



State Board of Administration of Florida

Major Mandate Review  
Third Quarter 2014

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## Executive Summary

Third Quarter 2014

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## Executive Summary

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- The major mandates outperformed their respective benchmarks over all longer time periods through September 30, 2014.
- The Pension Plan outperformed its Performance Benchmark over the trailing one-, three-, five-, ten- and fifteen-year time periods.
  - Global Equity has been a consistent source of value added over the trailing one-, three- and five-year time periods. Fixed Income, Real Estate and Strategic Investments have also added value.
- Over the trailing three- and five-year periods, the Pension Plan's return ranked in the top quartile of the TUCS Top Ten Defined Benefit Plan universe and ranked in the top half of the universe over the trailing ten-year period.
- The FRS Investment Plan met or outperformed the Total Plan Aggregate Benchmark during the third quarter and over all trailing periods.
- The Lawton Chiles Endowment Fund underperformed its benchmark during the third quarter but outperformed its benchmark over the one-, three-, five-, and ten-year periods, primarily due to strong public equity performance.
- The CAT Funds and Florida PRIME continued to outperform their respective benchmarks over both short and long time periods.

# State Board of Administration of Florida Florida Retirement System

## Pension Plan Review Third Quarter 2014



### Executive Summary

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- The Pension Plan assets totaled \$145.8 billion as of September 30, 2014 which represents a \$3.3 billion decrease since last quarter.
- The Pension Plan, when measured against the Performance Benchmark, 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 fifteen-year period, but has outperformed over the trailing one-, three-, five-, ten-, twenty- and twenty five-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.
- Hewitt EnnisKnupp 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 9/30/2014

Summary of Cash Flows		
	Third Quarter	Fiscal YTD*
<b>Beginning Market Value</b>	\$149,097,956,343	\$149,097,956,343
<b>+/- Net Contributions/(Withdrawals)</b>	(\$1,824,264,679)	(\$1,824,264,679)
<b>Investment Earnings</b>	(\$1,454,816,355)	(\$1,454,816,355)
<b>= Ending Market Value</b>	\$145,818,875,309	\$145,818,875,309
<b>Net Change</b>	(\$3,279,081,034)	(\$3,279,081,034)

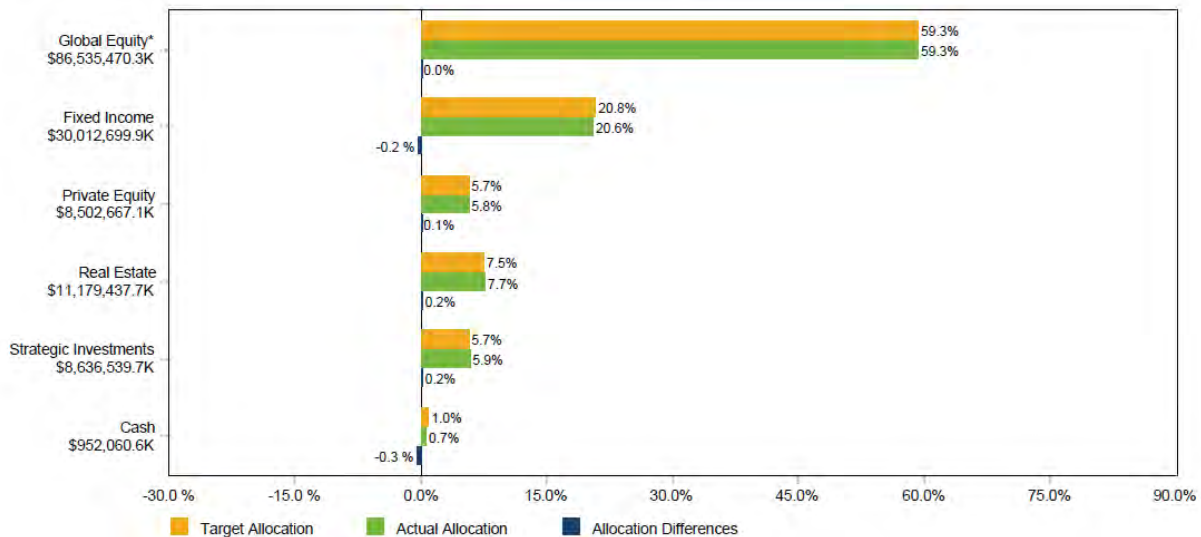
\*Period July 2014 – September 2014

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## Asset Allocation as of 9/30/2014 Total Fund Assets = \$145.8 Billion

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	145,818,875,309	100.0	100.0		
Global Equity*	86,535,470,274	59.3	59.3	45.0	70.0
Fixed Income	30,012,699,922	20.6	20.8	10.0	26.0
Private Equity	8,502,667,109	5.8	5.7	4.0	16.0
Real Estate	11,179,437,664	7.7	7.5	2.0	9.0
Strategic Investments	8,636,539,715	5.9	5.7	0.0	16.0
Cash	952,060,625	0.7	1.0	0.3	5.0

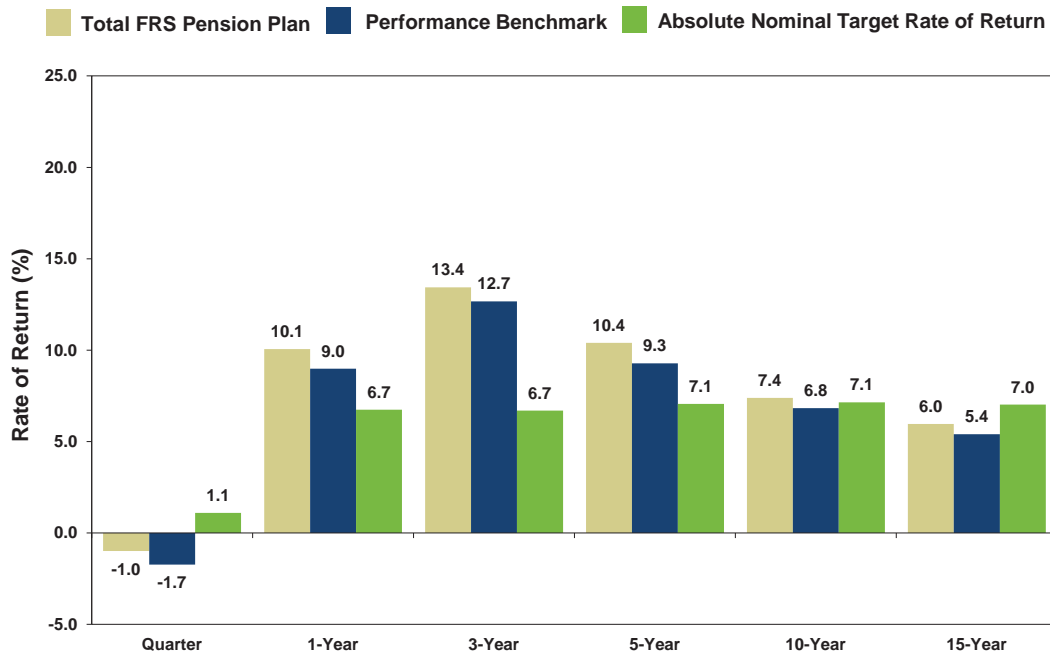


\* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.

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## FRS Pension Plan Investment Results Periods Ending 9/30/2014

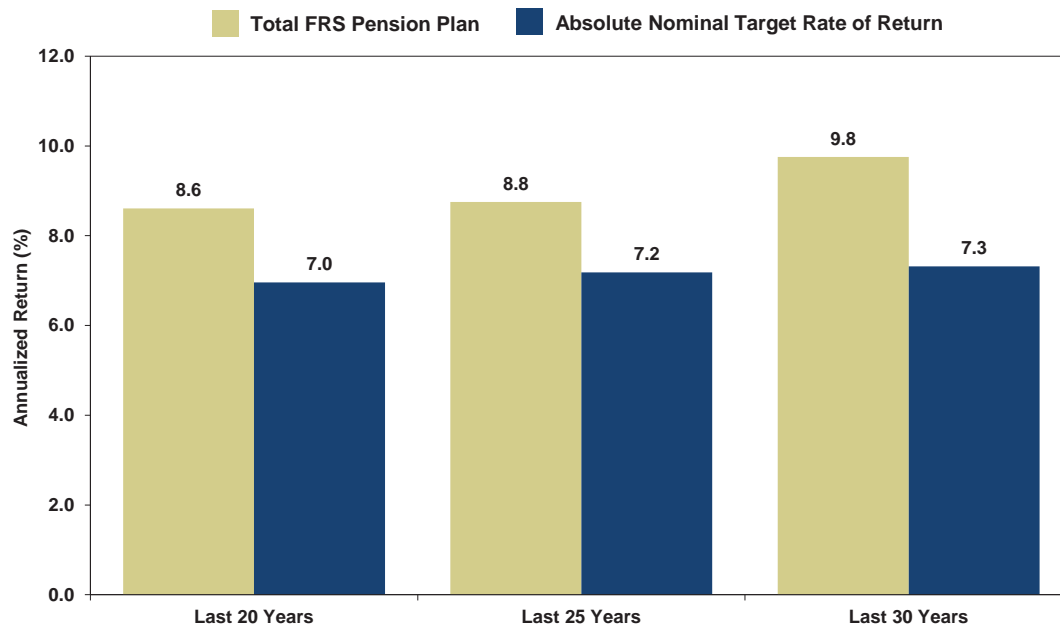


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## FRS Pension Plan Investment Results Periods Ending 9/30/2014

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

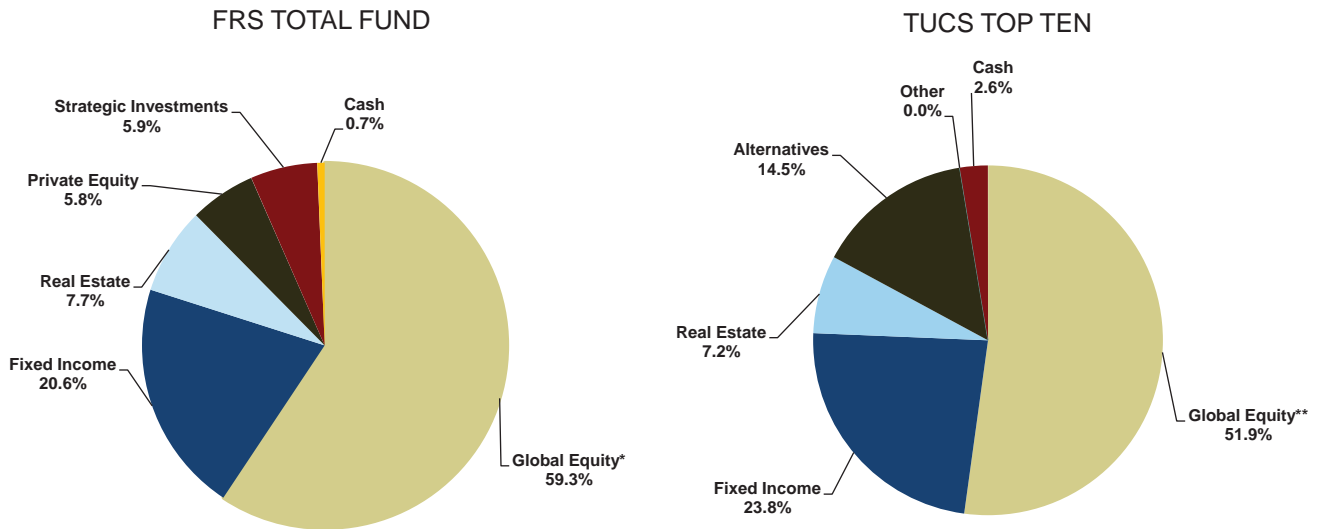


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## Comparison of Asset Allocation (TUCS Top Ten) As of 9/30/2014

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



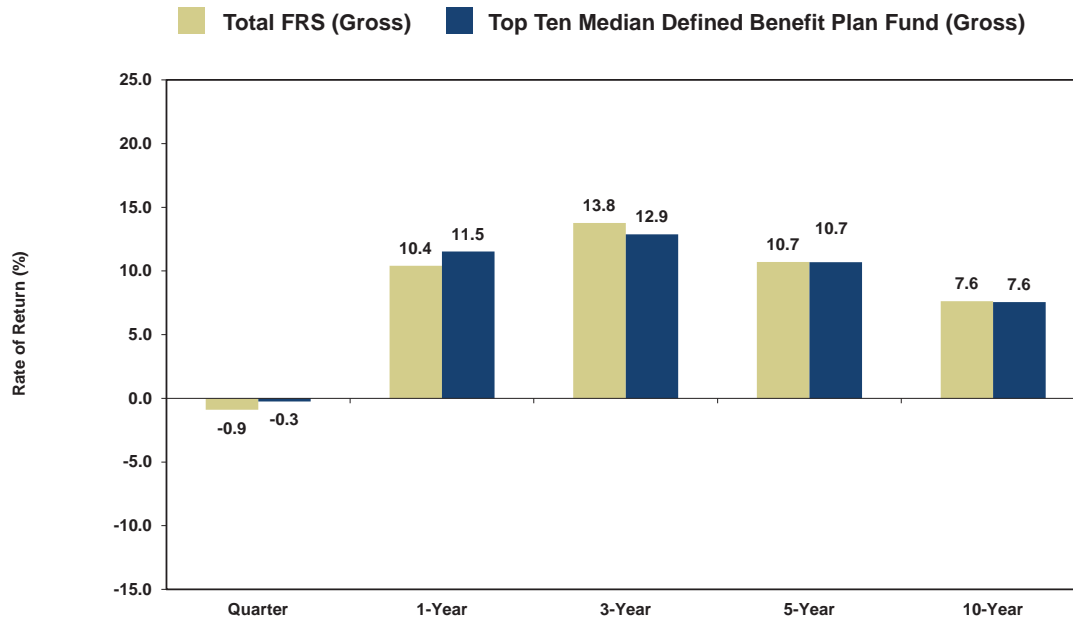
\*Global Equity Allocation: 27.9% Domestic Equities; 27.3% Foreign Equities; 4.1% Global Equities. Percentages are of the Total FRS Fund.

\*\*Global Equity Allocation: 31.6% Domestic Equities; 20.3% Foreign Equities.

Note: The TUCS Top Ten Universe includes \$1,289.9 billion in total assets. The median fund size was \$129.0 billion and the average fund size was \$129.0 billion.

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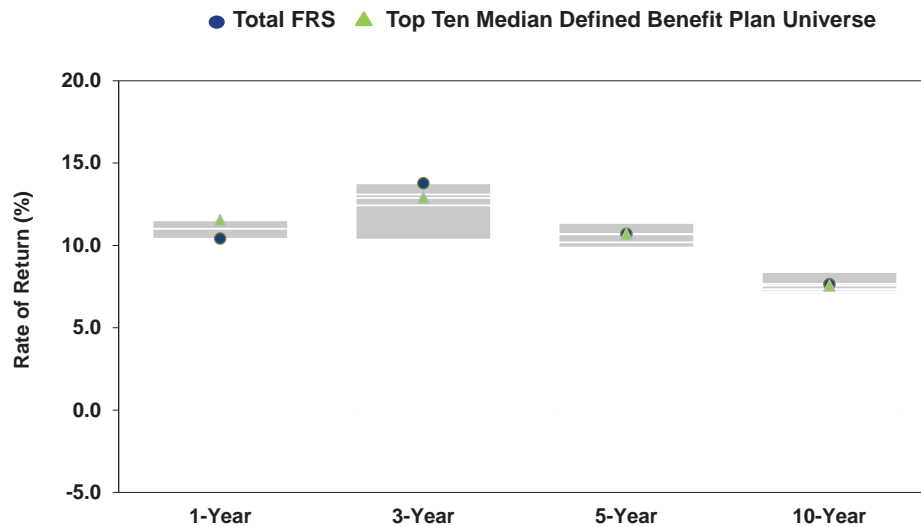
## FRS Results Relative to TUCS Top Ten Defined Benefit Plans Periods Ending 9/30/2014



Note: The TUCS Top Ten Universe includes \$1,289.9 billion in total assets. The median fund size was \$129.0 billion and the average fund size was \$129.0 billion.

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## Top Ten Defined Benefit Plans FRS Universe Comparison (TUCS) Periods Ending 9/30/2014



FRS Percentile Ranking	99	5	25	37
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Note: The TUCS Top Ten Universe includes \$1,289.9 billion in total assets. The median fund size was \$129.0 billion and the average fund size was \$129.0 billion.

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## Cost Effectiveness Measurement (CEM)

- CEM Benchmarking Inc. is a global information company that provides data on operations of defined benefit and defined contribution pension plans.
- They conduct annual surveys on pension funds related to performance, cost, benchmarking and governance practices.
- CEM constructs custom peer groups for each client. The most valuable comparisons of cost performance are to custom peer groups because size impacts cost. Data is available on an annual basis. Peer groups are commonly constructed by plan type.
- CEM studies have shown that plan type (public and corporate funds) does not account for systematic differences in performance. CEM peer groups are constructed based on the size of the plan, not the plan type.
- CEM Peer Group for FRS:
  - 17 public and corporate pension funds
  - Average fund size of \$82.0 billion
  - Fund size ranges from \$41.0 billion to \$284.0 billion
- Most meaningful universe comparison for the FRS is the U.S. Public Plan universe which includes 59 funds

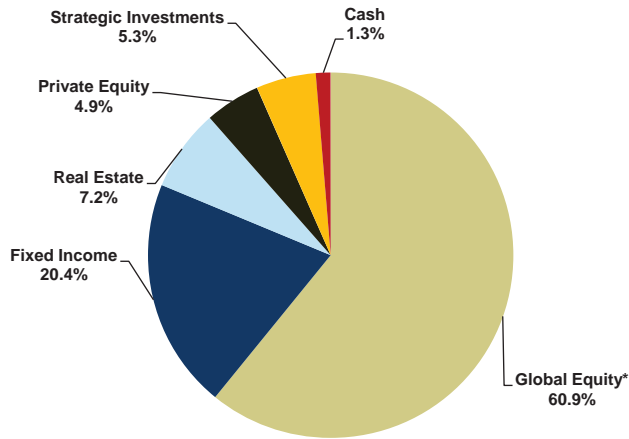
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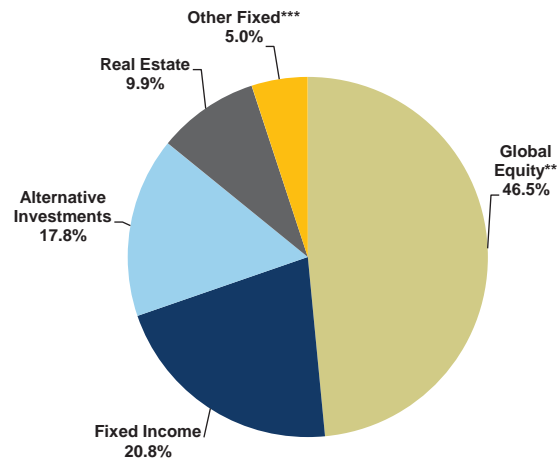
## FRS Asset Allocation (CEM: Peer Universe)

FRS TOTAL FUND  
As of 12/31/2013



\*Global Equity Allocation: 28.1% Domestic Equities; 28.8% Foreign Equities; 4.0% Global Equities. Percentages are of the Total FRS Fund.

CEM Peer Group  
As of 12/31/2013



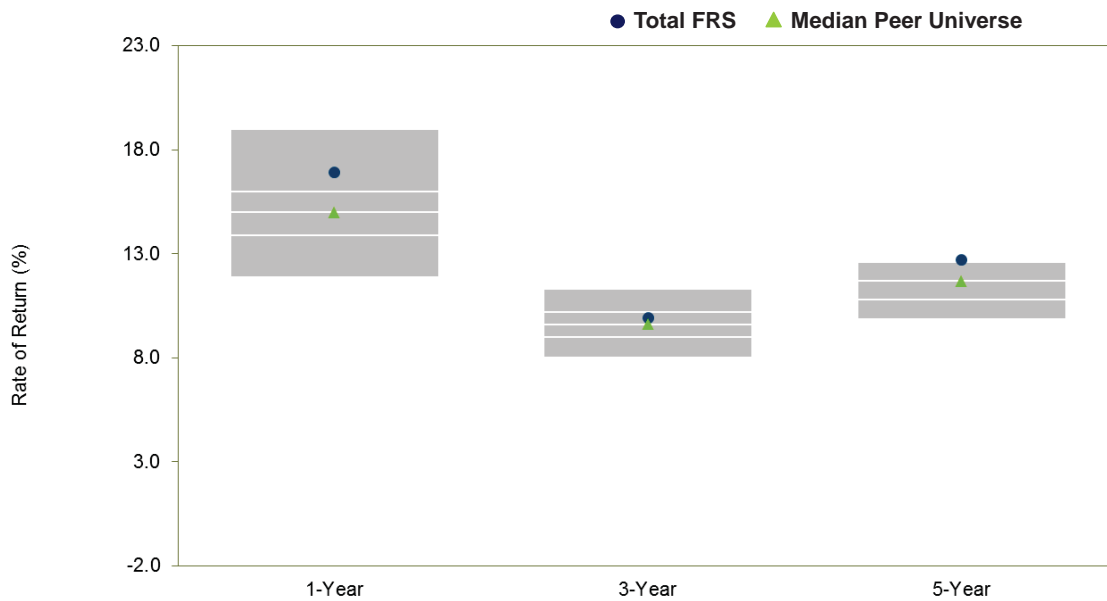
\*\*Global Equity Allocation: 27.7% Domestic Equities; 18.8% Foreign Equities.

\*\*\*Other Fixed: Includes Long Bonds, Global Bonds and Cash.

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## Total (Net) Return Comparison (CEM: Peer Universe) Periods Ending 12/31/2013



FRS Percentile Ranking

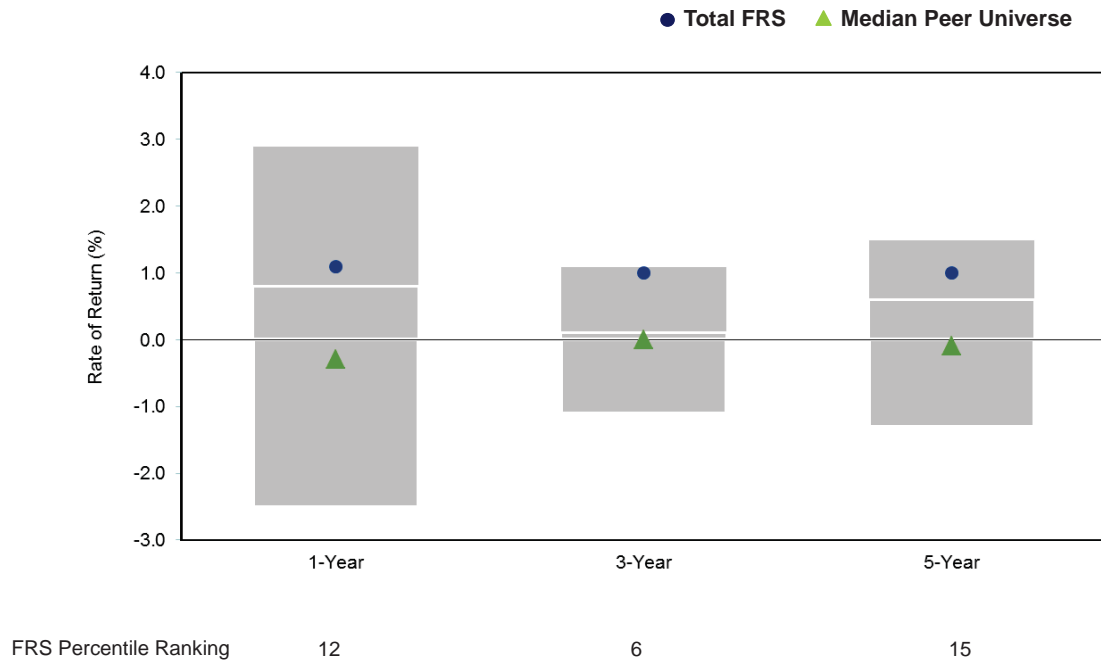
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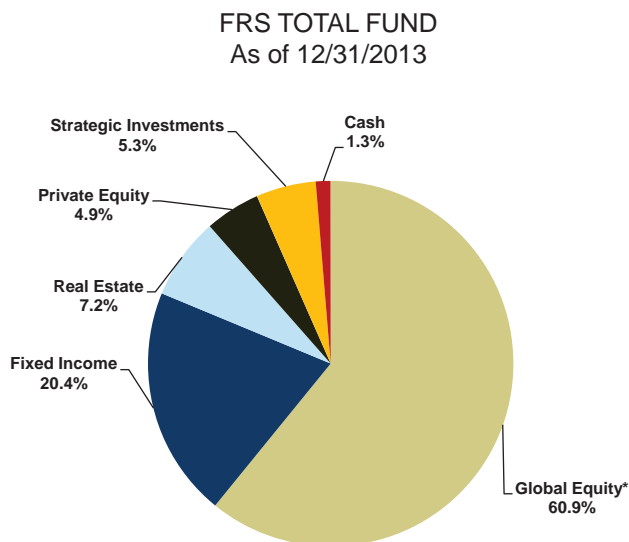
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## Net Value Added Comparison (CEM: Peer Universe) Periods Ending 12/31/2013



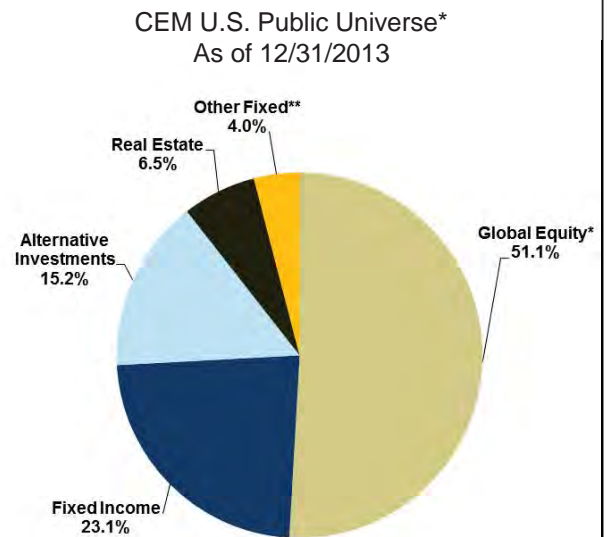
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## FRS Asset Allocation (CEM: U.S. Public Universe)



\*Global Equity Allocation: 28.1% Domestic Equities; 28.8% Foreign Equities; 4.0% Global Equities. Percentages are of the Total FRS Fund.

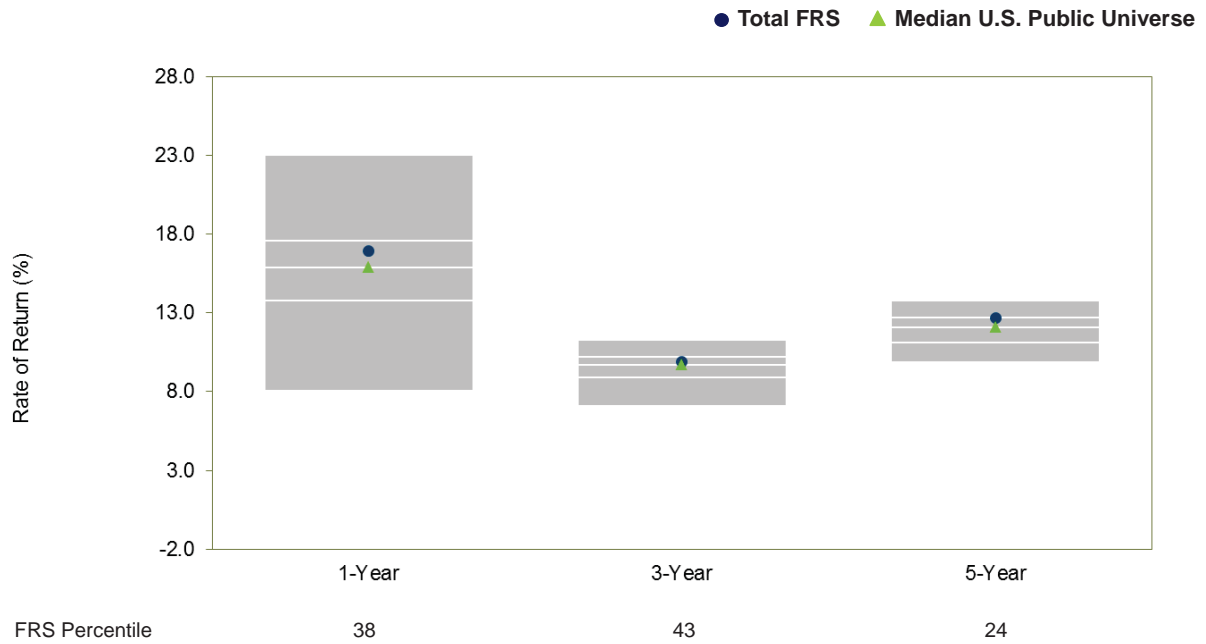
\*Includes 59 U.S. public pension plans



\*\*Global Equity Allocation: 27.1% Domestic Equities; 24.0% Global Equities.

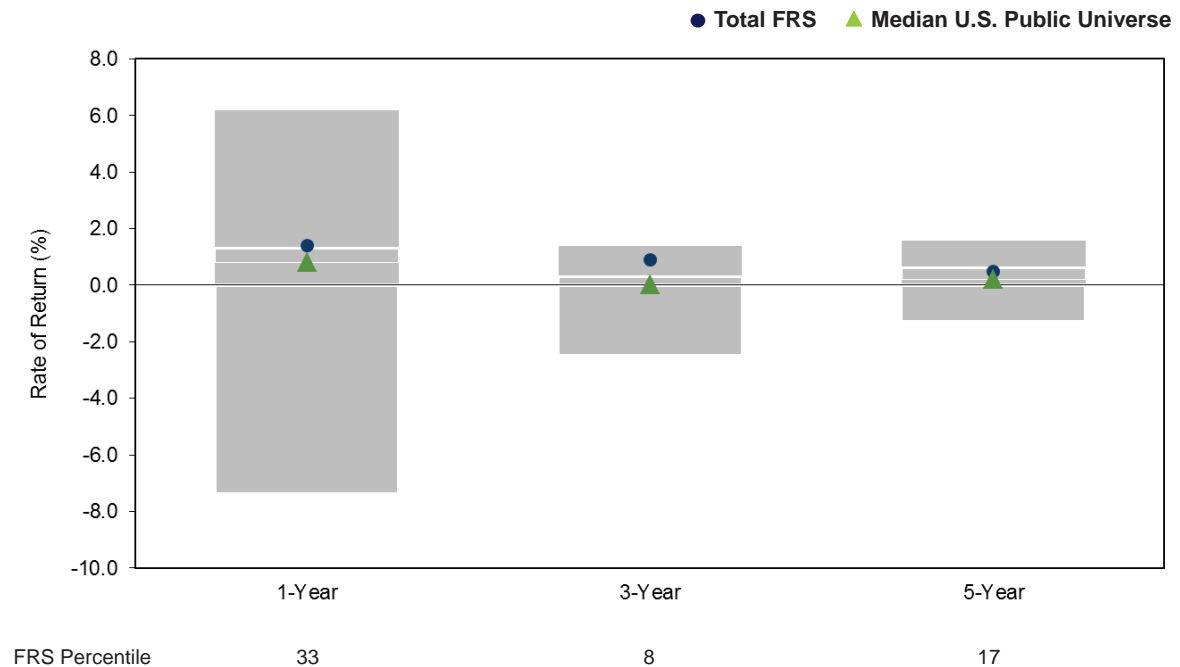
\*\*\*Other Fixed: Includes Long Bonds, Global Bonds and Cash.

## Net-of-Fee Total Return Comparison to the U.S. Public Universe (CEM) Periods Ending 12/31/13



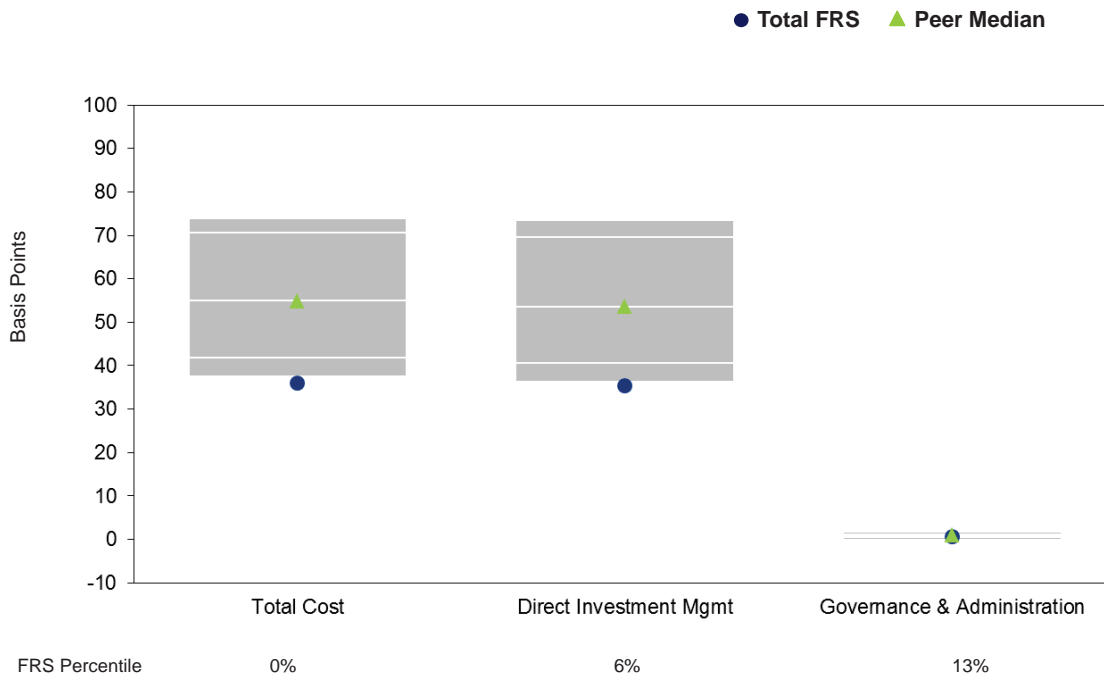
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## Net Value Added Comparison to the U.S. Public Universe (CEM) Periods Ending 12/31/13

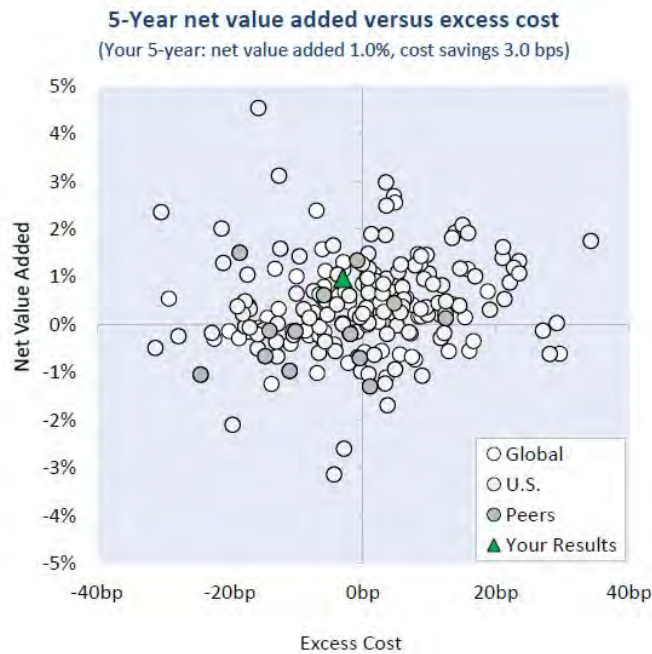


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# CEM Cost Comparisons Calendar Year 2013



# Cost Effectiveness Period Ending 12/31/13



\* Your 5-year cost savings 3.0 basis points is the average of your cost savings for the past 5 years.

