11)	11.5 (20)	21.2 (25)	10.9 (24)	15.5 (17)	8.7 (19)	21.2 (25)	11.9 (64)	0.6 (27)
Asset Class Target	6.3 (21)	11.2 (30)	21.1 (29)	11.1 (13)	15.6 (15)	8.6 (23)	21.1 (29)	12.7 (47)	0.5 (30)
5th Percentile	6.6	11.9	23.8	11.4	15.9	9.3	23.8	15.9	2.4
1st Quartile	6.3	11.3	21.2	10.9	15.4	8.5	21.2	13.4	0.7
Median	5.9	10.7	20.0	10.5	14.9	8.1	20.0	12.6	-0.4
3rd Quartile	5.6	10.3	18.3	9.5	13.8	7.3	18.3	11.3	-1.7
95th Percentile	4.2	8.4	16.0	7.7	10.1	6.1	16.0	8.1	-4.3
Population	65	65	62	60	53	32	62	63	56

Parentheses contain percentile rankings.

(This page is left blank intentionally)

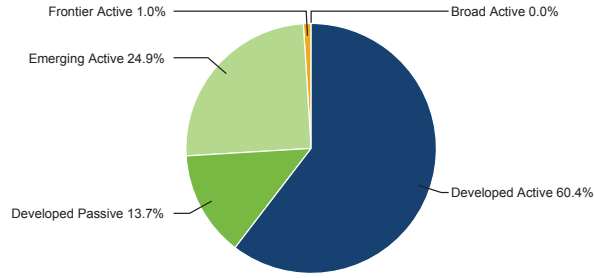


Foreign Equities

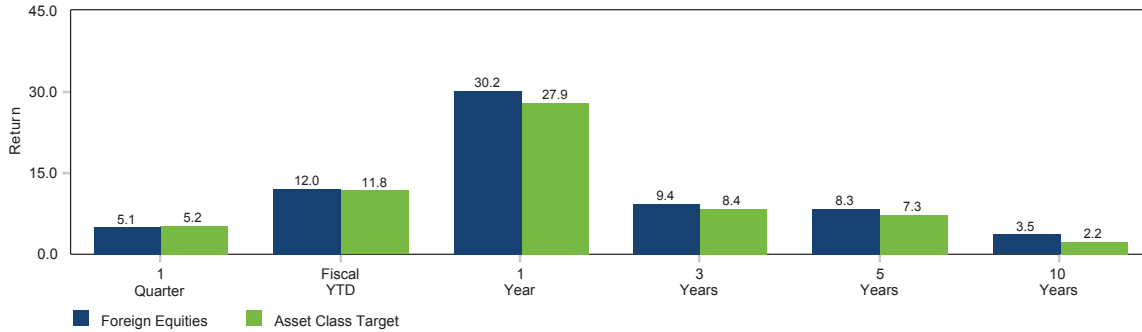
Foreign Equities Portfolio Overview

Current Allocation

December 31, 2017 : \$40,847M

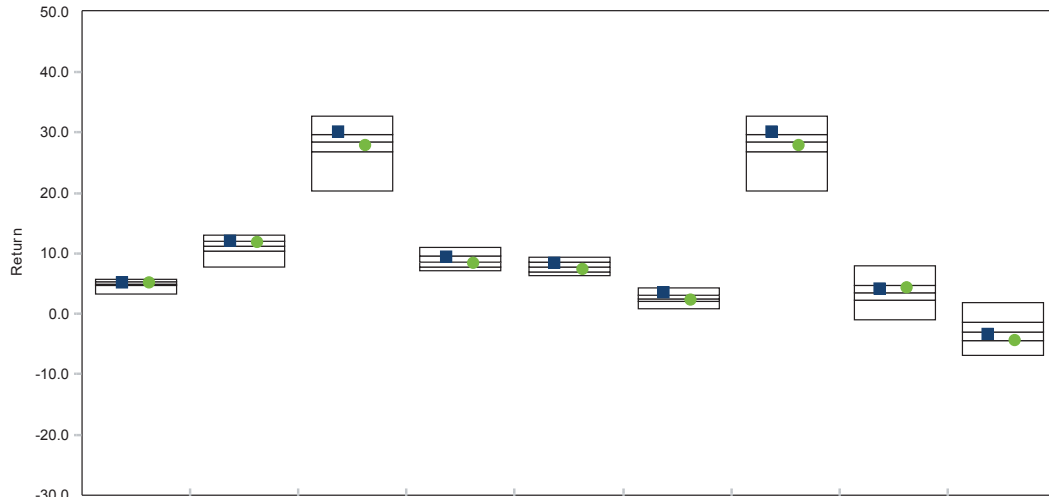


Return Summary



Plan Sponsor Peer Group Analysis

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



	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	2017	2016	2015
■ Foreign Equities	5.1 (39)	12.0 (27)	30.2 (19)	9.4 (30)	8.3 (37)	3.5 (12)	30.2 (19)	4.1 (38)	-3.4 (54)
● Asset Class Target	5.2 (29)	11.8 (29)	27.9 (58)	8.4 (60)	7.3 (67)	2.2 (63)	27.9 (58)	4.3 (34)	-4.5 (77)
5th Percentile	5.8	13.1	32.8	10.9	9.5	4.3	32.8	7.9	1.9
1st Quartile	5.3	12.0	29.8	9.6	8.6	3.0	29.8	4.7	-1.4
Median	4.9	11.3	28.5	8.7	7.8	2.5	28.5	3.4	-3.0
3rd Quartile	4.7	10.5	26.8	7.8	7.0	2.0	26.8	2.3	-4.4
95th Percentile	3.4	7.7	20.3	7.1	6.4	0.9	20.3	-0.9	-6.8
Population	67	67	65	60	52	31	65	63	53

Parentheses contain percentile rankings.

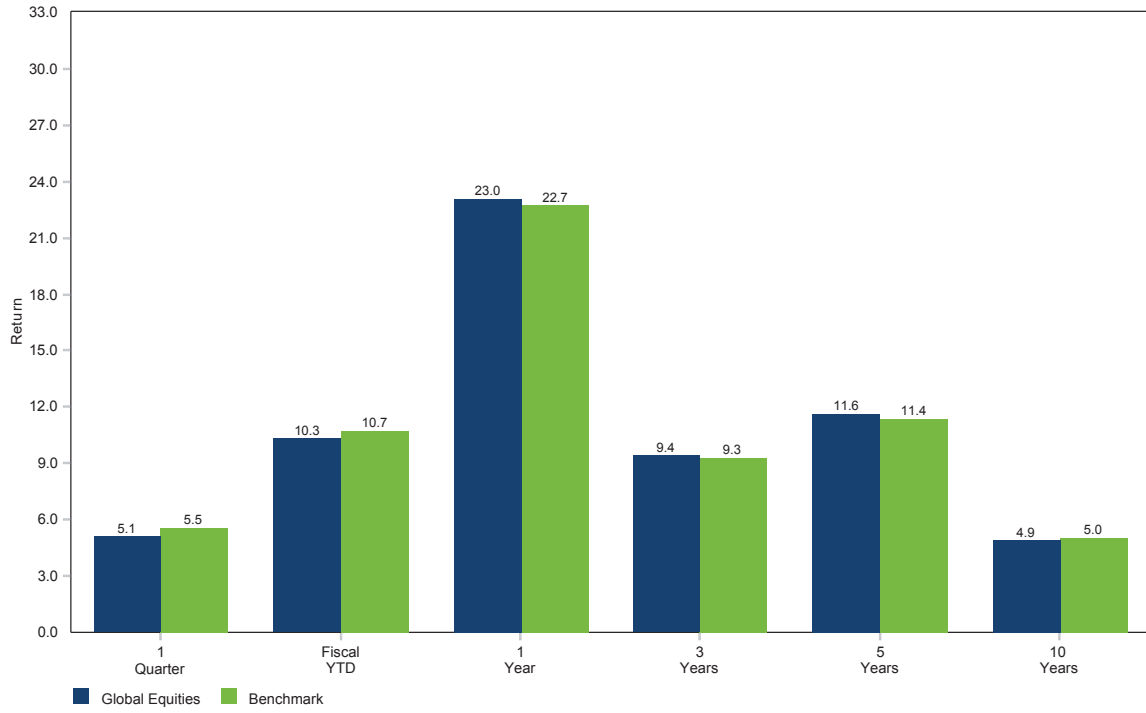
(This page is left blank intentionally)



