



# Performance Report to the Trustees



*Performance Through July 31, 2019*





STATE BOARD OF ADMINISTRATION  
OF FLORIDA

1801 HERMITAGE BOULEVARD, SUITE 100  
TALLAHASSEE, FLORIDA 32308  
(850) 488-4406

POST OFFICE BOX 13300  
32317-3300

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TO: Members, State Board of Administration  
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Chief Financial Officer Jimmy Patronis  
Attorney General Ashley Moody

FROM: Ashbel C. Williams

DATE: September 26, 2019

SUBJECT: Performance Report to the Trustees for the Month Ending July 31, 2019

Please find attached the SBA's Performance Report to the Trustees for the month ending July 31, 2019. For the fiscal-year to-date through July 31, 2019, performance for the SBA's three multi-asset class mandates was as follows.

	Actual Return	Benchmark Return	Value Added
FRS Pension Plan	0.40%	0.17%	0.23%
FRS Investment Plan	0.32%	0.44%	(0.12%)
Lawton Chiles Endowment	0.28%	0.28%	0.00%

Florida Statutes, Section 215.47(6), the "basket clause," requires the Executive Director to report to the Investment Advisory Council any proposed plans to invest in certain investments that are not explicitly authorized. During the month ending July 31, 2019, no proposed plans for such investments were reported to the Investment Advisory Council.

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

cc: IAC Members  
Beau Beaubien  
Leah Trilling  
Cynthia Kelly  
Robert Tornillo  
Tayna Cooper  
Erin Sumpter  
Daniel Olson

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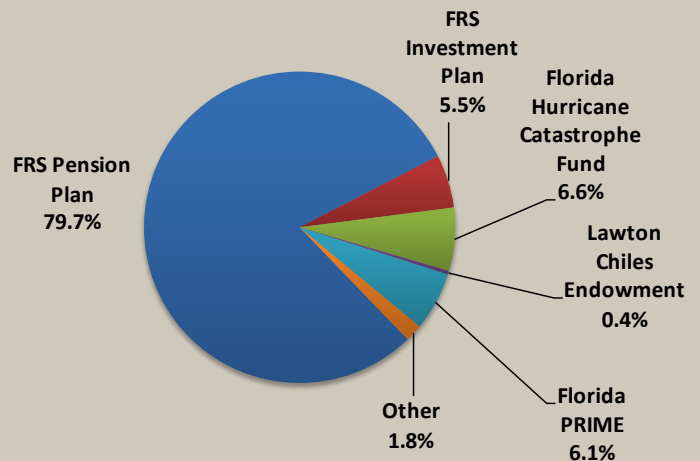
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## SUMMARY OF MANDATES

**TOTAL FUNDS UNDER MANAGEMENT**



**BREAKDOWN OF FUNDS UNDER MANAGEMENT**



# SUMMARY OF MANDATES

Fund Name	COST <sup>1</sup>	MARKET <sup>1</sup>
Florida Retirement System Defined Benefit Pension Plan	\$128,395,081,517.69	\$163,094,172,885.35
Florida Retirement System Investment Plan	\$8,606,000,056.85	\$11,303,939,531.57
Lawton Chiles Endowment Fund <sup>3</sup>	\$672,572,365.68	\$795,826,392.78
Debt Service Funds:		
Outstanding (non-escrow)	447,518,787.93	447,811,740.22
Refunded (escrow)	166,787,225.77	167,274,593.08
Florida DOT Financing Corp	1,406,095.08	1,405,803.98
Gas Tax Clearing Fund	\$350,641.04	\$350,669.38
Florida PRIME	\$13,146,663,241.29	\$13,148,573,672.91
Less Florida PRIME holdings in SBA funds <sup>2</sup>	(\$687,692,559.04)	(\$687,692,559.04)
Florida Hurricane Catastrophe	\$13,316,324,916.55	\$13,425,532,169.05
State Board of Administration Finance Corporation	\$1,718,581,840.19	\$1,733,601,499.35
Florida Lottery <sup>3</sup>	\$162,857,299.31	\$303,041,891.91
Retiree Health Insurance Subsidy <sup>3</sup>	\$261,148,570.81	\$261,148,570.81
Police and Fire Fighters' Premium Tax Trust Fund <sup>3</sup>	\$273,270,531.32	\$273,270,531.32
Florida Prepaid College Plan Administration Expense <sup>3</sup>	\$890,620.85	\$890,620.85
Florida Prepaid College Plan Trust Account <sup>3</sup>	\$12,478,178.15	\$12,478,178.15
Florida Prepaid College Plan QMA Account	\$205,368,072.56	\$219,488,095.39
Florida College Investment Plan Administration Expense <sup>3</sup>	\$638,398.38	\$638,398.38
Florida College Investment Plan QMA Account	\$57,907,004.26	\$63,421,824.16
Florida College Investment Plan <sup>3</sup>	\$39,962,498.92	\$39,962,498.92
Florida ABLE, Inc. Administrative Expense <sup>3</sup>	\$2,905,802.28	\$2,905,802.28
Florida ABLE, Inc. Program <sup>3</sup>	\$3,420,111.24	\$3,420,111.24
SBA Administrative Expense Fund:		
SBA Administrative Expense <sup>3</sup>	\$71,701,109.22	\$71,701,109.22
SBA Defined Contribution Administrative Expense <sup>3</sup>	\$17,883,070.06	\$17,883,070.06
Division of Bond Finance:		
Revenue Bond Fee <sup>3</sup>	\$6,365,311.48	\$6,365,311.48
Arbitrage Compliance <sup>3</sup>	\$2,687,193.85	\$2,687,193.85
Bond Proceeds	\$8,068,600.00	\$8,075,518.14
Florida Division of Blind Services	\$2,936,656.93	\$6,259,925.88
Insurance Capital Build-up Program <sup>3</sup>	\$1,611,565.61	\$1,611,565.61
Inland Protection Finance Corporation <sup>3</sup>	\$1,615.60	\$1,615.60
Paying Bank Recalls	\$0.00	\$0.00
Total - All SBA Funds	\$166,915,696,339.86	\$204,726,048,231.88

<sup>1</sup> The "Cost" and "Market" columns generally include cash, investment securities, accrued income, pending trades, and the total unrealized gain or loss on invested securities lending cash collateral (if applicable). They do not include security lending income receivable, manager fees payable, and also may not include other receivables or payables that are unique to individual portfolios or funds.

