

INVESTMENT ADVISORY COUNCIL

Item 1. Welcome / Call to Order / Election of Officers / Approval of Minutes **John Goetz, Chair**

(See Attachments 1A – 1B)

INVESTMENT ADVISORY COUNCIL

Item 2. Opening Remarks / Reports

Lamar Taylor, Interim Executive Director & CIO

(See Attachments 2A – 2D)

INVESTMENT ADVISORY COUNCIL

Item 3. Asset Allocation Transition Update **Jim Treanor, Deputy Chief Investment Officer**

(See Attachment 3)

INVESTMENT ADVISORY COUNCIL

Asset Allocation Transition Update

Jim Treanor, Deputy Chief Investment Officer

ASSET CLASS TARGET WEIGHTS AND RANGES

Table 2: Authorized Asset Classes, Target Allocations and Policy Ranges

Asset Class	Target Allocation	Policy Range Low	Policy Range High
Global Equity	45%	35%	60%
Fixed Income	21%	12%	30%
Active Credit	7%	2%	12%
Real Estate	12%	8%	20%
Private Equity	10%	6%	20%
Strategic Investments	4%	2%	14%
Cash Equivalents	1%	0.25%	5%
Total Fund	100%	--	--

NEW BENCHMARKS

Fixed Income – The Bloomberg U.S. Aggregate Bond Index

Active Credit – Floating based on public/private mix:

1. High Yield – Bloomberg High Yield Index
2. Emerging Market Debt, adjusted to reflect securities and other investments prohibited by Florida law and SBA policy
 - a) Bloomberg Emerging Market Local Currency Government 10% Country Capped
 - b) Bloomberg Emerging Market USD Sovereign
 - c) Bloomberg Emerging Market USD Corporate
3. Bank Loans – LSTA Leveraged Loan Index
4. Private Credit – LSTA Leveraged Loan Index + 1.75%

Real Estate - A static mix of National Council of Real Estate Investment Fiduciaries (NCREIF) Indices:

1. Core Real Estate - National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index Open-ended Diversified Core Equity weighted at 83.3%
2. Non-Core Real Estate - National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index Open-ended Diversified Core Equity, NET of fees, weighted at 16.7%, plus a fixed return premium of 150 basis points per annum

NEW BENCHMARKS (continued)

Private Equity – Global Equity Target Index, plus a fixed premium return of 250 basis points per annum

Strategic Investments – Floating based on sub-category weights:

1. Hedge Funds - Secured Overnight Financing Rate (SOFR) + 3%
2. Real Assets – CPI + 4%
3. Insurance Linked Securities – Swiss RE CAT Bond Total Return Index
4. Opportunistic Strategies – Shall be assessed against an appropriate benchmark

FRS PENSION PLAN ASSET ALLOCATION

As of February 29, 2024 Market Close

Asset Class	Net Asset Value \$MM	Current % of Total Fund
Global Equity	\$96,558	50.03%
Fixed Income	\$35,524	18.40%
Real Estate	\$19,010	9.85%
Private Equity	\$17,497	9.07%
Strategic Investments	\$21,831	11.31%
Cash	\$2,597	1.35%
Total Fund	\$193,018	100.00%

Thank You

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INVESTMENT ADVISORY COUNCIL

Item 4. Real Estate Asset Class Review

Paul Groom, Deputy Executive Director & Acting Senior Investment Officer

(See Attachment 4A)

INVESTMENT ADVISORY COUNCIL

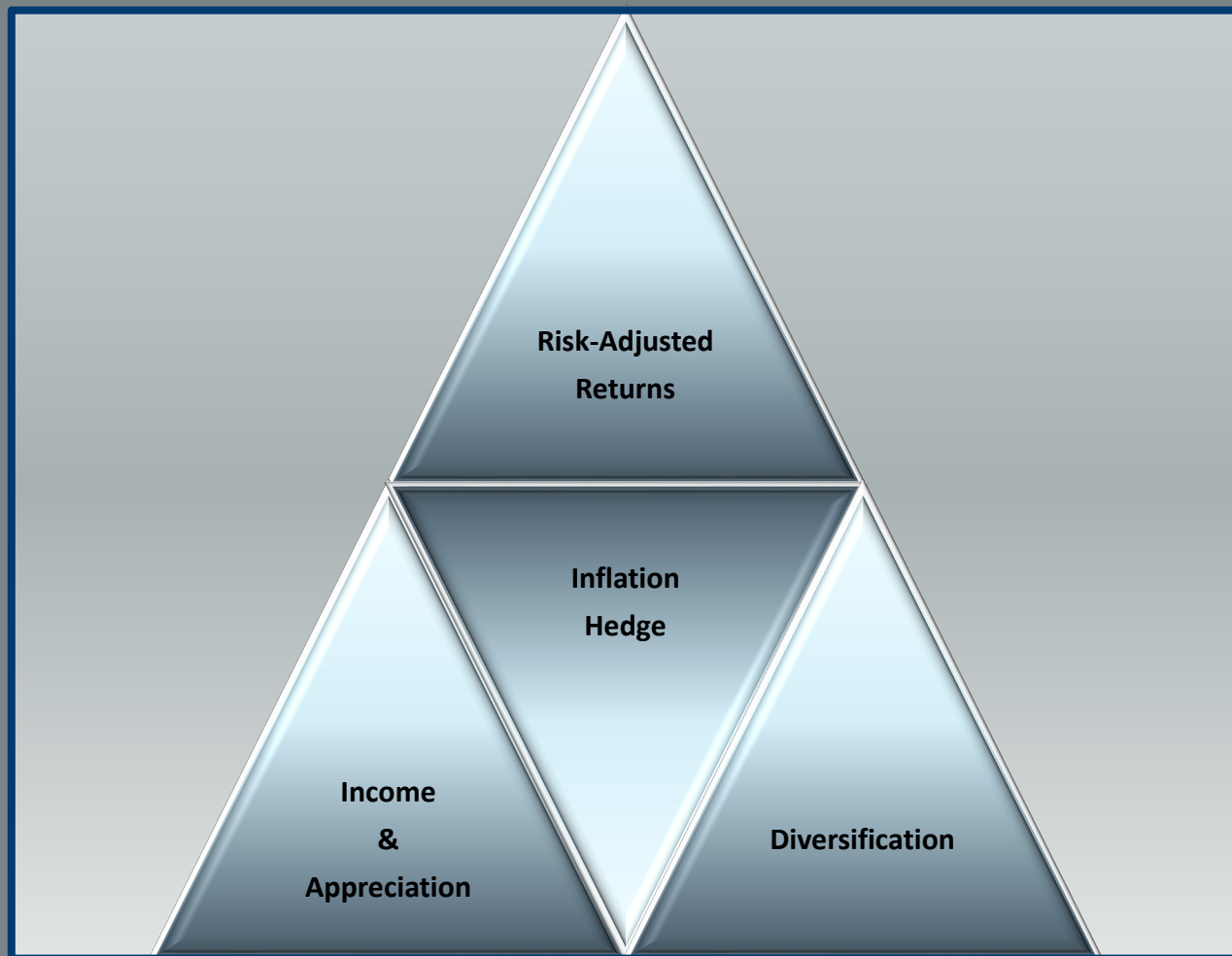
Real Estate Asset Class Update

Paul Groom, Acting Senior Investment Officer

AGENDA

- Asset Class Overview
 - Objectives
 - Benchmark
 - Staffing
 - Structure
 - Consultant
- Investment Process
- Portfolio Review

STRATEGIC ROLE OF REAL ESTATE



Designed to provide:

- Attractive risk adjusted returns
- Diversification for total fund with low correlation to equities
- Inflation Hedge
- Income and appreciation

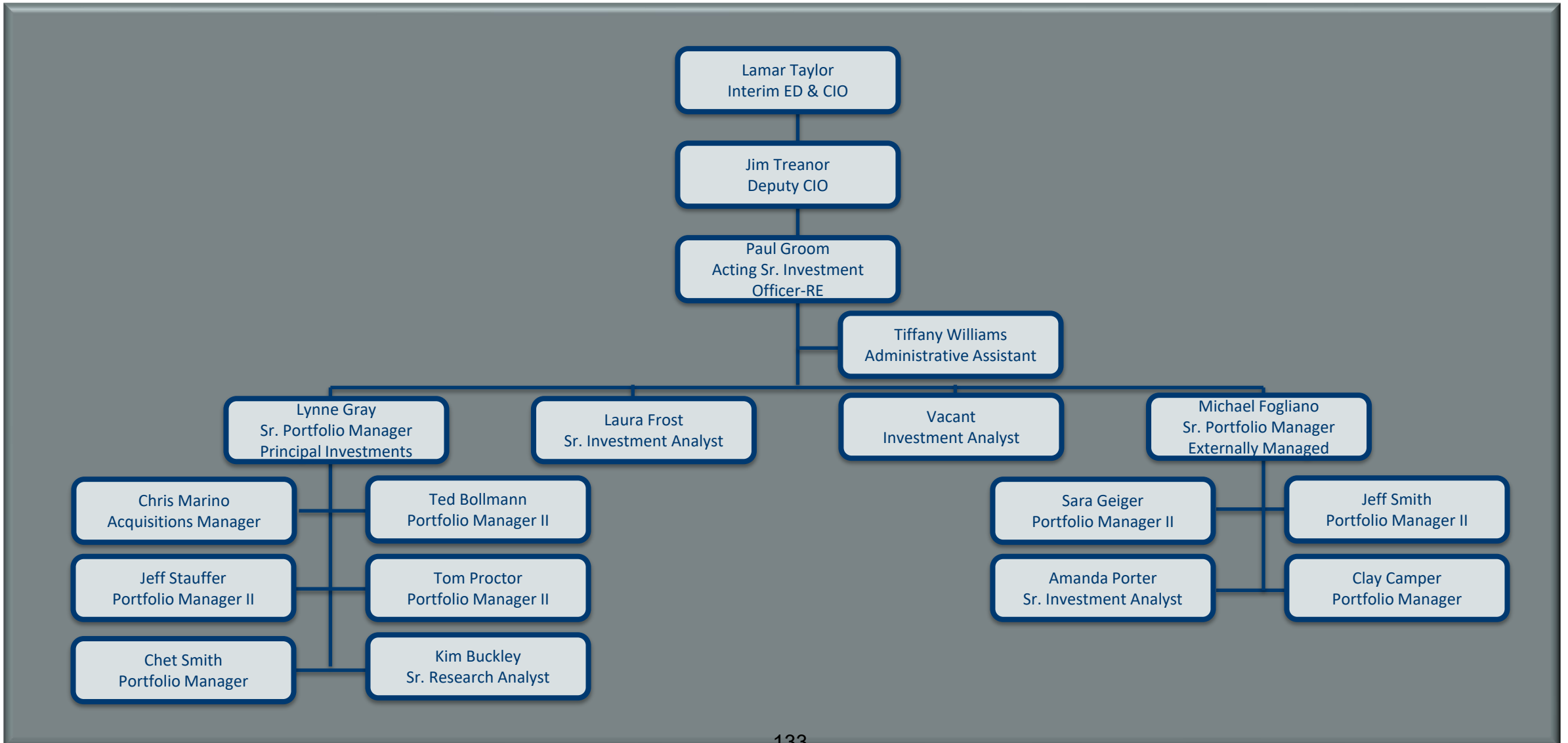
BENCHMARK

Primary Benchmark

- 76.5%¹ NFI-ODCE² net of fees (Core)
- 13.5%³ NFI-ODCE net of fees + 150 bps (Non-Core)
- 10.0%⁴ EPRA/NAREIT⁵ Global net (REITs)

1. Represents private core Allocation
2. NCREIF Fund Index – Open End Diversified Core Equity
3. Represents private non-core allocation
4. Represents public (REIT) allocation
5. European Public Real Estate Association/National Association of Real Estate Investment Trusts

ORGANIZATIONAL CHART



INVESTMENT VEHICLES

- **Principal Investments** – Direct owned investments owned through separate accounts. Staff retains key discretion over major decisions including acquisitions, dispositions, financing, major leases, capital improvements, and annual business plans.
- **Externally Managed Portfolio** – Includes pooled funds, club investments, co-investments, and REITs.

INVESTMENT STRATEGIES

PRIVATE REAL ESTATE

THE PORTFOLIO IS ANCHORED BY THE CORE COMPONENT. THE NON-CORE COMPONENT IS EXPECTED TO BE A SOURCE OF EXCESS RETURNS.

88% Core (STRATEGIC)

- Income focused
- Institutional quality
- Stabilized (high occupancy)
- Low immediate capital needs
- Low leverage (less than 50%)

CORE TARGET 85% (RANGE 70% - 100%)

12% Non-Core (TACTICAL)

- Most return from appreciation
- Value (creation) to include:
 - Lease-up
 - Development
 - Redevelopment
 - Repositioning
 - Recapitalization
- Higher leverage
- Includes international
- Build-to-core: lower cost basis

NON-CORE TARGET 15% (RANGE 0% - 30%)

Portfolio Management Levers

- Core/Non-core Allocation
- Property Type Ranges
- Geographic Ranges
- Manager Concentration
- Leverage Limits

Real Estate Consultant – The Townsend Group

- Prepares quarterly and annual performance reports
- Investment monitoring and annual review
- Sourcing-pooled funds
 - Staff sourced
 - Townsend best ideas
- Due diligence
- Research
- Ad hoc projects
- Prudent Man Opinions

INVESTMENT PROCESS

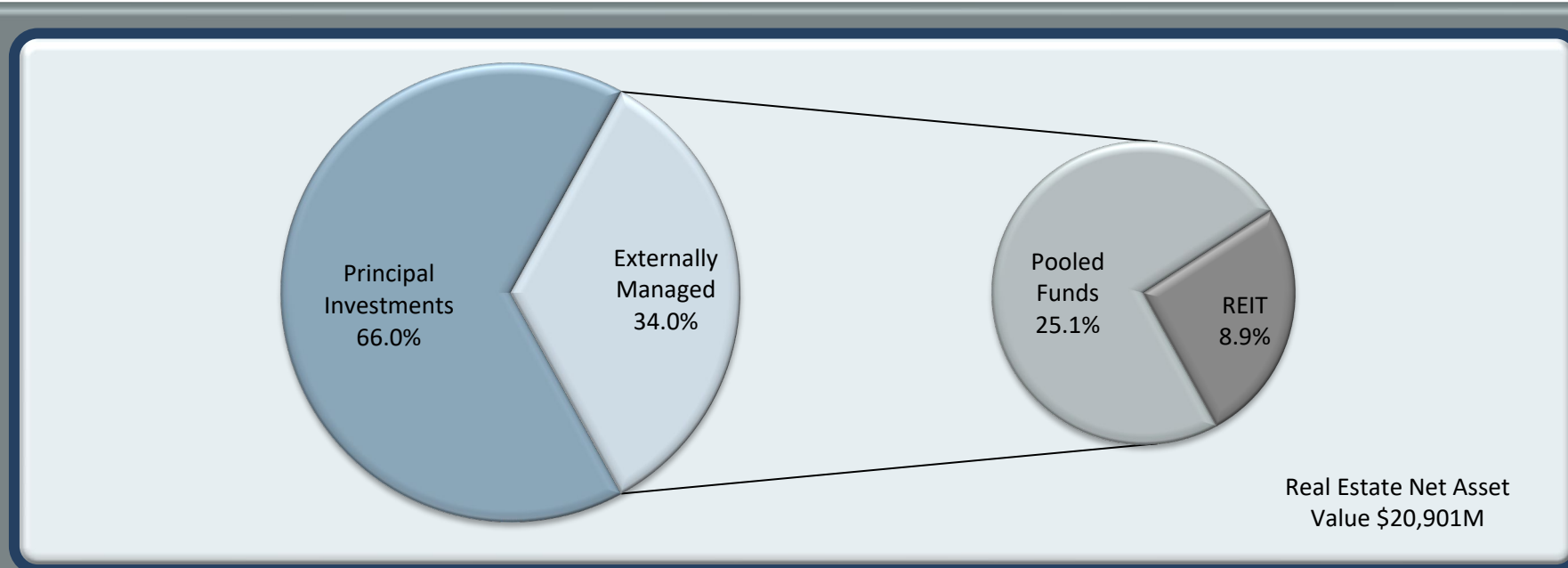
- Total Portfolio:
 - Consultant Pacing Model – manages vintage
 - Annual Work Plan – anticipated portfolio activity
- Principal Investments:
 - Sourcing through separate account advisors, staff, brokers, and operators
 - Due Diligence by separate account advisors and staff
 - Legal negotiation by outside counsel and General Counsel's Office
 - Asset management by separate account managers and staff. Quarterly reporting, annual business plans, regular calls, site visits
- Externally Managed Portfolio:
 - Sourcing through consultant, staff, brokers, and fund managers
 - Due diligence by consultant and staff
 - Legal negotiation by outside counsel and SBA General Counsel
 - Monitoring by consultant, reporting packages, annual meetings, LPAC's, and staff

PORTFOLIO – TOTAL REAL ESTATE

Policy Target Allocation:	10% of Total Fund
Allocation Range:	4% - 16% of Total Fund
Allocation 9/30/2023:	11.6%
Allocation 2/23/2024 :	9.8%

REAL ESTATE PORTFOLIO

AS OF 09/30/2023



Principal Investments	Pooled Funds	REITs
Direct Investments-JVs and wholly owned	High diversification	Competitive L/T returns
Separate Accounts	Access to niche strategies and specialists	Diversification
Superior Control (Staff retains discretion)	Manage allocation	Source of liquidity
Lower fee structures		Lower fee structure
Core focus		Transition due to benchmark changes

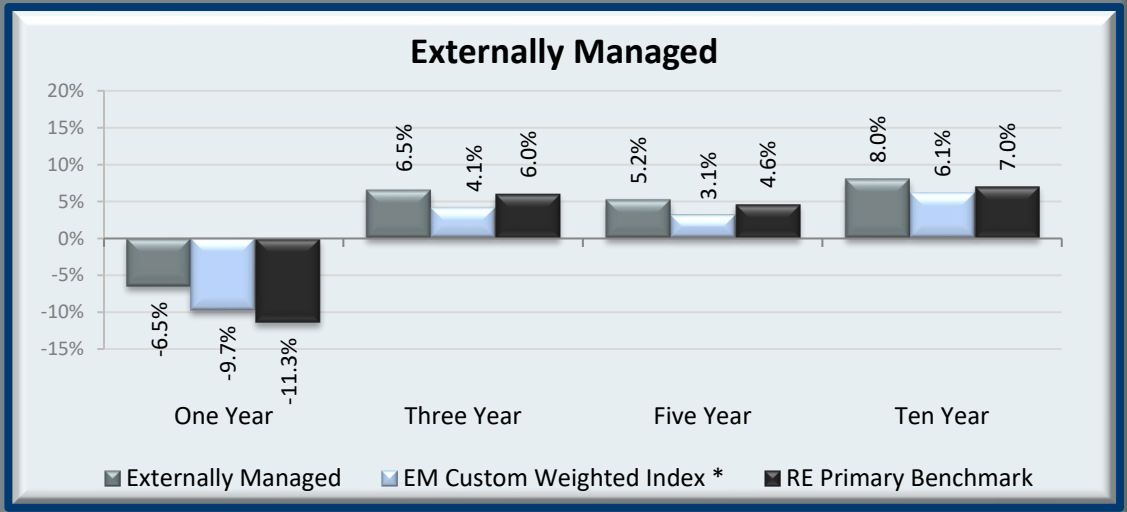
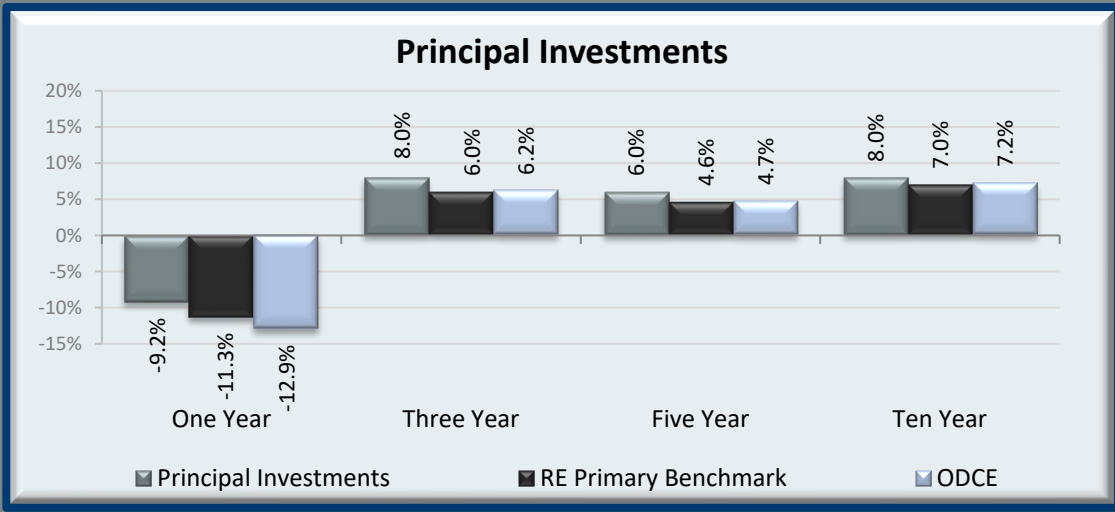
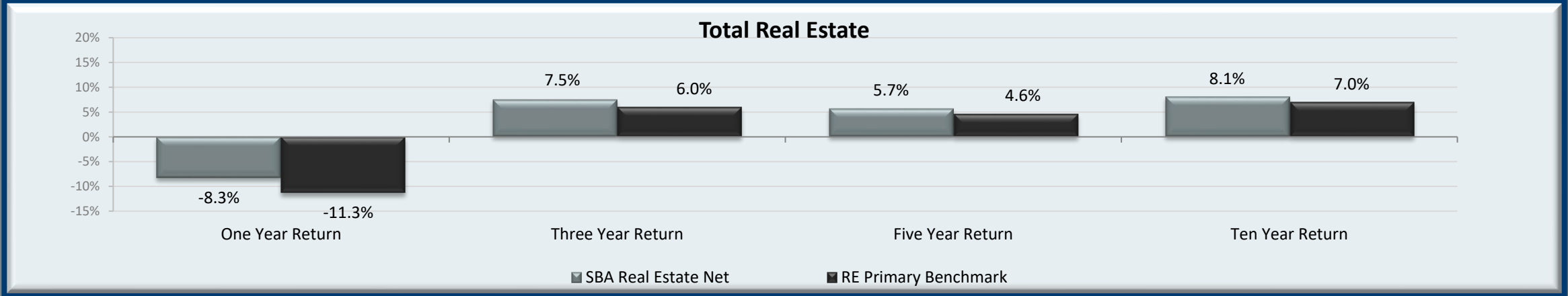
PORTFOLIO INVESTMENTS

Total Real Estate GAV: \$27,797M
Total Real Estate NAV: \$20,901M

	<u>Principal Investments</u>	<u>Externally Managed</u>
• GAV	\$17,200M	\$10,597M
• NAV	\$13,804M	\$7,097M
• Leverage	20.6%	33.0%
• # of Markets	78	Global
• # of Investments	81	68
• # of Properties	313	N/A
• # of Managers	8	26

PORTFOLIO RETURNS

AS OF 09/30/2023

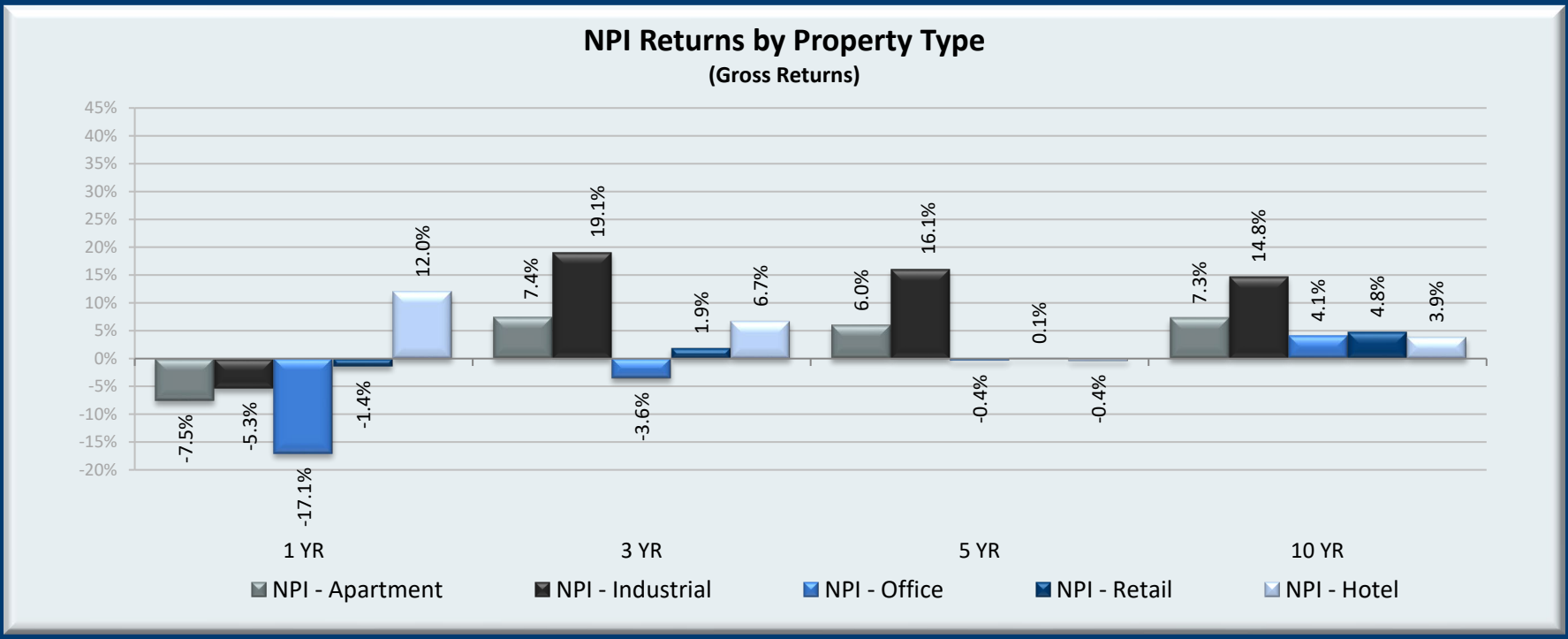


* Externally Managed Custom Weighted Index is a portfolio weighted combination of the portfolio's quarterly core, non-core and public exposure versus the NFI-ODCE (net), NFI-ODCE + 150 bps (net), and the Custom REIT Benchmark, respectively.

PORTFOLIO RETURNS

AS OF 09/30/2023

- Principal Investments short term return, relative to benchmark, negatively impacted by overweight to office.
- Externally Managed short term returns negatively impacted by valuation timing and methodology of non-core fund investments.
- Returns are highly bifurcated by property types.



REAL ESTATE PORTFOLIO

(One Year)

Relative Contributors

Manufactured Housing

Student Housing

REITs

Retail

Industrial

Relative Detractors

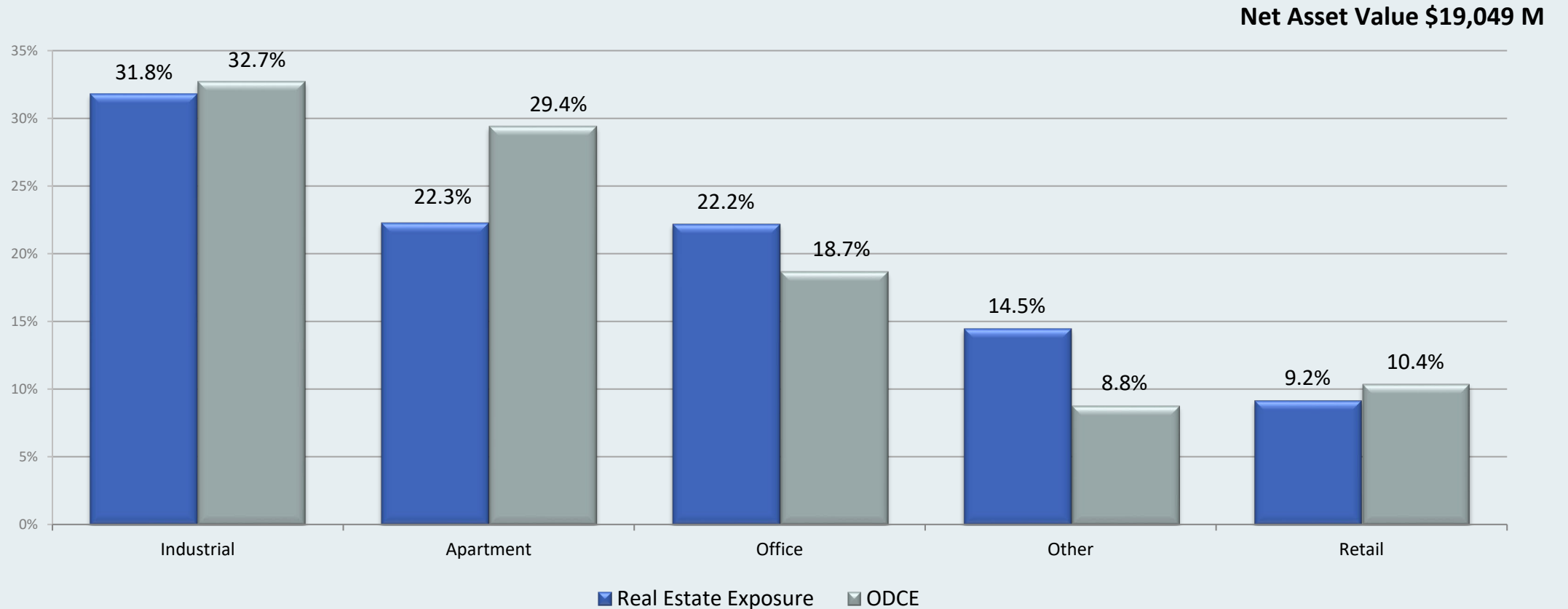
Commercial Office

Multifamily

International

PRIVATE MARKET PROPERTY TYPE DIVERSIFICATION

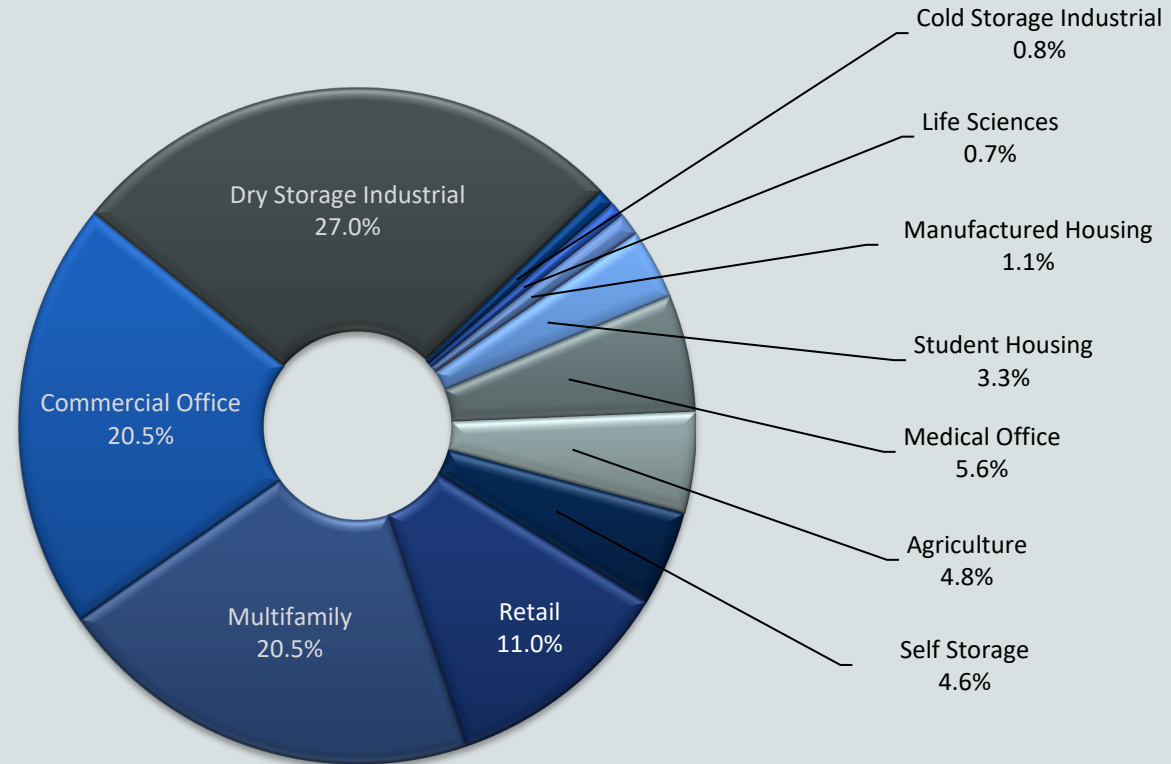
as of 09/30/2023



Other includes Agriculture, Manufactured Housing, Self Storage, SFR, data centers, hotel, senior housing & land.

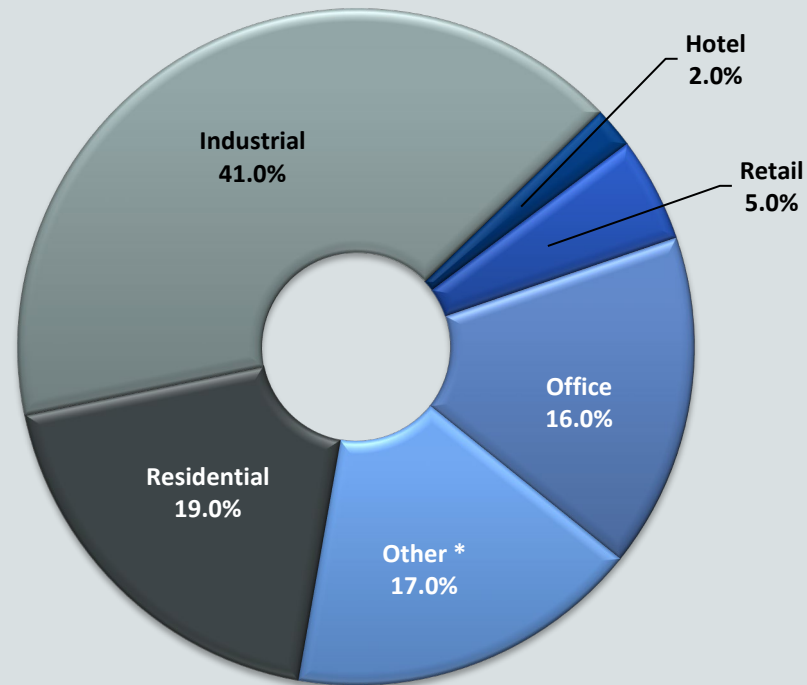
PRINCIPAL INVESTMENTS PROPERTY TYPES

as of 9/30/2023



POOLED FUNDS PROPERTY TYPES

as of 9/30/2023

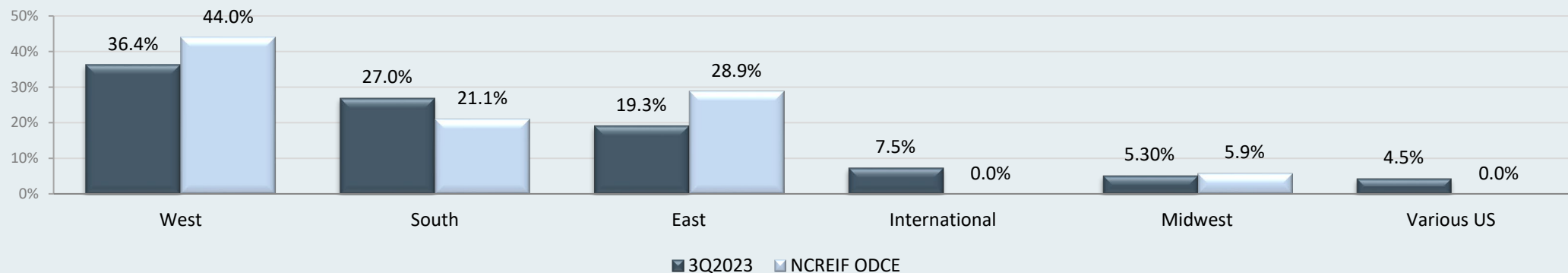


* Other includes data centers, for sale manufactured, for sale other, health care, medical office, parking, self storage, senior living, student housing and land.

