



MONTHLY PERFORMANCE REPORT TO THE TRUSTEES

*Performance Through
January, 201*



STATE BOARD OF ADMINISTRATION
OF FLORIDA

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GOVERNOR
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: April 4, 2014

Subject: Monthly Performance Report as of February 28, 2014

After falling in January, equity markets rebounded strongly in February as a custom version of the MSCI All Country World Investable Market Index rose 4.88 percent. Bond markets posted a second consecutive positive month with the Barclays U.S. Intermediate Aggregate Index returning 0.37 percent.

For the 12 months ending February 28, 2014, performance for the SBA's three multi-asset class mandates was as follows.

	Actual Return	Benchmark Return	Actual Minus Benchmark
FRS Pension Plan	14.38%	13.62%	0.76%
FRS Investment Plan	13.81%	12.87%	0.94%
Lawton Chiles Endowment	13.40%	12.38%	1.02%

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 February 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 February 28, 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. I am also enclosing the Major Mandate Review for the fourth quarter of 2013, which was prepared by our general consultant, Hewitt EnnisKnupp.

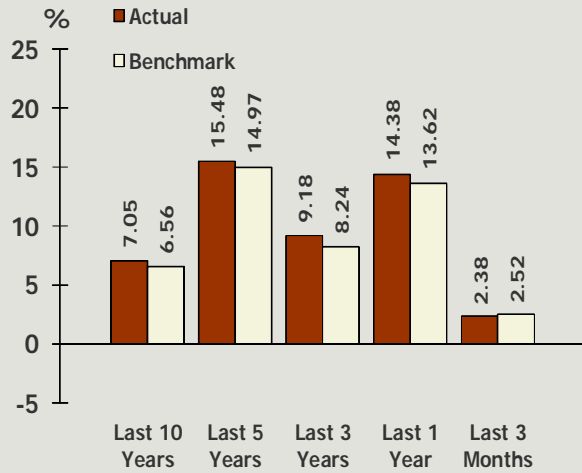
If you have any questions or need additional information, please contact me.

AW/bm

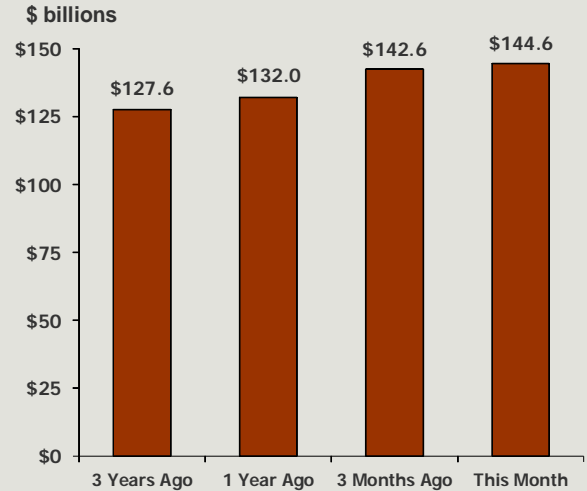
cc: IAC Members
Karl Rasmussen
Robert Tornillo
Rob Johnson

