Agenda
Investment Advisory Council (IAC)

Tuesday, September 9, 2025, 11:00 A.M.*

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

11:00 – 11:05 A.M.	**1.**	**Welcome/Call to Order/Approval of Minutes** *(See Attachments 1A – 1B)* ***(Action Required)***	*Peter Jones, Chair*
11:05 – 11:15 A.M.	**2.**	**Opening Remarks/Reports** *(See Attachments 2A – 2E)*	*Chris Spencer,* *Executive Director* *Lamar Taylor,* *Chief Investment Officer*
11:15 – 11:45 A.M.	**3.**	**Asset Liability Review** *(See Attachment 3)*	*Katie Comstock,* *Phil Kivarkis,* *John Sullivan,* *Aon*
11:45 – 12:30 P.M.	**4.**	**Global Equity Asset Class Review** *(See Attachments 4A – 4B)*	*Tim Taylor, SIO* *Global Equity* *Ryan Morris,* *Jay Love,* *Mercer*
12:30 – 1:15 P.M.	**5.**	**Active Credit Asset Class Review** *(See Attachments 5A – 5C)*	*John Mogg, SIO* *Active Credit* *Rahul Desai,* *Aksia* *Ryan Morris,* *Mercer*
1:15 – 2:00 P.M.	**6.**	**Florida Growth Fund Review** *(See Attachment 6)*	*Sheila Ryan,* *Cambridge Associates*

2:00 – 2:30 P.M.	**7.**	**Asset Class SIO Updates** *(See Attachments 7A – 7F)*	*John Bradley, SIO* *Private Equity* *Todd Ludgate, SIO* *Fixed Income* *Trent Webster, SIO* *Strategic Investments* *Lynne Gray, SIO* *Real Estate* *Dan Beard,* *Chief of Defined Contribution Programs* *Mike McCauley, Senior Officer* *Investment Programs & Governance*
2:30 – 2:40 P.M.	**8.**	**Major Mandate Performance Review** *(See Attachment 8)*	*Katie Comstock,* *Aon*
2:40 – 2:55 P.M.	**9.**	**IAC Compensation Subcommittee Update** *(See Attachment 9)*	*Vinny Olmstead,* *IAC Compensation Subcommittee Chair*
2:55 – 3:00 P.M.	**10.**	**Audience Comments/Election of Vice Chair/ Closing Remarks/Adjourn** *(See Attachment 10)* ***(Action Required)***	*Peter Jones, Chair*

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

MINUTES
INVESTMENT ADVISORY COUNCIL
June 3, 2025

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

Members Present:

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

SBA Employees:	Chris Spencer	Lamar Taylor
	Paul Groom	Jim Treanor
	Marco Perzichilli	John Bradley
	Wes Bradle	Dan Beard
	Mini Watson	Allison Olson
	Mike McCauley	Tim Taylor
	Todd Ludgate	Trent Webster
	John Mogg	Lynne Gray
Consultants:	Sheila Ryan, Cambridge Associates	Glenn Thomas, Lewis, Longman, Walker
	Heather Froehlich, Federated Hermes	Katie Comstock, Aon
	Paige Wilhelm, Federated Hermes	Kile Williams, Aon
	Luke Raffa, Federated Hermes	

WELCOME/CALL TO ORDER/APPROVAL OF MINUTES

Peter Jones, Chair, called the meeting to order at 11:01am. With no objections, the March 3, 2025, IAC meeting minutes were approved.

AUDIT COMMITTEE UPDATE

Mark Thompson, Audit Committee Chair, explained that the Audit Committee began attending one IAC meeting each year following a recommendation from their GRC Review. Mark discussed the Audit Committee's role and its members and highlighted the SBA's strong transparency and governance.

OPENING REMARKS/REPORTS

Chris Spencer, Executive Director, briefly explained that the fund has fully recovered from April's Liberation Day market volatility. He then discussed the implementation of the new Global Equity

benchmark, stating that total fund exposure to China and Hong Kong has reduced from 1.55% to 0.58%. Chris explained that the Trustees adopted the corporate governance resolution which included amending the SBA's securities litigation policy, initiating an ITN to refresh the litigation law firm pool, and delegating authority to the Executive Director to initiate legal claims. Chris stated the upcoming Trustees meeting will include approval of the SBA's budget, the new AI proxy voting guidelines, and notice of rulemaking related to the CAT Fund. Chris also noted that the CAT Fund is well positioned for hurricane season with $17.87 billion in estimated claims paying capacity. Chris then welcomed Audit Committee Chair Mark Thompson and answered a question from Gary Wendt.

Lamar Taylor, Chief Investment Officer, provided a performance update as of March 31, 2025. The CAT Fund and Florida PRIME outperformed their benchmarks over the quarter by 36 bps and 6 bps respectively. Lamar answered a question from Peter Collins regarding differences between the CAT Fund and Florida PRIME's investments. The FRS Investment Plan had negative performance over the quarter but outperformed its benchmark by 26 bps. The FRS Pension Plan outperformed the benchmark by 28 bps over the quarter and underperformed over the 1-year period by 12 bps. Global Equity and Fixed Income outperformed their benchmarks over the quarter. Real Estate had its first quarter of positive performance since 2022, and Lamar noted that 1-year negative performance is trailing off. Private Equity outperformed the benchmark over the quarter but continued to underperform over the 1 and 3-year periods. Strategic Investments had good hedge fund performance over the quarter and Active Credit continues to perform well. Lamar then discussed Liberation Day's impact on markets and the total fund and explained how recent asset allocation and benchmark changes have repositioned the fund to withstand volatility.

PRIVATE EQUITY ASSET CLASS REVIEW

John Bradley, Senior Investment Officer – Private Equity, provided an overview of the asset class policy, primary and secondary benchmarks, team, and the investment process. Since inception, Private Equity has committed $41.5 billion to 376 funds with value creation of $25 billion. As of December 31, 2024, the asset class has continued to underperform the public market benchmark over the short-term, however, performance has been strong over the long-term periods. When compared to the Cambridge Associates peer benchmark, Private Equity has outperformed 20 out of 25 years. Regarding cash flow, John noted that the asset class was self-funding for the 8th consecutive year.

John then discussed portfolio composition and performance of the four sub-strategies. The Buyout/Growth Equity portfolio has a target allocation of 55% of the asset class and has had strong performance with U.S. growth equity strategies leading. The Venture Capital portfolio was up 5.8% over 2024 after two years of negative performance, and John noted that it has significantly outperformed the Cambridge peer benchmark over the long-term periods. John then explained that the Distressed portfolio, which focuses on controlled buyouts, has had strong overall performance and the Secondary portfolio generally performs in-line with its benchmarks. John answered questions from IAC members.

Wes Bradle, Senior Portfolio Manager, discussed Private Equity's internal co-investment program. Since the launch of the program in 2023, there have been 32 deals closed with $130 million committed to 14 opportunities in FY2023-24 and $166 million committed to 16 opportunities in FY2024-25. Wes noted the program's strong early performance. He then discussed the co-investment portfolio's sector exposure; acknowledged those involved in the program's early success; and answered questions from IAC members.

Sheila Ryan, Cambridge Associates, explained how the shift in Private Equity's Buyout portfolio allocation from mega cap funds to middle market and lower middle market funds has improved the

portfolio. She also highlighted Private Equity's top quartile performance over the mid to long-term relative to the Cambridge universe of clients. Sheila then discussed low distribution yields in the market and venture's underperformance. John and Sheila answered a question from John Goetz.

FRS INVESTMENT PLAN PROGRAM REVIEW

Dan Beard, Chief of Defined Contribution Programs, provided a brief history and overview of the FRS Investment Plan. Dan then explained how active members enrolled in the Investment Plan have increased from 20% of all FRS active members in January of 2018 to 37% as of March 31, 2025.

Mini Watson, Director of Administration, reviewed a snapshot of the Investment Plan. As of March 31, 2025, the Investment Plan had $18.5 billion in assets and 369,667 members. Mini discussed service providers and their roles, explaining that the major components of the plan administration such as record-keeping and custodial services are statutorily required to be outsourced. Mini then reviewed plan choice statistics, membership growth, second elections, and requests for intervention. Dan and Lamar Taylor answered questions from Peter Collins regarding the cost of administering the program.

Allison Olson, Director of Educational Services, discussed the MyFRS Financial Guidance Program which is available to all FRS members. Allison provided an overview of the program's service providers and the services and tools available to FRS members. Allsion explained that there were a record-breaking number of annuities purchased over the fiscal year. Allison concluded by discussing recent updates.

Dan Beard provided an overview of the Investment Plan fund options and asset allocations. Dan explained that Aon conducted their annual Glidepath review of the Retirement Date Funds and per Aon's recommendation the allocations will be changing effective July 1, 2025. Dan then discussed initiatives which include evaluating SBA management of a portion of the fixed income allocation within the Retirement Date Funds; an Investment Plan structure review; and a Retirement Adequacy Study.

Katie Comstock, Aon, explained that Aon's annual review covers three topics: the investment structure, investment fees, and performance. She explained that a benchmark review was also recently completed and produced a few recommendations.

Kile Williams, Aon, provided an overview of the key takeaways of Aon's annual review, stating that the investment structure is aligned to best practices. Regarding future considerations, Kile discussed the ongoing evaluation of leveraging Pension Plan management within the Retirement Date Funds; the use of multi-asset credit within the Diversified Income and Retirement Date Funds; and broadening the existing Global Equity Fund to a growth-oriented objective-based fund. Kile discussed the competitiveness of investment fees, stating that 8 of the 10 investment options offer fees below median. Regarding performance, Kile explained that longer-term performance continues to be strong. Kile then discussed Aon's recommended benchmark changes: changing the Stable Value Fund underlying benchmark to the Morningstar Stable Value Pooled Funds Index and moving the 3 other actively managed funds with stated benchmarks in the IPS to white labeled custom benchmarks.

REVIEW CHANGES TO THE FRS INVESTMENT PLAN INVESTMENT POLICY STATEMENT

Chris Spencer, Executive Director, summarized the changes to the investment policy statement. Following Aon's benchmark review, the US Stock Fund, Foreign Stock Fund, and Global Stock Fund will be changed to white label custom benchmarks in the IPS. Chris noted that the underlying benchmarks are not being changed. Peter Jones, Chair, requested a motion to approve the changes to the FRS Investment

Plan Investment Policy Statement. Tere Candia moved to approve the changes. Peter Collins seconded the motion. With no objections, the FRS Investment Plan Investment Policy Statement was approved.

FLORIDA PRIME REVIEW

Mike McCauley, Senior Officer – Investment Programs & Governance, noted that the Florida PRIME pool hit an all-time high at the beginning of the year with $34.1 billion in assets, and stated that it was ranked by iMoneyNet Informa as the largest local government investment pool in the nation.

Glenn Thomas, Lewis, Longman, & Walker, provided a summary of the Florida PRIME legal compliance review. He explained that the review ensures compliance with the administrative and management requirements laid out in Sections 218.40 through 218.412. Glenn stated that during the period of June 1, 2024, through May 31, 2025, Florida PRIME was in compliance with the statutes.

Katie Comstock, Aon, provided a summary of the Florida PRIME best practices review. She noted that there was a very favorable response rate to the 2025 participant survey. Katie stated that there were no recommended changes to the Florida PRIME Investment Policy Statement. She also discussed additional investment-related disclosures that are being drafted to further improve transparency. Katie explained that due to increased participant interest in more diversification and the current yield environment, they are evaluating the potential of additional pool options. She noted that additional resource needs and education would need to be considered if options were added. Katie concluded by stating that Florida PRIME is aligned with best practices and there are no current recommendations.

Heather Froehlich, Federated Hermes, provided an overview of the Florida PRIME pool, stating that there were $31.4 billion in assets and 844 participants as of March 31, 2025, an increase of $4 billion and 52 participants since the prior year.

Luke Raffa, Federated Hermes, discussed Florida PRIME participant outreach and marketing efforts, noting that the Florida PRIME logo and marketing materials have been redesigned. Luke then provided an analysis on Florida PRIME's competitiveness, highlighting its transparency compared to competitors. Luke answered a question from Peter Collins.

Paige Wilhelm, Federated Hermes, discussed monetary policy over the past year, fluctuating rate cut expectations, and market volatility. Paige discussed the seasonality of cash flows. Paige also discussed portfolio composition, explaining that the bulk of the portfolio's exposure is in bank CDs and asset-backed commercial paper because they are the highest-yielding securities. She then discussed the pool's outperformance over its history and reviewed stress testing results.

REVIEW OF FLORIDA PRIME INVESTMENT POLICY STATEMENT

Chris Spencer, Executive Director, explained that the Florida PRIME Investment Policy Statement requires annual approval by the IAC and that there were no recommended changes this year. Peter Jones, Chair, requested a motion to approve the Florida PRIME Investment Policy Statement. Peter Collins moved to approve the IPS. With no objections, the Florida PRIME Investment Policy Statement was approved.

ASSET CLASS SIO UPDATES

Tim Taylor, Senior Investment Officer – Global Equity, discussed the impact of tariffs on the market, stating that non-US markets outperformed the US by 8% over the first quarter of 2025. Global

Equity outperformed the benchmark over all periods and Tim explained that negative quarterly performance in the two largest active aggregates was offset by positive performance in Global and US Small Cap. Tim then provided an update on initiatives and answered a question from John Goetz.

Todd Ludgate, Senior Investment Officer – Fixed Income, discussed asset class outperformance over all periods. He also discussed portfolio positioning; continued low levels of risk despite an increase in April; and treasury curve steepening. Todd provided an update on new hires to the Fixed Income team.

Trent Webster, Senior Investment Officer – Strategic Investments, provided an update on asset class performance, attributing underperformance over the 5-year period to the second quarter of 2020. Trent reviewed recent activity and provided an overview of the Strategic Investments portfolio, noting that Hedge Funds and Infrastructure are the largest allocations.

John Mogg, Senior Investment Officer – Active Credit, discussed increased volatility in the credit market due to tariffs. John provided an update on the Multi-Asset Credit implementation, discussing recently closed mandates and an ongoing High Yield and Emerging Market Debt manager search. Regarding the Private Credit portfolio, three European Direct Lending managers have been selected, and three existing US Direct Lending SMA managers will receive additional capital. John then discussed the Private Credit legacy portfolio's performance. John answered questions from IAC members.

Lynne Gray, Senior Investment Officer – Real Estate, explained that the asset class portfolio outperformed over all periods except the 1-year period. Lynne reviewed property type contribution to the Principal Investments portfolio, noting that industrial was the top contributor and office the top detractor over the 5-year period. She also discussed property type and geographic attribution; recent transaction activity; portfolio leverage; and the credit facility program.

Mike McCauley, Senior Officer – Investment Programs & Governance, discussed low proxy voting activity in the first quarter. Mike explained that there has been a significant decline in the number of shareholder proposals this year due to an increase in settlement rates and "no action relief" from the SEC.

MAJOR MANDATE PERFORMANCE REVIEW

Katie Comstock, Aon, provided a brief update on asset allocation and performance of the FRS Pension Plan relative to the policy benchmark and peers.

AUDIENCE COMMENTS/CLOSING REMARKS/ADJOURN

There being no further questions or items for discussion, the meeting was adjourned at 3:02pm.

Peter D. Jones

Peter Jones, Chair

8/27/25

Date

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STATE OF FLORIDA

STATE BOARD OF ADMINISTRATION

INVESTMENT ADVISORY COUNCIL

PUBLIC MEETING

PAGES 1 - 201

Tuesday, June 3, 2025

11:01 a.m. - 3:02 p.m.

LOCATION:

1801 Hermitage Blvd.
Tallahassee, FL

Stenographically Reported By:

TRACY BROWN

APPEARANCES:

Peter Jones, Chair
John Goetz
Ken Jones (appearing remotely)
Gary Wendt (appearing remotely)
Lamar Taylor
Chris Spencer
Tere Canida
Vinny Olmstead (appearing remotely)
Freddie Figgers (appearing remotely)
Peter Collins
Marco Perzichilli
Jim Treanor
Trent Webster
Lynne Gray
Katie Comstock
Todd Ludgate
Paige Wilhelm
Luke Raffa
Kile Williams
Glenn Thomas
Heather Froehlich
John Bradley
Dan Beard
Mini Watson
Allison Olson
John Mogg
Wes Bradle
Sheila Ryan
Mark Thompson
Mike McCauley
Tim Taylor
Amy Walker
Audrey Milnes
Marissa Hicks

CERTIFICATE OF REPORTER 201

Thereupon,

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

MR. CHAIR: All right. Well, good morning. We will call this meeting to order, and just as a reminder for those that are on the -- virtually, just keep your phones muted, if you would, or your computer. And state your name when you are making comments or asking questions. So thank you for that.

Today we're going to do a deep dive on private equity, the FRS investment plan, and Florida PRIME, so we'll get going.

To start with, first item on the agenda is to get an audit committee update. Mark Thompson, the audit committee chair, will give the report.

MR. THOMPSON: Thank you very much, Peter. You're chairing the meeting today?

MR. CHAIR: I am.

MR. THOMPSON: Okay. Great, great. Thank you for allowing me to be here, Chris, Lamar.

Just so that the committee knows, the audit committee began sitting in on one meeting a year last year. I think you remember Sam

McCall was here. I think it was our first time actually in attendance, and it came from a recommendation that was made by one of the audits -- or actually, one of the consulting projects that we have. It's a GRC review by a company called Funston. And they thought that it would be good for the audit committee or a member of the audit committee to -- just to get to know a little bit more about the great things do you on this side of the committee house, and vice versa, also for us to come in and if you have any questions as well. So that's really the reason why I'm here today. Again, thank you very much.

Just so you know, the audit committee is made up of three members. We are appointed by the SBA trustees, so the three members align with the three trustees. The member you met last year, Sam McCall, he's been on the committee about three years. He's a fantastic resource, got a lot of experience. He has long stints with the FSU as their audit leader, the Florida auditor general, as well as he was the city auditor for Tallahassee for a number of years. He brings a lot of good background to

our committee.

Erin Sjostrom, she is a -- our newest member, about a year, a year and a half. She is the COO of Volunteer Florida, and prior to that, she had about 20 years in the banking world.

Myself, I've been on the audit committee for ten years. Right now I'm a consultant after retiring last year from the Orlando Utilities Commission down there where I was the audit leader there for ten years and had worked some years prior to that. I've done many other things. One thing for you old time Floridians is I worked for Barnett Bank, so if you can remember that organization. I'm still proud, and we still run into Barnetters here and there. So that was a great organization.

The audit committee -- you know, you probably bump into audit committees here and there in the other things that you do, but at the SBA it's an independent and objective party to monitor processes in the financial reporting, internal controls and risk assessment, audit processes, and compliance with laws, rules, and regulations.

That's a lot. Thankfully we have a fantastic organization that supports the audit committee and literally spoon-feeds us with that information on a quarterly basis.

So we have four meetings a year, and we generally look at the results of about 10 to 15 internal audit or -- and consulting projects, as well as about six or eight external audits that are conducted by other organizations' outside auditors, state agencies, various different funds and responsibilities as well as technology. So we probably see about 20 to 25 presentations a year, and we look over those audits and the audit results.

In addition, we review GRC oriented presentations from the SBA's IT department, as well as IT security, so they come to us with a big in-depth presentation. We're allowed to make comments and review the good work that they do in that area. And in addition, the chief risk and compliance officer for the SBA, she and her team make reports to the audit committee once a quarter.

The Office of Internal Audit and Inspector General, they work off a comprehensive annual

plan to make this whole thing happen. We approve their plan last meeting, which was on May 19th, as well as the budget for the audit department.

Overall, just to give you my candid comments, I assess the SBA control and governance environment as excellent. I have presented to a lot of audit committee meetings from my working days. This is the only audit committee I actually have been on, but it's been ten years. I do a lot of reading, get a lot of exposure, but the control environment here at the SBA is quite excellent. And the efforts to inform the audit committee made by the SBA departments from executive all the way down to the IT area is very transparent and comprehensive. So to give you some assurance, we see the work done by the organization to support the audit committee trying to do the job that I mentioned there a minute ago as very good.

So -- and I have listened and watched your meeting once or twice. It's long. It's really hard when you're kind of looking in through the outside.

MR. COLLINS: It's riveting.

MR. THOMPSON: Yes, good, good. I'm glad it's not just me.

But I look forward to enjoying a full meeting today, so thank you very much for allowing me to be here. And if you have any questions, either now or at a break, please feel free to approach me.

MR. CHAIR: Okay. Thank you, Mark.

Any questions for Mark from the --

MR. COLLINS: Just one comment. Barnett Bank -- so we -- when we did our first big comp overhaul and set up incentive comp and everything else, the person that chaired that committee was Chuck Newman who was the CFO of Barnett Bank and then retired when they did the merger, and he came on this board.

MR. THOMPSON: Yep.

MR. COLLINS: He's a great friend and everybody that works here should be thankful for Chuck Newman.

MR. THOMPSON: Yeah, yeah. Chuck knows me. He was one of my bosses, as well as Ralph Ingman who actually brought me to the committee, so that's the -- you know, that's

the connection there.

MR. COLLINS: Ralph was on the local board, right? The --

MR. L. TAYLOR: And the audit committee from --

MR. COLLINS: And the audit committee, too. Yeah.

MR. CHAIR: A little bit of history here.

MR. COLLINS: Yeah. Sorry. That's how old I am.

MR. CHAIR: I'm with you. Thank you.

MR. COLLINS: Not that old. Sorry.

MR. CHAIR: This started earlier.

Thank you for the very favorable report, Mark, and if you still live in Orlando, thanks for making the trip to Tallahassee. We appreciate it.

One thing I overlooked was approving the minutes from our last meetings of March 3rd, 2025. I reviewed the minutes, and they look fine to me.

Does anyone have any comments or objections?

All right. Well, without comment or objection, the -- those minutes are approved.

Next item, there are opening remarks from Chris Spencer and then Lamar Taylor following.

MR. SPENCER: Thank you, Chairman. So I'll start a little bit with a market update. Lamar is going to go into a lot more detail about this, but the April volatility, when Liberation Day liberated us from some of our capital gains, we have effectively recovered from our low point that followed that period of time -- Lamar will go into some -- in more detail. We're effectively now fully recovered from there.

We still expect that we're going to see a lot of volatility for the rest of the year. We have not made any major strategy changes, any policy changes. We're navigating through this, and we expect that we will continue to perform well throughout the remainder of the year through any volatility that might come as the ongoing macro environment continues to evolve over the remainder of the year.

Quick ex-China policy update. As you remember, last IAC meeting, you voted in concurrence of a policy statement change to remove China and Hong Kong from global equity

benchmark in the IPS. The trustees subsequently adopted that. The implementation of that throughout April and May, we have a -- we have reduced our exposure in China and Hong Kong by 1.89 billion, and so in total -- our total exposure now to China and Hong Kong is approximately 58 basis points of the total fund. And that's down from 1.55 percent before the implementation of that change.

On a -- as far as the update on what happened at the last trustees' meeting, which was the next day after the IAC meeting -- this time we'll be -- the trustees will be meeting next week, so it's not as condensed as last time was. You probably remember I mentioned that there would be a lot of focus on corporate governance at the last trustees' meeting. There were -- the resolution was adopted. Three major components to that resolution, the first being to direct the SBA to amend and update our securities litigation policy, subsequently, also to initiate a new ITN and refresh our litigation -- our litigation law firm pool, the firms that we use for securities litigation, and also to delegate authority to

the executive director for the initiation of legal iss- -- of legal claims or any kind of legal proceeding.

We have completed the review and the update of our securities litigation policy to incorporate more corporate governance focus into that policy. We've completed the delegation of authority to the executive director. There was a rule making notice that was done at the last trustees' meeting. That's been completed.

And the ITN process is currently under way for the new refresh litigation pool. We've actually gotten a lot of interest from a lot of law firms. We're really excited about that. We would expect to complete that process over the next couple of months. And then maybe towards the end of July -- still a moving target based on availability of the firms for interviews and our selection committee, so we expect to have that completed. We'll have a new updated and revised litigation pool that will be available should we identify any opportunities for securities litigation or any need for any initiation of securities

litigation issues.

As far as this upcoming meeting next week for the trustees, a big thing for us. This is the time of the year we do our budget, so we'll have our budget on the trustees' agenda. Major issue there, ten new FTE. Three of those FTE are specifically focused on corporate governance. And so we'll have both in general counsels office, and in Mike's shop, we'll have some additional positions that focused on research and legal issues surrounding any matters that we take and furtherance of the trustees' initiative on corporate governance.

Three additional positions are specifically in the asset classes. Two are in active credit as we continue to build out the active credit asset class, an additional position also in private equity. And so we're pretty excited about that, particularly as John's team works on further building out their coinvest program.

There will also be new proxy voting guidelines related to AI that will be adopted that you voted on those at the last -- at the last IAC meeting, but we pushed that off until

the June meeting of the trustees to get to -- to have those voted on.

And then also this is the time of the year where we have to go through and do all of the notice of rule making as it relates to the CAT fund. So that's the annual rates with the CAT fund, eligibility, and pre-event bonding issues.

As far as the CAT fund goes, since we are now three days into hurricane season, last IAC meeting I -- my update for you was our total liquid resources available was about 9.03 billion, right now 9.97 billion. So it's an improvement on total liquid resources available. We do have still 7.9 billion of total borrowing capacity, so that means that combined we have 17.87 billion in total estimated claims paying capacity for the season. And that's above our 17 billion statutory limit, so the CAT fund is well positioned going into hurricane season.

And I know Chair Jones had already mentioned some of the aspects of the -- of the agenda today. We didn't want to overload you with too many weighty topics like discussions

on whether or not we should be zero benchmarked in China. So today will be deep dives in private equity in the investment plan. We do have two IPS issues. One for the investment plan that's a change to a custom benchmark, three of the funds in the investment plan. That's furthering our movement into custom benchmarking as we evaluate the participation of the defined benefit staff and managing assets for the defined contribution program over time.

And then there's a no change issue, it still has to be voted on. A no change to the IPS for Florida PRIME.

And then last, but certainly not least, welcome our audit chairman here. So we went through that portion of the meeting already. So Mark Thompson's been a great resource for us, and we appreciate the audit committee and everything that you guys do.

That's my update. Hand it over to Lamar.

MR. L. TAYLOR: Great. Thank you. Good morning.

MR. WENDT: Gary Wendt has a question. Is it possible to ask one?

MR. CHAIR: Yes. Please go ahead, Gary.

MR. WENDT: At the beginning of your talk you talked about adding the FTE, and you said three of them were for governance. Can you expand as to why you think you need three more people? I think the word was governance, but it might have been something else. It meant watching over things.

MR. SPENCER: That's right, yes. Three of those positions are earmarked for the overall governance focus that we have. Two of them are going to be in the general counsel's office. One is an assistant general counsel. As we pick up more of these litigation issues -- you know, we're underway right now as we're seeking lead plan status in one case. There will be additional case, I'm sure, over the year, next year or two years, as we've updated this security litigation policy. So we're adding an assistant general counsel and a paralegal that will help to triage and manage that workflow.

All of our staff that we bring into the general counsel's office get cross-trained on all aspects of what goes through the general counsel's office, so it's not going to be one

position that's only going to be specifically only working on this. But that's what that position is going to be primarily responsible for as those issues come up, and then there's an additional corporate governance analyst position that we're also creating over in investment policies and governance.

MR. WENDT: When you say "litigation issues," are you -- you must mean the litigation issues of the companies that we invest in; is that correct? And if so, why are you highly concerned with that?

MR. SPENCER: The litigation issues relate to claims that the SBA initiates, and so we have one case right now that the SBA has initiated against Target. That was -- that decision was approved by the trustees at the last meeting, and then subsequently they delegated authority to the SBA to initiate claims.

These are -- these are litigation issues that the SBA may bring in the future related to advancing corporate governance reforms at a company. So we've always had it in our policy that if we have a material loss that we believe

is significant enough that it warrants us to seek lead plaintiff status rather than joining in a class action as non-lead plaintiff, that we have that -- we have -- we reserve that ability to go and try and seek lead plaintiff status in those cases.

This is also looking at a second runway in the direction of initiating litigation around preserving or promoting long term shareholder value in furtherance of advancing corporate governance principles, and that -- those principles are consistent -- they have to be pursuant to our policy -- consistent with what's adopted in our corporate governance policies and proxy voting guidelines.

And so that can be anything related to executive compensation practices. It can be related to the disclosure, transparency issues, or lack of disclosure issues at a -- at a company. It can deal with classified boards. It can deal with anti-takeover issues. So it opens up our flexibility on being able to pursue a litigation route rather than just pursuing SBA-led shareholder proposals, which will still be our prime focus as we

historically have advanced a lot of the corporate governance reforms through the shareholder proposal route.

About a decade or so ago, we had a lot of success around that, but this gives you a lot more options to also go and pursue litigation where we -- where we believe the opportunity exists because of the merits of a specific case that we can bring a litigation issue.

MR. WENDT: Thank you for that information, and I would just like to make the comment that it doesn't sound to me like particularly valuable help and assistance for the taxpayers of the State of Florida.

MR. CHAIR: Okay. Thank you, Gary.

Lamar?

MR. L. TAYLOR: Great. Thank you, and good morning.

So I'm going to talk a little bit about the performance over the last quarter. Actually, I'm going to do three things. I'm going to -- first, I'm going to talk a little bit about the performance over the last quarter. I'm going to talk a little bit about the market activity that occurred from

April 1st, which is almost completely different from what happened over the period ending March 31st. And then I'm going to talk about some of the things that the collective we have done since June of '23 to really position the FRS pension plan portfolio and put it in a position that can better withstand some of the market activity that we've seen really since April 1st.

So starting with item one, which is sort of the performance for the quarter, I'm going to work off of this table here. It's a little bit of an eye chart. There's -- this -- these two tables sort of give you the same information broken out, so it may be a little bit easier to see. But I'm going go to start with this here. We'll start with the CAT fund and Florida PRIME. Those are our two short duration liquid fixed income mandates.

And so performance for the quarter for those mandates have been strong, consistent with where short term rates are currently, so over the quarter. CAT fund was up 1.6 percent, which is 36 basis points ahead of target.

Again, you saw a substantial compression

of rates over the quarter in the CAT fund's short term exposure, although it has a little bit extra duration and a slight credit bend to it, which drove some of the outperformance relative to benchmark there.

Florida PRIME, 1.13 percent for the quarter, six basis points ahead of target, continues to do well in light of the short term cash rates. The Florida PRIME team, Paige and crew, are here today. They will provide a little more detail over the performance of the fund over at Florida PRIME.

The balance continues to go -- to grow. We had a -- last quarter we had an all-time record balance of $34 billion. We stand at just under $30 billion currently, which is about $3.3 billion ahead of where we stood this time last year, so the fund continues to be in good shape.

MR. COLLINS: Mr. Chairman, can I ask a question? What's the major difference of the investment -- what these two -- the CAT fund and Florida PRIME are invested in? Florida PRIME's cash -- you know, you're talking about 100 -- 120 basis points over five years on

$9 billion. I mean, that's real money, but I -- is the CAT fund that much safer?

MR. L. TAYLOR: Well, it depends on how you want the look at it. So the CAT fund is largely treasuries, so -- and which is kind of -- so treasuries and then some credit instruments with it, short duration, typically within the first 30 days. So 30 day -- two-thirds of the portfolio is about 30-day treasuries and then some duration in credit on top of that, whereas Florida PRIME is virtually no treasuries. It's pure bank credit instruments, cash, your cash, commercial paper, certificates of deposit, bank credit. It's a very liquid short duration portfolio. So they are very, very different pools of capital.

MR. COLLINS: So on the risk spectrum, right, if you're looking at good investment performance for the CAT fund, how much riskier are you being if you invested in what Florida PRIME is investing in? Is the juice not worth the squeeze, I guess?

MR. L. TAYLOR: That's a good question. I mean, we can -- we can sort of -- you know, I think it's a combination of not only just the

credit risk that you may be taking but also some duration.

The CAT fund -- this is the operating claims paying book, it's sort of the unallocated portion of the portfolio. So there's other aspects of the CAT fund that have been set aside to pay claims for hurricanes that have actually occurred. So that's kind of structured out to kind of match what we anticipate those losses coming in at.

The bond funds are kind of sort of also invested in a way that's sort of more tied to the cash flow with respect to servicing that debt, making sure -- so it's kind of offsetting that interest cost there. The operating claims playing piece is kind of unallocated portion. And the idea is to make sure it remains liquid -- as liquid as possible.

Historically, those treasury securities have been the most liquid treasuries -- or securities that we got -- I mean, we can look at it more. It's come up from time to time. There's also been a little bit of some concern that we have too much -- if you -- that's a large balance relative to other participants in

the -- in the plan if we decided to come in or come out, and that kind of -- almost a conflict of interest there. We're sort of managing, we're deciding to come in and come out. How does that -- how does that relate to how we would manage that with respect to others and disclosure options?

So there's a lot of kind of soft factors that come into play, too, not just overall returns.

MR. COLLINS: I was just -- and I'm assuming you need a statutory change?

MR. L. TAYLOR: I don't think so. PRIME -- there's -- there used to be -- I don't think -- I don't think we do. I think the -- I think actually the corporation -- is Gina here? I think the corporation --

UNIDENTIFIED SPEAKER: -- no.

MR. L. TAYLOR: Yeah. Yeah. I don't think we need -- no, we don't need it.

MR. COLLINS: Something to look at. I mean, every number is higher. And it's basically cash, too.

MR. L. TAYLOR: Yeah. Yeah. Yeah. Good point.

So as we move to the investment plan performance for the quarter, so the three-month period down on an absolute basis, up on a relative basis. So we're down 69 basis points for the quarter up over benchmark over 26 basis points. Most of that performance was driven in the equities space underweight to the Magnificent 7 over the quarter was accretive to overall performance. That, however, has been a drag on longer term performance, one and three year, where performance in the active equities base has been underperforming because of the underweight to the Mag 7.

Also, the impact of stable-value on that portfolio in light of the -- sort of mismatched in the benchmark there where the stable value rates are going to lag significantly, sort of the current fixed income returns.

So that takes us through the first three mandates. I'm going to move to this chart here as we talk about the pension fund mandate. So overall, pension plan returns for the three month and one year were up on a relative basis over the one quarter period of time, 28 basis points over benchmark for the three months

ending March 31st. Most of that outperformance is driven by equity and, in fact, private equity for the quarter over the one-year period of time, continue to lag the benchmark by 12 basis points. Also, largely attributable, the private equity and the lags, and we'll talk a little bit more about that in a second.

For global equity and fixed income, I'm going to stick mainly to the three-month period of time. The performance of global equity is down on an absolute basis, up on a relative basis. And that's just a function of equity markets.

So US equity markets were down over the quarter ending March 31st. Ex-US markets were up over the quarter ending March 31st. It's just the weighting was such that the performance of US markets drove the overall performance down.

The relative performance, eight basis point, roughly split between the outperformance on the passive side and the outperformance on the active side.

Moving to fixed income. Fixed income was up 2. -- I believe it was 2.8 percent for the

quarter on absolutely basis. Two basis points had a benchmark -- rates came in pretty significantly over the quarter ending March 31st and spreads widened. The best performing segment of the portfolio over this quartering period was treasuries. The worst performing was corporate credit, and it was just the position of the portfolio over that period of time that generated the absolute and relative outperformance for the quarter.

As we move to real estate, the one thing I would point out here is that the one quarter positive absolute performance -- 1 and almost 1 1/4 percent positive performance there. That's the first time we've had positive quarter performance since the third quarter of 2022, and you can see that the negative absolutely performance is also trailing off relative to the previous period. So it's a 1.9 percent negative absolute outperformance. That's much, much less than we've seen one year outperformance over the prior -- our most recent meetings as you -- and then the point there is that what we're really starting to see is sort of a leveling off of these valuation

adjustments. So the decline is kind of leveling off quarter over quarter, and we're starting to see that.

The relative performance has been good really for the entire period of time here, so that's largely been driven by the portfolio weighting, so asset allocation and asset selection. Good performance from our core external managers, good performance from our specialty properties like student housing and our weightings with respect to industrial. So good performance there.

I think last meeting, the IAC had asked for more detailed attribution and contribution information with respect to real estate returns, and so we've included that in the materials this quarter. And that's in the back of the presentation.

So moving to private equity. Up -- same about 1 1/4 percent over the quarter, 7.8 percent over the year, positive outperformance over the quarter. And continue to have negative out -- negative performance on a relative basis over the one- and three-year period of time. That continues to be a

function of the public market benchmark plus a premium. And, again, similar to the real estate story, we're starting to see, you know, a gradual decline of that underperformance as these marks catch up.

The only thing I would point -- and we're going hear a lot from John today. One thing I'd point out is against peers, the asset class is firing on all cylinders. So relative to peers, I think you'd be hard pressed to find another public plan that does as good or better job implementing a private equity class as John and his team. I think that Sheila will indicate that we're first or second quartile relative to our peers and in terms of our performance. So all good there.

As we move to the strategic investments, performance for the quarter and the one-year period of time, we've had good performance from our hedge funds over that period of time, performance with respect to our activist investors, and infrastructure has lagged a bit. Active credit continues to do well, at least over these -- these numbers here are largely driven by -- carries the amount of performance

in the private credit space relative to the public markets. There's been a good bit of volatility in the public markets, which has also kind of impacted the benchmark.

We continue to move ahead with building out that asset class, and John's going to have a lot to say in terms of what we've done recently with adding multi-asset credit managers and bank loan managers there. So I think that pretty much takes us through the pension fund and the asset classes.

So that was quarter ending March 31st, but if you turn the page sort of figuratively and you think about what happened really from April 1st on, it's been pretty volatile with Liberation Day being pretty impactful to equity markets and the fund overall. I think when you look sort of April -- the second week of April and the equity markets were down, you know, depending on which index you were looking at, 10, 11 percent. Our benchmark was down about 11 percent in mid-April and took the fund balance from about 200 billion to 190 billion really from April 1st to April 8th pretty quickly.

Since then there's been a complete reversal. And now we're back over, I think, 205, $206 billion. So if you look at the ACWI, our target benchmark to equity, if you look at the ACWI over the period from the -- going, you know, from the 1st of the year to date, it's up about 4 percent, not withstanding the fact it was down pretty significantly if you were to sort of stop the clock around April 8. So quite a bit of volatility spreads.

Also, credit spreads also kind of fluctuating pretty significantly. They were up a pretty good bit over the last quarter in the first of April. They've come back in quite a bit since then as well.

So we're kind of back into this situation that we were, ironically, before a lot of this tariff uncertainty or policy uncertainty hit, and basically that is US equities are very expensive. And credit spreads are historically tight, and so there's a, you know -- you see -- you sort of think of pompous prime for additional volatility and risk.

In light of that fact, I just kind of want to go over and kind of reiterate some of the

things that this fund has done since June of '23 to sort of reposition itself to better handle volatility.

So if you recall, one of the things we went back to 20- -- June of '23, the asset allocation, we have a significant amount of assets out of global equity and into fixed income products. And so when you look at what we did in total, it was about 8 percent out of public equity -- 16 percent in total, 8 percent out of public equity, 8 percent out of strategic investments, and we kind of shuffled that around a little bit.

We increase our allocation on a target basis 3 percent to fixed income, and we added another 3 percent to liquid fixed income or credit-oriented fixed income part of the asset class. So that was -- and target, we actually complemented that.

So going back starting in January of 2024 and since, we've moved about $12 billion out of global equity into the fixed income, and so -- and that -- a lot of that was done the first half of 2025 during a period of time when equity markets were continuing to rally, as

were rates. And so it was kind of a -- you know, a sell high, buy low kind of reorientation. So that has been, I think, helpful in terms of enabling us to better withstand volatility.

Right now, where we sit today, when we started our repositioning, our fixed income weight was about 16 percent of the portfolio. Today it's over 20 percent. So in that period of time, we've added 4 percentage points to our fixed income allocation. Our equity allocation was over 50. It's about 48 percent today, and we're -- and we've actually added a billion to the 3 percent allocation to active credit. So, again, a good bit of repositioning in the portfolio.

The other thing we did back in '23 is we reset the benchmark for fixed income from the intermediate ag to the full ag, so there was additional duration. When we did that, the yield curve was inverted. So at that time it was hard to see the sort of benefit to the duration.

Since then, what we've got now is a much more normal yield curve, in fact, steepening

since April. And so having additional exposure to the long end of the curve, at least from a carry perspective, has been -- has been helpful.

We have also repositioned the portfolio in our private credit book, undertaking a significant credit secondary sale, which has you know, been the first step in repositioning the credit quality there towards the more senior secured first lien direct lending parts of the book.

And then finally, as Chris mentioned, we've taken some action to kind of address potential geopolitical risk by repositioning the global equity portfolio and moving China out of benchmark. So it's not prohibited. There's actually still remaining China exposure, but we just made sure that to the extent that exposure exists, our managers are taking it actively.

So those are all of the things that I think that we have done, you know, so that even though, as Chris said, as we've seen this volatility, we haven't done anything erratic. We haven't done anything outside of our plan.

We have been busy active- -- you know, implementing a plan that was designed to effectively de-risk the portfolio from some volatility. And I think that will serve us going forward, because I think I'm one of probably many people who would anticipate additional volatility over the months ahead.

So with that, I'm happy to take any questions.

MR. CHAIR: All right. Thank you, Lamar.

Any questions?

Okay. All right. Thank you, Chris and Lamar for the recaps there.

We're going to go to our first deep dive, private equity, and I'll turn it over to John Bradley.

MR. BRADLEY: Thank you.

All right. Good morning. I'm John Bradley, senior investment officer private equity. It's the pleasure to present the private equity class today. I'm joined today by Wes Bradle. Wes is a senior portfolio manager and heard of our internal coinvestment and secondary program. And then also Sheila Ryan, a member of our consultant team at

Cambridge Associates.

All right. So here's the agenda. I'm going to try to quickly take us through the asset class policy and process sections. I'll then cover overall performance, composition to the asset class. We will look at the individual substrategies within the portfolio, and then Wes is going to give us an update on our internal coinvestment program. And then after that, Sheila is going to wrap us up with a few slides and a few comments.

All right. So to start, the private equity asset class, we have a policy target of 10 percent with an operating range of 6 to 20 percent at the end May. Our allocation was approximately 9.2 percent, so slightly under target.

Our asset class goals are to create a portfolio that outperforms our benchmarks to avoid concentrated exposure to any particular vintage, manager, strategy, or geography. And then to focus on prudent diversification, right? So keeping the number of managers in the program at an appropriate level.

The asset class has both a primary and a

secondary benchmark. Our primary benchmark is the global equity asset class benchmark, which is the MSCI ACWI IMI excluding Iran, Sudan, China, and Hong Kong, plus a 250 basis point premium. This is an opportunity cost benchmark, and so this measures the decision to allocate to private equity.

Our secondary benchmark is the Cambridge Associates global private equity and venture capital index. This is a peer benchmark. This is going to measure our effectiveness as a team in managing the portfolio in selecting managers.

The asset class is currently staffed with eight investment professionals. There's myself. We have three senior portfolio managers, one portfolio manager, and three analysts. And as I mentioned, Cambridge Associates is our asset class.

So shifting to our investment process, we have four components to our investment process, all four of which I will walk through on the next slides.

So we'll start -- the first step is the creation of our annual investment plan, so we

use this as our road map for the coming year. Here, we're really trying to focus our efforts on areas of need within the portfolio, as well as the most attractive areas within the market. There's a number of tools that we use when we put this together, including a portfolio construction model that we have. We create a heat map, which is -- which is shown here on this slide where we're ranking areas of the portfolio by both exposure and attractiveness of the strategy. We're creating a focus list of GPs that are coming back to market over the next few years, and then we're incorporating all of that, plus insights from -- we have a twice-a-year strategy on-site with Cambridge, and so we're incorporating all of that into our investment plan.

Next is sourcing. So sourcing is one of if not the most important thing that we do as a team, and so in addition to just investing and reinvesting with our existing roster of GPs, we are constantly trying to identify, trying to form relationships with, and then ultimately trying to gain access to the top GPs around the globe.

You know, forming these relationships and then gaining access often takes years, and so we have here in this funnel, the work that went into finding what were two new investments for us during 2024. Those are GPs that are new to the program, so this excludes our reups. But in 2024, we reviewed over 140 new funds. We had meetings or calls with over 350 (audio disruption) manager and funds. Twenty-two of those moved to full diligence, and we ultimately closed on two GPs last year new to the program.

MR. OLMSTEAD: Mr. Chairman, this is Vinny Olmstead. Would you mind if I asked a couple of questions?

MR. CHAIR: Yes. Please go ahead, Vinny.

MR. OLMSTEAD: Hey, John. One is going back to page 144, and it looks like you -- just out of curiosity, you have two buckets out of all of these that are high priority and, you know, the rest medium, so is -- you know, is a majority of your focus on the two high priorities, or are you also ranking the medium priorities into different -- you know, into different buckets? And maybe this is just too

high level, but curious how -- on how you are approaching the portfolio construction --

MR. BRADLEY: So the focus would be on, frankly, all of them. You know, the high priority would be areas that we like the market and we think we need more exposure there. So the small buyout in North America and then middle market Europe would be in the high priority category. And really, as we use this, it really helps the team identify, you know, when they travel, when they're meeting managers where should they spend their time.

So if a large buyout fund in Asia called, right, that's probably not the best use of time. We probably want to look at something else, like, so if it's small buyout North America, Europe. And then medium might be we actually like the market, but it could be that we like the exposure that we have. And so we are not actively trying to add.

So, Vinny, I don't know if that -- if that helped answer, but, you know, we're actively looking at all these areas. We're just trying to say how do we most effectively spend our time, and where should we be allocating

resources?

MR. OLMSTEAD: Yeah. No, that -- and that makes sense. And then I -- obviously, this is the low priority. It's an easy way to say no quickly on the -- on the -- on the low priority so you're not wasting your time, and then everything else is sort of in play.

MR. BRADLEY: That's correct.

MR. OLMSTEAD: Okay. And then when you flip to the next page, my second question, which is -- probably will span several pages, but as folks are doing anything from, you know, sourcing to diligence to all this other stuff, there are a lot -- there are an increased number of AI and tools. I'm just cur- -- probably as a -- this is more of a -- a more generic broader question for the -- you know, for the entire group, but are you -- are you adopt- -- from a technology standpoint, are you adopting any of this stuff? Just my observation PEV (audio distortion) an allocation as a whole is that even internal and back -- and functions are grasping this pretty quickly.

I'm not sure if that can be a competitive

vantage to you and the SBA, you know, over time even as a -- as comparison to your -- to your sort of -- the rest -- the rest of your benchmark roots. But I'm curious -- you know, you can comment on it as you go through it. You can wait later. We can bring it up to Chris and Lamar, but I am curious on how we're adopting and/or evaluating this stuff.

MR. BRADLEY: Yeah. So, I mean, I'll comment on it now, and I can leave it to Lamar if he wants to add organizationally. But we are starting to adopt tools and to look at those very things. We're very active with our GPs asking them how are they using AI, how are they using it to source, to populate spreadsheets, to just deal with the volume of inbound opportunities that we have. And so we are -- we are developing and in process of developing those templates to use AI to quickly screen memos, to screen opportunities. And so, you know, we -- and I think it will only continue.

So we're absolutely heading down that path. I'd say we're early in that path, but it's happening.

MR. OLMSTEAD: Thanks.

MR. BRADLEY: All right. So I will now move to due diligence. I think on this slide I would just mention that you have a very detailed and process oriented due diligence process. We always say within a team, right, our ultimate goal is just consistency of that process, and so from our initial screenings to our due diligence to legal negotiations to closing on funds, you know, how we review opportunities and the process and the stages of that process are consistent.

And so, you know the work that we would do as a team on a $20 million commitment in a $200 million fund would be exactly the same as the work that we do on a $200 million commitment in a $20 billion fund. So we're aiming for that consistency which we think helps with ultimate outcomes of performance.

This slide would just show a look at how we break out the stages in our due diligence process. At each stage -- so at each kind of white box with the black outline, our team is debating whether or not an opportunity merits moving forward to the next stage. Most funds

don't make it past the preliminary diligence phase. Those that do move to full diligence, which we call interim diligence summary, where we are producing a lengthy memo that the team reviews. If after that there's a yes vote, then deals move to the final approval stage.

You know, in a normal market, I think, on average this process probably takes around three months to get through. Fundraising market as it is today, I think we have a bit more time, and so we're probably spending on average more like five to six months on opportunities when they're in the diligence phase.

Then lastly just some examples of just the monitoring efforts. I would just say we are very active with every single one of our GPs and that we are very active participants on the advisory board of the majority of funds that we invest in.

All right. So I'm going to -- I'm going to shift efforts and move into the just overall asset class portfolio starting with performance. Since inception, the asset class has committed over $41 billion to 376 funds.

Our cumulative paid-in capital to these funds is 37.5 billion, and we've received distributions back to date of 43.6 billion, which -- our program DPI or distributed to paid-in capital ratio of 1.2x.

The program has an additional 19 billion of remaining value in the portfolio giving us a TVPI, or total value to paid in, of 1.7x. And if you put that in dollar terms, that equals value creation of $25 billion.

Performance -- and this performance is as of December 31st as seen here, and this is versus our public market benchmark. We ended the calendar year up 6 percent but do continue to trail the public markets over the short term. Despite the short term weakness, longer term performance does remain strong versus public markets.

All right. So this chart -- this chart here is going to compare the performance of our funds by vintage year versus the corresponding Cambridge vintage year benchmarks. This is a peer comparison. So the green bar on this chart is our IRR, the private equity's portfolio IRR for those specific vintages. The

blue square would be the Cambridge benchmark return. So I'd say we're pleased to say we've outperformed our Cambridge Associates' peer benchmark in 20 out of the program's 25 years, so a success rate of 80 percent.

Now, I would also note that we've outperformed the peer vintage benchmark for 14 straight years, right? So the changes to our process, the changes to our strategies, our portfolio composition post GFC have really paid off, and we are constantly evaluating and revising what we do and how we do it. And you'll hear from Wes later about one of our more recent changes and the positive impact that it's already having.

MR. GOETZ: John, could I ask a question that -- looks like for the '23 vintage you have a record outperformance versus the benchmark. Will that age -- I mean, it's very young. Will that age down?

MR. BRADLEY: It will.

MR. GOETZ: Okay. Okay.

MR. BRADLEY: So -- and those -- I should say, too, those -- '21, '22, '23, the reason they're shaded lighter green means they are

really not meaningful in terms of the performance, and so as those age, we would expect that -- hopefully it will stay that way, but we would expect that to --

MR. GOETZ: Thank you.

MR. BRADLEY: All right. Next up is cash flow history. We can see here 2024 -- 2024 remained a very tough year for the industry overall in terms the distributions. Despite that, our program ended 2025 with positive cash flow. Our distributions exceed our contributions to the tune of about $400 million for the year, and I am certain that we are in -- the minority of LPs that had that experience.

2024 also marked the eighth straight year that our asset class was self-funding, and it's been 11 of the last 12 years that we've been self-funding. I think that's also where every PE program really aspires to be, right? So a mature portfolio where new investments are being funded by exits and cash distributions out of the portfolio.

So here we can see -- this is our current allocations to four sub-strategies, as well as

the targets, and the targets are in that -- that red column on the right. The blue column is going to show our current allocations at 12-31, and this is using NAVs. And then the green column, total exposure, is going to add in unfunded.

And so that kind of gives you a sense of where the dry powder sits in the portfolio. And if we look at this relative to target allocations, you know, our venture exposure does remain elevated; however, its weighting should trend back to target. If we looked at our total exposure and did the math through the unfunded, about 9 percent of our uncalled capital commitments sit within venture. And you can contrast that to 20 percent of our own capital -- uncalled capital lies within our distress turnaround strategy. So we would expect that distressed percentage to continue to rise while venture trends back to target.

This is another look at the composition of the portfolio year end. We have 301 funds managed by 75 GPs. Forty-five of these GPs we would consider active or core managers, and so the -- that means these are GPs that are

currently making new investments on our behalf and are GPs that we expect to continue investing with going forward.

Then the bottom of the slide will just show the geographic and sector break down of those 45 core GPs.

Next is our largest exposures by GP or by firm. So 52 percent of our portfolio NAV is concentrated within these ten firms, and then in terms of commitments, they represent about 41 percent of our committed capital.

Looking at the geographic exposure, the portfolio remains slightly overweight North America and slightly underweight Europe. We're at benchmark weight to Asia relative to our Cambridge private equity benchmark. And then we are overweight Europe and underweight North America and Asia relative to the public market benchmark.

Looking at sector exposure, tech continues to be the largest overweight in the portfolio, you know, while health care is our largest underweight.

All right. So I'm now going to shift to the four substrategies and take a bit deeper

look. We'll start with our buyout growth equity portfolio. And so within the total PE program, our target to buyout the growth equity funds is 55 percent of which -- so if we break that down by strategy -- or by size, 75 percent of that is small and middle market. And specifically 40 percent of our buyout growth equity portfolio is targeted to the small market.

And then this shows the breakdown of our buyout growth equity funds. It shows you the portfolio by firm, geography, and sector focus. The one thing I always like to point out in the slide is that when we categorize funds into the small, medium, and large, we do not look at fund size when we do that. We're looking at the enterprise value of the portfolio companies that they invest in.

And so for us, small buyouts would be the EVs under 250, middle market would be enterprise values between 250 and 750 million, and large buyout would be enterprise values greater than 750 million.

So here, we see the portfolio -- the equity portfolio in our exposures by sector

size and geography. It's very similar to the overall portfolio. Tech is the largest exposure while the bulk of the remaining exposure is in health care, consumer and the industrials. By stage, this portfolio, we have leaned much more heavily into control buyout strategies. And so two-thirds of the portfolio today is in control buyout with growth equity making up about 20 percent of this portfolio. And the majority of those growth equity strategies are largely in Asia where it was -- where controlled buyouts are still a much smaller piece of strategies over there.

And then in terms the geography, you know, a nice mix of exposures with the US making up the bulk of the portfolio.

All right. So performance of the buyout growth equity portfolio, it remains strong versus benchmarks, and these benchmarks are Cambridge private equity benchmarks. Within the strategies, our US growth equity portfolio has slightly outperformed the others, while our non-US growth portfolio has been the worst performer of the bunch. If we benchmark this portfolio on a PME, or public market

equivalent, benchmark, we can see annualized outperformance over that public market benchmark of 490 basis points. And this portfolio currently has a DPI of 1.2x and a TVPI of 1.7x.

Next up is venture. You know, if we look at exposure by stage, we continue to remain focused on early stage, and so for us, we think of that as seed and series A rounds. That early stage makes up about 70 percent of the portfolio, and that bias will continue into the future. Not surprisingly, a majority of this portfolio is focused on tech with about 50 percent of it sitting at software. And then geographically, also probably not surprisingly, the portfolio is largely centered around Silicon Valley, New York City, and Boston.

Here, we can see performance of the venture portfolio. The portfolio did rebound in 2024. We were up 5.8 percent. This was off the back of a very tough performance, a negative performance in calendar years 2022 and 2023. I would note that venture portfolio has dramatically outperformed its Cambridge peer benchmark over the 5, 10 and since inception

time periods, so this has been a very successful portfolio for us.

It has annualized outperformance since inception over the public market, which here we're using the Russell micro cap growth benchmark of 710 basis points, and then venture continues to be our strongest performing substrategy from TVPI and DPI perspective. So we see this portfolio has generated a TVPI of 2.6x and a DPI of 1.4x.

So here, we're highlighting our distressed portfolio, and as a reminder for everyone, the focus of this strategy is on control buyouts. So it's not a trading strategy. It's not a distressed debit portfolio. It's a controlled portfolio where our GPs are driving value through operational improvements. We could easily rename this our value portfolio. US-based companies account for about three-quarters of the portfolio. We can see, given it's a value portfolio, there's almost no tech in this portfolio, and industrials, health care, and consumer sectors are about three-quarters of our distressed turnaround.

This portfolio's also exhibited strong

performance overall relative to our private equity benchmarks. It's outperformed its PME equivalent on an analyzed basis of over 1,000 basis points. And a DPI of 1.2x and a TVPI of 1.6x.

And then our -- the final substrategy in the portfolio is secondaries. Secondary portfolio today consist of two active GP relationships, so Lexington Partners, and Aegon Asset Management. This portfolio has been an okay performer. It's generally been in line with its benchmarks. It has outperformed its since-inception PME benchmark and does have a DPI over 1. So a DPI of 1.1x and a TVPI of 1.5x.

And so this ends my prepared remarks and slides, so I'm happy to answer questions. If not, I'm going to hand it over to my colleague, Wes, who's going to give an overview and update on our progress with our internal coinvestment portfolio.

MR. GOETZ: John, if I could just ask a question on secondaries. You kind of sounded eh, you know, a little bit eh. But is the opportunity said there a little bit cyclical in

terms of when there is a crisis that you expect it to do better? I'm just curious --

MR. BRADLEY: You know, I would -- honestly, I would -- years ago I would say that. I would say your -- that's right, and it's cyclical. I think as secondary sales become much more normalized for LPs to do, every one is always selling -- we are always actively pricing and applying and selling in the secondary market. So supply of funds, I think, is kinds of -- is normalized now. I think what's really driving it is just demand, and so there's secondary firms and the capital that's gone into the secondary market.

And what we've seen is particular retail dollars have flowed into the secondary market, and so that's where the first wave of retail dollars has come in through large secondary firms that are deploying billions of dollars a quarter. And so all that's done is drive up prices, and so if you're a buyer today of secondaries, I think you're just getting a lower return. I think we've seen that in the portfolio, so when we look at secondaries and say, eh, I think our thought is it might be

good to be a seller in the secondary market, given that demand from retail. But to compete against them, it just doesn't look as attractive today.

MR. COLLINS: Can I ask a question? So sort of to follow on to that, when secondaries became a thing, right, years ago, you could argue that it was a much more inefficient market, right? Few sellers, even less buyers. There was alpha to be had, but as the market has grown -- and as you said, the retail now is getting into it, which, you know, now, essentially, if you were to equate it to real estate it's like, you know -- the REIT market has come and not always the greatest investors in that market.

Do you look at this long term and say maybe this is something that we're not going to do?

MR. BRADLEY: Yes. Yes. So I think what -- how we've looked at in the past few years is we've been hugging the bottom of our allocation range for secondaries. We've reduced the roster of LP secondary firms in our portfolio down to one, and we've really looked

at how strategically we use secondaries.

Do we use it more to get exposure ourself and so we've been buyers of funds on the market in 2020 when everyone hated energy? It was very difficult to invest in an energy fund because no one wanted to raise it. We ended up going out on the secondary market and say, let's buy energy exposure. Let's buy the GPs we like. Let's get it that way. And so I think we'll do more of that.

We've also looked the continuation vehicle market and said that market is a bit more inefficient. There's arguably a bit better return prospect, and so our secondary allocation will likely, at least as the environment is today, shift more to that. It will be more one-off deals, secondaries as a portfolio construction tool, as opposed to just a broad, hey, let's be an LP's secondaries and let's allocate.

MR. COLLINS: And so on that -- the continuation fund, I mean, that's sort of, like, a du jour today, right? For the last two or three years is people have -- the exits have not quite been there. The continuation

funds -- and they've continued to put money into their -- into their current companies, but not a lot of alpha getting created, too.

You see the same on the continuation funds that that's going to be sort of flat for a while, or do you think that there's extra opportunity there because of the uniqueness of that versus say --

MR. BRADLEY: Yeah. I think -- I think there's more opportunity there. There's just less buyers in that market, and, you know, they -- as an LP, I think it's a market we complain about often, just given the process, right, valuations? How do you get comfortable with these? When we put on our investor hat, they, frankly, look attractive, and so, you know, we think those will continue. And GP's have, frankly, figured out to say, hey, this is my best asset.

If I were to sell this and buy another company, I could not find a company as good the one that I own, so we're going to be creative and buy and sell to ourself and invite other investors along with us.

MR. TREANOR: Yeah. I think one of the

good things about CVs is that there's a lot of asymmetry and information, so the GPs know what they own. So to John's point, like, it's a good asset. They know more than the market does, and that's worth keeping. And so, you know, private -- I agree with everything John said about secondaries.

It's like, you know, if you buy GE today, that's a secondary transaction, right, if you don't buy it on the IPO? But with these CVs, the GPs know those companies, and so I think it's a -- one of the more efficient -- or inefficient places to actually make money right now.

MR. COLLINS: I'm just always wary -- being in the private equity business, I'm always wary of a continuation fund that includes more capital versus just extending the fund life, right? And just -- because I don't -- we don't have -- you're right. The GP has great information, but the LPs don't always have that information. And so the decision to do a continuation fund and put more capital into it versus, yeah, we agree, we like your product, but, you know, if it needs a heck of a

lot more capital, then that's got to factor in somewhere into the -- into the calculus of the risk, right? And so, do you just extend the fund?

But if they really -- if they say, hey, this is a great asset, but we need a lot more capital and we need to continue this, I'm always a little wary of that.

MR. BRADLEY: Yeah. I mean, it -- I mean, the point you touch on, like the rationale for the transaction is gigantic.

MR. COLLINS: Yeah.

MR. BRADLEY: And, frankly, I mean, we're going down looking at, like, what's the -- what's the GP doing, right? And what's the value creation that they're getting from just doing this deal? And what are the alignments?

And so I would say it used to be if we looked at ten of them, nine of them did not make sense, right? I think some of that has been filtered out of the market, and people know, like, you can't take this type of transaction anymore, because LPs are going to uniformly say absolutely not, though the quality may have increased a bit. But still

today, I mean, half of them, we turn down out of hand, like a pretty quick what -- what are you doing with capital and why?

MR. COLLINS: Right.

MR. BRADLEY: Okay. It just feels like a transaction for a transaction sake. So -- and I think what Wes -- what you'll hear from Wes is he kind of goes through what we do on the coinvestment side. I mean, he also does our secondaries and our CVs. And so a lot of what he'll talk about with coinvestment, right -- we do the same thing on the CV side -- right? How does it fit? What's the strategic, you know, proposition for us?

So I want to say we're very selective, but I don't think they're going to stop. A lot less people doing that. And there's just the information advantage that some of these deals have that we have we think is attractive. But secondaries going forward will be the smallest in a very small piece of what we do in private equity.

MR. BRADLE: Yeah. I mean, one additional note on CVs is we don't lead them. They are typically lead by a larger secondary fund, and

then we would come in after the fact. So, typically, we have a long lead time in terms of when the -- when the transaction was priced, and we can also leverage the information of the lead to figure out exactly to our point, you know, how much alignment do we have. They need new capital. Why did they need that? Do we think it make sense?

MR. CHAIR: Okay. Very good.

MR. BRADLEY: I'm going to now turn it over to Wes who will -- has a few slides.

MR. BRADLE: Yeah. So thanks for allowing me to present today. I appreciate it.

I'm going to start with a quick history of our coinvestment activities and then talk about how we approach building an internal coinvestment program, and then close with our results.

So first, I thought it was important, the -- just to define a coinvestment, what is it? So when a private equity fund makes an investment, but the equity required from that fund is greater that the fund's concentration limit, that private equity fund can syndicate a portion of the equity to limited partners.

And so when that limited partner, like us, the State of Florida, decides to invest additional capital in that specific investment, we call it a coinvestment.

And so in 1998, we made our first commitment to the Lexington coinvestment Partners, and that was a fund that coinvests alongside other private equity funds. In 2016, so -- is that 18 years later? We actually began coinvesting alongside Lexington Partners in opportunities where there was more allocation available to Lexington. But Lexington felt like they didn't want to put that much in their coinvestment fund. They said, hey, you know, Florida, would you want to put additional capital in this coinvestment opportunity?

So from 2016 through 2000 --

MR. COLLINS: Wait. You mean -- you mean beyond your pro rata?

MR. BRADLE: Yeah. So sometimes what happens is a GP will say, you know, there's 30 million available for Florida, and Lexington says, well, we only want to put 10 million in, you know, Florida's portion of this fund. And

so there's 20 million available. We said, well, why don't we take that up if we think the opportunity is compelling?

MR. BRADLEY: And when we did this, too, we used it as a way to say, okay, how would we -- how would we diligence to coinvest? What would we think of? What are the things that are going to be important to us? And we use this as a training wheels way to say, okay, let's figure out the internal process. Do we the skill set? Do we have the data? Do we have the knowledge to make individual coinvestment decisions? And in this instance, it was both alongside of our GP, plus alongside Lexington. It was also making the investment.

So, you know, over the years that we did it, I mean, we -- there's a ton of iterations and -- how much work are we doing? What's important to us? What does a memo look like? What's the speed with which our team can make these decisions? And there's a lot of refining in that era of -- with Lexington within the team.

MR. BRADLE: Right.

So from 2016 to 2023, we coinvested in 26

transactions alongside Lexington, and that generated a 21 percent IR in a 1.8x multiple invested capital.

In 2023, our CIO, Lamar, recognized that an internal coinvestment program could lower SBA's expense ratio, and based on our team's eight-year track record, which I just mentioned, it would also generate comparable private equity returns.

So in 2023, Lamar and John then worked with other SBA departments to confirm that we had the internal resources needed to prosecute coinvestments, and then tasked me with launching the program.

And so on this slide you'll see, you know, we started in July of 2023 with the objective of finding coinvestments that would be accretive to SBA's fund performance. And so if our coinvestment portfolio generates the same net returns as our fund portfolio, then we're spending a lot of extra time and effort for no additional returns. And obviously, you know, that's not a great use of resources. So we do expect our coinvestment portfolio to outperform our funds portfolio.

In addition, we believe that the coinvestment program allows us to capitalize on SBA's long tenured private equity relationships, our sizable, annual commitment basing, and then our strong reputation in the market.

You know, underwriting the coinvestment with a -- with a private equity firm, you can see in the secondary objective, also helps enhance our knowledge of that firm and the quality of that firm's processes.

In terms of our coinvestment approach, it really starts with sourcing. You know, there's usually 1,000 or more private equity funds raised every year, which implies there's 250 top core cal funds that are raised annually. We only commit to about 25 private equity funds every year, and as John highlighted, it's usually two new funds each year. And so that just means there are hundreds of top quartile funds who are not in our portfolio, but who could show us coinvestments. And so we believe that attractive opportunities can come from anywhere and that seeing more opportunities allows us to wait for the ones that are most

compelling on a risk adjusted basis. We kind of say, you know, we want to way for our pitch.

Second, we believe that consistency is critical to sustained performance, so we use a consistent analytical framework on each opportunity. And we size each coinvestment within a pretty tight range.

Third, we believe that more insight is better than less insight. So on every coinvestment recommendation, we ask that each team member on the private equity team scores the opportunity between zero and five, and we ask for the rationale for that score.

And, you know, I'd like to say our goal is to avoid the middle mushiness of mediocrity and focus on opportunities where the team -- and not just me or John -- has high conviction. So in many cases, what you'll find is, you know, a coinvestment may not be bad enough to where someone says, over my dead body, we're not doing this. But it -- but we want to get to do you really think it's high conviction? Because those are the opportunities that we want to do.

And then finally, we believe that the quality of a private equity firm will impact

returns more than the attributes of a company. And so this means that the more familiar we are with a GP or the more differentiated we think that GP is, the more we're willing to compromise on the attributes of a company.

And so, again, these are not major compromises, but it might be, oh, well, we think the multiple here is one or two turns above where we see comps trade at. Okay. Well, are we going to trust the GP that, you know, they know what they're doing? You know, or we might have some concerns around sector tailwinds. And, again, those are situations where we are going to trust the GP rather than John or I pretending like we're sector experts or, you know, we have a better view on valuation than our private equity firms.

And, look, we'd love to coinvest with the best GPs and the best deals, but there is just a finite number of those opportunities. And based on the amount of capital we want to put out, we still think we can generate an attractive return investing with the best firms.

Okay. So what have we done? Since July

of 2023, we've notified more than 170 private equity firms and other market participants about our program. We sourced 200 coinvestment opportunities, of which about a third come from our existing GPs and two-thirds from non-existing firms. We've scored almost 80 opportunities amongst our team. We have approved 40, and we've closed 31. It's actually now 32 as of today.

You know, we targeted $100 million in coinvestment commitments in our 2023-2024 fiscal year. But we actually committed 130 million to 14 opportunities. And, look, it's great to make investments, but ultimately what matters is how those investments perform, and so far the 2023-2024 vintage year is off to a strong start with nine of our 14 coinvestments generating a 20 percent plus IRR and no material right down.

In our 2024-2025 fiscal year, in next column, we targeted 150 million of coinvestments, and as of March 30th, we've committed 167 million -- 166 million to 16 opportunities. And this vintage also has a few early write-ups.

MR. COLLINS: Can I ask one question on that?

MR. BRADLE: Yeah.

MR. COLLINS: On the -- on the investments, how much -- how many of those are follow-on, and how many of those are original investments that GP is making that you're making the coinvestment in?

MR. BRADLE: Pretty much every opportunity is one where it's a GP making a new investment. In one situation, the GP was doing a large add-on acquisition, and some of the existing shareholders didn't have capital to roll. And so we came into that -- we basically took their place, and the company had been written up a little bit, but not a lot.

And then, yeah, if you look it our sector exposure, approximately 50 percent of the portfolio is in services companies. So that would be the right side, so health care services, industrial services, and business services. About 15 percent is in energy and power, and that was kind of a result of the dislocation we saw in 2023.

And then also actually some of the trends

we're seeing in 2024 and 2025 around lack of electricity or a need for greater electricity in this country. And then the rest is industrials, consumer and technology.

MR. CHAIR: Excuse me, Wes. Ken Jones, I think you have a question?

MR. JONES: Yeah. Thank you. Sorry. I was trying to find a good place to jump in there. Can you hear me okay?

MR. BRADLE: Yeah.

MR. CHAIR: Yeah.

MR. JONES: Okay. So a question I've got, you -- I guess maybe two parts. One was you mentioned twice, I think, now 20-plus percent IRRs, 1.8 MOIC -- and two parts to that question. One, on a 2023 vintage, how are you really thinking about, you know, outsized performance like that on a vintage that's, you know, 18 months old? Is that exits? Is that just markups based on comps? Or are you actually getting exits in the portfolio?

