



Monthly Performance Report to the Trustees

*Performance Through
May 31, 2014*

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STATE BOARD OF ADMINISTRATION
OF FLORIDA

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AS CHAIRMAN


JEFF ATWATER
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ATTORNEY GENERAL

ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO

MEMORANDUM

TO: Members, State Board of Administration
Governor Rick Scott
Chief Financial Officer Jeff Atwater
Attorney General Pam Bondi

FROM: Ash Williams 

DATE: July 14, 2014

SUBJECT: Monthly Performance Report as of May 31, 2014

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

	Actual Return	Benchmark Return	Actual Over (Under) Bmk.
FRS Pension Plan	13.50%	12.85%	0.65%
FRS Investment Plan	11.84%	11.40%	0.45%
Lawton Chiles Endowment	15.74%	13.87%	1.87%

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 May 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 May 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.

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

AW/jk

cc: IAC Members
Karl Rasmussen
Robert Tornillo
Rob Johnson

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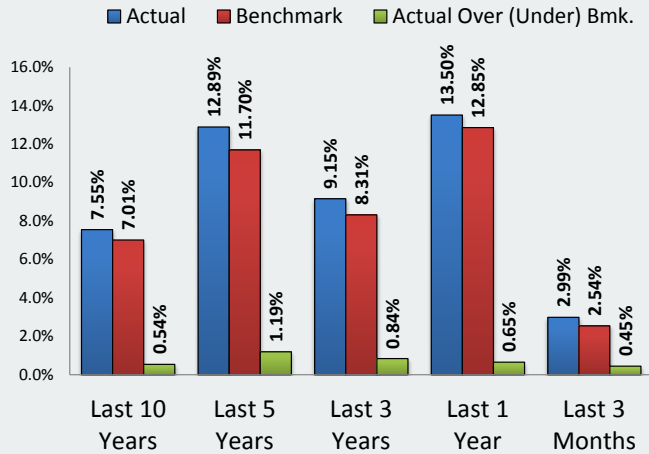
SUMMARY OF SBA MANDATES

FLORIDA RETIREMENT SYSTEM (IN THOUSANDS)	May 31, 2014 MARKET VALUE	April 30, 2014 MARKET VALUE
FRS PENSION PLAN ASSET CLASSES		
GLOBAL EQUITY	\$88,803,051	\$87,396,748
FIXED INCOME	\$30,047,226	\$29,794,839
REAL ESTATE	\$11,270,558	\$11,164,363
PRIVATE EQUITY	\$7,917,944	\$7,596,160
STRATEGIC INVESTMENTS	\$8,020,753	\$7,845,973
CASH	\$1,422,524	\$1,655,699
TOTAL FRS PENSION PLAN	\$147,482,057	\$145,453,783
TOTAL FRS INVESTMENT PLAN	\$8,763,620	\$8,663,775
LAWTON CHILES ENDOWMENT FUND (IN THOUSANDS)		
LCEF ASSET CLASSES		
GLOBAL EQUITY	\$453,657	\$445,356
FIXED INCOME	\$91,614	\$90,597
TIPS	\$59,258	\$58,029
CASH	\$13,680	\$13,692
TOTAL	\$618,209	\$607,674
OTHER FUNDS (IN THOUSANDS)		
DEBT SERVICE NONESCROW	\$1,211,585	\$1,095,995
DEBT SERVICE ESCROW	\$932,059	\$1,377,660
GAS TAX	\$0	\$2,007
RETIREE HEALTH INSURANCE SUBSIDY	\$64,906	\$70,769
POLICE AND FIREFIGHTERS	\$188,401	\$149,525
FLORIDA ENDOWMENT FOR VOCATIONAL REHAB.	\$6	\$10
FLORIDA PRIME	\$7,537,046	\$7,900,177
Less Florida PRIME holdings in SBA funds	(\$396,350)	(\$371,713)
FUND B SURPLUS FUNDS TRUST FUND	\$81,192	\$106,923
DEPARTMENT OF THE LOTTERY	\$442,453	\$464,736
SBA ADMINISTRATIVE EXPENSE	\$39,663	\$41,994
PEORP ADMINISTRATIVE TRUST FUND	\$34,439	\$34,077
FLORIDA HURRICANE CATASTROPHE FUND	\$9,718,405	\$9,717,116
STATE BOARD OF ADMINISTRATION FINANCE CORPORATION*	\$3,360,648	\$3,260,684
FLORIDA PREPAID COLLEGE PROGRAM	\$259,782	\$261,135
BOND PROCEEDS	\$1,409	\$498
ARBITRAGE COMPLIANCE	\$2,694	\$2,703
REVENUE BOND FEE	\$6,487	\$6,554
INLAND PROTECTION FINANCING CORPORATION	\$1	\$1
BLIND SERVICES	\$4,727	\$4,651
MCKNIGHT EDUCATION FUND	\$1,616	\$1,583
FSU RESEARCH FOUNDATION	\$33	\$59
ICB PROGRAM	\$2,169	\$2,208
BURNHAM INSTITUTE	\$18,251	\$18,251
TORREY PINES INSTITUTE	\$3,558	\$3,556
PINELLAS SUN COAST TRANSIT AUTHORITY	\$5	\$9
SRI INTERNATIONAL	\$330	\$330
UNIVERSITY OF MIAMI	\$20,875	\$20,872
MAX PLANCK	\$3,392	\$3,391
OREGON HEALTH AND SCIENCE	\$2,573	\$2,573
CHARLES STARK DRAPER LABORATORY	\$1,112	\$1,112
PAYING BANK RECALLS	\$0	\$0
OTHER FUNDS TOTAL	\$23,543,467	\$24,179,448
ALL FUNDS	\$180,407,353	\$178,904,680

