



**Agenda
Investment Advisory Council (IAC)**

Monday, December 15, 2025, 11:00 A.M.*

**Hermitage Room, First Floor
1801 Hermitage Blvd., Tallahassee, FL
32308**

- | | | |
|---------------------------|---|---|
| 11:00 – 11:05 A.M. | 1. Welcome/Call to Order/Approval of Minutes
<i>(See Attachments 1A – 1B)</i> | <i>Peter Jones, Chair</i> |
| | <i>(Action Required)</i> | |
| 11:05 – 11:15 A.M. | 2. Opening Remarks/Reports
<i>(See Attachments 2A – 2E)</i> | <i>Chris Spencer,
Executive Director
Lamar Taylor,
Chief Investment Officer</i> |
| 11:15 – 11:45 A.M. | 3. Artificial Intelligence Update | <i>Chris Spencer,
Executive Director</i> |
| 11:45 – 12:45 P.M. | 4. Strategic Investments Asset Class Review
<i>(See Attachments 4A – 4B)</i> | <i>Trent Webster, SIO
Strategic Investments
Subhasis Das,
Senior Portfolio Manager
Terrance Davis,
Senior Portfolio Manager
Loren de Mey,
Senior Portfolio Manager</i>

<i>David Tatkov,
Albourne</i> |
| 12:45 – 1:45 P.M. | 5. Fixed Income Asset Class Review
<i>(See Attachments 5A – 5B)</i> | <i>Todd Ludgate, SIO
Fixed Income</i>

<i>Jay Love,
Ryan Morris,
Mercer</i> |
| 1:45 – 2:15 P.M. | 6. Asset Class SIO Updates
<i>(See Attachments 6A – 6F)</i> | <i>John Bradley, SIO
Private Equity</i>

<i>Tim Taylor, SIO
Global Equity</i> |

*John Mogg, SIO
Active Credit*

*Lynne Gray, SIO
Real Estate*

*Dan Beard,
Chief of Defined Contribution Programs*

*Mike McCauley, Senior Officer
Investment Programs & Governance*

2:15 – 2:30 P.M.

- 7. Major Mandate Performance Review**
(See Attachment 7)

*Katie Comstock,
Aon*

2:30 – 2:35 P.M.

- 8. Audience Comments/Proposed 2026 Meeting
Dates/Closing Remarks/Adjourn**

Peter Jones, Chair

*Note: The Executive Director will circulate proposed
2026 IAC Meeting Dates to the IAC Members following
the December 2025 Meeting of the Trustees.*

***All agenda items and times are subject to change.**

MINUTES
INVESTMENT ADVISORY COUNCIL
September 9, 2025

A hybrid meeting of the Investment Advisory Council (IAC) was held on Tuesday, September 9, 2025, via Microsoft Teams. The attached transcript of the September 9, 2025, meeting is hereby incorporated into these minutes by this reference.

Members Present:

Attended In Person:

Peter Jones
Peter Collins
Tere Canida
Vinny Olmstead
Ken Jones

Attended Virtually:

John Goetz

Not In Attendance

Mori Hosseini

SBA Employees:

Chris Spencer
Paul Groom
Tim Taylor
John Bradley
Trent Webster
Dan Beard

Lamar Taylor
Marco Perzichilli
John Mogg
Todd Ludgate
Lynne Gray

Consultants:

Katie Comstock, Aon
Phil Kivarkis, Aon
John Sullivan, Aon
Sheila Ryan, Cambridge Associates

Ryan Morris, Mercer
Jay Love, Mercer
Rahul Desai, Aksia

WELCOME/CALL TO ORDER/APPROVAL OF MINUTES

Peter Jones, Chair, called the meeting to order at 11:01am. Peter Jones requested a motion to approve the June 3, 2025, IAC meeting minutes. Ken Jones moved to approve the minutes. Tere Canida seconded the motion. With no objections, the June 3, 2025, IAC meeting minutes were approved.

OPENING REMARKS/REPORTS

Chris Spencer, Executive Director, explained that the FRS Pension Plan underperformed over the 3-year period mainly due to Private Equity lagging the public market benchmark, but improvement is anticipated as distributions and deal activity increase. He then discussed the market, anticipated rate cuts, and the hurricane season. The CAT Fund's claims-paying capacity sits at about \$10 billion, with potential to reach about \$11 billion after reserve reductions for Hurricanes Milton and Ian. A memo was distributed to address Peter Collins' question at the June IAC meeting regarding the CAT Fund's investment performance relative to Florida PRIME's. Chris explained that while the CAT Fund will not be managed in the same way as Florida PRIME, ways to enhance the CAT Fund's investment returns are being explored.

Chris then discussed budget approvals obtained at the June Trustees meeting, including notable increases to the SBA operating budget as well as the budgets for the FRS Investment Plan, CAT Fund, Division of Bond Finance, and Florida Prepaid. Staffing was increased by ten FTE to support corporate governance, Active Credit, and Private Equity. Chris highlighted that the operational efficiency initiative produced \$661,000 in cost savings. Changes in IAC membership were also noted with Mori Hosseini newly appointed to the council and three members (Gary Wendt, Freddie Figgers, and Jeff Jackson) no longer serving. Chris stated that compliance with the statutory requirement to divest from Chinese state-owned entities combined with the Global Equity benchmark change, resulted in a \$2.28 billion reduction in exposure to the Chinese equity market. The CAT Fund annual rule-making approval introduced a premium average rate decrease of 9.51%. Chris also reviewed enhancements to the Incentive Compensation Plan, noting that the Trustees opted for a phased-in approach to get to the full recommendation.

Lamar Taylor, Chief Investment Officer, provided an update on performance. Both CAT Fund and Florida PRIME continue to have strong performance. The Investment Plan and Pension Plan have had strong absolute performance but continue to underperform their benchmarks. Lamar highlighted the strength of the equity markets and discussed the buildout of the Active Credit asset class, acknowledging the work of the legal team and back-office staff to support the investment teams.

ASSET LIABILITY REVIEW

Katie Comstock, Aon, introduced the asset liability study, last conducted in 2022. She noted the importance of the analysis in determining how the Pension Plan should be invested to meet its obligations.

Phil Kivarkis, Aon, summarized the key themes of the asset liability study: current/future trends, investment strategy, and liquidity. The Fund has an estimated funded ratio of 87% as of June 30, 2025, with projections for full funding by 2042. Phil underscored the importance of the investment strategy on the projected funded status. The current asset allocation is 78% return-seeking with a 6.32% expected rate of return, slightly below the actuarial assumption of 6.7%, but the liquidity stress test showed sufficient liquidity. Phil explained that compared to the 2016 study, the 2025 projected funded ratio has a higher trajectory, noting that the amortization period has shortened from 30 years to 20 years.

John Sullivan, Aon, reviewed the asset liability analysis. The equity risk premium for the study is 1% and the asset hurdle rate is about 9.5%, with the Pension Plan having a hurdle rate surplus that will improve the funded ratio. John explained how the capital market assumptions used for the analysis were developed by averaging the global equity risk premiums from Aon, Mercer, and Wilshire, and reducing Aon's capital market assumptions by the 100 bps difference between Aon's ERP and the average. John then discussed the current 78% return-seeking portfolio's median expected return of 6.32%, noting that though increasing the risk in the portfolio increases the expected return, it also increases the volatility. The asset-liability projection analysis shows the portfolio is expected to be fully funded by 2042, reaching a 109% funded ratio by the end of the 30-year period. John explained that increasing portfolio risk can achieve full funding sooner with different risk/reward trade-offs, but anything 60% return-seeking or below is not expected to reach full funding over the 30-year time frame. Regarding the liquidity stress test, 30% of the portfolio is in quasi and illiquid assets. When stress tested in three economic scenarios (Base Case, Recession, and Dark Skies), illiquid assets are expected to increase to a maximum of 43%, allowing for sufficient liquidity throughout each scenario. Overall, John stated that there were no recommendations to be made as the portfolio is moving in a positive direction. Aon answered questions from IAC members regarding the decline of the equity risk premium

and the methodology of developing capital market assumptions. IAC members agreed to maintain the current portfolio strategy given equity valuations and risk/reward considerations.

GLOBAL EQUITY ASSET CLASS REVIEW

Tim Taylor, Senior Investment Officer – Global Equity, provided an overview of the Global Equity team, policy, and benchmark. As of June 30, 2025, Global Equity had \$101 billion in assets, with 60% managed internally. Tim discussed managing costs, strategically using the risk budget, and how the asset class meets its objectives. Regarding the April 15th implementation of Global Equity’s new benchmark which excludes China and Hong Kong, over 2% of emerging market exposure was reallocated to developed markets, primarily in US markets. In relation to the Total Fund, Global Equity accounts for 48% of assets, 85% of liquidity provided over the last 3 years, and 86% of the Total Fund’s 3-year absolute return. Tim then explained that Global Equity takes more tracking error in foreign and global markets through the use of active management, which is focused on less efficient markets such as emerging markets and international small cap. Regarding performance as of June 30, 2025, Global Equity has outperformed the benchmark over every period since inception. Tim highlighted the asset class’s consistent outperformance over the benchmark in 14 out of 15 fiscal year periods, 12 out of 13 3-year periods, and all 5-year and 10-year periods. Most active aggregates have outperformed over the 3 and 5-year periods except for dedicated global, though it has had positive performance over the short-term, and Tim noted that developed large cap’s performance has rebounded since the tough first quarter of 2022.

Jay Love, Mercer, explained that the Global Equity asset class continues to be run in accordance with best practices. He discussed Global Equity’s cost-effective use of internal passive management and noted that the SBA uses more internal passive management and external active management than peers. Jay reiterated that the SBA is primarily passive in the US equity market and uses more active management outside of the US and in global equity. When compared to peers, Global Equity has had strong performance. Jay then reviewed Mercer’s manager ratings and answered questions from IAC members.

ACTIVE CREDIT ASSET CLASS REVIEW

John Mogg, Senior Investment Officer – Active Credit, reviewed the progress made in Active Credit since the asset class was established in June 2024. Over the past year, \$8.5 billion has been committed to 17 new strategies. Active Credit has a target allocation of 7% split between multi-asset credit (3%) and private credit (4%). John provided an overview of the goals, policy, benchmarks, team, and consultants.

John discussed the private credit portfolio, explaining that the team worked with their new private credit consultant, Aksia, to develop a portfolio construction framework that targets 50% in senior lending and the remaining 50% in a flexible satellite allocation to deploy across sub-strategies. A private credit secondary sale of 50 LP interests was executed to reduce equity risk and reposition to a more income-oriented portfolio. \$1 billion was then committed to three new European direct lending managers and another \$1 billion of capital was added to existing US direct lending managers. John then reviewed the legacy portfolio’s performance which has outperformed the new benchmark over the 1-year and longer-term periods. John then reviewed the multi-asset credit portfolio. After extensive analysis with Mercer, the team shifted to a revised 100% active portfolio with allocations to multi-asset credit rotators, emerging markets debt, US high yield, and bank loans. The first two phases of portfolio implementation have been completed with the selection of three multi-asset credit managers, three bank loan managers,

one high yield manager, and three emerging market debt managers. Each phase's funding has been broken up across three quarters. Implementation progress for this fiscal year will continue with the addition of one more high yield manager and the potential of increasing exposure to the newly hired emerging market debt managers. John then reviewed initiatives for the year, including new direct lending fund commitments, four research projects, and enhanced reporting and monitoring.

Rahul Desai, Aksia, provided an overview of Aksia and discussed the continued growth of the private credit market. Private credit performance has been elevated recently due to higher interest rates. Rahul reviewed some of the insights gathered from granular data and the investment themes that observed, including asset-backed lending and real estate debt. He then discussed how Aksia supports the Active Credit team and highlighted the team's thoughtful approach to repositioning the portfolio.

Ryan Morris, Mercer, provided an overview of the Active Credit structure review Mercer conducted, focused on the multi-asset credit allocation. He explained how the portfolio structure evolved from the original 50% active/50% passive portfolio to the revised 100% active portfolio, achieving the optimal mix of strategies within the risk/return parameters.

FLORIDA GROWTH FUND REVIEW

Sheila Ryan, Cambridge Associates, provided an overview of the Florida Growth Fund program, which is comprised of three funds across eight tranches managed by Hamilton Lane and J.P. Morgan. Sheila discussed the program's positive impact as shown in the 2025 OPPAGA report results. Since inception, there has been \$1.2 billion in commitments, \$1.1 billion in distributions, and about 99% of direct investments have been in companies with a Florida presence. Sheila explained that the opportunity set in Florida has grown due to an increase in Florida-based private equity firms after the pandemic. Regarding performance, the Hamilton Lane funds have underperformed due to venture exposure and asset selection, except for the most recent tranche FGF II – Tranche II which is performing well. Performance of the J.P. Morgan funds is driven by co-investments with Tranche A's performance close to median and Tranche B performing well, though Sheila noted the Tranche B investments are young. Sheila then discussed capital available for deployment. Overall, Sheila explained that the program continues to be successful in achieving its objectives. Sheila and John Bradley answered questions from IAC members.

ASSET CLASS SIO UPDATES

John Bradley, Senior Investment Officer – Private Equity, discussed the impact of liberation day volatility on market deal activity. The portfolio was up 1.1% in the second quarter with strong net cash flows. Private Equity continues to underperform the public market benchmark over the 1 and 3-year periods, though performance has slowly been improving with the growth-oriented sub-strategies seeing positive 1-year performance. John reviewed recent activity and answered questions from IAC members.

Todd Ludgate, Senior Investment Officer – Fixed Income, explained that Fixed Income continues to deliver strong, risk-controlled returns. Todd briefly discussed portfolio positioning, excess returns in the corporate sector, and stable active risk levels. Market conditions are being monitored closely with tight credit spreads and expected Fed cuts. Todd then reviewed current projects and answered questions from IAC members. Following a question regarding the SBA's use of AI, Chris Spencer stated that a summary of how the SBA is using AI will be included on the agenda of the December IAC meeting. Ken Jones suggested that the SBA team try an AI-driven paper portfolio as an exercise.

Trent Webster, Senior Investment Officer – Strategic Investments, reviewed recent activity which is starting to increase with eleven funds in the pipeline. Strategic Investments in underperforming due to insurance and activist strategies. Hedge funds and infrastructure are performing well.

Lynne Gray, Senior Investment Officer – Real Estate, provided an overview of Real Estate. Long-term performance has been strong, driven by the industrial and alternative sectors while underperformance over the 1-year has been driven by principal investment assets in office, agriculture, and multifamily. Lynne reviewed recent transaction activity and answered questions from IAC members.

Dan Beard, Chief of Defined Contribution Programs, briefly reviewed plan choice statistics, continued membership growth, assets, and the MyFRS Financial Guidance Program.

Chris Spencer, Executive Director, provided a brief update on proxy voting in lieu of Mike McCauley, noting a decline in DEI and ESG-related shareholder proposals.

MAJOR MANDATE PERFORMANCE REVIEW

Katie Comstock, Aon, provided a brief overview of asset allocation and performance of the FRS Pension Plan, FRS Investment Plan, the Florida Hurricane Catastrophe Fund, and Florida PRIME.


IAC COMPENSATION SUBCOMMITTEE UPDATE

Vinny Olmstead, IAC Compensation Subcommittee Chair, discussed the role of the IAC Compensation Subcommittee to vote on the qualitative component of the Executive Director’s and Chief Investment Officer’s incentive compensation. Vinny stated that at the September subcommittee meeting, members voted to recommend a rating of three, the highest ranking, for both Chris Spencer’s and Lamar Taylor’s qualitative component of their incentive compensation, noting the smooth management structure transition and the good overall performance of the FRS. Vinny Olmstead requested a motion on the recommended rating for both the Executive Director and Chief Investment Officer. Tere Canida moved to approve the recommendation. Peter Collins seconded the motion. All in favor. The motion carried.

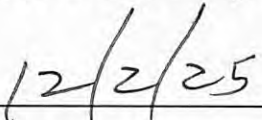
AUDIENCE COMMENTS/ELECTION OF VICE CHAIR/CLOSING REMARKS/ADJOURN

Peter Jones, Chair, explained that a new vice chair needed to be elected to replace Freddie Figgers who is no longer serving as a member of the IAC. Peter Jones requested a nomination for Vice Chair. Tere Canida nominated Peter Collins. Ken Jones seconded the nomination. With no objections, Peter Collins was elected Vice Chair.

There being no further questions or items for discussion, the meeting was adjourned at 3:00pm.



Peter Jones, Chair



Date

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STATE OF FLORIDA
STATE BOARD OF ADMINISTRATION

INVESTMENT ADVISORY COUNCIL

PUBLIC MEETING

PAGES 1 - 202

Tuesday, September 9, 2025

11:01 a.m. - 3:01 p.m.

LOCATION:

1801 Hermitage Blvd.
Tallahassee, FL

Stenographically Reported By:

TRACY BROWN

APPEARANCES:

- 1 Peter Jones, Chair
- 2 John Goetz (appearing remotely)
- 3 Ken Jones
- 4 Lamar Taylor
- 5 Chris Spencer
- 6 Tere Canida
- 7 Vinny Olmstead
- 8 Peter Collins
- 9 Marco Perzichilli
- 10 Paul Groom
- 11 Trent Webster
- 12 Lynne Gray
- 13 Katie Comstock
- 14 Todd Ludgate
- 15 John Bradley
- 16 Dan Beard
- 17 John Mogg
- 18 Sheila Ryan
- 19 Tim Taylor
- 20 John Sullivan
- 21 Phil Kivarkis
- 22 Jay Love (appearing remotely)
- 23 Ryan Morris
- 24 Rahul Desai
- 25 Amy Walker

CERTIFICATE OF REPORTER

202

1 Thereupon,

2 The following proceedings began at
3 11:01 a.m.

4 **MR. CHAIR:** Well, good morning. We will
5 call this meeting to order. We do have a
6 quorum.

7 I wanted to ask if there are any IAC
8 members on Zoom.

9 Okay. First order of business is to
10 approve the minutes from June 3rd, 2025. I've
11 reviewed them. They look fine to me.

12 Any comments from the IAC?

13 **MR. K. JONES:** Motion to approve.

14 **MS. CANIDA:** Second.

15 **MR. CHAIR:** All right. Without objection,
16 motion passes.

17 All right. Next item is -- turn it over
18 to our executive director, Chris Spencer.

19 **MR. SPENCER:** Thank you, Chair. And I
20 apologize if I cough at all during this. I
21 will try to minimize that as much as possible.
22 Just quick housekeeping item here, every member
23 should have a microphone in front of you. Just
24 as a note, they're not muted. So avoid any hot
25 mic situations, but also, they're not exactly

1 that strong. And so if you want to be heard
2 for anyone who's participating virtually or for
3 the Florida Channel, make sure that you bring
4 it closer or lean in a little bit more.
5 Sitting back and away from it may not be able
6 to pick up your voice very strongly.

7 I will try to be as brief as possible in
8 my opening remarks. First, just a quick
9 update, brief update on our major mandates. On
10 the topic of the conversation that happened at
11 the compensation subcommittee last week on
12 relative under -- underperformance for both the
13 defined benefit and defined contribution plans,
14 we did distribute a memo yesterday to all the
15 IAC members. I hope that you all received it.
16 If you didn't, please let me know.

17 As a recap of the 156 basis points, so
18 relative underperformance on the three-year for
19 defined benefit plan, the pension plan, as
20 Lamar articulated in the memo, it's all
21 attributable to private equity based on, you
22 know, the very competitive benchmark that we
23 are currently competing against. But as we had
24 mentioned in the memo, we've been here before.
25 This happened -- very similar circumstances

1 occurred after the GFC. It takes a couple of
 2 years for that underperformance to smooth over
 3 the rebound. And we are starting to see some
 4 really good green shoots in private equity.
 5 Distributions are starting to take place and
 6 deals are occurring. And so I'm sure that
 7 there'll be some discussion around that if
 8 you'd like to bring up some discussion, but
 9 also, when John does his private equity update.

10 We're also monitoring the markets.

11 Obviously, this month has been leading into
 12 some major economic data. This morning,
 13 911,000 job revision for the year going into
 14 March. There will be an FOMC meeting,
 15 obviously this month, anticipated rate cuts and
 16 watching action at the United States Supreme
 17 Court on tariffs. So any event of any type of
 18 market dislocation, we will obviously keep the
 19 IAC very informed and in the loop on anything
 20 that's occurring as we see it.

21 Now that we're about halfway through the
 22 hurricane season, but really picking up into
 23 where it starts to get a little active, quick
 24 CAT fund update. As I had mentioned probably
 25 at the last meeting, we were going into

1 year-end as far as the cash balance, I wanted
 2 to remind everybody of where the CAT fund
 3 stands. We're at \$6.72 billion for the
 4 year-end fund balance with 3 1/4 billion of
 5 available pre-event bond proceeds. That brings
 6 us to just under 10 billion of total liquid
 7 claims paying capacity for the CAT fund.
 8 However, positive note, reserves are looking to
 9 be in favor to be reduced by about half a
 10 billion for both Hurricanes Milton and Ian.
 11 That's an additional billion that has not been
 12 updated yet in our overall numbers for the CAT
 13 fund. That won't happen until after the season
 14 unless a major event occurs. So that leaves us
 15 with just under 11 billion total of liquid
 16 claims paying capacity in the event that we do
 17 have an event over the next two to three months
 18 for hurricane season.

19 And our bond capacity report that was done
 20 a few months ago indicates the capacity in the
 21 market is very ample, very sufficient for us to
 22 be able to meet our \$17 billion statutory
 23 maximum to pay out on the CAT fund.

24 At the last IAC meeting, Council Member
 25 Collins had brought up the question about

1 performance, investment performance of the CAT
 2 fund's investment relative to PRIME, the
 3 Florida PRIME. We distributed a memo to that
 4 effect, the too long, didn't read version. The
 5 summation of it is, you know, we don't feel
 6 that we should necessarily deposit the CAT fund
 7 proceeds into PRIME, however, we can and we are
 8 internally working on strategy with the fixed
 9 income team to enhance the investment returns
 10 that we'll see from the CAT fund's investment
 11 income, both by combination of extending the
 12 weighted average maturity, taking on more
 13 credit risk, other different types of
 14 strategies. And we'll report back to the IAC
 15 as we address that issue to increase the
 16 returns for the CAT fund.

17 The June trustee meeting, which occurred
 18 after the last IAC meeting, I'll give you some
 19 updates on what happened there. I had told you
 20 that we will be bringing forward our budget.
 21 We got our budget approved, so that was good
 22 news. The high levels of our budget for the
 23 SBA operating budget, \$80.6 million, which is a
 24 6.6 percent increase over the last fiscal year.
 25 The office of defined contribution, which is

1 the investment plan, came in at \$34.2 million,
 2 which is a 2.3 percent increase over the last
 3 fiscal year. The CAT fund came in at
 4 \$17 million, which is a 37 percent increase
 5 over the last fiscal year. However, don't be
 6 shocked by the large percentage increase. The
 7 reason for that big increase is because of
 8 their technology project. The project
 9 synthesis that we launched, which is
 10 essentially the CAT fund's version of project
 11 access that we had briefed you on over the last
 12 couple of years, establishing a data
 13 repository, re-upping in the cloud,
 14 capabilities for all of their claims data and
 15 giving a lot more granularity on the ability to
 16 do analytical work on the CAT fund's data.

17 Division bond finance came in at
 18 \$6.9 million, which was a 9.9 percent increase
 19 over the past fiscal year. And Florida Prepaid
 20 came in at \$65.9 million, which was a 9 percent
 21 increase over the prior fiscal year.

22 We have ten new FTE at the SBA. Three of
 23 those FTE were towards the continued
 24 implementation of the trustees' corporate
 25 governance initiative. Two of those new FTE

1 were for the continued build-out of the active
2 credit asset class. And then one of those was
3 a dedicated position for the coinvestment
4 program in private equity. And then the
5 remaining four positions were miscellaneous
6 administrative positions at the organization.

7 I'm proud to say we did have \$661,000 in
8 cost savings that's attributable to our
9 operational efficiency initiative that I
10 launched about a year ago. This is a
11 multi-year process of identifying areas where
12 we can find redundancies in multiple types of
13 systems that we have and try to consolidate
14 those systems. And also right size -- the
15 amount of licensing that we have and other type
16 of expense categories that we have to try to
17 enhance that efficiency here. And I would
18 expect to have more of those savings in the
19 next fiscal year budget that we'll be able to
20 report on to the IAC.

21 Our recruitment and retention program was
22 maintained in the budget this year, I think
23 we're now on year three or year four of that,
24 and that was a 5 percent attributable to merit
25 increases that will be distributed in December

1 for employees based on merit. And this also
2 included the incentive compensation
3 enhancements for both the SBA and bond finance
4 that I had mentioned and outlined at the
5 compensation subcommittee meeting last week.
6 I'm also -- I have some more details on that.
7 If anyone has any questions about the changes
8 that we made to the incentive compensation
9 plan, I can go over those as well.

10 A couple of changes to the IAC membership.
11 We have one new appointee, Mori Hosseini. And
12 then we have three members who have fallen off
13 the IAC, so Gary Wendt, Freddie Figgers and
14 Jeff Jackson are no longer serving on the IAC.
15 That leaves two vacancies. And I believe those
16 vacancies will either be filled at the next
17 trustees meeting, which would be September
18 30th, or the subsequent trustees meeting.

19 We also provided a status update to the
20 trustees on the compliance with statutory
21 requirements to divest from Chinese state-owned
22 entities. And we had sent around a memo to the
23 trustees and the legislature, and I circulated
24 that also to the IAC members on August 18th, to
25 inform everybody that we have successfully

1 complied with the statutory requirements to
 2 divest from Chinese state-owned entities
 3 effective in July, so several months ahead of
 4 the September 1st deadline that was established
 5 in statute. In addition to that, the benchmark
 6 changes that you had recommended and that the
 7 trustees approved really sped that process up.
 8 And so ultimately, when you add together the
 9 divestment of the Chinese state-owned entities
 10 that were contemplated in the statutory list,
 11 plus the benchmark change from China, our
 12 exposure to the Chinese public equity markets
 13 went from about 3.44 billion in February of
 14 2024, now to 1.16 billion as of about a month
 15 or so ago. So 2.28 billion total exposure
 16 reduction to the Chinese equity market as a
 17 result of those two actions.

18 The CAT fund also had their annual
 19 rule-making approval at the trustees meeting.
 20 That's for the 2025-2026 contract year.
 21 Premium overall average rate decrease,
 22 9.51 percent. So Florida homeowners, this is
 23 another good news story. Hopefully we can
 24 continue that trend going forward. Also
 25 important to note that that 9.51 percent

1 decrease from the CAT fund premium doesn't
 2 equal a 9.51 percent decrease in your
 3 homeowner's premium. So don't go checking your
 4 statement and then calling me and saying that I
 5 was a liar on that one. So there's factors
 6 that go into all the things that go into the
 7 premium.

8 Lastly, the update that we gave to the
 9 trustees was the implementation of the
 10 incentive compensation plan. So the trustees
 11 did approve our changes that we recommended in
 12 the budget in a phased approach. I had
 13 discussed this at the compensation subcommittee
 14 last week. I'll just -- quick, high-level
 15 reminder of what those changes are.

16 The asset classes can now trigger the
 17 incentive compensation plan independent of the
 18 total fund trigger. The scale for the
 19 qualitative evaluation has gone from three to
 20 five points. And the scale of basis points
 21 outperformance that is attributable to the
 22 quantitative payout has gone from a maximum of
 23 50 basis points up to a maximum of 70 basis
 24 points. The hurdle rate remains at five basis
 25 points, that's applicable both at the asset

1 classes and the total fund. However, the
2 ultimate goal is to get to what you had
3 recommended, which is a 10 basis points hurdle
4 with a hundred basis points maximum on the
5 scale. And then there was a value-add rider
6 component that was added to the ICP. We're
7 still currently under development of what that
8 looks like. We intend to bring that back to
9 the IAC Compensation Committee for a review of
10 that once we have that structured. We probably
11 won't be bringing that until early next
12 calendar year.

13 And then lastly, I'll just go over the
14 agenda for today. We do have a stacked agenda,
15 so I'll stop talking here in a minute. We're
16 going over the asset liability study by Aon.
17 So our great friends here from Aon are present.
18 We also will have asset class deep dives today
19 from global equity and active credit. And
20 we'll do a Florida Growth Fund review. And
21 lastly, we have the compensation subcommittee
22 results of the evaluation on the performance of
23 the executive director, that's me. And they
24 also reviewed Lamar. The action that's
25 required today is only on me, although if you

1 want to vote on Lamar as well, I won't say no.
2 So that's all we have for the agenda today.

3 **MR. CHAIR:** Okay. Two questions on the
4 CAT fund. Will it, going forward, be managed
5 in a similar way as Florida PRIME, is one
6 question. And then I'm showing the 10 --
7 looking at the book, the 10-year return is
8 showing zero return.

9 **MR. L. TAYLOR:** The answer on the first
10 question, no, hadn't -- it would be -- we would
11 think about lengthening the -- sort of the
12 weighted average maturity of the portfolio in
13 light of sort of going back and reassessing the
14 liquidity needs of the fund versus what
15 historically these storms have paid out over
16 time and realizing that we can probably extend
17 the weighted average maturity of that portfolio
18 a bit. And so, you know, in a normal yield
19 curve, extending duration will help a little
20 bit in terms of yield. So you can pick up a
21 little bit of yield there. But it wouldn't be
22 managed in the same way. PRIME is pretty much
23 all credit exposure, and that's not the case
24 with the CAT fund.

25 The 10-year is zero because we don't have

1 10-year returns going back on the claims paying
2 account itself. Even though we got 10-year
3 returns of fund, the way it's being managed
4 between the liquidity portion and the claims
5 paying portion, we don't have the data going
6 back 10 years.

7 **MR. CHAIR:** That's why. Got it.

8 **MR. SPENCER:** And I'll add one thing on
9 that also. We put a lot of work into taking a
10 look at prior events that have impacted the CAT
11 fund. There's a couple of dynamics that we
12 have to keep in mind about liquidity needs from
13 the CAT fund. Obviously the size of the storm
14 and where it hits is a primary consideration,
15 but also the second year or multi-year events,
16 or second or third events in the same year are
17 also factors that can multiply the liquidity
18 need. But also Citizens Property Insurance
19 Corporation has the ability to request advance
20 reimbursement. And so that's another factor
21 that we have to maintain in the back of our
22 mind when we're looking at liquidity needs from
23 the CAT fund.

24 So ultimately, you know, taking on some
25 more credit risk, good idea. Expanding the

1 land, good idea. Ways to try to bring up that
2 investment return, all I think very, very, very
3 solid approaches that we can take. But taking
4 a full cred- -- like 100 percent credit
5 exposure like PRIME is probably a little too
6 far. But we're looking at all these and we'll
7 provide a complete update to the IAC as we're
8 moving in that direction.

9 **MR. CHAIR:** Okay. Thank you. And I'm
10 going to welcome John Goetz who is now on via
11 Zoom. Welcome, John.

12 All right, Lamar.

13 **MR. L. TAYLOR:** Great. Good morning. I'm
14 going to keep my remarks very, very brief.
15 Because as Chris mentioned, there is a packed
16 agenda today. So you have these materials --
17 or these charts in your materials. So this is
18 a chart of sort of the managed absolute return,
19 the actual returns that each of these mandates
20 obtained over the period ending June 30, 2025.
21 This is a chart of the against-benchmark
22 returns. So the returns compared against
23 benchmark in terms of the plus or minus above
24 or below benchmark.

25 This is the attribution chart that I

1 referenced in the memo that Chris sent around
 2 to you all addressing some of the performance
 3 questions that were raised in the IAC
 4 compensation subcommittee meeting. And then
 5 this is the chart that shows everything. It's
 6 an EYE chart in terms of the returns for each
 7 of the major mandates.

8 So just kind of briefly touching on this
 9 chart, again, the CAT fund and Florida PRIME,
 10 strong, positive absolute and relative
 11 performance, a function of the current interest
 12 rates and how the portfolios are managed. And
 13 that's been the case over the last several
 14 quarters, continuing to be strong, absolute
 15 performance there.

16 In terms of the investment plan, very
 17 strong absolute performance. We continue to
 18 lag the benchmark for all the reasons laid out
 19 in the memo to you all. Happy to go into that
 20 in more detail, if necessary, otherwise, I'm
 21 going to keep this short.

22 Same thing on the pension plan. Strong
 23 absolute performance but performance that
 24 continues to lag the benchmark, as Chris noted,
 25 largely a function of the fact that the private

1 equity asset class is marked against a public
 2 market benchmark that has been sort of on high
 3 octane with high concentration exposure to
 4 large cap tech companies that have done quite
 5 well.

6 You know, we'll -- we're going to have a
 7 deep dive on global equity today. So Tim can
 8 sort of weigh in a little bit more on maybe
 9 whether there's a rotation. In fact, I did
 10 send to Tim an email this morning as I was
 11 looking at Bloomberg and trying to look at
 12 relative returns, since inception performance
 13 starting January 1 through today sees the MSC
 14 ACWI All World or MSC ACWI ex US beating every
 15 other major index. So it beats US, it beats
 16 the S&P, it beats the Mag 7. So the fact that
 17 we are a global equity investor has been very
 18 helpful and I believe will continue to be very
 19 helpful in these markets going forward.

20 One last thing to say, and you'll get a
 21 deep dive from John Mogg as well, but lots of
 22 stuff going on in active credit. The last IAC
 23 meeting, I sort of briefly went over some of
 24 the asset allocation changes that we put into
 25 effect in the public markets. So moving about

1 \$9 billion from global equity into fixed
 2 income, and all of that happened in the first
 3 half of 2024. John and his team have been
 4 incredibly active over the last year. He's
 5 going to talk about \$8 1/2 billion of
 6 commitments in the active credit space,
 7 2 billion in direct lending European and US
 8 direct lending, and the balance in more liquid
 9 exposures. So lots going on there.

10 I would also add that all of the fantastic
 11 work done by the investment staff, keep in mind
 12 that there are a number of people that support
 13 that. Fantastic work by our legal team as well
 14 to put a number of very complicated private
 15 market agreements in place over that period of
 16 time, as well as our back office staff opening
 17 up accounts and making sure all the accounting
 18 is done. So sort of everybody rowing in the
 19 same direction to move a significant amount of
 20 the portfolio and put it to work.

21 Unless there's any other questions, I'm
 22 happy to answer them, otherwise we'll move on.

23 One thing we also got, as Chris mentioned,
 24 the asset liability study. This meeting, this
 25 is the first time I think we've done this since

1 our asset allocation study back in 2022. So
 2 lots of good stuff to come on that.

3 **MR. CHAIR:** Okay. Questions?

4 **MR. COLLINS:** Chairman, I have one
 5 question. Lamar or Chris, remind me what the
 6 assumed rate of return is for the legislature
 7 on the pension fund? Are we at seven?

8 **MR. SPENCER:** 6.7.

9 **MR. COLLINS:** 6.7.

10 **MR. CHAIR:** Any other questions?

11 All right, we'll go to our next agenda
 12 item. Thank you, Chris and Lamar.

13 I'll turn it over to our colleagues at
 14 Aon. And, Katie, I assume you're going to kick
 15 us off.

16 **MS. COMSTOCK:** I sure am. Excuse me.

17 Good morning, everyone. Katie Comstock
 18 with Aon Investments. It's nice to see you
 19 all.

20 As was noted, we are kicking off with a
 21 pretty meaty subject. I have with me Phil
 22 Kivarkis and John Sullivan. They sit on our
 23 investment analytics and strategy development
 24 team. They just changed the name of that. But
 25 essentially they do all things portfolio, risk

1 management related. And among the most
2 important is the asset liability study.

3 As Lamar mentioned, the last time we did
4 this was back in 2022, which extended into a
5 lengthy asset allocation discussion, which
6 resulted in the new investment policy that is
7 being implemented today. So we have an update
8 for you all. There is a lot of information
9 that we are going to try to get through within
10 the time period allotted here, but please
11 interrupt as there are questions as we go
12 through the analytics because there is a lot of
13 good information in here.

14 Just really quickly, as I think you all
15 are aware, we view this as among the most
16 important analyses that is conducted when
17 setting investment strategy because it is
18 taking into account the profile of the
19 liabilities, the actuarial assumptions, and
20 projecting forward so that we can make informed
21 decisions when setting asset allocation. So
22 this all comes back to how should the portfolio
23 be invested so that you can meet the
24 obligations of the pension plan.

25 So I'm going to let the team here do most

1 of the talking and jump right in. But, please,
2 again, interrupt if there are questions or
3 comments as we go through the analysis. I'll
4 kick it over to you, Phil.

5 **MR. KIVARKIS:** All right. Fantastic,
6 thank you.

7 All right. So I'm going to cover just the
8 executive summary. This is just the key themes
9 from the asset liability study. I'll walk
10 through those. My colleague, John Sullivan,
11 will walk through the detailed analysis over
12 the next few minutes.

13 I'll start with the current state and
14 future trends based on the latest and greatest
15 asset liability analytics. We see an estimated
16 funded ratio of 87 percent on a market value
17 basis as of 6-30 of 2025. And based on our
18 asset liability projection analysis, we expect
19 the plan to hit full funding in the year 2042.
20 Now that means that the assets are going to
21 play a little bit of catch up over the next few
22 years, and John will show you the detail of how
23 those projections play out over the next few
24 decades.

25 Now the investment strategy has a big

1 impact on the trajectory of your funded status
 2 over time. And so the selection of the
 3 investment strategy is very important to the --
 4 to the financial state of the pension plan on a
 5 go-forward basis.

6 Now we analyzed the investment strategy
 7 and we see that the current asset allocation is
 8 78 percent return seeking. That is 78 percent
 9 allocated to what we'd call return seeking or
 10 risky assets seeking growth with the remainder
 11 in risk reducing or safety assets. Now John
 12 will walk through the approach for how we set
 13 the capital market assumptions for purposes of
 14 the study, but just know that the assumptions
 15 that we use are an average of several
 16 investment advisers. And so that's consistent
 17 with previous studies. 6.32 percent was that
 18 average long-term expected rate of return for
 19 the portfolio. The actuarial assumed 6.7
 20 percent as was asked earlier.

21 And then finally, we performed a liquidity
 22 stress test. And that liquidity stress test is
 23 important. Anytime you have investments in
 24 private assets that are illiquid, you want to
 25 make sure that the -- in the worst of times,

1 that the plan has sufficient liquidity to cover
 2 the necessary benefit payments, et cetera. And
 3 we ran that -- the liquidity stress test and
 4 found sufficient liquidity through the next 10
 5 years. So we'll walk through that analysis as
 6 well.

7 Now the next page covers an interesting
 8 comparison of funded ratio projection in the
 9 2025 study versus the 2016 study. So thinking
 10 back, you know, today's study versus 10 or so
 11 years ago, nine years ago, and you can see that
 12 the blue line is the latest trajectory. So
 13 John will walk through this in more detail, but
 14 you can see that it starts in 2024 at
 15 84 percent funded, and over the next 30 years,
 16 grows to an expected 109 percent funded. Now
 17 you'll note that that trajectory is higher than
 18 the trajectory we saw 10 years ago.

19 Well, what's happening there? A number of
 20 things have changed. The assumptions have
 21 changed, the projected asset and liability
 22 growth rates have changed, but notably, the
 23 contributions have changed in that the
 24 shortfall amortization period used to be 30
 25 years and is now 20 years. And so what that

1 means is you're paying your shortfall over a
 2 shorter period, funding more, and you can see
 3 what that does on the back end of the
 4 projection analysis. So that'll play out.
 5 John will walk through the details. But it is
 6 noteworthy that the trajectory today is quite a
 7 bit healthier than what we saw in 2016.

8 **MR. OLMSTEAD:** Mr. Chair, do you mind if I
 9 ask a question?

10 **MR. CHAIR:** Please.

11 **MR. OLMSTEAD:** How would -- when you look
 12 at these numbers, how do you compare them to
 13 our benchmark or to our peer groups? So when
 14 you look at 6.32 versus 6.7, the other numbers
 15 up here, how are we faring? What are you
 16 seeing in the market?

17 **MR. KIVARKIS:** In terms of the assumptions
 18 for how you compare versus the --

19 **MR. OLMSTEAD:** Yeah.

20 **MR. KIVARKIS:** -- peers?

21 You have a page?

22 **MR. SULLIVAN:** 228.

23 And I can jump in there. 228 is going to
 24 be how the FRS plan compares to the US public
 25 pension landscape at large. So this exhibit is

1 looking at fiscal year end 2010 through current
 2 day. The most recent data for fiscal year end
 3 is going to be 2024. What we see here, the
 4 purple line is going to be the FRS plan, that
 5 has been gradually moving down over the past
 6 decade, plateauing at that 6.7 percent. What
 7 we see in the black diamond for each of these
 8 various years is the median expectation across
 9 all public pension plans. So currently, the
 10 FRS plan is slightly below the median relative
 11 to the US public pension plans at large. Now
 12 this is looking at everybody, not necessarily
 13 plans that are of comparable size to Florida.

14 If we go to the next slide, this is going
 15 to be looking at more of those jumbo type
 16 plans, the Californias, New Yorks, Texas
 17 teachers. Here we spotlight the specific
 18 expected return assumptions, but that 6.7,
 19 again, is going to be relatively in line with
 20 the average of this group and slightly less
 21 than the median.

22 Okay. So what I want to do right now is
 23 kind of with some of the time that we have is
 24 walk through at a high level the asset
 25 liability analysis that we put together for the

1 FRS plan. What I'm going to do is, I'm going
 2 to start with the kind of current state
 3 overview that Phil had alluded to. I'm going
 4 to talk about some of the assumptions that
 5 we're using as what's the backup for those
 6 capital market assumptions that Phil called
 7 out. And then we'll go through some projection
 8 analysis to look at what are the projections,
 9 how is the plan expected to move forward and
 10 what's causing some of that behavior that we
 11 see.

12 The main slide I want to look at for the
 13 current state overview, similar information
 14 that Phil had touched on, kind of going from
 15 left to right on this page. As of June 30th,
 16 2025, our most recent estimate, the funded
 17 ratio of the plan is about 87 percent. This is
 18 based off of a market value of assets and an
 19 estimate of the actuarial liability at that
 20 6.7 percent mark.

21 As we look at the 30-year project- -- or
 22 30-year capital market assumptions that are
 23 included as part of this analysis, those
 24 results are 6.32. And we're going to get into
 25 some information about how that was derived.

1 What we use here is what we're referring to as
 2 an SBA methodology where we're, again,
 3 averaging the equity risk premium, which is
 4 going to be defined as a global equity return,
 5 less the core fixed income return across three
 6 different investment firms.

7 As we look at the average of those three,
 8 that equity risk premium for this year's
 9 analysis is 1 percent. As we look at Aon's
 10 specific assumptions, our assumption would be
 11 2 percent. So what this means is, for risky
 12 asset classes, as incorporated in this
 13 analysis, we're going to be reducing our
 14 capital market assumptions by 1 percent in
 15 order to align with the averaging approach of
 16 these firms. At 6.32, it falls just short of
 17 the actuarial assume rate of return, 6.7. And
 18 we're going to get into what that means as part
 19 of our forward-looking analysis.

20 Key thing to focus on is going to be this
 21 third column, the asset hurdle rate just under
 22 9.5 percent. Essentially, liabilities are
 23 going to grow one of two ways during the course
 24 of the year, new benefit accruals or normal
 25 cost, as well as one less year of discounting

1 for the time value of money. When we sum up
2 those and apply it as a percent of the overall
3 assets, we see that results in about
4 9.5 percent. What that means is as asset
5 growth between returns and contributions
6 exceeds that, we're going to start to see
7 funded ratio improvement. Should asset growth
8 fall short of that, we would see funded ratio
9 declines. And this is going to be somewhat
10 reminiscent of the exhibit that Phil had shown
11 earlier, where, when we spotlighted the 2016
12 study where we were about a decade ago, we were
13 falling short of that hurdle rate that was
14 causing a dip in our funded ratio as we kind of
15 projected out. We're now going to start seeing
16 the flip of that where asset growth is expected
17 to outearn that hurdle rate and we're going to
18 start to get funded ratio improvement, which is
19 where that blue line is moving due north.

20 So that's kind of where we are in terms of
21 our starting point of the analysis.

22 Next few slides go into much more granular
23 detail about how all those calculations were
24 derived. But what I wanted to get into is the
25 development of our capital market assumptions,

1 specifically the SBA approach that we're
2 applying for this analysis.

3 So, again, just brief overview, we're
4 going to be looking at the global equity risk
5 premium across three different investment
6 firms: Aon's, Mercer, and Wilshire. And we're
7 going to be defining this as the global equity
8 capital market assumption, less the core fixed
9 income assumption. And we're going to be
10 averaging that across these three firms and
11 then applying that difference to Aon's capital
12 market assumptions so that we're aligning with
13 this averaging approach. So to see how the
14 rubber meets the road, we move to the next
15 slide where we then see what are the actual
16 assumptions for the respective investment
17 firms. A lot of numbers in this table. What
18 I'll focus on are only the first few rows where
19 we talk about the 2025 assumptions.

20 I'll spotlight Aon's information. This is
21 going to be as of June 2025. Our global equity
22 CMA on a 10-year basis was 6.9 percent. Core
23 bond CMA was 4.9 percent. Subtracting the two,
24 that's where we get our 2 percent global equity
25 risk premium.

1 Applying that same methodology across over
 2 to Mercer, we see that Mercer had a global
 3 equity risk premium of 1.2 percent. And then
 4 Wilshire actually had a negative equity risk
 5 premium of negative 20 basis points. As we
 6 average those out, that averages to 1 percent
 7 as a pooled equity risk premium, which means
 8 that we are going to reduce Aon's capital
 9 market assumptions for risky assets by 100
 10 basis points. That's the methodology of what's
 11 in place as of today.

12 What we can see is how has this equity
 13 risk premium evolved over time. And if we go
 14 back to 2017, we can see that the equity risk
 15 premium was about 3.7 percent. Reading across
 16 this top line is going to reference the global
 17 equity assumption. The bottom line is going to
 18 reference the US core bond assumption with that
 19 middle area representing the equity risk
 20 premium at the time of the analysis. We can
 21 see that that equity risk premium ballooned up
 22 to about 5.2 percent in 2020 before narrowing,
 23 which is commensurate with the rise in fixed
 24 income yields that we then see. We were, as
 25 Phil alluded to at the outset, 75 basis points

1 as an equity risk premium last year. That has
 2 increased slightly to a full percent this year.

3 Now this is looking at the equity risk
 4 premium on an average basis. How has that
 5 equity risk premium evolved by the specific
 6 investment firms that are included in the
 7 averaging period? Here we can see that the
 8 ultimate trend lines are essentially staying
 9 the same. We see all the trend lines have an
 10 upward movement from 2017 to 2020 before then
 11 progressing downward through the most recent
 12 time periods. And just to say, the part of the
 13 rationale behind having the averaging period is
 14 to remove the bias of any one firm in their
 15 capital market assumptions. So here we can see
 16 that we have a relative range around the
 17 different firms included in the averaging
 18 period, resulting in that overall 1 percent
 19 global equity risk premium that's being
 20 incorporated into our analysis.

21 Now as we start to focus on the expected
 22 returns, we noted that the expected return is
 23 6.32. That's essentially our median expected
 24 return across 5,000 different economic
 25 scenarios over a 30-year time frame. The

1 reality is that there's going to be a wide
 2 distribution around those outcomes, and that's
 3 what we're showing here on slide 187. If we
 4 focus on the middle section, essentially this
 5 is going to be our 30-year expected return for
 6 the current investment strategy, as Phil had
 7 alluded to, is 78 percent return seeking. Here
 8 we can see that black diamond is the 6.32, but
 9 there's going to be a range around those. That
 10 gray box is going to represent the 25th to 75th
 11 percentile distribution where we can see
 12 returns could be as low as 5, as high as just
 13 under 7.7 percent. And then we also show the
 14 fifth 95th percentile which can go down to
 15 about 3 percent up to just under 10.

16 And then what we have left to right on the
 17 page is what happens if we dial up or down the
 18 risk in the portfolio going all the way from
 19 60 percent return seeking on the left side,
 20 gradually increasing to a hundred percent
 21 return seeking on the right-hand side. And
 22 what we can see is that the black diamond is
 23 going to gradually increase, bringing higher
 24 expected returns, or we're also going to be
 25 increasing the volatility associated with those

1 returns or the range around those. And we can
 2 see that through both the gray box and the
 3 black lines extending as you move from left to
 4 right on the page.

5 The dash purple line that we see is the
 6 actuarial assumed rate of return, that's
 7 6.7 percent. Fall just short of that. Go to
 8 the right side of the page, we can see that the
 9 current policy has a 42 percent likelihood over
 10 the next 30 years of hitting that 6.7 percent
 11 actuarial assumed rate of return.

12 As we look at what the allocation for the
 13 SBA is relative to peers, here we looked at US
 14 public pension plans with greater than
 15 \$50 billion in assets to see how they compare
 16 across different asset classes. What we're
 17 going to see in the purple is the FRS plan, and
 18 the average of these 22 is going to be the teal
 19 circle. And essentially, we can see that
 20 generally speaking, the purple and the teal are
 21 pretty close together for a number of the asset
 22 classes. The FRS plan has slightly more in
 23 public equity versus the peer group that we're
 24 looking at and slightly more in the combination
 25 of private equity and private debt.

1 Correspondingly, it has slightly less in hedge
2 funds and real assets. Just kind of paint the
3 picture of how the asset allocation for FRS
4 compares to plans that are of large asset
5 sizes.

6 So that's going to be kind of where we
7 started from, our current state, building in
8 the capital market assumptions. What's that
9 look like from our projection analysis? Then
10 ultimately, we're going to be looking at funded
11 ratio projections. We're going to be looking
12 on this page at the same asset allocations that
13 we had looked at. On the right-hand side of
14 the page it's going to be -- or, I'm sorry,
15 left-hand side is going to be 60 percent return
16 seeking, gradually moving up to a hundred
17 percent. What we want to focus our attention
18 on is that middle area, the current policy, the
19 78 percent return seeking.

20 And now we're starting with the most
21 recent actuarial evaluation provided by
22 Milliman, who's the FRS plan actuary, and
23 projecting forward based on information
24 provided from them so that we're working with
25 the same overall datasets. What we're going to

1 focus on are the central trend line, which is
2 going to be that dash black line. It's going
3 to be gradually increasing from just north of
4 80 percent, crossing a hundred percent at 2042,
5 which is the year that Phil called out in our
6 overview. And then ultimately moving to
7 109 percent over the 30-year time frame.

8 Now as we take this information, we can
9 see a couple things. Funded ratio increasing,
10 that's going to be because the combination of
11 asset returns and funding is expected to
12 outearn that liability hurdle rate or that
13 asset hurdle rate, that's going to move our
14 funded ratio north over time and have a
15 different type of trend line than we've been
16 seeing over the past decade -- or if we rewind
17 back a decade ago. But there's going to be a
18 range of scenarios around that, both on the
19 upside and the downside.

20 What we can see is what's the impact of
21 dialing risk up and down in the portfolio.
22 That's if we look left to right on this page.
23 As we go from left to right, we can see that we
24 start to hit full funding a little bit sooner,
25 so those years that are being called out. Of

1 note is that if we were at 60 percent return
 2 seeking, we wouldn't expect to hit full funding
 3 over the next 30 years. What that tells us,
 4 60 percent return seeking would be too low of a
 5 risk to have in the portfolio.

6 Conversely, you can see how that changes
 7 as we dial up risk. We start to hit full
 8 funding incrementally sooner, and we have a
 9 higher ultimate central trend line, that dash
 10 black line.

11 Now we're growing this funded ratio
 12 through both asset returns and plan funding.
 13 What does plan funding look like? Similar
 14 portfolios that we're going to be looking at.
 15 Essentially the way that the funding works for
 16 the FRS plan is contributions are assumed to
 17 increase with payroll. So we're going to see a
 18 steady increase over time until one of two
 19 things happens: Either the plan becomes fully
 20 funded or amortization bases that are embedded
 21 in the calculations start to roll out of that
 22 calculation. As Phil had covered at the
 23 outset, there's been adjustments to the
 24 amortization policy within the plan. What
 25 that's ultimately been doing is shortening up

1 individual time periods and that's caused a
 2 clustering effect that there's now a number of
 3 different amortization bases that are going to
 4 be expiring in, let's call it years six- -- 17,
 5 18. That's contributing to this decline that
 6 we're going to see in those dash black lines
 7 where they gradually increase and then drop
 8 back down. That's going to be amortizations
 9 rolling out of the calculation as well as the
 10 plan ultimately reaching full funding.

11 Now this is dollars going into the plan.
 12 We can see it's starting just north of
 13 5 billion, gradually going up to just about
 14 10 billion before dropping back down. This is
 15 the dollars going into the plan, but FRS funds
 16 more on a blended rate type strategy where
 17 contributions are applied to all plans
 18 incorporating the investment plan. And what we
 19 can see ultimately, if we look at these dash
 20 black lines, while we saw more of an upward
 21 tick on the prior slide in terms of dollars, we
 22 see more of a leveling effect for the blended
 23 rate as a percent of the overall salary.

24 So blended rate expected to essentially
 25 plateau moving somewhat sideways, if we're

1 looking at the current policy, that middle
2 depiction on this chart before dropping back
3 down once the plan hits full funding,
4 amortization bases roll out of the calculation.

5 Those contributions are incorporated
6 within the net outflow of the plan. So cash
7 payments coming out or benefit payments coming
8 out, plan contributions coming in. Net outflow
9 across these plans, fairly consistent in the
10 3 percent range, by and large.

11 So results of the overall analysis are
12 pointing in positive directions. We can see
13 that the plan is expected to cross full funding
14 on that top row at 2042. And we can see
15 essentially the takeaway from here is that we
16 looked at all different return-seeking
17 increments. Everything 60 percent return
18 seeking and below is not expected to hit full
19 funding over that 30-year time frame. And then
20 we can see the various risk/reward trade-offs
21 associated with different policies in terms of
22 portfolio metrics and financial metrics.

23 And then last but not least, what we ended
24 up doing was doing a liquidity stress test on
25 the current policy. Here we're looking at

1 different buckets of asset classes with the
2 primary concentration being the last three
3 buckets, quasi liquid, illiquid five to 10, and
4 illiquid 10-plus. Ultimately, 30 percent of
5 the portfolio lies in these asset classes.
6 Think of these as your non-publicly traded type
7 investments. And then what we do is stress
8 test the portfolio to see how it's going to
9 respond in negative environments that factors
10 in the expected contributions coming into the
11 plan. Do that on the next slide.

12 What we can see is looking at a base case
13 recession in dark skies, going from left to
14 right on this page. Top half of the page is
15 looking at the market value of assets under
16 each of these scenarios. Bottom half of the
17 page is looking at the asset allocation across
18 each of these base cases. In the lower left is
19 going to be the most uninteresting slide you're
20 really going to see, that is showing a level
21 30 percent allocation across the 10-year time
22 horizon. But we're going to focus on what's
23 going to happen over a recession and dark sky
24 scenario. Essentially, because of the funding
25 within the plan and the investment strategy,

1 illiquid assets are only expected to increase
2 marginally over these types of stress periods,
3 which tells us that there's going to be plenty
4 of sufficient liquidity within the plan given
5 this target asset allocation.

6 And then ultimately landing where we
7 started in terms of current future trends,
8 plans 87 percent on a market value of asset
9 basis as of 6-30-25, we're expecting full
10 funding by 2042 with a range of distributions
11 around that. Our current capital market
12 assumptions is 6.32 percent, slightly less than
13 the actuarial assumed rate of return. That's
14 being incorporated with that blended equity
15 risk premium, which is 1 percent as of the 2025
16 study, which is a slight increase from last
17 year.

18 And then in terms of liquidity, we expect
19 that there's sufficient liquidity through the
20 various stress tests that we ran.

21 And with that, I will pause for any
22 questions or comments.

23 **MR. CHAIR:** All right. Thank you. Thank
24 you for the summary. There's a lot of
25 information here.

1 So we -- I'll try to summarize it in my
2 own words. Sounds like there's some good news,
3 we're going to reach full funding in about 17
4 years, that liquidity is not an issue.

5 So the question I have, if our assumed
6 rate of return of 6.7 is higher than our
7 expected rate of 6.32, is -- should we be
8 concerned about the difference there?

9 **MR. SULLIVAN:** I wouldn't say -- I
10 wouldn't be concerned. Essentially, one, the
11 trend lines, given that relationship, are
12 pointing to full funding by 2042. To the
13 extent that the expected return would be
14 increased, you would hit full funding sooner.
15 So in terms of concern, no, because the trend
16 lines are pointing in a positive direction.
17 That's also factoring in the changes that have
18 been made in terms of the funding policy, which
19 is contributing to that and helping to offset
20 that as well. So, no, I wouldn't be concerned.

21 **MR. CHAIR:** Okay. So there's no
22 recommendations you're making to us today?

23 **MR. SULLIVAN:** There's not.

24 **MS. COMSTOCK:** Yeah, I might also --

25 **MR. GOETZ:** Mr. Chairman, I have a

1 question.

2 **MR. CHAIR:** Please, John.

3 **MR. GOETZ:** Yeah. John, in the
4 assumptions putting it together -- and I just
5 want to pick up on the point that was just
6 made -- we have a relatively low equity risk
7 premium in these assumptions. The primary
8 driver to that is the valuation of a
9 cap-weighted index, I think, in that
10 calculation. I believe that's the main reason
11 for the decline of the equity risk premium in
12 all these studies; is that correct?

13 **MR. SULLIVAN:** Moving back to slide 183 to
14 more directly answer the question. So the drop
15 in the equity risk premium is primarily
16 associated with the inclusion of Wilshire and
17 the averaging. Wilshire includes a couple of
18 different capital market assumption approaches.
19 Some of their approaches take into account the
20 elevated earnings price multiple, which is
21 pulling down their returns which is resulting
22 in a lower equity risk premium.

23 **MR. GOETZ:** But, John, just go to the
24 point here. The global equity expected return,
25 even yours, 6.9 percent, is a function of the

1 valuation of the market, the relationship
2 between earnings and the total valuation of the
3 market.

4 **MR. SULLIVAN:** That's correct.

5 **MR. GOETZ:** That total valuation of the
6 market is inflated on the high end of the
7 market caps. The concentration effect is
8 showing up in that 6.9 percent expectation.

9 **MR. KIVARKIS:** Certainly, there's
10 concentration given the Mag 7, right? There's
11 more concentration today than there has been
12 before. But this is the All Country World
13 Index. So, it's -- those seven names have a --
14 they're a bigger component of the US market
15 than they are of the All Country World Index.

16 **MR. GOETZ:** Yeah. Except the US market is
17 at record levels --

18 **MR. KIVARKIS:** Yes.

19 **MR. GOETZ:** -- in terms of its own
20 influence on the ACWI global index. My point
21 being -- and I'm just saying this to the rest
22 of the committee, my point being that if you
23 looked at the historic return to public equity
24 globally, you see in our own results, it's been
25 8 to 10 percent, depending upon the time

1 period. That goes way back to the fact that
 2 our expected return to equity markets was in
 3 that 8 percent, 9 percent range going back
 4 historically. The reason it's 6.9 percent is
 5 the inflation in the valuations of the market.
 6 Over an extended period of time, that inflation
 7 is concentrated in the United States, and
 8 specifically in the Mag 7. That's the point I
 9 wanted to make.

10 So that's the main reason the equity risk
 11 premium has declined, is the valuation on the
 12 high end of the market cap spectrum. Just
 13 wanted to be clear and make sure that Aon sees
 14 it the same way.

15 **MR. KIVARKIS:** You know, the other thing
 16 I'll note you in -- so there are two components
 17 that create the equity risk premium in the
 18 calculation: One is the global equities, and
 19 the other is the bonds. And, you know, bonds
 20 returns follow prevailing yields. And those
 21 prevailing yields shown here, higher than they
 22 have been in the past. In fact, John, if you
 23 could move to page 184 to illustrate that
 24 point. You can see that it is a bit of an
 25 anomalous market when you're looking at today

1 versus, you know, previous years. Last year
 2 was pretty similar, but, you know, we see rates
 3 higher today and that's led to, you know, a
 4 different calculation of those equity risk
 5 premiums today.

6 **MR. GOETZ:** Right. But the 6.9 percent
 7 was what I was referring to in that question,
 8 which is just simply the calculation of the
 9 expected return to public equity globally.

10 **MR. KIVARKIS:** Yes.

11 **MR. COLLINS:** Can I ask a question,
 12 please?

13 **MR. CHAIR:** Yeah.

14 **MR. COLLINS:** Explain to me again, the
 15 non-return seeking asset, who's in charge of
 16 that at the state pension fund and what is
 17 that?

18 **MS. COMSTOCK:** The 22 percent risk
 19 mitigating primary role would be the fixed
 20 income asset class. That is primary role. We
 21 label that as more of a way to communicate,
 22 kind of how to set the overall risk posture,
 23 but it's going to be high quality core US fixed
 24 income primarily.

25 **MR. COLLINS:** I'm going to ask a silly

1 question, but you are seeking returns?

2 **MR. SULLIVAN:** They are seeking returns.

3 **MR. LUDGATE:** Wholeheartedly disagree with
4 the non-return-seeking-asset label. We are,
5 indeed, seeking returns.

6 **MR. K. JONES:** Label that possibly.

7 **MR. COLLINS:** Yeah. Maybe it's so -- I
8 mean, we could trim some fat, right? If
9 they're not seeking returns, we could just get
10 rid of the whole thing. Just kidding,
11 obviously.

12 **MR. SPENCER:** More of our best alpha
13 lately has been coming from fixed income.

14 **MR. COLLINS:** Yeah. I've been through
15 this many times here. And when I sit through
16 this, I think we have three risks -- key risks,
17 I think, in the next 17. One, the legislature
18 funds less, right? They say, hey, you guys are
19 on a 17-year glide path, that's good. That's
20 better than a lot of other people. We don't
21 need to fund as much. The legislature decides
22 to give a lot more benefits and adds a lot of
23 cost to the system. Or we have really poor
24 performance. Those are the three main drivers.

25 That's why we do this is because we want

1 to make sure we don't have really poor
2 performance. If 75 percent of our returns are
3 coming from asset allocation, we want to get
4 that at least right. We want to allocate the
5 assets right. And then we need to make good
6 bets within those allocations. But we could
7 still have really poor performance, even if we
8 get the asset allocation right, because we
9 choose wrong, right? I feel pretty good about
10 us there.

11 The question in my mind is, if we're at
12 78 percent, non-bond return assets, what's to
13 be gained by going to, say, nine, right? And
14 if I look at your chart on page 200, we pick up
15 one year. We get funded one year earlier. Are
16 we going to cut 10 percent out of fixed income
17 to get to fully funded one year earlier? No.

18 So if the end of this whole discussion is,
19 hey, are we staying at 78 percent? I'm a yes.
20 I mean, within margin. I agree with John on
21 the 1 percent, and we can argue, you know, it's
22 overvalued. And I still don't understand the
23 difference between the negative 2 percent and
24 the 2 -- the negative 0.2 percent and the
25 2 percent for Aon. I mean, that's a pretty

1 wide range. And I know it's a little
2 different. They're including some other
3 things. I would say you just throw that out.
4 Don't smooth for it. I would just say you
5 would throw that out. Because it's really not
6 apples to apples.

7 But as I look at it, if we're going to
8 gain one year and we're going to take a lot
9 more risk, I don't think it's necessary when
10 these three risks are really the main driver.

11 **MR. L. TAYLOR:** Completely agree with
12 everything you said there. And then maybe to
13 kind of also agree with John Goetz's point
14 which is -- I think I would agree that
15 forward-looking capital market assumptions, I
16 think, look at -- I sort of look at it as sort
17 of yield based. So if your yields are low,
18 your expected returns, going forward, are going
19 to be low. And you're right, there's a
20 multiple -- there's building blocks. There's
21 all kinds of ways to look at it. But you just
22 sort of -- it just correlates pretty, pretty
23 well. If your valuations are high, your yields
24 are low, your forward-looking expectations are
25 going to be low as well. And that's largely

1 driven by the concentration.

2 I think it is -- I think to that point,
3 and what we acknowledge there is why we're not
4 necessarily pounding the table to kind of have
5 the legislature reduce the expected rate of
6 return. Because this would tell you their
7 expected rate of return is 6.32 percent. The
8 funding is at 6.7.

9 I feel like, to John's point, with
10 valuations where they are and what we see in
11 terms of opportunities with respect to ex US
12 exposures and active investing in public
13 markets, there should be better opportunities
14 for active returns in public markets going
15 forward. And so I think for those reasons, I
16 feel like we can maintain the course on the
17 asset allocation that we've got. And -- which
18 really -- which relates to the 78 percent, what
19 I would call risk seeking and non-risk seeking.
20 But 78 percent risk seeking, 22 percent
21 non-risk seeking. Because I do expect that we
22 are going to see some opportunities ex US in
23 active space, and we don't necessarily need to
24 hound legislature to give us more money. I
25 think those returns will materialize.

1 **MS. CANIDA:** Chairman, I don't agree with
2 everything that's been said. And if you look
3 at page 189, I mean, if you go from 60 to a
4 hundred, I mean, it's so narrow, the band, that
5 I think we're really in a good spot.

6 **MR. K. JONES:** Mr. Chairman, I do have one
7 question. Sorry. The only note I took here
8 was Peter made the point, I don't want to
9 belabor this, but Wilshire at negative 20 basis
10 points, Aon at 200. Why? I mean, I heard you
11 say they include some other stuff in the other
12 one, but why include it at all? It's not off
13 by 10 percent, it's off by 10x relative to the
14 other benchmark. So why do that?

15 If you're backing into 1 percent, just say
16 you're backing into 1 percent. But including
17 things that sort of skew it back to 1 percent,
18 what's the rationale there?

19 **MS. COMSTOCK:** Yeah, I wouldn't say we're
20 not backing into 1 percent. We're really just
21 kind of maintaining the process -- consistency
22 in the process that's been set for a decade of
23 how to create these capital market assumptions.
24 And because there's a number that seems to be
25 an outlier, not to change that process because

1 of that, but understand it. I think what it
2 tells us is that there's a wide distribution of
3 expectations. So there's a more uncertainty in
4 what is going to happen with public equity
5 markets, the concentration, what's going to
6 drive those returns. But we want the
7 transparency in there to under- -- so we can
8 have this conversation. And it really just
9 kind of tells us there's a lot of uncertainty
10 in those numbers and to be aware of that.

11 But the reason for maintaining it was to
12 have the consistency and kind of the integrity
13 of the process of creating the CMAs.

14 **MR. K. JONES:** So this was used in the
15 past then, the same three?

16 **MS. COMSTOCK:** The same three, and then
17 occasionally when -- we would use Callan's as
18 well, but they -- they release their capital
19 market assumptions on a different time frame
20 than others. So they didn't line up with the
21 asset liability study. They were excluded for
22 this time.

23 **MR. SPENCER:** We had the same -- oh,
24 sorry, Mr. Chairman. So we had the same
25 conversation last year. A similar circumstance

1 happened, Wilshire much lower on the CMA
2 averaging together -- you know, got to where it
3 was. You know, 75 basis points last year, now
4 it's a hundred basis points. And exactly to
5 Katie's point, our interpretation of it last
6 year was that this just highlights the fact
7 that there's a lot of volatility and
8 uncertainty about what's going to happen with
9 the markets. I mean, people don't -- we don't
10 know what tariff impacts are going to be, what
11 the end of the year is going to look like.
12 What's going to happen if the Supreme Court
13 rules that the federal government has to refund
14 \$500 billion in tariff revenue? What's going
15 to happen to the market? A lot of competing
16 different theories out there that might impact
17 these equity market returns.

18 And so for us at least looking at this,
19 the 6.7 actuarial return versus the 6.32 that's
20 coming in as this averaged methodology for the
21 CMA, we are within striking distance with the
22 level of uncertainty factored in. You know,
23 we're not recommending any changes to the
24 legislature on the return assumption when we go
25 to the assumptions conference in October.

1 Because this is -- you know, we're there,
2 right?

3 And I think it's worth monitoring. I
4 think next year, another round of looking at
5 what the CMA looks like with all of these
6 different variables come in and a little more
7 clarity by the end of the year. But at least
8 as of right now, not any indication for us to
9 panic and try to change anything.

10 **MR. SULLIVAN:** And one point, in terms of
11 the different capital market assumptions, I'd
12 point to slide 225. This is the Horizon
13 survey. This is done annually by Horizon
14 Actuarial Services to benchmark different
15 investment firms' capital market assumptions.
16 This looks at 41 different investment advisers
17 across a whole slew of different asset classes.

18 What I'd only focus attention on is the
19 first column, US large cap equity. Here we can
20 see that there is actually a range of different
21 assumptions from the various investment firms
22 that can be as low as 4 percent over the next
23 10 years, or as high as -- upwards of 9 to
24 10 percent. So just to emphasize that
25 different investment firms are going to have a

1 pretty wide variety of capital market
2 assumptions, and then that variety is then
3 implicit in the SBA averaging approach as well.

4 **MR. COLLINS:** Well, you would anticipate
5 that, right? I mean, everybody's different.
6 Everybody's got a different perspective on it.
7 That's why some people make a lot of money one
8 year, and some people don't make a lot of money
9 one year. But if -- well, that doesn't
10 surprise me. We just want to be with the right
11 people, right? We just want to be with the
12 right people.

13 And it would seem to me that I'd feel
14 better about you guys if you came in and said,
15 Hey, our 2 percent's right.

16 **MR. KIVARKIS:** Well, just to say -- to
17 that point, you know, the blue dot across the
18 page, those are the Aon assumptions, and you
19 can kind of compare them to the field of the 41
20 investment advisers. Comparing the blue dot to
21 the black diamond, which is the median of those
22 41, you can see that the blue dot sits pretty
23 close to on top of the black diamond across
24 those asset classes. Not exactly in every
25 case, but pretty close across the board. And

1 so we take solace in that, that generally
2 speaking, we're not overly skewed in the
3 marketplace. You know, we don't have returns
4 that are 4 percent or 10 percent on US large
5 cap equity. And so this moderate viewpoint has
6 been pretty consistent over the 10 years we've
7 been benchmarking to the Horizon.

8 **MR. PERZICHILLI:** I would just add, you
9 know, to defend this practice, this historical
10 practice a little bit, there's this idea of
11 wisdom of the crowds. If you have three or
12 four different methodologies that are coming up
13 with, you know, not exactly the same answer,
14 you know, the old adage was like, nobody can
15 guess the amount of gumballs in the jar, but
16 the average of 20 or 30 guesses is going to be
17 close to the exact number. So there's some
18 method to the madness, I think, generally
19 speaking.

20 **MR. CHAIR:** Okay. Good questions and good
21 commentary.

22 Thank you, Aon, for all the work on this.

23 So we will move on to our global equity
24 asset class review, and I'll turn it over to
25 Tim Taylor.

1 **MR. T. TAYLOR:** Thank you, Mr. Chairman.

2 So I'm happy today to provide the IAC with some
3 expanded comments about global equity in the
4 asset class. Jay Love from Mercer is, I think,
5 virtually with us today. He's prepared to
6 answer any questions. He's going to have a few
7 comments as well after my comments.

8 So page 248, for those of you scoring at
9 home, this is our group, global equity. We're
10 primarily structured by responsibility in four
11 functional groups: External manager oversight,
12 internal portfolio management, trading and
13 operations, and analytics and reporting. And
14 staff have an average of 14 years of experience
15 at the SBA. All of the successes and the good
16 performance, the challenges we've met, these
17 people, all these people have contributed to
18 our success. So I get to present the good
19 news, but these people are the ones that have
20 contributed to our good story for years.

21 Now this is a very basic slide. The FRS
22 investment policy statement defines the purpose
23 of a global equity asset class. We are to
24 achieve or exceed the return of our benchmark
25 and remain diversified relative to that

1 benchmark. We are to provide the return or the
2 beta of the global equity markets by relying on
3 low cost passive strategies. So, again, this
4 is a fundamental simple slide, but it's so
5 important. That's what we need to not -- we
6 need to provide the beta of the global equity
7 markets.

8 By doing that, over the last 10 years or
9 so, our return has been 10 percent. Some years
10 maybe we've failed on our active performance,
11 but we're going to provide that beta, that
12 important beta that the FRS needs. So we're to
13 rely on low cost passive strategies,
14 particularly in efficient markets, but we
15 strategically use our risk budget in the
16 pursuit of positive alpha.

17 Another important thing we must
18 fundamentally do is always remain structured so
19 that we can provide liquidity and provide
20 benefit payments quickly and efficiently.

21 And so, how is beta defined for us? What
22 is our benchmark? It is a customized version
23 of the MSCI All Country World Investable Market
24 Index reflecting investment prohibitions that
25 are prescribed by legislation, Florida

1 legislation, and policy.

2 Now note the significant breadth of our
3 benchmark. It's not just seven -- magnificent
4 seven names. We have stocks in over 45
5 countries in more than 7,300 securities.
6 That's our benchmark. Roughly 65 percent of
7 our benchmark is comprised of US securities,
8 you can see that in the upper right. That
9 percentage, and Lamar mentioned it already, has
10 grown significantly in recent years as the
11 return of the US market has outpaced the rest
12 of the world by significant margin.

13 Emerging markets currently comprise about
14 8 percent of the target, a percentage that fell
15 by about 2 percent when China was excluded from
16 our custom benchmark in mid-April of this year.
17 At the bottom of the slide, you can see the
18 importance of the IT or information technology
19 sector, and financial sector, and the
20 predominance of US stocks in those as well as
21 many other sectors in our benchmark.

22 At the end of June, the end of the fiscal
23 year, we managed just over \$100 billion in our
24 group. And we had investments in 55 countries,
25 and in more than 7,700 securities. We have 54

1 externally managed strategies. So this is
2 where we contract with an external investment
3 manager. Those strategies are all active. And
4 we had eight internally managed mandates, five
5 of those are passive, and the other three are
6 active strategies.

7 The graphs on the right-hand side indicate
8 that 58 percent of GE is passively invested,
9 the majority of which is in what is considered
10 to be the most efficient developed markets, in
11 particular, the US. Almost 60 percent of the
12 asset class, or \$60 billion, was internally
13 managed at the end of the fiscal year.
14 60 percent of our asset class is internally
15 managed.

16 There's a lot on this page. I'm not going
17 to go through each and every one. But I want
18 to highlight a couple of them. Managing fees
19 is very important to us for external mandates.
20 We are aggressive when managing fees, but we're
21 fair. We're aggressive. We benefit. And we
22 know that from a large account value, we have a
23 long-term investment horizon, and we can be
24 patient when patience is needed. And that
25 increases our negotiating power, and we know

1 that and we use that.

2 We try to strategically use our risk
3 budget of 75 basis points in places we think
4 we're going to be rewarded. We don't always
5 get rewarded in the short term, but we think we
6 can get rewarded by using our budget there. We
7 try to neutralize or -- neutralize unintended
8 or uncompensated risk. We attempt to allocate
9 a risk budget across a variety of areas so that
10 we have several potential sources of alpha. We
11 always try to remain structurally liquid so
12 that we can quickly and we can efficiently
13 raise cash, at the same time we want to capture
14 active returns in less liquid securities and
15 spaces, such as smaller stocks.

16 Here's some of the things that are in our
17 work plan for this fiscal year, which supports
18 the objectives that we have. We plan to
19 continue to support staff development and
20 resources related to internally-managed
21 strategies, enhancing capabilities related to
22 this very important function. Remember that
23 60 percent of our asset class is managed
24 internally. We want to continue to build up
25 and advance the resources devoted to that

1 function.

2 We'll continue our in-depth oversight of
3 external managers, monitoring our managers and
4 active aggregate structures while remaining
5 aware of firms in the industry (audio
6 disruption) excellent potential. We already
7 have excellent reporting and analytics, and
8 we're continually evaluating systems, enhancing
9 frameworks for evaluating risk at the total
10 asset class and subaggregate levels. And we
11 plan to evaluate strategies that have
12 traditionally not been used by GE that possibly
13 can add value, such as long, short or extension
14 mandates. We're going to look at how these can
15 be incorporated into our asset class.

16 So page 254. Here I wanted to provide the
17 IAC with a quick look at the impact of removing
18 China and Hong Kong from our benchmark. This
19 change was implemented on April 15th, during
20 this past second quarter. As you can see on
21 the left-hand side, emerging -- the weight in
22 emerging markets declined by more than
23 2 percent with developed markets receiving the
24 increase. More specifically, three-quarters of
25 the balance went to the US market.

1 On the right-hand side, the result of
 2 excluding China, which was roughly 27 percent
 3 of the emerging market benchmark -- it was a
 4 big country in the benchmark -- now three
 5 countries account for almost 65 percent of our
 6 custom emerging markets index. Those countries
 7 are India, Taiwan, and Korea.

8 Next section, I'll talk about global
 9 equity's role in the total fund. At the end of
 10 June, we were, as many of you know, the largest
 11 asset class representing 48 percent of the
 12 Florida Retirement System. We internally
 13 manage 29 percent of the total fund. We've
 14 provided 85 percent of all liquidity required
 15 for the revised FRS asset allocation policy and
 16 also beneficiary payments over the last three
 17 years. That's totaled about \$18 billion over
 18 the last, again, three years.

19 GE, global equity, has contributed 86
 20 percent of the FRS's total three-year absolute
 21 return, and that emphasizes the importance of
 22 achieving the beta of the global equity
 23 markets. That's our purpose. That's our
 24 simple, fundamental reason is providing beta.
 25 That's why it's so important that we do it.

1 86 percent of the FRS total three-year absolute
 2 return.

3 During that period, we've also contributed
 4 11 basis points to the fund's three-year active
 5 or excess returns, and while accounting for
 6 just a small percentage of the FRS's active
 7 risk. You can see that in the lower right.

8 The next slide, GE is to provide the beta
 9 of the market. However, in addition to that,
 10 alpha through active management and use of our
 11 risk budget. Our percentage of actively
 12 managed assets has declined as the US, where we
 13 are predominantly passive, has for much of the
 14 time continued its dominance relative to the
 15 rest of the world. The graph in the upper
 16 right shows our active risk as measured by
 17 rolling three-year periods. That's how our
 18 risk budget is measured, over rolling
 19 three-year periods.

20 And it was rising in mid-2023 to our
 21 monitoring standard of 75 basis points. But
 22 you can see since that time, it's fallen to
 23 about 40 basis points. This has been driven by
 24 both a rise in our passive management, but also
 25 by declining market volatility. An important

1 point is that market volatility, as measured by
 2 something such as the VIX index, can greatly
 3 influence the active risk level of global
 4 equity. We can make no structural changes to
 5 how we're positioned in global equity and our
 6 active risk budget; our tracking error can
 7 spike dramatically simply by volatility levels
 8 that are experienced in the market. That's
 9 something we always remain -- that's always in
 10 our mind.

11 **MR. COLLINS:** Can I ask a question,
 12 Chairman?

13 **MR. T. TAYLOR:** Yes, sir.

14 **MR. COLLINS:** On that bottom right, can
 15 you just explain that a little bit more to me,
 16 the bottom right graph? So you're taking
 17 out- -- I don't know a relative number, so I'm
 18 saying outsized only because it's big. You're
 19 taking a bigger part of your risk budget for
 20 foreign and global?

21 **MR. T. TAYLOR:** Correct.

22 **MR. COLLINS:** Less for domestic?

23 **MR. T. TAYLOR:** Yes, yes.

24 **MR. COLLINS:** In the makeup of what you
 25 own in global equity; is that right?

1 **MR. T. TAYLOR:** So that is 49 basis
 2 points, our expected track year at the end of
 3 the year, and we're allocating a small portion
 4 of that to the US market, our domestic market.
 5 We are predominantly passive. We simply try to
 6 match the benchmark, therefore we have a low
 7 level of active risk in the US domestic market.

8 For foreign markets, that's where we think
 9 we can use a risk budget. We think we can get
 10 paid for the risk that we're taking by virtue
 11 of getting some alpha. Dedicated global is
 12 about, say, 10 or 12 percent of our asset
 13 class. So it's, let's say, \$10 million. For
 14 our dedicated global, our active risk
 15 expect- -- or estimate is about a 1,
 16 1.5 percent, 150 basis points. So hopefully
 17 that's answering -- getting to your question.

18 But the whole idea, and I think I'll talk
 19 about this later, we're trying to use our risk
 20 budget where we think we'll get our alpha. We
 21 don't think we're going to get our alpha in the
 22 US in domestic markets. It's the most
 23 efficient market in the world, therefore, it's
 24 really hard to beat the market. And most
 25 people don't beat the market. They

1 underperform. We don't want to use much of our
2 risk budget there. Most of our risk budget is
3 coming from non-US markets.

4 **MR. COLLINS:** So if I can do a follow-up.
5 So you get a certain bucket of risk, but in
6 your risk budget --

7 **MR. T. TAYLOR:** Yes.

8 **MR. COLLINS:** Is this risk budget number
9 an allocation-based number? Or is it, you're
10 focusing on certain assets or foreign assets,
11 not just the foreign index? I'm just trying
12 to -- when you're taking risk, is it just
13 relative to allocation relative to the
14 benchmark?

15 **MR. T. TAYLOR:** So the way I've always
16 looked at it, we've got a benchmark. The
17 policy defines what the global equity markets
18 are as our benchmark is given. It's a custom
19 benchmark. So if we were to invest exactly
20 like that benchmark to achieve the beta of the
21 markets, we'd have zero, you know, risk.

22 We're given, in addition to that benchmark
23 by policy as part of the risk budgeting
24 process, 75 basis points. And they're telling
25 us, you can use 75 basis points and be active

1 in your use of that risk budget and
2 strategically try to use that risk budget. You
3 can -- in an attempt to outperform the beta, to
4 outperform the benchmark.

5 And so we look at our target and we say,
6 well, what areas of the target are most of --
7 were most probable to have the highest
8 percentage of potentially outperforming that
9 target? If I look at the US large cap market,
10 I think most people think it's really hard, if
11 not impossible, to outperform the US market
12 large cap on a consistent basis. Maybe US
13 small cap, you can use some of your risk budget
14 there. Because maybe in small cap you have
15 some inefficiency.

16 Where most of the inefficiencies are, are
17 the non-US markets. Think emerging markets,
18 think emerging markets small cap, think
19 international small cap, and even developed
20 markets, they have shown historically that you
21 can -- you can beat the benchmark. So that's
22 where we use that 75 basis points. And we
23 don't try to overweight a portion of our
24 target, which, again, is beta for us. We're
25 not going to overweight that, but we're going

1 to be active in those areas of the benchmark of
2 the target.

3 **MR. COLLINS:** So last question, I promise.

4 **MR. T. TAYLOR:** No, no. Go ahead.

5 **MR. COLLINS:** So let's say that you decide
6 you're going to be overweight in foreign but
7 foreign underperforms the US. So you used your
8 risk budget wisely, but you still
9 underperformed had you not used your risk
10 budget for foreign and just kept it
11 domestically.

12 **MR. T. TAYLOR:** I agree with you, but --

13 **MR. COLLINS:** So how do you -- so that's
14 okay, good. That's great.

15 **MR. T. TAYLOR:** Yeah.

16 **MR. COLLINS:** So how do you measure
17 success, right? How do you measure success?
18 Do you sit down and say, hey, we made a bet
19 here and here's the alpha we added? How do you
20 measure that? How do you hold yourself
21 accountable to returns on that risk budget?

22 **MR. T. TAYLOR:** So, I said I agree with
23 you, but I don't -- we don't manage the asset
24 class that way. We start with the target and
25 we're not going to overweight, for example,

1 emerging markets. We're not going to say,
2 well, we're going to overweight emerging
3 markets. What we say is we're going to be
4 relatively neutral to every region in our
5 target. But in some areas of our target, we're
6 going to use our risk budget and be active
7 relative to the target.

8 So somebody can overweight the non-US
9 markets and, you know, maybe that could be a
10 very bad decision if the US continues to
11 outperform. I've always thought that's a
12 really hard thing to do is to say, well, I'm
13 going to go overweight the US market now. You
14 know, I look back at the last five, 10 years,
15 people would say, well, why didn't you just
16 overweight the US market? Well, that's a tough
17 decision to make. I think a better use of the
18 risk budget is to be neutral relative to all
19 the regions, both -- within the benchmark, be
20 active in some of those regions where you think
21 active can be successful.

22 So how we measure ourselves is at the
23 overall, what return are we getting for the
24 asset class? Here's the beta. The beta was,
25 you know, whatever it was over that period of

1 time. Have you been successful in each of your
2 active aggregates? I'm going to talk about
3 some of the active aggregates later. That's
4 kind of how I've always thought is the best way
5 to manage global equity.

6 What you suggest earlier on, and I agreed
7 with you, that's actually misfit. You know,
8 putting more in non-US relative to US, simply
9 putting a bulk amount more, that's actually
10 misfit. Some people do that and maybe some are
11 successful, some are not. But that's misfit.
12 And I try to minimize unintentional bets. And
13 any misfit we would do, I would want it to be
14 intentional. There's got to be a reason that
15 we're using that. Otherwise, like I say,
16 that's misfit and I don't think that's the way
17 to manage global equity. So I hope I was
18 responsive.

19 **MR. CHAIR:** So we'll see how you
20 measure -- see if you've got some alpha or not.

21 **MR. T. TAYLOR:** Yeah.

22 **MR. COLLINS:** Mr. Chair, maybe just kind
23 of get Tim to elaborate on this just a bit
24 more. To your question, I think, which is, I
25 guess, if you were to look at sort of

1 (inaudible) and attribution sort of analysis,
2 you could look at, you know, are you using --
3 seeking alpha in terms of asset allocation or
4 stock selection, security selection, manager
5 selection, interaction effect. I think what
6 Tim is saying is that rather than taking that
7 allocation, sort of the attribution around
8 allocation, we're going to use that active risk
9 budget to find managers that generate those
10 selection. It's a selection alpha that you're
11 looking for. And so when you look at tracking
12 error, you're looking at a manager's tracking
13 error relative to the benchmark in question and
14 you're sort of composing your target with --
15 you've got sub benchmarks within it. But at
16 the end of the day, we're sort of making
17 that -- using that active risk budget from a
18 selection perspective, not an allocation
19 perspective would be, I think --

20 **MR. T. TAYLOR:** Yeah. And I guess, you
21 know, we've not -- we've never said we are
22 going to -- we're the experts. We're macro
23 top-down experts, and so we're not going to
24 make the call on US is going to outperform or
25 non-US or emerging markets. I don't think we

1 have the expertise to do that. But what we do
2 do -- what we like to do, we select managers to
3 make those calls and that's how we've done it.

4 **MR. CHAIR:** Okay. All right. Please
5 continue.

6 **MR. T. TAYLOR:** Yeah. Thank you.

7 Let me finish off here. 257. The lower
8 left is a style analytics snapshot of factor
9 tilts we have at the aggregate level as of the
10 end of June. Note that these are modest
11 biases. You can see positive tilts to value,
12 quality and momentum, and negative biases to
13 yield and size. The final graph on this page,
14 we've talked about already, is our predicted
15 tracking error. It was 49 basis points at the
16 end of June. The highest active risk levels
17 coming from the most inefficient areas outside
18 of the US market.

19 On page 258, we try to structure global
20 equity in a way that it will outperform in a
21 variety of environments. On this page, we show
22 the batting average or the percentage of months
23 that we've outperformed our benchmark in
24 certain environments, both from inception and
25 in the most recent three-year period. From

1 inception, we've outperformed in almost all
2 environments, including when the market is both
3 up or down, and when the US or the rest of the
4 world, ROW, is the performance leader.

5 Over the past three years, our batting
6 average has not been as good as history, as
7 we've seen continued US outperformance. And
8 along with that, rising market concentration
9 where a small handful of market -- of stocks
10 have led market returns, they now represent a
11 large portion of the benchmark. That's one
12 reason that's made active management a very
13 difficult task.

14 This slide, page 259, provides some detail
15 on our active management structure. We have
16 higher active percentages in less efficient
17 areas of the global markets. For example, we
18 are fully 100 percent active in emerging
19 markets and in international small cap. And on
20 the other hand, we are much less active in US
21 large cap, which is considered to be a very
22 efficient segment. And as I've said, a very
23 challenging area in which to add value.

24 The right-hand side of the page is
25 interesting, I think, in it shows the benefits

1 of structural diversification. For example,
2 our nine developed large cap managers, the
3 third over there, they have predicted active
4 risk levels that range from 1.3 percent to
5 10.1 percent. However, when we structure these
6 managers all together, fundamental,
7 quantitative, value, growth manage- -- we
8 structure them all together, the predicted
9 active risk is 1.5 percent. If the structured
10 diversified aggregate generates a certain level
11 of alpha, it will result in a strong risk
12 adjusted alpha as measured by the information
13 ratio.

14 Performance, page 261. And this is the
15 last section that I'll cover with my prepared
16 comments. Global equity's performance -- and
17 this is net of all fees and net of all
18 transaction costs. We were up nine basis
19 points in the second quarter through a very
20 strong benchmark that surged almost 10 percent.
21 We finished off a very solid year where we
22 exceeded the benchmark return by 39 basis
23 points. GE is above the benchmark over every
24 time period from the inception of the asset
25 class in July 2010. And you could see our

1 tracking error associated with that and also
2 our information ratio calculation.

3 This next page has some added detail of
4 performance. And one thing to highlight is, in
5 general, the challenging environment faced by
6 active managers over the last five years.
7 However, our active performance has been
8 improving in recent periods, and it's partly
9 due to the restructuring of our dedicated
10 global aggregate to a more diversified
11 structure. But also positive numbers are
12 returning in areas where we have historically
13 been successful.

14 We try, as I said, to structure the asset
15 class so that, regardless of the environment,
16 it consistently outperforms its benchmark. For
17 the majority of time, that consistency has been
18 achieved as global equity has outperformed the
19 benchmark net of fees in 14 out of 15 fiscal
20 year periods, in 12 out of 13 three-year
21 periods, and in every five and 10-year periods
22 from June -- ending June 2025. I think that's
23 a really good slide to visualize our
24 consistency of performance.

25 This is the last slide that I'll present.

1 It provides some performance details on each of
2 our active aggregates. Note that many of these
3 aggregates are above the benchmarks for three
4 and five-year periods, ending June 2025.

5 Dedicated global is not; however, recent
6 performance has been encouraging. Our
7 important developed large cap aggregate is flat
8 to the benchmark over five years, and it was
9 most negatively impacted by a horrible sell-off
10 and poor performance in Q1 of 2022. And that's
11 when -- I've talked to you about this before,
12 that's when the Fed began increasing interest
13 rates and it was a very tough time for our
14 active managers.

15 However, you can see aggregate performance
16 since that time has solidly rebounded. And we
17 have enjoyed positive active returns in that
18 area that are more consistent with our
19 historical success.

20 I'm happy to answer any further questions
21 you have. But, Mr. Chairman, Mercer's also on
22 the line and could provide comments if you'd
23 like.

24 **MR. CHAIR:** Okay. Just one quick
25 question. I see in your passively managed

1 strategies, you're trying to match the
2 benchmark in the passive. But I see you have
3 some excess performance. What do you do to get
4 the excess in a passive strategy?

5 **MR. T. TAYLOR:** Yeah. One is skillfully,
6 you know, trade, so those strategies. One
7 disadvantage that we have is benchmarks don't
8 include transaction costs. So any passive
9 investment, well, that does include transaction
10 costs. But we're able to overcome those by
11 trading tactically, but mostly securities
12 lending income. We receive securities lending
13 income. Also there are times, for example, in
14 our non-US strategies, we might benefit from
15 some tax advantages. So we might pay a lower
16 or no tax on certain things where people would
17 pay normally higher taxes. We benefit from
18 that tax advantage as well.

19 So we try to provide a modest level of
20 alpha even that -- despite it being a passive
21 strategy.

22 **MR. CHAIR:** Okay. Thank you.

23 **MR. T. TAYLOR:** You're welcome. Thank
24 you.

25 **MR. LOVE:** Okay. I guess you're turning

1 it over to me. So I'm Jay Love. I'm the --
2 kind of the senior Mercer member of your public
3 markets team. So every year we come in and do
4 just a quick review of kind of where the
5 program stands in terms of some comparisons,
6 primarily to peers. I think the main objective
7 of this review is just to do a checkup and make
8 sure everything looks consistent with your
9 expectations and you're following generally
10 best practices.

11 So I'll try and make up a little time here
12 because this -- honestly, a lot of these
13 statistics don't change a lot from year to
14 year. Please feel free to jump in.

15 So if you jump ahead one page to 271,
16 overall the SBA's program has been and
17 continues to be kind of running in a very
18 best-in-class manner. You have very thorough
19 due diligence. Your teams spend more time with
20 their active managers than most teams that we
21 work with by far. So you're digging in deep,
22 you're doing a lot of work to understand how
23 your managers are adding value, make sure
24 they'll be able to continue to do that going
25 forward. And I think you're seeing that payoff

1 in the results that Tim just went through.

2 Couple of things, your use of passive
3 management, we think, is very appropriate.
4 You're using passive management where the
5 markets are inefficient, where you're not
6 likely to add value. And the other thing is
7 you're using passive -- when you do passive
8 management, you're primarily using your
9 internal team, your internal staff, which is
10 very cost effective. We'll look at -- some of
11 your peers will tend to use some external
12 management, some internal management, both for
13 active and passive. I think the approach the
14 SBA's adopted of being primarily passive
15 internally and primarily active externally,
16 allows you to get the most kind of bang for
17 your buck in terms of fees and in terms of
18 tapping the broad range of skills that are out
19 there.

20 So on the next page, just in the interest
21 of keeping things moving -- actually two pages
22 down. You've already seen this a couple of
23 times. But as I was just saying, you
24 essentially don't have any external passive
25 management if you look in the FRS column. The

1 peer group that we're looking at here is from a
2 group called CEM. They do kind of custom
3 surveys of a number of the largest plans in the
4 US and really in the world. So we use some of
5 their data for the peer comparisons. So
6 internal passive, you're about 49 percent.
7 Your peers are only at about 30 percent. And
8 then for your active management, you're
9 essentially 50 percent external active
10 management where your peers have about
11 12.7 percent that they're using internal active
12 management for. That's not to say that
13 internal active management can't add value.
14 You do do a little bit of it, just a very small
15 amount, and you do it in a very targeted way.
16 So I think, in general, what you're doing kind
17 of fits in that best in class approach.

18 On the next page, just a summary of
19 allocations. And some of these, the dates here
20 get a little mixed. But, you know, as Tim was
21 trying to say in that previous discussion, I
22 think your allocation to US, foreign and
23 emerging markets is pretty much in line with
24 the benchmark. You're not taking kind of
25 regional selection risk there. All of your

1 risk is primarily through active management.
2 So you're pretty consistent with peers in that.

3 The next page just has a quick look at the
4 percentage of active management and passive
5 management you have in various places relative
6 to peers. I'll mention that if you look at the
7 top line, US equity, as Tim spent a lot of time
8 talking about, you're primarily passive in US
9 equity. That 11.4 percent that's active,
10 that's going to be small cap where it does make
11 sense to be active because there is a good
12 potential for added value there. Your peer
13 group is about 70 percent passive, about
14 30 percent active. So they're taking kind of
15 much more risk and paying higher fees for
16 trying to get us equity market beta. So I
17 think your approach is probably more solid
18 there.

19 And just as Tim went through, I won't
20 belabor this point, but you're using active
21 management where it makes sense, where it's
22 possible to add value. So you're basically
23 outside of the US or in global equity and
24 you're passive where it's tougher in the US
25 equity.

1 On the next page, just a quick check on
2 fees. For US equity, your fees are listed as
3 being kind of similar to peers, but generally
4 in the other areas, you are lower than your
5 peer group in terms of the fees you're paying
6 pretty consistently across the board. So your
7 team's done a great job of kind of managing
8 their fees, negotiating attractive fees for
9 FRS, and using your scale to drive down fees
10 further.

11 The next page, page 277, is similar to
12 results that you were just shown, but here
13 we're looking at performance. And we have --
14 we're listing here the performance of a peer
15 group of -- not the CEM peer group, but just
16 all of the large public plans that are in the
17 investment metrics database. So if you look at
18 the FRS returns, which are the top row of each
19 block, you can see your returns, and two lines
20 down, there's the value added line. But in
21 parentheses, outside of your returns, we're
22 showing you your percentile ranking relative to
23 your peer group. And as most of you probably
24 know, investments is the only place where a
25 lower peer group ranking is better in

1 statistics. Normally the higher numbers are
2 better. But here, closer to one you are, the
3 better you're ranking. So for five years for
4 US equity, you've outperformed about 80 percent
5 of your peers. For non-US equity, you've
6 outperformed about 60 percent. And for global
7 equity, you outperformed almost over
8 70 percent. So, you know, relative to your
9 peers, your team is consistently adding more
10 value relative to the passive benchmarks than
11 other large firm- -- large plans are. So
12 pretty good results here pretty much across the
13 board.

14 So finally, just a final note on page 279.
15 You know, your team does consult with Mercer a
16 lot as they work through to make their manager
17 selections, but they don't necessarily follow
18 Mercer's advice explicitly. Your managers do
19 not have to be highly rated by Mercer. But
20 generally, we're feeding information back and
21 forth between our team and your team and we
22 collaborate a lot. So in terms of our ratings
23 of your managers, almost all of them are A
24 rated, which is our -- kind of our highest
25 rating. A couple are B rated where we have

1 kind of a neutral view, but your team has a
 2 more positive view. And then the R just means
 3 we know something about them, but haven't rated
 4 them formally.

5 So I think, generally --

6 **MR. COLLINS:** Can I ask a question?

7 **MR. CHAIR:** We have a question. One
 8 second, please, Jay.

9 **MR. LOVE:** Yeah.

10 **MR. COLLINS:** On slide 277, what's -- I
 11 think I know what you're saying. So the first
 12 set of numbers is FRS US equity --

13 **MR. LOVE:** Right.

14 **MR. COLLINS:** -- FRS non-US equity. But
 15 what is dedicated global equity? Wouldn't it
 16 just be global equity? What is "dedicated"?

17 **MR. LOVE:** It's managers that have a
 18 global equity mandate where their benchmark is
 19 MSCI World.

20 **MR. T. TAYLOR:** Yeah, we have about
 21 probably 10 percent of the asset class, we have
 22 managers who we've given a benchmark that is a
 23 global benchmark, MSCI World or MSCI ACWI. And
 24 so that's what that dedicated global equity,
 25 that's what we call it.

1 **MR. COLLINS:** Thanks.

2 **MR. T. TAYLOR:** You're welcome.

3 **MR. LOVE:** And I think that's pretty much
 4 all I had.

5 **MR. CHAIR:** Okay. Thank you, Jay. Yeah,
 6 thank you for that summary.

7 Any other questions?

8 All right. We're going to take a short
 9 break for lunch. And we're a little behind our
 10 schedule, so if I can just ask the presenters
 11 coming in after lunch, if we could just try to
 12 make it go slightly quicker. So why don't we
 13 come back -- a 15-minute break, so that would
 14 put us 12:55, let's call it, be back in here.

15 (Recess from 12:40 p.m. to 12:57 p.m.)

16 **MR. CHAIR:** Perfect. All right. We will
 17 go ahead and start active credit asset class
 18 review with John Mogg. And, again, if I could
 19 ask, to the extent you can tighten up the
 20 comments to help us get on track, it will be
 21 appreciated.

22 **MR. MOGG:** So you don't want the extended
 23 version?

24 **MR. CHAIR:** Not today.

25 **MR. MOGG:** All right. I'll try to keep it

1 quick.

2 **MR. CHAIR:** Speak a little closer to your
3 mic, if you would, please. Thank you.

4 **MR. MOGG:** All right. Good afternoon. So
5 put together an agenda here. We're going to
6 talk high level about the asset class as a
7 whole. And then we'll drill down into the
8 components, private credit and multi-asset
9 credit. And then we'll talk a little bit about
10 some of the initiatives that we have going on
11 this year. After my formal remarks, we have
12 Aksia and Mercer here and they can share a few
13 slides.

14 So first off, this is a snapshot of what
15 we've actually accomplished over the past year.
16 I'm incredibly proud of our team and what
17 they've been able to get done. To Lamar's
18 point earlier, none of this really could get
19 done without the help of the broader SBA team,
20 especially our legal team, accounting,
21 financial operations, et cetera. We're going
22 to go into some detail on each of these areas,
23 but I'll hit on just the highlights really
24 quickly.

25 So the asset class really formally kicked

1 off in 2024. Right from the start, we did a
2 multi-asset credit risk budgeting study. We
3 created a portfolio construction framework for
4 both multi-asset credit and private credit. We
5 hired a new private credit consultant. The
6 team went from one person to six persons. We
7 evaluated and executed on the largest private
8 credit secondary transaction to date with over
9 50 LP interest.

10 On the private credit side, we scaled up
11 our senior lending, topping up some US direct
12 lending, adding three new relationships on the
13 European direct lending side. And on
14 multi-asset credit, we did searches in Mac,
15 bank loans, high yield and emerging market
16 debt, and put about six and a half billion
17 dollars to work.

18 We also have four research initiatives
19 that we kicked off. We'll talk a little bit
20 more about those. But just in summary, over
21 the past year, we've set up 17 new separately
22 managed accounts. A lot of work went into
23 that, the team and our in-house legal, and
24 committed eight and a half billion. And so
25 we'll get into each one of these areas in a

1 little more detail.

2 So just to kick off high level at the
3 asset class level -- well, the active credit
4 asset class was formally approved in 2023. The
5 team formally came together in 2024. And day
6 one, we formed the investment policy statement,
7 which really lays out the objectives and the
8 guidelines for the asset class. We put
9 together the work plan, which lays out the
10 strategic priorities and what we hope to
11 accomplish during the year. We hired a team.
12 And then most importantly, it was a new asset
13 class. We had to really build out all of the
14 back-office infrastructure. So setting up
15 policies and procedures for how we invest, the
16 workflows, the governance all the reporting,
17 risk management, et cetera.

18 **MR. CHAIR:** John, just curious, where did
19 you find the team? Were they local or --

20 **MR. MOGG:** Yeah. So we were really
21 fortunate. I mean, we have some really great
22 people here at the SBA. So three of us came
23 from strategic investments. We brought over
24 someone from our fixed income team. We have
25 somebody from our financial operations team.

1 And then we also hired a new analyst from South
2 Florida. And I've got a slide on this we can
3 touch on.

4 So next step, the goals for the asset
5 class, it's both private credit and multi-asset
6 credit. The goal is to maximize the risk
7 adjusted returns, all while staying in the risk
8 constraints that we've been provided. You can
9 see here the targets for the asset class. At
10 the overall asset class level, the target is
11 7 percent within a 2 to 12 percent range.
12 Multi-asset credit, we're targeting 3. And
13 private credit we're targeting 4.

14 From the investment policy statement, this
15 lays out the plan. The idea is to invest
16 globally in both public and private credit
17 investments. You can see here under private
18 credit, it really spans the universe of private
19 credit strategy. So anywhere from senior
20 lending at the top of the capital structure all
21 the way through to distressed and special
22 situations.

23 On the multi-asset credit side, it's
24 really made up of two different types of
25 strategies. One are managers that can rotate

1 between bank loans, high yield and emerging
2 market debt. And then we also have dedicated
3 managers and high yield bank loans and emerging
4 market debt. We'll dive into that a little bit
5 more in the future.

6 Per the policy, the goal, again, is to
7 maximize, you know, long-term risk adjusted
8 returns. And that's through partnering with
9 folks with financial and operational controls,
10 alignment of interest, transparency, and also
11 controls on lever.

12 These were the benchmarks for the two
13 components. So for private credit, the
14 benchmark is the LSTA Levered Loan Index, plus
15 175. For multi-asset credit, it's a custom
16 index. It's made up of three components: Bank
17 loans, high yield and emerging market debt.
18 Long term, these weights will be fixed. Equal
19 weight for each, 33 percent. In the interim,
20 while we're ramping up the portfolio, these
21 weights will be floating. And so the target is
22 for the next fiscal year, July 1, we'll be
23 fully ramped and the benchmark will be fixed.

24 This is the active credit investment team.
25 So again, myself, Brock Howard, Matt Roman came

1 over from our strategic investments team. Mira
2 Wolf joined from our public fixed income. Josh
3 Cooley came over from financial operations.
4 Pierce Earley is part-time, an intern from
5 Florida State. And Raghav Prakash recently
6 joined us as an analyst from University of
7 South Florida. And the entire team is
8 supported by consultants, both on the private
9 and public side. Private is Aksia and public
10 is Mercer.

11 So that's high level, the asset class.
12 I'm going to dive into private credit unless
13 anyone has any questions.

14 So on private credit, these are the
15 accomplishments over the past year. We're
16 going to dive into each one of these. I'll
17 start out with the first. From day one, we
18 transitioned to a new private credit
19 consultant, Aksia. Aksia is a group we've
20 known for a very long time, have a deep
21 relationship with the team. We've shared notes
22 over the years looking at different funds and
23 strategies. And as impressive as their team
24 is, they've also been able to gather a lot of
25 data, not only at the fund level, but also at

1 the loan level and company level. So that's
2 been really helpful.

3 So day one, we hired Aksia and then we had
4 to transition all the data from Cambridge into
5 the Aksia system. And that has been completed.
6 Working with Aksia, we worked on a new
7 portfolio construction framework for private
8 credit. So private credit, different from what
9 we did historically within strategic
10 investments, is much more income oriented and
11 that's reflected in the benchmark of LSTA plus
12 the premium.

13 And so we worked with Aksia, we came up
14 with this framework. We're targeting
15 50 percent in senior lending within a range of
16 30 to 70 percent. That gives us the ability to
17 ramp up or down the senior lending, just
18 depending on the opportunity set in the market.
19 The other piece of the portfolio is the
20 satellite piece. That's the other 50 percent.
21 And you can see, these are the substrategies
22 within private credit. There's not specific
23 targets for any one of these strategies. We've
24 put 0 to 20 percent, that allows us to be a
25 little bit more opportunistic, just given the

1 relative value of these strategies at any given
2 time in the market.

3 So the next thing that we did after we
4 designed the portfolio construction framework
5 is to revise the pacing model. And so one of
6 the things that I mentioned that we really were
7 attracted to Aksia is the amount of data that
8 they have. They've collected data, not only
9 performance data, but cash flow data that goes
10 back across multiple credit cycles, across
11 multiple strategies, many different vintages.
12 And we can take all of that data to really make
13 more informed assumptions that go into these
14 pacing models. These pacing models have a lot
15 of assumptions built in, and the more data that
16 you have to understand, you know, cash flows,
17 contributions and distributions, the more
18 accurate the models can be.

19 And so what we did, we looked at several
20 different scenarios based on the FRS growth.
21 So the base case was a 3 percent annual growth.
22 We felt like this was fairly conservative,
23 given that the FRS has grown by much more
24 historically on average. We looked at a slow
25 growth case of 1 percent per year, and then a

1 downside case, which was negative 10 percent in
2 the first two years, and then reverted to the
3 base case for years three through 10.

4 So for 2026, we're forecasting
5 2.25 billion in contributions. And then from
6 2027 through 2034, 1.5 billion annually. This
7 next slide is a bit of an EYE chart. It's hard
8 to see here on the screen, but really this is
9 the output of the model. And so highlighted in
10 the yellow is the allocation to private credit.
11 Recall that our target is 4 percent and you can
12 see by the contributions that are forecasted,
13 how closely we get to that targeted 4 percent.

14 And then down in the lower part of the
15 chart -- the other thing we really like about
16 this Aksia pacing model is that it also breaks
17 out the individual strategies. So you can see
18 senior lending, again, we're trying to hit
19 50 percent. You can see based on our
20 allocations how closely we get to that target.
21 And also the allocations of the substrategies.

22 We laid out here, in graphical form --
23 this is the three different scenarios. And so
24 the 4 percent, the black line in the middle,
25 that's the private credit target. These are

1 the base case, slow case and downside case. We
2 also put in, if the FRS were to grow at
3 3 percent and we make no contributions to
4 private credit, that's the bottom gray line,
5 and that's where the allocation would be.

6 So the next thing after we looked at the
7 pacing, you know, our goal is 50 percent in
8 senior lending. So we had to think about how
9 we were going to get there. And one of the
10 things that we talked about as an organization
11 was repositioning the portfolio through a
12 secondary sale. This is something we've talked
13 about over the years, but we've never really
14 done it in the credit space. We've done it
15 within private equity several times and it's
16 been very successful. So we wanted to just
17 explore it. We weren't locked into doing
18 anything. We spent a lot of time with John and
19 his team to understand who they use, like, on
20 the banking side. We engaged with Evercore.
21 We went through the process and really the
22 objective was to reduce, you know, kind of the
23 tail funds that we had in the portfolio that
24 had been transitioned over from strategic and
25 also to reduce the equity oriented risk, all

1 with the end goal of repositioning to more
2 income oriented portfolio.

3 **MR. K. JONES:** Hey, John, just real quick,
4 sorry to interrupt. On some of these private
5 credit funds that we've looked at over the
6 years, some you just put them in a runoff,
7 right --

8 **MR. MOGG:** Yeah.

9 **MR. K. JONES:** -- kind of runoff? Because
10 you can turn that capital two or three times
11 depending on -- it's not like you're dealing
12 with two one-year extensions.

13 **MR. MOGG:** Yeah.

14 **MR. K. JONES:** How many of those can you
15 just put in a runoff as opposed to forcing a
16 secondary sale and taking a bit of a hit?

17 **MR. MOGG:** Yeah, I mean, so the one
18 position we were in, which was great, is we
19 didn't have to do anything. And so we -- a lot
20 of the positions that were kind of in runoff,
21 they had been around for a very long time. I
22 mean, we've been doing private credit for
23 20-plus years. So a lot of those tail
24 exposures, when we really dug into the
25 portfolio, even if they were, you know, labeled

1 as direct lending funds, there was equity
2 exposure in the funds.

3 **MR. K. JONES:** Open-ended or are they --

4 **MR. MOGG:** No, they're closed-ended. So
5 usually what happens is, you know, there's the
6 investment period, and then you have these
7 extensions and what typically -- you know, we
8 negotiate the fees way down on these extensions
9 and then the fees go away after a couple of
10 years. And so you're just basically holding
11 this position.

12 **MR. K. JONES:** Average life on the funds
13 is what, seven --

14 **MR. MOGG:** Yeah, I mean, it can be very
15 long. I mean, we had some positions going back
16 20 years. And so, you know, the goal was to
17 clean up the portfolio. And we were only going
18 to do it if it made sense. Really the IRR and
19 the return was pretty much locked in on a lot
20 of these tail funds. So we wanted to look at,
21 you know, getting rid of these tail
22 relationships that we still had to monitor and
23 our consultants still had to monitor, and then
24 also looking at, you know, some of these other
25 funds where there was a lot of embedded equity

1 beta.

2 And so what we did -- the team did a lot
3 of modeling around, this has been our return to
4 date, and then what are our projections based
5 on the strategy and kind of historical
6 performance for those strategies going forward?
7 And then we used very conservative reinvestment
8 assumptions on what we thought we could
9 redeploy that capital. And so after spending a
10 bunch of time on this, we felt like net net, it
11 would've been better to sell and reinvest into
12 more conservative, less volatile investments
13 over the long term.

14 And so, you know, we're limited by how
15 much detail we can go into because of our NDAs
16 on this. And that's the reason there's not a
17 ton of detail on the slide, but we ended up
18 transacting on 50 LP interests to multiple
19 buyers. When we dug down into the underlying
20 holdings, about 25 percent of that was equity
21 beta. And so we really were able to reduce a
22 lot of the equity risk out of the portfolio.

23 And, again, credit to everyone in the
24 organization. We worked on this for about six
25 months, up until year end, and, you know, are

1 able to reposition the portfolio. So we felt
2 like it was a really successful trade. Post
3 executing this transaction at year end, we saw
4 all the volatility around tariffs and other
5 things in the market. And in talking to, you
6 know, Evercore, they felt like, you know, we
7 would've traded much, much lower if we would've
8 taken it to market at a later time. So it was
9 a great transaction.

10 So as part of the repositioning in the
11 senior lending space, one of the areas of
12 senior lending is direct lending. The team has
13 spent the better part of the last year and a
14 half going back to strategic investments,
15 looking at European direct lending. The
16 overall goal for direct lending, both US and in
17 Europe, is to be core middle market. And
18 that's what we did here. So we ended up
19 selecting three managers, two that are solely
20 core mid-market, 10 to 50 million in EBITDA,
21 and that was the bulk of the allocation. We
22 also did one upper market manager that we
23 really liked. And, you know, again, that's
24 consistent with the 50 percent core mid-market
25 objective.

1 The portfolios are very diversified by
2 sponsor, geography. We limited position, size
3 industry. So very diversified. And these
4 three deals closed at the end of July.

5 **MR. K. JONES:** What's the AUM and the
6 strategy on the two that you put 400 million
7 each with? I know it's an SMA, but I'm just
8 saying in general --

9 **MR. MOGG:** Yeah. So the two are SMAs, I
10 can come back to you with the exact amount. I
11 mean, the market is consolidating. So in the
12 core mid-market, I mean, both of those funds
13 are several billion. I can get you all the --

14 **MR. JONES:** Yeah, that'd be nice.

15 **MR. MOGG:** On the US direct lending side,
16 so over the past five to seven years, we've set
17 up a handful of SMAs, primarily focused on core
18 mid-market in US direct lending. And so the
19 first thing we did when we were looking to add
20 exposure was to really go back and
21 re-underwrite our existing exposures. What we
22 found is three of those managers had performed
23 extremely well. They'd been around over
24 multiple credit cycles, have exceeded their
25 benchmarks since inception. And so we added a

1 billion dollars of exposure. The bulk of that
2 went to one that was solely core mid-market.
3 Average EBITDA of around 33 million. And then
4 the other two both are core mid-market, but can
5 flex up and down just depending on the
6 opportunity.

7 Again, you know, these were custom SMAs
8 that we could kind of tailor make the exposure
9 that we were looking for. This also was in
10 line with our objective of 50 percent core
11 mid-market, and we closed the top-ups on these
12 at the end of May.

13 This is the performance for the legacy
14 private credit portfolio. So when the bulk of
15 these investments were made, these were within
16 the strategic investments asset class. And
17 this wasn't the benchmark. The benchmark that
18 we're showing here is the new benchmark, which
19 is the LSTA plus 175. You can see over, you
20 know, the one year and the longer term periods,
21 it's exceeded the benchmark plus the premium.
22 So we're happy about that.