# State Board of Administration of Florida Florida Retirement System

Investment Plan Review  
Third Quarter 2014

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## Executive Summary

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- 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 2012 data.
- 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 9/30/2014\*

	One-Year	Three-Year	Five-Year	Ten-Year
<b>FRS Investment Plan</b>	<b>8.0%</b>	<b>11.3%</b>	<b>8.5%</b>	<b>6.4%</b>
<i>Total Plan Aggregate Benchmark**</i>	7.8	10.8	8.1	5.9
FRS Investment Plan vs. Total Plan Aggregate Benchmark	0.2	0.5	0.4	0.5

### Periods Ending 12/31/2013\*\*\*

	Five-Year Average Return****	Five-Year Net Value Added	Expense Ratio
<b>FRS Investment Plan</b>	<b>10.7%</b>	<b>0.6%</b>	<b>0.38%*****</b>
<i>Peer Group</i>	11.9	0.2	0.30
FRS Investment Plan vs. Peer Group	-1.2	0.4	0.08

\*Returns shown are net of fees.

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

\*\*\*Source: 2013 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 2013 Survey that included 147 U.S. defined contribution plans with assets ranging from \$52 million to \$46.3 billion. Peer group for the Expense Ratio represents a custom peer group for FSBA of 19 DC plans including corporate and public plans with assets between \$1.9 - \$16.7 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.

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# State Board of Administration of Florida CAT Fund Review

Third Quarter 2014

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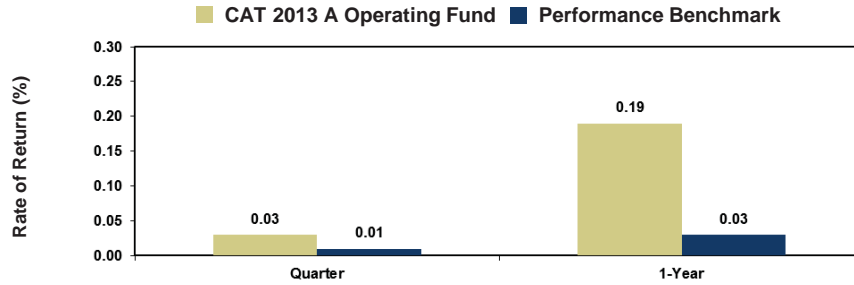
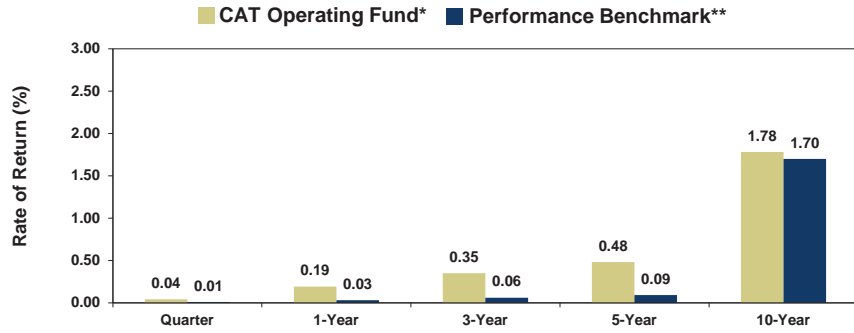
## Executive Summary

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- Performance of the CAT Funds on both an absolute and relative basis has been strong over short- and long-term time periods.
- The CAT Funds are adequately diversified across issuers within the short-term bond market.
- The Investment Policy Statement appropriately constrains the CAT Funds to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Adequate liquidity exists to address the cash flow obligations of the CAT Funds.
- The Investment Policy Statement is revisited periodically to ensure that the structure and guidelines of the CAT Funds are appropriate, taking into consideration the CAT Funds' goals and objectives.

# CAT Funds Investment Results

## Periods Ending 9/30/2014



\*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. Effective July 2010, it is a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Net Index.

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# State Board of Administration of Florida Lawton Chiles Endowment Fund Review

Third Quarter 2014



## Executive Summary

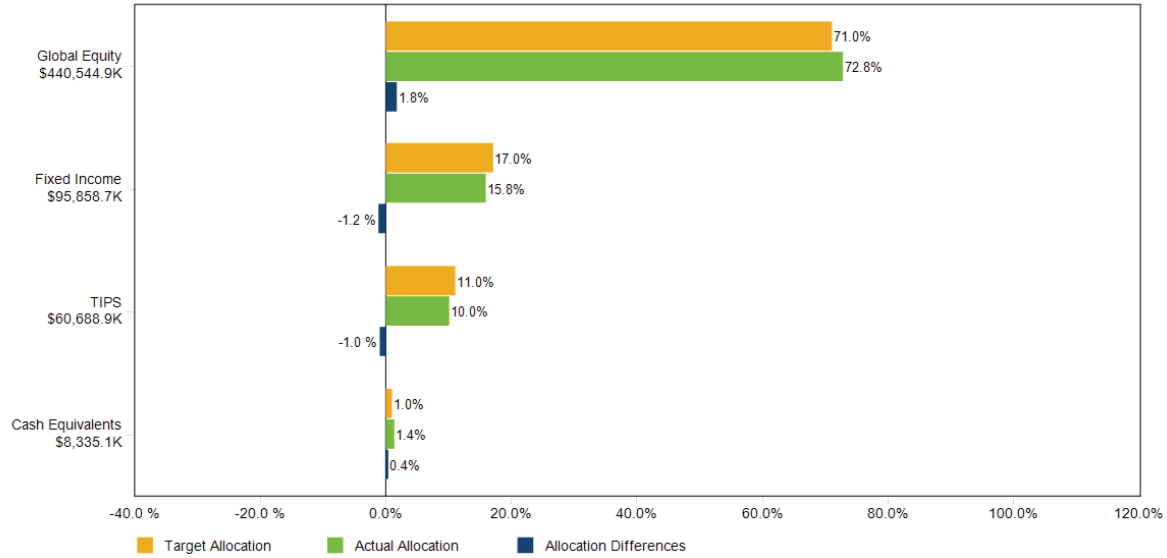
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- Established in July 1999, the Lawton Chiles Endowment Fund (LCEF) was created to provide a source of funding for child health and welfare programs, elder programs and research related to tobacco use.
  - The investment objective is to preserve the 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 \$605.4 million as of September 30, 2014.
- The Endowment's return underperformed that of its Target during the third quarter but outperformed its Target over the trailing one-, three-, five- and ten-year time periods.

## Asset Allocation as of 9/30/2014

### Total LCEF Assets = \$605.4 Million

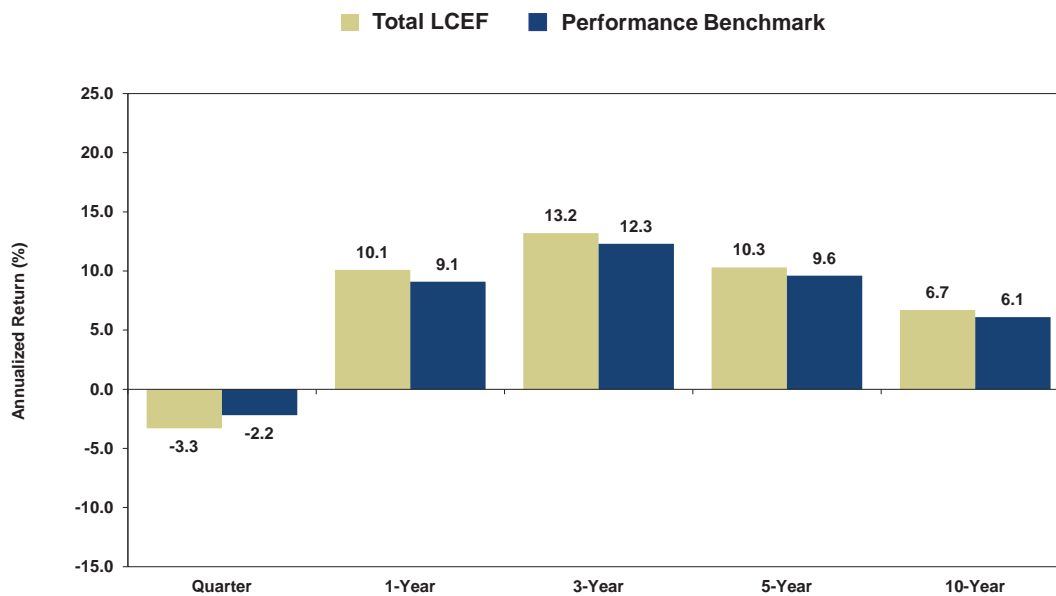
	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
LCEF Total Fund	605,427,250	100.00	100.00		
Global Equity	440,544,854	72.77	71.00	61.00	81.00
Fixed Income	95,858,705	15.83	17.00	12.00	22.00
TIPS	60,688,893	10.02	11.00	6.00	16.00
Cash Equivalents	8,335,120	1.38	1.00	0.00	10.00



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## LCEF Investment Results

### Periods Ending 9/30/2014



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# State Board of Administration of Florida Florida PRIME and Fund B Review

Third Quarter 2014

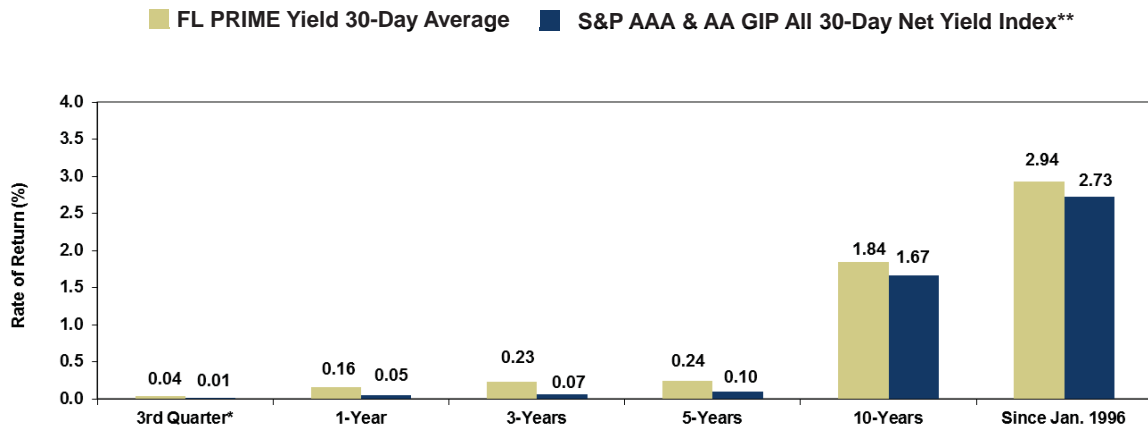


## Executive Summary

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- 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, on both an absolute and relative basis, has been strong over short- and long-term time periods.
- As of September 30, 2014, the total market value of Florida PRIME was \$6.1 billion.
- Hewitt EnnisKnupp, 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 9/30/2014



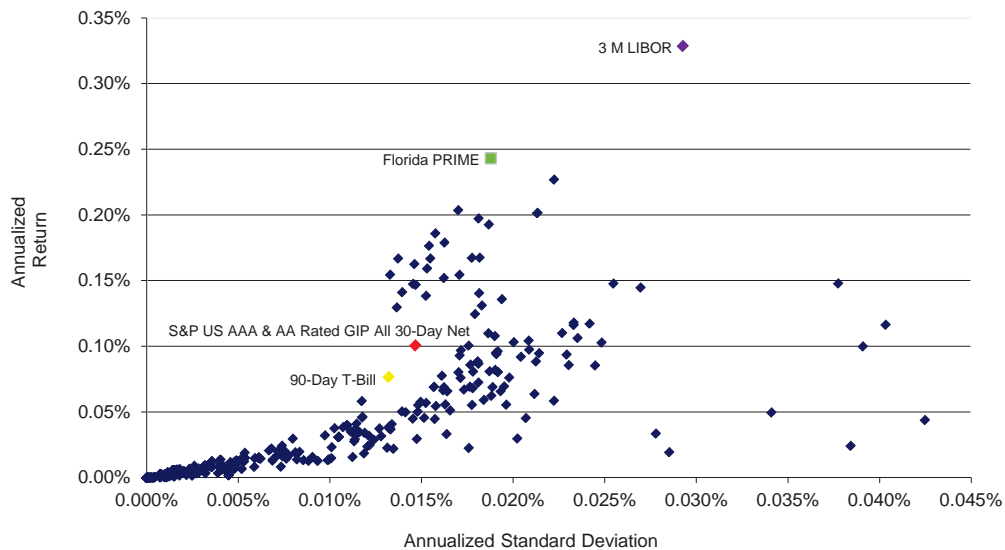
\*Returns less than one year are not annualized.

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

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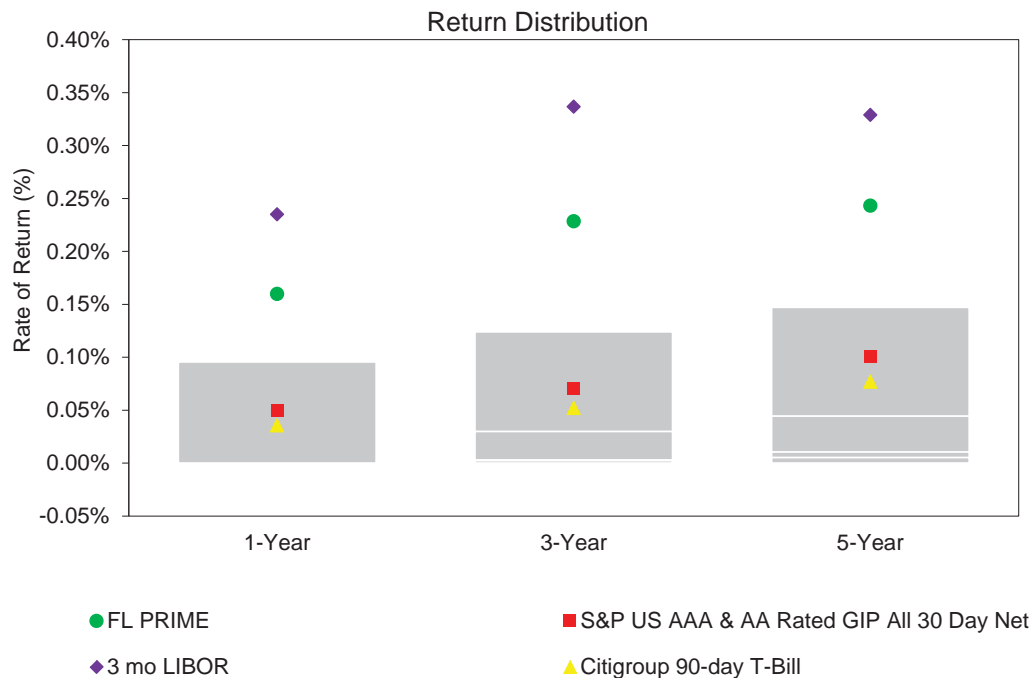
## Florida PRIME Risk vs. Return 5 Years Ending 9/30/2014



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## Return Distribution Periods Ending 9/30/2014



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## Fund B Change in Market Value Periods Ending 9/30/2014

Cash Flows as of 9/30/2014	Third Quarter	Fiscal YTD*
Opening Balance	\$56,842,618	\$ 56,842,618
Participant Distributions	(\$30,746,941)	(\$30,746,941)
Expenses Paid	(\$1,432)	(\$1,432)
Price Change	\$2,292,135	\$2,292,135
Closing Balance	\$28,386,379	\$28,386,379
<b>Change</b>	<b>(\$28,456,239)</b>	<b>(\$28,456,239)</b>

\*Period July 2014 – September 2014

- As of September 2014, 100% of the original principal in Fund B has been returned to participants.

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## Appendix



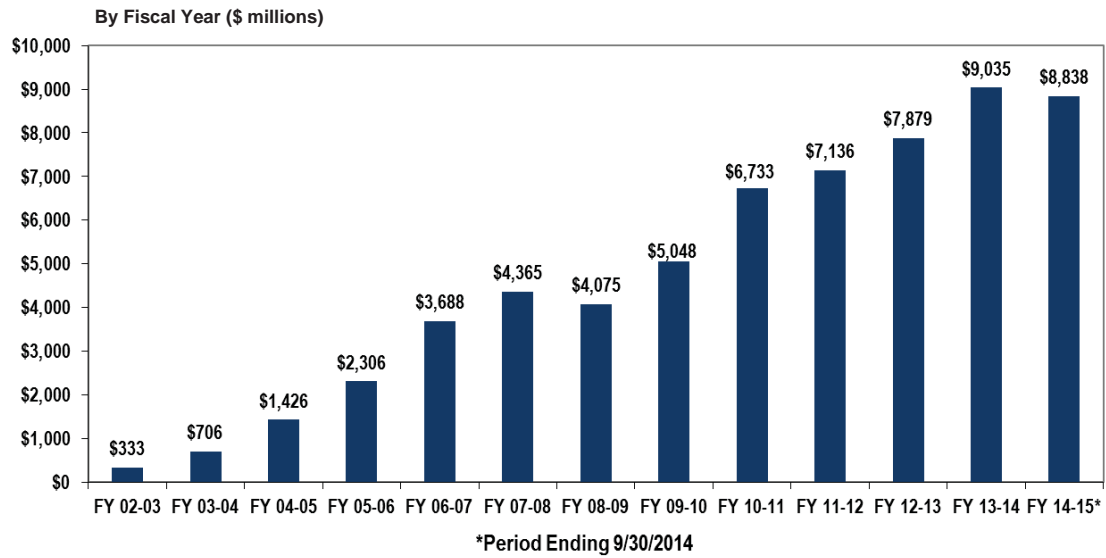
### FRS Investment Plan Costs

Investment Category	Investment Plan Fee*	Average Mutual Fund Fee**
Large Cap Equity	0.24%	0.89%
Small-Mid Cap Equity	0.64%	1.07%
International Equity	0.32%	1.09%
Diversified Bonds	0.34%	0.64%
Target Date	0.19%	0.75%
Money Market	0.06%	0.16%

\*Average fee if multiple products in category as of 9/30/2014.

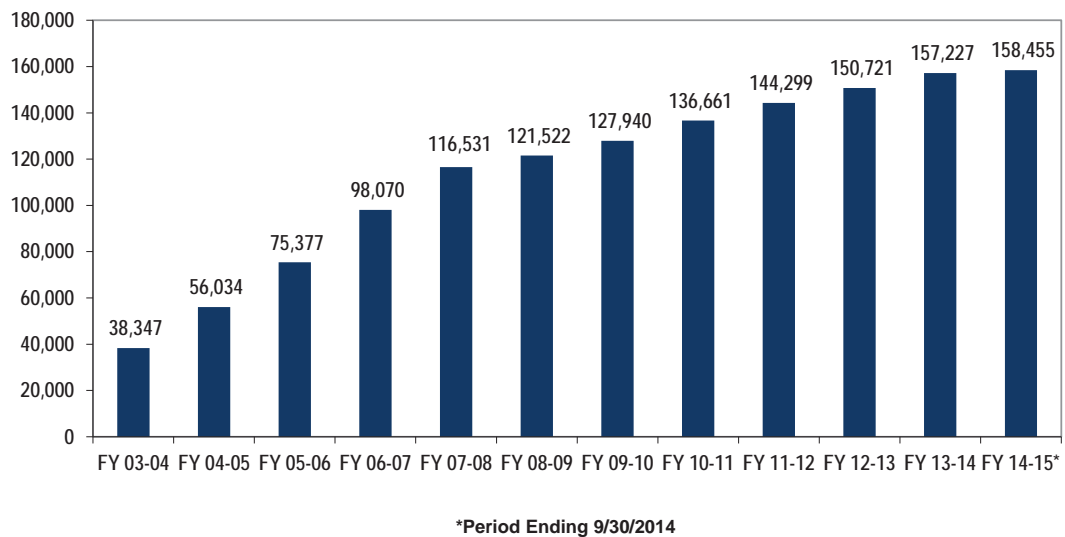
\*\*Source: HEK's annual mutual fund expense analysis as of 12/31/2013.

## 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 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Net Index.
- As of September 30, 2014, the total value of all FHCF accounts was \$12.2 billion.

## CAT Operating Fund Characteristics Period Ending 9/30/2014

<b>Effective Maturity Schedule</b>	
O/N* - 14 Days	12.3%
15 - 30 Days	6.7
31 - 60 Days	11.4
61 - 90 Days	4.0
91 - 120 Days	5.0
121 - 150 Days	5.3
151 - 180 Days	2.9
181 - 210 Days	0.5
211 - 240 Days	2.4
241 - 270 Days	2.3
271 - 300 Days	0.7
301 - 365 Days	3.1
366 - 732 Days	13.2
733 - 1,098 Days	26.1
1,099 - 1,875 Days	4.2
<b>Total % of Portfolio:</b>	<b>100.0%</b>

<b>S &amp; P Credit Quality Composition</b>	
AAA	58.2%
AA	9.9
A	31.9
<b>Total % of Portfolio:</b>	<b>100.0%</b>

\*O/N stands for overnight.



## CAT 2013 A Fund Characteristics Period Ending 9/30/2014

Effective Maturity Schedule	
O/N* - 14 Days	4.2%
15 - 30 Days	0.5
31 - 60 Days	17.8
61 - 90 Days	8.0
91 - 120 Days	7.5
121 - 150 Days	7.6
151 - 180 Days	5.3
181 - 210 Days	3.5
211 - 240 Days	2.4
241 - 270 Days	2.5
271 - 300 Days	1.2
301 - 365 Days	6.8
366 - 732 Days	13.3
733 - 1,098 Days	19.4
1,099 - 1,875 Days	0.0
<b>Total % of Portfolio:</b>	<b>100.0%</b>

S & P Credit Quality Composition	
AAA	57.7%
AA	7.1
A	35.2
<b>Total % of Portfolio:</b>	<b>100.0%</b>

\*O/N stands for overnight.

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## Florida PRIME Characteristics Quarter Ending 9/30/2014

Cash Flows as of 9/30/2014	Third Quarter	Fiscal YTD*
Opening Balance	\$7,191,418,576	\$7,191,418,576
Participant Deposits	\$2,414,128,769	\$2,414,128,769
Transfers from Fund B	\$30,746,941	\$30,746,941
Gross Earnings	\$3,247,050	\$3,247,050
Participant Withdrawals	(\$3,515,711,005)	(\$3,515,711,005)
Fees	(\$521,828)	(\$521,828)
Closing Balance (9/30/2014)	\$6,123,308,501	\$6,123,308,501
<b>Change</b>	<b>(\$1,068,110,075)</b>	<b>(\$1,068,110,075)</b>

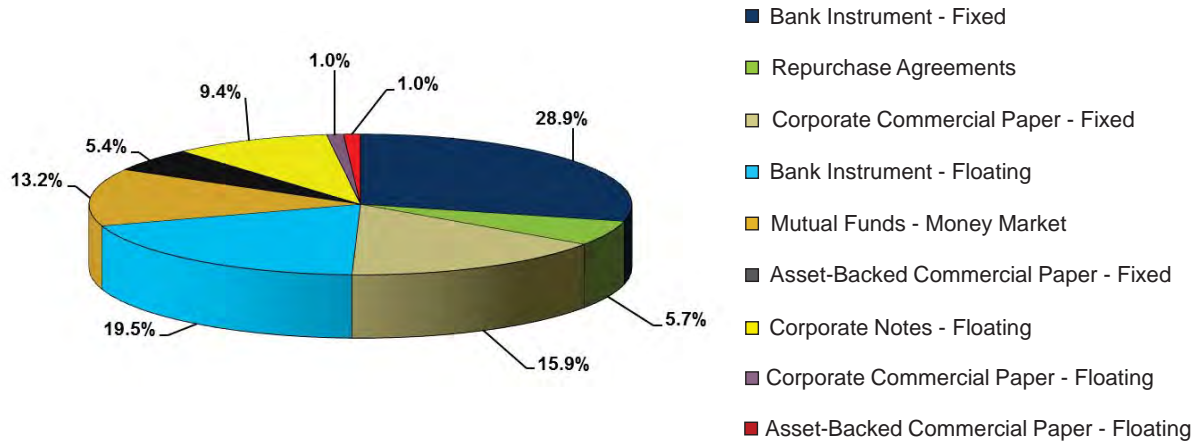
\*Period July 2014 – September 2014

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## Florida PRIME Characteristics Quarter Ending 9/30/2014

Portfolio Composition



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## Florida PRIME Characteristics Period Ending 9/30/2014

Effective Maturity Schedule	
1-7 Days	45.5%
8-30 Days	19.8
31-90 Days	24.7
91-180 Days	5.6
181+ Days	4.4
<b>Total % of Portfolio:</b>	<b>100.0%</b>

S & P Credit Quality Composition	
A-1+	60.8%
A-1	39.2
<b>Total % of Portfolio:</b>	<b>100.0%</b>

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FRS Pension Plan | Third Quarter 2014

## Quarterly Investment Review

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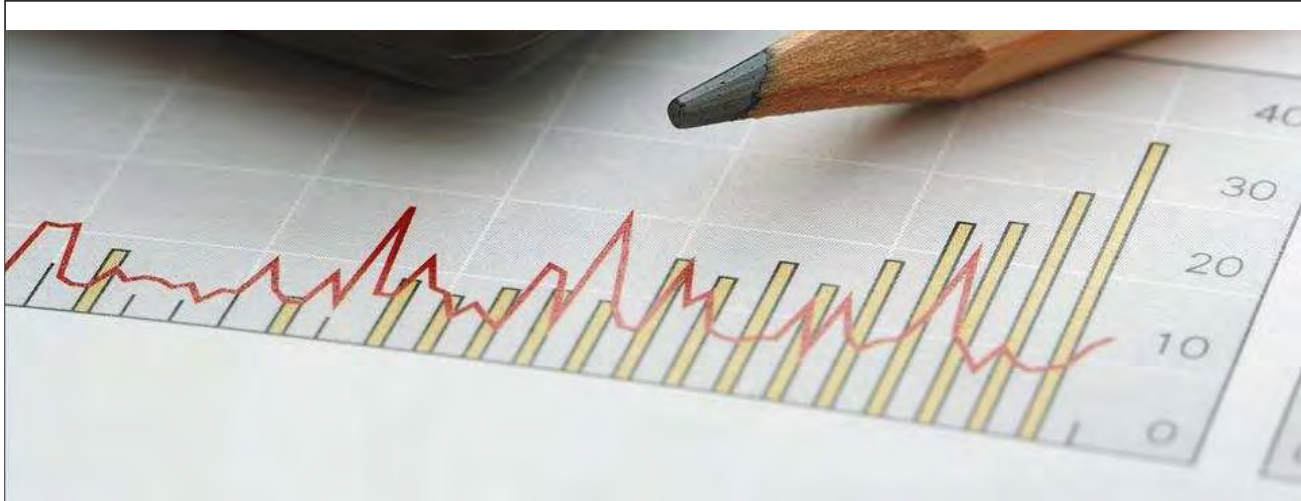
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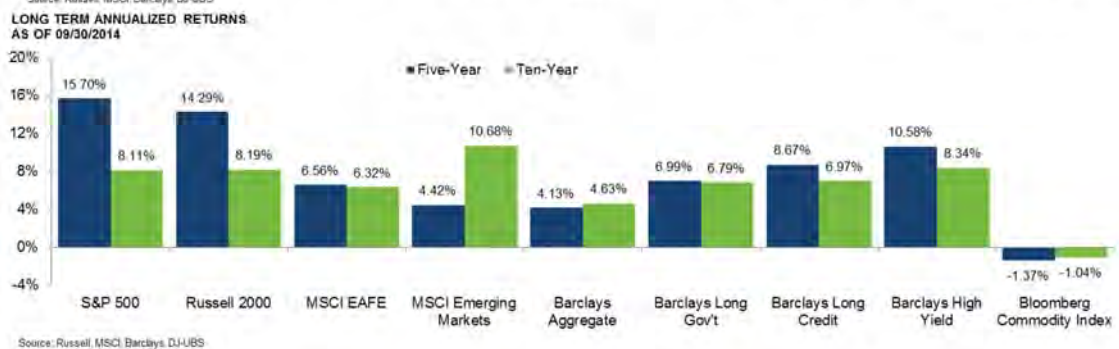


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## Market Environment

## Market Highlights



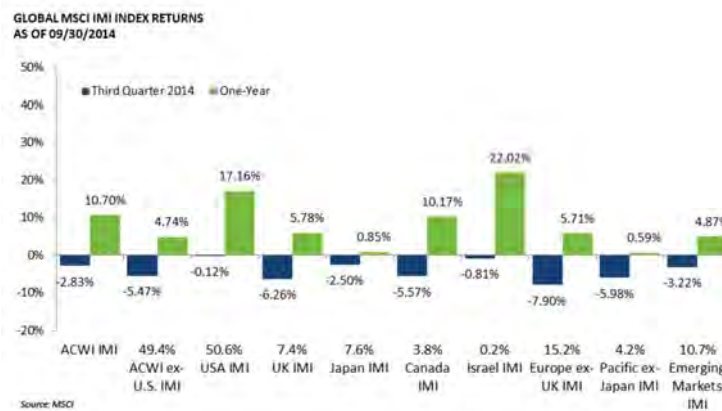
## Market Highlights

Returns of the Major Capital Markets						
	Periods Ending 9/30/2014					
	Third Quarter	Year-to-Date	1-Year	3-Year	5-Year	10-Year
<b>Domestic Stock Indices</b>						
Dow Jones U.S. Total Stock Market Index	-0.06%	6.89%	17.69%	23.01%	15.85%	8.59%
Russell 3000 Index	0.01%	6.95%	17.76%	23.08%	15.78%	8.44%
S&P 500 Index	1.13%	8.34%	19.73%	22.99%	15.70%	8.11%
Russell 2000 Index	-7.36%	-4.41%	3.93%	21.26%	14.29%	8.19%
<b>Global Stock Indices</b>						
MSCI All Country World IMI Index	-2.83%	3.22%	10.70%	16.74%	10.32%	7.57%
MSCI All Country World ex-U.S. IMI Index	-5.47%	-0.01%	4.74%	11.88%	6.30%	7.32%
MSCI EAFE Index	-5.88%	-1.38%	4.25%	13.65%	6.56%	6.32%
MSCI Emerging Markets Index	-3.50%	2.43%	4.30%	7.19%	4.42%	10.68%
<b>Domestic/Foreign Bond Indices</b>						
Barclays Aggregate Bond Index	0.16%	4.09%	3.95%	2.44%	4.13%	4.63%
Barclays Long Gov't Index	2.63%	15.01%	11.60%	2.07%	6.99%	6.79%
Barclays Long Credit Index	0.16%	11.85%	13.58%	6.71%	8.67%	6.97%
Barclays Long Gov't/Credit Index	1.04%	12.98%	12.86%	4.74%	8.04%	7.01%
SSB Non-U.S. WGBI Index	-5.38%	0.25%	-0.99%	-1.13%	1.01%	3.99%

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## Global Equity Markets



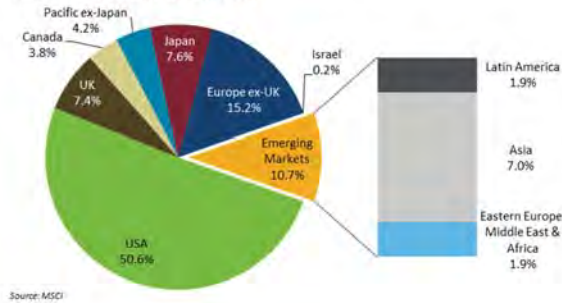
- Global equity markets fell in value through the third quarter 2014.
- Equities fell from post crisis highs through the third quarter. Much of the move was driven by the renewed concern in global growth, especially outside of the U.S. and continuing geopolitical risks.
- During the quarter, the U.S. market fell the least out of all equity markets.

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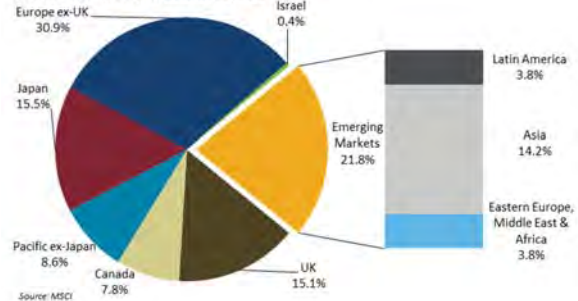
## Global Equity Markets

MSCI ALL COUNTRY WORLD IMI INDEX  
GEOGRAPHIC ALLOCATION AS OF 09/30/2014



Source: MSCI

MSCI ALL COUNTRY WORLD EX-U.S. IMI INDEX  
GEOGRAPHIC ALLOCATION AS OF 09/30/2014



Source: MSCI

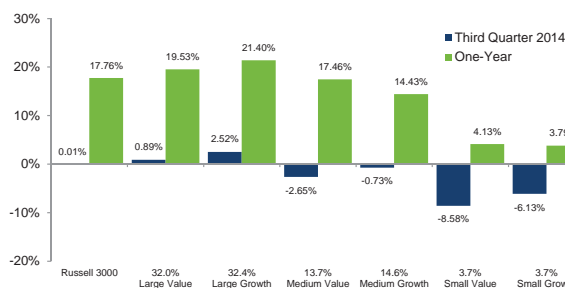
- The two exhibits on this slide illustrate the percentage that each country/region represents of the global equity market as measured by the MSCI All Country World IMI Index and the MSCI All Country World ex-U.S. IMI Index.

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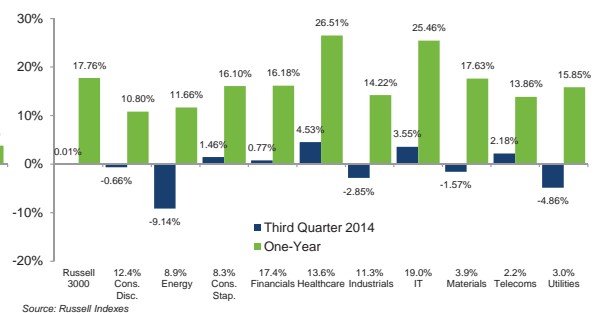
## U.S. Equity Markets

RUSSELL STYLE RETURNS  
AS OF 09/30/2014



Source: Russell Indexes

RUSSELL GICS SECTOR RETURNS  
AS OF 09/30/2014



Source: Russell Indexes

- The Russell 3000 Index returned 0.01% during the quarter and returned 17.76% over the one-year period.
- During the third quarter, the healthcare and IT sectors were the strongest performers, posting returns of 4.53% and 3.55%, respectively. The energy and utilities sectors were the weakest performers, producing returns of -9.14% and -4.86%, respectively.
- Performance across the market capitalization spectrum was mixed over the quarter. Small cap stocks trailed the larger segments of the markets and growth outperformed value across the capitalizations.

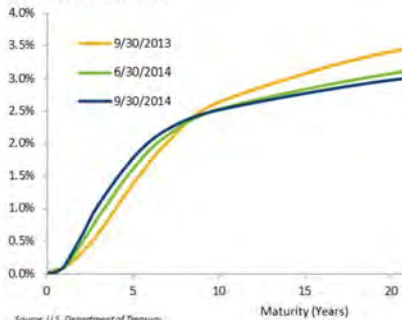
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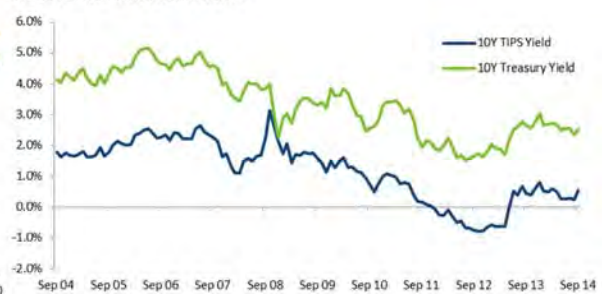
## U.S. Fixed Income Markets

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 during the third quarter, driven by long bond yields falling and short rates moving higher.
- The 10-year U.S. Treasury yield ended the quarter at 2.52%, 1 basis point lower than its level at the beginning of the quarter.
- The 10-year TIPS yield rose by 28 basis points over the quarter and ended the period at 0.55%.