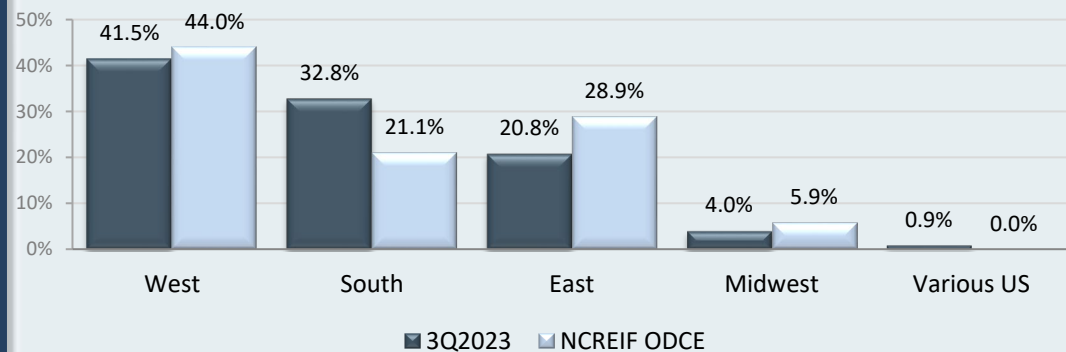
PORTFOLIO GEOGRAPHY

AS OF 09/30/2023

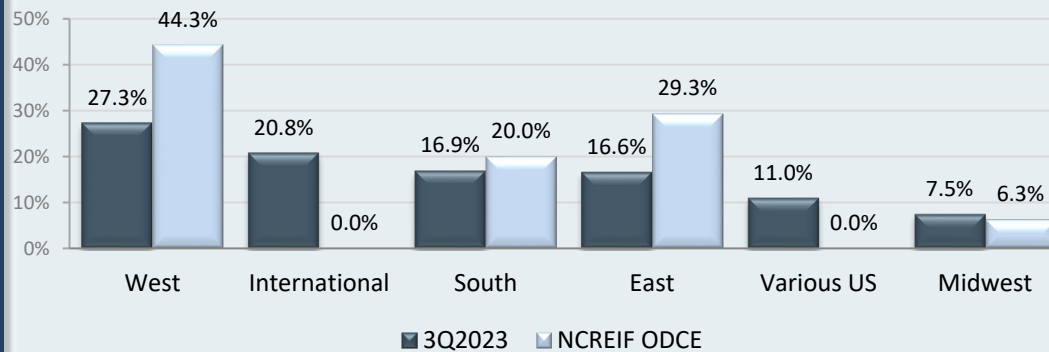
Total Portfolio



Principal Investments



Externally Managed



2023 INVESTMENT ACTIVITY

Principal Investments

ACQUISITIONS (Equity)

\$344M	Industrial
\$ 38M	Medical Office Buildings
\$382M	TOTAL ACQUISITIONS

DISPOSITIONS (Equity)

\$34M	Agriculture
\$34M	TOTAL DISPOSITIONS

CREDIT FACILITY

\$116M	Credit Facility Loans
\$116M	TOTAL CREDIT FACILITY TRANSACTIONS

2023 INVESTMENT ACTIVITY

COMMINGLED FUNDS

COMMINGLED FUNDS COMMITMENTS

\$78M	Industrial Outdoor Storage
\$175M	Apartment
\$45M	Diversified
\$110M	Secondaries
\$408M	TOTAL NEW COMMITMENTS

REDEMPTIONS

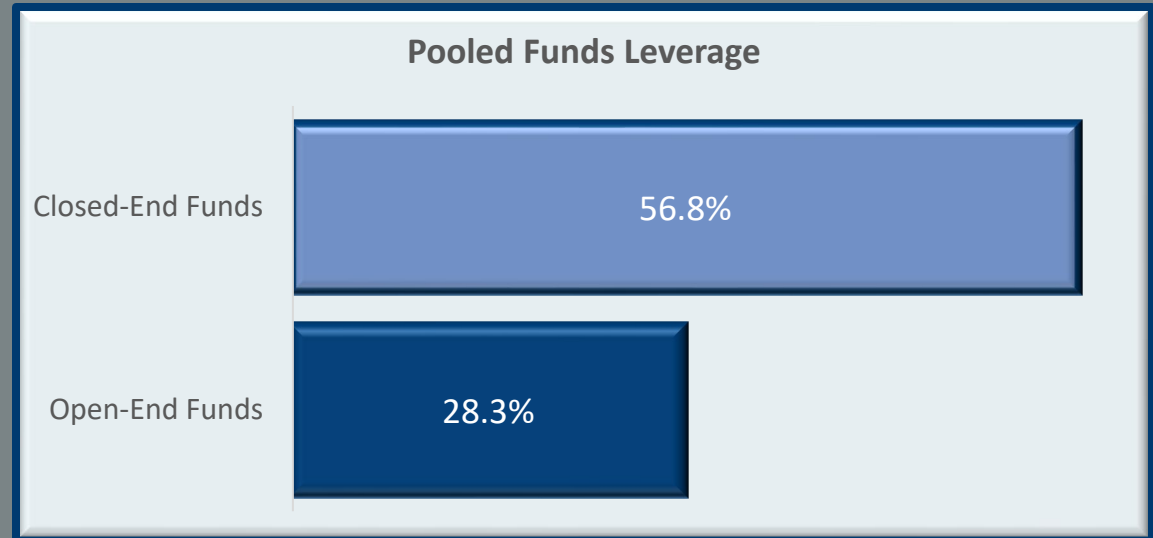
	N/A
	NEW REDEMPTIONS

REITs

\$400M	Additional Capital
\$400M	TOTAL NEW REIT INVESTMENTS

PRIVATE MARKET LEVERAGE *

as of 09/30/2023



Investment Portfolio Guidelines:

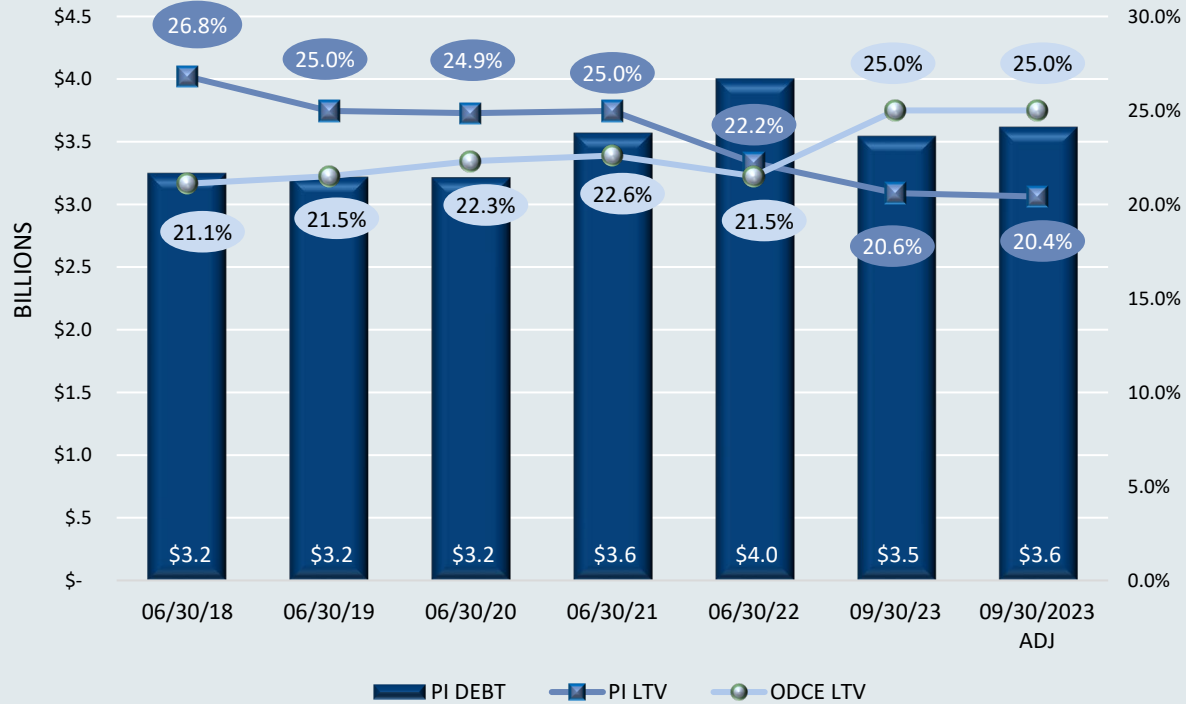
- Private Market Portfolio leverage limited to 40% Loan to Value (LTV).
- Principal Investments Portfolio leverage limited to 35% Loan to Value (LTV).

* Does not include public REIT leverage.

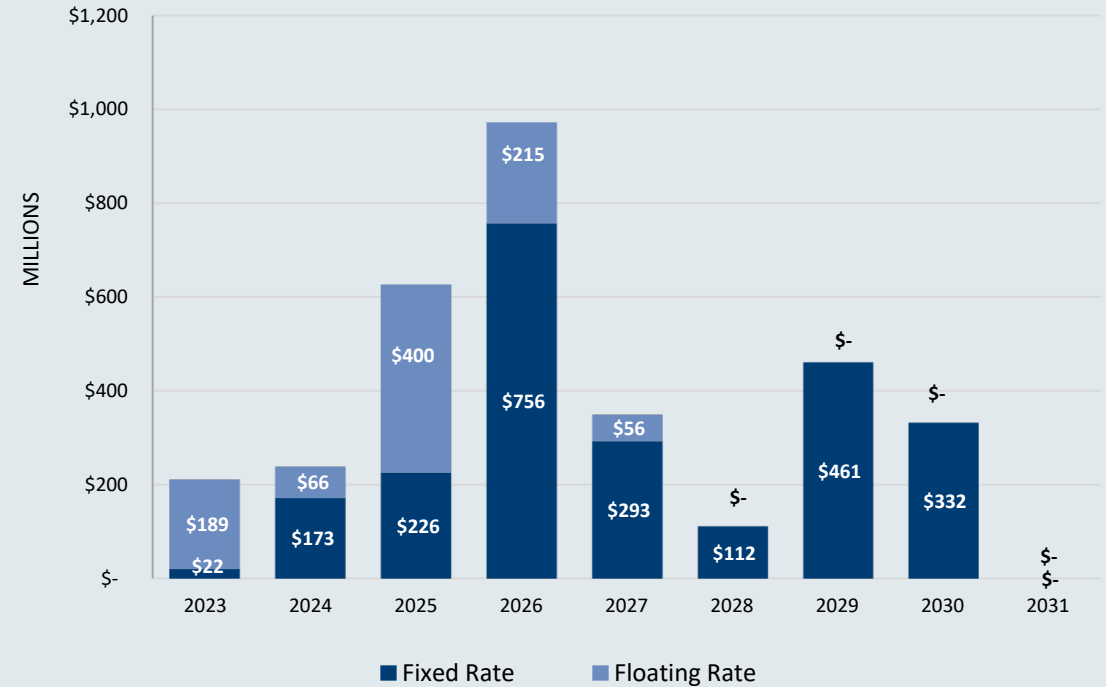
PRINCIPAL INVESTMENTS LEVERAGE

as of 09/30/23

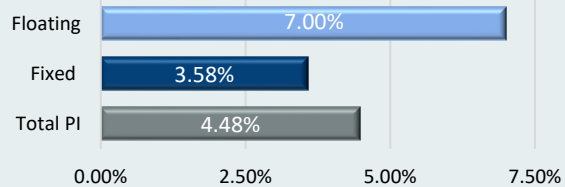
PI 5 YR LEVERAGE



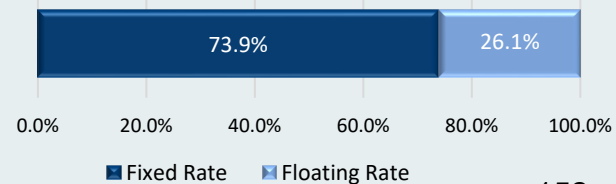
DEBT MATURITIES



WEIGHTED AVG COST OF DEBT



DEBT DIVERSIFICATION



Investment Portfolio Guidelines

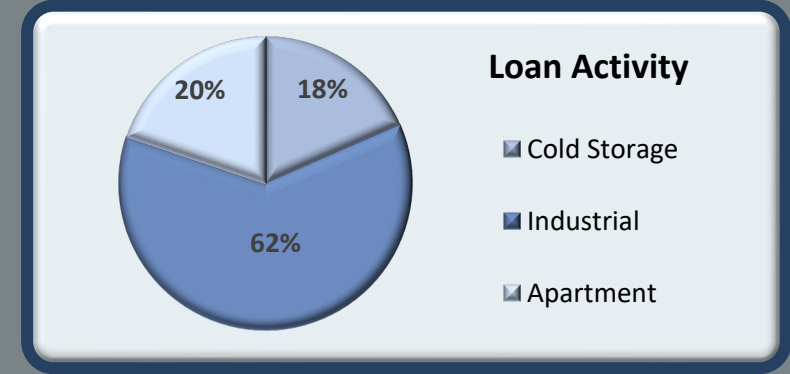
- Portfolio Leverage limited to 35% Loan To Value (LTV)
- Individual Asset Level limited to 50% LTV
- JV Individual Asset limited to 70% LTV
- Nonrecourse to the SBA

PI NAV at 09/30/23: \$14 billion

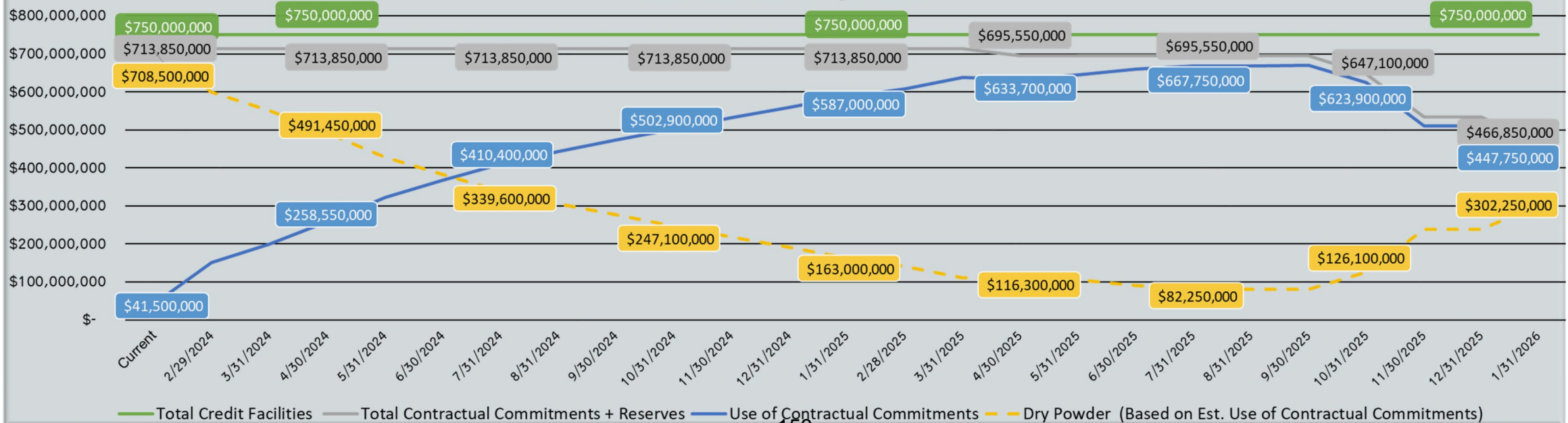
2023 CREDIT FACILITY ACTIVITY

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

Activity	Loan Amount	Average Loan-to-cost
Closed	\$ 115,750,000	58.75%
In Progress	\$ 518,950,000	56.99%
Pipeline	\$ 128,350,000	50.00%
Total Activity	\$ 713,850,000	57.65%



Estimated Funding and Dry Powder Analysis
Based on Estimated Funding Schedules



REAL ESTATE CAPITAL MARKETS

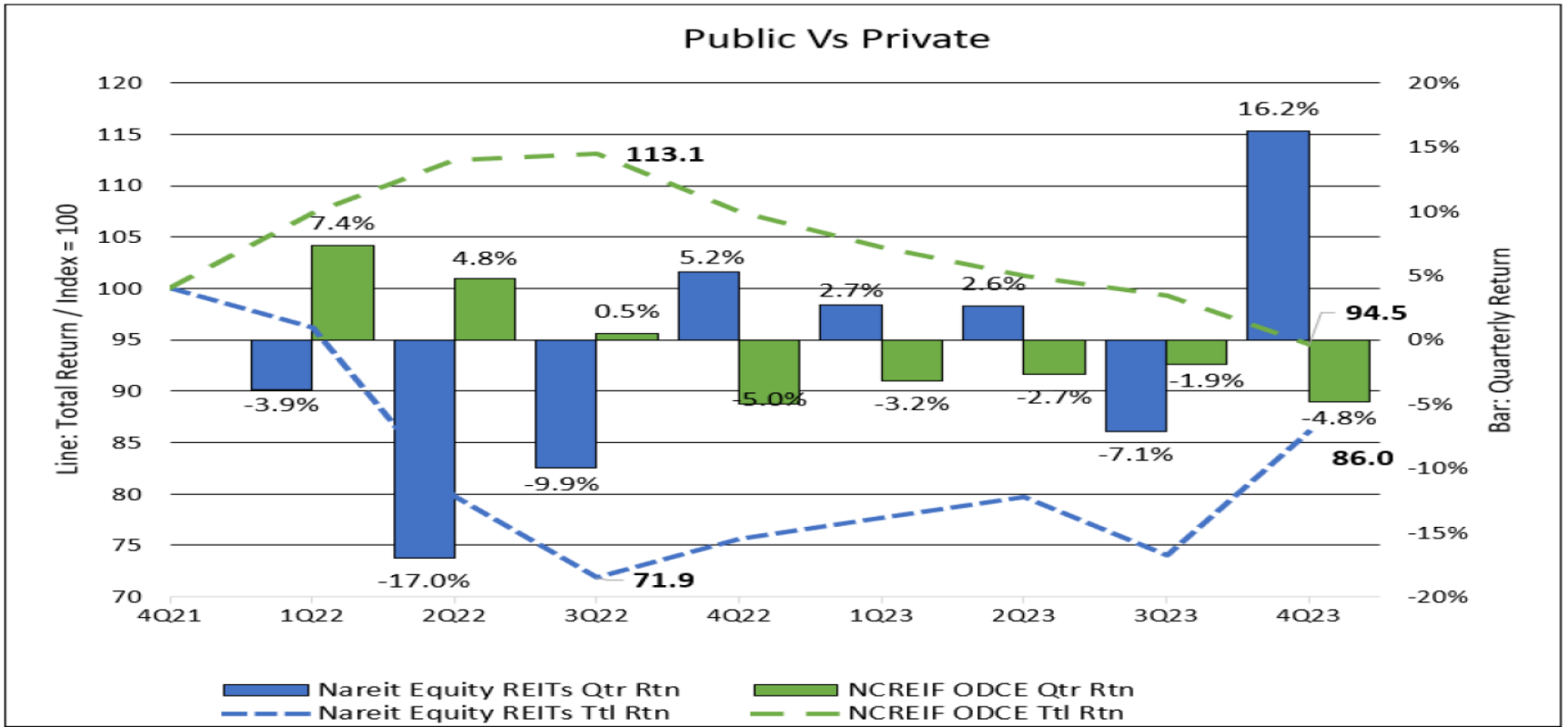
- Interest Rates: Higher borrowing costs and limited debt availability will remain in the near term. Investors need to plan and adjust to a higher for longer rate environment.
- Inflation: Remains elevated; however below peak. Higher development and replacement costs.
- Cap Rates: Continue to expand but beginning to moderate in some property sectors.
- Fundraising/Liquidity: Top 20 funds raised approximately 50% of global capital, resulting in 500+ GPs lacking access to institutional capital.

VALUATIONS/TRANSACTIONS

- Cap rate expansion and increased cost of debt
 - Higher required unlevered returns
 - Lower levered returns
 - Lower valuations
- Q3 2023 represented the 4th consecutive quarter of negative returns from NFI-ODCE. Peak to trough the NFI-ODCE has declined 12.1% (gross).
- Large differences in buyer and seller price expectations resulting in few transactions.
- Lack of transactions responsible for private real estate appraisal lag.
- Open-end funds have redemption queues equal to approximately 15% to 17% of NAV, as investors attempt to rebalance and valuations have been slow to adjust.
- Strong rent growth in certain property types is offsetting some cap rate expansion.

PORTFOLIO RETURNS

- Private RE Valuations lagging RE public valuations
- Private RE Valuations lagging private RE transaction data



LOOKING FORWARD

- Anticipate continued higher interest rates.
- Most property types will continue to experience pressure from both property operations and capital markets.
- Utilize SBA liquidity to exploit market inefficiencies.
- Selectively pursue development opportunities in structurally resilient sectors such as industrial and residential.
- Seek out mispriced core assets, or assets in need of recapitalization.
- Avoid sectors with uncertain futures, such as office.

Thank You

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INVESTMENT ADVISORY COUNCIL

Item 4. Real Estate Asset Class Review

Richard Brown, Townsend

Seth Marcus, Townsend

Jeff Leighton, Townsend

(See Attachment 4B)



The State Board of Administration of Florida ("SBAF")

Real Estate Portfolio Report

March 2024



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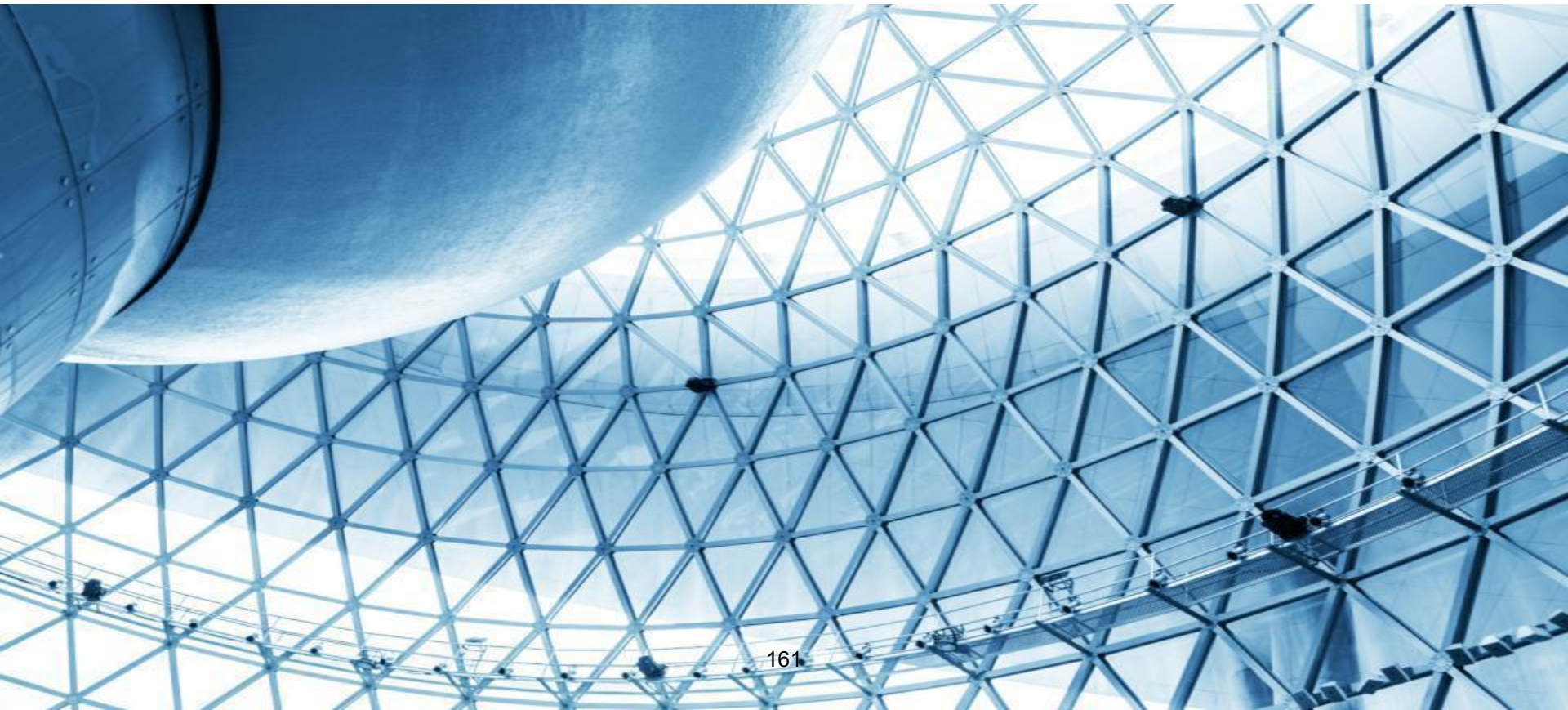
REAL ESTATE PERFORMANCE

ADDITIONAL PERFORMANCE DATA

MARKET OVERVIEW

DEFINITIONS AND DISCLOSURES

Real Estate Performance



SBAF Real Estate Program Update

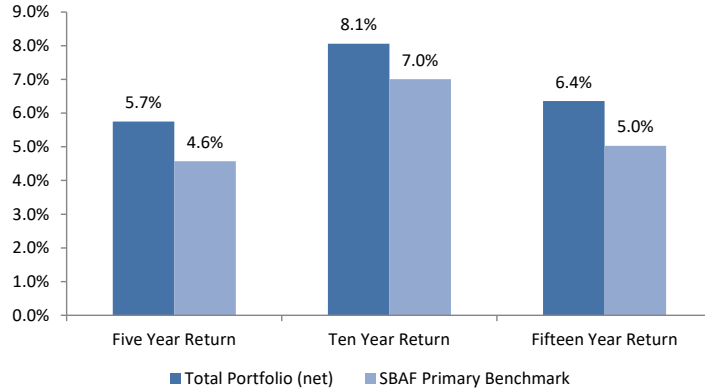
	2005	2018	2023	FUTURE
Allocation	\$5.6 billion 4.7% of TPA (7% Target Allocation)	\$14.6 billion 9.0% of TPA (10% Target Allocation)	\$20.9 billion 11.6% of TPA (10% Target Allocation)	Manage towards New 12% Target \$1.6 billion currently unfunded
Portfolio	6 open end funds (20%) 6 separate accounts (68%) 6 close end funds/REITs (12%)	11 open end funds (19%) 8 separate accounts (62%) 35+ closed end funds/REITs (19%)	13 open end funds (18%) 7 separate accounts (66%) 50+ closed end funds/REITs (16%)	Allocate new core capital through separate accounts and non-core to funds or unique investment opportunities
Risk Profile	Core/Farmland 88% Non-Core 0% REITs 12%	Core/Farmland 76% Non-Core 14% REITs 10%	Core/Farmland 81% Non-Core 10% REITs 9%	Core Target 10% of TPA (83% of Real Estate) Non-Core Target 2% of TPA (17% of Real Estate)
Property Diversification	Apartments 22%; Office 39%; Industrial 12%; Retail 18%; Hotel 2%; Other 7%	Apartments 20%; Office 33%; Industrial 14%; Retail 17%; Hotel 2%; Other 14%	Apartments 22%; Office 22%; Industrial 32%; Retail 9%; Hotel 1%; Other 14%	Target reduction in office and increased allocation to alternatives
Region	U.S. (99.8%) Ex-U.S. (0.2%)	U.S. (91%) Ex-U.S. (9%)	U.S. (93%) Ex-U.S. (7%)	Monitor private markets global diversification

Source: The Townsend Group. All performance is comprised of manager provided data collected by The Townsend Group as of 9/30/23.

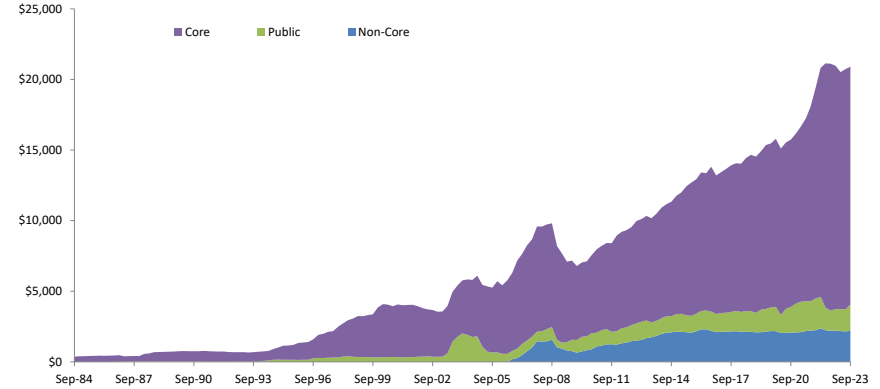
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15+ Year Impact on Portfolio

SBAF Real Estate Performance



Real Estate Portfolio Evolution



Real Estate Fund Risk Profile

	3Q 2023	Townsend Comment
Market Value (% of Total Plan)	\$20.9 billion (11.6%)	Prudently working towards and maintaining the new 12% target allocation; expectation is for allocation to range +/-1% of target over the next 4 quarters.
Control or Liquidity	83.7% (IMA or Open End) and 8.9% Public REITs	Significant control resides with SBAF and liquidity through public REIT exposure. OECF exposure does not necessarily equate to liquidity.
Leverage	26.8% (private portfolio)	Decreased over time due to significant core exposure as well as a decrease in leverage across Principal Investments through loan payoffs. In 2023, SBAF initiated an internal loan program to provide leverage for specific assets within Principal Investments.
Unfunded Commitments	\$1.6 billion (0.9%)	Dollar value remains consistent as we seek to maintain vintage year diversification.
Property Type Exposure	13.8% in alternatives (private portfolio)	Increased over time (5% allocation 15+ years ago) as alternative property types become more institutional and income generators, seeking to further increase exposure through dedicated fund strategies and direct asset acquisitions.
International Exposure	7.5% (private and public portfolio)	Increased over time (1% allocation 15+ years ago) with exposure focused on developed markets in Europe and Asia.

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Total Real Estate Portfolio Performance

ROLLING FIVE-YEAR RETURN

- The Real Estate Portfolio's five-year total return of 5.7% outperformed the benchmark by 110 basis points.
- The Portfolio has consistently outperformed over the five-year measurement period since 2002.
- Additionally, the Real Estate Portfolio exceeded the benchmark by 110 and 140 basis points over the 10 and 15-year periods, respectively.



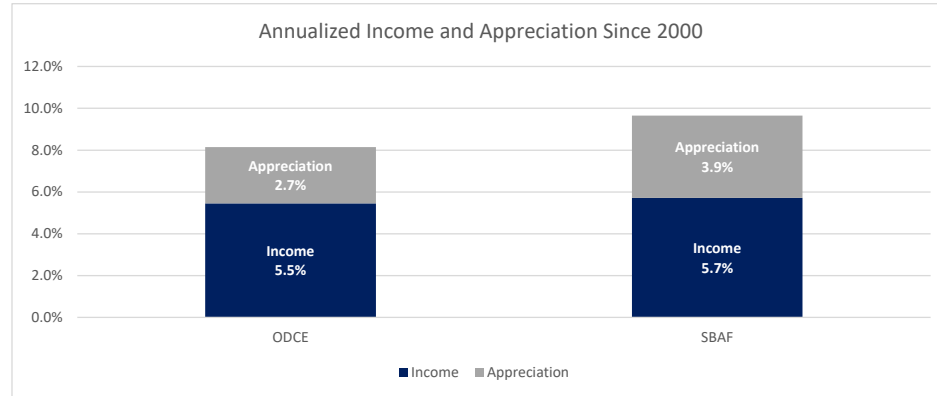
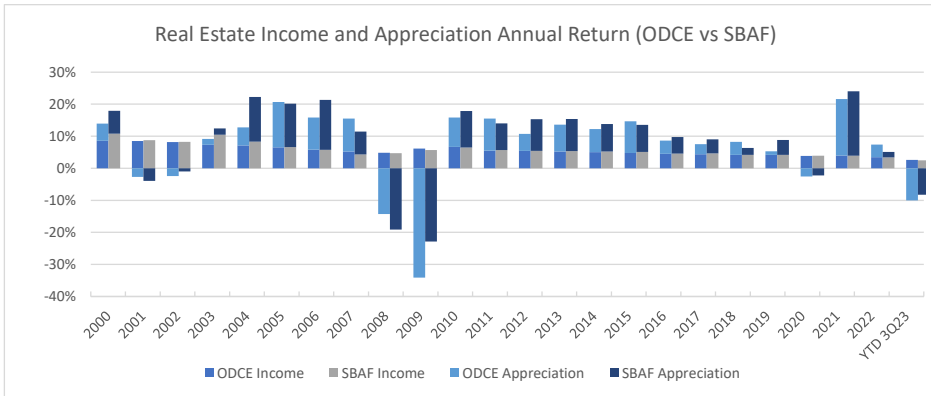
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Real Estate Income and Appreciation Annual Return

LONG-TERM RISK SECTOR AND CONTROL

- High-quality real estate income generation has been resilient, even during the toughest of economic times. Volatility has been prevalent since the COVID-19 pandemic and has remained high due to economic uncertainty and hawkish Fed action; however, investors have benefited from focusing on high-quality income generating assets throughout this cycle.



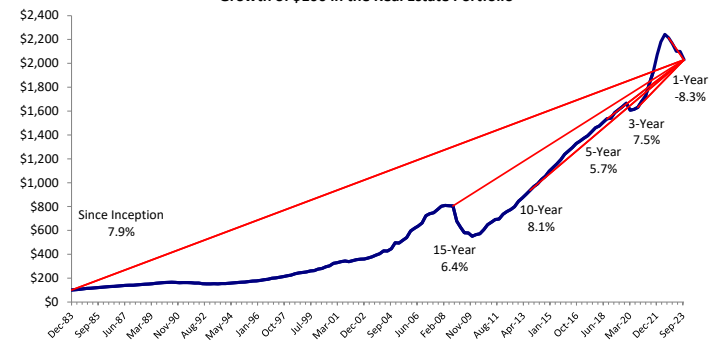
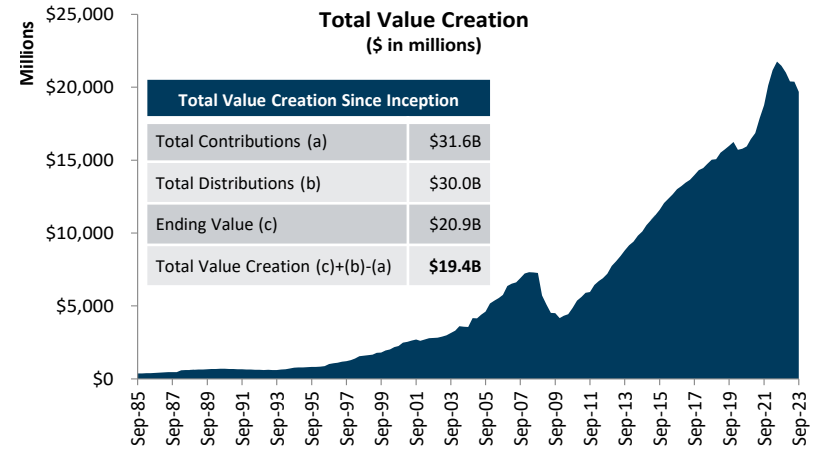
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Value Creation

PORTFOLIO GROWTH OVER TIME

- Returns are impacted by the starting point of the measurement period.
- The portfolio has remained resilient through volatile market cycles; after a brief performance decline in 2020 due to the pandemic, the portfolio rebounded quickly and generated the strongest 12-month return on record since the Global Financial Crisis¹ and continues to outperform on a relative basis despite economic uncertainty.
- Recent declines over the last five quarters are anticipated to continue into 2024. Elevated interest rates, limited transaction activity, volatility in the U.S. 10-year Treasury, and broader economic conditions continue to force cap and discount rate expansion through quarterly write-downs across the portfolio.
- Over the long-term (multiple market cycles), the portfolio continues to generate strong returns.



Figures are based on time weighted net returns

¹Global Financial Crisis represents the time period beginning mid-2007 and ending in early 2009.

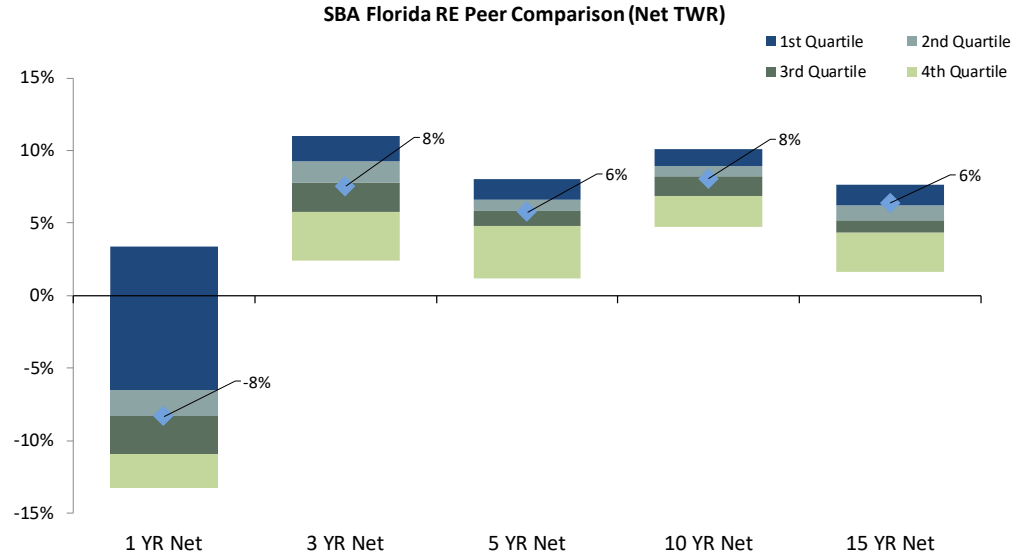
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Relative Performance

PEER COMPARISON

- SBAF's performance versus its peers (60+ institutional real estate investors*) performs at or slightly below median across time periods shown in the adjacent chart, and in the top quartile over the 15-year period.
- Given SBAF's more conservative risk profile (+80% core exposure), the portfolio tends to outperform peers over market cycles and reduces volatility in returns. However, over a shorter-term downturn or robust economic growth, the portfolio tracks the median.
- Outperforming peers over any specific time period will also come with more volatility. Historical and future objective is for SBAF to maintain a stable and outperforming portfolio over market cycles.
- It is important to note, peer portfolios will vary by investment strategy, investment type, risk appetite and portfolio inception dates.



*Number of peer portfolios reduce over longer time periods. Peer portfolios will vary by investment strategy, investment type, risk appetite and portfolio inception dates.

Source: The Townsend Group. All performance is comprised of manager provided data collected by The Townsend Group as of 9/30/23.

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Real Estate Portfolio Compliance

POLICY COMPLIANCE

- The real estate portfolio's investment allocation was in compliance and well-diversified by property type, geographic region and risk sector as of September 30, 2023.
- The portfolio's apartment exposure is anticipated to increase following recent commitments to dedicated multifamily strategies.

Portfolio Compliance	Target	Range	Exposure	Compliance
Private Investments	90%	85-95%	91%	Yes
Core Investments ¹	83%	70-100%	88%	Yes
Non-Core Investments	17%	0-30%	12%	Yes
Value-Added Investments			5%	
Opportunistic Investments			7%	
Public Investments ²	0%	0-15%	9%	Yes

¹ Includes Farmland

² 0% target effective 1/1/2024. Previous target through 12/31/2023 was 10%.

Private Real Estate Portfolio Diversification / Compliance

Property ¹	Range (ODCE +/- 15%)	Actual Weight
Apartment	14.4% - 44.4%	22.3%
Industrial	17.7% - 47.7%	31.8%
Retail	0.0% - 25.4%	9.2%
Office	3.7% - 33.7%	22.2%
Other ²	0.0% - 23.8%	14.5%

Geography ¹	Range (ODCE +/- 15%)	Actual Weight
East	14.0% - 44.0%	20.7%
Midwest	0.0% - 20.9%	5.6%
South	6.1% - 36.1%	29.1%
West	29.1% - 59.1%	39.2%
Various US	N/A	0.7%
International	N/A	4.7%

Exposure	Maximum Exposure	Actual Weight
Single Asset ⁴	7%	6.3%
Directed-Owned Manager ³	35%	29.3%
Pooled Funds ³	10%	3.1%
REIT Manager ³	10%	3.3%
Leverage ¹	40%	26.8%

¹ Based on Private Real Estate Portfolio NAV

² Includes both Other and Hotel

³ Based on Total Real Estate Portfolio NAV

⁴ Based on Principal Investments Real Estate Portfolio NAV

Principal Investments classifications are as follows:

Apartment - Multifamily and Student Housing

Industrial - Industrial and Cold Storage

Retail - Strictly Retail

Office - Commercial Office, Medical Office, and Life Sciences

Other - Agriculture, Senior Housing, Self Storage, and Manufactured Housing

Source: The Townsend Group, NFI-ODCE. All performance is comprised of manager provided data collected by The Townsend Group as of 9/30/23.