MR. BRADLE: Yeah. So two of the 14 have already returned a third of the capital, and so those have been, again, just early outperformers, where the private equity firm

has decided to return some capital.

MR. JONES: And what does that look like as a percentage of the total deploy capital? Like, if you looked at this as, for lack of a better analogy, DPI on the overall bucket of coinvestment money -- I mean, it's got to be a very small amount, I presume, right?

MR. BRADLE: Yes. It's very --

MR. JONES: Okay.

MR. BRADLE: It's probably -- yeah. It's probably 5 percent or less.

MR. JONES: Probably less than 10 percent?

MR. BRADLE: Yeah. Of that -- of that vintage year.

MR. JONES: Okay. So I just want to be careful we are not sort of extrapolating, you know, too early when 5 percent of a 2023 vintage coinvestments -- if that's, you know -- you know, kind of be the gospel for the next, you know, bucket of money that's in that -- in that bracket. I just --

MR. BRADLE: Yeah.

MR. JONES: -- wanted to get clarity on it.

MR. BRADLE: Yeah. I think -- I think --

yeah, that's -- yeah, that's a great point. I think for us, I think the highlight is that we have no losers so far. We definitely expect losers. But so far, you know, all of the 14 are performing well, and I think in many cases better than we expected. I mean, you know, we would think --

MR. JONES: Well, hopefully no losers after a year. That would not be great.

MR. BRADLE: Yeah. I mean, it sounds silly, but we meet with a lot of private equity firms, and you do have firms that come in and say, you know, we're a year in and the business is behind plan. And, you know, we marked it down to .8.

MR. JONES: Yeah.

MR. BRADLE: And so it does happen, but you're right. It's still very early.

MR. JONES: Okay. And then -- and then final thing would be -- I guess two things. One, the 20 percent plus IRRs in 1.8 MOICs, those are net of fees, or is that gross?

MR. BRADLE: Yeah. So the only fees that we pay are essentially the partnership expenses of the coinvestment vehicle. So in every

coinvestment that we've done thus far, we're paying no fees and no carry.

MR. JONES: Okay.

MR. BRADLE: And as I mentioned before, we -- we've seen over 200 opportunities.

MR. JONES: Yeah.

MR. BRADLE: And so when GPs say, hey, this coinvestment has no -- has fees and carry, we say, sorry, we have too many opportunities than we can even process, so we're just going to pass.

MR. JONES: Yeah. That -- and that was my final question was to figure out, are you getting no fee, no carry deals on coinvest, because as a 800-pound gorilla playing in the space, you should be paying no fees and no carry, no question. So okay. Good. That's great. Thank you.

MR. BRADLE: Yeah. We would agree.

And then so I just want to close by acknowledging the people that have been involved in the early success of the program. I think it starts with you, the IAC and members of -- our trustees. SBA has a governance model that empowers autonomy, but also with healthy

oversight. And without that, coinvesting would be much more challenging.

Second, we have a CIO in Lamar who really challenged us to create a strong investment process but then gave us the authority and autonomy to implement it.

Third, SBA has -- SBA has a team of lawyers, accountants, and financial operations professionals working on coinvestments, and without their hard work and effective communication, we couldn't do what we do. And I think specifically the legal team, I want to give a shout out to. I mean, they do a ton of work. They're responding to emails at night, on the weekends. They've done a great job. Our general counsel has done a great job, and we could not do this without them.

And then lastly, I -- you know, John, to my left, allows each coinvestment decision to be made by the team, and so often leaders will subvert processes because that leader thinks that they have a monopoly on truth. And in my experience, that approach typically results in suboptimal outcomes, and John has the humility to respect the process that we've built. You

know, I like to say we win as a team and we lose as a team. And right now we're winning, so it's nice to win as a team. Hopefully that continues.

So that is it. Thank you for your time, and I'm turn going to over it to Sheila, unless there are any other questions.

MR. GOETZ: Could I -- just one more, Mr. Chairman.

MR. CHAIR: Yeah. Go ahead.

MR. GOETZ: You know, when I was looking -- and the Cambridge data has some of this, too. Theoretically, the mid -- the mid-range or even small is a better opportunities that you -- you kind of laid that out. So we're seeing there's a little bit of scale disadvantage, right, in private equity? Yet, when I was looking at the appendix and looking at who you've partnered with, it looks like a lot of scaled players. Lexington, certainly, and secondaries, right, is big scale.

So I'm curious -- then I saw a couple of, you know, bad outcomes with private equity firms that I'd never heard of, so I assume some

of those are smallish.

How do you synthesize the sale of the partner with the sale of the deal in terms of how that comes out? Because I can see a potential -- you know, potential conflict.

MR. BRADLE: And are you saying in terms of coinvestments or in terms of --

MR. GOETZ: No. It wasn't a coinvestment question.

MR. BRADLE: Okay.

MR. GOETZ: It was -- it was just a deal question.

MR. BRADLE: Yeah. I -- our view, I think, is that smaller managers have a wider band of outcomes, and so that's why you -- you know, you can actually get more attractive returns. But you are also taking more risk. You know, I think the larger firms, the outcomes are narrower and potentially have less risk. I think our view is that the larger firms provide a nice, stable, consistent rate of return, and then as we take more risks with the smaller managers, we're typically looking for firms that have specialization in some area where we believe that they will outperform and

that their differentiation is sustainable, so whether that be health care or technology focused funds.

And we just think it's just a much more inefficient part of the market where, you know, if you're buying a company from a family that's owned it for 100 years and, you know, they've made a lot of money and maybe they're not as incentivized to, you know, work 100 hours a week on the business and, you know, they sell that to a private equity firm who can put in institutional processes and do all the things that private equity firms do, we think that that is a much more sustainable to generate outsized returns as compared to maybe some other larger firms.

MR. BRADLEY: Yeah. I think we also, you know -- any deal we look at, like, the first three things we look at is just what's the fund -- the firm? What's their history and their track record? What's their track record in this specific sector? And then the deal team -- so the people at the GP that are leading this, what's their individual track record, right?

And so all those things have to be positive and good for us to even start to dig into to, okay, what's the company? What are they doing with it, right? How do we feel about evaluation?

And so I think the screen is always to say let's find people that are -- have a good track record, that are consistent, and we're not interested -- we see a lot of deals where it's someone's first European deal. Regardless of how good the firm is, it's -- we'll pass. We see a lot of small firms that say this is a giant deal. We need a lot of coinvestments. We usually pass on that.

And back to your point, too, though, we're trying to figure out, like, what's the right amount of money for us to contribute to each deal. As Wes mentioned, I think we've seen almost $3 billion worth of opportunity that we could commit to, but we've really scaled it to say, hey, let's do 10 and $15 million check sizes, because at 10 and 15, we can still invest with very good small buyout funds and middle market buyout funds.

If we were to say, hey, let's be

$50 million coinvestors, which we could do and others do, we're starting to then push ourselves out of what you pointed out as the attractive area, what we would agree with is an attractive area. And at a 50 to $100 million coinvest, we're living in the land of mega buyout funds. And that's who we're going to -- we're going to invest with.

And so we've really tried to balance how many deals should we do? What's the right sizing? Let's not take outsized risk on a single deal. Let's not trick ourselves into thinking this is a wonderful deal. Let's put 50 in it, and this one is less risk -- more risky. Let's put five, right? Over time we've seen, like, you really just don't know. But if we can build a portfolio that's diversified with successful GPs that have historically been successful, and then you add in no fee, no carry, which is extremely attractive and very powerful. I think we like, at least, where we are at today and where it's going.

MR. GOETZ: Yeah. Just a comment, you know, from an observation standpoint for the team. I think this is one area where it is

evident that both access in the right fields but also caring about fees in the long run conceptually links to performance, right? There's no shortage of people wanting to take fees from the State of Florida. So --

MR. BRADLEY: Yeah. I mean -- I mean, it -- we view coinvestment as a no fee, no carry investment.

MR. GOETZ: Right.

MR. BRADLEY: And it will remain that way. We will not agree to pay management fees. We, again, see enough things that there's just no need to.

MR. GOETZ: I also thought that since Wes started out giving some compliment to other people that, you know, as a -- as one of the people over here, I should throw one back, you know.

MR. BRADLEY: Good for you.

MR. CHAIR: All right. Anyway, a lot of good compliments and great results. We're going to -- Sheila, I'm going to have you wrap up.

MS. RYAN: Yeah. Yeah. Just a few comments. And to your point, John, this is a

data slide we put together here on page 208 that talks to what Wes and John were just mentioning. It's on the -- this is performance on a net to LP total value paid in multiple basis.

On the right hand side, those are mega CAT funds, funds above 2 billion in fund size, and then as you go to the left, those funds get smaller and smaller. I mean, realistically speaking, the sweet spot, I think, for Florida would be in that, you know, one and a half billion to 500 million, kind of in that range for the smaller end of the market. And you can see just -- you've got much more upside relative to that large end. You do have some downside for sure, but we like to think that our due diligence process tries to, you know, weed that out.

So why wouldn't you try and capture that upside? It's pretty significant. But at the same time, you know, there's a lot of capital deployed in any given year. So it's really -- at the end of the day, it's a combination of both, and the larger funds are -- provide a little bit more balance to the portfolio, less

volatility. But the real upside is here in the -- in the middle market.

And, in fact, if we go back a couple of slides -- see if I got this right here. The portfolio has shifted here from really more large to small and mid, and so you can see back roughly 10, 11 years ago, roughly 5.8 percent of the portfolio was in that blue category, the lower middle market. And now it's just shy of 22 percent, and then the blue as well in that middle market has moved dramatically.

So that shift in allocation towards that smaller end where there's more upside, we think, has been a really additive feature as to how the portfolio -- on the portfolio on the next slide has improved over time and, you know, remain quite stable. But some really nice overall performance on the buyout side as that transition has taken place. So despite the size, been able to take advantage of that smaller end of the market.

A couple of other just quick points, and I won't belabor things here. I just -- I wanted to mention this one because Lamar mentioned it in his original opening comments on page 196.

This is comparing the SBA's portfolio performance relative to the Cambridge universe of folks that we run performance analysis on, so you'll see somewhere in the 700 to 800 of portfolios, one year, three year, five year, ten year, with the SBA on the top and then the quartile ranking. So over five and ten years top quartile, the one and three years being impacted somewhat by venture. As John mentioned, a little over allocated on venture relative to maybe some of our peer -- not necessarily peer clients, but relative to some other clients.

So we think that would probably explain most of that, but overall, over the longer term, even mid-to-long-term performance in top quartile relative to CA clients, which has been really impressive.

I won't belabor some of this stuff. We talked about buyouts. Just another quick point. I know John mentioned this earlier. Distribution activity is down dramatically, so this what we call distribution yields. So this is basically how much money is coming back into these portfolios. And the blue is private

equity, and the green is venture. And we've seen between M&A volume being down, between almost 50 percent since 2021, and then the IPO activity being down -- I think the original, almost 70 percent over a similar time period. We've seen a big impact here in distribution yields. You know, M&A has been quiet, just given some of the uncertainty, higher interest rates, all of these things.

We have started to see a little bit of a rebound. You'll see the curves kind of taking a turn up there at the very end. So things are starting to improve, but another interesting point, as John had mentioned -- what was it? One out -- or out of the last 14 years you've had positive distributions, so this is what we're seeing in the market. But your portfolio's performing better than this.

This just puts that in a different context, so you'll see on the left private equity, on the right venture capital. And the dark colored bars are from the time period of 20 -- sorry, 2000 to 2021. And then the lighter colored bars are more recent in the last two years. And so on a relative basis,

you can see how much these distributions have come off, basically, their highs, so it really is a big impact on the overall market. Something everybody's talking about. We're starting to see some improvement here.

And this is just showing here on slide 205 venture and how much it's really underperformed. You know, we reached a real frothy point with a lot of momentum drivers in venture back in 2021 and 2022, and that market has repriced significantly.

So the question is where do we go from here? I guess time will tell.

I think that was really all I had to say at this point. Sorry. I've got a bad cold.

MR. GOETZ: Thank you, Sheila.

And question for Sheila or you, John. You know you're -- Sheila, your outlook, you know, in environment slide 2007, we didn't -- we didn't comment on it, but the prices we're paying or at least the quote -- at least the prices that are being observed, you know, are still elevated relative to long range -- long term history. If you've been -- and, again, my pubic equity background, we got -- had Aon tell

us how much the equity risk premium has declined, right, in public equity markets. But when I look at this chart and I see the price we're paying to EBITDA, right, that's comparable to where it was, you know, more recently with really low interest rates. And if you go back to where interest rates are today -- which the last time we observed that was in the early 2000s. I can see a comparable squeeze of risk premium in the private equity valuations that we see in public equity, even though the whole world is saying you got to move all your money to privates.

Do -- so the direct question is do you see a squeeze in the risk premium that you're paying today relative to history?

MR. BRADLEY: You know, so it's a great question. What we've observed with prices is when we look at headline prices where the market is trading at, it's off of very, very thin volume, and what's typically trading today are the best portfolio companies in GPs portfolios. So these are the highest growers with the highest margins. And those companies are still commanding a kind of multiple of what

we've seen.

We might say, hey, in past markets this 11-times sale probably would have been more of a 15, but there's been some squeeze, and then what we've seen in anything else that might have (audio disruption) issues or maybe some hair on it, those companies just aren't transacting. And so I think the market carrying multiple is much lower today than what we see in the headline.

And if we went back to our coinvestment slide, our first year vintage, our average multiple that we paid for our coinvestments was 8.6 times. So to us that's more indicative of where the pricing market is today, but I think regardless there will always be pressures on returns and the risk premium to private equity as more people enter the asset class.

We talked retail for secondaries. Retail for just buyouts is also coming, maybe not as quickly, but it's going to happen. And so we think all that is going to pressure returns for the asset class, regardless of prices.

But I do think actual market prices are a bit lower than you might see from a Cambridge

slide or another coinvestment, unless you look at --

MS. RYAN: Yeah. We track it by sector. It's not up here by, like, small, mid, and large. And small is definitely much more attractive, mid as well. The retail side is, you know -- I think Blackstone raised 20 billion last year for retail tender funds or whatever it is. I mean, that's --

MR. BRADLEY: It's probably a good pipeline that we will sell our portfolio --

MS. RYAN: Right.

MR. GOETZ: Yeah. Yeah.

MR. CHAIR: Okay. A good robust discussion, excellent results. We're going to break for lunch right now. Because we're a bit behind in our agenda, let's be back ready to go at five till 1:00.

(Break from 12:37 p.m. to 1:01 p.m.)

MR. CHAIR: Just want to know who is still online from the IAC. If you can identify yourself, please.

Okay. Perhaps a longer lunch break for -- do we still have a quorum?

MR. FIGGERS: Freddie --

MR. CHAIR: I'm sorry. Who's still on?

MR. FIGGERS: Freddie Figgers.

MR. CHAIR: Okay. Freddie. Thank you.

MR. FIGGERS: Thank you.

MR. CHAIR: Okay. So we still have a quorum, great. Thank you.

All right. So we are going to move to the investment plan, and so, Dan Beard, we'll let you kick it off.

MR. BEARD: All right. Great. Thank you.

So at this meeting we're going to do a much deeper dive into the investment plan. I'll give you a little more information, some stats. To my right, Mini Watson and Allison Olson are going to join me in the presentation. Mini is our direct -- is the director of the administration, and then Allison Olson is our director of educational services.

So public employees who work for a public employer in the State of Florida that is part of the Florida Retirement System have two plans to choose. They have a traditional defined benefit plan, which is called the FRS pension plan. It's been around since December 1, 1970. And then they have a defined contribution plan

called the FRS investment plan that's been in existence July 2002. Both plans are 401(k) plans.

New hires -- new hires or new employees in the Florida Retirement System have eight months after the month of hire to make a choice between the pension plan or the investment plan. All employees have two choices. They have that one choice they have to use within that eight-month period, and then they have a second choice they can use any time during their FRS working career to go from one plan to the other.

If no election is made that first elect -- first period or first election -- if they do not make an active election, they will default into the investment plan, except those who are in the special risk class, and that's who -- firefighters, correctional officers, police -- policemen.

The Division of Retirement within the Department of Management Services is the administrator for the pension, and the SBA is responsible for the day-to-day administration of the investment plan.

So in 2004, the legislature passed legislation establishing the investment plan, and they directed the SBA as the plan's sponsor. Additionally in that legislation, they also set up provisions for the education program for all FRS members, which we call the financial guidance program.

The executive director as been delegated authority by the trustees for oversight of the investment plan and the educational component. The executive director has delegated authority to chief of defined contribution programs to oversee all service providers for the investment plan and the financial guidance program. This slide also provides the role of this counsel as per Florida Statutes.

Here's a current org chart for my section. We are very small group. There's eight of us, and we oversee the investment plan and the financial guidance program. The main thing we do is oversee and manage contracts with our service providers. As statute said when it was created, the plan had to be completely outsourced.

So there are approximately close to 1,000

participating employers within the Florida Retirement System. Of those 1,000 participating employers, there's approximately 660,000 active members in the FRS as of March 31, 2025. Of that 660,000, 63 percent of those are active participants, are members of the pension plan, and 37 percent are active members enrolled in the investment plan.

To put that in context, if we go back to January 1, 2018, that's when the law changed the default from the pension plan to the investment plan. At that time the active member break down was 80 percent pension plan and 20 percent investment plan. So you can see over approximately -- a little over a seven-year span, that gap has been closing little by little.

Before I give it off to Mini, does anyone have any questions on anything I've covered?

MR. CHAIR: Questions?

All right. Good work, Dan.

MS. WATSON: Thank you, Dan. Again, I am Mini Watson, the director of administration over the defined contributions program. This is a FRS snapshot of how we sat March 31st,

2025. We had 18.5 billion in assets. As of April 30th, 2025, we had 18.6. So just a little bit above that. Distributions 20.8 members, 369,667 in retirees, 222 -- 267.

Just to recap some of what Dan said, the office of defined contributions oversees the day-to-day responsibilities of the investment plan. All major components are outsourced as mandated by the Florida Statutes. This includes recordkeeping, custodian services, and benefit payments.

We also partner with the Division of Retirement who is the plan administrator over the pension plan. They oversee the retirement contributions coming in by the -- from the employers. They also oversee the health insurance subsidy program for both pension plan members and investment plan members, along with disability and in line of duty death benefits for both pension plan and investment plan members.

Dan spoke about members having a -- two elections. The first election we call the initial election or first election. This is a snapshot of the elections that members have

made through March 31st, 2025. As you can see, most -- 60 percent of the members default into a plan, and that number tends to remain the same through today.

This is a quick snapshot of our membership growth beginning in 2020 through March 21st.

Dan also mentioned that a member gets two electrons. This is a snapshot of our -- the second election. So once a member makes their first election, they do have a remaining election to go either way, and this is just recaps the -- where we sit today of our second elections. As you can see, the most common second election is going from the pension plan to the investment plan.

Some statistics from our administration points of view. Alight Solutions is our record keeper. They process contributions totaling 848 million, and they're also responsible sending out our personalized communication and quarterly statements. BNY Mellon -- or BNY is our custodian. And they're responsible for the distribution and processing the checks under --

Florida Statutes also allow members the opportunity to submit a complaint if think have

a complaint against a service provider or something that they do not agree with. Most of the time, the complaints we receive, we just can't grant because Florida Statutes just does not allow it. And so this is a recap as of today and since implementation of our complaints that we receive in the office.

I'm going to pass it to Allison.

MR. COLLINS: Can I ask a quick question? I'm not -- I'm going to try to stay non-political, but I can't guarantee that. I think we all understand why the legislature said this needs to be outsourced. There's a lot of providers out there.

What does it cost us to operate this program from a fee standpoint, from Alight, BNY? What's the overall cost of the program to administer in this state?

MR. BEARD: Our -- so our budget is broken out of two sources, so we have what we call an administration bucket. That's the bucket that's paid by the employers, the six basis points. Then the second part is from forfeiture, so those are members who do for -- either they don't invest, or they commit a

crime and then forfeit their retirement benefit. That goes into the forfeiture account, which we can use to pay plan expenses.

Last year our -- and we continue the final amounts. I'm just going off of what I remember. I think our total plan expenses was around 20 million.

MR. COLLINS: And then they're investing -- and then they're investing in third-party funds, right?

MR. BEARD: Correct. So all our -- all our funds, they're all outsourced.

MR. COLLINS: Yeah.

MR. BEARD: Now, we are going to -- and you'll see as one of our initiatives, when the law was passed, I think, two, three years ago, that allowed the SBA to invest funds for the investment plan. So we are actually going through a project now where we're looking at these guys, the experts here investing money for the investment plan. And we're actually in a project now looking at Todd's group possibly investing some money for fixed income within the retirement date fund.

MR. COLLINS: And that's got to be a lot

cheaper than third-party providers, right?

MR. BEARD: It can depending on --

MR. COLLINS: Right, Todd?

MR. LUDGATE: Generically true.

MR. BEARD: It can.

MR. LUDGATE: But with caveats, yeah.

MR. BEARD: Yeah. The one -- the one thing that we -- because this is new to SBA, so, yes, we can say what Todd's group does. What we've got to benchmark is the back office costs here at the SBA and put all that together and say, okay, is this cheaper than if we go out and, you know, hire outside providers who already has all that built and does that on a daily basis? You know, we've got to build it new. Once we build it new, then it will make it easier, but that's one of the things we're looking at.

MR. COLLINS: And I'm going to say this, but I don't know that this is true. But it just seems to me that the load for participating in the defined contribution plan is probably higher than the load of participating in the defined benefit plan from an overall cost standpoint.

MR. BEARD: What we pay, yes. But I think you have to look at the overall load to the State for DB plans as far as unfunded liability and all that. Where you don't have that --

MR. COLLINS: Yeah. I'm just talking about just to the actual -- average retiree, right, or the average person who's in the plan costs.

MR. BEARD: You mean -- you said the costs. So that six basis points that we get, that's on both pension plan and investment plan. Because we handle education on both plans, as well as the Division of Retirement. They also educate on the pension plan. So I don't know what their cost is on their side, but our cost is -- it's a little bit hard to say is DCDB, because we have that education component for everybody.

MR. COLLINS: So -- okay. Lamar, could I ask you guys -- and Chris, could I ask you guys for the next meeting to just give us the average costs to -- average costs to the investor in the defined contribution plan versus the defined benefit plan?

MR. BEARD: And when you say -- is that

the costs for the members or the costs just for us overseeing it?

MR. COLLINS: Well, all of that gets baked into what their cost is, I'm assuming? Yeah, the participants. I'm just talking about the cost to the participants of the fee structure in the defined contribution plan versus the fee structure in the defined benefit plan.

MR. BEARD: Yeah. And just remember, the only thing that they pay is the management fees. Everything -- record keeping, everything else is covered by the employers.

MR. CHAIR: Well, partly be -- will depend on what they're invested in, global equity versus, you know, cash.

MR. L. TAYLOR: Well, and that's -- there's also -- I can tell you right now, on average, the basis point cost of -- in terms of our overhead and fees is about 35, 40 basis points for the SBA to run the pension plan on top of -- actually, that includes -- that includes the -- that includes all the fees. That's all in fees, and then -- and then -- so -- but that includes a lot of private market investments, right?

MR. COLLINS: Sure.

MR. L. TAYLOR: So I think if you just sort of take a snapshot on page -- the fees that you look at -- sort of the managers here, you know, it looks like it ranges from maybe 12 to 20 basis points there, right, in terms of what we're running. And then there's some comps. So 30 to 40 is higher than, on average, 20, but --

MR. COLLINS: So I'm wrong?

MR. L. TAYLOR: But --

MR. COLLINS: Which is fine.

MR. L. TAYLOR: But they don't --

MR. COLLINS: I'd like to be wrong on this.

MR. L. TAYLOR: They have zero exposure to private market.

MR. COLLINS: Right.

MR. L. TAYLOR: So we've got 20 percent of the fund in some of the -- you know, the more expensive asset classes. And when you look at over the long term, the difference -- the long-term difference in the returns, historically, it's been about 100 basis points more in the pension plan than it has been in

the -- in the investment plan. And in part -- I mean, we haven't run an attribution, so I can't -- I can't say. But I can say the difference is you've got private market investments --

MR. COLLINS: Yeah.

MR. L. TAYLOR: -- pension plan. You don't have them in the investment plan.

So it's not exactly apples to apples. What I can say is that what we pay, certainly for internally managing, is less than 12 to 20 bps, about three basis points or so for equity.

We ran into this problem a year or so ago when we were looking to manage -- we run a Russell three strategy internally -- strictly internally. There's a Russell three strategy for the investment plan. We had looked at bringing that in house, and the manager was running it very, very cheap already, and then when we did the overhead, they cut -- they cut their fee to the point where it was literally -- it became not -- it was not feasible from a cost perspective.

MR. COLLINS: Right.

MR. L. TAYLOR: But that was incredibly

low. I mean, that's very, very low fees.

So I think there's juice -- I think there's -- I think there's a cost effectiveness to get at, and I think it's exactly what Dan says, us figuring out a way for us to leverage our scale. And at some point maybe providing some sort of access to private market investments in a way that's going to be more cost effective than, you know, having to have sort of the build up of private equity, you know --

MR. COLLINS: Right. Sorry.

MR. L. TAYLOR: -- application here.

MR. COLLINS: Okay.

MS. OLSON: Okay. Hi, good afternoon everyone. Again, I'm Allison Olson. I'm the director of education services. Basically, in my position I assist in the education of -- for -- of services for the Florida Retirement System, and with this being such a large program, we (audio disruption) previously, we have outside service providers that assist us with the education process. So, for example, we have Ernst & Young, or EY. They are our financial planners with the My FRS Financial

Guidance Program.

Here, what those planners are available to do is provide both pension and investment plan members of the Florida Retirement System assistance and unbiased financial guidance in regards to making decisions pertaining to their retirement.

Some of the other things that are -- the EY planners provide are they conduct workshops throughout the state of Florida. So they can go from Pensacola all the way down to the Keys. One of these days I'm going to have to hitch along with that Keys one. But they'll go all throughout the state of Florida to provide workshops. Typically, what will happen is -- and I'm -- an employer who participates in the Florida Retirement System would reach out to EY, say, hey, we would like to have some workshops completed. And so we'll have the planners go down and assist with those -- the employees with any questions that they may have based upon different topics -- different retirement topics.

We also have a -- an adviser tool that's available to all participants of the Florida

Retirement System, and this adviser tool is provided to us through Alight Financial Advisers or AFA. Basically, what will happen with that is a participant will be able to log into their account on the MyFRS.com website, and they can pretty much create their own type of retirement map, you know, where they would like to see themselves in the future.

Again, their information pertaining to their FRS account is going to automatically be -- automatically be uploaded into their adviser tool. They can also add in anything outside of the Florida Retirement System, and it helps them with the projections on, you know, where they might want to be in the future.

Investment plan members are also able to run comparisons, you know, on the funds that are available to them if they're thinking of possibly reallocating their contributions that go into their investment plan account, so that's a great tool to use as well.

We also have a contract with Alight Communications. They're the ones who are responsible for the design and the print of the

publications that are available for FRS participants and employers. They also provide, you know, focus groups if need be.

One other thing that Alight Communications provides is the choice tool that is available for first and second elections. You know, as previously mentioned, you know, when a person is initially hired with an FRS employer and has never made any form of a choice, they're going to have a deadline to make that choice, and it's typically about eight months after their date of hire to make the choice.

They can use this first election tool, you know, to -- you know, they'll basically just put in some information -- some general information about themselves, where they think about where they want to be in the future, and it could possibly, you know, assist them in making that decision on what retirement plan they would like to choose during their choice period.

And so also there's the second election tool, which if a person has already made their choice, they do have the option of switching plans. So if they want to use that second

election tool, they can log into their account on the MyFRS.com website, complete some comparison estimates to kind of see, okay, is this something that I really want to do? And then that is another thing that helps them make that decision and educates them about both plans.

One good thing with the election tools is this is a -- something that is also available and can be utilized by the EY financial planners, so if any of those participants reach out to the MyFRS financial guidance line and they have questions about a first or a second election, the EY financial planners are able to utilize these tools and assist them while they're on the phone.

And we also provide the eligibility for someone to purchase an annuity, and our provider for the annuities is through MetLife. So they have the option of purchasing a fixed lifetime annuity or one that can be deferred, like the -- a QLAC.

So with the program itself, with the MyFRS financial guidance program, again, we have the MyFRS financial guidance line where

participants are able to contact the EY financial planners and speak with them over the phone. We also have the MyFRS.com website, which has information pertaining to both the FRS pension plan and the FRS investment plan. We have the print publications that are available for both employees and employers. And this -- these publications are also available on the MyFRS.com website, along with any recorded videos that we may have or any of the recorded workshops or webcasts that we provide.

So this is just some stats pertaining to the MyFRS financial guidance program. As you can see, with the calls that were received with the MyFRS financial guidance line, it was pretty much, you know, on par with the numbers that were available last year. So there hasn't been that much of a change regarding the recorded calls. Close to about 288,000 calls were received this past year.

We do see an increase in the number of website visits to the MyFRS.com site, as well as the chats that are available where a person can speak with any EY financial planner via

chat on the MyFRS.com site. We have seen an increase in the website hits and the -- and the chats progressively each year.

MR. CHAIR: Allison, I'm just curious. Do you get feedback from the employees, or do you solicit feedback and say, how was our service, one through five?

MS. OLSON: We do during the -- during the chats. There is an option where they can complete a survey. As well as via the financial guidance line, they can complete a survey that way. And then we also do surveys ourselves here at the SBA where we'll have one sent out annually to both the employees and the employers.

MR. CHAIR: Okay. And how do you know the EY representative is giving good advice? Do we -- do we critique their advice periodically, or how do we --

MS. OLSON: We do actually. With the MyFRS financial guidance line for EY, we do a call review every single week where we get a random sample of calls based upon the planners, and we also review the chats monthly as well to see if there has been, you know -- basically

what's been said by these planners, and we do provide the leadership team with EY that conducts those -- the call reviews with the feedback if necessary.

MR. GOETZ: Yeah. If I could pile on that just for a second. You know, when those of us in the investment industry that service both retail investors or, like, a 401(k)plan participant versus a pension, right, historic pension, we know that time weighted returns are superior to asset weighted returns in the retail community, meaning on average a retail investor does it backwards, okay? So what I was going to ask you guys, you have a lot of education. You have a ton of money in retirement date funds, so that's out of the control of the individual. You have a very low number actually in self-directed brokerage, which is where you could really do it backwards.

So I'm measuring -- I'm wondering, do we -- can we actually measure how the participants are doing relative to some benchmark? Is there a way to think about that?

MR. BEARD: Excuse me. Let me back up to

one of the points you made about the assets and retirement date funds and why that's so large. And it's more so of the default.

MR. GOETZ: Default, yeah. Yeah.

MR. BEARD: And they're just not taking any --

MR. GOETZ: But I -- but I -- the reason -- the reason why I started my comment the way I did --

MR. BEARD: Yeah.

MR. GOETZ: -- is a default might be better than what an individual might choose. That's why I started it that way.

MR. BEARD: Yes. And that's why we changed years ago to retirement date funds, because people -- they don't take any action. We see it with the default, and then we're seeing them when the asset-based funds -- they go into a moderate balance fund, and they stay there forever. So that's why we went to the retirement date funds, so over time, you know it's going to gradually change as they get older, more years of service.

One of the things we see from a standpoint from EY is when they call, especially when the

market is, you know, fluctuating up and down, and I'll reach out to EY and say, okay, what you are seeing on the calls? What are the members doing?

And typically, they'll call. They'll want to change. I want to go into stable value. Once they talk to EY, EY kind of discusses it with them, they stay where they're at because then they realize they're in it for the long haul. So EY is helping a bit on that.

And then, like I said, the retirement date funds help a lot because it's a set it and forget it strategy, and over time we'll adjust that for them.

MR. GOETZ: Well, where I was going with that is -- one thought is if you measure this against some other plans, you could see whether that counseling is working or not, I mean, just by the mix that you end up with. I understand the default is actually the best way to manage it, probably. And then it's just your constituency within the default retirement date, which is that comment earlier, right, about somehow taking more advantage of the whole team and target date as well.

MR. BEARD: We do some benchmarking to other plans. It's kind of hard because the education competent that we give is kind of far and above some of the other plans.

MR. GOETZ: Meaning -- I think that's the whole purpose -- back to expenses, right -- is if you pull that off, we want them to have a better than --

MR. BEARD: That's correct.

MR. GOETZ: -- average return in their 401(k) versus everyone else on the planet.

MR. BEARD: One other thing -- and I think Aon will cover -- is we do see benchmarking, which kind of benchmarks us to other DC plans. Now, some of them are corporate plans, and then some are public plans.

If you take out that we're covering our costs for education and administration, our costs are equal to our peers. We're talking peers within size or assets, so we're there. The thing that drops us a little bit in as far as returns, especially against the corporate, is because, of course, we don't do stocks, so that drops us a little bit. But also just the makeup of our membership and our funds, so

we're slightly lower than what our peers are in that. And we can share that report with you, but CAM benchmarks us against peers, but it's corporate and public.

And then the other thing is some of those peers are 457 plans, which we are not. So we had them, you know, asterisk that, because it's a little bit hard to compare us to 457 plans. But we're happy to share that report with you.

Like I said, Aon has a slide on that benchmarking, just the one costs and how we compare to our peers.

MR. CHAIR: Okay. Does that continue on?

MS. OLSON: We've got one more slide, yes.

This slide here just provides you with the information of our annuities that have been purchase throughout the years. Now, as you can see, we have seen a nice little increase in the purchase of those annuities. We did have a record last year that, I believe, Walter Keller heard mentioned that we were going to break, which we did. And I can say that we broke the record from last year for the annuities that were purchased.

So currently, right now, total to

inception of -- with the purchase of the annuities, they've had a total of 429 annuities that have been purchased with a total -- that totaled up to $53.6 million.

So what I can see is estimated-wise for the end of this fiscal year, I can pretty much probably guess that we're going to break this record that we have right here. So I think we are doing pretty good with those annuity purchases.

Oh, wait. Actually, there was another slide. My apologies. Some of the highlights pertaining to the educational services that we have completed. We do -- Alight Financial Advisers that I had mentioned previously who handles our adviser tool, they are our newest adviser tool over -- they just started as of July of last year.

And one thing that's really important is we always want to take a look at the security on the MyFRS.com website, so we have completed some upgrades to the security, particularly pertaining to leaked credential protection for those if they're initially logging into their account on MyFRS.com. And then we've also made

some modifications pertaining to the changing of the passwords or the registration process on MyFRS.com.

Are there any other questions?

MR. CHAIR: Questions?

Covered it well.

MS. OLSON: All right. Hand it back over to Dan.

MR. BEARD: The next few slides are just going to go over the investment options. So this is our performance. Not going to go into detail. Lamar covered this at the beginning when he was talking. Performance through March 31.

So this slide -- and we kind of showed it a while ago. This shows the fees for our funds. For both our retirement date funds and our core funds. Aon does have a slide where they compare our fees to the peers out there, and you will see that our fees are considerably lower then when you look at -- consider our peers.

This is a breakout of the assets. Again, 50 percent are in the retirement date funds. We know why they're there and why that

continues to grow, and then that's the other funds that those assets are in.

This slide is a breakout of how the assets are allocated within the retirement date funds. So within the retirement date funds, every year Aon does what is called a glide path review. And they look at that. And then from that, we decide -- or they will recommend to us whether we should do just a simple roll down or should we change some of the allocations or something to that effect.

This year -- excuse me -- their recommendation was we could do a simple roll down, which we did take that recommendation. So this shows how those allocations are going to be changing effective July 1 of 2025.

This slide is similar to the previous one. So our retirement date funds are custom target date funds, and they're made up by our underlying managers. And this just shows how the allocation is going to be for each of those retirement date funds within those managers beginning July 1 of 2025.

Then this slide shows our initiatives for fiscal year 25-26. Again, we're going to

update the retirement date fund glide path effective July 1. That second bullet, we're going to continue to evaluate the SBA managing the assets for the FRS investment plan.

So as Lamar said, we did part of this last year. We looked at the Russell 3000. This year we came and we're looking at retirement date funds, and we're -- with the assistance of Aon, what we're looking at is Todd's group managing a portion of the fixed income allocation within the retirement date funds.

And then that next one you see is the investment plan structure review. We do that every about three years. Aon will do a deep dive into the makeup off the investment funds, and this is where they may further come back and recommend that we, you know, change some of the allocation within our white label funds, you know, into either global equity or more in fixed income. Right now, we're just looking at the public markets, and then, you know, down the road some, we'll start looking at private equity.

And then on the plan administration initiatives, what we are going to do is add a

seven-day wait period. So when a member calls and they update their address or change their phone number, we're going to say you cannot process a distribution for seven days after that. Actually, I think it's going to be ten days, because we put in some mail time.

And the reason we're doing that is because the bad actors out there are getting more sophisticated, so the hope is that if they change anything within ten days, they will get that notice and then they'll take action if they didn't make that change.

Next thing is we're going to do -- continue for our beneficiary outreach to get those updated from -- per Florida law to where they actually name someone.

And then the other thing we're going to do is another retirement adequacy study, so we did that -- I don't know -- four, five, six years ago. It's where we look at both the pension plan and the investment plan. You look at a career, and you say, okay, if a person was in this plan for their career, what it's going to give them. They'll add Social Security to it, and then they'll compare it to somebody that's

in the pension plan, what it's going to give them. They'll add Social Security to it, and we can see how they measure up the two plans.

You go back to the one we did several years ago, and this was prior to the increases in the employer contribution rate for the investment plan. We knew from that that the investment plan contribution, 6.3 percent, was just not going to provide an adequate retirement benefit.

Now, today, that's 11.3 percent. It provides a better retirement benefit. It's still lower than what your experts would recommend, which would be 15 percent, maybe a little higher, as far as to meet all their retirement needs. And really, what that report says is this is what the benefit is going to give you. Is it going to meet your retirement needs, health care, housing, all that kind of stuff? And it compares the two plans.

I can answer any questions.

MR. CHAIR: Okay. Thank you, Dan.

Questions?

All right. Very good. Katie, please.

MS. COMSTOCK: Great. Good afternoon

everyone. Katie Comstock with Aon. I have with me my colleague, Kile Williams. He leads the support to the SBA in the -- on the investment plan and is a leader in Aon's defined contribution practice group.

So as Dan mentioned, on a three-year basis we do a deep dive. I think I'm going -- I'm in the right -- there we go.

On a three-year basis, we do a deep dive into the investment structure, and that will kick off this fall. But annually we do what we will consider a light structure review, and so that's what we have today.

We'll be brief and just hit the highlights, but what is included in here is looking at the investment structure considering how the DC landscape has evolved, industry best practices, and how the SBA's investment lineup looks relative to that.

We also look at the fees. We'll show the comparison of the investment options to look at their competitiveness relative to similarly managed strategies. And then performance, look at how the investment option are performing relative to their objectives.

As Dan noted, there have been a number of projects ongoing. One that we did complete recently earlier this year is the benchmark review. Similar to -- similar to the benchmark review -- excuse me -- we do on the pension plan, we did that on the investment plan as well. And so Kile will go through some minor recommendations that the executive director mentioned earlier, and that will come to be formalized in front of you for the investment policy statement after this -- after this agenda item.

So with that, I will turn it over to Kile to hit the highlights.

MR. WILLIAMS: Great. So as you can see here there's a number of things noted on the page. We're going to go through those three components, investment structure, investment fees, and performance here for the IAC.

Starting with the investment structure. I would say the plan is, in our opinion, very sophisticated and offers participants all the options that you would want in terms of a custom target date fund, broad based core lineup options, as well as, for those who want

to be more involved with their retirement, a brokerage window and being able to use advice.

If we look at the custom target date funds, highly utilizing the plan, we think through John's point earlier, that's a good outcome for participants. And that is going to be a one-stop shop for -- but also customized to the plan demographics of the SBA.

Moving down to the core menu options, those white label funds, they have the flexibility as we -- we'll talk about with the benchmarking, as well -- to be customized -- but have participants focus on the broad-based asset classes that are available, US equity, non-US equity, fixed income to be thoughtful about how they're going to investment but want to have a little bit more of an initiative in their retirement future.

And then as I noted earlier, being able to translate through to retirement income, you will offer a full suite of retirement income solutions for participants with the assistance of the advice provided that Allison walked through is ultimately giving participants not only the solutions, but also the resources to

be able to meet their retirement needs.

As you heard earlier, going to continue to monitor and evaluate being able to leverage the pension plan within the investment plan and using the scale and size of the SBA first within the retirement date funds as part of our analysis.

Other things that you'll continue to hear from Aon and the defined contribution office front is going to be the investigation of multi-asset credit, similar to what you all saw in the pension plan, continuing to investigate that and its use within the diversified income fund and the retirement date funds, as well as broadening potentially the existing global equity fund into an objective-based fund focused on diversified growth, similar to what happened last year with the income funds moving to diversified income.

And then finally, on the stable value side, you're going to hear about a benchmarking change that we'll talk about here in just a moment as it pertains to both performance as well as our benchmark review.

Reiterating a comment from earlier around

investment fees, investment fees continue to be very competitive. We'll show the benchmarking side here in a moment. But passing on the scale and size of the SBA, the benefit participants -- but that's where the SBA is stopping continuing to look at opportunities to leverage the pension plan and other places where the scale and size can benefit participants.

And then finally performance. I know performance has been touched on at the outset, but just a few comments there. Stable value in particular, you're going to note some of the performance there. That's part of the reason and justification behind the benchmark change that we'll talk about.

And then going into longer term, performances continues to be very strong. The one thing that we will note, the inflation sensitive fund, there's been some sustained underperformance. It's really been near term due to the real assets strategies. But all else equal, offering participants what they need to be able to meet their retirement needs through a diverse option -- diverse set of

options in the plan.

MR. GOETZ: Okay. I have a question on Aon's observation of the competitive landscape. You mentioned, you know, kind of taking advantage, broadening the slate, and maybe mimicking, right, what we have over on the pension.

In the market, is that what is becoming best practice?

By the way, I want to say to you guys on fees, when we -- when we're presenting to someone who has a pension in a similar allocation in 401(k), we're combining those assets for our fee proposals, right? Because it makes sense, right? Why does it matter which product -- which investment product our project -- it doesn't matter to us. So there is a fee benefit.

But I was just wondering where the industry is in terms of mimicking pension and 401(k).

MR. WILLIAMS: Yeah. The short answer, right, is they're trying to do -- trying to make a DB-like experience, put the risk back on the participant instead of back on the

employer. That's the short of what the --

MR. GOETZ: Yes.

MR. WILLIAMS: -- define -- space was intended for, right? You're seeing retirement income come to light. You're seeing privates continue to be more of interest.

But back to an earlier comment around, right, the privates, you don't want to necessarily start this and experience the J-curve effect in the privates. Instead, we can leverage the institutional structure that the SBA already has and be able to take advantage of assets like that in the private market.

So in short, we're continuing to see the de- -- of the DC plans, but the onus still sits on the participant.

MR. GOETZ: And risk aversion is still the calling card?

MR. WILLIAMS: I would say risk aversion is there for participants. And I think it goes back to what Allison talked about in terms of EY and having the resources there for participants. Of -- are they actually making changes when risk-off environments, right,

back -- looking back in March and things like that, and would they miss on the upside that saw when some of the liberation stuff started coming off the table. So, yeah, I would say it's very important that the participant is engaged with their outcomes when they're managing.

MR. GOETZ: Thank you.

MR. WILLIAMS: So I'll move forward. I'm just going to hit a few of these slides in the interest of time.

Moving into what we talked about around fees, you can see here eight of the ten options continue to be in -- below median, some even below fifth percentile. One of those points earlier that the executive director mentioned was around the US stock market index fund. You can see they're at one basis point, much more competitive than even something that even SBA would consider running.

So there's savings there passed along to participants, but across the board, all of them are in line or below median. Two exceptions I'll call out there, the inflation sensitive fund generally looks against tradition tips or,

right, broad-based inflation related strategies. This is a little bit more with those real assets underneath the hood leading to slightly higher -- or excuse me, higher fee. That said, we continue to think it's appropriate given the diversification that you're offering participants broad based to hedge inflation.

Similarly, in diversified income, you can see it sits below -- between median and 75th percentile. The reason for that is a by-product of continued diversification there. Comparing two -- maybe -- or comparing to a peer group that is not necessarily representative, just looking at core fixed income. So all else equal, if we're doing an apples-to-apples approach, the other eight options are all in line or below median on the fees that participants are paying.

And then last thing I'll hit is around the benchmarking -- the benchmark project results. So this was the project mentioned earlier that was conducted over the last few months. And the one recommendation that you'll note is the FRS stable value fund in the benchmark there.

The benchmark, because of the nature of the asset class, was not indicative of the opportunity set in smoothing the return profile.

And so instead, we've recommended moving from the existing stable value benchmark to the Morningstar stable-value pool fund -- excuse me, stable-value pooled funds index. So you can see in the middle of the table up top, the much more appropriate fit in terms of active risk and tracking of the fund relative to the benchmark, relative to the existing, which is the ISP of a US Treasuries one to three-year index.

So that's the one recommendation from an underlying benchmark perspective. You won't see that show up in the IPS. That's because it sits today in a custom stable-value index that's noted. Similarly, the three other active funds that have stated benchmarks today recommended a move to white label those as well to be -- commensurate with the -- actually how the strategies run. And so then participants are focused on the opportunity set, not necessarily how am I performing with the

Russell 3000, which will continue to be the underlying benchmark of the active US stock fund. So that's the recommendation that the executive director will walk through here in a moment as a result of these findings.

So last thing, I'll just say future consideration things that you've heard from -- across the board through this presentation, continuing to look at leveraging the pension plan in terms of the investment plan. White label review, we'll be doing that later this year through a deep dive looking at those active managers, making sure they continue to remain appropriate in terms of the composition of the white label funds, and then the private markets inclusion will be something that continues to be at the forefront for the SBA.

So I know I hit that quickly, any questions? Otherwise, you'll hear a deeper dive from us later this year.

MR. CHAIR: Okay. Questions?

All right. Good. Thank you to our colleagues at Aon.

So next agenda item is the policy change that I'll turn over to Chris to introduce.

MR. SPENCER: So perfect timing on the agenda. I think Kile over at Aon already walked through what we're looking to do. Ultimately, from the recommendation of the benchmark review that was requested by defined contribution programs of Aon, we're recommending three changes in the investment policy statement. I think we have it up here. I'm not sure if we do. Probably not.

We have three changes that are on tab six for you. For US stock fund, foreign stock, and global stock fund, we are going to white label custom benchmarks. And that -- we're not changing the underlying benchmarks that apply to the managers underneath there. This is best positioning us as we continue to move forward. In looking at SBA management of defined contribution assets, we'll be best positioned for that. And we can have a custom benchmark that is made up of a composite of all the --

So action required, Mr. Chairman, to vote by the members in support of that.

MR. CHAIR: Okay. May I have a motion, please?

MS. CANIDA: I move.

MR. CHAIR: Second?

MR. COLLINS: Second.

MR. CHAIR: Any objection?

Okay. Without objection, motion passes.

All right. Terrific. Thank you, all.

So we're going to move into Florida PRIME. I'm going to turn it over to Mike McCauley. And to the extent we can --

MR. McCAULEY: All right.

MR. CHAIR: -- gain a couple minutes here and there, we'd appreciate it.

MR. McCAULEY: Good afternoon. We'll -- we'll try to run through this pretty quick. As folks are coming up to the table, we've got a number of items for Florida PRIME just a -- kind of note to underscore what Lamar said at the outset of the meeting, we did hit a high-water mark for the pool back in January or February. We're about 34.1 billion which is a -- kind of an all time high. Actually, that can go down to maybe Katie. Sorry.

And then we were also recently ranked by iMoneyNet Informa as the largest local government investment pool nationally among the prime cohort of funds. We've always been

ranked highly in that group of -- as far as I can remember, we've never been the number one fund. We've been the number one fund from a net asset value or size perspective in the state for, you know -- merely since inception or last several decades. We've always been the largest within the state of Florida.

So we've got a number of items. The first two are the statutorily required annual reviews. First, we've got the statutory or the legal compliance review. We've got Glenn Thomas here to provide that, then we'll go over to Katie with Aon for the best practices or investment review. And then we'll have Paige Wilhelm and Heather and Luke with Federated to kind of go into a deeper dive on the portfolio and cover some of the participant outreach efforts.

So with that, I'll turn it over to Glenn.

MR. THOMAS: Hi, good afternoon. Glenn Thomas, Lewis, Longman & Walker.

The scope of my review is compliance with sections 218.40 through 218.412 for the period of June 1st, 2024 to May 31st of 2025. These sections are the administrative and management

practices requirements as opposed to the investment requirements. So I'm looking at things like compliance with reporting, education, training, ethics requirements. And as is outlined in my report, the plan continues to be in compliance with chapters, you know -- Chapter 218. No problems.

If there's any specific questions, I'd be happy to ask -- answer them, but everything is included in the report, all the details. I know I don't have the section that's as exciting as investments, but --

MR. CHAIR: Well, we're glad to get your good report. Very compliant, so --

MR. THOMAS: Thank you.

MR. CHAIR: Thank you.

MS. COMSTOCK: Okay.

MR. CHAIR: All right. Looks like back to you, Katie.

MS. COMSTOCK: Great. Thank you.

All right. So we have -- annually, we do -- as the name implies -- our best practices review which looks at the management of the pool in light of best practices across investment management, risk oversight,

governance, and addressing participant needs. I think this is the 17th year that we've done this annual review.

In this year, we cover some of the regular items, the participant survey, the investment policy review, and then some topical things that have come up. This year we're providing an update on the risk management enhancement ideas that we presented at the last year at the best practices review. And then today, considering potentially offering additional pool options for participants -- to Florida PRIME, so kicking off that discussion.

Just quickly on the participant survey results, I do want to note we don't usually cover these, and I won't go into great detail. But we did see an uptick in responses this year, and the response rate continues to be fantastic on how participants are viewing this pool. There were 75 responses that may have ticked up slightly since we put this together before it was finally closed.

But to sum it up, you know, over 92 percent of respondents said they are very likely or extremely likely to recommend Florida

PRIME. So across the board it was really good response rate.

The other thing on the -- on the investment policy statement as was mentioned, this continues to be a very well written, comprehensive document. While it is living and breathing and it has been updated over time, the SBA has been well ahead of changes and updating that. And there's no change -- recommended changes at this time, but we do review that annually to make sure that it is still in good standing.

The two items that I am going to hit on really brief here, one is just an update on some of those risk management items. You know, the SBA is always looking at ways to improvement the oversight in the governance structure of managing this pool of assets. And one of the items that came up is related to investment disclosures. There are disclosures today that cover interest rate risk, credit risk, risk of not maintaining a stable NAV that are included in the offering document and information items today.

But in an effort to further the

transparency and to help participants' understanding that there are other risks, the team did draft some additional investment-related risks here. And so I just highlighted some of the topics of those risks that will be added. This is kind of bringing this in line with some of the other industry standards that you see.

So this will be put into place. These are drafted over the course of the next year, but wanted to provide that to your attention as well. And then --

MR. CHAIR: These are all new disclosures? This whole list right here?

MS. COMSTOCK: Some of these are in there. If, Mike, you have more detail --

MR. CHAIR: Yeah.

MS. COMSTOCK: But the credit risk -- some of these were -- it's more of expanding and -- upon some of these risks, so things like liquidity risk, collection risk, more details on the types of risks so that participants are fully aware of what they are investing in. It is money market. It is pretty safe. But there are investment risks. At least, that's the

intention.

MR. CHAIR: It's just -- the disclosure language drafted by Aon, is that where -- or is it --

MS. COMSTOCK: We did not draft the language. I think it was an effort --

MR. McCAULEY: We've talked -- we drafted the disclosures now. We worked heavily with Federated. We also did benchmarking of low income investment pools disclosures and even 2a-7 regulated money funds.

MR. CHAIR: Okay.

MR. McCAULEY: To just -- to make sure that we're covering kind of all the risks and really just enhancing the disclosures.

MR. CHAIR: Federated was involved as well?

MR. McCAULEY: Yes. Yes. So we're going to finalize that probably in the next month. We're going to revamp some of the enrollment and disclosure materials, too, so we're trying to do a big batch approach all at once.

MR. CHAIR: Very good. Thank you.

MS. COMSTOCK: Thanks, Mike.

So the next topic that we covered was this

notion and consideration of adding additional pool options for participants and perspective participants for Florida PRIME, and this is something that has been reviewed over the past ten-plus years, kinds of ongoing if it makes sense to offer something in addition or complementary to the current pool offering.

And we think the market environment has changed a little bit where now it make more -- might make sense to do a deeper dive here. Historically, some of the reasons why it hasn't been pushed through have been the regulatory environment. There has been a lot of regulations that have been proposed, you know, comment periods, different versions of that, and so there's always been some uncertainty there that has kind of provided some hesitation, how we've been a very low interest rate environment -- so there's been maybe perhaps less differentiation across different money market options.

And then participant demand as well is something that is frequently asked in the participant survey on if there is an interest in other pool options. And some years there

have been, but it hasn't been as strong demand as we are kind of seeing some interest now. And so there hasn't been any real strong momentum to offer offerings. And we do think that perhaps that market environment has changed and that it makes sense to take a deeper dive into the potential for offering something in addition to Florida PRIME.

So similar to the conversation that we had at the outset on how the CAT fund relates to the Florida PRIME, what we put here is just a, you know, high-level graphic of the risk/reward spectrum in this space. And so, you know, Federated and Paige will go through this in a little bit more detail in the investment characteristics, but I'd say Florida PRIME sits kind of comfortably in that moderately conservative in terms of duration risk and credit risk maintaining the stable NAV for the current participants.

But there are options to take less risk, get rid of that credit risk, have a government fund, lower risk, real safe investment option. And then to go further along the yield curve, take a little bit more duration risk, search

for a little bit more yield. There will be more risk in that. That stable NAV will likely go away. But there's more differentiation the risk return profile that can be offered for the participants.

And so there are considerations that go into offering more pools. Some of the things that we've talked about, you know, one, I mentioned kind of participant demand in the current survey that closed at just a few -- you know, a few weeks ago, 30 percent of participants said that diversification needs prevented them from using Florida PRIME more. So having investment choice to kind of customize their risk return profile, different options may attract more assets into the pools that Glass Bay oversees.

They also -- participants noted that yield risk and the availability of other funds were reasons why they go to competing firms. So just highlighting that that risk-return spectrum are top of mind and having the availability to diversify is top of mind, so when they're selecting where to put those dollars.

You know, we are in a different interest rate environment. There is yield now, so there is some more differentiation across that risk-return spectrum, which is another potential, you know, reason to start considering different options as well.

And then -- and then also, this isn't a new thing. There's precedent here. There's other states that have done this that have been successful in doing this, and Federated has some experience doing this and offering that.

Now, reasons for supporting offering new options are kind of laid out. There are considerations, like this would be an undertaking from a resources perspective. There would be an administrative hurdle. There would be a need to communicate the differences, right, and have the education so that participates are selecting the right funds. And there's also a risk that maybe there isn't as much demand as anticipated if these were to be launched.

But all of this kind of in consideration -- we think know is a good time to take a real deep dive and think about

potentially complimenting -- complimentary pools to Florida PRIME. So --

MR. CHAIR: And you all can comment on other state's results from doing this?

MS. FROEHLICH: Uh-huh.

MR. CHAIR: Just give us a perspective on that some -- at some point, whenever appropriate.

MR. JONES: Yes.

MS. FROEHLICH: Sure. I can -- I can speak to it now. I can speak very publicly. Massachusetts, for example, they have a prime cash funds similar to yours. They have also offered, several years ago, a short-term bond pool. One to three-year, I believe, is the duration in that. It hasn't been all that successful. It still hasn't hit over a billion dollars, and it's been out there for many years. That's more of a jump down the yield curve than what is potentially being contemplated here. I think it's a big education thing with these participants realizing you're -- you know, it isn't necessarily a dollar all the time. There may be some volatility there.

We also have experience with Georgia. They offer a Georgia fund -- one prime plus fund that goes out more like what you're contemplating here. I don't believe that it's open to all their participants. I think it's more certain state agencies, but that has grown very nicely.

So Texas, we have just a government fund and a prime fund. Definitely the prime fund has been more popular the more that's spread -- between the two yields have -- has spread out. Anything else am I missing?

No. But, I mean, I think it is something that we're hearing out there.

Luke, were you hearing from some participants about the --

MR. RAFFA: Yeah. You know, I think over the last several years, you know, it's come up from time to time, people asking if there are additional fund offerings from the SBA. You know, when we look at sort of the competitive landscape of those who offers pools, most do have multiple pools. Starting with the prime as kind of their most conservative option and then going further out the yield curve, even

some doing what are called the term pools, which sort of work similar to CDs.

But, you know, more recently we've been a bit more proactive about, you know, asking in meetings, you know, what would you want to see if there were to be a new pool introduced? And I think, you know, broadly speaking most participants, given what's available to them today, are comfortable with prime products, products that invest in credit. So it seems that the demand would be more so for something a little bit longer term that they might be able to use for some of those cash reserve type assets.

MS. FROEHLICH: Versus going the other way?

MR. RAFFA: Versus going more conservative, yeah.

MS. FROEHLICH: Conservative, correct.

MR. CHAIR: Thank you.

MS. COMSTOCK: That was really just an introduction. I think the team is going to -- we're going to look more into that. But all in all, the portfolio and the pool are being -- are operating very smoothly. We would consider

it being aligned with best practices, and we don't have any recommendations at this time for any changes.

Happy to take any questions or to hand it over to Federated.

MR. CHAIR: Okay. Turn it over to Federated then.

MS. FROEHLICH: Good morning. Thank you for having us. My name is Heather Froehlich, and I lead the state treasury pool business development efforts for Federated Hermes. With me today I have Paige Wilhelm, senior vice president and senior portfolio manager to many portfolios, but especially the one we're speaking of here today, Florida PRIME.

In addition, I have Luke Raffa, vice president and our senior sales person, boots on the ground here in Florida.

What I'd like to do today is just give you a quick summary of the pool today versus where we were last year. Right now, we're looking at about 31.4 billion in assets, up about 4 billion from this time in 2024. 844 participants. That's 52 more than this time last year. And about 1,545 accounts, up 77

accounts from where we were last year.

I also want to give you a quick reminder. We offer portfolio management, obviously, to the pool. We do participant outreach through our boots-on-the-ground sales and educational support, aka, Luke Raffa here, among other methods that Luke will talk about with you shortly.

And then we also offer marketing support to the pool. That would be marketing collateral support, things like webinars to the participants and other supportive efforts to increase education among the participants.

Luke.

MR. RAFFA: Thanks, Heather.

Yeah. As Heather mentioned, I provide marketing support and participant outreach for the pool. And so, you know, I'll just take you through some of the different ways that we're doing that today. You know, direct conversations, right, tried and true. So we do have a targeted and calling effort across the states, as well as holding in-person meetings in all different parts of the states, typically around some of the larger metro areas.

Typically, these meetings are educational in nature. Some information about the pool, its background, the investment policy, as well as outlook on liquidity markets, rates, and, you know, truly anything the participants want to talk about.

This year we've been fielding more inbound inquires than usual given all the noise out there in the markets, a lot of questions on tariffs, the fiscal deficit, more recently, the Moody's downgrade US government debt. But I think it's a valuable opportunity for us to sort of put some of the noise that they hear out in the financial media into perspective, how it actually impacts money markets versus longer term assets. So those have been, of course, very valuable interactions with the participants.

The webcasts that Heather mentioned, we've been doing those for about -- well, we've been doing them for several years now, but for the last 18 months, we've been on a regular schedule doing these every six months. These are blasted out to the entire participant base. We just did one a couple weeks ago on May 21st,

which we had 92 participants register. Seventy-nine of them attended, so it was very good net attendance rate for that.

Some of the notable participant activity, Heather mentioned the pool's up, you know, about $4 billion over this time last year. So there has been quite a bit, but we highlight just a few in the slide deck here. Palm Beach County, they're a -- at the time of this writing, we're at 1.3 billion invested in the pool, and that is up from about 35 million a year ago. So a big vote of confidence from Palm Beach County.

Miami-Dade schools, they entered the pool a few years ago, had been around about 200, 250 million. They've recently really increased their position and are up above 600 million now.

And then Collier County approaching 100 million, and that is up from, you know, about 40, 45, six, seven months ago. So another large county getting more heavily involved in the pool. And in addition to this, we keep a very active pipeline of new opportunities that we're looking to continue

developing and keep bringing new participants into the pool.

The marketing supports, we talked about the webcasts, but also the weekly commentaries that Paige puts on the website. Those are always appreciated by the participants. Monthly newletters and then our quarterly investment reviews.

So here, this is something that we had kind of teased last year, but we've now completed the project, which was to come up with a refreshed logo for Florida PRIME. The idea was just to modernize the logo a little bit while still having it be similar to what was maintained in the past, that way we could keep the strong brand that the pool already had.

In addition to the logo itself, we redid the marketing materials that we used, so the fact sheets as well as the banners and conference materials that we use for our exhibits. And more and more with these printed materials, we are now putting QR codes on them, which have direct links to the Florida PRIME website. That's been a big initiative for us

is to drive more traffic to the website, because there are a lot of wonderful resources available there for the participant base.

Here, we have our 2025 conference calendar, so this year we will attend seven different events. We either exhibit or sponsor at almost every single event. And just a great way to reach participants from all different nooks and crannies of the state all in one venue. So between these seven events, you know, we'll be able to touch hundreds of different participants and interact with them.

So last slide I'll cover is just a little bit about the competitive landscape out there, who competes with Florida PRIME. So we have here that the two largest competitors in terms of assets, Florida Palm, which is managed by PFM Asset Management, and then Florida Class, which is managed by Public Trust Advisers.

And we do often get asked mostly by perspective participants what the difference between the pools is, and I think one point that we've really been trying to hammer home is the level of transparency that's offered by Florida PRIME and how that compares to the

other options available there in the state. It's very important for these local governments to know what they're invested in, and certainly there -- there really is no comparison between the public disclosures of Florida PRIME and the other options, the private pools across the state.

So I'm going to wrap my comments there, but first, before I pass it to Paige, any questions?

MR. CHAIR: No, I think we're good. Thank you.

MR. COLLINS: I have one question. I'm sorry.

MR. CHAIR: Go ahead.

MR. RAFFA: Sure.

MR. COLLINS: Of the new -- of the new -- how many new participants this year?

MR. RAFFA: Fifty-two.

MR. COLLINS: Fifty-two. And that represented how much of the 4 billion? And I understand I'm pulling a crazy number on you, so if you don't know --

MR. RAFFA: Yeah.

MR. COLLINS: I'm just trying to figure

out why the local governments -- I mean, if you added it all up, it's about $47 billion they have invested in short-term pools. It's a lot of money.

MR. RAFFA: Yeah.

MR. COLLINS: They're just not spending it, so, you know, to the governor's point, there's a lot of the local governments out there raising taxes and they're not spending it. Just --

MR. SPENCER: Been a lot of inflation, too.

MR. COLLINS: Yeah.

MS. WILHELM: Interest rates are so high on the short end, why should they take it out? They're earning 4 percent, 5 percent.

MR. COLLINS: Crazy.

MS. WILHELM: Not zeros like we used to see, right --

MR. COLLINS: Yeah.

MS. WILHELM: -- ten years ago.

MR. COLLINS: Yeah.

MS. WILHELM: I mean, I think that's leaving -- sorry.

MR. COLLINS: No, go ahead.

MS. WILHELM: I think that's leaving cash in the local government investment pools, not just in Florida but around the country. Money market funds, we're just seeing a lot of liquidity stay in that space.

MR. McCAULEY: Yeah. There's just a lot of tailwinds that -- I mean, property taxes, just think of the housing market over the last three, four, five years that's added a lot of the money at the local government level that's shown up in the pool. It's been sticky.

MS. FROEHLICH: And there's seasonal flows to these -- obviously to these pools, but you are seeing higher balances for longer during those seasons as well.

MR. CHAIR: Okay. We will continue on.

MS. WILHELM: Okay. I'll be brief. I know we're getting -- running out of time. I was going to do a big economic commentary, but if you heard the webcast last week, that's probably a repeat of that, so you don't need to hear that. But the pool was -- can you -- we're looking at the past year, so that seems like ten years ago now. But you might remember that last year in March of 2024 the Fed was

keeping interest rates on hold. Inflation wasn't coming close to their 2 percent -- 2 percent target as quickly as they wanted, so they kept rates on hold.

As we started to move through the summer -- and by the way the Fed fund right then was 5 and a quarter to 5 1/2 percent, so about 100 basis points higher than today. As we went through the summer, the Fed started to focus more on the employment situation, and they were concerned that the employment situation was getting a little bit softer in the United States. And they started to talk about potentially their next move being a cut, and we saw them do that in September. They cut by 50 basis points, followed by another 25 in November and December, taking that Fed fund's target range to the current four and a quarter to four and a half.

And then, you know, we have a new president in office, and, you know, all bets are off now. Just a quick reminder, the Fed is charged with monetary policy in the United States, the president and the administration fiscal policy. The Fed reacts to fiscal policy

that has actually been enacted, not what if scenarios. Like, hey, maybe we'll have tariffs today, it's Liberation day. Oh, maybe we won't. Hey, maybe we'll have immigration. Oh, maybe we won't.

So the Fed's not going to react until we actually see something happen with regards to tariffs, and right now, the Feds -- you know, they're dual mandate is price stability that -- targeting that inflation rate somewhere close to 2 percent and maintaining maximum employment in the United States. So right now these two things are kind of in conflict, so it's hard to know what's going to happen with our economy.

The Fed is obviously monitoring, you know, what's happening very, very closely. Our thought is that they will most likely cut rates sometime towards the end of the year. Maybe December -- or I'm sorry, maybe September, that's the most likely scenario right now if you look at Fed funds' future expectation. This is just a quick little chart about Fed funds' future expectations.

The -- this goes through 2027, but if we look at the year 2025, the lighter colored

bars, those light blue bars, those were the expectations for where we thought the Fed funds' rate was going to be at those various different times. So if you look at December 10th of 2025, the light blue bar at the end of last year was -- the market was expecting the Fed would cut rates by one time.

Today, the Fed is expecting the Fed to cut rates about two 25 basis point moves by the time we get to the end of this year. I will tell you that between January and today those expectations have gone from one move to two to three to four, back to two, back to one. They've been all over the place, and it's just a function of, you know, what's coming out of the administration today and where do we stand with tariffs.

So the point being, the extreme volatility that you've seen in the bond and equity markets in the past couple of months, we are not seeing that extreme of a yield change in the money market space in that liquidity space. The market is volatile for us. It's volatile, but it's been relatively calm versus those other markets.

We see good supply of securities in our market. We see good, what we call, two-way flow. People are buying and selling commercial paper and bank CDs. The markets aren't seizing up. Issuers are coming to market, and we continue to see good issuance every day. So the liquidity space is relatively calm compared to other markets, which that's a good thing for the pool.

This slide is just a reminder of the different types of securities that we can buy within Florida PRIME, everything from government agencies and treasuries to commercial paper -- asset-backed commercial paper, bank CDs. And you might recall seeing this chart in previous years. Typically, the highest yielding securities out there are asset-backed commercial paper and bank CDs, and you'll see the biggest percentage of the portfolio invested in those types of securities because they are higher yielding.

We are talking a little bit about the assets, and, you know, they hit a peak of about 34 billion at the end of January of this year. You can see on this chart the seasonal nature

of those cash flows. November is -- tax collection season begins in Florida. Money comes in till, call it, mid-February or so, and then we start to see money trickle out throughout the rest of the year until we hit tax season again.

So assets today are about 29 billion. We're kind of in that downflow -- or outflow period, but higher highs and higher lows there for assets, as Heather was mentioning.

Then a quick look at the portfolio itself. This data is as of the end of March of this year. If you'll look at the pie chart on the left, you can see that the bank instruments -- so bank CDs and the like -- make up the biggest portion of the portfolio, because they're the highest yielding securities, at about 39 percent followed by asset-backed commercial paper at about 22 percent. And then you can see the other categories of securities that we own there.

Those securities -- if you look at the top ten exposures, this is -- remember everything's denominated in dollars, so this is just a function of where the credits are located. The

biggest exposures would be in Canada, Japan, and the Netherlands. That's typically because that bank -- you know, those largest banks from those countries have pretty heavy issuance on a regular basis, and we like that paper.

You can see the top ten holdings there. If you look through those names, you see Canadian bank names, banks from the Netherlands, banks from Japan. All very strong.

And just a reminder from a credit standpoint, you know, we're only investing in the very highest credit quality investment grade securities, so when you hear things, you know, about markets, there's a little bit of turmoil or the commercial real estate market isn't doing that great and how that's going to impact Florida PRIME -- we're investing in banks that typically have 3 percent or less exposure to that office space in the United States. That's more regional banks or smaller banks that have that commercial real estate exposure that are being impacted, not the types of issuers we are investing in.

So from a credit standpoint, we have a

team of seven analysts follow all the issuers we invest in every day. And right now, obviously credit is key. What's going to happen if we hit a recession? You all listened to earnings reports, I'm sure, and you know that CEOs are struggling to give any kind of forward guidance because no one knows what's going to happen with tariffs. Nobody wants to hire. Nobody wants to make plans to spend money.

So our analysts are following all the earnings releases very, very closely, but as of right now, we're comfortable with the approved list and where it stands in our maturity limitations for each issuer that we buy. But, obviously, that can change daily.

Just a reminder at the bottom, the pool is rated by Standard and Poor's on that credit quality box. That means that at least 50 percent of securities have to have a short-term rating of A1 plus, the remainder an A1.

Somebody mentioned the downgrade of Moody's of the US government debt from AAA down to AA1. That is not going to impact the pool

at all. You might recall -- this is crazy to me, but S&P downgraded the US from AAA to AA back in 2011. I believe it was that long ago. And then Fitch downgraded back in 2023.