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## U.S. Fixed Income Markets

BARCLAYS AGGREGATE RETURNS BY SECTOR AS OF 09/30/2014



Source: Barclays Live

- The Barclays Aggregate Bond Index returned 0.17% in the third quarter. Government bonds were the strongest performing index segment, returning 0.32%.
- In the investment grade market, higher quality bonds outperformed lower quality bonds.
- High yield bonds underperformed aggregate investment grade corporate bonds.
- Long duration bonds continued to outperform shorter duration bonds.

BARCLAYS AGGREGATE RETURNS BY QUALITY AND HIGH YIELD RETURNS AS OF 09/30/2014



Source: Barclays Live

BARCLAYS AGGREGATE RETURNS BY MATURITY AS OF 09/30/2014



Source: Barclays Live

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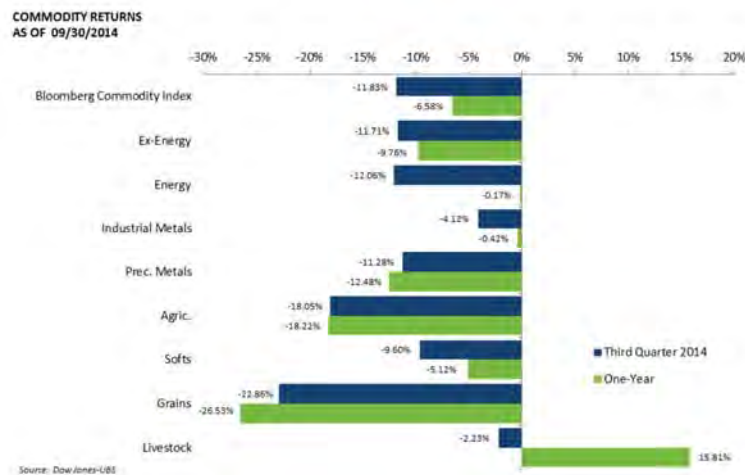
## Credit Spreads

Spread (bps)	9/30/2014	6/30/2014	9/30/2013	Quarterly Change (bps)	1-Year Change (bps)
U.S. Aggregate	43	38	54	5	-11
Long Gov't	4	4	6	0	-2
Long Credit	164	148	189	16	-25
Long Gov't/Credit	106	97	123	9	-17
MBS	30	24	43	6	-13
CMBS	99	86	141	13	-42
ABS	56	48	64	8	-8
Corporate	112	99	141	13	-29
High Yield	424	337	461	87	-37
Global Emerging Markets	288	260	330	28	-42

Source: Barclays Live

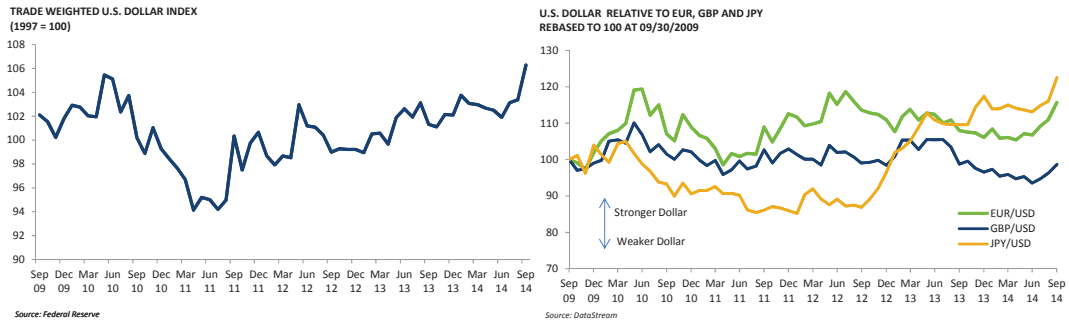
- During the third quarter, credit spreads rose across most areas of the bond market.
- High yield spreads (+87 basis points) rose by the most over the quarter, followed by emerging market spreads (+28 basis points).

## Commodities



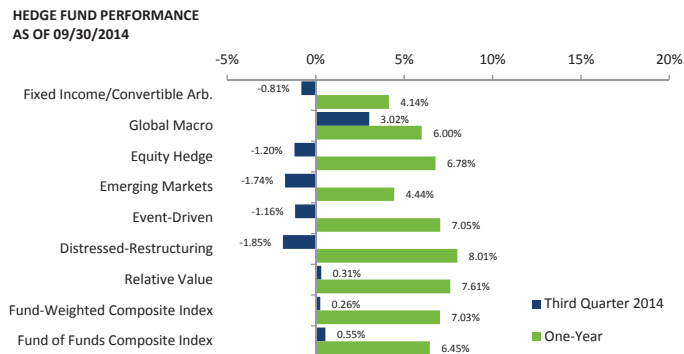
- The Bloomberg Commodity Index fell during the third quarter with a return of -11.83%.
- Over the quarter, the best performing segments of the market were Industrial Metals and Livestock, returning -4.12% and -2.23%, respectively.
- Agriculture and Grains were the worst performing sectors of the market during the quarter with returns of -18.05% and -22.86%, respectively.

## Currency



- As measured through the broad trade weighted U.S. dollar index, the U.S. dollar strengthened during the quarter.
- The dollar appreciated against the Euro, Yen and British Pound Sterling.

## Hedge Fund Markets Overview

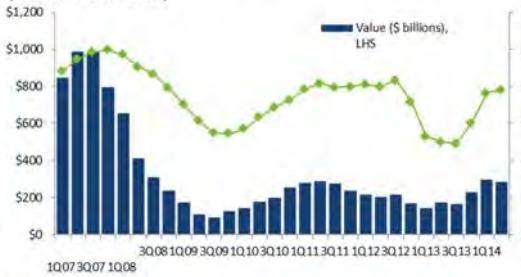


Note: Latest 5 months of HFR data are estimated by HFR and may change in the future.  
Source: HFR

- Hedge fund performance was modestly positive over the quarter.
- The HFRI Fund-Weighted Composite Index and the HFRI Fund of Funds Composite Index produced returns of 0.26% and 0.55%, respectively, during the quarter.
- Global Macro strategies were the strongest performers, gaining 3.02% through the quarter.

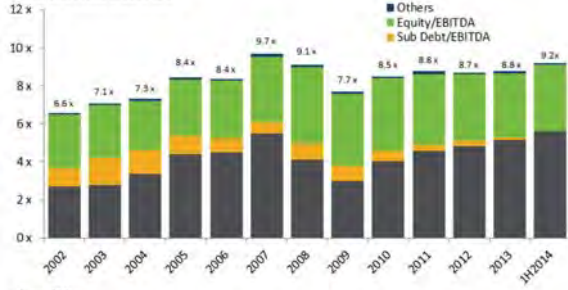
## Private Equity Market Overview

LTM GLOBAL SPONSOR M&A DEAL VOLUME AND VALUE  
(TRAILING 12 MONTH DATA)



Source: ThomsonOne

PURCHASE PRICE MULTIPLES



Source: S&P

- Fundraising:** Fundraising continued to rise with LTM capital raised reaching \$353.1 billion; 27.6% and 17.0% above the prior year and ten year average levels, respectively <sup>4,5</sup>. Dry powder increased in all segments and now stands at \$966.4 billion, representing an 8.6% increase from 2013 and 14.3% increase from the five year average <sup>1,4</sup>.
- Buyout:** Activity decreased since last quarter. \$61.9 billion of global sponsor-backed M&A deals closed in 2Q 2014 compared to \$76.9 billion in the first quarter <sup>6</sup>. This still represents a 14.6% increase over the five year quarterly average. 2Q purchase price multiples were 9.1x EBITDA for large cap and 9.4x for mid cap <sup>3</sup>, with both running above their ten year average. Further, this represents a new peak for mid cap, surpassing the previous mark of 9.3x set in 2007. European PPMs for transactions ranging from €250 - €499 million were 9.8x, up 8.8% over the ten year average. LTM exit value reached a new high of \$405.9 billion, exceeding the prior peak of \$380.7 billion in 2Q 2011. Additionally, the number of exits reached a new high of 1,625, surpassing last quarter's peak of 1,600 <sup>1</sup>.
- Venture:** Healthy investment activity occurred during 2Q 2014, with \$13.0 billion invested in 1,114 deals versus \$9.7 billion in 985 deals in 1Q 2014. This is the highest dollar amount invested since 2001. Unlike in 2001, when a significant portion was invested in expansion stage deals, 2Q dollars were relatively evenly spread across stages <sup>6</sup>. The exit environment is solid and strengthening <sup>8</sup>, supported by the high number of venture-backed IPOs which more than doubled in 1H 2014 from the same period in 2013.
- Mezzanine:** Declines have persisted in 2014, with volume decreasing 13.8% and median loan size decreasing 21.4%, quarter over quarter. Dry powder is estimated at \$43.3 billion, roughly equal to the total raised over the last three years <sup>1,4</sup>.
- Distressed Debt:** High yield default rates were 1.7% in the second quarter, up 1.5% from the first quarter. 2014 YTD high yield defaults total \$23.7 billion from twenty issuers compared to just \$8.4 billion from nineteen issuers at this time last year. Although, 2Q 2014's TTM rate of 2.7% remains well below the 4.6% long-term average, the looming bankruptcy filing of Caesar's Entertainment Operating Co. could increase the TTM default rate to 3.4% <sup>6</sup>. Increasing purchase prices and higher levels of leverage may result in an increase in distressed opportunities in three to four years, or sooner if there is a stall in the economy.
- Secondaries:** Fundraising increased in 2Q 2014 to \$12.0 billion relative to the \$2.0 billion raised in 2Q 2013 <sup>5</sup>. Dry powder stands at an estimated \$45.8 billion, representing a record level and 2.2x the average annual deployment rate over the last two years. 2014 Transaction activity is expected to exceed that of 2013. The average discount on buyout funds continues to decrease despite rising NAVs and is 4.0% as of Q2 2014, the lowest level since 1Q 2011 <sup>2</sup>.
- Infrastructure:** \$9.0 billion closed by six partnerships during 2Q 2014 <sup>3</sup>, a 38.5% increase from 2Q 2013. Dry powder of \$100.9 billion stands at an all-time high, with 50.5% of that targeted for North America <sup>1</sup>. In Q2 2014, infrastructure managers completed 110 deals with an estimated aggregate deal value of \$60.1 billion, equating to an average value of \$546.1 million <sup>1</sup>. Deal activity is down in 2014, likely due to increased competition and the broad availability of debt.

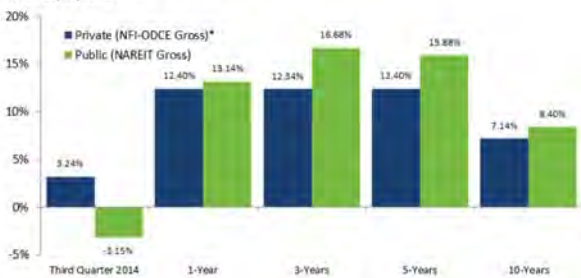
<sup>1</sup>Preqin, <sup>2</sup>UBS, <sup>3</sup>Standard & Poors, <sup>4</sup>Hewitt Ennisknupp, <sup>5</sup>Thomson One, <sup>6</sup>Fitch Ratings, <sup>7</sup>PriceWaterhouseCoopers/National Venture Capital Association MoneyTree Report, <sup>8</sup>Thomson Reuters and National Venture Capital Association, <sup>9</sup>Cooley Venture Financing Report  
Notes: YTD and LTM is through 06/30/14 unless otherwise noted; FY: Fiscal year ended 12/31; YTD: Year to date; LTM: Last twelve months; PPM: Purchase Price Multiples: Total Purchase Price / EBITDA

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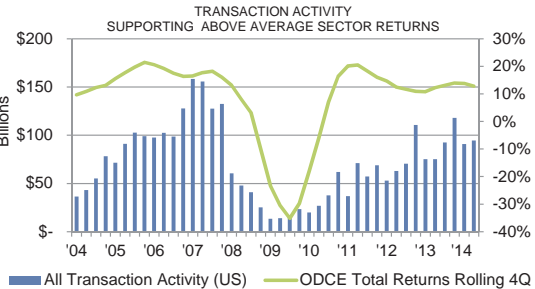
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## U.S. Commercial Real Estate Market

PRIVATE VS. PUBLIC REAL ESTATE RETURNS  
AS OF 09/30/2014



\*Third quarter returns are preliminary  
Sources: NCREIF, NAREIT



- Return momentum in the private Core market is slowly waning as the cyclical recovery further matures. That said, the current pace is still well above the sector's long-term average driven by strong investor interest, low interest rates, and still improving market fundamentals.
- For the quarter, the NFI-ODCE\* returned 3.2% (gross of fees), down slightly from 3.6% a year ago. For the trailing one year, the index returned 12.4% (5.1%\*\* income and 7.3%\*\* appreciation), versus 12.8% last quarter. For the trailing 5-year total return, the reverse is occurring as the impact of the GFC rolls over. As of 3Q, the trailing 5-year return was 12.4% (vs 10.0% last quarter and 7.3% in first quarter).
- For non Core investments, access to capital continues to deepen and legacy fund returns generally continue to strengthen as strategies become fully executed and sold into the Core investment segment.
- U.S. REITs had a fairly volatile quarter, declining 3.1%, though still up 14.0% year to date. Concerns around interest rates as well as meaningful equity issuances in the latter part of the quarter placed downward pressure on pricing. Relative to private markets, the REIT market ended the quarter trading at around par based on estimated net asset values.
- Sector fundamentals continue to rebound beyond the primary markets, helping to support and expand current pricing. As new supply remains generally low, growth in rental rates, which has been modest to-date in all property types except apartments, has plenty of room for improvement. High expectations exist for improving net operating income supporting on-going attractive cash flow yields--even in the Core sector.
- Rising interest rates remain on investors' radar, though timing is highly uncertain. Improving fundamentals should help offset rising rates, though not completely. Portfolio structure and other long term risk mitigation measures are important to managing the maturing cycle, liquidity, and interest rate risks.

Source: HEK, NAREIT, NCREIF  
\*Preliminary

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## Total Fund

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As of September 30, 2014

### 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.
- Hewitt EnnisKnupp 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

- Over the trailing one-, three-, and five-year periods, the Total Fund outperformed the Performance Benchmark. During the third quarter, the Fund outperformed its Benchmark, returning -1.0%, compared to the benchmark return of -1.7%.

#### Asset Allocation

- The Fund assets total \$145.8 billion as of September 30, 2014, which represents a \$3.3 billion decrease 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, fixed income, and cash, with corresponding marginal underweights to private equity, strategic investments, and real estate.

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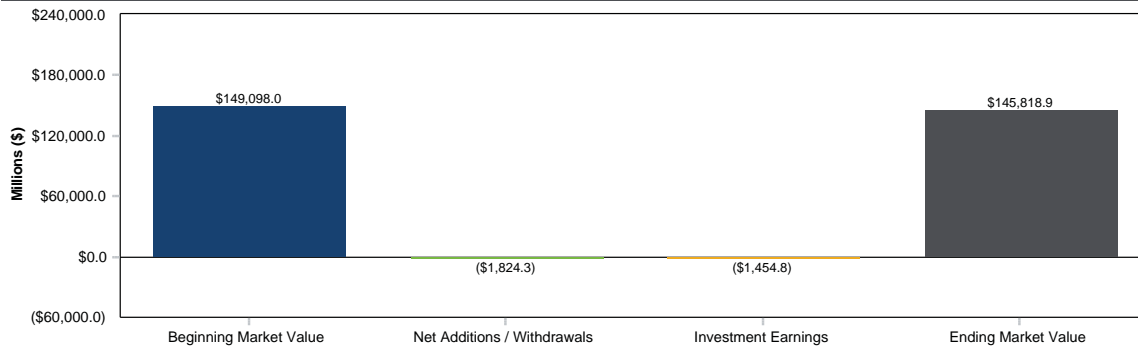
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**Total Fund**

As of September 30, 2014

**Total Plan Asset Summary**

**Change in Market Value  
From July 1, 2014 to September 30, 2014**



**Summary of Cash Flow**

Total Fund	1 Quarter	Fiscal YTD*
Beginning Market Value	149,097,956,343	149,097,956,343
+ Additions / Withdrawals	-1,824,264,679	-1,824,264,679
+ Investment Earnings	-1,454,816,354	-1,454,816,354
= Ending Market Value	145,818,875,309	145,818,875,309

\*Period July 2014 - September 2014

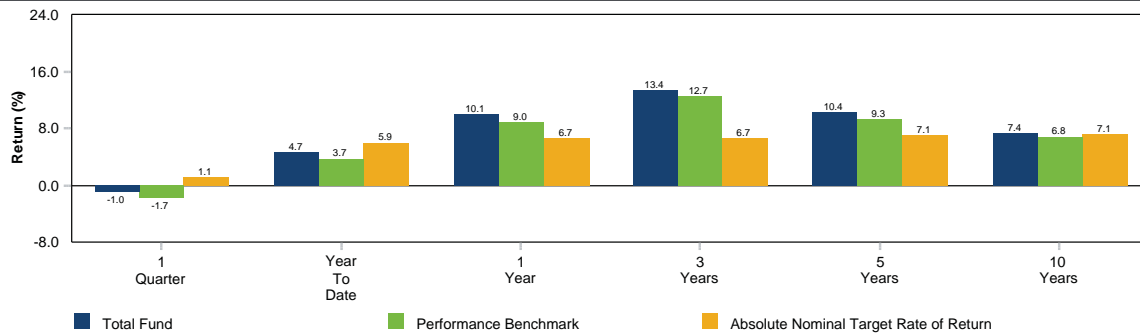


**Total Fund**

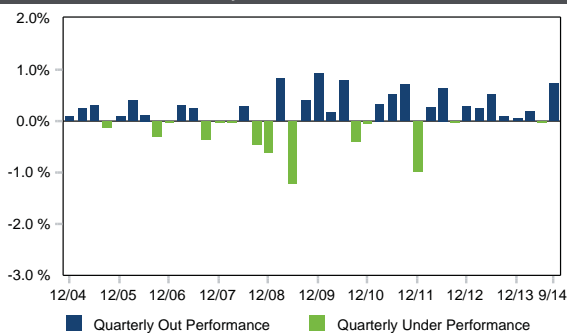
As of September 30, 2014

**Total Plan Performance Summary**

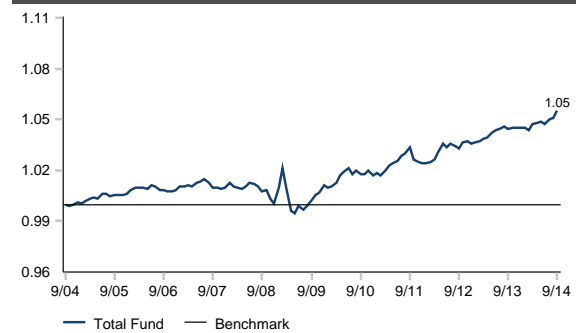
**Return Summary**



**Quarterly Excess Performance**



**Ratio of Cumulative Wealth - 10 Years**



As of September 30, 2014

**Asset Allocation & Performance**

	Allocation			Performance(%)					
	Market Value (\$)	%	Policy(%)	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
<b>Total Fund</b>	145,818,875,309	100.0	100.0	-1.0 (33)	4.7 (50)	10.1 (45)	13.4 (32)	10.4 (33)	7.4 (27)
<i>Performance Benchmark</i>				-1.7 (75)	3.7 (78)	9.0 (73)	12.7 (44)	9.3 (77)	6.8 (65)
<i>Absolute Nominal Target Rate of Return</i>				1.1 (1)	5.9 (19)	6.7 (98)	6.7 (99)	7.1 (99)	7.1 (43)
<b>Global Equity*</b>	86,535,470,274	59.3	59.7	-2.6	3.4	11.1	17.9	11.7	7.4
<i>Asset Class Target</i>				-2.8	3.2	10.8	16.8	10.6	6.9
<b>Domestic Equities</b>	40,709,296,548	27.9		0.1 (13)	6.8 (18)	17.6 (15)	23.2 (21)	16.1 (17)	8.5 (33)
<i>Asset Class Target</i>				0.0 (16)	7.0 (16)	17.8 (12)	23.1 (23)	15.8 (31)	8.4 (38)
<b>Foreign Equities</b>	39,841,919,189	27.3		-5.2 (51)	0.1 (34)	5.0 (36)	13.2 (38)	7.8 (19)	8.2 (26)
<i>Asset Class Target</i>				-5.5 (62)	0.0 (34)	4.8 (50)	11.9 (76)	6.3 (83)	7.3 (56)
<b>Global Equities</b>	5,967,986,418	4.1		-2.2	3.2	11.4	17.5	10.3	7.0
<i>Benchmark</i>				-2.2	3.8	11.9	17.5	10.8	7.8
<b>Fixed Income</b>	30,012,699,922	20.6	20.9	0.1 (38)	3.1 (96)	3.1 (95)	3.1 (77)	5.2 (70)	5.0 (53)
<i>Asset Class Target</i>				0.0 (44)	2.9 (99)	2.7 (99)	2.0 (98)	3.9 (98)	4.6 (83)
<b>Private Equity</b>	8,502,667,109	5.8	5.4	4.1	17.0	22.0	12.8	15.3	9.1
<i>Asset Class Target</i>				-3.8	4.9	17.4	24.9	18.1	12.0
<i>Secondary Target**</i>				5.2	16.9	22.9	14.7	17.4	14.9
<b>Real Estate</b>	11,179,437,664	7.7	7.6	2.3 (71)	9.4 (48)	13.2 (33)	14.8 (12)	11.7 (23)	8.9
<i>Asset Class Target</i>				2.0 (73)	8.1 (73)	11.3 (60)	11.8 (53)	9.8 (62)	4.5
<b>Strategic Investments</b>	8,636,539,715	5.9	5.5	2.6	8.5	12.4	12.5	12.6	
<i>Short-Term Target</i>				0.0	4.5	7.8	9.2	7.2	
<b>Cash</b>	952,060,625	0.7	1.0	0.1	0.2	0.2	0.3	0.4	1.0
<i>iMoneyNet First Tier Institutional Money Market Funds Net Index</i>				0.0	0.0	0.0	0.0	0.1	1.8

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.

\*\* The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index.



As of September 30, 2014

**Asset Allocation & Performance**

	Performance(%)									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Total Fund</b>	16.9 (28)	14.2 (12)	-0.5 (73)	13.5 (35)	20.8 (31)	-26.7 (47)	9.1 (40)	14.6 (45)	7.8 (66)	12.0 (57)
<i>Performance Benchmark</i>	15.9 (43)	12.8 (56)	-1.2 (85)	12.9 (47)	19.5 (40)	-26.1 (40)	8.9 (42)	14.4 (49)	7.3 (78)	11.5 (62)
<i>Absolute Nominal Target Rate of Return</i>	6.6 (93)	6.8 (99)	8.1 (3)	6.6 (98)	7.9 (97)	5.1 (1)	8.9 (43)	6.6 (99)	7.6 (70)	7.4 (100)
<b>Global Equity*</b>	25.2	17.8	-6.5	15.9	33.7	-39.9	8.4	17.5	8.6	14.4
<i>Asset Class Target</i>	23.7	16.5	-7.9	15.1	33.8	-40.4	8.5	18.4	8.7	14.1
<b>Domestic Equities</b>	34.1 (53)	16.3 (48)	1.6 (21)	17.2 (65)	28.8 (43)	-37.4 (43)	5.3 (42)	14.7 (52)	6.3 (67)	12.3 (68)
<i>Asset Class Target</i>	33.6 (59)	16.4 (41)	1.0 (30)	16.9 (70)	28.3 (55)	-37.3 (40)	5.1 (43)	15.7 (31)	6.1 (77)	11.9 (89)
<b>Foreign Equities</b>	17.4 (60)	19.3 (27)	-12.9 (45)	15.2 (7)	42.7 (11)	-44.4 (34)	16.1 (31)	26.4 (55)	16.1 (54)	21.3 (34)
<i>Asset Class Target</i>	16.0 (76)	17.2 (83)	-14.6 (80)	13.0 (42)	43.7 (10)	-46.1 (74)	16.4 (23)	26.7 (49)	16.6 (44)	20.9 (39)
<b>Global Equities</b>	26.3	15.6	-5.7	10.4	32.8	-41.8	10.2	20.0	9.4	15.4
<i>Benchmark</i>	25.4	16.0	-6.7	13.1	34.6	-42.1	11.8	21.1	11.3	16.4
<b>Fixed Income</b>	-1.5 (53)	6.4 (61)	7.5 (47)	9.2 (34)	14.4 (45)	-4.0 (43)	7.1 (32)	4.7 (51)	2.8 (34)	5.0 (66)
<i>Asset Class Target</i>	-2.1 (70)	4.2 (89)	7.8 (37)	6.5 (92)	5.9 (89)	5.2 (5)	7.2 (32)	4.7 (49)	2.5 (48)	4.7 (79)
<b>Private Equity</b>	15.0	12.4	8.0	18.6	-12.1	-4.3	16.5	12.2	12.9	0.6
<i>Asset Class Target</i>	36.6	19.4	4.0	19.9	32.8	-32.8	9.6	20.2	10.6	16.5
<i>Secondary Target**</i>	17.0	14.9	14.7	17.2	-9.6	-5.3	30.0	22.6	36.4	19.2
<b>Real Estate</b>	16.8 (11)	14.4 (7)	14.5 (17)	5.1 (73)	-22.8 (35)	-1.5 (20)	13.6 (61)	22.5 (25)	17.2 (78)	17.4 (23)
<i>Asset Class Target</i>	11.2 (50)	12.2 (25)	15.3 (11)	8.8 (64)	-29.7 (58)	-1.1 (19)	12.1 (82)	6.5 (94)	8.8 (100)	7.8 (100)
<b>Strategic Investments</b>	16.1	15.2	5.5	8.9	22.0	-37.4				
<i>Short-Term Target</i>	11.6	9.1	4.2	3.5	20.8	-33.6				
<b>Cash</b>	0.2	0.3	0.3	0.4	1.7	-5.8	4.1	5.1	3.4	1.4
<i>iMoneyNet First Tier Institutional Money Market Funds Net Index</i>	0.0	0.1	0.1	0.2	0.7	3.0	5.4	5.1	3.4	1.4

\* 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.

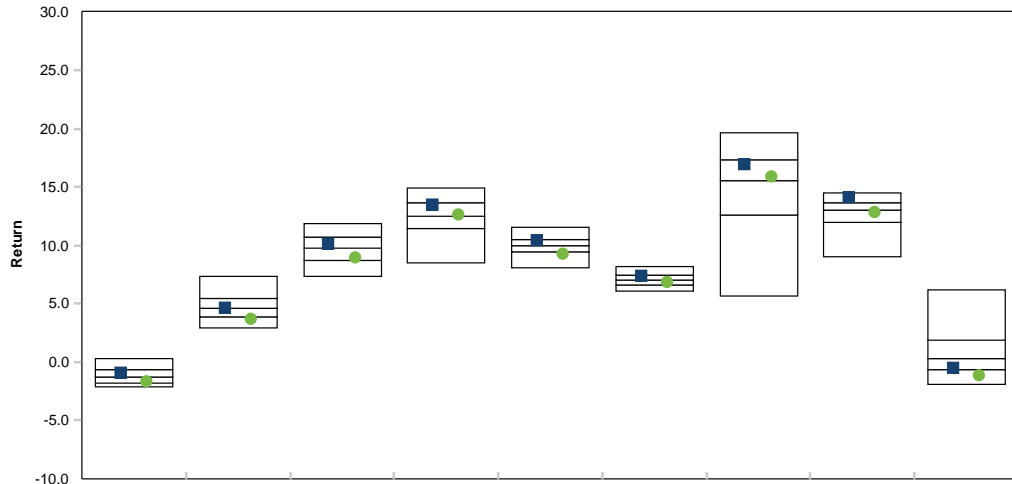
\*\* The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index.



As of September 30, 2014

Plan Sponsor Peer Group Analysis

All Public Plans > \$1B-Total Fund



	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years	2013	2012	2011
■ Total Fund	-1.0 (33)	4.7 (50)	10.1 (45)	13.4 (32)	10.4 (33)	7.4 (27)	16.9 (28)	14.2 (12)	-0.5 (73)
● Performance Benchmark	-1.7 (75)	3.7 (78)	9.0 (73)	12.7 (44)	9.3 (77)	6.8 (65)	15.9 (43)	12.8 (56)	-1.2 (85)
5th Percentile	0.3	7.4	11.9	14.9	11.6	8.2	19.7	14.6	6.2
1st Quartile	-0.7	5.4	10.7	13.6	10.5	7.4	17.3	13.7	1.9
Median	-1.2	4.7	9.8	12.5	10.0	7.0	15.5	13.1	0.4
3rd Quartile	-1.8	3.9	8.8	11.4	9.5	6.6	12.6	12.0	-0.6
95th Percentile	-2.1	3.0	7.3	8.6	8.1	6.1	5.7	9.1	-1.9
Population	74	72	72	68	64	58	88	89	94

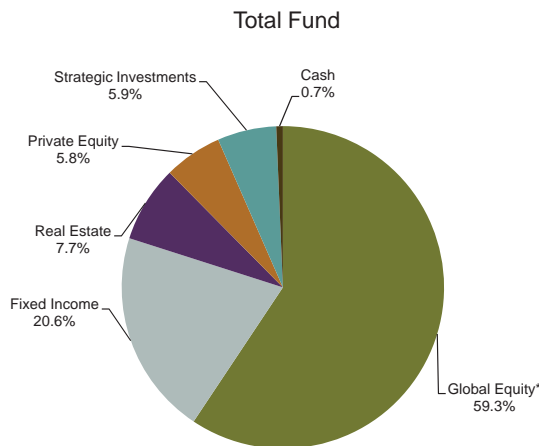
Parentheses contain percentile rankings.  
Calculation based on monthly periodicity.



Total Fund

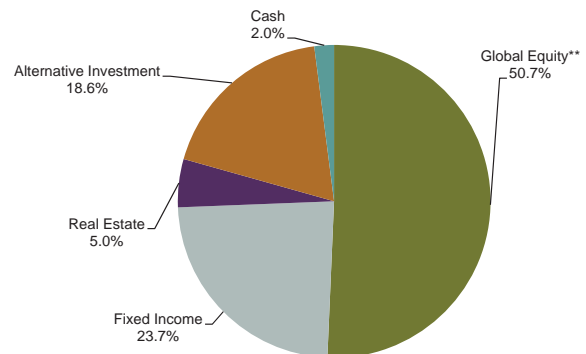
As of September 30, 2014

Universe Asset Allocation Comparison



\*Global Equity Allocation: 27.9% Domestic Equities; 27.3% Foreign Equities; 4.1% Global Equities. Percentages are of the Total FRS Fund.

BNY Mellon Public Funds > \$1B Net Universe

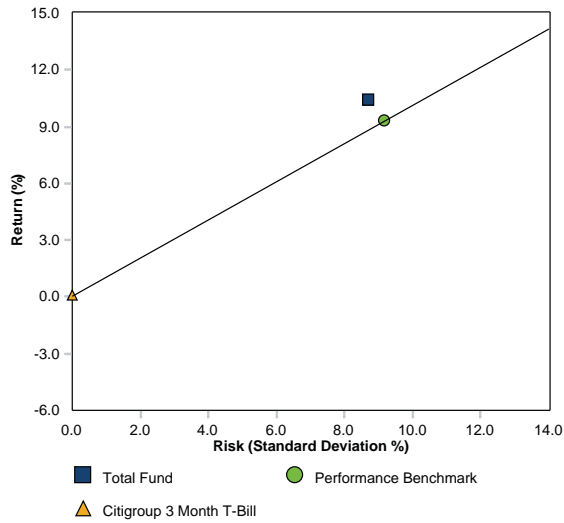


\*\*Global Equity Allocation: 28.6% Domestic Equities; 18.1% Foreign Equities.

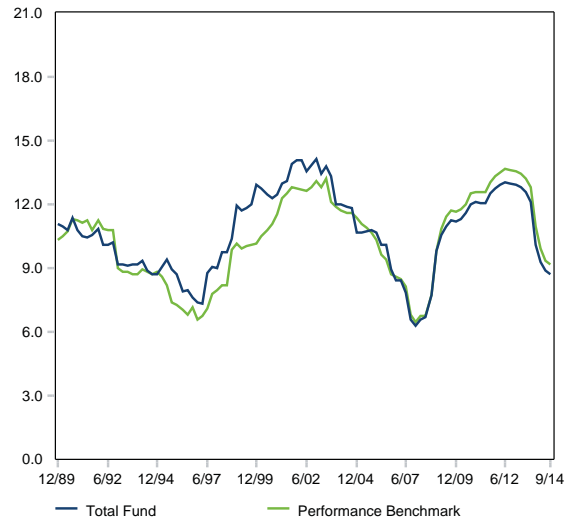


Total Fund Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



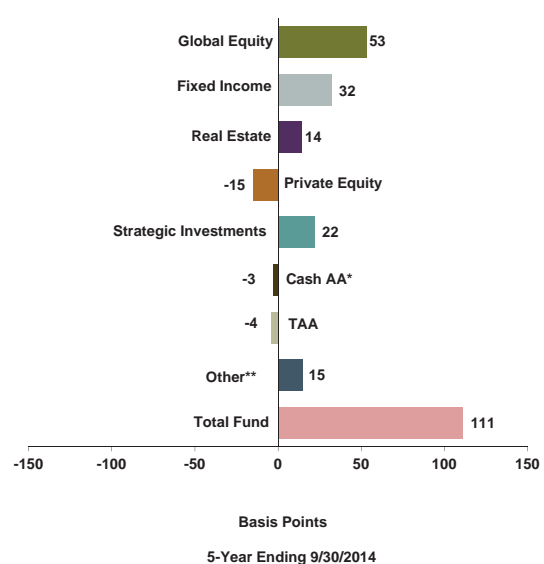
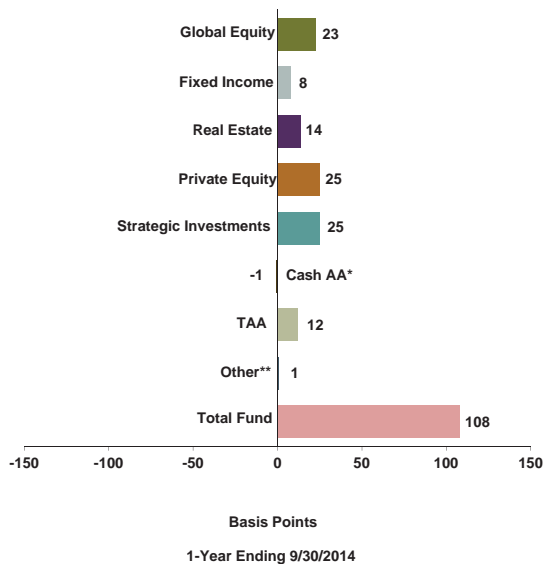
Rolling 5 Years Standard Deviation



5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Total Fund	0.99	0.78	1.28	0.99	1.17	1.48	0.95	10.40	8.73	1.00
Performance Benchmark	0.00	0.00	N/A	1.00	1.01	0.00	1.00	9.28	9.18	1.00
Citigroup 3 Month T-Bill	-9.25	9.17	-1.01	0.01	N/A	0.07	0.00	0.07	0.02	0.09

Attribution



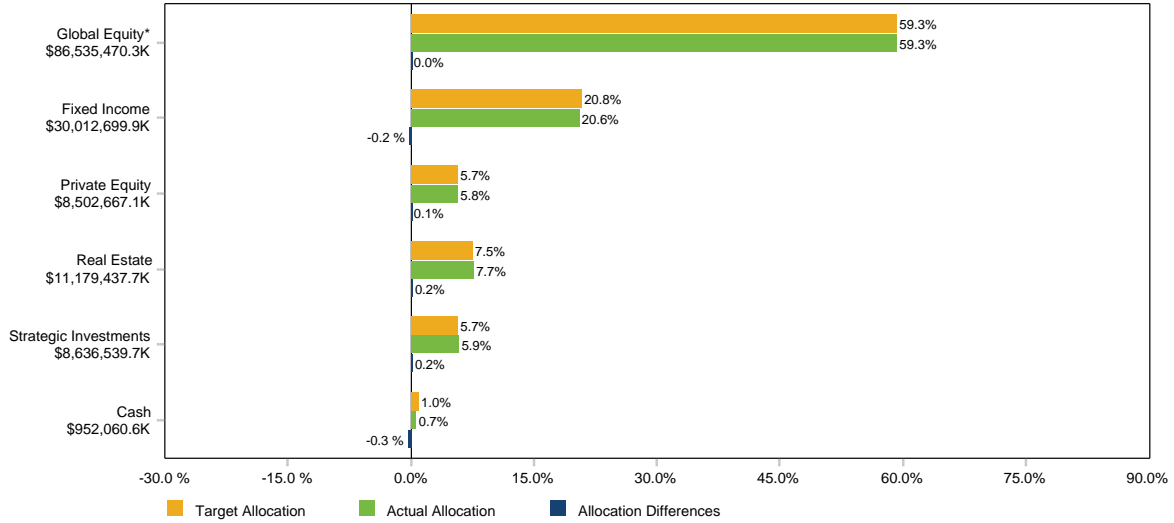
\*Cash AA includes Cash and Central Custody, Securities Lending Account income from 12/2009 to 3/2013 and unrealized gains and losses on securities lending collateral beginning June 2013, TF STIPFRS NAV Adjustment Account, and the Cash Expense Account.