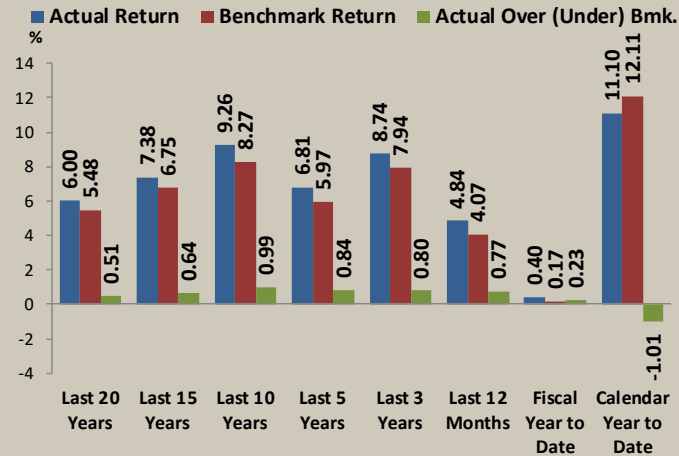
<sup>2</sup> The line titled "Less Florida PRIME Holdings in SBA Funds" includes the total investments in Florida PRIME held by other SBA managed funds that are already included on this report. In order to prevent double counting, these amounts are shown as a reduction to the Florida PRIME fund.

<sup>3</sup> Fund is invested completely, or partially, in Florida PRIME.  
This information is not audited by an independent auditor.

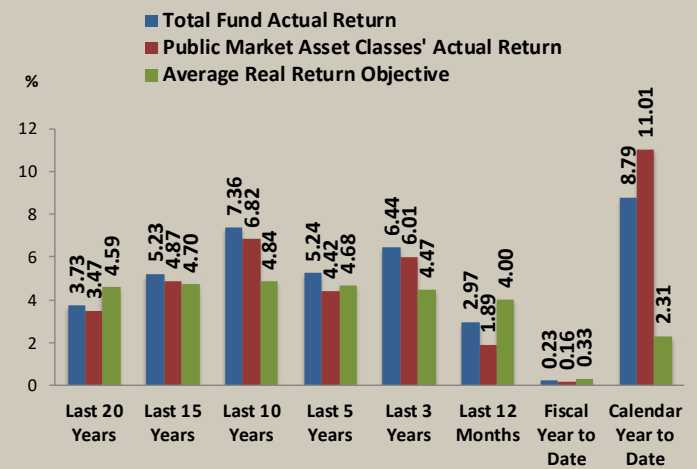
# FLORIDA RETIREMENT SYSTEM PENSION PLAN

## TOTAL FUND PERFORMANCE & NET ASSET VALUE CHARTS

### TOTAL FUND PERFORMANCE

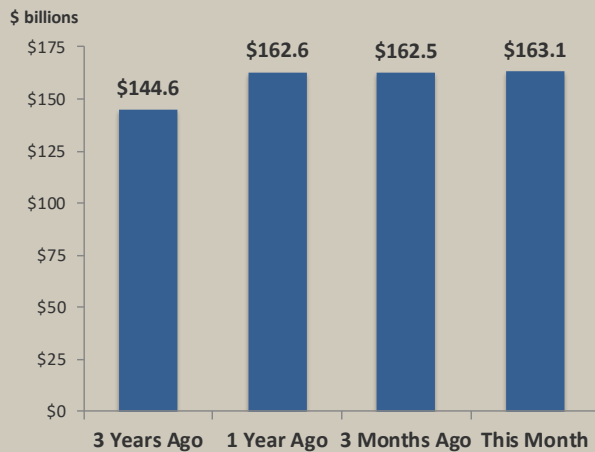


### REAL RETURNS<sup>1</sup> (RETURNS NET OF INFLATION)

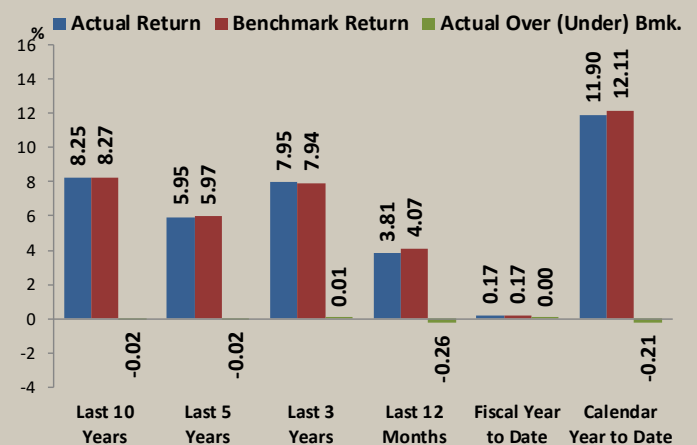


<sup>1</sup> The FRS's real return objective was 4.3% prior to June 2003, 4% from June 2003 to May 2007, 5% from June 1, 2007 to June 2017, 4.5% from July 2017 to June 2018, and 4.0% since July 2018.

### NET ASSET VALUES



### RETURNS TO ASSET ALLOCATION





# FLORIDA RETIREMENT SYSTEM PENSION PLAN

## ASSET CLASS BENCHMARKS, ALLOCATION & CASH FLOWS

### ASSET CLASS BENCHMARKS

Asset Class	Index
Global Equity	A custom version of the MSCI All Country World Investable Market Index (ACWI IMI), in dollar terms, net of withholding taxes on non-resident institutional investors, adjusted to reflect the provisions of the Protecting Florida's Investments Act
Fixed Income	The Barclays Capital U.S. Intermediate Aggregate Index
Real Estate	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%
Private Equity	The MSCI All Country World Investable Market Index (ACWI IMI), in dollar terms, net of withholding taxes on non-resident institutional investors, adjusted to reflect the provisions of the Protecting Florida's Investments Act, plus a fixed premium return of 300 basis points per annum
Strategic Investments	A weighted-average of individual portfolio level benchmark returns
Cash & Cash Equivalents	Bank of America Merrill Lynch 3-Month US Treasury Index