23 So that's all for private credit. Unless
24 there's any questions, I'll dive into
25 multi-asset credit.

1 **MR. K. JONES:** What's the cost to hire
2 Askia?

3 **MR. MOGG:** I mean, can we disclose that?

4 **MR. T. TAYLOR:** Yeah, I think maybe we can
5 come back to you with that number, if that's
6 okay.

7 **MR. K. JONES:** Okay.

8 **MR. COLLINS:** 1 billion.

9 **MR. K. JONES:** Okay. Yeah, I'd like to --
10 we'll get that after --

11 **MR. MOGG:** We can follow up with that. I
12 mean --

13 **MR. L. TAYLOR:** Yeah. And I guess the
14 question was sort of the --

15 **MR. K. JONES:** Not performance based
16 though?

17 **MR. MOGG:** No.

18 **MR. L. TAYLOR:** And then at least in terms
19 of value-add, and I think -- and John can tell
20 you more about it -- I think we've been very
21 pleased with the amount of granular data that
22 we've been able to get from their platform.

23 **MR. MOGG:** Yeah. And we'll talk about
24 this later. But the one thing that we're
25 really focused on is that, you know, a lot of

1 times it's asymmetric information. When
2 managers come in, provide the data, you know,
3 we'll request data through spreadsheets,
4 et cetera. But what Aksia is able to do, and
5 what we're telling the managers that they have
6 to do, is to provide loan-level detail,
7 company-level detail. We can see trends in
8 EBITDA. We can see, you know, interest rate
9 coverage changes. We can see amendments,
10 extensions, cash pay to pick. Like, it's very
11 granular. So we can have a much more informed
12 discussion. And that's not only for our
13 existing portfolio, but also when we analyze
14 new relationships.

15 So the amount of data -- and this data has
16 been collected over many, many years. So it's
17 really helpful for the team.

18 Okay. So multi-asset credit. This is a
19 brand-new allocation. We worked closely with
20 Mercer, who's our public fixed income
21 consultant. And from day one, we decided that
22 we really had to do a risk budgeting study.
23 Given what our alpha target is and our tracking
24 error targets, we really had to understand how
25 we could allocate the risk across the different

1 strategies. So we'll dive right into that.

2 So the original thesis when we first
3 started talking with Mercer is that in areas
4 like bank loans and high yield, you know, there
5 was a thought that historically it's difficult
6 to generate alpha. And so initially, we
7 thought about having roughly a 20 percent
8 allocation to passive strategies. And we
9 actually went down that route and we did one
10 high yield and one emerging market debt passive
11 mandate.

12 What we found, as the team spent more time
13 really digging into the databases -- eVestment,
14 is what we used -- looking at the historical
15 performance for Mac rotators -- these are the
16 managers I was talking about that rotate
17 amongst high yield bank loans and EMD, and then
18 also dedicated strategies and bank loans, high
19 yield and emerging market debt. We looked at
20 rolling 3, 5, 7, 10-year periods, and we found
21 a large universe of managers that were able to
22 generate alpha over time.

23 And so we also then said, okay, well, how
24 consistently have they generated that alpha?
25 So we looked at a batting average. We started

1 at 70 percent, and that increased to 80, 90, a
2 hundred percent, in some instances. And then
3 we also made sure that they fell within our
4 tracking error constraints. And so after doing
5 all this work on these strategies, we really
6 decided that it really made more sense to be a
7 hundred percent active. And so that's exactly
8 what we did.

9 The next slide, this is some output from
10 the risk budgeting study. If we look at the
11 left-hand table, you can see the original
12 targeted portfolio at 78 percent active and
13 22 percent passive. We moved that to a hundred
14 percent active. And you can see the
15 allocations there. So 35 percent to the
16 rotators. And then on the dedicated
17 strategies, 33 percent emerging market debt,
18 15 -- or 16 to high yield, and 16 to bank
19 loans. The table on the right shows the --

20 **MR. COLLINS:** Can I ask a question?

21 **MR. MOGG:** Yeah.

22 **MR. COLLINS:** How'd you come up with that
23 mix?

24 **MR. MOGG:** It's all -- so all of this is
25 similar to like an asset liability study. It's

1 based on capital market projections of these
2 strategies over time based on historical
3 performance.

4 **MR. COLLINS:** So this is Aksia data?

5 **MR. MOGG:** No, this is Mercer.

6 **MR. COLLINS:** Okay.

7 **MR. MOGG:** So we worked closely with
8 Mercer on this because they're the public fixed
9 income consultant.

10 **MR. COLLINS:** Okay.

11 **MR. MOGG:** And so what you'll find, the
12 expectations -- you can see on the right-hand
13 table, the original targeted portfolio versus
14 revised a hundred percent active, returns
15 increased, risk increased a little bit. The
16 sharp ratio stayed about the same. Tracking
17 error went up, and the alpha or excess return
18 went up.

19 Now, again, this is based on capital
20 market assumptions. This isn't based on the
21 portfolio of managers that we selected. And
22 we'll dive into that.

23 So phase one --

24 **MR. GOETZ:** Excuse me. This is John
25 Goetz.

1 Mr. Chairman, could I ask a question?

2 **MR. CHAIR:** Please, John.

3 **MR. GOETZ:** When we look at this
4 risk-return metric in this study, are the
5 returns net of fees? Or are those gross
6 returns?

7 **MR. MOGG:** I believe these were gross of
8 fees.

9 **MR. K. JONES:** Gross of fees or net of
10 fees?

11 **MR. GOETZ:** Yeah, I expect they're --

12 **MR. MOGG:** I think they were gross.

13 **MR. K. JONES:** Gross returns.

14 **MR. MOGG:** Yeah.

15 **MR. K. JONES:** Can we list net returns on
16 some of this stuff that --

17 **MR. MOGG:** Yeah, so we're going to show --
18 we're going to show you, but this was just for
19 the capital market assumptions that went into
20 the model. We'll show you the net of what --
21 the actual portfolio of managers that we've
22 selected. And the one thing, the reason I
23 point out that this is just modeled based on
24 capital market assumption is that what we found
25 and the managers that we selected have much

1 higher alpha, lower tracking error, and, you
 2 know, we think those statistics are much more
 3 attractive than what's shown here and modeled
 4 out. And, again, this is all based on
 5 historical data that we're going to show you,
 6 but we think we've put together a pretty
 7 optimal portfolio.

8 **MS. CANIDA:** John, just let me --
 9 Chairman, can I ask a question?

10 The return goes from 803 to 811, and the
 11 risk from 961 to 1008? Okay.

12 **MR. MOGG:** Yeah.

13 **MS. CANIDA:** Just want to make sure.

14 **MR. MOGG:** Okay. So phase one of the
 15 implementation was focused on the Mac rotators
 16 and also dedicated bank loan managers. The
 17 team did all of the screening in-house, and
 18 then in the later phases, shared notes with
 19 Mercer to get their input. We ended up
 20 selecting three multi-asset credit managers,
 21 three bank loan managers. What we decided to
 22 do, just given how tight credit spreads have
 23 been, is that we wanted -- instead of putting
 24 all the money to work at once, we wanted to
 25 pace out the capital over time. So we broke

1 the funding up into three different quarters.

2 The first two tranches have already
 3 closed. And then the final tranche for Mac and
 4 bank loans is scheduled for December 1st.

5 The next phase of the implementation,
 6 which we kicked off earlier this year, was to
 7 do searches for dedicated high yield and
 8 emerging market debt. On the high yield side,
 9 we had three finalists and we selected one. On
 10 EMD, five, and we selected three. You can see
 11 the amounts of the commitments there. We
 12 closed all of these deals at the end of August.
 13 Actually one bled over into last week, but
 14 those are all closed. We took the same
 15 approach on implementation. We wanted to break
 16 the capital up and invest it over the course of
 17 three quarters. And there is the caveat here
 18 that if there is a major market dislocation, we
 19 have a discussion with a manager and it's an
 20 attractive time to accelerate the funding, we
 21 have the ability to do that.

22 And so this is the portfolio based on the
 23 managers that we've selected and the weights
 24 versus the benchmark and how they've performed
 25 historically. So in the top left-hand corner,

1 you can see this is excess return or alpha.
2 The target is 50 basis points in almost all
3 periods. And these are rolling three-year
4 periods. This manager combination has exceeded
5 the 50 basis point, and this is net of fees in
6 these slots.

7 The top right-hand corner shows, okay,
8 well, what was the tracking error relative
9 through the benchmark? That dotted blue line
10 up there is the bottom of our range. 225 to
11 350 is the range of tracking error for this
12 portfolio. You can see over all of these
13 rolling three-year periods, we're well below
14 that bottom range on tracking error.

15 The bottom left-hand corner shows absolute
16 returns. The red is the portfolio versus the
17 benchmark. And then bottom right shows
18 one-year, three-year, five, seven, 10-year
19 excess return. The dotted line is the 50 basis
20 point target. So in all periods, we've
21 exceeded or would have exceeded. Again, this
22 is historical.

23 So the next question is really how close
24 are we to the 3 percent multi-asset credit
25 target that we have? And so phase one and

1 phase two, this takes all of the managers that
2 we've currently hired and assumes that they're
3 all fully invested. They're not fully
4 invested. We're phasing in the implementation
5 over time. But if we assume they're fully
6 invested, we're 16.1 percent underweight our
7 3 percent target.

8 Phase three, which we're going to talk
9 about here in a minute, is that we're going to
10 go back to our short list of dedicated high
11 yield managers, and we think we'll make one
12 more high yield manager higher for 500 million
13 either late this year or early next year. If
14 we were to do that and assume that that is
15 fully invested today, we would be 8 percent
16 underweight our 3 percent target. At that
17 point, really the underweight is coming from
18 our emerging market debt exposure.

19 And so if we flip over into our
20 initiatives for the coming year -- I've touched
21 on the first one. We're going to go back, kind
22 of re-underwrite some of the short list of
23 candidates we had on high yield. We think
24 we'll hire one manager there. On the emerging
25 market debt side, we're really excited about

1 the three managers that we've hired. And what
2 we plan to do is closely monitor them over the
3 course of the next year. And at the end of the
4 fiscal year, we'll reevaluate those managers
5 for potential upsizing. If we were to do that,
6 that would reduce that 8 percent underweight
7 that we have to the 3 percent multi-asset
8 credit target.

9 Next, this shows a very short track record
10 for multi-asset credit. What this is here is
11 the two passive mandates, one in high yield,
12 one in emerging market debt that we funded when
13 the asset class started relative to the
14 benchmark. Both of these strategies -- the
15 emerging market debt has been fully wound down
16 to fund the active strategies. And the high
17 yield will be wound down here over the next
18 quarter or so.

19 So that's it for multi-asset credit. Any
20 questions on that?

21 Okay. Next, quickly just going through
22 some of the initiatives that we have for the
23 coming year. So the bulk of the direct lending
24 exposure we have is core mid-market. One of
25 the areas that we have very little exposure to

1 is in the lower mid-market, both sponsored and
2 non-sponsored. These are companies with EBITDA
3 between 3 and 15 million. You tend to get a
4 premium over the core mid-market, but you're
5 also taking additional risk. And so we're
6 spending some time to really understand the
7 market, both in US and Europe, and understand
8 whether or not you're really getting paid for
9 taking that risk. And so we expect, if we do
10 anything here, it'll be one to three managers
11 over the coming year. But stay tuned for that.
12 We're still really digging into the data on
13 that.

14 Commercial real estate lending is a big
15 project that we've been working on. And this
16 is a space that we've invested in over the
17 years going back to the GFC. What we decided
18 to do -- it's a big opportunity set and it's
19 been attractive over the years. We've had some
20 good success. But just given all the
21 volatility and uncertainty in the markets
22 today, we thought we'd just take a step back
23 and really do some deep research. We've been
24 very conscious not to talk to managers. You
25 know, when you talk to managers, they're

1 pitching the strategy, you know, that they're
2 investing. And so we really wanted unbiased
3 research.

4 And so we've spent a lot of time talking
5 to banks of various sizes, general accounts at
6 insurance companies. We've spoken to the
7 agencies, we've spoken to some of our peers.
8 And we've really gotten some pretty good
9 insights into what's going on in the market.
10 So we're finalizing that research. We hope to
11 have that wrapped up by the end of the month
12 and a recommendation on what we want to do
13 there.

14 Similar in asset-backed lending. This has
15 been a big area of focus for many of our peers.
16 We've played in this space some over the years,
17 but we're doing a similar type of research
18 study on this, looking at traditional
19 asset-backed lending, so receivables,
20 inventory, equipment financing, specialty
21 finance, which is auto loans, student loans,
22 and then some of the more esoteric stuff like
23 royalties and litigation finance. Same
24 timeline here. We're looking to wrap this up
25 in the next couple of months and have a

1 recommendation on what we want to do there.

2 These next two are really more focused on
3 the investment side. And so in past IAC
4 meetings, we've spoken about a private credit
5 coinvestment program. We've built out a
6 framework for what this would look like and
7 have made some progress there. We're
8 envisioning this would be a partnership with a
9 third-party investment manager, where we would
10 send, you know, 75 to 80 percent of the deal
11 flow that we see from our existing managers
12 into the program. And then the third party
13 would contribute some of their own deal flow.

14 The benefits are -- you know, we've seen
15 it in private equity, the savings on management
16 fee and carry. You also get great transparency
17 and looking at the underwriting that managers
18 do, that can help us both on evaluating our
19 existing managers as well as looking at
20 prospective managers. And we hope to have a
21 recommendation Q1 for moving forward with this.

22 The next thing is a Florida credit
23 tranche. So this is within the Florida Growth
24 Fund program. Historically, we have done a
25 credit tranche that was really across the

1 capital structure. What this is designed to be
2 is more senior lending focused. And, you know,
3 what I would say here, similar to like what we
4 do on private equity, we're not going to do
5 this just to get exposure to Florida. It has
6 to meet the same hurdles that our national
7 private lending programs have. And so we
8 think, you know, There's some interesting
9 opportunities out there. We've identified a
10 partner that could potentially help us with
11 this. So we're doing some further diligence on
12 this and should have some more information on
13 this over the next couple of quarters.

14 And then lastly, I alluded to this
15 briefly. I mean, one of the things that the
16 team has been working on is enhanced reporting,
17 enhanced monitoring. So, you know, taking that
18 data that we get from Aksia, we also get very
19 granular data from a couple of other sources,
20 and so building out the reporting to really
21 look at, you know, covenant information, key
22 deal terms, looking at what's the status at
23 underwriting of EBITDA, revenue, et cetera.
24 And then also looking post-underwriting, like
25 have there been amendments and extensions?

1 Have there been cash pay to pick? How does
2 that impact valuation? So we're looking to
3 really enhance the reporting that we have
4 through this data.

5 And that's it. Happy to answer any
6 questions before I hand it off to Aksia and
7 Mercer for a few minutes.

8 **MR. CHAIR:** Questions.

9 **MR. DESAI:** Hi, everyone. It's a pleasure
10 to be here. My name is Rahul Desai. I am a
11 director in our private credit team. Since
12 it's our first time having the opportunity to
13 present in front of you, just want to take 30
14 seconds to talk briefly about Aksia and our
15 platform.

16 Aksia is a global alternatives consultant.
17 Today we work with over 130 clients globally.
18 What we bring to our clients is asset class
19 expertise. Today our clients have over
20 \$380 billion invested across alternatives,
21 private equity, private credit, hedge funds and
22 real assets. What we bring to our clients is
23 scale. We have 500 employees supporting
24 clients in their asset allocations through
25 these alternatives. And we have global

1 offices. So nine global offices where we have
2 research professionals, sourcing and diligence
3 managers and investment opportunities. And
4 that allows us to have very broad research
5 coverage, which you can see here, over 5,000
6 different investment opportunities, diligence.

7 Just in the interest of time, I'm going to
8 skip through some of the slides.

9 This is just a good framework to think
10 about what private credit is. As you can see
11 here, it is a very diverse opportunity set. We
12 like to break it down into these six sectors
13 which is, you know, made up of 40 strategies
14 and then 85-plus substrates. And then there's
15 varying kinds of flavors of risk-return
16 profiles from performing to distress to
17 corporate, to non-corporate real assets as well
18 as regional diversification. So, you know, we
19 use this as a tool to build -- help clients
20 build diversified portfolios aligned with their
21 objectives.

22 And, you know, John alluded a lot to the
23 data that we have and it is a very kind of
24 important process of collecting and processing
25 the data and just gives us great insights about

1 the private credit market at large. You know,
2 here you see kind of the capital raising in
3 private credit. And obviously, it's been a
4 tremendous growth over the last kind of 10, 15
5 years for the asset class. There are lots of
6 headlines on private credit and you'll quickly
7 read, you know, newspapers calling it the
8 golden age, and then very quickly calling it
9 overheated. The data allows us to really kind
10 of look through that noise and really focus on
11 what's actually happening. And our view is,
12 you know, after a few kind of years of
13 plateaued kind of growth, we're kind of back on
14 that trajectory and we continue to see a lot of
15 growth in private credit as more and more
16 investors look to private credit as a way to
17 complement their fixed income exposure or what
18 they're doing in their private markets
19 allocations.

20 In terms of performance, you know, private
21 credit is mostly performing in line with
22 expectations. A lot of that in recent years,
23 you can kind of see the elevated performance
24 and that's directly related to a higher
25 interest rate environment. Most of the private

1 credit investments tend to be floating rate
2 exposure. So as rates increase, the return
3 flows directly to the investor. So that's been
4 pretty good to see. And it's been a
5 diversifier relative to fixed income
6 allocations, and hence the greater interest in
7 private credit. As we continue to kind of stay
8 in a high interest rate environment for longer,
9 we expect private credit to deliver stronger
10 returns.

11 This is a very simple chart that kind of
12 illustrates the premium in private credit
13 relative to public markets. So this is more
14 looking at direct lending. Again, using all
15 that kind of data that we're getting real time
16 and underlying loans getting executed, we can
17 compare the spreads in private markets relative
18 to the broadly syndicated market. And
19 consistently, you see a premium in private
20 credit relative to the broadly syndicated
21 loans. At times, it compresses, but, you know,
22 it's pretty consistent at the bottom. You can
23 see it's averaged out around 2 percent. And
24 that premium has held. And kind of even when
25 public markets move based on kind of

1 supply/demand dynamics, private credit markets
2 have been more stable.

3 And, of course, you know, the granular
4 data we're collecting on loans allows us to
5 have kind of really good insights real time
6 into the borrowers. And what you see here is
7 comparing borrower performance at the time the
8 loan was made to current time, this is as of Q2
9 last year. And what you see broadly is
10 borrowers are doing well. They're able to
11 either -- most of them, over 70 percent, are
12 able to grow their EBITDA from the time they
13 borrowed the money. So showing positive
14 growth. But, of course, there is -- that means
15 there is about 30 percent, 20 percent in the
16 tail where we're seeing EBITDA being --
17 declining by more than 10 percent. So that's
18 kind of, you know, natural what you're going to
19 see in the economy and some companies doing
20 well, some not so well. But for the most part,
21 companies are doing well.

22 But as you look at the older vintages, you
23 see a larger percentage of companies that are
24 not doing well. And that's by -- naturally
25 there because the companies that are not doing

1 well are -- it's -- they find it harder to
2 refinance their loans and kind of get new loans
3 as they grow into the business. So older
4 vintages, there's more problems. And that's
5 something to monitor as the asset class
6 matures.

7 And this is a good way of looking at kind
8 of, you know, the higher interest rate, which
9 is a positive for returns. Of course, puts a
10 lot of pressure on corporate balance sheets.
11 So, you know, this is comparing the interest
12 coverage ratio for borrowers at the time the
13 loan was made. That's the column all the way
14 to the left at the time of underwriting versus
15 current exposure, so where rates are today. So
16 as rates have increased over the last few
17 years, certainly the pressure to pay higher
18 interest debt has increased for companies. And
19 today, approximately a third of borrowers are
20 what we would put in that low category of one
21 and a half times EBITDA interest coverage. So
22 that's putting some pressure on some companies.
23 And the longer we stay in this environment,
24 certainly the more pressure there will be on
25 these companies to meet that debt service. You

1 know, as you move closer to potential rate cuts
2 later this year, next year some of that
3 pressure will ease on these borrowers because
4 of the floating rate major.

5 So we use a lot of the data we're
6 collecting and the conversations that are in
7 our presence in the marketplace to kind of make
8 some top-down observations and come up with
9 themes. Two of them actually are aligned with
10 projects that the active credit team is
11 actively working on today. You know,
12 asset-backed lending, that's one that's making
13 a lot of headlines. It's certainly not a new
14 area by any means. It's just one that's
15 getting a lot of attention and there's been a
16 lot of assets being raised there. And we like
17 the exposure in a diversified private credit
18 portfolio because it introduces the
19 non-corporate exposure, which should provide
20 diversification through to a well built out
21 portfolio.

22 And the other one is real estate debt.
23 Again, it's an area probably where sector real
24 estate is where we've seen more stress than
25 others. And because of where investors are in

1 a legacy exposure and just being shy of
2 investing capital in a sector that's kind of
3 going through a cycle, kind of the lack of
4 capital flowing there is introducing pretty
5 attractive risk rewards. So by partnering with
6 a specialist firm that understands the asset
7 class, has the right relationships with kind of
8 the specialized builders, developers and
9 property managers, you can get pretty
10 attractive risk returns.

11 In terms of our partnership and how we
12 work with the active credit team -- so as I
13 mentioned, I'm a member of a dedicated team, so
14 it's a team of three that's supporting the
15 active credit team. Our job is to really be
16 the bridge between SBA and the rest of the
17 Aksia firm. One of the main things we do is
18 understand your goals and objectives and
19 preferences. And that way, when we're making
20 recommendations and having discussions, they're
21 custom tailored to what you guys are looking
22 for. And then it comes to the investment
23 sourcing, having the broad team, we're able to
24 source investment opportunities globally. A
25 lot of the, you know, opportunities and

1 managers out there -- I skipped a slide over --
2 kind of in terms of GP capital raising. It's
3 been very concentrated. So you really have to
4 work hard to source smaller managers, niche
5 strategies that can add kind of diversification
6 and different return profile to the overall
7 portfolio.

8 And then John's already talked about it in
9 terms of post-investment monitoring. Once the
10 investment's made, we're tracking investment
11 cash flows, we're tracking, positioning and
12 putting that all in our system, which you can
13 access real time, just allowing great insights
14 into the portfolio and the ability to stay on
15 top of the exposures.

16 And here I think a lot of stuff has been
17 touched on, so I won't recap it. A lot has
18 gone on in the last year. The team's obviously
19 been very busy. Overall, it's been a very
20 thoughtful kind of approach to the new
21 portfolio and repositioning. And then they've
22 accomplished a lot in terms of their near-term
23 goals and focusing on the core and looking
24 forward -- you know, we continue to build out
25 the core and find complimentary exposures in

1 what we're calling the satellite bucket.

2 I'll stop there if you have any questions.

3 **MR. CHAIR:** Any questions for Rahul?

4 All right, we'll move -- thank you very
5 much for that.

6 Ryan Morris with Mercer. And, again,
7 whatever highlights you think we need to hear.

8 **MR. MORRIS:** Yeah, absolutely. I'll be
9 quick here. A lot of this is what you've
10 already heard today. But obviously as John
11 mentioned, excuse me, we were tasked with
12 coming in to essentially help set the risk
13 budget for the active credit portfolio,
14 specifically within the multi-asset credit
15 portfolio. So what we were tasked with
16 essentially, we were building the optimal asset
17 mix, along with the asset strategies, and then
18 ultimately following through with the hiring of
19 the investment managers. We did all of that
20 within a predetermined risk and reward budget.

21 So from a risk standpoint, that was set at
22 225 to 350 basis points. And from a reward
23 standpoint, your net alpha that you were
24 targeting was about 30 to 50 basis points of
25 net outperformance. Again, a byproduct of that

1 was running and conducting five separate
2 searches, which we'll talk about here in one
3 second.

4 The next page here really just kind of
5 highlights the overall active credit portfolio.
6 Nothing to really kind of review here. John
7 covered it pretty well, eight and a half
8 billion dollars in total. But, again, the
9 comments that I'm making today really pertain
10 to that lower bucket, which is the multi-asset
11 credit sleeve, which is six and a half billion.
12 But really wasn't about conducting the searches
13 that you see on the left-hand side, which is
14 five different investment searches with 11
15 separate hires, it was really about the
16 evolution of the overall process. And John
17 talked a little bit about that earlier.

18 But what I mean by that is if you turn to
19 kind of page 355, we had to start somewhere,
20 right. We had to create an original base case.
21 And we worked with the team to essentially kind
22 of set what that base case should look like.
23 So we settled on a 50 percent passive,
24 50 percent active portfolio. And what you see
25 in the lower right-hand side is the SBA's

1 custom benchmark for the Mac allocation. So
2 it's a third, a third, a third. And we had to
3 be very mindful of that as we built the base
4 case scenario, which obviously translates into
5 the portfolio on the left-hand side.

6 But as we really kind of started working
7 with the team and conducting our analysis, we
8 really had quite a few different interesting
9 findings. So if you kind of focus on page 356,
10 the fifth page -- or fifth column over, that's
11 the original base case. And that's that
12 50 percent active, 50 percent passive that we
13 talked about. But really what we did kind of
14 find after running the initial modeling was
15 pretty interesting, right? We definitely fell
16 short on the tracking error budget, you'll see
17 down below at 140 basis points. But quite
18 frankly, we were kind of already into the lower
19 end of the net alpha target of 31 basis points.

20 So John and the team and ourselves,
21 obviously that led us to scratch our heads.
22 Let's revisit this. What makes the most sense
23 here? John talked about it earlier. What we
24 really kind of were pleased to see is that the
25 sustainable alphas that these managers were

1 able to achieve. So if you go over to the
2 sixth column, which is the original target
3 portfolio, that's what John alluded to. We
4 essentially whacked the pass of exposure in
5 half. So we went from 50 percent down to
6 22 percent. And then naturally, down below,
7 you can see we were still moving in all the
8 right directions in terms of that predefined
9 risk and reward budget. So tracking error now
10 came in at 285 basis points, and then net alpha
11 expected was about 74 basis points.

12 But, again, we didn't just stop there. We
13 wanted to kind of go a little bit further here
14 and let's dig into this analysis. And what we
15 found is a couple different things. So what we
16 really kind of had to do is reset the overall
17 direct allocation, right. So John talked about
18 the sector rotators or the Mac managers, and
19 that's the ones that can kind of rotate in
20 between high yield bank loans as well as
21 emerging markets debt. We originally thought
22 we were going to have to really lean on those
23 managers in order to achieve the alpha but what
24 we were able to see is that within the EMD, the
25 US high yield, as well as the bank loans, these

1 managers were able to add value. But more
 2 importantly, on top of that, when you consider
 3 in the typical Mac exposure that these managers
 4 put in place, we also had to essentially
 5 account for the lack of emerging market debt
 6 exposure.

7 So on the seventh column over, the second
 8 from the far right, you'll see that revised
 9 100 percent active portfolio. And that's
 10 essentially everything that we just talked
 11 about. All the learnings -- lessons learned
 12 and where we ultimately landed in the overall
 13 portfolio. So, again, we were able to reduce
 14 the overall exposure that we had to those Mac
 15 managers because it wasn't necessary. We had
 16 to increase the exposure to emerging markets'
 17 debt in order to capture the lower allocations
 18 within the rest of the portfolio. But yet we
 19 were able to still rely on the sustainable
 20 alpha that these managers were able to achieve.

21 That's kind of it in a nutshell. The only
 22 other thing in the interest of time, I'm not
 23 sure it's worth covering -- so I guess pun
 24 intended -- is the overall timeline. And as
 25 you can see, there's a lot accomplished over

1 the last 12 to 18 months. Phase one, phase
 2 two, that obviously pertained to the Mac
 3 managers as well as the bank loan strategies.
 4 And then phase two, we kind of came in with the
 5 high yield debt as well as the emerging market
 6 debt manager.

7 So, again, it was really the overall
 8 evolution of the process, which is, hey, we had
 9 this idea in mind, we had this risk budget and
 10 this alpha target set in mind, but really it
 11 was kind of partnering with each other that we
 12 were able to work it through and really kind of
 13 find on that optimal portfolio that you all see
 14 today.

15 **MR. CHAIR:** Okay. Questions for Ryan?

16 All right. Thank you. Thank you very
 17 much. That's good.

18 So that concludes our active credit
 19 review. So thank you all for that
 20 presentation.

21 We're going to move to the Florida Growth
 22 Fund review, and Sheila Ryan with Cambridge
 23 will lead that discussion and --

24 **MR. SPENCER:** Sheila will get us right
 25 back on track because there's nothing but great

1 things to say about the Florida Growth Fund.

2 **MR. CHAIR:** That's right.

3 **MS. RYAN:** Okay. You want the 15-minute
4 version, is that the objective? I mean,
5 seriously, you want --

6 **MR. CHAIR:** Seriously. Whatever we need
7 to know for sure. But if you can do it in 15,
8 that would be helpful.

9 **MS. RYAN:** I think we can do it in 15.

10 **MR. CHAIR:** All right.

11 **MS. RYAN:** Okay. Great. So I am here to
12 review the Florida Growth Fund portfolio with
13 you.

14 So as a quick reminder here, the SBA is
15 authorized to invest up to 1.5 percent of the
16 fund -- or trust assets in technology and
17 growth businesses either domiciled in the state
18 of Florida or having a principle address here.
19 Those investments can be in the form of private
20 equity funds or direct coinvestments. So
21 direct investments in specific companies.

22 Fund investments require either the GP to
23 be based in Florida or investing significantly
24 in Florida. And then on the coinvestment
25 fronts, the companies must be either based here

1 or do a significant portion of their business
2 here.

3 So the program to date is three funds
4 across eight tranches managed by two managers.
5 The program started off in 2009 with Hamilton
6 Lane. Hamilton Lane manages the Florida Growth
7 Funds I and II. And then in 2019, JP Morgan
8 was brought in and they manage the Florida
9 Sunshine State Fund. So you'll see in
10 aggregate, just shy of 1.6 billion. The latest
11 edition was just closed recently with tranche C
12 of the Florida Sunshine State Fund with
13 JP Morgan.

14 So here's an overall review of the impact
15 of the program to date. This is, as summarized
16 in the January 2025 OPPAGA report, which is
17 published each year. And these results are
18 based off the prior fiscal year. So through,
19 like, July 1 of '23 through June 30 of '24.

20 So roughly 1.2 billion in commitments
21 since inception. Invested capital in over 150
22 investments, 91 companies through direct
23 investments in 62 funds. A fairly equal amount
24 of distributions to date over that time period,
25 about 1.1 billion. And almost a hundred

1 percent, 99 percent of direct investments have
 2 been in companies with the Florida presence.
 3 Most fund commitments were to managers with a
 4 significant presence in the state.

5 You can see the graphic on the right in
 6 terms of the exposure by the different
 7 counties. Not surprising, Palm Beach County is
 8 going to be the largest county, that's just
 9 where most of the private equity firms reside.

10 And then some statistics from a macro
 11 level, for the fiscal year ending June 30th,
 12 2024, just shy of 60 million invested,
 13 133 million in distributions, 2300 jobs
 14 created, 390 million in capital expenditures.
 15 And all direct investments had a Florida
 16 presence. There was some wage data as well,
 17 but it wasn't comprehensive. But the sample
 18 that was provided by Hamilton Lane showed that
 19 the average wage data associated with these
 20 investments was above the average for the
 21 state. So nice income levels as well. So
 22 positive impact overall.

23 Just in terms of the backdrop here, we
 24 saw, as a result of COVID, an increase in
 25 Florida-based private equity firms. A lot of

1 managers left New York and New Jersey and moved
 2 down to Florida. So you'll see the growth on
 3 the right hand side for private equity firms,
 4 and that's led to more sponsor-backed
 5 investments in the state. So continues to grow
 6 here in terms of the opportunity set.

7 Now we're going to switch to a little bit
 8 of review of each of the two managers. The
 9 first being Hamilton Lane. And you can see the
 10 performance here, I would call out that the
 11 first two are largely equity. The third one is
 12 a credit-only tranche. And then the last two
 13 on the right are largely equity. Now there is
 14 some credit mixed into those funds, but the
 15 credit tranche is specifically just credit.

16 I would call your attention down to the
 17 net internal rate of return numbers as well as
 18 the total value to paid in. But just looking
 19 at the net IRRs, we've got the manager's
 20 performance and then we've got the Cambridge
 21 Associates' buyout median and then the quartile
 22 ranking relative to that buyout median. You'll
 23 see that the Hamilton Lane funds have
 24 underperformed except for the more recent fund,
 25 which is performing quite well. And the reason

1 for the underperformance, frankly is a
2 combination of some overweight to venture in
3 some of those early funds when venture was
4 probably a little bit more nascent than it is
5 today, and certainly in the state. So some
6 underperformance on venture. There was a
7 decent amount of credit in those funds as well,
8 which pulls down the returns. But generally
9 speaking, there was also a decent amount of
10 just poor asset selection. You know, some
11 underperformance and some coinvestments that
12 ended up being zeros. Some of their manager
13 selection was not topnotch as well,
14 underperformed pretty meaningfully. So a
15 combination of factors leading to that.

16 Yeah.

17 **MR. K. JONES:** Question. You said some of
18 the underperformance is that there was credit
19 sort of embedded in some of these. Does the US
20 buyout median benchmark include credit as well?

21 **MS. RYAN:** It does not.

22 **MR. K. JONES:** So how do we normalize for
23 that and figure out like how bad is it really?
24 I don't mean that in a really lousy way. You
25 know what I mean, like --

1 **MS. RYAN:** Yeah, yeah, yeah.

2 **MR. K. JONES:** -- really relative to if
3 you took the credit piece out.

4 **MS. RYAN:** Yeah, we could create a custom
5 benchmark. I don't think it's frankly going to
6 change a whole lot of the results. I've gone
7 through in a lot of detail and can share -- I
8 know we're somewhat pressed, but happy to share
9 a lot of the details with you. But overall,
10 the coinvestments have underperformed, a lot of
11 the fund commitments have underperformed.
12 Yeah, the credit's going to be a drag, but it's
13 not going to be pulling these things into
14 the --

15 **MR. K. JONES:** That much.

16 **MS. RYAN:** -- third and fourth quartile,
17 no.

18 **MR. K. JONES:** So they'd have been third
19 or fourth -- they'd have been lousy either way
20 is what you're saying?

21 **MS. RYAN:** It didn't help. But I think if
22 you took it out, it's not going to have a --
23 it's not going to have a meaningful impact.
24 You'll see the underperformance here is quite
25 significant, so, yeah.

1 **MR. OLMSTEAD:** Mr. Chair, Sheila, one
2 quick question on that. So when you look at
3 the net IRR, are you taking in both the
4 direct -- the investments through the fund and
5 the coinvestments where we're not paying
6 carryover or fees?

7 **MS. RYAN:** Yeah.

8 **MR. OLMSTEAD:** And then when you think
9 about the percentage of investment, I don't
10 know if it's the right way to look at it, but
11 we look at our total investment, how much is
12 coinvest versus direct?

13 **MS. RYAN:** It varies by fund, but it's
14 been averaging almost 50 percent.

15 **MR. OLMSTEAD:** Oh, wow.

16 **MS. RYAN:** Yeah, it's been a meaningful
17 part. And, you know, that's one of the issues
18 is that some of them were zeroes and it has a
19 big impact.

20 **MR. OLMSTEAD:** Yeah, absolutely.

21 **MS. RYAN:** Happy to provide more details,
22 but just in the interested time, we've got a
23 little bit more summary here on the next page.
24 I think I touched upon these. But tranche one
25 underperformed relative to the benchmarks.

1 Nearly half of the invested capital held below
2 cost. Venture deals were a driver of
3 underperformance there. Coinvestments
4 generated 1.8x gross, so there's some decent
5 numbers there.

6 Tranche two, similar outcome. There were
7 some write-downs of some coinvestments that
8 really pulled that down.

9 Then the credit fund was an unleveraged
10 strategy. And it's -- you know, you can see
11 some of the results there. And then the second
12 tranche of the second fund has performed quite
13 well. And that's largely driven by some great
14 momentum in the coinvestment portfolio that's
15 just doing quite well. So that's the Hamilton
16 Lane results.

17 Just turning to the JP Morgan, you can
18 see, once again, you look at the IRR relative
19 to the quartiles. The first, the tranche A, is
20 pretty close to median. You'll see the 14.4
21 buyout median versus 14 percent on there. So
22 it has underperformed a little bit, but
23 overall, it's fairly in line with median
24 results. And then tranche B is performing well
25 although that's, you know, still a little bit

1 early. Tranche C literally just closed and
 2 hasn't been -- there's been no capital called
 3 on that tranche yet. But similar story here in
 4 terms of quite a bit of coinvestment activity.
 5 But definitely higher quality in terms of
 6 results on coinvest and GP selection.

7 A little bit more detail here. About
 8 50 percent of the invested capital held above a
 9 one and a half x gross. Coinvestments have
 10 driven performance returning 1.8x gross with
 11 the fund commitments at 1.4x. So those
 12 coinvestments have been a really big driver
 13 here.

14 The average age of this tranche A is still
 15 3.4 years, so still quite young. And then
 16 tranche B is going to be even younger.
 17 Coinvestments there, about 53 percent of the
 18 fund and have driven some early performance.
 19 The fund investments there are going to still
 20 be pretty young.

21 **MR. CHAIR:** So, Sheila?

22 **MS. RYAN:** Yeah.

23 **MR. CHAIR:** I'm curious. The older
 24 tranches perform much -- more poorly than the
 25 most recent tranche for each manager. Do you

1 attribute that to changing of staff within
 2 those firms? I mean, different staff are in
 3 the recent tranches or doing a better job?

4 **MS. RYAN:** Yeah, I think that the early
 5 tranches were just -- for Hamilton Lane were a
 6 bit of a mixed bag, frankly, because you had
 7 the venture in there, which, you know, the
 8 venture is going to have a higher loss ratio,
 9 and, of course, that's what happened. And then
 10 you had some credit mixed in there.

11 And then as time went by, I think the
 12 focus got a lot more clear, a lot more
 13 deliberate on attractive coinvestment activity
 14 and higher quality GPs. So I think it was a
 15 combination, the market evolving a little bit,
 16 the clarity on the mandate becoming better for
 17 them. There has been some team turnover with
 18 Hamilton Lane for sure. I don't know how much
 19 of it is attributed to that, because they, as
 20 an organization, are underwriting a lot of
 21 these and coinvesting in a lot of these, so --
 22 and it's generally a fairly small team there.
 23 So they're leveraging the broader resources of
 24 the organization.

25 **MR. CHAIR:** Okay.

1 **MS. RYAN:** Hard to know, but --

2 **MR. OLMSTEAD:** But in short. Strategy
3 switch and maturity of the state of Florida
4 with regards to manage --

5 **MS. RYAN:** Yeah. Definitely helped, yeah.

6 This is -- I think I touched upon a lot of
7 this. There's a lot of words on this page.
8 Just to say that the Hamilton Lane is out of
9 money at this point, they're not making new
10 investments. JP Morgan is solely responsible
11 for making new investments at this stage, and
12 their focus is going to continue to be on
13 coinvestments. They are particularly
14 interested in the venture market right now in
15 Florida. They're seeing more and more
16 interesting venture opportunities. They're
17 going to be highly selective, but they said to
18 expect to see a little bit more venture out of
19 the book going forward. So probably, you know,
20 a lot of coinvest, a little bit more venture.

21 Overall, we ran the returns net of
22 everything across both pools of capital. It's
23 about a 10 percent net IRR to date. It has
24 been successful in achieving the strategic
25 objectives in terms of capital expenditure, job

1 growth and wage growth and the like. The
2 exposure still remains fairly small,
3 representing just shy of .3 percent of trust
4 assets versus a target of one and a half. So a
5 lot more headroom here if we decide to put more
6 capital to work in this particular mandate.

7 The market opportunity set, as we set up,
8 continues to grow. And I talked about
9 performance here. We think diversifying the
10 program across two managers has definitely been
11 additive because it widened the funnel, so to
12 speak, and the deals that they're looking at,
13 and also allowed for improvement in fees across
14 the board.

15 So those were the summary comments I had,
16 and happy to answer any questions.

17 **MR. K. JONES:** Are we evaluating other
18 managers outside of who's here now, Hamilton
19 Lane and JPM?

20 **MR. BRADLEY:** Not at this time.

21 **MR. K. JONES:** Is there any plan to?

22 **MR. BRADLEY:** None.

23 **MR. K. JONES:** Why not?

24 **MR. BRADLEY:** I think we're comfortable
25 with the dollars have allocated to --

1 **MR. K. JONES:** But if you've got the
2 headroom, wouldn't it --

3 **MR. BRADLEY:** I think the --

4 **MR. K. JONES:** -- behoove you to take a
5 look?

6 **MR. BRADLEY:** I think it's up to
7 1.5 percent.

8 **MR. K. JONES:** Agreed. I understand.
9 It's not a mandatory thing, but if you've got
10 the headroom, would there be a reason not to?

11 **MR. BRADLEY:** I think if we continue to
12 see attractive performance out of the Florida
13 market, out of our GPs, we might consider it.
14 I think as we tried to review tranche C, it was
15 in the context of our entire asset class and
16 the entire opportunity set, and 300 million
17 felt right. There was no conviction to --

18 **MR. K. JONES:** Tranche C just happened
19 this year, right?

20 **MR. BRADLEY:** Right.

21 **MS. RYAN:** Yeah. Because it would come
22 out of your -- the private. So I guess on an
23 opportunistic basis, like where can you
24 incrementally deploy capital? Is it through
25 here or through the other (audio distortion) --

1 **MR. BRADLEY:** Yeah, so prior to tranche C,
2 the Florida Growth Fund lived in strategic
3 investments. And it was a carve-out of
4 strategic investments. Going forward, the
5 Florida Growth Fund is viewed in terms of just
6 a private equity commitment. We review it
7 relative to every other opportunity we have.
8 It's part of our allocation to the team -- have
9 conviction to even continue to do it, but to
10 view it relative to other funds.

11 **MR. K. JONES:** I wasn't advocating that
12 you should do it. I was just curious as the
13 rationale as to why you haven't done it. So
14 that's great. Good answer. Thanks.

15 **MR. CHAIR:** Other questions?

16 Okay. Well, Sheila, thank you very much.
17 Right on track there.

18 All right. Now we're going to go into the
19 different asset class updates.

20 And, John Bradley, looks like you're
21 kicking it off here.

22 **MR. BRADLEY:** All right. So I'll start
23 with just some brief comments on the market.
24 So the building momentum that most of us felt
25 in the industry, including myself, at the start

1 of the year quickly cooled off in April,
 2 especially April 2nd as tariff day volatility
 3 kind of shut down deal activity for a brief
 4 period of time.

5 So quarter two deal flow is down
 6 18 percent in the quarter. Although this was
 7 still better than what we saw in quarter two of
 8 2024. The uncertainty also caused exit
 9 activity to collapse in Q2. It was down
 10 22 percent from the prior quarter. But on the
 11 bright side, Q2 was still the second strongest
 12 quarter in private equity in the last three
 13 years, so it's a bright spot.

14 I would say that the current quarter feels
 15 much more like Q1 to us and we're seeing deals,
 16 we're seeing multiples and valuations, feel
 17 like they're moving and are trending back in
 18 the right direction.

19 And then lastly, I'd mention fundraising.
 20 Fundraising and PE today continues to remain
 21 difficult for all but a very small handful of
 22 funds. The average time to raise a PE fund
 23 today is 18 months. And for those funds that
 24 find themselves in the bottom two quartiles of
 25 fundraising, this current fundraising market is

1 more difficult today than it was post GFC. So
 2 a very tough market for PE firms.

3 Our portfolio was up 1.1 percent in Q2.
 4 And we continue to see strong net cash flows
 5 despite this being a tough distribution
 6 environment.

7 So through July, our portfolio cash flow
 8 was positive 400 million. So we had
 9 1.3 billion in distributions, 900 million in
 10 contributions. And if you roll that number
 11 forward two months to today, the portfolio is
 12 positive 600 million. So over the past two
 13 months, we've had another 200 million of net
 14 cash flow.

15 **MR. OLMSTEAD:** Hey, John, the 1.1 percent,
 16 is that sort of still a hangover from the high
 17 valuations of '21 and '20? How do you
 18 attribute the sort of small 1.1 percent, right?
 19 There's a delay in PE, we have a hangover from
 20 '21 and '22. So any attribution that you can
 21 think through there?

22 **MR. BRADLEY:** Yeah, so it's a quarterly
 23 number.

24 **MR. OLMSTEAD:** Yeah.

25 **MR. BRADLEY:** And so for the quarter, I

1 guess it's tough to even figure out what's
2 driving that. I think --

3 **MR. OLMSTEAD:** But if you even come for
4 the last year or the last --

5 **MR. BRADLEY:** Yeah, for the last year, I
6 mean, that number has been slowly moving up.
7 So we had a few quarters of negative quarterly
8 performance, and so we're seeing a slow and
9 steady, I guess, rise in performance. You
10 know, if we looked at the performance here -- I
11 mean, what sticks out visually obviously is the
12 past two years have been a very tough three
13 years for the asset class versus our public
14 market benchmark. That three-year number is --
15 given the end points is probably at a low. And
16 so we're going to start to roll off some really
17 high-performing beginning points of that
18 performance that will help us.

19 But I do think if you look at this to
20 contrast, the three-year annualized performance
21 of 2 percent versus the five-year performance
22 of 20 percent, and so what it really shows is
23 how much performance the industry and asset
24 class pulled forward in those two years post
25 COVID. And so we kind of fit five years of

1 performance into a two-year window and have
2 trailed since.

3 So here we have substrategy performance.
4 We continue to see short-term weakness over the
5 past three years coming from our
6 growth-oriented strategies. So if you think US
7 venture, US growth equity and non-US growth
8 equity. These, again, if we look at the
9 one-year numbers, we are seeing some signs of
10 these bouncing off of the bottom. And so we
11 have some non-negative one-year performance
12 coming from these asset classes, which is nice.
13 And so that's a trend that we hope will
14 continue.

15 And then lastly, our commitment activity
16 for the year, we've committed 1.1 billion to 12
17 funds and 12 coinvestments. This is through
18 July. 120 million went to six buyout funds,
19 241 million to three venture funds, 125 million
20 to one distressed fund, 104 million to two
21 secondary deals, and 117 million, again, over
22 12 coinvestments in the portfolio.

23 **MR. COLLINS:** Are you seeing the
24 continuation fund craze slow down?

25 **MR. BRADLEY:** We are not. We are not. We

1 are not seeing it slow down. We are active
2 participants in it. And so we will review CVs.
3 We have invested in CVs. It's a very
4 interesting segment of the market. And most
5 likely a very attractive area to be in as well
6 as an investor. Maybe not so much when we put
7 our LP hat on. But as an investor in the
8 deals, they're attractive.

9 **MR. COLLINS:** How do you explain that
10 distinction?

11 **MR. BRADLEY:** So, you know a CV -- which
12 is a deal in a fund that's lifted out of the
13 fund put into a separate vehicle -- largely,
14 the theory or concept is that this company
15 might have more room to run than might fit in
16 that fund and that fund's life cycle. Maybe
17 that company needs M and A and there's no
18 capital to call. So those would be examples of
19 CV deals that make sense. And as an LP, you
20 might be able to rationalize. I think where a
21 lot of LPs struggle, including ourselves, is
22 that these CV deals are not taken to market to
23 say, hey, let's go find the highest price to
24 sell this business; they are a negotiation
25 between parties that are, you know, at arm's

1 length with fairness opinions. And so as --

2 **MR. COLLINS:** Sort of a see-through
3 Chinese wall?

4 **MR. BRADLEY:** Correct. So, you know, as
5 an LP -- I mean, my opinion's always been, it's
6 like 50/50. 50 percent of them you see and you
7 say, this doesn't make sense. This fund still
8 has an investment period, it still has capital.
9 The LPs in this fund should participate in this
10 deal and not be forced to make a buy/sell
11 decision. But 50 percent of them you look at
12 and say, hey, this makes sense. It's year nine
13 of a fund, no capital left, business just hit
14 some milestones, something happened that now
15 this looks attractive and a CV makes sense.
16 And so we do, we see it through both sides. We
17 see it on the fund side when we make a decision
18 to roll or sell. We also see it on the
19 secondary and coinvested buy in the investment.

20 **MR. COLLINS:** So on the one and three-year
21 return, as some of these are being lifted into
22 CVs, how much does that extend what would've
23 otherwise been a natural exit? What's the
24 average? Is it two years? Is it three years?
25 What do you think the average extension of the

1 life of that is as a private asset or not
2 getting purchased by another private equity
3 fund or not going public?

4 **MR. BRADLEY:** So most of these vehicles
5 are structured for a five-year term. The CV
6 market really took off in 2021, '22. And so a
7 lot of these have yet to kind of hit that term.
8 We have started to see continuation vehicles of
9 continuation vehicles. So some of the early
10 ones are starting to continue to roll. But all
11 along in these processes, like the LP -- like
12 we do on average, we're probably taking
13 liquidity in 80 percent of them. And so for
14 us, these CVs do represent an exit in a market
15 that has been difficult to produce exits in
16 returns.

17 **MR. COLLINS:** Are you seeing profit in
18 them or just liquidity?

19 **MR. BRADLEY:** I would say they are selling
20 for close to, if not a hair above, where
21 they're marked at. But what we're not seeing
22 is a deal marked at 2x. Usually if you exit
23 either strategic or another P firm, that 2x
24 usually turns into a 3x, right. So they're
25 kind of sandbagging a bit. And these, that 2x

1 usually turns into a 2x or 2.1x.

2 **MR. K. JONES:** Okay. Let me ask you, so
3 are the assets that you said are marked a hair
4 above par, going out a little bit in that same
5 range, are those the type of typical assets
6 that are going into a CV or are they assets
7 that are market .6 and they just want to get
8 rid of it because they think after three more
9 years, it's going to be .65?

10 **MR. BRADLEY:** They're typically assets
11 that -- they're good assets. They're the best
12 assets, I think, in these vehicles in these
13 funds.

14 **MR. K. JONES:** Okay.

15 **MR. BRADLEY:** And so we talk with bankers
16 all the time and the common refrain is there's
17 a lot of CVs that are not getting done in this
18 market that investors, secondary funds, the
19 participants are much more discerning as to the
20 quality that's going in these CVs. And so the
21 company marked at .6x probably would fail a
22 marketing process for a CV and wouldn't get
23 funded.

24 **MR. COLLINS:** So does that -- one more
25 question. I'm sorry. So does that make you

1 think about your underlying investment in the
2 original fund when, you know, let's say, given
3 your example that they have more capital to
4 call, they can support these assets, but
5 they're not worth that, but they may still put
6 some money in there to try?

7 **MR. BRADLEY:** So you're asking does it
8 affect how we view that PE firm that's doing
9 these CV deals?

10 **MR. COLLINS:** Well, the fund investment
11 that you're in, if the best vehicles are
12 getting lifted out, right, if the best assets
13 are getting lifted out, you know, do you feel
14 like their mark to market on the remaining is
15 good, is correct?

16 **MR. BRADLEY:** I think, yes, yes. But I do
17 think how -- like, I hear your question, I do
18 think you then look at what's left in there and
19 say you've pulled out possibly some upside from
20 this fund. And so while the remaining assets
21 are marked at fair value, they will perform how
22 they perform. Maybe the upside's a bit limited
23 due to what you've just done.

24 **MR. COLLINS:** So then do you -- I'm sorry.
25 So then do you consider selling secondary?

1 **MR. BRADLEY:** We do. Yeah. Yeah, we do.
2 We price everything every quarter. We're
3 constantly in contact with some of the
4 investment banks and the advisers to see what
5 is our portfolio worth, what could we trade it
6 at today, what are others doing? So it would
7 actually, it would absolutely impact that fund
8 and then it would impact how we view that GP as
9 well going forward.

10 **MR. COLLINS:** Gotcha.

11 **MR. CHAIR:** No, good questions. All
12 right.

13 **MR. COLLINS:** No mas.

14 **MR. CHAIR:** You sure you're done?
15 Thank you. John, thank you for that.

16 And, we'll turn to fixed income. Todd
17 Ludgate.

18 **MR. LUDGATE:** Thank you.

19 I represent the diversifying the equity
20 beta asset class, as it were. Performance of
21 the asset class remains strong in relative
22 terms over any time period with well controlled
23 tracking error, very favorable information
24 ratios. So that's a similar story to what
25 we've presented to this council in the past.

1 Regarding positioning, I'd say it's also
2 fairly similar. The graph on the right, the
3 curve steeper than we have on is a little bit
4 larger than in the past. Not hugely so, but
5 somewhat. So we've started to see both our
6 internal and external managers put on a larger
7 rate steeper than we saw in the past.

8 The excess returns for the second quarter
9 primarily came from the corporate sector as
10 opposed to the securitized. And that is also
11 similar to what we saw in the first quarter of
12 this year, a sharp rebound from the volatility
13 that we saw on Liberation Day. You got
14 about -- a few weeks of kind of more normal
15 valuations, I would say, and then a short, very
16 short compression back to very tight levels.

17 So on the right on 385, I will take a
18 moment to compliment my colleague, Tim Taylor,
19 on his observation around the -- volatility can
20 move without changes in positioning. And
21 similar to equities, if you took our exact
22 portfolio and put it into a different regime,
23 you would see an entirely different volatility
24 profile. So that's why I continue to make the
25 statement that active risk is stable at levels

1 below, which you'll see that in the market
2 disruption. So that line will move but it will
3 move through a combination of both positioning
4 and the model volatility.

5 On the treasury curve. Obviously a hot
6 topic these days. So in the second quarter, if
7 you look, the green line is what happened in
8 the second quarter. And then the yellow line
9 is where it was at the end of the first
10 quarter. Treasury curve steepened in the
11 second quarter. You saw front-end rates rally,
12 back-end rates sell off. And now today, what
13 you've seen with was even bigger rally in rates
14 since the end of the second quarter. Two years
15 rallied all the way down to around three and a
16 half. Four years, just over 4 percent.
17 30-year kind of stuck at 470ish, just a little
18 north of that. The market is concerned about
19 excessively profligate fiscal and possibly
20 monetary policy is what it's telling you. So
21 it's definitely something that the market is
22 paying a lot of attention to. Regardless, we
23 are almost certain to get a Fed cut next week.
24 The market is priced in, you know, 325 basis
25 points cuts this year. We'll see where we get,

1 but it does appear we're on the doorstep of
2 additional Fed rate easing.

3 Regarding valuations, like I said, you can
4 see a little blip in the chart around
5 liberation day and then back to tighter levels.
6 And even since the end of this chart, it's even
7 tighter. We got to the tightest investment
8 grade corporate spread since the late nineties
9 just about a month ago. So risk remains really
10 tight right now. You're not paid to take a lot
11 of active risk. The fundamentals are great.
12 Companies are doing well, consumers are doing
13 well. The technicals are great. You know, the
14 flows are all positive and supportive.
15 Valuations are terrible. So it's definitely a
16 very fraught environment where you have to be
17 very careful with how you construct your book
18 and take active risk.

19 So I'll conclude with risk pricing remains
20 very tight. I've been saying this for a little
21 while, but we're still in that environment. We
22 have to be very careful. We are continuing to
23 work, as we have discussed with council, on the
24 defined contribution project. And always
25 thinking about asset class construction and how

1 we're going to achieve our alpha target.

2 And the last point I'll make is in April,
3 we filled our manager of systems report and
4 analytics role. We're completely overhauling
5 our analytics. It's a large project in need of
6 really modernization and evolution. And so
7 that is ongoing. So we have embarked upon that
8 and we look forward to bringing additional
9 insights to bear in the future.

10 So with that, I will pause and see if
11 there are any questions.

12 **MR. COLLINS:** When you say "analytics,"
13 you're talking about mostly software?

14 **MR. LUDGATE:** Yes. I mean, generically,
15 right. How we dissect our portfolios to
16 provide insights to build it more efficiently,
17 if you will. Like how we view managers, look
18 at their positions compared to how we really
19 want to construct things.

20 **MR. COLLINS:** You haven't brought, like,
21 Palantir in to evaluate any datasets for you?

22 **MR. LUDGATE:** No. But I will say that the
23 hire, our new hire, is a really sharp
24 individual and bringing a lot of evolution in
25 short order to our asset class.

1 **MR. COLLINS:** Great.

2 **MR. K. JONES:** I was going to ask a
3 similar question at the end of the meeting, but
4 I'll ask it now.

5 **MR. CHAIR:** Sure.

6 **MR. K. JONES:** And maybe it's sort of
7 diversion, so bear with me. But this sort of
8 overused AI terminology, what are we doing? I
9 ask this while we were sitting here (audio
10 distortion) Florida pension fund use AI to
11 evaluate portfolios and you said no. I don't
12 know if that's true or not. Some version of
13 that might be true. Said we're looking at it.
14 Maybe. But I'm curious, what are we doing?
15 It's not an end-all-be-all answer, but it's a
16 tool, right? It can be a very helpful tool.
17 So I'm curious as to kind of what are we
18 doing -- maybe this as a broader discussion for
19 another time, but on that same point, is that
20 something, Chris or Lamar, that we're actively
21 looking at?

22 **MR. SPENCER:** Two points. Number one,
23 first, our next IAC meeting, I'll put an agenda
24 item to go over an entire summary of all of our
25 AI that we're working on because we are working

1 on a lot. We have deployed Copilot and I'll
2 summarize, really in short, it's on top of my
3 head, before we present something at the next
4 IAC meeting. Copilot has now been deployed to
5 all individuals in the entire organization. So
6 we were originally planning to phase it in, but
7 we've really ramped that up to deploy it
8 enterprise wide. We have a generative AI work
9 group comprised of both investment and
10 operation side staff that are evaluating
11 different deployments of individual AI tools.
12 And we're evaluating individual AI tools to be
13 deployed across the enterprise or for kind of
14 an as-applied as-needed basis for different use
15 case.

16 And in addition to that, we are
17 actually -- we're going through an evaluation
18 of using AI on some specific uses and things --
19 like in our accounting, we're going through a
20 procurement right now, I believe, on looking at
21 AI opportunities for accounting services and
22 different types of functions of integrating the
23 data we get from our managers in trying to
24 modernize and reduce some of the staff demand
25 on time from individuals to get a lot of this

1 in there.

2 So we are looking at AI, not just from an
3 evaluation of investment decision making, but
4 operational efficiencies. The Copilot
5 deployment has been really helpful with the
6 asset classes to just -- to both conduct
7 research, compile research, but also integrate
8 a lot of the data that we get from our managers
9 into decision making. But we're being very
10 clear, we don't want the AI to be making
11 investment decisions, right. Ultimately, that
12 is for folks that are here to be doing that.

13 **MR. K. JONES:** I guess on that same point,
14 I mean, would it be a useful exercise -- and
15 this may be a little bit (audio distortion)
16 let's say from today until the end of the year,
17 use Perplexity or Grok, Gemini, ChatGPT and run
18 a model portfolio just for fun, right? And see
19 what happens relative from today -- you might
20 not want answer, but you might. And so say
21 today till the end of the year, what does it
22 do? Allocate \$100 million to each bucket. Let
23 GPT or Gemini or somebody go in, do a model
24 portfolio, see where you end up, where it ends.
25 I don't know if that's a useful exercise. It

1 might be, though.

2 **MR. SPENCER:** It'd be interesting, yeah.
3 I mean, I'll talk to Marco over here who's
4 our -- all things analytics.

5 **MR. K. JONES:** Happy to disagree.

6 **MR. COLLINS:** I think the most interesting
7 thing out of that would be how did it think
8 differently --

9 **MR. SPENCER:** Yeah.

10 **MR. COLLINS:** -- right? What did it take
11 into account differently than we would have
12 otherwise? That, to me, is interesting.

13 **MR. SPENCER:** Yeah.

14 **MR. COLLINS:** I think it's a better -- I
15 don't know, in more efficient markets, I would
16 think it would be better because it's picking
17 at the margins and maybe it's seeing around the
18 corner where somebody can't see. Or it's
19 picking up a little bit more dataset somewhere,
20 I don't know, in an actively managed equity
21 fund. I don't know. It's hard to -- it would
22 be hard to run -- I think it would be hard to
23 run a AI on an actively managed equity fund
24 than it would be an ETF or some passively
25 managed ETF or some passively managed fixed

1 income.

2 **MR. SPENCER:** I'm a big believer in AI. I
3 personally use Claude, I use Grok, I have
4 ChatGPT, all of those different tools. So we
5 are definitely speeding up the amount of
6 integration that we are using AI in the
7 organization. I think it's going to be a
8 significant productivity enhancement, and I
9 think it is going to make our research, our
10 analytics a lot more capable than -- I'm not
11 saying we're not capable, but even more
12 enhanced than we already currently are.

13 We also have to be very mindful about our
14 data. For a lot of these open source tools,
15 our data being out there -- you know, we are
16 the fourth or fifth largest pension fund in the
17 United States, and, you know, one of the
18 largest in the world. There's always going to
19 be threat actors, vulnerabilities around that.
20 So that was why Copilot was an interesting use
21 for us at least initially here, because we have
22 the ability to have to toggle between both open
23 and closed network on how we can access the
24 data. And that's also why we have the gen AI
25 workgroup to make sure that we are evaluating

1 every tool that we're getting to see where is
2 that data housed, how is it used. That we can
3 still protect our data, avoid over disclosure
4 of anything that we have proprietary data or
5 non-public material, non-public information,
6 that type of thing.

7 **MR. WEBSTER:** Can I interject here?
8 Sorry. So, Ken, to answer your question, we
9 actually gave one of our fund-to-funds an AI
10 mandate several years -- with our
11 fund-to-funds, an AI mandate several years ago.
12 And in the hedge fund world, we see a fair
13 amount of pitches that's coming through AI and
14 the results are mixed, right? Because when you
15 think about it, a lot of it is -- it's just
16 another level of statistics. And when we talk
17 to some of the people who do this for a living,
18 who's been doing this for 30 years, there's
19 some good things about it, but there's also
20 some very limiting things about it.

21 Not least of all is that we think there's
22 a lot of data in financial markets, but there's
23 really not as much as there are in, say, taking
24 a picture of all the people in this room,
25 right? So we've seen it and it's been okay.

1 And I get a deck once a week on something AI,
2 and you look at the numbers and it looks fine
3 for what it's worth.

4 **MR. K. JONES:** Is it more like D.E. Shaw's
5 old model, Blackbox, just --

6 **MR. WEBSTER:** Yes, yes.

7 **MR. K. JONES:** Or is it really more just
8 true AI, right? Because that's different. I
9 mean, when they were running that stuff 20
10 years ago, were really perplexed by it and
11 sometimes thought it was good, sometimes
12 thought it was bad. This is a little
13 different.

14 **MR. WEBSTER:** Yeah. No, yeah, that's --
15 yes.

16 **MR. K. JONES:** -- investing in AI versus
17 using AI to invest.

18 **MR. WEBSTER:** And that's what we see is
19 that we see managers pitching using AI. We
20 don't see, either empirically through the
21 results of our funds and/or even anecdotally
22 when we see the decks, we don't see a great
23 difference in the returns.

24 **MR. K. JONES:** I just think as an
25 unscientific experiment, right, it's not going

1 to be controlled, but, you know, take
2 \$100 million slug of GE, not stock, but global
3 equity and then just start to crack it and see
4 what happens. You don't need to release it
5 publicly relative to what you're doing --

6 **MR. L. TAYLOR:** You're saying like a paper
7 portfolio?

8 **MR. K. JONES:** Yeah. Do, like, the stock
9 market game, right, but do it with AI. It's
10 not real money. Just track it. See what
11 happens.

12 **MR. L. TAYLOR:** It's an open -- I think
13 it's an interesting question to think about.
14 I'm not exactly sure how our models would work
15 with that, but we can certainly put our minds
16 to it and see what --

17 **MR. WEBSTER:** We can reach out to some of
18 our firms and ask them if they can apply their
19 models for us.

20 **MS. CANIDA:** I mean, I think from
21 everything I read, I understand all that. I
22 think AI is going to help tremendously in the
23 analytical and the data collection shortening,
24 but you're still going to need the intellectual
25 capability to make those decisions because a

1 lot of the AI data is back -- you know, you're
2 looking backwards, and you still have to put
3 that macro overall. So I think it's going to
4 be tremendous help. I don't see it being the
5 end-all to investment --

6 **MR. WEBSTER:** Yeah. So we use Copilot --
7 sorry, we use Copilot a lot, Tere, and our
8 experience is that you have to understand what
9 it is that you're looking for. And it has to
10 be collated in a way that makes sense because
11 what we see are 4,000, you know, words of
12 screed with lots of things that are bold and
13 gives you a big giant headache, you know, to
14 read all this stuff.

15 **MR. SPENCER:** How you ask the question
16 matters a lot.

17 **MR. WEBSTER:** Yes.

18 **MS. CANIDA:** Yes.

19 **MR. COLLINS:** And how you continue to
20 query, prompt the initial question.

21 **MR. K. JONES:** -- is the most important
22 part of --

23 **MR. OLMSTEAD:** I think the saving --
24 there's going to be more savings and speed for
25 you all in the shorter term. And when I'm

1 looking at a lot of private equity and other
2 funds -- not that this helps or doesn't help,
3 but it may -- it's dedicating -- it's harder to
4 have a whole bunch of part-time volunteers
5 trying to figure it out as opposed to bringing
6 on a number of dedicated people that are very
7 process-oriented that understand the tools.
8 And it's -- everything's speed, speed, speed,
9 right. So you're getting 4x speed decision
10 making, 4x of speed -- so as you're considering
11 it, as opposed to a whole bunch of part-time, I
12 would strongly advise that we look at dedicated
13 resources around this. Because I mean, from a
14 cost perspective, I mean labor, you know,
15 there's a number of efficiencies and just
16 making decisions faster if you have the right
17 processes in place.

18 **MR. L. TAYLOR:** So just to also kind of --
19 and so thank you for all that feedback. I
20 think we've got some -- we'll put some thought
21 to maybe what we can put on the next agenda
22 for, I guess, as Chris had pointed out, maybe
23 kind of what we're doing. There's an open
24 question around a paper portfolio, around it.
25 I think that's a -- I can't conceive of exactly

1 other than literally asking, but we can think
2 about.

3 But the other thing I just think everybody
4 should keep in mind is we all do -- as a
5 fiduciary, there's a certain standard of
6 prudence that we have to adhere to in terms of
7 our application of process. And so there is a
8 substantive procedural standard for how we
9 would prudently employ anything that we do. So
10 new technologies is part of that.

11 So obviously that's an overlay of kind of
12 how this rolls out. And so I think everybody's
13 here preaching sort of caution. Think about
14 it, explore it, adapt, improve, but always with
15 the mindset of just trying to make sure that's
16 done prudently. So we'll --

17 **MR. COLLINS:** The interesting thing to me,
18 too, is going back to the risk budget, if you
19 had this \$100 million paper portfolio and you
20 assign some level of risk budget, how does it
21 allocate its risk budget, right, relative to
22 how we would normally allocate a risk budget?
23 And what do we learn from that, if anything?
24 Maybe it's just crazy, wild and it did some
25 really stupid stuff. But I think that's Ken's

1 point. Let's look, right, and let's look at
2 all of that.

3 **MR. K. JONES:** You could take the
4 non-return seeking part of the portfolio.
5 Sorry.

6 **MR. CHAIR:** We're going down.

7 All right. No, it is an interesting
8 discussion and clearly more to come.

9 So, Todd, thank you for your doing your
10 fixed income and we'll move to strategic
11 investments, Trent. And now we're going to
12 have to play a little more catch up again,
13 Trent.

14 **MR. WEBSTER:** Yeah, no problem. Maybe we
15 should have been applying AI to the portfolio
16 lately. We're going through our longest period
17 of underperformance in our history, which we'll
18 talk a little bit about that in a minute.

19 We were cash flow positive again in the
20 quarter. We kicked back over \$800 million to
21 the total fund. Part of that is because we've
22 been pretty quiet, but you're starting to see
23 the activity pick up. We currently have 11
24 funds in the pipeline totaling \$1.3 billion in
25 potential commitments and investments.

1 We no longer run strategic as an
 2 integrated portfolio. In the past, we could
 3 look across all these different things and make
 4 judgments where we want to put it. We don't do
 5 that anymore. Instead, everything is run
 6 separately and unto itself. So hedge funds
 7 have done pretty well over the last four or
 8 five years. We've been refocusing on
 9 strategies which diversify away from equity,
 10 and those have done relatively well for us. We
 11 currently have four funds in the pipeline, and
 12 we continue to focus on strategies that
 13 diversify away from equity risk.

14 Now infrastructure is something that has
 15 been positive for us. We continue to ramp up
 16 our activity there. We've got pipeline -- in
 17 the pipeline we've got a digital
 18 infrastructure, a power fund, and one emerging
 19 markets and one lower middle markets here in
 20 North America.

21 Now, one of the two causes of our
 22 underperformance has been in insurance. And
 23 what we have seen over the last couple years is
 24 a movement away from higher risk lines of
 25 insurance and moving up the risk tower into CAT

1 bonds. This is a portfolio that is benchmarked
 2 to CAT bonds. And in the past, the mean
 3 loss -- or the mean loss median return would be
 4 about 300 basis points over the CAT bond yield.
 5 Today, it's about 5- to 600 basis point. So
 6 knock on wood, we don't have any major
 7 hurricanes. We would expect, hopefully, to
 8 outperform the CAT bond index over the next few
 9 years.

10 And this is the other area. So in the
 11 past, activists have -- this book has generated
 12 3- to 400 basis points of alpha per year. In
 13 the past, we have gone through periods of
 14 significant underperformance only to be
 15 followed by periods of significant
 16 outperformance. What's different this time is
 17 that whereas in the past we had one fund that
 18 was significantly underperforming, we now have
 19 two funds that are significantly
 20 underperforming. So we're addressing that.
 21 We've taken some initial steps to restructure
 22 that. And we may be making some more dramatic
 23 restructurings in 2026.

24 As the innovation portfolio, this looks
 25 kind of funky. We've got a spectrum fund, a

1 land bank fund. We hope to close on a
 2 mitigation banking fund here in the next month
 3 or two. This has to do with the anomaly of
 4 that being benchmarked to a public market's
 5 benchmark, and then it's a private market fund.

6 Timber. We've been overweight the south.
 7 The south has been hurt. We think that some of
 8 the tariffs may be positive for the industry in
 9 the medium term, you know, but generating 6,
 10 7 percent over the last several years is more
 11 in line with what we thought the portfolio
 12 would do when we first started investing this
 13 over 15 years ago.

14 Legacy assets are things that we used to
 15 invest in, which we no longer do. So we no
 16 longer invest in private equity and real
 17 estate. We used to go across different asset
 18 classes and invest in that if it met a certain
 19 metrics for us. We don't do that anymore. One
 20 of the things that we used to invest in, as
 21 Sheila had said, was the Florida Growth Fund.
 22 And those actually still sit in strategic. So
 23 when you see this performance, a big chunk of
 24 that are past performance in the Florida Growth
 25 Fund. So tranche C of the Florida Sunshine

1 fund will now sit in private equity, will not
 2 sit with us. But because we underwrote these
 3 funds, this performance still sits in strategic
 4 investments.

5 Any questions?

6 **MR. CHAIR:** All right. Questions?

7 Okay. Thank you, Trent, for that summary.
 8 Lynne Gray with real estate.

9 **MS. GRAY:** I am going to take you through
 10 a few things on real estate, starting with our
 11 allocation going into performance, and then
 12 ending with some transaction activity that's
 13 occurred since we last met.

14 The allocation sits at 12 -- the target
 15 allocation is at 12 percent. But we are
 16 currently at 9.4 percent. For performance
 17 standards -- for performance reporting, we're
 18 at 19.4 billion. But if we roll that forward,
 19 our portfolio is at just over 20 billion, still
 20 at 9.4 percent. What we have is a pacing model
 21 that will take us up to 12 percent over the
 22 next five years.

23 And onto performance. So performance over
 24 the long term, we've outperformed our
 25 benchmark, which is shown on the lower, left

1 side of the chart. Those drivers of
 2 performance are in the industrial and
 3 alternative sectors. We'll note that on the
 4 one year, the shorter term, we have
 5 underperformed the benchmark. That's primarily
 6 driven by principal investment assets. No
 7 surprise with office, agriculture, multifamily.
 8 In particular, multifamily on the west coast.
 9 And even though I said industrial has been a
 10 strong performer over the long term, we have
 11 seen some underperformance in Southern
 12 California that's hitting our one-year numbers.
 13 And then we have some select opportunistic
 14 funds that hit that one-year underperformance
 15 as well.

16 On the right, though, you'll see that
 17 income and appreciation component and that
 18 income component has been steady over all time
 19 periods.

20 The next slides are new slides that I
 21 introduced at our last meeting. So this gives
 22 a little bit more granular view of principal
 23 investments. And just as a reminder, principal
 24 investments is the direct-owned portfolio,
 25 roughly 14.4 billion US only investing.

1 And so, as I mentioned earlier on the one
 2 year, just pointing to the chart, you'll see
 3 the total time weighted return at the bottom,
 4 the blue bar. And then the contribution of
 5 each property type on the grid over the one,
 6 three and five-year, color coded with green
 7 being the strongest contributor all the way to
 8 red, which is the largest detractor from
 9 contribution for return. On the five-year, you
 10 see industrial's a strong performer actually
 11 across all time periods. But then office in
 12 red, detractor on the five year and most of the
 13 years that are presented.

14 And then moving on to give a little
 15 different viewpoint, you see contribution by
 16 region and the underlying properties within
 17 each region. And this is where I'll point out
 18 the comment about Southern California. One,
 19 you see that west coast for the one year is the
 20 largest detractor for contribution, but you'll
 21 see industrial at negative 1.77.

22 On the five-year, south and the west are
 23 strong performers. Now we do have this various
 24 category, which is a strong performer as well
 25 over all time periods. But that various

1 category holds investments that are
 2 multi-region investments and so that
 3 performance is at the investment level and not
 4 tagged at the underlying asset level within
 5 each region.

6 Different view on a way to look at
 7 performance, again, for principal investments
 8 is the attribution slide. So this attribution
 9 slide really tells how our property decisions
 10 have impacted performance relative to our
 11 index. There are three components that are
 12 shown on the upper right -- that may be a
 13 little bit tough to read. But allocation
 14 effect, selection effect, and the cross effect,
 15 which is a combination of those two.

16 Industrial, for example, with the
 17 allocation effect, on the left you see the
 18 weighting and the return of the property types.
 19 The weight portfolio is for real estate's
 20 weighting and return. The index is exactly
 21 what it says, index. So for industrial, we
 22 were underweight for industrial. So when you
 23 look across, you see under allocation, there's
 24 a negative component of that because we were
 25 underweight for the strongest performer in the

1 category. However, if you look at our gross
 2 return at 18.68 percent compared to the gross
 3 return of the index at 12, and you move over to
 4 the selection column, you see that we have a
 5 positive number in the selection column,
 6 meaning that even though we were underweight,
 7 the assets that we chose outperformed the
 8 index. So the cross is the combination of
 9 allocation and selection and winding up with
 10 the total of industrial being overall positive
 11 to performance.

12 Questions?

13 **MR. CHAIR:** Any questions?

14 Very good.

15 **MS. GRAY:** All right. I'm going to
 16 just -- the geographic follows the same logic
 17 with one caveat that, again, we have that
 18 various component at the bottom. It is a
 19 strong performer at 8.9 percent. There's also
 20 25 percent of the portfolio that's sitting in
 21 that category where we can't tag those assets
 22 to a particular region for performance
 23 calculations.

24 And then moving on to transaction
 25 activity, since our last meeting, we've

1 actually been pretty busy. For principal
 2 investments, we closed on 10 transactions,
 3 roughly 365 million across a diverse portfolio
 4 or pool of assets. We did have one disposition
 5 of student housing, taking advantage of
 6 investor appetite for student housing with a
 7 non-strategic asset that we disposed of. And
 8 then on the externally managed side, we
 9 invested in six funds for a total of
 10 475 million in commitments. And that was,
 11 again, across a diverse pool of property types.

12 **MR. K. JONES:** Lynne, on the principal
 13 investment dispositions, we're just fully
 14 marketing these things, right?

15 **MS. GRAY:** Yes. That was broadly
 16 marketed. Absolutely.

17 **MR. K. JONES:** And are we getting lots of
 18 interest when we're doing this or are we just
 19 sort of selling and we're selling come hell or
 20 high water? We're going to sell an office
 21 building in San Francisco and, you know, one
 22 buyer shows up and says, I'll give you, some --

23 **MS. GRAY:** Yeah, no, that's a great
 24 question because for this particular -- one, it
 25 depends on the asset and depends on the

1 university. So for this particular asset, it
 2 was a university that -- Illinois State
 3 University. So lagging rent growth, moderate
 4 enrollment growth, very little institutional
 5 investor appetite for product in that market.
 6 But people want student housing today. We also
 7 had a loan coming due, so we knew that we
 8 didn't want to reinvest in it, and we felt that
 9 this was the time to take it to market. And we
 10 had a limited bid pool for buyers for this.
 11 And we ultimately disposed of it and it was not
 12 a stellar performer for us. But we were happy
 13 that we were able to dispose of it.

14 **MR. K. JONES:** Are we thinking about that
 15 in terms of -- I know Peter and I talk a lot
 16 about this, Peter and Peter and myself, state
 17 university systems (audio distortion) Florida,
 18 you know, thinking about you brought up student
 19 housing, right? Like, I wouldn't want to do
 20 student housing in Illinois these days. I just
 21 wouldn't. I mean, I just don't think --

22 **MS. GRAY:** Say it again. I didn't --

23 **MR. K. JONES:** -- in Illinois, right?
 24 Student housing versus -- if I had the choice,
 25 I'm going to go to Florida, I'm going to go to

1 --

2 **MS. GRAY:** Right.

3 **MR. K. JONES:** How are you looking at
4 those (audio distortion)?

5 **MS. GRAY:** Yeah, certainly we're looking
6 at the power schools. We're looking at
7 enrollment and enrollment growth. One of the
8 ones that's on the list, student housing,
9 that's actually Kennesaw State. It's a
10 university that we've tracked for years,
11 healthy enrollment growth. And while that's
12 not a, you know, big four school, typically the
13 ones that we're tracking are. So household
14 names like USC or Texas A&M would be ones that
15 we're tracking.

16 **MR. K. JONES:** Great.

17 **MS. GRAY:** Not Florida State, though, too
18 much supply online there.

19 **MR. COLLINS:** Although if you're going to
20 school at Florida State, means you're probably
21 going free.

22 **MR. SPENCER:** Most the boosters want to
23 sell us some of that housing at a really nice
24 price.

25 **MR. COLLINS:** It's a phenomenon that's

1 happening in Florida. The question Tommy or
2 Betty come to Mom or Dad with is, Hey, I got
3 into Florida or Florida State, that means I'm
4 going for free because I got Bright Futures,
5 can I live somewhere nice?

6 **MS. GRAY:** Oh, absolutely.

7 **MR. COLLINS:** They go, sure. And that's
8 what's driving it all.

9 **MS. GRAY:** Right.

10 **MR. COLLINS:** It's the simple single
11 driver that drives it all. Because it's so
12 cheap to go to school here. And so -- plus
13 you've got -- we had 86,000 applications for
14 6,000 spots last year. We talk about -- and
15 we're really not growing our enrollment. But
16 there's more demand.

17 **MR. K. JONES:** Tuition might be changing
18 soon.

19 **MR. COLLINS:** Out of state at least.
20 Yeah. Which I'm not going to -- yeah, we got
21 to keep going. Thank you.

22 **MS. GRAY:** Yeah. So, well, that's how
23 we're thinking about it. And we recently have
24 a venture that we formed with a group and they
25 have access to a pipeline of activity. So

1 we're seeing enough activity and we like
2 student housing. We like the growth of, and
3 the opportunity and the performance.

4 **MR. COLLINS:** The thing about student
5 housing is it's sort of like senior housing.
6 There's the physical asset, right, and the
7 income it generates, but then there's the
8 operation, right? And it's heavy. It's a
9 heavy lift on a daily basis in student housing,
10 just like it is -- I mean, you can have a great
11 asset in senior housing, but the operations
12 just sink you, right? So if it's me and if I'm
13 investing in student housing, I'm investing in
14 developing students, not buying it and holding
15 it. I'm developing it and selling it when the
16 developer -- whenever they -- you know, as soon
17 as they get a CO, which is in most of the
18 cases, especially here in Tallahassee.

19 **MR. CHAIR:** Okay. Lynne, any more?

20 **MS. GRAY:** I have a few more slides, but
21 they're the traditional ones that you guys have
22 seen. So if you have any questions on those,
23 happy to answer them. Otherwise, I'm passing
24 it.

25 **MR. CHAIR:** Great. All right. Thank you,

1 Lynne.

2 We will -- Dan Beard up next for DC.

3 **MR. BEARD:** Good afternoon. I'll be
4 fairly quick here. Most of these slides,
5 you've seen in my presentations. This first
6 slide is just a snapshot of where we're at --
7 where we're at at the end of the fiscal year.

8 This slide is our choice stat slide. You
9 know, all new hires get a choice. You can see
10 over the last three years, it's pretty been --
11 been the same. Probably about seven out of
12 every 10 new hires are enrolling in the
13 investment plan.

14 Membership growth. So between last fiscal
15 year -- between the end of fiscal year '24 and
16 end of fiscal year '25, approximately 32 new
17 members joined the investment plan. So we're
18 still seeing the growth there. Build about 30-
19 to 40,000 a year.

20 While going to performance. So Mark
21 covered this at the beginning. This kind of
22 breaks it down by asset class. This is where
23 those assets lie within the different assets.
24 Again, over 50 percent are in the retirement
25 date funds or target date funds. This just

1 breaks down the assets within the target date
2 funds.

3 And then for the MyFRS financial guidance
4 program through the end of the fiscal year, you
5 can see for the different categories, all of
6 them had an increase with the exception of
7 calls to financial planners. Happy to answer
8 any questions.

9 **MR. CHAIR:** All right. Questions?

10 All right, Dan. Thank you. Very good.

11 I don't see Mike --

12 **MR. SPENCER:** Oh, I'll handle that real
13 quick. Mike's not able to be here today. But
14 we'll save some time because this is just all
15 the statistics on all of the voting that the
16 corporate governance team has done throughout
17 the last quarter. And so if you have any
18 questions on this, just let me know or we can
19 get you any specific answers. But you've seen
20 this before. It goes through all the -- both
21 US and global voting trends, ESG trends.

22 I think one key takeaway that would be
23 interesting to note on this is that overall
24 amount of shareholder proposals that are in the
25 DEI ESG kind of segment has been going way

1 down. That really actually started before the
2 Trump administration came in this year. It
3 started really about two years ago. And we've
4 noticed that trend continuing to go down. We
5 are seeing an increase in frequency of what's
6 being termed as anti DEI, anti ESG that are
7 shareholder proposals. And so it's starting to
8 skew the numbers a little bit because we tend
9 to vote no on a lot of these shareholder
10 proposals that are more politically focused,
11 regardless of whether they're pro or anti ESG.
12 So it's starting to throw the numbers all over
13 the place. But we're looking at better ways to
14 try to break out those statistics so it doesn't
15 seem like there's a reversal of trends here.
16 But for the most part, we're seeing a decline
17 in the prevalence of those shareholder
18 proposals.

19 **MR. COLLINS:** And we're voting 99 percent
20 of our --

21 **MR. SPENCER:** Yes, we're voting -- every
22 vote that we -- every share that we can vote,
23 we are voting. But the only kinds of
24 situations where we can't vote it would be if
25 the stock's out of a loan and we can't recall

1 it in time or if it's in a commingled fund of
2 some kind and we don't have the right to vote
3 that, so --

4 **MR. COLLINS:** Tiny percent?

5 **MR. SPENCER:** Yeah, less than 1 percent.

6 **MR. COLLINS:** Yeah. Good.

7 **MR. CHAIR:** All right. Chris, thanks for
8 that update.

9 All right. Katie Comstock, looks like
10 we're going to do a major market performance
11 review. So you're up again.

12 **MS. COMSTOCK:** Thank you. And I will make
13 these brief comments and cover the fiscal year
14 performance. This is all through June 30th of
15 2025, starting with the pension plan.

16 Here, a snapshot of where assets sat at
17 the end of the fiscal year. Assets grew to
18 over \$211 billion. This is growth of over
19 \$13 billion since the beginning of the year due
20 primarily to investment earnings. Investment
21 earnings were north of \$20 billion over the
22 year. And that growth then is, of course, net
23 of benefit payments and expenses. So a really
24 strong year.

25 Here you can see the progress towards the

1 newly approved long-term asset allocation.
2 Still a slight overweight to global equities,
3 relative to the long-term targets as the
4 private market asset classes, real estate,
5 private equity, active credit continue to be
6 built up to their long-term targets, but well
7 within the policy set by the SBA.

8 Looking at returns, again, for the fiscal
9 year, you've heard this at the outset, a very
10 strong one-year return of 10.3 percent. I
11 grabbed a few statistics looking back at the
12 past 20 fiscal year periods, this is the 10th
13 highest. So what that tells me, there's been a
14 really strong period of exceeding expectations
15 in terms of annual returns. If we look at
16 relative performance out of those 20 fiscal
17 years, the FRS has underperformed only five of
18 those times, and three of them have been the
19 past -- the three most recent years. And
20 that's been driven by that disparity between
21 public markets and the private equity
22 benchmark. So really strong results.

23 And you can kind of see that through the
24 trailing periods. We don't think about setting
25 asset allocation or performance on one-year

1 increments, but I thought they were interesting
 2 statistics. And that does lead to, again, the
 3 long-term proposition that the SBA has. And
 4 the results here: 9.7 percent annualized over
 5 the five-year period, 9 percent over the
 6 trailing 15-year period.

7 **MR. K. JONES:** Katie, how is Florida doing
 8 relative to other similarly sized?

9 **MS. COMSTOCK:** Great question. Yeah. We
 10 can jump there. It's strong. And what --

11 **MR. K. JONES:** Not trying to hurry you up,
 12 I swear. That was a real question.

13 **MS. COMSTOCK:** This is probably the only
 14 new information that you haven't heard yet
 15 today. So very well. This is TUCS top 10. So
 16 these are the 10 largest pension plans in the
 17 US. What will drive the relative performance
 18 or the majority of relative performance going
 19 to be asset allocation. And as you've heard
 20 before, the major differences, and this was
 21 touched on earlier, is primarily with how much
 22 public equity Florida holds relative to this
 23 universe, and the broader universe of public
 24 pension plans.

25 This used to be a target of 53 percent,

1 this is now 45. So you've moved closer in line
 2 kind of with the median plan, but you still
 3 have a little bit greater exposure to public
 4 equity. That has been a tailwind for you all.
 5 Under the hood of that public equity exposure
 6 is that you've had a global orientation for
 7 quite some time now. Your peers have lagged
 8 that. They tend to have a US bias more so than
 9 the median has a US bias as US has
 10 outperformed. That has been median/modest
 11 headwind for the SBA, but over the most recent
 12 quarter and the most recent one-year period,
 13 having that global orientation and greater
 14 exposure to international markets has benefited
 15 the relative performance.

16 **MR. K. JONES:** So bottom line, we're doing
 17 good relative to our peers?

18 **MS. COMSTOCK:** Yeah. Top quartile over
 19 the three, five, 10-year. Top fifth percentile
 20 in this group. And over a broader universe as
 21 well, you tend to be in the -- above median,
 22 certainly in close of the top quartile as well.
 23 So, yes, strong relative performance.

24 Other major mandates, just really quickly,
 25 this is the investment plan. You can see

1 absolute returns at the top. Strong returns.
 2 This is a function of where participants are
 3 investing their dollars, just as a reminder.
 4 So we look at the relative performance. Some
 5 of the headwinds here have been housed within
 6 stable value, which lags money market, which
 7 lags cash as we're in a rising rate
 8 environment. Over long term, we expect that to
 9 catch up. Inflation sensitive fund has some
 10 exposure to core private real estate, that has
 11 been a slight headwind to relative performance.
 12 And then within the US, the US stock fund had a
 13 value bias and that was a relative headwind on
 14 performance. But that doesn't mean that each
 15 fund is underperforming. We look at this on a
 16 regular basis. I would also note that over
 17 half of the assets are invested in the custom
 18 target date funds and all of those funds are
 19 outperforming. So strong results for the
 20 participants invested in this plan.

21 And then moving on to the hurricane
 22 catastrophe funds here, we talked about this
 23 earlier, these are just the different
 24 performance figures across the different pools
 25 of assets. For the one-year, about 4.9 percent

1 for that operating liquidity fund. That has
 2 the longest average maturity there. So you can
 3 see it's the highest return of these pools of
 4 assets. And we talked about, you know,
 5 potential investment changes looking at that.

6 And if you compare that to Florida PRIME,
 7 here you can see similar results actually over
 8 the one-year period, about a 4.9 percent
 9 return. This pool has grown at the end of the
 10 fiscal year to about \$27.6 billion. That's a
 11 growth of over 2 billion for the past year, and
 12 outperforms this benchmark, which is a group of
 13 peer government investment pools. We do look
 14 at the risk as well that's being taken, and
 15 this is a really strong risk/reward
 16 relationship that -- or results that the pool
 17 has earned as well.

18 And that concludes my summary comments.
 19 Happy to take any questions.

20 **MR. CHAIR:** All right. Thank you, Katie.

21 Other questions?

22 Okay, then IAC compensation subcommittee,
 23 Vinny Olmstead.

24 **MR. OLMSTEAD:** Thanks. This will all also
 25 be quick.

1 As a quick reminder, we meet a few times a
 2 year. Couple of reasons why we get together,
 3 one is the variable component of -- do I
 4 actually have slides? Good.

5 I'm just going to talk through my points
 6 real quick here. The variable component of the
 7 compensation of both the executive director and
 8 Lamar, chief investment officer, and then also
 9 evolving over the last few years, our
 10 recommendations and discussions around the
 11 actual plan in place. And the goal, obviously,
 12 is retention and recruiting. And we have a
 13 keen eye on that. It's been a very robust
 14 constructive committee over the years.

15 This year, Peter Collins, Ken Jones,
 16 myself are on the committee, although there's
 17 participation by the six of us that are
 18 currently here. So unlike previous years where
 19 the three of us voted on the variable pay,
 20 there were six folks that contributed this
 21 year. And I imagine, as we increase the size
 22 of the committee, there'll be more
 23 participation across the board. So, again, two
 24 things that we're focused on. What is the
 25 variable or subjective piece of the

1 compensation for both Chris and Lamar, and then
 2 a number of the policies and procedures which
 3 Chris reviewed at the beginning. So I won't
 4 re-review those.

5 And to make this a little bit shorter, the
 6 six of us were on the phone call. We did make
 7 a recommendation, which we need to formalize
 8 here, which is there's a scale of one to three
 9 for both Chris and for Lamar. I don't think
 10 it's -- we have to do Lamar, but we will. And
 11 we didn't -- we looked at them separately, to
 12 be honest with you, and voted separately. But
 13 the recommendation from the committee, which
 14 we'll put up for a vote here, is that we --
 15 that we gave them a three, the highest rank,
 16 with regards to the subjective piece of their
 17 variable compensation. And a sub-note to that
 18 was, I think we were very pleased with the fact
 19 that we went from sort of one role to two roles
 20 and had sort of, over the majority of this
 21 year, the integration of that, integration of a
 22 few new faces here. And I think overall
 23 performance, as Katie, you know, stated here,
 24 is pretty darn good. So we were very favorable
 25 on the two of them.

1 And so I'll make that recommendation to
2 the group motion.

3 **MS. CANIDA:** Motion.

4 **MR. COLLINS:** Second.

5 **MR. CHAIR:** All in favor?

6 (Members reply aye.)

7 **MR. CHAIR:** Okay. Motion carries.

8 Thank you, Vinny.

9 **MR. K. JONES:** Mr. Chair, if I can just
10 make one comment. I would say, you know, we
11 did have a pretty robust discussion. This is
12 my first year on it. I'm a huge advocate, huge
13 advocate of paying people for performance. I
14 always have. Like, I think that if you
15 outperform and there's great alpha going on,
16 you should make more money. I mean, I've
17 always -- everything -- and Chris knows this,
18 and Lamar -- said this from the day that I got
19 here, I always said, if we don't pay, not even
20 just market, but in many cases above market for
21 performance, we're not going to get the best
22 people.

23 And so I know everybody here, not just
24 here, but here and out here, it's a lot of work
25 to do all this. I mean, the work we saw today

1 was really, really good. And I know it just
2 doesn't happen by osmosis. You know, there's a
3 lot of staff work that goes into this. So I
4 just wanted to say thank you all for doing it.
5 And you will have no bigger advocate than me
6 for not only doing what we did at the last
7 compensation committee -- I would frankly have
8 liked to have seen it gone farther, and I
9 advocated for that. And if it were up to me,
10 it would've happened. But we're going to
11 continue beating the drum.

12 And to the extent that you all have
13 interesting ideas on how we can think through
14 it, to stay market competitive, attract the
15 best talent and get the best results, let me
16 know, let Peter know, let Vinny know, let
17 Chairman Peter Jones know. I'm open to
18 anything. But the goal is to pay for
19 performance and get better performance. So if
20 you've got ideas, please, you know, speak up
21 and don't be shy about it.

22 So thank you for all the hard work.
23 Really appreciate it.

24 **MR. CHAIR:** Yeah, agreed. Thank you for
25 saying that, Ken. And, Vinny, thanks for

1 leading the committee, subcommittee for several
2 years now. Good progress.

3 All right. We have two more items in
4 number 10. Are any audience comments?

5 Hearing none, we'll move on.

6 And then my term as chair, I'll have one
7 more meeting in December and then a new chair
8 will be elected in March. We had a vice chair,
9 Freddy Figgers is no longer on our committee --
10 our council, and so we need to elect a new vice
11 chair that will take over next March.

12 So I'll turn to my colleagues here and see
13 if there are any nominations for vice chair.

14 **MS. CANIDA:** Chairman, I nominate Peter
15 Collins to my left for Vice Chairman in the
16 following period.

17 **MR. CHAIR:** Okay. Do we have a second?

18 **MR. K. JONES:** Second.

19 **MR. CHAIR:** All right. Any comments or
20 any other --

21 **MR. K. JONES:** Would you actually like to
22 do this?

23 **MS. CANIDA:** Yeah. He's nicer than I am.

24 **MR. K. JONES:** You've been on this board
25 for 27 years, so --

1 **MR. CHAIR:** So this would be your third
2 time, right, as chairman?

3 **MR. COLLINS:** No, I've only been chair
4 once.

5 **MR. CHAIR:** You sure? I thought you'd
6 been chair twice.

7 **MR. COLLINS:** No, I think I've only been
8 chair once.

9 **MR. CHAIR:** Really?

10 **MR. COLLINS:** We had a lot of people on
11 and off the board since I was here. But I
12 guess in the rotation of everything, I mean, it
13 sort of makes sense.

14 **MR. CHAIR:** You would make a logical
15 choice based on our normal protocol of electing
16 vice chairs.

17 **MR. COLLINS:** And I would assume that the
18 next person who gets on the board gets elected
19 as vice chair in March, right?

20 **MR. CHAIR:** That very well could happen,
21 yes.

22 **MR. COLLINS:** Happy to do it.

23 **MS. CANIDA:** Thank you.

24 **MR. CHAIR:** All right. Yeah. Thank you.
25 All right. So without objection, Peter

1 Collins is Vice Chair.
 2 **MR. K. JONES:** Congratulations.
 3 **MS. CANIDA:** Congratulations.
 4 **MR. CHAIR:** Your pay is going up.
 5 **MR. COLLINS:** What do I get? I can get
 6 one more cup of coffee.
 7 **MR. SPENCER:** You can park in one of the
 8 EV spots in the back.
 9 **MR. CHAIR:** It is, according to my clock
 10 here, it's 3 o'clock and so I'll declare this
 11 meeting adjourned right on time.
 12 (Meeting adjourned at 3:01 p.m.)

13 * * *

1 CERTIFICATE OF REPORTER

2
 3
 4 **STATE OF FLORIDA**
 5 **COUNTY OF LEON**

6 I, Tracy Brown, certify that I was
 7 authorized to and did stenographically report
 8 the foregoing proceedings, and that the
 9 transcript is a true and complete record of my
 10 stenographic notes.

11 Dated this 30th day of September, 2025.

12
 13
 14
 15 

16 TRACY BROWN
 17 Tallahassee, FL
 18 Tbrown567@comcast.net

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INVESTMENT ADVISORY COUNCIL

IAC Prepared Comments

Lamar Taylor, Chief Investment Officer

SBA Major Mandate Performance

Official Performance Through: September 30, 2025

Managed Return

Mandate	1 Mo	3 Mo	1-Yr	3-Yr	5-Yr	10-Yr
FRS Investment Plan	2.41%	5.77%	12.81%	16.19%	9.72%	9.06%
Florida PRIME	0.38%	1.14%	4.63%	5.11%	3.23%	2.33%
FHCF Operating Claims Paying Fund	0.35%	1.09%	4.48%	4.71%	1.86%	
FRS Pension Plan	1.95%	4.48%	10.29%	12.53%	9.43%	9.05%
Asset Allocation	2.26%	5.06%	11.43%	14.44%	9.46%	8.80%
Global Equity xTrans	3.17%	6.86%	16.70%	22.47%	13.18%	11.86%
Fixed Income xTrans	1.12%	2.15%	3.33%	5.34%	0.73%	2.13%
Real Estate	0.23%	0.80%	1.90%	-3.57%	4.21%	5.53%
Private Equity	1.08%	4.01%	9.98%	5.85%	16.00%	14.80%
Strategic Investments	0.94%	3.46%	8.19%	8.09%	9.22%	7.31%
Active Credit xTrans	0.32%	1.89%	9.87%			
Cash & Central Custody + Enhanced Cash	0.36%	1.11%	4.32%	4.84%	2.65%	1.95%

SBA Major Mandate Performance

Official Performance Through: September 30, 2025

Active Return

Mandate	1 Mo	3 Mo	1-Yr	3-Yr	5-Yr	10-Yr
FRS Investment Plan	-0.07%	-0.07%	0.00%	-0.04%	-0.25%	0.09%
Florida PRIME	0.03%	0.06%	0.16%	0.35%	0.26%	0.25%
FHCF Operating Claims Paying Fund	0.13%	0.35%	1.46%	0.65%	0.43%	
FRS Pension Plan	-0.30%	-0.57%	-1.17%	-1.93%	0.00%	0.25%
Asset Allocation	0.00%	0.01%	-0.03%	-0.02%	0.03%	0.00%
Global Equity xTrans	-0.11%	-0.43%	0.22%	0.09%	-0.06%	0.26%
Fixed Income xTrans	0.03%	0.12%	0.45%	0.48%	0.40%	0.34%
Real Estate	-0.06%	-0.08%	-1.02%	1.41%	1.36%	1.01%
Private Equity	-2.32%	-3.75%	-9.00%	-19.76%	-0.42%	0.10%
Strategic Investments	-0.42%	-0.75%	-1.46%	-2.15%	-0.42%	0.12%
Active Credit xTrans	-0.30%	-0.39%	1.00%			
Cash & Central Custody + Enhanced Cash	0.02%	0.02%	-0.15%	-0.04%	-0.39%	-0.16%

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FRS Pension Plan: Performance Attribution Report for IAC
September 30, 2025

Name	Market Value (In Millions)	3 Months	1 Year	3 Year
Total Fund	\$ 218,890	4.48%	10.29%	12.53%
Policy Benchmark		5.05%	11.46%	14.46%
+ / - Benchmark		-0.57%	-1.17%	-1.93%
Global Equity	\$ 104,715	6.86%	16.70%	22.47%
Policy Benchmark		7.29%	16.48%	22.38%
+ / - Benchmark		-0.43%	0.22%	0.09%
Attribution to Total Fund + / - Benchmark		-0.21%	0.10%	0.04%
Fixed Income	\$ 41,640	2.15%	3.33%	5.34%
Policy Benchmark		2.03%	2.88%	4.86%
+ / - Benchmark		0.12%	0.45%	0.48%
Attribution to Total Fund + / - Benchmark		0.02%	0.09%	0.09%
Real Estate	\$ 20,405	0.80%	1.90%	-3.57%
Policy Benchmark		0.88%	2.92%	-4.99%
+ / - Benchmark		-0.08%	-1.02%	1.41%
Attribution to Total Fund + / - Benchmark		-0.01%	-0.11%	0.18%
Private Equity	\$ 19,455	4.01%	9.98%	5.85%
Policy Benchmark		7.76%	18.98%	25.61%
+ / - Benchmark		-3.75%	-9.00%	-19.76%
Attribution to Total Fund + / - Benchmark		-0.34%	-0.84%	-1.93%
+ / - Secondary Benchmark		-0.21%	0.13%	0.29%
Strategic Investments	\$ 13,026	3.46%	8.19%	8.09%
Policy Benchmark		4.21%	9.64%	10.24%
+ / - Benchmark		-0.75%	-1.46%	-2.15%
Attribution to Total Fund + / - Benchmark		-0.05%	-0.09%	-0.21%
Active Credit	\$ 11,176	1.89%	9.87%	
Policy Benchmark		2.28%	8.87%	
+ / - Benchmark		-0.39%	1.00%	
Attribution to Total Fund + / - Benchmark		-0.01%	0.06%	
Cash CC + Enhanced Cash	\$ 1,396	1.11%	4.32%	4.84%
Policy Benchmark		1.10%	4.47%	4.87%
+ / - Benchmark		0.02%	-0.15%	-0.04%
Attribution to Total Fund + / - Benchmark		0.00%	0.00%	0.00%
Other**	\$ 7,077			
Other Attribution to Total Fund + / - Benchmark		0.01%	-0.37%	-0.08%
AA Attribution to Total Fund + / - Benchmark		0.01%	-0.03%	-0.02%

* Totals might not add due to methodology and rounding

** Captures transition accounts, liquidity portfolios, and unexplained differences due to methodology.

Major Mandate Performance

9/30/2025		1 Mo	3 Mo	1-Yr	3-Yr	5-Yr	10-Yr
FHCF Operating Claims Paying Fund	Managed Return	0.35%	1.09%	4.48%	4.71%	1.86%	
	Benchmark Return ¹	0.23%	0.74%	3.02%	4.06%	1.43%	
	+Over/-Under Benchmark	0.13%	0.35%	1.46%	0.65%	0.43%	

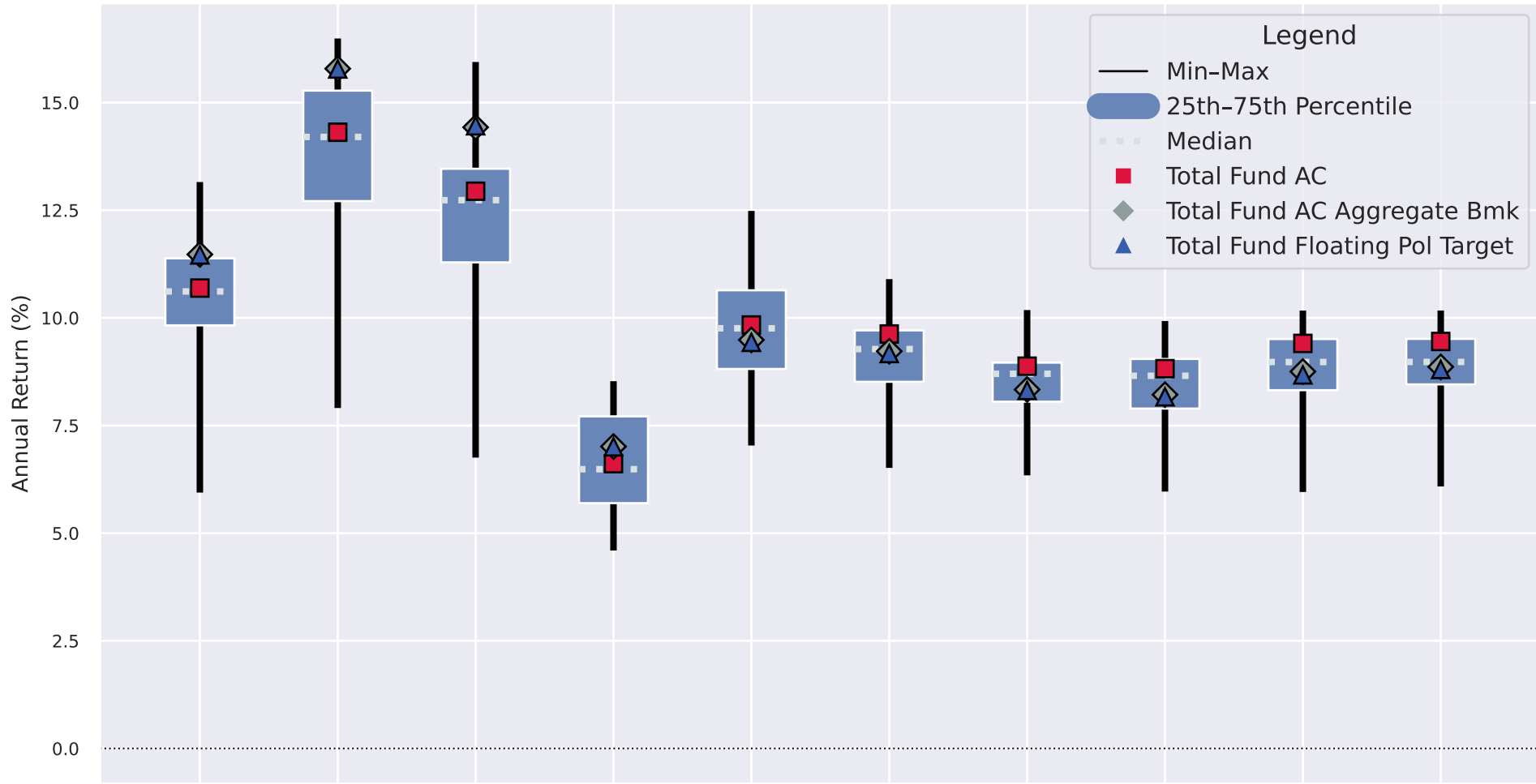
9/30/2025		1 Mo	3 Mo	1-Yr	3-Yr	5-Yr	10-Yr
Florida PRIME	Managed Return	0.38%	1.14%	4.63%	5.11%	3.23%	2.33%
	Benchmark Return	0.35%	1.08%	4.47%	4.76%	2.97%	2.08%
	+Over/-Under Benchmark	0.03%	0.06%	0.16%	0.35%	0.26%	0.25%

9/30/2025		1 Mo	3 Mo	1-Yr	3-Yr	5-Yr	10-Yr
FRS Investment Plan	Managed Return	2.41%	5.77%	12.81%	16.19%	9.72%	9.06%
	Benchmark Return	2.48%	5.84%	12.81%	16.23%	9.97%	8.97%
	+Over/-Under Benchmark	-0.07%	-0.07%	0.00%	-0.04%	-0.25%	0.09%

9/30/2025		1 Mo	3 Mo	1-Yr	3-Yr	5-Yr	10-Yr
FRS Pension Plan	Managed Return	1.95%	4.48%	10.29%	12.53%	9.43%	9.05%
	Benchmark Return	2.25%	5.05%	11.46%	14.46%	9.43%	8.80%
	+Over/-Under Benchmark	-0.30%	-0.57%	-1.17%	-1.93%	0.00%	0.25%
Asset Allocation	Managed Return	2.26%	5.06%	11.43%	14.44%	9.46%	8.80%
	Benchmark Return	2.25%	5.05%	11.46%	14.46%	9.43%	8.80%
	+Over/-Under Benchmark	0.00%	0.01%	-0.03%	-0.02%	0.03%	0.00%
Global Equity xTrans	Managed Return	3.17%	6.86%	16.70%	22.47%	13.18%	11.86%
	Benchmark Return	3.28%	7.29%	16.48%	22.38%	13.24%	11.60%
	+Over/-Under Benchmark	-0.11%	-0.43%	0.22%	0.09%	-0.06%	0.26%
Fixed Income xTrans	Managed Return	1.12%	2.15%	3.33%	5.34%	0.73%	2.13%
	Benchmark Return	1.09%	2.03%	2.88%	4.86%	0.33%	1.79%
	+Over/-Under Benchmark	0.03%	0.12%	0.45%	0.48%	0.40%	0.34%
Real Estate	Managed Return	0.23%	0.80%	1.90%	-3.57%	4.21%	5.53%
	Benchmark Return	0.29%	0.88%	2.92%	-4.99%	2.85%	4.53%
	+Over/-Under Benchmark	-0.06%	-0.08%	-1.02%	1.41%	1.36%	1.01%
Private Equity	Managed Return	1.08%	4.01%	9.98%	5.85%	16.00%	14.80%
	Benchmark Return	3.41%	7.76%	18.98%	25.61%	16.42%	14.70%
	+Over/-Under Benchmark	-2.32%	-3.75%	-9.00%	-19.76%	-0.42%	0.10%
Secondary Bchmark*	+Over/-Under Benchmark			0.13%	0.29%	2.35%	2.65%
Strategic Investments	Managed Return	0.94%	3.46%	8.19%	8.09%	9.22%	7.31%
	Benchmark Return	1.37%	4.21%	9.64%	10.24%	9.64%	7.18%
	+Over/-Under Benchmark	-0.42%	-0.75%	-1.46%	-2.15%	-0.42%	0.12%
Active Credit xTrans	Managed Return	0.32%	1.89%	9.87%			
	Benchmark Return	0.62%	2.28%	8.87%			
	+Over/-Under Benchmark	-0.30%	-0.39%	1.00%			
Cash & Central Custody + Enhanced Cash	Managed Return	0.36%	1.11%	4.32%	4.84%	2.65%	1.95%
	Benchmark Return	0.34%	1.10%	4.47%	4.87%	3.04%	2.11%
	+Over/-Under Benchmark	0.02%	0.02%	-0.15%	-0.04%	-0.39%	-0.16%

* Cambridge Peer Based Secondary Bchmark Lagged by 1 Quarter

Public > \$5 Billion- Total Funds (USD) - Monthly As of 9/30/2025



Legend

- Min-Max
- 25th-75th Percentile
- ⋯ Median
- Total Fund AC
- ◆ Total Fund AC Aggregate Bmk
- ▲ Total Fund Floating Pol Target

	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
Maximum	13.15	16.49	15.94	8.53	12.48	10.90	10.18	9.93	10.17	10.17
25th Percentile	11.38	15.28	13.46	7.71	10.64	9.71	8.96	9.05	9.51	9.51
Median Percentile	10.61	14.20	12.73	6.49	9.76	9.28	8.70	8.66	8.97	8.98
75th Percentile	9.83	12.71	11.29	5.70	8.81	8.52	8.05	7.89	8.32	8.46
Minimum	5.94	7.91	6.76	4.60	7.04	6.52	6.34	5.97	5.96	6.09
# of Portfolios	33	32	31	31	31	31	31	31	30	30

	1 Year %Tile Rank	2 Years %Tile Rank	3 Years %Tile Rank	4 Years %Tile Rank	5 Years %Tile Rank	6 Years %Tile Rank	7 Years %Tile Rank	8 Years %Tile Rank	9 Years %Tile Rank	10 Years %Tile Rank
■ Total Fund AC	10.69 46 16	14.31 48 16	12.94 40 13	6.61 48 16	9.83 46 15	9.63 30 10	8.88 37 12	8.82 34 11	9.41 34 11	9.45 27 9
◆ Total Fund AC Aggregate Bmk	11.47 22 8	15.79 9 3	14.43 10 3	7.01 42 14	9.49 57 18	9.22 55 18	8.34 69 23	8.22 68 22	8.75 61 19	8.86 59 19
▲ Total Fund Floating Pol Target	11.46 22 8	15.78 9 3	14.46 9 3	7.01 42 14	9.43 61 20	9.17 59 19	8.32 70 23	8.17 70 23	8.68 66 21	8.80 67 21

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STATE BOARD OF ADMINISTRATION
OF FLORIDA

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RON DESANTIS
GOVERNOR
CHAIR

BLAISE INGOGLIA
CHIEF FINANCIAL OFFICER

JAMES UTHMEIER
ATTORNEY GENERAL

CHRIS SPENCER
EXECUTIVE DIRECTOR

Date: November 24, 2025
To: Board of Trustees
From: Erin Sjostrom, Audit Committee Vice-Chair
Subject: Quarterly Audit Committee Report

The State Board of Administration's Audit Committee met on November 24, 2025. Please see the attached agenda for the items discussed. Also please see the attached Office of Internal Audit & Inspector General Quarterly Report presented to the Audit Committee at the meeting.