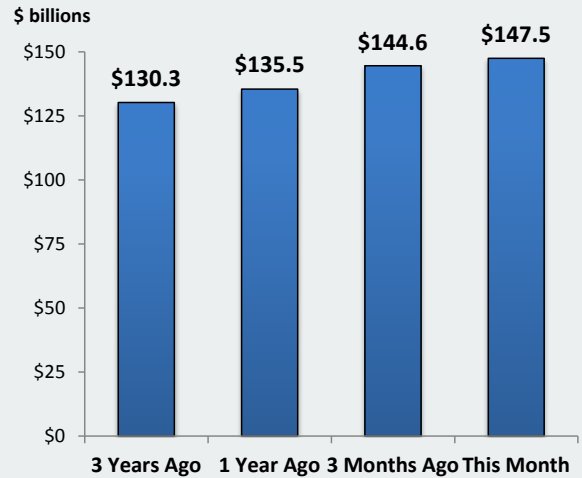
* Formerly the Florida Hurricane Catastrophe Finance Corporation.

FLORIDA RETIREMENT SYSTEM PENSION PLAN

Actual Returns, Benchmark Returns, and Value Added



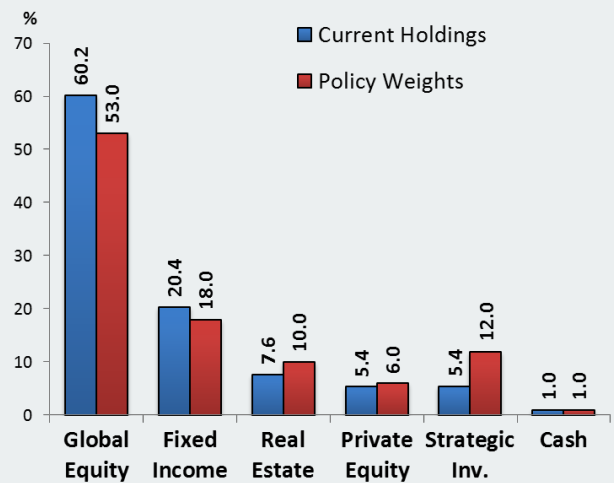
Net Asset Values



Monthly Movement in Asset Allocation Mix

Asset Class	Policy Range		Actual Range	
	Low	High	Low	High
Global Equity	44%	65%	59.6%	60.4%
Fixed Income	16%	32%	20.4%	20.6%
Real Estate	2%	12%	7.6%	7.7%
Private Equity	0%	7%	5.1%	5.4%
Strategic Investments	0%	20%	5.3%	5.4%
Cash	0%	9%	1.0%	1.4%

