



MONTHLY PERFORMANCE REPORT TO THE TRUSTEES

*Performance Through
January 31, 201*

Office of Investment Policy & Economics



STATE BOARD OF ADMINISTRATION
OF FLORIDA

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AS CHAIRMAN

JEFF ATWATER
CHIEF FINANCIAL OFFICER

PAM BONDI
ATTORNEY GENERAL

ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO

MEMORANDUM

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

From: Ash Williams 

Date: March 14, 2014

Subject: Monthly Performance Report as of January 31, 2014

Equity markets began the year on a sour note as the rally of late 2013 took a hit from Fed tapering. A custom version of the MSCI All Country World Investable Market Index lost 3.71 percent during the month. Bond markets benefited from a flight to safety and the Barclays U.S. Intermediate Aggregate Index returned 1.13 percent.

For the 12 months ending January 31, 2014, performance for the SBA's three multi-asset class mandates was as follows.

| | Actual Return | Benchmark Return | Actual Minus Benchmark |
|-------------------------|---------------|------------------|------------------------|
| FRS Pension Plan | 11.23% | 10.34% | 0.90% |
| FRS Investment Plan | 10.76% | 10.00% | 0.77% |
| Lawton Chiles Endowment | 10.03% | 8.58% | 1.45% |

Florida Statutes, Section 215.47(6), the "basket clause," requires the Executive Director to report to the Investment Advisory Council any proposed plans to invest in certain investments that are not explicitly authorized. During the month of January 2014, no proposed plans for such investments were reported to the Investment Advisory Council.

Please find attached the SBA's Monthly Performance Report for periods ending January 31, 2014. The report also contains performance information on Florida PRIME and the Florida Hurricane Catastrophe Fund. More detailed information on Florida PRIME can be found on the SBA website at www.sbafla.com/prime.

Other Items of Note

- On March 7, 2014, the SBA transferred \$2.7 million from Fund B to Florida PRIME. Cash will be transferred to Florida PRIME participants in proportion to their original adjusted Fund B balances. Since the inception of Fund B in December 2007, the total accumulated distribution has amounted to approximately \$1.92 billion, or 95.8 percent of the original Fund B principal.

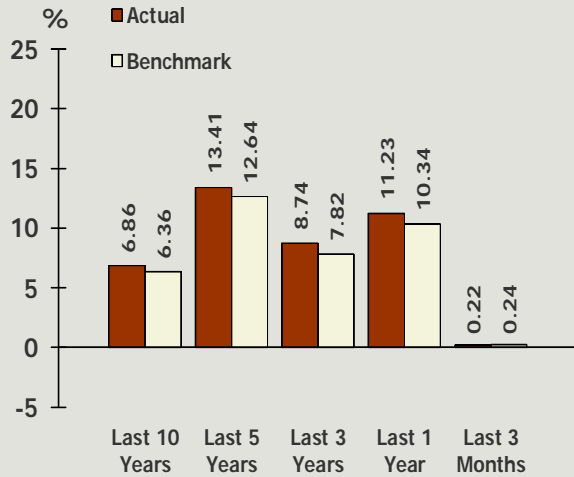
If you have any questions or need additional information, please contact me.

AW/bm

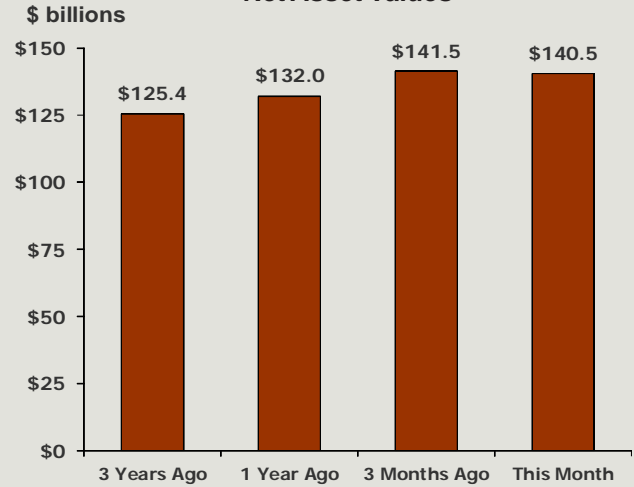
cc: IAC Members
Karl Rasmussen
Robert Tornillo
Rob Johnson

