State Board of Administration of Florida
Florida Retirement System (FRS) Trust Fund

Fiscal Years Ended June 30, 2025 and 2024

FINANCIAL STATEMENTS, NOTES TO THE FINANCIAL STATEMENTS, AND MANAGEMENT'S DISCUSSION AND ANALYSIS

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
State Board of Administration of Florida
Tallahassee, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Florida Retirement System Trust Fund (the "Trust") administered by the State Board of Administration ("SBA") of Florida, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Trust administered by the SBA, as of June 30, 2025 and 2024, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Trust and do not purport to, and do not, present fairly the financial position of the State of Florida, the State Board of Administration of Florida or the Florida Retirement System as of June 30, 2025 and 2024, their changes in financial position, or, where applicable, their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As described in Notes 2 and 3, the financial statements include investments valued at approximately $60.8 billion and $59.5 billion as of June 30, 2025 and 2024, respectively, for which fair value has been estimated by general partners and investment advisors, and reviewed and approved by the Trust's management, in the absence of readily ascertainable market values. Because of the inherent uncertainty of valuation, the estimate of values may differ from the values that would have been used had a ready market existed for the investment statement securities, and the differences could be material. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that *the management's discussion and analysis* on pages 4 - 12 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 14, 2025 on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Dallas, Texas
November 14, 2025

Management's Discussion and Analysis

Introduction

This section of the financial statements of the Florida Retirement System (FRS) Trust Fund (the Trust) presents management's discussion and analysis of the Trust's financial position for the fiscal years ended June 30, 2025 and 2024. Please read it in conjunction with the basic financial statements and the accompanying notes, which follow this section.

As further described in Note 1 to the financial statements, the FRS Pension Plan (the Plan) is a cost-sharing, multiple-employer defined benefit pension plan for eligible members of the FRS who have elected to participate in the Plan.

The Florida Legislature is responsible for establishing Plan structure, benefit levels and contribution rates, and providing statutory authority for administering the Plan. The Plan is administered by the Division of Retirement within the Department of Management Services (DMS). DMS's responsibilities include directing actuarial studies, collecting contributions to the Plan, transmitting contributions to the State Board of Administration of Florida (the SBA) for deposit in the Trust, and making benefit payments. The SBA is responsible for investing Trust assets consistent with statutory authority.

Financial Statements

The financial reporting entity represented in the basic financial statements and accompanying notes is the Trust, which consists of the assets held in trust by the SBA for the payment of retirement benefits and reasonable administrative expenses of the Plan. The financial statements of the Trust do not include the pension liabilities of the participating employers. The assets, liabilities, and net position of the Trust are reported in the annual comprehensive financial reports published by the State of Florida and DMS.

The Trust's basic financial statements include two-year comparative statements of net position and statements of changes in net position. The statements of net position provide a measurement of the financial position of the Trust as of the end of the fiscal year. The statements of changes in net position present the results of Trust activities during the fiscal years presented in this report. The accompanying notes to the financial statements offer additional discussion that is essential for a full understanding of the data presented in the financial statements, and provide additional information regarding the Trust, such as accounting policies, significant account balances and activities, material risks, obligations, contingencies, and subsequent events, if any.

Management's Discussion and Analysis

Statements of Net Position

The statements of net position present the assets, liabilities, and net position (total assets in excess of total liabilities) of the Trust as of the end of the fiscal year and are point-in-time financial statements. The following table represents condensed financial information.

	As of June 30		
	2025	2024	2023
		(In Millions)	
Assets			
Cash and cash equivalents	$ 99	$ 114	$ 110
Investments	212,925	199,710	187,369
Receivables and prepaid expenses	3,862	4,606	2,164
Total assets	216,886	204,430	189,643
Liabilities			
Total liabilities	4,229	5,714	3,243
Net position held in trust	$ 212,657	$ 198,716	$ 186,400

Statements of Changes in Net Position

The statements of changes in net position show the net investment income earned by the Trust, the contributions from employers and employees, and the deductions for members and beneficiaries that occurred during the fiscal year. The following table represents condensed financial information.

	Fiscal Years Ended June 30		
	2025	2024	2023
		(In Millions)	
Additions			
Investment income	$ 21,501	$ 19,631	$ 14,090
Investment expenses	(766)	(765)	(741)
Net security lending income	21	24	18
Total net investment income	20,756	18,890	13,367
Contributions:			
Employer/employee contributions received from DMS	6,802	6,487	5,516
Member-directed benefits received from the FRS Investment Plan Trust Fund	82	82	69
Total contributions	6,884	6,569	5,585
Total additions	27,640	25,459	18,952
Deductions			
Funds sent to DMS for benefit payments	12,878	12,451	12,259
Member-directed benefits sent to the FRS Investment Plan Trust Fund	821	691	590
Borrowing costs	—	1	2
Total deductions	13,699	13,143	12,851
Change in net position	13,941	12,316	6,101
Net position held in trust			
Beginning of year	198,716	186,400	180,299
End of year	$ 212,657	$ 198,716	$ 186,400

Management's Discussion and Analysis

Analysis

The Trust's net position increased by $13.9 billion (7.0%) and $12.3 billion (6.6%) during fiscal years 2025 and 2024, respectively. For fiscal year 2025, the increase in net position was primarily due to overall positive investment performance. As well, an increase in contributions received for investment in the Trust for fiscal year 2025 provided additional resources. Deductions from the Trust for benefit payments continued to rise, but the effect on the Trust's net position was offset by the growth in investments and additional contributions.

Trust investments generated income of approximately $21.5 billion for fiscal year 2025 and approximately $19.6 billion for fiscal year 2024. Positive investment performance contributed to the increase in net income for fiscal year 2025. Although underperforming its benchmark of 11.8% by 1.47% (147 basis points), the overall Trust return of 10.3% was positive and provided continued growth in Trust income and overall net position. As well, although global equity investment performance decreased for fiscal year 2025, it contributed significantly to the increase in net position returning 16.2% in comparison to 18.6% for fiscal year 2024. Fixed income investment performance increased for fiscal year 2025, returning 6.4%, versus 4.0% for fiscal year 2024. Private equity and strategic investments generated positive investment performance for fiscal year 2025, returning 7.2% and 7.7%, in comparison to 6.8% and 8.1% for fiscal year 2024, respectively. Active credit, a new asset class established in April 2024, also generated positive investment performance, returning 4.4% for fiscal year 2025. While real estate investment performance was negative for fiscal year 2025, returning -0.3%, it increased in comparison to -5.7% for fiscal year 2024. Additional information can be found in the "Investment Returns" section of Management's Discussion and Analysis.

Investment expenses totaled $766.2 million, or .38% (38 basis points) of total average investments for fiscal year 2025, compared with investment expenses of $764.5 million, or .40% (40 basis points) of total average investments for fiscal year 2024. Investment expenses increased by $1.7 million (0.2%) and by $23.6 million (3.2%) during fiscal years 2025 and 2024, respectively. Investment expenses are driven in large part by assets under management (AUM).

Investment expenses are primarily comprised of fees and expenses deducted directly from earnings in the Trust. These expenses include such items as bank fees and investment management fees paid or accrued to third party investment managers who are responsible for managing the portion of the Trust not managed internally by the SBA. Additional items in this category include the SBA investment service charge and other investment fees and expenses. The SBA investment service charge (currently .0325% of AUM) is statutorily charged to all SBA investment mandates for general investment services and is used to fund the SBA's operating costs.

Analysis (continued)

Other investment fees and expenses are summarized below and generally represent expenditures not covered by the SBA investment service charge.

	Fiscal Years Ended June 30		
Investment Expenses	**2025**	**2024**	**2023**
		(In Thousands)	
Bank fees	$ 3,607	$ 3,704	$ 3,775
Investment management fees	648,516	677,406	660,795
SBA investment service charges	66,151	61,639	58,781
Other fees and expenses:			
Consulting	10,858	4,604	4,499
Legal	7,425	7,588	5,427
Derivative instruments	5,182	5,137	6,734
Interest on lines of credit	23,693	3,702	—
Miscellaneous	816	632	843
Total other fees and expenses	47,974	21,663	17,503
Total investment expenses	$ 766,248	$ 764,412	$ 740,854

Net security lending income decreased by $3.0 million (-12.5%) and increased by $5.3 million (29.4%) in fiscal years 2025 and 2024, respectively. The fluctuations are due to changes in demand and pricing of loaned securities. The lending program continues to focus on maximizing earnings while managing reinvestment risk. Additional information on the security lending programs is provided in Note 3 to the financial statements.

Contributions to the Trust consist primarily of amounts received from DMS for employer and employee retirement plan contributions during the fiscal year. Total contributions to the Trust increased by $315.0 million (4.8%) and $983.6 million (17.6%) during fiscal years 2025 and 2024, respectively. These amounts vary from year to year based upon a number of factors such as statutory contribution rates and the number of participating employers and employees.

Deductions from the Trust include amounts needed to fund benefit payments and member-directed transfers to the FRS Investment Plan Trust Fund throughout the year. Funds sent from the Trust to DMS for benefit payments increased by $427.3 million (3.4%) and $191.4 million (1.6%) during fiscal years 2025 and 2024, respectively. Member-directed benefits sent to the FRS Investment Plan Trust Fund reflect elections by the FRS members to transfer their membership from the FRS Pension Plan to the FRS Investment Plan. Member-directed benefits sent to the FRS Investment Plan Trust Fund increased by $130.1 million (18.8%) and $100.5 million (17.0%) during fiscal years 2025 and 2024, respectively.

Management's Discussion and Analysis

Plan Choice[1]

Chapter 2017-88, Laws of Florida amended Chapter 121, *Florida Statutes*. The amendment provided that all new hires whose employment in a regularly established position commenced on or after January 1, 2018, or who did not complete an election window before January 1, 2018, will have until the last business day of the 8th month after hire to make a choice between the FRS Pension Plan and FRS Investment Plan. If a new hire does not make an active election by the deadline date, the new hire will default into the FRS Investment Plan, except those who are enrolled in the Special Risk Class (who will continue to default to the FRS Pension Plan). The first group of new hires defaulted into the FRS Investment Plan effective October 1, 2018. For fiscal years ended June 30, 2025 and 2024, 6.7% and 5.8% of all new hires defaulted to the FRS Pension Plan, and 21.3% and 22% made an active election to enroll in the FRS Pension Plan, respectively. The SBA continues to monitor trend information and projections as to the effect the plan choice amendment may have on the Trust.

The number of new employees eligible to make an initial plan choice decreased by 5,062 (-7.3%) during fiscal year 2025, due to decreased hiring by participating FRS employers. The number of new employees defaulting to the FRS Pension Plan increased during fiscal year 2025. However, the number of new employees making an active election to enroll in the FRS Pension Plan and the number of employees joining the FRS Pension Plan through a Second Election decreased during fiscal year 2025.

	Fiscal Years Ended June 30		
	2025	**2024**	**2023**
New employees making initial Plan Choice	64,473	69,535	65,971
New employees joining FRS Pension Plan:	18,089	19,332	19,632
Active election	13,742	15,322	15,701
Plan default	4,347	4,010	3,931
New employees joining FRS Investment Plan:	46,384	50,203	46,339
Active election	11,709	11,806	9,899
Plan default	34,675	38,397	36,440
Employee Second Elections [2]:			
To the FRS Pension Plan	778	915	840
To the FRS Investment Plan	3,133	2,847	2,573

1 Plan Choice data is based on unaudited statistics received from Alight Solutions, the Plan Administrator for the FRS Investment Plan.

2 FRS members are granted a one-time option to transfer from one retirement plan (Pension or Investment) to the other during their FRS-covered employment. This is considered a Second Election.

Management's Discussion and Analysis

Contribution Rates

The Legislature is responsible for establishing employer and employee contribution rates. Employer rates vary by membership class and most class rates have steadily increased over the last three fiscal years.

	Employee Rate	Employer Rate [1]		
Membership Class	**FYs 2023-25**	**FY 2025**	**FY 2024**	**FY 2023**
Regular	3.00 %	11.57 %	11.51 %	10.19 %
Special risk	3.00	30.73	30.61	26.11
Special risk: administrative support	3.00	37.76	37.76	36.93
Legislators	3.00	60.91	60.66	66.07
Governor, Lt. Governor, and cabinet officers	3.00	60.91	60.66	66.07
State Attorney and public defenders	3.00	60.91	60.66	66.07
Justices and judges	3.00	43.39	42.83	42.05
County and local elected officers	3.00	56.62	56.62	55.28
Senior management service	3.00	32.46	32.46	29.85
DROP	0.00	19.13	19.13	16.94

[1] Employer rates presented in this table do not include employer contributions for Health Insurance Subsidy (1.66% for FY 2023 and 2.00% for FYs 2024-2025) or plan administrative/educational expense (.06% for FYs 2023-2025) as these amounts are not deposited into the Trust.

Management's Discussion and Analysis

Investment Returns

The Trust's total fund return for fiscal year 2025 was 10.32%, which was below the target total benchmark of 11.79% by 147 basis points. As well, the 2024 total fund return was below the target total benchmark by 58 basis points.

For the fiscal years ended June 30, 2025 and 2024, the Trust's investment returns[1], by major asset class, were as follows:

	Fiscal Years Ended June 30			
	2025		2024	
Asset Class	**Return**	**Benchmark**	**Return**	**Benchmark**
Total Fund	10.32%	11.79%	10.52%	11.10%
Global Equity	16.18	15.96	18.57	18.42
Fixed Income	6.37	6.08	4.03	3.06
Real Estate	-0.27	1.42	-5.71	-10.49
Private Equity [2]	7.17	18.46	6.77	20.54
Strategic Investments [2]	7.66	9.51	8.10	9.08
Active Credit [2, 3]	4.36	8.26	2.74	2.34
Cash & Cash Equivalents	4.80	4.75	5.42	5.50

[1] The above investment performance information for June 30, 2025 and 2024, is the investment return data supplied by the SBA's master custodian and performance measurement service provider, BNY Performance Reporting and Analytics Services. These rates of returns do not necessarily reflect the same information and accounting treatments as included in the Trust's Statements of Changes in Net Position, due to the latter's inclusion of subsequent updates to private market investment valuations, timing differences in the recognition of receivables, payables and other items, and differences in GASB accounting rules and SBA performance measurement policies. For fiscal years 2025 and 2024, Total Fund performance, based on audited information as certified by BNY Performance Reporting and Analytics Services, was 10.65% and 10.37%, respectively.