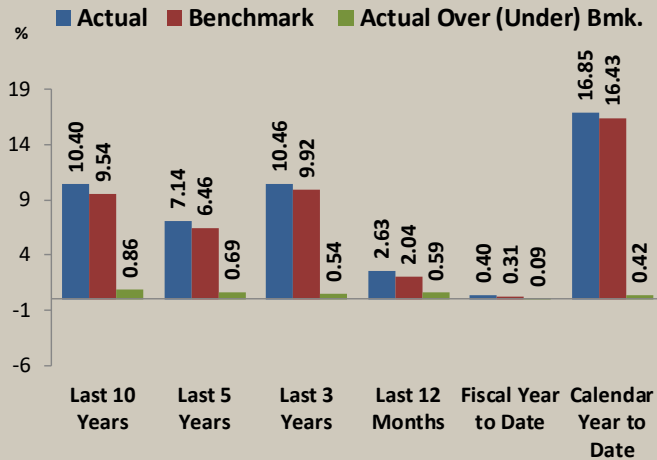
### CURRENT ASSET ALLOCATION, TARGET AND RANGES

	Current Weight	Policy Weight	Policy Low	Policy High	Actual Low	Actual High
Global Equity	54.7%	53.0%	45.0%	70.0%	54.7%	55.2%
Fixed Income	18.8%	18.0%	10.0%	26.0%	18.6%	18.8%
Real Estate	9.4%	10.0%	4.0%	16.0%	9.2%	9.4%
Private Equity	7.2%	6.0%	2.0%	9.0%	7.1%	7.2%
Strategic Investments	8.5%	12.0%	0.0%	16.0%	8.3%	8.6%
Cash & Cash Equivalents	1.4%	1.0%	0.25%	5.0%	1.2%	1.8%

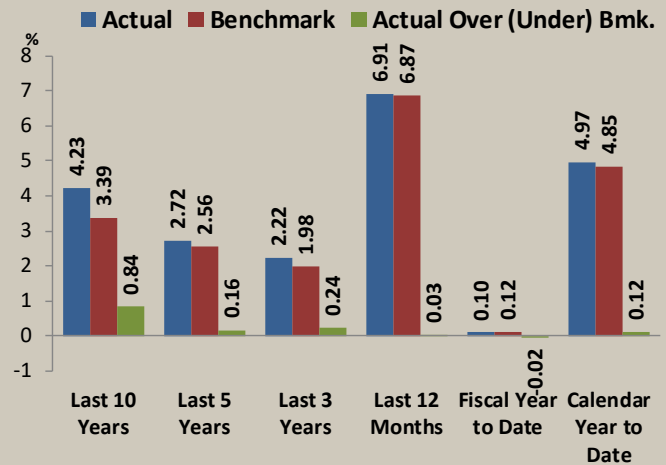
# FLORIDA RETIREMENT SYSTEM PENSION PLAN

## ASSET CLASS PERFORMANCE CHARTS

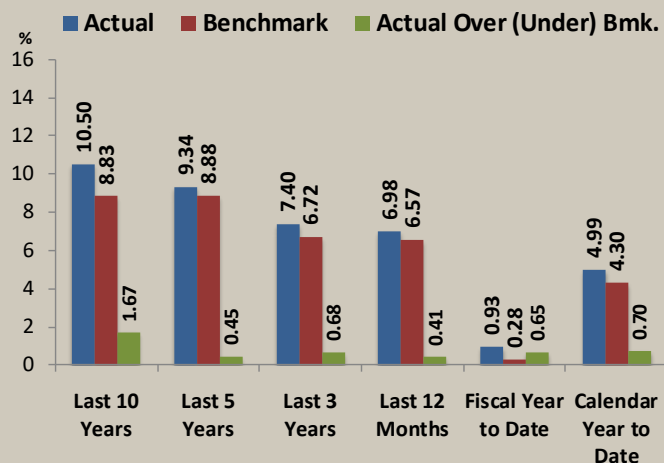
### GLOBAL EQUITY PERFORMANCE



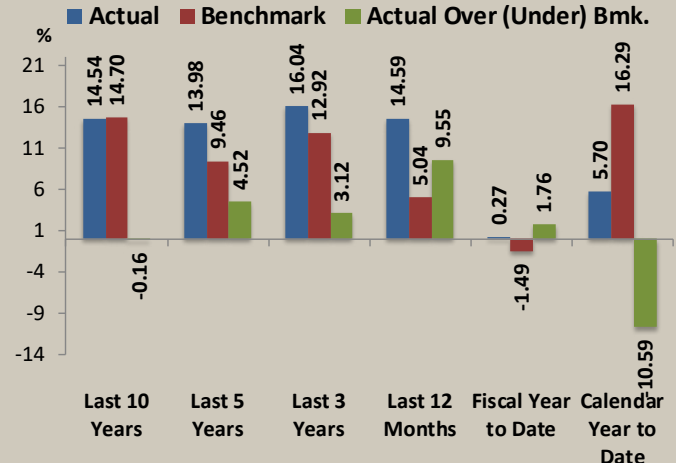
### FIXED INCOME PERFORMANCE



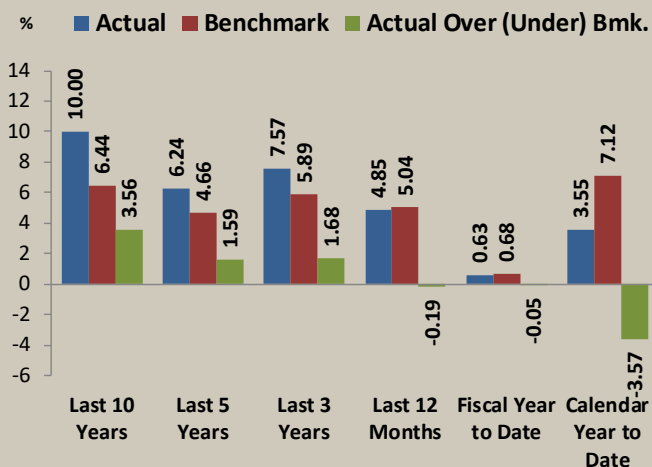
### REAL ESTATE PERFORMANCE<sup>1</sup>



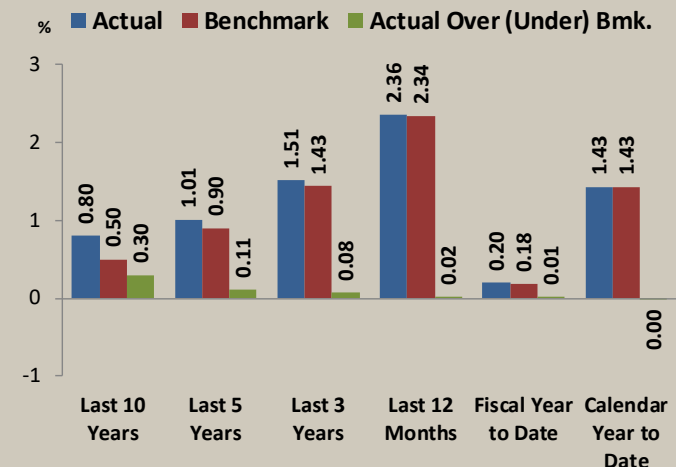
### PRIVATE EQUITY PERFORMANCE<sup>1</sup>