Global Equities

Global Equities Performance Summary

Return Summary

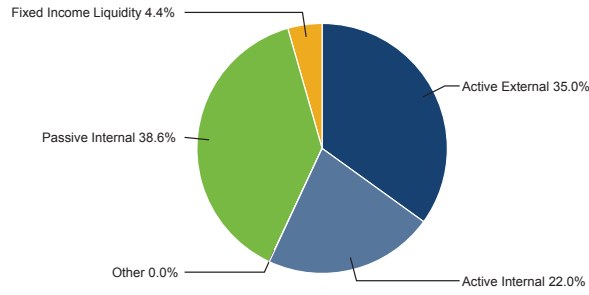


Fixed Income

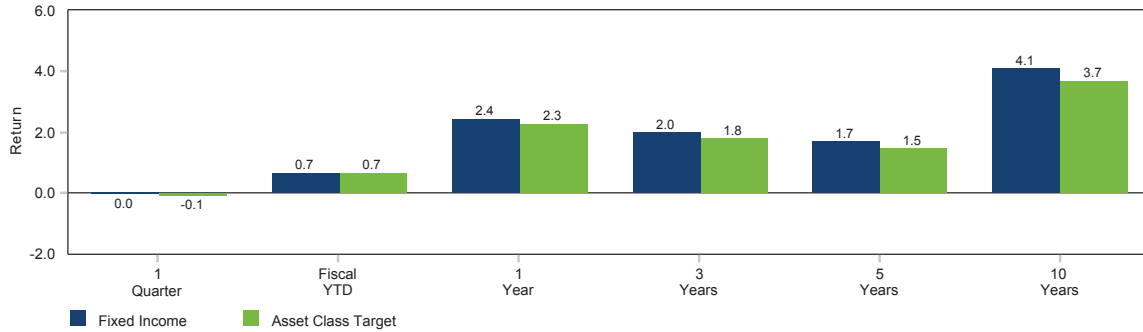
Fixed Income Portfolio Overview

Current Allocation

December 31, 2017 : \$28,520M

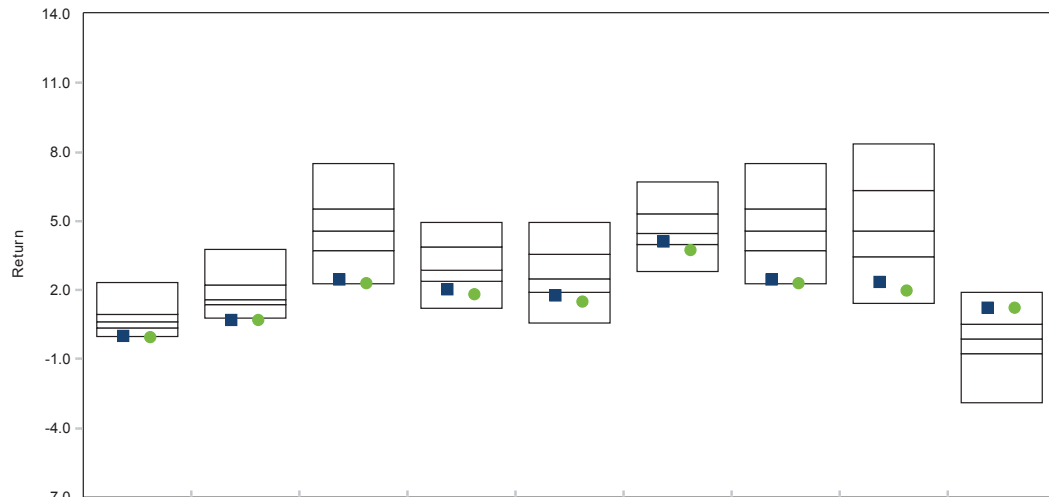


Return Summary



Plan Sponsor Peer Group Analysis

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



	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	2017	2016	2015
■ Fixed Income	0.0 (95)	0.7 (96)	2.4 (95)	2.0 (85)	1.7 (83)	4.1 (68)	2.4 (95)	2.3 (89)	1.2 (9)
● Asset Class Target	-0.1 (99)	0.7 (96)	2.3 (95)	1.8 (89)	1.5 (88)	3.7 (82)	2.3 (95)	2.0 (93)	1.2 (9)
5th Percentile	2.3	3.7	7.5	4.9	4.9	6.7	7.5	8.3	1.9
1st Quartile	0.9	2.2	5.5	3.8	3.5	5.3	5.5	6.3	0.5
Median	0.6	1.6	4.5	2.9	2.5	4.5	4.5	4.6	-0.1
3rd Quartile	0.4	1.4	3.7	2.4	1.9	4.0	3.7	3.5	-0.7
95th Percentile	0.0	0.8	2.3	1.2	0.6	2.8	2.3	1.4	-2.9
Population	68	65	63	62	58	37	63	63	53

Parentheses contain percentile rankings.

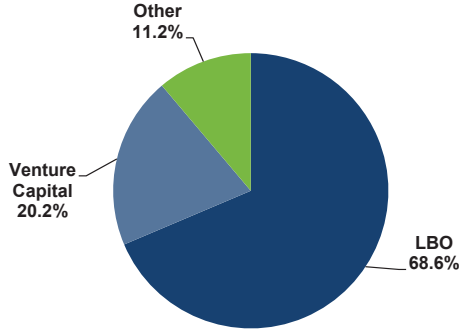
(This page is left blank intentionally)



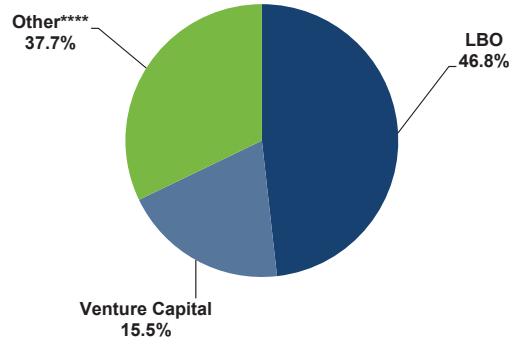
Private Equity

Overview

FRS Private Equity by Market Value*



Preqin Private Equity Strategies by Market Value**



*Allocation data is as of December 31, 2017.

**Allocation data is as of June 30, 2015, from the Preqin database.

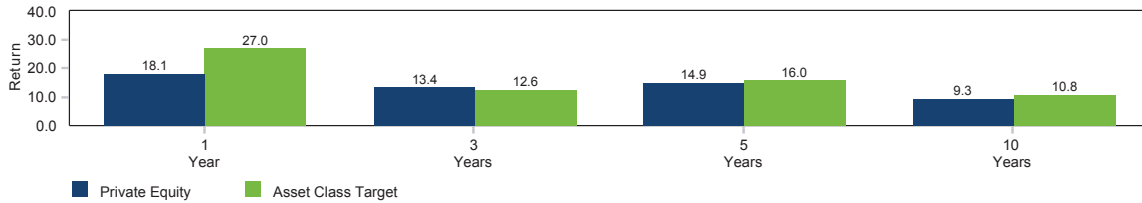
***Other for the FRS Private Equity consists of Growth Capital, Secondary, PE Cash, and PE Transition.

****Other for the Preqin data consists of Distressed PE, Growth, Mezzanine, and other Private Equity/Special Situations.

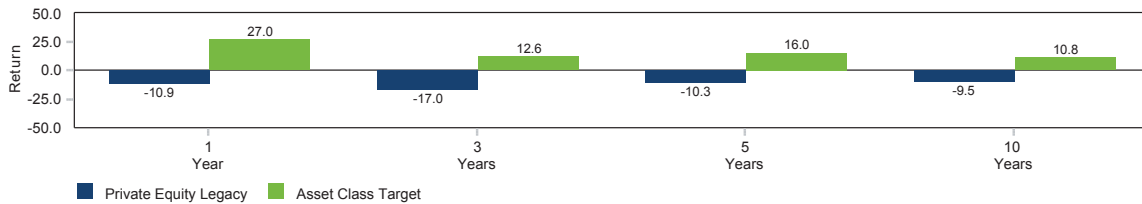
Preqin universe is comprised of 10,000 private equity funds representing \$3.8 trillion.

Time-Weighted Investment Results

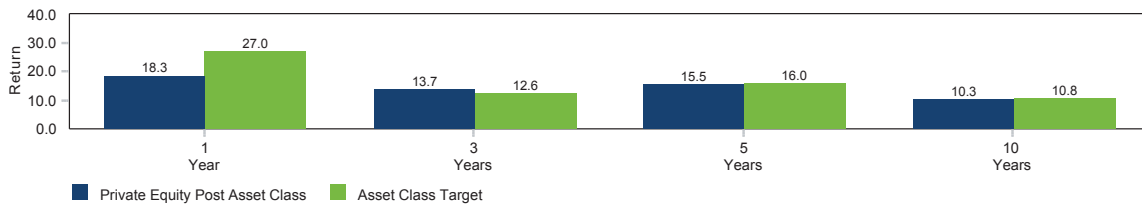
Private Equity Return Summary as of December 31, 2017



Private Equity Legacy Return Summary as of December 31, 2017



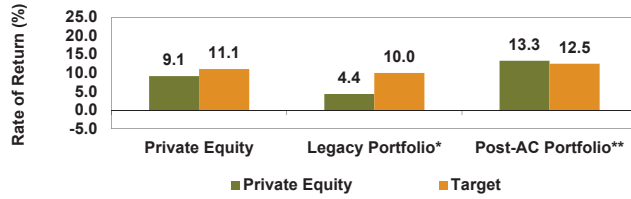
Private Equity Post Asset Class Return Summary as of December 31, 2017



Dollar-Weighted Investment Results

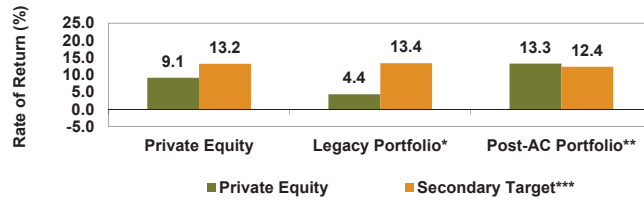
As of December 31, 2017

Since Inception



As of December 31, 2017

Since Inception



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

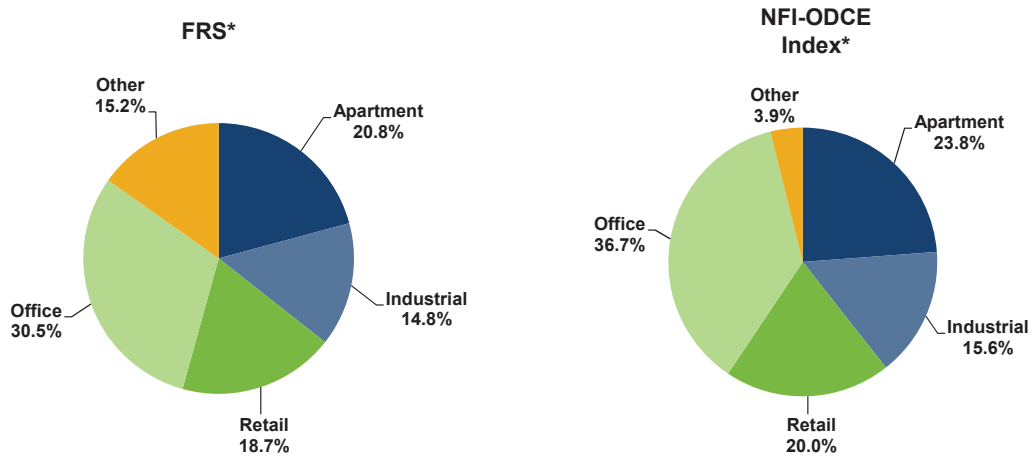
**The Inception Date for the Post-AC Portfolio is September 2000.