[2] All returns (including Total Fund) are on a time-weighted basis. Time-weighted returns show the value of one dollar invested in a portfolio for the entire period while dollar-weighted returns show an average return of all dollars in the portfolio for the period. Per industry convention, dollar-weighted returns are used to measure the performance of Private Equity, Strategic Investments, and Private Credit (part of Active Credit) portfolios. For fiscal years 2025 and 2024, the dollar-weighted returns for Private Equity, Strategic Investments, and Private Credit were 7.16% and 6.75%, 7.62% and 8.95%, 10.44% and 8.32%, respectively.

[3] The Active Credit Asset Class was established in April 2024. As a result, the return presented above, for fiscal year 2024, is not annualized as it only represents three months of data.

More detailed information and analysis of the Trust's performance can be obtained from the SBA's Annual Investment Report, which can be found at www.sbafla.com.

Management's Discussion and Analysis

Economic Factors

Fiscal year 2025 was a strong year for total return investors. Most market drivers continued from the prior fiscal year, as inflation concerns lingered, geopolitical tensions persisted, and focus remained on the actions of the U.S. Federal Reserve (the "Fed"). However, the year was also influenced by the U.S. election results of President Donald Trump in November 2024. His win initially sparked an equity market rally in the fourth quarter of 2024 due to expectations of lower corporate taxes, lighter regulation, and more pro-business policies generally. Markets became unsettled in early 2025 for a time, as anticipated and eventually enacted tariff policies were announced. The year also brought the U.S. rate hiking cycle to a close, as the Fed cut rates by 50 basis points in September 2024, followed by two more 25 basis point cuts, in November and December 2024, to the current range of 4.25% to 4.50%. The cuts initially led to a decrease in U.S. yields, though that reversed following increased expectations around tariffs.

Despite all the activity, the U.S. economy and markets remained resilient and performed well through the end of calendar year 2024. Meanwhile, non-U.S. markets pulled back, in large part because of the strengthening of the U.S. dollar and political instability within the European Union. These dynamics reversed in the first quarter of 2025, however, and U.S. markets declined, with the Russell 3000 Index falling 4.7%. Several concerns weighed on U.S. markets during that period, including the global sell off in Artificial Intelligence ("A.I.") and the tech sector more broadly, concerns around the impact of tariffs, and a downgraded U.S. growth outlook. In contrast, non-U.S. equities performed well, benefiting from a decline in the U.S. dollar and valuation gaps relative to U.S. markets. The A.I. selloff in the first quarter of 2025 was triggered by the release of Deepseek, a Chinese low-cost A.I. competitor, and was compounded by the announcement of a series of higher-than-expected tariffs on U.S. trade partners in April 2025.

Following the rate cut in December 2024, the Fed held rates steady through the second quarter of 2025, while also reducing projections of future rate cuts due to the possibility of an uptick in inflation. Elsewhere, other central banks continued to cut rates, including the European Central Bank and Bank of England. Moody's downgraded the U.S. government rating from Aaa to Aa1, joining the previous actions by Standard & Poor's, due to concerns around the growing deficit and interest costs.

Despite periods of volatility throughout fiscal year 2025, equity markets continued to outperform long-term expectations. Global equities increased 16.1% for the year, as measured by the MSCI All Country World Index ("ACWI") IMI. Both the U.S. and non-U.S. equity markets generated strong results, 15.3% and 17.7%, respectively, as measured by the Russell 3000 Index and the MSCI ACWI ex USA Index. Emerging markets equity slightly underperformed compared to developed international markets, returning 15.9% in USD terms, as measured by the MSCI Emerging Markets Index. Fixed income yields experienced notable volatility, despite the 10-year Treasury yield ending at approximately 4.2%, only slightly below where it began the fiscal year. U.S. fixed income broadly, as defined by the Bloomberg Aggregate Bond Index, returned 6.1% for the fiscal year. High yield bonds performed well, returning 10.3%, as measured by Bloomberg U.S. High Yield Index. Alternative markets, in general, lagged the public markets, including private equity, private debt, and most real assets. Overall, the strong gains across equity markets and contributions from fixed income drove strong asset growth for the fiscal year.

Management's Discussion and Analysis

Contacting the Trust's Financial Management

This financial report is designed to provide citizens, taxpayers, Plan members, and other interested parties with an overview of the Trust's finances and the prudent exercise of the SBA's oversight. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, State Board of Administration of Florida, P.O. Box 13300, Tallahassee, Florida 32317.

Statements of Net Position

	As of June 30	
	2025	2024
	(In Thousands)	
Assets		
Cash and cash equivalents	$ 98,676	$ 113,584
Investments:		
Fixed income	50,676,017	47,287,396
Equity	100,191,918	92,679,415
Alternative	44,479,670	43,893,436
Real estate	16,321,195	15,577,635
Other	79,819	21,422
Security lending collateral	1,176,851	251,218
Total investments	212,925,470	199,710,522
Receivables:		
Accrued interest and dividends	667,669	573,282
Loans receivable	574,250	267,700
Spot foreign currency contracts	121,667	214,310
Investments sold, but not settled	1,918,568	2,984,889
Margin receivable from counterparty	29,243	7,393
Due from DMS	550,681	558,373
Total receivables	3,862,078	4,605,947
Total assets	216,886,224	204,430,053
Liabilities		
Investments:		
Short sales	39,106	49,778
Other	50,053	17,024
Total investments	89,159	66,802
Payables:		
Accounts payable and accrued liabilities	91,826	96,237
Loans payable	574,250	267,700
Spot foreign currency contracts	121,739	214,651
Investments purchased, but not settled	2,016,891	4,672,184
Margin payable to counterparty	59,556	19,675
Obligations under security lending agreements	1,177,415	251,238
Due to DMS	98,684	125,192
Total payables	4,140,361	5,646,877
Total liabilities	4,229,520	5,713,679
Net position held in trust	$ 212,656,704	$ 198,716,374

See accompanying notes to the financial statements.

Statements of Changes in Net Position

	Fiscal Years Ended June 30	
	2025	2024
	(In Thousands)	
Additions		
Investment income:		
Interest income	$ 1,866,726	$ 1,384,614
Dividend income	1,644,082	1,764,063
Alternative investment income	3,325,050	2,362,390
Real estate income	661,590	650,607
Fines, forfeits, and securities litigation proceeds	6,182	3,723
Other income	873	3,183
Net increase in fair value of investments	13,996,786	13,462,368
Total investment income	21,501,289	19,630,948
Investment expenses:		
Bank fees	(3,607)	(3,704)
Investment management fees	(648,516)	(677,406)
SBA investment service charges	(66,151)	(61,639)
Other fees and expenses	(47,974)	(21,663)
Total investment expenses	(766,248)	(764,412)
Net income from investments	20,735,041	18,866,536
Security lending income	50,356	47,696
Security lending expenses	(29,674)	(23,999)
Net income from security lending	20,682	23,697
Total net investment income	20,755,723	18,890,233
Contributions:		
Employer/employee contributions received from DMS	6,801,356	6,486,992
Member-directed benefits received from the FRS Investment Plan Trust Fund	82,281	81,756
Total contributions	6,883,637	6,568,748
Total additions	27,639,360	25,458,981
Deductions		
Funds sent to DMS for benefit payments	12,878,029	12,450,773
Member-directed benefits sent to the FRS Investment Plan Trust Fund	820,590	690,365
Borrowing costs	411	1,054
Total deductions	13,699,030	13,142,192
Change in net position	13,940,330	12,316,789
Net position held in trust		
Beginning of year	198,716,374	186,399,585
End of year	$ 212,656,704	$ 198,716,374

See accompanying notes to the financial statements.

Notes to the Financial Statements

1. Financial Reporting Entity

The Florida Retirement System (FRS) Pension Plan (the Plan), a cost-sharing, multiple-employer defined benefit pension plan qualified under Internal Revenue Code Section 401(a), was established by the Legislature of the State of Florida in accordance with Chapter 121, *Florida Statutes*, to provide retirement benefits for eligible employees of the State and all participating county, municipal, district school board, community college and university employees. Under the FRS, employers and, as of July 1, 2011, employees make contributions to the Department of Management Services (DMS), Division of Retirement, the Plan administrator, which are initially deposited into the Florida Retirement System Contributions Clearing Fund, which holds all contributions for all plans of the FRS. The DMS, as the administrative agency of the Plan, provides full accounting and administration of benefit payments and contributions, commissions actuarial studies, and proposes rules and regulations for the administration of the Plan.

Chapter 121, *Florida Statutes*, established the Florida Retirement System Trust Fund (the Trust) and empowers and mandates the State Board of Administration (SBA) to receive, invest and hold the assets of the Plan in the Trust for the exclusive benefit of the Plan members and for the payment of reasonable costs of the Plan. The DMS sends employer and employee contributions to the Trust for investment by the SBA. The SBA is governed by a Board of Trustees, composed of the Governor, as Chair, the Attorney General, and the Chief Financial Officer of the State of Florida.

The Trust is accounted for separately as an investment trust fund, and holds the assets of the Plan for the exclusive benefit of the Plan's members. These financial statements and notes include only the net position and change in net position of the Trust and do not purport to, and do not, present fairly the financial position of the State of Florida, the SBA, or the Plan as of June 30, 2025 and 2024, nor the changes in their financial position for the years then ended, in conformity with accounting principles generally accepted in the United States (GAAP).

The Trust also includes special-purpose entities, wholly owned by the SBA, as part of the Credit Facility Program (CFP). These special-purpose entities are considered blended component units of the Trust, and separate stand-alone audited financial statements of the component units are not available. See Note 4, Loans Payable, for additional information.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements were prepared in conformity with GAAP as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. The Trust is accounted for as an investment trust fund pursuant to GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB 31), GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34), and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63). As such, the Trust's financial statements include statements of net position and statements of changes in net position.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting

The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred, regardless of when the related cash flow takes place.

Cash and Cash Equivalents

The Trust reports all cash on hand and deposits in banks, including demand deposits, time deposits, and non-negotiable certificates of deposit as cash and cash equivalents. See Note 3, Deposits and Investments, for additional information.

Investment Valuation

Section 215.47, *Florida Statutes*, gives the SBA the authority to invest in a range of instruments, including security lending agreements. The Trust's investments are reported in accordance with GASB reporting standards. Realized and unrealized gains and losses are reflected in the statements of changes in net position as "Net increase in fair value of investments."

The fair values of the Trust's assets are obtained or estimated in accordance with the Global Pricing Guidelines established with the SBA's custodian bank, BNY, which uses a variety of independent pricing sources and designates certain vendors as the primary source based on asset type, class or issue. BNY monitors pricing information supplied by these primary sources and may use a supplemental pricing source or change the primary pricing source if any of the following occurs:

- The price of a security is not received from the primary pricing source.
- The primary pricing source no longer provides prices for a particular asset type, class or issue.
- The SBA or its portfolio investment manager challenges a price and BNY reviews the price with the vendor, who agrees that the price provided by that vendor may not be appropriate.
- The price from the primary source exceeds price tolerance checkpoints and results in a vendor comparison review where another source is deemed to be more appropriate by BNY.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

When a portfolio includes securities or instruments for which the custodian bank does not receive fair value information from its vendor pricing source, the custodian bank uses a "non-vendor pricing source". Examples include, but are not limited to, limited partnerships or similar private investment vehicles that do not actively trade through established exchange mechanisms; other private placements where there is limited or no information in the market place; and unique fixed income and equity instruments. The SBA does not provide direction regarding the substitution of prices in instances where securities or instruments are in the portfolio of an investment manager appointed by the SBA. In cases where the SBA directed the purchase of securities or instruments, BNY may obtain the non-vendor prices by contacting the SBA only if it is not commercially reasonable to directly obtain the non-vendor price information from the broker of record, as identified by the SBA.

For private market investments, where no readily ascertainable market value exists (including limited partnerships, hedge funds, direct-owned real estate, and real estate pooled funds), fair values for the individual investments are based on the net asset value (NAV), which equates to the capital account balance, at the closest available reporting period, as communicated by the general partner and/or investment manager, adjusted for subsequent contributions and distributions. The valuation techniques vary based upon investment type and involve a certain degree of judgment. The most significant input into the NAV of an entity is the value of its investment holdings. The NAV is provided by the general partner and/or investment manager and reviewed by SBA management.

Annually, the financial statements of all private market investments are audited by independent auditors. Private market investments, in which the SBA has a controlling interest and that are reported at cost per the investment manager, are also required to be valued, generally annually, by independent, licensed external appraisers selected by an appraisal management company retained by the SBA.

Money market funds and repurchase agreements are reported at amortized cost. Commingled funds are generally reported at the NAV of units held at the end of the period based upon the value of the underlying investments as reported by the external investment manager. Certain commingled funds may be valued under different pricing methods depending on the nature of the fund.

All investment derivative instruments are reported at fair value in the statements of net position. The instruments are adjusted to fair value at least monthly, with valuation changes recognized during the period as gains or losses in the statements of changes in net position and included in the "Net increase in fair value of investments". The nature and use of derivative instruments is discussed in Note 3 to the financial statements.

Because of the inherent uncertainty of the valuation using pricing methodologies other than the quoted market prices, the estimated fair values may differ from the values that would have been used had an active market existed.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Plan Member-Directed Benefits to/from DMS and the FRS Investment Plan Trust Fund

The DMS sends employer and employee contributions to the Trust for investment purposes, and may also request return of funds from the Trust to meet benefit obligations of the FRS. The members of the FRS Investment Plan Trust Fund may direct their Plan account balance within the FRS Investment Plan Trust Fund be sent to the Trust to effectuate their second election. DMS will also fulfill member-directed second election requests for Trust account balances to be sent from the Trust to the FRS Investment Plan Trust Fund. To ensure timely payment, the Trust estimates such obligations at the first of each month and allocates them to the Trust's public market asset classes (excluding the Cash asset class). These allocations constitute liquidity assessments, which the asset classes are required to provide in a prudent, but reasonable timeframe.

At fiscal year-end, the Trust accrues a receivable from DMS for employer and employee contributions due for the month of June, but the amount is received by the Trust the following fiscal year. The Trust accrues a payable at fiscal year-end for the expected amounts to be requested by DMS in order to fund the Deferred Retirement Option Program (DROP) payouts and benefit obligations as of June 30. DMS maintains records for all employer and employee contributions to the Plan.

Income Recognition

Investment transactions are accounted for on a trade (investment) date basis. Interest, dividend, and other investment income are recorded on the accrual basis, with dividends accruing on the ex-dividend date.