FLORIDA RETIREMENT SYSTEM PENSION PLAN

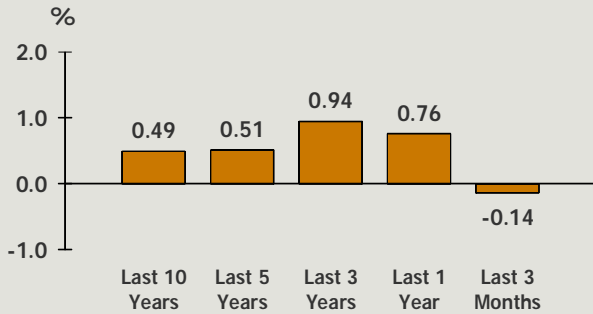
Actual and Benchmark Returns



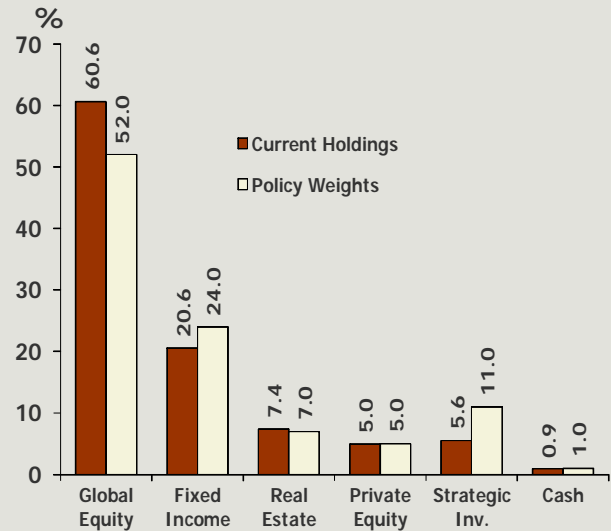
Net Asset Values



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%	59.4%	60.6%
Fixed Income	16%	32%	20.6%	21.4%
Real Estate	2%	12%	7.4%	7.5%
Private Equity	0%	7%	4.9%	5.1%
Strategic Investments	0%	20%	5.5%	5.6%
Cash	0%	9%	0.9%	1.4%

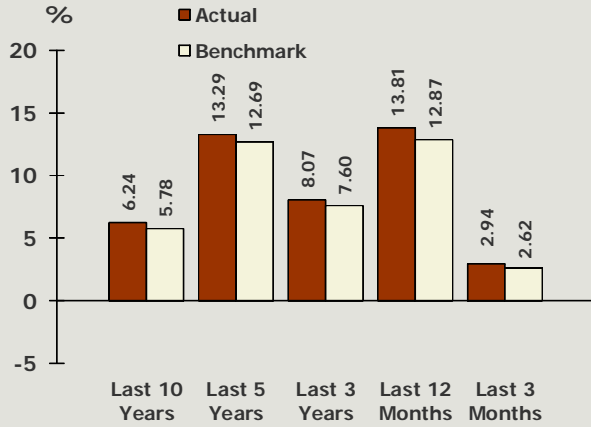
FRS Pension Plan Net Returns by Asset Class

	PAST 3 MONTHS			PAST 12 MONTHS		
	ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK	ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK
TOTAL FRS Pension Plan*	2.38%	2.52%	-0.14%	14.38%	13.62%	0.76%
Asset Allocation	2.54%	2.52%	0.01%	13.98%	13.62%	0.36%
Global Equity	2.85%	2.81%	0.04%	20.19%	19.15%	1.05%
Fixed Income	0.99%	0.93%	0.06%	-0.07%	-0.38%	0.30%

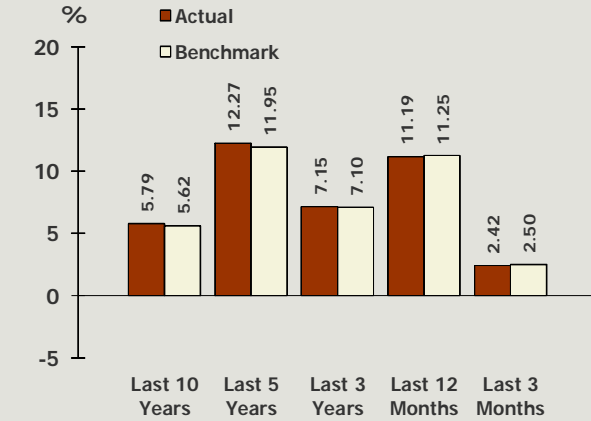
* Includes returns of private market asset classes and cash in addition to listed asset classes. Strategic Investments, Private Equity and Real Estate include assets whose valuations are subject to significant delays relative to the reporting period.

FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN

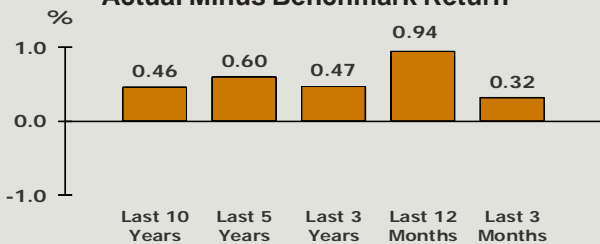
TOTAL PLAN Actual and Benchmark Returns



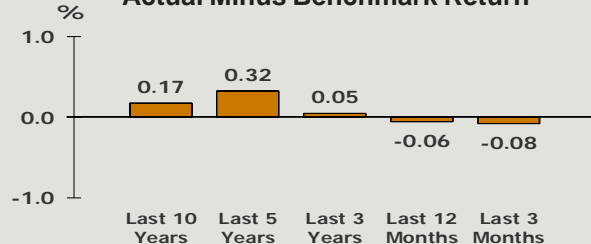
BALANCED FUNDS Actual and Benchmark Returns