### STRATEGIC INVESTMENTS PERFORMANCE<sup>1</sup>



### CASH & CASH EQUIVALENTS PERFORMANCE



<sup>1</sup> Private-market valuations are subject to significant delays relative to the reporting period.



# FLORIDA RETIREMENT SYSTEM PENSION PLAN

## TOTAL FUND & ASSET CLASS ACTIVE RISK

The SBA monitors investment risks relative to established targets. This is referred to as active risk.

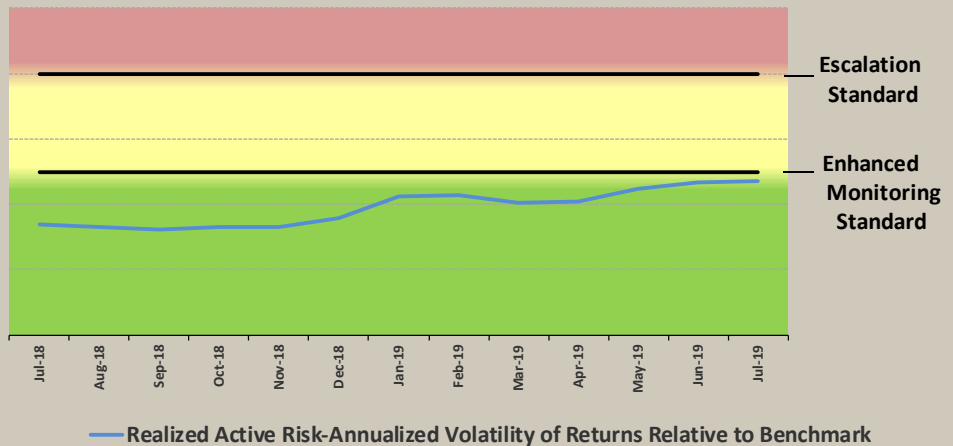
Realized active risk represents the volatility of investment performance returns achieved relative to the target benchmark on a 36 month rolling basis.

The enhanced monitoring and escalation standards in these charts reflect bands of acceptable active risk levels as established in SBA policy.

Sources, levels, and trends in active risk are regularly evaluated by the SBA Senior Investment Group.