So the rating is not only dependent on the credit rating of each issuer that we invest in. It's also dependent on the overall structure of the pool. What's your weighted average maturity? What's your diversification? So no -- no implications at all there, and no concerns about, you know, any type of downgrade overall for the pool itself.

On the next page, we can see performance of the pool at the top, the net performance versus the S&P AAA rated LGIP index. This is -- you know, S&P rates a lot of local government investment pools across the country. And you can see in the third line there the outperformance of the pool over time versus the LGIP index. We also put the iMoneyNet index on here, which is the universe of money market finds that have very similar investments to the state pool. So you can see the performance trends there, and the pool does pretty well over history.

The last thing on here -- we just always include this -- is the stress testing results. And this is where we go through and we stress for various different scenarios such as changes in interest rates, problems with credits, spread widening and floating rate paper, huge redemptions from the portfolio to make sure that the portfolio would maintain a $1.00 NAV and maintain that requirement of 30 percent in weekly liquidity under stressed scenarios and combined stressed scenarios.

And, you know, we can talk about all this minutia if you want, but we -- I review this on a quarterly basis with the investment board and suffice it to say that we've never had an issue where we've had a problem with the structure of the fund maintaining a dollar.

MR. CHAIR: Okay. Very good. Thank you. Questions?

All right. All going well. Thanks for being here.

All right. We -- IAC has to review annually our investment policy statement, so Chris, introduce that topic?

MR. SPENCER: This is an easy one since

there's no recommendation for a change. Section 218.409, paragraph two, subparagraph E Florida Statutes requires that the IAC review the policy statement, the IPS for Florida PRIME each year, and the trustees have to approve it every year. There is no change, so it would be just an approval of continuing the current investment policy statement.

MR. CHAIR: Have a motion, please?

MR. COLLINS: Motion.

MR. WENDT: Motion.

MR. CHAIR: Without any objection?

(No response.)

MR. CHAIR: Okay. Without objection, motion passes. Terrific.

All right. We're gaining on the calendar here.

All right. We're going to go to our asset class SIO updates, and, Tim Taylor, kick us off, please.

MR. T. TAYLOR: Thank you, Mr. Chairman. Page 376, non-US markets in the first quarter strongly outperformed the US by about 8 percent with developed markets leading the way. During the quarter, the US fell -- as Lamar said

earlier -- about -- almost 5 percent while developed and emerging markets rose 6 percent and 2 percent respectively.

Investors started to get concerned about the impact of tariffs on US companies, and US underperformance was enhanced by the weakness of the US dollar. Within the US, IT and consumer discretionary sectors drove the decline. Many of the, quote, Magnificent 7, unquote, faced pressure from sellers.

Won't spend a lot of time on this page, but simply to say that global equity is net of fees above the benchmark for all periods indicated. We've -- we were under the benchmark for the three years for the last few quarters. We've now moved beyond the first quarter of 2022, which was a very challenging quarter for us. So I'm very thankful for that, and we're now above the board, above the benchmark over every period.

Briefly here on page 378, some detail about the performance of our active aggregates. We are generally positive, but mixed results. The two largest active aggregates, we were negative in the quarter, but that was offset by

success in other aggregates. Particularly in small cap, global and in US, those areas, we produced a lot of alpha during the quarter.

And the last, final page I want to share with you today is an update on our initiatives. In previous meetings I've shared that we are consistently researching solutions that can be deployed by our internal portfolio management team.

During Q1 we funded two new internally managed strategies. One of those strategies is a passive strategy, which is managed to the FRS custom world ex-US index, or you might commonly think of it more as an EFA, you know, on ex-US developed market mandate. And we also funded an active strategy that is benchmarked to the FRS custom world index.

At the end of the first quarter, greater than 56 percent -- let me say that again -- greater than 56 percent of the global equity assets were internally managed by my colleagues, and I think that that percentage will only increase as we go forward.

Finally, we raised 620 million in Q1 for beneficiary payments. It was a slow quarter

for global equity in terms of that. We will continue to help implement the revised FRS asset allocation policy, and always, we stand ready to be a source for beneficiary payments.

So any questions I can answer?

MR. GOETZ: Just one.

MR. T. TAYLOR: Yes.

MR. GOETZ: Broken record from John Goetz. Sorry. You know, given that our active risk is on the lower end, right, of history and given, you know, what Aon reported, which is that if you index in the United States, you're equity risk premium has declined, you know, as interest rates have come up. Do you think there may be some merit in more active risk even in US markets to get away from index? That's the question.

MR. T. TAYLOR: Yeah. We've actually seen our active risk levels increase, not surprisingly, since the end of first quarter. So in April and May, they spiked up a bit as the VIX index spikes up. So as market volatility has increased, the risk in global equity, our tracking error, will increase as well, our realized risk.

And we are being active in all areas of our target. We're more active in those areas where we think active management can really pay off. As you know, we've been active in emerging marketings and in international markets.

One of the challenges we're dealing with is the US has increased as -- because the US has outperformed for so many years, it's now 65 and sometimes closing on 70 percent of our target. It seemed -- it is seen as the most efficient market. A lot of people just go passive. I'm not a believer in that. I think it's tough -- it's a tough market to be active in, but I think the environment for active management and in the US is getting better.

I said that the Mag 7 -- well, it wasn't so -- those names weren't so magnificent this year. You know, I think the last month Apple fell by 5 or 6 percent, but another Mag 7 name, Nvidia, was up, like, 35 or 40 percent. It's a tremendous range.

So I think it's wise for us to continue to be active somewhat in the US even in that large cap space. Not a lot, but I think we'll --

we're going to continue to try to look for those types of opportunities.

MR. GOETZ: Thank you.

MR. L. TAYLOR: And, John, I guess if I could just build off of that. And Tim's right, we do look at that. And Tim's point about the growth of the US as a percentage of the overall target. So internally we have sort of active/passive split policy, so when we think about from our -- from our risk budgeting, includes and active/passive split, which we typically, you know, set a high point of 60 percent passive.

And the problem that we're running into, which is what Tim is highlighting, is that when you have the US become such a large part of the target and it's so efficient, if it exceeds 60 percent, you're kind of put in this conundrum of, well, what do you believe, or what don't you believe? And I think what we've -- what we've decided is given where we think certainly US markets are in terms of expensiveness historically, that we're going to stand firm on 60 percent as a passive split cap, which will basically require us to think

about how we -- to the extent the US becomes a larger part of that target, it's going to force us to think about how we efficiently and effectively deploy that excess, whether it's -- I mean, there's a number of different strategies that we've looked at internally, and we're going through some processes now to settle on strategies. But that is the issue. And so we face that -- we face that dilemma. Do we increase our passive cap or not? And we chose not to.

MR. GOETZ: Yeah. Just distinguishing between passive versus nonpassive and just going to kind of what I'll call expected return, which is the way we do most asset classes, just making the point that I do think all these assets allocation discussions, like Aon led for us, are indicative that the expected return to the largest market caps is exceptionally low in this interest rate environment.

So the passive index, while we think of it as passively going along, it might be passively incurring risk for volatility, and that's -- that's the point. But, Tim, thanks for your

answer. I know you've been working on it. I just have to keep the pressure on.

MR. T. TAYLOR: It's been said by others more eloquently than me, but choosing to be passive is an active decision.

MR. GOETZ: And that was just recorded, Tim. Thank you. Okay.

MR. CHAIR: All right. Thanks, Tim. We're going to talk about fixed income now.

Todd.

MR. LUDGATE: All right. Thank you.

I'll keep my comments brief in the interest of time, if the clicker will work. Much like my cohort Tim here, performance over all time periods on a relative basis is positive. We delivered 16 basis points in the first quarter. Since the end of the first quarter -- gave a little back in April, made some in May, and so it's a more positive picture than what is shown there, which is nice.

Positioning wise, we're overweight spread product in a risk compensation, although far less aggressively positioned than you would see if we were in a normal valuation environment.

So continue to have lots of dry powder to pick up opportunities whenever that day comes. We do have a curve steepener on -- in the asset class, which I'll talk about the treasury curve a little bit later on.

I'll skip the excess return slide.

Regarding risk, it is fairly muted. We obviously saw a little blip in April. That has quickly reverted, and so from a longer term perspective, the risk remains low and well below that, which you'll see in a severe market disruption.

So the treasury curve. Seems like every time I bring a rate slide to you folks it's massively outdated by the time I get here. So we can see the move. Beginning of the year is the faint yellow line, and then as of the end of the first quarter is the green line. So the bottom of the green line is basically about the same. The front end has remained relatively anchored, but now you have the ten year up at 445 and the 30 year is at 5 percent. So the curve has steepened a whole lot.

And what has happened is that the market is starting to show us some signs of angst

around the fiscal position in the US, and people have started to become a little vocal about it and even discussions around specific elements of the tax bill, like, the Section 899, foreign taxation of assets in the US. So folks are worried.

It is not surprising when you see the level of spending that's proposed in the bill, and the market is basically showing doubt in the claim of the administration that the growth is going to entirely offset the spending. So we'll see what the outcome is, but the market is clearly sending a signal of caution here.

Regarding the volatility, this is a spread chart of investment grade spreads. And if you look in 2025, you see the little blip that we got? It's pretty small for all the hoopla around, you know, kind of the volatility. You know, we ended the first quarter in 94. We got the 119, which is not even two long term averages, so we never got that great buy-in opportunity I mentioned. So -- and we saw that from both our internal and external managers. They did not deploy a lot of capital.

And then following up on our conversation

in the last IAC regarding recruiting, we had four recruitments running when I spoke to you last, and we now have none. We closed on all four. Since the last meeting, three of those hires came from our networks, which speaks to the power of networking and how hard our team works at that. So we're thrilled with our hires and how we -- how we came through on those.

So pause there and see if there are any questions.

MR. CHAIR: Okay. I think we're good there, so thank you, Todd.

We'll go to strategic investment, so Trent?

MR. WEBSTER: Thank you, Mr. Chairman. So first on performance, we're lagging a little bit on the one and three-year number. The five-year number is affected or is dramatically underperforming because one of strategic's best relative performance was in the first quarter of 2020 during the pandemic, and one of the worse performers -- or performing quarters was the second quarter in 2020.

Because most of strategic's assets at the

time were benchmarked towards market benchmark, we had the same effect that private equities had in terms of the markets. And, in fact, if you look at the four-year and three-quarter returns starting on July 1st, 2020, we're actually slightly ahead.

So we continue to be cash flow positive. We kicked back $354 million to the -- to the total fund with $675 million for the year. When I came here at the last meeting, I think we had three funds in pipeline. We now actually have nine funds. One of them closed recently, and we expect to get -- have most of those funds closed in the third quarter.

Hedge funds, we manage all these verticals separately now. It's not an integrated portfolio, but hedge funds continue to be our largest allocation, with infrastructure a little less.

So the focus on the hedge funds for us has been more on the diversifying strategies. You can see the performance here over time. Our best performing segment of the hedge fund book has actually been in our diversifying strategies, and the portfolio was up 1 percent

in March, whereas the rest of the fund was down two. And I believe that the S&P was down six, six and a half. So we continue to focus on these areas. We currently have three funds in the pipeline and expect to add another three or four over the next 12 months.

Infrastructure, we're very bullish on power and smaller more opportunistic funds, but one of the things where we think we can bulk up our exposures in just -- straight down the fairway middle market infrastructure funds. So we've been doing a lot of the work there. The one fund that did close for us was an emerging markets infrastructure fund.

Then insurance, we got hit in the first quarter by the California fires. One of the oddities in the insurance market over the last several years is that CAT funds have been generally outperforming the industry -- the ILS industry as a whole. And so we're benchmarked against a CAT fund index, but much more exposure is down further in the risk tower. And theoretically, further down the risk tower, you should have higher returns, but that's not been the case, at least for us thus far. We do

have one fund in the pipeline which we think will be diversifying for us.

So we are currently going to take a hard look at our US activist funds or our US activist book. Normally, when I put up this slide, we see very good relative performance over time. That's been hit over the last 18 months, primarily because of a couple of companies specifically. So we started to compile a list of activist funds in the United States. We've started to meet with those funds, and we will -- we very well could make some changes later this year to the portfolio.

So this kind of looks a little bad, but this is actually -- this one fund is actually a $50 million commitment to a spectrum fund on the one-year number. Similarly, it's benchmarked to a market benchmark, and it's a private market that gets marked periodically.

Timberland, we saw a bump in the first quarter. It continues to lag. We're taking a look at strategic options on what we want to do here.

And finally, our legacy portfolio, these are funds that are all in runoff.

Outperformance has been driven over time by our stakes in GP investments and private equity.

And that's all I had. Are there any questions?

MR. CHAIR: Okay. Thank you, Trent.

All right. We're going to go to active credit, so I'll turn it over to John Mogg.

MR. MOGG: Yeah. Good afternoon.

So just to kick off, just a couple of points on the credit markets. If I could really sum it up in one point, it's uncertainty. Uncertainty around tariffs, geopolitical risks, and a potential slowdown in global growth. And credit investors really like stability, and so this uncertainty is -- has created volatility. We saw it in April. Credit spreads widened out, but they've since come back in. We're currently, today, at levels we saw pre-tariff announcements.

There was significant outflows in April. We saw a bunch of outflows from bank loan ETF funds, as well as high yields funds. Almost $9 million in the high yield redemptions.

And then there was a couple of notable bank loan deals, around $8 billion, which, you

know, is concerning, but in the grand scheme of things, you know, back in '22 we were looking at around $80 billion. So that's worth keeping an eye on.

And then defaults in bank loans and high yield have largely stabilized. It's a little misleading in that the default numbers don't include distressed exchanges or liability management transactions. We've been hearing from some of the major law firms out there. There's a big pipeline of L&E transactions to come, so we could see defaults pick up.

On the private credit side things have been relatively stable. The premium over public markets remains at around 150 to 200 basis points. We're seeing spreads over (audio disruption) around 450 to 500 basis points for higher quality companies.

To John Bradley's point earlier, most of the transactions that we're seeing come to market from private equity sponsors are the highest quality companies, and those are, you know, being done at pretty tight spreads.

And then the last point is all of the uncertainty and volatility that we're seeing in

the public credit markets will likely lead to private credit getting some market share as we saw in the previous dislocation in the public credit markets.

So next moving on to what we've been up to, we've been really active. We've just recently closed at the end of April three multi-asset credit mandates and three bank loan mandates. When we developed the implementation plan for these mandates earlier in the year, credit spreads were very tight, and so we were thinking about legging in to our allocations. So we've developed it so that we invest in the capital over three quarters.

The first tranche was -- started investing on May 1st, and we did take advantage of some of the dislocation and high yield and bank loan markets. So that's been favorable.

We do have the ability, if we do see a major dislocation in the credit markets, to accelerate the funding, so we would have a discussion with our managers if an opportunity presented itself.

The other thing we've been working on starting in January of this year, we ticked off

a high yield and emerging market debt manager serge, did a lot of work on screening and calls, narrowed it down, did on-site due diligence. And we have two high yield finalists and three emerging market debt finalists. Those are currently in legal negotiations, and we expect to close those at the end of August. With these five managers, we'll also do a phased-in implementation over the course of three quarters or so.

Next, moving on to private credit. We spent the better part of the last year really spending a lot of time on the European direct leading market, understanding the market and really where we wanted to play. The core mid-market is really our focus. We identified two managers that were moving forward with their -- they will be the bulk of the allocation, and then one upper market manager.

These three we're looking to close by the end of July, and we've customized -- these are all separately managed accounts, so we have tailored, you know, position size, geography exposure, sponsor size, et cetera. So they're very tailored.

On the US direct lending side, what we did -- we've been active in this space over the years. We went back and re-underwrote our -- US direct lending SMA accounts. And after spending some time there, we found that, you know, all of our managers have exceeded expectations and outperformed their benchmarks.

In line with what we're doing in European direct leading, we really wanted to focus on core mid-market, and so the bulk of the allocation will go to one of our core mid-market SMAs, and then one that's kind of opportunistic. Mostly mid-market, but we'll play in the upper market and dislocations. And those were targeted to close at the end of June. We actually closed those a few weeks ago, so those have been completed.

Then lastly, performance. This shows the legacy private credit portfolio. The legacy private credit portfolio was benchmarked to a number of different benchmarks. We're showing here the new benchmark for private credit going forward, which is the LSTA+ a premium. And as you can see over the longer periods, it's outperformed.

And that's it. Happy to answer any questions.

MR. CHAIR: Okay. Thank you, John.

MR. COLLINS: Can I ask --

MR. CHAIR: Yeah. Please.

MR. COLLINS: -- how much more do you expect to deploy over the next 12 to 18 months?

MR. MOGG: So we'll round out the multi-asset credit portfolio, and in the next IAC meeting we'll show you how all the pieces fit together. But that will largely be invested. We'll be slightly under the target, but we're just allowing capital to opportunistically deploy over time.

On the private side, the next step is that we're going to re-underwrite real estate credit. We've been spending a lot of time there. There's some really great opportunities coming out of community and regional banks and just a lack of capital in that space.

So we're going to spend a bunch of time on that, and there'll probably be one mandate that will come out of that, one or two before year end. And then we're also going to take a look at asset-backed financing. We'll spend a bunch

of time on that. And then further down the road, a coinvestment program, which will be similar to what private equity did in early years where we partner with someone to really get up to speed. And then over time, if it's successful, we'll, you know, take that in house. So a couple -- a couple of more mandates before year end.

MR. CHAIR: Okay. Great. Thank you.

Lynne, we'll talk about real estate, please.

MS. GRAY: All right. Let's get rolling.

So just a reminder, real estate's numbers are as of December 31st, last year. The portfolio is up slightly quarter over quarter, just over 19 billion. Allocation is still roughly 9 1/2 percent of the total FRS.

For performance, we have a slide here that slices performance in many different ways but the outcome is the same. Over the one year we underperformed slightly. Three, five, and ten we outperformed.

So over the one year, the core continues to the -- corporate continuing to be the top contributor to performance, but on an absolute

basis for the one year, we did have select opportunistic funds that were strong performers. These sectors had diversified strategies, residential, industrial, and alternative investments.

For principle investments, we had outperformance in industrial but focusing in the South and East student housing, and then select apartment and retail. Detractors were those funds that invested heavier in office, and then also on principle investments, our office and our West Coast industrial and apartment exposure.

Over the five years, again, mostly core, those diversified strategies, industrial, residential, and then a similar story with principle investments with self-storage also being included in that five-year number.

We heard you in the last meeting, and we have a few slides. The next series of slides actually give you a little bit of a peek under the hood for performance. So the first two slides focus on contribution, and on this slide you'll see that the -- where the property types that principle investments -- a reminder,

principle investments direct owned roughly 70 percent of the total portfolio -- what those property types contribute to total principle investments performance.

Now, the heat map is organized vertically, so it is -- follows the columns and not the rows across. But just general observations, starting at the top with industrial. Industrial contributed negatively to the one-year return, but over the three, five, and ten, positive. And the strongest performer of all property types over that time period.

And you can follow that pattern down to see how the other sectors performed, but I'll focus on the five-year because that's what the board focuses on considering that a complete cycle. And so within the five-year, you see industrial, again, the top performer, and contribute- -- not top performer, but top contributor to performance. And then office in the red is the largest negative or detractor from performance. And the blue bar at the bottom shows the total time weighted return for principle investments at 3.5 percent for the five-year.

And then just to take -- put this in context, on the left you see the bar chart that shows the weightings based on 12-31 and have within each property type.

Questions?

MS. CANIDA: Lynne, this is Tere. I have a question. Looking at office -- and you might go into it later.

MS. GRAY: Uh-huh.

MS. CANIDA: Are you beginning to see anything that makes you feel better about that space? I mean, I've been reading a lot of stuff that the supply's been really contract- -- you know, getting smaller. So I just wondered what you were seeing from where you sit.

MS. GRAY: Yeah. I -- there's leasing activity, but it continues to be a bifurcation of office.

MS. CANIDA: Okay.

MS. GRAY: So better office, better locations are still performing, and those lesser are not. And within our portfolio I have a slide -- two slides later --

MS. CANIDA: Okay.

MS. GRAY: -- that will show you how our office portfolio is compared relative to the benchmark.

MS. CANIDA: Thank you.

MS. GRAY: This is another contributions slide. Slices the portfolio in a different way, by region, and then also shows the property types within each region. The heat map, again, is vertical, so following the one year down, three, five, and ten.

One that is different about this that I'll point out is that you see varies, and you may ask, well, what is the varies region? That actually is -- we have investments that hold multiple properties in multiple regions, and so it's difficult to bifurcate that because the performance is aggregated at the investment level and not attributed to each region. So we just group that together for varies. But I can see in that category there's been strong performance within those investments.

So this slide shows attribution, which is a little different than contribution, because what this slide does is it compares the portfolio's performance to the benchmark index,

and it breaks it down into three effects shown in the upper right. Allocation, which says did we invest more than the benchmark, and did that help us or hurt us? Selection, how did the properties that we selected perform relative to the benchmark? And the cross effect is the combination of the two.

So as I look at this, what this tells us is did we invest in the right segments? Did we make good choices with the properties that we selected?

So I'll break this down just in summary. If you look at industrial, we were underweight to industrial. On the chart, on the top line, you see industrial was 21 percent relative to the index, which was 28 percent. Industrial was a stronger performer so you look at our gross return at 18 percent compared to the benchmark at 12 percent.

So from an allocation standpoint, because we are underweighted to industrial, that hurt us a little bit, and you -- if you move to the right part of chart, you'll see .66 negative. But the selection, given that our assets that we selected performed better, we have a

positive attribution for selection. The cross is slightly negative, but overall the combination of selection, allocation, and cross is positive for a positive value-add for that category.

And so that logic follows for each property type in the portfolio, but, again, we have that -- if you look at the lower left, you see that other component, and those are property types that aren't separated out in the index. So those are grouped together just to show 100 percent on the chart.

Questions?

MR. CHAIR: Questions?

Nope. I think we're good.

MS. GRAY: All right. I got one more for you.

MR. CHAIR: Well, then.

MS. GRAY: Same logic but just geographic attribution, and same logic in terms of the varies category. Those investments that hold multiple assets in multiple regions group together, so we can't allocate those across regions. The same thought process and same logic with the allocations selection across.

Questions?

MR. CHAIR: All right. Good?

MS. GRAY: All right. We were -- had a little activity over the -- since we last met. We closed on 156 million in equity for the direct investments. Those were in apartment development, single-family rental development, which is really BTR townhome style development. Two student housing deals for retail deal. We also sold two student housing investments. We made a credit facility loan, and then we committed to a global opportunistic fund.

A slide that you guys have seen historically just showing the investment vehicle and the risk profile of the portfolio. Followed by diversification. Maturities -- principle investments debt shown on the right. We're really seeing that if we had the ability to refinance, we're refinancing. If not, we're paying the loans off at maturity.

And then a snapshot of the credit facility. We have deployed funds for the credit facility. Right now we're taking a pause, but we do have a few things in the pipeline that we'll evaluate later in the year.

Questions?

All right. Thank you.

MR. CHAIR: All right. Great.

Final SIO update, Mike McCauley. Comments possibly.

MR. McCAULEY: All right. We'll be brief.

All right. So we've included the -- you know, the typical tables and charts that we normally include, particularly on the shareholder proposal voting. But Q1's a pretty light quarter for us. It's about 15 percent or so of our annual volume, really light on US meetings, particularly less than 200. And there's nothing I could really say in terms of voting activity or volume patterns for Q1.

Most of the US meetings will happen in April, May, and June. We're on kind of the downhill side for the US proxy season now. I think peak day was May 22nd, so we've kind of slowly caught our breath. And the Japanese market will occur in the last week in June, so I'll have much more to report at the September meeting. We'll do the normal proxy season review. We'll dig into individual ballot items and kind of review a little deeper in terms of

our voting patterns.

The only thing that we know for sure at this point with respect to US meetings is that there has been a sharp decline in the number of shareholder proposals for this year. We've had a very strong last two or three years, kind of record levels of close to, you know, 800, 900 shareholder proposals. That's significantly gone down. It's probably declined by 40 or 50 percent year to date compared to the run rate last year.

So, again, once the Q2 -- once the numbers settle and we've been able to kind of digest some of the information, we'll go into a lot more detail on that. But that's basically been a reflection of changes at the SEC. The SEC is letting far fewer proposals on the ballot. They're giving what's called no action relief to companies that object to the inclusion of those resolutions on their ballot. The rate of no action relief has gone up significantly.

There's also been a lot more settlements, so proponents and companies often engage when that resolution is submitted. There's been a -- kind of an uptick concurrent to the SEC no

action relief with settlement rates. So settlement rates have gone up. Companies are being allowed to exclude the proposals, so, you know, i.e., there -- therefore you have far fewer shareholder proposals that we're voting on.

So -- and it's not just, you know, 100 or so. It's a fairly significant proportion, and that's, again, for the US market. So I'll go into detail on that more next quarter's meeting, but we've included the normal charts, so I'm happy to answer any questions if you have any.

MR. CHAIR: Well, no. Thank you, Mike. Good summary.

All right. We are at our -- close to the end here.

Katie, we will let you --

MS. COMSTOCK: I can be brief. We've covered performance earlier in the meeting. I'm might just hit on just a few slides that have not -- with information that have not been covered related to the pension plan, if that's okay.

MR. CHAIR: Yep. Great.

MS. COMSTOCK: Okay. Really quickly, just wanted to show a snapshot of how the portfolio has progressed towards its long term target. The purple bar shows the recently approved asset allocation, and as you just heard, there's been progress made towards this. The active credit now is about 5 percent, nearing that 7 percent long-term target. Real estate's around 10 percent. The long-term target there is 12. And where those overweights are held currently is within global equity, which is now around 47 percent. We'll be coming down to 45 percent. And then with strategic investments here, it is currently at about 6 percent with the long-term target down to four.

So progress -- a significant progress has been made, and just to echo some comments that Lamar made at the outset, that that diversification and really building up some of these other assets classes that could provide a resiliency when we're seeing periods of equity market volatility will hopefully be important and help smooth some of the impact that we're seeing from the uncertainty in the markets.

Here's just performance relative. Net of fee performance through March 31st of the plan -- the total funds relative to the policy benchmark and then to that absolutely nominal target rate of return. Again, that's CPI plus between 4 1/2 and 5 percent. It's changed over time based on the expected rate of return, but performance over the long term has been really strong. It's outperformed its policy benchmark by between 60 and 70 basis points when you look over the trailing 10-, 15-, and 20-year periods.

Over that ten-year period, each asset class has outperformed its benchmark. So modest underperformance in that near term. Most of that is driven by the benchmark discrepancies with private equity, and we talked about and how the private equity portfolio is performing very well relative to peers and over the long term.

The last thing I was going to touch on is just performance relative to peers, so this is the TUCS top ten universe. Asset allocation is going to be the driver of most of the performance differences when we look at the FRS

relative to this peer group. Here, again, similar to prior quarters, the greatest difference has been within the public equity exposure. Though with the policy change, the FRS has come closer in line with peers. Not that that is a goal, but that will likely probably narrow some of the performance deviations that we see when we look at performance.

So the FRS is about 47 percent, peers are closer to 45 percent. Within that, the FRS -- excuse me -- does have more international exposure with your global mandates. Median peer plan does still have a slight US bias, so that likely has lessened. As when we look at the global market, it was discussed earlier, US markets have grown as a -- as a portion of that overall pie.

And then if we look it performance, looking at their ranks there, we show those at the bottom, for the -- for the one-year period having more equity exposure was somewhat of a head wind in the international exposure. Now, if we were looking at a shorter period of time since international markets have come back

relative to equity, we would expect that to be a tailwind when we look at performance relative to peers.

But we want to focus over that long term, and if you look at the five- and ten-year periods, the FRS has ranked in the top quartile and the top fifth percentile. And this is largely due the asset allocation. Global equity was up 15 percent and 9 percent over the -- over the five and ten-year period. Private equity was up about 15 percent annualized over both of those time periods. And so that risk has been rewarded, and we continue to evaluate that in the long -- and having that long term patience, again, has proved to be a successful strategy.

So I will wrap my comments there unless there's any questions.

MR. CHAIR: All right. Any other comments?

All right. Thank you, Katie. Appreciate the summary there.

All right. We're down to the last item which is asking if the audience has any comments. No.

All right. I want to thank our presenters for their time and preparation, and I'll declare this meeting adjourned at 3 o'clock.

(Meeting adjourned at 3:02 p.m.)

* * *

CERTIFICATE OF REPORTER

STATE OF FLORIDA

COUNTY OF LEON

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

Dated this 1st day of July, 2025.

TRACY BROWN
Tallahassee, FL
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INVESTMENT ADVISORY COUNCIL

IAC Prepared Comments

Lamar Taylor, Chief Investment Officer

State Board of Administration
September 9, 2025

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

SBA Major Mandate Performance

Official Performance Through: June 30, 2025

Managed Return

Mandate	1 Mo	3 Mo	1-Yr	3-Yr	5-Yr	10-Yr
FRS Investment Plan	3.54%	7.97%	12.63%	12.16%	9.72%	7.77%
Florida PRIME	0.38%	1.10%	4.96%	4.92%	3.01%	2.22%
Cat Fund	0.35%	1.07%	4.77%	3.88%	1.67%	0.00%
FRS Pension Plan	2.73%	6.37%	10.32%	9.44%	9.72%	8.06%
Asset Allocation	3.11%	7.32%	11.74%	10.98%	9.47%	7.63%
Global Equity xTrans	4.65%	11.83%	16.36%	17.13%	13.53%	10.08%
Fixed Income xTrans	1.62%	1.37%	6.41%	3.30%	0.48%	2.02%
Real Estate	0.34%	0.86%	-0.27%	-2.73%	4.11%	5.75%
Private Equity	0.39%	2.69%	7.17%	2.59%	17.70%	14.76%
Strategic Investments	1.02%	2.16%	7.66%	6.90%	9.05%	6.93%
Active Credit xTrans	0.95%	3.52%	10.31%	0.00%	0.00%	0.00%
Cash & Central Custody + Enhanced Cash	0.36%	1.11%	5.16%	4.41%	2.44%	1.84%

SBA Major Mandate Performance

Official Performance Through: June 30, 2025

Active Return

Mandate	1 Mo	3 Mo	1-Yr	3-Yr	5-Yr	10-Yr
FRS Investment Plan	0.05%	-0.15%	-0.19%	-0.10%	-0.15%	0.08%
Florida PRIME	0.02%	0.03%	0.27%	0.38%	0.25%	0.25%
Cat Fund	0.12%	0.34%	1.57%	0.61%	0.36%	0.00%
FRS Pension Plan	-0.38%	-1.00%	-1.47%	-1.56%	0.28%	0.43%
Asset Allocation	0.00%	-0.04%	-0.05%	-0.02%	0.02%	0.00%
Global Equity xTrans	0.10%	0.09%	0.39%	0.29%	0.12%	0.36%
Fixed Income xTrans	0.08%	0.17%	0.33%	0.49%	0.46%	0.32%
Real Estate	0.04%	-0.05%	-1.69%	1.59%	1.71%	0.99%
Private Equity	-4.29%	-9.45%	-11.29%	-16.79%	1.50%	2.15%
Strategic Investments	-0.54%	-1.42%	-1.84%	-2.09%	-0.26%	0.23%
Active Credit xTrans	-0.22%	0.48%	1.25%	0.00%	0.00%	0.00%
Cash & Central Custody + Enhanced Cash	0.02%	0.03%	0.41%	-0.24%	-0.39%	-0.16%

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FRS Pension Plan: Performance Attribution Report for IAC

June 30, 2025

Name	Market Value (In Millions)	3 Months	1 Year	3 Year
Total Fund	**$ 211,513**	**6.37%**	**10.32%**	**9.44%**
Policy Benchmark		7.37%	11.79%	11.00%
+ / - Benchmark		***-1.00%***	***-1.47%***	***-1.56%***
Global Equity	**$ 101,180**	**11.83%**	**16.36%**	**17.13%**
Policy Benchmark		11.74%	15.96%	16.83%
+ / - Benchmark		**0.09%**	**0.39%**	**0.29%**
Attribution to Total Fund + / - Benchmark		***0.04%***	***0.18%***	***0.13%***
Fixed Income	**$ 40,765**	**1.37%**	**6.41%**	**3.30%**
Policy Benchmark		1.21%	6.08%	2.81%
+ / - Benchmark		**0.17%**	**0.33%**	**0.49%**
Attribution to Total Fund + / - Benchmark		***0.04%***	***0.07%***	***0.09%***
Real Estate	**$ 19,903**	**0.86%**	**-0.27%**	**-2.73%**
Policy Benchmark		0.91%	1.42%	-4.33%
+ / - Benchmark		**-0.05%**	**-1.69%**	**1.59%**
Attribution to Total Fund + / - Benchmark		***-0.01%***	***-0.18%***	***0.19%***
Private Equity	**$ 18,938**	**2.69%**	**7.17%**	**2.59%**
Policy Benchmark		12.14%	18.46%	19.38%
+ / - Benchmark		**-9.45%**	**-11.29%**	**-16.79%**
Attribution to Total Fund + / - Benchmark		***-0.90%***	***-1.08%***	***-1.67%***
+ / - Secondary Benchmark		***0.92%***	***0.66%***	***0.44%***
Strategic Investments	**$ 12,613**	**2.16%**	**7.66%**	**6.90%**
Policy Benchmark		3.58%	9.50%	8.98%
+ / - Benchmark		**-1.42%**	**-1.84%**	**-2.09%**
Attribution to Total Fund + / - Benchmark		***-0.09%***	***-0.12%***	***-0.21%***
Active Credit	**$ 9,993**	**3.52%**	**10.31%**	**0.00%**
Policy Benchmark		3.04%	9.06%	0.00%
+ / - Benchmark		**0.48%**	**1.25%**	**0.00%**
Attribution to Total Fund + / - Benchmark		***0.00%***	***0.08%***	***0.00%***
Cash CC + Enhanced Cash	**$ 1,569**	**1.11%**	**5.16%**	**4.41%**
Policy Benchmark		1.07%	4.75%	4.66%
+ / - Benchmark		**0.03%**	**0.41%**	**-0.24%**
Attribution to Total Fund + / - Benchmark		***0.00%***	***0.00%***	***0.00%***
Other**	**$ 6,552**			
Other Attribution to Total Fund + / - Benchmark		***-0.03%***	***-0.38%***	***-0.07%***
AA Attribution to Total Fund + / - Benchmark		***-0.04%***	***-0.05%***	***-0.02%***

* Totals might not add due to methodology and rounding

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

Major Mandate Performance

6/30/2025		1 Mo	3 Mo	1-Yr	3-Yr	5-Yr	10-Yr
Cat Fund	Managed Return	0.35%	1.07%	4.77%	3.88%	1.67%	
	Benchmark Return[1]	0.23%	0.73%	3.20%	3.27%	1.31%	
	+Over/-Under Benchmark	0.12%	0.34%	1.57%	0.61%	0.36%	

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

6/30/2025		1 Mo	3 Mo	1-Yr	3-Yr	5-Yr	10-Yr
Florida PRIME	Managed Return	0.38%	1.10%	4.96%	4.92%	3.01%	2.22%
	Benchmark Return	0.35%	1.08%	4.69%	4.55%	2.76%	1.97%
	+Over/-Under Benchmark	0.02%	0.03%	0.27%	0.38%	0.25%	0.25%

6/30/2025		1 Mo	3 Mo	1-Yr	3-Yr	5-Yr	10-Yr
FRS Investment Plan	Managed Return	3.54%	7.97%	12.63%	12.16%	9.72%	7.77%
	Benchmark Return	3.49%	8.12%	12.82%	12.25%	9.86%	7.69%
	+Over/-Under Benchmark	0.05%	**-0.15%**	**-0.19%**	**-0.10%**	**-0.15%**	0.08%

6/30/2025		1 Mo	3 Mo	1-Yr	3-Yr	5-Yr	10-Yr
FRS Pension Plan	Managed Return	2.73%	6.37%	10.32%	9.44%	9.72%	8.06%
	Benchmark Return	3.11%	7.37%	11.79%	11.00%	9.44%	7.63%
	+Over/-Under Benchmark	**-0.38%**	**-1.00%**	**-1.47%**	**-1.56%**	0.28%	0.43%
Asset Allocation	Managed Return	3.11%	7.32%	11.74%	10.98%	9.47%	7.63%
	Benchmark Return	3.11%	7.37%	11.79%	11.00%	9.44%	7.63%
	+Over/-Under Benchmark	0.00%	**-0.04%**	**-0.05%**	**-0.02%**	0.02%	0.00%
Global Equity xTrans	Managed Return	4.65%	11.83%	16.36%	17.13%	13.53%	10.08%
	Benchmark Return	4.55%	11.74%	15.96%	16.83%	13.42%	9.72%
	+Over/-Under Benchmark	0.10%	0.09%	0.39%	0.29%	0.12%	0.36%
Fixed Income xTrans	Managed Return	1.62%	1.37%	6.41%	3.30%	0.48%	2.02%
	Benchmark Return	1.54%	1.21%	6.08%	2.81%	0.02%	1.70%
	+Over/-Under Benchmark	0.08%	0.17%	0.33%	0.49%	0.46%	0.32%
Real Estate	Managed Return	0.34%	0.86%	-0.27%	-2.73%	4.11%	5.75%
	Benchmark Return	0.30%	0.91%	1.42%	-4.33%	2.40%	4.76%
	+Over/-Under Benchmark	0.04%	**-0.05%**	**-1.69%**	1.59%	1.71%	0.99%
Private Equity	Managed Return	0.39%	2.69%	7.17%	2.59%	17.70%	14.76%
	Benchmark Return	4.67%	12.14%	18.46%	19.38%	16.19%	12.61%
Primary Bchmark	**+Over/-Under Benchmark**	**-4.29%**	**-9.45%**	**-11.29%**	**-16.79%**	1.50%	2.15%
Secondary Bchmark*	**+Over/-Under Benchmark**			0.66%	0.44%	2.85%	2.58%
Strategic Investments	Managed Return	1.02%	2.16%	7.66%	6.90%	9.05%	6.93%
	Benchmark Return	1.56%	3.58%	9.50%	8.98%	9.31%	6.70%
	+Over/-Under Benchmark	**-0.54%**	**-1.42%**	**-1.84%**	**-2.09%**	**-0.26%**	0.23%
Active Credit xTrans	Managed Return	0.95%	3.52%	10.31%			
	Benchmark Return	1.17%	3.04%	9.06%			
	+Over/-Under Benchmark	**-0.22%**	0.48%	1.25%			
Cash & Central Custody + Enhanced Cash	Managed Return	0.36%	1.11%	5.16%	4.41%	2.44%	1.84%
	Benchmark Return	0.34%	1.07%	4.75%	4.66%	2.82%	2.00%
	+Over/-Under Benchmark	0.02%	0.03%	0.41%	**-0.24%**	**-0.39%**	**-0.16%**

*Cambridge Peer Based Secondary Bchmark Lagged by 1 Quarter

STATE BOARD OF ADMINISTRATION OF FLORIDA

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CHRIS SPENCER
EXECUTIVE DIRECTOR

Date: August 18, 2025

To: Board of Trustees

From: Erin Sjostrom, Audit Committee Vice-Chair

Subject: Quarterly Audit Committee Report

The State Board of Administration's Audit Committee met on August 18, 2025. Please see the attached agenda for the items discussed. Also please see the attached Office of Internal Audit & Inspector General Quarterly Report presented to the Audit Committee at the meeting.

STATE BOARD OF ADMINISTRATION
Audit Committee Open Meeting
Agenda
August 18, 2025
9:00 A.M. – Conclusion of Business

1. Call to Order
2. Approve minutes of closed and open meetings held on May 19, 2025
3. SBA Update: Investment performance, risks, opportunities, and challenges
    - Executive Director status report
    - Chief Investment Officer status report
4. Chief Risk & Compliance Officer Quarterly Report
    - Risk Assurance Map Presentation
5. Meradia Project Access Presentation
6. Annual Review of the Charters
    a. Audit Committee
    b. Office of Internal Audit & Inspector General
7. Office of Internal Audit & Inspector General Quarterly Report
8. Other items of interest
9. Closing remarks of the Audit Committee Chair and Members
10. Adjournment

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

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

August 18, 2025

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Status of the FY 2024-2025 Annual Audit Plan

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

Name	Timeline - Start	Timeline - End	Status	Stage
Assurance Projects				
Follow-up Audit - October 2024	2024-09-04	2024-10-31	Completed	
Travel Planning Flash Audit	2024-11-19	2024-12-12	Completed	
Surplus Property & Media Disposal	2024-09-04	2025-01-24	Completed	
Fixed Income Asset Credit Monitoring	2024-07-02	2025-01-31	Completed	
Follow-up Audit - Febuary 2025	2025-01-01	2025-02-10	Completed	
Proxy Voting	2024-10-01	2025-02-21	Completed	
Follow-up Audit - April 2025	2025-03-04	2025-04-30	Completed	
Fixed Income Internal Trading and Fair Dealing *- Carryed over to FY25-26 AAP*	2025-02-17	2025-08-29	In Progress	Fieldwork
Disaster Recovery *- Carryed over to FY25-26 AAP*	2025-02-05	2025-08-29	In Progress	Fieldwork
Asset Transition Management *- Carryed over to FY25-26 AAP*	2025-08-01	2025-11-28	Not Started	
Change Management/SDLC *- Carryed over to FY25-26 AAP*	2025-08-01	2025-11-28	Not Started	
Advisory Projects				
Critical Programming/Shadow IT	2024-08-01	2024-09-30	Completed	
Risk Assessments/QAR				
Annual Risk Assessment	2025-02-03	2025-04-18	Completed	
Annual Audit Plan	2025-04-21	2025-04-30	Completed	
Annual Quality Assessment Review - Self-Assessment	2025-05-01	2025-07-31	Completed	
Continuous Risk Assessment			In Progress	Ongoing
Special Projects				
Middle Office Data Modernization - Special Project			Completed	
Complimentary User Entity Control Validation			In Progress	Ongoing
Continuous Monitoring Dashboards			In Progress	Ongoing

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

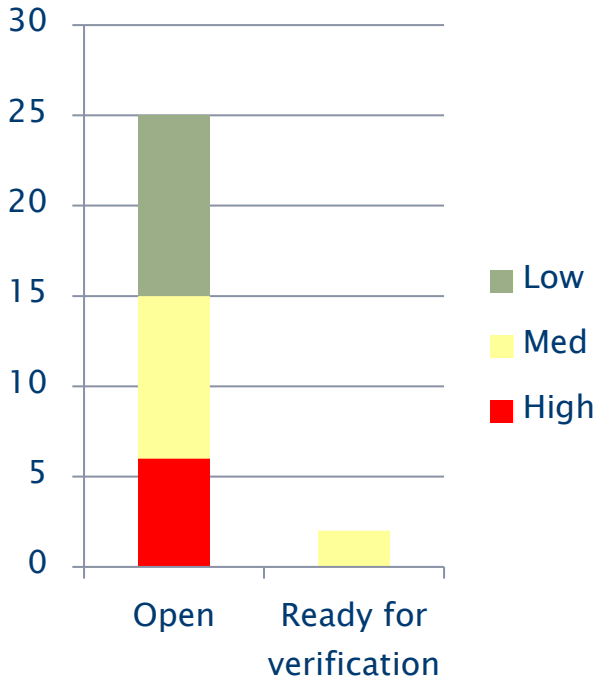
Name	Timeline - Start	Timeline - End	Status	Stage
Oversight of External Auditors				
Peraton Security Assessment	2024-07-01	2024-11-01	Completed	
Crowe Florida Hurricane Catastrophe Fund (FHCF) Financial Statement Audit	2024-07-25	2024-11-01	Completed	
Crowe Florida Retirement System (FRS) Trust Fund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

Status of FY 2025-26 Annual Audit Plan - External Projects

Peraton Security Assessment	2025-07-01	2025-11-01	In Progress	Planning
Crowe Florida Hurricane Catastrophe Fund (FHCF) Financial Statement Audit	2025-07-01	2025-11-01	In Progress	Fieldwork
Crowe Florida Retirement System (FRS) Trust Fund Financial Statement Audit	2025-07-01	2025-11-01	In Progress	Fieldwork
Crowe FRS Investment Plan Trust Fund Financial Statement Audit	2025-07-01	2025-11-01	In Progress	Fieldwork
Auditor General Florida PRIME Financial Statement Audit	2025-07-01	2025-12-13	In Progress	Fieldwork
OPPAGA's Review of Florida Growth Fund Initiative	2025-08-15	2026-02-03	Not Started	
Auditor General financial statement audit of the SBA as part of the statewide CAFR	2025-07-01	2026-02-03	In Progress	Fieldwork

Status of Management Action Plans/Recommendations

Status of Management Action Plans–Assurance Projects



Report Title	Report Date	Risk Rating for Open Recs: High	Med	Low	Status: Open	Ready for verification	*Verified during Qtr*
Private Equity Operational Audit 2021	9/9/2021		1	1	1	1	
Derivatives Collateral and Cash Management Operational Audit	3/31/2022			1	1		
Performance Reports for Alternative Investments Operational Audit	9/19/2022	2	1		3		
Cybersecurity Incident Response Plan Operational Audit	5/10/2023			1	1		
AG IT Operational Audit 2023 – Confidential	11/1/2023		4		4		
Real Estate Credit Facility Operational Audit	4/30/2024	1	1		2		
Futures Rolling Flash Audit	4/30/2024			1	1		
Incentive Compensation Operational Audit	5/3/2024	3		2	5		
Payroll and Human Resources Operational Audit	7/17/2024		2		1	1	
Fixed Income Asset Credit Monitoring Operational Audit	1/31/2025			4	4		
Proxy Voting Operational Audit	2/19/2025		2		2		
		6	11	10	25	2	
		22%	41%	37%	93%	7%	

For details, see Appendix A.

Changes highlighted in yellow

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

Status of Recommendations – Advisory Projects

Report Title	Report Date	Status			
		Open	Closed per Mgmt	*Closed by Peraton*[2]	*Closed per OIA&IG Risk Assessment*[1]
Identity and Access Management Advisory[1]	9/27/2022	2			
Network Security Assessment 2022 (Peraton)[2]	11/14/2022		2		
Governance, Risk Management, and Compliance Assessment (Funston)[1]	6/26/2023	5	2		*5*
Network Security Assessment 2023 (Peraton)[2]	11/9/2023	2	5		
CIS/CSC Advisory[1]	7/25/2024	7	3		
Critical Programming/Shadow IT Advisory[1]	10/30/2024	2			
Network Security Assessment 2024 (Peraton)[2]	11/18/2024	4	2		
		22	14		

Changes highlighted in yellow

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

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

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

Quality Assurance and Improvement Program (QAIP)

Quality Assurance and Improvement Program (QAIP)

- The *Global Internal Audit Standards (Standards)* issued by The IIA require that an internal audit department maintain a QAIP.
- The OIA&IG's QAIP contains:
  - Internal assessments that include both ongoing monitoring and periodic assessment:

Ongoing Monitoring	Periodic Assessment
•Progress tracking of Annual Audit Plan •Supervisory review of work papers •Maintenance of recommendations/action plans and status •Maintenance of OIA&IG procedures manual •Engagement-specific QA assessments and related verifications •Completion of required continuing professional education	•Annual internal quality assurance self-assessment for years when an external assessment is not performed. •Annual review of OIA&IG Charter

  - External assessments conducted every five years, under the direction of the Audit Committee, by qualified, independent reviewer.
- The CAE&IG updates the Audit Committee on the implementation status of the departmental strategic plan, quality initiatives, and performance objectives at least annually.

Periodic Self Assessment

- The OIA&IG performed a periodic self assessment in 2024 against the new Standards, resulting in 16 quality initiatives (QIs), summarized below:

Type of Quality Initiative	Status
Updates to guiding documents, including OIA&IG Charter, Audit Committee Charter, and OIA&IG internal audit manual to align with the new Standards	Complete
Updates to process templates within AuditBoard to align with the new Standards	Complete
Educate AC and senior management on the new Standards and essential conditions	Complete
Supplemental/optional enhancements: • Update performance evaluations to include honesty and professional courage • Analyzation of themes • Assurance map • Information session on OIA&IG to the SBA	• Determined that the performance evaluations already included these aspects, either explicitly or implicitly. • KRIs are tracked in AuditBoard. • Complete for audit universe. In progress for risks. • Will further consider once fully staffed

- Current year self-assessment:
  - Internal audit function is fully achieving all 15 principles and the Purpose of Internal Audit
  - Three additional quality initiatives
  - See Appendix B for this year's self-assessment

Data Analytics

OIA&IG Data Analytics Strategic Goals

1. Risk Assessments	2. Engagement Planning and Execution	3. Continuous Monitoring or Auditing
A. Use data analytics to identify high risk areas to include in OIA&IG's annual audit plan B. Refine continuous monitoring of key risk indicators to determine if changes to the annual audit plan are needed (continuous risk assessment)	A. Utilize existing continuous analytics across the program to further support engagement planning and execution	A. Evaluate old dashboards to determine opportunities to update and/or incorporate into OIA&IG's internal assessments

4. Overall Program Goals
A. Continue to support sustainability of continuous analytics through additional automation, live connections, and support of SBA's use of data analytics tools and data governance. B. Support the SBA's data governance efforts, which will have a trickle-down effect to enterprise-wide data, including OIA&IG's data analytics. C. Transition Tableau dashboards to Power BI, to be consistent with the SBA's data analytics tools and data governance.

Data Analytics Key Accomplishments from FY 2024 – 2025

Key Accomplishments

- Continued to expand the coverage of monitored processes in the Continuous Risk Assessment (CRA) program by developing a derivative data analytics dashboard in Power BI, which has demonstrated preliminary utility.
- Enhanced the report distribution process for the new FI data analytics report by utilizing the Power BI Workspace App, allowing for more granular and centralized permission settings for various user groups and reports.
- Performed spreadsheet testing for eight critical spreadsheets and reviewed more than 60 VBA procedures in the FI Credit Monitoring audit.
- Developed a new Power BI report to support the FI Internal Trading and Fair Dealing audit. Efficiently adapted an existing data analytics report to facilitate the FI Credit Monitoring audit.
- Collaborated with the Enterprise Project Management Office to refine the prioritization exercise on Tableau to Power BI transition by continuously gathering report users' requirements.
- Actively participated as a member of working groups for two major SBA IT initiatives: Snowflake and Gen AI.

Spreadsheet review and Power BI reports development performed in FY2024-2025

Data Analytics Opportunities for FY 2025 – 2026

Opportunities
• Complete and enhance the derivative data analytics report into a fully functional analytics tool to better support the risk evaluation for the derivative transactions in Continuous Risk Assessment. • Collaborate with IT to establish data connections in Power BI to Snowflake and shift data cleaning and transformation processes into Snowflake to streamline data preparation prior to creating visualizations in Power BI. • Re-create at least two more continuous monitoring reports on the Power BI platform • Research potential technologies that can accelerate the conversion to Power BI • Stay alert for more opportunities to leverage advanced data analytics in audit engagements

Inspector General Report

Complaint Log FY 2024-25 To-Date

- Statistics:

# Received via hotline	# Received via other means	# Considered whistleblower complaints	# Closed with violations	# Closed with no violations
0	7	0	0	6

- Limited details:

Date of Complaint	How Complaint Received	Relevant to the SBA?	Whistleblower Complaint?	Investigation conducted?	Status of Complaint
7/19/2024	CAE&IG	Yes – HR related	No	No	Closed – No violations
3/7/2025	CFO	Yes – HR related	No	Yes-CAE&IG	Closed – No violations, coaching needed
4/8/2025	SOO-HR	Yes – HR related	No	Yes-SOO-HR	Closed – No violations
4/11/2025	Anonymous letter to ED	Yes – IT/IS related	No	Yes-CAE&IG	Closed – No violations
4/17/2025	CAE&IG	Yes – IT/IS related	No	Yes-CAE&IG	Open
4/18/2025	CAE&IG	Yes – HR related	No	Yes-CAE&IG	Closed – No violations
6/3/2025	CAE&IG	Yes- HR related	No	Yes – CAE&IG	Closed – No violations

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

OIA&IG Strategic Plan

Status of OIA&IG FY24-25 Strategic Plan

SBA Goals	OIA Strategic Objectives	Supporting Initiatives	Expected Timing
Cultivate Talent and Leadership	Attract, retain, and develop highly effective audit professionals.	Each staff member to obtain at least one of the certifications listed as preferred in their respective position description.	Varies by staff
		Staff who have not attended SBA's Toastmasters become members and attend meetings. *(Also ties to the results from the SBA employee survey)*	Monthly
		Include training in staff meetings on various audit topics, e.g. WP effectiveness, AB refresher, flowcharting, quality review of WPs and reports, etc.	Various dates
		Request a new FTE for a Senior IT Auditor during budgeting process for FY25-26. *(Not approved for FY25-26; however, downgraded the Director of IA-IT position – still listed as a requisition)*	May 2025
	Enhance OIA staff understanding of the SBA and the financial services industry.	Attend all SBA offered informational sessions.	Various dates
		After projects are complete, conduct a teach back session at the OIA&IG staff meetings to inform the group about the related project. Also provide the final reports to the team.	Various dates
		Attend SBA sponsored ITCI trainings, including Understanding Investments & Derivatives and Emerging Issues.	Nov & Feb each year
Enhance SBA Brand Value	Sustain strong relationships with peers in the financial services industry and auditing profession.	At least two members of OIA attend each APPFA conference.	May & Nov each year
		Attend audit-related conferences/lunch trainings.	Various dates
Enhance Operating Effectiveness	Enhance use of technology internal and external to the OIA.	Transition the risk assessment process from LogicManager to AuditBoard now that the risk module has been acquired.	FY25-26
		Move selected dashboards from Tableau to Power BI.	In process
		Contribute to SBA's Data Modernization through participation in the Meradia project throughout the life of the project.	Closed
	Enhance the risk assessment process.	Develop a risk assurance map, a graphical representation of risks and coverage, covering all high-risk areas in the annual audit plan for presentation to the Audit Committee. *(Funston GRC Assessment)* *(ERM to present)*	Closed
		Develop a matrix of projects and which businesses units will be impacted including the timing of the projects. *(Using Monday project management tool)*	Closed
		Include the OIA&IG standard for review comments to be included within AuditBoard, either the workpaper or AB comment section.	Closed
		Transition to the Global Internal Audit Standards (manuals, templates, etc.). Note: Effective date of new Standards is February 2025.	Closed
		Enhance quality review of reports by having a grammatical review performed prior to CAE&IG review and overall QAR.	Closed

Proposed OIA&IG FY25-26 Strategic Plan

SBA Goals	OIA Strategic Objectives	Supporting Initiatives	Expected Timing
Cultivate Talent and Leadership	Attract, retain, and develop highly effective audit professionals.	Each staff member to obtain at least one of the certifications listed as preferred in their respective position description.	Varies
		Staff who have not attended SBA's Toastmasters become members and attend meetings.	Monthly
		Include training in staff meetings on various audit topics, e.g. WP effectiveness, AB refresher, flowcharting, quality review of WPs and reports, etc.	Various dates
		Request new FTEs for an IT Auditor and Audit Data Analyst during budgeting process for FY26-27.	May 2026
	Enhance OIA staff understanding of the SBA and the financial services industry.	Attend all SBA offered informational sessions.	Various dates
		After projects are complete, conduct a teach back session at the OIA&IG staff meetings to inform the group about the related project. Also provide the final reports to the team.	Various dates
		Attend SBA sponsored ITCI trainings, including Understanding Investments & Derivatives and Emerging Issues.	Nov & Feb each year
Enhance SBA Brand Value	Sustain strong relationships with peers in the financial services industry and auditing profession.	At least two members of OIA attend each APPFA conference.	May & Nov each year
		Attend audit-related conferences/lunch trainings.	Various dates
Enhance Operating Effectiveness	Enhance use of technology internal and external to the OIA.	Transition the risk assessment process from LogicManager to AuditBoard now that the risk module has been acquired.	FY2025-26
		Move dashboards from Tableau to PowerBI.	In process
	Enhance the risk assessment process.	Use Co-Pilot and other approved Gen AI tools to enhance and make our audit processes more efficient.	FY2025-26

OIA&IG Metrics

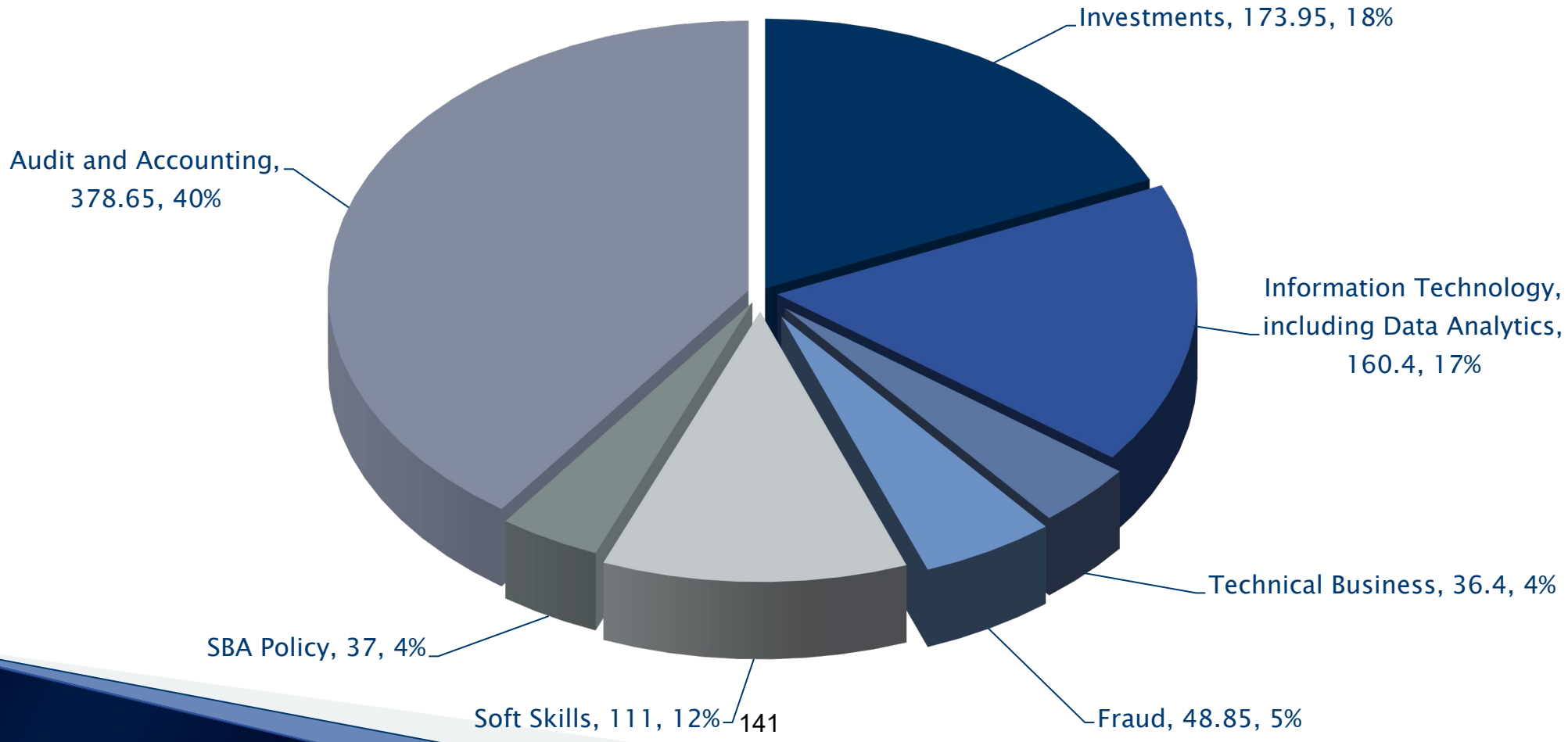
Budget to Actual Comparison FY 2024-25

Category	Budget	Percent	Actual	Percent	Budget to Actual Over / Under	Explanation for any difference greater than 3%
Audit/Advisory/Special Projects	7,920	47.61%	6,103	37.16%	10.44%	Down resources during the fiscal year, including maternity leave
Quality Assessment Review	160	0.96%	56	0.34%	0.62%	
Oversight of External Auditors	318	1.91%	319	1.94%	-0.03%	
Inspector General Activities	200	1.20%	270	1.64%	-0.44%	
Risk Assessment	552	3.32%	880	5.36%	-2.04%	
Audit Committee	352	2.12%	303	1.85%	0.27%	
Leave and Holidays	3,720	22.36%	4,783	29.13%	-6.76%	Maternity leave
Continuing Education	1,328	7.98%	1,639	9.98%	-2.00%	
Administrative	2,086	12.54%	2,069	12.60%	-0.06%	
Total	**16,636**	**100%**	**16,422**	**100%**		

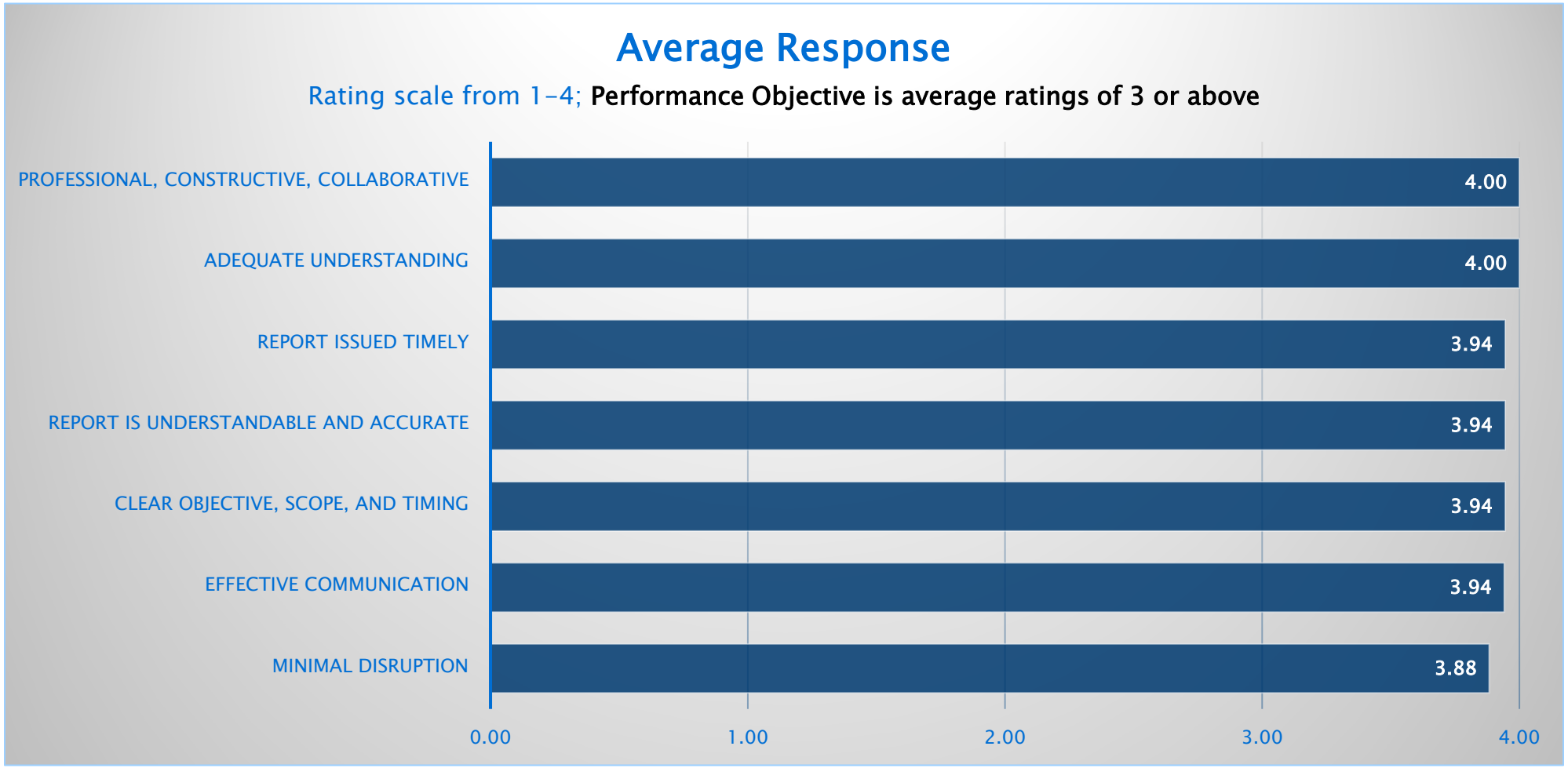
Professional Staff Training FY 2024-25

Training Hours by Type

Performance Objective is to obtain at least 40 hours of training per person

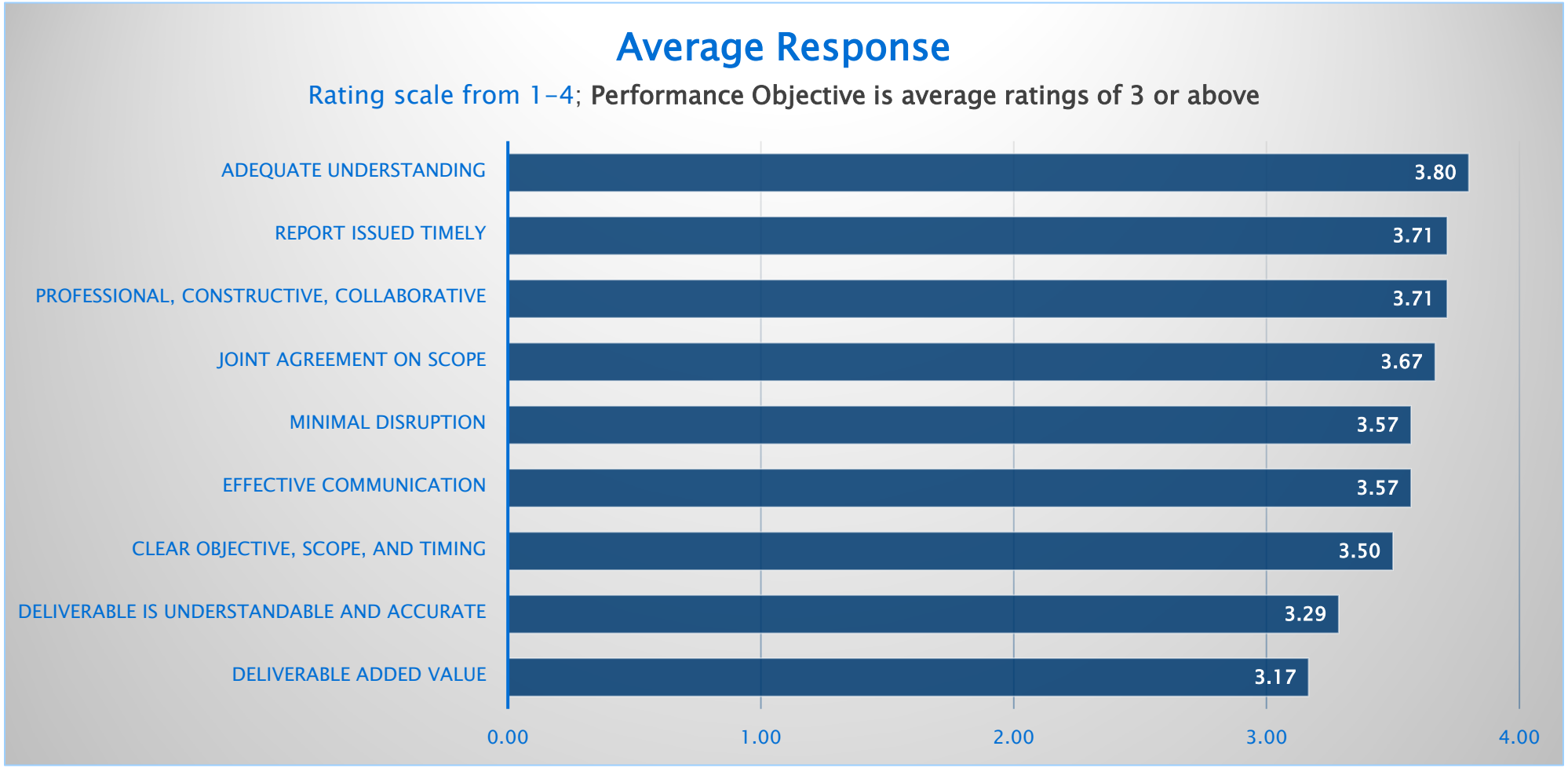


2024-25 Client Survey Results: Audit



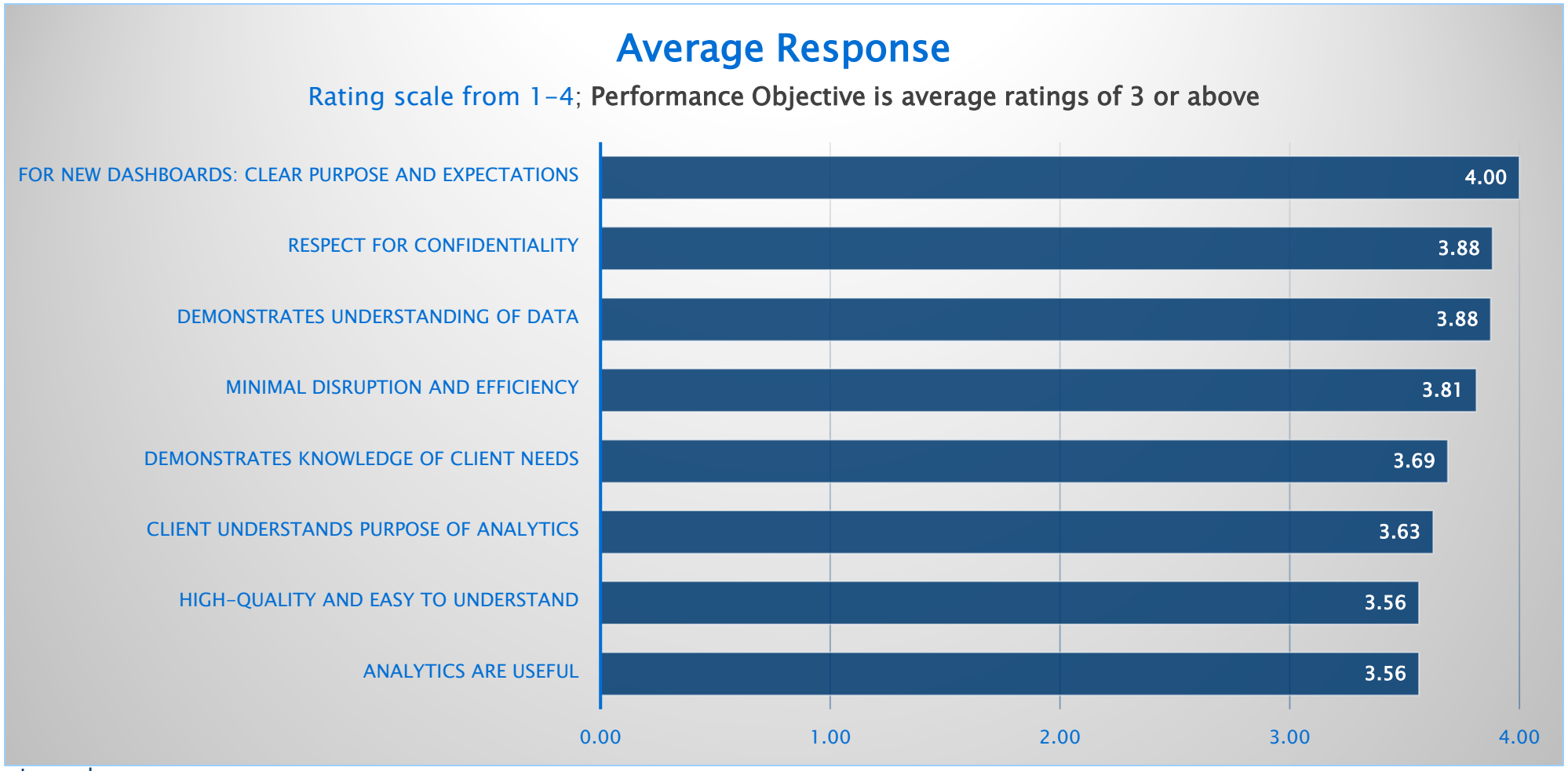
Legend:
4 – Excellent
3 – Good
2 – Fair
1 – Poor

2024-25 Client Survey Results: Advisory



Legend:
4 – Excellent
3 – Good
2 – Fair
1 – Poor

2024-25 Client Survey Results: Data Analytics



Legend:
4 – Strongly Agree
3 – Agree
2 – Disagree
1 – Strongly Disagree

Note: Surveys for all continuous analytics are sent annually. Continuous analytics that were put into production after completion of the annual survey, if any, will be reflected in the following year survey results.