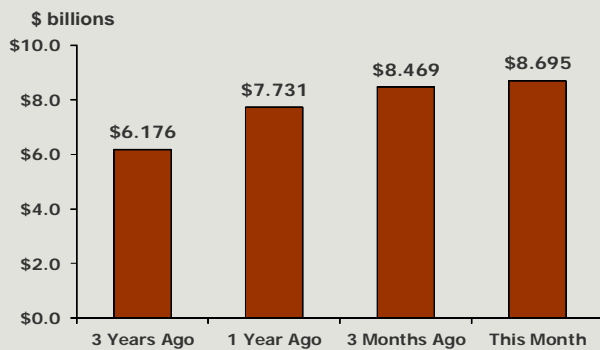
Actual Minus Benchmark Return



Actual Minus Benchmark Return



Total Plan Net Asset Values



FRS Elections

	Defaults to Pension Plan		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*	20,115	58.1%	5,708	16.5%	8,772	25.4%	34,595
Total	108,834	55.3%	37,229	18.9%	50,635	25.8%	196,698
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*			369	9.5%	3,532	90.5%	3,901
Total			1,937	6.4%	28,466	93.6%	30,403

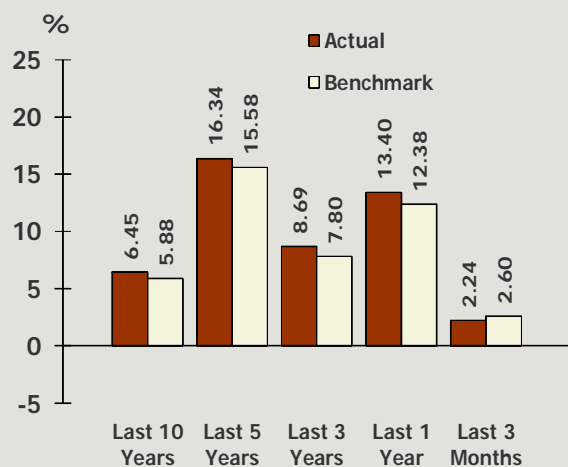
* Percentages are shares of FY Totals as of 2/28/2014.

FRS Investment Plan Asset Allocation and Net Returns by Asset Type

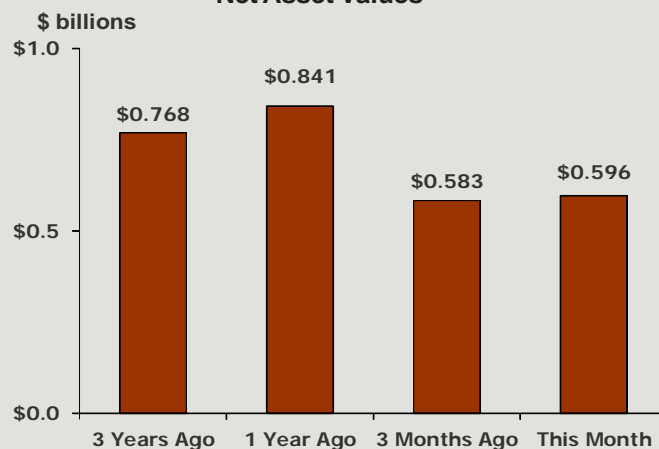
	PERCENT ALLOCATION	PAST 3 MONTHS			PAST 12 MONTHS		
		ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK	ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK
TOTAL FRS Investment Plan	100.0%	2.94%	2.62%	0.32%	13.81%	12.87%	0.94%
Domestic Equity	43.2%	4.81%	4.25%	0.56%	28.95%	27.19%	1.75%
Foreign Equity	17.2%	2.99%	2.46%	0.53%	19.35%	17.24%	2.12%
Fixed Income	24.1%	1.44%	1.47%	-0.03%	0.76%	0.77%	-0.01%
TIPS	2.7%	0.91%	0.93%	-0.02%	-5.70%	-5.78%	0.08%
Money Market Funds	12.8%	0.04%	0.01%	0.04%	0.23%	0.03%	0.20%