FLORIDA RETIREMENT SYSTEM PENSION PLAN

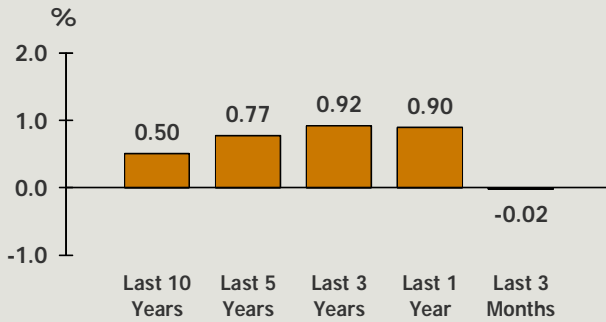
Actual and Benchmark Returns



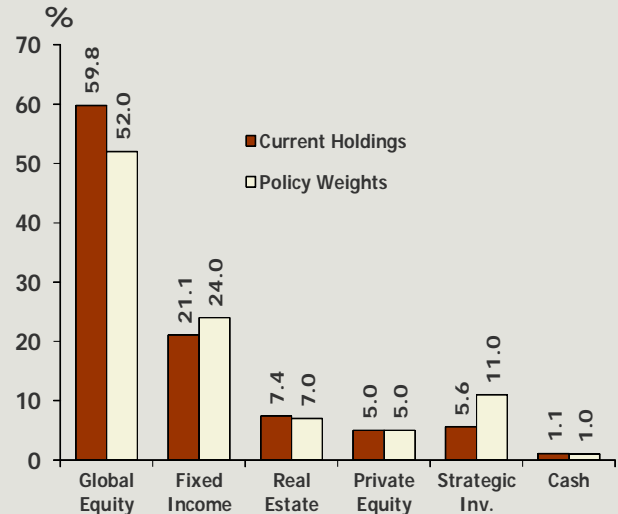
Net Asset Values



Actual Minus Benchmark Return



Asset Allocation



Monthly Movement in Asset Allocation Mix

| Asset Class | Policy Range | | Actual Range | |
|-----------------------|--------------|------|--------------|-------|
| | Low | High | Low | High |
| Global Equity | 44% | 65% | 59.7% | 60.9% |
| Fixed Income | 16% | 32% | 20.4% | 21.1% |
| Real Estate | 2% | 12% | 7.2% | 7.5% |
| Private Equity | 0% | 7% | 4.8% | 5.0% |
| Strategic Investments | 0% | 20% | 5.3% | 5.6% |
| Cash | 0% | 9% | 1.1% | 1.5% |

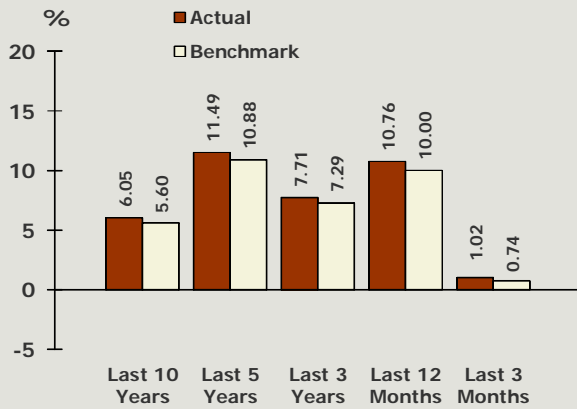
FRS Pension Plan Net Returns by Asset Class

| | PAST 3 MONTHS | | | PAST 12 MONTHS | | |
|--------------------------------|---------------|--------------|------------------------|----------------|---------------|------------------------|
| | ACTUAL | BENCHMARK | ACTUAL MINUS BENCHMARK | ACTUAL | BENCHMARK | ACTUAL MINUS BENCHMARK |
| TOTAL FRS Pension Plan* | 0.22% | 0.24% | -0.02% | 11.23% | 10.34% | 0.90% |
| Asset Allocation | 0.19% | 0.24% | -0.05% | 10.55% | 10.34% | 0.22% |
| Global Equity | -0.47% | -0.57% | 0.10% | 14.81% | 13.73% | 1.08% |
| Fixed Income | 0.41% | 0.35% | 0.06% | 0.13% | -0.25% | 0.38% |

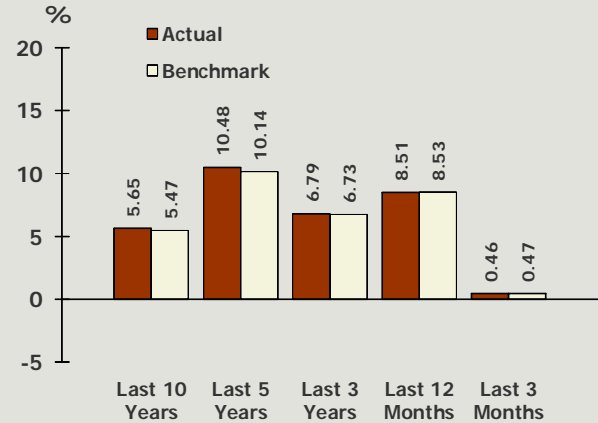
* Includes returns of private market asset classes and cash in addition to listed asset classes. Strategic Investments, Private Equity and Real Estate include assets whose valuations are subject to significant delays relative to the reporting period.

FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN

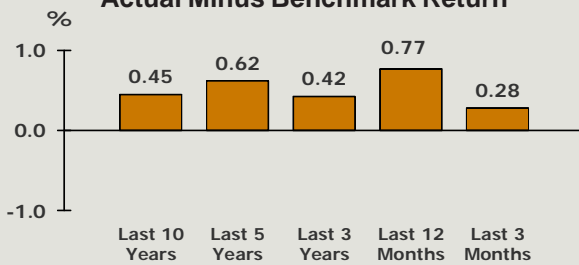
TOTAL PLAN Actual and Benchmark Returns



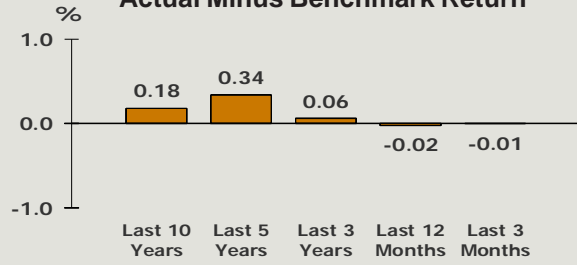
BALANCED FUNDS Actual and Benchmark Returns



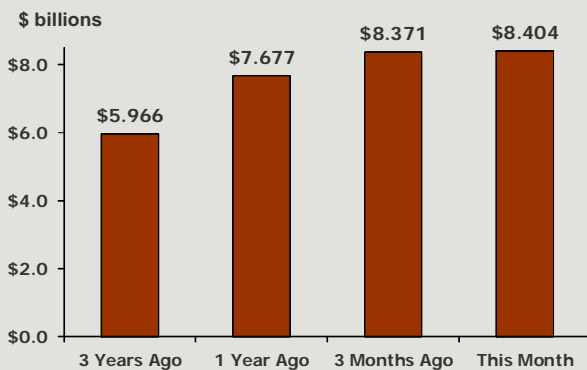
Actual Minus Benchmark Return



Actual Minus Benchmark Return



Total Plan Net Asset Values



FRS Elections

| | Defaults (Pension) | | Pension Plan | | Investment Plan/Hybrid | | FY Totals |
|-------------------------|--------------------|--------------|---------------|--------------|------------------------|--------------|----------------|
| New Employee | | | | | | | |
| FY 09-10 | 21,501 | 55.5% | 8,158 | 21.1% | 9,071 | 23.4% | 38,730 |
| FY 10-11 | 21,049 | 52.6% | 9,042 | 22.5% | 9,960 | 24.9% | 40,051 |
| FY 11-12 | 20,064 | 52.8% | 6,976 | 18.4% | 10,937 | 28.8% | 37,977 |
| FY 12-13 | 26,105 | 57.6% | 7,345 | 16.2% | 11,895 | 26.2% | 45,345 |
| FY 13-14* | 16,468 | 57.8% | 4,769 | 16.7% | 7,276 | 25.5% | 28,513 |
| Total | 105,187 | 55.2% | 36,290 | 19.0% | 49,139 | 25.8% | 190,616 |
| Second Elections | | | | | | | |
| FY 09-10 | | | 289 | 6.1% | 4,420 | 93.9% | 4,709 |
| FY 10-11 | | | 381 | 4.4% | 8,330 | 95.6% | 8,711 |
| FY 11-12 | | | 351 | 5.2% | 6,443 | 94.8% | 6,794 |
| FY 12-13 | | | 547 | 8.7% | 5,741 | 91.3% | 6,288 |
| FY 13-14* | | | 290 | 8.5% | 3,137 | 91.5% | 3,427 |
| Total | | | 1,858 | 6.2% | 28,071 | 93.8% | 29,929 |

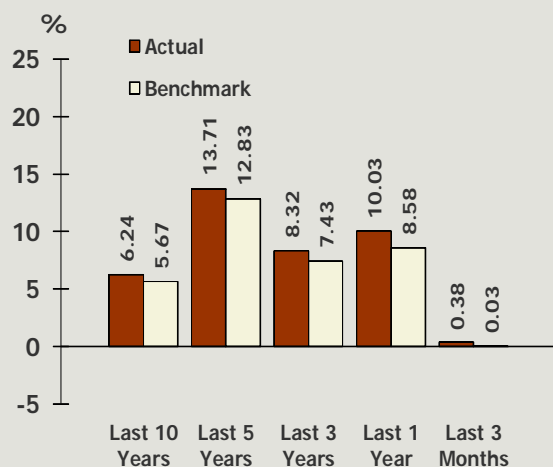
* Percentages are shares of FY Totals as of 1/31/2014.