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Real Estate Portfolio Compliance

POLICY COMPLIANCE

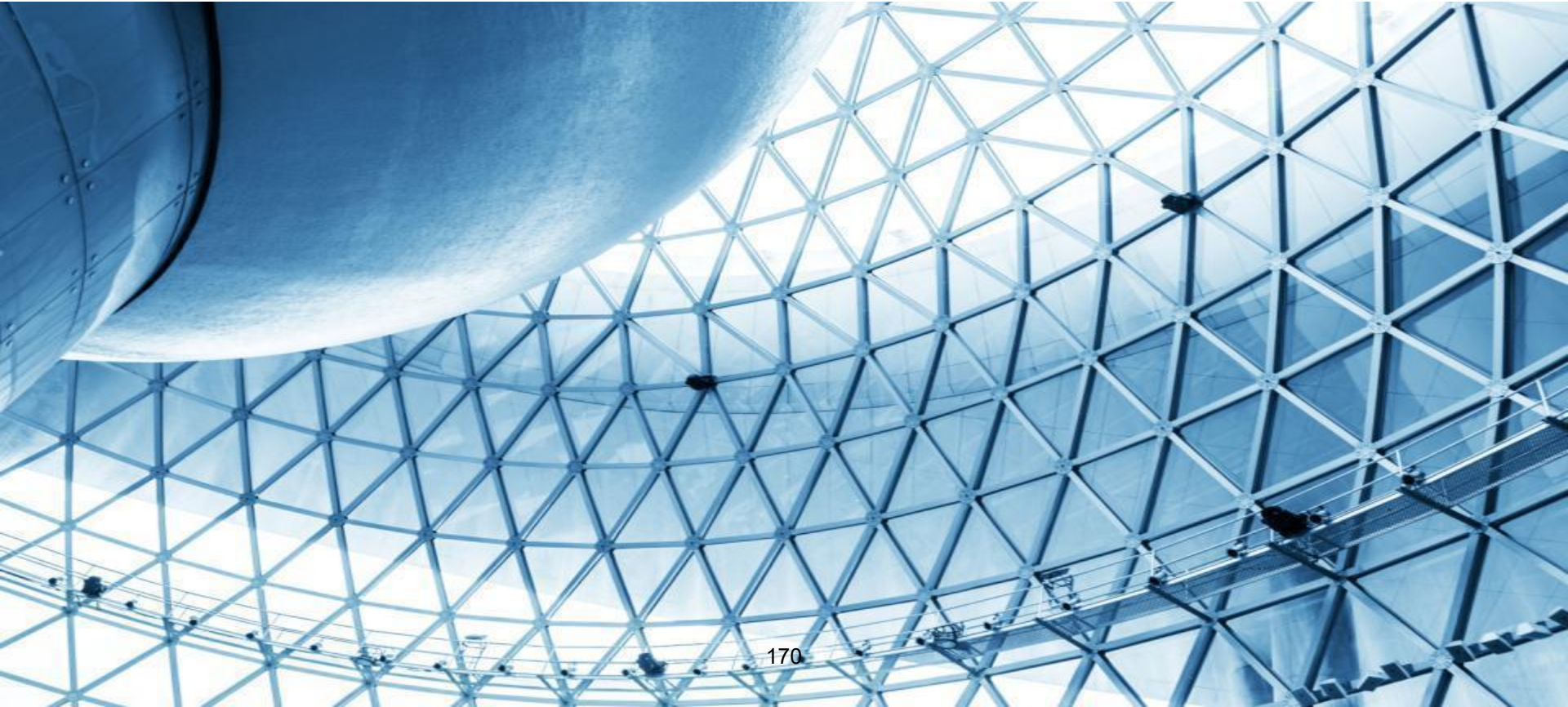
- The portfolio has a strategy of targeting real estate on a global basis. The real estate portfolio's objective is to diversify SBAF's plan versus equities and fixed income, act as a hedge against inflation, and provide meaningful risk-adjusted returns comprised of income and appreciation.

<u>Category</u>	<u>Plan Requirement</u>	<u>3Q23 NAV</u>
RE Allocation target	2-12%	✓
Return Targets/Benchmark		
Real Estate	5-yr net vs. 76.5% ODCE; 13.5% ODCE+150; 10% EPRA/NAREIT	✓
Investment Style Allocations		
Private (Core, Value, High Return)	90% Private (70-100% Core / 0-30% Non-Core)	✓
Public (or other)	5-15%	✓
Risk Policies		
Manager Diversification	10% pooled fund; 35% IMA	✓
Maximum LP share of fund	25%	✓
Fund Diversification	7%	✓
Property Diversification	+/- 15% from ODCE	✓
Geographic Diversification	+/- 15% from ODCE	✓
International Exposure	None	✓
Leverage	Principal Investments 30%; Private Portfolio 40%	✓

Source: The Townsend Group, NFI-ODCE. All performance is comprised of manager provided data collected by The Townsend Group as of 9/30/23.

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Additional Performance Data

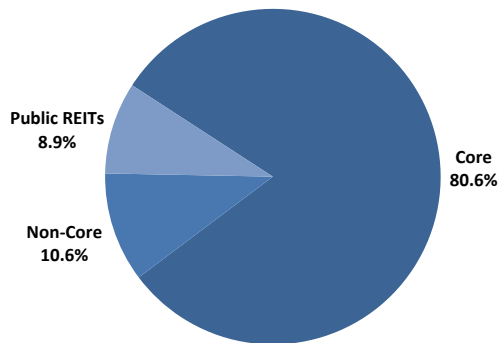


Total Real Estate Composition

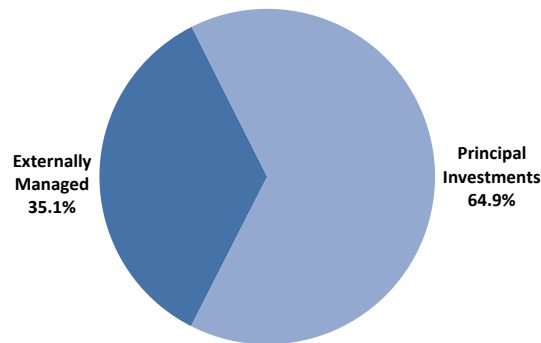
RISK SECTOR AND CONTROL

- The SBAF real estate portfolio is invested in Core, Non-Core, and Public REIT investments. The Portfolio is further allocated between Principal Investments and Externally Managed investments.
 - Principal Investments - SBAF staff retains key authorities related to approving acquisitions, dispositions, financing activities and annual business plans.
 - Externally Managed - Investments include those where SBAF has given discretion over these decisions to the investment manager (to include pooled funds and REIT separate accounts).

Total Portfolio Composition



Total Portfolio Composition



Source: The Townsend Group. All performance is comprised of manager provided data collected by The Townsend Group as of 9/30/23.

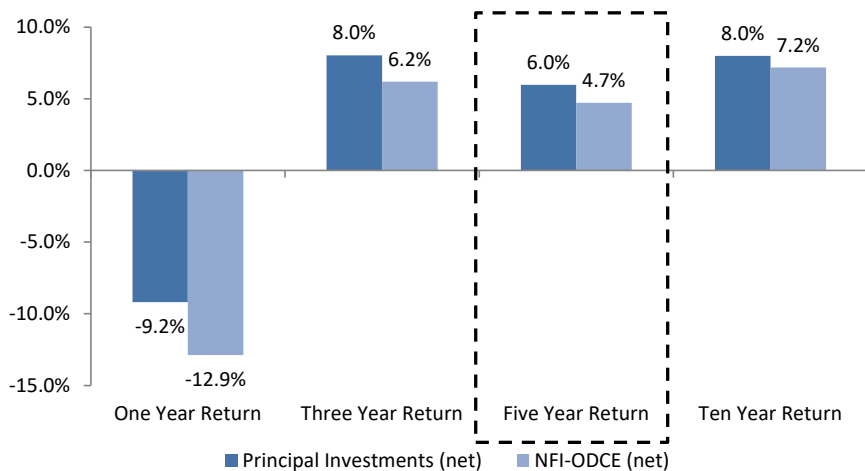
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Drivers of Performance

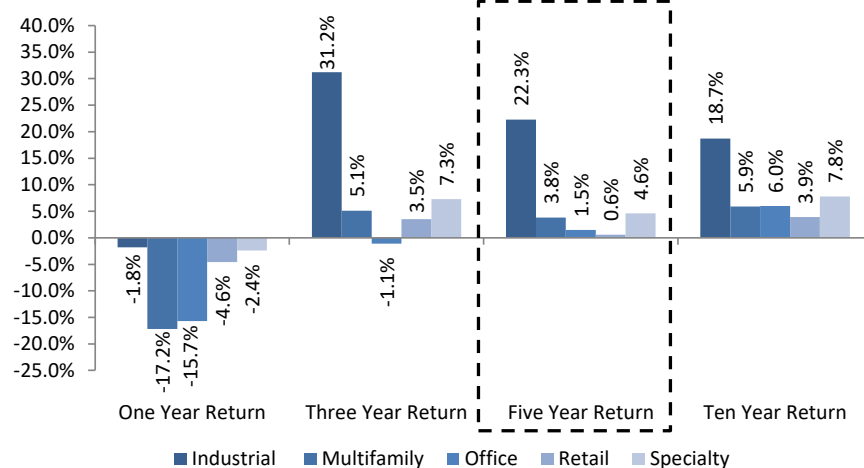
PRINCIPAL INVESTMENTS

- Principal Investments exposure is primarily invested in Core (99%) with the balance in Non-Core investments (1%).
- Performance over shorter time periods can be volatile; however, the Principal Investments portfolio has consistently outperformed the NFI-ODCE net benchmark over longer time periods measured below, including the one-, three-, five- and ten-year periods.
- Industrial investment selection was a significant driver of total performance.

Principal Investments Performance



Principal Investments Sector Performance (net)



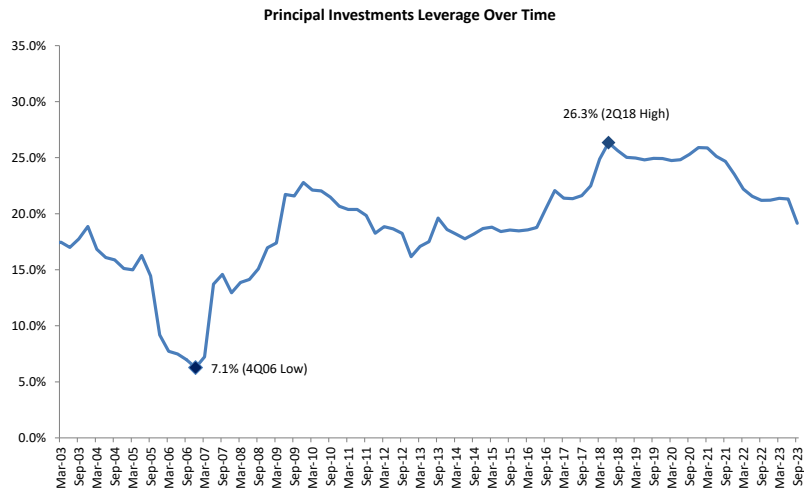
Source: The Townsend Group. All performance is comprised of manager provided data collected by The Townsend Group as of 9/30/23.

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Principal Investments

LEVERAGE PROFILE

- The chart below shows the historical quarterly leverage of the Principal Investments portfolio over the last 20+ years.
- The portfolio's leverage over the past year has declined to 19.1%, versus the NFI-ODCE benchmark leverage of 25.0%.
- The leverage decline since 2021 is primarily due to a combination of the following: i) sale of levered properties, and ii) paying off loans.
- In 2023, SBAF began offering an internal loan program to specific assets within Principal Investments. These loans are not included in the below leverage calculation.



Source: The Townsend Group, NFI-ODCE.

All performance is comprised of manager provided data collected by The Townsend Group as of 9/30/23.

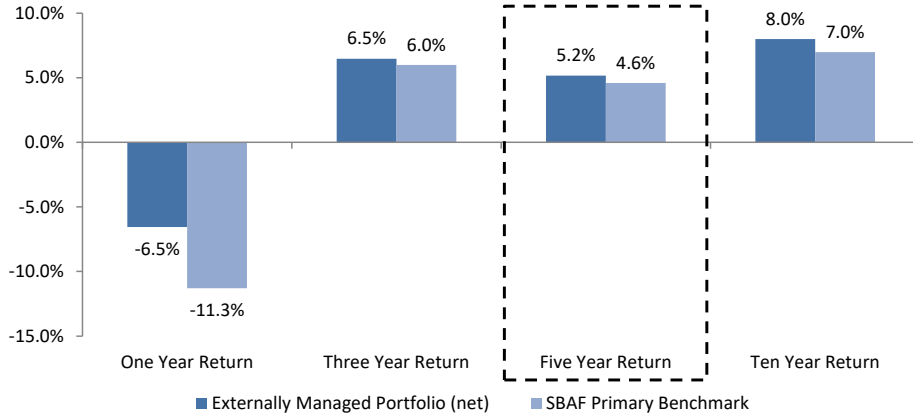
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Drivers of Performance

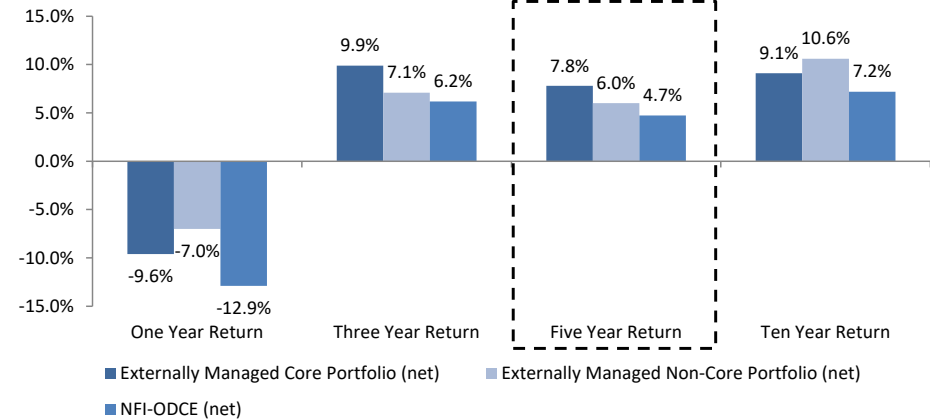
EXTERNALLY MANAGED

- The Externally Managed Core (47%), Non-Core (27%), and Public REIT Portfolio (26%) outperformed the benchmark on a net of fee basis over all time periods shown below.
- The Externally Managed Core and Non-Core portfolios both outperformed the NFI-ODCE index individually across all time periods shown below. Historically, valuation timing and methodology has impacted short-term non-core returns relative to the benchmark. Public investments (REITs) have added volatility to the portfolio and negatively impacted long-term performance (see following slide).

Externally Managed Portfolio Performance



Externally Managed Core and Non-Core Performance



Source: The Townsend Group, NFI-ODCE.

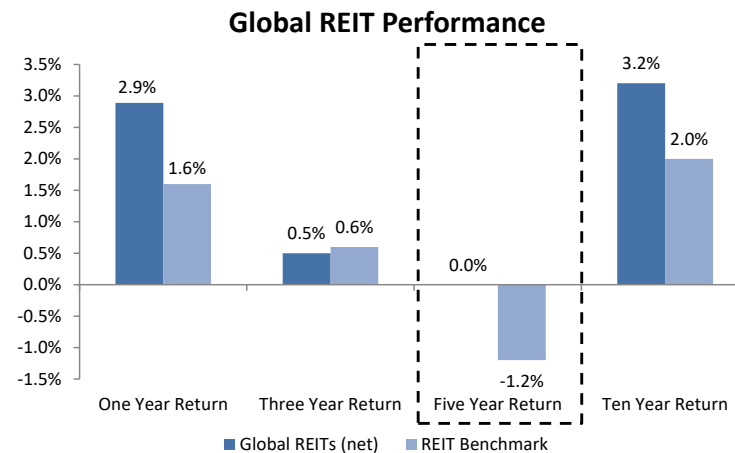
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Drivers of Performance

EXTERNALLY MANAGED – GLOBAL PUBLIC REITS

- Despite inherent volatility within REIT investments, the Public Portfolio tracks or outperforms the comparable benchmark on a net basis over all time periods shown below.
- Correlation to public equities alongside an accelerated rise in the U.S. 10-year treasury yield has resulted in volatility and moderate performance within the Public Portfolio over short- and long-term periods.
- During the fourth quarter of 2023, equities rebounded while yields moderated, generating positive tailwinds for the Public Portfolio. The FTSE EPRA/NAREIT Global Index produced a 14.8% return during 4Q23.
- SBAF made the strategic decision to exit its Public REIT positions in an orderly process. During 3Q23, SBAF liquidated one of its Public REIT accounts, resulting in \$184.3 million of capital distributed to SBAF.



Source: The Townsend Group, EPRA/NAREIT. All performance is comprised of manager provided data collected by The Townsend Group as of 9/30/23.

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Real Estate Portfolio Highlights and Significant Events

PORTFOLIO HIGHLIGHTS

- Real estate performance has consistently outperformed the benchmark for 20 consecutive years. Today, the portfolio exceeds the benchmark on a net basis over the five-year period by 110 basis points (110 and 140 basis points of outperformance over the ten and fifteen-year periods, respectively).
- As of September 30, 2023, on an invested basis, the Real Estate Portfolio represented 11.6% of total plan assets (\$20.9 billion). This is an 80 bps decrease in allocation compared to last year due to an increase in total plan assets and decrease in Real Estate market value.
- SBAF received over \$640 million of cash flow distributions (gains, refinancing, income, etc...) in addition to \$228 million of capital returned from asset sales (return “of” capital invested) as of the one-year ending September 30, 2023.

SIGNIFICANT EVENTS

- Thus far, SBAF has closed on four Externally Managed non-core commitments totaling \$333 million during fiscal year 2024 – three follow-on commitments to existing funds (global diversified with a unique structure, secondary strategy, and US value-add), and one commitment to a new manager focused on industrial outdoor storage. Five additional investments are in varying levels of due diligence with anticipated closing before fiscal year end 6/30/24.
- Principal Investments has made (or is in process of making) six acquisitions and seven loan payoffs in the fiscal year 2024 totaling \$969 million. The acquisitions were made to industrial, apartment, medical office buildings (two), single family rental, and cold-storage. During the fiscal year, two dispositions in agriculture totaled \$26 million. Multiple dispositions are currently under consideration across industrial, agriculture, and medical office buildings.

Source: The Townsend Group. All performance is comprised of manager provided data collected by The Townsend Group as of 9/30/23.

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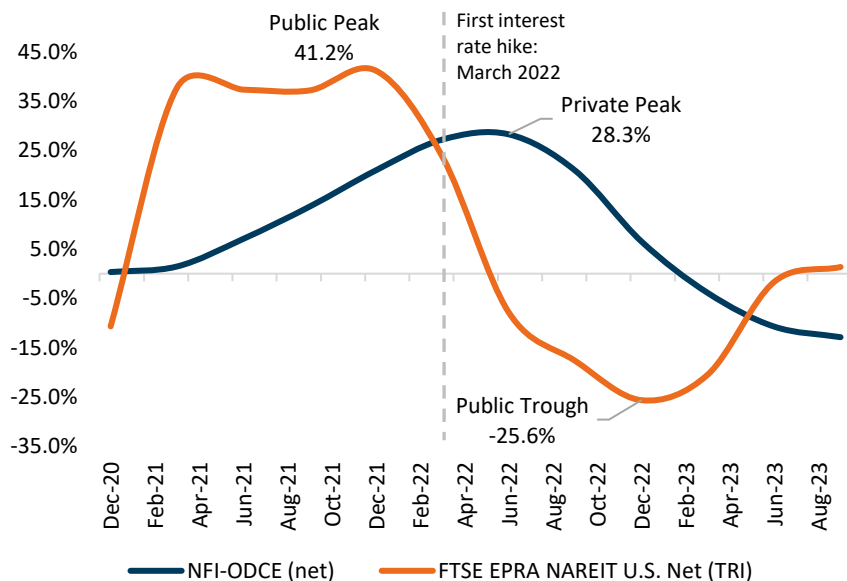
Market Overview



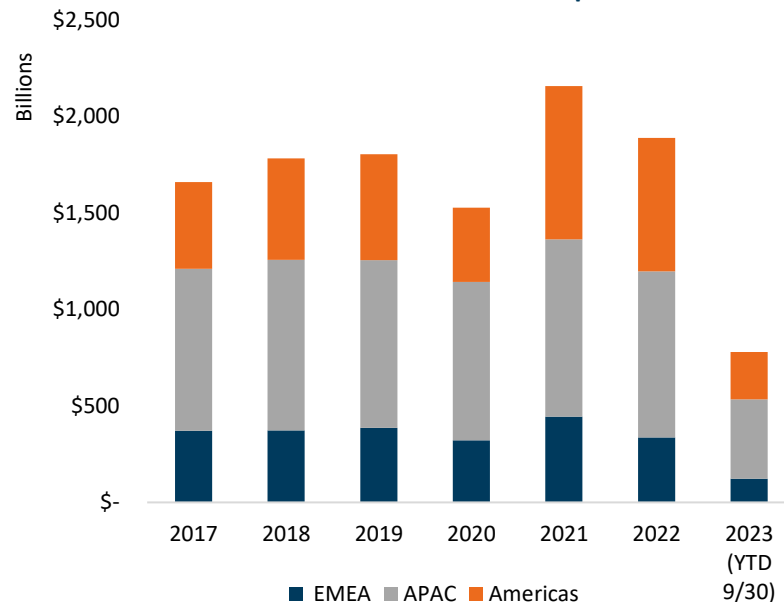
Real estate values continue to be under pressure in near-term

- Private market valuations lag public market valuations by several quarters.
- Real estate transactions have slowed as buyers are taking a “wait and see” approach.

Public vs. Private Real Estate Rolling One-Year Returns



Global Transaction Volume - All Properties



Data as of September 30, 2023. YTD for 2023 is as of September 30, 2023.

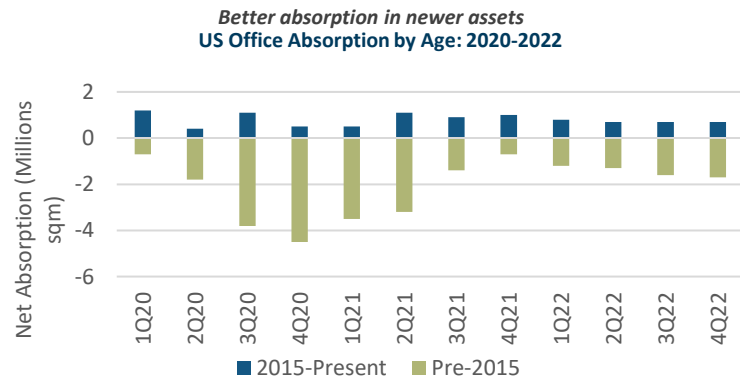
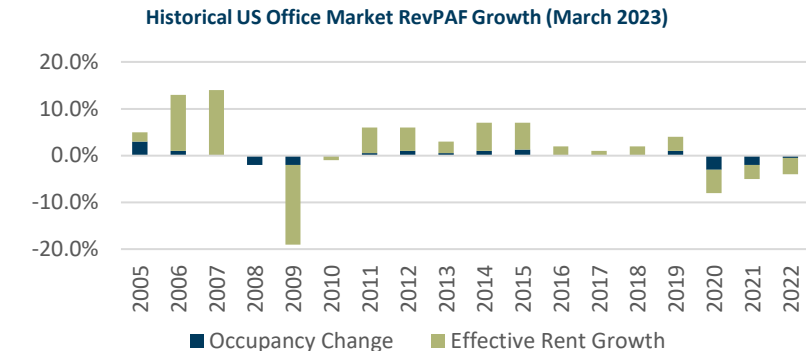
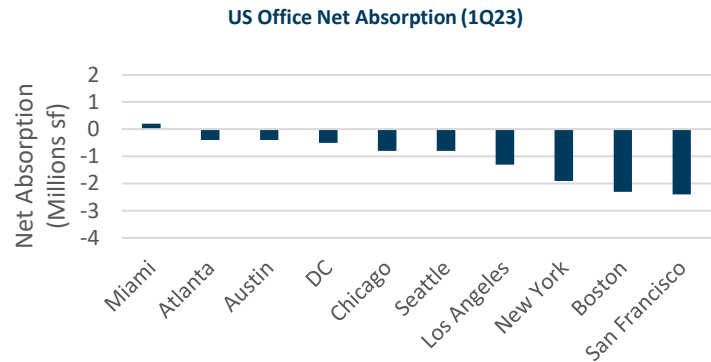
Source: NCREIF, NAREIT, MSCI.

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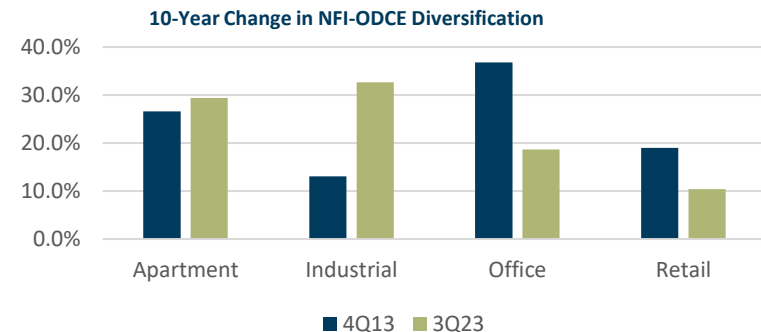
Office sector at risk, but accounts for a much smaller portion of CRE market

In general, the sunbelt markets are retaining tenants better than gateway markets

Historically, fundamentals remain weak for a three-year period, but this time we have two macro events of work-from-home and job losses in the technology and banking sectors implying longer weakness period



Office sector accounts for much lower % of CRE market today



Higher secular growth in industrial & apartments anticipated to lead to higher relative performance

- While higher interest rates are putting stress on near-term valuations across all asset classes, strong underlying fundamentals support investment story for specific sectors, including industrial and residential. Transaction volume remains low as pricing discovery continues. Forward curve indicative of better pricing in the future.

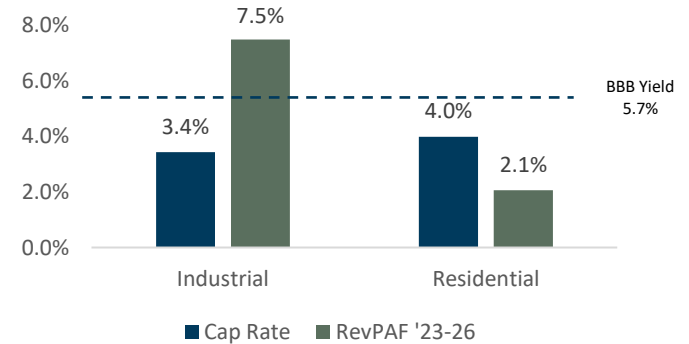
Industrial Sector

- The persistent growth in the e-commerce sector continues to lead to a strong tenant demand for warehouses.
- Supply remains constrained in the current environment due to lack of availability of construction financing.
- Reshoring trend like domestic chip manufacturing can benefit tenant demand.
- In the short-term, rent pressures could emerge due to normalization of tenant demand, but the long-term growth story still looks viable.

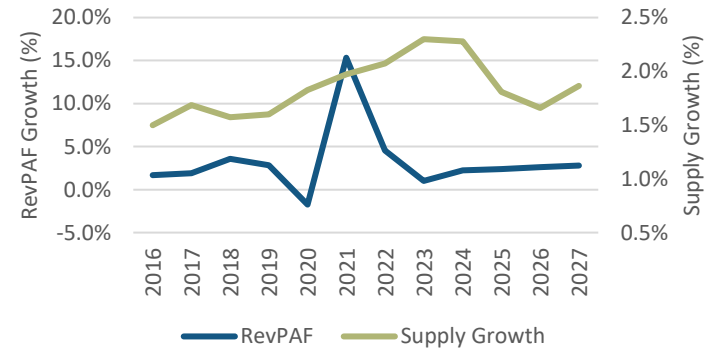
Apartment Sector

- Apartment supply in the select high-growth markets is further constrained today due to a lack of construction financing. Initial constraints remain due to a lack of material and labor.
- Rental demand normalized in 2023 after record growth post-pandemic. In the medium to long-term, rental demand is likely to remain strong as higher mortgage rates and home values will limit ownership.

Cap Rates, BBB, RevPAF Forecast (%) – August 2023



Residential RevPAF Growth & Supply Forecast

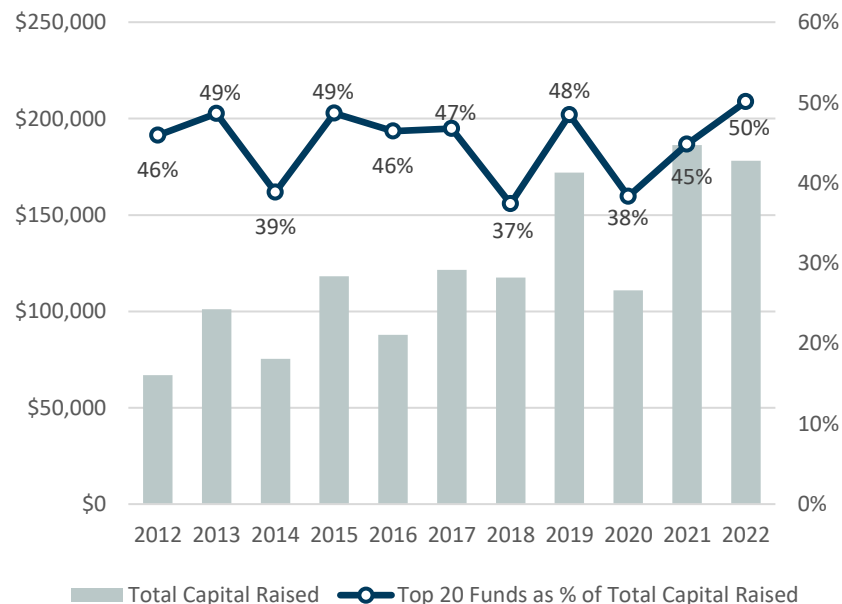


Why is Now a Good Time for Real Estate Investments?

- Potential to capitalize on compelling thematic investment opportunities arising post COVID-19
- Leverage distress to build portfolios around cyclical lows
- Strategically partner with experienced but undercapitalized platforms

- Distress in real estate markets create a once in a decade investment opportunity.
- Top 20 funds raise ~50% of global capital resulting in 500+ GPs lacking access to institutional capital.
- Niche real estate sectors at attractive valuations are fast getting institutionalized, leading to above normal return opportunities.
- Many highly-experienced professionals are looking to start new platforms at inflection points in the cycle, creating opportunities to capture GP-economics that can enhance returns by +200-400 bps.
- Attractive opportunities to strategically invest and partner with experienced GPs that are under-capitalized.
- Inefficient debt and equity capital markets provide opportunity for private capital to fund growth of real estate companies and platforms.

Global PERE Fundraising (2012-2022)



Global Real Estate Investment Themes

1

Evolution of the Global Supply Chain

Expansion/modernization across the supply chain, including bulk distribution, last mile, and specialized distribution real estate.

Lack of availability of construction financing and slowing rent growth to limit supply in the short-term, making rent growth prospects beyond a potential recessionary period attractive.

Execution opportunities

Outdoor Storage aggregation potential presents entity level investment opportunities

Seed and grow industrial platform with attractive current discounted pricing

2

Housing Shortage and Suburban Migration

Shortage of affordable housing stock across most global developed markets.

Migration to less urban markets due to remote work and anticipated tax savings.

Execution opportunities

Built-to-rent offers opportunities to seed new and emerging platforms and capture GP economics

Single family rental offers industry roll-up play

Multifamily offers attractive medium-term returns

3

Dislocation in Select Property Types

Debt markets are not fully functional and risk premiums have significantly expanded.

Higher interest rates and significant bank loan maturities over the next 5 years create tactical opportunity for Private Credit.

Execution opportunities

Once-a-cycle private real estate credit investment opportunities that offer attractive income return with potential for equity kickers

Discounted secondaries (portfolios and funds) offer attractive entry options

4

Emergence of Niche Property Types

Niche strategies may offer stable income, differentiated demand dynamics, and upside potential through operating efficiencies.

Execution opportunities

Institutionalize fast growing cold storage sector as demand for delivery of fresh food gains momentum

Fund development of datacenters witnessing a surge in demand by big tech companies due to growth in data intensive generative AI industry. Seed platform and capture GP economics

5

Evolving Work-Life Balance and Work-From-Home

Headwinds driven by potential economic slowdown and associated employment market weakness.

Execution opportunities

Opportunity to acquire ESG-compliant, trophy office assets at deep discounts to their replacement value

Reposition investments in faster growing markets of South/South East with lower taxes and better climate as remote work gains greater acceptance

6

Aging Population and Complemental Strategies

Over the next 10 years, growth in global population aged 65-74 and age 75+ are anticipated to increase significantly.

Demographics driving demand for healthcare, life sciences, medical office, and senior housing.

Execution opportunities

Growing opportunity set to invest in life sciences and senior housing through programmatic joint ventures or entity-level platform investment.

Definitions and Disclosures



Disclosures

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Material market or economic conditions may have had an effect on the results portrayed.

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There can be no assurance that any account will achieve results comparable to those presented. Past performance is not indicative of future results.

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GENERAL DISCLOSURES

There can be no assurance that any account will achieve results comparable to those presented. Past performance is not indicative of future results. Investing involves risk, including possible loss of principal.

Returns reflect the equal-weighted returns calculated during the periods indicated. Note: If including Core, this is value-weighted. In addition, the valuations reflect various assumptions, including assumptions of actual unrealized value existing in such investments at the time of valuation. As a result of portfolio customization/blending and other factors, actual investments made for your account may differ substantially from the investments of portfolios comprising any indices or composites presented.

Due to the customized nature of Townsend's client portfolios, the performance stated may be considered "hypothetical" as it does not reflect the experience of individual client portfolios, but rather aggregate client positions in the stated investment strategy.

NON REGULATORY ASSETS UNDER MANAGEMENT

As of June 30, 2023, Townsend had assets under management of approximately \$22.9 billion. When calculating assets under management, Townsend aggregates net asset values and unfunded commitments on a quarterly basis. Townsend relies on third parties to provide asset valuations, which typically takes in excess of 90 days after the quarter end. Therefore, assets under management have been calculated using June 30, 2023 figures where available but may also include March 31, 2023 figures. Assets under management are calculated quarterly and includes discretionary assets under management and non-discretionary client assets where the client's contractual arrangement provides the client with the ability to opt out of or into particular transactions, or provides other ancillary control rights over investment decision-making (a/k/a "quasi-discretionary"). Regulatory AUM is calculated annually and can be made available upon request.

ADVISED ASSETS

As of June 30, 2023, Townsend provided advisory services to clients who had real estate/real asset allocations exceeding \$125.4 billion. Advised assets includes real estate and real asset allocation as reported by our clients for whom Townsend provides multiple advisory services—including strategic and underwriting advice for the entire portfolio. Advised assets are based on totals reported by each client to Townsend or derived from publicly available information. Advised assets are calculated quarterly. Select clients report less frequently than quarterly in which case we roll forward prior quarter totals. The recent change in Advised Assets is due to a change in the reporting of certain special projects.

quarterly in which case we roll forward prior quarter totals. The recent change in Advised Assets is due to a change in the reporting of certain special projects.

The NFI-ODCE Index is a capitalization-weighted, gross of fees, time-weighted return index with an inception date of 1/1/1978. Published reports may also contain equal-weighted and net of fees information. Open-end funds are generally defined 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, thereby providing a degree of potential investment liquidity. The term Diversified Core Equity style typically reflects lower risk investment strategies utilizing low leverage and generally represented by equity ownership positions in stable U.S. operating properties (as defined herein). The NFI-ODCE is a quasi-managed index based on the periodic review by the Index Policy Committee ("IPC") of the index's criteria thresholds.