\*\*Other includes legacy accounts and unexplained differences due to methodology.



Asset Allocation Compliance

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	145,818,875,309	100.0	100.0		
Global Equity*	86,535,470,274	59.3	59.3	45.0	70.0
Fixed Income	30,012,699,922	20.6	20.8	10.0	26.0
Private Equity	8,502,667,109	5.8	5.7	4.0	16.0
Real Estate	11,179,437,664	7.7	7.5	2.0	9.0
Strategic Investments	8,636,539,715	5.9	5.7	0.0	16.0
Cash	952,060,625	0.7	1.0	0.3	5.0



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

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## Global Equity

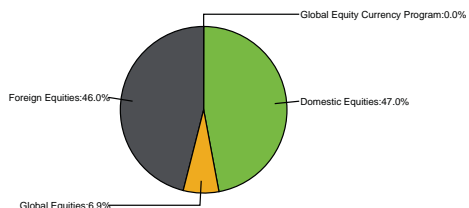
### Global Equity\*

As of September 30, 2014

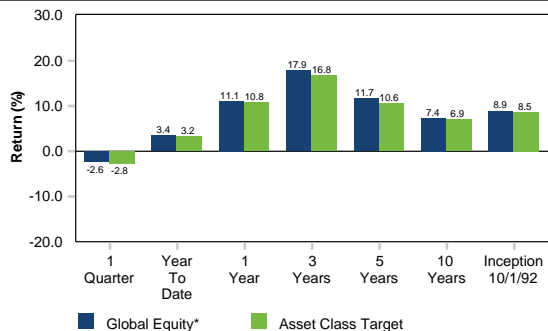
### Global Equity\* Portfolio Overview

#### Current Allocation

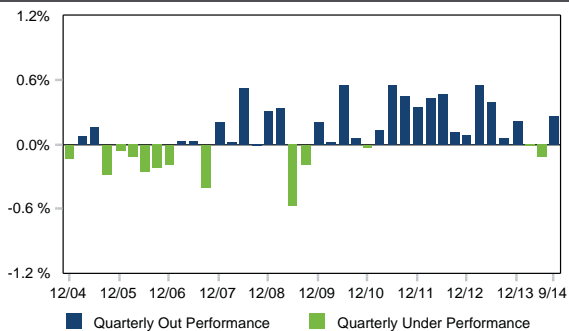
September 30, 2014 : \$86,535M



#### Return Summary



#### Quarterly Excess Performance



#### Ratio of Cumulative Wealth - 10 Years



\* 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

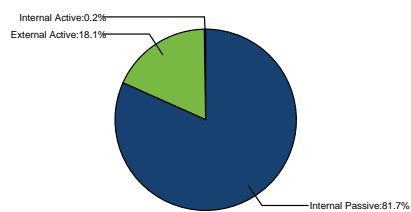
### Domestic Equities

As of September 30, 2014

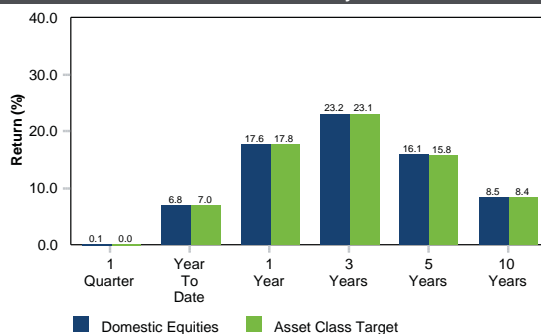
#### Domestic Equities Portfolio Overview

##### Current Allocation

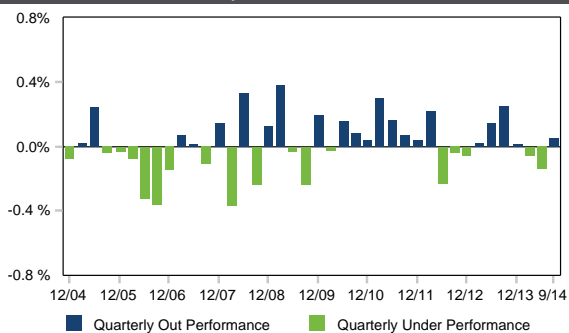
September 30, 2014 : \$40,709M



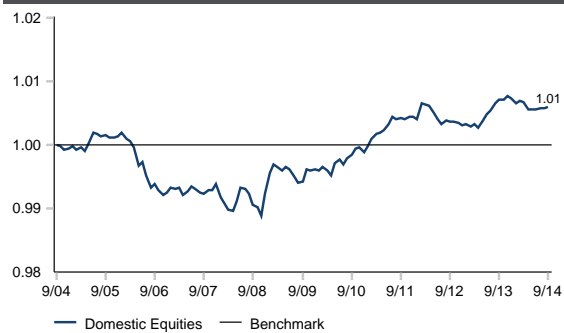
##### Return Summary



##### Quarterly Excess Performance



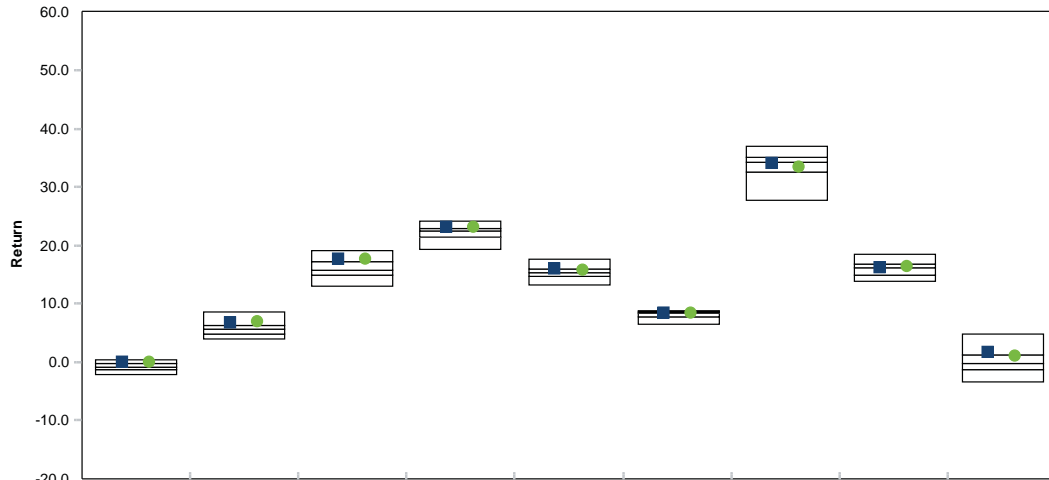
##### Ratio of Cumulative Wealth - 10 Years



As of September 30, 2014

Plan Sponsor Peer Group Analysis

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



	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years	2013	2012	2011
■ Domestic Equities	0.1 (13)	6.8 (18)	17.6 (15)	23.2 (21)	16.1 (17)	8.5 (33)	34.1 (53)	16.3 (48)	1.6 (21)
● Asset Class Target	0.0 (16)	7.0 (16)	17.8 (12)	23.1 (23)	15.8 (31)	8.4 (38)	33.6 (59)	16.4 (41)	1.0 (30)
5th Percentile	0.4	8.6	19.1	24.2	17.6	8.9	37.0	18.4	4.8
1st Quartile	-0.2	6.3	17.3	23.0	15.9	8.6	35.2	16.8	1.4
Median	-0.8	5.7	15.9	22.5	15.5	8.4	34.4	16.2	-0.1
3rd Quartile	-1.2	4.9	15.0	21.5	14.8	7.8	32.6	15.0	-1.2
95th Percentile	-2.1	4.0	13.0	19.3	13.2	6.5	27.8	13.8	-3.4
Population	53	51	50	47	43	21	46	47	51

Parentheses contain percentile rankings.  
Calculation based on monthly periodicity.

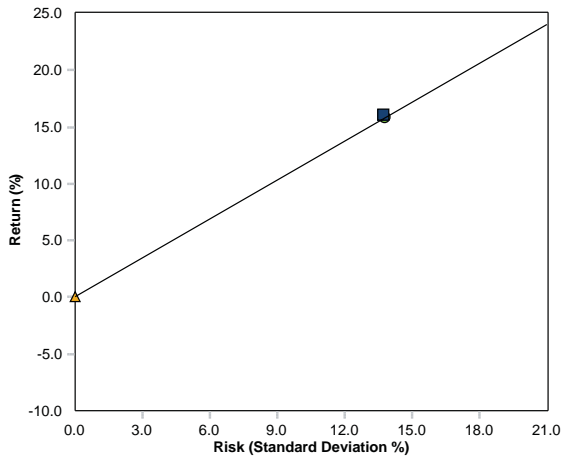


Domestic Equities

As of September 30, 2014

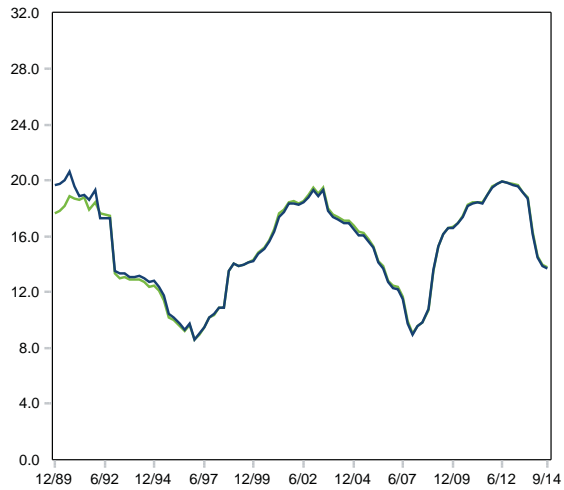
Domestic Equities Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



■ Domestic Equities    ● Asset Class Target  
▲ Citigroup 3 Month T-Bill

Rolling 5 Years Standard Deviation



— Domestic Equities    — Asset Class Target

5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Domestic Equities	0.23	0.26	0.90	1.00	1.15	0.28	1.00	16.05	13.75	1.00
Asset Class Target	0.00	0.00	N/A	1.00	1.13	0.00	1.00	15.78	13.79	1.00
Citigroup 3 Month T-Bill	-15.60	13.78	-1.13	0.00	N/A	0.07	0.00	0.07	0.02	0.05





## Foreign Equities

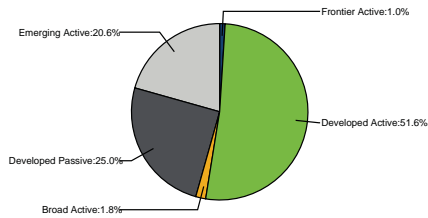
### Foreign Equities

As of September 30, 2014

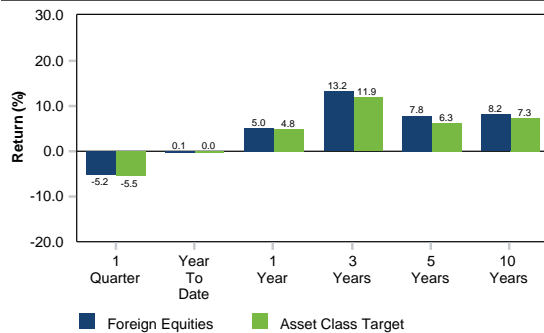
#### Foreign Equities Portfolio Overview

##### Current Allocation

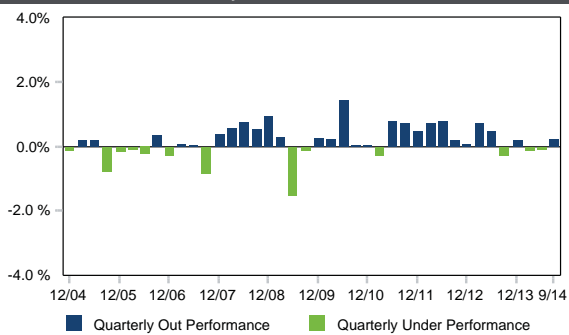
September 30, 2014 : \$39,842M



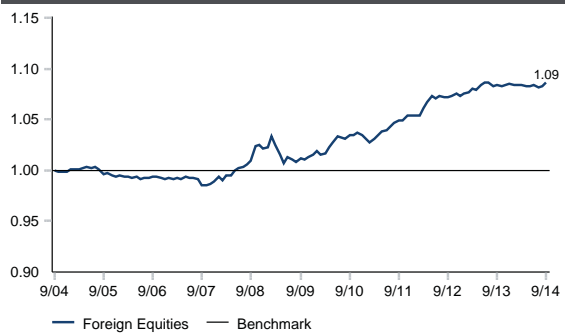
##### Return Summary



##### Quarterly Excess Performance



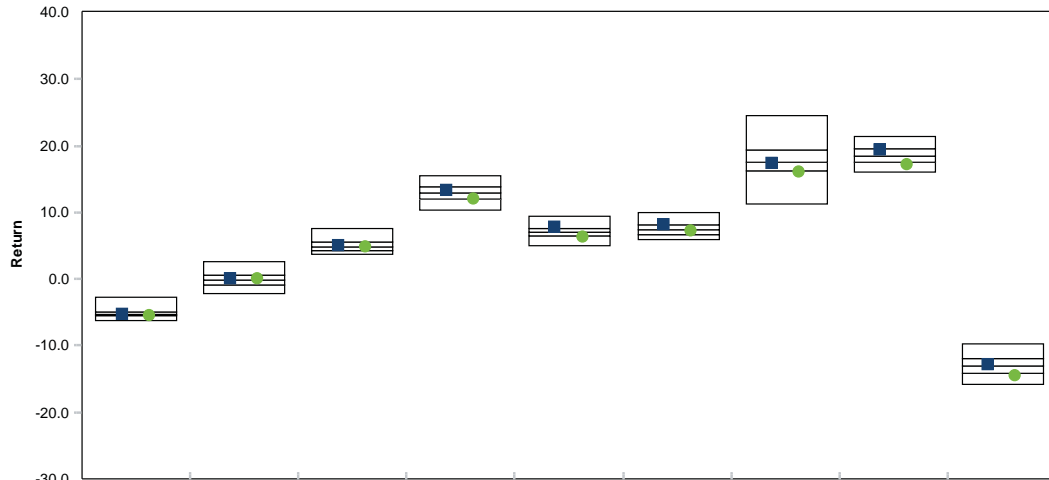
##### Ratio of Cumulative Wealth - 10 Years



As of September 30, 2014

Plan Sponsor Peer Group Analysis

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



	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years	2013	2012	2011
■ Foreign Equities	-5.2 (51)	0.1 (34)	5.0 (36)	13.2 (38)	7.8 (19)	8.2 (26)	17.4 (60)	19.3 (27)	-12.9 (45)
● Asset Class Target	-5.5 (62)	0.0 (34)	4.8 (50)	11.9 (76)	6.3 (83)	7.3 (56)	16.0 (76)	17.2 (83)	-14.6 (80)
5th Percentile	-2.8	2.5	7.5	15.5	9.5	10.0	24.5	21.4	-9.7
1st Quartile	-4.9	0.6	5.6	13.9	7.6	8.2	19.3	19.5	-11.9
Median	-5.2	-0.2	4.7	13.0	7.1	7.3	17.5	18.4	-13.1
3rd Quartile	-5.6	-0.9	4.3	12.0	6.5	6.7	16.2	17.5	-14.2
95th Percentile	-6.3	-2.2	3.7	10.3	4.9	6.0	11.3	16.1	-15.8
Population	52	51	51	46	42	23	44	41	45

Parentheses contain percentile rankings.  
Calculation based on monthly periodicity.

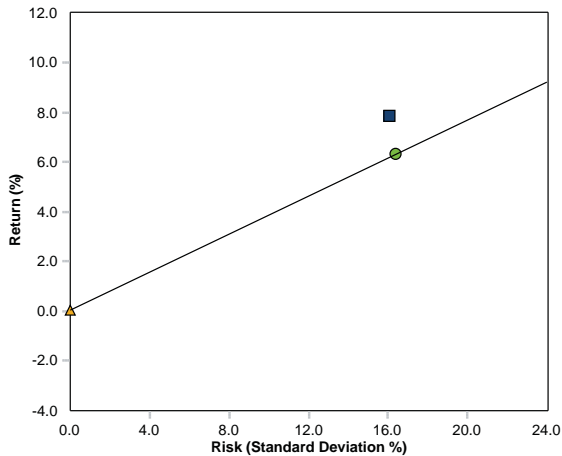


Foreign Equities

As of September 30, 2014

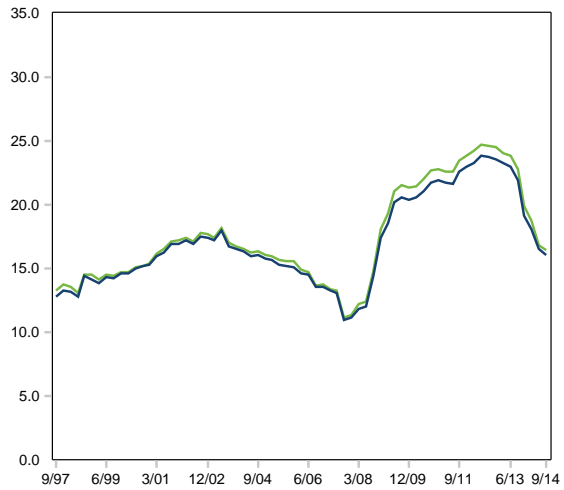
Foreign Equities Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



■ Foreign Equities    ● Asset Class Target  
▲ Citigroup 3 Month T-Bill

Rolling 5 Years Standard Deviation

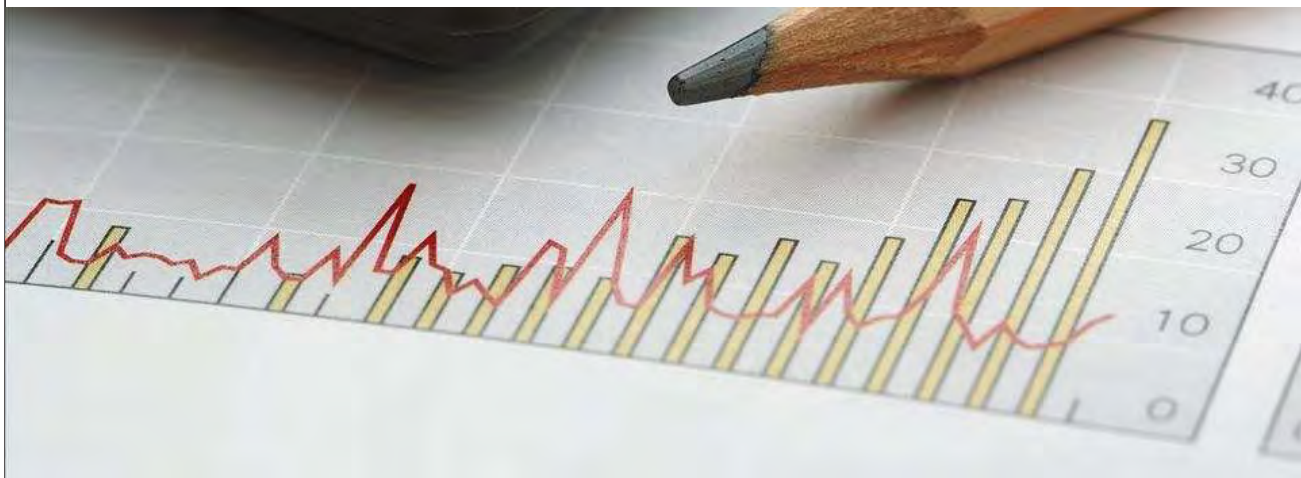


— Foreign Equities    — Asset Class Target

5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Foreign Equities	1.36	0.88	1.55	1.00	0.55	1.52	0.98	7.83	16.09	1.00
Asset Class Target	0.00	0.00	N/A	1.00	0.45	0.00	1.00	6.32	16.40	1.00
Citigroup 3 Month T-Bill	-7.41	16.40	-0.45	0.02	N/A	0.07	0.00	0.07	0.02	0.14





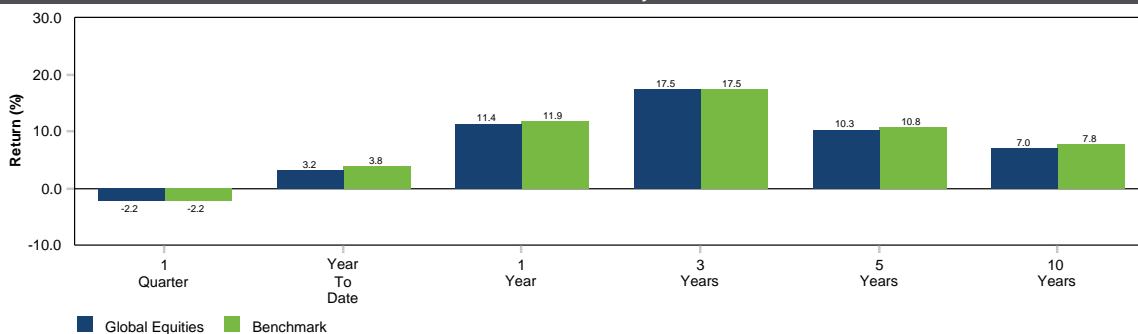
## Global Equities

### Global Equities

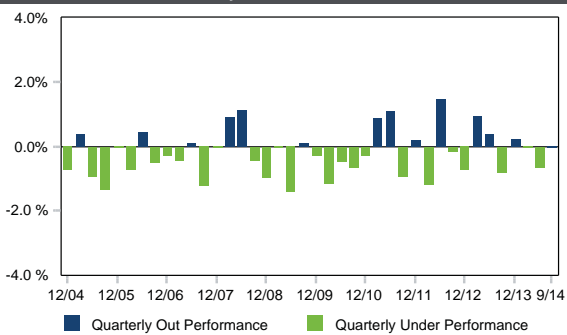
As of September 30, 2014

#### Global Equities Performance Summary

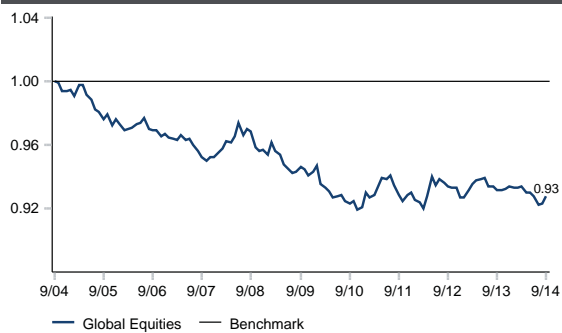
##### Return Summary



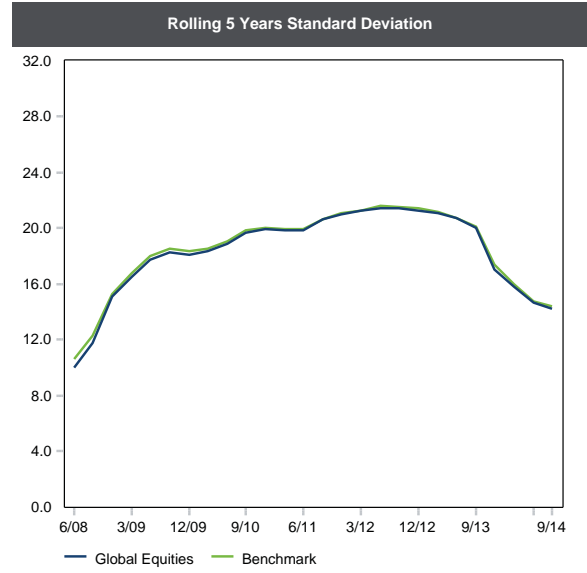
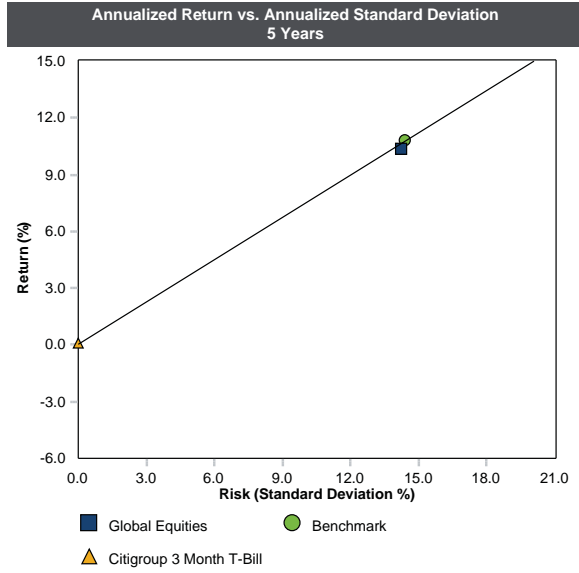
##### Quarterly Excess Performance



##### Ratio of Cumulative Wealth - 10 Years



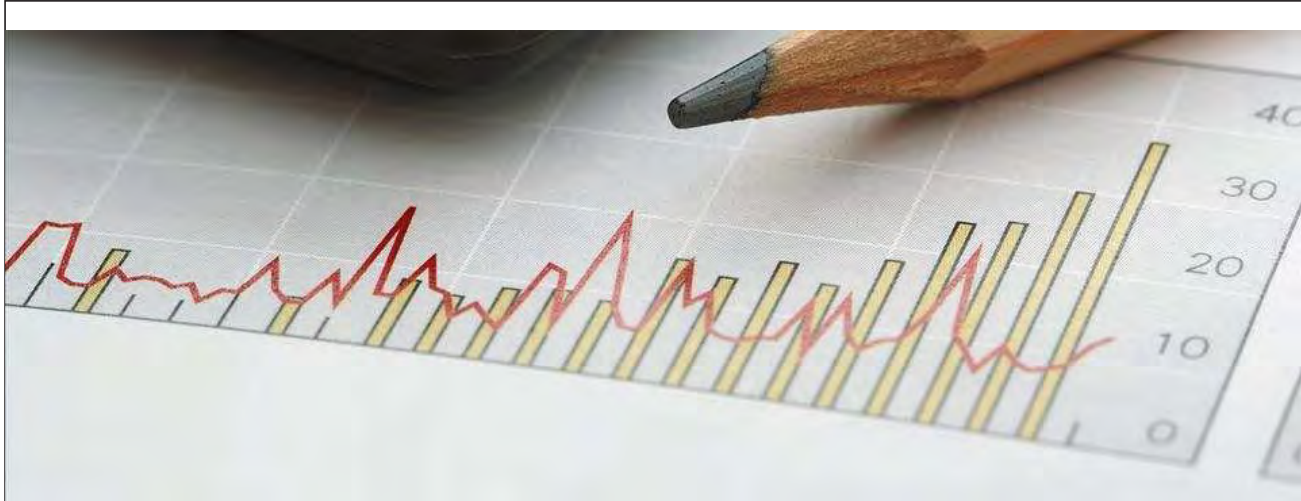
Global Equities Risk Profile



5 Years Historical Statistics										
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Global Equities	-0.41	1.50	-0.27	0.99	0.76	-0.24	0.98	10.34	14.27	0.99
Benchmark	0.00	0.00	N/A	1.00	0.78	0.00	1.00	10.77	14.41	1.00
Citigroup 3 Month T-Bill	-11.22	14.41	-0.78	0.01	N/A	0.07	0.00	0.07	0.02	0.10

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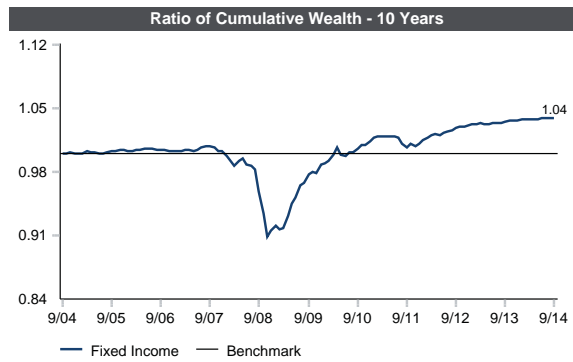
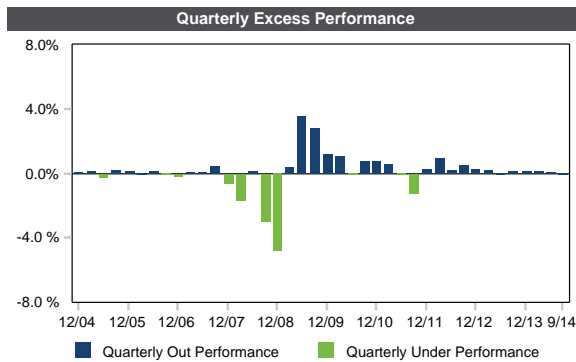
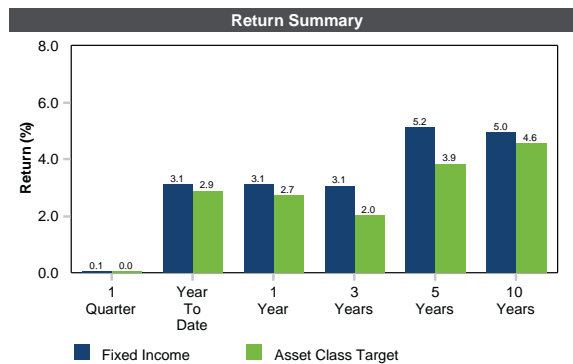
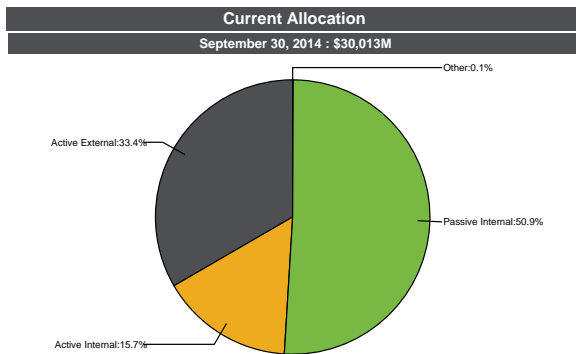




## Fixed Income

### Fixed Income As of September 30, 2014

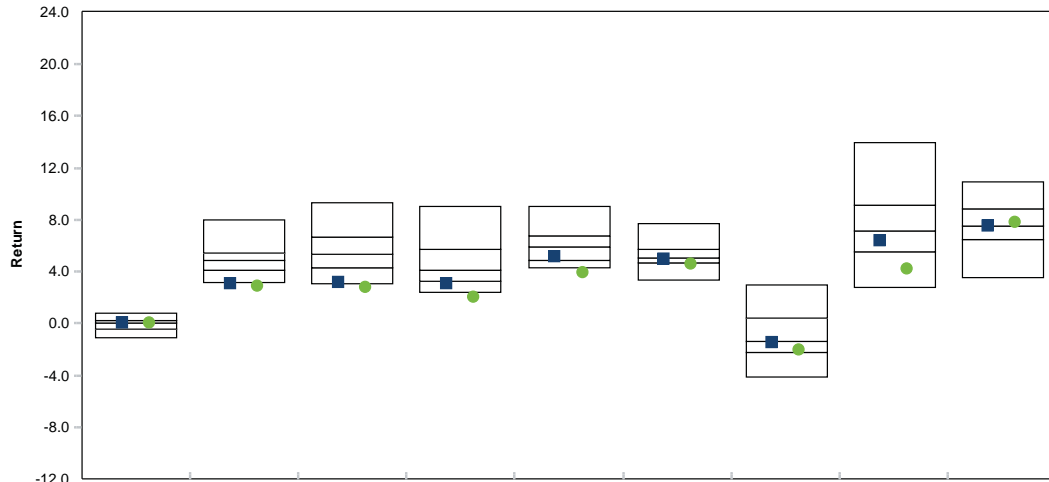
#### Fixed Income Portfolio Overview



As of September 30, 2014

Plan Sponsor Peer Group Analysis

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



	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years	2013	2012	2011
■ Fixed Income	0.1 (38)	3.1 (96)	3.1 (95)	3.1 (77)	5.2 (70)	5.0 (53)	-1.5 (53)	6.4 (61)	7.5 (47)
● Asset Class Target	0.0 (44)	2.9 (99)	2.7 (99)	2.0 (98)	3.9 (98)	4.6 (83)	-2.1 (70)	4.2 (89)	7.8 (37)
5th Percentile	0.7	8.0	9.3	9.1	9.0	7.7	3.0	13.9	10.9
1st Quartile	0.2	5.5	6.7	5.7	6.7	5.7	0.4	9.2	8.8
Median	0.0	4.9	5.4	4.1	5.9	5.1	-1.3	7.2	7.5
3rd Quartile	-0.4	4.1	4.3	3.3	4.8	4.7	-2.2	5.5	6.5
95th Percentile	-1.1	3.2	3.1	2.4	4.3	3.4	-4.1	2.8	3.5
Population	51	50	50	48	41	23	46	48	52

Parentheses contain percentile rankings.  
Calculation based on monthly periodicity.

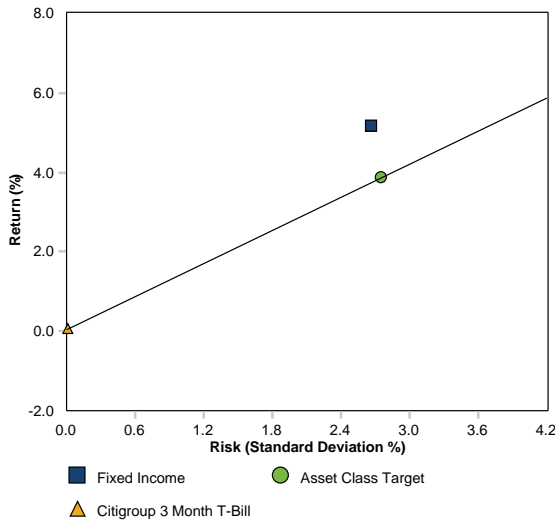


Fixed Income

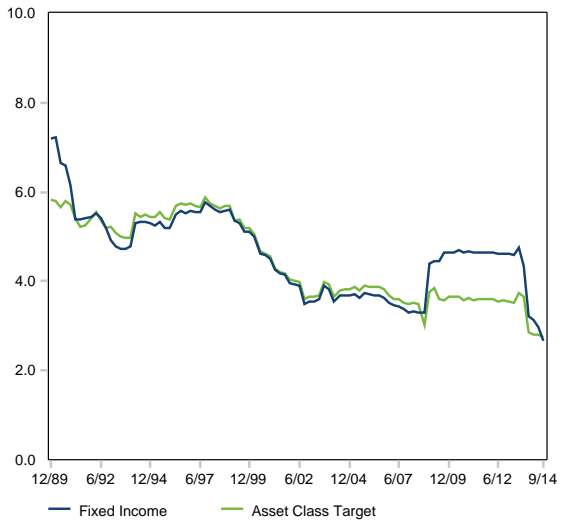
As of September 30, 2014

Fixed Income Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



Rolling 5 Years Standard Deviation



5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Fixed Income	1.23	0.95	1.30	0.88	1.88	1.59	0.91	5.16	2.67	0.94
Asset Class Target	0.00	0.00	N/A	1.00	1.37	0.00	1.00	3.87	2.75	1.00
Citigroup 3 Month T-Bill	-3.77	2.76	-1.37	0.00	N/A	0.07	0.00	0.07	0.02	-0.06





## Private Equity

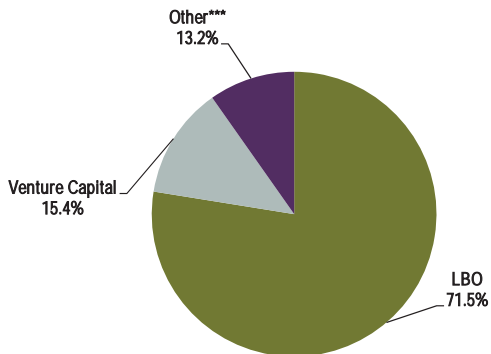
45

Private Equity

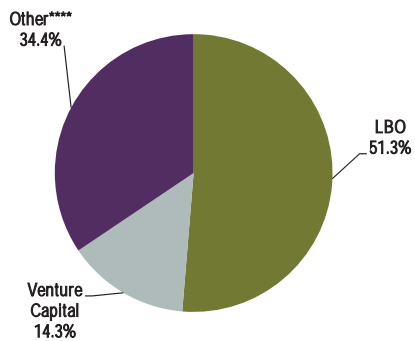
As of September 30, 2014

### Overview

FRS Private Equity by Market Value\*



Private Equity Strategies by Market Value\*\*



\*Allocation data is as of September 30, 2014.