FRS Investment Plan Asset Allocation and Net Returns by Asset Type

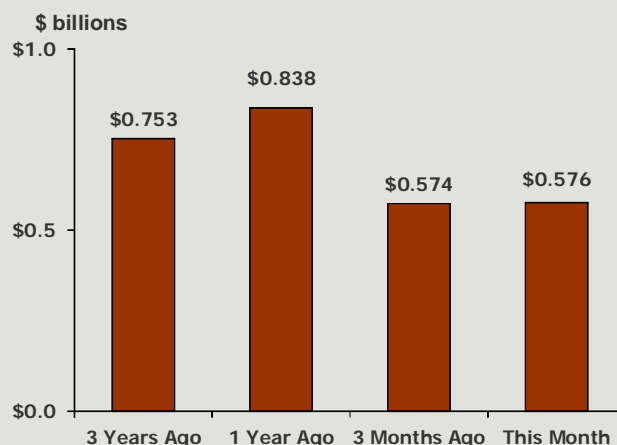
| | PERCENT ALLOCATION | PAST 3 MONTHS | | | PAST 12 MONTHS | | |
|----------------------------------|--------------------|---------------|--------------|------------------------|----------------|---------------|------------------------|
| | | ACTUAL | BENCHMARK | ACTUAL MINUS BENCHMARK | ACTUAL | BENCHMARK | ACTUAL MINUS BENCHMARK |
| TOTAL FRS Investment Plan | 100.0% | 1.02% | 0.74% | 0.28% | 10.76% | 10.00% | 0.77% |
| Domestic Equity | 42.6% | 2.65% | 2.34% | 0.31% | 24.38% | 22.93% | 1.45% |
| Foreign Equity | 16.8% | -1.29% | -2.02% | 0.73% | 12.03% | 10.41% | 1.62% |
| Fixed Income | 24.6% | 0.61% | 0.56% | 0.05% | 0.63% | 0.64% | -0.01% |
| TIPS | 2.7% | -0.55% | -0.61% | 0.06% | -6.04% | -6.17% | 0.12% |
| Money Market Funds | 13.2% | 0.05% | 0.01% | 0.04% | 0.23% | 0.03% | 0.20% |

LAWTON CHILES ENDOWMENT FUND

Actual and Benchmark Returns

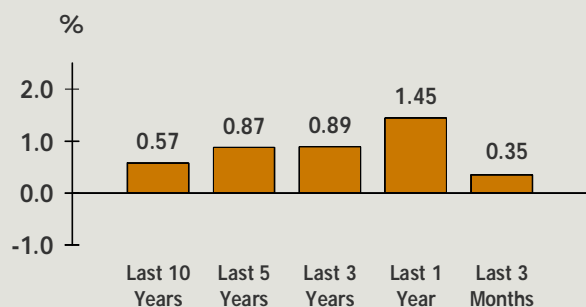


Net Asset Values*

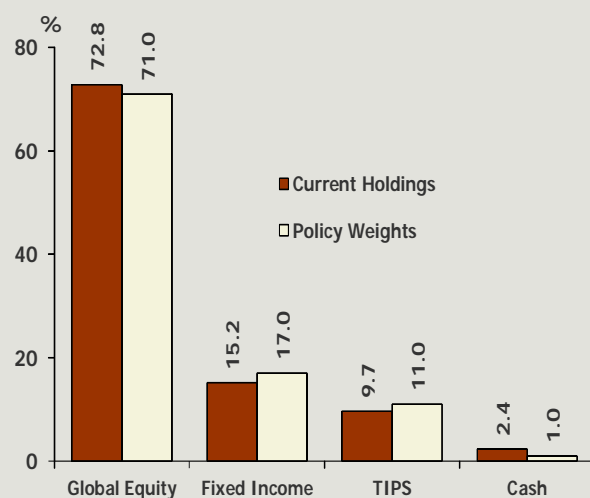


* On June 14, 2013, a \$350 million extraordinary payout from the endowment occurred accounting for the large decline in net asset value between January 31, 2014 and 1 year ago.