INVESTMENT ADVISORY COUNCIL

Item 5. Portfolio Concentration Risk

Eileen Neill, Verus

(See Attachments 5A – 5B)



PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS



MARCH 12, 2024

U.S. Equity Index Concentration Review
Prepared for the Florida State Board of Administration

Overview

1. Discussion of capital market theory and best practices
2. Review of historical U.S. equity market concentration
3. Comparison of cap-weighted vs. equal-weighted portfolio structures
4. Tactical deviation vs. market benchmark
5. Conclusions

Index concentration causes

Index concentration is most often simply reflection of region's economy (i.e., “normal” concentration)

- If economy has achieved global leadership in certain industries, this translates to those global leading corporations making up larger portion of stock market indexes ¹
- Global leaders often hold very strong pricing power, enabling them to deliver outsized earnings growth to shareholders
- Investors wishing to gain exposure to overall business marketplace prefers to have investments in these global leading companies

But, index concentration may occasionally be reflection of market bubble (i.e., “unhealthy” concentration)

- If index becomes highly concentrated due to handful of stocks being bid up to excessive valuations, this is unhealthy concentration that investors likely should try to avoid
 - The 1999-2001 Dot-com bubble is an example of this type of bubble-driven index concentration.
 - During COVID-19 pandemic certain U.S. tech and commerce companies reached excessive valuations which contributed to high concentration during that time (though most stocks have reverted to more reasonable valuations)

¹This is typically not a perfect relationship, as it depends on which companies are listed on public exchanges, the openness of an economy, and other variables

1. Discussion of capital market theory and best practices

Prevailing capital market theories

- Institutional public fund investors generally adhere to prevailing capital market theory as basis for strategic and implementation investment decisions
 - *Strategic decisions:* (1) setting strategic asset allocation policy and (2) benchmark selection
 - *Implementation decisions:* Asset class structure strategy policy
- Two prevailing capital market theories: (1) Portfolio Theory (“MPT”) and (2) Capital Asset Pricing Model (“CAPM”)
 - (1) *MPT:* Mathematical framework (i.e., mean variance analysis) employed by investors to identify portfolio of diversified assets which provides desired level of investment return at minimum level of risk
 - (2) *CAPM:* Predicated on MPT and assumes market portfolio is most efficient portfolio (i.e., highest returning given market level of risk, defined as ‘beta’)
- MPT employs ex-post (i.e., historical realized) market risk estimates while CAPM employs ex-ante risk through aggregation of currently observed individual market security risks (i.e., ‘ex-ante’)

Best practices

- Institutional investors rely on widely-held theories for investments and capital markets as basis for strategic and implementation decisions
- MPT is standard industry approach to strategic asset allocation policy setting process
 - Broad asset class cap-weighted market indexes serve as asset class proxies for MVA process (expected returns and risks)
 - Reflects widespread conviction that exposure to broadest market opportunity set maximizes probability of meeting asset class expectations for return and risk
- Public markets asset class benchmarks are broad, cap-weighted market indexes
 - Aligns asset class structures (i.e., implementation) with index proxies employed within asset allocation policy setting process
- Public equity asset class structures do not reflect biases to style or other equity beta risks – these structures are market risk neutral

2. Review of U.S. equity market concentration

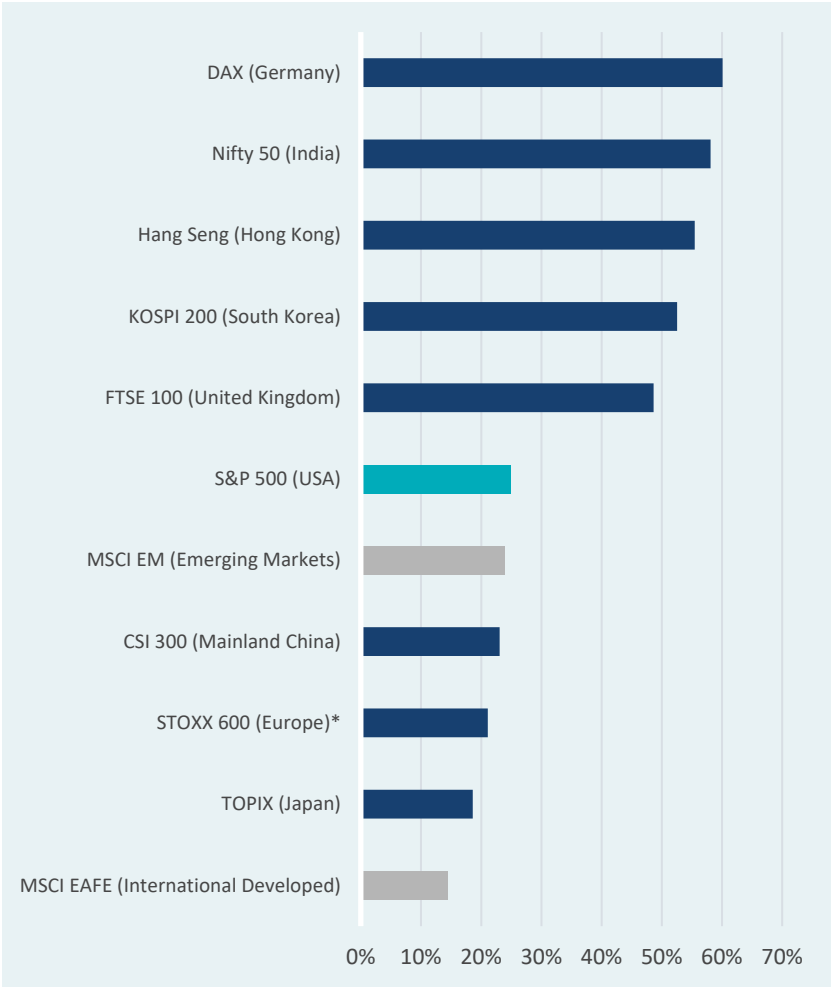
S&P 500 top ten weights through time



Source: S&P, MSCI Barra

Concentration vs. international markets

TOP 10 WEIGHTS (% OF OVERALL INDEX)

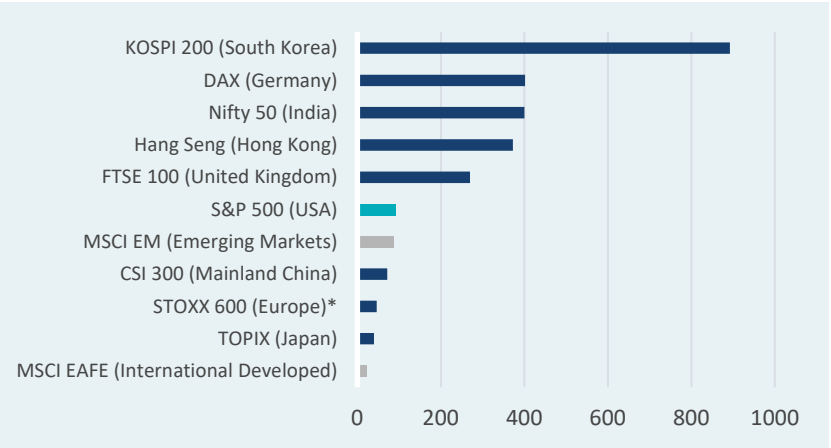


TOP NAME IN THE INDEX WEIGHT (% OF OVERALL INDEX)



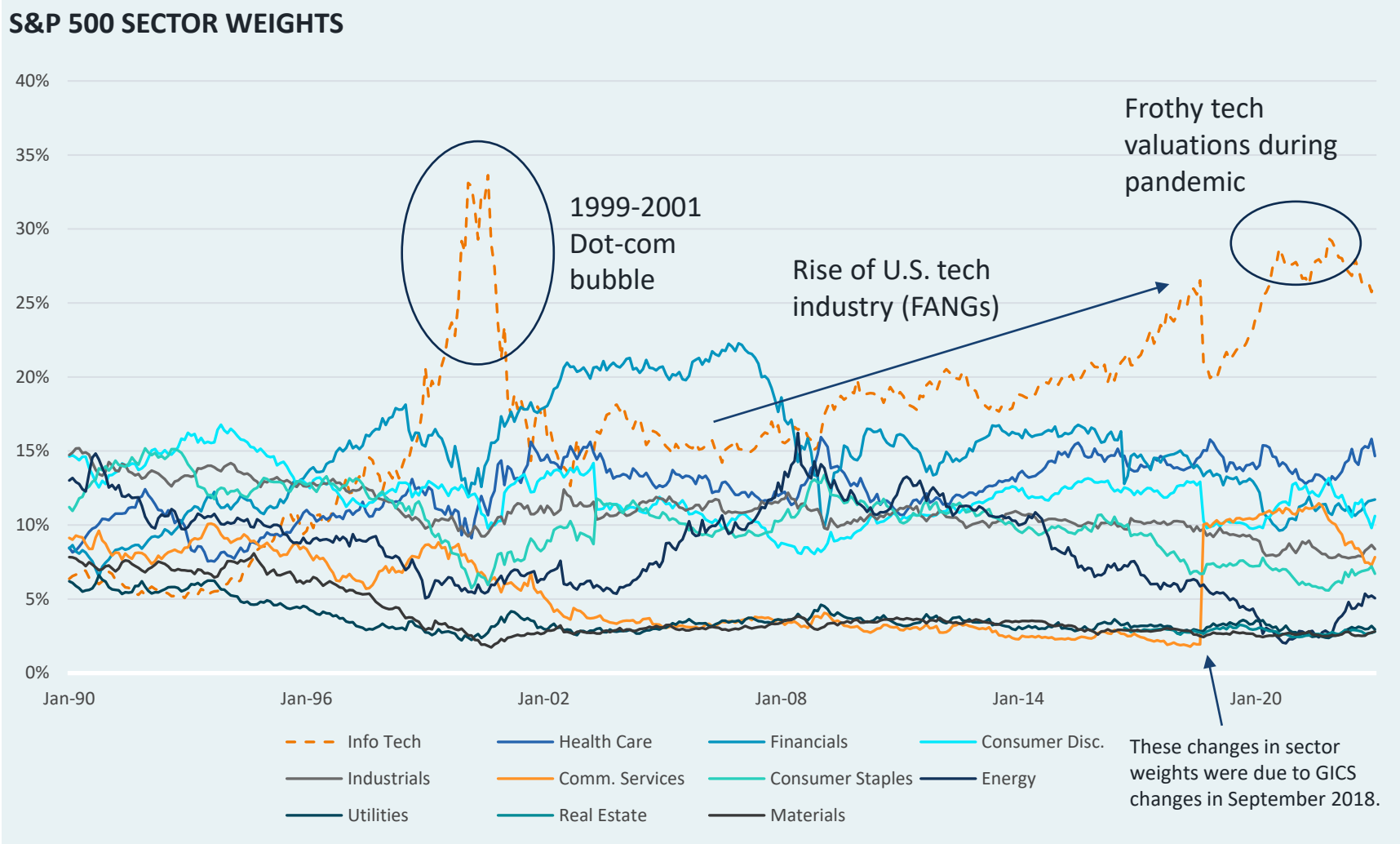
U.S. equity market concentration is fairly average, and less than several other global markets

HERFINDAHL-HIRSCHMAN INDEX*



*Based off of the top 10 weights in the index
Source: S&P and MSCI Barra

How sector composition has changed

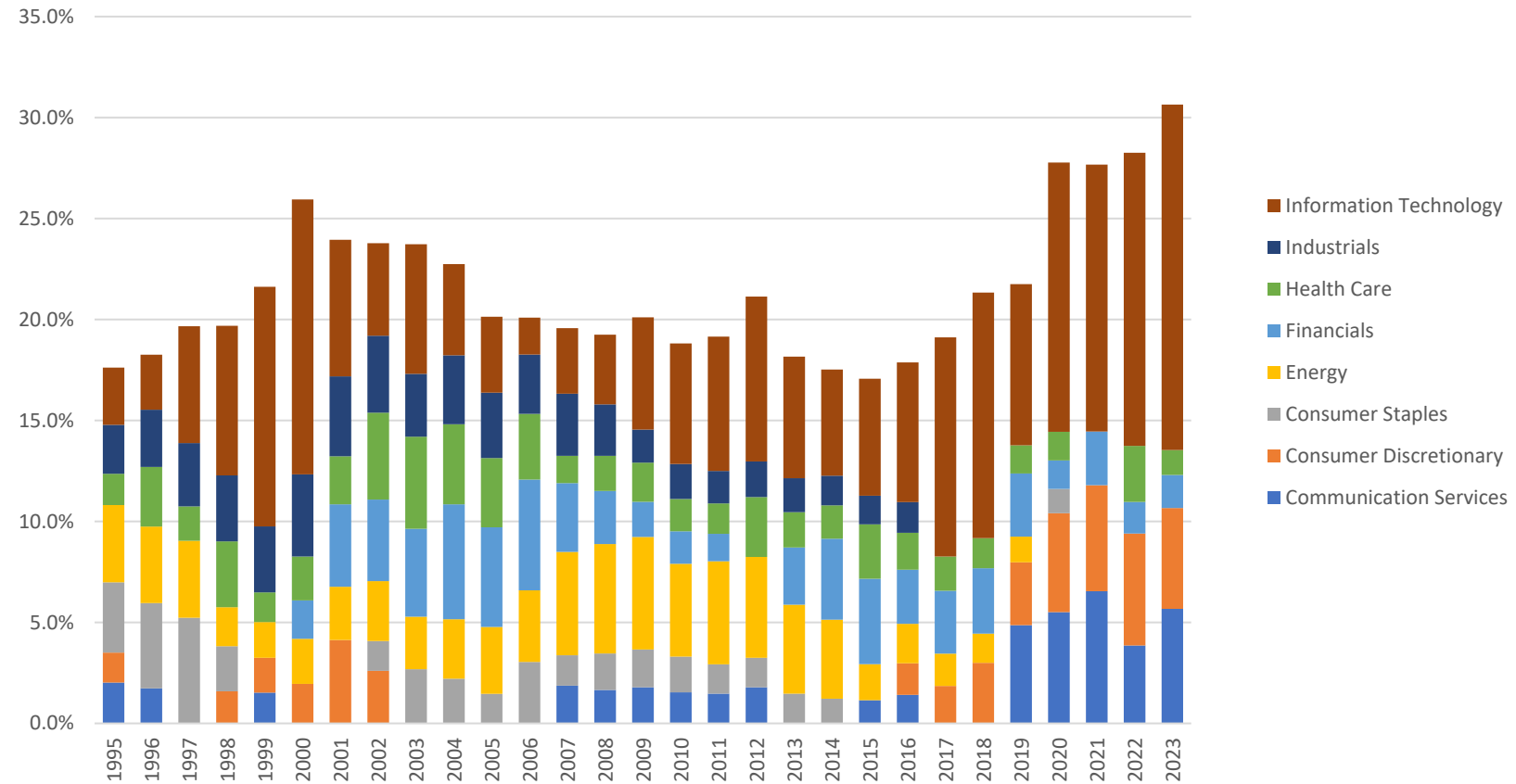


Changing market concentration can be at least partly explained by U.S. industry trends

Industry trends are long-term in nature and influence implementation decision

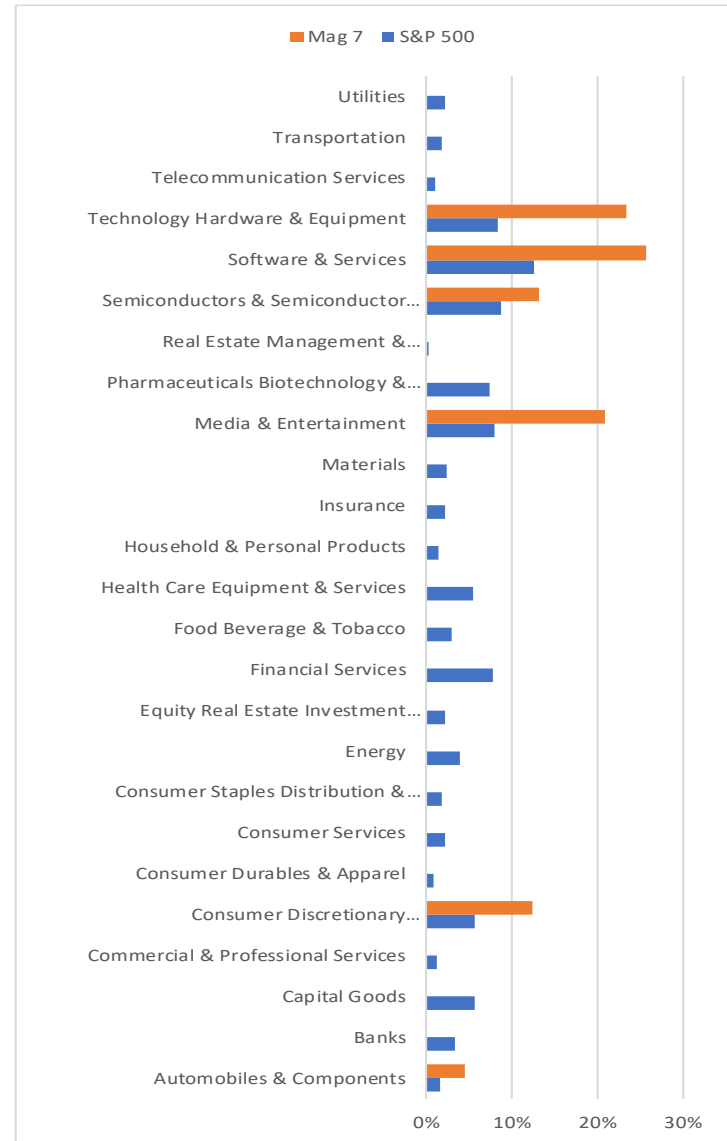
Source: Bloomberg, as of 1/31/23.

Market value of S&P 500 top 10 (in %)



Source: MSCI Barra

“Normal” concentration?

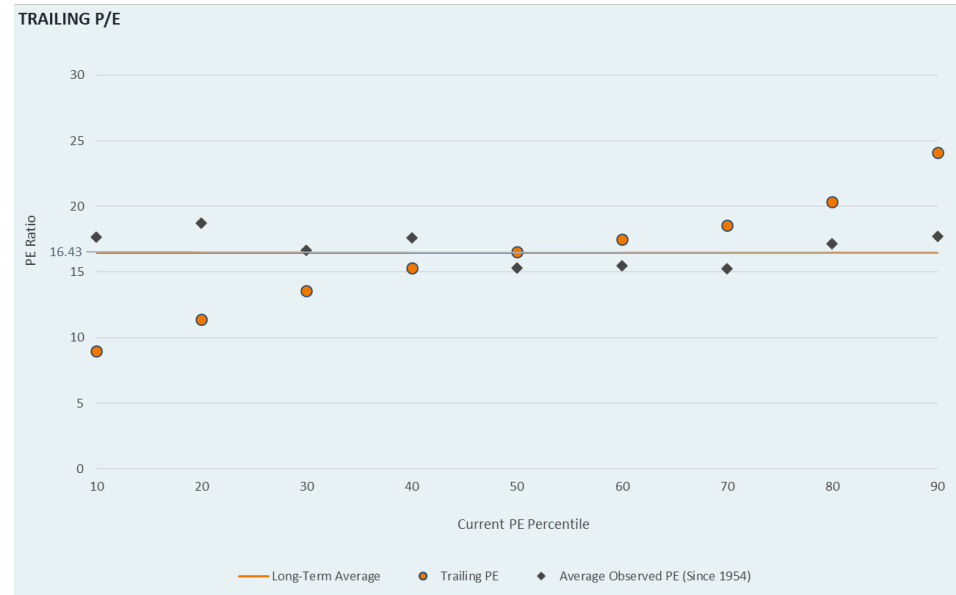


Source: MSCI Barra

There is meaningful economic diversification at industry level

Tesla (Autos) very different business than Amazon (distribution/retail)

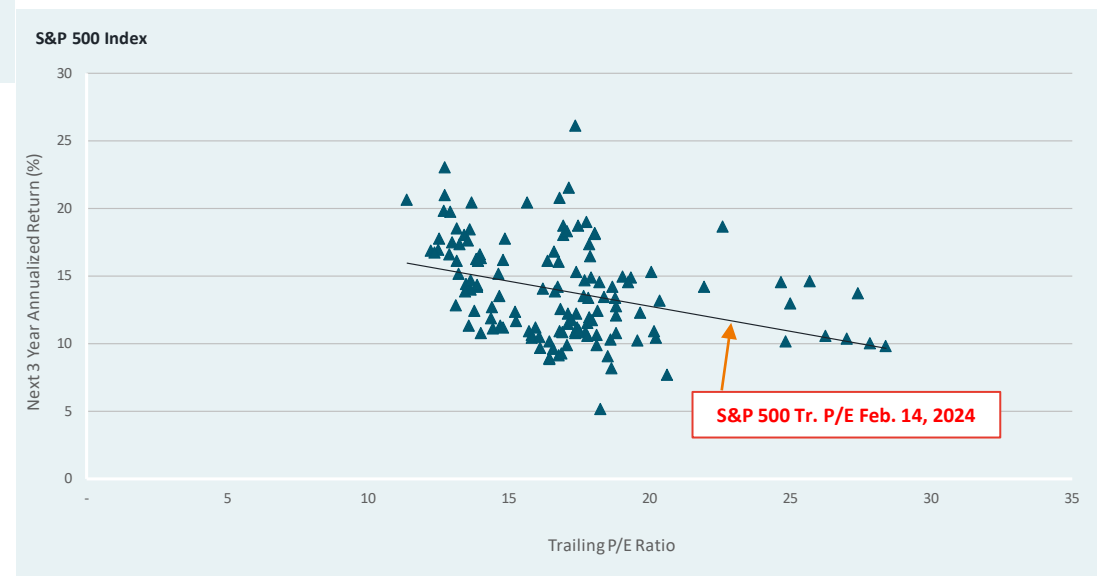
“Unhealthy” concentration?



Actual P/E's reflect mean reversion typically at valuation extremes (i.e., 90th and 10th percentiles)

While current valuations are high, they do not appear to be at extremes

- We would anticipate near-term returns to be more in line with long-term equity expected market returns



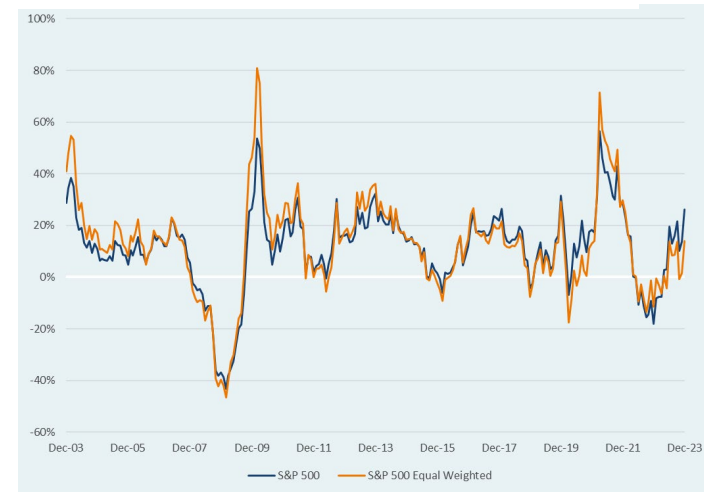
Source: S&P (data since 1954 – 10-yr rolling periods)

Source: S&P, Verus (periods: 2/2010 – 2/2024)

3. Comparison of cap-weighted vs. equal-weighted structures

History of relative performance

1YR ROLLING RETURN COMPARISON

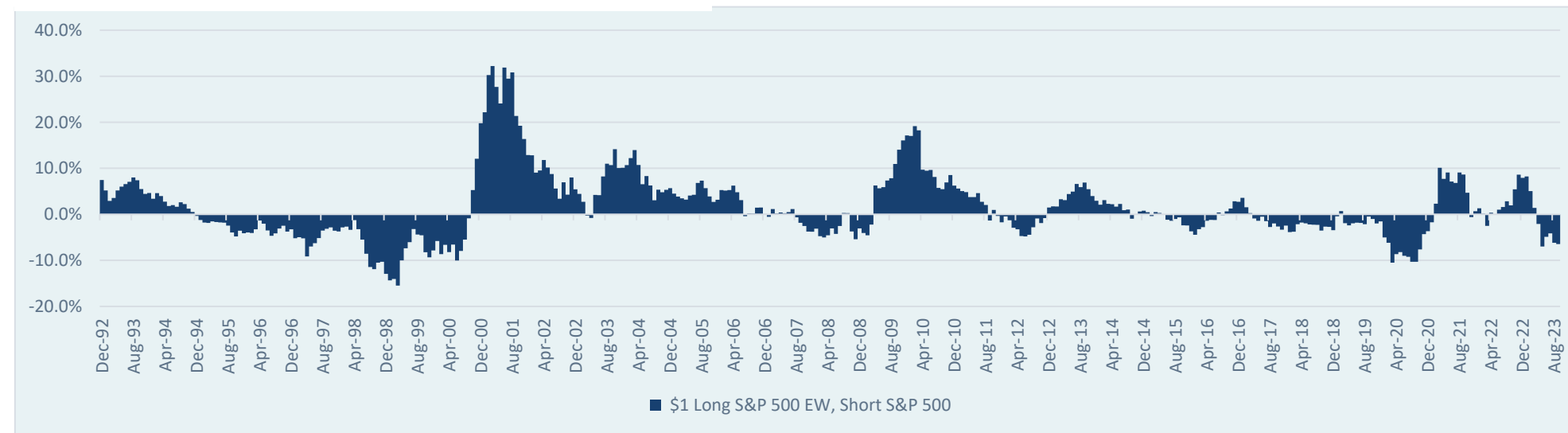


US large-cap equal-weight index investors have experienced more volatility than those using standard cap-weighted index

Equal-weight outperformance (relative to cap-weighted) has been period-dependent

Interestingly, the size of outperformance/underperformance has shrunk over time

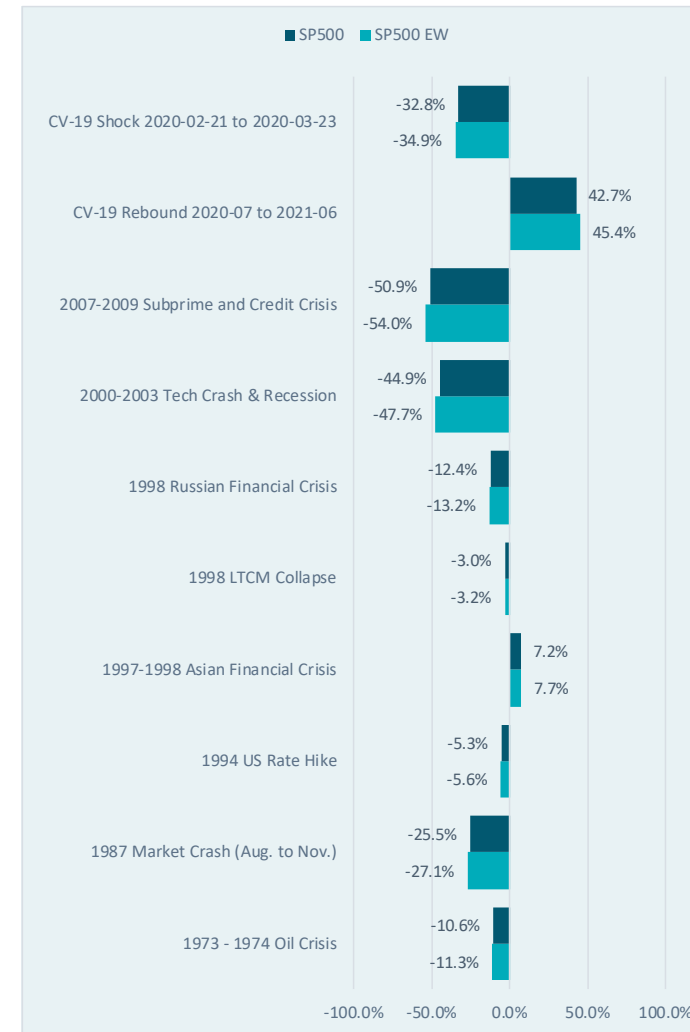
ROLLING 12-MONTH S&P 500 EQUAL-WEIGHT RELATIVE PERFORMANCE



Source: Verus, S&P

Expected performance in extreme markets

PERFORMANCE OF CURRENT INDEX FACTOR EXPOSURES (BARRA MAC.L MODEL, 2024-01-31)



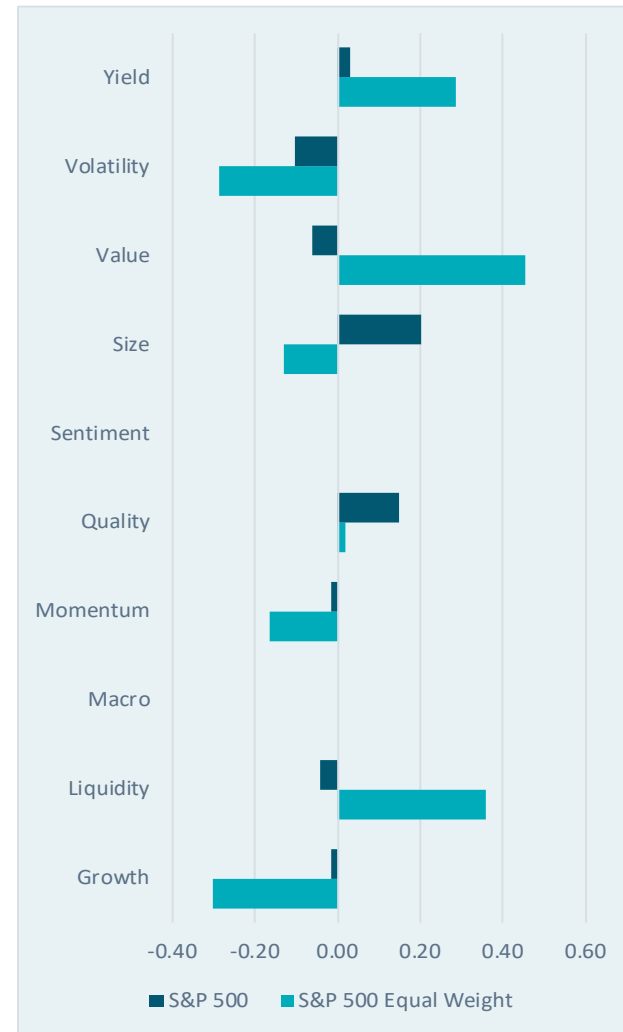
Source: MSCI Barra

By translating characteristics of current index holdings into factors, we can estimate performance under full range of historical stresses

While stressed performance is remarkably similar, we expect drawdowns of equal-weight index to be a bit deeper

Reasons for performance differences

EQUAL WEIGHT STYLE FACTOR EXPOSURES 2024-01-31



Source: MSCI Barra

Verus' risk factor analysis shows how equal-weighting creates bias against earnings quality and momentum of large stocks

Equal-weighting also creates bias in favor of value stocks and smallish large-cap

Relative risk-efficiency

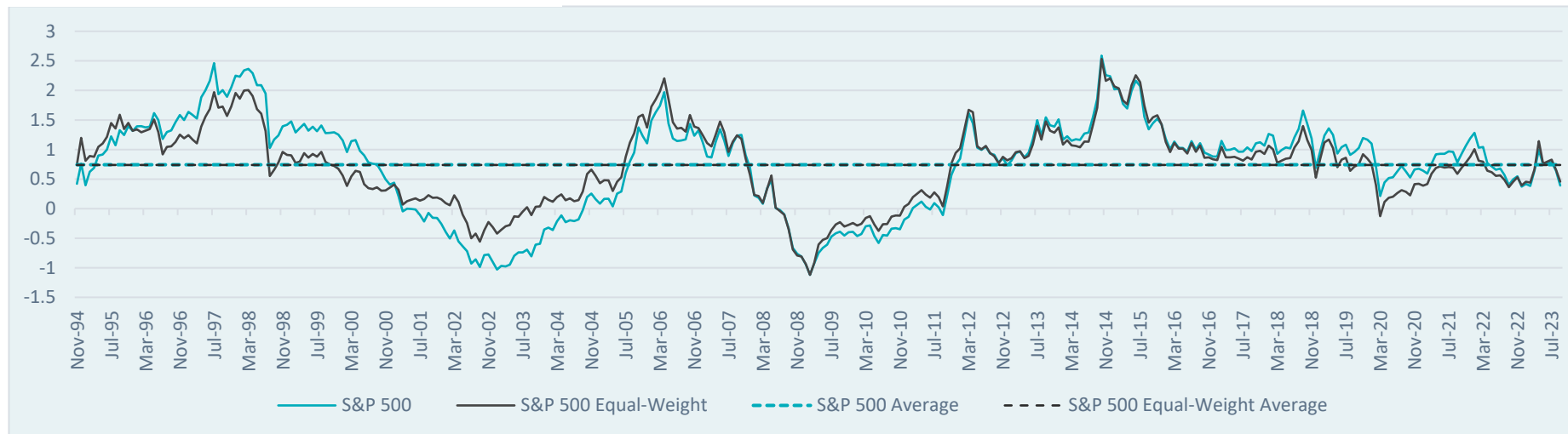
3-YR ROLLING STANDARD DEVIATION



Equal-weighted index exhibits meaningfully higher volatility during drawdown periods (e.g., GFC, COVID shock)

Over very long term, average risk-adjusted returns of the two indices (i.e., Sharpe Ratios) are nearly identical

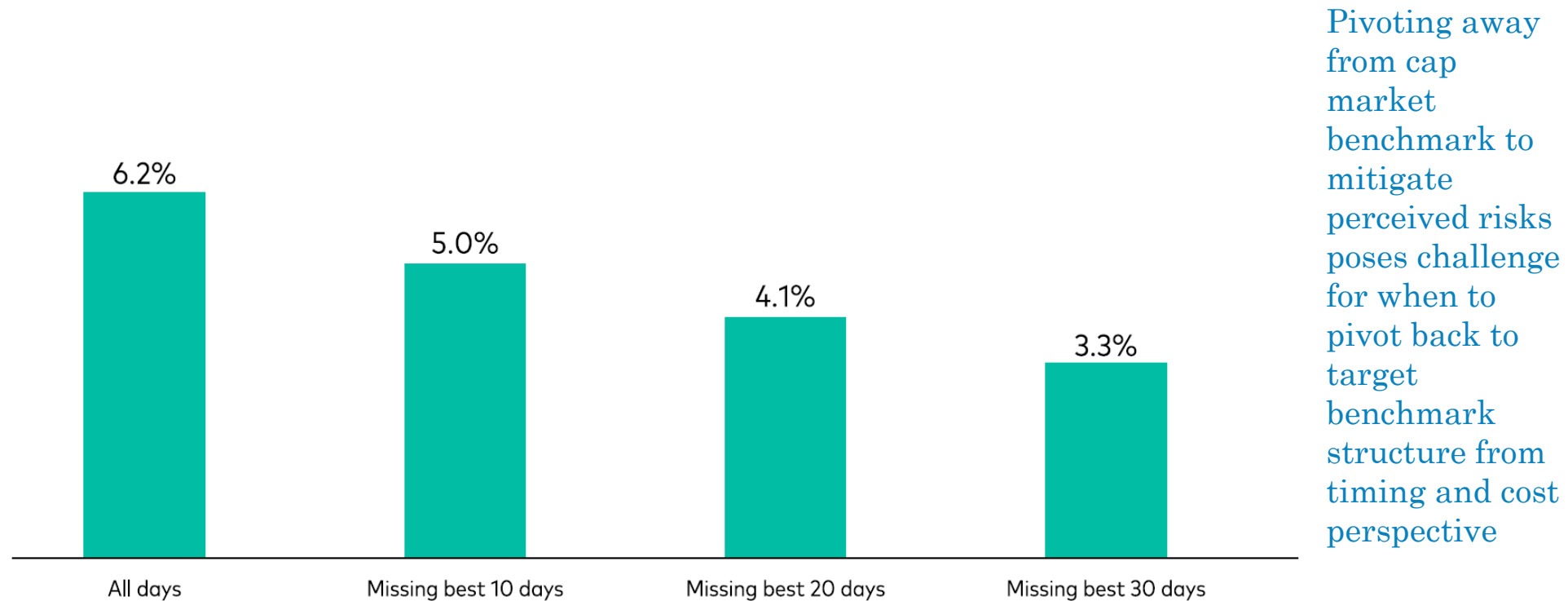
ROLLING 36-MONTH SHARPE RATIOS



Source: MSCI Barra

4. Tactical decision vs. market benchmark

Best to just stay the course



Pivoting away from cap market benchmark to mitigate perceived risks poses challenge for when to pivot back to target benchmark structure from timing and cost perspective

Note: Returns are based on daily price return of S&P 90 Index (January 1928 – March 1957) and S&P 500 (April 1957 – December 2021). Returns do not include reinvested dividends. Source: Vanguard

5. Conclusions

Conclusions

- Public funds mitigate equity risk through strategic asset allocation policy; large drawdown scenarios inform equity exposure target
- Best practice for public funds is to make strategic and implementation investment decisions guided by prevailing capital market and investment theories
 - Investment policy statements typically articulate Fund fiduciaries will avoid decision making based upon behavioral biases or other non-theoretical premises
- U.S. equity market demonstrates average level of concentration relative to some other equity markets; this reflects global leadership by U.S. companies in industries vital to global economy
 - Current market concentration could reflect permanent structural economic change
- There is currently not evidence of large, common factor risks (i.e., risks to GDP or inflation) or speculative environment which generally precipitate deep, prolonged equity market drawdowns
- Pivoting from cap-weighted equity structure to alternative structure (e.g., equal-weighted) introduces style, size and quality factor risk exposures as well as increased tracking error, which dwarf market concentration risk
 - Under prevailing capital market theory, systematic bets away from capital market exposures are not expected to be consistently rewarded

INVESTMENT ADVISORY COUNCIL

Item 5. Portfolio Concentration Risk

Lamar Taylor, Interim Executive Director & CIO

(See Attachments 5C – 5D)

STATE BOARD OF ADMINISTRATION OF FLORIDA

Magnificent Seven Concentration Risk

Lamar Taylor, Interim Executive Director & Chief Investment Officer

- SBA mitigates Magnificent Seven Risk three ways:
 - Portfolio Construction
 - Active Management
 - Asset Allocation

PORTFOLIO CONSTRUCTION

- Global Equity Asset Class
 - All-cap (Small, Mid, Large)
 - Multi-country (Developed and Emerging Markets)
 - These aspects are reflected in the target benchmark

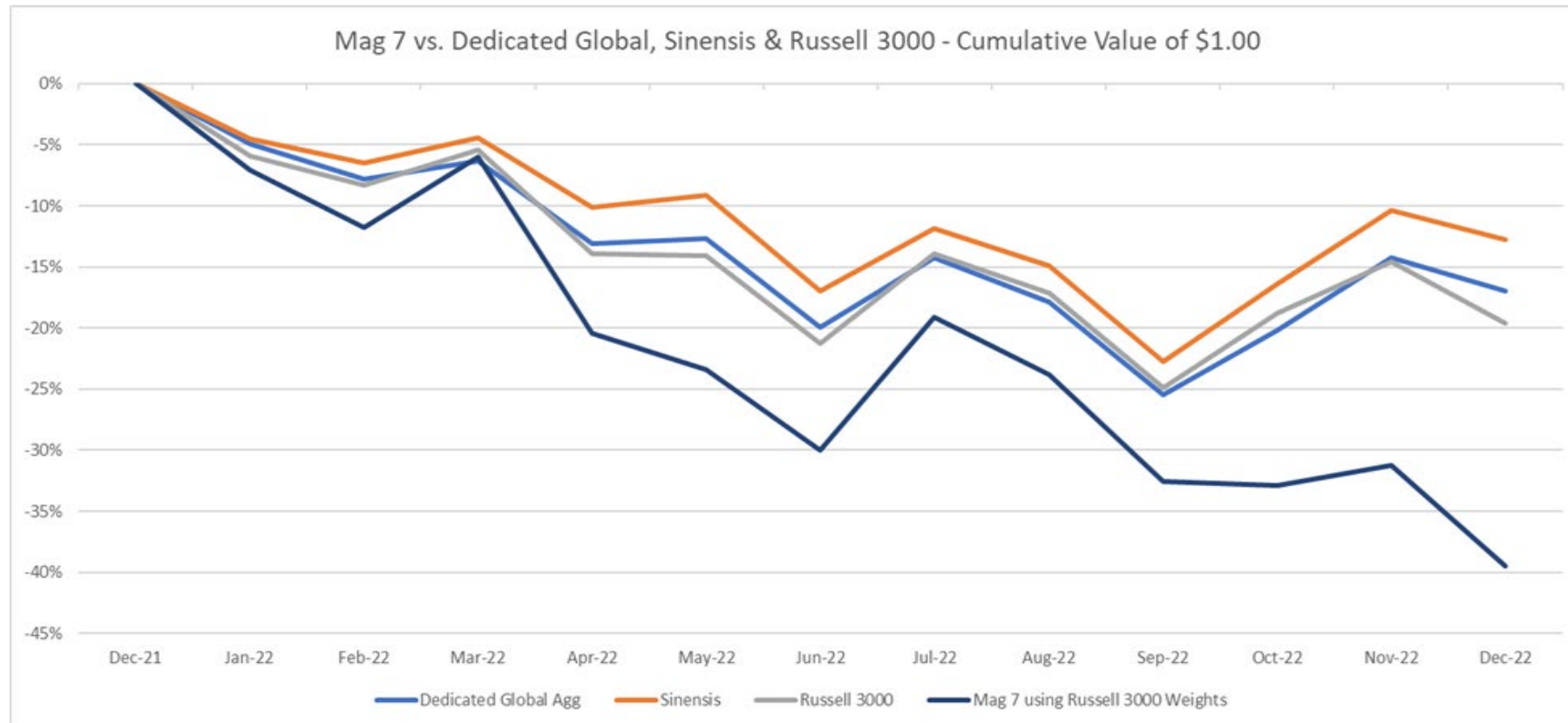
	Russell 3000	MSCI Custom ACWI IMI	Difference
MAGNIFICENT 7	24.78	15.66	-9.12
Alphabet Inc.	3.25	2.06	-1.19
Amazon.com, Inc.	3.15	2.02	-1.13
Apple Inc.	5.58	3.68	-1.89
Meta Platforms Inc Class A	2.15	1.34	-0.80
Microsoft Corporation	6.21	3.67	-2.54
NVIDIA Corporation	3.33	2.15	-1.17
Tesla, Inc.	1.11	0.72	-0.40
OTHERS	75.22	84.34	9.12

ACTIVE MANAGEMENT

- Global Equity Asset Class includes active underweights in Dedicated Global Managers

As of Feb 21, 2024	Total GE Asset Class composite vs MSCI Custom ACWI IMI			Dedicated Global Aggregate vs Blended Benchmark			DGE_Sinensis vs MSCI Custom World		
	Port Weight	Bmrk Weight	Difference	Port Weight	Bmrk Weight	Difference	Port Weight	Bench. Weight	Difference
MAGNIFICENT 7	14.66	15.66	-1.00	12.73	18.69	-5.96	2.89	19.53	-16.64
Alphabet	1.96	2.06	-0.11	2.08	2.46	-0.39	0.49	2.57	-2.09
Amazon	1.98	2.02	-0.05	1.77	2.42	-0.64	0.33	2.52	-2.19
Apple	3.06	3.68	-0.62	1.45	4.40	-2.95	0.30	4.59	-4.29
Meta	1.29	1.34	-0.05	1.29	1.60	-0.31	1.04	1.68	-0.64
Microsoft	3.70	3.67	0.03	3.83	4.38	-0.55	0.51	4.58	-4.07
Nvidia	2.05	2.15	-0.11	2.07	2.57	-0.50	0.22	2.69	-2.47
Tesla	0.62	0.72	-0.10	0.24	0.86	-0.62	--	0.90	-0.90
OTHERS	84.61	84.34	0.27	86.39	81.31	5.08	96.99	80.47	16.51

- Global Equity Asset Class includes active underweights in Dedicated Global Managers



ASSET ALLOCATION

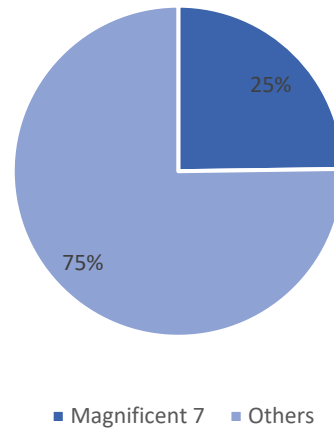
- SBA allocates across multiple asset classes to mitigate against equity risk generally

Table 2: Authorized Asset Classes, Target Allocations and Policy Ranges

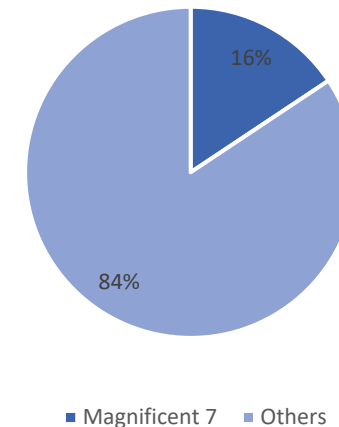
Asset Class	Target Allocation	Policy Range Low	Policy Range High
Global Equity	45%	35%	60%
Fixed Income	21%	12%	30%
Active Credit	7%	2%	12%
Real Estate	12%	8%	20%
Private Equity	10%	6%	20%
Strategic Investments	4%	2%	14%
Cash Equivalents	1%	0.25%	5%
Total Fund	100%	--	--

- Portfolio construction, active management and asset allocation all work to mitigate the concentration risk of the Magnificent 7
- Charts to the right show the decreasing concentration risk as exposure move from US to Global benchmarks and ultimately across asset classes.