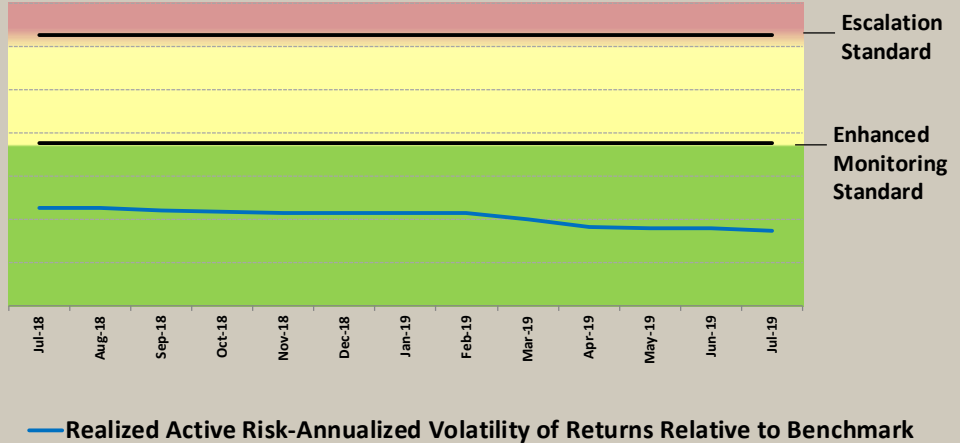
### TOTAL FUND RISK

#### Total Fund



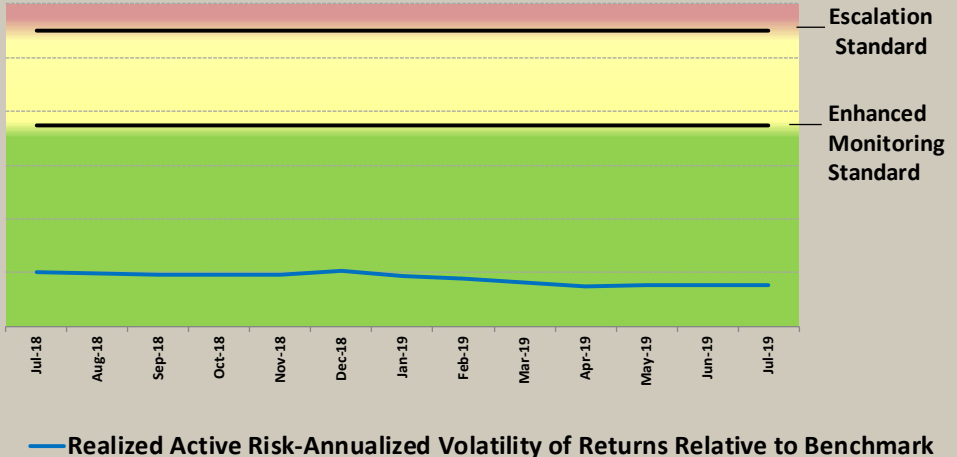
### GLOBAL EQUITY RISK

#### Global Equity



### FIXED INCOME RISK

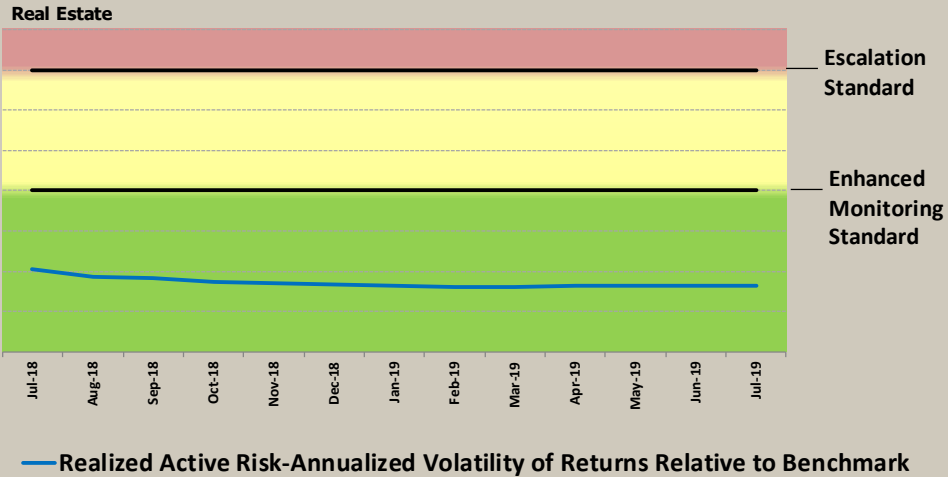
#### Fixed Income



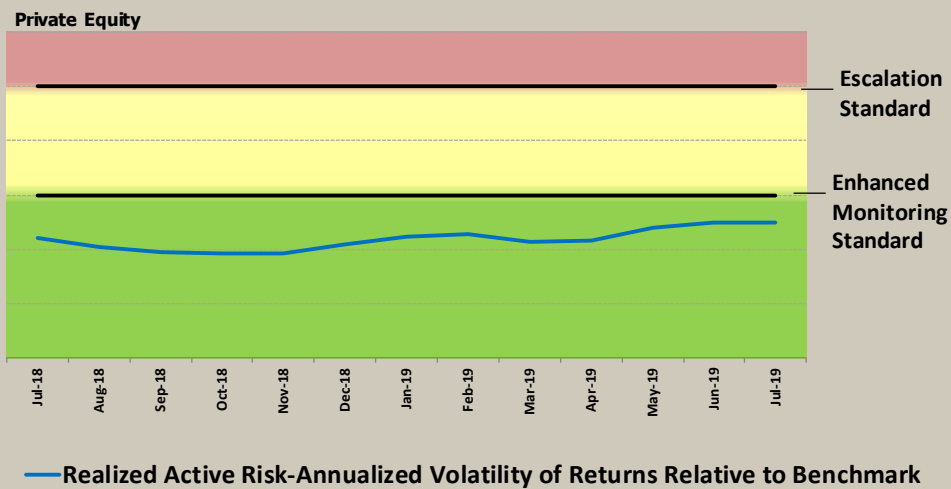
# FLORIDA RETIREMENT SYSTEM PENSION PLAN

