Agenda
Investment Advisory Council (IAC)

Tuesday, June 3, 2025, 11:00 A.M.*

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

11:00 – 11:05 A.M.	**1.**	**Welcome/Call to Order/Approval of Minutes** *(See Attachments 1A – 1B)* ***(Action Required)***	*Peter Jones, Chair*
11:05 – 11:15 A.M.	**2.**	**Audit Committee Update**	*Mark Thompson,* *Audit Committee Chair*
11:15 – 11:25 A.M.	**3.**	**Opening Remarks/Reports** *(See Attachments 3A – 3E)*	*Chris Spencer,* *Executive Director* *Lamar Taylor,* *Chief Investment Officer*
11:25 – 12:15 P.M.	**4.**	**Private Equity Asset Class Review** *(See Attachments 4A – 4B)*	*John Bradley, SIO* *Private Equity* *Wes Bradle,* *Senior Portfolio Manager* *Sheila Ryan,* *Cambridge Associates*
12:15 – 1:05 P.M.	**5.**	**FRS Investment Plan Program Review** *(See Attachments 5A – 5B)*	*Dan Beard,* *Chief of Defined Contribution Programs* *Mini Watson,* *Director of Administration* *Allison Olson,* *Director of Educational Services* *Katie Comstock,* *Kile Williams,* *Aon*
1:05 – 1:10 P.M.	**6.**	**Review Changes to the FRS Investment Plan Investment Policy Statement** *(See Attachments 6A – 6B)* ***(Action Required)***	*Chris Spencer,* *Executive Director*

1:10 – 2:10 P.M.	**7.**	**Florida PRIME™ Review** *(See Attachments 7A – 7C)*	*Mike McCauley, Senior Officer* *Investment Programs & Governance*
		A. Florida PRIME Legal Compliance Review – Chapter 218, Pt. IV, F.S.	*Glenn Thomas,* *Lewis, Longman, & Walker*
		B. Florida PRIME Best Practices Review	*Katie Comstock,* *Aon*
		C. Florida PRIME Portfolio Review	*Heather Froehlich,* *Paige Wilhelm,* *Luke Raffa,* *Federated Hermes*
2:10 – 2:15 P.M.	**8.**	**Review of Florida PRIME™ Investment Policy Statement** *(See Attachments 8A – 8B)* ***(Action Required)***	*Chris Spencer,* *Executive Director*
2:15 – 2:45 P.M.	**9.**	**Asset Class SIO Updates** *(See Attachments 9A – 9F)*	*Tim Taylor, SIO* *Global Equity* *Todd Ludgate, SIO* *Fixed Income* *Trent Webster, SIO* *Strategic Investments* *John Mogg, SIO* *Active Credit* *Lynne Gray, SIO* *Real Estate* *Mike McCauley, Senior Officer* *Investment Programs & Governance*
2:45 – 2:55 P.M.	**10.**	**Major Mandate Performance Review** *(See Attachment 10)*	*Katie Comstock,* *Aon*
2:55 – 3:00 P.M.	**11.**	**Audience Comments/Closing Remarks/Adjourn** *(See Attachment 11)*	*Peter Jones, Chair*

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

MINUTES
INVESTMENT ADVISORY COUNCIL
March 3, 2025

A hybrid meeting of the Investment Advisory Council (IAC) was held on Monday, March 3, 2025, via Microsoft Teams. The attached transcript of the March 3, 2025, meeting is hereby incorporated into these minutes by this reference.

Members Present:

Attended In Person:	**Attended Virtually**:	**Not In Attendance**
Ken Jones	Peter Jones	Vinny Olmstead
John Goetz	Gary Wendt	
Peter Collins	Jeff Jackson	
Tere Canida		
Freddie Figgers		

SBA Employees:	Chris Spencer	Lamar Taylor
	Paul Groom	Jim Treanor
	Marco Perzichilli	Lynne Gray
	Michael Fogliano	Chris Marino
	Tom Proctor	Mike McCauley
	John Bradley	Tim Taylor
	Todd Ludgate	Trent Webster
	John Mogg	Dan Beard
Consultants:	Richard Brown, Townsend	Katie Comstock, Aon
	Seth Marcus, Townsend	

WELCOME/CALL TO ORDER/APPROVAL OF MINUTES

Ken Jones, Chair, called the meeting to order at 11:00am. Ken called for a vote to approve the prior meeting minutes. With no objections, the December 9, 2024, IAC meeting minutes were unanimously approved.

OPENING REMARKS/REPORTS

Chris Spencer, Executive Director, discussed the upcoming Trustees meeting, noting that the SBA has a new trustee, Attorney General James Uthmeier, and another new trustee is expected upon CFO Jim Patronis' resignation at the end of March. On the Trustees meeting agenda will be the revised FRS Pension Plan Investment Policy Statement; a corporate governance resolution to update the SBA's litigation pool, amend the SBA's internal securities litigation policy, and establish a litigation finance fund; ratification of litigation initiated by the SBA against Target; and a proposed rule to amend the delegation of authority in the Florida Administrative Code for initiating litigation. Chris then briefly discussed the digital assets memo included in the materials, which was requested by CFO Patronis; explained that Peter Collins would provide the IAC Compensation Subcommittee update later in the meeting; and commented on the closing of a large secondary sale in Active Credit. Chris also provided a legislative update and discussed the CAT Fund's preparation for the upcoming hurricane season. Chris answered a question from John Goetz.

Lamar Taylor, Chief Investment Officer, provided an update on performance as of December 31, 2024. Florida PRIME and CAT Fund outperformed their benchmarks over the quarter by 1 bp and 21 bps, respectively. The FRS Investment Plan underperformed its benchmark by 6 bps over the quarter due to foreign markets, active management, and stable value; though, Lamar stated it was an improvement over the previous quarter. Regarding the FRS Pension Plan, the total fund was down 94 bps over the quarter but outperformed the benchmark by 15 bps. Global Equity and Fixed Income were also both down over the quarter but outperformed their benchmarks by 42 bps and 13 bps, respectively. Real Estate returns continue to drag, but the asset class has continued to outperform. Private Equity outperformed over the quarter and Lamar noted that they expect longer term performance to begin to improve. Lamar explained that Strategic Investments' and Active Credit's performance is reflective of the transitions they are undergoing as Active Credit continues to be built out and Strategic Investments is restructured.

REAL ESTATE ASSET CLASS REVIEW

Lynne Gray, Senior Investment Officer – Real Estate, provided a brief overview of the Real Estate team and policy. She discussed the market, noting that ODCE saw its second quarter of positive performance after seven consecutive quarters of negative performance. Lynne explained how the Real Estate portfolio is constructed and the investment vehicles utilized. Regarding performance, Lynne echoed Lamar Taylor's comment that Real Estate has continued to outperform its benchmark despite negative returns, driven by the outperformance of the core portfolio. Lynne also reviewed property type and geographic diversification and total portfolio leverage.

Chris Marino, Acquisitions Manager – Principal Investments, reviewed the principal investments portfolio, which has a net asset value of $13.6 billion. Regarding performance, the 1-year period had a net return of -6.6% due to a -10% appreciation; the 3-year period had a net return of 60 bps, outperforming the benchmark by 160 bps; and the 5 and 10-year periods both had positive returns. Chris stated that negative returns are driven by the office and apartment sectors. Chris, Lynne, and Lamar Taylor answered questions from IAC members regarding geographical impact on returns. Chris discussed leverage and explained that most of the portfolio's debt is fixed rate to help manage costs and risks. Chris then reviewed investment activity in 2024, noting that the team closed on over $1 billion in transactions.

Tom Proctor, Portfolio Manager – Principal Investments, discussed Real Estate's credit facility program, known as REPIMAC, which primarily provides construction loans for joint venture investments. After rates increased significantly in 2022, the SBA secured a $750 million line of credit at better terms, allowing REPIMAC to provide downstream loans to joint venture investments at a significantly lower price than the market. Through January, this has resulted in a cost savings of $3.9 million and is projected to increase to $35 million for the current loan commitments. Tom discussed projected total loan funding and loan activity allocation and answered questions from IAC members.

Michael Fogliano, Senior Portfolio Manager – Externally Managed, reviewed the externally managed portfolio which has a net asset value of $5.2 billion and 71 fund investments. Michael discussed the portfolio's outperformance over all periods, property type and geographic diversification, and the investment process. During 2024, the externally managed team closed on 9 investments totaling $930 million and completed a full divestment of the $2 billion REIT portfolio. Michael noted that if successfully closed, deals currently in the pipeline will bring total commitments near $1.2 billion for the fiscal year. He then answered questions from IAC members.

Seth Marcus, Townsend, discussed the market and investment themes. He then provided an overview of the real estate portfolio and answered questions from IAC members. Regarding performance, Real Estate has outperformed the benchmark over the 5, 10, and 15-year periods. Seth noted that while there has been underperformance over the short term, the portfolio has generated positive income returns consistently over the 25-year period with 20 bps of outperformance over ODCE's income returns.

GLOBAL EQUITY BENCHMARK RECOMMENDATION

Katie Comstock, Aon, discussed Aon's recommendation to change Global Equity's benchmark from the MSCI All Country World Index Investable Market Index (ACWI IMI) to the MSCI All Country World Index (ACWI) ex-China ex-Hong Kong Investable Market Index (IMI). The recommendation follows the IAC's decision at the December 9, 2024, IAC meeting to remove exposure to China and Hong Kong within the FRS policy. Katie noted that this change would also be reflected in Private Equity's base benchmark.

REVIEW CHANGES TO THE FRS PENSION PLAN INVESTMENT POLICY STATEMENT

Chris Spencer, Executive Director, stated that the revised FRS Pension Plan Investment Policy Statement reflects the Global Equity benchmark change presented by Katie Comstock. Ken Jones, Chair, called for a vote to approve the revised investment policy statement. With no objections, the FRS Pension Plan Investment Policy Statement was unanimously approved.

CORPORATE GOVERNANCE REVIEW/PROXY VOTING GUIDELINES

Mike McCauley, Senior Officer – Investment Programs & Governance, provided a brief overview of Investment Programs and Governance's responsibilities and team. Regarding corporate governance, Mike emphasized the team's focus on enhancing value. He reviewed voting statistics for 2024, explaining that the SBA voted 12,384 meetings on over 100,000 ballot items. Mike also discussed the role of the SBA's proxy committee, vendors like Glass Lewis and ISS, and governance and data partners. Mike outlined two of the major ballot items that the SBA votes on, director elections and executive compensation, and highlighted the SBA's transparency on voting decisions, referencing the SBA Proxy Voting Dashboard.

Mike discussed the Proxy Voting Guidelines and introduced a proposed amendment to add a proxy voting guideline related to artificial intelligence (AI). He explained that the number of AI-related proposals has increased over the past two years and this amendment would provide broad guidance on how to evaluate these proposals. Mike answered questions from IAC members. Ken Jones, Chair, called for a vote to adopt the proposed AI-related voting guideline language. With one vote against, the proposed language was approved by majority vote.

ASSET CLASS SIO UPDATES

John Bradley, Senior Investment Officer – Private Equity, noted that the portfolio was up 2.4% in the 3rd quarter of 2024, making it the best quarter in over a year. Private Equity continues to underperform over the short term but has outperformed over the longer term, with venture capital and growth equity strategies driving both. John discussed commitment activity and answered a question from Ken Jones.

Tim Taylor, Senior Investment Officer – Global Equity, explained that though the market fell 1% over the 4th quarter, it was up over 16% for 2024 with U.S. markets leading. Global Equity outperformed the benchmark over all periods except the 3-year period due to a difficult 1st quarter of 2022, and all active aggregates outperformed except for US small cap. Tim then provided an update on initiatives.

Todd Ludgate, Senior Investment Officer – Fixed Income, stated that Fixed Income outperformed over all periods. He then discussed portfolio positioning, the decrease in Fed cut expectations for 2025, and recruitment activity within the asset class. Todd answered questions from IAC members.

Trent Webster, Senior Investment Officer – Strategic Investments, discussed Strategic Investments' slight underperformance over the 1-year period, attributing it to insurance and opportunistic funds. He then reviewed recent activity and provided an overview of the portfolio, which consists of hedge funds, infrastructure, insurance, and opportunistic funds. Trent answered questions from IAC members.

John Mogg, Senior Investment Officer – Active Credit, provided an update on the credit markets. He discussed the multi-asset credit implementation, stating that they expect to close on 6 mandates by the end of April and a search has begun for high yield and emerging market debt. John then explained that a credit secondary sale was completed in the 4th quarter to aid in repositioning the private credit portfolio. John presented the legacy private credit portfolio's performance against the new benchmark.

Dan Beard, Chief of Defined Contribution Programs, stated that members and retirees have increased by 6,000 and 4,000, respectively, since September 30, 2024. He then discussed plan choice statistics, membership growth, assets under management, and the MyFRS Financial Guidance Program.

MAJOR MANDATE PERFORMANCE REVIEW

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

IAC COMPENSATION SUBCOMMITTEE UPDATE

Peter Collins provided the IAC Compensation Subcommittee update in Vinny Olmstead's absence. At the subcommittee meeting, Mercer presented their findings on the SBA's incentive compensation in relation to peers. Peter explained that after considering several options, the subcommittee voted to recommend four changes to the incentive compensation plan (ICP). The first change would increase the outperformance levels needed to trigger ICP payments and create an additional "superior" level, making the new outperformance levels a threshold of 10 bps, a target of 35 bps, a superior level of 70 bps, and a maximum of 100 bps. The second change would increase each tier's incentive compensation paid as a percentage of base pay when outperformance levels are met. The new award amounts for Tier 1 would be 65% for target, 97.5% for superior, and 130% for maximum; for Tier 2 it would be 45%, 67.5%, and 90%, respectively; for Tier 3 it would be 25%, 37.5%, and 50%, respectively; and for Tier 4 it would be 15%, 22.5%, and 30%, respectively. The third change would amend the plan to allow individual asset classes to trigger the asset class portion of the ICP payment regardless of the total fund meeting the threshold. The final change would amend the qualitative component of the ICP to allow for five levels of performance.

There was discussion between IAC members regarding the recommended changes. Peter Collins explained that if approved by the IAC, a letter will be composed to the Trustees recommending these changes. Ken Jones, Chair, called for a vote to approve the recommended changes. With no objections, the changes to the SBA's incentive compensation plan were unanimously approved.

AUDIENCE COMMENTS/ELECTION OF OFFICERS/CLOSING REMARKS/ADJOURN

Ken Jones nominated Peter Jones as Chair. Peter Collins seconded the nomination. All in favor. Peter Jones was elected Chair. Ken Jones then nominated Freddie Figgers as Vice Chair. Peter Collins seconded the nomination. All in favor. Freddie Figgers was elected Vice Chair.

There being no further questions or items for discussion, the meeting was adjourned at 2:13pm.

Peter Jones

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Peter Jones, Chair

May 19, 2025

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Date

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STATE OF FLORIDA

STATE BOARD OF ADMINISTRATION

INVESTMENT ADVISORY COUNCIL

PUBLIC MEETING

PAGES 1 - 158

Monday, March 3, 2025

11:00 a.m. - 2:13 p.m.

LOCATION:

1801 Hermitage Blvd.
Tallahassee, FL

Stenographically Reported By:

TRACY BROWN

APPEARANCES:

John Goetz
Ken Jones, Chair
Gary Wendt (appearing remotely)
Lamar Taylor
Chris Spencer
Peter Jones (appearing remotely)
Paul Groom
Jeff Jackson (appearing remotely)
Tere Canida
Freddie Figgers
Peter Collins
Marco Perzichilli
Jim Treanor
Trent Webster
Lynne Gray
Michael Fogliano
Chris Marino
Tom Proctor
Katie Comstock
Todd Ludgate
Seth Marcus
Richard Brown
Teddy Grendzynski
John Bradley
Dan Beard
John Mogg
Mike McCauley
Tim Taylor
Amy Walker
Audrey Milnes
Marissa Hicks

Thereupon,

The following proceedings began at 11:00 a.m.

MR. CHAIR: Good morning, everybody. We'll go ahead and get started, thirty seconds early today. Actually, it's 11 o'clock now, so we're right on time. Well, first of all, we'll acknowledge if anybody's on the phone for our court reporter here. I think Peter Jones might be on.

Peter, can you hear us?

Working on the tech this morning. Make sure everyone can hear us. Jeff Jackson's on as well? Okay.

Jeff, can you hear us as well?

If somebody could look into that. I think barring that, I think we still do have a quorum to start. So we'll go ahead and call the meeting to order. Peter and Jeff, when they get on, if you can just say that you're here.

There we go.

MR. SPENCER: Now we're unmuted. Can you ask him now if they can hear?

MR. CHAIR: Peter, can you hear us now?

MR. JONES: I can hear you, yes. Thank

you.

MR. CHAIR: Jeff?

One out of two works, I think, so --

MR. JACKSON: Yes, I can hear you.

MR. CHAIR: Okay, Jeff. Thank you.

Okay. We'll call the meeting to order.

First order of business is the approval of the minutes from the last meeting. Any amendments or changes to the minutes?

Okay. Seeing none, all's opposed (sic) adopting the minutes, please signify by saying aye.

(Members reply aye.)

MR. CHAIR: All opposed, like sign.

(No response.)

MR. CHAIR: Okay. Minutes are adopted from the last meeting. Next we're going to turn it over to Chris Spencer for opening remarks.

Chris.

MR. SPENCER: Thank you, Mr. Chair. We have a busy week this week, so sorry for having the meeting on Monday. We have the first day of legislative session starting on Wednesday. So this will be a very eventful week here in

Tallahassee.

We do have a meeting of the trustees, as I mentioned, on Wednesday. A couple of big-ticket issues to go through and what's going to happen on Wednesday. First and foremost, we have a new trustee. Attorney General James Uthmeier was sworn in two weeks ago. So he will be joining as a trustee for the State Board of Administration at the first meeting of the trustees with him there on Wednesday.

And then we anticipate there will be a new trustee when CFO Jimmy Patronis, his resignation for his election for congress will go into effect at the end of this month. And so we expect that there will be a new trustee as the CFO at the June meeting of the trustees, or any other meeting that's scheduled by the trustees prior to June.

A couple of big items I want to go through just a high level that's going to be discussed at the trustees meeting this week. First, there's going to be the investment policy statement that is on the agenda today for the IAC to finalize. This is with regards to

taking a zero policy weight in global equity regarding to China. This was discussed at the last IAC meeting. So now, as that process works, we have the revision to the IPS is on the agenda for today. That will be voted on. And then that will be final -- the final vote will come to the trustees on Wednesday.

We also have a resolution related to corporate governance on the trustees meeting on Wednesday. This resolution does a couple of things: First, it directs the SBA to refresh our litigation pool. For those that are not familiar, we do have a pool of law firms that we retain for the purposes of securities litigation. It was last updated over -- about a decade or so ago. We're going to go back and request proposals from law firms to refresh those fee schedules, determine any additional law firms that should be joined, or any of the existing law firms that will come out of the pool. So that's part of what is in the resolution.

Additionally, we are going to be amending our internal securities litigation policy with adding a focus in there specifically around suits that may advance the corporate governance principles that add long-term shareholder value. And then we will also be looking at establishing a litigation finance fund around this. And that -- the purpose of that is for a -- kind of a reimbursement revolving fund to help pay for some of these corporate governance-focused suits where there may not be a direct damage recovery against which contingency fees would normally be charged by external counsel.

We also have the ratification of litigation that was initiated by the SBA on February 20th in the suit of SBA versus Target. That is coming before the trustees for ratification pursuant to the existing rule that delegates authority to the staff here at the SBA.

In addition to that, there is a notice of a proposed rule making on the trustees' agenda that will amend that delegation in existing Florida Administrative Code to provide instead of having an affirmative vote -- the way the rule currently works is you have to have an affirmative vote by the trustees before

initiating litigation, or there's the authority for the executive director to go ahead and initiate litigation and then get a ratification vote after the fact from the trustees. We're instead changing that now to have a five-day notice before we initiate litigation that goes to the trustees. And so that'll update that administrative code. And that's on the agenda as well for Wednesday.

A couple -- there's two items that are on the agenda today that I just wanted to bring to your attention that -- one of them is not going to have any discussion unless there's any questions from the members of the IAC. I just want to make sure that you're aware, we have the digital assets memo that's in your materials. That is from a request back in October from CFO Patronis for the SBA to conduct a review on feasibility risks, returns associated with engaging in digital assets. That material is in your binder. And Marco is here in case we have any questions specifically around that memo.

And then also on the agenda item today, there will be the results of the compensation subcommittee conversation around the incentive compensation plan. Vinny is not available at the meeting today. So Peter Collins has graciously agreed to represent the feedback or, I guess, the outcome of that meeting here to the IAC as a whole, although I know many of you joined that meeting as well. So this will be a refresher for most people that were in that meeting.

At a high level, I want to just -- for awareness, I want to talk really quickly, and I know there's a slide in the material that -- in the active credit portion of our materials that talk a little bit more further to this. We closed on a substantial secondary sale in the active credit asset class at the end of December, roughly one-third of the portfolio. This is implementing a lot of the changes around that asset class as we launch that asset class split out from the strategic investments asset class.

Can't go into a lot of the details because of confidentiality agreements on the nature of the sale, but at a high level, roughly a third of the portfolio was sold at very attractive

pricing to NAV and a good return net IRR from inception from these funds. Really enables us to move out of a lot of equity exposure and get -- you know, fund what our strategy is and with the new development of the asset class, with our direct lending launch that we're doing this year.

As far as legislative update, the -- we'll call it the agency package, the legislation that the SBA is seeking this year, has been filed by Senator Tom Leek and by Representative Adam Anderson. And so now we are working with the legislature to get those bills moving on an agenda through committee process. And we will keep you guys updated if any changes to those bills happen and as that moves forward. Obviously our next IAC meeting will be after session, so hopefully we have some good news to report at that point. But if anything comes up in between now and then, feel free to give me a call. I can give you an update on how things are going legislatively.

We also continue to monitor any bill that may impact the SBA. There's several bills that are out there right now, particularly around cryptocurrency, so we're monitoring that. And we're also monitoring any legislation that might impact the CAT fund since that's -- obviously every year there's conversations around whether we change retention, whether we change rapid cash buildup factor, or other aspects around the CAT fund. We always monitor that to make sure that we have the CAT fund best positioned to be able to manage the exposure that the statute requires us to manage.

And to that point, I'll give you a final update here just on the CAT fund as a whole. We've completed our financial conditions analysis for the upcoming hurricane season. We have determined that we're not going to seek risk transfer consistent with our policies now for a number of years. We're not going to go buy reinsurance. We are looking at if, when, and how much to issue for any pre-event bonding. We do still have, I believe, $2.8 billion worth of authorization from the trustees of pre-event bonding that we can issue. So we're, right now, looking at what the bonding capacity is.

As of October, our bonding capacity was 7.9 billion in the market. That's more of a market analysis of what the bonding capacity is. So we're starting out right now roughly where we started out last year, a little under $10 billion of total liquid resources available to pay out for the hurricane season, which is a really healthy position for us to be in.

As a reminder, we have pre-event and post-event bonding authority. So should -- you know, should a significant event happen, we do have adequate resources to be able to make sure that we accommodate that. But we will be making a determination soon about, again, if, when, and how much on pre-event bonding that we intend to pursue for the CAT fund as we approach June for the start of the hurricane season.

That is my update. Any questions from the members of the IAC?

MR. GOETZ: One question. Chris, just more out of curiosity. Is the pre-event bonding pricing moving around a bit?

MR. SPENCER: A little bit. It's hard to say right now because there's still a lot of uncertainty about what's going to happen legislatively here in Florida. Florida's obviously one of the largest cohorts of the market. We'd have to -- I can get back to you with some more detail on how the actual pricing is looking right now. It's very attractive for us, given our credit profile and given the unique nature of the SBA or of the CAT fund being able to convert some of these pre-event bonds to post-event bonds, so that they may be able to pay that back. We have obviously the structure in place that makes it very attractive.

MR. GOETZ: I guess the reinsurance has probably gone up --

MR. SPENCER: Reinsurance, depending on -- obviously California wildfires have had a significant impact on some reinsurance funds. And so right now reinsurance globally has seen a little bit of a decline in pricing this year versus last year for a lot of the January placements. Most Florida insurers place midyear, so they'll be placing by June. So it's a little -- it's early right now to tell how much of an impact from California. Now

there's fires in South Carolina, North Carolina too, how much of those impacts are going to translate into pricing for June -- or for our Florida impact specifically.

But for the most part, looking back going into the 2025 calendar year, there was some downward pressure on reinsurance, but, again, it's going to depend on which reinsurance fund was hit harder versus others based on their exposure in California.

MR. CHAIR: Any other questions or comments?

Thanks, Chris.

Lamar.

MR. L. TAYLOR: Good morning. Making sure everyone can hear me.

So I've got a set of slides in the materials if I can get this to work.

Maybe, Marco, if I could get you to -- so -- well, I can't toggle back and forth. If you'll recall from the last meeting, so we've -- I've got four slides in the materials. So the first one is this, which lists a set of what we call managed returns. These are our actual returns over these various time periods, one-month, three-month, one-year, three, five, ten-year, et cetera.

You flip to the next slide, this is a slide of active returns. That is returns compared to benchmark for those periods of time, one, three-month, one-year, three-year, five-year, et cetera.

If we can flip to the next slide, this is strictly a slide relating to FRS pension fund returns. And it shows much of the same information you saw on the previous slide, with one exception being there is a blue line there that shows the attribution, that is the extent to which that asset class contributed to that period's outperformance or underperformance in terms of against benchmark returns.

That's been important because, as we've seen over the last several quarters, one asset class in particular has been a big contributor to the underperformance of the fund. And that's just, again, we know the reasons why, it relates to lags, it relates to imperfect comps in the public market space. We'll talk a little bit more about it.

I'm very happy to say that we're starting

to see some of that trend reversed, and we're starting to see some improvements there as -- with respect to private equity, particularly, as we're seeing improvements in IPO offerings and MNA activity. So that's very encouraging to see. I'll come back to that point in a minute.

And the final slide is -- this is sort of everything all together. It's all of our mandates. It relates to Florida PRIME, CAT Fund, the investment plan, the pension plan, and all the sub-asset classes. And one of the things that we show here is -- so you can kind of get an at-a-glance performance picture of everything in terms of the major mandates, and one of the things you'll see here is where we're underperforming, we show that in red and highlighted cells. And if you could see last quarter's slide compared to this quarter, you would happily note there is a lot less red and highlighted cells there. So we're starting to see an uptick in relative performance, performance against benchmark. And that's a very good thing to see.

So if we could go back to the first slide, and I'll just kind of start remarks there.

If we sort of look at what happened over the quarter, quarter ending December 31st, 2024, in terms of a macro environment, the federal reserve cut the short term -- the funds rate for, I think, the third time in roughly three months, bringing that total reduction down a hundred basis points starting since September. So the short end of the curve dropped pretty precipitously. However, at that point in time there was a lot less certainty around future cuts going forward. So the entire yield curve shifted up. So you saw sort of a normalization of the curve as of the end of December. And that played out into some of our returns in fixed income.

Also during the quarter in terms of equity markets, a little bit of a difference sort of geographically. So the US markets were up, foreign markets were not. Foreign markets were down in part because of the strengthening dollar. A lot of concerns around the impact of potential tariffs. And so there was a big drawdown internationally. And how that played out in terms of the total fund, if you look at

our short duration, fixed income mandates, like Florida PRIME and CAT Fund, they have performed well on both an absolute and relative performance. So for the quarter, they were up a little over a hundred basis points.

And in terms of relative performance against benchmark, Florida PRIME was up about a basis point, and the CAT fund was up about 21 basis points. Very strong performance over the one-year period of time, over 5 percent for both. Again, very reflective of current rate environments.

If you look at -- moving to our pension mandates of the investment plan down in absolute return space for the quarter three-month ended December 31st, still in part due to the exposure to foreign markets, active management and exposure to stable value funds there. Stable value is a product that is going to not do well in rising rate environments, but that performance is going to come back as rates come in. And you're starting to see that, some better -- some improved performance in the stable value space. So even though we're down both in absolute and relative space, so against benchmark, the investment plan was down about six basis points. That's a significant improvement over last quarter. And, again, I think it is part of the improvements you're seeing in that short-term rate environment.

If we move to the pension plan. And so, Marco, maybe if we can go forward a couple of slides. And this is a little bit of an eye chart for most people, but it's in your materials. And so we'll kind of speak to this chart, sort of asset class by asset class.

Look at the pension plan overall. So the plan was up -- I'm sorry -- was down for the quarter -- my right chart's here. Plan was down for the quarter 94 basis points in total but up in relative space, so a positive against benchmark by 15 basis points. So where you saw that performance play out was global equity markets were down in the aggregate. So global equity was down about 78 basis points over the quarter, but generated positive, 42 basis points in performance. And that's a function of, again, in the macro sense, our international exposure's weighed on the overall absolute performance. So US markets were up,

but ex-US markets were down pretty significantly. But active management in those ex-US markets contributed significantly to the 42 basis points outperformance relative benchmark.

Similar story in fixed income. So fixed income down in absolute space for the quarter, in large part as a result of a rising yield curve. So the yield curve itself, moving up about 60 to 80 basis points. But active management in that space, particularly in credit, as we saw spreads come in a bit, contributed to a positive, I believe, 13 basis points of performance for the quarter.

So as we switch to the private market asset classes, we're starting to see some improvement there as well. And I kind of look to the one-year performance numbers there as those assets tend to be much more longer term and are -- certainly our value proposition there is much more longer term. So if we look at real estate, for example, definitely starting to see some -- we have been performing well on a relative basis in real estate for quite a while. In an absolute sense, it continues to drag on returns, but we're starting to see some improvement there, at least in terms of valuations. Those declines not being as precipitous as they have, sort of leveling off in that space. We're starting to see some still healthy occupancy rates across all of the property types other than office, although office seems to be improving some.

So one of the things that we see from a positive perspective is sort of future supply seems to be not as robust, particularly in the apartment space. So some good news, I think, turning the corner in terms of real estate, and we would hope to see that continue to develop over time. And certainly Lynne's going to get into more of that -- Lynne and Mike will get into more of that later today.

Private equity is another area of optimism. From my perspective, if you look over the quarter, we actually see positive alpha in private equity. Again, I would caution -- quarter to quarter is not the way to look at it. Really, even year to year is not really the way to look at that asset class. It's a long-term exposure. And over the long

term, we believe we're going to earn premium relative to public market exposures there.

One of the things that is encouraging to us is we are starting to see improvements in IPO mergers, and to some degree, some optimism with respect to distributions and exits. John's asset class has still been a net positive cash distributor over the period and continues to remain that way. But we do expect this performance will turn the corner and we will get back to what is a more normal cadence with respect to this asset class in public markets. We expect to earn a premium over time and I believe we will get back there as the MNA activity improves.

Active credit and strategic are undergoing a transition. And you're starting -- you're seeing that in the performance as well. So as Chris mentioned, we're repositioning the portfolio in active credit. John continues to build that asset class out. Done a lot of work with respect to the public side. They've done work with respect to managers in the multi-asset credit space. In the bank loan space, we'll have more to say about that later.

Strategic also undergoing a bit of a restructuring as we focus more on diversification objectives. Hedge funds have done well over the last quarter, and Trent has got a very good process in place to kind of continue to extend that performance going forward.

So I think, all in, good news. The pension plan continues to deliver strong absolute performance and we're starting to see improvement in the relative performance as well. So I'm happy to answer any questions.

MR. CHAIR: Any questions?

Okay. We're going to move now to overview of each asset class. And I believe first up is Lynne Gray on Real Estate.

MS. GRAY: Good morning. And thank you.

I'm Lynne Gray, senior investment officer in real estate. And today I'm joined by Mike Fogliano, Chris Marino, and Tom Proctor of our real estate team. And Seth Marcus and Dick Brown of Townsend. Together we're going to bring you real estate's annual update.

Our agenda's going to start with a total portfolio overview followed by updates of our

sub-portfolios, and close with comments from Townsend on the market and possibly the portfolio. And, of course, we'll be happy to answer any questions that you have along the way of our presentation.

So let's get started.

I'd like for you to meet our team. Most of us are here in the audience today or at -- with me at the table, but I think it's important to know that we have a seasoned team of professionals with expertise in appraisal, transactions, development, construction management, accounting and finance. Now, we're not going to prepare your tax returns, but we are going to manage real estate's $18.9 billion portfolio.

A little bit about our investment policy objectives. We focus on long-term performance, and I think that's important to remember. Portfolio diversification and real estate's role in enhancing the overall plan and risk-adjusted returns.

Real estate's allocation increased from 10 percent to 12 percent at the beginning of last year. Currently our allocation is

9.4 percent as of the close of business Friday.

Now, in the lower portion of this slide, you'll see that our allocation actually decreased over last year. That's primarily attributable to two things: One, the growth of total plan assets. And two: We sold a $2 billion REIT portfolio in the first quarter of last year. Now we aim to reach that target allocation of 12 percent, but we take a disciplined approach to investing using Townsend's pacing model as a guide and not rushing to deploy capital in any given year.

Real estate's primary benchmark is NCREIF ODCE. ODCE is a widely used benchmark for core real estate investments in the United States. ODCE comprises 25 funds that hold roughly 3400 investments and has an asset management asset value of 227 billion.

Now, a little bit on the real estate landscape. As we've entered 2025, value declines, as Lamar mentioned, for real estate seem to have moderated and are nearing a trough. But this will vary by asset class and by region. ODCE, for example, had positive returns in the third and fourth quarter of last

year. That's following seven consecutive declines of quarterly negative returns.

Now, this positive shift sets a stage for our 2025 outlook, real estate trends and sector fundamentals. First, for industrial apartment and retail sectors, we expect those to remain pretty healthy, supported by solid fundamentals and demand. Now industrial and apartments are still absorbing that overhang of supply, but we have seen construction slow. Office still faces distress. Vacancy rates on a national level are around 19 percent. But for two consecutive quarters, those have been level. So maybe they're reaching a peak. Time will tell on that, though. But the recovery in office, we do believe, is going to be slow and uneven.

There are markets that are showing green shoots. New York, for example, I think is relatively healthy. And even, believe it or not, in San Francisco we're seeing some green shoots with return to work and demand for technical skills with AI.

Now, I think that it's important to know that while we have a positive outlook for 2025, we still monitor potential risks that could impact real estate's recovery. And just to name a few things: Economic uncertainty, interest rates, policy and political factors, and geopolitical tensions or global events.

So with this slide we're giving you a view of our approach to portfolio construction. You'll see that we highlight property types, those demand drivers, and our outlook within those sectors. Favorable sectors are backed by strong demographics, supply/demand imbalances, and steady cash flows. Office and life sciences, of course, are facing challenges due to shifting workplace demand, high vacancy rates, and evolving tenant demand, making these sectors the least favorable in today's environment. But with all that said, I'll note that asset selection is key. For example, a favorable sector may have property types that are not attractive investments. So for that, prudent evaluation in looking at location, supply, demand and property-specific factors is essential in making well-informed investment decisions.

Now real estate invests through

direct-owned vehicles and funds. The direct-owned vehicles hold 100 percent owned or joint venture investments. The pooled funds provide a global platform for investing and also provide access for those investments saving that may be difficult to reach.

On the right, you'll see risk profile of the total portfolio. The core investments are lower risk and provide steady cash flows. The non-core exposure is through value-add or opportunistic fund investments. Those value-add investments focus on properties that may have steady income, but also have the potential for value enhancement through improvements or repositionings.

Opportunistic investments take on higher risk and thus we expect to have higher returns. These investments focus on distressed or undervalued assets. Major developments or redevelopments, they typically carry higher leverage, have little to no cash flow and have returns generated from appreciation.

And now onto portfolio performance. Our short-term real estate performance has been underwhelming, as Lamar had mentioned or alluded to earlier. The industry has faced significant disruptions, including the pandemic, the rise of remote work, high inflation, soaring interest rates, supply chain disruptions, and a surge in construction completions. But despite this muted performance, we still have outperformed our benchmark.

The core portfolio, particularly externally-managed investments, has been a key driver to performance. And industrial is leading the way in returns.

Commercial office and apartment portfolios in principal investments have contributed negatively to returns. I would like to point out, though, on the right of the slide, you'll see that our cash return or income return for the portfolio has been steady over all time periods.

We actively manage risks by maintaining a well-diversified portfolio across property type and geographic regions operating within 15 percent of our benchmark. Our focus remains on increasing residential, maintaining industrial exposure, and strategically reducing

our commercial office exposure. Given our concentration in the south, we are mindful of that exposure and take that into consideration when we're making new property investments and fund investments.

Our property type allocation trend slide shows how real estate's portfolio exposure has shifted over time. Now these changes are primarily driven by valuation fluctuations, though some may be attributable to transaction activity. This evolution reflects broader market trends and our strategic approach to portfolio management.

And, finally, a slide on portfolio leverage at the total portfolio level. I'll direct you to the upper left of the screen where it shows our investment portfolio guidelines. The portfolio total is limited to 40 percent LTV, principal investments 35. The diagram shows the portfolio's loan to value and the sub-portfolio's loan to value.

I'm going to pause there for questions, and note that we have a slide that covers principal investments leverage later in the portfolio.

Okay. If there are none, then I'm going to end my presentation and pass it over to Mike Fogliano. Thank you.

MR. FOGLIANO: That wasn't the original order, right?

MS. GRAY: Sorry. Chris Marino. You guys got me out of order.

MR. MARINO: Good afternoon, everyone. My name is Chris Marino.

I have been with the SBA since 2011 and have been in the role of acquisitions manager since that time. I'm pleased to walk you through the next section of the real estate presentation which highlights the principal investments portfolio, a vital part of our strategy here at the SBA.

Let's begin.

As of September 30, 2024, the net asset value of our principal investments portfolio stands at 13.6 billion. At the core of this portfolio are 87 investments spanning 351 properties across the US. And by focusing within the US, we're playing to our strengths, capitalizing on our deep knowledge of the domestic market.

What sets this portfolio apart is how we manage it. These investments are handled internally with real estate staff, retaining discretion over every step of the process, whether it's buying, managing, financing or selling. It's a level of autonomy that gives us the flexibility to stay nimble and strategic.

Our portfolio also reflects a balance of directly-owned assets and joint ventures, each playing a critical role in our strategy. Directly-owned investments represent the majority of our portfolio at 16.5 -- 65.9 percent. Joint ventures provide flexibility that enable us to stretch our resources to pursue growth in targeted ways. These joint venture relationships enable the SBA to access strategic areas like medical office, student housing and self-storage in strategic development areas like industrial and multifamily, and our build-to-rent core strategy -- build-to-core stratify. Our joint ventures demonstrate the real value in having a partner.

Here, we'll review the performance of the principal investments portfolio over the one-, three-, five-, and 10-year timeframes. I'll be upfront, as previously discussed, the numbers here aren't all glowing, but they tell a story of resilience and strength in a tough market.

Starting with the one-year performance, our portfolio delivered a solid income return of 4.4 percent. That's the cash flow from rents and other sources showing the underlying strength of our assets. But when we look at the net return, our total performance, after all factors, it's negative 6.6 percent.

Again, the main driver there is a negative 10 percent appreciation, reflecting a drop in property values compared to our benchmark, which posted a negative 8 percent total return.

Now, if we zoom out to the three-year horizon, the picture brightens a bit. Our net return is 60 basis points. That's driven by a steady income return of 3.9 percent, even though appreciation came in at negative 2.9 percent, still beating the ODCE benchmark by 160 basis. Five- and 10-year returns continue to show positive results.

What's behind these challenging returns?

It comes down to two key sectors: Office and apartments. The office market has been tough. Remote work trend and a shifting demand have put pressures on value. Apartments, meanwhile, are a strong long-term play, but they've been hit by rising interest rates and increased supply in some markets. These dynamics have weighed on our overall performance. That said, real estate is a marathon, not a sprint, and we're built to ride out these cycles and seize opportunities when they come.

Despite these headwinds, we're still outperforming in there.

MR. COLLINS: Mr. Chairman, could I ask a couple questions?

MR. CHAIR: Please.

MR. COLLINS: In the one-year return, what's the lion's share of the negative in the portfolio? Is it -- is it a specific product type? Is it across --

MR. MARINO: Apartments and office.

MR. COLLINS: Apartment and office. And is there -- and I'm assuming there's some geographical reasons for that as well.

MR. MARINO: I think it's pretty much across the board.

MR. COLLINS: No matter the market?

And the negative, those aren't -- how much of that is realized versus valuation, portfolio valuation?

MR. MARINO: Well, we'll get to that at the end, but we did have two transactions.

MR. COLLINS: That were realized negatives?

MR. MARINO: Well, I don't know if they were negatives. One of them was negative, one of them was positive.

MS. GRAY: Those actually aren't in these third quarter numbers. But I would say at this point, everything's unrealized with the exception of two properties that we've closed on that would show up in the December numbers.

MR. COLLINS: Yeah. I think we talked at one of the last two meetings about, you know, there's a lot of people that sold coming out of seven and eight and nine, and they locked in losses that, you know, would've been very good investments four years later. But some people didn't sell and they got -- and those assets got worse. So I know you guys continue to look

at the portfolio. You know, money trapped in a negative asset that in the next few years doesn't look like it's going to turn around, I'm a big believer in taking pain on that and moving on, so -- and I know we've talked about that before. And I would still just encourage you to do that.

You know, one of my mentors said, if you're in a bad trade, get out of it. And there's some bad trades out there that I think, you know, are going to be bad for a while. So I would just encourage you guys to continue to look at the portfolio and not be afraid to take a loss if it -- certainly if that loss could get bigger or if that loss is just not going to change over the next four or five years.

Thank you.

MR. CHAIR: Thanks.

Any other questions, comments?

I want to follow up on that. I have one question. You said that geography really didn't matter. Have you really dug into that? Because as we've looked at it -- and so we do some of this in the private side of the market. And we are seeing geography does matter. It matters a lot, in fact. So we're not building in California or Illinois, Detroit, Boston. I mean, it's -- southeast generally has done better, southwest maybe as well. But have you taken a deeper dive into that to see really, is it just a blanket? It's gotten crushed across the board regardless of geography.

MR. MARINO: I think as it relates to valuations, it's pretty much across the board.

MR. CHAIR: Yeah.

MR. GOETZ: Mr. Chairman, that actually raises the point. You know, in public markets attribution reports really easy put out, right? You get statistical analysis. You both asked the same question, which I had as well, is there a way to, when we have performance, know what we're riding and what the attribution of performance is? Is there a way to -- because I think that would be helpful to the members of the committee, because then we kind of know what's working as well and we can debate.

I mean, a mentor of mine once said, you know, don't panic. So we can debate, but at least seeing what we're riding and what's hurting both geography and asset class, I

think, would help us before the meeting to come in and say, you know, how's it going? I mean, it's easy when Tim does his presentation for me to know what's working and isn't because I'm in that business. Same with you guys. But I think attribution as a part of this packet is a good idea, especially when you do the deep dive.

MS. GRAY: Yeah. We appreciate those comments. And we do have contribution for assets and we roll that up by property type. We haven't sliced it by geography, but we certainly can do that. Townsend provides us that information on a quarterly basis. And we can provide that going forward.

MR. CHAIR: Yeah, I think that'd be very, very helpful.

Okay. Any other comments, question?

MR. L. TAYLOR: Well, actually if I could.

MR. CHAIR: Lamar, sure.

MR. L. TAYLOR: And I think our team may not be doing -- let me help them sort of pat themselves on the back a little bit.

So one of the things that to -- to your points, I think when -- I think we've got a chart on this. When we look at sort of our relative overweights and underweights.

MS. GRAY: Yes.

MR. L. TAYLOR: So I do think, from a geographic perspective relative to the ODCE, we're actually slightly overweight south, southeast.

MS. GRAY: Correct.

MR. L. TAYLOR: And I think that's, you know, in large part attuned to some of the things you're seeing in terms of, we look at demographics, sort of where are you seeing those demographic trends. It -- kind of playing into some of that. So there's some -- I mean, they're attuned to these issues as well. And --

MR. CHAIR: So the question being if we weren't overweight to the south, southeast relative to the benchmark, would we have done a lot of worse?

MR. L. TAYLOR: Well, I think we would have been ahead of benchmark, and so the benchmark -- so from a relative, I think that's kind of what you may be seeing some from a relative perspective in terms of as compared to

benchmark. It's a great question on, we should really put some gray matter to that and sort of suss out the attribution just to sort of validate that point. It's a good question.

But I think -- so there's some aspect of the portfolio construction that the team looks at generally relative to the ODCE benchmark, and part of that's geography, part of it's also property type. And so we have a relatively large specialty property type as compared to the benchmark, things like student housing and some of the other areas where, from a specialty type, have actually contributed positive to performance. So we've done pretty well. And student housing's one of the things that's kind of kept our performance pretty well.

So -- and then a similar story in the externally managed in terms of sector selection. So there is some internal thought around sector geography and property type that does sort of build into the portfolio that does, in my opinion, has actually been one of the reasons why the team has added value over this period of time. So -- but, all in, at the end of the day, they're just trying to generate sort of a targeted rate of return that we have from an asset allocation perspective given to them, which is -- sort of this ODCE benchmark is sort of the overall expectation, this core focus of real estate and income generation and a diversification.

And so I think, by and large, I think the team has done a good job doing that and we can do a little bit better job making sure we're giving you the information, sort of suss out that attribution.

MR. CHAIR: I do have one more question. I know, Lynne, you mentioned earlier, you're seeing green shoots in places that I didn't expect to see green shoots for a long, long time.

What are you seeing there, I mean, specifically?

MS. GRAY: So based on information from Green Street, just New York's office market is healthier. People are going back to work. You've heard in the news and seen mandates for back to work in the office. Now, again, you can't paint every market and every property with a broad brush and say things are good or

things are bad. You really have to get down to the building and where it's located and what's the vintage of the building and how well it's maintained.

And then within San Francisco, just the back-to-work aspect and the AI component within technology is creating more of a buzz with return to work and office.

Would I buy an office in San Francisco today?

MR. CHAIR: That was my next question.

MS. GRAY: Absolutely not. I'm not buying office. We're looking to sell strategically where it makes sense. And we do those evaluations for our office portfolio. And when you look at the attribution of our office portfolio and you compare that to the ODCE, we actually, from an asset selection, rate higher than the ODCE with the quality of the buildings that we have in our portfolio.

Now, we do have assets that we continue to monitor. And are they reaching that bottom where we say it's time to let go? Yeah, we have serious discussions on those. And they're going to be painful, but we have those discussions and we're not in love with any asset in the portfolio, and we will make that decision.

MR. COLLINS: You know, I liken it to firing an employee, right? If you get to the point where you think maybe I should fire this employee, every day you don't, you're going to regret, right?

MS. GRAY: Right.

MR. COLLINS: And the minute you did it, you said, I wish I would've done it six months ago or I wish I would've done it a year ago.

MS. GRAY: Yeah.

MR. COLLINS: If you get to that point.

Now, you know, firing that employee is not going to cost you tens of millions of dollars, like maybe one of these transactions is. But it's the same thing. And the only thing I would say on the San Francisco and AI, there's cyclical -- there's special events that happen that seem to stabilize it. But if the underlying structure of the economy in that market is not getting better, then it's a blip, right, on the road to a longer decline. And that is -- you know, it becomes less about a

particular asset type than the overall market itself.

MS. GRAY: Sure.

MR. COLLINS: So when you say we wouldn't buy office in San Francisco, I'm not sure what I would buy in San Francisco, right? I'm not sure what I would buy in Chicago. And I'm not -- I don't mean to pick on those two markets. I'm just saying it's not good for long-term real estate holders in those markets.

MS. GRAY: I agree with you, especially on Chicago. And with San Francisco with the change in administration for local government, I think that there's some positive things that are happening. And we certainly have a presence in San Francisco with other property types, and we're watching those as well. Multifamily, in particular, has been hard hit in San Francisco. West Coast in general for multifamily. So we're mindful of that. We're watching it. And we're not sitting back and just looking at a performance number to say, what happened. We're absolutely managing the portfolio.

MR. CHAIR: I would say, particularly in

Chicago, and some of this data's public, some of it's not, but there were four note sales in the last 60 days. Two are leasehold interest, two are fee, that went for less than 10 cents on the dollar. Marquee properties, Michigan Avenue, you know, just outside the loop. And they're selling for literally pennies on the dollar. And I don't see that trend. I don't care if work from home goes away or comes back or what happens, but Chicago is a market I think is going to be structurally damaged for at least a decade. So it's something that -- I wouldn't look at it if I were in your shoes. It sounds like you're not, but --

MS. GRAY: We're thankful we don't have commercial properties in Chicago. However, I think it's a great city. We do have industrial exposure there, though.

MR. CHAIR: Yeah. And that's a different answer.

One other question I had on one of the slides back here, we've got international listed at 5 percent, which is almost a billion dollars. Just 30 seconds, what do we own in the portfolio that's outside the US?

MS. GRAY: Sure. So that's through fund exposure. And would you like country or property type?

MR. CHAIR: Just high level.

MS. GRAY: High level country, UK, Japan, Germany --

MR. CHAIR: Okay.

MS. GRAY: -- are the top countries. And Mike can give you maybe some property type exposure. I don't have that off the top.

MR. CHAIR: I imagine that's not residential.

MS. GRAY: It's a mix. It's a diverse portfolio of investments outside of the US. And that varies by country with what we invest in. But, yeah, it could be industrial, residential, office.

MR. CHAIR: Okay. Great. No, you don't need to take a deeper dive.

MS. GRAY: Okay.

MR. CHAIR: Any other questions?

Okay.

MR. MARINO: I think we kind of covered this slide just in that discussion. So I'm going to skip over that time.

I'm going to get to the Peter Collins slide. And it's a beautiful slide.

MR. COLLINS: It's a beautiful slide. It's very beautiful.

MR. MARINO: Leverage is a critical component of our investment strategy. Leverage allows us to enhance returns, but it must be managed thoughtfully to maintain stability and mitigate risk. As of the end of the third quarter of '24, our principal investments portfolio sits at 22 percent loan to value. Over the last five years, our debt levels have remained consistent, sitting in the 25 to 22 percent loan to value range.

New leverage has been harder to come by. And by policy, it needs to be accretive.

Turning to the bottom left chart, you'll see almost three quarters of our debt is fixed rate.

Finally, the top right chart highlights our forward-looking debt maturities. Most of our debt is fixed for the longer term, giving us a stable foundation as we plan ahead. However, we do have two years of maturities in front of us that will need to be addressed

through pay downs or refinance.

In summary, we leaned heavily on fixed rate financing to manage costs and risks. This disciplined approach defines how we manage the principal investments portfolio, ensuring it's resilient today and positioned for growth tomorrow.

MR. COLLINS: Can I make one comment on the Peter Collins slide? You know, we've had this debate for several years, and I would agree with you today, doesn't work, right? If your mortgage constant's more than your cash on cash, you got problems, right? But I would tell you that as bad as things seem today, we're not losing buildings because we're 27 percent levered. We're not defaulting on loans. It's still cash flowing, right? We may not be making as much money as we thought we did, but it's not because of the leverage.

But to your point today, I would tell you, I agree with you, rates -- it doesn't work, right? That leverage is not accretive. And -- but doesn't mean that for five years it was accretive and we just didn't really take advantage of it. That's all I'm saying.

MR. MARINO: Again, in the interest of time, this is our investment process. I'm happy to walk you through it, but I'm going to skip this slide so that other teammates can talk.

This is the last slide in my presentation. So we'll close out with the '24 activity, a year that's certainly kept us on our toes and showcased our team dedication. We closed just over 1 billion in real estate transactions across 23 investments. It's certainly a reflection of a busy, purposeful year where we've pushed forward with focus and strategy. That's an average of two closings per month, a total of 40 properties. And we've spread our efforts across a mix of property types.

We acquired 19 self-storage properties, four medical office buildings, picked off four build-to-rent or BTR communities, picked up three industrial assets, two student housing investments, two essential service retail centers. We also launched two apartment developments, two industrial developments, and one cold storage development. 60 percent of this activity was in stabilized assets, cash

flowing properties like self-storage or industrial and student housing. Development takes a long-term view, but it's where we're planting seeds for future growth.

Geographically, we've also cast a wide net. And we didn't just buy, we also sold two dispositions, brought in $98 million of move that shows we're ready to trim and refine when the timing's right. 2024 was a year of action. We closed on over a billion in transactions, diversified across property types and regions, and struck a balance between stable assets and development. It's been a team effort and I'm proud of what we've achieved.

I'm going to turn it over to Tom Proctor. He's going to talk about our debt program. Thank you.

MR. PROCTOR: Thanks, Chris. Good morning.

I'm Tom Proctor and I'm a portfolio manager in real estate principal investments. Along with oversight of my property portfolio, I help run the credit facility program known as REPIMAC. Lynne knows that I'll talk about REPIMAC for long stretches, so she allotted me two slides today, so I'll keep it to a brief overview of the program.

This program came out of an initiative to better utilize the size and scale of the real estate debt and the principal investment portfolio. The REPIMAC program focuses on our floating rate debt, predominantly construction loans for our development joint ventures, but it could also be used for major capital projects or bridge loans. Historically, our development projects use individual loans sourced by our JV partners from traditional construction lenders. These loans are typically a floating rate made up of a fixed spread over SOFR, formerly LIBOR.

And these worked well up until 2022 when SOFR was well below 1 percent and our all-in interest rate was in the 3 to 4 percent range. Beginning in 2022, SOFR rose from .5 percent -- I have to read that twice -- in March, up to 4.3 percent by the year-end where it continued to climb. And this dramatic rise in rates was exacerbated in 2023 as many lenders tightened activity or even exited the market, making most construction lending very difficult.

Through REPIMAC, the SBA was able to take advantage of our size and scale. We obtained a fund level, $750 million line of credit, secured only by a capital commitment from the SBA. This credit line has terms and pricing much better than the rates associated with the construction lending.

Using this facility, REPIMAC can then issue what we call downstream loans to our various joint venture entities at substantial savings. These downstream loans are priced with the servicing, administrative, and startup costs factored in. And so right now we're charging 125 basis points over SOFR. And that compares with about three to 400 over SOFR that we're seeing on most construction loans recently.

These savings are passed through to the investment where the SBA realizes this pro rata share of the cost savings. Through January, this program has generated about $3.9 million in cost and fee savings. And we project that figure to total over 35 million for this current batch of loan commitments.

Then we've issued 14 loans totaling

811 million in total commitments. This chart reflects our projected total balance based on the flows of projected construction draws, and then the downstream loan maturities. We've temporarily -- I temporarily paused new activity based on our credit facility capacity, but we're in the process of evaluating new commitments that would begin funding after November of this year as some of the existing loans mature and make payoffs.

Since we only lend to SBA real estate ventures that have been approved on the investment side, you'll see this loan activity allocation is going to look a lot like the principal investments activity that Chris just showed us, primarily industrial projects including cold storage and some multifamily.

To wrap up, the REPIMAC program represents an innovative approach that has saved SBA significant dollars and allowed us to operate in conditions where other real estate players were sidelined due to a lack of construction financing in the capital markets. It also helps make SBA real estate a preferred partner in the marketplace that can bring both capital

and debt funding to deals.

Although REPIMAC originated with the SBA real estate team, it took a lot of input and work from the various business components of the SBA, particularly the buy-in and support of our senior leadership and the SBA legal team.

Thank you.

Unless there's any questions, I'll pass the mouse to Mike to cover our externally managed portfolio.

MR. CHAIR: Thanks, Tim.

I think John might have a question.

MR. GOETZ: Thank you.

MR. PROCTOR: Yes.

MR. GOETZ: Some of these are owned in partnership.

MR. PROCTOR: That's correct. In fact, a hundred percent are --

MR. GOETZ: Okay. So we all agreed, by the way, that this efficiency was there and it's now bigger than we thought. So it's a great program, so I understand why you talk a lot about it.

Question: Now that the spread is so stinking big, is there leakage to partners that we're actually giving a spread away to partners that we could maybe, you know, pull back on that a little bit, still have success going to the entity and keep some of the interest at the parent entity?

MR. PROCTOR: That's a great question. It's something that we've -- you know, we've talked about various approaches to this program. I think the main thing we -- the reason we pass it through to the joint ventures is, this is -- we're not lending to third parties, we're not trying to make REPIMAC a profit center. We're trying to make it reference costs and pass the benefit onto our investment side. And -- but we also wanted to make it compelling for the partners.

In most cases, I would tell you -- there are some variations. But in most cases, the partner represents maybe 5 to 10 percent of the deal. That cost savings is being split before there's any promoted interest to the partners. So it's coming out before the waterfall. So we're making sure that that enhancement is not benefiting, you know, their promoted interest. But they are recognizing their pro rata share

of the cost savings.

MR. GOETZ: I don't think any of us thought that that spread would be 300 basis points.

MR. PROCTOR: Right.

MR. GOETZ: Is that fair?

MR. PROCTOR: That's -- yeah, you're right. I mean, we knew there would be a spread there, but we -- and we have seen spreads recently coming down a little bit, but you're right, it is more significant than we had originally expected.

MR. CHAIR: Any other questions?

MS. CANIDA: Yes, I have a question, Chairman.

Is there any thought about increasing this? Are we where we want to be?

MR. PROCTOR: Absolutely, I would say, from my standpoint. I think that -- but wisely so, we -- I think the direction we received from senior management is, hey, let's see a couple of these payoffs. Let's kind of get through a cycle, make sure that it's working the way we think it's working. And we absolutely want to start -- you know, as you can see, where the balance starts projected to come down and we have more capacity, we absolutely want to put that to work and continue to -- when Chris is out trying to find a deal, it's nice for him to be able to offer that, hey, we can handle the debt side as well. So it's a big draw and we absolutely would like to see it continue and perhaps grow.

MS. CANIDA: Thank you.

MR. COLLINS: One question. So to expand on John's question. So when we provide this facility that is, call it below market, right? SOFR today's 435, 436, you're 125 over, so that's 56 -- 565, somewhere in that neighborhood market -- depending on the asset. You know, if there's not a market for some assets, but depending on the asset, you know, you could be at six and a half, six and a quarter. So you are saving 75 to a hundred basis points for the partnership.

Do you factor that in on the front end when you set the waterfall?

MR. PROCTOR: So it's interesting. If we were starting from scratch, we probably would prefer to have an unlevered promote so that

it's not affected. Unfortunately, when this came about, most of those joint venture agreements were already in place. So we did come up with an amendment process that basically -- we calculate basically what that savings is and SitusAMC, who is our -- you might know of them as our appraisal administrator -- they help service the loans. They're running a parallel calculation with an agreed upon, you know, market rate so that we can calculate exactly what that savings is.

And the first distribution that comes out of that deal, once there's enough capital, is that cost savings gets taken out prior to any -- to the waterfall.

MR. CHAIR: Yeah. Look, I think, on a go-forward basis, you absolutely need to do that. I mean, I know there are legacy JVs in place where you can't go back and unscramble the egg, but I think going forward, absolutely. I mean, look, you said this is an incentive to get people to do it. I frankly think just getting financing at all. Because you think about it, I mean, this is a dream. Look, if I'm the GP in this deal, I'm going to love you guys. Absolutely. Because I can't go get money for less than 800 basis points all in right now to go build apartments anywhere.

So I would think -- just look at it. I'm not saying you got to go squeeze the hell out of these guys, but there's some squeezing to be done for sure. I mean, this is not a complicated formula to figure out. So, yeah, definitely take a look at it.

MR. PROCTOR: Understood.

MR. CHAIR: Any other questions?

No.

Who is up next?

MR. FOGLIANO: Good afternoon. I'm Michael Fogliano. I oversee the externally managed program.

The program consists of open-ended funds, closed-ended funds and co-investments. And the NAV is 5.2 billion. It's a global program with 72 -- 71 investments right now spread over 26 managers. We receive advisory board seats on almost every investment we make, and we are considered very active members of the board. This is for governance and oversight reasons.

We work closely with our consultant and we

make them aware of opportunities that we see in the market, and we put it on their radar. And they do the same for us. So we work well with our consultant. We have a very active pipeline of high conviction investments in store for 2025.

Externally managed portfolio has beaten the benchmark over all time periods. If you look a little closer -- you don't have it on the screen there, but we have core value-add and opportunistic return. Core has outperformed the benchmark by a wide margin over all time periods. And this is largely due to property sector selection.

And then for value-add, short-term performance is beginning to improve and is outperforming the benchmark over the 5- and 10-year periods.

Lastly, opportunistic. The short-term performance has improved and is now beating the benchmark. Midterm performance is slightly underperforming. And the 10-year performance is beating the benchmark again by a wide margin.

Co-investments within the program sit

within the opportunistic bucket and they have performed extremely well.

We really like our property type exposure. We've worked really hard on that.

Residential is underweight to its benchmark. Can see benchmark is at 29 percent, we're at 19.5 percent. We avoided adding substantial exposure during peak pricing between 2019 and 2022. Now that prices have reset, we are working hard at adding apartment exposure.

On the industrial side, we are overweight to industrial 42 percent versus benchmark at 34 percent, and this definitely is contributing to outperformance. We will look to add tactically here when the right opportunities present themselves. Right now, we are evaluating a handful of opportunities there.

On office, we have been limiting our office exposure since 2018, and remain nearly 600 basis points underweight for a benchmark today. And that was no accident.

Other sectors include manufactured housing, healthcare data centers, land, self-storage, and senior living. And we are

moderately overweight there as well, which is also contributing to performance.

On the geographic side, we like that generally. 17 percent of the externally managed program is international, and this represents 5 percent of the total portfolio. International investments are seen as very tactical. And today, more and more of this exposure is coming from our global funds with diverse strategies. And we also have some global niche sector strategies, such as global data centers and global highly-automated cold storage are examples of this.

By the way, I did look it up earlier, our international exposure, a lot of that -- you know, countries are very bifurcated. So we've got student housing -- fair amount of student housing overall. We have industrial. We have some legacy office exposure, but that's dwindling down now at this point. And then a lot of our new bets have been in industrial in Asia and Europe in general.

The investment process is comprehensive with staff dedicating significant time to evaluating investment opportunities, performing deep market research, engaging with potential partners, and making critical decisions on portfolio construction. This involves thoroughly vetting numerous managers for new opportunities and assessing whether the strategy and team can effectively execute their plan considering potential economic capital markets and real estate market challenges at times. While some close-end funds lack specified assets, we prefer those that have about 10 to 30 percent pre-specified assets that can be thoroughly reviewed and understood, and many times even underwritten.

In addition to sourcing and evaluating deals and conducting due diligence, staff also reviews quarterly financial reports, participates in advisory board calls or in-person meetings, and performs other investment management functions.

Townsend provides real estate with total real estate performance reporting and a detailed annual review of the portfolio for all of our investments. Additionally, Townsend provides its view of the real estate market and assists the externally managed team with due

diligence alongside our team.

After significant concerns about the direction of the market in early 2022, we evaluated numerous opportunities and we never stopped. We just kept going. But we really didn't make much in the way of investments. We felt long and hard. We were entering a new cycle, and we paused. We became more active in the spring of 2023. And since then, we have closed or expected to close approximately 20 investments totaling 2 billion through the first half of 2025.

Externally managed team closed nine investments and 930 million in commitments during the 2024 calendar year. Many of these investments are high conviction, and we believe the portfolio will benefit from them over the next several years as capital is deployed. Of the 930 million, some capital has been committed to diversified funds, while other capital has been allocated to single-focused strategies. We expect this capital to be roughly deployed about 15 percent into industrial, 33 percent into residential, 23 percent into data centers, 25 percent demographically focused investments and alternative sectors, and a few percent into retail and --

As previously mentioned, we have an active and promising pipeline. If these deals are successfully closed, we will be nearing 1.2 billion for the fiscal year. This is above our $800 million targeted work plan amount. And it's only -- we only went over because we were highly convicted. I want to acknowledge my team's hard work, dedication and teamwork throughout the process. It's been, you know, a challenging time to evaluate assets and I think we've done a great job.

Lastly, we are redeeming interest in two funds. One is an open-ended core fund, one is a value-add open-ended fund representing 209 million. We also sold a $2 billion REIT portfolio in early 2024 due to the new asset allocation that was determined that we had too much overlap with the global equities.

That concludes real estate's presentation. If there's no questions, I'd like to hand it over to our consultant, Townsend.

MR. CHAIR: Yeah, I do have a question.

What's the -- on the -- you mentioned specific assets are identified and that kind of gives you some comfort because you know kind of what you're going into. Is that, you're going into a second close after they've already raised money in a first close and they've already gone down the path? Or they're just saying, hey, we're going to go raise a billion-dollar fund and we think we're going to go build -- you know, build to rent or five-story apartments in the southeast? Like, what is that conversation?

MR. FOGLIANO: Yeah, I'll give you a little sense of that. So we -- when we go into a closed-end fund, there are plenty of investors who are willing to go into a closed-end fund with no specified assets. They like the team, they like the strategy, their consultant told them they're a good group to invest with, that's great. Depending on where we are in the cycle, you know, if we're in an area of the cycle where you have some concern and you want to see evidence that they're able to execute those strategies, we prefer, wait sometimes until the last close where they've already pre-specified -- because today, the closings used to be 12 months from beginning to end during the fundraise period. Now they're 18 months, maybe even 24 months, plus it's a little bit more challenging to raise the capital.

So during that time period, the investors that went in early, they used that capital to buy assets. And they may accumulate 10, 20, 30 percent of the assets in the fund. And we'll dive into underwriting. We're not shy. We'll ask for their investment memos on those deals that were approved in their committees. We'll review that. We'll ask for Excel workbooks, we'll go through that. And we dive in deep. So we do spend a lot more time on my side underwriting funds than probably other asset classes that cannot get that kind of transparency and underwrite the assets.

MR. CHAIR: Coming in on the last close, are the economics getting worse for you? You're not getting a fee discount for being the first guy in the door?

MR. FOGLIANO: We may not get the fee discount, but discounts aren't on everything.

I'd rather go into a fund that makes sense --

MR. CHAIR: Yeah, I agree, discounts aren't everything. I was just curious as to kind of, are economics degrading a little bit as you get --

MR. FOGLIANO: So if the preferred rate of return is 8 percent, that's the equalization rate. So when we come in, if we come in 12 months late, we pay 8 percent to get in. But usually --

MR. CHAIR: You're paying penalty interest if you're coming in at the last close, right?

MR. FOGLIANO: Yeah. We pay that 8 percent. Or, you know, if it's only, like, six months late, then --

MR. CHAIR: Catch-up interest, whatever you want to call that.

MR. FOGLIANO: So we keep that in mind. And oftentimes when we are making that decision, we've either determined, you know what, we don't like the fund. We've evaluated their assets, we're walking away from it. Or if we do like it, we'll continue with it. And a lot of times there's embedded value and we get a pickup.

There's been a couple of funds in 2024 that we did that with, and we've gotten a good pickup.

MR. CHAIR: Okay. And then what's the average check size on the nine funds we're in?

MR. FOGLIANO: So in a regular fund today, our go-to is about 150.

MR. CHAIR: And average fund size is?

MR. FOGLIANO: About a billion, could be 2 billion, could be five or 10 billion.

MR. CHAIR: Average?

MR. FOGLIANO: Average fund size?

MR. CHAIR: Yeah.

MR. FOGLIANO: Two billion.

MR. CHAIR: Okay. And is there a concentration limit? Like, we're not allowed to be, you don't want to be more than 50 percent --

MR. FOGLIANO: No more than 25 percent.

MR. CHAIR: More than 25 percent.

MR. FOGLIANO: Right.

MR. CHAIR: Yeah, please, John.

MR. GOETZ: You mentioned kind of what I'll call the growing segments, including the data center. Is the valuation of the fund --

you know, how do you take that into account? I mean, I just know that data center's getting bid up, so I'm curious about how you take into account valuation?

MR. FOGLIANO: So all of the data center strategies that we've gone into have involved mostly development. So we're going in in one case in a fund that we underwrote, it was a hundred percent pre-specified fund. Not all of the data centers were built. Maybe about 20 percent of the capital went toward existing assets that were contributed via a recap. And then we spent a lot of time underwriting the sites. And in data centers, as you probably know, the key thing is power. So you've got to secure the power, you've got to have power agreements in place. And these data center groups that we've been investing with are really good quality groups that have a lot of attention from the hyper scalers. And they develop in availability zones, which is -- those are areas that the hyper scalers call, like, their key areas, and that's where they're targeting.

But, yeah, our developers do not put --

our partners do not put a shovel in the ground until power agreements, leases are signed. And generally it's development, but we are investing with best-in-class groups.

MR. CHAIR: Peter? All good?

Okay. Okay. Townsend.

Seth, good to see you.

MR. MARCUS: Good to see you, too. Thanks for having us back. We're going to jump to our presentation. And we'll do our absolute best not to repeat what was just described by the talented team up here. They covered a lot of what we say here.

So just as a quick -- our commercial slide. You know, Townsend is your real assets -- is a real assets platform exclusively located in -- headquartered in Cleveland with offices across the globe. We did go through a management transition or an ownership transition since we last saw you. And we were previously owned by your general consultant, Aon, as a wholly-owned subsidiary. And on August 1st of last year, we closed on that transaction where Townsend became once again privately owned as we had been for our 40-year

history prior to that.

So jumping to the real estate markets. When we think about our market views and how we think about portfolio construction, these are very long-term in nature, right. So real estate -- besides being an illiquid and slow-moving asset class, we think about it from the pension beneficiary standpoint of a 20- to 30-year investment horizon, which helps shape our views, but not necessarily concentrating on the headline markets today. So the backdrop of this 20- to 30-year investment horizon really produces our broader economic kind of thesis.

The broader market environment really remains uncertain -- sorry -- despite the inflation retreating last year quite a bit towards central grade targets, albeit remaining sticky into this year. Interest rates cuts last year also benefited -- or real estate benefited from those movements, and a less restrictive monetary policy. However, the policymakers may be forced to keep rates longer -- or higher for longer, and how that impacts real estate. Think about what we look at from how real estate may benefit or does benefit from interest rate adjustments.

Fed is looking to really -- their goal is to achieve neutral interest rate -- a neutral interest rate. And what this means is neither it boosts the economy nor it slows the economy. There's a lot of opinions on what that should be. It's very wide ranging today, anywhere from two and three-eighths to three and three-quarters, so about 140-basis-point range. This is the widest range of expectations since the fed started tracking that data about 10 years ago. So different takes on whether the fed is going to continue cutting, how many cuts we'll have. Again, that's a short-term impact to our asset class. It's something that we pay a lot of attention to and are mindful of.

The takeaway from this is that we pay very close attention on the underlying economic fundamentals. These are necessary for portfolio positioning, regional imbalances. Growth prospects vary really significantly across the different regions in the US, but obviously across countries as well.

The open-ended core property funds have

seen significant repricing over the last 18 to 24 months. While fund redemption levels have generally started to stabilize or level off and decrease in some cases, these core funds continue to suffer from a heightened level of redemption activity as investors look to rebalance their portfolios and take capital out of their core funds and rebalance into more attractive risk-adjusted returns at the higher -- either core plus or higher-returning strategies.

Sector dislocation remains prevalent. So with investors still favoring sectors that benefit from low supply, such as logistics and residential and other demographic drivers and consumer tailwinds, we expect investors to start investing back into core real estate here into 2025. We're starting to see the transaction activity increase, as you see on that top right chart on the slide in front of you.

Nontraditional sectors that your team spoke a lot about will continue to become more prevalent as managers look to increase their way to alternatives. And this is given strong growth prospects of income profiles driven by several tailwinds, including demographic and technological advances. We just talked about data centers.

But jumping to the next slide is really our property themes, capital market themes, that we like within the real estate environment. And, again, these have not changed considerably year to year, looking at a long-term horizon.

So top left, residential. We talked a lot about it. It's purposely not named multifamily here. It is residential. This is housing. We know this is an undersupplied, underdeveloped portion of our economy, and we're seeing more attractive opportunities. Residential previously was traditional multifamily. Today, it's build-to-rent housing, it's student housing, senior housing. Affordable is our preferred housing category, which is also very scarce today in a sector that really needs investment.

So the millennial population, this is the most fastest growing population and aging into homeownership and home acquisition portion of

their lives is moving beyond apartments into townhomes, into row houses, single-family homes where home price affordability is still at an all-time high, creating the need to rent. We think that's obviously an attractive opportunity today.

Putting that aside for just a minute, like, thinking about the short term, the tariff impact will also impact this property type probably more than others, given the construction costs that come along with the imports that we do gain from Canada and Mexico and Asia.

Moving across to alternative sectors, we talked a lot about these. IOS is an abbreviation here. It's industrial outdoor storage. This is more or less land that is a place to store building materials, plumbing materials, equipment. We made a specific investment into that strategy within the fund portfolio. Cold storage is something we've been investing in, both across funds and direct properties.

Digital infrastructure is obviously data centers and what we call data center adjacent.

So there's a lot of properties and benefits across the digital infrastructure. And then global supply chain really drives into the industrial sector, which we continue to think is attractive.

On the right-hand side, we talk about capital market themes. And this is unique maybe to this -- we did not present this last year. And where we are today is that a significant amount of capital is being invested with just 20 managers. So if there's 600 funds raising capital at any given moment in a cycle or in a year, about 20 percent of those firms are raising 50 percent of institutional dollars. That's leaving 90, 95 percent of strong institutional managers undercapitalized. So someone like the SBA and something like making a secondary investment or participating in a GP capital solution is another way to access those opportunities that previously didn't exist in a normal operating environment when all funds are doing quite well. I think those are just different ways to access the market versus just going into, you know, a primary fund opportunity.

Jumping into the real estate portfolio, and here's where I'll do my best not to be repetitive. We do have 83 total active mandates today across 30 different managers. We do have $2 billion of unfunded commitments. And that number has increased a bit year over year. The reason there being that transaction market, again, has been limited. We've continued to make new investments with new managers. We're quite comfortable with that number today. It's about 1 percent of our allocation in unfunded commitments.

Now, as Mr. Jones mentioned, the fees on those and fees across the portfolio are important. We are paying committed capital fees on a significant amount of those dollars. Not all of them, but the majority. However, those dollars are also actively in the market, seeking opportunities. We're comfortable with the managers being patient. We're comfortable with the managers taking their time. They're aligned to do the best deal, not to put capital out and put it to work. And we think very -- we analyze very, very closely what that number is year over year and how much of that unfunded capital is really standing out there and not being active.

MR. CHAIR: Sorry to interrupt. Are you seeing more funds charging on deployed versus committed? Or is everybody still saying you're going to pay us our fees as soon as you commit the capital?

MR. MARCUS: It's still mostly uncommitted capital and during the investment period. Then it flips to invested capital thereafter.

MR. CHAIR: I've seen that.

MR. MARCUS: To Michael's point, where we're taking a deeper look is when funds become pre-specified. So we can go into a fund knowing that they're going to be investing some of that capital day one or two years into their fundraising period when they're still raising capital. We think that getting capital out the door in that manner is more efficient and in a way to see where your capital's going, but also to manage the fee load.

MR. CHAIR: Peter?

MR. COLLINS: What's your thought on the effect on the J curve and the move -- I don't know what our average J curve is in real

estate. You know, if it was one and a half years or how -- do you think it's 50 percent higher? Do you think it's, you know, a hundred percent higher? We all know who's doing real estate today. It's difficult to put capital to work, for a lot of the reasons we said, either debt or the markets or seller -- unreasonable seller expectations still. I may not -- you know, we track it. I think about 25 percent of what we offer on never trade, right? It's just not trading because sellers aren't getting a price that they otherwise wanted.

So I'm just curious about the effect on that, that J curve.

MR. MARCUS: It's definitely got to become elongated. I think where we're at right now, it's probably an extra, you know, six to eight months longer than what we had seen in a normal operating environment. And at the same time, right, we want to make sure that we're not overpaying, right? So it's a balancing act on the -- from the GP perspective to make sure that we're being consistent with our underwriting mechanics and making sure that they're not putting capital to work. But it's definitely become elongated and it's definitely impacting our short-term returns.

MR. COLLINS: And most of ours -- I mean, we get our capital back first, right?

MR. MARCUS: Uh-huh.

MR. COLLINS: And we get a preferred return on that capital. So, I mean, there's not a lot of leakage to the J curve, but we are going to have a lot of committed capital that could be committed otherwise and earning something, even if we put it in T-bills, right? So, you know, that number can't get too big.

MR. MARCUS: That's fair, yeah.

MR. FOGLIANO: Seth, I would just mention that last year roughly $500 million were highly specified, if not 100 percent fully specified asset (inaudible) so we paid on actually deployed capital (inaudible) about 50 percent of the (inaudible) capital.

MR. CHAIR: Is there a catch-up on these funds as well? Back to the GP? Or is it just 8 percent and then just split after that on the waterfall?

MR. MARCUS: Most of the opportunistic funds, there's a catch-up.

MR. CHAIR: A hundred percent?

MR. MARCUS: -- value-add, there's typically not. But on the opportunistic funds, yes, there's a catch-up.

MR. CHAIR: At a hundred percent catch-up?

MR. MARCUS: No. It's anywhere from 50/50 to 80/20. It doesn't usually go up to a hundred, but in that range.

MR. CHAIR: Okay.

MR. MARCUS: I'm jumping ahead a little bit. So I'm on slide 211, those following along.

And here we show the performance on the left-hand side, which you've seen from your direct team. We're looking at a little bit of a longer timeframe here. So we talked about the near term underperformance -- and actually there's a slide after this that I will discuss on that one. Here we show the five-year, the 10-year, the 15-year return, again, consistently outperforming the benchmark.

On the right-hand side, we looked at the non-core commitments only. We just talked about all the activity that's occurred in the last couple years and show the number of commitments made each calendar year. And, as Michael described earlier, fiscal year -- this is fiscal year, not calendar year, but fiscal year 2023 was a lower output of capital for us. But 2024 and projected, you know, fiscal year '25, which ends in June, is anticipated to be right around that $800 million mark across different positions.

You'll see, as we talked earlier, our bogey is right around 150 for fund commitments. There's some very small numbers in here. Those are co-investments. Those are direct co-investments alongside our partners, but we do show them in here, so just to draw your attention to that.

The last slide I wanted to hit on is 212. Again, it's another way of looking at performance. So we've talked about annual performance and the impact over the last two to three years of performance. Shown here is calendar year returns broken up by income and appreciation for both our portfolio and then the ODCE index. And you'll see consistently across all vintages, this is going back to 2000, we have positive income returns, right?

We invest in real estate. We allocate capital to real estate for that income component and drive outperformance through the appreciation.

Obviously during the financial crisis in '08, '09, COVID environment in 2020, and the last couple years here during the interest rate and inflationary environment, we've seen negative appreciation returns. However, if you look back to 2021, we had north of 20 percent total return out of the portfolio. So as we don't expect consistent negative returns, we also don't expect consistent 20 percent returns, which is why, again, we look at that 2025-year investment horizon.

On the right-hand side, what we compared was our income component and our appreciation relative to ODCE. Our portfolio is about 80 percent core today, 82 percent core, leaving the balance into non-core. The ODCE index is about 90, 95 percent core. So we should outperform that. We understand that. But from an income component, we're taking on a little bit additional risk within our portfolio and having about 20 basis point of outperformance of income over that 25-year period. And really where we're driving outside value is in the non-core, and that build-to-core development component of the principal investments that's driving that appreciation number above ODCE.

So, again, we've showed a lot of different cuts of data, but we thought that that calendar year returns is something that is unique to the market cycle, as is any other performance and value creation. As shown here, our income's been stabilized throughout the history and our appreciation has significantly outperformed based on the investments that the team has made.

I'll stop here. There's a handful of other slides, but I think a lot of it is repetitive to what was already covered.

So, happy to address any questions.

MR. CHAIR: Anybody have any questions?

All good, Seth. Thanks.

MR. MARCUS: Thank you.

MR. CHAIR: Anybody else from Townsend presenting right now?

MR. MARCUS: No. We were going to --

MR. CHAIR: Okay. I think we -- we'll probably take -- we'll do Katie real quick and

then take a lunch break, I think.

So, Katie.

MS. COMSTOCK: All right. Well, good afternoon, everyone. Katie Comstock with Aon Investments. This should be relatively quick. As executive director Spencer outlined at the outset of this meeting, this recommendation is really a follow-on to the discussion that was had at the last IAC meeting. And the recommendation is to really memorialize the decision to exclude China and Hong Kong from FRS policy through implementation and the investment policy statement.

And effectively what that means is recommending a change to the global equity benchmark from what it is currently, which is the MSCI all-country world investable market index, which essentially represents the broad global equity opportunity set. And to move that to the MSCI all-country world investable market index, ex-China, ex-Hong Kong. So essentially to reflect the decision to exclude China and Hong Kong from the opportunity set.

That's the recommendation. We also highlighted it in the memo that this will flow through to the private equity benchmark because the private equity benchmark is the opportunity cost of investing in private equity, which is public equity. So that base benchmark will also be reflected for private equity. And then those two benchmarks will roll into the total fund. And so I believe there is a redline of the IPS, which is essentially to change that benchmark to the ex-China, ex-Hong Kong index.

I'll pause and see if there's any questions on that recommendation.

MR. CHAIR: Any questions?

You're right. That was relatively quick.

Yeah, we still have a quorum, right? We still have -- Peter and Jeff are still on the line? We do have an action item to adopt this, so we'll need a quorum. I think we've got it even without Peter here.

Jeff and Peter, can you guys hear us still?

MR. JONES: Yep, I'm on. Thank you.

MR. CHAIR: Okay. Just to be clear, Lamar, Chris, the action item is to adopt a recommendation?

MR. SPENCER: That's correct. So the

recommendation -- it's in the materials here, there's a redline, which, just as Katie outlined, it just changes it from currently MSCI all-country world investable market index, which is the ACWI IMI, to the MSCI all-country world index, ex-China, ex-Hong Kong investable market index.

MR. CHAIR: Okay. Is there any discussion?

Okay. All those in favor, please signify by saying aye.

(Members reply aye.)

MR. CHAIR: All opposed, like sign.

(No response.)

MR. CHAIR: Motion carries.

MS. COMSTOCK: Thank you.

MR. CHAIR: Thank you, Katie. Appreciate it.

Okay. We're going to take a quick, short break for lunch, very short, hopefully 15 minutes at the most, and then we'll be back here at -- puts us back here around 12:50.

(Recess from 12:42 a.m. to 12:58 p.m.)

* * *

MR. CHAIR: I think we still got a few people out of the room, but I think there's a quorum. We can go ahead and start back up.

Okay. So we're on item six on the agenda. Is Mike here?

MR. McCAULEY: Right here. I just need the clicker.

MR. CHAIR: We'll try and get back on track with the time a little bit. It's my fault. So I take full blame for that one.

MR. McCAULEY: I will definitely be brief.

Let's jump -- okay. So most of these slides should look pretty familiar to you by now. We try to tend to hit the -- I feel like I've been doing this presentation for way too long. Try to refresh it. But basically, investment programs and governance. The table on the left there just breaks out the primary responsibilities squarely focused on corporate governance, proxy voting, corporate engagement related to all those activities. We also oversee Florida PRIME, kind of liaison with the external manager, Federated Hermes, work closely with the good folks from SBA financial operations, which do quite a bit of the heavy lifting on Florida PRIME. I always like to

point that out.

And then kind of the least amount of day-to-day activity relates to some of the client service and special corporation activity, which is essentially inactive at this point.

The org chart on the right, we've got three members. We're in the process of hiring a fourth full-time investment analyst to help with the voting and the volume. So we hope to have that new person on board here in the next month or two as we head into the proxy season.

Some of these slides I'll just -- I'll go through pretty quickly. But basically the main theme is whenever we make voting decisions, whenever we engage companies, whatever we're doing with respect to corporate governance, it's really aimed at improving value. So it's kind of -- you've heard me say linked to value, the performance value, economic value of the company, whether it's at -- kind of on a risk-adjusted basis, whether it's on a relative return basis, whatever the case may be. We look at governance practices and try to advocate and promote those that we believe will add value and promote value enhancement over time.

We vote about -- this is calendar year '24 numbers. We voted about 12,300 meetings. You may notice that that's a little bit below what we did in calendar year '23, which we had completed at that point, about two full years of the pass-through voting. That -- it continues. We're voting a hundred percent of the voteable assets. But essentially the voting footprint is a direct reflection of what we're owning in the portfolio. So as that number changes, particularly at the lower end kind of micro cap, frontier market space globally, the numbers will decline. That's basically what's happened. But we do vote in 68 countries -- or at least last year we did. Sometimes that's above 70.

And when you roll up all of the ballot items, it's quite a large number. It's over a hundred thousand individual, you know, distinct voting decisions. Again, all trying to drive valuation.

And then we've got just some excerpts here, some more detail in terms of statistics.

And then not only the full calendar year, but also the last quarter through '24. And then the two charts on the right are just screenshots from the dashboard that we have. The one on the bottom just kind of shows you the volume, the axis there on the left, it's a little hard to see, but those are in the thousands. So every month we're voting hundreds of meetings. It very significantly ramps up pretty much right now -- right now in March. And then April, May, and June, we'll see the largest cohort of individual meetings, which are predominantly US, then followed by Japan in June.

Kind of the similar story. This just breaks out the type of ballot votes, ballot items that we're voting. So the largest proportion is tied to board matters, director, individual director, elections, anything board-related. You know, voting procedure, majority voting, charter bylaw, amendments, that sort of thing that have a context with board matters.

And that's kind of followed by audit and financial. Some of these are financial statement and disclosure related voting items that are fairly routine, especially in some of the non-US markets. But those are -- that category is the second largest.

And then it kind of goes down. We have, you know, mergers, we have proxy contests. And then shareholder proposals make up about 1 percent of the vote. And you can kind of see the breakdown in terms of support levels for those broad categories.

We utilize a proxy committee, not unlike, you know, a traditional asset manager in the private sector. It's one of the SBA's investment oversight groups. That's been in place since about 2010, if I remember correctly. And essentially they review votes, policy matters, you know, high profile, election related proxy contests, if it's -- the board election is contested. You know, for example, we're going to touch on the single proposed voting guideline in a few minutes, but that was run through the proxy committee. Divestment related matters, et cetera, just kind of general research matters, we'll go through that. And they meet at least

quarterly.

Just to touch on some of the vendors that we use, Glass Lewis is probably the most important, because not only do they provide us with proxy research, they're also our -- what's called our voting agent, where we -- when we are actually making proxy voting decisions, we're using that system, that platform to execute the vote that then rolls up to another firm called Broadridge, which essentially is like the DTC kind of backbone of the voting system.

So we've had Glass Lewis in place since 2016, along with ISS. Those two -- which is essentially an oligopoly in the proxy research space there. There's a couple of other smaller players, but we've used Glass Lewis and ISS for quite some time. ISS goes back to the late '80s. Glass Lewis was created, I think, in '02 or '03. We've been a client. So very longstanding relationship we've had with both of those. They basically provide market-wide global coverage for every annual or special meeting. If it's a meeting, they're going to cover it. So we rely pretty heavily on their research.

We don't -- I'm sure you've heard me say this. I just want to underscore it. We don't follow their recommendations. We make all of our proxy voting decisions independent. But we do rely on their analysis. They have different models and different analyses that they provide. Synthesis of information helps a lot, as you can imagine, with, you know, the volume of proxies that we're voting each year.

This slide just kind of covers some of the major partners. Just maybe highlight Council of Institutional Investors there on the top left. That's kind of the preeminent organization for investors and shareholder rights in the US and one of the leading ones globally.

And we provide -- we utilize data from a number of those entities on the right there, even involving divestment related. So we're pretty reliant on, let's say an MSCI or an ISS, EIRIS for some of the PFIA, Protecting Florida's Investments Act, related divestment research. This time -- we don't normally go into this much level of detail for the deep

dive, but -- and I won't spend a ton of time on it. But the next several slides kind of touch on those most significant ballot items that we focus on. So, you know, board elections. Director evaluation is a very significant portion of our time where we try to provide some bandwidth to that. And then we've just got some related, you know, kind of of empirical evidence. And I think -- all these numbers, I think, are for the Russell 3000 for -- through the end of the calendar year.

Similar to director elections, another big one, a big topic is executive compensation. So we try to understand what incentives are embedded in the executive pay design at publicly-traded companies, both the annual incentive plans, but more importantly actually the longer-term incentive plans is where the kind of the larger portions of the expenses are and the incentives that are kind of of embedded within a company's pay design. Very complicated topic. There's a lot of moving parts. And we rely on both ISS and Glass Lewis to help us with that analysis.

And then we also use a company called

Equilar which is just solely focused on executive compensation. We have a number of inputs that go into that. We just pulled out some excerpts from some of our voting guidelines, and just kind of key points that we look at that we ultimately utilize to make those voting decisions.

Similar to this -- this is just -- the chart on the left, or the set of charts on the left-hand side of the slide, are from a Glass Lewis proxy research. So this kind of gives you an idea of some of the moving parts that they analyze. They do a lot of quantitative analysis related to pay for performance and just trying to evaluate that. You know, how well is the company paying? I always use the analogy of like a Money Ball scenario. You know, you'd want to get as much performance out of each dollar that you're paying for management. So Glass Lewis has a letter grade construct there.

So I think both of these were for Powell Industries. So they have an A rating on Powell there for the most recent period. The one on the right is from ISS, and it's a little bit

different cast of data, but they look at granted pay or they -- you know, kind of the Black Shoals modeling from an option perspective. Realizable pay, which looks at more subsequent performance. And there's a lot of iterations that go into this, but they can ultimately take the data and slice and dice it in different ways and look at it.

Next slide has more -- just more empirical data on voting and some of the kind of key points and averages from the market experience.

I'll try to go through this pretty quickly.

You know, hopefully by now you know that we're very transparent in our reporting on the voting decisions. So we basically have two things on our website. The screenshot here is from the voting dashboard, which is a very granular, longer-term interactive chart board -- dashboard that has charting embedded in it. And that data goes back to 2016.

But basically when we make a decision -- so if we're making a voting decision today, like earlier today, it will be on our platform tomorrow. If not, maybe by the end of the day, depending on when the voting decision is made. So it's very transparent. As soon as that vote is made, it's kind of publicly available. We're still in the minority on that. Not many public funds actually do that. We're still kind of in the smaller group for that. Asset managers do have to report it on some SEC filings, but it's very stale by the time that filing requirement is made. So from a real-time perspective, very, very few asset owners report their proxy voting activity.

You may recall we had a draft version of our annual report on last year's agenda. We've kind of polished that up a little bit. And that was posted in the early part of January. So we go into a little more detail on a lot of the topics that I've touched on, but that's on our website.

And then that just brings us to the voting guidelines, which we do have one proposed addition. But basically the guidelines are approved by the IAC -- reviewed by the IAC, approved by the trustees. We look at them at least annually, but we look at them really on a needs basis. So if we see something that we're

voting on year over year, it's increasing, it's becoming more significant and more relevant, we'll examine the framework to see if we have adequate coverage for that. If we don't, we might make an amendment or an additional distinct voting guideline. But it's structured from a principal perspective. And then within a more granular guideline, which is specific ballot item related. But it's grouped according to that structure that I have outlined there. You know, obviously at the top, board of directors, that's perhaps the most significant item. It goes all the way down to mutual fund voting.

Just a reminder, we're voting all of our shares on the pension plan side, the defined benefit side. We also vote whenever we can, all of the voteable assets, within the investment plan, so on the defined contribution side. Very infrequent, but occasionally some of the funds that are utilized within the investment plan, we'll have board of trustees meetings. So that's where that mutual fund voting category kicks in. It's very infrequent, but it does occur. But we're voting on an omnibus basis. So all of the portfolios internally managed, externally managed, active, passive, whatever they are, the holdings are aggregated. And we're voting everything at one time.

So with that is the proposed -- the single proposal to add a proxy voting guideline related to artificial intelligence, AI, for the 2025 season. We've essentially kind of aggregated that narrative, the language in the proposed guideline from a number of different sources. We've looked at, you know, kind of some benchmarking data, asset owners, asset managers. We've looked at some of the proxy adviser language. And this is essentially kind of a plain vanilla generic version of all that information.

What we'd like to do is really have this as an additional guideline that gives us enough flexibility where we can apply it in a number of different scenarios. So we don't have to really necessarily update or make it -- you know, if it becomes stale, et cetera, and make it apply on a global basis, at least as best we can. And then towards the end you'll see

where -- the last couple sentences, generally we'll vote in favor of reasonable disclosure-based proposals. And then we've got some caveats with respect to, you know, board elections where we kind of go into a little bit more detail on what could drive that vote. So we're trying to signal or be as transparent as we can. Like, these are the things we're looking at. These are things that at least potentially could drive that vote.

Now, historically, in '23, I think there were seven AI proposals. In '24, I think it doubled, there were 16 or 17. None of them have passed to date, but we would have the expectation that we're going to see more of these. AI is not going away. Obviously the nature and the characteristics of those proposals could change, but we would really think that this guideline would be generic enough to apply in a number of situations going forward. And if we had to change it, you know, sometime in the future, we can, of course, do that.

So I'll stop there. The last few slides are just the standing reports on -- with respect to some of our shareholder proposal voting. Won't go into any detail there.

Happy to answer any questions.

MR. CHAIR: Thanks, Mike.

Any questions from any board members?

MR. JONES: Yeah, Mr. Chairman, this is Peter Jones. A quick question for Mike --

MR. CHAIR: Yeah, Peter. Go ahead.

MR. JONES: -- if I may.

Yeah, thank you.

Mike, remind me, when we are voting for director nominees, do we have a -- does diversity play a role in the decision?

MR. McCAULEY: We do not, no.

MR. JONES: Okay. And when you decline -- when you vote against a nominee, what would be the typical reasons?

MR. McCAULEY: Well, the largest driver of our director election is the number of boards that they're on. So multiple directorships or simultaneous directorships, what's called overboarding. So we have a fairly stringent threshold relative, at least to the market, and some of the proxy advisers, where if -- according to our policies, if you're serving on

more than three boards at the same time, regardless of the industry size of those relationships, not a hundred percent, but very close to a hundred percent, it's a very -- it's almost hardcoded into our voting decision making.

We have had situations where we'll make exceptions, where we'll engage the company. We'll hear from a director saying that, you know, that person is going to scale back. They're in the plans of rolling off one board or one of their directorships that they have in place, but that's the biggest driver.

We also look at company performance. You know, if there's any kind of material restatements, for example, in the audit space that might warrant a withhold or a vote against the audit committee chair or the full audit committee, something like that.

MR. JONES: Okay.

MR. McCAULEY: There's a number of reasons. And we lay that out in the voting guidelines.

MR. JONES: Okay. Thank you. Thanks.

MR. CHAIR: Thanks, Peter.

MR. WENDT: Gary Wendt has two questions. The second one, though, I don't know whether it's worth even talking about at this point, but the first one is, you said you have 113,000 votes. How many of that do you lose? How many of those do you lose, if you --

MR. McCAULEY: I couldn't quite hear you.

MR. CHAIR: He said 113,000 votes, how many do we lose? How many do we vote on and --

MR. McCAULEY: Lose? That's hard to -- I mean, it changes. We're a little bit -- we have a higher and more aggressive dissent level than maybe the average market participants, especially on directors and compensation. Those are the two where we're going to deviate a little bit more.

So you think about it, whether it's with management or against management or with, you know, the ultimate voting outcome. We had -- supplied some charts on compensation voting. Very, very few of the compensation plans fail. Now we vote against more of them, but it doesn't mean that it won't go through. So we'd have to calculate the number, but it's, you know, I would say maybe on the order of a

third. I mean, that's just off the top of my head where we will deviate from what the market says in effect.

MR. WENDT: And do other funds have -- would you guess have the same record? Do you all use the same advisers and everything and all vote the same way and all lose about a third? I'm just curious as to how the industry operates.

MR. McCAULEY: No, there's quite a bit of variety in voting. Decision making, it's dynamic, too. It's not static. It doesn't stay the same from year to year or even at company to company over time. But you have a very wide spectrum of, you know, asset managers, asset owners, from zero to a hundred in terms of their support or vote-against statistics on a number of ballot items. So it just kind of varies.

MR. SPENCER: Mr. Chairman, if you don't mind, I'll just add to that also. I mean, we were one of the early funds that went and pulled our voting back. So we're voting now -- as Mike said, we're voting a hundred percent of all of our vulnerable shares. Some funds have not gone as far as us to actually vote their own shares like we are. We also, to Mike's point, just because we use the research from ISS or Glass Lewis or MSCI or any of the other various aggregators of research and providers of material and research, we still actively make our own decisions, which is why we probably have a higher percentage of dissenting votes of voting against management that may ultimately end up not prevailing. There are other funds in the market that will just vote with what their advisers are recommending or vote with management on a default. And so we put a -- much more of a focused attention to making sure that we were voting the way that's consistent with the trustees and consistent with the legislature and with our fiduciary duty.

MR. WENDT: Thank you.

MR. CHAIR: Thanks, Gary.

Any other questions?

Okay. Mike, thanks a lot.

MR. McCAULEY: No problem.

MR. CHAIR: We're going to move on to the asset class SIO updates, and I think we're

going to start with John.

MR. BRADLEY: Yes. Good afternoon, everyone.

So I'll start as usual with just a quick look at the market. So the PE market ended 2024 on a positive note, at least it did in terms of deal activity, which was up relative to the prior year. And exits have also started to pick up. And while asset class wide and industry wide we've yet to see multiples recover broadly, volume normalizing should help a bit with that.

Another bright spot was the IPO market in Q4. While 2024 was still a below average year for IPOs, the increase to end the year was a positive. We actually had a few companies in our portfolio list this quarter, Q1, and being pretty hopeful on the outlook for the rest of the year.

Our portfolio was up 2.4 percent in Q3. While not an eye-popping number, this was our best quarter in over a year, and we would expect Q4 to be even better. And then despite a very tough year for exits industry wide, we remain cash flow positive in 2024, ending in the year with 400 million of positive net cash flow.

So performance remains challenged over the short term versus our public market benchmark. We can see this in our one and three-year performance numbers. Longer-term performance, however, versus the public markets remains strong.

If you look at our sub-strategies, we can see the short-term weakness over the past three years coming largely from our venture capital and growth equity strategies, although both remain our strongest long-term performers. We have seen recovery over the past year in venture and US growth equity, while our non-US growth equity portfolio continues to struggle. Fortunately, non-US growth equity is a very small piece of the portfolio with about a 4 percent weight today.

And then lastly, we've committed 1.7 billion to 18 funds and 21 co-investments in 2024. One billion went to 11 buyout funds, 164 million allocated to three venture funds, 175 million to two distress funds, 139 million to two secondary funds, and then 195 million

across 21 co-investments.

And that is all I had prepared for today. Any questions?

MR. CHAIR: Just quick on co-investments. How hard are you arguing for co-invest rights? You're trying to get one-to-one on buyout funds or -- I mean, obviously at whatever, 200 million relative to 1.7 billion, low percentage, but --

MR. BRADLEY: Yes. I mean, we absolutely advocate with every fund. We don't -- we usually do not hard-code it in any of the fund docs because we won't promise that we'll do it if -- you know, we'll do the deals that we think are going to be successful or to our advantage.

I would say we do not struggle with deal flow. And so there's multiple instances of co-invest where we might be one of two co-investors where GPs weren't offering it, but we were able to get allocations to it. And so it's -- again, while it's not something we hard-code, we absolutely advocate for it.

MR. CHAIR: Okay. Thanks.

Tim.

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

Despite falling by about 1 percent in the quarter, global equity markets completed a strong 2024 run hosting an over eight -- 16 percent return for 2024. During the quarter, the US led the way with a two and a half percent gain, but far ahead of the developed and emerging markets, which fell 7.5 and 7.9 percent, respectively. It was a very volatile quarter. It included the presidential election in the US. However, factor attribution indicated that the sole outperformer was momentum. That is what has led the markets to continue to outperform.

Interest rates remaining higher for longer became a concern in the US as inflation numbers came in higher than anticipated.

During the quarter, global equities managed return of negative .78 percent was ahead of our benchmark by 42 basis points. For the calendar year, our managed return of almost 17 percent was above our benchmark return by 57 bps.

For three years, you can see that we're in line with the benchmark as we continue to be

negatively impacted by a very challenging first quarter of 2022. For all periods five years and greater, our managed returns exceed the benchmark returns.

In the lower right side of the page, GE's active risk, or the standard deviation of excess returns has generally declined over one- and three-year periods. And this is due mainly to declining market volatility. However, note that the volatile Q4 caused one-year realized track and error to rise just a bit.

This page provides some detail -- and I'm on page 336 -- some detail about the performance of our active aggregates. Q4 was generally a good environment, as Lamar noted earlier, for active management as all but one active aggregate outperformed. The only underperformance came from US small cap as in that space once again, fundamentals such as earnings, weren't important.

Active outperformance in emerging markets was driven by stock selection in India, Taiwan, and South Korea. And while our dedicated global aggregate faced the headwind from an underweight to the market leading mega caps, strong stock selection provided a solid positive active return in Q4.

This is the last page I'll share with you today, an update on our initiatives. During Q4, we finalized a dedicated global quant manager search and we funded one new mandate. And we are consistently researching solutions that can be deployed by our internal portfolio management team. At the end of the quarter, 57 percent of our assets were internally managed.

Then finally, GE raised one and a half billion in Q4. And almost 15 billion -- that's 15 billion -- in calendar year 2024 as we helped to implement the revised asset allocation policy. And we also continue to be a source for beneficiary appearance.

So that's -- any questions?

MR. CHAIR: Any questions?

MR. T. TAYLOR: Thank you very much.

MR. CHAIR: Thanks. Okay, Todd.

MR. LUDGATE: All right. I'll try and keep my comments brief.

Performance in the fixed income asset class continues to be strong. You can see the

table here over virtually any time period. The results look favorable compared to targets.

We're overweight spread product -- we're overweight spread product to a lesser degree than one would expect if you had normal valuations. Managers have generally been light on risk in anticipation of better opportunities in the future.

Curve positioning, it's fairly minimal. We do have a small curve steepener on, which has worked of late, but we're not taking a lot of active risk in the curve space right now.

Regarding the excess returns, corporate's outperformed securitized in the quarter, but both outperformed treasuries for calendar year 2024.

Regarding the volatility of active return, like Tim said, basically the market volatility has come down, so the volatility measures look muted. The one thing I will say is they're muted until they're not. So we're going to get a spike at some point, so we'll get there.

And this slide, every time I bring this, I just set myself up for contradicting the message at that point. So you can see the fed expectations as of October 1st were for over seven cuts in 2025. That has shifted, February 3rd of this year, to expecting only 1.6 cuts. As of today, we're at about 2.6 cuts given some of the jitters that have been introduced, notably in February around, notably, I'd say trade policy. There's a lot of uncertainty with respect to that impact on the economy. So a lot of risk assets have repriced to a small degree. I'd still call them as rich in total. But they have come off just a touch.

And you've seen the Treasury curve, which is the green line in the chart below, come down a fair bit. On the longer end, you've seen a lot of that sell off that occurred post the election revert. Not all the way to the reelection line, but you've seen some of that come through.

And lastly, what we're working on. We're always working to improve our asset class. And as I've indicated to this council, for the fixed income area, this is a big year of recruitment for us. As of the end of the year, we had two recruitments running with two more coming in calendar 2025. So that is a big

effort for us, and we're looking to restock a lot of talent in our asset class to meet the alpha objectives of the agency.

MR. COLLINS: Can I ask a question? I'm not a monetary policy guy, so I'm going to start this question with that. All the talk of tariffs, I was watching the Treasury secretary, Bessent's, testimony and his confirmation hearing. And he was talking about tariff theory and its effect -- tariffs' effects on the dollar. And he was saying that the gains in the dollar would offset any inflationary -- to some degree, any inflationary pressures from the tariffs.

What's your thought on that as you look out in the fixed income one-year, two-year, three-year horizon on that effect and its effect on interest rates with the dollar getting stronger?

MR. LUDGATE: The dollar's been volatile and you've seen -- certainly the short-term move, I think, has been a mixed message to be sure. My belief and really the market's belief is that this is a -- the approach that is being pursued is something that has not been really done previously. And I think a lot of market participants are watching closely and it runs contra to a lot of existing philosophies. So there's a fair amount of skepticism, I would say, out there right now. Kind of a wait-and-see approach. People are loving the speed with which changes are happening. But general concern as to some of the particulars.

MR. CHAIR: Any other questions?

I've got one. How hard is it to find two new people to work for you? How many do you have to interview to get two people? How long --

MR. LUDGATE: Depends upon the position, of course.

MR. CHAIR: What about these positions?

MR. LUDGATE: So the two that we are currently up and running as of the end of the year, I always tend to think it takes -- from the time that you get going to the time you actually have someone in the seat, four to six months in general. It can take longer. It certainly -- in my mind, it takes longer the more senior the position gets because then it becomes ever more critical. A lot of times

those are relos which take longer. And so that, from a talent attraction perspective, is certainly more challenging.

MR. CHAIR: And what are the reasons that people don't want to come work for you? Not you specifically.

(Laughter.)

MR. WEBSTER: That's a much longer list.

MR. CHAIR: Yeah, yeah, yeah. Little psychology session here for Todd. No, I'm kidding.

MR. COLLINS: Trent just jumped right in on that one too, by the way.

MR. LUDGATE: I noticed that.

MR. CHAIR: He didn't even hesitate. That was impressive.

I mean, just more broadly speaking, like people say, I appreciate the offer, but no thanks, because why?

MR. LUDGATE: So I've run several recruitments here at the SBA since I've come here over two years ago, and there are -- and, of course, with the given that some people preselect before and you never see them, right?

MR. CHAIR: Sure.

MR. LUDGATE: So that's theoretically part of the pool, but we can't measure that. Amongst -- that we actually have had interactions with, I would say that the total compensation package, as we discussed previously --

MR. CHAIR: -- a softball, by the way.

MR. LUDGATE: Certainly it's challenging. There are -- I would say the reluctance around the in-office policy has vanished, from my perspective. A few years ago, people were more about the hybrid or remote, and now it's -- you see very little of that, which is great to see.

MR. CHAIR: That was actually the question I was driving at, is how many people are saying, I just don't want to come to work? And I don't mean that not work, but don't come to work, right? They want to work from home and not work from work.

MR. LUDGATE: I see very little of that. A couple of years ago more. But especially as corporate America has really come our way, I don't see it as nearly the challenge it was, say, in 2022, 2023.

MR. CHAIR: Okay. And you're getting a

lot of people -- when you advertise for a position, you're getting a lot of interest, getting a lot of applications, a lot of online, whatever, however you guys do it?

MR. LUDGATE: So we are seeing a respectable amount of interest. We're certainly working through our personal networks as well to make sure that we indicate that. And, in fact, that's the best success we've had is sourcing folks that come through our own networks.

MR. CHAIR: Usually is. Okay. Great.

Okay. Thanks.

Trent.

Unless you're not done.

MR. LUDGATE: All done. Thank you.

MR. WEBSTER: And just for the record, the leadership bot, fixed income's extremely competent, just to clarify that.

MR. CHAIR: Nice recovery.

MR. WEBSTER: Peter, just to answer your question a little bit, I had -- I met with Steve Miran about a month ago, and he is President Trump's nominee for the council of -- the chairman, Council of Economic Advisors.

He's written a paper. He used to be at Hudson Bay Capital. He had resigned as an adviser a week or two ago. And we're an investor in Hudson Bay. So myself and a few other LPs went up and had dinner with him. A fascinating dinner. He has a paper out called, I think it's entitled, Restructuring the Global Trading System, which you can find on the internet. It's dated -- it was published in November of 2024. And I think it's an extremely important document in trying to understand what the geopolitical trading system's going to look like.

So I would point back to anybody who's of interest to read. It was a fascinating conversation.

MR. COLLINS: Thank you. Great.

MR. WEBSTER: All right. So performance, we lagged a little bit in the calendar year. Our hedge funds outperformed, our infrastructure outperformed. Our insurance, though, performing quite well on an absolute basis underperformed its benchmark. What we call opportunistic, also lagged. So in aggregate, we were down a little bit for the

calendar year.

We've been fairly strongly cash flow positive over the last year. We pulled in another 157 million to total $1.2 billion kickback to the FRS. Because of all the restructurings, we've been very quiet on the commitments and the investments, but that's going to start to build. So when we -- when I submitted this, we had three funds in the pipeline. We now have five. And we're going to start seeing some activity pick up here over the next couple quarters.

Hedge funds currently account for about 30 percent of strategic infrastructure, about a quarter insurance, about an eighth, and then what we call opportunistic is everything else. So on hedge funds, we currently have 10 accounts. We're looking to roughly double that. We're mostly done on the restructuring of the names within it. We'll move around some of the assets within it.

Some of the funds that we've identified are in the commodities area in quantitative managed futures, in credit and in fixed income RV. We're also going to start taking a hard look at global macro because of what we're seeing in monetary policy and trade policy. My opinion is that this is going to be the golden age of global macro funds. Now, whether or not we can find any that we are very comfortable with, we'll take a look. But we think it's going to be quite interesting. We do have -- one of the funds we recently added to our pipeline is a commodity hedge fund.

And understand that when we're looking at these funds, it's not a directional bet. What we're looking for are funds that can drive value and add value, whether the market's going up or down.

Infrastructure. Currently, three of our five funds in our pipeline are infrastructure funds, including one new. We do expect to add somewhere between four to six over the next 12 to 24 months in infrastructure.

Insurance, I know we started talking at the beginning of this meeting about insurance. The California wildfires are going to cost our book somewhere between 5 and 8 to 9 percent, depending on how this all shakes out. So it is having an effect on -- on the market. As Chris

said at the beginning, you have seen reinsurance rates coming down a little bit. So we'll see, first in the April and then the June renewal periods, to see if California is going to have an effect broadly on pricing. But we have seen it have an effect on some of our funds.

And in opportunistic, this hasn't changed a whole lot. We are -- currently one of the funds that we have in our -- in our pipelines, a mitigation banking fund, which is something quite new to us. It's something we've been looking at for seven or eight years now. And so we find that quite interesting.

Any questions?

MR. CHAIR: You said you're going to -- you want to double the number of hedge funds in the book?

MR. WEBSTER: Yeah.

MR. CHAIR: Just decrease overall allocation of dollars?

MR. WEBSTER: Yes, that's correct.

MR. CHAIR: Okay.

MR. COLLINS: What's the latest figures on the loss in California?

MR. WEBSTER: Mid 30 billion.

MR. COLLINS: 30?

MR. WEBSTER: Yeah, 30, 35.

MR. GOETZ: That's not insured loss. That's total loss.

MR. WEBSTER: Yeah.

MR. GOETZ: Not insured.

MR. WEBSTER: Yeah, that's correct. Well, the insured loss is -- yeah, that's a good point. We were somewhere in the 10 to 15, I think, is what we last heard. Somewhere around there.

MR. CHAIR: Thanks, Trent.

Any other questions?

John.

MR. MOGG: All right. Good afternoon. We'll kick off with just a little commentary here on the credit markets.

If we look at the top left here, this is as of 12-31. This shows credit spreads and the dispersion over the one-year, five-year, and then also where credit spreads ended at the end of the year. And so, you know, the key takeaway here, if you look at where spreads ended at the end of the year, even though they

have widened out slightly this year, they're still at very tight levels compared to five-year averages across investment grade, bank loans, private credit and high yield.

And so if we look at the bottom left here, what's really driving this, a big portion of this is yield flow and the MNA activity in the market. So we have seen MNA activity pick up over the last year. However, it's still relatively low compared to the peak that we saw in 2021.

So you've got this lack of issuance, which is leading to tighter spreads. You've also got the insatiable demand by CLOs for levered loans that also make spreads much tighter. And you're seeing a lot of the companies that private equity GPs are taking to market tend to be your higher quality companies. And those two demand tighter spreads.

The chart on the right there, there's been a lot of talk in the market about the convergence of BSLs and private credit. You can see here in the first box, the big gray bars there are BSLs refinanced by private credit or direct lending. And you can see there was a lot of activity in '23. That reversed as banks came back into the market in early '24. And then you can see the latter part of '24, it leveled out. And talking to some of private equity sponsors out there for companies, EBITDA, say a hundred million or greater, we're seeing the capital markets folks really dual-track any refinancings or new acquisitions in both the loan market as well as private credit.

Okay. Moving on to what we're doing on the asset class level. So start out with multi-asset credit. We've been really active over the past year. The first search that we did was really focused on multi-asset credit and bank loans. We wrapped up our diligence and on-site visits at the end of last year. We selected four managers for six different mandates. You can see that laid out here. Those were in legal, and we hope to wrap those up by the end of April.

And then in January of this year, we kicked off a search for high yield and emerging market debt. Went through a similar process. We've had preliminary calls with a short list.

We've narrowed that down. We're going to begin on-site visits here in the next month or so, and hope to have those closed by third quarter sometime.

Next up on the private credit side, Chris alluded to this in his initial comments. In the past few meetings, we've talked about repositioning the private credit portfolio. We looked at a number of different alternatives for that. We ended up doing a credit secondary sale at the end of last year. And, really, this was a lot of runoff investments and investments that had a high equity component to them. And so you can see in the bottom pie charts, after the secondary sale, the resulting allocation. And then on the right there, you can see, that's the target portfolio that we've laid out in past meetings of where we want to get.

And so a big part of that, currently senior lending is a target of around 50 percent within a range of 40 to 70 percent. The allocation post-secondary sales is about 20 percent. So we've been spending a lot of time on direct lending, probably the better part of the last year on European direct lending. Met with, you know, managers across the market, upper, mid, lower market, sponsor, and non-sponsored. We've got a short list there, and we'll probably add two names over the next year.

And then on the US direct lending side, really what we're doing there, we're going back -- we have four or five separately managed accounts across the market. We're reevaluating those managers for a potential re-up and scaling up our exposure there. And then once we do that, we'll take a look to see if there's any complimentary exposure that we can add after the fact.

And then the last slide here is the legacy private credit performance on an IRR basis. Lamar mentioned this, the benchmark has changed from when these investments were originally made within strategic investments. The benchmark going forward is LSTA plus a spread. And so you can see over the longer term, legacy portfolios outperformed that. But in the more recent time period when levered loans performed extremely well, it's lagged a little bit.

And that's all I had. Happy to answer any questions.

MR. CHAIR: Any questions?

Good color scheme on the last bar chart, by the way.

Dan.

MR. BEARD: Good afternoon. I should be fairly brief.

The first slide is a snapshot as of December 31st, 2024. Most of these -- the first two assets, distributions, really no changes from September 30th. Members increased about 6,000 since September 30th. And then retirees, about 4,000 since September 30th.

Plan choice, again, no difference from what you saw as of September 30th. If you take out special risk class members, who still default to the pension plan, basically about eight out of every 10 new hires are coming into the DC plan.

365,000 total members through the month of December. If you break that down, there's about 244,000 that are active, meaning active participating FRS members. That's about 36 percent of all FRS active members.

Performance. I won't go through this slide. Lamar covered this when he spoke.

This is our assets under management. Again, no change. Over half our assets are in our retirement date funds. Then this is a breakdown of how those assets are spread across those 11 retirement date funds.

Then under the MyFRS Financial Guidance program, a slight dip in financial calls as well as workshops and attendance to workshops. However, as you see there, there's been an increase in website, people going to the website, as well as a large increase in members who are using chat to communicate with the financial planner.

Happy to answer any questions.

MR. CHAIR: Okay. Any questions?

Okay, Dan. Thank you.

So we're going to go back real quick to item six. I failed to call for a vote on the voting guideline amendment for the use of generative AI. Sorry, Mike. I meant to do it. And we just kind of got sidetracked there for a minute.

So I don't think I can pull -- can we pull

it back up or is it too many slides to go back?

There we go. 269. Just want to put it up on the screen so we all know what we're looking at here.

MR. McCAULEY: Right there.

MR. CHAIR: Okay. So, Mike, maybe just take 30 seconds real quick just to refresh memory and what we're doing here before we vote on it. I think it's pretty self-explanatory, pretty vanilla language, but want to make sure everybody hears it.

MR. McCAULEY: Yeah. Essentially that language that you're seeing on the slide would be a new proxy guideline in the document. And we included a memo that has a little more background on some of the benchmarking, just background on the topic in the meeting materials, as well as the full set of voting guidelines. But this would be added within the -- as that top line says, proposed language to be added to the existing language, current document under the marketing, sales, and business practices section on those pages.

MR. CHAIR: Okay. Does anybody have any questions on it?

MR. WENDT: Gary Wendt has a question.

MR. CHAIR: Hey, Gary. Go ahead.

MR. WENDT: Why do you need something like this?

MR. McCAULEY: I couldn't hear him.

MR. COLLINS: Why do you need something like this?

MR. McCAULEY: Well, we've seen more proposals on this topic, and we don't have any current language. We have very little language in the current document that deals with data privacy, which is not really the same issue. Some overlap, but it's very minimal. So we've seen a doubling in the shareholder proposal volume. We expect that it's going to continue. It's something that it hasn't passed. We've had a mixed record. We generally have voted against it. We have voted in favor of it, a couple companies, Apple most notably.

It's something that might hit a little more of the technology names, but it really is kind of widespread from an industry and sector perspective. We're seeing it in media, healthcare. It's likely to accelerate.

So we don't have a guideline. There's no

narrative on it. We're seeing it in the marketplace several years in a row. So we just think it warrants some --

MR. WENDT: Do you have a statement like this for every single thing that can happen in a shareholder vote?

MR. McCAULEY: No. And it's kind of impossible to do that.

Yeah, we try to --

MR. WENDT: I'm wondering why you're adding this.

MR. CHAIR: Yeah. I think he said, I wonder why you're adding this?

MR. McCAULEY: Can I just pile in on that?

MR. GOETZ: I think the question is: Do you think this particular issue puts shareholders more in conflict with management versus all the other things that Gary has mentioned? Is that why we need it?

MR. McCAULEY: When you say "more in conflict" --

MR. GOETZ: Meaning there's a higher probability management does something crazy or allows something crazy in AI as an issue versus other things?

MR. McCAULEY: It's an emerging risk. You know, where that'll go, it's hard to say. Most of the voting items that we've had, in fact, all of them have been shareholder proposals. So they're advisory. It's really kind of a signaling mechanism on the part of investors to highlight at some companies. And we don't -- you know, it doesn't mean we'll vote in favor of it. In fact, we voted against most of them. So it's not to really elevate the topic or the subject matter, we're just seeing it -- we're voting more on it and we don't have any language like that to cover that voting item.

MR. CHAIR: Yeah, look -- and I do think as a use case for AI across every industry, right, it's just coming up. It's so prevalent these days. And it's not -- I would say it's not just a typical governance issue. This has the ability, I think, to affect almost every decision that gets made in the world. And nobody really knows exactly where it's all going to land.

So I would think that this is kind of tiptoeing into the water on a statement. And probably as it gets more and more prevalent,

more and more use cases come up that are more complex, I think you'll see these statements get more narrowly tailored or more definitive as we go down the road.

So this is -- you know, I think this does no harm, right? I mean, does it solve every problem, it probably does not. But as a first step, I don't really see it as super controversial, but happy to be disagreed with.

MR. WENDT: Well, it adds to the bureaucracy, and we should do all we can to not add to the bureaucracy. But, I mean, and, yes, AI is a part of life now. It'll be there forever. But it's like, you know, should we put 16 more machine tools on the floor in the third floor? It's that kind of a thing. Why are you putting this stuff in to try to -- I don't know what you're guiding, frankly, but I'm going to vote against it. So let's just move on.

MR. CHAIR: Okay. Point taken. Thanks, Gary.

Any other comments or questions?

Okay. Seeing none. So we'll call for a vote on the adoption of the language as proposed.

All those in favor, signify by saying aye.

(Members reply aye.)

MR. CHAIR: All opposed?

MR. WENDT: Nay.

MR. CHAIR: Okay. So we've recorded one nay vote, the rest in favor.

Okay. Thank you.

Okay. We are going to skip forward now to item eight.

And back to you, Katie.

MS. COMSTOCK: Great. Thank you. So I really have a review of the major mandates that we cover through the end of the year. And Lamar covered most of this, so I'll just reemphasize a few points and really just add some charts and pictures to the numbers that Lamar had covered earlier.

So just quickly, starting with the pension plan at the end of the year, there was just north of $200 billion a decrease over the year, but fiscal year-to-date, the plan is still up 3 billion.

The chart here at the bottom highlights a few different asset allocations. The purple

bar at the top shows the long-term policy that was approved at the last asset allocation study. The light teal bar represents the interim policy, so where the portfolio should be during this transition time. And then the current is kind of that royal blue color.

So two things to point out: One is just that the portfolio continues to be managed in line with policy as expected and in alignment with the philosophy of choosing this strategic target along the lines of its goals and long-term objectives.

The second is the progress to this long-term policy. So starting with north of 50 percent in public equities, that has come down and is nearing closer to that long-term target of 45 percent. Private equity is nearing the new long-term target at 10 percent. Real estate has a little bit more room to go, but is currently just north of 9 percent, looking to get to 12 percent long-term target.

Strategic is coming down methodically to the long-term target of 4 percent. And then active credit has made a lot of progress, at the end of the year stood at 5 -- just north of

5 percent with that long-term target of 7. So a lot of progress has been made since that new policy was approved. I just wanted to highlight that.

In terms of performance -- and I think Lamar summarized it at the outset pretty well. We're starting to see, there's some near-term mixed results from a relative performance perspective over the short term. But long-term absolute returns remain very favorable. So a bumpy end to the 2024 year. Fiscal year-to-date is not shown here, but it is positive at 3.5 percent, which would be July 1st through the end of 2024. And then long term, the total fund net of fees has earned north of 7.5 percent annualized over the 5- and 10-year period, and even higher over the 15-year period at 8.4 percent.

We did see some outperformance over the quarter. It's a short time period. Underperformance over the one- and three-year period continues to be hindered by the disconnect between private equity and public markets. But relative outperformance over the long-term period.

And on this next page shown here, we do highlight the attribution. We pick two time periods. On the left, the shorter period, one year. On the right is a five-year period representing a longer time period. And this is reflecting relative performance of the total fund. So that bottom orange bar shows how the total fund performed relative to the performance benchmark.

And then as you look at the bars above, it shows what helped and hurt that relative performance. So I just want to highlight, again, that private equity has been the primary detractor from relative returns over these near-term periods, but that does mass some of that outperformance that the other asset classes have achieved, how they've been successful outperforming their benchmarks.

Over the long-term period, as you see, private equity is actually the greatest contributor to relative performance. And that's what we would expect in the nature of private equity investing. But the other asset classes, again, have all -- mostly have all contributed to relative performance. So the performance is strong on a relative basis over the long term, but we are seeing some of that near-term performance struggles as we see -- and we talked about over the past few quarters.

Next, flipping ahead to peer performance. Now this data is preliminary. So I'm going to de-emphasize the tax chart on the right. You can see real estate is showing up at about 60 basis points. When we get more data in at the last review, I think that was closer to 10 percent. But the story on relative asset allocation compared to this peer group, which are the top largest pension plans in the US, where the SBA has historically landed, has been a little bit more exposure to public equity. Now, that has shifted with the new asset allocation where you're becoming more in line with peers and that may change relative performance.

But if we look at that relative performance -- and I'll jump here -- that shows the ranks. You can see that performance has been very favorable relative to this peer group. And asset allocation is the primary driver of that relative performance. Having

exposure to equities, both public and private, has been very beneficial. You can see that over the one-year period where the total fund is ranked in the top fifth percentile. Global equity was up close to 17 percent. Private equity was up 8 percent. And so you've ranked favorably to peers who may have had less public equity exposure.

Similarly, on the longer end, the 10-year timeframe, global equity was up north of 9 percent. Private equity was up north of 15 percent. So, again, your asset allocation has driven some of these strong results. But that's on the positive side.

I also want to point out the three-year period where we saw some mediocre results. And the portfolio is not just going to perform in these strong up markets. You have diversification, you have balance, and you performed above median. When we do see some weaker equity markets are not as bullish of capital market performance. And so you're striking that nice balance relative to peers. And, again, that's driven through the asset allocation decision.

Please interrupt if there are questions. I'm going to keep moving forward.

This is just performance for the investment plan. Again, here at the top, we're looking at an aggregation of the returns of the underlying investment options. And so we're focused on that bottom row that shows the relative performance. And this was touched on here at the outset, some underperformance over the nearer time periods. Largely this is driven by the allocation to stable value, which tends to lag money markets. And when we're not in a rising interest rate environment. Over the quarter, not shown here, stable value has outperformed money market industry. So we are starting to see stable value close that gap that we've seen. And over the long term, we expected to outperform.

The other thing that had impacted results was some of the equity funds, underperformance there. And then also some exposure to poor real estate in the real assets portfolio. Over longer term, in aggregate, the active options have outperformed over that 10-year time period.

And then just quickly looking at the hurricane catastrophe funds. Again, the mandate here is preservation of capital, liquidity, and then competitive returns. And so with higher yields we are starting to see some return out of this bucket over the one-year period, as Lamar had pointed out, north of a 5 percent return, which is nice to see. So if yields stay higher, this one will be a beneficiary of that. And, again, this fund stands close to about $11 billion in operating assets in that pool.

And then the last mandate that we cover is Florida PRIME. This pool reached, I believe, an all-time high at the end of the year, which was just north of 32 billion. I believe at the end of January that was 34.2 billion. So really great growth in that. It is a season where they're getting tax proceeds inflow. So we are -- the growth is expected, but it's an all-time high absolute level of assets, which is nice to see.

Again, a similar mandate to the hurricane catastrophe funds where we're focused on liquidity, preservation of capital, and then competitive returns. And that has been achieved here. You can see the returns have outperformed benchmark, which is a peer group of other PRIME institutionally managed money market funds. Federated manages this and they've outperformed over all time periods.

And with that, I'll see if there's any questions.

MR. CHAIR: Any questions?

Seeing none. Thanks, Katie.

MS. COMSTOCK: Thank you.

MR. CHAIR: Okay. As Chris indicated earlier, Vinny is not here today. So Peter Collins graciously agreed to step in and talk about our incentive compensation discussion.

Peter?

MR. COLLINS: Yeah. So the compensation subcommittee, we met by videoconference, myself, Vinny Olmstead, Gary Wendt, IAC Chair Ken Jones was there. Freddie was there in person as well as Chris Spencer and Lamar Taylor and several staff members. The SBA's consultant, Josh Wilson, from Mercer also joined the call.

The compensation subcommittee requested

from Mr. Spencer and Lamar to go back to Mercer and give us an update, where we were. It's been a few years since we looked at comp relative to peers and our compensation plan. We asked them to get with Mercer, look at that and then come back to us and report.

Josh presented the material at the subcommittee meeting and discussed the information and presented us with several options. And at the conclusion of the meeting, we voted to recommend the following actions to the full IAC for its further recommendation to the SBA and the trustees.

First of all, this is just an incentive comp side of it. And we looked at the thresholds. You know, what do you have to hit before you qualify for incentive comp? We adjusted these up and we also added an additional category. So before, there was threshold target and max, we added another target. And we raised the maximum to a hundred basis points outperformance.

Then we went in and amended the percentages of base comp that once you hit these thresholds, you would qualify for. And then the -- we have tiered compensation at the SBA and there's four tiers. And in the first tier, the target would be 65 percent of base comp. Superior would be 97 percent of base comp. And maximum would be 130 percent of base comp. Like -- similar, tier two was 45, 67 and a half, and 90. Tier three was 25, 37 and a half, and 50. And tier four was 15, 22 and a half, and 30.

So we wanted to amend the plan so that in each SBA asset class to receive the portion of an incentive compensation payment awardable based on the performance of the asset class against its asset class benchmark above the threshold, regardless of the total fund reaching or exceeding the total fund threshold.

There was a lot of discussion around this topic, and I think the people across from us would agree that they could knock it out of the park, do really, really well and still not qualify for incentive compensation because maybe there was a couple areas that really drug down performance and it sort of disincentivizes them or doesn't incentivize them enough for excellent performance. And we agreed with that

recommendation from Mercer. And so we have added that now into the comp plan.

And then we amended the qualitative component of the SBA's incentive comp to allow for the five levels of performance.

So there was a lot of great discussion. We met for maybe an hour and a half. And I think there was a unanimous agreement on the subcommittee's part to do what I just laid out. Vinny usually presents this to the Board, but as they said, he couldn't be here today. But I fully support this, Mr. Chairman, and I would encourage the other members of the IAC to support it.

MR. CHAIR: Thank you, Peter.

Any questions? I've got a comment or two, but I'll open it up to anybody else first.

MR. GOETZ: I have a question.

MR. CHAIR: Please, John.

MR. GOETZ: The old plan --

MR. CHAIR: Any hard questions go to Peter.

MR. GOETZ: Yeah. Okay. I'll turn to Peter, yes.

So the old plan had a threshold of

5 percent, five bps.

MR. CHAIR: Right.

MR. GOETZ: We lowered that to one. Agree 100 percent.

MR. COLLINS: We've raised it to 10 from five.

MR. SPENCER: That's the presentation. So there was a separate memo that was sent around that reflects the ultimate --

MR. GOETZ: Now I get the content. Great.

MR. COLLINS: Okay. That was easy. You get the next one?

MR. GOETZ: No, no.

MR. CHAIR: That's not fair.

MR. GOETZ: So now that's 10 bps per threshold, and then the target is 35 bps. And all of a sudden, the extra comp goes to 65. In between 10 and 35, is there any?

MR. COLLINS: Well, there's the 10. There's what you get for the threshold. But you have to get to the 35 bps to get to that.

MR. GOETZ: But that's what isn't clear from the memo. What do you get for threshold?

MR. SPENCER: I can go ahead and answer that.

MR. CHAIR: Go ahead.

MR. SPENCER: So the way it works is now, should this be adopted, it would go from 10 bps as we'll start, all the way up to a hundred bps. There's an imputation of a certain percentage that goes all the way up to that maximum for each individual.

MR. GOETZ: Oh, it's linear.

MR. SPENCER: It's linear. Exactly. Yeah, those are the milestones. But there's an incremental stair step that goes all the way up on a linear basis up to the maximum.

MR. GOETZ: So just to put it another way, if you have 11 bps of outperformance, there is --

MR. SPENCER: There's something. Yes. Yeah, there's an amount, but it's not nearly as high as when it gets to target. Then when it gets --

MR. GOETZ: We're just not seeing --

MR. SPENCER: There's a whole spreadsheet.

MR. CHAIR: Another easy question.

MR. COLLINS: Yeah. We have a full dot matrix on a dot printer.

MR. CHAIR: Any other questions? I know we've got Peter and Gary and Jeff on the phone as well.

MR. WENDT: Gary would like to make a comment, same one he made that meeting. I'm voting for this plan because we need a plan.

MR. COLLINS: Can you speak up a little, Gary?

MR. WENDT: Yeah. I'll do my best. I'm sitting at the table here.