LAWTON CHILES ENDOWMENT FUND

Actual and Benchmark Returns

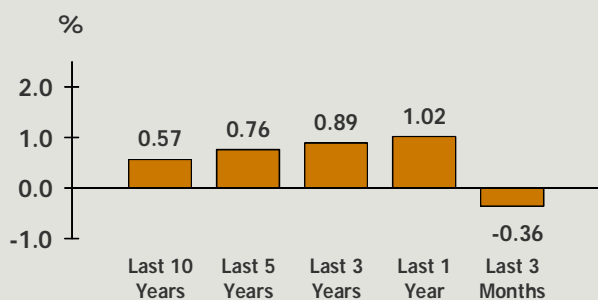


Net Asset Values*

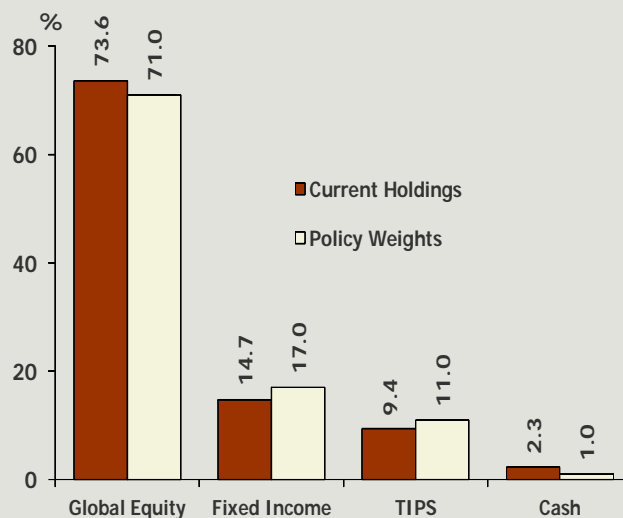


* On June 14, 2013, a \$350 million extraordinary payout from the endowment occurred accounting for the large difference in net asset value between 1 year ago and this month.

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%	72.5%	73.6%
Fixed Income	12.0%	22.0%	14.7%	15.4%
TIPS	6.0%	16.0%	9.3%	9.7%
Cash	0.0%	10.0%	2.3%	2.4%

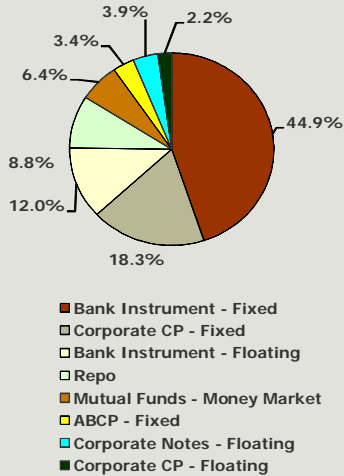
Chiles Endowment Net Returns by Asset Class

	PAST 3 MONTHS			PAST 12 MONTHS		
	ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK	ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK
TOTAL LCEF	2.24%	2.60%	-0.36%	13.40%	12.38%	1.02%
Asset Allocation	2.58%	2.60%	-0.02%	12.79%	12.38%	0.41%
Global Equity	2.65%	3.09%	-0.45%	21.19%	19.93%	1.26%
Fixed Income	1.41%	1.44%	-0.03%	0.13%	0.15%	-0.03%
TIPS	0.79%	0.93%	-0.14%	-5.83%	-5.78%	-0.05%
Cash	0.05%	0.01%	0.04%	0.20%	0.05%	0.15%

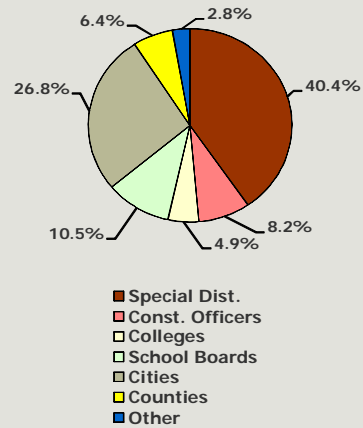
FLORIDA PRIME AND FUND B

Florida PRIME had 850 participants at the end of February 2014 and a balance of \$8.34 billion. Fund B Surplus Funds Trust Fund (Fund B) had a balance of \$109.9 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 February 28, 2014, Florida PRIME returned 0.18 percent and beat its performance benchmark by 13 basis points. Through February 2014, \$1.92 billion, or 95.6 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