Asset Allocation

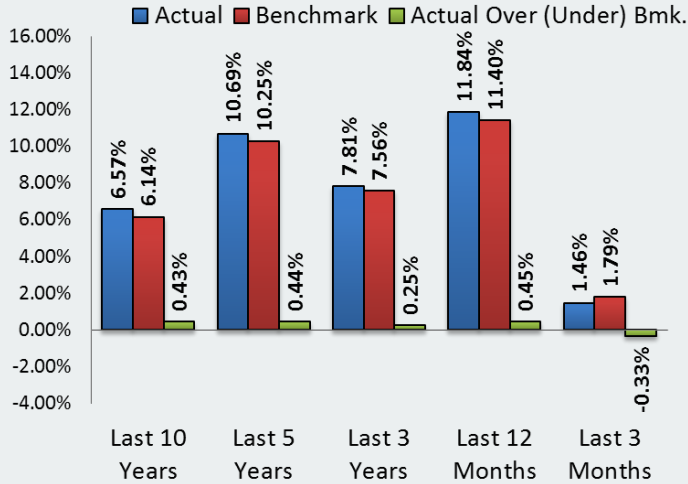


FRS Pension Plan Net Returns by Asset Class

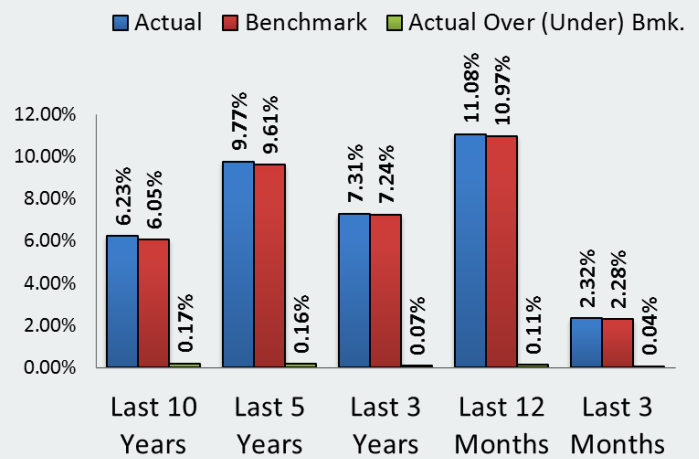
	PAST 3 MONTHS			PAST 12 MONTHS		
	ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK	ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK
TOTAL FRS Pension Plan*	2.99%	2.54%	0.45%	13.50%	12.85%	0.65%
Asset Allocation	2.53%	2.54%	-0.01%	13.11%	12.85%	0.26%
Global Equity	2.99%	3.01%	-0.02%	17.68%	17.30%	0.37%
Fixed Income	1.34%	1.27%	0.07%	1.98%	1.61%	0.37%

FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN

TOTAL PLAN Actual Return, Benchmark Returns, and Value Added



BALANCED FUNDS Actual Return, Benchmark Returns, and Value Added



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	22.6%	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*	28,321	58.8%	7,831	16.2%	12,056	25.0%	48,208
Total	117,040	55.7%	39,352	18.7%	53,919	25.6%	210,311
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*			542	9.4%	5,230	90.6%	5,772
Total			2,110	6.5%	30,164	93.5%	32,274

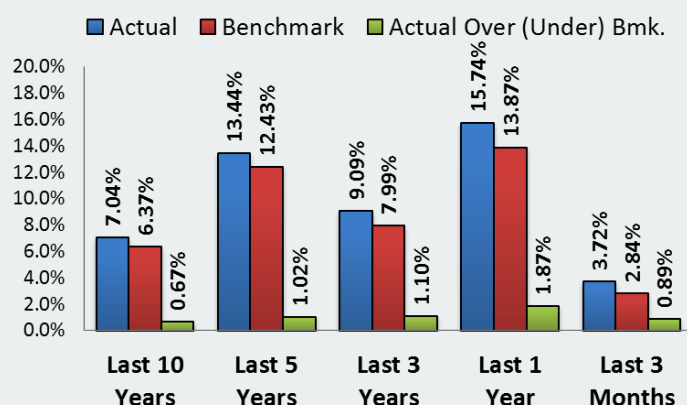
* Percentages are shares of FY Totals as of 5/31/2014.