STATE BOARD OF ADMINISTRATION
Audit Committee Open Meeting
Agenda
November 24, 2025
10:00 A.M. – Conclusion of Business

1. Call to Order
2. Approve minutes of open meeting held on August 18, 2025
3. SBA Update: Investment performance, risks, opportunities and challenges
 - Executive Director status report/update
 - Chief Investment Officer status report/update
4. Crowe and SBA's Presentation on the results of the following 2025 financial statement audits:
 - a. Florida Hurricane Catastrophe Fund (FHCF)
 - b. Florida Retirement System Trust Fund
 - c. Florida Retirement System Investment Plan Trust Fund
5. Guidehouse Policy Review Presentation
6. Chief Risk & Compliance Officer Quarterly Report
 - a. Operational Due Diligence Presentation
7. Proposed Revised 2025 Annual Audit Plan
8. Office of Internal Audit & Inspector General Quarterly Report
9. Election of the Committee's New Chair and Vice Chair
10. Other items of interest
11. Closing remarks of the Audit Committee Chair and Members
12. Adjournment



Office of Internal Audit & Inspector General (OIA&IG) Quarterly Report to the Audit Committee

November 24, 2025

Table of Contents

Status of the FY 2025-26 Annual Audit Plan	• Internal Projects (Assurance, Advisory, Special Projects, Risk Assessment)	4
	• External Engagement Oversight	5
Completed Projects & Status of Management Action Plans/ Recommendations	• Fixed Income Internal Trading and Fair Dealing Audit	7
	• FHCF ID Validation Control Advisory	8
	• Status of Management Action Plans – Audit Projects	9
	• Status of Recommendations – Advisory Projects	10
Inspector General Report	• Inspector General Update	12
Other Items	• Other Items for Discussion	14

Appendices	Open Assurance Recommendations and Action Plans	Appendix A
	Fixed Income Internal Trading and Fair Dealing Audit Report	Appendix B
	FHCF ID Validations Control Advisory Report	Appendix C
	Periodic Follow-Up Audit October 2025 Report	Appendix D

Status of the FY 2025–2026 Annual Audit Plan



Status of the FY 2025–26 Annual Audit Plan – Internal Projects

Name	Timeline - Start	Timeline - End	Status	Stage	
<i>Assurance Projects</i>					
Disaster Recovery	2025-01-27	2025-11-05	Completed		
Fixed Income Internal Trading and Fair Dealing	2025-02-17	2025-09-30	Completed		
Follow-up Audit - October 2025	2025-09-01	2025-10-31	Completed		
Asset Transition Management	2025-10-01	2026-02-27	In Progress	Planning	
Personal Investments Activity	2025-10-10	2025-12-19	In Progress	Planning	
Defined Contribution Programs Vendor Management	2025-10-20	2026-01-31	In Progress	Planning	
Privileged Access Management	2026-02-03	2026-05-29	Not Started		
Co-investments	2026-02-23	2026-05-29	Not Started		
Public Market Accounting Reconciliations	2026-02-23	2026-05-29	Not Started		
Change Management/SDLC	2026-03-01	2026-08-31	Not Started		
Active Credit	2026-06-01	2026-10-30	Not Started		
<i>Advisory Projects</i>					
FHCF ID Validation Control Advisory	2025-08-20	2025-10-07	Completed		
<i>Risk Assessments/QAR</i>					
Continuous Risk Assessment	2025-07-01	2026-06-28	In Progress	Ongoing	
Annual Risk Assessment	2026-02-03	2026-04-18	Not Started		
Annual Audit Plan	2026-04-21	2026-04-30	Not Started		
Annual Quality Assessment Review - Self-Assessment	2026-05-01	2026-07-31	Not Started		
<i>Special Projects</i>					
Incentive Comp Flowchart	2025-08-11	2025-09-08	Completed		
Continuous Monitoring Dashboards	124	2025-07-01	2026-06-28	In Progress	Ongoing
Complimentary User Entity Control Validation		2025-07-01	2026-06-28	In Progress	Ongoing

Status of the FY 2025–26 Annual Audit Plan – External Projects

Name	Timeline - Start	Timeline - End	Status	Stage
<i>Oversight of External Auditors</i>				
Peraton Network Security Assessment	2025-07-01	2025-11-01	Completed	
Crowe Florida Retirement System (FRS) Trust Fund Financial Statement Audit	2025-07-01	2025-11-01	Completed	
Crowe FRS Investment Plan Trust Fund Financial Statement Audit	2025-07-01	2025-11-01	Completed	
Crowe Florida Hurricane Catastrophe Fund (FHCF) Financial Statement Audit	2025-07-01	2025-11-01	Completed	
Auditor General Florida PRIME Financial Statement Audit	2025-07-01	2025-12-13	In Progress	Fieldwork
Auditor General financial statement audit of the SBA as part of the statewide CAFR	2025-07-01	2026-02-03	In Progress	Fieldwork
OPPAGA's Review of Florida Growth Fund Initiative	2025-08-15	2026-02-03	In Progress	Fieldwork

Status of Management Action Plans / Recommendations



Fixed Income Internal Trading and Fair Dealing Audit

Executive Summary: Our risk-based audit assessed the existence, adequacy, effectiveness, and efficiency of key internal controls and compliance with relevant policies and procedures for the processes indicated below for the period May 1, 2024 – April 30, 2025. For certain controls we obtained documentation outside of this audit period. When possible, we performed data analytics on select data for the period May 1, 2024 – April 30, 2025. In certain cases, we reviewed information subsequent to our cut-off date to provide updated information. The Audit included an examination of:

- FI internal trading, with a focus on TBAs and repos
- Trade settlement and clearing, with a focus on TBAs and repos
- TBA margin process
- Counterparty review process

We reviewed the internal control design for the following processes:

- Fair Dealing
- Compliance

Legend for Control Effectiveness Rating	Key Controls
Effective	12
Improvement Needed	0
Not Effective	0
Not Tested (tested in other audits, etc.)	7
Total Key Controls	19

Based on the procedures performed, the governance, risk management, and/or control processes of the activity under review are considered effective. Key controls and processes are in place, operational, and provide reasonable assurance that scoped processes are in compliance with applicable guidelines.

Additionally, we identified two observations – one medium priority and one low priority – that were not associated with any specific control. One was implemented and verified by OIA&IG prior to issuance, while the other was subsequently implemented and will be reviewed during a follow-up audit.

FHCF ID Validation Control Advisory

Executive Summary: We completed the Florida Hurricane Catastrophe Fund (FHCF) ID Validation Control Advisory. Our advisory assisted in researching and exploring alternative methods to validate the identities of insurance company representatives during the reimbursement process.

The advisory scope, as agreed upon by FHCF management, included:

- Identity validation process related to claims reimbursements.

We performed the following:

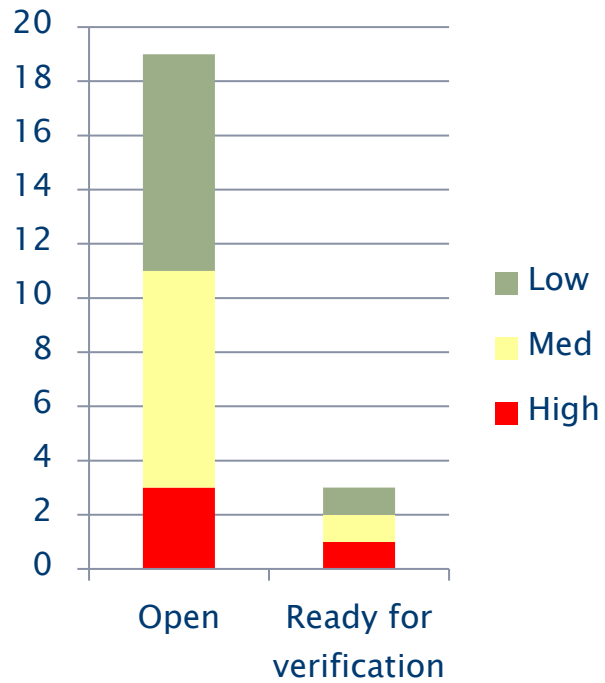
- Reviews of the current process via a walkthrough.
- Identified and evaluated the risk mitigated by the current controls reviewed.
- Researched to determine other options to mitigate the risk identified.
- Compared and evaluated the controls against internal control frameworks.

Our advisory services did not constitute an audit or attestation service. Accordingly, we did not express an opinion or other form of assurance with respect to our services. However, based on our research, we provided options that, when implemented alongside other existing controls, are expected to mitigate the identified risk of fraudulent claims reimbursement payments.

Identity Verification Control Options

1	Obtain access to the National Association of Insurance Commissioners (NAIC) Financial Data Repository
2	Keep current process of identity verification by obtaining the company's jurat page through public records requests to Office of Insurance Regulation (OIR) and ensuring the company representative is listed as an officer on the filing.
3	Equifax – The Work Number
4	Aggregated Public Information Databases (e.g., LexisNexis and Dun & Bradstreet)
5	Bank of America Account Validation combined with the FHCF's Online Claims System process
6	Remove the current process of identity verification by obtaining the company's jurat page and use the FHCF's Online Claims System process.

Status of Management Action Plans–Assurance Projects



Report Title	Report Date	Risk Rating for Open Recs			Status		
		High	Med	Low	Open	Ready for verification	Verified during Qtr
Private Equity Operational Audit 2021	9/9/2021			1	1		1
Derivatives Collateral and Cash Management Operational Audit	3/31/2022			1	1		
Performance Reports for Alternative Investments Operational Audit	9/19/2022						3
Cybersecurity Incident Response Plan Operational Audit	5/10/2023						1
AG IT Operational Audit 2023 – Confidential	11/1/2023		4		4		
Real Estate Credit Facility Operational Audit	4/30/2024	1	1		1	1	
Futures Rolling Flash Audit	4/30/2024						1
Incentive Compensation Operational Audit	5/3/2024	3		2	5		
Payroll and Human Resources Operational Audit	7/17/2024		1		1		1
Fixed Income Asset Credit Monitoring Operational Audit	1/31/2025			4	4		
Proxy Voting Operational Audit	2/19/2025		2		1	1	
Fixed Income Internal Trading and Fair Dealing Audit	9/29/2025			1		1	
Disaster Recovery Audit	11/5/2025		1		1		
		4	9	9	19	3	
		18%	41%	41%	86%	14%	

For details, see Appendix A.

Changes highlighted in yellow

Management Action Plans relate to findings from audits performed by internal **or external** auditors. The OIA&IG monitors and performs follow-up procedures on the management action plans in accordance with 129 IIA Standard 2500. A1. In certain cases, follow-up procedures are performed by external auditors.

Status of Recommendations – Advisory Projects

Report Title	Report Date
Identity and Access Management Advisory ¹	9/27/2022
Network Security Assessment 2022 (Peraton) ²	11/14/2022
Governance, Risk Management, and Compliance Assessment (Funston) ¹	6/26/2023
Network Security Assessment 2023 (Peraton) ²	11/9/2023
CIS/CSC Advisory ¹	7/25/2024
Critical Programming/Shadow IT Advisory ¹	10/30/2024
Network Security Assessment 2024 (Peraton) ²	11/18/2024

Status

Open	Closed per Mgmt	<u>Closed by Peraton</u> ²	<u>Closed per OIA&IG Risk Assessment</u> ¹
2			
	2		
3	1		3
1	6		
6			4
2			
4	2		
18	11		

Changes highlighted in yellow

Advisory Recommendations made by OIA&IG or external consultants resulting from an assessment of a program or activity such as governance, risk management, compliance, ethics, etc. The OIA&IG monitors the disposition of these recommendations in accordance with the IIA Standard 2500.C1.

¹At the advice of the Audit Committee, the OIA&IG closes Advisory Recommendations that management represented as “complete” once the OIA&IG has considered those in the risk assessment, which is reviewed quarterly by the OIA&IG.

²Recommendations will be reviewed for remediation and closure as part of the subsequent Network Security Assessment.

Inspector General Report >>

Complaint Log FY 2025–2026 To–Date

➤ Statistics:

# Received via hotline	# Received via other means	# Considered whistleblower complaints	# Closed with violations	# Closed with no violations
0	0	0	0	0

➤ Limited details:

Date of Complaint	How Complaint Received	Relevant to the SBA?	Whistleblower Complaint?	Investigation conducted?	Status of Complaint
4/17/2025	CAE&IG	Yes – IT/IS related	No	Yes–CAE&IG	Closed in Oct 2025 with Internal Control improvements needed

Confirmed with the General Counsel & Chief Ethics Officer and the Senior Operating Officer – Human Resources that no other complaints were received in their respective areas of responsibilities.

Other OIA&IG Activies >>

Other Items for Discussion

- Audit Committee 2026 Meeting Dates
 - February 23
 - May 18
 - August 31
 - November 30
- 2025 IAC Dates (*Available in-person or via The Florida Channel-11am to 3pm*)
 - Tuesday, December 16
- Staffing updates
 - Thomas Doredant, Senior IT Auditor

Questions / Comments



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STATE BOARD OF ADMINISTRATION OF FLORIDA

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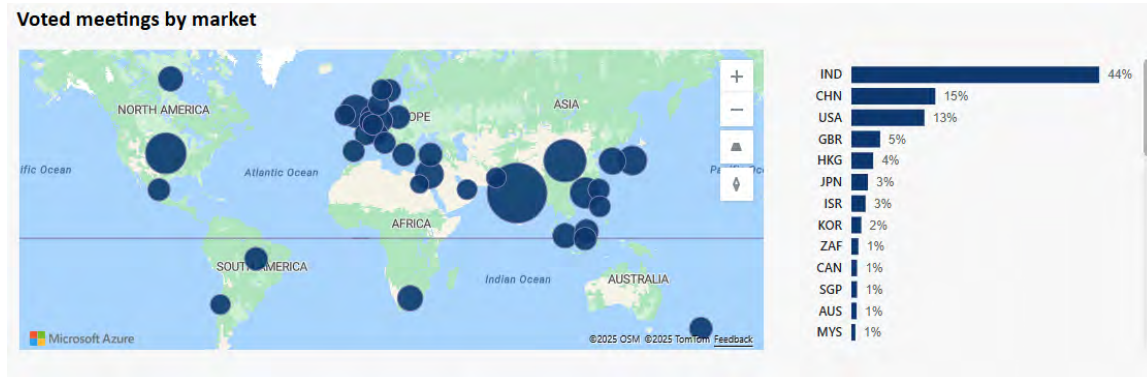
MEMORANDUM

TO: Chris Spencer
FROM: Michael McCauley
DATE: November 24, 2025
SUBJECT: Quarterly Standing Report - Investment Programs & Governance (IP&G)

GLOBAL PROXY VOTING & OPERATIONS

During the third quarter of 2025, SBA staff cast votes at 1,710 meetings worldwide, voting on ballot items including director elections, audit firm ratification, executive compensation plans, mergers & acquisitions, and a variety of other management and shareowner proposals. These votes involved 13,289 distinct voting items—voting 86.3% “For” and 12.7% “Against/Withheld,” with the remaining 1% involving abstentions. Of all votes cast, 12.9% were “Against” the management-recommended vote. SBA proxy voting occurred in forty-six countries across 1,577 individual companies, with the top five countries by meeting volume comprised of India (749), China (337), United States (178), Japan (50), and South Korea (30).

The following charts detail all global proxy votes made between 7/1/25 and 9/30/25:



Enhanced Proxy Voting Dashboard

In early October, the SBA transitioned to a new premium voting disclosure service provided by Glass, Lewis & Co. (GLC), available here and within the Governance section on the SBA’s website. The new voting dashboard retains all the information previously available and now includes notable advancements in charting and data filtering capabilities. The new reporting

goes well beyond the prior individual company lookup features, utilizing Power BI software as its reporting platform. This upgrade enables the SBA to analyze and interpret proxy voting data more effectively and efficiently. In many respects, the new disclosure service mirrors the existing comprehensive proxy voting dashboard (created using Tableau software), but with some additional reporting elements such as breakdowns by industry sector, meeting type, and more. This new voting disclosure service is not intended to replace the current historical voting dashboard; SBA staff are continuing to work on recreating the full dashboard on a Power BI platform. Expected to be completed in 2026, the expanded historical voting dashboard will offer an innovative tool that stands out among other institutional investors' voting disclosure.

CORPORATE GOVERNANCE & PROXY VOTING OVERSIGHT GROUP

The Proxy Committee last met on September 23, 2025; its next meeting is scheduled for December 23, 2025. The Proxy Committee continues to review ongoing governance issues including the volume and trends for corporate governance policies, SBA engagement activities, company-specific voting scenarios including recent proxy votes, governance-related investment factors, major regulatory developments and individual company research related to the Protecting Florida's Investments Act (PFIA), and other statutory investment restrictions related to China, Israel and Venezuela.

HIGHLIGHTED PROXY VOTE(S)

Tesla, Inc.—Annual General Meeting on November 6, 2025

The SBA voted 2,998,843 shares, net of 6,095 shares out on loan over the record date, equal to approximately \$1.38 billion in Florida Retirement System (FRS) assets. The company is among the largest individual stocks owned by FRS, in its top ten holdings. The 2025 Tesla AGM, conducted at the company's Gigafactory Texas, was highly notable for the shareowner vote on CEO Elon Musk's near \$1 trillion performance award, alongside a series of governance, executive compensation, and shareowner rights proposals. SBA staff applied its proxy voting framework focused on long-term shareowner economic benefit, supporting all management proposals and most shareowner proposals that enhanced shareowner rights, while opposing those deemed insufficiently aligned with shareowner interests or lacking in disclosure.

The SBA supported all director nominees, emphasizing the importance of board continuity and noting no significant concerns regarding independence or oversight. The SBA also plans to address board declassification with Tesla in future engagement discussions. On the advisory vote for executive compensation ("Say on Pay"), the SBA voted in favor, citing alignment with pay-for-performance principles and fiduciary standards, even though proxy advisors ISS and Glass Lewis opposed the measure due to concerns about the scale and structure of CEO compensation. Regarding the amendment to the 2019 Equity Incentive Plan, the SBA supported the change, referencing its historical adoption and ongoing legal review, while proxy advisors opposed it because of cost, burn rate, and plan design issues. The SBA also approved the 2025 CEO Performance Award, highlighting its performance-based structure and potential for substantial value creation, despite approximately 12% dilution; proxy advisors opposed this as well, citing dilution and the magnitude of the award.

For the ratification of the auditor, the SBA expressed support, finding no material issues with quality or independence. The SBA also voted in favor of eliminating the supermajority requirement to strengthen shareowner rights, a move that proxy advisors supported. When it came to the board's authorization of investment in xAI, the SBA supported the proposal,

deferring to management’s judgment due to limited available information, whereas proxy advisors recommended clients vote against it, preferring more board discretion. The SBA opposed linking executive compensation to sustainability metrics, considering the current pay design adequate and the proposal insufficiently tied to performance, a stance shared by proxy advisors. On the proposal to report on child labor in the EV supply chain, the SBA opposed it, citing adequate existing disclosure, with proxy advisors in agreement. Finally, among the four shareowner proposals, the SBA supported measures aimed at enhancing shareowner rights and accountability, such as repealing ownership thresholds for derivative litigation, requiring shareowner approval for proposal limits, board declassification, and eliminating supermajority voting, while opposing proposals not aligned with these principles.

SBA Exempt Solicitation to the SEC

The SBA’s voting at the 2025 Tesla annual meeting reflected a consistent application of its governance principles, supporting management and shareowner proposals that enhance long-term value and shareowner rights, while opposing those that did not meet these standards. The CEO performance award, while controversial, was supported by the SBA as a bold, performance-driven incentive aligned with shareowner value creation, despite proxy advisor opposition. In its exempt solicitation filing to the SEC, one of a handful ever filed by the SBA and available [here](#) and attached, staff expressed its strong support for Tesla’s proposed 2025 CEO performance award, citing its alignment with core principles of corporate governance and its potential to drive meaningful long-term value for shareowners. The SBA highlighted Tesla’s history of successful performance-based compensation plans, noting that previous awards in 2012 and 2018 led to dramatic increases in market capitalization and shareowner returns. The 2025 proposal continues this tradition by structuring CEO Elon Musk’s compensation entirely around ambitious market capitalization and operational milestones, with no guaranteed salary or cash bonus. The award is divided into twelve tranches, each contingent on achieving both specific targets on company valuation as well as operational targets including vehicle deliveries, paid subscriptions, and product innovations, detailed below:

Market Value Milestones	Operational Milestones
\$2 trillion	Twenty million vehicles delivered
\$2.5 trillion	Ten million active Full-Self-Driving (FSD) subscriptions
\$3 trillion	One million robots delivered
\$3.5 trillion	One million robotaxis in commercial operation
\$4 trillion	\$50 billion adjusted EBITDA
\$4.5 trillion	\$80 billion adjusted EBITDA
\$5 trillion	\$130 billion adjusted EBITDA
\$5.5 trillion	\$210 billion adjusted EBITDA
\$6 trillion	\$300 billion adjusted EBITDA
\$6.5 trillion	\$400 billion adjusted EBITDA
\$7.5 trillion	-
\$8.5 trillion	-

Source: Tesla Def 14a Proxy Filing; milestones structure from pages A-31 and A-32.

A key feature of the plan is its strict vesting and holding requirements, which ensure long-term commitment and alignment with shareowner interests. Shares earned before year five vest only after 7.5 years, and those earned after year five vest at year ten, followed by a mandatory five-

year holding period. Musk must remain in an approved executive role to qualify for vesting, and the final tranches require collaboration with the Board on CEO succession planning. The performance window spans up to ten years, emphasizing sustained growth and innovation rather than short-term gains. If all milestones are met, Musk's ownership and voting power in Tesla could increase significantly, resulting in permanent dilution for other shareowners. However, the SBA believes that the safeguards in place prevent excessive benefits and ensure that the plan remains consistent with previous awards.

The SBA underscored that the plan's design is purely pay-for-performance, with compensation directly tied to measurable value creation. The award offers up to 423.7 million shares, representing approximately 12% of Tesla's outstanding shares, but shares are only earned upon achieving substantial milestones. The plan includes twelve distinct market capitalization milestones, starting at \$2 trillion and increasing to \$8.5 trillion, as well as operational goals such as cumulative vehicle deliveries and deployment of advanced technologies. The SBA argues that the dilution tied to the award is outweighed by the potential value creation for shareowners, estimating incremental value creation of \$7.5 trillion if all metrics are met. The SBA asserts that Tesla's performance-based CEO compensation plans have consistently driven extraordinary shareowner value and that the 2025 proposal sets a new standard for executive compensation. The plan's ambitious, measurable milestones, robust governance safeguards, and proven track record of value creation justify staunch support.

Proxy Advisor Recommendations

The proposed compensation plan was opposed by all three of the major U.S. proxy advisory firms. GLC stated, "While acknowledging the Company's rationale for the award, shareowners may reasonably question the significant dilution of their ownership stake (estimated at 11.3%), particularly given the absence of strong provisions to limit key man risk and to ensure Mr. E. Musk's focus on the Company in which he wishes to have a greater voice in determining the direction of. The size of the award could result in the scenario where Mr. E. Musk receives billions in compensation and a materially increased ownership stake, and an estimated 1% dilution to shareowners even if only a single tranche is earned. On balance, the potential upfront and future dilutive impacts to shareowners, as well as extraordinary pay levels without commensurately exceptional performance through the achievement of even just a few tranches, warrant significant concern."

ISS stated, "The board strongly desires to retain CEO Musk due to his track record as well as his new strategic plans for the company. The design of the award is intended to provide him with greater voting influence and control over the company that he desires, although only if he achieves far-reaching performance targets, which, if achieved, would create significant value for shareowners. ... However, with 12 award tranches valued at more than \$7 billion each, the \$87.8 billion award locks in extraordinarily high pay opportunities over the next ten years and reduces the board's ability to meaningfully adjust future pay levels in the event of unforeseen events or changes in either the performance or strategic focus of the company over the next decade." And Egan-Jones, the third largest proxy advisor in the US market, stated, "For context, if Mr. Musk's proposed equity stake were distributed equally among Tesla's approximately 125,000 employees, each would receive roughly \$8 million worth of stock. Such an imbalance may contribute to employee morale challenges and represents a potential long-term risk to Tesla's human capital management."

Proxy Voting Results

Shareowners approved the proposed 2025 CEO Performance Pay Plan for Elon Musk with approximately 77% voting in favor. Although this support figure meets the definition of supermajority, when examined alongside other similar compensation items, the support is quite low. Year to date in 2025, the average support for both the approval of incentive plans and the approval of grants awarded to a specific executive was 87.1% and 87.3%, respectively. In fact, the 2025 Tesla plan received the second lowest support among grants to individuals this year. Other major items: the reincorporation to Texas passed with about 84% support; each of the three director nominees gained investor support, although at relatively low levels, with Compensation Committee Chair Ira Ehrenpreis receiving only 64.6% support; and the auditor ratification passed with approximately 96% support. The advisory “say-on-pay” vote for broader executive compensation passed with 79% in favor. Shareowner proposals on environmental, social and governance (ESG) issues were overwhelmingly rejected, each getting well under 30% support.

Cracker Barrel—Annual Meeting on November 20, 2025

SBA staff withheld votes on all Cracker Barrel director nominees, including CEO Julie Masino, and voted against the Say-on-Pay proposal due to concerns over poor pay-for-performance alignment. The SBA also opposed two management proposals related to bylaw changes on nominee eligibility and reimbursement provisions for contested elections, citing shareowner-unfriendly practices. These decisions were influenced by dissatisfaction with Cracker Barrel’s handling of its August 2025 rebranding effort, which caused a sharp decline in shareowner value and raised governance concerns. Despite SBA’s opposition, shareowners elected nine of ten company nominees and approved all management proposals, including executive compensation plans. Independent director Gilbert Dávila resigned immediately after the vote, and the meeting followed a heated proxy contest involving activist investor Sardar Biglari, who sought to remove Masino and Dávila over performance and governance issues.

SBA Exempt Solicitation to the SEC

Prior to the company’s annual meeting, SBA staff filed an exempt solicitation with the SEC highlighting a number of strategic concerns. Cracker Barrel’s recent rebranding initiative, which involved changes to the company’s logo and store remodels, was executed without sufficient board oversight and risk management. The abrupt reversal of the rebranding—prompted by widespread public backlash and a sharp decline in market capitalization—suggests a lapse in governance controls. The State Board of Administration of Florida (SBA) explicitly cites concerns about the lack of clarity on the rationale, costs, and risk assessments associated with the rebranding, and questions whether proper controls exist to prevent similar unforced errors in the future.

The rebranding controversy led to a swift erosion of nearly \$100 million in market value, and although the share price showed signs of recovery after the reversal, the episode exposed the company to severe reputational harm and likely ongoing financial risks. The SBA’s communications emphasize the need for transparency regarding the total costs incurred for both the initial rebranding and the subsequent reversal, including marketing, consulting, and retrofitting expenses. While Cracker Barrel’s response claims these costs were not material and were part of the general marketing budget, the lack of detailed disclosure raises concerns about the true financial impact.

A critical risk highlighted is the adequacy of risk disclosures in publicly filed shareowner materials. The SBA questions whether risks related to brand identity, stakeholder perception, and reputational impact were sufficiently disclosed prior to the rebranding. Cracker Barrel's response points to risk factors outlined in its SEC filings, including the FY2024 Annual Report and quarterly earnings presentations, but acknowledges that the magnitude of the social media backlash was not anticipated. This gap between disclosed risks and actual outcomes underscores the importance of robust risk management and transparent communication with shareowners.

The SBA raised concerns about the potential influence of social, political, ideological, or other non-pecuniary factors (such as DEI or ESG considerations) in the decision-making process for the rebrand. Florida law requires investment decisions to be based solely on pecuniary factors, and the SBA calls for assurance that shareowner interests are not subordinated to other objectives. Cracker Barrel's board asserts that the rebranding was motivated purely by business considerations, but the SBA's inquiry reflects broader investor apprehension about initiatives that may prioritize non-financial agendas over long-term shareowner value.

The SBA's exempt solicitation and correspondence urged fellow shareowners to demand accountability and corrective action from Cracker Barrel's leadership. The documents advocate for improved board oversight, stronger governance frameworks, and a reaffirmation of the company's commitment to long-term shareowner value. Investors are encouraged to stay informed, support inquiries into governance failures, and consider further action, including proxy votes or shareowner proposals, if the board's response is inadequate. The recent governance events at Cracker Barrel highlight significant risks to investors, including financial losses, reputational damage, insufficient risk disclosure, and concerns about board oversight and the influence of non-pecuniary factors. The SBA's engagement underscores the need for transparency, accountability, and a business-first approach to corporate decision-making to safeguard shareowner interests.

Dayforce—Annual Meeting on November 12, 2025

Dayforce shareowners overwhelmingly approved Thoma Bravo's \$70-per-share buyout, with 88.4% of votes cast in favor, signaling strong market confidence in the deal despite prior criticism that the price undervalues the company's growth potential. SBA staff voted to support both the buyout as well as the golden parachute ballot items. The slight discount to the closing share price (\$68.99) suggests the market views deal completion as highly likely and largely priced into the stock. From a governance perspective, the deal highlights tension between majority support and dissenting institutional investors, with T. Rowe Price publicly opposing the transaction as an "underwhelming valuation," raising questions about whether the board fully maximized long-term value. The strong backing (87.8%) for advisory golden parachute payments also underscores continued investor tolerance for sizable executive change-in-control packages, even amid prior controversy over alleged "financial alchemy" and profit inflation raised by short-seller Blue Orca Capital.

REGULATORY AND MARKET DEVELOPMENTS

OpenAI Completes Transition to Public Benefit Corporation (PBC)

OpenAI completed a major recapitalization on October 28, 2025, simplifying its structure while preserving nonprofit control. The OpenAI Foundation now holds equity valued at about \$130

billion and will gain additional ownership as the company hits valuation milestones. The for-profit entity has been reorganized into OpenAI Group PBC, a public benefit corporation with the same mission as the Foundation, which retains full governance power through special voting rights. All investors now hold a single class of traditional stock tied proportionally to the company's growth, increasing the value of the Foundation's stake as OpenAI expands.

The restructuring triggers SoftBank's second \$22.5 billion installment in a \$41 billion round, one of the largest private financings ever. Microsoft now owns about 27 percent of OpenAI Group on an as-converted diluted basis, valued at \$135 billion, and OpenAI has agreed to purchase an additional \$250 billion in Azure services, though Microsoft no longer has first refusal on compute. The updated partnership gives both companies more flexibility—Microsoft can pursue AGI independently or with others, and OpenAI can jointly build products with third parties—while Microsoft remains OpenAI's frontier model partner through 2032. Overall, the new structure resolves investor concerns, reduces complexity, and strengthens OpenAI's ability to raise capital and pursue long-term goals.

Novel Retail Proxy Voting Program at ExxonMobil

Approved through an SEC no-action letter on September 15, 2025, ExxonMobil's new retail voting program introduces a mechanism that allows retail shareowners to establish standing voting instructions for future shareowner meetings based on the company's board recommendations. The program is aimed at increasing participation among retail investors, who constitute roughly 40% of ExxonMobil's shareowner base, by simplifying the voting process for individuals who may find it too time-consuming or complex to evaluate numerous shareowner proposals each year. Although it creates a "set-it-and-forget-it" approach, ExxonMobil emphasizes that all shareowners retain full control of their voting rights because they will continue to receive traditional proxy materials and will be able to override or revoke their standing instructions at any time, and at no cost.

ExxonMobil plans to begin outreach to eligible retail shareowners on September 22, 2025, through non-proxy interim communications delivered by email or mail. These communications include links or QR codes directing shareowners to a secure microsite hosted by Broadridge Financial (a company that provides proxy solicitation and vote tabulation services), where they can opt to participate in the program. Shareowners may choose to apply standing instructions to all meetings or only to routine meetings, and they may change their participation status at any time. Shareowners will continue to receive full proxy materials ahead of every meeting, and they will receive an annual reminder, sent outside the company's active solicitation period, which confirms their opt-in status and informs them of their right to opt out.

The program is entirely voluntary and free for all retail investors, defined as any registered or beneficial owner of ExxonMobil shares whose proxies are not voted by an investment adviser registered under the Investment Advisers Act of 1940. Advisers with discretionary voting authority are explicitly excluded from participating. ExxonMobil will publicize the program broadly through major media outlets, social media, webinars, and its corporate website, with additional communications expected later in the year. Brokers will distribute interim communications using standard NYSE-approved fee schedules, and they will have access to client participation reports and related voting details upon request. Retail investors who misplace or never receive the communications may contact their service representatives to obtain the information needed to participate.

Mechanically, votes based on standing instructions will be applied shortly after ExxonMobil files its proxy materials with the SEC, and all existing back-office functions, including vote reconciliation, vote reporting, and account adjustments—will remain unchanged. If a participating shareowner chooses to override a vote during the regular proxy period, the latest vote submitted through the proxy card will supersede the standing instruction. This allows shareowners to maintain complete authority over their voting decisions despite the program's streamlined structure.

To implement the program, ExxonMobil sought relief from SEC proxy rules that generally limit proxies to a single meeting and prohibit granting authority to vote contrary to a shareowner's instructions. In its no-action letter, the SEC's Division of Corporation Finance stated that it would not recommend enforcement action under Exchange Act Rules 14a-4(d)(2) or 14a-4(d)(3), provided that ExxonMobil operates the program exactly as described in its request. The SEC highlighted several key representations: that the program is offered on equal terms to all retail investors at no cost; that investment advisers with voting authority are excluded; that shareowners receive clear annual reminders and retain the unrestricted right to cancel or override their standing instructions; that all proxy materials will continue to be distributed for each meeting; and that ExxonMobil will provide full disclosure about the program on its website and in its proxy statements. The SEC cautioned that its relief is based solely on the facts presented and does not preclude different conclusions if circumstances change or if different facts emerge. It also emphasized that it did not provide legal conclusions on broader questions raised by the request.

The program differs from pass-through voting initiatives offered by asset managers such as BlackRock, which transfer voting authority back to underlying fund investors. In contrast, ExxonMobil's program creates a pathway for retail investors to automatically vote in alignment with the board's recommendations, subject to their right to override. Because many retail investors historically do not vote, the program is expected to increase support for management-backed resolutions and may influence outcomes on shareowner proposals, especially those involving environmental, social, or governance considerations. The initiative is likely to attract attention from activists, proxy advisors, and legal scholars, given the novelty of offering standing voting instructions in the public-company context and the possibility that this mechanism could be tested by other issuers. It also poses litigation risk, particularly regarding whether the use of standing instructions effectively circumvents the long-standing rule against multi-meeting proxies.

Overall, ExxonMobil's Retail Voting Program represents an unprecedented shift in U.S. proxy voting mechanics by granting retail shareowners the ability to establish standing voting preferences that align automatically with board recommendations. The SEC's no-action relief enables ExxonMobil to proceed with the program but leaves open the possibility of future regulatory or legal challenges. The program is expected to increase retail engagement, strengthen management-aligned voting outcomes, and serve as a model that other companies may seek to emulate, pending regulatory scrutiny and potential litigation.

Academic Study on Decentralized Proxy Voting

A study published in September by Herrmann, McInnis, Monsen, and Starks, titled, "Decentralizing Voting Power," investigates the impact of decentralizing proxy voting authority

within investment funds, focusing on a policy change at Vanguard in 2019 that shifted voting power from a centralized stewardship group to external investment advisers for a subset of its funds. By analyzing voting patterns before and after this change, the authors provide a unique within-fund comparison, holding constant the fund, firm, and proposal. The research is motivated by increasing scrutiny and political pressure on large asset managers regarding their proxy voting decisions, with calls for greater alignment between fund shareowners' preferences and actual voting outcomes.

Significant findings reveal that decentralization leads to more active and independent voting behavior. The newly empowered fund managers were found to oppose management recommendations more frequently and support shareowner proposals, especially those related to environmental, social, and governance (ESG) issues, at a much higher rate than the centralized stewardship group. Importantly, most decentralized managers did not simply follow proxy advisor recommendations, demonstrating a willingness to exercise independent judgment. The study also shows that decentralized voters are more likely to monitor management actively, particularly on contentious votes where proxy advisors and management recommendations diverge.

The authors conclude that decentralizing voting authority can enhance shareowner democracy and improve fund stewardship by fostering greater independence and support for shareowner initiatives. Their evidence challenges the notion that large asset managers use centralized voting power to push an ESG agenda misaligned with investor values; instead, decentralization increases support for such proposals. The findings have broad policy implications, suggesting that ongoing trends toward "pass-through" voting programs at major asset managers may further democratize proxy voting and alter corporate governance outcomes in meaningful ways.

Using a dataset of over 5.8 million fund-ballot item votes from 134 Vanguard mutual funds between 2016 and 2022, the authors compare voting patterns before and after decentralization. Prior to the change, Vanguard funds voted uniformly on 99.98% of ballot items; after decentralization, uniform voting dropped to 90.6%, indicating a substantial increase in voting disagreement and independence among fund managers. The authors found that decentralized voters were significantly more likely to oppose management recommendations and support shareowner proposals, especially those related to environmental, social, and governance (ESG) issues. For example, decentralized voters supported environmental shareowner proposals 36% of the time, compared to 19% for the centralized stewardship group. On shareowner proposals overall, decentralized voters were 21.5% less likely to follow management's recommendations than the stewardship group ($p < 0.01$). Regression analyses show that, on contentious votes where proxy advisors and management recommendations diverged, decentralized voters were 21.5% less likely than the stewardship group to support management, an effect twice as large as previously observed differences between passive and active fund managers.

The authors stated, "While meaningful differences between decentralized voters and the stewardship team exist across most proposal categories, the most prominent difference is that decentralized voters show more support for shareowner ESG proposals. If decentralized voters share beneficial owners' preferences, this evidence is contrary to the narrative that the Big Three voting groups 'push' ESG ideology against investor preferences. In other words, our findings suggest that decentralizing voting power from the Big Three's stewardship groups could actually lead to increased support for ESG-related and other shareowner-sponsored proposals."

Summary of SEC Rule 14a Change (November 2025)

On November 17, 2025, the U.S. Securities and Exchange Commission's (SEC) Division of Corporation Finance ("Corp Fin") announced significant changes to its approach for handling so called "no-action" requests under Rule 14a-8, which governs shareowner proposals in proxy statements. Prompted by resource constraints following a 43-day government shutdown and a surge in registration statements and filings, the SEC stated it would not respond to most no-action requests regarding exclusions of shareowner proposals for the 2025-26 proxy season. This move marks a departure from previous practice, where the SEC routinely provided opinions on whether proposals met exclusion criteria. Now, companies wishing to exclude a proposal need only notify the SEC 80 days prior to filing a definitive proxy statement, with SEC responses no longer required for most exclusion claims.

A notable exception concerns Rule 14a-8(i)(1), which allows exclusion of proposals not considered proper subjects for shareowner action under state law, which are suitable matters reserved for the board of directors or routine business operations. Due to insufficient guidance around the intersection of state law and Rule 14a-8(i)(1), especially regarding precatory proposals, the SEC's staff will continue to review and express views on no-action requests related to this section. For all other exclusions, companies may submit notifications with an "unqualified representation" that they have a reasonable basis for exclusion, grounded in Rule 14a-8, prior guidance, or judicial decisions. In such cases, the SEC will acknowledge receipt but not comment on the substance, leaving the ultimate responsibility and risk with the companies themselves.

This regulatory shift coincides with the reinstatement of more traditional, company-specific standards for evaluating proposal exclusions, as outlined in Staff Legal Bulletin No. 14M (SLB 14M) earlier in 2025. The bulletin emphasizes a fact-specific approach for "economic relevance" and "ordinary business" exclusions: proposals must show a direct nexus to the company's business and be "otherwise significantly related" to its operations, not simply address broad societal concerns. This approach increases clarity for companies seeking to justify exclusions and compels shareowner proponents to clearly demonstrate how their proposals relate to the company's business.

The practical effect is that, while companies have greater latitude to exclude proposals, they must carefully evaluate legal authority and business relevance, especially under state laws such as Delaware's, which may not grant shareowners the right to have proposals addressed. SEC Chair Paul Atkins highlighted that, with proper legal counsel, companies can prevail in excluding proposals deemed improper under state law. However, investor groups have raised concerns that these changes could result in blanket bans, inconsistent application, and potential legal challenges. For the current proxy season (October 1, 2025 – September 30, 2026), companies and shareowner proponents will need to monitor whether the SEC staff issues a written response or declines to state a view, as this will affect proxy timing and strategy. The guidance applies retroactively to no-action requests submitted before October 1, 2025, that remain unanswered. Overall, these changes place the burden of exclusion justification squarely on public companies, reinforce the importance of state law and business nexus, and reduce the SEC's direct involvement in most shareowner proposal exclusions, reshaping proxy season dynamics for both companies and investors. Diligent Market Intelligence (DMI), a corporate governance and voting consultancy, noted, "The move could allow companies to introduce a

blanket ban on shareowner proposals in 2026, although that could open some up to lawsuits from shareowners and create inconsistencies in the application of the rule.”

SEC Chair Paul Atkins’ citation of a forthcoming legal paper, by Kyle A. Pinder, argues that under Delaware law, shareowners do not possess an inherent right to submit non-binding (precatory) proposals for action at annual meetings. While federal law—specifically SEC Rule 14a-8—facilitates the inclusion of such proposals in proxy materials, Delaware law does not independently confer this right. The Delaware General Corporation Law (DGCL) and relevant case law recognize only three core shareowner rights: to vote, to sell, and to sue. The right to propose business at meetings is strictly tied to matters on which shareowners have a recognized right to vote, as defined by law, charter, or bylaw, or as submitted by the board. Non-binding proposals, unless specifically authorized, fall outside these categories. The paper emphasizes that the SEC’s framework for shareowner proposals is not mirrored in Delaware statutory or judicial authority, and that “proper business” at annual meetings is limited to matters for which shareowners have a substantive voting right.

Given this legal landscape, the paper concludes that Delaware corporations have broad authority to regulate or exclude precatory proposals through their bylaws. Such bylaws may impose procedural and substantive requirements—like ownership thresholds or advance notice provisions, so long as they are reasonable and consistent with the DGCL and the company’s charter. The author notes that Rule 14a-8 is a federal construct, not a vindication of state law rights, and that policy arguments for precatory proposals do not justify recognizing an inherent state law right. Ultimately, the paper calls for greater clarity, either through market consensus or legislative action, to reduce uncertainty and litigation risk, but affirms that, as the law stands, Delaware corporations may validly adopt reasonable bylaw provisions to regulate or exclude shareowner proposals.

Shareowner Proposal Volumes by Topic: E, S, and G (1970–2025)

Historically, hundreds of shareowner proposals have been submitted and voted on by investors each year. The SEC Rule 14a-8, which governs how and when shareowner resolutions can be submitted, dates back to the 1940’s. Although there is no definitive dataset over the entire time frame, since 1970 an estimated 33,000 individual shareowner proposals have been submitted for a vote by investors. In the 1970–1980 period, the majority of proposals focused on governance issues—such as board structure, voting rights, and executive accountability. Environmental and social topics were rare but did begin to emerge, especially in the late 1980s as shareowner activism grew. In the 1990’s, Environmental (E) and Social (S) proposals began to rise, but governance still dominated. By the late 1990’s, E and S topics, such as environmental disclosures and workplace diversity, started to gain traction, contributing to a modest increase in total proposal volumes.

In the 2000’s, governance activism surged, especially after the Sarbanes-Oxley Act (SOX) was passed by Congress, with proposals on audit committee independence, executive compensation, and anti-takeover measures. E and S proposals continued to grow but remained a minority compared to governance items. In the 2010’s, environmental proposals saw a significant increase, particularly around climate risk, sustainability reporting, and carbon emissions. Social proposals also rose, focusing on diversity, human rights, and political spending. Governance remained strong, but the share of E and S proposals increased. For example, in 2015, investors submitted 474 social/environmental proposals, indicating that these issues were

becoming a substantial portion of the total. In the current period, 2020 to 2025, proposal volumes remained high, with E and S topics now representing a significant share, especially at large-cap companies. In 2024, there were 929 total proposals, with a notable portion related to environmental and social issues, reflecting evolving investor priorities and regulatory attention.

Overall, governance proposals dominated early decades, driving the initial surge in activism. Environmental and social proposals have steadily increased, especially since the 2010s, and now account for a substantial share of annual volumes. Since the 2000s, total proposal volumes have consistently been in the high hundreds or low thousands per year. Shareowner activism has evolved from a governance-dominated landscape to one where environmental and social issues are increasingly prominent, especially in the last 15 years. This reflects both regulatory changes and shifting investor priorities toward ESG concerns. According to DMI data, more than 350 shareowner proposals were filed at U.S.-based companies in the first half of 2025 with a total of over 840 in the full calendar year. Given a variety of proposed changes to resolution submission rules and other regulations, many market observers expect a significant decline in both the type and volume of shareowner proposals presented to investors for a vote in 2026 and future years.

Artificial Intelligence Can Mimic Proxy Advice

A recent study titled, “Beyond Bias – AI as a Proxy Advisor,” by Lee and Souther examines whether an AI large language model, programmed to follow ISS’s publicly available proxy voting guidelines, can function as an objective benchmark for proxy voting recommendations. The authors focus on whether AI can reveal potential biases in ISS recommendations, particularly in situations where firms hire governance consultants who may also have business relationships with proxy advisors. The study finds that the AI model matches ISS recommendations in approximately 79 percent of cases when using both proposal text and ISS guidelines. Despite this high alignment, the AI’s recommendations more accurately predict actual shareowner voting outcomes than ISS’s recommendations do. This suggests that the AI’s guideline-based decisions may be more closely aligned with shareowner interests.

The authors document that ISS’s proxy voting guidelines have become significantly more subjective over time. “Case-by-case” categories increased from under 20 percent in the early years of the sample to about 60 percent by 2021. This increase gives ISS more discretion in issuing recommendations, which expands the potential for variation and bias. The AI model, designed to follow ISS guidelines deterministically and without external influence, shows value as an objectivity benchmark. In cases where the AI and ISS disagree, the AI is more likely to support proposals that ISS opposes, and these AI-supported proposals tend to receive stronger shareowner support. These disagreements are especially common in situations that raise long-standing concerns about ISS’s independence.

One of the most notable findings involves the role of governance consultants. When companies disclose hiring third-party governance consultants, which often includes the same firms providing proxy advisory services, alignment between ISS and the AI drops from 79.9 percent to 73.3 percent. The largest divergences occur when ISS issues recommendations that favor management more than the AI does. This pattern is consistent with concerns that consultant relationships may influence ISS recommendations.

The study also shows that AI “For” recommendations correspond to higher shareowner support levels than ISS recommendations, even when controlling for ISS’s own recommendation and

management’s position. This strengthens the evidence that the AI better reflects shareowner preferences. The analysis uses Meta’s Llama 3.3 70B Instruct model. The dataset consists of 4,626 shareowner proposals from 2009 to 2021, focused on annual meeting proposals not supported by management. The model evaluates proposal text, supporting and opposing statements, and ISS guidelines using standardized, deterministic prompts to ensure reproducibility.

Overall, the study concludes that AI can replicate, benchmark, and sometimes outperform ISS’s recommendations. The most management-friendly ISS recommendations, and the largest disagreements with AI, occur when companies hire governance consultants. These findings support regulatory concerns about conflicts of interest and suggest that AI tools can enhance transparency, consistency, and oversight in proxy voting. The authors emphasize that AI is not a replacement for human proxy analysts, but rather a complementary tool that can highlight potential subjectivity and conflict-driven deviations in traditional proxy advice.

White House Studies New Executive Orders on Proxy Voting

In late November 2025, the White House signaled it is weighing executive orders to limit the influence of major proxy advisory firms—primarily Institutional Shareholder Services (ISS) and Glass Lewis & Co. (GLC). Options include a broad ban on proxy-voting recommendations or a narrower restriction preventing firms from issuing recommendations for companies that also hire them for consulting, addressing perceived conflicts of interest. The administration cites concerns that proxy advisers exert outsized influence on board elections, executive pay, ESG proposals, and broader governance outcomes. For public companies, these moves could diminish the impact of standardized “benchmark” recommendations, increase issuer-specific investor dialogue, and reduce the number of shareholder proposals reaching ballots. Issuer engagement strategies may need recalibration.

The White House is also examining broader limits on both proxy advisers and large passive/index asset managers. Potential measures include: (a) restricting or banning voting recommendations, particularly where advisory and consulting services overlap; (b) imposing new constraints on how large managers vote client shares; and (c) raising ownership and holding-period thresholds for submitting shareholder proposals. Although not finalized, these proposals could materially reshape U.S. corporate-governance, voting, and stewardship practices. A major focus is the voting authority of the “Big 3”—BlackRock, Vanguard, and State Street Global Advisors. One option would require them to “mirror” the votes of clients or beneficiaries who choose to vote, reducing centralized stewardship discretion. The administration is also considering enhanced voting-disclosure and transparency rules to limit concentrated voting power.

Separately, the SEC may be asked to revisit eligibility criteria for shareholder proposals, likely raising minimum ownership and time-horizon requirements—changes that would narrow the volume of proposals appearing on ballots. For large index funds, any move toward mirrored voting could significantly increase operational complexity, create new risks of voting errors, fragment vote patterns, and reduce their aggregated influence. Implementation questions include coordination with the SEC, potential phasing, and how major index funds may adjust stewardship frameworks. Collectively, these contemplated actions represent a substantial potential shift in the balance of authority between boards and shareholders. No executive order has yet been published in the presidential actions list, and some elements may ultimately

advance through SEC rulemaking or antitrust channels. Market implications for activism, voting outcomes, index-fund stewardship, and governance norms remain uncertain pending further action.

Federal Trade Commission (FTC) Investigates Proxy Advisors

The FTC opened an antitrust investigation into Institutional Shareowner Services and Glass Lewis on November 12, 2025. The agency is examining whether their business practices violate antitrust laws, create unfair competition, or reflect market dominance in the proxy advisory industry. According to a report from The Wall Street Journal, the probe focuses on whether the firms exert undue influence over shareowner voting on contentious corporate matters. Neither ISS nor Glass Lewis has responded to requests for comment.

Florida Attorney General Sues Major Proxy Advisors

In late November 2025, Florida Attorney General James Uthmeier filed a major lawsuit in the state's 14th Judicial Circuit against proxy-advisor Institutional Shareowner Services (ISS) and Glass, Lewis & Co. (GLC). The complaint accuses both firms—who together control approximately 90% of the proxy-advisory market—of violating Florida's consumer protection and antitrust laws. The state alleges that ISS and GLC misled investors by claiming to offer neutral, evidence-based voting recommendations while instead promoting ESG agendas.

According to the lawsuit, the firms pressured companies to adopt policies such as race- and gender-based quotas and climate-related commitments, which the Attorney General argues create legal and financial risks unrelated to traditional financial analysis. The lawsuit further claims the two firms coordinated their services, standardized their products, and left investors with no meaningful alternatives. Attorney General Uthmeier framed the lawsuit as part of a broader national pushback against what some officials call politically driven “woke” corporate practices. The state seeks civil penalties, injunctive relief, restitution, and other measures to prevent ISS and Glass Lewis from using their market dominance to influence corporate governance.

LEADERSHIP & SPEAKING EVENTS

Staff periodically participate in investor and corporate governance conferences and other meetings. Typically, these events include significant involvement by the largest asset owners and managers, corporate directors, senior members of management, and other key investors or regulatory stakeholders. The following details cover the most recent events:

- In late October, staff participated in the Europe conference of the International Corporate Governance Network (ICGN), covering a wide range of corporate governance, with a focus on European and Italian market governance practices.
- In late November, staff participated in the joint Council of Institutional Investors (CII) and New York University (NYU) School of Law's Corporate Governance Bootcamp, covering a variety of governance, proxy voting, and empirical data.

ACTIVE OWNERSHIP & CORPORATE ENGAGEMENT

The SBA actively engages portfolio companies throughout the year, addressing corporate governance concerns, reviewing forthcoming proxy voting items, and seeking opportunities to improve alignment with the interests of our beneficiaries. During the latest quarter, SBA staff

conducted engagement meetings with a few companies owned (or with investor groups owning the same companies) within Florida Retirement System (FRS) portfolios, including Equifax, Prudential, Johnson & Johnson, Cracker Barrel, and Bank of New York (BNY) Mellon.

CORPORATE ENGAGEMENT INITIATIVE

In October, the SBA introduced a new governance engagement initiative aimed at spotting companies with inferior performance and addressing governance weaknesses through structured conversations. This approach uses a four-step framework that blends quantitative measures of shareowner returns with qualitative checks on governance standards. Companies lagging both market averages and industry peers are chosen for direct engagement, which can involve communication with boards, proxy campaigns, or even legal action if necessary.

The initiative demonstrates SBA's proactive philosophy: engagement is a strategic method to protect beneficiaries and encourage responsible corporate behavior. It is grounded in the history of shareowner activism, underscoring its beneficial effects on company results and governance, and the SBA's responsibility to uphold practices like board independence, strong investor rights, performance-based executive pay, and transparent reporting. SBA staff applied a methodology for evaluating companies using multi-horizon total shareowner return (TSR) metrics and governance diagnostics, supported by research connecting sound governance to better financial performance and reduced risk. See the attached memorandum that further details the initiative. The quarterly list of target companies includes approximately one hundred firms across a full range of industry groups and market capitalization. The full list is then filtered based on the size of FRS investment and the types of governance deficiencies present.

Based on the approach detailed above, the SBA has identified 54 companies that are both among the worst performers compared to peers and fail to protect shareowner assets or rights. The companies identified span various industries, market capitalization and governance vulnerabilities. Of the 54 target companies, the SBA has identified 12 as high priority and will initiate open dialogue related to various governance issues including board structure, environmental and social targets linked to executive pay, and diversity targets.

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GOVERNOR
CHAIR

BLAISE INGOLLIA
CHIEF FINANCIAL OFFICER

JAMES UTHMEIER
ATTORNEY GENERAL

CHRIS SPENCER
EXECUTIVE DIRECTOR

MEMORANDUM

To: SBA Trustees
Chris Spencer, Executive Director

From: Maureen M. Hazen, General Counsel & Chief Ethics Officer

Date: November 24, 2025

Subject: Office of General Counsel: Standing Report
For Period August 1 – October 31, 2025

A handwritten signature in blue ink that reads "Maureen M. Hazen".

SBA Agreements.

During the period covered by this report, the General Counsel's Office drafted, reviewed and negotiated: (i) 41 new agreements – including 7 new Active Credit investments; 5 new Private Equity investments; 3 new Strategic Investments; 2 new Investment Management Agreements for Global Equity; and 10 Real Estate investment transactions; (ii) 262 contract amendments, addenda or renewals; and (iii) 7 terminations.

SBA Litigation.

(a) Passive. As of October 31, 2025, the SBA was monitoring (as an actual or putative passive member of the class) 737 securities class actions. During the period from August 1 – October 31, 2025, the SBA collected recoveries in the amount of \$1,118,698.07 as a passive member in 45 securities class actions.

(b) FRS Investment Plan. During the period covered by this report, the General Counsel's Office monitored and/or managed the following cases for the Florida Retirement System Investment Plan (the "Investment Plan"). The SBA issued 4 Final Orders, received notice of filing of 1 new case and continued to litigate 6 cases that were pending during the periods covered by previous reports.

(c) Target Matter. On February 20, 2025, the SBA filed a Complaint against Target Corporation in the U.S. District Court, Middle District of Florida alleging securities fraud, among other claims. The SBA has also filed a Petition seeking appointment as Lead Plaintiff. On July

24, 2025, the Court ordered that several cases (including the SBA's case) be consolidated and that the SBA and OhioSTRS re-file their Motions for Lead Plaintiff no later than August 7, 2025, and both parties re-filed by that date. Subsequently, Target moved to transfer the consolidated securities class actions and the companion derivative action to the U.S. District Court of Minnesota. The Court granted this Motion on November 14, 2025.

Other Matters.

(a) Public Records. During the period covered by this report, the General Counsel's Office received 65 new public records requests, provided responses to 65 requests and continued to work on 8 open requests.

(b) SBA Rule Activities. During the period covered by this report, the SBA engaged in the following rules activities:

(i) Rule 19-8.010 (Reimbursement Contract for the Florida Hurricane Catastrophe Fund (the "Cat Fund")): The Notice of Proposed Rule, amending rule 19-8.010, Florida Administrative Code, was approved by the Board of Trustees on September 30, 2025. The Notice of Proposed Rule was published in the Florida Administrative Register on October 1, 2025. This rule was amended to adopt the 2026-2027 Reimbursement Contract. The rule will become effective December 2, 2025.

(ii) Rule 19-8.029 (Insurer Reporting Requirements and Responsibilities for the Cat Fund): The Notice of Proposed Rule, amending rule 19-8.029, Florida Administrative Code, will be presented to the Board of Trustees at the December 16, 2025, meeting. The proposed revisions to the rule will adopt the 2026-2027 Data Call for exposure reporting, the forms for loss reporting, and forms relating to exposure examinations and claims examinations. It will also adopt the Data Call and other applicable reporting requirements and examination instruction forms for the 2026-2027 contract year, delete obsolete or duplicative material, and provide additional clarification. If approval is received, the Notice of Proposed Rule will be filed immediately afterwards.

(iii) Rule 19-9.001 (Investment Policy Statement for the FRS Investment Plan): The Notice of Proposed Rule, amending rule 19-9.001, Florida Administrative Code, was approved by the Board of Trustees on June 10, 2025. The Notice of Proposed Rule was published in the Florida Administrative Register on August 19, 2025. The rule adopts the most recent version of the Investment Plan Investment Policy Statement. The rule became effective November 3, 2025.

(iv) Rules 19-11.001, 19-11.002, 19-11.003, 19-11.006, 19-11.007, 19-11.008, 19-11.009, 19-11.011, and 19-11.012 (Procedures for the Public Employee Optional Retirement Program): The Notice of Proposed Rule, amending rule 19-11.001, 19-11.002, 19-11.003, 19-11.006, 19-11.007, 19-11.008, 19-11.009, 19-11.011, and 19-11.012, Florida Administrative Code was approved by the Board of Trustees on June 10, 2025. The rules outline the procedures that current and prospective members must follow as a participant in the FRS Investment Plan to take certain desired actions, as well as forms that must be completed/filed. A notice of Proposed Rule

was published on October 3, 2025. The rules were filed for adoption with the Florida Department of State on November 18, 2025. The rules will become effective December 8, 2025.

(v) Rule 19-13.003 (Role and Responsibilities of State, School District, and Local Employers Participating in the Florida Retirement System): The Notice of Proposed Rule, amending rule 19-13.003, Florida Administrative Code, was approved by the Board of Trustees on June 10, 2025. The rule change is to amend the language to refer to Florida Retirement System Participating Employers. A notice of Proposed Rule was published on October 1, 2025. The rule was filed for adoption with the Florida Department of State on November 18, 2025. The rule will become effective December 8, 2025.

(vi) Rule 19-4.0035 (Florida Retirement System Defined Benefit Plan Investment Policy Statement): The Notice of Proposed Rule, amending rule 19-4.0035, Florida Administrative Code was approved by the Board of Trustees on June 10, 2025. The rule adopts the most recent version of the Defined Benefit Plan Investment Policy Statement. A notice of Proposed Rule was published on October 1, 2025. The rule was filed for adoption with the Florida Department of State on November 19, 2025. The rule will become effective December 9, 2025.

(i) Rule 19-7.002 (Investment Policy Statements): The Notice of Proposed Rule, amending rule 19-7.002, Florida Administrative Code was approved by the Board of Trustees on June 10, 2025. The rule adopts the most recent version of the Local Government Surplus Fund (Non-Qualified) Investment Policy Statement. A notice of Proposed Rule was published on October 1, 2025. The rule was filed for adoption with the Florida Department of State on November 18, 2025. The rule will become effective December 8, 2025.

(c) Ethics & Gifts. During the period covered by this report, the General Counsel's Office reviewed ethics and gifts issues in the ordinary course.

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CHRIS SPENCER
EXECUTIVE DIRECTOR

MEMORANDUM

DATE: November 13, 2025

TO: Chris Spencer, Executive Director

FROM: Sooni Raymaker, Chief Risk & Compliance Officer *SR*

SUBJECT: Trustee and Audit Committee Report – November 2025

The following is a summary report of Risk Management and Compliance (RMC) activities and initiatives completed or in progress since the last dated report of August 2025 to the current period. All RMC activities, reviews, controls, and processes are continuing to operate effectively and as expected during this reporting period.

The role of the RMC unit is to assist the Executive Director in maintaining an appropriate and effective risk management and compliance program to identify, monitor and mitigate key investment and operational risks. RMC serves as the second line of defense in managing risk as individual business units have ownership of and primary responsibility for managing risk. RMC, along with all business units, plays a critical role in developing and enhancing the enterprise-wide system of internal controls. RMC proactively works with the Executive Director and designees to ensure issues are promptly and thoroughly addressed by management.

SBA senior management has created a culture of risk management and compliance through the governance structure, allocation of budgetary resources, policies and associated training and awareness. Management is committed to ethical practices and to serving the best interests of the SBA's clients.

Compliance Exceptions

No material compliance exceptions were reported during the period.

Enterprise Risk Management (ERM) unit provides independent and objective oversight, coordination and support to risk management processes at the SBA. The Enterprise Risk and Compliance Committee (RCC) serves as a cross-functional consultative forum and is responsible for reviewing and recommending approval of risk management strategy, risk management implementation plans, the organization's risk appetite, and risk identification and assessment methodologies. The RCC also evaluates the effectiveness of risk mitigation strategies among other duties.

Activity: The RCC met on November 13 and were provided updates to Risk Response Plans and associated key risk indicator metrics. Refinements to investment risk metrics were shown illustrating the maturity of the Defined Benefit Plan. These Plans are based on the major business model functions of Enterprise Oversight & Governance, Investment Management, and Organizational Operations and alignment with SBA Strategic Objectives. The Plans also include vital functions for each high-level process, vital signs (metrics), risk assessment results, and current controls or activity to help mitigate those risks.

The RCC also received an update on relevant regulatory and statutory reporting, and updates on policy administration and from the Chief Audit Executive & Inspector General and General Counsel & Chief Ethics Officer.

The RCC received the recommendations on the policy review project by Guidehouse Inc. consulting firm. The review was conducted to further the strategic goal to enhance operating effectiveness and efficiency, by reviewing the SBA policy framework and associated processes and provide strategic guidance and recommendations to improve efficiency, while maintaining risk awareness. Key recommendations provided by Guidehouse include:

- enhancing policy documentation by separating policy from procedure
- providing an abbreviated review process for procedural changes in policy
- codifying in policy the universal policy changes that do not require formal staffing
- developing an internal control framework that addresses the full control environment from entity level through process level controls
- identifying and documenting key controls for testing through control matrices and process flows
- restructuring oversight groups and clarifying roles and responsibilities in charters to ensure investment and operational risks are adequately addressed

Policy Administration and Enterprise Risk Management have begun the implementation of the recommendations, with the initiation of policy and key control reviews and the development of charters for the oversight groups.

Trading, Investment Oversight and Compliance Committee (TOG) is a standing sub-committee of the Enterprise Risk and Compliance Committee. TOG reviews compliance exceptions, trading-related investment issues and associated risks that may have a material impact on trust funds and client portfolios (including securities lending programs) and make recommendations to escalate exceptions or issues to the Executive Director. TOG also monitors and reviews associated risks of prospective and approved counterparties.

Activity: TOG conducted its quarterly oversight meeting on October 22, 2025. In addition to the standing reports and regular counterparty monitoring updates, topics at this TOG meeting included an update on the progress made to the creation of the SBA Public Markets Security Master List that was introduced during the July 2025 quarterly meeting, regulatory updates, and business continuity testing. In addition, a presentation was given on Prohibited Investments and Sanctions Compliance Program Development.

External Manager Operational Due Diligence (ODD) is a critical component of selecting and overseeing external investment managers. ODD is conducted for all public and private markets strategies managed externally, both prior to funding and on an ongoing monitoring basis. Asset Classes are primarily responsible for ODD and will utilize subject matter experts, including RMC staff and consultants with ODD capabilities, as an input in the decision-making process. RMC ODD staff review investment approval memos and conflicts of interest forms for all new investments, except for co-investments prior to the Chief Investment Officer (CIO) and Executive Director (ED) approval, to ensure completeness. RMC regularly reports operational risk oversight and monitoring of external managers to the RCC. RMC also conducts an annual process that includes requesting certifications and risk rank managers. RMC works with the Asset Class to prioritize any necessary onsite visits and/or ad hoc consultant requests.

Activity:

During this reporting period, the ODD team reviewed and commented on 12 consultant operational due diligence reports on investment managers as part of the investment approval process, which represents approximately \$3.1 billion in potential investments. Additional Capital was requested for two investments which represent approximately \$109 million. The team reviewed six real estate property acquisitions which represent approximately \$586 million in new investments. The team also sampled four Private Equity co-investments, representing \$45 million in new investments for process adherence. The team also attended eleven manager meetings across four asset classes.

Investment Compliance – Public Markets unit tests internal and external manager portfolios and prepares and distributes a monthly compliance report to the Senior Investment Officers for Fixed Income, Global Equity, Active Credit (publicly traded multi-asset credit) and PRIME. The monthly compliance reports summarize the compliance exceptions (if any) and corresponding resolutions documented during the month. Compliance issues are resolved in real time unless further escalation to the Chief Investment Officer and the Executive Director is necessary. Additionally, the PRIME and Fixed Income Investment Oversight Group (IOG) convene quarterly to review stress test results.

The Investment Compliance team also checks to ensure that all internal trades (including cash market securities and derivatives) are properly authorized, executed, and documented. This quarter Investment Compliance monitored over \$105 billion in internal trading.

Activity: During the reporting period, Investment Compliance reviewed three investment guidelines for internal and external public market portfolios, which included the onboarding of two new accounts. The team filed one regulatory requirement, the Q3 Form 13H, SEC Large Trader Report.

The team also reviewed and responded to the Bloomberg OMS System and Organizational Controls (SOC-2), and the semi-annual Applications and Access Control Administrators (ACA) security reviews.

The team's participation in the Fixed Income Internal Trading and Fair Dealing Audit conducted by the Office of Internal Audit and the annual Florida PRIME Financial Audit concluded this quarter with the completion of the audits. There are two new audits underway, the Personal Investment Activity (PIA) Audit and the Asset Transition Management Audit that the Investment Compliance team is participating in. Both audits are being conducted by the Office of Internal Audit. Investment Compliance has

responded to audit requests for the PIA audit by participating in process walk-throughs and providing documentation such as internal procedures, compliance reviews, and exception reports.

Personal Investment Activity (PIA) policy is an internal control that governs personal investment activity to ensure that actual or potential conflicts of interest between personal investments and professional responsibilities are avoided.

Activity: During the period (August 1 – October 31), there were 450 requests for pre-clearance by SBA employees, with 320 being approved, 124 being denied (due to blackout restrictions), and 6 being retracted (not traded). There were two violations during the period, both were for trading in a different account than what was on the pre-clearance request.

Performance Reporting & Analytics (PRA) unit is responsible for the compilation, validation, and quality assurance of performance data reported by the SBA. Performance data is centralized to ensure quality and consistency. PRA processes are in place to monitor and validate data generated by the performance measurement provider, including reconciliations and reasonableness checks by asset class staff and the performance measurement provider. PRA also ensures that documentation is maintained regarding performance measurement methodologies (including treatment of cash flows, attribution of securities lending income, aggregate performance benchmarks and targets, etc.) and maintain a performance database.

The external performance measurement provider (BNY) is required to independently generate performance measurement data on a timely and accurate basis. BNY is responsible for calculating, or receiving from an external party, custom portfolio benchmarks, including blended portfolio benchmarks.

Activity: Recognizing that after a successful go-live is the start of continuous improvement, the team initiated a structure clean-up effort. In a dedicated working group with other business units, performance and data teams created corrective-action “buckets” focused on data structure, permissions, dedicated performance fields and naming conventions. The team has assigned owners to each item to ensure accountability and laid the groundwork for robust data governance.

The Performance Team continues to refine data feeds, expand reports and dashboards, and enhance exception monitoring. With a full transition to Eagle PACE and a strengthened team, efforts will focus on historical data cleanup, total-fund analytics and benchmarking, and further advancing the organization’s performance maturity model.

The performance team is currently focused on stabilizing and enhancing the new performance ecosystem. Current priorities include removing legacy data from Snowflake, implementing an efficient delta ingestion process for BNY data revisions, and collaborating with technical teams to create optimized Snowflake views for internal and external stakeholders. These efforts are building a foundation for expanded reporting and advanced analytics capabilities.

These efforts collectively aim to support expanded reporting capabilities and advance analytics, leveraging efficiencies gained from the new ecosystem.

Two new team members joined the performance team, addressing capacity needs and bringing fresh and new technical and analytical capabilities.

Policy Administration oversees and administers the processes for SBA policy development, maintenance, and document management. Policies are established to guide the SBA in achieving its purpose, goals, and objectives and in complying with fiduciary duties. Written policies are reviewed routinely for continued relevance and accuracy. Policy development and revision includes the appropriate staff in a comprehensive review process that is codified in policy. RMC, as the custodian for all SBA policies, maintains the official policy records and posts all executed and active policies to a location accessible by all employees. RMC notifies all affected staff when new policies or revisions are issued.

Activity: During the review period, eleven policies were revised. Among investment related policies, the Private Markets Selection and Disposition policy was revised to clarify the secondary sales process, while the Internal Trading and Cash and Securities Transfer policies were modified to update responsibilities and to adjust approval thresholds for foreign exchange and capital call activity. Policies governing Payroll, Attendance and Leave, Recruitment, Selection, and Appointments, and Capitalization and Depreciation of Capital Assets were updated for consistency with current processes. In the Information Security and Information Technology categories, the Records Management, Security Configuration Management, and Software Development policies were revised to modify requirements and update processes. Finally, in the Governance category, the Personal Investment Activity policy was clarified with respect to the definition of Exempt Securities.

Also revised during the period were three investment guidelines. For the Fixed Income asset class, the FRS STIP Cash guidelines were updated for changes to permitted and prohibited holdings, while a new litigation reserve fund was added to the SBA Administrative Expense Trust Fund guidelines. The Real Estate Principal Investments Aggregate Portfolio guidelines were also revised to update requirements such as diversification, liquidity, turnover, and leverage.

Policy Administration, in collaboration with Enterprise Risk Management, completed reviews of the Workflow Design Documents for the redesigned cash transfer workflows for all asset classes and Financial Operations. Workflow processes were reviewed and applicable policy controls were added to the documentation for each workflow. This ensures that workflows are designed to capture and comply with policy requirements and other enterprise controls.

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INVESTMENT ADVISORY COUNCIL

Strategic Investments Update

Trent Webster, Senior Investment Officer

Subhasis Das, Senior Portfolio Manager

Terrance Davis, Senior Portfolio Manager

Loren de Mey, Senior Portfolio Manager

STRATEGIC INVESTMENTS POLICY OBJECTIVES

- Reduce volatility and improve the risk-adjusted return of the FRS
- Outperform the FRS during periods of significant market declines
- Increase investment flexibility by investing in new strategies and opportunistically across current strategies in different market environments

OTHER ROLES

- New investments
- Incubator for new asset classes
- Repository for strategies that may not fit in other asset classes

WEIGHTS

- Target 4%
- Range 2% to 14%
 - Hedge Funds – up to 2%
 - Infrastructure – 1%
 - Insurance – up to 1%
 - Opportunistic – 0% to 5%

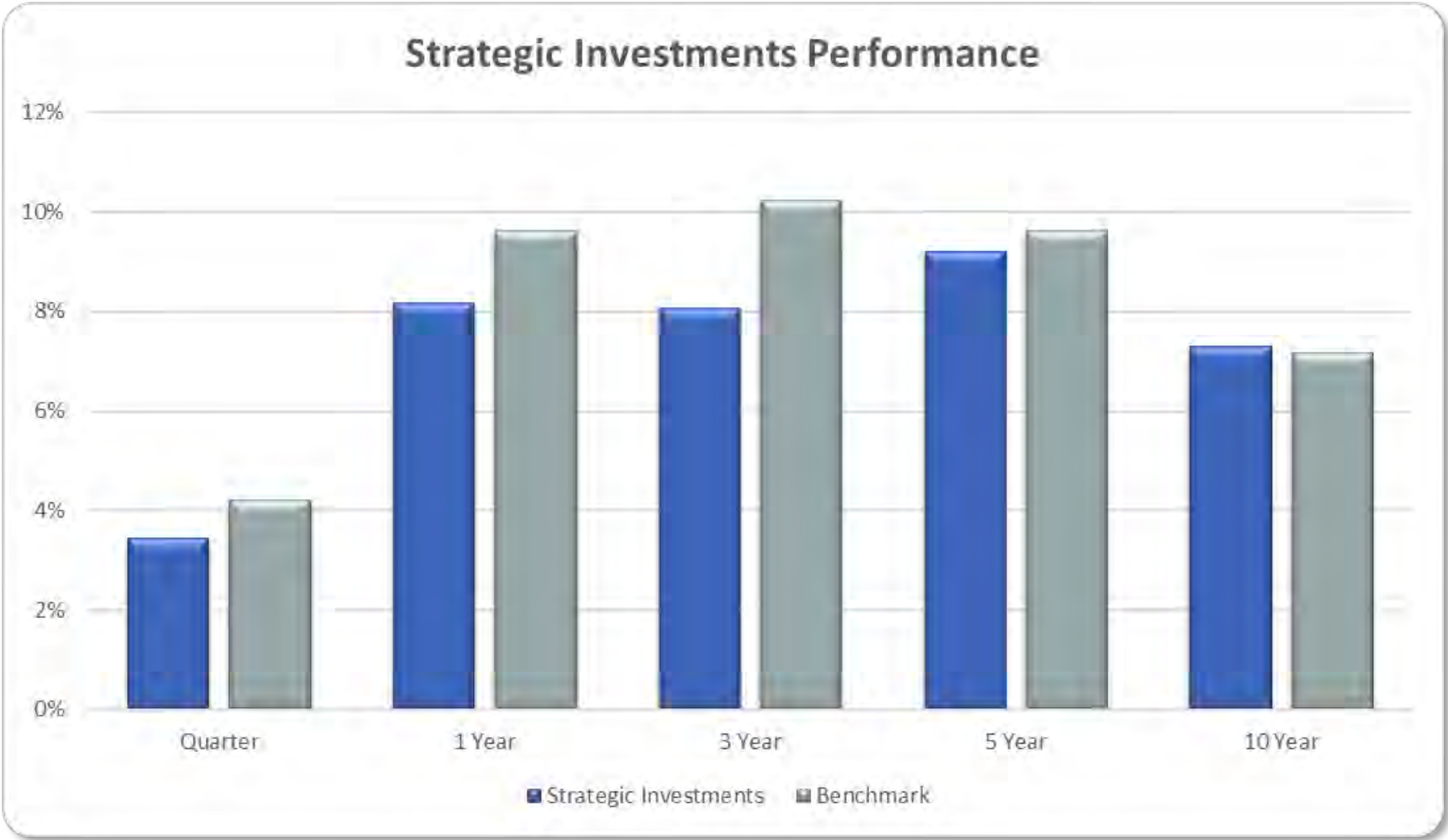
PORTFOLIO

- Currently 6.0% of the Total Fund
- Excluding Legacy Assets, 5.1% of the Total Fund

- Net asset value of \$13.1 billion
- Net asset value plus unfunded commitments of \$14.6 billion

- 51 relationships managing 80 funds

PERFORMANCE



RECENT ACTIVITY

- Quarterly cash inflow of \$23 million
- Calendar year cash inflow of \$510 Million

- Six funds totaling \$800 million closed this calendar year
- Two funds totaling \$250 million closed last quarter
- Four funds totaling \$400 million closed this quarter

- Seven funds totaling \$1 billion in the Pipeline

PIPELINE

- Two Diversifying Hedge Funds
- Four Infrastructure funds
- One Insurance fund

- Six new relationships

- Expect heightened Hedge Fund and Activist activity over next year

Objectives

- Return target of SOFR + 3%
- Correlation to FRS < 0.5
- Drawdown capture < 0.25 during significant market declines

- Emphasizing exposures that the SBA cannot access more cheaply elsewhere
- Focus on diversification and improving the risk profile of the Total Fund
- Targeting 6-8% long-term return

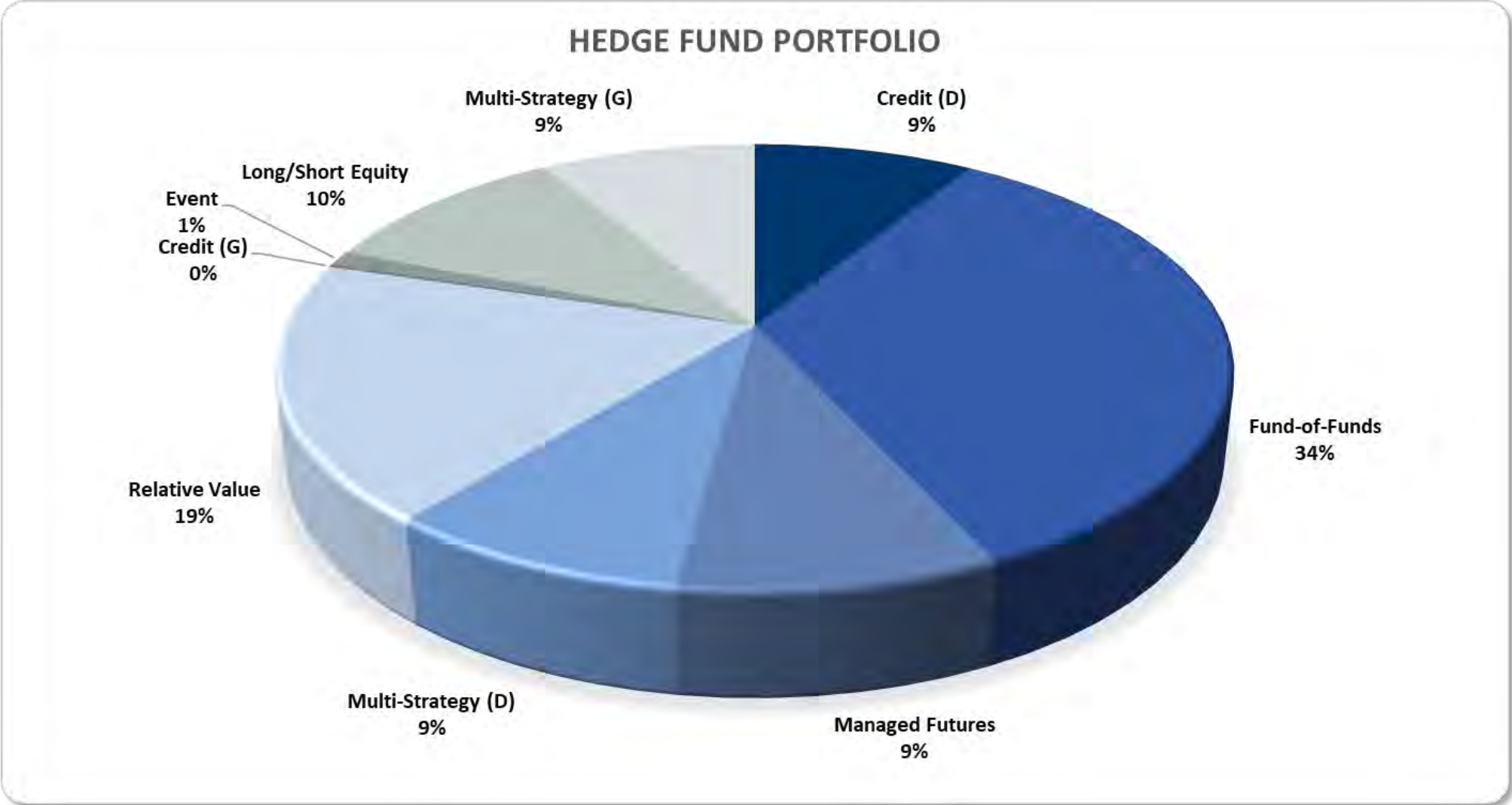
HEDGE FUNDS

- Target up to 2% of the FRS
- Currently 1.7% of the Total Fund

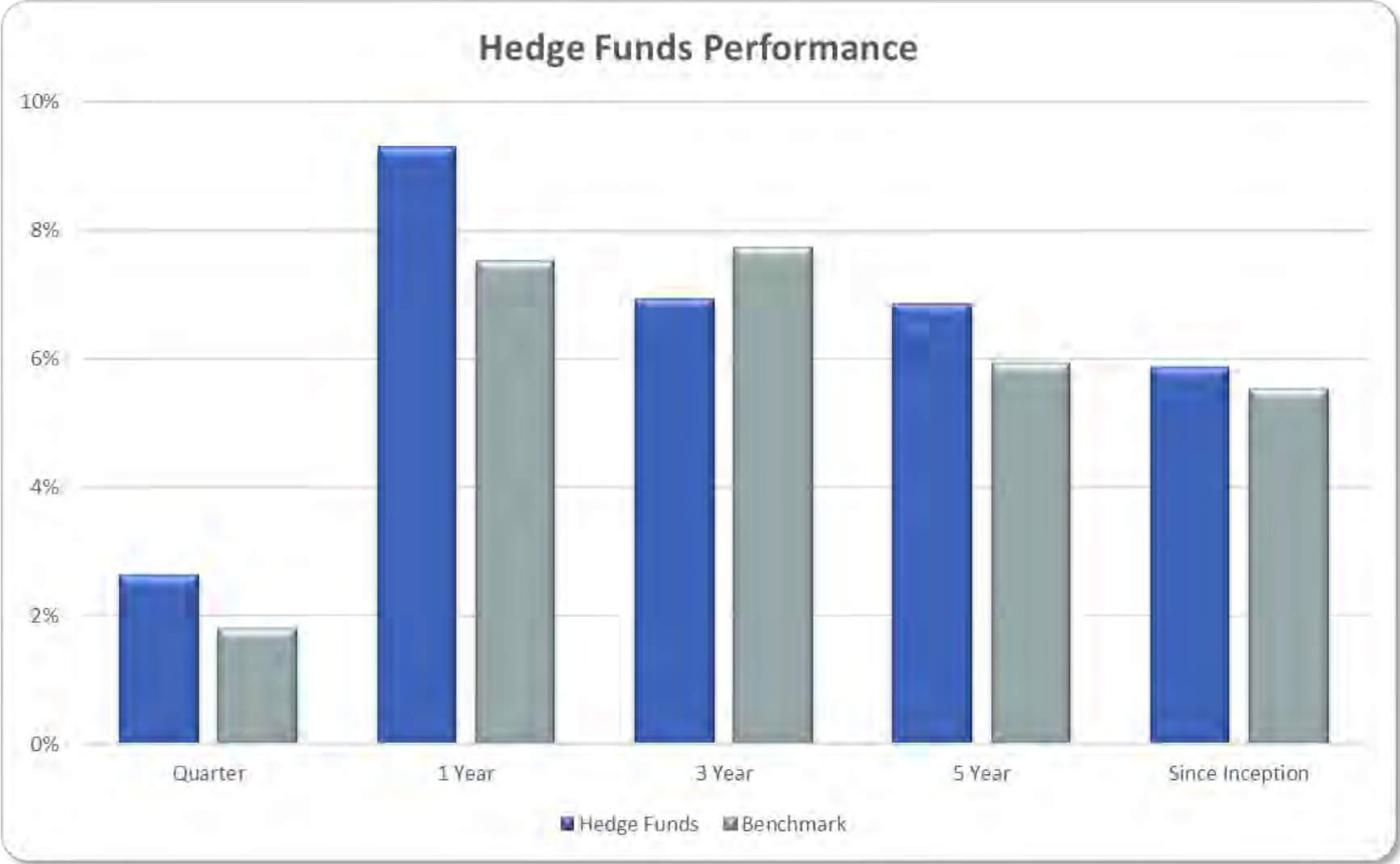
- Current allocation – 80% Diversifying / 20% Growth
- Nine hedge funds, two fund-of-funds

- Looking to add 7-9 funds over the next 18 months
 - Global Macro
 - Relative Value
 - Commodities
 - Credit Long/Short
 - Equity Long/Short

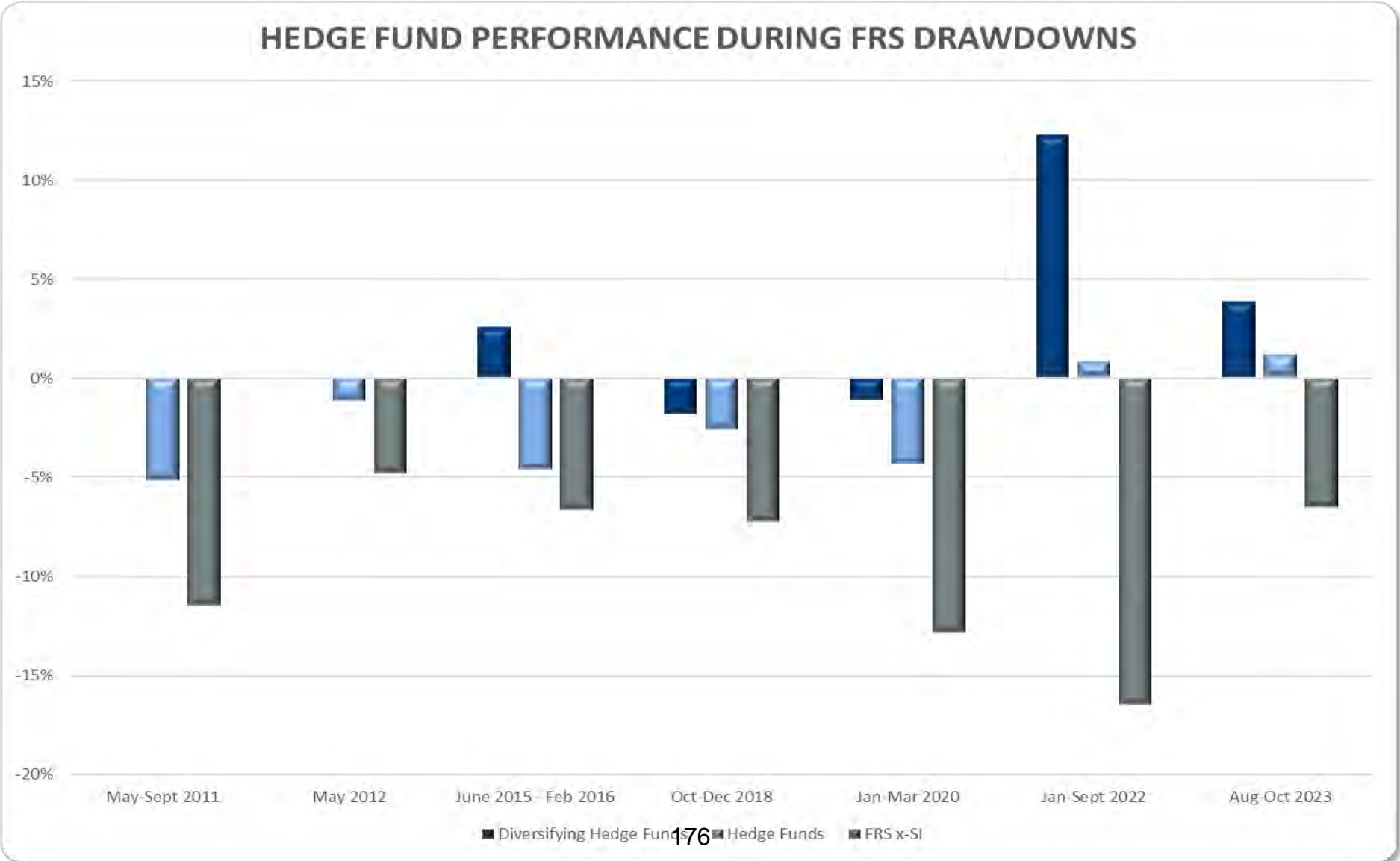
HEDGE FUNDS



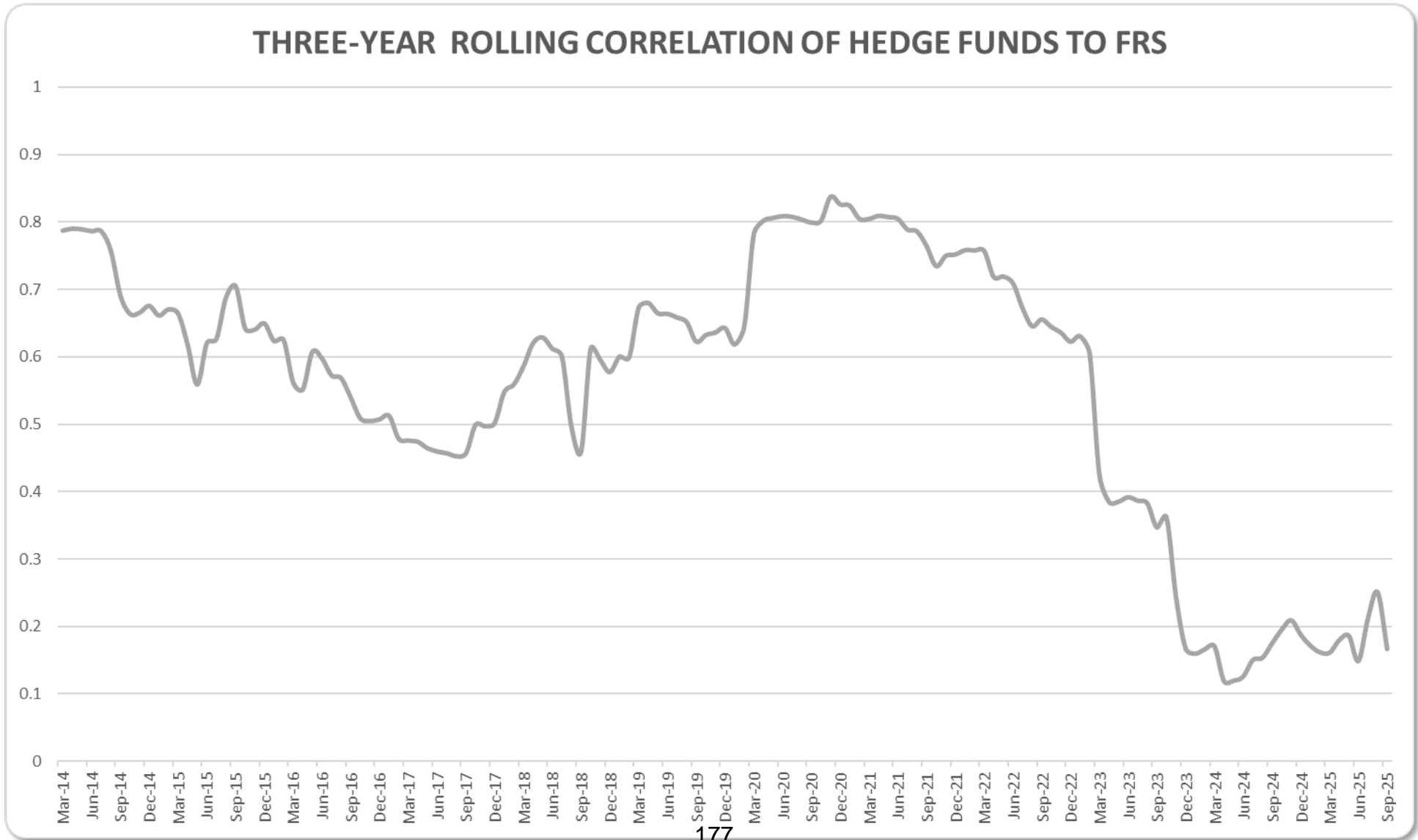
HEDGE FUNDS



HEDGE FUNDS



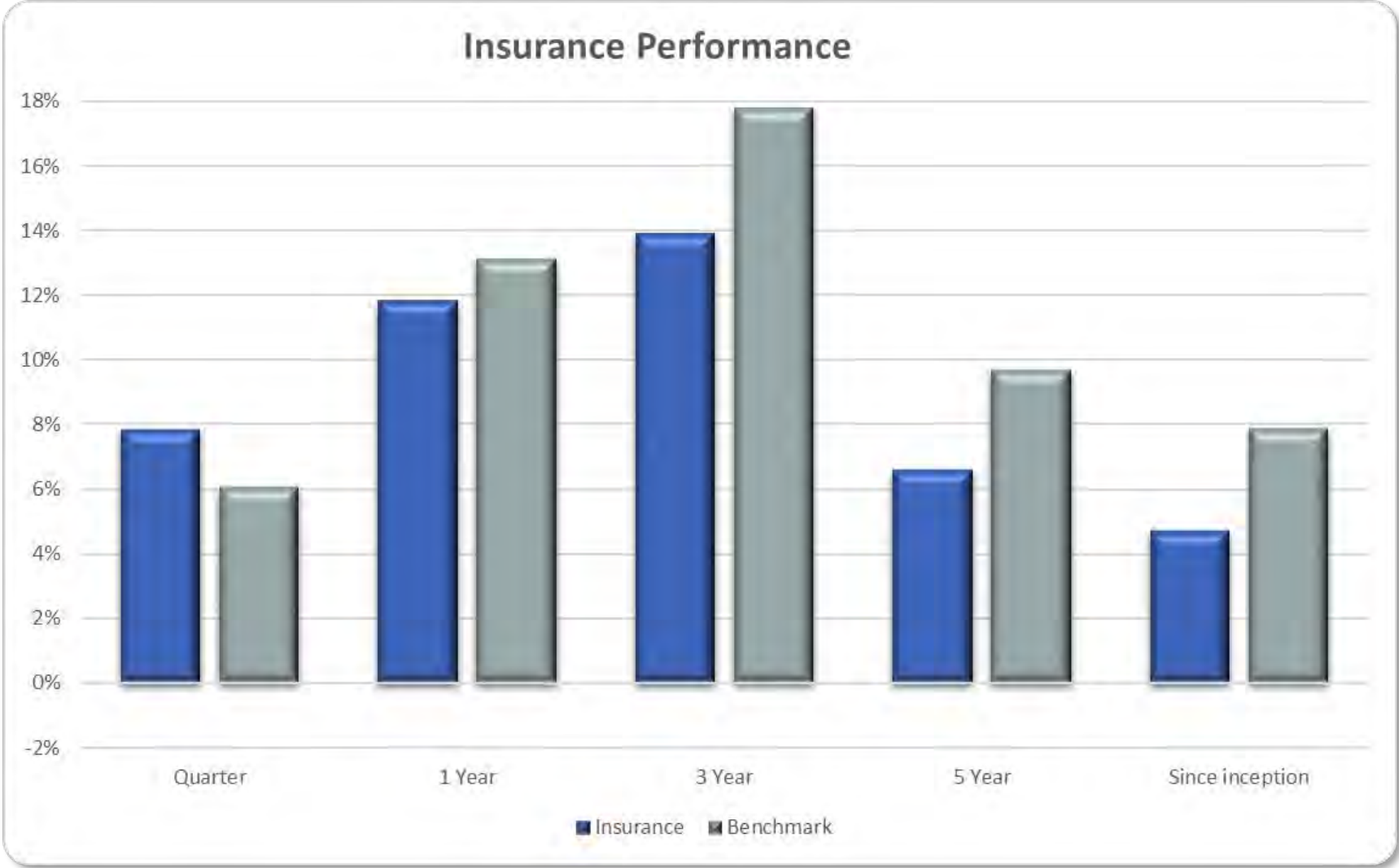
HEDGE FUNDS



INSURANCE

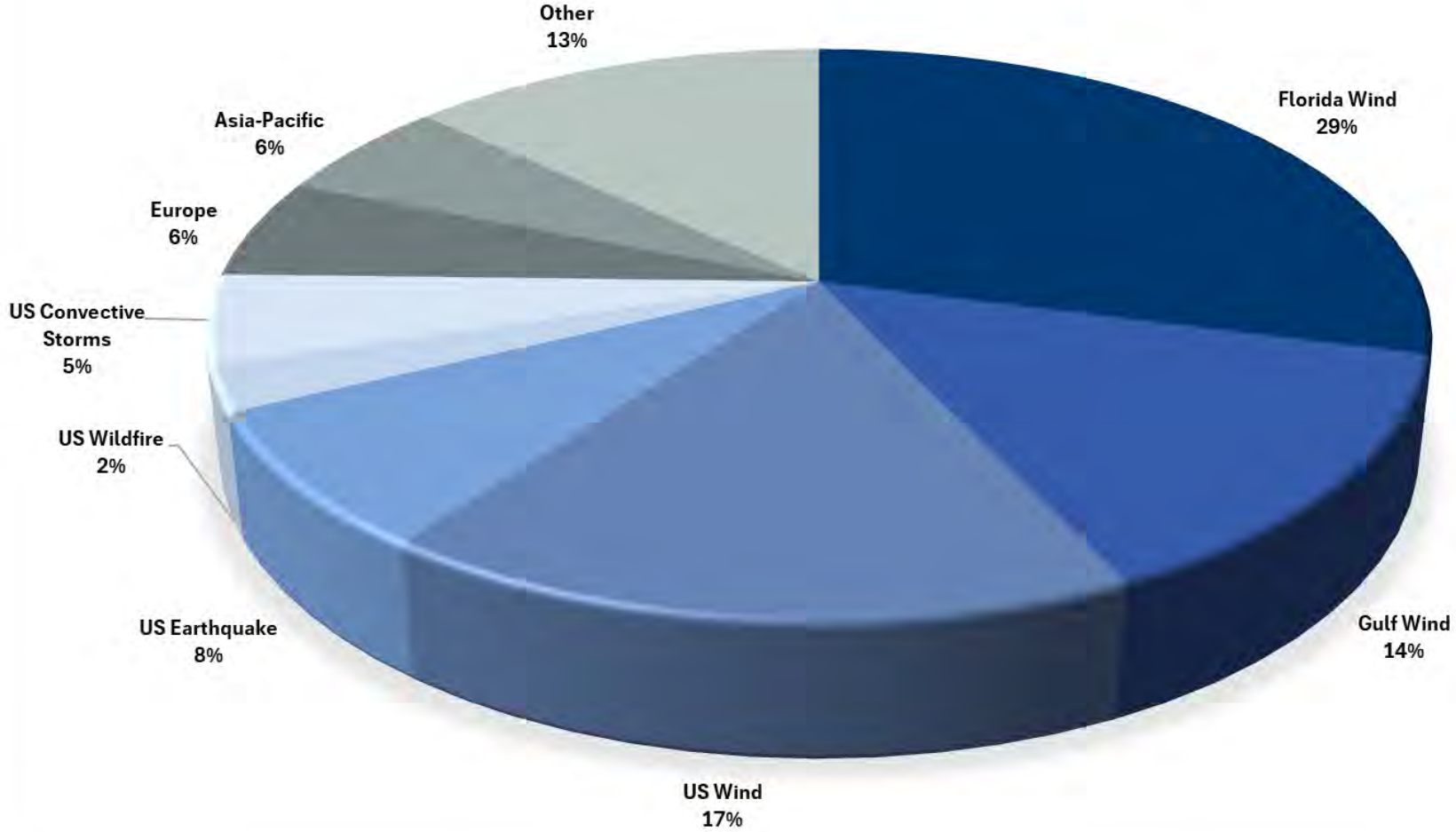
- Target up to 1% of the FRS
- Currently 0.9% of the Total Fund
- Hard market with rates falling
- Decreasing exposure to peak peril
- Expanding into specialty lines and quota share

INSURANCE

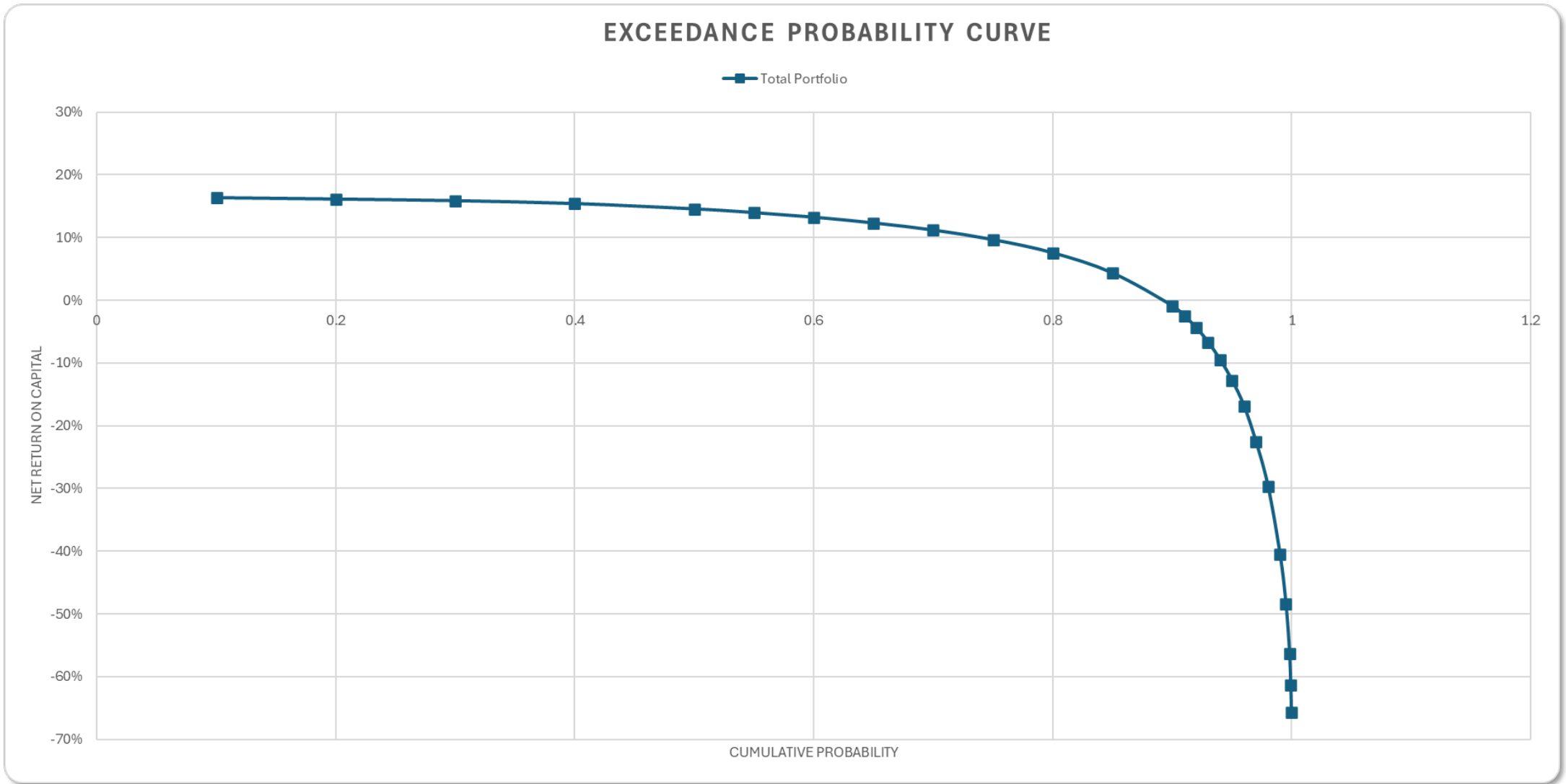


INSURANCE

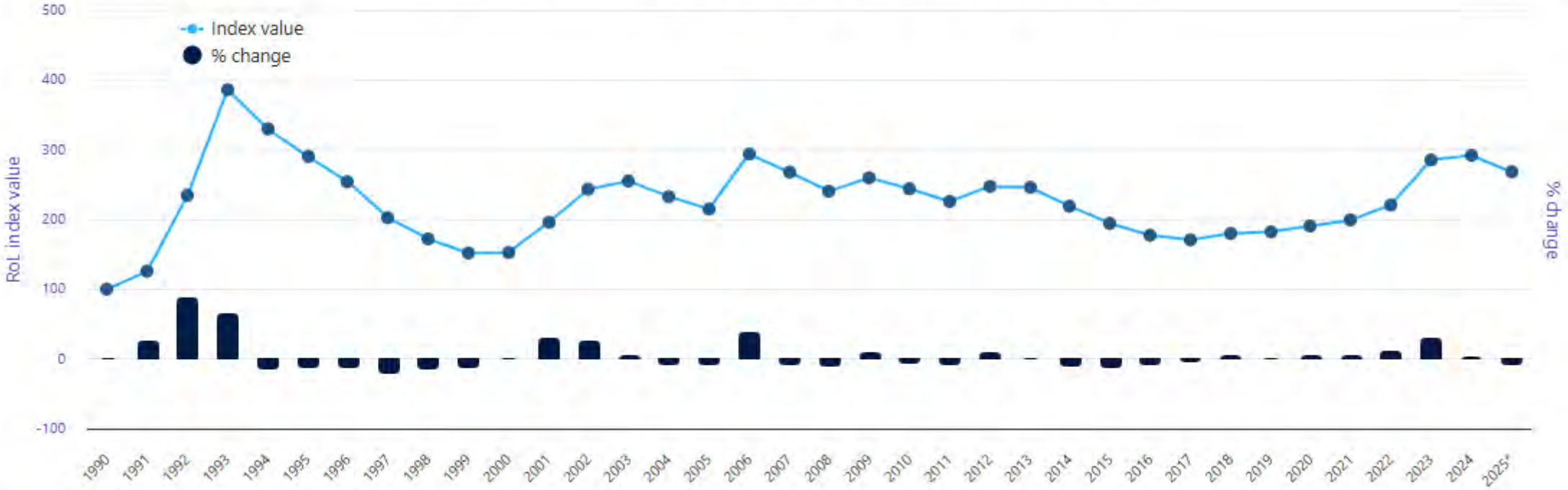
INSURANCE EXPOSURE BY PERIL



INSURANCE



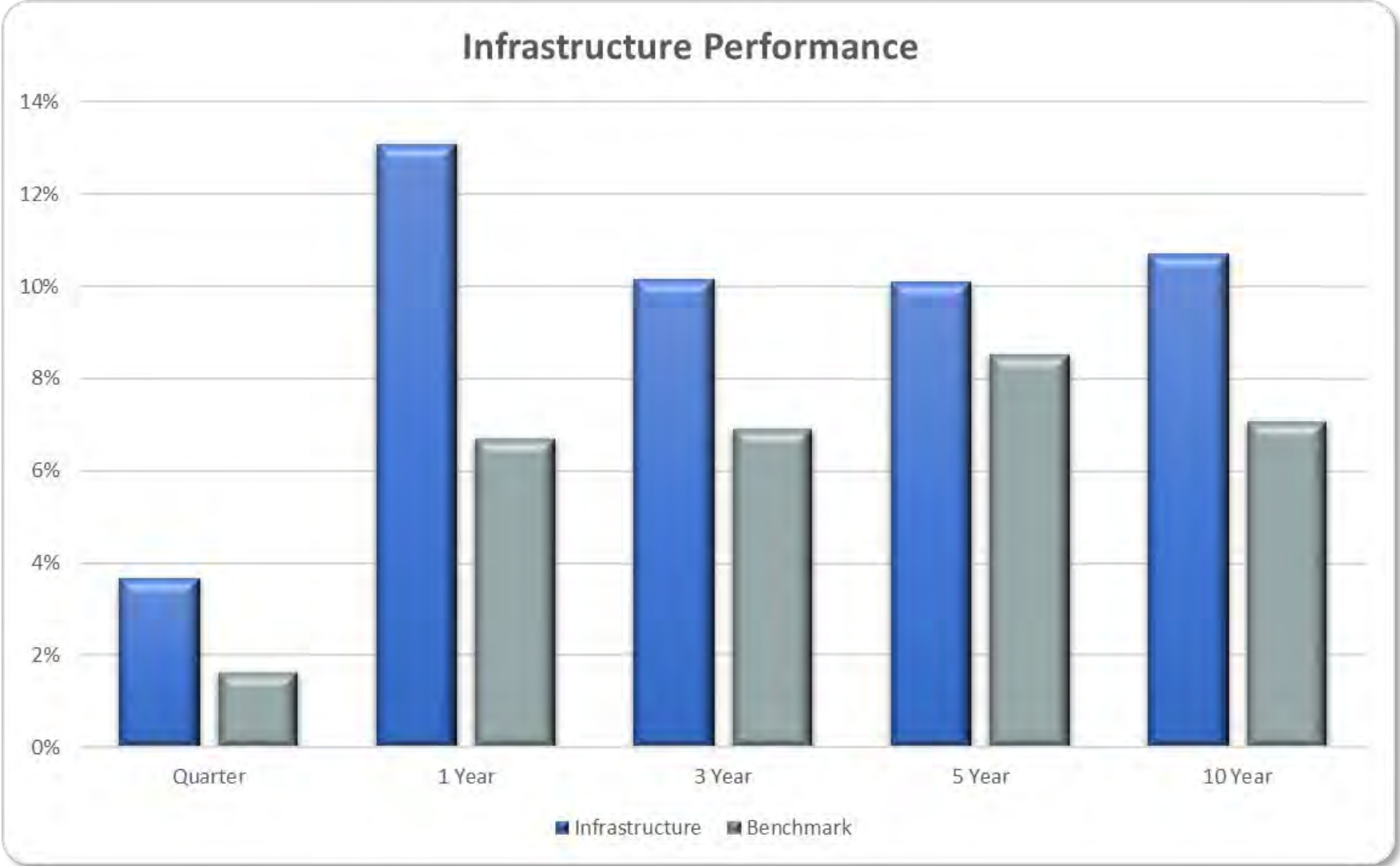
Global Property Catastrophe Rate-On-Line Index



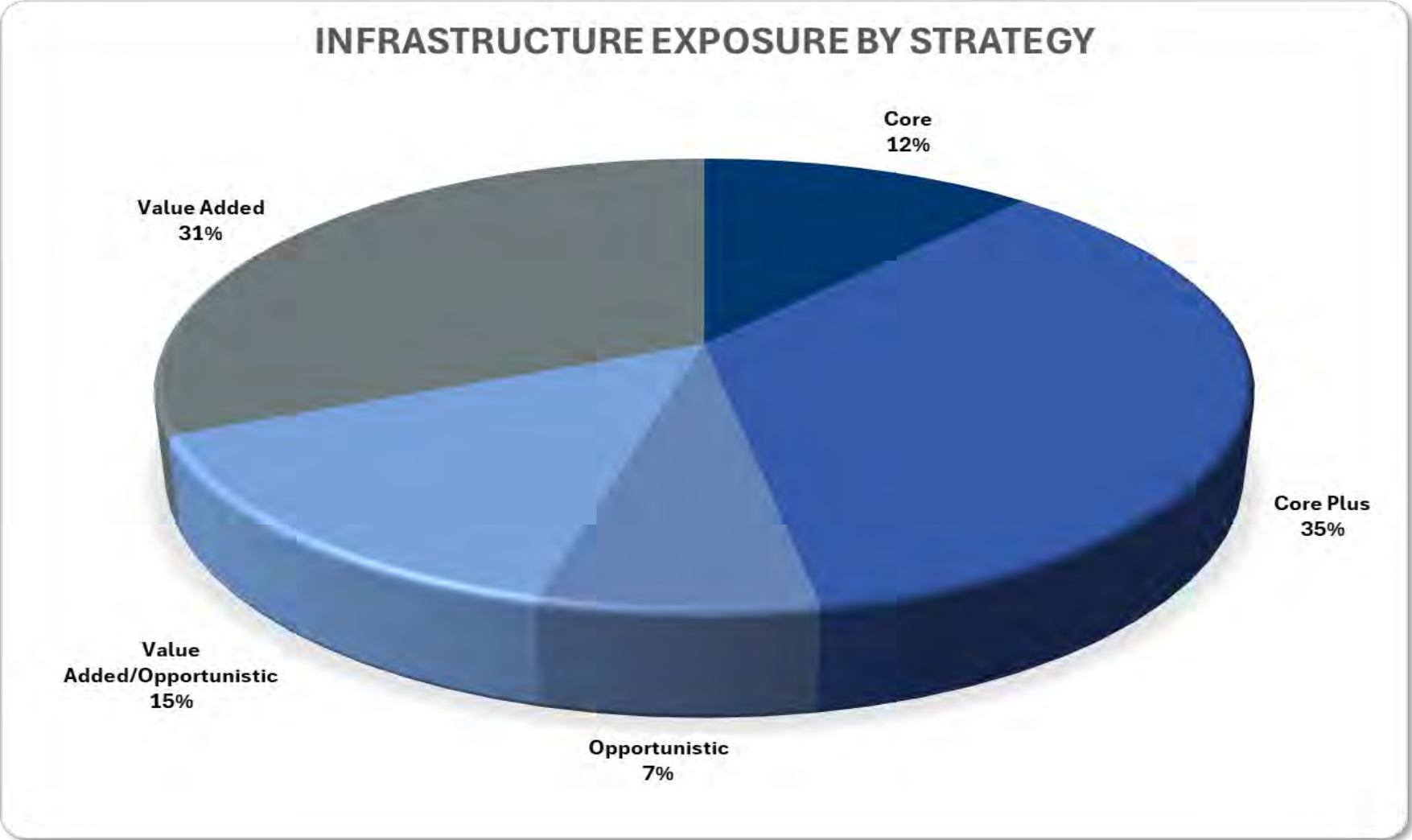
Source: Data from Guy Carpenter, presented by Artemis.bm

- Target 1% of the FRS
- Currently 1.2% of the Total Fund
- Focus on
 - Middle market
 - Power/energy
 - Smaller, opportunistic funds
- Includes Transportation assets