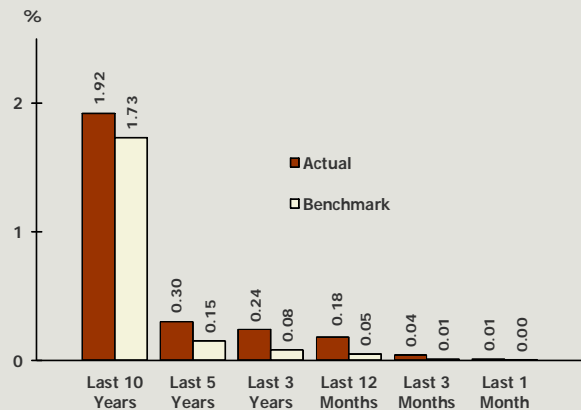


Florida PRIME Final Maturity Schedule

Month	Percent of Assets	Cumulative percent
Mar-14	50.5%	50.5%
Apr-14	13.2%	63.7%
May-14	5.9%	69.6%
Jun-14	14.5%	84.1%
Jul-14	2.1%	86.2%
Aug-14	4.8%	90.9%
Sep-14	1.0%	91.9%
Nov-14	0.1%	92.0%
Dec-14	1.2%	93.2%
Jan-15	1.7%	94.9%
Feb-15	0.9%	95.8%
Mar-15	1.5%	97.3%
Apr-15	2.1%	99.4%
*Other	0.6%	100.0%

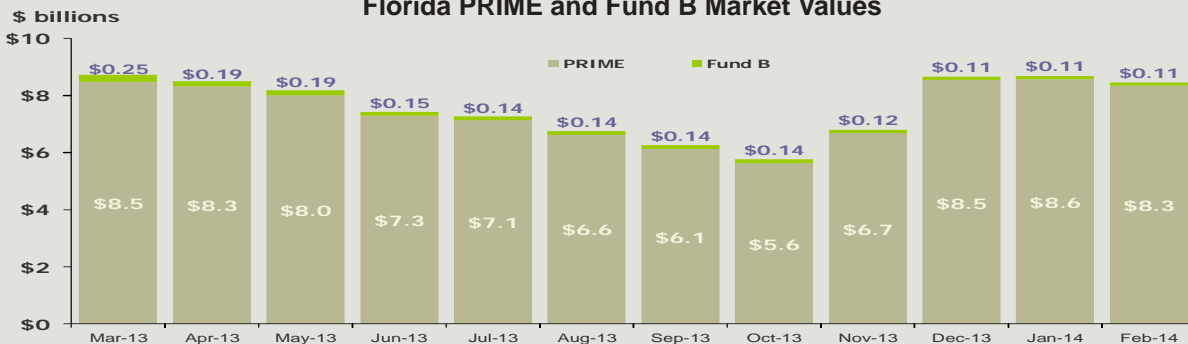
* Variable-rate notes with long-term final maturities, but frequent rate resets.