FRS Investment Plan Asset Allocation and Net Returns by Asset Type

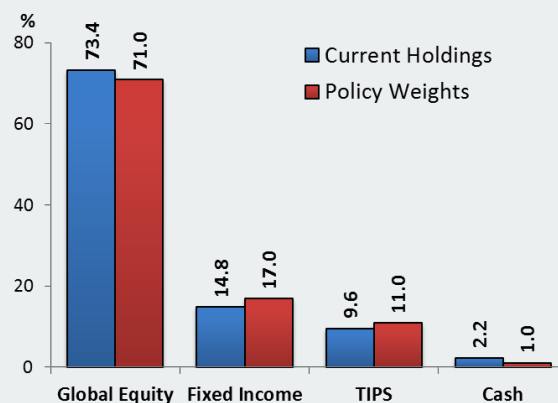
	PERCENT ALLOCATION	PAST 3 MONTHS			PAST 12 MONTHS		
		ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK	ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK
TOTAL FRS Investment Plan	100.0%	1.46%	1.79%	-0.33%	11.84%	11.40%	0.45%
Domestic Equity	43.1%	1.35%	1.80%	-0.45%	20.62%	19.83%	0.79%
Foreign Equity	17.4%	2.30%	2.97%	-0.67%	18.40%	17.12%	1.28%
Fixed Income	24.4%	1.62%	1.71%	-0.09%	2.86%	2.98%	-0.12%
TIPS	2.8%	3.07%	3.01%	0.07%	0.57%	0.40%	0.18%
Money Market Funds	12.3%	0.04%	0.01%	0.04%	0.20%	0.02%	0.18%

LAWTON CHILES ENDOWMENT FUND

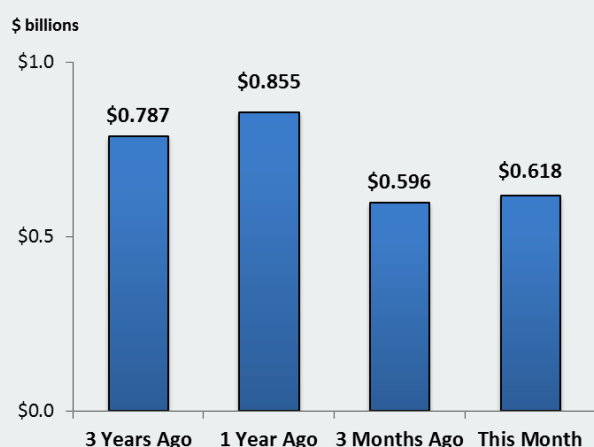
Actual Returns, Benchmark Returns, and Value Added



Asset Allocation



Net Asset Values*



Monthly Movement in Asset Allocation Mix

Asset Class	Policy Range		Actual Range	
	Low	High	Low	High
Global Equity	61.0%	81.0%	73.1%	73.4%
Fixed Income	12.0%	22.0%	14.8%	15.0%
TIPS	6.0%	16.0%	9.5%	9.7%
Cash	0.0%	10.0%	2.2%	2.3%

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

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	3.72%	2.84%	0.89%	15.74%	13.87%	1.87%
Asset Allocation	2.83%	2.84%	-0.01%	14.27%	13.87%	0.41%
Global Equity	4.32%	2.92%	1.40%	20.69%	17.84%	2.84%
Fixed Income	1.74%	1.82%	-0.08%	2.50%	2.71%	-0.20%
TIPS	3.03%	3.01%	0.02%	0.19%	0.40%	-0.21%
Cash	0.05%	0.01%	0.04%	0.19%	0.05%	0.14%

FLORIDA PRIME AND FUND B

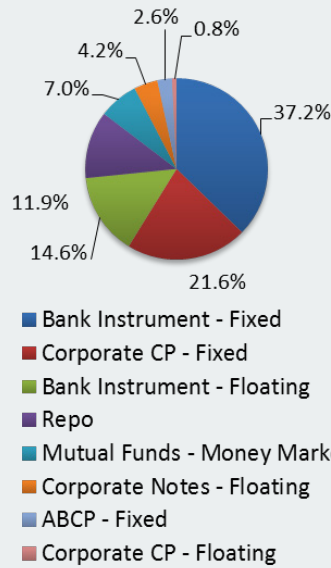
Florida PRIME had 855 participants at the end of May 2014 and a balance of \$7.54 billion. Fund B Surplus Funds Trust Fund (Fund B) had a current estimated liquidation (market) value of \$81.2 million. During the month, Florida PRIME earned a return of 0.01 percent, beating its benchmark (the S&P AAA/AA Rated GIP All 30-day Net index) by 1 basis point. Over the 12-month period ending May 31, 2014, Florida PRIME returned 0.17 percent and beat its performance benchmark by 12 basis points. Through May 2014, \$1.953 billion, or 97.2 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 Final Maturity Schedule