***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

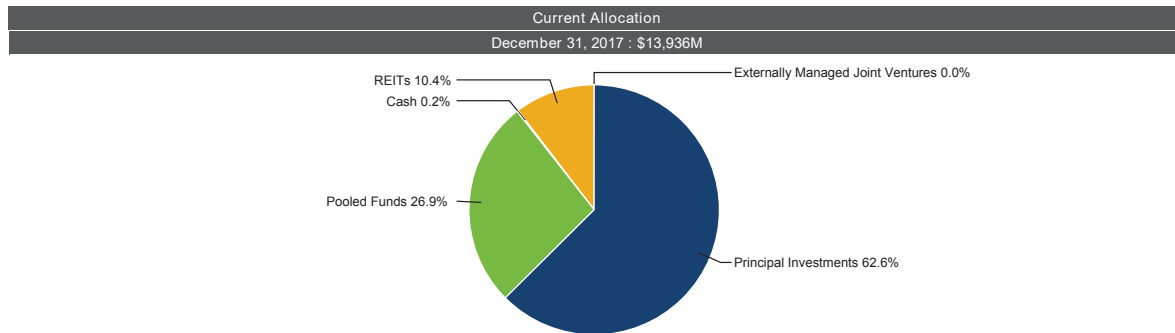
Overview



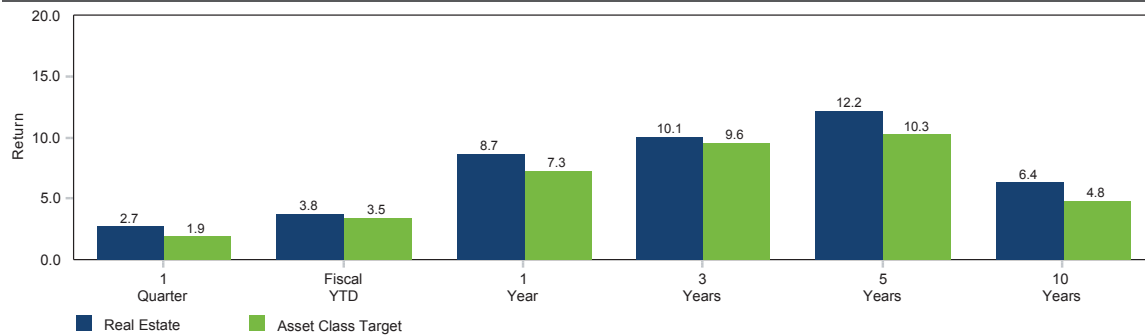
*Property Allocation data is as of September 31, 2017. The FRS chart includes only the FRS private real estate assets. Property type information for the REIT portfolios is not included.
 **Other for the FRS consists of Hotel, Land, Preferred Equity, Agriculture, Self-Storage and Senior Housing.
 ***Other 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

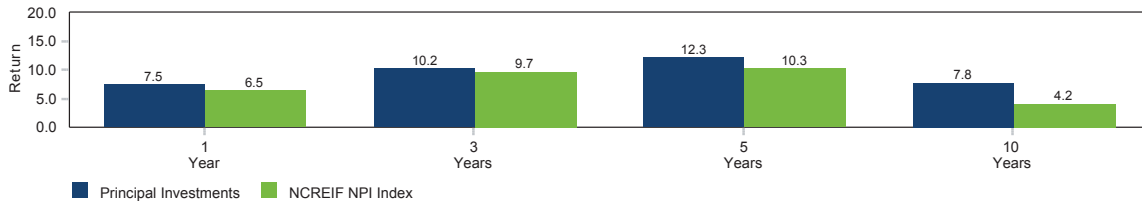


Return Summary

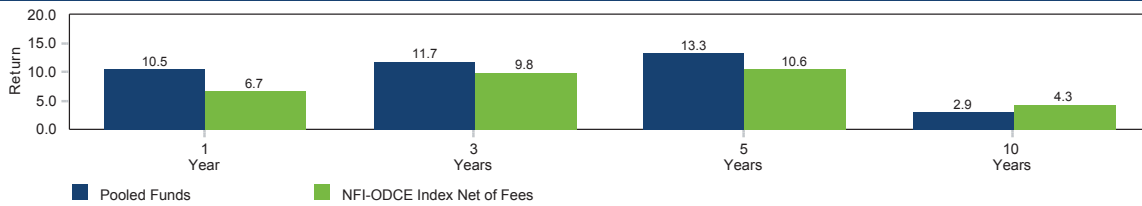


Real Estate

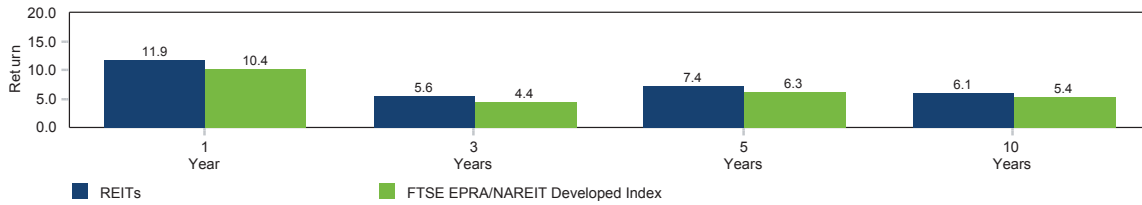
Principal Investments Return Summary as of December 31, 2017



Pooled Funds Return Summary as of December 31, 2017



REITs Return Summary as of December 31, 2017

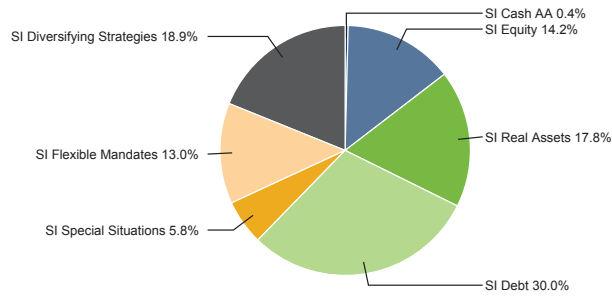


Strategic Investments

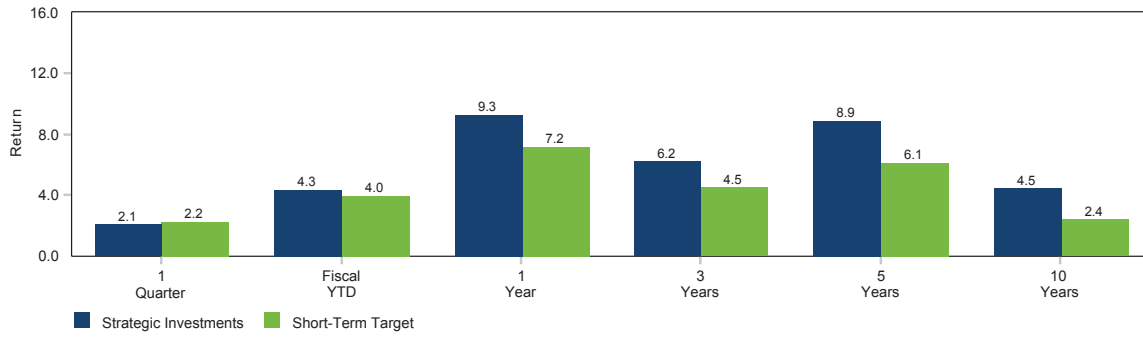
Strategic Investments Portfolio Overview

Current Allocation

December 31, 2017 : \$13,279M



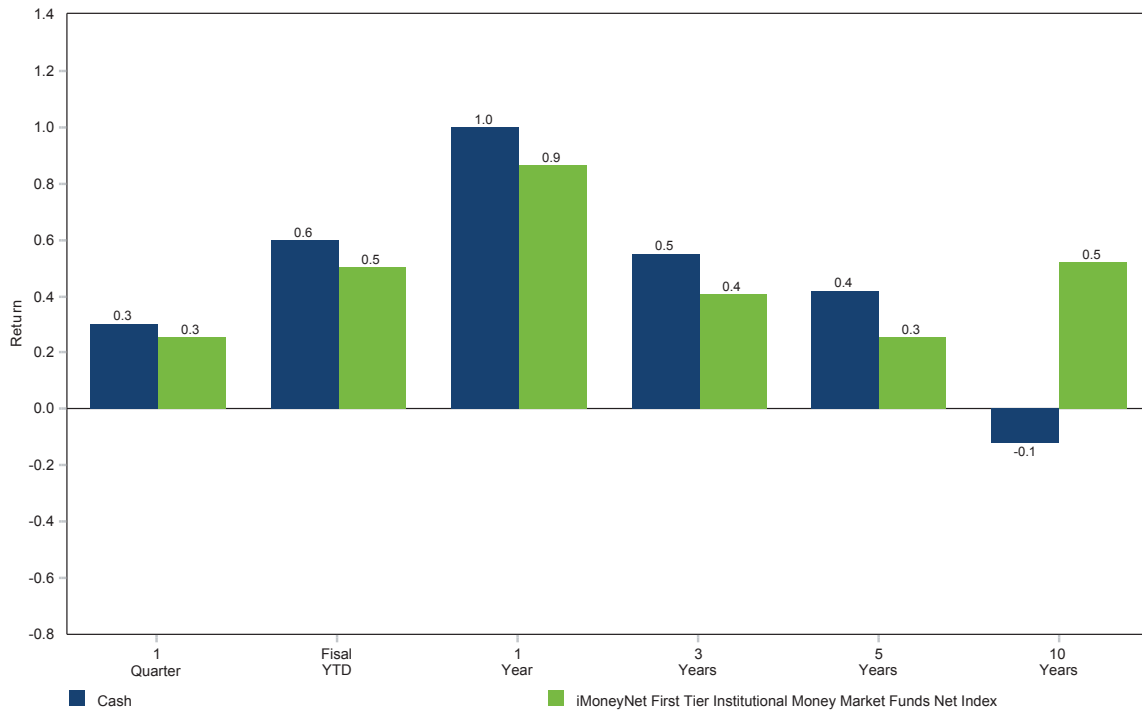
Return Summary



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 86 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 \$14.7 billion.