I'll vote for this plan because we need a plan, but the plan is far too complex and it does not have enough opportunity for subjective judgment. When you put all these numbers on a page and people are working hard all the time to make those numbers, and then the world does something which can't affect them -- which can affect their performance, then suddenly they're left without the bonus because something happened which was outside of their -- I haven't said it very well, but you guys love bureaucracy. It's a good one. I vote for it.

MR. CHAIR: Okay. Thanks, Gary.

Any -- Peter or Jeff, any comments? I'm going to give everybody a chance here. Just, it's an important topic. I know we've talked a

lot about it, so --

MR. COLLINS: The last thing I want to say was, just go back to this idea of allowing the asset class managers and the people in the separate asset classes to get rewarded for performance. I think that that's important. And I think that that was a glaring, maybe not omission, but left out for some reason from the original comp plan.

MR. CHAIR: Yeah, I agree with that. I mean, you could have a year, for instance, where, you know, through -- again, to Gary's point, exigent circumstances where private equity kills it and private credit ends up getting crushed and people get penalized across the board. That's not fair either.

So I think -- you know, we did spend a lot of time on this, Peter and I, and the team spent these almost two hours on it that day. Lots and lots of thoughtful questions went into it. This was not just something that came -- and I want to be clear about that, too, is that this was not driven by the people across from the side of the room. One of the first things that I said to Chris and Lamar, and I mentioned it to Peter early on when I got here, I wanted to make sure that we were compensating people fairly and making sure that we're attracting the right talent.

And to my question to you, Todd, earlier, was how hard is it to get people these days? You know, and this was kind of -- I was looking forward to this comment I'm making right now, which is, if you don't have the appropriate packages, right, it's not just about where you live, how many hours you work, work from home, compensation does matter. And so my big issue when I got here was I want to make sure we compensate people the right way, because you want the best talent that you can put in the room. And I think this is a step in the right direction. I'm not saying that this is -- it's not the best, it's not the worst. It's probably somewhere in the middle. But I think this is a step in the right direction and we could continue to refine this.

We didn't look at this -- I think until now, it was 10 years ago.

MR. COLLINS: No, we've looked at it more recently than that, but it was a -- but the

plan was put together almost 10 years ago, the initial plan. There was no plan prior to 10 years ago.

MR. CHAIR: Yeah. And so I think, you know, whether it's subjective or formulaic I think you have to have a formula these days. I mean, the subjectivity of a quarter of a trillion dollar fund pension plan, it gets tricky and you get lots of criticism. If it's -- one person was saying, well, I really like John today, but I don't like Todd tomorrow, so therefore X, Y, or Z. I think that gets tough to do. Puts a lot of undue pressure on one person. So I like the idea of having some guidance on how to administer comp.

So for that reason, I'm going to vote for it. And I think it's a good step in the right direction.

MR. JONES: Mr. Chair, this is Peter. This is Peter Jones.

MR. CHAIR: Hey, Peter.

MR. JONES: I sat through the discussion and I think we have a good outcome. I think this is far better than where we were. So I am supportive, just to go on the record here.

MR. CHAIR: Okay. Great.

MR. COLLINS: We usually, Mr. Chairman, write a letter from the IAC to the trustees. We're outlining it and recommending it. So I would encourage staff to please put a letter together for Ken to sign.

MR. CHAIR: Yep. Great. Happy to do it.

Okay. Any other comments or questions?

Okay. Seeing none, we have to vote on this, correct?

MR. SPENCER: That's correct.

MR. CHAIR: A voting item.

So all those in favor of the proposal, please signify by saying aye.

(Members reply aye.)

MR. CHAIR: All opposed?

(No response.)

MR. CHAIR: Okay. Please show it's unanimously adopted.

Okay. That brings us to our last item, and that is going to be the election of officers. And I'm going to turn this over to Chris now, I think, and we can take that next step for election of officers.

MR. SPENCER: Mr. Chairman, so you've been a phenomenal chairman but all good things have to come to an end. And so we have to elect the new chairman and a new vice chairman.

So with that any motions for nomination for a chairman?

MR. CHAIR: I'd like to nominate Peter Jones.

MR. SPENCER: Any second?

MR. COLLINS: I would second that.

MR. SPENCER: All right. Seeing no objections, we'll go ahead and show Peter Jones elected chair.

And now, Mr. Jones, Chairman Jones, do you want to take over right now virtually or do you want us to continue to handle for the election for vice chair?

MR. JONES: Probably simpler if you just go ahead and handle that since you're with everybody.

MR. SPENCER: Okay. Perfect. I will turn it now over to a nomination for vice chair.

MR. CHAIR: Okay. Yes. I'd like to nominate Freddie Figgers as vice chair.

MR. COLLINS: I would second that.

MR. CHAIR: Okay.

MR. SPENCER: All right. Seeing no objection, we will show that Freddie Figgers has been elected as vice chair.

MR. CHAIR: Okay. Freddie, congratulations.

MR. FIGGERS: Thank you.

MR. CHAIR: You're welcome. Look forward to having you as vice chair.

Okay. Any other comments or questions before we close down?

MR. JONES: Thank you, former Chair, for all the good work. Appreciate it.

MR. CHAIR: Thank you. It's good. Maybe slightly less confusing. You've got Peter Collins, Peter Jones, and Ken Jones. Great. Awesome.

Okay. Well, thank you, guys. I appreciate all the time and the effort for today. The meeting is adjourned.

(Meeting adjourned at 2:13 p.m.)

* * *

CERTIFICATE OF REPORTER

STATE OF FLORIDA

COUNTY OF LEON

I, Tracy Brown, certify that I was authorized to and did stenographically report the foregoing proceedings, and that the transcript is a true and complete record of my stenographic notes.

Dated this 1st day of April, 2025.

____

TRACY BROWN
Tallahassee, FL
Tbrown567@comcast.net

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INVESTMENT ADVISORY COUNCIL

IAC Prepared Comments

Lamar Taylor, Chief Investment Officer

State Board of Administration
June 3, 2025

SBA Major Mandate Performance

Official Performance Through: March 31, 2025

Managed Return

Mandate	1 Mo	3 Mo	1-Yr	3-Yr	5-Yr	10-Yr
FRS Investment Plan	-2.92%	-0.69%	5.73%	4.89%	10.98%	6.94%
Florida PRIME	0.39%	1.13%	5.24%	4.61%	2.85%	2.11%
Cat Fund	0.35%	1.06%	5.05%	3.31%	1.67%	0.00%
FRS Pension Plan	-1.75%	0.19%	5.43%	4.25%	10.41%	7.48%
Asset Allocation	-2.21%	-0.12%	5.58%	4.70%	10.54%	6.92%
Global Equity xTrans	-3.96%	-1.57%	6.51%	6.65%	15.17%	8.92%
Fixed Income xTrans	0.04%	2.80%	5.20%	1.74%	0.82%	1.81%
Real Estate	0.27%	1.24%	-1.90%	-1.89%	3.92%	5.82%
Private Equity	0.81%	1.24%	7.89%	2.22%	15.48%	15.17%
Strategic Investments	-0.02%	0.49%	6.81%	6.59%	7.83%	6.80%
Active Credit xTrans	1.08%	2.23%	9.48%	0.00%	0.00%	0.00%
Cash & Central Custody + Enhanced Cash	0.41%	1.26%	5.35%	4.01%	2.24%	1.73%

SBA Major Mandate Performance

Official Performance Through: March 31, 2025

Active Return

Mandate	1 Mo	3 Mo	1-Yr	3-Yr	5-Yr	10-Yr
FRS Investment Plan	0.01%	0.26%	-0.29%	-0.10%	0.06%	0.11%
Florida PRIME	0.04%	0.06%	0.32%	0.38%	0.28%	0.25%
Cat Fund	0.13%	0.36%	1.23%	0.50%	0.31%	0.00%
FRS Pension Plan	0.45%	0.28%	-0.12%	-0.49%	-0.14%	0.56%
Asset Allocation	0.00%	-0.03%	0.03%	-0.03%	-0.01%	0.00%
Global Equity xTrans	-0.03%	0.08%	0.28%	0.37%	0.15%	0.36%
Fixed Income xTrans	0.00%	0.02%	0.32%	0.36%	0.61%	0.30%
Real Estate	-0.07%	0.22%	0.11%	1.31%	1.36%	0.93%
Private Equity	4.42%	2.13%	-0.84%	-6.71%	-2.34%	3.69%
Strategic Investments	0.31%	0.23%	-0.20%	-0.63%	-1.69%	0.42%
Active Credit xTrans	1.29%	1.16%	1.16%	0.00%	0.00%	0.00%
Cash & Central Custody + Enhanced Cash	0.06%	0.22%	0.32%	-0.32%	-0.36%	-0.16%

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FRS Pension Plan: Performance Attribution Report for IAC

March 31, 2025

Name	Market Value (In Millions)	3 Months	1 Year	3 Year
Total Fund	**$ 200,375**	**0.19%**	**5.43%**	**4.25%**
Policy Benchmark		-0.09%	5.55%	4.73%
+ / - Benchmark		***0.28%***	***-0.12%***	***-0.49%***
Global Equity	**$ 92,914**	**-1.57%**	**6.51%**	**6.65%**
Policy Benchmark		-1.66%	6.23%	6.28%
+ / - Benchmark		**0.08%**	**0.28%**	**0.37%**
Attribution to Total Fund + / - Benchmark		***0.04%***	***0.13%***	***0.17%***
Fixed Income	**$ 40,753**	**2.80%**	**5.20%**	**1.74%**
Policy Benchmark		2.78%	4.88%	1.39%
+ / - Benchmark		**0.02%**	**0.32%**	**0.36%**
Attribution to Total Fund + / - Benchmark		***0.00%***	***0.06%***	***0.06%***
Real Estate	**$ 19,360**	**1.24%**	**-1.90%**	**-1.89%**
Policy Benchmark		1.02%	-2.02%	-3.20%
+ / - Benchmark		**0.22%**	**0.11%**	**1.31%**
Attribution to Total Fund + / - Benchmark		***0.02%***	***0.01%***	***0.14%***
Private Equity	**$ 18,789**	**1.24%**	**7.89%**	**2.22%**
Policy Benchmark		-0.89%	8.73%	8.93%
+ / - Benchmark		**2.13%**	**-0.84%**	**-6.71%**
Attribution to Total Fund + / - Benchmark		***0.20%***	***-0.10%***	***-0.69%***
+ / - Secondary Benchmark		***0.41%***	***1.96%***	***1.12%***
Strategic Investments	**$ 12,479**	**0.49%**	**6.81%**	**6.59%**
Policy Benchmark		0.26%	7.02%	7.22%
+ / - Benchmark		**0.23%**	**-0.20%**	**-0.63%**
Attribution to Total Fund + / - Benchmark		***0.01%***	***-0.01%***	***-0.07%***
Active Credit	**$ 8,495**	**2.23%**	**9.48%**	**0.00%**
Policy Benchmark		1.07%	8.32%	0.00%
+ / - Benchmark		**1.16%**	**1.16%**	**0.00%**
Attribution to Total Fund + / - Benchmark		***0.02%***	***0.09%***	***0.00%***
Cash CC + Enhanced Cash	**$ 1,664**	**1.26%**	**5.35%**	**4.01%**
Policy Benchmark		1.04%	5.03%	4.33%
+ / - Benchmark		**0.22%**	**0.32%**	**-0.32%**
Attribution to Total Fund + / - Benchmark		***0.00%***	***0.00%***	***0.00%***
Other**	**$ 5,920**			
Other Attribution to Total Fund + / - Benchmark		***0.01%***	***-0.34%***	***-0.06%***
AA Attribution to Total Fund + / - Benchmark		***-0.03%***	***0.03%***	***-0.03%***

* Totals might not add due to methodology and rounding

** Captures transition accounts, liquidity portfolios, and unexplained differences due to methodology.

Major Mandate Performance

3/31/2025		1 Mo	3 Mo	1-Yr	3-Yr	5-Yr	10-Yr
Cat Fund	Managed Return	0.35%	1.06%	5.05%	3.31%	1.67%	
	Benchmark Return[1]	0.23%	0.70%	3.82%	2.81%	1.36%	
	+Over/-Under Benchmark	0.13%	0.36%	1.23%	0.50%	0.31%	

[1] Showing FHCF Operating Claims Paying Fund, benchmarked to BBG 1 Month Treasury

3/31/2025		1 Mo	3 Mo	1-Yr	3-Yr	5-Yr	10-Yr
Florida PRIME	Managed Return	0.39%	1.13%	5.24%	4.61%	2.85%	2.11%
	Benchmark Return	0.35%	1.07%	4.92%	4.22%	2.57%	1.86%
	+Over/-Under Benchmark	0.04%	0.06%	0.32%	0.38%	0.28%	0.25%

3/31/2025		1 Mo	3 Mo	1-Yr	3-Yr	5-Yr	10-Yr
FRS Investment Plan	Managed Return	-2.92%	-0.69%	5.73%	4.89%	10.98%	6.94%
	Benchmark Return	-2.93%	-0.95%	6.01%	4.98%	10.92%	6.84%
	+Over/-Under Benchmark	0.01%	0.26%	-0.29%	-0.10%	0.06%	0.11%

3/31/2025		1 Mo	3 Mo	1-Yr	3-Yr	5-Yr	10-Yr
FRS Pension Plan	Managed Return	-1.75%	0.19%	5.43%	4.25%	10.41%	7.48%
	Benchmark Return	-2.21%	-0.09%	5.55%	4.73%	10.55%	6.92%
	+Over/-Under Benchmark	0.45%	0.28%	-0.12%	-0.49%	-0.14%	0.56%
Asset Allocation	Managed Return	-2.21%	-0.12%	5.58%	4.70%	10.54%	6.92%
	Benchmark Return	-2.21%	-0.09%	5.55%	4.73%	10.55%	6.92%
	+Over/-Under Benchmark	0.00%	-0.03%	0.03%	-0.03%	-0.01%	0.00%
Global Equity xTrans	Managed Return	-3.96%	-1.57%	6.51%	6.65%	15.17%	8.92%
	Benchmark Return	-3.94%	-1.66%	6.23%	6.28%	15.02%	8.56%
	+Over/-Under Benchmark	-0.03%	0.08%	0.28%	0.37%	0.15%	0.36%
Fixed Income xTrans	Managed Return	0.04%	2.80%	5.20%	1.74%	0.82%	1.81%
	Benchmark Return	0.04%	2.78%	4.88%	1.39%	0.20%	1.51%
	+Over/-Under Benchmark	0.00%	0.02%	0.32%	0.36%	0.61%	0.30%
Real Estate	Managed Return	0.27%	1.24%	-1.90%	-1.89%	3.92%	5.82%
	Benchmark Return	0.34%	1.02%	-2.02%	-3.20%	2.56%	4.89%
	+Over/-Under Benchmark	-0.07%	0.22%	0.11%	1.31%	1.36%	0.93%
Private Equity	Managed Return	0.81%	1.24%	7.89%	2.22%	15.48%	15.17%
	Benchmark Return	-3.61%	-0.89%	8.73%	8.93%	17.82%	11.48%
Primary Bchmark	**+Over/-Under Benchmark**	4.42%	2.13%	-0.84%	-6.71%	-2.34%	3.69%
Secondary Bchmark*	**+Over/-Under Benchmark**			1.96%	1.12%	3.08%	2.86%
Strategic Investments	Managed Return	-0.02%	0.49%	6.81%	6.59%	7.83%	6.80%
	Benchmark Return	-0.33%	0.26%	7.02%	7.22%	9.52%	6.38%
	+Over/-Under Benchmark	0.31%	0.23%	-0.20%	-0.63%	-1.69%	0.42%
Active Credit xTrans	Managed Return	1.08%	2.23%	9.48%			
	Benchmark Return	-0.21%	1.07%	8.32%			
	+Over/-Under Benchmark	1.29%	1.16%	1.16%			
Cash & Central Custody + Enhanced Cash	Managed Return	0.41%	1.26%	5.35%	4.01%	2.24%	1.73%
	Benchmark Return	0.34%	1.04%	5.03%	4.33%	2.61%	1.89%
	+Over/-Under Benchmark	0.06%	0.22%	0.32%	-0.32%	-0.36%	-0.16%

***Cambridge Peer Based Secondary Bchmark Lagged by 1 Quarter**

STATE BOARD OF ADMINISTRATION OF FLORIDA

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

POST OFFICE BOX 13300
32317-3300

Date:	February 24, 2025
To:	Board of Trustees
From:	Mark Thompson, Audit Committee Chair
Subject:	Quarterly Audit Committee Report

The State Board of Administration's Audit Committee met on May 19, 2025. Please see the attached agenda for the items discussed. Also please see the attached Office of Internal Audit & Inspector General Quarterly Report presented to the Audit Committee at the meeting.

STATE BOARD OF ADMINISTRATION
Audit Committee Open Meeting
Agenda
May 19, 2025
9:30 A.M. – Conclusion of Business

1. Call to Order

2. Approve minutes of open meeting held on February 24, 2025

3. SBA Update: Investment performance, risks, opportunities and challenges
    - Executive Director status report/update
    - Chief Investment Officer status report/update

4. Chief Risk & Compliance Officer Quarterly Report
    - Investment Compliance Presentation
        - Trading Oversight
        - Counterparty Monitoring
        - Personal Investment Trading

5. Office of Internal Audit & Inspector General Quarterly Report

6. Proposed Annual Audit Plan FY 2025-26

7. Proposed Internal Audit Budget FY 2025-26

8. Other items of interest

9. Closing remarks of the Audit Committee Chair and Members

10. Adjournment

Office of Internal Audit & Inspector General (OIA&IG) Quarterly Report to the Audit Committee

May 19, 2025

Table of Contents

Status of the FY 2024-2025 Annual Audit Plan

Status of the FY 2024-25 Annual Audit Plan – Internal Projects

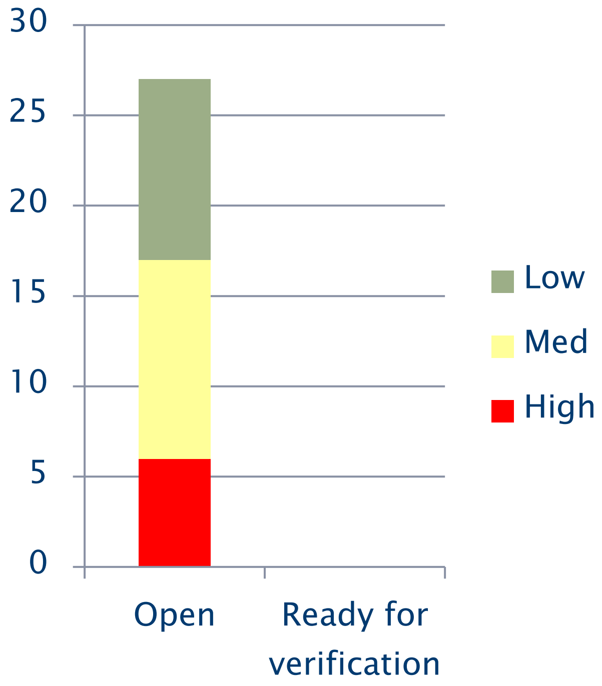
Name	Timeline - Start	Timeline - End	Status	Stage
Assurance Projects				
Follow-up Audit - October 2024	2024-09-04	2024-10-31	Completed	
Travel Planning Flash Audit	2024-11-19	2024-12-12	Completed	
Surplus Property & Media Disposal	2024-09-04	2025-01-24	Completed	
Fixed Income Asset Credit Monitoring	2024-07-02	2025-01-31	Completed	
Follow-up Audit - Febuary 2025	2025-01-01	2025-02-10	Completed	
Proxy Voting	2024-10-01	2025-02-21	Completed	
Follow-up Audit - April 2025	2025-03-04	2025-04-30	Completed	
Disaster Recovery	2025-02-05	2025-07-26	In Progress	Fieldwork
Fixed Income Internal Trading and Fair Dealing	2025-02-17	2025-08-29	In Progress	Planning
Asset Transition Management	2025-08-01	2025-11-28	Not Started	
Change Management/SDLC	2025-08-01	2025-11-28	Not Started	
Advisory Projects				
Critical Programming/Shadow IT	2024-08-01	2024-09-30	Completed	
Risk Assessments/QAR				
Annual Risk Assessment	2025-02-03	2025-04-18	Completed	
Annual Audit Plan	2025-04-21	2025-04-30	Completed	
Continuous Risk Assessment	2024-07-01	2025-06-28	In Progress	Ongoing
Annual Quality Assessment Review - Self-Assessment	2025-05-01	2025-07-31	Not Started	
Special Projects				
Middle Office Data Modernization - Special Project			In Progress	Ongoing
Complimentary User Entity Control Validation			In Progress	Ongoing
Continuous Monitoring Dashboards	2024-07-01	2025-06-28	In Progress	Ongoing

Status of the FY 2024-25 Annual Audit Plan – External Projects

Name	Timeline - Start	Timeline - End	Status	Stage
Oversight of External Auditors				
Peraton Network Security Assessment	2024-07-01	2024-11-01	Completed	
Crowe Florida Retirement System (FRS) Trust Fund Financial Statement Audit	2024-08-01	2024-11-08	Completed	
Crowe FRS Investment Plan Trust Fund Financial Statement Audit	2024-08-01	2024-11-08	Completed	
Crowe Florida Hurricane Catastrophe Fund (FHCF) Financial Statement Audit	2024-07-25	2024-11-01	Completed	
Auditor General (AG) Florida PRIME Financial Statement Audit	2024-07-01	2024-12-13	Completed	
AG financial statement audit of the SBA as part of the statewide CAFR	2024-07-01	2025-02-28	Completed	
OPPAGA's Review of Florida Growth Fund Initiative	2024-08-01	2025-02-03	Completed	
OPPAGA's Biennial Review	2024-10-01	2025-03-04	Completed	

Status of Management Action Plans/Recommendations

Status of Management Action Plans–Assurance Projects



Report Title	Report Date	Risk Rating for Open Recs: High	Med	Low	Status: Open	Ready for verification	*Verified during Qtr*
Private Equity Operational Audit 2021	9/9/2021		1	1	2		
Derivatives Collateral and Cash Management Operational Audit	3/31/2022			1	1		
Performance Reports for Alternative Investments Operational Audit	9/19/2022	2	1		3		
Cybersecurity Incident Response Plan Operational Audit	5/10/2023			1	1		*1*
Real Estate Externally Managed Portfolios Search and Selection Audit	5/31/2023						*1*
AG IT Operational Audit 2023 – Confidential	11/1/2023		4		4		
Real Estate Credit Facility Operational Audit	4/30/2024	1	1		2		*1*
Futures Rolling Flash Audit	4/30/2024			1	1		
Incentive Compensation Operational Audit	5/3/2024	3		2	5		*1*
Payroll and Human Resources Operational Audit	7/17/2024		2		2		
Fixed Income Asset Credit Monitoring Operational Audit	1/31/2025			4	4		
Proxy Voting Operational Audit	2/19/2025		2		2		
		6	11	10	27		
		22%	41%	37%	100%		

For details, see Appendix A.

Changes highlighted in yellow

Management Action Plans relate to findings from audits performed by internal or external auditors. The OIA&IG monitors and performs follow-up procedures on the management action plans in accordance with the IIA Standard 2500. A1. In certain cases, follow-up procedures are performed by external auditors.

Status of Recommendations – Advisory Projects

Report Title	Report Date	Open	Closed per Mgmt	*Closed by Peraton*[2]	*Closed per OIA&IG Risk Assessment*[1]
		Status			
Identity and Access Management Advisory[1]	9/27/2022	2			
Network Security Assessment 2022 (Peraton)[2]	11/14/2022		2		
Governance, Risk Management, and Compliance Assessment (Funston)[1]	6/26/2023	12			*3*
Network Security Assessment 2023 (Peraton)[2]	11/9/2023	2	5		
CIS/CSC Advisory[1]	7/25/2024	7	3		
Critical Programming/Shadow IT Advisory[1]	10/30/2024	2			
Network Security Assessment 2024 (Peraton)[2]	11/18/2024	5	1		
		30	11		

Changes highlighted in yellow

Advisory Recommendations made by OIA&IG or external consultants resulting from an assessment of a program or activity such as governance, risk management, compliance, ethics, etc. The OIA&IG monitors the disposition of these recommendations in accordance with the IIA Standard 2500.C1."

[1]At the advice of the Audit Committee, the OIA&IG closes Advisory Recommendations that management represented as "complete" once the OIA&IG has considered those in the risk assessment, which is reviewed quarterly by the OIA&IG.

[2]Recommendations will be reviewed for remediation and closure as part of the subsequent Network Security Assessment.

Inspector General Report

Complaint Log FY 2024-25 To-Date

➢ Statistics:

# Received via hotline	# Received via other means	# Considered whistleblower complaints	# Closed with violations	# Closed with no violations
0	5	0	0	3

➢ Limited details:

Date of Complaint	How Complaint Received	Relevant to the SBA?	Whistleblower Complaint?	Investigation conducted?	Status of Complaint
7/19/2024	CAE&IG	Yes – HR related	No	No	Closed – No Violations
3/7/2025	CFO	Yes – HR related	No	Yes-CAE&IG	Closed – No Violations, coaching needed
4/11/2025	Anonymous letter to ED	Yes – IT/IS related	No	Yes-CAE&IG	Closed – No violations
4/17/2025	CAE&IG	Yes – IT/IS related	No	Yes-CAE&IG	Open
4/18/2025	CAE&IG	Yes – HR related	No	Yes-CAE&IG	Open

Confirmed with the General Counsel & Chief Ethics Officer and the Senior Operating Officer – Human Resources that no other complaints were received in their respective areas of responsibilities.

Other OIA&IG Activities

Other Items for Discussion

- Audit Committee 2025 Meeting Dates
  - August 18 (Erin stand in for Mark)
  - November 24

- 2025 IAC Dates *(Available in-person or via The Florida Channel-11am to 3pm)*
  - Tuesday, June 3 *(Reminder the Chair to attend the June meeting each year)*
  - Tuesday, September 9
  - Tuesday, December 16

- Loveleen's upcoming retirement

Questions/Comments

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

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STATE BOARD OF ADMINISTRATION OF FLORIDA

1801 Hermitage Boulevard
Tallahassee, Florida 32308
(850) 488-4406

Post Office Box 13300
32317-3300

MEMORANDUM

TO: Chris Spencer

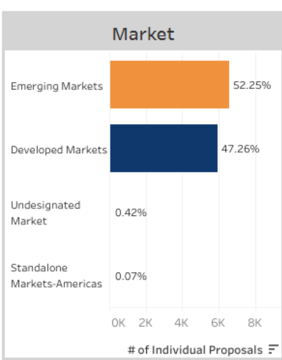
FROM: Michael McCauley

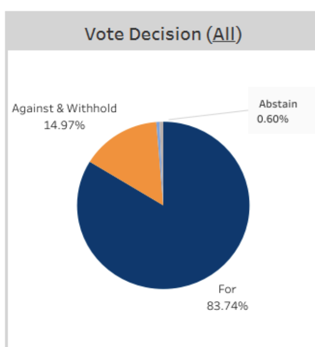
DATE: May 13, 2025

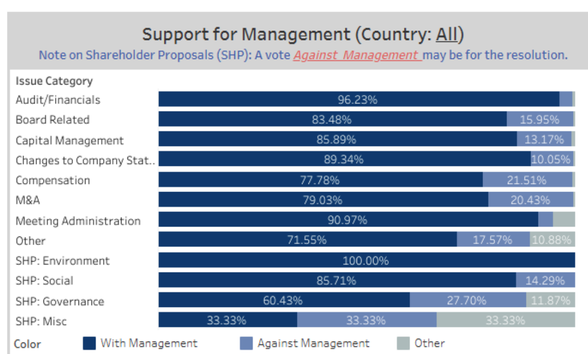
SUBJECT: Quarterly Standing Report - Investment Programs & Governance (IP&G)

GLOBAL PROXY VOTING & OPERATIONS

During the first quarter of 2025, SBA staff cast votes at 1,714 meetings worldwide, voting on ballot items including director elections, audit firm ratification, executive compensation plans, mergers & acquisitions, and a variety of other management and shareowner proposals. These votes involved 12,555 distinct voting items—voting 83.7% "For'' and 15% "Against/Withheld," with the remaining 1.3% involving abstentions. Of all votes cast, 14.4% were "Against" the management-recommended vote. SBA proxy voting occurred in 46 countries, with the top five by meeting volume comprised of South Korea (438), India (273), China (268), United States (177), and Japan (169). The following charts detail the market segment and summary breakdown of all proxy votes made between January 1, 2025, and March 31, 2025:







FY2025 PROXY VOTING AUDIT

The SBA Proxy Voting Audit Report #2025-05 evaluates the proxy voting processes for the fiscal year ending September 30, 2024. The audit was conducted by the SBA's Office of Internal Audit & Inspector General (OIA&IG) in partnership with Weaver and Tidwell, L.L.P., focusing on governance, risk, internal controls, and compliance with policies and regulations. The SBA's proxy voting governance and control processes were found to be effective, with reasonable assurance that votes cast complied with internal guidelines and fiduciary standards.

The following elements were in the scope of review: 1) Internal policies and compliance with SEC, DOL, and Florida statutes; 2) Board oversight and handling of voting deviations; 3) Monitoring third-party service providers like Glass Lewis & Co. and Institutional Shareholder Services; 4) Impact of securities lending on voting rights;

5) Operational accuracy in vote execution and reconciliation; 6) Disclosure practices and recordkeeping; and 7) System access controls. The external auditors evaluated fifteen key controls, with none rated as "not effective." Two "moderate risk" areas were identified with opportunities for improvement, including: 1) Investor Engagement and Securities Lending and Risk; and 2) Systematic Voting Controls in Glass Lewis' ViewPoint [their online voting system]. For the Securities Lending and Risk area, recommendations were made to establish clear procedures for assessing when to restrict share lending during engagement as well as to perform cost-benefit analyses and enhance related documentation around workflow. For the Systematic Voting Controls item, recommendations were made to conduct periodic reviews of the ViewPoint system voting logic (i.e., SBA policy rules) and analyze any gaps in voting data.

Areas like policy review, third-party oversight, and vote reconciliation were considered well-managed but warranted periodic enhancements. In addition to a presentation by Weaver staff to the SBA Proxy Committee, the audit was also reviewed by the SBA's Audit Committee on February 24, 2025. During the remainder of the fiscal year, IP&G staff will work to review and implement the action plans for the two observations contained within the audit. Once those reviews have been completed, another update to the Proxy Committee will be made during the third quarter meeting on September 23, 2025.

CORPORATE GOVERNANCE & PROXY VOTING OVERSIGHT GROUP

The most recent meeting of the Corporate Governance & Proxy Voting Oversight Group (Proxy Committee) occurred on April 3, 2025, and the next meeting will be held on June 19, 2025. The Proxy Committee continues to review ongoing governance issues including the volume and trends for recent SBA proxy votes, company-specific voting scenarios, corporate governance policies, governance-related investment factors, major regulatory developments and individual company research related to the Protecting Florida's Investments Act (PFIA), and other statutory investment restrictions related to China, Israel and Venezuela. At the most recent meeting, the Committee reviewed the results of the 2024 Proxy Voting Audit, summarized further below.

LEADERSHIP & SPEAKING EVENTS

Staff periodically participates in investor and corporate governance conferences and other meetings. Typically, these events include significant involvement by the largest asset owners and managers, corporate directors, senior members of management, and other key investor or regulatory stakeholders. The following items detail involvement at events that occurred most recently:

- In early April, staff participated in the Spring Meeting of The Independent Steering Committee of Broadridge and the SEC, covering several governance and proxy vote tabulation issues. Members received a focused presentation on the governance of crypto currencies and related investor voting.

- In early June, staff will participate in the Governance Week forum, covering many governance topics including director recruiting, ownership vs. divestment, governance data usage, and approaches to assessing board performance.

- In late June, staff is scheduled to participate in the Harvard Law School Corporate Governance Roundtable, with its agenda still under development.

HIGHLIGHTED PROXY VOTE(S)

Apple, Inc.—for its annual meeting on February 25, 2025, SBA staff voted Against 4 of 14 distinct ballot items covering both management and shareowner proposals on the company's proxy. Staff voted Against its advisory vote on executive compensation, or "Say-on-Pay" (SOP) item due to poor alignment with performance. All director nominees were re-elected, and the SOP ballot item passed. As is typical with such ballot items, the management-supported proposal to ratify the firm's external auditor also passed. There were four shareowner proposals (SHPs) all of which the board had recommended investors vote Against, and none of which passed.

The single SHP supported by SBA staff advocated for the elimination of diversity, equity, and inclusion (DEI) initiatives. The SHP was submitted by the National Center for Public Policy Research (NCPPR). The group specifically referenced Apple's inclusion and diversity program and its supplier diversity program. This SHP was overwhelmingly rejected by shareowners, receiving less than 3% support. The SBA's voting disclosure noted that further analysis and consideration of company policies could benefit investors. Answering a question from a shareowner about Apple's diversity and inclusion efforts during the annual meeting, Tim Cook said, "We've never had quotas or targets for Apple. Our strength has always come from hiring the very best people and then providing a culture of collaboration, one where people with diverse backgrounds and perspectives come together to innovate and create something magical for our users time and time again."

The proposal submitted at Apple was the first time the NCPPR called for a company to completely shut down its DEI efforts. The company also stated in a general release that, "Apple is an equal opportunity employer and does not discriminate in recruiting, hiring, training, or promoting on any basis protected by law." Similar proposals on the DEI topic were submitted at other companies over the last few months, including Costco and Boeing, and have received exceptionally low levels of support, averaging around 2%.

Other SHPs voted on during the annual meeting included: 1) a request for Apple to prepare a transparency report detailing the company's use of Artificial Intelligence (AI) in its business operations and to disclose any ethical guidelines adopted concerning its use of AI technology; 2) a proposal seeking enhanced measures to protect children using Apple's products and services; and 3) a proposal requesting greater transparency in Apple's charitable contributions.

The Goldman Sachs Group, Inc.—for its annual meeting on April 23, 2025, SBA staff voted against 4 of 20 distinct ballot items covering both management and shareowner proposals on the company's proxy. Staff voted Against both its Say-on-Pay item and proposed amendment to a stock incentive plan due to poor alignment with performance and excessive plan cost, respectively. Although all director nominees were re-elected and the compensation plan amendment passed, the advisory vote on executive compensation (Say on Pay) received only 66% of voted shares, marking a significant decline from 86% the company received in 2024.

The sharp decline in investor support followed criticism from both of the top proxy advisory firms: Institutional Shareholder Services (ISS) and Glass Lewis. Each firm criticized the company's $80 million retention bonuses in the form of restricted stock units (RSUs) awarded to CEO David Solomon and President John Waldron. These stock-based grants, intended to retain leadership amid competitive pressures—notably from private-equity asset management firms, lacked any performance-based criteria. The grants factored into succession planning as well. Mr. Waldron has been reported to be the heir apparent to CEO David Solomon and was recently given a seat on the company's board of directors.

As is typical with such ballot items, the management-supported proposal to ratify the firm's external auditor passed. There were three shareowner proposals (SHPs) all of which the board had recommended investors vote Against, and none of which passed. The single SHP supported by SBA staff advocated for the elimination of diversity, equity, and inclusion (DEI) goals from its executive compensation program. The voting disclosure noted a preference for using only pecuniary factors within executive compensation plans. Other SHPs included a request for an independent audit assessing the legal and reputational risks of the firm's race-based initiatives, and a separate proposal calling for annual disclosure of the ratio of financing provided to renewable versus non-renewable energy projects.

The use of DEI (Diversity, Equity, and Inclusion) and ESG (Environmental, Social, and Governance) metrics in executive compensation plans are present at many companies, particularly those domiciled in North America and Europe. These firms have begun integrating ESG and DEI-related metrics into annual and long-term incentive plans (AIPs and LTIPs). These metrics typically cover a variety of performance objectives, including but not limited to the following: 1) environmental: emissions reduction, energy efficiency, or climate targets; 2) social: employee engagement, DEI hiring and promotion goals, health and safety, and community impact; and 3) governance: board diversity, ethics and compliance, cybersecurity, or transparency targets. Metrics are typically found within the pay design of short-term bonus plans rather than performance share plans and are often qualitative or discretionary.

Academic studies show that over 75% of S&P 500 index constituents now incorporate at least one ESG-related metric in executive pay plans. DEI is one of the most commonly used social metrics. Researchers find that most ESG/DEI metrics are not tied to precise key performance indicators (KPIs). Rather, boards of directors often apply discretionary judgments or broad performance categories. Despite their wide utilization, some studies find a weak or inconsistent relationship between ESG-tied pay and improved corporate performance. However, strong ESG integration into operations, and not just within compensation structures, does positively correlate with long-term risk mitigation.

Some researchers highlight the risk that ESG oriented pay metrics often mask ineffective oversight and may allow executives to receive higher bonuses for achieving vague or non-financial targets. Likewise, there is little evidence that shows ESG-linked pay leads to higher valuation multiples unless they are paired with robust, measurable outcomes. A review by Willis Towers Watson in 2024 found that among companies with ESG metrics, 56% included DEI goals, 78% included safety and employee well-being, 42% tied metrics to climate change or carbon footprint goals, and less than 30% used fully objective, formula-driven ESG goals. ESG/DEI metrics account for 5% to 20% of total variable compensation, and commonly focus on diverse hiring/promotion targets, employee survey scores, and training participation rates. When examining investor support levels, Say-on-Pay (SOP) votes show no consistent increase or decrease based solely on ESG metric inclusion. However, poor disclosure around DEI metrics correlates with higher dissent rates in certain industries and sectors.

ACTIVE OWNERSHIP & CORPORATE ENGAGEMENT

The SBA actively engages portfolio companies throughout the year, addressing corporate governance concerns, reviewing forthcoming proxy voting items, and seeking opportunities to improve alignment with the interests of our beneficiaries. Since the beginning of the year, SBA staff has conducted engagement meetings with a few companies owned (or with investor groups owning the same companies) within Florida Retirement System (FRS) portfolios, including Goldman Sachs, Russel Metals, and Citizens Financial Group.

REGULATORY AND MARKET DEVELOPMENTS

SEC Issues New Guidance on Schedule 13D/13G Filings

On February 11, 2025, the SEC issued new Compliance and Disclosure Interpretation (C&DI) guidance that fundamentally shifts the reporting landscape for beneficial owners of more than 5% of a company's voting equity. The SEC now interprets "pressure" on companies over environmental, social, and governance (ESG) matters as an indicator of "control" or "influence," requiring the more demanding Schedule 13D filing instead of the simpler 13G. This impacts major asset managers like BlackRock and Vanguard, who paused their corporate engagement activities temporarily in response. SEC staff routinely issue C&DI for its regulations. These express SEC staff views, rather than changing the underlying rules. Commissioners usually defer to those staff views, so a C&DI typically has considerable authority.

The key elements of 13D reporting requirements are required for active or activist investors, which must disclose detailed information about the investor's intentions, voting plans, and any efforts to influence management. Filings must be completed within 10 days of acquiring 5% or more of a company's shares and amendments are required for any material changes. They are viewed as an "activist" filing, implying intent to influence corporate policy. In contrast with 13D filing, schedule 13G filings are designed for passive investors who do not plan or intend to control or influence the company. 13G filings contains minimal information and are less burdensome to maintain.

The SEC's new interpretation defines "control" or "influence" as occurring when an investor pressures management to implement specific measures or policies. This may include issues like board composition, environmental, social and governance (ESG) policies, executive compensation, or other corporate governance reforms. Notably, it applies even if the pressure is only implied or suggested. For example, merely stating or suggesting that a proxy vote is conditional on a company adopting or achieving certain policies is enough to trigger a 13D requirement. Conditioning a director vote would mean withholding votes from a director, as well as voting for an activist director in a contested election. The former happens much more often than the latter.

This new interpretation has had an immediate impact on the largest asset managers. BlackRock paused engagements briefly and now has resumed engaging companies while emphasizing its role as a passive investor. Vanguard is still evaluating its strategy, potentially reconsidering its engagement activities. State Street is expected to follow a similar cautious approach due to its extensive use of 13G filings. Longer term knock-on effects may include reduced levels of corporate engagement by large investors in order to avoid triggering 13D filing mandates. This in turn may result in less dialogue and impact investor influence in a negative manner. It could also shift corporate relations, with companies finding it harder to engage with their largest shareowners on crucial governance issues. This could be material in an activist scenario, when companies rely on the support of their largest investors.

BlackRock, Vanguard, and State Street had a combined 42,000 13G filings in 2024, but less than 10 13D filings. Market observers worry about how strictly the SEC will enforce the new interpretation, particularly around implied influence. This rule change may fundamentally alter the landscape of corporate engagement, reducing the influence of large institutional investors on board and policy decisions. ESG-focused advocacy may diminish as passive funds retreat from proactive engagements to avoid 13D complexities. On a positive note, smaller activist investors who already operate under 13D requirements may see this as a competitive advantage, facing less resistance from large funds.

Business Roundtable

In its April 2025 white paper titled, “The Need for Bold Proxy Process Reforms,” the Business Roundtable (BRT) advocates for comprehensive changes to the U.S. proxy voting system, emphasizing the need to curb the influence of proxy advisory firms and to refocus SHPs on long-term value creation. Specifically, it proposes amending SEC Rule 14a-8 to exclude entirely SHPs that advance broad ideological agendas, particularly those related to environmental, social, or political issues, arguing that such proposals often lack relevance to company performance. It also calls for eliminating the "significant social policy" exception under Rule 14a-8(i)(7) and the "broad social or ethical concern" exception under Rule 14a-8(i)(5). These exceptions have historically allowed ESG proposals—such as those addressing climate change, diversity, equity, inclusion, human rights, or lobbying practices—to be included in proxy statements, even if they do not directly tie to immediate financial performance.

The report criticizes the current submission and resubmission thresholds for SHPs under Rule 14a-8 and proposes modernizing these thresholds to ensure proponents have "meaningful skin in the game" and a long-term commitment to the company. The report suggests replacing the current fixed-dollar ownership requirements (e.g., owning $2,000 in stock for one year) with percentage-based thresholds, which would scale with a company’s market capitalization and prove insurmountable to smaller institutional and retail investors. Currently, Rule 14a-8 allows proposals to be resubmitted if they receive at least 5%, 15%, and 25% support in their first, second, and third years, respectively. The report introduces a novel "momentum requirement," recommending that proposals submitted three or more times within five years be excluded if they fail to achieve 50% investor support and their support declines by 10% or more in any single year.

The BRT also calls for prohibiting “robo-voting,” where institutional investors automatically follow proxy advisors’ recommendations without any additional review or independent analysis. Related to this proposal, the BRT urges the SEC to enforce standards ensuring transparency, accountability, and economic justification in proxy advisors’ recommendations. The BRT specifically proposes stringent regulations on proxy advisory firms like Institutional Shareholder Services (ISS) and Glass Lewis through the elimination of conflicts of interest, such as consulting services provided to companies. In sum, the BRT’s report reflects concerns that the current proxy system allows a small number of proxy advisory firms to exert disproportionate influence over corporate governance decisions, potentially misaligning with the interests of long-term investors. Many of their proposed reforms (in whole or in part) are expected to be incorporated into the SEC’s forward regulatory framework.

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Proxy Voting Audit

For the fiscal year ended September 30, 2024

State Board of Administration

Office of Internal Audit & Inspector General

Report #2025-05

STATE BOARD OF ADMINISTRATION
OF FLORIDA

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32317-3300

Chris Spencer, Executive Director
State Board of Administration
1801 Hermitage Boulevard, Suite 100
Tallahassee, Florida 32308

Report #2025-05
February 19, 2025

Dear Chris:

We completed our Proxy Voting Operational Audit (the Audit). The Audit was completed pursuant to a co-source arrangement with Weaver and Tidwell, L.L.P. (Weaver), which supplied personnel with specialized expertise in the public pension and asset management sector. Bruce Mills (Weaver), Elizabeth McGuire (OIA&IG), and Leslie Dierlam (OIA&IG) served as the primary engagement team for the Audit. The attached report includes a summary scorecard providing a control effectiveness rating for each focus area. Corresponding detail pages provide additional information, management action plans, and target dates for each comment noted. Management's action plans will be evaluated as a function of our follow-up process.

We want to extend our appreciation to the management and staff of Investment Programs and Governance for the cooperation and courtesies extended to us during our audit.

We also want to thank you for setting the tone at the top that reinforces a culture of compliance and a commitment to strong internal controls.

Sincerely,

Kim Stirner

Kim Stirner, *Chief Audit Executive & Inspector General*
Office of Internal Audit & Inspector General

Bruce Mills, *Partner*, *Asset Management Consulting*
Weaver and Tidwell, L.L.P.

cc: Lamar Taylor, Chief Investment Officer
Paul Groom, Deputy Executive Director
Mike McCauley, Senior Officer - Investment Programs and Governance
Sooni Raymaker, Chief Risk and Compliance Officer

PROXY VOTING AUDIT

Background

The State Board of Administration of Florida (SBA) focuses on enhancing share value and ensuring that public companies are accountable to their shareowners, and views proxy voting as a primary means to influence a company's governance and operations. Under the guidance of the Corporate Governance and Proxy Voting Oversight Group, the Investment Programs and Governance (IP&G) department is responsible for review, execution, reporting, and oversight of the proxy voting processes and adherence with the Corporate Governance Principles and Proxy Voting Guidelines. The processes, systems and controls used by IP&G to execute their responsibilities were the primary focus of this review.

The Corporate Governance Policy (10-015), along with the Corporate Governance Principles define SBA's requirements and approach to improving the governance structures of the companies in which SBA invests on behalf of Florida Retirement System (FRS) members and beneficiaries, retirees, and other clients. To execute more than 12,000 votes per fiscal year, IP&G utilizes various third parties to provide systems and research to support the department and provide the required voting disclosures.

The proxy voting process was selected for review by the SBA Office of Internal Audit & Inspector General (OIA&IG) for fiscal year 2024-25 due to its critical role in the management of SBA's voting responsibilities and the complexity of its governance and operational processes. The SBA OIA&IG worked closely with IP&G to conduct this audit.

Scope and Objectives

Our risk-based audit assessed the existence, adequacy, and effectiveness of key internal controls, operational efficiency, and compliance with relevant policies and procedures for the processes indicated below for the 12 months ended September 30, 2024.

The following processes were included in the scope of the Audit:

a. Internal policies and procedures: Alignment with corporate objectives, Florida Statutes, and regulations such as those from the U.S. Securities and Exchange Commission (SEC) and Department of Labor (DOL).
b. Board and management oversight: Monitoring votes for consistency with SBA proxy voting guidelines, identifying, and resolving deviations, and reporting on these matters, where necessary or advisable, to applicable stakeholders.
c. Role of service providers: Reviewing the selection, potential conflicts, and oversight of significant third-party service providers, such as external managers and proxy advisory firms. This may also include examining service providers' internal control reports and system settings where applicable.
d. Impact of related internal programs: Evaluating the effect of internal activities, such as securities lending arrangements on proxy voting, including scenarios where loaned shares are recalled for voting purposes.
e. Operational processes: Reviewing the delegation of proxy voting authority, the execution and return of proxies (including manual and systematic processes), operational reconciliations, and vote confirmations. This review may also include the evaluation of system configurations where applicable.
f. Disclosure of voting: Ensuring timely and complete disclosure of proxy voting by the FRS Pension Plan Trust Fund (both in the public and private domain) in accordance with applicable reporting requirements.
g. Record retention: Assessing the retention of relevant books and records related to proxy materials, votes, and reporting.

The following were generally excluded from the scope of the Audit:

- Operational activities occurring prior to the audit period
- Disclosures and acknowledgements to participants

Methodology

This audit was completed pursuant to a co-sourced arrangement with Weaver and was conducted in accordance with the *Global Internal Audit Standards* issued by The Institute of Internal Auditors, Inc. (IIA). These standards require that we plan and perform the audit to obtain appropriate and sufficient evidence to provide a reasonable basis for our comments and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our comments and conclusions based on our audit objectives.

As management is aware, there are inherent limitations in the audit process, including, for example, selective testing and the possibility that collusion or forgery may preclude the detection of material error, fraud, or illegal acts. Because of the inherent limitations of an audit, together with inherent limitations of internal control, an unavoidable risk exists that material error, fraud, or illegal acts may not be detected, even though the audit is properly planned and performed in accordance with auditing standards, as established by the IIA.

Conclusion

Overall, the governance, risk management, and/or control processes of the proxy voting activity are considered effective. Based on the procedures performed, we are of the opinion that processes are in place, operational, and provide reasonable assurance that proxy votes cast by SBA for the 12 months ended September 30, 2024, are in compliance with applicable guidelines. However, the review did observe certain areas for improvement where processes or controls could be strengthened. Management should focus on implementing changes where applicable to improve and maintain an effective system of internal controls and mitigate potentially elevated risks.

Summary Scorecard

Weaver documented our understanding of applicable processes through walkthroughs and tested 15 significant controls identified by business unit management and SBA OIA&IG. Assurances represent instances where controls, policies, and procedures are in place and operating to provide the desired results; those items have an “Effective” (green) rating.

Table 1 below outlines our control effectiveness ratings; Table 2 below summarizes each significant control Weaver tested. The biography for Mr. Mills, the Weaver engagement partner and a list of relevant acronyms and definitions are included in the attached appendices.

Table 1

LEGEND FOR CONTROL EFFECTIVENESS RATING (CER)	
Effective	Internal controls designed and operating effectively/efficiently; testing exceptions, if found, minimal; overall risk exposure insignificant.
Improvement Needed	Internal controls generally designed and/or operating effectively/efficiently; however, potential exists to improve the controls and/or the process.
Not Effective	Internal controls designed and/or operating ineffectively/inefficiently; missing controls; significant testing exceptions exist.
N/A	Internal controls were not tested during this audit, due to low-risk exposure, testing in previous audits, planned testing in the future, no testing population, etc. The control may have been reviewed as a part of the walkthrough, but no further testing was done.

Table 2

Risk Area	ID #	Key Control Summary	Comment #	Page #
Objective: To assess the adherence of SBA's proxy voting processes to applicable policies, procedures, and regulatory requirements; whether the processes align with organizational objectives and governance standards to ensure consistency and transparency; and to evaluate the effective and efficient administration, oversight, and reporting of proxy voting activities.				
SBA fails to cast votes that align with established guidance that results in negative regulatory attention, reputational damage or harm to SBA or its plan members.	**PV-01**	Review policies annually to confirm they are consistent with industry standards and comply with regulatory requirements, such as Florida Statutes and SEC/DOL regulations, as well as SBA objectives. Implement internal training programs to reinforce compliance standards.	N/A	N/A
	PV-02	Ensure that SBA's internal policies and guidelines are structured to leverage its size and reputation effectively to influence portfolio companies. This includes advocating for best practices, enhancing corporate governance, and supporting shareholder proposals that align with SBA's fiduciary and corporate objectives.	N/A	N/A
Proxy votes do not align with SBA policies and guidelines, leading to inconsistent voting or negative outcomes to SBA or its plan members.	**PV-03**	Conduct quarterly reviews of proxy votes. Board and management will review and approve exceptions or deviations and ensure they are reported to stakeholders when necessary.	N/A	N/A

Risk Area	ID #	Key Control Summary	Comment #	Page #
Failure to adequately monitor the performance and oversight of Glass Lewis and external research providers such as ISS can result in inaccurate proxy voting recommendations, insufficient compliance with Service Level Agreements (SLAs), and a lack of transparency. This can lead to misaligned voting outcomes, potential conflicts of interest, and inadequate reporting that affects proxy voting accuracy and compliance.	**PV-04**	Review and update due diligence assessments for all relevant third-party providers annually. Monitor external audit reports to confirm proper internal controls by service providers.	N/A	N/A
	PV-05	Regularly monitor applicable service provider's performance by reviewing SLAs, Key Performance Indicators, and System and Organization Controls reports to ensure compliance with service standards and transparency.	N/A	N/A
SBA fails to recall shares within the Securities Lending program in time to execute their voting obligations.	**PV-06**	Implement a procedure to monitor securities lending activities and ensure shares are recalled in a timely manner for voting.	1	6-7
Operational errors or delays in executing proxy votes, leading to missed or incorrect voting.	**PV-07a**	Periodically review and validate system settings for each proxy vote type to ensure alignment with SBA's Proxy Voting Guidelines. It is crucial to perform an 'end-to-end vote confirmation' via ViewPoint to identify any operational breakage. This includes reviewing the reconciliation process and confirming that SBA management and the Board are involved in verifying the functioning of the operational infrastructure.	N/A	N/A
	PV-07b	Annually, review stale accounts to verify each account was properly evaluated and includes a corresponding action item, such as a sign-off, email communication, or documented review.	N/A	N/A
	PV-08	Proxy votes in Priority 1 & 2 are manually reviewed by the proxy voting team to ensure alignment with SBA's proxy voting guidelines. Each vote is evaluated based on the issuer, proposal, and specific circumstances. The voting decision is documented and approved through established workflows.	2	8
	PV-09	Proxy votes for Priority 3, 4, & 5 are systematically cast using the Glass Lewis system, which is configured to align with SBA's proxy voting guidelines. The system automates the vote-casting process based on predefined rules, ensuring consistency with internal policies.	2	8

Risk Area	ID #	Key Control Summary	Comment #	Page #
Risk of non-compliance with disclosure regulations, leading to penalties or loss of investor confidence.	PV-10	Ensure that the SBA's proxy voting dashboard is reviewed periodically to confirm that all required information is accurately and completely recorded. This includes verifying that all proxy votes are properly documented and consistent with internal records, and that the dashboard provides a comprehensive and error-free summary of voting activities.	N/A	N/A
	PV-11	Ensure that all required disclosures are prepared, reviewed, and published in compliance with regulatory and internal requirements. This includes verifying that these reports are comprehensive, accurate, and aligned with SBA's proxy voting activities and guidelines.	N/A	N/A
	PV-12	Monitor the integration between the SBA's proxy voting dashboard and the ViewPoint system to validate that each individual vote is accurately displayed and updated in a timely manner.	N/A	N/A
Risk of inadequate record retention leading to non-compliance with regulatory obligations or loss of critical records.	PV-13	Implement a record retention policy that complies with state regulations. Perform quarterly reviews to ensure records are stored securely and are retrievable when required.	N/A	N/A
Inadequate user access controls may lead to unauthorized access or misuse of the systems, resulting in incorrect proxy voting, manipulation of data, or breach of confidential information.	PV-14	Access to key proxy related systems is maintained in accordance with established policies and procedures which include the formal documentation and approval of access by management. Access levels are assigned based on the principle of least privilege. Periodic reviews of user access are conducted to identify and remove inactive or unauthorized accounts.	N/A	N/A

<table>
<tr><th colspan="3">COMMENT #1: Documentation and Actions with Investor Engagement</th></tr>
<tr>
<td>Criteria:
The Corporate Governance Policy (10-015) and Corporate Governance Principles and Proxy Voting Guidelines indicate that SBA has a fiduciary duty to exercise the right to vote proxies and recall shares on loan when it is in the best interest of beneficiaries and that it should be weighed against the incremental returns of the securities lending program. Best practices and industry standards are for organizations to have formal processes and procedures for documenting and addressing controls within key Policies of the organization.

Finding:
IP&G has indicated that it rarely works to influence corporations through direct Investor Engagement, but has engaged with certain firms during the audit period. Under the SBA Corporate Governance Principles, SBA classifies their engagement into three categories, and it appears these were at the Extensive to Moderate level, meaning multiple interactions with a firm with a clear desired outset. IP&G can strengthen their processes when conducting such engagement moving forward:
a. Shares on loan as part of SBA's securities lending program were not recalled for either Tesla or Huntington, reducing SBA's influence on the outcome of the vote. The shares on loan in these instances were not material to the overall vote; however, there was not a materiality or control premium analysis of the benefit versus the daily rate of lending performed. Additionally, there was not a restriction on the additional lending of shares prior to the vote.
b. Documentation of the discussions with corporate management, the impact of the voting decisions by SBA, cost benefit or materiality analysis of securities lending recalls, and the ultimate results are not evident to help guide SBA on future interactions with the firm.

Recommendation:
IP&G should strengthen their processes and documentation around share recalls when conducting Extensive or Moderate level Investor Engagement as Weaver's interviews indicated this may be an area where additional focus could occur in the future. Specifically, IP&G should consider:</td>
<td>MANAGEMENT ACTION PLAN
IP&G does not manage or have responsibility for the SBA's securities lending program. The SBA's Fixed Income unit has managerial responsibility for the securities lending program.

Currently, the SBA's securities lending activities do not incorporate any restrictions on the eligible pool of lendable securities, and therefore, there is no default expectation that any equity security held within FRS portfolios be restricted from lending inclusion and/or any attempt to recall a security on loan over the record date.

As previously detailed, when the SBA has historically conducted direct engagement activities, such as the submission of shareholder proposals at individual companies, SBA staff has conducted analysis of the impact of such votes and related engagement activities. When such efforts were conducted, securities lending activity was prohibited completely on the named equity securities. During the period for this audit, there were no such activities conducted.

As Investor Engagement increases, IP&G will develop specific procedures that could include securities lending restrictions and explicit minimum materiality thresholds. Further analysis of such restrictions, thresholds, engagement classification, and recall triggers will be performed.

TARGET DATE
July 1, 2025</td>
<td>MODERATE RISK</td>
</tr>
</table>

a. Establishing procedures and guidelines on implementing share lending restrictions and adding a minimum materiality threshold assessment to the control premium analysis. Additionally, as SBA considers an increase in Investor Engagement, it should define the scenarios and level of Investor Engagement (Extensive or Moderate) that would initiate a recall attempt with Fixed Income. As recalls begin to occur more frequently, SBA should conduct periodic analysis of the success rates of the lending agents used by SBA. b. Incorporating a more formal process for documenting the Investor Engagement efforts of IP&G including: • Goals of the engagement • Outreach efforts • Materiality and cost benefit analysis for securities lending • Results and analysis of the overall impact SBA engagement had on the outcome of either the specific vote or the actions taken by management of the corporation engaged	**ACCOUNTABLE PARTIES** Investment Programs & Governance (IP&G)	

COMMENT #2: Analysis of Systematic Processes within Glass Lewis Viewpoint		
Criteria: Best practices and industry standards are for organizations to have formal processes and procedures for reviewing systematic controls within key systems used for critical processes. **Finding:** IP&G does not conduct a periodic, detailed analysis of the Proxy Voting Rules within the Glass Lewis – Viewpoint system to ensure that the systematic voting is aligned with the current SBA Corporate Governing Principles, nor utilize the data from the system to periodically assess where IP&G indicates their requirement of commentary and justification to support the direction of the vote. Weaver identified the following: a. Two SBA Corporate Governance Principle requirements for Share Repurchase and Bundling of Routine and non-Routine agenda items where there is no custom Policy in Viewpoint. (Sample of 23) b. Multiple instances where both manual and systematic voting occurred that appear to require commentary or supporting justification for the direction of the vote by IP&G. The number of instances identified represents less than 1% of the total vote each quarter and does not appear to be a systemic risk. **Recommendation**: IP&G should implement a periodic assessment of the Viewpoint system used to conduct Proxy Voting for SBA. This assessment should include at minimum: a. An analysis of all the requirements under the SBA Corporate Governance Principles against the systematic rules within Viewpoint to ensure that any systematic voting that occurs is aligned with SBA policies. b. An analysis of Viewpoint data for previous voting periods to identify any systematic or manual votes that require additional commentary or supporting documentation within the system that provides the justification for the direction of the vote.	**MANAGEMENT ACTION PLAN** Although a comprehensive review of the voting logic and rule framework is reviewed with Glass, Lewis & Co. on a continuous basis, we will formalize this process and document further on an ongoing basis to ensure all systematic voting is aligned with SBA policies and any appropriate vote rationale is applied. **TARGET DATE** July 1, 2025 **ACCOUNTABLE PARTIES** Investment Programs & Governance (IP&G)	**MODERATE RISK**

Appendix 1: Biographies

Proxy Voting Audit

State Board of Administration

Office of Internal Audit & Inspector General

Report# 2025-05

Bruce Mills, Partner, Asset Management Consulting Services
Weaver and Tidwell, L.L.P.

Bruce has more than 30 years of experience building and developing teams for internal audit, compliance and operational risk within the asset management sector. Bruce has broad global asset management knowledge and an understanding of regulatory and compliance requirements globally. Bruce spent 15+ years building internal audit plans and risk assessments for Invesco Ltd., a $1.6 T asset manager. He has led internal audits, compliance reviews and risk assessments for pensions, public and private funds, ETFs, registered investment advisers, third-party risk management and ESG programs. He leads Weaver's Asset Management Consulting Practice, which provides the insight organizations need to identify and mitigate the risks of both public and private markets, allowing our clients to thrive in today's competitive environment.

Weaver's Asset Management Consulting practice provides governance, regulatory compliance, risk and management consulting services for public pension funds, institutional investors, investment advisors and asset managers. We provide:

- **INTERNAL AUDIT** capabilities across the asset management lifecycle including public and private funds, ETFs, pensions and other investment vehicles. We have experience conducting internal audit and advisory reviews for all aspects of asset management including portfolio design and management, trading, middle and back-office operations, ESG, compliance and distribution.

- **COMPLIANCE PROGRAM MANAGEMENT** services to assist the CCO and Compliance teams with developing and assessing SEC / FINRA / CFTC / and State Pension compliance programs including policy development, monitoring and testing programs, risk assessments, trade surveillance, anti-money laundering and process transformation.

- **CONSULTING, ENTERPRISE RISK AND OPERATIONAL MANAGEMENT** to help public pension funds, institutional investors, asset managers and investment advisers address control and process design, advisor due diligence, transaction support, CFO-support, third-party risk management, fraud controls, workflow and policy development, and process efficiency.

Appendix 2:

Acronyms and Definitions

Proxy Voting Audit

State Board of Administration

Office of Internal Audit & Inspector General

Report# 2025-05

Acronyms and Definitions from the audit report:

DOL	Department of Labor
FRS	Florida Retirement System
IIA	Institute of Internal Auditors
IP&G	Investment Programs & Governance

OIA&IG	Office of Internal Audit & Inspector General
SBA	State Board of Administration
SEC	Securities and Exchange Commission
SLA	Service Level Agreement

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32317-3300

MEMORANDUM

To: SBA Trustees
Chris Spencer, Executive Director

From: Maureen M. Hazen, General Counsel & Chief Ethics Officer Maureen M. Hazen

Date: May 12, 2025

Subject: Office of General Counsel: Standing Report
For Period February 1 – April 30, 2025

SBA Agreements.

During the period covered by this report, the General Counsel's Office drafted, reviewed and negotiated: (i) 28 new agreements – including 6 new Active Credit investments; 10 new Private Equity investments; 1 new Strategic Investment; and 9 Real Estate investment transactions; (ii) 237 contract amendments, addenda or renewals; and (iii) 5 terminations.

SBA Litigation.

(a) Passive. As of April 30, 2025, the SBA was monitoring (as an actual or putative passive member of the class) 683 securities class actions. During the period from November 1 – April 30, 2025, the SBA collected recoveries in the amount of $1,201,307.77 as a passive member in 32 securities class actions.

(b) FRS Investment Plan. During the period covered by this report, the General Counsel's Office monitored and/or managed the following cases for the Florida Retirement System Investment Plan (the "Investment Plan"). The SBA issued 6 Final Orders, received notice of filing of 4 new cases and continued to litigate 8 cases that were pending during the periods covered by previous reports.

(c) *Ephraim Nation Case.* On December 16, 2024, the SBA was served a Complaint filed by a fictitious entity known as the "Ephraim-Nation" in the U.S. District Court, Southern District of New York, alleging a number of indecipherable facts and grievances against the State of Florida and other Florida governmental entities (including the SBA). On January 6, 2025 and again on April 17, 2025, the SBA filed a letter response (in accordance with the Rules of Court) requesting a pre-trial trial conference for the purpose of preserving all of the SBA's pre-dispositive defenses. The SBA is awaiting a response from the Court.

(d) *Target* Matter. On February 20, 2025, the SBA filed a Complaint against Target Corporation in the U.S. District Court, Middle District of Florida alleging securities fraud, among other claims. The SBA has also filed a Petition seeking appointment as Lead Plaintiff. The action is pending with the Court.

Other Matters.

(a) Public Records. During the period covered by this report, the General Counsel's Office received 57 new public records requests, provided responses to 50 requests and continues to work on 13 open requests.

(b) SBA Rule Activities. During the period covered by this report, the SBA engaged in the following rules activities:

Rule 19-3.016 (Executive Director):

The Notice of Proposed Rule, amending rule 19-3.016(11), Florida Administrative Code, was approved by the Board of Trustees on March 5, 2025. The Notice of Proposed Rule was published in the Florida Administrative Register on . This rule updates the delegated authority of the Executive Director regarding the State Board of Administration's participation in legal actions. No hearing was requested so no hearing was held. The rule was filed with the Department of State on April 28, 2025. Barring any issue raised by the Department of State, the rule will become effective May 19, 2025.

(c) Ethics & Gifts. During the period covered by this report, the General Counsel's Office reviewed ethics and gifts issues in the ordinary course.

STATE BOARD OF ADMINISTRATION
OF FLORIDA

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POST OFFICE BOX 13300
32317-3300

MEMORANDUM

DATE: May 7, 2025

TO: Chris Spencer, Executive Director

FROM: Sooni Raymaker, Chief Risk & Compliance Officer SR

SUBJECT: Trustee and Audit Committee Report – May 2025

The following is a summary report of Risk Management and Compliance (RMC) activities and initiatives completed or in progress since the last dated report of February 2025 to the current period. All RMC activities, reviews, controls, and processes are continuing to operate effectively and as expected during this reporting period.

The role of the RMC unit is to assist the Executive Director in maintaining an appropriate and effective risk management and compliance program to identify, monitor and mitigate key investment and operational risks. RMC, along with all business units, plays a critical role in developing and enhancing the enterprise-wide system of internal controls. RMC proactively works with the Executive Director and designees to ensure issues are promptly and thoroughly addressed by management.

SBA senior management has created a culture of risk management and compliance through the governance structure, allocation of budgetary resources, policies and associated training and awareness. Management is committed to ethical practices and to serving the best interests of the SBA's clients.

Compliance Exceptions
No material compliance exceptions were reported during the period.

Enterprise Risk Management (ERM)
The Risk and Compliance Committee (RCC) met on May 7, 2025, and reviewed updated Risk Response Plans and associated key risk indicator metrics. Plans are based on the major business model functions of Enterprise Oversight & Governance, Investment Management, and Organizational Operations and alignment with SBA Strategic Objectives. The Plans also include vital functions for each high-level process, vital signs (metrics), risk assessment results, and current controls or activity to help mitigate those risks.

ERM, in conjunction with Policy Administration, is conducting a qualitative review and analysis of all enterprise-level controls, before they are loaded into the AuditBoard system. During this process, control parameters are being reviewed and updated for improved accuracy, and new controls are being added if gaps are identified. ERM is also working closely with the Office of Internal Audit and Information Security to ensure risks and controls are appropriately identified and documented in the system.

Trading and Investment Oversight Group (TOG)
TOG conducted its quarterly oversight meeting in April 2025 and reviewed internal trading activity, compliance reports, trading counterparty oversight updates and other standard trading information reports.

Additional topics discussed included: the revised Authorized Public Market Securities List; updates related to the restriction on China State Owned Entities; and preparations related to the SEC treasury security clearing requirements.

External Manager Operational Due Diligence (ODD)
During this reporting period, the ODD team reviewed and commented on 14 consultant operational due diligence reports on investment managers as part of the investment approval process, which represents approximately $3.8 billion in potential investments. Additional Capital was requested for four investments which represent approximately $425 million. The team reviewed seven real estate property acquisitions which represents approximately $324 million in new investments. The team also sampled five Private Equity co-investments. Recommendations around using current ODD reports that are less than three years old and a workflow error where the Senior Investment Officer did not sign the Conflict-of-Interest form were provided and discussed with the asset class. The five co-investments represent approximately $70 million in new investments.

The ODD team participated in the Global Equity Enhanced Large Cap Manager Search, attended seven internal manager meetings, and participated in four onsite meetings with the public manager consultant. Sixteen new consultant ODD reports were added to the Manager Operational Risk Oversight page for use by the asset classes since the last meeting.

Investment Compliance – Public Markets (IC)
During the reporting period, Investment Compliance reviewed eight investment guidelines for internal and external public market portfolios, which included the onboarding of one new account. The team filed two regulatory requirements, the Q1 Form 13H, SEC Large Trader Report and CFTC Form 40, Commodity Futures Trading Commission, Statement of Reporting Trader, this period.

Investment Compliance added a China State Owned Entity report to the Daily Compliance Dashboard and finalized the extensive review and updating of the Authorized Public Market Securities List ("List"). The new List went into effect in March.

The team is participating in the Fixed Income Internal Trading and Fair Dealing Audit conducted by the Office of Internal Audit. Additionally, the team is participating in the SBA Systems Review and the Workflow Redesigns projects.

Performance Reporting & Analytics (PRA)
In addition to normal responsibilities, the PRA team continues to focus on the implementation of the performance analytics platform discussed in previous updates. The project team's focus is on extensive validation testing for complex calculations, such as policy weights and other reconciliation rules. Results of these tests continue to show good results. The team has initiated testing the new system in the production environment, running it alongside the legacy platform to validate results and ensure data quality and data integrity.

The migration and conversion process – which involved comparing over 5 million data points across various databases – is largely complete, with only a few outliers remaining to be addressed. Confidence in the new system continues to grow, particularly in its ability to automate complex calculations and validation checks as well as more up to date ways of troubleshooting issues with the data, if they arise.

The team has also been focused on fully implementing the performance aspects of the asset allocation changes that went into effect last year. With the recent funding of the High Yield account in the Active Credit Asset Class, and Bank Loans along with a new rotator strategy, PRA has officially begun performance tracking, including key benchmark calculations for Active Credit, Multi-Asset Credit, and Emerging Market Debt.

Policy Administration
Since the last report, eight policies were revised, and one new policy was implemented. In the Governance category, the Securities Litigation policy was substantively updated and expanded to clarify requirements and responsibilities, while the Personal Investment Activity policy was modified to provide more clarity that all personal trading must be conducted with brokers on the approved SBA Employee Broker List. In the Accounting & Administrative Services category, annual updates were made to the Investment Valuation policy and the Custodial Credit policy. Among CIO and Asset Class policies, the Direct Private Market Real Estate Acquisitions, Disposition of Principal Real Estate Investments, and Private Markets Selection and Disposition policies were revised to clarify investment decision delegations and disposition of private market investments. In the Human Resources category, the Separation of Employment policy was revised for consistency with current administrative processes and to update responsibilities. The new Active Credit Allocation Policy was implemented during the period and provides the broad strategic framework for managing the Active Credit investment program.

Revisions were also made to six Investment Portfolio Guidelines, and guidelines were developed and implemented for one new account. Permitted Holdings were updated for consistency with the recently approved Authorized Public Market Securities. The Active Credit–Policy Transition Account 1 guidelines were clarified with respect to the purpose of the portfolio and its investment objective. The guidelines for the FRS Cash Enhanced portfolio were modified to reflect the change from the Fixed Income to the Cash asset class, as well as to update the purpose of the fund, its benchmark, holdings, and constraints. Global Equity implemented new Investment Portfolio Guidelines for an internally managed portfolio.

The Florida Retirement System Defined Benefit Fund Investment Policy Statement was also updated and approved during the review period, with an effective date of 3/5/2025.

Personal Investment Activity (PIA)

During the period (February 1 – April 30), there were 217 requests for pre-clearance by SBA employees, with 159 being approved, 53 being denied (due to blackout restrictions), and five being retracted (not traded). There were two violations during the period by the same employee. One violation was the result of a buy of more shares than what was pre-cleared and approved, and the other violation was a buy that was transacted in a different account than what was pre-cleared and approved.

INVESTMENT ADVISORY COUNCIL

Asset Class Update

John Bradley, SIO Private Equity

State Board of Administration
June 3, 2025

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STATE BOARD OF ADMINISTRATION

Agenda

PE Policy, Benchmarking and Structure

- Goals/Objectives
- Benchmarks
- Staffing

Asset Class Investment Process

- Annual Investment Plan
- Sourcing/Due Diligence/Monitoring

Asset Class Portfolio

- Performance/Cash Flows
- Allocations/Targets/Exposures

Asset Class Sub-Strategies

- Buyouts/Growth Equity
- Venture Capital
- Distressed/Turnaround
- Secondary

Internal Co-Investment Program

- Process/Approach
- Execution/Performance

Private Equity Policy

- Policy target allocation: 10% of total fund
- Allocation range: 6% - 20% of total fund
- 5/15/25 allocation: ~9.3% of total fund

Per Policy:

- Private Equity shall utilize a prudent process to maximize long-term access to attractive risk-adjusted investment opportunities through use of business partners with appropriate:
  - Financial, operational and investment experience and resources
  - Alignment of interests
  - Transparency and repeatability of investment process, and
  - Controls on leverage

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Goals/Objectives

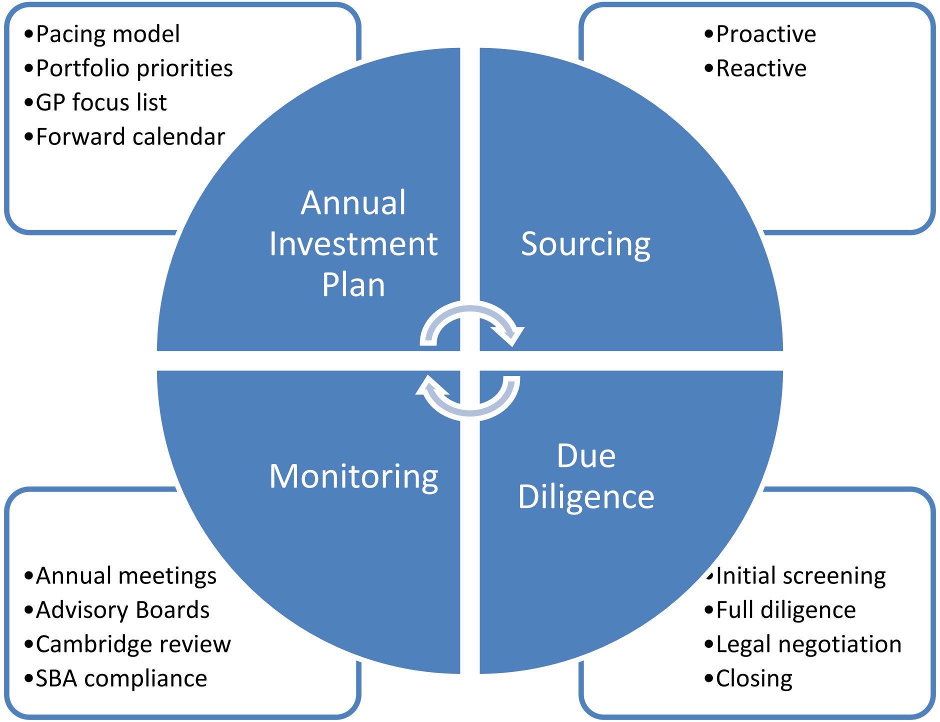
- Asset Class Goals/Objectives
  - Create a portfolio that outperforms both our primary and secondary benchmarks while remaining within the bounds of our asset class risk budget
  - Construct the program to avoid concentrated exposure to a particular vintage year, manager, strategy or geography
  - Establish prudent portfolio diversification while minimizing proliferation of manager relationships

- Benchmarks
  - Primary: MSCI ACWI IMI (ex Iran, Sudan, China, Hong Kong) + 250bps premium
    - Current benchmark of the Global Equity asset class plus an illiquidity premium
    - Opportunity cost benchmark
  - Secondary: Cambridge Associates Benchmark
    - Cambridge Associates Global Private Equity and Venture Capital Index
    - Peer benchmark
    - Measures effectiveness of staff in selecting managers

Staffing

- Staff of eight investment professionals
  - Senior Investment Officer
  - Three Senior Portfolio Managers
  - One Portfolio Manager
  - Three Analysts
  - Administrative Assistant
- Cambridge Associates
  - Dedicated global team of 5 Investment Directors and 7 Associates/Analysts
  - Market research
  - Fund due diligence
  - Operational due diligence
  - Quarterly performance review
  - Semi-Annual strategy review

Private Equity Investment Process



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Private Equity Investment Process

- Annual Investment Plan
  - Serves as the roadmap for the future
    - Numerous inputs, including:
      - Portfolio Const. Model
      - Priority Rankings
      - Focus List
      - Forward Calendar

Geography	Large Buyout	Mid-Mkt Buyout	Small Buyout	Growth Equity	Venture Capital	Distressed / Turnaround
North America	Low Priority	Medium Priority	High Priority	Medium Priority	Medium Priority	Medium Priority
Europe	Low Priority	High Priority	Medium Priority	Medium Priority	Medium Priority	Medium Priority
Asia	Low Priority	Medium Priority	Medium Priority	Low Priority	Medium Priority	Low Priority
ROW	Low Priority	Low Priority	Low Priority	Low Priority	Low Priority	Low Priority

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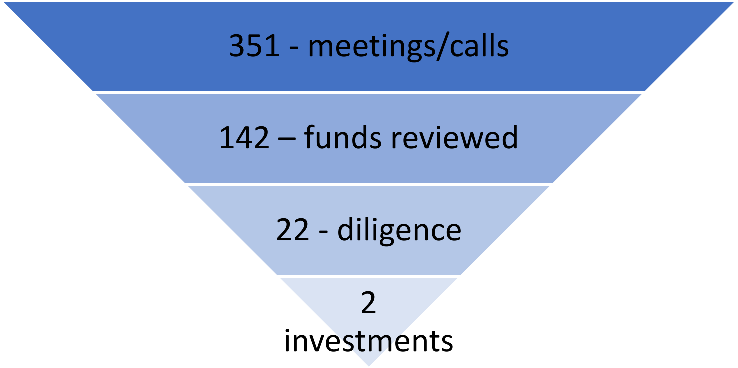
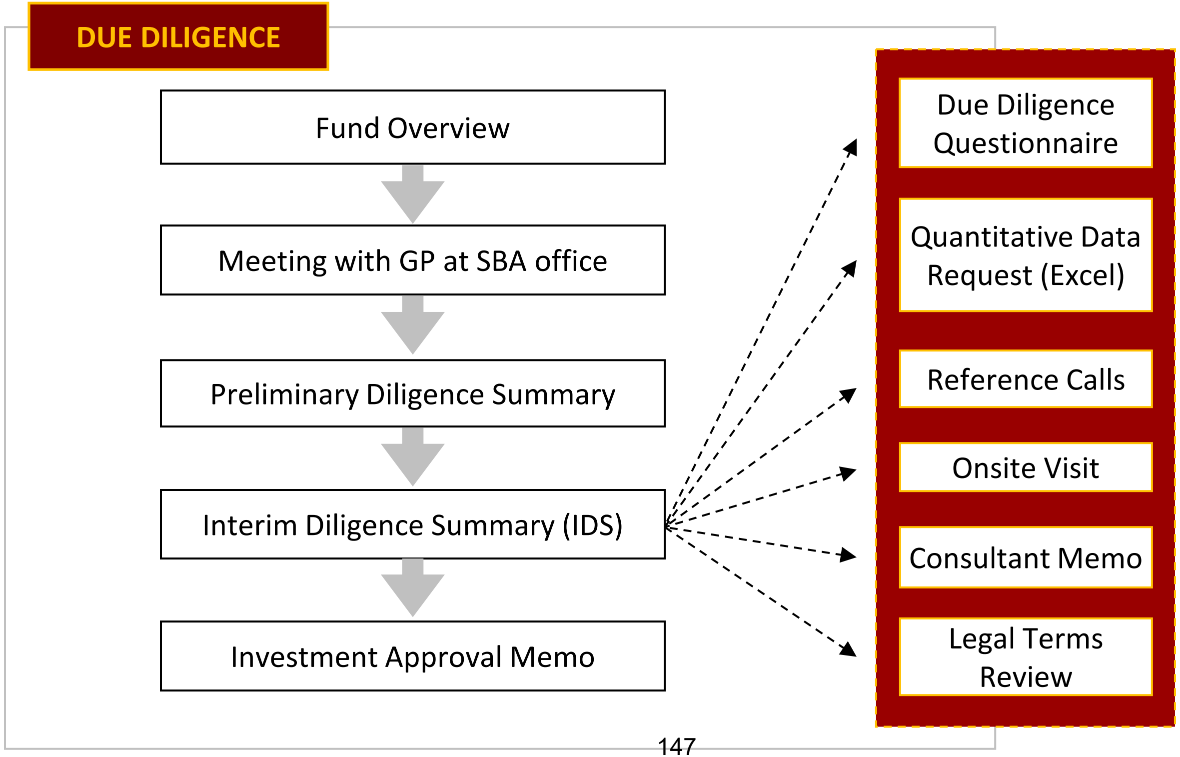
Private Equity Investment Process

- Sourcing
  - Vast majority of investments sourced proactively
  - Invested in two funds in 2024 managed by general partners that were new to the PE program
  - Sourcing activity increased in 2024



- Due Diligence
  - Goal: leverage SBA resources and staff expertise to create an effective and consistent investment decision-making process
  - Keys to success: people, <u>process</u>, and plumbing
  - Stages of Due Diligence
    - Initial Screening
    - Full Diligence
    - Legal Negotiations
    - Closing

Private Equity Investment Process



- Monitoring
  - Review of all capital calls and distributions
  - Bi-weekly calls with Cambridge Associates
  - Portfolio management/CRM system
  - Attendance at annual meetings
  - Participation on advisory boards
  - Quarterly update calls
  - In-person updates
  - Cambridge Associates strategy meetings
  - SBA Risk Management and Compliance

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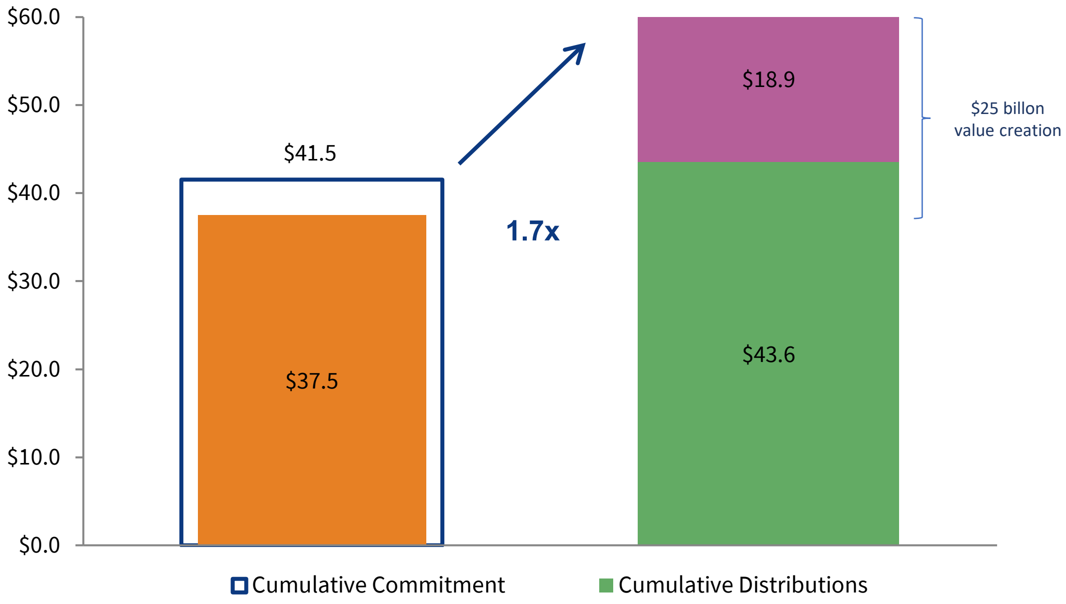
Private Equity Performance

As of December 31, 2024

TOTAL PRIVATE EQUITY PORTFOLIO ($B)



- Since inception, the asset class has committed $41.5b to 376 funds
- $37.5b called to date
- $43.6b distributed; 1.2x DPI
- $18.9b in remaining value; 1.7x TVPI
- Value creation to date of $25.0b

*preliminary performance as of December 31, 2024

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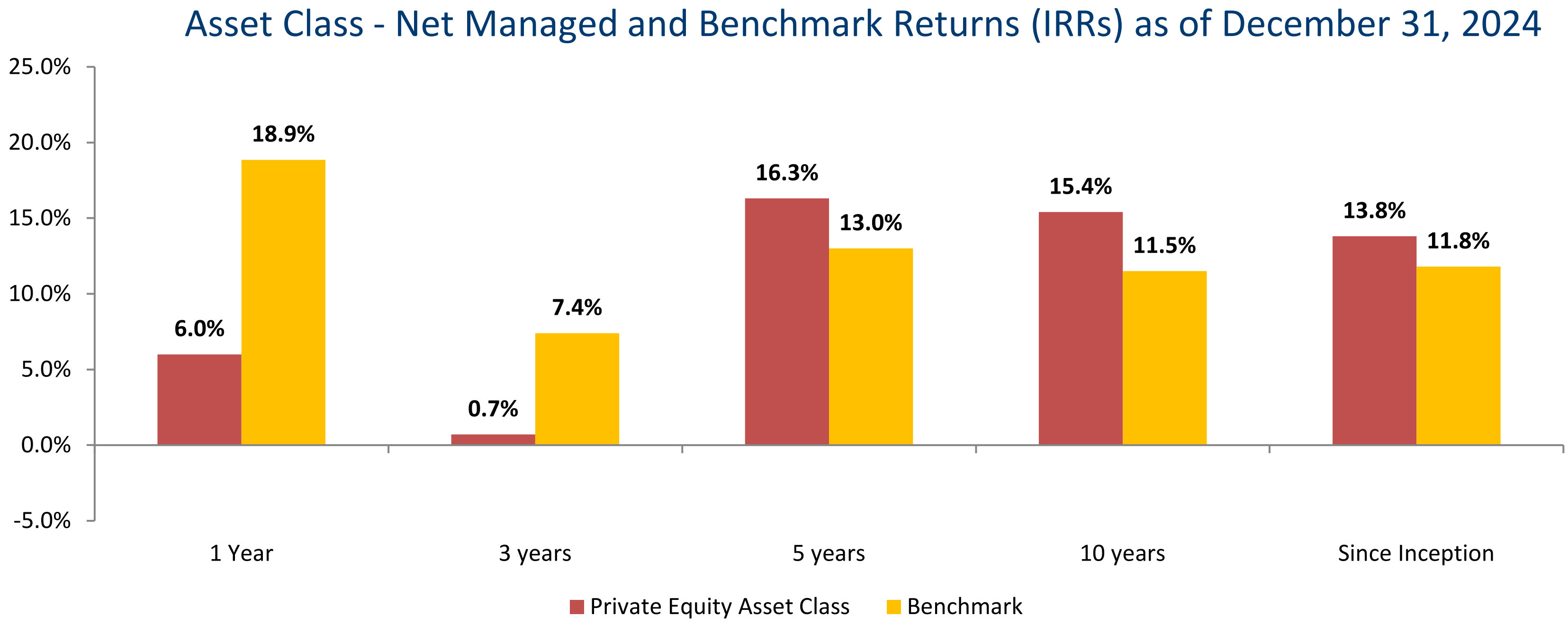
Private Equity Performance



Note: Asset class IRR performance data is provided by Cambridge Associates. The PE benchmark is currently the Custom Iran, Sudan, China, Hong Kong-free ACWI IMI + 250bps. From July 2014 to March 2025 the benchmark was the Custom Iran- and Sudan-free ACWI IMI + 300bps. From July 2010 through June 2014 the benchmark was the Russell 3000 + 300 bps. Prior to July 2010 , the benchmark was the Russell 3000 + 450 bps. Prior to November 1999, Private Equity was part of the Domestic Equities asset class and its benchmark was the Domestic Equities target index + 750 bps.

Preliminary performance as of December 31, 2024

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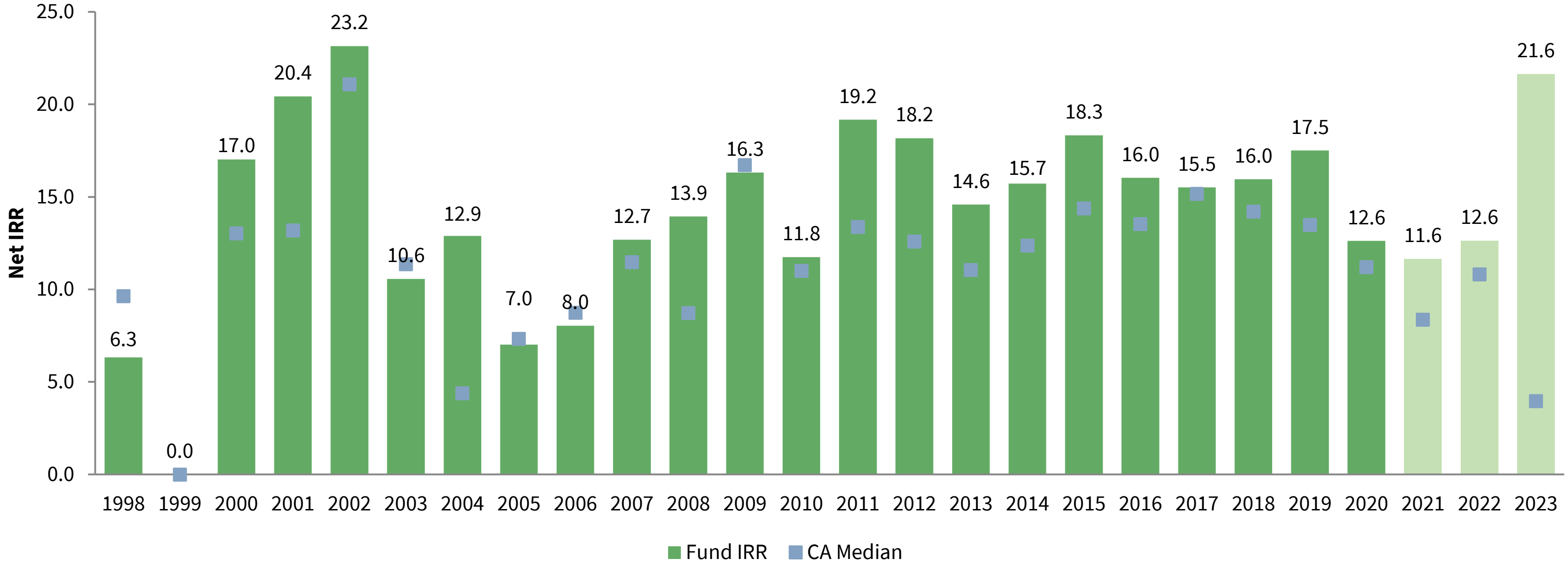
Vintage Year Performance

As of December 31, 2024

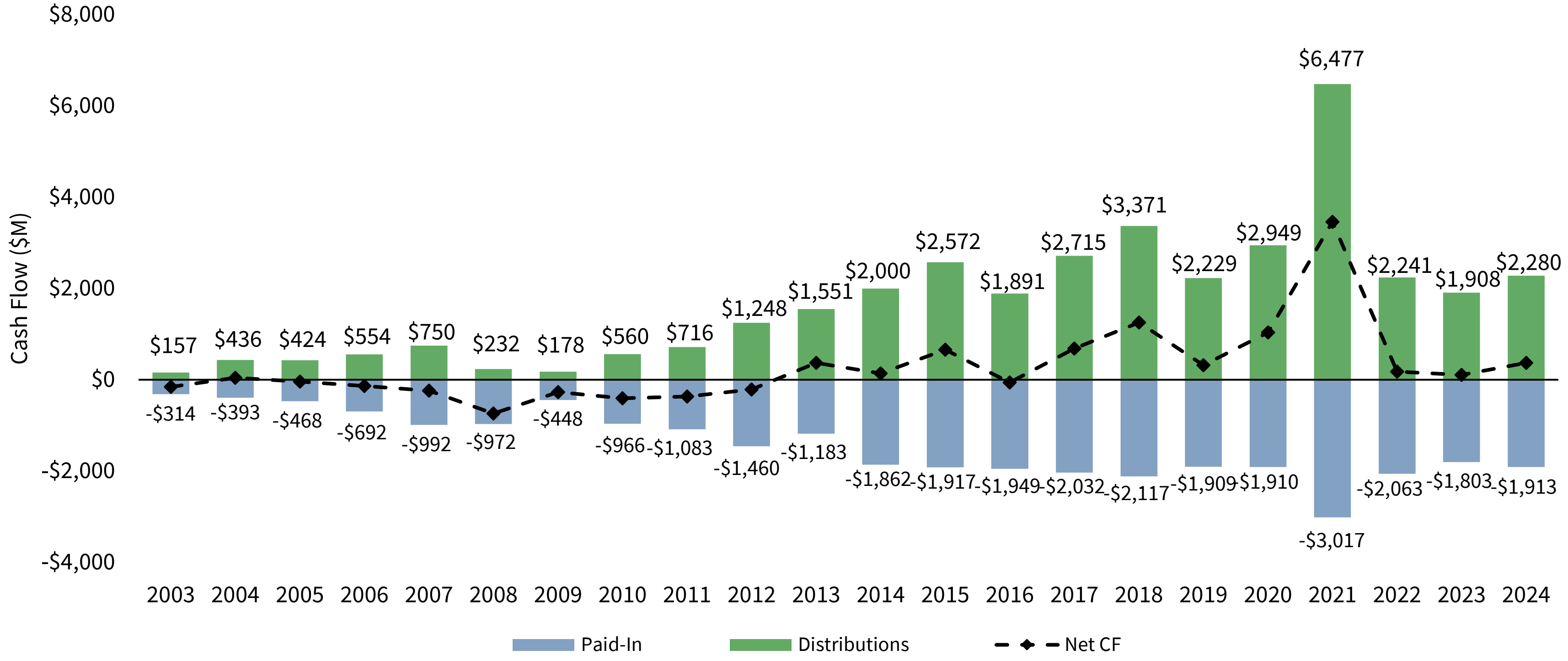


- Since inception of the asset class, the SBA has outperformed vintage year benchmarks in 20 out of 25 years (80%)

*Light shading (2021 - 2023) indicates vintages too young to have meaningful performance

Cash Flow History

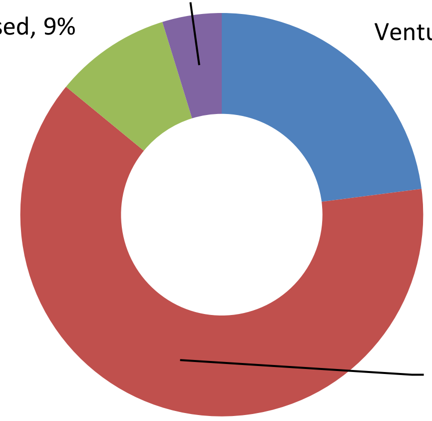
As of December 31, 2024



Cash Flows ($M)

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net CF	-$157	$44	-$44	-$138	-$242	-$740	-$270	-$406	-$367	-$212	$368	$138	$655	-$58	$682	$1,254	$320	$1,038	$3,460	$178	$105	$367
Cumulative CF	-$782	-$739	-$782	-$920	-$1,162	-$1,902	-$2,172	-$2,578	-$2,944	-$3,156	-$2,789	-$2,651	-$1,996	-$2,055	-$1,373	-$119	$202	$1,240	$4,700	$4,878	$4,983	$5,349

Current Allocations and Targets



($ millions)	12/31/24 NAV	%	Total Exposure+	%	Target Allocation
Buyouts*	$ 11,858	63%	$ 16,100	63%	65%
Venture Capital	$ 4,232	23%	$ 4,884	19%	10%
Distressed	$ 1,883	9%	$ 3,149	12%	15%
Secondary	$ 955	5%	$ 1,457	6%	10%
Total	$ 18,928		$ 25,590		

*Buyout sub-target: 85% funds 15% co-investments

+Total Exposure equals NAV + unfunded commitments

Portfolio Composition

PE Portfolio

- $18.9b NAV (12/31/24)
- $6.7b Unfunded
- 301 funds
- 75 GPs (45 core)

Geographic Focus*

- 3 - Global
- 31 - U.S.
- 8 - Europe
- 3 - Asia

Sector Focus*

- 18 - Generalist
- 9 - Technology
- 6 - Energy
- 5 - Cons./Retail
- 4 - Industrials
- 2 - Health Care
- 1 - Financials
- 1 - Comm Svcs

*Geographic and sector focus of our 45 core managers

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GP Concentration

General Partner	12/31/24 NAV	% of PE Portfolio
Lexington Partners	2,284,516,118	12%
Truebridge Capital	1,470,112,347	8%
Pinegrove Capital	1,358,174,789	7%
Thoma Bravo	1,230,848,915	7%
Hellman & Freidman	834,871,377	4%
Asia Alternatives	678,982,151	4%
Tiger Iron Capital	558,252,651	3%
Fairview Capital Partners	522,295,280	3%
Silver Lake Partners	487,297,039	3%
CVC Capital Partners	457,022,450	2%
Total	**$ 9,891,373,117**	**52%**

- Total portfolio is diversified by GP
- Venture FOFs and technology GPs make up majority of top 10 GP exposures
- The largest 10 exposures represent 52% of portfolio NAV
- Top 10 represent 41% of committed capital

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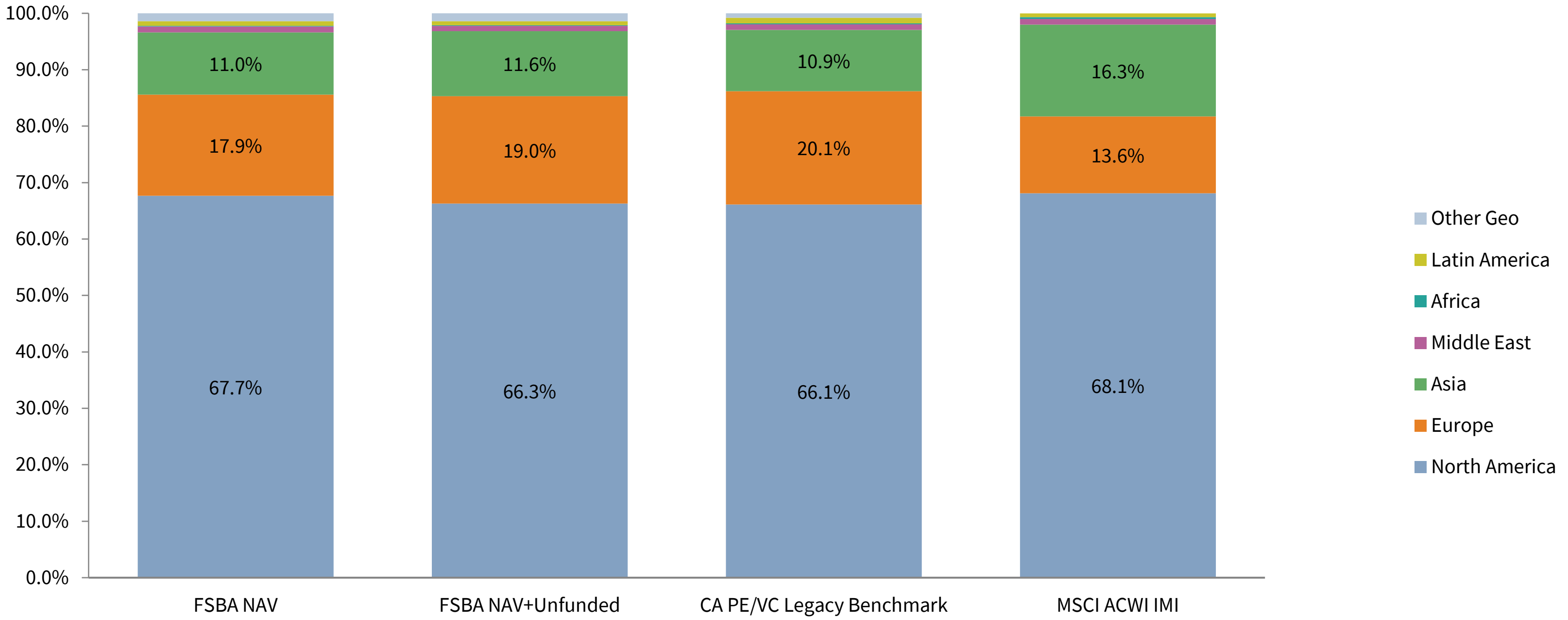
Geographic Exposure

As of December 31, 2024



Source: Cambridge Associates

*Exposure weightings by NAV using preliminary data as of 12/31/24

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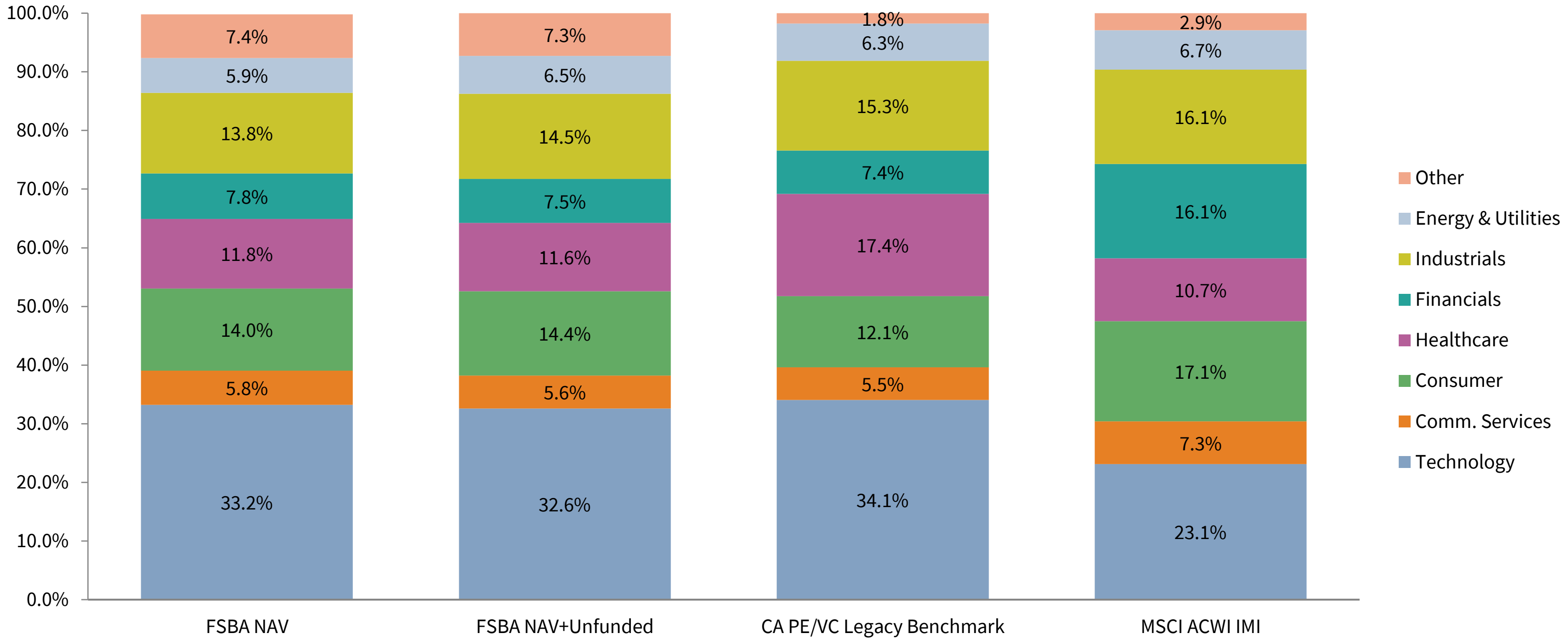
Sector Exposure

As of December 31, 2024



Source: Cambridge Associates

*Exposure weightings by NAV using preliminary data as of 12/31/24

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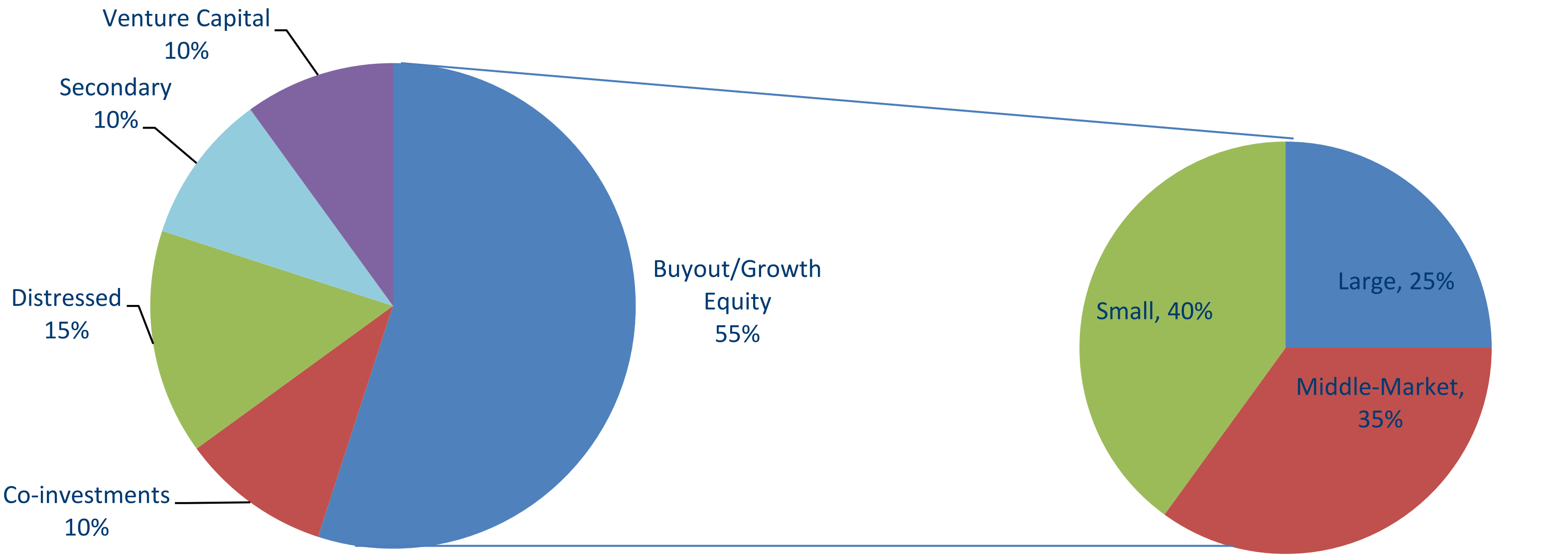
Buyout/Growth Equity Portfolio Targets



Buyout/Growth Equity Portfolio

Firm	Geographic Focus	Sector Focus
Advent International	Global	Generalist
CVC	Global	Generalist
Francisco Partners	U.S.	Technology
Hellman & Friedman	U.S.	Generalist
MBK	Asia	Generalist
Thoma Bravo	U.S.	Technology

Firm	Geographic Focus	Sector Focus
EnCap	U.S.	Energy
Frazier Healthcare	U.S.	Health Care
FS Equity	U.S.	Consumer
Hahn & Co.	Korea	Generalist
InvestIndustrial	Europe	Generalist
Quantum	U.S.	Energy
Stone Point	U.S.	Financials
Thoma Bravo Discover	U.S.	Technology
TowerBrook Capital	Global	Generalist

Firm	Geographic Focus	Sector Focus
Accel KKR	U.S.	Technology
Arbor	U.S.	Consumer
Asia Alternatives	Asia	Generalist
Brynwood	U.S.	Consumer
Carnelian	U.S.	Energy
Falfurrias	U.S.	Generalist
Inflexion	Europe	Generalist
Juniper	U.S.	Energy
Livingbridge	Europe	Generalist
One Peak	Europe	Technology
Paragon	Europe	Generalist
Post Oak	U.S.	Energy
Rubicon	U.S.	Technology
Stride	U.S.	Consumer
Summa Equity	Europe	Generalist
Trace Energy	U.S.	Energy
Warren	U.S.	Industrials
Waterland	Europe	Generalist
WindRose	U.S.	Health Care

Large

- 6 GPs – Target of 6
- Fund sizes range from $16b - $25b
- Avg. EV greater than $750m
- $100 - $200m target commitment

Middle-Market

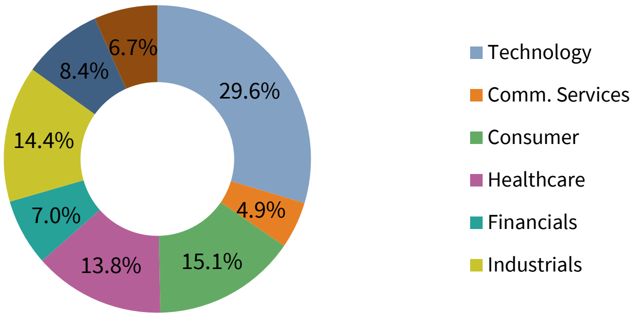
- 9 GPs – Target of 12
- Fund sizes range from $350m-$7.5b
- Avg. EV between $250m-$750m
- $75m - $200 target commitment

Small

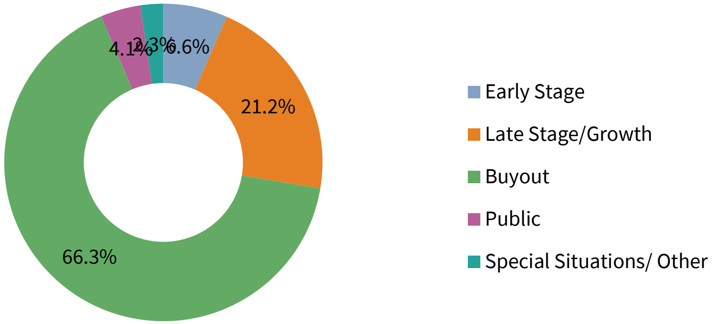
- 19 GPs – Target of 18
- Fund sizes range from $400m - $4.0b
- Avg. EV less than $250m
- $25m - $100m target commitment

Buyout/Growth Equity Portfolio

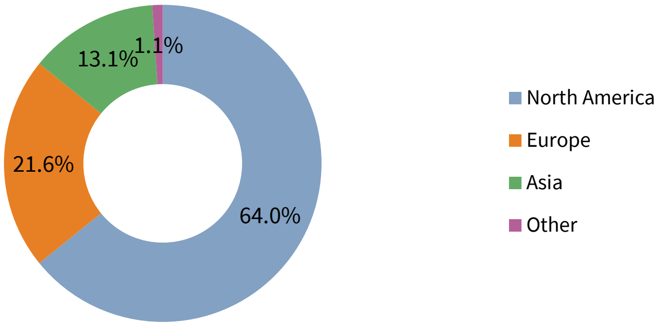
Exposure by Sector



Exposure by Stage



Exposure by Geography



Portfolio Commentary

- Buyout/Growth Equity portfolio remains tech heavy at 29%
- Portfolio is diversified by sector
- Buyout exposure continues to shift down market
- Portfolio weighted heavily towards North America

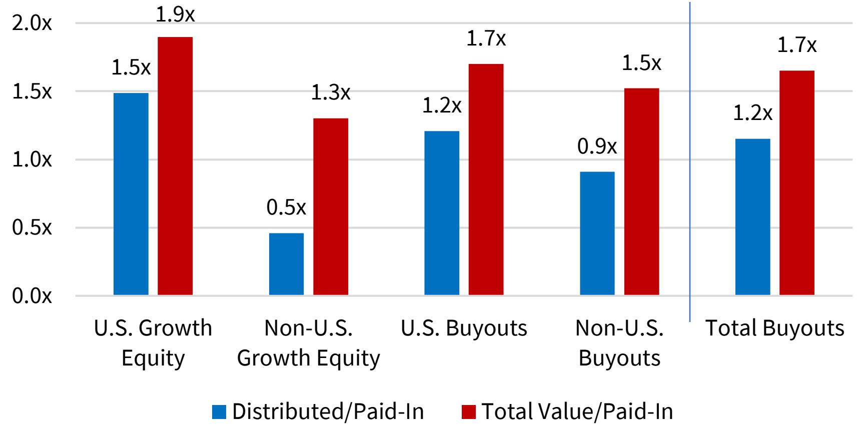
*Exposure weightings by NAV using preliminary data as of 12/31/24

Buyout/Growth Equity Portfolio Performance

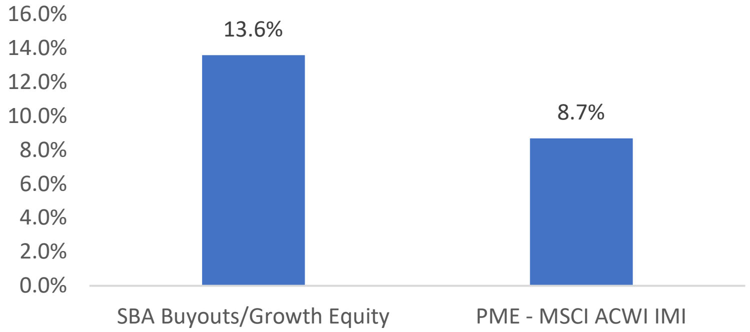
As of December 31, 2024

	1yr	3yr	5yr	10yr	S.I.
U.S Buyouts	8.3%	6.0%	15.1%	15.5%	12.9%
Non-U.S. Buyouts	2.3%	2.0%	13.2%	14.6%	12.2%
U.S. Growth Equity	5.5%	-0.4%	20.5%	17.7%	15.1%
Non-U.S. Growth Equity	-0.9%	-1.9%	5.9%	7.2%	6.7%
Total Buyouts/Growth Eq.	6.3%	5.1%	14.7%	14.8%	13.6%
CA Benchmark (mean)	6.9%	4.4%	14.1%	13.7%	12.8%
CA Benchmark (median)	0.0%	1.0%	8.3%	10.2%	13.0%
PME*	16.6%	5.8%	11.4%	9.7%	8.7%

- Strong performance relative to benchmarks
- U.S. growth has slightly outperformed other strategies with non-U.S. growth lagging
- Alpha over public markets (PME) of 4.9%
- DPI of 1.2x and TVPI of 1.7x



Since Inception Performance

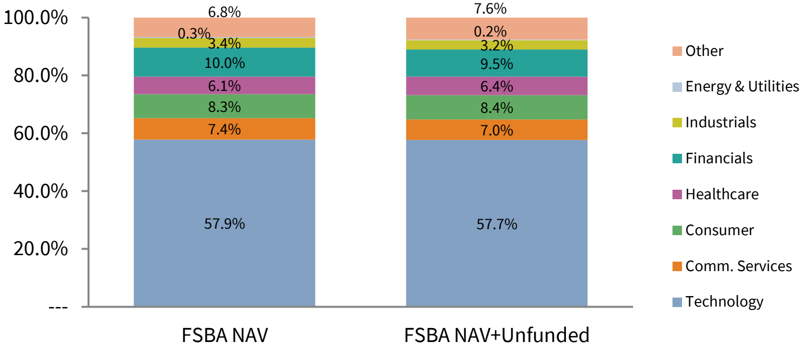


*performance using preliminary data as of 12/31/24

*PME calculations represented by the MSCI All Country World Investable Market Index (Net). Since Inception PME uses inception date of the US Buyouts sub-asset class. CA Benchmark represents Cambridge Associates' Buyout Benchmark.

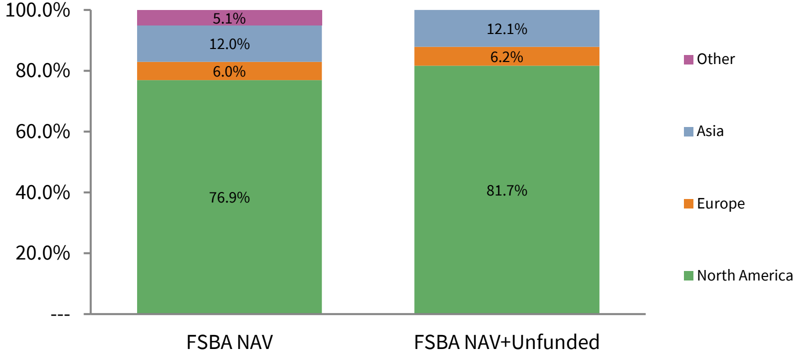
Venture Capital Portfolio

Exposure by Sector

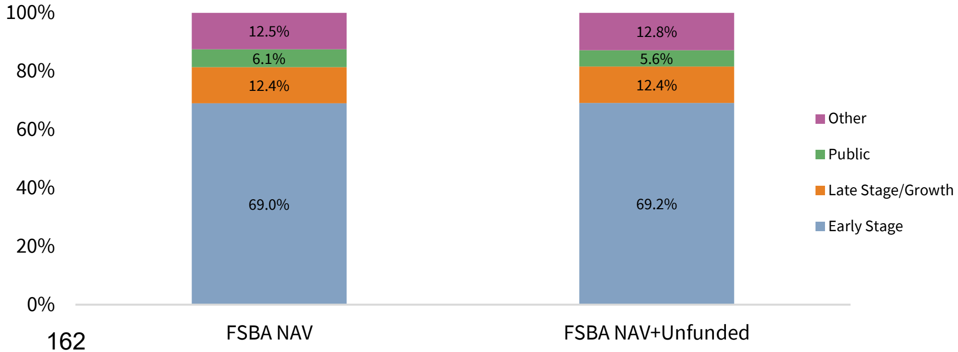


- Three active separate account/fund-of-fund relationships: TrueBridge, Pinegrove Capital Partners and Tiger Iron
- Majority of the venture portfolio is focused on IT
- Largely a U.S. focused portfolio
- 69% of the VC portfolio is invested in early-stage companies

Exposure by Geography



Exposure by Stage



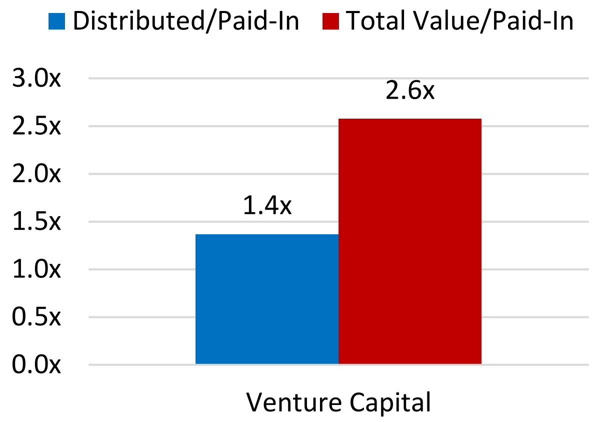
*Exposure weightings by NAV using preliminary data as of 12/31/24

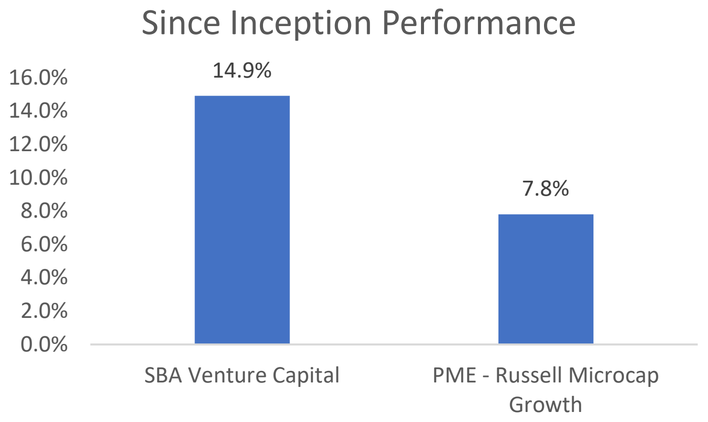
Venture Capital Portfolio Performance

As of December 31, 2024

	1yr	3yr	5yr	10yr	S.I.
Venture Capital	5.8%	-8.7%	22.3%	17.5%	14.9%
CA Benchmark (mean)	0.2%	-6.3%	8.5%	6.7%	9.0%
CA Benchmark (median)	-1.2%	-6.0%	4.9%	6.0%	6.8%
PME*	2 1.8%	-2.3%	7.1%	5.9%	7.8%

- Venture portfolio performance rebounded in 2024, longer-term performance remains very strong
- Outperformance vs. the PME by 7.1%
- 1.4x DPI and 2.6x TVPI lead all other strategies





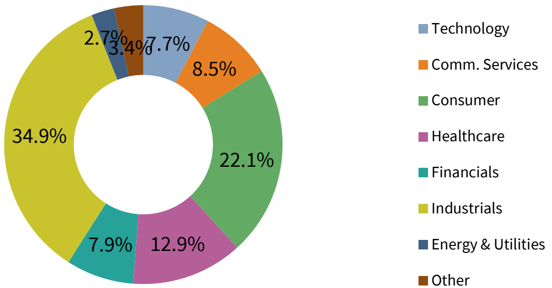
*performance using preliminary data as of 12/31/24

*PME calculation represented by the Russell Microcap Growth Index. CA Benchmark represents Cambridge Associates' US Venture Capital Benchmark.

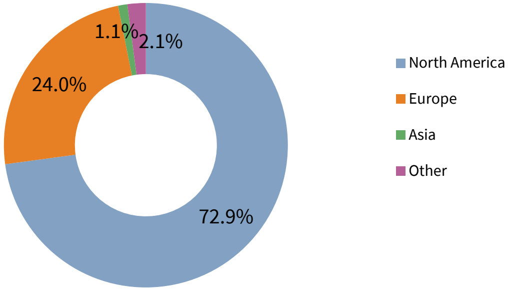
Distressed/Turnaround Portfolio

Firm	Geographic Focus
American Industrial Partners	U.S.
Atlas Holdings	U.S.
KPS Capital Partners	U.S.
LightBay	U.S.
Peak Rock	U.S.
Searchlight Capital Partners	U.S./Europe
Trive Capital	U.S.

Exposure by Sector



Exposure by Geography



- Manufacturing/industrials, consumer/retail, and health care account for 70% of the portfolio
- Focus on control and driving value through operations - not a trading strategy
- Variety of strategies represented: debt-for-control, purchasing assets out of a bankruptcy process (363 sale), out-of-court restructurings, negative EBITDA companies, carve-outs of underperforming businesses, and complex situations

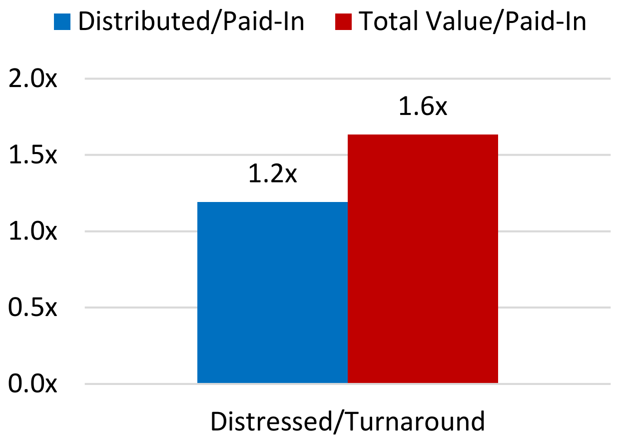
*Exposure weightings by NAV as of 12/31/24

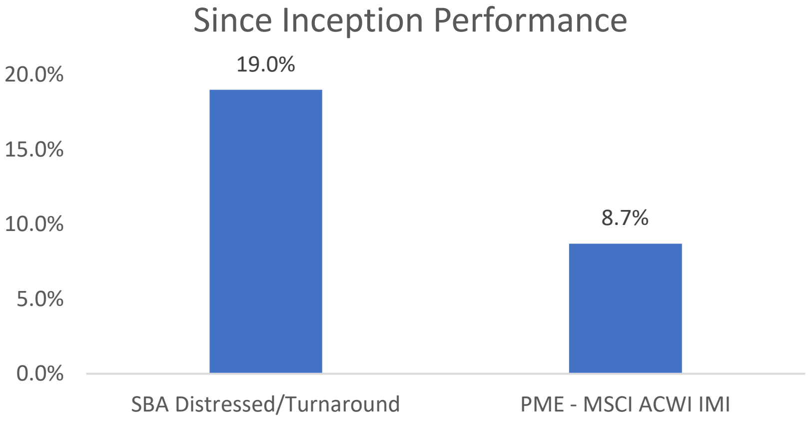
Distressed/Turnaround Portfolio Performance

As of December 31, 2024

	1yr	3yr	5yr	10yr	S.I.
Distressed/Turnaround	3.8%	6.9%	16.3%	13.8%	19.0%
CA Benchmark (mean)	5.0%	5.5%	10.8%	9.1%	10.4%
CA Benchmark (median)	4.5%	5.5%	9.3%	8.9%	10.0%
PME*	16.6%	5.8%	11.4%	9.7%	8.7%

- Strong overall performance
- Alpha over the public markets (PME) of 10.3%
- 1.2x DPI and 1.6x TVPI in line with other strategies





*performance using preliminary data as of 12/31/24

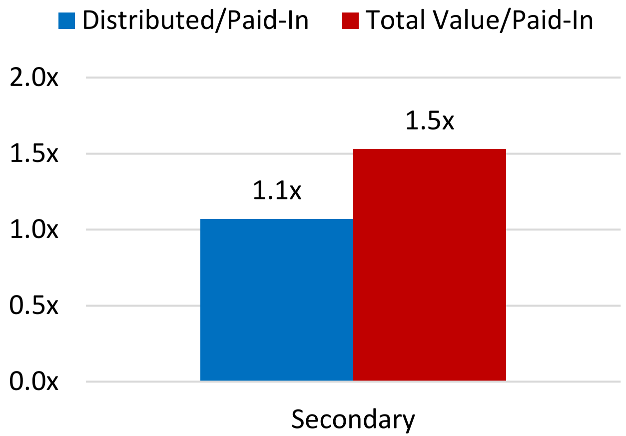
*PME calculations represented by the MSCI All Country World Investable Market Index (Net). CA Benchmark represents Cambridge Associates' Distressed Benchmark.

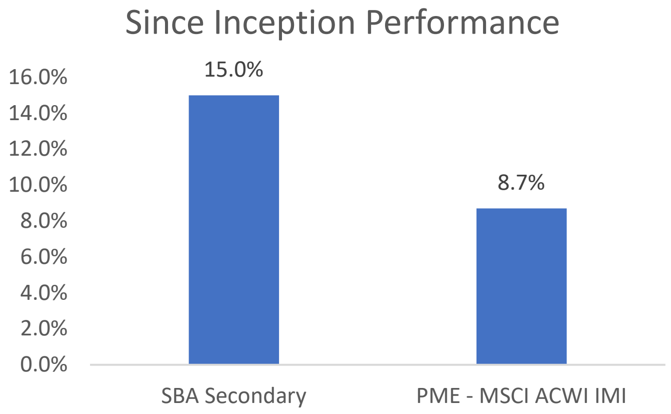
Secondary Portfolio Performance

As of December 31, 2024

	1yr	3yr	5yr	10yr	S.I.
Secondary	4.4%	1.1%	12.2%	11.5%	15.0%
CA Benchmark (mean)	3.6%	1.7%	12.5%	11.3%	12.1%
CA Benchmark (median)	-0.3%	-3.7%	6.1%	7.0%	12.6%
PME*	16.6%	5.8%	11.4%	9.7%	8.7%

- Two GPs: Lexington Partners and Aegon Asset Management
- Alpha over public markets (PME) of 6.3%
- DPI of 1.1x and TVPI of 1.5x





*performance using preliminary data as of 12/31/24

*PME calculations represented by the MSCI All Country World Investable Market Index (Net). CA Benchmark represents Cambridge Associates' Distressed Benchmark.

Private Equity (“PE”) Co-Investments

- Primary Objective: build a high conviction portfolio of co-investments that will be accretive to FSBA’s PE fund performance
  - No fee, no carry = 500-600 bps of additional return
  - Capitalize on FSBA PE relationships and information
  - Commit $200m-$400m annually to 18-22 opportunities
- Secondary Objective: enhance knowledge of existing and new PE firms

- Process/Approach
  - More opportunities > less opportunities – “wait for our pitch”
    - Attractive opportunities can come from anywhere
  - Consistency – analysis, sizing ($5m-$20m), diversification, risk/return
  - More insight/feedback > less insight/feedback – “no one person has a monopoly on truth”
    - FSBA PE team scores (0-5) each opportunity that makes it past initial screening
  - GP quality/familiarity > company attributes – “poor coaching can ruin a good player”

PE Co-Investments

- Deal Flow (through Q1 2025)
  - 170 GPs/Agents notified of FSBA's co-investment program
  - 199 opportunities sourced (avg. 11 per month) representing $2.2 billion of potential co-investment equity for FSBA
    - 37% of new opportunities from existing FSBA PE GPs and 63% from non-existing GPs
  - 78 opportunities scored by PE team
    - Average score by the team is 3.4 - 3.8 out of 5
  - 40 approved and 31 closed

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- Execution/Performance (through Q1 2025)

Metrics	FY 2023-24	FY 2024-2025
Transactions Closed	14	16
Committed Capital	$130 million	$166 million
Existing / Non-Existing GPs	40% / 60%	88% / 12%
Base Case Target Return (IRR / MOIC)	31% / 3.1x	25% / 2.8x
Actual Returns (IRR / MOIC)	50% / 1.3x	61% / 1.1x
Co-Investments with a 20%+ IRR	9 of 14	3 of 16
Avg. Entry EV/EBITDA Multiple / Leverage	8.6x / 4x	10.6x / 4.5x

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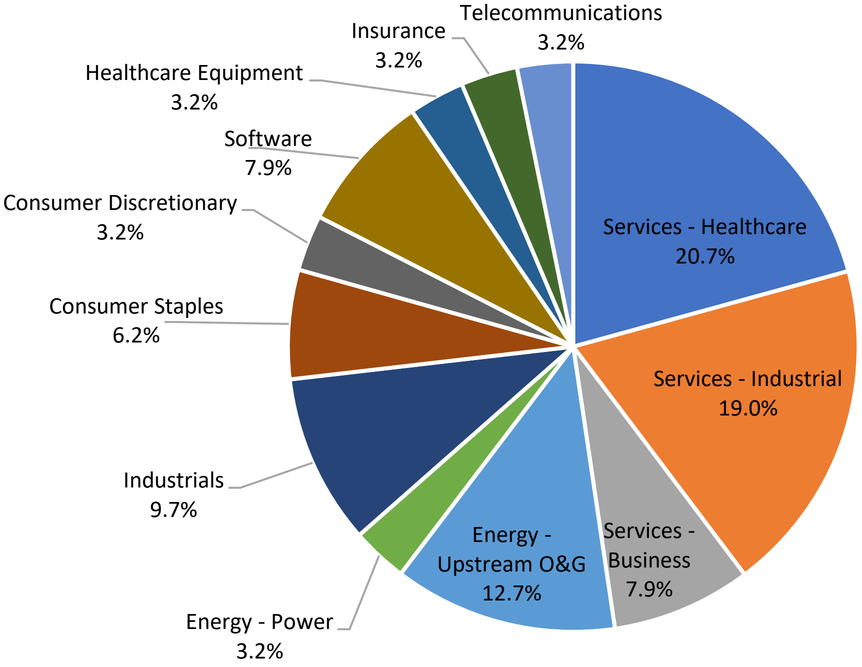
PE Co-Investments

- Sector Exposure (through Q1 2025)



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Appendix

Private Equity Aggregates

Dollar-Weighted Performance (IRRs) as of December 31, 2024

	Inception Date	Market Value (in Millions)	1yr	3yr	5yr	10yr	Since Inception
Total Private Equity	1/27/1989	$18,928	6.0%	0.7%	16.3%	15.4%	10.7%
Custom Iran- and Sudan-free ACWI IMI +300bps			18.9%	7.4%	13.0%	11.5%	10.7%
Private Equity Legacy Portfolio	1/27/1989	$0	0.0%	0.0%	0.0%	-9.5%	3.7%
Custom Iran- and Sudan-free ACWI IMI +300bps			21.0%	0.0%	5.0%	11.1%	9.6%
Private Equity Asset Class Portfolio	8/31/2000	$18,928	6.0%	0.7%	16.3%	15.4%	13.8%
Custom Iran- and Sudan-free ACWI IMI +300bps			18.9%	7.4%	13.0%	11.5%	11.8%

Note: Asset class IRR performance data is provided by Cambridge Associates. The PE benchmark is currently the Custom Iran, Sudan, China, Hong Kong-free ACWI IMI + 250bps. From July 2014 to March 2025 the benchmark was the Custom Iran- and Sudan-free ACWI IMI + 300bps. From July 2010 through June 2014 the benchmark was the Russell 3000 + 300 bps. Prior to July 2010 , the benchmark was the Russell 3000 + 450 bps. Prior to November 1999, Private Equity was part of the Domestic Equities asset class and its benchmark was the Domestic Equities target index + 750 bps.