Investment Management Fees and Service Expenses

The SBA hires external investment managers to invest a significant portion of the Trust's investment assets. The Trust typically pays investment management fees based on individually negotiated investment management agreements. The fees, usually paid quarterly, may be based on a sliding scale of the portfolio's net asset value at quarter-end, calculated by multiplying each level of net position by a specified basis point charge, or may be performance-related, typically associated with exceeding a market benchmark or hurdle rate. Fees are paid from the appropriate manager's portfolio and are recognized as an expense over the time period for which the fees are applicable.

Pursuant to Section 215.515, *Florida Statutes*, the SBA charges the Trust a monthly investment service charge based on the month-end net asset value of the total Trust. The service charge is calculated and deducted from the Trust after each month's total net asset value of the Trust is determined. These charges are reported on the statements of changes in net position as part of the Trust's investment expenses. During fiscal years 2025 and 2024, the SBA investment service charge was .0325% (annualized).

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues (additions) and expenses (deductions) during the reporting period. Actual results could differ from those estimates.

The estimates and assumptions underlying these financial statements are based on the information available as of June 30, 2025, including judgments about the financial market and economic conditions, which may change over time.

New Accounting Standards

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures (GASB 102)*. The requirements of this Statement will require new disclosures that will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or are more likely than not to occur within 12 months of the financial statement issuance date, that may have a substantial impact on a government's ability to provide services or meet obligations. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The statement was implemented without impact to the Trust.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences (GASB 101)*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The statement was implemented without impact to the Trust.

Notes to the Financial Statements

3. Deposits and Investments

Deposits

As of June 30, 2025, the recorded carrying amount of deposits totaled $98.7 million and consisted of U.S. dollars and foreign currencies (U.S. value) in the amounts of $970.4 thousand and $97.7 million, respectively.

As of June 30, 2024, the recorded carrying amount of deposits totaled $113.6 million and consisted of U.S. dollars and foreign currencies (U.S. value) in the amounts of $15.7 million and $97.9 million, respectively. See Custodial Credit Risk for additional information.

Investment Classifications

The SBA has the authority and responsibility for the investment of the Trust assets pursuant to Section 215.47, *Florida Statutes*, in a range of instruments including, but not limited to: federally guaranteed obligations, certain state bonds, corporate bonds, commercial paper, banker's acceptances, short-term obligations purchased individually or in pooled accounts, interests in certain open-end and closed-end management type investment companies or investment trusts, common and preferred stock, repurchase and reverse repurchase agreements, real estate and alternative investments. The SBA may also buy and sell futures contracts, option contracts, and domestic or foreign notional principal contracts. The following are the major asset types, invested in by the Trust, as reported on the statements of net position. The classifications below do not necessarily represent the asset class portfolios for which investment performance is measured.

- **Fixed Income**

  Fixed income securities consist of short-term and long-term obligations. Short-term obligations consist primarily of U.S. Treasury and government-sponsored securities, money market funds, commercial paper, certificates of deposit, repurchase agreements (Repos), and other similar instruments. These investments are available to meet cash needs as they arise. Long-term obligations are comprised of both domestic and international securities and consist primarily of negotiable obligations of the U.S. Government and U.S. Government-sponsored agencies, corporate bonds, and securitized offerings such as mortgage-backed securities (MBS), collateralized mortgage obligations (CMO), asset-backed securities (ABS), and commercial mortgage-backed securities (CMBS).

- **Equity**

  Equity investments represent both domestic and international stocks traded on major stock exchanges. Also included as equities are commingled funds, exchange-traded funds (ETFs), real estate investment trusts (REITs), equity-linked notes, participatory notes (P-Notes) and other securities. A REIT is a type of security that invests in real estate through property or mortgages and trades like a stock on the major exchanges. An equity-linked note is an instrument whose return is determined by the performance of a single equity security, a basket of equity securities, or an equity index.

Notes to the Financial Statements

3. Deposits and Investments (continued)

- **Alternative**

  The Trust invests in various funds and investment vehicles, which employ specific strategies and co-investments often outside the traditional asset classes. The most common investment categories for these funds include domestic and international private equity, activist equity, private debt/credit opportunities, real assets, insurance funds and hedge funds. The structure of these investments is generally a limited partnership or limited liability company and tends to be long term and illiquid in nature. Due to this type of structure, private debt/credit opportunities typically do not have established ratings or durations associated with these investments.

  During fiscal year 2024, the SBA formed the Active Credit Asset Class to provide diversification via credit premia across public and private markets. This new asset class is comprised of private credit and multi-asset credit. The funds comprising the Active Credit Asset Class are classified as Alternative Investments for financial reporting purposes.

- **Real Estate**

  Real estate investments include ownership primarily in office, multifamily, retail, industrial and agricultural properties, and secondarily in several alternative property types including self-storage and student housing. The program is focused on core risk strategies, but also includes value-add and opportunistic risk strategies. These assets are held directly, either wholly owned or as part of a joint venture, and in open-ended and closed-ended commingled funds. Real assets and real estate partnership investments are classified as Alternative Investments for financial reporting purposes.

  In addition, the Credit Facility Program (CFP) facilitates construction lending and/or other lending and financing needs for investments within the Real Estate Principal Investments Portfolio. See Note 4, Loans Payable, for additional information.

- **Other**

  Included in this type are investments such as foreign currency contracts, futures, options, and swaps.

Notes to the Financial Statements

3. Deposits and Investments (continued)

The following schedule discloses the Trust's investments, by type, at June 30, 2025 and 2024.

Investment Type	As of June 30 2025	As of June 30 2024
	(In Thousands)	
Fixed income		
Certificates of deposit	$ —	$ 100,064
Commercial paper	4,004,907	2,745,017
Money market funds	144,679	28,090
Repurchase agreements	1,500,000	1,600,000
U.S. guaranteed obligations	16,722,294	17,932,296
Federal agencies	9,761,983	8,359,530
Domestic bonds and notes	14,016,600	13,200,144
International bonds and notes	4,525,554	3,322,255
Equity		
Domestic	63,225,287	57,446,035
International	33,593,977	32,281,386
Commingled international funds	3,372,654	2,951,994
Alternative		
Activist equity funds	1,614,491	1,562,151
Hedge funds	3,691,762	3,606,289
Insurance funds	1,862,673	1,604,579
Multi-asset credit	1,272,866	—
Private debt/credit opportunity funds	4,623,830	6,542,373
Private equity funds	22,478,347	21,847,056
Private real asset funds	8,935,701	8,730,988
Real estate		
Direct investments	14,102,895	13,398,266
Commingled investment funds	2,218,300	2,179,369
Other		
Forwards	6,618	6,559
Futures	66,998	12,563
Options	31	—
Swaps	6,172	2,300
Securities lending collateral		
Money market funds	1,176,851	251,218
Total investments	$ 212,925,470	$ 199,710,522
Short sales (liabilities)		
U.S. guaranteed obligations	$ (2,365)	$ (4,642)
Federal agencies	(36,741)	(45,136)
Other (liabilities)		
Forwards	(18,890)	(2,666)
Futures	(16,762)	(11,677)
Options	(50)	—
Swaps	(14,351)	(2,681)
Total investments (liabilities)	$ (89,159)	$ (66,802)

Notes to the Financial Statements

3. Deposits and Investments (continued)

Pledged Collateral

Certain investments included in the above schedule were pledged as collateral with the SBA's futures and swaps clearing counterparties to meet initial margin requirements. Investments pledged as collateral as of June 30, 2025 and June 30, 2024, are presented below:

Investment Type	As of June 30 2025	As of June 30 2024
	(In Thousands)	
U.S. guaranteed obligations	$ 160,223	$ 125,195
Total pledged collateral	$ 160,223	$ 125,195

In addition, cash required to open futures and swap contracts (initial margins) may be pledged as collateral with the SBA's futures and swap counterparties. Such initial margin amounts are reflected as "Margin receivable from counterparty" on the statements of net position. Pursuant to these types of contracts, and also pending foreign currency contracts and commitments to purchase (TBAs), the Trust agrees to receive or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receivables and payables are known as variation margin, which are reflected as "Margin receivable from counterparty" or "Margin payable to counterparty" on the statements of net position. All initial and variation margin amounts receivable from or payable to the broker as of June 30, 2025 and June 30, 2024, are presented below:

Margin Collateral	As of June 30 2025	As of June 30 2024
	(In Thousands)	
Margin receivable from counterparty:		
Futures contracts	$ 5,037	$ 3,182
Swaps contracts	10,776	4,081
Foreign currency contracts	13,430	—
Commitments to purchase (TBAs)	—	130
Total margin receivable from counterparty	$ 29,243	$ 7,393
Margin payable to counterparty:		
Futures contracts	$ 47,431	$ 11,265
Swaps contracts	2,642	2,311
Foreign currency contracts	—	4,170
Commitments to purchase (TBAs)	9,483	1,929
Total margin payable to counterparty	$ 59,556	$ 19,675

Notes to the Financial Statements

3. Deposits and Investments (continued)

Fair Value Hierarchy

The Trust's investments are measured and reported at fair value and classified according to the following hierarchy:

Level 1 - Investments reflect unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Investments reflect prices based on significant observable inputs (including, but not limited to, quoted prices for similar investments, interest rates, foreign exchange rates, volatility and credit spreads), either directly or indirectly. These inputs may be derived principally from, or corroborated by, observable market data through correlation or by other means.

Level 3 - Investments reflect prices based upon unobservable inputs, including situations where there is little market activity, if any, for assets or liabilities.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Equity securities classified as Level 1 of the fair value hierarchy are valued using quoted prices at June 30 (or the most recent market close date if the markets are closed on June 30) in active markets from the custodian bank’s external pricing vendors, which utilize primary exchanges.

Fixed income securities classified as Level 2 are valued using evaluated prices from the custodian bank’s external pricing vendors. The pricing methodology involves the use of evaluation models such as matrix pricing, which is based on the securities’ relationship to benchmark quoted prices. Other evaluation models use actual trade data, collateral attributes, broker bids, new issue pricings, and other observable market information.

Equity securities classified as Level 2 are valued using evaluated prices from the custodial bank’s external pricing vendors, or an alternative pricing source, such as investment managers, if information is not available from the custodial bank’s external pricing vendors.

Fixed income and equity securities classified as Level 3 are valued using prices from the custodian bank’s external pricing vendors or an alternative pricing source, utilizing inputs such as stale prices, cash flow models, or broker bids.

Derivative instruments classified as Level 1 of the fair value hierarchy are valued using exchange-traded prices as provided by the custodian bank’s external pricing vendors. Derivative instruments classified as Level 2 receive clearing house prices, which are based on models that reflect the contractual terms of the derivative instruments.

3. Deposits and Investments (continued)

Private equity funds and real estate direct investments classified as Level 3 were valued using external appraisals, as described in the footnotes for the additional GASB 72 disclosures (tables). See footnotes 13 and 15, respectively. Other private equity funds are measured at net asset value (NAV).

Certain investments, such as money market funds and repurchase agreements, are carried at amortized cost, and not priced at fair value. Commingled investments are generally measured at the net asset value (NAV) per share (or its equivalent) as provided by the investment manager. Commingled funds classified as Level 2 are valued using observable inputs that are market corroborated.

The Trust has the following fair value measurements as of June 30, 2025 and June 30, 2024.

Notes to the Financial Statements

3. Deposits and Investments (continued)

Investments by Fair Value Level	Total	As of June 30, 2025 — Fair Value Measurements Using (Level 1)	(Level 2)	(Level 3)
		(In Thousands)		
Fixed income				
Commercial paper	$ 4,004,907	$ —	$ 4,004,907	$ —
U.S. guaranteed obligations	16,722,294	—	16,722,294	—
Federal agencies	9,761,983	—	9,739,613	22,370
Domestic bonds and notes	14,016,600	—	13,930,997	85,603
International bonds and notes	4,525,554	—	4,035,660	489,894
Total fixed income	49,031,338	—	48,433,471	597,867
Equity				
Domestic	63,225,287	63,225,197	—	90
International	33,593,977	33,564,891	—	29,086
Commingled international funds	221,444	—	221,444	—
Total equity	97,040,708	96,790,088	221,444	29,176
Alternative				
Private equity funds	143,800	—	—	143,800
Real estate				
Direct investments	14,102,895	—	—	14,102,895
Other				
Forwards	6,618	—	6,618	—
Futures	66,998	66,998	—	—
Options	31	31	—	—
Swaps	6,172	—	6,172	—
Total other	79,819	67,029	12,790	—
Total investments by fair value level	160,398,560	96,857,117	48,667,705	14,873,738
Investments at net asset value (NAV)				
Commingled international equity funds	3,151,210			
Commingled real estate investment funds	2,218,300			
Activist equity funds	1,614,491			
Hedge funds	3,691,762			
Insurance funds	1,862,673			
Multi-asset credit	1,272,866			
Private debt/credit opportunity funds	4,623,830			
Private equity funds	22,334,547			
Private real asset funds	8,935,701			
Total investments at NAV	49,705,380			
Other investments at amortized cost				
Money market funds	144,679			
Money market funds - security lending collateral	1,176,851			
Repurchase agreements	1,500,000			
Total investments at amortized cost	2,821,530			
Total investments	$ 212,925,470			
Short sales (liabilities)				
U.S. guaranteed obligations	$ (2,365)	$ —	$ (2,365)	$ —
Federal agencies	(36,741)	—	(36,741)	—
Total short sales (liabilities)	(39,106)	—	(39,106)	—
Other (liabilities)				
Forwards	(18,890)	—	(18,890)	—
Futures	(16,762)	(16,762)	—	—
Options	(50)	(50)	—	—
Swaps	(14,351)	—	(14,351)	—
Total other (liabilities)	(50,053)	(16,812)	(33,241)	—
Total investments (liabilities)	$ (89,159)	$ (16,812)	$ (72,347)	$ —

Notes to the Financial Statements

3. Deposits and Investments (continued)

	As of June 30, 2024			
		Fair Value Measurements Using		
Investments by Fair Value Level	**Total**	**(Level 1)**	**(Level 2)**	**(Level 3)**
		(In Thousands)		
Fixed income				
Certificates of deposit	$ 100,064	$ —	$ 100,064	$ —
Commercial paper	2,745,017	—	2,745,017	—
U.S. guaranteed obligations	17,932,296	—	17,932,296	—
Federal agencies	8,359,530	—	8,335,567	23,963
Domestic bonds and notes	13,200,144	—	13,159,877	40,267
International bonds and notes	3,322,255	—	2,834,327	487,928
Total fixed income	45,659,306	—	45,107,148	552,158
Equity				
Domestic	57,446,035	57,438,515	—	7,520
International	32,281,386	32,229,946	—	51,440
Commingled international funds	187,082	—	187,082	—
Total equity	89,914,503	89,668,461	187,082	58,960
Alternative				
Private equity funds	127,500	—	—	127,500
Real estate				
Direct investments	13,398,266	—	—	13,398,266
Other				
Forwards	6,559	—	6,559	—
Futures	12,563	12,563	—	—
Swaps	2,300	—	2,300	—
Total other	21,422	12,563	8,859	—
Total investments by fair value level	149,120,997	89,681,024	45,303,089	14,136,884
Investments at net asset value (NAV)				
Commingled international equity funds	2,764,912			
Commingled real estate investment funds	2,179,369			
Activist equity funds	1,562,151			
Hedge funds	3,606,289			
Insurance funds	1,604,579			
Private debt/credit opportunity funds	6,542,373			
Private equity funds	21,719,556			
Private real asset funds	8,730,988			
Total investments at NAV	48,710,217			
Other investments at amortized cost				
Money market funds	28,090			
Money market funds - security lending collateral	251,218			
Repurchase agreements	1,600,000			
Total investments at amortized cost	1,879,308			
Total investments	$ 199,710,522			
Short sales (liabilities)				
U.S. guaranteed obligations	$ (4,642)	$ —	$ (4,642)	$ —
Federal agencies	(45,136)	—	(45,136)	—
Total short sales (liabilities)	(49,778)	—	(49,778)	—
Other (liabilities)				
Forwards	(2,666)	—	(2,666)	—
Futures	(11,677)	(11,677)	—	—
Swaps	(2,681)	—	(2,681)	—
Total other (liabilities)	(17,024)	(11,677)	(5,347)	—
Total investments (liabilities)	$ (66,802)	$ (11,677)	$ (55,125)	$ —

Notes to the Financial Statements

3. Deposits and Investments (continued)

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2025 and June 30, 2024 is presented in the footnotes to the tables below.