Other OIA&IG Activities

Other Items for Discussion

- Audit Committee 2025 Meeting Dates
  - November 24

- Selection of 2026 Audit Committee Dates
  - February 23
  - May 18
  - August 31
  - November 30

- 2025 IAC Dates *(Available in-person or via The Florida Channel-11am to 3pm)*
  - Tuesday, September 9
  - Tuesday, December 16

- Staffing updates
  - Promotions: Leslie Dierlam and Charmaine Zhang
  - Two vacancies – augmenting staffing with Weaver for the Disaster Recovery Audit

Questions/Comments

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STATE BOARD OF ADMINISTRATION OF FLORIDA

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Tallahassee, Florida 32308
(850) 488-4406

Post Office Box 13300
32317-3300

RON DESANTIS
GOVERNOR
CHAIR

BLAISE INGOGLIA
CHIEF FINANCIAL OFFICER

JAMES UTHMEIER
ATTORNEY GENERAL

CHRIS SPENCER
EXECUTIVE DIRECTOR

MEMORANDUM

TO: Chris Spencer

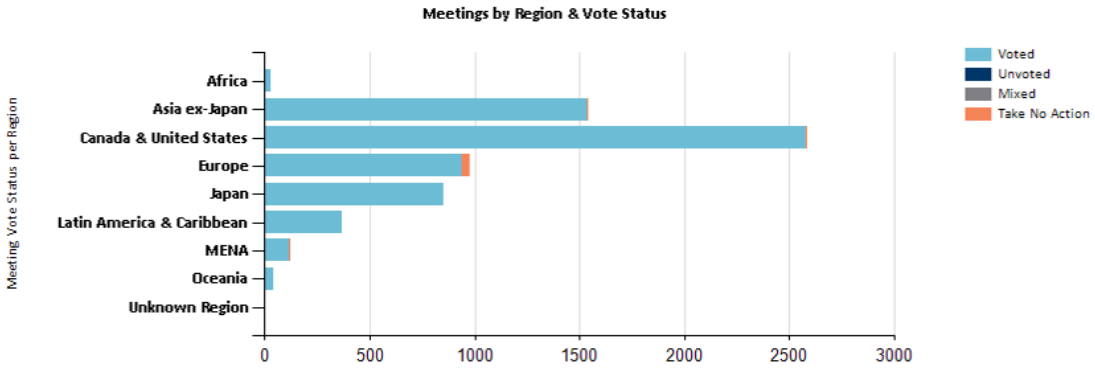
FROM: Michael McCauley

DATE: August 20, 2025

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

GLOBAL PROXY VOTING & OPERATIONS

During the ***second quarter of 2025***, SBA staff cast votes at 6,507 meetings worldwide, voting on ballot items including director elections, audit firm ratification, executive compensation plans, mergers & acquisitions, and a variety of other management and shareowner proposals. These votes involved 72,447 distinct voting items—voting 83.6% "For'' and 14.2% "Against/Withheld," with the remaining 2.2% involving abstentions. Of all votes cast, 13.9% were "Against" the management-recommended vote. SBA proxy voting occurred in 64 countries across 5,905 individual companies, with the top five countries by meeting volume comprised of the United States (2,185), Japan (855), China (704), India (261), and South Korea (12). The following chart details the geographic breakdown of all proxy votes made between April 1, 2025, and June 30, 2025:



For the ***full fiscal year ending June 30, 2025***, SBA staff executed proxy voting across 11,660 meetings worldwide, voting on ballot items including director elections, audit firm ratification, executive compensation plans, mergers & acquisitions, and a variety of other management and shareowner proposals. These votes, which represent a 7.3% decrease from FY2024 levels, involved 8,655 companies with 106,946 distinct voting items—voting 83.4% "For'' and 14.7% "Against or Withheld," with the remaining 1.9% involving abstentions. Of all votes

cast, 14.5% were “Against” the management-recommended vote. In FY2025, SBA proxy voting occurred in 68 countries, with the top five by meeting volume comprised of the United States (2,733), China (1,870), India (1,516), Japan (1,139), and South Korea (507). See the section below titled “Proxy Season Review” for more detailed statistics on SBA voting activities.

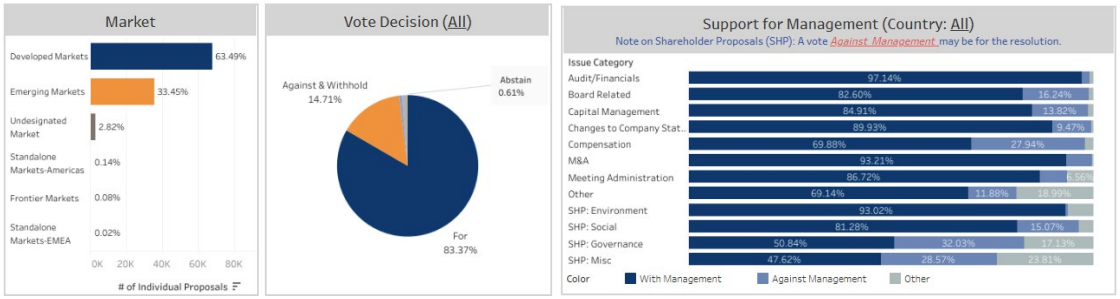
CORPORATE GOVERNANCE & PROXY VOTING OVERSIGHT GROUP

The Proxy Committee last met on July 7, 2025; its next meeting is scheduled for September 23, 2025. The Proxy Committee continues to review ongoing governance issues including the volume and trends for recent SBA proxy votes, company-specific voting scenarios, corporate governance policies, governance-related investment factors, major regulatory developments and individual company research related to the Protecting Florida’s Investments Act (PFIA), and other statutory investment restrictions related to China, Israel and Venezuela.

2025 PROXY SEASON REVIEW

The SBA actively casts proxy votes and engages portfolio companies throughout the year, addressing corporate governance concerns and seeking opportunities to improve alignment with our beneficiaries' interests. The SBA’s corporate governance efforts are dedicated to maximizing shareholder value and ensuring that public companies remain accountable to their owners. This is done by establishing efficient boards, providing clear disclosures, ensuring accurate financial reports, and enforcing policies that safeguard SBA investment value. The SBA’s focus is on the bottom line, and we gear all companies in which we invest towards policies and practices that lead to improved financial performance. Data transparency is promoted whenever feasible and votes directly contribute to shareholder value.

The charts below detail the market segment and summary breakdown of all proxy votes made between July 1, 2024, and June 30, 2025:



The SBA’s proxy voting decisions are based solely on pecuniary factors to promote the best risk adjusted returns for its beneficiaries. The SBA applies its corporate governance principles and proxy voting guidelines uniformly to all investment strategies, accounts, and fund assets with proxy voting. To ensure returns for our beneficiaries, we support the adoption of internationally recognized governance structures for public companies. This includes a basic and unabridged set of shareowner rights, strong independent boards, performance-based executive compensation, accurate accounting and audit practices, and transparent board procedures and policies covering issues such as succession planning and meaningful shareowner participation.

Highlights from the 2025 U.S. proxy season included significant guidance from market regulators on the conduct of investor corporate engagement, a rise in the use of “vote-no” campaigns, as

well as steep year-over-year declines in both the volume and shareowner support for several types of environmental- and social-oriented ballot resolutions. In 2025, support for shareowner proposals at large-cap U.S. companies continued to drop, with average votes at just 13% for environmental and 12% for social issues, while governance measures remained stronger at 35%.

Pass-through voting programs grew rapidly—now covering $2.7 trillion of BlackRock's index equity assets and $1 trillion for Vanguard—and retail investors cast 29.8% of these votes. Pass-through voting could soon reach retirement platforms and other retail channels, further diversifying asset managers' vote outcomes. With universal proxy cards (UPCs) now standard, activists will likely focus on larger companies. Regulatory uncertainty persists due to shifting court decisions, and while governance and transparency initiatives gain traction, broad support for many investor proposals continues to decline—driving asset managers toward company-specific engagement strategies.

FY2025 Proxy Voting Categories	# of Individual Items Voted	% of Total SBA Proxy Votes
Board Related	56,553	52.88%
Audit/Financials	17,882	16.72%
Compensation	12,795	11.96%
Capital Management	7,639	7.14%
Changes to Company Statutes	4,151	3.88%
Meeting Administration	2,990	2.80%
Other	2,012	1.88%
M&A	1,385	1.30%
SHP: Governance	1,018	0.95%
SHP: Social	219	0.20%
SHP: Environment	172	0.16%
SHP: Compensation	109	0.10%
SHP: Miscellaneous	21	0.02%

The voting categories detailed below pertain to SBA proxy voting at all U.S. shareowner meetings conducted from July 1, 2024, through June 30, 2025:

Director Elections—the SBA supported 83.8% of 17,258 individual board nominees at U.S. companies within the Russell 3000 stock index, a slight increase of 0.5% from last fiscal year. In FY2023 and FY2024, SBA staff supported 83.4% and 83.3% of all U.S. director nominees, respectively. For comparison, Glass, Lewis & Co. (GLC) recommended their clients support 91.0% of all similar directors. The largest drivers of the SBA's withhold (against) votes were board nominees serving on too many boards simultaneously, dubbed as "over-boarded" directors, poor board practices, and related disclosures.

Auditor Ratification—the SBA ratified 99.2% of all external auditors among U.S. companies within the Russell 3000 stock index, unchanged from last fiscal year. In FY2023 and FY2024, SBA staff supported 99.1% and 99.2% of all external audit firm selections, respectively. Investors, including the SBA, assess the ratio of audit to non-audit fees to understand the services provided by external auditors. When there are high non-audit charges, especially when the non-audit work pertains to general (non-audit) accounting services, an external auditor's independence and objectivity can be impaired.

Mergers & Acquisitions—the SBA supported 92.5% of all U.S. merger/acquisition proposals, a decrease of 3.1% from last fiscal year. In FY2023 and FY2024, SBA staff supported 100% and 95.2% of all proposed M&A related proposals, respectively. These proxy votes are highly contextual and based on the specifics of the individual companies and deal terms.

Executive Compensation & Say-on-Pay (SOP)—the SBA supported 45.6% of all compensation related ballot items at U.S. companies within the Russell 3000 stock index, a decrease of 1% from last fiscal year. In FY2023 and FY2024, SBA staff supported 36.4% and 46.6% of all U.S. compensation related ballot items, respectively. Across all voted markets, the SBA supported 44% of all advisory say-on-pay (SOP) ballot items. In FY2023 and FY2024, SBA staff supported 46.3% and 48% of all U.S. SOP items, respectively. Investor support for both SOP and individual equity compensation plan proposals was strong, with the number of failed SOP votes remaining extremely low.

Proxy Contests—during the fiscal year, SBA staff voted on a total of twelve contested board elections globally, supporting one or more dissident nominees in 83.3% of these contested elections, while supporting a dissident's entire slate (or group) of director nominees only 33.3% of the time. Only two of the contested elections involved a controlling proportion of the board of directors, and in both cases the SBA and other investors provided partial support to the dissident.

Shareowner Resolutions—Market convention is to classify resolutions by topic, into "environmental" issues (e.g., corporate water use, emissions goal setting, etc.), "social" issues (e.g., human capital, lobbying activity, geopolitical risks, etc.), and "governance" issues (e.g., board structure, anti-takeover devices, shareowner rights, etc.). The SBA backed 0% of environmental, 13% of social, and 38% of governance shareholder proposals globally. Shareowner resolutions, as opposed to management resolutions, typically represent about 1% of total SBA proxy voting actions each year. Focusing on U.S. shareowner proposals, the SBA's voting support for all U.S. shareholder proposals (SHPs) increased by approximately 10% on a year-over-year fiscal basis, from 33% to 43%, across all U.S. SHPs. The increase in support was due solely to an increase in fundamental governance proposals, as both the number of proposals and the support percentages for environmental and social shareowner proposals continued to decline.

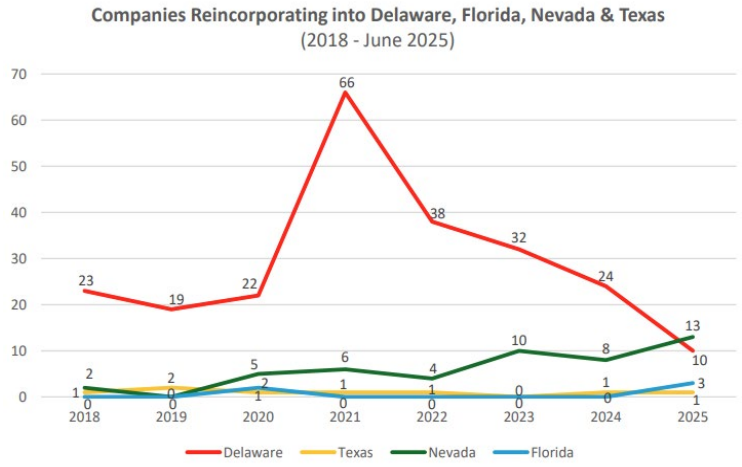
In fiscal year 2025, the SBA supported 0% of environmental shareowner proposals, 15.5% of U.S. social shareowner proposals, and 69% of governance proposals. Of the 242 shareowner proposals supported by the SBA, 212 were governance proposals. Common items for governance proposals were shareowner rights protections such as annual elections, majority voting, and the elimination of super-majority voting rights. Almost all shareowner proposals are "precatory," or advisory in nature, and are therefore not legally binding on corporate boards or

management. Also, a sizable proportion of all filed proposals are withdrawn by proponents and not actually voted on by a company's shareowners. This can result from acceptable engagement activities and company commitments regarding the issues presented by the resolution. In 2025, approximately 55% of all shareowner proposals that were submitted were actually voted on by investors, compared with 64% of submitted proposals voted on in 2024.

State to State Reincorporation Activity

The landscape for reincorporation in the U.S. market shifted significantly during the first half of 2025. The State of Delaware saw elevated levels of companies moving away to other states, dubbed "DExit" by market observers. There were eighteen companies proposing to leave Delaware in the first half of 2025, while only ten moved into it. This marks a short-term reversal from its historical role as the premier state for incorporation.

The chart below, from Institutional Shareholder Services (ISS), shows that twelve of the eighteen companies exiting Delaware chose Nevada, citing lower franchise taxes and a more flexible, statute-focused legal environment. Nevada incorporation provides better management insulation, which is not necessarily better for a company's shareowners. These corporate protections include broader exculpation of officers/directors from fiduciary duty violations, and shareowners face higher thresholds for director removal and can lose voting rights on share capital changes. Although Florida does not represent a substantial proportion of incorporation activity, a notable firm that moved from Delaware to Florida in April was the Trump Media & Technology Group Corporation.



As reported in last quarter's standing report, Delaware's response to these trends resulted in reforms to its General Corporation Law aimed at reversing recent Chancery Court rulings and improving the state's attractiveness as a location to incorporate. Another knock-on effect of this trend has seen Texas introducing a new statewide business court modeled after Delaware's Chancery Court. Although in its infancy with little experience in making such legal decisions, it has proposed laws aimed at tightening shareholder proposal requirements and raising derivative suit thresholds, which have both introduced uncertainty. Also, unrelated to the reincorporation issues, the NYSE has moved its Chicago electronic exchange to Dallas, rebranding it as NYSE Texas to benefit from the state's business-friendly climate and substantial number of listed

companies. Despite these recent shifts, Delaware remains the dominant state for incorporations among U.S. publicly traded companies with approximately 63% of all firms incorporated there.

HIGHLIGHTED PROXY VOTE(S)

Proxy Contest at Phillip 66—Annual Meeting on May 20, 2025

Phillips 66, a major energy company in refining, marketing, and transporting petroleum products, has a market value of $50 billion. Elliott Investment Management, a top investor, pushed for enhanced efficiency and strategic focus at the annual meeting by nominating four board members and advocating that Phillips 66 concentrate on its core fuel production business. The activist's efforts highlighted lagging performance compared to Valero Energy and Marathon Petroleum. SBA staff supported all four Elliott nominees, citing their expertise. Leading proxy advisors Glass Lewis and ISS backed three and four of Elliott's candidates, respectively. Two—Sigmund Cornelius and Michael Heim—were elected, with both sides claiming victory due to the split outcome. After increasing its investment to over $2.5 billion, Elliott continues to press for accountability and proposes divesting Phillips 66's midstream and chemicals joint ventures, valued at more than $40 billion. Shareholders opted for partial change but rejected a complete overhaul. Notably, Elliott succeeded without support from BlackRock, Vanguard, or State Street, earning about 40% employee votes for its slate. As Phillips 66 maintains a staggered board, Elliott urges declassification, though shareholders have previously declined this proposal.

Amazon.com—Annual Meeting on May 21, 2025

SBA staff voted Against 8 of 22 distinct ballot items covering both management and shareowner proposals on the company's proxy. There were eight shareholder proposals (SHPs), all of which the board had recommended investors vote Against, and none of which passed. All director nominees were re-elected, and the SOP ballot item passed. As is typical with such ballot items, the management-supported proposal to ratify the firm's external auditor also passed. For the second consecutive year, all outside shareowner resolutions failed to pass, with none of the 2025 proposals receiving more than 22% support—and one garnering even less than 1%. This continued the trend from 2024, when all fourteen shareholder proposals also fell short, signaling strong alignment between shareholders and management.

The 2025 proposals addressed a wide range of topics, including environmental concerns (carbon emissions, data center climate impact, and plastic packaging), responsible AI (board oversight and data privacy), and corporate governance (calls for an independent board chair, political neutrality in advertising, and improved warehouse conditions). These issues reflected investor interest in greater transparency and policy reform, but the low support suggests limited traction among the broader shareholder base. Amazon's management slate received significant approval. All twelve directors, including CEO Andy Jassy and Executive Chairman Jeff Bezos, were re-elected with vote margins between 94% and 99%. Shareholders approved the advisory "Say-on-Pay" vote with 78% support and ratified Ernst & Young as auditors with 97% approval. These voting results reflect investor agreement with Amazon's current strategy and governance approach. While some investors have expressed governance concerns, most shareowners supported management's proposals.

ExxonMobil Corporation—Annual Meeting on May 28, 2025

SBA staff voted Against 3 of 14 distinct ballot items covering proposals on the company's proxy. Staff opposed the Say-on-Pay, citing misalignment with performance outcomes. The Say-on-Pay item received 92% support, a slight increase from 91.56% in 2024. For the first time in over six

decades, ExxonMobil's 2025 proxy ballot included no shareholder proposals—a striking departure driven by both corporate strategy and shifting investor dynamics. In the lead-up to the meeting, ExxonMobil aggressively challenged shareholder submissions, leveraging SEC rules and new regulatory guidance that raised the bar for proposals to qualify. The company's assertive posture, combined with a broader decline in investor enthusiasm for ESG-related resolutions, especially after low support in 2023 and 2024, discouraged proponents from filing. This strategic environment, coupled with procedural hurdles, created a landscape where no proposals made it into the ballot.

In 2024, ExxonMobil filed a lawsuit against Arjuna Capital and Follow This because they submitted a climate proposal. Both Arjuna Capital and Follow This withdrew their proposals and pledged not to submit similar proposals again. Nevertheless, ExxonMobil continued with the lawsuit. The court dismissed the case against Follow This due to lack of jurisdiction and declared Arjuna's case moot after it issued an unconditional promise to stop filing such climate-related proposals. Although the court acknowledged ExxonMobil's concerns over shareholder activism and its impact on SEC policy, it found no continuing controversy and thus determined it had no jurisdiction. The episode underscored ExxonMobil's apparent attempts to discourage shareholder activism and potentially sway regulatory approaches.

Lyft Collapses its Dual Class Share Structure

On August 14, 2025, Lyft announced that co-founders Logan Green and John Zimmer will leave the board and convert their Class B shares to Class A, ending the dual-class structure. Sean Aggarwal returns as board chair, with the board now seven members, mostly independent; the founders will hold 9.69 million Class A shares. This finalizes a leadership transition begun when David Risher became CEO in 2023, aligning governance with investor demands for equal voting rights, and follows Engine Capital's earlier push for changes before withdrawing board nominees after Lyft expanded its buyback program.

REGULATORY AND MARKET DEVELOPMENTS

Glass Lewis Overhauls its Pay-for-Performance Model

Glass Lewis' 2026 North America Pay-for-Performance (PFP) framework evaluates whether executive compensation aligns with company performance using a proprietary, data-driven model. The analysis focuses on the Chief Executive Officer (CEO) role and the top five highest-paid executives, emphasizing granted values for equity awards and incorporating U.S. "Compensation Actually Paid" as well as the Canadian markets realized-pay perspectives. The model will apply to all U.S. companies in the S&P 500 and Russell 3000 stock indices, as well as over two hundred Canadian companies included in the S&P/TSX Composite index.

Six quantitative tests compare CEO and Named Executive Officers (NEO) pay against total shareholder return (TSR) and multi-year financial metrics such as revenue growth, return on equity (ROE), return on assets (ROA), earnings per share (EPS), operating cash flow, and sector-specific measures. Growth type metrics use a weighted blend of 1-, 2-, 3-, 4-, and 5-year annualized growth; whereas ROA and ROE are weighted averages of annual figures (i.e., single year points combined across years). Peer groups, which Glass Lewis customizes based on company-disclosed peers, related networks, and market/industry cohorts, will be refreshed twice annually, with a minimum of ten peers required for scoring. Companies can submit updates or corrections (including compensation data) via the Glass Lewis issuer portal.

Notably, Glass Lewis is eliminating its historical A–F letter grade system for PFP assessments and replacing it with a 0–100 numerical scorecard starting with the 2026 proxy season. Each numeric score will correspond to a concern level (e.g., Low, Medium, High, Severe), which will continue to guide Glass Lewis' say-on-pay recommendations. This change addresses confusion under the old system, where a "C" grade indicated alignment while "A" and "F" suggested misalignment, counterintuitive for some investors. The novel approach aims to provide greater clarity and comparability, aligning with investor feedback for more transparent and comprehensive evaluations.

Alongside this shift, Glass Lewis is extending the measurement period for key tests from three to five years, reinforcing a longer-term perspective on pay-performance alignment. While the model produces concern levels (e.g., Severe, High), these do not automatically dictate say-on-pay recommendations; qualitative factors like one-off awards, discretion, vesting terms, and the overall quality of corporate disclosure also influences client recommendations. The methodology aims to provide investors with a consistent, comparative view of pay-performance alignment while allowing for contextual judgment.

In line with their historical approach, Glass Lewis' qualitative judgment on structure, trajectory, program changes, and business context will remain decisive in advisory voting recommendations. Strong disclosures, a balanced pay mix, and robust performance goals are likely to result in favorable assessments. Red flags of the analysis include one-off individual awards, upward discretion by Compensation Committees, fixed pay outweighing variable pay, unlimited/undisclosed incentive caps, excessive long-term incentive plan (LTIP) amounts, short vesting periods, and non-disclosure of performance goals.

Texas ESG Legislation

Recently passed legislation in Texas targets proxy advisors as part of a broader effort to limit the role of ESG considerations in investment and governance decisions. Earlier laws required state pension funds to divest from firms boycotting fossil fuel or firearms industries and prohibited state contracts with asset managers that used ESG metrics in investment or proxy voting. Senate Bill 1057 also made it harder for activists to submit shareholder proposals to Texas companies. Building on these measures, Governor Greg Abbott signed an updated version of Senate Bill 2337 on June 20, 2025, which directly regulates proxy advisory firms like Institutional Shareholder Service (ISS) and Glass, Lewis & Co.

Effective September 1, 2025, the law requires proxy advisors to disclose when their voting recommendations are not based solely on financial factors and to provide written economic analyses if they recommend votes against management or directors. Proxy advisors must notify shareholders, issuers, and even the Texas Attorney General when advice differs materially across clients or from company recommendations and must post clear website notices if their guidance includes non-pecuniary considerations such as environmental, social, and governance (ESG) or diversity, equity, and inclusion (DEI) factors. Glass Lewis has objected strongly, arguing the law is costly and undermines the custom policies of institutional investors, while also noting that many governance issues with ESG components do in fact have financial consequences. On July 24, 2025, both Glass Lewis and Institutional Shareholder Services (ISS) filed separate lawsuits in U.S. federal court for the Western District of Texas, naming Attorney General Ken Paxton as defendant. They are seeking declaratory and injunctive relief to stop enforcement of the law before it takes effect on September 1, 2025. Both proxy advisors argue that the Texas

law is unconstitutional, vague, and conflicts with federal regulations. They warn it would harm their business, disrupt investor guidance, and burden out-of-state firms—reinforcing criticism that the law silences dissent and diminishes market transparency.

Supporters of the law see it as a way to insulate Texas companies and state assets from ideological influence, while critics warn it could chill proxy advisor recommendations, reduce transparency, and create conflicts with SEC guidance. Some market observers warn the law seems to selectively burden recommendations that oppose management, effectively silencing dissent, and disturbing market transparency. It may empower corporate boards at the expense of shareholder oversight. The legislation signals Texas's intent to establish a pecuniary-only standard in investment and governance, and while it may encourage some companies to relocate or reincorporate in the state, it could also create uncertainty for investors and proxy advisors nationwide.

SEC Executive Compensation Roundtable

On June 26, 2025, the SEC held a roundtable to reassess executive compensation disclosure rules (largely unchanged since 2006) and consider updates to Item 402 of Regulation S-K. Commissioners and panelists agreed the current regime is overly complex, costly to prepare, and often not decision-useful for investors. Tensions surfaced between issuer burden and investor calls for clearer transparency on the equity-award lifecycle, pay-versus-performance, and perquisites. Several Dodd-Frank mandates, including CEO pay ratio, pay-versus-performance, and claw backs, drew criticism for limited utility, especially among smaller issuers.

Roundtable speakers, including SBA staff, highlighted how proxy adviser expectations and say-on-pay outcomes shape pay design and disclosure, and urged simpler, plain-English, comparable, and machine-readable reporting; many favored overhauling the Summary Compensation Table and streamlining Item 402 tables, with potential expansion of named executive officer coverage. The SEC signaled it will solicit public comment and may propose reforms. Corporate Governance staff plan to submit a comment letter to the SEC recommending the adoption of broader and more consistent performance metrics for assessing pay-performance alignment. Additionally, SBA staff advocated for the inclusion of NEOs with strategic influence in compensation disclosures, irrespective of their remuneration levels, and emphasized the importance of utilizing clear and accessible language.

Proxy Advisor Regulation

Proxy advisory firms such as Institutional Shareholder Services (ISS) and Glass Lewis continue to face heightened scrutiny from lawmakers, regulators, and courts over their influence on shareholder voting and corporate governance. These firms play a significant role in shaping institutional investor behavior, particularly in contested director elections and on contentious management and shareowner proposals. Their perceived market dominance, "one-size-fits-all" recommendations, and potential conflicts of interest have drawn criticism from issuers and trade groups, leading to both federal and state efforts to regulate their activities.

At the federal level in 2020, the SEC issued rules that treated proxy voting advice as "solicitation" under Section 14 of the Exchange Act, thereby subjecting proxy advisors to anti-fraud liability and new filing requirements. ISS challenged the rule in court, and after a district court struck it down in 2024, the D.C. Circuit Court of Appeals affirmed in July 2025 that proxy voting advice is not solicitation, but "simply a recommendation." The court held that the SEC

exceeded its statutory authority and that independent voting advice is properly regulated under the Investment Advisers Act, not the Exchange Act's proxy solicitation framework. This decision effectively voided the 2020 rules and left a gap in federal oversight of proxy advisors.

In July 2020, the SEC under Chairman Jay Clayton adopted rules that formally defined proxy voting advice as a form of "solicitation" under Section 14 of the Exchange Act of 1934. This brought proxy advisors such as Institutional Shareholder Services (ISS) and Glass Lewis into the same regulatory regime that applies to activist investors and corporate solicitors. The rules imposed several key obligations: 1) Proxy advisors could be held liable for materially false or misleading statements in their voting recommendations; 2) Companies were granted opportunities to review proxy advice before distribution and to respond, giving issuers a more direct channel to challenge proxy advisors; and 3) Proxy advisors were required to make public filings with the SEC if their advice constituted solicitation.

The rules were backed by the National Association of Manufacturers (NAM) and corporate issuers, who argued that ISS and Glass Lewis wield outsized influence, often issue flawed or biased reports, and fail to consider company-specific context. In October 2019, even before final rules were adopted, ISS sued the SEC in federal court, arguing that the Commission had improperly expanded its authority by treating independent proxy voting advice as "solicitation." After the rules were finalized in 2020, ISS amended its complaint, asserting that: 1) the SEC's interpretation of "solicitation" was overly broad and contrary to the plain meaning of the statute; 2) the rules imposed compelled speech and threatened ISS's independence; and 3) Proxy advice is more akin to investment research than to active solicitation on behalf of an issuer or activist investor.

The case was closely watched by both investors and issuers, with the Council of Institutional Investors (CII) filing an amicus brief supporting ISS. In July 2024, Judge Amit P. Mehta of the U.S. District Court for the District of Columbia ruled in favor of ISS. He held that the SEC lacked statutory authority to regulate proxy advice as solicitation and concluded Section 14 of the Exchange Act was intended to cover efforts to persuade or obtain proxies on behalf of a party, not independent voting recommendations requested by clients. They opined that proxy advice is "simply a recommendation," not an attempt to solicit votes. This decision vacated the 2020 rules in their entirety.

On appeal, a three-judge panel of the U.S. Court of Appeals for the D.C. Circuit unanimously affirmed the district court. The court determined the ordinary meaning of "solicit" and "solicitation" does not extend to advice provided at the request of an investor. The SEC's effort to redefine proxy advice as solicitation was "contrary to law" and an impermissible expansion of its authority. Proxy voting advice remains subject to oversight under the Investment Advisers Act, but not the Exchange Act's solicitation rules. ISS welcomed the ruling, calling it a validation of its long-held view that independent proxy advice is not solicitation and it emphasized that its recommendations are part of a fiduciary service to institutional clients, not an effort to campaign for or against management.

The NAM and many issuers expressed deep disappointment in the legal ruling. NAM argued the ruling leaves "powerful actors" unchecked and vowed to continue pushing for congressional or regulatory reforms to impose oversight. The ISS v. SEC case ended with a major win for proxy advisors, as the D.C. Circuit confirmed that their independent voting advice does not constitute

solicitation under the Exchange Act. The 2020 rules were invalidated, leaving federal regulation of proxy advisors weaker and prompting both congressional action and state initiatives to fill the gap.

Meanwhile, Congress has responded with renewed interest in proxy advisor oversight. In April 2025, the House Subcommittee on Capital Markets held a hearing titled "Exposing the Proxy Advisory Cartel," which criticized the firms for conflicts of interest, inaccuracies, and "robo-voting" practices. Six bills have since been introduced that would amend the Exchange Act to impose mandatory registration, expand liability for misstatements, prohibit automated voting, and even bar proxy advisors from issuing advice when conflicts exist. The most sweeping proposal, the "Stopping Proxy Advisor Racketeering Act," would sharply restrict the firms' activities if enacted.

Taken together, the federal court decision rejecting SEC authority, the congressional proposals for new legislation, and the Texas law illustrate a fragmented regulatory environment. Proxy advisors remain influential but face significant political and legal challenges, with regulation increasingly shifting toward a patchwork of state-level mandates unless Congress acts to establish a uniform framework. The outcome will shape not only how ISS and Glass Lewis operate, but also how institutional investors and issuers approach proxy voting and governance engagement in the future.

Insider Trading Case Tied to 10b5-1 Plan Misuse

In June 2025, Terren S. Peizer, the former CEO and Executive Chairman of Ontrak, was sentenced to 42 months in prison and ordered to pay $17.9 million in fines and forfeiture in the first criminal case based solely on misuse of Rule 10b5-1 trading plans. A jury in 2024 determined that he established two trading plans in 2021 while possessing material nonpublic information about the potential loss of Ontrak's second-largest customer, did not observe any cooling-off period, and initiated sales on the next trading day—thereby avoiding approximately $12.5 million in losses after the termination was disclosed six days later and the stock price declined by 44%. The evidence included false pre-clearance and broker certifications as well as inaccurate SEC filings. Peizer has stated his intent to appeal.

Rule 10b5-1 allows an affirmative defense to insider-trading allegations if trades are executed under a plan adopted in good faith when the insider does not have material nonpublic information (MNPI). Amendments by the SEC in 2022 introduced additional requirements, such as mandatory cooling-off periods (for officers/directors, the later of 90 days or two business days after the next quarterly report; for non-officers, 30 days), insider attestations regarding absence of MNPI and good faith, and a continuous obligation to act in good faith (for example, not timing disclosures to coincide with trades under the plan). Although Peizer's actions occurred prior to these amendments, the case focused on the underlying principles of intent, timing, and good faith.

This case shows that prosecutors and regulators are employing data-driven analytics to evaluate trading plans and will not necessarily treat a 10b5-1 plan as automatic protection against scrutiny. The DOJ and SEC will keep reviewing plans made or changed near major market events. Recommended practices include: legal review and documentation of MNPI checks at plan adoption or modification; use of conservative cooling-off periods (at least those required by the amended rules, or longer in practice); avoidance of plan adoption or changes during sensitive

periods; maintenance of comprehensive pre-clearance and attestation processes; and monitoring for patterns such as rapid plan adoptions, concentrated sales, or deviations from past behavior that may affect a good-faith defense.

LEADERSHIP & SPEAKING EVENTS

Staff periodically participate in investor and corporate governance conferences and other meetings. Typically, these events include significant involvement by the largest asset owners and managers, corporate directors, senior members of management, and other key investors or regulatory stakeholders. The following details cover the most recent events:

- In late June, staff participated in the SEC's Roundtable on Executive Compensation Disclosure Requirement, addressed the evolution of compensation frameworks, the need for clear links between executive pay to long-term performance metric, and encouraging issuers to provide concise, relevant disclosures.

- In July, staff participated in the summer conference of the International Corporate Governance Network (ICGN), speaking on a panel focused on fiduciary duty and proxy voting decision making and general trends in the US market.

- In early August, staff participated in the summer meeting of The Independent Steering Committee of Broadridge Financial, covering numerous proxy-voting topics including end-to-end vote confirmation, securities lending and recall data services, and tokenization of investment funds and their voting protocols.

- In early September, staff will participate in and speak at the Council of Institutional Investors (CII) Fall conference, covering a wide range of corporate governance topics. Staff will also participate in the quarterly board meeting and attend the CII Proxy Voter Group meeting subsequent to the event.

ACTIVE OWNERSHIP & CORPORATE ENGAGEMENT

The SBA actively engages portfolio companies throughout the year, addressing corporate governance concerns, reviewing forthcoming proxy voting items, and seeking opportunities to improve alignment with the interests of our beneficiaries. Since the beginning of the year, SBA staff has conducted engagement meetings with a few companies owned (or with investor groups owning the same companies) within Florida Retirement System (FRS) portfolios, including Mantle Ridge, JP Morgan, Citizens Financial, Russell Metals, Capital City Bank, Nike, Phillip 66 (Elliott's nominees), and Dalton Investments.

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ATTORNEY GENERAL

CHRIS SPENCER
EXECUTIVE DIRECTOR

MEMORANDUM

To: SBA Trustees
Chris Spencer, Executive Director

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

Date: August 19, 2025

Subject: Office of General Counsel: Standing Report
For Period May 1 – July 31, 2025

SBA Agreements.

During the period covered by this report, the General Counsel's Office drafted, reviewed and negotiated: (i) 46 new agreements – including 5 new Active Credit investments; 6 new Private Equity investments; 2 new Strategic Investment; and 18 Real Estate investment transactions; (ii) 295 contract amendments, addenda or renewals; and (iii) 2 terminations.

SBA Litigation.

(a) Passive. As of July 31, 2025, the SBA was monitoring (as an actual or putative passive member of the class) 706 securities class actions. During the period from May 1 – July 31, 2025, the SBA collected recoveries in the amount of $2,093,106.52 as a passive member in 51 securities class actions.

(b) FRS Investment Plan. During the period covered by this report, the General Counsel's Office monitored and/or managed the following cases for the Florida Retirement System Investment Plan (the "Investment Plan"). The SBA issued 3 Final Orders, received notice of filing of 3 new cases and continued to litigate 5 cases that were pending during the periods covered by previous reports.

(c) *Ephraim Nation Case*. On December 16, 2024, the SBA was served a Complaint filed by a fictitious entity known as the "Ephraim-Nation" in the U.S. District Court, Southern District of New York, alleging a number of indecipherable facts and grievances against the State of Florida and other Florida governmental entities (including the SBA). On January 6, 2025 and

again on April 17, 2025, the SBA filed a letter response (in accordance with the Rules of Court) requesting a pre-trial trial conference for the purpose of preserving all of the SBA's pre-dispositive defenses. On June 15, 2025, the Court dismissed the case without prejudice and with leave to amend the Complaint by July 15, 2025, and the Plaintiff has not re-filed.

(d) *Target* Matter. On February 20, 2025, the SBA filed a Complaint against Target Corporation in the U.S. District Court, Middle District of Florida alleging securities fraud, among other claims. The SBA has also filed a Petition seeking appointment as Lead Plaintiff. On July 24, 2025, the Court ordered that several cases (including the SBA's case) be consolidated and that the SBA and OhioSTRS re-file their Motions for Lead Plaintiff no later than August 7, 2025, and both parties re-filed by that date. The SBA awaits the Court's Order on its Motion.

Other Matters.

(a) Public Records. During the period covered by this report, the General Counsel's Office received 51 new public records requests, provided responses to 55 requests and continued to work on 6 open requests.

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

(i) Rule 19-3.016 (Executive Director): The Notice of Proposed Rule, amending rule 19-3.016(11), Florida Administrative Code, was approved by the Board of Trustees on March 5, 2025. The Notice of Proposed Rule was published in the Florida Administrative Register on March 21, 2025. This rule updates the delegated authority of the Executive Director regarding the State Board of Administration's participation in legal actions. No hearing was requested so no hearing was held. The rule was filed with the Department of State on April 28, 2025. The rule became effective May 18, 2025.

(ii) Rule 19-8.012 (Procedures to Determine Ineligibility for Participation in the Florida Hurricane Catastrophe Fund and to Determine Exemption from Participation in the Florida Hurricane Catastrophe Fund due to Limited Exposure): The Notice of Proposed Rule, amending rule 19-8.012, Florida Administrative Code, was approved by the Board of Trustees on June 10, 2025. The Notice of Proposed Rule was published in the Florida Administrative Register on June 12, 2025. This rule was amended to make technical changes throughout, remove unnecessary statutory cites, remove outdated language, and clarify documentation needed from Office of Insurance Regulation can be a letter and not just an Order. The rule became effective July 31, 2025.

(iii) Rule 19-8.013 (Revenue Bonds Issued Pursuant to Section 215.555(6), F.S.): The Notice of Proposed Rule, amending rule 19-8.013, Florida Administrative Code, was approved by the Board of Trustees on June 10, 2025. The Notice of Proposed Rule was published in the Florida Administrative Register on June 12, 2025. This rule was amended to implement Section

215.555, Florida Statutes, regarding the Florida Hurricane Catastrophe Fund, for the 2025-2026 contract year. The rule became effective July 30, 2025.

(iv) Rule 19-8.028 (Reimbursement Premium Formula): The Notice of Proposed Rule, amending rule 19-8.028, Florida Administrative Code, was approved by the Board of Trustees on June 10, 2025. The Notice of Proposed Rule was published in the Florida Administrative Register on June 12, 2025. This rule was amended to implement Section 215.555, Florida Statutes, adopts the 2025-2026 reimbursement premium formula for the Florida Hurricane Catastrophe Fund ("Florida Hurricane Catastrophe Fund 2025 Ratemaking Formula Report Presented to the State Board of Administration of Florida March 26, 2025"). The rule became effective July 30, 2025.

(v) Rule 19-9.001 (Investment Policy Statement): The Notice of Proposed Rule, amending rule 19-9.001, Florida Administrative Code, was approved by the Board of Trustees on June 10, 2025. The Notice of Proposed Rule was published in the Florida Administrative Register on August 19, 2025. The rule adopts the most recent version of the Investment Plan Investment Policy Statement. A hearing, if requested, will be held on September 11, 2025.

(vi) Rules 19-11.001, 19-11.002, 19-11.003, 19-11.005, 19-11.006, 19-11.007, 19-11.008, 19-11.009, 19-11.011, and 19-11.012 (Procedures for the Public Employee Optional Retirement Program): The Notice of Proposed Rule, amending rule 19-11.001, 19-11.002, 19-11.003, 19-11.005, 19-11.006, 19-11.007, 9-11.008, 19-11.009, 19-11.011, and 19-11.012, Florida Administrative Code was approved by the Board of Trustees on June 10, 2025. The rules outline the procedures that current and prospective members must follow as a participant in the FRS Investment Plan to take certain desired actions, as well as forms that must be completed/filed. This revision provides for a technical change and updates the rules with the most recent forms. This will be presented to the Board of Trustees at the meeting on September 16, 2025.

(vii) Rule 19-13.003 (Role and Responsibilities of State, School District, and Local Employers Participating in the Florida Retirement System): The Notice of Proposed Rule, amending rule 19-13.003, Florida Administrative Code, was approved by the Board of Trustees on June 10, 2025. The rule change is to amend the language to refer to Florida Retirement System Participating Employers. This revision provides for a technical change and will be presented to the Board of Trustees at the meeting on September 16, 2025.

(viii) Rule 19-4.0035 (Florida Retirement System Defined Benefit Plan Investment Policy Statement): The Notice of Proposed Rule, amending rule 19-4.0035, Florida Administrative Code was approved by the Board of Trustees on June 10, 2025. The rule adopts the most recent version of the Defined Benefit Plan Investment Policy Statement. This revision provides for a technical change and will be presented to the Board of Trustees at the meeting on September 16, 2025.

(ix) Rule 19-7.002 (Investment Policy Statements): The Notice of Proposed Rule, amending rule 19-7.002, Florida Administrative Code was approved by the Board of Trustees on

June 10, 2025. The rule adopts the most recent version of the Local Government Surplus Fund (Non-Qualified) Investment Policy Statement. This revision provides for a technical change and will be presented to the Board of Trustees at the meeting on September 16, 2025.

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

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CHRIS SPENCER
EXECUTIVE DIRECTOR

MEMORANDUM

DATE: August 7, 2025

TO: Chris Spencer, Executive Director

FROM: Sooni Raymaker, Chief Risk & Compliance Officer SR

SUBJECT: Trustee and Audit Committee Report – August 2025

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

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

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

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

Enterprise Risk Management (ERM) unit provides independent and objective oversight, coordination and support to risk management processes at the SBA. The Enterprise Risk and Compliance Committee (RCC) serves as a cross-functional consultative forum and is responsible for reviewing and recommending approval of risk management strategy, risk management implementation plans, the organization's risk appetite, and risk identification and assessment methodologies. The RCC also evaluates the effectiveness of risk mitigation strategies among other duties.

Activity: The RCC met on August 6 and were provided updates to Risk Response Plans and associated key risk indicator metrics. These Plans are based on the major business model functions of Enterprise Oversight & Governance, Investment Management, and Organizational Operations and alignment with SBA Strategic Objectives. The Plans also include vital functions for each high-level process, vital signs (metrics), risk assessment results, and current controls or activity to help mitigate those risks.

The RCC also received an update on relevant regulatory and statutory reporting, an update on policy administration, and an update from the Chief Audit Executive & Inspector General and General Counsel & Chief Ethics Officer.

Trading, Investment Oversight and Compliance Committee (TOG) is a standing sub-committee of the Enterprise Risk and Compliance Committee. TOG reviews compliance exceptions, trading-related investment issues and associated risks that may have a material impact on trust funds and client portfolios (including securities lending programs) and makes recommendations to escalate exceptions or issues to the Executive Director. TOG also monitors and reviews associated risks of prospective and approved counterparties.

Activity: TOG conducted its quarterly oversight meeting on July 23, 2025. In addition to the standing reports and regular counterparty monitoring updates, topics at this TOG meeting included an update on Fixed Income procedures related to best execution of trades, approval of the Designated Futures, Options, and Swaps Exchanges/Markets List, regulatory updates, and the introduction of an SBA Public Market Security Master List that maps security types on the SBA Authorized Public Market Securities List and Florida Statutes.

External Manager Operational Due Diligence (ODD) is a critical component of selecting and overseeing external investment managers. ODD is conducted for all public and private markets strategies managed externally, both prior to funding and on an ongoing monitoring basis. Asset Classes are primarily responsible for ODD and will utilize subject matter experts, including RMC staff and consultants with ODD capabilities, as an input in the decision-making process. RMC regularly reports operational risk oversight and monitoring of external managers to the RCC. RMC also conducts an annual process that includes requesting certifications and risk rank managers. RMC also works with the Asset Class to prioritize any necessary onsite visits and/or ad hoc consultant requests.

Activity: At the RCC meeting, the ODD team reported the following: the results of the annual certifications from 237 investment managers, and any process exceptions noted by the ODD team. They also conducted a demonstration of the external manager risk assessment dashboard.

….

During this reporting period, the ODD team reviewed and commented on 17 consultant operational due diligence reports on investment managers as part of the investment approval process, which represents approximately $4.3 billion in potential investments. Additional capital was requested for three investments which represent approximately $1 billion. The team reviewed eight real estate property acquisitions which represent approximately $783 million in new investments. The team also sampled three Private Equity co-investments, representing $30 million in new investment for process adherence. The team also attended four manager meetings and conducted one onsite meeting.

Investment Compliance – Public Markets unit tests internal and external manager portfolios and prepares and distributes a monthly compliance report to the Senior Investment Officers for Fixed Income, Global Equity, Active Credit (publicly traded multi-asset credit) and PRIME. The monthly compliance reports summarize the compliance exceptions (if any) and corresponding resolutions documented during the month. Compliance issues are resolved in real time unless further escalation to the Chief Investment Officer and the Executive Director is necessary. Additionally, the PRIME and Fixed Income Investment Oversight Group (IOG) convene quarterly to review stress test results.

The Investment Compliance team also checks to ensure that all internal trades (including cash market securities and derivatives) are properly authorized, executed, and documented. This quarter Investment Compliance monitored over $113 billion in internal trading.

Activity: During the reporting period, Investment Compliance reviewed three investment guidelines for internal and external public market portfolios, which included the onboarding of a new account. The team filed two regulatory requirements, the Q2 Form 13H, SEC Large Trader Report and the semi-annual Japan Holdings Annex.

The team also reviewed and responded to the annual Bloomberg OMS System and Organizational Controls (SOC), the StarCompliance SOC and the semi-annual Applications and Access Control Administrators (ACA) security reviews. In addition, the annual review of Florida PRIME Compliance Risk Rankings was presented and approved by the Fixed Income – Investment Oversight Group.

The team continues to participate in the Fixed Income Internal Trading and Fair Dealing Audit conducted by the Office of Internal Audit. In addition, Investment Compliance has provided documentation to the Auditor General for the annual Florida PRIME Financial Audit. Investment Compliance has responded to audit requests by participating in process walk-throughs and providing documentation such as internal procedures, compliance reviews, and exception reports.

Personal Investment Activity (PIA) policy is an internal control that governs personal investment activity to ensure that actual or potential conflicts of interest between personal investments and professional responsibilities are avoided.

Activity: During the period (May 1 – July 31), there were 203 requests for pre-clearance by SBA employees, with 139 being approved, 58 being denied (due to blackout restrictions), and 6 being retracted (not traded). There were two violations during the period. One violation was the result of a buy of more shares than what was pre-cleared and approved, and the other violation was a buy of securities that was not pre-cleared.

Performance Reporting & Analytics (PRA) unit is responsible for the compilation, validation, and quality assurance of performance data reported by the SBA. Performance data is centralized to ensure quality and consistency. PRA processes are in place to monitor and validate data generated by the performance measurement provider, including reconciliations and reasonableness checks by asset class staff and the performance measurement provider. PRA also ensures that documentation is maintained regarding performance measurement methodologies (including treatment of cash flows, attribution of securities

lending income, aggregate performance benchmarks and targets, etc.) and maintains a performance database.

The external performance measurement provider (BNY) is required to independently generate performance measurement data on a timely and accurate basis. BNY is responsible for calculating, or receiving from an external party, custom portfolio benchmarks, including blended portfolio benchmarks.

Activity: As of July 11, 2025, PRA went fully live with Project Access which included ingesting BNY performance data directly into the hosted Eagle DataMart and SBA's new cloud-based data warehouse, instead of the on-premise DataMart system. The Performance team has fully implemented Eagle PACE as the calculation engine for Performance returns.

Prior to going live, the Performance team ran a parallel process using the on-premise system and new Eagle PACE system, for several months. This implementation transitions the SBA Performance Measurement and Analytics process from multiple spreadsheets and a slow on-premise database to a robust performance calculation engine that uses automated functions and exception-based reporting.

Following the successful launch of the new performance ecosystem (including Eagle PACE, Eagle DataMart, and Snowflake), the Performance Team is actively engaged in several strategic initiatives to stabilize and enhance operations, including but not limited to historical data clean up and alignment, report and dashboard developments, data validation and exception monitoring, and training and process documentation, as well as trying to fill a vacancy.

Policy Administration oversees and administers the processes for SBA policy development, maintenance, and document management. Policies are established to guide the SBA in achieving its purpose, goals, and objectives and in complying with fiduciary duties. Written policies are reviewed routinely for continued relevance and accuracy. Policy development and revision includes the appropriate staff in a comprehensive review process that is codified in policy. RMC, as the custodian for all SBA policies, maintains the official policy records and posts all executed and active policies to a location accessible by all employees. RMC notifies all affected staff when new policies or revisions are issued.

Activity: During the review period, nine policies were revised and one new policy was implemented.

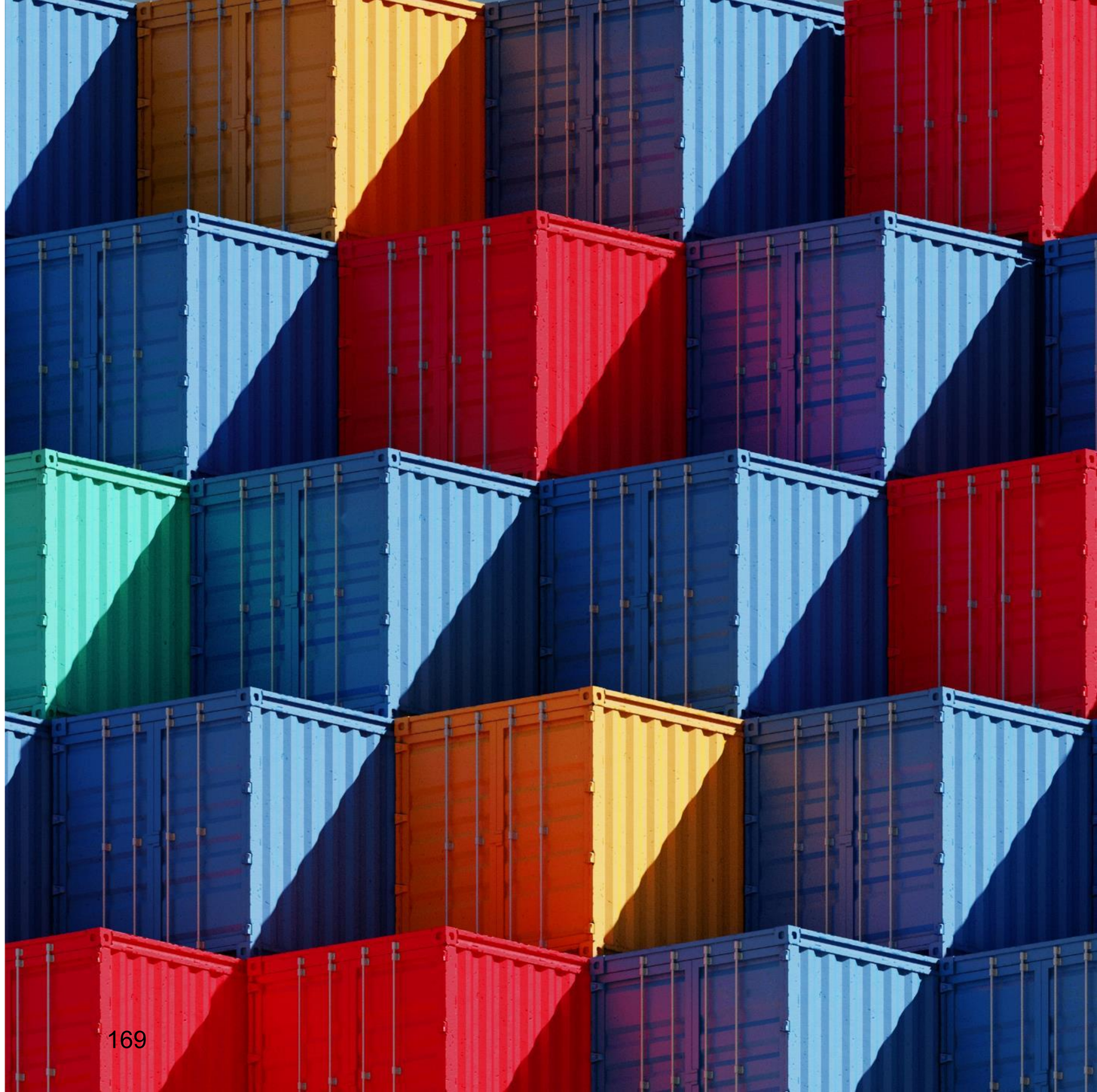
In addition, the Investment Policy Statement (IPS) for the FRS Investment Plan was updated to revise benchmarks for the Tier III Actively Managed Core Options. No changes were made to the Florida PRIME IPS during its annual review.

Policy Administration completed its collaboration project with Enterprise Risk Management to conduct a qualitative review and analysis of all enterprise-level controls prior to the transition of data to the AuditBoard system.

Asset-Liability Study: Results

Florida State Board of Administration (SBA)

August 2025



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Today's Agenda

1. Executive Summary
2. Analysis
   - Asset-Liability Profile
   - SBA Approach to Assumption Development
   - Portfolio Analysis
   - Asset-Liability Projection Analysis
   - Liquidity Analysis
3. Summary and Conclusions
4. Appendix

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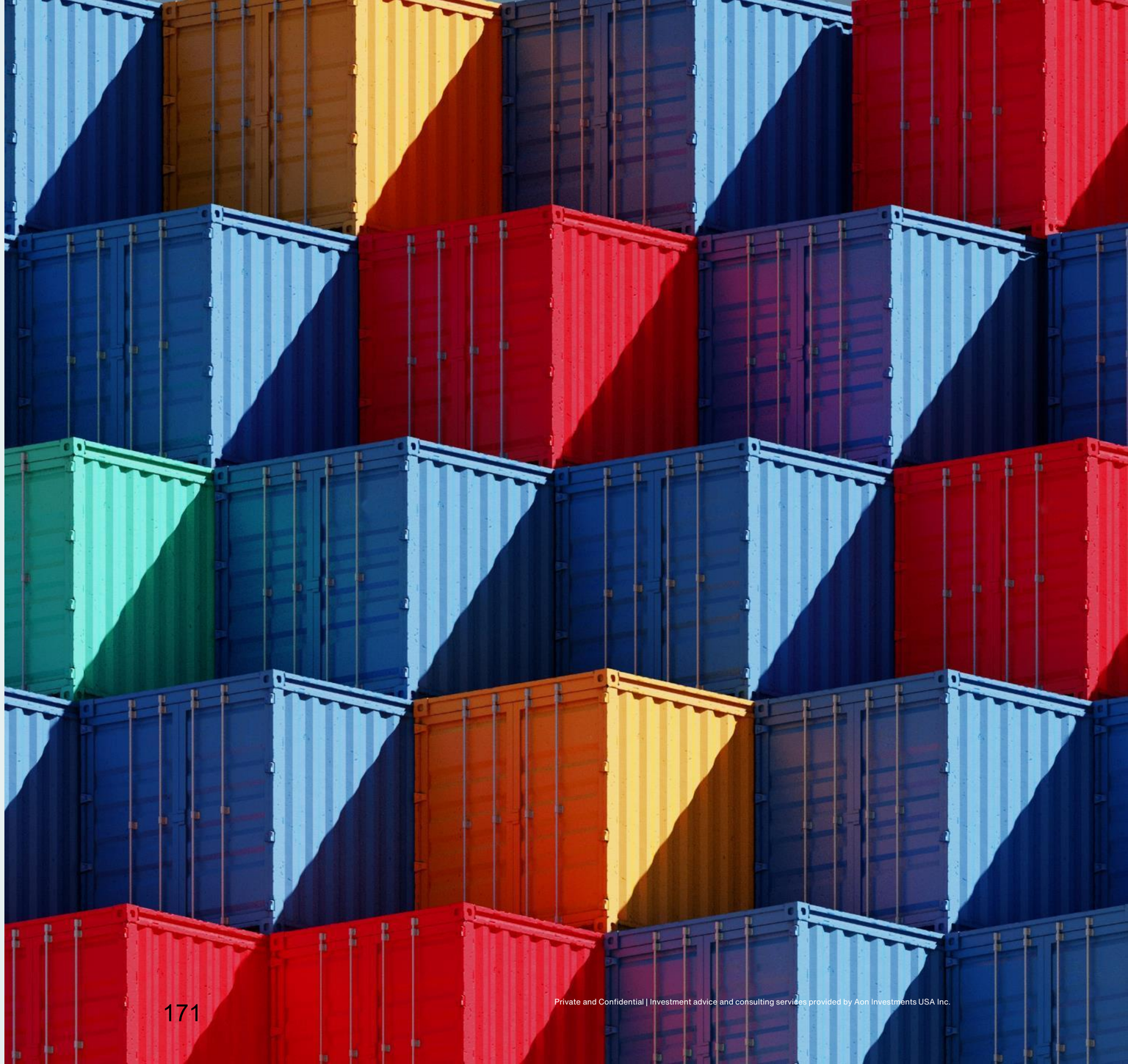
Executive Summary



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Executive Summary

What is an asset-liability study?

What?

A comprehensive toolkit for making decisions on a **fund's asset allocation and investment risk that align with the liabilities** those funds support

Why?

Aon believes optimal decisions regarding pension plan management are made when they are based on a **clear understanding of the assets and liabilities** and how they interact

When?

Aon suggests conducting asset-liability studies every **3 to 5 years** depending on client specifics, or more frequently should circumstances dictate

How?

Identify future trends in the financial health of the fund based on economic uncertainties that may not be evident from an actuarial valuation

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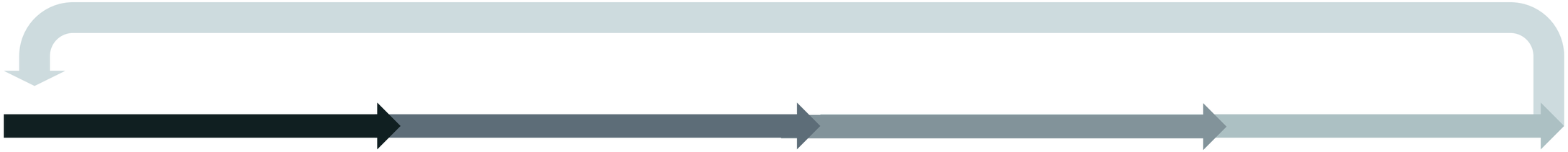
Executive Summary

Investment strategy cycle: first step - asset-liability study



Asset-Liability Study: Return-Seeking vs. Risk-Reducing Exposure

- Primary driver of long-term success
- Important to set strategy in the context of plan liabilities
- The SBA has an **78%** return-seeking allocation posture

Asset Allocation Review: Asset Class Utilization

- Translate results of asset-liability study into an actionable strategic asset allocation

Structure Review: Structure of Asset Classes

- Assure implementation conforms with stated objectives and risk tolerance
  - Risk-focused approach
  - Efficient, cost-effective implementation

Ongoing Review: Performance as planned; no surprises

- Proactive assessment of portfolio and risks
- Related oversight functions: proxy voting, etc.

<u>Today's Goal</u>: Determine if the 78% Return-Seeking allocation continues to be appropriate or if there is merit to altering the risk level

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Executive Summary

Key themes of the asset-liability study

Current/Future Trends

- FRS has an estimated funded ratio of 87% as of 6/30/2025 using a market-based funded ratio
- Under the current asset allocation, FRS is expected to reach full funding by **FYE 2042** in our central expectation
  - The plan has a hurdle rate surplus – i.e., asset growth outpacing liability growth – that is helping to close the funding shortfall over time
- Higher (or lower) risk strategies adjust the time to full funding

Investment Strategy

- Current asset allocation is 78% return-seeking assets and has an expected return[1] of **6.32%**, which falls short of the actuarial assumed rate of return (6.70%)
- The equity risk premium is 1.00%[2] in this 2025 Asset-Liability Study, compared to 0.75% from 2024
- Aon studied portfolios up/down the risk spectrum

Liquidity

- SBA's current target allocation has **sufficient liquidity** in the modeled Base Case, Recession, and Dark Skies scenarios

[1] Expected returns are using Aon's Q3 2025 30-Year Capital Market Assumptions (CMAs) as of June 30, 2025 adjusted for the delta in average Global Equity Risk Premium (ERP) among three investment advisors: Aon, Mercer, and Wilshire (-100bps adjustment), which are projections about the future returns of asset classes. For asset classes that can be implemented passively, which includes most public assets, alpha and active management fees are not included in the return expectations. For asset classes that can only be implemented actively, such as hedge funds and private assets, we assume alpha and higher active manager fees. Expected returns are geometric (long-term compounded). Expected returns presented are models and do not represent the returns of an actual client account. Your actual returns may differ from the model expected returns presented based on your plan's individual fees/expenses. AIUSA's advisory fees are described in Part 2A of AIUSA's Form ADV. Not a guarantee of future results. See appendix for capital market assumptions disclosure pages.

[2] Equity Risk Premium is defined as the excess return earned over bonds that compensates investors for taking on higher risk; all returns are 10-year geometric average (compounded) expected returns based on Aon, Mercer, and Wilshire capital market assumptions

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Executive Summary

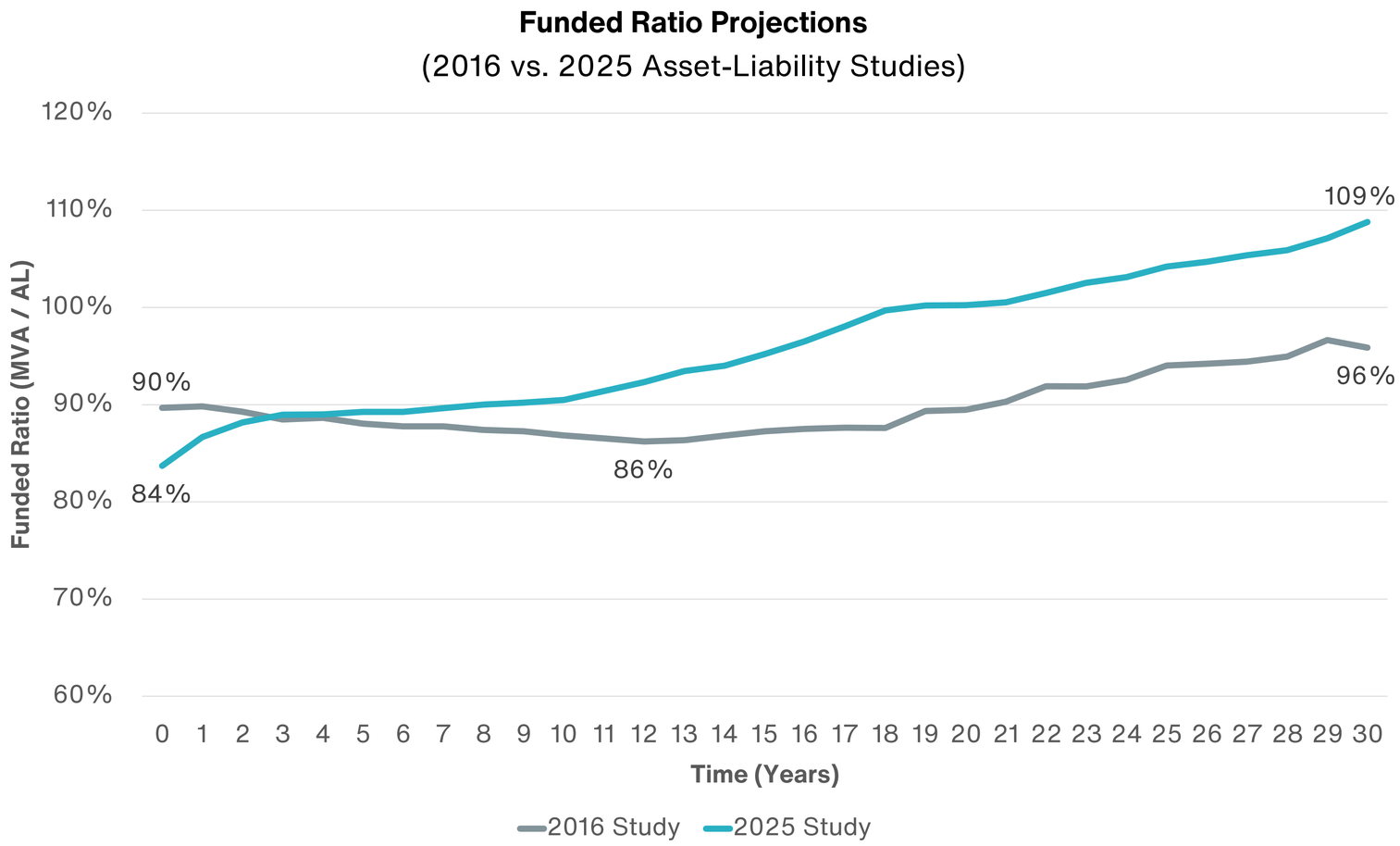
Evolution of asset-liability study projections

The chart to the right illustrates the median funded ratio results of the 2016 vs. 2025 asset-liability studies

- The 2016 trendline dips and then ultimately ends up close to where it started over the 30-year projection period
- The 2025 trendline is a steadier, upward trend over the projection period

Underpinning the results are the assumptions at the time of the respective studies:

- **2016 study:** 7.65% actuarial assumed rate of return; layered 30-year amortization periods
- **2025 study:** 6.70% actuarial assumed rate of return; layered 20-year amortization periods



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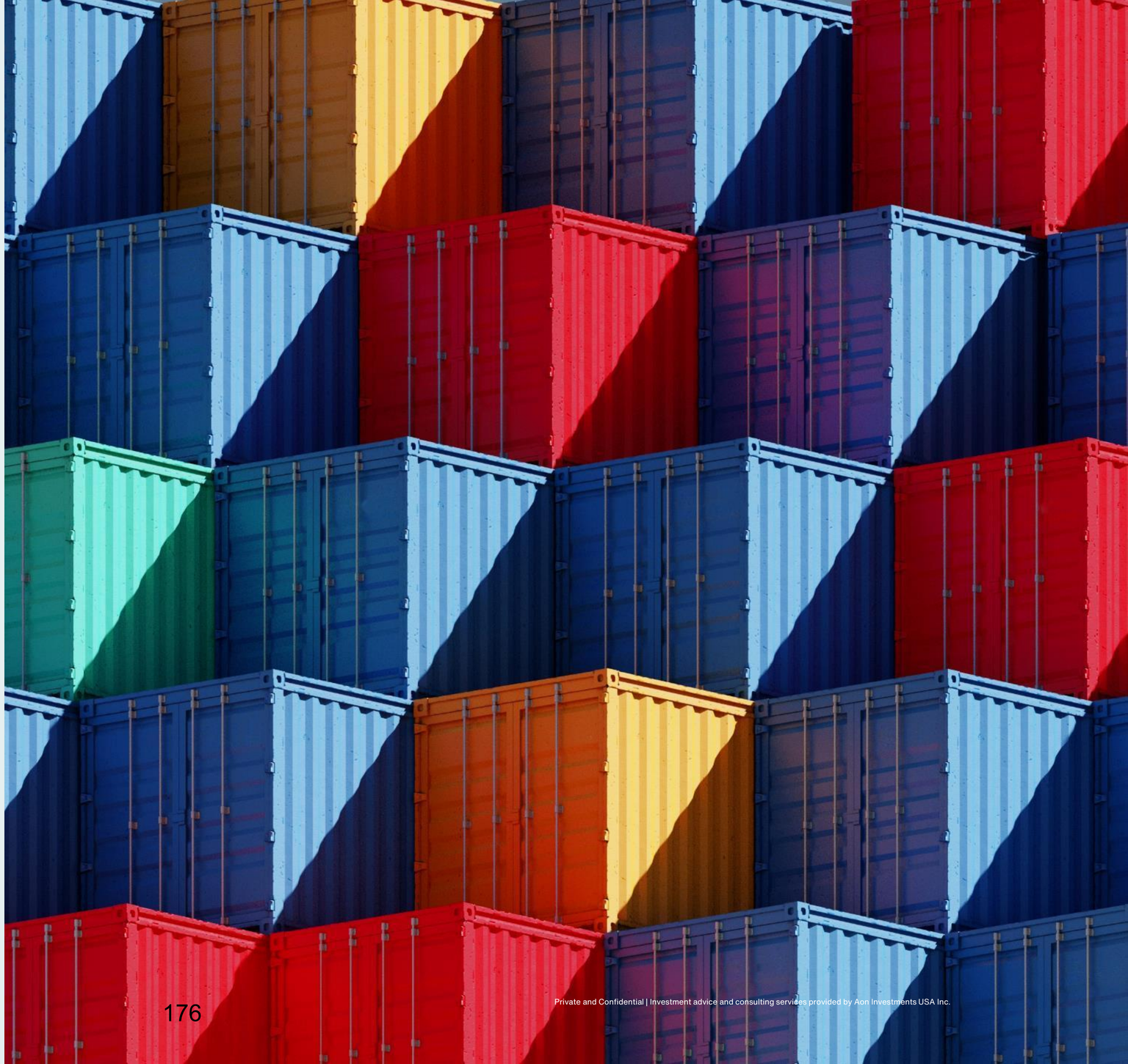
Analysis

- Asset-Liability Profile
- SBA Approach to Assumption Development
- Portfolio Analysis
- Asset-Liability Projection Analysis
- Liquidity Analysis



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Asset-Liability Profile

Section 2: Analysis

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Current State Overview

Estimated as of June 30, 2025

86.7%

Funded ratio as of June 30, 2025

- Based on market value of assets using a 6.70% actuarial discount rate

6.32%

30-year expected return[1,2]

- SBA's custom assumption for the current target asset allocation as of June 30, 2025
- SBA uses the equity risk premiums (ERP) from 3 consulting firms (Aon, Mercer, and Wilshire) to remove biases from any one firm
  - Assumed ERPs
    - Average: 1.00%
    - Aon's: 2.00%
- Expected return falls short of the 6.70% actuarial assumed rate of return

9.48%

Asset Hurdle Rate

- Liabilities projected to grow each year primarily due to interest cost and normal cost
- Asset growth rate of 9.48% needed to keep pace with liability growth rate
  - Higher growth will improve the funded ratio
- Assets will grow via a combination of investment performance and contributions/funding

78%

Current target level of return-seeking assets

- Overall asset allocation strategy is generally considered the single most impactful investment decision

[1] Expected returns are using Aon's Q3 2025 30-Year Capital Market Assumptions (CMAs) as of June 30, 2025 adjusted for the delta in average Global Equity Risk Premium (ERP) among three investment advisors: Aon, Mercer, and Wilshire (-100bps adjustment), which are projections about the future returns of asset classes. For asset classes that can be implemented passively, which includes most public assets, alpha and active management fees are not included in the return expectations. For asset classes that can only be implemented actively, such as hedge funds and private assets, we assume alpha and higher active manager fees. Expected returns are geometric (long-term compounded). Expected returns presented are models and do not represent the returns of an actual client account. Your actual returns may differ from the model expected returns presented based on your plan's individual fees/expenses. AIUSA's advisory fees are described in Part 2A of AIUSA's Form ADV. Not a guarantee of future results. See appendix for capital market assumptions disclosure pages.