INFRASTRUCTURE

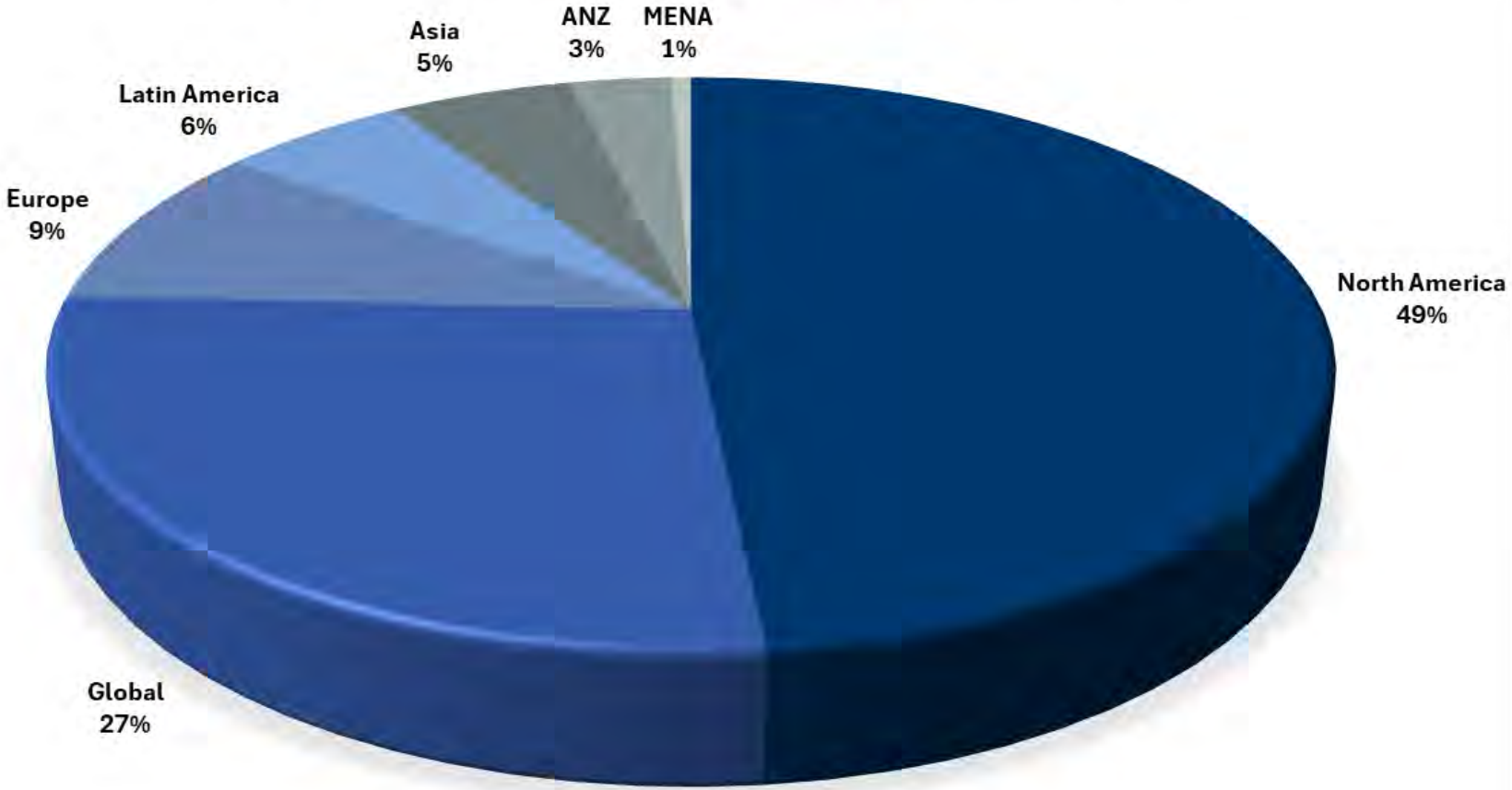


INFRASTRUCTURE

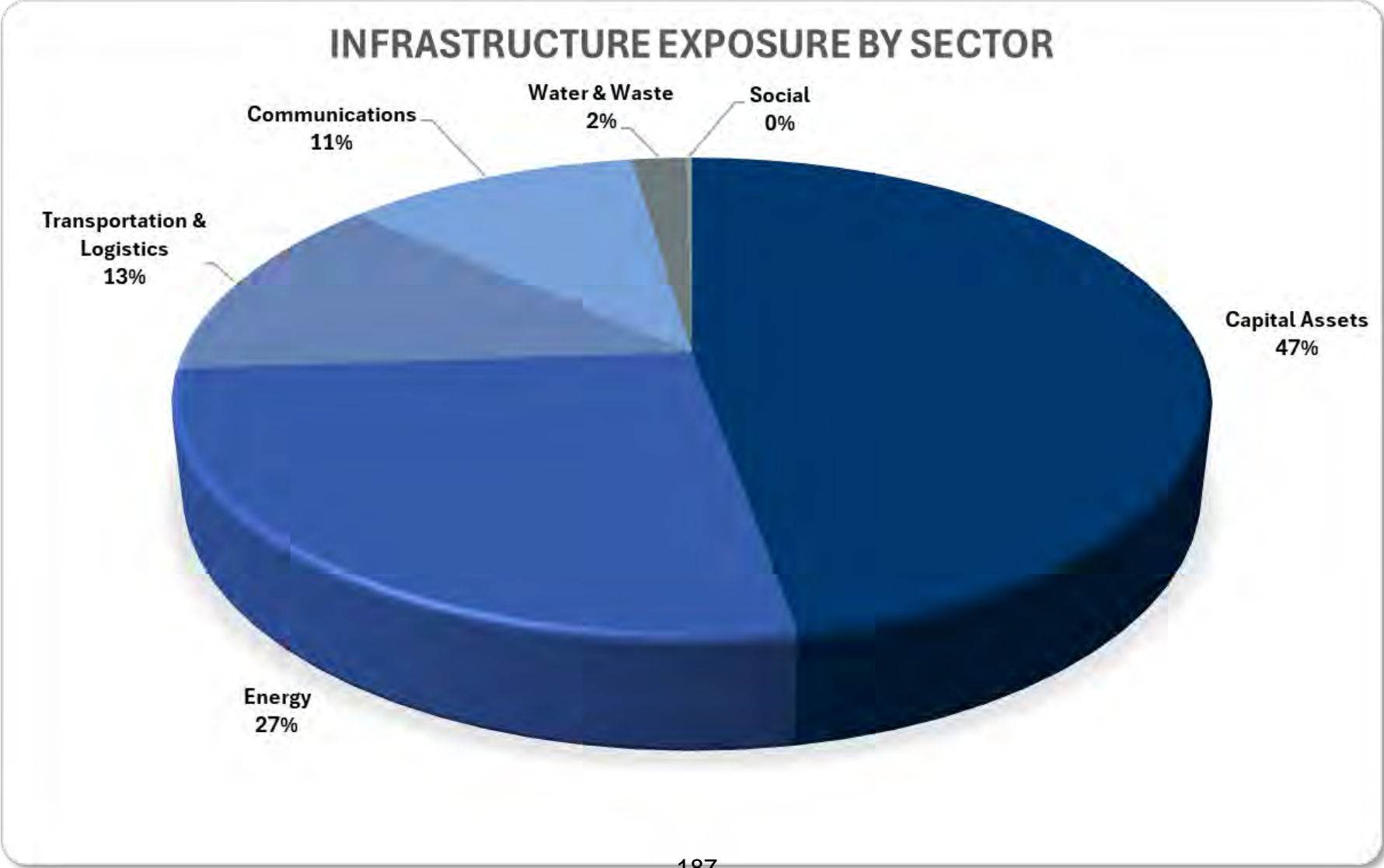


INFRASTRUCTURE

INFRASTRUCTURE STRATEGY BY GEOGRAPHY

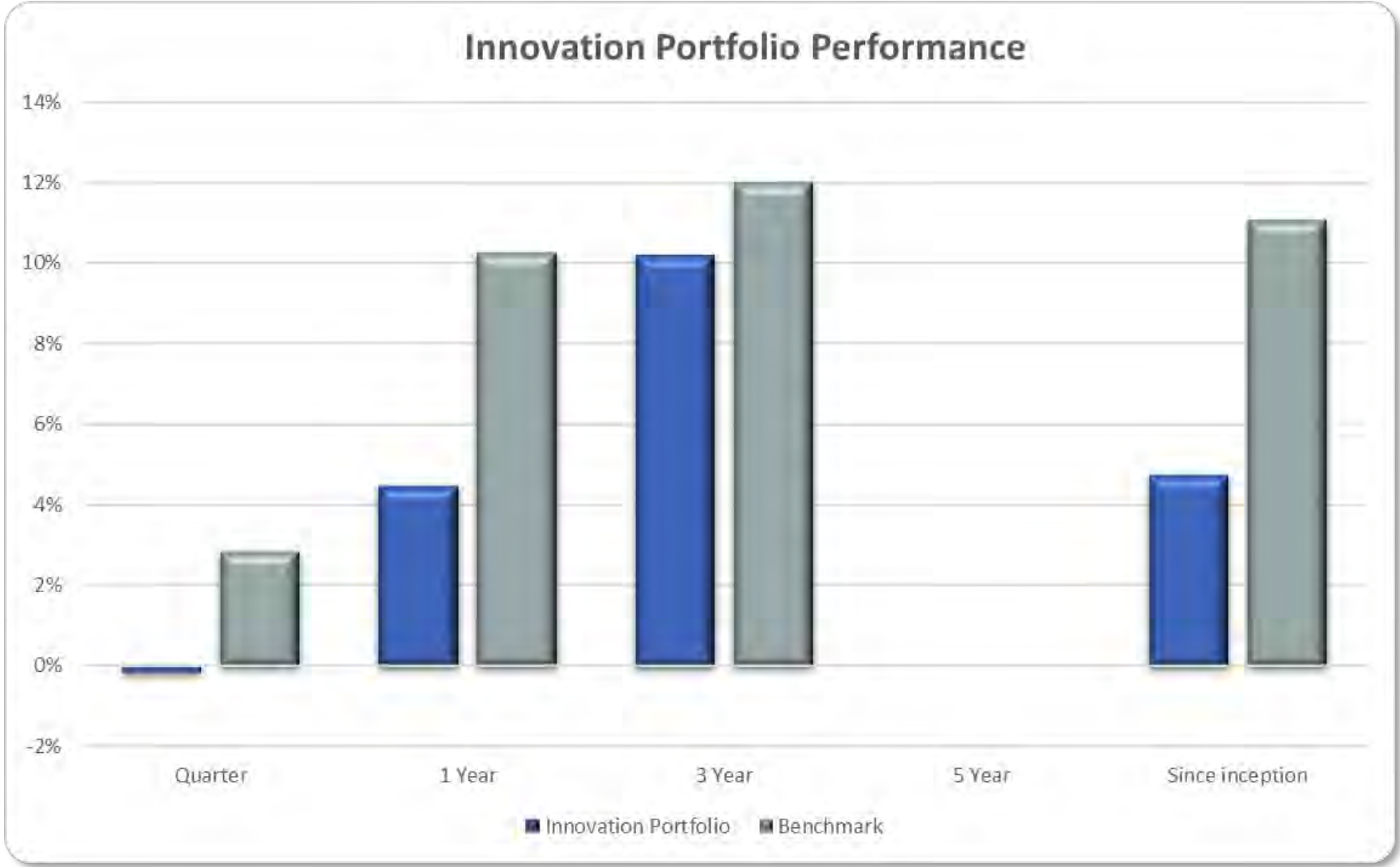


INFRASTRUCTURE



- Currently 0.1% of the FRS
- Newer strategies or strategies that do not fit elsewhere in the FRS
 - An investment should not be rejected simply because it does not fit into an existing investment category
- Current investments
 - Land bank
 - Mitigation banking
 - Spectrum

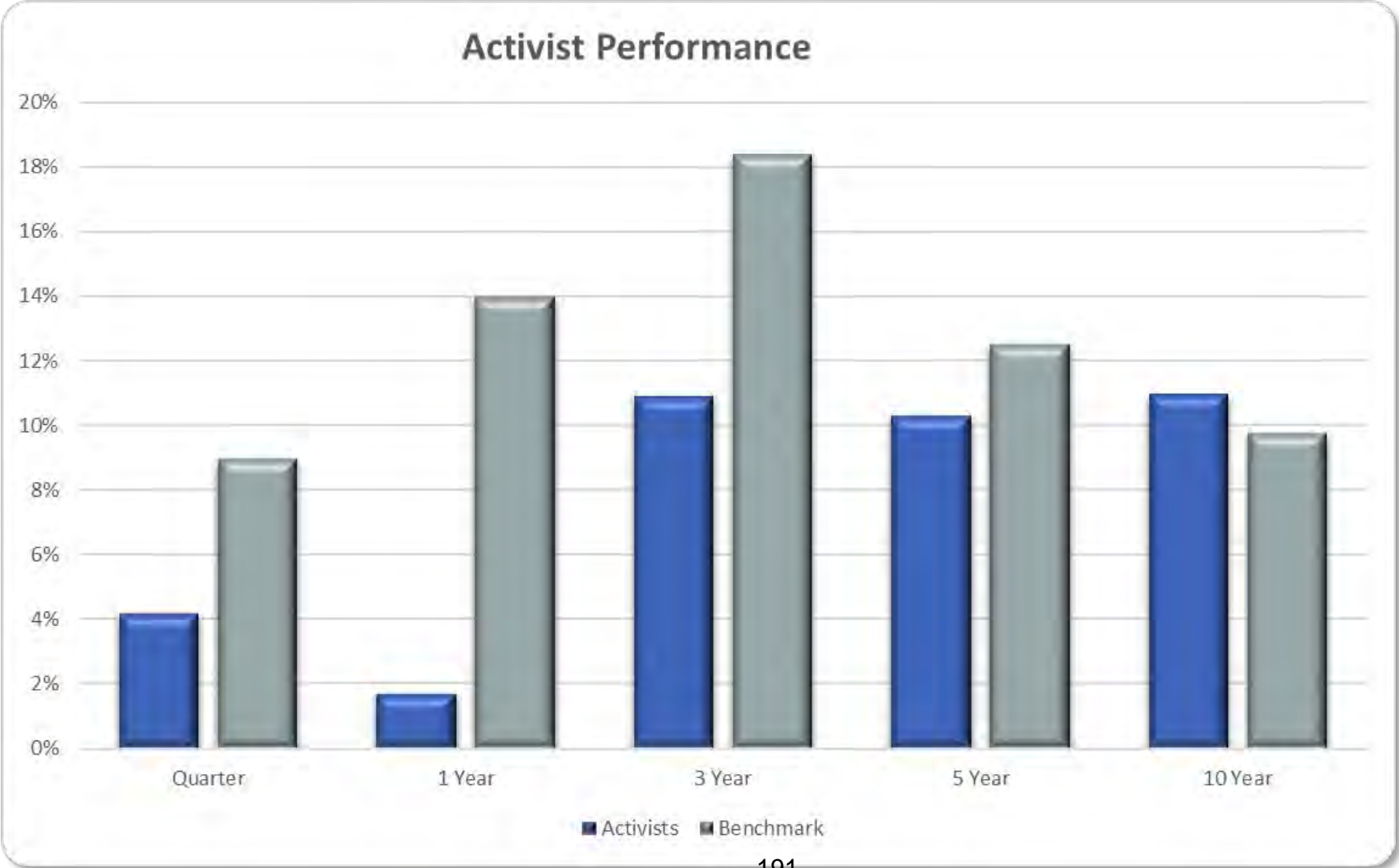
INNOVATION PORTFOLIO



ACTIVISTS

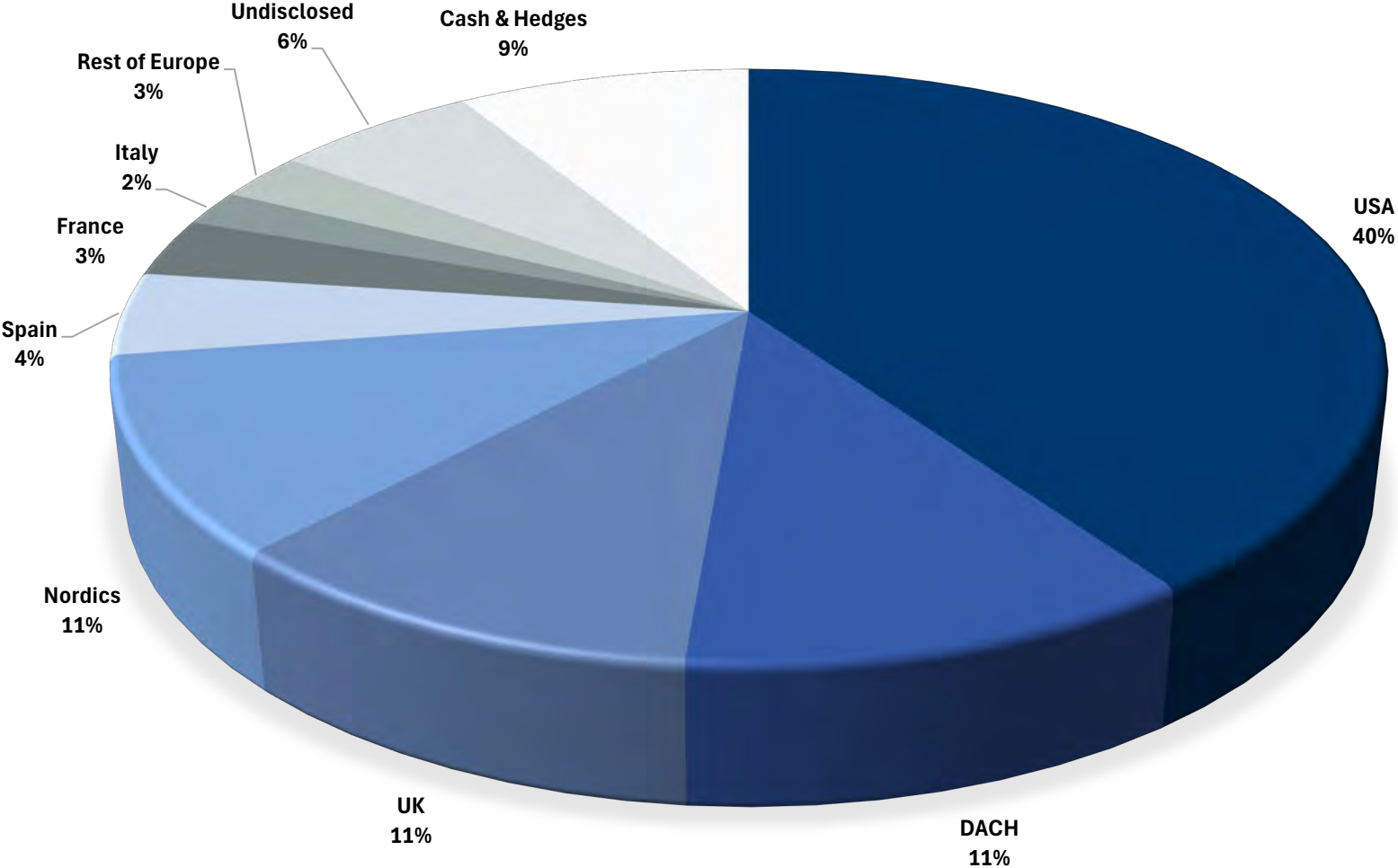
- Currently 0.8% of the FRS
- Beta-plus strategy
- Activists structured like hedge funds
 - Illiquid limited partnerships / offshore corporations
 - Highly concentrated portfolios
 - Big swings in relative performance
 - Can hold large amounts of cash
 - Some hedging
- Structure is important
 - Focus on alignment
 - Consider lock-ups

ACTIVISTS

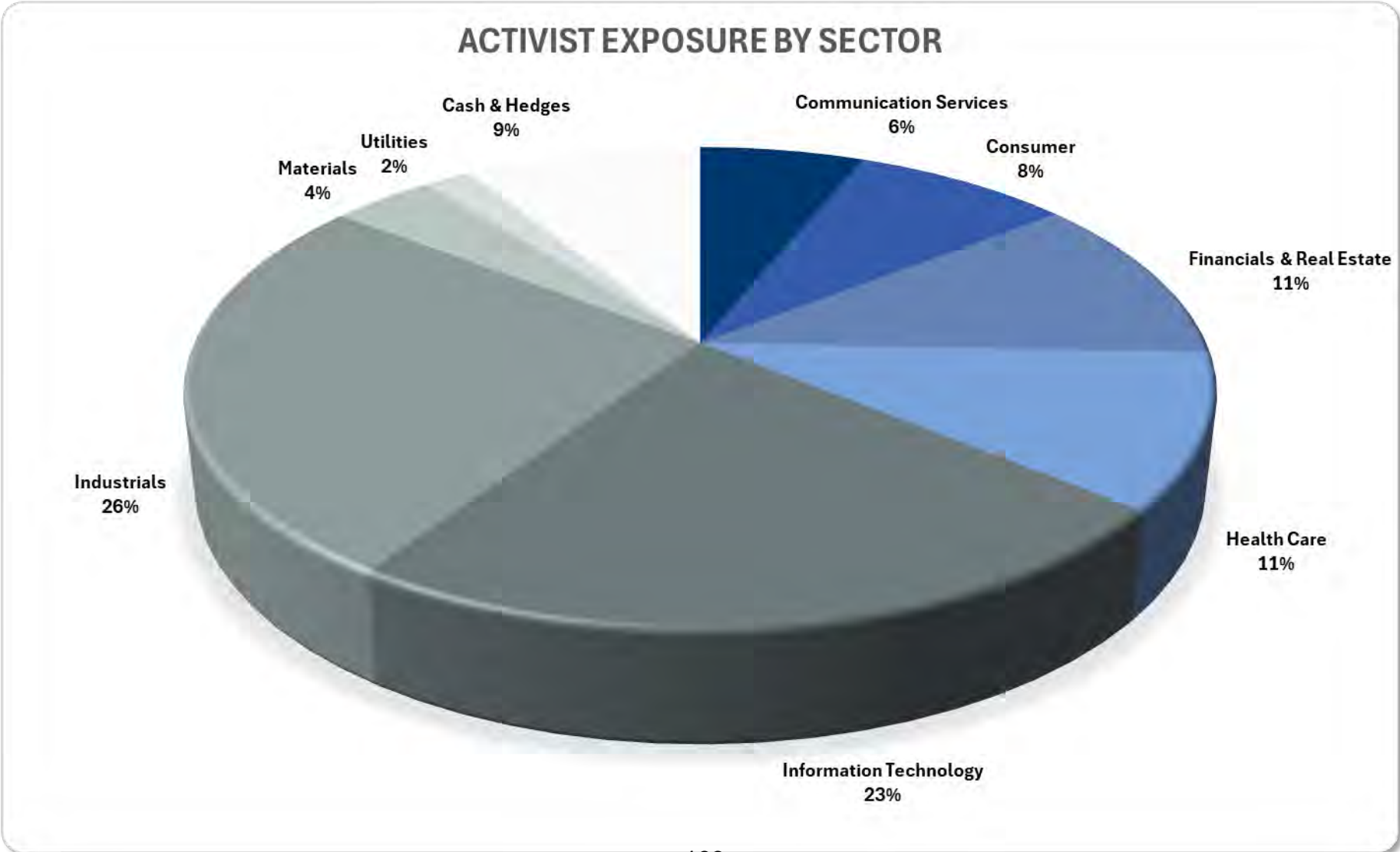


ACTIVISTS

ACTIVIST EXPOSURE BY GEOGRAPHY



ACTIVISTS



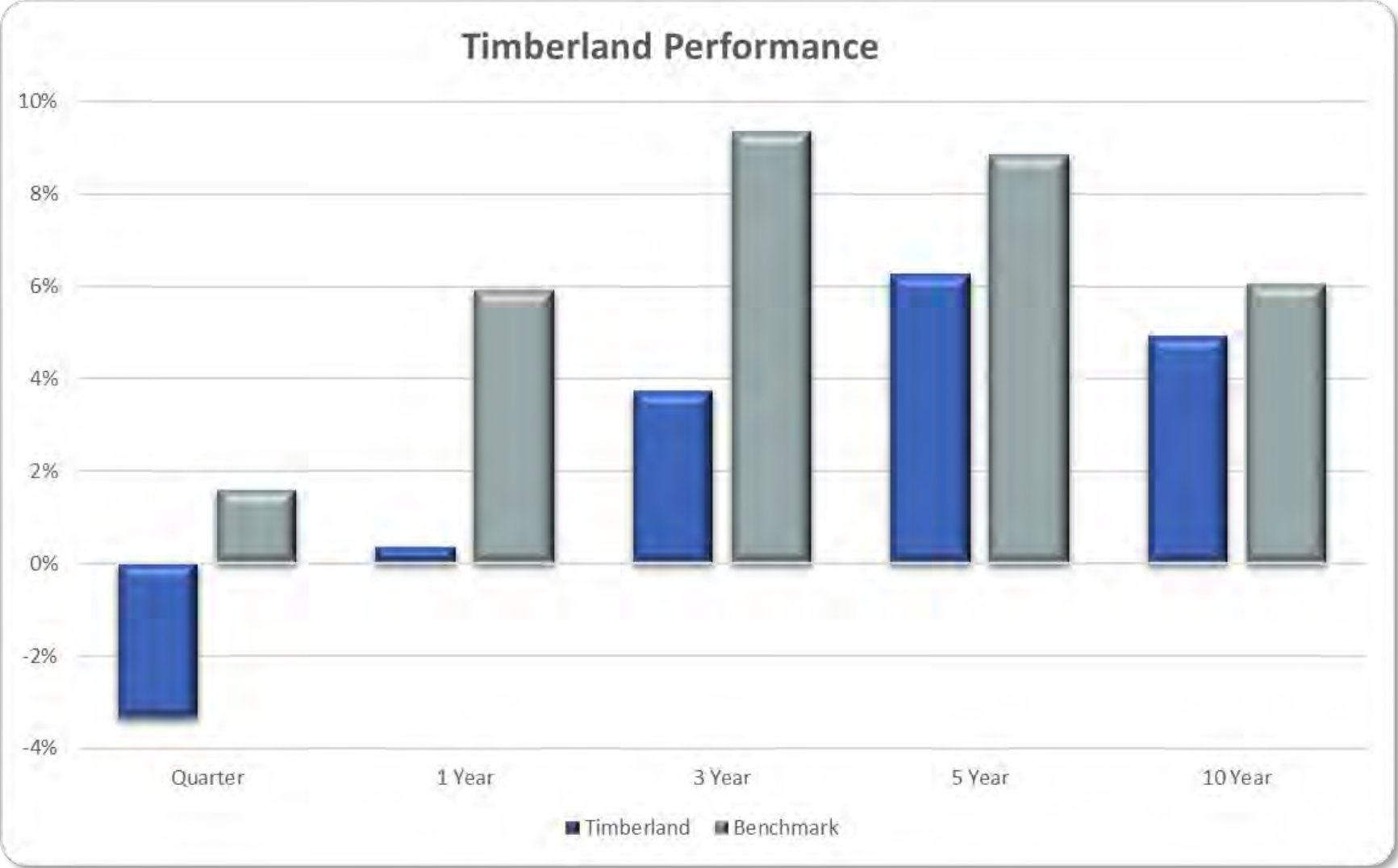
ACTIVISTS

- Reviewing US portfolio
 - Search ongoing
 - May hire one to three managers
- Expect to allocate to Japan in 2026
 - Governance reforms positive for shareholders
 - May hire one to three managers

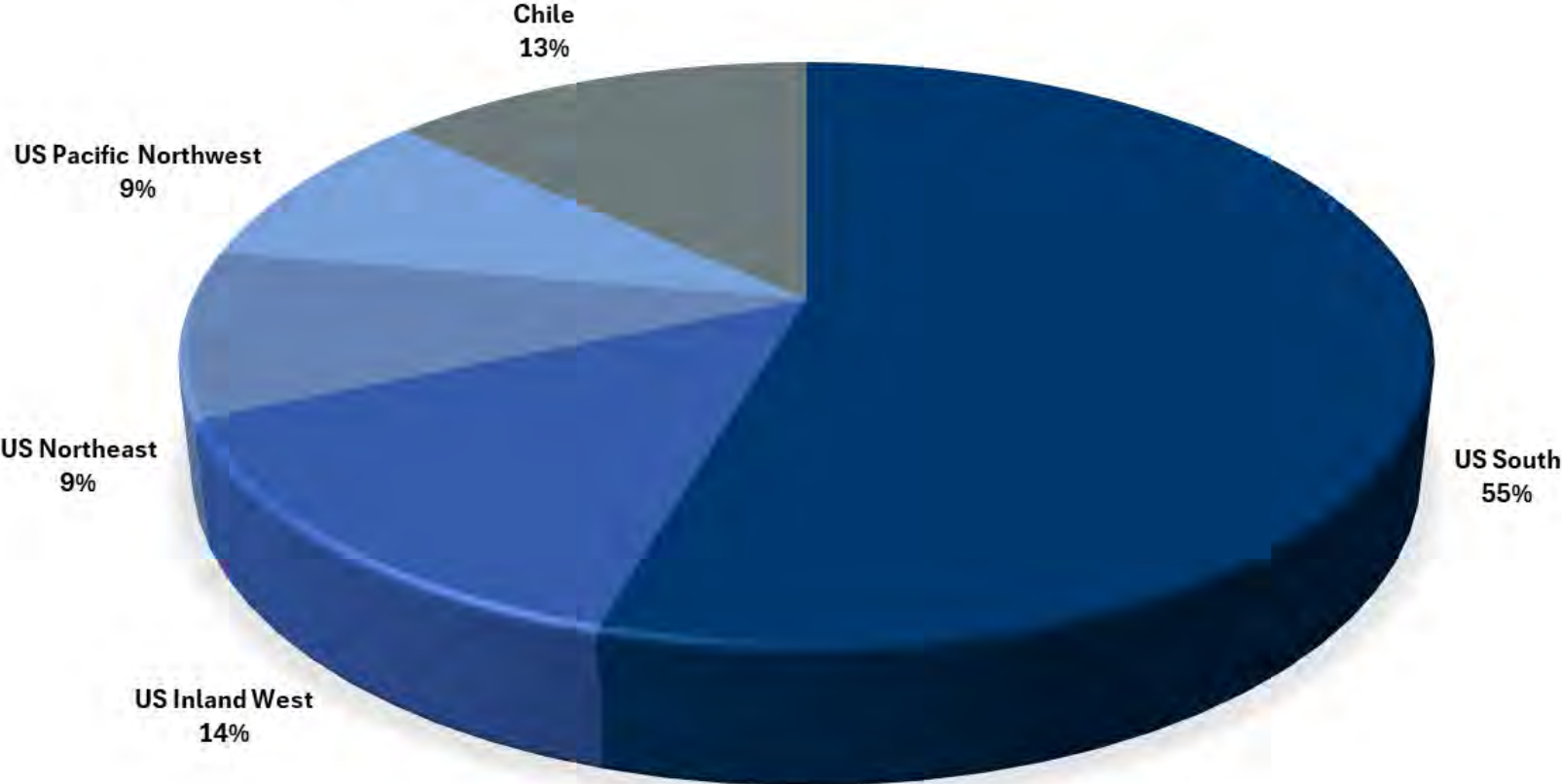
TIMBERLAND

- Currently 0.3% of the FRS
- 560,000 acres in the US and Chile
- Growth of trees drives 60% of the return
- Underperformance due to over-exposure to US South

TIMBERLAND



TIMBERLAND EXPOSURE BY GEOGRAPHY



- Opportunities to increase revenue
 - Carbon credit sales
 - Solar options
- Mill capacity in the South remains an issue
- Risks include a slowdown in home construction

LEGACY ASSETS

- Investments now domiciled in Private Equity and Real Estate
- Includes
 - The Florida Growth Fund
 - Investments in General Partner entities
 - Funds that invest across different asset classes
- Currently 0.9% of the FRS
- In run-off

LEGACY ASSETS



APPENDIX – FUND PERFORMANCE

Hedge Funds		Quarter	1 Year	3 Year	5 Year	10 Year
<u>Diversifying</u>						
	AQR Managed Futures Fund II	7.2%	15.4%	6.6%	11.1%	3.0%
	Caerus DT Fund	3.1%	5.8%	3.7%	7.0%	4.2%
	Elan Fund	-0.8%	10.4%	8.8%	8.4%	6.7%
	Garda Fixed Income Relative Value Opportunity Onshore	3.2%	9.6%	10.3%	9.0%	
	Highbridge Tactical Credit	3.1%	11.2%	9.9%	9.9%	
	Hudson Bay	3.4%	10.3%	8.2%	9.4%	
	LMCG Serenitas Credit Gamma	1.6%	4.0%			
<u>Growth</u>						
	Monashee Pure Alpha I	5.0%	5.6%	4.0%	2.8%	
	MW Eureka US	1.9%	8.8%	8.4%	9.7%	
	Sculptor Domestic Partners II, LP	3.1%	11.4%	9.7%	6.2%	7.2%
						<i>Time-Weighted Returns</i>

APPENDIX – FUND PERFORMANCE

Infrastructure		Quarter	1 Year	3 Year	5 Year	10 Year
<u>Infrastructure ex Transportation</u>						
	Actis Energy 5	4.8%	12.3%	-8.0%		
	Global Infrastructure Partners II	-9.0%	-6.5%	4.8%	11.1%	11.2%
	Global Infrastructure Partners III	1.9%	14.6%	7.6%	14.1%	
	Global Infrastructure Partners IV	1.7%	10.6%	8.6%		
	Grain Communications Opportunity II	0.3%	6.1%	6.0%	13.2%	
	Grain Communication Opport III	1.8%	-1.6%	-1.2%		
	Hull Street Energy Partners II	11.1%	18.5%	21.2%		
	Hull Street Energy Partners III	20.5%				
	IFM Global Infrastructure (US)	1.9%	10.1%	8.7%	10.4%	11.1%
	ISQ Growth Markets Infrastructure UST	2.9%	12.5%	23.7%		
<u>Transportation</u>						
	Carlyle Aviation Leasing	8.0%	14.5%	14.8%		
	Castlelake Aviation II	3.8%	-22.2%	79.8%	65.6%	36.1%
	Castlelake III Aviation Stable Yield	10.3%	21.8%	9.7%	8.0%	
	Falko Regional Aircraft Opportunities II	-0.2%	9.4%	8.7%	12.0%	
	Global Transport Income Fund	2.4%	10.3%	10.1%		
	ITE Rail	2.1%	10.4%	10.2%	10.3%	
	Red Hills Rail I	2.6%	11.7%			
	SASOF III	37.6%	197.8%	32.3%	8.8%	12.7%
	SASOF IV	9.2%	72.6%	25.4%	3.7%	
	SASOF V	12.8%	38.1%	19.5%		
						<i>Time-Weighted Returns</i>

APPENDIX – FUND PERFORMANCE

Insurance		Quarter	1 Year	3 Year	5 Year	10 Year
	Aeolus Property Catastrophe Keystone PF Fund	15.6%	16.9%	25.8%	8.4%	
	Arachne SAC Holdings Segregated Account C	8.6%	11.5%			
	Juniperus Insurance Opportunity Limited	4.6%	8.7%	12.6%	5.6%	
	Miravast ILS Credit Opportunities Fund I	2.0%	8.5%	12.2%	11.4%	
	Miravast ILS Credit Opportunities II	3.3%	13.4%	10.9%		
	Rubik Holdings	35.7%	23.2%	14.3%	5.6%	
	Tintoretto Partners	5.9%	14.5%	12.6%	8.3%	
						<i>Time-Weighted Returns</i>

APPENDIX – FUND PERFORMANCE

		Quarter	1 Year	3 Year	5 Year	10 Year
Opportunistic						
<u>Activists</u>						
	Cevian Capital II	8.3%	18.6%	22.5%	19.3%	12.8%
	EQMC Europe Development Capital	2.4%	16.5%	18.2%		
	Mill Road Capital III	6.7%	-9.6%	-1.2%	6.8%	
	P2 Capital Fund	3.0%	-17.4%	-1.1%	5.8%	6.7%
	Starboard Value and Opportunity Fund	1.5%	1.0%	12.2%	9.5%	10.9%
<u>Innovation Portfolio</u>						
	Grain Spectrum Holdings III	0.0%	3.3%	14.6%		
	Kennedy Lewis Residential Property Income	-0.3%	8.3%			
<u>Timberland</u>						
	Boston Timber Opportunities	-0.5%	6.3%	5.0%	6.2%	4.7%
	Jackson Timberland Opportunities	-7.5%	-7.7%	1.9%	6.5%	5.2%
<u>Legacy Assets</u>						
<u>Private Equity</u>						
	Centerbridge Capital Partners III	-4.8%	-14.7%	-3.5%	6.6%	11.6%
	Centerbridge Capital Partners IV	1.9%	0.0%	11.9%		
	Florida Growth Fund	-6.4%	-8.3%	-6.0%	-0.6%	5.7%
	Florida Growth Fund II Tranche I	-1.4%	-1.4%	4.1%	12.9%	9.4%
	FLORIDA GROWTH FUND TRANCHE II	-4.6%	-11.5%	-1.4%	7.6%	8.4%
	Florida Growth II Tranche II	0.9%	15.1%	12.8%	19.0%	
	Florida Sunshine State	2.9%	5.0%	6.0%	13.7%	
	Florida Sunshine State II	2.6%	13.6%			
	GI Partners Fund IV	-0.6%	-6.4%	5.3%	6.7%	14.0%
	Levin Leichtman Capital Partners IV	-34.6%	-45.8%	-16.6%	-11.4%	-7.2%
	Levine Leichtman Capital Partners V	-2.2%	-3.4%	12.9%	26.4%	19.0%
	Levine Leichtman Capital Partners VI	-0.6%	5.6%	14.5%	17.8%	
	Levine Leichtman Lower Middle Market Fund	5.2%	23.2%	17.1%		
	Lexington GP Holdings	8.0%	9.9%	5.3%	59.6%	36.3%
	Providence Equity Global Group	10.1%	10.1%	2.0%	10.6%	6.3%
<u>Real Estate</u>						
	Tricon Housing Partners US	0.2%	0.1%	-9.4%	-1.5%	-0.3%
	Tricon Housing Partners US II	8.6%	-9.2%	-0.4%	18.6%	0.0%
	TriGate Property Partners II	7.0%	21.0%	-6.6%	2.2%	7.7%
	TriGate Property Partners III	1.6%	34.4%	2.1%	11.0%	
	TriGate Property Partners IV	9.6%	23.5%	14.1%		

Time-Weighted Returns

Q&A

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Thank You

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December 2025

Florida SBA Strategic Investment Portfolio Discussion





Hedge Funds

Markets Snapshot



- Global equities have rebounded in the second half of 2025, led by strong gains in Korea and Japan, while US tech and small-cap stocks have outperformed. European markets have lagged, weighed down by political and fiscal concerns.
- A US-China trade agreement in October reduced tariffs and improved sentiment across risk assets, though ongoing trade policy shifts and new tariffs on sectors like pharmaceuticals and autos continue to impact volatility.
- The Federal Reserve cut rates in September and October, citing persistent inflation and labor market uncertainty. US Treasury yields have generally declined, while the dollar has weakened after a volatile summer.
- Gold and other precious metals have rallied year-to-date, supported by a softer dollar and higher geopolitical events.
- Credit markets have remained resilient, with investment grade high yield indices recovering from earlier volatility. Emerging market bonds have benefitted from a weaker dollar and renewed risk appetite.

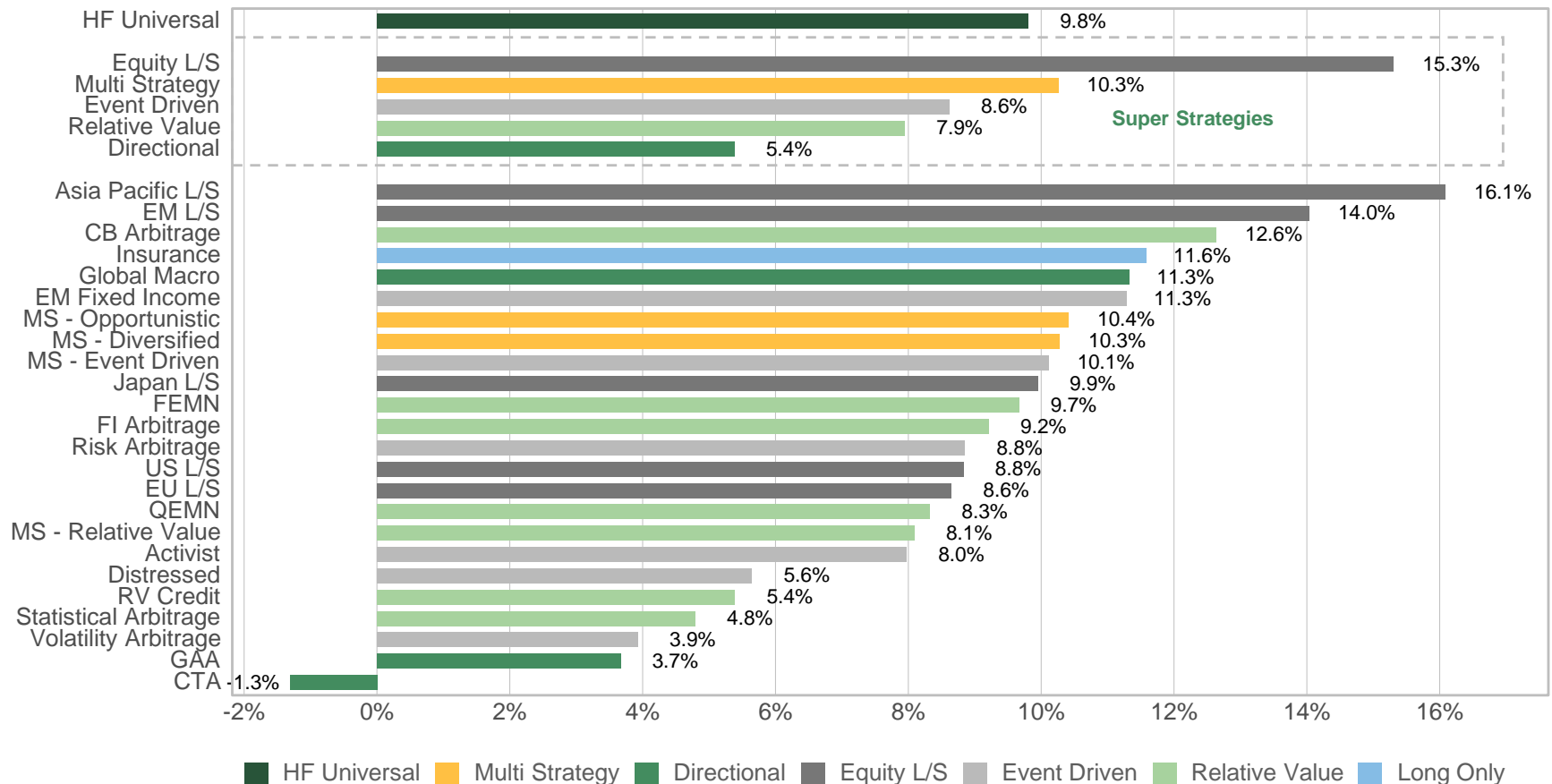
	Oct-25	Index	Oct-25	QTD	YTD	
Equity		S&P 500 TR	2.3%	2.3%	14.9%	
		Dow Jones TR	2.5%	2.5%	11.8%	
		Nasdaq TR	4.5%	4.5%	19.0%	
		MSCI World TR	2.0%	2.0%	16.8%	
		Eurostoxx 50 TR	2.5%	2.5%	16.0%	
		FTSE 100 TR	3.9%	3.9%	18.4%	
		Nikkei TR	14.3%	14.3%	25.2%	
		Hang Seng TR	-3.6%	-3.6%	25.0%	
		CSI 300 TR	0.2%	0.2%	17.3%	
Credit		USD HY	0.2%	0.2%	6.8%	
		USD CCC HY	-0.4%	-0.4%	6.2%	
		US Corporate	0.4%	0.4%	6.9%	
		JPM EMBI Global TR	2.2%	2.2%	11.1%	
		CS Leveraged Loan	0.3%	0.3%	4.8%	
FX		USD Index	2.0%	2.0%	-8.7%	
CMTDY		CRB Index	0.6%	0.6%	1.9%	
		BBG WTI Crude Oil TR	-1.4%	-1.4%	-3.8%	
		BBG Brent Crude Oil TR	-1.0%	-1.0%	-2.1%	
VIX		BBG Gold TR	3.4%	3.4%	33.3%	
		Chicago Board Options Exchange SPX Volatility	6.7%	6.7%	0.5%	
		Bond	MTD	QTD	YTD	Yield
Bonds (bps)		US (2yr)	-3.47	-3.47	-66.80	3.6%
		US (10yr)	-7.28	-7.28	-49.15	4.1%
		UK (10yr)	-29.00	-29.00	-15.70	4.4%
		Germany (10yr)	-7.80	-7.80	26.80	2.6%
		Italy (10yr)	-15.00	-15.00	-13.80	3.4%
		Japan (10yr)	2.20	2.20	57.80	1.7%

Albourne Equal Weighted HF Indices – YTD Returns



On a YTD basis, CTA is the bottom performing strategy at -1.3% while Asia Pacific L/S is at the top at +16.1%

HedgeRS EW Performance - YTD as of October 2025



Source: Albourne HedgeRS EW
Based on fund returns received as of 07 November 2025. Past performance is not indicative of future results

Portfolio Performance

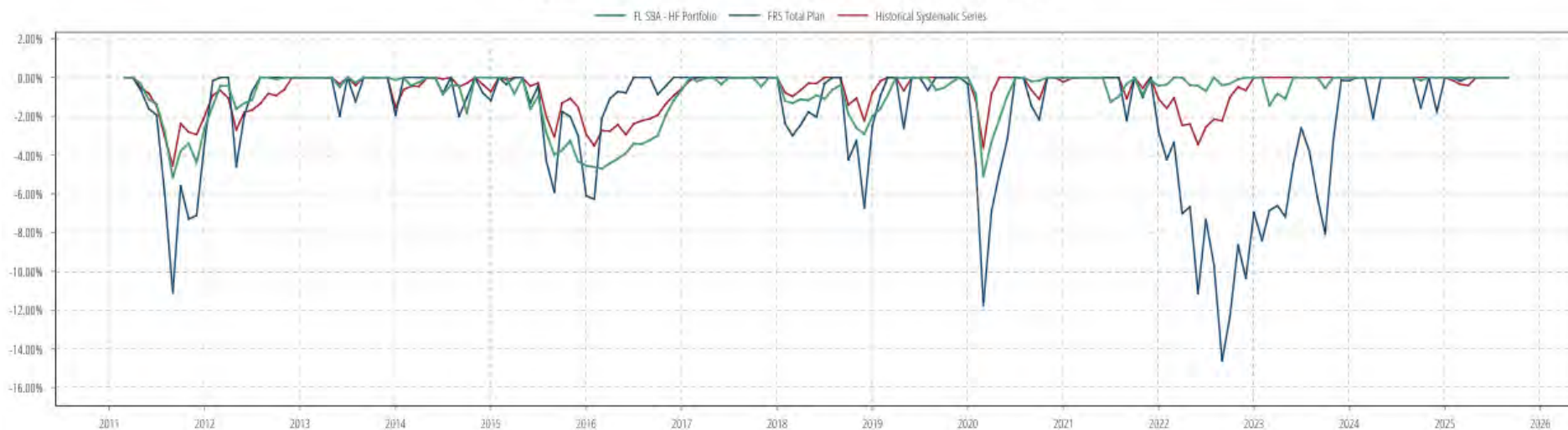


Portfolio Performance

	Year to Date	1 Year	3 Years	5 Years	Since Inception
FL SBA - HF Portfolio	6.59%	9.20%	7.11%	6.82%	4.79%
FRS Total Plan ¹	13.13%	12.07%	13.14%	9.79%	8.43%
SOFR + 3% ²	5.68%	7.75%	8.13%	6.24%	4.72%
HFRI FoF Composite ³	7.11%	9.33%	8.05%	6.15%	3.79%
MSCI ACWI IMI Gross ⁴	18.68%	17.32%	23.07%	13.83%	9.97%
ICE BofAML US HY Bonds ⁵	7.06%	7.23%	10.97%	5.53%	5.74%
Total Fund ex SI ⁶	11.69%	10.43%	13.03%	9.41%	8.36%

¹Tactical Benchmark ²Strategic Benchmark ³Index 1 ⁴Index 2 ⁵Index 3 ⁶Index 4

Drawdown of FRS Total Plan and Historical Systematic Series

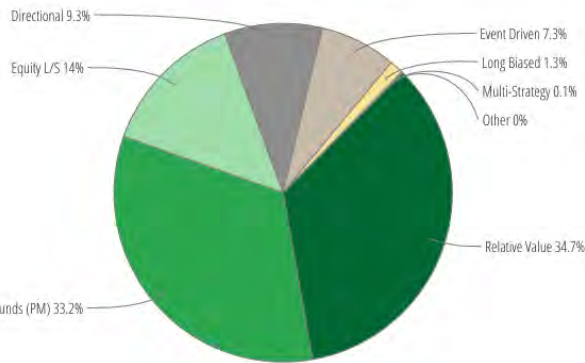


- Florida SBA Hedge Fund portfolio performance has been relatively in line with the HFRI FoF Composite index over the near and medium term, but has outpaced the benchmark by approximately 100 basis points since inception.
- The Florida SBA Hedge Fund portfolio has exhibited shallower drawdowns historically versus both the FRS Total Plan, and a basket of its underlying factor exposures (“Historical Systemic Series”).

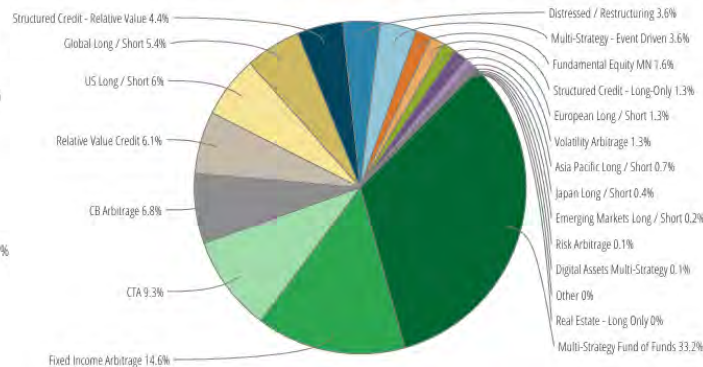
Portfolio Strategy and Regional Exposure



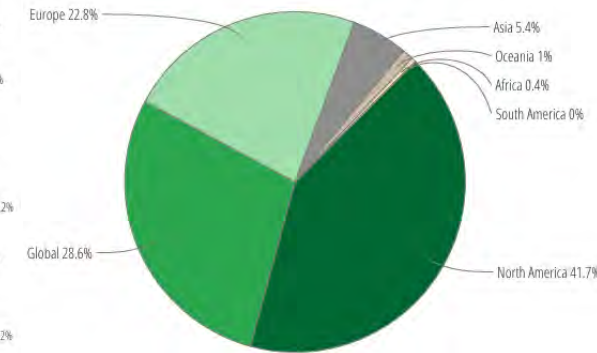
Albourne Legacy Strategy



Albourne Legacy Strategy - Sub Strategy



Regional Allocation

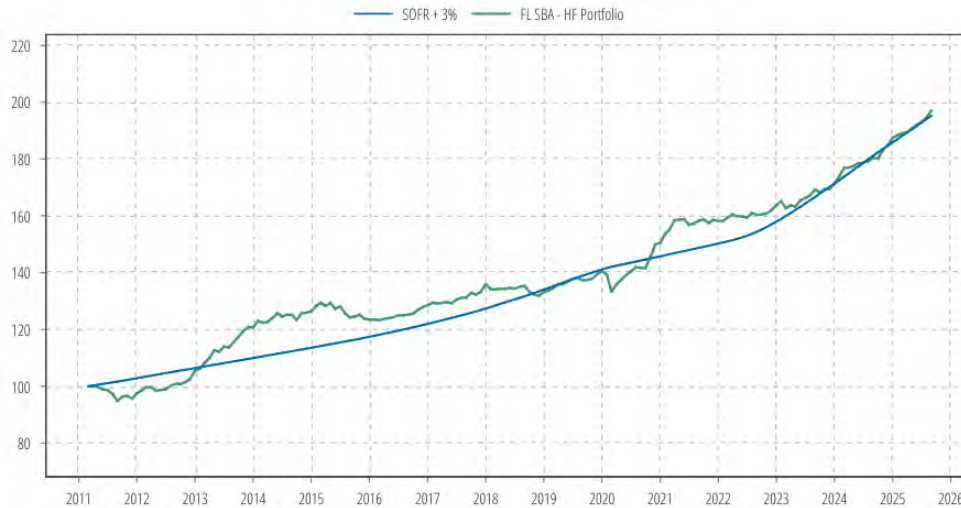


- Portfolio strategy and regional exposure is an aggregation of bottom-up, fund level exposure.
- Consistent with the program's mandate, the portfolio's underlying strategy exposure is skewed towards more defensive hedge fund strategies such as Relative Value and Fund of Funds.
- Given the nature of the mandate (absolute return mandate with limited correlation to public equities), Albourne would expect lower allocations to the more beta sensitive strategies such as Directional, Equity Long/Short, and Event Driven.
- Regional allocation is tilted towards developed markets (approx. 98%).

Portfolio Performance vs Strategic Target



VAMI of FL SBA - HF Portfolio and SOFR + 3%



Cumulative Portfolio Outperformance vs SOFR + 3%



- The portfolio has approximately tracked the performance of the strategic objective (Secured Overnight Financing Rate (SOFR) + 3%) over the portfolio's full performance history, with occasional periods of over and underperformance.
- Over the recent time horizon, the portfolio has more closely tracked the performance of the strategic objective (Secured Overnight Financing Rate (SOFR) + 3%), indicative of the recent changes made to the portfolio. The recent portfolio changes reflect a shift to an absolute return mandate with limited correlation to public equities.

Rolling Beta and Correlation to Equities



Rolling Beta of FL SBA - HF Portfolio vs MSCI ACWI IMI Gross



Rolling Correlation of Current Systematic Series vs MSCI ACWI IMI Gross



- While the rolling twelve-month beta to equities (proxied by the MSCI ACWI IMI Index) has vacillated from near zero to a beta of 0.4, long term beta has remained fairly consistent, and has trended slightly lower over recent time periods.
- The rolling twelve month correlation to equities (proxied by the MSCI ACWI IMI Index), has also varied throughout the portfolio's history, though recent time periods have demonstrated correlation to equities rising above the 0.5 portfolio level constraint.

4Q 2025 Macro Update & Outlook



High equity valuations and heightened uncertainty underpin current case for hedge funds

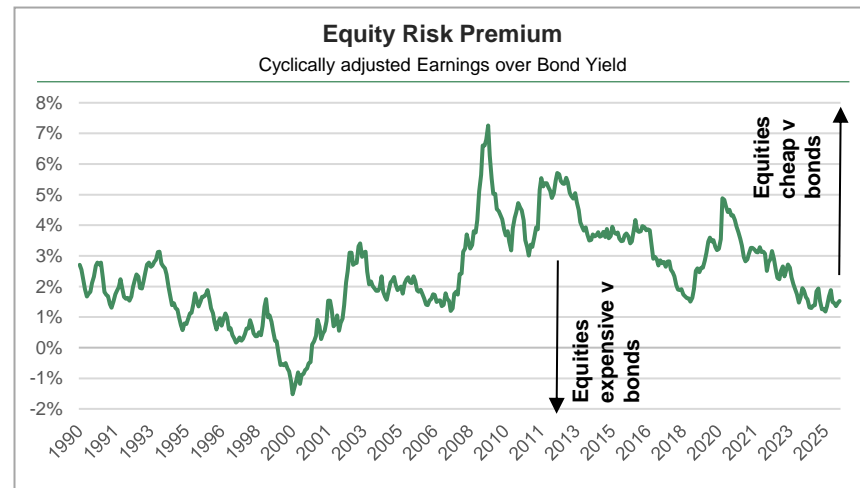
- **Equity risk premium is historically tight**, with equity valuations near post-Covid highs and bond yields rising due to fiscal concerns, mirroring pre-GFC conditions and limiting bonds' effectiveness as diversifiers.
- **Macroeconomic uncertainty and limited natural hedges**, including sticky inflation, labor market concerns, and dollar weakness, further constrain traditional risk mitigation strategies in equity markets.

Fed loosens policy but the risk of a misstep is increasing

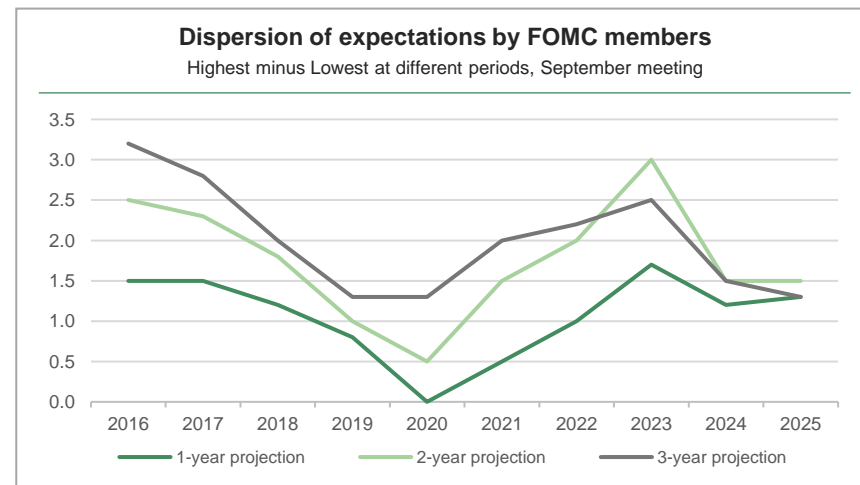
- **Short-term policy expectations are highly fragmented**, with one FOMC member forecasting five rate cuts by year-end while another anticipates a hike, highlighting significant uncertainty in the near-term economic outlook.
- **Longer-term projections show more consensus**, with the Fed collectively penciling in two rate cuts in 2025 and modest reductions by 2026–2027, though the current 1-year range of views is unusually wide compared to historical norms.

Albourne's Economic Scenarios

- This is the second Quarterly Strategy Forecast since 'Liberation Day' and the announcement of trade tariffs. In April, we noted that these events meant that the next move in interest rates by the Fed might not be due primarily to lower inflation, but to weaker economic growth. With markets having absorbed the tariff news, and the outcome arguably less significant than feared, we think the balance of risks has become somewhat more normal. We have therefore shifted to a 40/33/27 Negative/Central/Positive likelihood weight split.



Source: Robert Shiller, data as of August 2025.



Source: FOMC and Albourne

For more details, please refer to the [4Q 2025 - Quarterly Strategy Forecast](#).

4Q 2025 Hedge Fund Strategy Forecast



Key Points

- Investors are navigating a policy-driven environment shaped by persistent macro uncertainty, sticky inflation, and the interplay of monetary and fiscal forces. **Traditional diversification remains challenged**, supporting allocations to alpha-driven strategies, particularly macro and relative value hedge fund managers.
- Although equity markets have shown resilience, **macroeconomic risks are elevated**. Bond yields have risen on fiscal expansion and term premium, while the dollar has weakened and inflationary pressures persist due to tariffs, reduced immigration, and ongoing fiscal stimulus. The Fed's recent rate cut marks a shift from inflation control to growth support, but labor market momentum has faded, and policy uncertainty is high.
- Key themes across Albourne Analysts include **concerns around crowding and capacity constraints, which are increasingly influencing risk allocation and manager selection**. In Equity Long/Short, alpha opportunities remain robust in Europe, Japan, and Asia, with managers capitalizing on sector dispersion and corporate activity. Equally, Macro managers are well-positioned to respond to policy-driven volatility and tactical opportunities.
- Considering the current backdrop, **the probability of a further market sell-off (Negative Case) has been reduced to 40%, with Central and Positive Cases at 33% and 27%**, respectively. This reflects a normalization of risks as markets have absorbed tariff news and policy developments.

Quartile	Rank	Change	Strategy	Super-Strategy	4Q 2025 Forecast			
					Weighted Average	Negative	Central	Positive
					100%	40.00%	33.00%	27.00%
1	1	0↔	Global Macro	Directional	7.90%	8.60%	6.60%	8.50%
	2	0↔	Emerging Markets Macro	Directional	6.90%	2.80%	7.10%	12.80%
	3	3↑	European Long / Short	Equity Long Short	5.70%	-1.00%	6.80%	14.40%
	4	-1↓	CTA	Directional	5.50%	6.80%	2.90%	6.80%
	5	0↔	Fixed Income Arbitrage	Relative Value	5.50%	4.00%	6.00%	7.00%
2	6	8↑	Asia Pacific Long / Short	Equity Long Short	5.40%	-3.00%	7.50%	15.40%
	7	-3↓	Statistical Arbitrage	Relative Value	5.40%	4.20%	7.10%	5.20%
	8	-1↓	Quantitative Equity MN	Relative Value	5.20%	2.90%	7.10%	6.10%
	9	-1↓	Fundamental Equity MN	Relative Value	5.10%	2.30%	6.00%	8.10%
	10	1↑	Japan Long / Short	Equity Long Short	5.10%	-2.00%	6.70%	13.60%
3	11	2↑	US Long / Short	Equity Long Short	5.10%	-2.80%	6.90%	14.50%
	12	-3↓	Volatility Arbitrage	Relative Value	4.50%	4.30%	4.60%	4.60%
	13	-3↓	Risk Arbitrage	Event Driven	4.50%	0.50%	6.40%	8.00%
	14	2↑	Activist	Event Driven	4.40%	-8.00%	7.10%	19.50%
	15	-3↓	Global Asset Allocation	Directional	3.90%	4.40%	2.70%	4.50%
4	16	1↑	Structured Credit - Relative Value	Relative Value	3.80%	-5.80%	8.90%	11.70%
	17	-2↓	CB Arbitrage	Relative Value	3.70%	-3.90%	7.40%	10.60%
	18	0↔	Relative Value Credit	Relative Value	3.30%	-2.60%	6.60%	8.00%
	19	1↑	Distressed / Restructuring	Event Driven	3.00%	-7.00%	7.60%	12.30%
	20	-1↓	Emerging Markets Fixed Income	Event Driven	2.50%	-5.00%	6.00%	9.50%

Model Portfolios

Model Portfolio adjustments reflect a measured response to market recovery and fiscal policy shifts, including modest reductions in CTA and fixed income arbitrage allocations. Fundamental macro remains overweight, coupled with a tilt toward relative value equity strategies and increased support for long/short equity from an alpha perspective in the Aggressive portfolio.

For more details, please refer to the [4Q 2025 - Quarterly Strategy Forecast](#).



Infrastructure

Infrastructure Trends



- ▶ **Geopolitical factors create uncertainty, affecting supply chains, pricing, and capital availability**
- ▶ **Fundraising activities have declined, with recovery potential slowed by the current economic environment**
- ▶ **GPs are focused on DPI, but market volatility may delay distributions, impacting LP's ability to recycle into new opportunities**

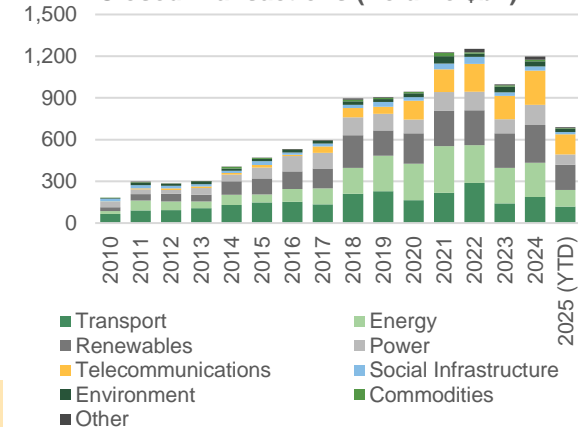
Deal Activity

- **Deal Flow:** Although there was initial optimism about deal flow in 2025, uncertainty around global trade and increased inflation lead to a cautious outlook for future transactions amidst the evolving global scenario.
- **Market Softening Dampens Outlook:** We are in a period of heightened political uncertainty. Investor sentiment on the economy could cause a drag on the economy, which may temper the desire to transact. This uncertainty presents potential challenges for market stability. GPs will continue to use alternative paths to liquidity such as CVs.
- **Heightened Competition:** The definition of infrastructure continues to expand. Investors should approach these strategies with caution, as many of these strategies are not cycle-tested.

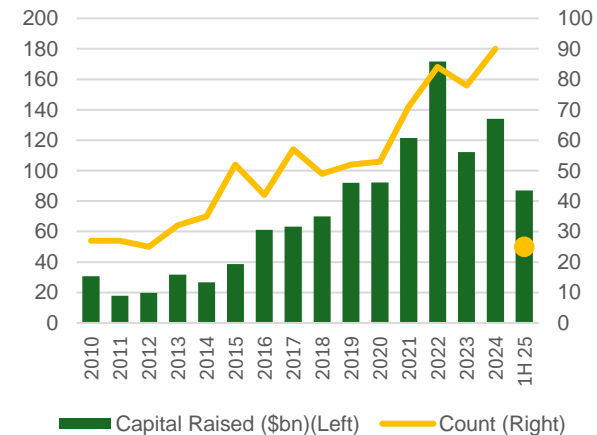
Pricing

- **Varied Valuations:** Valuations appear to vary by sector with some sectors seeing tighter bid-ask spreads while other sectors seeing wider spreads and less interest. Tariffs may affect this trend. In digital infrastructure, fiber-to-the-home pricing appears reasonable, while data center multiples remain high.
- **Heightened Valuation Coupled with High Borrowing Costs:** This situation places a larger focus on GPs' value creation plans. Effective value creation strategies are crucial to navigate the challenging financial landscape.
- **Decline in Fundraising:** As fundraising activity continues to decline off the peak level of 2022, Albourne anticipates smaller targets and fewer new LP relationships. Lack of distributions continues to negatively impact new commitments.
- **Gap in Middle-Market Fundraising:** With less competition for deals and more dry powder in the upper market, Albourne notes a preference for the middle market, where stronger alpha may be possible. There are attractive opportunities and potential for higher returns in the middle market, driven by less crowded investment spaces and the ability to capitalize on a niche set.

Closed Transactions (Volume \$bn)



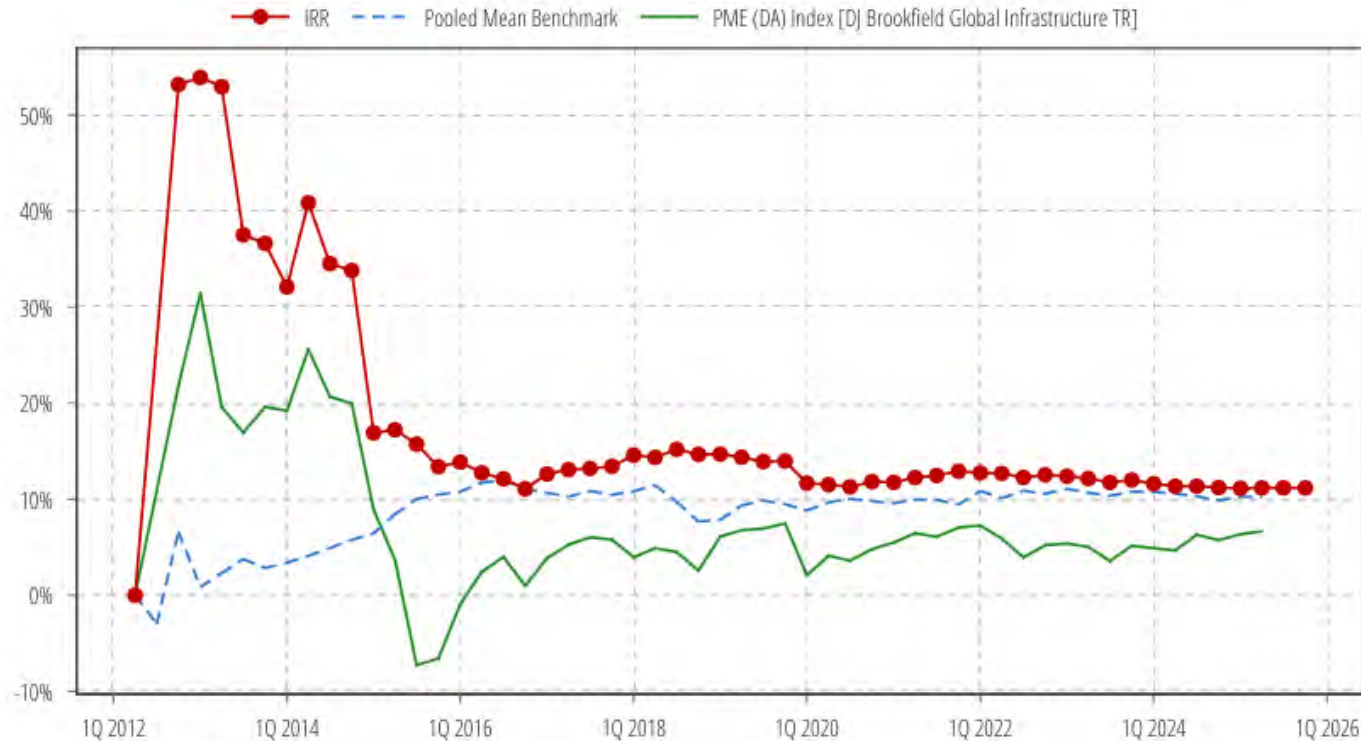
Infrastructure Fundraising Activity



SBA Benchmarked Performance Since Inception



Benchmarked Performance (Since Inception) - including terminated funds



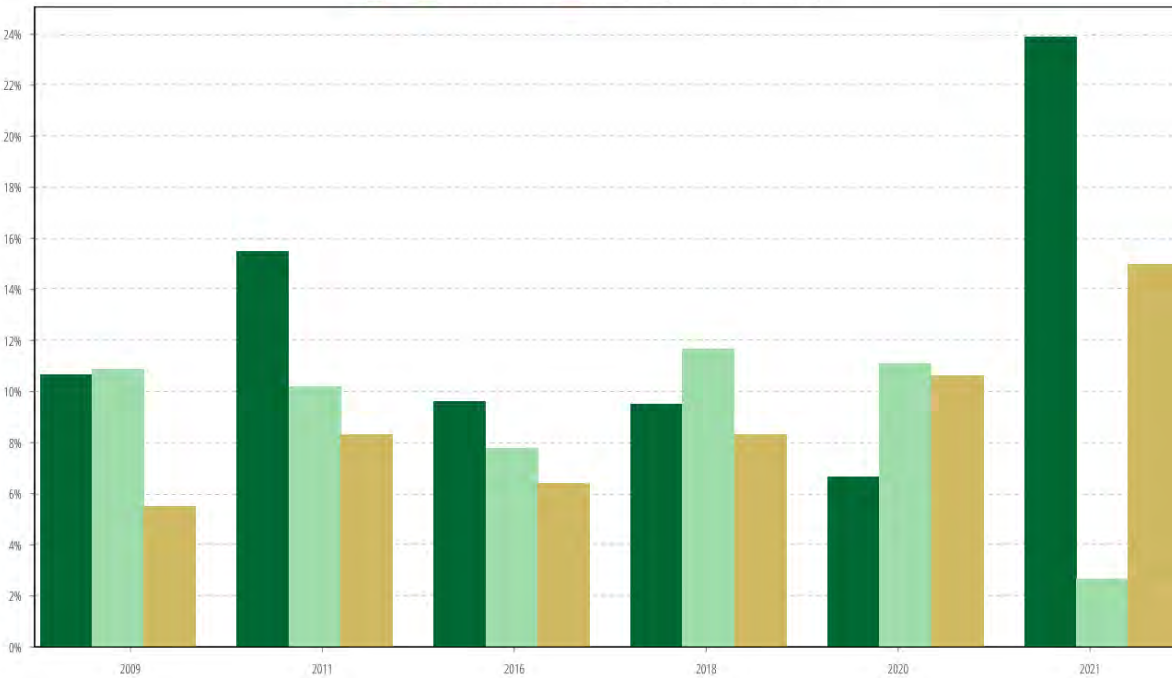
- Performance through Q2 2025 is tracking ahead of both its public markets equivalent (“PME”), and marginally ahead of its pooled mean benchmark.
- *The pooled mean benchmark is constructed through the aggregation of each commitment-weighted benchmark time series for each investment in the portfolio.*
- *The Public Market Equivalent (PME) represents the IRR that would have been achieved if the individual cash flows for the portfolio had been invested in a specific public index.*

Performance By Vintage Year



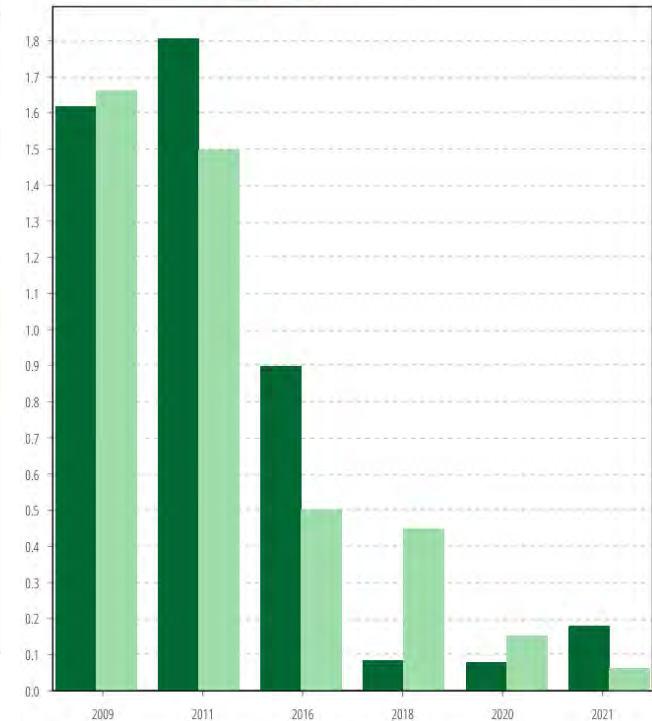
IRR by Vintage Year

IRR Pooled Mean Benchmark PME (DA) Index [D] Brookfield Global Infrastructure TR



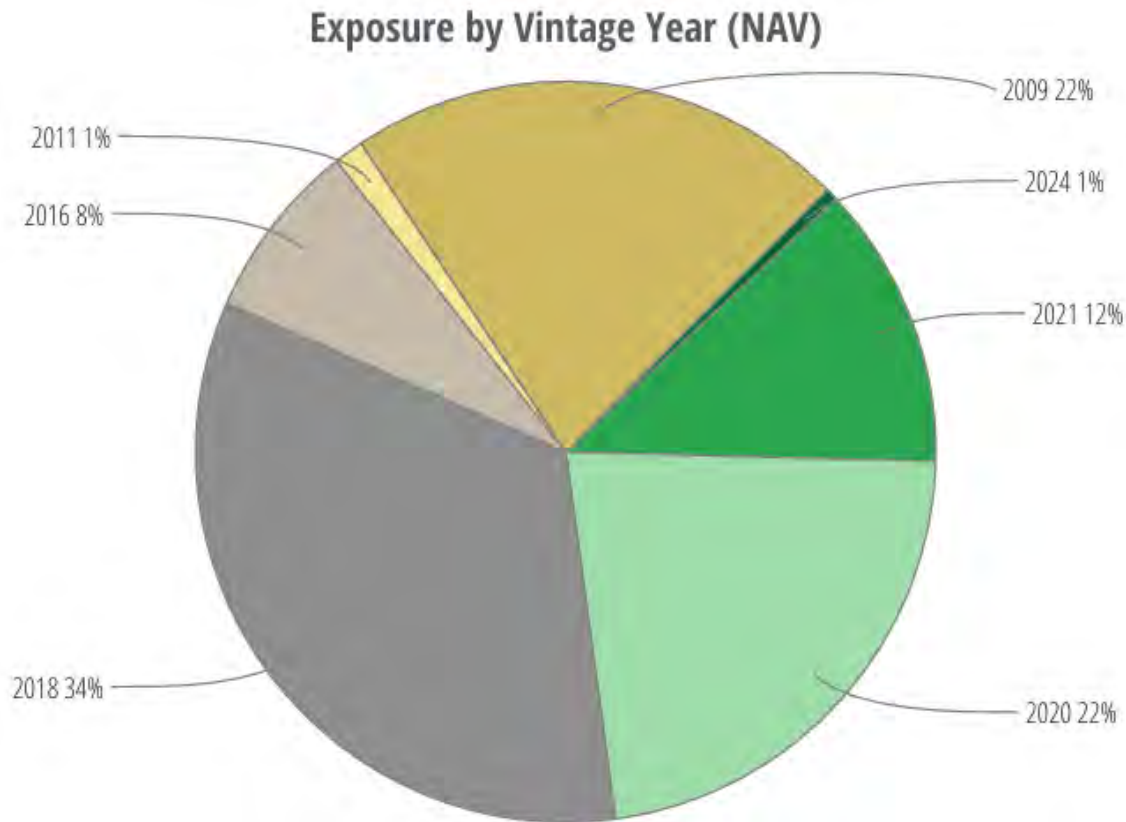
DPI by Vintage Year

DPI Pooled Mean Benchmark



- IRR amongst more mature assets in pre-2020 vintages has been strong versus the portfolio's public market equivalent (Brookfield Global Infrastructure).
- Distributions have been slower than the benchmark for 2018 and 2020 vintages.

Exposure (NAV) By Vintage Year



- The apparent concentration in early vintage (2009) here is due to a large open-ended fund position, where consideration of vintage year is less relevant.
- Relative vintage diversification since 2016.

Infrastructure Outlook



Strategy Outlook

Favorable



- Core could provide stability in a period of macro turmoil; riskier sectors may underperform
- Fundamentals in digital are strong, but pricing is high; being selective is critical
- Energy transition is a central global theme, but the new US tax bill greatly shifts US opportunities

Return Drivers for Infrastructure

Sub-Strategy Outlooks

Driver	Outlook	Comments
Deal Pricing	Favorable ↔	Pricing across infrastructure sectors remains varied. Within digital infra, fiber issues have mostly been resolved, resulting in more rational pricing, while data center assets remain expensive. Valuations in renewable power generation vary by geography but are generally lower than early 2020s peaks. GPs have shown discipline and an unwillingness to overpay for assets and in some cases getting creative on structures to come to an agreement on price.
Supply of Opportunities	Positive ↔	Stressed government budgets may mean less budget for infrastructure investments, which may lead to more private capital to fund necessary projects. The asset class continues to evolve and expand. The energy transition continues to give rise to a strong supply of investment opportunities, with increased global government support, spurred by energy price inflation and the need for energy security. Opportunities have also been identified outside renewable energy investing, in less competitive markets that seek to decarbonize existing industrials, increase efficiencies in energy and waste, and support low carbon-intensive fuels. AI advances have given rise to a strong supply of data center deals. Managers continue to expand into other sectors: leisure infrastructure, medical facilities, and cold storage.
Leverage Availability	Balanced ↑	Current leverage levels appear rational and well covered by cash flows. The increased cost of debt forced GPs to rationalize capital structures. Lower rates could provide the opportunity for GPs to reevaluate their use of debt financing. Bank financing is still available for most deals, both brownfield and development, across all sectors, especially those related to energy transition and data center build-outs backed by creditworthy counterparties. Infrastructure debt funds continue to be a viable, albeit more expensive, alternative to banks.
Impact of Dry Capital	Balanced ↔	Infrastructure has historically had significant levels of dry powder, particularly in the large-cap and Core-Plus segments of the market. This can be attributable to strong LP demand, ever-increasing fund sizes, and a finite investment opportunity set. While we do not expect a reversal of this trend, it may be moderated by weaker fundraising across private markets.
External / Political Influences	Negative ↔	Tariffs could significantly impact prices across the supply chain. The OBBBA greatly reduced government support programs for clean energy in the US in favor of more traditional energy sources. The anticipated result is higher energy prices.

Core Infrastructure	Positive ↔
If we enter a stagflationary environment, Core infrastructure would be expected to perform well. This type of environment would favor investments with inelastic demand, high barriers to entry, and contracts/regulation linked to inflation.	
Non-Core	Balanced ↔
Investments on the Value-Added/ Opportunistic end of the spectrum could be negatively impacted by high inflation and low growth. Development assets and investments in demand-based assets with higher GDP sensitivity may experience a period of lower returns.	
Some banks have stopped lending to riskier digital investments such as fiber-to-home. In contrast, banks have become more active in lending to data centers. Should we enter a period of prolonged lower (or negative) growth, banks may limit financing for growth-oriented investments.	

What's new? GPs have shown discipline and an unwillingness to overpay for assets, evidenced by lower M&A. Bank financing is available for most deals; in sectors where banks have less of an appetite, infrastructure credit funds are a viable option.

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INVESTMENT ADVISORY COUNCIL

Fixed Income Asset Class Update

Todd Ludgate, Senior Investment Officer Fixed Income

Agenda

Program Overview

- Fixed Income Investment Objectives and Structure
- Investment Allocation and Risk Parameters
- Benchmark Makeup
- Structure and Characteristics of FI Allocation
- Internal Management
- External Manager Oversight
- Total Fixed Income Portfolio Positioning

Risk/Performance Review

- Portfolio Risk
- Portfolio Performance

Market Review

- Inflation and Monetary Policy
- Benchmark and Excess Returns
- Expectations

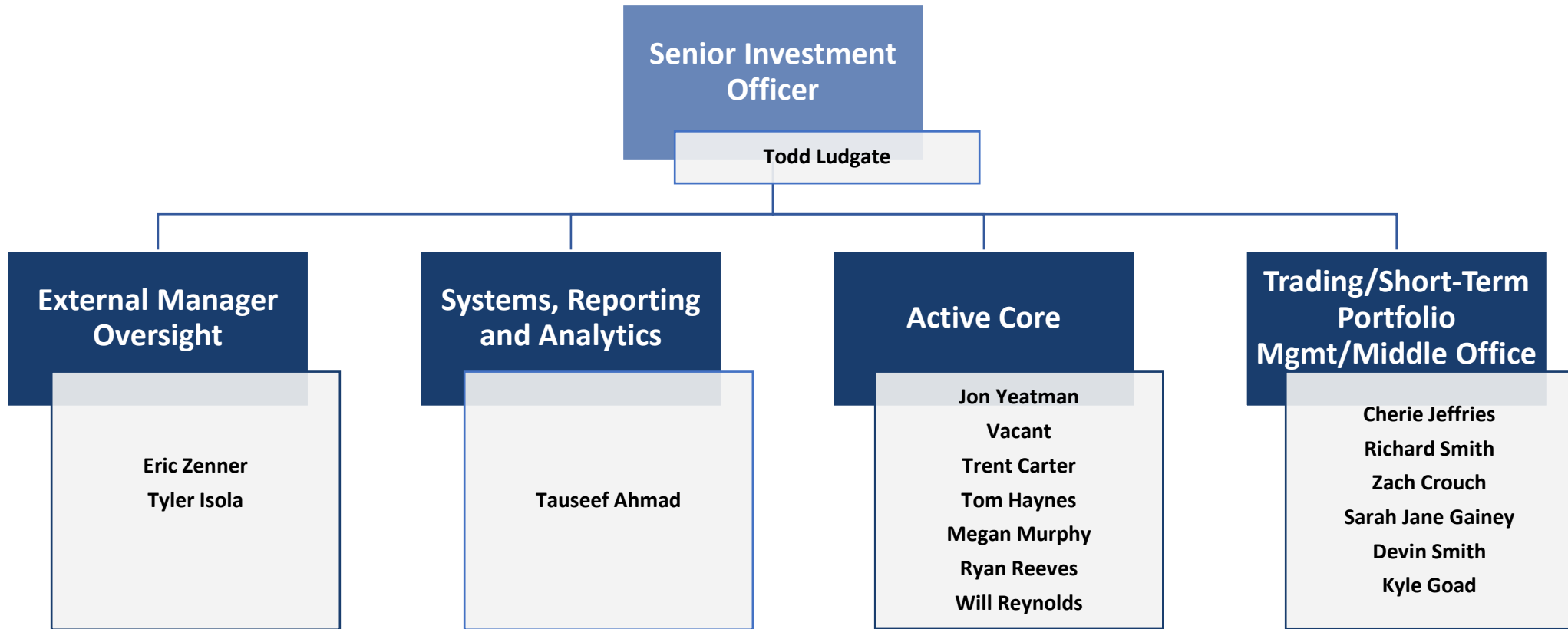
Program Outlook

- Accomplishments and Initiatives

Fixed Income Investment Objectives

- Provide Fixed Income returns within the risk budget that exceed benchmark over three-year horizon
- Provide liquidity on demand
- Serve as diversification for the equity risk in the policy asset allocation
- Manage the cash of the total fund
- Manage the securities lending of the total fund
- Manage passive funds

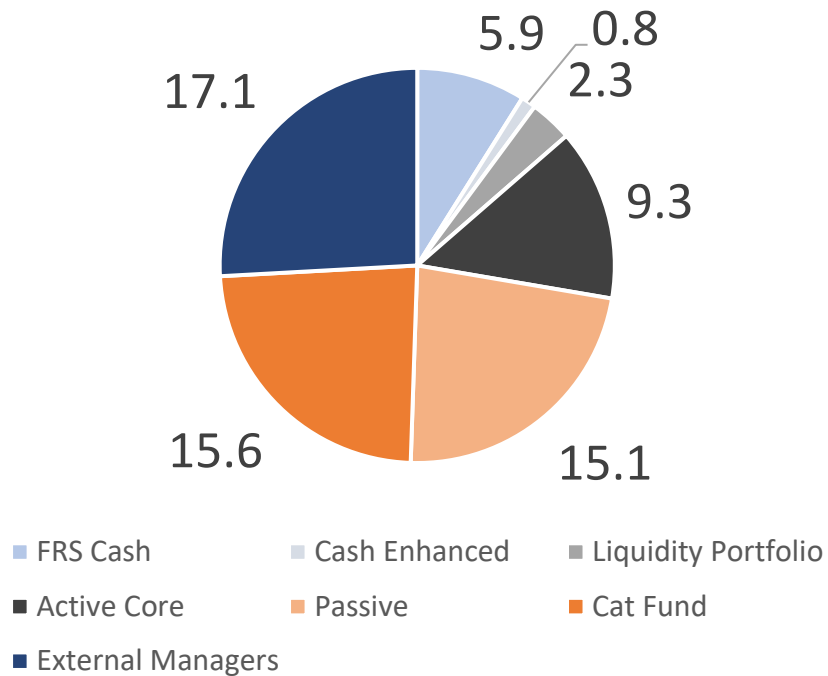
Fixed Income Org. Chart



- Experienced staff with complementary skills
- Average 20 years of investment industry experience

Fixed Income Assets Under Management: Internal + External

Fixed Income Assets Under Management (\$66.1 bn)



Other responsibilities include:

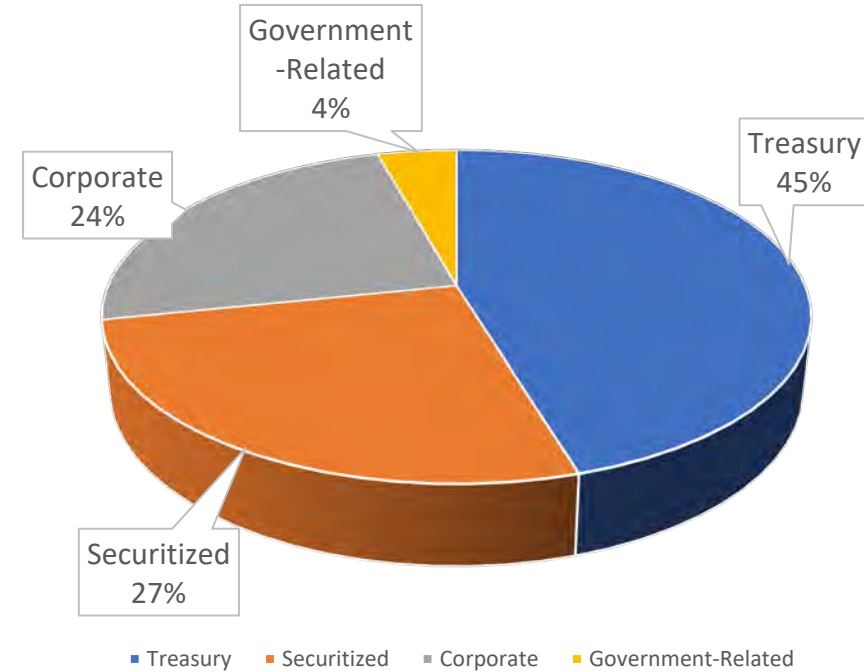
- Lottery
- Debt Service
- Securities Lending Oversight

Fixed Income Defined Benefit Plan Benchmark

Key Benchmark Risk Metrics 9/30/2025

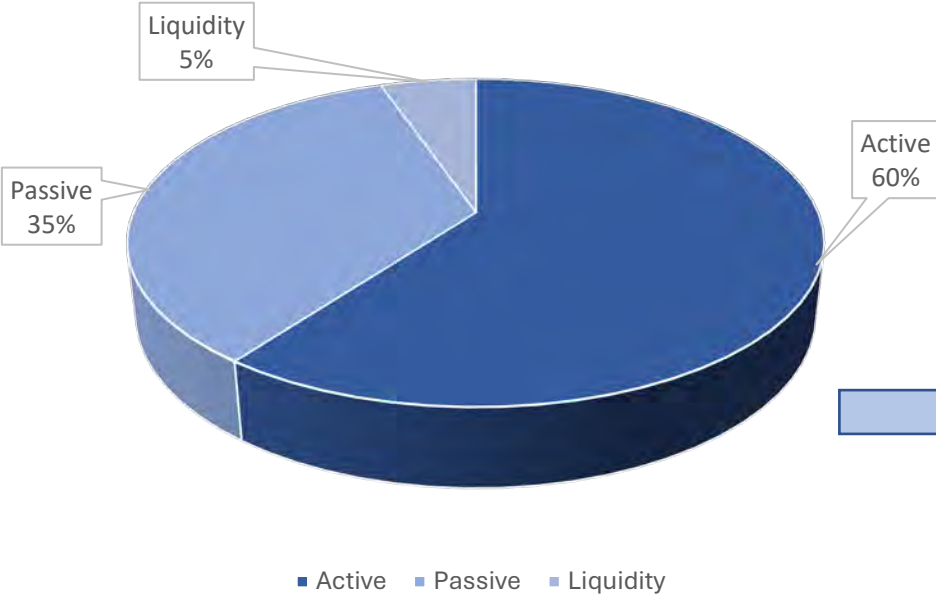
Duration (YR)	6.04
Maturity (YR)	8.26
Yield	4.37%
Coupon	3.62%
Option Adjusted Spread (to UST)	27
Average Quality Rating	AA2/AA3
Size (\$BLN)	30,445
Members	13,899

Bloomberg US Aggregate Bond Index

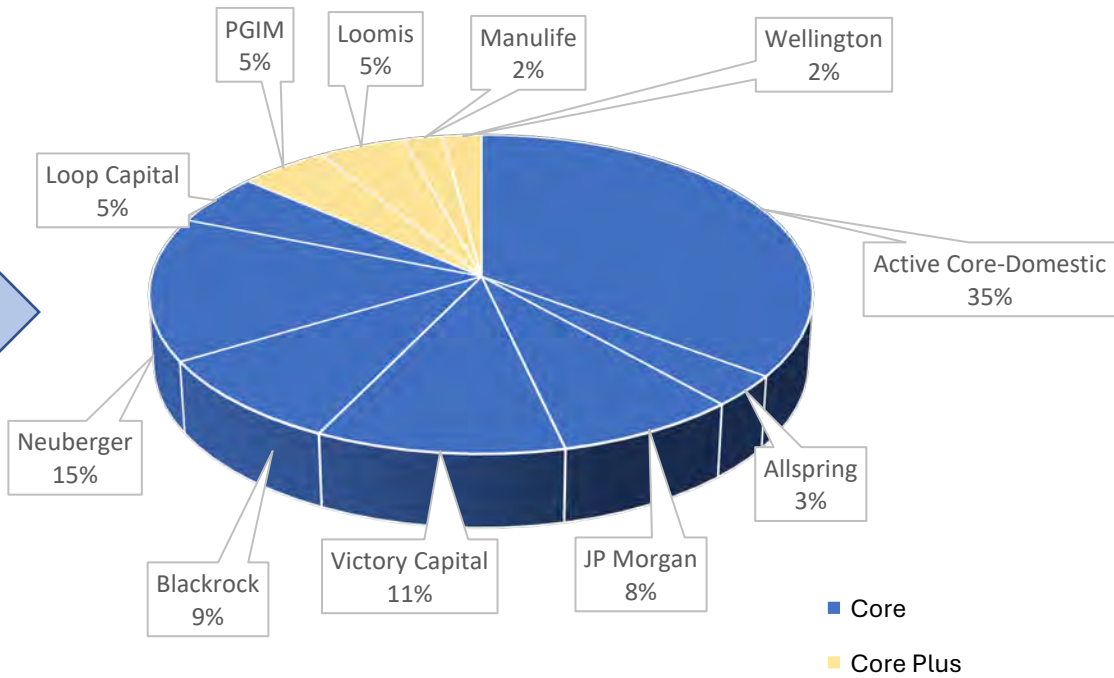


Structure + Characteristics of Fixed Income Defined Benefit Plan Allocation

Active/Passive/Cash Split
\$43,899,345,534



Active Management Diversification
\$26,435,303,036

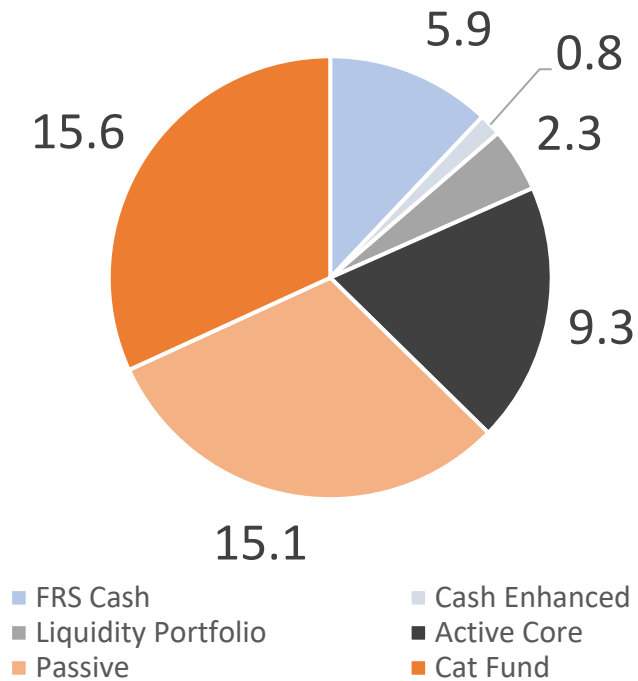


Source: BNY Mellon, as of 9/30/2025

Internal Fixed Income Overview

Internal Fixed Income Assets Under Management

Fixed Income Assets Under Management (\$49.0 bn)



Other responsibilities include:

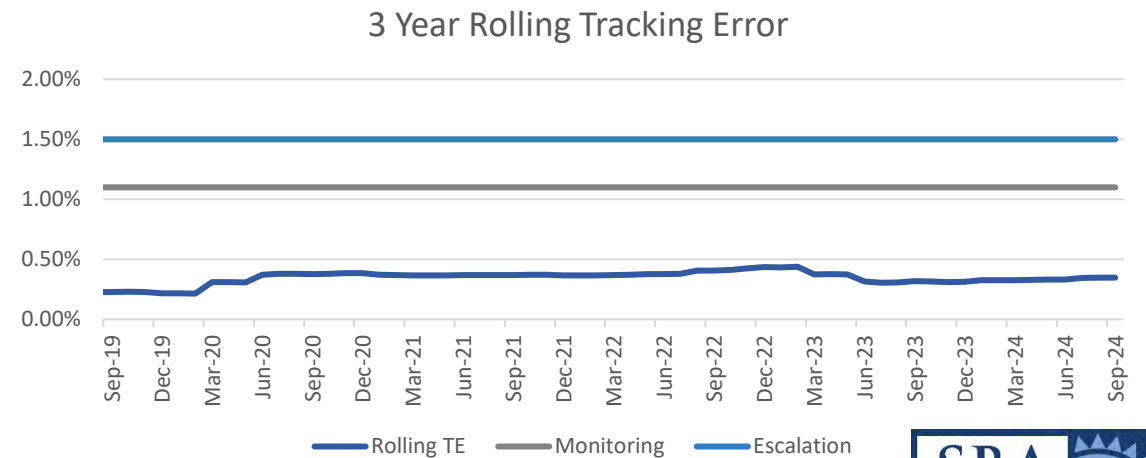
- Lottery
- Debt Service
- Securities Lending Oversight

Active Core

- AUM: \$9.3 billion
- Benchmark: Bloomberg Aggregate
- Core Strategy
- Two Senior PMs, Five PMs
- Moderate risk strategy
 - Allows for allocations to higher tracking error external mandates
- Generate outperformance through duration positioning and asset allocation/security selection in benchmark sectors.

	Performance			
	<u>CYTD</u>	<u>1Yr</u>	<u>3Yr</u>	<u>5Yr</u>
Portfolio	6.38%	3.35%	5.36%	0.64%
Benchmark	6.13%	2.88%	4.86%	0.33%
Active	0.25%	0.47%	0.50%	0.31%
Tracking Error			0.30%	0.30%
IR			1.67	1.04

Note: Periods longer than 1 year have been annualized



Passive Funds

- AUM: \$15.1 billion
- Deliver the beta of the underlying index with a reasonable tracking error
- Benchmark: Bloomberg U.S. Aggregate
- Portfolio duration +/- 0.25 year to index duration

Performance

	<u>CYTD</u>	<u>1Yr</u>	<u>3Yr</u>	<u>5Yr</u>
Portfolio	6.24%	3.07%	4.90%	0.43%
Benchmark	6.14%	2.89%	4.86%	0.33%
Active	0.09%	0.17%	0.04%	0.10%

Source: BNY Mellon. As of 9/30/2025

FRS Cash Pool

- AUM: \$5.9 billion
- Interest earning cash vehicle for participating FRS portfolios
- Cash is swept daily and invested in a commingled portfolio to maintain competitive returns at a lower cost
- Benchmark: Bloomberg 1-3 month Treasury Bill Index
- Minimum of 10% in securities maturing overnight, 30% in securities maturing with 7 business Day
- Minimum short-term ratings A-1, P-1, F1
- Minimum long-term ratings A, A2, A
- Bloomberg Ratings Composite: AAA
- Effective Maturity - .07 years

Performance

	<u>CYTD</u>	<u>1Yr</u>	<u>3Yr</u>	<u>5Yr</u>
Portfolio	3.33%	4.57%	4.96%	3.10%
Benchmark	3.25%	4.47%	4.87%	3.04%
Active	0.08%	0.09%	0.08%	0.07%

Source: BNY Mellon. As of 9/30/2025.

Cash Enhanced

- AUM: \$0.8 billion
- Add incremental risk-adjusted excess return to cash
- Benchmark: Bloomberg 50% 0-3 month US Corporate/ 50% 0-3 month T-Bill Total Return
- At least 45% in securities maturing within 30 business days
- Minimum short-term ratings A-2, P-2, F2
- Minimum long-term ratings BBB-, Baa3, BBB-
- Bloomberg Composite Rating – A-/BBB+
- Portfolio Duration – 0.05 years
- Strategy changed in 2025 – determined we could achieve adding additional alpha in the 0-3 month maturity range

Performance

	<u>CYTD</u>	<u>1Yr</u>	<u>3Yr</u>	<u>5Yr</u>
Portfolio	3.98%	3.97%	4.66%	1.81%
Benchmark	3.58%	3.56%	4.49%	1.67%
Active	0.40%	0.41%	0.17%	0.15%

Source: BNY Mellon. As of 9/30/2025.

FI Liquidity

- AUM: \$2.3 billion
- Benchmark: Bloomberg U.S. Treasury Bond Index
- Objective is to achieve the return and risk profile of the benchmark while providing liquidity
- Funds can be used to manage intra-month asset allocation rebalances or to provide liquidity
- Portfolio duration +/- 0.25 year to index duration
- Fixed Income manages the portfolio for the Investment Policy & Asset Allocation group

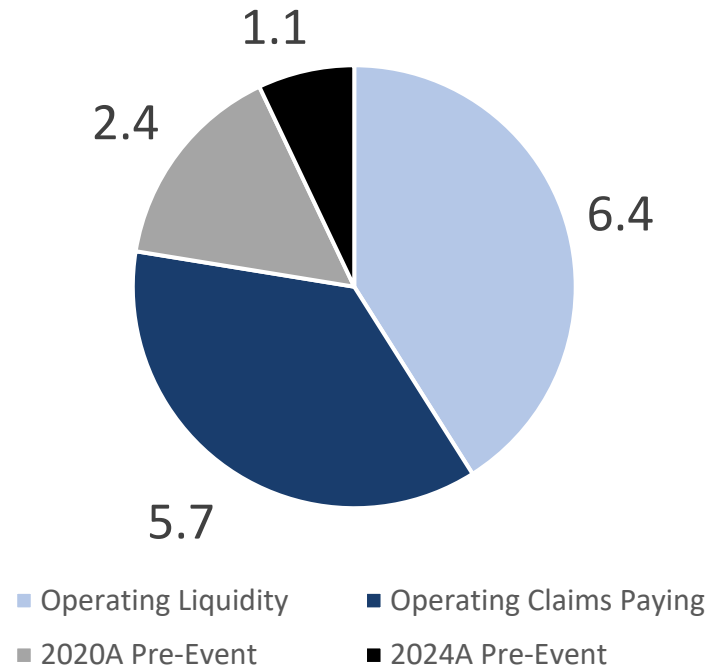
Performance

	<u>CYTD</u>	<u>1Yr</u>	<u>3Yr</u>	<u>5Yr</u>
Portfolio	5.45%	2.14%	3.73%	-0.03%
Benchmark	5.36%	2.06%	3.91%	0.09%
Active	0.09%	0.09%	-0.18%	-0.12%

Source: BNY Mellon. As of 9/30/2025.

Florida Hurricane Catastrophe Fund (CAT Fund)

Assets Under Management (\$15.6 bn)



- Manage portfolios to CAT Fund’s guidelines
- Investment objectives: (1) liquidity, (2) safety of principal and (3) competitive returns
- Liquidity
 - Pay claims from known hurricane events
 - \$600 million laddered maturity with \$300 million maturing within 7 business days
 - Benchmarked against themselves
- Claims Paying
 - 1st source of liquidity to pay claims for any future hurricane events
 - 30 days WAM
 - Benchmarked to Bloomberg US Treasury Bills 1 Month as of July 1, 2024

Florida Hurricane Catastrophe Fund (CAT Fund)

	Performance			
	<u>CYTD</u>	<u>1Yr</u>	<u>3Yr</u>	<u>5Yr</u>
Liquidity	3.27%	4.35%	4.73%	2.92%
Benchmark	3.29%	4.39%	4.72%	2.84%
Active	-0.03%	-0.04%	0.00%	0.08%
Claims Pay	3.25%	4.48%	4.71%	1.86%
Benchmark	2.18%	3.02%	4.09%	1.44%
Active	1.07%	1.46%	0.63%	0.42%
2020A	3.27%	4.49%	4.75%	2.09%
Benchmark	3.24%	4.47%	4.75%	2.10%
Active	0.03%	0.02%	0.00%	-0.01%
2024A	3.18%	4.40%		
Benchmark	3.24%	4.41%		
Active	-0.06%	0.00%		

Source: BNY Mellon. As of 9/30/2025.

- 2020A (Pre-Event Bond)
 - A source of liquidity to pay claims for any future hurricane events
 - 90 days WAM
 - Benchmarked to Bloomberg US Treasury Bills 1-6 months as of March 1, 2024
- 2024A (Pre-Event Bond)
 - A source of liquidity to pay claims for any future hurricane events
 - 180 days WAM
 - Benchmarked to 60% Bloomberg Short Treasury 3-6 Months/40% Bloomberg Short Treasury 6-9 Months
- Minimum short-term ratings A-1, P-1, F1
- Minimum long-term ratings A, A2, A
- Investment Advisory Services provided

External Management Overview

External Manager Oversight

Fixed Income maintains a stable of external managers. Their main purpose is to:

- Compliment, diversify and augment the internally managed fixed income portfolios
- Our Core Plus managers expand the traditional fixed income opportunity set by investing a portion of assets in:
 - High Yield
 - Emerging Markets
 - Structured Credit
- Provide research, market color, strategic outlook & scenario analysis

External Manager Ranking Criteria

We assess our managers on numerous factors, some of which include:



Overall performance



Volatility of active returns



Adherence to stated investment objectives and strategy



Ability and willingness to take appropriate risk



Consistency of investment team and organization as a whole

External Manager Performance

External Manager Returns					
	EMV (\$M)	1 Yr	3 Yr	5 Yr	10 Yr
Asset Class Return	\$17,158	3.56%	5.77%	1.06%	2.42%
vs Target		2.88%	4.86%	0.33%	1.79%
Excess Return		0.67%	0.91%	0.73%	0.63%
Tracking Error			0.45%	0.53%	0.87%
<i>Return/Risk (IR)</i>			2.00	1.20	0.69

Securities Lending

- The purpose of the program is to generate additional income by loaning out our securities within an extremely risk controlled program in the Defined Benefits Program
- Fixed Income and Global Equity participate
- Lend securities to qualified borrowers through the use of multiple agents
- Agents can invest cash collateral in money market type securities
- Lendable Assets: \$125.9 billion for Fiscal Year 2024/2025
- Utilization: 10.48% for Fiscal Year 2024/2025

Fiscal Year Net Earnings - FRS	
2019-2020	\$27,574,546
2020-2021	\$22,243,673
2021-2022	\$19,810,816
2022-2023	\$18,442,976
2023-2024	\$23,672,485
2024-2025	\$20,702,043

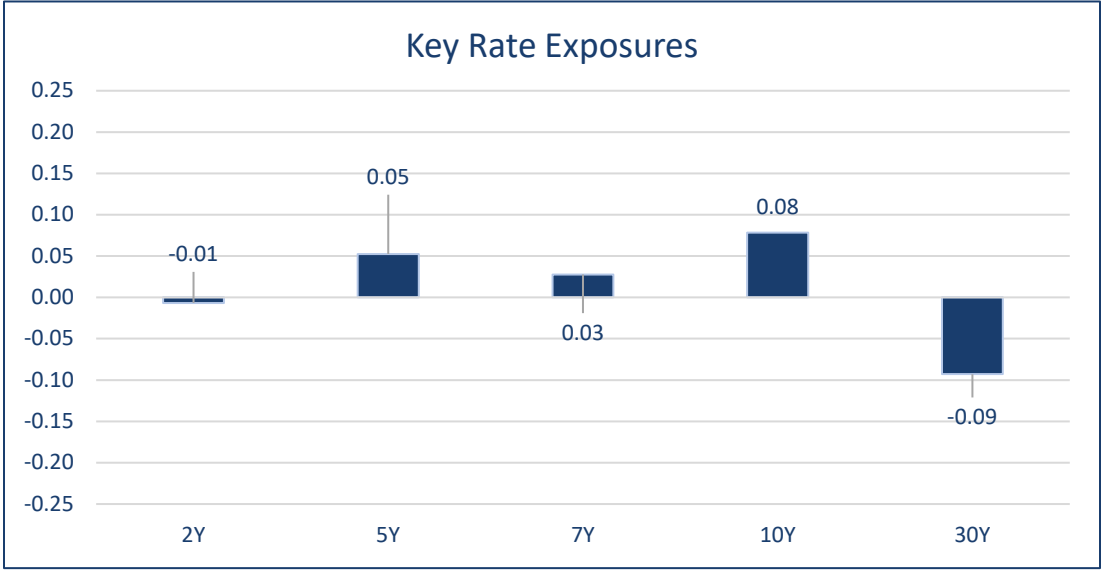
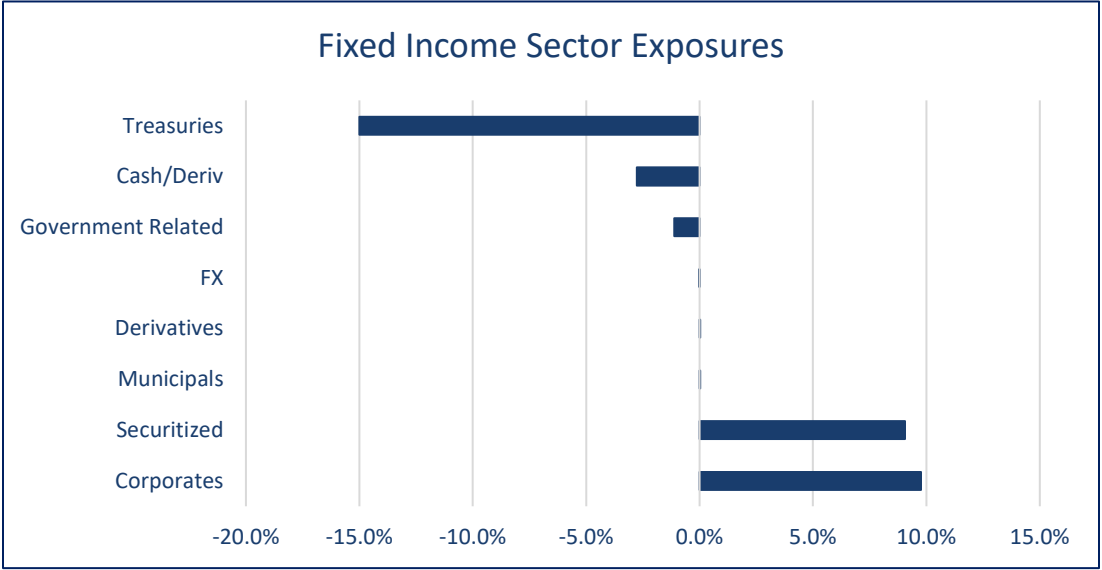


Total Fixed Income Portfolio Positioning

Total Fixed Income Portfolio Positioning

The portfolio is overweight spread product.

The portfolio is close to neutral on overall duration and has a small curve steepener.

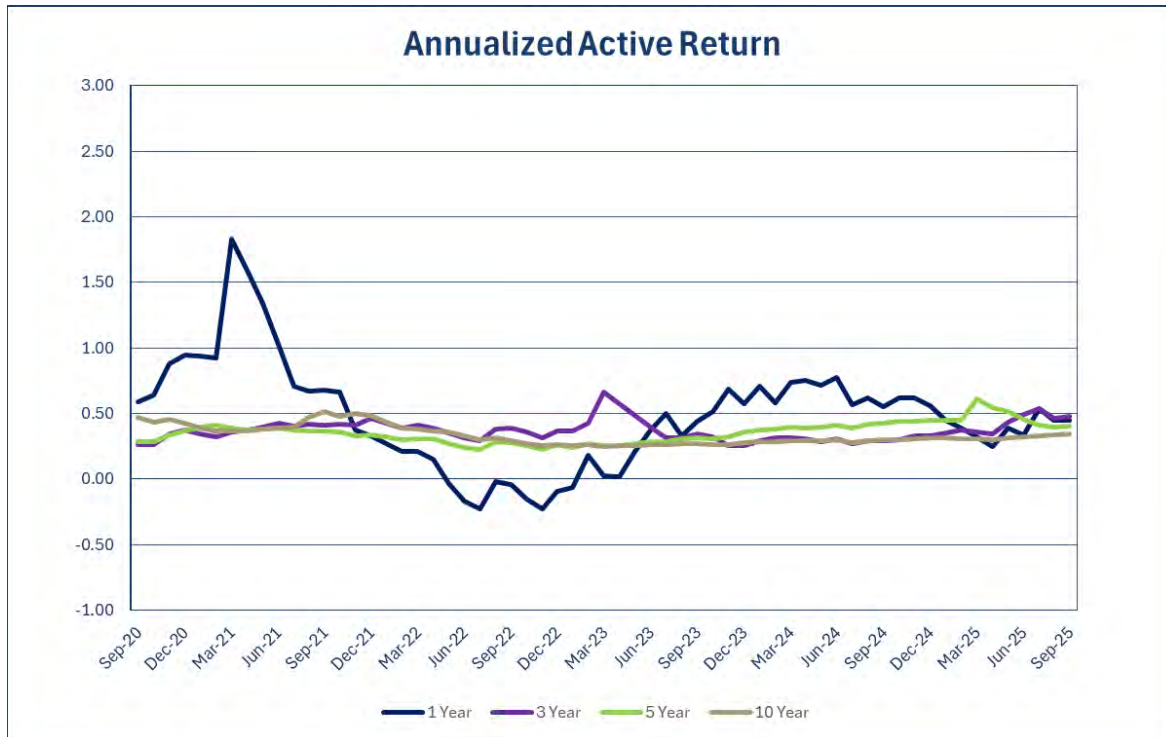


Source: Bloomberg Finance, L.P./Aladdin/BNY Mellon, as of 9/30/2025

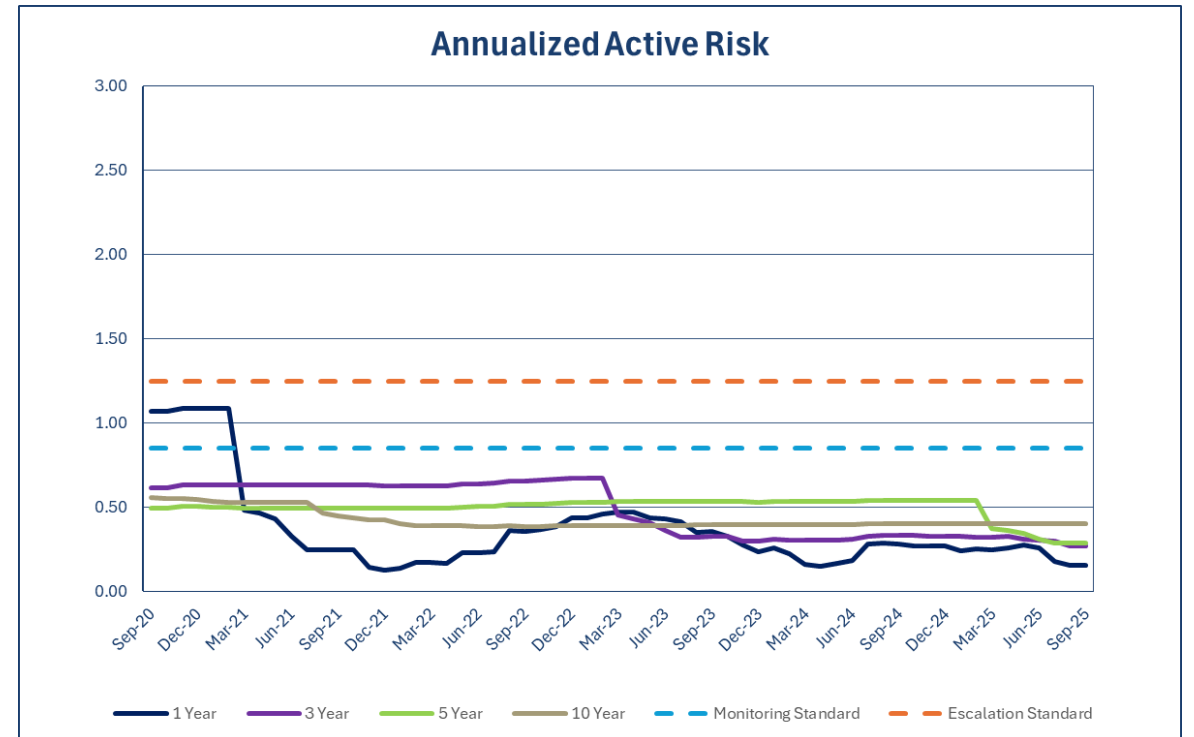


Total Fixed Income Portfolio Risk

Volatility of active return has steadied as of late



Active risk stable at levels below what will be seen in a market disruption.