	As of June 30, 2025			
Investment Type	**Total**	**Unfunded Commitments**	**Redemption Frequency (If Currently Eligible)**	**Redemption Notice Period**
	(In Thousands)			
Investments measured at the NAV				
Commingled international equity funds[1]	$ 3,151,210	—	Daily, Monthly	2 - 3 days
Commingled real estate investment funds[2]	2,218,300	—	Quarterly	15 - 90 days
Activist equity funds[3]	1,614,491	—	Monthly, Annually, Biennially	65 - 180 days
Hedge funds				
Diversifying strategies (managed futures)[4]	1,596,119	—	Daily, Monthly	10 - 35 days
Equity long/short[5]	383,757	—	Monthly, Quarterly	30 - 45 days
Event-driven[6]	43,003	—	See footnote	
Multi-strategy[7]	969,328	—	Quarterly	30 - 65 days
Opportunistic-debt[8]	7,258	—	See footnote	
Relative value[9]	692,297	—	Quarterly	60 - 90 days
Insurance funds[10]	1,862,673	$ 110,514	Monthly, Biannually, Annually	30 - 120 days
Multi-asset credit[11]	1,272,866	$ 128,811	Monthly	30 days
Private debt/credit opportunity funds[12]	4,623,830	$ 2,821,388		
Private equity funds[13]	22,334,547	$ 9,213,928		
Private real asset funds[14]	8,935,701	$ 5,282,727		
Total investments measured at the NAV	**$ 49,705,380**			
Investments at Level 3				
Private equity funds[13]	$ 143,800	—		
Real estate direct investments[15]	$ 14,102,895	$ 260,839		

[1] *Commingled International Equity Funds:* The four funds in this group are primarily invested in publicly traded international equity securities, and one of these funds also focuses on emerging markets. Each fund is valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments. One fund within this strategy is redeemable daily, one fund is redeemable monthly, and the two remaining funds are currently in the liquidation process with balances remaining.

[2] *Commingled Real Estate Investment Funds:* The ten funds in this group consist primarily of real estate investments owned directly or through partnership interests located in the United States. These investments include multi-family, industrial, retail, office, apartments and mortgage loans on income producing property. Each fund is valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments. Nine funds within this strategy are eligible for redemption quarterly, and the remaining fund is subject to contractual lock-up restrictions and not currently eligible for redemption.

[3] *Activist Equity Funds:* The four funds in this group invest in public companies with the intent to effect positive change through influencing management. The funds may be structured with a focus on specific domestic or foreign geographic regions. These funds are valued at the NAV per share. One fund (approximately 36% of this strategy) is currently eligible for redemption monthly. Another fund (approximately 21% of this strategy) is eligible for redemption in six months due to annual lock-up restrictions. One fund (approximately 13% of this strategy) is eligible for partial redemption in nine months due to biennial lock-up restrictions, and the remaining fund (approximately 30% of this strategy) is subject to contractual lock-up restrictions and not currently eligible for redemption.

[4] *Diversifying Strategies (Managed Futures) Hedge Funds*: The three funds that make up this group primarily trade equity and commodity futures, but can also participate in indexes, rates and currencies across global markets. These funds use a systematic approach and focus on trends in price and other market signals. These funds are valued at the NAV per share. The funds within this strategy are no longer subject to contractual lock-up restrictions and are eligible for redemption within one month or less.

Notes to the Financial Statements

3. Deposits and Investments (continued)

[5] *Equity Long/Short Hedge Funds:* Consisting of two funds, this strategy invests both long and short, primarily in U.S. and global stocks that are mispriced by the markets. These managers vary in their use of short selling, leverage and definitions of growth or value. These funds are valued at the NAV per share. The funds within this strategy are no longer subject to contractual lock-up restrictions and are eligible for redemption within three months or less.

[6] *Event-Driven Hedge Funds:* The one fund in this category seeks to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event. This fund is valued at the NAV per share, and is currently in the liquidation process.

[7] *Multi-Strategy Hedge Funds:* The three funds in this group aim to diversify risks and reduce volatility by combining other strategies. These strategies are typically a mix of Equity Long/Short, Event-Driven, Opportunistic Debt and Relative Value. These funds are valued at the NAV per share. The funds within this strategy are eligible for redemption within three months.

[8] *Opportunistic-Debt Hedge Funds:* Consisting of one fund that pursues various strategies and asset classes, with an emphasis on mispriced debt or equity of companies in distress. This investment strategy focuses on early versus late stage situations, senior versus subordinated levels on the capital structure and non-traditional areas including high yield bonds and Emerging Markets debt, and may also pursue relative value and arbitrage strategies with various debt instruments. This funds is valued at the NAV per share. The fund in this strategy is currently in the redemption process.

[9] *Relative Value Hedge Funds:* Consisting of two funds, this strategy focuses on benefiting from valuation discrepancies that may be present in related financial instruments by simultaneously purchasing (long) or selling (short) these instruments. These funds are valued at the NAV per share. Both funds in this strategy are no longer subject to contractual lock-up restrictions and eligible for redemption within three months.

[10] *Insurance Funds*: The seven funds in this group invest primarily in reinsurance contracts and insurance-linked securities. These funds are valued at the NAV per share. One fund (approximately 25%) has varying restrictions due to underlying investment funds and is eligible for redemption within one to six months. Two funds (approximately 54%) are eligible for redemption within seven months or less due to biannual redemption restrictions. One fund (approximately 7%) is eligible for redemption within six months due to annual redemption restrictions. Two funds (approximately 10%) are not eligible for redemption due to contractual lock-up restrictions. The remaining fund (approximately 4%) is currently in the liquidation process.

[11] *Multi-asset credit*: The six funds in this category primarily invest in bank loans, collateralized loan obligations, government and government related bonds, high-yield bonds, leveraged loans, senior loans, and private credit. The fair value of these funds has been determined using the NAV at June 30, 2025. Five funds (approximately 88%) are not eligible for redemption due to contractual lock-up restrictions. One fund (approximately 12%) is eligible for redemption within ten months once initial contractual lock-up restrictions expire.

[12] *Private Debt/Credit Opportunity Funds:* There are 40 private debt/credit funds investing primarily in Distressed, Mezzanine and Loans with some exposure to Special Situations. The fair value of these funds has been determined using the NAV at June 30, 2025 or one quarter in arrears adjusted for current quarter cash flows. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

[13] *Private Equity Funds:* There are 310 private equity funds investing primarily in Leveraged Buyouts funds, Venture Capital funds, Secondary funds, Growth funds, and Co-Investments with some exposure to Special Situations, Diversifying Strategies and GP Investments. The fair value of 309 funds has been determined using the NAV at June 30, 2025 or one quarter in arrears adjusted for current quarter cash flows. The fair value of the remaining 1 fund (approximately 1% of the value of these investments) is based on external appraisals at June 30, 2025 and classified as Level 3. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

[14] *Private Real Asset Funds:* There are 118 real asset funds, 81 of which invest in real estate assets such as commercial office buildings, retail properties, multi-family residential properties, developments or hotels. In addition, the funds may be structured with a focus on specific geographic domestic or foreign regions. The remaining 37 funds invest in infrastructure, timberland, transportation and commodities. The fair value of these funds has been determined using the NAV at June 30, 2025 or one quarter in arrears adjusted for current quarter cash flows. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

[15] *Direct Real Estate Investments:* There are 99 direct owned/joint venture real estate assets that are valued based on annual external and/or quarterly internal appraisals and are classified as Level 3.

Notes to the Financial Statements

3. Deposits and Investments (continued)

Investment Type	Total	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
	As of June 30, 2024			
	(In Thousands)			
Investments measured at the NAV				
Commingled international equity funds[1]	$ 2,764,912	—	Daily, Monthly	2 - 3 days
Commingled real estate investment funds[2]	2,179,369	—	Quarterly	15 - 90 days
Activist equity funds[3]	1,562,151	—	Monthly, Annually	65 - 90 days
Hedge funds				
Diversifying strategies (managed futures)[4]	1,496,868	—	Daily, Monthly	10 - 35 days
Equity long/short[5]	354,970	—	Monthly, Quarterly	30 - 45 days
Event-driven[6]	49,981	—	See footnote	
Multi-strategy[7]	877,945	—	Quarterly	30 - 65 days
Opportunistic-debt[8]	176,682	—	See footnote	
Relative value[9]	649,843	—	Quarterly	60 - 90 days
Insurance funds[10]	1,604,579	$ 133,486	Monthly, Biannually, Annually	30 - 120 days
Private debt/credit opportunity funds[11]	6,542,373	$ 3,099,793		
Private equity funds[12]	21,719,556	$ 8,652,846		
Private real asset funds[13]	8,730,988	$ 5,558,833		
Total investments measured at the NAV	**$ 48,710,217**			
Investments at Level 3				
Private equity funds[12]	$ 127,500	—		
Real estate direct investments[14]	$ 13,398,266	$ 349,974		

1 *Commingled International Equity Funds:* The four funds in this group are primarily invested in publicly traded international equity securities, and one of these funds also focuses on emerging markets. Each fund is valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments. One fund within this strategy is redeemable daily, one fund is redeemable monthly, and the two remaining funds are currently in the liquidation process with balances remaining.

2 *Commingled Real Estate Investment Funds:* The ten funds in this group consist primarily of real estate investments owned directly or through partnership interests located in the United States. These investments include multi-family, industrial, retail, office, apartments and mortgage loans on income producing property. Each fund is valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments. Nine funds within this strategy are eligible for redemption quarterly, and the remaining fund is subject to contractual lock-up restrictions and not currently eligible for redemption.

3 *Activist Equity Funds:* The four funds in this group invest in public companies with the intent to effect positive change through influencing management. The funds may be structured with a focus on specific domestic or foreign geographic regions. These funds are valued at the NAV per share. One fund (approximately 35% of this strategy) is currently eligible for redemption monthly. Another fund (approximately 26% of this strategy) is eligible for redemption in six months due to annual lock-up restrictions. The remaining two funds (approximately 39% of this strategy) are subject to contractual lock-up restrictions and not currently eligible for redemption.

4 *Diversifying Strategies (Managed Futures) Hedge Funds*: The three funds that make up this group primarily trade equity and commodity futures, but can also participate in indexes, rates and currencies across global markets. These funds use a systematic approach and focus on trends in price and other market signals. These funds are valued at the NAV per share. The funds within this strategy are no longer subject to contractual lock-up restrictions and are eligible for redemption within one month or less.

5 *Equity Long/Short Hedge Funds:* Consisting of two funds, this strategy invests both long and short, primarily in U.S. and global stocks that are mispriced by the markets. These managers vary in their use of short selling, leverage and definitions of growth or value. These funds are valued at the NAV per share. The funds within this strategy are no longer subject to contractual lock-up restrictions and are eligible for redemption within three months or less.

6 *Event-Driven Hedge Funds:* The one fund in this category seeks to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event. This fund is valued at the NAV per share, and is currently in the liquidation process.

Notes to the Financial Statements

3. Deposits and Investments (continued)

[7] *Multi-Strategy Hedge Funds:* The four funds in this group aim to diversify risks and reduce volatility by combining other strategies. These strategies are typically a mix of Equity Long/Short, Event-Driven, Opportunistic Debt and Relative Value. These funds are valued at the NAV per share. Three funds are currently eligible for redemption within three months due to quarterly redemption restrictions. The remaining fund (less than 1% of this strategy) is currently in the liquidation process with a residual balance remaining.

[8] *Opportunistic-Debt Hedge Funds:* Consisting of two funds that pursue various strategies and asset classes, with an emphasis on mispriced debt or equity of companies in distress. These managers vary in their focus on early versus late stage situations, senior versus subordinated levels on the capital structure and non-traditional areas including high yield bonds and Emerging Markets debt, and may also pursue relative value and arbitrage strategies with various debt instruments. These funds are valued at the NAV per share. Both funds in this strategy are currently in the redemption process.

[9] *Relative Value Hedge Funds:* Consisting of two funds, this strategy focuses on benefiting from valuation discrepancies that may be present in related financial instruments by simultaneously purchasing (long) or selling (short) these instruments. These funds are valued at the NAV per share. Both funds in this strategy are no longer subject to contractual lock-up restrictions and eligible for redemption within three months.

[10] *Insurance Funds*: The eight funds in this group invest primarily in reinsurance contracts and insurance-linked securities. These funds are valued at the NAV per share. One fund (approximately 21%) has varying restrictions due to underlying investment funds and is eligible for redemption within one to three months. Two funds (approximately 57%) are eligible for redemption within seven months or less due to biannual redemption restrictions. One fund (approximately 3%) is eligible for redemption within six months due to annual redemption restrictions. Three funds (approximately 11%) are not eligible for redemption due to contractual lock-up restrictions. The remaining fund (approximately 8%) is currently in the liquidation process.