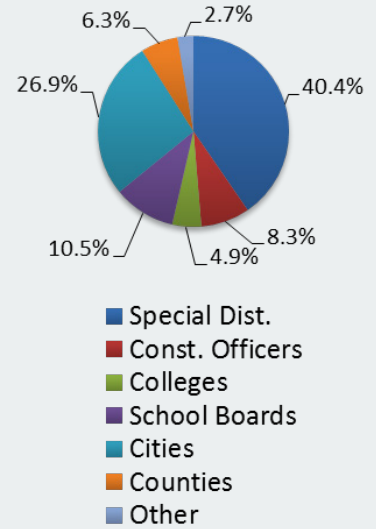
Month	Percent of Assets	Cumulative percent
Jun-14	57.7%	57.7%
Jul-14	14.1%	71.9%
Aug-14	5.0%	76.9%
Sep-14	2.7%	79.6%
Oct-14	4.2%	83.8%
Nov-14	4.0%	87.8%
Dec-14	1.6%	89.4%
Jan-15	1.9%	91.2%
Feb-15	1.0%	92.2%
Mar-15	2.0%	94.2%
Apr-15	0.8%	95.0%
May-15	0.7%	95.7%
Jun-15	3.7%	99.4%
*Other	0.6%	100.0%

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

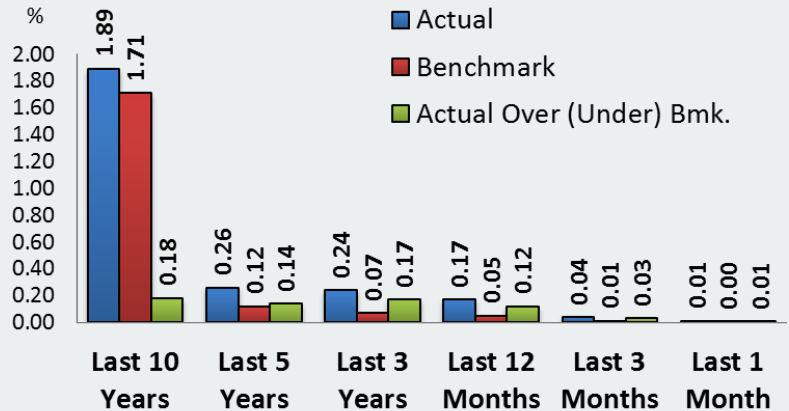
Florida PRIME Assets by Type



Florida PRIME Participants by Type

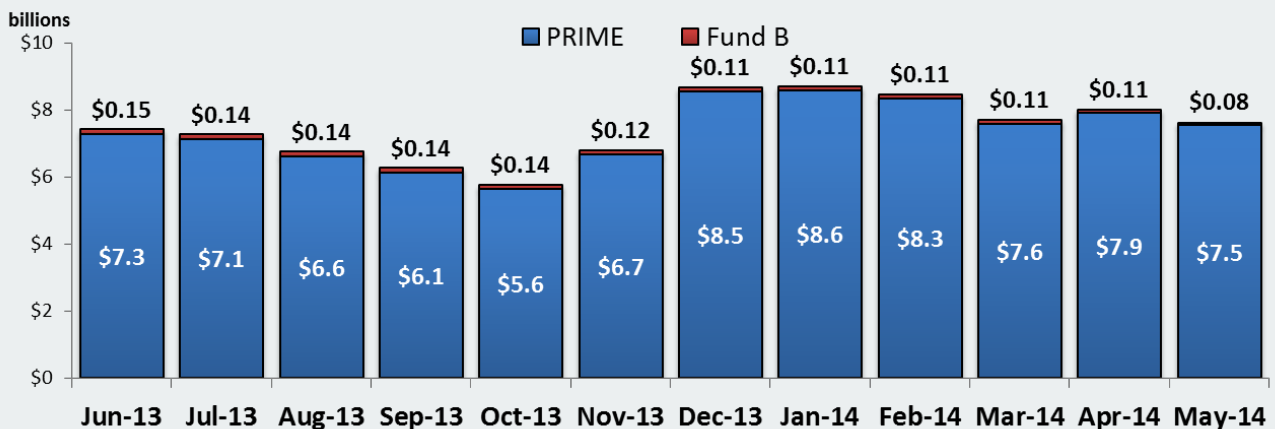


Florida PRIME Actual Returns* and Benchmark Returns