Domestic Equity - A universe comprised of 86 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 \$323.1 billion as of quarter-end and the average market value was \$3.5 billion.

Foreign Equity - A universe comprised of 88 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 \$288.3 billion as of quarter-end and the average market value was \$3.1 billion.

Fixed Income - A universe comprised of 89 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 \$355.6 billion as of quarter-end and the average market value was \$3.8 billion.

Real Estate - A universe comprised of 64 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 \$82.6 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.

Disclaimers

The information contained herein is proprietary and provided for informational purposes only. It is not complete and does not contain certain material information about making investments in securities including important disclosures and risk factors. All securities transactions involve substantial risk of loss. Under no circumstances does the information in this report represent a recommendation to buy or sell stocks, limited partnership interests, or other investment instruments.

The data contained in these reports is compiled from statements provided by the custodian(s), record-keeper(s), and/or other third-party data provider(s). This document is not intended to provide, and shall not be relied upon for, accounting and legal or tax advice. AHIC has not conducted additional audits and cannot warrant its accuracy or completeness.

We urge you to compare this statement with that of your qualified custodian and/or record-keeper and notify AHIC with any issues or questions you may have with respect to investment performance or any other matter set forth herein.

The mutual fund information found in this report is provided by Thomson Reuters Lipper and AHIC cannot warrant its accuracy or timeliness. Thomson Reuters Lipper Global Data Feed provides comprehensive coverage of mutual fund information directly to Investment Metrics, AHIC's performance reporting vendor, via the PARis performance reporting platform. Thomson Reuters Lipper is the data provider chosen by Investment Metrics, and as such, AHIC has no direct relationship with Thomson Reuters Lipper.

Refer to Hedge Fund Research, Inc. www.hedgefundresearch.com for information on HFR indices.

FTSE International Limited ("FTSE") © FTSE 2017. "FTSE®" and "FTSE4Good®" are trademarks of the London Stock Exchange Group companies and are used by FTSE International Limited under license. The FTSE indices are calculated by FTSE International Limited in conjunction with Indonesia Stock Exchange, Bursa Malaysia Berhad, The Philippine Stock Exchange, Inc., Singapore Exchange Securities Trading Limited and the Stock Exchange of Thailand (the "Exchanges"). All intellectual property rights in the FTSE/ASEAN Index vest in FTSE and the Exchanges. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

Past performance is not necessarily indicative of future results.

Aon Hewitt Investment Consulting, Inc. ("AHIC") is a federally registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). AHIC is also registered with the Commodity Futures Trade Commission as a commodity pool operator and a commodity trading advisor, and is a member of the National Futures Association. The AHIC ADV Form Part 2A disclosure statement is available upon written request to:

Aon Hewitt Investment Consulting, Inc.
200 East Randolph Street
Suite 1500
Chicago, IL 60601
ATTN: AHIC Compliance Officer



FRS Investment Plan | Fourth Quarter 2017

Quarterly Investment Review

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

(This page is left blank intentionally)

Table Of Contents

1	FRS Investment Plan	1
2	Appendix	11

(This page is left blank intentionally)



FRS Investment Plan

As of December 31, 2017

Asset Allocation & Performance

	Allocation		Performance(%)				
	Market Value (\$)	%	1 Quarter	1 Year	3 Years	5 Years	10 Years
FRS Investment Plan	10,671,346,089	100.0	4.1	16.4	7.6	8.5	5.4
Total Plan Aggregate Benchmark			4.1	15.5	7.3	8.2	5.0
Retirement Date	4,735,393,699	44.4					
FRS Retirement Fund	394,628,036	3.7	2.6 (36)	10.8 (49)	4.7 (63)	4.4 (90)	-
Retirement Custom Index			2.6 (33)	10.4 (54)	4.8 (61)	4.3 (91)	-
FRS 2015 Retirement Date Fund	339,747,974	3.2	2.8 (30)	12.0 (39)	5.2 (72)	5.1 (87)	-
2015 Retirement Custom Index			2.8 (31)	11.2 (60)	5.2 (72)	5.0 (90)	-
FRS 2020 Retirement Date Fund	615,793,877	5.8	3.2 (37)	14.0 (23)	6.2 (47)	6.5 (64)	-
2020 Retirement Custom Index			3.2 (42)	13.3 (46)	6.1 (54)	6.4 (65)	-
FRS 2025 Retirement Date Fund	708,268,744	6.6	3.7 (20)	16.1 (23)	7.2 (30)	7.9 (61)	-
2025 Retirement Custom Index			3.6 (34)	15.5 (39)	7.0 (42)	7.7 (63)	-
FRS 2030 Retirement Date Fund	643,794,792	6.0	4.2 (27)	18.0 (30)	8.1 (21)	9.3 (54)	-
2030 Retirement Custom Index			4.1 (52)	17.3 (48)	7.7 (38)	9.0 (58)	-
FRS 2035 Retirement Date Fund	598,994,807	5.6	4.6 (30)	19.8 (26)	8.8 (17)	10.4 (39)	-
2035 Retirement Custom Index			4.4 (49)	18.9 (54)	8.2 (48)	10.0 (57)	-
FRS 2040 Retirement Date Fund	521,414,416	4.9	4.9 (43)	20.9 (28)	9.2 (20)	10.7 (55)	-
2040 Retirement Custom Index			4.8 (51)	20.4 (45)	8.7 (45)	10.4 (61)	-
FRS 2045 Retirement Date Fund	509,238,953	4.8	5.1 (40)	21.5 (26)	9.4 (13)	10.8 (57)	-
2045 Retirement Custom Index			5.0 (41)	21.2 (39)	9.1 (42)	10.6 (64)	-
FRS 2050 Retirement Date Fund	281,208,159	2.6	5.1 (38)	21.6 (32)	9.4 (15)	10.9 (64)	-
2050 Retirement Custom Index			5.1 (49)	21.3 (52)	9.1 (50)	10.6 (71)	-
FRS 2055 Retirement Date Fund	118,244,244	1.1	5.1 (53)	21.5 (52)	9.4 (26)	10.8 (67)	-
2055 Retirement Custom Index			5.1 (54)	21.3 (61)	9.1 (63)	10.6 (85)	-
FRS 2060 Retirement Date Fund	4,059,696	0.0	5.0 (55)	-	-	-	-
2060 Retirement Custom Index			5.1 (54)	-	-	-	-

2



As of December 31, 2017

Asset Allocation & Performance

	Allocation		Performance(%)				
	Market Value (\$)	%	1 Quarter	1 Year	3 Years	5 Years	10 Years
Cash	851,531,036	8.0	0.4 (1)	1.2 (1)	0.7 (1)	0.5 (1)	0.6 (3)
FRS Money Market Fund	851,531,036	8.0	0.4 (1)	1.2 (1)	0.7 (1)	0.5 (1)	0.6 (3)
iMoneyNet 1st Tier Institutional Net Index			0.3 (28)	0.9 (16)	0.4 (18)	0.3 (18)	0.5 (12)
Real Assets	92,093,086	0.9					
FRS Inflation Adjusted Multi-Assets Fund	92,093,086	0.9	2.1	8.1	1.8	-0.2	-
FRS Custom Real Assets Index			2.8	8.1	2.9	0.2	-
Fixed Income	657,351,247	6.2	0.3 (6)	4.4 (1)	3.1 (3)	2.6 (3)	4.6 (5)
Total Bond Index			0.3 (7)	3.9 (3)	2.8 (4)	2.4 (7)	4.2 (15)
FRS U.S. Bond Enhanced Index Fund	243,815,976	2.3	0.4 (27)	3.6 (29)	2.3 (18)	2.2 (22)	4.2 (38)
Blmbg. Barc. U.S. Aggregate			0.4 (27)	3.5 (29)	2.2 (21)	2.1 (26)	4.0 (41)
FRS Intermediate Bond Fund	102,690,228	1.0	-0.1 (66)	2.4 (20)	2.1 (22)	1.9 (26)	3.7 (27)
Blmbg. Barc. U.S. Intermediate Aggregate			-0.1 (49)	2.3 (32)	1.8 (41)	1.7 (34)	3.5 (37)
FRS Core Plus Bond Fund	310,845,044	2.9	0.6 (46)	5.3 (24)	3.7 (20)	3.3 (23)	-
FRS Custom Core-Plus Fixed Income Index			0.4 (74)	4.2 (64)	3.1 (40)	3.0 (33)	-
Domestic Equity	2,928,079,072	27.4	6.1 (50)	20.8 (49)	11.4 (20)	15.8 (23)	9.4 (14)
Total U.S. Equities Index			5.9 (55)	19.6 (56)	11.0 (26)	15.3 (34)	8.7 (26)
FRS U.S. Stock Market Index Fund	1,004,147,425	9.4	6.4 (54)	21.2 (54)	11.2 (35)	15.7 (34)	8.7 (29)
Russell 3000 Index			6.3 (55)	21.1 (54)	11.1 (37)	15.6 (37)	8.6 (31)
FRS U.S. Large Cap Stock Fund	1,015,935,720	9.5	7.4 (22)	25.5 (24)	12.1 (20)	16.7 (14)	-
Russell 1000 Index			6.6 (46)	21.7 (43)	11.2 (29)	15.7 (33)	-
FRS U.S. Small/Mid Cap Stock Fund	907,995,927	8.5	4.5 (72)	16.3 (54)	11.3 (27)	15.5 (21)	-
FRS Custom Small/Mid Cap Index			5.2 (53)	16.8 (49)	10.2 (38)	12.0 (83)	-