Fixed Income Portfolio Performance

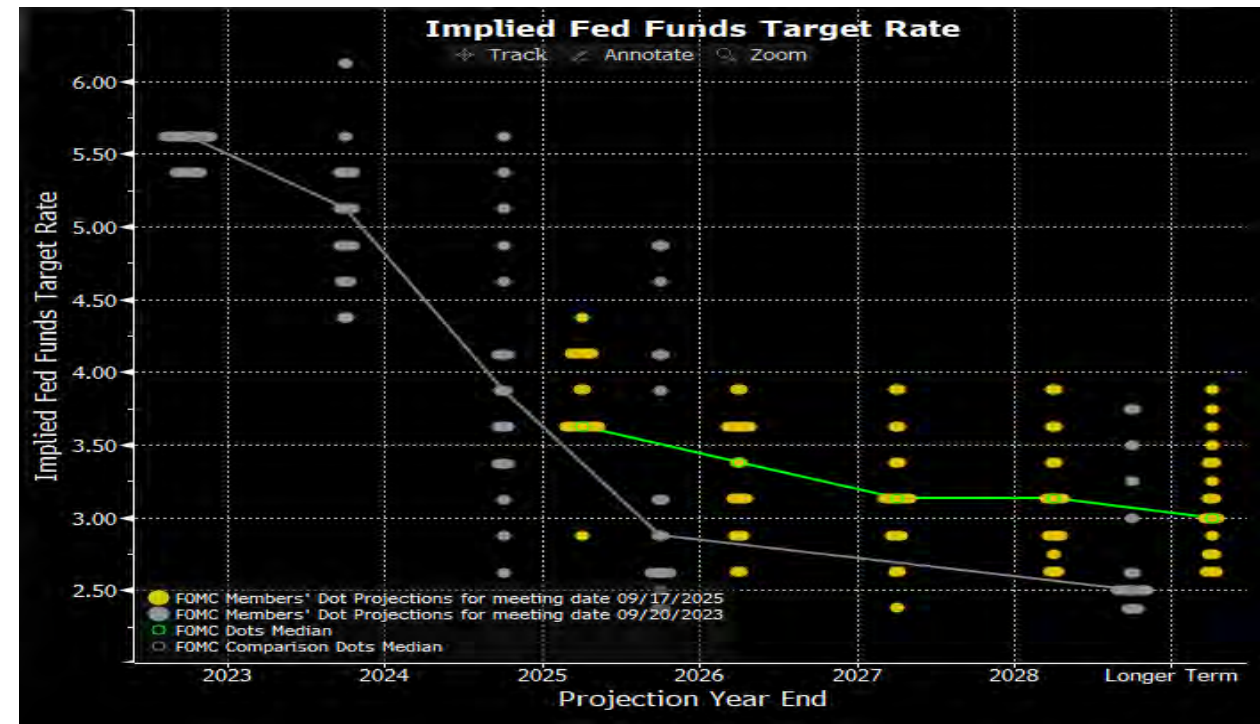
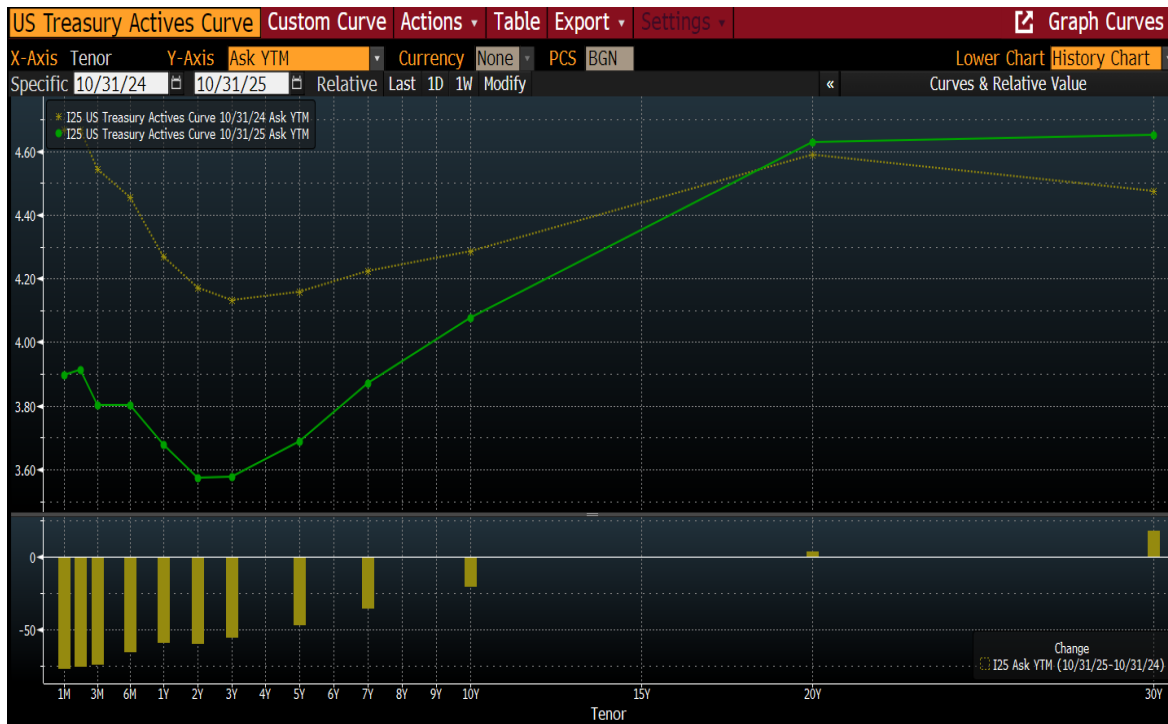
Fixed Income ex Transition	EMV (\$M)	1 Yr	3 Yr	5 Yr	10 Yr
Asset Class Return	\$41,640	3.33%	5.34%	0.73%	2.13%
vs Target		2.88%	4.86%	0.33%	1.79%
Excess Return		0.45%	0.48%	0.40%	0.34%
Tracking Error			0.27%	0.29%	0.40%
<i>Return/Risk (IR)</i>			1.69	1.37	0.84

Fixed Income Market Review and Outlook

Monetary Policy

The FOMC has begun cutting rates back to neutral to defend the labor market in the face of moderating inflation.

The resiliency of the economy has led to the FOMC holding rates higher than initially anticipated.



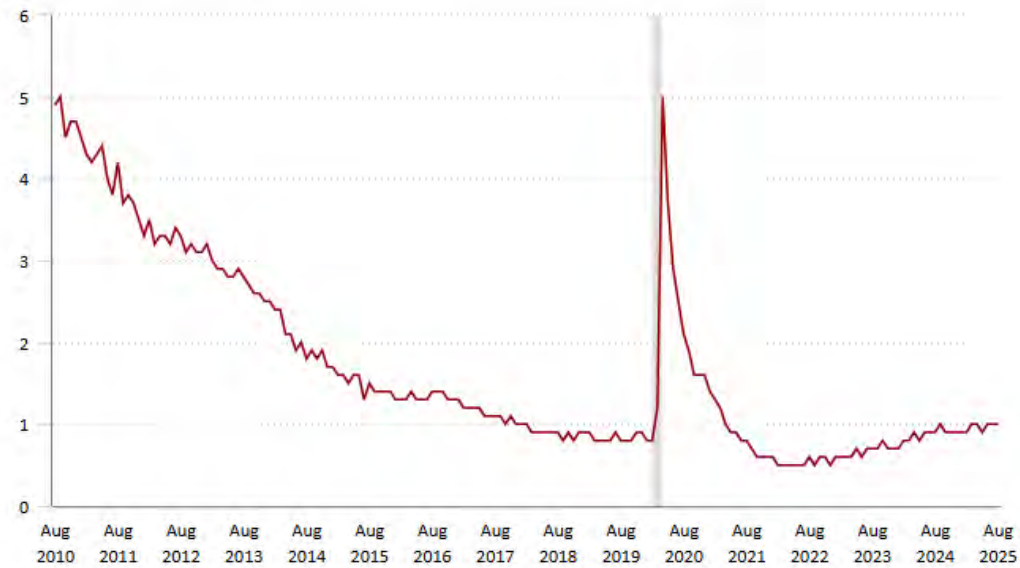
Source: Bloomberg

Labor Outlook

The labor market has weakened modestly and wage pressures, as measured by the Employment Cost Index, have fallen.

Number of unemployed persons per job opening, seasonally adjusted

Click and drag within the chart to zoom in on time periods



Hover over chart to view data.

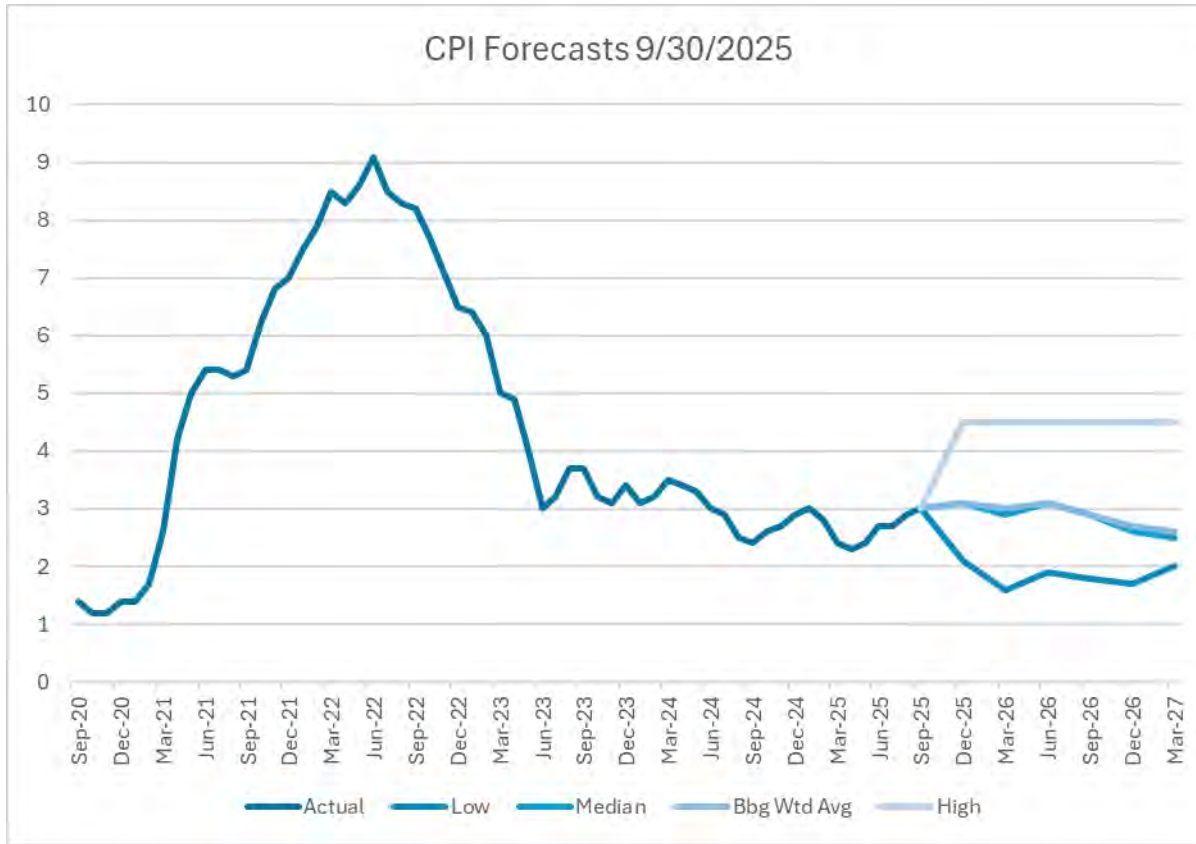
Note: Shaded area represents recession, as determined by the National Bureau of Economic Research.

Source: U.S. Bureau of Labor Statistics.



CPI Outlook

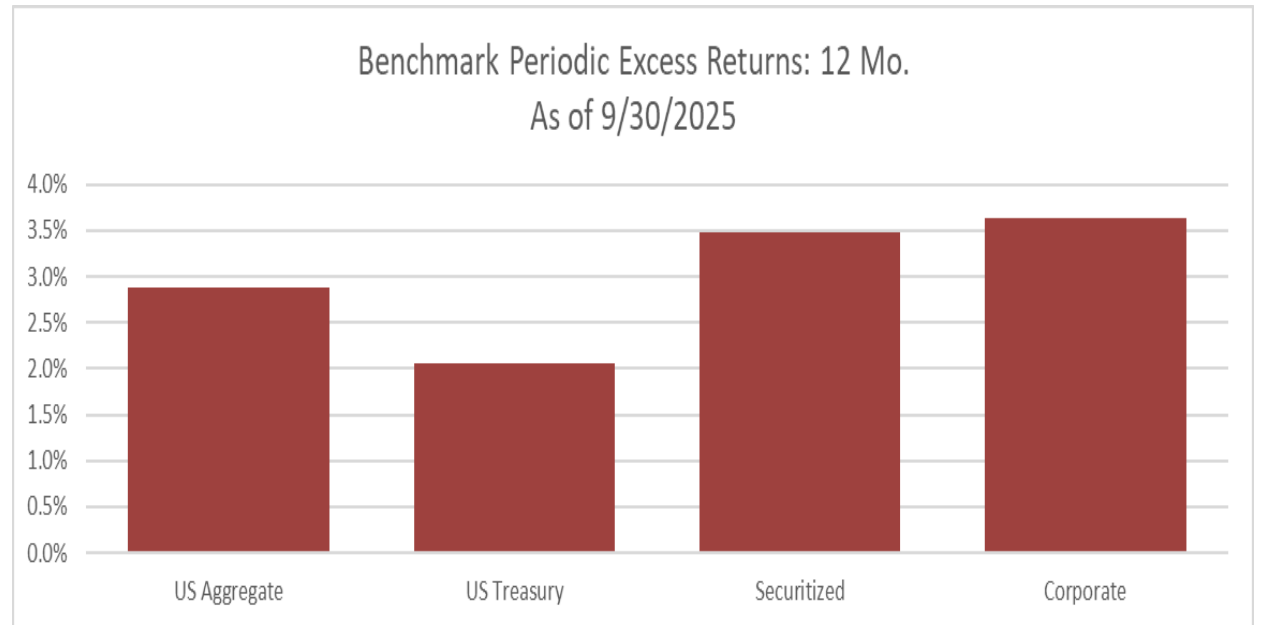
Inflation expectations are elevated slightly above the FOMC's 2% target, as evidenced by CPI forecasts and inflation breakevens.



Fixed Income Benchmark Total Returns

Twelve-month total returns for the Fixed Income benchmark, through 9/30/2025

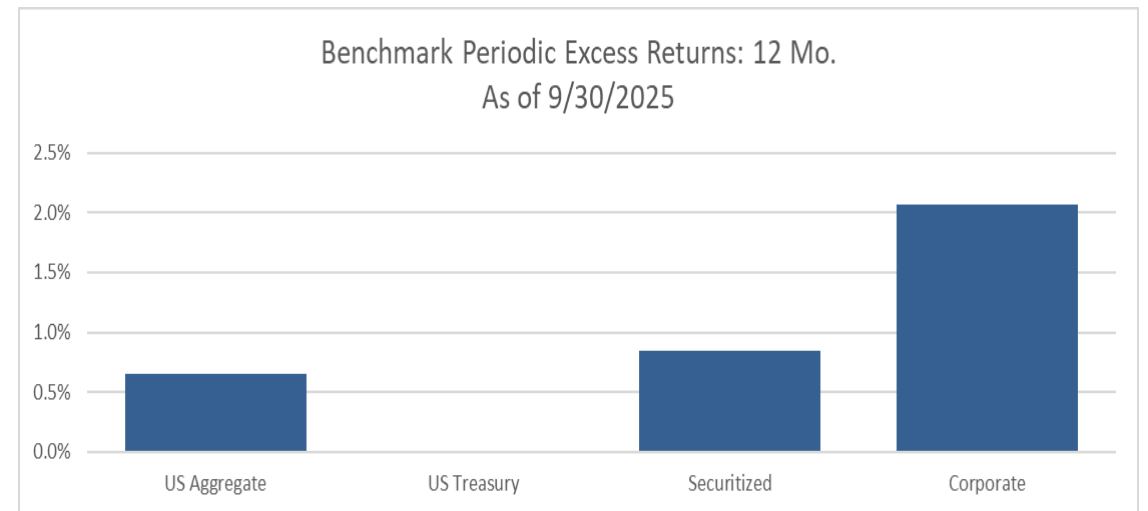
- Total returns were modest across fixed income sectors.
- The rally in intermediate interest rates led to positive returns in treasuries.
- Coupon income and spread compression in corporates and securitized sectors boosted total returns over treasuries.



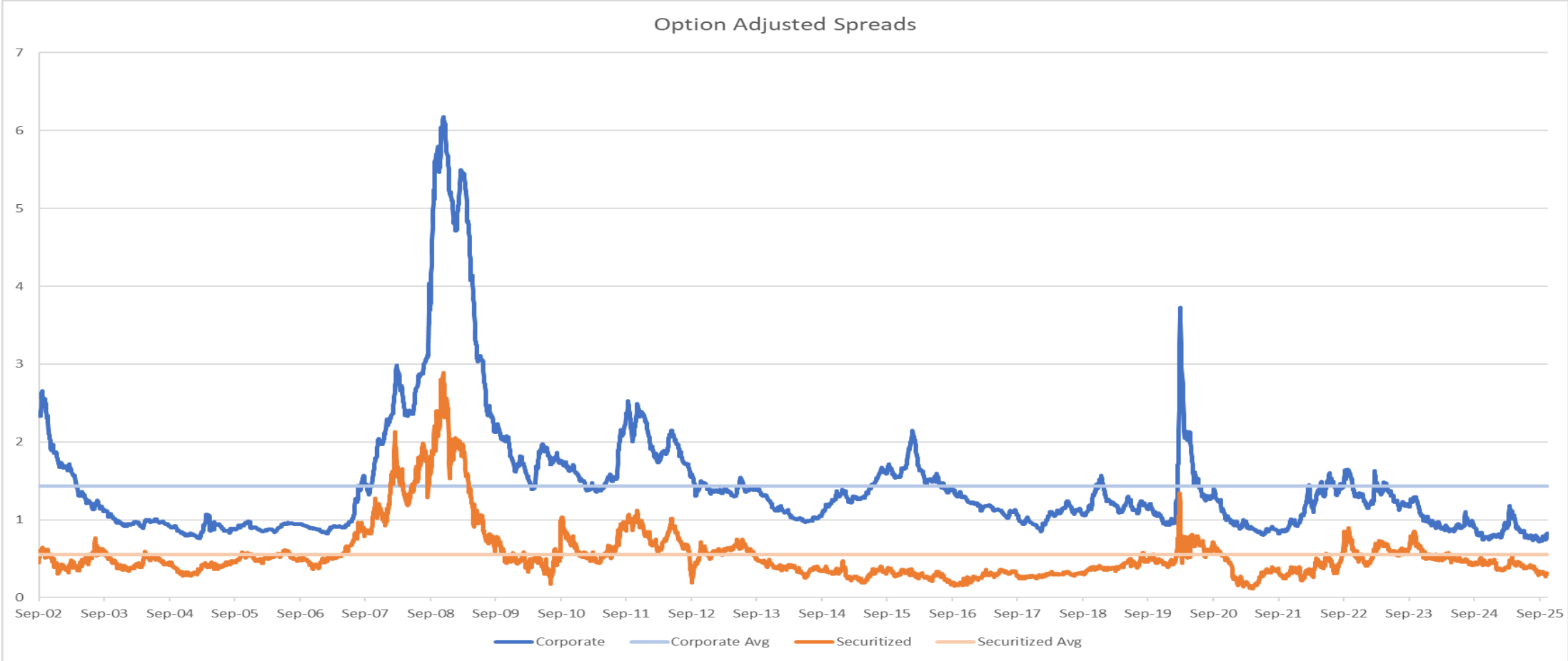
Fixed Income Benchmark Excess Returns

Twelve-month excess returns for the Fixed Income benchmark, through 9/30/2025

- Spread sectors materially outperformed their treasury equivalents.
- Strong technical demand and declining interest rate volatility led to a sharp rebound in spread products post-Liberation Day.
- Long-dated corporate spreads outperformed intermediates as elevated interest rate levels depressed issuance in 10+ year maturities.



Option Adjusted Spread: IG Corporates + Securitized



Source: Bloomberg, as of 9/30/2025



Program Outlook

Fixed Income Accomplishments

- The asset class has continued to deliver strong alpha.
- We successfully on-boarded four new team members earlier this year.
- The defined contribution management project is in-flight and proceeding well.

Looking Forward

- Continue to refine asset class construction and analysis to achieve alpha target.
- Talent management:
 - Recruit and onboard new staff members; one recruitment currently running.
 - Continue mentoring and learning initiatives for existing staff.
- Move forward with the defined contribution project.
- Reporting evolution:
 - Streamlining reporting and analytics, integrating Eagle, Bloomberg, BNY and other data sources into a unified framework.
 - Replacing legacy Excel/macro reporting with Snowflake-based single source of truth and reporting tools automation (such as Power BI).
- Securities Lending review.

Thank You

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Email: Todd.Ludgate@sbafla.com

Appendix

Asset Class Detailed Portfolio Performance

Portfolio	EMV (\$M)	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Internal Active Core	\$9,277	3.35%	5.36%	0.64%	2.06%	4.16%
Benchmark		2.88%	4.86%	0.33%	1.79%	3.74%
Excess Return		0.47%	0.50%	0.31%	0.27%	0.43%
Allspring Core	\$864	3.45%				2.68%
Benchmark		2.88%				2.09%
Excess Return		0.56%				0.60%
Blackrock Core	\$2,423	3.26%	5.45%	0.75%	2.14%	3.97%
Benchmark		2.88%	4.86%	0.33%	1.79%	3.62%
Excess Return		0.37%	0.59%	0.42%	0.35%	0.35%
JP Morgan Core	\$2,117	3.45%				3.53%
Benchmark		2.88%				3.04%
Excess Return		0.56%				0.49%
Neuberger Core	\$3,863	3.68%	5.53%	0.85%	2.35%	3.87%
Benchmark		2.88%	4.86%	0.33%	1.79%	2.89%
Excess Return		0.80%	0.68%	0.52%	0.56%	0.97%
Loop Core	\$1,371	3.30%	5.47%	0.72%	2.29%	3.55%
Benchmark		2.88%	4.86%	0.33%	1.79%	2.89%
Excess Return		0.41%	0.61%	0.38%	0.50%	0.65%

Asset Class Detailed Portfolio Performance

Portfolio	EMV (\$M)	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Victory Core	\$2,889	3.95%	6.28%	1.38%	2.76%	4.00%
Benchmark		2.88%	4.86%	0.33%	1.79%	2.89%
Excess Return		1.07%	1.42%	1.05%	0.97%	1.11%
Loomis Core Plus	\$1,234	3.35%				5.63%
Benchmark		2.88%				5.06%
Excess Return		0.46%				0.57%
Manulife Core Plus	\$563	3.48%				8.62%
Benchmark		2.88%				7.14%
Excess Return		0.60%				1.48%
PGIM Core Plus	\$1,278	3.86%	6.81%	0.46%		1.18%
Benchmark		2.88%	4.93%	-0.45%		0.11%
Excess Return		0.98%	1.88%	0.91%		1.06%
Wellington Core Plus	\$555	2.97%				5.74%
Benchmark		2.88%				4.78%
Excess Return		0.09%				0.96%
Investment Grade AA Account	\$67	4.73%	4.67%	3.10%	2.84%	
Benchmark		4.73%	4.67%	3.10%	2.84%	
Excess Return						

Asset Class Detailed Portfolio Performance

Portfolio	EMV (\$M)	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Internal Gov/Cred Passive	\$10,917	2.81%	4.82%	0.63%	2.05%	5.67%
Benchmark		2.67%	4.77%	0.58%	1.99%	5.54%
Excess Return		0.14%	0.04%	0.06%	0.07%	0.13%
Internal Securitized Passive	\$4,221	3.74%	5.09%	0.06%	1.55%	2.05%
Benchmark		3.48%	5.05%	-0.14%	1.41%	1.91%
Excess Return		0.26%	0.04%	0.21%	0.14%	0.14%
Fixed Income Liquidity	\$2,326	2.14%	3.73%	-0.03%	1.11%	1.23%
Benchmark		2.06%	3.91%	0.09%	1.42%	1.51%
Excess Return		0.09%	-0.18%	-0.12%	-0.31%	-0.27%
FRS Cash	\$5,894	4.57%	4.96%	3.10%	2.17%	2.36%
Benchmark		4.47%	4.87%	3.04%	2.11%	2.47%
Excess Return		0.09%	0.08%	0.07%	0.06%	-0.11%
FRS Cash Enhanced	\$822	3.97%	4.66%	1.81%		1.80%
Benchmark		3.56%	4.49%	1.67%		1.68%
Excess Return		0.41%	0.17%	0.15%		0.11%

Asset Class Detailed Portfolio Performance

Portfolio	EMV (\$M)	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Cat Fund Liquidity	\$6,428	4.35%	4.73%	2.92%	2.15%	2.59%
Benchmark		4.39%	4.72%	2.84%	2.07%	2.36%
Excess Return		-0.04%	0.00%	0.08%	0.09%	0.23%
Cat Fund claims pay	\$5,666	4.48%	4.71%	1.86%		2.39%
Benchmark		3.02%	4.09%	1.44%		2.14%
Excess Return		1.46%	0.63%	0.42%		0.25%
Cat Fund 2020A	\$2,402	4.49%	4.75%	2.09%		2.04%
Benchmark		4.47%	4.75%	2.10%		2.06%
Excess Return		0.02%	0.00%	-0.01%		-0.02%
CAT Fund 2024A	\$1,068	4.40%				4.76%
Benchmark		4.41%				4.87%
Excess Return		0.00%				-0.10%

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Florida State Board of Administration

Review of Public Fixed Income

December 15, 2025

Agenda

1. SBA's Public Markets Investment Program
2. Review of Public Fixed Income
3. Ratings & Recent Activity

SBA's Public Markets Investment Program



SBA's Public Markets Investment Program

Guiding Principles

- All asset classes shall be invested to achieve or exceed the return of their respective benchmarks over a long period of time. To obtain appropriate compensation for associated performance risks:
 - Public market asset classes shall be well diversified with respect to their benchmarks and have a reliance on low-cost passive strategies scaled according to the degree of efficiency in underlying securities markets, capacity in effective active strategies, and ongoing total fund liquidity.

SBA's Public Markets Investment Program

Mercer's General Observations

- FRS Pension Plan:
 - All public market investment portfolios are managed in a prudent, risk-controlled fashion
 - Appropriate levels of delegation are given to the staff
 - FRS is a significant user of passive management (39.7% of Portfolio vs. 23.2% of Peers' Portfolios)*
 - Active risk levels are monitored against predetermined ranges

*Represents percentage of total fund assets as of 12/31/2023. Source: CEM 2023 Survey

Review of Public Fixed Income



Review of Public Fixed Income

Asset Allocation – Public Fixed Income

- Within Fixed Income, the SBA utilizes more passive management relative to peers.
- No external passive managers are used by the SBA.
- Relative to peers, SBA's internally managed assets are in-line but utilizes more internal passive management.

Product ¹	FRS	Peers
Public Fixed Income		
Internal Passive	39.7%	3.8%
Internal Active	21.7%	55.2%
External Passive	0.0%	19.4%
External Active	38.6%	21.7%

¹ May not add to 100% due to rounding. Source: Data as of 12/31/2023 – CEM 2024 Survey

Review of Public Fixed Income

Performance: Public Fixed Income

- In October 2023, the IAC voted to change the primary benchmark index to the Bloomberg US Aggregate Index
 - Resulting in a longer duration portfolio; however, SBA continues to have a slightly lower duration than its peers
- Additionally, SBA has a higher quality portfolio and relies more on passive management
 - FRS Public Fixed Income does not allocate to High Yield or Non-US securities
- Although these differences can affect comparisons vs. peers, SBA continues to deliver strong relative results
 - The FRS Fixed Income Portfolio has continued to outperform its custom benchmark and is performing better than the median peer universe across all time periods

Periods Ending 9/30/2025	Year to Date Return (Rank)	1 Year Return (Rank)	3 Years Return (Rank)	5 Years Return (Rank)	Inception (April 1988) Return
FRS Public Fixed Income^{1, 2}	6.46% (20)	3.33% (49)	5.34% (45)	0.73% (45)	6.29%
FRS Benchmark	6.13%	2.88%	4.86%	0.33%	--
Value Added	0.33%	0.45%	0.48%	0.40%	--
Information Ratio³	--	2.86	1.79%	1.42%	--

¹ Compared to the Public Funds >\$1B – US Fixed Income Segment Universe; rankings are based on gross-of-fees FRS performance.

² Returns are shown net of fees.

³ Calculated using monthly returns.

Review of Public Fixed Income

Performance: Public Fixed Income

- The FRS Fixed Income Internal Active portfolio has outperformed its benchmark over all trailing periods, but trailed its universe median over the 1-year, and 3-year.
- The FRS Fixed Income Internal Passive Portfolio has exceeded its benchmark over the 1-year, 3-year and 5-year periods.

Periods Ending 9/30/2025	Year to Date Return (Rank)	1 Year Return (Rank)	3 Years Return (Rank)	5 Years Return (Rank)	Inception (January 2002) Return
FRS Public Fixed Income <u>Internal Active</u> ^{1, 2}	6.38% (64)	3.35% (51)	5.36% (63)	0.64% (16)	4.16%
FRS Benchmark	6.13%	2.88%	4.86%	0.33%	3.74%
Value Added	0.25%	0.47%	0.50%	0.31%	0.42%
Information Ratio ³	--	1.79%	1.62%	1.03%	--

Periods Ending 9/30/2025	Year to Date Return (Rank)	1 Year Return (Rank)	3 Years Return (Rank)	5 Years Return (Rank)	
FRS Public Fixed Income <u>Internal Passive</u> ²	6.24%	3.07%	4.90%	0.43%	5.65%
FRS Benchmark	6.14%	2.89%	4.86%	0.33%	--
Value Added	0.10%	0.18%	0.04%	0.10%	--
Information Ratio ³	--	2.10%	0.18%	0.49%	--

¹ Compared to the Intermediate Core Bond Universe; rankings are based on gross-of-fees FRS performance

² Returns are shown net of fees.

³ Calculated using monthly returns.

Review of Public Fixed Income

Performance: Public Fixed Income

- The FRS Fixed Income External Portfolio has outperformed its benchmark over all time periods referenced below.
- The portfolio has ranked in the top quartile versus peers over longer-term annualized time periods and ranks above its peer group median since inception.

Periods Ending 9/30/2025	Year to Date Return (Rank)	1 Year Return (Rank)	3 Years Return (Rank)	5 Years Return (Rank)	Inception (January 2002) Return
FRS Public Fixed Income <u>External Active</u> ^{1, 2}	6.69% (19)	3.56% (25)	5.77% (20)	1.06% (8)	4.09%
FRS Benchmark	6.13%	2.88%	4.84%	0.41%	3.58%
Value Added	0.56%	0.68%	0.93%	0.65%	0.51%
Information Ratio ³	--	2.05%	2.06%	1.21%	--

¹ Compared to the Intermediate Core Bond Universe; rankings are based on gross-of-fees FRS performance.

² Returns are shown net of fees.

³ Calculated using monthly returns.

Ratings & Recent Activity

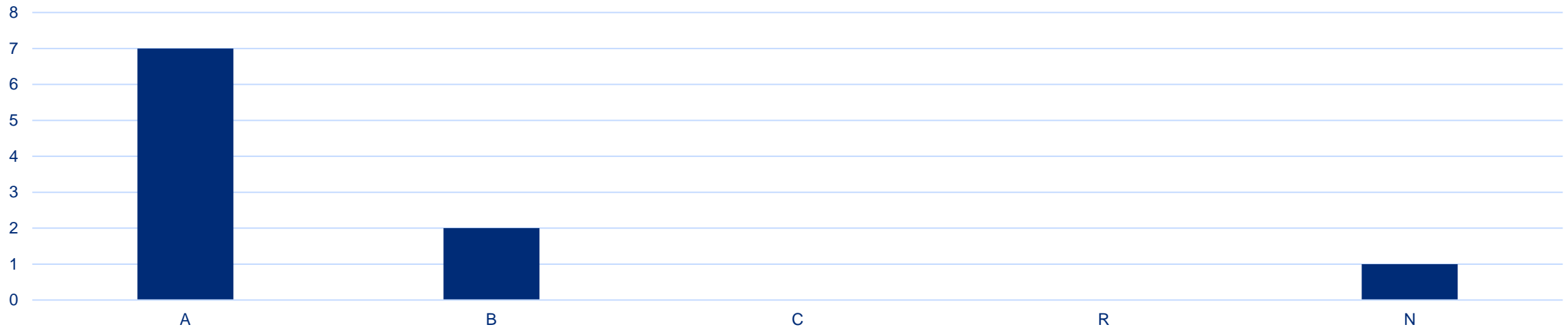
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Mercer Research Rating Review

Breakdown of Ratings by Strategy

- Of the 10 FRS Active Fixed Income strategies in the Plan, 7 strategies are rated “A” while two are rated “B”
 - Mercer Research is currently establishing a rating for the non-rated strategy

Mercer Ratings by Strategy



Mercer Ratings:

A = “Above Average” prospects of outperformance

B = “Average” prospects of outperformance

C = “Below Average” prospects of outperformance

N = “Not Rated”

R = Mercer does not maintain formal ratings, but has reviewed the strategy

Recent Activity

Public Fixed Income

- Ongoing:
 - Quarterly: Regularly working with staff conducting ongoing performance and manager monitoring
 - Increased focus on operational due diligence, including in manager monitoring reports
- 2024:
 - Hired three Core Fixed Income managers (2Q2024)

INVESTMENT ADVISORY COUNCIL

Private Equity Asset Class Update

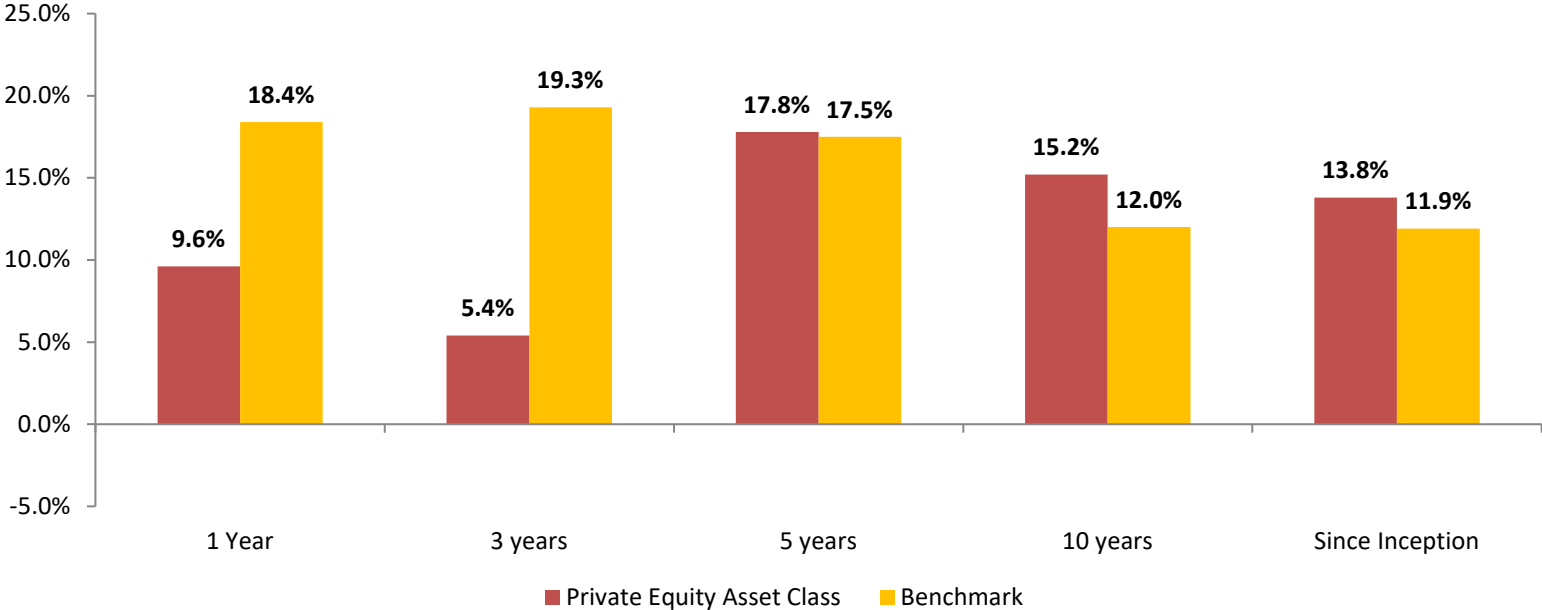
John Bradley, SIO Private Equity

Market/Portfolio Update

- Market
 - The PE market rebounded in Q3, shaking off Q2's tariff induced volatility
 - Deal activity rebounded sharply, up 43% y-o-y and a multi-year high
 - Quality assets continue to trade at elevated multiples (low 12x range)
 - Venture activity also rebounded, driven by large rounds in AI focused companies
 - Venture exits saw improvement in Q3 – 16 VC backed IPOs raising over \$18b
 - Fundraising continues to remain challenged, with virtually zero growth over Q2 numbers
- Portfolio
 - PE portfolio up 4.5% for Q2 2025
 - 2025 net cash flow through mid-November: \$700 million
 - \$2.1 billion in distributions
 - \$1.4 billion of contributions

Private Equity Performance

Asset Class - Net Managed and Benchmark Returns (IRRs) as of June 30, 2025



Note: Asset class IRR performance data is provided by Cambridge Associates. The PE benchmark is currently the Custom Iran- and Sudan-free ACWI IMI + 250bps. From July 2014 through December 2023 the benchmark was the Russell 3000 + 300 bps. From July 2010 through June 2014 the benchmark was the Russell 3000 + 300 bps. Prior to July 2010, the benchmark was the Russell 3000 + 450 bps. Prior to November 1999, Private Equity was part of the Domestic Equities asset class and its benchmark was the Domestic Equities target index + 750 bps.

Please see Appendix for performance of the Legacy or pre-asset class portfolio.



Sub-Strategy Performance

As of June 30, 2025

	<u>1yr</u>	<u>3yr</u>	<u>5yr</u>	<u>10yr</u>	<u>Since Inception</u>	<u>S.I. PME Benchmark</u>
U.S. Buyouts	7.9%	8.6%	16.8%	15.3%	12.8%	7.9%
Non-U.S. Buyouts	12.2%	8.9%	15.8%	14.9%	12.5%	9.9%
U.S. Venture	15.0%	-0.3%	22.1%	17.2%	15.0%	7.6%
U.S. Growth Equity	3.3%	1.9%	23.1%	16.0%	14.9%	8.9%
Non-U.S. Growth Equity	3.6%	-0.7%	6.0%	6.8%	6.5%	10.6%
Distressed/Turnaround	6.1%	7.5%	18.6%	14.1%	18.9%	8.8%
Secondaries	4.7%	2.9%	15.0%	10.9%	14.9%	9.2%
Co-Investments	39.3%	-	-	-	41.6%	18.5%
Total PE Asset Class	9.6%	5.4%	17.8%	15.2%	13.8%	

Sub-strategy returns and benchmark returns provided by Cambridge Associates and are calculated net of all fees and expenses. The benchmark is a public market equivalent (PME) benchmark and evaluates what a portfolio's return would have been had it been invested in a public market index. The index used for all strategies except for U.S. Venture is the MSCI ACWI IMI. The benchmark used for U.S. Venture is the Russell Microcap Growth Index.

2025 Commitment Activity

- Commitments totaling \$1.3 billion to 12 funds and 19 co-investments through October 2025
 - \$520 million to 6 buyout funds
 - Small 50%, Middle-Market 21%, Large 29%
 - \$248 million to 3 venture funds
 - \$125 million to 1 distressed/turnaround fund
 - \$160 million to 2 secondary funds
 - \$204 million to 19 co-investments
- Geographic Focus
 - US 81%, Europe 6%, Asia 1%, Global 12%

Private Equity Partnership Performance

As of June 30, 2025

Private Investment Partnerships	Commitment (\$)	Current NAV (\$)	TVPI	Net IRR
25SB Co-Investment Limited Partnership	10,000,000	10,091,428	0.99	NA
26N Jupiter Co-Investment Partners LP	10,000,000	9,937,681	0.98	NA
3i Europartners V LP (EUR	77,440,017	0	0.97	-0.6%
3i Growth Capital Fund LP	54,440,286	0	0.93	-2.0%
ABRY Partners VII LP	75,000,000	0	1.78	14.8%
ABRY Partners VIII LP	75,000,000	0	1.26	10.8%
Accel-KKR Capital Partners V LP	50,000,000	77,509,785	2.68	29.8%
Accel-KKR Capital Partners VI LP	45,000,000	43,452,865	1.16	6.0%
Accel-KKR Capital Partners VII LP	75,000,000	1	0.00	NA
Accel-KKR Growth Capital Partners II LP	25,000,000	13,087,378	2.34	28.4%
Advent International GPE IX LP	150,000,000	196,030,822	1.66	14.7%
Advent International GPE VI-D LP	58,000,000	0	2.09	16.6%
Advent International GPE VII-D LP	102,335,815	0	1.87	13.7%
Advent International GPE VIII-D LP	150,000,000	100,010,919	2.09	15.8%
Advent International GPE X Limited Partnership	150,000,000	104,381,908	1.34	18.7%
Advent International GPE XI SCSp	150,000,000	0	NA	NA
AIPCF VII Aqua Co-Invest, L.P.	10,000,000	10,343,779	1.00	NA
American Industrial Partners Capital Fund VI LP	50,000,000	62,951,920	2.45	20.6%
American Industrial Partners Capital Fund VII LP	75,000,000	127,852,042	1.71	22.2%
American Industrial Partners Capital Fund VIII, L.P.	100,000,000	57,295,985	1.08	12.4%
Apax VIII-B LP	157,584,000	0	1.50	13.7%
Apollo Investment Fund IX LP	200,000,000	0	1.10	10.2%
Apollo Investment Fund V LP	150,000,000	0	2.66	38.8%

Private Equity Partnership Performance

As of June 30, 2025

Private Investment Partnerships	Commitment (\$)	Current NAV (\$)	TVPI	Net IRR
Apollo Investment Fund VI LP	200,000,000	0	1.70	9.5%
Apollo Investment Fund VII LP	200,000,000	0	1.94	23.0%
Apollo Investment Fund VIII LP	200,000,000	0	1.37	9.1%
Arbor Debt Opportunities Fund II LP	15,000,000	11,070,557	1.35	12.2%
Arbor Investments V LP	75,000,000	51,583,975	0.84	-5.5%
Arbor Investments VI, L.P.	100,000,000	21,992,545	0.94	NA
Ardian LBO Fund VI-A LP	98,905,446	53,559,430	1.28	5.7%
Ares Corporate Opportunities Fund III LP	100,000,000	302,259	2.56	21.5%
Ares Corporate Opportunities Fund IV LP	200,000,000	28,425,351	1.90	14.2%
Ares Corporate Opportunities Fund V LP	200,000,000	173,775,788	1.30	6.0%
ASF VI-B LP	150,000,000	13,825,462	1.42	11.3%
ASF VII-B LP	150,000,000	55,083,359	1.51	12.9%
ASF VIII-B LP	200,000,000	162,433,064	1.37	13.7%
Asia Alternatives FL Investor II LP	267,000,000	282,081,695	1.32	6.9%
Asia Alternatives FL Investor III LP	303,000,000	219,519,764	1.20	8.1%
Asia Alternatives FL Investor IV, LP	50,000,000	6,768,936	0.90	-12.2%
Asia Alternatives FL Investor LP	200,000,000	140,394,890	1.57	8.4%
Astro Co-invest, L.P.	10,000,000	10,026,575	1.00	NA
Atlas Capital Resources II LP	20,000,000	7,990,624	1.96	19.7%
Atlas Capital Resources III LP	40,000,000	43,115,331	1.89	33.7%
Atlas Capital Resources IV LP	75,000,000	72,053,391	1.32	20.9%
Atlas Capital Resources V LP	125,000,000	0	NA	NA
AXA LBO Fund V LP	76,858,858	2,567,763	1.58	11.0%

Private Equity Partnership Performance

As of June 30, 2025

<u>Private Investment Partnerships</u>	<u>Commitment (\$)</u>	<u>Current NAV (\$)</u>	<u>TVPI</u>	<u>Net IRR</u>
AXA Secondary Fund V-B LP	100,000,000	117,960	1.60	16.3%
BC European Capital IX LP	101,118,077	0	1.09	5.8%
Berkshire Fund IX LP	110,000,000	0	1.24	22.3%
Berkshire Fund VIII LP	60,000,000	0	1.70	16.1%
Blackstone Capital Partners V LP	150,000,000	0	1.60	7.1%
Blackstone Capital Partners VI LP	200,000,000	0	1.85	13.1%
Blackstone Capital Partners VII LP	180,000,000	0	1.53	18.9%
Blackstone Capital Partners VIII LP	100,000,000	0	1.05	10.9%
Blue Water Energy Fund I-A LP	12,500,000	5,898,661	0.94	-2.3%
Brynwood Partners IX L.P.	50,000,000	27,050,770	0.97	-4.5%
Cap. Partners VI, L.P.	20,000,000	12,333,864	0.95	-6.6%
Capital Partners V LP	30,000,000	26,314,900	0.97	-1.0%
Carlyle Asia Growth Partners IV LP	75,000,000	6,950,662	1.08	1.5%
Carlyle Europe Partners III LP (EUR)	66,000,377	0	1.61	12.9%
Carlyle Partners III LP	200,000,000	0	2.30	22.8%
Carlyle Partners IV LP	75,000,000	0	2.03	13.1%
Carlyle Partners V LP	200,000,000	0	1.81	13.5%
Carlyle Partners VI LP	133,400,000	28,172,139	1.72	14.4%
Carlyle Partners VII LP	100,000,000	111,619,436	1.38	8.1%
Carnelian Energy Capital II LP	40,000,000	10,639,204	1.82	20.3%
Carnelian Energy Capital III LP	75,000,000	54,039,148	1.61	19.4%
Carnelian Energy Capital IV LP	75,000,000	34,590,514	1.21	14.5%
Carnelian Energy Capital V, L.P.	75,000,000	27,102,894	1.00	0.6%

Private Equity Partnership Performance

As of June 30, 2025

<u>Private Investment Partnerships</u>	<u>Commitment (\$)</u>	<u>Current NAV (\$)</u>	<u>TVPI</u>	<u>Net IRR</u>
CB Falcon Parent, LP	10,000,000	12,314,992	1.20	NA
CB Paris Co-Invest, L.P.	10,000,000	12,413,953	1.23	NA
Charlesbank Equity Fund IX LP	105,000,000	109,882,961	1.60	13.7%
Charlesbank Equity Fund IX Overage Program LP	20,000,000	11,073,608	1.29	7.5%
Charlesbank Equity Fund VII LP	75,000,000	345,701	2.46	24.4%
Charlesbank Equity Fund VIII LP	85,000,000	49,584,438	1.57	12.9%
Charlesbank Equity Fund X LP	115,000,000	152,261,209	1.52	21.4%
Charlesbank Equity Overage Fund X LP	10,000,000	16,817,955	1.91	28.9%
Charterhouse Capital Partners IX LP	90,366,890	0	1.35	13.7%
Cogentrix Co-Investment Fund, LP	10,000,000	17,794,944	1.76	NA
Co-Investment Partners 2005 LP (Pool III)	500,000,000	125,304,792	1.91	15.4%
Co-Investment Partners 2005 LP (Pool IV)	500,000,000	460,662,254	1.90	15.9%
Co-Investment Partners 2005 LP (Pools I & II)	500,000,000	6,589,832	1.44	5.2%
Co-Investment Partners LP (Pools III & IV)	500,000,000	0	2.18	23.4%
Cortec Group Fund V LP	50,000,000	0	4.23	30.8%
Cortec Group Fund VI LP	75,000,000	0	1.24	7.9%
Cressey & Company Fund IV LP	50,000,000	0	2.24	22.2%
Cressey & Company Fund V LP	75,000,000	88,733,526	2.46	18.5%
Cressey & Company Fund VI LP	100,000,000	111,622,083	1.54	13.7%
Cressey & Company Overage Fund VI LP	10,000,000	15,028,311	2.34	31.9%
CVC Capital Partners IX L.P.	210,090,654	35,013,819	1.13	NA
CVC Capital Partners VI-A LP	102,645,517	64,989,491	2.00	15.6%
CVC Capital Partners VII-A LP	102,163,598	153,900,619	2.12	20.9%

Private Equity Partnership Performance

As of June 30, 2025

<u>Private Investment Partnerships</u>	<u>Commitment (\$)</u>	<u>Current NAV (\$)</u>	<u>TVPI</u>	<u>Net IRR</u>
CVC Capital Partners VIII-A LP	225,468,975	251,794,861	1.24	10.0%
CVC European Equity Partners V-A LP	102,826,253	2,403,617	2.09	16.6%
D&D Co-Invest, L.P.	10,000,000	13,807,390	1.42	36.9%
Datadog, Inc.	70,564,685	0	1.60	371.7%
DCP Capital Partners II LP	100,000,000	49,430,222	1.11	6.6%
DCPF VI Oil & Gas Coinvestment Fund LP	50,000,000	0	1.60	15.9%
Denham Commodity Partners Fund VI LP	100,000,000	39,677,316	0.89	-2.6%
Denham Energy Resources Fund II LP	100,000,000	95,646,308	1.35	17.2%
Denham Oil & Gas Fund LP	100,000,000	113,033,888	1.46	10.1%
EnCap Energy Capital Fund IX LP	75,000,000	17,704,249	1.57	10.8%
EnCap Energy Capital Fund VIII LP	75,000,000	27,278,792	1.08	1.3%
EnCap Energy Capital Fund X LP	100,000,000	48,139,436	2.10	16.1%
EnCap Energy Capital Fund XI LP	100,000,000	64,611,617	1.89	21.3%
EnCap Energy Capital Fund XII, L.P.	75,000,000	31,406,089	1.19	34.9%
EnCap Flatrock Midstream Fund III LP	50,000,000	19,258,468	1.41	9.6%
EnCap Flatrock Midstream Fund IV LP	65,000,000	42,983,269	1.25	8.1%
Energy Capital Partners II-A LP	100,000,000	0	1.46	8.4%
Energy Capital Partners III-A LP	150,000,000	61,435,873	1.70	13.3%
EnerVest Energy Institutional Fund XII-A LP	60,000,000	165,179	0.64	-18.6%
EnerVest Energy Institutional Fund XIII-A LP	100,000,000	0	0.09	-93.3%
EnerVest Energy Institutional Fund XIV-A LP	100,000,000	18,281,188	1.33	6.7%
Equistone Partners Europe Fund V LP	74,366,455	20,874,516	1.40	6.7%
Equistone Partners Europe Fund VI LP	80,711,817	44,195,328	1.59	16.6%

Private Equity Partnership Performance

As of June 30, 2025

<u>Private Investment Partnerships</u>	<u>Commitment (\$)</u>	<u>Current NAV (\$)</u>	<u>TVPI</u>	<u>Net IRR</u>
European Private Equity Opportunities I LP	49,181,385	63,762,989	1.48	10.7%
European Private Equity Opportunities II LP	75,523,436	46,654,347	1.42	13.3%
Fairview Special Opportunities Fund II LP	87,000,000	136,341,489	2.26	12.8%
Fairview Special Opportunities Fund LP	220,000,000	493,800,218	4.71	22.6%
Fairview Ventures Fund II LP	50,000,000	0	1.34	3.9%
Fairview Ventures Fund III LP	75,000,000	0	1.83	11.8%
Falfurrias Capital Partners IV LP	60,000,000	85,322,043	2.72	34.8%
Falfurrias Capital Partners V LP	100,000,000	113,958,538	1.26	13.5%
Falfurrias Capital Partners VI, LP	110,000,000	77,304	0.07	NA
FH BMX Co-Invest Aggregator, L.P.	11,833,350	16,858,966	1.40	46.2%
First Reserve Fund XI LP	100,000,000	0	0.64	-9.4%
First Reserve Fund XII LP	200,000,000	104,643	0.49	-18.0%
Francisco Partners III LP	75,000,000	0	3.44	23.8%
Francisco Partners IV LP	75,000,000	50,092,066	3.08	25.9%
Francisco Partners V LP	75,000,000	96,069,356	2.23	18.1%
Francisco Partners VI LP	100,000,000	125,287,476	1.46	14.1%
Francisco Partners VII LP	100,000,000	33,329,201	1.07	13.7%
Frazier Healthcare Growth Buyout Fund XI, L.P.	70,000,000	0	NA	NA
Frozen Investments Collective S.C.A.	9,619,701	10,914,342	1.13	11.5%
FS Equity Partners IX, L.P.	75,000,000	3,036,850	0.70	NA
FS Equity Partners V LP	50,000,000	0	2.10	16.1%
FS Equity Partners VI LP	75,000,000	0	3.08	23.1%
FS Equity Partners VII LP	100,000,000	76,826,417	1.56	8.5%

Private Equity Partnership Performance

As of June 30, 2025

<u>Private Investment Partnerships</u>	<u>Commitment (\$)</u>	<u>Current NAV (\$)</u>	<u>TVPI</u>	<u>Net IRR</u>
FS Equity Partners VIII LP	100,000,000	103,524,371	1.54	11.8%
FSBA AAM Strategic Fund I LP	100,000,000	99,889,566	1.67	32.0%
FSBA AAM Strategic Fund II, LP	200,000,000	150,576,020	1.21	27.9%
FSBA AAM Strategic Fund III, LP	500,000,000	0	NA	NA
Gores Capital Partners I LP	50,000,000	0	1.30	8.4%
Gores Capital Partners II LP	50,000,000	0	1.14	3.8%
Gores Capital Partners III LP	125,000,000	0	1.00	-0.1%
Green Equity Investors IV LP	100,000,000	0	1.78	10.7%
Green Equity Investors V LP	100,000,000	0	1.94	17.4%
Green Equity Investors VI LP	190,000,000	0	1.25	12.3%
GS Partners Buyouts II LLC	230,000,000	76,038,626	1.96	14.9%
GS Partners Buyouts LLC	150,000,000	4,203,909	1.66	10.6%
GS Partners Ventures II LLC	200,000,000	129,637,381	3.35	20.5%
GS Partners Ventures III LLC	150,000,000	164,375,033	2.98	18.2%
GS Partners Ventures LLC	200,000,000	0	1.56	7.2%
Hahn & Company III LP	50,000,000	65,763,134	1.45	12.6%
Hahn & Company IV L.P.	75,000,000	10,731,079	0.94	-7.6%
Hahn & Company IV-S L.P.	25,000,000	5,267,897	1.19	NA
Hellman & Friedman Capital Partners IX LP	250,000,000	418,925,771	1.69	14.0%
Hellman & Friedman Capital Partners V LP	75,000,000	0	2.74	29.4%
Hellman & Friedman Capital Partners VI LP	100,000,000	0	1.79	12.6%
Hellman & Friedman Capital Partners VII LP	200,000,000	16,178,038	3.38	24.7%
Hellman & Friedman Capital Partners VIII LP	200,000,000	219,768,191	1.72	10.5%

Private Equity Partnership Performance

As of June 30, 2025

<u>Private Investment Partnerships</u>	<u>Commitment (\$)</u>	<u>Current NAV (\$)</u>	<u>TVPI</u>	<u>Net IRR</u>
Hellman & Friedman Capital Partners X LP	250,000,000	240,147,958	1.16	6.0%
Hellman & Friedman Capital Partners XI, L.P.	200,000,000	0	NA	NA
HEQ II Co-Investment Fund, LP	10,000,000	7,420,161	1.35	NA
Hicks Muse Tate Furst V LP	25,000,000	0	1.77	21.0%
HuFriedy Group Aggregator LLC	10,000,000	15,148,033	1.50	NA
Ichos Holdings, LP	11,000,000	10,998,904	1.00	NA
Inflexion Buyout Fund IV LP	52,587,527	22,505,118	1.78	14.4%
Inflexion Enterprise Fund IV LP	19,982,149	7,036,225	1.97	21.0%
Inflexion Enterprise Fund VI	32,216,080	1	0.00	NA
Inflexion Partnership Capital Fund I LP	26,372,724	10,623,162	1.94	21.5%
Inflexion Partnership Capital Fund III (No. 1) Limited Partnership	49,802,037	9,504,462	1.00	1.3%
Insight Venture Partners Growth-Buyout Coinvestment Fund LP	50,000,000	0	3.75	36.6%
Insight Venture Partners IX LP	75,000,000	0	3.65	32.4%
Insight Venture Partners VIII LP	75,000,000	0	3.01	22.0%
Investindustrial VI LP	55,802,326	45,638,841	1.53	9.3%
Investindustrial VII LP	76,982,294	99,552,123	1.67	19.9%
Investindustrial VIII SCSp	107,010,241	9,944,863	0.89	-21.7%
J.H. Whitney VII LP	75,000,000	0	1.92	13.0%
Juniper Capital IV, L.P.	50,000,000	9,083,732	1.11	8.2%
Juniper High Noon Partners, L.P.	10,000,000	9,123,158	1.44	34.4%
Kelso Investment Associates VII LP	50,000,000	0	1.73	12.2%
Kelso Investment Associates VIII LP	100,000,000	0	1.58	13.8%
KKR Asian Fund II LP	100,000,000	20,133,405	0.97	-0.9%

Private Equity Partnership Performance

As of June 30, 2025

<u>Private Investment Partnerships</u>	<u>Commitment (\$)</u>	<u>Current NAV (\$)</u>	<u>TVPI</u>	<u>Net IRR</u>
KKR Asian Fund III-EEA SCSp LP	150,000,000	166,659,365	1.98	19.1%
KKR European Fund III LP	58,757,859	0	1.05	1.8%
Kohlberg Investors V LP	45,000,000	0	1.06	1.2%
Kohlberg Investors VI LP	50,000,000	0	1.67	15.8%
KPS Special Situations Fund III-Supplemental LP	50,000,000	0	2.67	22.7%
KPS Special Situations Fund IV LP	150,000,000	61,737,437	2.07	22.0%
KPS Special Situations Fund V LP	200,000,000	165,303,646	1.31	12.6%
KPS Special Situations Fund VI, LP	200,000,000	24,551,694	0.99	NA
KPS Special Situations Mid-Cap Fund II, LP	75,000,000	0	NA	NA
KPS Special Situations Mid-Cap Fund LP	50,000,000	51,137,211	1.49	16.0%
LCP FSBA Co-Invest Account LP	200,000,000	159,388,011	1.76	18.1%
Lexington Capital Partners IV LP	200,000,000	0	1.78	20.2%
Lexington Capital Partners IX LP	250,000,000	244,878,827	1.52	15.6%
Lexington Capital Partners V LP	100,000,000	374,659	1.68	18.9%
Lexington Capital Partners VI-B LP	100,000,000	550,377	1.37	6.4%
Lexington Capital Partners VII LP	200,000,000	3,982,050	1.65	13.5%
Lexington Capital Partners VIII LP	250,000,000	108,659,714	1.65	14.1%
Lexington Capital Partners X LP	150,000,000	91,920,626	1.27	19.9%
Lexington CIP V-F-O LP	200,000,000	208,176,373	1.48	16.4%
Lexington Co-Investment Partners (Pools I & II)	500,000,000	0	1.35	6.3%
Lexington Co-Investment Partners V-F LP	600,000,000	800,406,655	1.46	16.2%
Lexington Co-Investment Partners VI-F, L.P.	150,000,000	52,190,756	1.16	NA
Lexington Middle Market Investors III LP	100,000,000	34,310,147	1.81	16.1%

Private Equity Partnership Performance

As of June 30, 2025

<u>Private Investment Partnerships</u>	<u>Commitment (\$)</u>	<u>Current NAV (\$)</u>	<u>TVPI</u>	<u>Net IRR</u>
LightBay Investment Partners II LP	75,000,000	38,664,090	0.84	-22.0%
LightBay Investment Partners LP	50,000,000	43,047,495	1.53	13.6%
Lindsay Goldberg & Bessemer II LP	100,000,000	0	1.48	8.0%
Lindsay Goldberg III LP	100,000,000	0	1.18	6.8%
Livingbridge 7 LP	82,665,124	42,904,687	1.08	2.2%
Livingbridge Ent SPV 2 LP	11,946,638	17,277,721	1.42	NA
Livingbridge Enterprise 3 LP	32,305,168	37,013,477	1.46	13.4%
MBK Partners Fund V LP	100,000,000	109,200,520	1.26	10.6%
MBK Partners Fund VI, L.P.	100,000,000	13,888,824	0.69	-32.8%
Monomoy Capital Partners V, L.P.	50,000,000	0	NA	NA
Montagu IV LP	56,819,796	1,711,402	1.50	12.0%
Montagu V LP	111,109,877	95,071,255	1.70	15.6%
Montagu VI LP	82,323,886	73,034,901	1.11	5.0%
New Mountain Partners II LP	50,000,000	0	2.03	13.5%
New Mountain Partners III LP	100,000,000	3,901,882	2.52	14.5%
New Mountain Partners IV LP	100,000,000	0	1.59	22.1%
OES Co-Invest, LP	10,000,000	13,830,438	1.48	43.7%
One Peak Growth III SCSp	50,152,463	25,413,482	1.05	4.1%
OpCapita Consumer Opportunities Fund II LP	38,251,366	17,227,511	0.55	-12.2%
OpCapita Consumer Opportunities Fund III LP	38,682,154	16,457,786	0.45	-37.4%
OpenView Venture Partners IV LP	25,000,000	8,217,825	1.91	12.5%
OpenView Venture Partners V LP	25,000,000	22,550,680	1.91	20.1%
OpenView Venture Partners VI LP	30,000,000	13,421,407	0.68	-10.2%

Private Equity Partnership Performance

As of June 30, 2025

<u>Private Investment Partnerships</u>	<u>Commitment (\$)</u>	<u>Current NAV (\$)</u>	<u>TVPI</u>	<u>Net IRR</u>
OpenView Venture Partners VII LP	4,918,240	4,687,274	1.20	10.4%
OWL Co-Invest Opportunity LP	10,000,000	8,716,505	1.24	15.4%
PAI Europe V LP	42,563,071	0	1.30	7.0%
Pantheon Global Secondary Fund IV LP	100,000,000	2,418,802	1.58	12.6%
Pantheon Venture Partners II LP	100,000,000	0	1.52	6.8%
Peak Rock Capital Credit Fund II LP	20,000,000	2,505,849	1.09	14.0%
Peak Rock Capital Fund II LP	80,000,000	17,347,379	1.98	34.5%
Peak Rock Capital Fund III LP	125,000,000	125,709,380	1.55	28.0%
Peak Rock Capital Fund IV LP	125,000,000	0	NA	NA
Permira IV LP (EUR)	64,037,705	0	1.56	8.3%
Permira V LP	136,860,690	0	2.84	24.2%
Pinegrove Sunshine Innovation Perpetual Fund, LP.	300,000,000	0	NA	NA
Pinegrove Sunshine Innovation Perpetual Fund, LP. - Tranche B	150,000,000	14,137,097	1.00	NA
Pinegrove Sunshine Innovation Perpetual Fund, LP. - Tranche C	50,000,000	0	NA	NA
Pinegrove Sunshine Innovation Perpetual Fund, LP. - Tranche D	200,000,000	3,584,565	0.99	NA
Platinum Equity Capital Partners I LP	50,000,000	0	2.91	60.2%
Platinum Equity Capital Partners II LP	75,000,000	1,884,664	1.71	12.7%
Platinum Equity Capital Partners III LP	200,000,000	17,561,134	2.11	28.9%
POM V Co-Investment, LLC	10,000,000	12,921,036	1.55	53.2%
Pomona Capital VI LP	50,000,000	366,230	1.29	4.4%
Pomona Capital VII LP	50,000,000	0	1.31	7.9%
Post Oak Energy Partners II LP	25,000,000	16,013,549	1.68	11.9%
Post Oak Energy Partners III LP	60,000,000	26,598,262	1.59	13.1%

Private Equity Partnership Performance

As of June 30, 2025

<u>Private Investment Partnerships</u>	<u>Commitment (\$)</u>	<u>Current NAV (\$)</u>	<u>TVPI</u>	<u>Net IRR</u>
Post Oak Energy Partners IV LP	60,000,000	55,779,017	1.42	9.7%
Post Oak Energy Partners V, LP	50,000,000	37,710,567	1.22	27.8%
Project Second Co-Invest Fund, L.P.	10,000,000	10,005,304	1.00	NA
Providence Equity Partners VI LP	50,000,000	0	1.46	7.3%
Providence Equity Partners VII LP	200,000,000	0	1.61	21.2%
Quantum Energy Partners VIII, LP	85,714,000	63,764,202	1.08	8.4%
Quantum Energy Partners VIII-B Co-Investment Fund, LP	14,286,000	10,970,096	1.18	21.2%
RCP Fund IV LP	50,000,000	0	1.88	13.1%
RCP Fund IX LP	50,000,000	50,433,851	2.16	17.3%
RCP Fund V LP	50,000,000	0	1.80	14.2%
RCP Fund VI LP	50,000,000	550,081	2.07	15.8%
RCP Fund VII LP	50,000,000	250,209	2.07	16.8%
RCP Fund VIII LP	50,000,000	11,760,499	2.27	20.0%
RCP Fund X LP	50,000,000	50,518,321	2.09	17.5%
Ripplewood Partners II LP	100,000,000	0	1.19	6.2%
Riverside Capital Appreciation Fund V LP	75,000,000	0	1.32	8.2%
Riverside Capital Appreciation Fund VI LP	75,000,000	0	1.43	14.4%
Riverside Europe Fund IV LP	49,699,937	0	1.04	1.5%
Routeware Coinvest Aggregator, L.P.	5,000,000	7,429,736	1.73	54.9%
RTP J Holdings LP	9,999,998	13,999,760	1.32	18.4%
Rubicon Technology Partners II LP	76,000,000	20,450,810	2.14	28.2%
Rubicon Technology Partners III LP	100,000,000	92,821,159	1.21	5.6%
Rubicon Technology Partners IV LP	100,000,000	53,378,376	1.10	7.1%

Private Equity Partnership Performance

As of June 30, 2025

Private Investment Partnerships	Commitment (\$)	Current NAV (\$)	TVPI	Net IRR
Rubicon Technology Partners LP	50,000,000	21,647,753	1.60	13.3%
Searchlight Capital II LP	100,000,000	69,734,827	1.80	19.7%
Searchlight Capital III CVL Co-Invest Partners II, L.P.	10,000,000	16,224,618	1.89	NA
Searchlight Capital III LP	150,000,000	197,004,829	1.70	22.9%
Searchlight Capital IV LEAF Co-Invest Partners, L.P.	10,000,000	10,403,753	1.04	NA
Searchlight Capital IV, L.P.	150,000,000	68,577,602	1.11	NA
Seaside Equity Partners III-A, L.P.	30,000,000	0	NA	NA
Seaside Equity Partners Navigator I-A, L.P.	5,000,000	0	NA	NA
SIF-Ascension I LP	25,000,000	15,644,756	1.01	0.6%
Silver Lake Partners IV LP	100,000,000	110,624,669	2.77	20.7%
Silver Lake Partners V LP	140,000,000	146,673,198	1.64	12.1%
Silver Lake Partners VI LP	175,000,000	213,020,140	1.27	8.8%
Siris Partners III LP	75,000,000	0	1.22	8.6%
Siris Partners IV LP	75,000,000	0	1.07	4.3%
Snow Phipps II AIV LP	50,000,000	0	1.37	14.6%
Strategic Investors Fund IX-A LP	75,000,000	115,333,206	1.84	13.6%
Strategic Investors Fund V-A LP	125,000,000	144,381,333	5.53	24.6%
Strategic Investors Fund V-A Opportunity LP	55,000,000	53,842,284	6.47	25.3%
Strategic Investors Fund VI-A LP	125,000,000	252,720,956	4.22	19.7%
Strategic Investors Fund VII-A LP	125,000,000	247,851,918	3.73	20.4%
Strategic Investors Fund VIII-A LP	100,000,000	215,788,615	3.22	21.1%
Strategic Investors Fund X-A LP	75,000,000	83,812,778	1.28	7.9%
Stride Consumer Fund I LP	50,000,000	42,112,624	1.45	17.2%

Private Equity Partnership Performance

As of June 30, 2025

<u>Private Investment Partnerships</u>	<u>Commitment (\$)</u>	<u>Current NAV (\$)</u>	<u>TVPI</u>	<u>Net IRR</u>
Summa Equity Fund III-No 1 AB	40,962,202	28,304,794	1.07	4.5%
Summa Equity Fund II-No 1 AB	29,887,712	13,717,280	1.59	22.4%
Summit Partners Growth Equity Fund VIII-A LP	125,000,000	0	1.52	32.0%
SVB Capital Partners III LP	22,500,000	10,643,466	2.26	14.3%
SVB Capital Partners IV LP	25,000,000	38,901,420	1.62	8.9%
SVB Venture Overage Fund LP	100,575,334	47,763,991	2.48	17.8%
TA XI LP	100,000,000	0	1.55	19.7%
The Energy & Minerals Group Fund III LP	85,000,000	37,456,553	0.61	-5.6%
The Paragon Fund IV GmbH & Co. KG	53,097,721	4,679,994	0.96	-13.2%
The Rise Fund II LP	50,000,000	63,396,311	1.34	10.4%
The Rise Fund LP	25,000,000	22,912,806	1.44	9.4%
Thoma Bravo Discover Fund II LP	75,000,000	85,718,968	2.17	21.9%
Thoma Bravo Discover Fund III LP	100,000,000	143,096,337	1.46	11.4%
Thoma Bravo Discover Fund IV LP	100,000,000	102,438,373	1.34	21.3%
Thoma Bravo Discover Fund LP	50,000,000	24,923,878	3.08	34.4%
Thoma Bravo Discover Fund V, L.P.	100,000,000	0	NA	NA
Thoma Bravo Fund IX LP	50,000,000	0	4.08	48.1%
Thoma Bravo Fund X LP	100,000,000	0	4.05	39.2%
Thoma Bravo Fund XI LP	100,000,000	52,407,940	3.07	25.6%
Thoma Bravo Fund XII LP	150,000,000	82,068,990	2.16	15.1%
Thoma Bravo Fund XIII LP	150,000,000	178,262,318	1.96	22.6%
Thoma Bravo Fund XIV LP	200,000,000	200,355,077	1.24	6.8%
Thoma Bravo Fund XV LP	150,000,000	172,605,409	1.38	15.0%

Private Equity Partnership Performance

As of June 30, 2025

<u>Private Investment Partnerships</u>	<u>Commitment (\$)</u>	<u>Current NAV (\$)</u>	<u>TVPI</u>	<u>Net IRR</u>
Thoma Bravo Fund XVI, L.P.	150,000,000	0	NA	NA
Thoma Bravo Special Opportunities Fund I LP	45,000,000	0	3.98	33.6%
Thoma Bravo Special Opportunities Fund II LP	50,000,000	37,759,777	2.49	16.0%
Thoma Cressey Fund VIII LP	50,000,000	0	2.93	18.3%
Thomas H. Lee Equity Fund V LP	50,000,000	0	1.63	13.4%
Thomas H. Lee Equity Fund VI LP	75,000,000	0	1.89	12.3%
TI IV R1 CF Exit, L.P.	46,914,372	46,301,462	0.99	NA
TI VI Project Armstrong Co-Invest, L.P.	10,000,000	9,924,111	1.11	NA
Tiger Iron Special Opportunities Fund II LP	195,710,226	223,251,928	1.28	6.8%
Tiger Iron Special Opportunities Fund III, L.P.	300,000,000	76,304,825	1.21	14.4%
Tiger Iron Special Opportunities Fund LP	191,877,777	296,269,291	2.00	14.4%
T-IX Jade Co-Invest LP	10,972,432	10,989,084	1.00	NA
Top Tier Special Opportunities Fund LP	12,450,000	0	0.74	-4.0%
Top Tier Venture Capital II LP	120,000,000	0	1.34	4.3%
Top Tier Venture Capital III LP	75,000,000	0	1.40	5.3%
Top Tier Venture Capital IV LP	100,000,000	0	2.00	13.9%
TowerBrook Investors II LP	75,000,000	0	1.88	9.8%
TowerBrook Investors III LP	150,000,000	376,007	1.41	8.6%
TowerBrook Investors IV LP	190,000,000	52,411,369	1.54	14.3%
TowerBrook Investors V LP	200,000,000	300,428,755	1.56	16.2%
TowerBrook Investors VI (Onshore), L.P.	100,000,000	58,396,168	1.11	NA
TowerBrook Project Wings Co-Invest, L.P.	10,000,000	10,003,685	1.00	NA
TPG Growth II LP	100,000,000	0	2.14	16.4%

Private Equity Partnership Performance

As of June 30, 2025

<u>Private Investment Partnerships</u>	<u>Commitment (\$)</u>	<u>Current NAV (\$)</u>	<u>TVPI</u>	<u>Net IRR</u>
TPG Growth III-A LP	100,000,000	51,032,069	1.60	15.2%
TPG Growth IV LP	100,000,000	78,531,662	1.70	14.8%
TPG Growth V LP	150,000,000	186,029,841	1.34	13.9%
TPG Partners IV LP	50,000,000	0	1.89	14.3%
TPG Partners V LP	100,000,000	0	1.18	2.6%
TPG Partners VI LP	200,000,000	0	1.42	11.3%
Trace Sabre Co-Invest Fund LP	10,000,000	8,032,694	1.25	NA
Trident IX LP	100,000,000	104,613,554	1.30	18.3%
Trident V LP	75,000,000	0	1.82	11.4%
Trident VI LP	75,000,000	29,655,748	2.48	21.3%
Trident VII LP	75,000,000	115,788,472	2.24	18.6%
Trident VIII LP	100,000,000	122,430,728	1.57	12.7%
Trident X US Fund, L.P.	100,000,000	0	NA	NA
Trive Capital Fund IV LP	75,000,000	82,107,370	1.49	18.8%
Trive Capital Fund V LP	100,000,000	16,090,457	0.87	NA
TrueBridge Blockchain I (Parallel), L.P.	30,000,000	22,869,921	1.05	3.3%
TrueBridge Blockchain II (Parallel), L.P.	30,000,000	4,794,915	1.00	NA
TrueBridge Capital FSA II LLC	74,739,895	86,281,105	1.26	6.7%
TrueBridge Capital FSA III, LLC	57,420,000	46,669,299	1.02	3.0%
TrueBridge Capital FSA LLC	79,600,000	236,083,761	4.48	32.8%
TrueBridge Capital Partners Fund V (Parallel) LP	100,000,000	199,906,377	2.52	20.3%
TrueBridge Capital Partners Fund VI (Parallel) LP	100,000,000	133,083,584	1.34	8.8%
TrueBridge Capital Partners Fund VII (Parallel) LP	75,000,000	59,399,161	1.11	5.8%

Private Equity Partnership Performance

As of June 30, 2025

<u>Private Investment Partnerships</u>	<u>Commitment (\$)</u>	<u>Current NAV (\$)</u>	<u>TVPI</u>	<u>Net IRR</u>
TrueBridge Capital Partners Fund VIII (Parallel), L.P.	75,000,000	9,177,071	0.87	-18.1%
TrueBridge Special Purpose (F) LLC	47,972,078	91,312,733	5.24	21.6%
TrueBridge Special Purpose (F3) LLC	22,500,000	25,758,576	3.28	20.4%
TrueBridge-Kauffman Fellows Endowment Fund II (Parallel) LP	100,000,000	155,865,932	5.22	20.0%
TrueBridge-Kauffman Fellows Endowment Fund III (Parallel) LP	125,000,000	178,551,964	3.31	16.3%
TrueBridge-Kauffman Fellows Endowment Fund IV (Parallel) LP	125,000,000	296,048,552	3.76	24.1%
Typhoon Co-Investment L.P.	10,000,000	9,856,927	1.22	NA
W Capital Partners III LP	75,000,000	17,160,724	1.20	4.6%
Warburg Pincus China LP	68,000,000	57,054,988	1.24	4.3%
Warburg Pincus China-Southeast Asia II LP	68,000,000	43,553,476	1.05	1.9%
Warburg Pincus Private Equity IX LP	75,000,000	78,875	1.72	9.7%
Warburg Pincus Private Equity X LP	150,000,000	758,142	1.79	9.5%
Warburg Pincus Private Equity XI LP	200,000,000	44,038,523	1.73	11.0%
Warburg Pincus Private Equity XII LP	90,000,000	55,850,847	2.05	15.5%
Warren Equity Partners Fund IV, L.P.	75,000,000	61,469,513	1.32	19.1%
Warren Equity Partners Fund V, L.P.	150,000,000	0	NA	NA
Waterland Private Equity Fund VI LP12	61,110,432	32,939,312	2.40	23.7%
Webster StrideCare Co-investment Fund, L.P.	10,000,000	6,137,449	1.31	NA
Webster USPP Co-Investment Fund, L.P.	10,000,000	8,461,504	1.00	NA
Wellspring Capital Partners III LP	50,000,000	0	2.19	27.1%
Wellspring Capital Partners IV LP	75,000,000	0	1.40	6.6%
Wellspring Capital Partners V LP	150,000,000	0	1.57	16.3%
WEP ELIDO I Pond Co-Investment, L.P.	5,000,000	3,794,216	0.97	NA

Private Equity Partnership Performance

As of June 30, 2025

<u>Private Investment Partnerships</u>	<u>Commitment (\$)</u>	<u>Current NAV (\$)</u>	<u>TVPI</u>	<u>Net IRR</u>
Willis Stein & Partners III LP	100,000,000	0	1.01	0.1%
WindRose Health Investors V LP	50,000,000	67,564,437	1.69	14.7%
WindRose Health Investors VI LP	75,000,000	64,558,192	1.30	15.0%
Wisteria Fund II Cayman LP	27,531,776	21,020,416	1.08	3.9%
WPEF IX Feeder 1 ILP	142,744,369	71,606,996	1.30	52.5%
WPEF VI Overflow Feeder LP	28,974,931	0	0.00	-100.0%
WPEF VII Feeder LP	113,659,612	125,332,786	1.75	17.9%
WPEF VIII Feeder LP	150,461,222	165,074,539	1.64	21.1%
WPP CMI Holdings, L.P.	4,756,289	10,801,967	2.44	163.5%
WR Riviera Co-Invest, LP	10,000,000	11,945,855	1.19	NA

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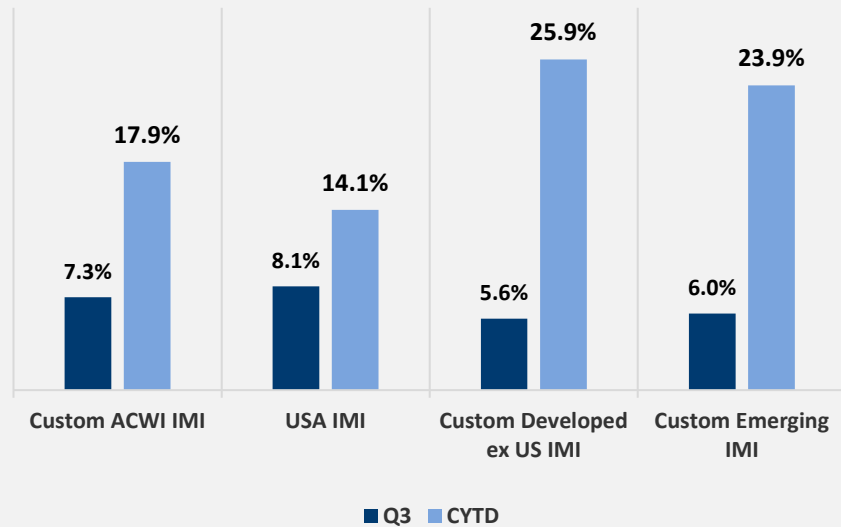
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Global Equity Asset Class Update

Tim Taylor, Senior Investment Officer

Q3 2025 MARKET ENVIRONMENT

RALLY CONTINUED IN GLOBAL EQUITY MARKETS

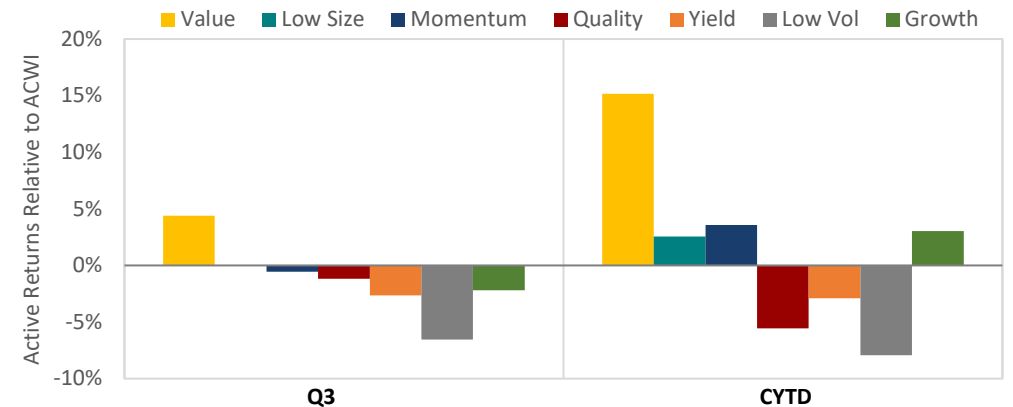


- Equity markets reached record highs in Q3, fueled by AI enthusiasm, interest rate cut expectations, and strong corporate earnings.
- A weaker US dollar boosted returns of international markets
- Factor attribution shows a global rise solely in Value during Q3 while quality and low return volatility factor indexes continued to underperform.

Q3: CYCLICAL RELATED SECTORS FAVORED OVER DEFENSIVE

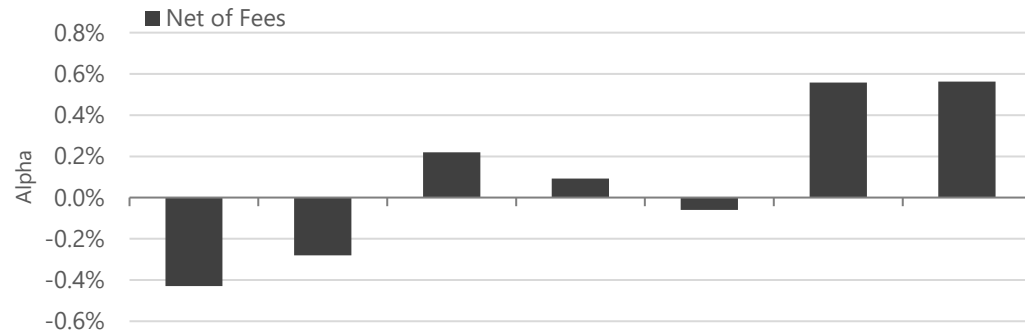
	Custom ACWI IMI	Custom USA IMI	Custom Developed ex US IMI	Custom Emerging IMI
Comm Services	9.8	12.2	1.2	-1.2
Cons Discretionary	7.6	8.7	6.1	2.2
Financials	4.8	3.4	8.5	0.2
Industrials	5.2	5.9	5.0	1.4
Info Tech	12.7	13.3	4.1	16.7
Materials	11.3	5.4	14.3	15.2
Real Estate	3.3	3.5	3.8	-0.2
Consumer Staples	-2.0	-2.6	-0.8	-2.4
Energy	5.7	5.7	7.7	-1.2
Health Care	3.5	4.8	0.6	0.5
Utilities	5.5	7.8	2.5	1.6
TOTAL RETURN	7.3	8.1	5.6	6.0

MSCI VALUE FACTOR INDEX LED



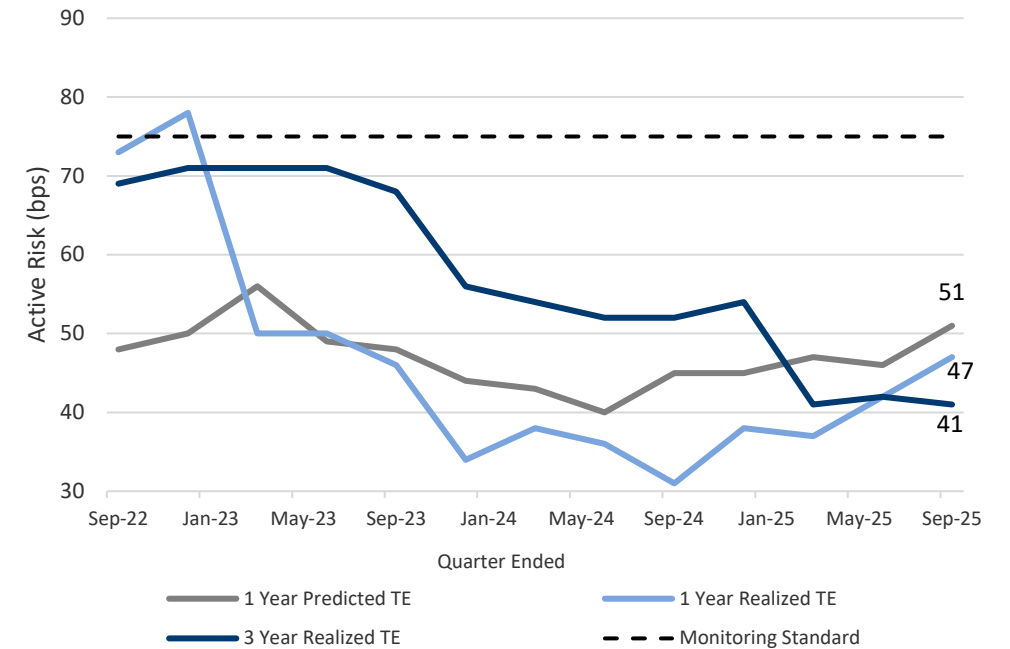
ASSET CLASS PERFORMANCE AND RISK SUMMARY

OUTPERFORMANCE ABOVE THE TARGET SINCE INCEPTION



	Qtr	CYTD	1 Year	3 Year	5 Year	10 Year	SI
Global Equity	6.86%	17.62%	16.70%	22.47%	13.18%	11.86%	11.39%
Target	7.29%	17.90%	16.48%	22.38%	13.24%	11.60%	10.83%
Active Return	-0.43%	-0.28%	0.22%	0.09%	-0.06%	0.26%	0.56%
Tracking Error			0.47%	0.41%	0.58%	0.51%	0.52%
Information Ratio			0.43%	0.15%	-0.13%	0.21%	0.93%

PREDICTED AND REALIZED ACTIVE RISK



ACTIVE STRATEGY PERFORMANCE SUMMARY

Active Strategy Group	Excess Returns by Aggregate					What Happened in Q3 2025
	% of Asset Class	Q3 2025	1 Year	3 Year	5 Year	Recent Performance Drivers
Foreign Developed Large Cap	17%	-1.02%	0.13%	0.34%	-0.69%	The Developed Standard aggregate benefited from positive stock selection in Consumer Staples and Communication Services, but this was offset by poor selection in Financials and Consumer Discretionary. On a regional basis the aggregate benefited from several off-benchmark emerging market positions, but this positive effect was eclipsed by underweights to Japan and Canada.
Emerging Markets (Large & Small Cap)	8%	0.59%	2.63%	1.47%	0.81%	The Emerging Markets active aggregate was the only bright spot in Q3, with holdings in China (off benchmark) and an underweight to India contributing positively. Stock selection in Taiwan (e.g. TSMC) also added to alpha.
Dedicated Global	8%	-1.05%	0.13%	-0.77%	-1.47%	The primary style headwind was once again a tilt away from Mega-Caps; however, stock selection proved to be the largest contributor to underperformance. Underweights to NVidia, Tesla, and Apple collectively accounted for a significant amount of the shortfall.
Foreign Developed Small Cap	4%	-2.49%	-1.22%	0.97%	0.50%	The underperformance in Q3 was notable and driven by a historically poor quarter for quality in the ISC space, while high volatility names continued to outperform. Additionally, the aggregate was underweight to the benchmark's best performing sector – Materials. Value mandates were additive due to momentum and volatility tilts.
US Small Cap	3%	-3.05%	-2.79%	-0.23%	1.16%	US Small Cap & Microcap were uniquely pressured in Q3 by the rally in highly volatile, lower quality stocks. Their universe is inherently junkier and it was home to many speculative themes including unprofitable technology, AI, meme stocks, bitcoin sensitive stocks, quantum computing, highly shorted stocks and biotech, which magnified the underperformance. Q3 underperformance was historic and rivaled that seen during the Global Financial Crisis (GFC).
Total Active Aggregate	43%	-1.12%	-0.19%	-0.20%	-0.41%	

Initiatives

- During Q3 2025 Global Equity funded two new external managers for US Large Cap Enhanced strategies. These mandates are actively managed against the Russell 1000 Index.

Provide Liquidity and Support Revised FRS Asset Allocation

- Global Equity continues to be a significant provider of liquidity, for all reasons.
- Raised \$2.92 Billion in Q3 2025 for liquidity and additional funding of Active Credit asset class.
- Global Equity has provided over \$101.2 Billion of liquidity since July 2010 (when Domestic Equity and Foreign Equity asset classes were combined).

GLOBAL EQUITY ABSOLUTE PERFORMANCE BY STRATEGY

FOREIGN	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Developed Standard					
Acadian Asset Mgmt	23.0	23.1	13.2	10.9	9.3
Alliance Bernstein	23.3	25.5	15.3		7.2
Artisan Partners	30.2	26.4	11.1	9.8	10.3
Baillie Gifford	12.7	18.8	2.4	12.3	10.2
BlackRock Alpha Tilts	19.0	24.3	13.8	9.8	9.2
GMO	24.3	28.1	16.3		9.5
Minerva Internal Passive					19.4
Morgan Stanley	6.7	18.1	8.4	8.2	8.7
TSW	15.6	21.9	12.1		12.2
Walter Scott	-3.8	13.4	4.4	8.9	9.1
Developed Small Cap					
Allspring Global Inv	8.7	16.7			3.1
BlackRock WxUS SC+	19.7	20.5	9.7	8.8	5.6
Clarivest Asset Mgmt	26.3	29.3			13.8
Global Alpha	7.4	13.6			3.3
Numeric	26.3	27.7	14.8		8.7
Principal Asset Mgmt	19.6	19.7	8.5	7.7	5.2
TSW	19.2	25.4	12.8		10.6
William Blair	14.0	17.6	3.6	6.8	5.4
Emerging Large Cap					
Acadian Asset Mgmt	13.0	22.3	11.8	10.0	9.8
Allspring Global Inv	18.8	17.7	5.4	8.8	4.7
Eastspring Investments	12.9	17.4			12.8
Fisher Investments	19.1				25.6
Jennison Associates	14.3				19.4
Ninety One	23.2	20.4	8.2		7.8
Robeco	17.7	21.0	9.5		7.9
Vontobel					10.3
William Blair	15.9	15.4	4.7	9.0	6.1
Emerging Small Cap					
Allspring Global Inv	15.6	22.2			17.4
AQR Capital Mgmt	11.4	22.3	16.0	11.2	9.0
Kayne Anderson Rudnick	8.0	16.8			13.3
Wellington Mgmt Co	8.2	22.9	15.1		12.6
William Blair	9.6	13.6	8.9	7.9	9.3

US	1 Yr	3 Yr	5 Yr	10 Yr	Inception
US Passive					
Avatar Internal Passive	17.8	24.7	16.0	15.1	11.0
Nova Internal Passive	17.6	24.6	16.0	15.1	13.5
Phoenix Internal Passive	17.5	24.2	15.8	14.8	10.6
US Small Cap					
Acuitas Investments	13.2	14.6	15.5	11.7	11.2
Copeland Capital	-3.3	11.8			11.8
Delta Internal Active	8.4	15.2	14.2	9.5	7.6
Fisher Investments	8.5	11.5	11.1	11.1	10.0
LA Capital	13.3	16.5	9.5		7.5
PanAgora Asset Mgmt	10.6	17.8	13.9	10.6	9.6
Penn Capital	22.3	16.6			4.7
Seneca Internal Active	6.7	15.7	10.2		7.6
Silvercrest Asset Mgmt	14.7	11.8	9.0	12.6	9.9
Stephens Investment Mgmt	15.3	17.6	10.0	12.0	10.7
Vaughan Nelson	5.3	15.8	16.9	10.2	10.3

GLOBAL	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Dedicated Global					
Atlas Internal Passive	17.4	24.2	14.8	13.0	10.9
Causeway Capital Mgmt	22.9	29.8			13.4
Jennison Associates	8.5	25.0			4.1
MS Global Franchise	0.9				6.8
PanAgora Asset Mgmt					18.9
Schroders	21.7	24.8	14.7	13.4	12.7
WCM Global	38.8	32.2			11.7
Wellington Mgmt Co	13.0	19.1			9.4

OTHER	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Non-Traditional					
Schiehallion	45.6	-3.9	-2.6		0.1
Schroders Hybrid Energy	3.3				-1.3
Wellington PPC	-3.2	12.9			8.3

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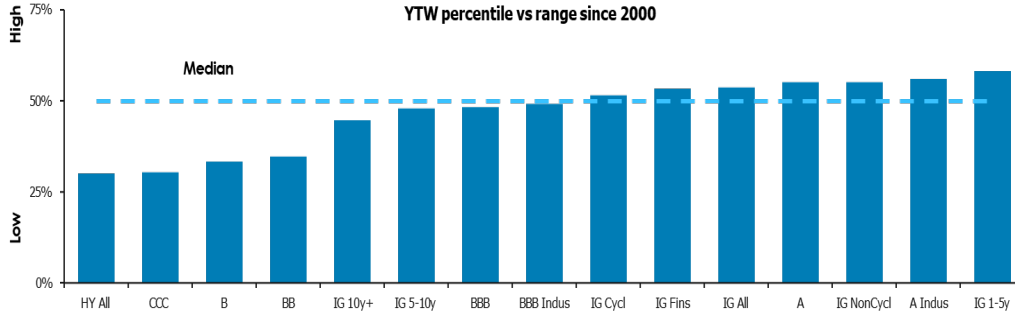
Active Credit Asset Class Update

John Mogg, SIO Active Credit

Public Credit – Credit spreads remain tight

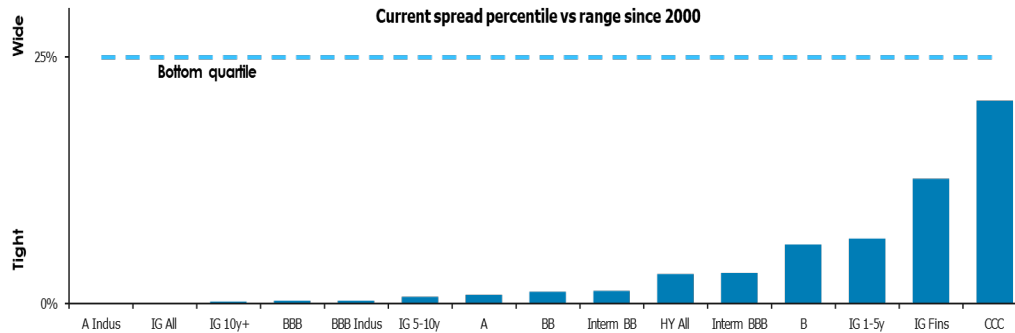
Yields are still attractive for most asset classes relative to history

YTW percentile vs range since 2000



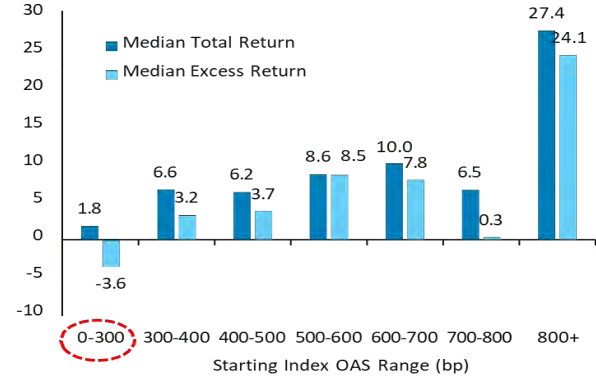
Despite spreads trading close to all time tight

Current spread percentile vs range since 2000



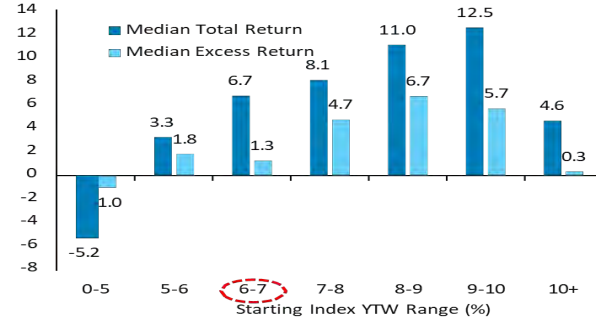
Tight Spreads Don't Bode Well for Fwd Rtns...

US HY 12m Fwd Return (%)



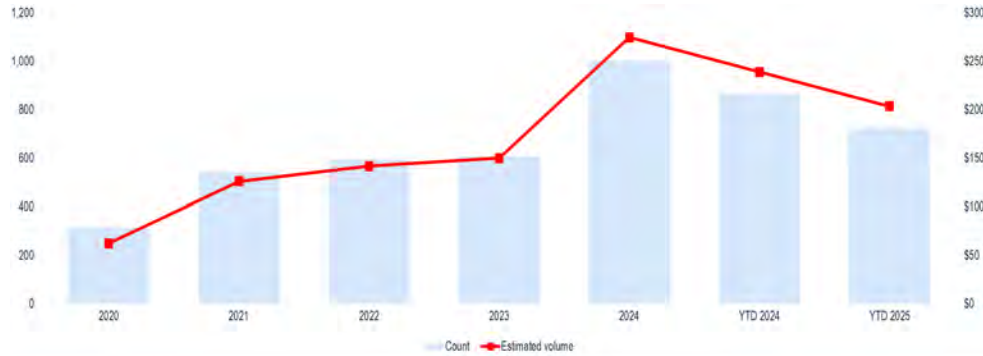
...But Yields Still Look Healthy

US HY 12m Fwd Return (%)



Private Credit – Tight market with sustained premium

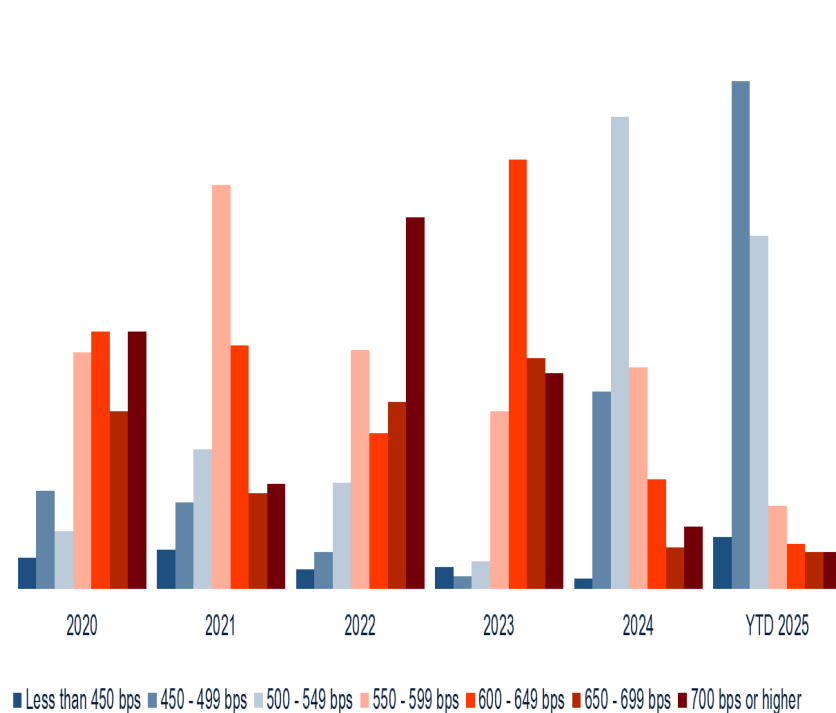
Direct lending deal count and estimated volume (annual) (\$B)



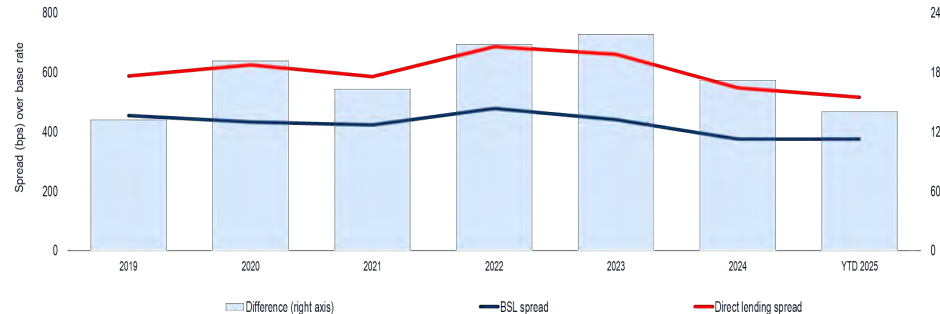
Deal count is based on transactions covered by LCD News

Source: PitchBook | LCD • Geography US • *As of Oct. 31, 2025

New-issue spread distribution of LBOs financed in direct lending market



Spread of LBOs financed in BSL (B-minus borrowers) vs direct lending market



Direct lending spread data reflects senior secured first-lien loans and untranche facilities. BSL data reflects loans issued to borrowers rated B-minus.

Source: PitchBook | LCD • Geography US • *As of Oct. 31, 2025

Active Credit – Multi-Asset Credit Implementation Update



- **Complete**

- **Funding:** Three Multi-Asset Credit (MAC) and three Bank Loan (BL) mandates were authorized to receive the final tranche of capital on November 3rd

- **In-Progress**

- **Funding:** One High Yield (HY) and three Emerging Market Debt (EMD) mandates were authorized to receive the second tranche of capital on December 1st
- Final tranche scheduled for March 1st

- **In-Progress**

- **Active Diligence:** Staff is performing due diligence to hire one additional HY manager for a potential \$500 million mandate
- Pending diligence and acceptable terms, staff is targeting March 31 close
- Three tranche funding schedule

Active Credit – Private Credit

Investment Pacing

Calendar Year 2025

- \$500 million of uncommitted capital (likely to roll into 2026)
- \$2 billion + of pacing expected for calendar year 2026

Re-ups under Consideration

Senior Lending

- Asian direct lending fund of one

Opportunistic Credit

- Three long standing relationships under re-evaluation

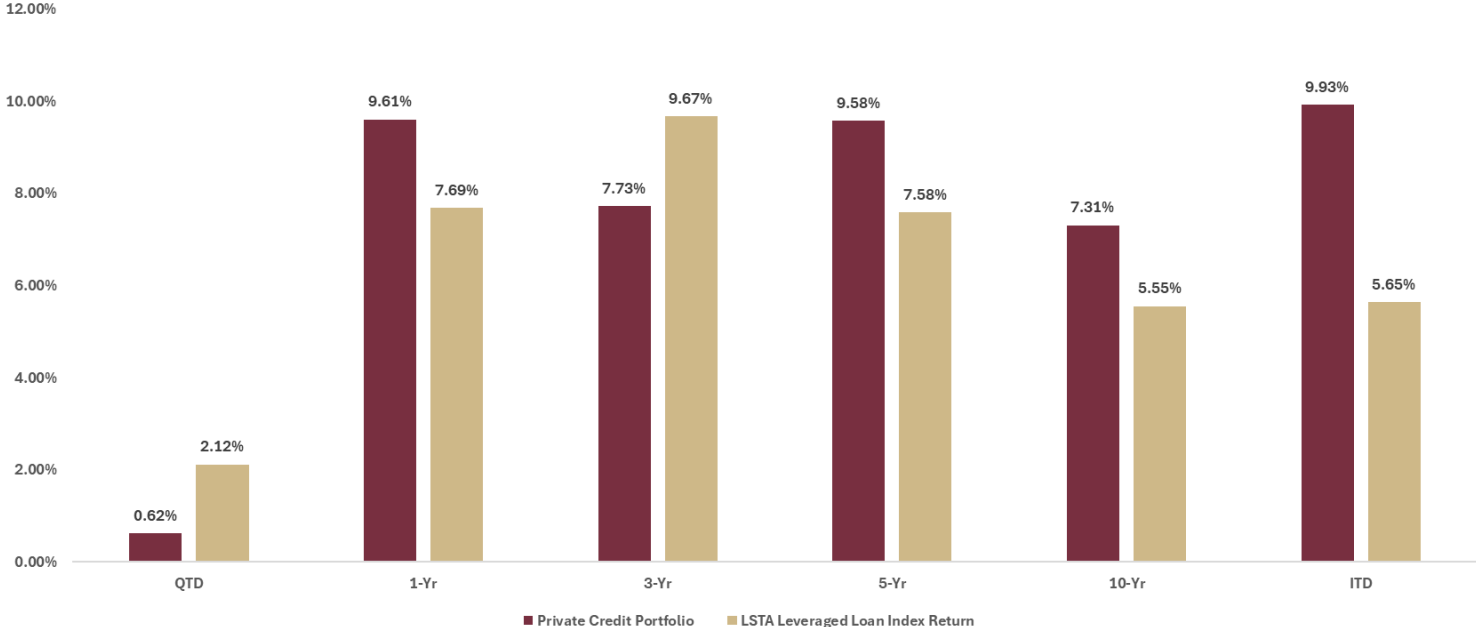
Research Projects

Private Credit Co-investment Program – Active Diligence

- Two potential mandates:
 1. Credit co-investment Fund of One
 2. Florida Credit Tranche
- Identified potential partners, constructed guidelines, conducting due diligence meetings, negotiating economics
- Targeting March 31st close

Private Credit Performance

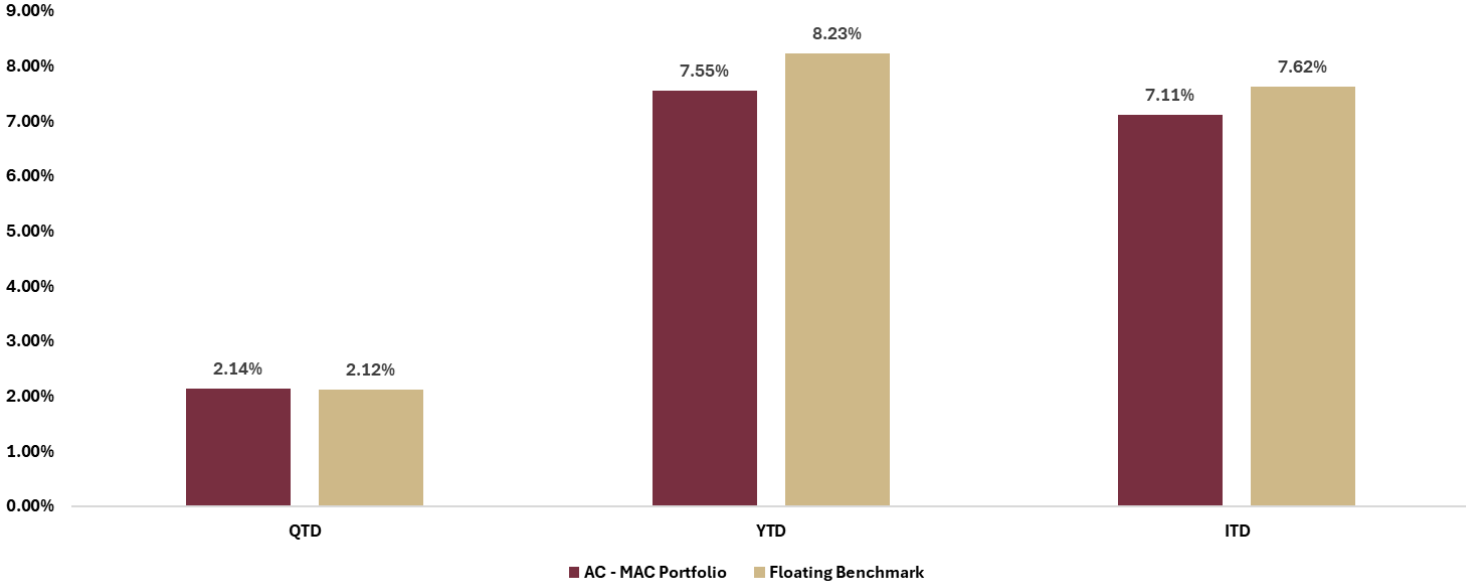
Private Credit Legacy Portfolio– Internal Rate of Return as of June 30, 2025



Note: The PC benchmark is currently the Morningstar LSTA US Leveraged Loan Index + 175 bps. For this exercise, the 175bps was not included

Multi-Asset Credit Performance

Multi-Asset Credit–Time Weighted Return as of September 30, 2025



Note: The floating benchmark is currently a weighted average return, based on the weights of MAC mandates until fully implemented. Once fully implemented the benchmark is fixed at 33% Bloomberg U.S. High Yield Index, 33% LSTA Leveraged Loan Index, and 33% SBA Emerging Market Debt Composite

Appendix

Appendix – Fund Performance by Strategy

Capital Solutions						
Fund Names	QTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Silver Lake Waterman Fund III LP	0.00%	2.89%	5.55%	5.85%		5.07%
Blackstone Tactical Opportunities Fund FD II LP	4.53%	20.91%				19.79%
Blackstone Tactical Opportunities Fund FD LP	3.03%	7.66%	5.25%	15.58%		14.68%
Blackstone Tactical Opportunities Fund II LP	-5.78%	-10.34%	-3.64%	22.13%		14.18%
Coastline Fund LP	0.92%	0.93%	-0.42%	3.55%	6.30%	6.28%
Coastline Fund LP Tranche II	4.80%	14.47%	12.18%	13.58%		10.80%
Gallatin Point Capital Partners II LP	0.74%	10.89%	9.02%			11.62%
Gallatin Point Capital Partners LP	-2.91%	17.15%	12.62%	22.97%		16.27%
Highbridge Convertible Dislocation Fund (Delaware) LP	0.69%	8.88%	-0.51%			12.49%
MSD SBAFLA Fund LP	1.74%	10.91%	10.00%			8.85%
Capital Solutions Total	2.21%	11.26%	8.33%	12.86%	10.78%	10.77%

Note: Data as of June 30, 2025. Returns are calculated using the internal rate of return (IRR) methodology. Funds highlighted in red are closed either because all assets have been realized or because they were sold during the 2024 private credit secondary sale.

Appendix – Fund Performance by Strategy

Direct Lending						
Fund Names	QTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
ABRY Advanced Securities Fund II LP	0.00%	-1.74%	-20.19%	1.86%	9.61%	13.01%
Blackstone Credit Liquidity Partners LP	0.00%	0.00%	0.00%	0.00%	-6.54%	-1.16%
ABRY Advanced Securities Fund LP	0.00%	-23.55%	-41.36%	-38.32%	-19.66%	19.36%
TAC 2007 LP (A.K.A. TPG Credit Fund)	0.00%	0.00%	0.00%	0.00%	0.00%	10.42%
ABRY Advanced Securities Fund III LP	-3.00%	-29.51%	3.12%	6.73%	-0.46%	-0.34%
Audax Credit Opportunities (SBA) LLC	2.61%	8.60%	11.01%	8.61%	6.44%	6.68%
Blue Torch Credit Opportunities SBAF Fund LP	2.79%	12.25%	12.26%	12.79%		12.79%
Cerberus FSBA Levered Loan Opportunities Fund LP	1.36%	5.62%	7.11%	8.69%		9.16%
EFL Special Partners LP	3.03%	7.05%	10.14%			9.94%
H.I.G. Whitehorse FSBA LP	2.49%	13.13%				14.84%
Direct Lending Total	2.32%	8.17%	9.82%	9.47%	7.36%	8.72%

Note: Data as of June 30, 2025. Returns are calculated using the internal rate of return (IRR) methodology. Funds highlighted in red are closed either because all assets have been realized or because they were sold during the 2024 private credit secondary sale.

Appendix – Fund Performance by Strategy

Credit Opportunities						
Fund Names	QTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Benefit Street Partners Debt Fund IV LP	0.00%	2.35%	8.44%	10.13%		8.50%
Castlelake III LP	0.00%	2.53%	1.35%	4.06%	5.87%	6.30%
Castlelake IV LP	0.00%	3.07%	1.59%	5.26%		7.10%
CVI Credit Value Fund A IV LP	0.00%	4.03%	7.67%	11.17%		7.76%
CVI Credit Value Fund A LP	0.00%	0.00%	9.56%	1.65%	9.55%	18.83%
CVI Credit Value Fund A V LP	0.00%	3.87%	8.76%	7.35%		7.35%
CVI Credit Value Fund II A LP	0.00%	3.77%	3.71%	32.46%	6.96%	8.28%
CVI Credit Value Fund III A LP	0.00%	2.07%	6.78%	9.64%	8.18%	8.34%
CVI Global Value Fund A LP	0.00%	0.00%	8.77%	9.86%	5.03%	20.96%
Green Credit Investors LP	0.00%	0.00%	0.00%	0.00%		0.00%
Oaktree Opportunities Fund IX LP	0.00%	2.33%	19.46%	25.92%	9.73%	8.05%
Oaktree Opportunities Fund VIII LP	0.00%	-14.18%	-26.52%	64.34%	4.88%	9.08%
Oaktree Opportunities Fund VIIIb LP	0.00%	-9.00%	29.01%	38.98%	8.40%	8.25%
Oaktree Opportunities Fund Xb LP	0.00%	3.06%	6.87%	13.43%		11.65%
OCM Opportunities Fund VIIb LP	0.00%	0.00%	49.98%	9.94%	-1.87%	14.09%
OHA Tactical Investment Fund LP	0.00%	3.61%	7.23%	8.20%		8.20%
Providence Debt Fund III LP	0.00%	-0.58%	-1.93%	6.42%	5.28%	5.93%
Providence TMT Special Situation Fund LP	0.00%	0.00%	0.00%	91.15%	9.53%	52.66%
Sixth Street TAO Partners (F.K.A. TSSP Adjacent Opportunities Partners)	0.00%	2.06%	4.39%	8.55%	8.23%	8.34%
The Varde Fund X (C) LP	0.00%	3.73%	-15.01%	-20.80%	5.63%	9.85%
The Varde Fund XI (C) LP	0.00%	2.64%	-4.28%	-5.63%	3.07%	4.26%
The Varde Fund XII (C) LP	0.00%	0.22%	-0.03%	7.36%		4.70%
CL Forgotten Coast Fund LP	2.93%	13.32%				12.32%
KLCP ERISA Fund E III LP	4.10%	13.42%	12.39%			13.27%
KLCP ERISA Fund E2 (US) LP	1.20%	8.20%	9.10%	10.55%		10.81%
Searchlight Opportunities Fund II LP	3.11%	13.91%	11.95%			11.88%
Credit Opportunities Total	2.70%	7.53%	7.68%	9.65%	7.42%	10.97%

Note: Data as of June 30, 2025. Returns are calculated using the internal rate of return (IRR) methodology. Funds highlighted in red are closed either because all assets have been realized or because they were sold during the 2024 private credit secondary sale.