Actual Minus Benchmark Return



Asset Allocation



Monthly Movement in Asset Allocation Mix

| Asset Class | Policy Range | | Actual Range | |
|---------------|--------------|-------|--------------|-------|
| | Low | High | Low | High |
| Global Equity | 61.0% | 81.0% | 72.8% | 74.3% |
| Fixed Income | 12.0% | 22.0% | 14.3% | 15.2% |
| TIPS | 6.0% | 16.0% | 9.0% | 9.7% |
| Cash | 0.0% | 10.0% | 2.3% | 2.4% |

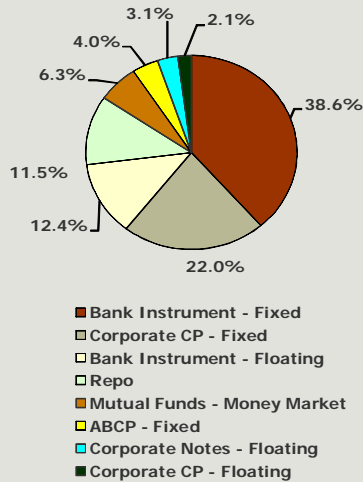
Chiles Endowment Net Returns by Asset Class

| | PAST 3 MONTHS | | | PAST 12 MONTHS | | |
|-------------------|---------------|--------------|------------------------|----------------|--------------|------------------------|
| | ACTUAL | BENCHMARK | ACTUAL MINUS BENCHMARK | ACTUAL | BENCHMARK | ACTUAL MINUS BENCHMARK |
| TOTAL LCEF | 0.38% | 0.03% | 0.35% | 10.03% | 8.58% | 1.45% |
| Asset Allocation | 0.01% | 0.03% | -0.02% | 8.90% | 8.58% | 0.32% |
| Global Equity | 0.46% | -0.05% | 0.51% | 16.74% | 14.42% | 2.32% |
| Fixed Income | 0.50% | 0.53% | -0.03% | 0.07% | 0.12% | -0.05% |
| TIPS | -0.71% | -0.61% | -0.09% | -6.24% | -6.17% | -0.08% |
| Cash | 0.08% | 0.01% | 0.07% | 0.21% | 0.06% | 0.15% |

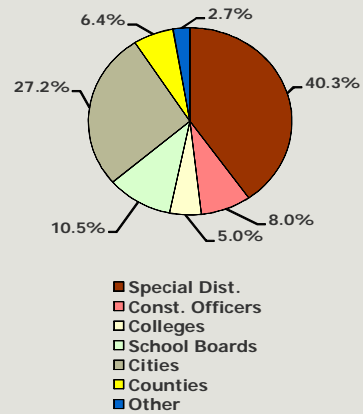
FLORIDA PRIME AND FUND B

Florida PRIME had 847 participants at the end of January 2014 and a balance of \$8.58 billion. Fund B Surplus Funds Trust Fund (Fund B) had a balance of \$112.6 million. During the month, Florida PRIME earned a return of 0.01 percent, beating its benchmark (the S&P AAA/AA Rated GIP All 30-day Net index) by 1 basis point. Over the 12-month period ending January 31, 2014, Florida PRIME returned 0.19 percent and beat its performance benchmark by 13 basis points. Through January 2014, \$1.92 billion, or 95.5 percent of original participant balances in Fund B, had been returned to clients. The SBA continues to manage Fund B to maximize the present value of cash distributions to participants.

Florida PRIME Assets by Type



Florida PRIME Participants by Type

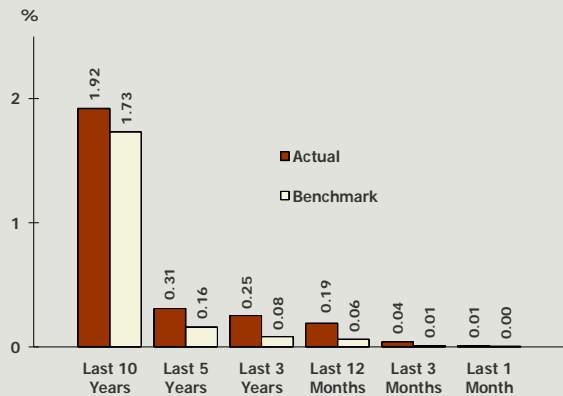


Florida PRIME Final Maturity Schedule

| Month | Percent of Assets | Cumulative percent |
|--------|-------------------|--------------------|
| Feb-14 | 44.7% | 44.7% |
| Mar-14 | 18.7% | 63.4% |
| Apr-14 | 7.4% | 70.8% |
| May-14 | 4.9% | 75.6% |
| Jun-14 | 11.2% | 86.8% |
| Jul-14 | 4.6% | 91.4% |
| Aug-14 | 1.9% | 93.4% |
| Sep-14 | 0.2% | 93.6% |
| Nov-14 | 0.1% | 93.7% |
| Dec-14 | 1.2% | 94.9% |
| Jan-15 | 1.3% | 96.2% |
| Feb-15 | 1.3% | 97.5% |
| Mar-15 | 1.9% | 99.4% |
| *Other | 0.6% | 100.0% |