Florida PRIME Actual* and Benchmark Returns



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

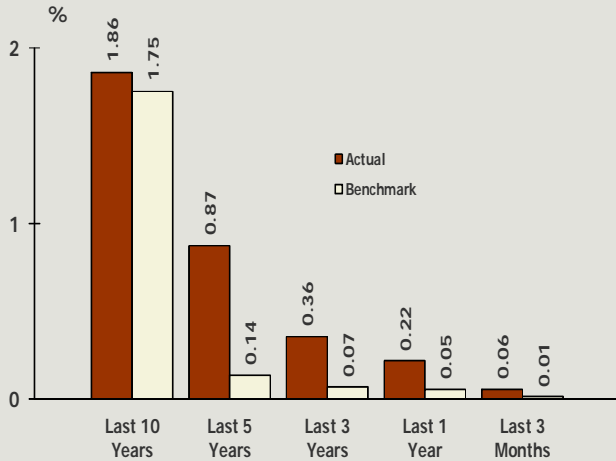
Florida PRIME and Fund B Market Values



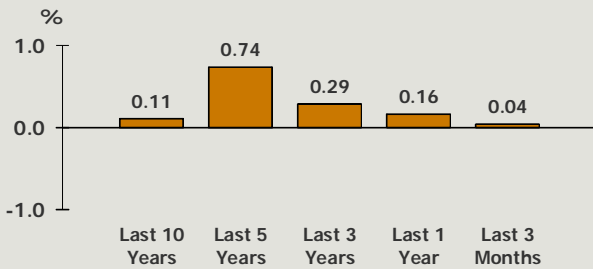
FLORIDA HURRICANE CATASTROPHE FUND

OPERATING FUND

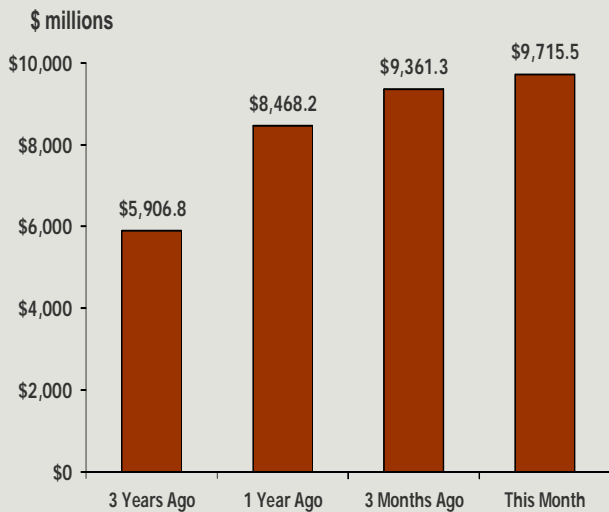
Actual and Benchmark Returns



Actual Minus Benchmark Return

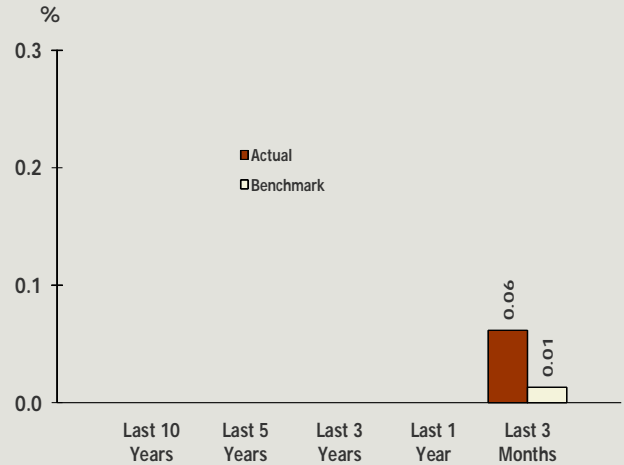


Net Asset Values



2013A NOTE PROCEEDS

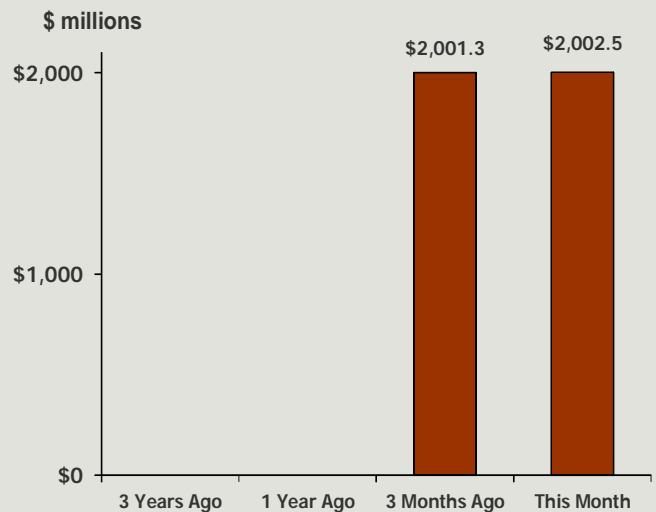
Actual and Benchmark Returns



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 February 28, 2014, the SBA had 85.1 percent of its reinvested collateral for the FRS Pension Plan in repos. Also, as of February 28, 2014, there is an unrealized loss of \$60,846,617 in the FRS Pension Plan's collateral reinvestment portfolio, a \$13,857 unrealized loss in the Lawton Chiles Endowment Fund's collateral reinvestment portfolio, and one of \$77,027 in the Florida Lottery's collateral reinvestment portfolio.