3



As of December 31, 2017

Asset Allocation & Performance

	Allocation		Performance(%)				
	Market Value (\$)	%	1 Quarter	1 Year	3 Years	5 Years	10 Years
International/Global Equity	821,177,371	7.7	5.1 (45)	28.6 (50)	9.4 (38)	9.0 (27)	3.6 (29)
Total Foreign and Global Equities Index			5.3 (43)	27.3 (59)	8.5 (52)	8.4 (35)	2.6 (44)
FRS Foreign Stock Index Fund	336,853,404	3.2	5.3 (43)	28.3 (53)	8.9 (44)	8.3 (36)	2.5 (46)
MSCI All Country World ex-U.S. IMI Index			5.2 (43)	27.8 (56)	8.4 (54)	8.1 (39)	2.2 (53)
FRS Global Stock Fund	287,112,036	2.7	4.7 (54)	29.3 (17)	11.7 (16)	12.9 (24)	7.2 (17)
MSCI All Country World Index Net			5.7 (35)	24.0 (39)	9.3 (39)	10.8 (53)	4.7 (53)
FRS Foreign Stock Fund	197,211,932	1.8	4.2 (33)	31.2 (4)	9.7 (4)	9.2 (4)	4.0 (4)
MSCI All Country World ex-U.S. Index			5.0 (20)	27.2 (21)	8.2 (30)	7.2 (40)	1.9 (36)
FRS Self-Dir Brokerage Acct	585,720,579	5.5					

The returns for the Retirement Date Funds, Inflation Adjusted Multi-Assets Fund, Core Plus Bond Fund, U.S. Large Cap Stock Fund, and U.S. Small/Mid Cap Stock 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 December 31, 2017

Asset Allocation & Performance

	Performance(%)								
	2017	2016	2015	2014	2013	2012	2011	2010	2009
FRS Investment Plan	16.4	8.0	-0.9	4.9	15.2	10.5	0.7	10.6	18.4
Total Plan Aggregate Benchmark	15.5	8.5	-1.3	4.9	14.6	9.7	0.9	10.2	16.8
Retirement Date									
FRS Retirement Fund	10.8 (49)	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	10.4 (54)	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	12.0 (39)	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	11.2 (60)	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	14.0 (23)	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	13.3 (46)	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	16.1 (23)	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	15.5 (39)	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	18.0 (30)	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	17.3 (48)	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	19.8 (26)	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	18.9 (54)	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	20.9 (28)	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	20.4 (45)	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	21.5 (26)	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	21.2 (39)	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	21.6 (32)	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	21.3 (52)	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	21.5 (52)	9.3 (27)	-1.4 (54)	4.4 (80)	22.3 (73)	15.8 (45)	-	-	-
2055 Retirement Custom Index	21.3 (61)	8.9 (33)	-1.7 (68)	4.3 (80)	22.4 (72)	15.2 (75)	-	-	-
FRS 2060 Retirement Date Fund	-	-	-	-	-	-	-	-	-
2060 Retirement Custom Index	-	-	-	-	-	-	-	-	-



As of December 31, 2017

Asset Allocation & Performance

	Performance(%)								
	2017	2016	2015	2014	2013	2012	2011	2010	2009
Cash	1.2 (1)	0.6 (1)	0.2 (4)	0.1 (1)	0.2 (1)	0.3 (1)	0.2 (1)	0.3 (2)	0.3 (34)
FRS Money Market Fund	1.2 (1)	0.6 (1)	0.2 (4)	0.1 (1)	0.2 (1)	0.3 (1)	0.2 (1)	0.3 (2)	0.3 (34)
iMoneyNet 1st Tier Institutional Net Index	0.9 (16)	0.3 (24)	0.0 (26)	0.0 (23)	0.0 (23)	0.1 (23)	0.1 (23)	0.2 (7)	0.7 (3)
Real Assets									
FRS Inflation Adjusted Multi-Assets Fund	8.1	6.0	-7.9	3.2	-9.1	9.1	7.4	11.7	16.0
FRS Custom Real Assets Index	8.1	6.2	-5.0	1.8	-8.9	6.6	4.6	13.0	17.2
Fixed Income									
Total Bond Index	3.9 (3)	4.3 (11)	0.1 (84)	4.9 (2)	-1.2 (88)	4.8 (62)	7.4 (1)	7.0 (35)	8.9 (78)
FRS U.S. Bond Enhanced Index Fund	3.6 (29)	2.7 (3)	0.7 (33)	6.2 (35)	-2.0 (16)	4.4 (14)	7.9 (67)	6.7 (48)	6.5 (6)
Blmbg. Barc. U.S. Aggregate	3.5 (29)	2.6 (3)	0.5 (43)	6.0 (36)	-2.0 (17)	4.2 (15)	7.8 (67)	6.5 (49)	5.9 (7)
FRS Intermediate Bond Fund	2.4 (20)	3.1 (31)	0.9 (30)	3.4 (20)	-0.5 (63)	4.9 (59)	5.9 (12)	7.0 (35)	11.9 (54)
Blmbg. Barc. U.S. Intermediate Aggregate	2.3 (32)	2.0 (69)	1.2 (16)	4.1 (6)	-1.0 (83)	3.6 (79)	6.0 (11)	6.1 (48)	6.5 (86)
FRS Core Plus Bond Fund	5.3 (24)	5.7 (28)	0.1 (46)	4.6 (88)	0.8 (21)	11.1 (16)	4.6 (89)	10.1 (28)	21.6 (20)
FRS Custom Core-Plus Fixed Income Index	4.2 (64)	4.9 (41)	0.2 (41)	5.1 (79)	0.8 (20)	7.8 (51)	7.6 (31)	9.1 (42)	18.7 (31)
Domestic Equity									
Total U.S. Equities Index	19.6 (56)	14.9 (22)	-0.5 (44)	11.1 (47)	34.0 (54)	16.5 (37)	-0.1 (40)	19.3 (28)	28.4 (62)
FRS U.S. Stock Market Index Fund	21.2 (54)	12.9 (26)	0.6 (51)	12.6 (34)	33.6 (40)	16.5 (40)	1.0 (39)	17.1 (18)	28.6 (52)
Russell 3000 Index	21.1 (54)	12.7 (27)	0.5 (52)	12.6 (34)	33.6 (40)	16.4 (40)	1.0 (39)	16.9 (20)	28.3 (53)
FRS U.S. Large Cap Stock Fund	25.5 (24)	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	21.7 (43)	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 Stock Fund	16.3 (54)	19.9 (25)	-1.1 (36)	8.6 (28)	37.1 (46)	18.7 (26)	-0.9 (37)	29.6 (25)	37.0 (41)
FRS Custom Small/Mid Cap Index	16.8 (49)	19.6 (26)	-4.2 (71)	7.7 (34)	22.0 (98)	15.3 (53)	1.1 (22)	21.3 (85)	26.4 (86)

6



As of December 31, 2017

Asset Allocation & Performance

	Performance(%)								
	2017	2016	2015	2014	2013	2012	2011	2010	2009
International/Global Equity	28.6 (50)	4.5 (42)	-2.6 (48)	-3.2 (42)	21.6 (33)	18.6 (53)	-11.3 (23)	10.1 (73)	34.8 (62)
Total Foreign and Global Equities Index	27.3 (59)	4.9 (38)	-4.4 (55)	-3.0 (40)	20.6 (39)	16.6 (72)	-11.3 (23)	10.1 (73)	32.4 (69)
FRS Foreign Stock Index Fund	28.3 (53)	5.3 (37)	-4.4 (55)	-4.5 (54)	20.5 (39)	17.6 (63)	-11.8 (27)	9.2 (77)	32.3 (69)
MSCI All Country World ex-U.S. IMI Index	27.8 (56)	4.4 (42)	-4.6 (55)	-4.2 (51)	21.0 (36)	16.4 (72)	-12.2 (30)	8.9 (78)	33.7 (66)
FRS Global Stock Fund	29.3 (17)	2.2 (80)	5.6 (13)	3.7 (44)	27.1 (41)	21.0 (15)	-7.4 (46)	13.0 (56)	37.7 (43)
MSCI All Country World Index Net	24.0 (39)	7.9 (45)	-2.4 (55)	4.2 (39)	22.8 (61)	16.3 (38)	-5.5 (35)	11.8 (61)	30.0 (65)
FRS Foreign Stock Fund	31.2 (4)	1.0 (64)	-0.5 (20)	-2.3 (15)	20.6 (53)	19.6 (38)	-13.3 (58)	9.8 (25)	39.6 (8)
MSCI All Country World ex-U.S. Index	27.2 (21)	5.0 (8)	-5.3 (79)	-3.4 (17)	15.8 (75)	17.4 (71)	-13.3 (59)	11.6 (13)	32.5 (51)
FRS Self-Dir Brokerage Acct									

The returns for the Retirement Date Funds, Inflation Adjusted Multi-Assets Fund, Core Plus Bond Fund, U.S. Large Cap Stock Fund, and U.S. Small/Mid Cap Stock 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.