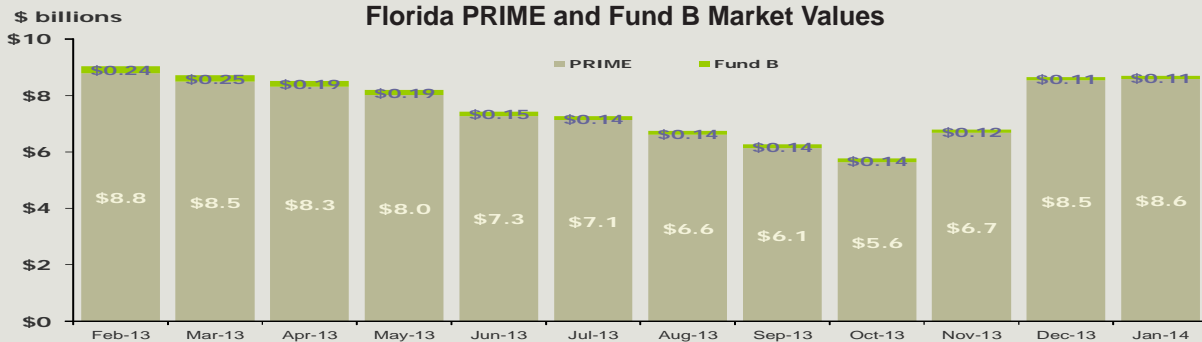
* Variable-rate notes with long-term final maturities, but frequent rate resets.

Florida PRIME Actual* and Benchmark Returns



* Return calculated pursuant to Chapter 19-7.011, Florida Administrative Code.