[2] The portfolio's expected return of 6.32% is based upon current policy target weights for each asset class and the asset classes' expected returns and correlations. The portfolio's expected return is subject to change should the current policy targets change and/or the investment objective of an asset class change.

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Detailed Current State Asset-Liability Profile (as of June 30, 2025)

FRS projects to have a slight hurdle rate surplus, improving near-term funded status

Asset-Liability Snapshot				
	As of 7/1/2024		Est. 6/30/2025	
Metric ($, Billions)	**Value**	**Fund %**	**Value**	**Fund %**
Market Value of Assets	$198.7	83.7%	$211.5	86.7%
Actuarial Value of Assets	$191.6	80.7%		
Liability Metrics				
Actuarial Liability (AL) – Funding[1]	$237.4		$244.0	

Key Takeaways

- Pension plan is estimated to be **86.7%** funded on a market value of assets basis as of June 30, 2025
- Asset hurdle rate of **9.48%**, via cash funding and investment returns, needed to maintain or improve funded status
- The total expected asset growth rate (EROA plus contributions) exceeds the asset hurdle rate by **10 bps**

Asset-Liability Growth Metrics as of 6/30/2025			
Metric ($, Billions)	**Value**	**% Liability**	**% Assets**
AL Discount Cost	$16.4	6.70%	7.73%
AL Normal Cost	$3.7	1.50%	1.74%
Plan Expenses	$0.0	0.01%	0.01%
Total Liability Hurdle Rate	**$20.1**	**8.21%**	**9.48%**
Expected Return on Assets[2]	$13.4	5.48%	6.32%
Total Contributions	$6.9	2.83%	3.26%
Total Exp. Asset Growth	**$20.3**	**8.31%**	**9.58%**
Hurdle Rate Surplus/(Shortfall)	**$0.2**	**0.10%**	**0.10%**
Est. Benefit Payments	$13.3	5.46%	6.30%

Target Asset Allocation as of 6/30/2025		
Metric ($, Billions)	**Value**	**Alloc %**
Return-Seeking		
- Public Equity	$95.2	45%
- Private Equity	$21.1	10%
- Liquid Alternatives	$6.3	3%
- Liquid Return-Seeking Fixed Income	$6.3	3%
- Illiquid Return-Seeking Fixed Income	$8.5	4%
- Open-End Real Assets	$21.1	10%
- Closed-End Real Assets	$6.3	3%
- Total	$165.0	78%
Risk-Reducing		
- Cash & Short Duration Fixed Income	$2.1	1%
- Core Bonds	$44.4	21%
- Total	$46.5	22%
Total	$211.5	100%

[1] Based on a 6.70% discount rate consistent with the July 1, 2024 actuarial valuation results.

[2] Expected returns are using Aon's Q3 2025 30-Year Capital Market Assumptions (CMAs) as of June 30, 2025 adjusted for the delta in average Global Equity Risk Premium (ERP) among three investment advisors: Aon, Mercer, and Wilshire (-100bps adjustment), which are projections about the future returns of asset classes. For asset classes that can be implemented passively, which includes most public assets, alpha and active management fees are not included in the return expectations. For asset classes that can only be implemented actively, such as hedge funds and private assets, we assume alpha and higher active manager fees. Expected returns are geometric (long-term compounded; rounded to the nearest decimal) assuming portfolio weights are rebalanced annually. Expected returns presented are models and do not represent the returns of an actual client account. Your actual returns will be reduced by your advisory fees and other expenses you may incur as a client. Analysis includes $29MM in expenses, assumed to be inclusive of investment consulting fees, paid from trust assets. Aon's advisory fees are described in Part 2A of Aon's Form ADV. Not a guarantee of future results. See appendix for capital market assumptions disclosure pages.

Percentages may not sum to 100% due to rounding.

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Asset Hurdle Rates

Growth needs of the plan adjust with funded status changes

What is the Asset Hurdle Rate?

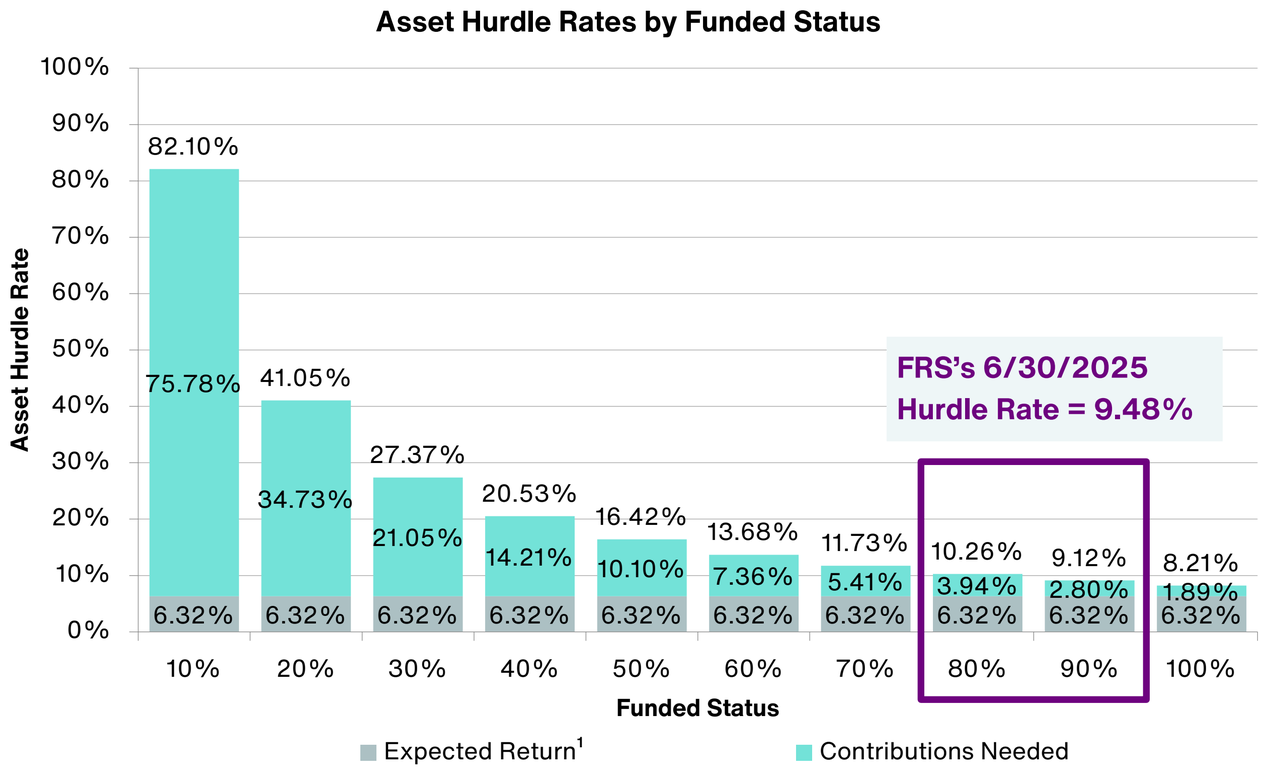
Asset Hurdle Rate is the required rate of asset growth needed to keep pace with the growth of the Plan liabilities

- Assets must grow at this rate or more in order to maintain or reduce a potential funding shortfall
- **Formula = (Normal Cost + Discount Cost + Expenses) / Funded Ratio**

Assets can grow in two ways:

- Investment returns
- Funding contributions

Asset hurdle rates are expected to decline as the funded status increases



[1] Expected returns are using Aon's Q3 2025 30-Year Capital Market Assumptions (CMAs) as of June 30, 2025 adjusted for the delta in average Global Equity Risk Premium (ERP) among three investment advisors: Aon, Mercer, and Wilshire (-100bps adjustment), which are projections about the future returns of asset classes. For asset classes that can be implemented passively, which includes most public assets, alpha and active management fees are not included in the return expectations. For asset classes that can only be implemented actively, such as hedge funds and private assets, we assume alpha and higher active manager fees. Expected returns are geometric (long-term compounded; rounded to the nearest decimal) assuming portfolio weights are rebalanced annually. Expected returns presented are models and do not represent the returns of an actual client account. Your actual returns will be reduced by your advisory fees and other expenses you may incur as a client. Analysis includes $29MM in expenses, assumed to be inclusive of investment consulting fees, paid from trust assets. Aon's advisory fees are described in Part 2A of Aon's Form ADV. Not a guarantee of future results. See appendix for capital market assumptions disclosure pages.

Percentages may not sum to total due to rounding.

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SBA Approach to Assumption Development

Section 2: Analysis

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SBA Approach to Assumption Development

Overview

The SBA approach averages the global equity risk premiums[1] from three investment advisors (Aon Investments, Mercer, and Wilshire)

Building block approach is used

- Price inflation and fixed income returns reflect market conditions and yields
- For all other asset classes ("risk assets"), a risk premium is added to fixed income returns

Average risk premium is used to scale Aon Investments' expected returns for the "risk assets"

The difference between Aon Investments' equity risk premium and the average equity risk premium is added to "risk asset" capital market assumptions from Aon Investments to normalize the expected returns

Based on feedback from the Investment Advisory Council (IAC), the time period used in the averaging method is 10 years

[1] Equity Risk Premium is defined as the excess return earned over bonds that compensates investors for taking on higher risk
Mercer and Wilshire capital market assumptions provided by Florida SBA. Aon is not affiliated with Mercer or Wilshire and does not guarantee the accuracy or completeness of this information and cannot be held accountable for inaccurate data provided by third parties.

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SBA Approach to Assumption Development

Equity risk premium

The SBA averages the global equity risk premiums[1] from three consulting firms and then uses that average risk premium to scale Aon Investments' expected returns for the "risk assets"

2025 Average Global Equity Risk Premium = Average (Global Equity Return – U.S. Bond Return) = 1.00%

	Aon Investments	Mercer	Wilshire	Average
2025 Assumptions (10-year geometric average expected returns)				
- As of Date	June 2025	July 2025	June 2025	
- Global Equity	6.90%	5.90%	4.85%	5.88%
- Core U.S. Bonds	4.90%	4.70%	5.05%	4.88%
- Global Equity Risk Premium	**2.00%**	1.20%	-0.20%	**1.00%**
2024 Global Equity Risk Premium	2.00%	0.40%	-0.15%	0.75%
Change 2025 vs. 2024	0.00%	+0.80%	-0.05%	+0.25%
Prior Years:				
- 2023	2.20%	1.50%	1.30%	1.67%
- 2022	3.95%	3.40%	2.55%	3.30%
- 2021	4.55%	3.67%	3.55%	3.92%
- 2020	5.50%	4.77%	5.20%	5.15%

An average ERP of 1.00% would mean that Aon's capital market assumptions for risk assets would be **reduced by 100bps** in the 2025 asset-liability analysis

[1] Equity Risk Premium is defined as the excess return earned over bonds that compensates investors for taking on higher risk; all returns are 15-year (Pre-2023) / 10-year (Post-2023) geometric average (compounded) expected returns. Calculations may not sum to total due to rounding.

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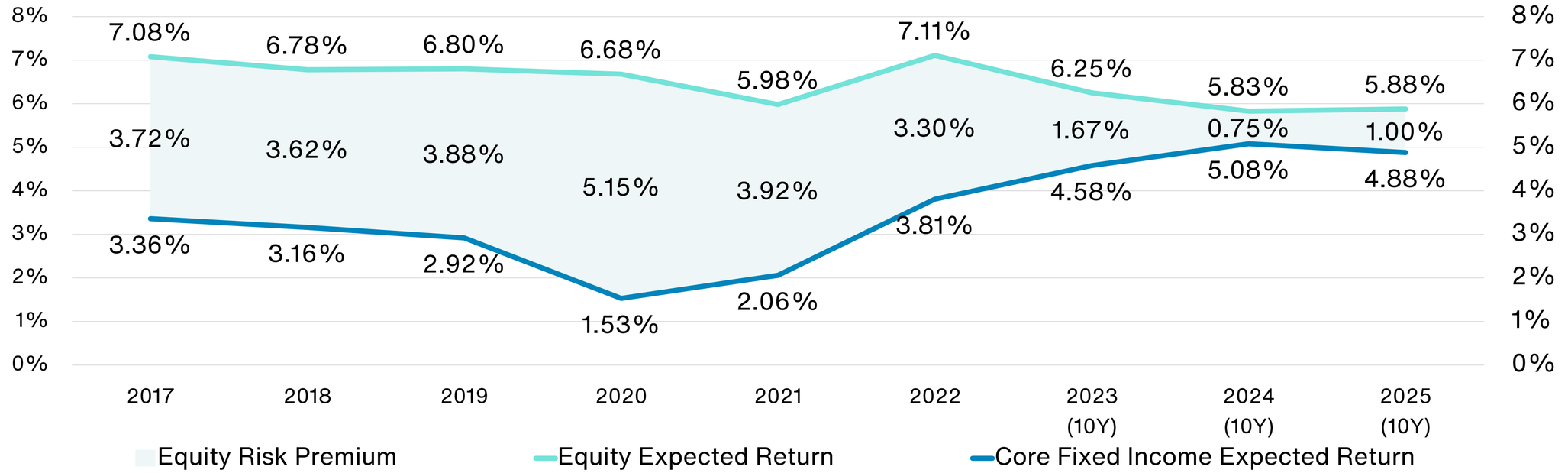
SBA Approach to Assumption Development

Breakdown of equity risk premium assumption

The increase in the 2025 equity risk premium[1] was driven by the combination of a decreases in projected fixed income returns and slightly increasing projected equity returns

- Below is a 9-year historical look at the breakdown of the global equity risk premium

Breakdown of Global Equity Risk Premium



[1] Equity Risk Premium is defined as the excess return earned over bonds that compensates investors for taking on higher risk; all returns are 15-year (Pre-2023) / 10-year (Post-2023) geometric average (compounded) expected returns Pre-2019 averaging based on Aon, Callan, Mercer, and Wilshire capital market assumptions; 2019 and beyond based on Aon, Mercer, and Wilshire capital market assumptions

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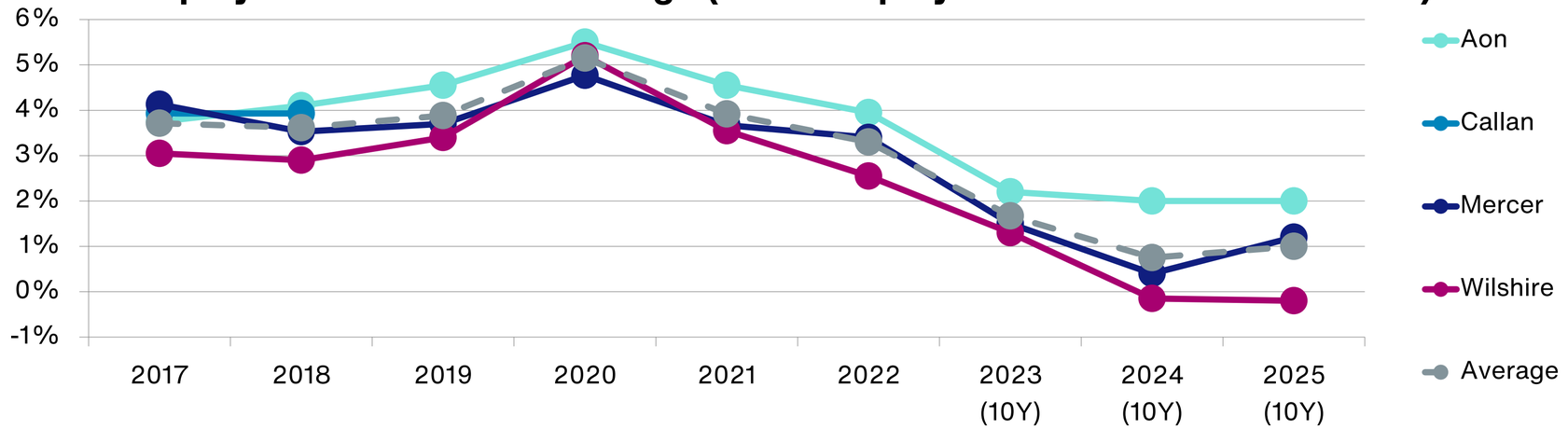
SBA Approach to Assumption Development

Historical equity risk premium assumption

Average Global Equity Risk Premium = Average (Global Equity Return – U.S. Bond Return)



Equity Risk Premium[1]	Asset-Liability Study								
	2017	2018	2019	2020	2021	2022	2023 (10Y)	2024 (10Y)	2025 (10Y)
Aon	3.75%	4.10%	4.55%	5.50%	4.55%	3.95%	2.20%	2.00%	**2.00%**
Callan	3.93%	3.93%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mercer	4.13%	3.53%	3.70%	4.77%	3.67%	3.40%	1.50%	0.40%	1.20%
Wilshire	3.05%	2.90%	3.40%	5.20%	3.55%	2.55%	1.30%	-0.15%	-0.20%
Average	3.72%	3.62%	3.88%	5.15%	3.92%	3.30%	1.67%	0.75%	**1.00%**

Aon Investments' capital market assumptions for risk assets would be **reduced by 100bps** in the 2024 asset-liability analysis

[1] Equity Risk Premium is defined as the excess return earned over bonds that compensates investors for taking on higher risk; all returns are 15-year (Pre-2023) / 10-year (Post-2023) geometric average (compounded) expected returns

[2] Callan was previously included in the averaging but removed starting in 2019 because its capital market assumption date did not coincide with the same timeframe as the other consultants and the asset-liability study; Callan only updates their capital market assumptions once a year while the other consultants update quarterly

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Portfolio Analysis

Section 2: Analysis

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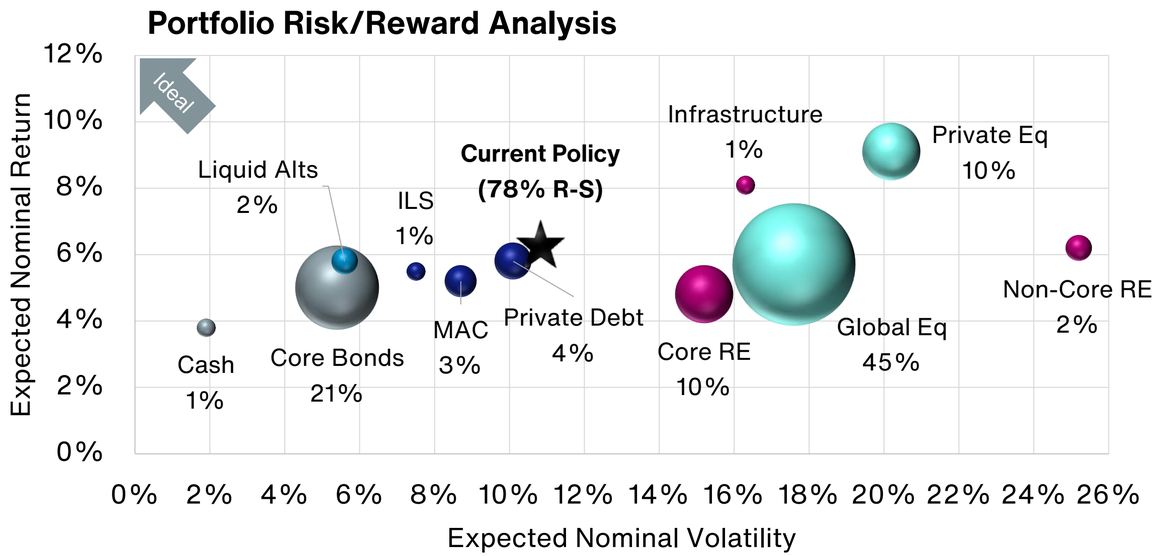
Portfolio Analysis

Current diversification results in an expected return of 6.32%[1]



Legend:

Bubble size proportional to current asset allocation (i.e., larger bubbles = larger allocations); Asset classes are color coded:

- Equities (teal), Liquid Alternatives (blue), Return-Seeking Fixed Income (navy blue), Real Assets (purple), Safety (gray)

Asset Class – Target %	Expected Real Return[1]	Expected Nominal Return[1]	Expected Nominal Volatility
Equity			
Global Equity IMI – 45%	3.3%	5.7%	17.6%
Fixed Income			
Cash (Gov't) – 1%	1.5%	3.8%	1.9%
Core Fixed Income – 21%	2.6%	5.0%	5.4%
Multi-Asset Credit – 3%	2.8%	5.2%	8.7%
Alternatives			
Direct Hedge Funds – 2%	3.4%	5.8%	5.6%
Core Real Estate – 10%	2.4%	4.8%	15.2%
Non-Core Real Estate – 2%	3.8%	6.2%	25.2%
Private Equity – 10%	6.6%	9.1%	20.2%
Infrastructure - 1%	5.7%	8.1%	16.3%
Private Debt – 4%	3.4%	5.8%	10.1%
Insurance Linked Securities – 1%	3.1%	5.5%	7.5%
Portfolio Metrics (30-Year Assumptions)			
Total Fund[1,2]	**3.95%**	**6.32%**	**10.83%**

[1] Expected returns are using Aon's Q3 2025 30-Year Capital Market Assumptions (CMAs) as of June 30, 2025 adjusted for the delta in average Global Equity Risk Premium (ERP) among three investment advisors: Aon, Mercer, and Wilshire (-100bps adjustment), which are projections about the future returns of asset classes. Our CMA projections are designed to reflect the typical cost of implementing an investment program. Expected returns are calculated using weighted allocations of the underlying CMAs. Expected returns are geometric (long-term compounded; rounded to the nearest decimal) assuming portfolio weights are rebalanced annually. Expected returns presented are models and do not represent the returns of an actual client account. Your actual returns will be reduced by your advisory fees and other expenses you may incur as a client. Aon's advisory fees are described in Part 2A of Aon's Form ADV. Not a guarantee of future results. See appendix for capital market assumptions disclosure pages.

[2] The portfolio's expected return of 6.32% is based upon current policy target weights for each asset class and the asset classes' expected returns and correlations. The portfolio's expected return is subject to change should the current policy targets change and/or the investment objective of an asset class change.

Percentages may not sum to 100% due to rounding.

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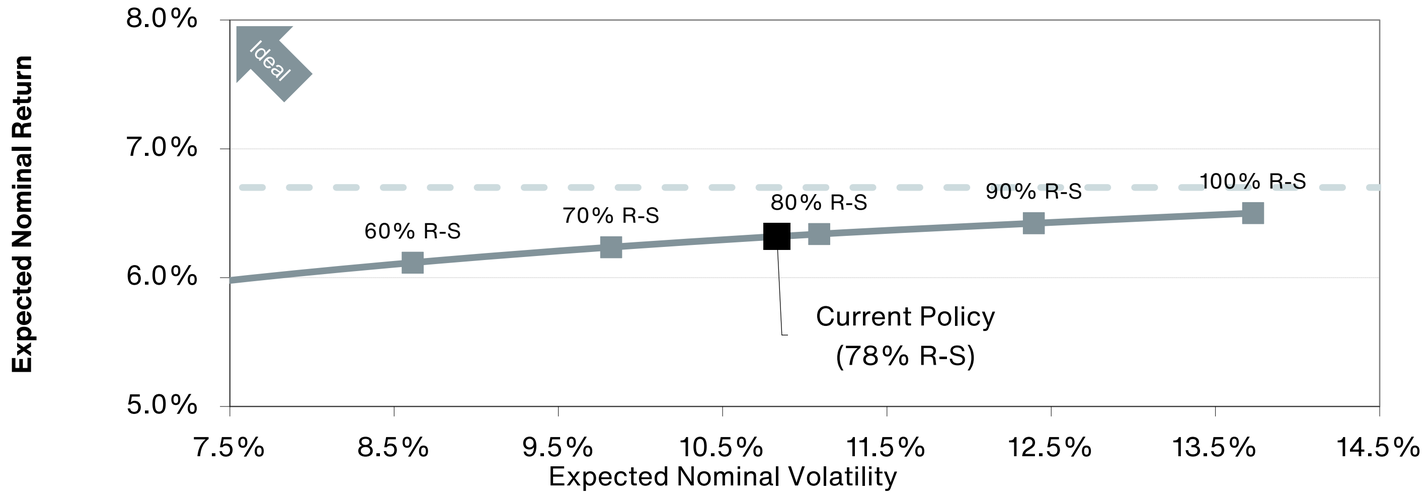
Portfolio Analysis – Risk/Reward Spectrum

Current policy has an expected return below the actuarial assumed rate of return



Key Observation

- Current portfolio is diversified across return-seeking asset classes and expected to earn a 6.32% return

	Portfolio Metrics			Return-Seeking (R-S) Assets							Risk-Reducing/ Safety Assets	
	Exp. Nominal Return[1]	Exp. Nominal Volatility	Sharpe Ratio	Public Equity	Private Equity	Liquid Alts	Liquid R-S Fixed Income	Illiquid R-S Fixed Income	Open-End Real Assets	Closed-End Real Assets	Cash	Core Bonds
Current Policy (80% R-S)	6.32%	10.83%	0.23	45%	10%	3%	3%	4%	10%	3%	1%	21%
Alternative Frontier												
60% Return-Seeking	6.12%	8.61%	0.27	35%	8%	2%	2%	3%	8%	2%	1%	39%
70% Return-Seeking	6.24%	9.82%	0.25	40%	9%	3%	3%	4%	9%	3%	1%	29%
80% Return-Seeking	6.34%	11.09%	0.23	46%	10%	3%	3%	4%	10%	3%	1%	19%
90% Return-Seeking	6.42%	12.39%	0.21	52%	12%	3%	3%	5%	12%	3%	1%	9%
100% Return-Seeking	6.50%	13.73%	0.20	58%	13%	4%	4%	5%	13%	4%	1%	0%

[1] Expected returns are using Aon's Q3 2025 30-Year Capital Market Assumptions (CMAs) as of June 30, 2025 adjusted for the delta in average Global Equity Risk Premium (ERP) among three investment advisors: Aon, Mercer, and Wilshire (-100bps adjustment), which are projections about the future returns of asset classes. Our CMA projections are designed to reflect the typical cost of implementing an investment program. Expected returns are calculated using weighted allocations of the underlying CMAs. Expected returns are geometric (long-term compounded; rounded to the nearest decimal) assuming portfolio weights are rebalanced annually. Expected returns presented are models and do not represent the returns of an actual client account. Your actual returns will be reduced by your advisory fees and other expenses you may incur as a client. Aon's advisory fees are described in Part 2A of Aon's Form ADV. Not a guarantee of future results. See appendix for capital market assumptions disclosure pages.

Percentages may not sum to 100% due to rounding.

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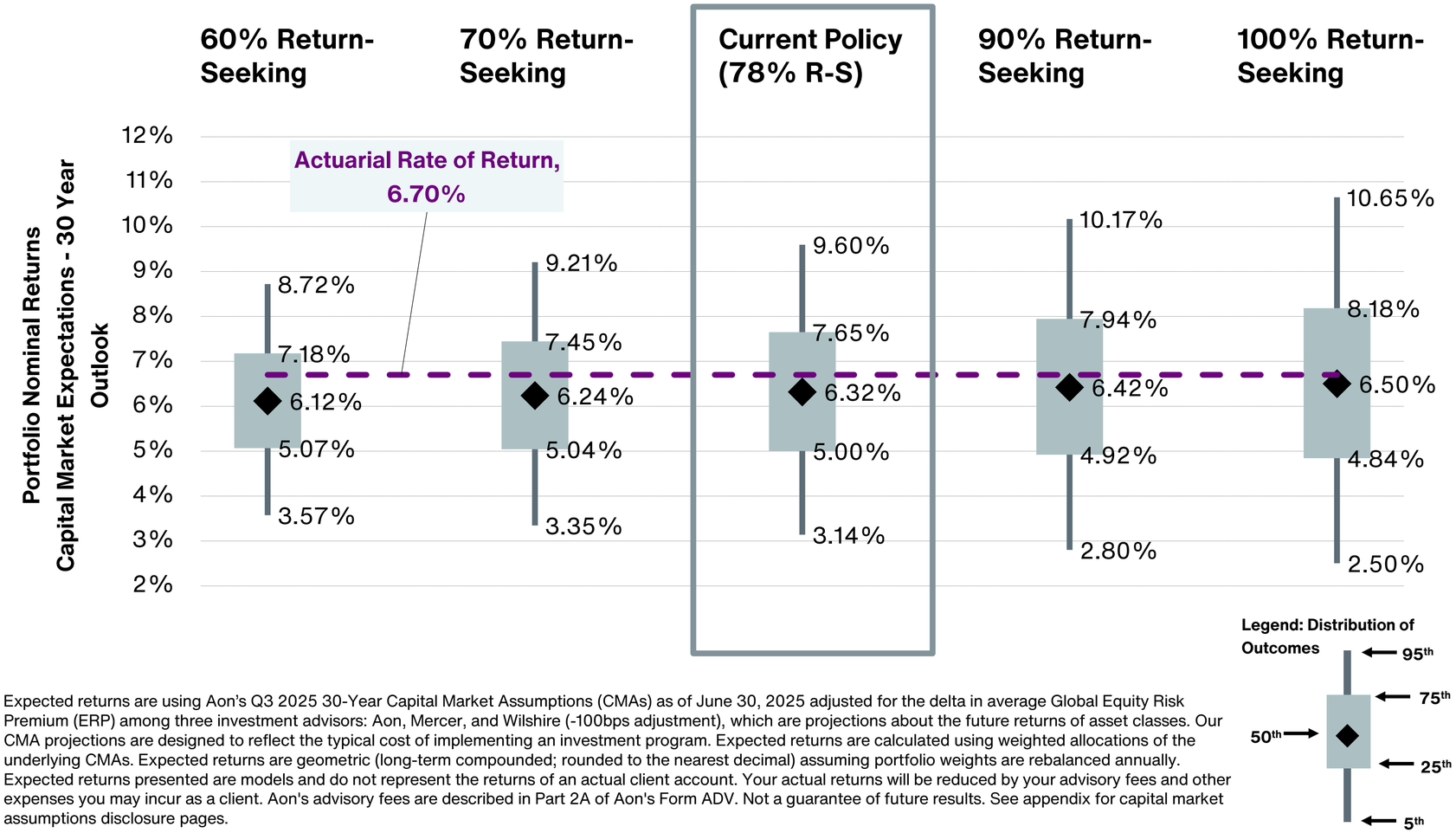
Portfolio Analysis – Range of Expected Returns

Higher risk portfolios have an increased expected return but a wider range of potential outcome



[1] Expected returns are using Aon's Q3 2025 30-Year Capital Market Assumptions (CMAs) as of June 30, 2025 adjusted for the delta in average Global Equity Risk Premium (ERP) among three investment advisors: Aon, Mercer, and Wilshire (-100bps adjustment), which are projections about the future returns of asset classes. Our CMA projections are designed to reflect the typical cost of implementing an investment program. Expected returns are calculated using weighted allocations of the underlying CMAs. Expected returns are geometric (long-term compounded; rounded to the nearest decimal) assuming portfolio weights are rebalanced annually. Expected returns presented are models and do not represent the returns of an actual client account. Your actual returns will be reduced by your advisory fees and other expenses you may incur as a client. Aon's advisory fees are described in Part 2A of Aon's Form ADV. Not a guarantee of future results. See appendix for capital market assumptions disclosure pages.

Key Observations

- Higher allocations to return-seeking assets increase the expected return[1] (50th percentile outcome) but with a wider range of outcomes
- The probability of meeting the actuarial rate of return by portfolio is the following:
  - 60% R-S: 35%
  - 70% R-S: 40%
  - **78% R-S (Current): 42%**
  - 90% R-S: 45%
  - 100% R-S: 47%

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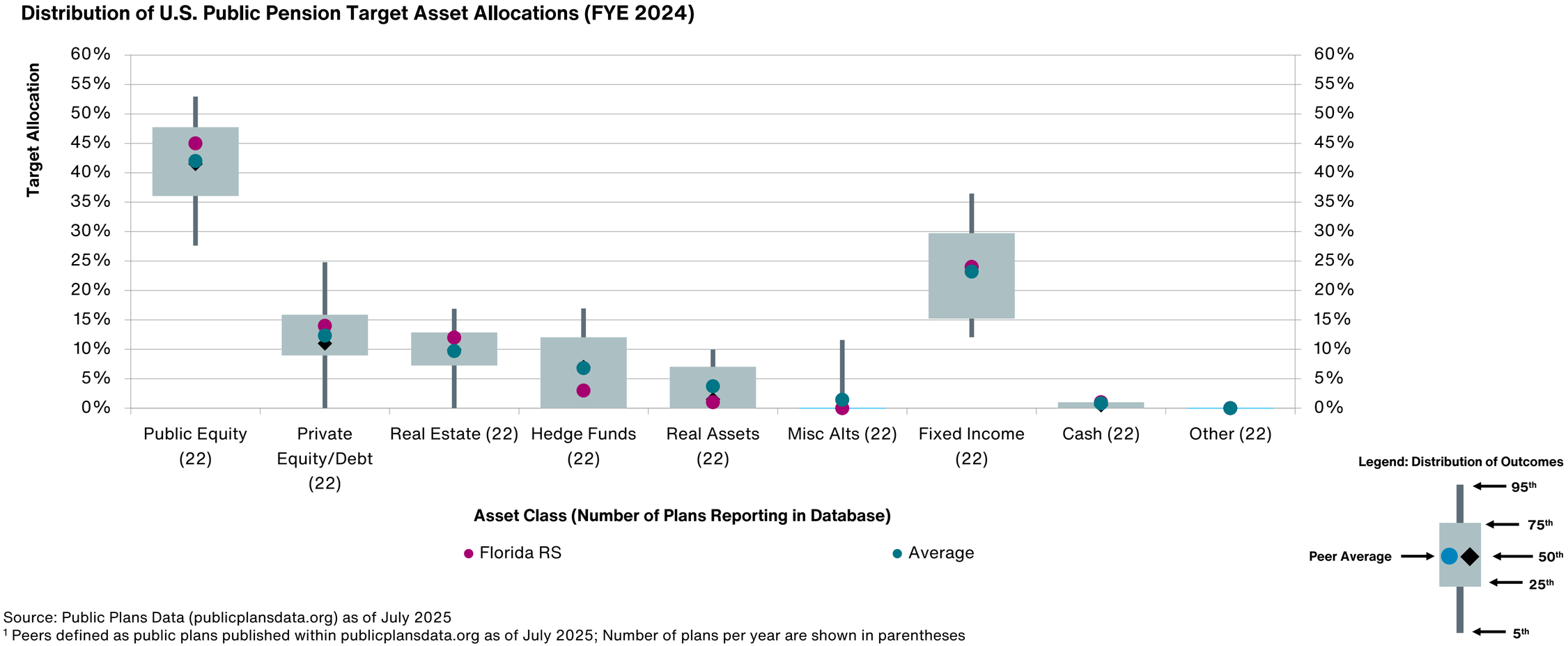
Peer Comparisons

Distribution of U.S. public pension target asset allocations (> $50B)[1]



Source: Public Plans Data (publicplansdata.org) as of July 2025

[1] Peers defined as public plans published within publicplansdata.org as of July 2025; Number of plans per year are shown in parentheses

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Asset-Liability Projection Analysis

Section 2: Analysis

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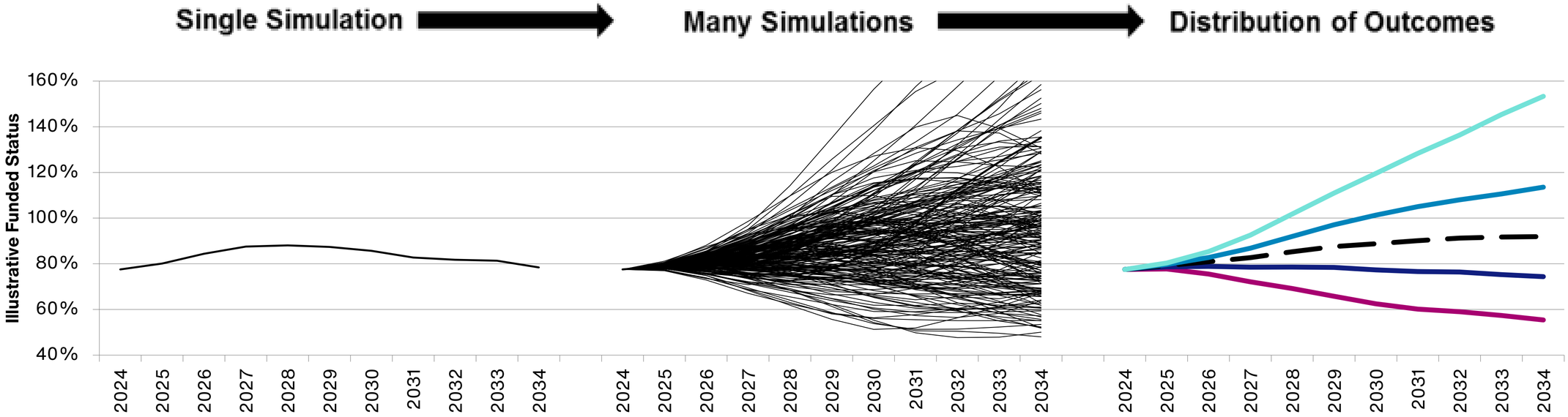
Asset-Liability Projection Analysis

Simulation overview (illustrative example)

- Thousands of simulations plotted in one graph would be impossible to interpret
- Instead, we rank the simulations at each point over the future
- This produces a distribution of outcomes illustrating the degree of uncertainty of a plan's financial position over the projection period
- Different investment strategies will produce different distributions of outcomes



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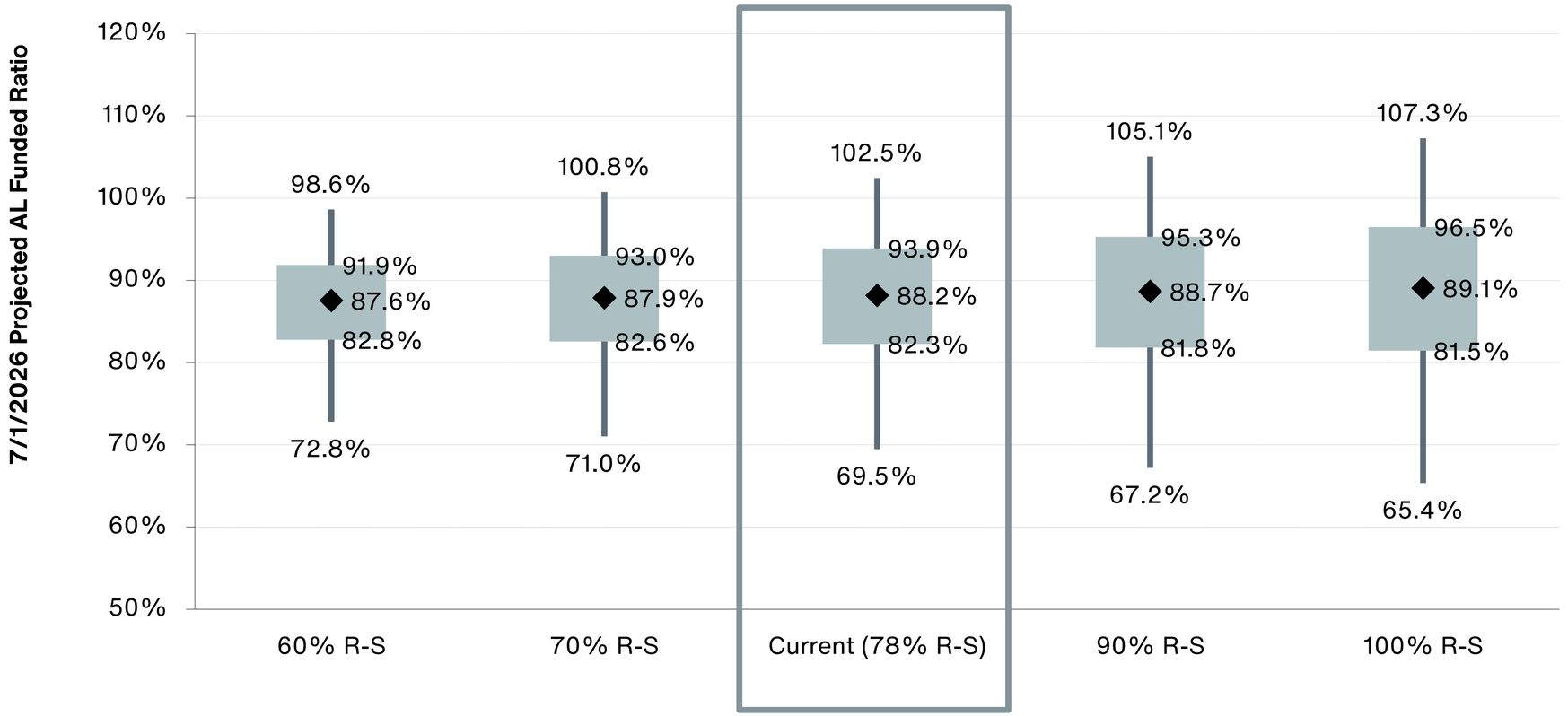
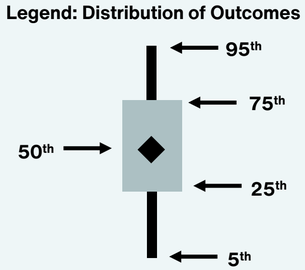
Asset-Liability Projection Analysis – Funded Ratio (MVA)

Short-term funded ratio sensitivity driven by investment risk



Key Observations

- Higher risk portfolios are projected to have both more upside and downside potential over a short time horizon
- Similarly, lower risk portfolios will have a narrower range of potential outcomes



Projections assume a constant 6.70% discount rate for pension liabilities for all investment policies studied and reflect actual investment experience through June 30, 2025. Projections in this material include estimated expenses paid from plan assets, provided by the plan actuary, which are assumed to be inclusive of investment management fees. Actual fees and expenses may differ from those presented.

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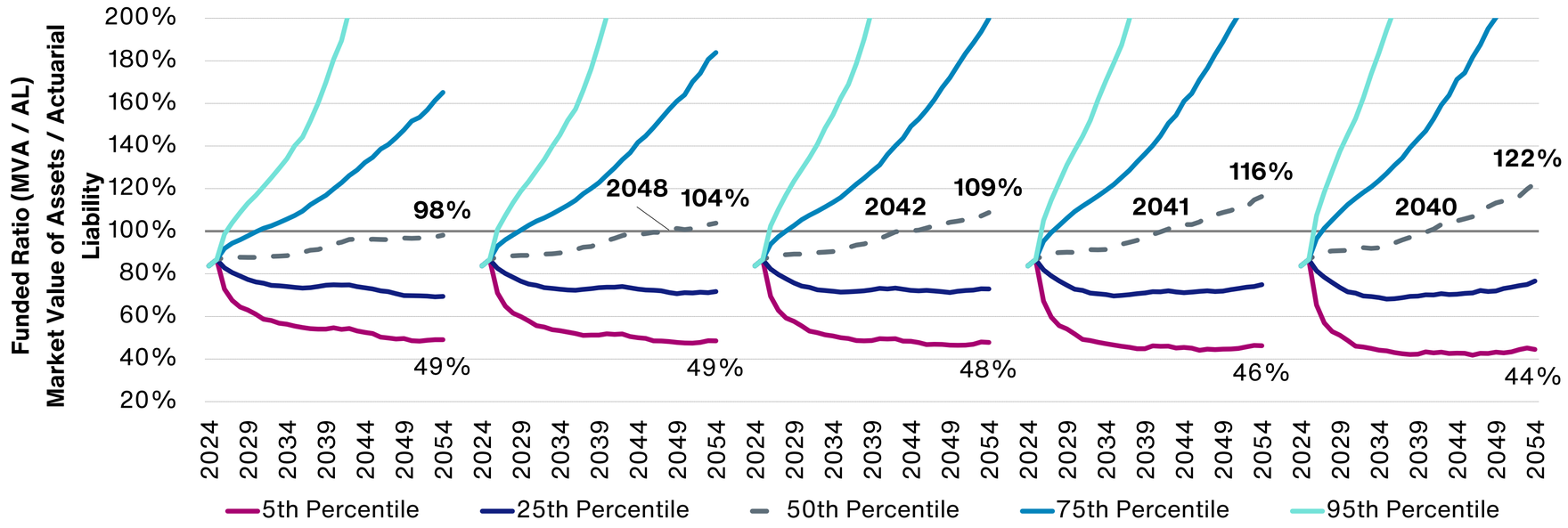
Asset-Liability Projection Analysis – Funded Ratio (MVA)

Plan is expected to reach full funding by 2042; alternative portfolios can adjust time to full funding and volatility of outcomes



Strategy	60% Return-Seeking			70% Return-Seeking			Current Policy (78% R-S)			90% Return-Seeking			100% Return-Seeking		
Year	**2034**	**2044**	**2054**	**2034**	**2044**	**2054**	**2034**	**2044**	**2054**	**2034**	**2044**	**2054**	**2034**	**2044**	**2054**
5th Percentile	56%	53%	49%	53%	50%	49%	51%	48%	48%	47%	45%	46%	44%	43%	44%
25th Percentile	74%	73%	69%	73%	73%	72%	72%	72%	73%	70%	71%	75%	69%	70%	77%
50th Percentile	89%	96%	98%	90%	98%	104%	90%	100%	109%	91%	103%	116%	92%	105%	122%
75th Percentile	106%	132%	165%	110%	142%	184%	114%	149%	200%	119%	161%	>200%	124%	171%	>200%
95th Percentile	134%	>200%	>200%	145%	>200%	>200%	155%	>200%	>200%	171%	>200%	>200%	184%	>200%	>200%
Probability > 100%	33%	47%	49%	37%	49%	53%	40%	50%	56%	42%	52%	60%	44%	54%	62%

Projections assume a constant 6.70% discount rate for pension liabilities for all investment policies studied and reflect actual investment experience through June 30, 2025. Projections in this material include estimated expenses paid from plan assets, provided by the plan actuary, which are assumed to be inclusive of investment management fees. Actual fees and expenses may differ from those presented.

Key Observations

- The Current Policy is expected to reach full funding by 2042
- Higher return-seeking allocations are expected to have
  - Higher central expectations
  - Shorter times to expected full funding
  - Wider ranges of potential outcomes

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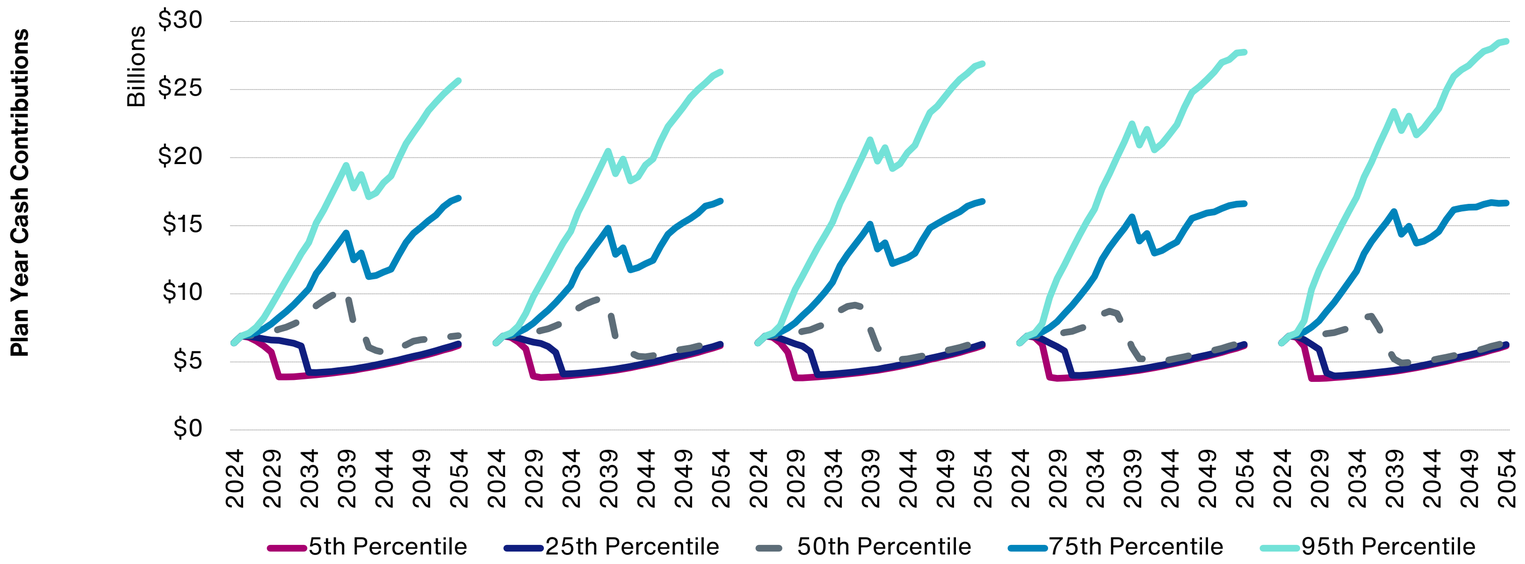
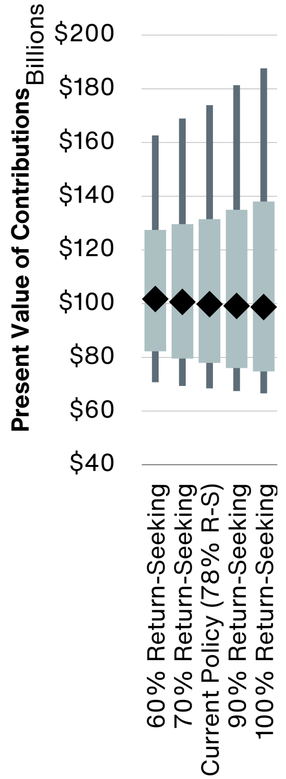
Asset-Liability Projection Analysis – Total Contributions

Total contributions are expected to increase before decreasing across strategies





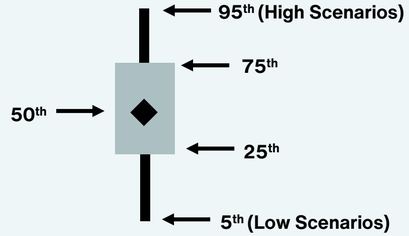
Strategy	60% Return-Seeking			70% Return-Seeking			Current Policy (78% R-S)			90% Return-Seeking			100% Return-Seeking		
Year	**2034**	**2044**	**2054**	**2034**	**2044**	**2054**	**2034**	**2044**	**2054**	**2034**	**2044**	**2054**	**2034**	**2044**	**2054**
5th Percentile	$4.0	$4.8	$6.2	$4.0	$4.8	$6.2	$4.0	$4.8	$6.2	$4.0	$4.8	$6.2	$4.0	$4.8	$6.2
25th Percentile	$4.2	$4.9	$6.3	$4.1	$4.9	$6.3	$4.1	$4.9	$6.3	$4.1	$4.9	$6.3	$4.1	$4.9	$6.3
50th Percentile	$8.3	$5.7	$6.9	$8.2	$5.4	$6.6	$8.0	$5.2	$6.5	$7.8	$5.1	$6.5	$7.7	$5.1	$6.4
75th Percentile	$10.4	$11.6	$17.0	$10.6	$12.2	$16.8	$10.9	$12.6	$16.8	$11.3	$13.5	$16.6	$11.7	$14.2	$16.7
95th Percentile	$13.8	$18.1	$25.7	$14.6	$19.5	$26.3	$15.3	$20.4	$26.9	$16.2	$21.7	$27.7	$17.1	$22.9	$28.5

Projections assume a constant 6.70% discount rate for pension liabilities for all investment policies studied and reflect actual investment experience through June 30, 2025. Projections in this material include estimated expenses paid from plan assets, provided by the plan actuary, which are assumed to be inclusive of investment management fees. Actual fees and expenses may differ from those presented. Present value calculated at 6.70%.

Key Observations

- Total contribution amounts are expected to increase before decreasing once amortization bases are fully recognized and/or the plan reaches full funding
- Higher or lower return-seeking allocations have cost/risk trade-offs

Legend: Distribution of Outcomes



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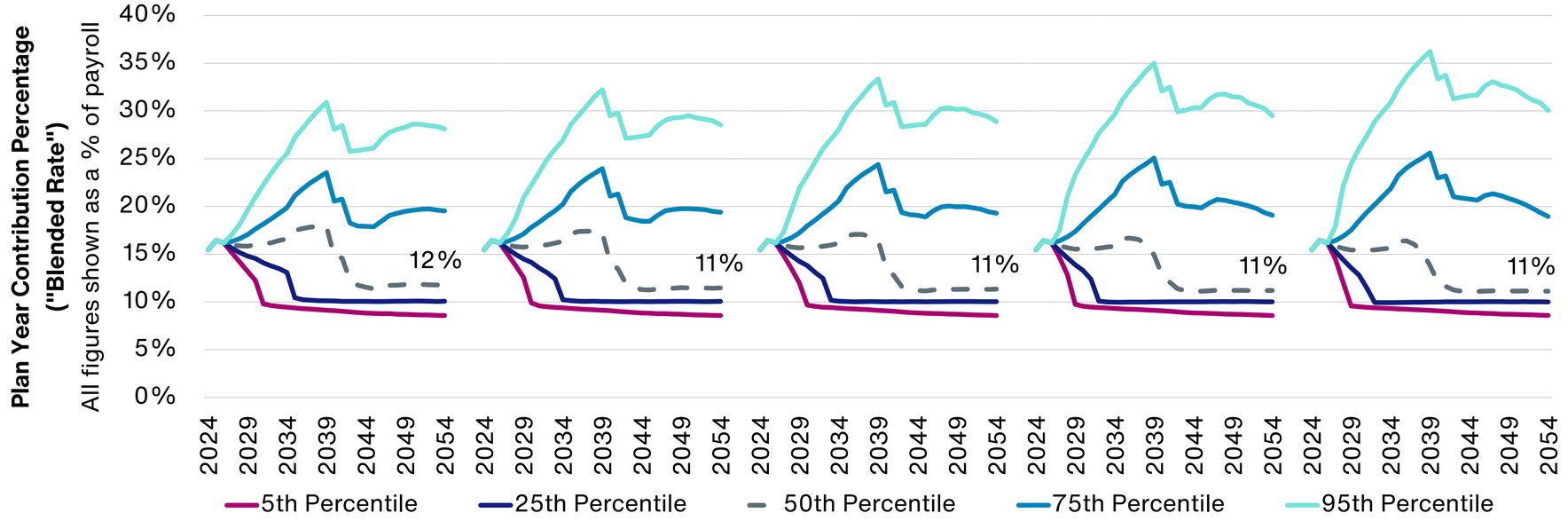
Asset-Liability Projection Analysis – “Blended Rate”

Employer “blended rate” is expected to gradually increase before decreasing across strategies



Strategy	60% Return-Seeking			70% Return-Seeking			Current Policy (78% R-S)			90% Return-Seeking			100% Return-Seeking		
Year	**2034**	**2044**	**2054**	**2034**	**2044**	**2054**	**2034**	**2044**	**2054**	**2034**	**2044**	**2054**	**2034**	**2044**	**2054**
5th Percentile	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%
25th Percentile	13%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
50th Percentile	17%	12%	12%	16%	11%	11%	16%	11%	11%	16%	11%	11%	16%	11%	11%
75th Percentile	20%	18%	20%	20%	18%	19%	21%	19%	19%	21%	20%	19%	22%	21%	19%
95th Percentile	26%	26%	28%	27%	27%	29%	28%	29%	29%	30%	30%	29%	31%	32%	30%

Projections assume a constant 6.70% discount rate for pension liabilities for all investment policies studied and reflect actual investment experience through June 30, 2025. Projections in this material include estimated expenses paid from plan assets, provided by the plan actuary, which are assumed to be inclusive of investment management fees. Actual fees and expenses may differ from those presented.

Key Observations

- “Blended Rate” is expected to gradually increase before decreasing once amortization bases are fully recognized and/or the plan reaches full funding
- Higher return-seeking allocations are projected to decrease the central trend line while lower return-seeking allocations are projected to reduce the volatility of outcomes

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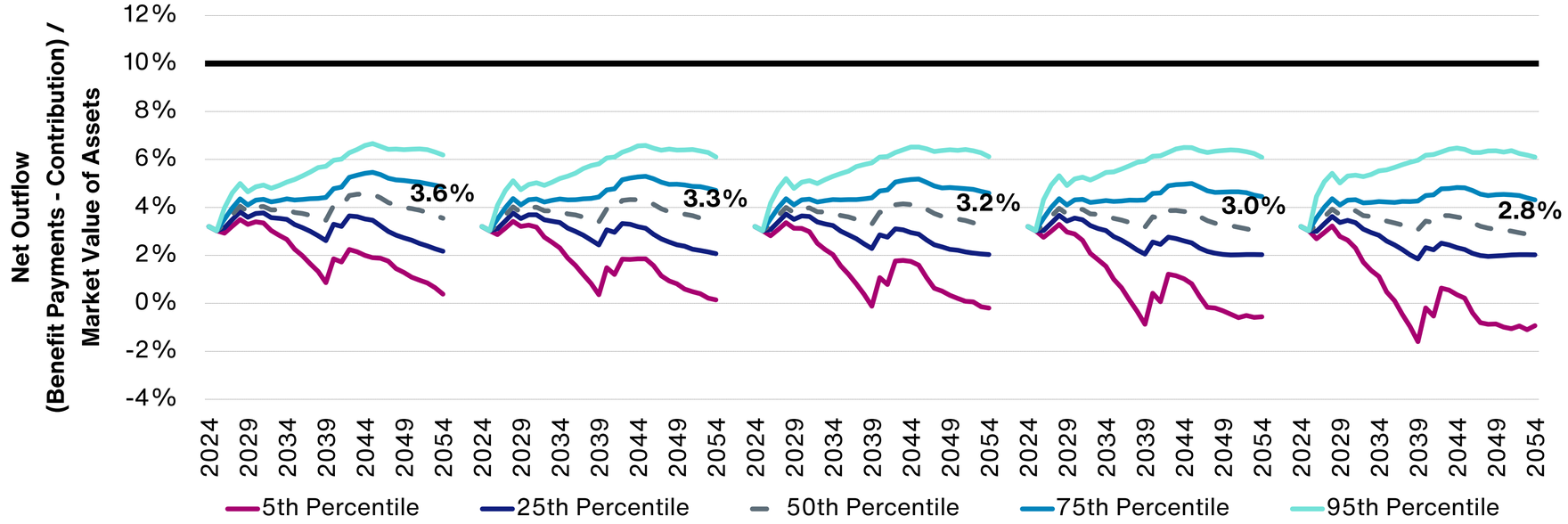
Asset-Liability Projection Analysis – Net Outflow

Net outflow is consistent across investment strategies; higher risk portfolios have slightly lower expected outcomes



Strategy	60% Return-Seeking			70% Return-Seeking			Current Policy (78% R-S)			90% Return-Seeking			100% Return-Seeking		
Year	**2034**	**2044**	**2054**	**2034**	**2044**	**2054**	**2034**	**2044**	**2054**	**2034**	**2044**	**2054**	**2034**	**2044**	**2054**
5th Percentile	2.7%	2.0%	0.4%	2.3%	1.9%	0.1%	2.0%	1.7%	-0.2%	1.5%	1.0%	-0.6%	1.1%	0.4%	-0.9%
25th Percentile	3.5%	3.5%	2.2%	3.4%	3.2%	2.1%	3.2%	2.9%	2.0%	3.0%	2.6%	2.0%	2.8%	2.3%	2.0%
50th Percentile	3.9%	4.6%	3.6%	3.9%	4.3%	3.3%	3.8%	4.1%	3.2%	3.7%	3.8%	3.0%	3.6%	3.6%	2.8%
75th Percentile	4.4%	5.4%	4.8%	4.3%	5.3%	4.7%	4.3%	5.2%	4.6%	4.3%	5.0%	4.5%	4.2%	4.8%	4.3%
95th Percentile	5.1%	6.6%	6.2%	5.2%	6.6%	6.1%	5.3%	6.5%	6.1%	5.5%	6.5%	6.1%	5.5%	6.5%	6.1%
Probability > 10%	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%

Projections assume a constant 6.70% discount rate for pension liabilities for all investment policies studied and reflect actual investment experience through June 30, 2025. Projections in this material include estimated expenses paid from plan assets, provided by the plan actuary, which are assumed to be inclusive of investment management fees. Actual fees and expenses may differ from those presented.

Key Observations

- Net outflow is consistent across the policies modeled with central expectations (50th percentile outcome) in the 3-4% range
- Higher risk portfolios have lower central expectations due to higher projected asset values
- Net outflows of 10%+ can put stress on fund liquidity over time; however, it is not likely over the projection period

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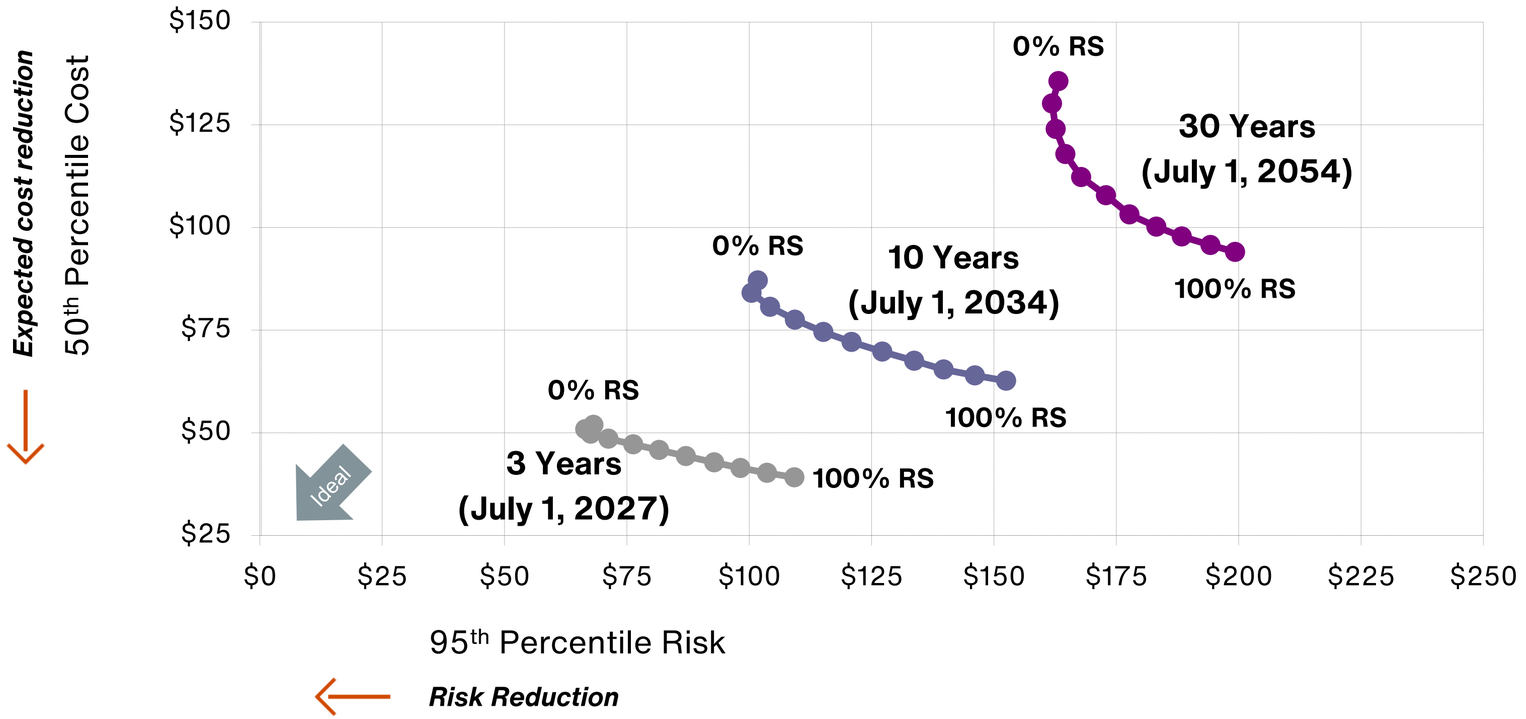
Economic Cost and Risk

Longer time horizons incentivize risk taking

Economic Cost

Present Value of Contributions plus Asset-Liability Funding Shortfall/(Surplus)* at 6.70%, $Billions



Projections assume constant 6.70% discount rate for pension liabilities for all investment policies studied. Projections in this material include estimated expenses paid from plan assets, provided by the plan actuary, which are assumed to be inclusive of investment management fees. Actual fees and expenses may differ from those presented.
Note: Excludes 50% of surplus in excess of 120% of Actuarial liability, and includes twice the shortfall below 40% of Actuarial liability, on a market value basis.