## TOTAL FUND & ASSET CLASS ACTIVE RISK

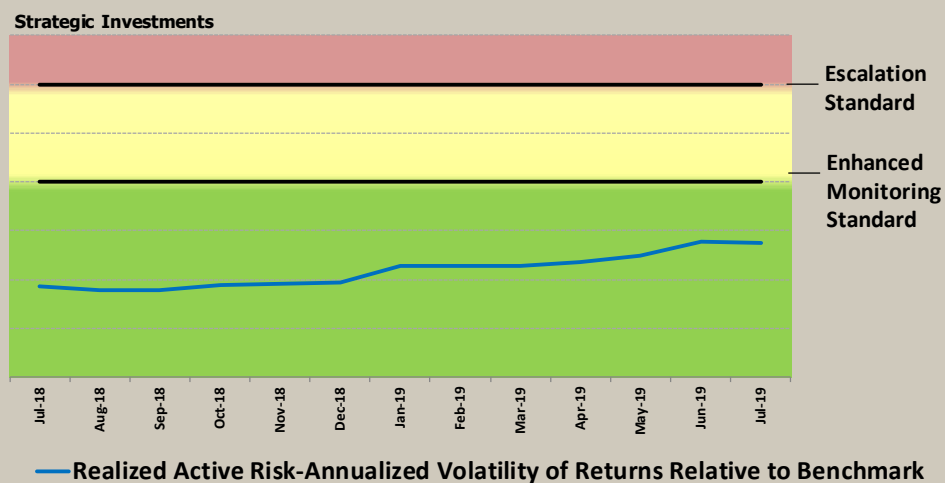
### REAL ESTATE RISK



### PRIVATE EQUITY RISK

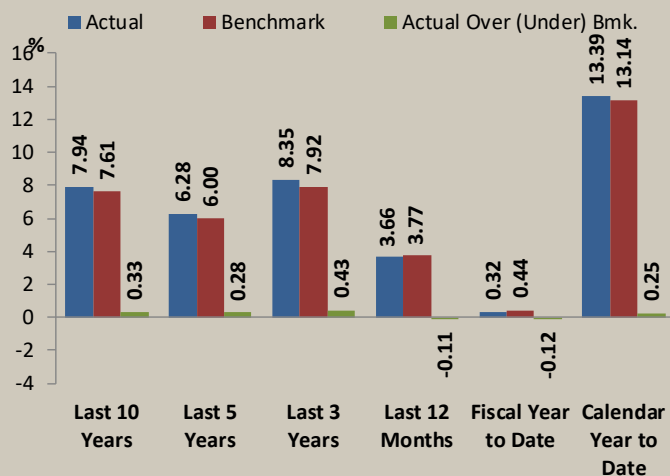


### STRATEGIC INVESTMENTS RISK

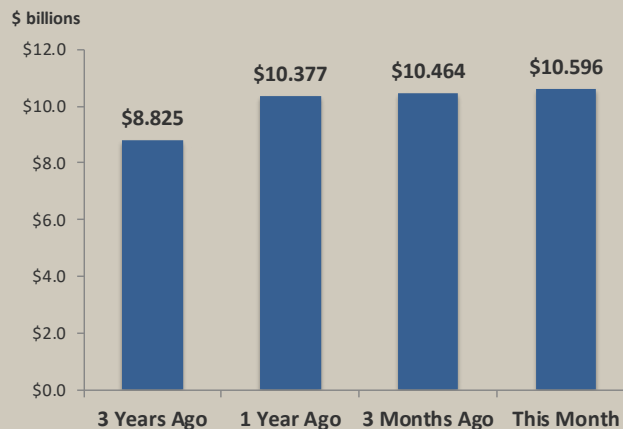


# FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN

## TOTAL FUND PERFORMANCE



## FUND NET ASSET VALUES



## FRS INVESTMENT PLAN ASSET ALLOCATION AND NET RETURNS BY ASSET TYPE

	PERCENT ALLOCATION	PAST 3 MONTHS			PAST 12 MONTHS		
		ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK	ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK
<b>TOTAL FRS Investment Plan</b>	<b>100.0%</b>	<b>0.92%</b>	<b>1.06%</b>	<b>-0.15%</b>	<b>3.66%</b>	<b>3.77%</b>	<b>-0.11%</b>
Domestic Equity	43.8%	1.09%	1.23%	-0.14%	5.11%	5.38%	-0.27%
Foreign Equity	20.2%	-1.14%	-0.78%	-0.36%	-2.08%	-2.12%	0.03%
Fixed Income	16.2%	3.06%	2.94%	0.13%	8.18%	7.88%	0.30%
Multi Assets	7.5%	1.12%	1.86%	-0.74%	1.91%	3.50%	-1.59%
Money Market Funds	9.0%	0.65%	0.58%	0.07%	2.55%	2.23%	0.32%

Performance figures and totals presented for the FRS Investment Plan do not include balances held in member Self Directed Brokerage Accounts, but they are reflected in total fund figures presented elsewhere in this report.

# FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN

## CASH FLOWS AND MARKET VALUES<sup>1</sup>

	Participant Selections	Contributions <sup>2</sup>	Distributions <sup>3</sup>	Transfers <sup>4</sup>	Investment Gain/Loss <sup>5</sup>	Change in Net Asset Value <sup>6</sup>	Market Value	Percent of Assets
Retirement Date Funds	182,684	67.6	(41.3)	(3.9)	(0.9)	21.5	5,070.3	44.88%
Money Market	16,401	25.2	(25.9)	1.2	1.1	1.6	954.7	8.45%
Multi-Assets	9,709	0.4	(0.9)	0.2	0.7	0.4	115.9	1.03%
Fixed Income	35,566	2.7	(5.5)	0.7	2.3	0.2	644.9	5.71%
Domestic Equity	103,496	12.1	(14.5)	1.8	36.0	35.5	3,077.4	27.24%
Foreign Equity	52,328	2.9	(4.1)	(3.6)	(5.4)	(10.1)	726.1	6.43%
Self-Directed Brokerage Account	3,577	0.0	0.0	3.5	3.4	6.9	707.7	6.26%

<sup>1</sup> Based on figures provided by the Investment Plan's third-party administrator as of report time. Dollar values are in millions.

<sup>2</sup> Contributions reflect rollovers in, employer and employee contributions, conversions in (Accumulated Benefit Obligation Transfers, true ups) and account adjustments.

<sup>3</sup> Distributions reflect withdrawals and terminations made by participants.

<sup>4</sup> Transfers reflect transactions that do not require funding and capture movement from one fund to another.

<sup>5</sup> Reflect the difference of Net Gains / Losses less contributions, distributions, and transfers.

<sup>6</sup> Reflect the appreciation / depreciation of unit price over the given time period.

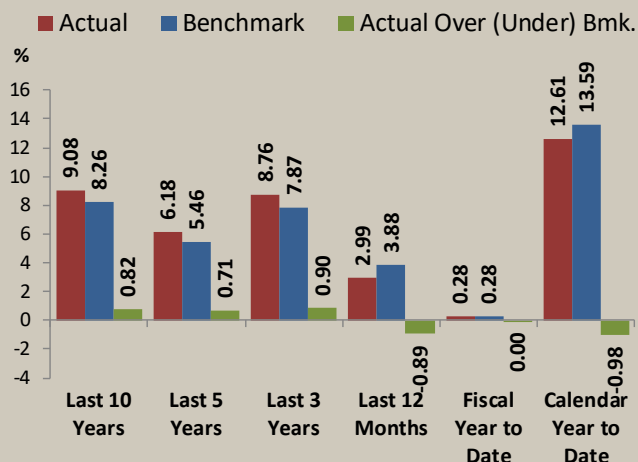
## FRS PLAN ELECTIONS

	New Employee									Second Elections				
	Defaults				Active Elections				FY Totals					
	Pension Plan		Investment		Pension		Investment/Hybr			Pension		Investments/Hyb		FY Totals
FY 14-15	32,410	58.7%	n/a	n/a	9,247	16.7%	13,555	24.6%	55,212	635	11.2%	5,058	88.8%	5,693
FY 15-16	35,107	59.3%	n/a	n/a	10,375	17.5%	13,755	23.2%	59,237	672	13.1%	4,468	86.9%	5,140
FY 16-17	34,627	57.2%	n/a	n/a	11,898	19.7%	14,013	23.1%	60,538	765	16.0%	4,008	84.0%	4,773
FY 17-18	30,081	54.3%	n/a	n/a	11,755	21.2%	13,617	24.6%	55,453	742	16.2%	3,850	83.8%	4,592
FY 18-19	2,986	6.3%	24,478	51.2%	11,447	23.9%	8,940	18.7%	47,851	1,057	24.4%	3,268	75.6%	4,325
FY 19-20	282	5.9%	2,477	51.8%	1,167	24.4%	853	17.8%	4,779	107	32.5%	222	67.5%	329
Total	135,493	47.9%	26,955	9.5%	55,889	19.7%	64,733	22.9%	283,070	3,978	16.0%	20,874	84.0%	24,852

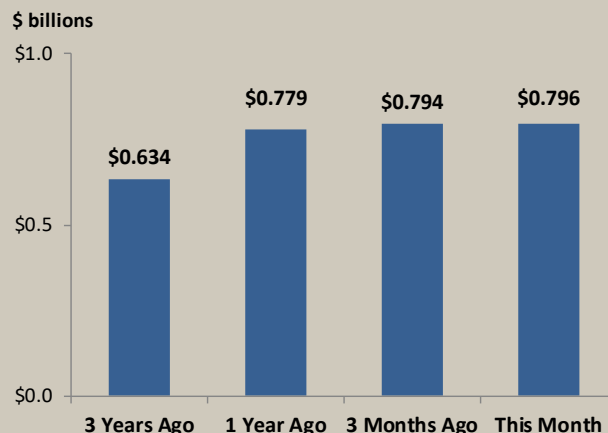
Current fiscal-year percentages are as of month end, and may not total due to rounding.