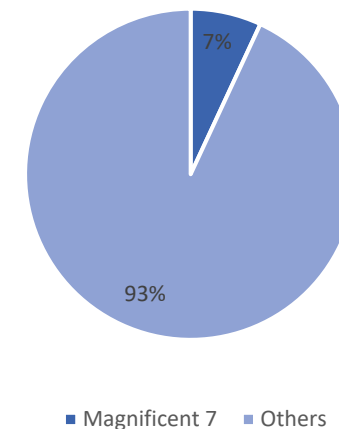
Russell 3000



GE Target Benchmark



Total Fund



Q&A

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Item 6. Asset Class SIO Updates

Tim Taylor, Senior Investment Officer, Global Equity

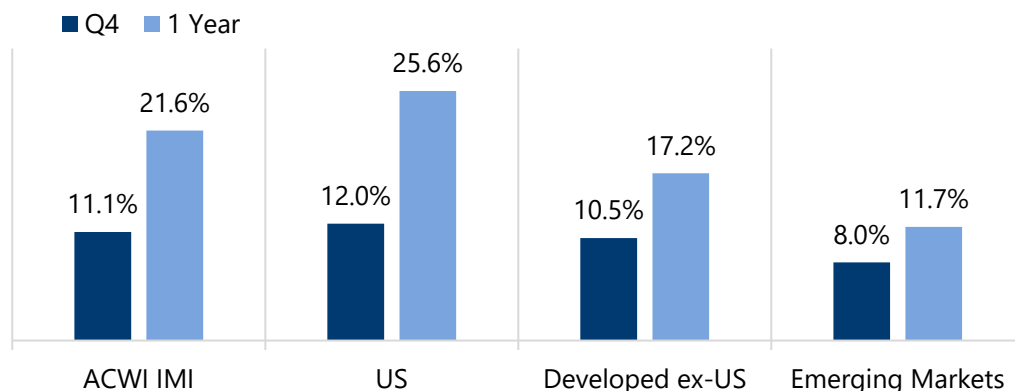
(See Attachment 6A)

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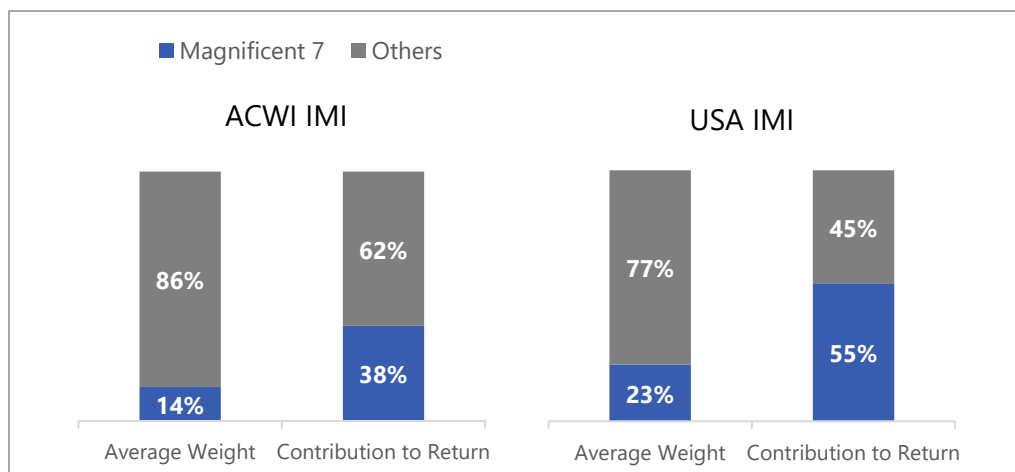
Global Equity Asset Class Update Tim Taylor, Senior Investment Officer

Q4 2023 MARKET ENVIRONMENT

US STOCKS LED THE Q4 RALLY



SEVEN STOCKS DROVE 2023 INDEX RETURNS



Q4 SECTOR RETURNS: GROWTH AREAS GAINED

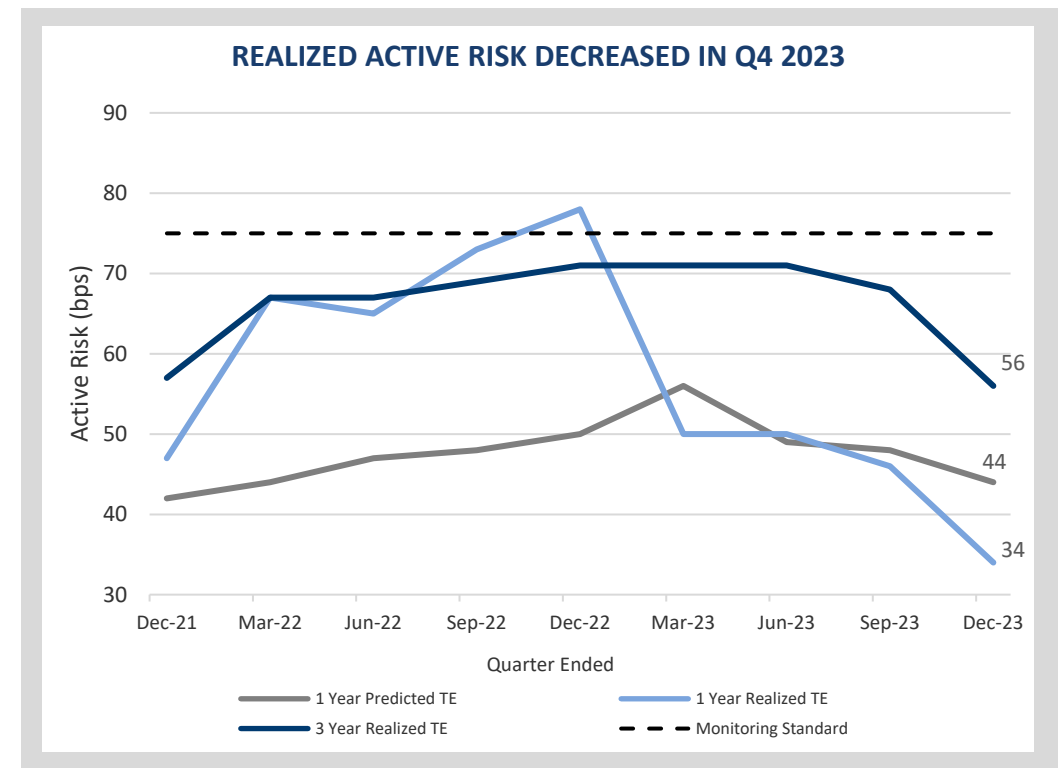
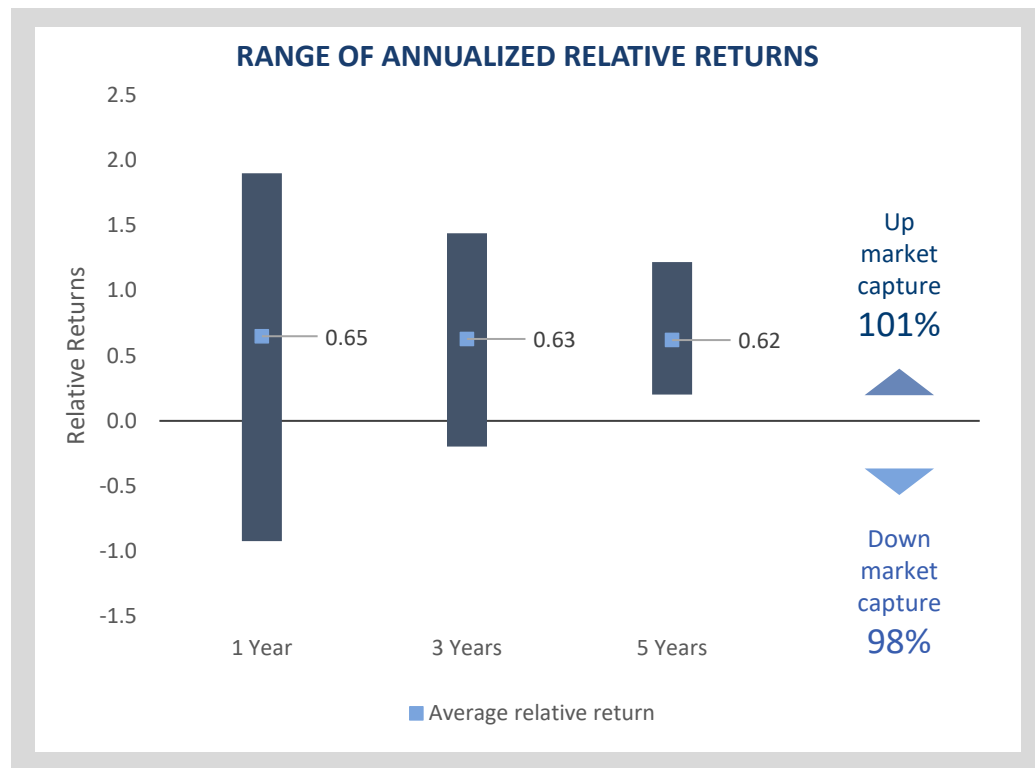
	ACWI IMI	USA IMI	Dev ex US LC	Dev ex US SC	EM LC	EM SC
Comm Services	9.4	11.1	9.2	10.4	0.0	5.1
Cons Discretionary	10.3	13.2	8.1	8.6	0.8	5.1
Consumer Staples	5.6	5.4	5.5	7.6	6.1	6.9
Energy	-3.0	-6.8	0.9	-1.5	6.7	5.2
Financials	12.8	15.3	10.9	10.5	8.3	10.2
Health Care	6.5	7.0	4.9	11.1	6.8	8.9
Industrials	12.9	13.5	13.9	11.2	5.4	7.0
Info Tech	17.5	17.0	22.1	13.7	17.8	14.5
Materials	11.7	10.5	14.8	11.6	7.6	8.5
Real Estate	15.7	17.8	14.8	15.9	-0.2	10.6
Utilities	10.5	8.3	13.8	10.9	12.8	7.8
TOTAL RETURN	11.1	12.0	10.5	10.6	7.9	8.9

Q4 2023 GLOBAL MARKET DYNAMICS

- Global markets surged ahead as investors anticipated several interest rate decreases in 2024 as inflation fears subsided.
- Information Technology was a standout performer worldwide, fueled by enthusiasm over Artificial Intelligence.
- The US once again outperformed the rest of the world, with the "Magnificent Seven" powering ahead.
- Emerging markets provided a good Q4 and 2023 return, but China was a surprising disappointment for many on a weaker than expected recovery.

ASSET CLASS PERFORMANCE SUMMARY

Total Global Equity	EMV (\$M)	Q4 '23	FYTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	SI
Asset Class Return	\$93,792	11.11%	7.23%	21.46%	5.39%	11.72%	10.12%	8.18%	10.33%
vs Target		11.18%	7.39%	21.63%	5.46%	11.52%	9.79%	7.80%	9.72%
Excess Return		-0.07%	-0.16%	-0.18%	-0.08%	0.20%	0.33%	0.38%	0.61%
Tracking Error					0.56%	0.58%	0.54%	0.54%	0.54%
Return/Risk (IR)					-0.17%	0.25%	0.52%	0.61%	0.98%



ACTIVE STRATEGY PERFORMANCE SUMMARY

Excess Returns by Aggregate

What Happened in Q4 2023

Active Strategy Group	% of Asset Class	Q4 2023	1 Year	3 Year	5 Year	Recent Performance Drivers
Foreign Developed Large Cap	20%	-0.44%	-0.02%	-1.53%	0.56%	The aggregate fell short of a surging, double-digit, benchmark return and only a couple of growth-oriented managers produced alpha.
Dedicated Global	10%	-0.25%	-3.08%	-0.75%	-1.90%	The underperformance in the quarter was largely attributed to poor selection within Industrials, Communication Services, and Health Care. An overweight to the Health Care sector (which is the aggregate's largest active sector bet) detracted.
Emerging Markets (Large & Small Cap)	9%	0.67%	2.19%	0.58%	1.43%	Outperformance in the quarter was driven by an underweight to China and strong stock selection in India and Taiwan.
Foreign Developed Small Cap	4%	0.15%	1.54%	0.83%	0.43%	Growth-oriented firms were the best performers, offsetting value-oriented managers who had led the space the first three-quarters of the year.
US Small Cap	3%	-1.58%	0.90%	3.73%	1.69%	The end of the year rally in highly speculative, lowly profitable companies was a strong headwind for our managers who lean towards higher quality businesses.
US Large Cap	2%	0.73%	-3.78%	2.32%	-0.72%	The aggregate benefited from strong stock selection in IT, Consumer Discretionary, and Health Care. Underweight positioning in Tesla was a top contributor this quarter.
Total Active Aggregate	47%	-0.07%	-0.42%	-0.39%	0.10%	

Note: All returns through 12/31/2023. Excess returns are relative to strategy group benchmark. Weights are relative to total equity assets under management. Does not include assets in Non-Traditional strategy.

UPDATE ON INITIATIVES

Initiatives

- Continue implementation of FRS Asset Allocation.
- Finalizing restructuring of Dedicated Global aggregate and emerging markets search.
- Researching investment solutions that can be implemented by the internal portfolio management team.
- Building on internal expertise and resources to ensure continued success in passive management.

Provide Liquidity

- Global Equity continues to be a significant provider of liquidity to support benefit payments.
- Raised \$2.2 billion in Q4 2023, and \$7.5 billion for the full calendar year.
- GE has provided \$80.3 billion of liquidity since July 2010 (when Domestic Equity and Foreign Equity asset classes were combined).

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Item 6. Asset Class SIO Updates

Trent Webster, Senior Investment Officer, Strategic Investments

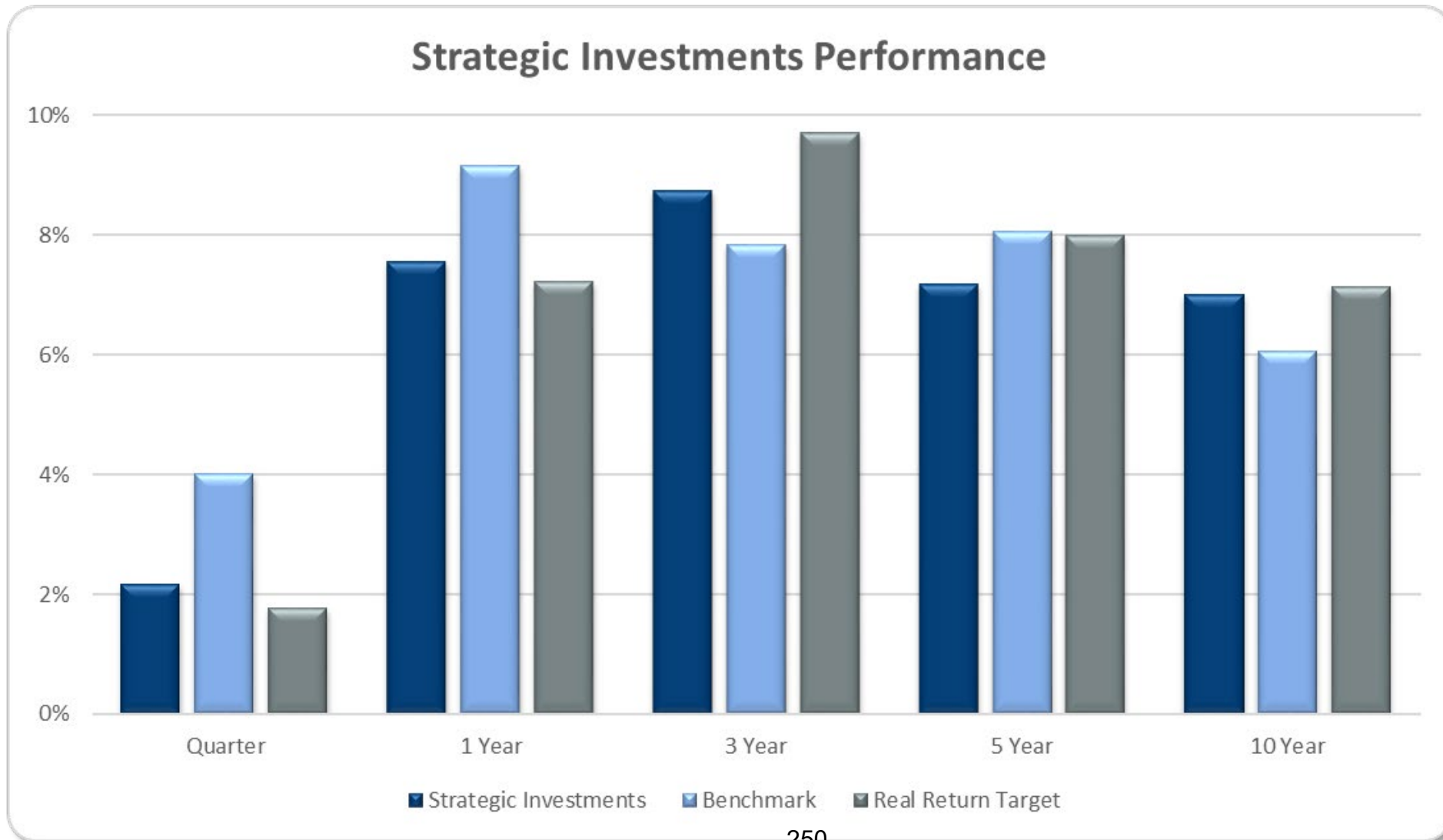
(See Attachment 6B)

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Strategic Investments Update

Trent Webster, Senior Investment Officer – Strategic Investments

PERFORMANCE



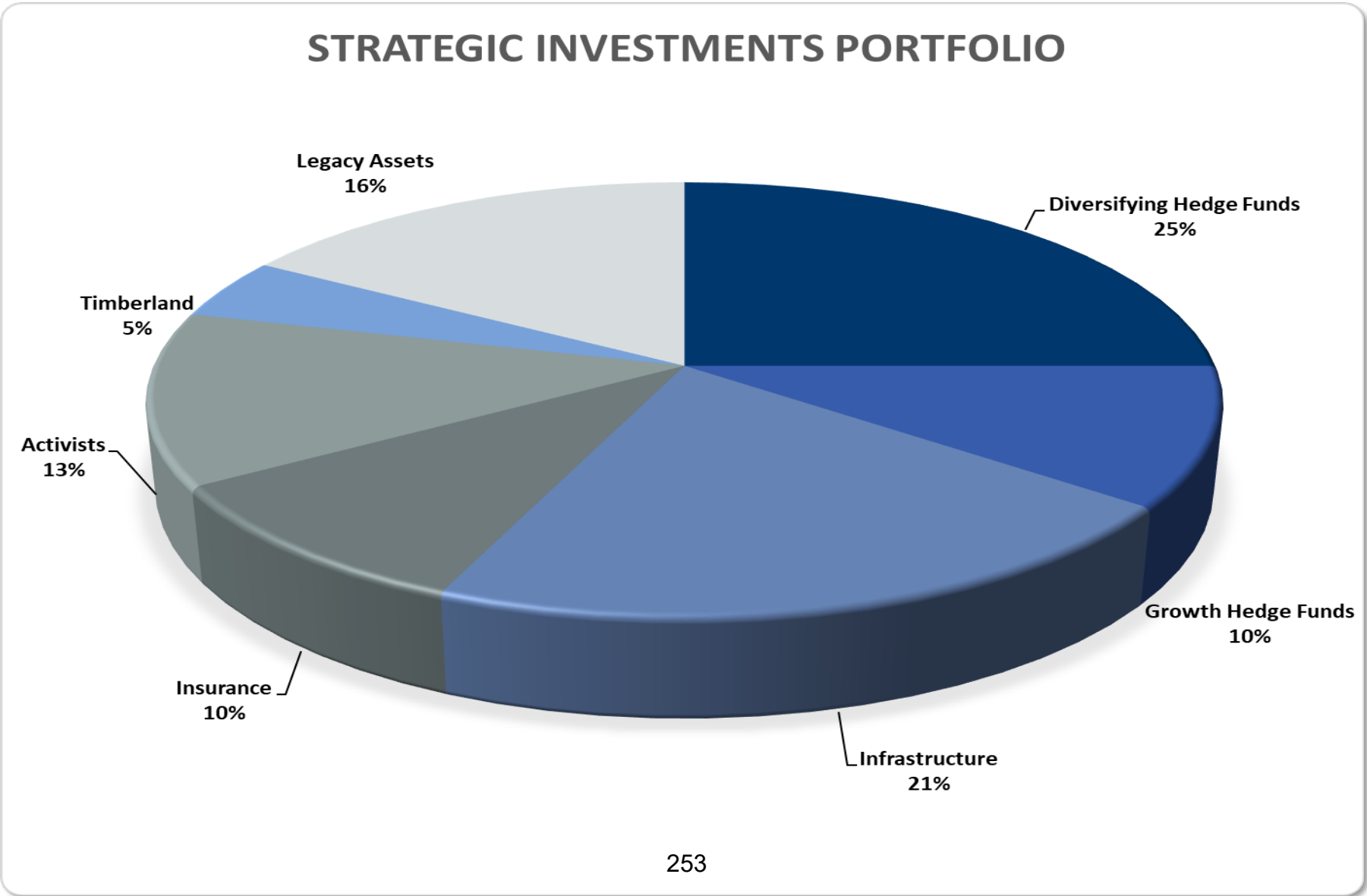
RECENT ACTIVITY

- Quarterly cash outflow was \$301 million
- Cash outflow for the calendar year was \$185 million
- Eleven funds totaling \$1.7 billion closed the past calendar year
- Five funds totaling \$698 million closed in the fourth calendar quarter
- Two funds totaling \$254 million closed in the first calendar quarter
- Fourteen funds in the Pipeline

STRATEGIC INVESTMENTS 2.0

- Target 4%
- Range 2% to 14%
 - Hedge funds – up to 2%
 - Infrastructure – 1%
 - Insurance – up to 1%
 - Opportunistic – 0% to 5%

STRATEGIC INVESTMENTS PORTFOLIO



HEDGE FUNDS

- Currently 2.4% of the Total Fund
- Target 75% Diversifying / 25% Growth Hedge Funds
- Continued focus on diversification of the Total Fund
- Significant restructuring occurring

INFRASTRUCTURE

- Currently 1.4% of the Total Fund
- Includes Transportation assets
- Focus more on smaller, opportunistic investments

INSURANCE

- Currently 0.7% of the Total Fund
- Very attractive market
- Looking at Lloyd's of London

OPPORTUNISTIC

- Activists – up to 1%
- Innovation Portfolio
- Timberland – up to 1%
- Legacy Assets
 - SI Private Equity
 - SI Real Estate

PRIVATE CREDIT

- Currently 4.7% of the Total Fund
- Private credit has evolved since the SBA's first investments in 2003
- New framework incorporates much of Strategic Investments 1.0
- Greater focus on income generation

PRIVATE CREDIT

Performing Credit / Capital Preservation

- Direct Lending
- Mezzanine
- Capital Solutions

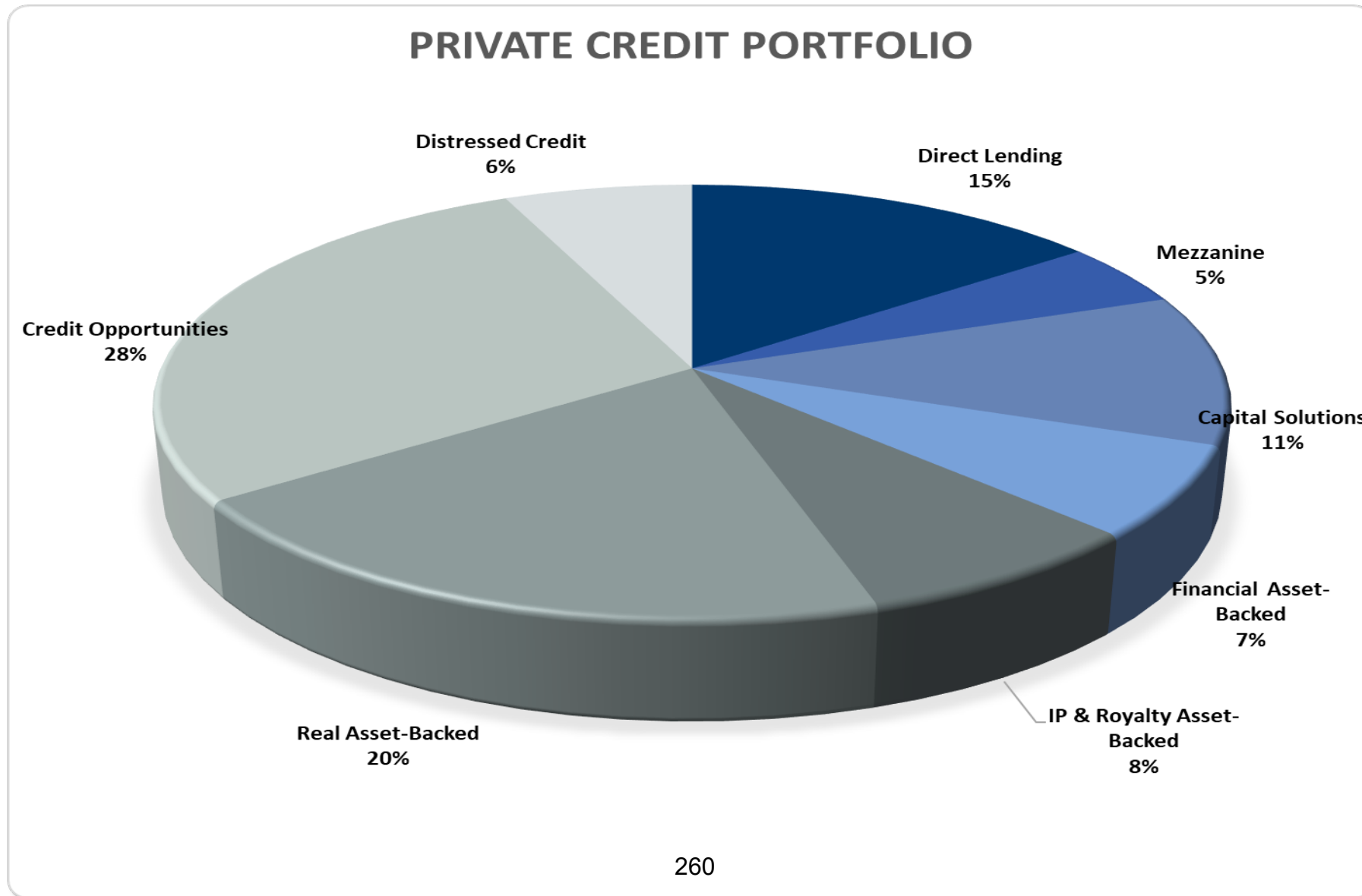
Specialty Finance

- Financial Asset-Backed
- IP & Royalty Asset-Backed
- Real Asset-Backed
 - Infrastructure Lending
 - Natural Resource Asset-Backed
 - Real Estate Financing

Opportunistic / Distressed

- Credit Opportunities
- Distressed

PRIVATE CREDIT PORTFOLIO



MULTI-ASSET CREDIT

- Co-managed with Fixed Income
- High Yield, Bank Loans and Emerging Market Debt
- Targeting first investments in summer 2024
- First investments will be passive
- May invest in active funds later

Q&A

CONTACT: Trent Webster

Email: Trent.Webster@sbafla.com

PH: 850-413-1049

Thank You

CONTACT: Trent Webster

Email: Trent.Webster@sbafla.com

PH: 850-413-1049

INVESTMENT ADVISORY COUNCIL

Item 6. Asset Class SIO Updates

Todd Ludgate, Senior Investment Officer, Fixed Income

(See Attachment 6C)

INVESTMENT ADVISORY COUNCIL

Fixed Income Asset Class Update

Todd Ludgate, Senior Investment Officer Fixed Income

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 12/31/2023, FI outperformed .27%

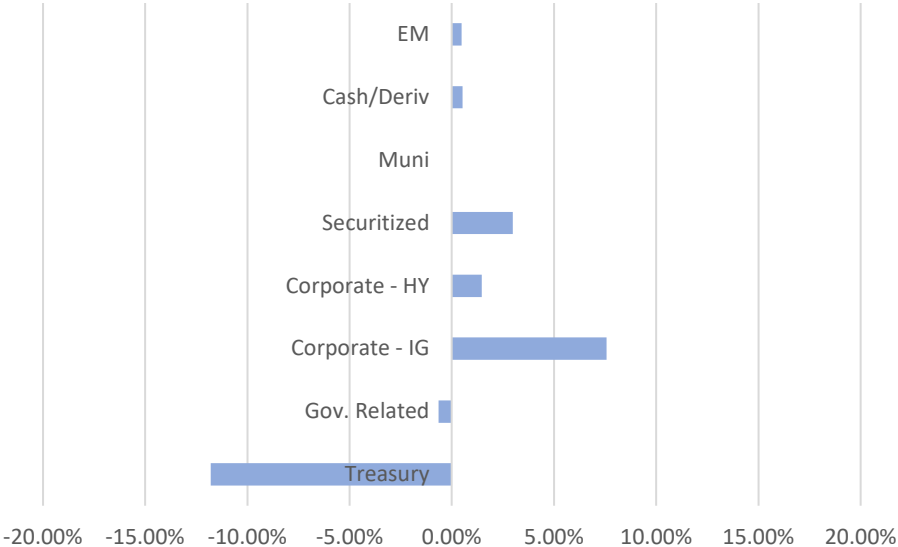
Total Fixed Income	EMV (\$M)	1 Yr			
		3 Yr	5 Yr	10 Yr	
Asset Class Return	\$31,123	5.61%	-1.83%	1.47%	1.86%
vs Target		5.19%	-2.06%	1.14%	1.61%
Excess Return		0.42%	0.24%	0.33%	0.24%
Tracking Error		0.27%	0.32%	0.48%	0.36%
Return/Risk (IR)		1.47	0.73	0.72	0.68

Total Fixed Income Portfolio Positioning

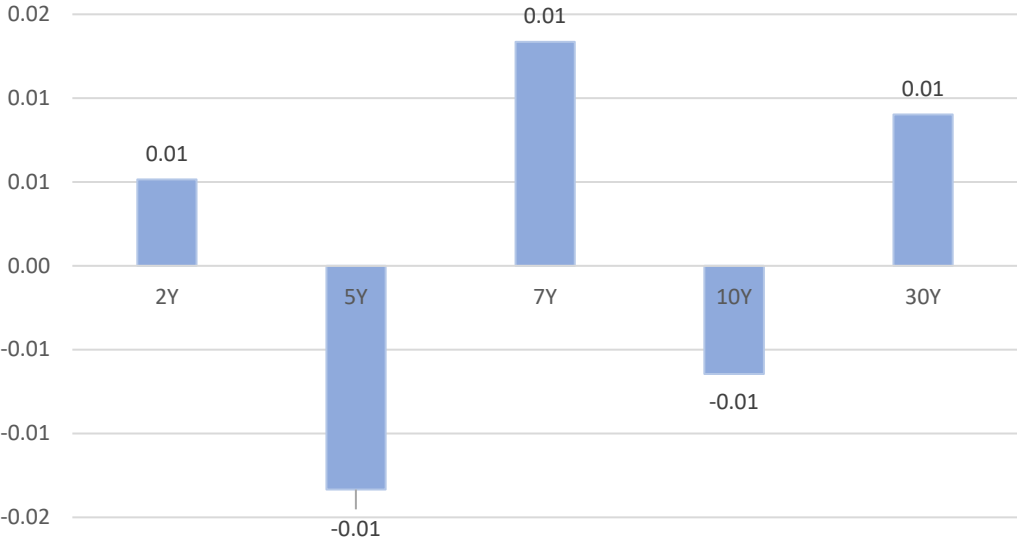
The portfolio is overweight spread product.

The portfolio is fairly neutral both overall duration and curve position.