Key Observations

- Horizontal economic cost curves imply that added risk does not result in a significant expected reward/economic cost reduction
- Vertical economic cost curves imply that added risk does result in a significant expected reward/economic cost reduction
- The economic curves over the projection periods shown are increasingly more vertical over longer time periods indicating that additional risk in the portfolio is more beneficial to economic cost reduction over time

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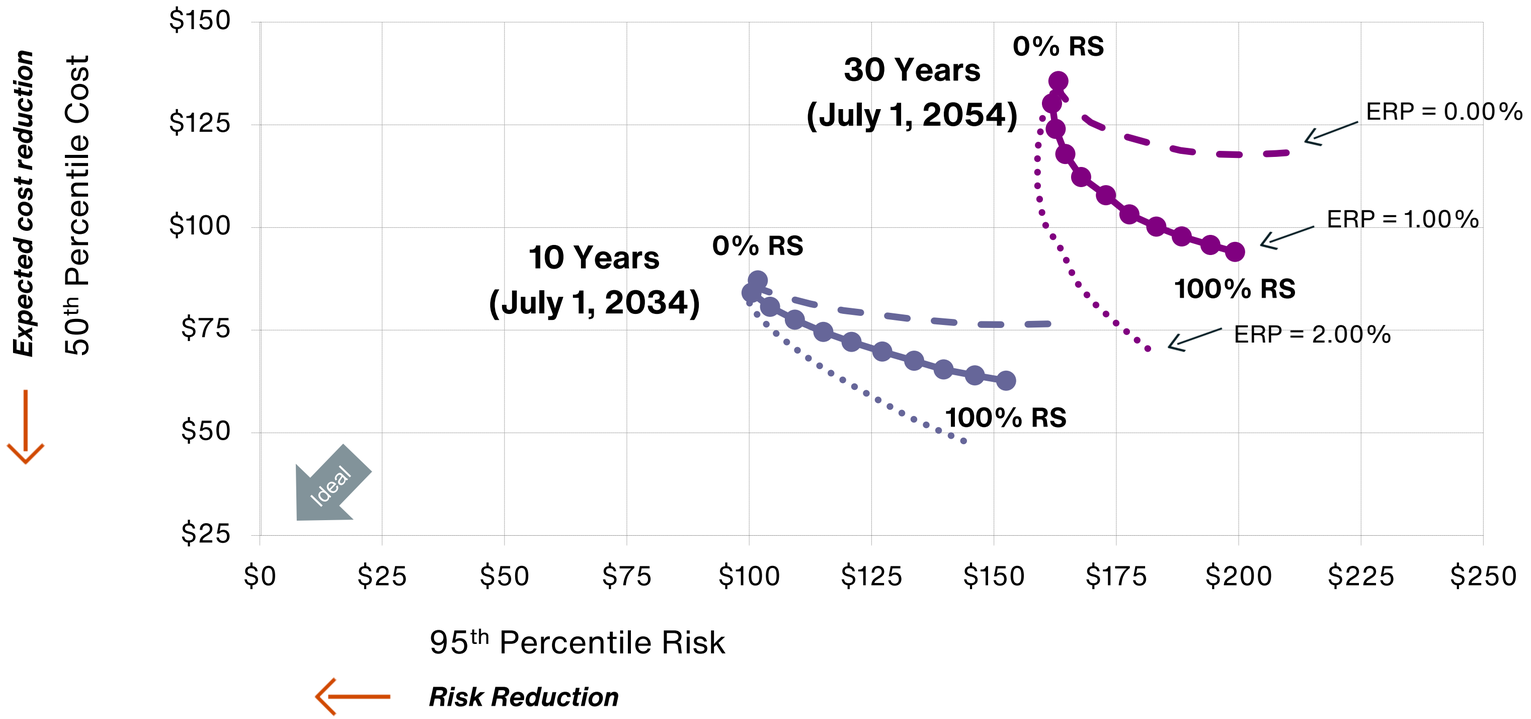
Economic Cost and Risk

Sensitivity to equity risk premium (“ERP”) assumption

Economic Cost

Present Value of Contributions plus Asset-Liability Funding Shortfall/(Surplus)* at 6.70%, $Billions



Projections assume constant 6.70% discount rate for pension liabilities for all investment policies studied. Projections in this material include estimated expenses paid from plan assets, provided by the plan actuary, which are assumed to be inclusive of investment management fees. Actual fees and expenses may differ from those presented.
Note: Excludes 50% of surplus in excess of 120% of Actuarial liability, and includes twice the shortfall below 40% of Actuarial liability, on a market value basis.

Key Observations

- The dashed lines illustrate how the Economic Cost curve shifts under alternative equity risk premium assumptions over a 10 and 30-year time horizon.
- The economic curves over the projection periods shown are increasingly more vertical over longer time periods indicating that additional risk in the portfolio is more beneficial to economic cost reduction over time
- A similar relationship exists related to the ERP; higher ERP incentivizes more risk taking; as the ERP moves higher, average costs move down and the incremental risk becomes lower

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Asset-Liability Projection Analysis

Summary of Results

Portfolios	Portfolio Metrics (30-year CMAs)				Financial Results (30-Year Figures)						
	Exp. Nominal Return[1]	Exp. Nominal Volatility	Sharpe Ratio	Prob. of achieving 6.70%	Exp. Year of Full Funding	Ending Funded Ratio (MVA / AL)		Present Value of Contributions (in $ billions)		Economic Cost (in $ billions)	
						Expected[2]	Downside[3]	Expected[2]	Downside[4]	Expected[2]	Downside[4]
Current Policy (78% R-S)	**6.32%**	**10.83%**	**0.23**	**42%**	**2042**	**109%**	**48%**	**$99.8**	**$173.9**	**$98.1**	**$187.5**
Current Frontier											
0% Return-Seeking	4.99%	5.35%	0.22	4%	Not Achieved	69%	44%	$120.5	$136.8	$135.6	$163.2
10% Return-Seeking	5.23%	5.07%	0.28	6%	Not Achieved	72%	46%	$116.3	$136.7	$130.2	$161.9
20% Return-Seeking	5.44%	5.20%	0.32	9%	Not Achieved	75%	48%	$112.3	$139.6	$124.0	$162.6
30% Return-Seeking	5.64%	5.70%	0.32	16%	Not Achieved	80%	49%	$109.0	$144.4	$117.9	$164.6
40% Return-Seeking	5.82%	6.50%	0.31	23%	Not Achieved	85%	49%	$106.0	$150.0	$112.3	$167.8
50% Return-Seeking	5.98%	7.49%	0.29	30%	Not Achieved	91%	49%	$103.4	$156.4	$107.8	$172.9
60% Return-Seeking	6.12%	8.61%	0.27	35%	Not Achieved	98%	49%	$101.8	$162.6	$103.2	$177.7
70% Return-Seeking	6.24%	9.82%	0.25	40%	2048	104%	49%	$100.7	$168.9	$100.2	$183.2
80% Return-Seeking	6.34%	11.09%	0.23	43%	2042	110%	48%	$99.7	$175.2	$97.8	$188.4
90% Return-Seeking	6.42%	12.39%	0.21	45%	2041	116%	46%	$99.2	$181.4	$95.7	$194.3
100% Return-Seeking	6.50%	13.73%	0.20	47%	2040	122%	44%	$98.8	$187.6	$94.0	$199.3

[1] Expected returns are using Aon's Q3 2025 30-Year Capital Market Assumptions (CMAs) as of June 30, 2025 adjusted for the delta in average Global Equity Risk Premium (ERP) among three investment advisors: Aon, Mercer, and Wilshire (-100bps adjustment), which are projections about the future returns of asset classes. Our CMA projections are designed to reflect the typical cost of implementing an investment program. Expected returns are calculated using weighted allocations of the underlying CMAs. Expected Returns are geometric (long-term compounded; rounded to the nearest decimal) assuming portfolio weights are rebalanced annually. Expected returns presented are models and do not represent the returns of an actual client account. Your actual returns may differ from model returns presented based on your plan's individual fees/expenses. Aon's advisory fees are described in Part 2A of Aon's Form ADV. Not a guarantee of future results. See appendix for capital market assumptions disclosure pages.

[2] Expected = 50th percentile outcome or central expectation across all 5,000 simulations

[3] Downside = 5th percentile outcome across all 5,000 simulations

[4] Downside = 95th percentile outcome across all 5,000 simulations

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Liquidity Analysis

Section 2: Analysis

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Liquidity Analysis Overview

Background

SBA's liquidity analysis is performed under the Current target allocations

Intended as a stress-testing model, incorporating the profile of the liabilities as well as expected future contributions

Uses different scenarios for economic environments and other relevant events

Shows how the portfolio's liquidity profile could evolve with a given investment strategy

We categorized investments by liquidity into five buckets

Liquid (Risk-Reducing Assets): Less than 3 months needed for return of capital (e.g., publicly traded securities)

Liquid (Return-Seeking Assets): Less than 3 months needed for return of capital (e.g., publicly traded securities)

Quasi-Liquid: Typical lock-up of 3–12 months; Conservatively, we assumed a 1-year lock-up in most economic environments, 2 years in a Recession scenario, and 3 years in a Dark Skies scenario (e.g., many hedge funds, open-end real assets)

Illiquid: Potential lock-up of 5–10 years, depending on economic environment (e.g., closed-end real assets)

Illiquid: Potential lock-up of 10+ years (e.g., typical private equity)

This is intended to be a conservative approximation of the actual liquidity properties of the assets

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Liquidity Analysis

Asset allocation, liquidity category, and economic scenarios

Liquidity Category	Asset Class	Current Target Allocation (78% R-S)
Liquid (Risk-Reducing Assets)	Core Fixed Income	21%
	Cash	1%
	Subtotal	**22%**
Liquid (Return-Seeking Assets)	Public Equity	45%
	Return-Seeking Fixed Income	3%
	Subtotal	**48%**
Quasi-Liquid Assets	Open-End Real Estate	10%
	Hedge Funds	2%
	Insurance Linked Securities	1%
	Subtotal	**13%**
Illiquid 5-10 Years	Private Debt	4%
	Closed-End Real Estate	2%
	Subtotal	**6%**
Illiquid 10+ Years	Private Equity	10%
	Closed-End Infrastructure	1%
	Subtotal	**11%**
Totals	Asset Allocation	100%
	Quasi + Illiquid Assets	**30%**

Base Case Scenario

- Markets perform consistent with Aon's Capital Market Assumptions (~50th percentile)

Recession Scenario

- Somewhat pessimistic outlook for the markets
- Return-seeking assets decline in the first two years with a modest rebound in later years

Dark Skies Scenario

- Very pessimistic outlook for markets
- Return-seeking assets decline significantly
- The value of public equities declines approximately 50% over three years, without an immediate rebound

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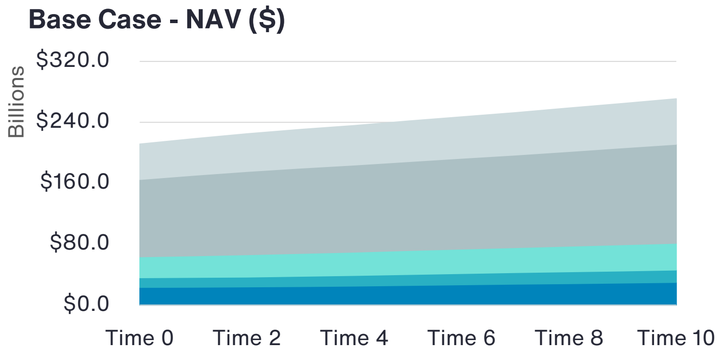
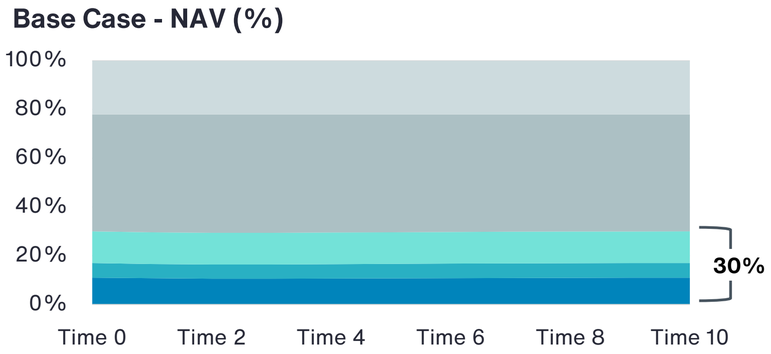
Liquidity Analysis – Results

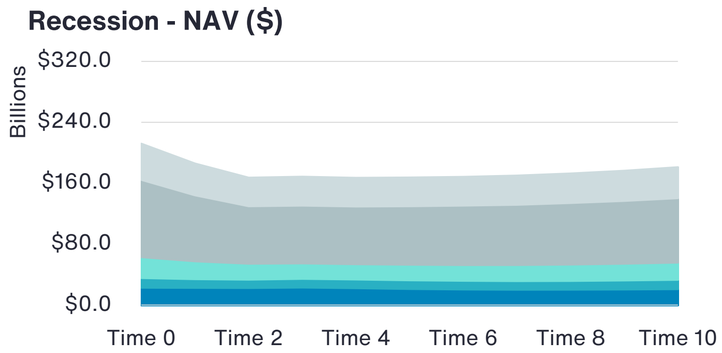
Current Policy (78% R-S; 30% illiquid assets)

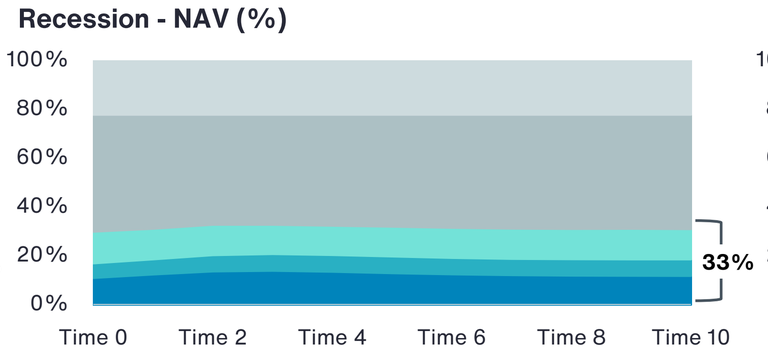
Base Case



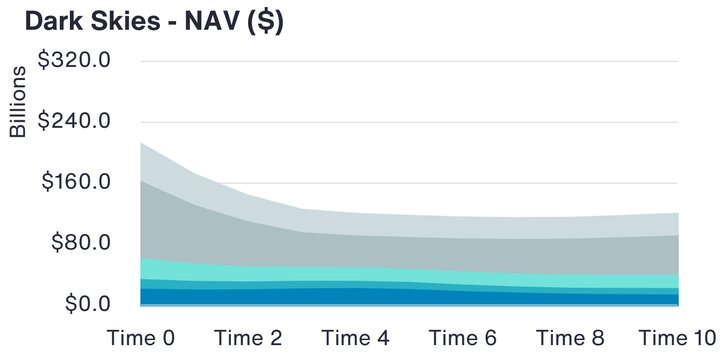


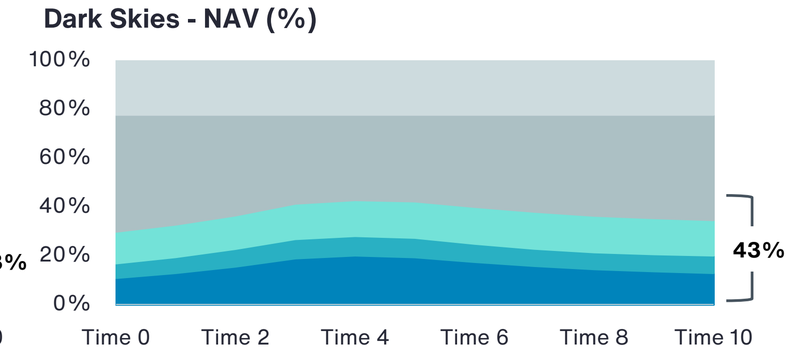
Recession





Dark Skies





Illiquid: 10+ Years | Illiquid: 5-10 Years | Quasi-Liquid | Liquid (Return-Seeking Assets) | Liquid (Risk-Reducing Assets)

Note: Time 0 represents a starting point of June 30, 2025

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Liquidity Analysis – Summary of Results

Sufficient liquidity in base case, recession, and dark skies scenarios

	Current Policy (78% R-S)	
	Max Illiquid Allocation	**Ratio of Max Illiquids to Base Case**
Base Case	30%	1.00
Recession	33%	1.10
Dark Skies	43%	1.43

Key Takeaways

- SBA has sufficient liquidity in the modeled Base Case, Recession, and Dark Skies economic scenarios for the Current target allocation
  - The modeled scenarios show no problems paying benefits to participants

- In a Dark Skies economic scenario, assets are projected to decline increasing the proportion of illiquid assets
  - Potential remedies if the Dark Skies scenario occurs include:
    - Accepting this risk
    - Paring back commitments more than assumed in this analysis and/or selling on the secondary market
    - Adjusting the funding policy

Note: This analysis is highly sensitive to the assumed contributions. If SBA receives less contributions than assumed, especially in a Dark Skies environment, then illiquid and quasi-liquid investments would drift even further from target and the potential for liquidity issues increases

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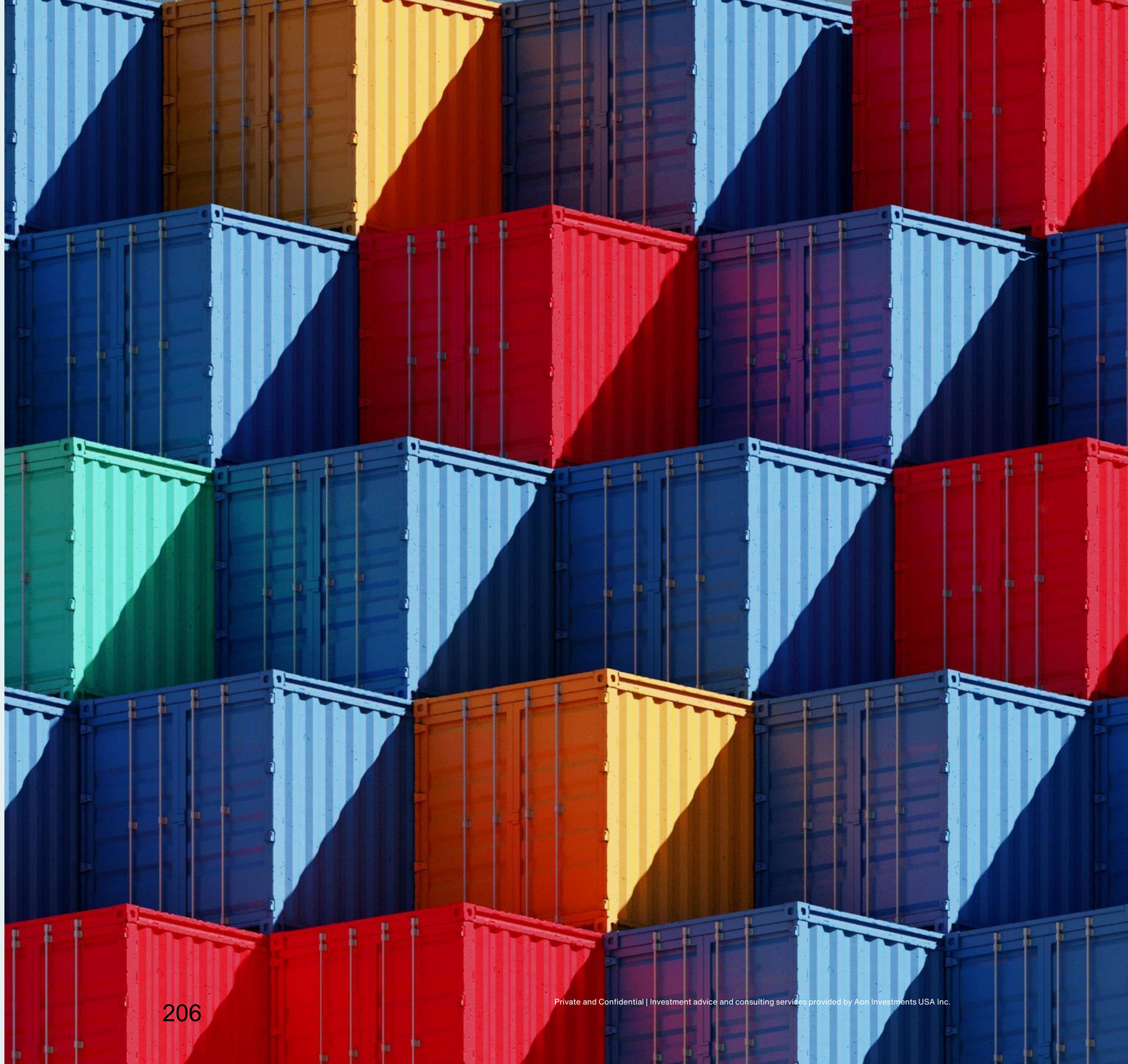
3

Summary & Conclusions



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Summary & Conclusions

Key themes of the asset-liability study

Current/Future Trends

- FRS has an estimated funded ratio of 87% as of 6/30/2025 using a market-based funded ratio
- Under the current asset allocation, FRS is expected to reach full funding by **FYE 2042** in our central expectation
  - The plan has a hurdle rate surplus – i.e., asset growth outpacing liability growth – that is helping to close the funding shortfall over time
- Higher (or lower) risk strategies adjust the time to full funding

Investment Strategy

- Current asset allocation is 78% return-seeking assets and has an expected return[1] of **6.32%**, which falls short of the actuarial assumed rate of return (6.70%)
- The equity risk premium is 1.00%[2] in this 2025 Asset-Liability Study, compared to 0.75% from 2024
- Aon studied portfolios up/down the risk spectrum

Liquidity

- SBA's current target allocation has **sufficient liquidity** in the modeled Base Case, Recession, and Dark Skies scenarios

[1] Expected returns are using Aon's Q3 2025 30-Year Capital Market Assumptions (CMAs) as of June 30, 2025 adjusted for the delta in average Global Equity Risk Premium (ERP) among three investment advisors: Aon, Mercer, and Wilshire (-100bps adjustment), which are projections about the future returns of asset classes. For asset classes that can be implemented passively, which includes most public assets, alpha and active management fees are not included in the return expectations. For asset classes that can only be implemented actively, such as hedge funds and private assets, we assume alpha and higher active manager fees. Expected returns are geometric (long-term compounded). Expected returns presented are models and do not represent the returns of an actual client account. Your actual returns may differ from the model expected returns presented based on your plan's individual fees/expenses. AIUSA's advisory fees are described in Part 2A of AIUSA's Form ADV. Not a guarantee of future results. See appendix for capital market assumptions disclosure pages.

[2] Equity Risk Premium is defined as the excess return earned over bonds that compensates investors for taking on higher risk; all returns are 10-year geometric average (compounded) expected returns based on Aon, Mercer, and Wilshire capital market assumptions

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Summary & Conclusions

Summary of Results

Portfolios	Portfolio Metrics (30-year CMAs)				Financial Results (30-Year Figures)						
	Exp. Nominal Return[1]	Exp. Nominal Volatility	Sharpe Ratio	Prob. of achieving 6.70%	Exp. Year of Full Funding	Ending Funded Ratio (MVA / AL)		Present Value of Contributions (in $ billions)		Economic Cost (in $ billions)	
						Expected[2]	Downside[3]	Expected[2]	Downside[4]	Expected[2]	Downside[4]
Current Policy (78% R-S)	**6.32%**	**10.83%**	**0.23**	**42%**	**2042**	**109%**	**48%**	**$99.8**	**$173.9**	**$98.1**	**$187.5**
Current Frontier											
0% Return-Seeking	4.99%	5.35%	0.22	4%	Not Achieved	69%	44%	$120.5	$136.8	$135.6	$163.2
10% Return-Seeking	5.23%	5.07%	0.28	6%	Not Achieved	72%	46%	$116.3	$136.7	$130.2	$161.9
20% Return-Seeking	5.44%	5.20%	0.32	9%	Not Achieved	75%	48%	$112.3	$139.6	$124.0	$162.6
30% Return-Seeking	5.64%	5.70%	0.32	16%	Not Achieved	80%	49%	$109.0	$144.4	$117.9	$164.6
40% Return-Seeking	5.82%	6.50%	0.31	23%	Not Achieved	85%	49%	$106.0	$150.0	$112.3	$167.8
50% Return-Seeking	5.98%	7.49%	0.29	30%	Not Achieved	91%	49%	$103.4	$156.4	$107.8	$172.9
60% Return-Seeking	6.12%	8.61%	0.27	35%	Not Achieved	98%	49%	$101.8	$162.6	$103.2	$177.7
70% Return-Seeking	6.24%	9.82%	0.25	40%	2048	104%	49%	$100.7	$168.9	$100.2	$183.2
80% Return-Seeking	6.34%	11.09%	0.23	43%	2042	110%	48%	$99.7	$175.2	$97.8	$188.4
90% Return-Seeking	6.42%	12.39%	0.21	45%	2041	116%	46%	$99.2	$181.4	$95.7	$194.3
100% Return-Seeking	6.50%	13.73%	0.20	47%	2040	122%	44%	$98.8	$187.6	$94.0	$199.3

[1] Expected returns are using Aon's Q3 2025 30-Year Capital Market Assumptions (CMAs) as of June 30, 2025 adjusted for the delta in average Global Equity Risk Premium (ERP) among three investment advisors: Aon, Mercer, and Wilshire (-100bps adjustment), which are projections about the future returns of asset classes. Our CMA projections are designed to reflect the typical cost of implementing an investment program. Expected returns are calculated using weighted allocations of the underlying CMAs. Expected Returns are geometric (long-term compounded; rounded to the nearest decimal) assuming portfolio weights are rebalanced annually. Expected returns presented are models and do not represent the returns of an actual client account. Your actual returns may differ from model returns presented based on your plan's individual fees/expenses. Aon's advisory fees are described in Part 2A of Aon's Form ADV. Not a guarantee of future results. See appendix for capital market assumptions disclosure pages.

[2] Expected = 50th percentile outcome or central expectation across all 5,000 simulations

[3] Downside = 5th percentile outcome across all 5,000 simulations

[4] Downside = 95th percentile outcome across all 5,000 simulations

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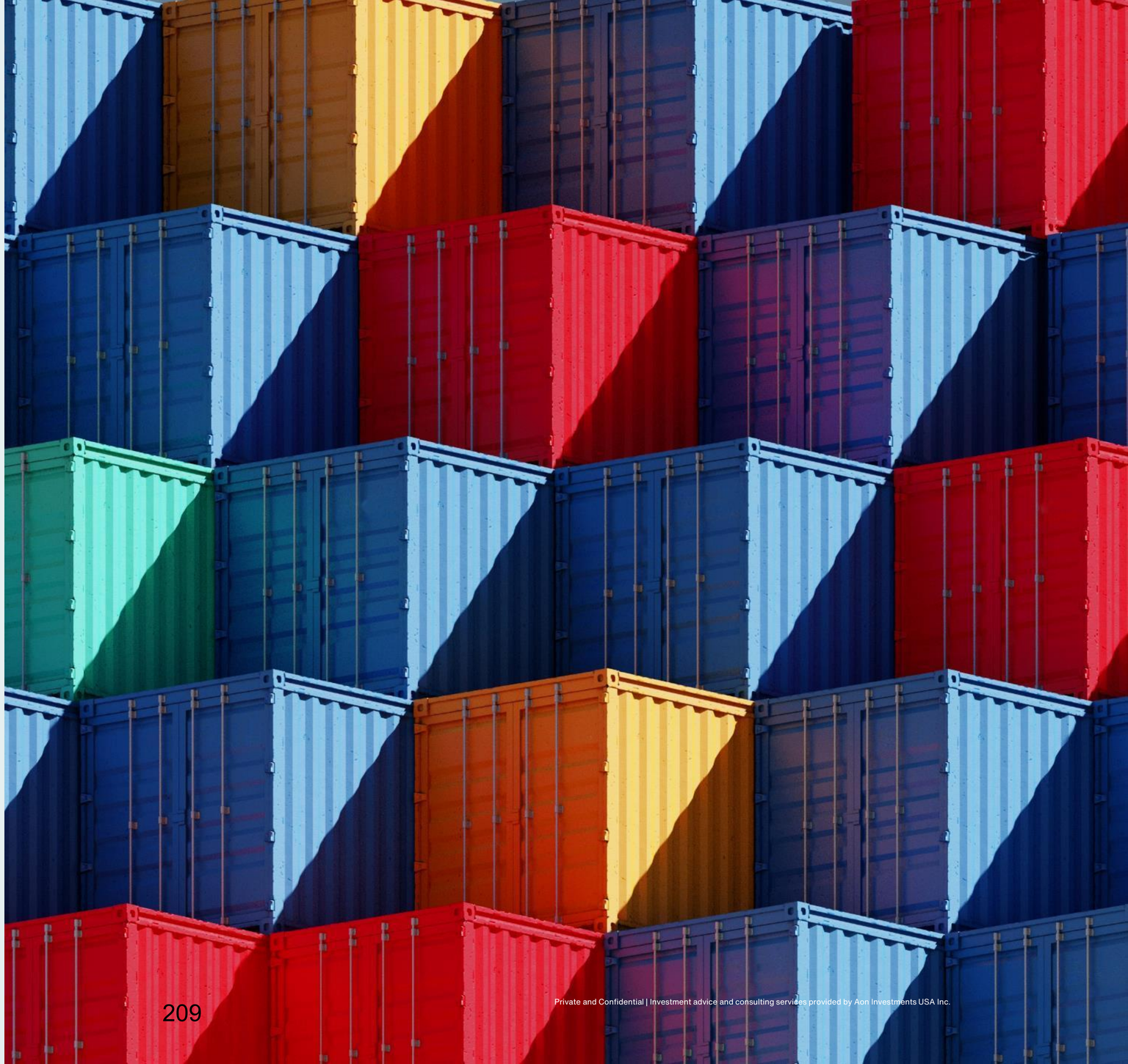
4

Appendix

- Methods & Assumptions
- 2025 Horizon Survey Results
- Peer Comparisons
- Liquidity Analysis Detail
- Asset-Liability Management Overview
- Disclosures



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Methods & Assumptions

Section 4: Appendix

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Actuarial Assumptions and Methods

Data

- Actuarial information was taken from the July 1, 2024 actuarial valuation results

Actuarial assumptions:

- Valuation Rate of Interest = 6.70%
- Inflation = 2.40%
- Payroll Growth = 3.50%
- Actuarial Value of Assets: Reflects a five-year averaging methodology where 20% of the difference between the actual market value and the expected actuarial value of assets is immediately recognized but restricted to a 20% corridor around the Market Value of Assets
- All other assumptions as documented in the Actuarial Valuation Report as of July 1, 2024, unless noted otherwise

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Actuarial Assumptions and Methods

Contribution Policy

- Normal Cost plus a level percent amortization of the unfunded liability using a 3.50% salary scale
- New amortization bases are established each year, creating a layered 20-year amortization base
- Blended Contribution Rate = projected combined amount that would be contributed for both the FRS Pension Plan and the FRS Investment Plan based on the total projected payroll for both plans
  - FRS Investment Plan employer rate is assumed to remain level at 9.51%
- Employee contribution rate is assumed to remain level at 3.00%

Projection Assumptions

- Projected liabilities are adjusted for the difference in simulated vs assumed inflation over the projection period
- Future benefit payments and payroll projections (used for GASB 67 purposes) were supplied by the plan actuary and used in our analysis
- 75% of Special Risk new entrants are assumed to elect the pension plan and 25% of new entrants from other groups are assumed to elect the pension plan
- Actual asset experience was factored in using an asset value of $211.5 billion as of June 30, 2025

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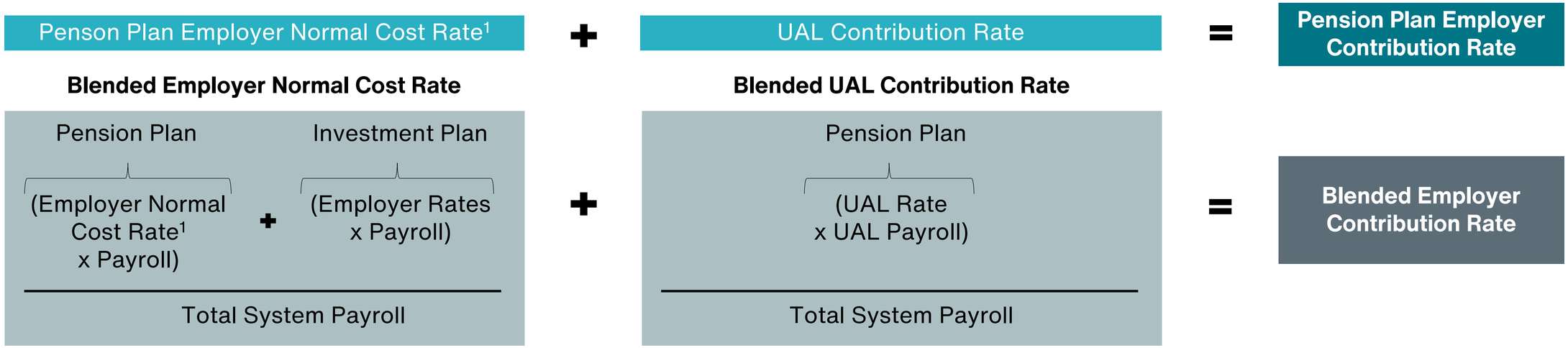
Actuarial Assumptions and Methods

Blended Contribution Rate

Combined projected contributions for both the FRS Pension Plan and the FRS Investment Plan as percentage of total system payroll

Blended Employer Contribution Rate is less than Pension Plan Employer Contribution Rate since UAL amortization is divided by total payroll rather than pension-only payroll



[1] Net of expected employee contribution rate of 3.00%

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Aon’s Capital Market Assumptions
Background

- Long-term (10- and 30-year forecasts) forward-looking assumptions (asset class geometric return, volatility, and correlations)
- Building Block approach, primarily based on consensus expectations and market-based inputs
- Best estimates of annualized returns (50/50 better or worse)
- Market returns: no active management value added (except for certain assets classes, such as hedge funds)
- Net of investment fees
- Updated quarterly

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Custom FRS Capital Market Assumptions

As of June 30, 2025

		10-Year CMAs				30-Year CMAs			
		Expected Real Return[1]	Expected Nominal Return[1]	Expected Nominal Volatility	Assumed Global Equity Beta	Expected Real Return[1]	Expected Nominal Return[1]	Expected Nominal Volatility	Assumed Global Equity Beta
	Equity								
1	Global Equity IMI	3.4%	5.9%	17.3%	1.00	3.3%	5.7%	17.6%	1.00
	Fixed Income								
2	Cash (Gov't)	1.3%	3.7%	1.2%	0.01	1.5%	3.8%	1.9%	0.01
3	Core Fixed Income	2.4%	4.9%	5.0%	0.01	2.6%	5.0%	5.4%	0.01
4	Multi-Asset Credit	2.5%	5.0%	8.4%	0.30	2.8%	5.2%	8.7%	0.30
	Alternatives								
5	Direct Hedge Funds[2,3]	3.2%	5.7%	5.2%	0.22	3.4%	5.8%	5.6%	0.24
6	Core Real Estate	2.4%	4.9%	15.0%	0.30	2.4%	4.8%	15.2%	0.30
7	Non-Core Real Estate	4.1%	6.6%	24.9%	0.65	3.8%	6.2%	25.2%	0.65
8	Private Equity	6.6%	9.2%	20.0%	0.69	6.6%	9.1%	20.2%	0.69
9	Infrastructure	5.7%	8.2%	16.0%	0.31	5.7%	8.1%	16.3%	0.31
10	Private Debt	3.8%	6.3%	9.7%	0.23	3.4%	5.8%	10.1%	0.24
11	Insurance Linked Securities	3.3%	5.8%	5.5%	0.01	3.1%	5.5%	7.5%	0.01
	Inflation								
12	Inflation	0.0%	2.4%	1.7%		0.0%	2.3%	1.7%	

[1] Expected returns are using Aon's Q3 2025 10/30-Year Capital Market Assumptions (CMAs) as of June 30, 2025 adjusted for the delta in average Global Equity Risk Premium (ERP) among three investment advisors: Aon, Mercer, and Wilshire (-100bps adjustment), which are projections about the future returns of asset classes. For asset classes that can be implemented passively, which includes most public assets, alpha and active management fees are not included in the return expectations. For asset classes that can only be implemented actively, such as hedge funds and private assets, we assume alpha and higher active manager fees. Expected returns are geometric (long-term compounded). Expected returns presented are models and do not represent the returns of an actual client account. Your actual returns may differ from the model expected returns presented based on your plan's individual fees/expenses. AIUSA's advisory fees are described in Part 2A of AIUSA's Form ADV. Not a guarantee of future results.

[2] Alpha incorporated in Expected Nominal Return

[3] Represents diversified portfolio of Direct hedge fund investments.

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Aon's Capital Market Assumptions

As of June 30, 2025

	Nominal Correlations	1	2	3	4	5	6	7	8	9	10	11	12
1	Global Equity IMI	**1.00**	0.08	0.03	0.62	0.75	0.35	0.45	0.60	0.34	0.42	0.02	0.09
2	Cash (Gov't)	0.08	**1.00**	0.42	0.12	0.21	0.15	0.14	0.09	0.13	0.08	0.26	0.38
3	Core Fixed Income	0.03	0.42	**1.00**	0.30	0.22	0.06	0.05	0.03	0.06	0.05	0.11	-0.01
4	Multi-Asset Credit	0.62	0.12	0.30	**1.00**	0.69	0.19	0.26	0.35	0.20	0.73	0.03	0.12
5	Direct Hedge Funds	0.75	0.21	0.22	0.69	**1.00**	0.30	0.38	0.50	0.30	0.53	0.06	0.11
6	Core Real Estate	0.35	0.15	0.06	0.19	0.30	**1.00**	0.96	0.31	0.18	0.16	0.04	0.08
7	Non-Core Real Estate	0.45	0.14	0.05	0.26	0.38	0.96	**1.00**	0.35	0.21	0.20	0.03	0.08
8	Private Equity	0.60	0.09	0.03	0.35	0.50	0.31	0.35	**1.00**	0.31	0.29	0.02	0.06
9	Infrastructure	0.34	0.13	0.06	0.20	0.30	0.18	0.21	0.31	**1.00**	0.16	0.04	0.07
10	Private Debt	0.42	0.08	0.05	0.73	0.53	0.16	0.20	0.29	0.16	**1.00**	0.02	0.13
11	Insurance Linked Securities	0.02	0.26	0.11	0.03	0.06	0.04	0.03	0.02	0.04	0.02	**1.00**	0.10
12	Inflation	0.09	0.38	-0.01	0.12	0.11	0.08	0.08	0.06	0.07	0.13	0.10	**1.00**

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Aon Investments' Capital Market Assumptions

Explanation of Capital Market Assumptions—6/30/2025

The following capital market assumptions were developed by Aon's Global Asset Allocation Team and represent the long-term capital market outlook (i.e., 10 years) based on data at the end of the second quarter of 2025. The assumptions were developed using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economics forecast and market data sources including, but not limited to MSCI, FactSet and Bloomberg. Our long-term assumptions for other asset classes are based on historical results, current market characteristics, and our professional judgment. Expected returns are using Aon 10 Year Capital Market Assumptions as of 6/30/2025. CMAs contain projections about future returns on asset classes. Our CMA projections are designed to reflect the typical cost of implementing an investment program. Expected returns are calculated using weighted allocations of the underlying CMAs. Expected Returns are geometric (long-term compounded; rounded to the nearest decimal) assuming portfolio weights are rebalanced annually. Expected returns presented are models and do not represent the returns of an actual client account. Your actual returns will be reduced by your advisory fees and other expenses you may incur as a client. Aon's advisory fees are described in Part 2A of Aon's Form ADV. Not a guarantee of future results.

Inflation – Expected Level (2.4%)

Based on Consensus Economics long-term estimates and our near-term economic outlook, we expect U.S. consumer price inflation to be approximately 2.4% during the next 10 years.

Real Returns for Asset Classes

Fixed Income		
Cash	1.3%	Over the long run, we expect the real yield on cash and money market instruments to produce a real return of 1.3% in a moderate to high-inflationary environment.
TIPS	2.1%	We expect intermediate duration Treasury Inflation-Protected Securities to produce a real return of about 2.1%.
Core Fixed Income (i.e., Market Duration)	2.4%	We expect intermediate duration Treasuries to produce a real return of about 1.8%. We estimate the fair value credit spread (credit risk premium - expected losses from defaults and downgrades) to be 0.6%, resulting in a long-term real return of 2.4%.

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Aon Investments' Capital Market Assumptions

Explanation of Capital Market Assumptions—6/30/2025

Fixed Income		
Core Plus Bonds	2.8%	Modeled as 20% 5-year duration gov't bonds real return of 1.9% and 80% 5-year duration corporate bonds real return of 3.0%
Long Duration Bonds – Government and Credit	3.3%	We expect Treasuries with a duration of ~14 to produce a real return of 3.1%. We estimate the fair value credit spread (credit risk premium - expected losses from defaults and downgrades) to be 0.2%, resulting in an expected real return of 3.3%.
Long Duration Bonds – Credit	3.4%	We expect Treasuries with a duration of ~12 years comparable to produce a real return of 3.1%. We estimate the fair value credit spread (credit risk premium - expected losses from defaults and downgrades) to be 0.3%, resulting in an expected real return of 3.4%.
Long Duration Bonds – Government	3.1%	We expect Treasuries with a duration of ~16 years to produce a real return of 3.1% during the next 10 years.
High Yield Bonds	3.3%	We expect intermediate duration Treasuries to produce a real return of about 1.8%. We estimate the fair value credit spread (credit risk premium - expected losses from defaults and downgrades) to be 1.5%, resulting in an expected real return of 3.3%.
Bank Loans	3.4%	We expect cash to produce a real return of about 1.3%. We estimate the fair value credit spread (credit risk premium - expected losses from defaults) to be 2.1%, resulting in an expected real return of 3.4%.
Non-U.S. Developed Bonds: 50% Hedged	1.8%	We forecast real returns for non-US developed market bonds to be 1.8% over a 10-year period after adjusting for a 50% currency hedge. We assume a blend of one-third investment grade corporate bonds and two-thirds government bonds. We also produce assumptions for 0% hedged and 100% hedged non-US developed bonds.
Emerging Market Bonds (Sovereign; USD)	4.0%	We forecast real returns for emerging market sovereign bonds denominated in US dollars to be 4.0% over a 10-year period.
Emerging Market Bonds (Corporate; USD)	3.5%	We forecast real returns for emerging market corporate bonds denominated in US dollars to be 3.5% over a 10-year period.
Emerging Market Bonds (Sovereign; Local)	3.0%	We forecast real returns for emerging market sovereign bonds denominated in local currency to be 3.0% over a 10-year period.

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Aon Investments' Capital Market Assumptions

Explanation of Capital Market Assumptions—6/30/2025

Liquid Return-Seeking Fixed Income Institutional Quality	4.3%	We assume real returns from beta exposure to high yield, bank loans and emerging market debt to add 3.5% plus 0.8% from alpha for institutional quality managers, over a 10-year period.
Liquid Return-Seeking Fixed Income Universe	3.5%	We assume real returns from beta exposure to high yield, bank loans and emerging market debt to add 3.5%. We assume no alpha from universe funds, over a 10-year period.
Private Debt-Direct Lending	4.8%	The base building block is bank loans 3.4% + spread 1.4% (net of management fees and performance incentives). There is 100% leverage included in the assumption with the cost of financing at LIBOR +2.0%.
Equities		
Large Cap U.S. Equity	4.2%	This assumption is based on 1.03 beta to global equities plus inflation and real cash return
Small Cap U.S. Equity	4.4%	Adding a 0.2% return premium for small cap U.S. equity over large cap U.S. equity results in an expected real return of 4.7%. This return premium is theoretically justified by the higher risk inherent in small cap U.S. equity versus large cap U.S. equity and is also justified by historical data. In recent years, higher small cap valuations relative to large cap equity has reduced the small cap premium.
Global Equity (Developed & Emerging Markets)	4.4%	We employ a building block process to develop discounted cash flows using the developed and emerging markets that comprise the MSCI All-Country World Index. Our roll-up model produces an expected real return of 4.4% for global equity.
International (Non-U.S.) Equity, Developed Markets	3.8%	This assumption is based on 0.85 beta to global equities plus inflation and real cash return
Emerging Market Stocks	4.2%	This assumption is based on 1.14 beta to global equities plus inflation and real cash return
85% ACWI/15% Russell 3000	4.4%	Based on a mix of Global (Developed & Emerging Markets)/U.S. Large and Small Caps

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Aon Investments' Capital Market Assumptions

Explanation of Capital Market Assumptions—6/30/2025

Alternative Asset Classes		
Low Beta (Defensive) Hedge Funds	2.2%	Encompasses defensive/low volatility hedge fund strategies with low correlations to risk assets. This assumption represents median manager performance. 1% base fee + 10% performance fee is deducted from the return expectation.
Low Beta (Defensive) Hedge Funds Institutional Quality	3.2%	Represent defensive/low volatility hedge fund strategies with low correlations to risk assets. 1% base fee + 7% performance fee is deducted from return expectations. To use this category the funds must be institutional quality.
High Beta (Return Enhancing) Hedge Funds	3.2%	Encompasses return enhancing/higher volatility hedge fund strategies with higher correlations to risk assets. The assumption represents median manager performance. 1% base fee + 10% performance fee is deducted from the return expectations.
High Beta (Return Enhancing) Hedge Funds Institutional Quality	5.2%	Represents return enhancing/higher volatility hedge fund strategies with higher correlations to risk assets. 1% base fee + 7% performance fee is deducted from return expectations. To use this category the funds must be institutional quality.
Direct Hedge Funds Universe	2.7%	Generic hedge fund investments which represents a portfolio of diversified strategies. We assume 50% defensive/50% return enhancing strategies. 1% base fee + 10% performance fee is deducted from the return expectations.
Direct Hedge Funds Institutional Quality	4.2%	Generic hedge fund investments which represents a portfolio of diversified strategies. We assume 50% defensive institutional quality/50% return enhancing institutional quality strategies. To use this category the funds must be institutional quality. 1% base fee + 7% performance fee is deducted from the return expectations.
Core Real Estate	3.4%	Our real return assumption for core real estate is based a gross income of about 3.9%, management fees of roughly 1%, 25% leverage and future capital appreciation near the rate of inflation during the next 10 years. We assume a portfolio of equity real estate holdings that is diversified by property and by geographic region.
Non-Core Real Estate	5.1%	Core real estate is levered approximately 100% as the base building block for this assumption. We subtract financing costs for the leverage and 2% management costs. We also assume nominal alpha of 2% over core real estate. We assume a 50/50 mix of value-add and opportunistic investments.
U.S. REITs	4.0%	Our real return assumption for U.S. REITs is based on income of about 4.0% and future capital appreciation near the rate of inflation during the next 10 years. REITs are a sub-set of U.S. small/mid cap equity universe.

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Aon Investments' Capital Market Assumptions

Explanation of Capital Market Assumptions—6/30/2025

Commodities	1.3%	Our commodity assumption is for a diversified portfolio of commodity futures contracts. Commodity futures returns are composed of three parts: spot price appreciation, collateral return, and roll return (positive or negative change implied by the shape of the future curve). We believe that spot prices will converge with CPI over the long run (i.e., 2.4%). Collateral is assumed to be Gov't cash (1.3%). Also, we believe the roll effect will be -2.4%, resulting in a real return of about 1.3% for commodities.
Private Equity	7.6%	Our private equity assumption reflects a diversified fund of funds with exposure to buyouts and venture capital
Open-End Infrastructure	5.6%	Our open-end infrastructure assumption assumes a mix of 65% core, 25% value-add and 10% opportunistic strategies. Return formulated through estimates of income and capital growth, leverage, debt costs, taxes and management expenses.
Closed-End Infrastructure	6.6%	Our closed-end infrastructure assumption assumes a mix of 50% value-add, 35% opportunistic and 15% private equity strategies. Return formulated through estimates of income and capital growth, leverage, debt costs, taxes and management expenses.
eLDI	3.7%	Combination of various long credit strategies (1/6 real estate debt, 1/3 securitized debt, 1/6 CMOs, 1/3 private placements).
Open-End Real Assets	4.8%	Combination of 50% Core Real Estate and 50% Open-End Infrastructure
Closed-End Real Assets	6.6%	Combination of 50% Non-Core Real Estate and 50% Closed-End Infrastructure

Volatility/Correlation Assumptions

Assumed volatilities are formulated with reference to implied volatilities priced into option contracts of various terms, as well as with regard to historical volatility levels. For asset classes which are not marked to market (for example real estate), we "de-smooth" historical returns before calculating volatilities. Importantly, we consider expected volatility trends in the future – in recent years we assumed the re-emergence of an economic cycle and a loss of confidence in central bankers would lead to an increase in volatility. Correlation assumptions are generally similar to actual historical results; however, we do make adjustments to reflect our forward-looking views as well as current market fundamentals.

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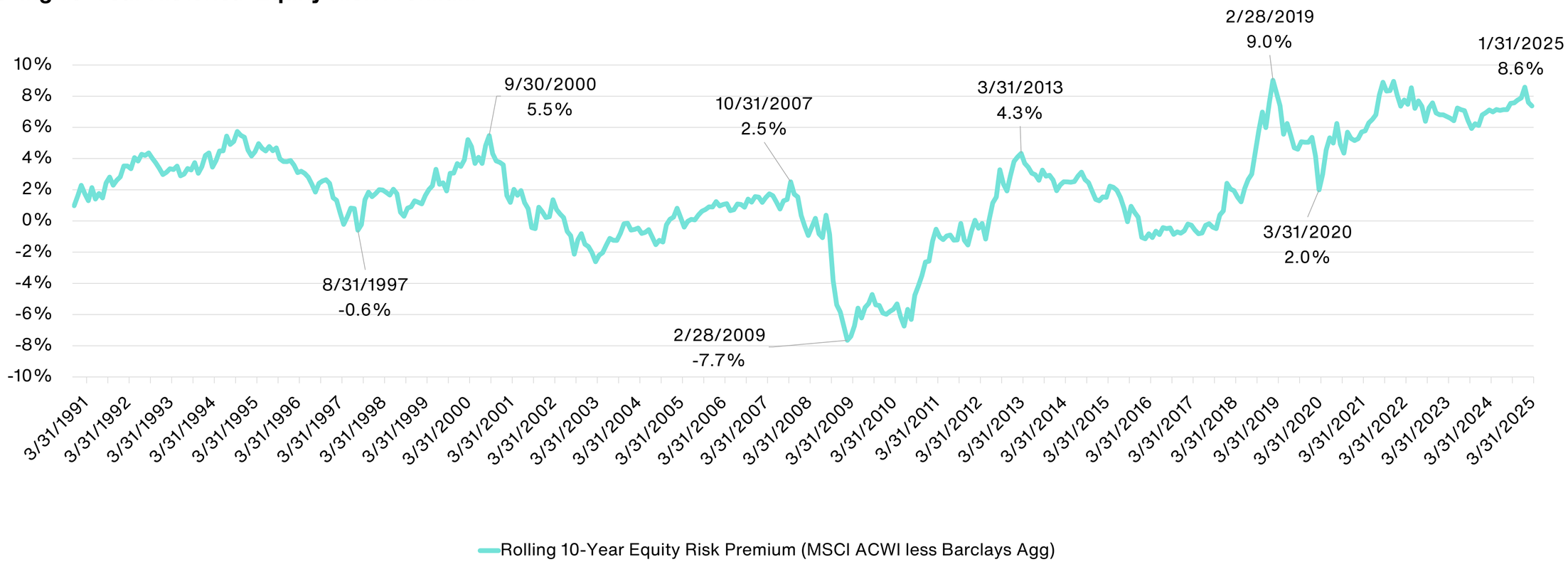
Realized Equity Risk Premia – Rolling 10-Year History

Average rolling ERP since 1991 has been 2.0%

Rolling 10-Year Historical Equity Risk Premium



Data: monthly returns from 1/1/1990 to 3/31/2025 for the MSCI ACWI Index and Barclays Aggregate Bond Index
Equity Risk Premium is defined as the excess return earned over bonds that compensates investors for taking on higher risk

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2025 Horizon Survey Results

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2025 Horizon Survey Results

What is the Horizon Survey?

Since 2010, Horizon Actuarial Services, LLC has conducted a capital market assumption survey of investment firms to aid in determining reasonable assumptions for a pension plan's expected return on assets

- While Aon does not seek to change our approach based on how we stack up to peers, it is a helpful double-check to make sure we are not too far off from others in the industry

For the 2025 survey, 41 investment advisors participated.

How does Aon compare to the 2025 survey results?

Aon Investments' 2025 10-year assumptions for expected returns (as of December 31, 2024)

- ***Equities:*** approximately middle of the pack for U.S. Equities; lower for Non-U.S. Equities
- ***Fixed Income:*** approximately middle of the pack relative to the survey's median level; higher for Cash, Emerging Market Debt, and Long Duration Credit
- ***Alternatives:*** approximately middle of the pack relative to the survey's median level; higher for Infrastructure; lower for Real Estate

A description of the methodology used by Horizon Actuarial Services, LLC in conducting their survey is outlined in the 2025 version of the report found online at the link below:

- https://www.horizonactuarial.com/survey-of-capital-market-assumptions

The survey was conducted by Horizon Actuarial Services, LLC, an independent consulting firm specializing in providing actuarial and consulting services to multiemployer benefit plans. Aon Investments USA Inc. ("AIUSA") is not affiliated with Horizon Actuarial Services, LLC. AIUSA did not pay to participate in the survey and no direct or indirect compensation has been provided by AIUSA for participation. Please refer to the more thorough disclosure and additional information about the methodology used in compiling the survey results via the website of the publication. Clicking the above link will bring you to a site that contains information that has been created, published, maintained, or otherwise posted by an organization independent of AIUSA. AIUSA does not endorse, approve, certify, or control this website and does not assume responsibility for the accuracy, completeness, or timeliness of the information located there.

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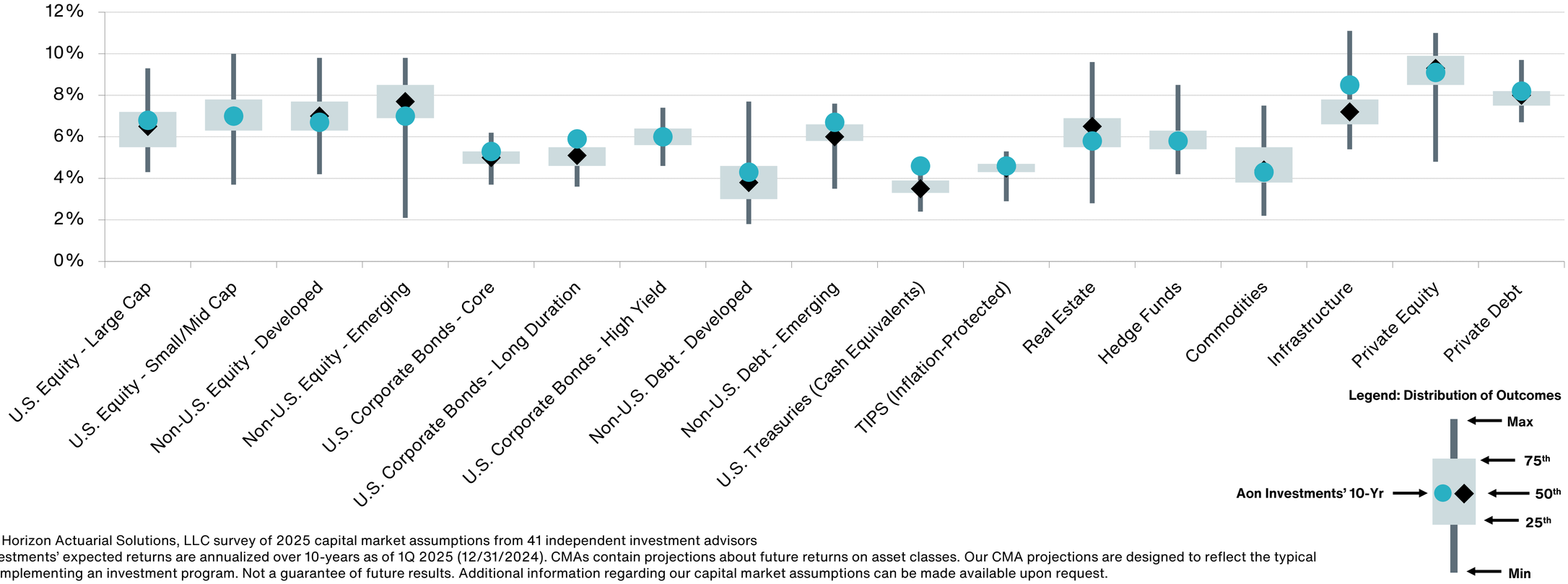
Aon Investments' Capital Market Assumptions vs. Horizon Survey

10-Year Assumptions

Expected Geometric Returns of 41 Investment Advisors
(10-Year Forecast)



Source: Horizon Actuarial Solutions, LLC survey of 2025 capital market assumptions from 41 independent investment advisors
Aon Investments' expected returns are annualized over 10-years as of 1Q 2025 (12/31/2024). CMAs contain projections about future returns on asset classes. Our CMA projections are designed to reflect the typical cost of implementing an investment program. Not a guarantee of future results. Additional information regarding our capital market assumptions can be made available upon request.

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Aon Investments vs. Peers (2025 Horizon Survey)

10-Year Assumptions

	Horizon Survey[1]		Aon Investments[2]		Difference	
	10-Year Assumptions		10-Year Assumptions		Aon Investments – Horizon Survey	
Asset Class	**Expected Return**	**Expected Risk**	**Expected Return**	**Expected Risk**	**Expected Return**	**Expected Risk**
U.S. Equity - Large Cap	6.5%	16.5%	6.8%	18.5%	0.3%	2.0%
U.S. Equity - Small/Mid Cap	7.0%	20.4%	7.0%	24.5%	0.0%	4.1%
Non-U.S. Equity – Developed	7.0%	18.2%	6.7%	18.7%	-0.3%	0.5%
Non-U.S. Equity – Emerging	7.7%	23.4%	7.0%	22.0%	-0.7%	-1.4%
U.S. Fixed Income – Core	5.0%	6.2%	5.3%	5.4%	0.3%	-0.8%
U.S. Fixed Income - Long Duration Corp	5.1%	10.7%	5.9%	11.0%	0.8%	0.3%
U.S. Fixed Income - High Yield	6.0%	9.8%	6.0%	10.5%	0.0%	0.7%
Non-U.S. Fixed Income – Developed	3.8%	7.5%	4.3%	6.2%	0.5%	-1.3%
Non-U.S. Fixed Income – Emerging	6.0%	10.6%	6.7%	11.0%	0.7%	0.4%
Treasuries (Cash Equivalents)	3.5%	1.5%	4.6%	1.4%	1.1%	-0.1%
TIPS (Inflation-Protected)	4.5%	6.0%	4.6%	4.3%	0.1%	-1.7%
Real Estate	6.5%	16.2%	5.8%	15.0%	-0.7%	-1.2%
Hedge Funds	5.8%	8.0%	5.8%	5.2%	0.0%	-2.8%
Commodities	4.4%	17.8%	4.3%	17.0%	-0.1%	-0.8%
Infrastructure	7.2%	14.9%	8.5%	16.0%	1.3%	1.1%
Private Equity	9.3%	22.2%	9.1%	20.0%	-0.2%	-2.2%
Private Debt	8.0%	11.8%	8.2%	16.1%	0.2%	4.4%
Inflation	2.4%	1.9%	2.3%	1.7%	-0.1%	-0.2%

[1] Notes (Horizon Survey):
Source: Horizon Actuarial survey of 2025 capital market assumptions from 41 independent investment advisors. The survey was conducted by Horizon Actuarial Services, LLC, an independent consulting firm specializing in providing actuarial and consulting services to multiemployer benefit plans. Aon does not guarantee the accuracy or completeness of this information and cannot be held accountable for inaccurate data provided by third parties. Reliance upon information in this material is at the sole discretion of the reader.

Expected returns are median annualized (geometric). Please see following slide for additional information on this survey methodology.

[2] Notes (Aon Investments' Assumptions):
Aon Investments' assumptions are for 12/31/2024

- U.S. Equity - Small/Mid Cap assumptions represents Aon's assumption for U.S. Small Cap
- U.S. Fixed Income - Long Duration assumptions represents Aon's assumption for Long Duration Credit
- Non-U.S. Fixed Income - Developed assumptions represents Aon's assumption for Non-U.S. Fixed Income - Developed (50% Hedged)
- Non-U.S. Fixed Income - Emerging assumptions represents Aon's assumption for Emerging Market Bonds - Sovereign USD
- Real Estate assumptions represents Aon's assumption for Core Real Estate
- Hedge Fund assumptions represents Aon's assumption for Direct Hedge Funds (Universe)

Expected returns are using Aon's Q1 2025 10-Year Capital Market Assumptions (CMAs) as of 12/31/2024. CMAs contain projections about future returns on asset classes. Our CMA projections are designed to reflect the typical cost of implementing an investment program. Expected returns are calculated using weighted allocations of the underlying CMAs. Expected Returns are geometric (long-term compounded; rounded to the nearest decimal) assuming portfolio weights are rebalanced annually. Expected returns presented are models and do not represent the returns of an actual client account. Your actual returns may differ from model returns presented based on your plan's individual fees/expenses. Not a guarantee of future results. Additional information regarding our capital market assumptions can be made available upon request.

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Peer Comparisons

Section 4: Appendix

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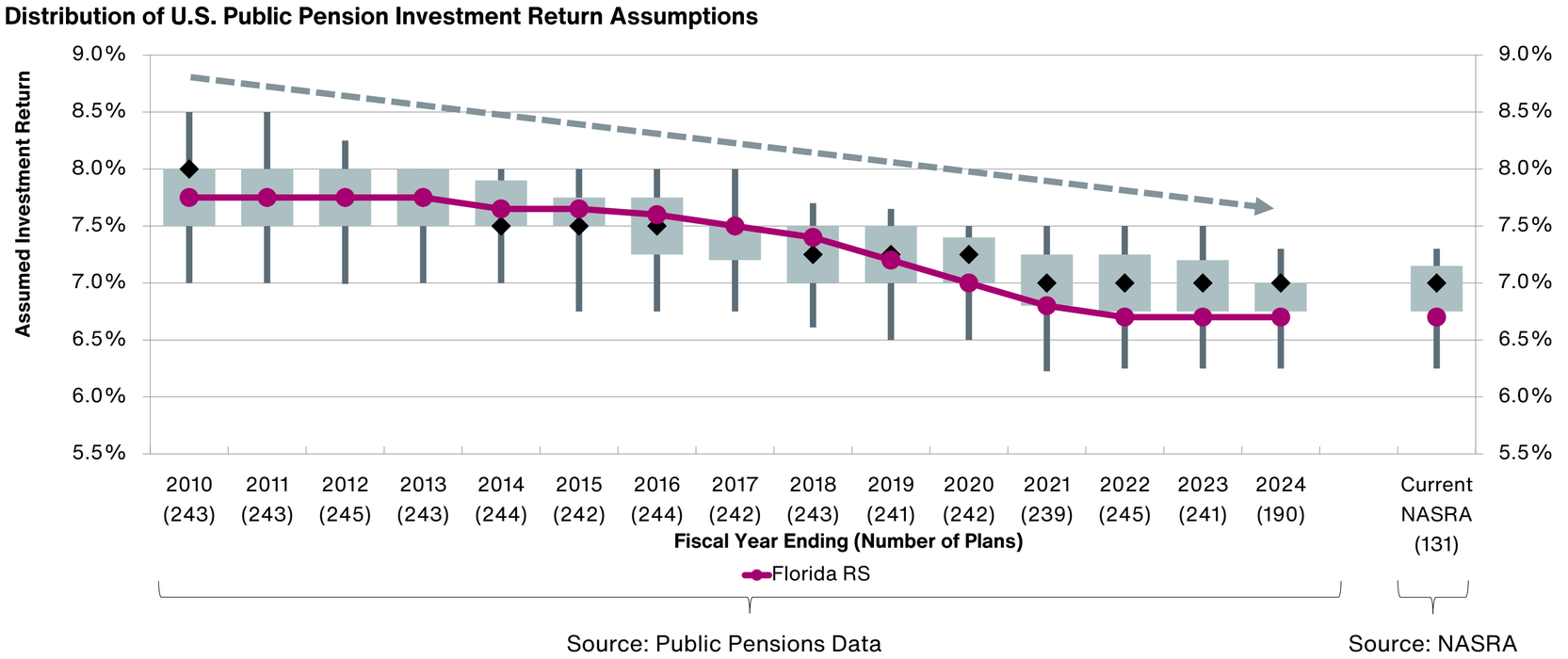
Peer Comparisons – All Public Plans

Expected return assumption versus peers[1]



Source: Public Pensions Data

Source: NASRA

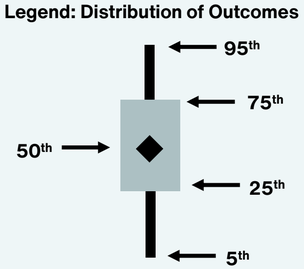
The actuarial investment return assumption is set by numerous factors including investment return assumptions, actuarial experience study recommendations, financial outcomes through asset-liability analysis, how the assumed rate of return is used, consideration to an acceptable return assumptions range to promote contribution stability, industry trends (e.g., Horizon survey), and peer data (e.g., NASRA assumptions)

Sources: Public Plans Data (publicplansdata.org) as of July 2025; NASRA downloadable investment return assumptions as of August 2025

[1] Peers defined as public funds published within publicplansdata.org as of July 2025 and NASRA as of August 2025; Number of plans per year are shown in parentheses

Key Takeaways:

- Since FYE 2010, actuarial rates of return have declined from a median assumption of 8.00% down to 7.00%
- Current actuarial assumptions, as tracked by NASRA as of August 2025, have a median actuarial assumption of 7.00%



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Peer Comparisons – Similar Asset Size

Expected return assumption versus peers[1]

Plan	Expected Return Assumption
California Public Employees' Retirement System	6.90%
California State Teachers' Retirement System	7.00%
Florida Retirement System	6.70%
New York State and Local Employees' Retirement System	5.90%
New York State Teachers' Retirement System	6.95%
Teacher Retirement System of Texas	7.00%
Average	6.74%
Median	6.93%

Key Takeaway

- Using plans with large asset bases, Florida Retirement System's expected return assumption is in-line with the peer average and just under the median expectation

[1] Source: NASRA downloadable investment return assumptions as of August 2025
Peers shown are similar in size to Florida SBA. Return assumptions provided by the third-party sources listed above. Aon does not guarantee the accuracy or completeness of this information and cannot be held accountable for inaccurate data provided by third parties. Reliance upon information in this material is at the sole discretion of the reader.

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Liquidity Analysis Detail

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Liquidity Analysis Background

Aon Investments' approach to analysing liquidity risk from alternatives

Background

- Intended as a stress-testing model
- Develops multi-year projections of assets and spending needs
- Uses different scenarios for economic environments and other relevant events
- Shows how the portfolio's liquidity profile could evolve with a given investment strategy
- Incorporates the profile of the liabilities as well as expected future contributions

Assumptions

- Starting assets based on estimated market value of assets as of June 30, 2025
- The plan's contribution policy is actuarially-based, leveraging our asset-liability study projections
- Assumes the portfolio starts at the target asset allocation levels for illiquid assets, maintaining close to the portfolio targets over the next 10 years
- Illiquid asset commitments are assumed to continue under each economic scenario subject to the conditions below:
  - Should actual allocations exceed targets by 10%, future commitments are trimmed 15%
  - Should actual allocations exceed targets by 20%, future commitments are trimmed 30%
- Quasi-liquid assets are assumed to be redeemed under each economic scenario subject to the conditions below:
  - Should actual allocations exceed targets by 20%, 15% of assets are redeemed
  - Should actual allocations exceed targets by 50%, 25% of assets are redeemed
- Base case economic scenario assumptions equal the 10-year capital market assumptions used in the asset-liability projection analysis
  - Aon's stressed scenarios were also reduced by the equity risk premium adjustments per the SBA methodology

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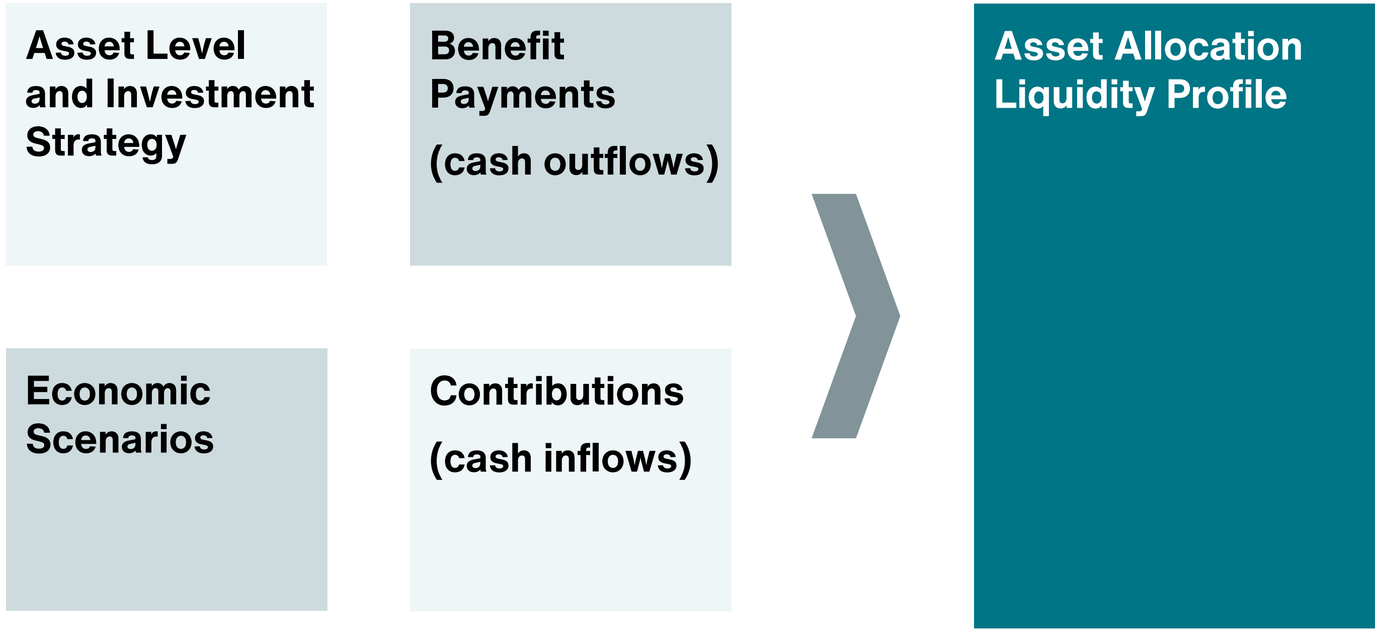
Liquidity Analysis Background

Process inputs and outputs



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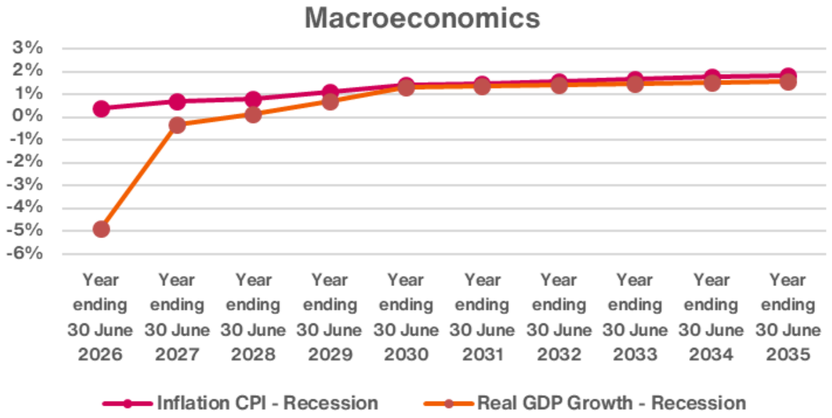
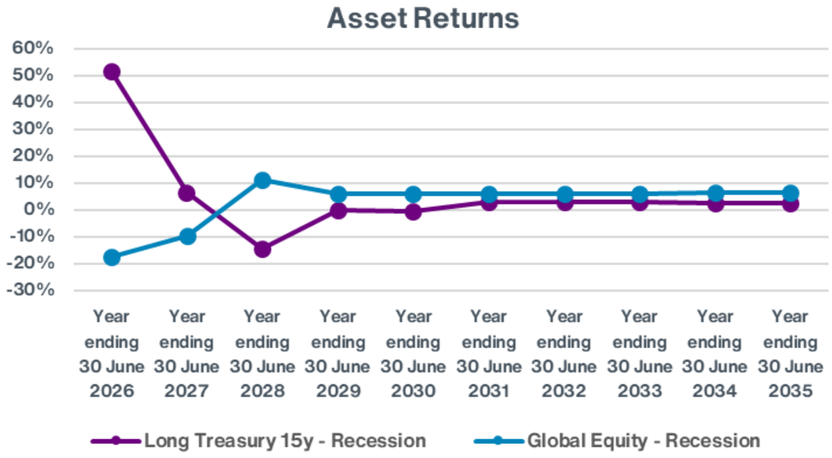
Recession Scenario
Description

The U.S. economy slips into a recession

- Global growth weakens as a tilt towards more protectionist trade and immigration policies outweighs productivity gains from technological advancements. Weaker global growth, combined with still relatively restrictive monetary policy, lead to a recession in the U.S.
- The economic slowdown leads to many large economies, including the U.S., choosing to continue to run large fiscal deficits and accumulate further government debt. Meanwhile, central banks make larger than expected policy rate cuts in an effort to stimulate consumption, increase business investment and support the labour market.
- These policy actions are only somewhat effective as they only improve the demand side of the economy. The U.S. exits recession around two years later, at which point global growth also starts to pick up. Protectionist policies then begin to reverse across the world as their negative economic impact becomes clearer and more widespread.
- Inflation is lower than the base case. However, inflation starts to rise in later years as the post-recession recovery gets underway.
- Treasury yields fall while TIPS yields remain at low levels as the U.S. enters recession. Yields rise in later years as a recovery gets underway. Corporate spreads rise significantly due to the poor economic situation, with increased incidences of downgrades and defaults.
- Most risk assets make losses in the first two years but rebound in later years as the economy recovers.