Preliminary performance as of December 31, 2024

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Private Equity Partnership Performance

As of December 31, 2024

Private Investment Partnerships	Commitment ($)	Current NAV ($)	TVPI	Net IRR
26N Jupiter Co-Investment Partners LP	10,000,000	0	NA	NA
3i Europartners V LP (EUR)	77,440,017	0	0.97	-0.6%
3i Growth Capital Fund LP	54,440,286	0	0.93	-2.0%
ABRY Partners VII LP	75,000,000	0	1.78	14.8%
ABRY Partners VIII LP	75,000,000	0	1.26	10.8%
Accel-KKR Growth Capital Partners II LP	25,000,000	14,385,327	2.35	28.8%
Accel-KKR Capital Partners V LP	50,000,000	68,065,056	2.43	28.8%
Accel-KKR Capital Partners VI LP	45,000,000	41,750,848	1.13	6.0%
Accel-KKR Capital Partners VII LP	75,000,000	0	NA	NA
Advent International GPE VI-D LP	58,000,000	0	2.09	16.6%
Advent International GPE VII-D LP	102,335,815	0	1.87	13.7%
Advent International GPE VIII-D LP	150,000,000	129,604,281	2.09	16.2%
Advent International GPE IX LP	150,000,000	183,501,140	1.56	14.5%
Advent International GPE X Limited Partnership	150,000,000	90,374,804	1.16	13.2%
FSBA AAM Strategic Fund I LP *	100,000,000	90,255,225	1.49	31.5%
FSBA AAM Strategic Fund II, LP *	200,000,000	92,515,097	1.29	56.1%
American Industrial Partners Capital Fund VI LP	50,000,000	66,236,193	2.50	21.7%
American Industrial Partners Capital Fund VII LP	75,000,000	124,392,866	1.64	23.5%
American Industrial Partners Capital Fund VIII, L.P.	100,000,000	49,543,358	1.02	NA
Apax VIII-B LP	157,584,000	0	1.50	13.7%
Arbor Debt Opportunities Fund II LP	15,000,000	10,345,106	1.30	11.9%
Arbor Investments V LP	75,000,000	55,889,549	0.91	-3.6%
Arbor Investments VI, L.P.	100,000,000	0	NA	NA

Private Equity Partnership Performance

As of December 31, 2024

Private Investment Partnerships	Commitment ($)	Current NAV ($)	TVPI	Net IRR
Apollo Investment Fund IV LP	250,000,000	0	1.52	6.8%
Apollo Investment Fund V LP	150,000,000	0	2.66	38.8%
Apollo Investment Fund VI LP	200,000,000	0	1.70	9.5%
Apollo Investment Fund VII LP	200,000,000	0	1.94	23.0%
Apollo Investment Fund VIII LP	200,000,000	0	1.37	9.1%
Apollo Investment Fund IX LP	200,000,000	0	1.10	10.2%
(Ardian) AXA Secondary Fund V-B LP	100,000,000	117,960	1.60	16.3%
(Ardian) AXA LBO Fund V LP	76,858,858	3,929,619	1.60	11.2%
(Ardian) ASF VI-B LP	150,000,000	14,927,505	1.42	11.4%
(Ardian) ASF VII-B LP	150,000,000	60,033,015	1.52	13.4%
Ardian LBO Fund VI-A LP	98,905,446	46,901,764	1.22	4.8%
(Ardian) ASF VIII-B LP	200,000,000	172,970,527	1.35	15.2%
Ares Corporate Opportunities Fund III LP	100,000,000	260,293	2.56	21.5%
Ares Corporate Opportunities Fund IV LP	200,000,000	30,861,418	1.90	14.3%
Ares Corporate Opportunities Fund V LP	200,000,000	187,248,582	1.30	6.3%
Asia Alternatives FL Investor LP *	200,000,000	175,036,066	1.56	8.6%
Asia Alternatives FL Investor II LP *	267,000,000	297,075,395	1.34	7.9%
Asia Alternatives FL Investor III LP *	303,000,000	200,337,037	1.16	7.7%
Asia Alternatives FL Investor IV, LP *	50,000,000	6,533,653	0.87	NA
Atlas Capital Resources II LP	20,000,000	10,160,819	1.95	19.9%
Atlas Capital Resources III LP	40,000,000	44,566,437	1.87	35.3%
Atlas Capital Resources IV LP	75,000,000	67,154,537	1.46	31.6%
BC European Capital IX LP	101,118,077	0	1.09	5.8%

Private Equity Partnership Performance

As of December 31, 2024

Private Investment Partnerships	Commitment ($)	Current NAV ($)	TVPI	Net IRR
Berkshire Fund VIII LP	60,000,000	0	1.70	16.1%
Berkshire Fund IX LP	110,000,000	0	1.24	22.3%
Blackstone Capital Partners V LP	150,000,000	0	1.60	7.1%
Blackstone Capital Partners VI LP	200,000,000	0	1.85	13.1%
Blackstone Capital Partners VII LP	180,000,000	0	1.53	18.9%
Blackstone Capital Partners VIII LP	100,000,000	0	1.05	10.9%
Blue Water Energy Fund I-A LP	12,500,000	6,865,784	1.02	1.0%
Brynwood Partners IX L.P.	50,000,000	10,504,804	0.87	-13.9%
Carnelian Energy Capital II LP	40,000,000	12,886,080	1.83	20.8%
Carnelian Energy Capital III LP	75,000,000	72,450,917	1.53	19.0%
Carnelian Energy Capital IV LP	75,000,000	65,199,907	1.21	17.2%
Carnelian Energy Capital V, L.P.	75,000,000	24,192,197	0.94	NA
D&D Co-Invest, L.P.	10,000,000	12,438,212	1.28	NA
OES Co-Invest, LP	10,000,000	13,846,748	1.48	NA
CB Paris Co-Invest, L.P.	10,000,000	10,053,167	1.00	NA
Centre Capital Investors II, L.P.	200,000,000	0	0.81	-4.1%
Charlesbank Equity Fund VII LP	75,000,000	437,422	2.46	24.4%
Charlesbank Equity Fund VIII LP	85,000,000	51,205,592	1.59	13.5%
Charlesbank Equity Fund IX LP	105,000,000	109,264,351	1.63	15.1%
Charlesbank Equity Fund IX Overage Program LP	20,000,000	11,015,642	1.29	7.8%
Charlesbank Equity Overage Fund X LP	10,000,000	14,012,965	1.66	26.7%
Charlesbank Equity Fund X LP	115,000,000	125,242,187	1.35	18.3%
Charterhouse Capital Partners IX LP	90,366,890	0	1.35	13.7%

Private Equity Partnership Performance

As of December 31, 2024

Private Investment Partnerships	Commitment ($)	Current NAV ($)	TVPI	Net IRR
Chartwell Capital Investors II LP	50,000,000	0	1.34	4.7%
Corporate Partners, L.P.	149,192,410	0	2.13	12.4%
Cortec Group Fund V LP	50,000,000	0	4.23	30.8%
Cortec Group Fund VI LP	75,000,000	0	1.24	7.9%
Cressey & Company Fund IV LP	50,000,000	0	2.24	22.2%
Cressey & Company Fund V LP	75,000,000	84,352,990	2.40	18.7%
Cressey & Company Fund VI LP	100,000,000	111,198,437	1.54	15.3%
Cressey & Company Overage Fund VI LP	10,000,000	14,902,021	2.33	34.4%
CVC European Equity Partners V-A LP*	102,826,253	2,074,399	2.08	16.6%
CVC Capital Partners VI-A LP	102,645,517	63,282,468	1.98	15.8%
CVC Capital Partners VII-A LP	102,163,598	130,522,970	1.91	19.4%
CVC Capital Partners VIII-A LP	225,468,975	221,734,337	1.09	5.0%
Typhoon Co-Investment L.P.	10,000,000	8,030,566	0.99	NA
CVC Capital Partners IX L.P.	210,090,654	31,377,710	0.94	NA
Cypress Equity Group Trust	15,000,000	0	2.15	16.1%
DCP Capital Partners II LP	100,000,000	25,000,583	0.74	-18.7%
Denham Commodity Partners Fund VI LP	100,000,000	43,704,617	0.94	-1.4%
(Denham) DCPF VI Oil & Gas Coinvestment Fund LP	50,000,000	0	1.60	15.9%
Datadog, Inc.	70,564,685	0	1.60	371.7%
(DBAG) European Private Equity Opportunities I LP	49,181,385	50,755,693	1.31	8.0%
(DBAG) European Private Equity Opportunities II LP	75,523,436	41,122,159	1.31	11.4%
EnCap Energy Capital Fund VIII LP	75,000,000	29,604,682	1.08	1.3%
EnCap Energy Capital Fund IX LP	75,000,000	17,731,429	1.56	10.9%

Private Equity Partnership Performance

As of December 31, 2024

Private Investment Partnerships	Commitment ($)	Current NAV ($)	TVPI	Net IRR
EnCap Flatrock Midstream Fund III LP	50,000,000	25,132,096	1.40	9.6%
EnCap Energy Capital Fund X LP	100,000,000	51,754,454	2.08	16.2%
EnCap Energy Capital Fund XI LP	100,000,000	90,152,584	1.93	22.6%
EnCap Flatrock Midstream Fund IV LP	65,000,000	44,505,223	1.23	8.0%
EnCap Energy Capital Fund XII, L.P.	75,000,000	27,658,691	1.26	NA
Energy Capital Partners II-A LP	100,000,000	0	1.46	8.4%
Energy Capital Partners III-A LP	150,000,000	62,254,497	1.64	12.7%
EnerVest Energy Institutional Fund XII-A LP *	60,000,000	162,115	0.64	-18.7%
EnerVest Energy Institutional Fund XIII-A LP	100,000,000	0	0.09	-93.3%
EnerVest Energy Institutional Fund XIV-A LP	100,000,000	19,042,460	1.34	6.9%
Equistone Partners Europe Fund V LP	74,366,455	21,653,274	1.37	6.4%
Equistone Partners Europe Fund VI LP	88,195,865	42,289,691	1.55	16.4%
Fairview Ventures Fund II LP	50,000,000	0	1.34	3.9%
Fairview Ventures Fund III LP	75,000,000	0	1.83	11.8%
Fairview Special Opportunities Fund LP	220,000,000	367,664,792	4.01	21.5%
Fairview Special Opportunities Fund II LP *	87,000,000	154,630,488	2.42	14.5%
Falfurrias Capital Partners IV LP	60,000,000	116,185,264	2.55	35.4%
Falfurrias Capital Partners V LP	100,000,000	106,600,042	1.22	14.5%
First Reserve Fund XI LP	100,000,000	0	0.64	-9.4%
First Reserve Fund XII LP	200,000,000	112,503	0.49	-18.0%
Francisco Partners III LP	75,000,000	0	3.44	23.8%
Francisco Partners IV LP	75,000,000	52,540,697	3.10	26.3%
Francisco Partners V LP	75,000,000	102,142,912	2.20	18.9%

Private Equity Partnership Performance

As of December 31, 2024

Private Investment Partnerships	Commitment ($)	Current NAV ($)	TVPI	Net IRR
Francisco Partners VI LP	100,000,000	124,388,986	1.42	15.3%
Francisco Partners VII LP	100,000,000	17,813,005	1.05	16.8%
FH BMX Co-Invest Aggregator, L.P.	10,555,860	13,861,687	1.29	NA
Frazier Healthcare Growth Buyout Fund XI, L.P.	70,000,000	0	NA	NA
(Freeman Spogli) FS Equity Partners V LP	50,000,000	0	2.10	16.1%
(Freeman Spogli) FS Equity Partners VI LP	75,000,000	0	3.08	23.1%
(Freeman Spogli) FS Equity Partners VII LP	100,000,000	100,069,914	1.59	9.2%
(Freeman Spogli) FS Equity Partners VIII LP	100,000,000	136,442,235	1.56	13.9%
FS Equity Partners IX, L.P.	75,000,000	0	NA	NA
(Grove Street) GS Partners Ventures LLC	200,000,000	0	1.56	7.2%
(Grove Street) GS Partners Buyouts LLC *	150,000,000	7,037,034	1.67	10.6%
(Grove Street) GS Partners Ventures II LLC *	200,000,000	144,464,102	3.36	20.6%
(Grove Street) GS Partners Buyouts II LLC *	230,000,000	96,716,365	1.97	15.1%
(Grove Street) GS Partners Ventures III LLC *	150,000,000	178,894,728	2.87	18.0%
Hellman & Friedman Capital Partners V LP	75,000,000	0	2.74	29.4%
Hellman & Friedman Capital Partners VI LP	100,000,000	0	1.79	12.6%
Hellman & Friedman Capital Partners VII LP	200,000,000	16,494,934	3.38	24.7%
Hellman & Friedman Capital Partners VIII LP	200,000,000	229,549,378	1.76	11.5%
Hellman & Friedman Capital Partners IX LP	250,000,000	376,745,379	1.54	12.9%
Hellman & Friedman Capital Partners X LP	250,000,000	221,081,686	1.15	6.4%
Hellman & Friedman Capital Partners XI, L.P.	200,000,000	0	NA	NA
Inflexion Buyout Fund IV LP	52,587,527	21,090,511	1.76	14.5%
Inflexion Partnership Capital Fund I LP	26,372,724	10,183,566	1.94	21.8%

Private Equity Partnership Performance

As of December 31, 2024

Private Investment Partnerships	Commitment ($)	Current NAV ($)	TVPI	Net IRR
Inflexion Enterprise Fund IV LP	19,982,149	9,041,586	2.05	22.1%
Inflexion Enterprise Fund VI	31,309,880	0	NA	NA
Inflexion Partnership Capital Fund III (No. 1) Limited Partnership	62,252,546	2,634,666	0.88	NA
Insight Venture Partners VIII LP	75,000,000	0	3.01	22.0%
Insight Venture Partners IX LP	75,000,000	0	3.65	32.4%
Insight Venture Partners Growth-Buyout Coinvestment Fund LP	50,000,000	0	3.75	36.6%
Investindustrial VI LP	55,802,326	44,027,249	1.51	9.4%
Investindustrial VII LP	76,982,294	81,002,941	1.52	17.7%
Investindustrial VIII SCSp	107,010,241	2,352,891	0.57	NA
Frozen Investments Collective S.C.A.	9,619,701	9,414,257	0.98	NA
J.H. Whitney VII LP	75,000,000	0	1.92	13.0%
Juniper Capital IV, L.P.	50,000,000	9,012,847	1.10	NA
Juniper High Noon Partners, L.P.	10,000,000	8,495,906	1.34	NA
Hahn & Company III LP	50,000,000	68,879,856	1.43	13.9%
Hahn & Company IV-S L.P.	25,000,000	0	NA	NA
Hahn & Company IV L.P.	75,000,000	7,078,671	0.90	NA
Routeware Coinvest Aggregator, L.P.	5,000,000	6,086,516	1.46	NA
Hicks Muse Tate Furst III LP	200,000,000	0	0.89	-1.8%
Hicks Muse Tate Furst IV LP	400,000,000	0	0.63	-8.8%
Hicks Muse Tate Furst V LP	25,000,000	0	1.77	21.0%
Kelso Investment Associates VII LP	50,000,000	0	1.73	12.2%
Kelso Investment Associates VIII LP	100,000,000	0	1.58	13.8%
Kohlberg Investors V LP	45,000,000	0	1.06	1.2%

Private Equity Partnership Performance

As of December 31, 2024

Private Investment Partnerships	Commitment ($)	Current NAV ($)	TVPI	Net IRR
Kohlberg Investors VI LP	50,000,000	0	1.67	15.8%
KKR European Fund III LP	58,757,859	0	1.05	1.8%
KKR Asian Fund II LP	100,000,000	28,120,513	1.03	0.8%
KKR Asian Fund III-EEA SCSp LP	150,000,000	167,842,203	1.95	20.1%
KPS Special Situations Fund III-Supplemental LP	50,000,000	0	2.67	22.7%
KPS Special Situations Fund IV LP	150,000,000	58,739,376	2.04	22.2%
KPS Special Situations Mid-Cap Fund LP	50,000,000	49,656,332	1.44	16.8%
KPS Special Situations Fund V LP	200,000,000	154,234,176	1.41	16.6%
KPS Special Situations Fund VI, LP	200,000,000	24,490,378	0.99	NA
Ichos Holdings, LP	11,000,000	11,000,074	1.00	NA
KPS Special Situations Mid-Cap Fund II, LP	75,000,000	0	NA	NA
Green Equity Investors III LP	60,000,000	0	2.31	21.9%
Green Equity Investors IV LP	100,000,000	0	1.78	10.7%
Green Equity Investors V LP	100,000,000	0	1.94	17.4%
Green Equity Investors VI LP	190,000,000	0	1.25	12.3%
(Lexington) Co-Investment Partners LP (Pools III & IV) *	500,000,000	4,589,538	2.18	23.4%
Lexington Co-Investment Partners (Pools I & II)	500,000,000	0	1.35	6.3%
Lexington Capital Partners IV LP	200,000,000	0	1.78	20.2%
Lexington Capital Partners V LP *	100,000,000	379,062	1.68	18.9%
Lexington Capital Partners VI-B LP *	100,000,000	560,402	1.37	6.4%
(Lexington) Co-Investment Partners 2005 LP (Pools I & II) *	500,000,000	6,876,233	1.44	5.2%
Lexington Capital Partners VII LP *	200,000,000	8,209,527	1.65	13.5%
(Lexington) Co-Investment Partners 2005 LP (Pool III) *	500,000,000	145,697,289	1.91	15.5%

Private Equity Partnership Performance

As of December 31, 2024

Private Investment Partnerships	Commitment ($)	Current NAV ($)	TVPI	Net IRR
Lexington Middle Market Investors III LP *	100,000,000	38,267,459	1.81	16.3%
Lexington Capital Partners VIII LP *	250,000,000	120,871,756	1.67	14.6%
(Lexington) LCP FSBA Co-Invest Account LP *	200,000,000	147,710,557	1.84	19.1%
(Lexington) Co-Investment Partners 2005 LP (Pool IV) *	500,000,000	515,149,002	1.87	16.2%
Lexington Capital Partners IX LP *	250,000,000	245,659,810	1.49	16.8%
Lexington Co-Investment Partners V-F LP *	600,000,000	760,744,312	1.38	16.1%
Lexington CIP V-F-O LP *	200,000,000	208,161,771	1.40	16.6%
Lexington Capital Partners X LP *	150,000,000	81,639,400	1.20	21.6%
Lexington Co-Investment Partners VI-F, L.P.	150,000,000	0	NA	NA
Liberty Partners Pool I	205,686,600	0	2.35	20.7%
Liberty Partners Pool II	359,789,821	0	1.61	10.7%
Liberty Partners Pool III	506,208,481	0	1.02	0.4%
Liberty Partners Pool IV	195,075,745	0	0.67	-19.2%
Liberty Partners Pool V	329,664,359	0	1.14	2.7%
Liberty Partners Pool VI	595,484,687	0	0.86	-6.6%
Liberty Partners Pool VII *	290,808,542	2,559,626	0.85	-6.9%
Liberty Partners Group II, L.P.	9,766,830	0	0.00	-100.0%
LightBay Investment Partners LP	50,000,000	63,822,232	1.45	13.0%
LightBay Investment Partners II LP	75,000,000	6,072,620	0.47	-37.9%
Lindsay Goldberg & Bessemer II LP	100,000,000	0	1.48	8.0%
Lindsay Goldberg III LP	100,000,000	0	1.18	6.8%
Livingbridge Enterprise 3 LP	32,305,168	34,106,501	1.30	10.6%
Livingbridge 7 LP	82,665,124	47,422,775	1.00	0.1%

Private Equity Partnership Performance

As of December 31, 2024

Private Investment Partnerships	Commitment ($)	Current NAV ($)	TVPI	Net IRR
MBK Partners Fund V LP	100,000,000	110,640,886	1.27	13.8%
MBK Partners Fund VI, L.P.	100,000,000	0	NA	NA
Monomoy Capital Partners V, L.P.	50,000,000	0	NA	NA
Montagu IV LP	56,819,796	2,773,072	1.51	12.1%
Montagu V LP	111,109,877	86,993,779	1.65	15.6%
Montagu VI LP	82,323,886	59,220,204	1.04	2.0%
New Mountain Partners II LP	50,000,000	0	2.03	13.5%
New Mountain Partners III LP	100,000,000	3,908,597	2.52	14.5%
New Mountain Partners IV LP	100,000,000	0	1.59	22.1%
(NIC) Wisteria Fund II Cayman LP	27,531,776	19,537,486	1.00	0.2%
One Peak Growth III SCSp	50,152,463	12,926,026	0.87	-9.3%
OpCapita Consumer Opportunities Fund II LP	38,251,366	16,391,200	0.53	-13.9%
OpCapita Consumer Opportunities Fund III LP	38,682,154	16,590,097	0.47	-45.7%
OpenView Venture Partners IV LP	25,000,000	9,302,184	1.95	13.0%
OpenView Venture Partners V LP	25,000,000	23,568,331	1.95	21.5%
OpenView Venture Partners VI LP	30,000,000	17,532,864	0.73	-9.7%
OpenView Venture Partners VII LP	4,918,240	4,659,374	1.19	14.0%
PAI Europe V LP	42,563,071	0	1.30	7.0%
Pantheon Venture Partners II LP	100,000,000	0	1.52	6.8%
Pantheon Global Secondary Fund IV LP	100,000,000	3,360,183	1.59	12.6%
The Paragon Fund IV GmbH & Co. KG	54,159,675	43,566	0.16	-79.3%
Peak Rock Capital Credit Fund II LP	20,000,000	2,717,215	1.10	14.7%
Peak Rock Capital Fund II LP	80,000,000	19,163,658	2.01	35.5%

Private Equity Partnership Performance

As of December 31, 2024

Private Investment Partnerships	Commitment ($)	Current NAV ($)	TVPI	Net IRR
Peak Rock Capital Fund III LP	125,000,000	104,735,617	1.50	29.0%
Peak Rock Capital Fund IV LP	125,000,000	0	NA	NA
HuFriedy Group Aggregator LLC	10,000,000	13,822,134	1.37	NA
Permira IV LP (EUR)	64,037,705	0	1.56	8.3%
Permira V LP	136,860,690	0	2.84	24.2%
Platinum Equity Capital Partners I LP	50,000,000	0	2.91	60.2%
Platinum Equity Capital Partners III LP	200,000,000	17,276,669	2.11	28.9%
Platinum Equity Capital Partners II LP	75,000,000	1,801,748	1.71	12.7%
Pomona Capital VI LP *	50,000,000	361,934	1.29	4.4%
Pomona Capital VII LP	50,000,000	0	1.31	7.9%
Post Oak Energy Partners II LP	25,000,000	18,161,973	1.74	12.8%
Post Oak Energy Partners III LP	60,000,000	30,402,511	1.60	13.7%
Post Oak Energy Partners IV LP	60,000,000	58,146,828	1.43	10.6%
Post Oak Energy Partners V, LP	50,000,000	39,109,433	0.97	NA
POM V Co-Investment, LLC	10,000,000	9,994,344	1.00	NA
Providence Equity Partners VI LP	50,000,000	0	1.46	7.3%
Providence Equity Partners VII LP	200,000,000	0	1.61	21.2%
Quantum Energy Partners VIII, LP	85,714,000	54,608,721	1.03	5.0%
Quantum Energy Partners VIII-B Co-Investment Fund, LP	14,286,000	9,269,232	1.13	21.9%
HEQ II Co-Investment Fund, LP	10,000,000	7,705,927	1.40	NA
RCP Fund IV LP	50,000,000	0	1.88	13.1%
RCP Fund V LP	50,000,000	0	1.80	14.2%
RCP Fund VI LP	50,000,000	525,624	2.07	15.8%

Private Equity Partnership Performance

As of December 31, 2024

Private Investment Partnerships	Commitment ($)	Current NAV ($)	TVPI	Net IRR
RCP Fund VII LP *	50,000,000	257,146	2.07	16.8%
RCP Fund VIII LP	50,000,000	16,041,909	2.28	20.2%
RCP Fund IX LP *	50,000,000	48,191,156	2.07	17.0%
RCP Fund X LP *	50,000,000	51,412,104	2.06	17.8%
Ripplewood Partners, L.P.	100,000,000	0	1.74	13.6%
Ripplewood Partners II LP	100,000,000	0	1.19	6.2%
Rubicon Technology Partners LP	50,000,000	21,671,192	1.60	13.4%
Rubicon Technology Partners II LP	76,000,000	20,151,997	2.14	28.5%
Rubicon Technology Partners III LP	100,000,000	107,371,700	1.13	4.1%
Rubicon Technology Partners IV LP	100,000,000	39,084,081	1.04	3.1%
RTP J Holdings LP	9,999,998	12,507,743	1.18	15.4%
Searchlight Capital II LP	100,000,000	65,326,045	1.76	19.8%
Searchlight Capital III LP	150,000,000	177,474,074	1.59	22.6%
Searchlight Capital IV, L.P.	150,000,000	28,823,248	1.02	NA
Searchlight Capital III CVL Co-Invest Partners II, L.P.	10,000,000	8,605,724	1.00	NA
Silver Lake Partners IV LP	100,000,000	143,698,503	2.76	21.2%
Silver Lake Partners V LP	140,000,000	143,665,001	1.61	12.5%
Silver Lake Partners VI LP	175,000,000	199,933,535	1.23	8.8%
Siris Partners III LP	75,000,000	0	1.22	8.6%
Siris Partners IV LP	75,000,000	0	1.07	4.3%
Snow Phipps II AIV LP	50,000,000	0	1.37	14.6%
(Stone Point) Trident V LP	75,000,000	0	1.82	11.4%
(Stone Point) Trident VI LP	75,000,000	31,675,352	2.49	21.5%

Private Equity Partnership Performance

As of December 31, 2024

Private Investment Partnerships	Commitment ($)	Current NAV ($)	TVPI	Net IRR
(Stone Point) Trident VII LP	75,000,000	111,371,013	2.18	19.0%
(Stone Point) Trident VIII LP	100,000,000	134,609,784	1.56	14.0%
(Stone Point) Trident IX LP	100,000,000	79,954,732	1.28	18.6%
(Stone Point) Trident X US Fund, L.P.	100,000,000	0	NA	NA
Stride Consumer Fund I LP *	50,000,000	36,483,982	1.33	15.4%
Summa Equity Fund II-No 1 AB	29,887,712	12,692,730	1.57	22.5%
Summa Equity Fund III-No 1 AB	40,962,202	23,394,800	0.88	-12.1%
Summit Partners Growth Equity Fund VIII-A LP	125,000,000	0	1.52	32.0%
(SVB) Strategic Investors Fund V-A LP *	125,000,000	137,706,865	5.31	24.5%
(SVB) Strategic Investors Fund V-A Opportunity LP *	55,000,000	150,564,405	6.27	25.1%
(SVB) Strategic Investors Fund VI-A LP *	125,000,000	267,735,903	4.03	19.7%
SVB Capital Partners III LP	22,500,000	15,347,300	1.95	12.6%
(SVB) Strategic Investors Fund VII-A LP *	125,000,000	255,088,250	3.52	20.4%
SVB Venture Overage Fund LP *	100,575,334	58,473,098	2.48	18.0%
(SVB) Strategic Investors Fund VIII-A LP *	100,000,000	212,562,534	3.04	21.5%
SVB Capital Partners IV LP	25,000,000	39,243,670	1.63	10.0%
(SVB) Strategic Investors Fund IX-A LP *	75,000,000	106,554,507	1.67	12.6%
(SVB) Strategic Investors Fund X-A LP *	75,000,000	73,341,957	1.12	4.2%
(SVB) Capital Partners V LP	30,000,000	25,852,151	0.97	-0.8%
(SVB) SIF-Ascension I LP *	25,000,000	11,880,852	0.95	-3.7%
(SVB) Cap. Partners VI, L.P.	20,000,000	3,823,297	0.91	-6.7%
TA XI LP	100,000,000	0	1.55	19.7%
Carlyle Partners II, L.P.	200,000,000	0	2.30	20.1%

Private Equity Partnership Performance

As of December 31, 2024

Private Investment Partnerships	Commitment ($)	Current NAV ($)	TVPI	Net IRR
Carlyle Partners III LP	200,000,000	0	2.30	22.8%
Carlyle Partners IV LP	75,000,000	0	2.03	13.1%
Carlyle Europe Partners III LP (EUR)	66,000,377	0	1.61	12.9%
Carlyle Partners V LP	200,000,000	0	1.81	13.5%
Carlyle Asia Growth Partners IV LP	75,000,000	6,648,502	1.07	1.5%
Carlyle Partners VI LP	133,400,000	29,673,244	1.72	14.4%
Carlyle Partners VII LP	100,000,000	114,414,950	1.34	8.0%
The Energy & Minerals Group Fund III LP	85,000,000	39,130,215	0.62	-5.6%
Gores Capital Partners I LP	50,000,000	0	1.30	8.4%
Gores Capital Partners II LP	50,000,000	0	1.14	3.8%
Gores Capital Partners III LP	125,000,000	0	1.00	-0.1%
Riverside Capital Appreciation Fund V LP	75,000,000	0	1.32	8.2%
Riverside Europe Fund IV LP	49,699,937	0	1.04	1.5%
Riverside Capital Appreciation Fund VI LP	75,000,000	0	1.43	14.4%
Thoma Cressey Fund VIII LP	50,000,000	0	2.93	18.3%
Thoma Bravo Fund IX LP	50,000,000	0	4.08	48.1%
Thoma Bravo Fund X LP	100,000,000	0	4.05	39.2%
Thoma Bravo Special Opportunities Fund I LP	45,000,000	271,225	3.98	33.6%
Thoma Bravo Fund XI LP	100,000,000	81,385,417	3.02	25.6%
Thoma Bravo Special Opportunities Fund II LP	50,000,000	63,162,604	2.39	16.0%
Thoma Bravo Discover Fund LP	50,000,000	26,993,440	3.11	34.8%
Thoma Bravo Fund XII LP	150,000,000	173,669,688	2.18	15.8%
Thoma Bravo Discover Fund II LP	75,000,000	86,022,018	2.17	23.2%

Private Equity Partnership Performance

As of December 31, 2024

Private Investment Partnerships	Commitment ($)	Current NAV ($)	TVPI	Net IRR
Thoma Bravo Fund XIII LP	150,000,000	189,607,199	1.94	23.8%
Thoma Bravo Discover Fund III LP	100,000,000	135,074,897	1.38	11.2%
Thoma Bravo Fund XIV LP	200,000,000	221,266,950	1.24	7.7%
Thoma Bravo Fund XV LP	150,000,000	161,948,936	1.35	16.8%
Thoma Bravo Discover Fund IV LP	100,000,000	91,446,541	1.27	19.1%
Thoma Bravo Discover Fund V, L.P.	100,000,000	0	NA	NA
Project Second Co-Invest Fund, L.P.	10,000,000	0	NA	NA
Thoma Bravo Fund XVI, L.P.	150,000,000	0	NA	NA
Thomas H. Lee Equity Fund IV LP	100,000,000	0	0.87	-2.6%
Thomas H. Lee Equity Fund V LP	50,000,000	0	1.63	13.4%
Thomas H. Lee Equity Fund VI LP	75,000,000	0	1.89	12.3%
Tiger Iron Special Opportunities Fund LP *	191,877,777	296,497,365	1.92	14.7%
Tiger Iron Special Opportunities Fund II LP	195,710,226	210,269,630	1.24	6.7%
Tiger Iron Special Opportunities Fund III, L.P.	300,000,000	51,485,656	1.09	7.2%
Top Tier Venture Capital II LP	120,000,000	0	1.34	4.3%
Top Tier Venture Capital III LP	75,000,000	0	1.40	5.3%
Top Tier Venture Capital IV LP	100,000,000	0	2.00	13.9%
Top Tier Special Opportunities Fund LP	12,450,000	0	0.74	-4.0%
TowerBrook Investors II LP	75,000,000	0	1.88	9.8%
TowerBrook Investors III LP	150,000,000	376,007	1.41	8.6%
TowerBrook Investors IV LP	190,000,000	60,684,188	1.55	14.7%
TowerBrook Investors V LP	200,000,000	281,731,825	1.48	16.6%
TowerBrook Investors VI (Onshore), L.P.	100,000,000	25,018,430	1.02	NA

Private Equity Partnership Performance

As of December 31, 2024

Private Investment Partnerships	Commitment ($)	Current NAV ($)	TVPI	Net IRR
TI IV R1 CF Exit, L.P.	46,914,372	46,301,462	0.99	NA
TI VI Project Armstrong Co-Invest, L.P.	10,000,000	8,999,579	1.00	NA
TPG Partners IV LP	50,000,000	0	1.89	14.3%
TPG Partners V LP	100,000,000	0	1.18	2.6%
TPG Partners VI LP	200,000,000	0	1.42	11.3%
TPG Growth II LP	100,000,000	0	2.14	16.4%
TPG Growth III-A LP	100,000,000	64,066,679	1.65	16.3%
(TPG) The Rise Fund LP	25,000,000	24,626,639	1.49	10.8%
TPG Growth IV LP	100,000,000	106,952,193	1.69	15.5%
(TPG) The Rise Fund II LP	50,000,000	63,063,650	1.33	11.9%
TPG Growth V LP	150,000,000	187,169,627	1.33	15.7%
Denham Oil & Gas Fund LP	100,000,000	104,236,594	1.38	9.4%
Denham Energy Resources Fund II LP	100,000,000	81,468,907	1.24	14.2%
Trace Sabre Co-Invest Fund LP	10,000,000	6,312,719	0.99	NA
Trive Capital Fund IV LP	75,000,000	81,529,451	1.35	16.8%
Trive Capital Fund V LP	100,000,000	0	NA	NA
OWL Co-Invest Opportunity LP	10,000,000	9,677,047	1.38	NA
TrueBridge-Kauffman Fellows Endowment Fund II (Parallel) LP	100,000,000	130,678,834	4.88	19.8%
TrueBridge Special Purpose (F) LLC	47,972,078	77,724,305	4.88	21.4%
TrueBridge-Kauffman Fellows Endowment Fund III (Parallel) LP	125,000,000	191,679,745	3.24	16.5%
TrueBridge Special Purpose (F3) LLC	22,500,000	27,953,125	3.24	20.6%
TrueBridge Capital FSA LLC	79,600,000	250,220,801	4.40	34.3%
TrueBridge-Kauffman Fellows Endowment Fund IV (Parallel) LP	125,000,000	285,295,436	3.56	24.5%

Private Equity Partnership Performance

As of December 31, 2024

Private Investment Partnerships	Commitment ($)	Current NAV ($)	TVPI	Net IRR
TrueBridge Capital Partners Fund V (Parallel) LP	100,000,000	197,041,927	2.43	21.4%
TrueBridge Capital Partners Fund VI (Parallel) LP	100,000,000	127,615,901	1.28	8.5%
TrueBridge Capital FSA II LLC	74,739,895	83,112,286	1.22	6.6%
TrueBridge Capital Partners Fund VII (Parallel) LP	75,000,000	47,152,109	1.05	2.8%
TrueBridge Blockchain I (Parallel), L.P. *	30,000,000	17,441,176	1.13	8.3%
TrueBridge Capital FSA III, LLC	57,420,000	29,454,384	0.93	-11.9%
TrueBridge Capital Partners Fund VIII (Parallel), L.P.	75,000,000	4,742,318	0.74	NA
TSG Capital Fund III LP	100,000,000	0	0.54	-13.7%
W Capital Partners III LP	75,000,000	24,558,280	1.30	6.5%
Warburg Pincus Private Equity IX LP	75,000,000	93,995	1.72	9.7%
Warburg Pincus Private Equity X LP	150,000,000	3,046,832	1.80	9.5%
Warburg Pincus Private Equity XI LP	200,000,000	46,683,149	1.74	11.2%
Warburg Pincus Private Equity XII LP	90,000,000	65,782,963	2.04	15.7%
Warburg Pincus China LP	68,000,000	57,925,442	1.23	4.4%
Warburg Pincus China-Southeast Asia II LP	68,000,000	33,674,769	1.05	1.9%
Warren Equity Partners Fund IV, L.P.	75,000,000	52,940,390	1.17	14.7%
WEP ELIDO I Pond Co-Investment, L.P.	5,000,000	3,811,034	0.97	NA
(Waterland) WPEF VI Overflow Feeder LP	28,974,931	0	0.00	-100.0%
Waterland Private Equity Fund VI LP	61,110,432	24,476,039	2.26	23.0%
(Waterland) WPEF VII Feeder LP	113,659,612	127,229,425	1.57	16.0%
(Waterland) WPEF VIII Feeder LP	150,461,222	136,296,235	1.34	14.7%
WPEF IX Feeder 1 ILP	142,744,369	38,760,717	1.09	NA
Webster USPP Co-Investment Fund, L.P.	10,000,000	8,015,984	0.95	NA

Private Equity Partnership Performance

As of December 31, 2024

Private Investment Partnerships	Commitment ($)	Current NAV ($)	TVPI	Net IRR
Webster StrideCare Co-investment Fund, L.P.	10,000,000	5,540,991	1.18	NA
Wellspring Capital Partners III LP	50,000,000	0	2.19	27.1%
Wellspring Capital Partners IV LP	75,000,000	0	1.40	6.6%

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STATE BOARD ADMINISTRATION OF FLORIDA

PRIVATE EQUITY UPDATE

CAMBRIDGE ASSOCIATES

JUNE 2025

STATE BOARD ADMINISTRATION OF FLORIDA

PRIVATE EQUITY UPDATE

JUNE 2025

PORTFOLIO PERFORMANCE & EXPOSURES

CA Client Private Investment Returns

FSBA consistently ranks above the median versus CA clients on a medium to long-term basis

	1 YEAR	3 YEARS	5 YEARS	10 YEARS
FSBA Total PE Asset Class Portfolio	8.72%	2.92%	17.30%	15.65%
Quartile Ranking	2nd	3rd	1st	1st
FSBA PE Total Portfolio	8.7%	2.9%	17.3%	15.6%
Quartile Ranking	2nd	3rd	1st	1st
S&P 500 AACR	35.8%	11.4%	15.4%	13.9%
MSCI ACWI AACR	31.8%	8.1%	12.2%	10.2%
CA PE + VC Legacy Benchmark	7.9%	2.8%	14.4%	13.0%
CA PE + VC Benchmark	8.0%	2.2%	14.9%	14.0%
Sample Size	755	716	661	612

Prior Quarter Quartile Rankings

	1 YEAR	3 YEARS	5 YEARS	10 YEARS
FSBA Total PE Asset Class Portfolio – 2Q24	2nd	2nd	1st	1st
FSBA Total PE Asset Class Portfolio – 1Q24	1st	2nd	1st	1st
FSBA Total PE Asset Class Portfolio – 4Q23	2nd	2nd	1st	1st

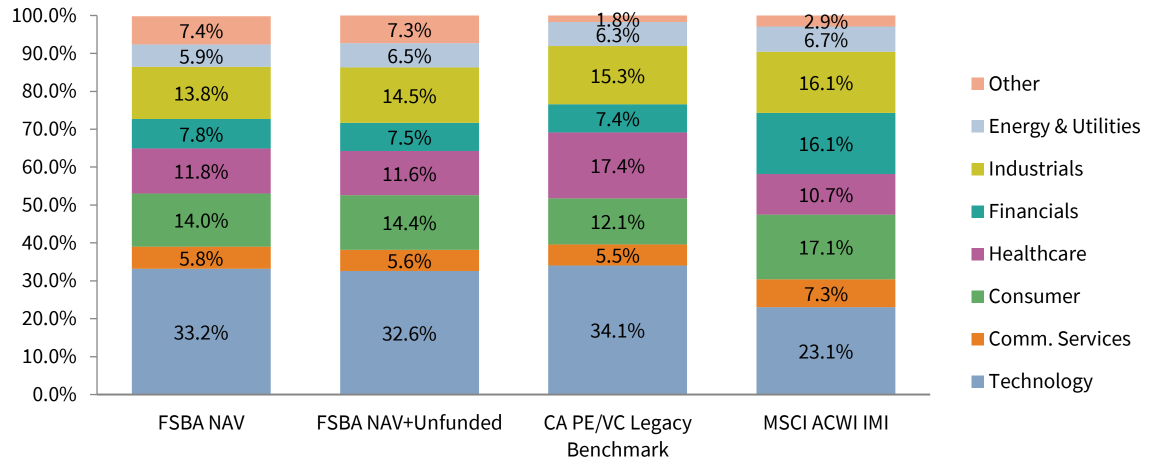
Sources: Cambridge Associates, LLC, S&P, MSCI

Notes: Data as of September 30, 2024. FSBA returns are compared to CA client returns. Client returns are End-to-End IRRs and the public index AACRs are calculated for the period ending 09/30/2024, with all time periods as trailing. Includes PI fund programs with a least 10 PI funds per portfolio who receive performance reports as of 09/30/2024. Terminated client returns are not included due to unavailability of data. The performance of CA's clients may be attributable to factors other than CA's advice. Similarly, client returns shown may include investments made prior to client's relationship with CA. Performance data is net of fees but has not been adjusted to reflect CA's advisory fees and other expenses that a client may incur. CA PE + VC Benchmark represents median returns from the general Global CA PEVC Benchmark, whereas CA PE + VC Legacy Benchmark represents the CA PEVC Benchmark including Subordinated Capital and PE Energy.

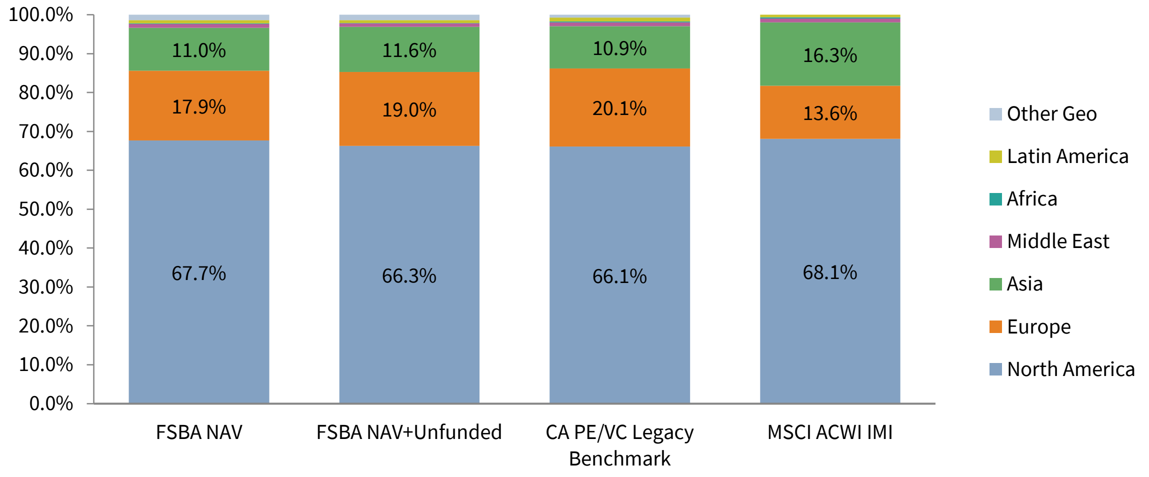
Investment Level Total Portfolio Snapshot

Relative to the CA BM, FSBA is modestly overweight to consumer, and underweight to healthcare, industrials, and growth stage investments. Relative to the MSCI BM, FSBA is overweight technology.

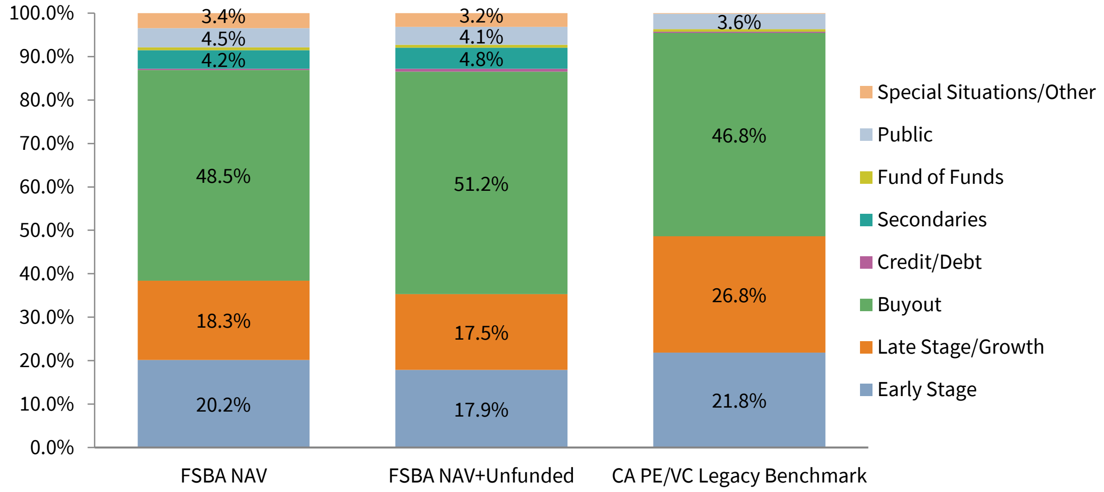
PORTFOLIO EXPOSURES BY SECTOR



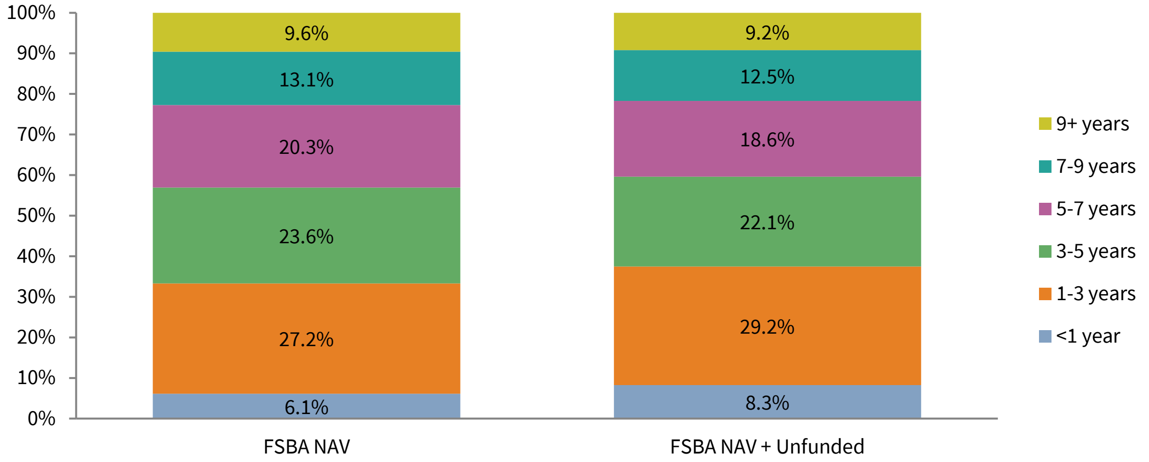
PORTFOLIO EXPOSURES BY GEOGRAPHY



PORTFOLIO EXPOSURES BY STAGE

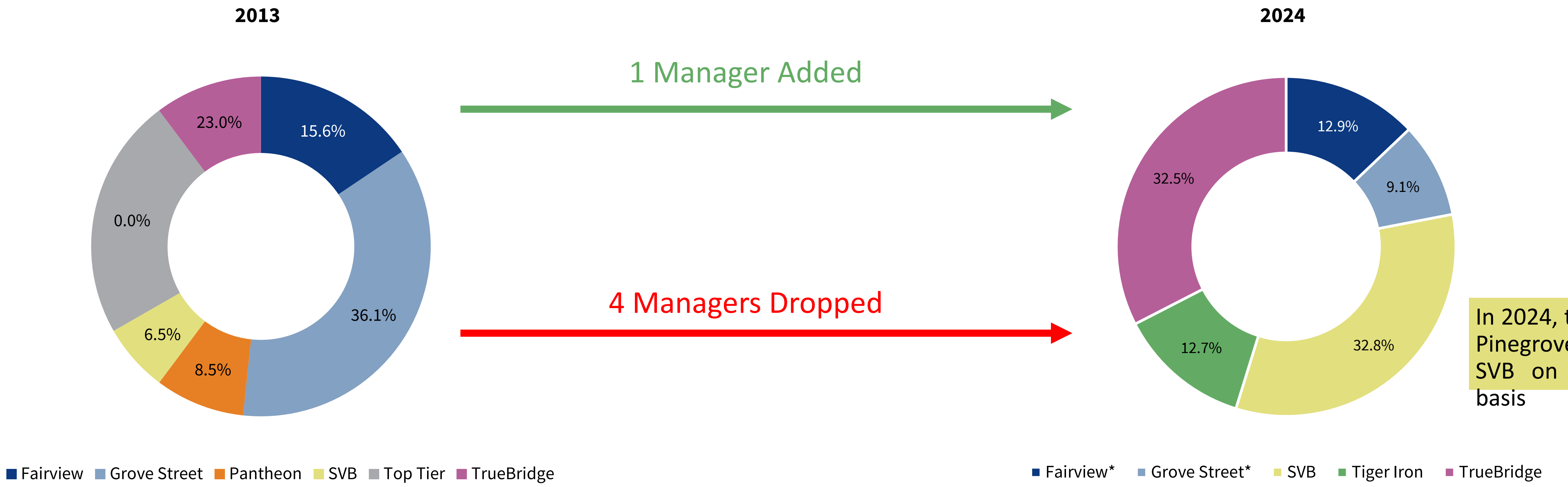


PORTFOLIO EXPOSURES BY AGE OF NAV



Notes: Data is preliminary as of December 31, 2024. Includes subsequent commitments. Exposures are based on a combination of CA and I-Level reported investment-level data, and manager reported data. Exposure data for fund of funds and co-investments are reported at the fund level. Funds with uncalled capital and subsequent commitments have exposure assumptions based off the most recent CA fund underwriting. These exposures are reflected in the 'FSBA NAV + Unfunded' column. CA Benchmark data for investment stage is as of September 30, 2024. CA PE + VC Legacy Benchmark represents Global Private Equity and Venture Capital and includes legacy asset classes Subordinated Capital and Private Equity Energy.

FSBA has concentrated their capital into their highest conviction Venture Capital Fund of Funds over time

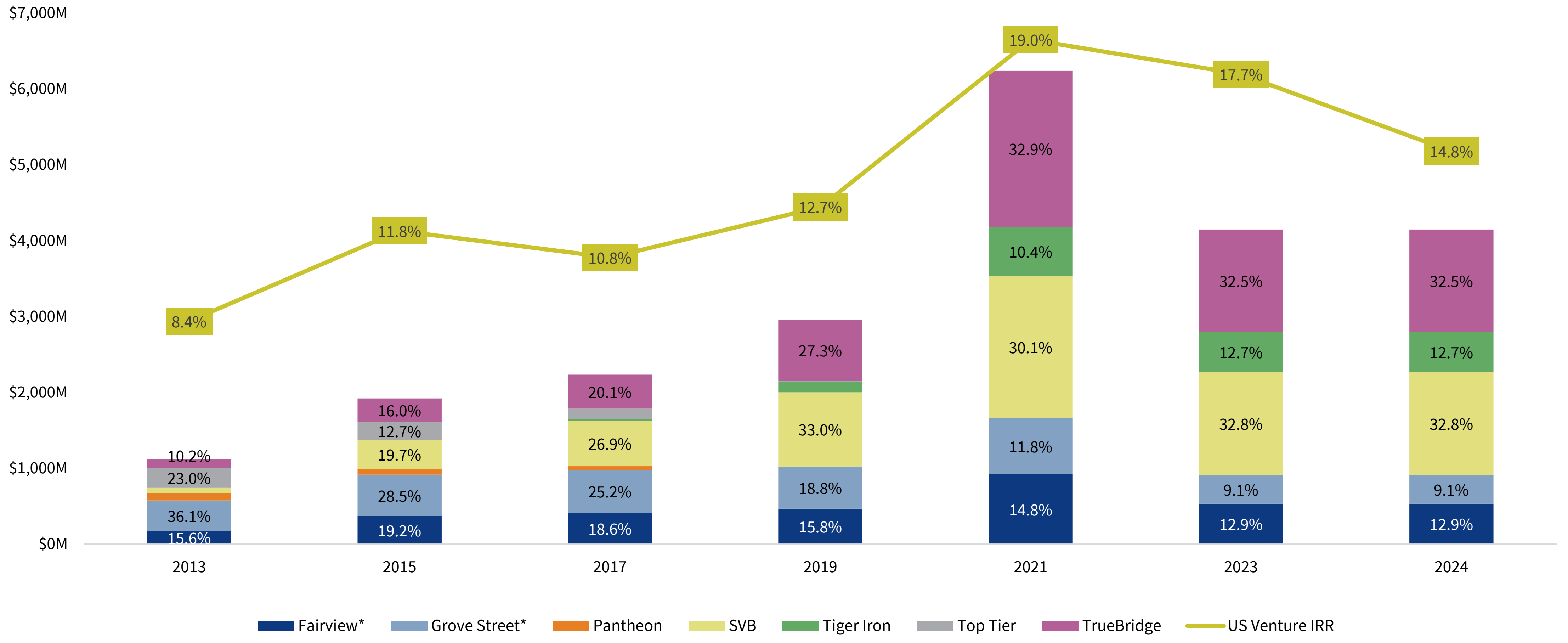


In 2024, the FSBA added Pinegrove to replace SVB on a go forward basis

Notes: Data is preliminary as of December 31, 2024, and is based on Net Asset Value. The chart entitled 2013 is indicative of FSBA's Venture Capital portfolio as of December 31, 2013, whereas the chart entitled 2024 is indicative of FSBA's Venture Capital portfolio using preliminary data as of December 31, 2024. * Indicates that a fund is in a run-off stage and the manager is no longer being actively invested in.

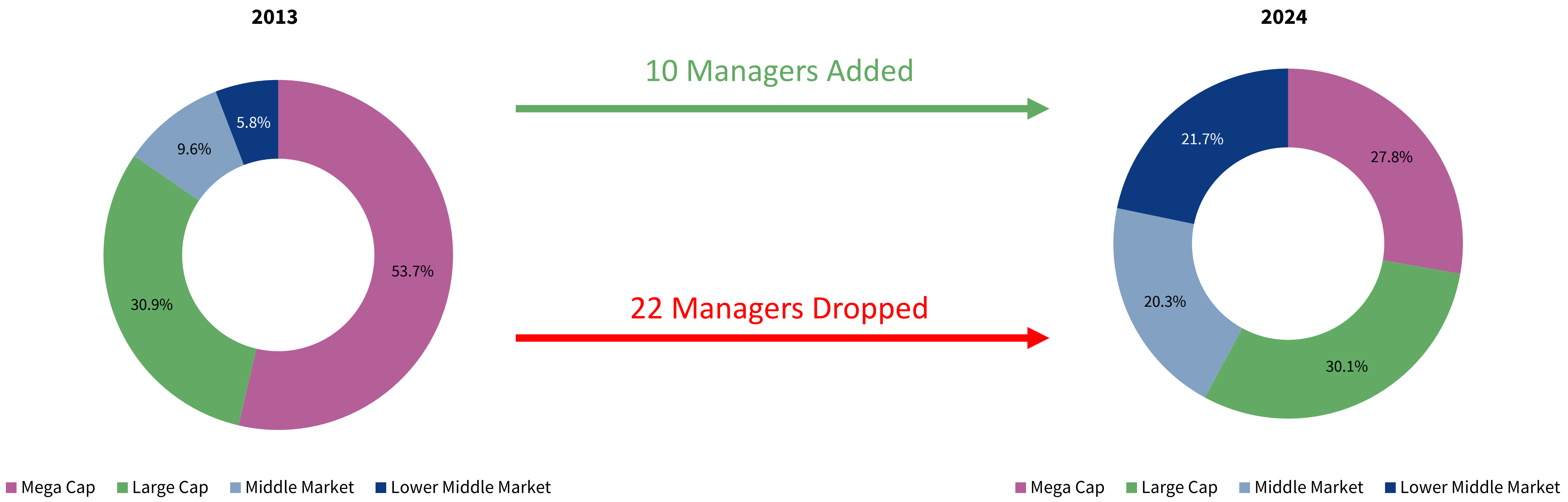
Despite recent volatility in venture capital, the FSBA's venture portfolio has performed well

FSBA US VENTURE CAPITAL NAV EXPOSURE OVER TIME



Notes: Data is preliminary as of December 31, 2024, and is based on Net Asset Value. Portfolio data for 2013 through 2024 is indicative of FSBA's US Venture Capital portfolio as of December 31st for each respective year. Returns are Since Inception. Datadog, Inc. has been excluded from this analysis, as it is not viewed as traditional venture fund.

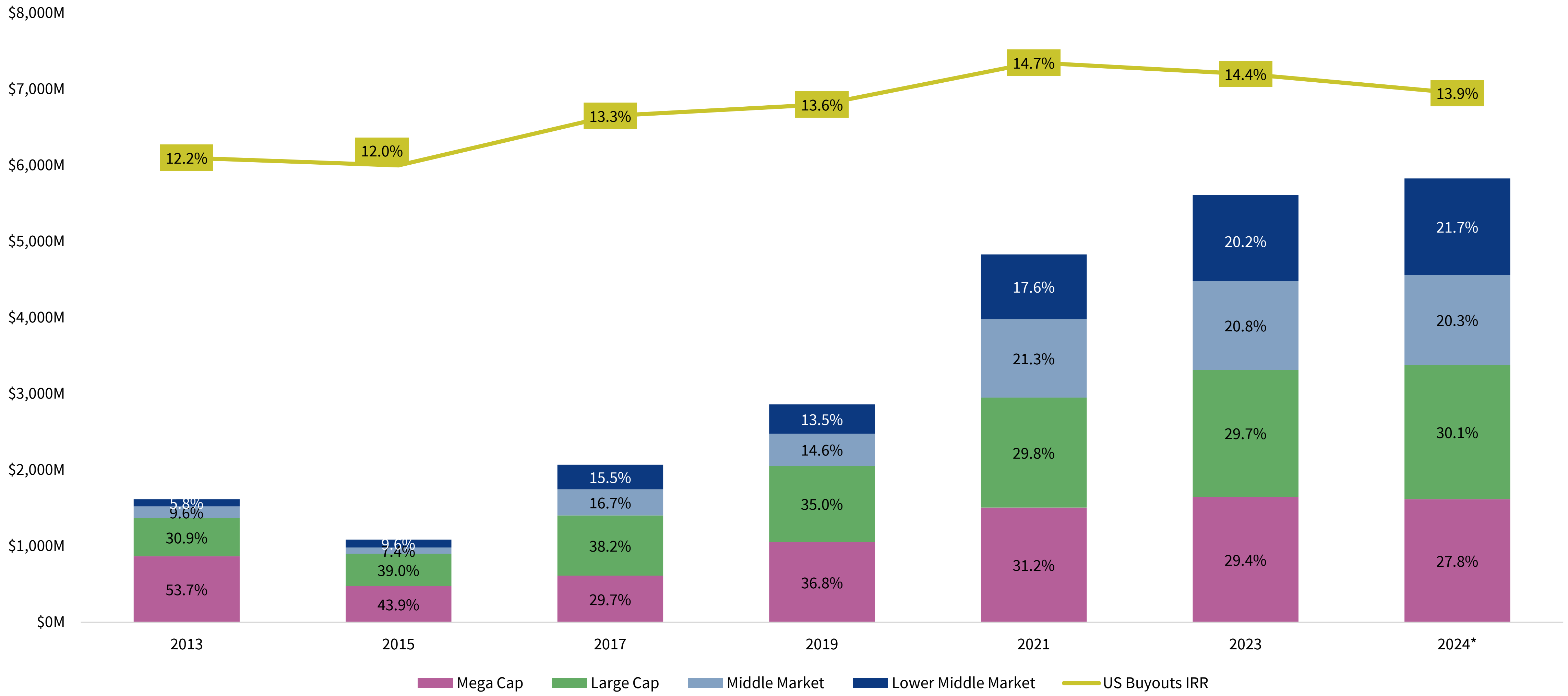
FSBA's efforts to expand exposure to the mid and small end of the buyout market has been highly successful



Notes: Data is preliminary as of December 31, 2024, and is based on Net Asset Value. The chart entitled 2013 is indicative of FSBA's US Buyout portfolio as of December 31, 2013, whereas the chart entitled 2024 is indicative of FSBA's US Buyout portfolio using data as of September 30, 2024. Lexington Co-investment funds and Arbor Debt Opportunities Fund II have been excluded from this analysis, as they are not viewed as traditional buyout funds. Funds that had not been committed to since 2008 were excluded as "active" parts of the portfolio when considering managers added and dropped. Managers "dropped" since 2013 includes funds in which FSBA has directly indicated they will not reup with or have not reupped in the last fund.

FSBA's buyout portfolio continues to generate solid, stable returns

FSBA US BUYOUT NAV EXPOSURE OVER TIME



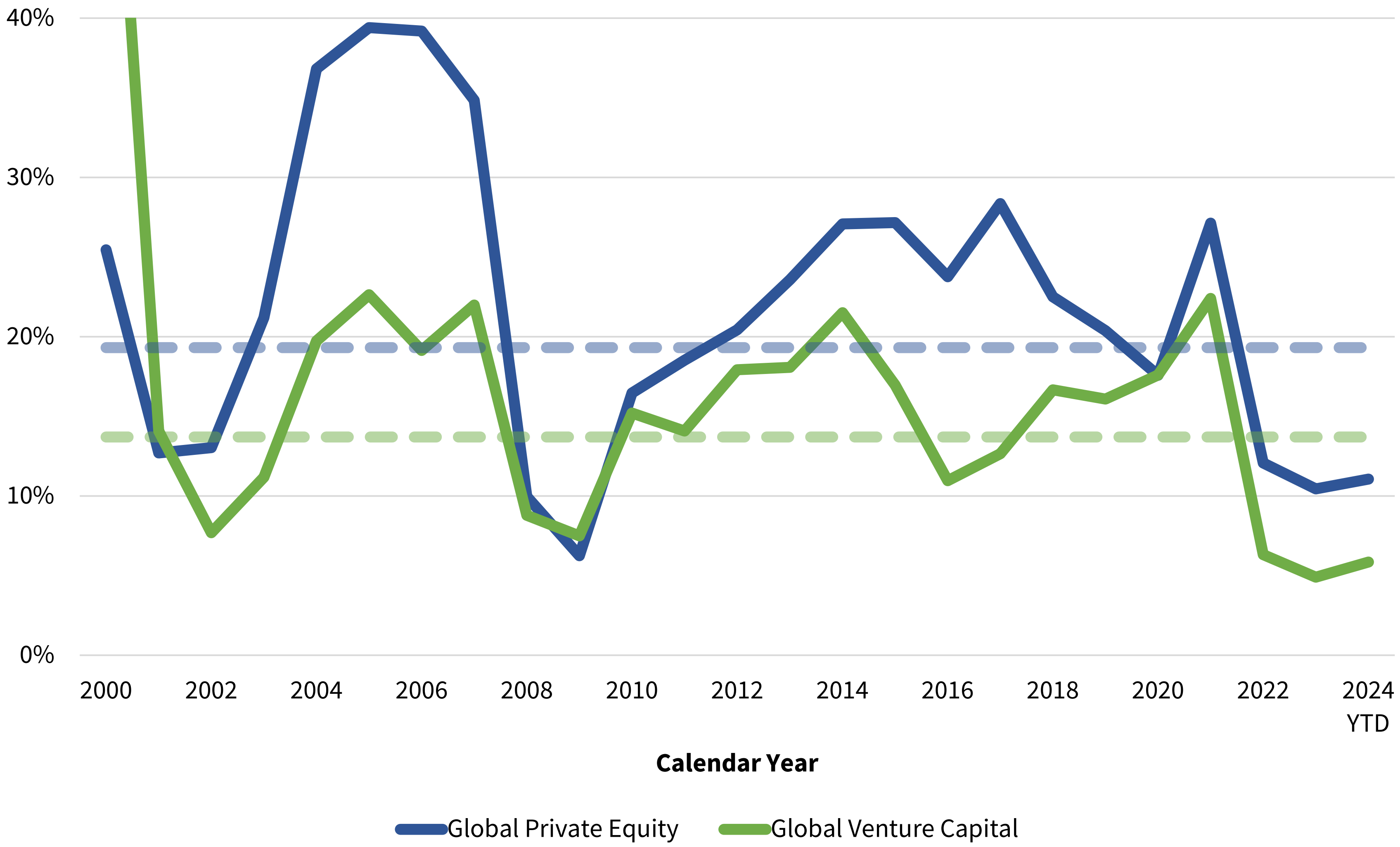
Notes: Data is preliminary as of December 31, 2024, and is based on Net Asset Value. Portfolio data for 2013 through 2023 is indicative of FSBA's US Buyout portfolio as of December 31st for each respective year. Returns are Since Inception. Lexington Co-investment funds and Arbor Debt Opportunities Fund II have been excluded from this analysis, as they are not viewed as traditional buyout funds. For 2013 and 2015 Lower Middle Market represents funds $0-$500M, Middle Market represents funds $500M-$1.0B, Large Cap represents funds $1.0B-$4.5B, and Mega Cap represents funds $4.5B+. For 2017 and 2019 Lower Middle Market represents funds $0-$750M, Middle Market represents funds $750M-$2.0B, Large Cap represents funds $2B-$7.25B, and Mega Cap represents funds $7.25B+. For 2021, 2023, and 2024 Lower Middle Market represents funds $0-$1.0B, Middle Market represents funds $1.0B-$3.0B, Large Cap represents funds $3B-$10.0B, and Mega Cap represents funds $10.0+B.

CURRENT MARKET ENVIRONMENT

CAMBRIDGE
ASSOCIATES

Distribution yields need to return to base

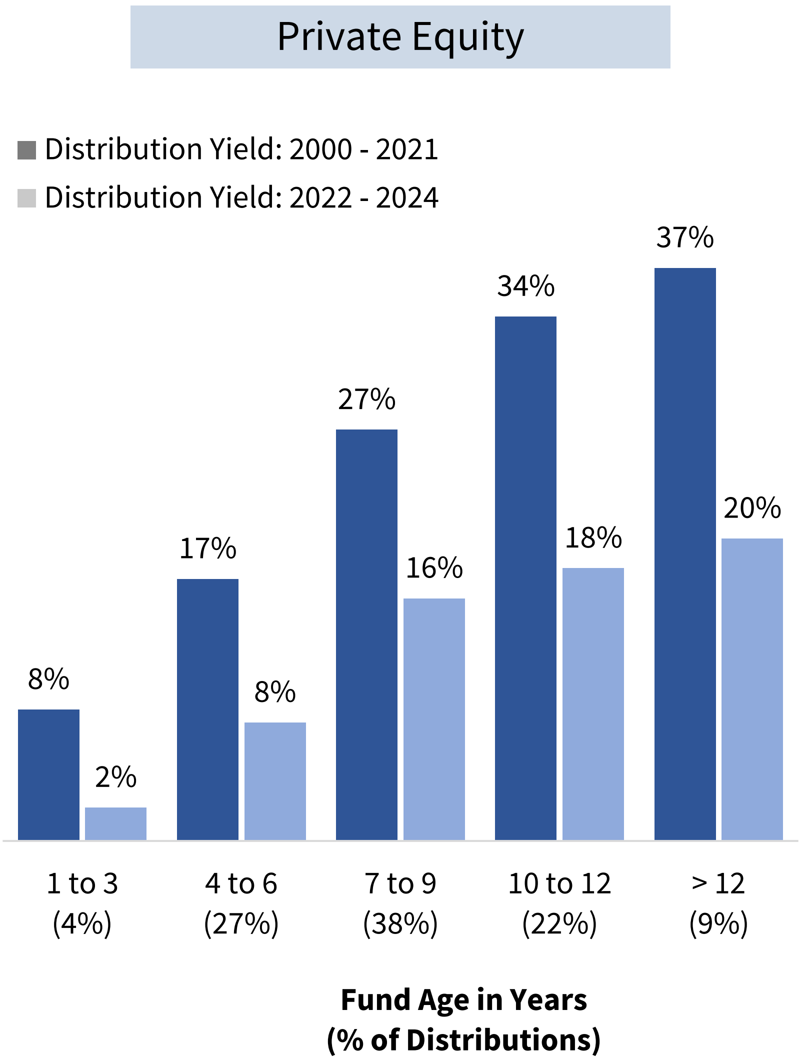
DISTRIBUTION YIELDS: CALENDAR YEAR AND LONG-TERM AVERAGES
As of September 30, 2024

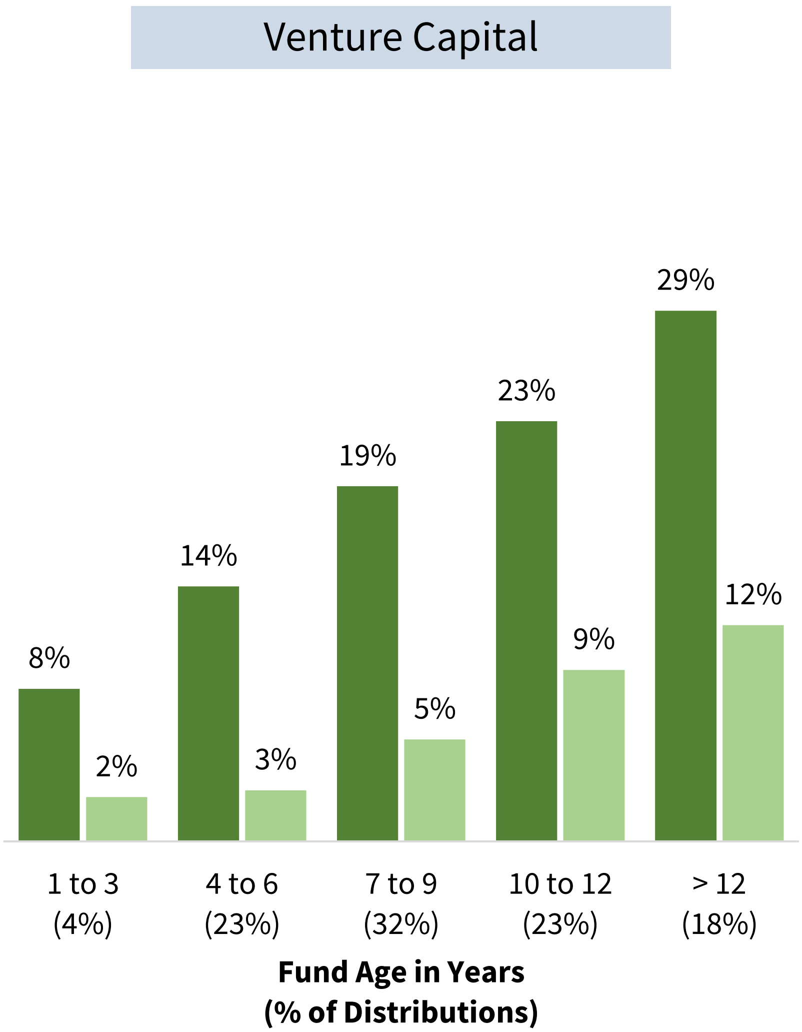


Source: Cambridge Associates LLC.
Notes: Data as of September 30, 2024. Calendar year distribution yield is annual LP distributions/beginning NAV. 2024 distributions are annualized. Averages are calculated by pooling distributions and beginning NAVs from 2000 to 2024. Distributions are net of recallable returns of capital. *2000 VC distribution yield was 63%. Y axis capped for graphing purposes.

Distribution yields need to return to base

DISTRIBUTION YIELDS: AVERAGES BY TIME PERIOD AND FUND AGE
As of September 30, 2024

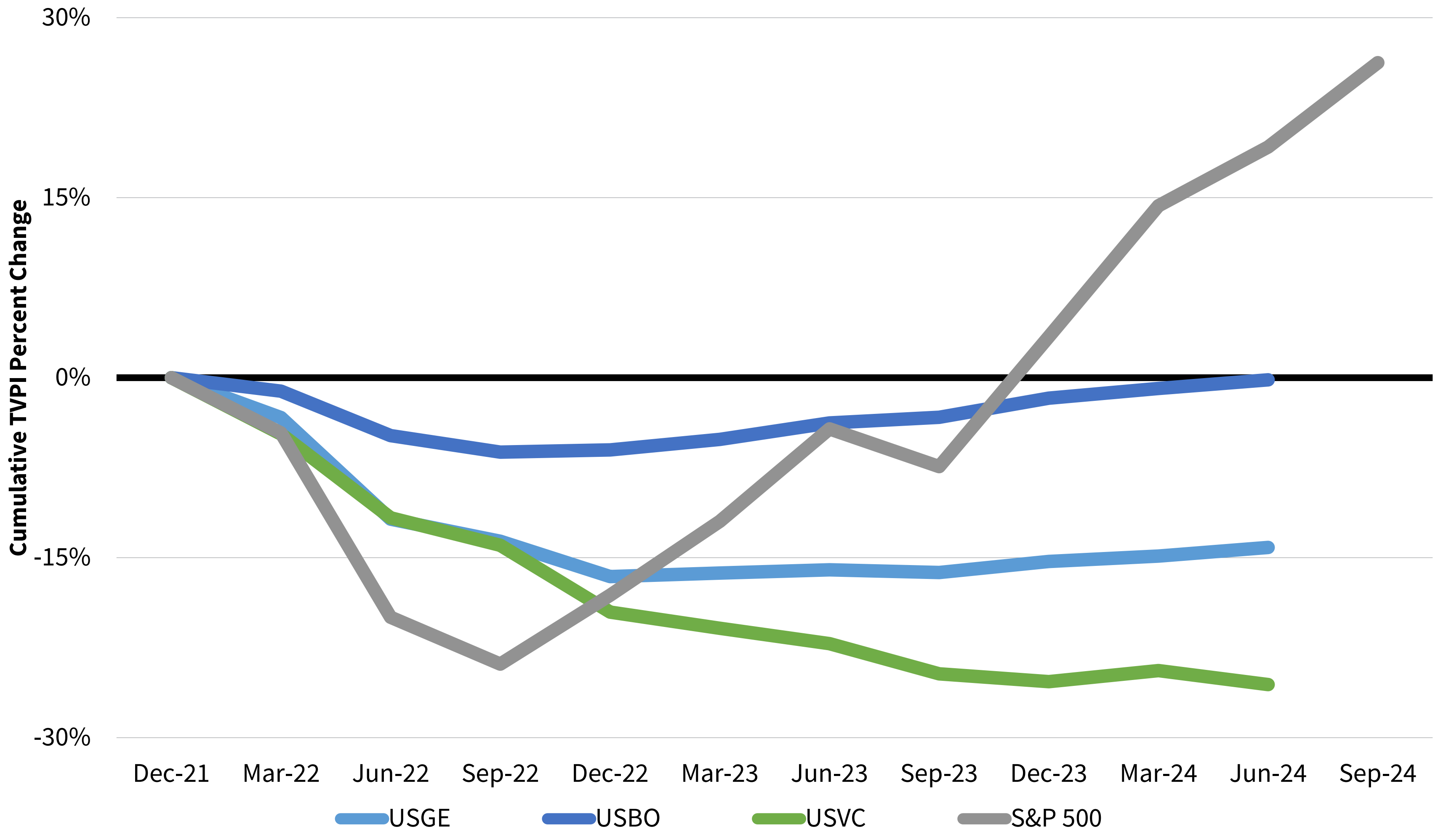




Source: Cambridge Associates LLC.
Notes: Data as of September 30, 2024. Calendar year distribution yield is annual LP distributions/beginning NAV. 2024 distributions are annualized. Averages are calculated by pooling distributions and beginning NAVs from 2000 to 2024. Distributions are net of recallable returns of capital. *2000 VC distribution yield was 63%. Y axis capped for graphing purposes.

Venture has been hit harder than PE during post-pandemic correction

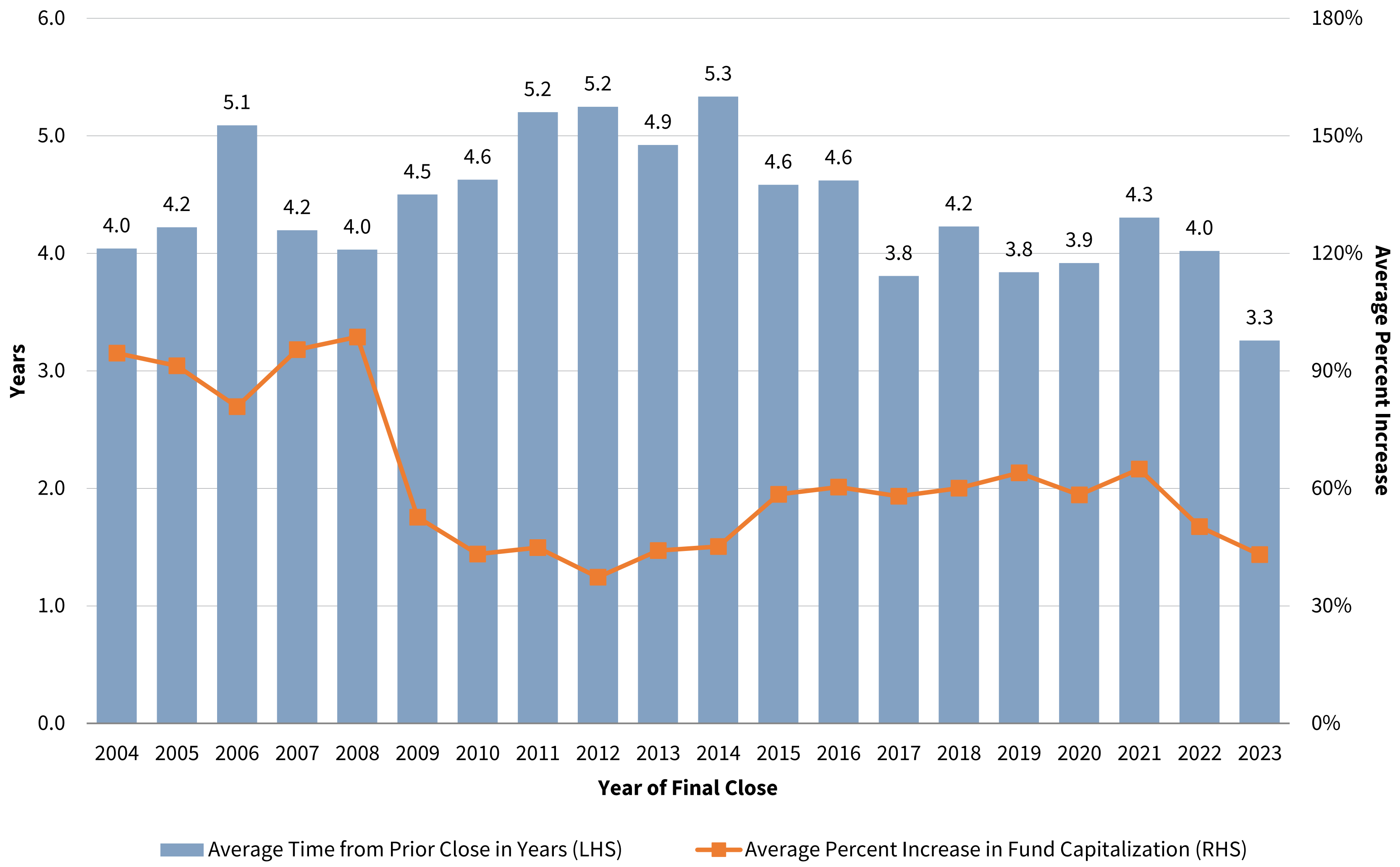
US BUYOUTS, GROWTH EQUITY, VENTURE CAPITAL, AND S&P 500 CUMULATIVE TIME TO RECOVERY
Private investment data as of June 30, 2024 • S&P 500 data as of September 30, 2024



Sources: Cambridge Associates LLC, Standard and Poor's, and Thomson Reuters Datastream.
Notes: Cumulative TVPI and percent change are based on returns that are net of fees, expenses and carried interest. Private investment cumulative returns calculated for vintage years 2016-2021.

Today’s Investment Pace Likely to Lead to a “Return to Normal” for Fundraising Cycles

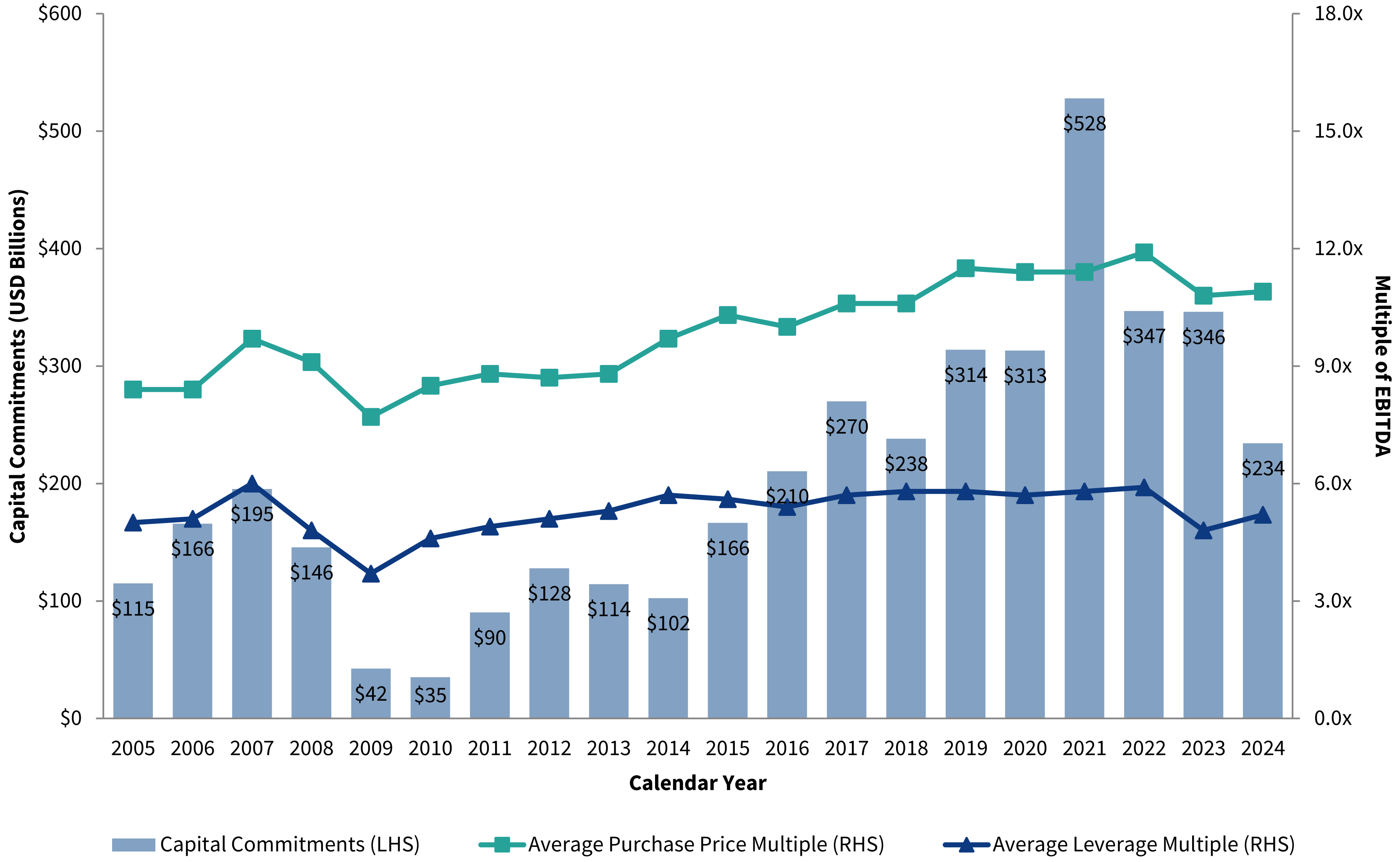
US BUYOUTS: AVERAGE TIME SINCE CLOSE OF PREDECESSOR FUND BY FINAL CLOSE YEAR
As of February 2024



Source: Cambridge Associates LLC.
Notes: Data as of February 22, 2024. Includes US buyout funds only. Year of final close represents the year in which the subsequent fund held its final close. Averages of time between predecessor and subsequent fund are taken for the fund immediately preceding the subsequent fund within the same strategy. Funds without a prior fund have been excluded.

Leverage in PE has remained relatively steady while PPMs have slowly climbed

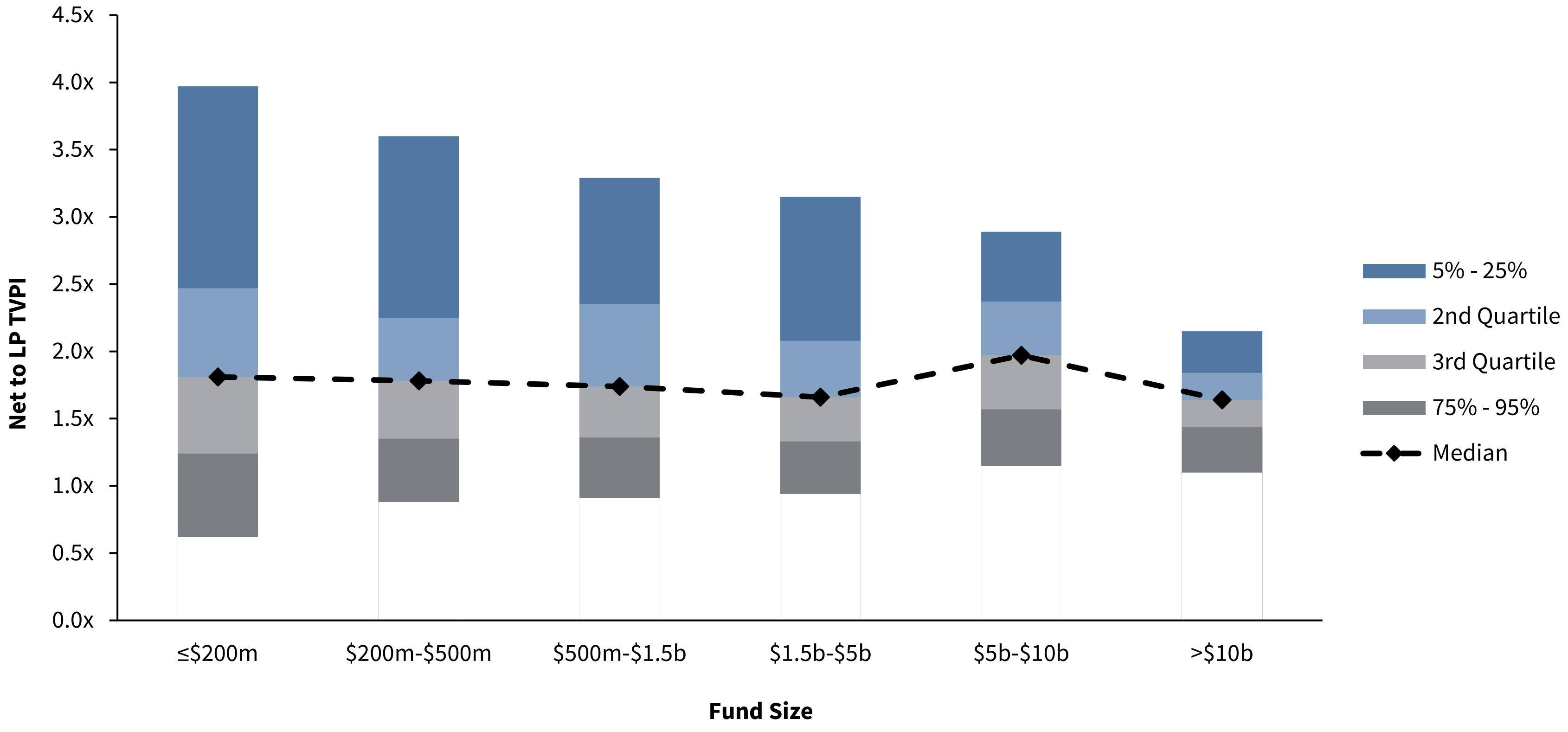
US PRIVATE EQUITY: COMMITMENTS, EBITDA PURCHASE PRICE AND LEVERAGE MULTIPLES
As of December 31, 2024 ● US Dollar



Sources: Cambridge Associates LLC, Standard & Poor's LCD, and PitchBook Data, Inc.
Notes: Purchase price multiple is defined as enterprise value over EBITDA and leverage multiple is defined as net debt over EBITDA.

The lower middle market has been a good place to be in buyouts

US PRIVATE EQUITY: TVPI DISPERSION BY FUND SIZE
As of September 30, 2024 • Vintage Years 1983-2021

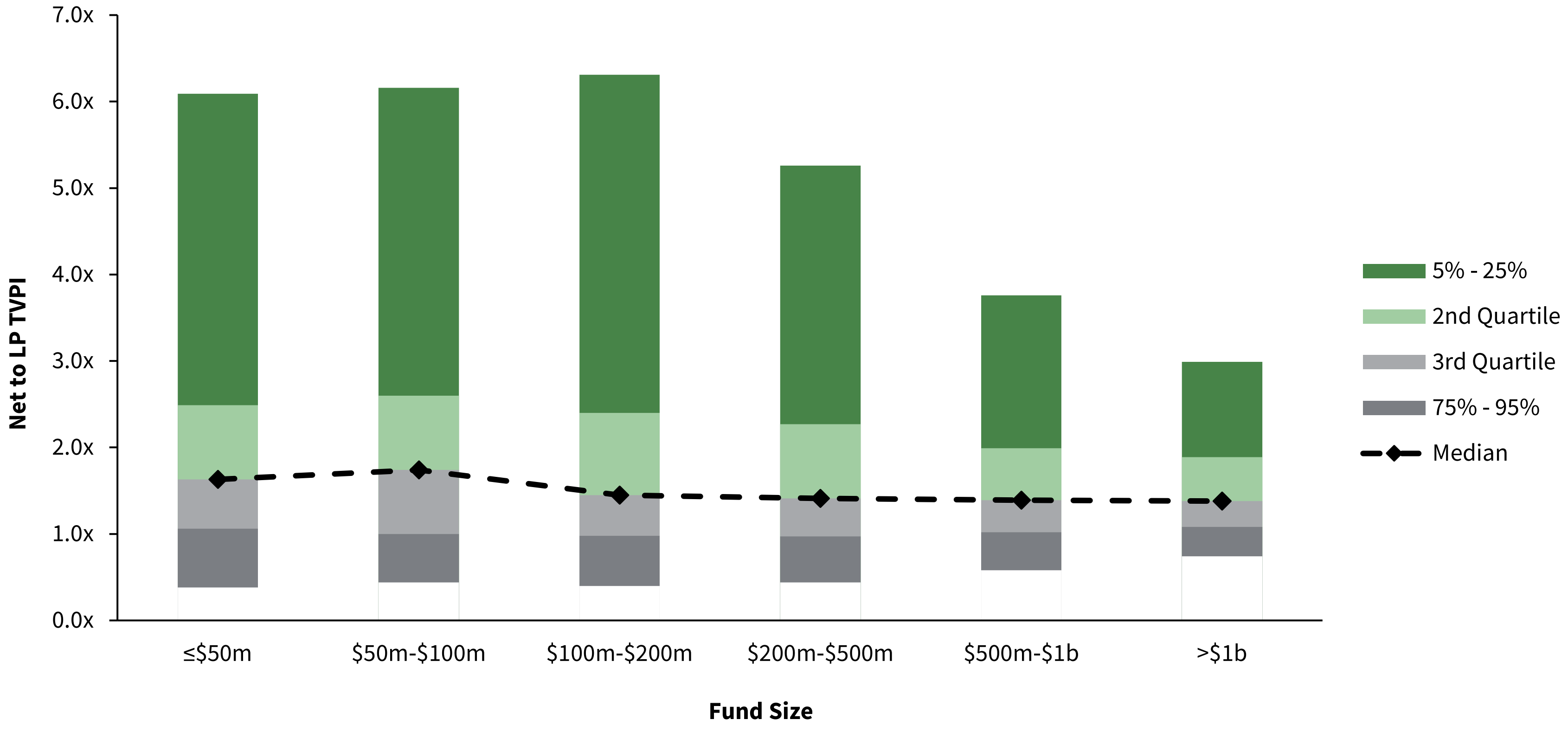


N	312	385	457	246	45	37
5%	4.0X	3.6X	3.3X	3.2X	2.9X	2.2X
25%	2.5X	2.3X	2.4X	2.1X	2.4X	1.8X
MEDIAN	1.8X	1.8X	1.7X	1.7X	2.0X	1.6X
75%	1.2X	1.4X	1.4X	1.3X	1.6X	1.4X
95%	0.6X	0.9X	0.9X	0.9X	1.2X	1.1X

Source: Cambridge Associates LLC.
Notes: Pooled returns are net of fees, expenses and carried interest. Private equity includes buyout and growth equity funds. Funds less than three years old are considered too young to have produced meaningful returns; those vintages have been excluded from this analysis.

Smaller venture managers have typically had more upside on a TVPI basis

US VENTURE CAPITAL: TVPI DISPERSION BY FUND SIZE
As of September 30, 2024 • Vintage Years 1981-2021

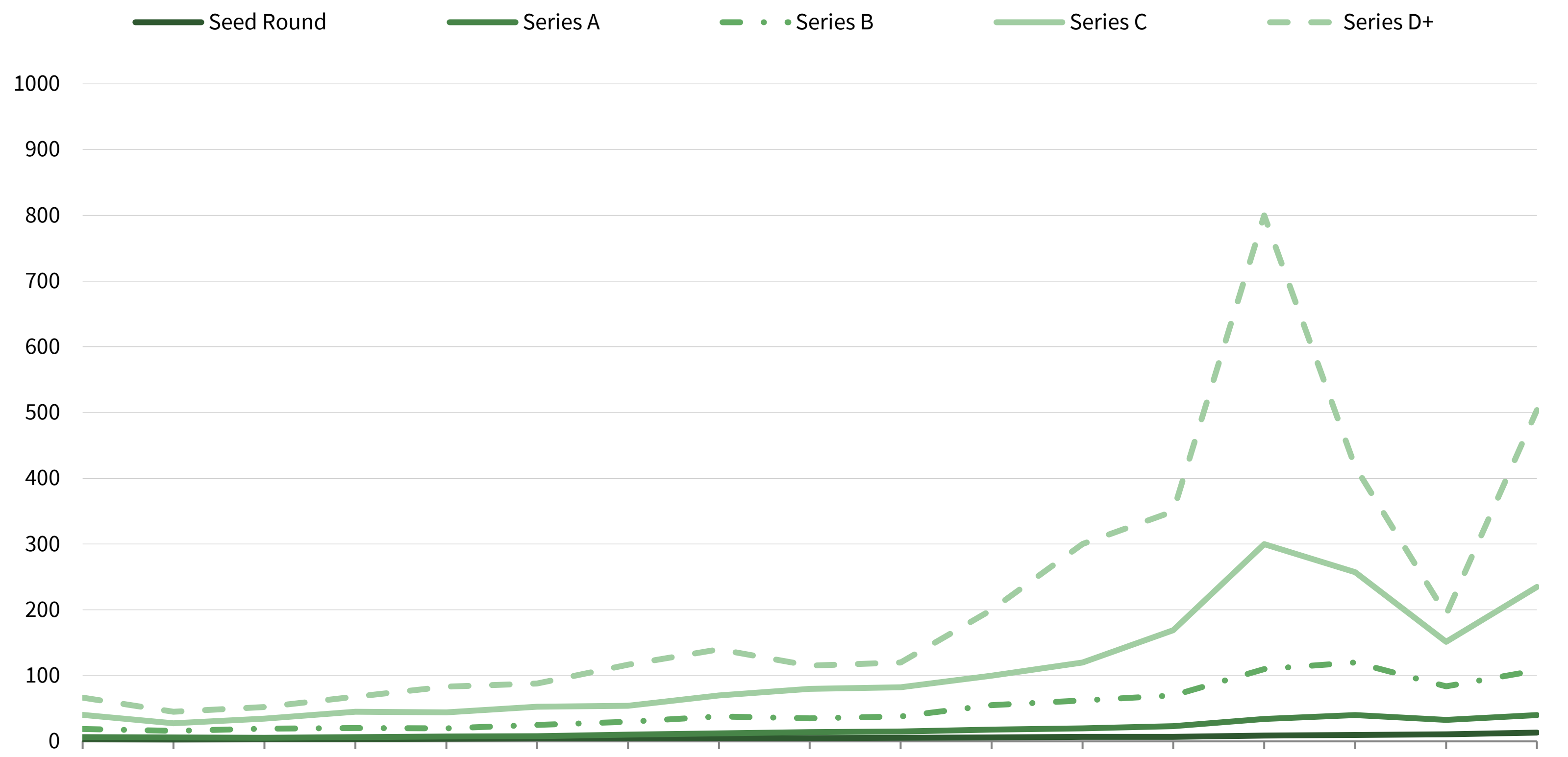


N	527	417	510	601	243	50
5%	6.1X	6.2X	6.3X	5.3X	3.8X	3.0X
25%	2.5X	2.6X	2.4X	2.3X	2.0X	1.9X
MEDIAN	1.6X	1.7X	1.5X	1.4X	1.4X	1.4X
75%	1.1X	1.0X	1.0X	1.0X	1.0X	1.1X
95%	0.4X	0.4X	0.4X	0.4X	0.6X	0.7X

Source: Cambridge Associates LLC.
Notes: Pooled returns are net of fees, expenses and carried interest. Funds less than three years old are considered too young to have produced meaningful returns; those vintages have been excluded from this analysis.

Late-stage venture valuations peaked in 2021 and are slowly coming back to earth

US VENTURE CAPITAL: MEDIAN PRE-MONEY VALUATIONS BY STAGE
As of December 31, 2024 • USD Millions



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
SEED ROUND	3.3	2.8	3.3	3.6	4.0	4.4	4.6	5.0	5.0	5.6	6.0	6.8	7.0	9.0	10.0	10.5	13.4
SERIES A	6.5	6.0	5.5	6.5	7.6	8.0	10.2	12.1	14.0	15.0	18.0	20.0	23.0	34.0	40.0	32.6	40.0
SERIES B	19.0	16.0	19.3	20.2	20.0	25.1	30.0	38.0	35.2	38.0	55.0	62.5	70.0	110.0	120.0	83.6	108.1
SERIES C	40.4	27.5	34.4	45.0	44.3	52.7	54.2	70.0	80.0	82.1	100.0	120.0	169.0	300.0	257.5	151.4	235.0
SERIES D+	66.4	45.1	52.2	67.8	83.0	88.0	116.8	140.0	115.0	120.0	200.0	300.0	350.0	800.0	417.5	193.0	504.0

Source: PitchBook Data, Inc.
Notes: Data for the current year are through the as of date for this analysis.

INVESTMENT ADVISORY COUNCIL

FLORIDA RETIREMENT SYSTEM (FRS) INVESTMENT PLAN

and

MyFRS FINANCIAL GUIDANCE PROGRAM

State Board of Administration
June 3, 2025

FRS INVESTMENT PLAN REVIEW

Office of Defined Contribution Programs

Daniel Beard, Chief of Defined Contribution Programs
Mini Watson, Director of Administration
Allison Olson, Director of Educational Services

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

FRS PENSION PLAN AND INVESTMENT PLAN

The State of Florida offers public employees the option to participate in one of two retirement plans.

Traditional Defined Benefit Plan- Pension

- Funded by mandatory employer and employee contributions
- Has been in existence since 1970
- Assets: $200.4 B (as of 3/31/25)

401(a) Defined Contribution Plan- Investment

- Funded by mandatory employer and employee contributions
- Has been in existence since July 2002
- Assets: $18.5 B (as of 3/31/25)

SBA FLORIDA STATE BOARD OF ADMINISTRATION

PENSION PLAN AND INVESTMENT PLAN

- New employees, at the time of hire, choose to enroll in one of the two FRS Plans – the Pension Plan or Investment Plan.

- The Division of Retirement within the Department of Management Services is responsible for the day-to-day administration of the Pension Plan.

- The State Board of Administration (SBA) is responsible for the day-to-day administration of the Investment Plan.
  - All major components – recordkeeping, custodian services, benefit payments are outsourced as mandated by Florida Statutes.

SBA FLORIDA STATE BOARD OF ADMINISTRATION

GOVERNANCE

- Section 121.4501 – Florida Legislature passed legislation in 2000 mandating the establishment of a defined contribution plan under the FRS. It also included provisions for an educational component for ALL FRS employees.
  - Directed that the State Board of Administration Trustees (Trustees) would be the responsible governing entity.

- Executive Director
  - Delegated authority by Trustees to oversee the implementation and ongoing oversight of the Investment Plan and education component.

- Deputy Executive Director and Chief Investment Officer
  - Provide guidance and input on Investment Plan administration and education component.

SBA FLORIDA STATE BOARD OF ADMINISTRATION

GOVERNANCE (continued)

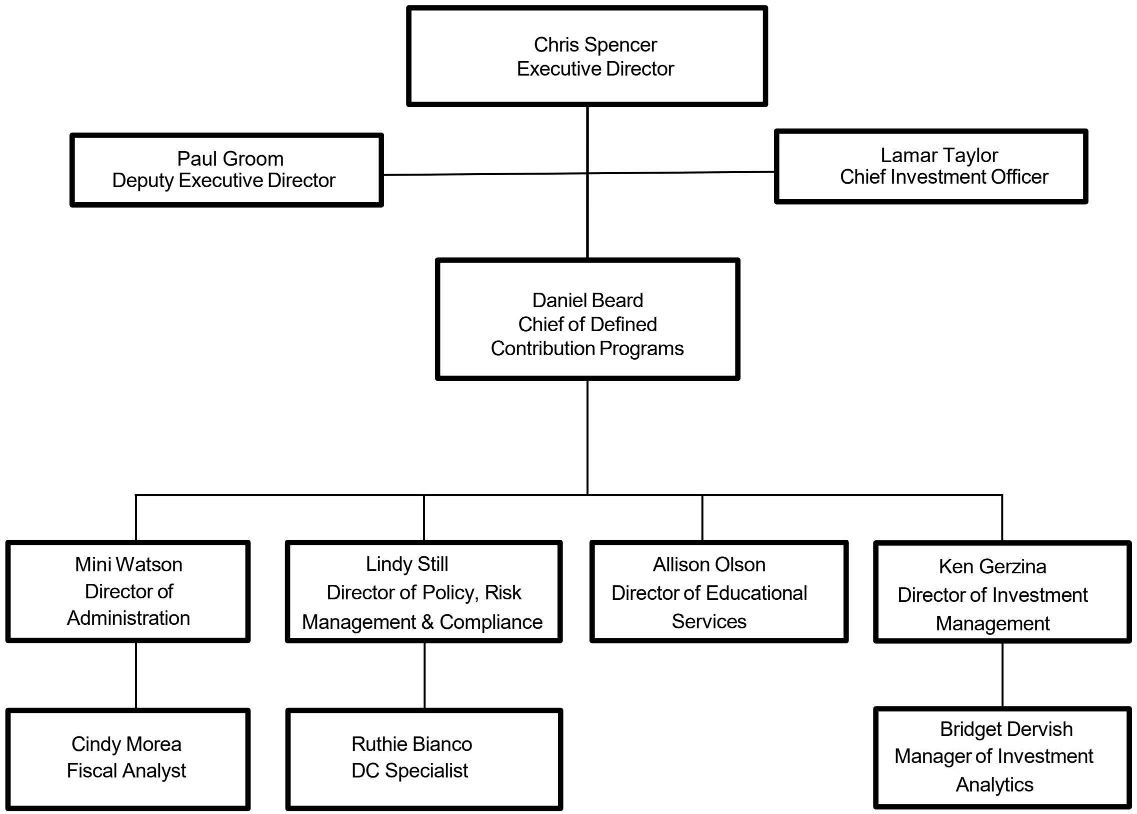
- Chief of Defined Contribution Programs
  - Delegated authority by Executive Director to oversee the administrative duties and responsibilities for the contract management of all service providers for the Investment Plan and the Financial Guidance Program.

- Investment Advisory Council (IAC)
  - Sections 121.4501(12) and (14) – states role of the IAC to the Investment Plan:
    - Assist the SBA with administering the Investment Plan.
    - May provide comments on recommendations on providers and investment products.
    - Will review any proposed changes to the Investment Policy Statement and present the result of the review to the Trustees.

SBA FLORIDA STATE BOARD OF ADMINISTRATION

OFFICE OF DEFINED CONTRIBUTION PROGRAMS

Organizational Chart



SBA FLORIDA
STATE BOARD OF ADMINISTRATION

FLORIDA RETIREMENT SYSTEM

(as of March 31, 2025)

Participating Employers	
• State Agencies – 45 • State Universities – 12 • State Colleges - 28 • County Agencies – 397 • School Boards – 67 • State Colleges – 28 • Cities – 186 • Independent Hospitals – 2 • Special Districts – 152 • Charter Schools – 97 • Other – 12	**998** **Total Employers**

Plan	Members	Retirees
Investment Plan – 1 year vesting (Defined Contribution)	**369,667**	**222,267**
Pension Plan – 8 year vesting (Defined Benefit)	**416,745***	**461,541**

*Active Members

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

OVERVIEW OF THE INVESTMENT PLAN ADMINISTRATION

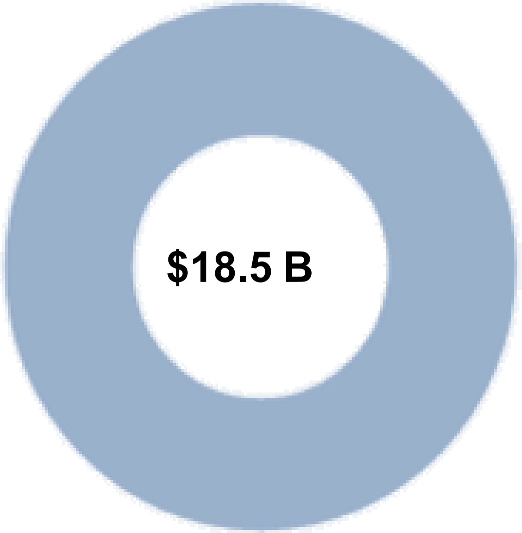
Mini Watson

Director of Administration

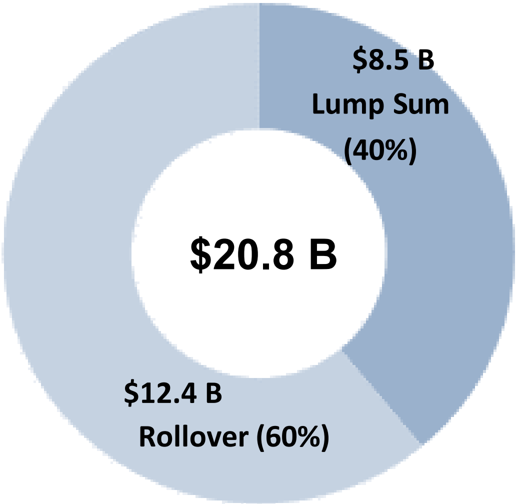
FRS INVESTMENT PLAN SNAPSHOT

(Inception to March 31, 2025)

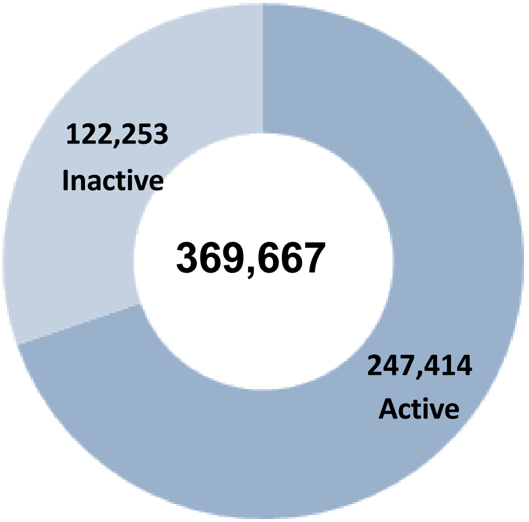
Assets



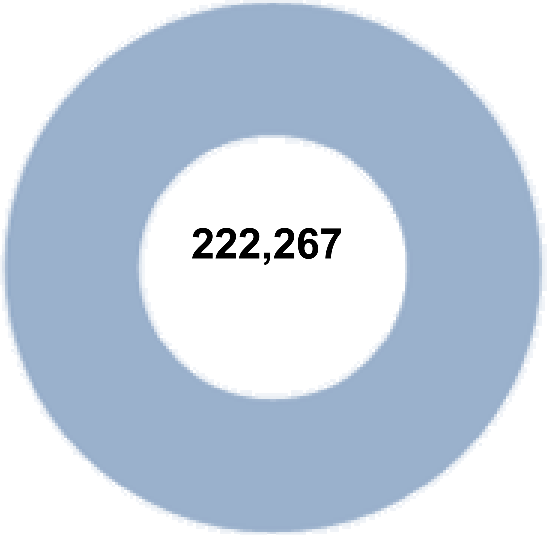
Distributions



Members



Retirees



Average Statistics
(Active Members)

Female 65% **Male 35%**

Age 45

$51,770 account balance

5.0 years of service

SBA FLORIDA STATE BOARD OF ADMINISTRATION

INVESTMENT PLAN SERVICE PROVIDERS

Alight Solutions

- FRS Plan Choice Administrator/Choice Service Provider
- Investment Plan Administrator (record keeper)
- Self Directed Brokerage Account (SDBA) provider

BNY

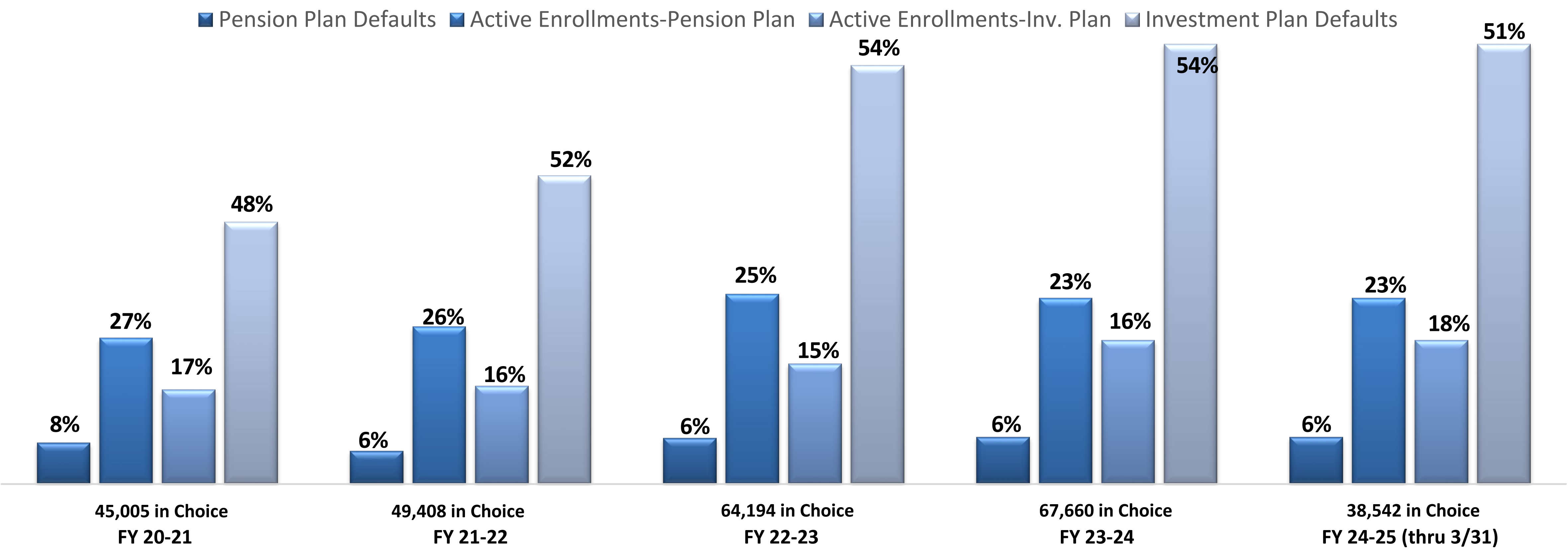
- Investment Plan Custodian Bank
- Benefit Disbursements
- Custody Separate Accounts

Division of Retirement

- Pension Plan Administrator
- Retirement payroll reporting
- Health Insurance Subsidy (HIS) Program
- Disability and In-Line of Duty death benefits for the Investment Plan

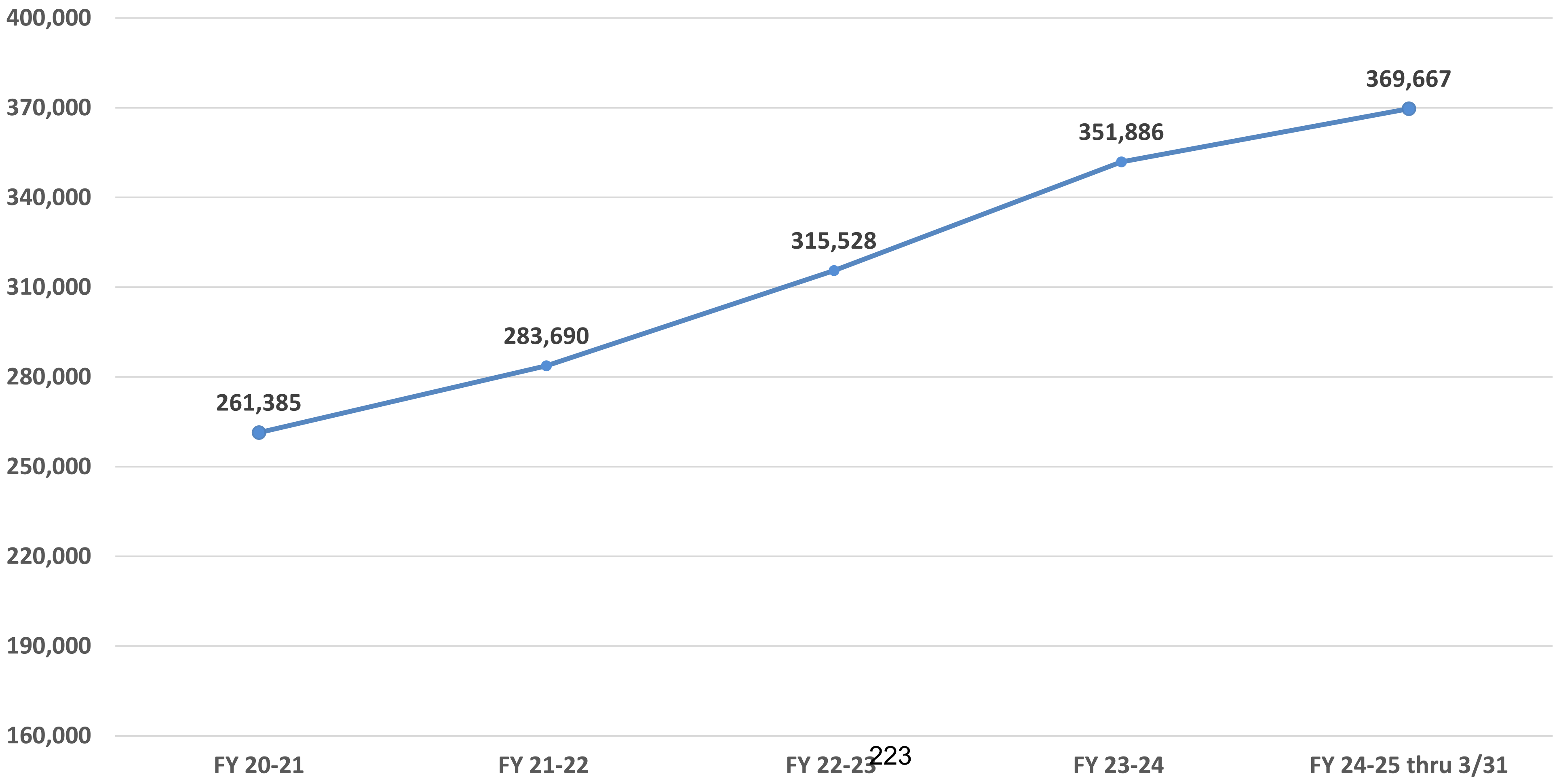
PLAN CHOICE STATISTICS

(as of March 31, 2025)



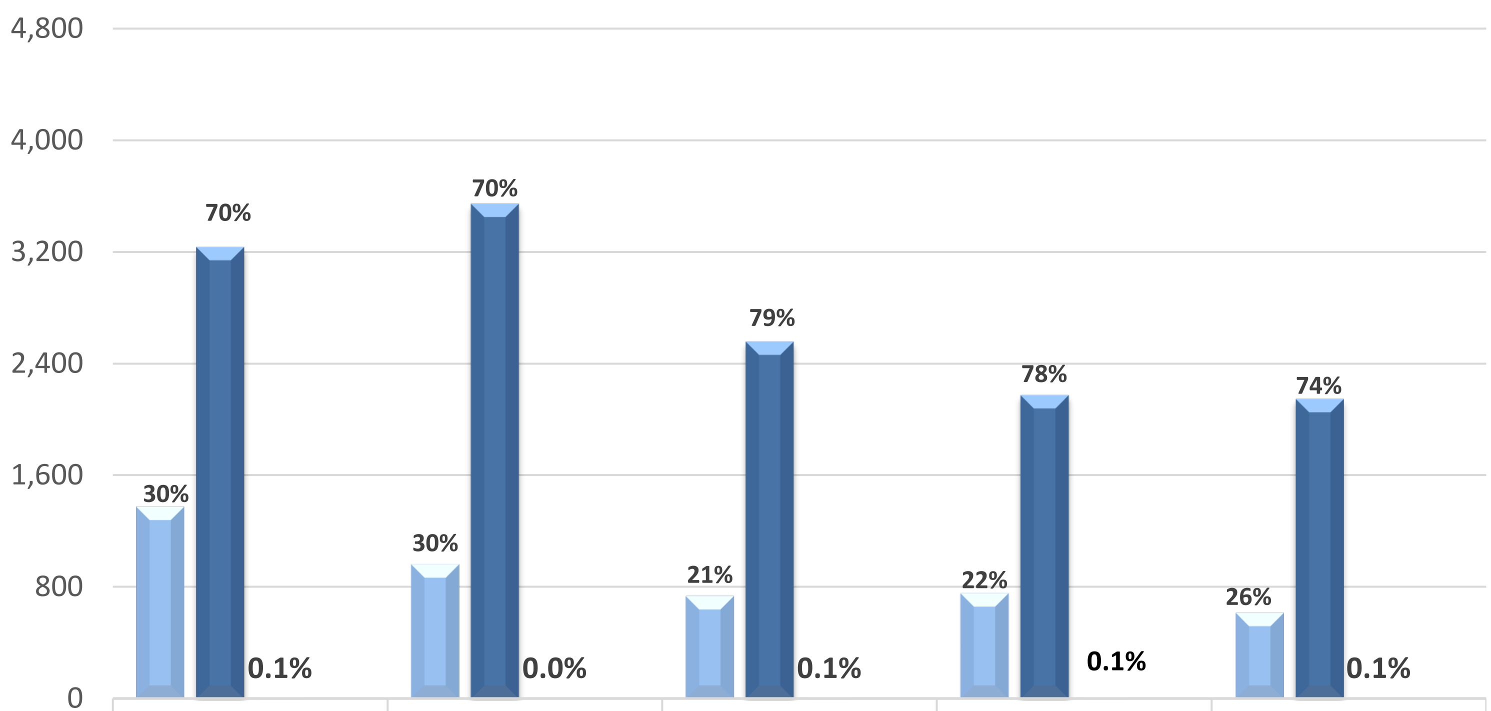
SBA FLORIDA
STATE BOARD OF ADMINISTRATION

INVESTMENT PLAN MEMBERSHIP GROWTH

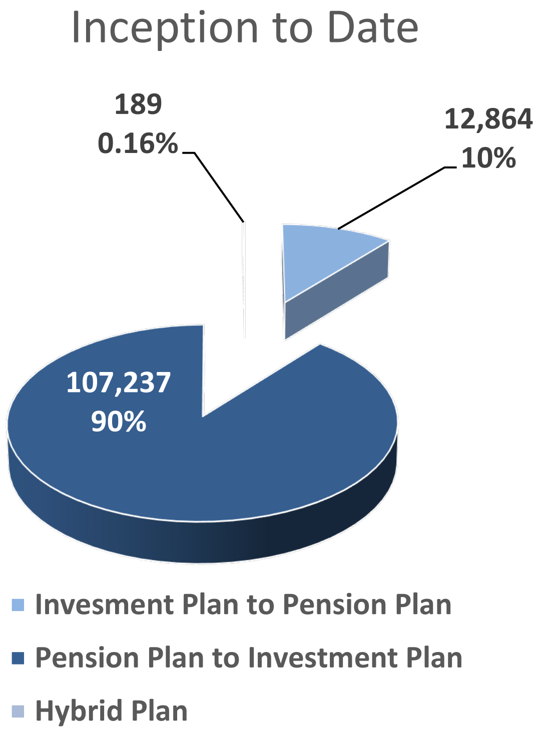


2nd ELECTION STATISTICS

(as of March 31, 2025)



	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Investment to Pension	1370	960	733	752	613
Pension to Investment	3232	3541	2555	2172	2145
Hybrid	2	0	4	2	0
Total	4604	4501	3292	2926	2758



SBA FLORIDA
STATE BOARD OF ADMINISTRATION

ADMINISTRATION STATISTICS

(July 2023 through March 2024)

Alight Solutions

- Processed **2,337,092** member contributions postings totaling **$848M**
- Sent an average of **396,130** quarterly statements
- Generated **2,554,151** personalized communications
- Received **52,797** telephone calls

BNY

- Mailed **12,791** distribution checks
- Direct deposited **48,051** distribution payments
- Assets under custody **$18.5 B**

REQUESTS FOR INTERVENTION

- **Total Complaints Fiscal Year to March 31, 2025: 436**
- **Total Complaints Inception to March 31, 2025: 8,212**
- **Top 5 Reasons for Filing Complaint:**
  - **Terminated Employment Prior to Election Receipt**
  - **Requesting 3rd Election**
  - **Distribution (Hardship/Emergency)**
  - **Dispute of First Election**
  - **Did Not Earn Salary/Service Credit the Month Election was Received**

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

OVERVIEW OF THE FINANCIAL GUIDANCE PROGRAM

Allison Olson

Director of Educational Services

FINANCIAL GUIDANCE PROGRAM SERVICE PROVIDERS

EY

- Financial planners
- Provide unbiased financial planning guidance via telephone\chats
- Conduct retirement/financial planning workshops

AFA

- Online personal ADVISOR SERVICE

Alight

- Design, printing, focus groups
- Online 1st & 2nd Election Choice Services

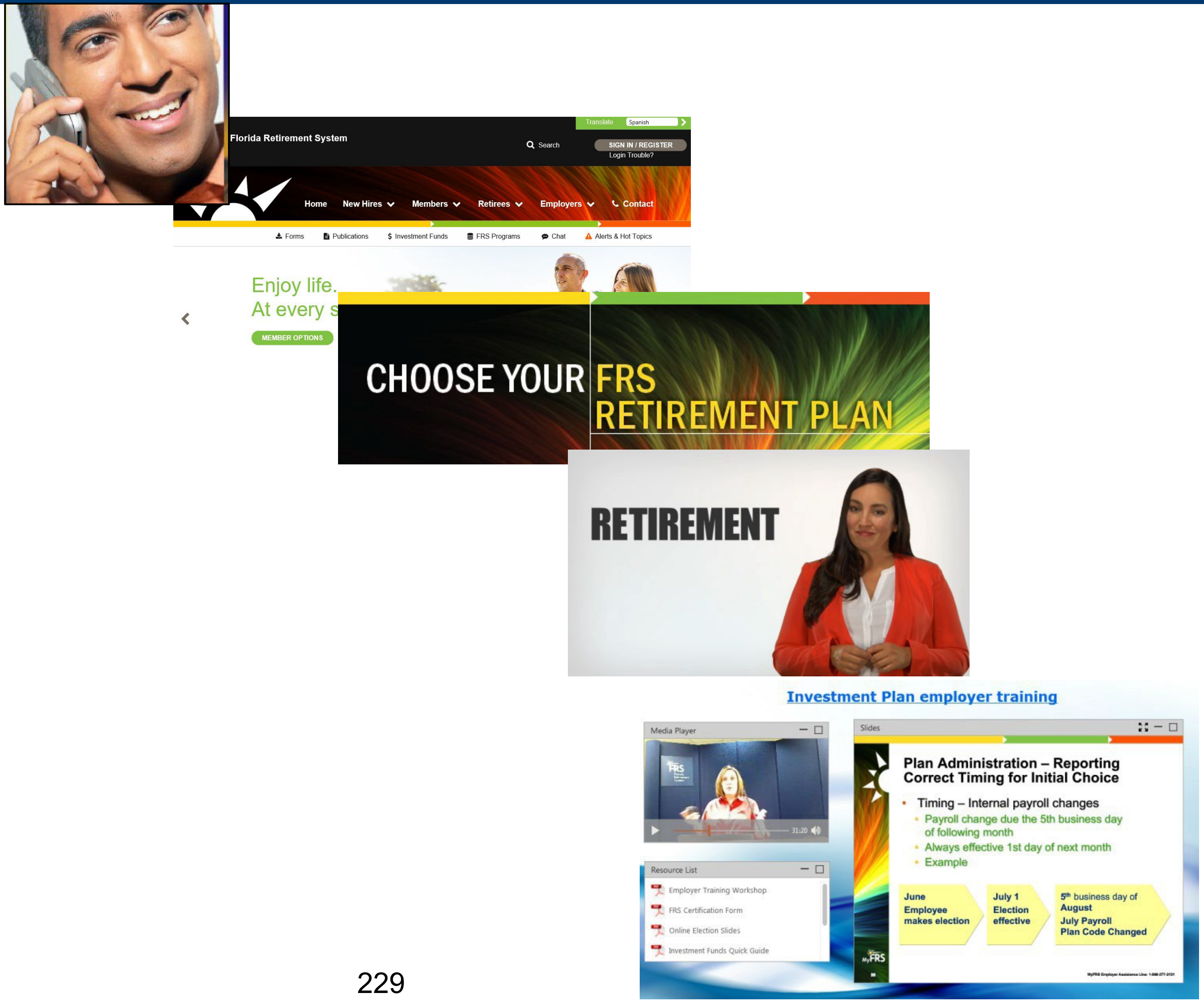
MetLife

- Fixed lifetime annuities
- Deferred lifetime annuities (QLAC)

The MyFRS Financial Guidance Program is for ALL FRS Pension and Investment Plan Members.

MyFRS FINANCIAL GUIDANCE PROGRAM

- Telephone
- MyFRS.com
- Print
- Videos
- Workshops/Webcasts



MyFRS FINANCIAL GUIDANCE PROGRAM

(April 1, 2024-March 31, 2025)

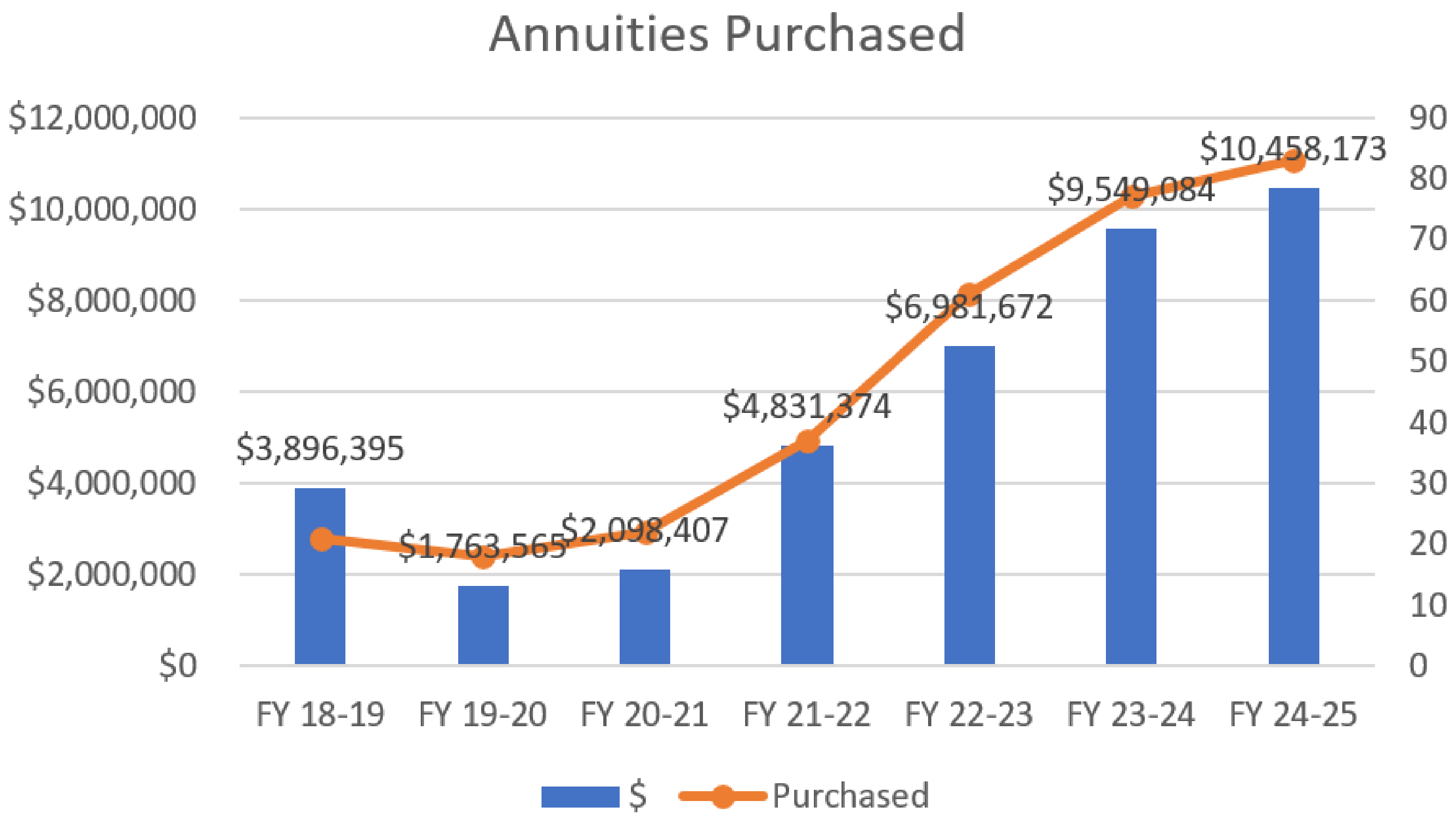
INVESTMENT EDUCATION

EY FINANCIAL PLANNER CALLS	FINANCIAL PLANNING WORKSHOPS	ATTENDANCE FINANCIAL WORKSHOPS	WEBSITE HITS	WEBSITE CHATS
287,975	551	24,198	2,949,910	137,716
+0%	-6%	-4%	+11%	+38%

(% change from previous 12 months)

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

ANNUITIES PURCHASED



429 Total Annuities purchased inception to date - $53.6 million

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

EDUCATION HIGHLIGHTS

- In July 2024, the new online Advisor Service went live on MyFRS.com.