\*\*Allocation data is as of June 30, 2013, 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 6,200 private equity funds representing \$3.2 trillion.

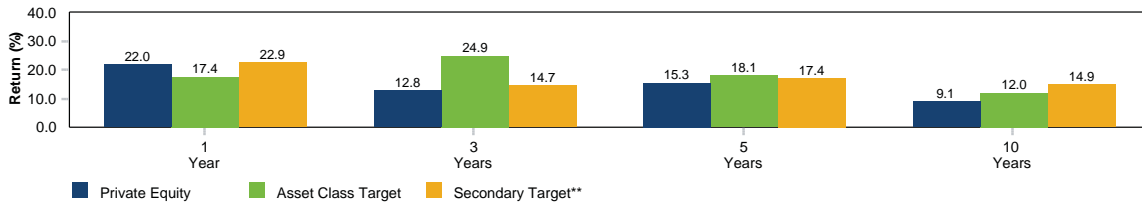
46

Private Equity

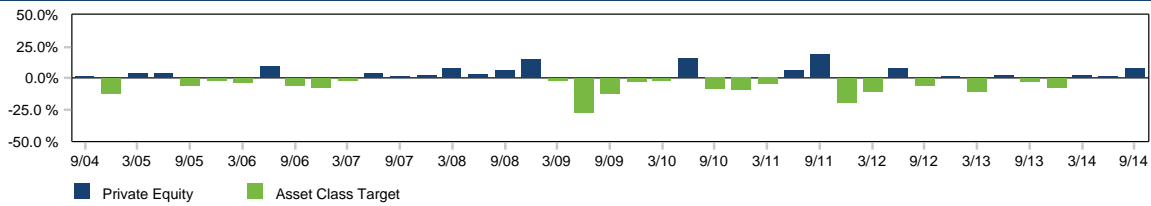
As of September 30, 2014

Time-Weighted Investment Results

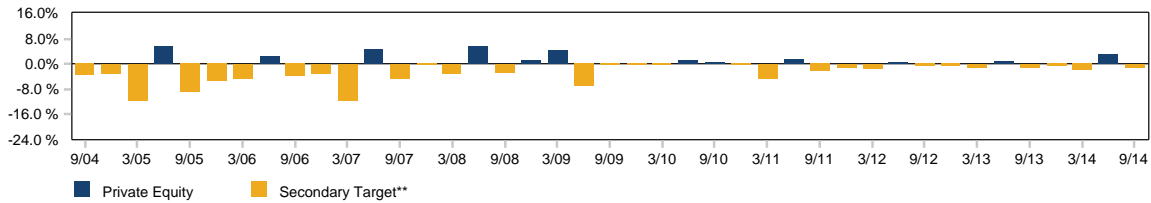
Return Summary



Quarterly Excess Performance vs. Asset Class Target



Quarterly Excess Performance vs. Secondary Target



\*\* 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.

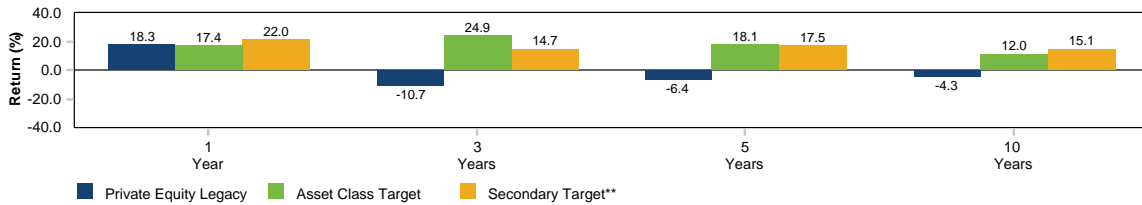


Private Equity Legacy

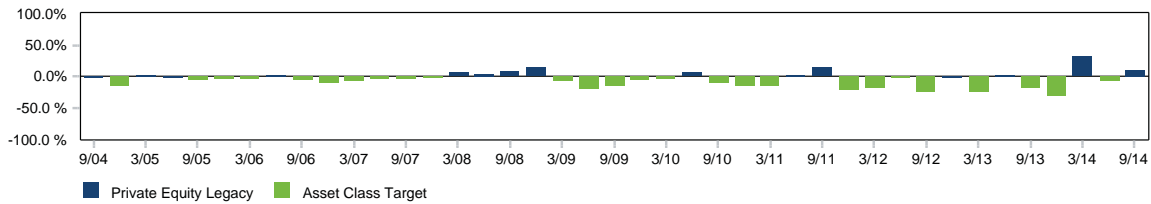
As of September 30, 2014

Time-Weighted Investment Results

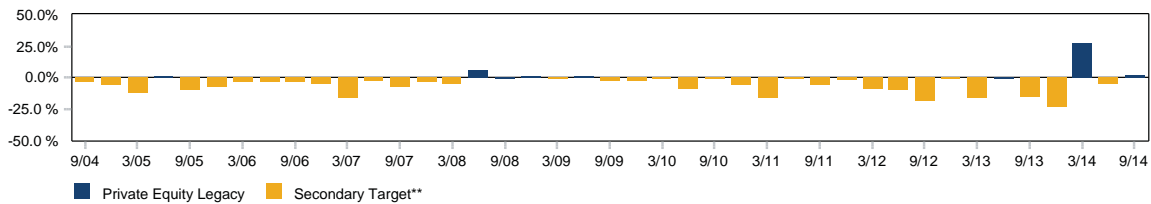
Return Summary



Quarterly Excess Performance vs. Asset Class Target



Quarterly Excess Performance vs. Secondary Target

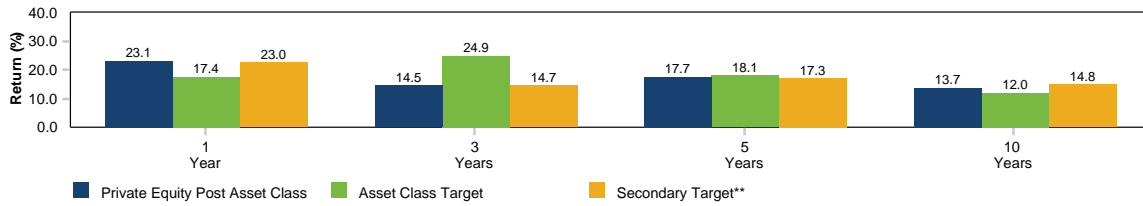


\*\* The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index based on actual ABAL weights. Secondary target data is on a quarterly lag.

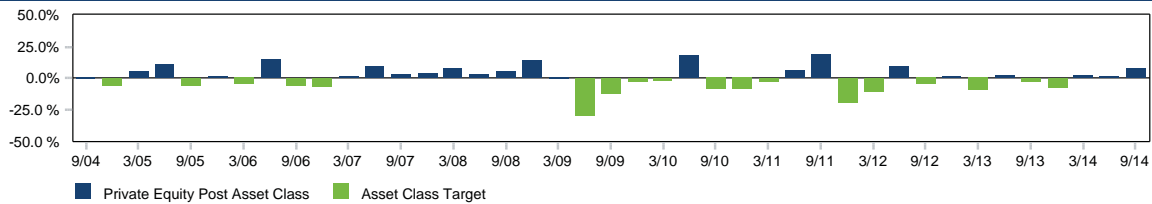


Time-Weighted Investment Results

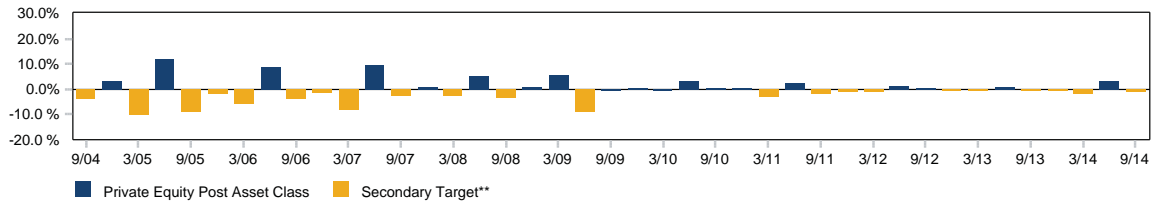
Return Summary



Quarterly Excess Performance vs. Asset Class Target



Quarterly Excess Performance vs. Secondary Target



\*\* 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.



Private Equity Dollar-Weighted Performance  
Cumulative Performance Measures Since Inception Through September 30, 2014

Name	Years Since Inception	Commitment	Net Paid In Cap.	Net Asset Value	IRR
Liberty Partners V	15.60	\$329,664,359	-\$50,670,679	\$938,734	2.8%
Lexington Capital Partners IV	13.47	\$200,000,000	-\$143,350,242	\$8,005,834	19.4%
Liberty Partners VI	12.72	\$595,484,687	\$203,078,626	\$17,400,004	-6.6%
Lexington Capital Partners V	12.14	\$100,000,000	-\$54,555,288	\$12,825,197	19.0%
Lexington Co-Investment Partners II	12.02	\$500,000,000	-\$535,002,007	\$86,547,598	25.2%
Top Tier Venture Capital II	11.01	\$120,000,000	\$30,043,924	\$71,261,270	4.7%
Gores Capital Partners I	10.69	\$50,000,000	-\$7,749,957	\$16,895,821	11.7%
Platinum Equity Capital Partners I	10.64	\$50,000,000	-\$57,458,793	\$7,582,958	58.1%
Pantheon Venture Partners II	10.64	\$100,000,000	\$52,547,500	\$92,430,721	7.4%
Grove Street Partners Ventures	10.26	\$200,000,000	\$85,952,798	\$177,090,037	7.6%
Kelso Investment Associates VII	10.26	\$50,000,000	-\$29,043,560	\$4,968,694	12.0%
Fairview Ventures Fund II	10.26	\$50,000,000	\$30,517,764	\$37,382,074	2.2%
Hellman & Friedman Capital Partners V	9.81	\$75,000,000	-\$106,797,333	\$7,854,796	28.0%
New Mountain Partners II	9.72	\$50,000,000	-\$32,402,218	\$6,900,333	13.2%
Top Tier Venture Capital III	9.47	\$75,000,000	\$38,870,065	\$63,160,887	6.1%
Carlyle Partners IV	9.43	\$75,000,000	-\$52,423,554	\$21,765,682	13.2%
Warburg Pincus Private Equity IX	9.08	\$75,000,000	-\$29,512,369	\$32,097,025	11.0%
Lexington Co-Investment Partners 2005	9.04	\$500,000,000	\$208,409,389	\$347,262,828	4.7%
Pomona Capital VI	9.04	\$50,000,000	\$9,220,632	\$24,578,710	5.9%
Liberty Partners VII	8.93	\$290,808,542	\$48,594,769	\$15,970,996	-6.5%
Lexington Capital Partners VI B	8.82	\$100,000,000	\$19,790,530	\$55,889,636	7.4%
Apollo Investment Fund VI	8.82	\$200,000,000	-\$11,588,638	\$127,159,186	10.3%
Wellspring Capital Partners IV	8.68	\$75,000,000	\$11,873,407	\$48,128,571	8.6%
Blackstone Capital Partners V	8.55	\$150,000,000	\$40,187,535	\$115,466,797	7.7%
TowerBrook Investors II	8.50	\$75,000,000	-\$7,580,372	\$35,902,893	10.8%
Thoma Cresssey Fund VIII	8.49	\$50,000,000	-\$9,198,470	\$58,297,506	16.0%
TPG Partners V	8.27	\$100,000,000	\$50,707,849	\$79,219,879	4.7%
Fairview Ventures Fund III	8.26	\$75,000,000	\$37,637,185	\$77,645,550	13.7%
Permira IV	8.13	€ 50,000,000	\$17,875,849	\$45,605,993	7.5%
Lindsay Goldberg & Bessemer II	8.13	\$100,000,000	-\$17,898,295	\$31,513,114	8.8%
Grove Street Partners Buyouts	8.01	\$150,000,000	\$59,751,467	\$105,231,882	9.0%
Thomas H Lee Equity Fund VI	7.88	\$20,000,000	\$34,172,735	\$64,076,864	7.3%
First Reserve Fund XI	7.88	\$100,000,000	\$49,339,837	\$60,017,397	2.2%
RCP Advisors Fund IV	7.76	\$50,000,000	\$9,661,885	\$35,166,277	11.1%
Hellman & Friedman Capital Partners VI	7.70	\$100,000,000	-\$31,986,086	\$38,353,896	12.8%
Providence Equity Partners VI	7.55	\$50,000,000	\$21,593,129	\$36,341,369	5.9%



**Private Equity Dollar-Weighted Performance (continued)**  
**Cumulative Performance Measures Since Inception Through September 30, 2014**

Name	Years Since Inception	Commitment	Net Paid In Cap.	Net Asset Value	IRR
Green Equity Investors V	7.42	\$100,000,000	\$14,570,003	\$87,873,136	18.3%
Gores Capital Partners II	7.19	\$50,000,000	\$8,688,499	\$29,402,367	10.8%
New Mountain Partners III	7.15	\$100,000,000	\$62,472,228	\$95,705,069	9.4%
Carlyle Partners V	7.01	\$200,000,000	\$53,775,393	\$161,197,637	13.5%
Kohlberg Investors VI	6.98	\$50,000,000	-\$9,254,235	\$20,061,753	16.2%
Apollo Investment Fund VII	6.96	\$200,000,000	-\$58,231,229	\$122,739,829	26.8%
Kelso Investment Associates VIII	6.96	\$100,000,000	\$64,717,415	\$85,237,903	7.7%
Platinum Equity Capital Partners II	6.96	\$75,000,000	-\$2,471,365	\$44,404,278	15.6%
RCP Advisors Fund V	6.90	\$50,000,000	\$22,673,818	\$39,218,194	10.6%
Warburg Pincus Private Equity X	6.86	\$150,000,000	\$65,759,375	\$134,227,780	9.5%
Top Tier Venture Capital IV	6.65	\$100,000,000	\$64,690,783	\$114,960,815	13.7%
TPG Partners VI	6.46	\$200,000,000	\$110,712,535	\$177,653,536	11.5%
Liberty Partners Group II	6.39	\$12,625,000	\$651,508	-\$814	0.0%
Pomona Capital VII	6.27	\$50,000,000	\$8,701,535	\$23,893,955	10.8%
Grove Street Partners Ventures II	6.27	\$200,000,000	\$126,942,386	\$225,384,503	21.0%
Advent International GPE VI	6.24	\$58,000,000	\$23,001,546	\$65,922,632	18.6%
TowerBrook Investors III	6.21	\$150,000,000	\$69,581,093	\$117,368,968	12.8%
Lindsay Goldberg III	6.21	\$100,000,000	\$52,958,831	\$71,507,098	9.2%
CVC European Equity Partners V	6.21	€ 70,000,000	\$40,955,566	\$73,981,437	11.8%
Thoma Bravo Fund IX	6.21	\$50,000,000	-\$35,876,181	\$48,881,643	40.7%
Ares Corporate Opportunities Fund III	6.03	\$100,000,000	\$20,470,565	\$89,080,685	22.0%
RCP Advisors Fund VI	5.99	\$50,000,000	\$29,213,066	\$33,303,049	4.2%
Cressey & Company Fund IV	5.90	\$50,000,000	\$7,032,852	\$29,444,411	19.2%
Blackstone Capital Partners VI	5.90	\$200,000,000	\$100,179,727	\$124,103,038	15.4%
First Reserve Fund XII	5.88	\$200,000,000	\$133,501,929	\$164,094,335	4.4%
Carlyle Asia Growth Partners IV	5.79	\$75,000,000	\$45,235,112	\$57,466,368	6.9%
Top Tier Special Opportunities Fund	5.35	\$12,450,000	\$11,131,035	\$8,130,613	-7.3%
Riverside Capital Appreciation Fund V	5.29	\$75,000,000	\$33,547,201	\$54,932,777	9.6%
Freeman Spogli Equity Partners VI	5.18	\$75,000,000	\$40,593,597	\$72,699,012	15.5%
Energy Capital Partners II	5.17	\$100,000,000	\$51,701,232	\$110,427,886	21.0%
KPS Special Situations Fund III	5.02	\$50,000,000	\$26,317,766	\$41,309,891	15.7%
Gores Capital Partners III	5.00	\$125,000,000	\$76,034,888	\$90,145,249	7.0%
Charlesbank Equity Fund VII	4.94	\$75,000,000	\$34,508,728	\$63,221,254	20.3%
Lexington Capital Partners VII	4.83	\$200,000,000	\$68,507,719	\$133,180,848	17.4%
TA XI	4.17	\$100,000,000	\$47,000,000	\$75,326,767	16.3%
Snow Phipps II	4.14	\$50,000,000	\$23,634,007	\$31,457,779	11.4%

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**Private Equity Dollar-Weighted Performance (continued)**  
**Cumulative Performance Measures Since Inception Through September 30, 2014**

Name	Years Since Inception	Commitment	Net Paid In Cap.	Net Asset Value	IRR
Pantheon Global Secondary Fund IV	4.12	\$100,000,000	\$37,187,431	\$68,254,802	21.2%
JH Whitney VII	3.97	\$75,000,000	\$42,547,899	\$47,012,593	4.9%
Trident V	3.92	\$75,000,000	\$63,150,841	\$72,135,702	7.1%
RCP Advisors Fund VII	3.83	\$50,000,000	\$23,512,538	\$26,047,031	5.4%
EnerVest Energy XII A	3.76	\$60,000,000	\$22,642,477	\$43,553,384	13.3%
EnCap Energy Capital Fund VIII	3.62	\$75,000,000	\$38,336,305	\$64,283,535	25.2%
Cortec Group V	3.46	\$50,000,000	\$31,123,043	\$35,570,825	8.4%
Montagu Private Equity Fund IV	3.35	€ 40,000,000	\$23,957,025	\$26,240,751	5.0%
Wellspring Capital Partners V	3.25	\$150,000,000	\$57,382,982	\$47,569,100	-9.5%
Grove Street Partners Buyouts II	3.20	\$200,000,000	\$61,878,212	\$66,276,024	4.8%
Fairview Special Opportunities Fund	3.18	\$35,000,000	\$89,930,810	\$105,310,312	15.0%
ABRY Partners VII	3.14	\$75,000,000	\$64,528,521	\$75,906,565	9.0%
Hellman & Friedman Capital Partners VII	3.14	\$200,000,000	\$109,274,026	\$128,947,620	9.3%
Berkshire Fund VIII	3.10	\$60,000,000	\$27,316,188	\$27,276,916	-0.1%
Strategic Investors Fund V A	3.01	\$125,000,000	\$71,744,641	\$80,770,814	9.3%
Francisco Partners III	2.93	\$75,000,000	\$53,927,543	\$71,887,651	17.0%
TPG Growth II	2.78	\$100,000,000	\$62,501,130	\$80,677,731	25.9%
TrueBridge - Kauffman Fellows Endowment Fund II	2.70	\$100,000,000	\$77,902,350	\$98,719,083	14.6%
TrueBridge/FLSBA Special Purpose	2.70	\$50,000,000	\$30,475,000	\$40,832,991	25.5%
Lexington Co-Investment Partners 2005 II Pool III	2.63	\$500,000,000	\$217,177,691	\$271,524,957	18.2%
Platinum Equity Capital Partners III	2.52	\$200,000,000	\$21,490,539	\$51,575,143	25.0%
Denham Commodity Partners Fund VI	2.50	\$100,000,000	\$38,749,584	\$45,269,110	13.2%
Thoma Bravo Fund X	2.49	\$100,000,000	\$59,861,875	\$100,104,865	28.9%
Providence Equity Partners VII	2.40	\$150,000,000	\$38,891,102	\$40,013,554	2.3%
Warburg Pincus Private Equity XI	2.35	\$200,000,000	\$97,902,185	\$108,122,236	9.2%
AXA Secondary Fund V	2.30	\$100,000,000	\$48,928,375	\$75,466,057	23.7%
Summit Partners Growth Equity Fund VIII A	2.30	\$60,000,000	\$62,664,853	\$70,334,289	13.4%
RCP Advisors Fund VIII	2.26	\$50,000,000	\$12,535,407	\$9,990,258	-21.5%
Strategic Investors Fund V-A Opportunity	2.21	\$50,000,000	\$26,756,961	\$30,484,025	11.1%
Carlyle Partners VI	1.94	\$200,000,000	\$59,043,771	\$53,804,248	-25.4%
Grove Street Partners Ventures III	1.94	\$150,000,000	\$28,373,485	\$26,334,687	-11.6%
Apax VIII	1.92	\$157,584,000	\$36,285,658	\$42,223,686	14.1%
Green Equity Investors VI	1.92	\$200,000,000	\$85,064,198	\$87,953,524	4.4%
Ares Corporate Opportunities Fund IV	1.90	\$200,000,000	\$78,820,810	\$77,724,517	-1.9%
Advent International GPE VII	1.82	€ 100,000,000	\$58,039,524	\$67,523,988	16.6%
Silver Lake Partners IV	1.77	\$100,000,000	\$16,838,057	\$19,695,853	31.7%

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**Private Equity Dollar-Weighted Performance (continued)**  
**Cumulative Performance Measures Since Inception Through September 30, 2014**

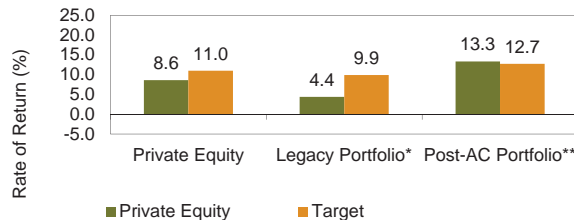
Name	Years Since Inception	Commitment	Net Paid In Cap.	Net Asset Value	IRR
EnCap Energy Capital Fund IX	1.73	\$75,000,000	\$18,375,280	\$23,612,218	37.4%
Lexington Middle Market Investors III	1.71	\$100,000,000	\$14,241,110	\$16,418,107	16.9%
EnerVest Energy Institutional Fund XIII-A	1.69	\$100,000,000	\$63,941,126	\$61,349,327	-7.1%
SVB Strategic Investors Fund VI-A	1.50	\$125,000,000	\$24,442,478	\$23,407,812	-8.5%
TowerBrook Investors IV	1.40	\$190,000,000	\$15,615,659	\$9,064,340	-88.0%
KKR Asia Fund II	1.30	\$100,000,000	\$32,511,301	\$32,202,114	-2.2%
TrueBridge-Kaufman Fellows Endowment Fund III	1.27	\$150,000,000	\$29,419,440	\$27,173,714	-11.1%
KPS Special Situations Fund IV	1.26	\$150,000,000	\$12,376,347	\$12,183,205	-4.3%
Riverside Capital Appreciation Fund VI	1.26	\$75,000,000	\$11,879,561	\$8,659,185	-41.4%
Insight Venture Partners VIII	1.26	\$75,000,000	\$9,808,165	\$58,437,978	-3.7%
TrueBridge/FLSBA Special Purpose III	1.26	\$25,000,000	\$2,158,888	\$2,164,704	1.0%
W Capital Partners III	1.14	\$75,000,000	\$18,632,133	\$18,343,771	-1.8%
Thoma Bravo Special Opportunities Fund I	1.11	\$50,000,000	\$22,306,922	\$30,824,075	52.2%
Apollo Investment Fund VIII	1.10	\$200,000,000	\$18,694,666	\$15,173,585	-49.9%
AXA LBO Fund V	1.09	€ 58,000,000	\$39,476,977	\$36,675,153	-8.4%
DCPF VI Oil and Gas Coinvestment Fund	1.00	\$50,000,000	\$9,604,928	\$9,389,730	-5.4%
CVC Capital Partners VI	0.96	\$75,000,000	\$7,616,236	\$5,653,562	N/A
Energy Capital Partners III	0.67	\$150,000,000	\$8,025,843	\$6,029,085	N/A
ASF VI	0.67	\$150,000,000	\$32,132,469	\$34,871,811	N/A
Permira V	0.66	€ 73,800,000	\$29,457,264	\$25,641,597	N/A
New Mountain Partners IV	0.66	\$100,000,000	\$47,993	\$586,021	N/A
Atlas Capital Resources II	0.66	\$20,000,000	\$1,587,094	\$1,346,670	N/A
Post Oak Energy Partners II	0.63	\$25,000,000	\$640,032	\$196,483	N/A
SVB Capital Partners III	0.48	\$22,500,000	\$3,086,687	\$2,900,425	N/A
Asia Alternatives FL Investor	0.39	\$150,000,000	\$1,396,864	\$879,949	N/A
RCP Advisors Fund IX	0.39	\$100,000,000	\$548,988	\$289,514	N/A
Thoma Bravo Fund XI	0.33	\$150,000,000	\$22,083,442	\$21,183,078	N/A
The Energy & Minerals Group Fund III	0.29	\$85,000,000	\$27,982,043	\$26,892,885	N/A
Rubicon Technology Partners	0.25	\$50,000,000	\$8,764,941	\$7,638,816	N/A
Freeman Spogli Equity Partners VII	0.23	\$100,000,000	\$2,967,768	\$1,925,912	N/A
EnCap Flatrock Midstream Fund III	0.23	\$50,000,000	\$912,186	\$452,021	N/A
Trident VI	0.16	\$75,000,000	\$444,195	\$83,679	N/A
Lexington Capital Partners VIII	0.16	\$200,000,000	\$56,840	\$3,079,643	N/A
Accel-KKR Structured Capital Partners II	0.16	\$25,000,000	\$60,856	\$0	N/A
Charlesbank Equity Fund VIII	0.16	\$100,000,000	\$47,388	\$0	N/A
<b>Private Equity ex Cash ex Transition</b>			<b>\$2,185,914,420</b>	<b>\$8,216,714,501</b>	<b>8.6%</b>

**Private Equity**

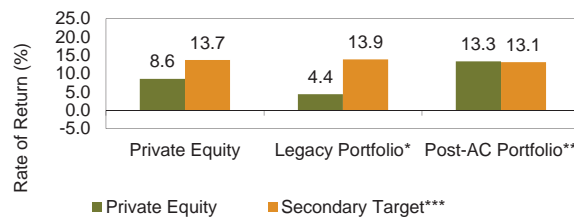
As of September 30, 2014

**Dollar-Weighted Investment Results**

Since Inception



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

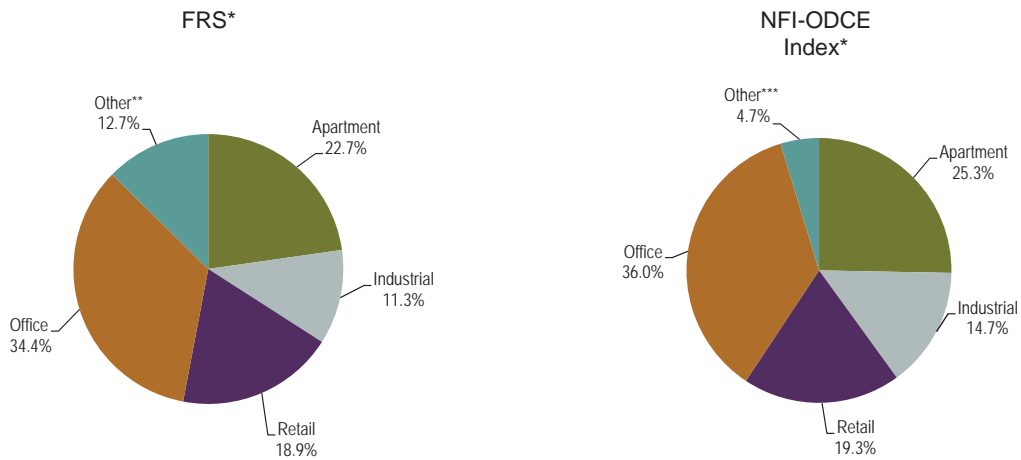
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Real Estate

As of September 30, 2014

### Overview



\*Property Allocation data is as of June 30, 2014. 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.

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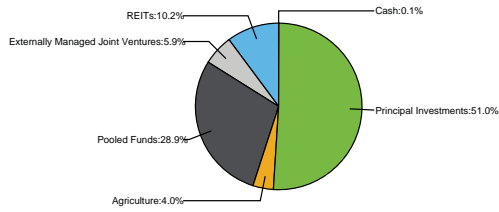
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Real Estate Portfolio Overview