# LAWTON CHILES ENDOWMENT FUND

## FUND PERFORMANCE



## FUND NET ASSET VALUE



## CURRENT ASSET ALLOCATION, TARGET AND RANGES

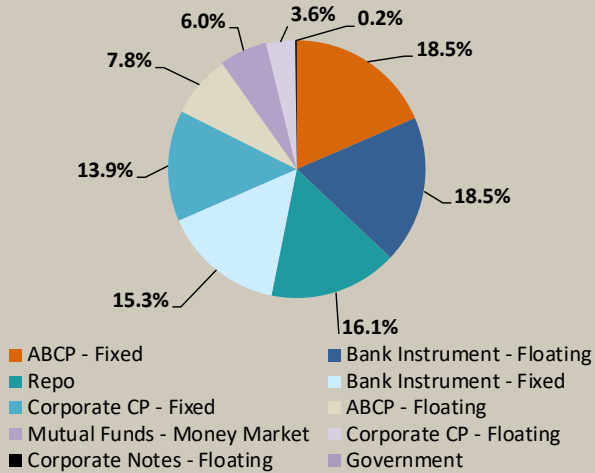
Asset Class	Current Weight	Policy Weight	Policy Low	Policy High	Actual Low	Actual High
Global Equity	72.6%	71.0%	61.0%	81.0%	72.6%	72.9%
Fixed Income	16.1%	17.0%	12.0%	22.0%	15.9%	16.1%
TIPS	10.2%	11.0%	6.0%	16.0%	10.1%	10.2%
Cash & Cash Equivalents	1.1%	1.0%	0.0%	10.0%	1.0%	1.1%

## CHILES ENDOWMENT NET RETURNS BY ASSET CLASS

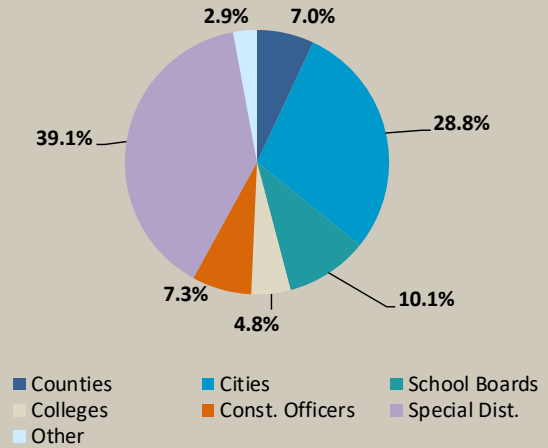
	PAST 3 MONTHS			PAST 12 MONTHS		
	ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK	ACTUAL	BENCHMARK	ACTUAL MINUS BENCHMARK
<b>TOTAL LCEF</b>	<b>1.09%</b>	<b>1.27%</b>	<b>-0.18%</b>	<b>2.99%</b>	<b>3.88%</b>	<b>-0.89%</b>
Asset Allocation	1.14%	1.27%	-0.12%	3.47%	3.88%	-0.40%
Global Equity	0.35%	0.42%	-0.07%	1.54%	2.21%	-0.67%
Fixed Income	3.27%	3.28%	-0.01%	8.12%	8.08%	0.04%
TIPS	2.89%	2.89%	0.00%	5.78%	5.72%	0.06%
Cash & Cash Equivalents	0.67%	0.59%	0.08%	2.74%	2.29%	0.45%