- Upgrade security to the MyFRS.com website, to include leaked credential detection at the time of login to the MyFRS.com website and modifications to the registration and change/forgot password process.

SBA FLORIDA STATE BOARD OF ADMINISTRATION

OVERVIEW OF THE INVESTMENT PLAN
INVESTMENT FUND OPTIONS

Daniel Beard

Chief of Defined Contribution Programs

ASSET CLASS PERFORMANCE

(as of March 31, 2025)

	QTD	FYTD	1 Yr	3 Yr	5 Yr	Incept.
Total Fund	-0.69%	4.31%	5.73%	4.89%	10.98%	7.07%
Stable Value	0.74%	2.33%	3.10%	2.65%	2.35%	2.24%
Inflation Protected Assets & TIPS*	3.57%	5.43%	5.51%	-0.46%	6.23%	2.18%
Fixed Income	2.45%	5.34%	5.87%	1.78%	1.53%	4.03%
Domestic Equities	-4.49%	3.64%	6.07%	8.04%	18.13%	10.66%
Global & International Equities	4.96%	5.11%	6.19%	4.86%	11.91%	7.66%
Retirement Date Funds	0.06%	4.89%	6.15%	4.29%	10.31%	6.21%
Real Estate	1.33%	5.08%	3.16%	-3.61%	3.68%	4.19%
TF x RDFs	-1.71%	3.54%	5.12%	5.56%	11.67%	7.16%

*Prior to 2014, TIPS only.
Retirement Date Funds Inception July 1, 2014
TF x RDFs Inception July 1, 2014
Stable Value Fund Inception July 1, 2021

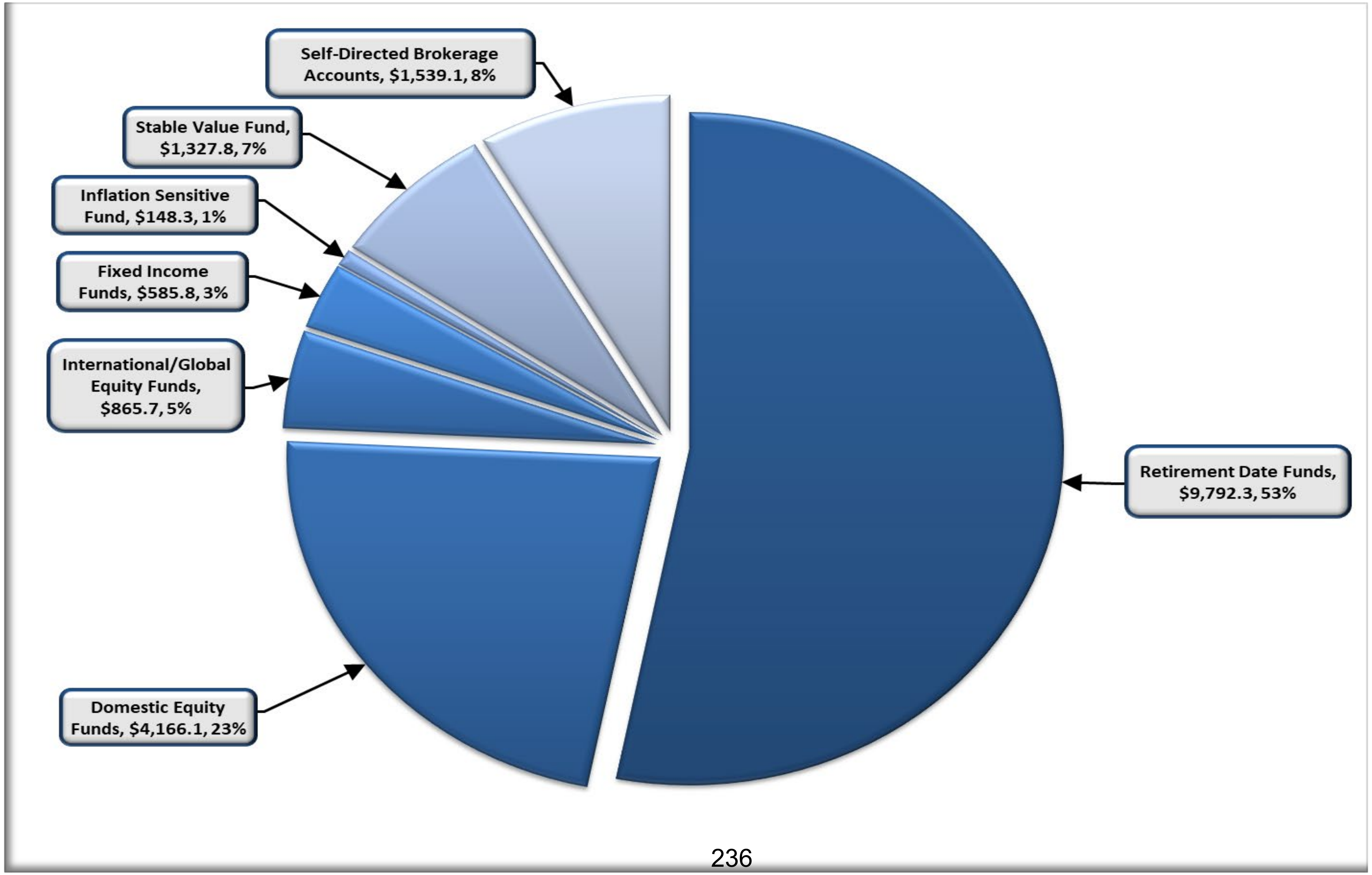
INVESTMENT PLAN AVAILABLE FUND OPTIONS

as of March 31, 2025 (fees bps)

9 Core Funds – White Labeled	11 Retirement Date Funds – White Labeled
➢ FRS Stable Value Fund (8 bps)	➢ FRS 2065 Retirement Date Fund (2065) (12 bps)
➢ FRS Inflation Sensitive Fund (35 bps)	➢ FRS 2060 Retirement Date Fund (2060) (12 bps)
➢ FRS U.S. Bond Enhanced Index Fund (4 bps)	➢ FRS 2055 Retirement Date Fund (2055) (12 bps)
➢ FRS Diversified Income Fund (25 bps)	➢ FRS 2050 Retirement Date Fund (2050) (12 bps)
➢ FRS U.S. Stock Market Index Fund (1 bps)	➢ FRS 2045 Retirement Date Fund (2045) (13 bps)
➢ FRS U.S. Stock Fund (35 bps)	➢ FRS 2040 Retirement Date Fund (2040) (14 bps)
➢ FRS Foreign Stock Index Fund (2.5 bps)	➢ FRS 2035 Retirement Date Fund (2035) (16 bps)
➢ FRS Foreign Stock Fund (47 bps)	➢ FRS 2030 Retirement Date Fund (2030) (18 bps)
➢ FRS Global Stock Fund (43 bps)	➢ FRS 2025 Retirement Date Fund (2025) (22 bps)
	➢ FRS 2020 Retirement Date Fund (2020) (22 bps)
	➢ FRS Retirement Fund (2000) (20 bps)

FRS INVESTMENT PLAN AUM

(by Asset Class—in $millions, as of March 31, 2025)



Asset allocation is a result of member investment selection

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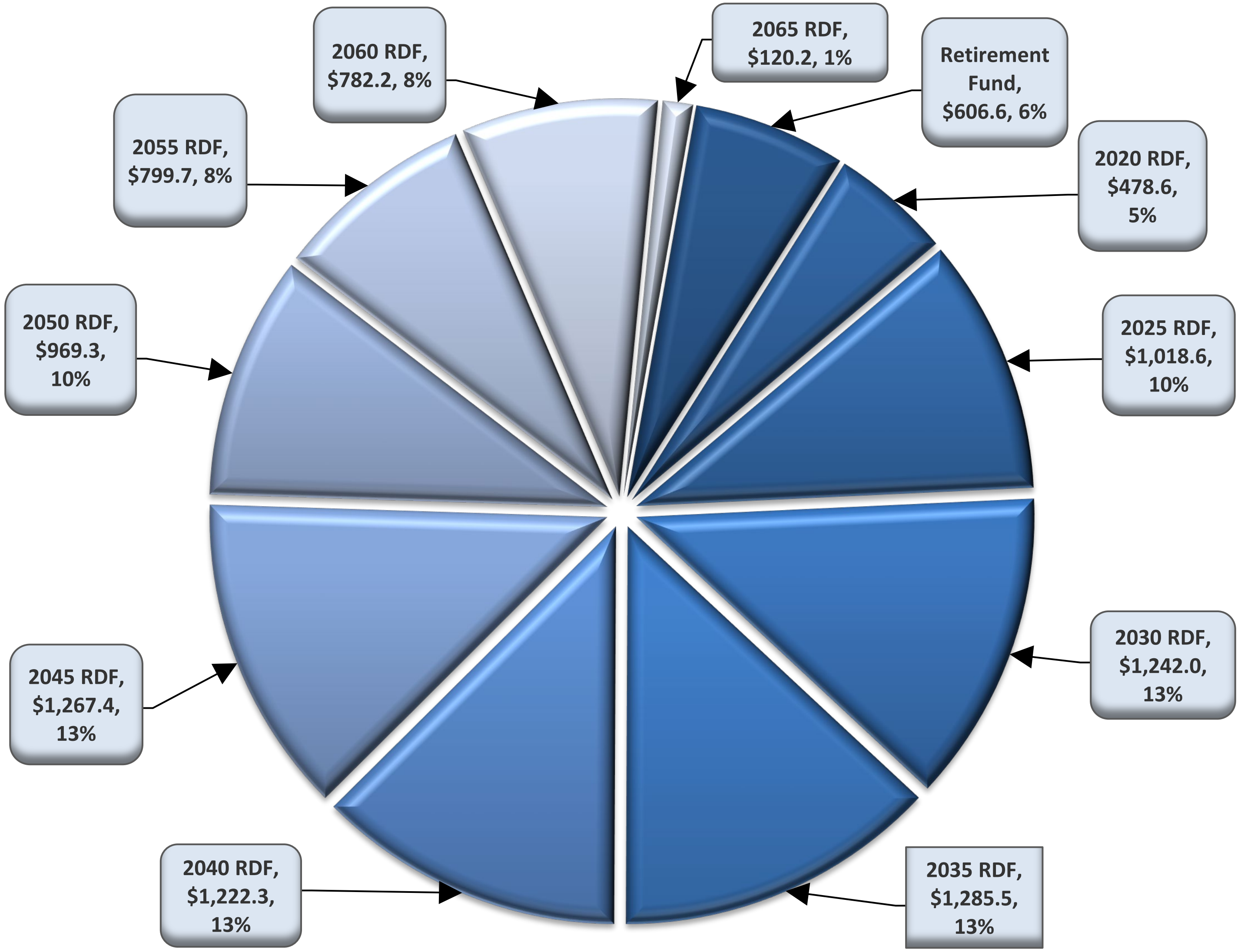
CURRENT RETIREMENT DATE FUNDS

($ RDF Assets in millions, % RDF Assets, as of March 31, 2025)



Assets in each RDF and the Percentage of Members in the Investment Plan
Asset allocation is a result of member investment selection

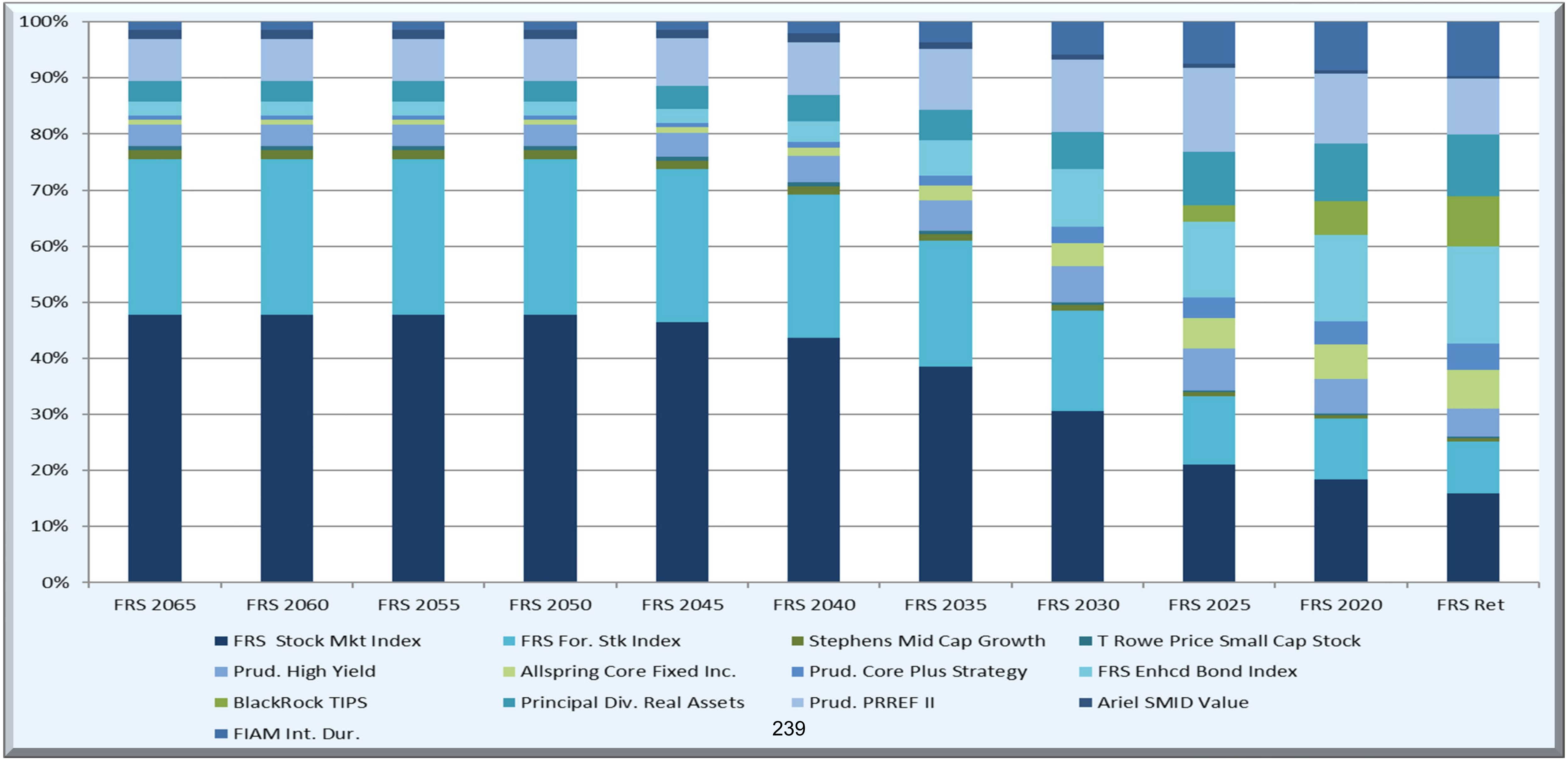
FRS RETIREMENT DATE FUNDS

Investment Manager/Fund Allocations and Fees - Effective July 1, 2025

Underlying Funds	Investment Fund Category	FRS 2065	FRS 2060	FRS 2055	FRS 2050	FRS 2045	FRS 2040	FRS 2035	FRS 2030	FRS 2025	FRS 2020	FRS Retirement Fund
FRS Diversified Income Fund	Bonds	6.80%	6.80%	6.80%	6.80%	7.30%	9.30%	13.30%	19.20%	24.00%	25.10%	26.10%
FRS US Bond Enhanced Index Fund	Bonds	2.50%	2.50%	2.50%	2.50%	2.50%	3.70%	6.40%	10.40%	13.50%	15.40%	17.30%
FRS US Stock Market Index Fund	U.S. Stocks	47.70%	47.70%	47.70%	47.70%	46.50%	43.70%	38.50%	30.60%	21.00%	18.40%	15.90%
Stephens Mid Cap Growth Fund	U.S. Stocks	1.60%	1.60%	1.60%	1.60%	1.50%	1.50%	1.30%	1.00%	0.70%	0.60%	0.60%
T Rowe Price Small Cap Stock Fund	U.S. Stocks	0.80%	0.80%	0.80%	0.80%	0.80%	0.70%	0.60%	0.50%	0.40%	0.30%	0.30%
Ariel Small Mid Cap Value Fund	U.S. Stocks	1.60%	1.60%	1.60%	1.60%	1.50%	1.50%	1.30%	1.00%	0.70%	0.60%	0.50%
FRS Foreign Stock Index Fund	Foreign Stocks	27.80%	27.80%	27.80%	27.80%	27.20%	25.50%	22.40%	17.90%	12.20%	10.80%	9.30%
FRS Inflation Sensitive Fund	Real Assets	3.70%	3.70%	3.70%	3.70%	4.20%	4.70%	5.40%	6.50%	12.50%	16.30%	20.00%
Prudential Retirement Real Estate Fund II	Real Estate	7.50%	7.50%	7.50%	7.50%	8.50%	9.40%	10.80%	12.90%	15.00%	12.50%	10.00%
Current Weighted Average Fees (per $1,000)		$1.20	$1.20	$1.20	$1.20	$1.30	$1.40	$1.60	$1.90	$2.30	$2.10	$2.00

FRS RETIREMENT DATE FUNDS

Investment Manager Allocations- Effective July 1, 2025



2025-26 INITIATIVES

Investment Option Updates

- Update RDF Glidepath allocations effective July 1, 2025
- Continue to evaluate the SBA managing assets for the FRS Investment Plan
- Investment Plan Structure Review

Plan Administration Initiatives

- Add a 7 day wait period for an Investment Plan member to process a distribution after any account demographic updates
- Continue outreach to Investment Plan members with Per Florida Law beneficiary designation
- Add beneficiary reminder information to Investment Plan members who receive Annual Account statements
- Retirement Adequacy Study

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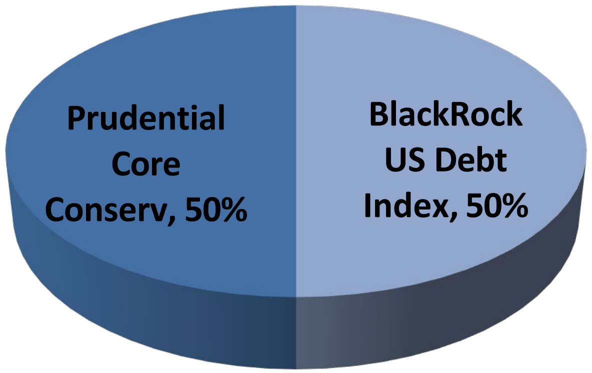
Q&A

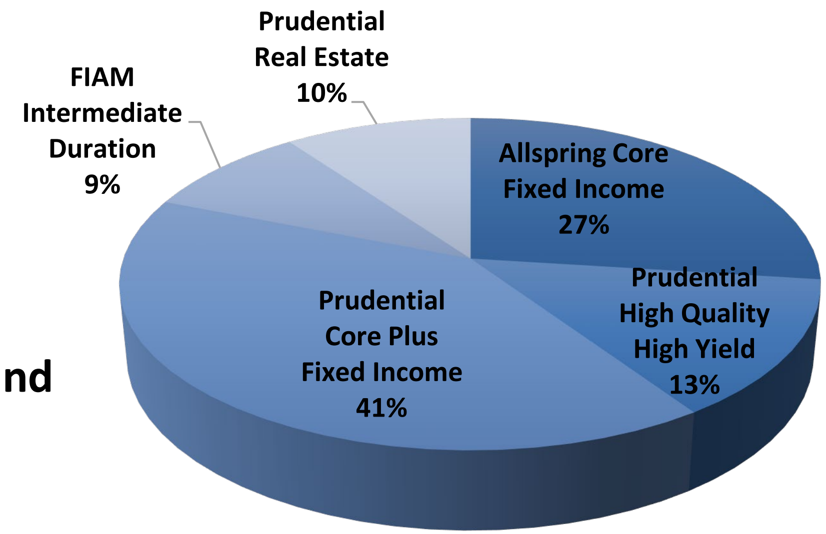
FRS INVESTMENT PLAN MULTI-MANAGER FUNDS

(% Allocations by Investment Manager)

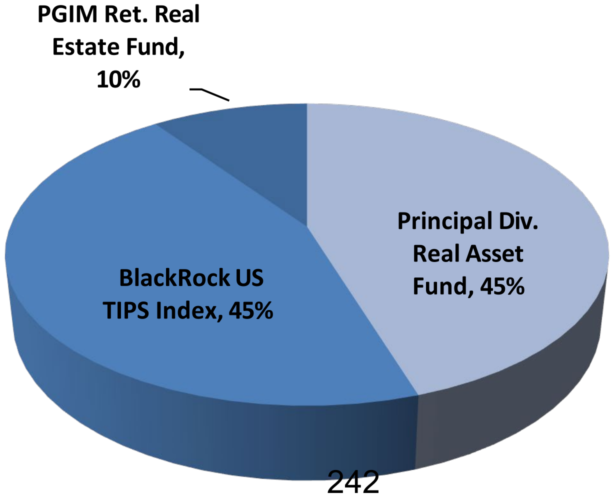
FRS US Enhanced Bond Index Fund



FRS Diversified Income Fund



FRS Inflation Sensitive Fund



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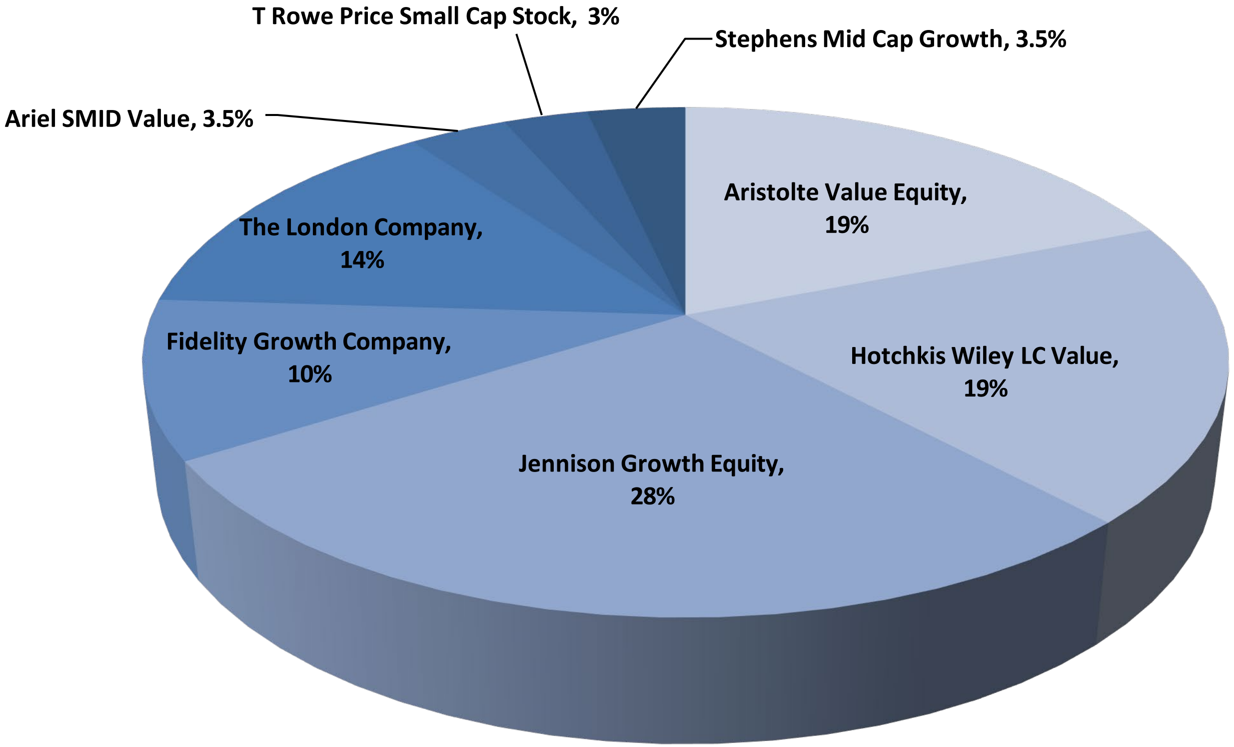
FRS INVESTMENT PLAN MULTI-MANAGER FUNDS

(% Allocations by Investment Manager)

FRS US Stock Fund



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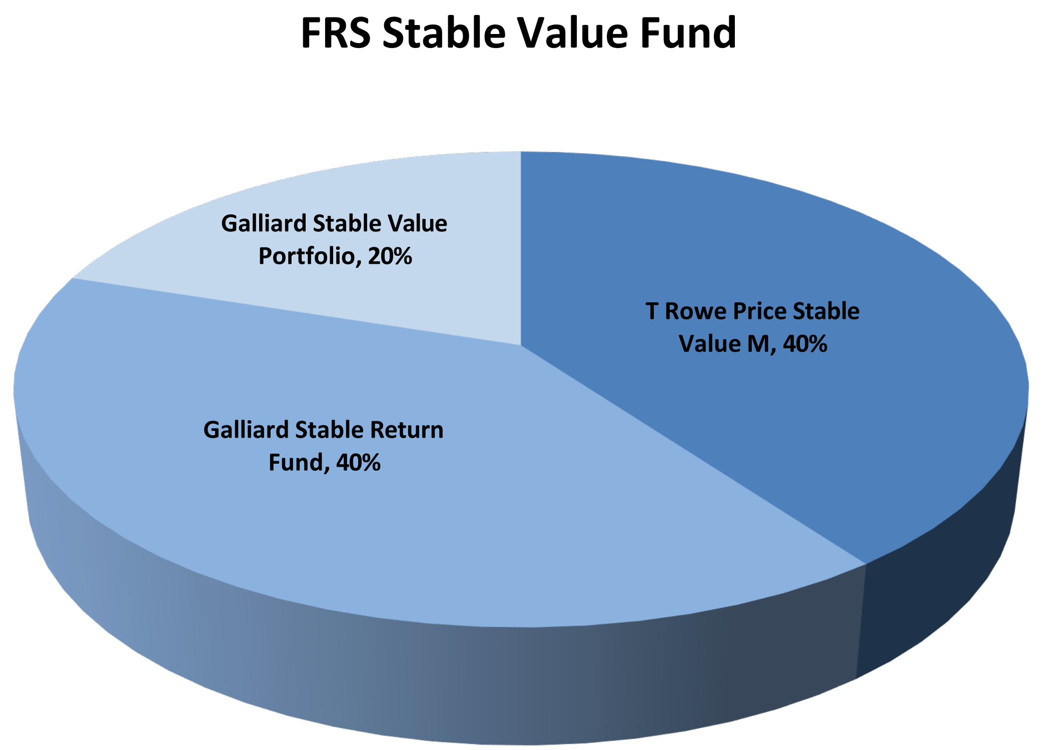
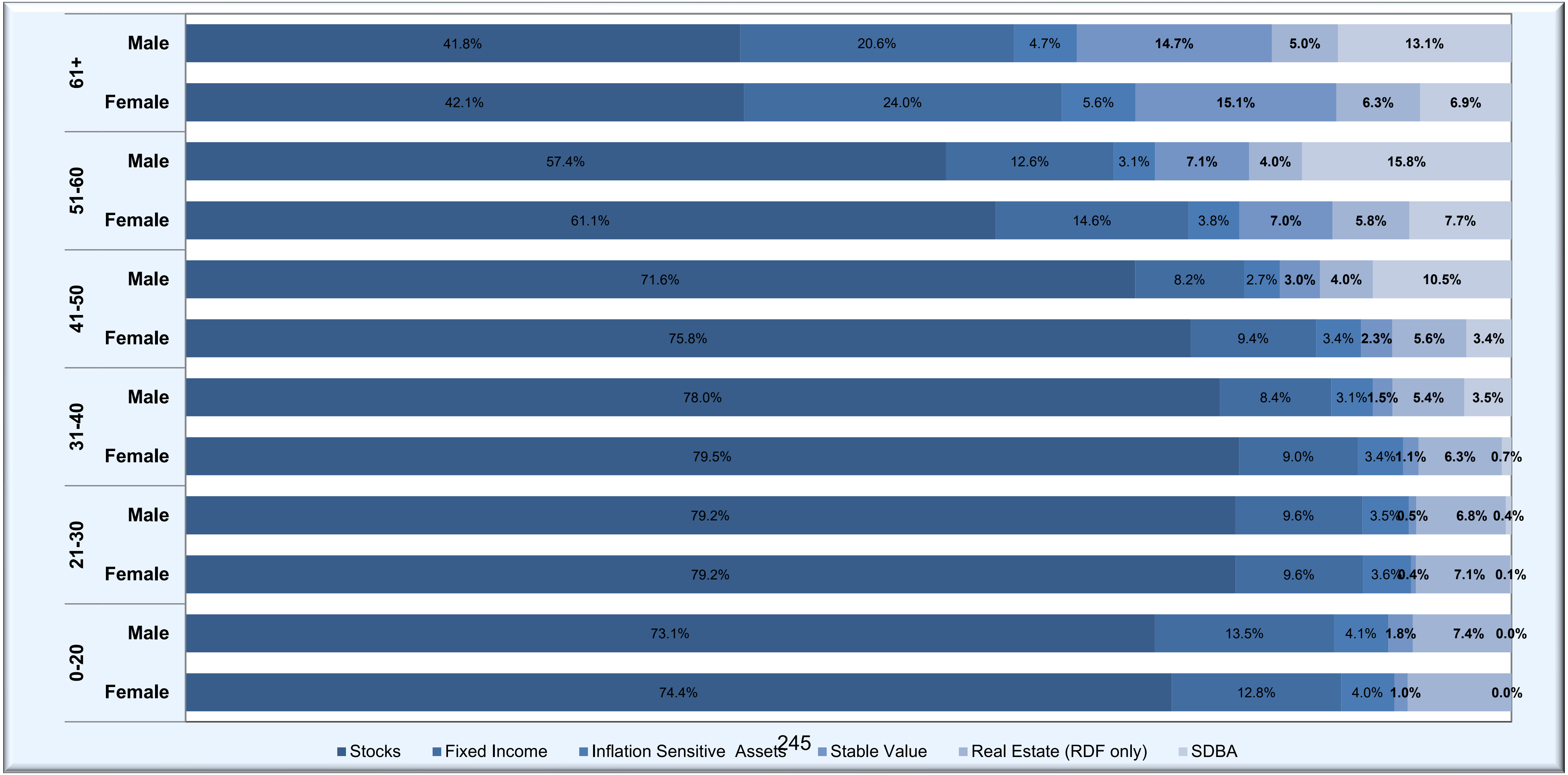
FRS INVESTMENT PLAN STABLE VALUE FUND

(% Allocations by Investment Manager)



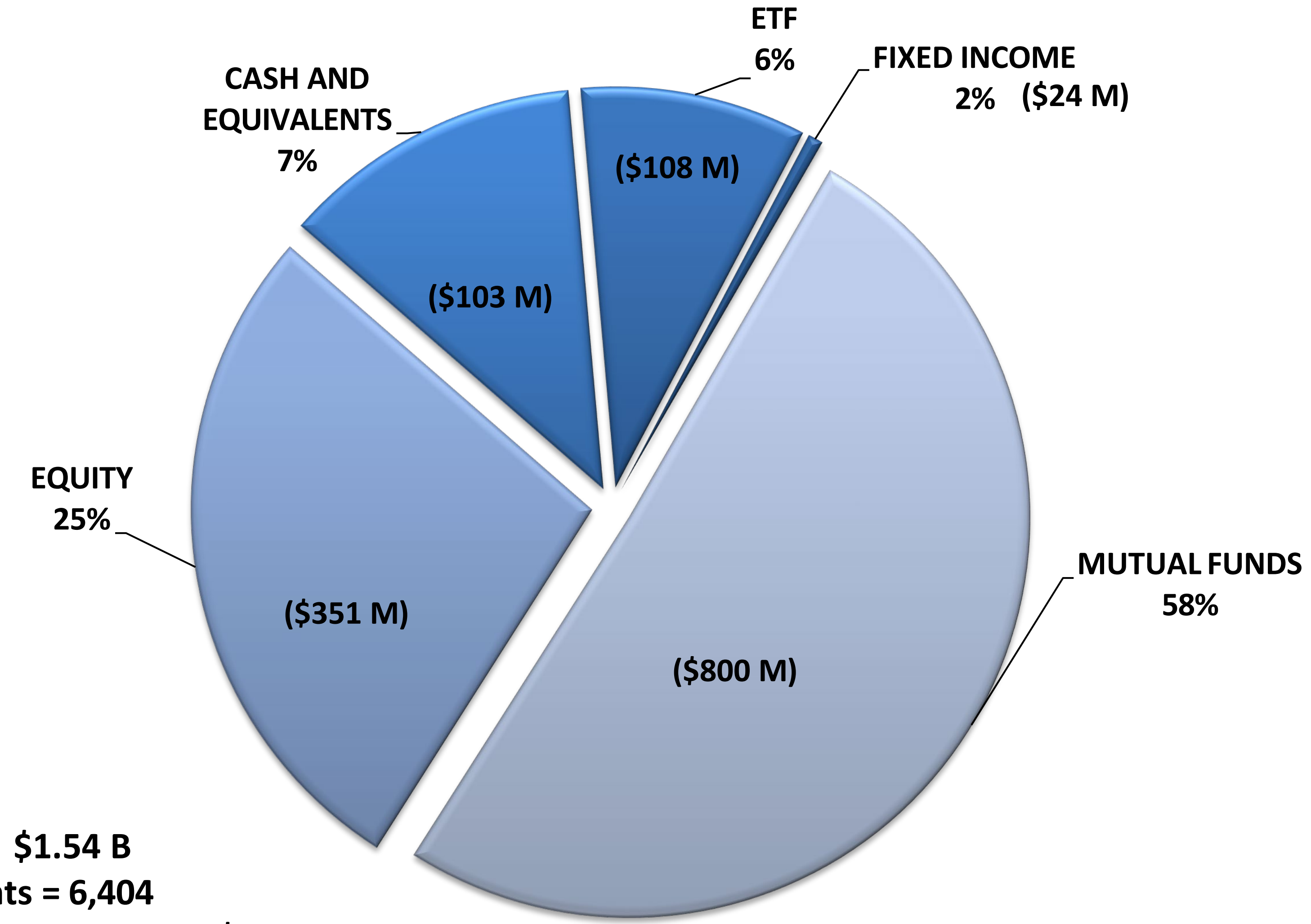
TOTAL FUND ASSET ALLOCATION BY AGE AND GENDER

(as of March 31, 2025)



FRS Investment Plan Self-Directed Brokerage Account

(as of March 31, 2025)



Total Assets = $1.54 B
Active Accounts = 6,404
Average Account Balance = $240,570

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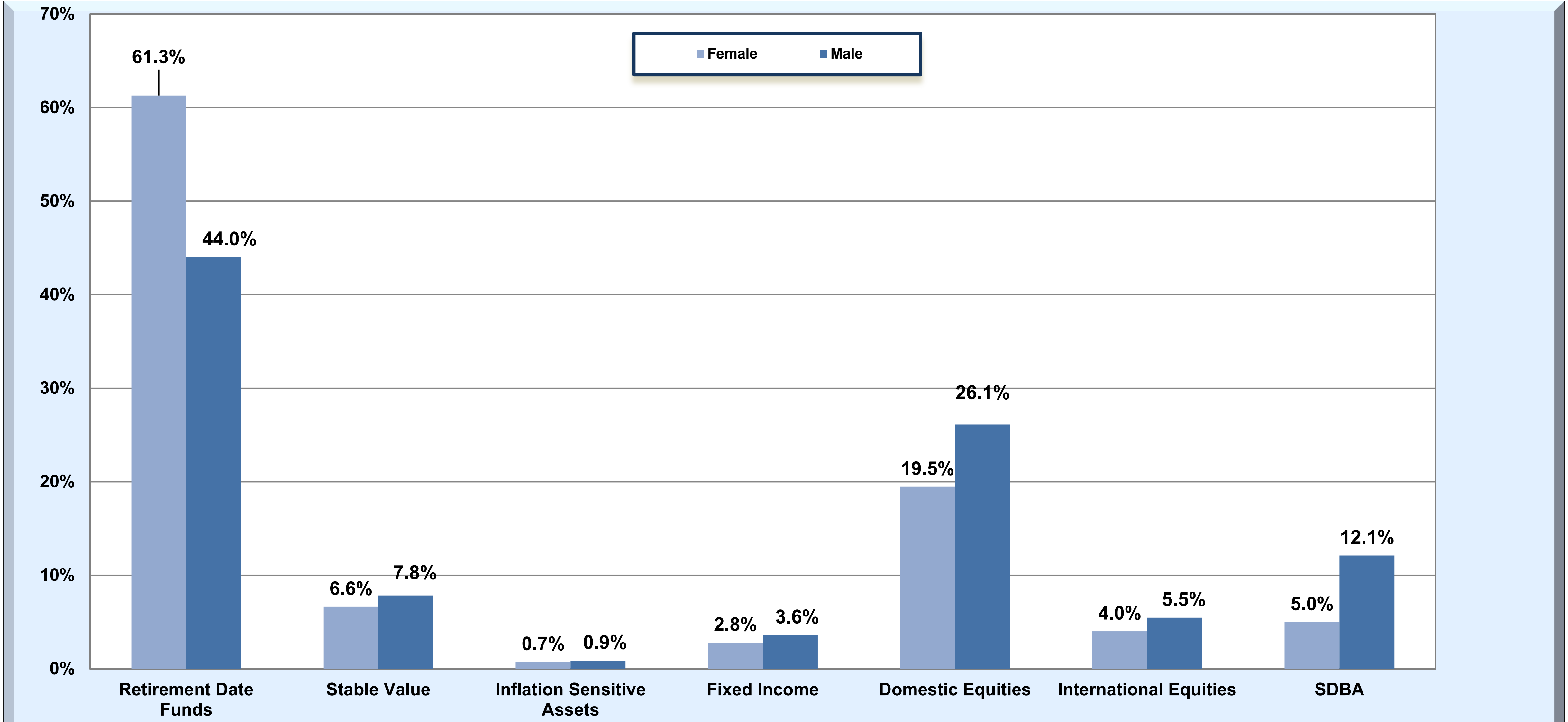
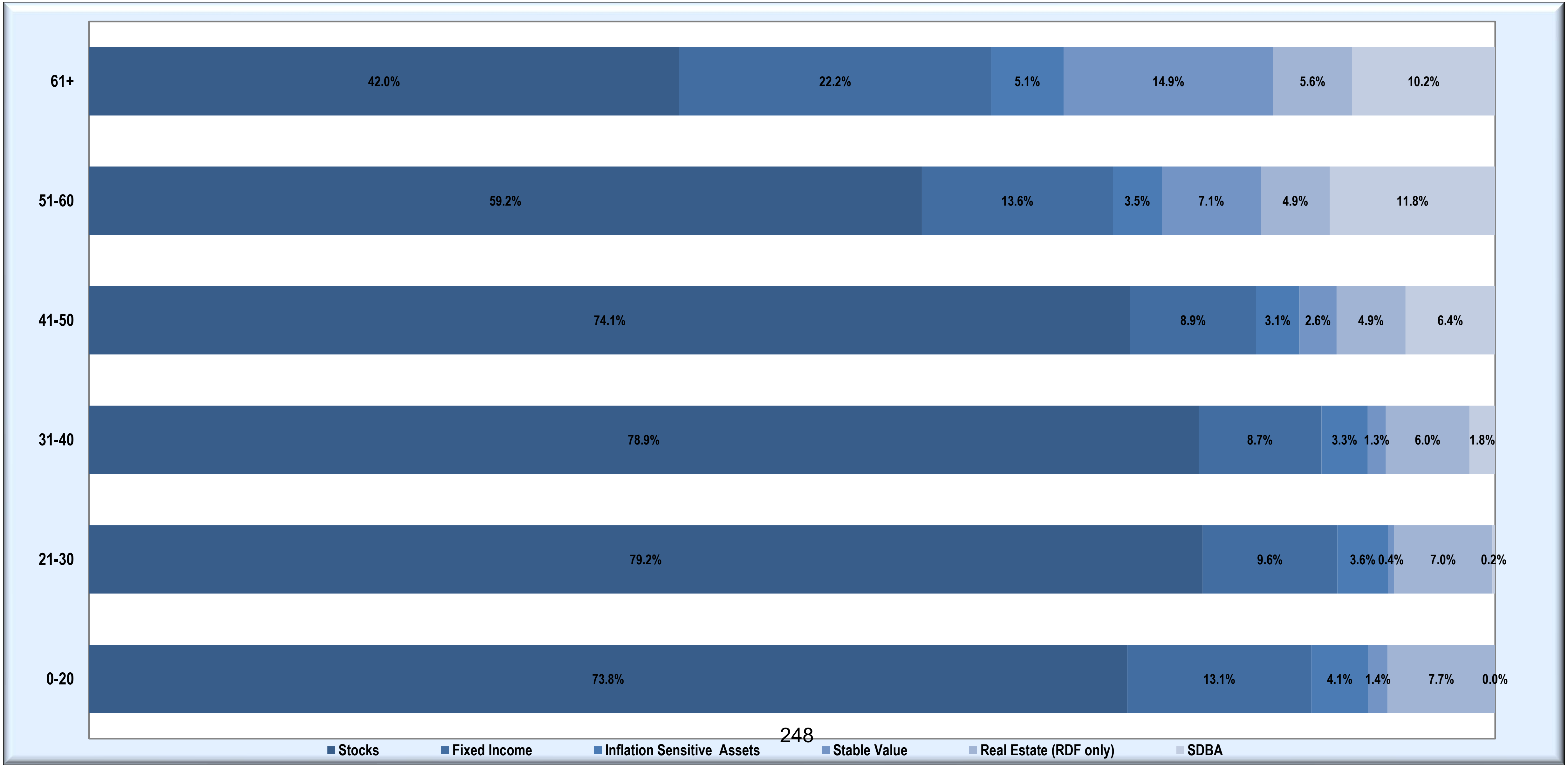
ASSET ALLOCATION BY GENDER

(as of March 31, 2025)



TOTAL FUND ASSET ALLOCATION BY AGE

(as of March 31, 2025)



FRS Investment Plan Annual Structure Review

Florida State Board of Administration

June 3, 2025

Investment advice and consulting services provided by Aon Investments USA, Inc.

Table of Contents

1

Executive Summary

Introduction

The FRS Investment Plan's investment structure is reviewed on an annual basis, with a deep dive review provided every three years

The SBA continues to stay attuned to market developments and opportunities for structure enhancements and thus the FRS Investment Structure continues to be reflective of industry best practices

Aon's 2025 annual review covers three main topics:

1. **Investment Structure** – Investment plan design best practices & defined contribution trends
2. **Investment Fees** – Comparison of fund option investment fees to peer universe based on strategy, vehicle, and asset size
3. **Performance** – Comparison of investment option performance relative to performance benchmarks

The following projects have been or are in process to evaluate potential structural enhancements:

- Comprehensive benchmark review complete in 2025, which led to a few modest recommended changes
- Ongoing evaluation of leveraging FRS Pension Plan asset management within FRS Investment Plan
- Deep-dive structure review scheduled for fall 2025 completion

FRS Investment Plan Structure Review

Key Observations and Take-Aways

The Investment Plan structure continues to be sophisticated and aligns with industry best practices

Aspect	Observations	Take-Aways	Future Considerations

Investment Structure	• Use of Custom TDFs
	• Streamlined & diversified options across:
	  ○ asset type
	  ○ risk/return
	  ○ investment style
	  ○ cost
	• Appropriate use of white label funds
	• Number of features to assist in retirement preparation
		✓ Investment structure is sophisticated and aligned with best practices
		✓ Custom TDFs highly utilized, offer SBA-unique glidepath and custom portfolios that are highly efficient, cost effective and diversified across skilled managers
		✓ White-label funds provide flexibility, efficiency and significant benefit to participants
		✓ Offers a full suite of retirement income solutions for participants to use
		✓ Access to investment advice and brokerage window are favorable features
			• Leverage pension plan management and scale for use within Retirement Date Funds
			• Inclusion of multi-asset credit within the Diversified Income & Retirement Date Funds
			• Evaluate broadening the existing FRS Global Equity Fund to a growth-oriented objective based fund
			• Streamline underlying manager construction of the FRS Stable Value Fund

Investment Fees	• Plan's investment option fees are well-below peer group medians	✓ FRS Investment Plan offers participants very competitively priced options	• Continue ongoing monitoring for ways to reduce fees for participants
Performance	• Performance has generally been strong across asset classes over both short and long-term time periods • There is a more appropriate Stable Value benchmark available	✓ Long-term performance across active equity and fixed income options generally positive ✓ Inflation-Sensitive Fund recent relative performance struggled due primarily to headwinds from absolute real asset exposure ✓ Stable Value generally lagging money market returns in current environment; though long-term expectations continue to be favorable	• Examine the white label fund construction relative to the objective • Stable value benchmark change to peer benchmark will offer a more apples to apples performance comparison

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2

Investment Structure Review

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The Path to a Successful Retirement Program

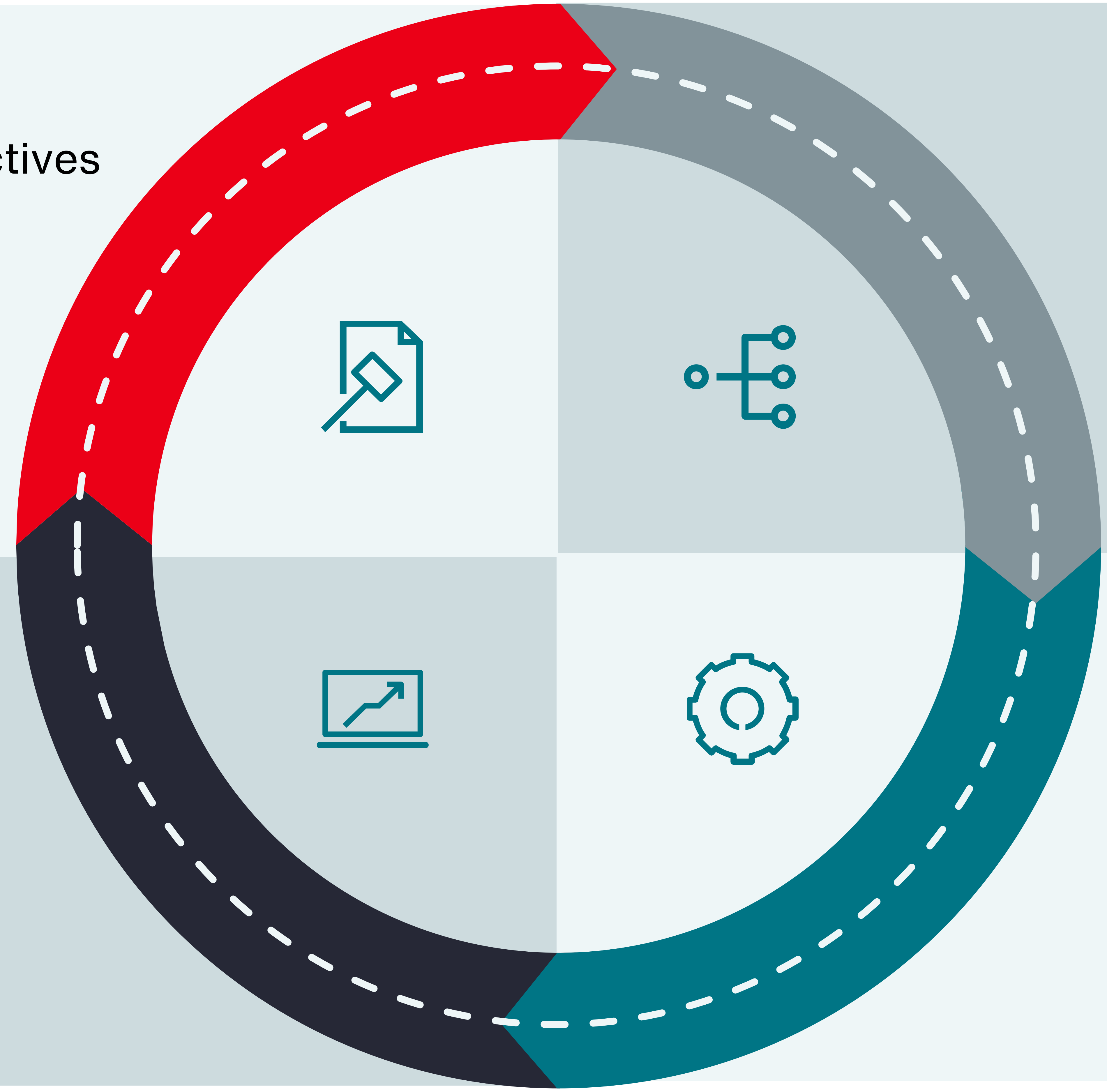
Evolving landscape requires ongoing review of investment program best practices

Policy

- Define and categorize plan objectives
- Maintain broad, long-term focus

Structure

- Outline plan policy destinations
- Number & types of options offered
- Education on option implementation



Monitor

- Ongoing monitoring and maintenance for better participant outcomes

Implementation

- Finalize investment options within structure
- Manager selection
- Legal vehicle type
- Fees

Investment Structure

Why Structure Matters

Defined contribution participants are responsible for key actions that influence their own outcomes, including:

Savings Behavior > < Investment Choices

The structure of a DC investment menu can have a significant impact on the choices people make, and ultimately their success. For these reasons, Aon believes in two key principles relating to investment menu structure:

Facilitate Smart Decisions

- Participants seek forms of help for making decisions
- Systems can nudge participants to act in their best long-term interest
- Structure can help the move into distribution stage
- Good governance leads to a strong investment menu

Streamline Investment Options

- Streamline investment options, as much as possible
- Target date funds as default where participants can choose one fund and "forget it"
- A core-lineup of passive and/or active strategies for participants that want to build customized investment portfolios

Participant Investment Menu Behavioral Finance

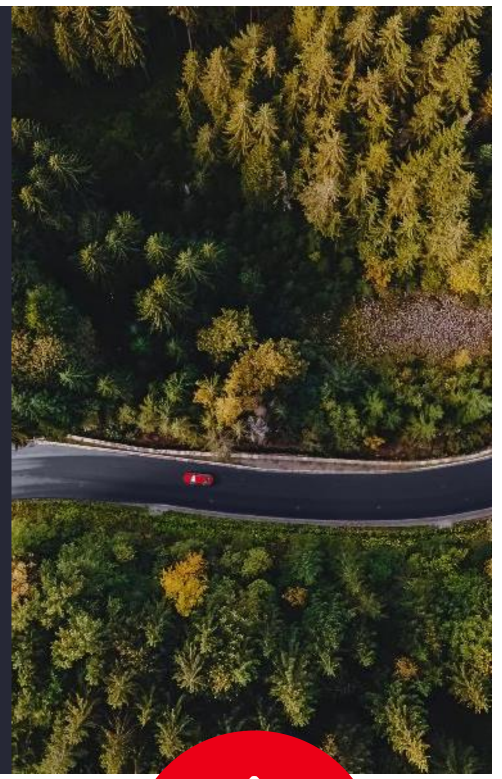
401(k) plan sponsors continue to grapple with offering the right number of fund choices...

Less Choice

Menu Consolidation

Fewer Fund Options

Broader Mandates

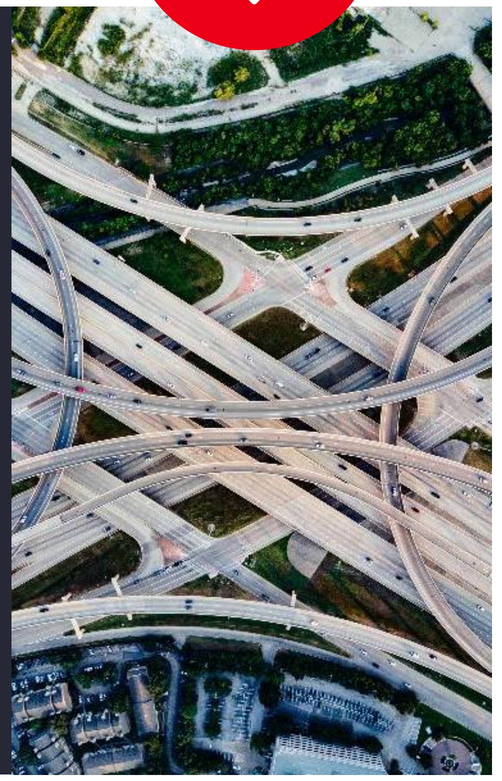


More Choice

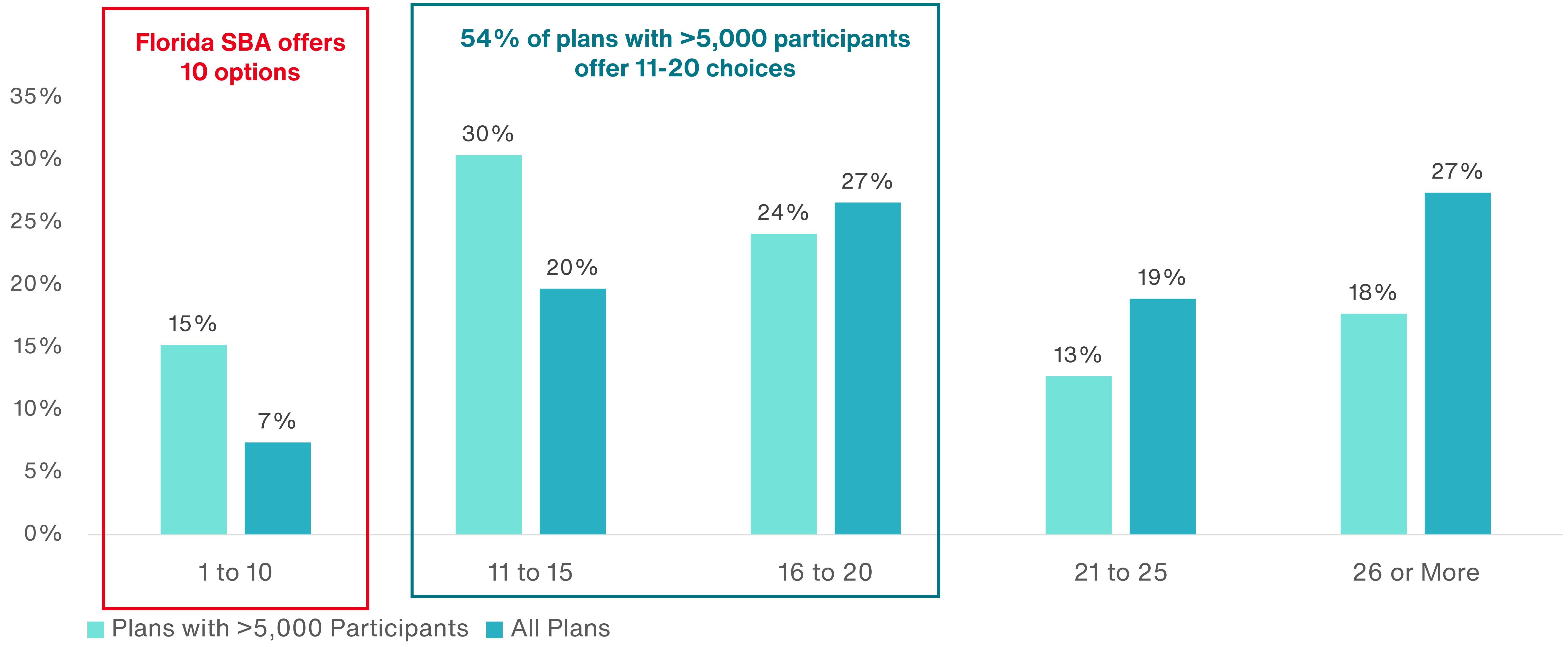
Large Menu

More Fund Options

Specialized Mandates



Number of Investment Options: Distribution of Results[1]



The trend in recent years has been for plans to reduce the number of investment options available to participants

[1] Plan Sponsor Council of America “67th Annual Survey – PSCA’s Annual Survey of Profit Sharing and 401(k) Plans.” 2023.
Target date fund suites are counted as one option

Evolution of DC Industry Investment Design

The FRS Investment Plan has progressed to now sit between a modern and an emerging lineup

Objectives	Historic Lineup	Modern Lineup	Emerging Lineup
Asset Allocation	Target Date Fund (1) Balanced Funds (3)	Target Date Fund (1)	Target Date Fund (1)
Capital Preservation	Stable Value (1) Money Market (1)	Stable Value (1)	Capital Preservation (1)
Income	Core /Core Plus Bond (3)	Core / Core Plus Bond (2)	Diversified Income (2)
Growth	U.S. Large Cap Growth (2) U.S. Large Cap Value (2) U.S. SMID Cap Growth (2) U.S. SMID Cap Value (2) Developed Non-U.S. (2) Emerging Markets (2)	U.S. All Cap (2) Non-U.S. All Cap (2)	Diversified Growth (2)
Retirement Income	Retirement Income	Retirement Income	Retirement Income

Note: The number in the parenthesis denotes the number of offerings per asset class or objective

FRS Investment Plan Lineup Review

The SBA offers a sophisticated and streamlined investment lineup for participants

	Tier 1 Mixed-Asset	Tier 2 Passive	Tier 3 Active	Tier 4 Self-Directed
Savings Phase	**Target Date Funds** FRS Retirement Date Funds		**Capital Preservation** FRS Stable Value Fund	Self-Directed Brokerage Window
	QDIA options can straddle both the savings and spending phases due to continued glide path de-risking through retirement or embedded retirement income solutions	**Fixed Income Index** FRS U.S. Bond Enhanced Index Fund	**Diversified Income** FRS Diversified Income Fund	
		U.S. Equity Index FRS U.S. Stock Market Index Fund	**U.S. Equity** FRS U.S. Stock Fund	
		Non-U.S. Equity Index FRS Foreign Stock Index Fund	**Non-U.S. Equity** FRS Foreign Stock Fund	
			Global Equity FRS Global Stock Fund	
Spending Phase	**Target Date Funds** FRS Retirement Date Funds	**Inflation Protection** FRS Inflation Sensitive Fund	**Annuity**[1] MetLife Fixed Annuities	
			Longevity Insurance[1] MetLife Deferred Annuities	

Systematic withdrawal functionality from the recordkeeper could turn savings phase solutions into spending phase solutions

Objective — **Asset Allocation** | **Capital Preservation** | **Income** | **Growth** | **Retirement Income**

[1] The MetLife Annuities can be offered either as in-plan or out-of-plan

FRS Investment Option Fee Comparison: eVestment Universe

As of March 31, 2025

Observations

- The FRS option investment management fees are competitive across each of the Plan options
- 8 of 10 investment options offer fees below median of the respective eVestment universe
- For the FRS Inflation Sensitive Fund & FRS Diversified Income Fund, the fees are very competitive given the exposure to private real estate and other diversifying asset classes, however, the relevant peer group does not have the same diversifying exposures
    - Peer universe shown includes only the core asset class funds, which we would expect to offer lower fees

Plan Option Name	Market Value ($ M)	Current Fee	Peer Group	5th Percentile	25th Percentile	Median	75th Percentile	95th Percentile	# of Funds in Universe
FRS Retirement Date Funds	$890[1]	0.12%-0.22%	All Lifecycle/Target Date	0.07%	0.17%	0.35%	0.47%	0.65%	202
FRS Stable Value	$1,328	0.19%	US Stable Value / Fixed Income	0.09%	0.16%	0.22%	0.32%	0.48%	23
FRS Inflation Sensitive Fund	$148	0.35%	US TIPS / Inflation Fixed Income[2]	0.07%	0.12%	0.16%	0.24%	0.31%	38
FRS U.S. Bond Enhanced Index Fund	$236	0.04%	US Passive Core Fixed Income	0.02%	0.03%	0.04%	0.05%	0.10%	10
FRS Diversified Income Fund	$350	0.25%	All U.S. Core Plus Fixed Income[3]	0.15%	0.21%	0.23%	0.27%	0.40%	127
FRS U.S. Stock Market Index Fund	$2,052	0.01%	US Passive All Cap Equity	0.01%	0.02%	0.03%	0.08%	0.35%	21
FRS U.S. Stock Fund	$2,115	0.35%	US All Cap Equity	0.23%	0.40%	0.51%	0.75%	1.00%	305
FRS Foreign Stock Index Fund	$312	0.03%	ACWI ex-US Passive Equity	0.03%	0.06%	0.07%	0.08%	0.15%	15
FRS Foreign Stock Fund	$188	0.47%	All ACWI ex-US Equity	0.33%	0.51%	0.60%	0.74%	1.00%	312
FRS Global Equity	$366	0.43%	All Global Equity	0.17%	0.43%	0.55%	0.66%	0.85%	1,193

Fee Universe Data sourced from eVestment Alliance. Universe information filtered by strategy, vehicle, and asset size.
[1] Reflects average allocation among RDFs
[2] Reflects only TIPS Funds which are expected to offer lower fees than the FRS option which includes other inflation hedging asset categories such as real estate and commodities.
[3] Reflects only Core Plus Fixed Income Funds which are expected to offer lower fees than the FRS option which includes other diversifiers such as real estate.

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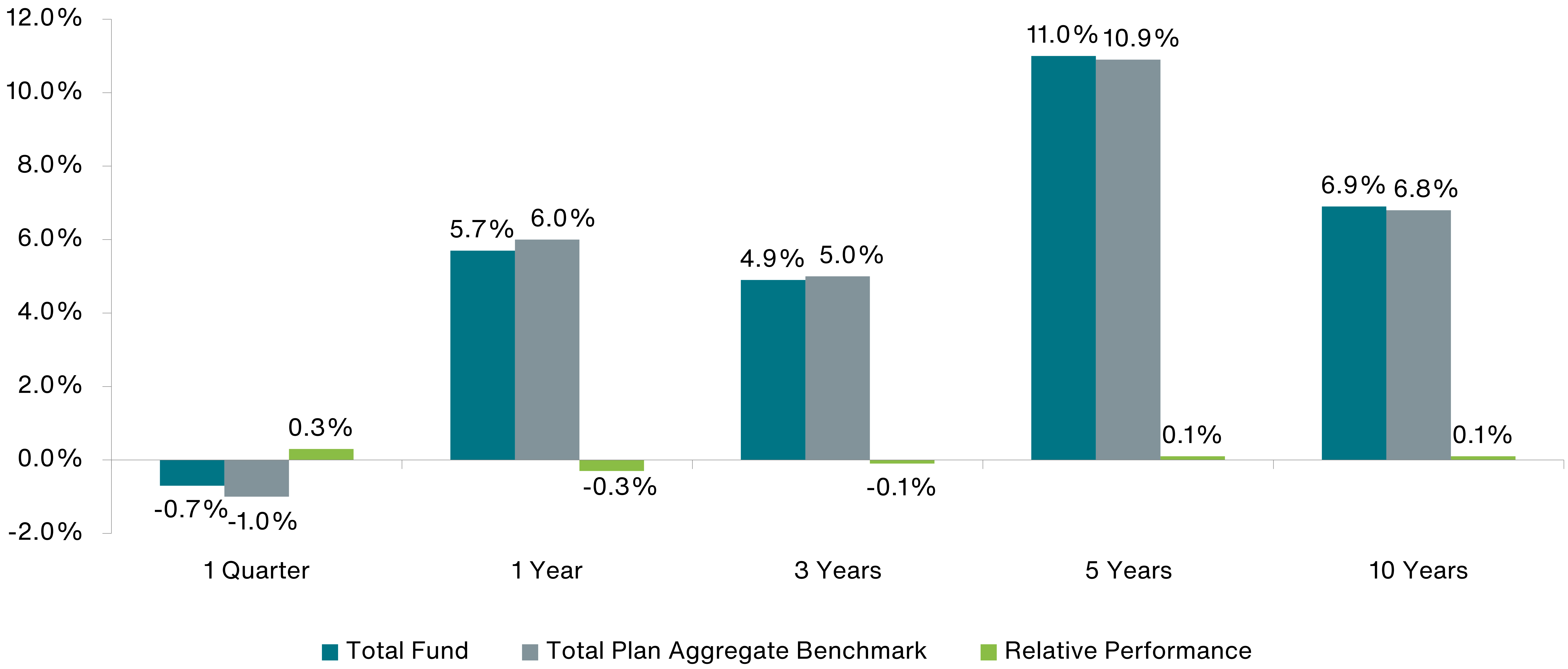
Total Investment Plan Returns[1]

As of March 31, 2025



[1] Returns shown are net of fees. Aggregate benchmark returns are an average of the individual portfolio benchmark returns at their actual weights

FRS Fund Option Trailing Performance[1]

As of March 31, 2025

	Performance %				
	1 Quarter	1 Year	3 Years	5 Years	10 Years
Retirement Date Funds					
FRS Retirement Fund	1.7 (30)	5.8 (38)	2.1 (100)	6.6 (22)	4.5 (69)
Relative Performance	0.1	0.6	0.3	0.3	0.1
FRS 2020 Retirement Date Fund	1.4 (44)	5.8 (41)	2.3 (98)	7.3 (77)	5.2 (72)
Relative Performance	0.1	0.7	0.2	0.2	0.1
FRS 2025 Retirement Date Fund	1.0 (50)	5.9 (39)	2.8 (98)	8.5 (62)	5.8 (65)
Relative Performance	0.2	0.8	0.1	0.1	0.1
FRS 2030 Retirement Date Fund	0.4 (82)	6.1 (30)	3.8 (84)	9.8 (64)	6.5 (48)
Relative Performance	0.3	0.7	0.1	0.1	0.2
FRS 2035 Retirement Date Fund	0.0 (85)	6.3 (28)	4.6 (66)	10.9 (83)	7.1 (60)
Relative Performance	0.3	0.6	0.1	0.0	0.2
FRS 2040 Retirement Date Fund	-0.4 (72)	6.3 (31)	5.0 (76)	11.8 (85)	7.5 (67)
Relative Performance	0.3	0.5	0.1	0.0	0.2
FRS 2045 Retirement Date Fund	-0.5 (57)	6.3 (32)	5.3 (80)	12.6 (90)	7.7 (83)
Relative Performance	0.3	0.5	0.2	0.0	0.1
FRS 2050 Retirement Date Fund	-0.5 (50)	6.4 (30)	5.4 (82)	13.1 (89)	7.9 (75)
Relative Performance	0.3	0.5	0.2	0.0	0.1
FRS 2055 Retirement Date Fund	-0.5 (49)	6.4 (32)	5.5 (85)	13.3 (92)	8.0 (82)
Relative Performance	0.3	0.5	0.3	0.2	0.2
FRS 2060 Retirement Date Fund	-0.5 (36)	6.4 (31)	5.5 (90)	13.3 (94)	-
Relative Performance	0.3	0.5	0.3	0.2	-
FRS 2065 Retirement Date Fund	-0.5 (36)	6.4 (30)	-	-	-
Relative Performance	0.3	0.5	-	-	-

[1] Relative returns shown above are net of fees. The returns for the Retirement Date Funds use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.

FRS Fund Option Trailing Performance[1]

As of March 31, 2025

	Performance %				
	1 Quarter	1 Year	3 Years	5 Years	10 Years
Stable Value					
FRS Stable Value Fund	**0.7 (59)**	**3.1 (48)**	**2.7 (61)**	**-**	**-**
Relative Performance	-0.9	-2.3	-0.2	-	-
Real Assets					
FRS Inflation Sensitive Fund	**3.6 (6)**	**5.5 (87)**	**-0.5 (100)**	**6.2 (12)**	**2.7 (76)**
Relative Performance	-0.6	-1.1	-0.5	0.0	-0.4
Fixed Income					
FRS U.S. Bond Enhanced Index Fund	**2.8 (31)**	**5.1 (48)**	**0.7 (49)**	**-0.2 (78)**	**1.6 (63)**
Relative Performance	0.0	0.2	0.2	0.2	0.1
FRS Diversified Income Fund	**2.5 (81)**	**5.7 (37)**	**1.7 (21)**	**2.0 (17)**	**2.6 (15)**
Relative Performance	0.1	0.9	0.5	1.1	0.5
Domestic Equity					
FRS U.S. Stock Market Index Fund	**-4.7 (62)**	**7.2 (25)**	**8.3 (29)**	**18.2 (30)**	**11.9 (13)**
Relative Performance	0.0	0.0	0.0	0.0	0.1
FRS U.S. Stock Fund	**-3.7 (53)**	**4.2 (58)**	**8.1 (31)**	**-**	**-**
Relative Performance	1.1	-3.0	-0.1	-	-
International/Global Equity					
FRS Foreign Stock Index Fund	**5.5 (45)**	**6.3 (50)**	**4.7 (45)**	**11.3 (47)**	**5.3 (41)**
Relative Performance	0.9	0.8	0.7	0.3	0.3
FRS Foreign Stock Fund	**5.5 (46)**	**4.5 (66)**	**4.7 (45)**	**10.8 (53)**	**5.8 (31)**
Relative Performance	0.2	-1.6	0.2	-0.1	0.8
FRS Global Stock Fund	**0.9 (39)**	**6.2 (39)**	**5.9 (44)**	**15.6 (29)**	**10.8 (5)**
Relative Performance	2.3	-1.0	-1.0	0.5	1.9

[1] Relative returns shown above are net of fees. The returns for the Inflation Sensitive Fund, and Core Plus Fixed Income Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter. The U.S. Stock Fund and the Stable Value Fund were incepted into the Plan in 2020 and 2021, respectively.

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Benchmark Project Results
Summary Findings & Observations

Targeted Metrics by Strategy:

1) Stable value funds <1.0% Active Risk, >80% R^2, MSE near zero
2) Index funds <1.0% Active Risk, >90% R^2, MSE near zero
3) Active fixed income funds <2.0% Active Risk, >80% R^2, <0.30 MSE
4) Active equity funds <6.0% Active Risk, >80% R^2, <3.00 MSE

Fund Name	Fund Benchmark	Active Risk	R^2	MSE	Pass / Fail
FRS U.S. Bond Enhanced Index Fund	Bloomberg U.S. Aggregate Bond Index	0.4%	100%	0.02	✓
FRS U.S. Stock Market Index Fund	Russell 3000 Index	0.7%	100%	0.04	✓
FRS Foreign Stock Index Fund	MSCI All Country World ex-US IMI Index (Net)	1.9%	99%	0.30	✓
FRS Stable Value Fund	Current: ICE BofA US Treasuries 1-3 Year Index	1.9%	15%	0.30	×
	Proposed: Morningstar Stable Value Pooled Fund Index	0.3%	96%	0.00	✓
FRS Inflation Sensitive Fund	FRS Multi-Assets Index[1]	1.5%	98%	0.18	✓
FRS Diversified Income Fund	FRS Diversified Income Index[2]	1.3%	95%	0.14	✓
FRS U.S. Stock Fund	Russell 3000 Index	2.8%	98%	0.62	✓
FRS Foreign Stock Fund	MSCI All Country World ex-US Index (Net)	3.7%	97%	1.14	✓
FRS Global Stock Fund	MSCI All Country World Index (ACWI)	3.3%	98%	0.92	✓

Findings:

- From a qualitative & quantitative evaluation, most of the benchmarks for the white label funds and underlying strategies remain appropriate for each of the investment options in the Plan
  - These findings also apply to the Retirement Date Funds given the RDFs use the core and plan level options for the underlying asset allocation
- Our two recommendations are to:
  - Consider changing the Stable Value benchmark to use the Morningstar Stable Value Pooled Fund Index as the primary benchmark and the FTSE 3-Month T-Bill as a secondary benchmark
  - Move to white labeled, custom benchmarks for all Tier III Actively-Managed Core Options to allow for future underlying benchmark changes. The white labeled, custom benchmark should be composed of the respective fund benchmark noted above

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[1] FRS Multi-Assets Index is composed of 45% Bloomberg U.S. TIPS Index; 45% Principal Diversified Real Assets Index; and 10% PGIM Real Estate Index (85% NCREIF-ODCE / 15% MSCI REIT)
[2] FRS Diversified Income Index is composed of 70% Bloomberg US Agg Index; 20% Bloomberg US High Yield Ba/B 1% Issuer Cap Index; and 10% PGIM Real Estate Index (85% NCREIF-ODCE / 15% MSCI REIT)

Investment Structure Review Conclusions

The FRS Investment Plan structure is sophisticated and aligned with industry best practices, and the SBA continues to evaluate potential innovate solutions to improve participant outcomes

<u>FRS's Investment Plan Structure Design Key Observations</u>

1. **Investment Structure**
   - Streamlined and diversified across asset classes, investment style, risk/return profile and cost
   - Appropriate use of white label funds and custom target date funds
   - Number of features to assist in retirement preparation
2. **Investment option fees** are very competitive and benefit participant outcomes
3. **Investment option performance** has generally been favorable over short and long-term periods

3

Future Considerations

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Future Considerations
Investment Plan Design

The SBA Investment team and Aon continue to evaluate potential structural enhancements; current considerations include:

Leveraging pension plan asset management and scale for FRS Investment Plan

- Initial project evaluating use of pension fixed income management within the income component of the FRS Retirement Date Funds
- Additional opportunities exist to leverage pension plan management within the core lineup as well

White label fund structure reviews, including:

- The addition of multi-asset credit within the Diversified Income and Retirement Date Funds
- Potential adaptation of the existing FRS Global Equity Fund to an objective based fund (e.g., Diversified Growth Fund)

Private Market Inclusion within the core lineup white label funds and/or Retirement Date Funds

- Operational hurdles continue to evolve, improving accessibility for DC participants

Appendix

Private Equity In Defined Contribution Plans

Aon believes that private equity is an overall attractive asset class

- Higher expected return versus public equity markets
- Skill-based return offers diversification and alpha potential

Investment risks exist; however, from an investment perspective we believe the benefits outweigh the considerations

- Cost, complexity and governance structures must be well understood and appropriate to successfully invest in asset class

Despite the investment case, implementation considerations have prevented DC participants from gaining dedicated private equity exposure

- While this topic has garnered more attention as of late, we have not yet seen a notable uptake of DC plans adding private equity to custom TDFs, white label funds or as standalone options
- We do expect the conversation to continue and the marketplace to evolve

Key Implementation Considerations:

- Vehicle Structure
- Cash Flow Management
- Liquidity
- Rebalancing
- Position Sizing / Diversification
- Fee structure

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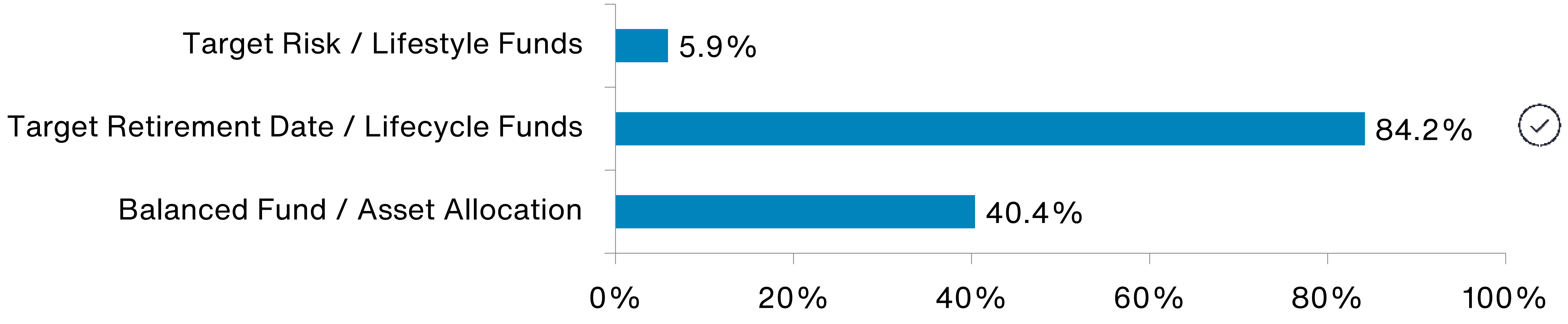
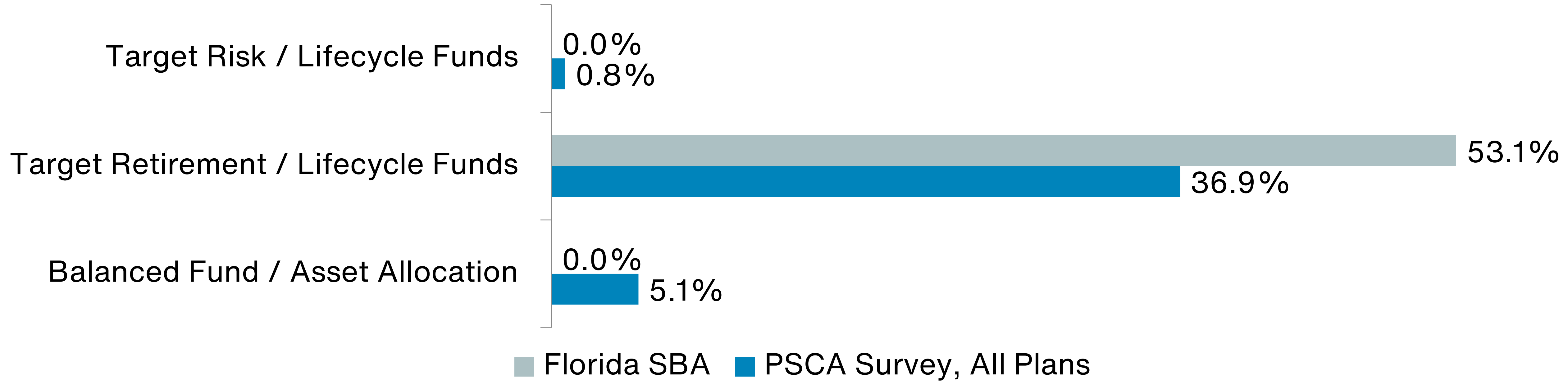
Asset Allocation Trends[1]

Percentage of Plans Offering



Asset Allocation When Offered

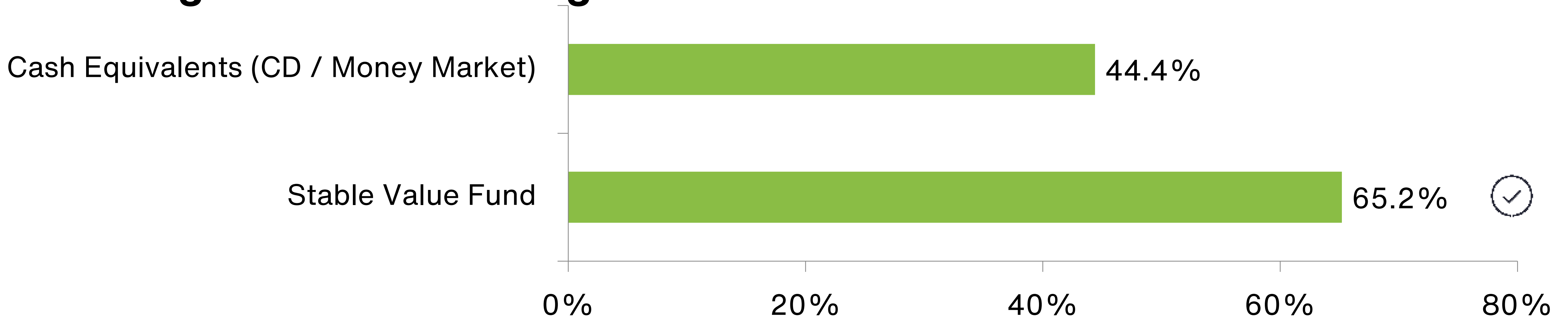


- Target date funds have become a staple in DC plan line ups and the standard as Qualified Default Investment Alternative ("QDIA")
- Allowing participants to "set it and forget it" has also resulted in high utilization, in the 2024 installment of How America Saves, Vanguard found that 64% of contributions are into TDFs[2].
- Static allocation funds like target risk or balanced strategies have become less common in recent years.
- Participants can build their own static allocation portfolio with other funds from the investment menu.

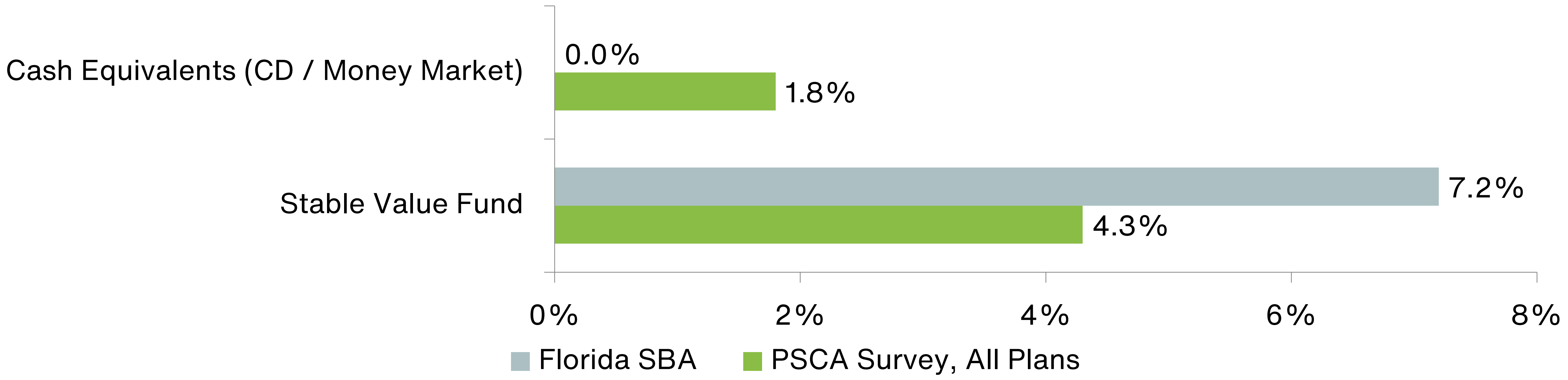
Note: Florida SBA Asset Allocation as of March 31, 2025
[1] Plan Sponsor Council of America "67th Annual Survey – PSCA's Annual Survey of Profit Sharing and 401(k) Plans." 2023.
[2] Vanguard How America Saves 2024

Capital Preservation Trends[1]

Percentage of Plans Offering



Asset Allocation When Offered

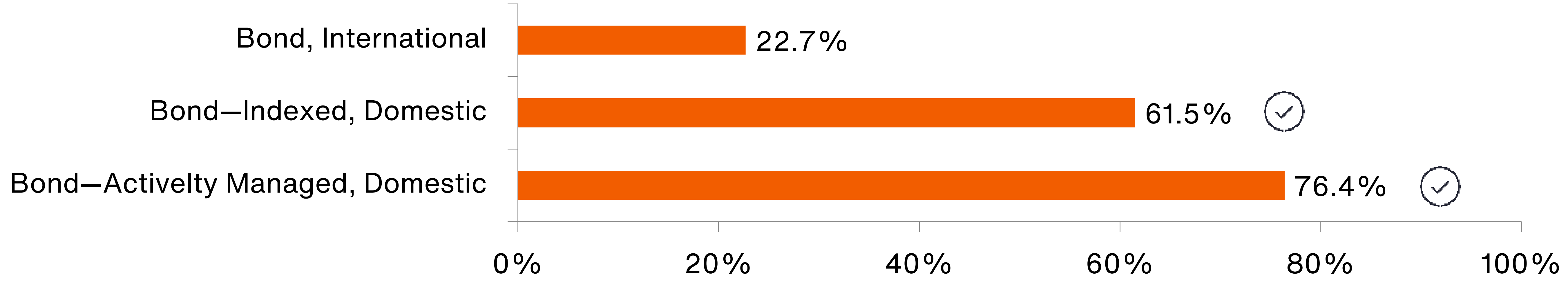


- Approximately two thirds of DC plans offer Stable Value as a capital preservation strategy for participants
- Generally, few plans offer both stable value and money market funds (due to 'competing fund' restrictions and the desire to avoid participant confusion)
- Stable value funds have historically provided stronger returns than money market investments with similar levels of volatility
- Aon prefers the use of stable value as a plan's sole capital preservation option

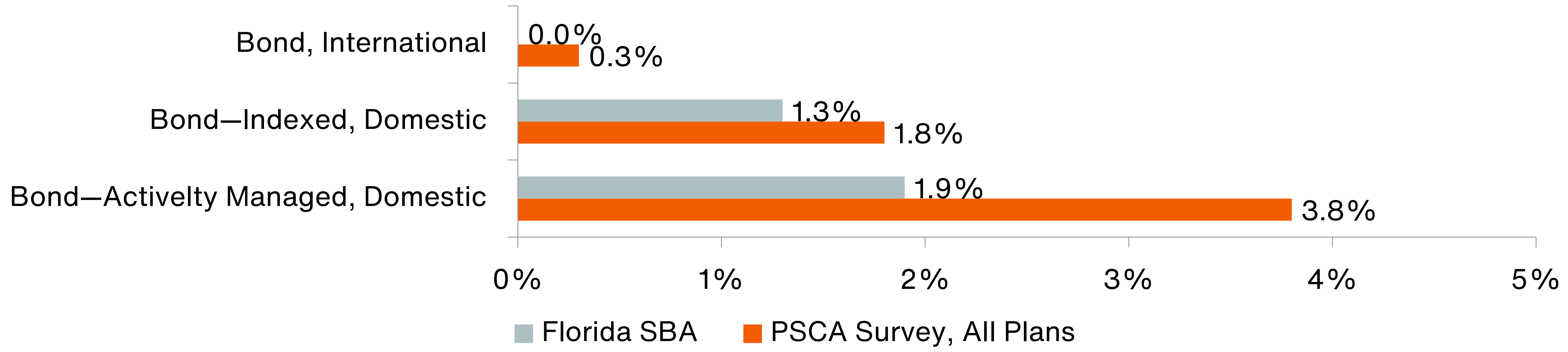
Note: Florida SBA Asset Allocation as of March 31, 2025
[1] Plan Sponsor Council of America "67th Annual Survey – PSCA's Annual Survey of Profit Sharing and 401(k) Plans." 2023.

Income Trends[1]

Percentage of Plans Offering



Asset Allocation When Offered

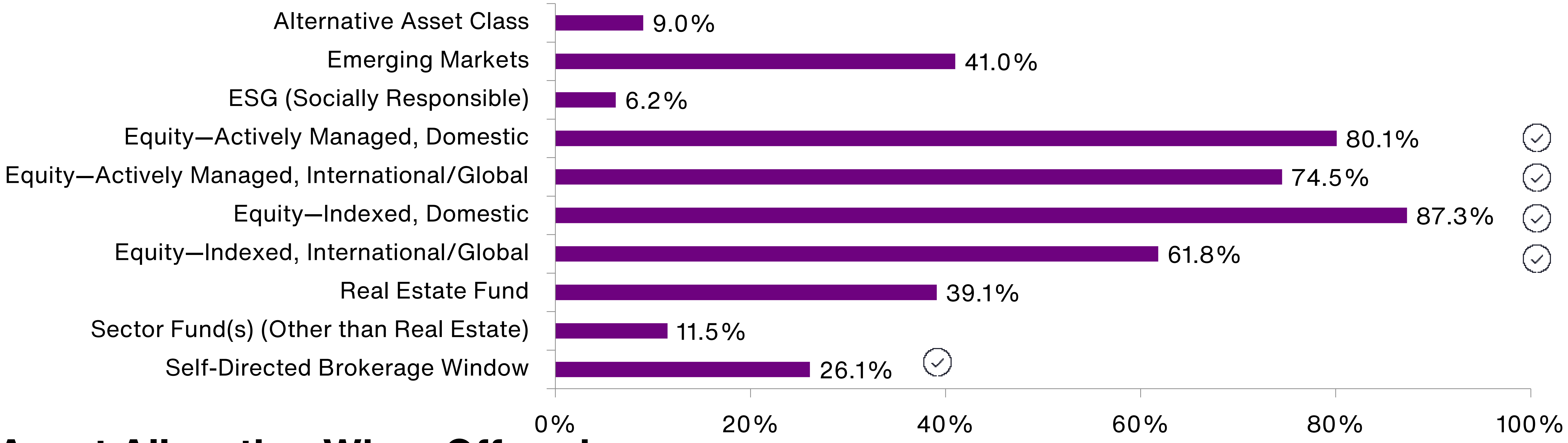


- Most commonly, DC plans offer an active U.S. fixed income option.
- Passive fixed income funds have also become more prevalent as a component of the passive tier.
- International or specialty bond funds (high yield, unconstrained, etc.) can often be misunderstood or misused.
- Aon recommends a diversified fixed income strategy which opportunistically invests in diversifying income-generating asset classes such as multi-asset credit, real estate, etc.

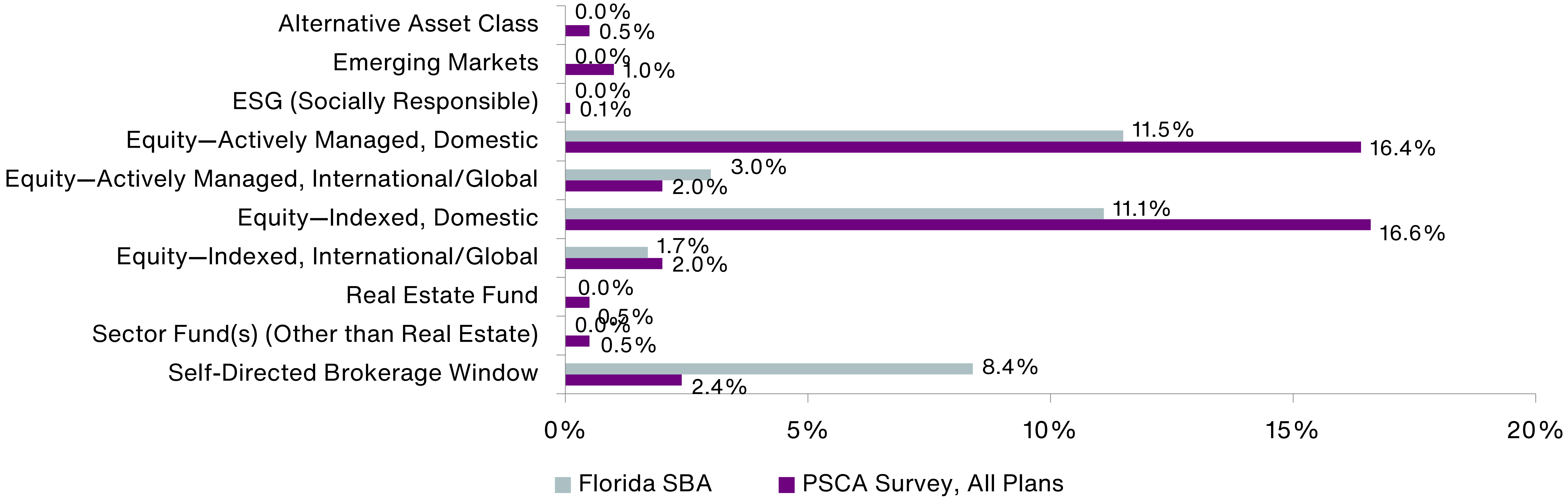
Note: Florida SBA Asset Allocation as of March 31, 2025
[1] Plan Sponsor Council of America "67th Annual Survey – PSCA's Annual Survey of Profit Sharing and 401(k) Plans." 2023.

Growth Trends[1]

Percentage of Plans Offering



Asset Allocation When Offered



- Investment menus tend to be concentrated in equity fund choices, particularly U.S. equity strategies.
- Alternative asset class, socially responsible, and specialty/sector funds are less prevalent in plan line ups.
- Participant allocations are very low to alternative asset class, emerging markets, socially responsible, real estate and sector funds, when offered.
- Historically, plans have offered a full spectrum of "style-box" investment choices. More recently, plans have been streamlining the number of equity funds.

Note: Florida SBA Asset Allocation as of March 31, 2025

[1] Plan Sponsor Council of America "67th Annual Survey – PSCA's Annual Survey of Profit Sharing and 401(k) Plans." 2023.

Retirement Income – Plan Design Considerations

SBA currently offers sufficient and diversified retirement income solutions

In Plan

- Non-traditional approach
- Like adding another fund option
- Participant experience integration is key
- Greater fiduciary responsibility
- Typically, assets remain in the plan

Out of Plan

- Traditional approach
- Simpler to establish
- Many current market solutions
- Approach allows for roll-overs into income product, immediate and deferred (e.g., QLAC)[1]
- Solution at retirement
- Assets leave the plan

Key Drivers:

- Fiduciary Issues
- Speed to Implement
- Participant Experience
- Cost

In Plan solutions include:

- FRS Retirement Date Funds
- FRS Inflation Sensitive Fund

In or Out of Plan solutions include:

- MetLife Fixed Annuities
- MetLife Deferred Annuities

Participants also have the 2nd election option, which offers retirement income through the pension plan

Additional support for participants around retirement income include:

- EY Financial Planners
- GuidedChoice advisor service
- Tools & workshops supported by FRS

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[1] QLAC stands for Qualified Longevity Annuity Contract

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Aon Investments USA Inc.
200 E. Randolph Street
Suite 700
Chicago, IL 60601
ATTN: Aon Investments Compliance Officer

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FLORIDA RETIREMENT SYSTEM

Investment Plan
Investment Policy Statement

I. PURPOSE

The Florida Retirement System Investment Plan Investment Policy Statement (IPS) serves as the primary statement of Trustee policy regarding their statutory responsibilities and authority to establish and operate an optional defined contribution retirement program for members of the Florida Retirement System. The IPS shall serve as a guiding document pertaining to investment matters with respect to the Investment Plan. The Trustees will strive to make investment decisions consistent with this IPS. Section 121.4501(14), Florida Statutes, directs the Trustees of the State Board of Administration to approve the IPS. The IPS will be reviewed annually and will be revised or supplemented as policies are changed or developed.

II. DEFINITIONS

A. **Member** – An employee who enrolls in, or who defaults into, the Florida Retirement System Investment Plan, a member-directed 401(a) program, in lieu of participation in the defined benefit program of the Florida Retirement System, a terminated Deferred Retirement Option Program (DROP) member as described in section 121.4501(21), Florida Statutes, or an alternate payee of a member or employee.

B. **Investment Product** – The result of a process that forms portfolios from securities and financial instruments in order to produce investment returns.

C. **Investment Manager** – A private sector company or the State Board of Administration that provide one or more investment products.

D. **Investment Funds** – One of the investment options that may be chosen by participants. A Fund may be an aggregate of one or more investment products.

E. **Bundled Provider -** A private sector company that offers investment products, combined with recordkeeping and trading services, which are designed to meet individualized needs and requirements of plan participants, so as to afford value to participants not available through individual investment product.

F. **Passively Managed Option** – An investment management strategy that intends to produce the same level and pattern of financial returns generated by a market benchmark index.

G. **Actively Managed Option** – An investment management strategy that relies on security return predictions in an effort to out-perform the financial returns generated by a market benchmark index.

H. **Performance Benchmark** – A market benchmark index that serves as the performance measurement criterion for investment options.

I. **Investment Plan Administrator or Recordkeeper** – A private sector company that provides administrative services, including individual and collective recordkeeping and accounting, Internal Revenue Code ("IRC") limit monitoring, enrollment, beneficiary designation and changes, disbursement of monies, and other centralized administrative functions.

J. **Self-Directed Brokerage Account** – An alternative method for Investment Plan members to select various investments options otherwise not available in the Investment Plan.

K. **Self-Direct Brokerage Account Provider** – A private sector company that provides access to a Self-Directed Brokerage Account to members of the FRS Investment Plan.

III. OVERVIEW OF THE INVESTMENT PLAN AND STATE BOARD OF ADMINISTRATION

A. The Investment Plan is a member-directed 401(a) program for employees who selected to participate, or who defaulted into the plan, in lieu of participation in the defined benefit program of the Florida Retirement System. Investment Plan benefits accrue in individual accounts that are member-directed, portable and funded by employee and employer contributions and earnings. In accordance with Section 121.4501(15)(b), Florida Statutes, members and beneficiaries bear the investment risks and reap the rewards that result when they exercise control over investments in their accounts. Fluctuations in investment returns directly affect members' benefits.

B. The State Board of Administration (Board), Division of Retirement, and affected employers administer the Investment Plan. The Board designs educational services to assist employers, eligible employees, members and beneficiaries. The State Legislature has the responsibility for setting contribution levels and providing statutory guidance for the administration of the Investment Plan.

IV. THE BOARD

A. The Board consists of the Governor, as Chairman, the Chief Financial Officer and the Attorney General. The Board shall establish an optional defined contribution retirement program for members of the Florida Retirement System and make a broad range of investment options, covering most major market segments, available to members. The Board makes the final determination as to whether any investment manager or product, third-party administrator, education vendor or investment guidance vendor shall be approved for the Plan.

B. The Board shall discharge its fiduciary duties in accordance with the Florida statutory fiduciary standards of care as contained in Sections 121.4501(15)(a) and 112.656, Florida Statutes.

C. The Board delegates to the Executive Director the administrative and investment authority, within the statutory limitations and rules, to manage the Investment Plan. The Board appoints a nine-member Investment Advisory Council (IAC). The IAC reviews the IPS and any proposed changes prior to its presentation to the Board of Trustees. The Council presents the results of its review to the Board of Trustees prior to the Trustees' final approval of the statement or any changes.

V. THE EXECUTIVE DIRECTOR

A. The Executive Director is responsible for managing and directing administrative, personnel, budgeting and investment-related functions, including the hiring and termination of investment managers, bundled providers and products.

B. The Executive Director is responsible for developing specific investment objectives and policy guidelines for investment options for the Investment Plan. The Executive Director is responsible for developing policies and procedures for selecting, evaluating, and monitoring the performance of investment managers and products to which employees may direct retirement contributions under the Investment Plan, and providing the Board with monthly and quarterly reports of investment activities.

C. The Executive Director is responsible for maintaining an appropriate compliance program that ensures :

- Compliance with contractual and investment guidelines of each investment manager;
- Compliance with contractual provisions agreed to with the Investment Plan administrator and the custodian, and all other service providers to the Plan, to facilitate compliance with all legal requirements pertaining to the administration of the Plan, and compliance with all applicable administrative rules, SBA policies, and procedures; and
- Compliance with reporting and valuation requirements.

In addition, the Executive Director is also responsible for maintaining diversified investment options, and maximizing returns with respect to the performance benchmarks of investment options offered in the Investment Plan line up, consistent with appropriate defined contribution plan design. Each investment option will avoid excessive risk and have a prudent degree of diversification relative to its broad market performance benchmark. The Executive Director will develop policies and procedures to:

- Identify and monitor manager performance and key investment and operational risks within the manager's business structure.
- Maintain an appropriate compliance program that ensures compliance with contractual and investment guidelines of each manager in the plan.
- Maintain an appropriate and effective oversight function within the Office of Defined Contribution Programs to ensure effective operational and administrative oversight.
- Approve fund allocations and limits for each fund-of-fund or Retirement Date Fund under the Investment Plan.

The Executive Director will appoint a Chief of Defined Contribution Programs, to assist in the execution of the responsibilities enumerated in the preceding paragraphs. For day-to-day executive and administrative purposes, the Chief of Defined Contribution Programs will proactively work with the Executive Director and designees to ensure that issues are promptly and thoroughly addressed by management. On at least a quarterly basis, the Chief of Defined Contribution Programs will provide reports to the Investment Advisory Council, and to the Audit Committee and Board as requested.

To ensure compliance with the enumerated functions outlined above, at the request of the Executive Director, the SBA Chief Risk & Compliance Officer will conduct compliance reviews of Office of Defined Contribution Programs to ensure compliance with this Investment Policy Statement and any SBA related policies and procedures in place for the Investment Plan and will provide a report that details any adverse compliance exceptions to the Executive Director.

Pursuant to written SBA policy, the Executive Director will cause a regular review, documentation and formal escalation of any events that may have a material impact on the FRS Investment Plan Trust Fund. The Executive Director is delegated the authority and responsibility to prudently address any such events, with input from the Investment Advisory Council as necessary and appropriate, unless otherwise required in this Investment Policy Statement.

D. The Executive Director shall adopt policies and procedures designed to prevent excessive member trading between investment options from negatively impacting other members.

E. The Executive Director is responsible for periodically reviewing this IPS and recommending changes to the Board of Trustees when appropriate.

VI. INVESTMENT OBJECTIVES

A. The Investment Plan shall seek to achieve the following long-term objectives:

1) Offer a diversified mix of low-cost investment options that span the risk-return spectrum and give members the opportunity to accumulate retirement benefits.
2) Offer investment options that avoid excessive risk, have a prudent degree of diversification relative to broad market indices and provide a long-term rate of return, net of all expenses and fees that seek to achieve or exceed the returns on comparable market benchmark indices.
3) Offer members meaningful, independent control over the assets in their account with the opportunity to:
    a) Obtain sufficient information about the plan and investment alternatives to make informed investment decisions;
    b) Direct contributions and account balances between approved investment options with a frequency that is appropriate in light of the market volatility of the investment options;
    c) Direct contributions and account balances between approved investment options without the limitation of fees or charges; and
    d) Remove accrued benefits from the plan without undue delay or penalties, subject to the contract and all applicable laws governing the operation of the Plan.

VII. MEMBER CONTROL AND PLAN FIDUCIARY LIABILITY

A. This IPS is structured to be consistent with the Legislature's intent to assign liability for members' investment losses to members and provide a safe harbor for Plan fiduciaries.

B. In Sections 121.4501(8)(b)2. and 121.4501(15)(b), Florida law incorporates the federal law concept of participant control, established by regulations of the U.S. Department of Labor under section 404(c) of the Employee Retirement Income Security Act of 1974. The Investment Plan shall incorporate these concepts by providing Plan participants the opportunity to give investment instructions and obtain sufficient information to make informed investment decisions. The Investment Plan shall, in accordance with the 404(c) regulations and Florida law, provide members an opportunity to choose from a broad range of investment alternatives.

C. If a member or beneficiary of the Investment Plan exercises control over the assets in his or her account, pursuant to section 404(c) regulations and all applicable laws governing the operation of the Plan, no Plan fiduciary shall be liable for any loss to a member's or beneficiary's account which results from such member's or beneficiary's exercise of control.

D. The default investment option for FRS Investment Plan members that default into the plan or fail to make a selection of investment options shall be the FRS Retirement Date Fund (RDF), or Retirement Target Date Fund, that matches the year closest to the year each individual member reaches normal retirement age for the Florida Retirement System as defined in Section 121.021(29) Florida Statutes, which otherwise meets the requirements of a qualified default investment alternative pursuant to regulations issued by the U.S. Department of Labor. The default investment option for FRS Pension Plan DROP participants who rollover funds from their DROP account to the Investment Plan as permitted by section 121.4501(21), Florida Statutes, and fail to make a selection of investment options shall be the FRS Retirement Fund.

VIII. MEMBER EDUCATION AND INVESTMENT GUIDANCE

A. The education component of the Investment Plan shall be designed by the Board to assist employers, eligible employees, members, and beneficiaries in order to maintain compliance with section 404(c) regulations and to assist employees in their choice of defined benefit or defined contribution retirement programs. Educational services include, but are not limited to, disseminating educational materials; providing retirement planning education; explaining the differences between the defined benefit retirement plan and the defined contribution retirement plan; and offering financial planning guidance on matters such as investment diversification, investment risks, investment costs, and asset allocation.

For members of the Investment Plan, the following items must be made available to members in sufficient time to allow them an opportunity to make informed decisions regarding the management of their individual retirement account under the Plan:

- A description of all investment funds offered as an investment option under the Investment Plan including: general investment objectives, risk and return characteristics, and type and diversification of assets, but excluding any investment instruments made available through a self-directed brokerage account.

- An explanation of how to give investment instructions and any limits or restrictions on giving instructions.
- A description of any transaction fees or expenses that are charged to the member's account in connection with purchases or sales of an investment fund.
- Investment summary fund profiles as defined at Sections 121.4501(15)(c), excluding the prospectus or other information for the underlying investment instruments available through the self-directed brokerage account provided by the Plan.
- Descriptions of the annual operating expenses for each investment alternative, such as investment management fees, excluding the prospectus or other information for the underlying investment instruments available through the self-directed brokerage account provided by the Plan.
- The value of shares of all investment funds and a quarterly member statement that accounts for contributions, investment earnings, fees, penalties, or other deductions, excluding the prospectus or other information for the underlying investment instruments available through the self-directed brokerage account provided by the Plan.
- Information concerning the past investment performance of each investment fund, net of expenses, and relative to appropriate market indices, excluding the prospectus or other information for the underlying investment instruments available through the self-directed brokerage account provided by the Plan.

B. Consistent with Sections 121.4501(8)(b)1. and 121.4501(10)(b), Florida Statutes, the education component shall provide FRS members with impartial and balanced information about the Plan and investment choices. In addition, any approved education organization shall not be an approved investment provider or be affiliated with an approved investment provider. Educational materials shall be prepared under the assumption that the employee is an unsophisticated investor and all educational materials, including those distributed by bundled providers, shall be approved by the Board prior to dissemination. Members shall have the opportunity to choose from different levels of education services, as well as a variety of delivery methods and media. All educational services offered by investment product providers shall be provided on a fee-for-service basis.

C. The Board shall contract for the provision of low- or no-cost investment guidance to members that is supplemental to educational services and that may be paid for by those receiving the guidance. Investment guidance shall consist of impartial and balanced recommendations about investment choices consistent with Rule 19-13.004, F.A.C. Investment guidance provided to a member should be individualized and provided on a regular basis. Members have the opportunity to choose from different levels of customized investment guidance services, as well as a variety of delivery methods and media.

D. Investment guidance for Investment Plan members will provide optimized combinations of available Investment Plan investment options and any personally owned non-Investment Plan member directed tax-deferred or taxable accounts.

E. Investment guidance for Pension Plan members will provide optimized combinations of any available Pension Plan benefit and any personally owned specific investment options across member directed tax-deferred or taxable accounts.

F. Bundled provider(s) selected to provide investment products for Investment Plan members shall not provide any member education services aimed at influencing the choice between the defined benefit and defined contribution plans of the Florida Retirement System. This education program will only be provided by the neutral education provider hired to do so by the Board.

IX. ROLES OF THE INVESTMENT PLAN ADMINISTRATOR AND BUNDLED PROVIDERS

A. The Board will select a single private party to serve as the administrator for the Investment Plan. The Board makes the final determination as to whether any administrator shall be approved for the Plan. Administrative services such as individual and collective recordkeeping and accounting, IRC limit monitoring, enrollment, beneficiary designation and changes, disbursement of benefits, and other centralized administrative functions shall be provided by the single administrator selected by the Board. The SBA retains the right to delineate through the contract the specific administrative services to be provided by the Bundled Provider. The SBA also retains the right, consistent with Section 121.4501(8)(a)1., Florida Statutes, to enter into a contract with the Division of Retirement for certain administrative services.

B. Bundled provider(s) selected to provide investment products to members will provide administrative services that are uniquely relevant to the bundled provider mandate. The SBA shall specify the administrative services to be provided by the single administrator and the bundled provider in the solicitation documents and contracts for services.

X. INVESTMENT OPTIONS AND PERFORMANCE BENCHMARKS

A. The authorized categories of Investment Plan investment options are segmented into tiers, with each designed to meet the varying needs of different members as shown in IPS-Table 1. The Investment Plan investment options are contained in IPS-Table 2 The default option for members that fail to make a selection of investment options shall be the Retirement Date Fund (RDF) that matches the year closest to the year each individual member reaches the normal retirement age for the Florida Retirement System as defined in Section 121.021(29) Florida Statutes. The investment options can be constructed under a multiple manager framework of two or more investment managers, however, the number of investment options shall not exceed the “Maximum Number of Options” listed in IPS-Table 2 for each category, except to the extent that:

1) Multiple investment options within the same category are simultaneously offered to facilitate a transitional mapping of contributions and account balances from a terminating option;

2) An investment option is temporarily closed to new contributions and account balance transfers.

IPS-Table 1: Authorized Investment Categories

Tier	Philosophy
Tier I- Asset Allocation-Target Date Funds	Allow members to choose a diversified investment portfolio that best fits their career time horizon until anticipated retirement date. TDFs seek growth of assets in earlier years of employment and gradually shift to income oriented options at retirement. Designed for members with little investment knowledge who want a professionally managed asset allocation with little input from the member. These options will be comprised of underlying investments in the Investment Plan's Tier II and Tier III Core Options.
Tier II- Passively-Managed Core Options	Allow members who wish some control over major investment category shifts to create their own portfolios based on broad, low-cost index funds that best fit their time horizon, risk tolerance and investment goals.
Tier III- Actively –Managed Core Options	Allow members who wish more control over all key investment allocation decisions to create their own portfolios based on investment options from active managers who seek returns above a performance benchmark and that members believe best fit their time horizon, risk tolerance and investment goals.
Tier IV- Retirement Annuity Options	Allow members leaving FRS employment a means by which they can create an income stream of their accumulated assets that can last over their remaining lifetimes.
Tier V- Self Directed Brokerage Account	Allows members interested in investments outside of Tiers I, II and III the opportunity to invest in a broad array of mutual funds, stocks, US Treasuries and other investment alternatives based on their time horizon, risk tolerance, investment goals and/or preferences.

IPS-Table 2: Authorized Investment Options Representative Performance Benchmarks, Retiree Annuities and Self Directed Brokerage Account

Investment Option Categories	Maximum Number of Options	Representative Performance Benchmarks
Tier I: Target Date Funds		
A series of asset allocation funds	11	Weighted Average of each Constituent Fund's Benchmarks

structured in 5-year increments along a "glidepath" as demonstrated in IPS Chart 1 below.		
Tier II: Passively Managed Core Options		
Enhanced U.S. Bond Index Fund	1	Bloomberg Barclays Aggregate Bond Index
Stock Market Index Fund	1	Russell 3000 Index
Foreign Stock Index Fund	1	MSCI All Country World Index ex U.S. IMI Index

Tier III: Actively-Managed Core Options		
Stable Value Fund	1	Custom Stable Value Benchmark
Inflation Sensitive Fund	1	Custom Multi-Asset Benchmark
Diversified Income Fund	1	Custom Diversified Income Benchmark
US Stock Fund	1	Custom US Stock Fund Benchmark ~~Russell 3000 Index~~
Foreign Stock Fund	1	Custom Foreign Stock Benchmark ~~MSCI All Country World Index ex US Index~~
Global Stock Fund	1	Custom Global Stock Benchmark ~~MSCI All Country World Index~~

Tier IV: Retiree Annuity Options		(Section 121.591(1)(c), Florida Statutes)
Immediate and Deferred Annuities	Not Applicable	Specified by the Executive Director
Tier V: Self-Directed Brokerage Account	Not Applicable	Not applicable

B. Investment options and investment products (i.e., that support Investment Funds that are composed of an aggregate of one or more investment products) may be provided by investment managers or bundled providers. Pursuant to Section 121.4501(9)(a), Florida Statutes, the Board shall select one or more providers who offer multiple investment products when such an approach is determined by the Board to afford value to members otherwise not available through individual investment products. Consistent with its fiduciary responsibilities, the Board is permitted by Section 121.4501(8)(h), to develop one or more investment products for the Investment Plan.

C. Investment options may have performance benchmarks other than the "Representative Performance Benchmarks" listed in IPS-Table 2, but any alternative performance benchmark must be identified in the investment guidelines required under Section XI of this IPS and provide substantial coverage of the financial market segment defined by the corresponding Representative Performance Benchmark.

D. Retirement Date Funds are only available as a weighted average of Tier II and III options. The Board shall establish procedures for initiating rebalancings per approved investment guidelines.

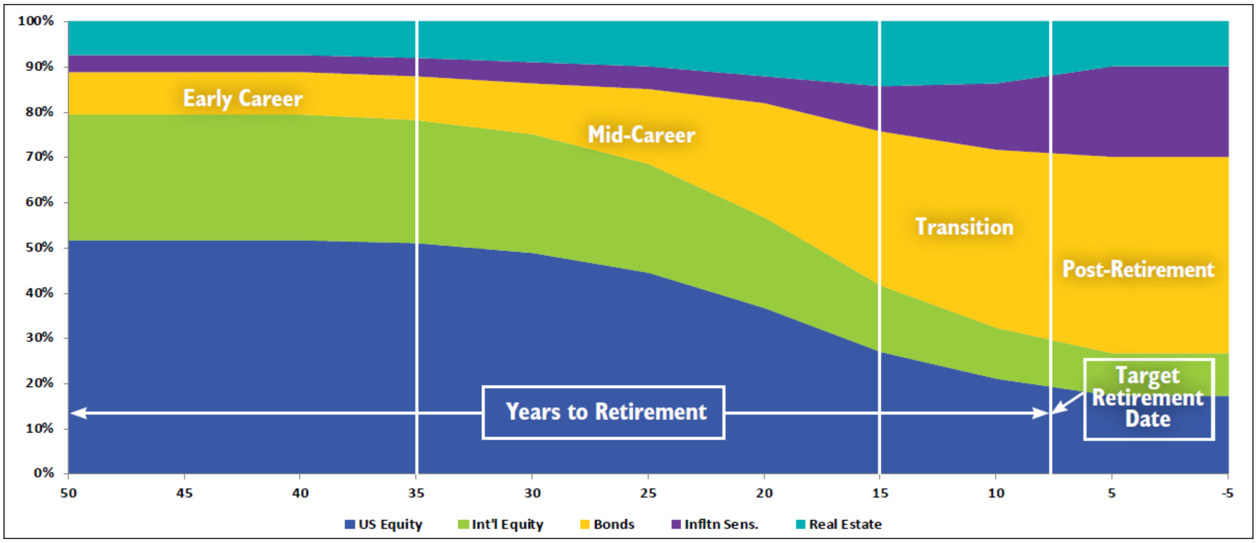
E. With IAC review and input, the Executive Director shall periodically recommend changes to the authorized investment option categories in IPS-Tables 1 and 2, as modifications are appropriate. Any recommended modifications must be justified in terms of the incremental costs and benefits provided to members.

XI. GENERAL INVESTMENT OPTION GUIDELINES

A. The Executive Director is responsible for developing specific investment policies and guidelines for investment options, which reflect the goals and objectives of this IPS. In doing so, he is authorized to exercise and perform all duties set forth in Section 121.4501(9), Florida Statutes, except as limited by this IPS or Board Rules. General guidelines are as follows:

1) The Retirement Date Funds are diversified portfolios designed to provide members with professionally managed investment vehicles that can grow assets over their career. The funds seek favorable long-term returns through investments in the Tier II and III Options according to the "glide path" allocation levels identified in IPS-Chart 1. Asset allocations will generally be held within a Current Operating Range (COR) of plus or minus 2% of their respective allocation target, but short-term deviations may occur. Optimized asset allocations for the Retirement Date Funds shall be established using methodology consistent with the guidance rendered by the Investment Plan's investment consultant.

IPS-Chart 1: Target Date Investment Funds Glidepath



2) The Stable Value Fund seeks to provide maximum current income while maintaining stability of principal. The fund will be actively managed and will primarily invest in short-term fixed income securities designed to provide principal stability and a competitive yield. The stability of principal is guaranteed through Wrap Contracts with various high quality insurance companies and banks. The competive yield is determined quarterly via a crediting rate derived from the book value yield of the underlying securities net of fees.

3) The U.S. Bond and Diversified Income funds seek high current income consistent with capital appreciation. The funds may be passively or actively managed and will primarily invest in securities contained in the benchmark, although other fixed income instruments which fit the funds' objectives may be selectively used to generate excess return, such as real estate, non-investment grade securities or securities issued by foreign entities. The funds' sensitivity to interest rate changes will closely approximate that of the performance benchmark.

4) The U.S. Stock funds seek capital appreciation and current income. The funds may be passively or actively managed and will primarily invest in equities contained in the benchmark. Other securities which fit the funds' objectives may be selectively used to generate excess return. The funds' investment process will not have a persistent bias toward the selection of securities that are predominantly in the growth or value style categories.

5) The Foreign Stock funds seek capital appreciation and current income. The funds may be passively or actively managed and will primarily invest in equities contained in the benchmark, although other securities which fit the funds' objectives may be selectively used to generate excess return, such as equity securities issued by corporations domiciled in emerging economies.

6) The Inflation Sensitive Fund seeks long-term real returns to preserve the future purchasing power of accumulated member benefits. The fund will be actively managed and will primarily invest in a diversified array of assets that may act as a hedge against inflationary pressures including, but not limited to, U.S. Treasury's inflation-indexed securities, commodities, real estate investment trusts, commercial real estate and other securities. The fund's sensitivity to interest rate changes and inflation will closely approximate that of the performance benchmark.

7) The Global Stock fund seeks capital appreciation and current income. The fund may be passively or actively managed and will primarily invest in equities contained in the benchmark, including equities domiciled in the United States, other developed and emerging economies although other securities which fit the funds' objectives may be selectively used to generate excess returns.

8) Each investment option must:

a) Have a prudent degree of diversification relative to its performance benchmark;
b) Be readily transferable from one Investment Plan account to another Investment Plan investment option or to private-sector or public-sector defined contribution plan accounts and self-directed individual retirement accounts;
c) Allow transfers of members' balances into and out of the option at least daily, subject to the excessive trading policies of the providers and/or the SBA;
d) Have no surrender fees or deferred loads/charges;
e) Have no fees or charges for insurance features (e.g. mortality and expense risk charges);
f) To the extent allowed by law, notwithstanding failure to meet one or more of the IPS Section XI(8)(b),(c)-(f) requirements, an option may be authorized if: (i) it produces significant and demonstrable incremental retirement benefits relative to other comparable products in the market place and comparable Tier I, Tier II, or Tier III options; and (ii) the incremental benefits are sufficient to offset all associated fees, charges and the expected economic cost of the variance(s) with the IPS Section XI(8)(b),(c)-(f) requirements. Comparability shall be based on the option's underlying investments within the broad categories of Money Market, U.S Fixed Income, U.S. Equities and Foreign Equities.

9) The annuity option offered in Tier IV must be provided by a provider with high independent ratings for financial strength and stability. Tier IV options may include immediate annuities with combinations of some of the following features:

a) Single premium.
b) Life or fixed period payouts.
c) Single or joint life (survivors with an insurable interest).
d) Complete or partial survivor benefits.
e) Cash refund, installment refund or period certain features.
f) Variable or fixed payments, non-participating, or income payable features.
g) Deferred payments.

B. The long-term performance of each actively managed investment option is expected to exceed the returns on their performance benchmark, net of all fees and charges, while avoiding large year-to-year deviations from the returns of the performance benchmark. The long-term performance of each passively managed investment option is expected to closely approximate returns on the performance benchmark, net of all fees and charges. Investment managers are authorized to prudently use options, futures, notional principal contracts or securities lending arrangements, in accordance with the fiduciary standards of care, as contained in Section 121.4501(15)(a), Florida Statutes, investment guidelines and related policies.

XII. INVESTMENT MANAGER SELECTION AND MONITORING GUIDELINES

A. The Executive Director shall develop policies and guidelines for the selection, retention and termination of investment managers, bundled providers and products, and shall manage all internal and external contractual relationships in accordance with the fiduciary responsibilities of the Board, this IPS and provisions of Sections 121.4501(8)(h) and 121.4501(9)(c), Florida Statutes.

When the Executive Director decides to terminate an investment fund in the Investment Plan, members will be granted an opportunity to direct their assets to other Investment Plan investment fund options prior to the investment fund termination. Assets that are not directed by members will be transferred or "mapped" to the investment fund(s) that the Executive Director deems appropriate. The mapping factors that will be consider include, but are not limited to, alignment of investment fund type (e.g., asset class, capitalization and style) and investment strategy (e.g., objectives, market focus, and implementation tactics).

B. In the selection of investment managers, investment products or bundled providers, consideration shall be given to their effectiveness in minimizing the direct and indirect costs of transferring the total present value of accumulated benefit obligations for existing employees that choose membership in the Investment Plan from the Pension Plan trust to the Investment Plan trust.

C. In the selection and monitoring of products from bundled providers, each proposed product will be evaluated on a stand-alone basis, pursuant to the requirement in Section 121.4501(9)(c)9., Florida Statutes. The cost-effectiveness of the levels of non-investment services supporting the products will also be evaluated relative to their benefits.

D. In the selection, retention and termination of bundled providers and their proposed products and services, value, as that term is used in Section 121.4501(9)(a), Florida Statutes, shall be evaluated based on the value added to the process of accumulating retirement benefits for members. This evaluation shall consider the following factors in arriving at any staff recommendation:

1) Additional products or services that are not otherwise available to the members within the Plan;
2) The type and quality of investment products offered;
3) The type and quality of non-investment services offered; and
4) Other significant elements that provide value to members, consistent with the mandates of Section 121.4501, Florida Statutes.

E. On at least an annual basis, a review will be conducted of the performance of each approved investment manager and product and related organizational factors to ensure continued compliance with established selection, performance and termination criteria, Board policy and procedures and all contractual provisions. The performance and termination criteria for each provider and investment product will be reflected in each employment contract.

F. In addition to reviewing the performance of the Investment Plan's investment managers/options, the Executive Director will periodically review all costs associated with the management of the Investment Plan's investment options, including:

1) Expense ratios of each investment option against the appropriate peer group; and

2) Costs to administer the Plan, including recordkeeping, account settlement (participant balance with that of investment), allocation of assets and earnings, and (when applicable) the proper use of 12b-1 fees to offset these fees.

XIII. SELF-DIRECTED BROKERAGE ACCOUNT (SDBA) PROVIDER SELECTION AND MONITORING GUIDELINES

A. The Executive Director shall develop policies and guidelines for the selection, retention and termination of a SDBA Provider and shall manage the contractual relationship in accordance with the fiduciary responsibilities of the Board, this IPS and provisions of Section 121.4501(9)(c), Florida Statutes.

B. The SDBA shall be offered as a service to Investment Plan members to enable members to select investments otherwise not offered in the Plan.

C. In selecting the SDBA Provider, the Executive Director shall consider the following:

1) Financial strength and stability as evidenced by the highest ratings assigned by nationally recognized rating services when comparing proposed providers that are so rated.

2) Reasonableness of fees compared to other providers taking into consideration the quantity and quality of services being offered.

3) Compliance with the Internal Revenue Code and all applicable federal and state securities laws.

4) The methods available to members to interact with the provider; the means by which members may access account information, direct investment of funds, transfer funds, and to receive fund prospectuses and related investment materials as mandated by state and federal regulations.

5) Ability to provide prompt, efficient and accurate responses to participant directions, as well as providing confirmations and quarterly account statements in a timely fashion.

6) Process by which assets are invested, as well as any waiting periods when the monies are transferred.

7) Organizational factors, including, but not limited to, financial solvency, organizational depth, and experience in providing self-directed brokerage account services to public defined contribution plans.

8) The self-directed brokerage account available under the most beneficial terms available to any customer.

9) The provider will agree not to sell or distribute member lists generated through services rendered to the Investment Plan.

10) The provider, as well as any of its related entities, may not offer any proprietary products as investment alternatives in the self-directed brokerage account.

D. The Executive Director shall regularly monitor the selected provider to ascertain whether there is continued compliance with established selection criteria, board policy and procedures, state and federal regulations, and any contractual provisions.

E. The Executive Director shall ensure that the SDBA Provider will include access to investment instruments offered through the self-directed brokerage account by providing connectivity with the following:

1) Stocks listed on a Securities Exchange Commission (SEC) regulated national exchange.

2) Exchange Traded Funds (except for leveraged Exchange Traded Funds).

3) Mutual Funds not offered in the Investment Plan.

4) Fixed Income products.

F. The Executive Director shall ensure that the self-directed brokerage account accessibility does not include the following as investment alternatives:

1) Illiquid investments;

2) Over the Counter Bulletin Board (OTCBB) securities;

3) Pink Sheet® (PS) securities;

4) Leveraged Exchange Traded Funds;

5) Direct Ownership of Foreign Securities;

6) Derivatives, including, but not limited to futures and options contracts on securities, market indexes, and commodities;

7) Buying/Trading on Margin;

8) Limited Partnership Interests;

9) Investment Plan products;

10) Any investment that would jeopardize the Investment Plan's tax qualified status;

11) Master Limited Partnerships (MLPs);

12) Commodity ETFs (subject to UBIT);

13) Private Placements.

G. The Executive Director shall establish procedures with the SDBA Provider and the Investment Plan Administrator to ensure that an Investment Plan member may participate in the self-directed brokerage account, if the member:

1) Maintains a minimum balance of $5,000 in the products offered under the Investment Plan;

2) Makes a minimum initial transfer of funds into the self-directed brokerage account of $1,000;

3) Makes subsequent transfers of funds into the self-directed brokerage account in amounts of $1,000 or greater;

4) Pays all trading fees, commissions, administrative fees and any other expenses associated with participating in the self-directed brokerage account;

5) Does not violate any trading restrictions established by the provider, the Investment Plan, or state or federal law.

H. The Executive Director shall establish procedures with the SDBA Provider and the Investment Plan Administrator to ensure that employer contributions and employee contributions shall be initially deposited into member's Investment Plan account and will then be made available for transfer to the member's SDBA.

I. The Executive Director shall establish procedures with the SDBA Provider and the Investment Plan Administrator that distributions will not be processed directly from member's assets in the SDBA. Assets must first be transferred to Investment Plan products. A member can request a distribution from the Investment Plan once the transfer of the assets from the SDBA to the member's Investment Plan account and all Investment Plan distribution requirements are met.

J. The Executive Director shall ensure that any member participating in the SDBA will be provided, at minimum, a quarterly statement that meets Financial Industry Regulatory Authority (FINRA) requirements which details member investments in the SDBA. The statement shall include, but is not limited to, member specific accounting of the investment instruments selected by a member, the net gains and losses, and buy/sell transactions. Additionally, a confirmation of trade statement will be sent for each transaction and all fees, charges, penalties and deductions associated with each transaction are netted in the trade and reflected in the transaction confirmation.

K. The Executive Director shall develop appropriate communications to members participating in the SDBA that will notify members that the Board is not responsible for managing the SDBA beyond administrative requirements as established between the Board and SDBA Provider. As such, investment alternatives available through the SDBA have not been subjected to any selection process, are not monitored by the Board, require investment expertise to prudently buy, manage and/or dispose of, and have a risk of substantial loss. The communication shall also notify members that they are responsible for any and all administrative, investment, and trading fees associated with participating in the SDBA.

L. The Executive Director shall ensure that the provider will deliver a prospectus or other information for the underlying investments available through the self-directed brokerage account as provided in Section 121.4501(15)(c)1. and 2. and in compliance with Federal laws.

XIV. REPORTING

A. The Board directs the Executive Director to coordinate the preparation of quarterly reports of the investment performance of the Investment Plan by the Board's independent performance evaluation consultant.

B. The following formal periodic reports to the Board shall be the responsibility of the Executive Director: an annual investment report, an annual financial report and a monthly performance report.

XV. IMPLEMENTATION SCHEDULE

This IPS shall be effective upon approval by the Trustees.

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FLORIDA RETIREMENT SYSTEM

Investment Plan
Investment Policy Statement

I. PURPOSE

The Florida Retirement System Investment Plan Investment Policy Statement (IPS) serves as the primary statement of Trustee policy regarding their statutory responsibilities and authority to establish and operate an optional defined contribution retirement program for members of the Florida Retirement System. The IPS shall serve as a guiding document pertaining to investment matters with respect to the Investment Plan. The Trustees will strive to make investment decisions consistent with this IPS. Section 121.4501(14), Florida Statutes, directs the Trustees of the State Board of Administration to approve the IPS. The IPS will be reviewed annually and will be revised or supplemented as policies are changed or developed.

II. DEFINITIONS

A. **Member** – An employee who enrolls in, or who defaults into, the Florida Retirement System Investment Plan, a member-directed 401(a) program, in lieu of participation in the defined benefit program of the Florida Retirement System, a terminated Deferred Retirement Option Program (DROP) member as described in section 121.4501(21), Florida Statutes, or an alternate payee of a member or employee.

B. **Investment Product –** The result of a process that forms portfolios from securities and financial instruments in order to produce investment returns.

C. **Investment Manager** – A private sector company or the State Board of Administration that provide one or more investment products.

D. **Investment Funds** – One of the investment options that may be chosen by participants. A Fund may be an aggregate of one or more investment products.

E. **Bundled Provider -** A private sector company that offers investment products, combined with recordkeeping and trading services, which are designed to meet individualized needs and requirements of plan participants, so as to afford value to participants not available through individual investment product.

F. **Passively Managed Option** – An investment management strategy that intends to produce the same level and pattern of financial returns generated by a market benchmark index.

G. **Actively Managed Option** – An investment management strategy that relies on security return predictions in an effort to out-perform the financial returns generated by a market benchmark index.

H. **Performance Benchmark** – A market benchmark index that serves as the performance measurement criterion for investment options.

I. **Investment Plan Administrator or Recordkeeper** – A private sector company that provides administrative services, including individual and collective recordkeeping and accounting, Internal

Revenue Code ("IRC") limit monitoring, enrollment, beneficiary designation and changes, disbursement of monies, and other centralized administrative functions.

J. **Self-Directed Brokerage Account** – An alternative method for Investment Plan members to select various investments options otherwise not available in the Investment Plan.

K. **Self-Direct Brokerage Account Provider** – A private sector company that provides access to a Self-Directed Brokerage Account to members of the FRS Investment Plan.