Current Allocation

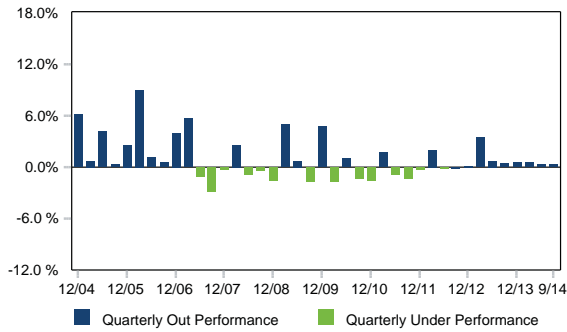
September 30, 2014 : \$11,179M



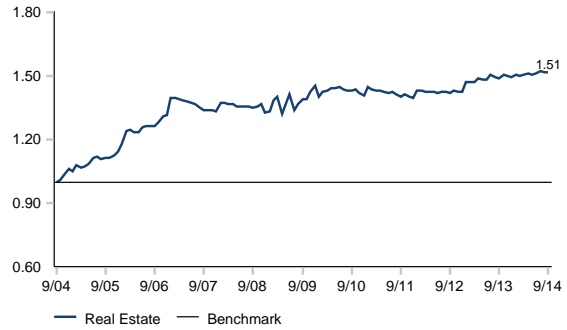
Return Summary



Quarterly Excess Performance

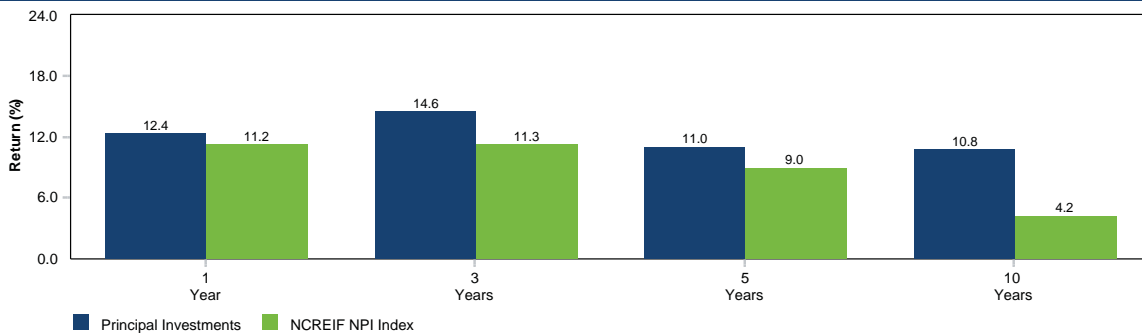


Ratio of Cumulative Wealth - 10 Years

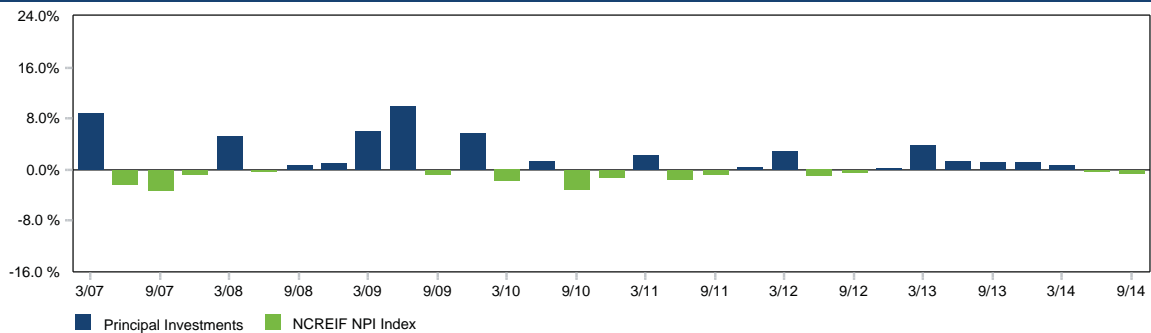


Principal Investments

Return Summary



Quarterly Excess Performance

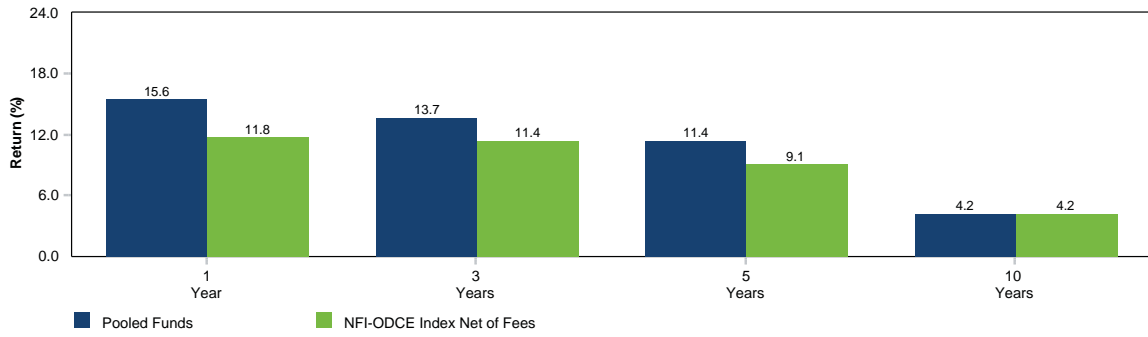


Pooled Funds

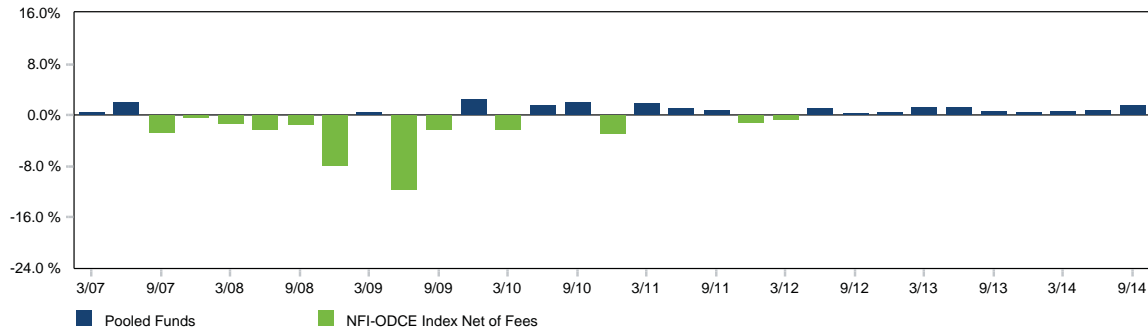
As of September 30, 2014

Pooled Funds

Return Summary



Quarterly Excess Performance

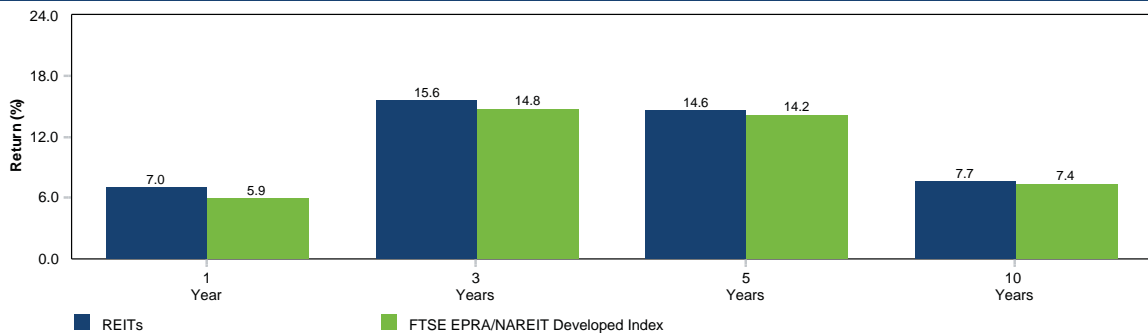


REITs

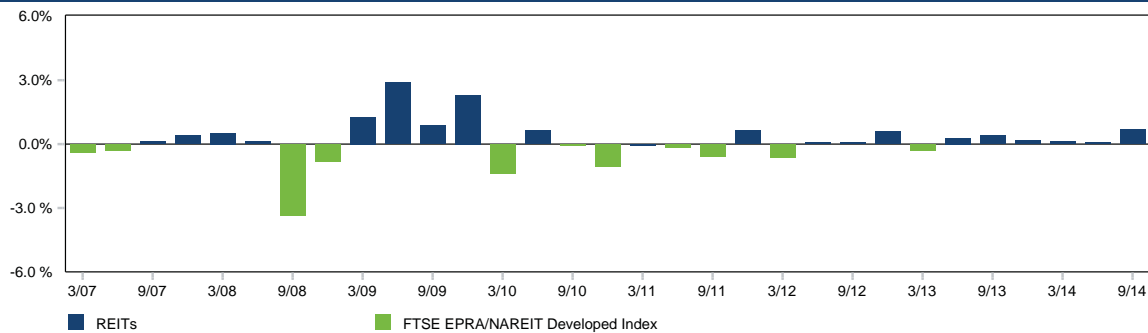
As of September 30, 2014

REITs

Return Summary



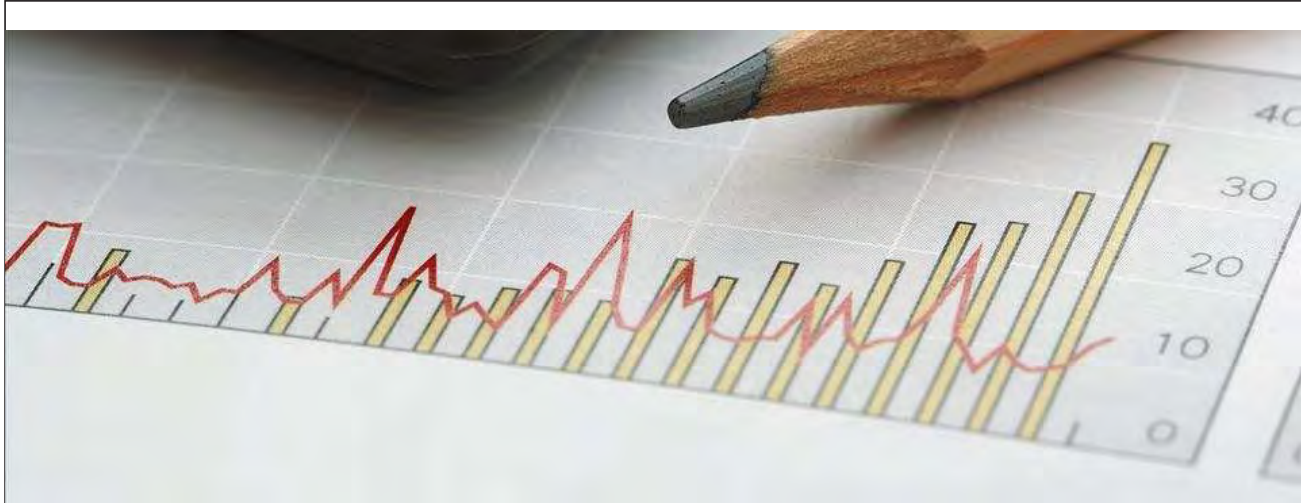
Quarterly Excess Performance



**Real Estate Pooled Funds Time-Weighted Performance Measures Through September 30, 2014**

<u>Name</u>	<u>Inception Date</u>	<u>Commitment</u>	<u>Net Asset Value</u>	<u>Since Inception</u>
				<u>Managed Return</u>
<b>Pooled Funds</b>				
Beacon Capital Strategic Partners Fund	Sep-07	\$100,000,000	\$33,242,050	-12.5%
BlackRock Retail Opportunity Fund	Nov-07	\$60,000,000	\$481,829	-32.7%
Blackstone Asia	Jan-14	\$200,000,000	\$66,535,615	5.7%
Blackstone Real Estate Partners VI	Oct-07	\$200,000,000	\$278,553,292	8.1%
Blackstone Real Estate Partners VII	May-12	\$300,000,000	\$284,589,655	24.8%
Brookfield-Fairfield US Multi	Sep-12	\$50,000,000	\$50,612,489	15.1%
Brookfield-Fairfield US Multi II	Feb-14	\$75,000,000	\$12,432,890	0.4%
Carlyle Realty Partners VI	Feb-12	\$83,000,000	\$57,318,730	20.6%
Carlyle Realty Partners VII	Not Funded	\$50,000,000	-\$181,985	
Diamond Property Fund	Aug-06	\$100,000,000	\$34,980,671	-11.7%
Enhanced Property Fund	May-07	\$100,000,000	\$47,597,886	0.0%
Europa Fund IV	Aug-14	€74,000,000	\$4,621,080	-27.3%
Hines US Office Value Added Fund II	Sep-07	\$135,437,699	\$35,509,502	-16.3%
JP Morgan Pooled Fund	Sep-03	\$250,000,000	\$336,818,040	7.9%
JP Morgan Special Situation Fund	Jan-08	\$150,000,000	\$138,168,209	-0.4%
Prime Property Fund	Jun-06	\$250,000,000	\$307,920,723	5.4%
Principal Financial Group Pooled Fund	Oct-03	\$175,000,000	\$269,339,037	6.4%
Prudential PRISA	Apr-05	\$250,000,000	\$276,291,387	4.7%
Prudential PRISA Fund II	Sep-07	\$145,000,000	\$152,601,592	-0.5%
Prudential PRISA III	Jan-08	\$150,000,000	\$189,905,624	-2.5%
Rockpoint Real Estate Fund III	Jan-08	\$100,000,000	\$19,956,249	-51.1%
Rockpoint Real Estate Fund IV	Jan-13	\$100,000,000	\$40,101,260	43.7%
RREEF America REIT Pooled Fund	Jul-03	\$250,000,000	\$256,025,937	6.3%
Starwood Opportunity Fund IX	Apr-13	\$100,000,000	\$76,960,560	21.2%
Starwood Opportunity Fund X	Not Funded	\$150,000,000	\$0	
Tristan EPISO 3	Mar-14	€55,000,000	\$10,364,658	-9.7%
UBS Pooled Fund	Jul-03	\$200,000,000	\$254,593,111	7.0%
<b>Total Pooled Funds</b>			<b>\$3,235,340,091</b>	<b>4.6%</b>

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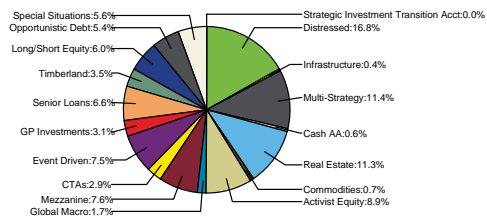


## Strategic Investments

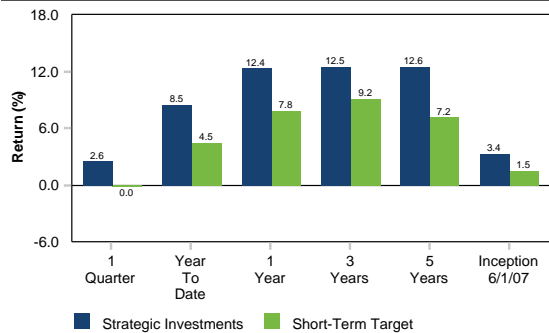
### Strategic Investments As of September 30, 2014

#### Strategic Investments Portfolio Overview

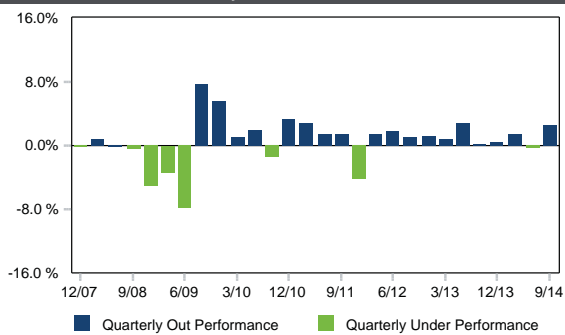
**Current Allocation**  
September 30, 2014 : \$8,637M



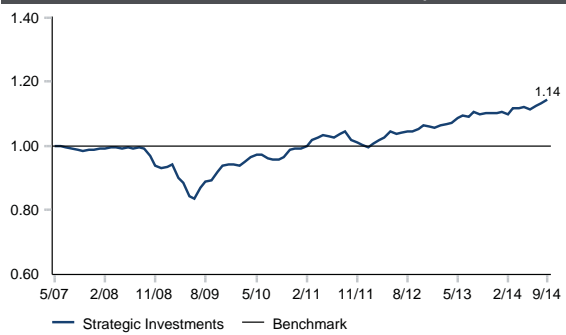
**Return Summary**



**Quarterly Excess Performance**

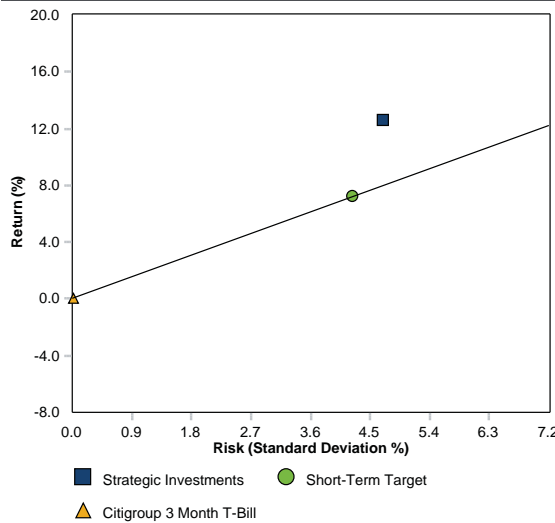


**Ratio of Cumulative Wealth - Since Inception**

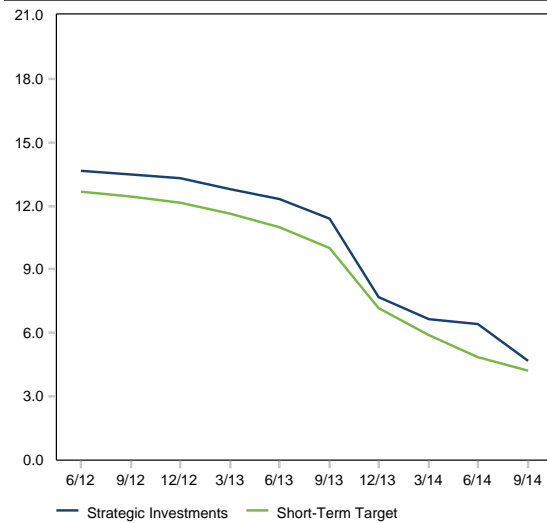


Strategic Investments Risk Profile

Annualized Return vs. Annualized Standard Deviation  
5 Years



Rolling 5 Years Standard Deviation



5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Strategic Investments	4.98	3.26	1.53	0.55	2.55	6.43	0.82	12.61	4.71	0.74
Short-Term Target	0.00	0.00	N/A	1.00	1.65	0.00	1.00	7.20	4.24	1.00
Citigroup 3 Month T-Bill	-6.99	4.23	-1.65	0.02	N/A	0.07	0.00	0.07	0.02	0.14



Strategic Investments Value-Added Returns

For Time Periods Ending September 2014

Style/Manager	Commitment	1 Year			3 Year			5 Year			10 Year			Since Inception		
		Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added
<b>Senior Loans:</b>																
ABRY Advanced Securities Fund	\$150,000,000	54.92%	6.99%	47.92%	33.37%	6.79%	26.59%	27.63%	7.04%	20.59%				25.81%	6.34%	19.47%
ABRY Advanced Securities Fund II	\$150,000,000	17.30%	6.99%	10.31%	16.33%	6.79%	9.54%							12.33%	6.95%	5.38%
ABRY Advanced Securities Fund III	\$150,000,000															
Apollo Credit Liquidity Fund	\$238,233,051	37.30%	6.99%	30.31%	23.26%	6.79%	16.48%	28.07%	7.04%	21.03%				16.19%	6.97%	9.22%
Audax Credit Opportunities	\$200,000,000	7.26%	6.99%	0.27%	7.48%	6.79%	0.69%							6.97%	7.14%	-0.16%
Blackstone Credit Liquidity Partners, L.P.	\$250,000,000	-14.41%	6.99%	-21.40%	20.47%	6.79%	13.68%	31.09%	7.04%	24.05%				14.50%	6.97%	7.53%
Providence TMT Debt Opportunity Fund II, L.P.	\$150,000,000	15.71%	6.99%	8.72%	12.86%	6.79%	6.08%							10.10%	7.24%	2.85%
Providence TMT Special Situation Fund	\$100,000,000	8.35%	6.99%	1.36%	10.51%	6.79%	3.73%	15.66%	7.04%	8.62%				11.12%	6.87%	4.25%
Providence Debt Fund III, L.P.	\$150,000,000	-2.47%	6.99%	-9.46%										-2.47%	6.99%	-9.46%
<b>Mezzanine:</b>																
ABRY Senior Equity III, L.P.	\$60,000,000	15.69%	6.99%	8.69%	16.91%	6.79%	10.12%							13.57%	7.20%	6.37%
ABRY Senior Equity IV, L.P.	\$60,000,000	8.16%	6.99%	1.16%										7.20%	6.74%	0.45%
Carlyle Mezzanine Partners II, L.P.	\$150,000,000	17.01%	6.99%	10.02%	8.06%	6.79%	1.27%	9.94%	7.04%	2.90%				7.65%	6.41%	1.44%
Crescent Mezzanine Partners VI	\$150,000,000	7.25%	6.99%	0.25%										4.28%	6.88%	-2.40%
Falcon Strategic Partners III	\$75,000,000	-6.41%	6.99%	-13.40%	6.58%	6.79%	-0.21%	12.81%	7.04%	5.77%				10.97%	7.14%	3.83%
Falcon Strategic Partners IV	\$100,000,000	-2.55%	6.99%	-9.55%										3.52%	7.13%	-3.62%
GSO Capital Opportunities Fund	\$200,000,000	8.60%	6.99%	1.61%	23.42%	6.79%	16.63%	22.08%	7.04%	15.04%				19.32%	6.41%	12.91%
GSO Capital Opportunities Fund II	\$150,000,000	12.71%	6.99%	5.72%										20.65%	6.75%	13.90%
Levine Leichtman Capital Partners IV	\$100,000,000	16.22%	6.99%	9.23%	19.94%	6.79%	13.16%							24.50%	7.08%	17.41%
Levine Leichtman Capital Partners V	\$200,000,000	-4.03%	6.99%	-11.02%										-3.57%	6.95%	-10.52%
TCW Crescent Mezzanine Partners V	\$150,000,000	11.42%	6.99%	4.42%	11.72%	6.79%	4.94%	12.11%	7.04%	5.07%				9.35%	6.48%	2.87%
VSS Structured Capital II	\$75,000,000	36.81%	6.99%	29.81%	22.88%	6.79%	16.09%	15.59%	7.04%	8.55%				10.09%	7.16%	2.94%
<b>Distressed:</b>																
Blackstone/GSO Capital Solutions Fund	\$100,000,000	26.77%	6.99%	19.78%	15.97%	6.79%	9.19%							17.68%	7.20%	10.47%
GSO Capital Solutions Fund II, L.P.	\$75,000,000													9.84%	3.56%	6.28%
Castlelake III, L.P.	\$100,000,000													0.89%	4.37%	-3.47%
CVI Credit Value Fund A	\$200,000,000	21.69%	6.99%	14.70%	24.45%	6.79%	17.67%							20.10%	7.33%	12.77%
CVI Credit Value Fund II A, L.P.	\$250,000,000	17.51%	6.99%	10.52%										17.87%	7.42%	10.44%
CVI Global Value Fund A-Class P	\$150,000,000	25.94%	6.99%	18.94%	23.27%	6.79%	16.48%	24.24%	7.04%	17.20%				22.72%	6.48%	16.24%
Distressed Managers II FL LP	\$200,000,000	22.12%	6.99%	15.13%	2.14%	6.79%	-4.65%	6.61%	7.04%	-0.43%	2.34%	8.70%	-6.37%	2.30%	8.84%	-6.54%
Marathon European Credit Opportunity Fund II	\$100,000,000															
Daktree Opportunities Fund VIII, L.P.	\$100,000,000	17.51%	6.99%	10.52%	14.53%	6.79%	7.75%							12.91%	7.12%	5.78%
Daktree Opportunities Fund VIIIb, L.P.	\$50,000,000	14.55%	6.99%	7.56%	8.46%	6.79%	1.67%							8.22%	6.77%	1.45%
Daktree Opportunities Fund IX	\$100,000,000	10.35%	6.99%	3.35%										5.75%	7.35%	-1.61%
DCM Opportunities Fund VIII	\$50,000,000	17.91%	6.99%	10.91%	16.83%	6.79%	10.04%	18.97%	7.04%	11.93%				13.80%	4.57%	9.03%
PCG Special Situations Partners, L.P.	\$150,000,000	21.05%	6.99%	14.05%	10.83%	6.79%	4.04%	10.02%	7.04%	2.98%	7.58%	8.70%	-1.13%	8.32%	9.44%	-1.11%
Special Situation Partners II	\$100,000,000	7.29%	6.99%	0.29%	9.66%	6.79%	2.87%	15.34%	7.04%	8.30%				6.50%	5.21%	1.29%
The Varde Fund XI (C), L.P.	\$100,000,000	10.84%	6.99%	3.85%										9.08%	6.95%	2.13%
Varde Fund X, L.P.	\$200,000,000	15.92%	6.99%	8.93%	13.62%	6.79%	6.83%							10.59%	7.18%	3.40%
Wayzata Opportunities Fund II	\$50,000,000	47.89%	6.99%	40.90%	26.13%	6.79%	19.35%	25.62%	7.04%	18.58%				18.41%	5.31%	13.10%
Wayzata Opportunities Fund III, LP	\$150,000,000	-11.47%	6.99%	-18.46%										-13.76%	7.42%	-21.18%
<b>Opportunistic Debt:</b>																
Anchorage Capital Fund	\$150,000,000	16.19%	10.33%	5.86%										14.24%	10.67%	3.58%
King Street Capital Fund	\$200,000,000	10.16%	10.33%	-0.17%	8.70%	11.08%	-2.38%							6.37%	7.05%	-0.69%



Strategic Investments Value-Added Returns (continued)													
For Time Periods Ending September 2014													
Style/Manager	Commitment	1 Year			3 Year			5 Year			Since Inception		
		Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added
<b>Long/Short Equity:</b>													
Highline Capital Partners	\$150,000,000	18.10%	9.74%	8.35%	15.38%	10.28%	5.10%				10.38%	5.14%	5.25%
Scopia PX LLC	\$100,000,000	10.57%	9.74%	0.83%							7.86%	9.04%	-1.18%
Three Bridges Europe Fund LP	\$100,000,000	6.05%	9.74%	-3.69%							8.73%	10.17%	-1.43%
JHL Capital Group Fund LLC	\$75,000,000										0.03%	0.41%	-0.38%
<b>Activist Equity:</b>													
Cevian Capital II	\$100,000,000	5.44%	5.82%	-0.38%	20.26%	15.53%	4.73%				12.92%	7.37%	5.56%
KV Partners	\$150,000,000	-4.89%	5.82%	-10.71%	6.71%	15.48%	-8.77%				-2.15%	9.25%	-11.40%
P2 Capital Fund	\$100,000,000	15.65%	3.93%	11.72%	22.38%	21.26%	1.12%				18.40%	14.52%	3.88%
Starboard Value and Opportunity Fund	\$200,000,000	11.88%	3.93%	7.95%	15.82%	21.26%	-5.44%				13.14%	9.69%	3.45%
<b>GP Investments:</b>													
Blackstone Unit Trusts		27.50%	17.76%	9.74%	34.83%	23.08%	11.76%	18.49%	15.78%	2.71%	3.79%	6.24%	-2.45%
Lexington GP Holdings	\$41,250,000	44.06%	6.99%	37.07%	19.28%	6.79%	12.49%				29.42%	7.12%	22.30%
Providence Equity Global Group	\$150,000,000	9.15%	6.99%	2.16%							8.12%	6.68%	1.44%
<b>Infrastructure:</b>													
Global Infrastructure Partners II, L.P.	\$150,000,000	67.98%	6.99%	60.99%							48.35%	6.82%	41.53%
<b>Timberland:</b>													
Boston Timber Opportunities	\$300,000,000	15.85%	10.93%	4.92%							9.48%	9.55%	-0.07%
Jackson Timberland Opportunities	\$200,000,000	12.50%	9.93%	2.57%							9.62%	8.55%	1.07%
<b>Commodities:</b>													
EIG Energy Fund XVI, L.P.	\$100,000,000										-24.53%	5.79%	-30.31%
Orion Mine Finance Fund I	\$100,000,000	14.27%	6.99%	7.28%							5.39%	6.77%	-1.38%
<b>Real Estate:</b>													
Bayview Opportunity Fund IIIb	\$100,000,000	18.00%	6.99%	11.01%							12.30%	7.35%	4.95%
Bayview Opportunity Master Fund II b	\$150,000,000	37.33%	6.99%	30.33%	31.19%	6.79%	24.41%				22.94%	7.14%	15.81%
BlackRock Carbon Capital III	\$100,000,000	17.27%	6.99%	10.28%	14.16%	6.79%	7.38%	11.74%	7.04%	4.70%	9.77%	7.06%	2.71%
BlackRock Carbon Capital V	\$150,000,000	4.19%	6.99%	-2.80%							3.51%	6.95%	-3.45%
Cerberus Institutional Real Estate Partners III, L.P.	\$150,000,000	7.57%	6.99%	0.58%							7.57%	6.99%	0.58%
Colony Distressed Credit and Special Situations Fund III	\$150,000,000										-1.18%	2.48%	-3.66%
Colony Distressed Credit Fund II	\$75,000,000	13.83%	6.99%	6.84%							10.15%	6.75%	3.40%
Principal RE Debt (SBAF Mortgage Fund)	\$600,000,000	8.97%	6.99%	1.98%	9.58%	6.79%	2.80%				6.03%	7.06%	-1.03%
Square Mile Partners III	\$100,000,000	15.12%	6.99%	8.13%	15.92%	6.79%	9.13%	11.47%	7.04%	4.43%	6.86%	7.06%	-0.20%
Tricon Housing Partners US II LP	\$105,000,000	21.31%	6.99%	14.32%							14.21%	6.98%	7.23%
Tricon Housing Partners US LP	\$100,000,000	13.75%	6.99%	6.75%	12.06%	6.79%	5.27%	9.43%	7.04%	2.39%	9.50%	6.48%	3.02%
TriGate Property Partners II, L.P.	\$50,000,000	10.07%	6.99%	3.08%							0.55%	6.79%	-6.24%

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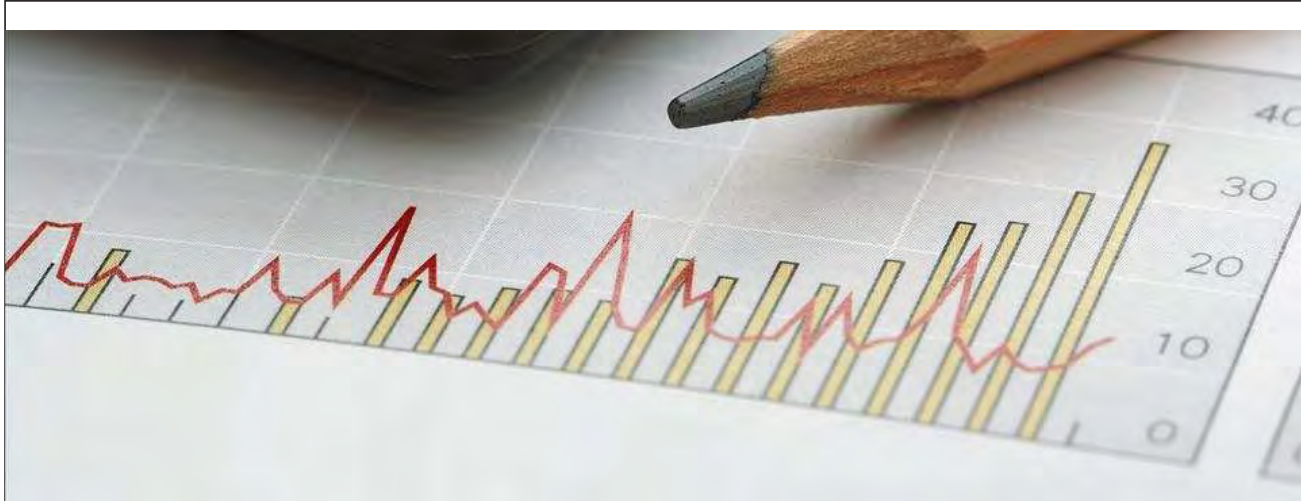
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An Aon Company

Strategic Investments Value-Added Returns (continued)														
For Time Periods Ending September 2014														
Style/Manager	Commitment	1 Year			3 Year			5 Year			Since Inception			
		Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added	
<b>Macro:</b>														
MKP Opportunity Partners, L.P.	\$150,000,000										-2.02%	1.67%	-3.69%	
<b>CTAs:</b>														
Caerus DT Fund, LLC	\$300,000,000										1.45%	1.72%	-0.28%	
<b>Event Driven:</b>														
Gross Global Investors Fund	\$150,000,000	4.36%	8.80%	-4.44%	5.94%	10.11%	-4.17%				4.78%	5.91%	-1.13%	
Mason Capital Fund	\$200,000,000	1.35%	8.80%	-7.45%	3.63%	10.11%	-6.47%				3.97%	4.60%	-0.63%	
Litespeed Partners, L.P.	\$100,000,000										0.39%	3.81%	-3.42%	
Luxor Capital Partners	\$100,000,000										-0.50%	3.51%	-4.01%	
<b>Multi-Strategy:</b>														
Davidson Kempner Institutional Partners	\$100,000,000	8.44%	8.80%	-0.36%							7.27%	9.49%	-2.22%	
OZ Domestic Partners II, L.P.	\$200,000,000	9.41%	8.80%	0.61%							11.41%	11.77%	-0.36%	
Taconic Opportunity Fund	\$200,000,000	8.79%	8.80%	-0.01%	10.15%	10.11%	0.04%				7.07%	4.67%	2.40%	
York Capital Management L.P.	\$150,000,000	23.77%	8.80%	14.97%							17.93%	11.77%	6.16%	
HBK Fund II, L.P.	\$150,000,000	6.28%	8.80%	-2.52%							6.28%	8.80%	-2.52%	
<b>Special Situations:</b>														
Castlelake Aviation II	\$75,000,000	16.02%	6.99%	9.03%	13.95%	6.79%	7.16%				13.79%	7.33%	6.46%	
Florida Growth Fund	\$250,000,000	19.95%	6.99%	12.96%	12.95%	6.79%	6.16%	9.11%	7.04%	2.07%	9.11%	7.04%	2.07%	
Florida Growth Fund Credit Tranche	\$100,000,000										1.98%	2.48%	-0.51%	
Florida Growth Fund Tranche II	\$250,000,000	23.58%	6.99%	16.58%							6.31%	6.66%	-0.34%	
G.I. Partners Fund IV, L.P.	\$100,000,000										-27.67%	5.58%	-33.25%	
GI Partners III	\$150,000,000	19.90%	6.99%	12.90%	15.98%	6.79%	9.19%	15.13%	7.04%	8.09%	12.50%	7.06%	5.44%	
<b>Cash:</b>														
Strategic Investments Cash		0.11%	0.02%	0.09%	0.23%	0.04%	0.19%	0.31%	0.09%	0.22%	-0.19%	0.59%	-0.78%	
<b>Strategic Investments</b>			<b>12.42%</b>	<b>7.83%</b>	<b>4.58%</b>	<b>12.52%</b>	<b>9.21%</b>	<b>3.30%</b>	<b>12.61%</b>	<b>7.20%</b>	<b>5.41%</b>	<b>3.40%</b>	<b>1.52%</b>	<b>1.88%</b>

Value-Added returns are managed returns minus benchmark returns.  
Transition accounts are included in the total aggregate.  
Terminated portfolios are not shown individually but are included in the aggregate.

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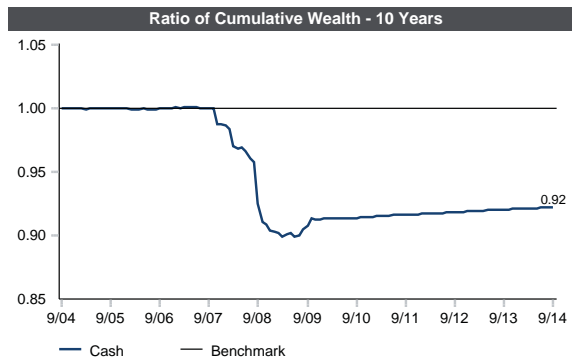
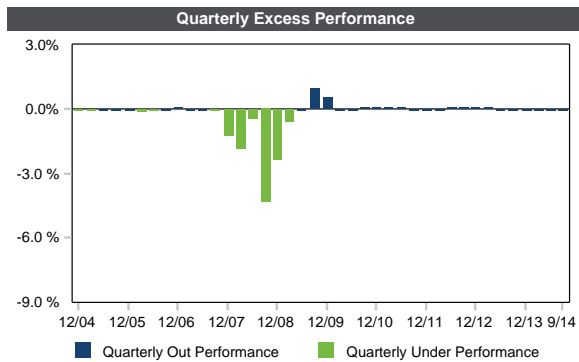
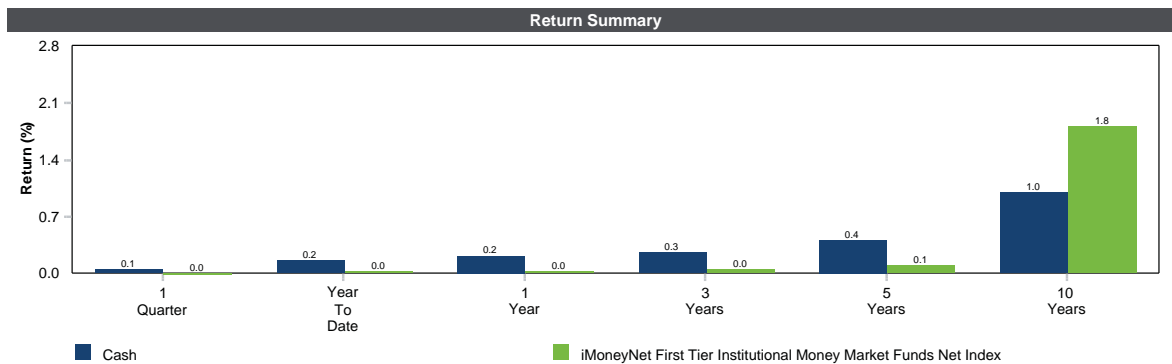
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## Cash

### Cash As of September 30, 2014

#### Cash Performance Summary





## Appendix

### Historical Policy Allocation

	Global Equity	Domestic Equity	Foreign Equity	Global Equity Legacy	Strategic Investments	Fixed Income	Real Estate	Private Equity	High Yield	Cash
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
9/30/2014	59.3	--	--	--	5.7	20.8	7.5	5.6	--	1.0
6/30/2014	59.7	--	--	--	5.4	20.9	7.6	5.4	--	1.0
3/31/2014	60.0	--	--	--	5.5	20.9	7.4	4.9	--	1.2
12/31/2013	57.5	--	--	--	5.2	21.0	7.2	5.0	--	1.0
9/30/2013	57.2	--	--	--	5.2	21.0	7.4	5.1	--	1.0
6/30/2013	57.4	--	--	--	5.0	21.0	7.5	5.1	--	1.0
3/31/2013	57.6	--	--	--	4.8	21.0	7.6	5.0	--	1.0
12/31/2012	57.2	--	--	--	5.0	21.0	7.5	5.2	--	1.0
9/30/2012	57.5	--	--	--	4.7	21.0	7.6	5.2	--	1.0
6/30/2012	55.6	--	--	--	4.4	21.0	7.7	5.3	--	1.0
3/31/2012	57.1	--	--	--	4.0	21.0	7.2	4.7	--	1.0
12/31/2011	56.8	--	--	--	4.1	21.0	7.2	4.9	--	1.0
9/30/2011	57.6	--	--	--	3.7	21.0	6.9	4.7	--	1.0
6/30/2011	59.2	--	--	--	3.2	21.0	6.4	4.3	--	1.0
3/31/2011	40.0	--	--	--	2.4	21.0	6.3	4.0	--	1.0
12/31/2010	59.6	--	--	--	2.8	21.0	6.3	4.3	--	1.0
9/30/2010	58.2	--	--	--	4.2	21.0	6.5	4.2	--	1.0
6/30/2010	--	36.5	19.2	--	3.9	27.2	6.3	4.0	1.9	1.0
3/31/2010	--	37.1	19.3	--	3.7	27.3	6.2	3.6	1.9	1.0
12/31/2009	--	37.1	19.3	--	3.6	27.2	6.4	3.5	1.9	1.0
9/30/2009	--	37.0	19.3	--	3.5	26.9	6.9	3.5	1.9	1.0
6/30/2009	--	36.5	19.3	--	3.4	26.4	7.9	3.6	1.9	1.0
3/31/2009	--	34.4	19.3	--	3.6	25.0	10.0	4.8	1.9	1.0
12/31/2008	--	34.4	19.2	--	4.0	25.0	9.8	4.5	1.9	1.0
9/30/2008	--	36.2	19.1	--	4.3	26.1	7.9	3.5	1.9	1.0
6/30/2008	--	36.8	19.2	--	4.2	26.5	7.3	3.2	1.9	1.0
3/31/2008	--	36.3	19.1	--	4.5	26.3	7.4	3.7	1.8	1.0
12/31/2007	--	37.7	18.7	--	4.5	26.8	6.6	3.4	1.4	1.0
9/30/2007	--	38.9	17.8	--	4.4	27.1	6.2	3.2	1.4	1.0
6/30/2007	--	42.6	14.4	--	4.4	27.3	5.9	3.2	1.4	1.0
01/01/04 - 03/31/04	--	50.6	14.0	3.0	--	22.4	5.6	3.4	--	1.0
03/31/04 - 02/28/04	--	50.5	14.0	3.0	--	22.6	5.5	3.4	--	1.0
01/01/04 - 02/01/04	--	51.3	14.0	2.0	--	22.7	5.5	3.5	--	1.0
12/01/03 - 12/31/03	--	51.1	14.0	2.0	--	22.8	5.5	3.6	--	1.0
11/03/03 - 11/30/03	--	51.7	13.5	2.0	--	22.8	5.6	3.5	--	1.0
10/29/03 - 10/30/03	--	51.7	13.5	2.0	--	23.0	5.5	3.3	--	1.0
10/01/03 - 10/28/03	--	51.7	13.0	2.0	--	23.0	5.5	3.3	--	1.0
09/01/03 - 09/30/03	--	53.5	12.5	1.0	--	22.9	5.7	3.4	--	1.0
08/01/03 - 08/31/03	--	53.4	12.5	1.0	--	23.5	5.2	3.4	--	1.0
07/01/03 - 07/31/03	--	52.5	12.5	1.0	--	24.2	4.9	3.6	--	1.0
06/01/03 - 06/30/03	--	52.5	12.5	1.0	--	24.4	4.6	3.6	--	1.0
04/01/01 - 04/01/03	--	54.0	12.0	0.0	--	25.0	4.1	3.6	--	1.0
10/31/99 - 03/31/01	--	54.0	12.0	0.0	--	25.0	4.0	2.8	--	1.0
03/31/95 - 10/31/99	--	61.0	8.0	0.0	--	26.0	4.0	0.0	--	1.0
09/30/94 - 03/31/95	--	59.0	8.0	0.0	--	24.0	8.0	0.0	--	1.0
06/30/93 - 09/30/94	--	59.0	3.0	0.0	--	29.0	8.0	0.0	--	1.0
11/30/88 - 06/30/93	--	55.0	0.0	0.0	--	36.0	8.0	0.0	--	1.0
12/31/87 - 11/30/88	--	50.0	0.0	0.0	--	36.5	7.5	0.0	--	1.0
12/31/86 - 12/31/87	--	50.0	0.0	0.0	--	35.5	7.5	0.0	--	2.0
12/31/84 - 12/31/86	--	48.0	0.0	0.0	--	40.0	10.0	0.0	--	2.0



As of September 30, 2014

## 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. 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).

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As of September 30, 2014

## 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 provision of the Protect Florida's Investment 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, weight 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.