Appendix – Fund Performance by Strategy

Distressed Debt & Special Situations						
Fund Names	QTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Apollo Accord Fund IV LP	0.00%	0.00%	0.00%			25.17%
Apollo Accord Fund V L.P.	0.00%	8.10%	10.55%			8.14%
Apollo Credit Liquidity Fund LP	0.00%	0.00%	0.00%	0.00%	-9.65%	20.00%
Blackstone GSO Capital Solutions Fund LP	0.00%	0.00%	-1.58%	-8.06%	-13.01%	9.06%
Distressed Managers II FL LP (F.K.A. Goldman Sachs Distressed)	0.00%	0.00%	0.00%	0.00%	-14.39%	-7.17%
GSO Capital Solutions Fund II LP	0.00%	2.17%	6.43%	16.66%	-1.83%	1.17%
GSO Capital Solutions Fund III LP	0.00%	7.09%	11.28%	15.42%		9.24%
PCG Special Situation Partners LP	0.00%	0.00%	0.00%	-14.77%	1.43%	19.49%
Providence TMT Debt Opportunity Fund II LP	0.00%	0.00%	0.00%	0.00%	4.37%	10.75%
Special Situation Partners II LP	0.00%	-20.09%	-14.34%	8.37%	2.74%	11.14%
Wayzata Opportunities Fund II LP	0.00%	0.00%	0.01%	101.26%	13.67%	48.29%
Apollo Accord Fund VI LP	0.84%	9.27%				10.33%
Blantyre Special Situations Fund II LP	0.87%	3.90%	4.06%			4.00%
Cerberus FSBA Corporate Credit Fund LP	1.98%	41.52%	7.36%			8.19%
Glendon Opportunities Fund III (GOF III) Feeder B.L.P.	6.51%	22.40%				23.29%
GOF II Feeder B LP (A.K.A Glendon)	6.99%	24.45%	14.95%	18.23%		16.82%
ISAF III (USD) LP	4.28%	15.81%				21.24%
Wayzata Opportunities Fund III LP	-15.16%	-36.20%	23.26%	8.83%	2.77%	1.22%
Distressed Debt & Special Situations Total	4.99%	22.36%	10.49%	12.52%	6.21%	10.14%

Note: Data as of June 30, 2025. Returns are calculated using the internal rate of return (IRR) methodology. Funds highlighted in red are closed either because all assets have been realized or because they were sold during the 2024 private credit secondary sale.

Appendix – Fund Performance by Strategy

Mezzanine						
Fund Names	QTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
ABRY Senior Equity III LP	0.00%	-10.12%	-24.37%	-31.00%	1.77%	16.47%
ABRY Senior Equity IV LP	0.00%	1.14%	-10.53%	17.65%	15.48%	14.41%
ABRY Senior Equity V LP	0.00%	0.22%	3.04%	12.60%		11.77%
Crescent Mezzanine Partners VI LP	0.00%	1.05%	6.33%	12.87%	8.87%	8.63%
Crescent Mezzanine Partners VII LP	0.00%	1.37%	9.14%	9.00%		8.67%
GSO Capital Opportunities Fund II LP	0.00%	-3.59%	-2.25%	16.21%	3.40%	9.47%
GSO Capital Opportunities Fund III LP	0.00%	22.59%	17.82%	14.77%		11.53%
GSO Capital Opportunities Fund LP	0.00%	-46.22%	-18.35%	-0.54%	-9.47%	15.37%
TCW Crescent Mezzanine Partners V LP	0.00%	0.00%	30.50%	125.46%	9.68%	8.97%
VSS Structured Capital II LP	0.00%	-7.30%	46.80%	303.86%	17.80%	26.07%
Audax Mezzanine Fund IV A LP	2.20%	7.39%	6.81%	11.47%		10.11%
Audax Mezzanine Fund V A LP	2.02%	11.22%	11.15%			13.61%
Carlyle Mezzanine Partners II LP	4.64%	7.90%	114.25%	78.44%	-5.99%	9.58%
Crescent Credit Solutions VIII LP	2.14%	8.10%	9.79%			10.46%
Falcon Strategic Partners III LP	-17.69%	-24.96%	-2.05%	10.44%	4.60%	9.29%
Falcon Strategic Partners IV LP	-3.17%	-17.14%	-15.65%	-7.21%	-0.60%	1.88%
Florida Growth Fund LLC - Credit Tranche	-5.65%	-35.73%	-5.74%	-2.48%	6.01%	6.07%
ICG Europe Fund VIII SCSp	4.63%	15.58%	15.66%			16.39%
ICG Europe Middle Market Fund II SCSp	6.45%					-3.91%
MCP Private Capital Fund III SCSp	-1.69%	0.73%	7.71%	15.68%		13.78%
MCP Private Capital Fund IV SCSp	-1.75%	6.03%	13.50%	12.75%		12.63%
MCP Private Capital Fund V	-9.24%	41.18%				40.70%
Mezzanine Total	5.43%	12.10%	10.65%	12.41%	8.82%	11.36%

Note: Data as of June 30, 2025. Returns are calculated using the internal rate of return (IRR) methodology. Funds highlighted in red are closed either because all assets have been realized or because they were sold during the 2024 private credit secondary sale.

Appendix – Fund Performance by Strategy

Real Asset Credit						
Fund Names	QTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Chambers Energy Capital III LP	0.00%	4.12%	0.90%	23.20%		7.82%
EIG Global Project Fund V LP	0.00%	4.60%	9.88%	9.46%		9.32%
GSO Energy Select Opportunities Fund II LP	0.00%	24.07%	9.44%	16.87%		16.26%
GSO Energy Select Opportunities Fund LP	0.00%	2.93%	27.14%	30.01%		10.11%
Orion Energy Credit Opportunities Fund III LP	0.00%	6.50%	10.21%			8.79%
Orion Mine Finance (Master) Fund I LP (F.K.A. Red Kite II)	0.00%	11.73%	43.17%	15.09%	3.67%	3.42%
Sprott Private Resource Lending (US) LP	0.00%	0.00%	-69.38%	11.57%		11.37%
Appian Credit (UST) Strategies I LP	0.86%	3.29%				-9.84%
Blackstone Green Private Credit Fund III LP	2.21%	14.80%				13.18%
Chambers Energy Capital IV LP	-1.04%	5.32%	12.78%	17.52%		17.14%
Chambers Energy Capital V LP	1.94%	8.74%				8.40%
EIG Energy Fund XVI LP	0.19%	-11.99%	-10.29%	1.25%	4.93%	2.82%
OIC Credit Opportunities IV, LP	1.17%	12.78%				11.30%
Orion Mine Finance Co-Fund II LP	7.52%	17.60%	23.63%	16.26%		19.55%
Orion Mine Finance Fund II LP	7.44%	14.91%	9.43%	4.84%		9.27%
Quantum Capital Solution II Co-Investment Fund LP	2.06%	27.23%				27.23%
Quantum Capital Solutions II LP	0.18%	2.66%				2.66%
Sprott Private Resource Lending II LP	10.06%	18.62%	7.98%	10.06%		11.00%
Sprott Private Resource Lending III LP	4.84%	13.54%				10.83%
Tiverton AgriFinance III LP	2.04%	2.23%				-1.66%
Real Assets Credit Total	3.42%	10.24%	9.99%	11.36%	9.46%	8.83%

Note: Data as of June 30, 2025. Returns are calculated using the internal rate of return (IRR) methodology. Funds highlighted in red are closed either because all assets have been realized or because they were sold during the 2024 private credit secondary sale.

Appendix – Fund Performance by Strategy

Real Estate Credit						
Fund Names	QTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Bayview Opportunity Domestic III B LP	0.00%	0.00%	0.00%	6.07%	8.36%	10.27%
Bayview Opportunity Domestic IVb LP	0.00%	9.70%	0.89%	13.83%	14.92%	12.69%
Bayview Opportunity Master Fund II B LP	0.00%	0.00%	0.00%	0.00%	10.12%	18.73%
BSPCC Liquidation LLC (F.K.A. Benefit Street Partners CRE)	0.00%	0.00%	0.00%	0.00%	7.58%	5.05%
Carbon Capital III Inc	0.00%	0.00%	0.00%	0.00%	0.00%	11.26%
Carbon Capital V Inc	0.00%	0.00%	0.00%	17.45%	5.94%	6.94%
Carbon Capital VI LP	0.00%	-23.79%	-17.80%	-6.25%		-0.74%
Colony Distressed Credit and Special Situations Fund III LP	0.00%	-7.44%	-1.49%	-6.84%	6.04%	6.38%
Colony Distressed Credit and Special Situations Fund IV LP	0.00%	6.15%	7.84%	-10.79%		-3.45%
Colony Distressed Credit Fund II LP	0.00%	-4.36%	-1.25%	5.82%	0.22%	7.38%
Marathon European Credit Opportunity Fund II LP	0.00%	0.00%	-8.74%	-2.94%	8.45%	8.12%
Morgan Stanley Real Estate Mezzanine Partners A LP	0.00%	0.00%	0.00%	0.00%	0.00%	-98.33%
BlackRock US CRE Debt Fund C7 LP	2.80%	11.57%	9.96%			8.18%
Cerberus Institutional Real Estate Partners III LP	-2.81%	5.47%	1.34%	18.24%	10.23%	11.42%
Cerberus Institutional Real Estate Partners IV LP	-2.91%	-21.47%	-19.39%	-9.28%		-5.36%
Cerberus Institutional Real Estate Partners V LP	1.05%	4.86%	7.40%	10.37%		10.44%
Cerberus Institutional Real Estate Partners VI LP	1.84%	8.63%				3.92%
PAG Loan Fund IV LP	-9.28%	-14.33%	-9.89%	-5.14%		-4.65%
SBAF Mortgage Fund I Holding LLC (A.K.A. Principal RE Debt)	2.52%	10.53%	-2.07%	-0.26%	3.78%	6.95%
Torchlight Debt Fund VII LP	0.84%	4.06%	3.77%			4.23%
Torchlight Debt Fund VIII LP	1.45%	6.68%				4.07%
Real Estate Credit Total	0.28%	2.04%	-1.07%	0.52%	4.33%	5.69%

Note: Data as of June 30, 2025. Returns are calculated using the internal rate of return (IRR) methodology. Funds highlighted in red are closed either because all assets have been realized or because they were sold during the 2024 private credit secondary sale.

Appendix – Fund Performance by Strategy

Specialty Finance						
Fund Names	QTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Atalaya Special Opportunities Fund IX LP	0.00%	4.77%				4.93%
Atalaya Special Opportunities Fund VI LP	0.00%	-11.64%	-7.06%	24.09%		13.24%
Atalaya Special Opportunities Fund VII LP	0.00%	0.34%	1.59%	9.05%		7.73%
Atalaya Special Opportunities Fund VIII LP	0.00%	2.71%	12.13%			13.17%
BioPharma Credit Investments V LP	0.00%	4.10%	10.86%			10.49%
Deerfield Private Design Fund IV LP	0.00%	17.58%	8.38%	11.75%		9.26%
HealthCare Royalty Partners III LP	0.00%	0.00%	-1.28%	7.02%	8.77%	8.86%
LCM Partners SOLO Va LP	0.00%	2.76%	6.82%	5.90%		5.90%
Primary Wave Music IP Fund 1 LP	0.00%	0.00%	49.27%	30.57%		17.55%
SVB Innovation Credit Fund VIII LP (F.K.A. WestRiver VIII)	0.00%	7.50%	3.51%	14.50%		16.19%
Vine Media Opportunities - Fund III LP	0.00%	21.35%	-23.67%	-9.29%	-4.84%	-4.76%
Vine Media Opportunities - Fund IV LP	0.00%	4.87%	5.79%	8.48%		8.36%
CRC Single Investor Fund XIX LLC	1.15%	7.50%	10.44%			9.99%
CRC Single Investor Fund XIX, LLC Tranche II	3.39%	12.74%				12.61%
Lake Jackson LP	-39.85%	-6.04%	22.71%	16.69%		21.57%
LCM Partners COPS 4 (USD) SLP	2.85%	10.45%	10.18%	11.45%		11.45%
LCM Partners IIIa LP	-8.13%	-3.39%	4.95%	3.31%		5.19%
NovaQuest Pharma Opportunities Fund V LP	3.16%	4.74%	-2.53%	-0.89%		-0.01%
Primary Wave Music IP Fund 2 LP	0.86%	20.52%	15.15%	15.52%		15.10%
Primary Wave Music IP Fund 3 LP	0.89%	16.86%	11.89%			11.54%
Primary Wave Music IP Fund 4, LP	-1.03%					6.82%
Specialty Finance Total	0.79%	10.87%	8.42%	10.67%	9.64%	9.62%

Note: Data as of June 30, 2025. Returns are calculated using the internal rate of return (IRR) methodology. Funds highlighted in red are closed either because all assets have been realized or because they were sold during the 2024 private credit secondary sale.

INVESTMENT ADVISORY COUNCIL

Real Estate Asset Class Update Lynne Gray, Senior Investment Officer

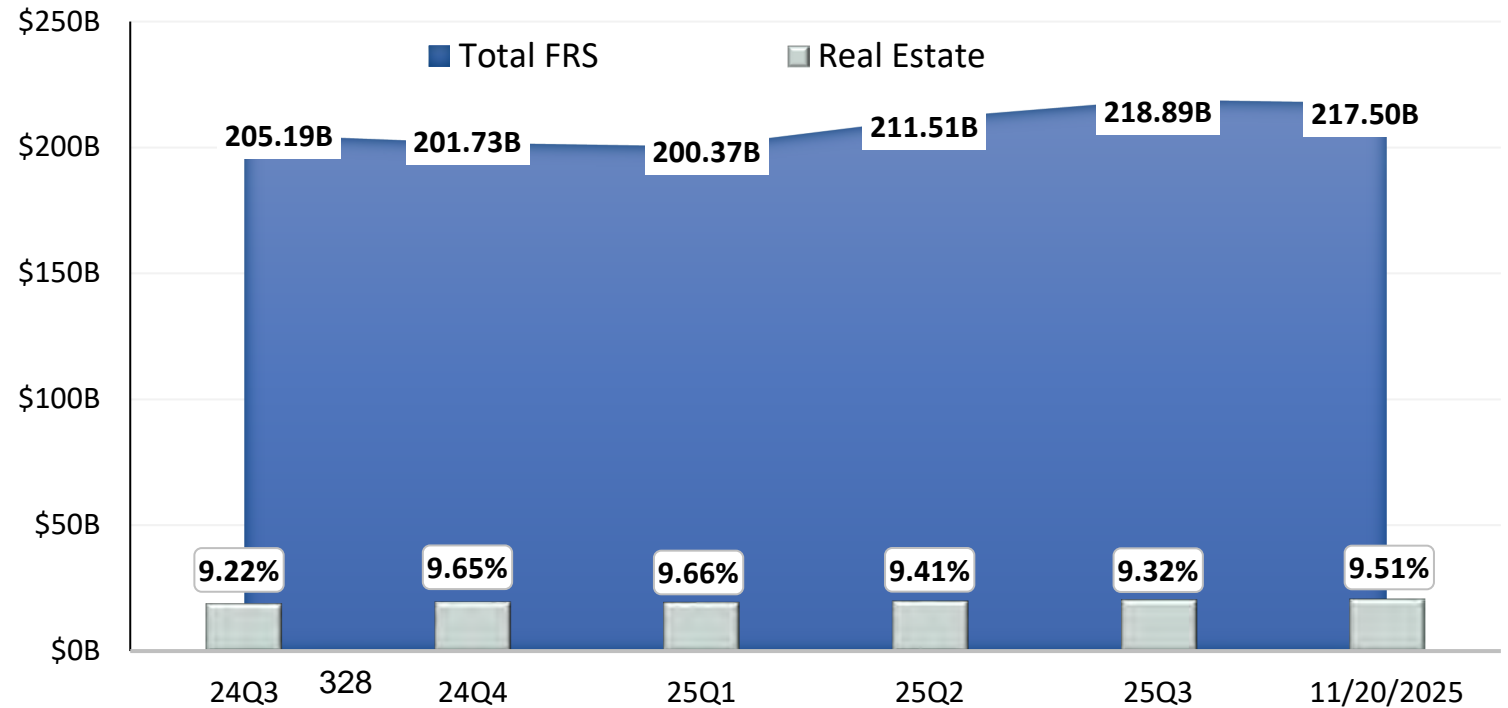
Real Estate ALLOCATION

Target Allocation: 12%



Allocation Range: 8% - 20%

Allocation as of 11-20-25: 9.51%

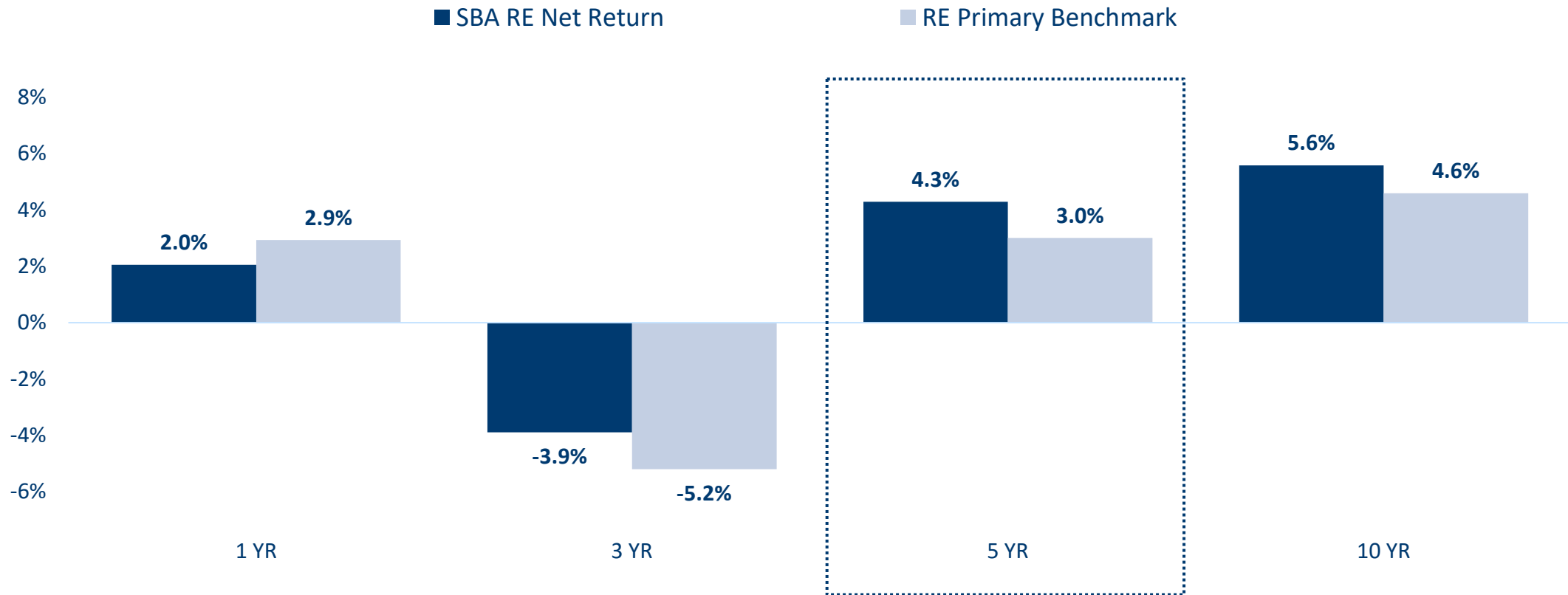


REAL ESTATE PORTFOLIO PERFORMANCE

as of 6/30/2025

	1 YR		3 YR		5 YR		10 YR	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
SBA RE Portfolio	2.6%	2.0%	-3.5%	-3.9%	5.0%	4.3%	6.3%	5.6%
SBA Primary Benchmark	2.9%		-5.2%		3.0%		4.6%	

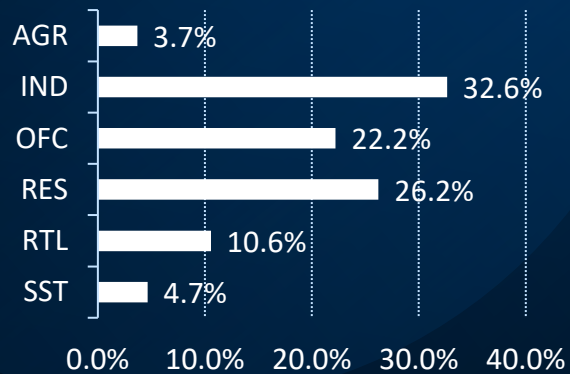
The portfolio seeks to outperform a weighted benchmark comprised of 83.3% NFI-ODCE (net of fees) and 16.7% NFI-ODCE (net of fees) + 150 bps over rolling five-year periods.



Principal Investments Return Contribution by Property Type

As of 6/30/2025

Principal Investments
Property Type Diversification



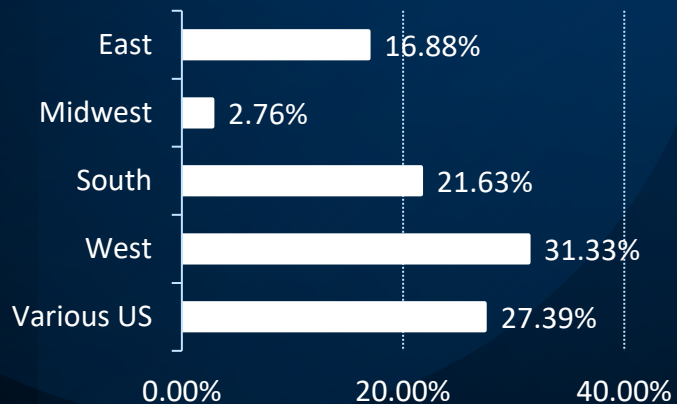
PROPERTY TYPE	1 YR	3 YR	5 YR	10 YR
AGR - Agriculture	-0.424%	-0.255%	-0.125%	0.060%
IND - Cold Storage	0.040%	0.073%	0.041%	0.022%
IND - Industrial	1.122%	-0.299%	2.891%	2.380%
OFC - Life Science	-0.356%	-0.126%	-0.074%	-0.039%
OFC - Medical Office	0.279%	-0.243%	0.275%	0.281%
OFC - Office	-0.250%	-2.318%	-0.512%	0.772%
RES - Apartment	-0.126%	-1.609%	0.373%	0.785%
RES - Manufactured Housing	-0.030%	0.087%	0.035%	0.018%
RES - Senior Housing	0.000%	0.000%	-0.029%	-0.035%
RES - Single Family Rental	0.039%	0.009%	0.005%	0.003%
RES - Student Housing	0.457%	0.339%	0.406%	0.307%
RTL - Retail	0.657%	0.020%	0.374%	0.502%
SST - Self Storage	-0.089%	-0.203%	0.378%	0.313%
PI Portfolio Total TWR*, net	1.319%	-4.526%	4.039%	5.368%
ODCE Total, net	2.670%	-6.210%	2.540%	4.420%

Source: Townsend Group
*TWR = Time Weighted Return

Principal Investments Return Contribution by Region

As of 6/30/2025

Principal Investments
Geographic Diversification



Source: Townsend Group
*TWR = Time Weighted Return

REGION PROPERTY TYPE	1 YR	3 YR	5 YR	10 YR
East	0.429%	-1.383%	-0.040%	0.481%
Apartment	0.119%	-0.145%	0.131%	0.170%
Industrial	0.257%	0.011%	0.265%	0.254%
Office	-0.099%	-1.303%	-0.549%	-0.033%
Retail	0.153%	0.054%	0.113%	0.090%
Midwest	0.269%	0.106%	0.175%	0.165%
Apartment	0.000%	0.000%	0.000%	0.026%
Industrial	0.269%	0.106%	0.175%	0.139%
South	0.873%	-0.174%	1.085%	1.060%
Apartment	0.095%	-0.297%	0.378%	0.420%
Industrial	0.611%	0.392%	0.453%	0.324%
Office	-0.159%	-0.412%	0.102%	0.186%
Retail	0.316%	0.139%	0.150%	0.129%
Student Housing	0.010%	0.003%	0.002%	0.001%
West	-0.732%	-2.821%	0.957%	2.001%
Apartment	-0.340%	-1.167%	-0.136%	0.169%
Industrial	-0.432%	-0.895%	0.969%	0.883%
Life Science	-0.356%	-0.126%	-0.074%	-0.039%
Office	0.009%	-0.603%	-0.065%	0.619%
Retail	0.189%	-0.172%	0.112%	0.283%
Student Housing	0.197%	0.143%	0.151%	0.086%
Various	0.480%	-0.254%	1.863%	1.660%
Agriculture	-0.424%	-0.255%	-0.125%	0.060%
Cold Storage	0.040%	0.073%	0.041%	0.022%
Industrial	0.417%	0.087%	1.029%	0.780%
Manufactured Housing	-0.030%	0.087%	0.035%	0.018%
Medical Office	0.279%	-0.243%	0.275%	0.281%
Retail	-0.002%	-0.001%	0.000%	0.000%
Self Storage	-0.089%	-0.203%	0.378%	0.313%
Senior Housing	0.000%	0.000%	-0.029%	-0.035%
Single Family Rental	0.039%	0.009%	0.005%	0.003%
Student Housing	0.250%	0.193%	0.254%	0.220%
PI Portfolio Total TWR*, net	1.319%	-4.526%	4.039%	5.368%
ODCE Total, net	2.670%	-6.210%	2.540%	4.420%

PRINCIPAL INVESTMENTS

Property Type Attribution

- **Allocation Effect:** The allocation effect measures the result of the portfolio's ability to effectively allocate capital to each property type. The allocation effect determines whether the overweighting or underweighting of each property type relative to the benchmark contributes positively or negatively to the overall portfolio return. Positive allocation occurs when the portfolio is overweighted in a segment that outperforms the benchmark and underweighted in a segment that underperforms the benchmark. Negative allocation occurs when the portfolio is overweighted in a segment that underperforms the benchmark and underweighted in a segment that outperforms the benchmark.
- **Selection Effect:** The selection effect measures the portfolio's ability to select investments within a given property type relative to the portfolio's benchmark. The over or underperformance of the portfolio is weighted by the benchmark weight, therefore, selection is not affected by the manager's allocation to the property type. The weight of the property type determines the size of the effect. For example, the larger the portfolio type, the larger the effect is, positive or negative.
- **Cross Effect or Interaction Effect:** The cross (or interaction) effect measures the combined impact of the portfolio's selection and allocation decisions. For example, if the portfolio had a superior selection and overweighted that particular property type, the interaction effect is positive. If the portfolio had a superior selection, but underweighted that property type, the interaction effect is negative.

Attribution Analysis of Prior Twenty Quarters (Five Years, Q3 2020 – Q2 2025)

Property Type	Weight Portfolio	Gross Return Portfolio	Weight Index	Gross Return Index	SBA FL Value Added: 5 Years as of 6/30/2025				
					Property	Allocation	Selection	Cross	Total
Apartment	25.78%	3.21%	27.80%	4.72%	Apartment	-0.02%	-0.42%	0.03%	-0.41%
Hotel	0.00%	0.00%	0.34%	4.89%	Hotel	0.00%	-0.02%	0.02%	0.00%
Industrial	23.32%	18.02%	30.32%	12.28%	Industrial	-0.60%	1.74%	-0.40%	0.74%
Office	29.42%	-1.85%	26.55%	-4.41%	Office	-0.23%	0.68%	0.07%	0.52%
Retail	11.73%	3.30%	14.99%	2.63%	Retail	0.03%	0.10%	-0.02%	0.11%
Attribution Total	90.25%	4.87%	100.00%	3.70%	Attribution Total	-0.82%	2.08%	-0.30%	0.96%
Other*	9.75%	-4.71%							
Portfolio Total	100.00%	4.41%							

*Other includes Agriculture and Self Storage.

PRINCIPAL INVESTMENTS

Geographic Attribution

- **Allocation Effect:** The allocation effect measures the result of the portfolio's ability to effectively allocate capital to each property type. The allocation effect determines whether the overweighting or underweighting of each property type relative to the benchmark contributes positively or negatively to the overall portfolio return. Positive allocation occurs when the portfolio is overweighted in a segment that outperforms the benchmark and underweighted in a segment that underperforms the benchmark. Negative allocation occurs when the portfolio is overweighted in a segment that underperforms the benchmark and underweighted in a segment that outperforms the benchmark.
- **Selection Effect:** The selection effect measures the portfolio's ability to select investments within a given property type relative to the portfolio's benchmark. The over or underperformance of the portfolio is weighted by the benchmark weight, therefore, selection is not affected by the manager's allocation to the property type. The weight of the property type determines the size of the effect. For example, the larger the portfolio type, the larger the effect is, positive or negative.
- **Cross Effect or Interaction Effect:** The cross (or interaction) effect measures the combined impact of the portfolio's selection and allocation decisions. For example, if the portfolio had a superior selection and overweighted that particular property type, the interaction effect is positive. If the portfolio had a superior selection, but underweighted that property type, the interaction effect is negative.

Attribution Analysis of Prior Twenty Quarters (Five Years, Q3 2020 – Q2 2025)

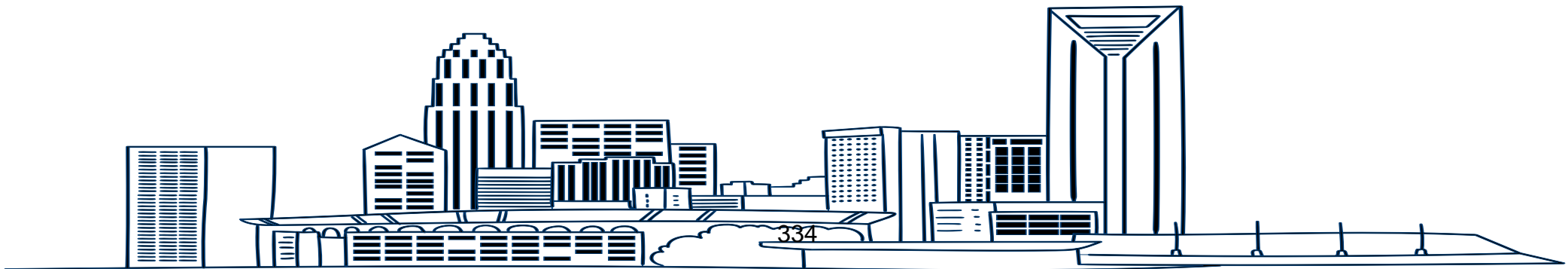
Region	Weight Portfolio	Gross Return Portfolio	Weight Index	Gross Return Index	SBA FL Value Added: 5 Years as of 6/30/2025				
					Region	Allocation	Selection	Cross	Total
East	20.23%	-0.96%	29.67%	1.89%	East	0.17%	-0.85%	0.27%	-0.41%
Midwest	1.91%	10.59%	7.40%	2.90%	Midwest	0.04%	0.57%	-0.42%	0.19%
South	19.22%	6.91%	22.24%	6.47%	South	-0.08%	0.10%	-0.01%	0.00%
West	33.20%	2.74%	40.69%	3.47%	West	0.02%	-0.30%	0.06%	-0.23%
Attribution Total	74.56%	2.24%	100.00%	3.70%	Attribution Total	0.15%	-0.48%	-0.11%	-0.44%
Various US*	25.44%	8.52%							
Portfolio Total	100.00%	4.41%							

*Includes multi-property, multi-region investments that report performance at the total investment level.

REAL ESTATE TRANSACTION ACTIVITY

(Since Last IAC Report)

Principal Investments		Externally Managed	
Acquisitions (Equity)	\$ 180.3 million	New Commitments	\$ 24 million
<input type="checkbox"/> Retail	\$ 3.2 million	<input type="checkbox"/> Co-Investment – Industrial	\$ 15 million
<input type="checkbox"/> Industrial	\$ 139.7 million	<input type="checkbox"/> Co-Investment – Alternatives	\$ 9 million
<input type="checkbox"/> Medical Office	\$ 29.6 million		
<input type="checkbox"/> Self Storage	\$ 7.8 million		
Credit Facility Loan			
<input type="checkbox"/> Life Science	\$ 71.1 million		

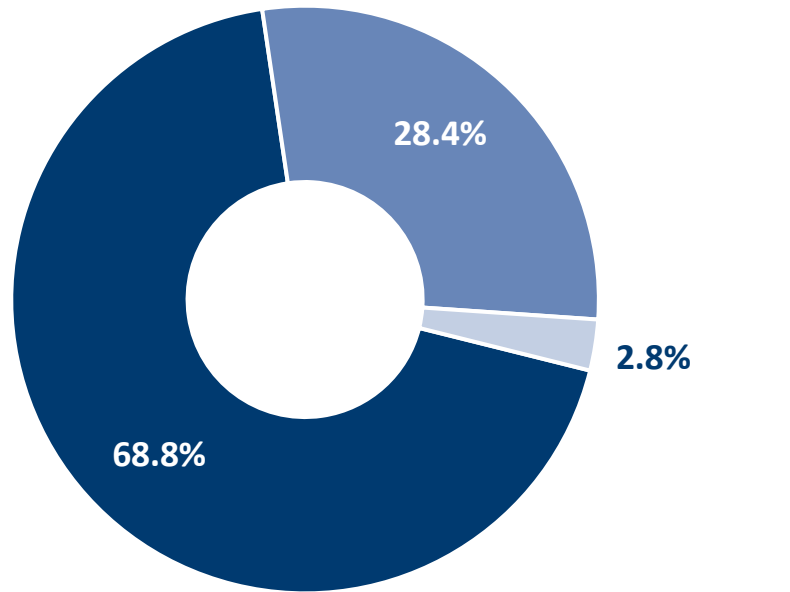


REAL ESTATE PORTFOLIO COMPOSITION

as of 6/30/2025

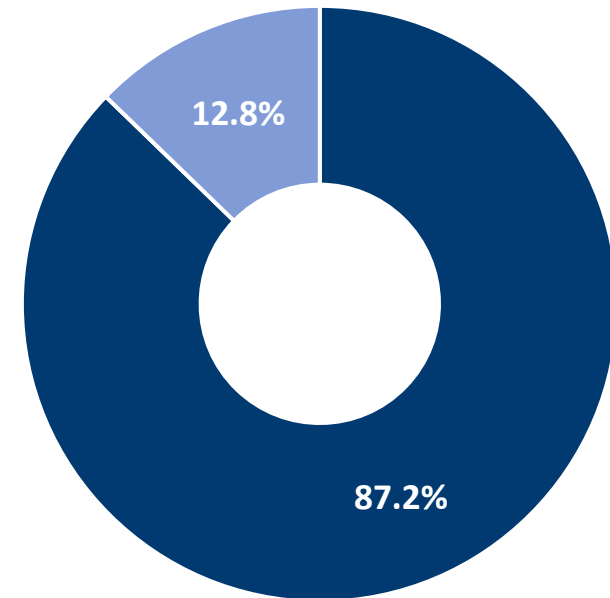
Total Portfolio NAV: \$20.49B

INVESTMENT VEHICLE



■ Direct-Owned ■ Pooled Funds ■ Credit Facility

RISK PROFILE



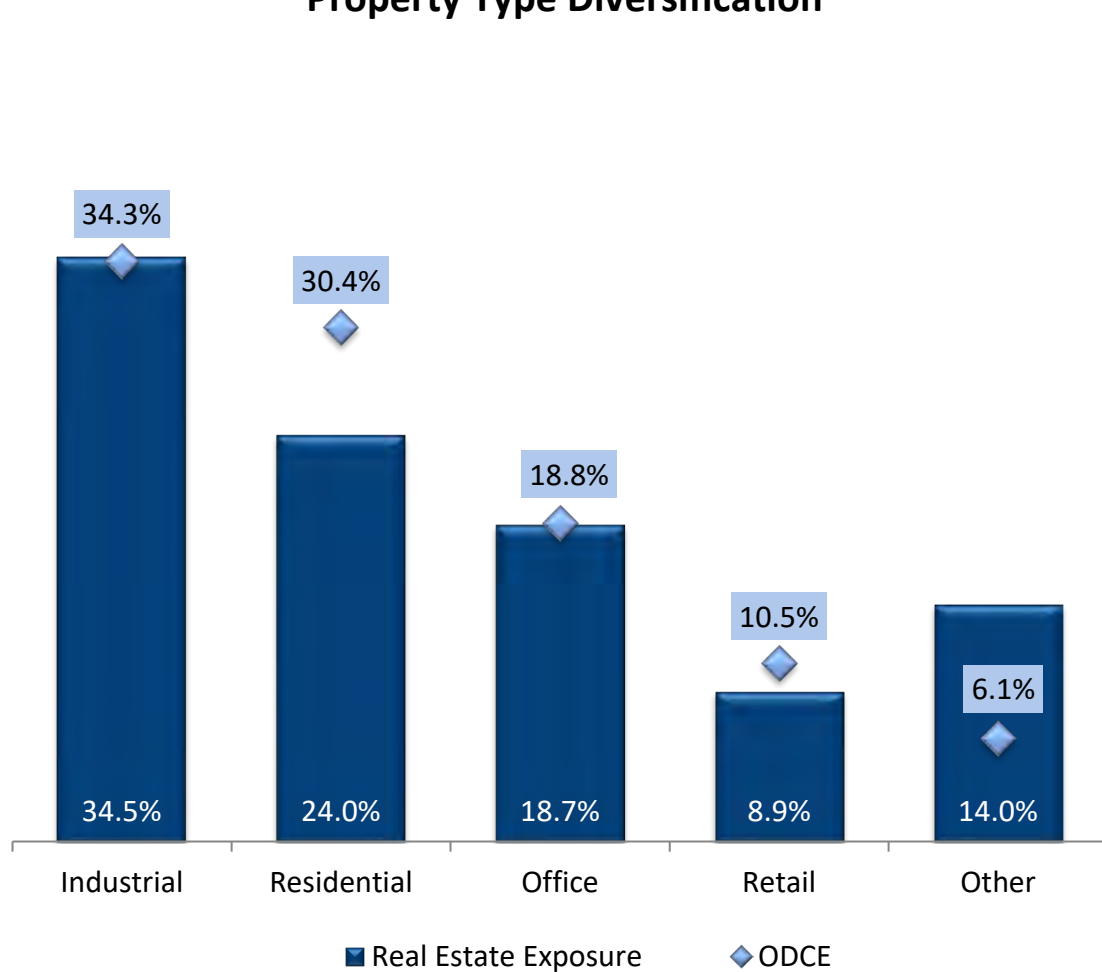
■ Core ■ Non-Core

REAL ESTATE PORTFOLIO DIVERSIFICATION

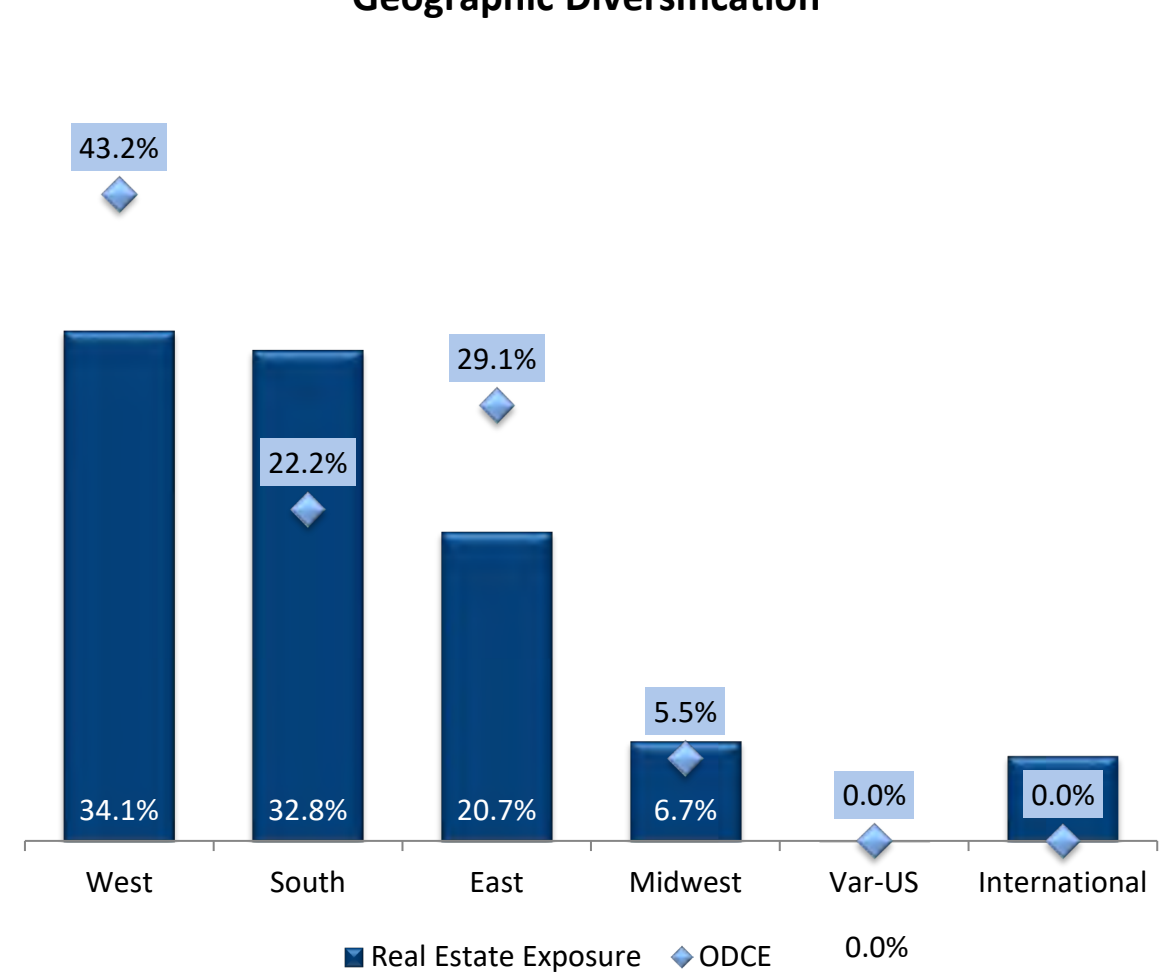
as of 6/30/2025

Total Portfolio NAV: \$20.49B

Property Type Diversification



Geographic Diversification



Other includes Agriculture, Self Storage, Data Centers, Hotel, Land, & Senior Housing.

REAL ESTATE PORTFOLIO LEVERAGE

as of 6/30/2025

Portfolio Leverage

Total Portfolio Loan to Value ("LTV")	28.45%
Principal Investments	21.71%
Externally Managed	41.12%
NFI – ODCE LTV	26.50%

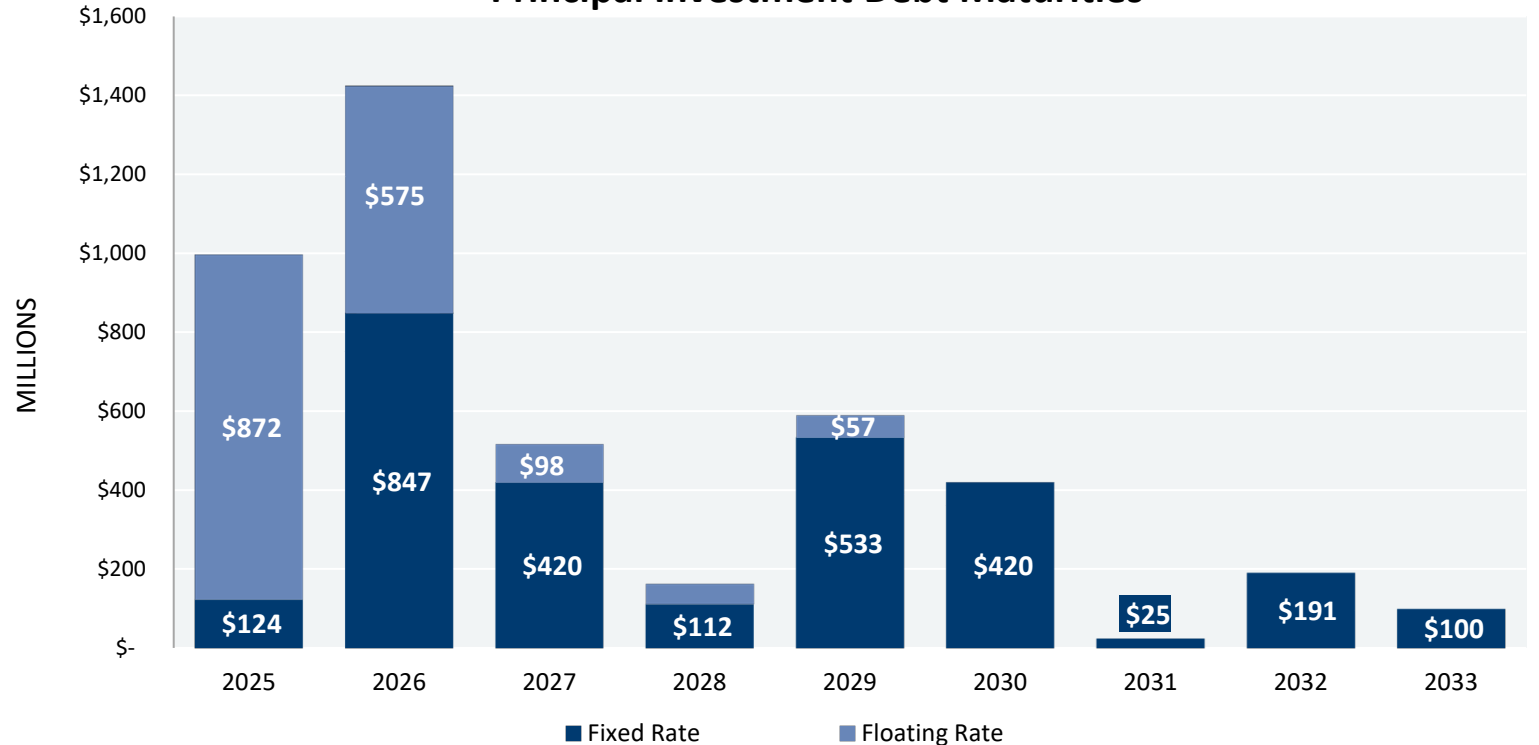
Investment Portfolio Guidelines

Total Portfolio Leverage is limited to 40% LTV

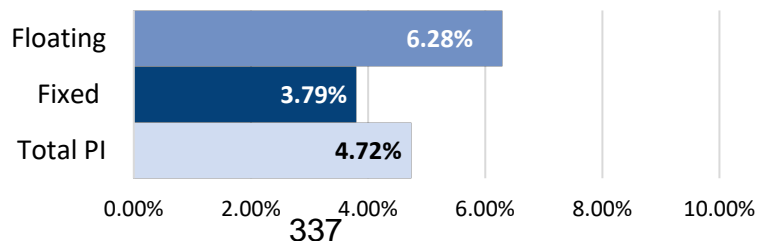
Principal Investments

- Leverage is limited to 35% LTV
- Individual 100% Owned Asset Level limited to 50% LTV
- Joint Venture Individual Asset Level limited to 70% LTV
- All leverage nonrecourse to SBA

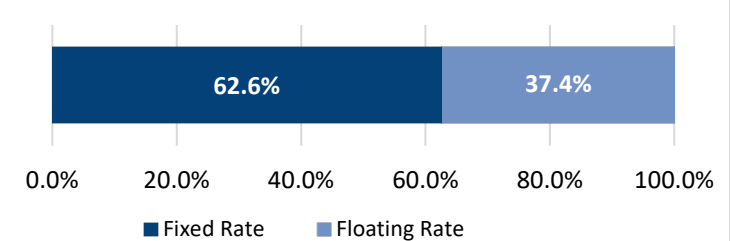
Principal Investment Debt Maturities



Weighted Average Cost of Debt



Debt Diversification

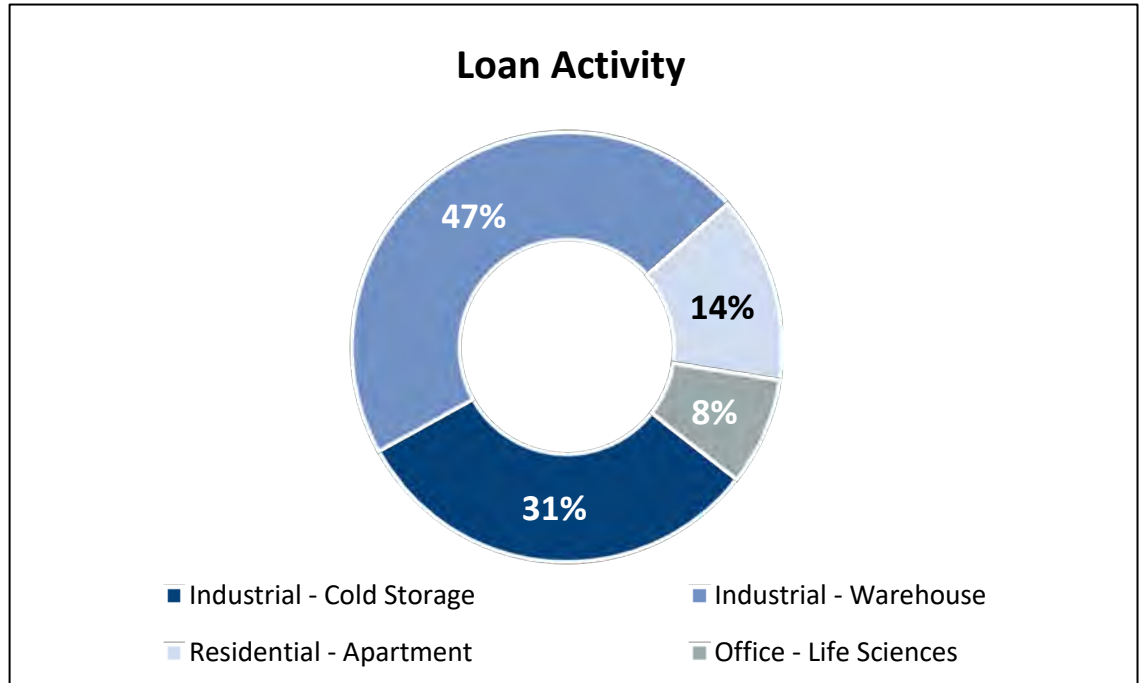


CREDIT FACILITY PROGRAM

Credit Type:	Revolving credit facility
Term:	3 years, Maturity March 2026
Extensions:	Two 1-year extension options
Rate:	SOFR + Spread
Amount:	\$750,000,000
Accordion Feature:	\$250,000,000

In March 2023, SBA entered into a Revolving Credit Agreement for the purpose of making downstream loans to the SBA's direct owned real estate investments. This program may provide financing for construction projects, major capital projects, and short-term bridge loans to wholly owned and joint venture investments.

Status	Loan Amount	Average Loan-to-cost
Closed	\$ 882,300,000	54.28%
In Progress	-	-
Pipeline	-	-
Total Activity	\$ 882,300,000	54.28%



Thank You

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PH: 850-413-1145

SBA Real Estate - Externally Managed Funds

As of June 30, 2025

Returns (%)	Net Asset Value (\$)	1 Year				3 Year				5 Year				10 Year				Inception		TWR Calculation Inception	Net IRR	Equity Multiple
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET			
Externally Managed - Core																						
Carlyle Property Investors	365,090,848	1.1	0.9	2.1	1.2	1.1	-2.2	-1.1	-1.8	2.3	7.6	9.9	7.9					9.4	7.7	1Q18	4.8	1.2
CBRE U.S. Logistics Partners	206,910,060	1.1	5.0	6.1	4.9	1.3	1.5	2.8	1.9									4.8	3.4	2Q22	2.4	1.1
Heitman Global Real Estate Partners II	152,468,969	3.3	4.5	7.9	7.9	1.5	-0.9	0.6	0.6									0.9	0.9	1Q22	1.1	1.0
JP Morgan Strategic Property Fund*	85,797,532	3.9	1.0	5.0	4.2	3.5	-10.1	-6.8	-7.5	3.5	-1.4	2.1	1.3	3.8	0.6	4.4	3.6	7.0	6.1	4Q03	6.2	2.1
Prime Property Fund	407,865,546	4.0	-0.6	3.4	2.3	3.8	-5.6	-1.9	-3.0	3.8	2.0	5.8	4.6	3.9	3.2	7.2	6.1	7.2	6.1	3Q06	6.0	2.4
Principal U.S. Property Account*	447,842,171	4.7	-1.0	3.7	2.9	4.3	-8.9	-4.9	-5.6	4.2	-0.3	3.9	3.1	4.4	1.6	6.1	5.3	7.1	6.2	4Q03	5.8	3.0
PRISA SA	362,580,661	4.5	1.4	6.0	5.5	4.1	-8.8	-5.0	-5.4	4.0	-0.4	3.7	3.2	4.3	1.5	5.8	5.3	6.4	5.7	2Q05	4.9	2.1
Prologis Targeted U.S. Logistics Fund	449,418,602	4.5	0.2	4.7	4.0	4.0	-8.0	-4.2	-3.8	4.0	9.2	13.5	11.5	4.6	10.5	15.5	13.3	15.5	13.3	3Q15	13.2	2.5
RREEF America II LP*	321,465,925	4.9	-2.1	2.6	1.8	4.4	-9.6	-5.5	-6.3	4.3	-0.4	3.9	2.9	4.3	1.7	6.0	5.1	6.9	6.0	3Q03	5.5	1.9
RREEF Core Plus Industrial Fund L.P.	400,572,898	2.7	-0.1	2.6	2.0	2.9	-3.7	-0.9	-1.5	2.9	9.0	12.1	10.6					12.5	11.1	3Q19	9.2	1.5
UBS Trumbull Property Fund	31,878,162	4.0	0.0	4.0	3.3	3.8	-10.0	-6.5	-7.2	3.8	-3.0	0.7	0.0	4.2	-1.6	2.6	1.8	5.7	4.8	3Q03	6.6	2.0
Externally Managed - Core	3,231,891,374	3.7	0.4	4.0	3.3	3.4	-6.5	-3.2	-3.7	3.6	3.2	6.8	5.7	4.0	3.7	7.8	6.7	8.0	7.1	1Q84	6.3	1.8
Externally Managed - Value Add																						
AEW Senior Housing Investors III	40,778,873	2.8	5.1	8.1	7.5	1.7	-5.8	-4.2	-5.1	0.7	-1.5	-0.7	-1.7					3.0	1.5	1Q17	0.4	1.0
Alterra IOS Venture III, LP	35,351,822	-14.1	29.9	12.7	3.8													NM	NM	2Q24	-1.0	1.0
Bell Value-Add Fund VIII	33,948,000	1.8	14.8	16.9	15.0													8.7	-0.2	4Q23	4.6	1.0
EQT Exeter Industrial Value Fund VI, L.P.	41,965,851	-0.4	16.2	15.8	10.7													15.7	7.3	1Q24	4.8	1.0
Fairfield U.S. Multifamily Value Add Fund IV	17,100,174																	3.0	-0.9	4Q24	-14.5	0.9
FPA Core Plus Fund VI	51,245,360																			3Q25	0.0	1.0
Heitman Value Partners IV	25,860,908	3.5	7.8	11.6	9.9	4.0	-1.4	2.5	2.7	4.3	10.5	15.1	13.2					13.5	11.6	3Q18	12.7	1.4
Heitman Value Partners V	67,465,228	1.1	5.7	6.8	5.8	-0.3	1.3	1.0	0.2									7.5	5.8	4Q21	2.0	1.0
Heitman Value Partners VI	-938,513																	13.3	14.8	2Q25	NM	NM
Invesco Real Estate U.S. Fund VI, L.P.	55,571,780	-0.7	4.9	4.1	3.0													-6.5	-7.2	4Q22	-5.3	0.9
JP Morgan Special Situation Property Fund	85,114,007	2.1	-3.7	-1.7	-2.5	1.9	-16.5	-14.8	-15.7	2.3	-4.9	-2.7	-3.8	2.2	1.0	3.2	2.0	3.1	1.7	1Q08	2.8	1.4
PRISA III	261,451,353	-0.8	6.5	5.6	4.5	-0.2	-1.3	-1.4	-1.8	0.8	7.1	7.9	6.4	1.9	8.2	10.3	8.8	6.5	4.9	1Q08	9.4	2.6
Red Arrow I - Heitman GP Co-Investment	57,412,363	1.0	7.1	8.2	8.2	0.8	1.5	2.3	2.3									-4.7	-4.7	4Q21	3.4	1.1
Externally Managed - Value Add	772,327,206	0.3	6.3	6.6	5.2	0.5	-4.1	-3.6	-4.5	1.2	4.5	5.7	4.1	2.1	6.2	8.4	6.8	5.7	4.2	3Q06	4.1	1.3

SBA Real Estate - Externally Managed Funds

As of June 30, 2025

Returns (%)	Net Asset Value (\$)	1 Year				3 Year				5 Year				10 Year				Inception		TWR Calculation Inception	Net IRR	Equity Multiple
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET			
Externally Managed - Opportunistic																						
AEW Partners X, LP	8,047,970																	38.1	72.3	4Q24	-14.4	0.8
AEW Value Investors Asia III	52,431,995	-1.3	-3.4	-4.7	-5.6	-0.9	-5.3	-6.2	-7.0	-0.9	0.4	-0.6	-1.4					1.0	-0.3	2Q18	1.7	1.1
BlackRock Europe Property Fund IV	894,698	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM					6.6	8.3	3Q16	21.4	1.4
BlackRock Europe Property Fund V	62,998,037	-3.1	4.9	1.7	0.1	-1.8	-9.8	-11.1	-12.6	-9.0	2.8	-4.5	-9.3					15.1	6.0	1Q19	-9.5	0.8
Blackstone Real Estate Partners Asia	55,075,119	0.8	11.0	11.8	8.6	0.7	4.8	5.5	3.6	1.1	10.9	12.1	8.9	1.2	11.4	12.7	9.1	13.7	9.4	1Q14	11.3	1.6
Blackstone Real Estate Partners Asia III	44,329,839	-0.9	17.8	16.7	8.9													6.3	-6.0	4Q22	-3.4	1.0
Blackstone Real Estate Partners Europe V (USD V	56,159,037	-0.1	-3.0	-3.1	-1.7	0.0	-9.5	-9.5	-8.1	0.0	2.0	2.0	0.9					7.9	5.0	3Q17	6.2	1.3
Blackstone Real Estate Partners IX	101,048,599	0.1	-11.0	-10.9	-8.1	0.3	-6.1	-5.9	-5.0	1.0	16.1	17.1	12.4					16.3	11.4	4Q19	8.2	1.3
Blackstone Real Estate Partners VI	55,260	-7.9	6.7	-1.5	0.0	-4.3	-1.2	-5.3	-3.9	-0.1	2.2	2.2	2.1	0.6	6.1	6.7	5.4	9.0	6.0	4Q07	13.2	2.0
Blackstone Real Estate Partners VII	35,419,489	-0.2	-12.1	-12.3	-9.9	0.0	-21.9	-21.9	-17.8	1.4	-5.8	-4.5	-3.7	2.5	-2.2	0.2	-0.2	7.8	5.4	2Q12	14.8	1.6
Blackstone Real Estate Partners VIII	59,318,532	-0.1	-14.5	-14.6	-12.4	0.0	-9.9	-10.0	-8.7	0.7	8.0	8.7	6.3					13.9	9.5	4Q15	12.0	1.5
Blue Owl Digital Infrastructure Fund III L.P.	62,676,546																			3Q25	NM	NM
Brookfield Fairfield U.S. Multifamily Value Add F	794,700	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	12.8	9.9	2Q14	23.4	1.9
CapMan Nordic Real Estate Fund	2,424,496	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	-1.5	-2.2	2Q15	11.0	1.4
CapMan Nordic Real Estate Fund II	37,793,764	-0.1	20.7	21.3	20.2	2.0	2.4	4.9	4.0	2.6	3.5	6.9	6.0					20.0	16.9	4Q17	8.4	1.3
CapMan Nordic Real Estate III FCP-RAIF	52,391,761	-6.7	18.7	11.1	9.9	-5.3	4.7	-0.5	-2.0									-2.9	-5.6	1Q21	-1.5	1.0
Carlyle Realty Partners IX	63,585,919	-3.8	16.0	11.8	9.6													-10.9	-22.8	4Q22	3.7	1.0
Carlyle Realty Partners VI	5,551,394	-1.6	7.1	6.0	5.0	0.5	2.2	2.9	2.2	-0.3	-2.2	2.1	1.0	10.1	-9.8	2.2	2.4	10.3	8.5	1Q12	22.5	1.6
Carlyle Realty Partners VII	9,754,990	-12.5	5.5	-7.3	4.8	-4.7	-4.5	-8.9	-4.8	3.6	-3.2	0.6	3.0	7.4	1.2	9.0	8.4	8.6	7.1	1Q15	11.6	1.4
Carlyle Realty Partners VIII*	38,909,029	8.3	-8.8	-1.0	-0.7	9.8	-8.6	0.7	1.2	19.0	7.6	27.3	21.9					25.3	18.7	4Q18	23.5	1.5
Carlyle Realty Partners X	-1,210,885																			4Q25	NM	NM
CBRE Asia Value Partners V	51,245,090	2.6	-5.3	-3.2	-2.2	-1.9	2.4	0.0	0.0	-4.0	8.3	3.9	2.8					5.3	3.6	1Q20	2.6	1.1
CBRE Asia Value Partners VI	39,935,115	7.4	17.9	28.0	24.5	-14.0	34.2	17.8	12.0									29.4	15.5	1Q22	10.8	1.2
CBRE AVP V JLP Co-Investment	35,613,381	0.8	10.1	11.0	10.8	-16.0	30.9	12.3	11.1									6.9	5.8	3Q21	8.3	1.2
CIM Fund VIII	13,980,158	-0.7	-14.6	-15.1	-16.7	-0.4	-28.9	-29.2	-30.6	-0.3	-20.3	-20.6	-21.9	-0.2	-8.1	-8.3	-9.9	-8.1	-9.7	2Q15	-12.4	0.5
EQT Exeter Europe Logistics Value Fund IV	68,591,590	-3.1	8.3	4.9	2.9	-4.5	-10.0	-14.2	-20.7									-10.1	-19.2	1Q22	-6.0	0.9
Europa Fund IV	17,659,912	-0.6	12.8	12.1	12.1	-0.1	4.9	4.9	4.8	-3.3	2.0	-0.7	-1.5	-2.1	5.7	3.8	2.9	4.0	4.5	4Q14	3.4	1.1
European Property Investors Special Opportunit	17,499,982	3.5	4.9	8.6	7.7	1.2	-5.8	-4.7	-5.1	2.9	-3.4	-0.6	-0.4	3.3	-2.2	1.1	0.4	1.4	0.1	2Q14	4.0	1.2
European Property Investors Special Opportunit	42,868,532	2.8	7.7	10.9	9.8	2.3	-4.8	-2.3	-3.0	-0.5	3.7	3.5	2.5					7.2	4.4	1Q16	4.6	1.3
Invesco Strategic Opportunities III	11,430,724	-0.8	-11.7	-12.5	-10.9	-1.8	3.0	1.2	0.1	1.5	13.2	14.8	10.8					19.2	14.3	4Q19	32.7	2.2
Invesco Strategic Opportunities III Danish Co-Inv	9,264,476	-0.2	2.2	2.0	1.3													-11.9	-12.4	1Q23	-17.0	0.7
Invesco Strategic Opportunities III LCP Co-Invest	116,524	NM	NM	NM	NM	NM	NM	NM	NM									12.2	13.2	3Q21	9.7	1.2
JP Morgan European Opportunistic Property Fur	3,952,175	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM					10.1	6.9	1Q16	20.0	1.7

SBA Real Estate - Externally Managed Funds

As of June 30, 2025

Returns (%)	Net Asset Value (\$)	1 Year				3 Year				5 Year				10 Year				Inception		TWR Calculation Inception	Net IRR	Equity Multiple
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET			
Externally Managed - Opportunistic (continued)																						
JP Morgan European Opportunistic Property Fur	57,403,472	0.2	2.9	3.1	2.1	0.2	-14.1	-14.0	-13.5	0.3	-3.9	-3.7	-4.9					0.6	-1.6	3Q19	-7.3	0.7
JP Morgan European Opportunistic Property Fur	37,406,927	-3.6	27.5	23.1	19.3													NM	NM	4Q22	-6.5	0.9
Landmark Real Estate Fund IX Co-Investment	29,393,860																	11.7	10.6	4Q24	11.4	1.1
Landmark Real Estate Fund VIII	38,700,279	-5.7	2.4	-3.4	-4.2	4.6	-7.5	-2.8	-3.7	11.4	0.4	11.8	8.6					10.8	6.9	3Q18	8.7	1.2
Landmark Real Estate Partners IX, L.P.	9,154,068	NM	NM	NM	NM													NM	NM	2Q24	10.1	1.1
Principal Data Center Growth & Income Fund, LF	92,441,554																	2.4	2.2	2Q25	8.9	1.1
Principal Digital Real Estate Fund	86,852,276	3.7	32.2	36.8	32.2	-3.6	16.2	12.1	9.7									6.5	4.4	4Q21	12.8	1.3
Rockpoint Real Estate Fund III	2,063,622	0.5	-8.5	-8.0	-8.0	0.3	-9.6	-9.4	-9.4	2.3	-7.7	-5.4	-6.1	1.8	-1.3	0.5	-3.3	NM	-17.0	2Q08	13.4	1.4
Rockpoint Real Estate Fund IV	1,924,891	-0.4	15.2	14.8	14.8	1.4	-20.2	-18.2	-18.5	2.7	-2.8	0.5	-0.2	2.3	-1.4	1.2	-0.3	6.8	4.7	1Q13	13.0	1.3
Rockpoint Real Estate Fund V	33,871,268	0.9	-1.1	-0.2	-1.7	0.5	-24.5	-24.1	-25.3	1.2	-11.0	-10.0	-11.3					-0.2	-2.6	2Q16	-2.9	0.9
Rockpoint Real Estate Fund VI	23,215,015	0.2	5.9	6.1	4.9	-0.3	0.2	-0.1	-1.3	-0.9	15.5	14.5	11.2					14.5	11.2	3Q20	5.6	1.2
Starwood Distressed Opportunity Fund XII	114,914,623	2.8	7.0	10.2	7.4	3.1	1.6	4.9	2.1									NM	NM	3Q21	8.5	1.2
Starwood Distressed Opportunity Fund XIII	-1,470,851																	NM	NM	1Q25	NM	NM
Starwood Opportunity Fund IX	8,732,304	20.9	-5.2	15.5	19.5	32.2	NM	7.8	22.7	27.2	NM	18.6	27.2	20.6	NM	9.1	13.9	14.4	16.6	2Q13	18.8	1.9
Starwood Opportunity Fund X	15,275,876	-12.6	-16.2	-27.1	-23.4	6.1	-27.6	-20.7	-17.9	8.7	-10.1	0.5	-0.6					8.8	5.9	4Q15	14.2	1.4
Starwood Opportunity Fund XI	67,972,842	-0.2	-0.4	-0.6	3.5	4.7	-5.5	-0.3	0.4	6.5	4.0	11.1	8.8					16.7	11.2	4Q18	8.2	1.4
WCP NewCold III, LP (Secondary)	142,590,245																	10.9	8.3	4Q24	15.2	1.1
Externally Managed - Opportunistic	1,821,050,219	-0.7	6.7	5.9	4.6	0.9	-4.4	-3.5	-4.2	1.7	4.3	6.1	3.8	3.2	6.3	9.6	6.7	2.6	-1.1	3Q07	5.3	1.2
Total Externally Managed	5,825,268,800	2.0	3.0	5.0	4.0	2.5	-4.3	-1.8	-2.5	2.8	3.2	6.1	4.8	3.5	3.7	7.3	5.9	8.4	7.4	1Q84	6.8	1.4

INVESTMENT ADVISORY COUNCIL

FLORIDA RETIREMENT SYSTEM (FRS)

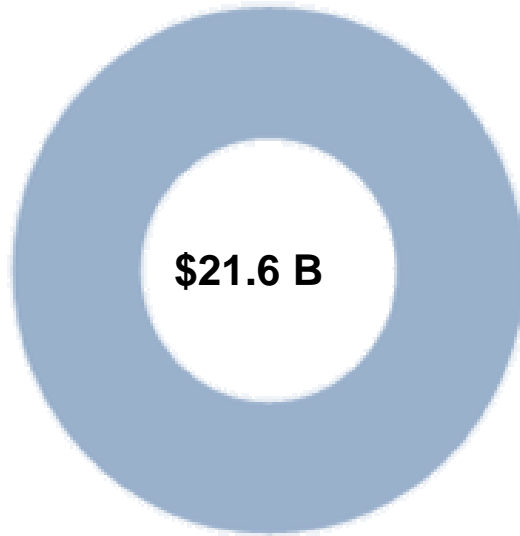
INVESTMENT PLAN

Daniel Beard, Chief of Defined Contribution Programs

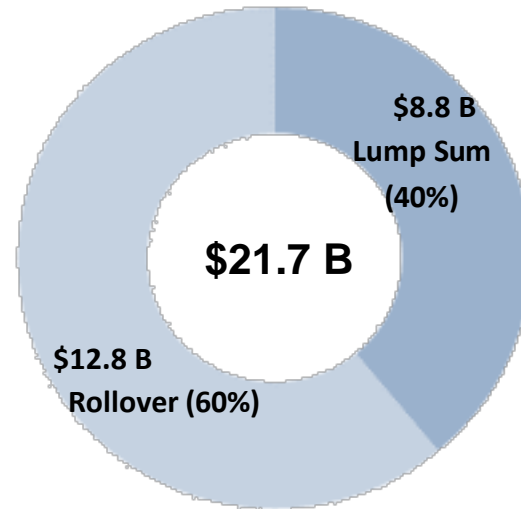
FRS INVESTMENT PLAN SNAPSHOT

(as of September 30, 2025)

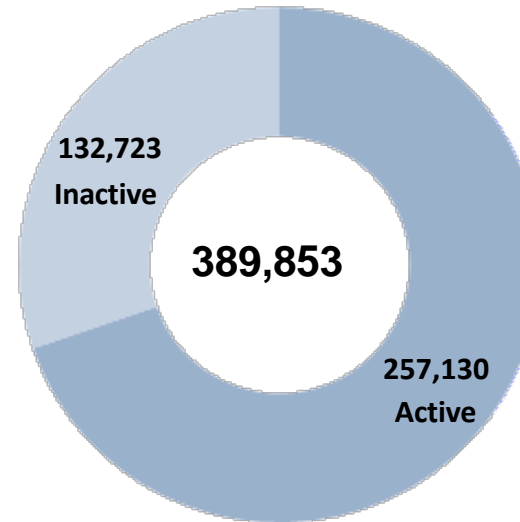
Assets



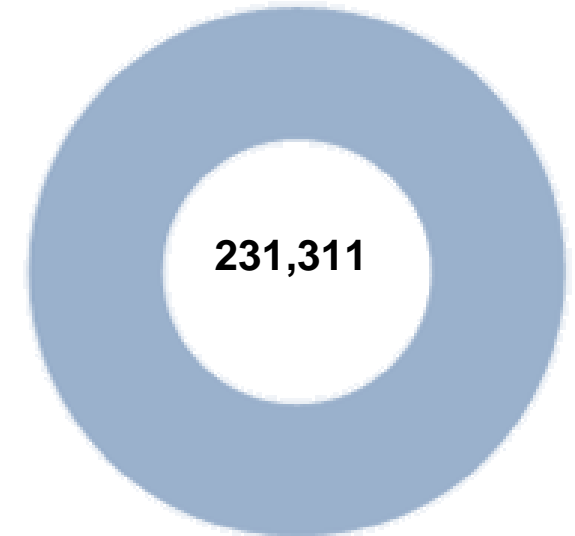
Distributions



Members



Retirees



Average Statistics

(Active Members)

Female 65% Male 35%

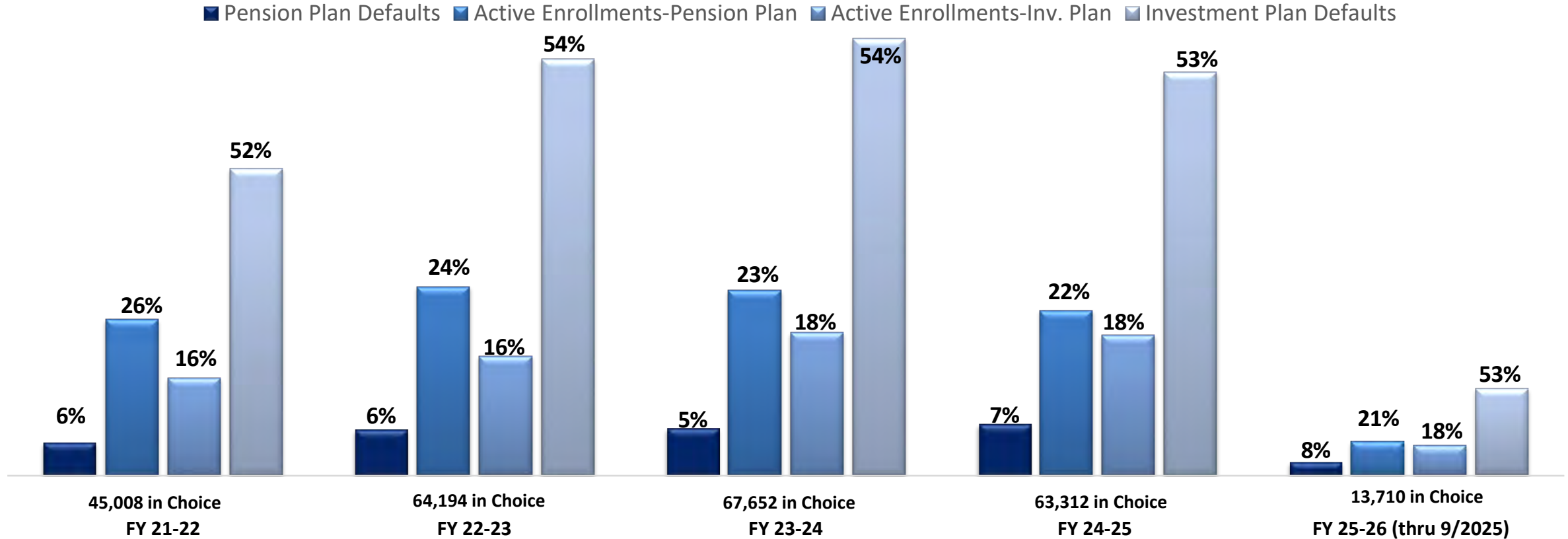
Age 44

\$58,450.44 balance

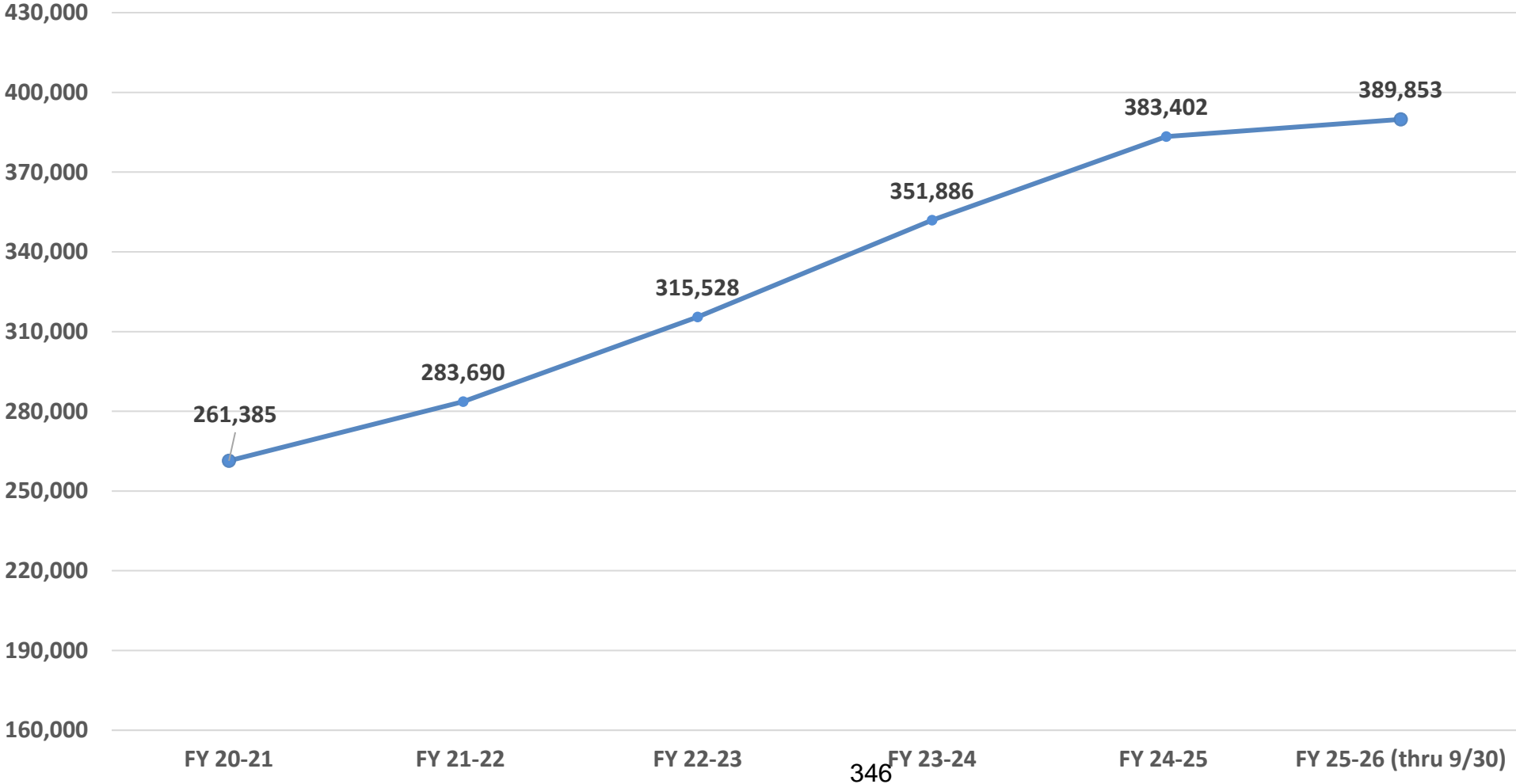
5 years of service

PLAN CHOICE STATISTICS

(as of September 30, 2025)



INVESTMENT PLAN MEMBERSHIP GROWTH



ASSET CLASS PERFORMANCE

(as of September 30, 2025)

	QTD	FYTD	1 Yr	3 Yr	5 Yr	Incept.
Total Fund	5.77%	5.77%	12.81%	16.19%	9.72%	7.53%
Stable Value	0.80%	0.80%	3.15%	2.89%	2.44%	2.29%
Inflation Protected Assets & TIPS*	3.02%	3.02%	4.95%	5.86%	4.73%	2.54%
Fixed Income	2.12%	2.12%	4.33%	6.50%	0.99%	4.12%
Domestic Equities	7.93%	7.93%	16.78%	23.91%	15.39%	14.02%
Global & International Equities	6.73%	6.73%	17.11%	21.30%	10.55%	9.20%
Retirement Date Funds	5.72%	5.72%	12.83%	15.66%	9.32%	7.19%
Real Estate	1.42%	1.42%	4.76%	-3.34%	4.21%	4.28%
TF x RDFs	5.84%	5.84%	12.72%	16.79%	10.14%	8.09%

*Prior to 2014, TIPS only.

Retirement Date Funds Inception July 1, 2014

TF x RDFs Inception July 1, 2014

Real Estate was added January 1, 2018

Stable Value Fund Inception July 1, 2021

MANAGER PERFORMANCE

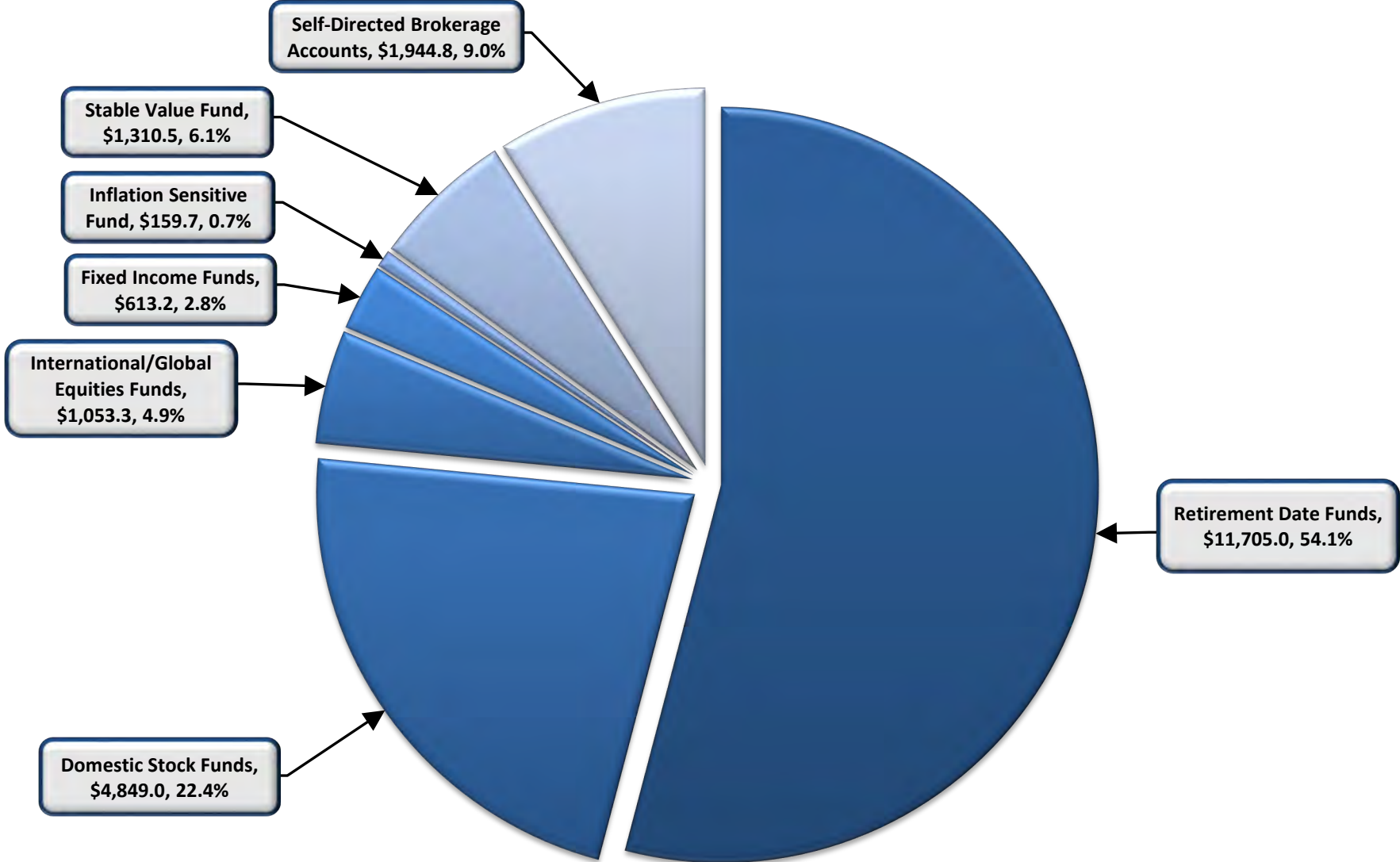
(as of September 30, 2025)

	1 Yr	3 Yr	5 Yr	10 Yr	ITD
Stable Value					
T. Rowe Price Stable Value	3.00	2.80			2.52
Galliard Stable Value Portfolio	3.33	2.90			2.32
Galliard Stable Return	3.20	2.97			2.65
Inflation Sensitive					
BlackRock US Tips (Passive)	3.90	4.97	1.49	3.14	4.29
Principal Diversified Real Asset	5.87	8.72	7.89	5.41	3.82
PGIM Retirement Real Estate Fund II	4.76	-3.34	4.21		4.28
Diversified Income					
Allspring Core Fixed Income	3.38	5.57	-0.08	2.23	2.10
Prudential High Yield	7.29	10.42	5.12	5.98	6.45
Prudential Core Plus	4.10	6.76	0.63	2.97	2.60
Fidelity Intermediate Duration	4.35	5.63	1.24	2.53	3.67
PGIM Retirement Real Estate Fund II	4.76	-3.34	4.21		4.28
US Bond Enhanced Index					
BlackRock US Debt (Passive)	2.94	4.98	-0.39	1.91	3.53
Prudential US Fixed Enhanced (Passive)	3.05	5.33	-0.29	1.95	3.68
US Stock Market Index					
BlackRock US Stock Index (Passive)	17.41	24.16	15.77	14.77	11.15
US Stock Fund					
Jennison Large Cap Growth	22.05	31.63	13.63	17.84	13.24
Stephens Mid Cap Growth	18.58	20.65	10.14		14.52
T. Rowe Price Institutional Small Cap	8.55	13.56	9.44	11.32	10.88
Fidelity Growth Company (All Cap)	28.10	35.12	17.76	21.65	16.06
Aristotle Large Cap Value Equity	5.53	16.41			5.68
The London Company Large Cap	9.06	16.44	10.95		10.56
Hotchkis & Wiley Large Cap Value	12.59	20.78			9.30
Ariel SMID Value	15.73	19.74			7.20
Foreign Stock Market Index					
BlackRock Foreign Stock Market Index (Passive)	17.24	21.02	10.48	8.54	7.60
Foreign Stock Fund					
Capital Group EUPAC Trust	14.96	19.72	7.53	8.30	7.22
Dodge and Cox International Stock Fund	20.78				21.21
Global Stock Fund					
Capital Group New Perspective Trust	17.83	23.61	12.36	13.53	11.45
Dodge and Cox Global Stock Fund	11.71				13.17

	1 Yr	3 Yr	5 Yr	10 Yr	ITD
FRS Retirement Fund					
FRS 2020 Retirement Fund	7.83	9.93	5.59	5.89	4.75
FRS 2025 Retirement Fund	8.53	10.55	6.18	6.72	5.45
FRS 2030 Retirement Fund	9.32	11.81	7.10	7.53	6.16
FRS 2035 Retirement Fund	11.39	14.15	8.55	8.51	7.02
FRS 2040 Retirement Fund	13.06	16.13	9.75	9.39	7.70
FRS 2045 Retirement Fund	14.16	17.56	10.59	9.93	8.14
FRS 2050 Retirement Fund	14.68	18.53	11.15	10.28	8.44
FRS 2055 Retirement Fund	14.92	18.96	11.54	10.47	8.60
FRS 2060 Retirement Fund	14.94	19.18	11.68	10.55	8.67
FRS 2065 Retirement Fund	14.94	19.17	11.69		9.91
FRS 2070 Retirement Fund	15.01				15.19

FRS INVESTMENT PLAN AUM

(by Asset Class—in \$millions, as of September 30, 2025)

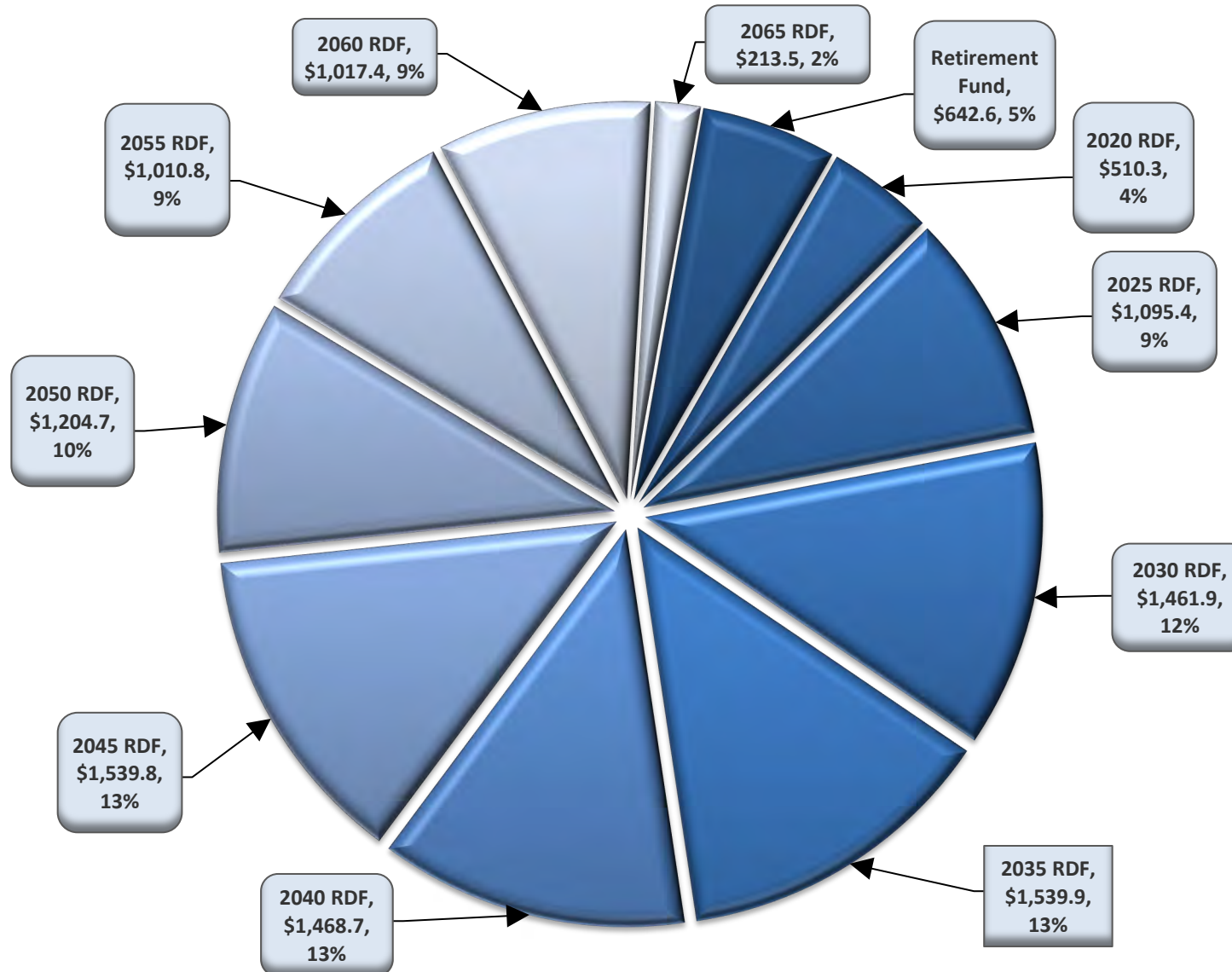


Asset allocation is a result of member investment selection



CURRENT RETIREMENT DATE FUNDS

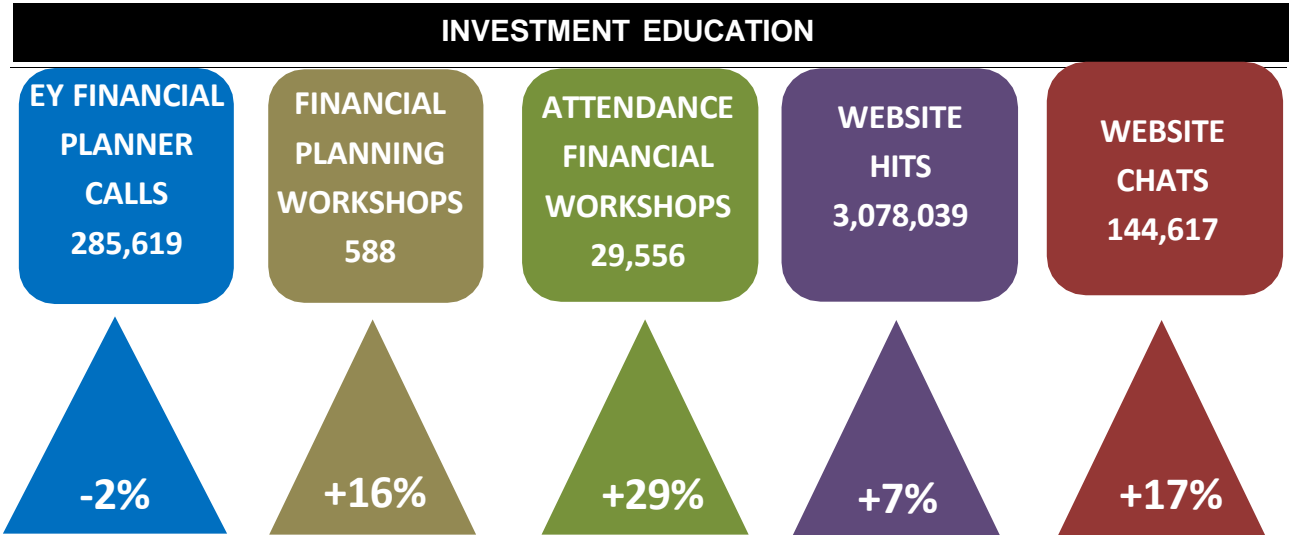
(\$ RDF Assets in millions, % RDF Assets, as of September 30, 2025)



Assets in each RDF and the Percentage of Members in the Investment Plan
Asset allocation is a result of member investment selection

MyFRS FINANCIAL GUIDANCE PROGRAM

(October 1, 2024-September 30, 2025)



(% change from previous 12 months)

93 Annuities purchased last 12 months - \$13.5 million
472 Total Annuities purchased inception to date - \$60.9 million



Q&A

INVESTMENT ADVISORY COUNCIL

Investment Programs & Governance (IP&G)

Corporate Governance—Quarterly Review

Michael McCauley, Senior Officer

Key Activities and Corporate Governance Issues

Extensive Global Proxy Voting

SBA voted at 1,710 meetings across 46 countries covering 13,289 ballot items in Q3 2025.

Voting Outcomes and Governance

SBA supported 86.3% of proposals, opposed 12.9% against management, emphasizing governance values.

Advanced Data Analysis Tools

Transitioned to premium service with enhanced charting via Power BI to analyze proxy voting trends.

Corporate Engagement Initiative

Initiative targets underperforming companies to improve governance and protect shareholder value.

Support for Tesla Proposals

SBA supported Tesla's director nominees and performance award based on pay-for-performance and long-term value creation principles.

Opposition at Cracker Barrel

SBA withheld votes on all Cracker Barrel nominees due to governance concerns after a damaging rebranding and urged improved oversight.

Support for Dayforce Buyout

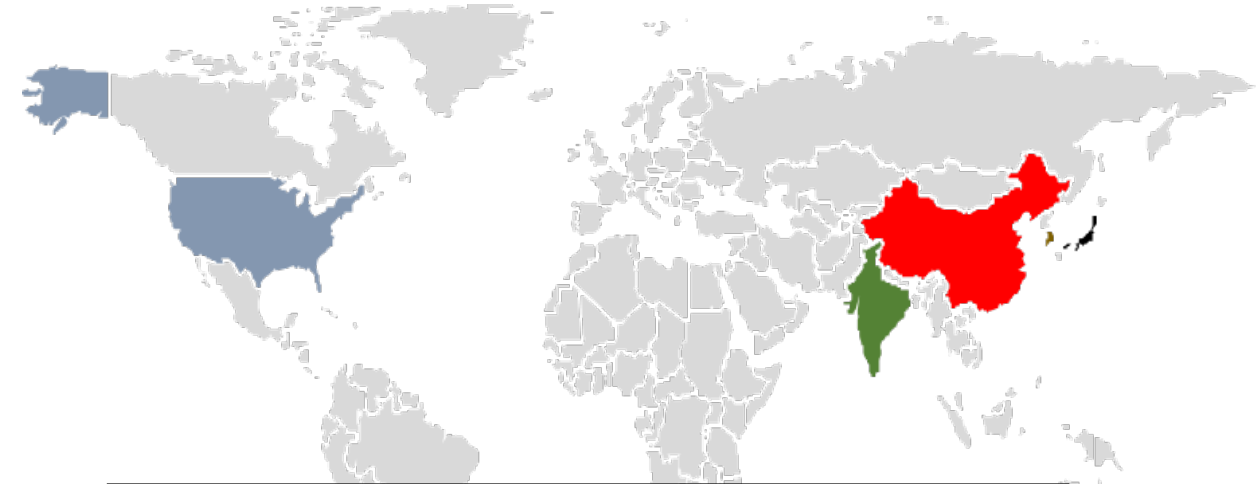
SBA backed Thoma Bravo's buyout of Dayforce, including golden parachute provisions, showing confidence despite valuation debates.

Regulatory and Governance Monitoring

SBA monitored SEC rules, FTC investigations, and potential executive orders to navigate evolving governance and regulatory landscapes.

Global Proxy Voting Q3/2025

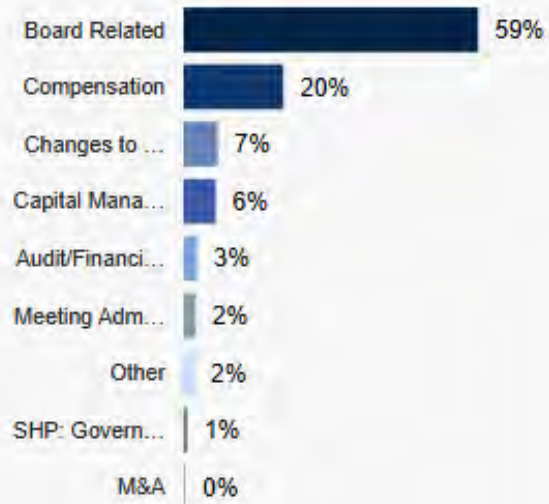
Voting Category	FY2024	FY2025	Q3 2025
Total Meetings Voted	12,584	11,660	1,710
Individual Ballot Items Voted	114,660	106,946	13,289
Markets Voted	67	68	46
Total Company Votes	9,289	8,655	1,577
% Total Votes "For"	82.3%	83.4%	86.3%
% Total Votes "Against"	15.6%	14.7%	12.7%
% Total Votes "Abstain" or Do Not Vote (DNV)	2.1%	1.9%	0.9%
% Total Votes Against Management Recommended Vote (MRV)	15.4%	14.5%	12.9%
% of Director Elections "For"	81.4%	82.9%	78.7%
% of Compensation Items "For"	69.2%	68.7%	74.9%
% of Merger-Acquisition Items "For"	95.0%	91.4%	100%
% of All Shareowner Proposals (SHPs) "For"	21.1%	27%	20%



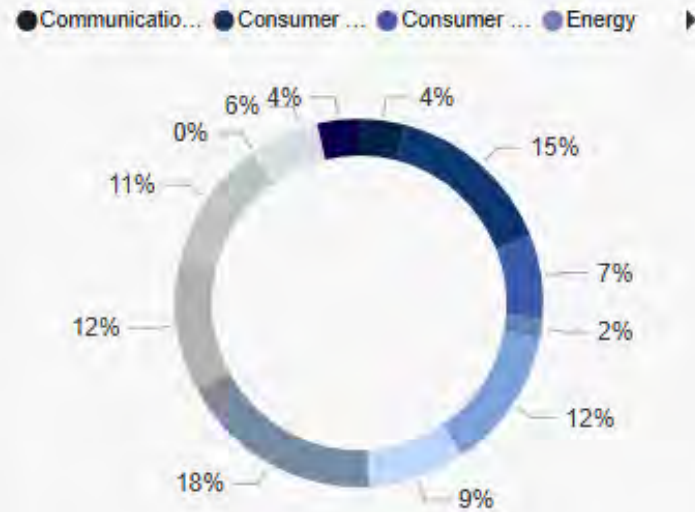
United States ✓ 178 meetings	India ✓ 749 meetings
Japan ✓ 50 meetings	South Korea ✓ 30 meetings
China ✓ 337 meetings	

SBA Voting Detail (All Markets, Q3/2025)

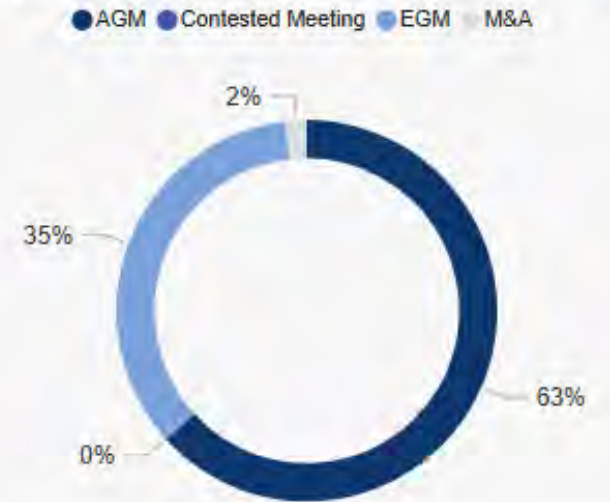
Votes against mgmt by proposal category



Voted meetings by sector



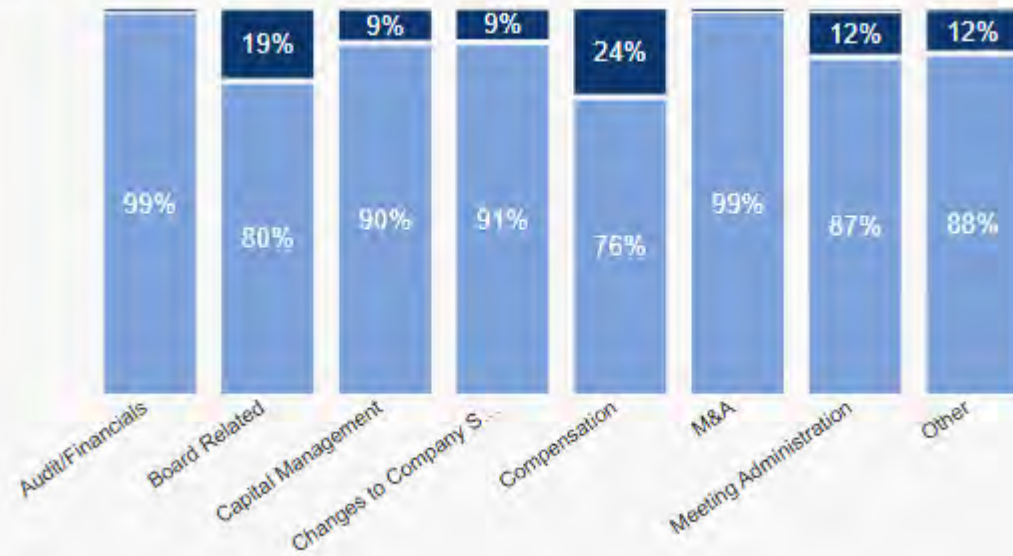
Voted meetings by type



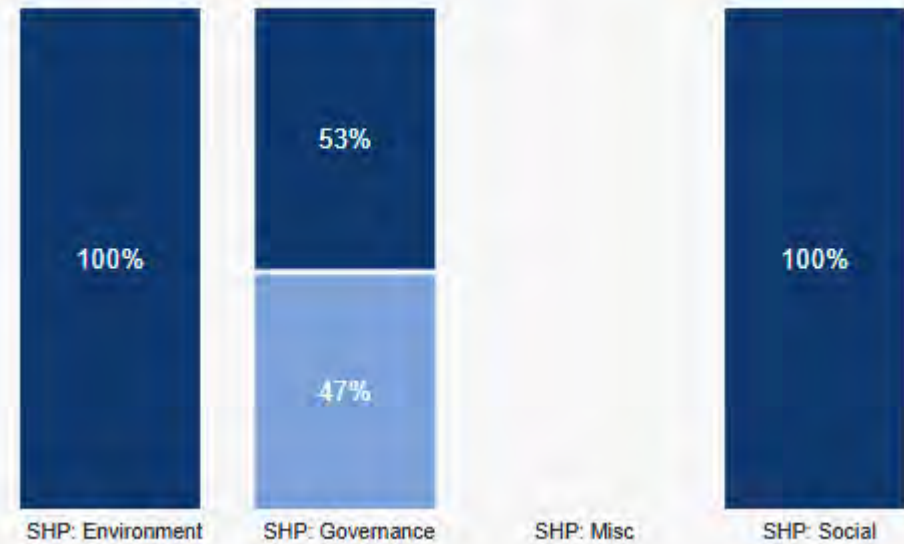
SBA Voting Detail (All Markets, Q3/2025)

Vote Decision ● For ● Against ● Abstain

Management proposal category distribution



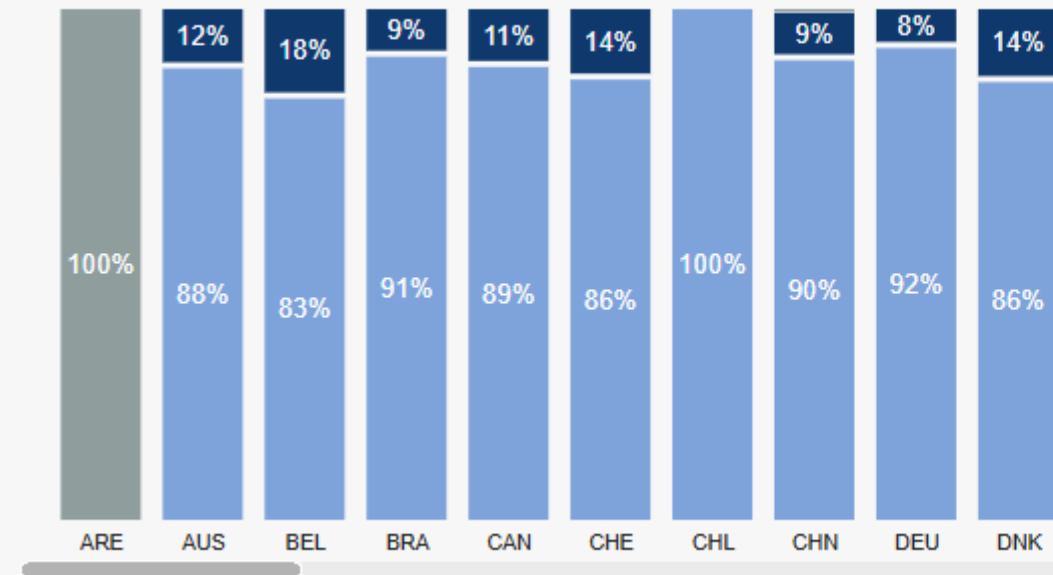
Shareholder proposal category distribution



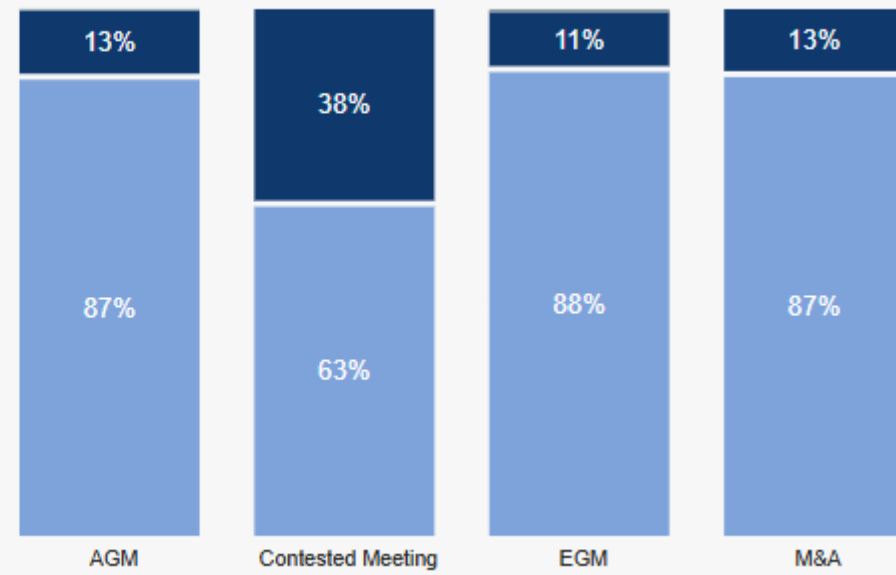
SBA Voting Detail (All Markets, Q3/2025)

Vote Decision ● For ● Against ● Abstain

Market distribution of meetings



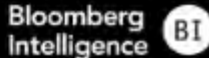
Meeting type distribution of meetings



Shareholder Proposals by Type (US Meetings)

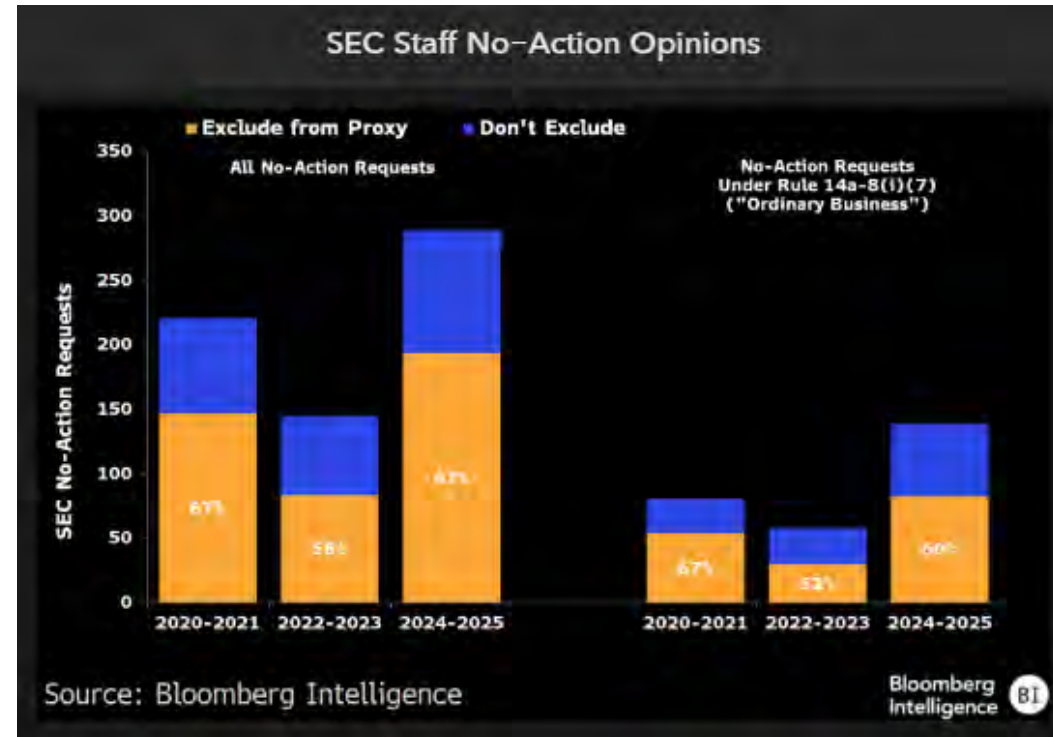
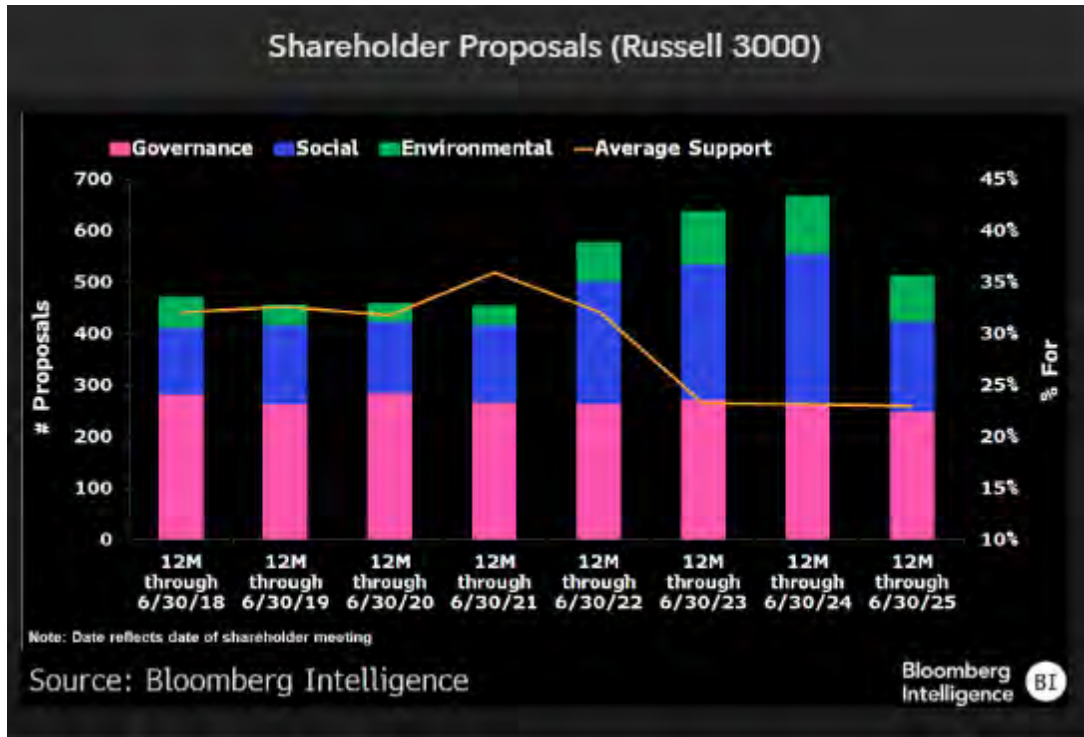
Major Proposals by Type (Russell 3000)									
	YTD 2025			2024			2023		
	Total	% Approved	Average Votes For	Total	% Approved	Average Votes For	Total	% Approved	Average Votes For
Call Special Meetings	67	14.1%	33.4%	23	17.4%	43.5%	40	22.5%	35.9%
Diversity, Equity, and Inclusion	52	0.0%	6.7%	76	0.0%	14.0%	66	3.1%	17.9%
Climate	50	0.0%	10.8%	81	2.5%	19.8%	82	1.2%	20.2%
Require Independent Chair	28	0.0%	31.9%	40	0.0%	30.4%	81	0.0%	30.0%
Human Rights/Conflict Issues	26	0.0%	10.3%	44	0.0%	11.6%	39	0.0%	12.9%
Political Contributions or Lobbying	25	17.4%	29.3%	61	1.6%	22.5%	55	3.8%	27.7%
AI/Cybersecurity/Content Moderation	20	0.0%	10.7%	21	0.0%	15.1%	15	0.0%	7.7%
Waste Management / Recycling	18	0.0%	9.7%	14	0.0%	15.7%	9	0.0%	NA
Public Advocacy/Stewardship	14	0.0%	1.3%	7	0.0%	2.7%	7	0.0%	5.0%
Drug Access/Public Health	13	0.0%	10.4%	21	0.0%	10.8%	26	0.0%	13.7%
Human Capital	11	0.0%	14.2%	31	0.0%	17.4%	28	7.4%	23.6%
Act By Written Consent	10	10.0%	28.9%	8	0.0%	36.5%	5	20.0%	40.8%
Declassify Board	7	83.3%	78.0%	6	100.0%	66.6%	1	100.0%	88.1%
Animal Welfare	6	0.0%	8.3%	22	0.0%	15.6%	12	0.0%	NA
Remove Unequal Voting	4	0.0%	24.9%	5	0.0%	32.3%	7	14.3%	36.1%
Proxy Access	0	NA	NA	2	50.0%	53.6%	2	0.0%	16.4%

Note: Calendar year. Votes "For" exclude abstentions, % Approved excludes withdrawn proposals. Years based on date of shareholder meeting.