7



FRS Investment Plan

As of December 31, 2017

Asset Allocation

Asset Allocation as of 12/31/2017								
	U.S. Equity	Non-U.S. Equity	U.S. Fixed Income	Real Assets	Cash	Brokerage	Total	% of Total
FRS Retirement Fund	61,956,602	57,221,065	142,855,349	132,595,020			394,628,036	3.7%
FRS 2015 Retirement Date Fund	59,455,896	54,699,424	117,552,799	108,039,856			339,747,974	3.2%
FRS 2020 Retirement Date Fund	140,401,004	129,932,508	200,748,804	144,711,561			615,793,877	5.8%
FRS 2025 Retirement Date Fund	204,689,667	189,107,755	209,647,548	104,823,774			708,268,744	6.6%
FRS 2030 Retirement Date Fund	218,246,435	201,507,770	166,099,056	57,941,531			643,794,792	6.0%
FRS 2035 Retirement Date Fund	228,816,016	211,445,167	128,184,889	30,548,735			598,994,807	5.6%
FRS 2040 Retirement Date Fund	218,994,055	202,308,793	86,554,793	13,556,775			521,414,416	4.9%
FRS 2045 Retirement Date Fund	226,611,334	208,787,971	62,127,152	11,712,496			509,238,953	4.8%
FRS 2050 Retirement Date Fund	125,418,839	115,576,553	33,744,979	6,467,788			281,208,159	2.6%
FRS 2055 Retirement Date Fund	52,736,933	48,598,384	14,189,309	2,719,618			118,244,244	1.1%
FRS 2060 Retirement Date Fund	1,810,624	1,668,535	467,164	93,373			4,059,696	0.0%
Total Retirement Date Funds	\$ 1,537,326,780	\$ 1,419,185,390	\$ 1,161,704,679	\$ 613,117,154	\$ -	\$ -	\$ 4,735,393,699	44.4%
FRS Money Market Fund					851,531,036		851,531,036	8.0%
Total Cash	\$ -	\$ -	\$ -	\$ -	\$ 851,531,036	\$ -	\$ 851,531,036	8.0%
FRS Inflation Adjusted Multi-Assets Fund				92,093,086			92,093,086	0.9%
Total Real Assets	\$ -	\$ -	\$ -	\$ 92,093,086	\$ -	\$ -	\$ 92,093,086	0.9%
FRS U.S. Bond Enhanced Index Fund			243,815,976				243,815,976	2.3%
FRS Intermediate Bond Fund			102,690,228				102,690,228	1.0%
FRS Core Plus Bond Fund			310,845,044				310,845,044	2.9%
Total Fixed Income	\$ -	\$ -	\$ 657,351,247	\$ -	\$ -	\$ -	\$ 657,351,247	6.2%
FRS U.S. Stock Market Index Fund	1,004,147,425						1,004,147,425	9.4%
FRS U.S. Large Cap Stock Fund	1,015,935,720						1,015,935,720	9.5%
FRS U.S. Small/Mid Cap Stock Fund	907,995,927						907,995,927	8.5%
Total Domestic Equity	\$ 2,928,079,071	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,928,079,071	27.4%
FRS Foreign Stock Index Fund		336,853,404					336,853,404	3.2%
FRS Global Stock Fund		287,112,035					287,112,035	2.7%
FRS Foreign Stock Fund		197,211,932					197,211,932	1.8%
Total International/Global Equity	\$ -	\$ 821,177,371	\$ -	\$ -	\$ -	\$ -	\$ 821,177,371	7.7%
FRS Self-Dir Brokerage Acct						585,720,579	585,720,579	5.5%
Total Self-Dir Brokerage Acct						\$ 585,720,579	\$ 585,720,579	5.5%
Total Portfolio	\$ 4,465,405,851	\$ 2,240,362,762	\$ 1,819,055,926	\$ 705,210,240	\$ 851,531,036	\$ 585,720,579	\$ 10,671,346,090	100.0%
Percent of Total	41.84%	20.99%	17.05%	6.61%	7.98%	5.49%	100.0%	

The returns for the Retirement Date Funds, Inflation Adjusted Multi-Assets Fund, Core Plus Bond Fund, U.S. Large Cap Stock Fund, and U.S. Small/Mid Cap Stock 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 December 31, 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	7.59	6.80	1.06	0.48	0.59	101.85	99.16
FRS Retirement Fund	4.66	4.54	0.94	0.50	-0.30	100.13	104.09
FRS 2015 Retirement Date Fund	5.21	4.98	0.97	0.50	0.05	101.26	102.27
FRS 2020 Retirement Date Fund	6.22	5.80	1.01	0.44	0.26	101.87	101.79
FRS 2025 Retirement Date Fund	7.25	6.57	1.04	0.45	0.56	100.83	97.11
FRS 2030 Retirement Date Fund	8.07	7.38	1.04	0.45	0.77	101.61	97.93
FRS 2035 Retirement Date Fund	8.82	8.30	1.02	0.50	1.14	103.08	98.50
FRS 2040 Retirement Date Fund	9.16	8.68	1.01	0.52	0.77	101.31	97.49
FRS 2045 Retirement Date Fund	9.40	8.81	1.02	0.62	0.47	99.91	95.99
FRS 2050 Retirement Date Fund	9.45	8.84	1.02	0.60	0.54	100.24	96.28
FRS 2055 Retirement Date Fund	9.41	8.82	1.02	0.59	0.49	100.02	96.20
FRS 2060 Retirement Date Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A
FRS Money Market Fund	0.68	0.13	5.43	0.03	9.43	167.53	N/A
FRS Inflation Adjusted Multi-Assets Fund	1.82	5.64	0.28	1.77	-0.59	102.49	122.32
FRS U.S. Bond Enhanced Index Fund	2.34	2.82	0.69	0.08	1.18	101.61	99.10
FRS Intermediate Bond Fund	2.13	2.19	0.79	0.58	0.53	114.18	110.97
FRS Core Plus Bond Fund	3.66	2.85	1.14	0.63	0.90	114.71	109.13
FRS U.S. Stock Market Index Fund	11.24	10.24	1.06	0.05	2.29	100.43	99.67
FRS U.S. Large Cap Stock Fund	12.07	11.29	1.04	2.42	0.37	110.93	115.10
FRS U.S. Small/Mid Cap Stock Fund	11.31	11.99	0.92	1.56	0.64	100.28	91.44
FRS Foreign Stock Index Fund	8.90	11.57	0.76	1.36	0.32	98.95	94.61
FRS Global Stock Fund	11.73	10.46	1.08	3.21	0.69	104.45	85.08
FRS Foreign Stock Fund	9.66	10.81	0.87	3.98	0.31	92.12	76.54

The returns for the Retirement Date Funds, Inflation Adjusted Multi-Assets Fund, Core Plus Bond Fund, U.S. Large Cap Stock Fund, and U.S. Small/Mid Cap Stock Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.



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	8.53	6.42	1.27	0.42	0.67	101.56	98.58
FRS Retirement Fund	4.37	4.78	0.87	1.28	0.07	106.70	111.43
FRS 2015 Retirement Date Fund	5.11	5.09	0.96	1.08	0.12	105.29	108.45
FRS 2020 Retirement Date Fund	6.53	5.76	1.09	0.80	0.22	104.33	106.47
FRS 2025 Retirement Date Fund	7.94	6.44	1.18	0.55	0.37	102.09	101.23
FRS 2030 Retirement Date Fund	9.28	7.19	1.24	0.41	0.54	101.40	99.77
FRS 2035 Retirement Date Fund	10.42	8.10	1.24	0.47	0.75	101.92	99.58
FRS 2040 Retirement Date Fund	10.68	8.38	1.23	0.47	0.52	100.97	98.91
FRS 2045 Retirement Date Fund	10.83	8.46	1.23	0.54	0.33	100.18	97.93
FRS 2050 Retirement Date Fund	10.85	8.47	1.23	0.53	0.38	100.36	98.11
FRS 2055 Retirement Date Fund	10.83	8.46	1.23	0.52	0.34	100.23	98.06
FRS 2060 Retirement Date Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A
FRS Money Market Fund	0.49	0.12	4.93	0.03	7.93	190.91	N/A
FRS Inflation Adjusted Multi-Assets Fund	-0.20	6.11	-0.05	1.68	-0.23	108.01	113.81
FRS U.S. Bond Enhanced Index Fund	2.21	2.87	0.68	0.10	1.05	101.90	99.44
FRS Intermediate Bond Fund	1.86	2.21	0.72	0.55	0.29	107.36	105.55
FRS Core Plus Bond Fund	3.26	3.21	0.94	0.73	0.34	112.53	117.70
FRS U.S. Stock Market Index Fund	15.67	9.75	1.52	0.05	1.72	100.28	99.71
FRS U.S. Large Cap Stock Fund	16.71	10.59	1.50	2.59	0.38	106.28	105.91
FRS U.S. Small/Mid Cap Stock Fund	15.49	11.95	1.25	2.46	1.30	111.85	94.62
FRS Foreign Stock Index Fund	8.25	11.31	0.74	1.27	0.09	98.49	96.41
FRS Global Stock Fund	12.93	10.11	1.23	3.02	0.64	104.08	86.80
FRS Foreign Stock Fund	9.21	10.53	0.87	3.68	0.48	96.15	79.09

The returns for the Retirement Date Funds, Inflation Adjusted Multi-Assets Fund, Core Plus Bond Fund, U.S. Large Cap Stock Fund, and U.S. Small/Mid Cap Stock Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.



Appendix

As of December 31, 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 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 December 31, 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.

FRS Intermediate Bond Fund - A broad intermediate-term fixed income universe calculated and provided by Lipper.

FRS Core Plus Bond 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 Stock Fund - A large cap universe calculated and provided by Lipper.

FRS U.S. Small/Mid Cap Stock 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.

FRS Global Stock Fund - A global stock universe calculated and provided by Lipper.

FRS Foreign Stock 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.

Disclaimers

The information contained herein is proprietary and provided for informational purposes only. It is not complete and does not contain certain material information about making investments in securities including important disclosures and risk factors. All securities transactions involve substantial risk of loss. Under no circumstances does the information in this report represent a recommendation to buy or sell stocks, limited partnership interests, or other investment instruments.

The data contained in these reports is compiled from statements provided by the custodian(s), record-keeper(s), and/or other third-party data provider(s). This document is not intended to provide, and shall not be relied upon for, accounting and legal or tax advice. AHIC has not conducted additional audits and cannot warrant its accuracy or completeness.

We urge you to compare this statement with that of your qualified custodian and/or record-keeper and notify AHIC with any issues or questions you may have with respect to investment performance or any other matter set forth herein.