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## 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 73 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 \$762.9 billion as of quarter-end and the average market value was \$21.2 billion.

**Domestic Equity** - A universe comprised of 53 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 \$183.5 billion as of quarter-end and the average market value was \$5.2 billion.

**Foreign Equity** - A universe comprised of 52 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 \$155.5 billion as of quarter-end and the average market value was \$4.6 billion.

**Fixed Income** - A universe comprised of 51 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 \$214.9 billion as of quarter-end and the average market value was \$6.3 billion.

**Real Estate** - A universe comprised of 21 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 \$45.2 billion as of quarter-end and the average market value was \$2.7 billion.

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

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

**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.

**Risk-Return Graph** - The horizontal axis, annualized standard deviation, is a statistical measure of risk, or the volatility of returns. The vertical axis is the annualized rate of return. As investors generally prefer less risk to more risk and always prefer greater returns, the upper left corner of the graph is the most attractive place to be. The line on this exhibit represents the risk and return trade-offs associated with market portfolios, or index funds.

**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 - Universe Comparison** - 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.

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FRS Investment Plan | Third Quarter 2014

## Quarterly Investment Review

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

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## FRS Investment Plan

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As of September 30, 2014

### Asset Allocation & Performance

	Allocation		Performance(%)					
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
<b>FRS Investment Plan</b>	<b>8,838,394,982</b>	<b>100.0</b>	<b>-1.9</b>	<b>2.8</b>	<b>8.0</b>	<b>11.3</b>	<b>8.5</b>	<b>6.4</b>
<i>Total Plan Aggregate Benchmark</i>			-2.0	2.7	7.8	10.8	8.1	5.9
<b>Retirement Date</b>	<b>3,962,340,724</b>	<b>44.8</b>						
FRS Retirement Income Fund	441,145,325	5.0	-2.4 (100)	3.6 (64)	5.2 (83)	7.2 (65)	7.1 (69)	-
<i>Retirement Income Custom Index</i>			-2.2 (100)	2.7 (93)	4.5 (89)	5.7 (78)	6.6 (71)	-
FRS 2015 Retirement Date Fund	483,547,603	5.5	-2.3 (98)	3.6 (45)	5.7 (83)	8.3 (81)	7.4 (77)	-
<i>2015 Retirement Custom Index</i>			-2.2 (93)	2.8 (88)	5.1 (92)	7.2 (92)	7.1 (82)	-
FRS 2020 Retirement Date Fund	660,750,561	7.5	-2.3 (88)	3.5 (54)	6.8 (79)	10.3 (72)	8.3 (68)	-
<i>2020 Retirement Custom Index</i>			-2.2 (87)	3.0 (81)	6.3 (88)	9.4 (86)	7.9 (78)	-
FRS 2025 Retirement Date Fund	606,077,324	6.9	-2.2 (83)	3.5 (69)	8.0 (83)	12.3 (80)	9.1 (78)	-
<i>2025 Retirement Custom Index</i>			-2.1 (82)	3.2 (82)	7.6 (88)	11.6 (84)	8.8 (88)	-
FRS 2030 Retirement Date Fund	496,548,152	5.6	-2.1 (76)	3.5 (64)	9.2 (69)	14.4 (60)	10.0 (63)	-
<i>2030 Retirement Custom Index</i>			-2.1 (76)	3.4 (67)	8.9 (74)	14.0 (66)	9.7 (70)	-
FRS 2035 Retirement Date Fund	422,903,672	4.8	-2.4 (70)	3.5 (64)	10.2 (60)	16.2 (52)	10.9 (58)	-
<i>2035 Retirement Custom Index</i>			-2.4 (70)	3.3 (73)	10.0 (64)	15.9 (56)	10.6 (65)	-
FRS 2040 Retirement Date Fund	351,934,266	4.0	-2.4 (74)	3.5 (64)	10.4 (62)	16.3 (55)	11.0 (58)	-
<i>2040 Retirement Custom Index</i>			-2.4 (74)	3.3 (70)	10.2 (64)	16.0 (62)	10.7 (64)	-
FRS 2045 Retirement Date Fund	326,225,360	3.7	-2.4 (66)	3.5 (64)	10.4 (63)	16.3 (75)	11.0 (69)	-
<i>2045 Retirement Custom Index</i>			-2.4 (67)	3.3 (67)	10.2 (67)	16.0 (81)	10.7 (82)	-
FRS 2050 Retirement Date Fund	147,361,372	1.7	-2.4 (73)	3.5 (61)	10.4 (65)	16.3 (72)	11.0 (61)	-
<i>2050 Retirement Custom Index</i>			-2.4 (73)	3.3 (70)	10.2 (67)	16.0 (79)	10.7 (69)	-
FRS 2055 Retirement Date Fund	25,847,090	0.3	-2.4 (74)	3.5 (57)	10.4 (69)	16.3 (85)	-	-
<i>2055 Retirement Custom Index</i>			-2.4 (74)	3.3 (65)	10.2 (70)	16.0 (89)	-	-

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As of September 30, 2014

**Asset Allocation & Performance**

	Allocation		Performance(%)					
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
<b>Cash</b>	<b>852,815,889</b>	<b>9.6</b>	<b>0.0 (1)</b>	<b>0.1 (1)</b>	<b>0.2 (1)</b>	<b>0.2 (1)</b>	<b>0.2 (1)</b>	<b>1.8 (3)</b>
FRS Select Yield Plus Money Market Active Fund	852,815,889	9.6	0.0 (1)	0.1 (1)	0.2 (1)	0.2 (1)	0.2 (1)	1.8 (3)
<i>iMoneyNet 1st Tier Institutional Net Index</i>			0.0 (21)	0.0 (23)	0.0 (21)	0.0 (24)	0.1 (17)	1.8 (3)
<b>Real Assets</b>	<b>135,775,651</b>	<b>1.5</b>						
FRS Real Assets Fund	135,775,651	1.5	-4.7	3.5	1.4	1.6	5.1	-
<i>FRS Custom Real Assets Index</i>			-5.1	1.8	-0.4	0.4	4.1	-
<b>Fixed Income</b>	<b>639,582,524</b>	<b>7.2</b>	<b>-0.5 (94)</b>	<b>3.3 (1)</b>	<b>3.5 (12)</b>	<b>3.2 (46)</b>	<b>4.7 (32)</b>	<b>5.1 (12)</b>
<i>Total Bond Index</i>			-0.2 (67)	3.6 (1)	3.7 (10)	2.8 (57)	4.4 (35)	4.7 (17)
FRS Select U.S. Bond Enhanced Index Fund	161,808,879	1.8	0.2 (47)	4.3 (32)	4.2 (26)	2.6 (2)	4.3 (31)	4.8 (26)
<i>Barclays Aggregate Index</i>			0.2 (51)	4.1 (34)	4.0 (28)	2.4 (2)	4.1 (32)	4.6 (31)
Pyramis Intermediate Duration Pool Fund	103,080,469	1.2	0.0 (27)	2.6 (14)	2.7 (28)	2.7 (62)	4.1 (49)	4.3 (32)
<i>Barclays Intermediate Aggregate</i>			0.0 (13)	2.9 (10)	2.7 (28)	2.1 (79)	3.6 (63)	4.3 (33)
FRS Core Plus Fixed Income Fund	374,693,177	4.2	-1.0 (93)	3.3 (94)	4.5 (72)	6.1 (18)	6.5 (27)	-
<i>FRS Custom Core-Plus Fixed Income Index</i>			-0.4 (82)	4.0 (83)	5.1 (54)	5.1 (33)	6.2 (34)	-
<b>Domestic Equity</b>	<b>2,421,341,012</b>	<b>27.4</b>	<b>-1.3 (60)</b>	<b>5.4 (49)</b>	<b>15.6 (51)</b>	<b>23.3 (34)</b>	<b>16.3 (21)</b>	<b>9.1 (24)</b>
<i>Total U.S. Equities Index</i>			-1.6 (65)	4.8 (57)	15.0 (55)	22.6 (44)	15.5 (38)	8.5 (36)
FRS Select U.S. Stock Market Index Fund	643,708,220	7.3	0.0 (68)	7.0 (46)	17.8 (49)	23.1 (33)	15.8 (22)	8.5 (24)
<i>Russell 3000 Index</i>			0.0 (69)	7.0 (46)	17.8 (50)	23.1 (34)	15.8 (23)	8.4 (26)
FRS U.S. Large Cap Equity Fund	903,230,008	10.2	0.3 (55)	7.2 (50)	17.3 (60)	23.4 (32)	16.8 (13)	-
<i>Russell 1000 Index</i>			0.7 (46)	8.0 (31)	19.0 (38)	23.2 (35)	15.9 (29)	-
FRS U.S. Small/Mid Cap Equity Fund	874,402,783	9.9	-4.8 (62)	1.3 (42)	10.5 (43)	24.2 (24)	17.4 (21)	-
<i>FRS Custom Small/Mid Cap Index</i>			-6.2 (86)	-0.4 (64)	5.6 (80)	16.0 (95)	12.3 (93)	-

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As of September 30, 2014

**Asset Allocation & Performance**

	Allocation		Performance(%)					
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
<b>International/Global Equity</b>	<b>643,242,472</b>	<b>7.3</b>	<b>-4.8 (49)</b>	<b>0.0 (48)</b>	<b>6.4 (29)</b>	<b>14.6 (26)</b>	<b>7.8 (29)</b>	<b>7.6 (44)</b>
<i>Total Foreign and Global Equities Index</i>			-5.0 (52)	0.3 (43)	6.1 (32)	13.7 (38)	7.2 (37)	6.4 (61)
FRS Select Foreign Stock Index Fund	222,351,111	2.5	-5.5 (60)	-0.1 (49)	5.5 (39)	13.6 (39)	6.9 (42)	6.9 (53)
<i>MSCI All Country World ex-U.S. IMI Index</i>			-5.5 (60)	-0.4 (52)	5.2 (42)	13.3 (44)	6.6 (49)	6.6 (56)
American Funds New Perspective Fund	240,953,653	2.7	-1.8 (29)	1.8 (57)	10.5 (42)	18.5 (33)	11.5 (36)	9.4 (28)
<i>MSCI All Country World Index Net</i>			-2.3 (38)	3.7 (35)	11.3 (34)	16.8 (49)	10.2 (54)	6.9 (63)
American Funds Euro-Pacific Growth Fund	179,937,708	2.0	-4.2 (13)	-0.7 (30)	7.0 (16)	14.4 (30)	7.1 (15)	-
<i>MSCI All Country World ex-U.S. Index</i>			-5.2 (42)	0.4 (23)	5.2 (30)	12.3 (86)	6.2 (59)	-
<b>FRS Self-Dir Brokerage Acct</b>	<b>183,296,710</b>	<b>2.1</b>						

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

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As of September 30, 2014

**Asset Allocation & Performance**

	Performance(%)									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>FRS Investment Plan</b>	<b>15.2</b>	<b>10.5</b>	<b>0.7</b>	<b>10.6</b>	<b>18.4</b>	<b>-23.2</b>	<b>7.8</b>	<b>12.4</b>	<b>7.4</b>	<b>10.6</b>
<i>Total Plan Aggregate Benchmark</i>	14.6	9.7	0.9	10.2	16.8	-23.4	6.1	13.9	6.1	11.0
<b>Retirement Date</b>										
FRS Retirement Income Fund	3.5 (82)	10.7 (44)	3.4 (17)	11.5 (48)	20.0 (82)	-	-	-	-	-
<i>Retirement Income Custom Index</i>	3.4 (82)	8.5 (68)	5.0 (11)	9.9 (72)	19.1 (84)	-	-	-	-	-
FRS 2015 Retirement Date Fund	5.5 (86)	11.3 (48)	2.1 (18)	11.5 (65)	21.8 (69)	-	-	-	-	-
<i>2015 Retirement Custom Index</i>	5.7 (86)	9.6 (85)	3.2 (2)	10.4 (86)	22.2 (67)	-	-	-	-	-
FRS 2020 Retirement Date Fund	9.6 (78)	12.4 (43)	0.6 (32)	12.2 (68)	24.5 (61)	-	-	-	-	-
<i>2020 Retirement Custom Index</i>	9.7 (78)	11.0 (79)	1.5 (17)	11.2 (89)	24.2 (64)	-	-	-	-	-
FRS 2025 Retirement Date Fund	13.7 (77)	13.5 (49)	-0.7 (32)	12.5 (90)	26.4 (67)	-	-	-	-	-
<i>2025 Retirement Custom Index</i>	13.8 (77)	12.4 (78)	-0.3 (21)	11.8 (94)	26.3 (67)	-	-	-	-	-
FRS 2030 Retirement Date Fund	18.1 (55)	14.6 (39)	-2.1 (44)	13.0 (89)	29.0 (49)	-	-	-	-	-
<i>2030 Retirement Custom Index</i>	18.2 (54)	13.8 (56)	-2.0 (43)	12.5 (93)	29.2 (45)	-	-	-	-	-
FRS 2035 Retirement Date Fund	22.0 (38)	15.8 (26)	-3.0 (48)	13.7 (83)	29.8 (56)	-	-	-	-	-
<i>2035 Retirement Custom Index</i>	22.0 (38)	15.2 (52)	-3.1 (50)	13.3 (91)	30.1 (56)	-	-	-	-	-
FRS 2040 Retirement Date Fund	22.3 (49)	15.8 (37)	-3.0 (38)	13.7 (82)	29.8 (55)	-	-	-	-	-
<i>2040 Retirement Custom Index</i>	22.4 (49)	15.2 (54)	-3.1 (39)	13.3 (88)	30.1 (54)	-	-	-	-	-
FRS 2045 Retirement Date Fund	22.3 (63)	15.8 (42)	-3.0 (22)	13.7 (88)	29.8 (66)	-	-	-	-	-
<i>2045 Retirement Custom Index</i>	22.4 (63)	15.2 (74)	-3.1 (22)	13.3 (91)	30.1 (64)	-	-	-	-	-
FRS 2050 Retirement Date Fund	22.3 (56)	15.8 (42)	-3.0 (17)	13.7 (87)	29.8 (73)	-	-	-	-	-
<i>2050 Retirement Custom Index</i>	22.4 (56)	15.2 (64)	-3.1 (17)	13.3 (89)	30.1 (69)	-	-	-	-	-
FRS 2055 Retirement Date Fund	22.3 (74)	15.8 (40)	-	-	-	-	-	-	-	-
<i>2055 Retirement Custom Index</i>	22.4 (73)	15.2 (70)	-	-	-	-	-	-	-	-



As of September 30, 2014

**Asset Allocation & Performance**

	Performance(%)									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Cash</b>	<b>0.2 (1)</b>	<b>0.3 (1)</b>	<b>0.2 (1)</b>	<b>0.3 (2)</b>	<b>0.3 (34)</b>	<b>2.4 (41)</b>	<b>5.4 (1)</b>	<b>5.2 (1)</b>	<b>3.5 (1)</b>	<b>1.4 (1)</b>
FRS Select Yield Plus Money Market Active Fund	0.2 (1)	0.3 (1)	0.2 (1)	0.3 (2)	0.3 (34)	2.4 (41)	5.4 (1)	5.2 (1)	3.5 (1)	1.5 (1)
<i>iMoneyNet 1st Tier Institutional Net Index</i>	0.0 (24)	0.1 (23)	0.1 (23)	0.2 (7)	0.7 (3)	3.0 (5)	5.4 (1)	5.2 (1)	3.3 (1)	1.5 (1)
<b>Real Assets</b>										
FRS Real Assets Fund	-9.1	9.1	7.4	11.7	16.0	-	-	-	-	-
<i>FRS Custom Real Assets Index</i>	-8.9	6.6	4.6	13.0	17.2	-	-	-	-	-
<b>Fixed Income</b>										
<b>Total Bond Index</b>	<b>-1.1 (84)</b>	<b>6.0 (43)</b>	<b>6.7 (1)</b>	<b>7.6 (30)</b>	<b>11.7 (56)</b>	<b>1.4 (48)</b>	<b>6.9 (13)</b>	<b>4.8 (19)</b>	<b>2.7 (1)</b>	<b>4.8 (1)</b>
FRS Select U.S. Bond Enhanced Index Fund	-1.2 (87)	4.8 (63)	7.4 (1)	7.0 (36)	8.9 (77)	1.9 (45)	6.5 (21)	4.9 (18)	2.5 (7)	4.6 (6)
<i>Barclays Aggregate Index</i>	-2.0 (18)	4.4 (10)	7.9 (63)	6.7 (45)	6.5 (7)	5.9 (84)	7.2 (57)	4.3 (2)	2.5 (52)	4.4 (25)
Pyramis Intermediate Duration Pool Fund	-2.0 (18)	4.2 (11)	7.8 (64)	6.5 (46)	5.9 (8)	5.2 (86)	7.0 (59)	4.3 (1)	2.4 (53)	4.3 (25)
<i>Barclays Intermediate Aggregate</i>	-0.5 (65)	4.9 (60)	5.9 (12)	7.0 (36)	11.9 (56)	-1.7 (56)	6.0 (30)	4.8 (20)	2.2 (10)	3.9 (17)
FRS Core Plus Fixed Income Fund	-1.0 (83)	3.6 (80)	6.0 (11)	6.1 (52)	6.5 (87)	4.9 (10)	7.0 (12)	4.6 (23)	2.0 (12)	3.8 (19)
<i>FRS Custom Core-Plus Fixed Income Index</i>	0.8 (20)	11.1 (13)	4.6 (89)	10.1 (25)	21.6 (19)	-	-	-	-	-
<b>Domestic Equity</b>	<b>35.2 (40)</b>	<b>16.9 (33)</b>	<b>0.3 (35)</b>	<b>20.4 (23)</b>	<b>30.9 (52)</b>	<b>-36.5 (33)</b>	<b>5.2 (58)</b>	<b>14.1 (51)</b>	<b>8.2 (42)</b>	<b>12.9 (50)</b>
<b>Total U.S. Equities Index</b>	<b>34.0 (49)</b>	<b>16.5 (35)</b>	<b>-0.1 (37)</b>	<b>19.3 (31)</b>	<b>28.4 (65)</b>	<b>-36.5 (33)</b>	<b>3.3 (68)</b>	<b>16.8 (25)</b>	<b>6.4 (60)</b>	<b>13.5 (46)</b>
FRS Select U.S. Stock Market Index Fund	33.6 (40)	16.5 (37)	1.0 (41)	17.1 (15)	28.6 (48)	-37.2 (51)	5.2 (65)	15.7 (34)	6.2 (49)	12.0 (33)
<i>Russell 3000 Index</i>	33.6 (40)	16.4 (38)	1.0 (41)	16.9 (16)	28.3 (49)	-37.3 (53)	5.1 (66)	15.7 (34)	6.1 (49)	11.9 (33)
FRS U.S. Large Cap Equity Fund	36.4 (23)	17.2 (25)	1.2 (45)	17.8 (19)	30.5 (37)	-	-	-	-	-
<i>Russell 1000 Index</i>	33.1 (49)	16.4 (32)	1.5 (41)	16.1 (31)	28.4 (44)	-	-	-	-	-
FRS U.S. Small/Mid Cap Equity Fund	37.1 (45)	18.7 (28)	-0.9 (36)	29.6 (24)	37.0 (43)	-	-	-	-	-
<i>FRS Custom Small/Mid Cap Index</i>	22.0 (98)	15.3 (53)	1.1 (22)	21.3 (84)	26.4 (87)	-	-	-	-	-





As of September 30, 2014

**Asset Allocation & Performance**

	Performance(%)									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>International/Global Equity</b>	<b>21.6 (33)</b>	<b>18.6 (53)</b>	<b>-11.3 (22)</b>	<b>10.1 (73)</b>	<b>34.8 (62)</b>	<b>-40.9 (19)</b>	<b>15.0 (46)</b>	<b>23.2 (80)</b>	<b>14.9 (58)</b>	<b>17.9 (67)</b>
<i>Total Foreign and Global Equities Index</i>	<i>20.6 (39)</i>	<i>16.6 (72)</i>	<i>-11.3 (22)</i>	<i>10.1 (73)</i>	<i>32.4 (69)</i>	<i>-42.8 (30)</i>	<i>11.3 (65)</i>	<i>24.2 (75)</i>	<i>13.0 (75)</i>	<i>18.8 (60)</i>
FRS Select Foreign Stock Index Fund	20.5 (39)	17.6 (63)	-11.8 (26)	9.2 (77)	32.3 (69)	-42.5 (28)	12.7 (57)	25.8 (63)	14.7 (61)	20.5 (47)
<i>MSCI All Country World ex-U.S. IMI Index</i>	<i>21.0 (36)</i>	<i>16.4 (72)</i>	<i>-12.2 (29)</i>	<i>8.9 (78)</i>	<i>33.7 (66)</i>	<i>-43.6 (35)</i>	<i>12.4 (58)</i>	<i>25.7 (64)</i>	<i>14.5 (62)</i>	<i>20.4 (48)</i>
American Funds New Perspective Fund	27.1 (43)	21.0 (17)	-7.4 (42)	13.0 (58)	37.7 (45)	-37.7 (28)	16.3 (31)	20.1 (37)	11.5 (52)	14.5 (57)
<i>MSCI All Country World Index Net</i>	<i>22.8 (62)</i>	<i>16.3 (41)</i>	<i>-5.5 (33)</i>	<i>11.8 (64)</i>	<i>30.0 (70)</i>	<i>-40.7 (41)</i>	<i>9.0 (52)</i>	<i>20.1 (37)</i>	<i>10.0 (60)</i>	<i>15.2 (53)</i>
American Funds Euro-Pacific Growth Fund	20.6 (61)	19.6 (19)	-13.3 (67)	9.8 (21)	39.6 (17)	-40.3 (7)	19.3 (4)	22.3 (96)	21.4 (4)	-
<i>MSCI All Country World ex-U.S. Index</i>	<i>15.8 (84)</i>	<i>17.4 (71)</i>	<i>-13.3 (68)</i>	<i>11.6 (11)</i>	<i>32.5 (36)</i>	<i>-43.1 (60)</i>	<i>11.6 (47)</i>	<i>26.9 (19)</i>	<i>14.0 (29)</i>	<i>-</i>
<b>FRS Self-Dir Brokerage Acct</b>										

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



**FRS Investment Plan**

As of September 30, 2014

**Asset Allocation**

Asset Allocation as of 9/30/2014								
	U.S. Equity	Non-U.S. Equity	U.S. Fixed Income	Real Assets	Cash	Brokerage	Total	% of Total
FRS Retirement Income Fund	63,524,927	56,466,602	177,340,421	143,813,376			441,145,325	5.0%
FRS 2015 Retirement Date Fund	83,170,188	73,982,783	188,100,018	138,294,615			483,547,603	5.5%
FRS 2020 Retirement Date Fund	153,954,881	136,114,615	238,530,952	132,150,112			660,750,561	7.5%
FRS 2025 Retirement Date Fund	177,580,656	156,974,027	201,823,749	69,698,892			606,077,324	6.9%
FRS 2030 Retirement Date Fund	176,274,594	156,412,668	149,957,542	13,903,348			496,548,152	5.6%
FRS 2035 Retirement Date Fund	176,350,831	156,474,359	90,078,482				422,903,672	4.8%
FRS 2040 Retirement Date Fund	150,979,800	134,086,955	66,867,511				351,934,266	4.0%
FRS 2045 Retirement Date Fund	139,950,679	124,291,862	61,982,818				326,225,360	3.7%
FRS 2050 Retirement Date Fund	63,218,029	56,144,683	27,998,661				147,361,372	1.7%
FRS 2055 Retirement Date Fund	11,088,402	9,847,741	4,910,947				25,847,090	0.3%
<b>Total Retirement Date Funds</b>	<b>\$ 1,196,092,986</b>	<b>\$ 1,060,796,295</b>	<b>\$ 1,207,591,100</b>	<b>\$ 497,860,343</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,962,340,724</b>	<b>44.8%</b>
FRS Money Market Fund					852,815,889		852,815,889	9.6%
<b>Total Cash</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 852,815,889</b>	<b>\$ -</b>	<b>\$ 852,815,889</b>	<b>9.6%</b>
FRS Real Assets Fund				135,775,651			135,775,651	1.5%
<b>Total Real Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 135,775,651</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 135,775,651</b>	<b>1.5%</b>
FRS U.S. Bond Enhanced Index Fund			161,808,879				161,808,879	1.8%
Pyramis Intermediate Duration Pool Fund			103,080,469				103,080,469	1.2%
FRS Core Plus Fixed Income Fund			374,693,177				374,693,177	4.2%
<b>Total Fixed Income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 639,582,524</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 639,582,524</b>	<b>7.2%</b>
FRS Select US Stock Market Index Fund	643,708,220						643,708,220	7.3%
FRS US Large Cap Equity Fund	903,230,008						903,230,008	10.2%
FRS US Small/Mid Cap Equity Fund	874,402,783						874,402,783	9.9%
<b>Total Domestic Equity</b>	<b>\$ 2,421,341,012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,421,341,012</b>	<b>27.4%</b>
FRS Select Foreign Stock Index Fund		222,351,111					222,351,111	2.5%
American Funds New Perspective Fund		240,953,653					240,953,653	2.7%
American Funds Euro-Pacific Growth Fund		179,937,708					179,937,708	2.0%
<b>Total International/Global Equity</b>	<b>\$ -</b>	<b>\$ 643,242,472</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 643,242,472</b>	<b>7.3%</b>
FRS Self-Dir Brokerage Acct						183,296,710	183,296,710	2.1%
<b>Total Self-Dir Brokerage Acct</b>						<b>\$ 183,296,710</b>	<b>\$ 183,296,710</b>	<b>2.1%</b>
<b>Total Portfolio</b>	<b>\$ 3,617,433,997</b>	<b>\$ 1,704,038,767</b>	<b>\$ 1,847,173,625</b>	<b>\$ 633,635,994</b>	<b>\$ 852,815,889</b>	<b>\$ 183,296,710</b>	<b>\$ 8,838,394,982</b>	<b>100.0%</b>
<b>Percent of Total</b>	<b>40.93%</b>	<b>19.28%</b>	<b>20.90%</b>	<b>7.17%</b>	<b>9.65%</b>	<b>2.07%</b>	<b>100.0%</b>	

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



As of September 30, 2014

**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	11.26	6.50	1.68	0.40	1.14	101.99	96.74
FRS Retirement Income Fund	7.24	5.66	1.27	2.97	0.53	124.74	119.37
FRS 2015 Retirement Date Fund	8.29	6.06	1.35	2.24	0.50	114.80	112.51
FRS 2020 Retirement Date Fund	10.31	6.87	1.47	1.49	0.61	110.24	111.06
FRS 2025 Retirement Date Fund	12.26	7.76	1.53	0.79	0.74	104.69	103.67
FRS 2030 Retirement Date Fund	14.37	8.79	1.58	0.56	0.58	100.70	97.12
FRS 2035 Retirement Date Fund	16.23	9.91	1.57	0.65	0.36	99.81	96.11
FRS 2040 Retirement Date Fund	16.33	9.97	1.57	0.65	0.36	99.81	96.13
FRS 2045 Retirement Date Fund	16.33	9.97	1.57	0.65	0.36	99.81	96.13
FRS 2050 Retirement Date Fund	16.33	9.97	1.57	0.65	0.36	99.81	96.14
FRS 2055 Retirement Date Fund	16.33	9.97	1.57	0.65	0.36	99.81	96.14
FRS Select Yield Plus Money Market Active Fund	0.23	0.02	12.64	0.01	12.88	548.61	N/A
FRS Real Assets Fund	1.65	6.74	0.27	2.04	0.60	103.96	90.06
FRS Select U.S. Bond Enhanced Index Fund	2.55	2.71	0.94	0.14	0.88	102.03	99.20
Pyramis Intermediate Duration Pool Fund	2.65	2.15	1.22	0.55	1.01	117.70	107.46
FRS Core Plus Fixed Income Fund	6.12	3.87	1.55	1.17	0.84	121.76	126.41
FRS Select U.S. Stock Market Index Fund	23.14	11.04	1.95	0.05	1.08	100.12	99.69
FRS US Large Cap Equity Fund	23.39	12.27	1.79	3.15	0.10	104.64	115.54
FRS US Small/Mid Cap Equity Fund	24.23	14.25	1.60	4.10	1.79	136.02	113.66
FRS Select Foreign Stock Index Fund	13.62	13.55	1.01	1.86	0.13	98.39	94.73
American Funds New Perspective Fund	18.51	11.69	1.52	2.79	0.53	101.67	88.25
American Funds Euro-Pacific Growth Fund	14.45	13.00	1.11	3.39	0.51	96.64	80.19

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



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## Appendix

As of September 30, 2014

### 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 rebalanced blend of underlying indices that make up the PIMCO Inflation Response Composite Index. These underlying indices include Barclays U.S. TIPS Index, Dow-Jones-UBS Commodity Index Total Return, JPMorgan Emerging Local markets Index Plus, Dow-Jones U.S. Select REIT Total Return Index, and Spot Gold.

**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 65% Barclays U.S. Aggregate Bond Index and 35% 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 45% S&P 400 Index, 30% Russell 2000 Index and 25% Russell 2000 Value 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.

**Descriptions of Universes**

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

**FRS Select Yield Plus Money Market Active Fund** - A money market universe calculated and provided by Lipper.

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

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

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

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

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

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

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

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

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

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Lawton Chiles Endowment Fund | Third Quarter 2014

## Quarterly Investment Review

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

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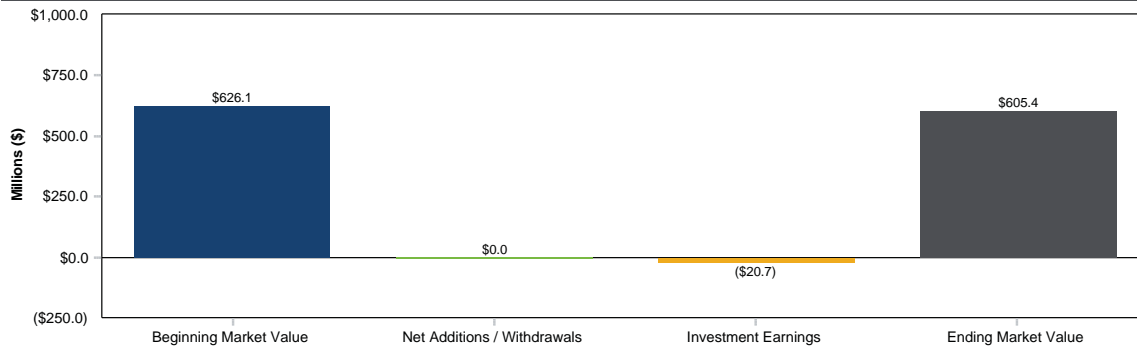
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## LCEF Total Fund

### LCEF Total Fund As of September 30, 2014 Total Plan Asset Summary

#### Change in Market Value From July 1, 2014 to September 30, 2014



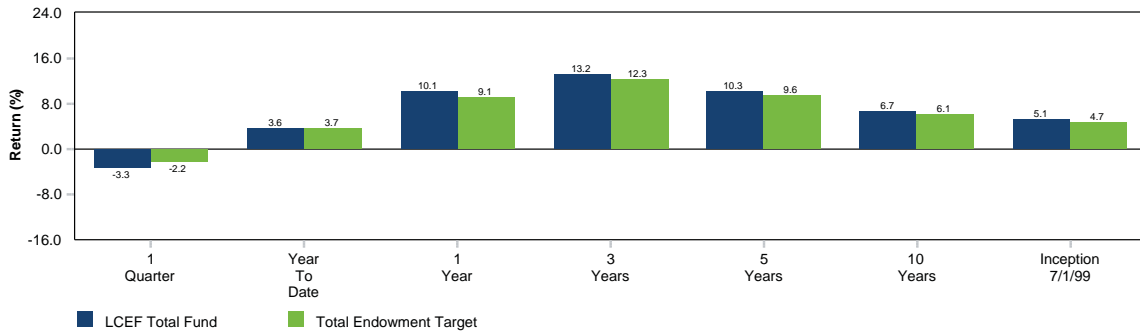
#### Summary of Cash Flow

	1 Quarter	Fiscal YTD*
<b>LCEF Total Fund</b>		
Beginning Market Value	626,104,239	626,104,239
+ Additions / Withdrawals	-	-
+ Investment Earnings	-20,676,989	-20,676,989
<b>= Ending Market Value</b>	<b>605,427,250</b>	<b>605,427,250</b>

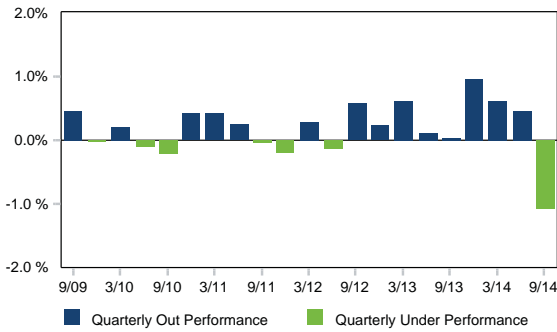
\*Period July 2014 - September 2014

Total Plan Performance Summary

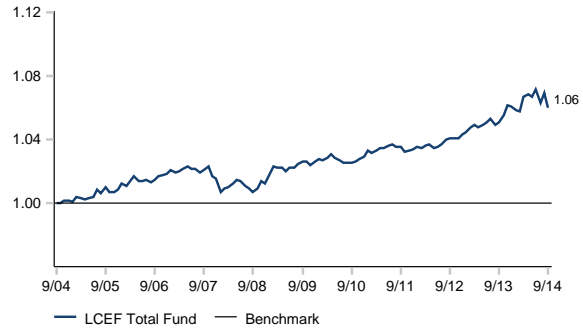
Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - 10 Years



Asset Allocation & Performance

	Allocation			Performance(%)					
	Market Value (\$)	%	Policy(%)	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
<b>LCEF Total Fund</b>	<b>605,427,250</b>	<b>100.0</b>	<b>100.0</b>	<b>-3.3 (99)</b>	<b>3.6 (53)</b>	<b>10.1 (38)</b>	<b>13.2 (24)</b>	<b>10.3 (21)</b>	<b>6.7 (48)</b>
<i>Total Endowment Target</i>				<i>-2.2 (84)</i>	<i>3.7 (51)</i>	<i>9.1 (53)</i>	<i>12.3 (42)</i>	<i>9.6 (45)</i>	<i>6.1 (67)</i>
<b>Global Equity*</b>	<b>440,544,854</b>	<b>72.8</b>	<b>71.0</b>	<b>-4.3</b>	<b>3.6</b>	<b>12.7</b>	<b>20.5</b>	<b>14.1</b>	<b>8.1</b>
<i>Global Equity Target</i>				<i>-2.9</i>	<i>3.6</i>	<i>11.7</i>	<i>19.3</i>	<i>13.0</i>	<i>7.7</i>
<b>Fixed Income</b>	<b>95,858,705</b>	<b>15.8</b>	<b>17.0</b>	<b>0.2 (19)</b>	<b>4.1 (36)</b>	<b>4.0 (41)</b>	<b>2.6 (76)</b>	<b>4.4 (77)</b>	<b>4.7 (57)</b>
<i>Barclays Aggregate Index</i>				<i>0.2 (23)</i>	<i>4.1 (37)</i>	<i>4.0 (42)</i>	<i>2.4 (77)</i>	<i>4.1 (85)</i>	<i>4.6 (60)</i>
<b>TIPS</b>	<b>60,688,893</b>	<b>10.0</b>	<b>11.0</b>	<b>-2.0</b>	<b>3.6</b>	<b>1.5</b>	<b>1.4</b>	<b>4.6</b>	<b>5.0</b>
<i>Barclays U.S. TIPS</i>				<i>-2.0</i>	<i>3.7</i>	<i>1.6</i>	<i>1.3</i>	<i>4.5</i>	<i>4.6</i>
<b>Cash Equivalents</b>	<b>8,335,120</b>	<b>1.4</b>	<b>1.0</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>	<b>0.6</b>	<b>1.0</b>	<b>2.1</b>
<i>S&amp;P US AAA &amp; AA Rated GIP 30D Net Yield Index</i>				<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.2</i>	<i>1.7</i>

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.