Source: Bloomberg Intelligence 

Source: Bloomberg Intelligence. Data as of November 16, 2025.

Shareholder Proposals by Type (US Meetings)



Source: Bloomberg Intelligence. Data as of November 18, 2025.

SBA Corporate Engagement Initiative

Financial Performance Screening

- Identify underperforming firms using Total Shareowner Return (TSR)
- Benchmark against sector/industry/sub-industry peers

Corporate Governance Analysis

- Apply SBA principles: board accountability, leadership structure, pay for performance (pay design and incentives), shareowner rights, and high-quality corporate disclosure

Target List Development

- Categorize companies: **Monitor, Engage, or Escalate**

Engagement and Reporting

- **Engage** through direct communications, proposals, collaboration, or litigation
- **Report** quarterly on engagement impact and company performance

“The SBA’s engagement initiative focuses squarely on factors with material financial impact.”

SBA Proxy Voting on Shareowner Proposals (U.S. Meetings only—as of 9/30/25)

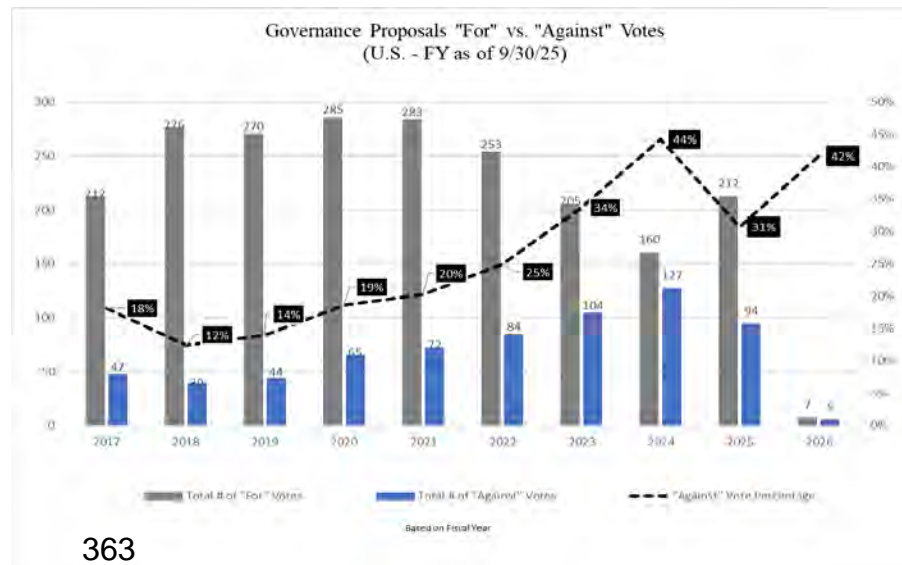
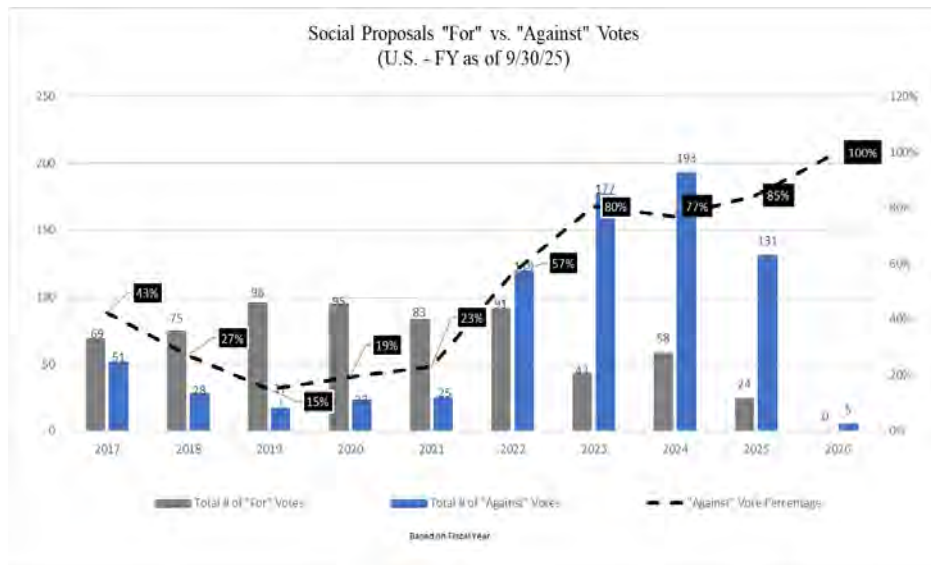
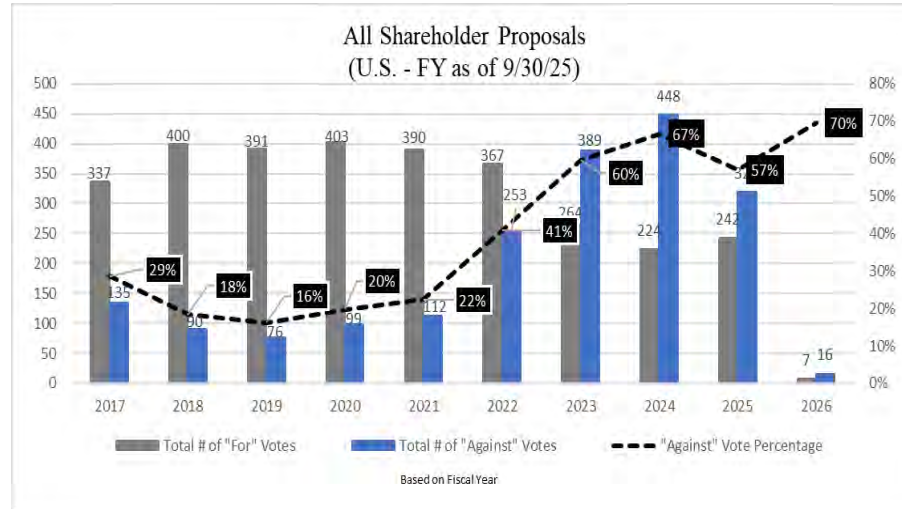
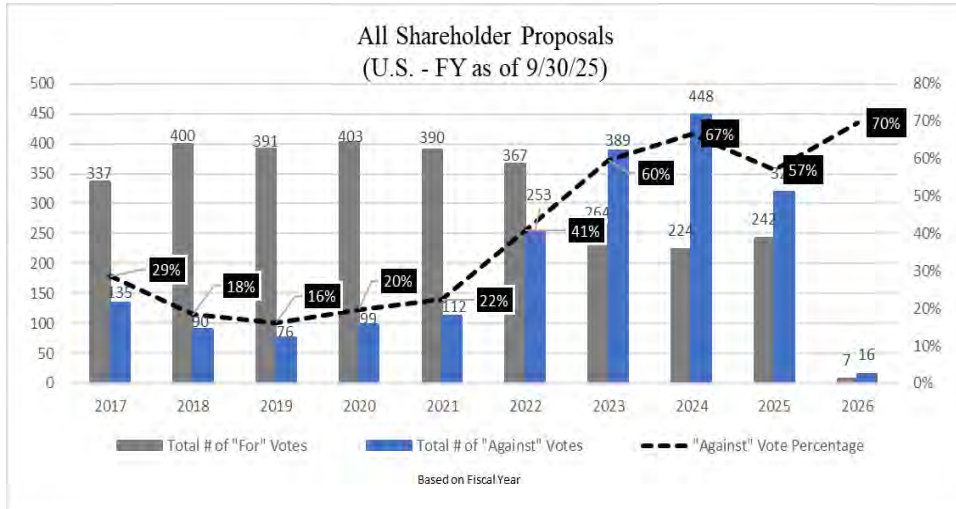
Key Metrics

Issue Category	FY2023			FY2024			FY2025			FY2026		
	Proposal	% of SHP	SBA Support %	Proposal	% of SHP	SBA Support %	Proposal	% of SHP	SBA Support %	Proposal	% of SHP	SBA Support %
SHP: Environment	210	14.90%	7.62%	199	13.75%	2.51%	172	11.18%	0.00%	13	17.33%	0.00%
SHP: Social	277	19.66%	15.88%	316	21.84%	18.67%	219	14.23%	12.33%	7	9.33%	0.00%
SHP: Governance	899	63.80%	35.93%	906	62.61%	26.49%	1,127	73.23%	33.90%	53	70.67%	28.30%
SHP: Misc	23	1.63%	17.39%	26	1.80%	7.69%	21	1.36%	28.57%	2	2.67%	0.00%
Grand Total	1,409	100.00%	27.47%	1,447	100.00%	21.15%	1,539	100.00%	26.97%	75	100.00%	20.00%

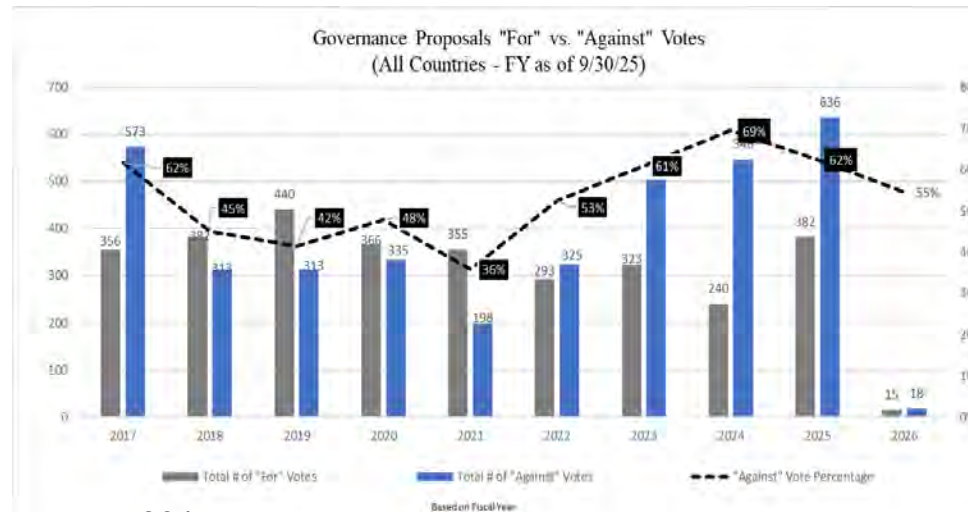
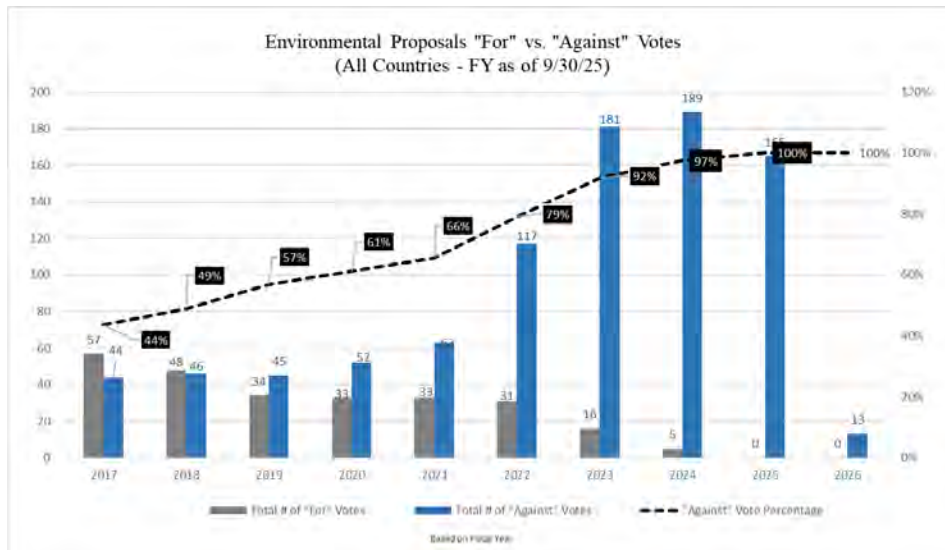
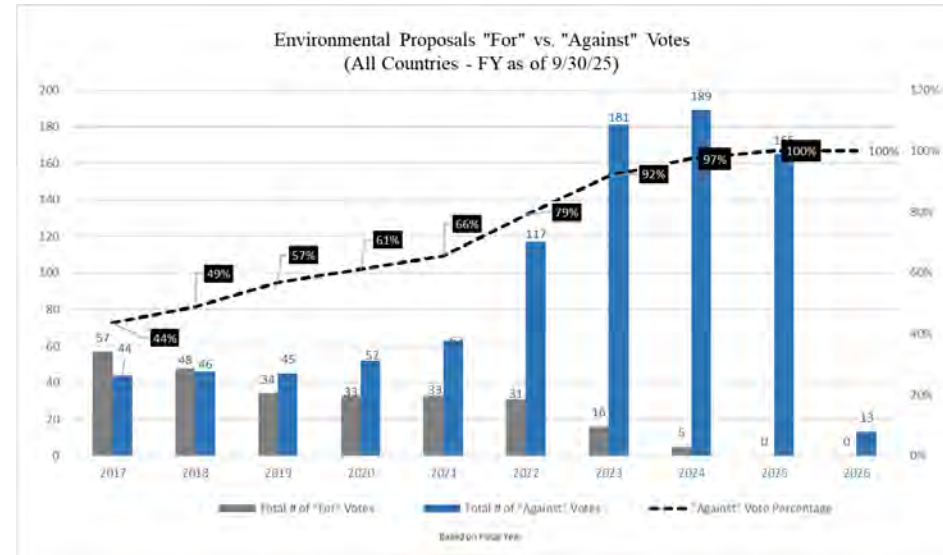
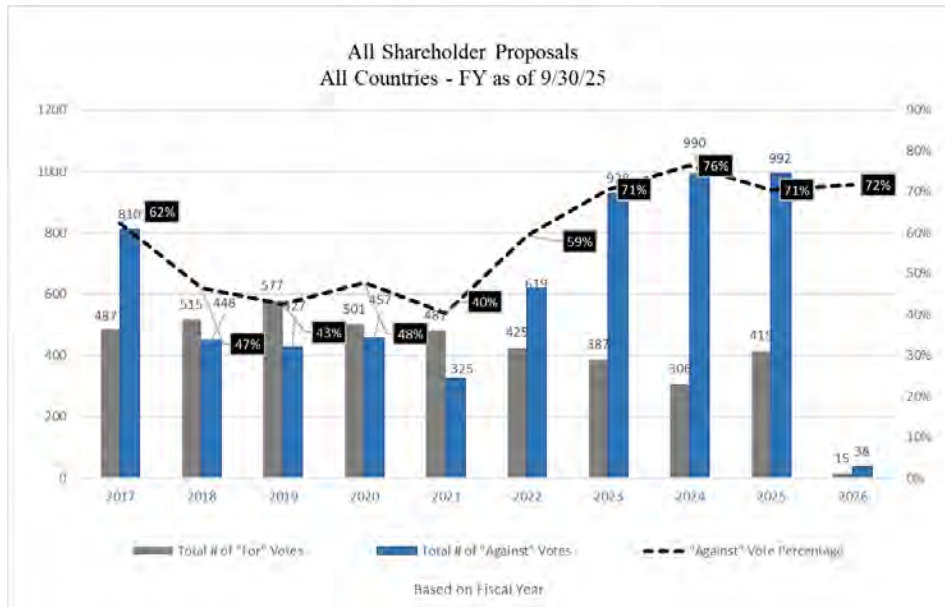
Vote Decision

Issue Category	"For"				"Against&Withhold"				"Abstain"				"Other"			
	FY2023	FY2024	FY2025	FY2026	FY2023	FY2024	FY2025	FY2026	FY2023	FY2024	FY2025	FY2026	FY2023	FY2024	FY2025	FY2026
SHP: Environment	16	5	0	0	181	189	165	13	1	1	0	0	12	4	7	0
SHP: Social	44	59	27	0	228	242	180	7	4	2	5	0	1	13	7	0
SHP: Governance	323	240	382	15	503	553	636	18	13	41	35	0	60	72	68	20
SHP: Misc	4	2	6	0	16	17	11	0	0	0	1	0	3	7	3	2
Grand Total	387	306	415	15	928	1,001	992	38	18	44	41	0	76	96	85	22

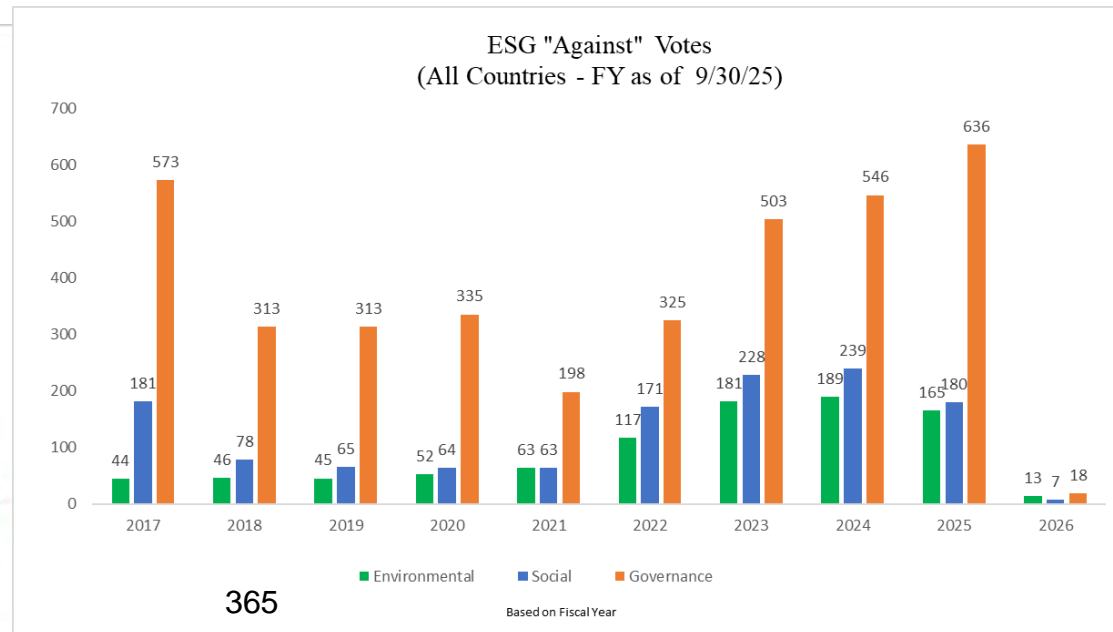
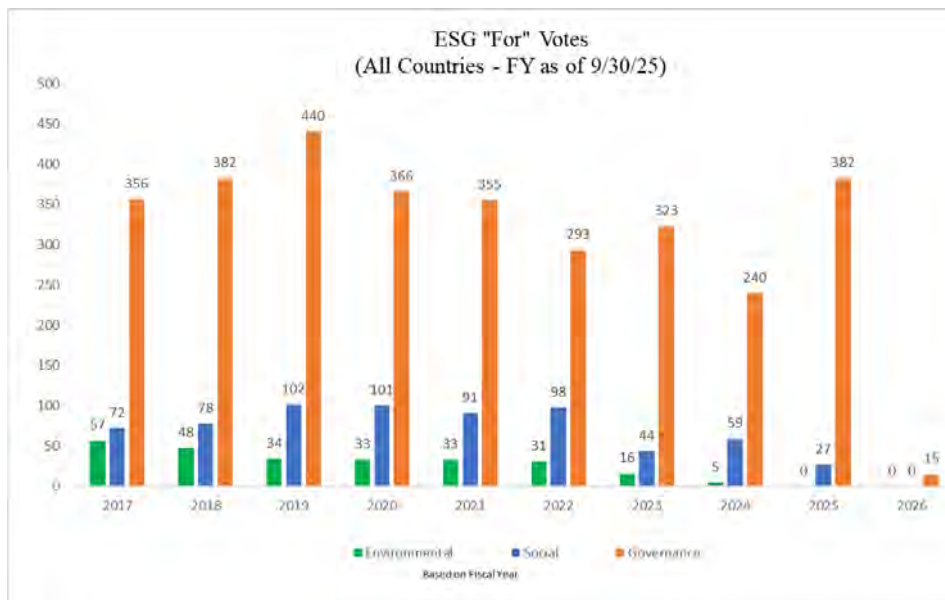
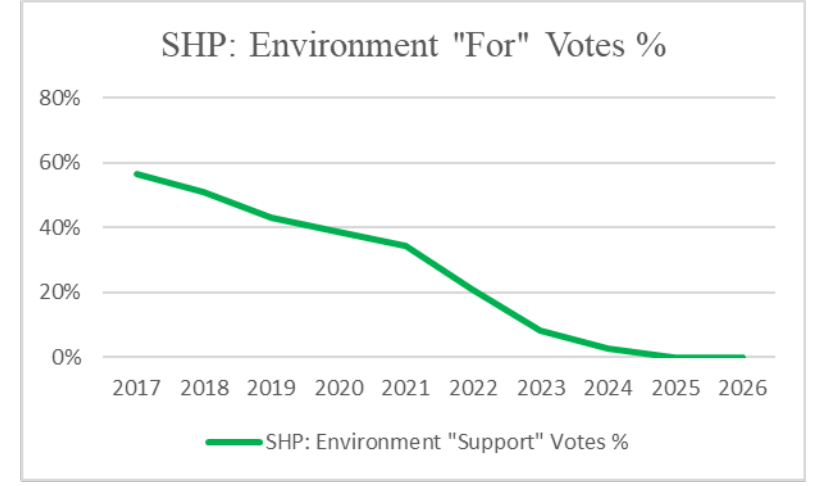
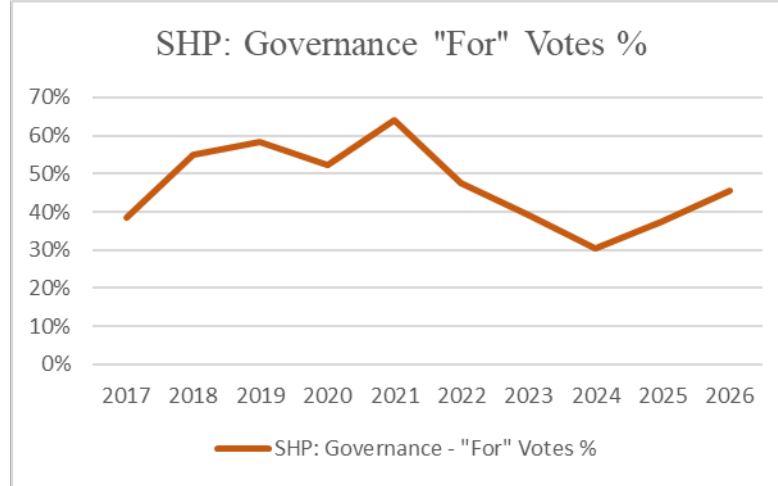
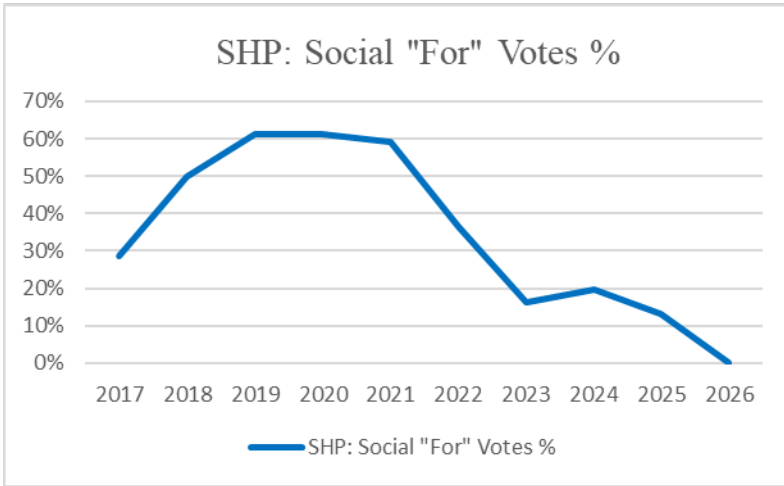
SBA Proxy Voting on Shareowner Proposals (US Meetings Only)



SBA Proxy Voting on Shareowner Proposals (All Countries)



Proxy Voting on Shareowner Proposals (All Countries)



Q&A

CONTACT: Michael McCauley
Email: governance@sbafla.com



**STATE BOARD OF ADMINISTRATION
OF FLORIDA**

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**CHRIS SPENCER
EXECUTIVE DIRECTOR**

MEMORANDUM

TO: Chris Spencer, Executive Director

FROM: Richard Cassedy, Corporate Engagement Officer
Mike McCauley, Senior Officer, Investment Programs & Governance

DATE: October 29, 2025

SUBJECT: **SBA Corporate Governance Engagement Process**

Introduction

This memorandum outlines the SBA's four-step process for identifying and engaging underperforming publicly traded companies, with the goal of improving long-term shareowner value through targeted corporate governance engagement.

The evolution of shareowner activism in the United States has increased since the mid-1980s due to the involvement of public pension funds and institutional shareowners. The primary motive of corporate engagement is to enhance the value of investments through governance improvements. Studies show that investor engagement often leads to strong market returns. Researchers have found positive impacts from engagement activities in the year(s) following activism on corporate governance factors, with improvements seen in operating performance and profitability. For example, in the study by Bebchuk, Brav, and Jiang (The Long-Term Effects of Hedge Fund Activism, 2015) authors find that targeted firms experienced improved operating performance and higher stock returns not only in the short term but persisting over the long term (up to 5 years). This is one of the most cited empirical studies on U.S. hedge fund activism based on a large dataset of activist interventions from 1994–2007.

Another study by Brav, Jiang, Partnoy, and Thomas examining activism campaigns in the U.S. from 2001–2006 (Hedge Fund Activism, Corporate Governance, and Firm Performance, 2008), finds that on average, targeted companies earned positive abnormal returns of about 7–8% from around the announcement of activism. Specifically, authors

found that activist engagements often led to improvements in payout policies, capital structure, and operating efficiency, and that activism was especially effective in addressing underperformance and governance issues at poorly managed firms. Across these studies, and others, research indicates that shareowner activism in the U.S. is associated with various effects on company performance, including changes in stock prices and aspects of operating performance and governance. These findings have been influential in shaping investor and regulatory perspectives on activism.

The two primary obligations of shareowners are to monitor the performance of companies and to protect their right to act when necessary. The legal duties of care and loyalty rest with the corporate Board of Directors, not the shareowners. As such, the SBA does not seek to micromanage companies but views its role as one of fostering improved management and accountability within the companies in which we own shares.

Good corporate governance plays a key role in building long-term shareowner value, and the SBA strongly supports this view. As the organization responsible for managing retirement and investment funds for Florida's public employees, the SBA believes that well-governed companies are more likely to deliver consistent, sustainable returns. Strong governance helps align the interests of company leadership with those of shareowners by promoting practices like independent boards, fair and performance-based executive pay, clear succession planning, and ensuring a company is focused on pecuniary factors without subordinating those factors to social, political, or ideological interests. These structures encourage management to focus on long-term goals rather than short-term profits.

Good governance also improves oversight and accountability, reducing the risk of financial missteps, fraud, or poor decision-making. The SBA emphasizes the importance of transparency and protecting shareowner rights, which allows investors to make informed decisions and hold leadership accountable. These practices help companies manage risks more effectively and maintain a strong reputation. For the SBA, promoting good governance isn't just a best practice, it's a fiduciary duty. As a steward of public funds, the SBA is committed to ensuring that the companies it invests in are managed responsibly and with a long-term perspective. In short, strong governance leads to stronger companies and better outcomes for long-term investors.

At the SBA, corporate engagement decisions are guided by a dedicated team that includes the Senior Officer of Investment Programs and Governance and the Corporate Governance Engagement Officer as well as other staff members within the Investment Programs & Governance unit. In addition to these staff, the SBA General Counsel's office will review potential cases where litigation may promote corporate governance policies that can improve long term shareowner value. These professionals work collaboratively to assess company performance, governance practices, and shareowner concerns. Based on their analysis, they develop engagement strategies and provide formal

recommendations to the SBA's Executive Director, ensuring that all actions align with the SBA's fiduciary duty to protect and enhance long-term shareowner value.

The SBA participates in securities lending to enhance the return on its investment portfolios. When securities are lent, their legal rights are transferred to the borrower for the duration of the loan. As a result, the SBA's right to exercise proxy voting on loaned securities is forfeited unless those affected shares have been recalled from the borrower in a timely manner (i.e., on, or prior to, the share's record date), which may present operational challenges. SBA retains the right to recall shares before the record date to exercise voting rights for both domestic and international securities; however, recalling loaned securities is generally not anticipated under normal circumstances. Circumstances that may lead the SBA to recall shares include, but are not limited to, occasions when there are significant voting items on the ballot such as mergers, proxy contests or instances when the SBA has directly pursued coordinated efforts to reform the company's governance practices, such as submission of shareowner proposals or conducting an extensive engagement.

CORPORATE GOVERNANCE ENGAGEMENT PROCESS

Step 1: Financial Performance Screening

The target universe of companies in the corporate governance focus is the Russell 3000 stock index, which includes approximately 2,950 distinct companies. This index is the target benchmark for the domestic equity portion of the Florida Retirement System's (FRS) global equity portfolio. Additional sub-indices will be reviewed, including the Russell 1000 (large and medium capitalization firms) and Russell 2000 (small capitalization firms), and/or the Standard & Poor's (S&P) 500, 400, and 600 indices. Company engagement will be based on a company's absolute and relative under-performance compared to their respective benchmarks and industry/sector peer groups over 1-, 3-, 5-, 7-, and 10-year periods.

Evaluating a company's stock performance across multiple time horizons is essential for understanding both short-term dynamics and long-term value creation. Short-term performance (1 year) reflects recent developments and market sentiment, while medium-term (3–5 years) performance helps assess the effectiveness of strategic decisions like capital allocation or restructuring. Long-term performance (7–10 years) is particularly important for gauging a company's resilience and ability to generate sustainable returns across economic cycles. Research supports this view: Farago and Hjalmarsson (Long-Horizon Stock Returns Are Positively Skewed, 2023) show that long-horizon stock returns exhibit strong positive skewness due to compounding effects, making long-term analysis critical for understanding the true distribution of investment outcomes.

When a company consistently underperforms through these periods, it may signal deeper structural issues such as poor governance, misaligned strategy, poor capital allocation,

and/or operational inefficiencies. In such cases, corporate engagement becomes necessary. Investors may push for changes in leadership, demand greater transparency, or advocate for a shift in strategic direction to protect shareowner value. This aligns with the growing body of literature on shareowner activism and stewardship, which emphasizes the role of engaged investors in improving corporate performance.

Moreover, evaluating a company's performance in isolation is not enough. Comparing it to its peer group and relevant market indices is crucial. Peer comparisons help identify whether underperformance is company-specific or industry-wide, while index comparisons (e.g., against the S&P 500) determine whether the company is delivering returns that justify active investment over passive alternatives. This relative performance analysis is supported by Nechvatalova (Multi-Horizon Equity Returns Predictability via Machine Learning, 2021), who highlights the importance of multi-horizon return predictability and the role of comparative benchmarks in evaluating equity performance.

Comparing the performance of individual companies to others within the same industry or sector is a foundational principle in quantitative financial analysis. Financial ratios like P/E (Price-to-Earnings), EV/EBITDA, or ROE (Return on Equity) vary significantly across industries due to structural differences (e.g., capital intensity, growth rates, regulatory environments). Comparing a utility company to a tech firm on P/E alone would be misleading. Industry-based comparisons normalize these metrics, making them more meaningful.

Quantitative investors often use relative valuation models, similar companies or "comps", to assess whether a stock is over- or under-valued. For instance, a company with a price-to-earnings ratio of 12, compared to a sector average of 18, may be considered undervalued unless this valuation is warranted by comparatively weaker fundamentals. Sector-specific multiples help identify outliers and potential mispricing. Sectors exhibit different risk-return characteristics. Comparing within a sector helps isolate idiosyncratic risk (company-specific) from systematic risk (sector-wide). This is crucial for: 1) Portfolio diversification; 2) Factor modeling (e.g., Fama-French industry factors); and 3) Beta estimation for CAPM. When evaluating a company's stock performance, it's important to distinguish between: Market-driven movements (e.g., sector-wide downturns) and Company-specific performance (e.g., earnings surprise). Sector comparisons allow investors to attribute performance more accurately and adjust expectations accordingly. Numerous academic and industry studies support this approach:

- 1) Fama & French, 1997, Their three-factor model includes industry factors to explain stock returns more accurately.
- 2) Jegadeesh & Titman, 1993, Momentum strategies perform better when applied within industries; and
- 3) Damodaran, 2009, Advocates for industry-specific cost of capital and valuation multiples in his widely used valuation frameworks.

Total Shareowner Return (TSR), usually expressed as an annualized percentage for comparability, is a comprehensive measure of the return an investor earns from holding a company's stock over a specific period. It combines two components: 1) capital gains, the share price appreciation; and 2) dividends, the income returned to shareowners. As an investor in a highly diversified portfolio, the SBA views TSR as the optimal measure of individual company performance. TSR captures the total economic benefit of investing in the company: unlike just looking at share price, TSR reflects both capital appreciation and cash returned (dividends), providing a fuller picture of actual value creation. TSR allows comparison to portfolio benchmarks as well as peer companies. Investors often compare a company's TSR to its peers, industry indexes (e.g., S&P 500), or cost of capital to judge relative performance.

As well, TSR aligns with long-term value creation. For long-term shareowners like the FRS, TSR shows whether management's strategies are delivering sustainable returns over time. TSR is also important when analyzing corporate executive compensation practices, as it is widely used in long-term incentive plans (LTIPs) to align management pay with shareowner outcomes. Reviewing a firm's TSR can help in judging the effectiveness of capital allocation decision-making by a company's management. It can signal how effectively management reinvests earnings or returns capital through buybacks/dividends which is critical for judging corporate governance and stewardship. In summary, investors use TSR, among other financial metrics, because it is an outcome-based metric, reflects real returns and can filter out the noise from short-term accounting volatility or one-time gains/losses. It is a key metric for evaluating if a company's strategy, execution, and capital allocation are truly driving shareowner value over time.

Together, these insights form a robust framework for assessing corporate performance and determining when investor engagement is warranted.

Step 2: Governance Screening

Companies identified in Step 1 are then evaluated using the SBA's core corporate governance principles. The SBA's governance framework emphasizes the following core attributes:

1. Board Accountability
 - Directors should be elected annually ("declassified" boards with no director class or term structure).
 - One share, one vote: no dual-class share structures without corresponding sunset provisions.
 - Majority voting for uncontested director elections, with resignation policies for directors who fail to receive majority support.
2. Leadership Structure

- Separation of the roles of CEO and Chair or a strong independent lead director, especially when company exhibits stock and financial underperformance.
3. Executive Compensation
 - Strong pay-for-performance (P4P) alignment, with rigorous incentive structures.
 - Transparent disclosure of both short-term and long-term performance metrics, and metrics focused on pecuniary factors that align with corporate performance without embedded social, political, or ideological factors which drive corporate policies.
 4. Shareowner Rights
 - Opposes poison pills without shareowner approval.
 - Supports the right of shareowners to call special meetings and act by written consent under reasonable thresholds.
 5. Transparent Corporate Disclosure
 - Supports clear, consistent disclosure of pecuniary (material) risks and performance.

This screen identifies governance vulnerabilities, such as the presence of weak investor rights, anti-takeover devices that shield management and the board from accountability, as well as poorly structured management incentives, or non-pecuniary factors (e.g. ESG or DEI metrics) embedded within executive compensation plans. Some governance policies or procedures can lead to poor financial results. Of particular significance, the use of anti-takeover provisions can negatively affect the market's ability to operate effectively and insulate a board of directors from market forces.

The pay design and incentives utilized within executive compensation plans can have a material impact on business strategy and overall corporate performance. Executive compensation often makes up a significant share of company profits. Corporate reporting is also especially important for efficient market operations and allows investors to adequately assess a firm's risk and return characteristics. Full and adequate disclosures of material issues are a key item for investors and help to avoid or minimize reputational risk factors. The SBA's engagement initiative will focus squarely on any relevant factor which may have a material effect on the company's financial performance or on the company's stock performance.

Step 3: Target List Development

Once a list of companies for potential corporate engagement is identified through screening, conducting a structured quarterly evaluation can help better understand each company's situation and determine whether engagement is necessary and if so, what form it should take. This process typically includes a financial and operational review, to analyze quarterly earnings, key performance indicators, and trends compared to previous quarters and industry peers. Next, governance and leadership assessments are conducted

to evaluate board composition, executive compensation alignment, and leadership stability. Strategic direction and capital allocation are also reviewed, including how the company is deploying capital, progressing on strategic initiatives, and communicating with investors.

The evaluation continues with an analysis of pecuniary and reputational risks. Peer and benchmark comparisons are also essential, helping to contextualize the company's performance and identify best practices from industry leaders. Finally, an engagement readiness assessment considers factors like ownership influence, management's openness to dialogue and the materiality of the issues at hand. Market capitalization will be considered as a potentially limiting factor in determining which companies are deemed salient for engagement during the quarterly assessment period.

At the end of each quarter, companies are tiered based on the findings: "No Action Needed" for those performing well, "Monitor Closely" for those showing early signs of concern, "Engagement Warranted" for companies with clear issues, and "Escalation Required" if prior engagement efforts have failed. This method keeps engagement focused and supports long-term shareowner value.

Step 4: Engagement and Reporting

The SBA initiates engagement with high priority companies on the target list. Options for engagement include direct communication with a target company, shareowner proposal submission led by the SBA, legal action when the circumstances merit such measures, or various other measures.

Consistent with prudent and responsible investment policy, all or some of the following measures may be instituted when a corporation is found by the SBA to be underperforming market indices or in need of corporate governance reform.

- The SBA may discuss the corporate governance deficiencies with a representative and/or the Board of Directors. Deficiencies may occur in the form of policies or actions and often result from the failure to adopt policies that sufficiently protect shareowner assets or rights. The SBA may request to be informed of the progress in ameliorating such deficiencies.
- Under SEC Rule 14(a) 8, shareowner proposals may be submitted to companies with identified performance deficiencies. Rule 14a-8 is an SEC rulemaking promulgated under the Securities Exchange Act of 1934 and offers a set of procedural requirements governing how and when shareowners may submit resolutions for inclusion in a corporation's proxy statement. Whenever utilized, precatory shareowner proposals are intended to place significant issues on a company's meeting ballot to allow all shareowners to approve or disapprove of significant issues across the full membership of a company's investors.

- Other proxy or proxy solicitation strategies may also be used to achieve desired corporate governance improvements as needed.

To assess the effectiveness of SBA’s corporate governance engagement strategy, both quantitative and qualitative data will be systematically tracked and analyzed across engagement cycles. Quantitative metrics such as multi-horizon total shareholder return (TSR) and benchmark-relative performance will be retained to monitor financial outcomes following engagement. These data points will help determine whether targeted interventions correlate with improved operating performance or market valuation.

Concurrently, qualitative data, including governance diagnostics, board responsiveness, and narrative assessments of red-flag indicators like misaligned executive compensation or deficient oversight structures, will be documented to evaluate behavioral and structural shifts within engaged companies. By maintaining a longitudinal record of both data types, the SBA will be equipped to identify patterns of success, refine its screening methodology, ensure that engagement resources are directed toward companies where governance reform is both necessary, feasible and what effects the engagement had on total shareholder returns.

Engagement outcomes are assessed quarterly, and a comprehensive Corporate Engagement Report is produced annually and distributed to the Trustees. The process is dynamic and may be refined based on outcomes and strategic priorities.

Appendix: Further Reading on Corporate Governance Engagement

A growing body of research underscores the strategic value of corporate governance engagement in enhancing long-term shareholder outcomes. Targeted efforts addressing governance vulnerabilities and underperformance have been linked to improvements in operating efficiency, capital allocation, and shareholder returns. Companies with strong governance practices are better equipped to navigate market challenges, align executive incentives with performance, and maintain investor confidence.

I. Key Governance Themes & Foundational Studies:

Theme	Key Insight	Notable Studies
Board Independence	Independent boards enhance oversight of management.	Bhagat & Black (2002)
Board Diversity	Diverse boards improve decision-making and reduce risk.	Carter, Simkins & Simpson (2003); Adams & Ferreira (2009)

CEO/Chair Separation	Separation improves board oversight.	Brickley, Coles & Jarrell (1997)
Executive Compensation Alignment	Linking pay to long-term performance drives value creation.	Jensen & Murphy (1990); Core, Holthausen & Larcker (1999)
Shareholder Rights / Anti-Takeover Provisions	Fewer entrenchment mechanisms correlate with higher valuations.	Gompers, Ishii & Metrick (2003); Bebchuk, Cohen & Ferrell (2009)
Ownership Structure & Control	Insider ownership can align or entrench interests.	Morck, Shleifer & Vishny (1988)
Audit Committee Quality	Strong audit committees reduce earnings manipulation.	Klein (2002)
Transparency & Disclosure	Enhanced disclosure reduces information asymmetry.	Bushman, Chen, Engel & Smith (2004)
Governance & Performance Link	Good governance correlates with higher performance and lower risk.	Bhagat & Bolton (2008)

II. Top 10 Empirical Studies Linking Governance to Performance or Reform Outcomes (Last 10 Years)

#	Citation	Outlet	Key Finding	Methodology
1	Brav, Jiang & Kim (2015)	Review of Financial Studies	Hedge fund activism improves productivity and long-term value.	Difference-in-differences using plant-level data (1994–2007)
2	Bebchuk, Brav & Jiang (2015)	Columbia Law Review	Activism leads to sustained governance and valuation improvements.	Long-horizon analysis of activist interventions
3	Dao et al. (2020)	SSRN / Meta-Analysis	Board independence and governance indices linked	Meta-analysis of 250+ studies

			to higher performance.	
4	Crane et al. (2018)	Management Science	Litigation rights affect ownership and governance outcomes.	Quasi-natural experiment using legal changes
5	Prabhat (2019)	Univ. of Rochester WP	Oversight of political spending increases firm value.	Event study and diff-in-diff analysis
6	Deakin et al. (2018)	SSRN / Policy Paper	Legal reforms show mixed impact on market development.	Cross-country panel regressions
7	Affi's & Jarboui (2023)	Journal Article	Governance practices improve ROE across sectors.	Sector-level regressions (UK sample)
8	Treepongkaruna et al. (2022)	Elsevier / Journal	Litigation rights impact ESG controversies and governance.	Quasi-natural experiment with textual analysis
9	Barros et al. (2023)	Journal Article	Activism affects short-term profitability and governance.	Event study and medium-term performance analysis
10	Bennett et al. (2025)	NBER WP	Weakening shareholder primacy leads to measurable firm-level changes.	Difference-in-differences using Nevada SB203 adoption



Third Quarter 2025 Major Mandates Performance Review

State Board of Administration
of Florida

December 15, 2025

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Table of Contents

1 Executive Summary	2 Pension Plan Review	3 Investment Plan Review
4 Florida Hurricane Catastrophe Fund Review	5 Florida PRIME Review	6 Appendix



Executive Summary

Quarter Ending September 30, 2025

- Each of the major mandates produced favorable returns relative to the respective benchmarks over the long-term trailing periods as of September 30, 2025
- The Pension Fund outperformed the Performance Benchmark over the trailing ten- and fifteen-year periods.
- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over the trailing ten-year period.
- The FHCF's performance is strong over long-term periods
- Florida PRIME has continued to outperform its benchmark over both short- and long-term time periods.



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Pension Plan: Executive Summary

As of September 30, 2025

- The Pension Plan ended third quarter 2025 at \$218.9 billion, an increase of \$7.4 billion over the quarter
- The Pension Plan outperformed its benchmark over the trailing the ten- and fifteen-, and twenty-year periods
- Relative to the Absolute Nominal Target Rate of Return, the Pension Plan outperformed the trailing quarter, one-, three-, five-, ten-, fifteen-, and twenty- time periods.
- The total plan is well diversified across seven broad asset classes.
 - 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 daily to ensure that the actual asset allocation of the Pension Plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Aon Investments 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.



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FRS Pension Plan Change in Market Value

Periods Ending September 30, 2025

Summary of Cash Flows		
	Third Quarter	Fiscal YTD*
Beginning Market Value	\$211,512,701,464	\$211,512,701,464
+/- Net Contributions/(Withdrawals)	(\$2,062,873,208)	(\$2,062,873,208)
Investment Earnings	\$9,439,952,369	\$9,439,952,369
= Ending Market Value	\$218,889,780,625	\$218,889,780,625
Net Change	\$7,377,079,161	\$7,377,079,161

*Period July 2025 – September 2025



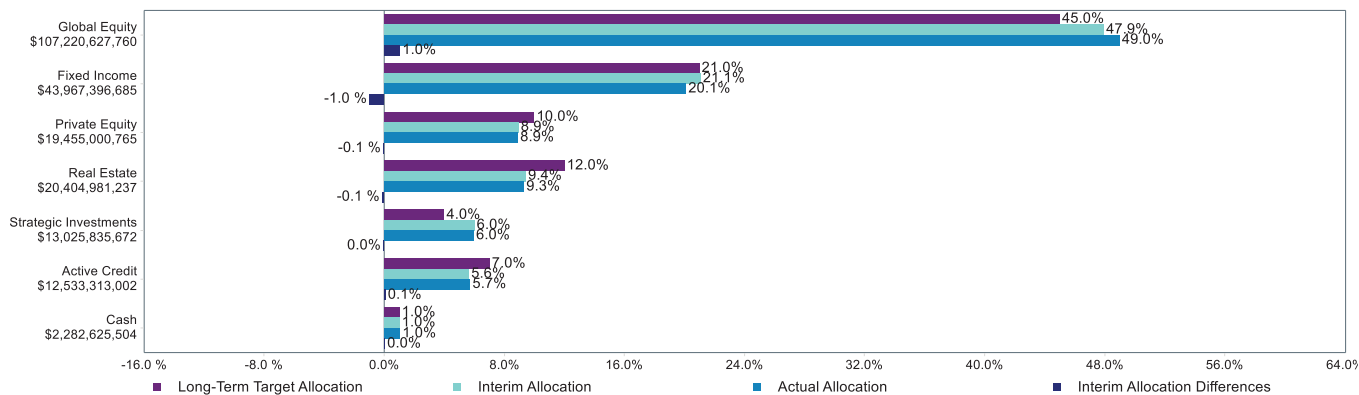
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Asset Allocation as of September 30, 2025

Total Fund Assets = \$218.8 Billion

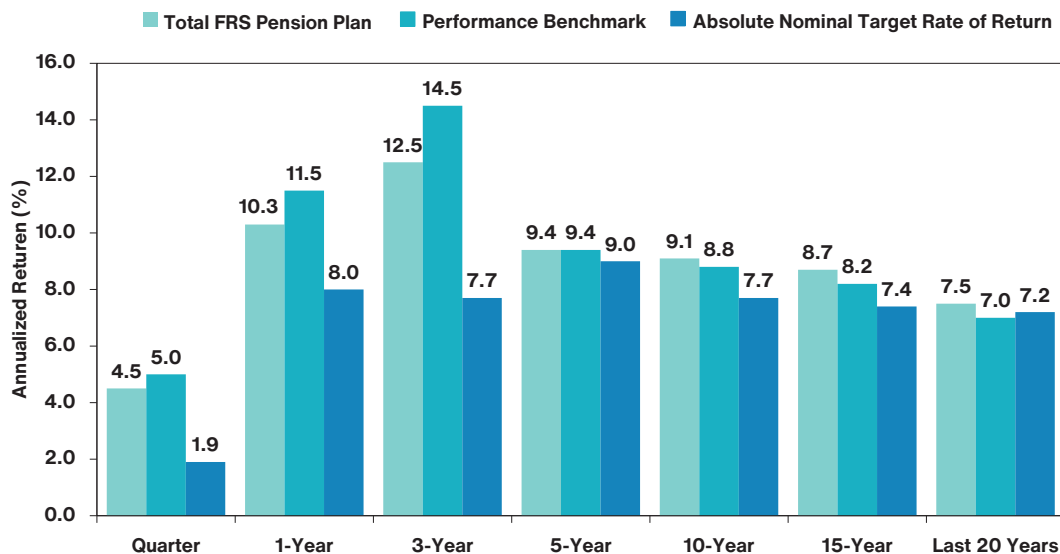
	Market Value \$	Current Allocation %	Interim Allocation %	Long-Term Target Allocation %	Minimum Allocation %	Maximum Allocation %
Total Fund	218,889,780,625	100.0	100.0	100.0		
Global Equity	107,220,627,760	49.0	47.9	45.0	35.0	60.0
Fixed Income	43,967,396,685	20.1	21.1	21.0	12.0	30.0
Private Equity	19,455,000,765	8.9	8.9	10.0	6.0	20.0
Real Estate	20,404,981,237	9.3	9.4	12.0	8.0	20.0
Strategic Investments	13,025,835,672	6.0	6.0	4.0	2.0	14.0
Active Credit	12,533,313,002	5.7	5.6	7.0	2.0	12.0
Cash	2,282,625,504	1.0	1.0	1.0	0.3	5.0



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FRS Pension Plan Investment Results

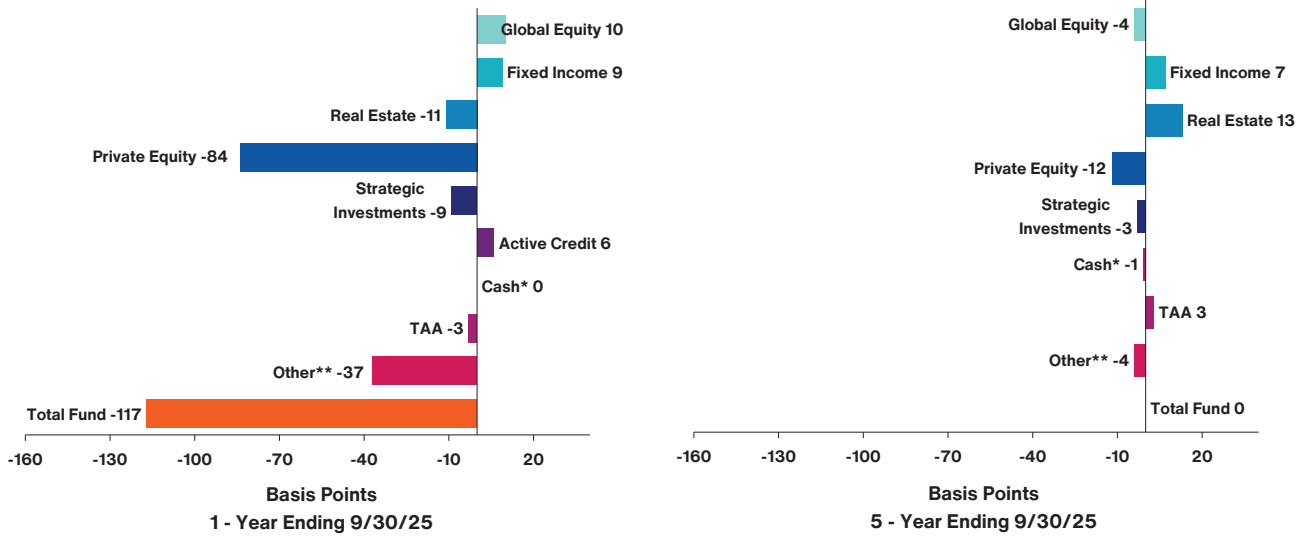
Periods Ending September 30, 2025



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FRS Pension Plan Attribution

As of September 30, 2025



*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.

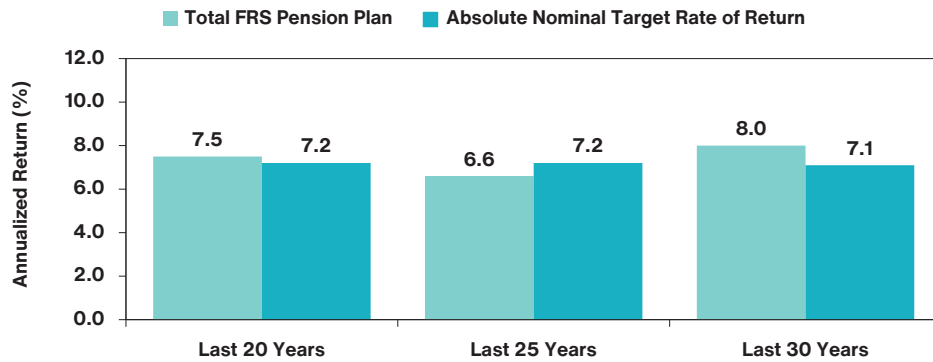
**Other includes transition accounts, liquidity portfolios, accounts outside of C&CC, and unexplained differences due to methodology.



FRS Pension Plan Investment Results

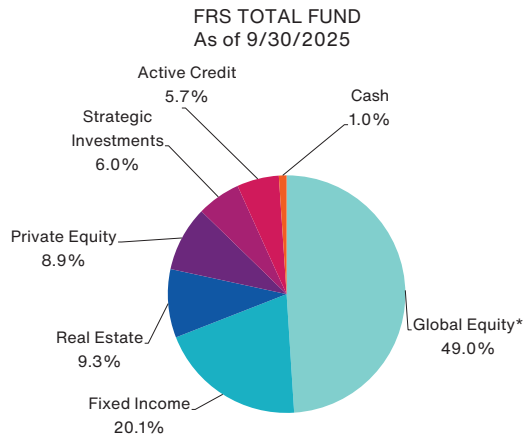
Periods Ending September 30, 2025

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

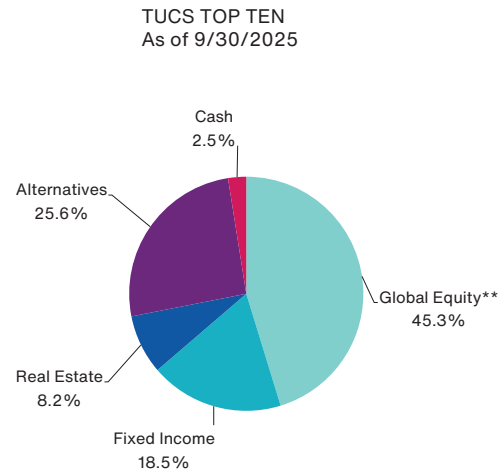


Comparison of Asset Allocation (TUCS Top Ten)

FRS Pension Plan vs. Top Ten Defined Benefit Plans



*Global Equity Allocation: 26.5% Domestic Equities; 14.5% Foreign Equities; 6.2% Global Equities; 1.1% Global Equity Cash; 0.7% Global Equity Liquidity Account. Percentages are of the Total FRS Fund.



**Global Equity Allocation: 31.2% Domestic Equities; 14.1% Foreign Equities.

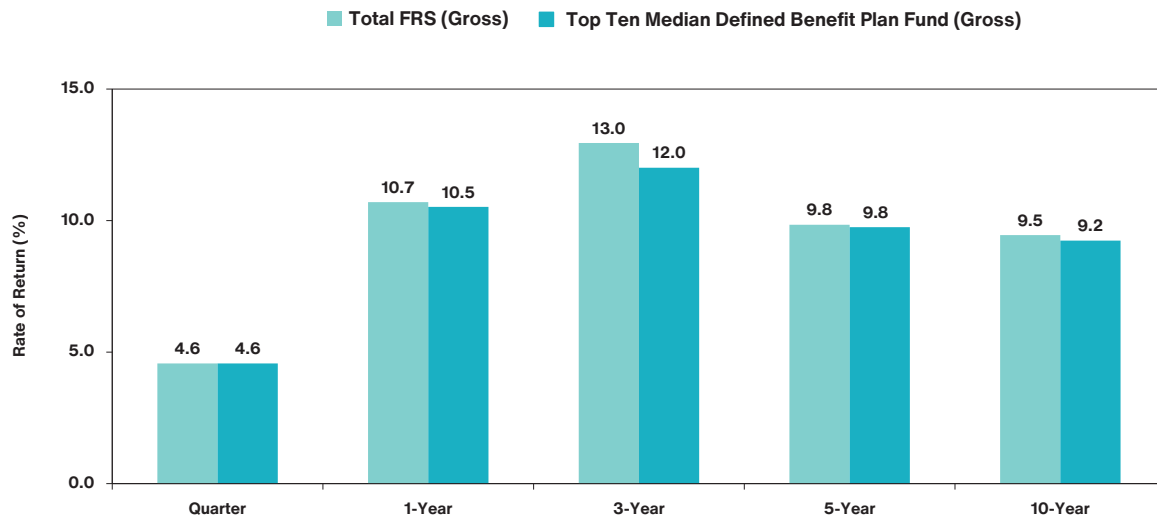


Note: The data set includes \$2,325 billion in total assets. The median fund size was \$136 billion, and the average fund size was \$211 billion as of 9/30/25. The Asset allocation shown above reflects the final universe data as of 9/30/2025, which offers complete universe data.
Note: Due to rounding, percentage totals displayed may not sum perfectly.

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FRS Results Relative to TUCS Top Ten Defined Benefit Plans

Periods Ending September 30, 2025



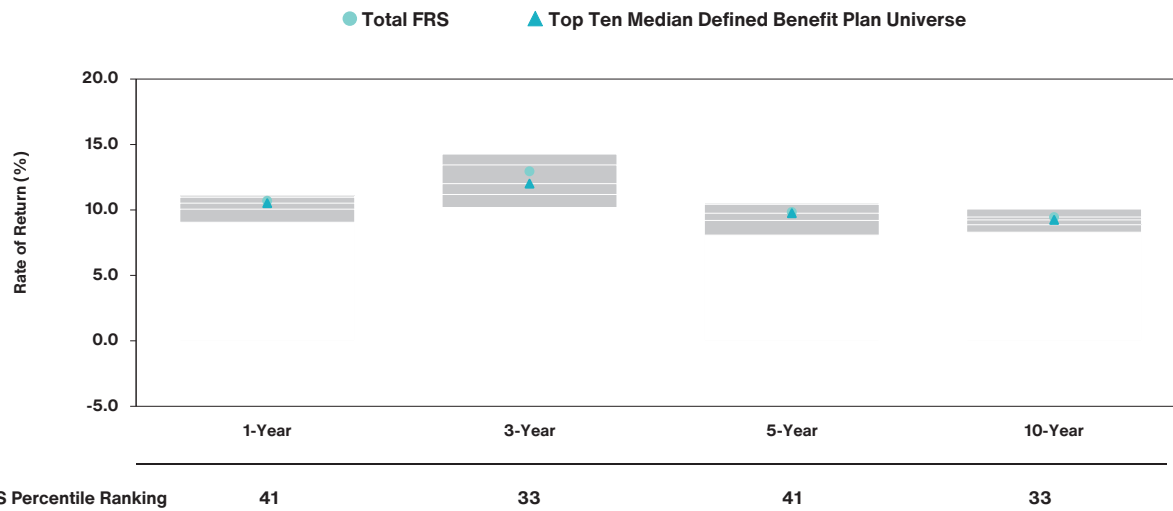
Note: The data set includes \$2,325 billion in total assets. The median fund size was \$136 billion, and the average fund size was \$211 billion.
Note: Due to rounding, percentage totals displayed may not sum perfectly.



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Top Ten Defined Benefit Plans FRS Universe Comparison (TUCS)

Periods Ending September 30, 2025



Note: The data set includes \$2,325 billion in total assets. The median fund size was \$136 billion, and the average fund size was \$211 billion.
 Note: Due to rounding, percentage totals displayed may not sum perfectly.



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Investment Plan: Executive Summary

- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over the long-term. Near and Mid term relative performance have performed in line with the Benchmark.
- The FRS Investment Plan’s total expense ratio is in line with peer defined contribution plans, based on year-end 2023 data. The total FRS Investment Plan expense ratio includes investment management fees, as well as administration, communication and education costs. Communication and education costs are not charged to FRS Investment Plan members; however, these and similar costs may be charged to members of plans within the peer group.
- Management fees are lower than the median as represented by eVestment’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.



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Total Investment Plan Returns & Cost

Periods Ending 9/30/2025*

	One-Year	Three-Year	Five-Year	Ten-Year
FRS Investment Plan	12.8%	16.2%	9.7%	9.1%
<i>Total Plan Aggregate Benchmark**</i>	12.8%	16.2%	10.0%	9.0%
FRS Investment Plan vs. Total Plan Aggregate Benchmark	0.0	0.0	-0.3	0.1

Periods Ending 12/31/2023***

	Five-Year Average Return****	Five-Year Net Value Added	Expense Ratio
FRS Investment Plan	8.9%	-0.2%	0.28%*****
<i>Peer Group</i>	9.4%	0.1%	0.24%
FRS Investment Plan vs. Peer Group	-0.5	-0.3	-0.04

*Returns shown are net of fees.

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

***Source: 2023 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 2023 Survey that included 120 U.S. defined contribution plans with assets ranging from \$114 million to \$63.2 billion. Peer group for the Expense Ratio represents a custom peer group for FSBA of 18 DC plans including corporate and public plans with assets between \$3.4 - \$26.9 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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15

Florida Hurricane Catastrophe Fund (FHCF): Executive Summary

- Modest returns continue given the overall higher interest rate environment of recent years
- The FHCF is adequately diversified across issuers within the short-term bond market.
- The Investment Portfolio Guidelines appropriately constrain the FHCF 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 FHCF.
- The Investment Portfolio Guidelines are revisited periodically to ensure that the structure and guidelines of the FHCF are appropriate, taking into consideration the FHCF's goals and objectives.

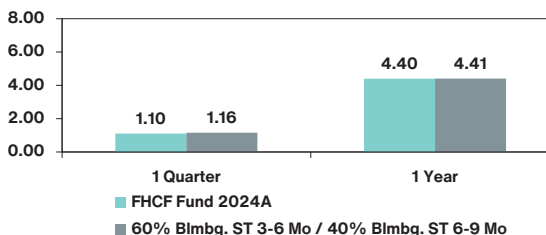
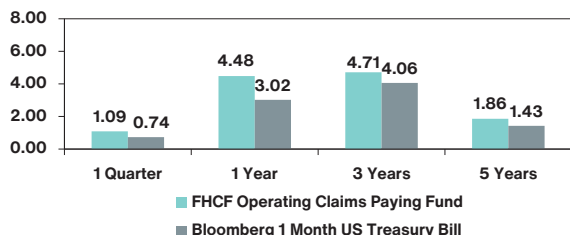
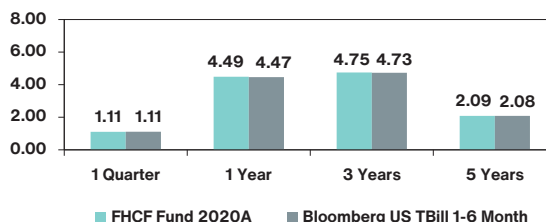
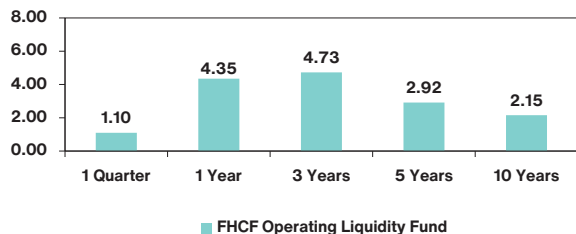


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16

FHCF's Investment Results

Periods Ending September 30, 2025



1. FHCF Operating Claims Paying Fund benchmark evolved from a 65% U.S. Treasury 1-3 Year / 35% AA Corporate blend (BofA Merrill Lynch indices) prior to 2021, to a similar Bloomberg-based blend effective January 1, 2021. On October 1, 2022, the benchmark shifted to Managed Return (portfolio total return), and as of March 31, 2025, it changed to Bloomberg U.S. Treasury Bills 1 Month.
 2. FHCF Fund 2020A (Pre Event Bond) was initially benchmarked to its own total return through February 2024. March 1, 2024, the benchmark transitioned to the Bloomberg U.S. Treasury Bills 1-6 Months Index.
 3. FHCF Fund 2024A (SBA Finance Corp 2024A - Pre Event Bond) has maintained the same benchmark since inception: a custom blend of 60% Bloomberg Short U.S. Treasury 3-6 Months and 40% Bloomberg Short U.S. Treasury 6-9 Months.



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Florida PRIME: Executive Summary

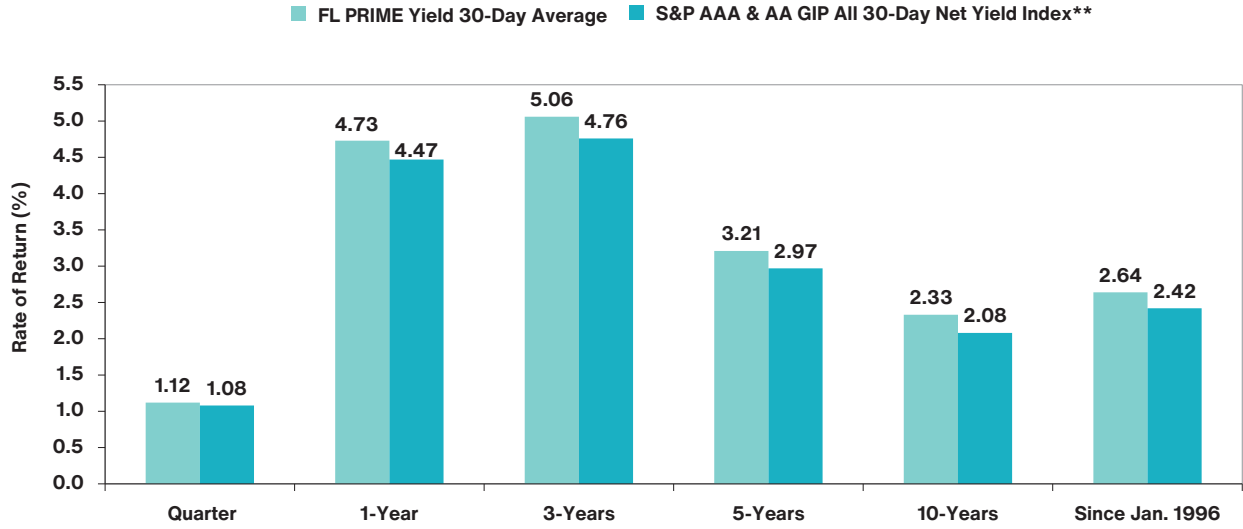
- The purpose of Florida PRIME is safety, liquidity, and competitive returns with minimal risk for participants.
- The Investment Policy Statement appropriately constrains Florida PRIME to invest in short-term and high-quality bonds to minimize both interest rate and credit risk.
- Florida PRIME is adequately diversified across issuers within the short-term bond market, and adequate liquidity exists to address the cash flow obligations of Florida PRIME.
- Performance of Florida PRIME has been strong over short- and long-term time periods, outperforming its performance benchmark over the trailing quarter, one-, three-, five-, and ten-year time periods.
- As of September 30, 2025, the total market value of Florida PRIME was \$25.9 billion.
- Aon Investments USA Inc., 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.



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Florida PRIME Investment Results

Periods Ending September 30, 2025



*Returns less than one year are not annualized.
 **S&P AAA & AA GIP All 30-Day Net Yield Index for all time periods shown.

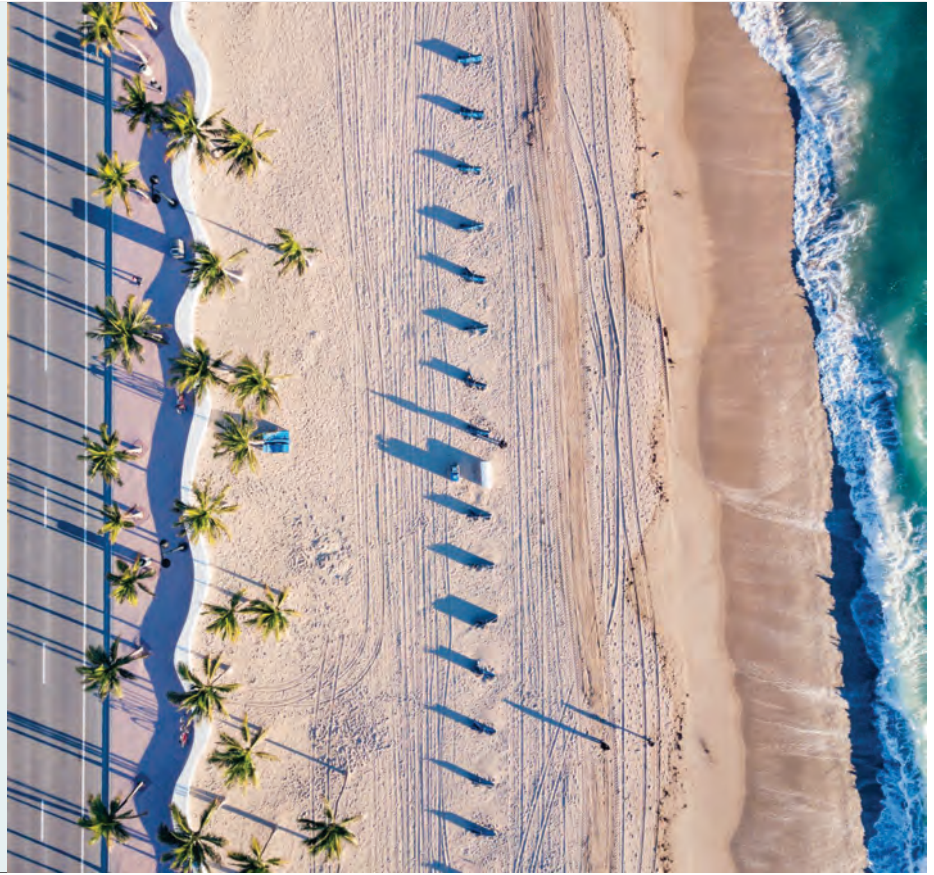
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Appendix



FRS Investment Plan Costs

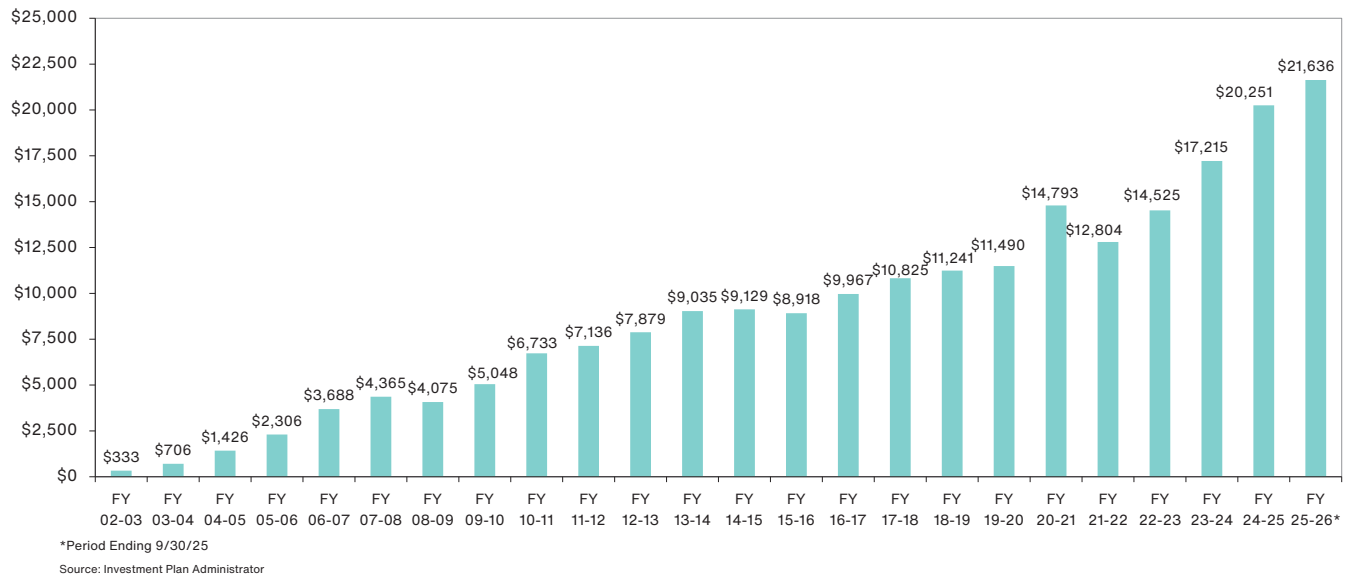
Investment Category	Investment Plan Fee*	Median Mutual Fund Fee**
Domestic Equity	0.18%	0.84%
International & Global Equity	0.29%	0.85%
Diversified Bonds	0.16%	0.45%
Target Date	0.16%	0.31%
Stable Value	0.08%	0.39%
Inflation Protected Securities	0.35%	0.40%

*Average fee of multiple products in category as of 9/30/2025.

**Source: Aon's mutual fund expense analysis as of 9/30/2025.

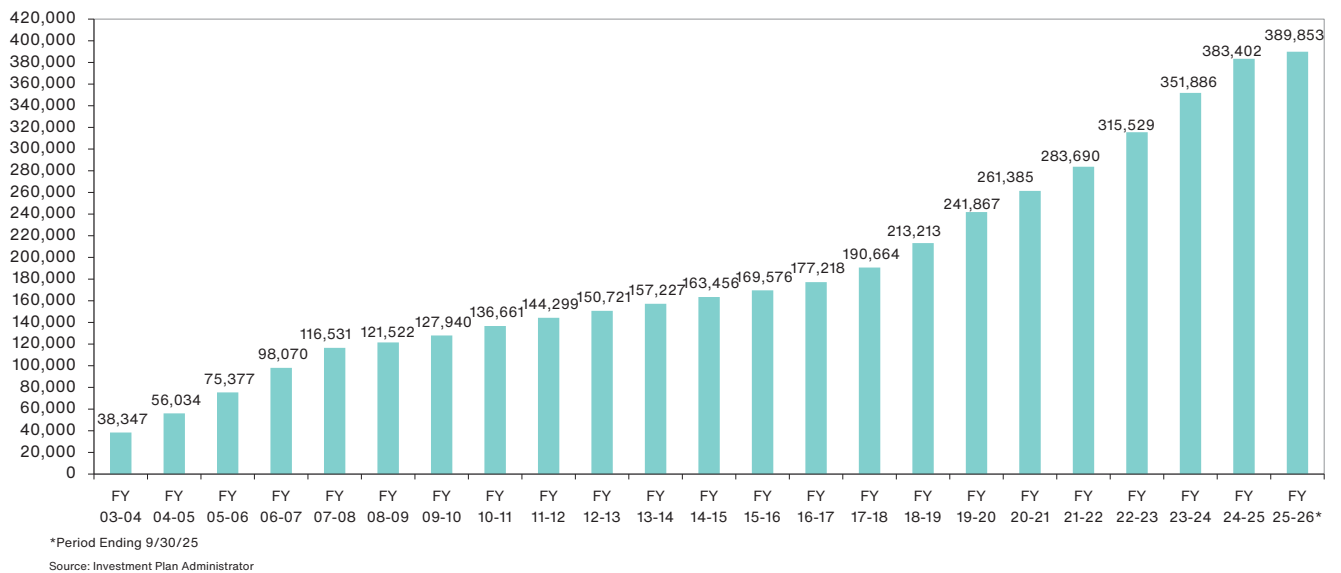


Investment Plan Fiscal Year End Assets Under Management



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Investment Plan Membership



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Florida Hurricane Catastrophe Fund's Background and Details

- 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.
- The FHCF Operating Funds, along FHCF 2020 A and FHCF 2024 A Fund are internally managed portfolios.
 - FHCF 2013 A Fund was liquidated during 4Q 2020
 - FHCF 2016 A Fund was liquidated during 3Q 2021
- As of September 30, 2025, the total value of:
 - The FHCF Operating Funds was \$12.1 billion
 - The FHCF 2020 A Fund was \$2.4 billion
 - The FHCF 2024 A Fund was \$1.1 billion
- History of the FHCF Benchmarks: *Beginning February 2018, the FHCF Operating Liquidity Fund was benchmarked to the B of A Merrill Lynch 3-6 Month U.S. Treasury Bill Index, and the FHCF Operating Claims Paying Fund benchmarked to a blend of 35% of the Bank of America Merrill Lynch 1-3 Year AA U.S. Corporate Bond Index and 65% of Bank of America Merrill Lynch 1-3 Year U.S. Treasury Index. Beginning January 2021, the FHCF Operating Liquidity Fund was benchmarked to Bloomberg U.S. Treasuries Bills 3-6 Months & U.S. Treasury Bills 6-9 Months Custom Blend Index. This benchmark is comprised of 60% of the 3-6 month U.S. Treasury Bills and 40% 6-9 month U.S. Treasury Bills., and the FHCF Operating Claims Paying Fund is benchmarked Bloomberg U.S. Treasury 1-3 Years & Corporate AA+ ex 144A Reg S Custom Blend Index. This benchmark is comprised of 65% 1-3 year Treasury and 35% of 1-3 year Corporate AA or better excluding 144A and Reg S Securities.*



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FHCF Fund Characteristics Period Ending September 30, 2025

FHCF Operating Liquidity Fund

Maturity Analysis	
1 to 30 Days	77.32%
31 to 60 Days	9.08%
61 to 90 Days	6.96%
91 to 120 Days	0.00%
121 to 180 Days	3.16%
181 to 270 Days	0.00%
>= 271 Days	3.49%
None	0.00%
Total % of Portfolio:	100.00%

Bond Rating Analysis	
AAA Rated or above	0.00%
AA Rated	77.80%
A Rated	21.42%
BBB Rated	0.00%
Not Rated	0.00%
Other	0.78%
Total % of Portfolio	100.00%

FHCF Operating Claims Fund

Maturity Analysis	
1 to 30 Days	91.17%
31 to 60 Days	2.81%
61 to 90 Days	0.00%
91 to 120 Days	0.00%
121 to 180 Days	0.00%
181 to 270 Days	0.00%
>= 271 Days	6.02%
None	0.00%
Total % of Portfolio:	100.00%

Bond Rating Analysis	
AAA Rated or above	0.00%
AA Rated	78.76%
A Rated	20.63%
BBB Rated	0.41%
Not Rated	0.00%
Other	0.21%
Total % of Portfolio	100.00%

FHCF 2020A Pre-Event Fund

Maturity Analysis	
1 to 30 Days	29.77%
31 to 60 Days	29.36%
61 to 90 Days	19.06%
91 to 120 Days	5.70%
121 to 180 Days	7.53%
181 to 270 Days	0.00%
>= 271 Days	8.58%
None	0.00%
Total % of Portfolio:	100.00%

Bond Rating Analysis	
AAA Rated or above	0.00%
AA Rated	78.74%
A Rated	21.26%
BBB Rated	0.00%
Not Rated	0.00%
Other	0.00%
Total % of Portfolio	100.00%

FHCF 2024A Pre-Event Fund

Maturity Analysis	
1 to 30 Days	30.25%
31 to 60 Days	21.04%
61 to 90 Days	23.99%
91 to 120 Days	2.72%
121 to 180 Days	6.51%
181 to 270 Days	10.49%
>= 271 Days	5.00%
None	0.00%
Total % of Portfolio:	100.00%

Bond Rating Analysis	
AAA Rated or above	0.09%
AA Rated	85.44%
A Rated	14.47%
BBB Rated	0.00%
Not Rated	0.00%
Other	0.00%
Total % of Portfolio	100.00%



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Florida PRIME Characteristics

Quarter Ending September 30, 2025

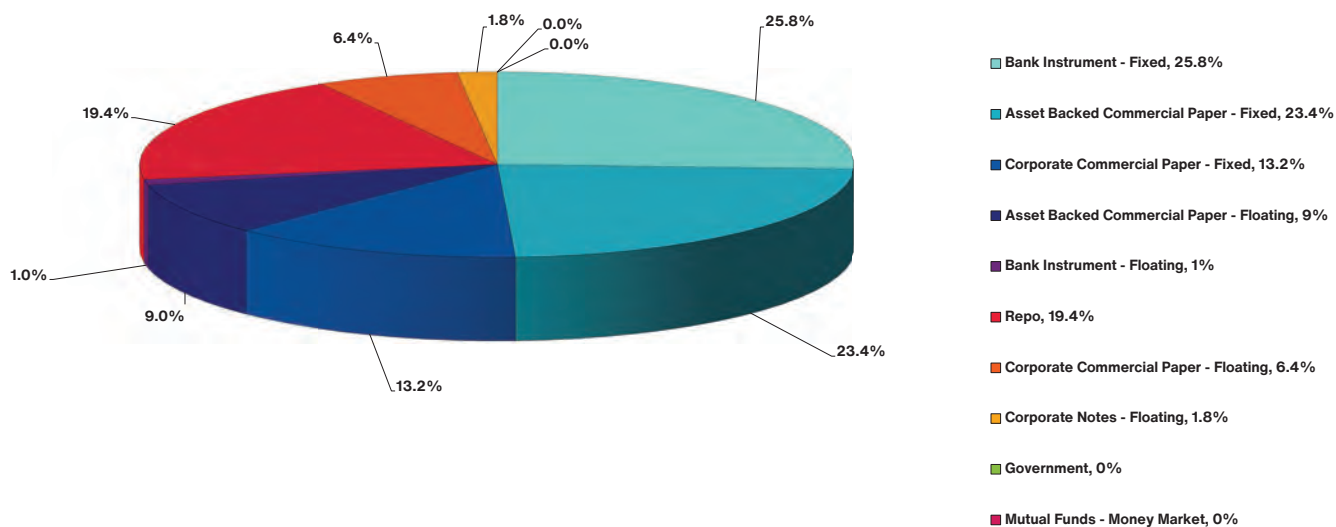
As of 09/30/25	Third Quarter	One Year
Opening Balance	\$27,630,058,589	\$24,046,466,198
Participant Deposits	\$7,746,869,013	\$41,661,020,884
Gross Earnings	\$291,739,777	\$1,324,161,269
Participant Withdrawals	(\$11,111,765,965)	(42,467,344,480)
Fees	(\$2,201,024)	(9,603,481)
Closing Balance	\$24,554,700,389	\$24,554,700,389
Change	(\$3,075,358,200)	\$508,234,191



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Florida PRIME Characteristics

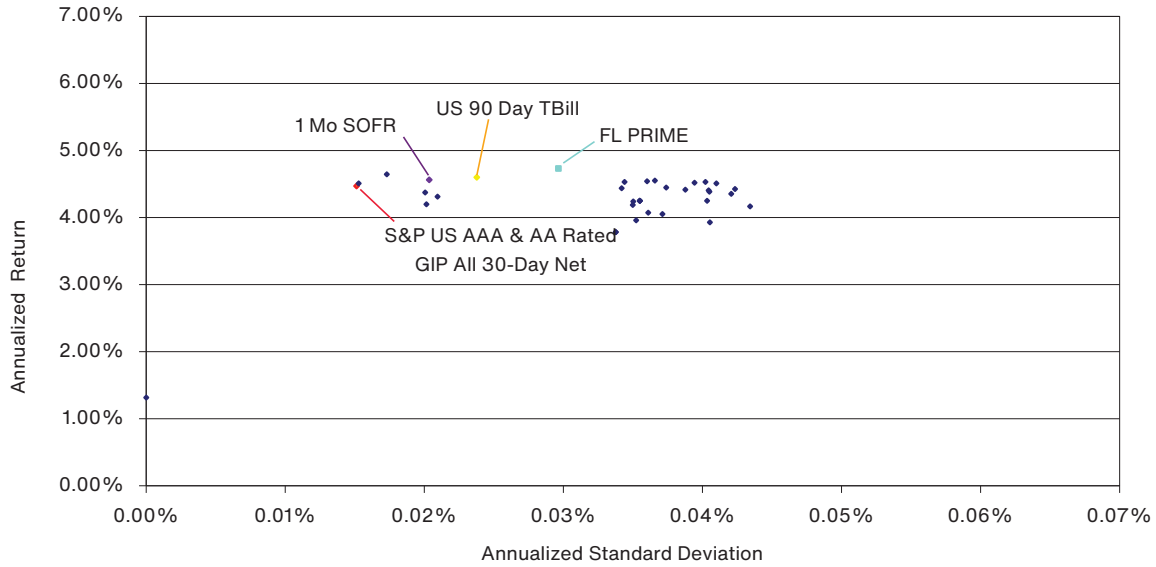
Quarter Ending September 30, 2025



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Florida PRIME Risk vs. Return

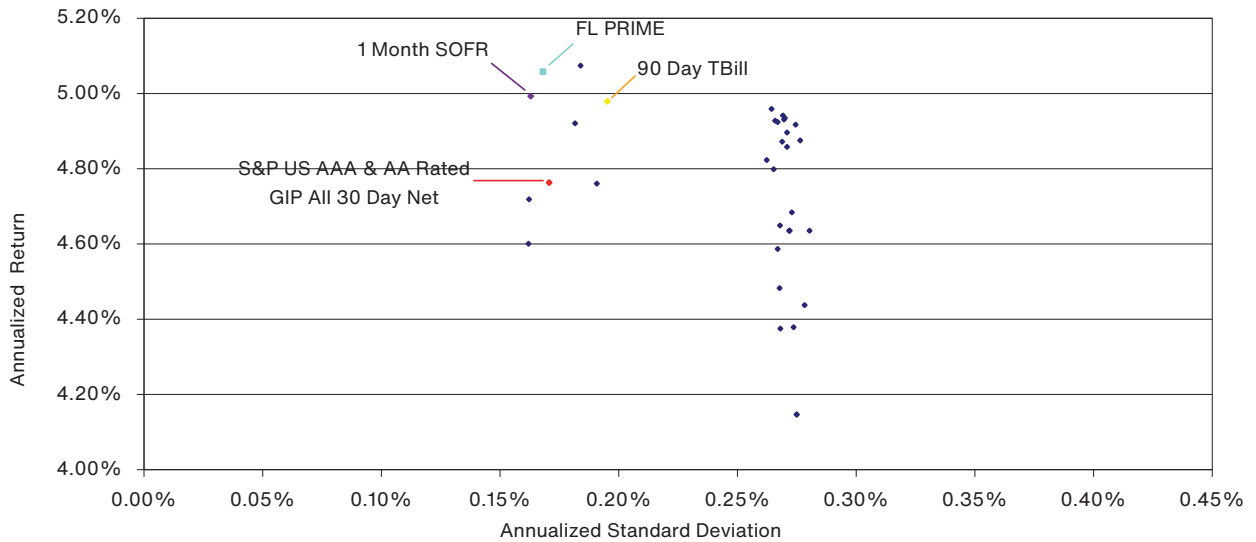
1 Years Ending September 30, 2025



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Florida PRIME Risk vs. Return

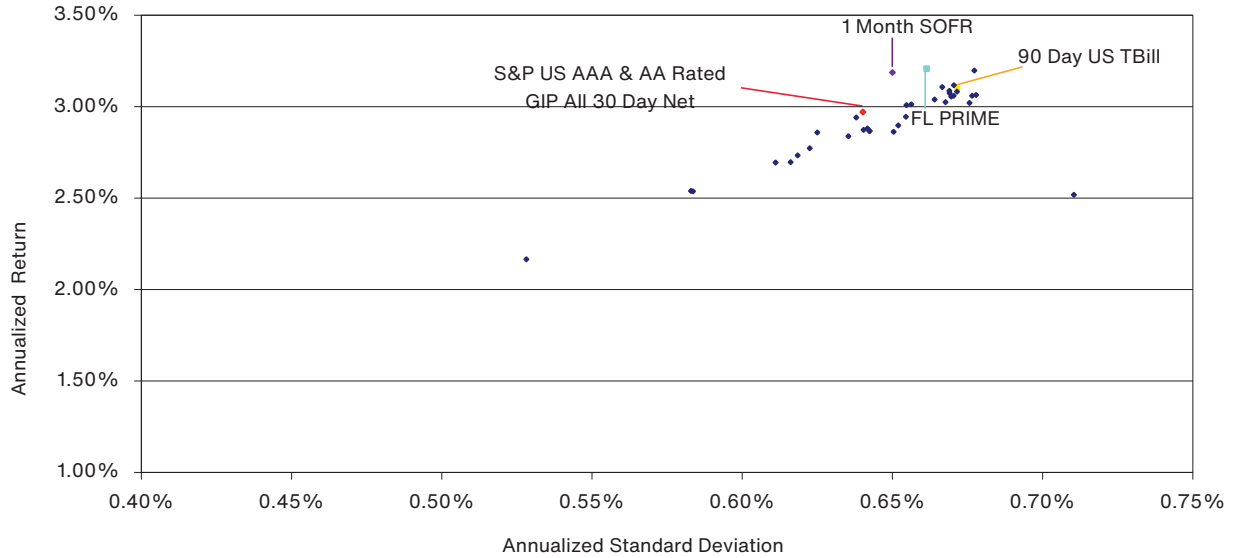
3 Years Ending September 30, 2025



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Florida PRIME Risk vs. Return

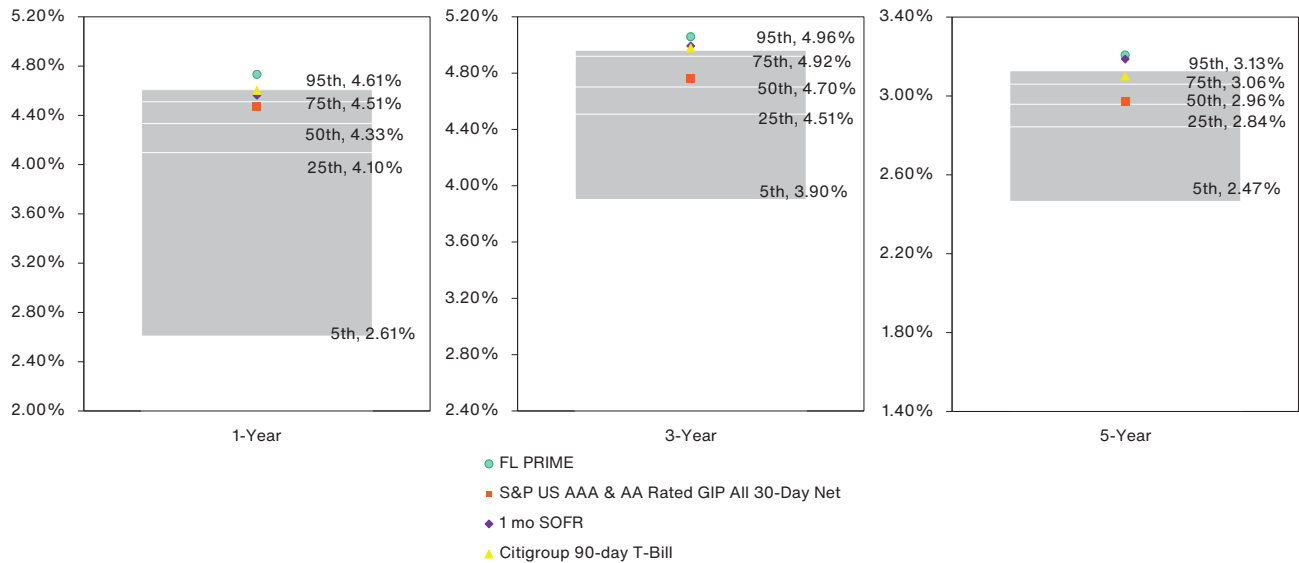
5 Years Ending September 30, 2025



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Return Distribution

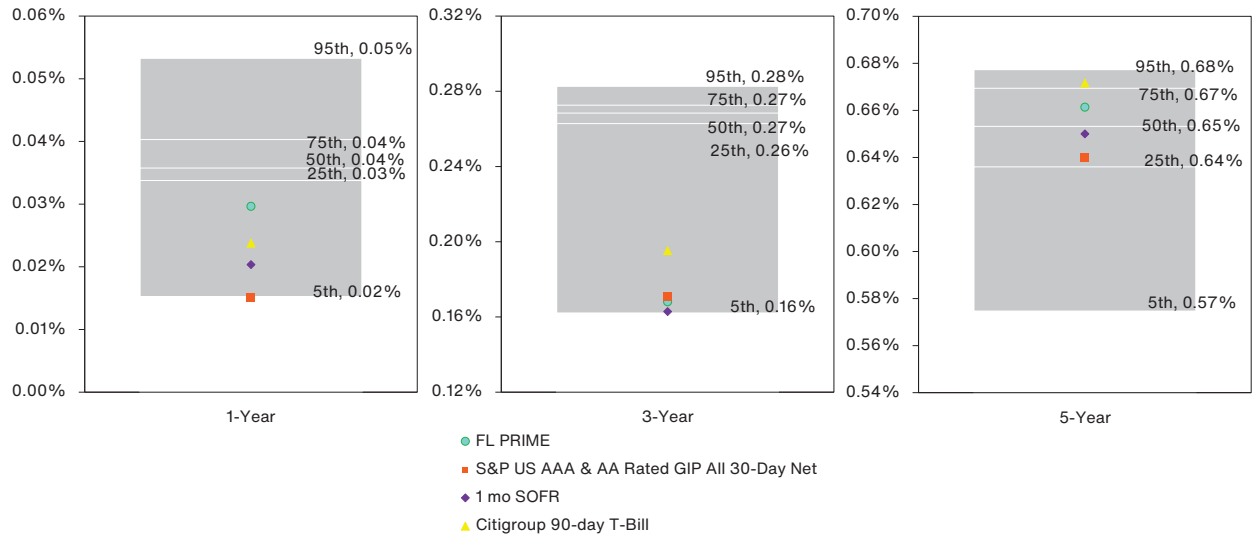
Periods Ending September 30, 2025



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Standard Deviation Distribution

Periods Ending September 30, 2025



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Florida PRIME Characteristics

Period Ending September 30, 2025

Effective Maturity Schedule	
1-7 Days	55.0%
8 - 30 Days	5.8%
31 - 90 Days	16.8%
91 - 180 Days	17.3%
181+ Days	5.1%
Total % of Portfolio:	100.0%

S & P Credit Quality Composition	
A-1+	61.3%
A-1	38.7%
Total % of Portfolio:	100.0%



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Aon Investments USA Inc.
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Chicago, IL 60601
ATTN: Aon Investments Compliance Officer

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35

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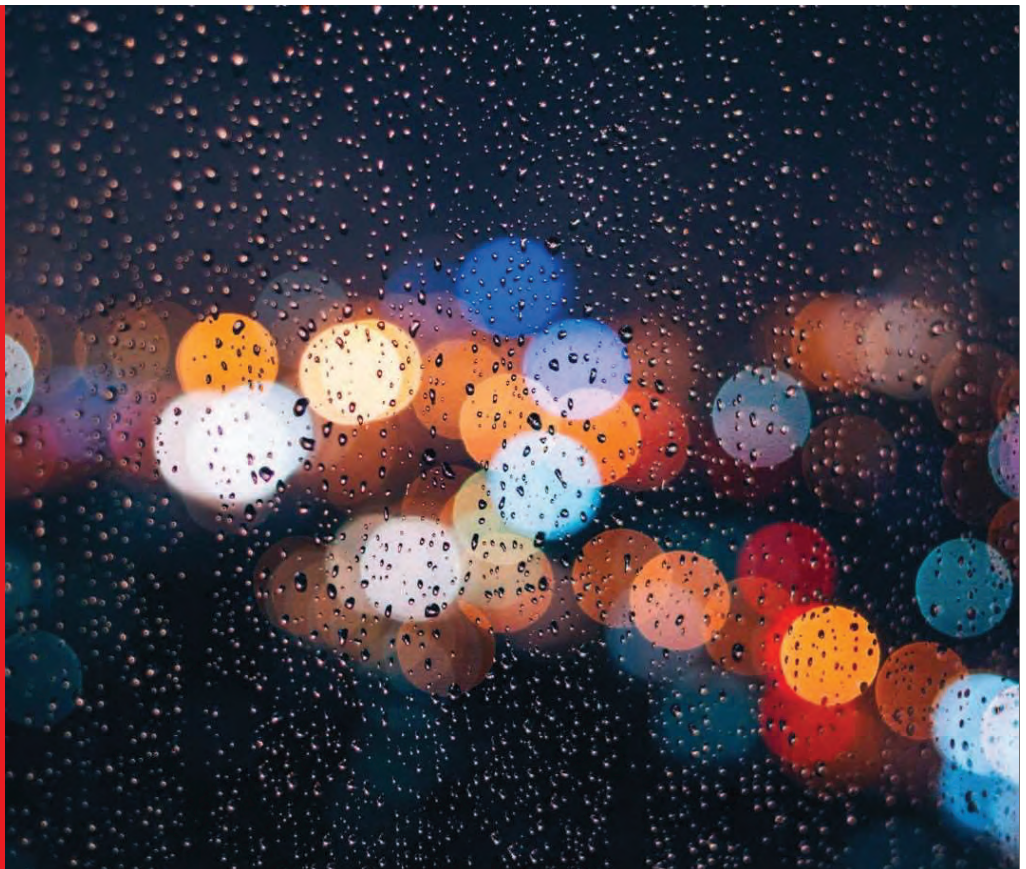
Quarterly Investment Review

FRS Pension Plan

Third Quarter 2025

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Table Of Contents

1	Market Environment	5
2	Total Fund	22
3	Global Equity	32
4	Domestic Equities	34
5	Foreign Equities	38
6	Global Equities	42
7	Fixed Income	44
8	Private Equity	48
9	Real Estate	51
10	Strategic Investments	55
11	Active Credit	57
12	Cash	59
13	Appendix	61

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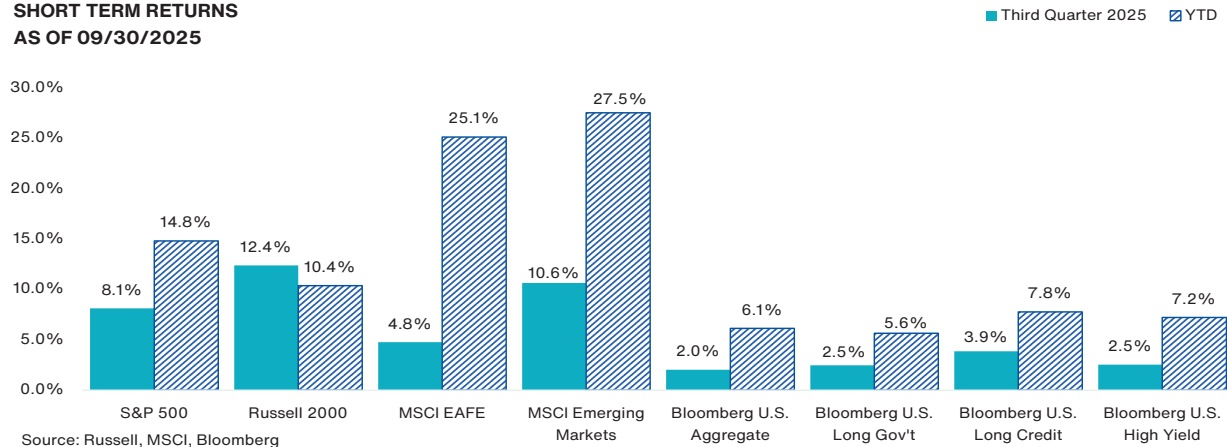
Market Environment

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Market Highlights

SHORT TERM RETURNS AS OF 09/30/2025



Source: Russell, MSCI, Bloomberg
 MSCI Indices show net total returns throughout this report. All other indices show gross total returns.

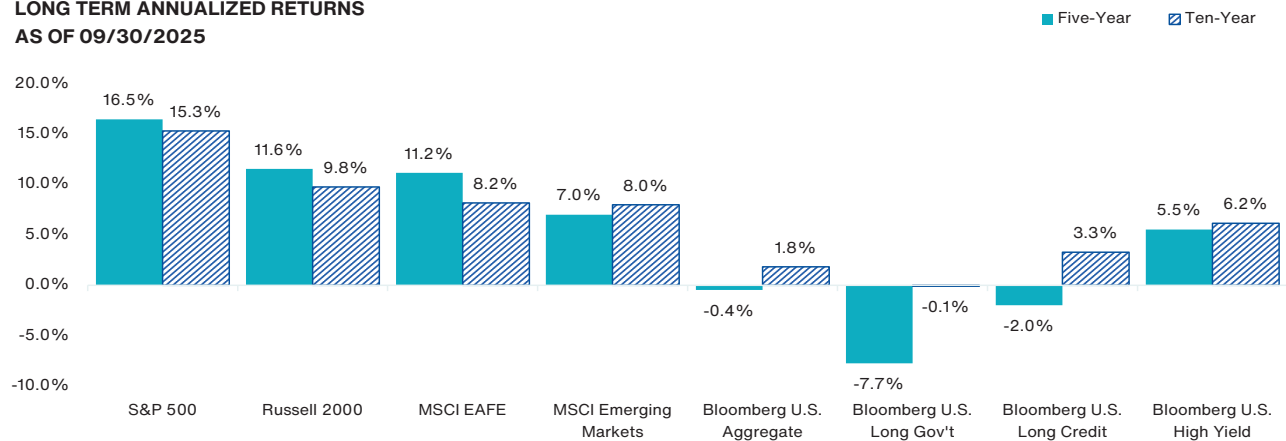
Past performance is no guarantee of future results. Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect fees and expenses. Please see appendix for index definitions and other general disclosures.
 MSCI net return: deducts assumed foreign tax withholding rate from dividends before investing.



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Market Highlights

LONG TERM ANNUALIZED RETURNS AS OF 09/30/2025



Source: Russell, MSCI, Bloomberg

Past performance is no guarantee of future results. Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect fees and expenses. Please see appendix for index definitions and other general disclosures.
 MSCI net return: deducts assumed foreign tax withholding rate from dividends before investing.



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Market Highlights

Returns of the Major Capital Markets						
	Period Ending 09/30/2025			Period Ending 09/30/2025		
	Third Quarter	YTD	1-Year	3-Year ¹	5-Year ¹	10-Year ¹
Equity						
MSCI All Country World IMI	7.67%	18.25%	16.79%	22.49%	13.30%	11.63%
MSCI All Country World	7.62%	18.44%	17.27%	23.12%	13.54%	11.91%
Dow Jones U.S. Total Stock Market	8.22%	14.36%	17.46%	24.16%	15.69%	14.64%
Russell 3000	8.18%	14.40%	17.41%	24.12%	15.74%	14.71%
S&P 500	8.12%	14.83%	17.60%	24.94%	16.47%	15.30%
Russell 2000	12.39%	10.39%	10.76%	15.21%	11.56%	9.77%
MSCI All Country World ex-U.S. IMI	6.86%	25.97%	16.39%	20.50%	10.22%	8.24%
MSCI All Country World ex-U.S.	6.89%	26.02%	16.45%	20.67%	10.26%	8.23%
MSCI EAFE	4.77%	25.14%	14.99%	21.70%	11.15%	8.17%
MSCI EAFE (Local Currency)	5.38%	13.63%	12.92%	16.88%	12.54%	8.62%
MSCI Emerging Markets	10.64%	27.53%	17.32%	18.21%	7.02%	7.99%
Equity Factors						
MSCI World Minimum Volatility (USD)	0.72%	11.59%	7.41%	14.00%	8.21%	9.10%
MSCI World High Dividend Yield	4.63%	15.01%	8.54%	16.50%	11.61%	9.58%
MSCI World Quality	5.58%	12.32%	8.78%	25.09%	14.08%	14.81%
MSCI World Momentum	5.85%	20.65%	21.00%	26.00%	13.19%	14.95%
MSCI World Enhanced Value	9.24%	28.12%	22.38%	23.83%	16.16%	9.67%
MSCI World Equal Weighted	4.60%	18.93%	13.51%	19.50%	11.35%	9.63%
MSCI World Index Growth	6.62%	18.03%	22.57%	28.91%	14.67%	15.39%
MSCI USA Minimum Volatility (USD)	1.76%	8.40%	5.94%	14.87%	10.16%	11.32%
MSCI USA High Dividend Yield	5.37%	10.53%	5.91%	14.61%	11.13%	10.94%
MSCI USA Quality	6.16%	11.62%	10.93%	27.28%	15.43%	16.39%
MSCI USA Momentum	5.83%	19.44%	21.09%	24.75%	12.04%	15.20%
MSCI USA Enhanced Value	11.07%	20.85%	17.85%	18.61%	14.35%	10.71%
MSCI USA Equal Weighted	4.35%	9.45%	9.46%	17.46%	12.81%	11.71%
MSCI USA Growth	10.77%	17.65%	27.61%	33.16%	17.81%	19.02%

Returns of the Major Capital Markets						
	Period Ending 09/30/2025			Period Ending 09/30/2025		
	Third Quarter	YTD	1-Year	3-Year ¹	5-Year ¹	10-Year ¹
Fixed Income						
Bloomberg Global Aggregate	0.60%	7.91%	2.40%	5.45%	-1.56%	1.15%
Bloomberg U.S. Aggregate	2.03%	6.13%	2.88%	4.93%	-0.45%	1.84%
Bloomberg U.S. Long Gov't	2.49%	5.65%	-3.44%	0.46%	-7.73%	-0.09%
Bloomberg U.S. Long Credit	3.88%	7.78%	1.03%	7.18%	-1.96%	3.29%
Bloomberg U.S. Long Gov't/Credit	3.16%	6.64%	-1.28%	3.96%	-4.57%	1.88%
Bloomberg U.S. TIPS	2.10%	6.87%	3.79%	4.88%	1.42%	3.01%
Bloomberg U.S. High Yield	2.54%	7.22%	7.41%	11.09%	5.55%	6.17%
Bloomberg Global Treasury ex U.S.	-1.13%	8.33%	0.27%	4.44%	-3.79%	-0.11%
JP Morgan EMBI Global (Emerging Markets)	4.39%	10.11%	7.78%	11.38%	2.22%	4.11%
Commodities						
Bloomberg Commodity Index	3.65%	9.38%	8.88%	2.76%	11.53%	3.96%
Goldman Sachs Commodity Index	4.07%	6.09%	10.13%	4.70%	17.57%	4.07%
Hedge Funds						
HFR Fund-Weighted Composite ²	5.68%	9.78%	11.33%	10.05%	8.81%	6.44%
HFR Fund of Funds ²	4.02%	6.86%	9.07%	7.97%	6.10%	4.59%
Real Estate						
NAREIT U.S. Equity REITS	4.77%	4.51%	-1.98%	10.80%	9.33%	6.61%
FTSE Global Core Infrastructure Index	4.12%	13.41%	7.17%	11.19%	8.53%	8.63%
Private Equity						
Burgiss Private IQ Global Private Equity ³			6.75%	2.84%	15.59%	12.76%

Source: Russell, MSCI, Bloomberg

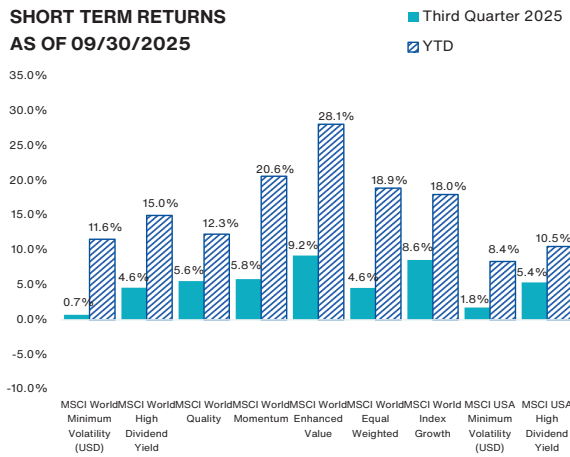
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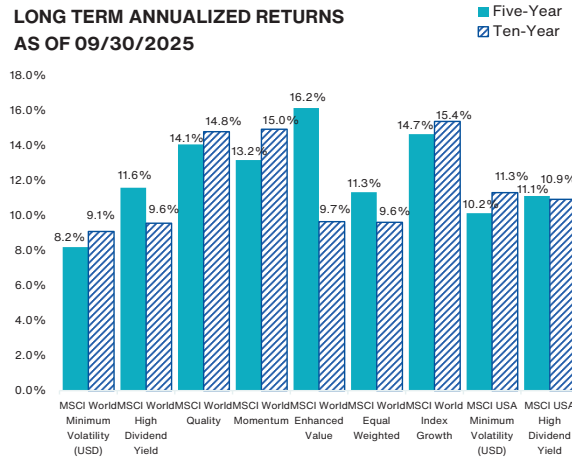
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Factor Indices



Source: MSCI
MSCI Indices show net total returns throughout this report. All other indices show gross total returns.



Source: MSCI
MSCI Indices show net total returns throughout this report. All other indices show gross total returns.

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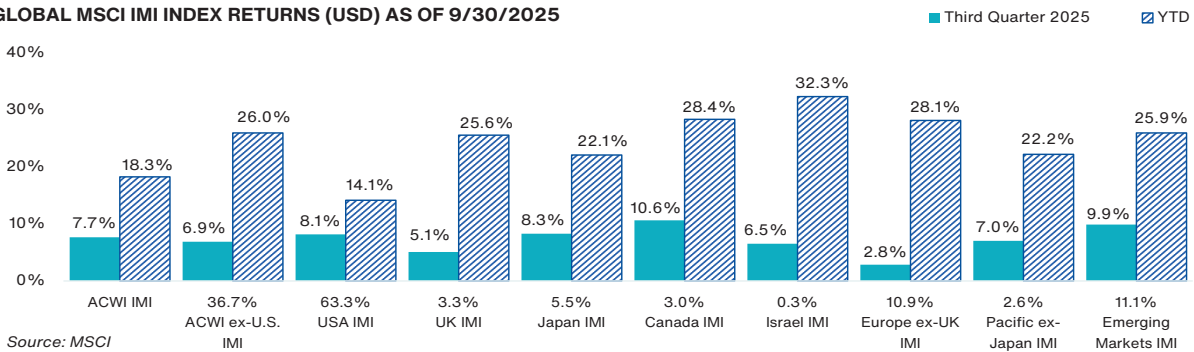


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Global Equity Markets

GLOBAL MSCI IMI INDEX RETURNS (USD) AS OF 9/30/2025



Source: MSCI

- Global equity markets rose over Q3 2025 as trade tensions ease between the U.S. and its trade partners, which culminated in the signing of numerous trade agreements. The S&P 500 index rose by 8.1% over the quarter. The MSCI AC World IMI index rose by 7.7% over the quarter, outperforming the MSCI AC World ex-U.S. IMI index, which rose by 6.9%.
- The market volatility remained largely subdued, with the CBOE Volatility Index (VIX) concluding the quarter at 16.3, which is below its 20-year average of 19.4.
- USA IMI rose by 8.1% over the quarter, with Information Technology (13.3%) and Communication Services (12.2%) being the best-performing sectors. Meanwhile, on a YTD basis, USA IMI (14.1%) has underperformed its global peers.
- Across international markets, all regions posted positive returns over the quarter. Canadian IMI equities outperformed with a return of 10.6%, followed by Emerging Markets IMI (9.9%). Europe ex-UK IMI (2.8%) and UK IMI (5.1%) delivered the least returns.

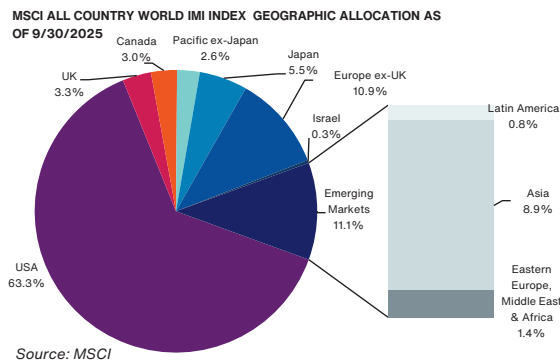
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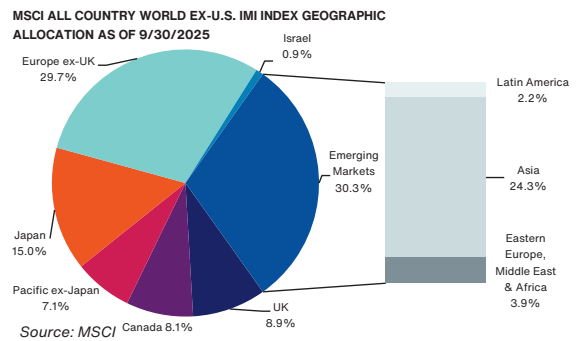
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Global Equity Markets

Below is the country/region breakdown of the global and international equity markets as measured by the MSCI All Country World IMI Index and the MSCI All Country World ex-U.S. IMI Index, respectively.



Source: MSCI



Source: MSCI

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MSCI net return: deducts assumed foreign tax withholding rate from dividends before investing.

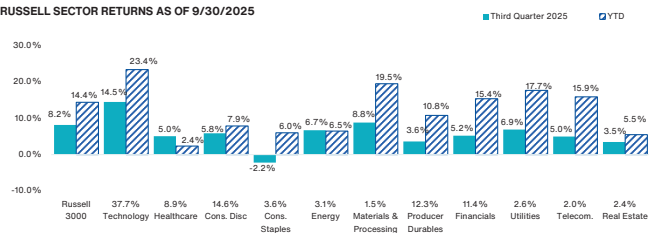


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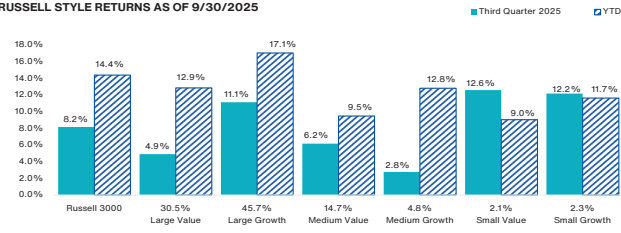
U.S. Equity Markets

- The small-cap oriented Russell 2000 index outperformed over Q3 2025, rising by 12.4%. Meanwhile, the tech-heavy NASDAQ Composite Index rose by 11.4%.
- According to FactSet data, a record-high number of S&P 500 Technology Companies have issued positive earnings guidance for the third quarter of 2025.
- According to the final estimates, the U.S. economy grew at an annualized rate of 3.8% in Q2 2025. This figure surpasses both the second estimate of 3.3% and the initial projection of 3.0%. In contrast, growth for Q1 2025 was revised downward to -0.6%, compared to the previously reported -0.5%. The expansion in GDP during the second quarter was primarily driven by increased consumer spending and a reduction in imports.
- The Federal Open Market Committee (FOMC) has projected a GDP growth of 1.6% for 2025, higher than June's projection of 1.4%, while PCE inflation is maintained at 3.0% for this year.
- The Russell 3000 Index rose 8.2% during the third quarter and by 14.4% on a YTD basis. Technology (14.5%) and Materials & Processing (8.8%) were the best performers, while Consumer Staples (-2.2%) and Real Estate (3.5%) were the worst performers.
- On a style basis, growth outperformed value in the Large-cap segment, while value outperformed growth in the medium and small market capitalizations over the quarter. Small-cap stocks outperformed Large and Medium-cap stocks in both growth style as well as value style.