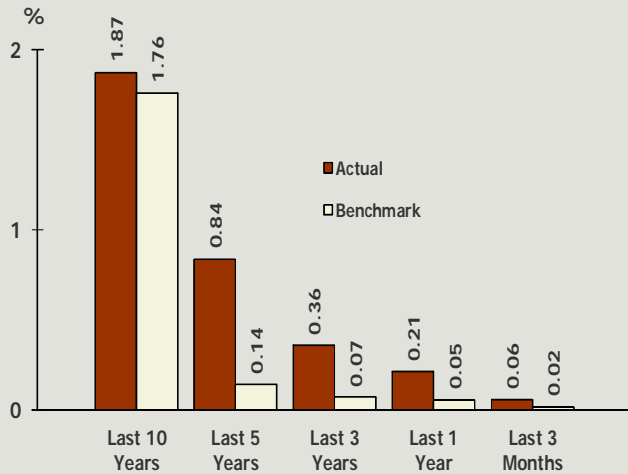
Florida PRIME and Fund B Market Values



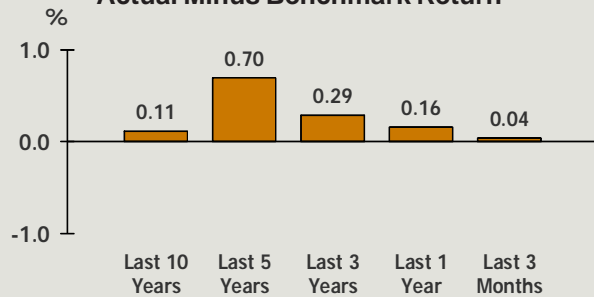
FLORIDA HURRICANE CATASTROPHE FUND

OPERATING FUND

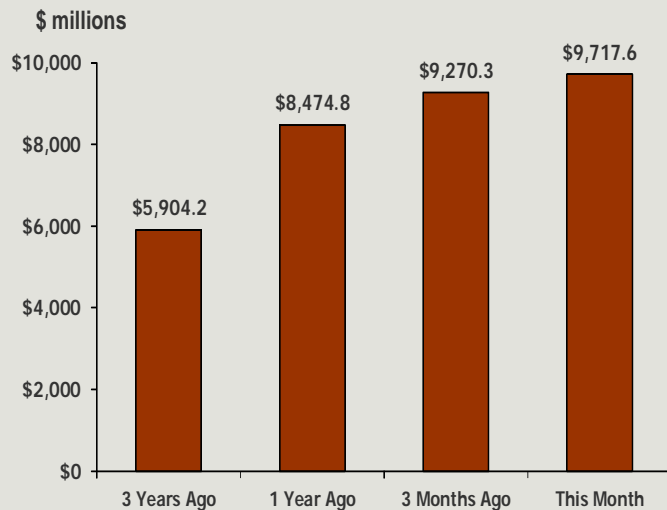
Actual and Benchmark Returns



Actual Minus Benchmark Return

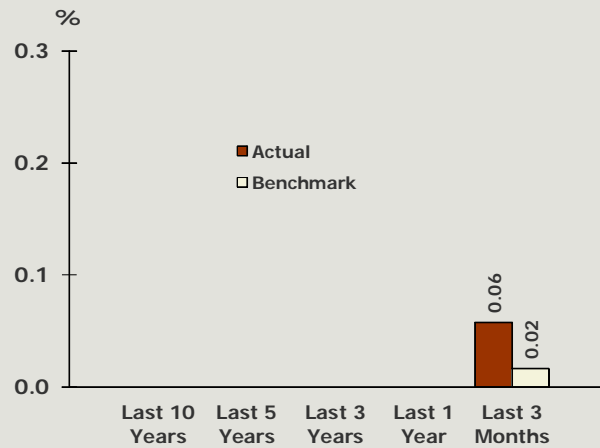


Net Asset Values

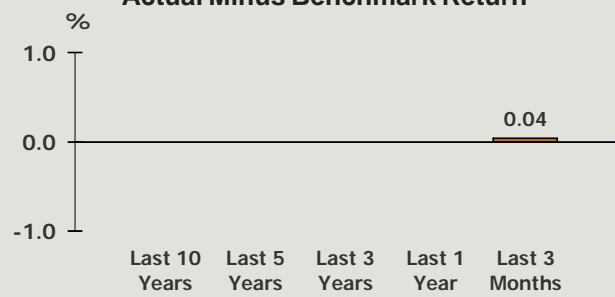


2013A NOTE PROCEEDS

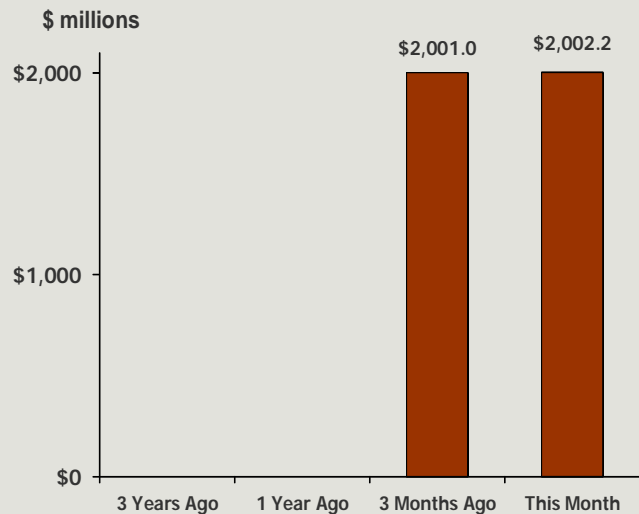
Actual and Benchmark Returns



Actual Minus Benchmark Return



Net Asset Values



SBA SECURITIES LENDING*

This is a summary of earnings from the SBA's third-party agent security lending programs. Additional lending activity that occurs in commingled vehicles is not reflected. The SBA lends securities and receives cash and securities as collateral. The cash is reinvested. Earnings on the investments, net of broker rebates, are split between the lending agent and the SBA. When security loans mature and the borrowed securities are returned to the SBA, the cash and securities received as collateral are returned to the borrower. The SBA conducted a review of its securities lending program in 2009 and lowered the level of risk in the collateral reinvestment portfolios. This led to the phasing in of low-risk reinvestment vehicles such as overnight repurchase agreements (repos). As of January 31, 2014, the SBA had 84.0 percent of its reinvested collateral for the FRS Pension Plan in repos. Also, as of January 31, 2014, there is an unrealized loss of \$61,506,741 in the FRS Pension Plan's collateral reinvestment portfolio, a \$13,532 unrealized loss in the Lawton Chiles Endowment Fund's collateral reinvestment portfolio, and one of \$28,025 in the Florida Lottery's collateral reinvestment portfolio.

| FRS Pension Plan | | | | | |
|-------------------------------------|---------------------|-----------------------|-----------------------------------|---------------------|-----------------------|
| Net Income | | | Returns (annualized basis points) | | |
| January 2014 | Fiscal Year to Date | Calendar Year to Date | January 2014 | Fiscal Year to Date | Calendar Year to Date |
| \$2,858,005 | \$20,785,118 | \$2,858,005 | 82 | 80 | 84 |
| Lawton Chiles Endowment Fund | | | | | |
| Net Income | | | Returns (annualized basis points) | | |
| January 2014 | Fiscal Year to Date | Calendar Year to Date | January 2014 | Fiscal Year to Date | Calendar Year to Date |
| \$18,301 | \$87,269 | \$18,301 | 58 | 61 | 59 |
| Florida Lottery | | | | | |
| Net Income | | | Returns (annualized basis points) | | |
| January 2014 | Fiscal Year to Date | Calendar Year to Date | January 2014 | Fiscal Year to Date | Calendar Year to Date |
| \$99,444 | \$591,199 | \$99,444 | 31 | 26 | 32 |