III. OVERVIEW OF THE INVESTMENT PLAN AND STATE BOARD OF ADMINISTRATION

A. The Investment Plan is a member-directed 401(a) program for employees who selected to participate, or who defaulted into the plan, in lieu of participation in the defined benefit program of the Florida Retirement System. Investment Plan benefits accrue in individual accounts that are member-directed, portable and funded by employee and employer contributions and earnings. In accordance with Section 121.4501(15)(b), Florida Statutes, members and beneficiaries bear the investment risks and reap the rewards that result when they exercise control over investments in their accounts. Fluctuations in investment returns directly affect members' benefits.

B. The State Board of Administration (Board), Division of Retirement, and affected employers administer the Investment Plan. The Board designs educational services to assist employers, eligible employees, members and beneficiaries. The State Legislature has the responsibility for setting contribution levels and providing statutory guidance for the administration of the Investment Plan.

IV. THE BOARD

A. The Board consists of the Governor, as Chairman, the Chief Financial Officer and the Attorney General. The Board shall establish an optional defined contribution retirement program for members of the Florida Retirement System and make a broad range of investment options, covering most major market segments, available to members. The Board makes the final determination as to whether any investment manager or product, third-party administrator, education vendor or investment guidance vendor shall be approved for the Plan.

B. The Board shall discharge its fiduciary duties in accordance with the Florida statutory fiduciary standards of care as contained in Sections 121.4501(15)(a) and 112.656, Florida Statutes.

C. The Board delegates to the Executive Director the administrative and investment authority, within the statutory limitations and rules, to manage the Investment Plan. The Board appoints a nine-member Investment Advisory Council (IAC). The IAC reviews the IPS and any proposed changes prior to its presentation to the Board of Trustees. The Council presents the results of its review to the Board of Trustees prior to the Trustees' final approval of the statement or any changes.

V. THE EXECUTIVE DIRECTOR

A. The Executive Director is responsible for managing and directing administrative, personnel, budgeting and investment-related functions, including the hiring and termination of investment managers, bundled providers and products.

B. The Executive Director is responsible for developing specific investment objectives and policy guidelines for investment options for the Investment Plan. The Executive Director is responsible for developing policies and procedures for selecting, evaluating, and monitoring the performance of investment managers and products to which employees may direct retirement contributions under the Investment Plan, and providing the Board with monthly and quarterly reports of investment activities.

C. The Executive Director is responsible for maintaining an appropriate compliance program that ensures :

   - Compliance with contractual and investment guidelines of each investment manager;
   - Compliance with contractual provisions agreed to with the Investment Plan administrator and the custodian, and all other service providers to the Plan, to facilitate compliance with all legal requirements pertaining to the administration of the Plan, and compliance with all applicable administrative rules, SBA policies, and procedures; and
   - Compliance with reporting and valuation requirements.

   In addition, the Executive Director is also responsible for maintaining diversified investment options, and maximizing returns with respect to the performance benchmarks of investment options offered in the Investment Plan line up, consistent with appropriate defined contribution plan design. Each investment option will avoid excessive risk and have a prudent degree of diversification relative to its broad market performance benchmark. The Executive Director will develop policies and procedures to:

   - Identify and monitor manager performance and key investment and operational risks within the manager's business structure.
   - Maintain an appropriate compliance program that ensures compliance with contractual and investment guidelines of each manager in the plan.
   - Maintain an appropriate and effective oversight function within the Office of Defined Contribution Programs to ensure effective operational and administrative oversight.
   - Approve fund allocations and limits for each fund-of-fund or Retirement Date Fund under the Investment Plan.

   The Executive Director will appoint a Chief of Defined Contribution Programs, to assist in the execution of the responsibilities enumerated in the preceding paragraphs. For day-to-day executive and administrative purposes, the Chief of Defined Contribution Programs will proactively work with the Executive Director and designees to ensure that issues are promptly and thoroughly addressed by management. On at least a quarterly basis, the Chief of Defined Contribution Programs will provide reports to the Investment Advisory Council, and to the Audit Committee and Board as requested.

   To ensure compliance with the enumerated functions outlined above, at the request of the Executive Director, the SBA Chief Risk & Compliance Officer will conduct compliance reviews of Office of

Defined Contribution Programs to ensure compliance with this Investment Policy Statement and any SBA related policies and procedures in place for the Investment Plan and will provide a report that details any adverse compliance exceptions to the Executive Director.

Pursuant to written SBA policy, the Executive Director will cause a regular review, documentation and formal escalation of any events that may have a material impact on the FRS Investment Plan Trust Fund. The Executive Director is delegated the authority and responsibility to prudently address any such events, with input from the Investment Advisory Council as necessary and appropriate, unless otherwise required in this Investment Policy Statement.

D. The Executive Director shall adopt policies and procedures designed to prevent excessive member trading between investment options from negatively impacting other members.

E. The Executive Director is responsible for periodically reviewing this IPS and recommending changes to the Board of Trustees when appropriate.

VI. INVESTMENT OBJECTIVES

A. The Investment Plan shall seek to achieve the following long-term objectives:

1) Offer a diversified mix of low-cost investment options that span the risk-return spectrum and give members the opportunity to accumulate retirement benefits.
2) Offer investment options that avoid excessive risk, have a prudent degree of diversification relative to broad market indices and provide a long-term rate of return, net of all expenses and fees that seek to achieve or exceed the returns on comparable market benchmark indices.
3) Offer members meaningful, independent control over the assets in their account with the opportunity to:
   a) Obtain sufficient information about the plan and investment alternatives to make informed investment decisions;
   b) Direct contributions and account balances between approved investment_options with a frequency that is appropriate in light of the market volatility of the investment options;
   c) Direct contributions and account balances between approved investment_options without the limitation of fees or charges; and
   d) Remove accrued benefits from the plan without undue delay or penalties, subject to the contract and all applicable laws governing the operation of the Plan.

VII. MEMBER CONTROL AND PLAN FIDUCIARY LIABILITY

A. This IPS is structured to be consistent with the Legislature's intent to assign liability for members' investment losses to members and provide a safe harbor for Plan fiduciaries.

B. In Sections 121.4501(8)(b)2. and 121.4501(15)(b), Florida law incorporates the federal law concept of participant control, established by regulations of the U.S. Department of Labor under section 404(c) of the Employee Retirement Income Security Act of 1974. The Investment Plan shall incorporate these concepts by providing Plan participants the opportunity to give investment instructions and obtain sufficient information to make informed investment decisions. The Investment Plan shall, in accordance with the 404(c) regulations and Florida law, provide members an opportunity to choose from a broad range of investment alternatives.

C. If a member or beneficiary of the Investment Plan exercises control over the assets in his or her account, pursuant to section 404(c) regulations and all applicable laws governing the operation of the Plan, no Plan fiduciary shall be liable for any loss to a member's or beneficiary's account which results from such member's or beneficiary's exercise of control.

D. The default investment option for FRS Investment Plan members that default into the plan or fail to make a selection of investment options shall be the FRS Retirement Date Fund (RDF), or Retirement Target Date Fund, that matches the year closest to the year each individual member reaches normal retirement age for the Florida Retirement System as defined in Section 121.021(29) Florida Statutes, which otherwise meets the requirements of a qualified default investment alternative pursuant to regulations issued by the U.S. Department of Labor. The default investment option for FRS Pension Plan DROP participants who rollover funds from their DROP account to the Investment Plan as permitted by section 121.4501(21), Florida Statutes, and fail to make a selection of investment options shall be the FRS Retirement Fund.

VIII. MEMBER EDUCATION AND INVESTMENT GUIDANCE

A. The education component of the Investment Plan shall be designed by the Board to assist employers, eligible employees, members, and beneficiaries in order to maintain compliance with section 404(c) regulations and to assist employees in their choice of defined benefit or defined contribution retirement programs. Educational services include, but are not limited to, disseminating educational materials; providing retirement planning education; explaining the differences between the defined benefit retirement plan and the defined contribution retirement plan; and offering financial planning guidance on matters such as investment diversification, investment risks, investment costs, and asset allocation.

For members of the Investment Plan, the following items must be made available to members in sufficient time to allow them an opportunity to make informed decisions regarding the management of their individual retirement account under the Plan:

- A description of all investment funds offered as an investment option under the Investment Plan including: general investment objectives, risk and return characteristics, and type and diversification of assets, but excluding any investment instruments made available through a self-directed brokerage account.

- An explanation of how to give investment instructions and any limits or restrictions on giving instructions.
- A description of any transaction fees or expenses that are charged to the member's account in connection with purchases or sales of an investment fund.
- Investment summary fund profiles as defined at Sections 121.4501(15)(c), excluding the prospectus or other information for the underlying investment instruments available through the self-directed brokerage account provided by the Plan.
- Descriptions of the annual operating expenses for each investment alternative, such as investment management fees, excluding the prospectus or other information for the underlying investment instruments available through the self-directed brokerage account provided by the Plan.
- The value of shares of all investment funds and a quarterly member statement that accounts for contributions, investment earnings, fees, penalties, or other deductions, excluding the prospectus or other information for the underlying investment instruments available through the self-directed brokerage account provided by the Plan.
- Information concerning the past investment performance of each investment fund, net of expenses, and relative to appropriate market indices, excluding the prospectus or other information for the underlying investment instruments available through the self-directed brokerage account provided by the Plan.

B. Consistent with Sections 121.4501(8)(b)1. and 121.4501(10)(b), Florida Statutes, the education component shall provide FRS members with impartial and balanced information about the Plan and investment choices. In addition, any approved education organization shall not be an approved investment provider or be affiliated with an approved investment provider. Educational materials shall be prepared under the assumption that the employee is an unsophisticated investor and all educational materials, including those distributed by bundled providers, shall be approved by the Board prior to dissemination. Members shall have the opportunity to choose from different levels of education services, as well as a variety of delivery methods and media. All educational services offered by investment product providers shall be provided on a fee-for-service basis.

C. The Board shall contract for the provision of low- or no-cost investment guidance to members that is supplemental to educational services and that may be paid for by those receiving the guidance. Investment guidance shall consist of impartial and balanced recommendations about investment choices consistent with Rule 19-13.004, F.A.C. Investment guidance provided to a member should be individualized and provided on a regular basis. Members have the opportunity to choose from different levels of customized investment guidance services, as well as a variety of delivery methods and media.

D. Investment guidance for Investment Plan members will provide optimized combinations of available Investment Plan investment options and any personally owned non-Investment Plan member directed tax-deferred or taxable accounts.

E. Investment guidance for Pension Plan members will provide optimized combinations of any available Pension Plan benefit and any personally owned specific investment options across member directed tax-deferred or taxable accounts.

F. Bundled provider(s) selected to provide investment products for Investment Plan members shall not provide any member education services aimed at influencing the choice between the defined benefit and defined contribution plans of the Florida Retirement System. This education program will only be provided by the neutral education provider hired to do so by the Board.

IX. ROLES OF THE INVESTMENT PLAN ADMINISTRATOR AND BUNDLED PROVIDERS

A. The Board will select a single private party to serve as the administrator for the Investment Plan. The Board makes the final determination as to whether any administrator shall be approved for the Plan. Administrative services such as individual and collective recordkeeping and accounting, IRC limit monitoring, enrollment, beneficiary designation and changes, disbursement of benefits, and other centralized administrative functions shall be provided by the single administrator selected by the Board. The SBA retains the right to delineate through the contract the specific administrative services to be provided by the Bundled Provider. The SBA also retains the right, consistent with Section 121.4501(8)(a)1., Florida Statutes, to enter into a contract with the Division of Retirement for certain administrative services.

B. Bundled provider(s) selected to provide investment products to members will provide administrative services that are uniquely relevant to the bundled provider mandate. The SBA shall specify the administrative services to be provided by the single administrator and the bundled provider in the solicitation documents and contracts for services.

X. INVESTMENT OPTIONS AND PERFORMANCE BENCHMARKS

A. The authorized categories of Investment Plan investment options are segmented into tiers, with each designed to meet the varying needs of different members as shown in IPS-Table 1. The Investment Plan investment options are contained in IPS-Table 2 The default option for members that fail to make a selection of investment options shall be the Retirement Date Fund (RDF) that matches the year closest to the year each individual member reaches the normal retirement age for the Florida Retirement System as defined in Section 121.021(29) Florida Statutes. The investment options can be constructed under a multiple manager framework of two or more investment managers, however, the number of investment options shall not exceed the “Maximum Number of Options” listed in IPS-Table 2 for each category, except to the extent that:

1) Multiple investment options within the same category are simultaneously offered to facilitate a transitional mapping of contributions and account balances from a terminating option;
2) An investment option is temporarily closed to new contributions and account balance transfers.

IPS-Table 1: Authorized Investment Categories

Tier	Philosophy
Tier I- Asset Allocation-Target Date Funds	Allow members to choose a diversified investment portfolio that best fits their career time horizon until anticipated retirement date. TDFs seek growth of assets in earlier years of employment and gradually shift to income oriented options at retirement. Designed for members with little investment knowledge who want a professionally managed asset allocation with little input from the member. These options will be comprised of underlying investments in the Investment Plan's Tier II and Tier III Core Options.
Tier II- Passively-Managed Core Options	Allow members who wish some control over major investment category shifts to create their own portfolios based on broad, low-cost index funds that best fit their time horizon, risk tolerance and investment goals.
Tier III- Actively –Managed Core Options	Allow members who wish more control over all key investment allocation decisions to create their own portfolios based on investment options from active managers who seek returns above a performance benchmark and that members believe best fit their time horizon, risk tolerance and investment goals.
Tier IV- Retirement Annuity Options	Allow members leaving FRS employment a means by which they can create an income stream of their accumulated assets that can last over their remaining lifetimes.
Tier V- Self Directed Brokerage Account	Allows members interested in investments outside of Tiers I, II and III the opportunity to invest in a broad array of mutual funds, stocks, US Treasuries and other investment alternatives based on their time horizon, risk tolerance, investment goals and/or preferences.

IPS-Table 2: Authorized Investment Options Representative Performance Benchmarks, Retiree Annuities and Self Directed Brokerage Account

Investment Option Categories	Maximum Number of Options	Representative Performance Benchmarks
Tier I: Target Date Funds		
A series of asset allocation funds structured in 5-year increments along a "glidepath" as	11	Weighted Average of each Constituent Fund's Benchmarks

demonstrated in IPS Chart 1 below.		
Tier II: Passively Managed Core Options		
Enhanced U.S. Bond Index Fund	1	Bloomberg Barclays Aggregate Bond Index
Stock Market Index Fund	1	Russell 3000 Index
Foreign Stock Index Fund	1	MSCI All Country World Index ex U.S. IMI Index

Tier III: Actively-Managed Core Options		
Stable Value Fund	1	Custom Stable Value Benchmark
Inflation Sensitive Fund	1	Custom Multi-Asset Benchmark
Diversified Income Fund	1	Custom Diversified Income Benchmark
US Stock Fund	1	Custom US Stock Fund Benchmark
Foreign Stock Fund	1	Custom Foreign Stock Benchmark
Global Stock Fund	1	Custom Global Stock Benchmark

Tier IV: Retiree Annuity Options		(Section 121.591(1)(c), Florida Statutes)
Immediate and Deferred Annuities	Not Applicable	Specified by the Executive Director
Tier V: Self-Directed Brokerage Account	Not Applicable	Not applicable

B. Investment options and investment products (i.e., that support Investment Funds that are composed of an aggregate of one or more investment products) may be provided by investment managers or bundled providers. Pursuant to Section 121.4501(9)(a), Florida Statutes, the Board shall select one or more providers who offer multiple investment products when such an approach is determined by the Board to afford value to members otherwise not available through individual investment products. Consistent with its fiduciary responsibilities, the Board is permitted by Section 121.4501(8)(h), to develop one or more investment products for the Investment Plan.

C. Investment options may have performance benchmarks other than the “Representative Performance Benchmarks” listed in IPS-Table 2, but any alternative performance benchmark must be identified in the investment guidelines required under Section XI of this IPS and provide substantial coverage of the financial market segment defined by the corresponding Representative Performance Benchmark.

D. Retirement Date Funds are only available as a weighted average of Tier II and III options. The Board shall establish procedures for initiating rebalancings per approved investment guidelines.

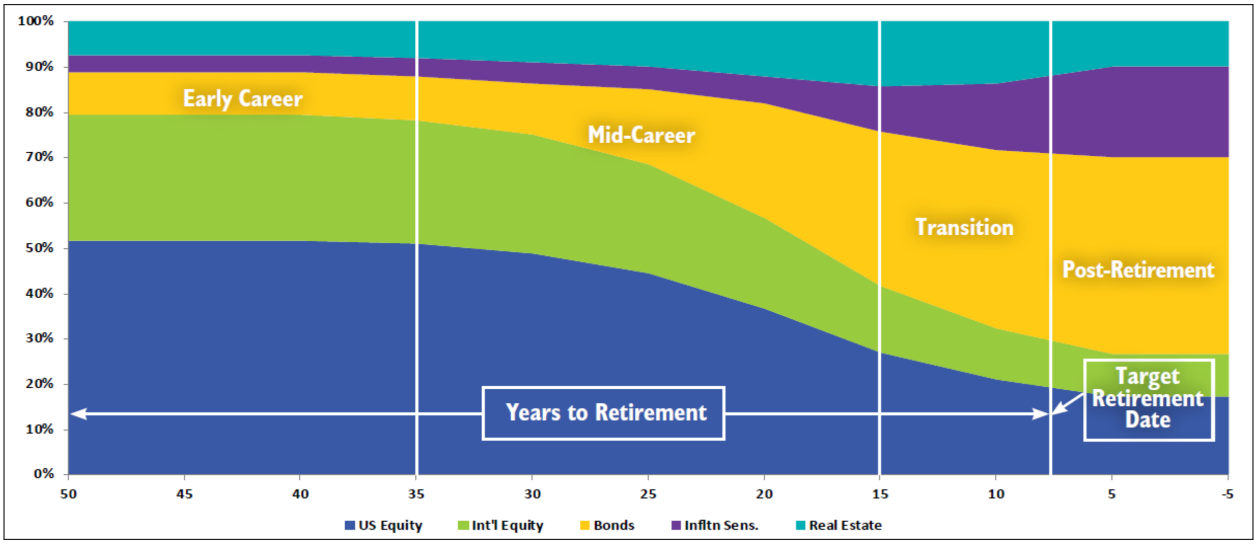
E. With IAC review and input, the Executive Director shall periodically recommend changes to the authorized investment option categories in IPS-Tables 1 and 2, as modifications are appropriate. Any recommended modifications must be justified in terms of the incremental costs and benefits provided to members.

XI. GENERAL INVESTMENT OPTION GUIDELINES

A. The Executive Director is responsible for developing specific investment policies and guidelines for investment options, which reflect the goals and objectives of this IPS. In doing so, he is authorized to exercise and perform all duties set forth in Section 121.4501(9), Florida Statutes, except as limited by this IPS or Board Rules. General guidelines are as follows:

1) The Retirement Date Funds are diversified portfolios designed to provide members with professionally managed investment vehicles that can grow assets over their career. The funds seek favorable long-term returns through investments in the Tier II and III Options according to the "glide path" allocation levels identified in IPS-Chart 1. Asset allocations will generally be held within a Current Operating Range (COR) of plus or minus 2% of their respective allocation target, but short-term deviations may occur. Optimized asset allocations for the Retirement Date Funds shall be established using methodology consistent with the guidance rendered by the Investment Plan's investment consultant.

IPS-Chart 1: Target Date Investment Funds Glidepath



2) The Stable Value Fund seeks to provide maximum current income while maintaining stability of principal. The fund will be actively managed and will primarily invest in short-term fixed income securities designed to provide principal stability and a competitive yield. The stability of principal is guaranteed through Wrap Contracts with various high quality insurance companies and banks. The competive yield is determined quarterly via a crediting rate derived from the book value yield of the underlying securities net of fees.

3) The U.S. Bond and Diversified Income funds seek high current income consistent with capital appreciation. The funds may be passively or actively managed and will primarily invest in securities contained in the benchmark, although other fixed income instruments which fit the funds' objectives may be selectively used to generate excess return, such as real estate, non-investment grade securities or securities issued by foreign entities. The funds' sensitivity to interest rate changes will closely approximate that of the performance benchmark.

4) The U.S. Stock funds seek capital appreciation and current income. The funds may be passively or actively managed and will primarily invest in equities contained in the benchmark. Other securities which fit the funds' objectives may be selectively used to generate excess return. The funds' investment process will not have a persistent bias toward the selection of securities that are predominantly in the growth or value style categories.

5) The Foreign Stock funds seek capital appreciation and current income. The funds may be passively or actively managed and will primarily invest in equities contained in the benchmark, although other securities which fit the funds' objectives may be selectively used to generate excess return, such as equity securities issued by corporations domiciled in emerging economies.

6) The Inflation Sensitive Fund seeks long-term real returns to preserve the future purchasing power of accumulated member benefits. The fund will be actively managed and will primarily invest in a

diversified array of assets that may act as a hedge against inflationary pressures including, but not limited to, U.S. Treasury's inflation-indexed securities, commodities, real estate investment trusts, commercial real estate and other securities. The fund's sensitivity to interest rate changes and inflation will closely approximate that of the performance benchmark.

7) The Global Stock fund seeks capital appreciation and current income. The fund may be passively or actively managed and will primarily invest in equities contained in the benchmark, including equities domiciled in the United States, other developed and emerging economies although other securities which fit the funds' objectives may be selectively used to generate excess returns.

8) Each investment option must:

a) Have a prudent degree of diversification relative to its performance benchmark;
b) Be readily transferable from one Investment Plan account to another Investment Plan investment option or to private-sector or public-sector defined contribution plan accounts and self-directed individual retirement accounts;
c) Allow transfers of members' balances into and out of the option at least daily, subject to the excessive trading policies of the providers and/or the SBA;
d) Have no surrender fees or deferred loads/charges;
e) Have no fees or charges for insurance features (e.g. mortality and expense risk charges);
f) To the extent allowed by law, notwithstanding failure to meet one or more of the IPS Section XI(8)(b),(c)-(f) requirements, an option may be authorized if: (i) it produces significant and demonstrable incremental retirement benefits relative to other comparable products in the market place and comparable Tier I, Tier II, or Tier III options; and (ii) the incremental benefits are sufficient to offset all associated fees, charges and the expected economic cost of the variance(s) with the IPS Section XI(8)(b),(c)-(f) requirements. Comparability shall be based on the option's underlying investments within the broad categories of Money Market, U.S Fixed Income, U.S. Equities and Foreign Equities.

9) The annuity option offered in Tier IV must be provided by a provider with high independent ratings for financial strength and stability. Tier IV options may include immediate annuities with combinations of some of the following features:

a) Single premium.
b) Life or fixed period payouts.
c) Single or joint life (survivors with an insurable interest).
d) Complete or partial survivor benefits.
e) Cash refund, installment refund or period certain features.
f) Variable or fixed payments, non-participating, or income payable features.
g) Deferred payments.

B. The long-term performance of each actively managed investment option is expected to exceed the returns on their performance benchmark, net of all fees and charges, while avoiding large year-to-year deviations from the returns of the performance benchmark. The long-term performance of each passively managed investment option is expected to closely approximate returns on the performance benchmark, net of all fees and charges. Investment managers are authorized to prudently use options, futures, notional principal contracts or securities lending arrangements, in accordance with the fiduciary standards of care, as contained in Section 121.4501(15)(a), Florida Statutes, investment guidelines and related policies.

XII. INVESTMENT MANAGER SELECTION AND MONITORING GUIDELINES

A. The Executive Director shall develop policies and guidelines for the selection, retention and termination of investment managers, bundled providers and products, and shall manage all internal and external contractual relationships in accordance with the fiduciary responsibilities of the Board, this IPS and provisions of Sections 121.4501(8)(h) and 121.4501(9)(c), Florida Statutes.

When the Executive Director decides to terminate an investment fund in the Investment Plan, members will be granted an opportunity to direct their assets to other Investment Plan investment fund options prior to the investment fund termination. Assets that are not directed by members will be transferred or "mapped" to the investment fund(s) that the Executive Director deems appropriate. The mapping factors that will be consider include, but are not limited to, alignment of investment fund type (e.g., asset class, capitalization and style) and investment strategy (e.g., objectives, market focus, and implementation tactics).

B. In the selection of investment managers, investment products or bundled providers, consideration shall be given to their effectiveness in minimizing the direct and indirect costs of transferring the total present value of accumulated benefit obligations for existing employees that choose membership in the Investment Plan from the Pension Plan trust to the Investment Plan trust.

C. In the selection and monitoring of products from bundled providers, each proposed product will be evaluated on a stand-alone basis, pursuant to the requirement in Section 121.4501(9)(c)9., Florida Statutes. The cost-effectiveness of the levels of non-investment services supporting the products will also be evaluated relative to their benefits.

D. In the selection, retention and termination of bundled providers and their proposed products and services, value, as that term is used in Section 121.4501(9)(a), Florida Statutes, shall be evaluated based on the value added to the process of accumulating retirement benefits for members. This evaluation shall consider the following factors in arriving at any staff recommendation:

1) Additional products or services that are not otherwise available to the members within the Plan;
2) The type and quality of investment products offered;
3) The type and quality of non-investment services offered; and
4) Other significant elements that provide value to members, consistent with the mandates of Section 121.4501, Florida Statutes.

E. On at least an annual basis, a review will be conducted of the performance of each approved investment manager and product and related organizational factors to ensure continued compliance with established selection, performance and termination criteria, Board policy and procedures and all contractual provisions. The performance and termination criteria for each provider and investment product will be reflected in each employment contract.

F. In addition to reviewing the performance of the Investment Plan's investment managers/options, the Executive Director will periodically review all costs associated with the management of the Investment Plan's investment options, including:

1) Expense ratios of each investment option against the appropriate peer group; and

2) Costs to administer the Plan, including recordkeeping, account settlement (participant balance with that of investment), allocation of assets and earnings, and (when applicable) the proper use of 12b-1 fees to offset these fees.

XIII. SELF-DIRECTED BROKERAGE ACCOUNT (SDBA) PROVIDER SELECTION AND MONITORING GUIDELINES

A. The Executive Director shall develop policies and guidelines for the selection, retention and termination of a SDBA Provider and shall manage the contractual relationship in accordance with the fiduciary responsibilities of the Board, this IPS and provisions of Section 121.4501(9)(c), Florida Statutes.

B. The SDBA shall be offered as a service to Investment Plan members to enable members to select investments otherwise not offered in the Plan.

C. In selecting the SDBA Provider, the Executive Director shall consider the following:

1) Financial strength and stability as evidenced by the highest ratings assigned by nationally recognized rating services when comparing proposed providers that are so rated.

2) Reasonableness of fees compared to other providers taking into consideration the quantity and quality of services being offered.

3) Compliance with the Internal Revenue Code and all applicable federal and state securities laws.

4) The methods available to members to interact with the provider; the means by which members may access account information, direct investment of funds, transfer funds, and to receive fund prospectuses and related investment materials as mandated by state and federal regulations.

5) Ability to provide prompt, efficient and accurate responses to participant directions, as well as providing confirmations and quarterly account statements in a timely fashion.

6) Process by which assets are invested, as well as any waiting periods when the monies are transferred.

7) Organizational factors, including, but not limited to, financial solvency, organizational depth, and experience in providing self-directed brokerage account services to public defined contribution plans.

8) The self-directed brokerage account available under the most beneficial terms available to any customer.

9) The provider will agree not to sell or distribute member lists generated through services rendered to the Investment Plan.

10) The provider, as well as any of its related entities, may not offer any proprietary products as investment alternatives in the self-directed brokerage account.

D. The Executive Director shall regularly monitor the selected provider to ascertain whether there is continued compliance with established selection criteria, board policy and procedures, state and federal regulations, and any contractual provisions.

E. The Executive Director shall ensure that the SDBA Provider will include access to investment instruments offered through the self-directed brokerage account by providing connectivity with the following:

1) Stocks listed on a Securities Exchange Commission (SEC) regulated national exchange.

2) Exchange Traded Funds (except for leveraged Exchange Traded Funds).

3) Mutual Funds not offered in the Investment Plan.

4) Fixed Income products.

F. The Executive Director shall ensure that the self-directed brokerage account accessibility does not include the following as investment alternatives:

1) Illiquid investments;

2) Over the Counter Bulletin Board (OTCBB) securities;

3) Pink Sheet® (PS) securities;

4) Leveraged Exchange Traded Funds;

5) Direct Ownership of Foreign Securities;

6) Derivatives, including, but not limited to futures and options contracts on securities, market indexes, and commodities;

7) Buying/Trading on Margin;

8) Limited Partnership Interests;

9) Investment Plan products;

10) Any investment that would jeopardize the Investment Plan's tax qualified status;

11) Master Limited Partnerships (MLPs);

12) Commodity ETFs (subject to UBIT);

13) Private Placements.

G. The Executive Director shall establish procedures with the SDBA Provider and the Investment Plan Administrator to ensure that an Investment Plan member may participate in the self-directed brokerage account, if the member:

1) Maintains a minimum balance of $5,000 in the products offered under the Investment Plan;

2) Makes a minimum initial transfer of funds into the self-directed brokerage account of $1,000;

3) Makes subsequent transfers of funds into the self-directed brokerage account in amounts of $1,000 or greater;

4) Pays all trading fees, commissions, administrative fees and any other expenses associated with participating in the self-directed brokerage account;

5) Does not violate any trading restrictions established by the provider, the Investment Plan, or state or federal law.

H. The Executive Director shall establish procedures with the SDBA Provider and the Investment Plan Administrator to ensure that employer contributions and employee contributions shall be initially deposited into member's Investment Plan account and will then be made available for transfer to the member's SDBA.

I. The Executive Director shall establish procedures with the SDBA Provider and the Investment Plan Administrator that distributions will not be processed directly from member's assets in the SDBA. Assets must first be transferred to Investment Plan products. A member can request a distribution from the Investment Plan once the transfer of the assets from the SDBA to the member's Investment Plan account and all Investment Plan distribution requirements are met.

J. The Executive Director shall ensure that any member participating in the SDBA will be provided, at minimum, a quarterly statement that meets Financial Industry Regulatory Authority (FINRA) requirements which details member investments in the SDBA. The statement shall include, but is not limited to, member specific accounting of the investment instruments selected by a member, the net gains and losses, and buy/sell transactions. Additionally, a confirmation of trade statement will be sent for each transaction and all fees, charges, penalties and deductions associated with each transaction are netted in the trade and reflected in the transaction confirmation.

K. The Executive Director shall develop appropriate communications to members participating in the SDBA that will notify members that the Board is not responsible for managing the SDBA beyond administrative requirements as established between the Board and SDBA Provider. As such, investment alternatives available through the SDBA have not been subjected to any selection process, are not monitored by the Board, require investment expertise to prudently buy, manage and/or dispose of, and have a risk of substantial loss. The communication shall also notify members that they are responsible for any and all administrative, investment, and trading fees associated with participating in the SDBA.

L. The Executive Director shall ensure that the provider will deliver a prospectus or other information for the underlying investments available through the self-directed brokerage account as provided in Section 121.4501(15)(c)1. and 2. and in compliance with Federal laws.

XIV. REPORTING

A. The Board directs the Executive Director to coordinate the preparation of quarterly reports of the investment performance of the Investment Plan by the Board's independent performance evaluation consultant.

B. The following formal periodic reports to the Board shall be the responsibility of the Executive Director: an annual investment report, an annual financial report and a monthly performance report.

XV. IMPLEMENTATION SCHEDULE

This IPS shall be effective upon approval by the Trustees.

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LEWIS LONGMAN WALKER

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Reply To: Tallahassee

May 12, 2025

SUMMARY OF STATUTORY COMPLIANCE REVIEW, 2025

This review finds that the Local Government Surplus Funds Trust Fund, Florida PRIME™, (Fund) is in compliance with the requirements of Sections 218.40 – 218.412, Florida Statutes.

Scope – The time period reviewed is June 1, 2024 through May 31, 2025.

Methodology – The review included analysis of applicable statutes and administrative rules, interviews with State Board of Administration personnel, review of materials provided by SBA personnel and materials posted to the Florida PRIME™ and State Board of Administration websites.

Additional Specific Findings – The Auditor General annual financial audit of the Trust Fund, Report No. 2025-073, for the fiscal years ended June 30, 2024 and June 30, 2023 was completed in December 2024. The audit did not disclose any deficiencies in internal control over Florida PRIME's financial reporting that were considered to be material weaknesses. The report noted no instances of noncompliance or other matters required to be reported under Government Auditing Standards and included as audit objectives determining if the SBA had complied with various provisions of laws, rules, contracts, the IPS, and other guidelines that are material to the financial statements.

The most recent changes to the Investment Policy Statement (IPS) for the Fund were approved by the Trustees on May 4, 2021, and adopted as a rule. The IPS is reviewed and approved by the Trustees annually; however, no changes were deemed necessary in 2025.

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See Things Differently®

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Reply to: Tallahassee

May 12, 2025

LOCAL GOVERNMENT SURPLUS FUNDS TRUST FUND
2025 STATUTORY COMPLIANCE REVIEW

The Local Government Surplus Funds Trust Fund (Trust Fund or Fund) is a pooled investment fund created in 1977 by Section 218.405, Florida Statutes, and administered by the State Board of Administration (SBA). F.S. § 218.403(9). The Fund is governed by Part IV of Chapter 218, Florida Statutes, titled "Investment of Local Government Surplus Funds." Part IV, which includes sections 218.40 – 218.415, Florida Statutes, is now known as "Florida PRIME."

THE STATUTE

The Board of Trustees of the SBA ("Trustees") constituted per section, consists of the Governor, as Chairman, the Chief Financial Officer, as Treasurer, and the Attorney General, as Secretary. *See* F.S. § 215.44(1). Section 218.405(3), Florida Statutes, requires the Trustees to annually certify that Florida PRIME is in compliance with the requirements of Part IV, Chapter 218, Florida Statutes, and that the management of Florida PRIME is in accord with best investment practices.

This is the sixteenth annual statutory review of the Fund under section 218.405(3). There were no substantive amendments to Part IV, Chapter 218, Florida Statutes, during the 2024 or 2025 Legislative sessions.

SCOPE OF REVIEW

This review, which addresses the first part of the annual certification by the Trustees, examines whether the Trust Fund is in compliance with the requirements of Part IV of Chapter 218, Florida Statutes. The scope of this review is the Fund's compliance with sections 218.40 – 218.412, Florida Statutes, during the time period June 1, 2024, through May 31, 2025.

The remainder of Part IV, Chapter 218 – section 218.415 – is not within the scope of this review. This section comprises the second part of the certification required by section 218.405(3) – that the Fund is in accord with best investment practices – which is performed separately by Aon Hewitt Investment Consulting, Inc.

PURPOSE

As set out at section 218.401, Florida Statutes, the intent of Part IV of Chapter 218 is:

> **[T]o promote, through state assistance, the maximization of net interest earnings on invested surplus funds of local units of government, based on the principles of investor protection, mandated transparency, and proper governance, with the goal of reducing the need for imposing additional taxes.**

The definition of surplus funds, found at section 218.403(8), includes:

> **[A]ny funds in any general or special account or fund of a unit of local government, or funds held by an independent trustee on behalf of a unit of local government, which in reasonable contemplation will not be immediately needed for the purposes intended.**

By its terms, participation in the Fund is limited to units of local government, defined at section 218.403(11) as:

> **… any governmental entity within the state not part of state government and shall include, but not be limited to, the following and the officers thereof: any county, municipality, school district, special district, clerk of the circuit court, sheriff, property appraiser, tax collector, supervisor of elections, authority, board, public corporations, or any other political subdivision of the state.**

This broad definition of "units of local government" includes authorities, boards and public corporations, in addition to the entities specifically enumerated in the above statutory language.

Section 218.407(2), Florida Statutes, requires each prospective Fund participant to determine whether participation in the Fund is in the entity's interest. The Florida PRIME enrollment materials require each participant to certify that it is authorized to invest in the Fund. The enrollment materials advise participants that the SBA is not responsible for independently verifying whether a local government entity is authorized to participate in the Fund.

CREATION, OBJECTIVES

The Trust Fund is created at section 218.405, Florida Statutes,

(1) There is hereby created a Local Government Surplus Funds Trust Fund to be administered by the board and to be composed of local government surplus funds deposited therein by units of local government under the procedures established in this part. The board may contract with a professional money management firm to manage the trust fund.

The Board has contracted with a professional money management firm, Federated Investment Counseling, Inc. (Federated), to manage the Trust Fund.

(2) The primary objectives, in priority order, of investment activities shall be safety, liquidity, and competitive returns with minimization of risks.

(3) (Certification requirement, cited above)

(4) The board may adopt rules to administer the provisions of this section.

RULES

Sections 218.405(4) and 218.412 permit the Board to promulgate rules as may be needed to administer the Trust Fund. The Board has adopted such rules at Chapter 19-7, Florida Administrative Code. Most of these rules were adopted in 1982, with substantial revisions adopted by rule in 2002 and 2010. The Investment Policy Statement (IPS) is also incorporated, by reference, into SBA Rules. The current Investment Policy Statement for the Fund was approved by the SBA Trustees on June 12, 2024. No changes were made to Chapter 19-7, Florida Administrative Code or the IPS during the review period.

INTERACTION WITH LOCAL GOVERNMENT AUTHORITIES

Section 218.407 sets out the requirements that must be met by a unit of local government before surplus funds may be deposited in the Trust Fund:

(1) Prior to any determination by the governing body that it is in the interest of the unit of local government to deposit surplus funds in the trust fund, the board or a professional money management firm must provide to the governing body enrollment materials, including a trust fund profile containing impartial educational information describing the administration and investment policy of the trust fund, including, but not limited to:

(a) All rights and conditions of participation, including potential restrictions on withdrawals.

(b) The historical performance, investment holdings, credit quality, and average maturity of the trust fund investments.

(c) The applicable administrative rules.

(d) The rate determination processes for any deposit or withdrawal.

(e) Any fees, charges, penalties, and deductions that apply to the account.

(f) The most recently published financial statements or independent audits, if available, prepared under generally accepted accounting principles.

(g) A disclosure statement for signature by the appropriate local government official.

The Board, with Federated, has created enrollment materials which include a Trust Fund profile and education information which appear to be impartial and to accurately describe the administration and investment policies of the Trust Fund and which meet the specific requirements of the above section.

All materials are provided to participants and potential participants at the Board's web site: www.sbafla.com at the Florida PRIME link, or directly at https://prime.sbafla.com/. The New Participant Enrollment Guide, the current Investment Policy Statement, the Earnings Allocation description and the applicable rules are included under the "Enrollment Materials" tab, as are two form documents that must be executed by a new participant: the Disclosure Statement and the Authorizing Resolution. These materials track the statutory information required by section 218.407(1).

(2) Upon review of the enrollment materials and upon determination by the governing body that it is in the interest of the unit of local government to deposit surplus funds in the trust fund, a resolution by the governing body and the signed acceptance of the disclosure statement by the local government official, who may be the chief financial or administrative officer of the local government, shall be filed with the board and, if appropriate, a copy shall be provided to a professional money management firm authorizing investment of its surplus funds in the trust fund established by this part. The resolution shall name:

(a) The local government official, who may be the chief financial or administrative officer of the local government, or

(b) An independent trustee holding funds on behalf of the unit of local government, responsible for deposit and withdrawal of such funds.

The safeguards set forth in paragraphs 218.407(1) and (2) are intended to ensure that participants are fully informed about the nature, purpose, stability and processes of the Fund. The information included in the Florida PRIME enrollment materials is thorough, and satisfies these requirements. Signed disclosure statements, acknowledging receipt of relevant information, are on file for Fund participants.

> **(3) The board or a professional money management firm shall, upon the filing of the resolution, invest the moneys in the trust fund in the same manner and subject to the same restrictions as are set forth in s.215.47. All units of local government that qualify to be participants in the trust fund shall have surplus funds deposited into a pooled investment account.**

Section 215.47, Florida Statutes, details the types of investments permitted for all Board funds, including Florida PRIME. Pursuant to section 218.409(2)(a), the Fund also must be invested in accordance with the current written investment policy, which must be updated annually. Section 215.47(10), Florida Statutes, was amended by the Legislature in 2023 to require the SBA, when deciding whether to invest and when investing, to make decisions based solely on pecuniary factors. The amendment prohibits the subordination of the interests of ~~the~~ fund participants to other objectives (i.e., sacrificing investment return or undertaking additional investment risk to promote any nonpecuniary factor). To comply with the 2023 legislative changes, an amendment to the Investment Management Agreement with Federated was executed in September 2023.

The second part to the certification required by section 218.405(3), which is being conducted by Aon Hewitt Investment Consulting, Inc., determines whether the Fund's management is in accord with best investment practices and whether the specific holdings of the Fund are in accord with all statutory requirements including section 215.47 (cross-referenced in 218.405(3)) as implemented in the current PRIME Investment Policy Statement.

ADMINISTRATION OF THE TRUST FUND

> **218.409 Administration of the trust fund.**—
>
> **(1) Upon receipt of the items specified in s. 218.407 from the local governing body, the board or a professional money management firm shall accept all wire transfers of funds into the trust fund. The board or a professional money management firm shall also wire-transfer invested local government funds to the local government upon request of the local government official named in the resolution.**

This requirement is satisfied by a clearing account maintained by Bank of America, which is a qualified public depository. The Bank of America account accepts money transmitted to the Board and transfers to BNY Mellon, as the custodian.

> **(2)(a)The trustees shall ensure that the board or a professional money management firm administers the trust fund on behalf of the participants. The**

> **board or a professional money management firm shall have the power to invest such funds in accordance with a written investment policy. The investment policy shall be updated annually to conform to best investment practices. The standard of prudence to be used by investment officials shall be the fiduciary standards as set forth in s. 215.47(10), which shall be applied in the context of managing an overall portfolio. Portfolio managers acting in accordance with written procedures and an investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this part.**

The Trustees delegate the administrative and investment authority to manage Florida PRIME to the Executive Director of the SBA, subject to applicable Florida Law. The Trustees also appoint an Investment Advisory Council, which, at least annually, reviews the Investment Policy and any proposed changes prior to its presentation to the Trustees. The Investment Policy Statement was last updated by the Trustees effective June 12, 2024. The IPS is posted at the Fund website tab "Risk Management and Oversight," and under the "Enrollment Materials" tab as a separate item and is also included in the New Participant Enrollment Guide.

The Board administers the Trust Fund on behalf of the participants and handles accounting, statements, monthly reporting and compiling and maintaining enrollment materials, and has contracted with professional money management firm Federated to act as the Investment Manager and to invest the Trust Fund funds in accordance with the Investment Policy Statement. Federated interacts with participants to answer inquiries and facilitates Standard and Poor's ratings. BNY Mellon acts as custodian of all assets of the Fund, processes all trades made by Federated, and does valuation and pricing for the Fund.

> **(2)(b) Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business on behalf of the trust fund. They shall further disclose any personal financial or investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the board.**

All Board employees are required to complete training to ensure that Board officers and employees involved in the investment process are able to recognize and avoid personal business activity that could conflict with the Trust Fund program or impair their ability to make impartial decisions. Human Relations notifies the Inspector General of any training non-compliance, and the Inspector General ensures that all required employee training for the cycle is completed.

A course cycle sets out when mandatory employee training courses must be completed. Use of Information Technology Resources, Ethics, Harassment Prevention, Incident Management Framework, Insider Trading, and Personal Investment Activity training are required every year; Public Records and Sunshine Law training are required every two years; and Confidential Information and Fiduciary Duties training is required every four years. New SBA employees are required to take all mandatory courses at the time they start working for the SBA. All required courses for the fiscal year rotation were completed for the review period. During the 2023-24 fiscal year, the SBA implemented a requirement that all employees complete in-person fiduciary training. Risk Management and Compliance Awareness and Training was implemented in 2023 for newer employees. The program familiarizes those employees with Risk Management and Compliance policies and standards at the SBA and provides an understanding of the roles of Risk Management and Compliance, and how those roles support the mission and vision of the SBA. The course also provides an overview of policies governing personal investment activity, material non-public information and insider trading. As of the date of this report, all employees have completed the required training.

SBA Employees and investment officials are required to disclose material interests in financial institutions with which they also conduct Trust Fund business, and any personal financial or investment positions that could be related to performance of the Trust Fund portfolio. The Inspector General ensures that any trading or investment activity by individual employees complies with applicable SBA policies.

Policy 10-041 establishes a set of internal controls governing the personal investment activity of all SBA employees, including OPS employees and interns. Policy 10-041 was revised March 11, 2025, to provide more specificity with respect to transacting covered trades with a broker dealer, for which the SBA has set up an electronic confirmation feed. The updated policy also includes the SBA's Employee Broker List, which is a list of brokers with whom SBA employees may conduct personal trading of Covered Securities. This brokers on the list have been reviewed and approved for personal trading by the Chief Risk & Compliance Officer and those brokers have agreed to provide electronic trade confirmations and account statements to the Personal Investment Compliance System. If an individual covered by the policy wishes to trade covered securities, the account must be with a broker on the SBA Employee Broker List, and a written authorization for the SBA to receive electronic confirmations and account information must be executed prior to trading.

Several Amendments to the policy also took effect in 2023. Private investment offerings and interests in real estate or other assets made through limited partnerships and private investment pools were added to prohibited investments. Donations of Covered Securities are now classified as Covered Trades under the policy. Private Real Estate Funds are now excluded from the private real estate exemption, which excludes ownership of private real estate from the policy, unless the real estate interest is in or with an entity with whom the SBA holds an investment. If a new employee discloses ownership of a prohibited Covered Security, the Chief Risk and Compliance Officer will determine the appropriate next steps based on the facts and circumstances and will document the determination. The policy now provides that final determinations on policy violations will be shared with the employee's supervisor.

In 2021, Policy 10-041 was updated in conjunction with the implementation of the StarCompliance Personal Investment Compliance (PIC) system. The PIC system provides automated pre-clearance of personal trades and a standardized method to report and certify Covered Accounts and holdings, including private investments. SBA employees are now required to submit pre-clearance requests in the PIC system, and receive approval prior to trading in any securities, as defined by Section 2(a)1 of the Securities Act of 1933, except certain exempt securities or assets (e.g., FDIC money markets, municipal bonds, insurance products, etc.). (*See* SBA Policy 10-041, *Definitions*, p. 4-6.) Risk Management & Compliance offered two agency-wide training sessions prior to the implementation of the StarCompliance system. A recording of the training was also made available on SBA's "WorkSmart Portal" for employees who could not attend either of the training sessions in person.

Additional revisions to Policy 10-041 in 2021 include a change to the threshold for disclosing material ownership interests in financial institutions or investment organizations with which they conduct business on behalf of the SBA. Prior to the revision, employees were required to disclose a material ownership interest valued at $20,000 or greater. Effective December 1, 2021, the ownership interest amount was changed to 5% or greater and must be reported within 15 calendar days of acquisition.

Policy 10-044 addresses insider trading. This policy was also revised in 2021, to include reporting procedures for material nonpublic information. "Material" information, as it relates to securities transactions, is defined generally as information for which there is a substantial likelihood that a reasonable investor would consider it important in making his or her investment decisions, or information that is reasonably certain to have a significant effect on the price of a company's securities. Information is "nonpublic" until it has been effectively communicated to the marketplace and it can be demonstrated that the information is generally public. In addition to the Executive Director and the General Counsel & Chief Ethics Officer, the Chief Risk and Compliance Officer is responsible for consulting and coordinating with the Deputy Chief Investment Officer, as appropriate, to resolve policy questions and interpretations. Policy 10-044 was amended, effective June 26, 2023, to add the Deputy Chief Investment Officer to the list of recipients to receive any determinations by the Chief Risk and Compliance Officer that a policy violation has occurred.

SBA employees must report material nonpublic information through the StarCompliance system. The information is then sent immediately to the Chief Risk & Compliance Officer for review. This information is used to maintain a "Restricted List" of securities, which are ineligible for trading by SBA employees on behalf of SBA funds or personal accounts, without prior written approval from the Chief Risk & Compliance Officer. There were no reports of non-compliance with any of the aforementioned, during the review period.

> **(2)(c) The board or a professional money management firm and all employees have an affirmative duty to immediately disclose any material impact to the trust fund to the participants. To ensure such disclosure, a system of internal controls shall be established by the board, which shall be documented in writing as part of the investment policy. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the board or a professional money management firm. The controls shall also include formal escalation reporting guidelines for all employees. The guidelines shall establish procedures to address material impacts on the trust fund that require reporting and action.**

The Board has developed a process and document to be used by professional money manager Federated to certify that it operates in compliance with applicable ethics requirements. Federated Hermes Inc. Chief Compliance Officer and the Chief Investment Officer for Global Liquidity Markets, have each executed certifications of Compliance with Ethics Principles, for the reporting period.

Policy 10-040 (Ethics) provides comprehensive ethical requirements for all employees of the SBA, including PRIME, which are more stringent than the statutory requirements under Chapter 112, Part III, Florida Statutes. SBA management and staff have an affirmative duty to immediately escalate and report directly to the Executive Director & CIO, the Inspector General, or the General Counsel any "employee or contractual party fraud or misconduct (whether actual or suspected), employee or contractual party material error that adversely affects SBA or client assets or interests, misrepresentation or omission of material information in internal and external reporting and client communications, and violations of laws, rules or SBA policies." The Inspector General then is required to investigate. Effective June 26, 2023, Policy 10-040 was amended to include the Deputy Chief Investment Officer under Primary Staff.

The following policies were amended in 2023-24 to ensure that all SBA investment actions are based solely on pecuniary factors and are consistent with fiduciary standards set forth in Florida Statutes: 10-015 Corporate Governance; 10-018 Asset Class Allocation Policies; 10-019 New Investment Vehicles and Programs; and 10-033 Securities Litigation. Several other SBA policies were amended in 2024 to reflect a split in SBA Inspector General duties among the General Counsel & Chief Ethics Officer, the Chief Audit Executive & Inspector General, the Senior Operating Officer-Human Resources, and Risk Management & Compliance.

The SBA internet and intranet home pages include an employee toll-free fraud hotline number which allows employees to anonymously report any concerns with regard to any aspect of SBA functions, including the Trust Fund. This number is also included in all contracts with external service providers, in order to report any potential problems in these relationships. The hotline is operated by an independent company and is available 24 hours a day, 7 days a week. The Inspector General receives any reports from the hotline and copies these to the Chief Risk and Compliance Officer. There were no fraud reports to the hotline number during the review period.

The Investment Policy Statement at Section IX, Controls and Escalation Procedures, imposes extensive reporting, monitoring and escalation requirements on the executive director, all employees, the Fund custodian, the Investment Manager, an independent investment consultant and any third party used to materially implement the Fund. The IPS requires the Executive Director to develop policies and procedures to maintain an appropriate and effective risk management and compliance program, which identifies, evaluates and manages risks within business units and at the enterprise level. The Executive Director is required to appoint a Chief Risk and Compliance Officer, whose selection, compensation, and termination are to be affirmed by the Board. This position assists the Executive Director in fulfilling the Controls and Escalation Procedures and has been staffed in accordance with SBA policy.

Also, in accordance with the IPS, the Executive Director has organized an Investment Oversight Group (IOG) to regularly review, document and formally escalate compliance exceptions and events that might have a material impact on the Trust Fund. The minutes of its meetings, with a list of participants, are posted to the Fund website. The IOG meets and reports monthly to the Executive Director.

As discussed below, the Auditor General conducts an annual Financial Audit of PRIME, and the IPS requires the audit to include testing for compliance with the IPS, pursuant to Florida law. The most recent Financial Audit (Report No. 2025-073, December 2024) is available on the Florida PRIME website under the tab, "Audits."

The IPS also requires the Trustees to review and approve management summaries of material impacts on the Fund and any actions or escalations, along with any required actions thereon. The Monthly Summary Reports, which are provided on the website, constitute these management summaries. (See further discussion on the contents of this Report under section 218.409(6).) As reflected in the quarterly reports to the Joint Legislative Auditing Committee, the Trustees have reviewed and approved the monthly summary reports.

In addition to the internal controls described above, SBA has recently expanded its training curriculum to address external security threats. Additional cyber security training was implemented, effective July 11, 2024 (Policy 10-508), which highlights risks associated with the use of information technology. The policy defines new information security training requirements for all employees, as well as any contractors and third parties, who have access to the SBA network, data and information systems, and is intended to ensure all users know how to identify and defend against malicious threats and how to react to information security events or incidents, whether at work or at home. The training curriculum, which must be completed before an employee can access sensitive SBA data or information systems includes, at a minimum, the following topics:

- SBA information security and related policies and where to find them
- Information security threats
- Creation and maintenance of appropriate passwords
- Acceptable usage of SBA data, network resources, computing devices, and software Handling of confidential, or otherwise sensitive data, including use of encryption capabilities, where appropriate
- Reporting information security incidents, including the reporting of abuse, policy violations and suspicious activities

The safeguards summarized above indicate stringent standards of education, review and disclosure designed to prevent the loss of funds from fraud, error, misrepresentation, market changes or imprudent actions by the Board or a money manager, and have ensured the Trust Fund is administered in accordance with what is required by statute.

> **(2)(d) The investment policy shall be reviewed and approved annually by the trustees or when market changes dictate, and in each event the investment policy shall be reviewed by the Investment Advisory Council.**

The Investment Policy Statement was approved by the Trustees, without change on June 12, 2024.

> **(3) The board or a professional money management firm may purchase such surety or other bonds as may be necessary for its officials in order to protect the trust fund. A reserve fund may be established to fulfill this purpose. However, any reserve must be a portion of the management fee and must be fully disclosed, including its purpose, in the enrollment materials at the time a unit of local government considers participation. Further, any change in the amount to be charged for a reserve must have a reasonable notice period to allow any participant to withdraw from the trust fund prior to the new reserve charge being imposed.**

No surety or other bonds have been purchased to protect the Trust Fund, and there is no reserve fund.

> **(4) The board or a professional money management firm shall purchase investments for a pooled investment account in which all participants share pro rata in the capital gain, income, or losses, subject to any penalties for early withdrawal. Any provisions for penalties, including their purpose, must be disclosed in the enrollment materials. Any change in the amount to be charged for a penalty must have a reasonable notice period to allow any participant to withdraw from the trust fund prior to the new penalty charge being imposed. A system shall be developed by the board, and disclosed in the enrollment materials, subject to annual approval by the trustees, to keep account balances current and to apportion pooled investment earnings to individual accounts.**

All participants in the Trust Fund share pro rata in all capital gains, income or losses, as set out in the Description of Investment Pool Earnings Allocation, posted to the website. This system is designed to keep account balances current and to apportion pooled investment earnings to individual accounts.

> **(5) The board shall keep a separate account, designated by name and number of each participating local government. A maximum number of accounts allowed for each participant may be established by the board. Individual transactions and totals of all investments, or the share belonging to each participant, shall be recorded in the accounts.**

Separate accounts are kept for each participant. The Board has not established a limit on the number of accounts a participant may have.

> **(6)(a)The board or a professional money management firm shall provide a report, at a minimum monthly or upon the occurrence of a material event, to every participant having a beneficial interest in the trust fund, the board's executive director, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The report shall include:**
>
> **1. Reports of any material impacts on the trust fund and any actions or escalations taken by staff to address such impacts. The trustees shall provide quarterly a report to the Joint Legislative Auditing Committee that the trustees have reviewed and approved the monthly reports and actions taken, if any, to address any impacts.**
>
> **2. A management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last month. This management summary shall be prepared in a manner that will allow anyone to ascertain whether investment activities during the reporting period have conformed to investment policies. Such reporting shall be in conformance with best market practices. The board or a professional money**

> **management firm shall furnish upon request the details of an investment transaction to any participant, the trustees, and the Investment Advisory Council.**

A document titled "Monthly Summary Report" is produced monthly and made available at the Florida PRIME website to address the above requirements. The Monthly Summary Reports satisfy the requirements of Paragraph (6)(a).

The quarterly reports of the Trustees to the Joint Legislative Auditing Committee indicate that the Trustees have reviewed and approved the monthly reports and taken responsive action, per the above. These actions are memorialized in the transcripts and minutes of the meetings of the Trustees, which are posted to the SBA website.

> **(6)(b) The market value of the portfolio shall be calculated daily. Withdrawals from the trust fund shall be based on a process that is transparent to participants and will ensure that advantages or disadvantages do not occur to parties making deposits or withdrawals on any particular day. A statement of the market value and amortized cost of the portfolio shall be issued to participants in conjunction with any deposits or withdrawals. In addition, this information shall be reported monthly with the items in paragraph (a) to participants, the trustees, and the Investment Advisory Council…**

The market value of the Fund portfolio is calculated daily by BNY Mellon and posted on the website the next day. The Information Statement and Operating Procedures, posted to the website as part of the New Participant Enrollment Guide, sets out the operating procedures for the Fund, including hours of operation, holidays and timing of transactions. These procedures are transparent and appear to ensure, to the extent possible, that disadvantages do not occur to parties making deposits or withdrawals on particular days, as each participant has equal access to the transaction system. A statement of the market value and amortized cost of the portfolio is available at all times to participants on the website, and participants receive monthly individual account statements.

> **…The review of the investment portfolio, in terms of value and price volatility, shall be performed with practices consistent with the GFOA Recommended Practice on "Mark-to-Market Practices for State and Local Government Investment Portfolios and Investment Pools."**

Compliance with the above part of section 218.409(6)(b) will be determined in part two of the annual certification, conducted by Aon Hewitt Investment Consulting, Inc.

> **…Additional reporting may be made to pool participants through regular and frequent ongoing multimedia educational materials and communications, including, but not limited to, historical performance, investment holdings,**

amortized cost and market value of the trust fund, credit quality, and average maturity of the trust fund investment.

Additional materials are available on the Trust Fund website and are provided through the monthly reports. Board staff are available for direct communication with participants for any questions regarding their accounts.

(7) Costs incurred in carrying out the provisions of this part shall be deducted from the interest earnings accruing to the trust fund. Such deductions shall be prorated among the participant local governments in the percentage that each participant's deposits bear to the total trust fund. The remaining interest earned shall be distributed monthly to participants according to the amount invested. Except for costs, the board or a professional money management firm may not transfer the interest or use the interest for any other purpose, including, but not limited to, making up investment losses.

The above statutory requirement was present in the law before substantive revisions in 2008 and has been discussed in previous reviews because it is theoretically problematic: If fund investment values were to decline sufficiently in a given month, there would be no interest from which to pay costs, and the literal requirements of this provision could not be met within a given month. Staff has reviewed this issue and has concluded that based on historical asset levels, there have been more than sufficient assets to generate fees adequate to cover all administrative, operational, compliance and investment management charges.

(8)(a)The principal, and any part thereof, of each and every account constituting the trust fund shall be subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action shall be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures prior to the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days.

In the time period covered by this review, the principal of all accounts in the Trust Fund has been paid at any time requested by a participant and there have been no events causing the Executive Director to limit contributions or withdrawals.

> **(8)(b) An order to withdraw funds may not be issued upon any account for a larger amount than the share of the particular account to which it applies; and if such order is issued, the responsible official shall be personally liable under his or her bond for the entire overdraft resulting from the payment if made.**

In the time period covered by this review, there have been no orders to withdraw funds for a larger amount than the share of a particular account.

> **(9) The Auditor General shall conduct an annual financial audit of the trust fund, which shall include testing for compliance with the investment policy. The completed audit shall be provided to the participants, the board, the trustees, the Investment Advisory Council, and the Joint Legislative Auditing Committee. As soon as practicable, but no later than 30 days after completion of the audit, the trustees shall report to the Joint Legislative Auditing Committee that the trustees have reviewed the audit of the trust fund and shall certify that any necessary items are being addressed by a corrective action plan that includes target completion dates.**

The Auditor General annual financial audit of the Trust Fund, Report No. 2025-073, for the fiscal years ended June 30, 2024 and June 30, 2023 was completed in December 2024. The audit did not disclose any deficiencies in internal control over Florida PRIME's financial reporting that were considered to be material weaknesses. The report noted no instances of noncompliance or other matters required to be reported under Government Auditing Standards and included as audit objectives determining if the SBA had complied with various provisions of laws, rules, contracts, the IPS, and other guidelines that are material to the financial statements.

AUTHORIZATION TO PROVIDE ASSISTANCE

> **218.411 Authorization for state technical and advisory assistance.**
>
> **(1) The board is authorized, upon request, to assist local governments in investing funds that are temporarily in excess of operating needs by:**
>
> **(a) Explaining investment opportunities to such local governments through publication and other appropriate means.**
>
> **(b) Acquainting such local governments with the state's practice and experience in investing short-term funds.**

> **(c) Providing, in cooperation with the Department of Economic Opportunity, technical assistance to local governments in investment of surplus funds.**
>
> **(2) The board may establish fees to cover the cost of such services, which shall be paid by the unit of local government requesting such service. Such fees shall be deposited to the credit of the appropriation or appropriations from which the costs of providing the services have been paid or are to be charged.**

The education offerings of the Fund have been discontinued, and there have been no instances of the SBA providing technical assistance to a fund participant in this review period.

> **218.412 Rulemaking authority.—**
>
> **The board may adopt rules as it deems necessary to carry out the provisions of this part for the administration of the trust fund.**

As noted above, the Board has adopted rules for the administration of the Fund at Chapter 19-7, Florida Administrative Code.

OTHER SECTIONS OF PART IV, CHAPTER 218

Part IV of Chapter 218, Florida Statutes, covers other facets of investment of local government funds, such as local government investment policies (Section 218.415). Because this review, as mandated by Section 218.405, is of the pooled investment fund created by section 218.405 only, these sections are not a part of this review.

CONCLUSION

Based on the foregoing, the Local Government Surplus Funds Trust Fund, Florida PRIME, was in compliance with the requirements of Sections 218.40 – 218.412, Florida Statutes for the period covered by this review.

Florida PRIME™ Best Practices Review

Florida State Board of Administration (SBA)

June 2025

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Table of Contents

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Executive Summary

Aon Investments (Aon) conducts a Best Practices Review of Florida PRIME on an annual basis. In this report, we review the 2025 Participant Survey responses, update on risk management enhancements, discuss the potential to expand the pool offerings and review the Investment Policy Statement.

Based on our review, we continue to believe that Florida PRIME is being managed in a manner consistent with best practices and in consideration of participants' best interests.

2025 Best Practices Review Key Takeaways

- Suggested additional investment related disclosures are intended to increase transparency and risk controls for participant decision-making.
- Current circumstances warrant strong consideration for offering additional pool options with varying risk/reward profiles for current and potential participants.
- Investment Policy Statement is comprehensive and covers the appropriate topics.

2025 Participant Survey Highlights

On a regular basis, the SBA conducts a survey of Florida PRIME participants to gain a better understanding of the participant base, current usage of available services, and overall satisfaction. The survey also seeks to gauge interest across several components, including the addition of more fund options, and to ensure awareness of participant needs and preferences. As of May 15, 2025, the survey attracted 75 respondents which is a strong response rate based on previous years.

A diversified group of governmental units responded to the survey, primarily representing municipalities, but also counties, special districts and school boards, with respondents roughly evenly split between investment decision-makers and personnel in account operations. Of the respondents, 45% have one account with Florida PRIME and 18% have 2 accounts. The survey indicated that approximately 62% of respondents have a balance of over $10 million with Florida PRIME, and another 23% indicated having between $1 million and $10 million with the pool.

The survey includes questions that relate to how and why participants utilize other competing and complementary liquidity vehicles. Of the respondents, about 59% indicated that their organization has a policy that dictates a maximum allowable allocation to a single investment pool or money market fund. Of those with a policy limit, approximately 32% are restricted to allocating 50% or less to any single governmental investment pool or money market fund. Relatedly, when asked what prevents an organization from using Florida PRIME as the primary source of cash management, about 21% indicated that investment policy restrictions are a major reason and another 6% indicated it is a moderate reason. The greatest response was 30% of respondents who indicated that diversification needs of the cash portfolio was a major or moderate reason. The aggregated responses did suggest that an unattractive current yield was not much of a reason, which is similar to last year's survey. Inadequate participant disclosures, costs, functionality/operational features, and lack of additional investment product offerings were all highly selected as not reasons at all for not using Florida PRIME as a primary source of cash management.

When asked about other investment vehicles used in the past 12 months for cash management, respondents indicated the most used vehicles aside from Florida PRIME are SEC-Registered money market funds at 21%, the Florida Cooperative Liquid Assets Securities System at 20% and the Florida Public Assets for Liquidity Management at 18% of respondents. The survey also asked respondents to rank how competing investment services have added value to the respondent organizations' investment goals. Respondents indicated that risk, defined as perceived risk levels adjusted for the level of return, was the most appealing feature. Yield, defined as the level of interest income, return potential and Available Funds (other complementary investment vehicles to choose from) were the next features being selected as being the most appealing features at 29% and 23%, respectively. Client service and cost were ranked the lowest in terms of value add from competing investment services.

The survey questions surrounding current services related to Florida PRIME continue to receive strong feedback. Related to the Florida PRIME website, 85% of respondents indicated that they visit the site at least once a month and 96% responded that they find the website functionality as very easy to use. The survey also indicated that the majority of participants continue to utilize the website primarily to access account balances/statements and transactions, and approximately 42% of respondents utilize the website to access the Monthly Summary Reports. When asked about the usefulness of multiple communication pieces, the responses also continue to be favorable. The survey indicated that respondents rated the following communications as very useful: monthly account statements (95%), e-mail notifications of withdrawals (84%) and changes to bank instructions (79%). Further, respondents found the following to be at least somewhat useful/very useful: Periodic eNotices (90%), Monthly Summary Reports (89%), and Weekly Market Commentary (86%). Lastly, respondents indicated great satisfaction with the Florida PRIME representatives, with 99% of respondents indicating the representatives were very courteous, very knowledgeable and very responsive.

Overall, the survey results continue to be positive from both operational and service-related perspectives. Responses related to the use of competing investment vehicles indicated that the highest response (36%) was no use of the vehicles listed in the survey. Roughly equally used at around 20% were the Florida Cooperative Liquid Assets Securities System (FL CLASS), the Florida Public Assets for Liquidity Management ("FL PALM") and an SEC-registered money market fund. The survey also indicated that risk and yield continue to be top of mind, but notably, that a large percentage of respondents' organizations have investment policies limiting available funds to invest in a single entity and/or seek diversification from a single cash management source.

Generally, the survey indicates a strong level of satisfaction with the management of the Florida PRIME portfolio. The large majority (94%) of respondents indicated that they are very likely or extremely likely to recommend Florida PRIME to a colleague or other governmental investor. We continue to believe the survey is a great mechanism to obtain feedback from Florida PRIME participants, as well as to express the SBA's awareness and receptiveness to the participant's needs and wants. Note, the results cited above are as of May 15, 2025 and may modestly change once the survey is officially closed.

Risk Management Enhancement Update

The 2024 Best Practices report highlighted the current and potential risk mitigation tools and procedures used to oversee the Florida PRIME portfolio and used to ensure the safety of participant assets and prudent investment management of the portfolio.

Among the considerations were additional investment-related disclosures to serve as an added risk control for participant decision-making. FL PRIME currently has several avenues where some investment risk disclosures are made, including within the Monthly Summary Reports and fact sheets posted on the Florida PRIME website, as well as within several information documents for participants prior to enrolling, including the Information Statement & Operating Procedures documents.

Notably, the Information Statement highlights the following three principal investment risks related to investing in Florida PRIME:

1. Risk that Florida PRIME will not maintain a Stable Net Asset Value
2. Interest Rate Risks
3. Credit Risks

While FL PRIME is a conservative strategy investing in high-quality, liquid and short-term securities, there are still investment risks and building out these disclosures is a prudent practice. Over the past year, the SBA drafted additional investment related disclosures with an appropriate level of detail.

The draft disclosures cover the following investment-related risks:

Concentration Risk	Liquidity Risk
Counterparty Risk	Market and Economic Risk
Credit Risk	Redemption Risk
Cybersecurity and Operational Risk	Regulatory Risk
Government Guarantee and Insurance Risk	Reinvestment Rate Risk
Interest Rate Risk	Selection risk
Issuer Risk	Yield Curve Risk
Large Participant Redemption Risk	

The added disclosures further the transparency of the investment risks of investing in FL PRIME and the SBA has always sought full transparency as it relates to portfolio management, holdings and compliance testing.

The Florida PRIME management and governance processes have been continually updated and improved over time. The SBA, Federated, Aon and other independent parties have periodically reviewed the entire compliance process to ensure that the procedures and communications remain effective, relevant, and efficient. The proposed additional disclosures offer an additional layer of risk management for its participants.

Additional Fund Offerings

Over the past several years, the SBA has regularly considered the efficacy of expanding the pool offerings available to participants. The current Florida PRIME investment pool is the sole cash management solution offered by the SBA for Florida public entities. Florida PRIME offers a safe and moderately conservative cash management solution. Adding additional pool offerings would allow participants to tailor their cash management needs across different risk and return spectrums as appropriate for their specific circumstances.

Over the past 10+ years as the SBA has evaluated additional pool options, the prevailing circumstances did not offer enough compelling rational to expand the cash management options. Historically, headwinds that prevented additional pool options from being pursued included, the additional operational and administrative complexities, the market environment, the lack of demand from participants, and across certain time periods, the uncertainty related to SEC money market reforms.

As the SBA continuously evaluates the merits for additional funds, the current environment may be more supportive for expanding the lineup of pool options available to participants. Specifically, the SBA has considered expanding the risk and reward spectrum of pools offered via two additional pool options:

1) Government-only fund
   - Would provide a lower risk and return option relative to FL PRIME, comprised of only Treasury or government agency securities, eliminating credit risk and offering a weighted average maturity similar to or less than FL PRIME.
2) An enhanced cash return fund (perhaps PRIME+)
   - Would provide a higher risk and return option relative to FL PRIME, targeting a longer duration and weighted average maturity. The exact risk and return profile may vary but enhanced cash funds typically target a weighted average maturity of 180 days to 1 year, compared to the 60-day maximum of the current pool. An enhanced cash option is also managed on a total return basis (variable NAV), as opposed to the constant $1 NAV basis that FL PRIME currently maintains.

Below we provide considerations regarding the potential for additional pool offerings

Support for Additional Offerings

Most often, the capacity to have options across the risk and return spectrum is generally viewed as a positive aspect. Offering options allows participants to determine the level of risk that is most appropriate for their circumstances and invest accordingly. Further, offering fund options with different risk profiles allows participants to diversify their risk within their cash investments, if desired. We believe these advantages could serve to increase the appeal of the F SBA’s offerings. To the extent that additional dollars are attracted, that could also serve to increase the ability to enhance scale and potentially lower costs for the benefit of the participants.

It is also interesting to note that the responses from the annual participant survey consistently have indicated that the level of yield and risk continue to be the characteristics most important to the selection of cash investment pools. The 2025 survey[1] indicated that the yield (level of interest income, return potential) was the most appealing feature for 44% of respondents. Risk (perceived risk levels adjusted for level of return) and liquidity (full daily liquidity versus some restriction on daily account transactions) were both listed as the most appealing feature for 28% and 27% of respondents, respectively. Additionally, when asked how competing investment services (funds other than FL PRIME) added value, yield, risk and available funds (other complementary investment vehicles to choose from) were selected roughly equally (one-third of respondents each). Lastly, roughly 30% of respondents indicated that diversification needs is a major reason preventing use of Florida PRIME as the primary source of cash management services. These results from the survey respondents are supportive of expanding the pool options.

Lastly, while it is expected that the fund offerings would be for the long-term, it is important to consider the current market environment. For most of the time in the past when additional funds were considered, the U.S. was in a very low-interest rate environment, which posed expected challenges for both a government only option and an enhanced cash option. The market environment is much different today, with 3-month T-Bills yielding over 4.0% at the end of April 2025. In this environment, there is more variability in the expected yield between a government only and an enhanced cash fund option. Additionally, there is more balance to the direction of yields from current levels than a few years ago when the direction was (mostly) only up, which would have resulted in underperformance of the pool relative to FL PRIME. Thus, while we do not recommend attempting to time a release of a new option, we do view the market environment today as more favorable than in was in the past for offering multiple cash management solutions.

Considerations for Additional Pool Offerings

Among the largest considerations for the SBA when evaluating expanding he pool offerings is the additional operational and administrative complexities that would come alongside their release. The SBA is responsible for administering the FL PRIME pool. Assuming a similar structure, the SBA would also be responsible for the ongoing recordkeeping, custody, administration, valuation, return calculations, cash flow management and compliance monitoring, among other items, for the additional funds as well. It is also important to note that launching an enhanced cash fund option, with the ability to invest farther out on the yield curve, would bring additional complexities. The accounting for an enhanced cash fund would need to be on a total return basis (floating NAV), as opposed to the constant $1 NAV basis used today for FL PRIME and that would be used for a government-only option. Lastly, communication pieces and education opportunities would need to be well thought out to ensure participants fully understand the risks and opportunities across the available options, in order to make informed decisions.

[1] Results as of May 15, 2025. Final survey results may differ slightly after accounting for any additional responses between May 15th and the survey close.

Conclusion

We believe there is merit to further evaluating the potential benefits to participants of providing additional fund options across the risk and reward spectrum. Interest from the Participant Survey indicate yield and risk are the main considerations for an additional pool option. Further, stabilization around money market reforms and a new market environment relative to the previous 10+ years offers further support to evaluate the efficacy of additional pool offerings. There does need to be due consideration given to the immense administrative effort and resources needed to successfully launch additional fund offerings, as well as comfort with the risk of less than anticipated traction into any new fund offering. That said, it is common for state organizations to offer multiple pool options for their local participants and the diversification benefits and additional optionality to customize risk and return preference are compelling considerations. Aon supports the continued evaluation of pursuing additional fund options.

Investment Policy Review

On an annual basis, Aon reviews the Florida PRIME Investment Policy Statement (IPS). The objective of the IPS is to set forth the objectives, strategy, guidelines, and overall responsibilities for the oversight and prudent investment of Florida PRIME assets. While the IPS reviewed on a regular basis, we do not anticipate frequent changes to the document. The purpose of the review is to ensure the document reflects the evolving investment portfolio, current legal and regulatory developments, and best practices. A well-written and unambiguous document is critical to the success of any investment program.

The Florida PRIME IPS addresses the major areas listed below:

I. Purpose and Scope
II. Overview of Florida PRIME
III. Roles and Responsibilities
IV. Amortized Cost Accounting
V. Investment Objective
VI. Investment Strategies & Specific Limitations
VII. Portfolio Securities and Special Transactions
VIII. Risks Associated with Florida PRIME
IX. Controls and Escalation Procedures
X. Deposits and Withdrawals
XI. Management Reporting

Aon finds the IPS to be comprehensive and appropriate for the management and oversight of Florida PRIME. We believe the items above are relevant and critical to the success of the management of the pool's assets. The investment objective of the pool and the roles and responsibilities are clearly defined. The IPS provides the necessary specifics and supplemental guidelines for a clear understanding of the investment strategy, making direct and clear reference to the appropriate GASB guidelines for appropriate fiduciaries to follow and understand. We believe the IPS thoroughly defines the risks that are associated with investing in Florida PRIME and find the detailed control procedures provide the comfort of prudent safe-keeping and oversight of assets. The SBA has been diligent with staying current with overall best practices in managing the Florida PRIME assets and has consistently ensured the IPS is up to date with the current regulatory, legal, and investment environments.

Overall, we continue to believe the Florida PRIME IPS is robust and in line with the goals and objectives of the investment pool and continue to find the Policy to be an effective guiding document for the management of Florida PRIME.

Investment Advisory Council Meeting

June 3rd, 2025

Paige Wilhelm
Senior Vice President
Senior Portfolio Manager
Head Prime Liquidity Group

Heather Froehlich
Senior Vice President
National Sales Manager State Treasury Pools

Luke Raffa, CFA
Vice President
Senior Sales Representative

Federated Hermes Partnership

Pool Summary	Federated Hermes Team	Services
$31.4 Billion 844 Participants 1,545 Accounts *(as of 3/31/25)*	**Paige Wilhelm** Senior Vice President Senior Portfolio Manager **Heather Froehlich** Senior Vice President National Sales Manager State Treasury Pools **Luke Raffa, CFA** Vice President Senior Sales Representative	• Portfolio Management • Participant Outreach • Marketing Support

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Participant Outreach & Marketing Support

Participant Outreach

- **Direct Conversations**
  - Targeted calling effort engaging participants and prospects
  - Held participant meetings across Florida
  - Fielding participant inquires on tariffs and the stability of liquidity markets
- **Participant Webcast Held On 11/20/24**
  - Update on liquidity markets and FOMC actions
    - 90 participants attended
    - Made follow-up calls to attendees
    - Participants were appreciative of the industry insights and communication on behalf of the pool
    - Replay is available on the Florida PRIME website
- **Upcoming Spring 2025 Webcast 5/21/25**
  - Currently have 60 participants registered (as of 5/12/25)
- **Notable Participant Activity**
  - Palm Beach County: $1.3 billion
  - Miami-Dade County Schools: $627 million
  - Collier County: $97 million

Marketing Support

- **Regular Commentaries**
  - Weekly market commentaries from Paige Wilhelm
  - Biannual webcasts hosted by Federated Hermes
- **Monthly Newsletters**
- **Quarterly Reviews**

Supporting Local Florida Organizations

- Throughout the past year, ads for Florida PRIME were featured in the FACC directory, FCCMA directory and the FASBO publication.

- Completion of a refreshed logo. Seeking to modernize, while maintaining the pool's strong brand.

- Design and creation of new conference banners, featuring the new brand and QR code access to the Florida Prime website


FLORIDA PRIME
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The Premier Cash Management Solution for Florida Public Entities

PORTFOLIO OVERVIEW
as of 12/31/24

POOL ASSETS	$32.6 BILLION

Credit Quality Composition (%)
- A-1+ 57.6
- A-1 42.4

Effective Maturity Schedule (%)
- 1-7 Days 43.9
- 8-30 Days 8.6
- 31-90 Days 28.0
- 91-180 Days 9.9
- 180+ Days 9.5

Portfolio Composition (%)
- Commercial Paper 52.0
- Bank Instruments 39.4
- Repo 6.7
- Corporate Notes 1.8
- Government 0.0
- Money Market Funds 0.0

Top Holdings (%)

Cooperatieve Rabobank UA	5.0
Mizuho Financial Group, Inc.	5.0
Australia & New Zealand Banking Group Ltd.	4.9
Credit Agricole Group	4.9
Nordea Bank Abp	4.9
ABN Amro Bank NV	4.6
Bank of Montreal	4.1
Canadian Imperial Bank of Commerce	4.1
Toronto Dominion Bank	4.0
National Bank of Canada	3.6
Total % of Portfolio:	45.0

Effective Average Maturity
47.0 Days

- Seeks preservation of capital, liquidity and competitive yield
- Accessed through easy-to-use, reliable technology
- Backed by personal, ongoing support from people who understand—and are committed to—Florida public finance

Conservative Management Consistent With State Statutes and Best Industry Practices

The Local Government Surplus Funds Trust Fund (Florida PRIME) was created by an Act of the Florida Legislature in 1977 and currently serves over 800 participants across the state.

- Invests exclusively in short-term, high-quality fixed-income securities rated in the highest short-term rating category by one or more nationally recognized statistical rating organizations, or securities of comparable quality.
- Seeks to maintain a $1.00 value and maintain a weighted average maturity of 60 days or less, with the maximum maturity of any investment limited to 397 days.
- Rated AAAm by S&P Global Ratings, the highest rating available for a local government investment pool.
- Complies with legislation that requires numerous operational and reporting enhancements, including restating investment objectives to emphasize safety, liquidity and competitive returns with minimization of risks; and providing for enhanced internal controls, transparency and communication.

Management by a World-Class Firm That Understands Public Finance

- Since February 13, 2008, Federated Hermes has managed the assets of Florida PRIME to the exact specifications of its investment policies.
- Founded in 1955, Federated Hermes is a market leader in providing investment management and administrative services to public sector cash investors. Federated Hermes is also one of the largest institutional cash investment managers in the U.S.[1]

The Highest Level of Support Through Superior Technology

- Pool participants can efficiently and accurately initiate transactions and obtain account information through online systems.
- https://prime.sbafla.com provides access to full portfolio information, as well as links to transaction and inquiry tools—24 hours a day, seven days a week.

To learn more about the advantages of putting Florida PRIME to work, call 1-850-488-7311.

[1] iMoneyNet, Inc. 12/31/24

Portfolio holdings and composition are shown as of the date indicated. Since market conditions fluctuate suddenly and frequently, the portfolio holdings may change and this list is not indicative of future portfolio composition. These portfolio holdings are not intended to be and do not constitute recommendations that others buy, sell, or hold any of the securities listed.

An investment in the Pool is not insured or guaranteed by any government or government agency. Although the manager of the Pool seeks to preserve principal, it is possible to lose money by depositing money in the Pool.

An AAAm rating by S&P Global Ratings is obtained after evaluating a number of factors, including credit quality, market price exposure and management. Ratings are subject to change and do not remove market risk.

G40461-10 (1/25)
Federated Investment Counseling

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2025 Upcoming Events

Dates	Description	City	Participation
5/28/25 – 5/31/25	FCCMA Conference	Orlando	Exhibitor
6/4/25 – 6/6/25	COBA Summer Conference	Orlando	Sponsor
6/9/25 – 6/12/25	FSFOA June Conference	Kissimmee	Sponsor
6/14/25 – 6/18/25	FGFOA Annual Conference	Hollywood	Sponsor
6/22/25 – 6/25/25	FPPTA 41st Annual Conference	Orlando	Attendee
8/14/25 – 8/16/25	FLC Annual Conference	Orlando	Exhibitor
11/11/25 – 11/14/25	FSFOA Fall Conference	Kissimmee	Sponsor

FLORIDA PRIME
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Competitor Analysis

Florida PRIME is the gold standard for transparency

	Daily asset levels	Monthly holdings report	Monthly fee disclosure	Stress test results
FLORIDA PRIME – AN INVESTMENT TOOL FOR PUBLIC FUNDS $31.4 billion*	✓	✓	✓	✓
FL PALM – Public Assets for Liquidity Management $6.7 billion*	X	✓	X	X
FLCLASS® – An Investment Solution for Public Funds $9.2 billion*	X	X	X	X

*AUM is based upon most recent disclosures. 2/28/25 for FL PALM. 12/31/24 for FL CLASS.

Florida Prime Portfolio Review

Year in Review

March 31, 2025

The reporting period opened with the US Federal Reserve voicing concern that inflation had stalled its decent from multi-decade highs in 2022. In its May meeting, the Federal Open Market Committee (FOMC) said, “there has been a lack of further progress toward the Committee’s 2% inflation objective,” and it keep the federal funds rate in a target range at 5.25-5.50%. This stance was affirmed when it did not alter the range at its June meeting. However, it did change its balance-sheet operations by reducing the amount it would taper its holdings of US Treasuries, lowering the monthly cap on the amount of the bonds it allows to mature without replacing them from $60 billion to $25 billion.

The Fed’s tone began to shift in July’s FOMC meeting and, more prominently, by Fed Chair Powell in Jackson Hole, Wyo., at the Fed’s annual central bank symposium. After focusing on inflation for many quarters, policymakers shifted attention to the labor market, which appeared to be softening. As weakening employment can signal an imminent recession, Powell said “The time has come for policy to adjust.” The markets expected this pivot to be gradual, but the Fed issued a large 50-basis point rate cut at its September FOMC meeting—surprising both for its size and its proximity to the US presidential election, eventually won by Donald Trump.

The fourth quarter found the Fed in a bind. On the one hand, it wanted to lower rates to avoid an economic slowdown. But on the other hand, it feared that the tariffs Trump promised in his campaign would reignite inflation and necessitate elevated rates. Nonetheless, policymakers cut rates in their November and December meetings to reach 4.25-4.5%, forecasting that they would deliver another 50 basis points in 2025.

After Trump’s inauguration, a slew of executive orders, layoffs at federal agencies and departments and tariffs obfuscated the direction of the US economy. Quantifiable data, such as job gains and gross domestic product told the story of a solid economy. But survey-based data, such as consumer confidence and inflation expectations, turned south. On top of this, Trump continued to attack Powell for not cutting rates like most of the other central banks. Powell pushed back, and the Fed held steady in both meetings in the quarter, maintaining the target range and defending the Fed’s independence from political pressure. While the uncertainties wrought by the Trump administration roiled the stock and bond markets, the relative stability and attractive yields of the broad liquidity markets lead to asset inflows.

The reporting period ended with the markets on edge as they apprehensively prepared for Trump’s announcement of reciprocal tariffs in early April and with yields on 1-, 3-, 6- and 12-month Treasuries 4.30%, 4.30%, 4.23% and 4.03%, respectively.

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Key issues in the money markets

Steady amidst the uncertainty

- April and May have been extremely volatile months for equity and bond markets, with the on-again off-again tariff war
- The money markets have continued to function reasonably well throughout the storm
- Absent financial stability risks, the Fed can afford to stay on the sidelines for a while longer, with a focus on interpreting signals between the hard and soft data
- Interest rate environment expected to be positive for cash, including local government investment pools

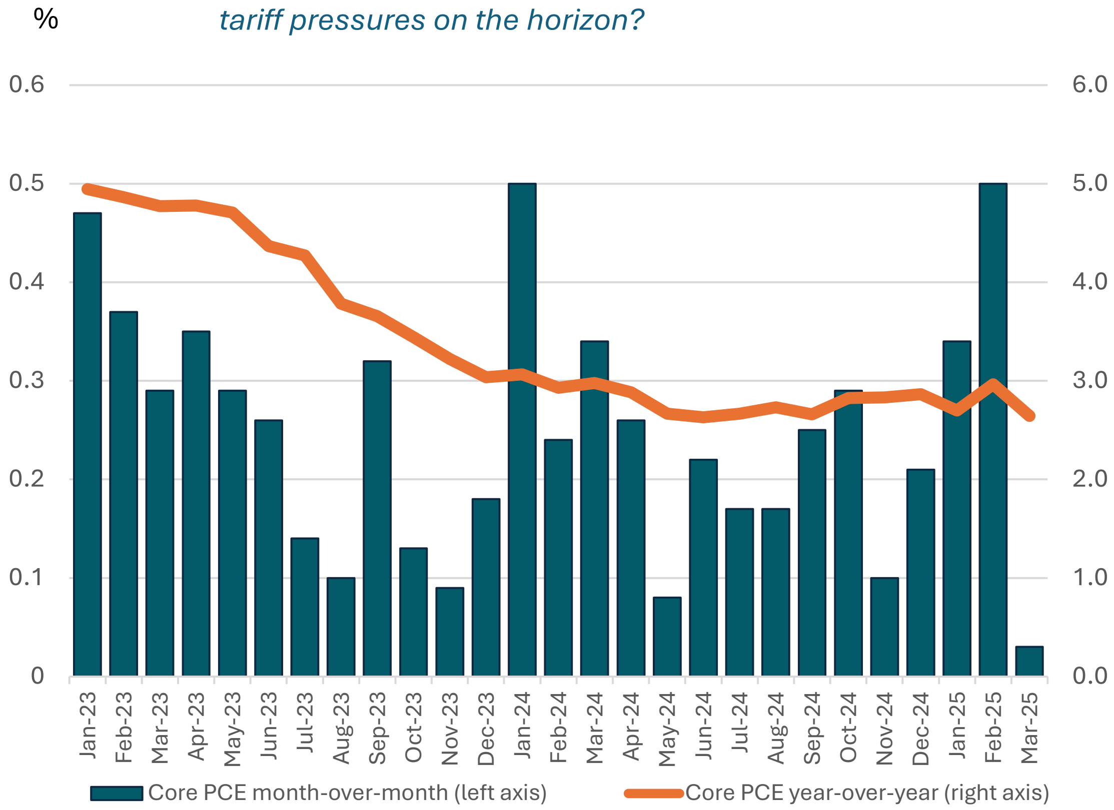
Views are as of April 30, 2025 and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security or sector.

The Fed's dual mandate

A tough spot for the Fed

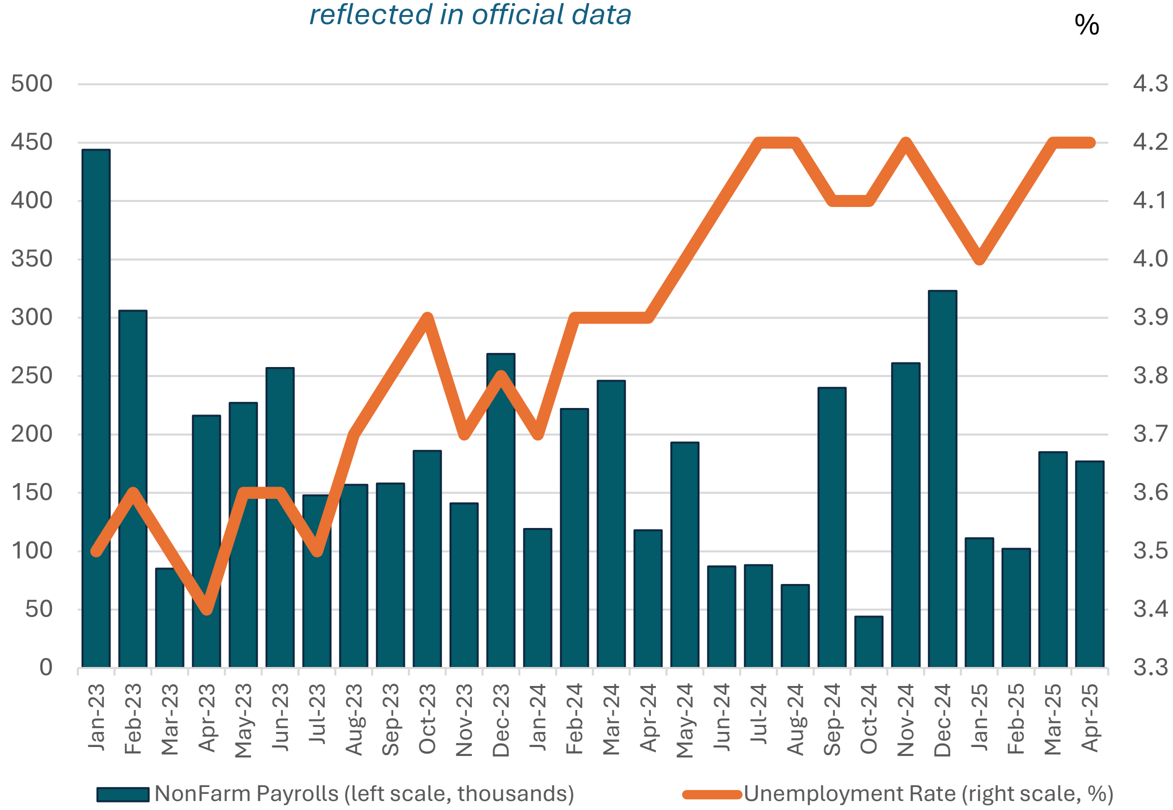
Price stability

Progress slowing toward 2% goal; tariff pressures on the horizon?



Maximum employment

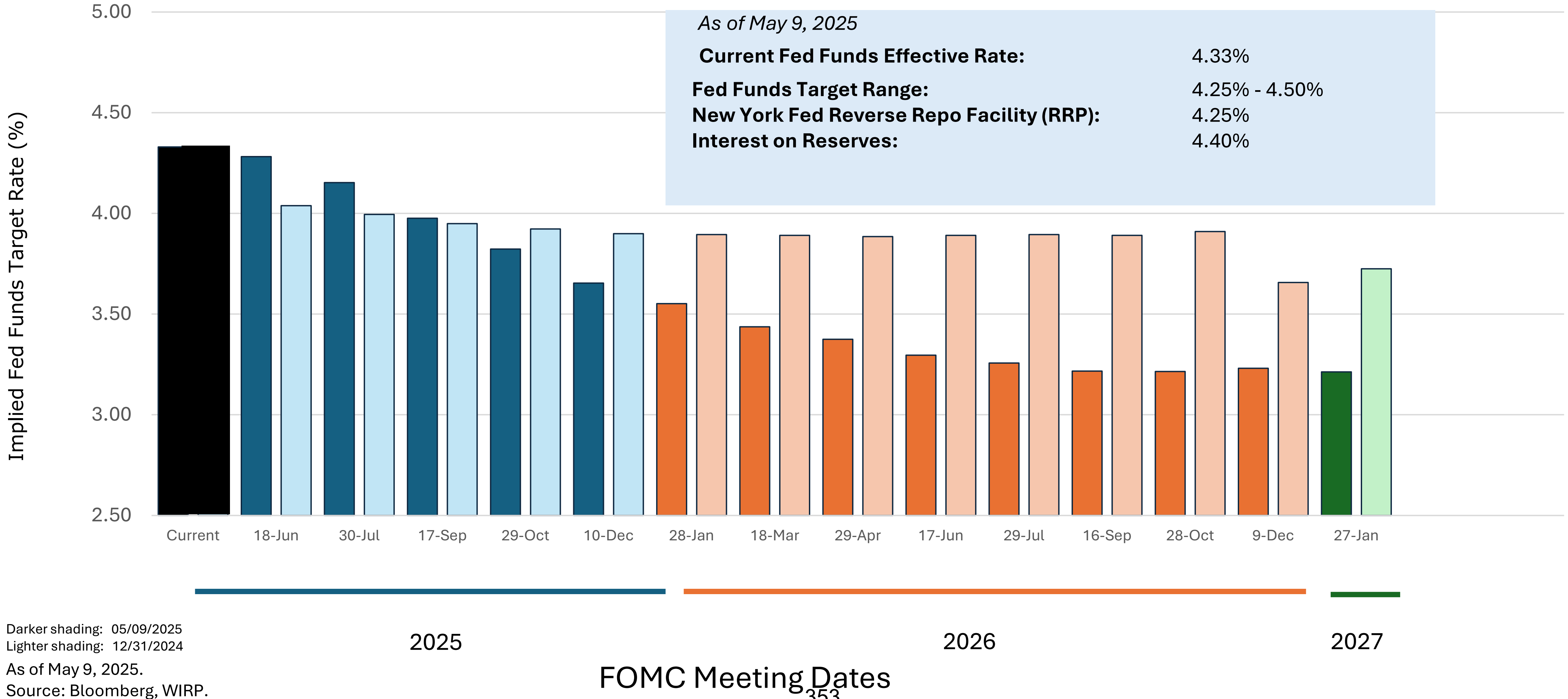
Still strong, but DOGE layoffs not yet reflected in official data



As of 4/30/2025.
Source: Bureau of Economic Analysis, Bureau of Labor Statistics, St. Louis Fed

Fed funds futures: a little sooner, a little more easing

Uncertainty affecting prices, consumer sentiment

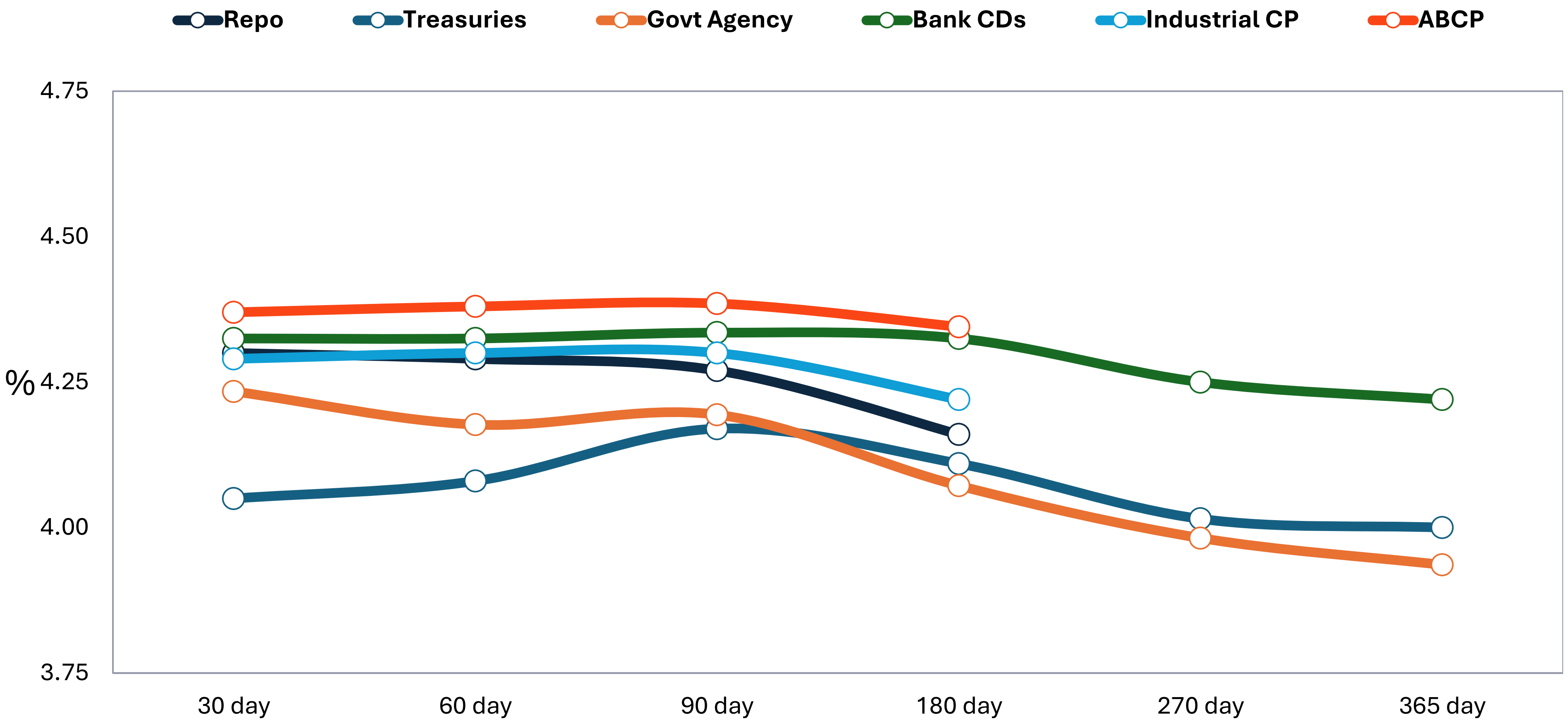


Darker shading: 05/09/2025
Lighter shading: 12/31/2024

As of May 9, 2025.
Source: Bloomberg, WIRP.

Current yields

As of 3/31/25



- Source: Bloomberg
- ABCP is asset-backed commercial paper.
- Past performance is no guarantee of future results. This chart is for illustrative purposes only.

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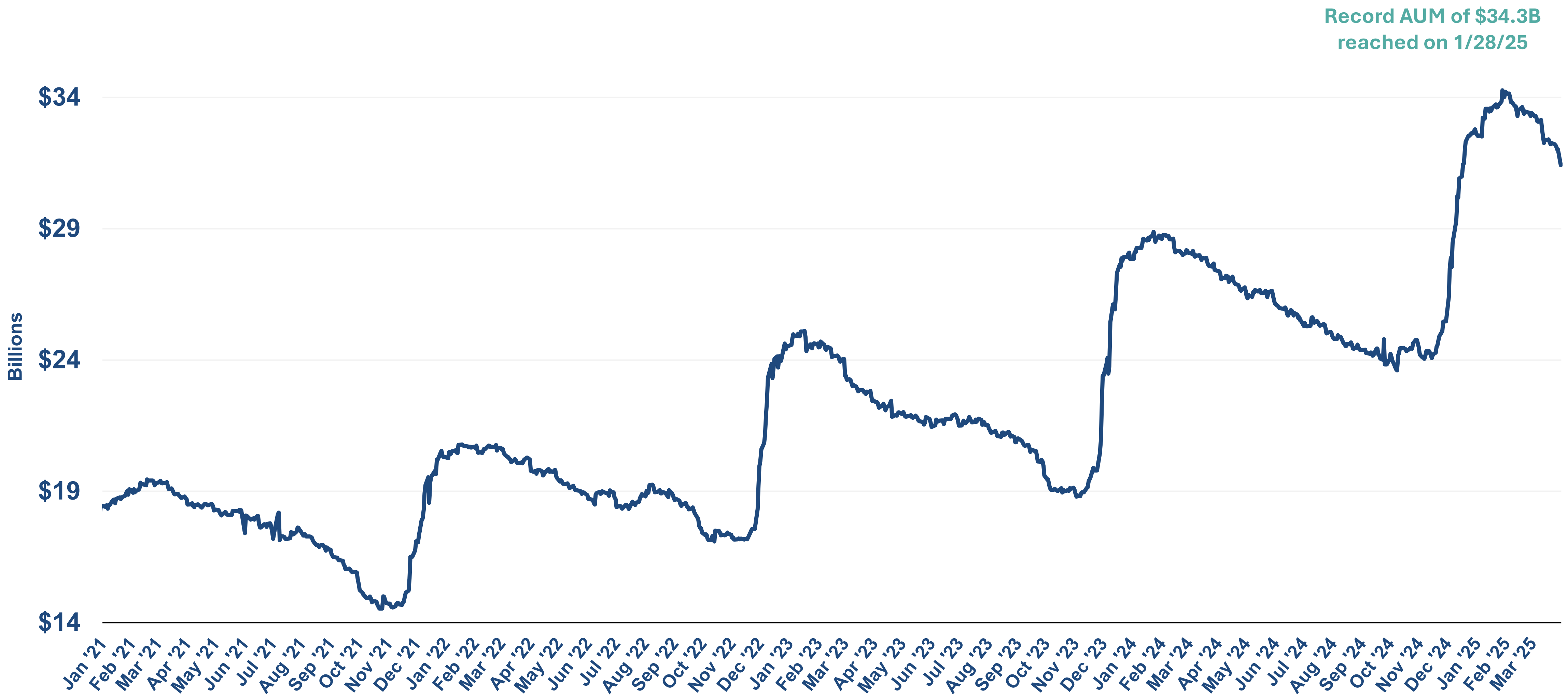
Daily Assets

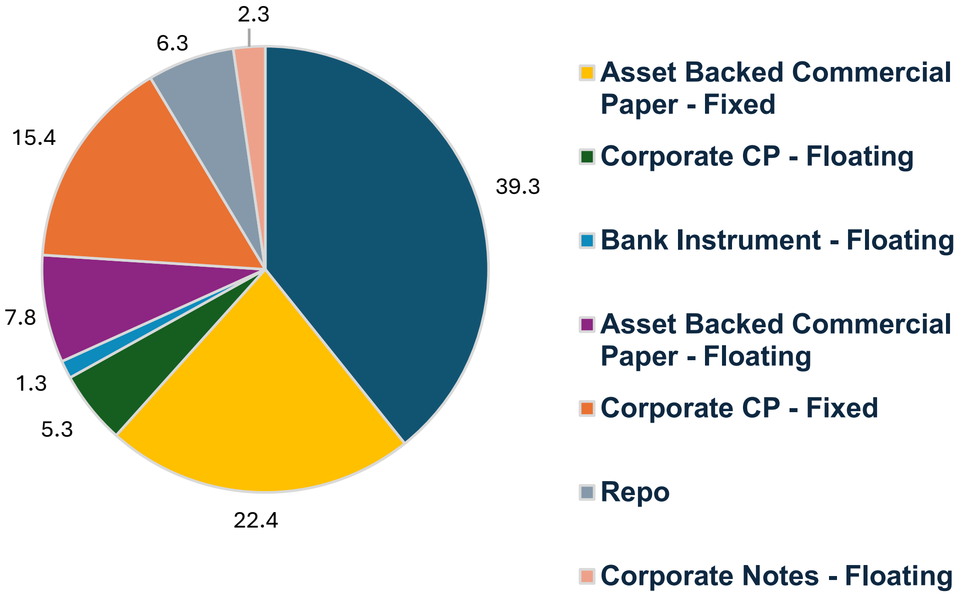
1/1/21 - 3/31/25



Portfolio Characteristics

Period Ending 3/31/25

Portfolio Composition (%)



Top Foreign Country Exposure	%
Australia	5.64
Canada	24.54
Finland	5.05
France	5.98
Germany	1.27
Japan	15.56
Netherlands	10.18
Norway	3.82
Sweden	0.16
United Kingdom	2.82
Total	**75.02**

Top 10 Holdings (ex Repo)	%
ABN Amro Bank NV	5.0
Mizuho Financial Group, Inc.	5.0
Australia & New Zealand Banking Group Ltd.	5.0
Cooperatieve Rabobank UA	5.0
Nordea Bank Abp	5.0
Canadian Imperial Bank of Commerce	4.8
National Bank of Canada	4.8
Toronto Dominion Bank	4.7
Mitsubishi UFJ Financial Group, Inc.	4.2
Royal Bank of Canada	4.0
Total:	**47.7%**

Credit Quality	
A-1+	55.9%
A-1	44.1%

Effective Maturity Schedule				
1-7 days	**8-30 days**	**31-90 days**	**91-180 days**	**181+ days**
54.5%	11.7%	19.3%	3.5%	11.1%

Weighted Average Maturity (WAM)	Weighted Average Life (WAL)
47.6 days	84 days

FLORIDA PRIME
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Performance vs. Index

Period Ending 3/31/25

Performance Data (%) as of 3/31/25								
	1-month	**3-month**	**1-year**	**3-years**	**5-years**	**10-years**	**Since Jan. 1996**	**7-Day SEC Yield**
Annualized Net Participant Yield[1]	4.60%	4.63%	5.20%	4.58%	2.83%	2.12%	2.61%	4.50%
S&P AAA/AA Rated GIP All 30-Day Net Index[2]	4.25%	4.43%	4.92%	4.22%	2.57%	1.86%	2.39%	
Above (Below) Benchmark	*0.36%*	*0.20%*	*0.27%*	*0.35%*	*0.26%*	*0.26%*	*0.22%*	
iMoneyNet MFR First Tier Instl Avg (Net)[3]	4.27	4.28	4.84	4.25	2.60	1.85	N/A	

[1] Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.
[2] Net of fees.
[3] Net simple annualized return.
Notes: Annualized 1-month and 3-month performance figures

Stress Test Results

As of 3/31/25

EXHIBIT A

Stress Testing Board Summary Report for Florida Local Government Investment Pool A

	31-Jan	28-Feb	31-Mar
Date of Stress Tests:	31-Jan	28-Feb	31-Mar
Shadow NAV at Time of Tests:	0.99998	1.00009	1.00016

STRESS TESTING RESULTS DURING THE PERIOD

Pct of Shares Redeemed	Redemptions Only					
	Stress NAV			Weekly Liquidity		
	Jan	Feb	Mar	Jan	Feb	Mar
0%	0.99998	1.00009	1.00016	42.99%	40.97%	38.97%
10%	0.99998	1.00010	1.00018	36.66%	34.44%	32.24%
20%	0.99998	1.00011	1.00020	30.00%	30.00%	30.00%
30%	0.99998	1.00013	1.00023	30.00%	30.00%	30.00%
40%	0.99997	1.00015	1.00026	30.00%	30.00%	30.00%

Pct of Shares Redeemed	Change in Interest Rates						Credit Event						Floater Spread Widening					
	Stress NAV			Weekly Liquidity			Stress NAV			Weekly Liquidity			Stress NAV			Weekly Liquidity		
	Jan	Feb	Mar	Jan	Feb	Mar	Jan	Feb	Mar	Jan	Feb	Mar	Jan	Feb	Mar	Jan	Feb	Mar
0%	0.99928	0.99908	0.99918	42.99%	40.97%	38.97%	0.99933	0.99936	0.99936	42.99%	40.97%	38.97%	0.99977	0.99977	0.99965	42.99%	40.97%	38.97%
10%	0.99920	0.99898	0.99909	36.66%	34.44%	32.24%	0.99926	0.99929	0.99929	36.66%	34.44%	32.24%	0.99975	0.99975	0.99961	36.66%	34.44%	32.24%
20%	0.99910	0.99885	0.99898	30.00%	30.00%	30.00%	0.99916	0.99921	0.99920	30.00%	30.00%	30.00%	0.99972	0.99972	0.99957	30.00%	30.00%	30.00%
30%	0.99897	0.99869	0.99884	30.00%	30.00%	30.00%	0.99904	0.99909	0.99909	30.00%	30.00%	30.00%	0.99968	0.99968	0.99950	30.00%	30.00%	30.00%
40%	0.99880	0.99847	0.99865	30.00%	30.00%	30.00%	0.99888	0.99894	0.99894	30.00%	30.00%	30.00%	0.99962	0.99962	0.99942	30.00%	30.00%	30.00%

Test	% of Orig. Portfolio Stressed		
	Jan	Feb	Mar
Redemptions Only	0.0%	0.0%	0.0%
Change in Int. Rates	90.7%	91.0%	92.6%
Credit Event	66.8%	67.4%	66.8%
Floater Spread Widening	8.9%	12.3%	15.6%
Combination	90.7%	91.0%	92.6%

Pct of Shares Redeemed	Combination					
	Stress NAV			Weekly Liquidity		
	Jan	Feb	Mar	Jan	Feb	Mar
0%	0.99842	0.99804	0.99788	42.99%	40.97%	38.97%
10%	0.99824	0.99782	0.99765	36.66%	34.44%	32.24%
20%	0.99802	0.99755	0.99736	30.00%	30.00%	30.00%
30%	0.99774	0.99720	0.99699	30.00%	30.00%	30.00%
40%	0.99736	0.99674	0.99649	30.00%	30.00%	30.00%

Stress Test Footnotes

As of 3/31/25

B. Escalation Procedures:

As articulated in Federated Hermes procedures, and as may be required by applicable regulation, including GASB requirements, rating agency requirements or applicable investment guidelines, the client will receive notification upon the occurrence of the following events: 1.) net deviation between the NAV calculated using amortized cost and the market based NAV when the deviation is in excess of point $0.004 per share or 2.) weekly liquidity assets drop below the required liquidity levels as required by applicable regulation, including GASB requirements, rating agency requirements or applicable investment guidelines. Upon the occurrence of one of these events, the portfolio manager will communicate the results, including any changes to portfolio structure implemented and/or changes to frequency or parameters of Stress Testing, to the applicable board or governing body and will coordinate Federated Hermes' response to any requests made by that governing body for additional information or requests to change the Stress Testing frequency or parameters.

C. Assessment of Fund's Ability to Withstand Events Reasonably Likely to Occur During the Following Year:

Unless highlighted above for further discussion, the Adviser has determined that each fund is structured in such a way that the occurrence of the events described more fully above, which the Adviser believes are reasonably likely to occur during the next 12 months would not result in a Fund failing to maintain sufficient liquidity or a Fund failing to minimize principal volatility.

D. Test Descriptions:

Unusual Redemption Activity: Resulting NAV & liquidity levels following redemptions equal to 40% in 10% increments
Change in Interest Rates: Resulting NAV & liquidity levels following a change in rates of 0.75% (0.50% in Jan).
Credit Event: : Banks widen by 0.50%, and Travel and Leisure spreads widen by 0.25%
Floater Spread Widening: Resulting NAV & liquidity levels following a widening of floater spreads off of the applicable index of 0.50%
Combination: Change in Interest Rates, Credit Event, and Floater Spread Widening combined.

E. Redemption Funding Method:

Redemptions - Sell Daily Liquidity down to 10 percent then Weekly Liquidity down to 30 percent(Current, Target Liquidity Level) then based on Final Maturity Date

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STATE BOARD OF ADMINISTRATION
OF FLORIDA

1801 Hermitage Boulevard
Tallahassee, Florida 32308
(850) 488-4406

Post Office Box 13300
32317-3300

M E M O R A N D U M

To: Chris Spencer

From: Michael McCauley

Cc: SBA Investment Committee

Date: May 13, 2025

Subject: **Annual Review and Approval of Florida PRIME Investment Policy Statement (IPS)**

With respect to Florida PRIME, Section 218.409 Florida Statutes requires:

> *The trustees shall ensure that the board or a professional money management firm administers the trust fund on behalf of the participants. The board or a professional money management firm shall have the power to invest such funds in accordance with a written investment policy. The investment policy shall be updated annually to conform to best investment practices. [s. 218.409(2)(a), Florida Statutes]*
>
> *The investment policy shall be reviewed and approved annually by the trustees or when market changes dictate, and in each event the investment policy shall be reviewed by the Investment Advisory Council. [s. 218.409(2)(d), Florida Statutes]*

There are no recommended changes at this time for the Florida PRIME Investment Policy Statement.

Let me know if you have any questions.

Attachments

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Investment Policy Statement
Local Government Surplus Funds Trust Fund (Non-Qualified)

I. Purpose and Scope

The purpose of this Investment Policy Statement ("Policy") is to set forth the investment objective, investment strategies, and authorized portfolio securities for the Local Government Surplus Funds Trust Fund ("Florida PRIME"). The Policy also describes the risks associated with an investment in Florida PRIME.

II. Overview of Florida PRIME

The Local Government Surplus Funds Trust Fund was created by an Act of the Florida Legislature effective October 1, 1977 (Chapter 218, Part IV, Florida Statutes). The State Board of Administration ("SBA") is charged with the powers and duties to administer and invest Florida PRIME, in accordance with the statutory fiduciary standards of care as contained in Section 215.47(10), Florida Statutes. The SBA has contracted with Federated Investment Counseling (the "Investment Manager") to provide investment advisory services for Florida PRIME.

Florida PRIME is governed by Chapters 215 and 218, Florida Statutes, and Chapter 19-7 of the Florida Administrative Code (collectively, "Applicable Florida Law").

III. Roles and Responsibilities

The Board of Trustees of the SBA ("Trustees") consists of the Governor, as Chairman, the Chief Financial Officer, as Treasurer, and the Attorney General, as Secretary. The Trustees will annually certify that Florida PRIME is in compliance with the requirements of Chapter 218, Florida Statutes, and that the management of Florida PRIME is in accord with best investment practices.

The Trustees delegate the administrative and investment authority to manage Florida PRIME to the Executive Director of the SBA, subject to Applicable Florida Law. The Trustees appoint an Investment Advisory Council. The Council will, at least annually, review this Policy and any proposed changes prior to its presentation to the Trustees and will undertake other duties set forth in Applicable Florida Law.

IV. Amortized Cost Accounting

In March 1997, the Governmental Accounting Standards Board ("GASB") issued Statement 31, titled "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." GASB 31 applies to Florida PRIME.

GASB 31 outlines the two options for accounting and reporting for money market investment pools as either "2a-7 like" or fluctuating net asset value ("NAV"). GASB 31 describes a "2a-7 like" pool as an "external investment pool that is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with Rule 2a-7 under the Investment Company Act of 1940 (the "1940 Act")." Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant NAV of $1.00 per share, provided that such funds meet certain conditions.

In December 2015, GASB issued Statement 79, "Certain External Investment Pools and Pool Participants," which delinks the accounting treatment of external investment pools from Rule 2a-7, and establishes criteria for the use of amortized cost to value portfolio assets of an external pool. GASB 79 also made clear that rounding unit value up or down to the nearest penny to maintain a stable NAV of $1.00 per share for issuances and redemptions of units is an operational decision for an external investment pool, rather than an accounting matter. GASB 79 also specifies, however, that seeking to maintain a stable price of $1.00 per share is one of the criteria that an external investment pool must meet as a condition to valuing all portfolio assets at amortized cost for financial reporting purposes.

Florida PRIME will seek to operate in a manner consistent with the criteria and requirements in GASB 79, including diversification, credit quality and maturity conditions. Accordingly, it is thereby permitted to value portfolio assets at amortized cost method.

V. Investment Objective

The primary investment objectives for Florida PRIME, in priority order, are safety, liquidity, and competitive returns with minimization of risks. Investment performance of Florida PRIME will be evaluated on a monthly basis against the Standard & Poor's U.S. AAA & AA Rated GIP All 30 Day Net Yield Index. While there is no assurance that Florida PRIME will achieve its investment objectives, it endeavors to do so by following the investment strategies described in this Policy.

VI. Investment Strategies & Specific Limitations

The Investment Manager will invest Florida PRIME's assets in short-term, high-quality fixed income securities. All Florida PRIME assets (100 percent) will be U.S. dollar-denominated. To be considered high-quality, a security must be rated in the highest short-term rating category by one or more nationally recognized statistical rating organizations ("NRSROs"), or be deemed to be of comparable quality thereto by the Investment Manager, subject to Section 215.47(1)(j), Florida Statutes. The Investment Manager also may enter into special transactions for Florida PRIME, like repurchase agreements. Each repurchase agreement counterparty must have an explicit issuer or counterparty credit rating in the highest short-term rating category from Standard & Poor's. Certain of the fixed income securities in which Florida PRIME invests pay interest at a rate that is periodically adjusted ("Adjustable Rate Securities").

The Investment Manager will manage credit risk by purchasing only high quality securities. The Investment Manager will perform a credit analysis to develop a database of issuers and securities that meet the Investment Manager's standard for minimal credit risk. The Investment Manager monitors the credit risks of all Florida PRIME's portfolio securities on an ongoing basis by reviewing periodic financial data, issuer news and developments, and ratings of certain NRSROs. The Investment Manager will utilize a "new products" or similar committee to review and approve new security structures prior to an investment of Florida PRIME's assets in such securities. The Investment Manager will periodically consider and follow best practices in connection with minimal credit risk determinations (e.g., such as those described in Appendix I of the Investment Company Institute's 2009, *Report of the Money Market Working Group)*.

The Investment Manager will manage interest rate risk by purchasing only short-term fixed income securities. The Investment Manager will target a dollar-weighted average maturity range for Florida PRIME based on its interest rate outlook. The Investment Manager will formulate its interest rate outlook by analyzing a variety of factors, such as current and expected U.S. economic growth; current and expected interest rates and inflation; and the Federal Reserve Board's monetary policy. The Investment Manager will generally shorten Florida PRIME's dollar-weighted average maturity when it expects interest rates to rise and extend Florida PRIME's dollar-weighted average maturity when it expects interest rates to fall. In order to meet the investment grade ratings criteria of Standard & Poor's for a pool, the remaining maturity of securities purchased by the Investment Manager shall not exceed 762 days for government floating rate notes/variable rate notes and will not exceed 397 days for all other securities; provided, however, that if not required by the ratings criteria of the applicable NRSRO that is providing an investment grade rating to the pool and to the extent consistent with the portfolio criteria of GASB 79, longer term floating rate/variable rate notes that are U.S. government securities may be owned by Florida PRIME.

The Investment Manager will exercise reasonable care to maintain (i) a dollar weighted average maturity ("DWAM") of 60 days or less; and (ii) a maximum weighted average life (WAL) within the range of 90-120 days, depending on the levels of exposure and ratings of certain Adjustable Rate Securities. The maximum WAL will depend upon the percentage exposures to government and non-government Adjustable Rate Securities, with sovereign (government) Adjustable Rate Securities rated AA- and higher allowed a 120-day limit, and non-sovereign (corporate) Adjustable Rate Securities (and sovereign Adjustable Rate Securities rated below AA-) restricted to a 90-day limit. The portfolio's maximum WAL will be based on a weighted average of the percentage exposures to each type of floating-rate instrument.

For purposes of calculating DWAM, the maturity of an Adjustable Rate Security generally will be the period remaining until its next interest rate adjustment. For purposes of calculating WAL, the maturity of an Adjustable Rate Security will be its stated final maturity, without regard to interest rate adjustments; accordingly, the WAL limitation could serve to restrict Florida PRIME's ability to invest in Adjustable Rate Securities.

The Investment Manager will exercise reasonable care to limit exposure to not more than 25% of Florida PRIME's assets in a single industry sector, with the exception that the Investment Manager may invest more than 25% in the financial services industry sector, which includes banks, broker-dealers, and finance companies. This higher limit is in recognition of the large outstanding value of money fund instruments issued by financial services firms. Government securities are not considered to be an industry.

The Investment Manager will exercise reasonable care to not acquire a security, other than (i) a Daily Liquid Asset, if immediately after the acquisition Florida PRIME would have invested less than 10% of its total assets in Daily Liquid Assets; (ii) a Weekly Liquid Asset, if immediately after the acquisition Florida PRIME would have invested less than 30% of its total assets in Weekly Liquid Assets. Daily Liquid Assets include cash, direct obligations of the U.S. government and securities that convert to cash in one business day. Weekly Liquid Assets include cash, direct obligations of the U.S. government, certain government securities with remaining maturities of 60 business days or less and securities that convert to cash in five business days.

Florida PRIME shall seek to hold liquid assets sufficient to meet reasonably foreseeable redemptions, based upon knowledge of the expected cash needs of participants.

The Investment Manager will exercise reasonable care to not acquire securities that cannot be sold or disposed of in the ordinary course of business within five business days at approximately the value ascribed to them by Florida PRIME if, immediately after the acquisition, Florida PRIME would have invested more than 5% of its total assets in such securities.

In buying and selling portfolio securities for Florida PRIME, the Investment Manager will comply with (i) the diversification, maturity and credit quality criteria in GASB 79, (ii) the requirements imposed by any NRSRO that rates Florida PRIME to ensure that it maintains a AAAm rating (or the equivalent) and (iii) the investment limitations imposed by Section 215.47, Florida Statutes except to the extent, as permitted by Section 215.44(3), the trust instrument of Florida PRIME and this investment policy statement specifically authorize investments in addition to those authorized by Section 215.47.

The Investment Manager generally will comply with the following diversification limitations that are additional to those set forth in GASB 79. First, at least 50% of Florida PRIME assets will be invested in securities rated "A-1+" or those deemed to be of comparable credit quality thereto by the Investment Manager (i.e., so long as such deeming is consistent with the requirements of the NRSRO's AAAm (or equivalent) rating criteria), subject to Section 215.47(1)(j), Florida Statutes. The Investment Manager will document each instance in which a security is deemed to be of comparable credit quality and its basis for such a determination. Second, exposure to any single non-governmental issuer (other than a money market mutual fund) will not exceed 5% and exposure to any single money market mutual fund will not exceed 10% of Florida PRIME assets.

VII. Portfolio Securities and Special Transactions

The Investment Manager will purchase only fixed income securities for Florida PRIME, and may engage in special transactions, for any purpose that is consistent with Florida PRIME's investment objective.

Fixed income securities are securities that pay interest, dividends or distributions at a specified rate. The rate may be a fixed percentage of the principal or adjusted periodically. In addition, the issuer of a short-term fixed income security must repay the principal amount of the security, normally within a specified time. The fixed income securities in which Florida PRIME may invest include corporate debt securities, bank instruments, asset backed securities, U.S. Treasury securities, U.S. government agency securities, insurance contracts, municipal securities, foreign securities, mortgage backed securities, and shares of money market mutual funds. Florida PRIME is also permitted to buy such fixed income securities that require Florida PRIME to be a qualified institutional buyer as long as the securities held by Florida PRIME are in excess of $100,000,000.

Special transactions are transactions into which Florida PRIME may enter, including, but not limited to, repurchase agreements and delayed delivery transactions.

For a more detailed description of Florida PRIME's portfolio securities and special transactions, please see "Additional Information Regarding Florida PRIME's Principal Securities" at Appendix A.

VIII. Risks Associated with Florida PRIME

An investment in Florida PRIME is subject to certain risks. Any investor in Florida PRIME should specifically consider, among other things, the following principal risks before making a decision to purchase shares of Florida PRIME.

Risk that Florida PRIME will not Maintain a Stable Net Asset Value

Although the Investment Manager attempts to manage Florida PRIME such that it maintains a stable NAV of $1.00 per share, there is no guarantee that it will be able to do so. Florida PRIME is not registered under the 1940 Act or regulated by the SEC.

Interest Rate Risks

The prices of the fixed income securities in which Florida PRIME will invest rise and fall in response to changes in the interest rates paid by similar securities. Generally, when interest rates rise, prices of fixed income securities fall. However, market factors, such as demand for particular fixed income securities, may cause the price of certain fixed income securities to fall while the price of other securities rise or remain unchanged. Interest rate changes have a greater effect on the price of fixed income securities with longer maturities.

Credit Risks

Credit risk is the possibility that an issuer of a fixed income security held by Florida PRIME will default on the security by failing to pay interest or principal when due. If an issuer defaults, Florida PRIME will lose money.

Liquidity Risks

Trading opportunities are more limited for fixed income securities that are not widely held. These features make it more difficult to sell or buy securities at a favorable price or time. Consequently, Florida PRIME may have to accept a lower price to sell a security, sell other securities to raise cash or give up an investment opportunity, any of which could have a negative effect on Florida PRIME's performance.

Concentration Risks

A substantial part of Florida PRIME may be comprised of securities issued by companies in the financial services industry, companies with similar characteristics, or securities credit enhanced by banks or companies with similar characteristics. As a result, Florida PRIME may be more susceptible to any economic, business, or political risks or other developments that generally affect finance companies. Developments affecting companies in the financial services industry or companies with similar characteristics might include changes in interest rates, changes in the economic cycle affecting credit losses and regulatory changes.

Risks of Foreign Investing

Foreign securities pose additional risks because foreign economic or political conditions may be less favorable than those of the United States. Securities in foreign markets also may be subject to taxation policies that reduce returns for U.S. investors.

Call Risks

If a fixed income security is called, Florida PRIME may have to reinvest the proceeds in other fixed income securities with lower interest rates, higher credit risks or other less favorable characteristics.

Prepayment Risks

Unlike traditional fixed income securities, which pay a fixed rate of interest until maturity (when the entire principal amount is due), payments on asset-backed securities include both interest and a partial payment of principal. Partial payment of principal may be comprised of scheduled principal payments as well as unscheduled payments from voluntary prepayment, refinancing, or foreclosure of the underlying loans. If Florida PRIME receives unscheduled prepayments, it may have to reinvest the proceeds in other fixed income securities with lower interest rates, higher credit risks or other less favorable characteristics.

Risks Associated with Amortized Cost Method of Valuation

Florida PRIME will use the amortized cost method to determine the value of its portfolio securities. Under this method, portfolio securities are valued at the acquisition cost as adjusted for amortization of premium or accumulation of discount rather than at current market value. Accordingly, neither the amount of daily income nor the NAV is affected by any unrealized appreciation or depreciation of the portfolio. In periods of declining interest rates, the indicated daily yield on shares computed by dividing the annualized daily income on Florida PRIME's portfolio by the NAV, as computed above, may tend to be higher than a similar computation made by using a method of valuation based on market prices and estimates. In periods of rising interest rates, the opposite may be true.

Changing Distribution Level Risk

There is no guarantee that Florida PRIME will provide a certain level of income or that any such income will exceed the rate of inflation. Further, Florida PRIME's yield will vary. A low interest rate environment may prevent Florida PRIME from providing a positive yield or paying expenses out of current income.

Throughout this section, it shall be understood that actions described as being taken by Florida PRIME refer to actions taken by the Investment Manager on behalf of Florida PRIME.

For additional information regarding Florida PRIME's principal securities and associated risks, please see Appendix A.

IX. Controls and Escalation Procedures

Section 218.409(2), Florida Statutes requires this Policy to document a system of internal controls designed to prevent the loss of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the board or a professional money management firm. The controls include formal escalation reporting guidelines for all employees to address material impacts on Florida PRIME that require reporting and action.

The SBA has engaged BNY Mellon ("Custodian") to provide asset safekeeping, custody, fund accounting and performance measurement services to Florida PRIME. The Custodian will mark to market the portfolio holdings of Florida PRIME on a daily basis and will daily communicate both amortized cost price and mark to market price, so that the SBA and the Investment Manager can monitor the deviations between the amortized cost price and market price. By contractual agreement, the Investment Manager will reconcile accounting and performance measurement reports with the Custodian on at least a monthly basis, under the supervision of the SBA.

The NRSRO that rates Florida PRIME will perform regular independent surveillance of Florida PRIME. The SBA and an independent investment consultant will regularly monitor the Investment Manager with respect to performance and organizational factors according to SBA manager monitoring policies.

The SBA and third parties used to materially implement Florida PRIME will maintain internal control, fraud and ethics policies and procedures designed to prevent the loss of public funds.

The Executive Director will develop policies and procedures to:

- Identify, monitor and control/mitigate key investment and operational risks.
- Maintain an appropriate and effective risk management and compliance program that identifies, evaluates and manages risks within business units and at the enterprise level.
- Maintain an appropriate and effective control environment for SBA investment and operational responsibilities.
- Approve risk allocations and limits, including total fund and asset class risk budgets.

The Executive Director will appoint a Chief Risk and Compliance Officer, whose selection, compensation and termination will be affirmed by the Board, to assist in the execution of the responsibilities enumerated in the preceding list. For day-to-day executive and administrative purposes, the Chief Risk and Compliance Officer will proactively work with the Executive Director and designees to ensure that issues are promptly and thoroughly addressed by management. On at least a quarterly basis, the Chief Risk and Compliance Officer will provide reports to the Investment Advisory Council, Audit Committee and Board, and is authorized to directly access these bodies at any time as appropriate to ensure the integrity and effectiveness of risk management and compliance functions.

Pursuant to written SBA policy, the Executive Director will organize an Investment Oversight Group to regularly review, document and formally escalate compliance exceptions and events that may have a material impact on Florida PRIME. The Investment Oversight Group will meet as necessary based on the occurrence and resolution of compliance exceptions or upon the occurrence of a material event. Minutes of any meeting held by the Investment Oversight Group and a listing of meeting participants shall be timely posted on the Florida PRIME website.

The SBA and the Investment Manager have an affirmative duty to immediately disclose any material impact on Florida PRIME to the participants, including, but not limited to:

1. When the deviation between the market value and amortized cost of Florida PRIME exceeds 0.25%, according to pricing information provided by the Custodian, the Investment Manager will establish a formal action plan. The Investment Oversight Group will review the formal action plan and prepare a recommendation for the Executive Director's consideration.

2. When the deviation between the market value and amortized cost of Florida PRIME exceeds 0.50%, according to pricing information provided by the Custodian, the Executive Director will promptly consider what action, if any, will be initiated. Where the Executive Director believes the extent of any deviation from Florida PRIME's amortized cost price per share may result in material dilution or other unfair results to investors or existing shareholders, he will cause Florida PRIME to take such action as he deems appropriate to eliminate or reduce to the extent reasonably practicable such dilution or unfair results.

3. The Investment Manager will perform daily compliance monitoring to ensure that investment practices comply with the requirements of this Policy, according to documented compliance procedures. The Investment Manager will provide regular compliance reports and will communicate compliance exceptions within 24 hours of identification to the Investment Oversight Group. Additionally, the Investment Oversight Group will periodically conduct independent compliance reviews.

4. In the event that a security receives a credit rating downgrade and ceases to be in the highest rating category, or the Investment Manager determines that the security is no longer of comparable quality to the highest short-term rating category (in either case, a "Downgrade"), the Investment Manager will reassess whether the security continues to present minimal credit risk and will cause Florida PRIME to take any actions determined by the Investment Manager to be in the best interest of Florida PRIME; provided however, that the Investment Manager will not be required to make such reassessments if Florida PRIME disposes of the security (or the security matures) within five business days of the Downgrade.