[11] *Private Debt/Credit Opportunity Funds:* There are 77 private debt/credit funds investing primarily in Distressed, Mezzanine and Loans with some exposure to Special Situations. The fair value of these funds has been determined using the NAV at June 30, 2024 or one quarter in arrears adjusted for current quarter cash flows. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

[12] *Private Equity Funds:* There are 284 private equity funds investing primarily in Leveraged Buyouts funds, Venture Capital funds, Secondary funds, Growth funds, and Co-Investments with some exposure to Special Situations, Diversifying Strategies and GP Investments. The fair value of 283 funds has been determined using the NAV at June 30, 2024 or one quarter in arrears adjusted for current quarter cash flows. The fair value of the remaining 1 fund (approximately 1% of the value of these investments) is based on external appraisals at June 30, 2024 and classified as Level 3. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

[13] *Private Real Asset Funds:* There are 116 real asset funds, 78 of which invest in real estate assets such as commercial office buildings, retail properties, multi-family residential properties, developments or hotels. In addition, the funds may be structured with a focus on specific geographic domestic or foreign regions. The remaining 38 funds invest in infrastructure, timberland, transportation and commodities. The fair value of these funds has been determined using the NAV at June 30, 2024 or one quarter in arrears adjusted for current quarter cash flows. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

[14] *Direct Real Estate Investments:* There are 89 direct owned/joint venture real estate assets that are valued based on annual external and/or quarterly internal appraisals and are classified as Level 3.

Notes to the Financial Statements

3. Deposits and Investments (continued)

Deposit and Investment Risk

The Trust has deposits and a broad range of financial investments exposed to various risks, including overall market volatility. Due to the level of risk associated with certain financial investments, it is reasonably possible that changes in the values of financial investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures* (GASB 40), requires that certain risks be discussed in the financial statements. These risks include credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Each of these risks is discussed in more detail below.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality ratings are used as an assessment of creditworthiness and are assigned by Nationally Recognized Statistical Rating Organizations (NRSROs). These ratings are disclosed in aggregate by investment type for the securities held as of the financial statement date.

The SBA, in compliance with Section 215.47, *Florida Statutes*, has adopted certain investment policies with regard to credit risk of fixed income securities, which generally are managed through individual portfolios within various asset classes. Some of the individual portfolios have slightly different restrictions on credit quality.

For the Short-Term Portfolio, securities must be high quality at the time of purchase. For short-term investment ratings, this is defined as the highest applicable rating from one of the NRSROs. For long-term investment ratings, this is defined as being a minimum rating of A from one of the NRSROs. Securities of a single issuer are generally limited to 5% of the market value of the portfolio (excluding U.S. Treasuries and Agencies).

Generally, securities in other major portfolios, such as the Securitized Index Portfolio, Government/Credit Index Portfolio, and the Core Portfolio, should be rated investment grade by at least one of the NRSROs at the time of purchase, with minimum long-term ratings of Baa/BBB by one of the NRSROs. Securities for a single issuer are generally limited to 5% of the fair value of the portfolio (excluding U.S. Treasuries and Agencies).

The Securitized Index Portfolio limits securities generally to those issued by Government Sponsored Enterprises (GSE), securitized products, swaps, swaptions, and futures.

The Government/Credit Index Portfolio and the Core Portfolio allow U.S. Treasuries, U.S. Government Agencies, corporates, foreign sovereign debt, and municipals. The Core Portfolio also allows mortgage and asset-backed securities.

Notes to the Financial Statements

3. Deposits and Investments (continued)

For security lending portfolios, eligible cash collateral investments are the following:

- Tri-party qualified repurchase obligations are collateralized by U.S. Treasury bills, notes, bonds, and/or strips, U.S. Government agency securities, U.S. Government agency mortgage-backed securities, and U.S. equity securities, and cash. U.S. Treasury and Government agencies must maintain a market value of at least 102% of the market value of the securities subject to being repurchased and U.S. equities must maintain a market value of at least 107% of the market value of the securities subject to being repurchased.

- Government money market mutual funds regulated by SEC Rule 2a-7 and rated the highest applicable rating by at least one of the NRSROs.

- U.S. Treasury bills, notes, bonds, and/or strips.

Security lending investments that were purchased prior to the policy guidelines established in December 2008 were sold for a loss during fiscal year 2024. See sub-section, Security Lending, for additional information.

Notes to the Financial Statements

3. Deposits and Investments (continued)

The following tables disclose credit quality ratings related to credit risk on investments held in the Trust as of June 30, 2025 and 2024.

Credit Quality Ratings [1] S&P	Moody's	Total [2]	Commercial Paper	Money Market Funds	Repurchase Agreements	Federal Agencies [4]	Domestic Bonds and Notes	Int. Bonds and Notes
		As of June 30, 2025						
		(In Thousands)						
A-1 / AAAm		$ 5,276,533	$ 3,955,003	$ 1,321,530	$ —	$ —	$ —	$ —
A-2		24,955	24,955	—	—	—	—	—
AAA		1,130,509	—	—	—	—	702,674	427,835
AA		1,104,474	—	—	—	339,712	503,536	261,226
A		4,155,677	—	—	—	—	3,211,249	944,428
BBB		7,681,049	—	—	—	—	6,111,543	1,569,506
BB		612,394	—	—	—	—	426,406	185,988
B		294,088	—	—	—	—	214,333	79,755
CCC		79,401	—	—	—	—	55,686	23,715
CC		725	—	—	—	—	256	469
C		444	—	—	—	—	444	—
D		4,490	—	—	—	—	—	4,490
	P-1	24,949	24,949	—	—	—	—	—
	Aaa	963,801	—	—	—	—	772,840	190,961
	Aa	140,975	—	—	—	—	75,677	65,298
	A	229,366	—	—	—	—	179,184	50,182
	Baa	657,497	—	—	—	—	396,524	260,973
	Ba	381,119	—	—	—	—	332,531	48,588
	B	180,545	—	—	—	—	119,239	61,306
	Caa	43,444	—	—	—	—	28,004	15,440
	Ca	4,041	—	—	—	—	3,033	1,008
NR	NR	11,656,244	—	—	1,016,146	9,422,271	883,441	334,386
		34,646,720	4,004,907	1,321,530	1,016,146	9,761,983	14,016,600	4,525,554
Ratings not applicable:								
Repurchase agreements [3]		483,854						
U.S. guaranteed obligations [3]		16,722,294						
Total fixed income invs.		$ 51,852,868						

[1] S&P ratings were primarily used. If S&P did not provide a rating or did not provide the rating with the greatest degree of risk, then Moody's ratings were used. If neither rating agency issued a rating, the security was listed as "NR" (not rated). Long-term ratings are presented except for commercial paper and money market funds.

[2] All investments are included in this table, including security lending collateral investments.

[3] U.S. guaranteed obligations and collateral for repurchase agreements, which are explicitly guaranteed by the U.S. Government, do not require disclosure of credit quality.

[4] Federal Agency TBAs and mortgage-backed securities are classified as "NR" because they do not have explicit credit ratings on individual securities.

Notes to the Financial Statements

3. Deposits and Investments (continued)

Credit Quality Ratings [1]		As of June 30, 2024							
S&P	Moody's	Total [2]	Certificates of Deposit	Commercial Paper	Money Market Funds	Repurchase Agreements	Federal Agencies[4]	Domestic Bonds and Notes	Int. Bonds and Notes
		(In Thousands)							
A-1 / AAAm		$ 2,899,146	$ 50,030	$ 2,569,808	$ 279,308	$ —	$ —	$ —	$ —
A-3		287	—	287	—	—	—	—	—
AAA		988,181	—	—	—	—	—	502,569	485,612
AA		854,954	—	—	—	—	341,335	326,432	187,187
A		3,365,347	—	—	—	—	—	2,637,036	728,311
BBB		6,456,537	—	—	—	—	—	5,273,521	1,183,016
BB		270,970	—	—	—	—	—	214,555	56,415
B		71,823	—	—	—	—	—	42,520	29,303
CCC		7,595	—	—	—	—	—	7,595	—
CC		1,118	—	—	—	—	—	—	1,118
	P-1	174,922	—	174,922	—	—	—	—	—
	Aaa	1,187,262	—	—	—	—	—	931,962	255,300
	Aa	154,706	—	—	—	—	—	110,960	43,746
	A	240,834	—	—	—	—	—	209,474	31,360
	Baa	524,544	—	—	—	—	—	354,043	170,501
	Ba	245,628	—	—	—	—	—	230,022	15,606
	B	44,689	—	—	—	—	—	30,945	13,744
	Caa	2,753	—	—	—	—	—	1,060	1,693
	Ca	264	—	—	—	—	—	264	—
NR	NR	11,493,919	50,034	—	—	979,161	8,018,195	2,327,186	119,343
		28,985,479	100,064	2,745,017	279,308	979,161	8,359,530	13,200,144	3,322,255
Ratings not applicable:									
Repurchase agreements [3]		620,839							
U.S. guaranteed obligations [3]		17,932,296							
Total fixed income invs.		$ 47,538,614							

[1] S&P ratings were primarily used. If S&P did not provide a rating or did not provide the rating with the greatest degree of risk, then Moody's ratings were used. If neither rating agency issued a rating, the security was listed as "NR" (not rated). Long-term ratings are presented except for commercial paper and money market funds.

[2] All investments are included in this table, including security lending collateral investments.

[3] U.S. guaranteed obligations and collateral for repurchase agreements, which are explicitly guaranteed by the U.S. Government, do not require disclosure of credit quality.

[4] Federal Agency TBAs and mortgage-backed securities are classified as "NR" because they do not have explicit credit ratings on individual securities.

Notes to the Financial Statements

3. Deposits and Investments (continued)

All futures, options and swaps contracts held by the Trust at June 30, 2025 and 2024, were exchange-traded, therefore minimizing counterparty credit risk through the use of futures and swaps clearing merchants and clearing houses.

The Trust may enter into contracts that allow for close-out netting with certain counterparties. In the event of default or early termination, the contract permits the non-defaulting party the right to close-out all transactions in a single net settlement to one net amount payable by one counterparty to the other. The aggregate fair value of non-exchange traded derivative instruments subject to close-out netting totaled $-11.6 million and $3.4 million as of June 30, 2025 and 2024, respectively.

Counterparty credit ratings related to credit risk for forward currency contracts held at June 30, 2025 and 2024, are presented below.

Credit Ratings (Long/Short) [1]		As of June 30, 2025			As of June 30, 2024		
S&P	Moody's	Asset	Liability	Net Unrealized Gain/(Loss)	Asset	Liability	Net Unrealized Gain/(Loss)
		(In Thousands)			*(In Thousands)*		
A/A-1		$ 6,334	$ (17,767)	$ (11,433)	$ 5,128	$ (2,581)	$ 2,547
	A/P-1	—	—	—	116	—	116
	NR/P-1	284	(1,123)	(839)	1,315	(85)	1,230
	Total	$ 6,618	$ (18,890)	$ (12,272)	$ 6,559	$ (2,666)	$ 3,893

[1] S&P ratings were primarily used. If S&P did not provide a rating or did not provide the rating with the greatest degree of risk, then Moody's ratings were used. If neither rating agency issued a rating, the security was listed as "NR" (not rated).

Counterparty credit ratings related to credit risk for spot currency contracts held at June 30, 2025 and 2024, are presented below.

Credit Ratings (Long/Short) [1]		As of June 30, 2025			As of June 30, 2024		
S&P	Moody's	Receivables	Payables	Net Unrealized Gain/(Loss)	Receivables	Payables	Net Unrealized Gain/(Loss)
		(In Thousands)			*(In Thousands)*		
AA/A-1		$ 19,705	$ (19,688)	$ 17	$ 21,569	$ (21,582)	$ (13)
A/A-1		62,559	(62,648)	(89)	104,129	(104,369)	(240)
	A/P-1	1,995	(1,992)	3	10,429	(10,466)	(37)
	NR/P-1	5,183	(5,194)	(11)	22,656	(22,673)	(17)
NR	NR	32,225	(32,217)	8	55,527	(55,561)	(34)
	Total	$ 121,667	$ (121,739)	$ (72)	$ 214,310	$ (214,651)	$ (341)

[1] S&P ratings were primarily used. If S&P did not provide a rating or did not provide the rating with the greatest degree of risk, then Moody's ratings were used. If neither rating agency issued a rating, the security was listed as "NR" (not rated).

Notes to the Financial Statements

<u>3. Deposits and Investments (continued)</u>

Custodial Credit Risk

Custodial credit risk is the risk that if a depository financial institution or counterparty fails, the Trust will not be able to recover the value of its deposits, investments or collateral securities in the possession of an outside party.

As stated in SBA's custodial credit policy, the SBA seeks to minimize custodial credit risk through the use of trust accounts maintained at top tier third-party custodian banks, whose creditworthiness is monitored by the SBA. To the extent possible, negotiated trust and custody contracts shall require that all deposits, investments and collateral be held in accounts in the SBA's name, or in the case of certain foreign investments, in an omnibus client account, but separate and apart from the assets of the custodian banks. This policy applies to investments evidenced by cash or securities, but does not apply to investments evidenced by contractual agreements such as alternatives, real estate, cleared derivative instruments (futures, options and swaps), external investment pools or open-ended mutual funds. These types of investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. In addition, un-invested cash for all portfolios/funds under SBA management is generally swept nightly into overnight investments, thereby reducing the Trust's exposure to custodial credit risk. On occasion, however, the Trust's cash balances can exceed federally-insured limits.

All U.S. dollar deposits at the SBA's custodian bank were covered by federal depository insurance (FDIC) as of June 30, 2025 and 2024. The remaining uninsured and uncollateralized deposits, totaling $97.7 million and $97.9 million as of June 30, 2025 and 2024, respectively, were held in foreign currencies in the SBA's custodian nominee name.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. GASB 40 requires disclosure of investments in any one issuer that represent 5% or more of total investments, excluding investments issued or explicitly guaranteed by the U.S. government and excluding investments in mutual funds, external investment pools, and other pooled investments. The Trust did not hold any investments with a single issuer representing 5% or more of the Trust's fair value at June 30, 2025 or 2024.

Investment policy guidelines allow the security lending programs to hold up to 30% of the cash collateral reinvestment portfolio in U.S. Treasury bills, notes, and bonds.

3. Deposits and Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of fixed income instruments. The SBA, in compliance with Section 215.47, *Florida Statutes*, has adopted certain investment policies with regard to interest rate risk exposure for fixed income securities, which generally are managed through individual portfolios with various asset classes. The individual portfolios may have different policies regarding interest rate risk.