The mutual fund information found in this report is provided by Thomson Reuters Lipper and AHIC cannot warrant its accuracy or timeliness. Thomson Reuters Lipper Global Data Feed provides comprehensive coverage of mutual fund information directly to Investment Metrics, AHIC's performance reporting vendor, via the PARis performance reporting platform. Thomson Reuters Lipper is the data provider chosen by Investment Metrics, and as such, AHIC has no direct relationship with Thomson Reuters Lipper.

Refer to Hedge Fund Research, Inc. www.hedgefundresearch.com for information on HFR indices.

FTSE International Limited ("FTSE") © FTSE 2017. "FTSE®" and "FTSE4Good®" are trademarks of the London Stock Exchange Group companies and are used by FTSE International Limited under license. The FTSE indices are calculated by FTSE International Limited in conjunction with Indonesia Stock Exchange, Bursa Malaysia Berhad, The Philippine Stock Exchange, Inc., Singapore Exchange Securities Trading Limited and the Stock Exchange of Thailand (the "Exchanges"). All intellectual property rights in the FTSE/ASEAN Index vest in FTSE and the Exchanges. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

Past performance is not necessarily indicative of future results.

Aon Hewitt Investment Consulting, Inc. ("AHIC") is a federally registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). AHIC is also registered with the Commodity Futures Trade Commission as a commodity pool operator and a commodity trading advisor, and is a member of the National Futures Association. The AHIC ADV Form Part 2A disclosure statement is available upon written request to:

Aon Hewitt Investment Consulting, Inc.
200 East Randolph Street
Suite 1500
Chicago, IL 60601
ATTN: AHIC Compliance Officer



Lawton Chiles Endowment Fund | Fourth Quarter 2017

Quarterly Investment Review

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



(This page is left blank intentionally)

Table of Contents

1	LCEF Total Fund	1
2	Appendix	9



(This page is left blank intentionally)



LCEF Total Fund

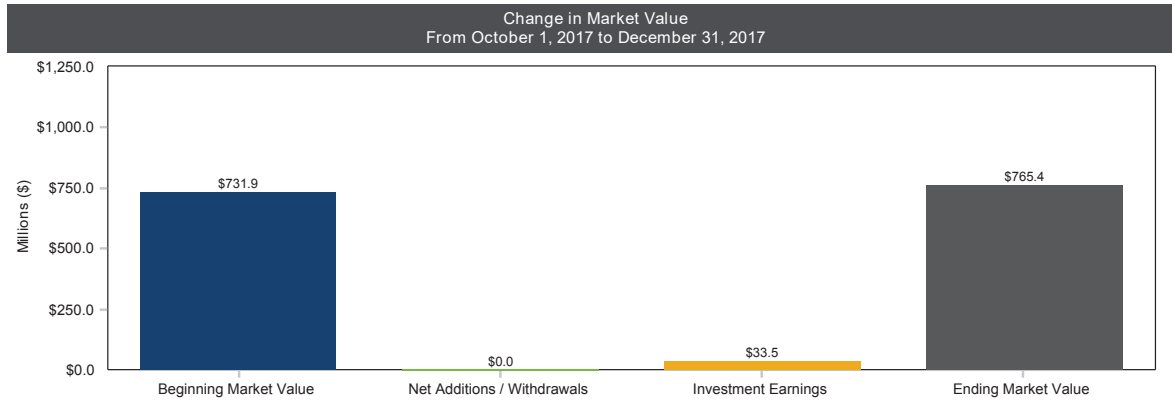
1



LCEF Total Fund

As of December 31, 2017

Total Plan Asset Summary



Summary of Cash Flow

	1 Quarter	Fiscal YTD
LCEF Total Fund		
Beginning Market Value	731,882,839	699,743,916
+ Additions / Withdrawals	-	-
+ Investment Earnings	33,492,704	65,631,627
= Ending Market Value	765,375,543	765,375,543

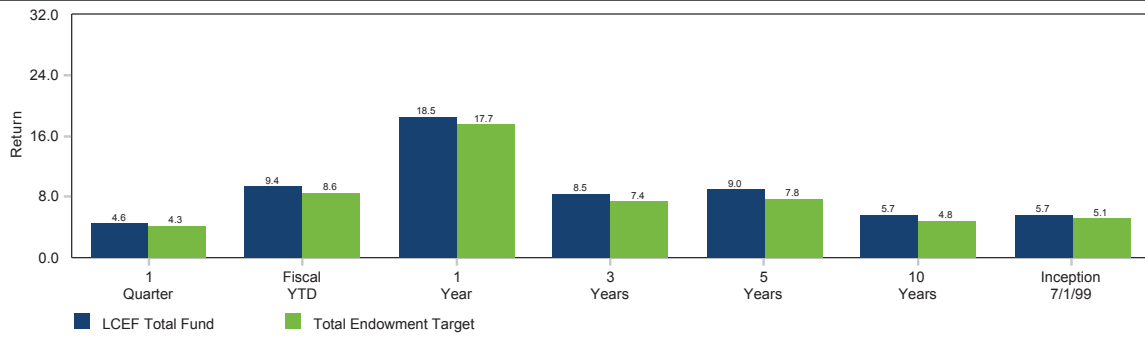
*Period July 2017 - December 2017

2

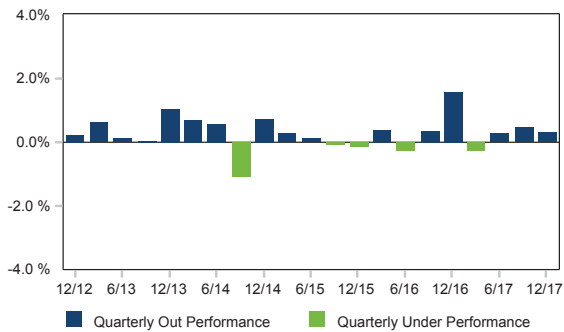


Total Plan Performance Summary

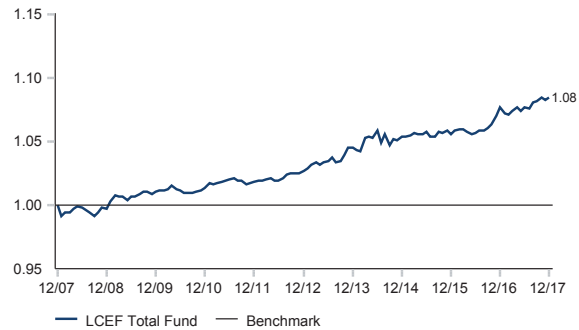
Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - 10 Years



3

Asset Allocation & Performance

	Allocation			Performance(%)					
	Market Value (\$)	%	Policy(%)	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years
LCEF Total Fund	765,375,543	100.0	100.0	4.6 (4)	9.4 (2)	18.5 (3)	8.5 (2)	9.0 (14)	5.7 (18)
Total Endowment Target				4.3 (7)	8.6 (5)	17.7 (8)	7.4 (12)	7.8 (46)	4.8 (48)
Global Equity*	562,316,360	73.5	71.0	6.0	12.3	24.5	10.8	12.8	7.2
Global Equity Target				5.7	11.5	24.1	9.5	11.1	6.2
Fixed Income	114,840,678	15.0	17.0	0.4 (48)	1.3 (45)	3.7 (33)	2.3 (43)	2.2 (37)	4.0 (56)
Bimbg. Barc. U.S. Aggregate				0.4 (54)	1.2 (49)	3.5 (39)	2.2 (48)	2.1 (43)	4.0 (56)
TIPS	73,560,499	9.6	11.0	1.3	2.2	3.2	2.2	0.2	3.8
Barclays U.S. TIPS				1.3	2.1	3.0	2.1	0.1	3.5
Cash Equivalents	14,658,005	1.9	1.0	0.3	0.7	1.2	0.8	0.6	0.9
S&P US AAA & AA Rated GIP 30D Net Yield Index				0.3	0.5	0.9	0.5	0.3	0.5

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.

4

As of December 31, 2017

Calendar Year Performance

	Performance(%)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
LCEF Total Fund	18.5 (3)	9.2 (5)	-1.4 (47)	5.2 (43)	14.7 (53)	13.2 (22)	1.9 (15)	14.0 (14)	21.2 (47)	-29.2 (76)
Total Endowment Target	17.7 (8)	7.0 (27)	-1.6 (49)	4.3 (55)	12.8 (77)	12.2 (46)	1.5 (17)	13.7 (17)	19.6 (58)	-28.9 (74)
Global Equity*	24.5	11.4	-1.9	5.3	27.1	20.4	-1.1	17.0	30.8	-39.6
Global Equity Target	24.1	8.4	-2.4	3.9	24.1	19.4	-2.2	16.1	30.5	-39.2
Fixed Income	3.7 (33)	2.7 (60)	0.6 (32)	6.0 (20)	-1.8 (74)	4.6 (86)	7.6 (43)	7.0 (78)	4.6 (96)	5.8 (5)
Bimbg. Barc. U.S. Aggregate	3.5 (39)	2.6 (60)	0.5 (33)	6.0 (21)	-2.0 (76)	4.2 (89)	7.8 (40)	6.5 (82)	5.9 (87)	5.2 (15)
TIPS	3.2	4.8	-1.2	3.5	-8.7	7.2	13.6	6.1	13.3	-2.0
Barclays U.S. TIPS	3.0	4.7	-1.4	3.6	-8.6	7.0	13.6	6.3	11.4	-2.4
Cash Equivalents	1.2	0.7	0.5	0.2	0.2	1.3	0.1	2.0	2.6	0.5
S&P US AAA & AA Rated GIP 30D Net Yield Index	0.9	0.4	0.1	0.0	0.1	0.1	0.2	0.3	0.7	2.3