5. In the event that a security no longer meets the criteria for purchase due to default, event of insolvency, a determination that the security no longer presents minimal credit risks, or other material event ("Affected Security"), the Investment Manager must dispose of the security as soon as practical, consistent with achieving an orderly disposition of the security, by sale, exercise of a demand feature or otherwise, and the requirements of GASB 79. An Affected Security may be held only if the Executive Director has determined, based upon a recommendation from the Investment Manager and the Investment Oversight Group, that it would not be in the best interest of Florida PRIME to dispose of the security taking into account market conditions that may affect an orderly disposition.

6. The Investment Manager will monthly stress test Florida PRIME and at least quarterly report the results of the stress tests to the Investment Oversight Group. Stress tests must be conducted for at least the following events, or combinations of events (i) a change in short-term interest rates; (ii) an increase in net shareholder redemptions; (iii) downgrades or defaults; and (iv)

changes between a benchmark overnight interest rate and the interest rates on securities held by Florida PRIME.

The Investment Manager will at least annually provide the Investment Oversight Group with: (i) their documented compliance procedures; (ii) an assessment of Florida PRIME's ability to withstand events reasonably likely to occur in the coming year and (iii) their list of NRSROs utilized as a component of the credit risk monitoring process.

The Executive Director's delegated authority as described in this section is intended to provide him with sufficient authority and operating flexibility to make professional investment decisions in response to changing market and economic conditions. Nonetheless, the Trustees will at least monthly review and approve management summaries of material impacts on Florida PRIME, any actions or escalations taken thereon, and carry out such duties and make such determinations as are otherwise necessary under applicable law, regulation or rule.

Pursuant to Florida law, the Auditor General will conduct an annual financial audit of Florida PRIME, which will include testing for compliance with this Policy.

X. Deposits and Withdrawals

Investors should refer to the separate Florida PRIME Operating Procedures for detailed descriptions regarding how to make deposits in and withdrawals from Florida PRIME, including (1) any fees and limitations that may be imposed with respect thereto; and (2) reports provided to participants.

XI. Management Reporting

The Executive Director will be responsible for providing the formal periodic reports to the Trustees, legislative committees and other entities:

1. An annual report on the SBA and its investment portfolios, including that of Florida PRIME.
2. A monthly report on performance and investment actions taken.
3. Special reports pursuant to Chapter 218, Florida Statutes.

Appendix A
Additional Information Regarding Florida PRIME's Principal Securities

Throughout this appendix it shall be understood that actions described as being taken by Florida PRIME refer to actions taken by the Investment Manager on behalf of Florida PRIME.

FIXED INCOME SECURITIES

Corporate Debt Securities

Corporate debt securities are fixed income securities issued by businesses. Notes, bonds, debentures and commercial paper are the most prevalent types of corporate debt securities. Florida PRIME also may purchase interests in bank loans to companies.

COMMERCIAL PAPER

Commercial paper is an issuer's obligation with a maturity of generally less than 270 days. Companies typically issue commercial paper to pay for current expenditures. Most issuers constantly reissue their commercial paper and use the proceeds (or bank loans) to repay maturing paper. If the issuer cannot continue to obtain liquidity in this fashion, its commercial paper may default.

DEMAND INSTRUMENTS

Demand instruments are corporate debt securities that the issuer must repay upon demand. Other demand instruments require a third party, such as a dealer or bank, to repurchase the security for its face value upon demand. Florida PRIME treats demand instruments as short-term securities, even though their stated maturity may extend beyond one year.

Bank Instruments

Bank instruments are unsecured interest bearing deposits with banks. Bank instruments include, but are not limited to, bank accounts, time deposits, certificates of deposit and banker's acceptances. Yankee instruments are denominated in U.S. dollars and issued by U.S. branches of foreign banks. Eurodollar instruments are denominated in U.S. dollars and issued by non-U.S. branches of U.S. or foreign banks.

Florida PRIME will not invest in instruments of domestic and foreign banks and savings and loans unless they have capital, surplus, and undivided profits of over $100,000,000, or if the principal amount of the instrument is insured by the Bank Insurance Fund or the Savings Association Insurance Fund which are administered by the Federal Deposit Insurance Corporation. These instruments may include Eurodollar Certificates of Deposit, Yankee Certificates of Deposit, and Euro-dollar Time Deposits.

Florida PRIME shall further limit its investments in bank instruments consistent with the requirements of GASB 79.

Asset Backed Securities

Asset backed securities are payable from pools of obligations, most of which involve consumer or commercial debts. However, almost any type of fixed income assets (including other fixed income securities) may be used to create an asset backed security. Asset backed securities may take the form of commercial paper, notes or pass-through certificates.

Government Securities

Government security means any security issued or guaranteed as to principal or interest by the United States, or by a person controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States; or any certificate of deposit for any of the foregoing.

U.S. Treasury Securities

U.S. Treasury securities are direct obligations of the federal government of the United States. U.S. Treasury securities are generally regarded as having the lowest credit risks.

Agency Securities

Agency securities are issued or guaranteed by a federal agency or other government sponsored entity (GSE) acting under federal authority. Some GSE securities are supported by the full faith and credit of the United States. These include securities issued by the Government National Mortgage Association, Small Business Administration, Farm Credit System Financial Assistance Corporation, Farmer's Home Administration, Federal Financing Bank, General Services Administration, Department of Housing and Urban Development, Export-Import Bank, Overseas Private Investment Corporation, and Washington Metropolitan Area Transit Authority.

Other GSE securities receive support through federal subsidies, loans or other benefits. For example, the U.S. Treasury is authorized to purchase specified amounts of securities issued by (or otherwise make funds available to) the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Student Loan Marketing Association, and Tennessee Valley Authority in support of such obligations.

A few GSE securities have no explicit financial support, but are regarded as having implied support because the federal government sponsors their activities. These include securities issued by the Farm Credit System, Financing Corporation, and Resolution Funding Corporation.

Investors regard agency securities as having low credit risks, but not as low as Treasury securities. Florida PRIME treats mortgage-backed securities guaranteed by a GSE as if issued or guaranteed by a federal agency. Although such a guarantee protects against credit risks, it does not reduce market risks.

Insurance Contracts

Insurance contracts include guaranteed investment contracts, funding agreements and annuities. Florida PRIME treats these contracts as fixed income securities.

Municipal Securities

Municipal securities are issued by states, counties, cities and other political subdivisions and authorities.

Foreign Securities

Foreign securities are U.S. dollar-denominated securities of issuers based outside the United States. Florida PRIME considers an issuer to be based outside the United States if:

- it is organized under the laws of, or has a principal office located in, another country;
- the principal trading market for its securities is in another country; or

- it (or its subsidiaries) derived in its most current fiscal year at least 50% of its total assets, capitalization, gross revenue or profit from goods produced, services performed or sales made in another country.

Mortgage Backed Securities

Mortgage backed securities represent interests in pools of mortgages. The mortgages that comprise a pool normally have similar interest rates, maturities and other terms. Mortgages may have fixed or adjustable interest rates. Interests in pools of adjustable rate mortgages are known as ARMs.

Zero Coupon Securities

Certain of the fixed income securities in which Florida PRIME invests are zero coupon securities. Zero coupon securities do not pay interest or principal until final maturity, unlike debt securities that provide periodic payments of interest (referred to as a “coupon payment”). Investors buy zero coupon securities at a price below the amount payable at maturity. The difference between the purchase price and the amount paid at maturity represents interest on the zero coupon security. Investors must wait until maturity to receive interest and principal, which increases the interest rate and credit risks of a zero coupon security.

Callable Securities

Certain of the fixed income securities in which Florida PRIME invests are callable at the option of the issuer. Callable securities are subject to reinvestment risks.

144A Securities

The SBA has determined that Florida PRIME constitutes (i) an "accredited investor" as defined in Rule 501(a)(7) promulgated under the Securities Act of 1933, as amended (the "Securities Act"), as long as Florida PRIME has total assets in excess of $5,000,000, (ii) a "qualified purchaser" as defined in Section 2(a)(51)(A)(iv) of the 1940 Act, as long as Florida PRIME in the aggregate owns and invests on a discretionary basis not less than $25,000,000 in investments, and (iii) a "qualified institutional buyer" as defined in Rule 144(a)(1) promulgated under the Securities Act, as long as Florida PRIME in the aggregate owns and invests on a discretionary basis at least $100,000,000 in securities.

Money Market Mutual Funds

Florida PRIME may invest in shares of registered investment companies that are money market mutual funds, including those that are affiliated with the Investment Manager, as an efficient means of implementing its investment strategies and/or managing its uninvested cash. These other money market mutual funds are managed independently of Florida PRIME and incur additional fees and/or expenses that would, therefore, be borne indirectly by Florida PRIME in connection with such investment. However, the Investment Manager believes that the benefits and efficiencies of this approach should outweigh the potential additional fees and/or expenses. The Investment Manager must obtain prior written consent of the SBA to invest Florida PRIME in money market mutual funds that are “affiliated persons” of the Investment Manager.

SPECIAL TRANSACTIONS

The Investment Manager on behalf of Florida PRIME may engage in the following special transactions.

Repurchase Agreements

A repurchase agreement is a transaction in which Florida PRIME buys a security from a dealer or bank and agrees to sell the security back at a mutually agreed-upon time and price. The repurchase price exceeds the sale price, reflecting Florida PRIME's return on the transaction. This return is unrelated to the interest rate on the underlying security. Florida PRIME will enter into repurchase agreements only with banks and other recognized financial institutions, such as securities dealers, deemed creditworthy by the Investment Manager. The securities that are subject to the repurchase transactions are limited to securities in which Florida PRIME would be permitted to invest, except that such securities may have a maturity longer than would otherwise be permitted for Florida PRIME to own.

Florida PRIME's custodian or subcustodian will take possession of the securities subject to repurchase agreements. The Investment Manager or subcustodian will monitor the value of the underlying security each day to ensure that the value of the security always equals or exceeds the repurchase price.

Repurchase agreements are subject to credit risks.

Delayed Delivery Transactions

Delayed delivery transactions, including when-issued transactions, are arrangements in which Florida PRIME buys securities for a set price, with payment and delivery of the securities scheduled for a future time. During the period between purchase and settlement, no payment is made by Florida PRIME to the issuer and no interest accrues to Florida PRIME. Florida PRIME records the transaction when it agrees to buy the securities and reflects their value in determining the price of its units. Settlement dates may not be more than seven business days after entering into these transactions; nonetheless, the market values of the securities bought may vary from the purchase prices. Therefore, delayed delivery transactions create interest rate risks for Florida PRIME. Delayed delivery transactions also involve credit risks in the event of a counterparty default.

Asset Coverage

In order to secure its obligations in connection with special transactions, Florida PRIME will either own the underlying assets, enter into an offsetting transaction or set aside readily marketable securities with a value that equals or exceeds Florida PRIME's obligations. Unless Florida PRIME has other readily marketable assets to set aside, it cannot trade assets used to secure such obligations without terminating a special transaction. This may cause Florida PRIME to miss favorable trading opportunities or to realize losses on special transactions.

INVESTMENT ADVISORY COUNCIL

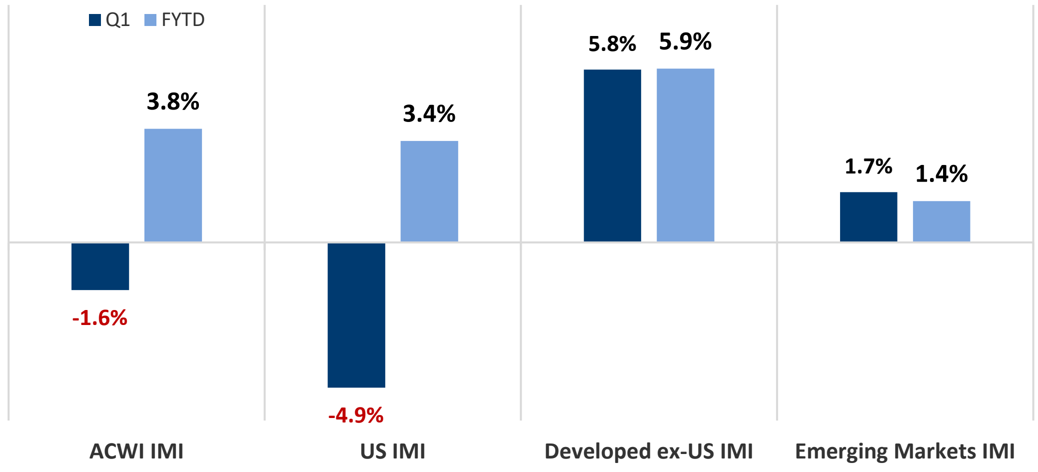
Global Equity Asset Class Update

Tim Taylor, Senior Investment Officer

State Board of Administration
June 3, 2025

Q1 2025 MARKET ENVIRONMENT

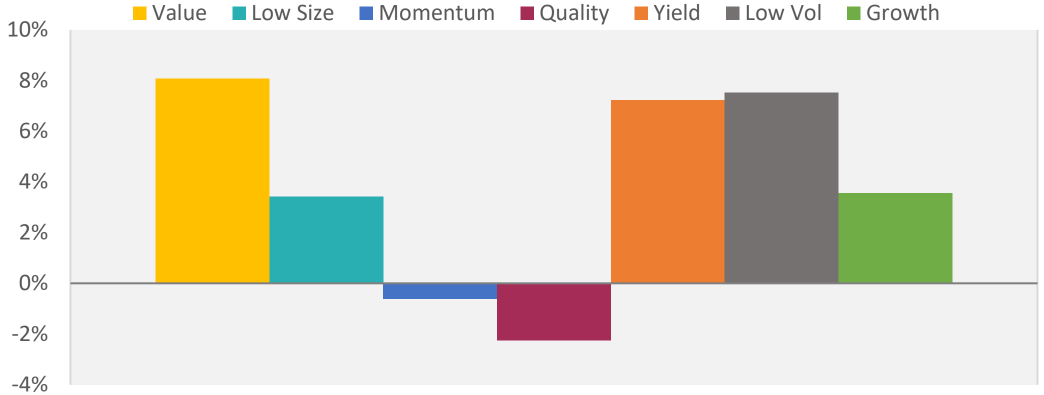
INTERNATIONAL MARKETS OUTPERFORMED USA



DEFENSIVE RELATED SECTORS LED RETURNS

	ACWI IMI	USA IMI	World ex US IMI	EM IMI
Comm Services	-2.4	-6.8	10.1	12.1
Cons Discretionary	-7.7	-13.2	-0.6	10.5
Consumer Staples	5.1	4.6	7.1	1.3
Energy	7.6	8.0	8.9	1.8
Financials	5.4	1.5	11.9	5.2
Health Care	3.9	4.7	2.4	-0.3
Industrials	0.8	-2.2	5.6	-2.8
Info Tech	-11.7	-12.9	-3.4	-9.1
Materials	4.5	0.8	6.8	6.6
Real Estate	2.2	2.5	2.6	-1.0
Utilities	6.3	5.0	11.0	0.4
TOTAL RETURN	-1.6	-4.9	5.8	1.7

VALUE, LOW VOL, AND YIELD FACTORS WERE LEADERS



GLOBAL MARKET DYNAMICS

•Developed and emerging market returns exceeded the US by notable amounts as investors grew concerned over tariff impacts; the spread was enhanced by USD weakness against most currencies.

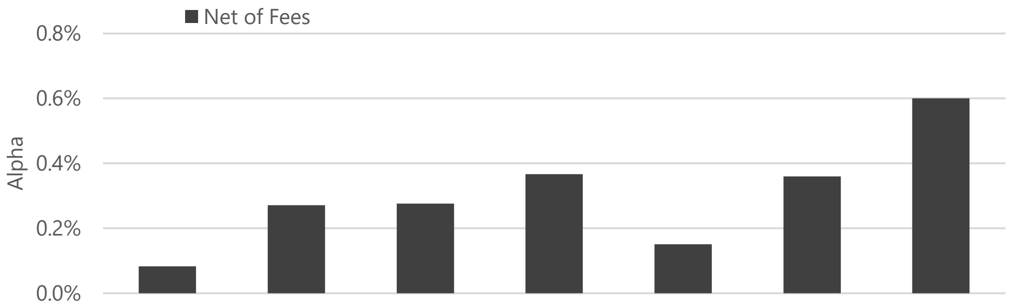
•Underperformance in the Information Technology and Consumer Discretionary sectors drove the decline in the US market. Competition in the AI space put pressure on many of the Magnificent 7 names.

•Factor attribution shows a pullback in the larger and more expensive names during Q1.

Note: As of March 31, 2025. All returns are in USD, net of dividend withholding taxes.

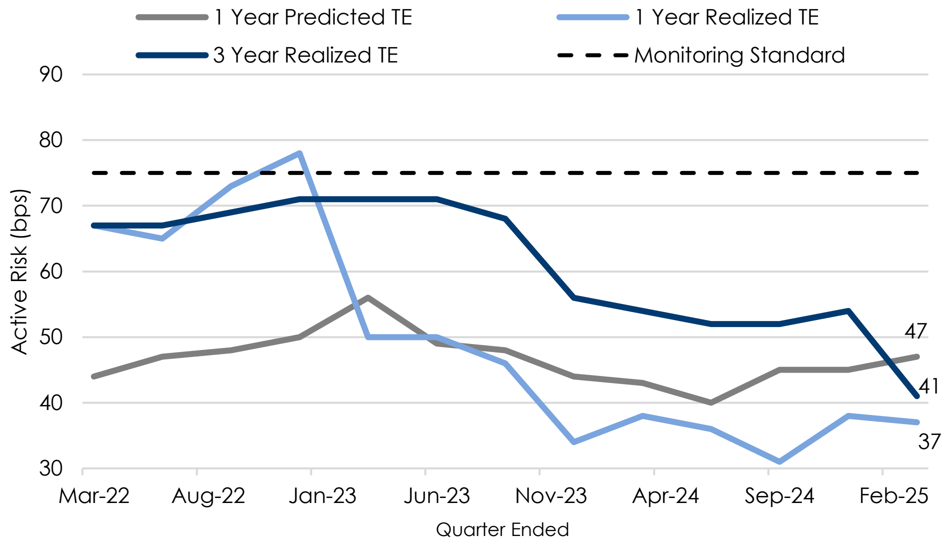
ASSET CLASS PERFORMANCE AND RISK SUMMARY

CONSISTENT OUTPERFORMANCE ABOVE THE TARGET SINCE INCEPTION



	Qtr	FYTD	1 Year	3 Year	5 Year	10 Year	SI
Global Equity	-1.57%	4.05%	6.51%	6.65%	15.17%	8.92%	10.46%
Target	-1.66%	3.78%	6.23%	6.28%	15.02%	8.56%	9.86%
Active Return	**0.08%**	**0.27%**	**0.28%**	**0.37%**	**0.15%**	**0.36%**	**0.60%**
Tracking Error			0.37%	0.41%	0.59%	0.52%	0.52%
Information Ratio			0.70%	0.76%	0.19%	0.59%	1.00%

PREDICTED AND REALIZED ACTIVE RISK



Note: All returns through 3/31/2025. Inception 7/1/10. Benchmark is FRS Custom MSCI ACWI IMI Index. Realized Risk is compared to prior 1 year Predicted Risk.

ACTIVE STRATEGY PERFORMANCE SUMMARY

	Excess Returns by Aggregate					What Happened in Q1 2025
Active Strategy Group	**% of Asset Class**	**Q1 2025**	**1 Year**	**3 Year**	**5 Year**	**Recent Performance Drivers**
Foreign Developed Large Cap	18%	-0.42%	1.49%	0.66%	0.30%	The aggregate underperformed in a strong market that was up 6% in Q1. An overweight to IT and underweight to Financials detracted. Style headwinds during the period included the outperformance of low volatility and yield.
Emerging Markets (Large & Small Cap)	10%	-0.46%	-0.14%	0.84%	1.04%	Q1 underperformance was driven by weak stock selection in India and not holding South African gold miners. On a sector basis underweights to Financials and Materials were negative for active performance.
Dedicated Global	8%	0.12%	-0.84%	0.08%	-1.86%	An underweight to the mega caps was positive for active performance, including underweights in Nvidia, Tesla and Apple. Similarly an overweight to the UK market proved very positive, with significant contributions from the Pharmaceutical and Insurance industries.
Foreign Developed Small Cap	4%	1.06%	1.44%	2.07%	1.02%	Strong stock selection in Industrials, Financials, IT and Energy benefited the aggregate. Value-leaning mandates were key contributors during the quarter.
US Small Cap	3%	1.50%	-0.04%	0.84%	2.05%	Risk-off sentiment propelled lower volatility strategies to strong outperformance. Q1 marked a bounce-back from negative performance in the back-half of 2024 that was driven by a strong risk-on environment.
Total Active Aggregate	**44%**	**0.04%**	**0.25%**	**0.40%**	**0.10%**	

Note: All returns through 3/31/2025. Excess returns are relative to strategy group benchmark. Weights are relative to total equity assets under management. Non-Traditional strategy assets are excluded.

UPDATE ON INITIATIVES

Initiatives

- During Q1 2025 GE funded two new internally managed strategies:
  - A mandate passively managed to the FRS Custom World ex-US Index, and
  - A mandate actively managed to the FRS Custom World Index.
  - GE manages 5 passive and 3 active strategies, greater than 56% of the asset class.

Provide Liquidity and Support Revised FRS Asset Allocation

- Global Equity continues to be a significant provider of liquidity, for all reasons.
- Raised $620 Million in Q1 2025.
- GE has provided over $96 Billion of liquidity since July 2010 (when Domestic Equity and Foreign Equity asset classes were combined).

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INVESTMENT ADVISORY COUNCIL

Fixed Income Asset Class Update

Todd Ludgate, Senior Investment Officer Fixed Income

State Board of Administration
June 3, 2025

Asset Class Portfolio Performance

- Asset class outperformed benchmark fiscal YTD and over 1-year, 3-year, 5-year and 10-year time periods with well-controlled active risk and a strong Information Ratio.

- For FYTD through 03/31/2025, Fixed Income outperformed by 0.16%.

Fixed Income ex Transition	EMV ($M)	1 Yr	3 Yr	5 Yr	10 Yr
Asset Class Return	$40,753	5.20%	1.74%	0.82%	1.81%
vs Target		4.88%	1.39%	0.20%	1.51%
Excess Return		**0.32%**	**0.36%**	**0.61%**	**0.30%**
Tracking Error			0.32%	0.37%	0.40%
Return/Risk (IR)			1.07	1.71	0.74

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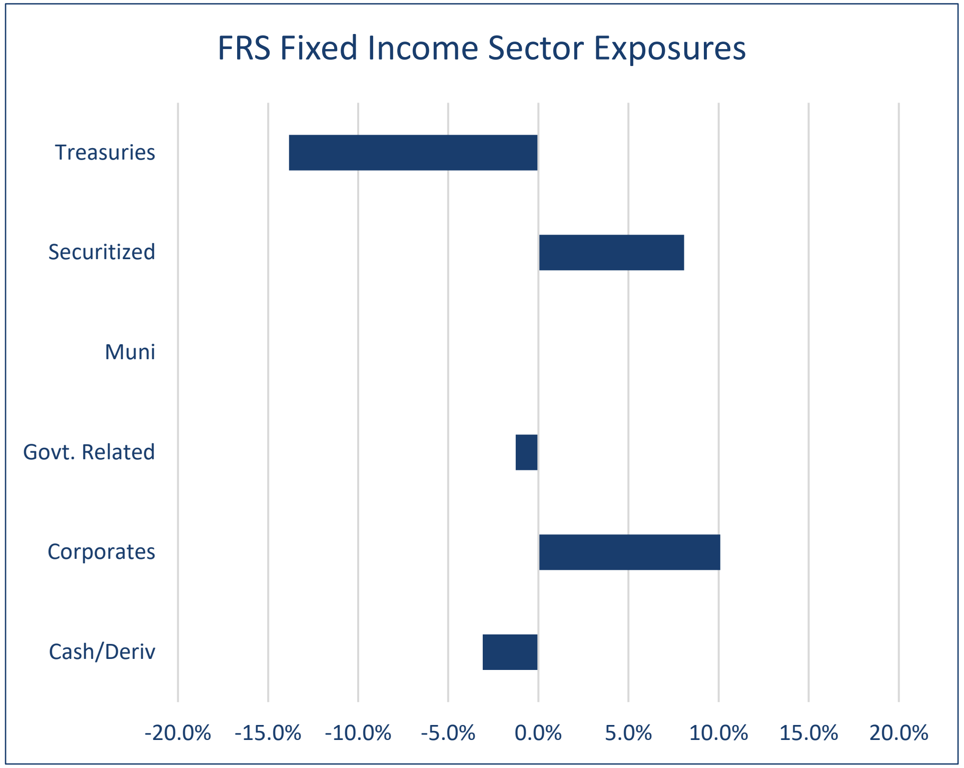
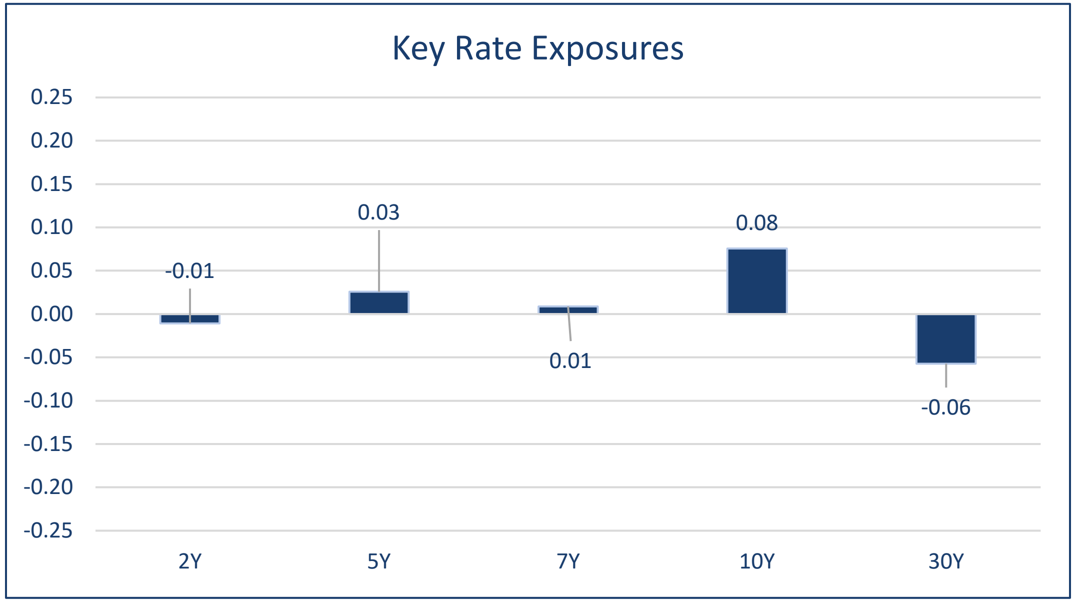
Total Fixed Income Portfolio Positioning

The portfolio is overweight spread product.



The portfolio is positioned with a small curve steepener.



Source: Bloomberg Finance L.P./Aladdin/BNY Mellon/Manager Provided, as of 3/31/2025

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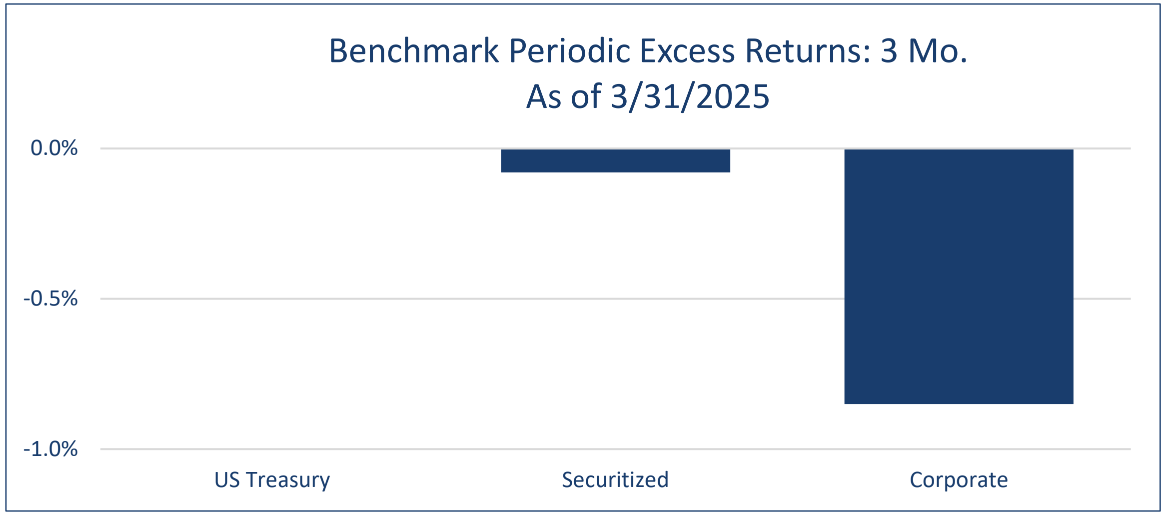
Fixed Income Excess Returns

- Fixed Income spread sectors were negative for the quarter. Credit underperformed Securitized markets.
- The credit index spread curve steepened, with 10+ yr maturity underperformance dragging down positive performance from the 1-5 year maturity component.



Source: Bloomberg Finance L.P. as of 3/31/2025

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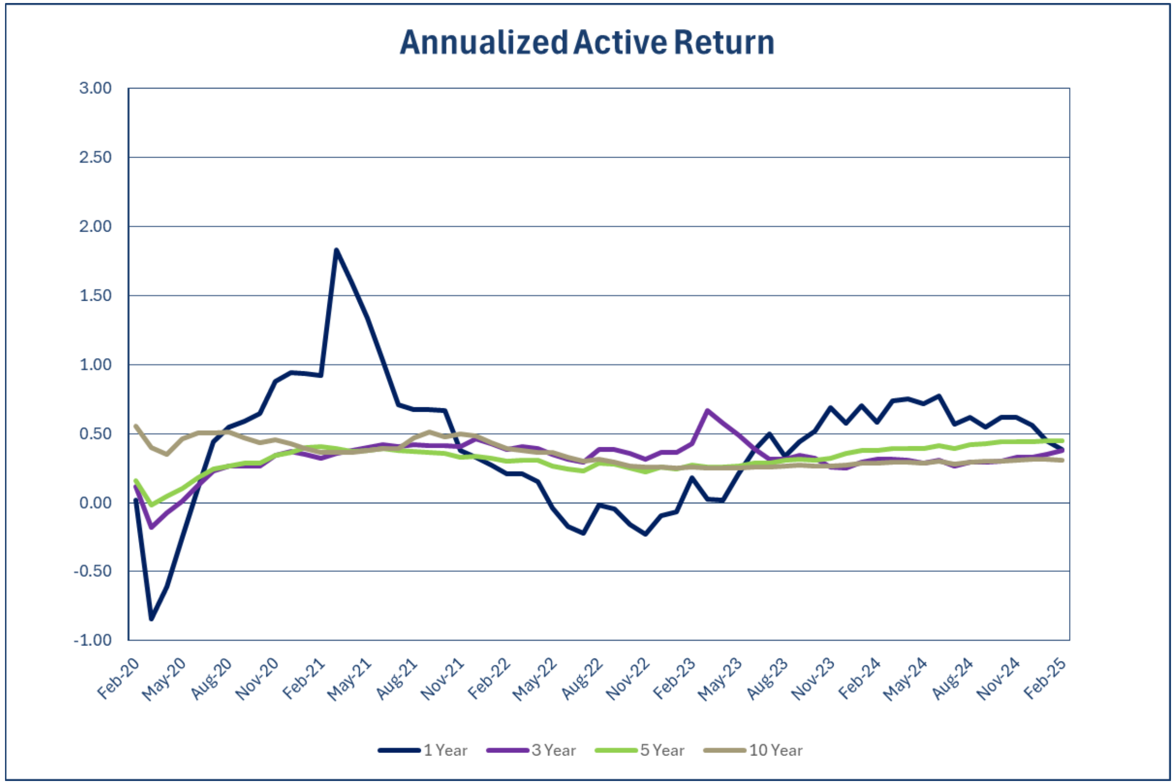
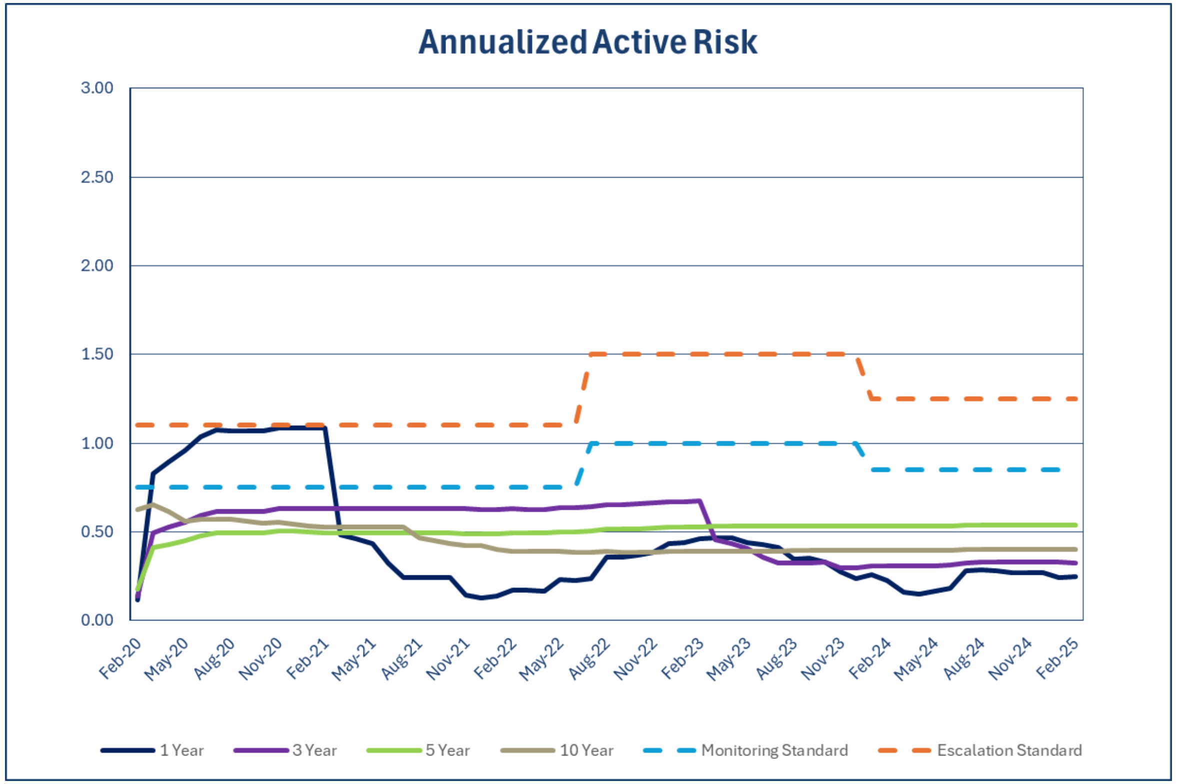
Total Fixed Income Portfolio Risk

Volatility of active return remains modest compared to recent peaks.



Active risk stable at levels below what will be seen in a market disruption.



Source: SBA Analytics and Performance Snapshot, as of 03/31/2025

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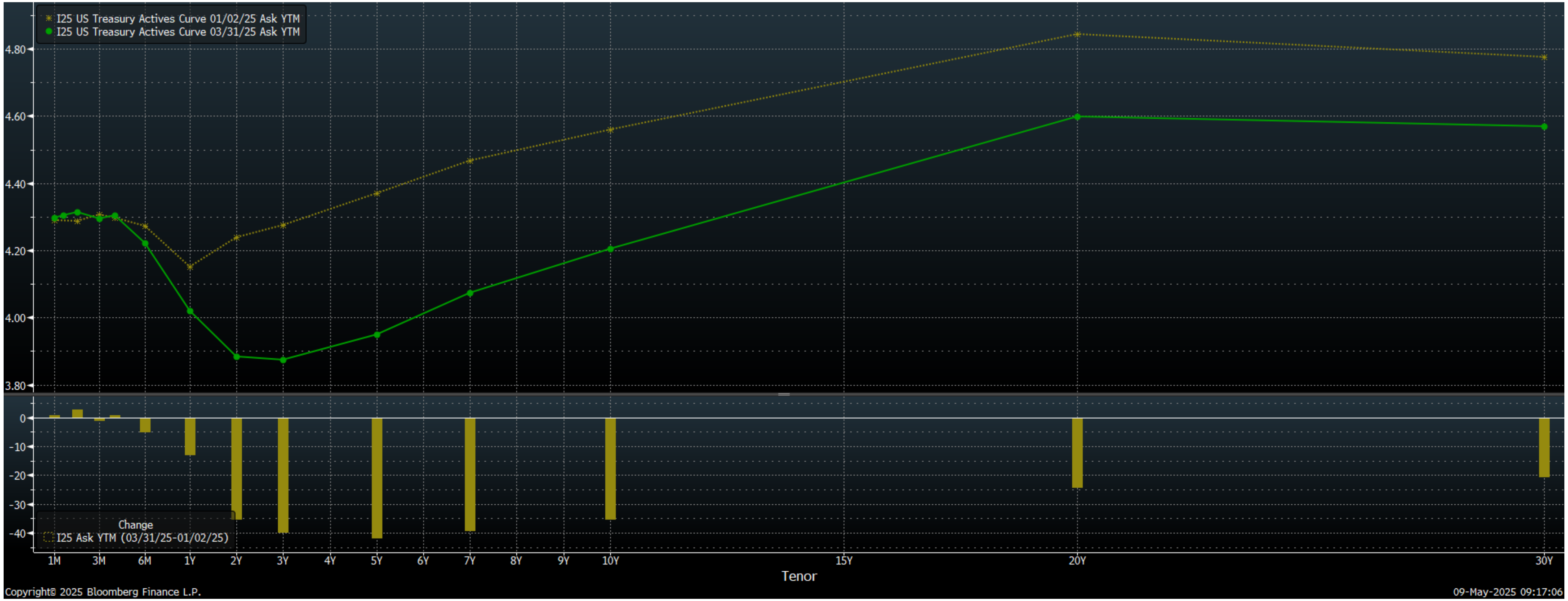
U.S. Treasury curve

US Treasury Curve 1/2/2025 vs. 3/31/2025:



Source: Bloomberg Finance L.P.

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US Corporate spreads

IG Corporate OAS 5Y History

March 2025 vs March 2020

Source: Bloomberg Finance L.P.

Fixed Income: Looking Forward

- Recruiting update: We onboarded four new staff members:
  - Manager of Systems, Reporting and Analytics
  - Corporate Credit Portfolio Manager
  - External Manager Portfolio Manager
  - Middle Office Analyst

- Continue to refine asset class construction and analysis to achieve alpha target

Thank You

CONTACT: Todd Ludgate
Email: todd.ludgate@sbafla.com

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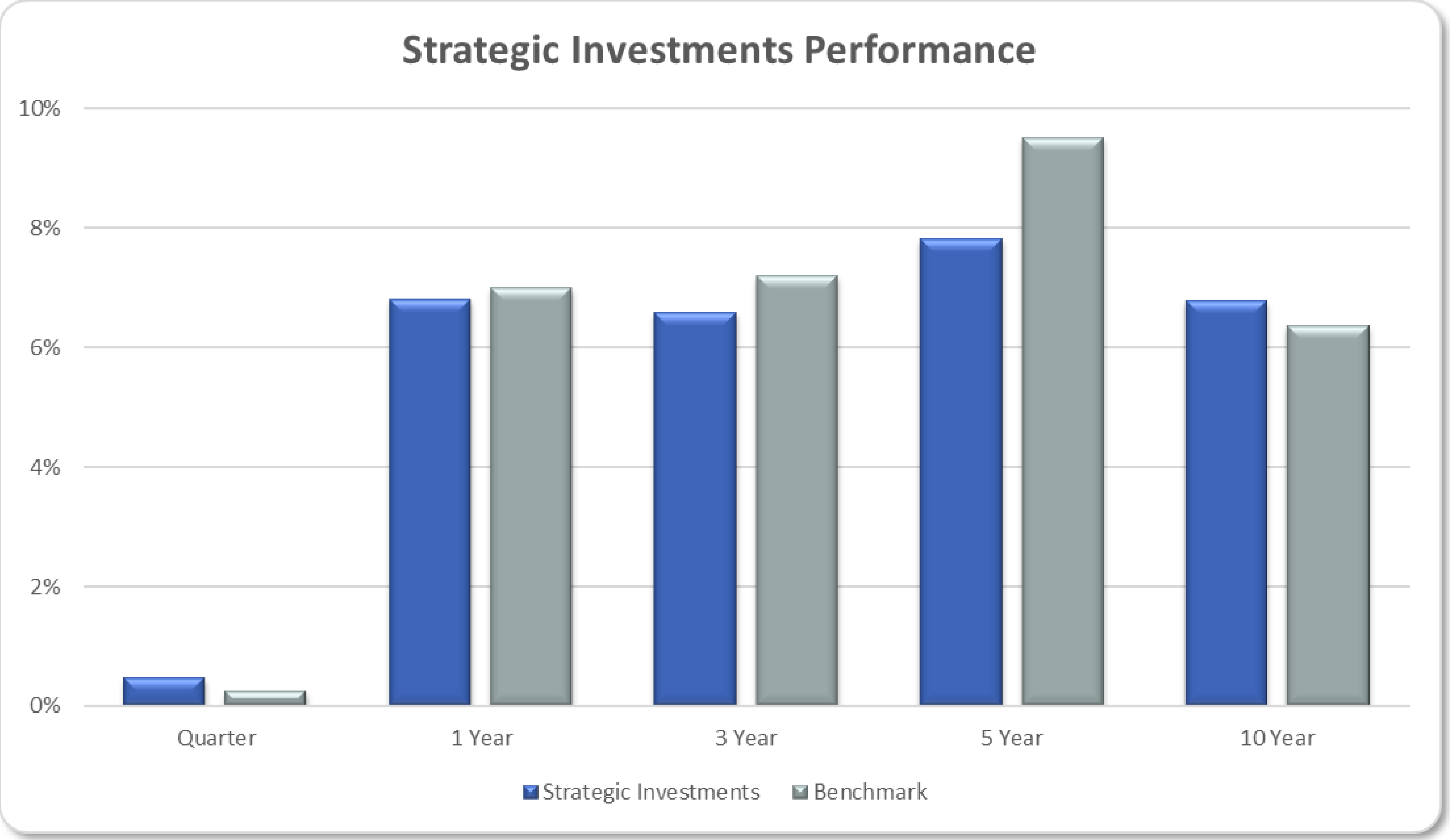
INVESTMENT ADVISORY COUNCIL

Strategic Investments Update

Trent Webster, Senior Investment Officer – Strategic Investments

State Board of Administration
June 3, 2025

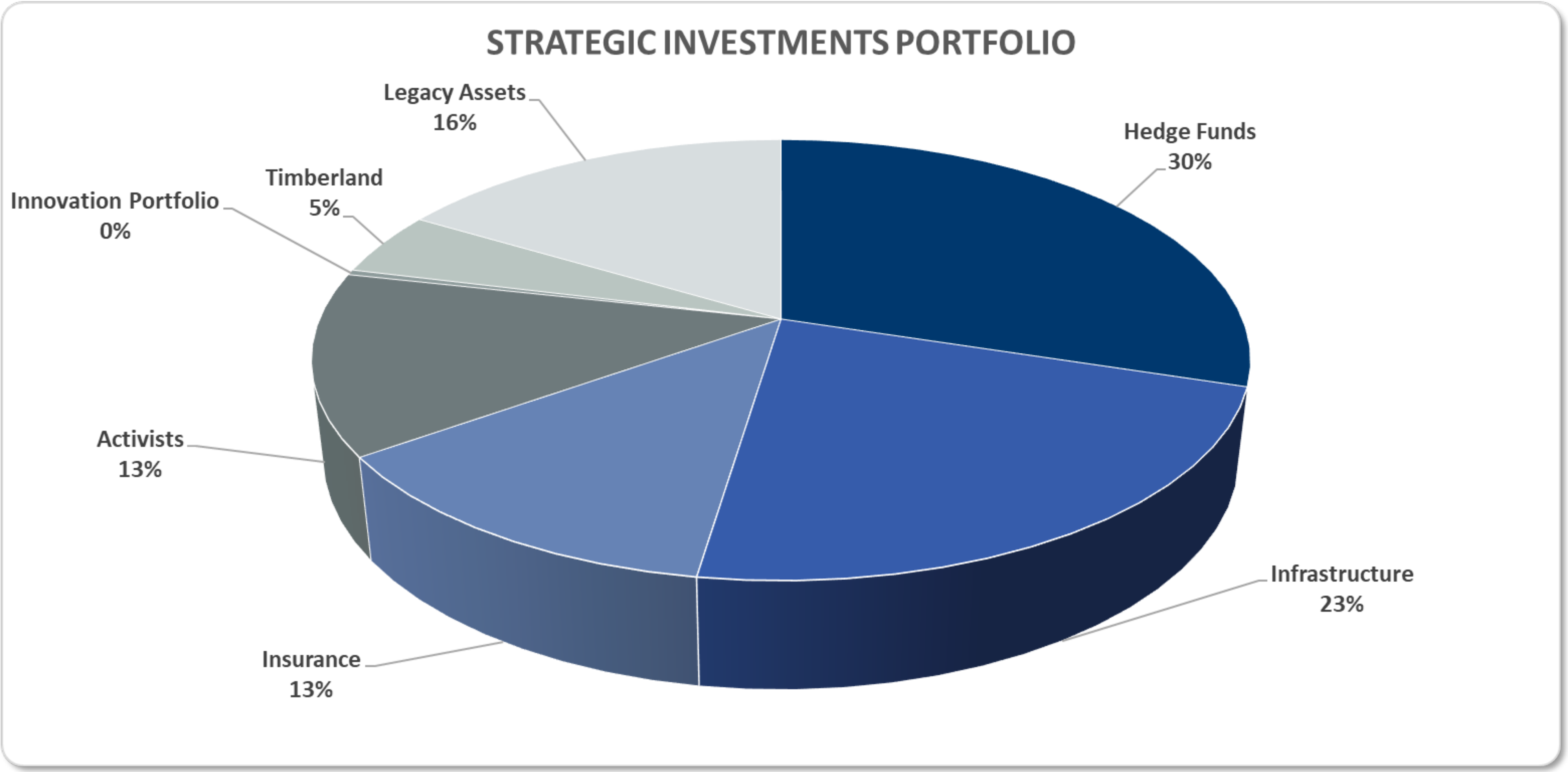
PERFORMANCE



RECENT ACTIVITY

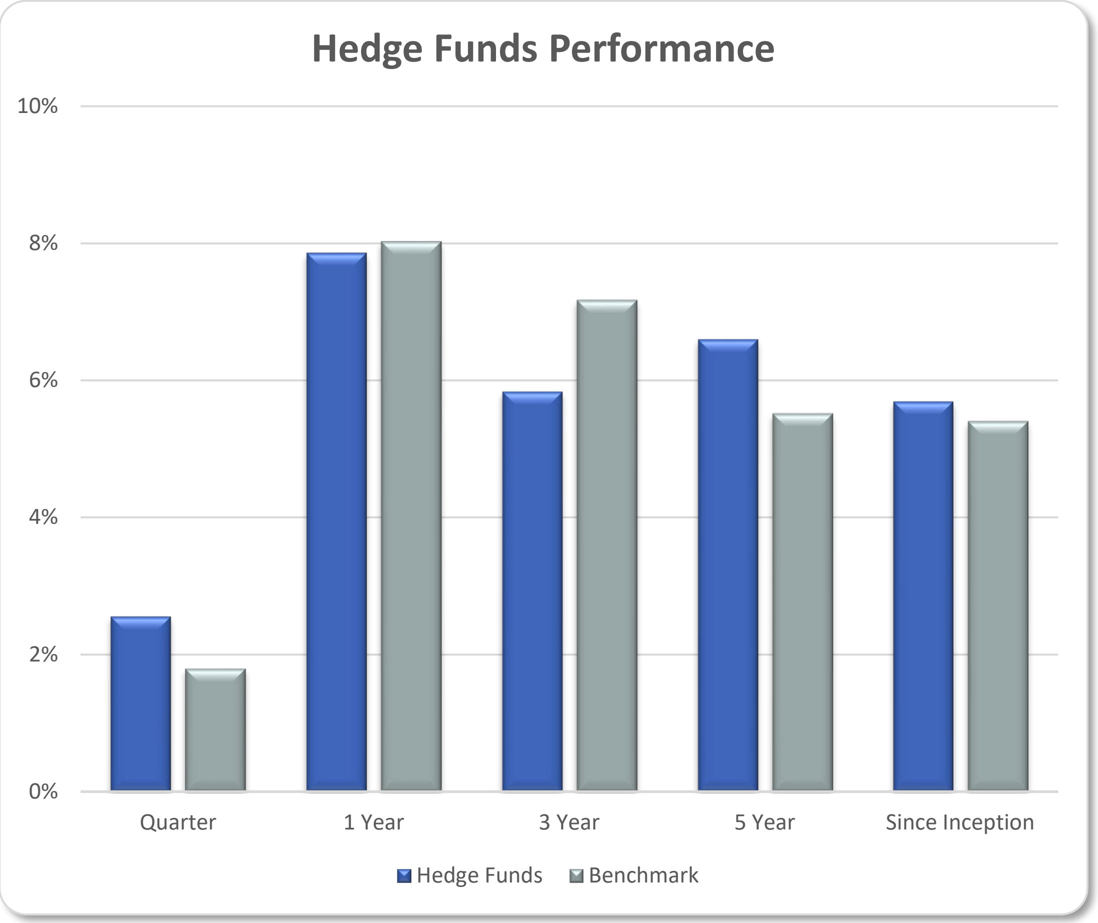
- Quarterly cash inflow was $354 million
- Cash inflow for the fiscal year has been $675 million
- Added $70 million to a current fund in the last quarter
- No funds have closed in this quarter
- Ten funds in the Pipeline

STRATEGIC INVESTMENTS PORTFOLIO



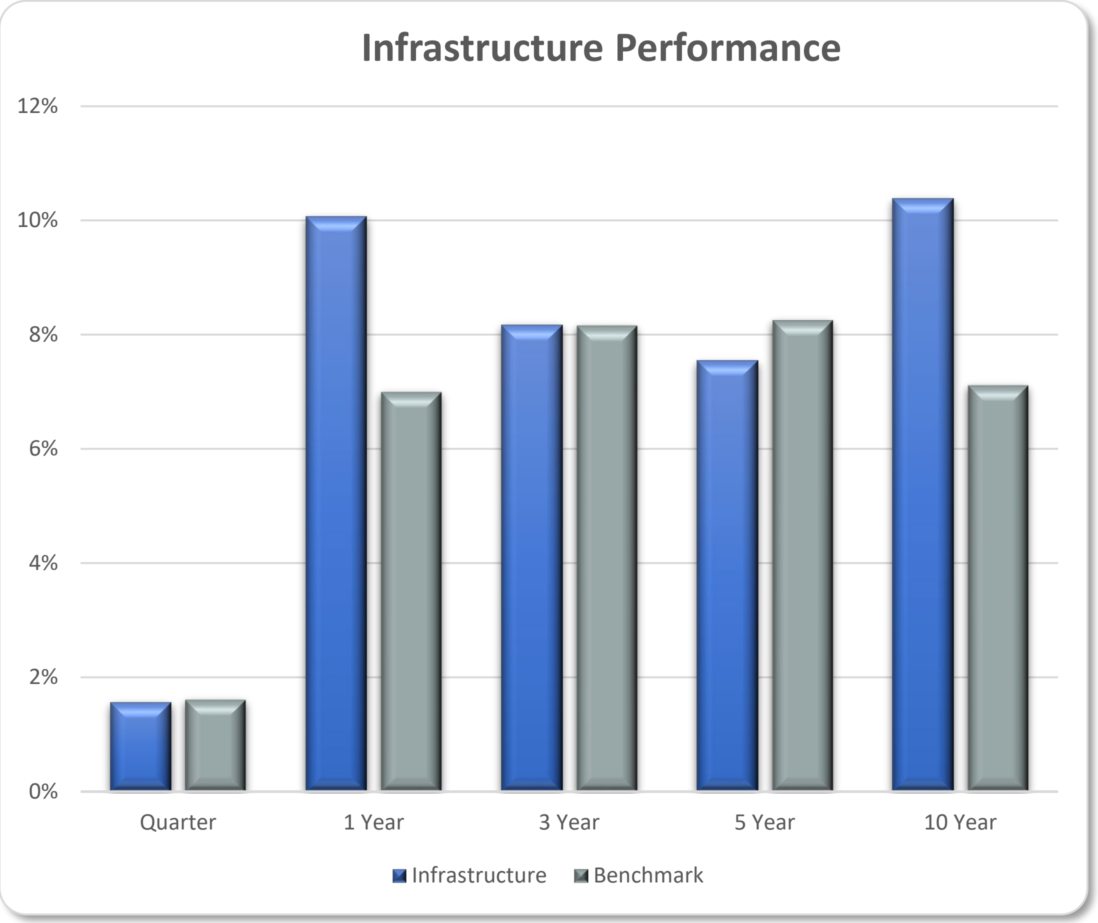
HEDGE FUNDS

- Target up to 2% of the FRS
- Currently 1.9% of the Total Fund
- Allocation – 80% Diversifying / 20% Growth Hedge Funds
- +1.0% in March v -1.9% for FRS x-SI
- Global Macro, Quant, Relative Value and Diversifying Credit remain of interest
- Three funds in the Pipeline
    - Two Credit Long/Short
    - One Commodities



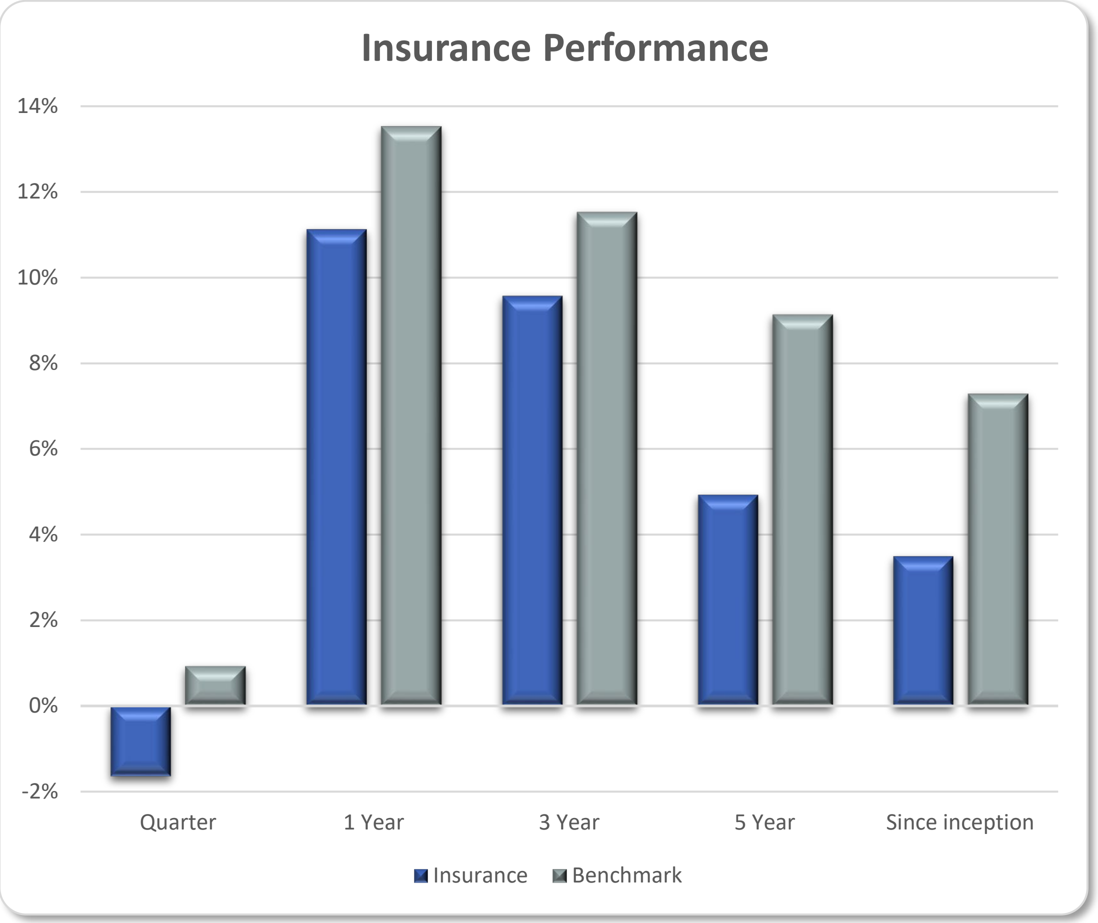
INFRASTRUCTURE

- Target 1% of the FRS
- Currently 1.4% of the Total Fund
- Focus on
  - Middle Market funds
  - Power / Energy
  - Smaller, opportunistic funds
- Five funds in the Pipeline
  - Two Power
  - One Middle Market Europe
  - One Emerging Markets
  - One Digital Infrastructure



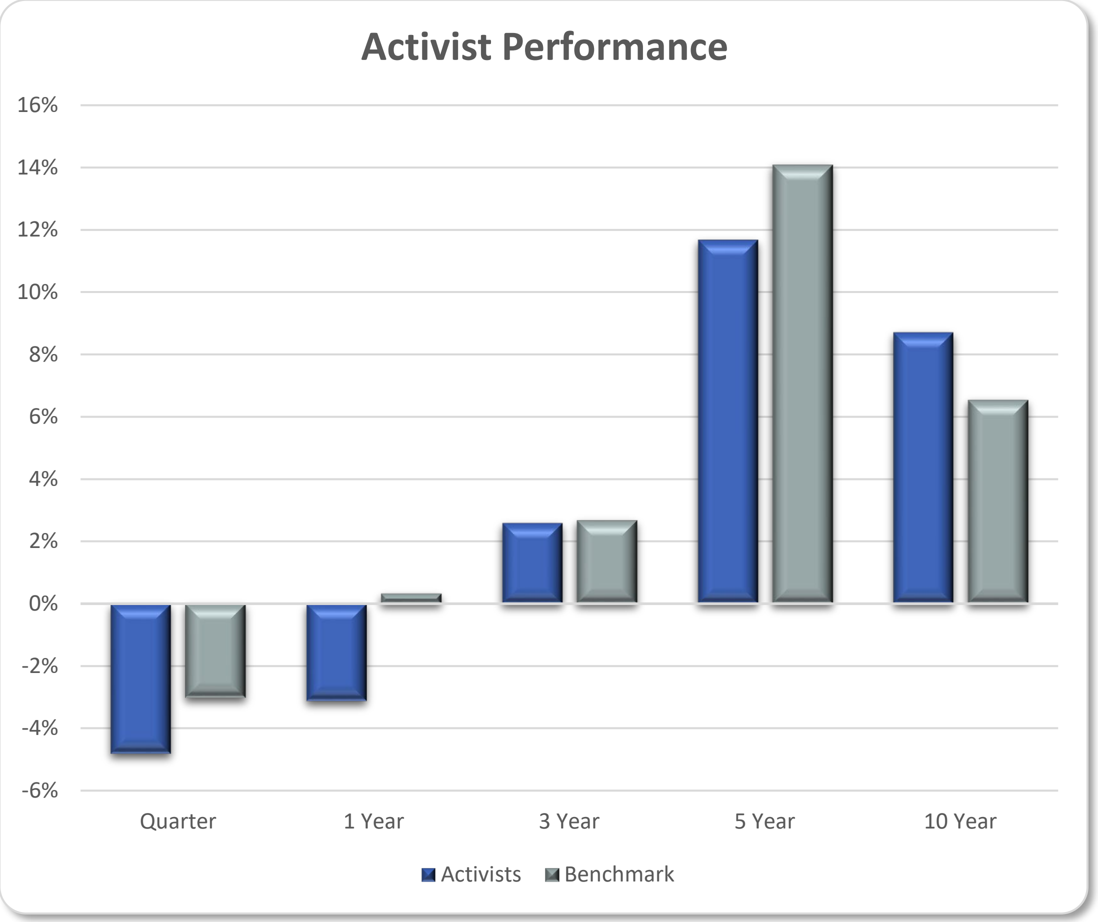
INSURANCE

- Target up to 1% of the FRS
- Currently 0.8% of the Total Fund
- Hard market remains with slight declines
- California fires impacted funds
- Cat bonds have outperformed
- Considering
  - Specialty Lines
  - Quota Share
- One fund in Pipeline



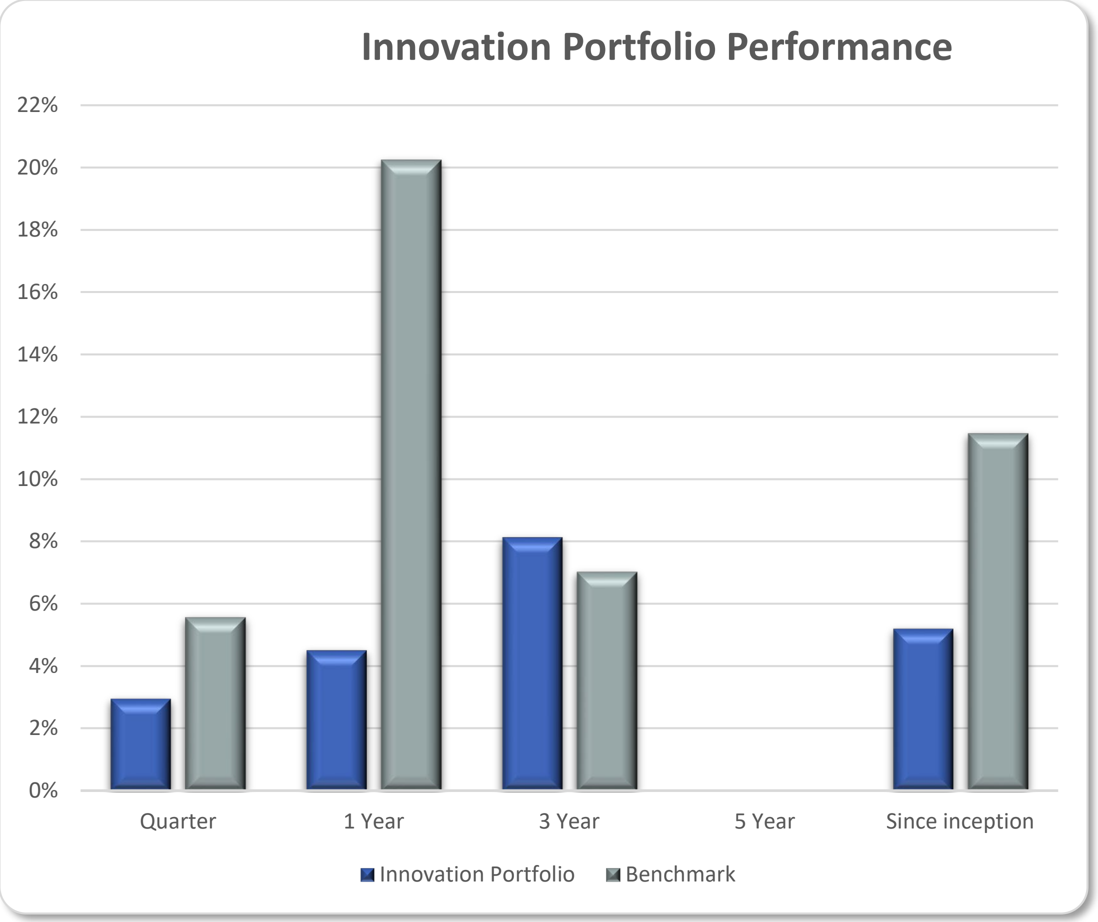
OPPORTUNISTIC – ACTIVISTS

- Target up to 1% of the FRS
- Currently 0.8% of the Total Fund
- Recent underperformance driven by a few stocks
- Assessing US portfolio – possible restructuring / addition of new manager(s)
- Expect to make an investment in Japan next fiscal year



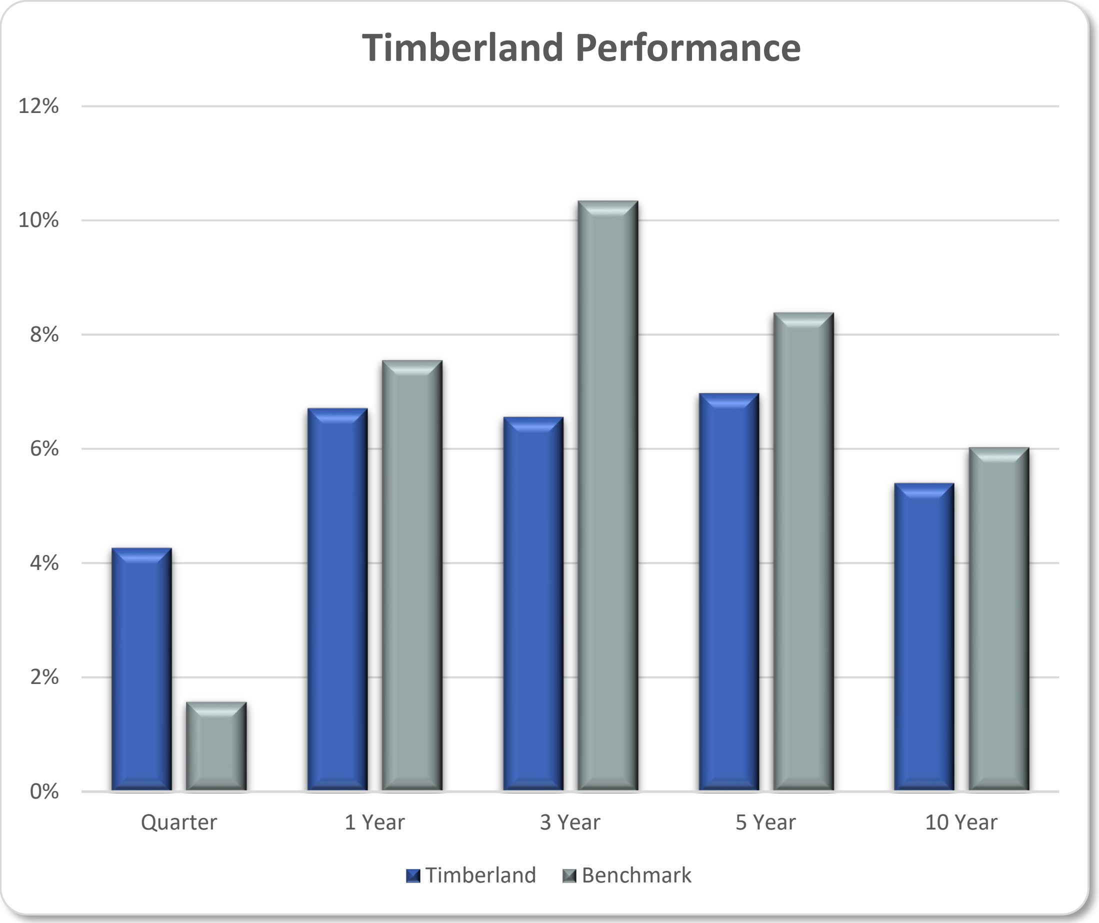
OPPORTUNISTIC – INNOVATION PORTFOLIO

- Currently 0.02% of the Total Fund
- Current investments
  - Spectrum
  - Land bank
- One fund in Pipeline
  - Mitigation banking
- Not expected to be a big allocation



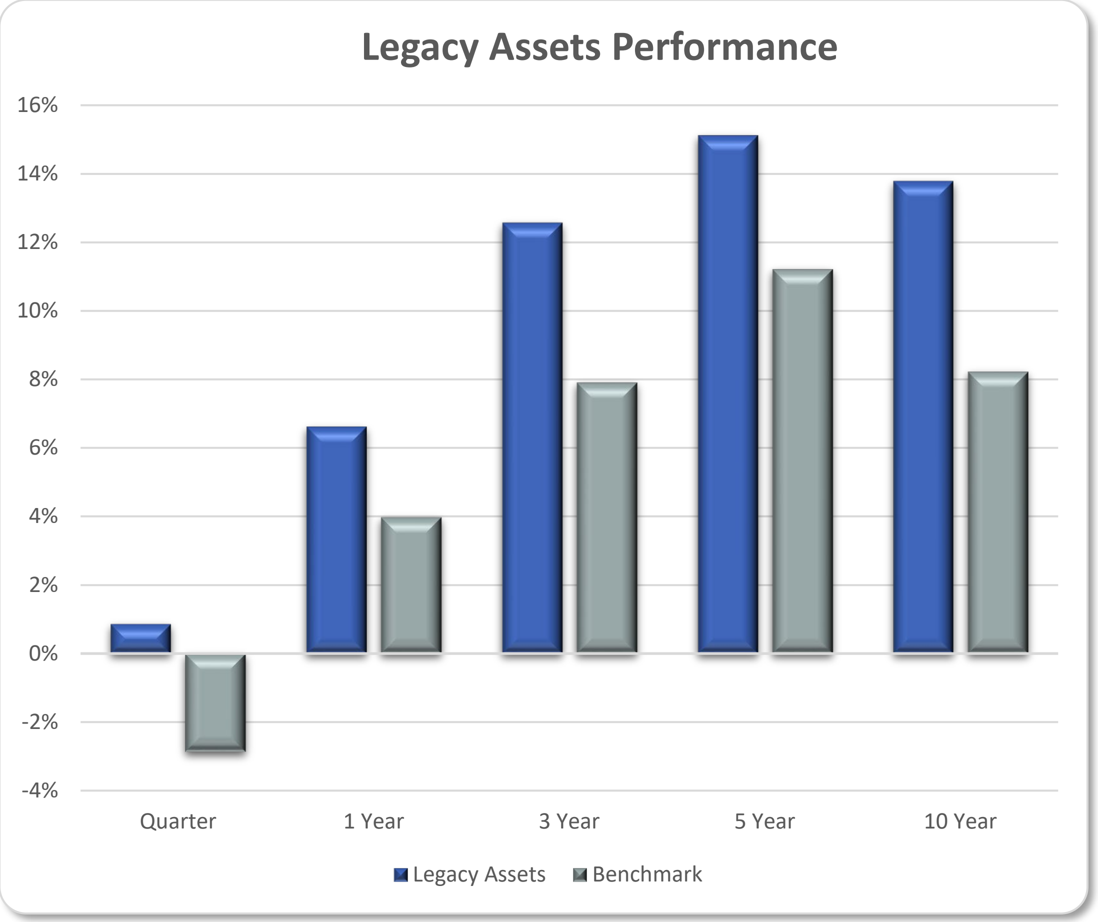
OPPORTUNISTIC - TIMBERLAND

- Target up to 1% of the FRS
- Currently 0.3% of the Total Fund
- Overweight the South
- May assess portfolio



OPPORTUNISTIC – LEGACY ASSETS

- Currently 1.0% of the Total Fund
- Funds in run-off
- Private Equity 93%, Real Estate 7%
- Outperformance driven by GP Investments and Private Equity



Q&A

CONTACT: Trent Webster
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Thank You

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INVESTMENT ADVISORY COUNCIL

Active Credit Asset Class Update

John Mogg, SIO Active Credit

State Board of Administration
June 3, 2025

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Active Credit – Market Update

Market Volatility:

- Reciprocal tariffs have increased volatility in liquid credit markets.
- Lower-rated issuers and tariff-impacted sectors have seen the most price/spread movement.

Public Credit Market:

- Orderly market, modestly wider spreads, and contained defaults (BSL: 3.6%, HY: 4.7%).
- Anticipated slowdown in retail flows into direct lending vehicles.
- Significant retail outflows in high yield markets ($9 billion in April).
- Notable hung bank loan deals
- US institutional loan issuance: $0.2bn (April 2025) vs. $40.9bn (April 2024).

Private Credit Market:

- Expected to be a critical financing channel for borrowers despite public market volatility.
- Stable spreads (450-500 bps) for quality assets
- Lenders may gain more negotiating power, i.e. better loan docs, lower leverage and LTVs.

Active Credit – Multi-Asset Credit

Phase I Implementation: Complete

- **Mandates Closed:** Three Multi-Asset Credit (MAC) and three Bank Loan (BL) mandates on April 30
- **Total Commitments:** $3.3 billion ($2.25 billion MAC and $1.05 billion BL)
- **Funding:** Multistage funding over three quarters, first investments on May 1
- **Potential Acceleration:** Funding may accelerate if market conditions become favorable

Phase II Implementation: In-progress

- **Active Searches:** High Yield and Emerging Market Debt
- **Finalists:**
  - **High Yield Managers:** Two finalists
  - **Emerging Market Debt Managers:** Three finalists
- **Funding Timeline:** In legal negotiations, anticipate Q3 funding, evaluating multistage funding

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Active Credit – Private Credit

European Direct Lending

- **Selected Managers:** Three Pan European direct lending managers
- **Total Commitment:** $1 billion
  - Middle Market: Two managers ($400 million each)
  - Upper Market: One manager ($200 million)
- **Portfolio Target:** Consistent with goal of 40-50% in mid-market lending
- **Diversification:** By sponsor, geography, position size, and industry
- **Target Close:** July 31

US Direct Lending

- **Re-underwrote:** Existing SMA managers
- **Selected Managers:** Three existing managers for additional capital totaling $1 billion
  - Middle Market SMA: $500 million
  - Upper-Middle Market SMA: $300 million
  - Opportunistic: $200 million
- **Performance:** All managers have exceeded their benchmark since inception
- **Portfolio Target:** Consistent with goal of 40-50% in mid-market lending
- **Target Close:** June 30

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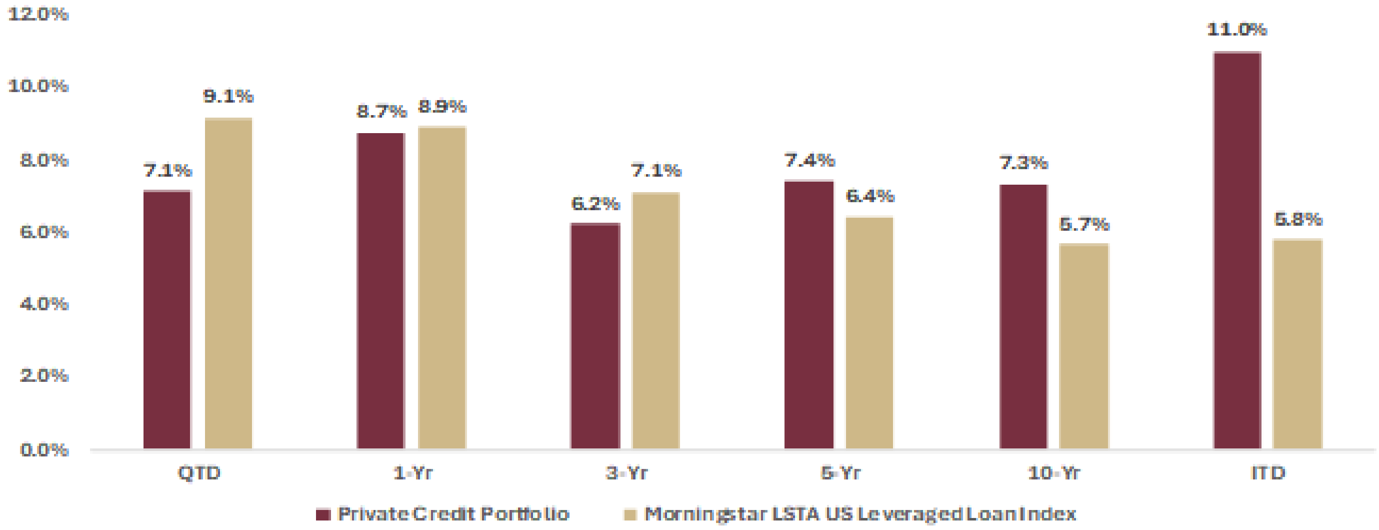
Private Credit Performance

Private Credit Legacy Portfolio– Internal Rate of Return as of December 31, 2024



Note: The PC benchmark is currently the Morningstar LSTA US Leveraged Loan Index + 175 bps. For this exercise, the 175bps was not included

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INVESTMENT ADVISORY COUNCIL

Real Estate Asset Class Update

Lynne Gray, Senior Investment Officer

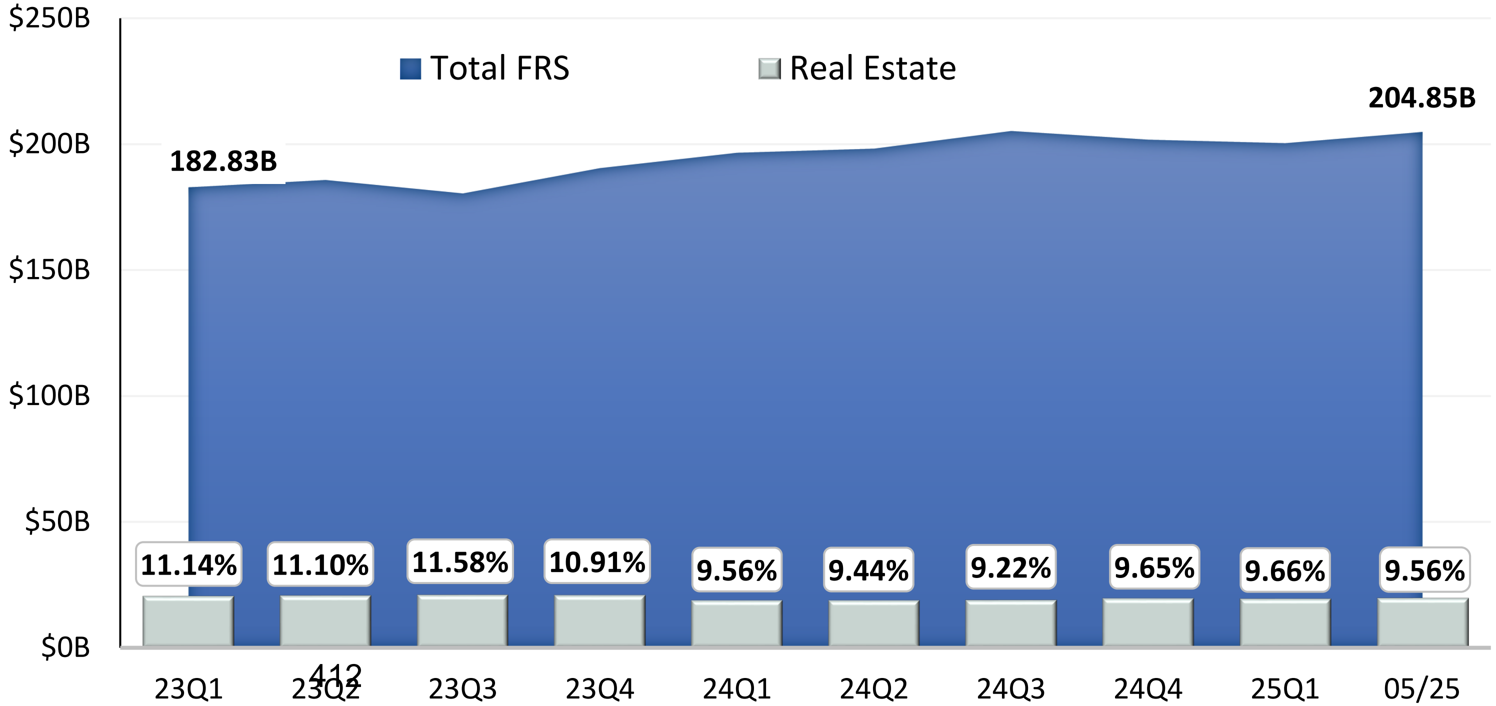
State Board of Administration
June 2025

Real Estate
ALLOCATION

Target Allocation: 12%

Allocation Range: 8% - 20%

Allocation as of 05-12-25: 9.56%



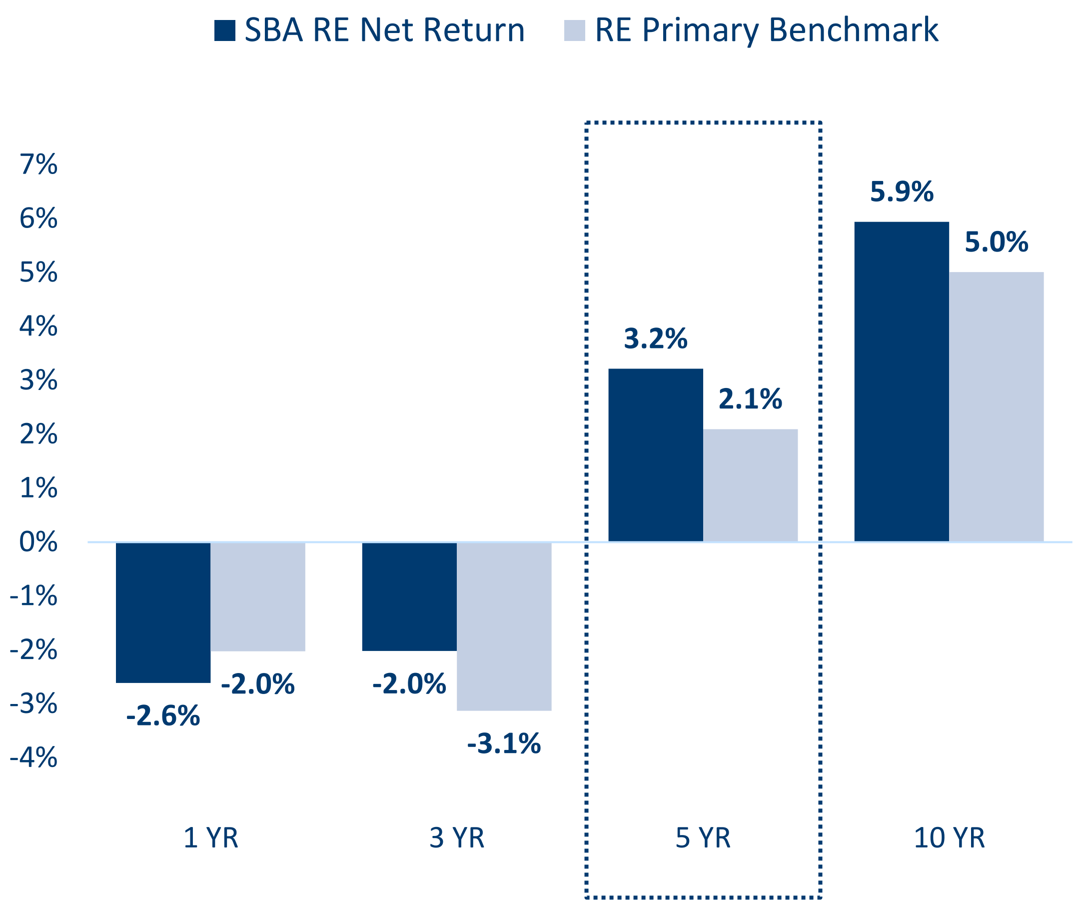
Source: Townsend Group, SBA RE eFront, SBA Accounting

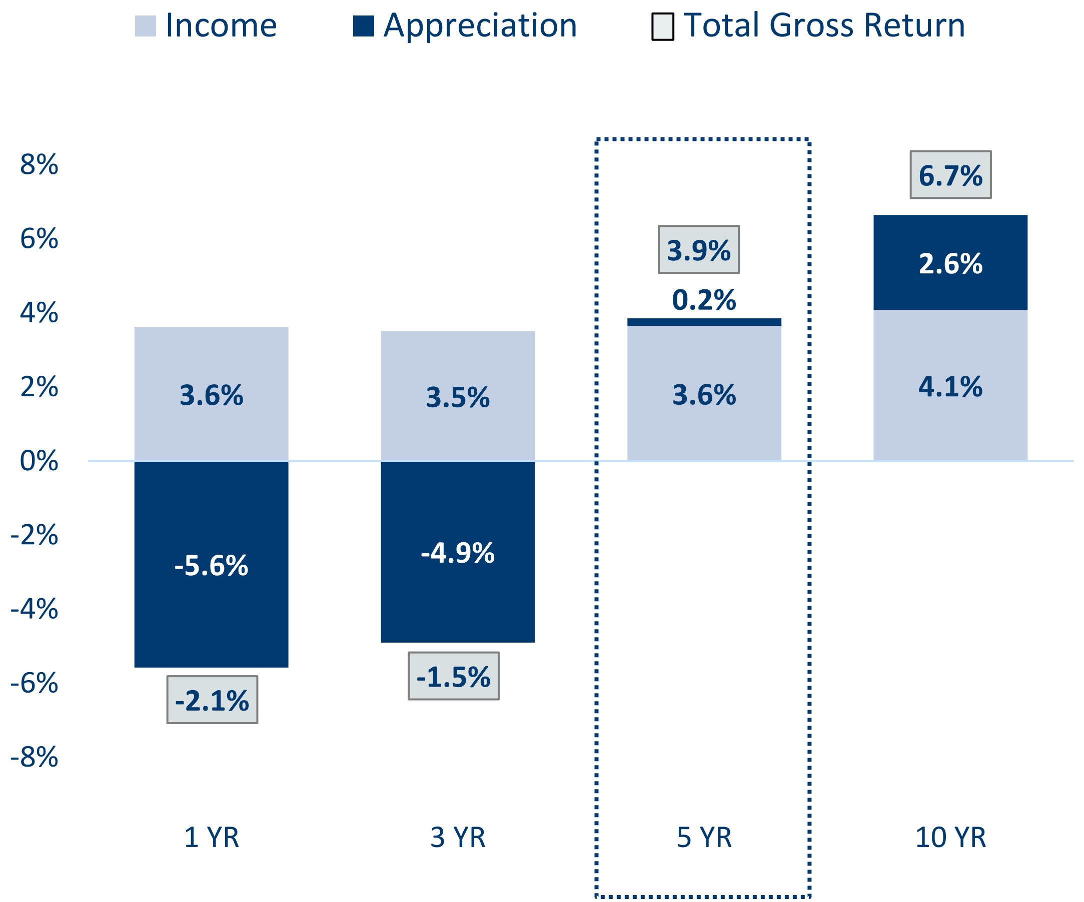
REAL ESTATE PORTFOLIO PERFORMANCE

as of 12/31/2024

	1 YR		3 YR		5 YR		10 YR	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
SBA RE Portfolio	**-2.1%**	**-2.6%**	**-1.5%**	**-2.0%**	**3.9%**	**3.2%**	**6.7%**	**5.9%**
SBA Primary Benchmark	-2.0%		-3.1%		2.1%		5.0%	

The portfolio seeks to outperform a weighted benchmark comprised of 83.3% NFI-ODCE (net of fees) and 16.7% NFI ODCE (net of fees) +150 bps over a rolling five-year periods.



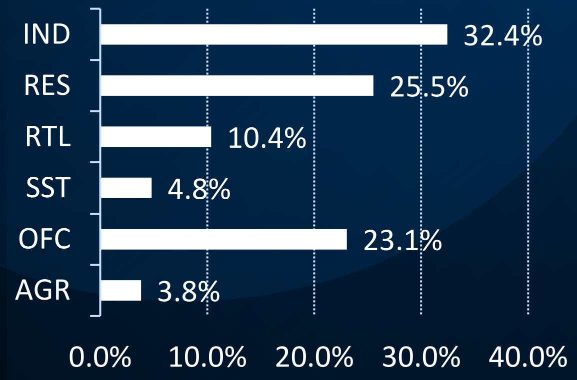


Source: The Townsend Group

Principal Investments Return Contribution by Property Type

As of 12/31/24

Principal Investments
Property Type Diversification



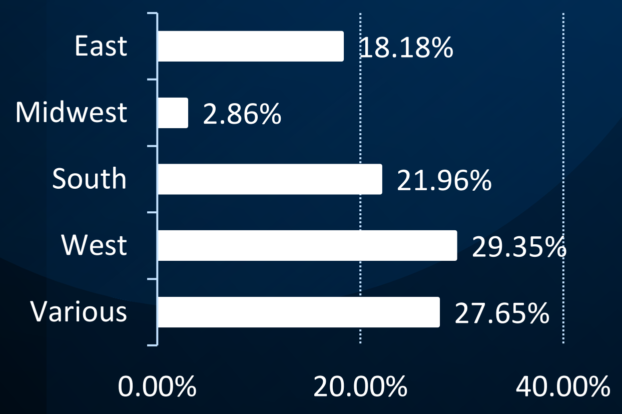
PROPERTY TYPE	1 YR	3 YR	5 YR	10 YR
IND - Industrial	-0.178%	2.269%	2.874%	2.381%
IND - Cold Storage	0.047%	0.025%	0.014%	0.007%
RES - Apartment	-0.591%	-1.251%	0.323%	0.971%
RES - Student Housing	0.328%	0.396%	0.359%	0.316%
RES - Single Family Rental	-0.019%	-0.007%	-0.004%	-0.002%
RES - Senior Housing	0.000%	0.000%	-0.047%	-0.024%
RES - Manufactured Housing	0.047%	0.101%	0.047%	0.025%
RTL - Retail	0.131%	0.144%	0.081%	0.546%
SST - Self Storage	-0.122%	-0.040%	0.370%	0.314%
OFC - Office	-1.698%	-2.257%	-0.542%	1.015%
OFC - Medical Office	-0.066%	-0.094%	0.293%	0.267%
OFC - Life Science	-0.291%	-0.108%	-0.058%	-0.031%
AGR - Agriculture	-0.394%	-0.288%	-0.148%	0.062%
PI Portfolio Total TWR*, net	**-2.805%**	**-1.111%**	**3.561%**	**5.847%**
ODCE Total, net	**-2.300%**	**-3.100%**	**2.000%**	**4.900%**

Source: Townsend Group
*TWR = Time Weighted Return

Principal Investments Return Contribution by Region

As of 12/31/24

Principal Investments
Geographic Diversification



REGION | PROPERTY TYPE	1 YR	3 YR	5 YR	10 YR
East	**-0.544%**	**-1.031%**	**0.003%**	**0.735%**
Apartment	-0.010%	-0.087%	0.118%	0.183%
Industrial	0.244%	0.158%	0.268%	0.258%
Office	-0.881%	-1.142%	-0.416%	0.206%
Retail	0.103%	0.040%	0.033%	0.089%
Midwest	**0.122%**	**0.137%**	**0.161%**	**0.175%**
Apartment	0.000%	0.000%	0.000%	0.049%
Industrial	0.122%	0.137%	0.161%	0.126%
South	**0.338%**	**0.165%**	**0.917%**	**1.121%**
Apartment	0.028%	-0.033%	0.380%	0.535%
Industrial	0.356%	0.407%	0.348%	0.270%
Office	-0.244%	-0.335%	0.116%	0.199%
Retail	0.197%	0.126%	0.074%	0.118%
West	**-2.795%**	**-1.188%**	**0.721%**	**2.170%**
Apartment	-0.610%	-1.131%	-0.176%	0.205%
Industrial	-1.285%	0.695%	1.080%	0.968%
Life Science	-0.291%	-0.108%	-0.058%	-0.031%
Office	-0.573%	-0.780%	-0.242%	0.610%
Retail	-0.169%	-0.022%	-0.026%	0.339%
Student Housing	0.131%	0.159%	0.142%	0.079%
Various	**0.074%**	**0.805%**	**1.759%**	**1.645%**
Agriculture	-0.394%	-0.288%	-0.148%	0.062%
Cold Storage	0.047%	0.025%	0.014%	0.007%
Industrial	0.385%	0.872%	1.017%	0.759%
Manufactured Housing	0.047%	0.101%	0.047%	0.025%
Medical Office	-0.066%	-0.094%	0.293%	0.267%
Retail	0.000%	0.000%	0.000%	0.000%
Self Storage	-0.122%	-0.040%	0.370%	0.314%
Senior Housing	0.000%	0.000%	-0.047%	-0.024%
Single Family Rental	-0.019%	-0.007%	-0.004%	-0.002%
Student Housing	0.197%	0.238%	0.218%	0.237%
PI Portfolio Total TWR*, net	**-2.805%**	**-1.111%**	**3.561%**	**5.847%**
ODCE Total, net	**-2.300%**	**-3.100%**	**2.000%**	**4.900%**

Source: Townsend Group
*TWR = Time Weighted Return

PRINCIPAL INVESTMENTS
Property Type Attribution

- **Allocation Effect:** The allocation effect measures the result of the portfolio's ability to effectively allocate capital to each property type. The allocation effect determines whether the overweighting or underweighting of each property type relative to the benchmark contributes positively or negatively to the overall portfolio return. Positive allocation occurs when the portfolio is overweighted in a segment that outperforms the benchmark and underweighted in a segment that underperforms the benchmark. Negative allocation occurs when the portfolio is overweighted in a segment that underperforms the benchmark and underweighted in a segment that outperforms the benchmark.
- **Selection Effect:** The selection effect measures the portfolio's ability to select investments within a given property type relative to the portfolio's benchmark. The over or underperformance of the portfolio is weighted by the benchmark weight, therefore, selection is not affected by the manager's allocation to the property type. The weight of the property type determines the size of the effect. For example, the larger the portfolio type, the larger the effect is, positive or negative.
- **Cross Effect or Interaction Effect:** The cross (or interaction) effect measures the combined impact of the portfolio's selection and allocation decisions. For example, if the portfolio had a superior selection and overweighted that particular property type, the interaction effect is positive. If the portfolio had a superior selection, but underweighted that property type, the interaction effect is negative.

Attribution Analysis of Prior Twenty Quarters (Five Years, Q1 2019 - Q4 2024)

Property Type	Weight Portfolio	Gross Return Portfolio	Weight Index	Gross Return Index
Industrial	21.49%	18.51%	28.48%	12.57%
Apartment	25.85%	2.76%	27.42%	4.22%
Retail	12.22%	1.00%	15.59%	0.67%
Office	30.45%	-1.84%	28.19%	-4.57%
Hotel	0.00%	0.00%	0.33%	0.29%
Attribution Total	**90.02%**	**4.25%**	**100.00%**	**3.13%**
Other*	9.98%	-3.25%		
Portfolio Total	100.00%	3.93%		

SBA FL Value Added: 5 Years as of 12/31/2024				
Property	Allocation	Selection	Cross	Total
Industrial	-0.66%	1.69%	-0.42%	0.62%
Apartment	-0.02%	-0.40%	0.02%	-0.40%
Retail	0.08%	0.05%	-0.01%	0.12%
Office	-0.17%	0.77%	0.06%	0.66%
Hotel	0.01%	0.00%	0.00%	0.01%
Attribution Total	**-0.76%**	**2.11%**	**-0.34%**	**1.01%**

*Other includes agriculture and self storage

Source: Townsend Group

PRINCIPAL INVESTMENTS
Geographic Attribution

- Allocation Effect: The allocation effect measures the result of the portfolio's ability to effectively allocate capital to each property type. The allocation effect determines whether the overweighting or underweighting of each property type relative to the benchmark contributes positively or negatively to the overall portfolio return. Positive allocation occurs when the portfolio is overweighted in a segment that outperforms the benchmark and underweighted in a segment that underperforms the benchmark. Negative allocation occurs when the portfolio is overweighted in a segment that underperforms the benchmark and underweighted in a segment that outperforms the benchmark.
- Selection Effect: The selection effect measures the portfolio's ability to select investments within a given property type relative to the portfolio's benchmark. The over or underperformance of the portfolio is weighted by the benchmark weight, therefore, selection is not affected by the manager's allocation to the property type. The weight of the property type determines the size of the effect. For example, the larger the portfolio type, the larger the effect is, positive or negative.
- Cross Effect or Interaction Effect: The cross (or interaction) effect measures the combined impact of the portfolio's selection and allocation decisions. For example, if the portfolio had a superior selection and overweighted that particular property type, the interaction effect is positive. If the portfolio had a superior selection, but underweighted that property type, the interaction effect is negative.

Attribution Analysis of Prior Twenty Quarters (Five Years, Q1 2019 - Q4 2024)

Region	Weight Portfolio	Gross Return Portfolio	Weight Index	Gross Return Index
East	20.86%	-1.65%	29.95%	1.33%
Midwest	1.73%	10.70%	7.48%	1.85%
South	18.57%	6.15%	21.86%	5.57%
West	33.83%	2.68%	40.71%	3.39%
Attribution Total	**74.98%**	**1.89%**	**100.00%**	**3.13%**
Various US*	25.02%	8.16%		
Portfolio Total	100.00%	3.93%		

SBA FL Value Added: 5 Years as of 12/31/2024				
Region	Allocation	Selection	Cross	Total
East	0.16%	-0.89%	0.27%	-0.46%
Midwest	0.07%	0.66%	-0.51%	0.23%
South	-0.08%	0.13%	-0.02%	0.03%
West	-0.02%	-0.29%	0.05%	-0.26%
Attribution Total	**0.14%**	**-0.39%**	**-0.21%**	**-0.46%**

*Includes multi property, multi region investments that report performance at the total investment level.

Source: Townsend Group

REAL ESTATE TRANSACTION ACTIVITY

(Since Last IAC Report)

Principal Investments

Acquisitions (Equity)

- Apartment $ 43.4 million
- Single Family Rental $ 54.1 million
- Student Housing $ 50.2 million
- Retail $ 9.0 million

Dispositions

- Student Housing $ 89.5 million

Credit Facility Loans

- Industrial $ 51.8 million

Externally Managed

New Commitments

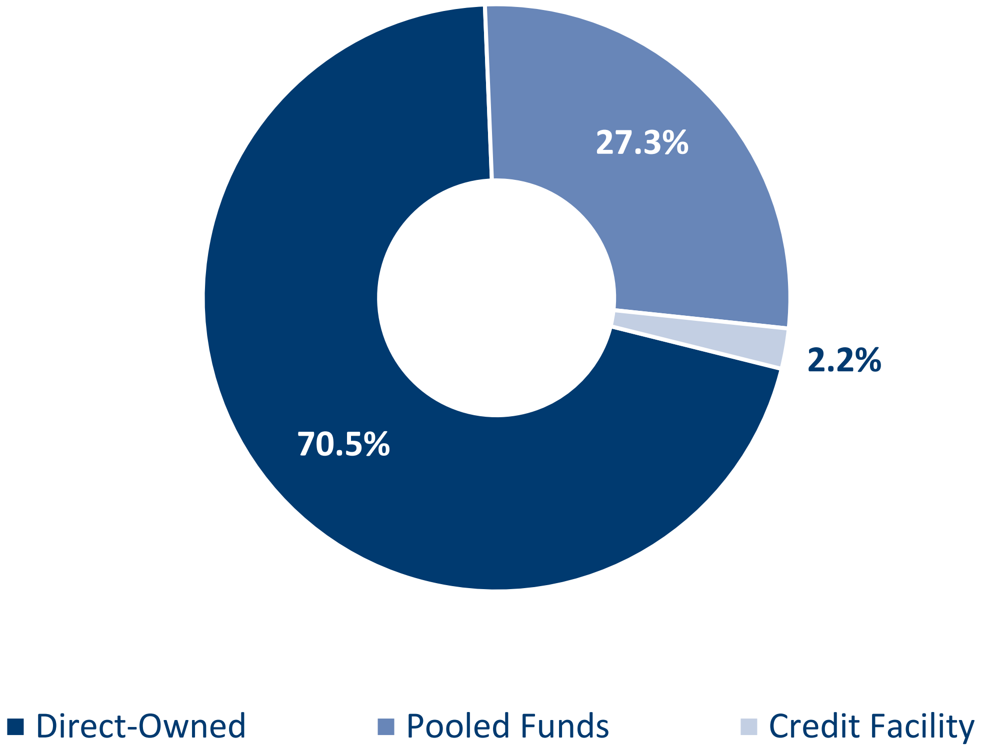
- Global Opportunistic Fund $150 million

REAL ESTATE PORTFOLIO COMPOSITION

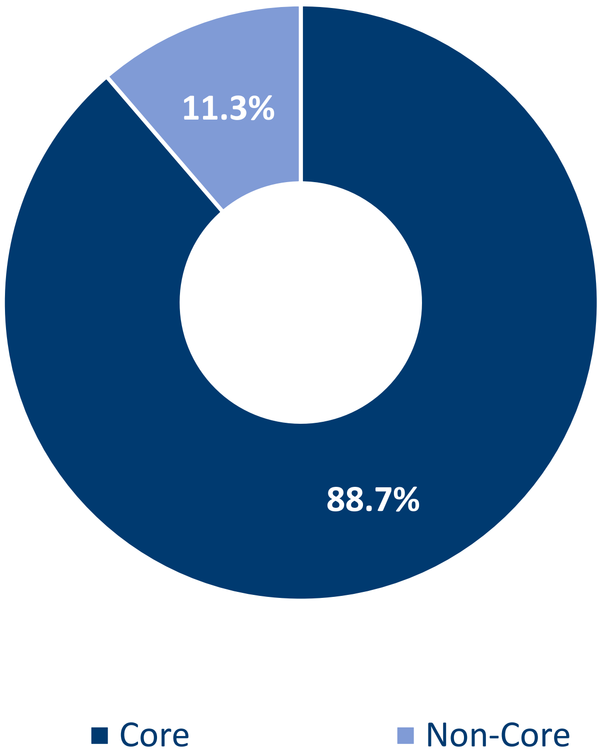
as of 12/31/2024

Total Portfolio NAV: $19.47B

INVESTMENT VEHICLE



RISK PROFILE



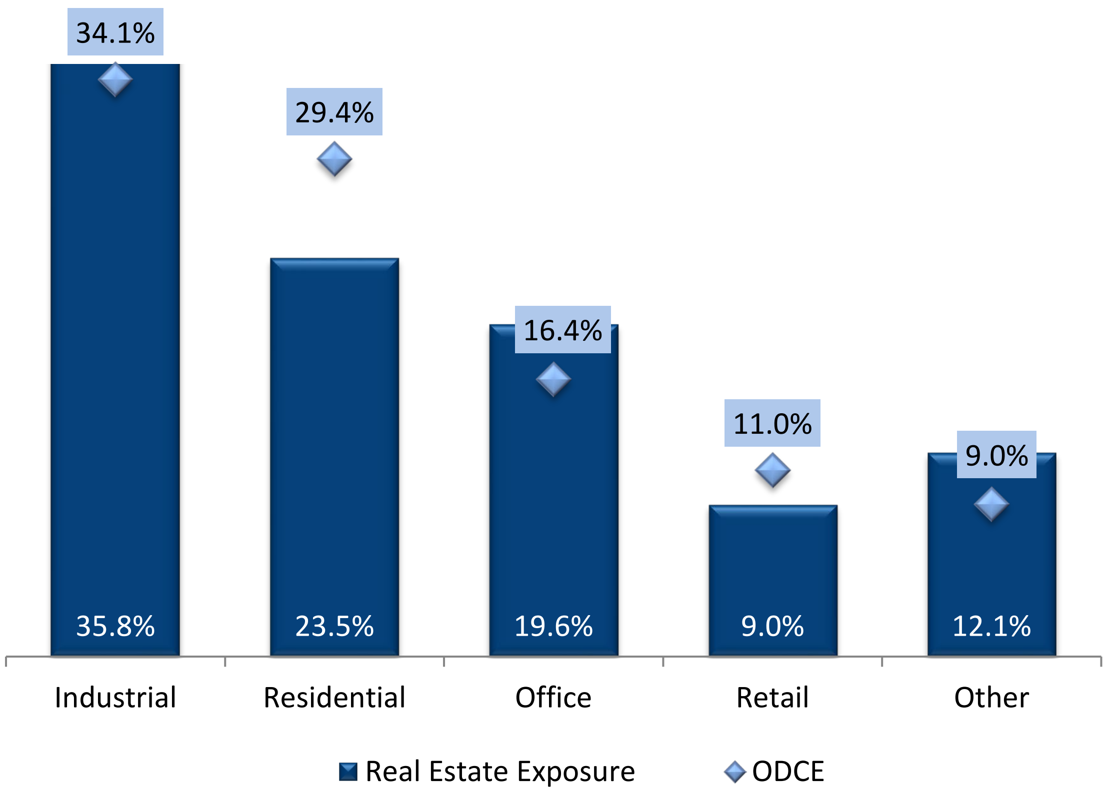
Source: Townsend Group, SBA RE eFront

REAL ESTATE PORTFOLIO DIVERSIFICATION

as of 12/31/2024

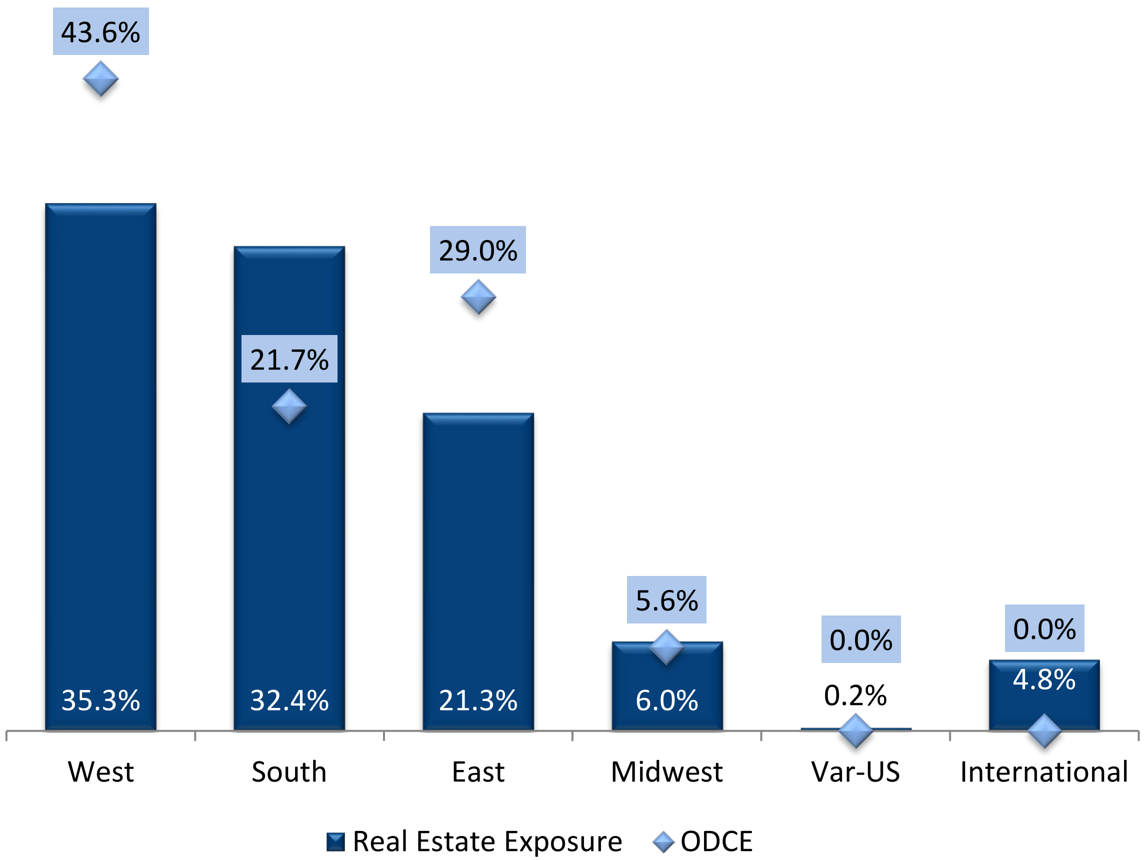
Total Portfolio NAV: $19.47B

Property Type Diversification



Other includes Agriculture, Self Storage, Data Centers, Hotel, Land.

Geographic Diversification



Source: Townsend Group, SBA RE eFront

REAL ESTATE PORTFOLIO LEVERAGE

as of 12/31/2024

Portfolio Leverage

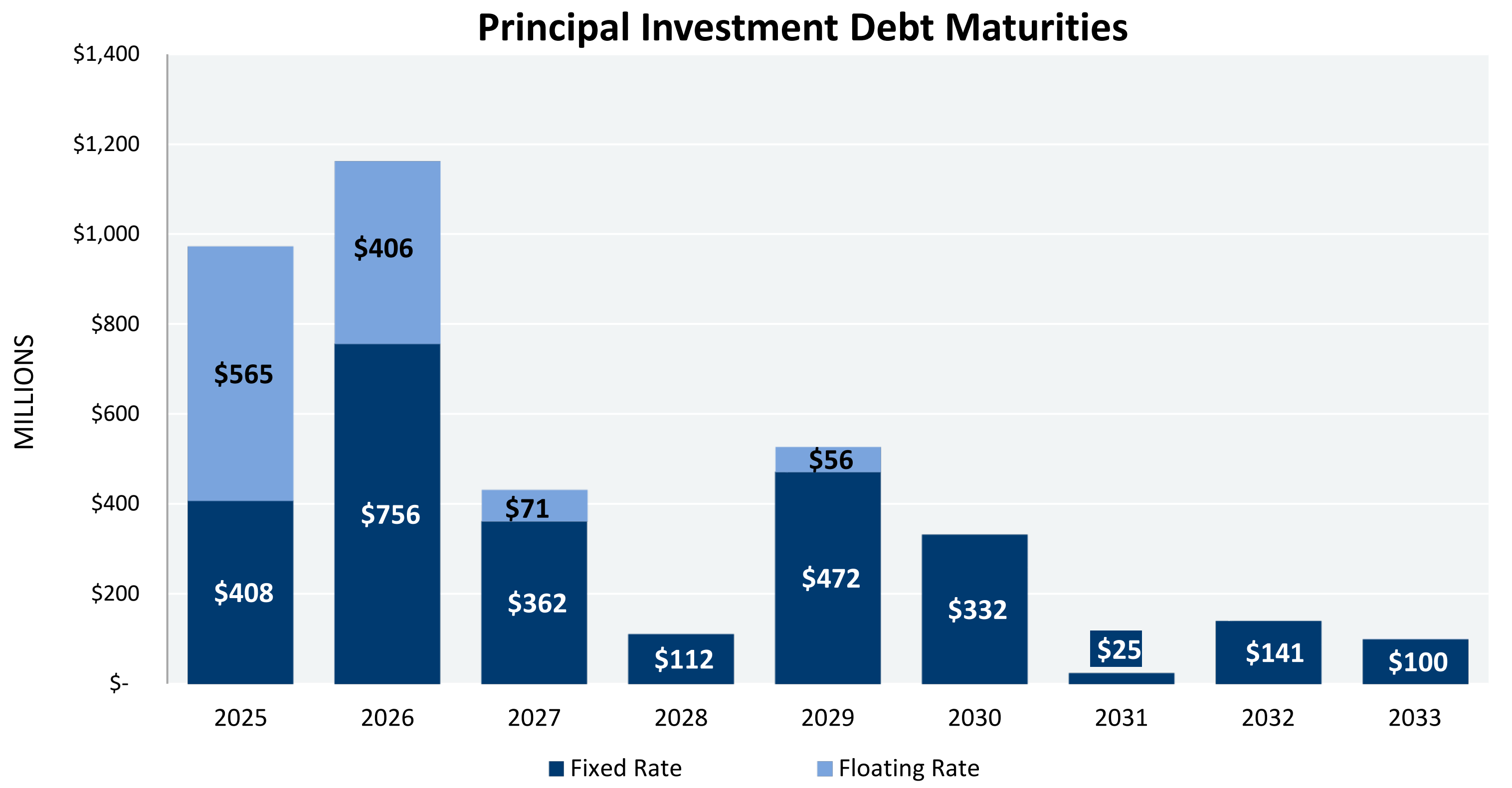
Total Portfolio Loan to Value ("LTV")	**27.97%**
Principal Investments	22.00%
Externally Managed	40.07%
NFI – ODCE LTV	**26.80%**

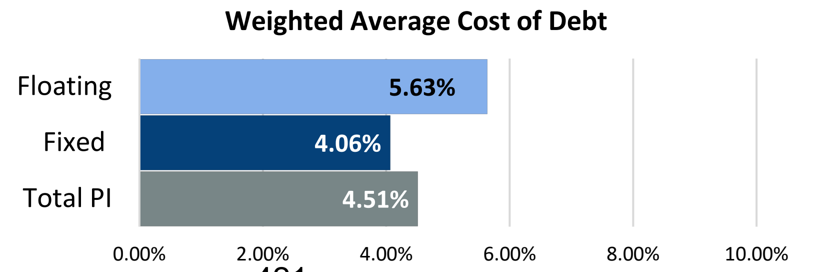
Investment Portfolio Guidelines

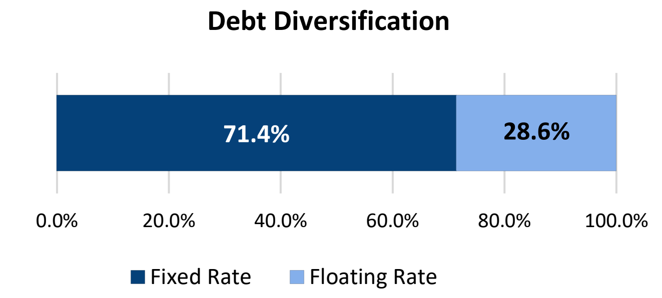
Total Portfolio Leverage is limited to **40% LTV**

Principal Investments

- ❑ Leverage is limited to 35% LTV
- ❑ Individual 100% Owned Asset Level limited to 50% LTV
- ❑ Joint Venture Individual Asset Level limited to 70% LTV
- ❑ All leverage nonrecourse to SBA





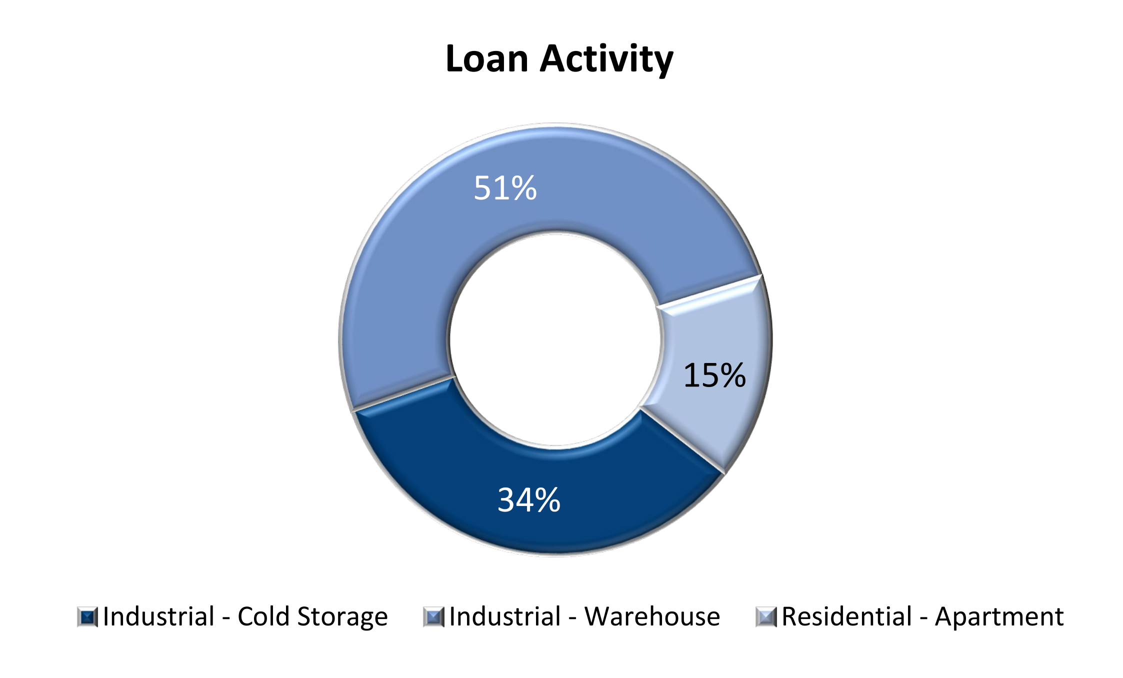


CREDIT FACILITY PROGRAM

Credit Type:	Revolving credit facility
Term:	3 years, Maturity March 2026
Extensions:	Two 1-year extension options
Rate:	SOFR + Spread
Amount:	$750,000,000
Accordion Feature:	$250,000,000

In March 2023, SBA entered into a Revolving Credit Agreement for the purpose of making downstream loans to the SBA's direct owned real estate investments. This program may provide financing for construction projects, major capital projects, and short-term bridge loans to wholly owned and joint venture investments.

Status	Loan Amount	Average Loan-to-cost
Closed	$ 811,200,000	57.37%
In Progress	-	-
Pipeline	-	-
Total Activity	$811,200,000	57.37%



Thank You

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Email: lynne.gray@sbafla.com
PH: 850-413-1145

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INVESTMENT ADVISORY COUNCIL

Investment Programs & Governance (IP&G)

Corporate Governance—Quarterly Review

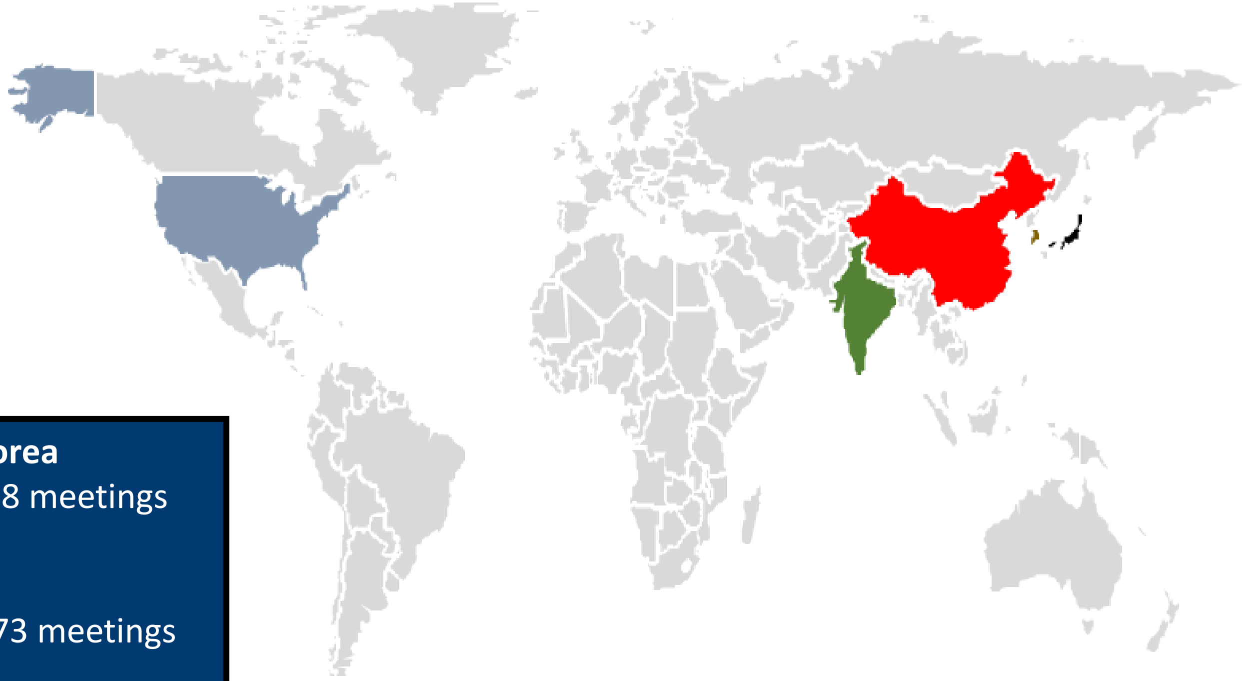
Michael McCauley, Senior Officer

State Board of Administration
June 3, 2025

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

Global Proxy Voting Q1/2025

Voting Category	*CY2024*	***Q1 2025***
Total Meetings Voted	12,384	**1,714**
Individual Ballot Items Voted	113,022	**12,555**
Markets Voted	68	**46**
Total Companies Votes	9,164	**1,590**
% Total Votes “For”	82.4%	**83.7%**
% Total Votes “Against”	15.5%	**15%**
% Total Votes “Abstain” or Do Not Vote (DNV)	2.1%	**1.3%**
% Total Votes Against Management Recommended Vote (MRV)	15.3%	**14.4%**
% of Director Elections “For”	81.6%	**83%**
% of Compensation Items “For”	69.9%	**77.2%**
% of Merger-Acquisition Items “For”	96.4%	**72.3%**
% of All Shareowner Proposals (SHPs) “For”	22.1%	**30.8%**



South Korea
- ✓ 438 meetings

India
- ✓ 273 meetings

China
- ✓ 268 meetings

United States
- ✓ 177 meetings

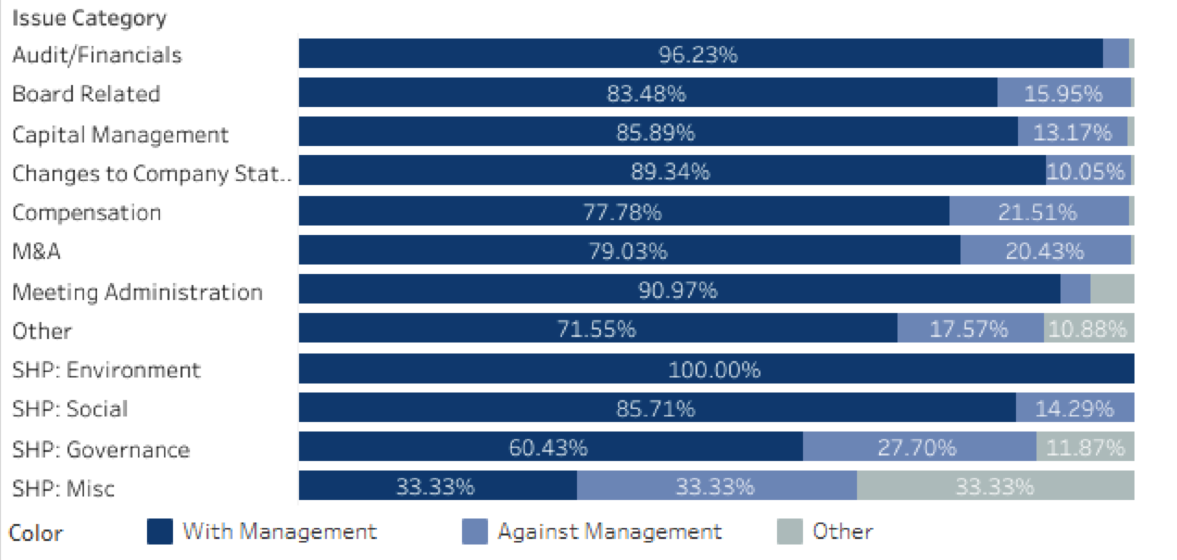
Japan
- ✓ 169 meetings

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

SBA Voting—Major Ballot Categories (All Markets, Q1/2025)

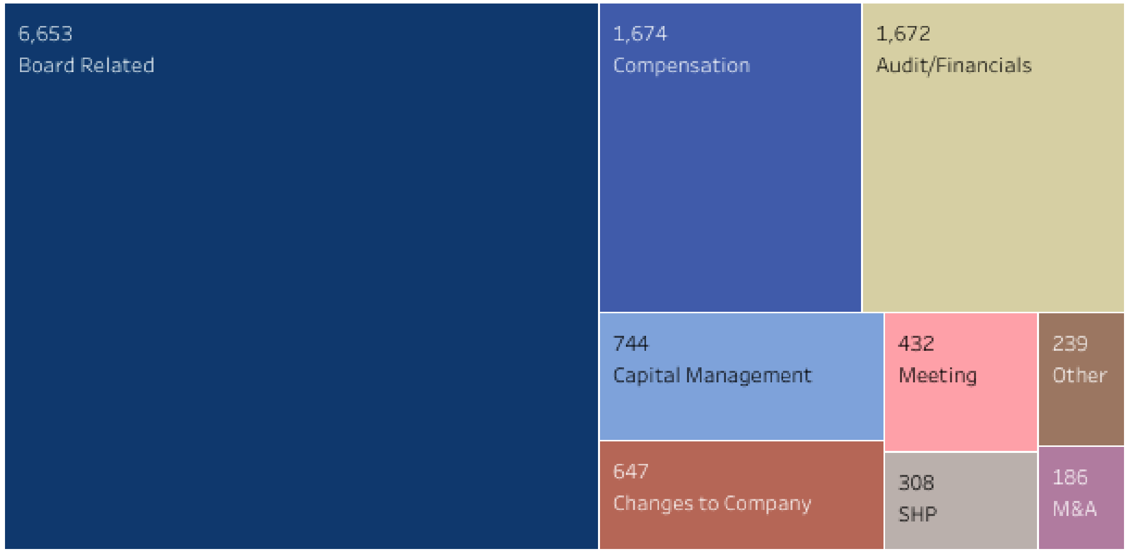
Support for Management (Country: All)

Note on Shareholder Proposals (SHP): A vote *Against Management* may be for the resolution.