For the Short-Term Portfolio, the weighted-average maturity to final maturity date (WAL) is limited to 120 days and weighted-average time to coupon reset (WAM) is limited to 60 days. For securities without a fixed interest rate, the next coupon reset date is used as the maturity for the reset WAM calculation.

The Securitized Index Portfolio duration should be similar to the duration of the mortgage related fixed income market and should remain within plus or minus 0.25 years of the Bloomberg U.S. Securitized Index duration. Interest rate swaps, swaptions, interest rate futures, and/or Agency debentures may contribute no more than 25% of the portfolio's total duration.

The Government/Credit Index Portfolio duration should remain within plus or minus 0.25 years of the Bloomberg U.S. Government/Credit Index duration. Interest rate swaps and interest rate futures, on a net basis, may contribute no more than 25% of the portfolio's total duration.

The Core Portfolio duration should remain within plus or minus 0.50 years of the Bloomberg U.S. Aggregate Index duration. Interest rate swaps and interest rate futures, on a net basis, may contribute no more than 25% of the portfolio's total duration.

The Core Portfolio contains certain investments known as collateralized mortgage obligations (CMOs). CMOs are often more sensitive to interest rate changes than other fixed income instruments. Examples of CMO securities that qualify as "highly interest rate sensitive" include interest-only (IOs), principal-only (POs), and inverse floaters (INVs). IO and PO securities are transactions that involve the separation of the interest and principal components of a security. They are highly sensitive to prepayments by mortgagors, which increase the value of a PO and decrease the value of an IO. Inverse floaters (INV) have an inverse relationship to a benchmark rate, and the coupon payment is adjusted as the interest rate changes. If the benchmark interest rate decreases, the coupon rate increases and vice versa, which allows the bondholder to benefit from declining interest rates. Similar to an IO, an interest-only inverse floater's value increases as interest rates rise.

3. Deposits and Investments (continued)

For security lending portfolios, policy guidelines allow investment in the following:

- Tri-party qualified repurchase obligations, with a term to repurchase not to exceed 45 calendar days, that are fully collateralized by U.S. Treasury bills, notes, bonds and/or strips, U.S. Government agency securities, U.S. Government agency mortgage-backed securities and U.S. equity securities.
- Government money market mutual funds regulated by SEC Rule 2a-7.
- U.S. Treasury bills, notes, bonds and/or strips maturing within 92 days or less.

Security lending investments that were purchased prior to the investment policy guidelines established in December 2008 were sold for a loss, during fiscal year 2024. See sub-section, Security Lending, for additional information. For investments that had floating interest rates, interest rate reset dates were used to calculate WAM.

The interest rate risk tables for the Trust as of June 30, 2025 and 2024, are presented below. Investment types, related to fixed income portfolios, are presented using effective weighted duration. Investment types related to short-term, and security lending collateral portfolios are presented using weighted-average maturity.

Notes to the Financial Statements

3. Deposits and Investments (continued)

Investment Type	As of June 30, 2025 Total (Duration) *(In Thousands)*	Effective Weighted Duration *(In Years)*	Total (WAM) *(In Thousands)*	Weighted Average Maturity *(In Days)*
Commercial paper	$ —	NA	$ 4,004,907	29
Money market funds	—	NA	1,321,530	1
Repurchase agreements	—	NA	1,500,000	2
U.S. guaranteed obligations:				
Treasury bills	670,292	0.34	—	NA
Treasury bonds and notes	13,453,628	6.59	—	NA
Treasury strips	642,242	6.45	—	NA
Index linked government bonds	85,506	10.70	—	NA
Bonds and notes	3,461	6.79	—	NA
Asset-backed	1,771	0.46	—	NA
GNMA mortgage-backed	1,030,151	5.17	—	NA
GNMA commitments to purchase (TBAs)	211,015	4.87	—	NA
Mortgage-backed CMOs and CMBS [1]	624,228	5.59	—	NA
Federal agencies:				
Discount notes	37,529	0.03	—	NA
Unsecured bonds and notes	302,183	5.11	—	NA
Agency strips	25,272	7.45	—	NA
Mortgage-backed	6,928,277	4.02	—	NA
FNMA, FHLMC commitments to purchase (TBAs)	937,022	4.99	—	NA
Mortgage-backed CMOs and CMBS [1]	1,531,700	4.94	—	NA
Domestic:				
Corporate bonds and notes	11,130,787	1.38	—	NA
Asset and mortgage-backed	1,196,419	2.20	—	NA
Mortgage-backed CMOs and CMBS [1]	1,608,077	3.20	—	NA
Municipal/provincial	81,317	7.52	—	NA
International:				
Government and agency obligations	1,312,056	4.45	—	NA
Corporate bonds and notes	2,726,114	2.99	—	NA
Asset and mortgage-backed	475,072	0.27	—	NA
Mortgage-backed CMOs and CMBS [1]	12,312	0.08	—	NA
Futures-long [2]	22,037	4.35	—	NA
Futures-short [2]	(16,595)	9.44	—	NA
Credit default swaps [2]	(9,475)	—	—	NA
Interest rate swaps [2]	1,296	4.38	—	NA
Total fixed income investments	$ 45,023,694		$ 6,826,437	
Short sales (liabilities):				
GNMA commitments to sell (TBAs)	$ (2,365)	6.61		
FNMA, FHLMC commitments to sell (TBAs)	(36,741)	6.04		
Total fixed income short sales	$ (39,106)			

1 Includes investments in IOs, POs and INVs totaling $111 million.

2 The futures and swaps contracts' effective weighted durations were calculated using notional values (in U.S. dollars) rather than fair values.

Notes to the Financial Statements

3. Deposits and Investments (continued)

Investment Type	Total (Duration)	Effective Weighted Duration	Total (WAM)	Weighted Average Maturity
	As of June 30, 2024			
	(In Thousands)	*(In Years)*	*(In Thousands)*	*(In Days)*
Certificates of deposit	$ —	NA	$ 100,064	82
Commercial paper	—	NA	2,745,017	17
Money market funds	—	NA	279,308	1
Repurchase agreements	—	NA	1,600,000	4
U.S. guaranteed obligations:				
Treasury bills	2,105,429	0.12	—	NA
Treasury bonds and notes	14,063,212	6.36	—	NA
Treasury strips	17,240	16.89	—	NA
Index linked government bonds	187,576	7.34	—	NA
Bonds and notes	4,867	5.67	—	NA
Asset-backed	2,057	1.27	—	NA
GNMA mortgage-backed	1,023,571	5.21	—	NA
GNMA commitments to purchase (TBAs)	111,867	5.74	—	NA
Mortgage-backed CMOs and CMBS [1]	416,477	5.71	—	NA
Federal agencies:				
Discount notes	27,596	0.02	—	NA
Unsecured bonds and notes	313,739	5.49	—	NA
Agency strips	28,050	7.93	—	NA
Mortgage-backed	5,819,612	4.08	—	NA
FNMA, FHLMC commitments to purchase (TBAs)	1,285,213	5.58	—	NA
Mortgage-backed CMOs and CMBS [1]	885,320	5.37	—	NA
Domestic:				
Corporate bonds and notes	10,795,574	2.37	—	NA
Asset and mortgage-backed	700,676	2.22	—	NA
Mortgage-backed CMOs and CMBS [1]	1,681,098	3.50	—	NA
Municipal/provincial	22,796	8.00	—	NA
International:				
Government and agency obligations	842,929	4.59	—	NA
Corporate bonds and notes	1,988,927	4.12	—	NA
Asset and mortgage-backed	475,995	0.14	—	NA
Mortgage-backed CMOs and CMBS [1]	14,404	0.08	—	NA
Futures-long [2]	10,690	4.70	—	NA
Futures-short [2]	(4,123)	8.27	—	NA
Credit default swaps [2]	(2,029)	—	—	NA
Interest rate swaps [2]	1,648	1.24	—	NA
Total fixed income investments	$ 42,820,411		$ 4,724,389	
Short sales (liabilities):				
GNMA commitments to sell (TBAs)	$ (4,642)	6.21		
FNMA, FHLMC commitments to sell (TBAs)	(45,136)	6.36		
Total fixed income short sales	$ (49,778)			

1 Includes investments in IOs, POs and INVs totaling $62 million.

2 The futures and swaps contracts' effective weighted durations were calculated using notional values (in U.S. dollars) rather than fair values.

Notes to the Financial Statements

3. Deposits and Investments (continued)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit or investment. Under Section 215.47, *Florida Statutes*, and subject to the limitations and conditions of the State Constitution or of the trust agreement relating to a trust fund, moneys available for investment by the Trust may be invested in various types of securities denominated in foreign currency. The SBA has developed for the Trust an Investment Policy Statement (IPS) that sets ranges on investments by asset class. All asset classes may hold non-U.S. securities, depending on portfolio guidelines. For fiscal years 2025 and 2024, Florida law limits the exposure to foreign securities held outside of foreign group trusts and certain other foreign entities to 50% of the total Trust. There is no requirement that this exposure to foreign currency risk be hedged through forward currency contracts, although some managers are authorized to use forward currency contracts.

Commingled international equity funds are collective investments where the Trust owns a portion of the total units in commingled funds with other investors. Exchange-traded funds (ETFs) are investment funds, traded on the exchanges, that hold assets such as stocks or bonds, and the Trust owns a portion of the total shares in the ETFs. Participatory notes (P-Notes) allow the Trust to participate in certain foreign equity markets where direct participation is not possible due to local government regulations, tax policies, or for other reasons. The overall investments or notes themselves are denominated in U.S. dollars, but a portion of the underlying assets may be exposed to foreign currency risk in various currencies.

Alternative investments are commingled investment funds (primarily limited partnerships) where the Trust owns a portion of the overall investment in the funds. For those funds denominated in U.S. dollars, some of the underlying investments may be exposed to foreign currency risk in various currencies.

The Trust is permitted to hold positions in futures, options, swaps, and foreign currency contracts that may be exposed to foreign currency risk. See sub-section, Derivatives, for additional information on derivative instruments.

Following are the Trust’s deposits and investments, by currency at fair value (in U.S. dollars) and by investment type, exposed to foreign currency risk as of June 30, 2025 and 2024.

3. Deposits and Investments (continued)

As of June 30, 2025

(In Thousands)

Currency	Cash	Equity	Alternative Investments	Fixed Income	Other	Spots, net	Total
Australian dollar	$ 1,727	$ 783,286	$ —	$ —	$ 113,742	$ (5,753)	$ 893,002
Brazilian real	1,093	400,591	—	32,650	6,910	2,835	444,079
British pound sterling	9,342	3,278,950	157,513	9,052	(17,300)	(5,924)	3,431,633
Canadian dollar	10,447	1,352,755	—	—	138,909	(6,381)	1,495,730
Chilean peso	1,041	34,092	—	4,153	450	191	39,927
Chinese yuan renminbi	—	41,349	—	—	—	1,947	43,296
Chinese yuan Hong Kong	8,354	—	—	—	(9,424)	—	(1,070)
Colombian peso	75	1,091	—	7,371	670	—	9,207
Czech koruna	164	21,663	—	9,573	(1,934)	(690)	28,776
Danish krone	4,052	535,748	—	—	—	12,494	552,294
Egyptian pound	15	633	—	—	—	—	648
Euro	12,112	8,014,750	2,643,099	116,095	(274,719)	11,582	10,522,919
Hong Kong dollar	2,218	846,301	—	—	—	1,177	849,696
Hungarian forint	262	19,392	—	4,390	310	—	24,354
Indian rupee	3,334	1,499,800	—	—	1,370	—	1,504,504
Indonesian rupiah	473	194,594	—	22,271	5,540	280	223,158
Israeli shekel	334	38,439	—	9,568	15,135	—	63,476
Japanese yen	26,251	4,223,215	22,334	—	(115,583)	(6,179)	4,150,038
Kuwaiti dinar	169	26,434	—	—	—	—	26,603
Malaysian ringgit	384	55,253	—	22,449	—	—	78,086
Mexican peso	312	216,091	—	28,840	10	(314)	244,939
New Taiwan dollar	2,231	1,841,666	—	—	(32,610)	(987)	1,810,300
New Zealand dollar	216	4,429	—	—	—	—	4,645
Norwegian krone	1,757	197,092	—	—	8,871	1,171	208,891
Pakistani rupee	54	—	—	—	—	—	54
Peruvian sol	64	72	—	4,059	2,730	—	6,925
Philippines peso	227	45,744	—	10,674	4,390	319	61,354
Polish zloty	289	214,849	—	17,616	321	6,073	239,148
Qatari riyal	41	32,138	—	—	—	—	32,179
Romanian new leu	35	—	—	6,416	—	(235)	6,216
Saudi Arabian riyal	1,548	197,566	—	—	—	—	199,114
Singapore dollar	2,235	320,390	—	—	(6,699)	1,739	317,665
South African rand	251	293,714	—	14,877	593	(2,278)	307,157
South Korean won	3,629	1,485,078	—	22,674	(27,177)	(1,022)	1,483,182
Swedish krona	312	486,446	13,805	—	58,746	182	559,491
Swiss franc	2,059	1,363,425	—	—	84,226	114	1,449,824
Thailand baht	68	117,925	—	22,611	(3,691)	(112)	136,801
Turkish lira	498	49,881	—	4,196	3,906	200	58,681
United Arab Emirates dirham	12	201,293	—	—	—	1,252	202,557
Uruguayan peso	—	—	—	15,500	—	—	15,500
Vietnam dong	21	7,739	—	—	—	—	7,760
Total foreign currency risk	97,706	28,443,874	2,836,751	385,035	(42,308)	11,681	31,732,739
Other investments with potential exposure to foreign currency risk:							
Alternative investments	—	—	41,642,919	—	—	—	41,642,919
P-notes and ETFs	—	397,340	—	—	—	—	397,340
Commingled int. equity funds	—	3,372,654	—	—	—	—	3,372,654
Total investments	$ 97,706	$ 32,213,868	$ 44,479,670	$ 385,035	$ (42,308)	$ 11,681	$ 77,145,652