RUSSELL SECTOR RETURNS AS OF 9/30/2025



RUSSELL STYLE RETURNS AS OF 9/30/2025



Source: Russell Indexes

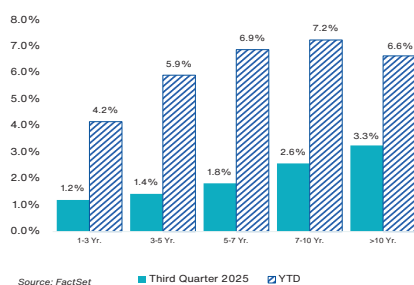
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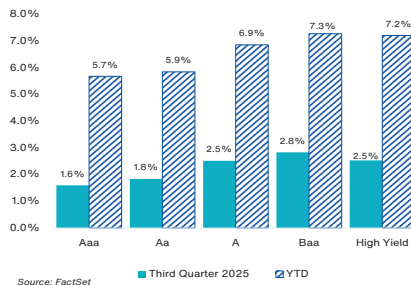
U.S. Fixed Income Markets

BLOOMBERG AGGREGATE RETURNS BY MATURITY AS OF 09/30/2025



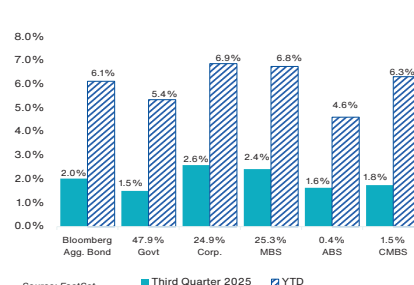
Source: FactSet

BLOOMBERG AGGREGATE RETURNS BY QUALITY AND HIGH YIELD RETURNS AS OF 09/30/2025



Source: FactSet

BLOOMBERG AGGREGATE RETURNS BY SECTOR AS OF 09/30/2025



Source: FactSet

- In its September meeting, the U.S. Federal Reserve reduced the Fed Funds target rate by 0.25% to a range of 4%-4.25%. The latest Fed "dot plot" shows a variety of divergent views with 9 FOMC members projecting an interest rate reduction of 0.50% in 2025 and 6 members projecting no further rate cuts this year. Two members project a 0.25% rate cut, with one member favoring a 0.25% rate increase while one member favors interest rate below 3%.
- The Bloomberg U.S. Aggregate Bond Index rose by 2.0% over the quarter and is up by 6.1% on a YTD basis.
- Across durations, all maturities finished the quarter in positive territory with long-term maturities rising more.
- Within investment-grade bonds, lower-quality issues generally outperformed higher-quality issues, with Baa-rated bonds returning 2.8% during the quarter. High-yield bonds rose by 2.5%. On a YTD basis, lower credit quality bonds have outperformed indicating an increased risk appetite.

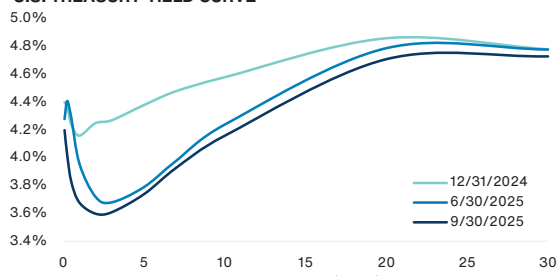
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U.S. Fixed Income Markets

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

- U.S. Treasury yields fell across maturities as the yield curve shifted downwards over the quarter. The 10-year Treasury yield fell by 8bps to 4.16%, and the 30-year Treasury yield fell by 5bps to 4.73% over the quarter.
- U.S. headline consumer price index (CPI) rose to 2.9% year-on-year in August, higher than the 2.7% year-on-year recorded in June and in line with the economists' expectations. U.S. core inflation, which excludes energy and food prices, rose 3.1% year-on-year in August, higher than June's 2.9% and in line with the economists' expectations.
- The 10-year TIPS yield fell by 15bps over the quarter to 1.80%.

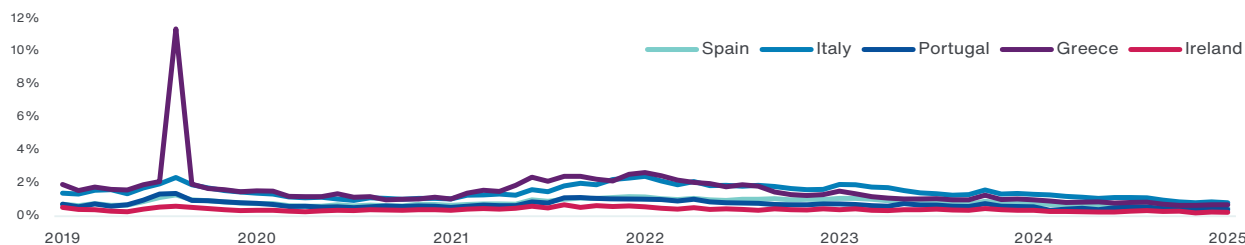


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European Fixed Income Markets

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



Source: FactSet

- European government bond spreads over 10-year German bunds fell across the Euro Area, except for Greece, where the spreads rose. Over Q3 2025, the European Central Bank (ECB) kept its Deposit Facility rate unchanged at 2.0%. The ECB expects the headline inflation at 2.1% in 2025, 1.7% in 2026 and 1.9% in 2027. GDP growth rate is now expected to be 1.2% in 2025, 1.0% in 2026 and 1.3% in 2027.
- Greek and Italian government bond yields rose by 13bps and 6bps to 3.39% and 3.53%, respectively over the quarter while Portugal government bond yields rose by 7bps to 3.11%. Irish and Spanish government bond yields rose by 5bps and 3bps to 2.95% and 3.20%, respectively over the quarter.
- German bund yields rose by 11bps to 2.71% over the quarter.
- Eurozone headline inflation rose 2.2% year-on-year in September, higher than the 2.0% recorded in June, but below the economists' expectations. Meanwhile, the Core inflation remained stable at 2.3% year-on-year in September, unchanged from last quarter and line with the economists' expectations.



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Credit Spreads

Spread (bps)	9/30/2025	6/30/2025	12/31/2024	Quarterly Change (bps)	YTD
U.S. Aggregate	28	32	34	-4	-6
Long Gov't	0	0	0	0	0
Long Credit	91	102	100	-11	-9
Long Gov't/Credit	44	49	50	-6	-7
MBS	31	37	43	-6	-12
CMBS	75	84	80	-9	-5
ABS	49	57	44	-8	5
Corporate	74	83	80	-9	-6
High Yield	267	290	287	-23	-20
Global Emerging Markets	193	216	219	-23	-26

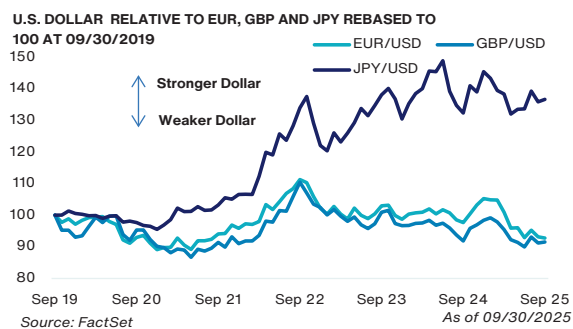
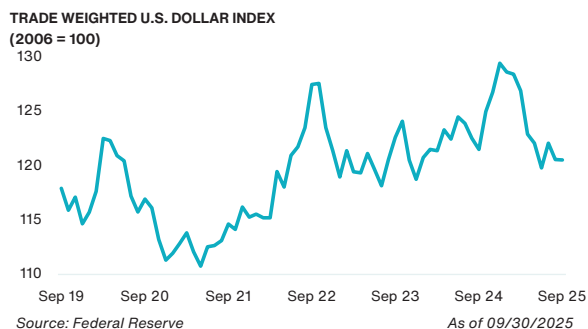
Source: FactSet, Bloomberg

- Credit markets rose amid rising risk tolerance sentiment, with spreads generally narrowing.
- High Yield and Global Emerging Markets spreads narrowed by 23bps each. ABS spreads narrowed by 8bps.



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Currency

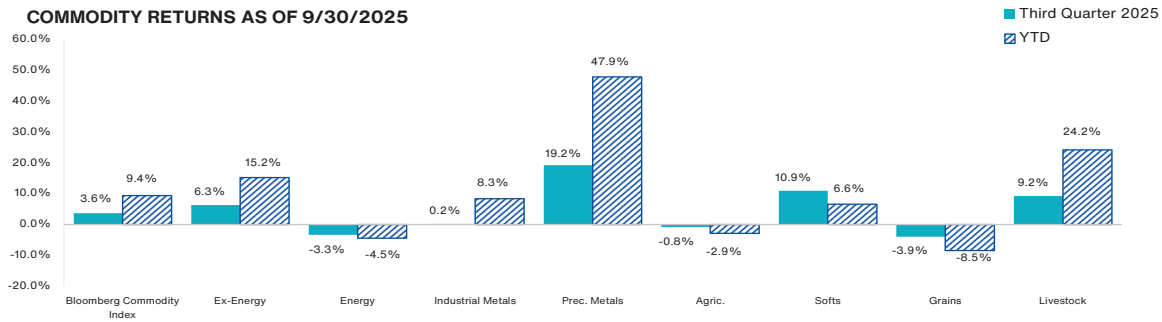


- The U.S. Dollar mostly appreciated against the major currencies over the quarter (except for the euro). On a trade-weighted basis, the U.S. dollar appreciated by 0.6%.
- Sterling depreciated by 1.8% against the U.S. dollar. In its August meeting, the Bank of England (BoE) reduced interest rates by 0.25% to 4%. The BoE has projected that the UK headline inflation will peak at 4.0% in September, before declining to 3.6% by the end of the year.
- The U.S. dollar depreciated by 0.1% against the euro and appreciated by 2.2% against the yen.



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Commodities



Source: Bloomberg Note: Softs and Grains are part of the wider Agriculture sector

- Commodity prices mostly rose over Q3 (except for Energy, Agriculture and Grains sub-sector) with the Bloomberg Commodity Index returning 3.6%.
- The Grains sub-sector was the worst performer over the quarter at -3.9%.
- Precious Metals sector rose the most over the quarter at 19.2%.
- Brent crude oil prices remained range-bound over the quarter, experiencing a slight decline of 0.9%, settling at U.S.\$67 per barrel. The OPEC+ countries commenced the process of unwinding the second layer of voluntary oil production cuts totaling 1.65 million barrels per day (bpd), with planned production increases in October and November.

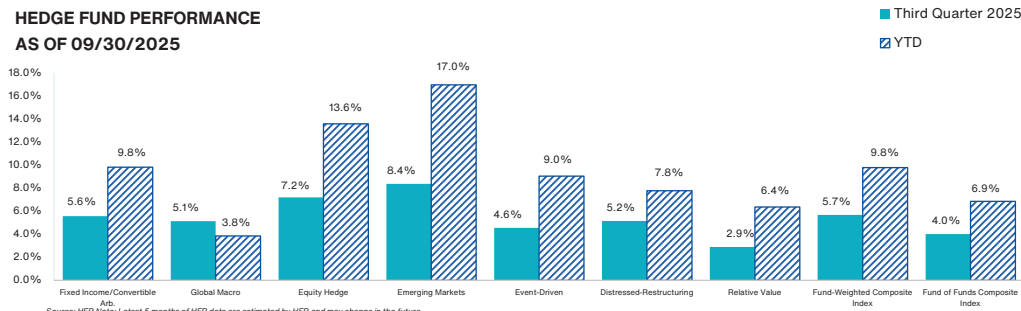
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Hedge Funds Market Overview



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

- Hedge fund performance remained positive over the quarter.
- The HFRI Fund-Weighted Composite produced a return of 5.7% and the HFRI Fund of Funds Composite Index produced a return of 4.0% over the quarter.
- Over the quarter, Emerging Markets was the best performer with a return of 8.4%.
- Relative Value was the worst performer with a return of 2.9% over the quarter.
- On a YTD basis, Emerging Markets has outperformed all other strategies while Global Macro has performed the worst.

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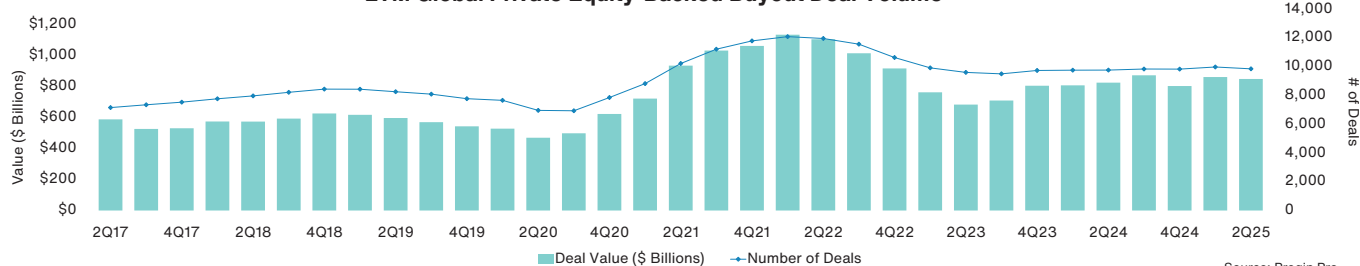
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Private Equity Overview

Second Quarter 2025

LTM Global Private Equity-Backed Buyout Deal Volume



Source: Preqin Pro

- Fundraising:** In Q2 2025, \$226.0 billion of capital was raised by 637 funds, which was a decrease of 18.5% on a capital basis and a decrease of 18.6% by number of funds closed over the prior quarter. Capital raised and the number of funds closed in Q2 2025 represented a decrease of 27.1% and 52.4%, respectively, compared to the five-year quarterly average.¹
- Buyout:** Global private equity-backed buyout deals totaled \$186.5 billion in Q2 2025, which was a decrease on a capital basis of 12.4% compared to Q1 2025 and a decrease of 12.9% compared to the five-year quarterly average.¹ On TTM basis, median U.S. private equity EV/EBITDA multiples reached 12.8x at the end of Q2 2025, a decrease compared to the 13.0x seen at the end of 2024 but up slightly from the five-year average (12.7x). In Europe, on a TTM basis, median private equity EV/EBITDA multiples reached 11.2x at the end of Q2 2025, below the 12.2x multiple seen at the end of 2024.² Globally, buyout exit value totaled \$102.4 billion across 481 deals during the quarter, up, on a value basis, from \$91.2 billion in exit value from 545 deals during the prior quarter. Exit value in Q2 2025 was also 20.2% below the five-year quarterly average of \$128.5 billion in value.¹
- Venture:** During the quarter, an estimated 4,001 U.S. venture-backed transactions totaling \$69.9 billion were completed, which was a decrease of 24.7% on a capital basis and 2.0% by deal count over the prior quarter, which saw 4,082 deals completed totaling \$92.9 billion. However, this was an increase of 16.1% on a capital basis compared to the five-year quarterly average of \$60.2 billion. Total U.S. venture-backed exit value increased during the quarter, totaling approximately \$67.7 billion across an estimated 394 completed transactions compared to \$52.4 billion of value across 362 exits in Q1 2025. However, Q2 2025 exit value remained below the five-year quarterly average of \$84.9 billion from 363 transactions.³

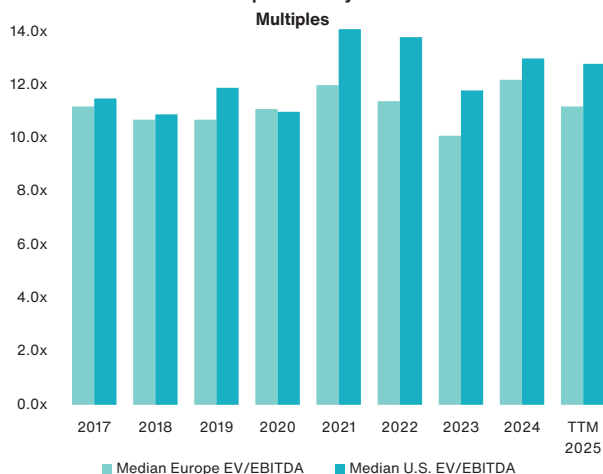
Sources: 1 Preqin 2 Pitchbook/LCD 3 PitchBook/NVCA Venture Monitor 4 Fitch Ratings 5 Jefferies
Notes: FY=Fiscal year ended 12/31; YTD=Year to date; LTM=Last 12 months (aka trailing 12 months); PPM=Purchase Price Multiples: Total Purchase Price + EBITDA.



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Private Equity Overview (cont.)

Median U.S. and European PE Buyout Purchase Price Multiples



Source: Pitchbook, LCD

Sources: 1 Preqin 2 Pitchbook/LCD 3 PitchBook/NVCA Venture Monitor 4 Fitch Ratings 5 Jefferies

- Mezzanine:** 4 funds closed on \$0.8 billion during the quarter, a decrease from the prior quarter's total of \$4.6 billion raised by 9 funds. Capital raised in Q2 2025 was also a decrease of 54.5% compared to Q2 2024. Capital raised in Q2 represented a significant decrease compared to the five-year quarterly average of \$6.4 billion.¹
- Distressed Debt/Special Situations:** The TTM U.S. high-yield default rate was 3.1% as of June 2025, which was up from March 2025's TTM rate of 2.0%.⁴ During the quarter, \$10.3 billion was raised by 8 funds, down from the \$27.8 billion raised by 19 funds during Q1 2025. Capital raised through Q2 2025 represented 91.1% of 2024's total of \$41.8 billion.¹
- Secondaries:** 6 funds raised \$9.1 billion during Q2 2025, down significantly from the \$34.1 billion raised by 11 funds in Q1 2025. This was also a decrease compared to the five-year quarterly average of \$16.8 billion.¹ The average discount rate for LP buyout and venture capital portfolios finished Q2 2025 at 6.0% and 22.0%, respectively, with buyout discounts being flat and venture discounts decreasing 3.0% compared to Q4 2024.⁵
- Infrastructure:** \$55.2 billion of capital was raised by 25 funds in Q2 2025 compared to \$61.1 billion raised by 31 funds in Q1 2025. The 10 largest funds in market are currently seeking a combined \$161.9 billion in capital. Infrastructure managers completed 380 deals for an aggregate deal value of \$82.8 billion in Q2 2025, a decrease, on a capital and number basis, compared to 478 deals totaling \$153.5 billion completed in Q1 2025.¹
- Natural Resources:** During Q2 2025, 11 funds closed on \$7.7 billion, an increase compared to 11 funds closing on \$3.6 billion during the prior quarter. This was also an increase of 68.6% compared to the five-year quarterly average. 169 energy and utilities buyout deals were completed in Q2 2025 totaling \$12.4 billion, an increase, on a value basis, compared to 194 completed deals totaling \$10.0 billion in Q1 2025.¹



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Total Fund



Highlights

Executive Summary

- The Total Fund outperformed the Performance Benchmark over the trailing ten-year period.
- The Fund ended the third quarter of 2025 underperforming the performance benchmark by 0.5%
- The fund is well diversified across seven broad asset classes.
- Public market asset class investments do not significantly deviate from their broad market based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
- Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type, or investment strategy.
- Asset allocation is monitored on a daily basis to ensure the actual asset allocation of the plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Aon Investments 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

- The Total Fund outperformed the Performance Benchmark over the longer trailing period of 5 and 10 years

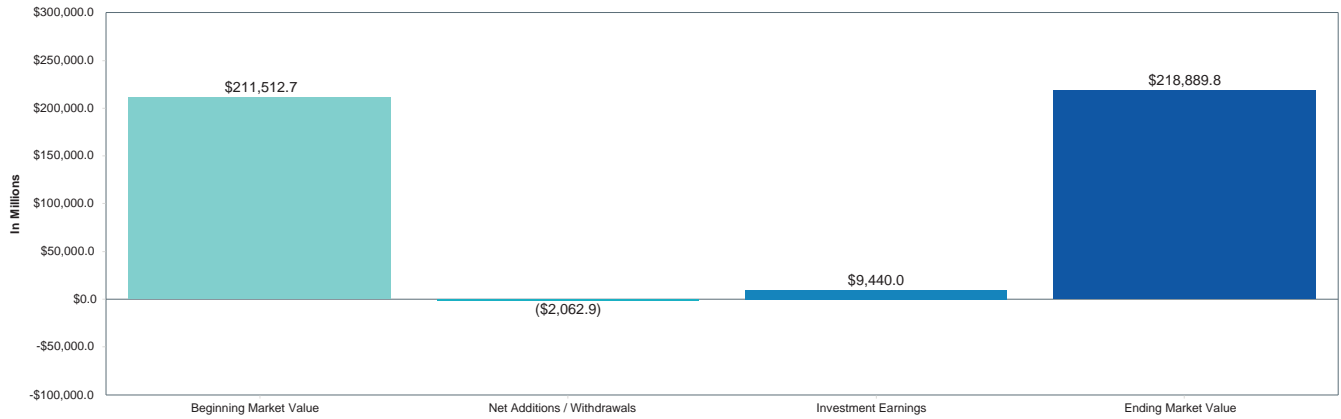
Asset Allocation

- The Fund assets total \$218.9 billion as of September 30, 2025, which represents a \$7.4 billion increase since last quarter.
- Actual allocations for all asset classes were within their respective policy ranges and in line with the current policy at quarter-end.



Total Plan Asset Summary

As of September 30, 2025



Summary of Cash Flows

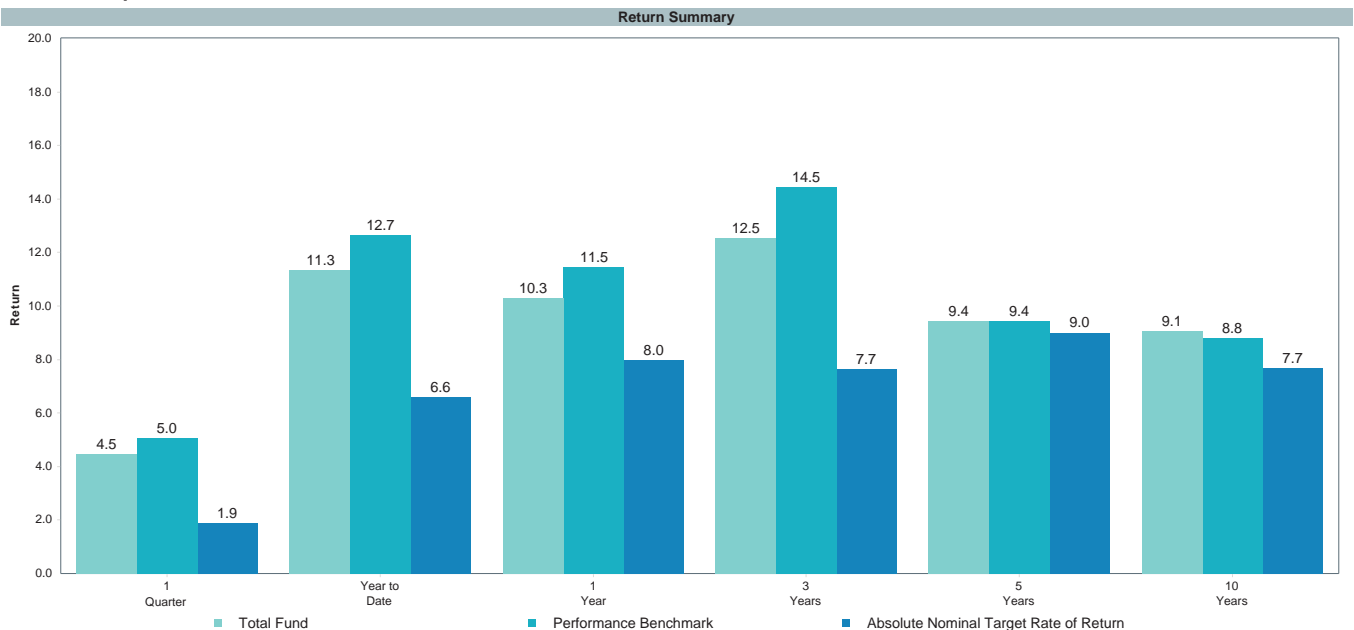
	1 Quarter	1 Year	3 Years
Total Fund			
Beginning Market Value	211,512,701,464	205,187,550,687	170,859,676,055
+ Additions / Withdrawals	-2,062,873,208	-6,927,646,839	-20,764,854,353
+ Investment Earnings	9,439,952,369	20,629,876,777	68,794,958,923
= Ending Market Value	218,889,780,625	218,889,780,625	218,889,780,625



*Period July 2023 - Present

Total Plan Performance Summary

As of September 30, 2025



Asset Allocation & Performance

As of September 30, 2025

	Allocation			Performance %					
	Market Value \$	%	Policy %	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years
Total Fund	218,889,780,625	100.0	100.0	4.5 (37)	11.3 (39)	10.3 (43)	12.5 (44)	9.4 (24)	9.1 (11)
<i>Performance Benchmark</i>				5.0 (20)	12.7 (13)	11.5 (13)	14.5 (13)	9.4 (24)	8.8 (19)
<i>Absolute Nominal Target Rate of Return</i>				1.9 (100)	6.6 (98)	8.0 (91)	7.7 (98)	9.0 (40)	7.7 (77)
Global Equity*	107,220,627,760	49.0	47.9	6.9	17.5	16.5	22.4	13.2	11.9
<i>Asset Class Target</i>				7.3	17.9	16.5	22.4	13.2	11.6
Domestic Equities	58,067,485,398	26.5		8.1	14.3	17.3	24.0	15.9	14.6
<i>Asset Class Target</i>				8.2	14.4	17.4	24.1	15.7	14.7
Foreign Equities	31,786,220,673	14.5		5.0	23.9	16.0	20.6	9.7	8.7
<i>Asset Class Target</i>				5.7	24.9	15.4	20.1	10.0	8.2
Global Equities	13,457,304,524	6.1		6.6	17.4	17.3	23.0	13.0	11.4
<i>Benchmark</i>				7.3	17.7	17.1	23.5	14.0	12.2
Fixed Income	43,967,396,685	20.1	21.1	2.1	6.4	3.3	5.3	0.7	2.1
<i>Asset Class Target</i>				2.0	6.1	2.9	4.9	0.3	1.8
Private Equity	19,455,000,765	8.9	8.9	4.0	8.1	10.0	5.9	16.0	14.8
<i>Asset Class Target</i>				7.8	19.8	19.0	25.6	16.4	14.7
Real Estate	20,404,981,237	9.3	9.4	0.8	2.9	1.9	-3.6	4.2	5.5
<i>Asset Class Target</i>				0.9	2.8	2.9	-5.0	2.9	4.5
Strategic Investments	13,025,835,672	6.0	6.0	3.5	6.2	8.2	8.1	9.2	7.3
<i>Short-Term Target</i>				5.1	9.2	9.8	10.2	9.6	7.2
Active Credit	12,533,313,002	5.7	5.6	1.7	6.7	3.7			
<i>Asset Class Target</i>				2.0	5.6	7.8			
Cash**	2,279,986,558	1.0		1.1	3.5	4.3	4.8	2.6	1.9
<i>Blmbg. U.S. Treasury Bills: 1-3 Months</i>				1.1	3.2	4.5	4.9	3.0	2.1

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.
 **Performance for the Cash & Central Custody and Enhanced Cash Composite is shown.



Plan Sponsor Peer Group Analysis

As of September 30, 2025



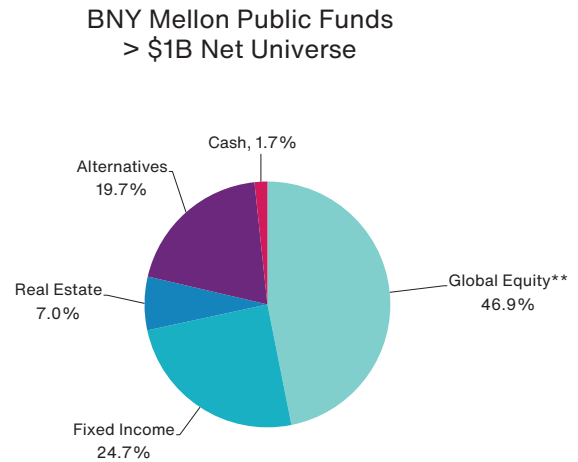
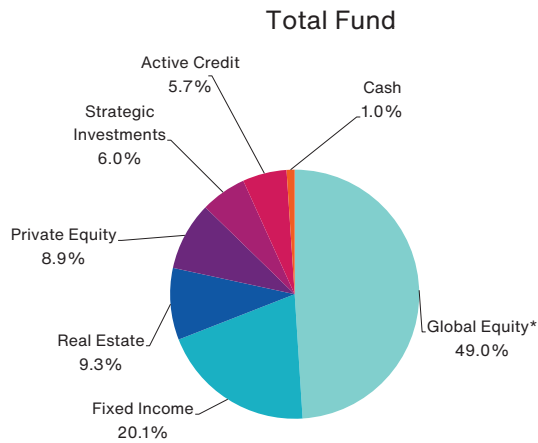
	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	2024	2023	2022
Total Fund	4.5 (37)	11.3 (39)	10.3 (43)	12.5 (44)	9.4 (24)	9.1 (11)	9.5 (42)	11.4 (46)	-10.4 (53)
Performance Benchmark	5.0 (20)	12.7 (13)	11.5 (13)	14.5 (13)	9.4 (24)	8.8 (19)	10.1 (26)	13.3 (13)	-10.9 (60)
5th Percentile	5.5	14.3	12.2	15.4	10.3	9.4	11.6	14.4	-4.8
1st Quartile	4.9	11.9	10.9	13.9	9.4	8.6	10.1	12.5	-8.0
Median	4.3	10.9	9.9	12.3	8.9	8.2	9.0	11.3	-10.3
3rd Quartile	3.8	9.8	8.9	11.1	8.2	7.7	8.1	9.6	-12.3
95th Percentile	2.8	7.9	7.1	9.3	7.3	7.0	6.5	7.8	-15.4
Population	108	104	103	102	99	94	182	194	185

Parenttheses contain percentile rankings.
 Universe: All Public Plans > \$1B-Total Fund



Universe Asset Allocation Comparison¹

As of September 30, 2025



*Global Equity Allocation: 26.5% Domestic Equities; 14.5% Foreign Equities; 6.2% Global Equities; 1.1% Global Equity Cash; 0.7% Global Equity Liquidity Account. Percentages are of the Total FRS Fund.

**Global Equity Allocation: 30.0% Domestic Equities; 16.9% Foreign Equities.

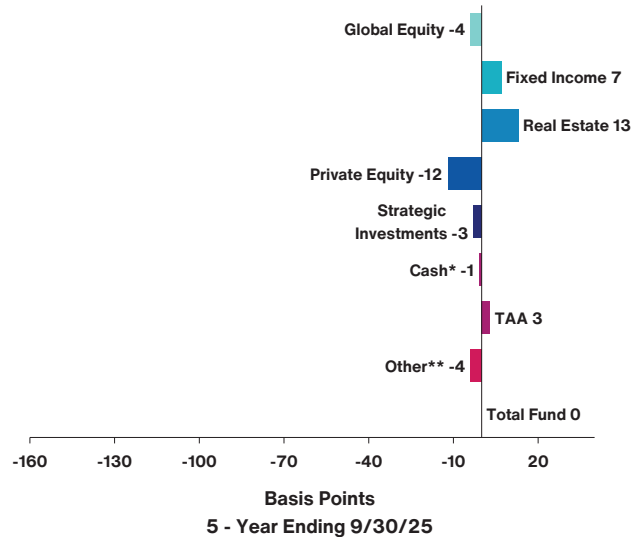
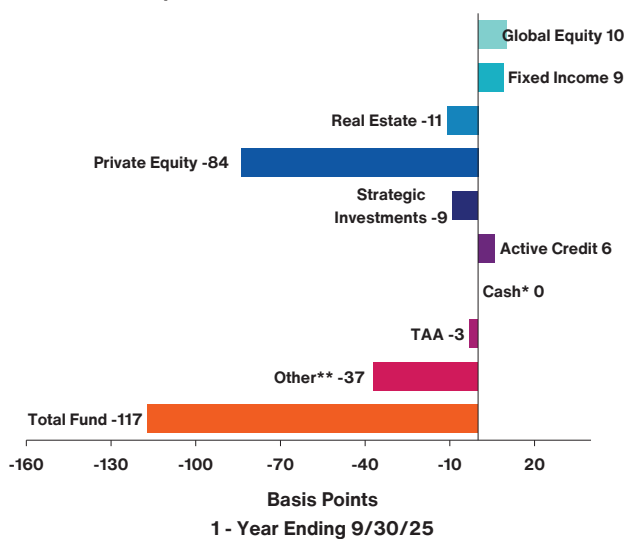
¹Allocations may not sum to 100.0% due to rounding.



Investment advice and consulting services provided by Aon Investments USA Inc.

Attribution

As of September 30, 2025



*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 transition accounts, liquidity portfolios, accounts outside of C&CC, and unexplained differences due to methodology.

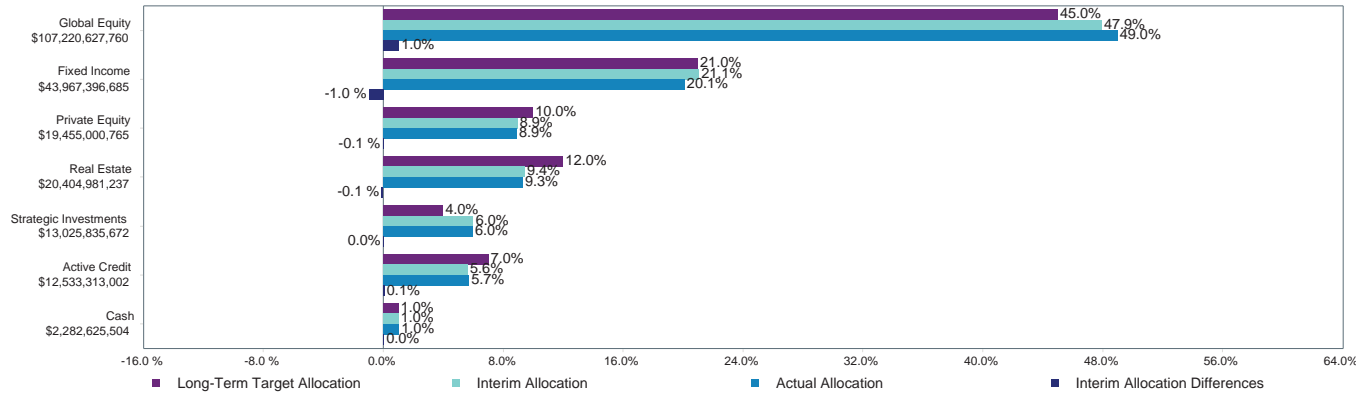


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Asset Allocation Compliance

As of September 30, 2025

	Market Value \$	Current Allocation %	Interim Allocation %	Long-Term Target Allocation %	Minimum Allocation %	Maximum Allocation %
Total Fund	218,889,780,625	100.0	100.0	100.0		
Global Equity	107,220,627,760	49.0	47.9	45.0	35.0	60.0
Fixed Income	43,967,396,685	20.1	21.1	21.0	12.0	30.0
Private Equity	19,455,000,765	8.9	8.9	10.0	6.0	20.0
Real Estate	20,404,981,237	9.3	9.4	12.0	8.0	20.0
Strategic Investments	13,025,835,672	6.0	6.0	4.0	2.0	14.0
Active Credit	12,533,313,002	5.7	5.6	7.0	2.0	12.0
Cash	2,282,625,504	1.0	1.0	1.0	0.3	5.0



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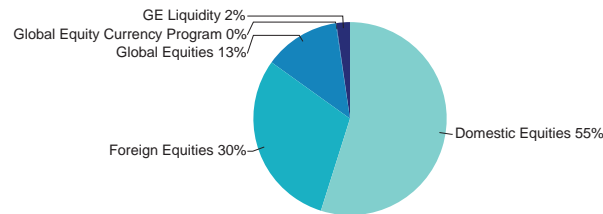
Global Equity



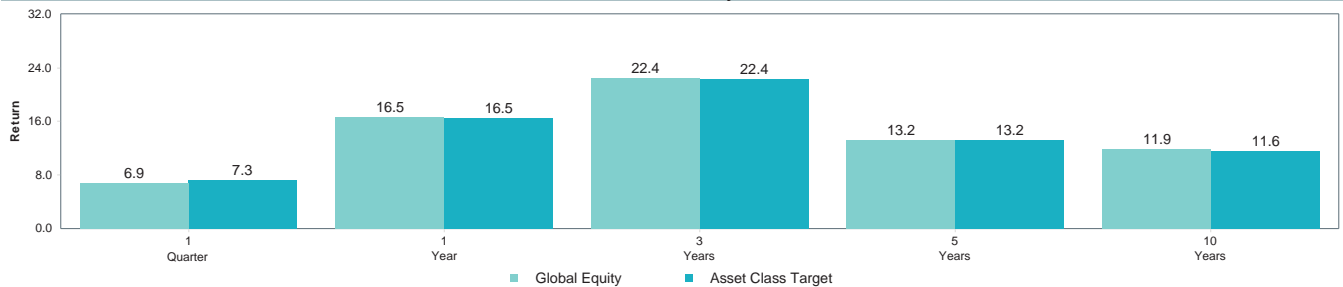
Global Equity* Portfolio Overview

As of September 30, 2025

Current Allocation
September 30, 2025 : \$105,822M



Return Summary



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

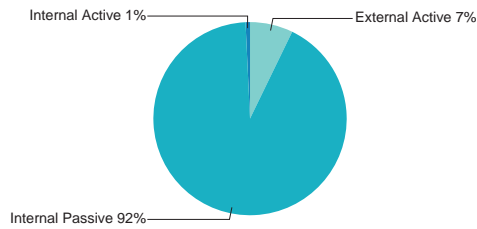
Domestic Equities



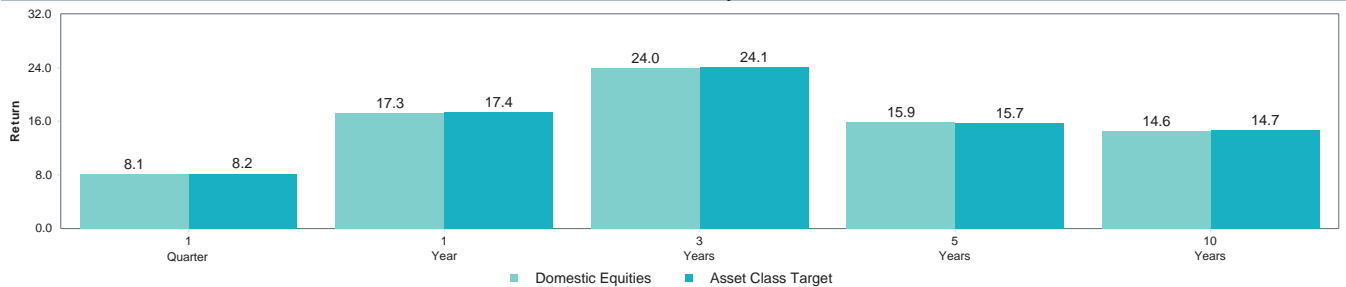
Domestic Equities Portfolio Overview

As of September 30, 2025

Current Allocation
September 30, 2025 : \$58,067M

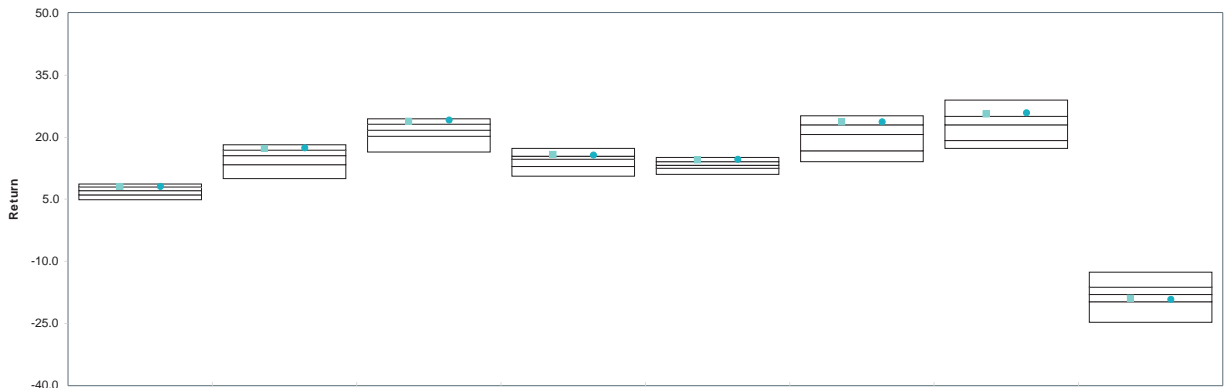


Return Summary



Domestic Equities Peer Group Analysis

As of September 30, 2025



	1 Quarter	1 Year	3 Years	5 Years	10 Years	2024	2023	2022
Domestic Equities	8.1 (17)	17.3 (16)	24.0 (11)	15.9 (24)	14.6 (18)	23.7 (19)	25.6 (20)	-18.9 (61)
Asset Class Target	8.2 (16)	17.4 (15)	24.1 (7)	15.7 (25)	14.7 (11)	23.8 (19)	26.0 (19)	-19.2 (65)
5th Percentile	8.7	18.2	24.4	17.3	15.2	25.2	28.9	-12.5
1st Quartile	8.0	16.9	23.2	15.5	14.1	23.0	25.1	-16.2
Median	7.1	15.5	21.7	14.7	13.2	20.7	23.0	-17.9
3rd Quartile	6.1	13.4	20.2	12.9	12.5	16.7	19.3	-19.8
95th Percentile	5.0	10.0	16.4	10.7	11.1	14.1	17.3	-24.6
Population	51	50	47	45	36	53	51	52

Parentheses contain percentile rankings.



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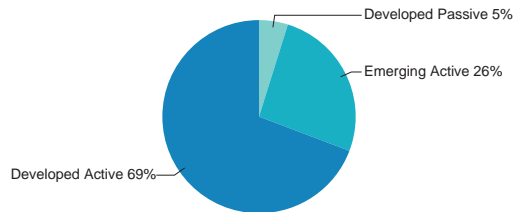
Foreign Equities



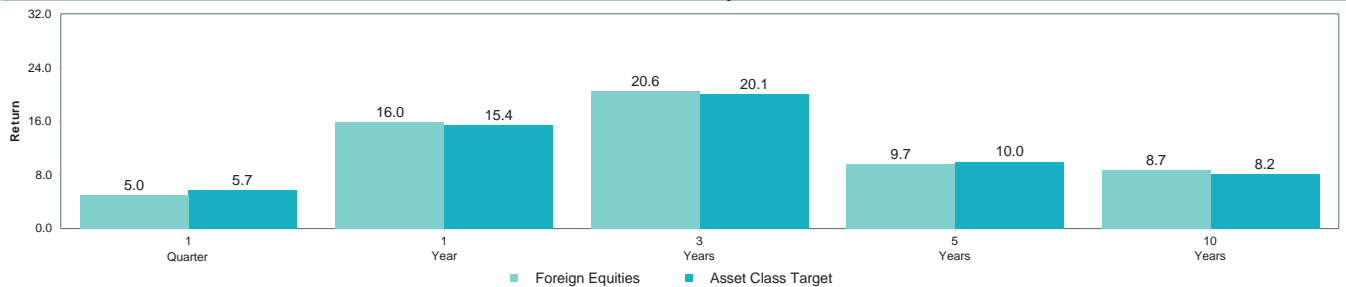
Foreign Equities Portfolio Overview

As of September 30, 2025

Current Allocation
September 30, 2025 : \$31,786M

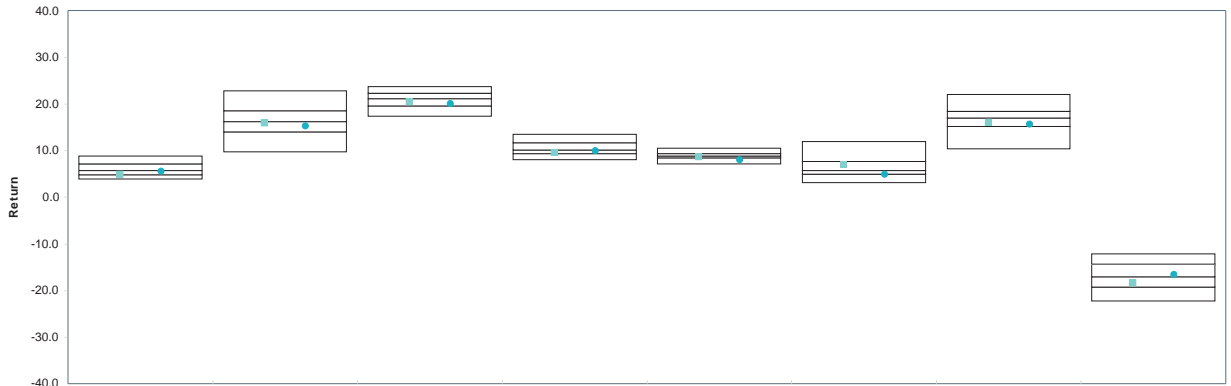


Return Summary



Foreign Equities Peer Group Analysis

As of September 30, 2025



	1 Quarter	1 Year	3 Years	5 Years	10 Years	2024	2023	2022
Foreign Equities	5.0 (75)	16.0 (52)	20.6 (59)	9.7 (66)	8.7 (65)	7.0 (36)	16.1 (66)	-18.4 (67)
Asset Class Target	5.7 (54)	15.4 (58)	20.1 (63)	10.0 (58)	8.2 (85)	5.0 (75)	15.7 (74)	-16.6 (43)
5th Percentile	8.9	22.9	23.8	13.5	10.6	12.0	22.1	-12.2
1st Quartile	7.2	18.6	22.3	11.8	9.4	7.7	18.4	-14.4
Median	5.8	16.3	21.1	10.2	8.9	5.8	17.0	-17.1
3rd Quartile	4.9	14.1	19.7	9.5	8.4	5.0	15.3	-19.2
95th Percentile	3.9	9.7	17.5	8.1	7.2	3.2	10.4	-22.2
Population	49	47	46	45	40	51	51	54

Parentheses contain percentile rankings.



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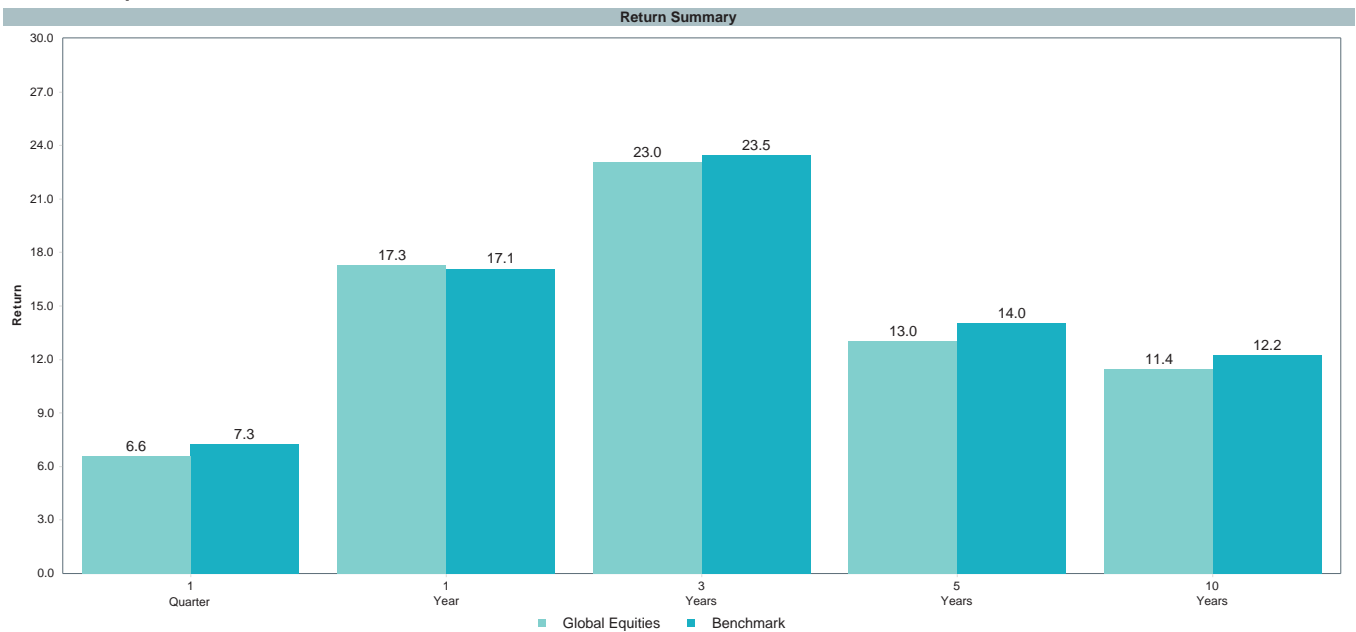


Global Equities



Global Equities Performance Summary

As of September 30, 2025



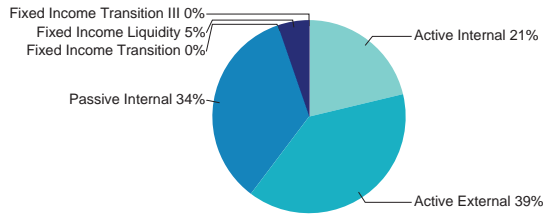
Fixed Income



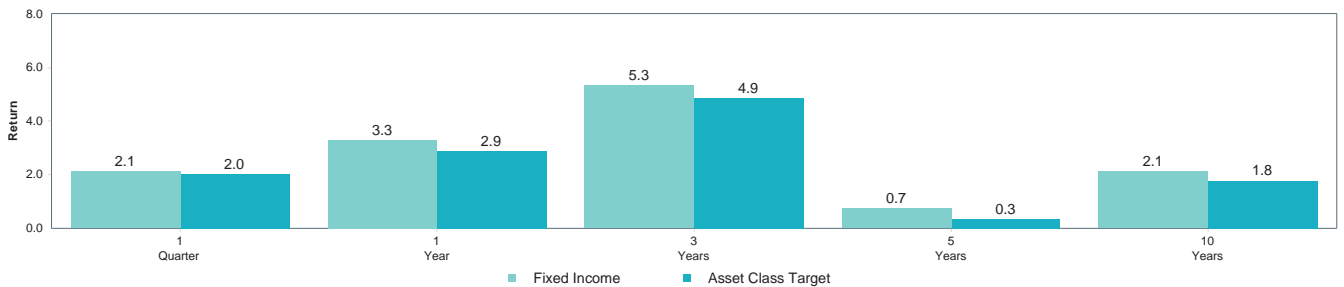
Fixed Income Portfolio Overview

As of September 30, 2025

Current Allocation
September 30, 2025 : \$43,967M

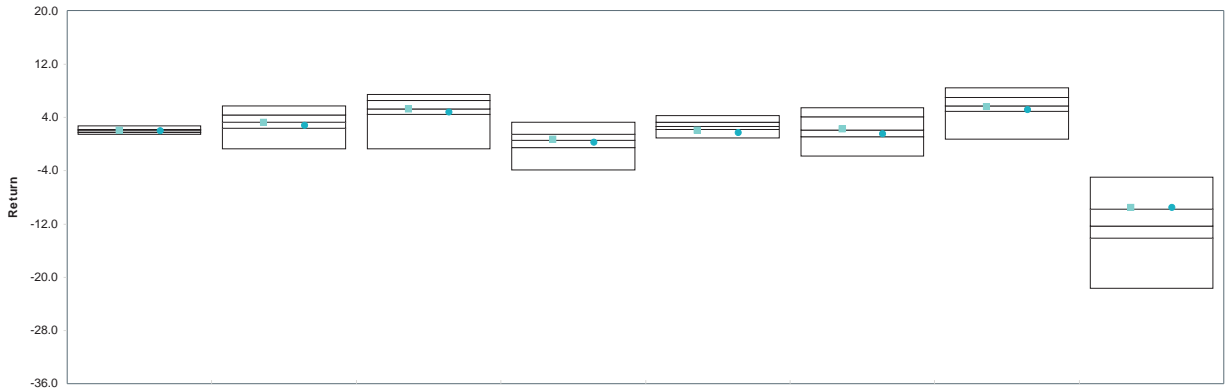


Return Summary



Fixed Income Peer Group Analysis

As of September 30, 2025



	1 Quarter	1 Year	3 Years	5 Years	10 Years	2024	2023	2022
Fixed Income	2.1 (37)	3.3 (51)	5.3 (47)	0.7 (45)	2.1 (79)	2.3 (48)	5.6 (54)	-9.5 (25)
Asset Class Target	2.0 (48)	2.9 (63)	4.9 (61)	0.3 (57)	1.8 (91)	1.5 (64)	5.2 (69)	-9.5 (25)
5th Percentile	2.7	5.8	7.5	3.3	4.3	5.5	8.4	-4.9
1st Quartile	2.2	4.4	6.6	1.5	3.3	4.1	7.0	-9.8
Median	2.0	3.3	5.3	0.6	2.7	2.1	5.8	-12.3
3rd Quartile	1.7	2.4	4.5	-0.6	2.2	1.1	4.9	-14.1
95th Percentile	1.5	-0.7	-0.7	-3.8	1.0	-1.7	0.8	-21.7
Population	53	51	50	46	38	53	53	57

Parentheses contain percentile rankings.



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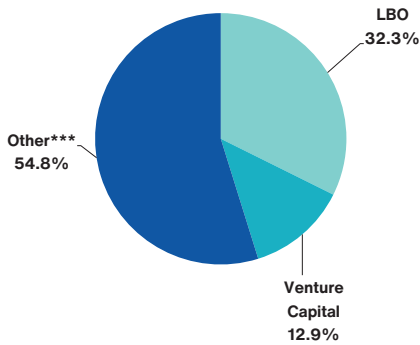
Private Equity



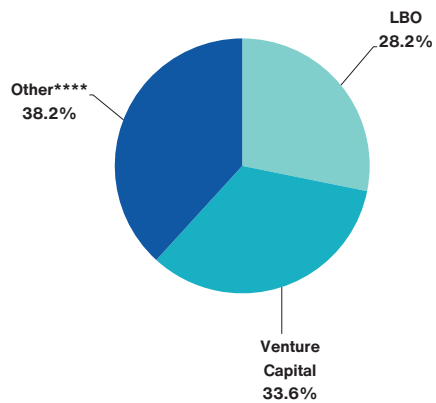
Private Equity Asset Allocation Overview

As of September 30, 2025

FRS Private Equity by Market Value*



Preqin Private Equity Strategies by Market Value**



*Allocation data is as of September 30, 2025.

**Allocation data is as of March 31, 2025, from the Preqin Pro database.

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

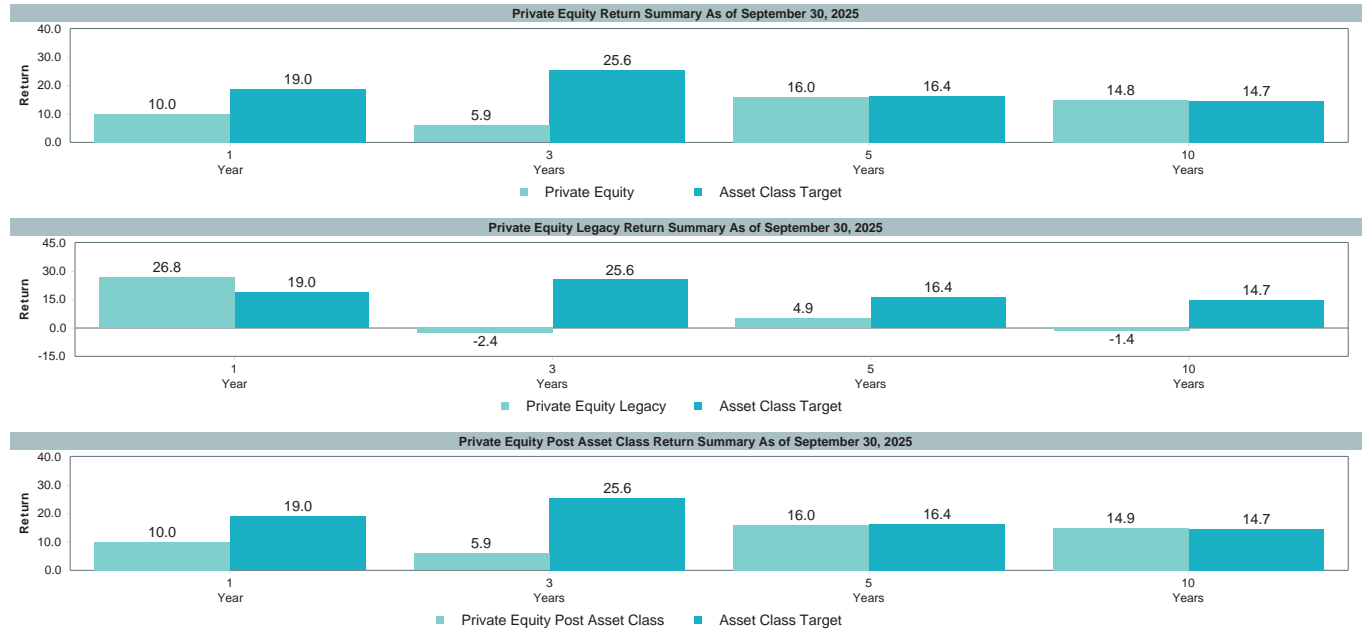
****Other for the Preqin data consists of Distressed PE, Growth, Mezzanine, and other Private Equity/Special Situations. Preqin universe is comprised of 10,000 private equity funds representing \$9.3 trillion.



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Private Equity Time-Weighted Investment Results

As of September 30, 2025

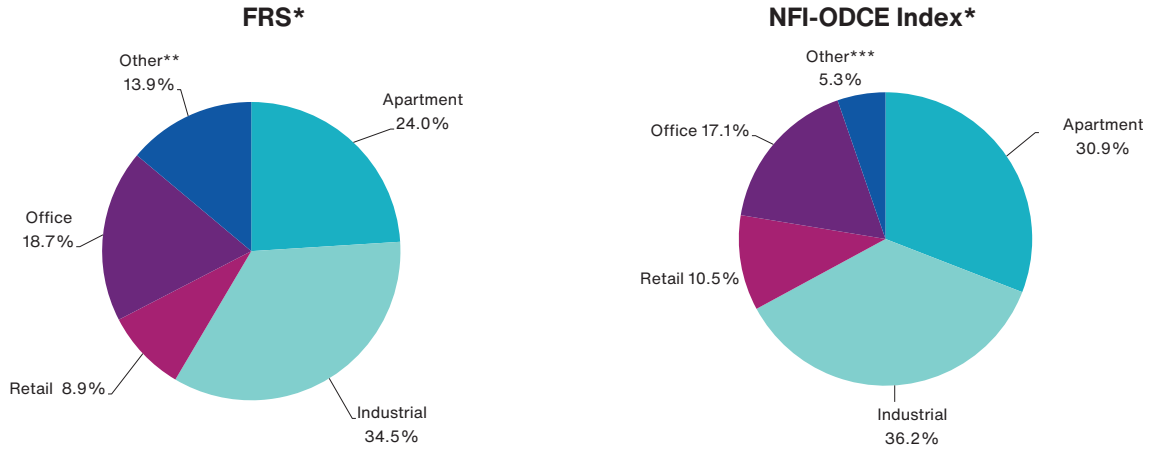


Real Estate



Real Estate Asset Allocation Overview

As of June 30, 2025



*Property Allocation data is as of June 30, 2025. 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, Healthcare, Mixed Use, Single Family Residential, Parking, Timber/Agriculture, Land and Infrastructure.

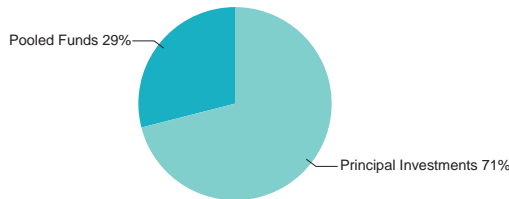


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Real Estate Portfolio Overview

As of September 30, 2025

Current Allocation
September 30, 2025 : \$20,405M

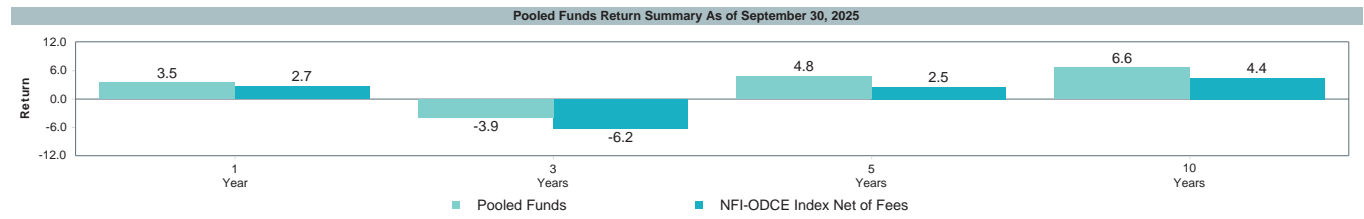
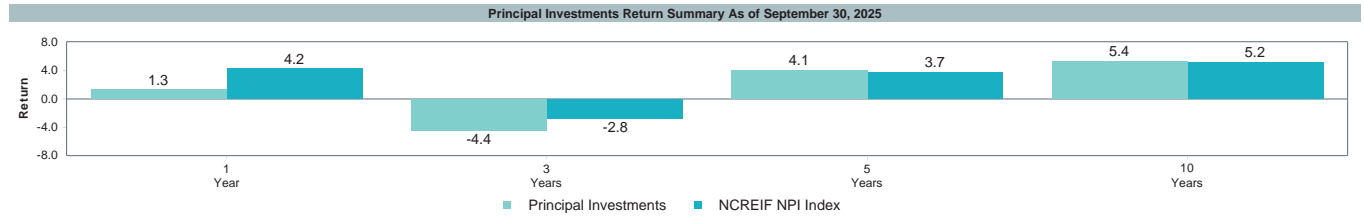


Return Summary

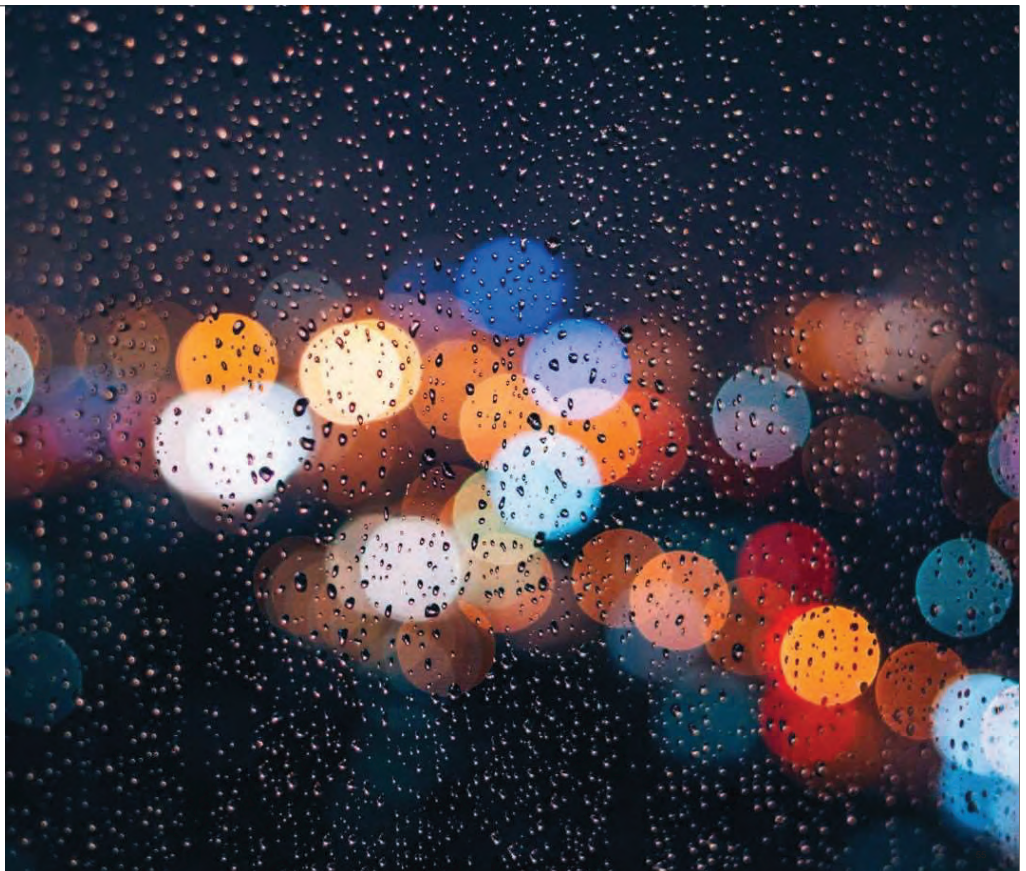


Real Estate Performance Overview

As of September 30, 2025



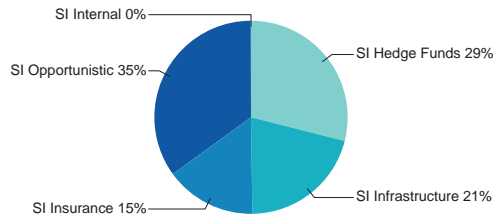
Strategic Investments



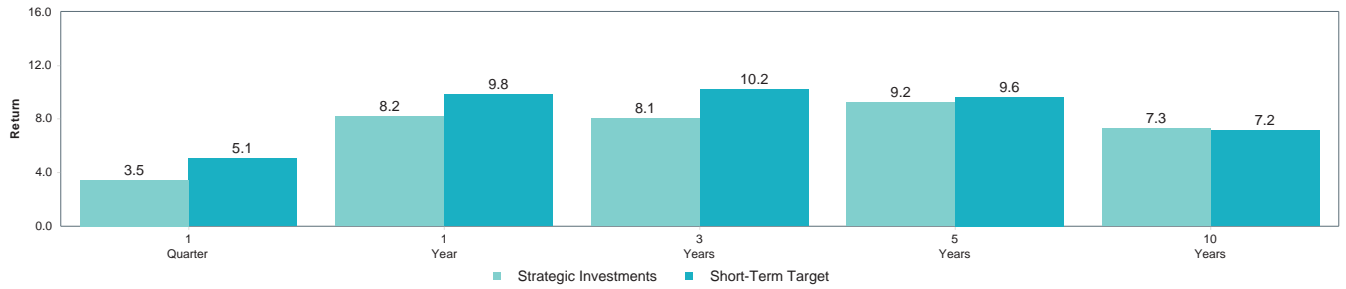
Strategic Investments Portfolio Overview

As of September 30, 2025

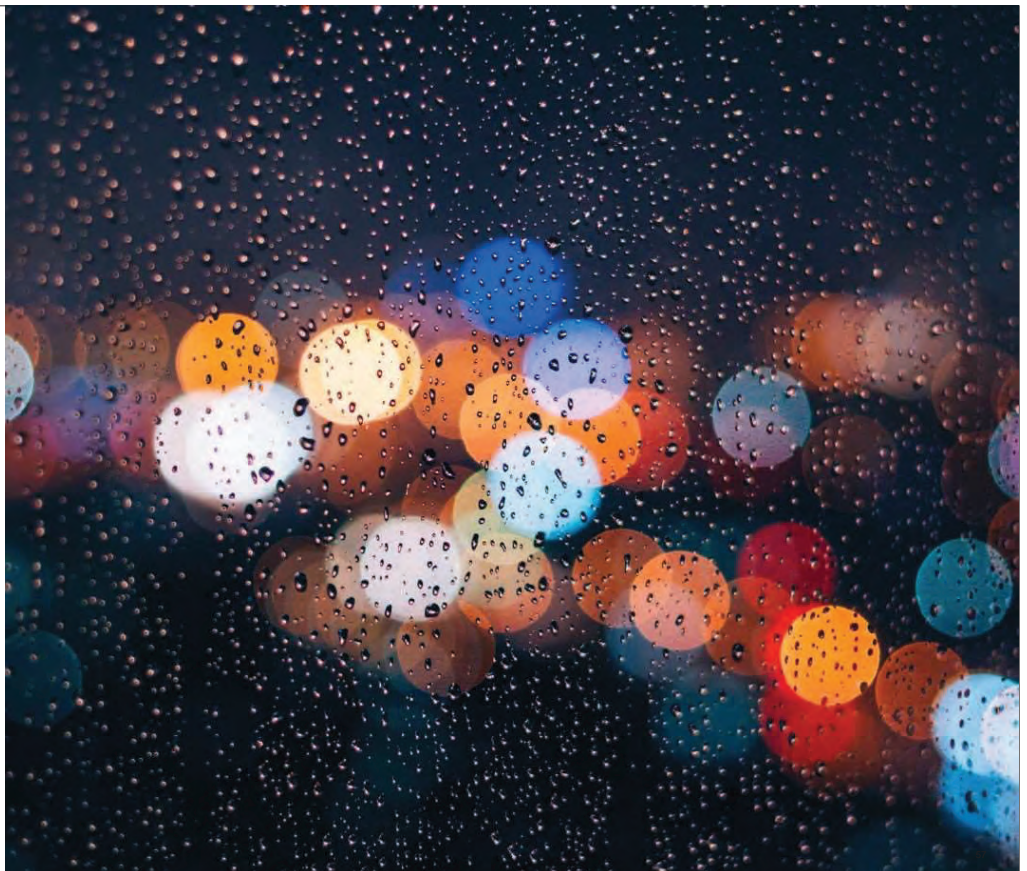
Current Allocation
September 30, 2025 : \$13,026M



Return Summary



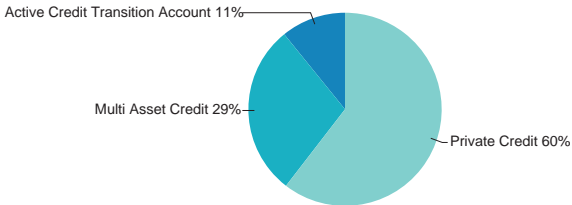
Active Credit



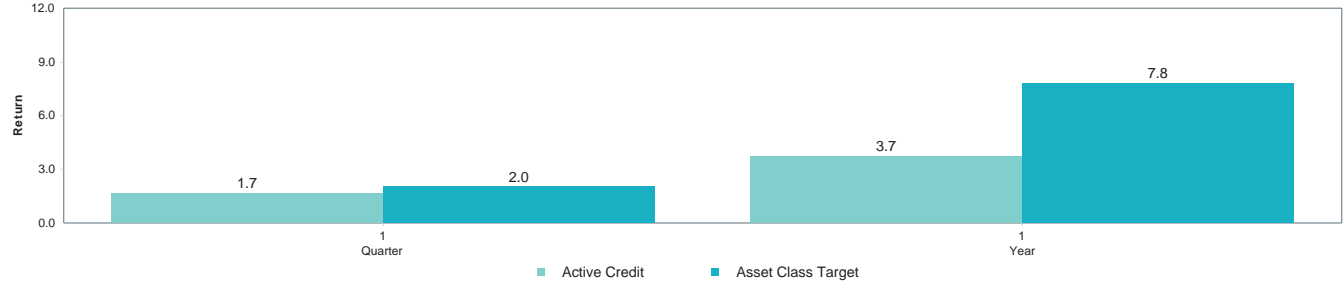
Active Credit Portfolio Overview

As of September 30, 2025

Current Allocation
September 30, 2025 : \$12,533M



Return Summary

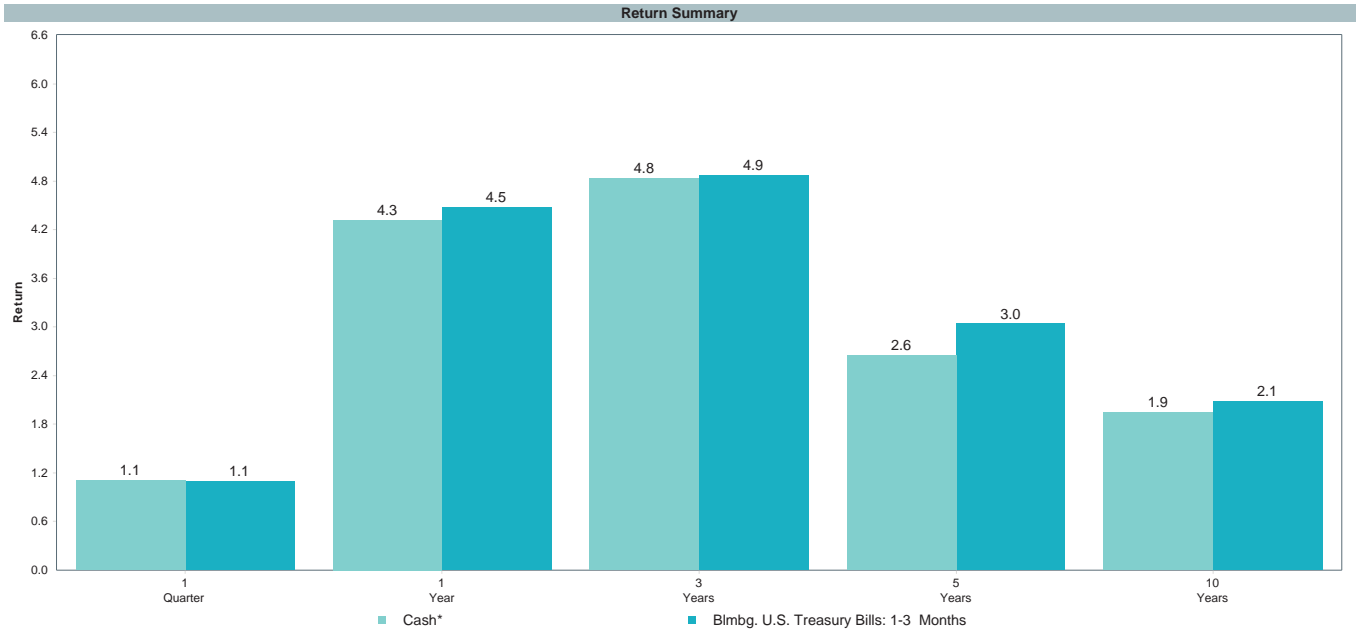


Cash



Cash Performance Summary

As of September 30, 2025



*Performance for the Cash & Central Custody and Enhanced Cash Composite is shown.



Appendix



Appendix

Total FRS Assets

Performance Benchmark- A combination of the Global Equity Target, the Barclays Capital U.S. Intermediate Aggregate Index, the Private Equity Target Index, the Real Estate Investments Target Index, the Strategic Investments Target Benchmark, and the Bank of America Merrill Lynch 3-Month US Treasury Index. The short-term target policy allocations to the Strategic Investments, Real Estate and Private Equity asset classes are floating and based on the actual average monthly balance of the Global Equity asset class. Please refer to section VII. Performance Measurement in the FRS Defined Benefit Plan Investment Policy Statement for more details on the calculation of the Performance Benchmark. Prior to October 1, 2013, the Performance benchmark was a combination of the Global Equity Target, the Barclays Aggregate Bond Index, the Private Equity Target Index, the Real Estate Investments Target Index, the Strategic Investments Target Benchmark, and the iMoneyNet First Tier Institutional Money Market Funds Net Index. The short-term target policy allocations to the Strategic Investments, Real Estate and Private Equity asset classes are floating and based on the actual average monthly balance of the Global Equity asset class. Prior to July 2010, the Performance Benchmark was a combination of the Russell 3000 Index, the Foreign Equity Target Index, the Strategic Investments Target Benchmark, the Barclays Aggregate Bond Index, the Real Estate Investments Target Index, the Private Equity Target Index, the Barclays U.S. High Yield Ba/B 2% Issuer Capped Index, and the iMoneyNet First Tier Institutional Money Market Funds Gross Index. During this time, the short-term target policy allocations to Strategic Investments, Real Estate and Private Equity asset classes were floating and based on the actual average monthly balance of the Strategic Investments, Real Estate and Private Equity asset classes. The target weights shown for Real Estate and Private Equity were the allocations that the asset classes were centered around. The actual target weight floated around this target month to month based on changes in asset values.

Total Global Equity

Performance Benchmark- A custom version of the MSCI All Country World Investable Market Index (MSCI IMI), in dollar terms, net of withholding taxes on non-resident institutional investors, adjusted to reflect securities and other investments prohibited by Florida law or that would be prohibited by Florida law if acquired as of the date of measurement of such Index notwithstanding that the securities or investments were actually acquired before such date. 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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62

Appendix

Total Fixed Income

Performance Benchmark- The Barclays Capital U.S. Intermediate Aggregate Index. Prior to October 1, 2013, it was the Barclays U.S. Aggregate Bond Index. Prior to June 1, 2007, it was the Fixed Income Management Aggregate (FIMA). Prior to July 1, 1999, the benchmark was the Florida High Yield Extended Duration Index. Prior to July 31, 1997, the benchmark was the Florida Extended Duration Index. Prior to July 1, 1989, the Salomon Brothers Broad Investment-Grade Bond Index was the benchmark. For calendar year 1985, the performance benchmark was 70% Shearson Lehman Extended Duration and 30% Salomon Brothers Mortgage Index.

Total Private Equity

Performance Benchmark- The MSCI All Country World Investable Market Index (ACWI IMI), adjusted to reflect the provisions of the Protecting Florida's Investments Act, plus a fixed premium return of 300 basis points per annum. Prior to July 1, 2014, the benchmark was the domestic equities target index return (Russell 3000 Index) plus a fixed premium return of 300 basis points per annum. Prior to July 1, 2010, it was the domestic equities target index return plus a fixed premium return of 450 basis points per annum. Prior to November 1, 1999, Private Equities was part of the Domestic Equities asset class and its benchmark was the domestic equities target index return plus 750 basis points.

Total Real Estate

Performance Benchmark- The core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index- Open-ended Diversified Core Equity, net of fees, weighted at 76.5%, and the non-core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index- Open-ended Diversified Core Equity, net of fees, weighted at 13.5%, plus a fixed return premium of 150 basis points per annum, and the FTSE EPRA/NAREIT Developed Index, in dollar terms, net of withholding taxes on non-resident institutional investors, weighted at 10%. Prior to July 1, 2014, the benchmark was a combination of 90% NCREIF ODCE Index, net of fees, and 10% FTSE EPRA/NAREIT Developed Index, net of fees. Prior to July 1, 2010, it was a combination of 90% NCREIF ODCE Index, gross of fees, and 10% Dow Jones U.S. Select RESI. Prior to June 1, 2007, it was the Consumer Price Index plus 450 basis points annually. Prior to July 1, 2003, the benchmark was the Dow Jones U.S. Select Real Estate Securities Index Un-Levered. Prior to November 1, 1999, the benchmark was the Russell-NCREIF Property Index.

Total Strategic Investments

Performance Benchmark- Long-term, 4.0% plus the contemporaneous rate of inflation or CPI. Short-term, a weighted aggregation of individual portfolio level benchmarks. Prior to July 1, 2018, a Performance Benchmark-Long-term, 4.5% plus the contemporaneous rate of inflation or CPI. Short-term, a weighted aggregation of individual portfolio level benchmark.

Total Active Credit

Performance Benchmark- Floating based on public/private mix: (1) High Yield – Bloomberg U.S. High Yield Index; (2) Bank Loans – LSTA Leveraged Loan Index; (3) Emerging Market Debt, adjusted to reflect securities and other investments prohibited by Florida law and SBA policy – Bloomberg Emerging Market Local Currency Government 10% Country Capped, Bloomberg Emerging Market USD Sovereign, and Bloomberg Emerging Market USD Corporate; and (4) Private Credit - LSTA Leveraged Loan Index + 1.75%

Total Cash

Performance Benchmark- Bloomberg Barclays U.S. Treasury Bill: 1-3 month index. Prior to October 1, 2020, it was the Bank of America Merrill Lynch 3-Month US Treasury Index. Prior to July 1, 2018 it was 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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63

Appendix

Description of Benchmarks

Bloomberg EM Local Currency Government 10% Country Capped Index measures the performance of fixed-rate, local currency emerging market treasury Countries. Securities must have at least one year remaining until final maturity.

Bloomberg EM USD Corporate- Aims to measure US dollar denominated debt issued by emerging market corporations

Bloomberg EM USD Sovereign- Aims to include US dollar-denominated debt issued by emerging market sovereigns, government guaranteed, and 100% government owned emerging market issuers

Bloomberg U.S. Corporate High Yield Bond Index- Measures the USD denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below

Bloomberg 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.

Bloomberg U.S. Treasury Bill: 1-3 month Index- Consists of U.S. Treasury Bills that have a remaining maturity of greater than or equal to 1 month and less than 3 months

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).

Morningstar LSTA Leveraged Loan Index- A market-value weighted index designed to measure the performance of the US leveraged loan, consisting of senior secured, USD denominated, a minimum initial term of 1 year, a base rate +125, and minimum issue size of \$50 million

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.



Appendix

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 150 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 \$2.0 trillion as of quarter-end and the average market value was \$13.2 billion.

Domestic Equity- A universe comprised of 52 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 \$1.0 trillion as of quarter-end and the average market value was \$18.5 billion.

Foreign Equity- A universe comprised of 55 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 \$1.0 trillion as of quarter-end and the average market value was \$18.5 billion.

Fixed Income- A universe comprised of 55 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 \$1.1 trillion as of quarter-end and the average market value was \$19.5 billion.

Real Estate- A universe comprised of 42 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 \$1.0 trillion as of quarter-end and the average market value was \$24.1 billion.

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

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

Active Credit- An appropriate universe for strategic investments is unavailable.



Appendix

Explanation of Exhibits

Quarterly and Cumulative Excess Performance- The vertical axis, excess return, is a measure of fund performance less the return of the primary benchmark. The horizontal axis represents the time series. The quarterly bars represent the underlying funds' relative performance for the quarter.

Ratio of Cumulative Wealth Graph- An illustration of a portfolio's cumulative, un-annualized performance relative to that of its benchmark. An upward-sloping line indicates superior fund performance versus its benchmark. Conversely, a downward-sloping line indicates underperformance by the fund. A flat line is indicative of benchmark-like performance.

Performance Comparison - Plan Sponsor Peer Group Analysis- An illustration of the distribution of returns for a particular asset class. The component's return is indicated by the circle and its performance benchmark by the triangle. The top and bottom borders represent the 5th and 95th percentiles, respectively. The solid line indicates the median while the dotted lines represent the 25th and 75th percentiles.



Notes

- The rates of return contained in this report are shown on an after-fees basis unless otherwise noted. They are geometric and time-weighted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.

Due to rounding throughout the report, percentage totals displayed may not sum to 100%. Additionally, individual fund totals in dollar terms may not sum to the plan total.



Disclaimer

Past performance is not necessarily indicative of future results.

Unless otherwise noted, performance returns presented reflect the respective fund's performance as indicated. Returns may be presented on a before-fees basis (gross) or after-fees basis (net). After-fee performance is net of each respective sub-advisors' investment management fees and include the reinvestment of dividends and interest as indicated on the notes page within this report or on the asset allocation and performance summary pages. Actual returns may be reduced by Aon Investments' investment advisory fees or other trust payable expenses you may incur as a client. Aon Investments' advisory fees are described in Form ADV Part 2A. Portfolio performance, characteristics and volatility also may differ from the benchmark(s) shown.

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AON

Quarterly Investment Review

FRS Investment Plan

Third Quarter 2025

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Table Of Contents

1	FRS Investment Plan	1
2	Appendix	13

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FRS Investment Plan

AON



Asset Allocation & Performance

As of September 30, 2025

	Allocation		Performance %					
	Market Value \$	%	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years
FRS Investment Plan	21,635,530,148	100.0	5.8	13.4	12.8	16.2	9.7	9.1
<i>Total Plan Aggregate Benchmark</i>			5.8	13.3	12.8	16.2	10.0	9.0
Retirement Date	11,705,026,827	54.1						
FRS Retirement Fund	642,614,613	3.0	3.7 (47)	10.1 (35)	7.8 (36)	9.9 (71)	5.6 (20)	5.9 (48)
<i>Retirement Custom Index</i>			3.6 (52)	9.8 (39)	7.4 (60)	9.5 (75)	5.3 (36)	5.7 (74)
FRS 2020 Retirement Date Fund	510,275,723	2.4	3.9 (68)	10.5 (44)	8.5 (49)	10.5 (97)	6.2 (70)	6.7 (83)
<i>2020 Retirement Custom Index</i>			3.9 (70)	10.2 (67)	8.0 (76)	10.4 (97)	6.0 (75)	6.5 (88)
FRS 2025 Retirement Date Fund	1,095,410,351	5.1	4.2 (73)	11.1 (55)	9.3 (38)	11.8 (93)	7.1 (51)	7.5 (69)
<i>2025 Retirement Custom Index</i>			4.4 (50)	11.1 (54)	9.2 (41)	12.0 (91)	7.1 (46)	7.4 (75)
FRS 2030 Retirement Date Fund	1,461,925,346	6.8	5.0 (40)	12.9 (27)	11.4 (7)	14.1 (72)	8.6 (16)	8.5 (47)
<i>2030 Retirement Custom Index</i>			5.2 (28)	12.8 (29)	11.2 (17)	14.3 (68)	8.6 (13)	8.4 (51)
FRS 2035 Retirement Date Fund	1,539,936,711	7.1	5.7 (19)	14.5 (21)	13.1 (1)	16.1 (74)	9.7 (32)	9.4 (42)
<i>2035 Retirement Custom Index</i>			5.9 (7)	14.3 (28)	12.8 (6)	16.2 (73)	9.7 (32)	9.2 (64)
FRS 2040 Retirement Date Fund	1,468,671,699	6.8	6.3 (31)	15.5 (31)	14.2 (18)	17.6 (78)	10.6 (59)	9.9 (69)
<i>2040 Retirement Custom Index</i>			6.2 (32)	15.1 (40)	13.7 (27)	17.6 (78)	10.5 (60)	9.8 (72)
FRS 2045 Retirement Date Fund	1,539,814,910	7.1	6.5 (50)	16.0 (46)	14.7 (30)	18.5 (84)	11.1 (73)	10.3 (77)
<i>2045 Retirement Custom Index</i>			6.4 (52)	15.5 (53)	14.2 (40)	18.4 (85)	11.1 (77)	10.2 (79)
FRS 2050 Retirement Date Fund	1,204,650,776	5.6	6.6 (61)	16.2 (51)	14.9 (46)	19.0 (90)	11.5 (72)	10.5 (72)
<i>2050 Retirement Custom Index</i>			6.5 (67)	15.7 (70)	14.3 (68)	18.8 (90)	11.4 (76)	10.3 (87)

AON

Asset Allocation & Performance

As of September 30, 2025

	Allocation		Performance %					
	Market Value \$	%	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years
FRS 2055 Retirement Date Fund	1,010,848,830	4.7	6.6 (64)	16.3 (63)	14.9 (58)	19.2 (91)	11.7 (82)	10.5 (77)
<i>2055 Retirement Custom Index</i>			6.5 (76)	15.7 (75)	14.3 (73)	18.8 (93)	11.5 (87)	10.4 (92)
FRS 2060 Retirement Date Fund	1,017,351,803	4.7	6.6 (75)	16.3 (71)	14.9 (68)	19.2 (95)	11.7 (85)	-
<i>2060 Retirement Custom Index</i>			6.5 (79)	15.7 (82)	14.3 (77)	18.8 (96)	11.5 (90)	-
FRS 2065 Retirement Date Fund	213,526,067	1.0	6.6 (75)	16.3 (70)	15.0 (67)	-	-	-
<i>2065 Retirement Custom Index</i>			6.5 (79)	15.7 (82)	14.3 (77)	-	-	-
Stable Value	1,310,484,567	6.1						
FRS Stable Value Fund	1,310,484,567	6.1	0.8 (58)	2.3 (59)	3.1 (48)	2.9 (61)	-	-
<i>PB:FTSE Treasury Bill-3 Month Blended Index</i>			0.7 (93)	3.5 (12)	3.4 (20)	4.2 (12)	-	-
Real Assets	159,699,402	0.7						
FRS Inflation Sensitive Fund	159,699,402	0.7	3.0	8.9	5.0	5.9	4.7	4.1
<i>FRS Custom Multi-Assets Index</i>			3.0	9.6	5.4	6.5	5.1	4.2
Fixed Income	613,169,984	2.8	2.1 (44)	6.6 (17)	4.3 (8)	6.5 (11)	1.0 (12)	2.9 (9)
<i>Total Bond Index</i>			2.0 (69)	6.3 (45)	3.9 (12)	6.0 (23)	0.6 (18)	2.5 (19)
FRS U.S. Bond Enhanced Index Fund	253,157,731	1.2	2.1 (52)	6.2 (53)	3.0 (57)	5.2 (58)	-0.3 (61)	1.9 (65)
<i>Blmbg. U.S. Aggregate Index</i>			2.0 (61)	6.1 (60)	2.9 (66)	4.9 (70)	-0.4 (71)	1.8 (75)
FRS Diversified Income Fund	360,012,253	1.7	2.2 (57)	6.5 (43)	4.4 (10)	6.7 (16)	1.1 (17)	3.2 (13)
<i>FRS Diversified Income Custom Index</i>			2.0 (83)	6.1 (86)	3.7 (38)	5.8 (56)	0.5 (41)	2.6 (49)



Asset Allocation & Performance

As of September 30, 2025

	Allocation		Performance %					
	Market Value \$	%	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years
Domestic Equity	4,848,993,105	22.4	7.9 (30)	14.0 (37)	16.8 (31)	23.9 (26)	15.4 (36)	14.1 (24)
<i>Total U.S. Equities Index</i>			8.1 (27)	14.2 (35)	17.2 (29)	23.8 (27)	15.9 (27)	14.2 (22)
FRS U.S. Stock Market Index Fund	2,453,994,048	11.3	8.2 (24)	14.4 (31)	17.4 (27)	24.2 (22)	15.8 (29)	14.8 (14)
<i>Russell 3000 Index</i>			8.2 (24)	14.4 (31)	17.4 (27)	24.1 (23)	15.7 (30)	14.7 (15)
FRS U.S. Stock Fund	2,394,999,057	11.1	7.2 (42)	13.0 (47)	15.2 (37)	23.7 (27)	14.8 (43)	-
<i>Russell 3000 Index</i>			8.2 (24)	14.4 (31)	17.4 (27)	24.1 (23)	15.7 (30)	-
International/Global Equity	1,053,331,699	4.9	6.7 (44)	26.0 (50)	17.1 (48)	21.3 (36)	10.6 (42)	9.2 (23)
<i>Total Foreign and Global Equities Index</i>			7.0 (41)	25.0 (56)	16.6 (52)	20.9 (41)	10.7 (40)	8.7 (33)
FRS Foreign Stock Index Fund	398,775,060	1.8	6.9 (41)	27.0 (43)	17.2 (47)	21.0 (40)	10.5 (43)	8.5 (37)
<i>MSCI All Country World ex-U.S. IMI Index</i>			6.9 (42)	26.0 (50)	16.4 (54)	20.5 (46)	10.2 (46)	8.2 (45)
FRS Global Stock Fund	425,653,707	2.0	5.3 (55)	19.4 (36)	15.7 (41)	22.7 (32)	11.9 (48)	13.3 (7)
<i>MSCI AC World Index (Net)</i>			7.6 (32)	18.4 (43)	17.3 (34)	23.1 (29)	13.5 (31)	11.9 (17)
FRS Foreign Stock Fund	228,902,932	1.1	6.9 (42)	26.9 (43)	17.3 (47)	21.3 (36)	8.4 (63)	8.7 (33)
<i>MSCI AC World ex USA (Net)</i>			6.9 (41)	26.0 (50)	16.4 (54)	20.7 (44)	10.3 (45)	8.2 (46)
FRS Self-Dir Brokerage Acct	1,944,824,563	9.0						

Note: The SDBA opened for members on 1/2/2014. No performance calculations will be made for the SDBA.



Asset Allocation & Performance

As of September 30, 2025

	Performance %									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
FRS Investment Plan	12.6	15.7	-15.1	14.1	13.1	20.5	-5.7	16.4	8.0	-0.9
<i>Total Plan Aggregate Benchmark</i>	12.8	15.4	-13.8	14.2	11.7	20.0	-5.8	15.5	8.5	-1.3
Retirement Date										
FRS Retirement Fund	6.1 (83)	8.6 (81)	-11.8 (36)	9.6 (1)	10.2 (38)	14.8 (36)	-3.7 (69)	10.8 (24)	6.2 (18)	-2.6 (100)
<i>Retirement Custom Index</i>	5.0 (89)	8.2 (92)	-10.7 (12)	8.9 (9)	9.6 (61)	14.5 (40)	-3.8 (69)	10.4 (41)	6.2 (18)	-1.8 (87)
FRS 2020 Retirement Date Fund	6.9 (98)	9.0 (98)	-12.1 (7)	10.5 (10)	10.5 (69)	16.3 (67)	-4.4 (51)	14.0 (29)	7.4 (22)	-2.1 (100)
<i>2020 Retirement Custom Index</i>	5.5 (99)	9.1 (98)	-11.1 (4)	10.0 (22)	10.2 (72)	16.0 (73)	-4.5 (53)	13.3 (49)	7.1 (25)	-1.6 (85)
FRS 2025 Retirement Date Fund	8.1 (72)	10.3 (94)	-13.0 (14)	11.7 (14)	11.4 (72)	18.2 (75)	-5.2 (51)	16.1 (25)	8.0 (22)	-1.7 (79)
<i>2025 Retirement Custom Index</i>	6.9 (95)	10.8 (89)	-11.9 (6)	11.3 (24)	11.2 (74)	17.8 (82)	-5.3 (56)	15.5 (39)	7.6 (26)	-1.5 (72)
FRS 2030 Retirement Date Fund	10.2 (33)	12.5 (89)	-13.7 (15)	12.8 (29)	12.0 (76)	19.8 (80)	-6.0 (46)	18.0 (27)	8.5 (20)	-1.3 (60)
<i>2030 Retirement Custom Index</i>	9.2 (74)	12.8 (85)	-12.7 (7)	12.4 (40)	12.0 (76)	19.4 (82)	-6.0 (47)	17.3 (46)	8.0 (28)	-1.5 (63)
FRS 2035 Retirement Date Fund	11.9 (25)	14.3 (91)	-14.5 (8)	13.8 (66)	12.6 (85)	21.1 (81)	-6.7 (45)	19.8 (21)	9.1 (16)	-1.4 (54)
<i>2035 Retirement Custom Index</i>	11.1 (59)	14.4 (91)	-13.6 (3)	13.4 (72)	12.7 (84)	20.8 (87)	-6.8 (46)	18.9 (48)	8.3 (37)	-1.7 (62)
FRS 2040 Retirement Date Fund	12.9 (51)	15.7 (94)	-15.2 (9)	14.6 (80)	13.3 (77)	22.5 (77)	-7.5 (51)	20.9 (24)	9.2 (14)	-1.4 (49)
<i>2040 Retirement Custom Index</i>	12.2 (75)	15.8 (94)	-14.4 (5)	14.3 (85)	13.4 (75)	22.1 (82)	-7.5 (51)	20.4 (42)	8.6 (45)	-1.7 (65)
FRS 2045 Retirement Date Fund	13.4 (71)	16.9 (90)	-15.8 (12)	15.4 (90)	13.8 (77)	23.4 (81)	-8.0 (57)	21.5 (24)	9.4 (25)	-1.5 (52)
<i>2045 Retirement Custom Index</i>	12.8 (83)	16.7 (94)	-15.0 (9)	15.1 (91)	13.9 (75)	23.0 (87)	-8.0 (57)	21.2 (41)	8.9 (38)	-1.7 (64)
FRS 2050 Retirement Date Fund	13.6 (77)	17.5 (89)	-16.0 (11)	16.1 (88)	14.0 (75)	24.0 (82)	-8.4 (66)	21.6 (26)	9.5 (24)	-1.5 (61)
<i>2050 Retirement Custom Index</i>	13.0 (89)	17.2 (93)	-15.1 (4)	15.8 (94)	14.1 (72)	23.6 (83)	-8.4 (66)	21.3 (49)	8.9 (42)	-1.7 (66)
FRS 2055 Retirement Date Fund	13.6 (82)	17.8 (89)	-16.0 (12)	16.4 (86)	14.3 (88)	24.1 (88)	-8.4 (60)	21.5 (40)	9.3 (35)	-1.4 (53)
<i>2055 Retirement Custom Index</i>	13.0 (90)	17.2 (92)	-15.1 (2)	16.0 (92)	14.1 (79)	23.7 (90)	-8.4 (60)	21.3 (56)	8.9 (39)	-1.7 (64)



Asset Allocation & Performance

As of September 30, 2025

	Performance %									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
FRS 2060 Retirement Date Fund	13.6 (89)	17.8 (93)	-16.0 (7)	16.4 (80)	14.5 (78)	24.2 (-)	-8.3 (-)	-	-	-
<i>2060 Retirement Custom Index</i>	13.0 (98)	17.2 (96)	-15.1 (1)	16.0 (89)	14.1 (81)	23.7 (-)	-8.4 (-)	-	-	-
FRS 2065 Retirement Date Fund	13.6 (89)	-	-	-	-	-	-	-	-	-
<i>2065 Retirement Custom Index</i>	13.0 (98)	-	-	-	-	-	-	-	-	-
Stable Value										
FRS Stable Value Fund	3.1 (49)	2.7 (78)	1.8 (63)	-	-	-	-	-	-	-
<i>PB:FTSE Treasury Bill-3 Month Blended Index</i>	4.1 (7)	4.3 (12)	-3.6 (94)	-	-	-	-	-	-	-
Real Assets										
FRS Inflation Sensitive Fund	2.4	2.5	-7.7	12.8	4.0	13.0	-5.5	8.1	6.0	-7.9
<i>FRS Custom Multi-Assets Index</i>	2.2	2.9	-5.9	11.5	2.3	13.0	-5.5	8.1	6.2	-5.0
Fixed Income	3.5 (10)	7.1 (15)	-12.4 (16)	-0.3 (15)	8.0 (55)	9.8 (22)	-0.1 (36)	4.4 (22)	4.7 (12)	0.3 (59)
<i>Total Bond Index</i>	2.7 (20)	6.7 (24)	-11.9 (13)	-0.7 (27)	7.2 (84)	9.2 (48)	-0.1 (30)	3.9 (43)	4.3 (17)	0.1 (71)
FRS U.S. Bond Enhanced Index Fund	1.6 (61)	5.9 (55)	-13.1 (34)	-1.7 (68)	7.8 (63)	8.7 (61)	0.0 (23)	3.6 (59)	2.7 (66)	0.7 (26)
<i>Blmbg. U.S. Aggregate Index</i>	1.3 (83)	5.5 (75)	-13.0 (30)	-1.5 (62)	7.5 (72)	8.7 (61)	0.0 (24)	3.5 (63)	2.6 (67)	0.5 (36)
FRS Diversified Income Fund	3.5 (16)	7.7 (11)	-13.2 (47)	-0.1 (21)	8.6 (55)	11.0 (18)	-0.5 (40)	5.3 (28)	5.7 (15)	0.1 (47)
<i>FRS Diversified Income Custom Index</i>	2.0 (72)	6.9 (45)	-12.5 (23)	-0.3 (31)	7.6 (75)	10.0 (41)	-0.4 (36)	4.2 (69)	4.9 (33)	0.2 (43)
Domestic Equity	22.3 (31)	27.1 (23)	-20.4 (69)	24.6 (58)	20.0 (35)	30.1 (38)	-6.5 (49)	20.8 (49)	13.7 (30)	0.7 (32)
<i>Total U.S. Equities Index</i>	23.2 (29)	25.7 (29)	-19.1 (62)	25.9 (44)	18.9 (38)	30.0 (38)	-6.5 (49)	19.6 (57)	14.9 (23)	-0.5 (42)
FRS U.S. Stock Market Index Fund	23.8 (26)	26.0 (27)	-19.2 (62)	25.7 (46)	21.0 (31)	31.1 (28)	-5.2 (36)	21.2 (43)	12.9 (35)	0.6 (32)
<i>Russell 3000 Index</i>	23.8 (27)	26.0 (28)	-19.2 (63)	25.7 (46)	20.9 (31)	31.0 (28)	-5.2 (36)	21.1 (46)	12.7 (37)	0.5 (33)
FRS U.S. Stock Fund	19.9 (41)	30.2 (16)	-22.4 (76)	22.9 (65)	-	-	-	-	-	-
<i>Russell 3000 Index</i>	23.8 (27)	26.0 (28)	-19.2 (63)	25.7 (46)	-	-	-	-	-	-



Asset Allocation & Performance

As of September 30, 2025

	Performance %									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
International/Global Equity	6.4 (39)	17.1 (40)	-18.2 (54)	9.5 (49)	15.2 (40)	23.7 (38)	-13.5 (33)	28.6 (49)	4.5 (44)	-2.6 (47)
<i>Total Foreign and Global Equities Index</i>	<i>6.8 (36)</i>	<i>16.4 (45)</i>	<i>-16.8 (46)</i>	<i>9.8 (47)</i>	<i>11.7 (51)</i>	<i>22.3 (47)</i>	<i>-14.0 (39)</i>	<i>27.3 (58)</i>	<i>4.9 (41)</i>	<i>-4.4 (54)</i>
FRS Foreign Stock Index Fund	5.1 (50)	16.0 (48)	-16.6 (45)	8.6 (53)	11.5 (51)	22.3 (47)	-14.7 (46)	28.3 (51)	5.3 (38)	-4.4 (54)
<i>MSCI All Country World ex-U.S. IMI Index</i>	<i>5.2 (49)</i>	<i>15.6 (51)</i>	<i>-16.6 (45)</i>	<i>8.5 (53)</i>	<i>11.1 (53)</i>	<i>21.6 (53)</i>	<i>-14.8 (47)</i>	<i>27.8 (54)</i>	<i>4.4 (44)</i>	<i>-4.6 (55)</i>
FRS Global Stock Fund	14.1 (40)	25.0 (23)	-25.6 (70)	18.1 (45)	33.8 (23)	30.5 (25)	-5.6 (21)	29.3 (18)	2.2 (84)	5.6 (12)
<i>MSCI AC World Index (Net)</i>	<i>17.5 (25)</i>	<i>22.2 (33)</i>	<i>-18.4 (49)</i>	<i>18.5 (40)</i>	<i>16.3 (45)</i>	<i>26.6 (47)</i>	<i>-9.4 (52)</i>	<i>24.0 (41)</i>	<i>7.9 (47)</i>	<i>-2.4 (57)</i>
FRS Foreign Stock Fund	6.4 (38)	16.1 (48)	-22.7 (74)	2.8 (71)	25.3 (17)	27.4 (21)	-14.9 (49)	31.2 (40)	1.0 (68)	-0.5 (36)
<i>MSCI AC World ex USA (Net)</i>	<i>5.5 (46)</i>	<i>15.6 (51)</i>	<i>-16.0 (42)</i>	<i>7.8 (56)</i>	<i>10.7 (55)</i>	<i>21.5 (54)</i>	<i>-14.2 (41)</i>	<i>27.2 (59)</i>	<i>4.5 (43)</i>	<i>-5.7 (59)</i>



Asset Allocation - FRS Investment Plan

As of September 30, 2025

Asset Allocation as of 9/30/2025								
	U.S. Equity	Non-U.S. Equity	U.S. Fixed Income	Real Assets	Stable Value	Brokerage	Total	% of Total
FRS Retirement Fund	111,172,328	59,763,159	336,730,057	134,949,069			642,614,613	3.0%
FRS 2020 Retirement Date Fund	101,544,869	55,109,778	237,278,211	116,342,865			510,275,723	2.4%
FRS 2025 Retirement Date Fund	249,753,560	133,640,063	443,641,192	268,375,536			1,095,410,351	5.1%
FRS 2030 Retirement Date Fund	483,897,290	261,684,637	432,729,902	283,613,517			1,461,925,346	6.8%
FRS 2035 Retirement Date Fund	642,153,608	344,945,823	303,367,532	249,469,747			1,539,936,710	7.1%
FRS 2040 Retirement Date Fund	696,150,385	374,511,283	190,927,321	207,082,710			1,468,671,699	6.8%
FRS 2045 Retirement Date Fund	774,526,900	418,829,655	150,901,861	195,556,494			1,539,814,910	7.1%
FRS 2050 Retirement Date Fund	622,804,451	334,892,916	112,032,522	134,920,887			1,204,650,776	5.6%
FRS 2055 Retirement Date Fund	522,608,845	281,015,975	94,008,941	113,215,069			1,010,848,830	4.7%
FRS 2060 Retirement Date Fund	525,970,882	282,823,801	94,613,718	113,943,402			1,017,351,803	4.7%
FRS 2065 Retirement Date Fund	110,392,976	59,360,247	19,857,924	23,914,919			213,526,066	1.0%
Total Retirement Date Funds	\$ 4,840,976,095	\$ 2,606,577,337	\$ 2,416,089,182	\$ 1,841,384,214	\$ -	\$ -	\$ 11,705,026,827	54.1%
FRS Stable Value Fund					1,310,484,567		1,310,484,567	6.1%
Total Stable Value	\$ -	\$ -	\$ -	\$ -	\$ 1,310,484,567	\$ -	\$ 1,310,484,567	6.1%
FRS Inflation Adjusted Multi-Assets Fund				159,699,402			159,699,402	0.7%
Total Real Assets	\$ -	\$ -	\$ -	\$ 159,699,402	\$ -	\$ -	\$ 159,699,402	0.7%
FRS U.S. Bond Enhanced Index Fund			253,157,731				253,157,731	1.2%
FRS Diversified Income Fund			360,012,253				360,012,253	1.7%
Total Fixed Income	\$ -	\$ -	\$ 613,169,984	\$ -	\$ -	\$ -	\$ 613,169,984	2.8%
FRS U.S. Stock Market Index Fund	2,453,994,048						2,453,994,048	11.3%
FRS U.S. Stock Fund	2,394,999,057						2,394,999,057	11.1%
Total Domestic Equity	\$ 4,848,993,105	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,848,993,105	22.4%
FRS Foreign Stock Index Fund		398,775,060					398,775,060	1.8%
FRS Global Stock Fund		425,653,707					425,653,707	2.0%
FRS Foreign Stock Fund		228,902,932					228,902,932	1.1%
Total International/Global Equity	\$ -	\$ 1,053,331,699	\$ -	\$ -	\$ -	\$ -	\$ 1,053,331,699	4.9%
FRS Self-Dir Brokerage Acct						1,944,824,563	1,944,824,563	9.0%
Total Self-Dir Brokerage Acct	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,944,824,563	\$ 1,944,824,563	9.0%
Total Portfolio	\$ 9,689,969,200	\$ 3,659,909,036	\$ 3,029,259,166	\$ 2,001,083,616	\$ 1,310,484,567	\$ 1,944,824,563	\$ 21,635,530,148	100.0%
Percent of Total	44.8%	16.9%	14.0%	9.2%	6.1%	9.0%	100.0%	

Note: The SDBA opened for members on 1/2/14. No performance calculations will be made for the SDBA.



Multi Time Period Statistics

As of September 30, 2025

	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	16.19	9.68	1.12	0.62	-0.03	100.48	101.60
FRS Retirement Fund	9.93	7.25	0.70	0.60	0.62	101.80	98.83
FRS 2020 Retirement Date Fund	10.55	7.52	0.75	0.65	0.25	100.60	99.17
FRS 2025 Retirement Date Fund	11.81	8.13	0.84	0.72	-0.22	99.08	99.80
FRS 2030 Retirement Date Fund	14.15	9.21	0.98	0.71	-0.16	99.92	101.21
FRS 2035 Retirement Date Fund	16.13	10.13	1.07	0.73	-0.11	100.24	101.62
FRS 2040 Retirement Date Fund	17.56	10.81	1.12	0.75	0.00	100.83	102.38
FRS 2045 Retirement Date Fund	18.53	11.26	1.16	0.80	0.18	101.51	102.84
FRS 2050 Retirement Date Fund	18.96	11.47	1.17	0.82	0.22	101.72	103.07
FRS 2055 Retirement Date Fund	19.18	11.58	1.18	0.89	0.39	102.47	103.50
FRS 2060 Retirement Date Fund	19.17	11.57	1.18	0.89	0.38	102.42	103.45
FRS 2065 Retirement Date Fund	-	-	-	-	-	-	-
FRS Stable Value Fund	2.89	0.10	-9.27	0.17	-11.71	58.49	-
FRS Inflation Sensitive Fund	5.86	6.57	0.19	1.00	-0.59	94.20	97.03
FRS U.S. Bond Enhanced Index Fund	5.15	6.53	0.09	0.25	0.90	101.76	99.77
FRS Diversified Income Fund	6.71	5.69	0.35	0.45	1.81	102.78	90.29
FRS U.S. Stock Market Index Fund	24.16	13.91	1.30	0.03	1.15	100.09	99.96
FRS U.S. Stock Fund	23.71	14.50	1.23	2.08	-0.12	100.41	103.49
FRS Foreign Stock Index Fund	21.02	14.13	1.10	2.28	0.25	106.61	113.75
FRS Global Stock Fund	22.71	13.25	1.27	2.76	-0.09	99.12	99.75
FRS Foreign Stock Fund	21.27	14.43	1.09	3.89	0.17	109.28	120.66



11

Multi Time Period Statistics

As of September 30, 2025

	5 Years Return	5 Years Standard Deviation	5 Years Sharpe Ratio	5 Years Tracking Error	5 Years Information Ratio	5 Years Up Market Capture	5 Years Down Market Capture
FRS Investment Plan	9.72	11.30	0.62	0.62	-0.34	100.47	102.72
FRS Retirement Fund	5.59	8.33	0.34	0.55	0.47	101.82	100.07
FRS 2020 Retirement Date Fund	6.18	8.70	0.40	0.61	0.20	99.89	98.49
FRS 2025 Retirement Date Fund	7.10	9.52	0.46	0.67	-0.07	98.93	98.63
FRS 2030 Retirement Date Fund	8.55	10.61	0.55	0.67	-0.03	99.64	99.56
FRS 2035 Retirement Date Fund	9.75	11.59	0.61	0.69	0.00	100.00	100.02
FRS 2040 Retirement Date Fund	10.59	12.40	0.64	0.71	0.07	100.45	100.45
FRS 2045 Retirement Date Fund	11.15	13.04	0.65	0.74	0.09	101.00	101.34
FRS 2050 Retirement Date Fund	11.54	13.38	0.67	0.77	0.13	101.18	101.46
FRS 2055 Retirement Date Fund	11.68	13.54	0.67	0.81	0.24	101.94	102.22
FRS 2060 Retirement Date Fund	11.68	13.54	0.67	0.80	0.25	101.94	102.17
FRS 2065 Retirement Date Fund	-	-	-	-	-	-	-
FRS Stable Value Fund	-	-	-	-	-	-	-
FRS Inflation Sensitive Fund	4.73	7.69	0.26	0.97	-0.34	96.16	97.62
FRS U.S. Bond Enhanced Index Fund	-0.34	6.45	-0.49	0.22	0.52	101.70	100.36
FRS Diversified Income Fund	1.08	6.12	-0.28	0.64	0.85	104.22	97.49
FRS U.S. Stock Market Index Fund	15.77	16.26	0.81	0.03	1.06	100.07	99.96
FRS U.S. Stock Fund	14.79	17.17	0.72	2.39	-0.29	100.26	104.75
FRS Foreign Stock Index Fund	10.48	15.66	0.53	1.99	0.16	104.90	106.32
FRS Global Stock Fund	11.87	16.67	0.58	3.62	-0.34	101.94	111.75
FRS Foreign Stock Fund	8.36	16.53	0.39	4.30	-0.35	104.88	118.20



12

Appendix

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Benchmark Descriptions

Retirement Date Benchmarks - A weighted average composite of the underlying components' benchmarks for each fund.

ICE BofA US Treasuries 1-3 Year Index - An unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than three years.

FTSE 3-Month US T-Bill Index - An index intended to track the daily performance of 3-month US Treasury bills.

FRS Custom Multi-Assets Index - A monthly weighted composite of underlying indices for each TIPS and Real Assets fund. These indices include Barclays U.S. TIPS Index, MSCI AC World Index and the Bloomberg Commodity Total Return Index, NAREIT Developed Index, S&P Global Infrastructure Index, S&P Global Natural Resources Index.

Total Bond Index - A weighted average composite of the underlying benchmarks for each bond fund.

Barclays Aggregate Bond Index - A market value-weighted index consisting of government bonds, SEC-registered corporate bonds and mortgage-related and asset-backed securities with at least one year to maturity and an outstanding par value of \$250 million or greater. This index is a broad measure of the performance of the investment grade U.S. fixed income market.

FRS Diversified Income Custom Index - A monthly rebalanced blend of 80% Barclays U.S. Aggregate Bond Index and 20% Barclays U.S. High Yield Ba/B 1% Issuer Constrained Index.

Total U.S. Equities Index - A weighted average composite of the underlying benchmarks for each domestic equity fund.

Russell 3000 Index - A capitalization-weighted index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This index is a broad measure of the performance of the aggregate domestic equity market.

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 24 emerging countries, excluding the U.S. market.

MSCI All Country World ex-U.S. Index - A capitalization-weighted index consisting of 23 developed and 24 emerging countries, but excluding the U.S.

MSCI All Country World Index - A capitalization-weighted index of stocks representing approximately 47 developed and emerging countries, including the U.S. and Canadian markets.

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Descriptions of Universes

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

FRS Stable Value Fund - A stable value universe calculated and provided by Lipper.

FRS U.S. Bond Enhanced Index Fund - A broad market core fixed income universe calculated and provided by Lipper.

FRS Diversified Income Fund - A broad market core plus fixed income universe calculated and provided by Lipper.

FRS U.S. Stock Market Index Fund - A multi-cap U.S. equity universe calculated and provided by Lipper.

FRS U.S. Stock Fund - A multi-cap U.S. equity universe calculated and provided by Lipper.

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

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

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



Notes

- The rates of return contained in this report are shown on an after-fees basis unless otherwise noted. They are geometric and time-weighted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.

Due to rounding throughout the report, percentage totals displayed may not sum to 100%. Additionally, individual fund totals in dollar terms may not sum to the plan total.



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Past performance is not necessarily indicative of future results.

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