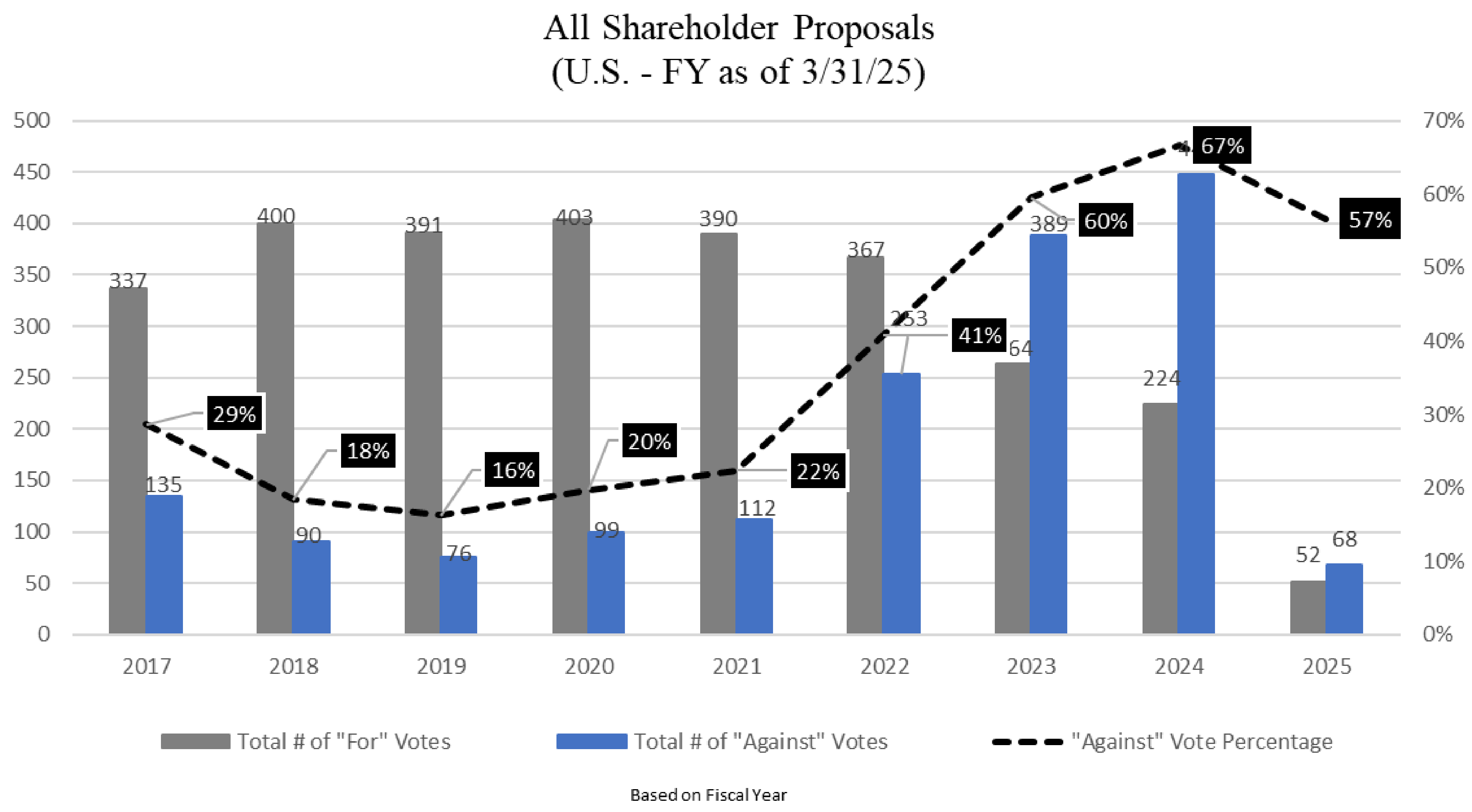
Treemap of Issues (Country: All)

*Click a box to view issue description



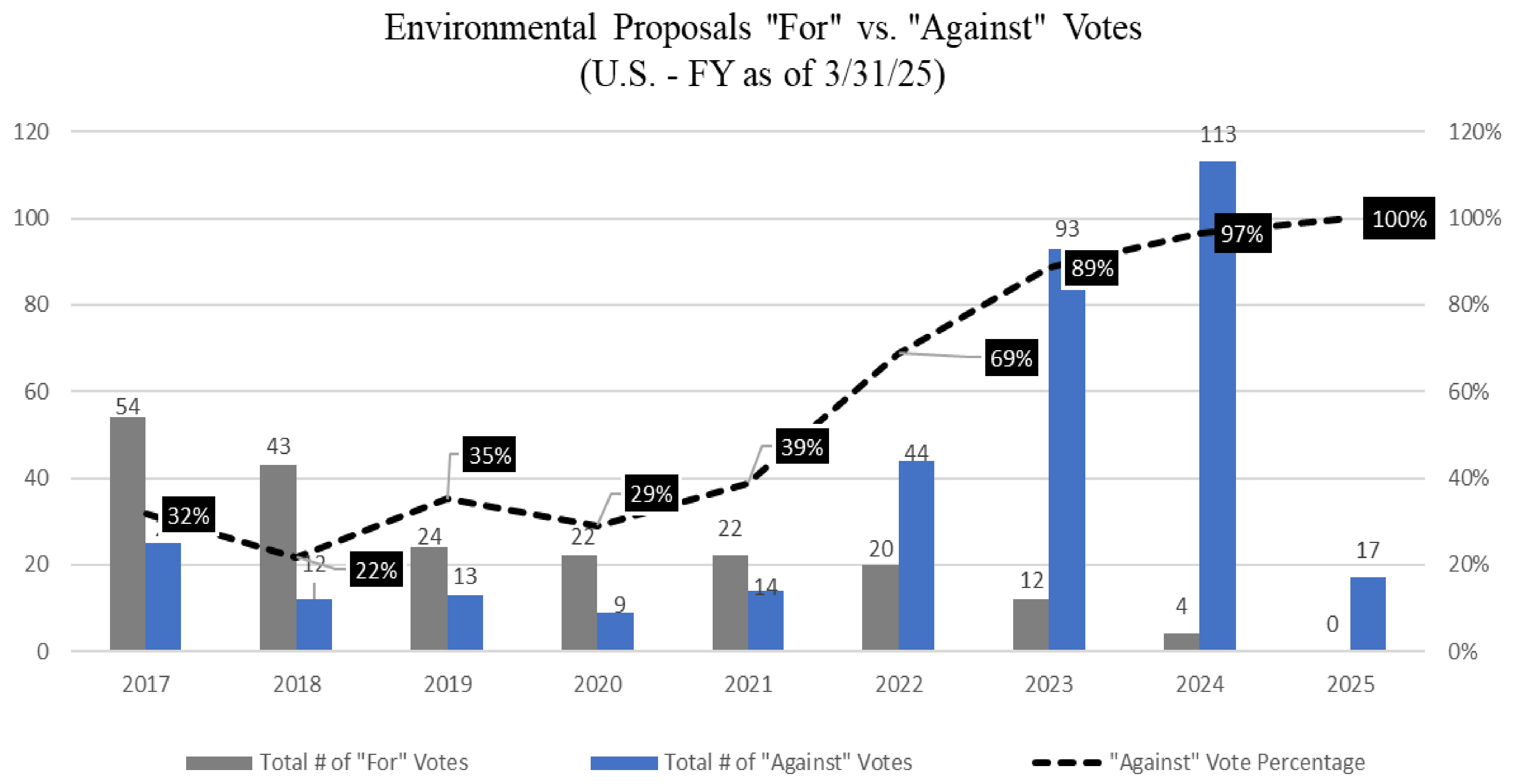
SBA FLORIDA STATE BOARD OF ADMINISTRATION

SBA Proxy Voting on Shareowner Proposals (US Meetings Only)



SBA FLORIDA
STATE BOARD OF ADMINISTRATION

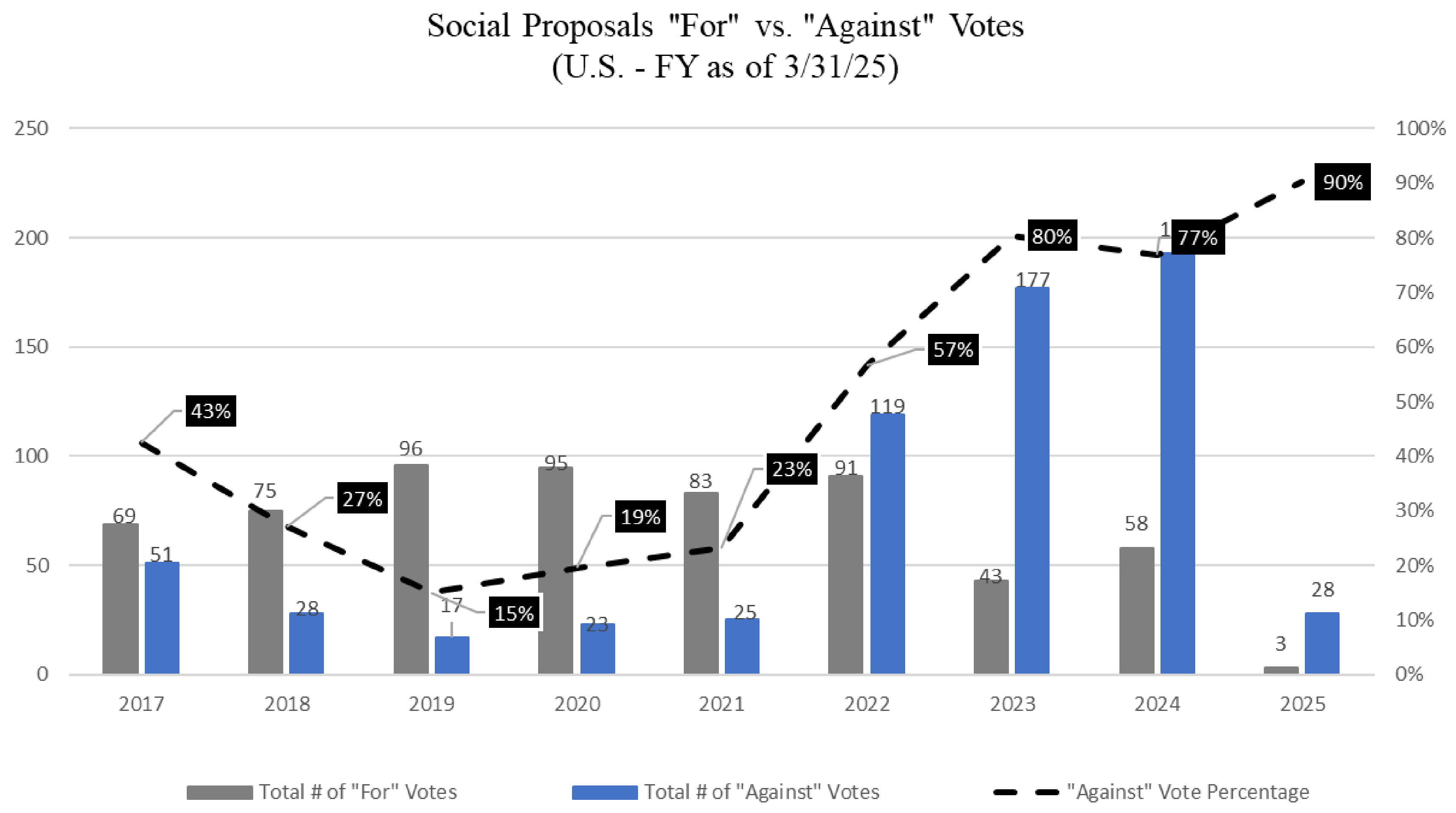
SBA Proxy Voting on Shareowner Proposals (US Meetings Only)



Based on Fiscal Year

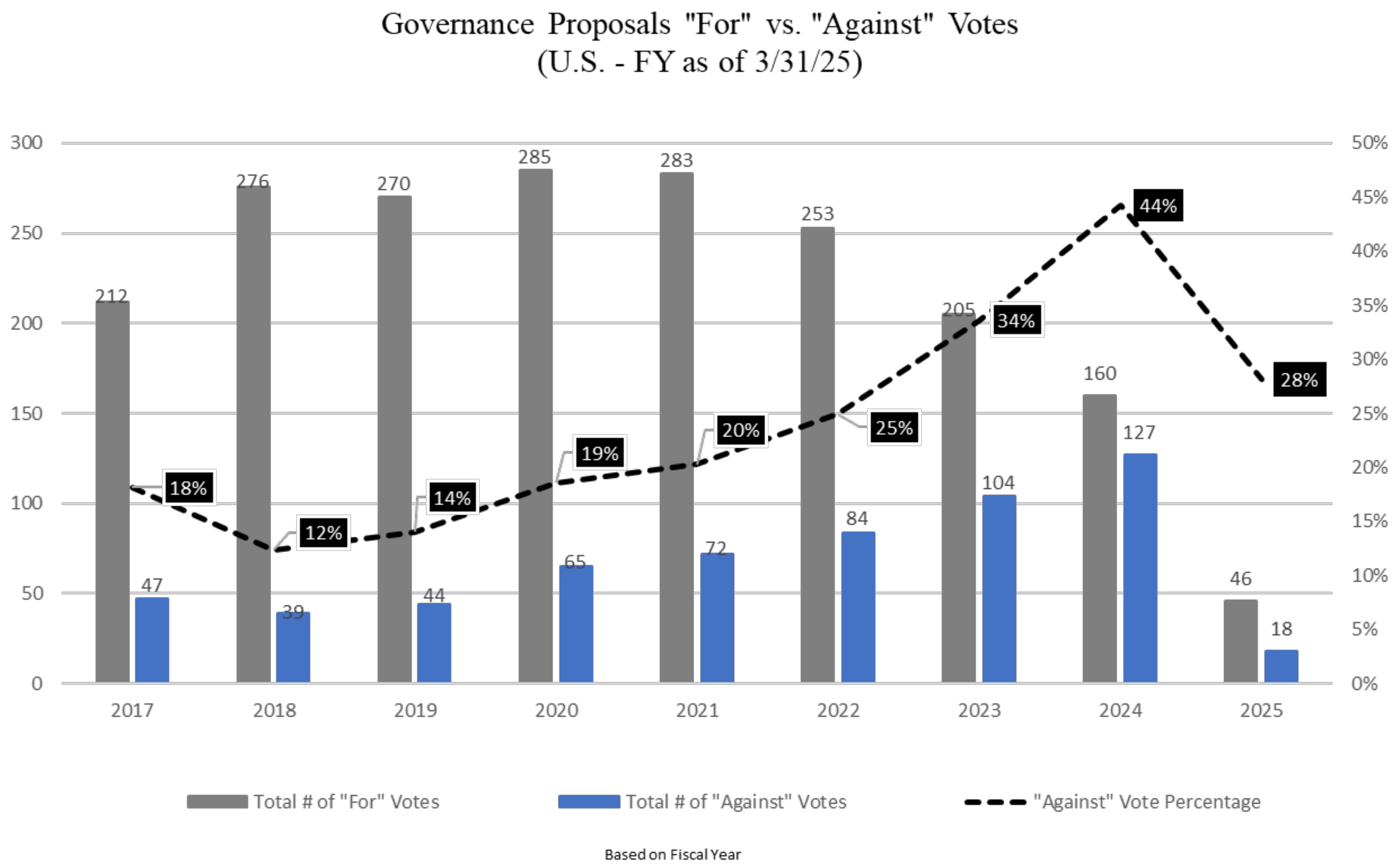
STATE BOARD OF ADMINISTRATION

SBA Proxy Voting on Shareowner Proposals (US Meetings Only)



Based on Fiscal Year

SBA Proxy Voting on Shareowner Proposals (US Meetings Only)



SBA FLORIDA STATE BOARD OF ADMINISTRATION

SBA Proxy Voting on Shareowner Proposals (U.S. Meetings only—as of 3/31/25)

Key Metrics

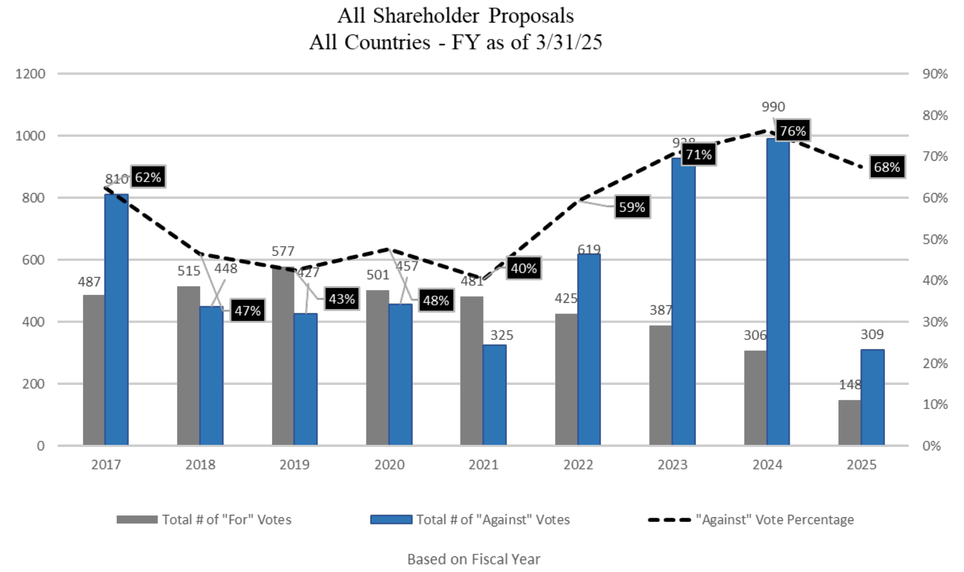
Issue Category	FY2022 Proposal	FY2022 % of SHP	FY2022 SBA Support %	FY2023 Proposal	FY2023 % of SHP	FY2023 SBA Support %	FY2024 Proposal	FY2024 % of SHP	FY2024 SBA Support %	FY2025 Proposal	FY2025 % of SHP	FY2025 SBA Support %
SHP: Environment	68	9.28%	29.41%	106	14.87%	11.32%	112	15.07%	3.57%	18	12.95%	0.00%
SHP: Social	215	29.33%	42.33%	224	31.42%	19.20%	267	35.94%	21.72%	34	24.46%	8.82%
SHP: Governance	438	59.75%	57.76%	361	50.63%	56.79%	340	45.76%	46.47%	77	55.40%	55.84%
SHP: Misc	12	1.64%	25.00%	22	3.09%	18.18%	24	3.23%	8.33%	10	7.19%	30.00%
Grand Total	**733**	**100.00%**	**50.07%**	**713**	**100.00%**	**37.03%**	**743**	**100.00%**	**29.88%**	**139**	**100.00%**	**35.25%**

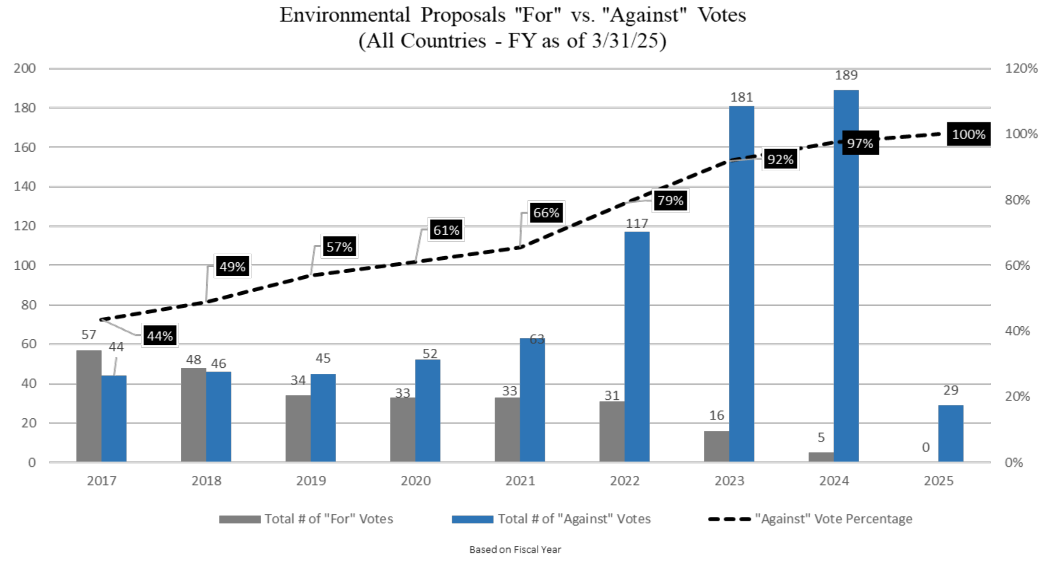
Vote Decision

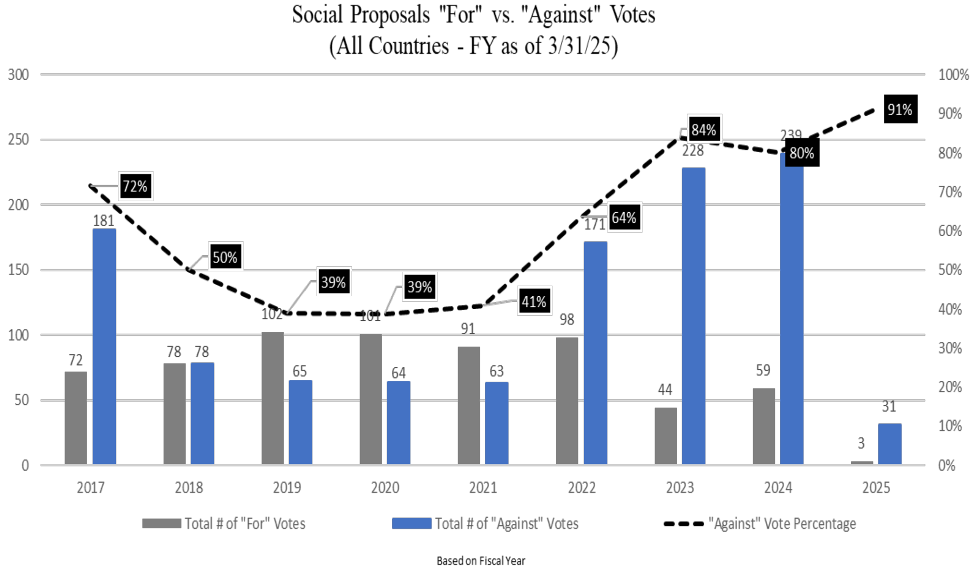
Issue Category	"For" FY2022	"For" FY2023	"For" FY2024	"For" FY2025	"Against&Withhold" FY2022	"Against&Withhold" FY2023	"Against&Withhold" FY2024	"Against&Withhold" FY2025	"Abstain" FY2022	"Abstain" FY2023	"Abstain" FY2024	"Abstain" FY2025	"Other" FY2022	"Other" FY2023	"Other" FY2024	"Other" FY2025
SHP: Environment	20	12	4	0	44	93	107	17	1	1	1	0	3	0	0	1
SHP: Social	91	43	58	3	119	177	197	28	1	4	2	3	4	0	10	0
SHP: Governance	253	205	158	43	84	104	121	14	3	2	6	0	98	50	55	20
SHP: Misc	3	4	2	3	6	15	16	5	1	0	0	0	2	3	6	2
Grand Total	**367**	**264**	**222**	**49**	**253**	**389**	**441**	**64**	**6**	**7**	**9**	**3**	**107**	**53**	**71**	**23**

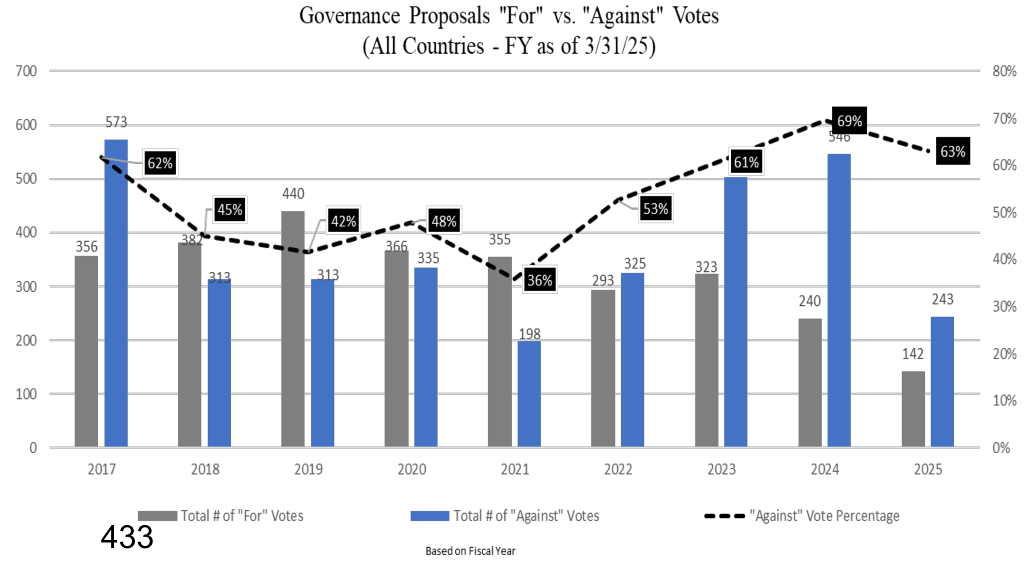
SBA FLORIDA
STATE BOARD OF ADMINISTRATION

SBA Proxy Voting on Shareowner Proposals (All Countries)



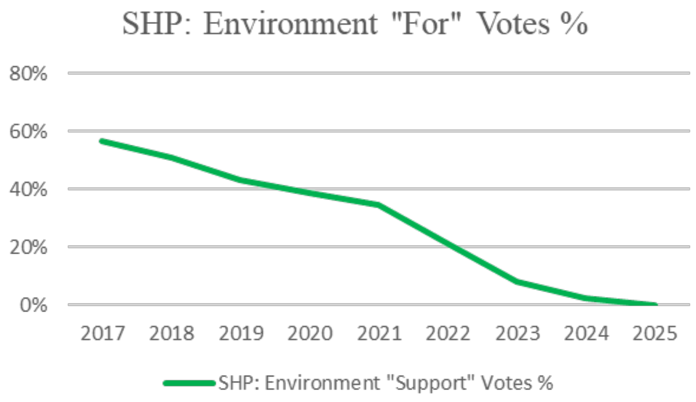


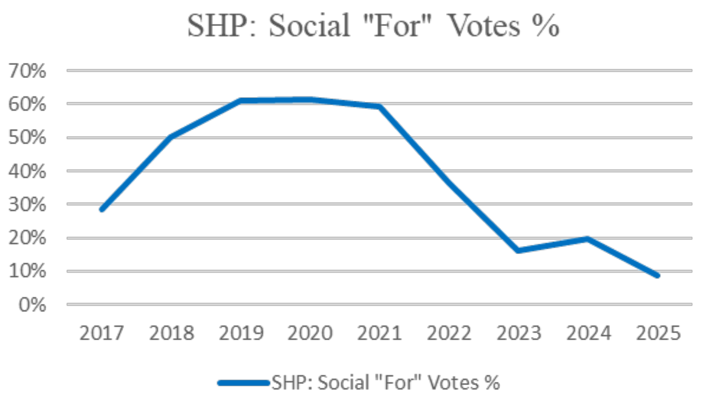


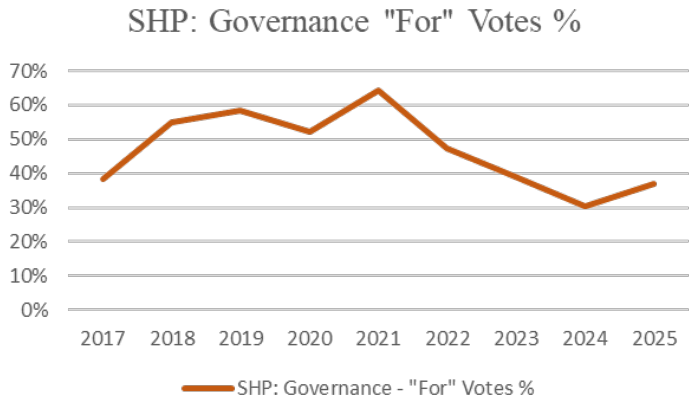


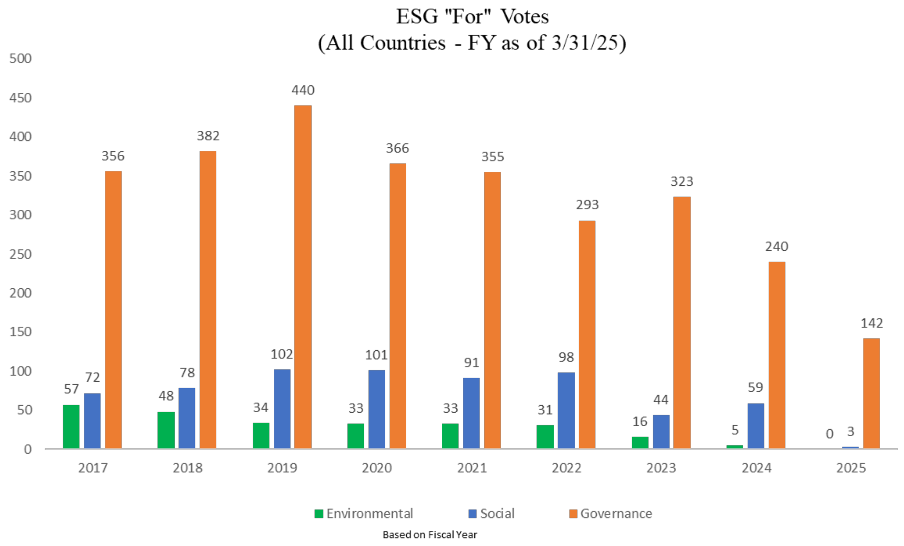
SBA FLORIDA
STATE BOARD OF ADMINISTRATION

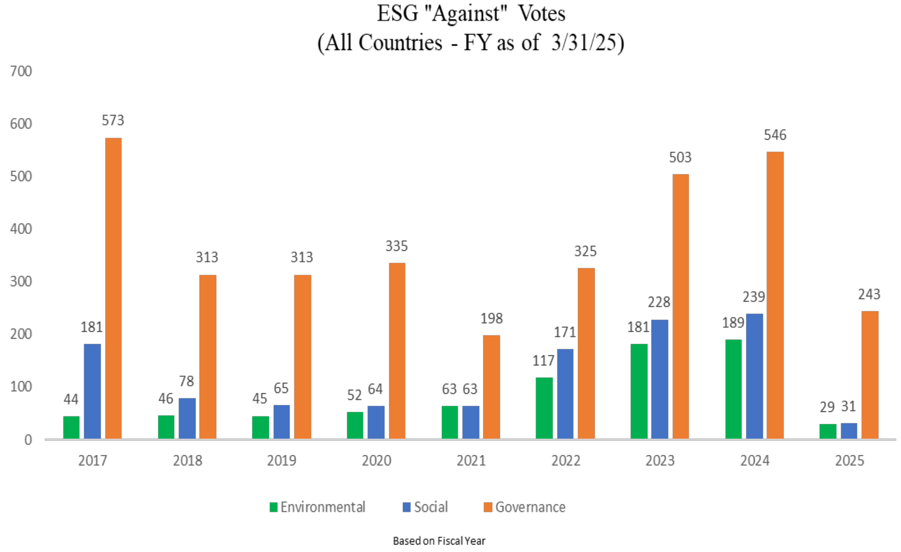
Proxy Voting on Shareowner Proposals (All Countries)











SBA FLORIDA
STATE BOARD OF ADMINISTRATION

Q&A

CONTACT: Michael McCauley
Email: governance@sbafla.com

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First Quarter 2025 Major Mandates Performance Review

State Board of Administration of Florida

June 3, 2025

Table of Contents

Executive Summary
Quarter Ending March 31, 2025

- Each of the major mandates produced favorable returns relative to the respective benchmarks over the short- and long-term trailing periods as of March 31, 2025
- The Pension Fund outperformed the Performance Benchmark over the trailing quarter and ten-year periods.
- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over trailing quarter, five-, and ten-year periods.
- The CAT Fund's performance is strong over long-term periods
- Florida PRIME has continued to outperform its benchmark over both short- and long-term time periods.

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Pension Plan: Executive Summary

As of March 31, 2025

- The Pension Plan ended first quarter 2025 at $200.4 billion, a decrease of $1.3 billion over the quarter
- The Pension Plan outperformed its benchmark over the near term and has outperformed over the trailing ten-year and fifteen-year periods
- Relative to the Absolute Nominal Target Rate of Return, the Pension Plan outperformed over the five- and fifteen-year periods
- The total plan is well diversified across seven broad asset classes.
  - Public market asset class investments do not significantly deviate from their broad market-based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
  - Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type, and investment strategy.
  - Asset allocation is monitored daily to ensure that the actual asset allocation of the Pension Plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Aon Investments and SBA staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

FRS Pension Plan Change in Market Value

Periods Ending March 31, 2025

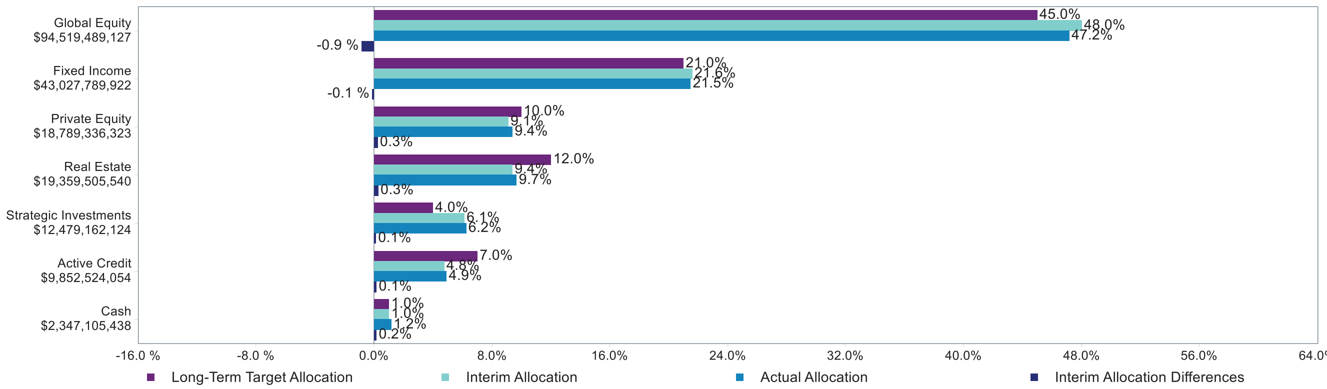
Summary of Cash Flows		
	First Quarter	**Fiscal Year to Date***
Beginning Market Value	$201,711,475,615	$198,228,790,282
+/- Net Contributions/(Withdrawals)	-$1,739,688,925	-$5,240,014,740
Investment Earnings	$403,125,837	$7,386,136,985
= Ending Market Value	$200,374,912,527	$200,374,912,527
Net Change	-$1,336,563,088	$2,146,122,245

*Period July 2024 – March 2025

Asset Allocation as of March 31, 2025

Total Fund Assets = $200.4 Billion

	Market Value $	Current Allocation %	Interim Allocation %	Long-Term Target Allocation %	Minimum Allocation %	Maximum Allocation %
Total Fund	**200,374,912,527**	**100.0**	**100.0**	**100.0**		
Global Equity	94,519,489,127	47.2	48.0	45.0	35.0	60.0
Fixed Income	43,027,789,922	21.5	21.6	21.0	12.0	30.0
Private Equity	18,789,336,323	9.4	9.1	10.0	6.0	20.0
Real Estate	19,359,505,540	9.7	9.4	12.0	8.0	20.0
Strategic Investments	12,479,162,124	6.2	6.1	4.0	2.0	14.0
Active Credit	9,852,524,054	4.9	4.8	7.0	2.0	12.0
Cash	2,347,105,438	1.2	1.0	1.0	0.3	5.0



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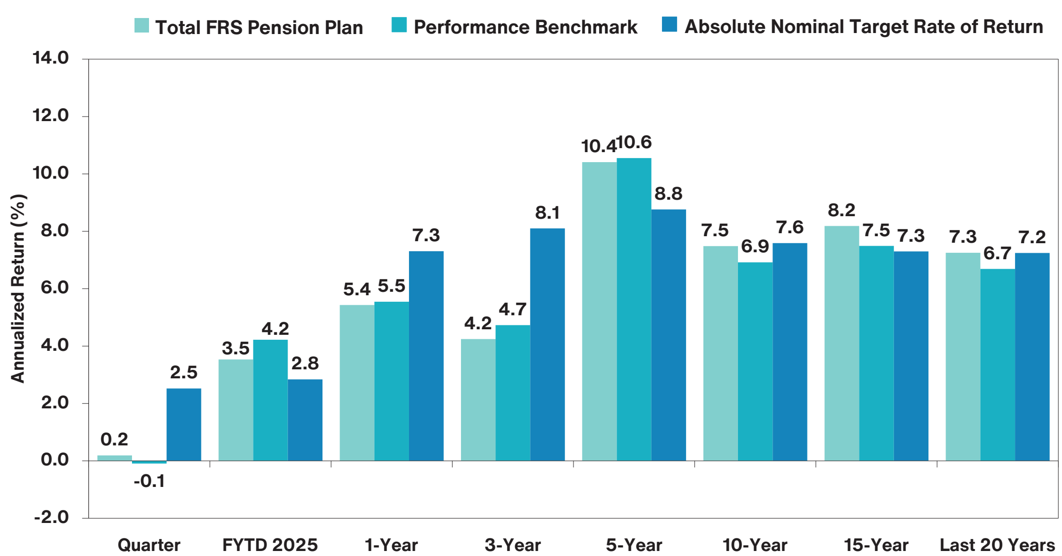
FRS Pension Plan Investment Results

Periods Ending March 31, 2025



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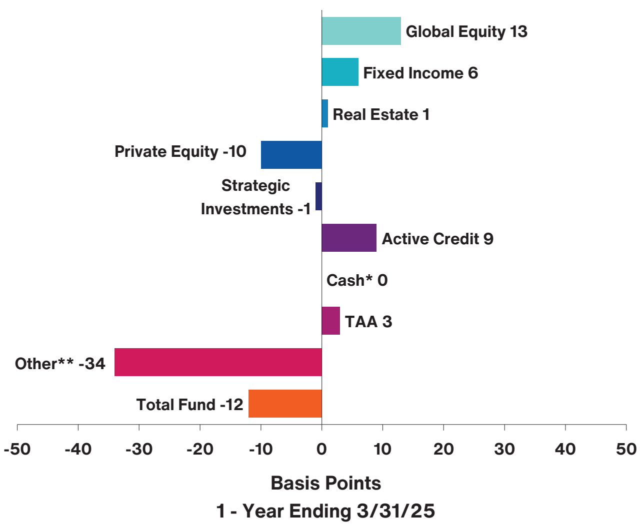
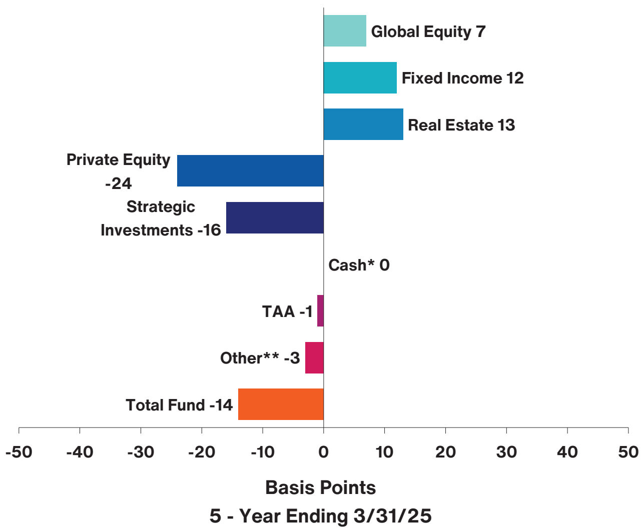
FRS Pension Plan Attribution

As of March 31, 2025



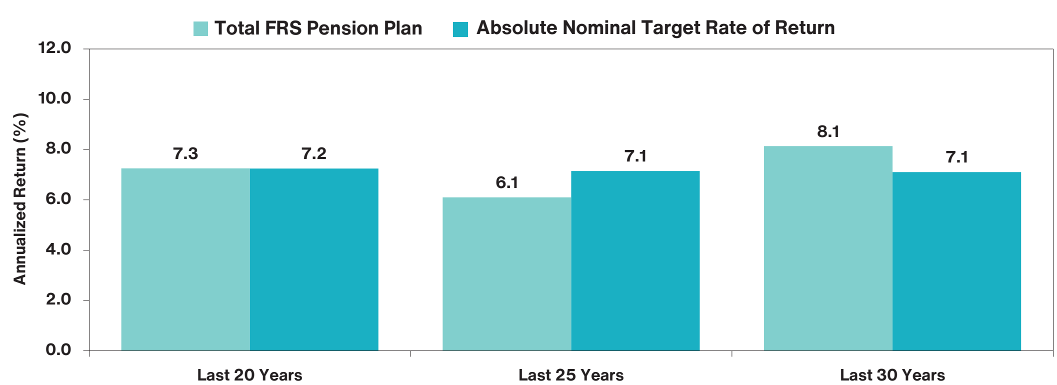


*Cash AA includes Cash and Central Custody, Securities Lending Account income from 12/2009 to 3/2013 and unrealized gains and losses on securities lending collateral beginning June 2013, TF STIPFRS NAV Adjustment Account, and the Cash Expense Account.
**Other includes transition accounts, liquidity portfolios, accounts outside of C&CC, and unexplained differences due to methodology.

FRS Pension Plan Investment Results

Periods Ending March 31, 2025

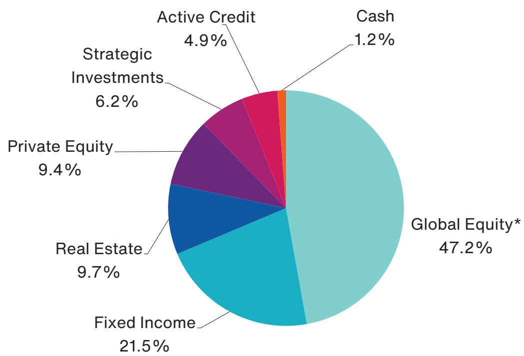
Long-Term FRS Pension Plan Performance Results vs. SBA's Long-Term Investment Objective



Comparison of Asset Allocation (TUCS Top Ten)

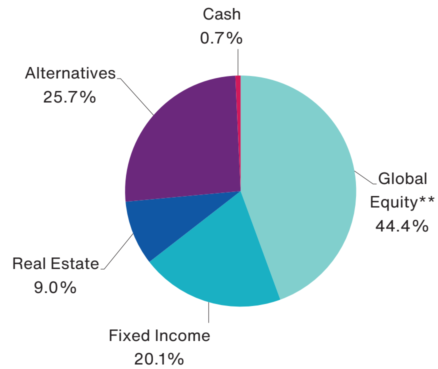
FRS Pension Plan vs. Top Ten Defined Benefit Plans

FRS TOTAL FUND
As of 3/31/2025



*Global Equity Allocation: 24.9% Domestic Equities; 15.1% Foreign Equities; 5.8% Global Equities; 0.6% Global Equity Cash; 0.8% Global Equity Liquidity Account. Percentages are of the Total FRS Fund.

TUCS TOP TEN
As of 12/31/2024



**Global Equity Allocation: 30.6% Domestic Equities; 13.8% Foreign Equities.

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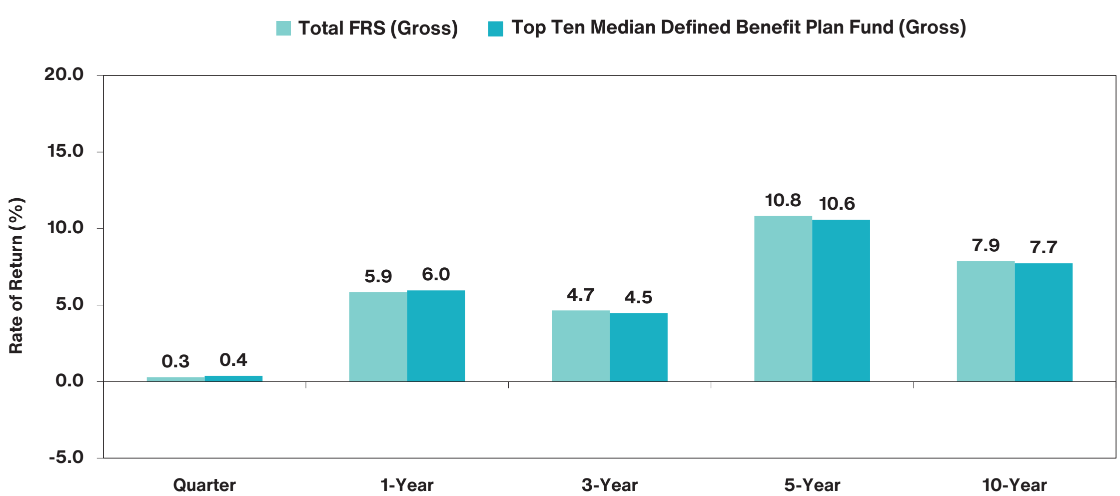
Note: The data set includes $2,087 billion in total assets. The median fund size was $172 billion, and the average fund size was $209 billion.
Note: Due to rounding, percentage totals displayed may not sum perfectly.

FRS Results Relative to TUCS Top Ten Defined Benefit Plans

Periods Ending March 31, 2025



Note: The data set includes $2,087 billion in total assets. The median fund size was $172 billion, and the average fund size was $209 billion.
Note: Due to rounding, percentage totals displayed may not sum perfectly.

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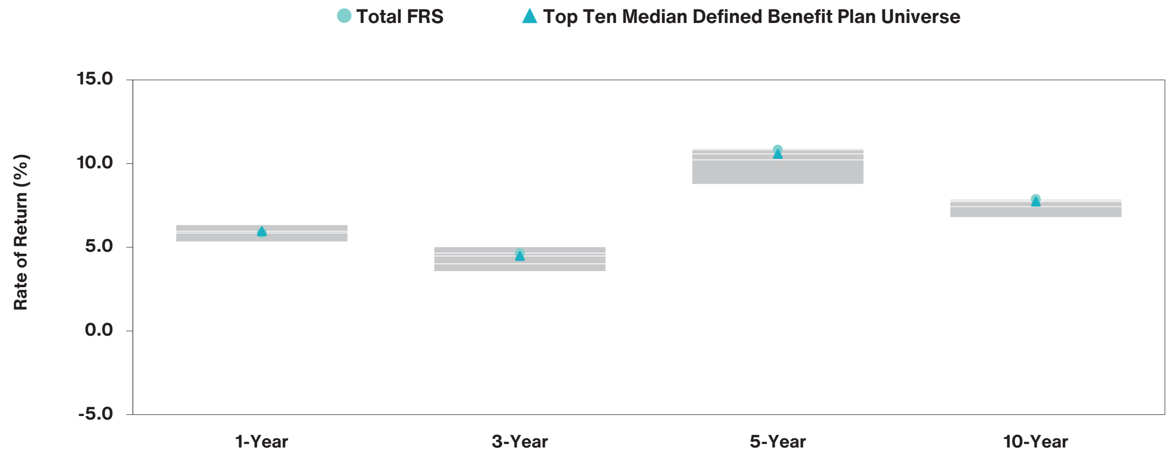
Top Ten Defined Benefit Plans FRS Universe Comparison (TUCS)

Periods Ending March 31, 2025



FRS Percentile Ranking	75	37	25	5

Note: The data set includes $2,084 billion in total assets. The median fund size was $171 billion, and the average fund size was $208 billion.
Note: Due to rounding, percentage totals displayed may not sum perfectly.

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Investment Plan: Executive Summary

- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over the long-term. Nearer term relative performance has trailed primarily driven by public equity options and stable value.
- The FRS Investment Plan's total expense ratio is in line with peer defined contribution plans, based on year-end 2023 data. The total FRS Investment Plan expense ratio includes investment management fees, as well as administration, communication and education costs. Communication and education costs are not charged to FRS Investment Plan members; however, these and similar costs may be charged to members of plans within the peer group.
- Management fees are lower than the median as represented by eVestment's mutual fund universe for every investment category.
- The FRS Investment Plan offers an appropriate number of fund options that span the risk and return spectrum.
- The Investment Policy Statement is revisited periodically to ensure that the structure and guidelines of the FRS Investment Plan are appropriate, taking into consideration the FRS Investment Plan's goals and objectives.

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Total Investment Plan Returns & Cost

Periods Ending 3/31/2025*

	One-Year	Three-Year	Five-Year	Ten-Year
FRS Investment Plan	**5.7%**	**4.9%**	**11.0%**	**6.9%**
*Total Plan Aggregate Benchmark***	6.0	5.0	10.9	6.8
FRS Investment Plan vs. Total Plan Aggregate Benchmark	-0.3	-0.1	0.1	0.1

Periods Ending 12/31/2023***

	Five-Year Average Return****	Five-Year Net Value Added	Expense Ratio
FRS Investment Plan	**8.9%**	**-0.2%**	**0.28%*******
Peer Group	*9.4*	*0.1*	*0.24*
FRS Investment Plan vs. Peer Group	-0.5	-0.3	-0.04

*Returns shown are net of fees.
**Aggregate benchmark returns are an average of the individual portfolio benchmark returns at their actual weights.
***Source: 2023 CEM Benchmarking Report. Peer group for the Five-Year Average Return and Value Added represents the U.S. Median plan return based on the CEM 2023 Survey that included 120 U.S. defined contribution plans with assets ranging from $114 million to $63.2 billion. Peer group for the Expense Ratio represents a custom peer group for FSBA of 18 DC plans including corporate and public plans with assets between $3.4 - $26.9 billion.
****Returns shown are gross of fees.
*****The total FRS Investment Plan expense ratio includes investment management fees, as well as administration, communication and education costs. These latter costs are not charged to FRS Investment Plan members; however, these and similar costs may be charged to members of plans within the peer group utilized above.

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CAT Fund: Executive Summary

- Returns are picking up modestly given the currently higher interest-rate environment
- The CAT Fund is adequately diversified across issuers within the short-term bond market.
- The Investment Portfolio Guidelines appropriately constrain the CAT Fund to invest in short-term and high-quality bonds to minimize both interest rate and credit risk.
- Adequate liquidity exists to address the cash flow obligations of the CAT Fund.
- The Investment Portfolio Guidelines are revisited periodically to ensure that the structure and guidelines of the CAT Fund are appropriate, taking into consideration the CAT Fund's goals and objectives.

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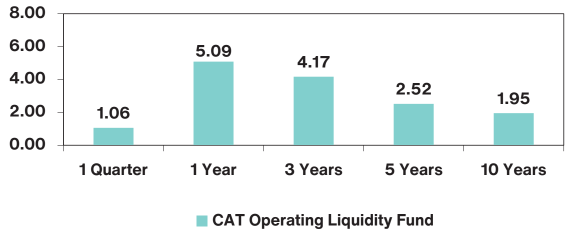
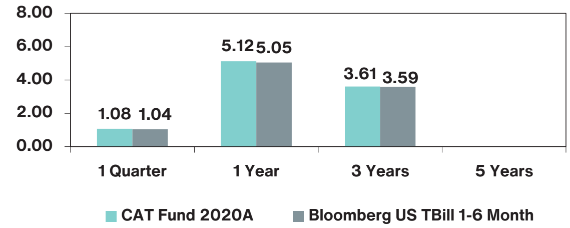
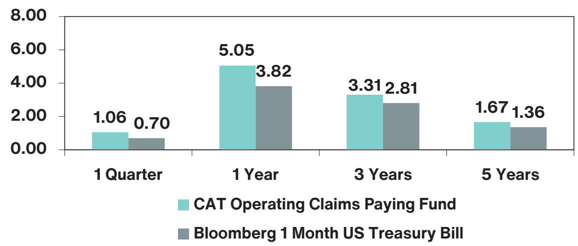
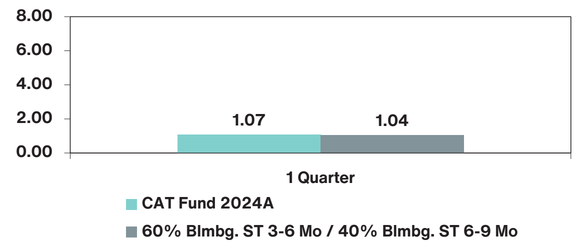
CAT Fund's Investment Results

Periods Ending March 31, 2025









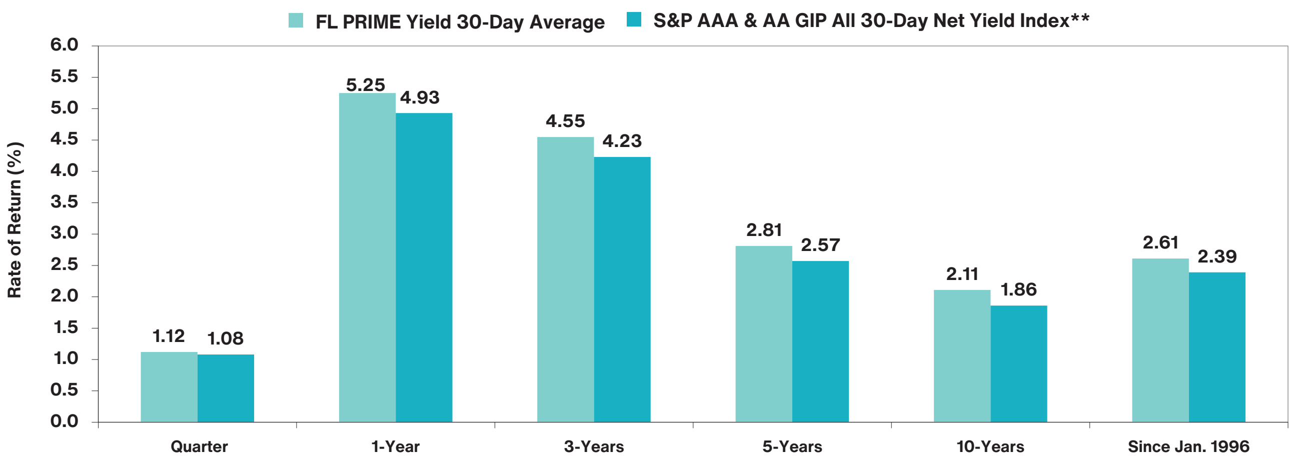
*CAT Operating Funds: Beginning March 2008, the returns for the CAT Operating Funds reflect marked-to-market returns. Prior to that time, cost-based returns are used. Beginning February 2018, the CAT Operating Funds were split into two different sub funds, the CAT Fund Operating Liquidity Fund and the CAT Fund Operating Claims Paying Fund. Performance for each sub fund is shown above.

Florida PRIME: Executive Summary

- The purpose of Florida PRIME is safety, liquidity, and competitive returns with minimal risk for participants.
- The Investment Policy Statement appropriately constrains Florida PRIME to invest in short-term and high-quality bonds to minimize both interest rate and credit risk.
- Florida PRIME is adequately diversified across issuers within the short-term bond market, and adequate liquidity exists to address the cash flow obligations of Florida PRIME.
- Performance of Florida PRIME has been strong over short- and long-term time periods, outperforming its performance benchmark over the trailing quarter, one-, three-, five-, and ten-year time periods.
- As of March 31, 2025, the total market value of Florida PRIME was $31.4 billion.
- Aon Investments USA Inc., in conjunction with SBA staff, compiles an annual best practices report that includes a full review of the Investment Policy Statement, operational items, and investment structure for Florida PRIME.

Florida PRIME Investment Results

Periods Ending March 31, 2025



*Returns less than one year are not annualized.
**S&P AAA & AA GIP All 30-Day Net Yield Index for all time periods shown.

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Appendix

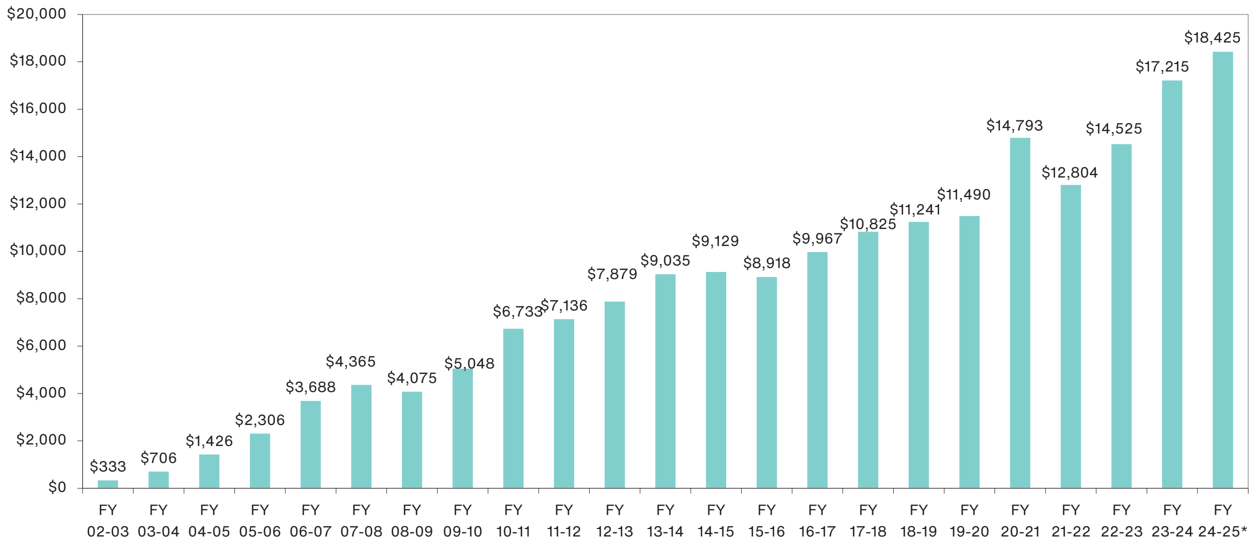
FRS Investment Plan Costs

Investment Category	Investment Plan Fee*	Median Mutual Fund Fee**
Domestic Equity	0.18%	0.84%
International & Global Equity	0.29%	0.85%
Diversified Bonds	0.17%	0.49%
Target Date	0.16%	0.31%
Stable Value	0.08%	0.47%
Inflation Protected Securities	0.35%	0.40%

*Average fee of multiple products in category as of 3/31/2025.

**Source: Aon's mutual fund expense analysis as of 3/31/2025.

Investment Plan Fiscal Year End Assets Under Management



*Period Ending 3/31/2025
Source: Investment Plan Administrator

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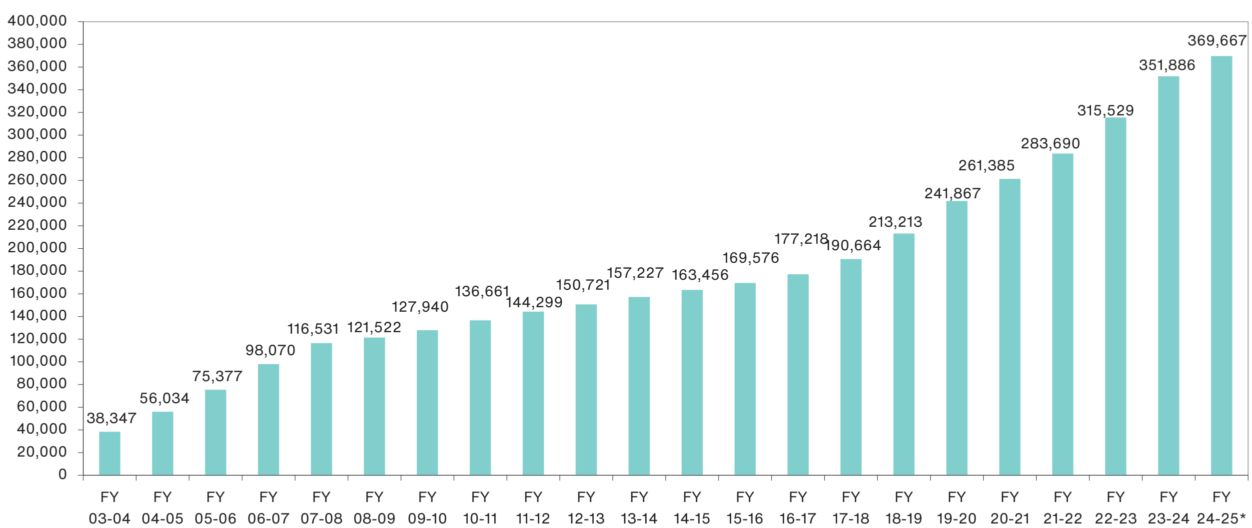
Investment Plan Membership



*Period Ending 3/31/2025
Source: Investment Plan Administrator

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Florida Hurricane Catastrophe Fund's Background and Details

- The purpose of the Florida Hurricane Catastrophe Fund (FHCF) is to provide a stable, ongoing and timely source of reimbursement to insurers for a portion of their hurricane losses.

- The CAT Operating Funds, along CAT 2020 A and CAT 2024 A Fund are internally managed portfolios.
  - CAT 2013 A Fund was liquidated during 4Q 2020
  - CAT 2016 A Fund was liquidated during 3Q 2021

- As of March 31, 2025, the total value of:
  - The CAT Operating Funds was $11.7 billion
  - The CAT 2020 A Fund was $2.3 billion
  - The CAT 2024 A Fund was $1.0 billion

- History of the CAT Fund Benchmarks: *Beginning February 2018, the CAT Fund Operating Liquidity Fund was benchmarked to the B of A Merrill Lynch 3-6 Month U.S. Treasury Bill Index, and the CAT Fund Operating Claims Paying Fund benchmarked to a blend of 35% of the Bank of America Merrill Lynch 1-3 Year AA U.S. Corporate Bond Index and 65% of Bank of America Merrill Lynch 1-3 Year U.S. Treasury Index. Beginning January 2021, the CAT Fund Operating Liquidity Fund was benchmarked to Bloomberg U.S. Treasuries Bills 3-6 Months & U.S. Treasury Bills 6-9 Months Custom Blend Index. This benchmark is comprised of 60% off the 3-6 month U.S. Treasury Bills and 40% 6-9 month U.S. Treasury Bills., and the CAT Fund Operating Claims Paying Fund is benchmarked Bloomberg U.S. Treasury 1-3 Years & Corporate AA+ ex 144A Reg S Custom Blend Index. This benchmark is comprised of 65% 1-3 year Treasury and 35% of 1-3 year Corporate AA or better excluding 144A and Reg S Securities.*

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CAT Operating Funds Characteristics

Period Ending March 31, 2025

CAT Operating Fund

Maturity Analysis	
1 to 30 Days	64.23%
31 to 60 Days	20.45
61 to 90 Days	3.25
91 to 120 Days	3.48
121 to 150 Days	3.27
151 to 180 Days	0.21
181 to 270 Days	3.40
271 to 365 Days	1.71
366 to 455 Days	0.00
>= 456 Days	0.00
Total % of Portfolio:	100.00%

Bond Rating Analysis	
AAA	55.43%
AA	2.75
A	41.82
Baa	0.00
Other	0.00
Total % of Portfolio	100.00%

CAT 2020A Fund

Maturity Analysis	
1 to 30 Days	28.86%
31 to 60 Days	19.68
61 to 90 Days	10.59
91 to 120 Days	12.00
121 to 150 Days	18.63
151 to 180 Days	10.24
181 to 270 Days	0.00
271 to 365 Days	0.00
366 to 455 Days	0.00
>= 456 Days	0.00
Total % of Portfolio:	100.00%

Bond Rating Analysis	
AAA	52.11%
AA	0.85
A	47.04
Baa	0.00
Other	0.00
Total % of Portfolio	100.00%

CAT 2024A Fund

Maturity Analysis	
1 to 30 Days	13.77%
31 to 60 Days	13.35
61 to 90 Days	9.65
91 to 120 Days	1.26
121 to 150 Days	14.06
151 to 180 Days	15.92
181 to 270 Days	31.99
271 to 365 Days	0.00
366 to 455 Days	0.00
>= 456 Days	0.00
Total % of Portfolio:	100.00%

Bond Rating Analysis	
AAA	50.75%
AA	0.00
A	49.25
Baa	0.00
Other	0.00
Total % of Portfolio	100.00%

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Florida PRIME Characteristics
Quarter Ending March 31, 2025

As of 3/31/25	First Quarter	One Year
Opening Balance	$32,619,225,628	$27,430,299,134
Participant Deposits	$8,395,786,752	$41,180,457,625
Gross Earnings	$373,431,756	$1,403,145,111
Participant Withdrawals	($9,964,155,879)	(38,583,145,702)
Fees	($2,723,026)	(9,190,937)
Closing Balance	$31,421,565,231	$31,421,565,231
Change	**($1,197,660,397)**	**$3,991,266,097**

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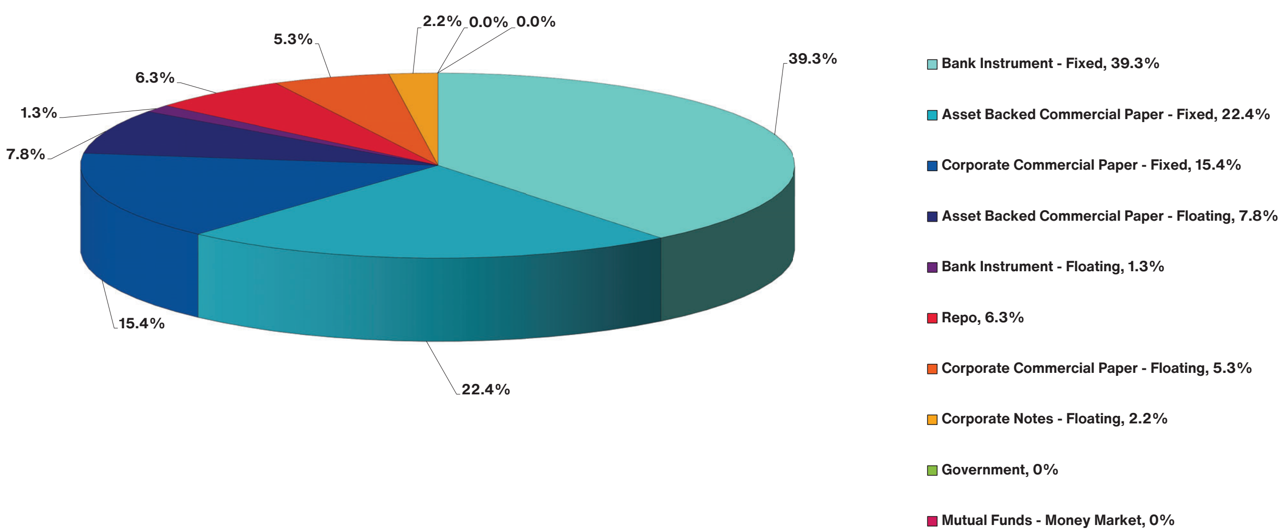
Florida PRIME Characteristics
Quarter Ending March 31, 2025



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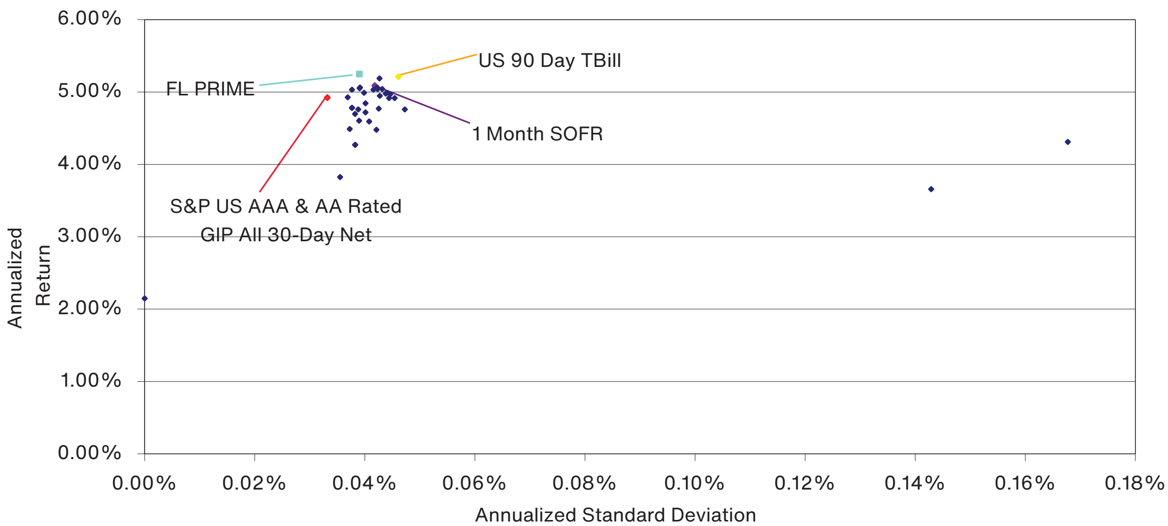
Florida PRIME Risk vs. Return

1 Years Ending March 31, 2025



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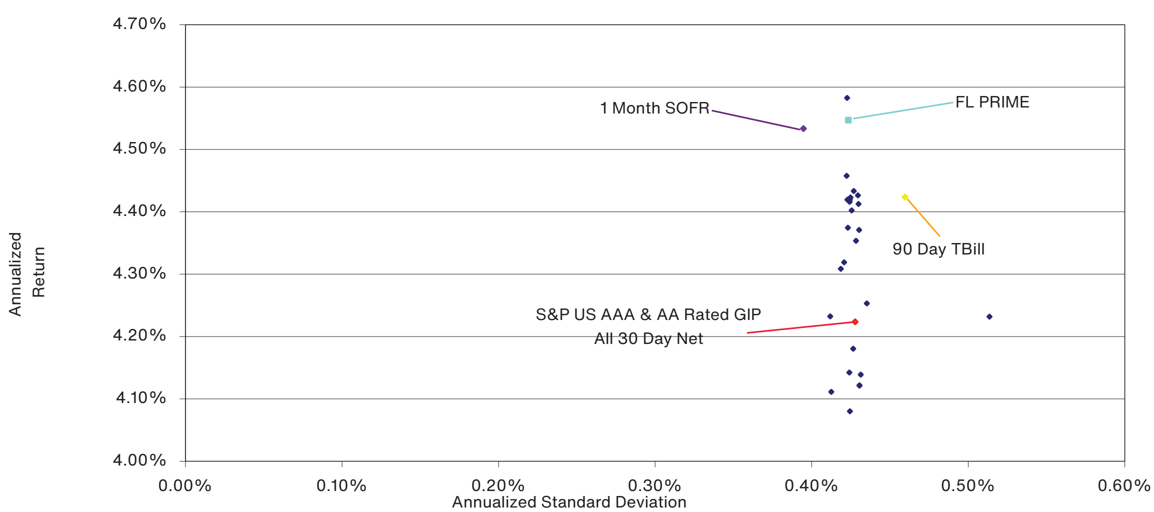
Florida PRIME Risk vs. Return

3 Years Ending March 31, 2025



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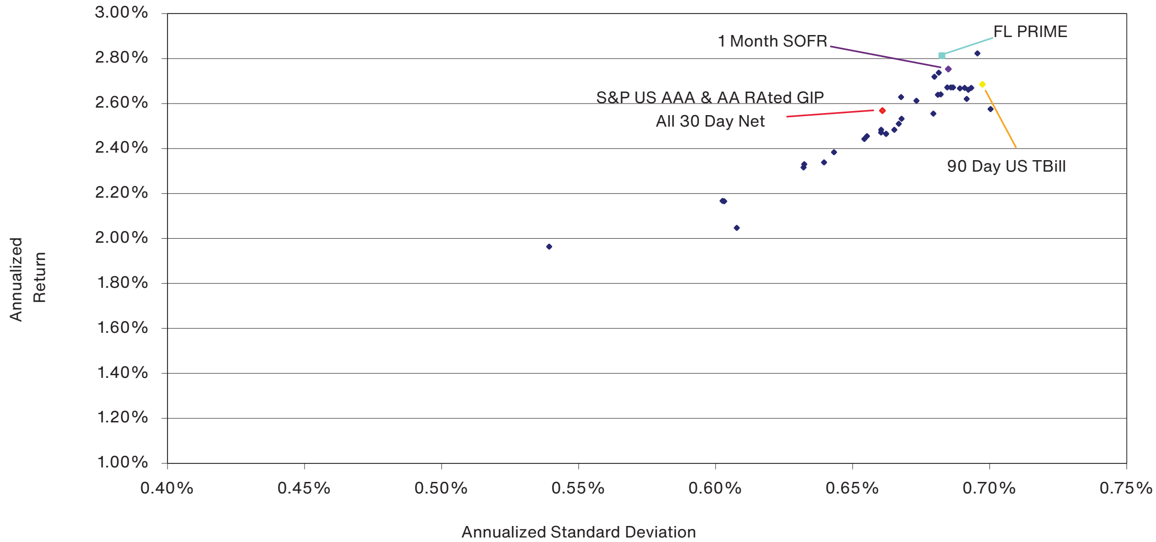
Florida PRIME Risk vs. Return

5 Years Ending March 31, 2025



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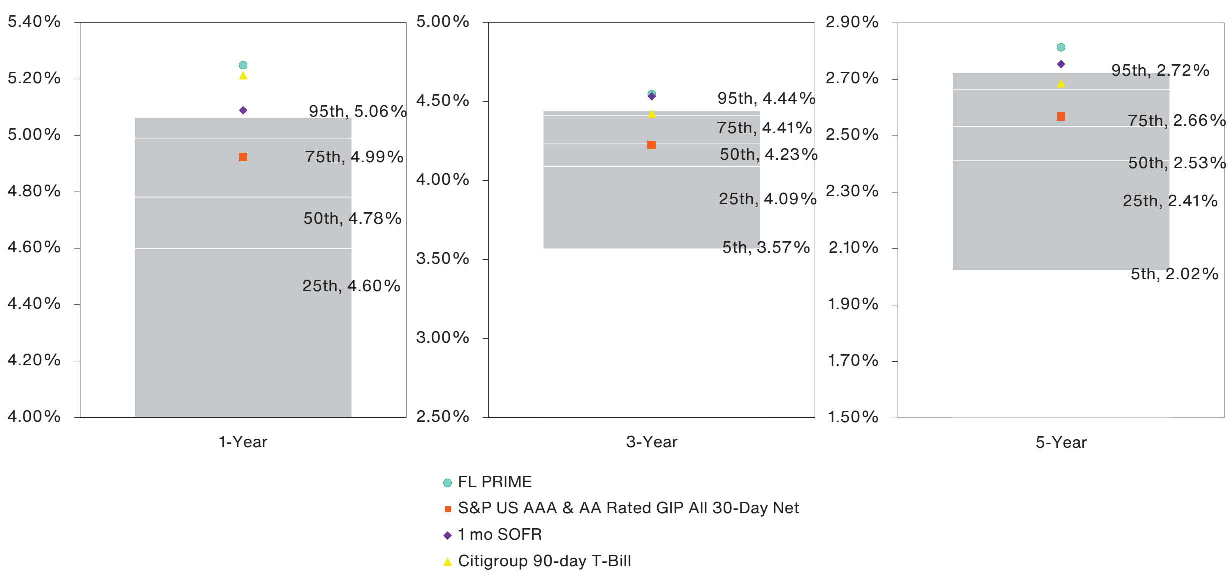
Return Distribution

Periods Ending March 31, 2025



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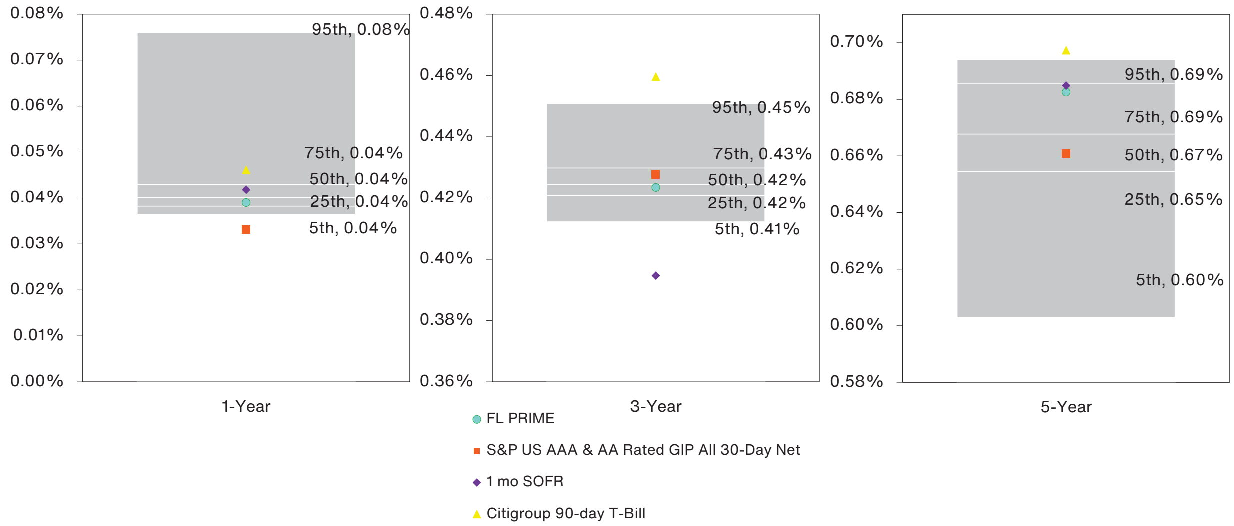
Standard Deviation Distribution
Periods Ending March 31, 2025



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Florida PRIME Characteristics
Period Ending March 31, 2025

Effective Maturity Schedule	
1-7 Days	54.5%
8 - 30 Days	11.7%
31 - 90 Days	19.3%
91 - 180 Days	3.5%
181+ Days	11.0%
Total % of Portfolio:	**100.0%**

S & P Credit Quality Composition	
A-1+	55.9%
A-1	44.1%
Total % of Portfolio:	**100.0%**

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Aon Investments USA Inc.
200 E. Randolph Street
Suite 700
Chicago, IL 60601
ATTN: Aon Investments Compliance Officer

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Quarterly Investment Review

FRS Pension Plan

First Quarter 2025

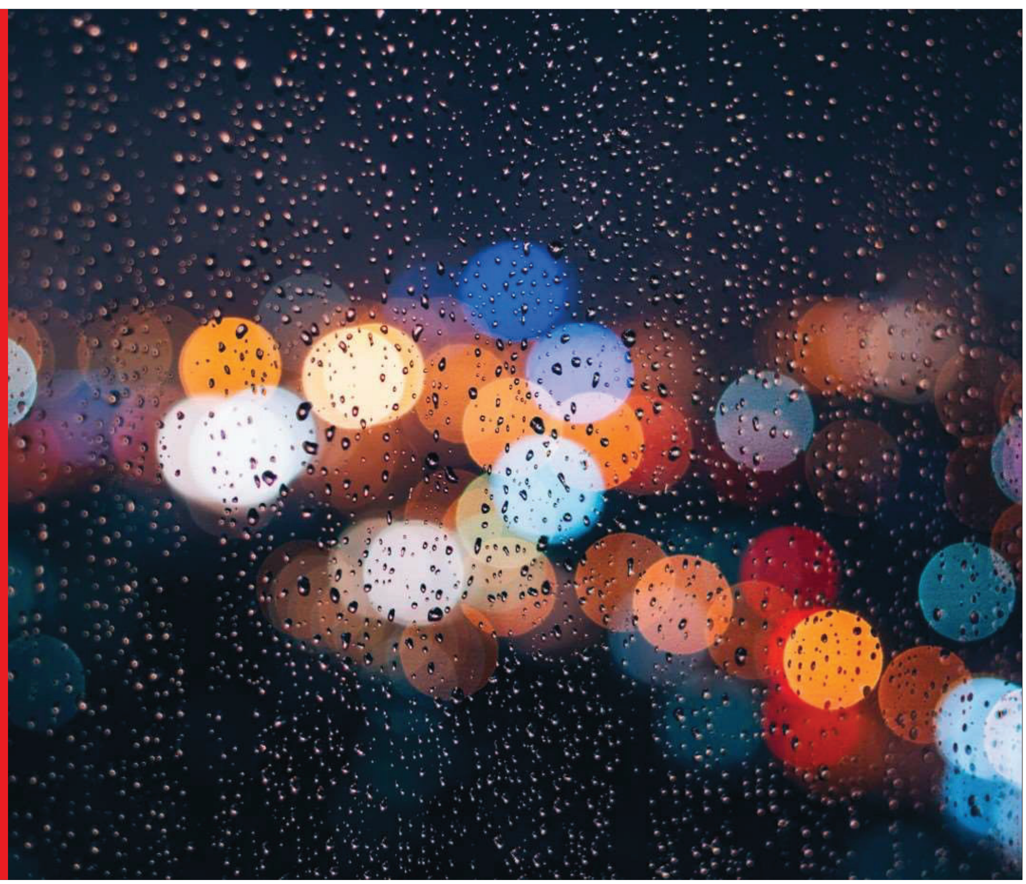

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Table Of Contents

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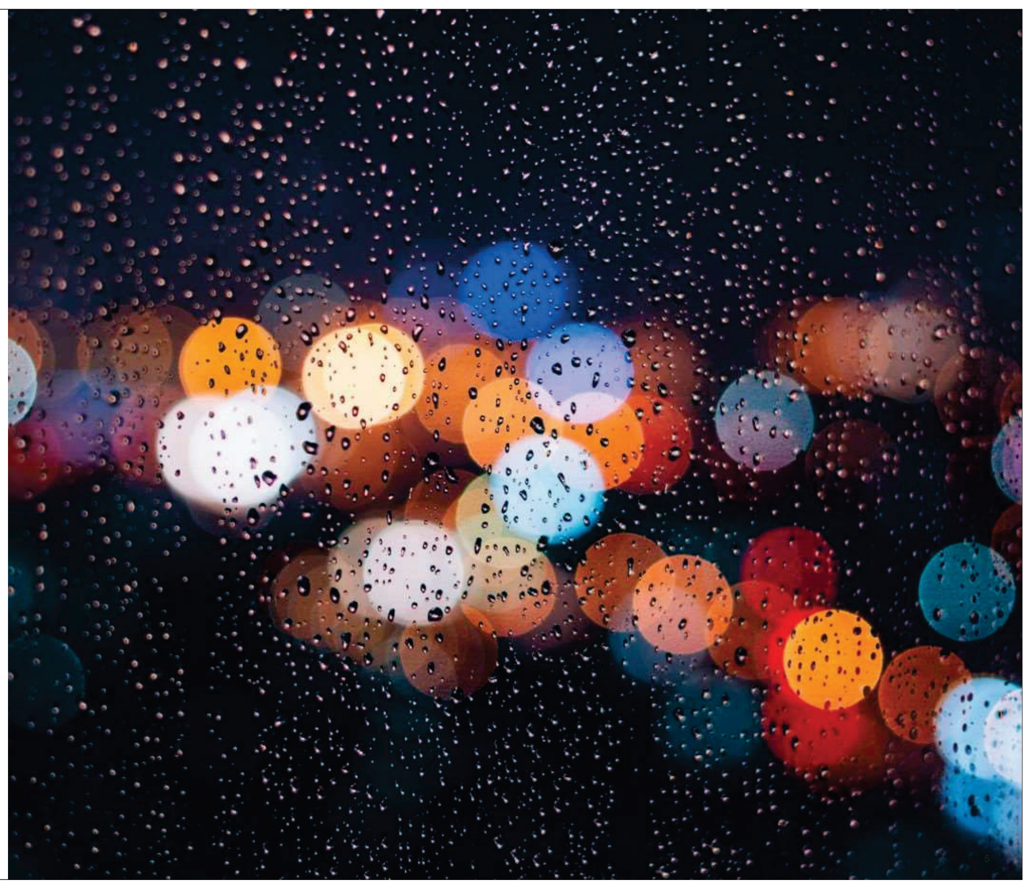
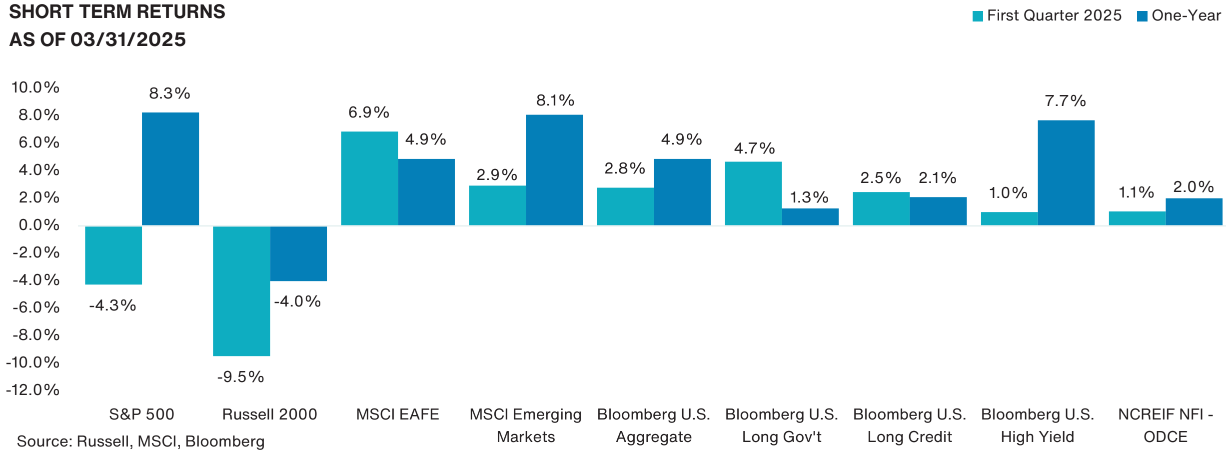
Market Environment



Market Highlights

SHORT TERM RETURNS
AS OF 03/31/2025



Source: Russell, MSCI, Bloomberg

MSCI Indices show net total returns throughout this report. All other indices show gross total returns.

Past performance is no guarantee of future results. Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect fees and expenses. Please see appendix for index definitions and other general disclosures.
MSCI net return: deducts assumed foreign tax withholding rate from dividends before investing.

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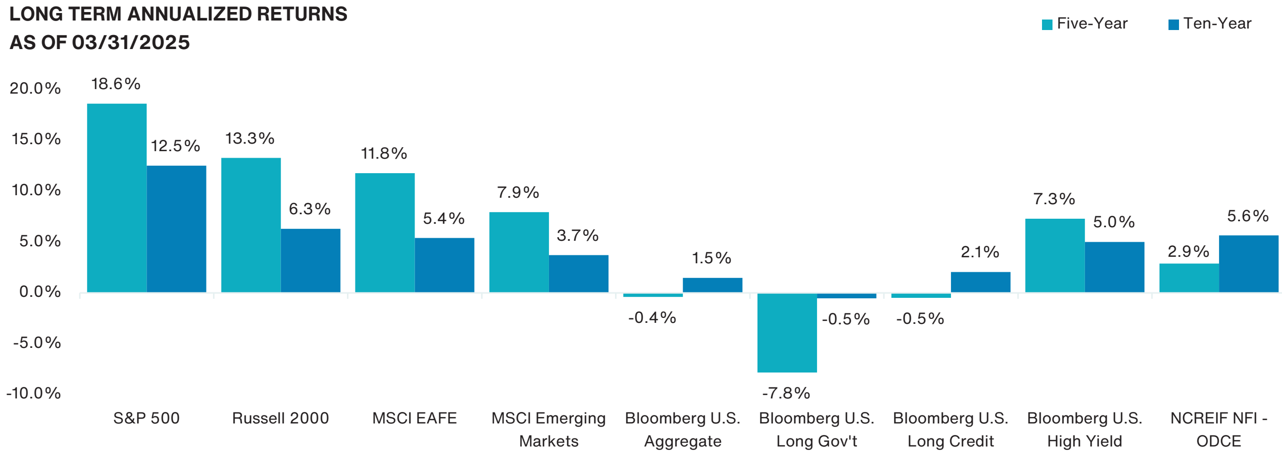
Market Highlights

LONG TERM ANNUALIZED RETURNS
AS OF 03/31/2025



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Market Highlights

Returns of the Major Capital Markets					
				Period Ending 03/31/2025	
	First Quarter	1-Year	3-Year[1]	5-Year[1]	10-Year[1]
Equity					
MSCI All Country World IMI	-1.61%	6.30%	6.31%	15.02%	8.55%
MSCI All Country World	-1.32%	7.15%	6.91%	15.18%	8.84%
Dow Jones U.S. Total Stock Market	-4.87%	7.09%	8.11%	18.08%	11.72%
Russell 3000	-4.72%	7.22%	8.22%	18.18%	11.80%
S&P 500	-4.27%	8.25%	9.06%	18.59%	12.50%
Russell 2000	-9.48%	-4.01%	0.52%	13.27%	6.30%
MSCI All Country World ex-U.S. IMI	4.59%	5.50%	3.99%	11.02%	5.02%
MSCI All Country World ex-U.S.	5.23%	6.09%	4.48%	10.92%	4.98%
MSCI EAFE	6.86%	4.88%	6.05%	11.77%	5.40%
MSCI EAFE (Local Currency)	2.89%	4.13%	8.71%	13.26%	6.34%
MSCI Emerging Markets	2.93%	8.09%	1.44%	7.94%	3.71%
Equity Factors					
MSCI World Minimum Volatility (USD)	8.05%	13.89%	6.74%	10.63%	8.33%
MSCI World High Dividend Yield	6.83%	9.99%	7.01%	13.11%	7.96%
MSCI World Quality	-2.69%	3.54%	9.46%	16.99%	12.62%
MSCI World Momentum	-0.78%	7.76%	8.39%	15.73%	11.98%
MSCI World Enhanced Value	6.95%	5.83%	7.73%	14.50%	6.57%
MSCI World Equal Weighted	2.79%	5.87%	4.79%	13.33%	6.97%
MSCI World Index Growth	-7.71%	5.57%	7.86%	16.83%	11.78%
MSCI USA Minimum Volatility (USD)	5.86%	14.02%	8.35%	13.59%	10.72%
MSCI USA High Dividend Yield	4.53%	7.93%	6.80%	13.58%	9.76%
MSCI USA Quality	-2.91%	6.65%	11.67%	18.56%	14.36%
MSCI USA Momentum	-1.88%	7.93%	8.23%	15.09%	12.71%
MSCI USA Enhanced Value	1.71%	1.25%	3.74%	14.36%	7.70%
MSCI USA Equal Weighted	-1.32%	4.64%	5.16%	16.85%	9.49%
MSCI USA Growth	-10.94%	8.41%	9.93%	20.37%	15.03%

Returns of the Major Capital Markets					
				Period Ending 03/31/2025	
	First Quarter	1-Year	3-Year[1]	5-Year[1]	10-Year[1]
Fixed Income					
Bloomberg Global Aggregate	2.64%	3.05%	-1.63%	-1.38%	0.61%
Bloomberg U.S. Aggregate	2.78%	4.88%	0.52%	-0.40%	1.46%
Bloomberg U.S. Long Gov't	4.67%	1.28%	-7.17%	-7.83%	-0.54%
Bloomberg U.S. Long Credit	2.47%	2.09%	-2.19%	-0.50%	2.05%
Bloomberg U.S. Long Gov't/Credit	3.57%	1.72%	-4.51%	-3.74%	1.01%
Bloomberg U.S. TIPS	4.17%	6.17%	0.06%	2.36%	2.51%
Bloomberg U.S. High Yield	1.00%	7.69%	4.98%	7.29%	5.01%
Bloomberg Global Treasury ex U.S.	2.41%	0.52%	-4.64%	-3.70%	-0.68%
JP Morgan EMBI Global (Emerging Markets)	2.35%	6.72%	3.24%	3.37%	3.11%
Commodities					
Bloomberg Commodity Index	8.88%	12.28%	-0.77%	14.51%	2.77%
Goldman Sachs Commodity Index	4.89%	3.83%	1.25%	20.74%	2.60%
Hedge Funds					
HFRI Fund-Weighted Composite[2]	-0.38%	4.68%	4.59%	9.55%	4.99%
HFRI Fund of Funds[2]	-0.21%	4.56%	4.01%	7.15%	3.51%
Real Estate					
NAREIT U.S. Equity REITS	0.91%	9.94%	-0.61%	11.34%	5.33%
NCREIF NFI - ODCE	1.05%	2.02%	-4.28%	2.89%	5.64%
FTSE Global Core Infrastructure Index	5.64%	13.95%	2.34%	9.62%	7.04%
Private Equity					
Burgiss Private iQ Global Private Equity[3]		5.14%	4.60%	13.68%	12.67%

MSCI Indices show net total returns throughout this report. All other indices show gross total returns.

[1] Periods are annualized.

[2] Latest 5 months of HFR data are estimated by HFR and may change in the future.

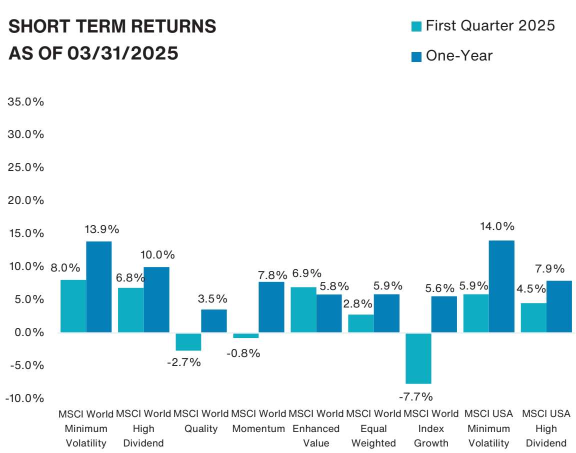
[3] Burgiss Private iQ Global Private Equity data is as at June 30, 2024

Source: Russell, MSCI, Bloomberg

Past performance is no guarantee of future results. Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect fees and expenses. Please see appendix for index definitions and other general disclosures.
MSCI net return: deducts assumed foreign tax withholding rate from dividends before investing.

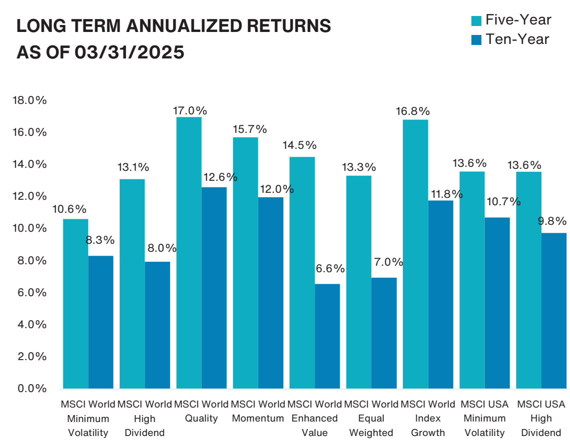
Factor Indices

SHORT TERM RETURNS AS OF 03/31/2025



Source: MSCI
MSCI Indices show net total returns throughout this report. All other indices show gross total returns.

LONG TERM ANNUALIZED RETURNS AS OF 03/31/2025



Source: MSCI
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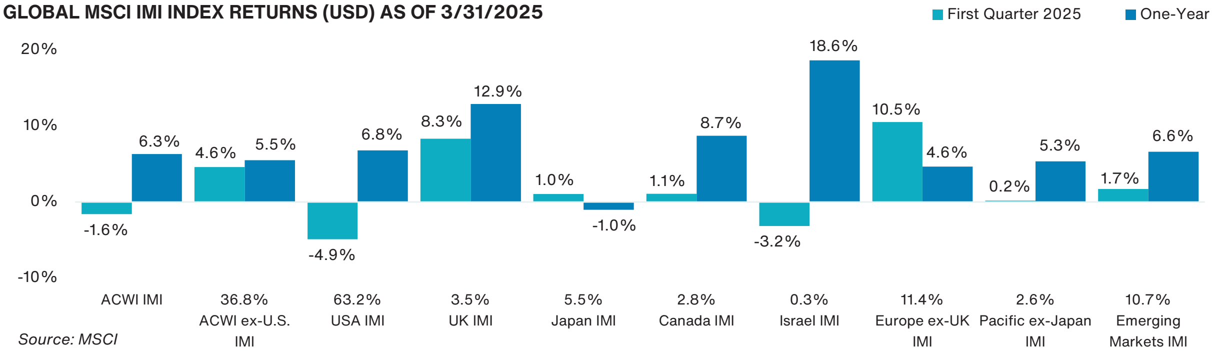
MSCI net return: deducts assumed foreign tax withholding rate from dividends before investing.

Global Equity Markets

GLOBAL MSCI IMI INDEX RETURNS (USD) AS OF 3/31/2025



Source: MSCI

- In Q1 2025, global equity markets fell amidst rising volatility, with Trump tariffs adding to the market turmoil. The S&P 500 index fell by 4.3% over the quarter, delivering its worst quarterly performance since Q3 2022. The MSCI AC World index fell 1.2% over Q1 2025, underperforming the MSCI AC World ex-U.S. index, which rose 5.4%.
- The CBOE Volatility Index (VIX) rose to 22.3 in Q1, rising above its 20-year average of 19.2.
- USA IMI was the worst performer with a return of -4.9% over the quarter. Consumer Discretionary (-13.2%) and Information Technology (-12.9%) were the worst-performing sectors.
- Across international markets, all regions posted positive returns (except U.S. and Israel). The Europe-ex UK IMI equities outperformed with a return of 10.5%, followed by UK IMI (8.3%). Financials (22.6%) and Utilities (17.8%) were the best performing sectors in Europe.

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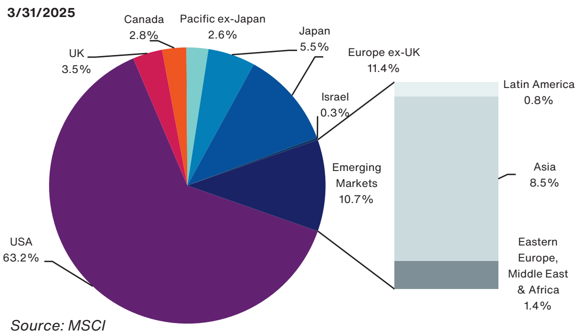
MSCI net return: deducts assumed foreign tax withholding rate from dividends before investing.

Global Equity Markets

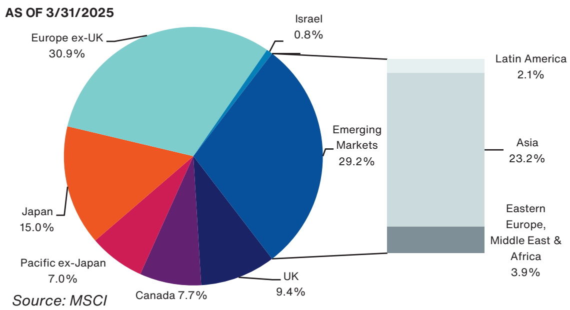
Below is the country/region breakdown of the global and international equity markets as measured by the MSCI All Country World IMI Index and the MSCI All Country World ex-U.S. IMI Index, respectively.

MSCI ALL COUNTRY WORLD IMI INDEX GEOGRAPHIC ALLOCATION AS OF 3/31/2025



Source: MSCI

MSCI ALL COUNTRY WORLD EX-U.S. IMI INDEX GEOGRAPHIC ALLOCATION AS OF 3/31/2025



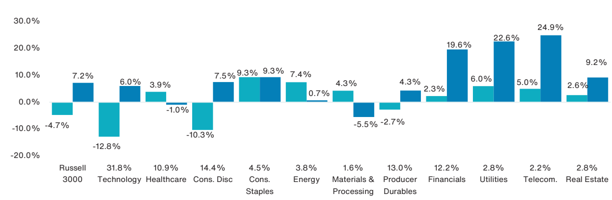
Source: MSCI

Past performance is no guarantee of future results. Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect fees and expenses. Please see appendix for index definitions and other general disclosures.
MSCI net return: deducts assumed foreign tax withholding rate from dividends before investing.

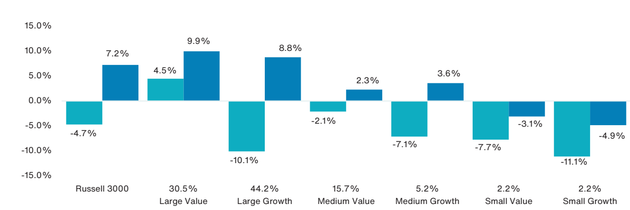
U.S. Equity Markets

- The S&P 500 index fell by 4.3% over the quarter, delivering its worst quarterly performance since Q3 2022. The Dow Jones Industrials fell 0.9% while the tech-heavy NASDAQ Composite index fell 10.3%.
- Q1 2025 saw a flurry of tariff announcements by U.S. President Donald Trump. The U.S. economy grew at an annualized rate of 2.4% in the fourth quarter of 2024, slightly higher than the economists' expected 2.3% but lower than the previous quarter's annualized growth rate of 3.1%. The growth in consumer and government spending was tempered by a decline in private investment.
- The FOMC projects GDP growth of 1.7% for 2025, down from the previous estimate of 2.1%, while PCE inflation is forecasted to rise to 2.7% this year, up from the previous estimate of 2.5%.
- The Russell 3000 Index fell 4.7% during the first quarter and rose by 7.2% on a 1-year basis. Consumer Staples (9.3%) and Energy (7.4%) were the best performers, while Technology (-12.8%) and Consumer Discretionary (-10.3%) were the worst performers.
- On a style basis, value outperformed growth across market capitalizations over the quarter. Large-cap stocks outperformed Medium and Small-cap stocks in value style, while Small-cap stocks underperformed Medium and Large-cap in growth style.

RUSSELL SECTOR RETURNS AS OF 3/31/2025



RUSSELL STYLE RETURNS AS OF 3/31/2025



Source: Russell Indexes

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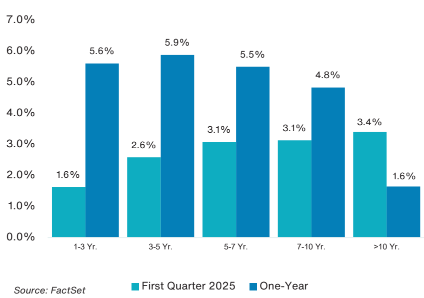
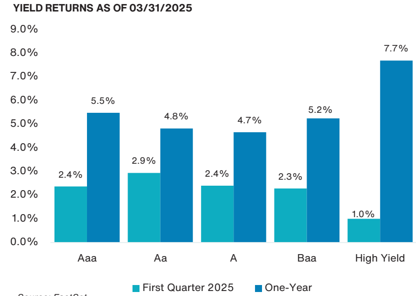
U.S. Fixed Income Markets

BLOOMBERG AGGREGATE RETURNS BY MATURITY AS OF 03/31/2025



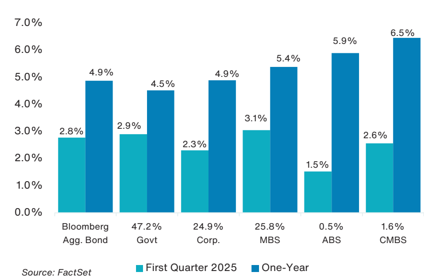
Source: FactSet

BLOOMBERG AGGREGATE RETURNS BY QUALITY AND HIGH YIELD RETURNS AS OF 03/31/2025



Source: FactSet

BLOOMBERG AGGREGATE RETURNS BY SECTOR AS OF 03/31/2025



Source: FactSet

- The U.S. Fed maintained interest rates over the quarter between a range of 4.25%–4.50%. The latest Fed "dot plot," showed a majority of FOMC members still projecting a reduction of half a percentage point in interest rates for 2025 with the rate expected to decline to 3% beyond 2027. Additionally, the Fed announced plans to slow the pace of quantitative tightening by lowering the monthly cap on maturing U.S. Treasuries rolling off its balance sheet, from $25 billion to $5 billion starting April 1, 2025.
- The Bloomberg U.S. Aggregate Bond Index rose by 2.8% over the quarter and is up by 4.9% on a 1-year basis.
- Across durations, all maturities finished the quarter in positive territory with longer maturities rising more.
- Within investment-grade bonds, higher-quality issues generally outperformed lower-quality issues, with Aa-rated bonds returning 2.9% during the quarter. High-yield bonds rose by 1.0%. On a 1-year basis, high-yield bonds have outperformed indicating an increased risk appetite.

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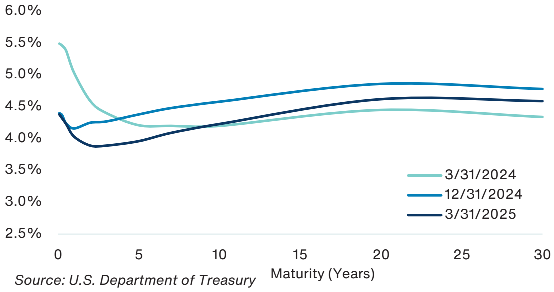
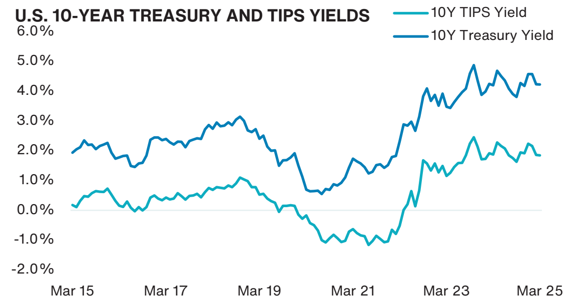
U.S. Fixed Income Markets

U.S. TREASURY YIELD CURVE



Source: U.S. Department of Treasury

U.S. 10-YEAR TREASURY AND TIPS YIELDS

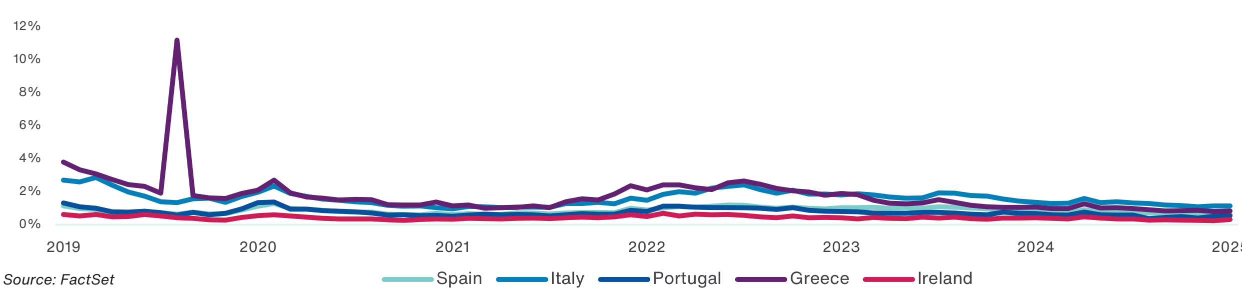


Source: U.S. Department of Treasury

- U.S. Treasury yields fell across maturities as the yield curve shifted downwards over the quarter. The 10-year Treasury yield fell by 35bps to 4.23%, and the 30-year Treasury yield fell by 19bps to 4.59% over the quarter.
- U.S. headline consumer price index (CPI) fell to 2.4% year-on-year in March, lower than the economists' expectations of 2.6% and below February's reading of 2.8%. U.S. core inflation, which excludes energy and food prices, fell to 2.8% year-on-year in March, lower than the economists' expectations of 3.0% and February's reading of 3.1%.
- The 10-year TIPS yield fell by 39bps over the quarter to 1.85%.

European Fixed Income Markets

EUROZONE PERIPHERAL BOND SPREADS (10-YEAR SPREADS OVER GERMAN BUNDS)



Source: FactSet

- European government bond spreads over 10-year German bunds remained range-bound across the Euro Area, with spreads showing slight contraction for Spain, Italy and Greece, and slight widening for Portugal and Ireland. Over Q1 2025, the European Central Bank reduced its policy interest rate twice by 0.25% each to 2.50%, marking six interest rate cuts since June 2024. The bank also revised its economic growth projections further downwards from those made in December, now forecasting growth rates of 0.9% for 2025, 1.2% for 2026 and 1.3% for 2027. Additionally, headline inflation is expected to accelerate to 2.3% in 2025, 1.9% in 2026, and 2.0% in 2027.
- Greek and Italian government bond yields rose by 33bps and 32bps to 3.53% and 3.84%, respectively over the quarter while Portugal government bond yields rose by 41bps to 3.25%. Irish and Spain government bond yields rose by 38bps and 30bps to 3.01% and 3.34%, respectively over the quarter.
- German bund yields rose by 34bps to 2.70% over the quarter.
- Eurozone headline inflation slowed down as the CPI increased 2.2% year-on-year in March, lower than the 2.3% increase recorded in February and in line with the economists' expectations. Core inflation rose 2.4% year-on-year in March, lower than the previous month's 2.6% and below economists' expectations of 2.5%.

Credit Spreads

Spread (bps)	3/31/2025	12/31/2024	3/31/2024	Quarterly Change (bps)	One-Year
U.S. Aggregate	35	34	39	1	-4
Long Gov't	-1	0	0	0	-1
Long Credit	117	100	109	17	8
Long Gov't/Credit	57	50	57	7	0
MBS	36	43	49	-6	-13
CMBS	88	80	96	7	-8
ABS	60	44	55	16	5
Corporate	94	80	90	14	4
High Yield	347	287	299	60	48
Global Emerging Markets	232	219	260	13	-28

Source: FactSet, Bloomberg

- Credit markets rose amid falling risk tolerance sentiment, with spreads generally widening.
- High Yield and Global Emerging Markets spreads widened by 60bps and 13bps, respectively. Meanwhile, ABS spreads widened by 16bps.

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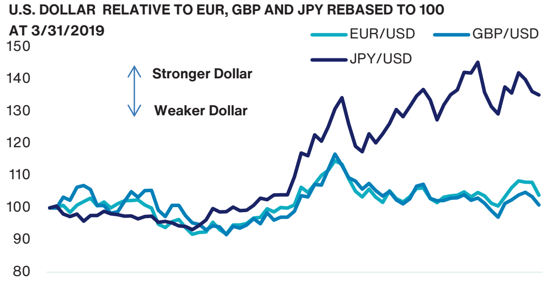
Currency

TRADE WEIGHTED U.S. DOLLAR INDEX (2006 = 100)

Source: Federal Reserve

U.S. DOLLAR RELATIVE TO EUR, GBP AND JPY REBASED TO 100 AT 3/31/2019



Source: FactSet

- The U.S. Dollar depreciated against all major currencies over the quarter. On a trade-weighted basis, the U.S. dollar depreciated by 2.0%.
- Sterling appreciated by 3.0% against the U.S. dollar. In its February meeting, the Bank of England reduced its policy rate by 0.25% to 4.5%. The central bank now projects a GDP growth of 0.25% for Q1 2025, higher than the 0.1% reported earlier, with inflation expected to rise to 3.75% by Q3 2025.
- The U.S. dollar depreciated by 4.1% against the euro and by 4.8% against the yen.

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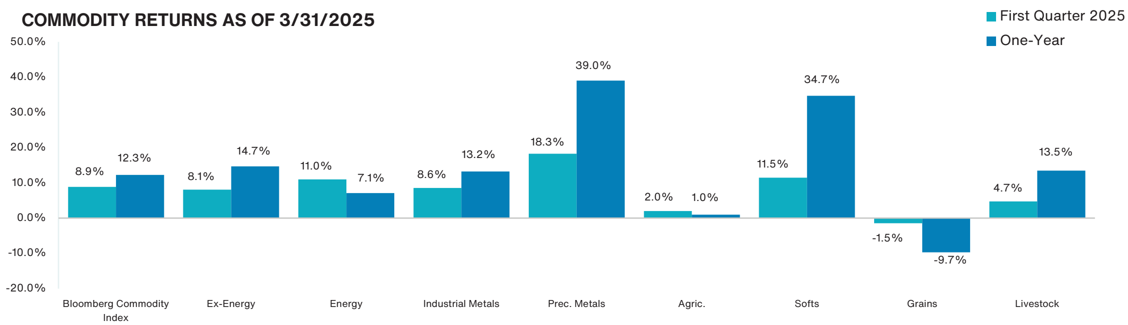
Commodities

COMMODITY RETURNS AS OF 3/31/2025



Source: Bloomberg Note: Softs and Grains are part of the wider Agriculture sector

- Commodity prices rose over the quarter (except Grains sub-sector) with the Bloomberg Commodity Index returning 8.9%.
- The grains sub-sector was the worst performer over the quarter at -1.5%.
- The Prec. Metals sector rose the most over the quarter at 18.3%.
- Following the OPEC+ members' decision to continue with the 2.2 million barrels per day (bpd) increase in oil production post April 2025, seven OPEC+ countries agreed to cut oil production by 189,000 bpd to 435,000 bpd until June 2026, as compensation for increased oil production above the agreed levels. Meanwhile, the price of WTI crude oil fell by 0.3% to U.S.$ 71.5/B.

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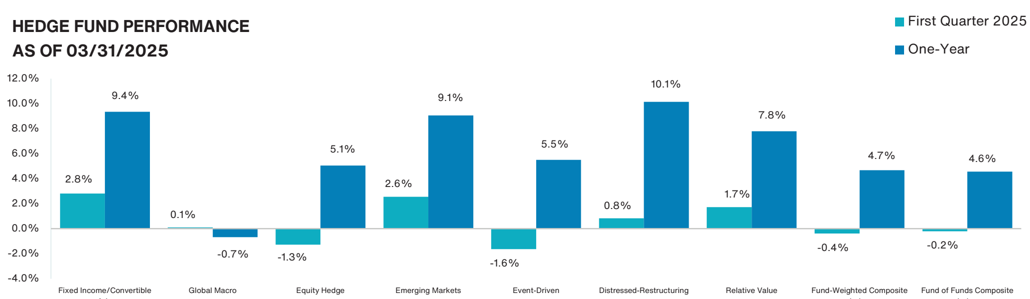
Hedge Funds Market Overview

HEDGE FUND PERFORMANCE AS OF 03/31/2025



Source: HFR Note: Latest 5 months of HFR data are estimated by HFR and may change in the future.

- Hedge fund performance remained mixed over the quarter.
- The HFRI Fund-Weighted Composite produced a return of -0.4% and the HFRI Fund of Funds Composite Index produced a return of -0.2% over the quarter.
- Over the quarter, Fixed Income/Convertible Arb. was the best performer with a return of 2.8%.
- Event-Driven was the worst performer with a return of -1.6% over the quarter.
- On a 1-year basis, Distressed-Restructuring has outperformed all other strategies while Global Macro has performed the worst.

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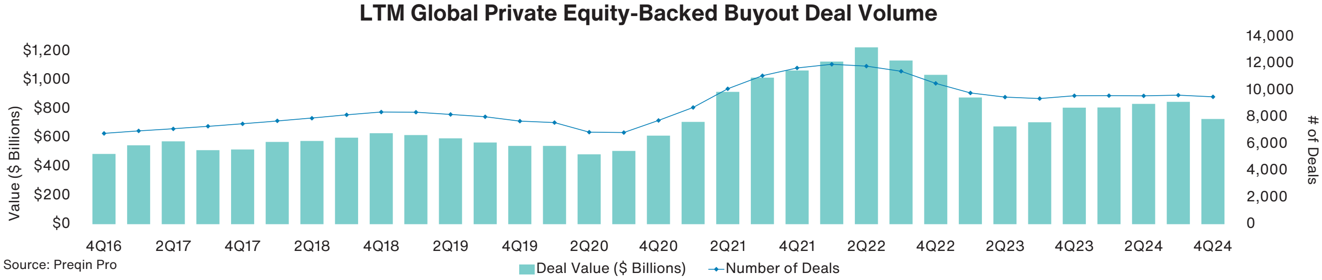
Private Equity Overview

Fourth Quarter 2024



Source: Preqin Pro

- **Fundraising:** In Q4 2024, $178.9 billion of capital was raised by 688 funds, which was a decrease of 16.4% on a capital basis and a decrease of 3.8% by number of funds closed over the prior quarter. Capital raised and the number of funds closed in 2024 represented a decrease of 23.7% and 24.2%, respectively, compared to the prior year.[1]
- **Buyout:** Global private equity-backed buyout deals totaled $170.8 billion in Q4 2024, which was a decrease on a capital basis of 13.7% compared to Q3 2024 and a decrease of 18.9% compared to the five-year quarterly average.[1] On a TTM basis, median U.S. private equity EV/EBITDA multiples reached 12.7x at the end of Q4 2024, an increase compared to the 11.9x seen at the end of 2023 and up slightly from the five-year average (12.4x). In Europe, on a TTM basis, median private equity EV/EBITDA multiples reached 12.2x at the end of Q4 2024, above the 10.4x multiple seen at the end of 2023 and above the five-year average of 11.4x.[2] Globally, buyout exit value totaled $112.2 billion across 569 deals during the quarter, up, on a capital basis, from $105.1 billion in exit value from 634 deals during the prior quarter. Exit value across buyout transactions totaled $415.2 billion in 2024, decreasing from 2023's total exit value of $456.7 billion.[1]
- **Venture:** During the quarter, 2,859 U.S. venture-backed transactions totaling $74.6 billion were completed, which was an increase of 70.2% on a capital basis and a decrease of 15.0% by deal count over the prior quarter, which saw 3,365 deals completed totaling $43.8 billion. This was also an increase of 35.7% on a capital basis compared to the five-year quarterly average of $55.0 billion. Total U.S. venture-backed exit value increased during the quarter, totaling approximately $37.0 billion across an estimated 356 completed transactions. This compares to $26.3 billion of value across 256 exits in Q4 2023. However, Q4 2024 exit value was meaningfully below the five-year quarterly average of $79.8 billion from 356 transactions.[3]

Sources: 1 Preqin 2 Pitchbook/LCD 3 PitchBook/NVCA Venture Monitor 4 Fitch Ratings 5 Jefferies
Notes: FY=Fiscal year ended 12/31; YTD=Year to date; LTM=Last 12 months (aka trailing 12 months); PPM=Purchase Price Multiples: Total Purchase Price ÷ EBITDA.

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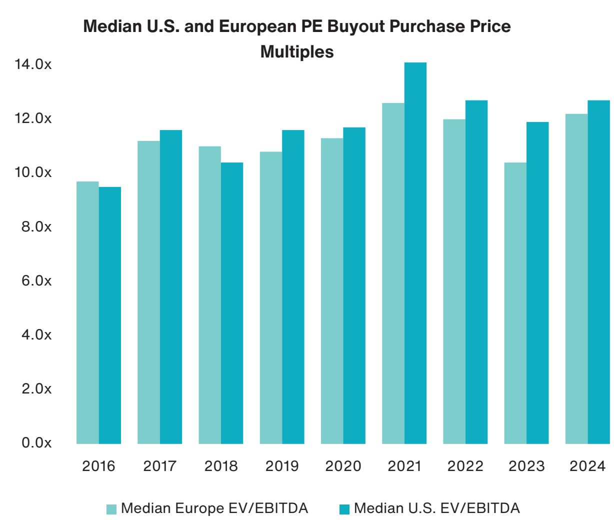
Private Equity Overview (cont.)



Source: Pitchbook, LCD

Sources: 1 Preqin 2 Pitchbook/LCD 3 PitchBook/NVCA Venture Monitor 4 Fitch Ratings 5 Jefferies

- **Mezzanine:** 5 funds closed on $0.6 billion during the quarter, a decrease from the prior quarter's total of $3.5 billion raised by 8 funds. This represented a significant decrease compared to the five-year quarterly average of $6.6 billion. Capital raised in 2024 represented only 19.7% of 2023's total of $39.8 billion.[1]
- **Distressed Debt/Special Situations:** The TTM U.S. high-yield default rate was 2.58% as of December 2024, which was up from September 2024's TTM rate of 1.94%.[4] During the quarter, $10.3 billion was raised by 12 funds, down from the $16.5 billion raised by 11 funds during Q3 2024. Capital raised in 2024 represented 75.4% of 2023's total of $50.8 billion.[1]
- **Secondaries:** 19 funds raised $7.9 billion during Q4 2024, down substantially from the $30.1 billion raised by 26 funds in Q3 2024. This was also a decrease compared to the five-year quarterly average of $15.8 billion.[1] The average discount rate for LP buyout and venture capital portfolios finished 2H 2024 at 6.0% and 25.0%, respectively, with buyout discounts being flat and venture discounts decreasing 5.0% compared to 1H 2024.[5]
- **Infrastructure:** $18.9 billion of capital was raised by 17 funds in Q4 2024 compared to $18.1 billion of capital raised by 20 funds in Q3 2024. The 10 largest funds in market are currently seeking a combined $176.0 billion in capital. Infrastructure managers completed 416 deals for an aggregate deal value of $74.1 billion in Q4 2024, a decrease compared to 540 deals totaling $105.5 billion completed in Q3 2024.[1]
- **Natural Resources:** During Q4 2024, 6 funds closed on $10.5 billion, a large increase compared to 10 funds closing on $2.8 billion during the prior quarter. However, capital raised in 2024 represented a decrease of 46.4% compared to the prior year. 74 energy and utilities buyout deals were completed in Q4 2024 totaling $7.1 billion, a decrease, on a capital basis, compared to 70 completed deals totaling $10.7 billion in Q3 2024.[1]

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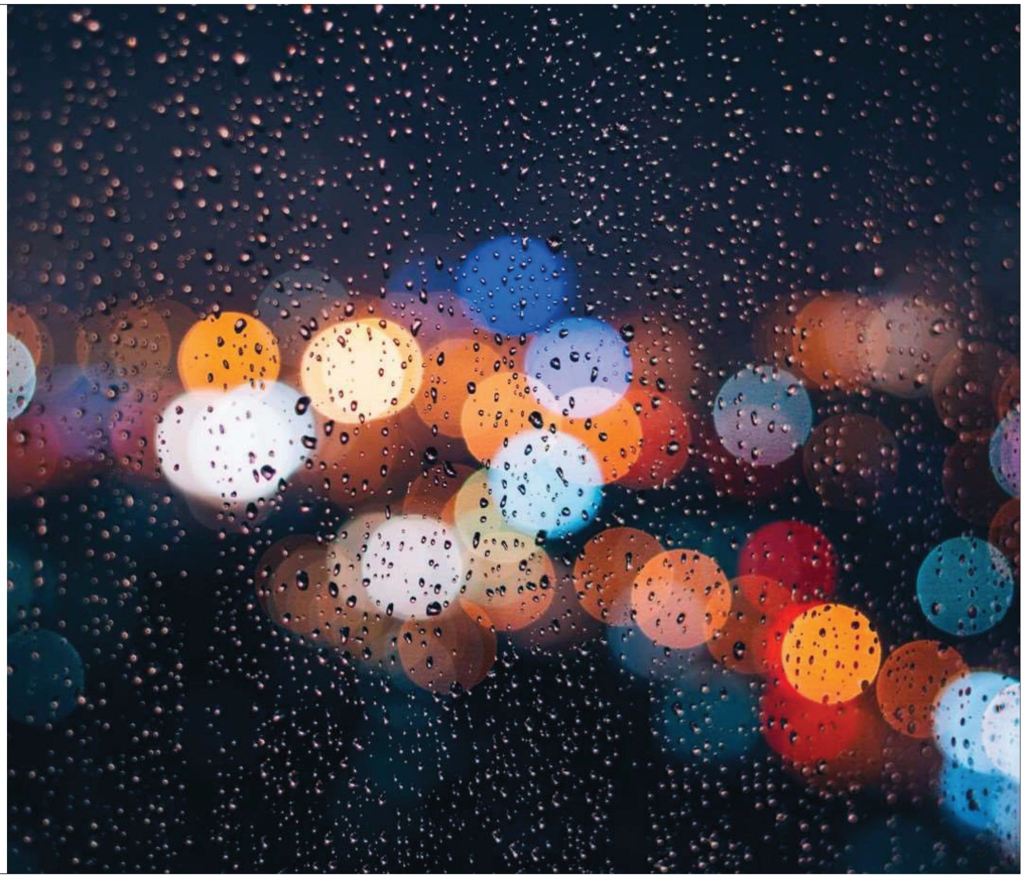
Total Fund



Highlights

Executive Summary

- The Total Fund outperformed the Performance Benchmark over the trailing quarter and ten-year period.
- The Fund ended the first quarter of 2025 outperforming the performance benchmark by 0.3%
- The fund is well diversified across seven broad asset classes.
- Public market asset class investments do not significantly deviate from their broad market based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
- Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type, or investment strategy.
- Asset allocation is monitored on a daily basis to ensure the actual asset allocation of the plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Aon Investments and SBA staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

Performance Highlights

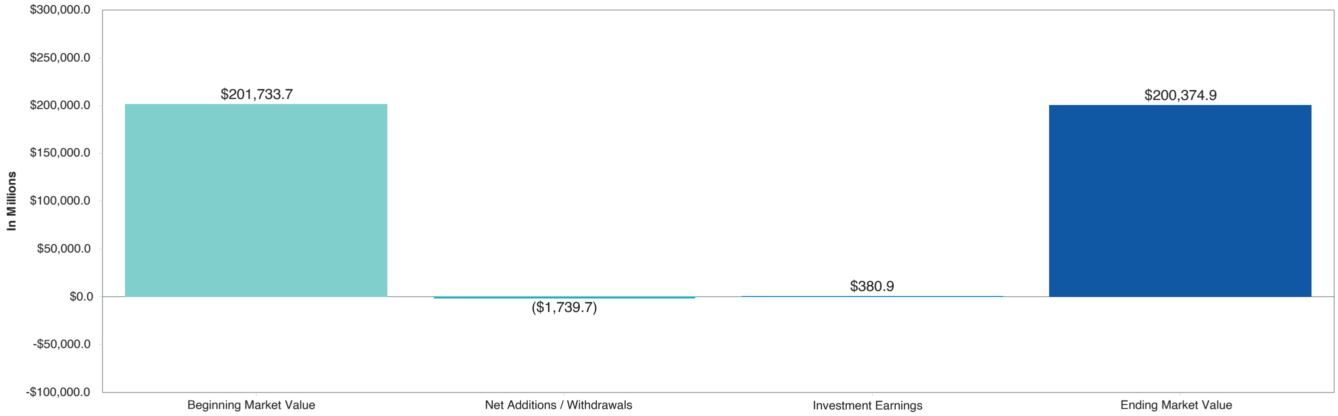
- The Total Fund outperformed the Performance Benchmark over the longer trailing period of 10 years

Asset Allocation

- The Fund assets total $200.4 billion as of March 31, 2025, which represents a $1.3 billion decrease since last quarter.
- Actual allocations for all asset classes were within their respective policy ranges and in line with the current policy at quarter-end.

Total Plan Asset Summary

As of March 31, 2025

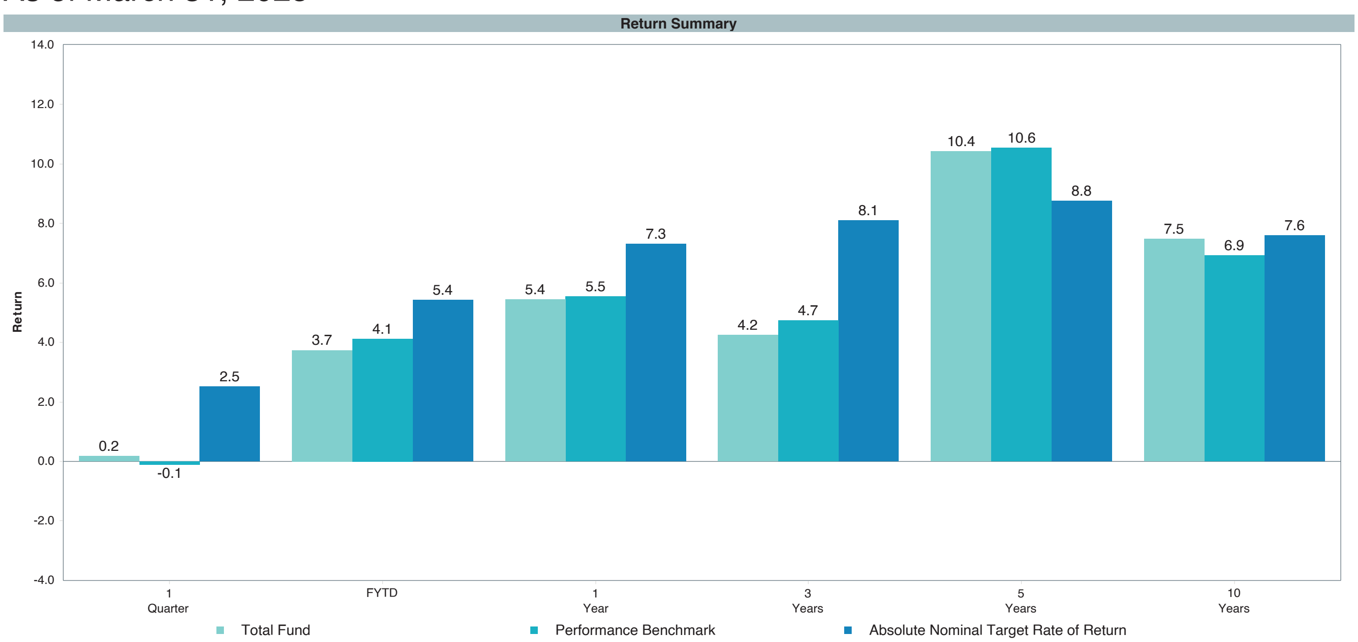


Summary of Cash Flows	1 Quarter	1 Year	3 Years
Total Fund			
Beginning Market Value	201,733,682,968	196,525,624,636	197,722,178,265
+ Additions / Withdrawals	-1,739,688,925	-6,757,405,792	-21,118,190,702
+ Investment Earnings	380,918,484	10,606,693,683	23,770,924,964
= Ending Market Value	**200,374,912,527**	**200,374,912,527**	**200,374,912,527**

*Period July 2023 - Present

Total Plan Performance Summary

As of March 31, 2025



Asset Allocation & Performance

As of March 31, 2025

	Allocation			Performance %					
	Market Value $	%	Policy %	1 Quarter	FYTD	1 Year	3 Years	5 Years	10 Years
Total Fund	**200,374,912,527**	**100.0**	**100.0**	**0.2 (60)**	**3.7 (74)**	**5.4 (52)**	**4.2 (42)**	**10.4 (32)**	**7.5 (12)**
Performance Benchmark				*-0.1 (76)*	*4.1 (58)*	*5.5 (45)*	*4.7 (23)*	*10.6 (28)*	*6.9 (35)*
Absolute Nominal Target Rate of Return				*2.5 (2)*	*5.4 (6)*	*7.3 (3)*	*8.1 (1)*	*8.8 (92)*	*7.6 (7)*
Global Equity*	**94,519,489,127**	**47.2**	**48.0**	**-1.6**	**4.0**	**6.5**	**6.6**	**15.2**	**8.9**
Asset Class Target				*-1.7*	*3.8*	*6.2*	*6.3*	*15.0*	*8.6*
Domestic Equities	**49,859,668,061**	**24.9**		**-4.8**	**3.7**	**7.0**	**8.2**	**18.3**	**11.7**
Asset Class Target				*-4.7*	*3.9*	*7.2*	*8.2*	*18.2*	*11.8*
Foreign Equities	**30,176,328,445**	**15.1**		**4.1**	**4.8**	**6.2**	**4.5**	**11.4**	**5.7**
Asset Class Target				*4.6*	*4.4*	*5.3*	*3.9*	*11.0*	*5.0*
Global Equities	**11,579,383,110**	**5.8**		**-1.5**	**4.5**	**6.5**	**7.5**	**14.4**	**8.7**
Benchmark				*-1.6*	*4.2*	*7.0*	*7.3*	*15.7*	*9.3*
Fixed Income	**43,027,789,922**	**21.5**	**21.6**	**2.8**	**5.0**	**5.2**	**1.8**	**0.8**	**1.8**
Asset Class Target				*2.8*	*4.8*	*4.9*	*1.4*	*0.2*	*1.5*
Private Equity	**18,789,336,323**	**9.4**	**9.1**	**1.2**	**4.4**	**7.9**	**2.2**	**15.5**	**15.2**
Asset Class Target				*-0.9*	*5.6*	*8.7*	*8.9*	*17.8*	*11.5*
Real Estate	**19,359,505,540**	**9.7**	**9.4**	**1.2**	**-1.1**	**-1.9**	**-1.9**	**3.9**	**5.8**
Asset Class Target				*1.0*	*0.5*	*-2.0*	*-3.2*	*2.6*	*4.9*
Strategic Investments	**12,479,162,124**	**6.2**	**6.1**	**0.5**	**5.4**	**6.8**	**6.6**	**7.8**	**6.8**
Short-Term Target				*0.3*	*5.4*	*6.2*	*6.9*	*9.3*	*6.3*
Active Credit	**9,852,524,054**	**4.9**	**4.8**	**1.9**	**1.3**	**4.1**			
Asset Class Target				*0.9*	*5.5*	*8.0*			
Cash**	**2,347,105,438**	**1.2**		**1.3**	**4.0**	**5.3**	**4.0**	**2.2**	**1.7**
Blmbg. U.S. Treasury Bills: 1-3 Months				*1.0*	*3.6*	*5.0*	*4.3*	*2.6*	*1.9*

Benchmark and universe descriptions can be found in the Appendix.
* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.
**Performance for the Cash & Central Custody and Enhanced Cash Composite is shown.

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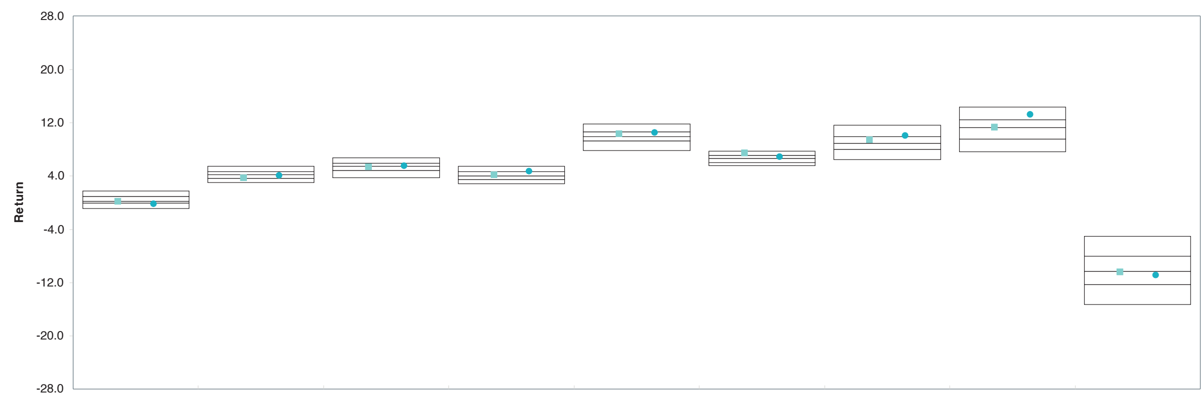
Plan Sponsor Peer Group Analysis

As of March 31, 2025



	1 Quarter	FYTD	1 Year	3 Years	5 Years	10 Years	2024	2023	2022
Total Fund	**0.2 (60)**	**3.7 (74)**	**5.4 (52)**	**4.2 (42)**	**10.4 (32)**	**7.5 (12)**	**9.5 (39)**	**11.4 (47)**	**-10.4 (53)**
Performance Benchmark	-0.1 (76)	4.1 (58)	5.5 (45)	4.7 (23)	10.6 (28)	6.9 (35)	10.1 (25)	13.3 (13)	-10.9 (61)
5th Percentile	1.8	5.5	6.8	5.5	11.8	7.8	11.6	14.4	-5.0
1st Quartile	0.9	4.7	6.0	4.6	10.6	7.2	10.0	12.5	-8.0
Median	0.3	4.3	5.5	4.0	9.9	6.7	9.0	11.3	-10.3
3rd Quartile	-0.1	3.7	4.8	3.5	9.3	6.1	8.0	9.6	-12.3
95th Percentile	-0.9	3.0	3.8	2.9	7.9	5.5	6.5	7.7	-15.3
Population	106	106	106	104	99	93	184	201	191

Parentheses contain percentile rankings.
Universe: All Public Plans > $1B-Total Fund

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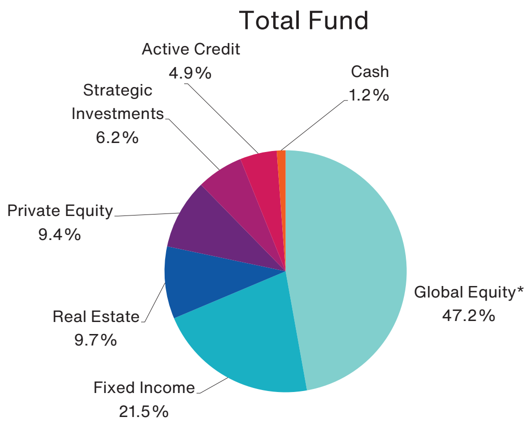
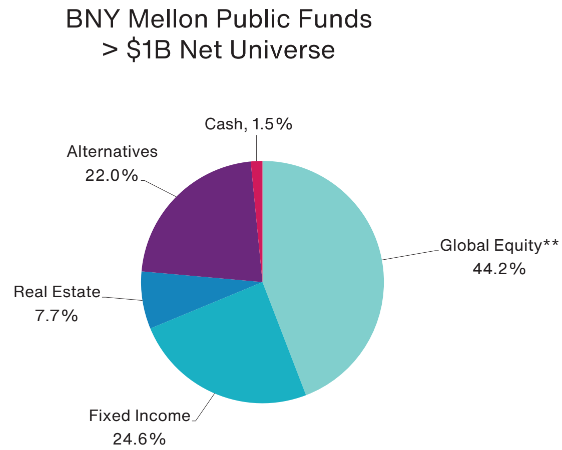
Universe Asset Allocation Comparison[1]

As of March 31, 2025





*Global Equity Allocation: 24.9% Domestic Equities; 15.1% Foreign Equities; 5.8% Global Equities; 0.6% Global Equity Cash; 0.8% Global Equity Liquidity Account. Percentages are of the Total FRS Fund.