FRS Pension Plan					
Net Income			Returns (annualized basis points)		
February 2014	Fiscal Year to Date	Calendar Year to Date	February 2014	Fiscal Year to Date	Calendar Year to Date
\$2,849,173	\$23,634,291	\$5,707,179	79	79	78
Lawton Chiles Endowment Fund					
Net Income			Returns (annualized basis points)		
February 2014	Fiscal Year to Date	Calendar Year to Date	February 2014	Fiscal Year to Date	Calendar Year to Date
\$13,753	\$101,022	\$32,054	48	58	51
Florida Lottery					
Net Income			Returns (annualized basis points)		
February 2014	Fiscal Year to Date	Calendar Year to Date	February 2014	Fiscal Year to Date	Calendar Year to Date
\$81,019	\$672,218	\$180,462	28	26	29

* 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 reflected in the FRS Pension Plan's and the Lawton Chiles Endowment Fund's investment performance results.

SUMMARY OF SBA MANDATES

FLORIDA RETIREMENT SYSTEM (INTHOUSANDS)	February 28, 2014 MARKET VALUE	January 31, 2014 MARKET VALUE
FRS PENSION PLAN ASSET CLASSES		
GLOBAL EQUITY	\$87,612,177	\$83,998,480
FIXED INCOME	\$29,738,766	\$29,625,012
REAL ESTATE	\$10,676,220	\$10,467,713
PRIVATE EQUITY	\$7,170,314	\$7,067,496
STRATEGIC INVESTMENTS	\$8,033,445	\$7,860,021
CASH	\$1,338,720	\$1,500,009
TOTAL FRS PENSION PLAN	\$144,569,642	\$140,518,731
TOTAL FRS INVESTMENT PLAN	\$8,694,952	\$8,403,857
LAWTON CHILES ENDOWMENT FUND (INTHOUSANDS)		
LCEF ASSET CLASSES		
GLOBAL EQUITY	\$438,663	\$419,230
FIXED INCOME	\$87,738	\$87,258
TIPS	\$55,900	\$55,673
CASH	\$13,712	\$13,711
TOTAL	\$596,014	\$575,872
OTHER FUNDS (INTHOUSANDS)		
DEBT SERVICE NONESCROW	\$944,092	\$844,822
DEBT SERVICE ESCROW	\$1,031,489	\$917,428
GAS TAX	\$0	\$1,662
RETIREE HEALTH INSURANCE SUBSIDY	\$80,575	\$83,136
POLICE AND FIREFIGHTERS	\$109,449	\$109,424
FLORIDA ENDOWMENT FOR VOCATIONAL REHAB.	\$19	\$19
FLORIDA PRIME	\$8,341,594	\$8,579,418
Less Florida PRIME holdings in SBA funds	(\$329,710)	(\$367,761)
FUND B SURPLUS FUNDS TRUST FUND	\$109,876	\$112,637
DEPARTMENT OF THE LOTTERY	\$460,577	\$481,102
SBA ADMINISTRATIVE EXPENSE	\$38,022	\$37,528
PEORP ADMINISTRATIVE TRUST FUND	\$34,184	\$36,401
FLORIDA HURRICANE CATASTROPHE FUND	\$9,715,460	\$9,717,600
STATE BOARD OF ADMINISTRATION FINANCE CORPORATION*	\$3,241,036	\$3,150,656
FLORIDA PREPAID COLLEGE PROGRAM	\$246,010	\$236,435
BOND PROCEEDS	\$3,767	\$8,295
ARBITRAGE COMPLIANCE	\$2,711	\$2,667
REVENUE BOND FEE	\$6,477	\$6,011
INLAND PROTECTION FINANCING CORPORATION	\$2	\$2
BLIND SERVICES	\$4,623	\$4,504
MCKNIGHT EDUCATION FUND	\$1,573	\$1,505
SCRIPPS	\$0	\$0
FSU RESEARCH FOUNDATION	\$104	\$105
ICB PROGRAM	\$2,223	\$2,220
BURNHAM INSTITUTE	\$18,230	\$18,227
TORREY PINES INSTITUTE	\$3,553	\$3,551
PINELLAS SUN COAST TRANSIT AUTHORITY	\$16	\$16
SRI INTERNATIONAL	\$329	\$329
UNIVERSITY OF MIAMI	\$20,867	\$20,864
MAX PLANCK	\$3,391	\$3,390
OREGON HEALTH AND SCIENCE	\$2,573	\$2,573
CHARLES STARK DRAPER LABORATORY	\$1,112	\$1,112
PAYING BANK RECALLS	\$0	\$0
OTHER FUNDS TOTAL	\$24,094,220	\$24,015,878
ALL FUNDS	\$177,954,828	\$173,514,337

* Formerly the Florida Hurricane Catastrophe Finance Corporation.

State Board of Administration
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