Notes to the Financial Statements

3. Deposits and Investments (continued)

	As of June 30, 2024						
Currency	Cash	Equity	Alternative Investments	Fixed Income	Other	Spots, net	Total
			(In Thousands)				
Australian dollar	$ 1,073	$ 652,872	$ —	$ —	$ 105,725	$ (1,234)	$ 758,436
Brazilian real	2,890	314,828	—	12,386	—	(1,885)	328,219
British pound sterling	8,792	3,007,643	135,402	8,643	(35,557)	19,981	3,144,904
Canadian dollar	4,308	1,161,712	—	913	88,619	(411)	1,255,141
Chilean peso	263	24,176	—	—	—	199	24,638
Chinese yuan renminbi	—	339,193	—	—	(9,984)	1,235	330,444
Chinese yuan Hong Kong	9,432	—	—	—	—	—	9,432
Colombian peso	14	549	—	—	—	—	563
Czech koruna	45	22,071	—	—	—	—	22,116
Danish krone	213	872,440	—	—	(17,292)	(81)	855,280
Egyptian pound	6	84	—	—	—	—	90
Euro	6,953	6,810,087	2,150,406	86,595	(354,465)	56,639	8,756,215
Hong Kong dollar	3,681	1,798,521	—	—	—	4,573	1,806,775
Hungarian forint	285	16,947	—	—	—	—	17,232
Indian rupee	10,623	1,563,055	—	—	—	—	1,573,678
Indonesian rupiah	694	212,709	—	—	—	(267)	213,136
Israeli shekel	600	24,829	—	—	—	(395)	25,034
Japanese yen	10,429	3,732,818	12,789	—	2,243	4,469	3,762,748
Kuwaiti dinar	—	10,470	—	—	—	—	10,470
Malaysian ringgit	298	83,806	—	—	—	113	84,217
Mexican peso	2,958	220,950	—	11,533	—	—	235,441
New Taiwan dollar	5,410	1,582,069	—	—	(15,207)	(2,945)	1,569,327
New Zealand dollar	32	13,095	—	—	—	219	13,346
Norwegian krone	416	188,643	—	—	8,431	(56)	197,434
Pakistani rupee	55	—	—	—	—	—	55
Peruvian sol	4	—	—	—	—	—	4
Philippines peso	89	46,855	—	—	—	78	47,022
Polish zloty	163	90,562	—	—	—	(114)	90,611
Qatari riyal	—	26,981	—	—	—	—	26,981
Saudi Arabian riyal	18,598	163,657	—	—	—	(5)	182,250
Singapore dollar	820	300,391	—	—	7,069	1,527	309,807
South African rand	50	200,819	—	—	—	1,497	202,366
South Korean won	4,982	1,357,195	—	—	(44,243)	(2,135)	1,315,799
Swedish krona	613	572,501	44,909	—	38,593	(3,757)	652,859
Swiss franc	747	1,351,274	—	—	80,311	(2,066)	1,430,266
Thailand baht	11	139,677	—	—	—	833	140,521
Turkish lira	245	69,181	—	—	—	500	69,926
United Arab Emirates dirham	—	117,509	—	—	—	—	117,509
Uruguayan peso	—	—	—	17,492	—	—	17,492
Vietnam dong	2,059	10,366	—	—	—	—	12,425
Total foreign currency risk	97,851	27,100,535	2,343,506	137,562	(145,757)	76,512	29,610,209
Other investments with potential exposure to foreign currency risk:							
Alternative investments	—	—	41,549,930	—	—	—	41,549,930
P-notes and ETFs	—	1,073,917	—	—	—	—	1,073,917
Commingled int. equity funds	—	2,951,994	—	—	—	—	2,951,994
Total investments	$ 97,851	$ 31,126,446	$ 43,893,436	$ 137,562	$ (145,757)	$ 76,512	$ 75,186,050

The tables below provide additional details on the futures contracts, foreign currency contracts, and swap agreements that were subject to foreign currency risk. The margin payments included in "Margin receivable from counterparty" and "Margin payable to counterparty" on the statements of net position, may also be exposed to foreign currency risk.

3. Deposits and Investments (continued)

Futures

The Trust's futures contract positions as of June 30, 2025 and 2024, that were exposed to foreign currency risk are presented below.

		As of June 30, 2025				
			In Local Currency			In U.S. $
Futures Contract Type	**Currency**	**Number of Contracts**	**Notional Traded Exposure**	**Notional Market Exposure**	**Unrealized Gain/(Loss)**	**Unrealized Gain/(Loss)**
			(In Thousands)			*(In Thousands)*
Stock Index Futures:						
MSCI EAFE[1]	U.S. dollar	2,121	279,786	284,394	4,608	$ 4,608
MSCI Emerging Markets[1]	U.S. dollar	244	14,718	15,049	331	330
Bond Futures:						
Australian 10-Year	Australian dollar	141	16,031	16,161	130	86
Canada 10-Year	Canadian dollar	166	20,265	20,252	(13)	(10)
Euro Bobl	Euro	(53)	(6,255)	(6,237)	18	22
Euro Btp	Euro	(53)	(6,400)	(6,413)	(13)	(15)
Euro Bund	Euro	10	1,309	1,302	(7)	(9)
Euro Buxl 30-Year	Euro	(25)	(3,013)	(2,969)	44	52
Euro Oat	Euro	(70)	(8,713)	(8,669)	44	52
Total futures subject to foreign currency risk		2,481	307,728	312,870	5,142	$ 5,116

[1] Futures denominated in U.S. dollars are based on an index that converts the foreign issues to dollar equivalents at currency market exchange rates.

		As of June 30, 2024				
			In Local Currency			In U.S. $
Futures Contract Type	**Currency**	**Number of Contracts**	**Notional Traded Exposure**	**Notional Market Exposure**	**Unrealized Gain/(Loss)**	**Unrealized Gain/(Loss)**
			(In Thousands)			*(In Thousands)*
Stock Index Futures:						
MSCI EAFE[1]	U.S. dollar	4,401	516,515	515,621	(894)	$ (894)
MSCI Emerging Markets[1]	U.S. dollar	181	9,820	9,848	28	28
Bond Futures:						
Canada 10-Year	Canadian dollar	118	14,055	14,168	113	83
Euro Bobl	Euro	(65)	(7,487)	(7,568)	(81)	(87)
Euro Bund	Euro	(105)	(13,782)	(13,820)	(38)	(41)
Euro Buxl 30-Year	Euro	(15)	(1,922)	(1,954)	(32)	(34)
Total futures subject to foreign currency risk		4,515	517,199	516,295	(904)	$ (945)

[1] Futures denominated in U.S. dollars are based on an index that converts the foreign issues to dollar equivalents at currency market exchange rates.

Notes to the Financial Statements

3. Deposits and Investments (continued)

Options

The Trust's options contract positions as of June 30, 2025 that were exposed to foreign currency risk are presented below. There were no option contracts held as of June 30, 2024.

	As of June 30, 2025			
	In Local Currency		In U.S. $	
Currency	**Notional Amount**	**Total Market Value**	**Notional Amount**	**Total Market Value**
	(In Thousands)			
Options purchased:				
U.S. dollar[1]	9,001	31	$ 9,001	$ 31
Total options purchased	9,001	31	9,001	31
Options sold:				
Euro	2,167	(6)	2,544	(7)
U.S. dollar[1]	12,447	(43)	12,447	(43)
Total options sold	14,614	(49)	14,991	(50)
Total	**23,615**	**(18)**	**$ 23,992**	**$ (19)**

[1] Currency options on a currency pair, that are denominated in U.S. dollars, are dependent on the exchange rate of the given foreign currency relative to the U.S. dollar.

Forward and Spot Foreign Currency Contracts

Foreign currency contracts are agreements to exchange one currency for another currency at an agreed-upon price and settlement date. Currently, there are two types of foreign currency contracts being utilized by the Trust. Spot currency contracts are valued at spot (traded) currency rates and are used primarily for trade settlement and currency repatriation. Forward currency contracts are valued at interpolated forward rates and may be used to mitigate currency risk for changes in value associated with foreign holdings, payables and/or receivables. Forward currency contracts are recorded as investment assets and liabilities on the statements of net position and spot currency contracts are recorded as receivables and payables on the statements of net position.

Notes to the Financial Statements

3. Deposits and Investments (continued)

The Trust's forward currency contract positions as of June 30, 2025 and 2024, that were exposed to foreign currency risk are presented below, by currency.

	As of June 30, 2025				As of June 30, 2024			
	In U.S. $				In U.S. $			
Currency	Receivable Notional	Payable Notional	Total Market Value	Unrealized Gain/(Loss)	Receivable Notional	Payable Notional	Total Market Value	Unrealized Gain/(Loss)
	(In Thousands)				*(In Thousands)*			
Australian dollar	$ 115,640	$ 2,350	$ 113,656	$ 366	$ 105,121	$ —	$ 105,725	$ 604
Brazilian real	6,738	—	6,910	172	—	—	—	—
British pound sterling	45,194	62,091	(17,753)	(856)	2,081	38,700	(36,469)	150
Canadian dollar	139,939	—	138,919	(1,020)	89,409	1,460	88,536	587
Chilean peso	452	—	450	(2)	—	—	—	—
Chinese yuan renminbi	—	—	—	—	—	9,872	(9,984)	(112)
Chinese yuan Hong Kong	—	9,407	(9,424)	(16)	—	—	—	—
Colombian peso	651	—	670	19	—	—	—	—
Czech koruna	—	1,837	(1,934)	(98)	—	—	—	—
Danish krone	—	—	—	—	2,063	19,380	(17,292)	24
Euro	90,037	355,386	(274,814)	(9,465)	17,273	373,691	(354,303)	2,115
Hong Kong dollar	—	—	—	—	6,932	6,929	—	(3)
Hungarian forint	293	—	310	18	—	—	—	—
Indian rupee	3,338	1,938	1,370	(30)	—	—	—	—
Indonesian rupiah	5,517	—	5,540	23	—	—	—	—
Israeli shekel	14,570	—	15,135	564	—	—	—	—
Japanese yen	2,823	116,714	(115,583)	(1,692)	65,397	62,732	2,243	(422)
Mexican peso	1,653	1,633	10	(10)	—	—	—	—
New Taiwan dollar	539	32,167	(32,610)	(981)	—	15,444	(15,207)	237
Norwegian krone	8,857	—	8,871	14	8,156	—	8,431	275
Peruvian sol	2,687	—	2,730	43	—	—	—	—
Philippines peso	4,365	—	4,390	26	—	—	—	—
Polish zloty	306	—	321	15	—	—	—	—
Singapore dollar	—	6,632	(6,699)	(67)	7,129	—	7,069	(60)
South African rand	1,114	514	593	(7)	—	—	—	—
South Korean won	2,486	28,360	(27,177)	(1,303)	—	44,666	(44,243)	424
Swedish krona	58,957	—	58,746	(211)	41,097	2,497	38,593	(7)
Swiss franc	82,041	—	84,226	2,184	80,230	—	80,311	81
Thailand baht	417	4,092	(3,691)	(16)	—	—	—	—
Turkish lira	3,847	—	3,906	58	—	—	—	—
U.S. dollar	622,000	591,340	30,660	—	575,371	424,888	150,483	—
Total	$ 1,214,461	$ 1,214,461	$ (12,272)	$ (12,272)	$ 1,000,259	$ 1,000,259	$ 3,893	$ 3,893

Notes to the Financial Statements

3. Deposits and Investments (continued)

The Trust's spot currency contract positions as of June 30, 2025 and 2024, that were exposed to foreign currency risk are presented below, by currency.

	As of June 30, 2025				As of June 30, 2024			
	In U.S. $				In U.S. $			
Currency	Receivables	Payables	Net Receivables / Payables	Unrealized Gain/(Loss)	Receivables	Payables	Net Receivables /Payables	Unrealized Gain/ (Loss)
	(In Thousands)				*(In Thousands)*			
Australian dollar	$ 968	$ (6,721)	$ (5,753)	$ (26)	$ —	$ (1,234)	$ (1,234)	$ (6)
Brazilian real	9,772	(6,937)	2,835	(1)	2,311	(4,196)	(1,885)	(15)
British pound sterling	2,429	(8,353)	(5,924)	5	25,184	(5,203)	19,981	(48)
Canadian dollar	—	(6,381)	(6,381)	4	—	(411)	(411)	—
Chilean peso	191	—	191	—	199	—	199	—
Chinese yuan renminbi	1,947	—	1,947	—	1,268	(33)	1,235	5
Czech koruna	—	(690)	(690)	—	—	—	—	—
Danish krone	14,308	(1,814)	12,494	(41)	—	(81)	(81)	—
Euro	17,664	(6,082)	11,582	8	89,273	(32,634)	56,639	(246)
Hong Kong dollar	3,897	(2,720)	1,177	—	6,555	(1,982)	4,573	—
Indonesian rupiah	280	—	280	—	226	(493)	(267)	—
Israeli shekel	—	—	—	—	—	(395)	(395)	—
Japanese yen	3,371	(9,550)	(6,179)	(12)	9,720	(5,251)	4,469	(9)
Malaysian ringgit	—	—	—	—	386	(273)	113	—
Mexican peso	—	(314)	(314)	—	—	—	—	—
New Taiwan dollar	—	(987)	(987)	3	—	(2,945)	(2,945)	(7)
New Zealand dollar	—	—	—	—	219	—	219	—
Norwegian krone	1,171	—	1,171	(4)	56	(112)	(56)	—
Philippines peso	319	—	319	—	78	—	78	—
Polish zloty	6,073	—	6,073	3	588	(702)	(114)	(1)
Romanian new leu	—	(235)	(235)	—	—	—	—	—
Saudi Arabian riyal	—	—	—	—	—	(5)	(5)	—
Singapore dollar	1,739	—	1,739	3	1,527	—	1,527	1
South African rand	974	(3,252)	(2,278)	(2)	1,951	(454)	1,497	2
South Korean won	549	(1,571)	(1,022)	(9)	2,831	(4,966)	(2,135)	(17)
Swedish krona	2,489	(2,307)	182	(2)	—	(3,757)	(3,757)	(4)
Swiss franc	767	(653)	114	—	781	(2,847)	(2,066)	1
Thailand baht	—	(112)	(112)	—	1,079	(246)	833	4
Turkish lira	200	—	200	—	1,222	(722)	500	(1)
United Arab Emirates dirham	1,252	—	1,252	(1)	—	—	—	—
U.S. dollar	51,307	(63,060)	(11,753)	—	68,856	(145,709)	(76,853)	—
Total	$ 121,667	$ (121,739)	$ (72)	$ (72)	$ 214,310	$ (214,651)	$ (341)	$ (341)

3. Deposits and Investments (continued)

Swaps

The Trust's swap agreement positions as of June 30, 2025 and 2024, that were exposed to foreign currency risk are presented below.