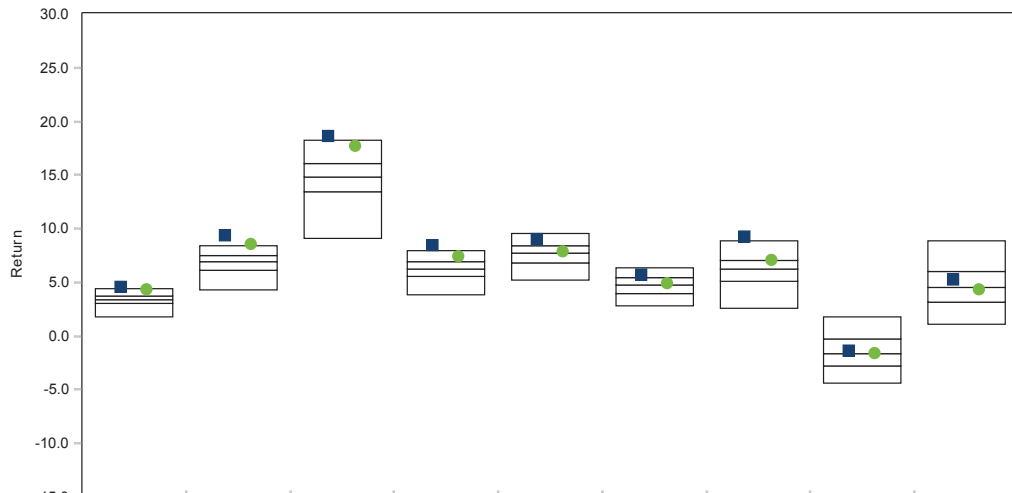
*Global Equity became an asset class in September 2012 by merging the Domestic Equities and Foreign Equities asset classes. The return series prior to September 2012 is a weighted average of Domestic Equities' and Foreign Equities' historical performance.



As of December 31, 2017

Plan Sponsor Peer Group Analysis

All Endowments-Total Fund

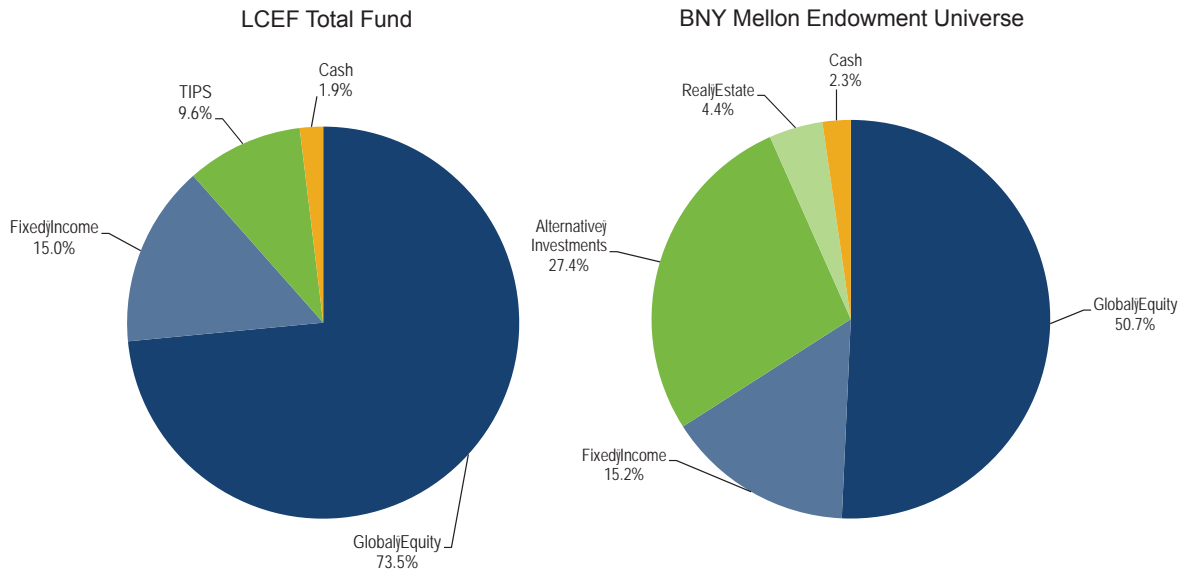


	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	2016	2015	2014
■ LCEF Total Fund	4.6 (4)	9.4 (2)	18.5 (3)	8.5 (2)	9.0 (14)	5.7 (18)	9.2 (5)	-1.4 (47)	5.2 (43)
● Total Endowment Target	4.3 (7)	8.6 (5)	17.7 (8)	7.4 (12)	7.8 (46)	4.8 (48)	7.0 (27)	-1.6 (49)	4.3 (55)
5th Percentile	4.4	8.4	18.2	8.0	9.5	6.4	8.9	1.8	8.9
1st Quartile	3.7	7.5	16.1	6.9	8.5	5.5	7.1	-0.2	6.0
Median	3.4	6.9	14.8	6.2	7.7	4.8	6.2	-1.6	4.5
3rd Quartile	3.0	6.1	13.4	5.6	6.8	4.0	5.1	-2.7	3.1
95th Percentile	1.8	4.4	9.0	3.9	5.2	2.8	2.5	-4.3	1.1
Population	299	299	291	275	261	197	337	323	311

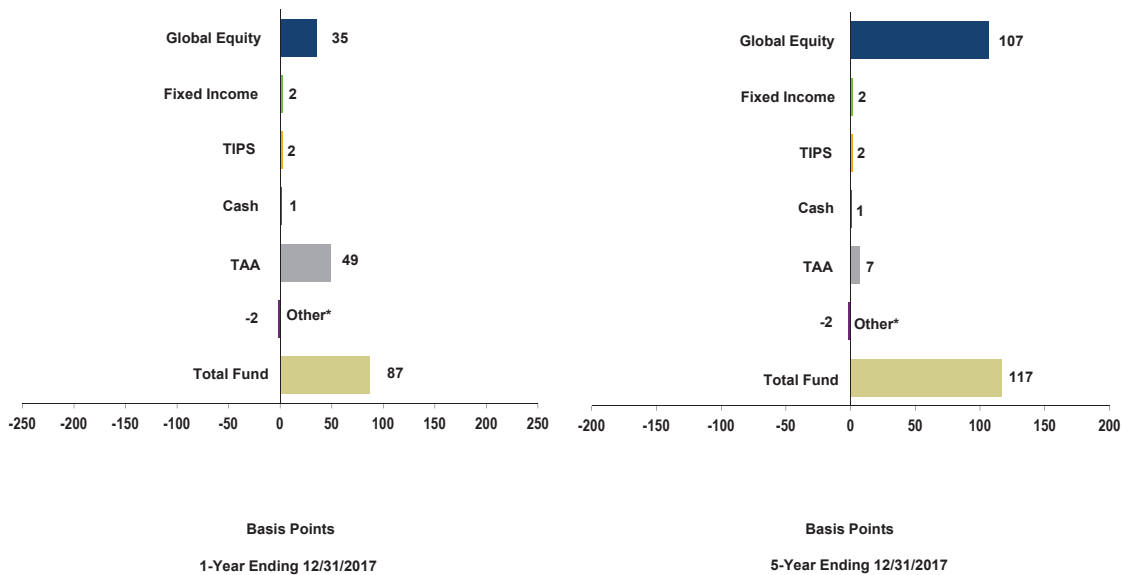
Parentheses contain percentile rankings.



Universe Asset Allocation Comparison



Attribution



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



Appendix

As of December 31, 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 December 31, 2017

Universe Descriptions

LCEF Total Fund

A universe comprised of 307 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 \$282.6 billion as of quarter-end and the average market value was \$920.5 million.

Total Fixed Income

A universe comprised of 273 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 \$20.8 billion as of quarter-end and the average market value was \$70.6 million.

As of December 31, 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.

Disclaimers

The information contained herein is proprietary and provided for informational purposes only. It is not complete and does not contain certain material information about making investments in securities including important disclosures and risk factors. All securities transactions involve substantial risk of loss. Under no circumstances does the information in this report represent a recommendation to buy or sell stocks, limited partnership interests, or other investment instruments.

The data contained in these reports is compiled from statements provided by the custodian(s), record-keeper(s), and/or other third-party data provider(s). This document is not intended to provide, and shall not be relied upon for, accounting and legal or tax advice. AHIC has not conducted additional audits and cannot warrant its accuracy or completeness.

We urge you to compare this statement with that of your qualified custodian and/or record-keeper and notify AHIC with any issues or questions you may have with respect to investment performance or any other matter set forth herein.

The mutual fund information found in this report is provided by Thomson Reuters Lipper and AHIC cannot warrant its accuracy or timeliness. Thomson Reuters Lipper Global Data Feed provides comprehensive coverage of mutual fund information directly to Investment Metrics, AHIC's performance reporting vendor, via the PARis performance reporting platform. Thomson Reuters Lipper is the data provider chosen by Investment Metrics, and as such, AHIC has no direct relationship with Thomson Reuters Lipper.

Refer to Hedge Fund Research, Inc. www.hedgefundresearch.com for information on HFR indices.

FTSE International Limited ("FTSE") © FTSE 2017. "FTSE®" and "FTSE4Good®" are trademarks of the London Stock Exchange Group companies and are used by FTSE International Limited under license. The FTSE indices are calculated by FTSE International Limited in conjunction with Indonesia Stock Exchange, Bursa Malaysia Berhad, The Philippine Stock Exchange, Inc., Singapore Exchange Securities Trading Limited and the Stock Exchange of Thailand (the "Exchanges"). All intellectual property rights in the FTSE/ASEAN Index vest in FTSE and the Exchanges. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

Past performance is not necessarily indicative of future results.

Aon Hewitt Investment Consulting, Inc. ("AHIC") is a federally registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). AHIC is also registered with the Commodity Futures Trade Commission as a commodity pool operator and a commodity trading advisor, and is a member of the National Futures Association. The AHIC ADV Form Part 2A disclosure statement is available upon written request to:

Aon Hewitt Investment Consulting, Inc.
200 East Randolph Street
Suite 1500
Chicago, IL 60601
ATTN: AHIC Compliance Officer