FRS Fixed Income Sector Exposures



Key Rate Exposures

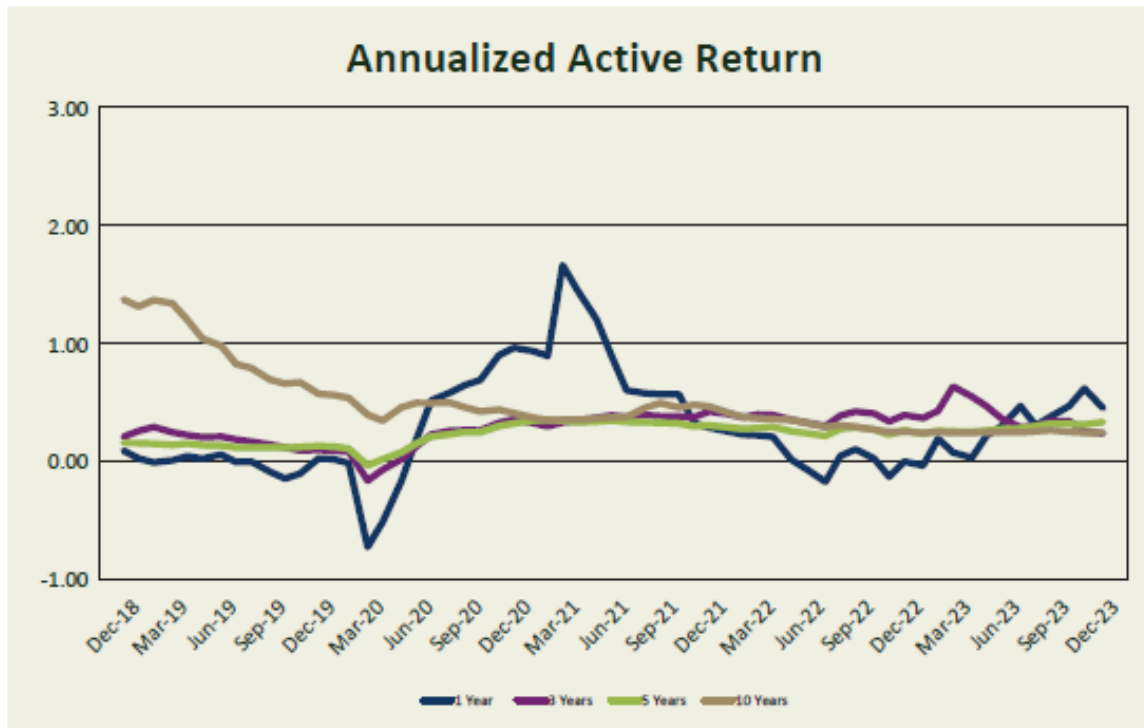


Source: Bloomberg Finance, L.P./Aladdin/BNY Mellon, as of 12/31/2023

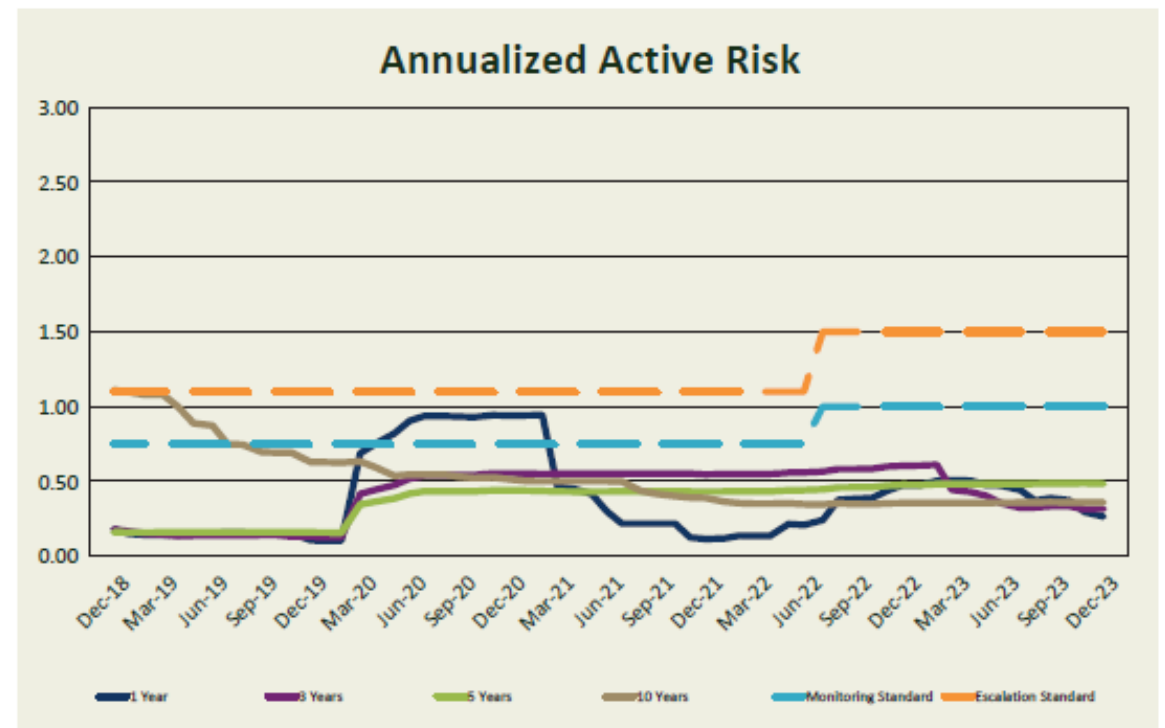


Total Fixed Income Portfolio Risk

Volatility remains modest compared to recent peaks.

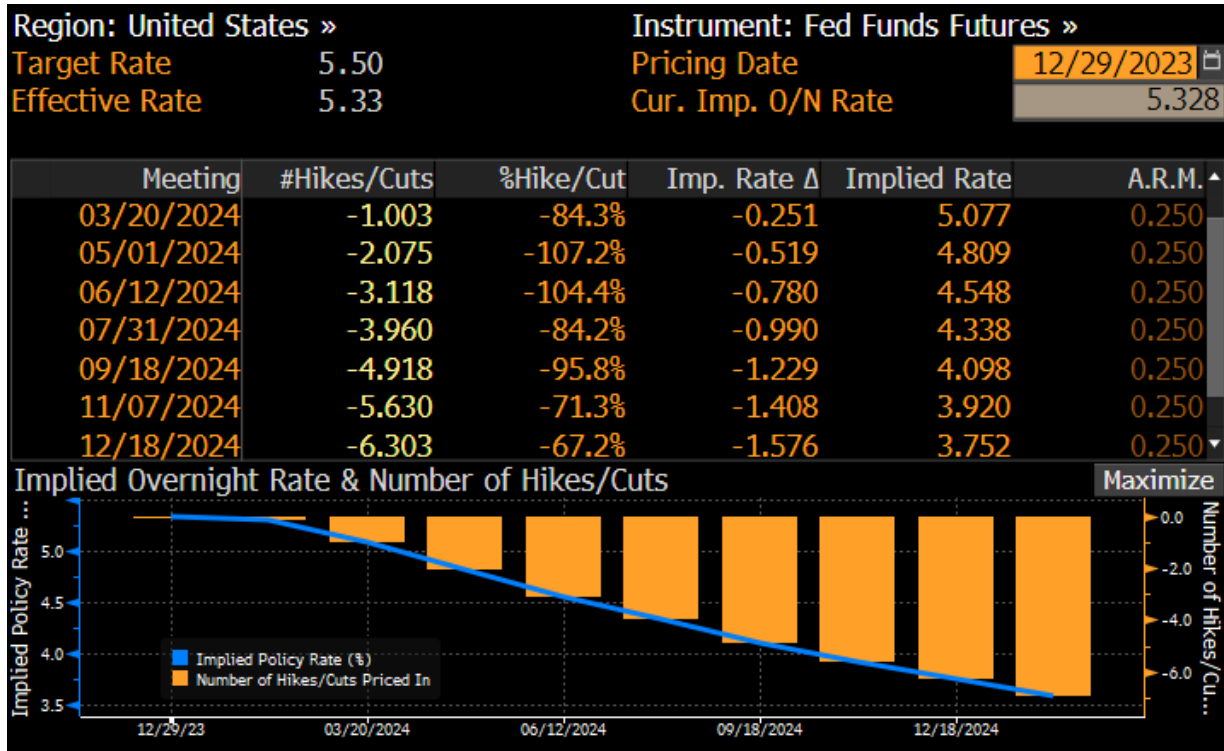


Active risk stable at levels below what will be seen in a market disruption.

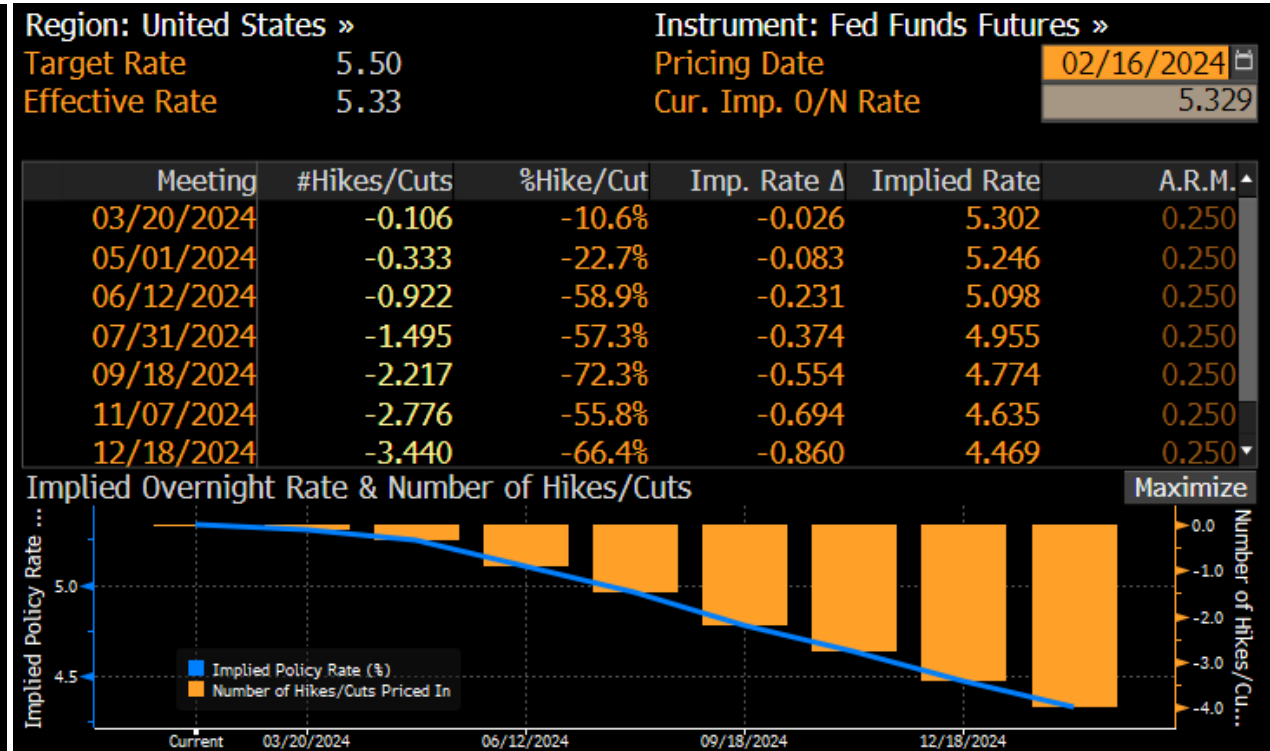


Fed 2024 Cut Expectations Declining

Expectations as of 12/29/2023:



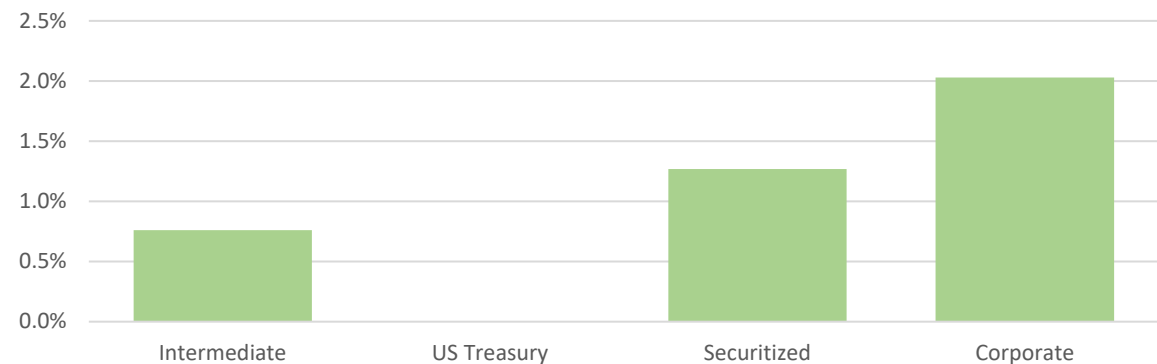
Expectations as of 2/16/2024:



Fixed Income Excess Returns

- Fixed Income spread sectors generated positive excess returns for the quarter.
- Corporates and mortgages have produced positive returns over the quarter, 6-month, and 12-month basis

Benchmark Periodic Excess Returns: 3 Mo.
As of 12/31/2023



Fixed Income Review and Outlook, March 2024

- **Benchmark change accomplished at the beginning of February:**
 - Progressing in implementation of new strategic approach for alpha generation through Internal Active and External Manager funding
- **Continuing to refine asset class construction:**
 - Core External Manager search in progress
- **Collaborating with the Strategic Investments to develop Multi-Asset Credit portion of the Active Credit asset class**
 - Researching High Yield, Emerging Market Debt, and Leveraged Loans options
 - Discussed strategies with other allocators
 - Began consultant relationship to start External Manager hiring process

Thank You

CONTACT: Todd Ludgate

Email: todd.ludgate@sbafla.com

INVESTMENT ADVISORY COUNCIL

Item 6. Asset Class SIO Updates

John Bradley, Senior Investment Officer, Private Equity

(See Attachment 6D)

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Private Equity Asset Class Update

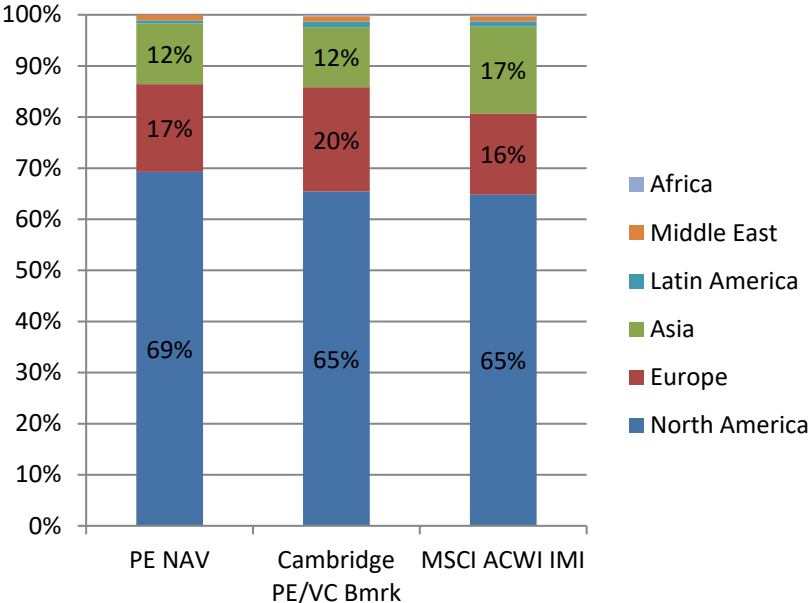
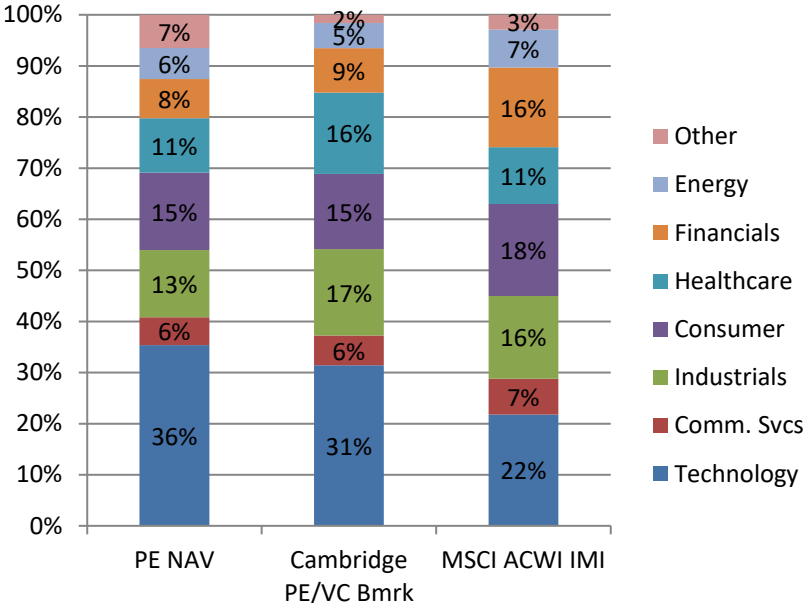
John Bradley, SIO Private Equity

Market/Portfolio Update

- Market
 - Private equity market continued to rebound in Q4 2023
 - Deal activity increased in Q4
 - Global M&A activity exceeded \$1 trillion
 - U.S. buyout volume increased slightly, YTD total \$400 billion
 - Leverage multiples continue to fall, Q4 avg. of 4.7x EBITDA
 - Purchase price multiples down slightly during the quarter to 9.3x EBITDA
- Portfolio
 - PE portfolio up 0.1% for Q3 2023
 - 2023 net cash flow: \$56 million
 - \$1.76 billion in GP distributions
 - \$1.70 billion of contributions

Sector and Geographic Exposure

As of September 30, 2023

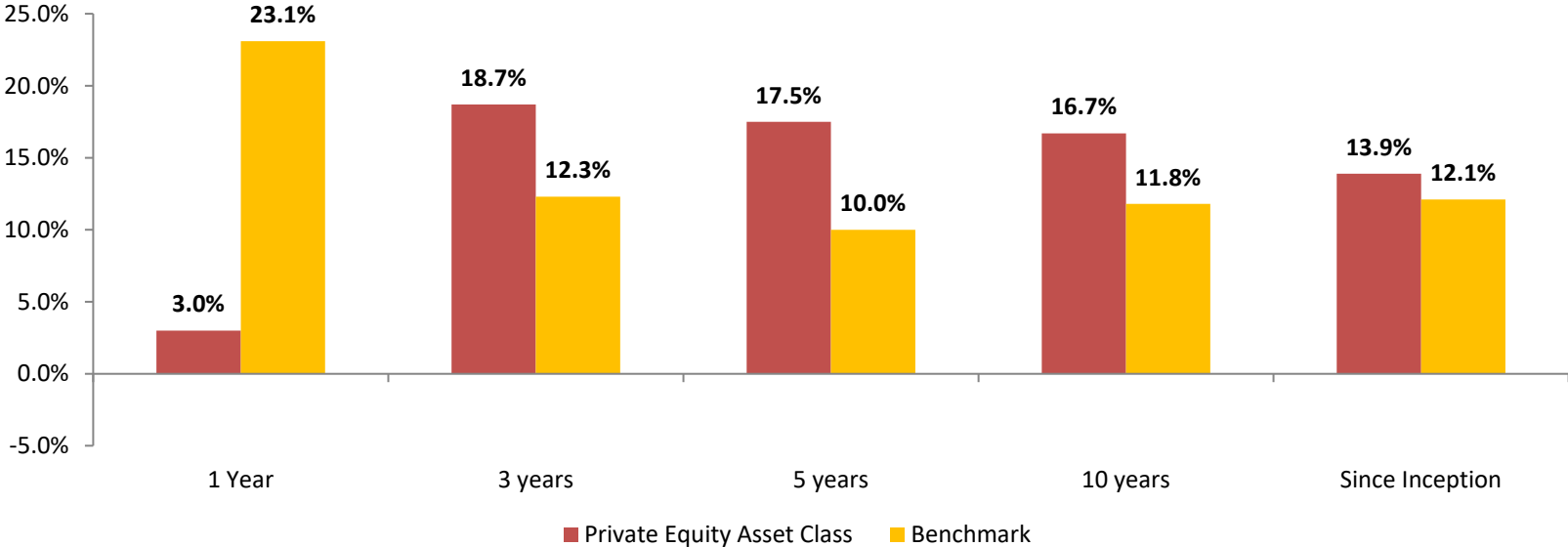


Source: Cambridge Associates



Private Equity Performance

Asset Class - Net Managed and Benchmark Returns (IRRs) as of September 30, 2023



Note: Asset class IRR performance data is provided by Cambridge Associates. The PE benchmark is currently 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.

Please see Appendix for performance of the Legacy or pre-asset class portfolio.



	<u>1yr</u>	<u>3yr</u>	<u>5yr</u>	<u>10yr</u>	<u>Since Inception</u>	<u>PME Benchmark</u>
U.S. Buyouts	10.8%	17.0%	15.9%	16.5%	13.0%	6.8%
Non-U.S. Buyouts	12.9%	15.9%	14.6%	15.0%	12.7%	8.0%
U.S. Venture	-12.5%	22.8%	24.4%	19.9%	15.4%	6.3%
U.S. Growth Equity	-2.4%	23.5%	19.2%	18.9%	15.3%	8.0%
Non-U.S. Growth Equity	-0.5%	7.9%	8.6%	9.1%	8.2%	7.6%
Distressed/Turnaround	9.2%	22.3%	16.5%	14.5%	18.3%	7.7%
Secondaries	2.2%	19.3%	12.2%	12.7%	15.4%	8.1%
Total PE Asset Class	3.0%	18.7%	17.5%	16.7%	13.9%	7.1%

Sub-strategy returns and benchmark returns provided by Cambridge Associates and are calculated net of all fees and expenses. The benchmark is a public market equivalent (PME) benchmark and evaluates what a portfolio's return would have been had it been invested in a public market index. The index used for all strategies except for U.S. Venture is the MSCI ACWI IMI. The benchmark used for U.S. Venture is the Russell Microcap Growth Index.

2023 Commitment Activity

- Commitments totaling \$2.1 billion to 21 funds through December 31, 2023
 - \$1.2 billion to 11 buyout funds
 - Small 40%, Middle-Market 24%, Large 36%
 - \$79 million to 3 venture funds
 - \$725 million to 6 distressed/turnaround funds
 - \$95 million to 1 secondary fund
- Geographic Focus
 - US 69%, Europe 23%, Asia 8%

Appendix

Dollar-Weighted Performance (IRRs) as of September 30, 2023

	<u>Inception Date</u>	<u>Market Value (in Millions)</u>	<u>1yr</u>	<u>3yr</u>	<u>5yr</u>	<u>10yr</u>	<u>Since Inception</u>
Total Private Equity	1/27/1989	\$17,627	3.0%	18.7%	17.5%	16.6%	10.8%
Custom Iran- and Sudan-free ACWI IMI +300bps			23.1%	12.3%	10.0%	11.8%	10.9%
Private Equity Legacy Portfolio	1/27/1989	\$0	0.0%	0.0%	-2.7%	-4.5%	3.7%
Custom Iran- and Sudan-free ACWI IMI +300bps			75.9%	9.4%	7.8%	13.5%	9.7%
Private Equity Asset Class Portfolio	8/31/2000	\$17,627	3.0%	18.7%	17.5%	16.7%	13.9%
Custom Iran- and Sudan-free ACWI IMI +300bps			23.1%	12.3%	10.0%	11.8%	12.1%

Note: Asset class IRR performance data is provided by Cambridge Associates. The PE benchmark is currently 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 Equity asset class and its benchmark was the Domestic Equity target index + 750 bps.

INVESTMENT ADVISORY COUNCIL

Item 6. Asset Class SIO Updates

Daniel Beard, Chief of Defined Contribution Programs

(See Attachment 6E)

INVESTMENT ADVISORY COUNCIL

FLORIDA RETIREMENT SYSTEM (FRS)

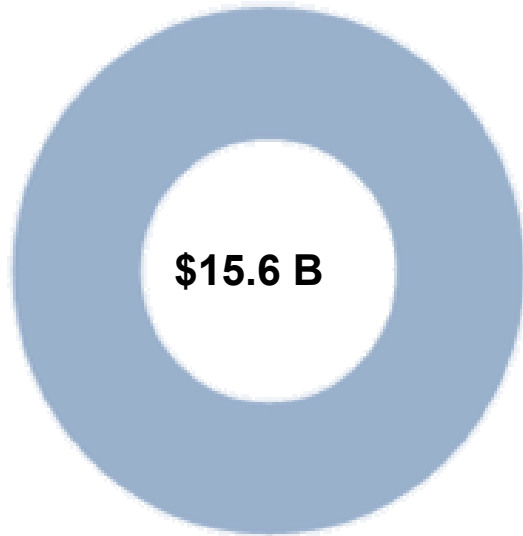
INVESTMENT PLAN

Daniel Beard, Chief of Defined Contribution Programs

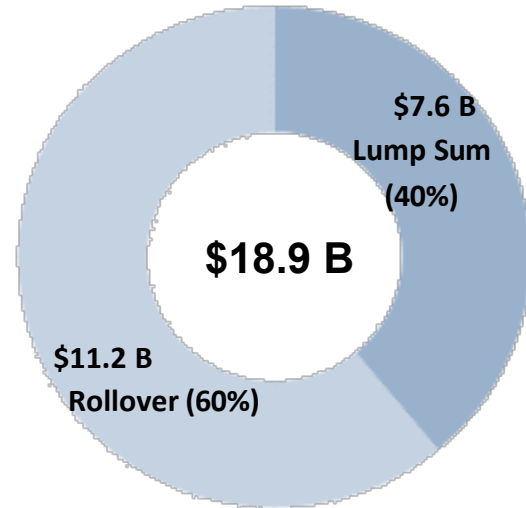
FRS INVESTMENT PLAN SNAPSHOT

(as of December 31, 2023)

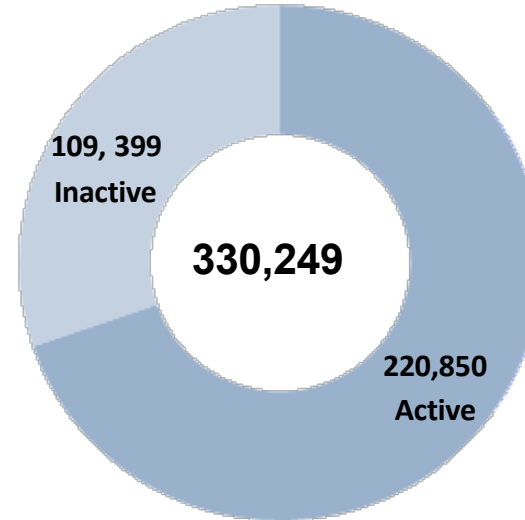
Assets



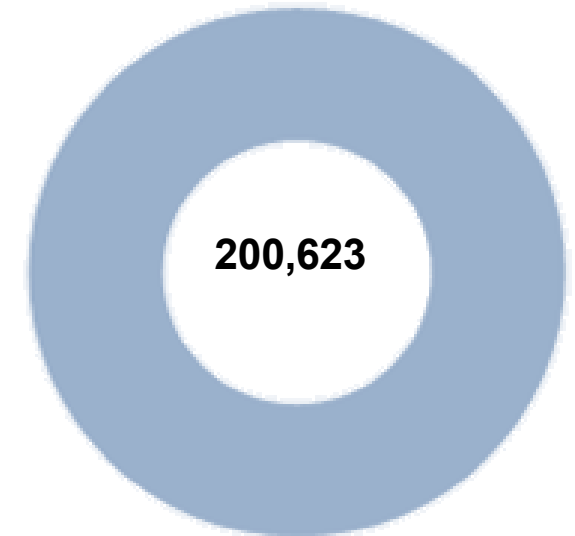
Distributions



Members



Retirees



Average Statistics

(Active Members)

Female 65% Male 35%

Age 44

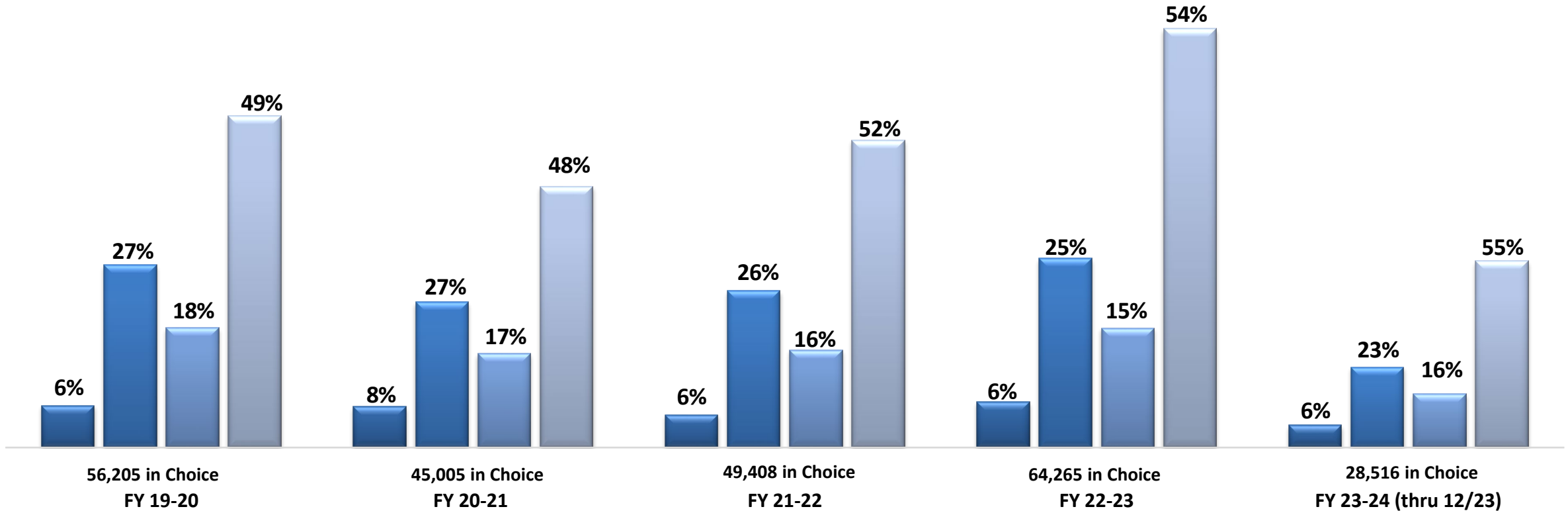
\$47,315 balance

5 years of service

PLAN CHOICE STATISTICS

(as of December 31, 2023)

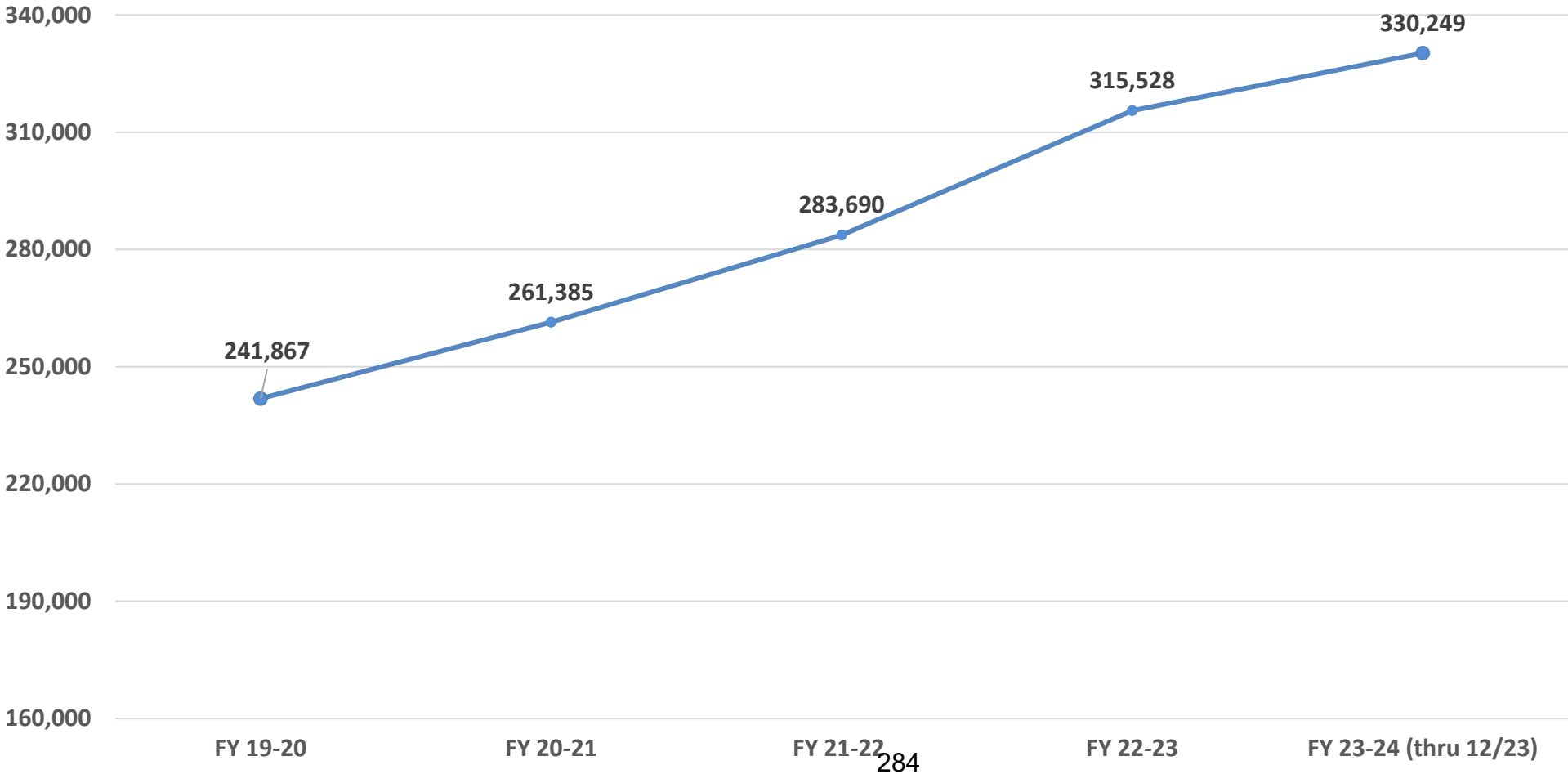
■ Pension Plan Defaults
 ■ Active Enrollments-Pension Plan
 ■ Active Enrollments-Inv. Plan
 ■ Investment Plan Defaults



Default Change to Investment Plan (except for Special Risk)



INVESTMENT PLAN MEMBERSHIP GROWTH



ASSET CLASS PERFORMANCE

(as of December 31, 2023)

	QTD	FYTD	1 Yr	3 Yr	5 Yr	Incept.
Total Fund	8.71%	5.47%	15.69%	3.85%	8.83%	6.94%
Stable Value	0.72%	1.42%	2.70%	2.10%	2.17%	2.10%
Infltn Sensitive Assets & TIPS*	5.10%	1.56%	2.48%	2.19%	4.63%	1.83%
Fixed Income	6.48%	4.27%	7.14%	-2.22%	2.10%	3.98%
Domestic Equities	12.49%	8.75%	27.13%	8.04%	14.51%	10.51%
Global & International Equities	10.18%	5.48%	17.08%	1.60%	8.37%	7.57%
Retirement Date Funds	8.74%	5.06%	13.84%	3.43%	8.30%	5.85%
Real Estate	-1.47%	-5.70%	-8.25%	4.74%	4.67%	4.96%
TF x RDFs	8.67%	5.93%	17.85%	4.32%	9.36%	6.82%

*Prior to 2014, TIPS only.