[1]Allocations may not sum to 100.0% due to rounding.

**Global Equity Allocation: 26.8% Domestic Equities; 15.1% Foreign Equities.

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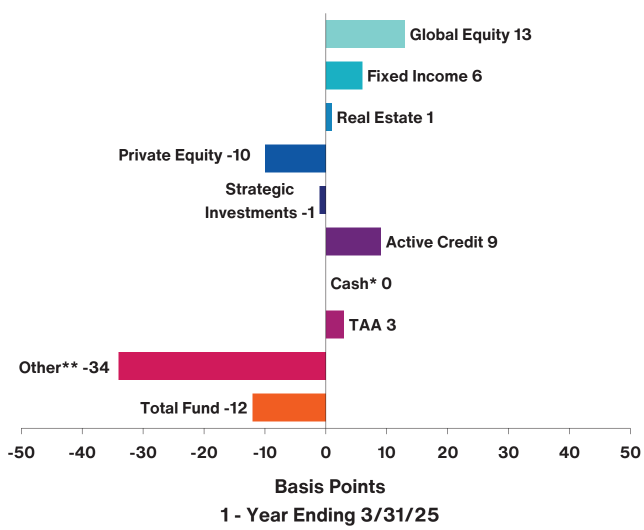
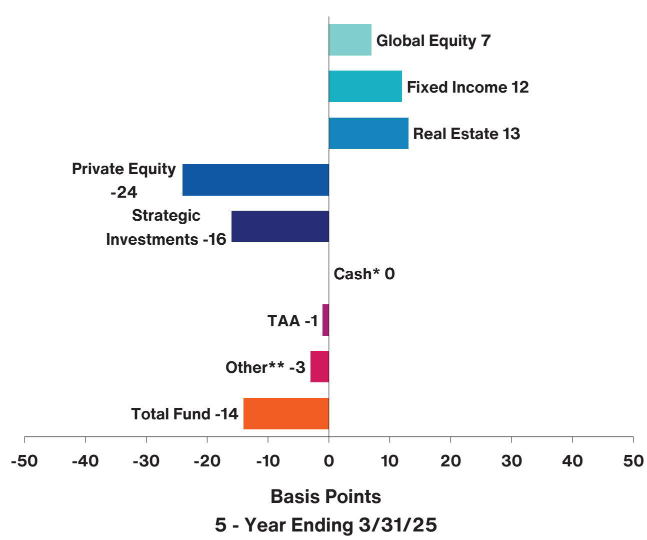
Attribution

As of March 31, 2025





*Cash AA includes Cash and Central Custody, Securities Lending Account income from 12/2009 to 3/2013 and unrealized gains and losses on securities lending collateral beginning June 2013, TF STIPFRS NAV Adjustment Account, and the Cash Expense Account.
**Other includes transition accounts, liquidity portfolios, accounts outside of C&CC, and unexplained differences due to methodology.

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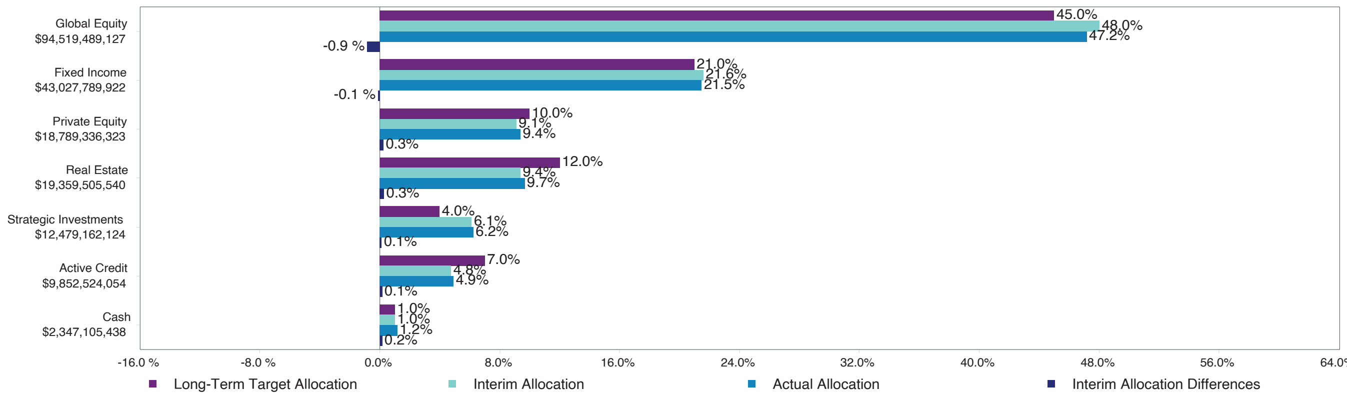
Asset Allocation Compliance

As of March 31, 2025

	Market Value $	Current Allocation %	Interim Allocation %	Long-Term Target Allocation %	Minimum Allocation %	Maximum Allocation %
Total Fund	**200,374,912,527**	**100.0**	**100.0**	**100.0**		
Global Equity	94,519,489,127	47.2	48.0	45.0	35.0	60.0
Fixed Income	43,027,789,922	21.5	21.6	21.0	12.0	30.0
Private Equity	18,789,336,323	9.4	9.1	10.0	6.0	20.0
Real Estate	19,359,505,540	9.7	9.4	12.0	8.0	20.0
Strategic Investments	12,479,162,124	6.2	6.1	4.0	2.0	14.0
Active Credit	9,852,524,054	4.9	4.8	7.0	2.0	12.0
Cash	2,347,105,438	1.2	1.0	1.0	0.3	5.0



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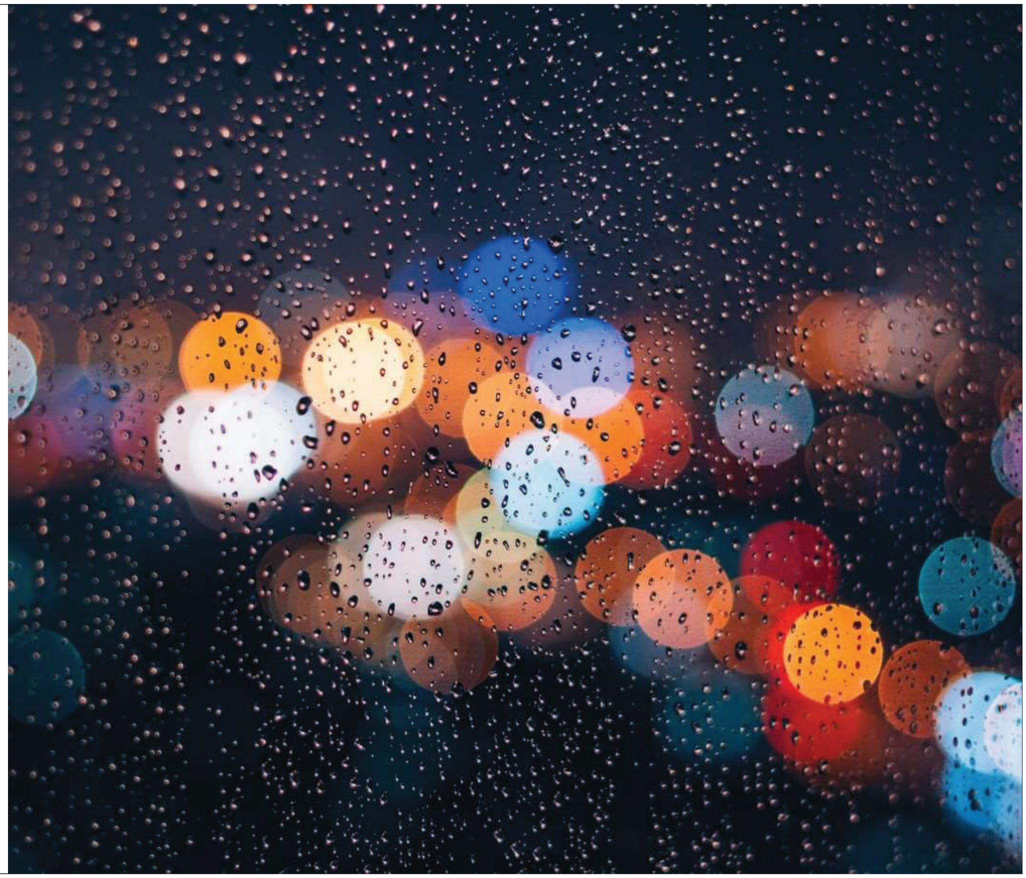
Global Equity



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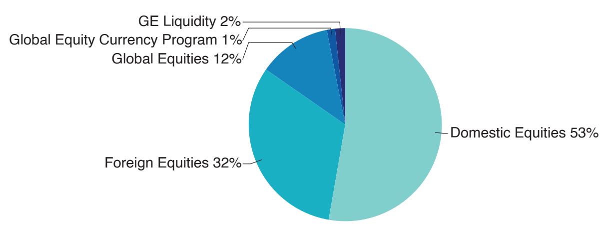
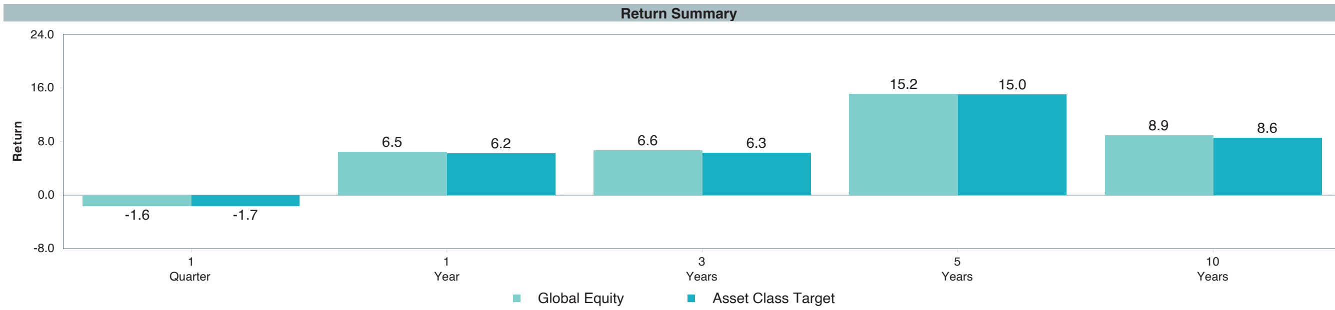
Global Equity* Portfolio Overview

As of March 31, 2025

Current Allocation
March 31, 2025 : $94,519M



Return Summary



* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.

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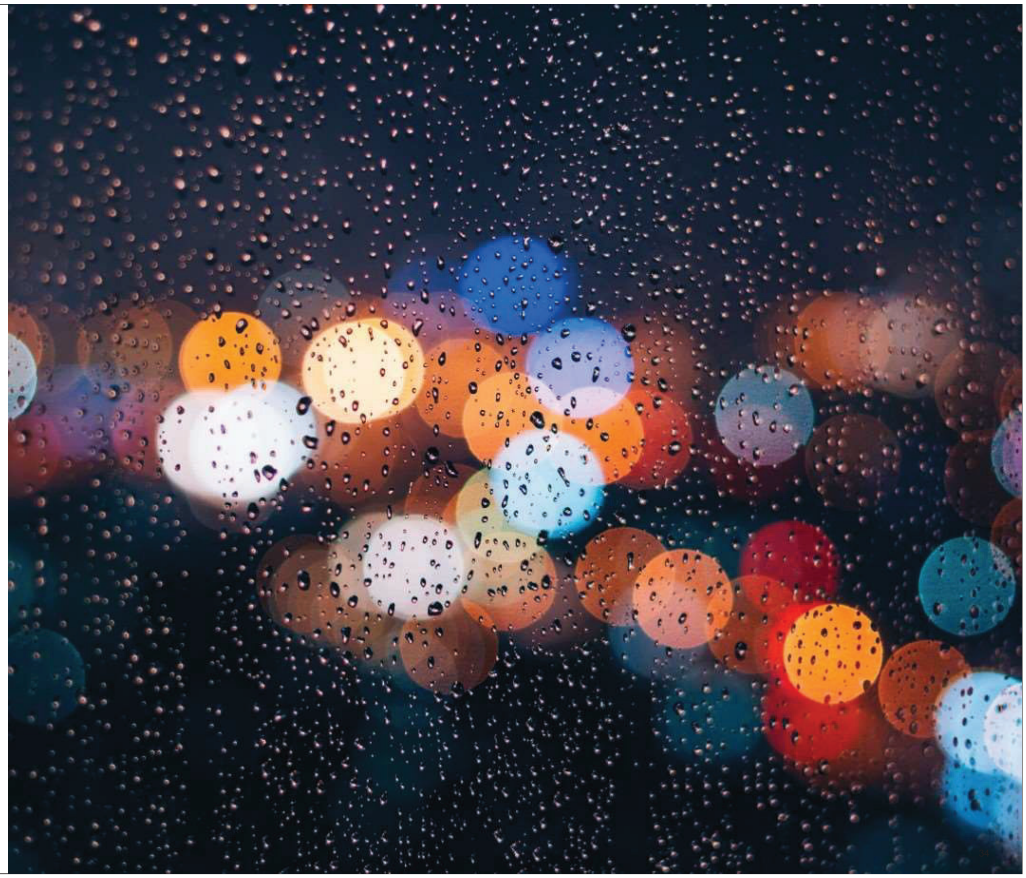
33

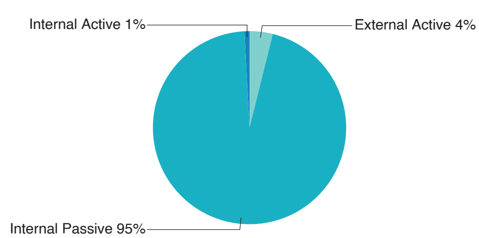
Domestic Equities



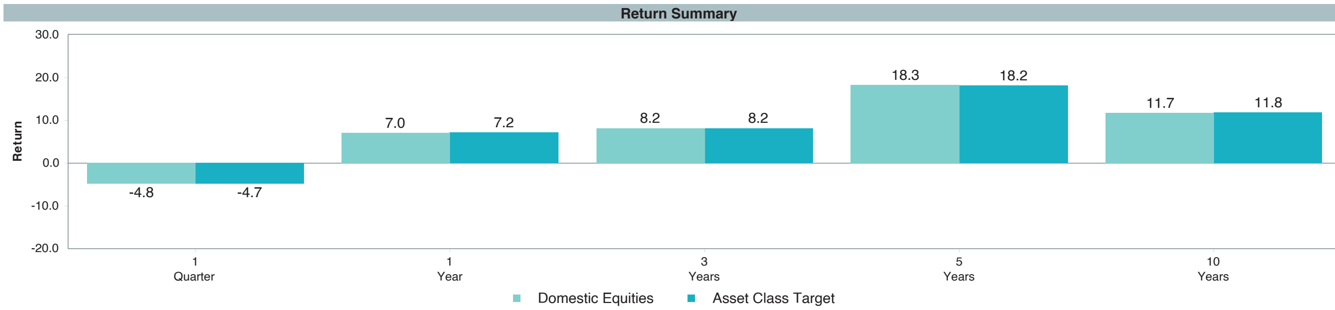
Domestic Equities Portfolio Overview

As of March 31, 2025

Current Allocation
March 31, 2025 : $49,860M

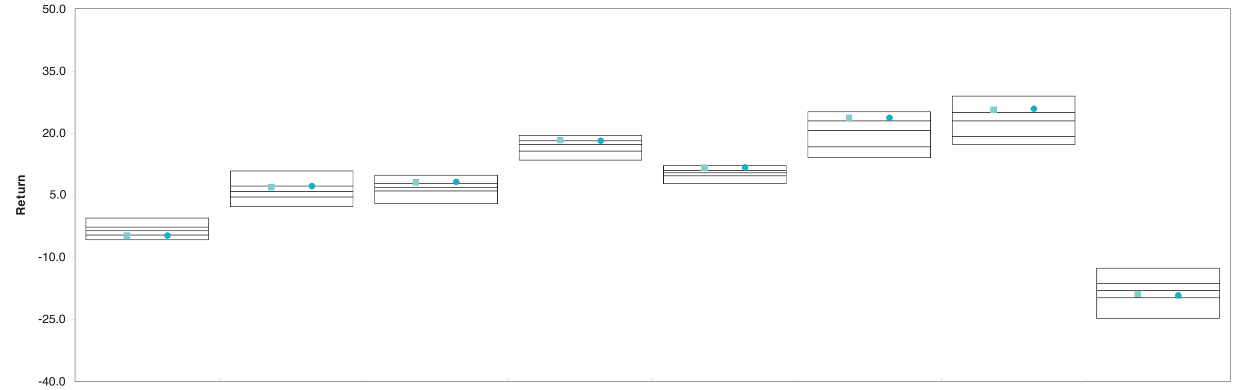


Return Summary



Domestic Equities Peer Group Analysis

As of March 31, 2025



	1 Quarter	1 Year	3 Years	5 Years	10 Years	2024	2023	2022
Domestic Equities	**-4.8 (81)**	**7.0 (33)**	**8.2 (19)**	**18.3 (22)**	**11.7 (16)**	**23.7 (19)**	**25.6 (20)**	**-18.9 (61)**
Asset Class Target	-4.7 (79)	7.2 (28)	8.2 (18)	18.2 (25)	11.8 (13)	23.8 (19)	26.0 (19)	-19.2 (65)
5th Percentile	-0.4	10.9	10.0	19.6	12.2	25.2	28.9	-12.5
1st Quartile	-2.6	7.3	7.8	18.1	11.0	23.0	25.1	-16.2
Median	-3.6	5.9	6.9	17.3	10.5	20.7	23.0	-17.9
3rd Quartile	-4.6	4.6	6.1	15.7	9.7	16.7	19.3	-19.8
95th Percentile	-5.8	2.3	3.1	13.6	7.9	14.1	17.3	-24.6
Population	53	53	50	44	40	53	51	52

Parentheses contain percentile rankings.

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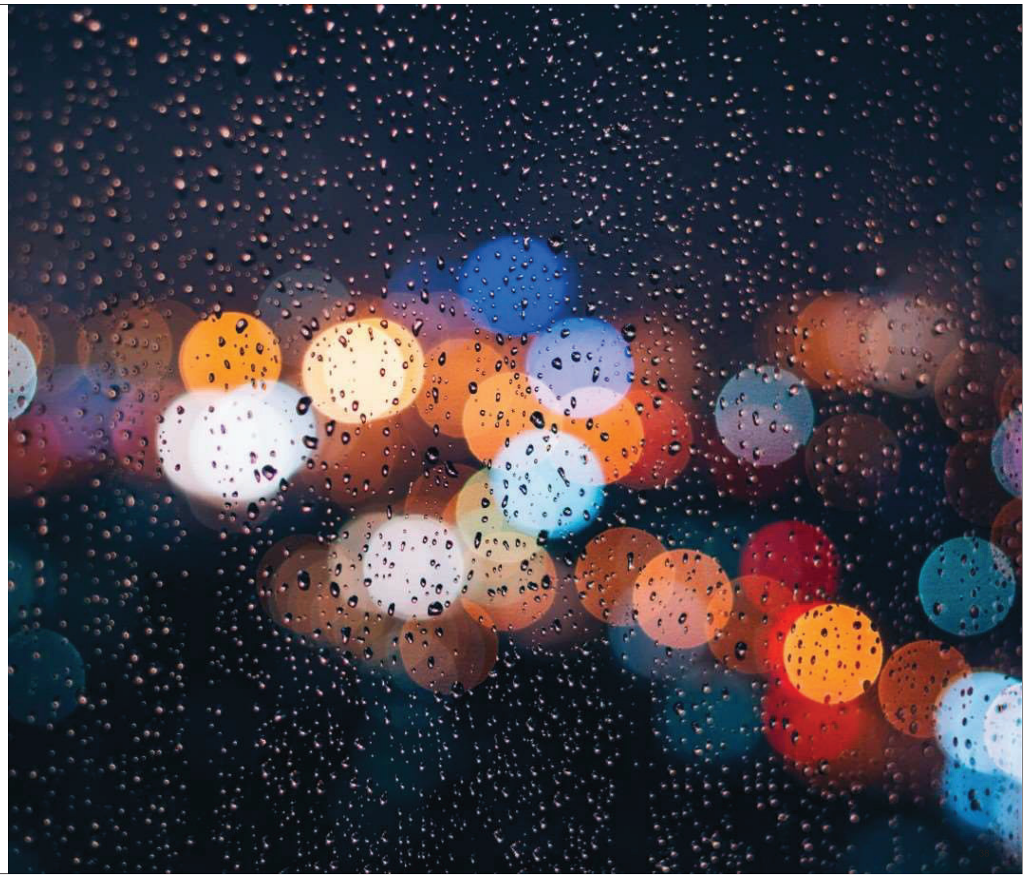
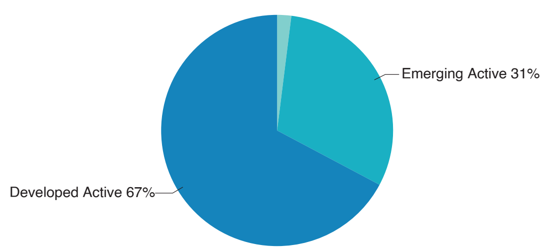
Foreign Equities



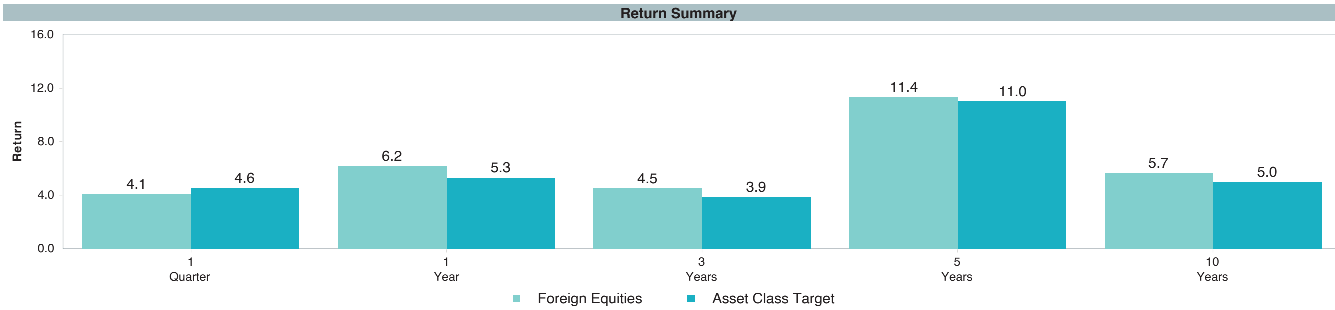
Foreign Equities Portfolio Overview

As of March 31, 2025

Current Allocation
March 31, 2025 : $30,176M

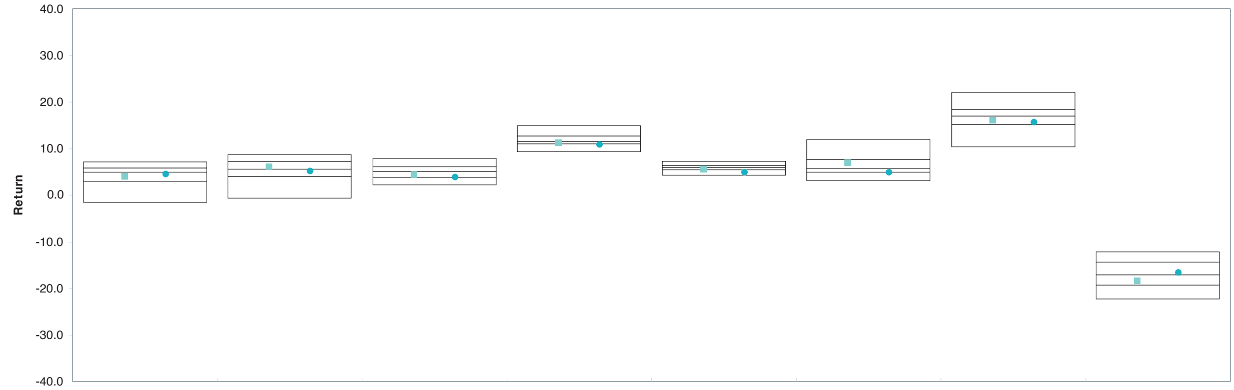


Return Summary



Foreign Equities Peer Group Analysis

As of March 31, 2025



	1 Quarter	1 Year	3 Years	5 Years	10 Years	2024	2023	2022
Foreign Equities	**4.1 (62)**	**6.2 (45)**	**4.5 (62)**	**11.4 (58)**	**5.7 (71)**	**7.0 (36)**	**16.1 (66)**	**-18.4 (67)**
Asset Class Target	4.6 (54)	5.3 (54)	3.9 (72)	11.0 (78)	5.0 (86)	5.0 (75)	15.7 (74)	-16.6 (43)
5th Percentile	7.1	8.8	8.0	15.0	7.4	12.0	22.1	-12.2
1st Quartile	5.9	7.3	6.2	12.8	6.4	7.7	18.4	-14.4
Median	5.0	5.7	5.2	11.6	6.1	5.8	17.0	-17.1
3rd Quartile	3.1	4.1	3.8	11.0	5.5	5.0	15.3	-19.2
95th Percentile	-1.4	-0.6	2.3	9.4	4.3	3.2	10.4	-22.2
Population	51	51	50	47	45	51	51	54

Parentheses contain percentile rankings.

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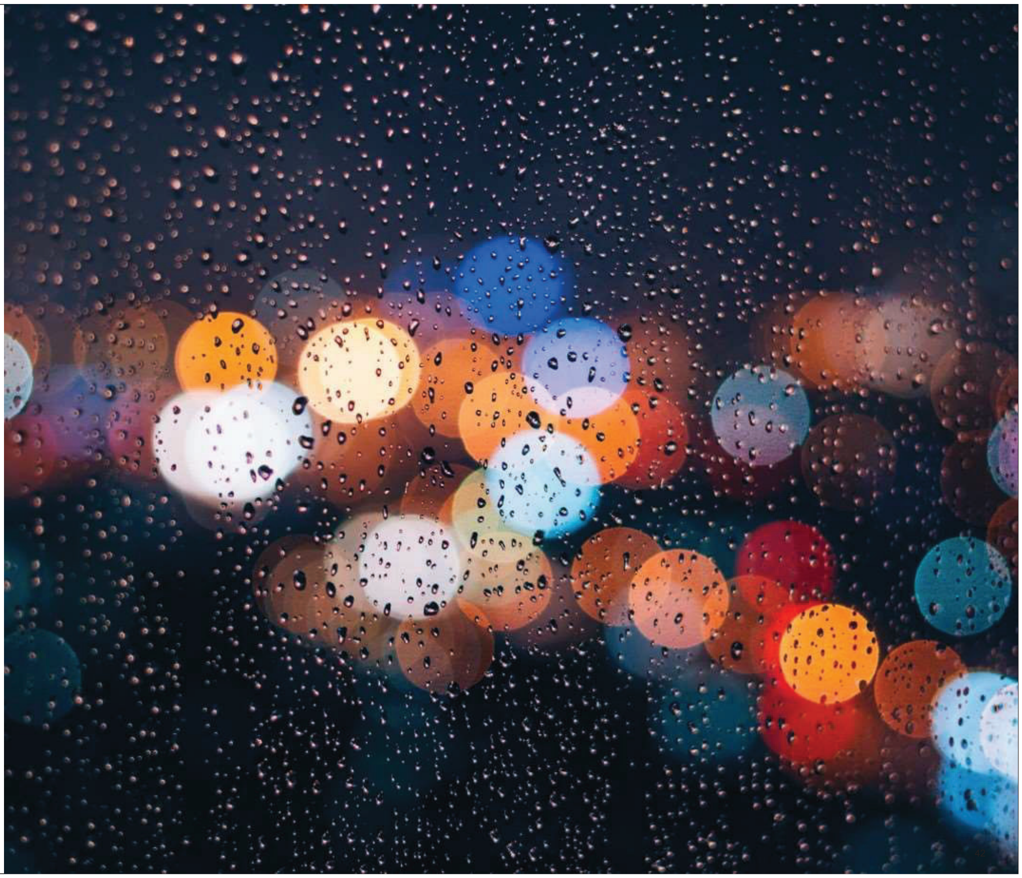
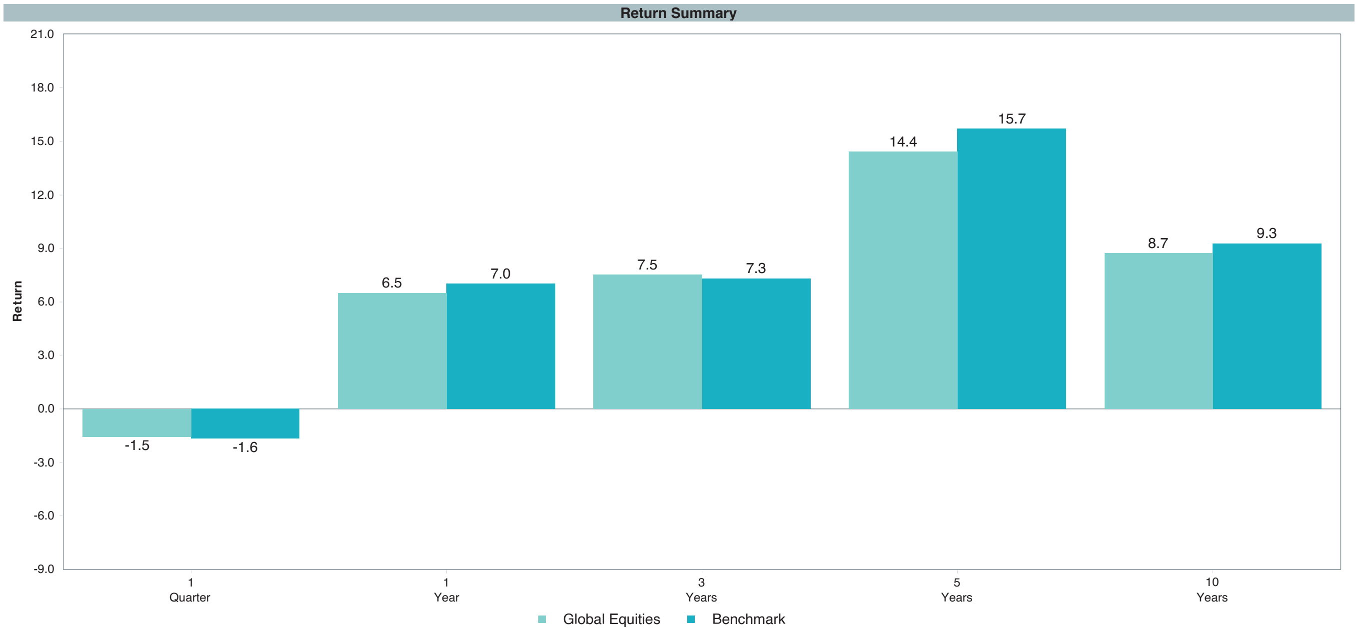
Global Equities

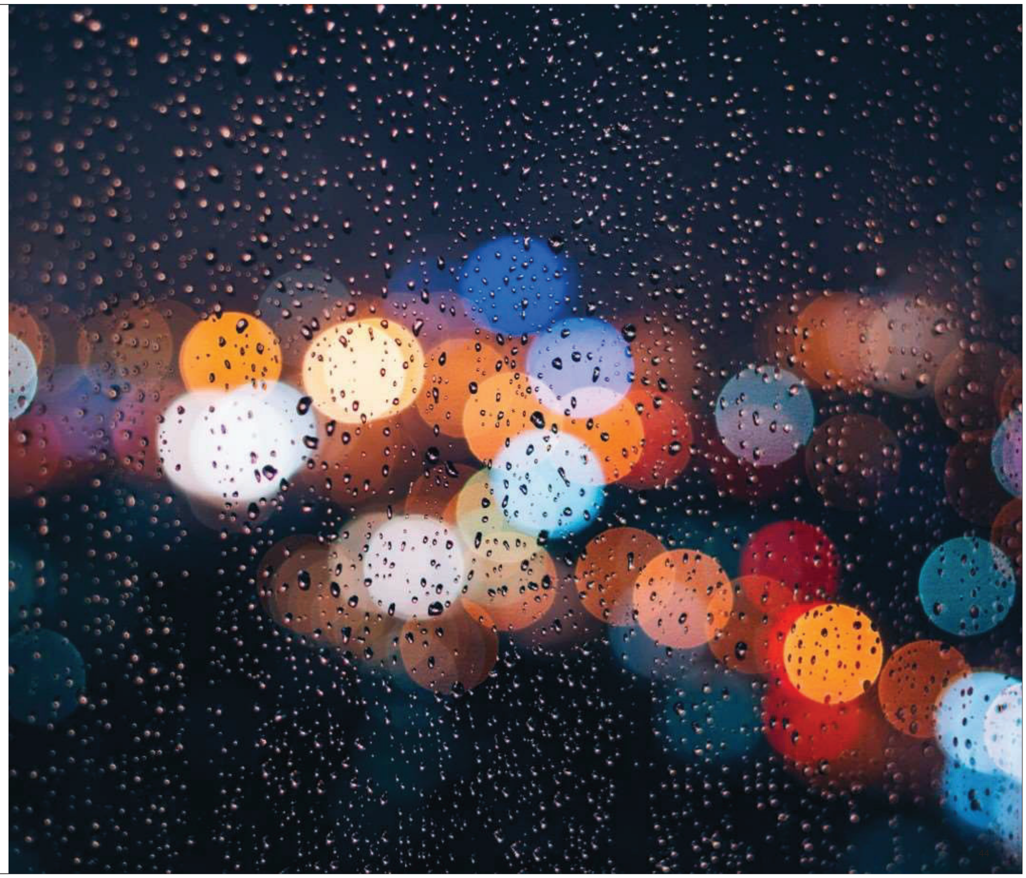


Global Equities Performance Summary

As of March 31, 2025



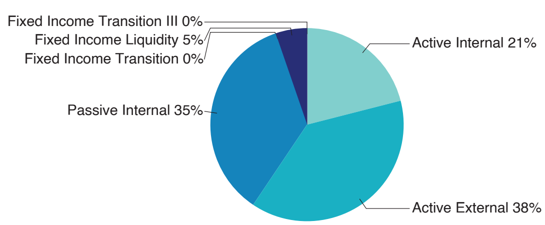
Fixed Income



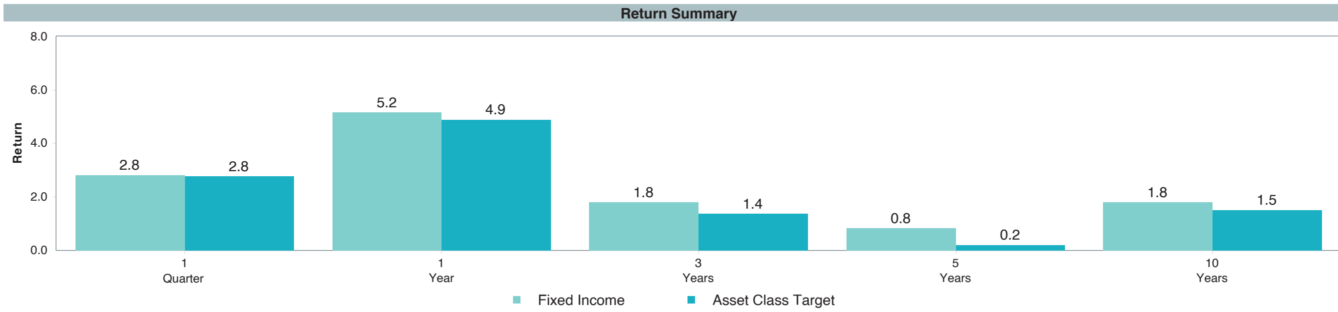
Fixed Income Portfolio Overview

As of March 31, 2025

Current Allocation
March 31, 2025 : $43,028M

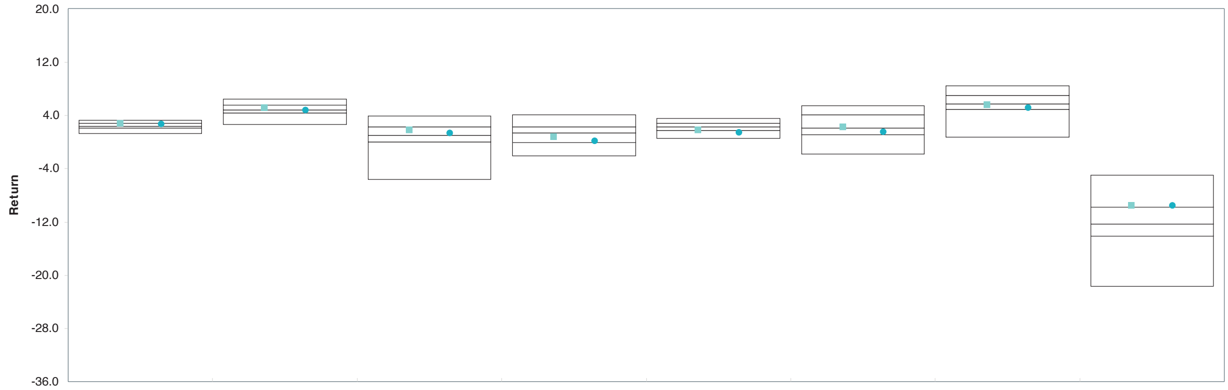


Return Summary



Fixed Income Peer Group Analysis

As of March 31, 2025



	1 Quarter	1 Year	3 Years	5 Years	10 Years	2024	2023	2022
Fixed Income	**2.8 (27)**	**5.2 (44)**	**1.8 (31)**	**0.8 (63)**	**1.8 (74)**	**2.3 (48)**	**5.6 (54)**	**-9.5 (25)**
Asset Class Target	2.8 (28)	4.9 (49)	1.4 (42)	0.2 (71)	1.5 (86)	1.5 (64)	5.2 (69)	-9.5 (25)
5th Percentile	3.3	6.5	3.9	4.1	3.6	5.5	8.4	-4.9
1st Quartile	2.8	5.5	2.3	2.3	2.9	4.1	7.0	-9.8
Median	2.4	4.8	1.0	1.4	2.3	2.1	5.8	-12.3
3rd Quartile	2.1	4.4	0.1	-0.1	1.8	1.1	4.9	-14.1
95th Percentile	1.3	2.6	-5.6	-2.0	0.6	-1.7	0.8	-21.7
Population	55	54	53	46	42	53	53	57

Parentheses contain percentile rankings.

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Private Equity

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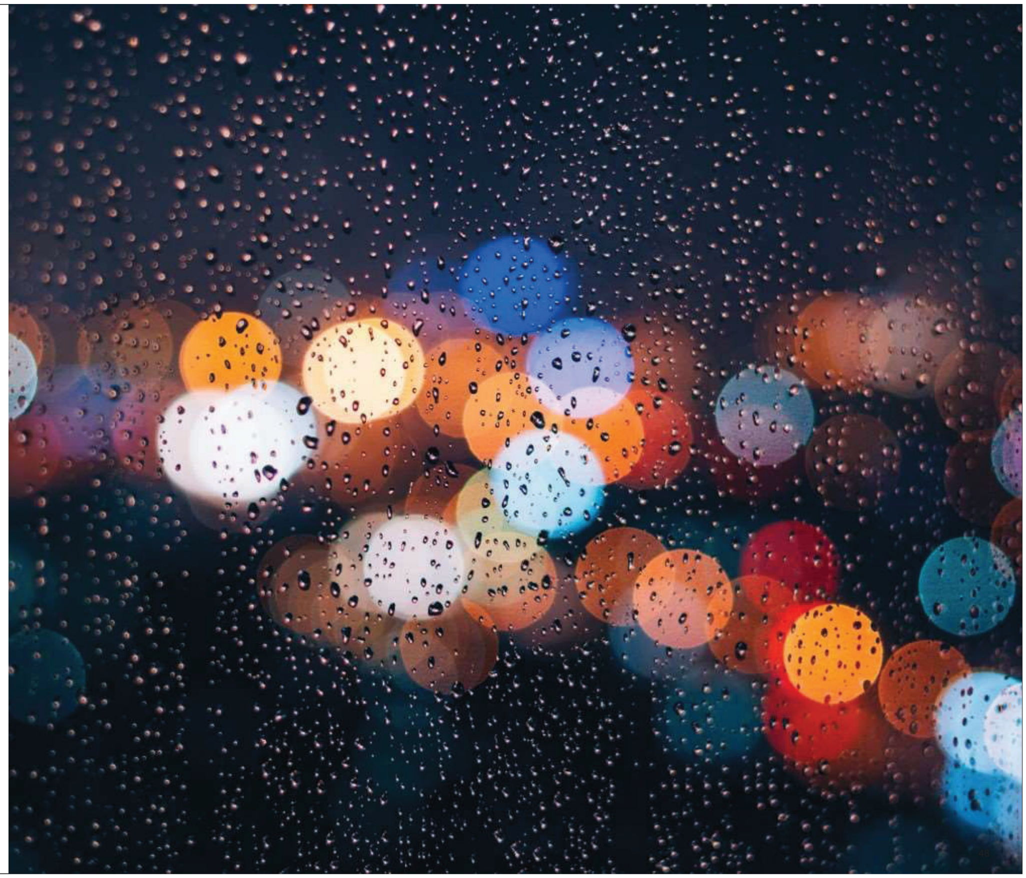
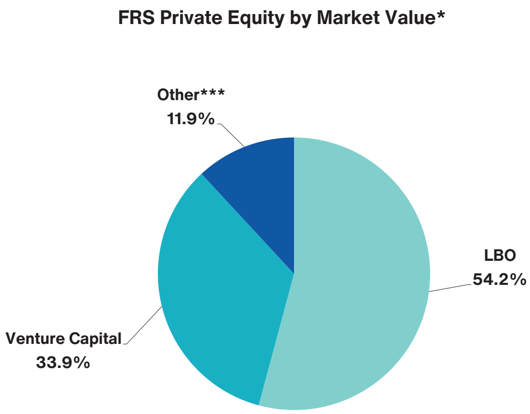
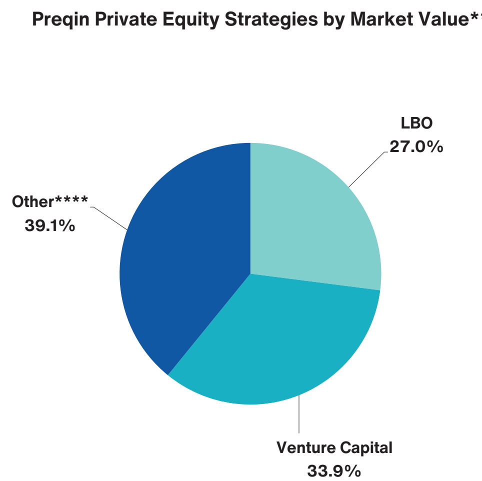


Private Equity Asset Allocation Overview

As of March 31, 2025





*Allocation data is as of March 31, 2025.
**Allocation data is as of September 30, 2024, from the Preqin Pro database.
***Other for the FRS Private Equity consists of Growth Capital, Secondary, PE Cash, and PE Transition.
****Other for the Preqin data consists of Distressed PE, Growth, Mezzanine, and other Private Equity/Special Situations.
Preqin universe is comprised of 10,000 private equity funds representing $4.8 trillion.

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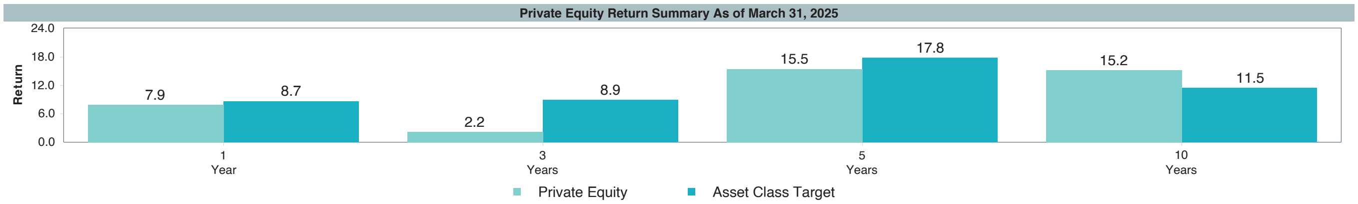
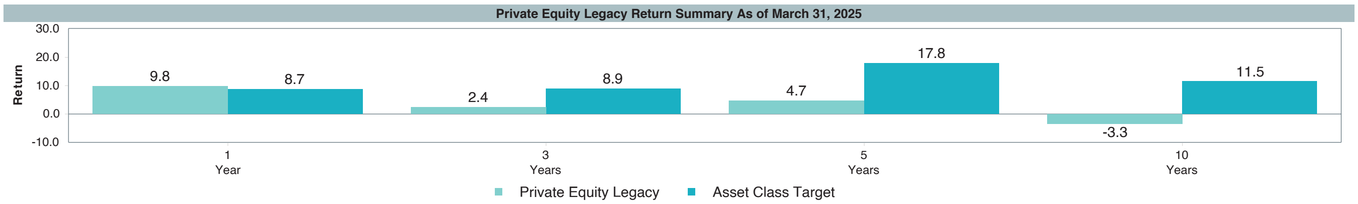
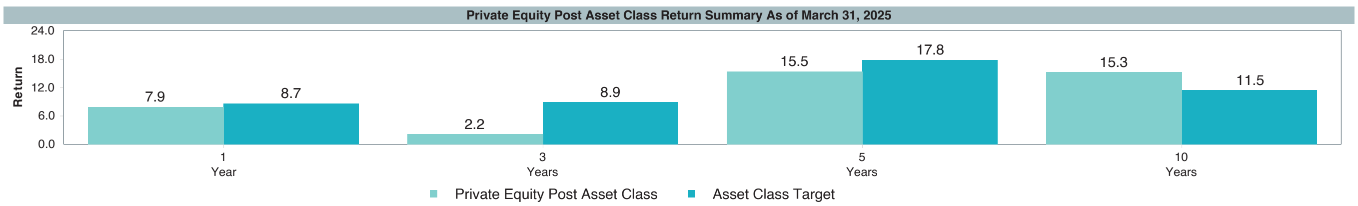
Private Equity Time-Weighted Investment Results

As of March 31, 2025

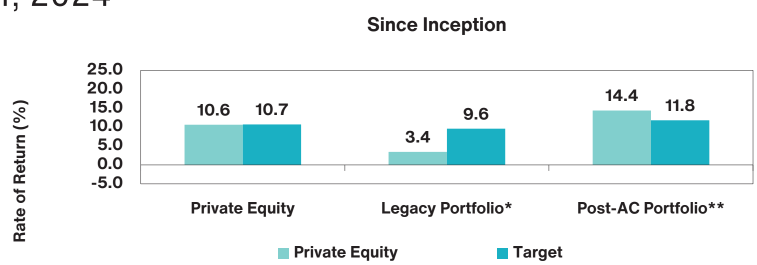


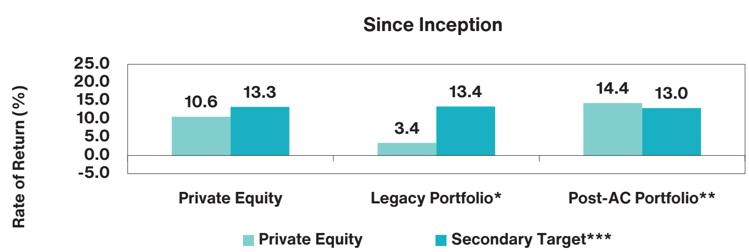




Dollar-Weighted Investment Results

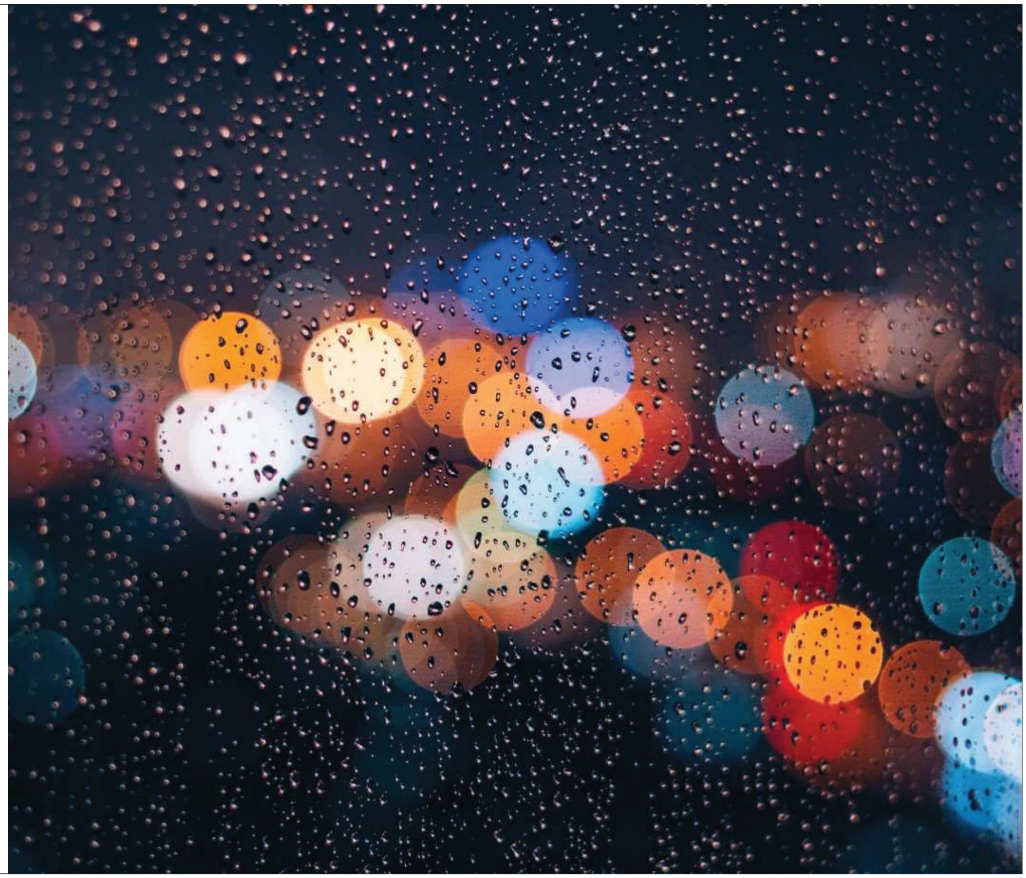
As of December 31, 2024





*The Inception Date for the Legacy Portfolio is January 1989.
**The Inception Date for the Post-AC Portfolio is September 2000.
***The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index based on actual ABAL weights. Secondary Target data is on a quarterly lag.

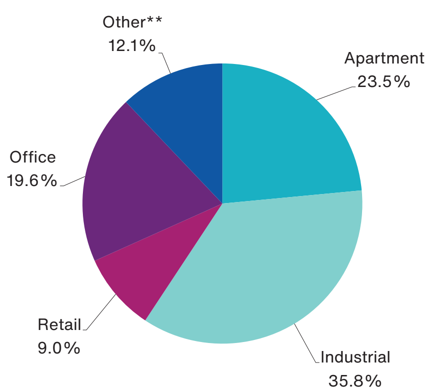
Real Estate



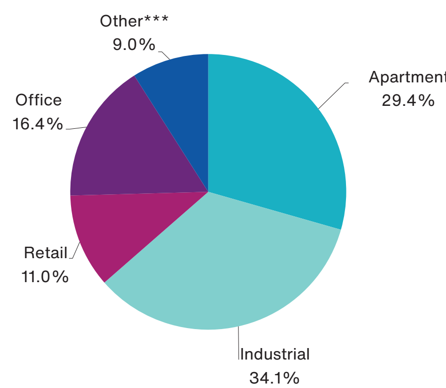
Real Estate Asset Allocation Overview

As of March 31, 2025

FRS*



NFI-ODCE Index*

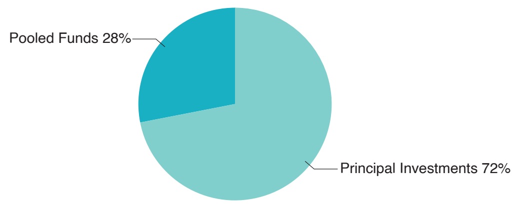


*Property Allocation data is as of December 31, 2024. The FRS chart includes only the FRS private real estate assets. Property type information for the REIT portfolios is not included.
**Other for the FRS consists of Hotel, Land, Preferred Equity, Agriculture, Self-Storage and Senior Housing.
***Other for the NFI-ODCE Index consists of Hotel, Senior Living, Healthcare, Mixed Use, Single Family Residential, Parking, Timber/Agriculture, Land and Infrastructure.

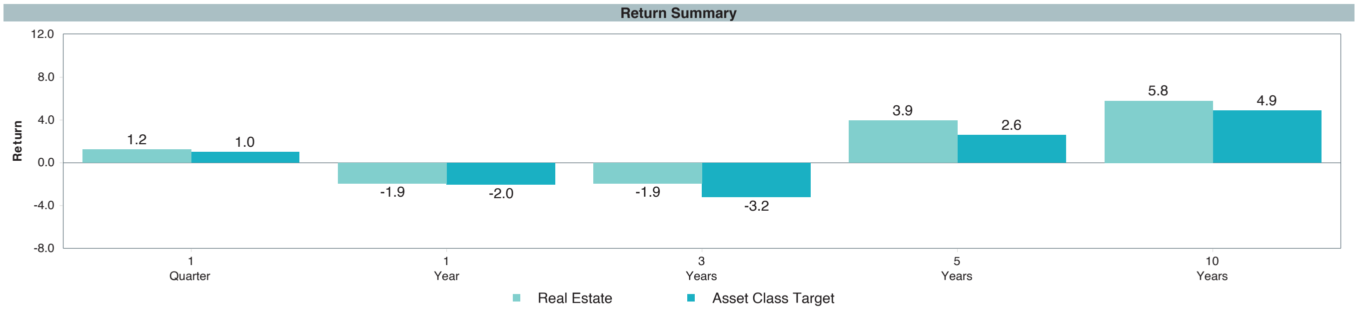
Real Estate Portfolio Overview

As of March 31, 2025

Current Allocation
March 31, 2025 : $19,360M



Return Summary



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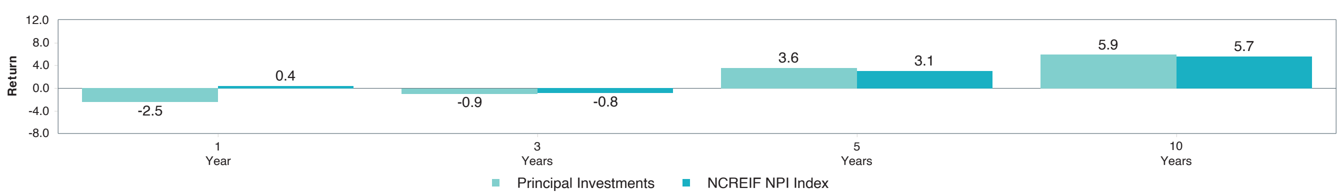
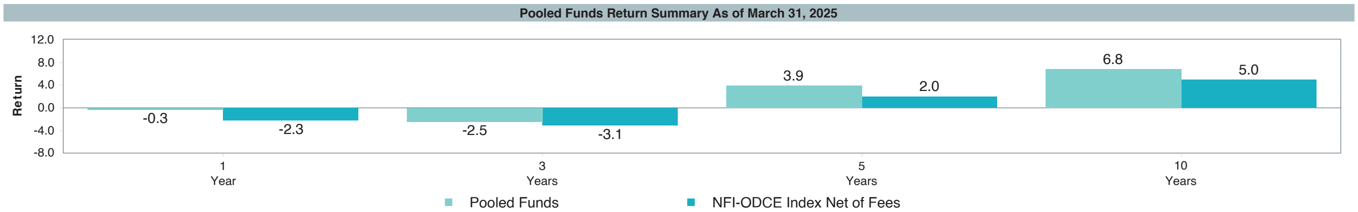
Real Estate Performance Overview

As of March 31, 2025

Principal Investments Return Summary As of March 31, 2025



Pooled Funds Return Summary As of March 31, 2025



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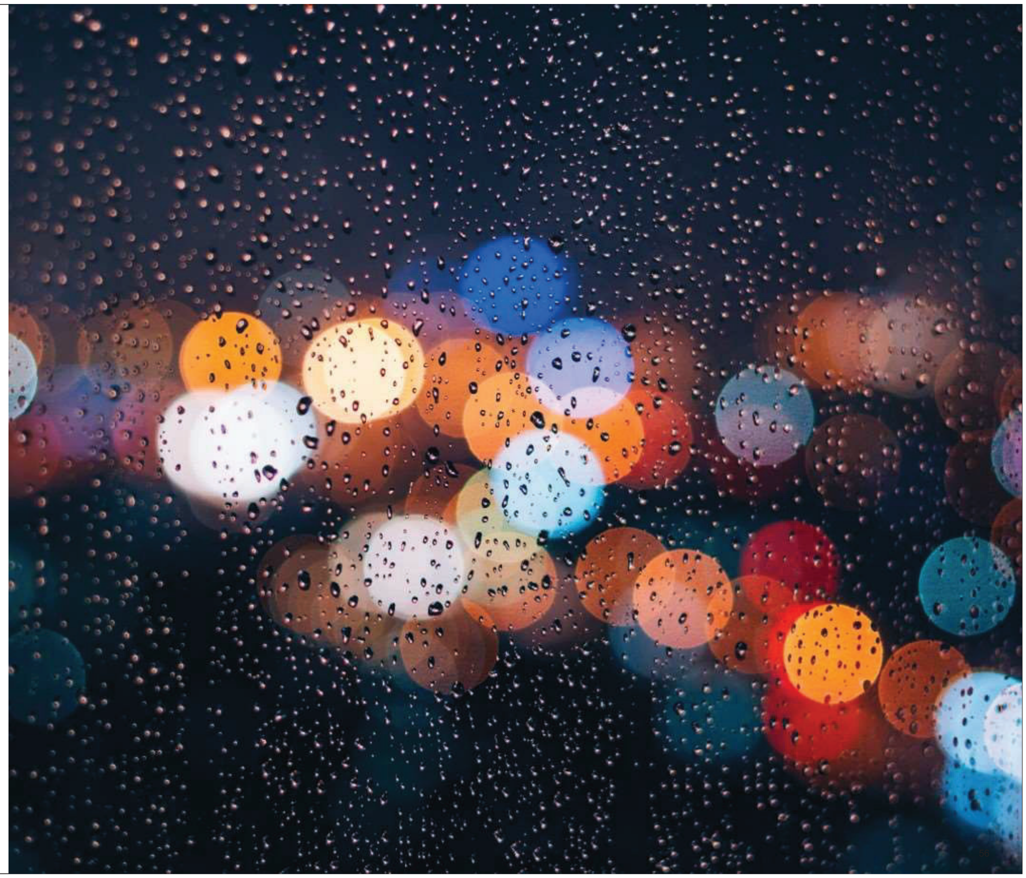
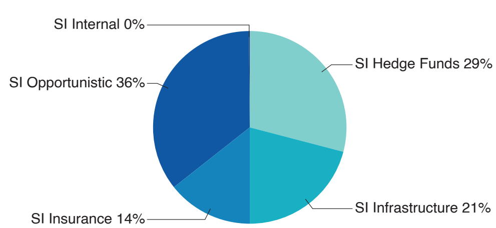
Strategic Investments



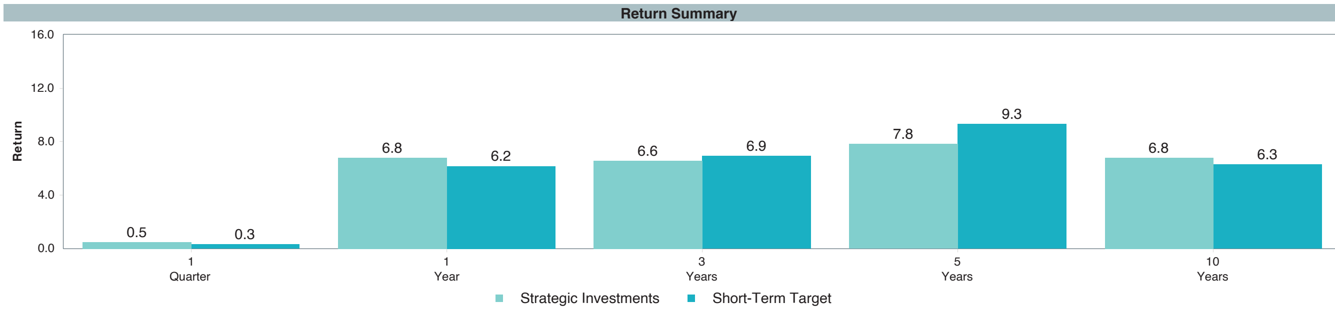
Strategic Investments Portfolio Overview

As of March 31, 2025

Current Allocation
March 31, 2025 : $12,479M

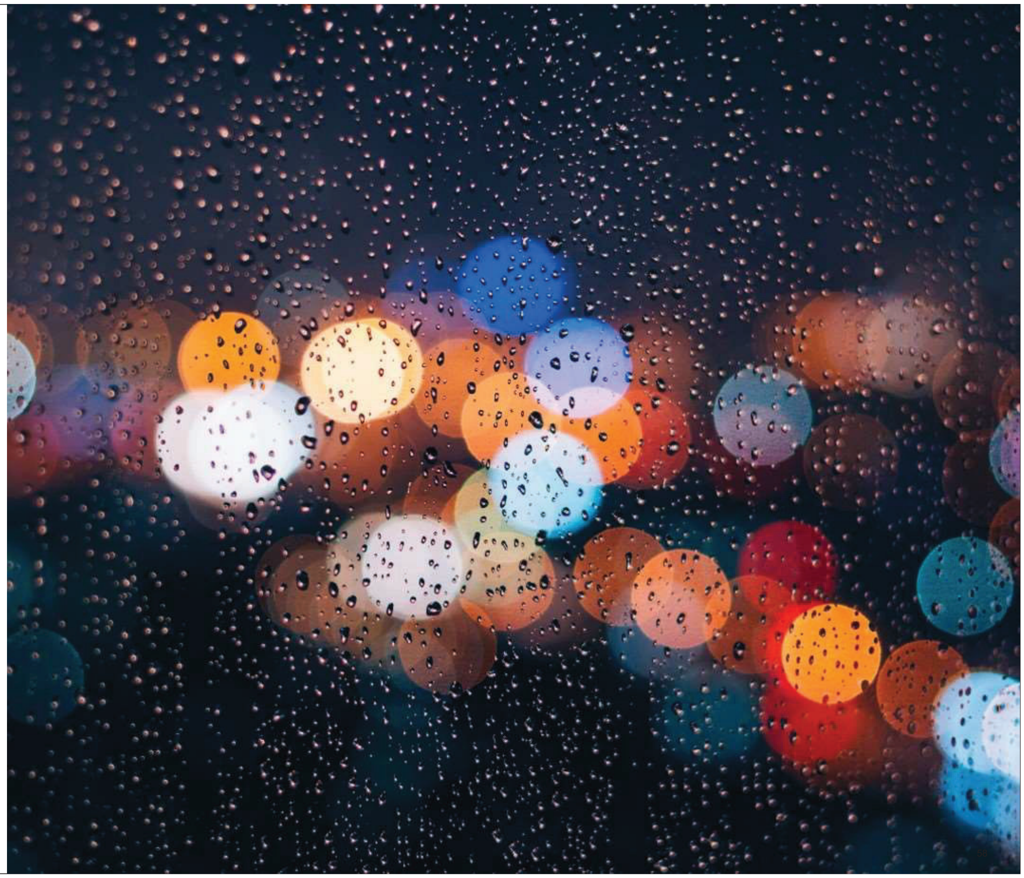


Return Summary



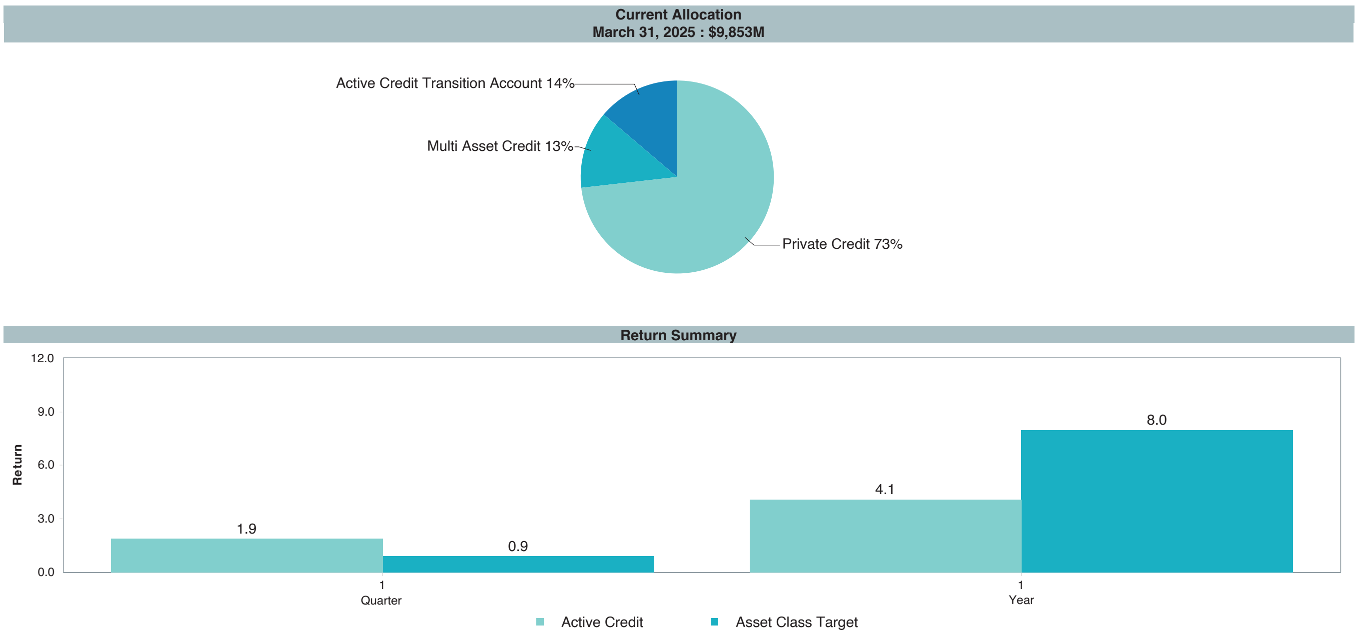
57

Active Credit



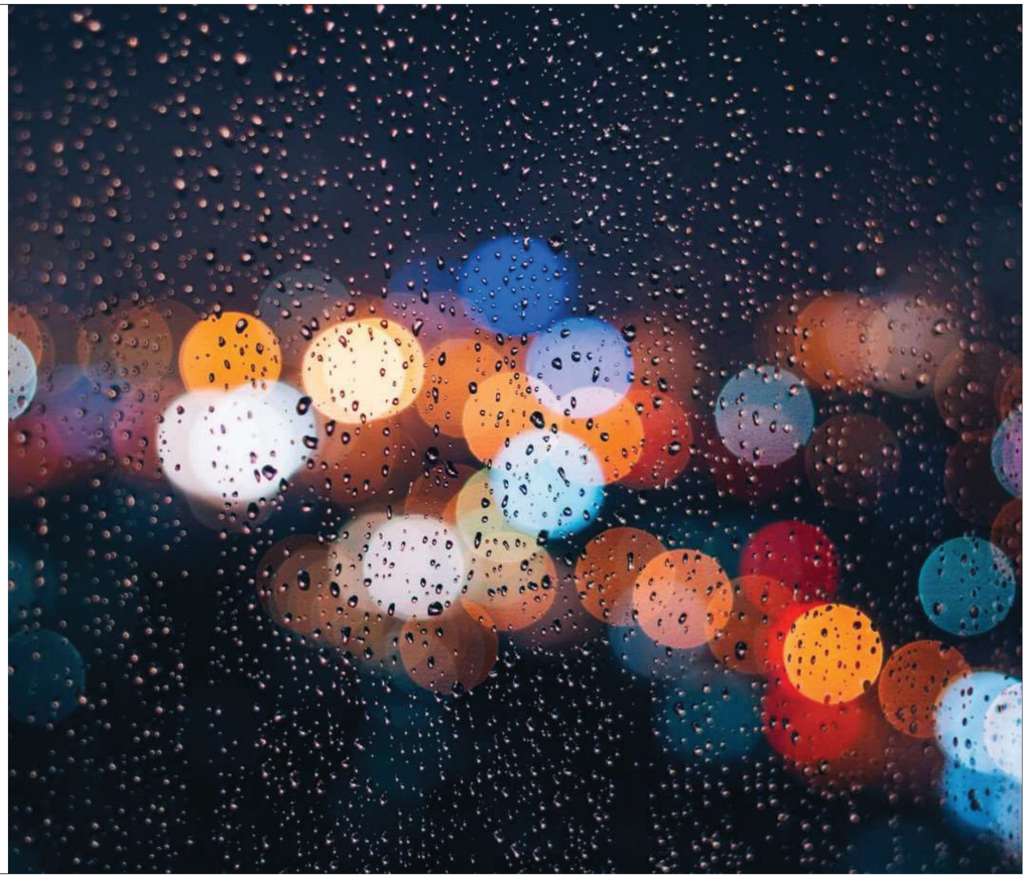
Active Credit Portfolio Overview

As of March 31, 2025



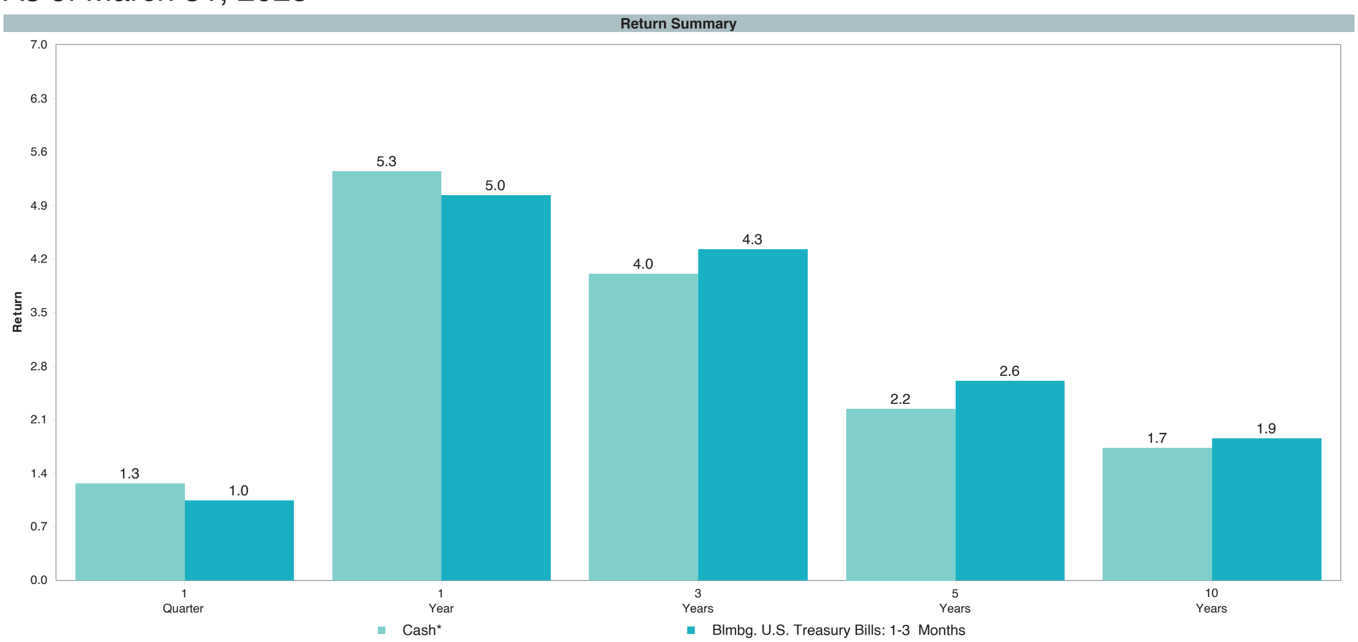
59

Cash



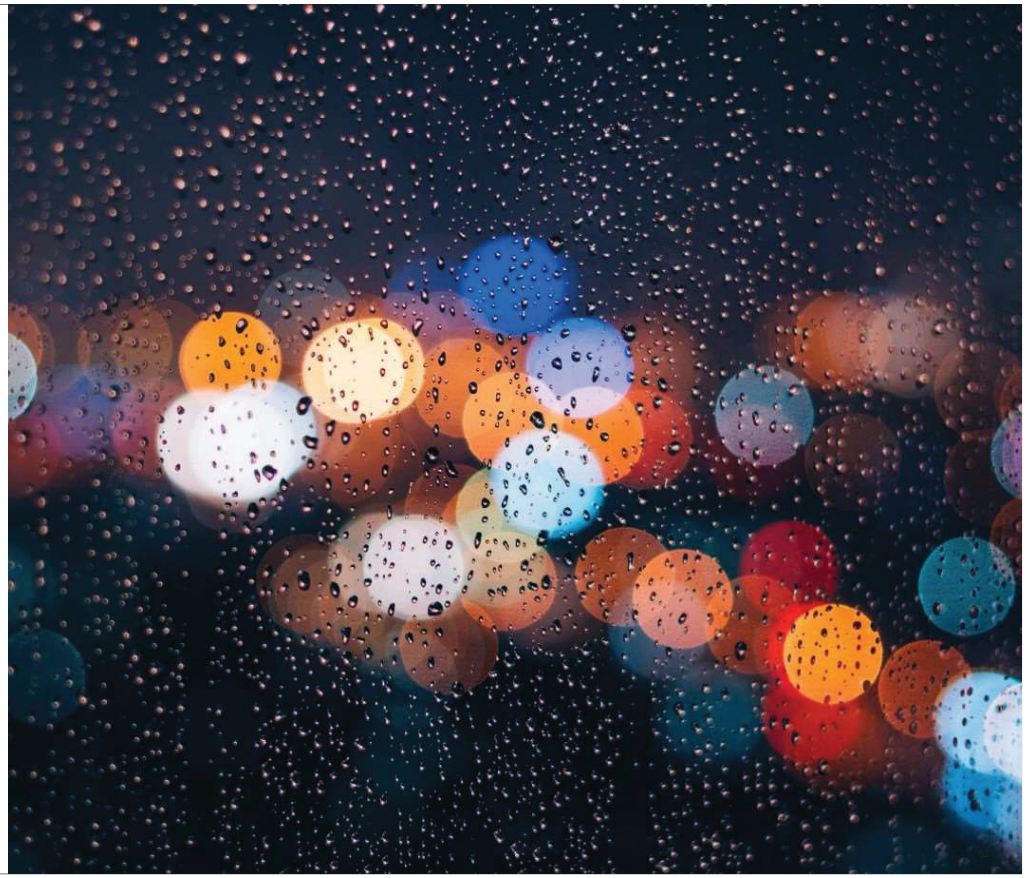
Cash Performance Summary

As of March 31, 2025



*Performance for the Cash & Central Custody and Enhanced Cash Composite is shown.

Appendix



Appendix

Total FRS Assets

Performance Benchmark- A combination of the Global Equity Target, the Barclays Capital U.S. Intermediate Aggregate Index, the Private Equity Target Index, the Real Estate Investments Target Index, the Strategic Investments Target Benchmark, and the Bank of America Merrill Lynch 3-Month US Treasury Index. The short-term target policy allocations to the Strategic Investments, Real Estate and Private Equity asset classes are floating and based on the actual average monthly balance of the Global Equity asset class. Please refer to section VII. Performance Measurement in the FRS Defined Benefit Plan Investment Policy Statement for more details on the calculation of the Performance Benchmark. Prior to October 1, 2013, the Performance benchmark was a combination of the Global Equity Target, the Barclays Aggregate Bond Index, the Private Equity Target Index, the Real Estate Investments Target Index, the Strategic Investments Target Benchmark, and the iMoneyNet First Tier Institutional Money Market Funds Net Index. The short-term target policy allocations to the Strategic Investments, Real Estate and Private Equity asset classes are floating and based on the actual average monthly balance of the Global Equity asset class. Prior to July 2010, the Performance Benchmark was a combination of the Russell 3000 Index, the Foreign Equity Target Index, the Strategic Investments Target Benchmark, the Barclays Aggregate Bond Index, the Real Estate Investments Target Index, the Private Equity Target Index, the Barclays U.S. High Yield Ba/B 2% Issuer Capped Index, and the iMoneyNet First Tier Institutional Money Market Funds Gross Index. During this time, the short-term target policy allocations to Strategic Investments, Real Estate and Private Equity asset classes were floating and based on the actual average monthly balance of the Strategic Investments, Real Estate and Private Equity asset classes. The target weights shown for Real Estate and Private Equity were the allocations that the asset classes were centered around. The actual target weight floated around this target month to month based on changes in asset values.

Total Global Equity

Performance Benchmark- A custom version of the MSCI All Country World Investable Market Index (MSCI IMI), in dollar terms, net of withholding taxes on non-resident institutional investors, adjusted to reflect securities and other investments prohibited by Florida law or that would be prohibited by Florida law if acquired as of the date of measurement of such Index notwithstanding that the securities or investments were actually acquired before such date. Prior to July 2010, the asset class benchmark is a weighted average of the underlying Domestic Equities, Foreign Equities and Global Equities historical benchmarks.

Total Domestic Equities

Performance Benchmark- The Russell 3000 Index. Prior to July 1, 2002, the benchmark was the Wilshire 2500 Stock Index. Prior to January 1, 2001, the benchmark was the Wilshire 2500 Stock Index ex-Tobacco. Prior to May 1, 1997, the benchmark was the Wilshire 2500 Stock Index. Prior to September 1, 1994, the benchmark was the S&P 500 Stock Index.

Total Foreign Equities

Performance Benchmark- A custom version of the MSCI ACWI ex-U.S. Investable Market Index adjusted to exclude companies divested under the PFIA. Prior to April 1, 2008, it was the MSCI All Country World Index ex-U.S. Investable Market Index. Prior to September 24, 2007, the target was the MSCI All Country World ex-U.S. Free Index. Prior to November 1, 1999, the benchmark was 85% MSCI Europe, Australasia and Far East (EAFE) Foreign Stock Index and 15% IFCI Emerging Markets Index with a half weight in Malaysia. Prior to March 31, 1995, the benchmark was the EAFE Index.

Total Global Equities

Performance Benchmark- Aggregated based on each underlying manager's individual benchmark. The calculation accounts for the actual weight and the benchmark return. The benchmarks used for the underlying managers include both the MSCI FSB All Country World ex-Sudan ex-Iran Net Index and MSCI FSB All Country World ex-Sudan ex-Iran Net Investable Market Index (IMI).

Appendix

Total Fixed Income

Performance Benchmark- The Barclays Capital U.S. Intermediate Aggregate Index. Prior to October 1, 2013, it was the Barclays U.S. Aggregate Bond Index. Prior to June 1, 2007, it was the Fixed Income Management Aggregate (FIMA). Prior to July 1, 1999, the benchmark was the Florida High Yield Extended Duration Index. Prior to July 31, 1997, the benchmark was the Florida Extended Duration Index. Prior to July 1, 1989, the Salomon Brothers Broad Investment-Grade Bond Index was the benchmark. For calendar year 1985, the performance benchmark was 70% Shearson Lehman Extended Duration and 30% Salomon Brothers Mortgage Index.

Total Private Equity

Performance Benchmark- The MSCI All Country World Investable Market Index (ACWI IMI), adjusted to reflect the provisions of the Protecting Florida's Investments Act, plus a fixed premium return of 300 basis points per annum. Prior to July 1, 2014, the benchmark was the domestic equities target index return (Russell 3000 Index) plus a fixed premium return of 300 basis points per annum. Prior to July 1, 2010, it was the domestic equities target index return plus a fixed premium return of 450 basis points per annum. Prior to November 1, 1999, Private Equities was part of the Domestic Equities asset class and its benchmark was the domestic equities target index return plus 750 basis points.

Total Real Estate

Performance Benchmark- The core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index- Open-ended Diversified Core Equity, net of fees, weighted at 76.5%, and the non-core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index- Open-ended Diversified Core Equity, net of fees, weighted at 13.5%, plus a fixed return premium of 150 basis points per annum, and the FTSE EPRA/NAREIT Developed Index, in dollar terms, net of withholding taxes on non-resident institutional investors, weighted at 10%. Prior to July 1, 2014, the benchmark was a combination of 90% NCREIF ODCE Index, net of fees, and 10% FTSE EPRA/NAREIT Developed Index, net of fees. Prior to July 1, 2010, it was a combination of 90% NCREIF ODCE Index, gross of fees, and 10% Dow Jones U.S. Select RESI. Prior to June 1, 2007, it was the Consumer Price Index plus 450 basis points annually. Prior to July 1, 2003, the benchmark was the Dow Jones U.S. Select Real Estate Securities Index Un-Levered. Prior to November 1, 1999, the benchmark was the Russell-NCREIF Property Index.

Total Strategic Investments

Performance Benchmark- Long-term, 4.0% plus the contemporaneous rate of inflation or CPI. Short-term, a weighted aggregation of individual portfolio level benchmarks. Prior to July 1, 2018, a Performance Benchmark-Long-term, 4.5% plus the contemporaneous rate of inflation or CPI. Short-term, a weighted aggregation of individual portfolio level benchmark.

Total Active Credit

Performance Benchmark- Floating based on public/private mix: (1) High Yield – Bloomberg U.S. High Yield Index; (2) Bank Loans – LSTA Leveraged Loan Index; (3) Emerging Market Debt, adjusted to reflect securities and other investments prohibited by Florida law and SBA policy – Bloomberg Emerging Market Local Currency Government 10% Country Capped, Bloomberg Emerging Market USD Sovereign, and Bloomberg Emerging Market USD Corporate; and (4) Private Credit - LSTA Leveraged Loan Index + 1.75%

Total Cash

Performance Benchmark- Bloomberg Barclays U.S. Treasury Bill: 1-3 month index. Prior to October 1, 2020, it was the Bank of America Merrill Lynch 3-Month US Treasury Index. Prior to July 1, 2018 it was the iMoneyNet First Tier Institutional Money Market Funds Net Index. Prior to July 1, 2010, it was the iMoneyNet First Tier Institutional Money Market Funds Gross Index. Prior to June 1, 2007, it was the return of the Merrill Lynch 90-Day (Auction Average) Treasury Bill Yield Index.

Appendix

Description of Benchmarks

Bloomberg EM Local Currency Government 10% Country Capped Index measures the performance of fixed-rate, local currency emerging market treasury Countries. Securities must have at least one year remaining until final maturity.

Bloomberg EM USD Corporate- Aims to measure US dollar denominated debt issued by emerging market corporations

Bloomberg EM USD Sovereign- Aims to include US dollar-denominated debt issued by emerging market sovereigns, government guaranteed, and 100% government owned emerging market issuers

Bloomberg U.S. Corporate High Yield Bond Index- Measures the USD denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below

Bloomberg U.S. Intermediate Aggregate Bond Index- A market value-weighted index consisting of U.S. Treasury securities, corporate bonds and mortgage-related and asset-backed securities with one to ten years to maturity and an outstanding par value of $250 million or greater.

Bloomberg U.S. Treasury Bill: 1-3 month Index- Consists of U.S. Treasury Bills that have a remaining maturity of greater than or equal to 1 month and less than 3 months

Consumer Price Index (CPI)- The CPI, an index consisting of a fixed basket of goods bought by the typical consumer and used to measure consumer inflation.

FTSE EPRA/NAREIT Developed Index- An index designed to represent general trends in eligible real estate equities worldwide. Relevant real estate activities are defined as the ownership, disposure and development of income-producing real estate. This index covers the four primary core asset classes (Industrial, Retail, Office, and Apartment).

Morningstar LSTA Leveraged Loan Index- A market-value weighted index designed to measure the performance of the US leveraged loan, consisting of senior secured, USD denominated, a minimum initial term of 1 year, a base rate +125, and minimum issue size of $50 million

MSCI All Country World Investable Market Index- A free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets. This investable market index contains constituents from the large, mid, and small cap size segments and targets a coverage range around 99% of free-float adjusted market capitalization.

NCREIF ODCE Property Index- The NCREIF ODCE is a capitalization-weighted, gross of fee, time-weighted return index. The index is a summation of open-end funds, which NCREIF defines as infinite-life vehicles consisting of multiple investors who have the ability to enter or exit the fund on a periodic basis, subject to contribution and/or redemption requests.

Appendix

Russell 3000 Index- A capitalization-weighted stock index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This represents most publicly traded, liquid U.S. stocks.

Appendix

Description of Universes

Total Fund- A universe comprised of 150 total fund portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics and Investment Metrics. Aggregate assets in the universe comprised $2.0 trillion as of quarter-end and the average market value was $13.2 billion.

Domestic Equity- A universe comprised of 52 total domestic equity portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised $1.0 trillion as of quarter-end and the average market value was $18.5 billion.

Foreign Equity- A universe comprised of 55 total international equity portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised $1.0 trillion as of quarter-end and the average market value was $18.5 billion.

Fixed Income- A universe comprised of 55 total fixed income portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised $1.1 trillion as of quarter-end and the average market value was $19.5 billion.

Real Estate- A universe comprised of 42 total real estate portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised $1.0 trillion as of quarter-end and the average market value was $24.1 billion.

Private Equity- An appropriate universe for private equity is unavailable.

Strategic Investments- An appropriate universe for strategic investments is unavailable.

Active Credit- An appropriate universe for strategic investments is unavailable.

Appendix

Explanation of Exhibits

Quarterly and Cumulative Excess Performance- The vertical axis, excess return, is a measure of fund performance less the return of the primary benchmark. The horizontal axis represents the time series. The quarterly bars represent the underlying funds' relative performance for the quarter.

Ratio of Cumulative Wealth Graph- An illustration of a portfolio's cumulative, un-annualized performance relative to that of its benchmark. An upward-sloping line indicates superior fund performance versus its benchmark. Conversely, a downward-sloping line indicates underperformance by the fund. A flat line is indicative of benchmark-like performance.

Performance Comparison - Plan Sponsor Peer Group Analysis- An illustration of the distribution of returns for a particular asset class. The component's return is indicated by the circle and its performance benchmark by the triangle. The top and bottom borders represent the 5th and 95th percentiles, respectively. The solid line indicates the median while the dotted lines represent the 25th and 75th percentiles.

Notes

- The rates of return contained in this report are shown on an after-fees basis unless otherwise noted. They are geometric and time-weighted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.

Due to rounding throughout the report, percentage totals displayed may not sum to 100%. Additionally, individual fund totals in dollar terms may not sum to the plan total.

Disclaimer

Past performance is not necessarily indicative of future results.

Unless otherwise noted, performance returns presented reflect the respective fund's performance as indicated. Returns may be presented on a before-fees basis (gross) or after-fees basis (net). After-fee performance is net of each respective sub-advisors' investment management fees and include the reinvestment of dividends and interest as indicated on the notes page within this report or on the asset allocation and performance summary pages. Actual returns may be reduced by Aon Investments' investment advisory fees or other trust payable expenses you may incur as a client. Aon Investments' advisory fees are described in Form ADV Part 2A. Portfolio performance, characteristics and volatility also may differ from the benchmark(s) shown.

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Quarterly Investment Review

FRS Investment Plan

First Quarter 2025

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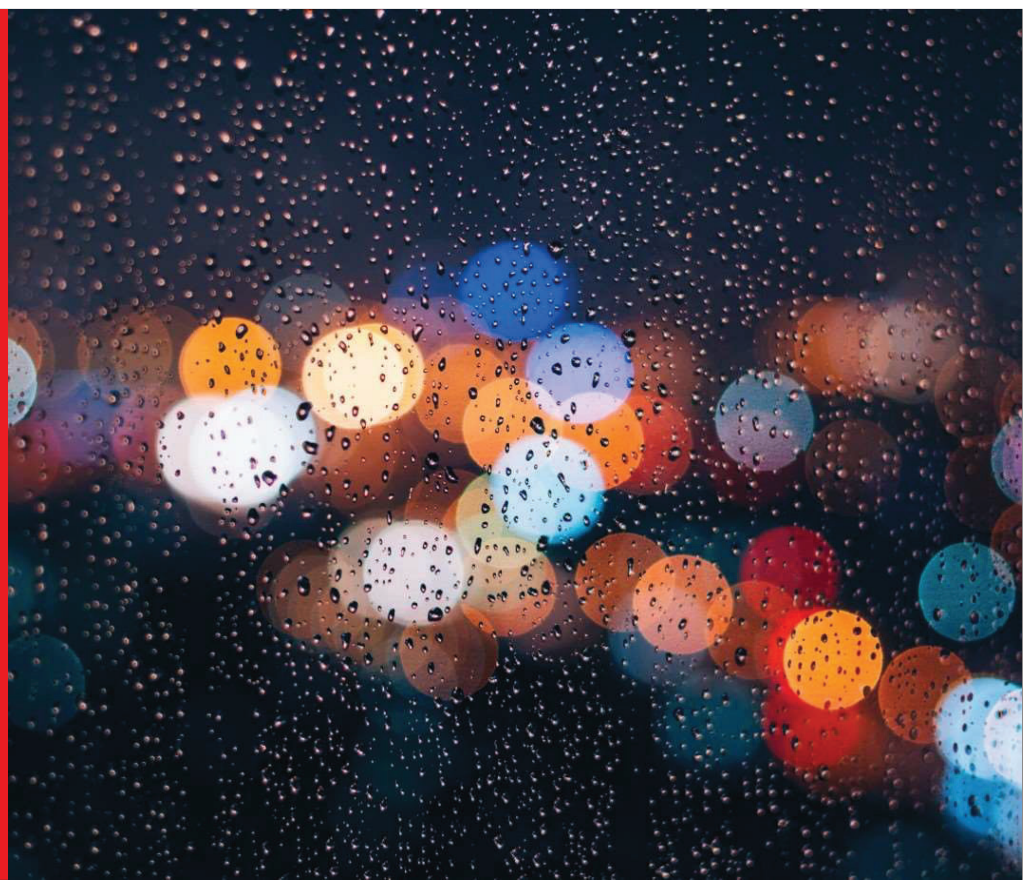
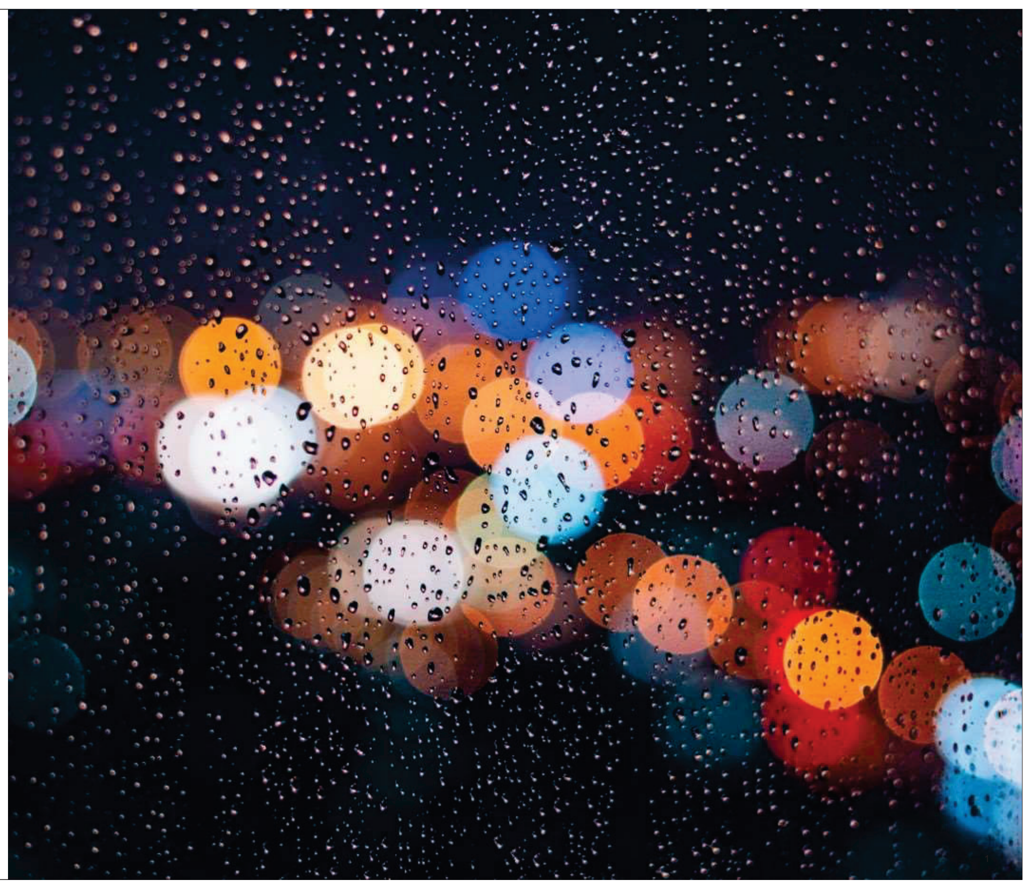


Table Of Contents

AON

FRS Investment Plan



AON

Asset Allocation & Performance

As of March 31, 2025

	Allocation		Performance %				
	Market Value $	%	1 Quarter	1 Year	3 Years	5 Years	10 Years
FRS Investment Plan	**18,425,061,994**	**100.0**	**-0.7**	**5.7**	**4.9**	**11.0**	**6.9**
Total Plan Aggregate Benchmark			*-1.0*	*6.0*	*5.0*	*10.9*	*6.8*
Retirement Date	**9,792,272,213**	**53.1**					
FRS Retirement Fund	**606,644,249**	**3.3**	**1.7 (30)**	**5.8 (38)**	**2.1 (100)**	**6.6 (22)**	**4.5 (69)**
Retirement Custom Index			*1.6 (32)*	*5.2 (86)*	*1.8 (100)*	*6.2 (45)*	*4.4 (76)*
FRS 2020 Retirement Date Fund	**478,641,529**	**2.6**	**1.4 (44)**	**5.8 (41)**	**2.3 (98)**	**7.3 (77)**	**5.2 (72)**
2020 Retirement Custom Index			*1.3 (48)*	*5.1 (86)*	*2.1 (98)*	*7.1 (78)*	*5.0 (75)*
FRS 2025 Retirement Date Fund	**1,018,559,662**	**5.5**	**1.0 (50)**	**5.9 (39)**	**2.8 (98)**	**8.5 (62)**	**5.8 (65)**
2025 Retirement Custom Index			*0.8 (77)*	*5.1 (83)*	*2.7 (98)*	*8.4 (69)*	*5.7 (72)*
FRS 2030 Retirement Date Fund	**1,242,018,319**	**6.7**	**0.4 (82)**	**6.1 (30)**	**3.8 (84)**	**9.8 (64)**	**6.5 (48)**
2030 Retirement Custom Index			*0.1 (94)*	*5.4 (74)*	*3.7 (86)*	*9.7 (67)*	*6.4 (63)*
FRS 2035 Retirement Date Fund	**1,285,457,783**	**7.0**	**0.0 (85)**	**6.3 (28)**	**4.6 (66)**	**10.9 (83)**	**7.1 (60)**
2035 Retirement Custom Index			*-0.3 (94)*	*5.6 (59)*	*4.5 (73)*	*10.9 (84)*	*6.9 (80)*
FRS 2040 Retirement Date Fund	**1,222,257,334**	**6.6**	**-0.4 (72)**	**6.3 (31)**	**5.0 (76)**	**11.8 (85)**	**7.5 (67)**
2040 Retirement Custom Index			*-0.6 (85)*	*5.8 (49)*	*4.9 (82)*	*11.8 (86)*	*7.3 (76)*
FRS 2045 Retirement Date Fund	**1,267,384,461**	**6.9**	**-0.5 (57)**	**6.3 (32)**	**5.3 (80)**	**12.6 (90)**	**7.7 (83)**
2045 Retirement Custom Index			*-0.8 (72)*	*5.9 (52)*	*5.1 (86)*	*12.5 (91)*	*7.6 (87)*
FRS 2050 Retirement Date Fund	**969,253,826**	**5.3**	**-0.5 (50)**	**6.4 (30)**	**5.4 (82)**	**13.1 (89)**	**7.9 (75)**
2050 Retirement Custom Index			*-0.8 (65)*	*5.9 (45)*	*5.2 (92)*	*13.0 (89)*	*7.8 (82)*

Asset Allocation & Performance

As of March 31, 2025

	Allocation		Performance %				
	Market Value $	%	1 Quarter	1 Year	3 Years	5 Years	10 Years
FRS 2055 Retirement Date Fund	**799,672,582**	**4.3**	**-0.5 (49)**	**6.4 (32)**	**5.5 (85)**	**13.3 (92)**	**8.0 (82)**
2055 Retirement Custom Index			*-0.8 (61)*	*5.9 (48)*	*5.3 (92)*	*13.1 (93)*	*7.8 (93)*
FRS 2060 Retirement Date Fund	**782,187,187**	**4.2**	**-0.5 (36)**	**6.4 (31)**	**5.5 (90)**	**13.3 (94)**	**-**
2060 Retirement Custom Index			*-0.8 (49)*	*5.9 (47)*	*5.3 (93)*	*13.1 (96)*	*-*
FRS 2065 Retirement Date Fund	**120,195,281**	**0.7**	**-0.5 (36)**	**6.4 (30)**	**-**	**-**	**-**
2065 Retirement Custom Index			*-0.8 (49)*	*5.9 (47)*	*-*	*-*	*-*
Stable Value	**1,327,815,355**	**7.2**					
FRS Stable Value Fund	**1,327,815,355**	**7.2**	**0.7 (44)**	**3.1 (42)**	**2.7 (46)**	**-**	**-**
ICE BofA US Treasuries 1-3 Year Index			*1.6 (11)*	*5.4 (15)*	*2.8 (25)*	*-*	*-*
Real Assets	**148,308,658**	**0.8**					
FRS Inflation Sensitive Fund	**148,308,658**	**0.8**	**3.6**	**5.5**	**-0.5**	**6.2**	**2.7**
FRS Custom Multi-Assets Index			*4.1*	*6.6*	*0.1*	*6.2*	*3.1*
Fixed Income	**585,788,375**	**3.2**	**2.4 (86)**	**5.9 (12)**	**1.8 (13)**	**1.5 (16)**	**2.4 (8)**
Total Bond Index			*2.4 (88)*	*5.4 (26)*	*1.5 (16)*	*0.9 (30)*	*2.0 (21)*
FRS U.S. Bond Enhanced Index Fund	**236,054,025**	**1.3**	**2.8 (31)**	**5.1 (48)**	**0.7 (49)**	**-0.2 (78)**	**1.6 (63)**
Blmbg. U.S. Aggregate Index			*2.8 (33)*	*4.9 (72)*	*0.5 (65)*	*-0.4 (83)*	*1.5 (74)*
FRS Diversified Income Fund	**349,734,350**	**1.9**	**2.5 (81)**	**5.7 (37)**	**1.7 (21)**	**2.0 (17)**	**2.6 (15)**
FRS Diversified Income Custom Index			*2.3 (89)*	*4.8 (87)*	*1.2 (42)*	*0.9 (68)*	*2.1 (46)*

Asset Allocation & Performance

As of March 31, 2025

	Allocation		Performance %				
	Market Value $	%	1 Quarter	1 Year	3 Years	5 Years	10 Years
Domestic Equity	**4,166,076,478**	**22.6**	**-4.5 (60)**	**6.1 (40)**	**8.0 (33)**	**18.1 (31)**	**11.2 (25)**
Total U.S. Equities Index			*-4.7 (62)*	*6.8 (32)*	*8.0 (34)*	*18.3 (29)*	*11.2 (25)*
FRS U.S. Stock Market Index Fund	**2,051,387,959**	**11.1**	**-4.7 (62)**	**7.2 (25)**	**8.3 (29)**	**18.2 (30)**	**11.9 (13)**
Russell 3000 Index			*-4.7 (62)*	*7.2 (25)*	*8.2 (29)*	*18.2 (30)*	*11.8 (14)*
FRS U.S. Stock Fund	**2,114,688,520**	**11.5**	**-3.7 (53)**	**4.2 (58)**	**8.1 (31)**	**-**	**-**
Russell 3000 Index			*-4.7 (62)*	*7.2 (25)*	*8.2 (29)*	-	-
International/Global Equity	**865,710,139**	**4.7**	**5.0 (52)**	**6.2 (50)**	**4.9 (43)**	**11.9 (39)**	**6.1 (21)**
Total Foreign and Global Equities Index			*3.9 (60)*	*5.8 (55)*	*4.4 (48)*	*11.6 (44)*	*5.5 (36)*
FRS Foreign Stock Index Fund	**311,757,847**	**1.7**	**5.5 (45)**	**6.3 (50)**	**4.7 (45)**	**11.3 (47)**	**5.3 (41)**
MSCI All Country World ex-U.S. IMI Index			*4.6 (55)*	*5.5 (58)*	*4.0 (51)*	*11.0 (51)*	*5.0 (48)*
FRS Global Stock Fund	**366,014,480**	**2.0**	**0.9 (39)**	**6.2 (39)**	**5.9 (44)**	**15.6 (29)**	**10.8 (5)**
MSCI AC World Index (Net)			*-1.3 (54)*	*7.2 (33)*	*6.9 (33)*	*15.2 (36)*	*8.8 (24)*
FRS Foreign Stock Fund	**187,937,812**	**1.0**	**5.5 (46)**	**4.5 (66)**	**4.7 (45)**	**10.8 (53)**	**5.8 (31)**
MSCI AC World ex USA (Net)			*5.2 (48)*	*6.1 (51)*	*4.5 (47)*	*10.9 (52)*	*5.0 (50)*
FRS Self-Dir Brokerage Acct	**1,539,090,775**	**8.4**					

The returns for the Retirement Date Funds, Inflation Sensitive Fund, and Diversified Income Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.
Note: The SDBA opened for members on 1/2/2014. No performance calculations will be made for the SDBA.

Asset Allocation & Performance

As of March 31, 2025

	Performance %									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
FRS Investment Plan	**12.6**	**15.7**	**-15.1**	**14.1**	**13.1**	**20.5**	**-5.7**	**16.4**	**8.0**	**-0.9**
Total Plan Aggregate Benchmark	*12.8*	*15.4*	*-13.8*	*14.2*	*11.7*	*20.0*	*-5.8*	*15.5*	*8.5*	*-1.3*
Retirement Date										
FRS Retirement Fund	**6.1 (83)**	**8.6 (81)**	**-11.8 (36)**	**9.6 (1)**	**10.2 (38)**	**14.8 (36)**	**-3.7 (69)**	**10.8 (24)**	**6.2 (18)**	**-2.6 (100)**
Retirement Custom Index	*5.0 (89)*	*8.2 (92)*	*-10.7 (12)*	*8.9 (9)*	*9.6 (61)*	*14.5 (40)*	*-3.8 (69)*	*10.4 (41)*	*6.2 (18)*	*-1.8 (87)*
FRS 2020 Retirement Date Fund	**6.9 (98)**	**9.0 (98)**	**-12.1 (7)**	**10.5 (10)**	**10.5 (69)**	**16.3 (67)**	**-4.4 (51)**	**14.0 (29)**	**7.4 (22)**	**-2.1 (100)**
2020 Retirement Custom Index	*5.5 (99)*	*9.1 (98)*	*-11.1 (4)*	*10.0 (22)*	*10.2 (72)*	*16.0 (73)*	*-4.5 (53)*	*13.3 (49)*	*7.1 (25)*	*-1.6 (85)*
FRS 2025 Retirement Date Fund	**8.1 (72)**	**10.3 (94)**	**-13.0 (14)**	**11.7 (14)**	**11.4 (72)**	**18.2 (75)**	**-5.2 (51)**	**16.1 (25)**	**8.0 (22)**	**-1.7 (79)**
2025 Retirement Custom Index	*6.9 (95)*	*10.8 (89)*	*-11.9 (6)*	*11.3 (24)*	*11.2 (74)*	*17.8 (82)*	*-5.3 (56)*	*15.5 (39)*	*7.6 (26)*	*-1.5 (72)*
FRS 2030 Retirement Date Fund	**10.2 (33)**	**12.5 (89)**	**-13.7 (15)**	**12.8 (29)**	**12.0 (76)**	**19.8 (80)**	**-6.0 (46)**	**18.0 (27)**	**8.5 (20)**	**-1.3 (60)**
2030 Retirement Custom Index	*9.2 (74)*	*12.8 (85)*	*-12.7 (7)*	*12.4 (40)*	*12.0 (76)*	*19.4 (82)*	*-6.0 (47)*	*17.3 (46)*	*8.0 (28)*	*-1.5 (63)*
FRS 2035 Retirement Date Fund	**11.9 (25)**	**14.3 (91)**	**-14.5 (8)**	**13.8 (66)**	**12.6 (85)**	**21.1 (81)**	**-6.7 (45)**	**19.8 (21)**	**9.1 (16)**	**-1.4 (54)**
2035 Retirement Custom Index	*11.1 (59)*	*14.4 (91)*	*-13.6 (3)*	*13.4 (72)*	*12.7 (84)*	*20.8 (87)*	*-6.8 (46)*	*18.9 (48)*	*8.3 (37)*	*-1.7 (62)*
FRS 2040 Retirement Date Fund	**12.9 (51)**	**15.7 (94)**	**-15.2 (9)**	**14.6 (80)**	**13.3 (77)**	**22.5 (77)**	**-7.5 (51)**	**20.9 (24)**	**9.2 (14)**	**-1.4 (49)**
2040 Retirement Custom Index	*12.2 (75)*	*15.8 (94)*	*-14.4 (5)*	*14.3 (85)*	*13.4 (75)*	*22.1 (82)*	*-7.5 (51)*	*20.4 (42)*	*8.6 (45)*	*-1.7 (65)*
FRS 2045 Retirement Date Fund	**13.4 (71)**	**16.9 (90)**	**-15.8 (12)**	**15.4 (90)**	**13.8 (77)**	**23.4 (81)**	**-8.0 (57)**	**21.5 (24)**	**9.4 (25)**	**-1.5 (52)**
2045 Retirement Custom Index	*12.8 (83)*	*16.7 (94)*	*-15.0 (9)*	*15.1 (91)*	*13.9 (75)*	*23.0 (87)*	*-8.0 (57)*	*21.2 (41)*	*8.9 (38)*	*-1.7 (64)*
FRS 2050 Retirement Date Fund	**13.6 (77)**	**17.5 (89)**	**-16.0 (11)**	**16.1 (88)**	**14.0 (75)**	**24.0 (82)**	**-8.4 (66)**	**21.6 (26)**	**9.5 (24)**	**-1.5 (61)**
2050 Retirement Custom Index	*13.0 (89)*	*17.2 (93)*	*-15.1 (4)*	*15.8 (94)*	*14.1 (72)*	*23.6 (83)*	*-8.4 (66)*	*21.3 (49)*	*8.9 (42)*	*-1.7 (66)*
FRS 2055 Retirement Date Fund	**13.6 (82)**	**17.8 (89)**	**-16.0 (12)**	**16.4 (86)**	**14.3 (69)**	**24.1 (88)**	**-8.4 (60)**	**21.5 (40)**	**9.3 (35)**	**-1.4 (53)**
2055 Retirement Custom Index	*13.0 (90)*	*17.2 (92)*	*-15.1 (2)*	*16.0 (92)*	*14.1 (79)*	*23.7 (90)*	*-8.4 (60)*	*21.3 (56)*	*8.9 (39)*	*-1.7 (64)*

Asset Allocation & Performance

As of March 31, 2025

	Performance %									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
FRS 2060 Retirement Date Fund	**13.6 (89)**	**17.8 (93)**	**-16.0 (7)**	**16.4 (80)**	**14.5 (78)**	**24.2 (-)**	**-8.3 (-)**	**-**	**-**	**-**
2060 Retirement Custom Index	*13.0 (98)*	*17.2 (96)*	*-15.1 (1)*	*16.0 (89)*	*14.1 (81)*	*23.7 (-)*	*-8.4 (-)*	-	-	-
FRS 2065 Retirement Date Fund	**13.6 (89)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2065 Retirement Custom Index	*13.0 (98)*	-	-	-	-	-	-	-	-	-
Stable Value										
FRS Stable Value Fund	**3.1 (48)**	**2.7 (78)**	**1.8 (62)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
ICE BofA US Treasuries 1-3 Year Index	*4.1 (7)*	*4.3 (12)*	*-3.6 (94)*	-	-	-	-	-	-	-
Real Assets										
FRS Inflation Sensitive Fund	**2.4**	**2.5**	**-7.7**	**12.8**	**4.0**	**13.0**	**-5.5**	**8.1**	**6.0**	**-7.9**
FRS Custom Multi-Assets Index	*2.2*	*2.9*	*-5.9*	*11.5*	*2.3*	*13.0*	*-5.5*	*8.1*	*6.2*	*-5.0*
Fixed Income	**3.5 (10)**	**7.1 (15)**	**-12.4 (16)**	**-0.3 (15)**	**8.0 (55)**	**9.8 (22)**	**-0.1 (36)**	**4.4 (22)**	**4.7 (12)**	**0.3 (59)**
Total Bond Index	*2.7 (20)*	*6.7 (24)*	*-11.9 (13)*	*-0.7 (27)*	*7.2 (84)*	*9.2 (48)*	*-0.1 (30)*	*3.9 (43)*	*4.3 (17)*	*0.1 (71)*
FRS U.S. Bond Enhanced Index Fund	**1.6 (61)**	**5.9 (55)**	**-13.1 (34)**	**-1.7 (68)**	**7.8 (63)**	**8.7 (61)**	**0.0 (23)**	**3.6 (59)**	**2.7 (66)**	**0.7 (26)**
Blmbg. U.S. Aggregate Index	*1.3 (83)*	*5.5 (75)*	*-13.0 (30)*	*-1.5 (62)*	*7.5 (72)*	*8.7 (61)*	*0.0 (24)*	*3.5 (63)*	*2.6 (67)*	*0.5 (36)*
FRS Diversified Income Fund	**3.5 (16)**	**7.7 (11)**	**-13.2 (47)**	**-0.1 (21)**	**8.6 (55)**	**11.0 (18)**	**-0.5 (40)**	**5.3 (28)**	**5.7 (15)**	**0.1 (47)**
FRS Diversified Income Custom Index	*2.0 (72)*	*6.9 (45)*	*-12.5 (23)*	*-0.3 (31)*	*7.6 (75)*	*10.0 (41)*	*-0.4 (36)*	*4.2 (69)*	*4.9 (33)*	*0.2 (43)*
Domestic Equity	**22.3 (31)**	**27.1 (23)**	**-20.4 (69)**	**24.6 (58)**	**20.0 (35)**	**30.1 (38)**	**-6.5 (49)**	**20.8 (49)**	**13.7 (30)**	**0.7 (32)**
Total U.S. Equities Index	*23.2 (29)*	*25.7 (29)*	*-19.1 (62)*	*25.9 (44)*	*18.9 (38)*	*30.0 (38)*	*-6.5 (49)*	*19.6 (57)*	*14.9 (23)*	*-0.5 (42)*
FRS U.S. Stock Market Index Fund	**23.8 (26)**	**26.0 (27)**	**-19.2 (62)**	**25.7 (46)**	**21.0 (31)**	**31.1 (28)**	**-5.2 (36)**	**21.2 (43)**	**12.9 (35)**	**0.6 (32)**
Russell 3000 Index	*23.8 (27)*	*26.0 (28)*	*-19.2 (63)*	*25.7 (46)*	*20.9 (31)*	*31.0 (28)*	*-5.2 (36)*	*21.1 (46)*	*12.7 (37)*	*0.5 (33)*
FRS U.S. Stock Fund	**19.9 (41)**	**30.2 (16)**	**-22.4 (76)**	**22.9 (65)**	**-**	**-**	**-**	**-**	**-**	**-**
Russell 3000 Index	*23.8 (27)*	*26.0 (28)*	*-19.2 (63)*	*25.7 (46)*	-	-	-	-	-	-

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Asset Allocation & Performance

As of March 31, 2025

	Performance %									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
International/Global Equity	**6.4 (39)**	**17.1 (40)**	**-18.2 (54)**	**9.5 (49)**	**15.2 (40)**	**23.7 (38)**	**-13.5 (33)**	**28.6 (49)**	**4.5 (44)**	**-2.6 (47)**
Total Foreign and Global Equities Index	*6.8 (36)*	*16.4 (45)*	*-16.8 (46)*	*9.8 (47)*	*11.7 (51)*	*22.3 (47)*	*-14.0 (39)*	*27.3 (58)*	*4.9 (41)*	*-4.4 (54)*
FRS Foreign Stock Index Fund	**5.1 (50)**	**16.0 (48)**	**-16.6 (45)**	**8.6 (53)**	**11.5 (51)**	**22.3 (47)**	**-14.7 (46)**	**28.3 (51)**	**5.3 (38)**	**-4.4 (54)**
MSCI All Country World ex-U.S. IMI Index	*5.2 (49)*	*15.6 (51)*	*-16.6 (45)*	*8.5 (53)*	*11.1 (53)*	*21.6 (53)*	*-14.8 (47)*	*27.8 (54)*	*4.4 (44)*	*-4.6 (55)*
FRS Global Stock Fund	**14.1 (40)**	**25.0 (23)**	**-25.6 (70)**	**18.1 (45)**	**33.8 (23)**	**30.5 (25)**	**-5.6 (21)**	**29.3 (18)**	**2.2 (84)**	**5.6 (12)**
MSCI AC World Index (Net)	*17.5 (25)*	*22.2 (33)*	*-18.4 (49)*	*18.5 (40)*	*16.3 (45)*	*26.6 (47)*	*-9.4 (52)*	*24.0 (41)*	*7.9 (47)*	*-2.4 (57)*
FRS Foreign Stock Fund	**6.4 (38)**	**16.1 (48)**	**-22.7 (74)**	**2.8 (71)**	**25.3 (17)**	**27.4 (21)**	**-14.9 (49)**	**31.2 (40)**	**1.0 (68)**	**-0.5 (36)**
MSCI AC World ex USA (Net)	*5.5 (46)*	*15.6 (51)*	*-16.0 (42)*	*7.8 (56)*	*10.7 (55)*	*21.5 (54)*	*-14.2 (41)*	*27.2 (59)*	*4.5 (43)*	*-5.7 (59)*

The returns for the Retirement Date Funds, Inflation Sensitive Fund, and Diversified Income Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.

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Asset Allocation - FRS Investment Plan

As of March 31, 2025

Asset Allocation as of 3/31/2025	U.S. Equity	Non-U.S. Equity	U.S. Fixed Income	Real Assets	Stable Value	Brokerage	Total	% of Total
FRS Retirement Fund	104,949,455	56,417,915	317,881,587	127,395,292			606,644,249	3.3%
FRS 2020 Retirement Date Fund	98,121,513	53,129,210	216,824,613	110,566,193			478,641,529	2.6%
FRS 2025 Retirement Date Fund	254,639,916	136,486,995	388,071,231	239,361,521			1,018,559,662	5.5%
FRS 2030 Retirement Date Fund	434,706,412	234,741,462	340,313,019	232,257,426			1,242,018,319	6.7%
FRS 2035 Retirement Date Fund	554,032,304	298,226,206	232,667,859	200,531,414			1,285,457,783	7.0%
FRS 2040 Retirement Date Fund	587,905,778	316,564,649	149,115,395	168,671,512			1,222,257,334	6.6%
FRS 2045 Retirement Date Fund	641,296,537	345,995,958	122,936,293	157,155,673			1,267,384,461	6.9%
FRS 2050 Retirement Date Fund	501,104,228	269,452,564	90,140,606	108,556,429			969,253,826	5.3%
FRS 2055 Retirement Date Fund	413,430,725	222,308,978	74,369,550	89,563,329			799,672,582	4.3%
FRS 2060 Retirement Date Fund	404,390,776	217,448,038	72,743,408	87,604,965			782,187,187	4.2%
FRS 2065 Retirement Date Fund	62,140,960	33,414,288	11,178,161	13,461,871			120,195,281	0.7%
Total Retirement Date Funds	**$ 4,056,718,604**	**$ 2,184,186,262**	**$ 2,016,241,721**	**$ 1,535,125,625**	**$ -**	**$ -**	**$ 9,792,272,213**	**53.1%**
FRS Stable Value Fund					1,327,815,355		1,327,815,355	7.2%
Total Stable Value	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,327,815,355**	**$ -**	**$ 1,327,815,355**	**7.2%**
FRS Inflation Adjusted Multi-Assets Fund				148,308,658	-		148,308,658	0.8%
Total Real Assets	**$ -**	**$ -**	**$ -**	**$ 148,308,658**	**$ -**	**$ -**	**$ 148,308,658**	**0.8%**
FRS U.S. Bond Enhanced Index Fund			236,054,025				236,054,025	1.3%
FRS Diversified Income Fund			349,734,350				349,734,350	1.9%
Total Fixed Income	**$ -**	**$ -**	**$ 585,788,375**	**$ -**	**$ -**	**$ -**	**$ 585,788,375**	**3.2%**
FRS U.S. Stock Market Index Fund	2,051,387,959						2,051,387,959	11.1%
FRS U.S. Stock Fund	2,114,688,520						2,114,688,520	11.5%
Total Domestic Equity	**$ 4,166,076,478**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 4,166,076,478**	**22.6%**
FRS Foreign Stock Index Fund		311,757,847					311,757,847	1.7%
FRS Global Stock Fund		366,014,480					366,014,480	2.0%
FRS Foreign Stock Fund		187,937,812					187,937,812	1.0%
Total International/Global Equity	**$ -**	**$ 865,710,139**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 865,710,139**	**4.7%**
FRS Self-Dir Brokerage Acct						1,539,090,775	1,539,090,775	8.4%
Total Self-Dir Brokerage Acct						**$ 1,539,090,775**	**$ 1,539,090,775**	**8.4%**
Total Portfolio	**$ 8,222,795,082**	**$ 3,049,896,401**	**$ 2,602,030,097**	**$ 1,683,434,283**	**$ 1,327,815,355**	**$ 1,539,090,775**	**$ 18,425,061,993**	**100.0%**
Percent of Total	**44.6%**	**16.6%**	**14.1%**	**9.1%**	**7.2%**	**8.4%**	**100.0%**	

Note: The SDBA opened for members on 1/2/14. No performance calculations will be made for the SDBA.

Multi Time Period Statistics

As of March 31, 2025

	3 Years Return	3 Years Standard Deviation	3 Years Sharpe Ratio	3 Years Tracking Error	3 Years Information Ratio	3 Years Up Market Capture	3 Years Down Market Capture
FRS Investment Plan	**4.89**	**12.49**	**0.11**	**0.62**	**-0.11**	**101.17**	**102.04**
FRS Retirement Fund	2.07	9.71	-0.17	0.61	0.41	101.54	99.86
FRS 2020 Retirement Date Fund	2.26	10.01	-0.14	0.68	0.22	100.03	98.94
FRS 2025 Retirement Date Fund	2.80	10.76	-0.08	0.77	0.03	99.30	98.97
FRS 2030 Retirement Date Fund	3.77	11.88	0.02	0.76	0.07	100.22	99.94
FRS 2035 Retirement Date Fund	4.56	12.87	0.09	0.77	0.11	100.58	100.27
FRS 2040 Retirement Date Fund	5.05	13.68	0.12	0.80	0.16	101.10	100.70
FRS 2045 Retirement Date Fund	5.33	14.32	0.14	0.84	0.23	101.88	101.41
FRS 2050 Retirement Date Fund	5.44	14.63	0.15	0.87	0.24	102.05	101.61
FRS 2055 Retirement Date Fund	5.52	14.83	0.16	0.94	0.31	103.02	102.41
FRS 2060 Retirement Date Fund	5.52	14.82	0.16	0.93	0.32	102.98	102.37
FRS 2065 Retirement Date Fund	-	-	-	-	-	-	-
FRS Stable Value Fund	2.65	0.14	-4.41	0.34	-5.07	60.46	-
FRS Inflation Sensitive Fund	-0.46	9.10	-0.47	1.02	-0.56	94.03	98.14
FRS U.S. Bond Enhanced Index Fund	0.67	7.77	-0.42	0.25	0.62	101.68	100.31
FRS Diversified Income Fund	1.75	7.24	-0.30	0.62	0.85	99.69	94.12
FRS U.S. Stock Market Index Fund	8.26	17.78	0.30	0.03	1.48	100.11	99.96
FRS U.S. Stock Fund	8.11	18.82	0.29	2.01	0.04	103.38	104.46
FRS Foreign Stock Index Fund	4.66	17.01	0.11	2.35	0.33	108.59	106.95
FRS Global Stock Fund	5.95	17.51	0.18	3.13	-0.23	101.11	105.12
FRS Foreign Stock Fund	4.67	17.47	0.11	4.03	0.10	112.32	113.88

The returns for the Retirement Date Funds, Inflation Sensitive Fund, and Diversified Income Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.

Multi Time Period Statistics

As of March 31, 2025

	5 Years Return	5 Years Standard Deviation	5 Years Sharpe Ratio	5 Years Tracking Error	5 Years Information Ratio	5 Years Up Market Capture	5 Years Down Market Capture
FRS Investment Plan	**10.98**	**11.87**	**0.72**	**0.65**	**0.13**	**101.68**	**102.53**
FRS Retirement Fund	6.58	8.67	0.49	0.57	0.56	101.84	99.64
FRS 2020 Retirement Date Fund	7.34	9.12	0.54	0.63	0.30	99.99	98.07
FRS 2025 Retirement Date Fund	8.48	10.04	0.61	0.69	0.10	99.43	98.31
FRS 2030 Retirement Date Fund	9.82	11.14	0.67	0.69	0.08	99.87	99.28
FRS 2035 Retirement Date Fund	10.93	12.12	0.71	0.70	0.03	99.98	99.78
FRS 2040 Retirement Date Fund	11.85	12.98	0.73	0.72	0.03	100.22	100.26
FRS 2045 Retirement Date Fund	12.55	13.68	0.75	0.74	0.04	100.72	101.14
FRS 2050 Retirement Date Fund	13.05	14.05	0.76	0.76	0.05	100.76	101.24
FRS 2055 Retirement Date Fund	13.27	14.24	0.77	0.80	0.22	101.65	101.98
FRS 2060 Retirement Date Fund	13.30	14.23	0.77	0.80	0.25	101.71	101.89
FRS 2065 Retirement Date Fund	-	-	-	-	-	-	-
FRS Stable Value Fund	-	-	-	-	-	-	-
FRS Inflation Sensitive Fund	6.23	8.10	0.47	1.02	0.00	98.08	96.64
FRS U.S. Bond Enhanced Index Fund	-0.24	6.47	-0.40	0.22	0.73	102.25	100.33
FRS Diversified Income Fund	1.98	6.35	-0.06	0.81	1.28	108.67	96.52
FRS U.S. Stock Market Index Fund	18.22	17.39	0.91	0.03	1.41	100.09	99.97
FRS U.S. Stock Fund	-	-	-	-	-	-	-
FRS Foreign Stock Index Fund	11.34	16.01	0.59	1.93	0.19	104.32	105.21
FRS Global Stock Fund	15.63	17.98	0.76	4.01	0.19	108.37	111.74
FRS Foreign Stock Fund	10.82	17.24	0.54	4.65	0.04	109.98	115.99

The returns for the Retirement Date Funds, Inflation Sensitive Fund, and Diversified Income Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.

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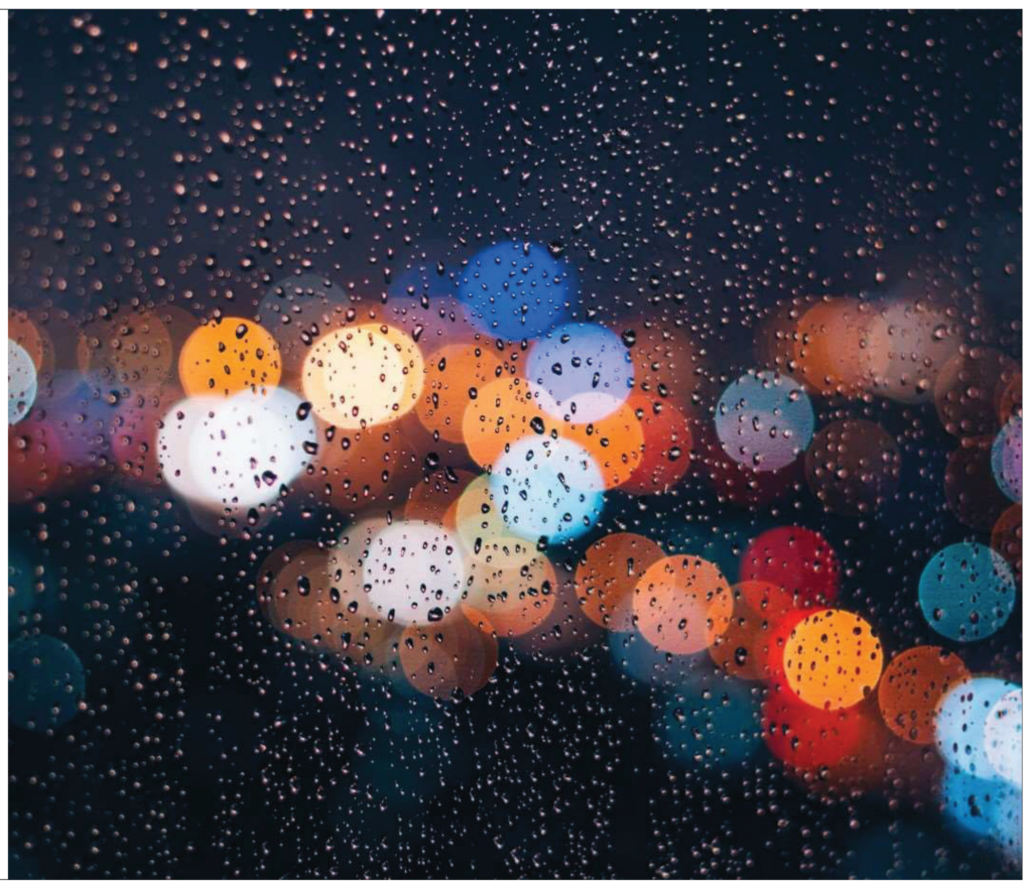
Appendix



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Benchmark Descriptions

Retirement Date Benchmarks - A weighted average composite of the underlying components' benchmarks for each fund.

ICE BofA US Treasuries 1-3 Year Index - An unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than three years.

FRS Custom Multi-Assets Index - A monthly weighted composite of underlying indices for each TIPS and Real Assets fund. These indices include Barclays U.S. TIPS Index, MSCI AC World Index and the Bloomberg Commodity Total Return Index, NAREIT Developed Index, S&P Global Infrastructure Index, S&P Global Natural Resources Index.

Total Bond Index - A weighted average composite of the underlying benchmarks for each bond fund.

Barclays Aggregate Bond Index - A market value-weighted index consisting of government bonds, SEC-registered corporate bonds and mortgage-related and asset-backed securities with at least one year to maturity and an outstanding par value of $250 million or greater. This index is a broad measure of the performance of the investment grade U.S. fixed income market.

FRS Diversified Income Custom Index - A monthly rebalanced blend of 80% Barclays U.S. Aggregate Bond Index and 20% Barclays U.S. High Yield Ba/B 1% Issuer Constrained Index.

Total U.S. Equities Index - A weighted average composite of the underlying benchmarks for each domestic equity fund.

Russell 3000 Index - A capitalization-weighted index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This index is a broad measure of the performance of the aggregate domestic equity market.

Total Foreign and Global Equities Index - A weighted average composite of the underlying benchmarks for each foreign and global equity fund.

MSCI All Country World ex-U.S. IMI Index - A capitalization-weighted index of stocks representing 22 developed country stock markets and 24 emerging countries, excluding the U.S. market.

MSCI All Country World ex-U.S. Index - A capitalization-weighted index consisting of 23 developed and 24 emerging countries, but excluding the U.S.

MSCI All Country World Index - A capitalization-weighted index of stocks representing approximately 47 developed and emerging countries, including the U.S. and Canadian markets.

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Descriptions of Universes

Retirement Date Funds - Target date universes calculated and provided by Lipper.

FRS Stable Value Fund - A stable value universe calculated and provided by Lipper.

FRS U.S. Bond Enhanced Index Fund - A broad market core fixed income universe calculated and provided by Lipper.

FRS Diversified Income Fund - A broad market core plus fixed income universe calculated and provided by Lipper.

FRS U.S. Stock Market Index Fund - A multi-cap U.S. equity universe calculated and provided by Lipper.

FRS U.S. Stock Fund - A multi-cap U.S. equity universe calculated and provided by Lipper.

FRS Foreign Stock Index Fund - A foreign blend universe calculated and provided by Lipper.

FRS Foreign Stock Fund - A foreign blend universe calculated and provided by Lipper.

FRS Global Stock Fund - A global stock universe calculated and provided by Lipper.

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Notes

- The rates of return contained in this report are shown on an after-fees basis unless otherwise noted. They are geometric and time-weighted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.

Due to rounding throughout the report, percentage totals displayed may not sum to 100%. Additionally, individual fund totals in dollar terms may not sum to the plan total.

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Disclaimer

Past performance is not necessarily indicative of future results.

Unless otherwise noted, performance returns presented reflect the respective fund's performance as indicated. Returns may be presented on a before-fees basis (gross) or after-fees basis (net). After-fee performance is net of each respective sub-advisors' investment management fees and include the reinvestment of dividends and interest as indicated on the notes page within this report or on the asset allocation and performance summary pages. Actual returns may be reduced by Aon Investments' investment advisory fees or other trust payable expenses you may incur as a client. Aon Investments' advisory fees are described in Form ADV Part 2A. Portfolio performance, characteristics and volatility also may differ from the benchmark(s) shown.

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200 East Randolph Street
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2025

January

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

February

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	

March

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

April

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

May

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

June

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	2	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

July

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

August

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

September

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

October

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

December

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Blue is Proposed IAC Meeting

Yellow is Cabinet Meeting