Source: Aon, as of June 30, 2025. Annual projection starts from June 30, 2025. Projections of general asset class returns and economic conditions are forward-looking expectations by Aon based on informed historical results and internal analysis. Forecasts, estimates and other information contained herein are based upon proprietary research and our framework of analyzing fundamental, valuation and long-term drivers of capital markets. This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise - or even estimate - of future performance. Such information is hypothetical in nature, does not reflect actual results, and is not a guarantee of future results. Economic factors and return assumptions depend on current market conditions and, as such, may change over time. Our economic scenario analysis is designed to reflect the typical cost of implementing an investment program. Asset return projections do not include the deduction of management fees and other expenses that may be incurred in managing an investment account.

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Recession Scenario

Data

Recession Scenario		Time 0	Time 1	Time 2	Time 3	Time 4	Time 5	Time 6	Time 7	Time 8	Time 9	Time 10
Fixed Income Yields	Treasury yield 5y	3.9%	1.5%	1.3%	2.2%	2.6%	3.1%	3.2%	3.4%	3.5%	3.7%	3.8%
	Long Treasury yield 15y	4.9%	2.2%	1.9%	3.2%	3.4%	3.8%	3.8%	3.9%	3.9%	4.0%	4.1%
	TIPS yield 5y	1.5%	-0.2%	-0.3%	0.3%	0.5%	0.8%	0.9%	1.0%	1.1%	1.2%	1.3%
	Long TIPS yield 15y	2.4%	0.3%	0.2%	1.1%	1.2%	1.5%	1.6%	1.7%	1.7%	1.8%	1.9%
	Breakeven price inflation 15y	2.5%	1.9%	1.7%	2.1%	2.2%	2.3%	2.3%	2.2%	2.2%	2.2%	2.2%
	A Corporate bond yield 5y	4.7%	4.9%	5.1%	5.7%	5.4%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
	A Corporate spread 5y	0.7%	3.3%	3.8%	3.5%	2.8%	2.4%	2.3%	2.1%	2.0%	1.9%	1.7%
	Long A Corporate bond yield 10y	5.3%	4.7%	4.9%	6.0%	5.7%	5.8%	5.8%	5.9%	5.9%	5.9%	5.9%
	Long A Corporate spread 10y	0.8%	2.8%	3.2%	3.0%	2.5%	2.3%	2.2%	2.1%	2.0%	1.9%	1.8%
Expected Nominal Returns	Equity – U.S.		-15.0%	-8.0%	11.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
	Equity – Global		-17.0%	-9.0%	12.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	7.0%
	EAFE		-20.0%	-10.0%	11.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
	EM Equity		-28.0%	-17.0%	14.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
	Cash		4.0%	1.0%	1.0%	1.0%	2.0%	2.0%	2.0%	2.0%	3.0%	3.0%
	Core Fixed Income		10.0%	3.0%	1.0%	4.0%	4.0%	5.0%	5.0%	5.0%	6.0%	6.0%
	U.S. Core Real Estate		-13.0%	-8.0%	-3.0%	1.0%	5.0%	5.0%	5.0%	5.0%	6.0%	6.0%
	U.S. Non-Core Real Estate		-17.0%	-10.0%	-3.0%	1.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
	Private Equity Smoothed		-11.0%	-5.0%	7.0%	8.0%	8.0%	9.0%	10.0%	11.0%	10.0%	10.0%
	Private Credit Smoothed		-8.0%	-8.0%	3.0%	2.0%	3.0%	4.0%	4.0%	5.0%	5.0%	5.0%
	Open-Ended Infrastructure		-5.0%	0.0%	3.0%	4.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
	Closed-Ended Infrastructure		-3.0%	1.0%	4.0%	5.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
	Hedge Funds - Broad		-13.5%	-8.5%	8.5%	7.0%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
	U.S. High Yield		-14.0%	-12.0%	4.0%	5.0%	3.0%	5.0%	5.0%	5.0%	6.0%	6.0%
	Bank Loans		-10.0%	-7.0%	5.0%	3.0%	3.0%	3.0%	3.0%	4.0%	4.0%	4.0%
	USD Emerging Market Debt		-12.0%	-8.0%	8.0%	6.0%	5.0%	6.0%	6.0%	6.0%	6.0%	6.0%
	Local Emerging Market Debt		-12.0%	-9.0%	7.0%	5.0%	4.0%	5.0%	5.0%	5.0%	6.0%	6.0%

Source: Aon, as of June 30, 2025. Annual projection starts from June 30, 2025. Projections of general asset class returns and economic conditions are forward-looking expectations by Aon based on informed historical results and internal analysis. Forecasts, estimates and other information contained herein are based upon proprietary research and our framework of analyzing fundamental, valuation and long-term drivers of capital markets. This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise - or even estimate - of future performance. Such information is hypothetical in nature, does not reflect actual results, and is not a guarantee of future results. Economic factors and return assumptions depend on current market conditions and, as such, may change over time. Our economic scenario analysis is designed to reflect the typical cost of implementing an investment program. Asset return projections do not include the deduction of management fees and other expenses that may be incurred in managing an investment account.

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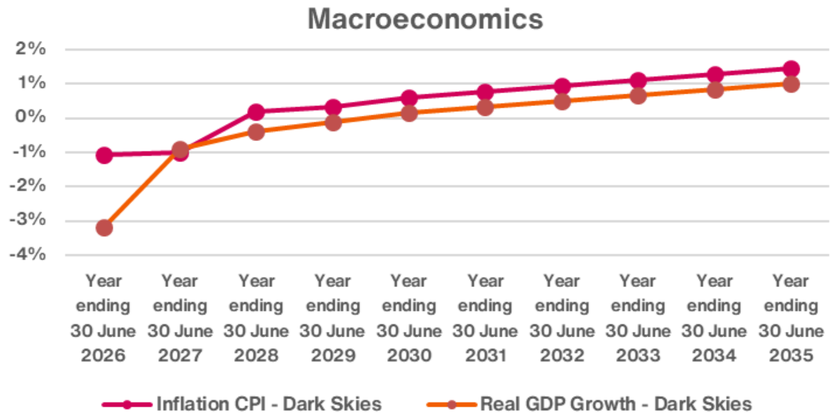
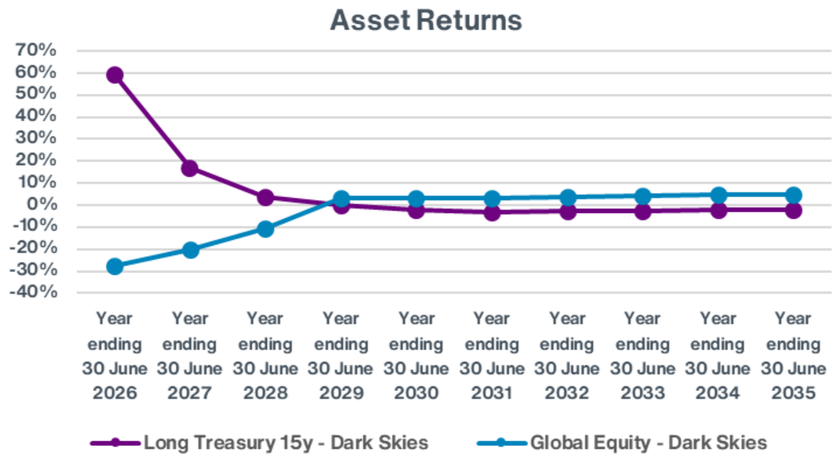
Dark Skies Scenario
Description

A deep recession followed by a longer period of stagnant growth

- Worsening geopolitical instability and central banks' still restrictive monetary policy has a severe impact on global growth leading to an economic depression.
- Global supply chains are disrupted on a prolonged basis due to geopolitical events. China experiences a sharp deterioration in economic growth following an abrupt decoupling from western economies caused by a severe global tilt towards protectionism.
- Failures of smaller banks along with widespread corporate bankruptcies lead to the collapse of some systematically important banks, triggering a new financial crisis, forcing central banks to cut rates to record low levels.
- Fiscal pressures force governments to unwind stimulus measures before economies fully recover.
- Weak demand means inflation falls sharply in 2025 and sluggish growth over the following years keeps inflation below target.
- Treasury yields fall and remain at low levels as the U.S. enters recession. Corporate spreads rise significantly due to the poor economic situation and increased risks of downgrades or defaults.
- Risk assets suffer losses as the economic situation remains poor for a long time, weighing on returns in later years.





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Dark Skies Scenario

Data

Dark Skies Scenario		Time 0	Time 1	Time 2	Time 3	Time 4	Time 5	Time 6	Time 7	Time 8	Time 9	Time 10
Fixed Income Yields	Treasury yield 5y	3.9%	1.4%	0.1%	0.0%	0.1%	0.3%	0.6%	1.0%	1.3%	1.7%	2.0%
	Long Treasury yield 15y	4.9%	1.8%	0.8%	0.6%	0.7%	0.9%	1.2%	1.5%	1.8%	2.1%	2.4%
	TIPS yield 5y	1.5%	-0.1%	-1.0%	-1.2%	-1.1%	-0.9%	-0.7%	-0.4%	-0.2%	0.0%	0.2%
	Long TIPS yield 15y	2.4%	0.1%	-0.6%	-0.8%	-0.7%	-0.5%	-0.2%	0.0%	0.2%	0.5%	0.7%
	Breakeven price inflation 15y	2.5%	1.7%	1.4%	1.4%	1.4%	1.4%	1.5%	1.5%	1.6%	1.7%	1.7%
	A Corporate bond yield 5y	4.7%	5.8%	5.2%	4.6%	3.7%	3.4%	3.5%	3.7%	3.9%	4.1%	4.2%
	A Corporate spread 5y	0.7%	4.4%	5.1%	4.7%	3.7%	3.0%	2.9%	2.7%	2.6%	2.4%	2.2%
	Long A Corporate bond yield 10y	5.3%	5.2%	4.8%	4.4%	3.8%	3.6%	3.8%	4.0%	4.2%	4.4%	4.6%
	Long A Corporate spread 10y	0.8%	3.6%	4.2%	3.9%	3.2%	2.8%	2.6%	2.5%	2.4%	2.3%	2.2%
Expected Nominal Returns	Equity – U.S.		-25.0%	-18.0%	-9.0%	3.0%	3.0%	3.0%	4.0%	4.0%	5.0%	5.0%
	Equity – Global		-28.0%	-20.0%	-11.0%	3.0%	3.0%	3.0%	4.0%	4.0%	5.0%	5.0%
	EAFE		-30.0%	-22.0%	-12.0%	2.0%	2.0%	3.0%	3.0%	4.0%	4.0%	4.0%
	EM Equity		-44.0%	-32.0%	-19.0%	1.0%	1.0%	2.0%	2.0%	3.0%	3.0%	4.0%
	Cash		4.0%	1.0%	0.0%	0.0%	0.0%	0.0%	1.0%	1.0%	1.0%	2.0%
	Core Fixed Income		8.0%	6.0%	2.0%	3.0%	1.0%	0.0%	1.0%	1.0%	2.0%	2.0%
	U.S. Core Real Estate		-15.0%	-11.0%	-5.0%	0.0%	2.0%	3.0%	3.0%	3.0%	4.0%	4.0%
	U.S. Non-Core Real Estate		-19.0%	-14.0%	-6.0%	0.0%	3.0%	3.0%	4.0%	4.0%	5.0%	5.0%
	Private Equity Smoothed		-18.0%	-13.0%	-6.0%	-1.0%	0.0%	2.0%	3.0%	4.0%	8.0%	8.0%
	Private Credit Smoothed		-19.0%	-22.0%	-20.0%	-11.0%	-2.0%	-2.0%	-1.0%	0.0%	1.0%	2.0%
	Open-Ended Infrastructure		-11.0%	-7.0%	-3.0%	2.0%	4.0%	5.0%	5.0%	5.0%	6.0%	6.0%
	Closed-Ended Infrastructure		-10.0%	-6.0%	-2.0%	3.0%	5.0%	6.0%	6.0%	6.0%	7.0%	7.0%
	Hedge Funds - Broad		-16.5%	-11.0%	-5.5%	2.0%	2.0%	2.5%	2.5%	3.0%	3.5%	3.5%
	U.S. High Yield		-19.0%	-13.0%	-11.0%	-2.0%	-4.0%	-5.0%	-4.0%	-2.0%	-1.0%	0.0%
	Bank Loans		-24.0%	-20.0%	-13.0%	-1.0%	-2.0%	-1.0%	-1.0%	0.0%	1.0%	2.0%
	USD Emerging Market Debt		-19.0%	-13.0%	-8.0%	2.0%	1.0%	1.0%	1.0%	2.0%	2.0%	3.0%
	Local Emerging Market Debt		-20.0%	-14.0%	-9.0%	1.0%	0.0%	0.0%	1.0%	1.0%	2.0%	2.0%

Source: Aon, as of June 30, 2025. Annual projection starts from June 30, 2025. Projections of general asset class returns and economic conditions are forward-looking expectations by Aon based on informed historical results and internal analysis. Forecasts, estimates and other information contained herein are based upon proprietary research and our framework of analyzing fundamental, valuation and long-term drivers of capital markets. This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise - or even estimate - of future performance. Such information is hypothetical in nature, does not reflect actual results, and is not a guarantee of future results. Economic factors and return assumptions depend on current market conditions and, as such, may change over time. Our economic scenario analysis is designed to reflect the typical cost of implementing an investment program. Asset return projections do not include the deduction of management fees and other expenses that may be incurred in managing an investment account.

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Asset-Liability Management Overview

Section 4: Appendix

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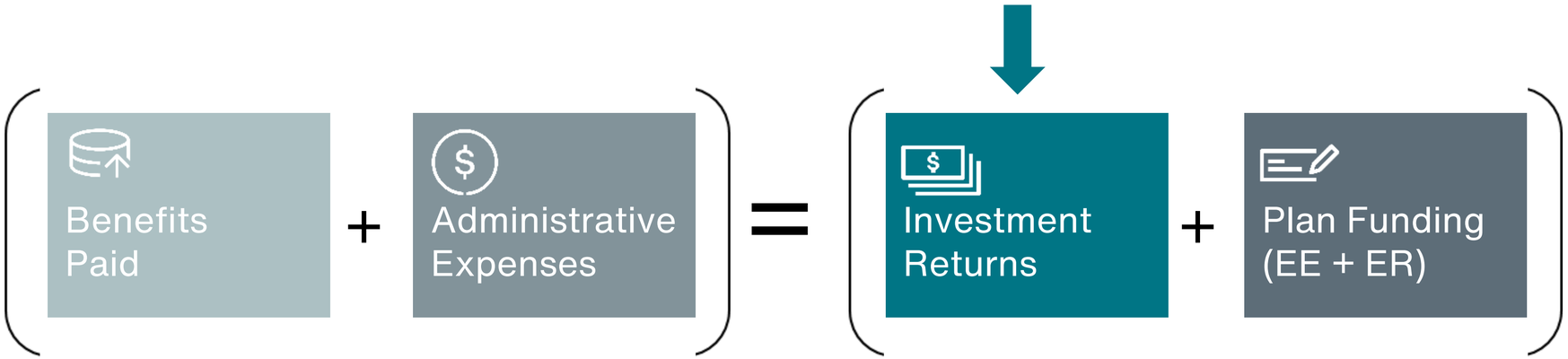
Asset-Liability Management Overview

Ultimate retirement benefit cost equation

The cost ultimately borne by the Plan will be represented by the financing equation shown below:



The asset-liability study will analyze the variability of future investment returns on the Plan financials

Higher than expected returns will result in lower future Plan costs

Lower than expected returns will result in higher future Plan costs

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Asset-Liability Management Overview

Hurdle rate analysis: How are assets and liability expected to move in the coming year?

What is the Asset Hurdle Rate?

Asset Hurdle Rate is the required rate of asset growth needed to keep pace with the growth of the Plan liabilities

- Assets must grow at this rate or more in order to maintain or reduce a potential funding shortfall
- **Formula = (Normal Cost + Discount Cost + Plan Expenses) / Funded Ratio**

Assets can grow in two ways:

- Investment returns
- Funding contributions

Asset hurdle rates are expected to decline as the funded status increases

Sample Calculation

(1) Assets (in $B)	$9
(2) Liabilities (in $B)	$10
(3) Funded Ratio (= 1 / 2)	90%
(4) Liability Growth Rate	9%
(5) Asset Hurdle Rate (= 4 / 3)	10%

How Does the Asset Hurdle Rate Inform Future Projections?

Short-term funded ratio progress can be estimated from the asset hurdle rate analysis

- If investment returns + contributions exceed the asset hurdle rate, funded ratio can expect to grow
- If investment return + contributions fall short of the asset hurdle rate, funded ratio can expect to diminish

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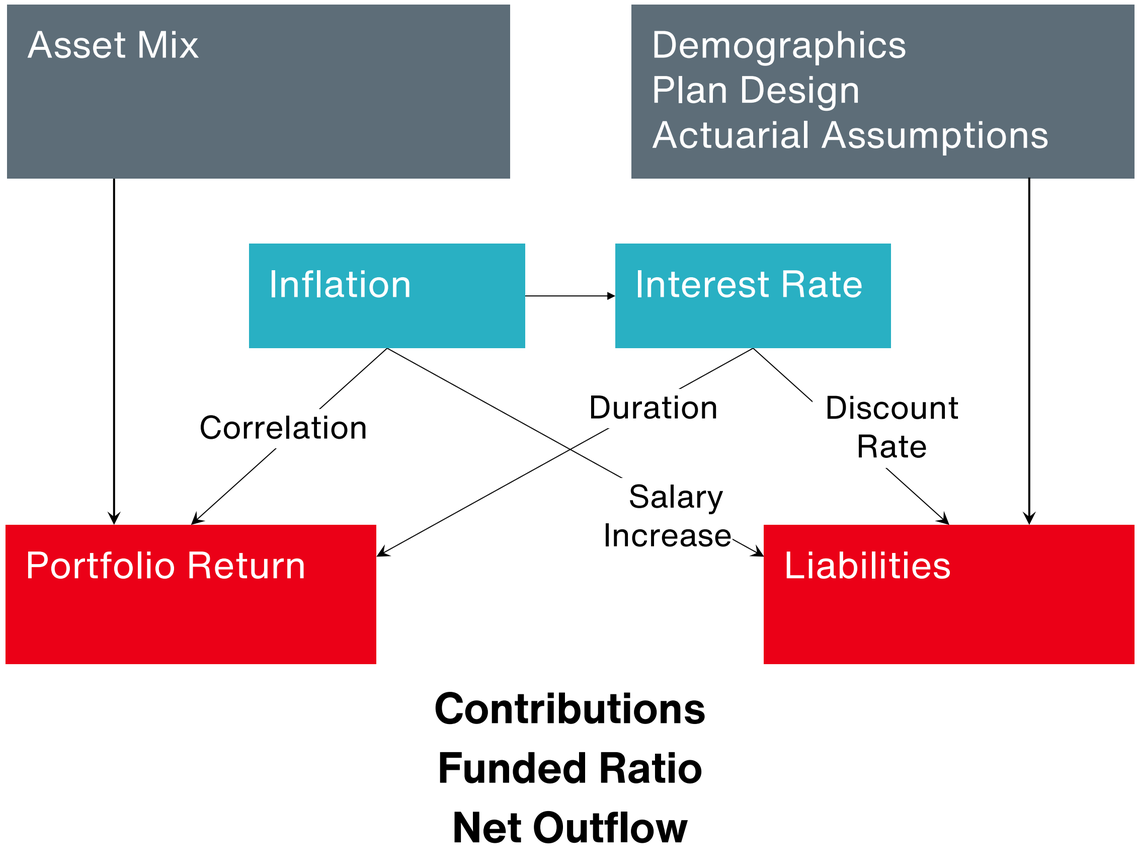
Asset-Liability Management Overview

Mechanics of the asset-liability modeling process



Key Features

Asset and liability modeling integrated in single platform

Integrates impact of key economic variables such as portfolio returns, inflation, and interest rates

Stochastic and deterministic modeling performed

Flexibility in modeling parameters and output to client preferences

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Asset-Liability Management Overview

Future projection approaches: Deterministic vs. stochastic forecasting

Deterministic Forecasting

Places certainty in the path of future outcomes

- Assumes a single future path, often with the assumption that actual experience will equal all actuarial assumptions resulting in no unexpected (gain)/loss

Stochastic Forecasting

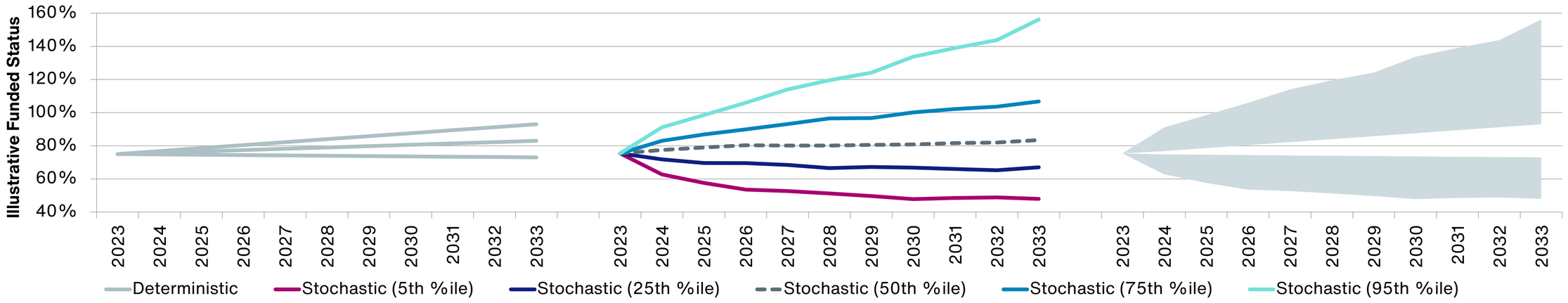
Embraces uncertainty by modeling a range of potential future outcomes

- Aon's approach utilizes up to 5,000 projection trials, representing a wide range of economic scenarios, and then ranks results of key variables into percentile distributions

Benefits of Stochastic Modeling

Encompasses a much broader view than deterministic forecasting alone (i.e., the shaded area below), especially in extreme cases which may potentially go unnoticed to stakeholders

- Shows impact of market expectations differing from actuarial assumptions
- Illustrates interplay of economic uncertainty with funding policies



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Section 4: Appendix

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Glossary of Terms

AVA	Actuarial value of assets (i.e., incorporates smoothing of gains and losses)
Asset Hurdle Rate	The required rate of growth of the assets (through both contributions and investment returns) to keep pace with the growth of the liability
Current Frontier	Uses the Plan's mix of asset classes within the return-seeking allocation, then dials the return-seeking allocation up and down from 0% to 100% to illustrate forecasted returns at various return-seeking / safety asset mixes
Economic Cost	Present value of forecasted future contributions + present value of funding shortfall/(surplus) at the end of the projection period
Liability Growth Rate	The projected growth of the liability over the coming year as measured by the sum of the normal cost (new benefit accruals), discount/interest cost (one less year of discounting at the time value of money), and plan expenses
MVA	Market value of assets (i.e., un-smoothed/economic reality)
Return-Seeking Assets ("R-S")	All non "safety" assets
Risk-Reducing/Safety Assets	Assets where the primary function is risk control/downside mitigation.
Target Asset Allocation	The allocation of assets between return-seeking assets and safety assets

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About This Material

This material includes a summary of calculations and consulting related to the finances of the **Florida Retirement System (FRS)** and **Florida State Board of Administration (SBA)**. The following variables have been addressed:

- Contributions, Economic Cost, Funded Ratio, Hurdle Rate, Liquidity, Net Outflow

This analysis is intended to assist the Investment Council with a review of the associated issues and options, and its use may not be appropriate for other purposes. This analysis has been prepared solely for the benefit of the Investment Council. Any further dissemination of this report is not allowed without the written consent of Aon Investments USA Inc.

Our calculations were generally based on the methodologies identified in the actuary's valuation report for FRS. We believe the methodology used in these calculations conforms to the applicable standards identified in the report.

Models are used to develop alternative scenarios based on the underlying valuation model and project financial results under those scenarios. The models were developed by experts outside and within Aon. Where outside models were used, the models were reviewed by experts within Aon. The models were selected as appropriate for these projections by the undersigned.

Experience different than anticipated could have a material impact on the ultimate costs of the benefits. In addition, changes in plan provisions or applicable laws could have a significant impact on cost. Actual experience may differ from our modeling assumptions.

Our calculations were based on data provided by the plan actuary. The actuarial assumptions and methods and plan provisions reflected in these projections are the same as those used for the 2024 fiscal year actuarial valuations for FRS as noted in the actuarial reports, except where noted in this report. Unless specifically noted, our calculations do not reflect any other changes or events after the June 30, 2024 valuation date. Reflecting events after these dates would impact the results of the projection.

In conducting these projections, we have relied on plan design, demographic and financial information provided by other parties, including the plan's actuary and plan sponsor. While we cannot verify the accuracy of all of the information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy or completeness of the information and believe that it has produced appropriate results.

These projections have been conducted in accordance with generally accepted actuarial principles and practices, including applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board. The undersigned actuary is familiar with the near-term and long-term aspects of pension valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no colleague of Aon Investments USA Inc. providing services to FRS/SBA has any direct financial interest or indirect material interest in FRS/SBA. Thus, we believe there is no relationship existing that might affect our capacity to prepare and certify this report for FRS/SBA.

Aon Investments USA Inc.

Phil Kivarkis FSA, CFA

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ATTN: Aon Investments Compliance Officer
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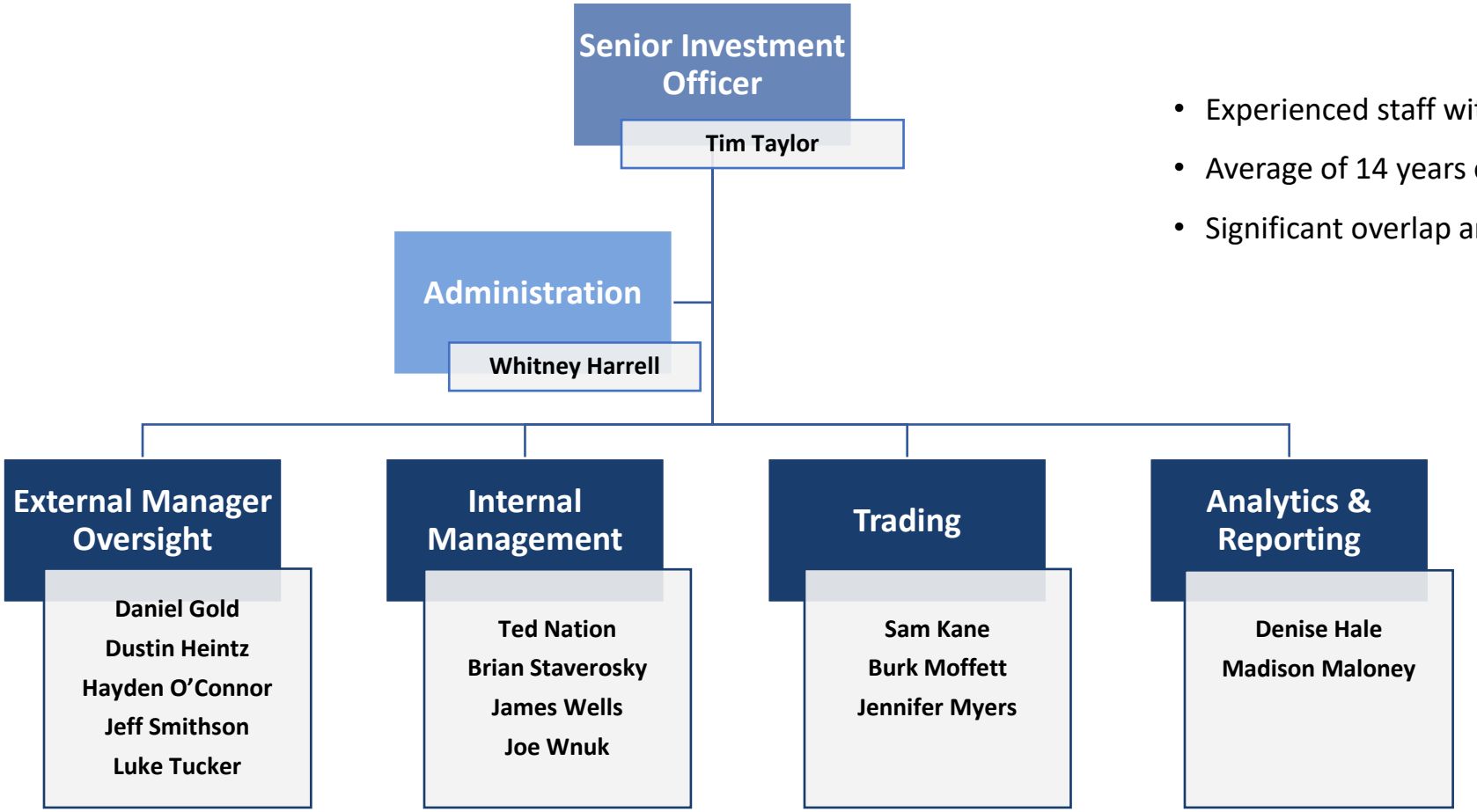
INVESTMENT ADVISORY COUNCIL

Global Equity Asset Class Update

State Board of Administration
September 9, 2025

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

INVESTMENT TEAM OVERVIEW



- Experienced staff with complementary skills
- Average of 14 years experience at the SBA
- Significant overlap and collaboration

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

INVESTMENT POLICY STATEMENT

Invest to achieve or exceed the return of the benchmark over a long period of time

- Remain well-diversified relative to the benchmark
- Maintain a reliance on low-cost passive strategies scaled according to:
  - The degree of efficiency in underlying securities markets
  - Capacity in effective active strategies
  - Ongoing total fund liquidity requirements

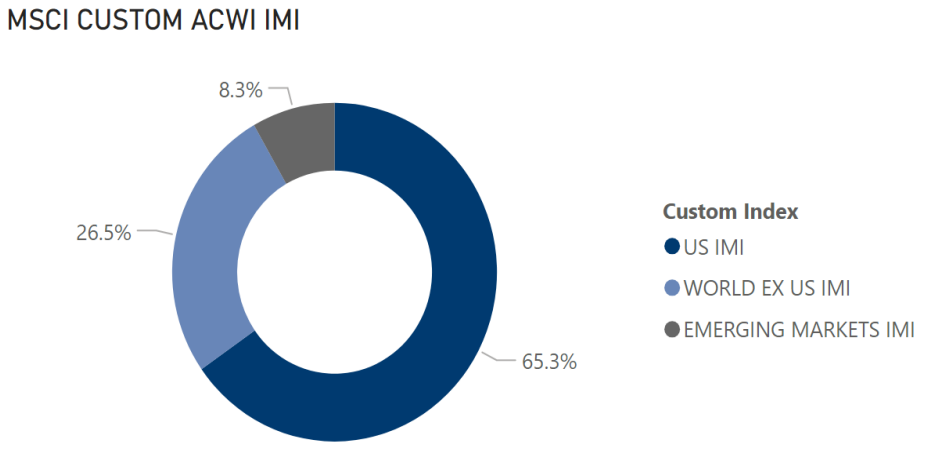
Source: DB Plan Investment Policy Statement

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

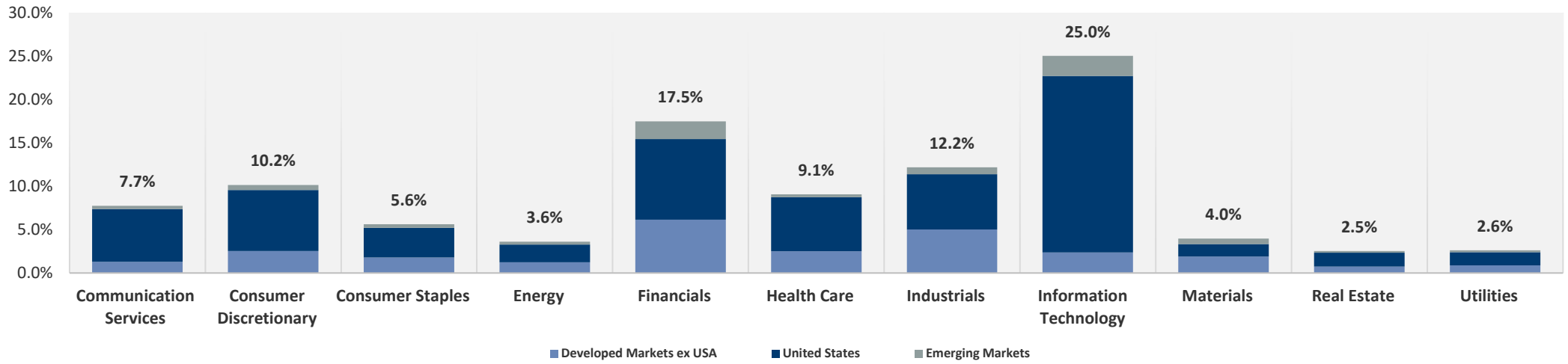
INVESTMENT POLICY: BENCHMARK

MSCI FRS Custom ACWI IMI

- Large, mid and small capitalization
- In US dollar terms
- Reflects provisions of Protecting Florida's Investments Act (PFIA) and other Florida Legislation
- Includes 45 countries and over 7,300 securities



Benchmark Global Sector Weights



Note: Source MSCI, FactSet. As of June 30, 2025

INVESTMENT POLICY: IMPLEMENTATION SNAPSHOT

Diversified Sources of Alpha

$101 bn
USD assets under management

7700+
unique securities

55
countries

54
externally managed strategies

8
internally managed strategies
(5 passive / 3 active)

Diversified for Market Conditions

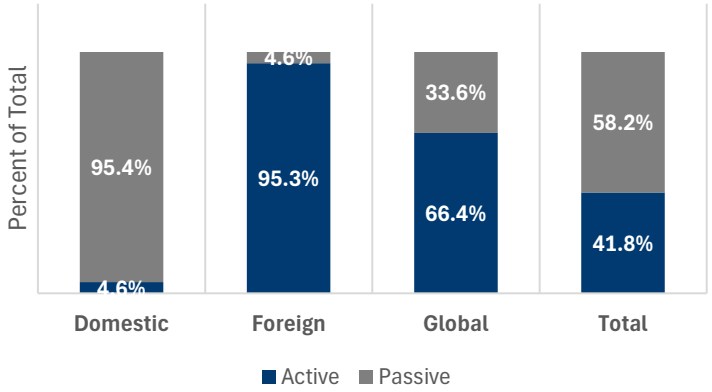
Defensive
Low Beta
High Yield
Earnings Stability

Passive
Broad Market Exposure

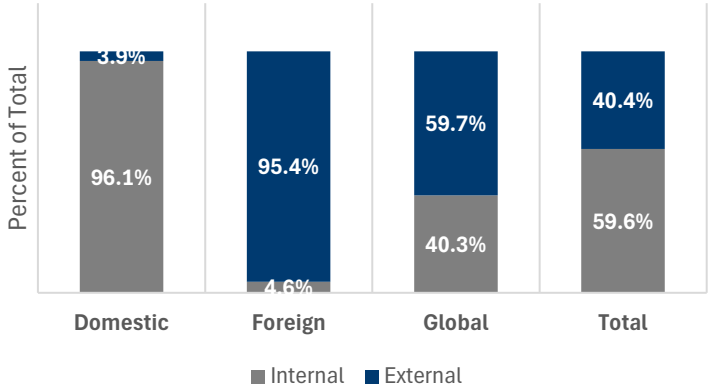
Core
Multi-factor Quant
Quality
Regional

Upmarket
High-Growth
Pro-Cyclical

Reliance on Low-Cost Passive Strategies



Invest to Achieve or Exceed Benchmark



As of June 30, 2025

OBJECTIVES DRIVE WHAT WE DO

	What We Do	Pitfalls We Strive to Avoid
Provide Beta	Manage 58% of assets passively.	Becoming an index fund.
Manage Costs	For external mandates aggressively, and fairly, negotiate fees. Research/run internal solutions that provide fee advantages while not sacrificing alpha.	Overpaying for non-unique beta and alpha.
Diversify Sources of Alpha	Invest in strategies with varying philosophies, processes, geographic focus and sector exposures.	Relying on a specific market condition or environment to drive relative performance.
Manage Low Active Risk	Manage relative to a risk budget of 75 bps (3-year active risk standard). Focus on aggregate construction using multiple risk lenses.	Taking uncompensated or concentrated risks or not identifying a notable risk (unintended risk).
Use Risk Budget Strategically	Deliberately allocate risk budget across a variety of regions based on market efficiency and selectively invest in non-traditional strategies.	Allowing large scale to dampen opportunism.
Provide Liquidity	Consistently raise funds with emphasis on enhancing risk/return profile, maintaining benchmark characteristics, and minimizing transaction costs.	Sacrificing excess return potential by not funding, or limiting, less liquid strategies. → $5.1b raised CYTD 2025 for liquidity and asset allocation changes; and over $100b since July 2010.

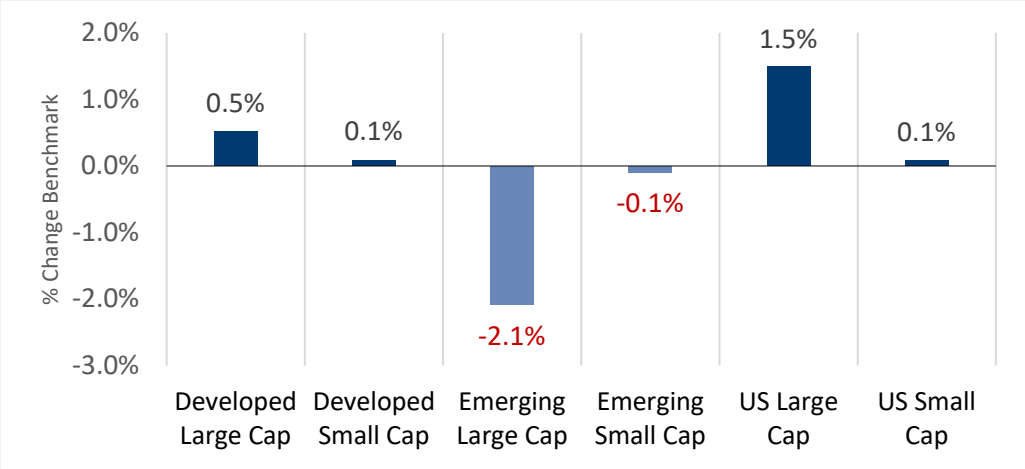
MEETING OBJECTIVES: LOOKING FORWARD

	Selected Elements of FY 2025/2026 Work Plan
Provide Beta	• Continue to strive for effective management and best execution in internally managed passive and active strategies; support staff development and resources related to this important function.
Manage Costs	• Further research opportunities to manage strategies internally (active and factor index solutions). • Continue to review, negotiate and (as appropriate) renegotiate fees.
Diversify Sources of Alpha	• Maintain focus on monitoring and structuring active aggregates while identifying external managers with excellent potential.
Manage Active Risk	• Continue to build Analytics capabilities by investing in human capital and systems, enhancing the framework for evaluating risks at the total asset class and sub-aggregate levels.
Use Risk Budget Strategically	• Identify and evaluate the most promising non-traditional strategies that may add value to the GE aggregate by improving the risk/return profile of the asset class (portable alpha, long/short, etc.).
Provide Liquidity	• Use liquidity draws to rebalance / reposition the GE aggregate and address modest structural biases. • Maintain significant exposure to liquid portfolios while selectively adding to less-liquid strategies.

INVESTMENT POLICY BENCHMARK: EXCLUDE CHINA & HONG KONG

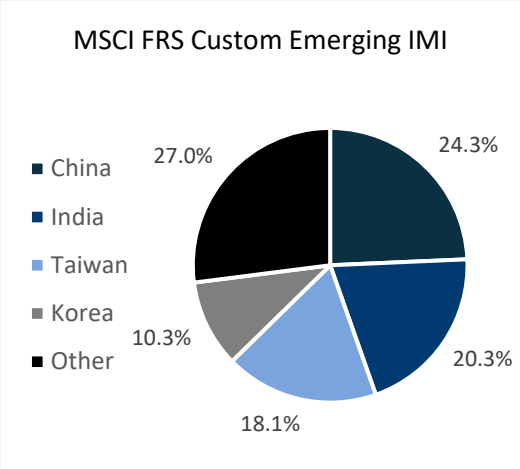
GE reallocation in Q2 due to exclusion of China/HK

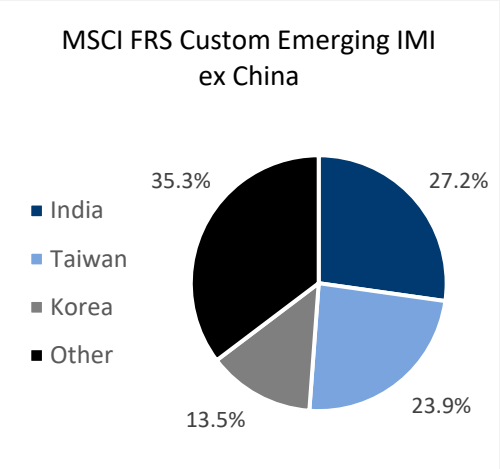
- Aligned with asset raise for Active Credit
- Reduced EM exposure by $1.755B



Emerging Markets opportunity set now excludes China

- EM Index exposure to India, Taiwan, and Korea increased from 48.7% to 64.7%



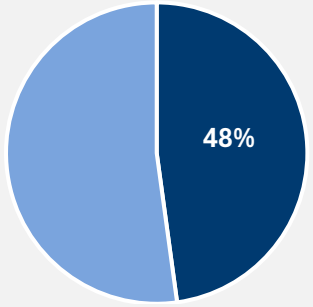


Comparison of data between April 14th, 2025 and April 15th, 2025. Source: Factset, MSCI

GLOBAL EQUITY BY THE NUMBERS

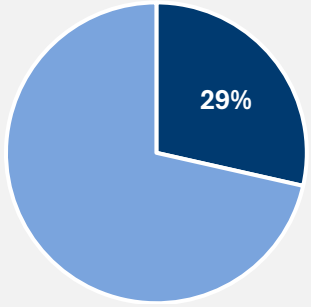
TOP DOWN VIEW: GLOBAL EQUITY'S ROLE IN THE TOTAL FUND

% of Total FRS Assets



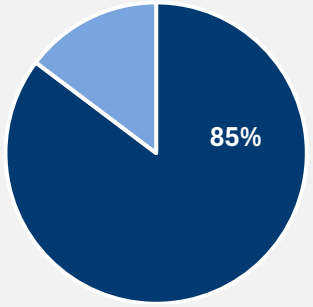
Policy Range:
35% - 60%, With 45% Target

% of Total FRS Assets Internally Managed by GE



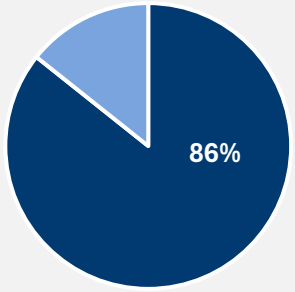
Policy Goal:
Reliance on Low Cost (Passive) Strategies

% of Liquidity Provided by GE in Last 3 Years



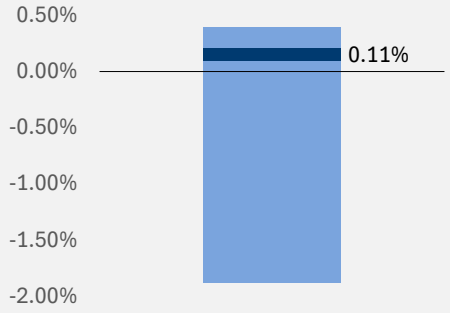
Policy Goal:
Meet Ongoing Funding Requirements
Amount Raised in 3 Years: $17.8 bn

Contribution to Total FRS 3-Yr Absolute Return



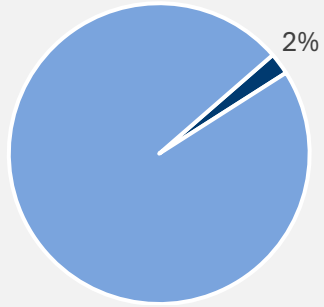
Policy Goal:
Seek Absolute Returns

Contribution to Total FRS 3-Yr Excess Return



Policy Goal:
Exceed Returns of Benchmark

% Contribution to Total FRS Active Risk



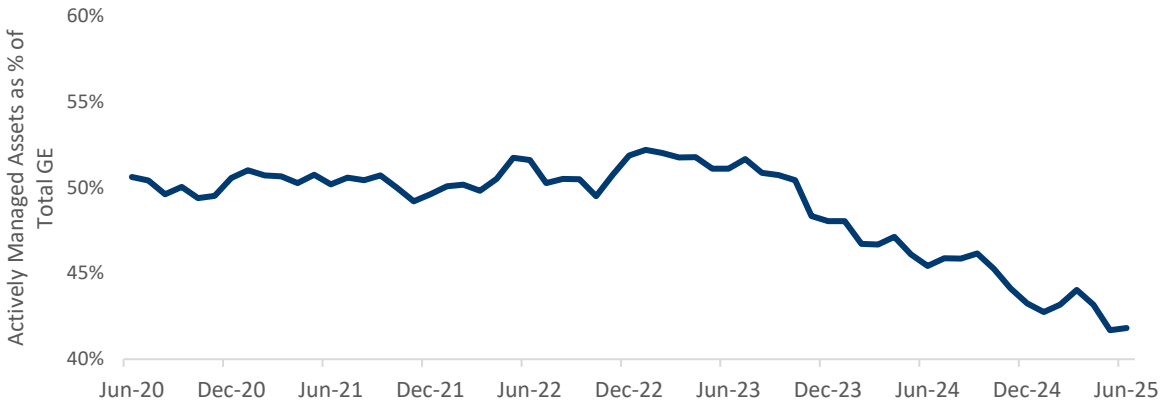
Policy Goal:
Passive with Active Risk in Less Efficient Markets

■ GE ■ Rest of Fund

Note: As of June 30, 2025. % of Active Risk is a measure of GE contribution to total fund, based on 1 year predicted risk. Source: Aladdin
Contribution to Total FRS 3-Yr Excess Return includes liquidity and transition account data.

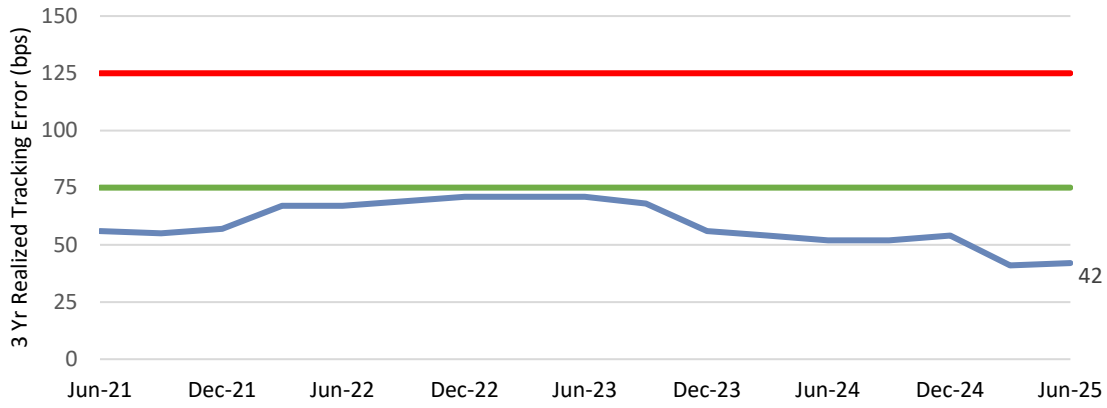
DELIVERING ON OBJECTIVES

Provide Beta and Alpha: % Actively Managed



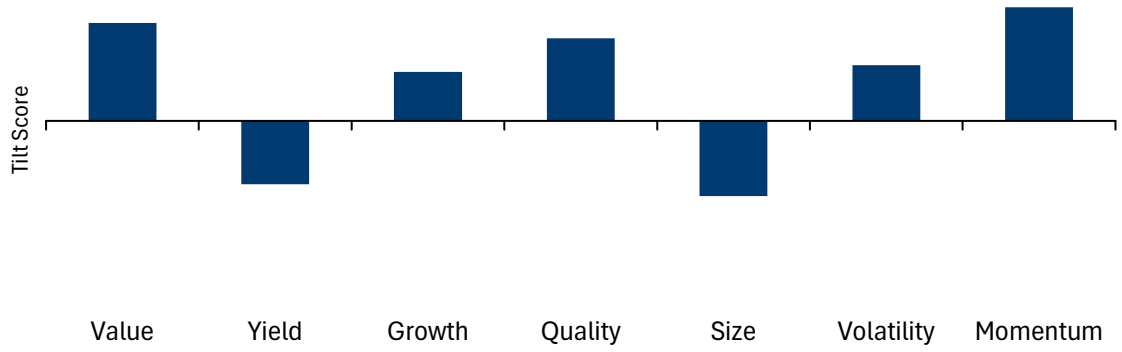
Policy Range: 40% - 60%
Current Aggregate Beta: 0.99

Manage Low Active Risk: Tracking Error Over Time

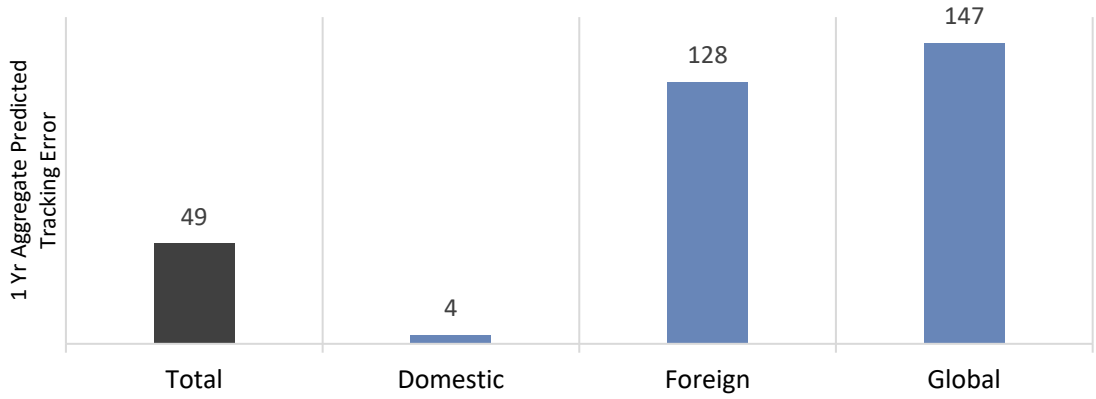


Policy: 0.75% Monitoring Standard and 1.25% Escalation Standard

Diversify Sources of Alpha: Style Tilts Relative to Benchmark



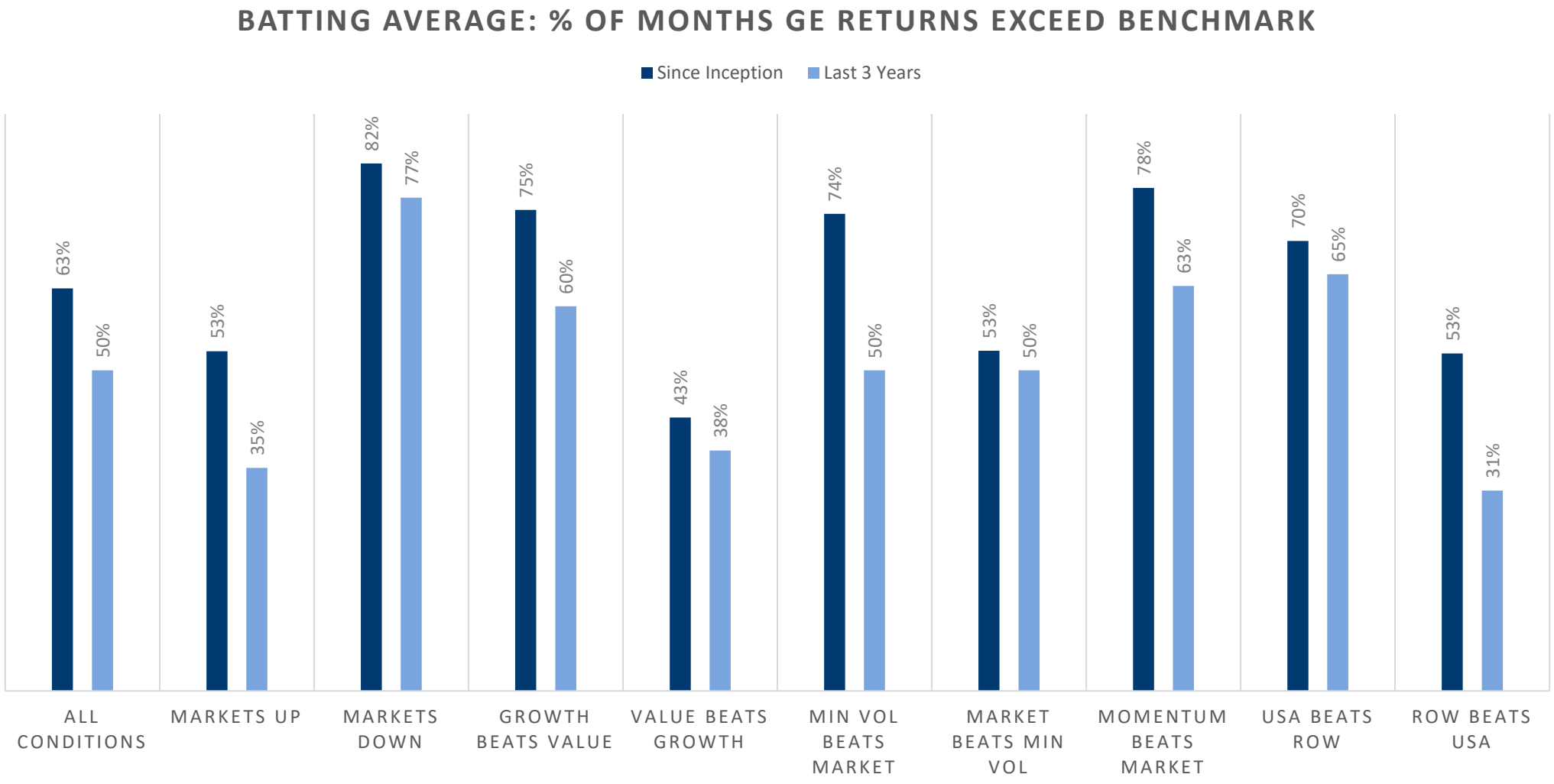
Risk Budget: Take Tracking Error Where Rewarded



Range Tracking Error for Individual Strategies: 0.06% to 12.9%

Note: As of June 30, 2025. Active Risk Budget is measured over rolling 3-year periods. Source: Style Analytics, Barra

STRUCTURED TO PERFORM IN A VARIETY OF MARKET CONDITIONS



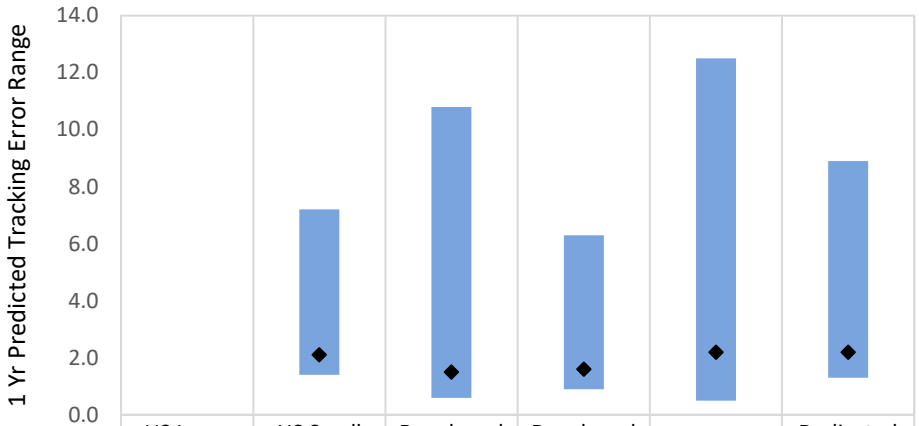
Note: Based on Global Equity monthly returns since inception (July 2010) and MSCI indices.

DIVERSIFY ALPHA: ACTIVE MANAGEMENT STRUCTURE

Higher Active Percentages in Less Efficient Segments

	Total AUM ($mm)	% Active	Average Active Mandate Size ($mm)	# of Active Strategies
US LC	$52,436	0.0%	$0	0
Developed LC	$19,305	92.5%	$1,985	9
Global	$12,944	66.4%	$1,075	8
Emerging LC	$6,540	100%	$727	9
Developed SC	$3,815	100%	$477	8
US SC	$2,566	80.7%	$233	11
Emerging SC	$1,489	100%	$298	5
Non-Traditional	$1,380	100%	$460	3

Active Management Tracking Error Range



	US Large Cap	US Small Cap	Developed LC	Developed SC	Emerging	Dedicated Global
Min		2.4	1.3	2.3	1.2	2.0
Max		6.5	10.1	5.6	11.8	8.2
◆Current		2.1	1.5	1.6	2.2	2.2

Note: As of June 30, 2025. US All Cap passive strategy assets allocated to the US LC and US SC groups in line with the benchmark large cap/small cap split. US SC includes microcap. Source: Barra

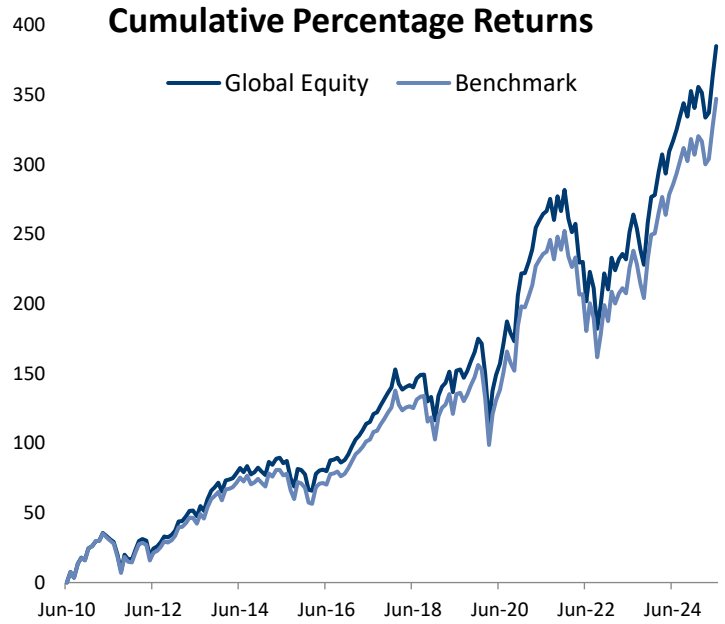
PERFORMANCE REVIEW

PERFORMANCE: TOTAL GLOBAL EQUITY

Returns vs MSCI FRS Custom ACWI IMI

	Qtr	CYTD	1 Year	3 Year	5 Year	10 Year	SI
Global Equity	11.83%	10.07%	16.36%	17.13%	13.53%	10.08%	11.10%
Target	11.74%	9.89%	15.96%	16.83%	13.42%	9.72%	10.50%
Active Return	**0.09%**	**0.18%**	**0.39%**	**0.29%**	**0.12%**	**0.36%**	**0.60%**
Tracking Error			0.42%	0.42%	0.60%	0.51%	0.52%
Info Ratio			0.84%	0.56%	0.14%	0.61%	1.00%

Total Market Value: $101,180,173,272



Note: Returns as of June 30, 2025 and are net of fees. GE Inception July 2010.

PERFORMANCE: RETURNS BY APPROACH AND REGION

	Weight (% of Asset Class)	One Year Excess Return	Three Year Excess Return	Five Year Excess Return
By Approach				
Passively Managed Strategies	58%	0.03%	0.06%	0.08%
Actively Managed Strategies	42%	0.30%	0.29%	-0.03%
By Region				
Domestic (US)	55.0%	-0.17%	-0.12%	0.10%
Foreign	30.8%	0.80%	0.78%	0.13%
Global	12.8%	0.71%	-0.33%	-0.85%

Note: Returns as of June 30, 2025. GE Inception July 2010.

PERFORMANCE: STRUCTURED FOR CONSISTENCY

Rolling Returns (Net) vs MSCI FRS Custom ACWI IMI

	1 Year		3 Year		5 Year		10 Year	
	SBA	ACWI	SBA	ACWI	SBA	ACWI	SBA	ACWI
YEAR								
FY 2010-2011	31.13	30.11						
FY 2011-2012	-5.11	-6.79						
FY 2012-2013	18.56	17.23	13.84	12.45				
FY 2013-2014	23.52	23.36	11.59	10.47				
FY 2014-2015	1.92	0.89	14.28	13.42	13.18	12.09		
FY 2015-2016	-3.09	-3.83	6.85	6.18	6.54	5.52		
FY 2016-2017	19.60	19.06	5.71	4.93	11.58	10.81		
FY 2017-2018	11.55	11.11	8.94	8.36	10.23	9.63		
FY 2018-2019	4.98	4.55	11.88	11.42	6.70	6.06		
FY 2019-2020	2.03	1.25	6.11	5.56	6.73	6.14	9.91	9.07
FY 2020-2021	41.78	40.95	14.94	14.27	15.17	14.57	10.77	9.95
FY 2021-2022	-17.20	-16.51	6.20	6.01	7.00	6.72	9.27	8.74
FY 2022-2023	16.43	16.14	10.98	10.97	7.92	7.66	9.07	8.64
FY 2023-2024	18.61	18.42	4.57	4.71	10.59	10.38	8.63	8.20
FY 2024-2025	16.36	15.96	17.13	16.83	13.53	13.42	10.08	9.72
Outperformed	**93%**		**92%**		**100%**		**100%**	
# of Years	**14/15**		**12/13**		**11/11**		**6/6**	

Outperform
Underperform

Note: Returns as of June 30, 2025 and are net of fees. GE Inception July 2010.

PERFORMANCE: BY ACTIVE AGGREGATE

Active Strategy Group	Weight (% of Asset Class)	Q2 2025 Excess Return	One Year Excess Return	Three Year Excess Return	Five Year Excess Return	Key Drivers of Q2 Excess Returns
Developed Large Cap	18%	0.49%	1.22%	0.82%	0.00%	The aggregate outperformed in an environment where the benchmark surged 12%. Positives included an overweight in Information Technology and strong stock selection in Industrials, particularly in Aerospace and Defense. Underweights to Japan and Canada hurt, but this was more than offset by several off-benchmark holdings in South Korea and Taiwan.
Dedicated Global	9%	0.50%	0.87%	-0.61%	-1.27%	The redesigned aggregate was led by our higher growth, higher beta managers and their positions in Applovin, Netflix, and TSMC. A notable underweight to Apple, which was down -7.5%, was the single greatest contributor.
Emerging Markets	8%	0.13%	0.27%	1.35%	0.76%	The EM allocation's active performance was driven by the EM Small Cap aggregate's strong stock selection in South Korea and Taiwan, along with its underweight allocation to Saudi Arabia and Turkey. The EM Large Cap aggregate's underperformance was due to an overweight to China (which was removed from the index on April 15th) and Cash.
Developed Small Cap	4%	-0.31%	1.16%	1.92%	0.96%	The DSC aggregate underperformed in Q2 amidst a remarkably strong market defined by volatility. Several mandates contributed positively due to momentum, volatlity and growth tilts, while Cash was a notable drag in the risk-on environment that favored higher beta names.
US Small Cap	3%	-1.21%	-1.88%	0.26%	1.74%	In a total reversal of Q1 2025, a sharp decline in tariff fears fueled a lower-quality, higher volatility rally which punished the majority of active managers. A narrow subset of mandates outperformed, either benefitting from a higher vol stance or idiosyncratic drivers.

Note: Returns as of June 30, 2025

Thank You

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Review of Public Equity

Florida State Board of Administration

Table of Contents

1. SBA's Public Markets Investment Program
2. Review of Equities
3. Recent Activity

SBA's Public Markets Investment Program

SBA's Public Markets Investment Program

Guiding Principles

- All asset classes shall be invested to achieve or exceed the return on their respective benchmarks over a long period of time. To obtain appropriate compensation for associated performance risks:
  - Public market asset classes shall be well diversified with respect to their benchmarks and have a reliance on low-cost passive strategies scaled according to the degree of efficiency in underlying securities markets, capacity in effective active strategies, and ongoing total fund liquidity requirements.

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SBA's Public Markets Investment Program

Mercer's General Observations

- FRS is very intensive in its manager due diligence, selection and monitoring
- The global equity asset class is managed in a prudent, risk-controlled fashion
- Appropriate levels of delegation are given to the staff
- FRS is a significant user of passive management, albeit slightly less than peers (49% of Portfolio vs. 54% of peers[1])
- Active risk levels are monitored against predetermined ranges
- The Plan effectively uses internal resources to keep costs low (~52% of Portfolio vs. 43% of peers[1])
- Results have been favorable relative to peers

[1] Source: Data as of 12/31/2023 – CEM 2024 Survey

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Review of Equities

Review of Equities

Asset Allocation – Passive versus Active

- The SBA uses more internal passive management and external active management relative to peers
  - SBA does not utilize external passive management

	FRS[1]	Peers
Internal Passive	49.0%	30.5%
Internal Active	2.5%	12.7%
External Passive	0.0%	23.1%
External Active	48.5%	33.7%

[1] May not add to 100% due to rounding.

Source: Data as of 12/31/2023 – CEM 2024 Survey

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Review of Equities

Asset Allocation – Region

- In July 2010 the SBA consolidated its separate allocations to US and Foreign Equity asset classes into a single Global Equity asset class benchmarked to the MSCI FRS Custom ACWI IMI
- Compared to peers, the SBA has a smaller direct allocation to dedicated global equity

Product[1]	FRS	Large Plan Peers	US Public Plans	MSCI ACWI IMI
US Equity	51.5%	46.1%	48.8%	61.6%
Developed Market ex US	24.4%	21.2%	23.9%	28.1%
Emerging Markets	14.0%	10.2%	9.9%	10.3%
Global Equity[2]	10.1%	21.9%	14.8%	-
Other	0.0%	0.5%	2.6%	-

[1] May not add to 100% due to rounding

[2] The lower allocation to global equities is due to a greater use of dedicated strategies.