Retirement Date Funds Inception July 1, 2014

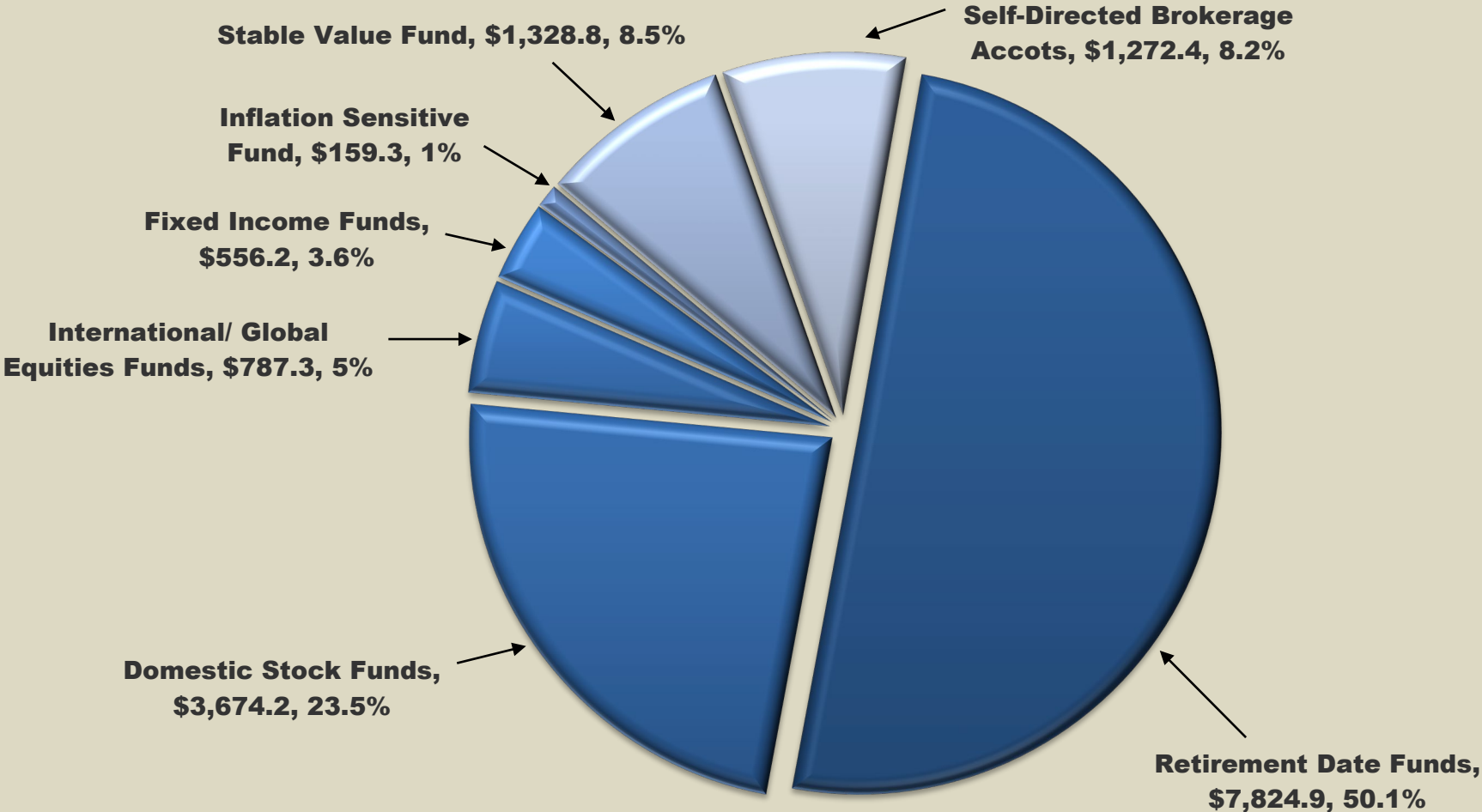
TF x RDFs Inception July 1, 2014

Real Estate was added January 1, 2018

Stable Value Fund Inception July 1, 2021

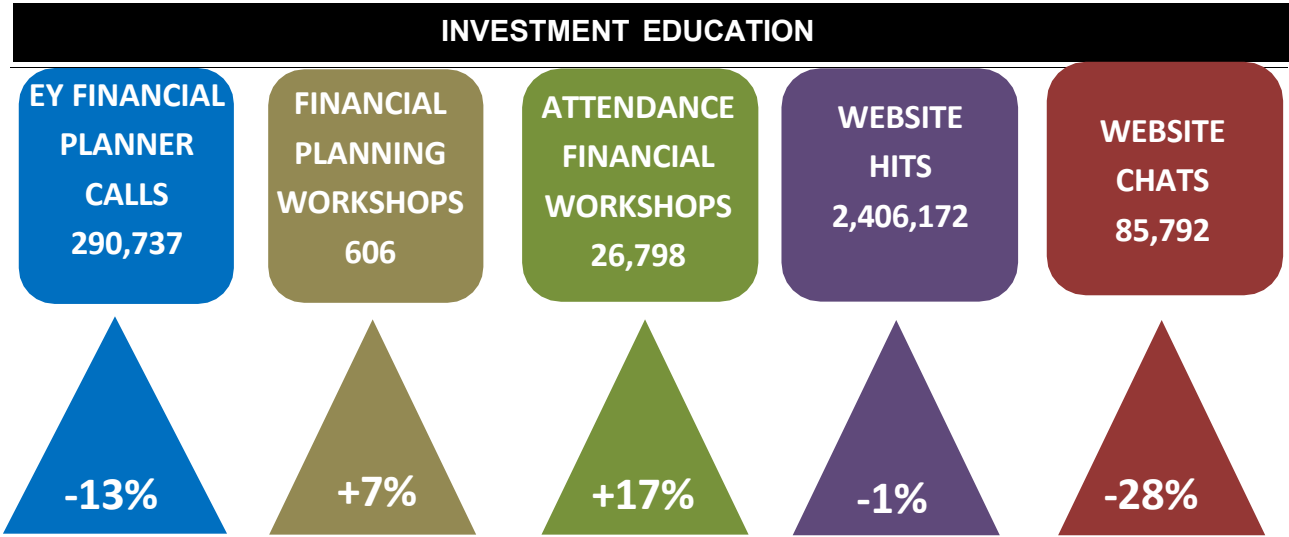
FRS INVESTMENT PLAN AUM

(by Asset Class—in \$millions, as of December 31, 2023)



MyFRS FINANCIAL GUIDANCE PROGRAM

(January 1, 2023-December 31, 2023)



(% change from previous 12 months)

72 Annuities purchased last 12 months - \$7.7 million
307 Total Annuities purchased inception to date - \$37.2 million



Q&A

INVESTMENT ADVISORY COUNCIL

Item 7. Major Mandate Performance Review

Katie Comstock, Aon

(See Attachment 7)



Fourth Quarter 2023 Major Mandates Performance Review

State Board of Administration of
Florida

March 12, 2024

Investment advice and consulting services provided by Aon Investments USA, Inc.
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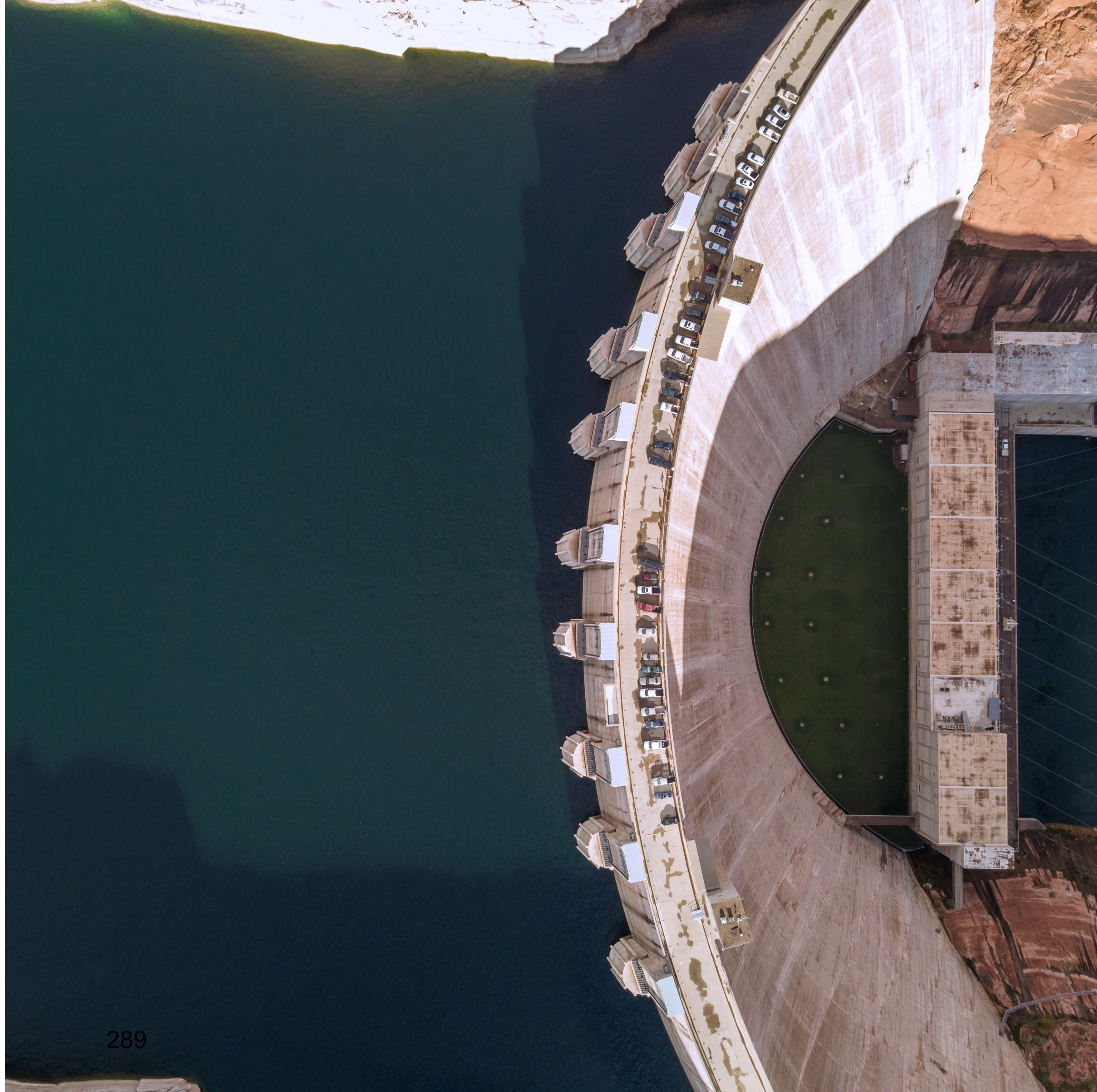


Table of Contents

1 Executive Summary	2 Pension Plan Review	3 Investment Plan Review
4 CAT Fund Review	5 Florida PRIME Review	6 Appendix

Executive Summary

- The major mandates each produced generally strong returns relative to their respective benchmarks over both short- and long-term time periods ending December 31, 2023.
- The Pension Plan outperformed its Performance Benchmark over the trailing three-, five-, ten-, and fifteen- year periods.
- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over the trailing one-, five-, and ten-year periods.
- The CAT Funds' performance is strong over long-term periods, outperforming the benchmark over the trailing three-, five-, and ten-year 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

- The Pension Plan assets totaled \$190.4 billion as of December 31, 2023, which represents a \$10.0 billion increase since last quarter.
- The Pension Plan outperformed its Performance Benchmark over the trailing three-, five-, ten-, and fifteen- year periods.
- Relative to the Absolute Nominal Target Rate of Return, the Pension Plan outperformed over the trailing quarter, one-year, five-year, ten-year and fifteen-year time periods and underperformed over the trailing three-year time period.
- The Pension Plan is well-diversified across six broad asset classes, and each asset class is also well-diversified.
 - 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 on a daily basis 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 Investment Consulting 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 12/31/2023

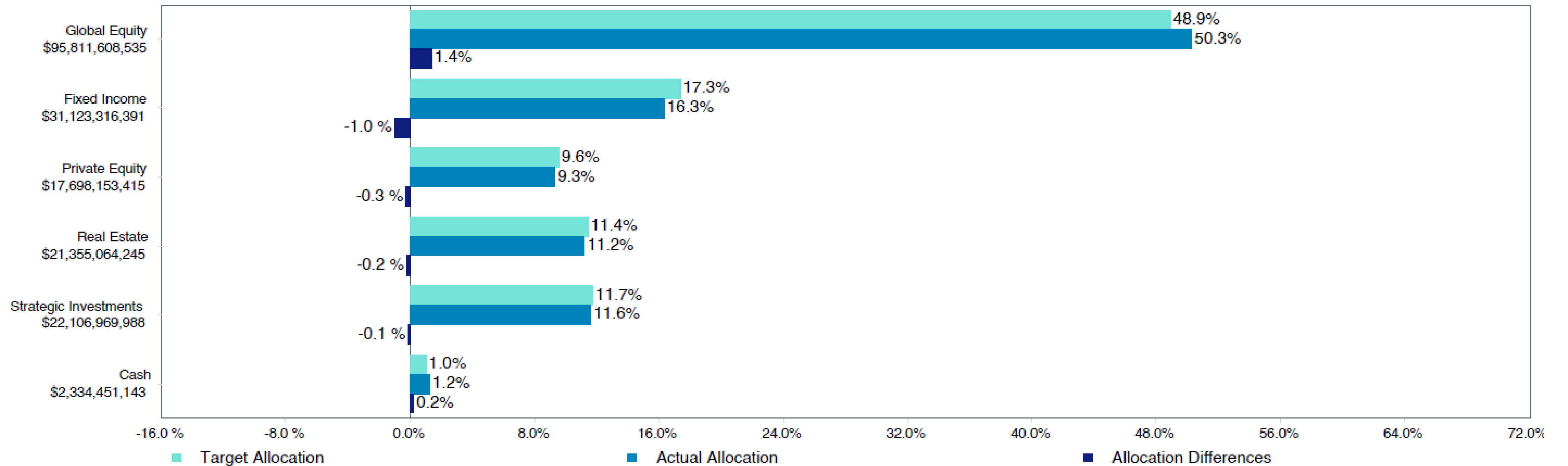
Summary of Cash Flows		
	Fourth Quarter	Fiscal YTD*
Beginning Market Value	\$180,448,835,428	\$185,709,266,761
+/- Net Contributions/(Withdrawals)	\$(1,581,015,515)	\$(3,564,312,881)
Investment Earnings	\$11,561,743,804	\$8,284,609,837
= Ending Market Value	\$190,429,563,717	\$190,429,563,717
Net Change	\$9,980,728,289	\$4,720,296,956

*Period July 2023 – December 2023

Asset Allocation as of 12/31/2023

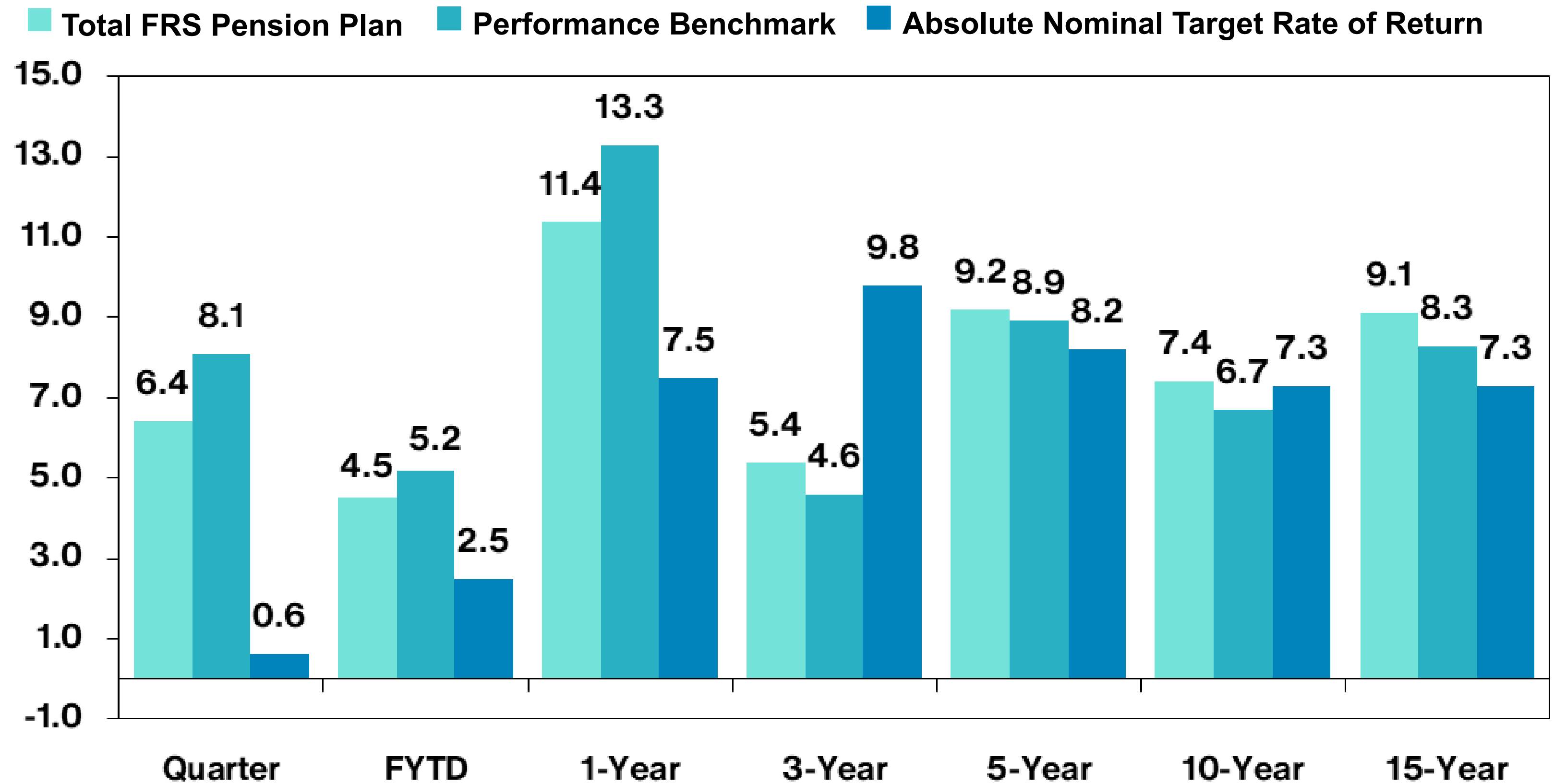
Total Fund Assets = \$190.4 Billion

	Market Value \$	Current Allocation %	Target Allocation %	Minimum Allocation %	Maximum Allocation %
Total Fund	190,429,563,717	100.0	100.0		
Global Equity	95,811,608,535	50.3	48.9	45.0	70.0
Fixed Income	31,123,316,391	16.3	17.3	10.0	26.0
Private Equity	17,698,153,415	9.3	9.6	2.0	12.0
Real Estate	21,355,064,245	11.2	11.4	4.0	16.0
Strategic Investments	22,106,969,988	11.6	11.7	0.0	16.0
Cash	2,334,451,143	1.2	1.0	0.3	5.0



FRS Pension Plan Investment Results

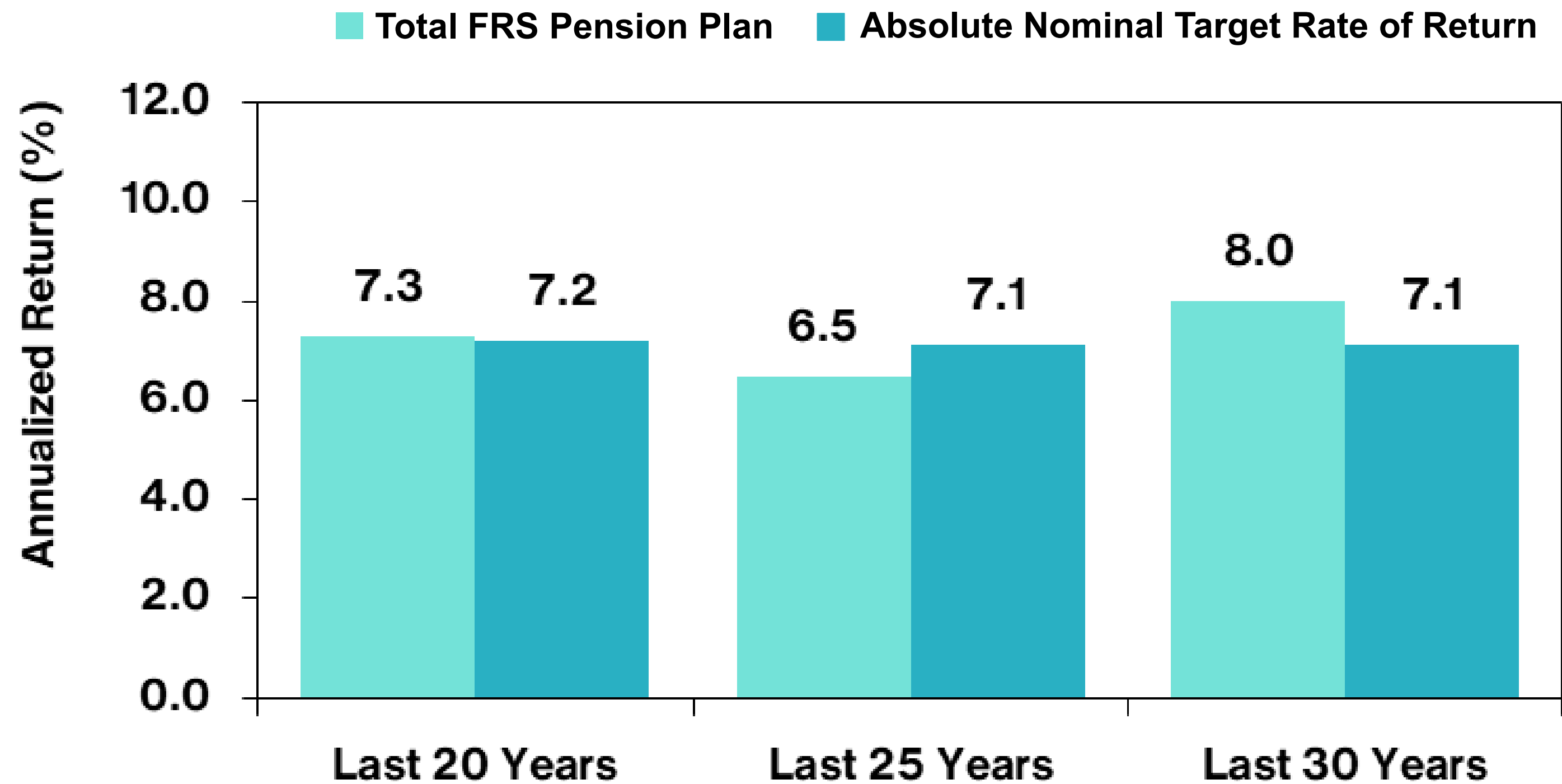
Periods Ending 12/31/2023



FRS Pension Plan Investment Results

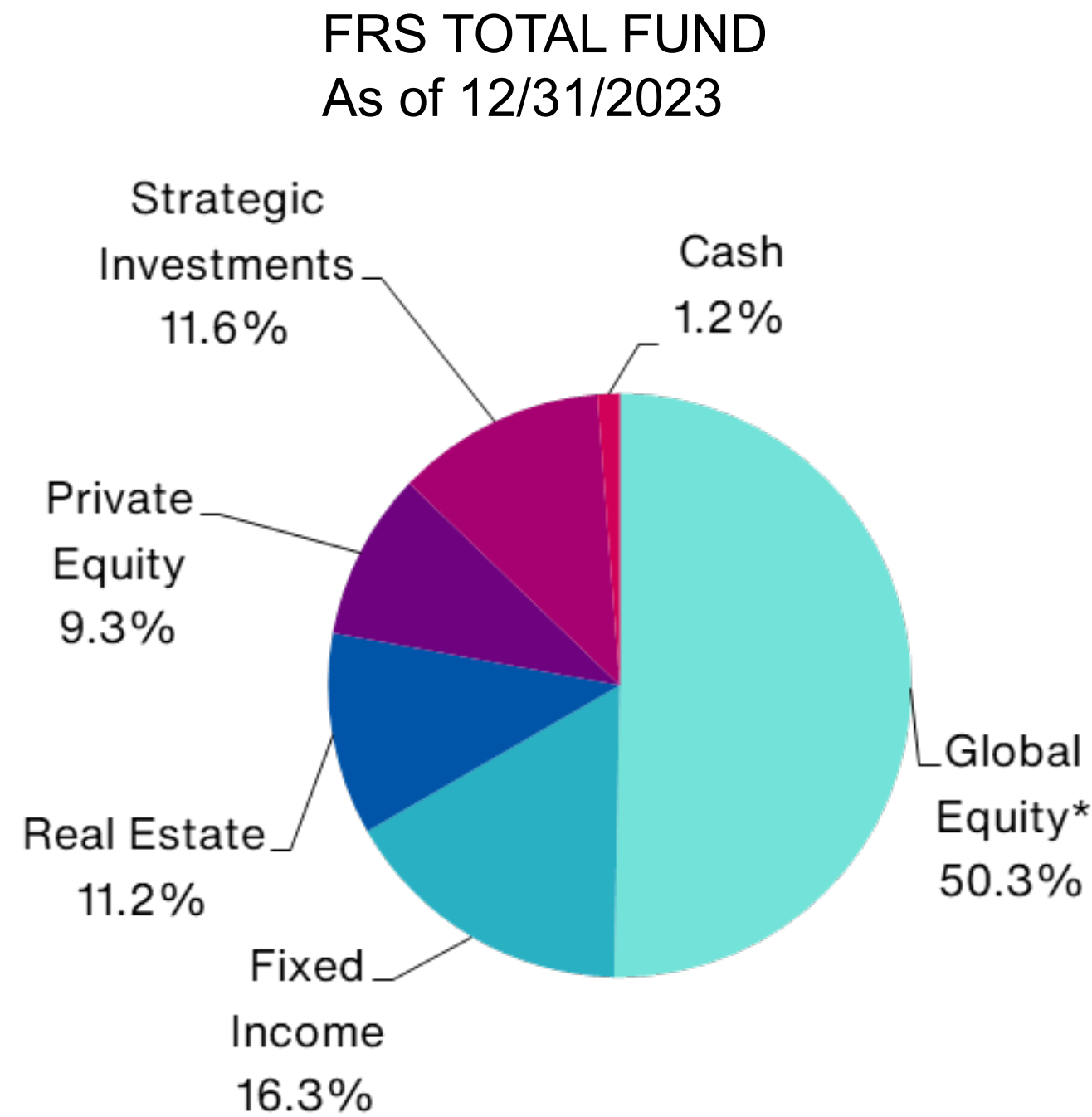
Periods Ending 12/31/2023

Long-Term FRS Pension Plan Performance Results vs. SBA's Long-Term Investment Objective

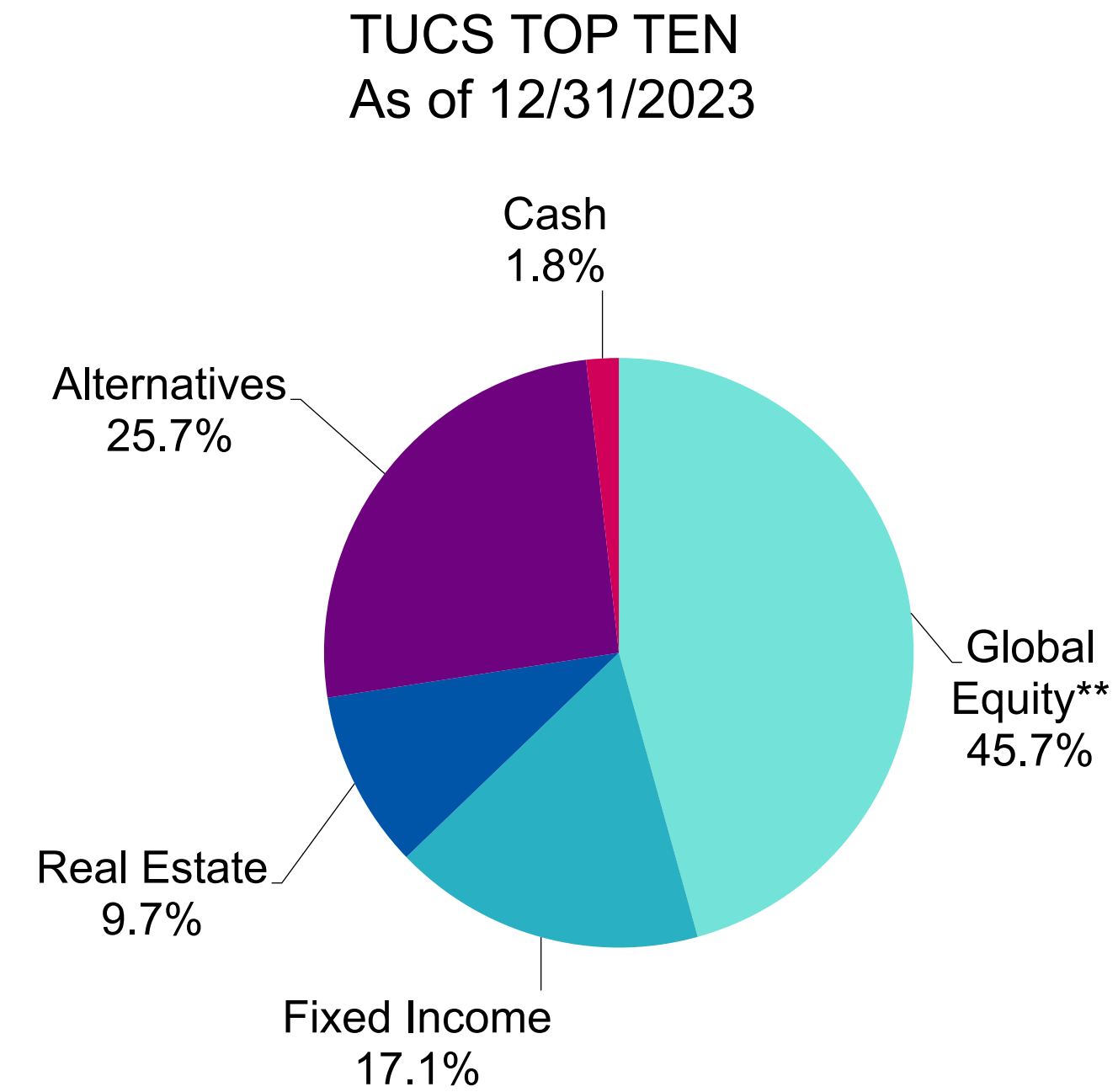


Comparison of Asset Allocation (TUCS Top Ten)

FRS Pension Plan vs. Top Ten Defined Benefit Plans



*Global Equity Allocation: 25.7% Domestic Equities; 16.0% Foreign Equities; 6.3% Global Equities; 1.2% Global Equity Liquidity Account. Percentages are of the Total FRS Fund.

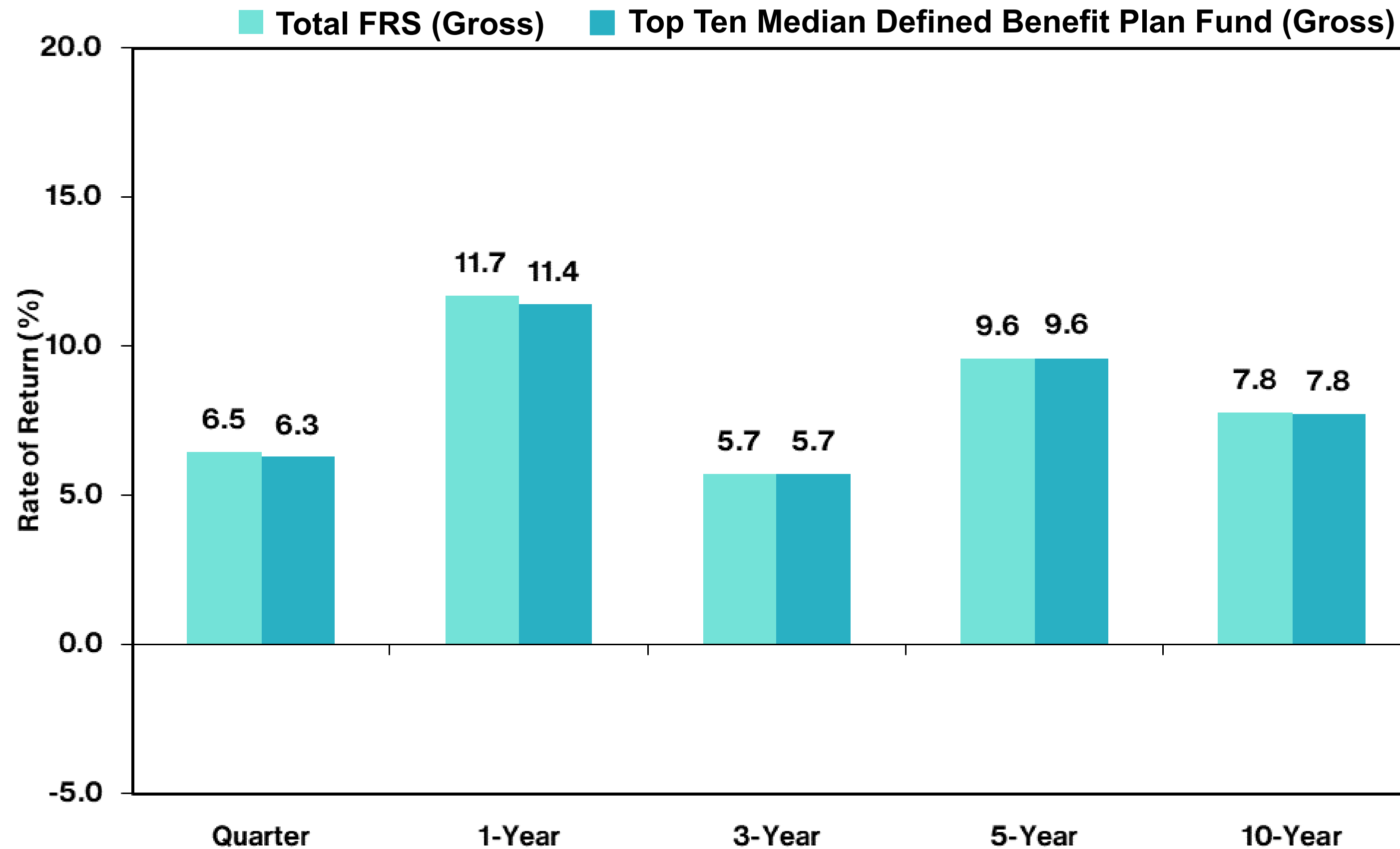


**Global Equity Allocation: 30.4% Domestic Equities; 15.3% Foreign Equities.

Note: The data set includes \$1,932 billion in total assets. The median fund size was \$180 billion and the average fund size was \$193 billion.
Note: Due to rounding, percentage totals displayed may not sum perfectly.

FRS Results Relative to TUCS Top Ten Defined Benefit Plans

Periods Ending 12/31/2023

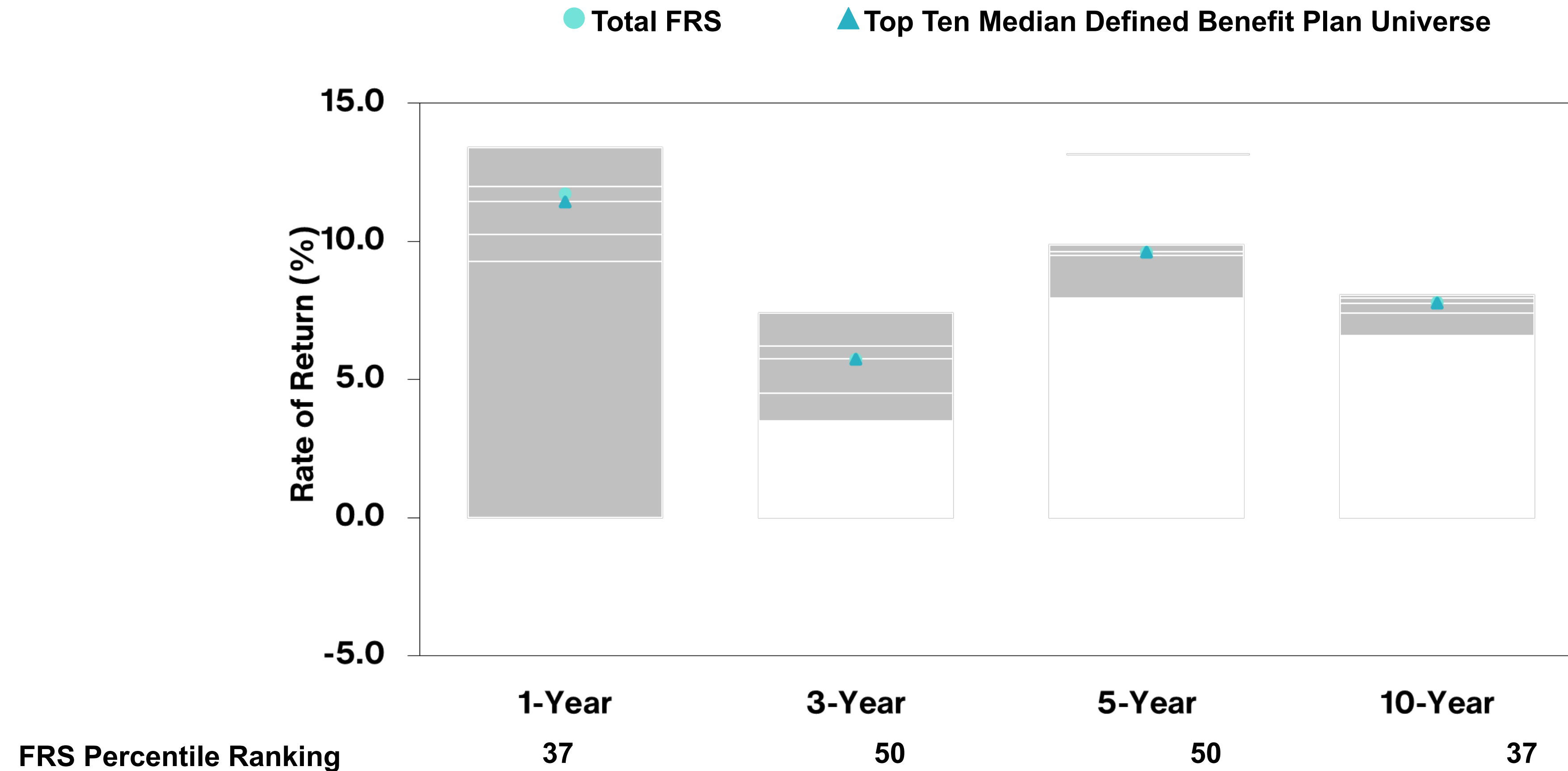


Note: The data set includes \$1,956 billion in total assets. The median fund size was \$161 billion and the average fund size was \$195 billion.

Note: Due to rounding, percentage totals displayed may not sum perfectly.

Top Ten Defined Benefit Plans FRS Universe Comparison (TUCS)

Periods Ending 12/31/23



Note: The data set includes \$1,956 billion in total assets. The median fund size was \$161 billion and the average fund size was \$195 billion.

Investment Plan: Executive Summary

- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over the trailing one-, five-, and ten-year periods. This suggests strong relative performance of the underlying fund options in which participants are investing.
- The FRS Investment Plan's total expense ratio is in line with peer defined contribution plans, based on year-end 2022 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 Morningstar's mutual fund universe for every investment category with the exception of Inflation Protected Securities.
- 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.

Total Investment Plan Returns & Cost

Periods Ending 12/31/2023*

	One-Year	Three-Year	Five-Year	Ten-Year
FRS Investment Plan	15.7%	3.8%	8.8%	6.5%
<i>Total Plan Aggregate Benchmark**</i>	15.4	4.3	8.8	6.4
FRS Investment Plan vs. Total Plan Aggregate Benchmark	0.3	(0.5)	0.0	0.1

Periods Ending 12/31/2022***

	Five-Year Average Return****	Five-Year Net Value Added	Expense Ratio
FRS Investment Plan	4.4%	-0.3%	0.27%*****
<i>Peer Group</i>	4.8	0.1	0.24
FRS Investment Plan vs. Peer Group	-0.4	-0.2	0.00

*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.