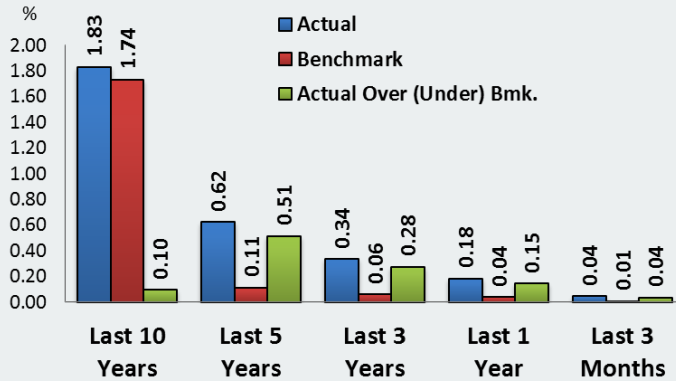
* Return calculated pursuant to Chapter 19-7.011, Florida Administrative Code.

Florida PRIME and Fund B Market Values

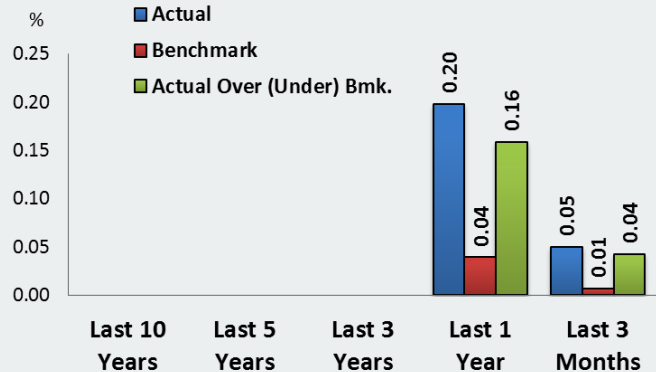


FLORIDA HURRICANE CATASTROPHE FUND

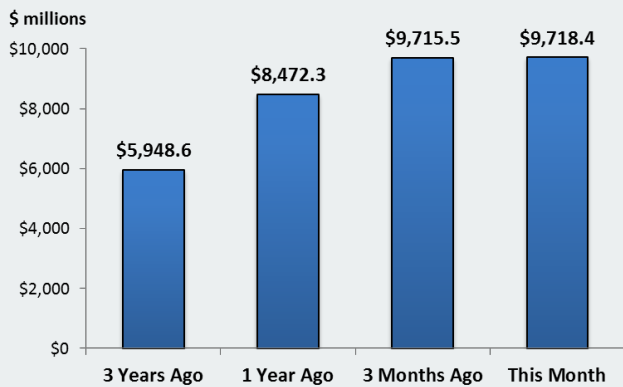
OPERATING FUND
Actual Returns, Benchmark Returns,
and Value Added



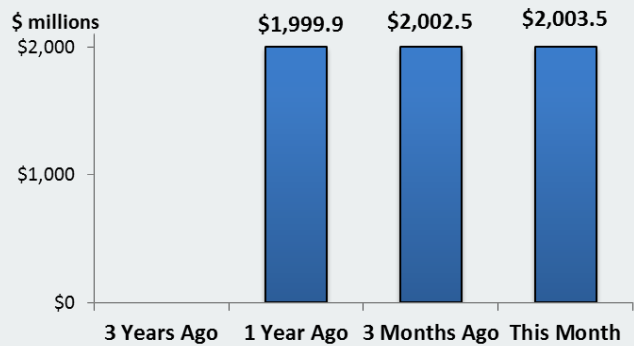
2013A NOTE PROCEEDS
Actual Returns, Benchmark Returns,
and Value Added



OPERATING FUND
Net Asset Values



2013A NOTE PROCEEDS
Net Asset Values



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