# FLORIDA PRIME

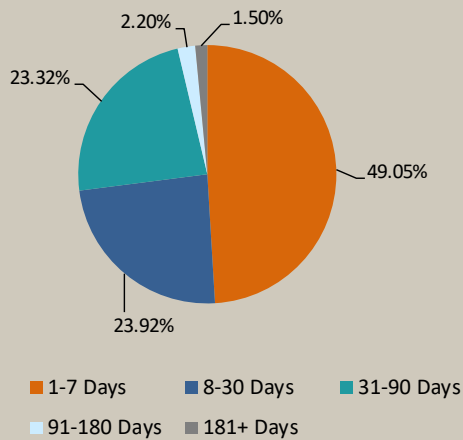
## PORTFOLIO COMPOSITION



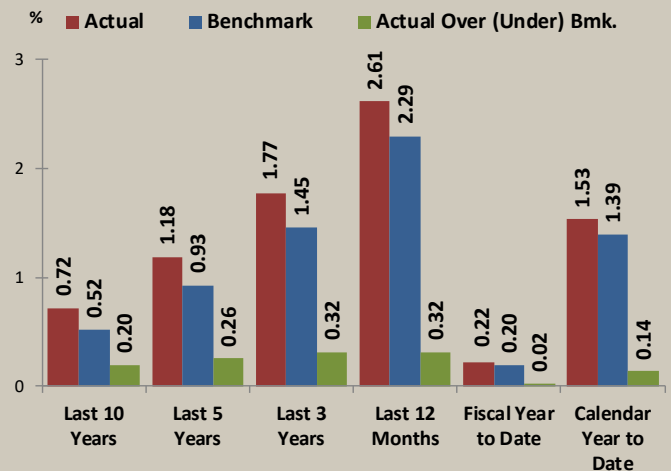
## PARTICIPANTS BY TYPE - 729 TOTAL



## EFFECTIVE MATURITY SCHEDULE

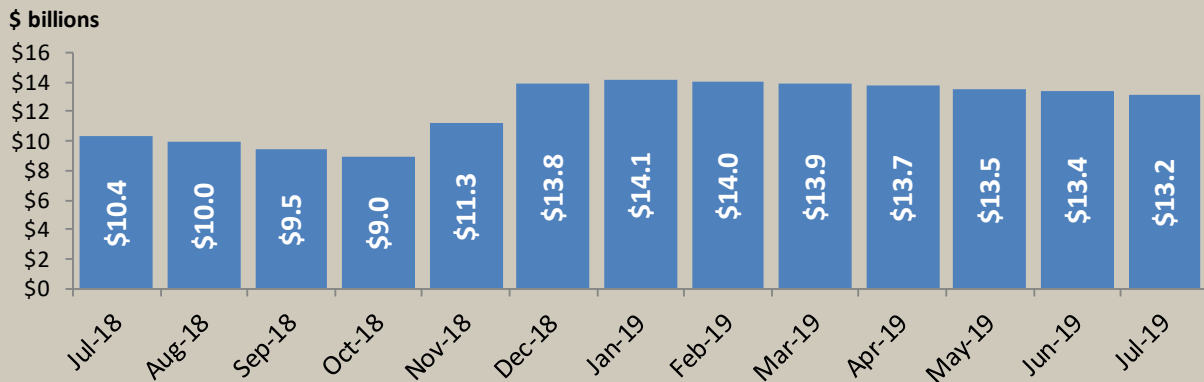


## FLORIDA PRIME PERFORMANCE\*



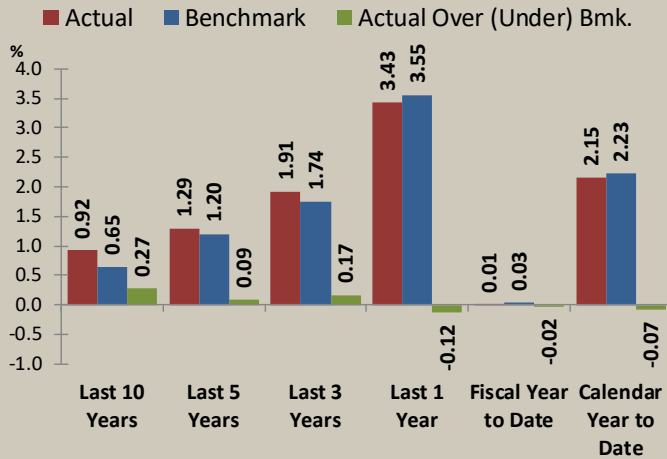
\* Return calculated pursuant to Chapter 19-7.011, Florida Administrative Code  
Returns less than 1-year are not annualized

## FLORIDA PRIME MARKET VALUES



# FLORIDA HURRICANE CATASTROPHE FUND

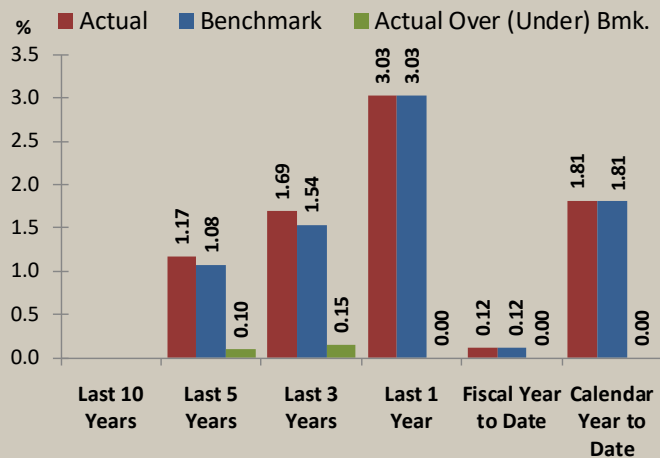
## OPERATING FUND PERFORMANCE



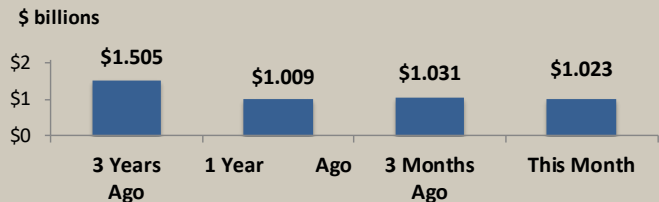
## OPERATING FUND NET ASSET VALUES



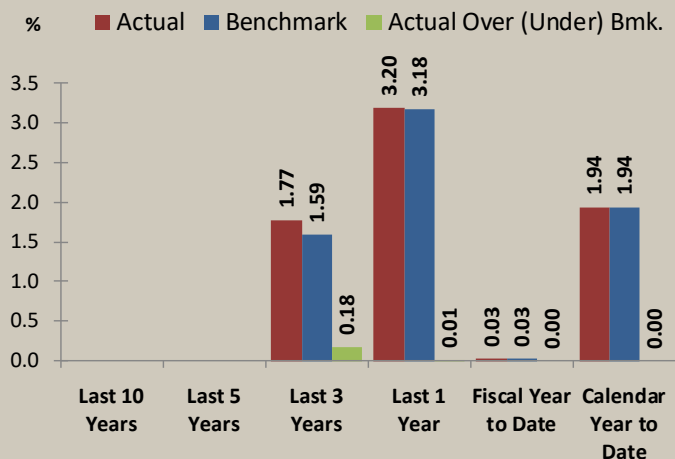
## 2013A NOTE PROCEEDS PERFORMANCE



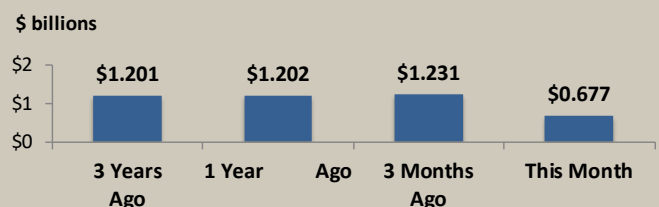
## 2013A NOTE PROCEEDS NET ASSET VALUES



## 2016 NOTE PROCEEDS PERFORMANCE



## 2016 NOTE PROCEEDS NET ASSET VALUES







**For more information, please visit:**

- [www.sbafla.com](http://www.sbafla.com) for additional information about the agency and updates on managed assets,
- [www.myfrs.com](http://www.myfrs.com) for more information about the FRS Investment Plan and MyFRS Financial Guidance Program,
- [www.sbafla.com/prime](http://www.sbafla.com/prime) for Florida PRIME, and
- [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf) for the Florida Hurricane Catastrophe Fund.

**State Board of Administration  
1801 Hermitage Boulevard, Suite 100  
Tallahassee, Florida 32308  
(850) 488-4406  
[www.sbafla.com](http://www.sbafla.com)**