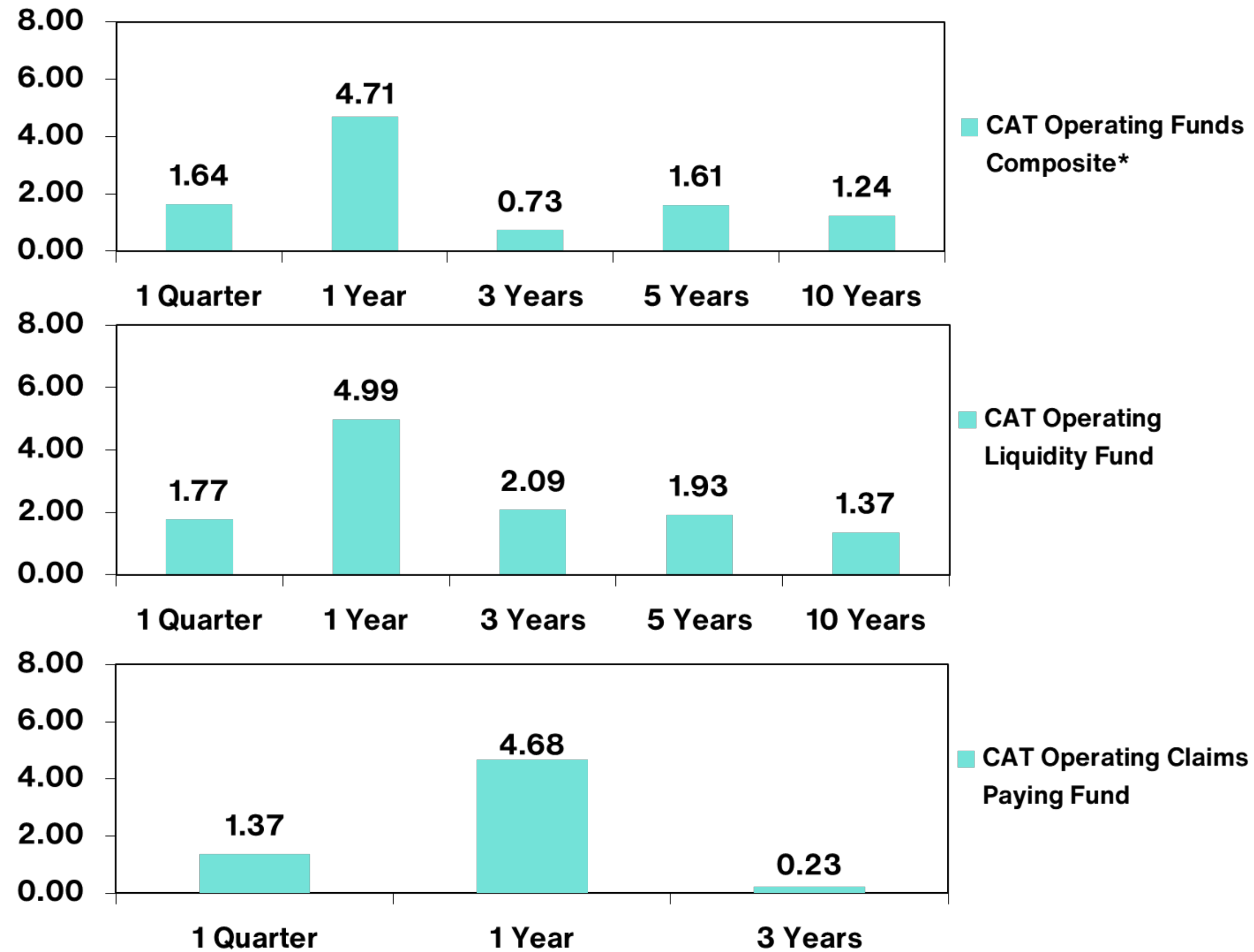
*****The total FRS Investment Plan expense ratio includes investment management fees, as well as administration, communication and education costs. These latter costs are not charged to FRS Investment Plan members; however, these and similar costs may be charged to members of plans within the peer group utilized above.

CAT Fund: Executive Summary

- Returns are modest given the current rate environment and previously low interest rate environment.
- All CAT Funds are adequately diversified across issuers within the short-term bond market.
- The Investment Portfolio Guidelines appropriately constrain the CAT Funds 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 Funds.
- The Investment Portfolio Guidelines are revisited periodically to ensure that the structure and guidelines of the CAT Funds are appropriate, taking into consideration the CAT Funds' goals and objectives.

CAT Operating Funds Investment Results

Periods Ending 12/31/2023



*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 below.

**Performance Benchmark: Effective November 1, 2022, the CAT Fund Operating Liquidity Fund is benchmarked to the net-of-fees total return of the portfolio. Beginning January 1, 2021, the CAT Fund Operating Liquidity Fund was benchmarked to the Bloomberg U.S. Treasury Bills 3-6 Months & U.S. Treasury Bills 6-9 Months Custom Blend Index. This benchmark is comprised of 60% of 3-6 month U.S. Treasury Bills and 40% 6-9 month U.S. Treasury Bills. 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. Effective October 1, 2022, the CAT Operating Claims Paying Fund is benchmarked to the net-of-fees total return of the portfolio. Beginning January 1, 2021, the CAT Operating Claims Paying Fund was benchmarked to the Bloomberg U.S. Treasury 1-3 Years & Corporate AA+ ex 144A with Reg S Custom Blend Index. This benchmark is comprised of 65% 1-3 year U.S. Treasury and 35% of 1-3 year Corporate AA or better excluding 144A and Reg S securities. Beginning February 2018, the CAT Fund Operating Claims Paying Fund benchmark is 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. Additional benchmark history can be found in the appendix.

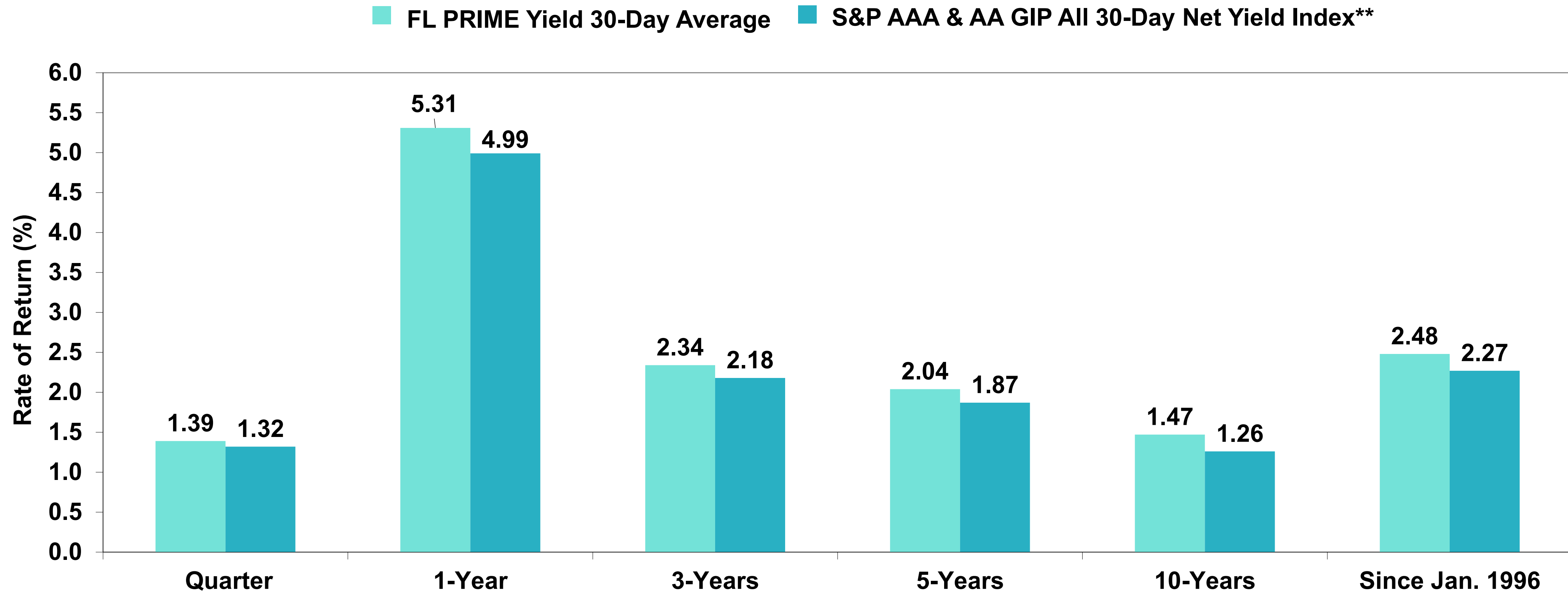


Florida PRIME: Executive Summary

- 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 quarter and trailing one-, three-, five-, and ten-year time periods.
- As of December 31, 2023, the total market value of Florida PRIME was \$27.8 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 12/31/2023

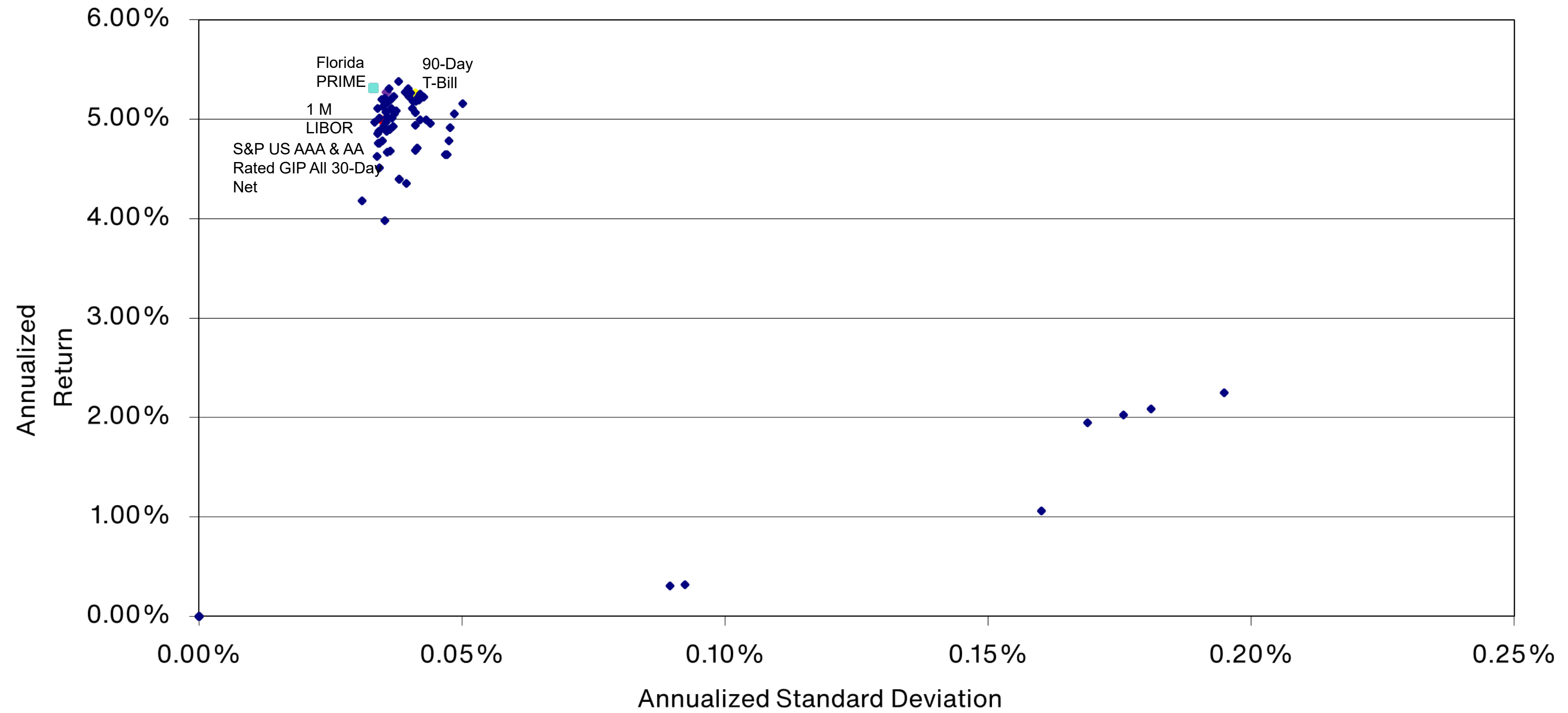


*Returns less than one year are not annualized.

**S&P AAA & AA GIP All 30-Day Net Yield Index for all time periods shown.

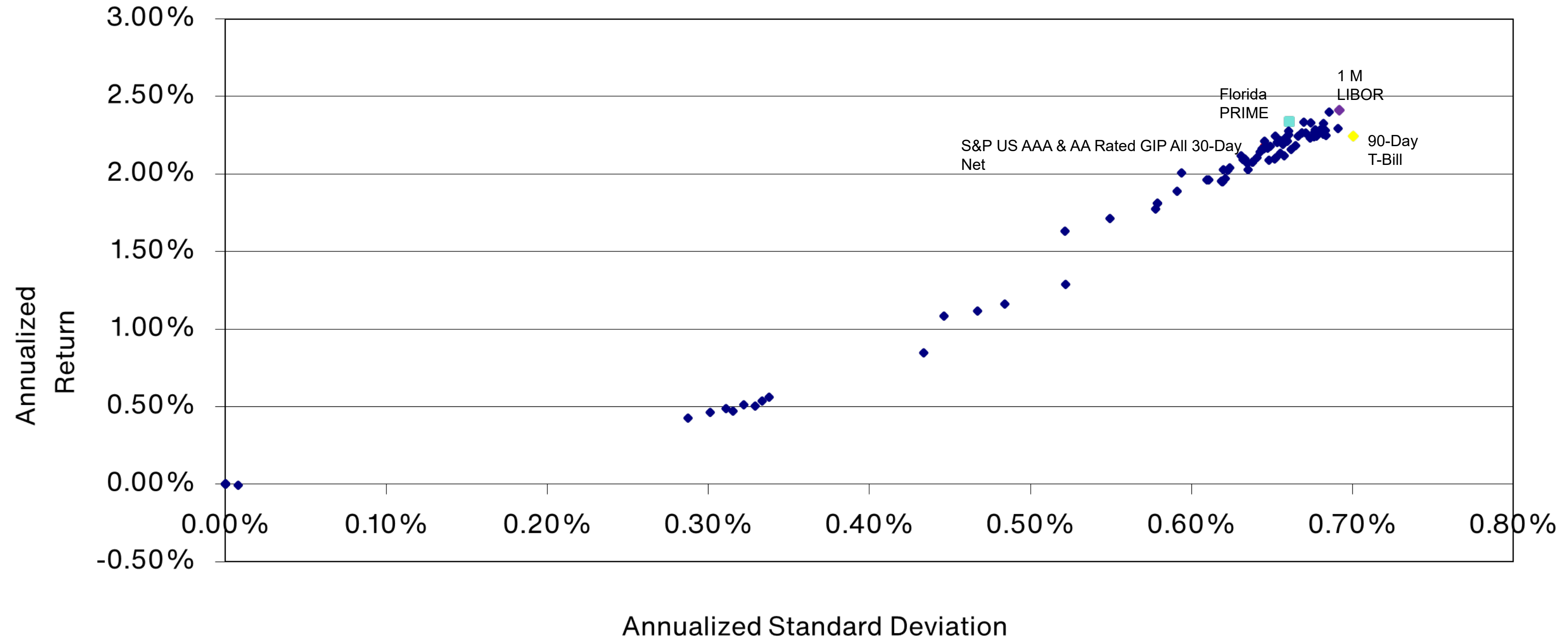
Florida PRIME Risk vs. Return

1 Years Ending 12/31/2023



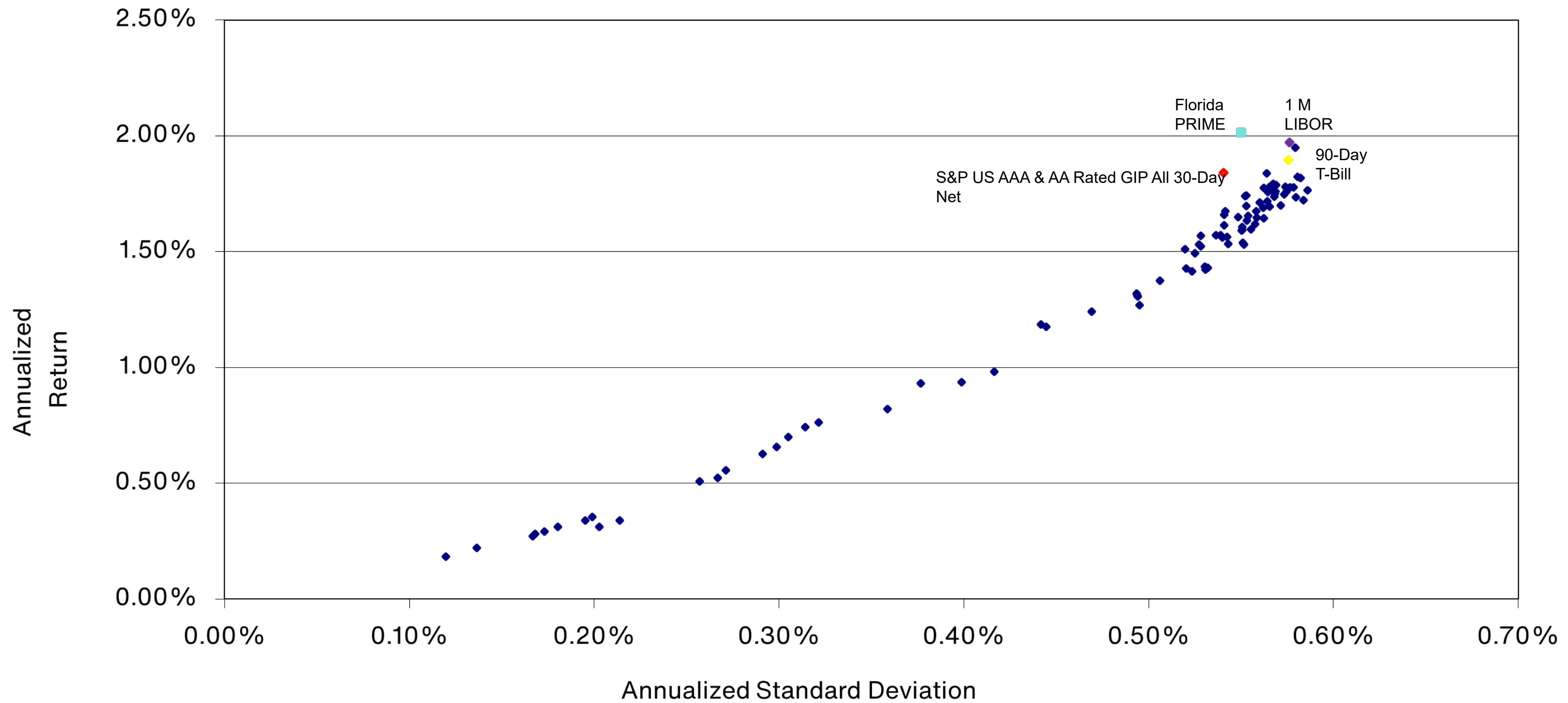
Florida PRIME Risk vs. Return

3 Years Ending 12/31/2023



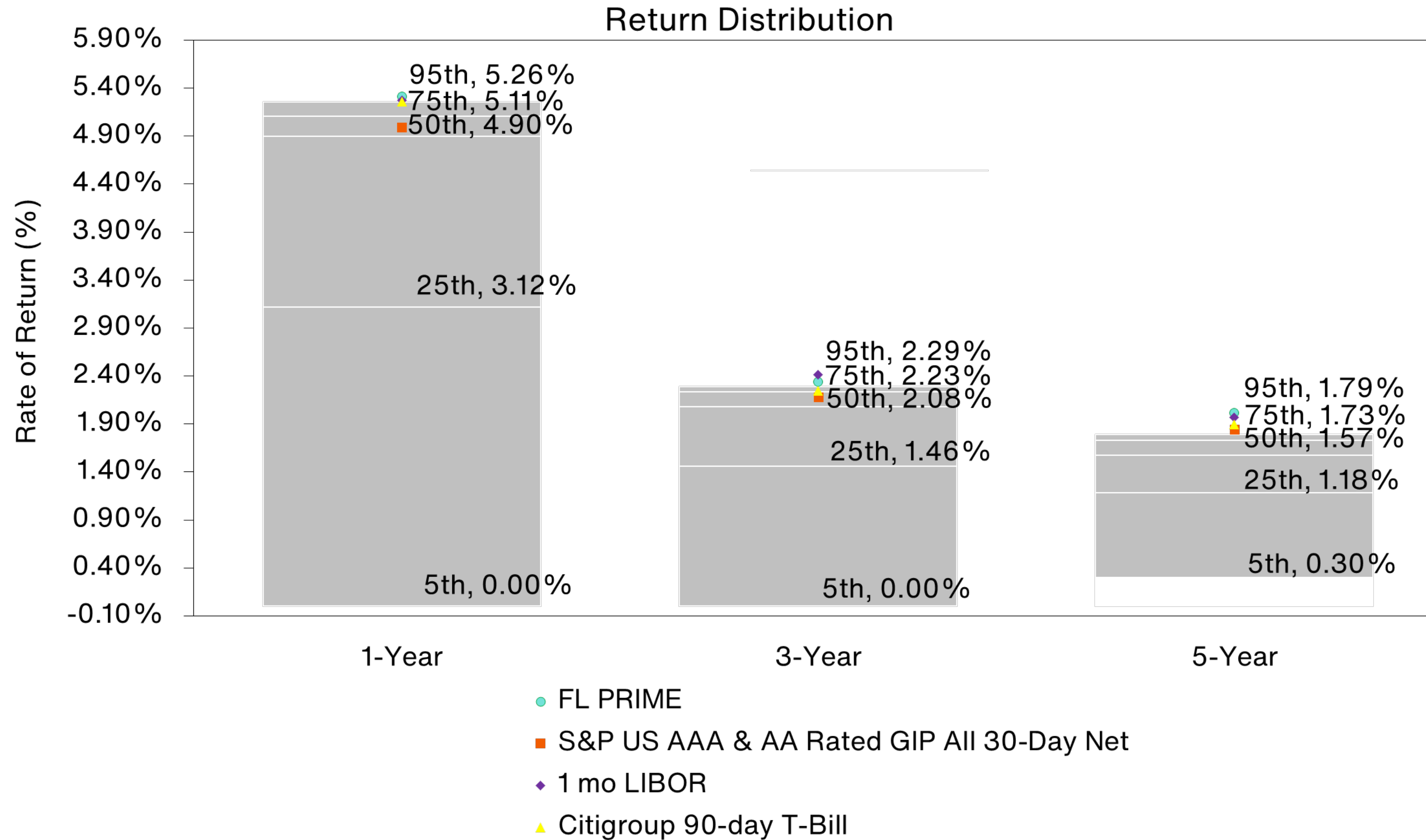
Florida PRIME Risk vs. Return

5 Years Ending 12/31/2023



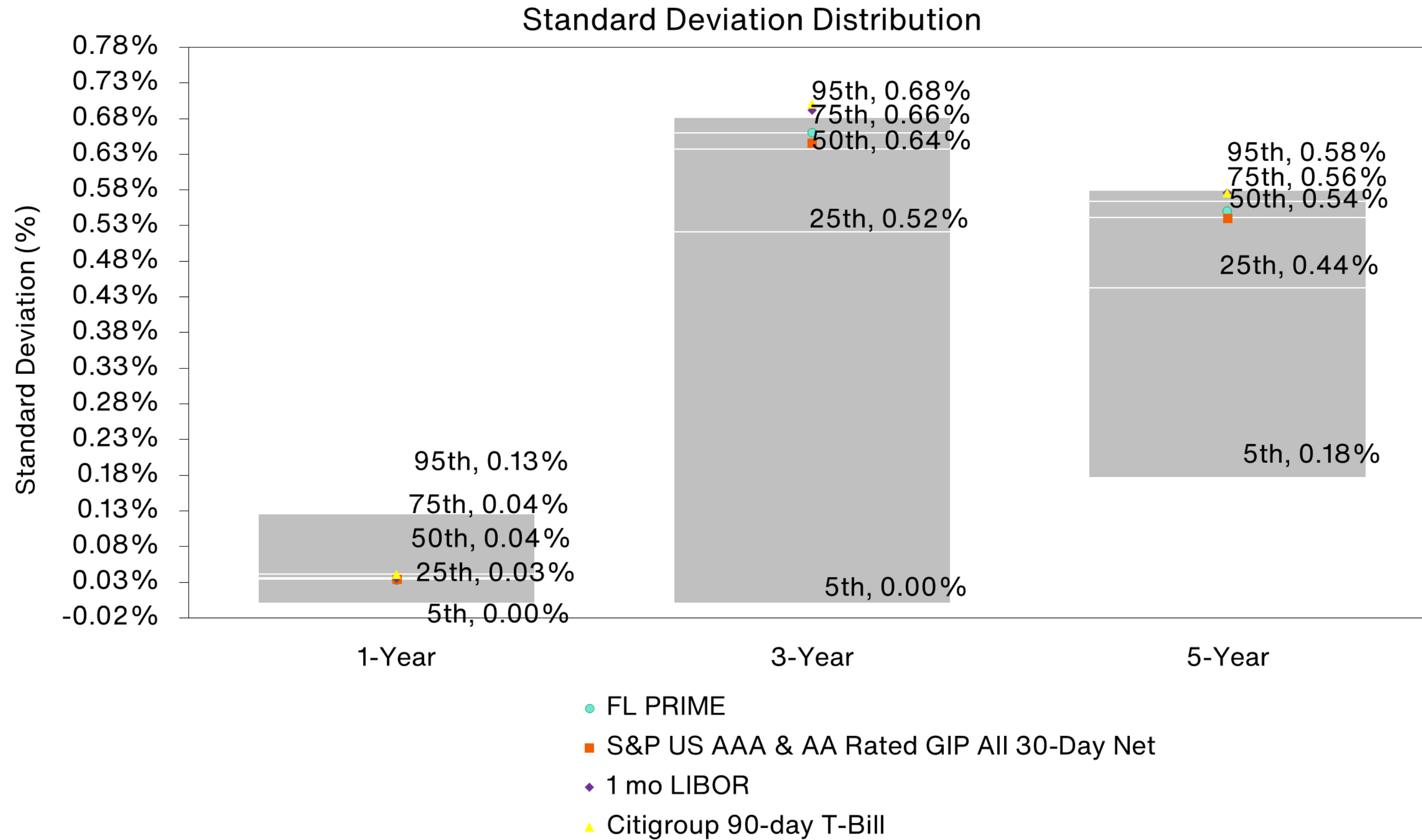
Return Distribution

Periods Ending 12/31/2023



Standard Deviation Distribution

Periods Ending 12/31/2023



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Appendix

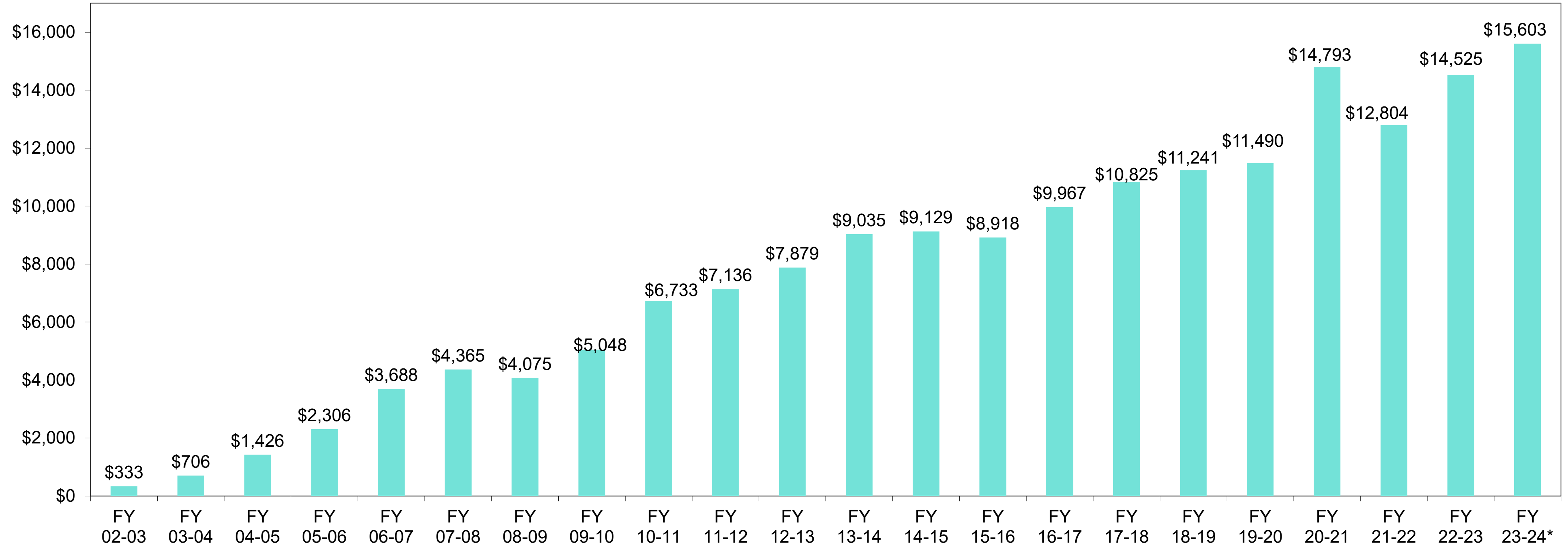
FRS Investment Plan Costs

Investment Category	Investment Plan Fee*	Average Mutual Fund Fee**
Domestic Equity	0.20%	0.84%
International & Global Equity	0.29%	0.94%
Diversified Bonds	0.14%	0.45%
Target Date	0.17%	0.35%
Stable Value	0.08%	0.40%
Inflation Protected Securities	0.36%	0.34%

*Average fee of multiple products in category as of 12/31/2023.

**Source: Aon's annual mutual fund expense analysis as of 6/30/2022.

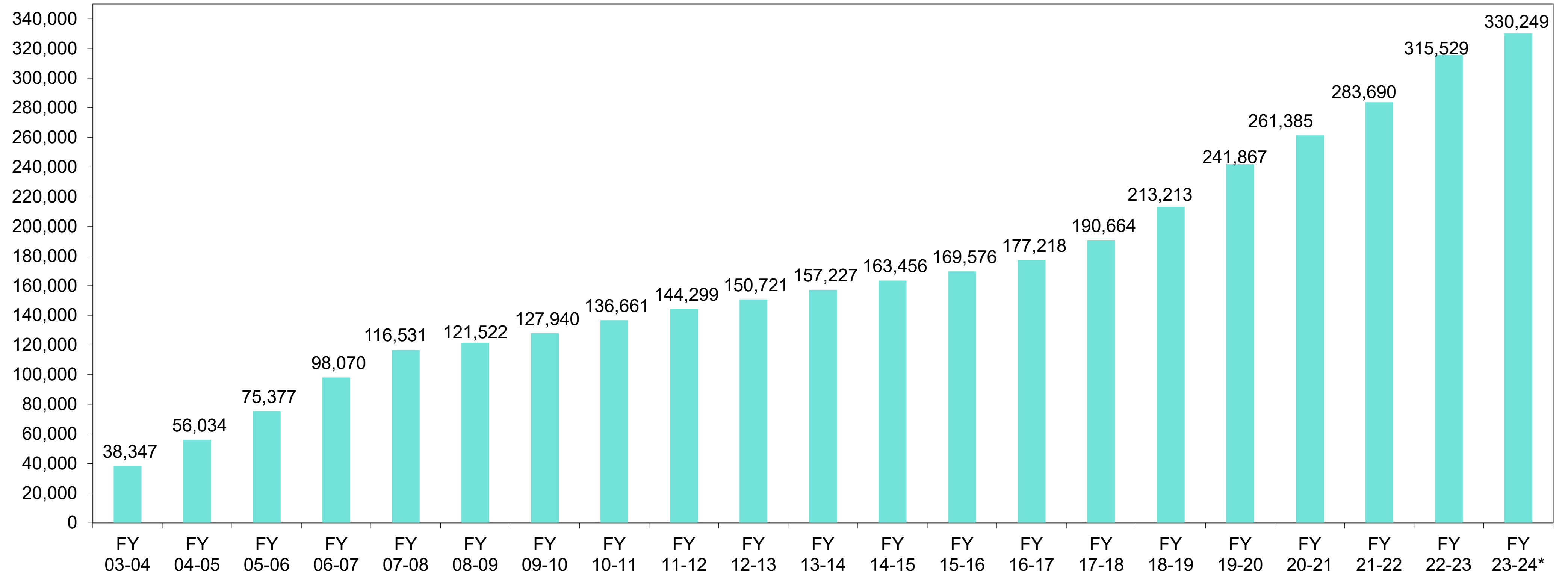
Investment Plan Fiscal Year End Assets Under Management



*Period Ending 12/31/2023

Source: Investment Plan Administrator

Investment Plan Membership



*Period Ending 12/31/2023

Source: Investment Plan Administrator

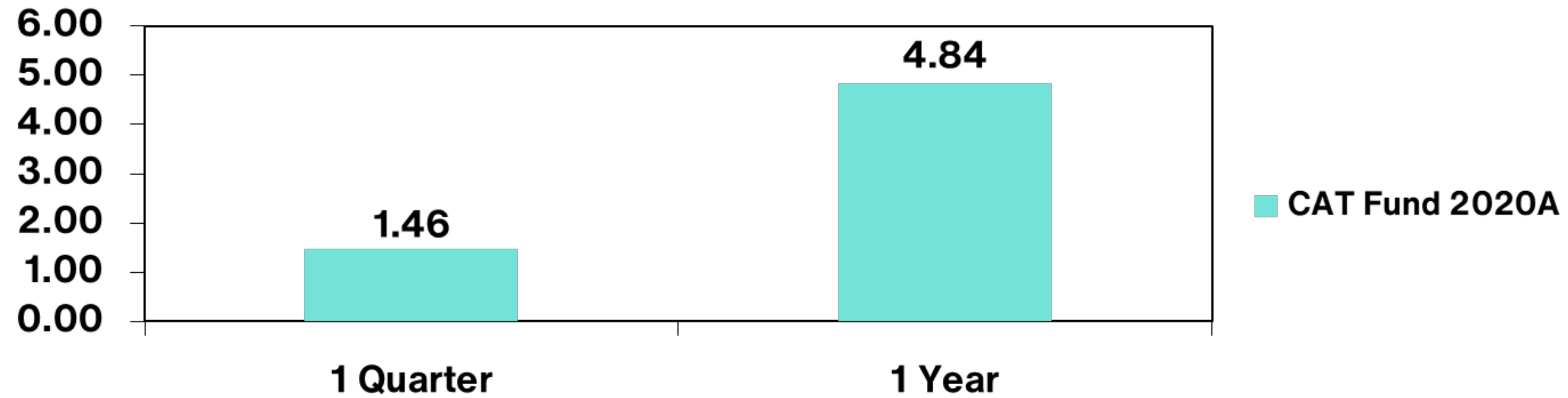


Florida Hurricane Catastrophe Funds Background and Details

- 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 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 December 31, 2023, the total value of:
 - The CAT Operating Funds was \$11.3 billion
 - The CAT 2020 A Fund was \$3.6 billion
- **History of the CAT Funds 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.*

CAT 2020 A Funds Investment Results

Period Ending 12/31/2023



CAT Operating Funds Characteristics

Period Ending 12/31/2023

Maturity Analysis	
1 to 30 Days	43.88%
31 to 60 Days	3.46
61 to 90 Days	2.56
91 to 120 Days	3.10
121 to 150 Days	2.98
151 to 180 Days	3.32
181 to 270 Days	7.62
271 to 365 Days	10.91
366 to 455 Days	8.48
>= 456 Days	13.69
Total % of Portfolio:	100.00%

Bond Rating Analysis	
AAA	64.49%
AA	11.44
A	24.07
Baa	0.00
Other	0.00
Total % of Portfolio	100.00%

CAT 2020 A Fund Characteristics

Period Ending 12/31/2023

Maturity Analysis	
1 to 30 Days	56.26%
31 to 60 Days	6.39
61 to 90 Days	3.79
91 to 120 Days	3.64
121 to 150 Days	2.77
151 to 180 Days	5.72
181 to 270 Days	9.07
271 to 365 Days	9.85
366 to 455 Days	0.00
>= 456 Days	2.51
Total % of Portfolio:	100.00%

Bond Rating Analysis	
AAA	56.06%
AA	5.48
A	38.46
Baa	0.00
Other	0.00
Total % of Portfolio	100.00%

Florida PRIME Characteristics

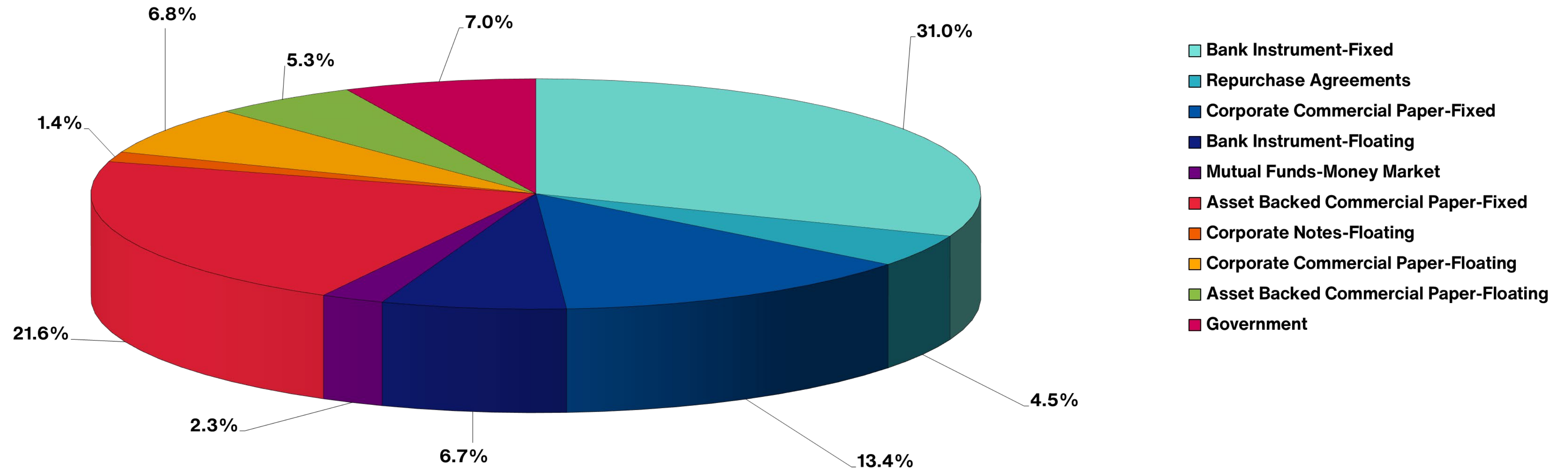
Quarter Ending 12/31/2023

As of 12/31/2023	Fourth Quarter	Fiscal YTD*
Opening Balance	\$19,605,772,114	\$21,469,384,429
Participant Deposits	\$19,913,739,383	\$25,565,222,604
Gross Earnings	\$308,356,532	\$602,855,881
Participant Withdrawals	(\$11,978,959,953)	(19,786,905,540.00)
Fees	(\$1,712,539)	(3,361,836.00)
Closing Balance	\$27,847,195,537	\$27,847,195,537
Change	\$8,241,423,423	\$6,377,811,108

*Period July 2023 – December 2023

Florida PRIME Characteristics

Quarter Ending 12/31/2023



Florida PRIME Characteristics

Period Ending 12/31/2023

Effective Maturity Schedule	
1-7 Days	51.3%
8 - 30 Days	14.1%
31 - 90 Days	20.1%
91 - 180 Days	10.1%
181+ Days	4.4%
Total % of Portfolio:	100.0%

S & P Credit Quality Composition	
A-1+	57.0%
A-1	43.0%
Total % of Portfolio:	100.0%

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INVESTMENT ADVISORY COUNCIL

Item 8. Audience Comments / Closing Remarks / Adjourn

TBD, Chair

(See Attachment 8)