As of September 30, 2014

**Calendar Year Performance**

	Performance(%)									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>LCEF Total Fund</b>	14.7 (49)	13.2 (22)	1.9 (14)	14.0 (13)	21.2 (46)	-29.2 (72)	6.3 (84)	15.0 (20)	7.4 (49)	12.0 (33)
<i>Total Endowment Target</i>	12.8 (70)	12.2 (46)	1.5 (16)	13.7 (15)	19.6 (56)	-28.9 (71)	6.5 (81)	14.0 (34)	6.7 (62)	12.1 (32)
<b>Global Equity*</b>	27.1	20.4	-1.1	17.0	30.8	-39.6	6.8	17.4	8.5	12.7
<i>Global Equity Target</i>	24.3	19.4	-2.2	16.1	30.5	-39.2	7.2	17.8	7.9	13.5
<b>Fixed Income</b>	-1.8 (68)	4.6 (90)	7.6 (32)	7.0 (73)	4.6 (84)	5.8 (20)	7.3 (42)	4.4 (37)	2.7 (28)	4.4 (58)
<i>Barclays Aggregate Index</i>	-2.0 (69)	4.2 (93)	7.8 (29)	6.5 (75)	5.9 (77)	5.2 (25)	7.0 (53)	4.3 (39)	2.4 (51)	4.3 (60)
<b>TIPS</b>	-8.7	7.2	13.6	6.1	13.3	-2.0	12.4	0.8	2.9	8.8
<i>Barclays U.S. TIPS</i>	-8.6	7.0	13.6	6.3	11.4	-2.4	11.6	0.4	2.8	8.5
<b>Cash Equivalents</b>	0.2	1.3	0.1	2.0	2.6	0.5	5.4	5.2	3.3	1.4
<i>S&amp;P US AAA &amp; AA Rated GIP 30D Net Yield Index</i>	0.1	0.1	0.2	0.3	0.7	2.3	4.7	5.1	3.4	1.4

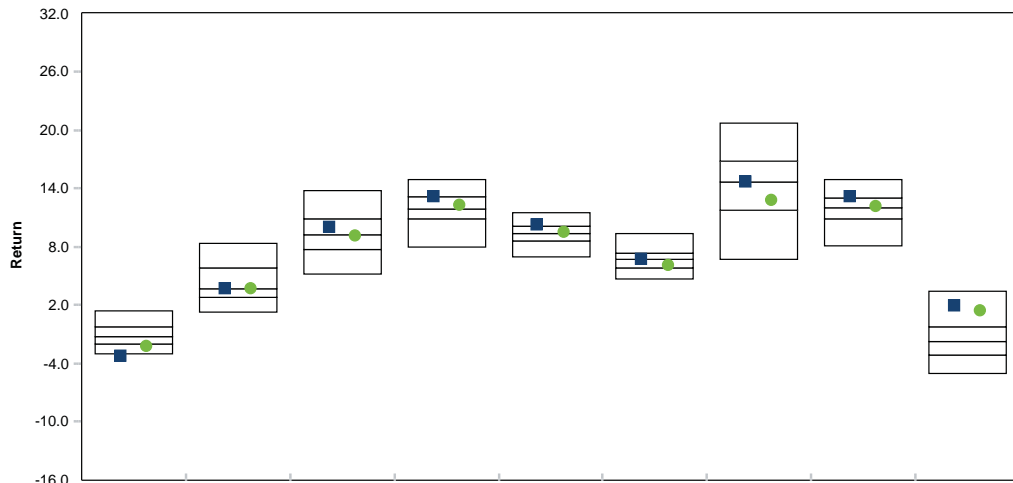
\*Global Equity became an asset class in September 2012 by merging the Domestic Equities and Foreign Equities asset classes. The return series prior to September 2012 is a weighted average of Domestic Equities' and Foreign Equities' historical performance.



As of September 30, 2014

**Plan Sponsor Peer Group Analysis**

**All Endowments-Total Fund**



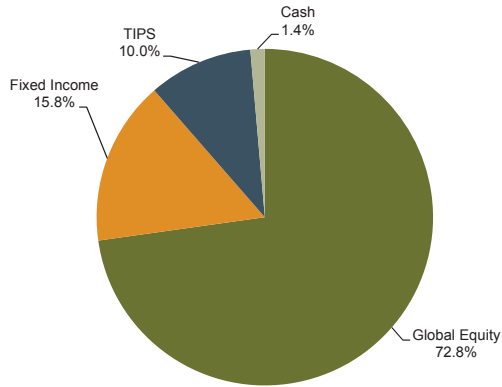
	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years	2013	2012	2011
■ LCEF Total Fund	-3.3 (99)	3.6 (53)	10.1 (38)	13.2 (24)	10.3 (21)	6.7 (48)	14.7 (49)	13.2 (22)	1.9 (14)
● Total Endowment Target	-2.2 (84)	3.7 (51)	9.1 (53)	12.3 (42)	9.6 (45)	6.1 (67)	12.8 (70)	12.2 (46)	1.5 (16)
5th Percentile	1.4	8.4	13.8	14.9	11.5	9.3	20.7	14.9	3.5
1st Quartile	-0.2	5.8	10.9	13.2	10.1	7.4	16.8	13.0	-0.2
Median	-1.2	3.7	9.3	12.0	9.4	6.7	14.7	12.0	-1.7
3rd Quartile	-1.9	2.8	7.7	10.9	8.6	5.9	11.8	10.9	-3.1
95th Percentile	-3.0	1.3	5.2	7.9	7.0	4.7	6.7	8.1	-5.0
Population	199	193	191	162	133	90	353	349	340

Parenteses contain percentile rankings.  
Calculation based on monthly periodicity.

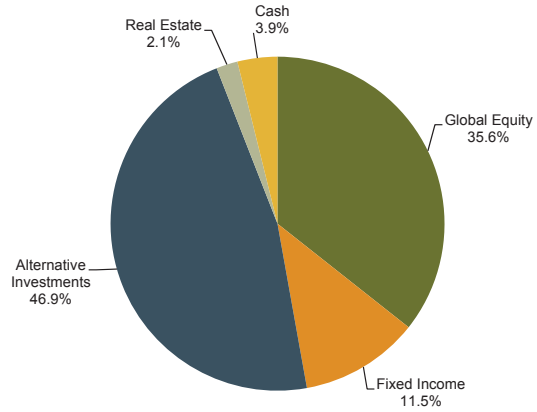


Universe Asset Allocation Comparison

LCEF Total Fund

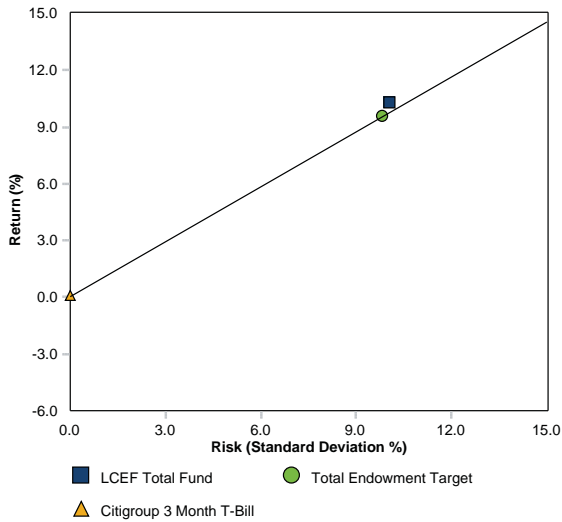


BNY Mellon Endowment Universe

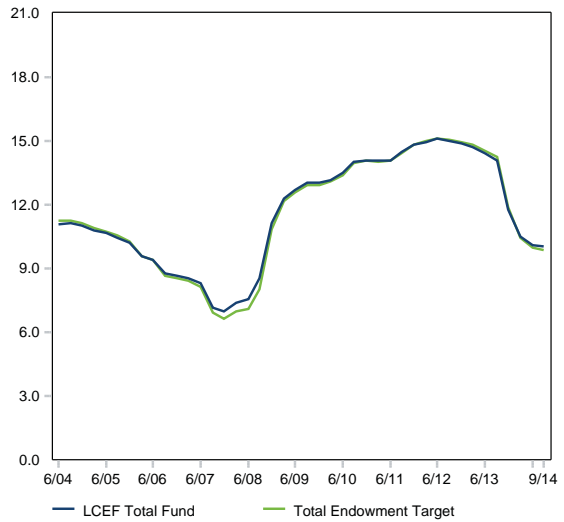


LCEF Total Fund Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



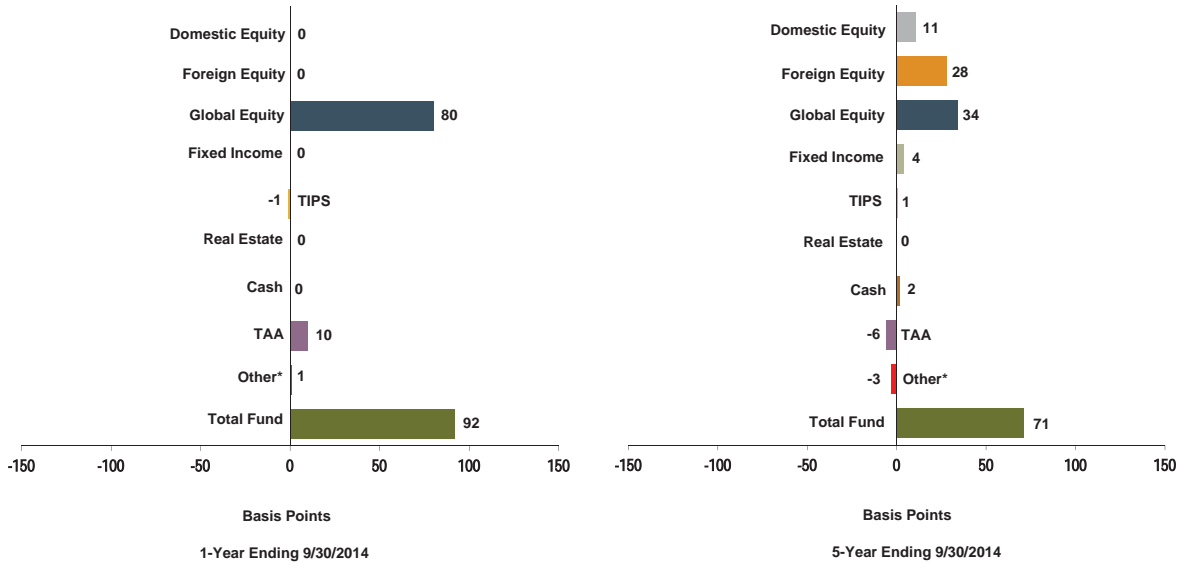
Rolling 5 Years Standard Deviation



5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
LCEF Total Fund	0.67	0.97	0.69	0.99	1.02	0.50	1.02	10.26	10.06	1.00
Total Endowment Target	0.00	0.00	N/A	1.00	0.97	0.00	1.00	9.56	9.84	1.00
Citigroup 3 Month T-Bill	-9.56	9.84	-0.97	0.00	N/A	0.07	0.00	0.07	0.02	0.05

Attribution



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

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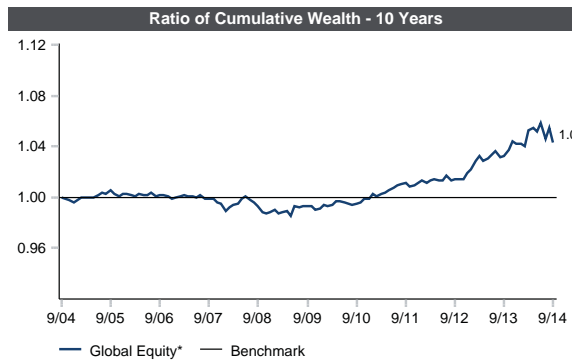
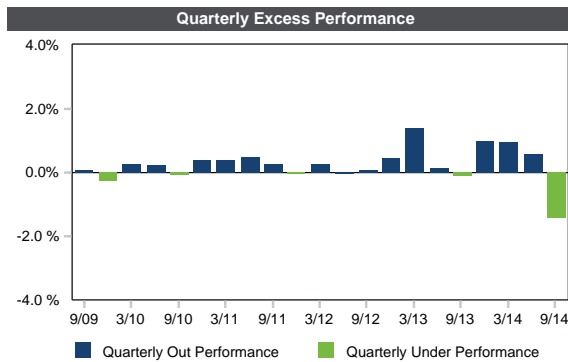
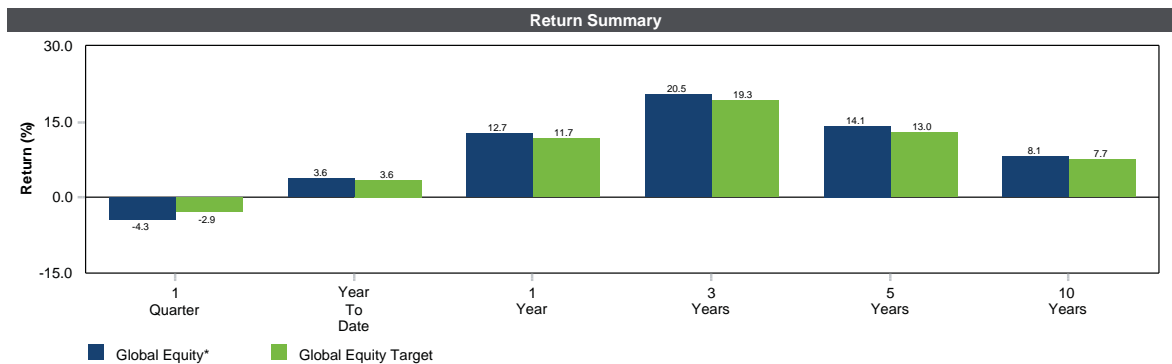


## Global Equity

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### Global Equity\* As of September 30, 2014 Total Plan Performance Summary

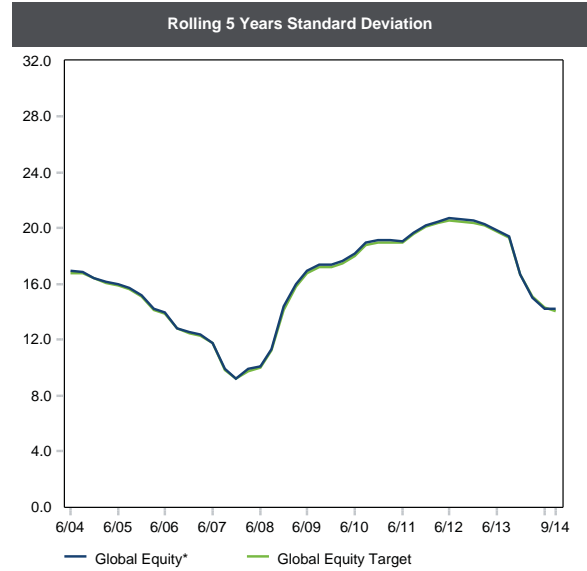
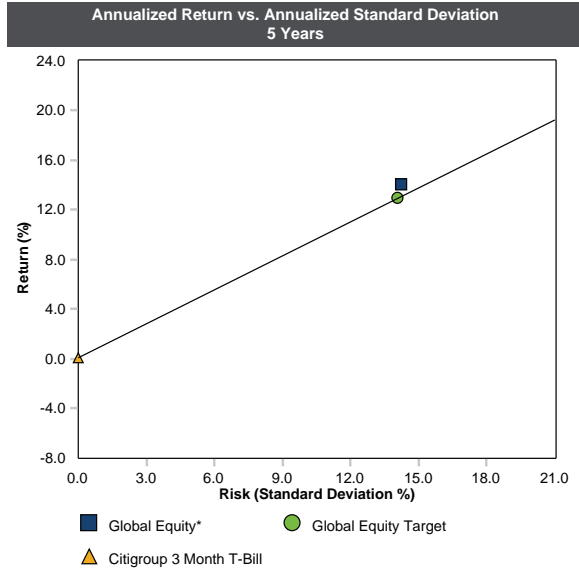


\*Global Equity became an asset class in September 2012 by merging the Domestic Equities and Foreign Equities asset classes. The return series prior to September 2012 is a weighted average of Domestic Equities' and Foreign Equities' historical performance.

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Global Equity Risk Profile



5 Years Historical Statistics										
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Global Equity*	1.00	1.29	0.78	0.99	0.99	0.92	1.01	14.07	14.25	1.00
Global Equity Target	0.00	0.00	N/A	1.00	0.93	0.00	1.00	12.97	14.10	1.00
Citigroup 3 Month T-Bill	-13.16	14.10	-0.93	0.01	N/A	0.07	0.00	0.07	0.02	0.08

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



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## Fixed Income

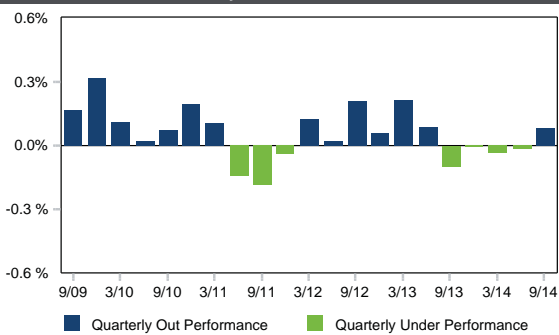
### Fixed Income As of September 30, 2014

#### Total Plan Performance Summary

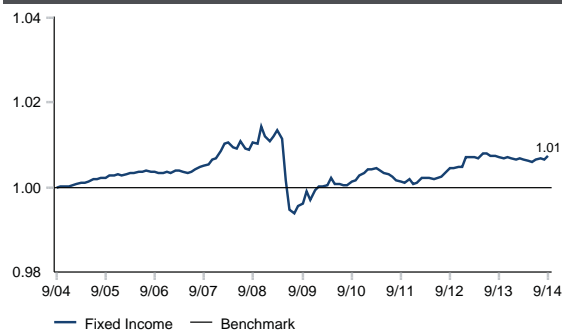
#### Return Summary



#### Quarterly Excess Performance



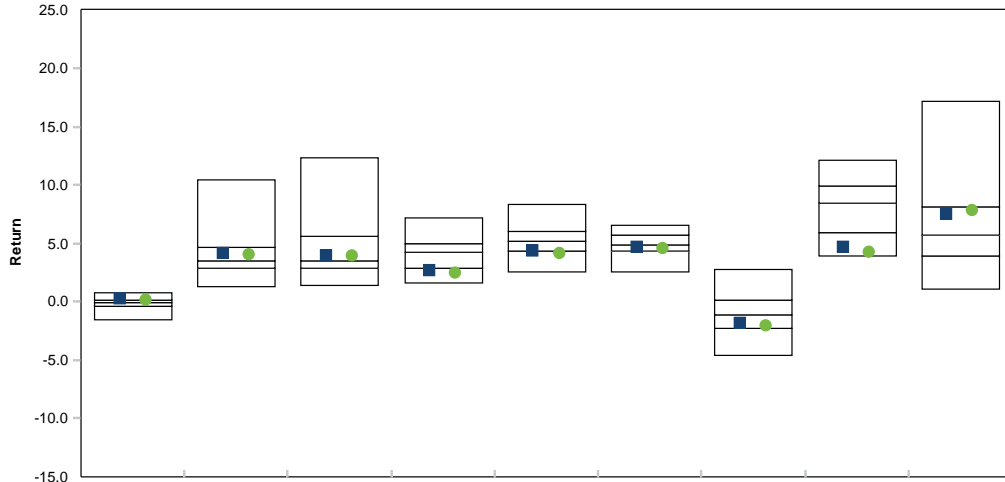
#### Ratio of Cumulative Wealth - 10 Years



As of September 30, 2014

Plan Sponsor Peer Group Analysis

All Endowments-US Fixed Income Segment



	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years	2013	2012	2011
■ Fixed Income	0.2 (19)	4.1 (36)	4.0 (41)	2.6 (76)	4.4 (77)	4.7 (57)	-1.8 (68)	4.6 (90)	7.6 (32)
● Barclays Aggregate Index	0.2 (23)	4.1 (37)	4.0 (42)	2.4 (77)	4.1 (85)	4.6 (60)	-2.0 (69)	4.2 (93)	7.8 (29)
5th Percentile	0.8	10.4	12.4	7.2	8.4	6.6	2.8	12.1	17.2
1st Quartile	0.2	4.7	5.6	5.0	6.0	5.7	0.1	9.9	8.1
Median	-0.1	3.6	3.5	4.2	5.2	4.9	-1.1	8.5	5.7
3rd Quartile	-0.4	2.9	2.9	2.8	4.4	4.4	-2.3	5.9	4.0
95th Percentile	-1.6	1.3	1.4	1.7	2.6	2.6	-4.5	4.0	1.2
Population	44	41	41	37	25	16	41	50	49

Parentheses contain percentile rankings.  
Calculation based on monthly periodicity.

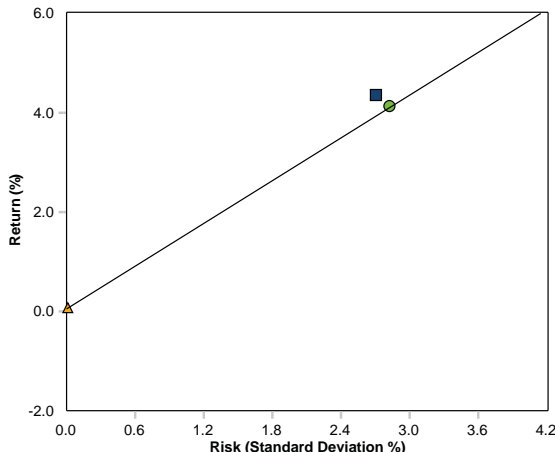


Fixed Income

As of September 30, 2014

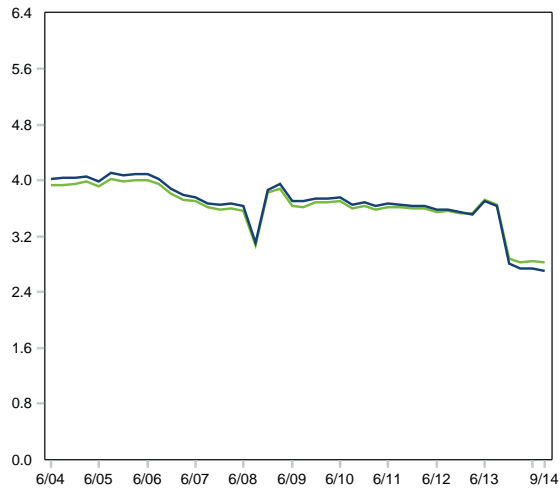
Fixed Income Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



■ Fixed Income      ● Barclays Aggregate Index  
▲ Citigroup 3 Month T-Bill

Rolling 5 Years Standard Deviation



— Fixed Income      — Barclays Aggregate Index

5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Fixed Income	0.22	0.28	0.78	0.99	1.56	0.41	0.95	4.35	2.71	1.00
Barclays Aggregate Index	0.00	0.00	N/A	1.00	1.42	0.00	1.00	4.12	2.83	1.00
Citigroup 3 Month T-Bill	-4.01	2.84	-1.42	0.01	N/A	0.07	0.00	0.07	0.02	-0.08





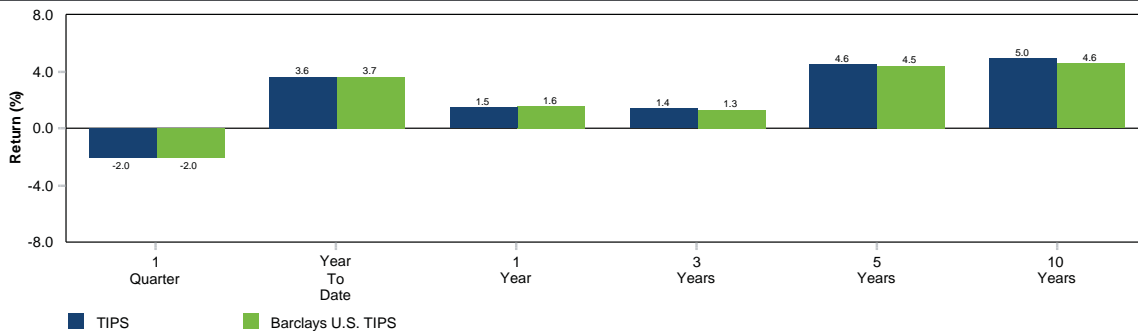
## TIPS

### TIPS

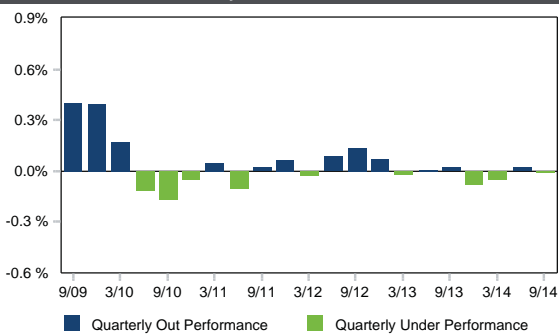
As of September 30, 2014

#### Total Plan Performance Summary

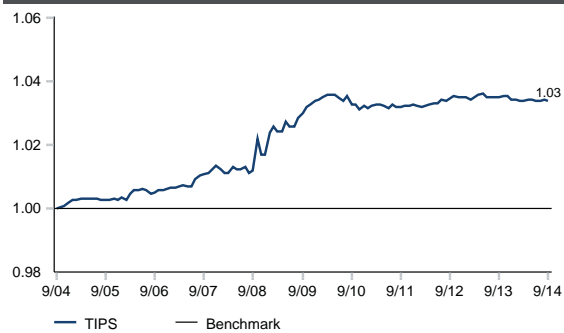
#### Return Summary



#### Quarterly Excess Performance

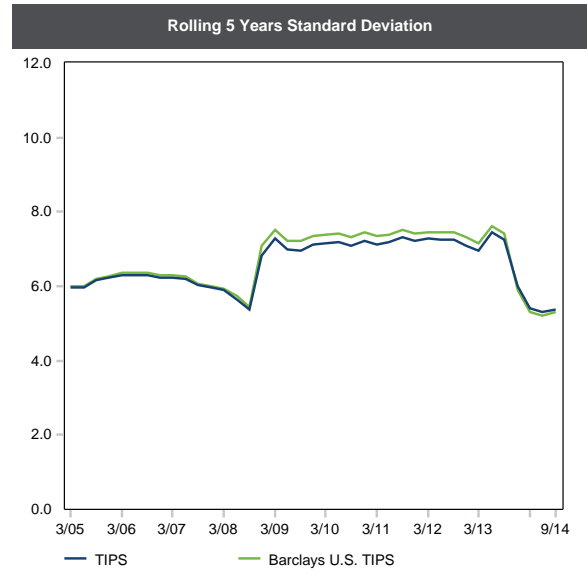
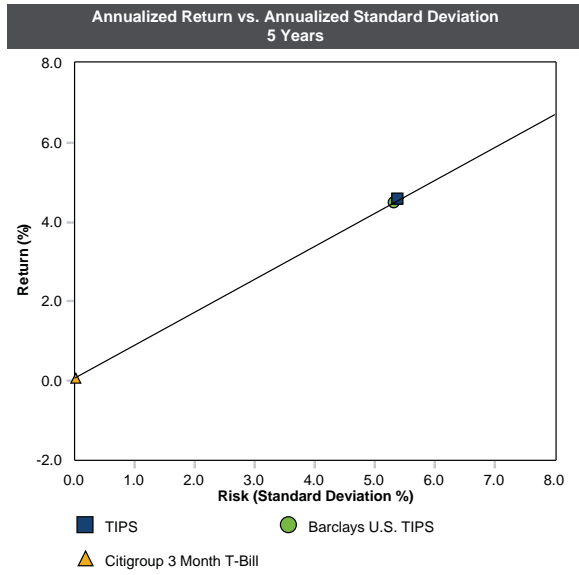


#### Ratio of Cumulative Wealth - 10 Years





TIPS Risk Profile



5 Years Historical Statistics										
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
TIPS	0.08	0.25	0.34	1.00	0.84	0.03	1.01	4.57	5.39	1.00
Barclays U.S. TIPS	0.00	0.00	N/A	1.00	0.84	0.00	1.00	4.48	5.32	1.00
Citigroup 3 Month T-Bill	-4.46	5.32	-0.84	0.00	N/A	0.07	0.00	0.07	0.02	0.04

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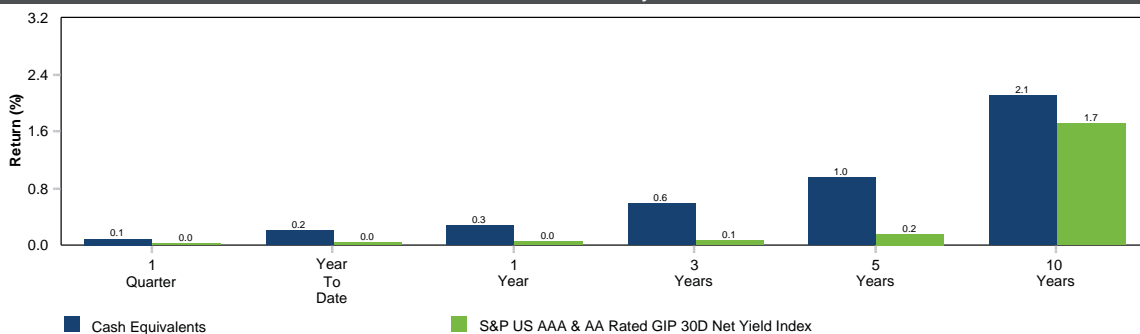
## Cash Equivalents

### Cash Equivalents

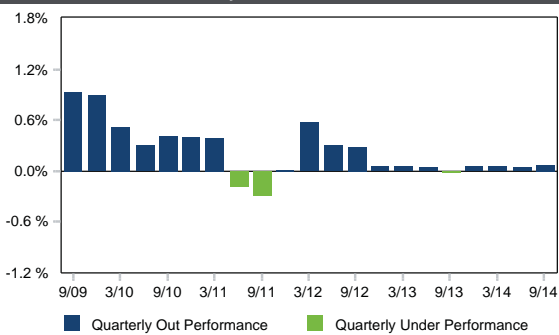
As of September 30, 2014

#### Total Plan Performance Summary

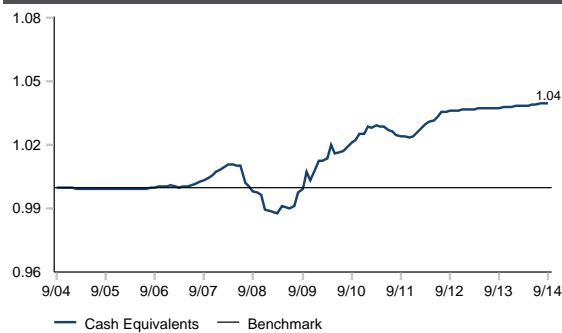
#### Return Summary



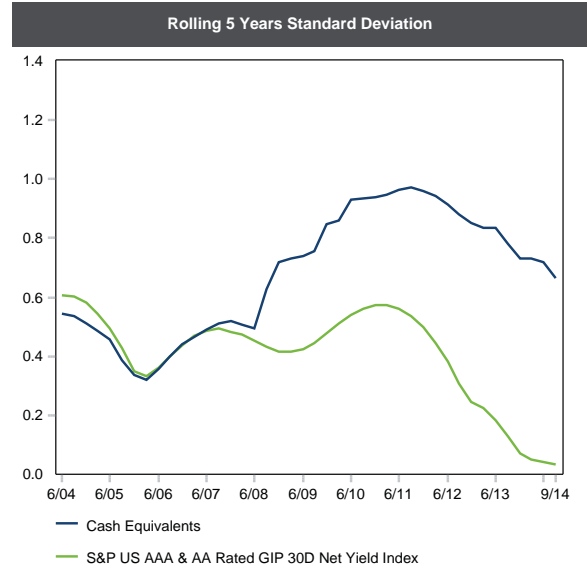
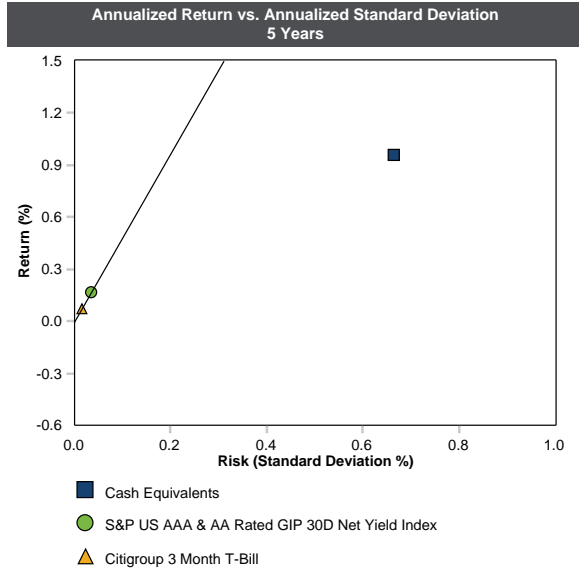
#### Quarterly Excess Performance



#### Ratio of Cumulative Wealth - 10 Years



Cash Equivalents Risk Profile



5 Years Historical Statistics										
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Cash Equivalents	0.79	0.65	1.21	0.12	1.33	-0.12	6.67	0.95	0.67	0.35
S&P US AAA & AA Rated GIP 30D Net Yield Index	0.00	0.00	N/A	1.00	3.01	0.00	1.00	0.16	0.03	1.00
Citigroup 3 Month T-Bill	-0.09	0.03	-3.01	0.24	N/A	0.03	0.22	0.07	0.02	0.49

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## Appendix

As of September 30, 2014

### Securities Lending

#### Lawton Chiles Endowment Fund

Net Income		
September 2014	Fiscal Year to Date	Calendar Year to Date
\$13,215	\$41,443	\$224,653
Returns (annualized basis points)		
September 2014	Fiscal Year to Date	Calendar Year to Date
44	47	68

As of September 30, 2014

## 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 9/1/2012 forward, 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.

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As of September 30, 2014

## Universe Descriptions

### LCEF Total Fund

A universe comprised of 192 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 \$230.7 billion as of quarter-end and the average market value was \$2.3 billion.

### Total Fixed Income

A universe comprised of 54 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 \$17.3 billion as of quarter-end and the average market value was \$208.9 million.

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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.

**Risk-Return Graph** - The horizontal axis, annualized standard deviation, is a statistical measure of risk, or the volatility of returns. The vertical axis is the annualized rate of return. As investors generally prefer less risk to more risk and always prefer greater returns, the upper left corner of the graph is the most attractive place to be. The line on this exhibit represents the risk and return trade-offs associated with market portfolios, or index funds.

**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 - Universe Comparison** - 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.

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