Currency	Notional Amount (Local Currency)	Receive[1]	Pay	Maturity Dates	Market Value (Local Currency)	Market Value (In U.S. $)
	(In thousands)				(In thousands)	
As of June 30, 2025:						
British Pound Sterling	5,565	SONIA-1D	1.0% Fixed	5/8/2026	130	$ 179
British Pound Sterling	4,400	SONIA-1D	1.05% Fixed	5/8/2027	200	$ 274
As of June 30, 2024:						
British Pound Sterling	5,565	SONIA-1D	1.0% Fixed	5/8/2026	345	$ 436
British Pound Sterling	4,400	SONIA-1D	1.05% Fixed	5/8/2027	376	$ 476

[1] The SONIA (Sterling Overnight Index Average) is an interest rate published by the British central bank (Bank of England). SONIA can be seen as the average interest rate at which a selection of financial institutions lend to one another in British pound sterling (GBP) with a maturity of 1 day (overnight).

Notes to the Financial Statements

3. Deposits and Investments (continued)

Security Lending

During fiscal years 2025 and 2024, the Trust participated in security lending programs with two lending agents, including the Trust's custodian and one third-party agent. These security lending programs have clauses requiring the lending agent to assume the borrower's risk from default. There are no restrictions on the amount of securities that can be loaned at one time to one borrower.

In addition to the two agent lending programs, the Trust participated in security lending through investments in three commingled funds that do not offer borrower indemnification. The Trust receives a proportionate share of the security lending income generated from these activities.

Collateral requirements for securities on loan range from 100% to 110%, depending on the lending agent, the type of security lent, and the type of collateral received. As of June 30, 2025, the Trust had received and invested approximately $1.18 billion in cash collateral and received $16.37 billion in securities as collateral for the lending programs. The collateral held for the security lending programs exceeded the fair value of the securities on loan (including accrued interest). As a result, none of the lending programs were under-collateralized at the end of the fiscal year. The Trust does not have the ability to pledge or sell the non-cash collateral securities unless the borrower defaults, so the non-cash portion is not reported on the statements of net position.

Maturities of investments made with cash collateral generally are not matched to maturities of the securities loaned, because security lending agreements generally are open-ended with no fixed expiration date. As such, investments made with cash collateral are limited to those with a final maturity of up to 92 days. During fiscal year 2024, the remaining legacy securities, with final maturities of six months or more, were sold for a loss. The amount written off totaled approximately $18.2 million.

Notes to the Financial Statements

3. Deposits and Investments (continued)

The Trust's securities on loan as of June 30, 2025 and 2024, are presented below, by security type.

Securities on Loan by Security Type[1]	As of June 30 2025	As of June 30 2024
	(In Thousands)	
Securities on loan for cash collateral:		
U.S. guaranteed obligations	$ 2,217	$ 101,306
Federal agencies	1,172	4,996
Domestic corporate bonds and notes	780,843	47,568
International bonds and notes	213,910	37,859
Domestic equities	82,310	45,925
International equities	71,420	6,017
Total securities on loan for cash collateral	1,151,872	243,671
Securities on loan for non-cash collateral:		
U.S. guaranteed obligations	3,154,202	4,234,237
Federal agencies	2,336,456	1,562,311
Domestic corporate bonds and notes	319,651	534,553
International bonds and notes	196,189	105,700
Domestic equities	4,852,091	2,298,217
International equities	4,799,472	3,119,436
Total securities on loan for non-cash collateral	15,658,061	11,854,454
Total securities on loan	$ 16,809,933	$ 12,098,125

[1] Fair value includes accrued interest on fixed income securities.

Derivatives

The Trust accounts for derivative instruments in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). This statement defines a derivative instrument as a financial instrument or other contract that has all of the following characteristics:

a. Settlement factors. It has (1) one or more reference rates and (2) one or more notional amounts or payment provisions or both. Those terms determine the amount of the settlement or settlements, and in some cases, whether or not a settlement is required.

b. Leverage. It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

c. Net settlement. Its terms require or permit net settlement, it can readily be settled net by a means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement.

The Trust is permitted to hold the following derivative instruments: futures, options, forward currency contracts, and swaps.

Notes to the Financial Statements

3. Deposits and Investments (continued)

The SBA has established investment guidelines for each investment portfolio. Pursuant to these guidelines, investment derivative instruments are authorized to be used as tools for managing risk or executing investment strategies more efficiently than could otherwise be done in cash markets, and may only be used as part of a prudent investment process. Various derivative investment instruments are used as part of the investment strategy to hedge against interest rate risk, currency risk in foreign markets, default risk, and mortgage-backed security prepayment risk, and to effectively manage exposure to domestic and international equities, bonds, and real estate markets.

A futures contract is an agreement between a buyer and a seller to exchange a particular good for a particular price at a particular date in the future, all of which are specified in a contract common to all members in a market on an organized futures exchange. Upon entering into a futures contract, collateral (cash and/or securities) is deposited with the counterparty, in SBA's name, in accordance with the initial margin requirements of the counterparty. Futures contracts are marked to market daily by the board of trade or exchange on which they are traded. The resulting gain/loss is received/paid the following day until the contract expires. The frequency of cash flows depends upon specified collateral and margin limits mutually agreed upon by the SBA and third-party counterparties. Futures contracts involve, to varying degrees, risk of loss in excess of the variation margin disclosed in the statements of net position. Losses may arise from future changes in the value of the underlying instrument.

An option gives the buyer a stipulated privilege of buying or selling a stated property, security, or commodity at a given price (strike price) within a specified time (for an American-style option, at any time prior to or on the expiration date). A securities option is a negotiable contract in which the seller (writer), for a certain sum of money called the option premium, gives the buyer the right to demand within a specified time the purchase (call) from or sale (put) to the option seller of a specified number of bonds, currency units, index units, or shares of stock, at a fixed price or rate, called the strike price.

A forward contract is a contractual obligation, typically over-the-counter, traded between two parties to exchange a particular good or instrument at a set price on a future date. The buyer of the forward agrees to pay the price and take delivery of the good or instrument and is said to be "long" the forward contract, while the seller of the forward, or "short," agrees to deliver the good or instrument at the agreed price on the agreed date.

A swap is a contractual agreement to exchange a stream of periodic payments utilizing a central clearing house whereby, each party in the transaction enters into a contract with the central counterparty. These agreements may be over-the-counter or exchange-traded. Upon entering into a swap contract through a clearing house, collateral is deposited with the counterparty, in SBA's name, in accordance with the initial margin requirements of the counterparty. Swaps are available in and between all active financial markets. Examples include:

Interest rate swap – An agreement between two parties, where one stream of future interest payments is exchanged for another based on a specified principal amount. Interest rate swaps often exchange a fixed payment for a floating payment that is linked to an interest rate.

Notes to the Financial Statements

3. Deposits and Investments (continued)

Credit default swap – An agreement that allows one party to "buy" protection from another party for losses that might be incurred as a result of default by a specified reference credit (or credits). The "buyer" of protection pays a premium for the protection, and the "seller" of protection agrees to make a payment to compensate the buyer for losses incurred if a defined credit event occurs.

The fair value, changes in fair value, and notional amounts of the investment derivative instruments held by the Trust as of June 30, 2025 and 2024, are classified by type in the tables below.

	Fiscal Year Ended June 30, 2025				
		Increase/(Decrease) in Fair Value		Fair Value	
Investment Derivative Instruments	**Notional (in U.S. $)**	**Classification**	**Amount (in U.S. $)**	**Classification**	**Amount (in U.S. $)**
	(In Thousands)		*(In Thousands)*		*(In Thousands)*
Futures[1]					
Fixed income futures	$ 4,567,515	Investment Income	$ 6,160	Investment	$ 5,442
Equity futures	$ 1,946,710	Investment Income	145,135	Investment	44,794
Total futures			$ 151,295		$ 50,236
Forwards					
Foreign currency forwards	$ 1,214,461	Investment Income	$ (11,265)	Investment	$ (12,272)
Options					
Foreign currency options purchased	$ 9,001	Investment Income	$ 2,896	Investment	$ 31
Foreign currency options sold	$ 14,991	Investment Income	$ (2,871)	Investment	$ (50)
Total options			$ 25		$ (19)
Swaps					
Credit default swaps	$ 599,771	Investment Income	$ (1,719)	Investment	$ (9,475)
Interest rate swaps	$ 230,006	Investment Income	4,577	Investment	1,296
Total swaps			$ 2,858		$ (8,179)

[1] The total notional values of long and short fixed income futures positions were $3.5 billion and $1.0 billion, respectively. The total notional value of long equity futures positions was $1.9 billion.

Notes to the Financial Statements

3. Deposits and Investments (continued)

	Fiscal Year Ended June 30, 2024				
		Increase/(Decrease) in Fair Value		Fair Value	
Investment Derivative Instruments	**Notional (in U.S. $)**	**Classification**	**Amount (in U.S. $)**	**Classification**	**Amount (in U.S. $)**
	(In Thousands)		*(In Thousands)*		*(In Thousands)*
Futures[1]					
Fixed income futures	$ 3,787,728	Investment Income	$ (23,888)	Investment	$ 6,567
Equity futures	$ 2,166,297	Investment Income	253,606	Investment	(5,681)
Total futures			$ 229,718		$ 886
Forwards					
Foreign currency forwards	$ 1,000,259	Investment Income	$ 5,720	Investment	$ 3,893
Options					
Foreign currency options sold	$ —	Investment Income	$ 45	Investment	$ —
Swaps					
Credit default swaps	$ 116,715	Investment Income	$ (4,300)	Investment	$ (2,029)
Interest rate swaps	$ 385,132	Investment Income	(4,119)	Investment	1,648
Total swaps			$ (8,419)		$ (381)

[1] The total notional values of long and short fixed income futures positions were $2.8 billion and $948.2 million, respectively. The total notional value of long equity futures positions was $2.2 billion.

Commitments

Each year the Trust enters into a number of agreements that commit the Trust, upon request, to make additional investment purchases (i.e. capital commitments) up to predetermined amounts over certain investment time periods. The unfunded capital commitments for private equity, real estate, strategic, and active credit investments not reported on the Trust's statements of net position totaled $17.8 billion for both fiscal years ended June 30, 2025 and 2024.

Notes to the Financial Statements

4. Loans Payable

Credit Facility Program

During fiscal year 2023, SBA implemented the Credit Facility Program (CFP), which consists of one or more special-purpose entities that are wholly owned by the SBA. These special-purpose entities receive funds through secured revolving lines of credit with the purpose of providing downstream loans to Real Estate Principal Investments. Principal Investments may utilize the CFP to facilitate lending and financing needs for investments within the Principal Investments Portfolio. These special-purpose entities are considered blended component units of the Trust.

As of June 30, 2025, the total amount available under existing credit facilities was $750 million, of which $574.3 million in principal was drawn for the purpose of providing downstream loans to Real Estate Principal Investments. The available credit facilities will mature in March 2026, with the option to extend through March 2028. As well, capital commitments, from the FRS to the special-purpose entities, used to secure loans were $788 million.

Pursuant to the terms and conditions of the existing loan agreement, in the event of certain defined trigger events or events of default, including, without limitation, an uncured failure to make the payments due after all cure periods have expired, the lender is entitled to exercise certain remedies, including the suspension or termination of the commitment to fund the loan and declaring the outstanding loan balance to become immediately due.

5. Contingencies and Litigation

In the ordinary course of operations, the SBA, on behalf of the Trust, may be party to various claims, legal actions, and class action lawsuits. The SBA General Counsel's Office handles these matters either directly or with assistance of outside legal counsel. In the opinion of the SBA's management and legal counsel, these matters are not anticipated to have a material financial impact on the Trust for fiscal years 2025 and 2024.

6. Related Parties

The Department of Management Services (DMS), the FRS Investment Plan Trust Fund and the SBA are considered related parties for the purpose of the Trust's financial statements. The Trust has a variety of transactions with the DMS, the FRS Investment Plan Trust Fund and the SBA. The DMS administers the Plan, including collecting employer and employee contributions, remitting those contributions to SBA for investment in the Trust, requesting withdrawals from the Trust for benefit payments, and then paying those benefit payments to members. The SBA administers the FRS Investment Plan Trust Fund, including working with DMS to collect employer and employee contributions and processing member-directed benefit amounts between the Trust and the FRS Investment Plan Trust Fund. The SBA provides investment services to the Trust and charges an investment service fee on the Trust's net asset value each month-end.

Notes to the Financial Statements

6. Related Parties (continued)

Significant transactions between the Trust, DMS, FRS Investment Plan Trust Fund and the SBA for fiscal years 2025 and 2024, were as follows:

	As of June 30	
	2025	2024
	(In Thousands)	
Receivables:		
Due from DMS	$ 550,681	$ 558,373
Payables:		
Due to DMS	98,684	125,192
Due to the SBA	11,345	10,688
Total payables	$ 110,029	$ 135,880

	Fiscal Years Ended June 30	
	2025	2024
	(In Thousands)	
Additions:		
Employer/employee contributions received from DMS	$ 6,801,356	$ 6,486,992
Member-directed benefits received from the FRS Investment Plan Trust Fund	82,281	81,756
Total additions	$ 6,883,637	$ 6,568,748
Deductions:		
Funds sent to the DMS for benefit payments	$ 12,878,029	$ 12,450,773
Member-directed benefits sent to the FRS Investment Plan Trust Fund	820,590	690,365
Investment service charges to the SBA[1]	66,151	61,639
Total deductions	$ 13,764,770	$ 13,202,777

[1] Based on month-end net asset values.

Additionally, the downstream loans provided to Real Estate Principal Investments, as part of the Credit Facility Program, are considered related party transactions since SBA is lending at a rate that may be lower from current market rates. See Note 4, Loans Payable, for additional information.

Notes to the Financial Statements

7. Subsequent Events

Events or transactions sometimes occur subsequent to the statement of net position date but prior to the issuance of the financial statements and, therefore, require adjustment or disclosure in the financial statements. These subsequent events are classified into two types, one ("type one" recognized events) requiring adjustment to the financial statements and the second ("type two" non-recognized events) requiring only note disclosure.

Subsequent to fiscal year end 2025, an additional $143.6 million in principal was drawn for the purpose of providing downstream loans to Real Estate Principal Investments as part of the Credit Facility Program.

This subsequent event is considered a type two, non-recognized event for reporting purposes, requiring no adjustment to the financial statements. Accordingly, the Trust's net position was unaffected.

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Trustees
State Board of Administration of Florida
Tallahassee, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Florida Retirement System Trust Fund (the "Trust") administered by the State Board of Administration ("SBA") of Florida as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated November 14, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Dallas, Texas
November 14, 2025