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

SUMMARY OF SBA MANDATES

| FLORIDA RETIREMENT SYSTEM (IN THOUSANDS) | January 31, 2014 MARKET VALUE | December 31, 2013 MARKET VALUE |
|--|----------------------------------|-----------------------------------|
| FRS PENSION PLAN ASSET CLASSES | | |
| GLOBAL EQUITY | \$83,998,480 | \$87,596,908 |
| FIXED INCOME | \$29,625,012 | \$29,281,719 |
| REAL ESTATE | \$10,467,713 | \$10,322,765 |
| PRIVATE EQUITY | \$7,067,496 | \$7,098,012 |
| STRATEGIC INVESTMENTS | \$7,860,021 | \$7,657,056 |
| CASH | \$1,500,009 | \$1,830,398 |
| TOTAL FRS PENSION PLAN | \$140,518,731 | \$143,786,858 |
| TOTAL FRS INVESTMENT PLAN | \$8,403,857 | \$8,584,512 |
| LAWTON CHILES ENDOWMENT FUND (IN THOUSANDS) | | |
| LCEF ASSET CLASSES | | |
| GLOBAL EQUITY | \$419,230 | \$439,175 |
| FIXED INCOME | \$87,258 | \$83,526 |
| TIPS | \$55,673 | \$52,708 |
| CASH | \$13,711 | \$13,705 |
| TOTAL | \$575,872 | \$589,114 |
| OTHER FUNDS (IN THOUSANDS) | | |
| DEBT SERVICE NONESCROW | \$844,822 | \$787,045 |
| DEBT SERVICE ESCROW | \$917,428 | \$935,352 |
| GAS TAX | \$1,662 | \$2,180 |
| RETIREE HEALTH INSURANCE SUBSIDY | \$83,136 | \$87,807 |
| POLICE AND FIREFIGHTERS | \$109,424 | \$112,779 |
| FLORIDA ENDOWMENT FOR VOCATIONAL REHAB. | \$19 | \$19 |
| FLORIDA PRIME | \$8,579,418 | \$8,540,313 |
| Less Florida PRIME holdings in SBA funds | (\$367,761) | (\$341,933) |
| FUND B SURPLUS FUNDS TRUST FUND | \$112,637 | \$114,624 |
| DEPARTMENT OF THE LOTTERY | \$481,102 | \$468,618 |
| SBA ADMINISTRATIVE EXPENSE | \$37,528 | \$37,136 |
| PEORP ADMINISTRATIVE TRUST FUND | \$36,401 | \$35,870 |
| FLORIDA HURRICANE CATASTROPHE FUND | \$9,717,600 | \$9,720,300 |
| STATE BOARD OF ADMINISTRATION FINANCE CORPORATION* | \$3,150,656 | \$3,181,231 |
| FLORIDA PREPAID COLLEGE PROGRAM | \$236,435 | \$246,361 |
| BOND PROCEEDS | \$8,295 | \$0 |
| ARBITRAGE COMPLIANCE | \$2,667 | \$2,689 |
| REVENUE BOND FEE | \$6,011 | \$6,251 |
| INLAND PROTECTION FINANCING CORPORATION | \$2 | \$2 |
| BLIND SERVICES | \$4,504 | \$4,547 |
| MCKNIGHT EDUCATION FUND | \$1,505 | \$1,552 |
| SCRIPPS | \$0 | \$0 |
| FSU RESEARCH FOUNDATION | \$105 | \$105 |
| ICB PROGRAM | \$2,220 | \$5,930 |
| BURNHAM INSTITUTE | \$18,227 | \$18,221 |
| TORREY PINES INSTITUTE | \$3,551 | \$4,783 |
| PINELLAS SUN COAST TRANSIT AUTHORITY | \$16 | \$16 |
| SRI INTERNATIONAL | \$329 | \$328 |
| UNIVERSITY OF MIAMI | \$20,864 | \$20,862 |
| MAX PLANCK | \$3,390 | \$3,390 |
| OREGON HEALTH AND SCIENCE | \$2,573 | \$2,572 |
| CHARLES STARK DRAPER LABORATORY | \$1,112 | \$1,112 |
| PAYING BANK RECALLS | \$0 | \$0 |
| OTHER FUNDS TOTAL | \$24,015,878 | \$24,000,060 |
| ALL FUNDS | \$173,514,337 | \$176,960,544 |

* Formerly the Florida Hurricane Catastrophe Finance Corporation.

State Board of Administration
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