Source: Data as of 12/31/2023 – CEM 2024 Survey

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Review of Equities

Asset Allocation – Passive vs. Active

- Compared to peers, the SBA uses more passive management for its US Equity allocation and more active management for its Non-US, Emerging Markets, and Global Equity allocations
  - Consistent with the Investment Policy Statement's reliance on low-cost passive strategies based on market efficiency
  - The majority of Developed Market ex-US mandates are fully active and all Emerging Market mandates are fully active

Product	FRS	Peers[1]
US Equity		
Passive	88.6%	69.7%
Active	11.4%	30.3%
Developed Market ex US		
Passive	0.1%	22.1%
Active	99.9%	77.9%
Emerging Markets		
Passive	0.0%	20.1%
Active	100.0%	79.9%
Global Equity		
Passive	23.5%	56.8%
Active	76.5%	43.1%

[1] May not add to 100% due to rounding

Source: Data as of 12/31/2023 – CEM 2024 Survey

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Review of Equities

Fees: Global Equity vs. Peers

- Since the CEM 2023 Survey, FRS' absolute fees have come down and/or stayed relatively flat
  - FRS' fees have become more competitive vs. the median
- Relative to peers, FRS' fees are cheaper than the median for external active and passive management
  - Exception: US Equity is in line with the median

Product	FRS	Median Peer
US Equity (External Active & Passive)	30.2	30.2
Developed Market ex-US		
External Active	29.1	37.9
External Passive	0.4	1.6
Emerging Markets (External Active)	46.2	54.0
Global Equity (External Active)	34.2	44.5

Fees in basis points

Source: Data as of 12/31/2023 – CEM 2024 Survey

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Review of Equities

Performance: US, Non-US, & Dedicated Global Equity

Periods Ending 6/30/2025	Year to Date Return (Rank)	1 Year Return (Rank)	3 Years Return (Rank)	5 Years Return (Rank)	Inception (April 1988) Return
FRS US Equity [1, 2]	5.69% (63)	15.12% (36)	18.96% (16)	16.06% (22)	11.11%
Benchmark	5.75%	15.30%	19.08%	15.96%	11.06%
Value Added	-0.06%	-0.17%	-0.12%	0.10%	0.05%
Information Ratio[3]	--	--	-0.60	0.44	--
Tracking Error[3]	--	--	0.20%	0.23%	--
	Year to Date Return (Rank)	**1 Year Return (Rank)**	**3 Years Return (Rank)**	**5 Years Return (Rank)**	**Inception (October 1992) Return**
FRS Non-US Equity [2, 4]	18.10% (48)	18.88% (28)	14.76% (38)	10.38% (42)	7.38%
Benchmark	18.24%	18.08%	13.98%	10.25%	6.46%
Value Added	-0.15%	0.80%	0.78%	0.13%	0.92%
Information Ratio[3]	--	--	0.72	0.09	--
Tracking Error[3]	--	--	1.08%	1.44%	--
	Year to Date Return (Rank)	**1 Year Return (Rank)**	**3 Years Return (Rank)**	**5 Years Return (Rank)**	**Inception (June 2003) Return**
FRS Dedicated Global Equity [2, 5]	10.19% (28)	16.91% (3)	17.63% (1)	13.31% (27)	8.97%
Benchmark	9.70%	16.20%	17.96%	14.16%	9.60%
Value Added	0.49%	0.71%	-0.33%	-0.85%	-0.63%
Information Ratio[3]	--	--	-0.25	-0.45	--
Tracking Error[3]	--	--	1.33%	1.90%	--

FRS US Equity

- Over the 3 and 5 –year periods, relative performance has been strong compared to peers
- Given the US Equity portfolio is 88.6% passive, the net of fees performance is relatively in line with the benchmark

FRS Non-US Equity

- Over the 3 and 5 –year periods, relative performance has been strong compared to both the benchmark and peers

FRS Dedicated Global Equity

- Over the 3 and 5 –year periods, relative performance has been strong compared to peers

[1] Compared to the Public Funds >$1B – US Equity universe; rankings are based on gross-of-fees FRS performance.
[2] Returns are shown net of fees.
[3] Calculated using monthly returns
[4] Compared to the Public Funds >$1B – Non-US Equity universe; rankings are based on gross-of-fees FRS performance.
[5] Compared to the Public Funds >$1B – Global Equity universe; rankings are based on gross-of-fees FRS performance

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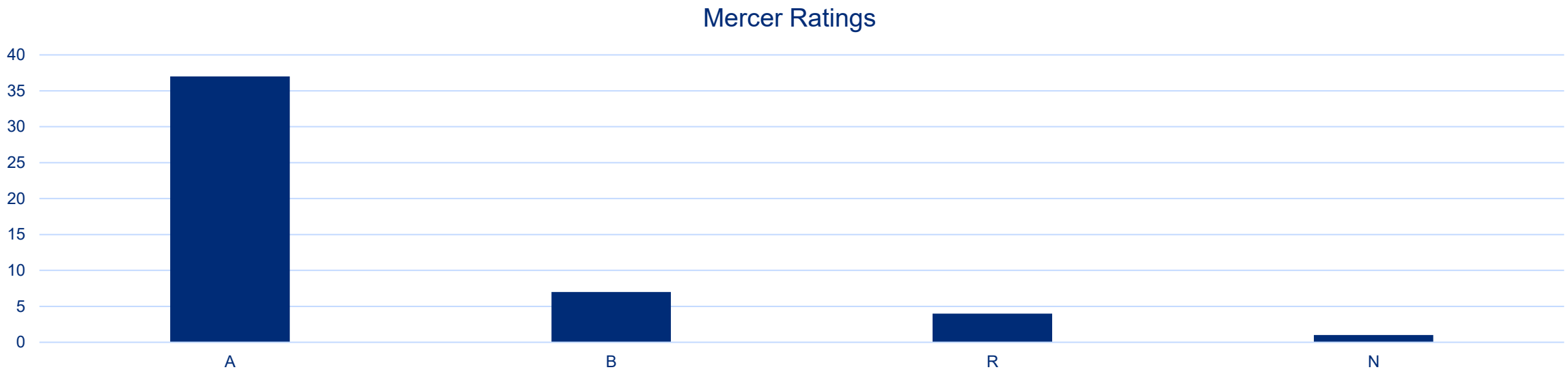
Recent Activity

Mercer Research Rating Review

Breakdown of Strategies by Rating

- Of the 49 external public equity strategies in the Plan, 37 strategies (~76%) are rated “A”



Mercer Ratings:

A = “Above Average" prospects of outperformance

B = “Average" prospects of outperformance

C = “Below Average" prospects of outperformance

N = Not Rated

R = Mercer does not maintain formal ratings, but has reviewed the strategy

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Recent Activity

- YTD 2025:
  - US Large Cap Enhanced Index (2Q2025)
- 2024:
  - Global Quantitative Core Equity Search (1Q2024)
- 2023:
  - Emerging Markets Large Cap Equity Search (4Q2023)
  - Global Defensive Equity Search (2Q2023)
- Quarterly: Regularly working with staff conducting ongoing performance and manager monitoring
- Increased focus on operational due diligence, including in manager monitoring reports

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INVESTMENT ADVISORY COUNCIL

Asset Class Update

John Mogg, SIO Active Credit

State Board of Administration
September 9, 2025

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

Agenda

Active Credit Introduction

- Year in Review
- Overview of Asset Class
- Goals
- Objectives
- Benchmarks
- Team

Asset Class Investment Strategies

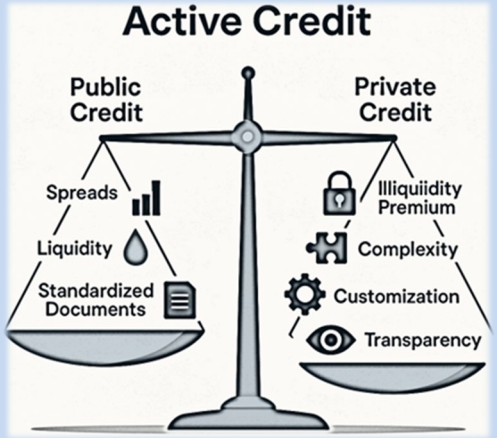
- Private Credit
- Multi-Asset Credit

Fiscal Year 2026 Goals

- Research Initiatives
- Private Credit Initiatives
- Enhanced Monitoring and Risk Management

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

Active Credit Year in Review



$8.5 Billion

Over the course of the year the team has committed $8.5 billion to 17 Multi-Asset Credit and Private Credit SMA Strategies.

Since the inception of Active Credit in June 2024

Asset Class Structure

- *MAC Risk Budgeting Study*
- *MAC Portfolio Construction Framework*
- *Hired PC Consultant*
- *PC Portfolio Construction Framework*

Team Buildout

6

The team has grown from one to six investment professionals.

PC Portfolio Repositioning

50 LP interests

Staff repositioned the private credit portfolio with a landmark private credit secondary sale

Private Credit

- *US DL SMA Upsizing*
- *European DL Search and Diligence*
- *Revamped investment pacing model*

$2.0 Billion

Multi-Asset Credit

- *Market exposure to passive HY and EMD.*
- *Conducted 4 Active searches and diligence for MAC, BL, HY and EMD*

$6.5 Billion

Research Initiatives

4

Staff has undertaken research projects in Real Estate Credit, Asset Backed Lending, Credit Co-Investments, and FL focused Credit

Overview

New Asset Class Creation – Active Credit

Approval & Launch

- **Approved by IAC**: June 27, 2023
- **Operations Commenced**: June 2024

Day 1 Initiatives

- **Investment Policy Statement**: Developed to define objectives, guidelines, and constraints for the asset class.
- **FY 2025 Workplan**: Created to outline strategic priorities, pacing, and implementation milestones.
- **Team Formation**: Hired a dedicated team including portfolio managers, analyst, and support staff.
- **Governance & Operations**:
  - Established policies and procedures for investment selection, monitoring, and reporting.
  - Designed workflows, governance structures, and operational protocols.
  - Implemented controls to ensure compliance, transparency, and risk management.

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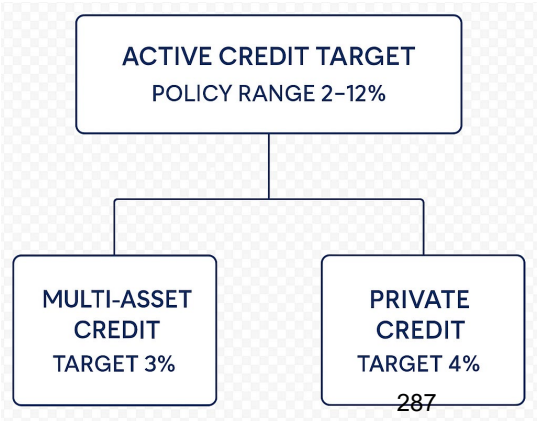
Active Credit Goals

Strategic Goals

- Create a portfolio of private credit and multi-asset credit investments that outperforms our benchmarks while remaining within the bounds of our asset class risk budget
- Establish prudent portfolio diversification while minimizing proliferation of manager relationships

Asset Class Targets

- The Active Credit asset class has a policy target of 7% of the FRS.



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Asset Class Objectives – Investment Policy Statement

The Active Credit Asset Class invests globally in public and private partnerships whose strategies fall within the following broad categories:

- Private Credit
  - Senior lending, distressed and special situations, specialty finance, structured credit, real estate credit, real assets credit
- Multi-Asset Credit
  - Multi asset credit rotators (dynamically rotate between high yield, bank loans, and emerging markets debt)
  - Dedicated high yield, bank loans, and emerging markets debt managers

Per Policy:

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

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Benchmarking

Private Credit:

- Morningstar LSTA Leveraged Loan Index + 175bps premium

Multi-Asset Credit:

- Custom Index – Equally weighted, floating until fully ramped
-

Component	Weight	Index Used
High Yield Bonds	33%	Bloomberg U.S. High Yield Index
Bank Loans	33%	LSTA Leveraged Loan Index
Emerging Market Debt	33%	Composite of: 50% Bloomberg EM Local Currency Govt (10% Country Capped) 25% Bloomberg EM USD Sovereign 25% Bloomberg EM USD Corporate

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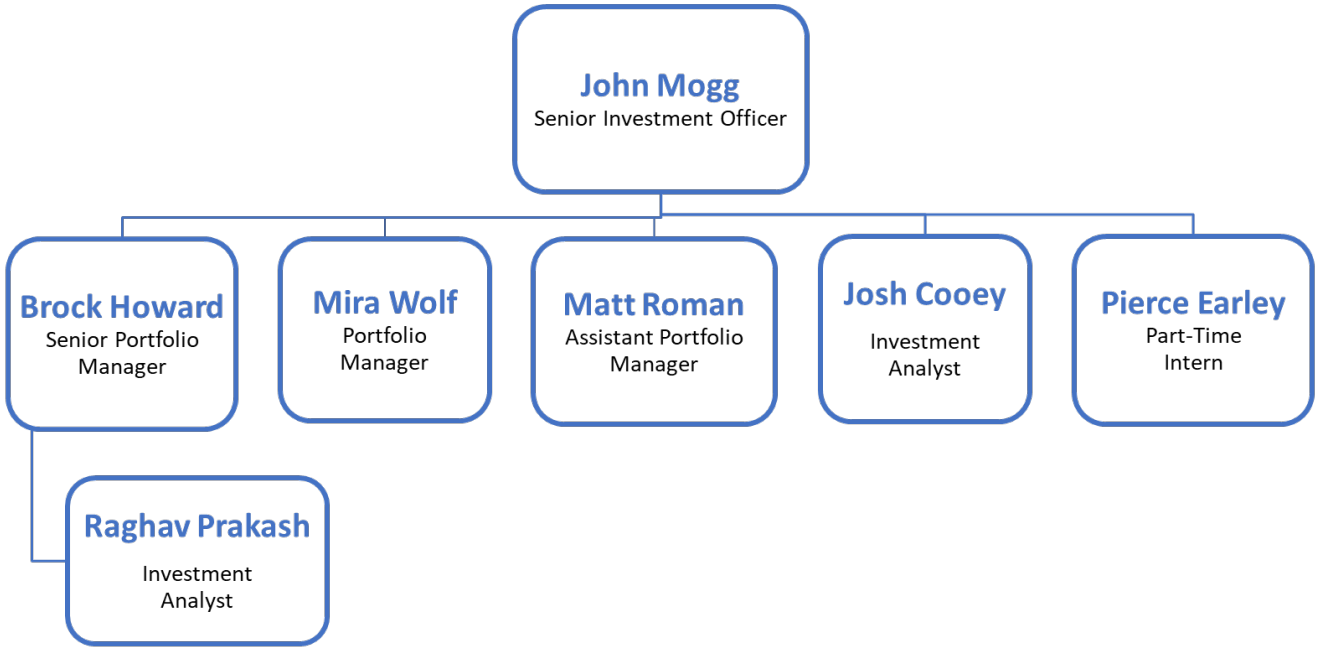
Active Credit Investment Team



- Supported by Private Credit (Aksia) and Public Credit (Mercer) Investment Consultants

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Private Credit

Accomplishments – Fiscal Year 2024-25

- Hired Aksia as the new private credit investment consultant
  - Transitioned private credit fund data from Cambridge
- Developed a new Private Credit portfolio construction framework
- Implemented a new pacing model for Private Credit to reflect new portfolio construction framework
- Repositioned the portfolio through a private credit secondary sale
- Re-underwrote existing and prospective US and European direct lending managers

New Portfolio Construction Framework

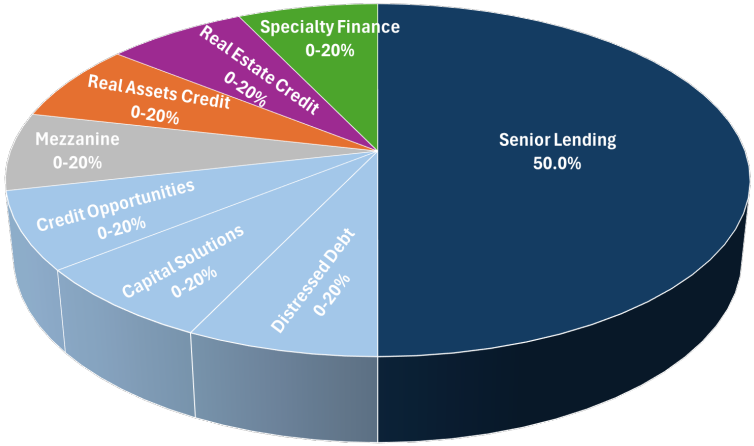
- The new Active Credit asset class is designed to be more income oriented
  - LSTA Leveraged Loan Index + 175 basis points, aligns performance expectations with the asset class's revised risk-return profile.

- Staff worked closely with Aksia, to develop a portfolio construction framework that better supports the asset class's long-term objectives.

Portfolio Allocation Targets:

- **Core Allocation:** Approximately 50% in senior secured lending, with flexibility between 30–70%, ensuring a strong foundation of top-of-capital-structure exposure.
- **Satellite Allocation:** The remaining portfolio will be deployed across select sub-strategies within private credit that meet the revised risk-return criteria.

TARGET PORTFOLIO
CORE STRATEGIES
Senior Lending 50%
SATELLITE STRATEGIES
Distressed Debt 0–20%
Capital Solutions 0–20%
Credit Opportunities 0–20%
Mezzanine 0–20%
Real Assets Credit 0–20%
Real Estate Credit 0–20%
Specialty Finance 0–20%



Investment Pacing Model: Key Takeaways

Revised Aksia Pacing Model

- Dataset that includes performance and cash flow information across multiple market cycles, strategies, and vintages for a broad universe of private credit funds.
- "More informed" assumptions around capital deployment and distributions
  - Improves the model's reliability while acknowledging the limitations inherent in embedded assumptions.

FRS Pension Plan Growth Scenarios Evaluated:

- **Base Case:** 3% annual growth
- **Slow Growth Case:** 1% annual growth
- **Downside Case:** -10% growth in years 1–2 and then 3% growth (base case) in years 3–10.

Commitment Forecasts (Assuming 3% Growth):

- **2026:** $2.25 billion
- **2027-2034:** $1.5 billion annually

Private Credit

Investment Pacing Model Projections – 3% FRS Growth Rate

Net Asset Value/Total Portfolio Value	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
NAV/Total Portfolio Value - Base	3.75%	3.87%	4.00%	4.15%	4.32%	4.45%	4.64%	4.82%	4.95%	5.04%
Net Asset Value - Base	$ 7,681,347,789.51	$ 8,173,520,789.64	$ 8,682,907,709.78	$ 9,291,355,662.77	$ 9,949,830,058.83	$ 10,564,150,454.14	$ 11,360,874,804.95	$ 12,131,998,332.64	$ 12,834,690,855.12	$ 13,479,615,894.46
Total Portfolio Value - Base	$ 204,866,649,259.98	$ 211,012,648,737.78	$ 217,343,028,199.91	$ 223,863,319,045.90	$ 230,579,218,617.28	$ 237,496,595,175.79	$ 244,621,493,031.07	$ 251,960,137,821.99	$ 259,518,941,956.65	$ 267,304,510,215.35

Committed Capital by Vintage Year and Strategy	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total Budget	**$ 2,500,000,000.00**	**$ 2,250,000,000.00**	**$ 1,500,000,000.00**	**$ 1,500,000,000.00**	**$ 1,500,000,000.00**	**$ 1,500,000,000.00**	**$ 1,500,000,000.00**	**$ 1,500,000,000.00**	**$ 1,500,000,000.00**	**$ 1,500,000,000.00**
Senior Lending	$ 2,000,000,000.00	$ 1,237,500,000.00	$ 825,000,000.00	$ -	$ -	$ -	$ 75,000,000.00	$ 75,000,000.00	$ 75,000,000.00	$ 75,000,000.00
Capital Solutions	$ 87,500,000.00	$ 67,500,000.00	$ 45,000,000.00	$ 90,000,000.00	$ 90,000,000.00	$ 90,000,000.00	$ 75,000,000.00	$ 75,000,000.00	$ 75,000,000.00	$ 75,000,000.00
Credit Opportunities	$ 87,500,000.00	$ 90,000,000.00	$ 60,000,000.00	$ 120,000,000.00	$ 120,000,000.00	$ 120,000,000.00	$ 75,000,000.00	$ 75,000,000.00	$ 75,000,000.00	$ 75,000,000.00
Distressed Debt & Special Situations	$ 87,500,000.00	$ 67,500,000.00	$ 45,000,000.00	$ 90,000,000.00	$ 90,000,000.00	$ 90,000,000.00	$ 75,000,000.00	$ 75,000,000.00	$ 75,000,000.00	$ 75,000,000.00
Mezzanine	$ -	$ -	$ 75,000,000.00	$ 300,000,000.00	$ 300,000,000.00	$ 300,000,000.00	$ 300,000,000.00	$ 300,000,000.00	$ 300,000,000.00	$ 300,000,000.00
Real Assets Credit	$ -	$ 225,000,000.00	$ 150,000,000.00	$ 300,000,000.00	$ 300,000,000.00	$ 225,000,000.00	$ 300,000,000.00	$ 300,000,000.00	$ 300,000,000.00	$ 300,000,000.00
Real Estate Credit	$ 118,750,000.00	$ 337,500,000.00	$ 225,000,000.00	$ 300,000,000.00	$ 300,000,000.00	$ 300,000,000.00	$ 300,000,000.00	$ 300,000,000.00	$ 300,000,000.00	$ 300,000,000.00
Specialty Finance	$ 118,750,000.00	$ 225,000,000.00	$ 75,000,000.00	$ 300,000,000.00	$ 300,000,000.00	$ 375,000,000.00	$ 300,000,000.00	$ 300,000,000.00	$ 300,000,000.00	$ 300,000,000.00

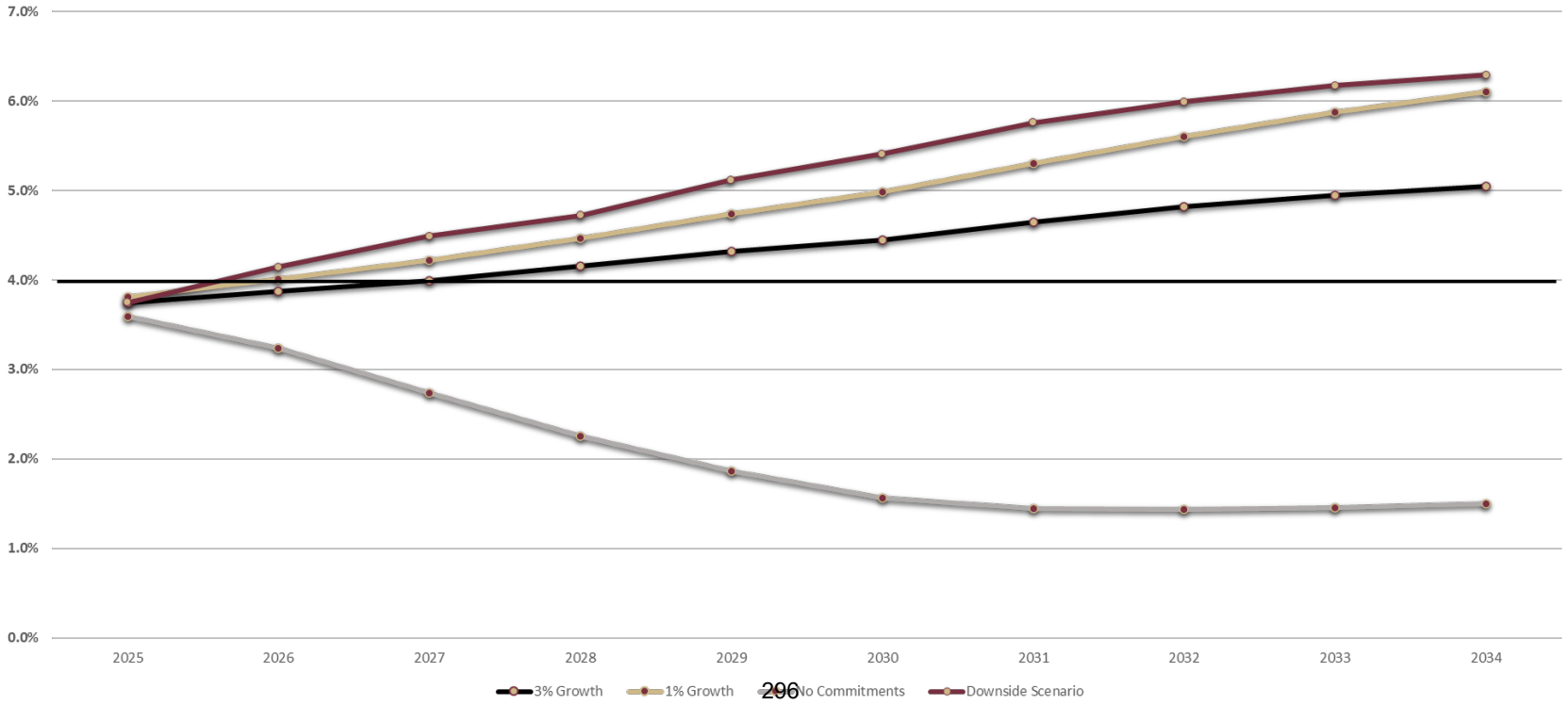
Committed Capital (%) by Vintage Year and Strategy	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Senior Lending	80%	55%	55%	0%	0%	0%	5%	5%	5%	5%
Capital Solutions	4%	3%	3%	6%	6%	6%	5%	5%	5%	5%
Credit Opportunities	4%	4%	4%	8%	8%	8%	5%	5%	5%	5%
Distressed Debt & Special Situations	4%	3%	3%	6%	6%	6%	5%	5%	5%	5%
Mezzanine	0%	0%	5%	20%	20%	20%	20%	20%	20%	20%
Real Assets Credit	0%	10%	10%	20%	20%	15%	20%	20%	20%	20%
Real Estate Credit	5%	15%	15%	20%	20%	20%	20%	20%	20%	20%
Specialty Finance	5%	10%	5%	20%	20%	25%	20%	20%	20%	20%

Net Asset Value by Strategy	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Senior Lending	$ 1,650,823,134.04	$ 2,438,461,265.26	$ 3,403,575,210.01	$ 4,249,114,212.73	$ 4,842,787,858.92	$ 5,227,889,923.72	$ 5,490,415,103.87	$ 5,693,936,229.19	$ 5,869,236,995.34	$ 6,035,432,378.69
Capital Solutions	$ 1,055,634,244.65	$ 925,583,423.34	$ 862,969,884.44	$ 786,968,944.91	$ 698,229,544.93	$ 687,005,473.23	$ 775,303,823.65	$ 835,282,261.45	$ 917,192,105.11	$ 995,026,987.16
Credit Opportunities	$ 751,544,209.54	$ 721,821,236.06	$ 597,995,674.64	$ 538,084,417.26	$ 569,302,431.45	$ 617,254,042.80	$ 700,561,279.28	$ 737,397,495.65	$ 780,642,277.47	$ 810,492,080.04
Distressed Debt & Special Situations	$ 962,909,087.60	$ 995,754,374.50	$ 876,615,048.98	$ 861,018,003.91	$ 861,373,125.97	$ 889,226,024.23	$ 987,241,190.17	$ 1,073,456,857.58	$ 1,184,612,666.95	$ 1,295,167,708.23
Mezzanine	$ 786,780,774.42	$ 741,734,115.73	$ 609,235,842.65	$ 502,376,616.21	$ 467,680,832.20	$ 497,379,104.45	$ 588,597,207.29	$ 766,277,918.63	$ 933,028,002.53	$ 1,052,342,476.23
Real Assets Credit	$ 676,278,734.02	$ 854,216,102.71	$ 993,995,484.21	$ 957,433,642.47	$ 935,062,605.09	$ 868,307,688.23	$ 822,969,020.19	$ 870,315,618.98	$ 913,155,329.73	$ 978,670,939.85
Real Estate Credit	$ 1,015,554,225.57	$ 836,457,076.08	$ 727,987,529.43	$ 785,790,737.71	$ 920,997,640.39	$ 1,016,679,208.31	$ 1,096,516,640.37	$ 1,136,599,970.70	$ 1,153,086,773.60	$ 1,184,288,962.94
Specialty Finance	$ 781,823,379.67	$ 659,493,195.95	$ 610,533,035.42	$ 610,569,087.56	$ 654,396,019.88	$ 760,408,989.18	$ 899,270,540.14	$ 1,018,731,980.46	$ 1,083,736,704.38	$ 1,128,194,361.34

Net Asset Value (%) by Strategy	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Senior Lending	21.49%	29.83%	39.20%	45.73%	48.67%	49.49%	48.33%	46.93%	45.73%	44.77%
Capital Solutions	13.74%	11.32%	9.94%	8.47%	7.02%	6.50%	6.82%	6.88%	7.15%	7.38%
Credit Opportunities	9.78%	8.83%	6.89%	5.79%	5.72%	5.84%	6.17%	6.08%	6.08%	6.01%
Distressed Debt & Special Situations	12.54%	12.18%	10.10%	9.27%	8.66%	8.42%	8.69%	8.85%	9.23%	9.61%
Mezzanine	10.24%	9.07%	7.02%	5.41%	4.70%	4.71%	5.18%	6.32%	7.27%	7.81%
Real Assets Credit	8.80%	10.45%	11.45%	10.31%	9.40%	8.22%	7.24%	7.17%	7.11%	7.26%
Real Estate Credit	13.22%	10.23%	8.38%	8.46%	9.26%	9.62%	9.65%	9.37%	8.98%	8.79%
Specialty Finance	10.18%	8.07%	7.03%	6.57%	6.58%	7.20%	7.92%	8.40%	8.44%	8.37%

Private Credit

Investment Pacing Model Projections – FRS Growth Scenarios



Portfolio Repositioning - Secondary Sale

Advisor Engagement

- Staff engaged Evercore to explore a secondary sale of legacy private credit assets.

Strategic Objective

- Reduce exposure to non-core, equity-like positions
  - Almost a billion dollars of pure equity exposure (Common, Pref, Warrants), which equates to ~ 25% of the total NAV for those funds
- Reposition toward income-oriented senior lending strategies
  - Sell and reinvest analysis generates a higher return with conservative assumptions

Execution & Outcome

- A Q4 secondary sale was completed involving multiple buyers.
- 50 LP interests were sold, primarily in less secured, mezzanine, subordinated, and equity-oriented investments.
- These positions no longer aligned with the portfolio's long-term risk and return objectives.

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Private Credit

European Direct Lending

- **Selected Managers:** Three Pan European direct lending managers
- **Total Commitment:** $1 billion
  - Middle Market: Two managers ($400 million each - SMA's)
  - Upper Market: One manager ($200 million - commingled)
- **Portfolio Target:** Consistent with goal of 40-50% in mid-market lending
- **Diversification:** By sponsor, geography, position size, and industry
- **Target Close:** All three deals closed on July 31st

US Direct Lending

- **Re-underwrote:** Existing direct lending SMA managers
- **Selected Managers:** Three existing managers identified for additional capital of $1 billion
  - Middle Market SMA: $500 million
  - Upper-Middle Market SMA: $300 million
  - Opportunistic: $200 million
- **Performance:** All managers have exceeded their benchmark since inception
- **Portfolio Target:** Consistent with goal of 40-50% in mid-market lending
- **Target Close:** All three deals closed on May 31st

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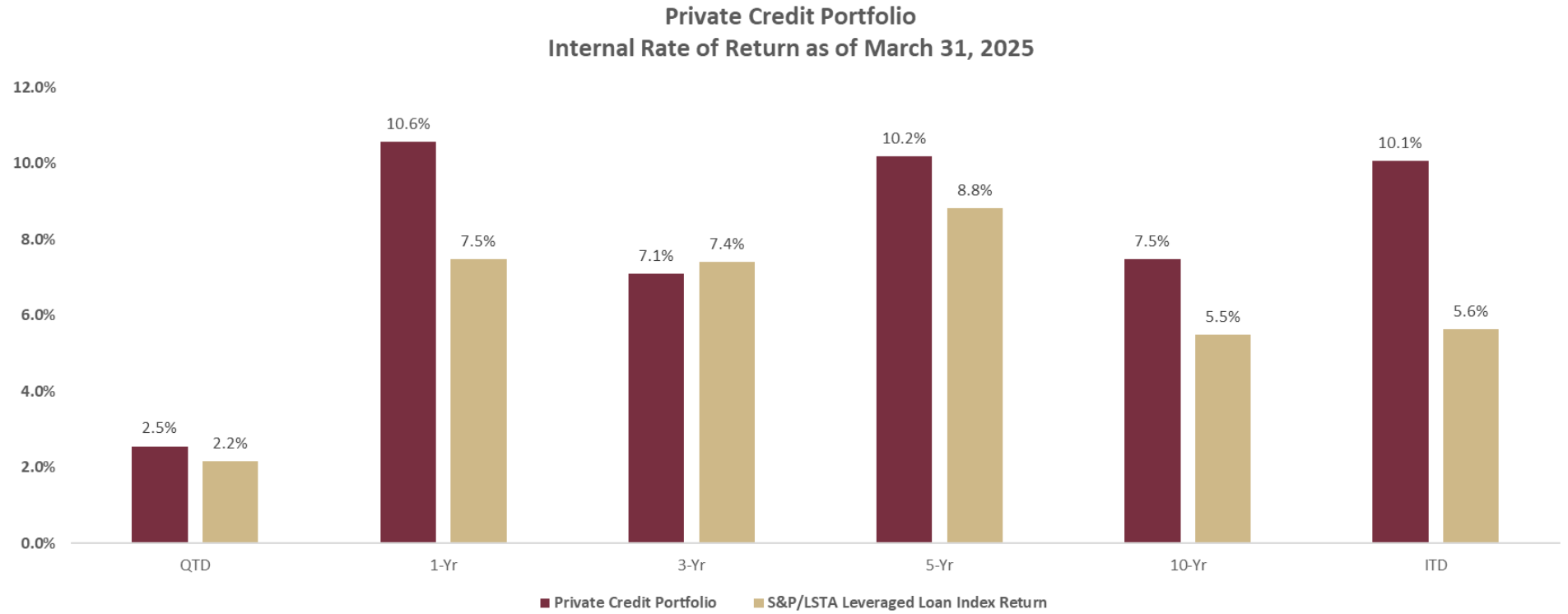
Private Credit Performance



Note: The PC benchmark is currently the Morningstar LSTA US Leveraged Loan Index + 175 bps. For this exercise, the 175bps was not included

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Multi-Asset Credit

Accomplishments for FY 2024-25

- Worked with Mercer, public markets consultant, to conduct and complete a risk budgeting study
- Designed a new portfolio construction framework for the strategy
- Funded two new passive strategies (High Yield and Emerging Markets Debt)
- Conducted and completed active MAC, Bank Loan, High Yield and Emerging Market Debt searches.

New Portfolio Construction Framework

Original Thesis (MAC):

- The initial thesis hypothesized that generating alpha in underlying strategies, Bank Loans (BL), High Yield (HY), and Emerging Market Debt (EMD), is inherently challenging.

Initial Portfolio Design:

- Mercer's original risk budgeting study proposed a target portfolio with a 22% passive allocation.

Staff Research Findings:

- Upon evaluating long-term performance across MAC rotators, BL, HY, and EMD managers, staff observed:
  - A broad universe of managers consistently generating alpha net of fees over rolling 3-, 5-, and 10-year periods
  - Screened on high batting averages (70–100%) across these timeframes
  - Tracking error remained within acceptable portfolio constraints

Portfolio Revision:

- Based on these findings, staff removed the passive allocation and updated the portfolio targets to reflect a 100% active management approach.

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Updated Portfolio Construction Framework – 100% Active

Detailed Strategy Allocations (%)

Base Case	Asset Class	Original Target Portfolio	Revised 100% Active Portfolio
Passive	Emerging Markets Debt (Local/ Hard)	7.0%	0.0%
Passive	US High Yield	8.0%	0.0%
Passive	Bank Loans	7.0%	0.0%
Active	MAC/ Sector Rotators	45.0%	35.0%
Active	Emerging Markets Debt	18.0%	33.0%
Active	US High Yield	5.0%	16.0%
Active	Bank Loans	10.0%	16.0%
Total		**100.0%**	**100.0%**
Active		**78.0%**	**100.0%**
Passive		**22.0%**	**0.0%**

Expectations & Allocations

Risk/ Return Metric	Original Target Portfolio	Revised 100% Active Portfolio
Arithmetic Return	8.03%	8.11%
Geometric Return	7.60%	7.65%
Risk	9.61%	10.08%
Return/Risk Ratio	0.79	0.76
Sharpe Ratio	0.46	0.44
Tracking Error	2.85%	3.84%
Excess Return (Net)	0.74%	0.80%
Allocations	**Original Target Portfolio**	**Revised 100% Active Portfolio**
Active	78.0%	100.0%
Passive	22.0%	0.0%
EMD	31.9%	33.0%
US High Yield	26.9%	16.0%
Bank Loans	30.9%	16.0%
Private	10.4%	10.0%
Standalone MAC	45.0%	35.0%

Multi-Asset Credit

Phase I Implementation: Complete

- **Mandates Closed:** Three Multi-Asset Credit (MAC) and three Bank Loan (BL) mandates on April 30
- **Total Commitments:** $3.3 billion ($2.25 billion MAC and $1.05 billion BL – SMA's)
- **Funding:** Multistage funding over three quarters, first investments on May 1st with the last tranche of funding scheduled for December 1st

Phase II Implementation: Complete

- **Active Searches:** High Yield and Emerging Market Debt
- **Finalists:**
  - **High Yield Managers:** Three finalists – selected one
  - **Emerging Market Debt Managers:** Five finalists – selected three
- **Total Commitments: $2.0 billion ($1.5 billion EMD and $0.5 billion HY – SMA's)**
- **Target Close:** All four deals closed on August 29
- **Funding Timeline:** Multistage funding over three quarters, first investments on Sept 2
- **Potential Acceleration:** Funding may accelerate if market conditions become favorable

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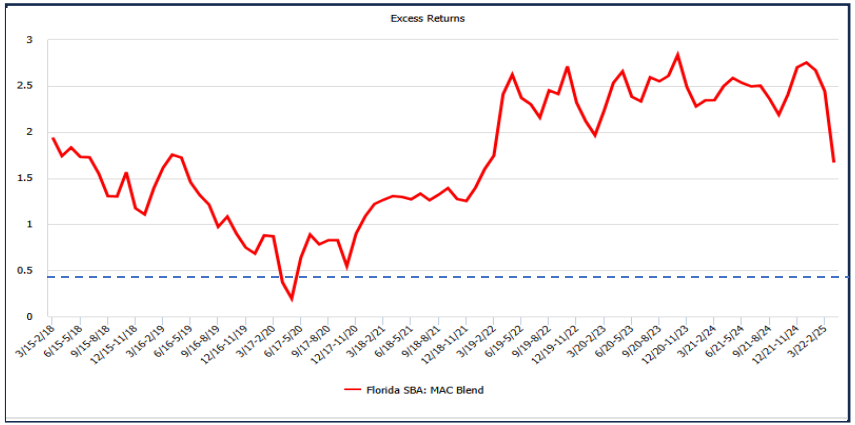
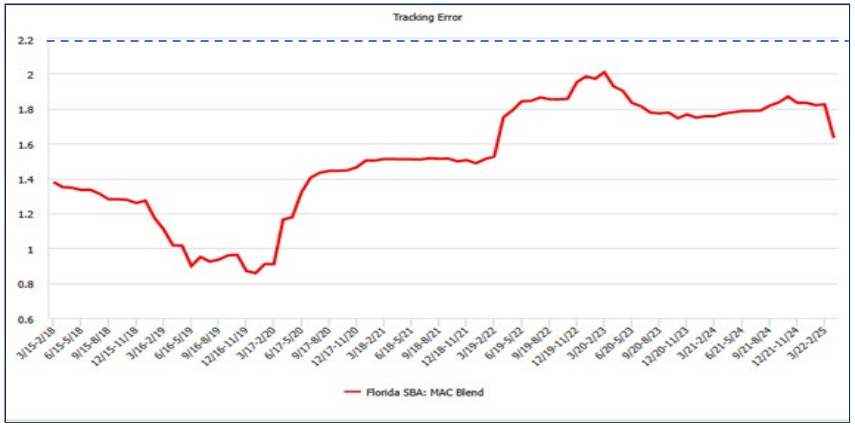
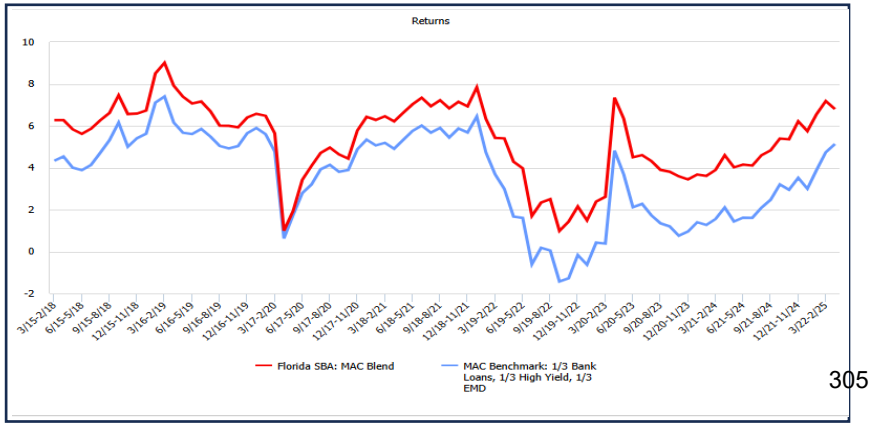
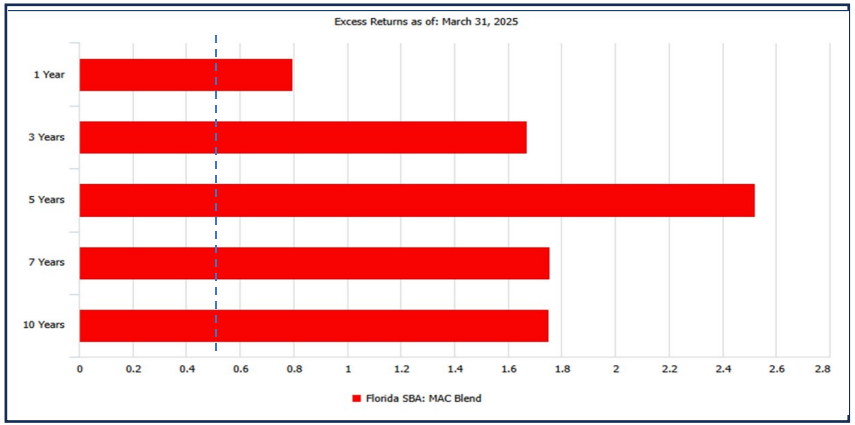
Multi-Asset Credit

MAC Portfolio: Historical Statistics Manager Weights (3-year Rolling)









Multi-Asset Credit

Progress and Plans for Multi-Asset Credit (MAC) Portfolio

Current Portfolio Status:

- $5.3 billion committed across MAC Strategy Rotators and dedicated managers in:
  - High Yield (HY)
  - Emerging Market Debt (EMD)
  - Bank Senior Loans (BSL)

Phase 1–2: Initial Deployment

- Existing mandates are fully invested
- Portfolio is 16.1% underweight relative to the 3% MAC target

Phase 3: Expansion Plan

- Add one High Yield manager with a $500 million allocation
- Post-addition, portfolio remains 8.1% underweight vs. the 3% MAC target

MAC Benchmark Allocation

Asset Class	Benchmark (%)	Benchmark ($)
Bank Loans	33.3%	$2.11
High Yield	33.3%	$2.11
Emerging Market Debt	33.3%	$2.11
Total Target at 3% of FRS	100%	$6.32

Phase 1-2 Current Portfolio vs. Benchmark

Asset Class	Benchmark (%)	Benchmark ($)	Portfolio (%)	Portfolio ($)	Over/Underweight (%)	Over/Underweight ($)
Bank Loans	33.3%	$2.11	41.0%	$2.18	+7.7%	$0.070
High Yield	33.3%	$2.11	30.7%	$1.63	–2.6%	-$0.480
Emerging Market Debt	33.3%	$2.11	28.3%	$1.50	–5.0%	-$0.610
Total	100%	$6.32	100%	$5.30		**-$1.020**
			Over/Underweight versus 3% MAC Target (%)			**-16.1%**

Phase 3 Proforma Portfolio (Post New High Yield Manager)

Asset Class	Benchmark (%)	Benchmark ($)	Portfolio (%)	Portfolio ($)	Over/Underweight (%)	Over/Underweight ($)
Bank Loans	33.3%	$2.11	37.5%	$2.18	+4.2%	$0.070
High Yield	33.3%	$2.11	36.6%	$2.13	+3.3%	$0.020
Emerging Market Debt	33.3%	$2.11	25.9%	$1.50	–7.4%	-$0.610
Total	100%	$6.32	100%	$5.81		**-$0.510**
			Over/Underweight versus 3% MAC Target (%)			**-8.1%**

* FRS $211 Billion as of 03/31

* Assumes commitments are fully invested

Multi-Asset Credit

Progress and Plans for Multi-Asset Credit Portfolio

FY 2026 Commitment Pipeline

High Yield Strategy Expansion

- Staff is revisiting several highly rated managers identified in the recent search.
- A commitment of approximately $500 million is anticipated to one dedicated High Yield manager, pending due diligence.

Emerging Markets Debt Strategy

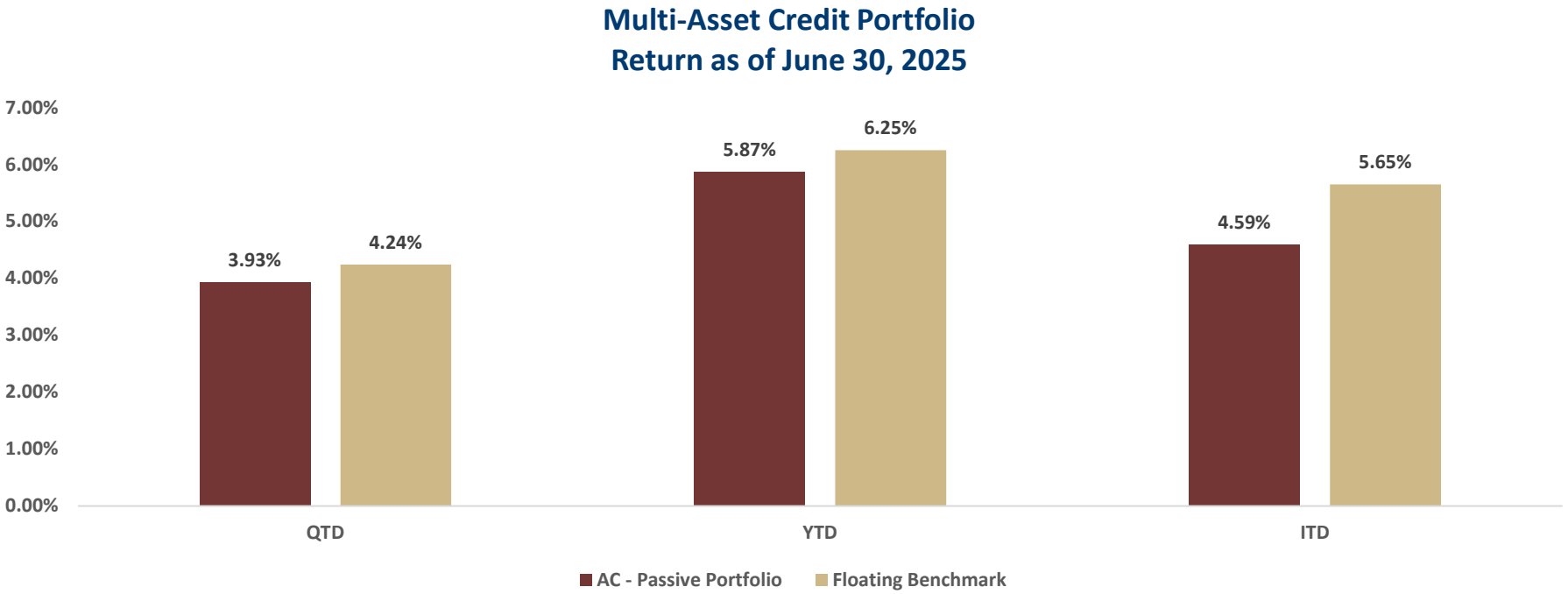
- Staff continues to monitor the three newly onboarded managers.
- Focus areas include potential upsizing of allocations and tactical reallocations based on performance and market conditions.

MULTI-ASSET CREDIT PORTFOLIO

Multi-Asset Credit Rotators	
Florida Gulfcoast Partners MAC	$900 million
Tidewater Partners MAC	$900 million
Mineral Springs Partners MAC	$450 million
Bank Loans	
Florida Gulfcoast Partners BL	$350 million
Tidewater Partners BL	$350 million
Apalach Partners BL	$350 million
High Yield	
Miccosukee Partners HY	$500 million
Emerging Markets Debt	
Turtle Bay Partners EMD Fund	$500 million
Manatee Cove Partners	$500 million
Black Bear Capital Partners	$500 million

* Committed capital, not invested

Multi-Asset Credit Performance



Note: The floating benchmark is currently a weighted average return, based on the weights of our passive investments to the Bloomberg US Corporate HY TR Index Value Unhedged USD and EMD Blended benchmark

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Fiscal Year 2026 Goals

Private Credit

Research Initiatives

Senior Lending – Evaluate the marginal risk and return associated with expanding the senior lending portfolio to include sponsor and non-sponsor-backed lower middle market borrowers, typically defined as companies with EBITDA between $3 - $15 million.

- 1 to 3 new direct lending fund commitments in US and/or Europe

Commercial Real Estate Lending – Researching the evolving opportunity set, with a focus on identifying areas where the imbalance between capital supply and borrower demand is most pronounced. Dialogue with banks, general accounts, and institutional investors.

- Evaluating:
  - The overall attractiveness of the opportunity set
  - The most compelling strategies within CRE lending
  - End of Q3 recommendation and implementation plan

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STATE BOARD OF ADMINISTRATION

Private Credit

Research Initiatives

Asset Backed Lending – Researching the potential diversification benefits of adding asset-backed lending strategies.

- Research focused on three key segments:
  - Traditional ABL (e.g., receivables, inventory, equipment, and trade finance)
  - Specialty finance and consumer credit (e.g., auto loans, point-of-sale financing and student loans)
  - Esoteric and emerging collateral types (e.g., royalty streams, recurring revenue, and litigation finance).

- Evaluating:
  - The overall attractiveness of the opportunity set
  - The most compelling strategies within ABL
  - End of Q3 recommendation and implementation plan

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Private Credit

Private Credit Initiatives

Private Credit Co - Investment Program – Further development on a co-investment framework focused on direct lending, in partnership with a third-party investment manager.

- Benefits
  - Savings on management fees and carried interest – potential for better net returns
  - Provide transparency and deal-level insights, further strengthening the team's ability to evaluate and select fund investments.
- Q1 recommendation and implementation plan

Florida Credit Tranche – Evaluate the potential to add a Florida-based credit tranche to the Florida Growth Fund Program.

- Focus on senior secured loans to Florida-based companies
- Same rigorous risk/return requirements as national private lending
- Staff has identified a potential partner and will conduct further diligence over the next two quarters.

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Other Areas of Focus

Enhanced Monitoring and Risk Management

- Staff has been working to create custom reporting for monitoring existing investments, benchmarking investments, and for underwriting new investments.

Areas of focus include:

- **Covenant information** – Financial maintenance covenants, leverage covenants, thresholds and breaches.
- **Key deal terms** – SOFR floors, call protection, cash/PIK interest
- **Status at underwriting** – EBITDA/free cash flow, debt (drawn and undrawn), LTV, valuation (if syndicated compared to others)
- **Status post underwriting** – amendments, extensions, cash pay to PIK, LTV, covenant compliance, EBITDA/revenue migration.

Appendix

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Current Exposure

- Today, Active Credit is approximately $10.0 billion or 4.73% of FRS
  - Private Credit $7.39 billion or 3.49% of FRS (as of Q1 2025)
    - » Roughly $3.97 billion in unfunded commitments
    - » There are currently 48 general partner relationships managing 82 funds (37 active GPs & 66 active funds)
  - Multi-Asset Credit $2.61 billion or 1.23% of FRS (as of 7/30/2025)
    - » There are currently 5 investment managers managing 8 funds
    - » Anticipated funding of 4 new investment managers managing 4 funds on September 1
    - » These fundings will equate to $2 billion

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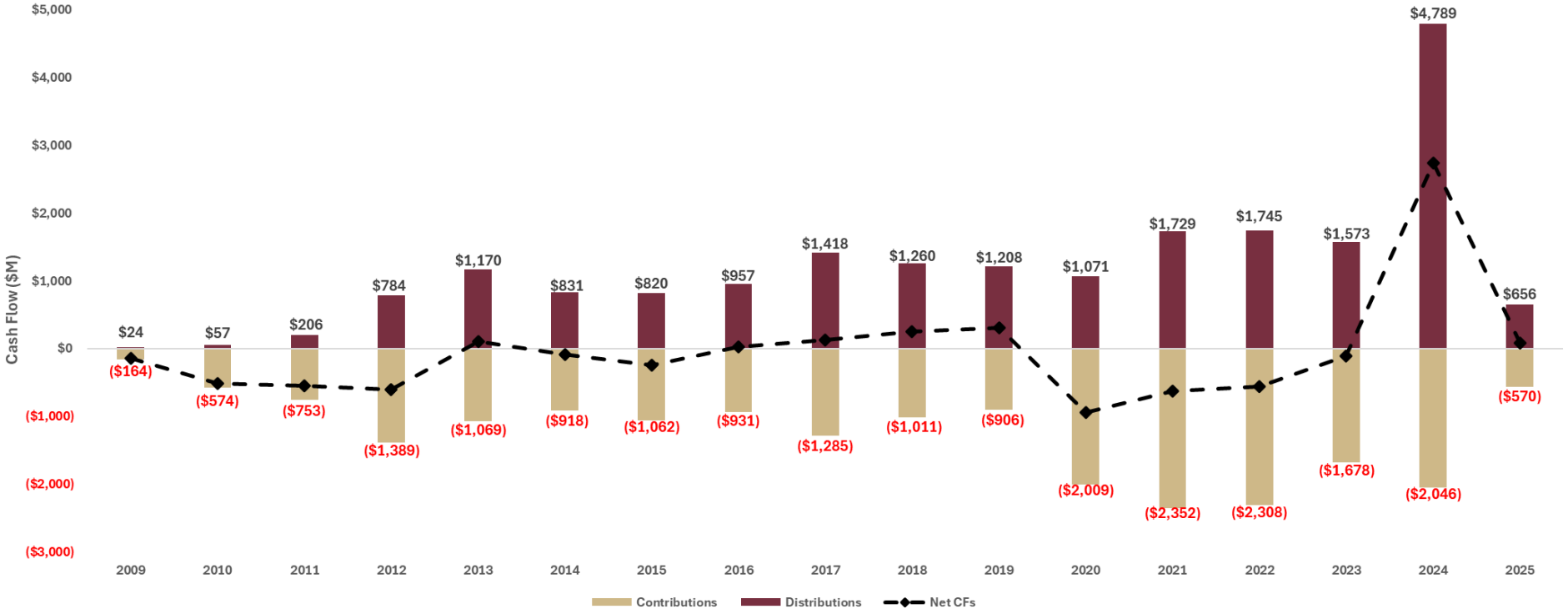
GP Concentration

	Total Commitments ($mm)	Total Exposure ($mm)	% of AC Portfolio	Contributions ($mm)	Distributions ($mm)	Number of Holdings	ITD Net IRR	Net TVPI
Cerberus Capital Management LP	1,325.0	1,490.3	12.9%	1,006.1	292.7	6	7.5%	1.4x
Blackstone Group LP	950.0	729.2	6.3%	766.1	676.3	4	11.3%	1.4x
Audax Group	550.0	677.7	5.9%	436.2	232.5	3	7.0%	1.8x
Primary Wave IP Investment Management	521.0	551.5	4.8%	494.6	243.3	4	13.3%	1.4x
BlackRock Inc	1,100.0	549.1	4.7%	1,364.0	1,238.8	6	7.1%	1.2x
Kennedy Lewis Investment Management LP	400.0	529.2	4.6%	360.4	79.1	2	11.4%	1.4x
Blue Torch Capital LP	450.0	519.7	4.5%	413.7	135.4	1	12.9%	1.3x
Torchlight Investors	400.0	423.1	3.7%	317.3	40.9	2	4.3%	1.1x
Metric Capital Partners LP	391.9	405.4	3.5%	328.1	152.7	3	14.7%	1.4x
Chambers Energy Management LP	450.0	352.0	3.0%	549.5	534.4	3	13.6%	1.2x
GP Relationships Top 10	6,537.9	6,227.4	53.8%	6,035.9	3,626.2	34	8.9%	1.3x
GP Relationships Remaining (56)	17,068.6	5,356.1	46.2%	15,324.1	16,926.7	117	9.0%	1.3x
Total Portfolio (66)	**23,606.5**	**11,583.5**	**100.0%**	**21,360.0**	**20,553.0**	**151**	**8.9%**	**1.3x**

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

Cash Flow History

As of June 30, 2025



Active Credit Partnership Performance

As of March 31, 2025

Holding Name	Vintage Year	Total Invested	Total Redeemed	NAV	TVPI	DPI	LTD Net IRR
ABRY Advanced Securities Fund II LP	2011	$155,162,834.78	$225,753,760.24	$0.00	1.45x	1.45x	13.01%
ABRY Advanced Securities Fund III LP	2014	$221,822,746.86	$218,649,315.37	$222,671.19	0.99x	0.99x	-0.34%
ABRY Advanced Securities Fund LP	2008	$160,257,018.66	$251,927,312.69	$0.00	1.57x	1.57x	19.36%
ABRY Senior Equity III LP	2010	$66,665,993.99	$102,331,983.49	$0.00	1.53x	1.53x	16.47%
ABRY Senior Equity IV LP	2012	$66,175,114.09	$108,982,765.96	$0.00	1.65x	1.65x	14.41%
ABRY Senior Equity V LP	2017	$64,356,700.69	$96,377,210.77	$0.00	1.50x	1.50x	11.77%
Apollo Accord Fund IV LP	2020	$37,000,000.00	$44,122,859.25	$0.00	1.19x	1.19x	25.17%
Apollo Accord Fund V L.P.	2022	$222,469,608.15	$234,299,193.93	$0.00	1.05x	1.05x	8.14%
Apollo Accord Fund VI LP	2023	$21,725,766.57	($88,165.82)	$23,521,819.47	1.09x	0.00x	15.42%
Apollo Credit Liquidity Fund LP	2007	$118,356,262.30	$145,264,886.00	$0.00	1.23x	1.23x	20.00%
Appian Credit (UST) Strategies I LP	2023	$37,230,746.57	$173,791.53	$34,223,998.00	0.92x	0.00x	-16.55%
Atalaya Special Opportunities Fund IX LP	2024	$33,899,196.00	$35,571,819.36	$0.00	1.05x	1.05x	4.93%
Atalaya Special Opportunities Fund VI LP	2015	$120,346,085.86	$173,640,728.38	$0.00	1.44x	1.44x	13.24%
Atalaya Special Opportunities Fund VII LP	2018	$171,985,906.10	$211,908,339.90	$0.00	1.23x	1.23x	7.73%
Atalaya Special Opportunities Fund VIII LP	2022	$141,113,732.51	$173,946,076.61	$0.00	1.23x	1.23x	13.17%
Audax Credit Opportunities (SBA) LLC	2010	$208,391,250.02	$69,026,734.99	$425,057,025.76	2.37x	0.33x	6.61%
Audax Mezzanine Fund IV A LP	2016	$142,117,845.20	$138,373,488.42	$38,519,883.00	1.24x	0.97x	10.12%
Audax Mezzanine Fund V A LP	2020	$90,205,673.82	$29,635,718.40	$77,887,254.00	1.19x	0.33x	14.31%
Bayview Opportunity Domestic III B LP	2013	$187,364,159.00	$248,781,944.33	$0.00	1.33x	1.33x	10.27%
Bayview Opportunity Domestic IVb LP	2014	$121,472,362.47	$176,460,356.13	$0.00	1.45x	1.45x	12.69%
Bayview Opportunity Master Fund II B LP	2010	$103,366,259.67	$154,148,039.69	$0.00	1.49x	1.49x	18.73%
Benefit Street Partners Debt Fund IV LP	2017	$187,082,654.00	$249,673,097.00	$0.00	1.33x	1.33x	8.50%

Active Credit Partnership Performance

As of March 31, 2025

Holding Name	Vintage Year	Total Invested	Total Redeemed	NAV	TVPI	DPI	LTD Net IRR
BioPharma Credit Investments V LP	2022	$117,958,039.44	$138,726,952.76	$0.00	1.18x	1.18x	10.49%
BlackRock US CRE Debt Fund C7 LP	2021	$384,141,217.22	$275,518,963.59	$139,876,793.27	1.08x	0.72x	7.92%
Blackstone Credit Liquidity Partners LP	2008	$103,685,283.83	$102,976,730.73	$0.00	0.99x	0.99x	-1.16%
Blackstone Green Private Credit Fund III LP	2022	$37,081,079.00	$9,807,702.00	$30,696,149.00	1.09x	0.26x	14.56%
Blackstone GSO Capital Solutions Fund LP	2010	$148,721,203.00	$178,360,046.00	$0.00	1.20x	1.20x	9.06%
Blackstone Tactical Opportunities Fund FD II LP	2022	$140,852,040.46	$13,147,904.33	$148,795,446.00	1.15x	0.09x	19.89%
Blackstone Tactical Opportunities Fund FD LP	2019	$215,059,117.66	$132,887,823.12	$188,827,058.00	1.50x	0.62x	14.76%
Blackstone Tactical Opportunities Fund II LP	2015	$173,641,630.70	$242,724,793.45	$28,644,171.00	1.56x	1.40x	14.37%
Blantyre Special Situations Fund II LP	2020	€ 125,254,338.54	€ 2,893,708.75	€ 137,947,657.00	1.12x	0.02x	4.04%
Blue Torch Credit Opportunities SBAF Fund LP	2020	$415,493,902.00	$137,217,203.00	$407,233,634.00	1.31x	0.33x	12.88%
BSPCC Liquidation LLC (F.K.A. Benefit Street Partners CRE)	2014	$125,000,000.00	$144,648,450.00	$0.00	1.16x	1.16x	5.05%
Carbon Capital III Inc	2009	$82,067,840.05	$92,023,323.79	$0.00	1.12x	1.12x	11.26%
Carbon Capital V Inc	2013	$150,000,000.00	$181,675,206.64	$0.00	1.21x	1.21x	6.94%
Carbon Capital VI LP	2016	$136,229,688.26	$132,837,402.37	$0.00	0.98x	0.98x	-0.74%
Carlyle Mezzanine Partners II LP	2008	$139,223,813.86	$162,867,419.00	$5,321,100.00	1.21x	1.17x	9.57%
Castlelake III LP	2014	$69,449,222.00	$102,434,726.00	$0.00	1.47x	1.47x	6.30%
Castlelake IV LP	2015	$98,518,520.00	$145,436,635.00	$0.00	1.48x	1.48x	7.10%
Cerberus FSBA Corporate Credit Fund LP	2020	$190,535,255.66	$547,570.91	$242,341,323.00	1.27x	0.00x	8.20%
Cerberus FSBA Levered Loan Opportunities Fund LP	2016	$281,337,691.04	$66,015,711.01	$387,724,691.00	1.61x	0.23x	9.29%
Cerberus Institutional Real Estate Partners III LP	2013	$164,098,102.52	$222,562,750.66	$42,865,988.00	1.62x	1.36x	11.54%
Cerberus Institutional Real Estate Partners IV LP	2015	$194,373,681.03	$40,661,687.48	$109,780,043.00	0.77x	0.21x	-5.12%
Cerberus Institutional Real Estate Partners V LP	2020	$173,411,842.60	$5,476,648.00	$237,596,476.00	1.40x	0.03x	10.91%
Cerberus Institutional Real Estate Partners VI LP	2023	$63,123,860.06	$12,030,760.82	$52,784,628.00	1.03x	0.19x	2.94%

Active Credit Partnership Performance

As of March 31, 2025

Holding Name	Vintage Year	Total Invested	Total Redeemed	NAV	TVPI	DPI	LTD Net IRR
Chambers Energy Capital III LP	2016	$62,541,151.85	$71,196,101.10	$10,859,689.00	1.31x	1.14x	7.88%
Chambers Energy Capital IV LP	2020	$451,213,786.77	$434,636,080.00	$97,337,031.00	1.18x	0.96x	17.92%
Chambers Energy Capital V LP	2023	$34,710,633.41	$27,469,830.18	$10,373,902.00	1.09x	0.79x	8.44%
CL Forgotten Coast Fund LP	2022	$84,487,805.00	($487,805.00)	$95,151,235.37	1.13x	0.01x	12.33%
Coastline Fund LP	2015	$299,172,920.62	$336,700,513.06	$32,156,080.00	1.23x	1.13x	6.29%
Coastline Fund LP Tranche II	2017	$343,684,953.61	$240,493,973.58	$240,517,612.00	1.40x	0.70x	10.51%
Colony Distressed Credit and Special Situations Fund III LP	2014	$188,419,401.00	$222,739,822.00	$0.00	1.18x	1.18x	6.38%
Colony Distressed Credit and Special Situations Fund IV LP	2015	$235,035,395.73	$209,716,116.73	$0.00	0.89x	0.89x	-3.45%
Colony Distressed Credit Fund II LP	2011	$104,995,283.00	$126,829,959.00	$0.00	1.21x	1.21x	7.38%
CRC Single Investor Fund XIX LLC	2021	$181,493,277.60	$69,293,277.60	$160,089,194.43	1.26x	0.38x	10.36%
CRC Single Investor Fund XIX, LLC Tranche II	2021	$172,000,000.00	$22,000,000.00	$157,751,470.27	1.05x	0.13x	9.14%
Crescent Credit Solutions VIII LP	2021	$200,877,616.93	$86,407,726.93	$147,547,899.00	1.16x	0.43x	10.60%
Crescent Mezzanine Partners VI LP	2012	$186,553,509.46	$243,101,699.46	$0.00	1.30x	1.30x	8.63%
Crescent Mezzanine Partners VII LP	2016	$171,058,748.00	$218,645,602.00	$0.00	1.28x	1.28x	8.67%
CVI Credit Value Fund A IV LP	2018	$168,609,107.00	$227,276,197.52	$0.00	1.35x	1.35x	7.76%
CVI Credit Value Fund A LP	2011	$95,000,000.00	$214,308,817.60	$0.00	2.26x	2.26x	18.83%
CVI Credit Value Fund A V LP	2020	$334,560,794.00	$391,328,789.32	$0.00	1.17x	1.17x	7.35%
CVI Credit Value Fund II A LP	2013	$190,000,000.00	$271,665,953.84	$0.00	1.43x	1.43x	8.28%
CVI Credit Value Fund III A LP	2015	$190,316,458.00	$262,532,051.69	$0.00	1.38x	1.38x	8.34%
CVI Global Value Fund A LP	2008	$239,367,716.00	$550,096,916.56	$0.00	2.30x	2.30x	20.96%
Deerfield Private Design Fund IV LP	2016	$103,839,683.00	$167,486,889.00	$0.00	1.61x	1.61x	9.26%
Distressed Managers II FL LP (F.K.A. Goldman Sachs Distressed)	2004	$95,057,168.82	$77,569,326.53	$0.00	0.82x	0.82x	-7.17%

Active Credit Partnership Performance

As of March 31, 2025

Holding Name	Vintage Year	Total Invested	Total Redeemed	NAV	TVPI	DPI	LTD Net IRR
EFL Special Partners LP	2020	$188,235,701.00	$163,051,885.00	$49,952,397.00	1.13x	0.87x	9.85%
EIG Energy Fund XVI LP	2013	$98,566,521.03	$72,578,500.84	$40,177,855.59	1.14x	0.74x	2.86%
EIG Global Project Fund V LP	2020	$227,587,354.87	$256,748,812.68	$0.00	1.13x	1.13x	9.32%
Falcon Strategic Partners III LP	2009	$107,916,028.97	$144,671,668.19	$8,333,807.00	1.42x	1.34x	9.43%
Falcon Strategic Partners IV LP	2012	$194,774,010.26	$170,238,400.60	$37,276,182.00	1.07x	0.87x	2.06%
Florida Growth Fund LLC - Credit Tranche	2014	$126,600,191.00	$137,345,925.00	$9,678,420.00	1.16x	1.08x	6.14%
Gallatin Point Capital Partners II LP	2021	$152,842,763.21	$32,540,902.39	$154,774,735.00	1.23x	0.21x	12.72%
Gallatin Point Capital Partners LP	2018	$103,751,611.60	$80,861,759.10	$90,542,798.00	1.65x	0.78x	17.34%
Glendon Opportunities Fund III (GOF III) Feeder B L.P.	2022	$67,500,000.00	$76,018.49	$89,884,888.79	1.33x	0.00x	22.27%
GOF II Feeder B LP (A.K.A Glendon)	2019	$135,834,200.94	$129,254,023.33	$112,560,509.65	1.78x	0.95x	16.46%
Green Credit Investors LP	2008	$0.00	$156,571.00	$0.00	0.00x	0.00x	0.00%
GSO Capital Opportunities Fund II LP	2011	$226,913,689.00	$270,961,050.00	$0.00	1.19x	1.19x	9.47%
GSO Capital Opportunities Fund III LP	2016	$239,474,465.00	$309,826,203.00	$0.00	1.29x	1.29x	11.53%
GSO Capital Opportunities Fund LP	2008	$243,669,890.98	$287,622,199.00	$0.00	1.18x	1.18x	15.37%
GSO Capital Solutions Fund II LP	2014	$214,116,744.00	$218,358,906.00	$0.00	1.02x	1.02x	1.17%
GSO Capital Solutions Fund III LP	2018	$143,522,801.00	$166,353,033.00	$0.00	1.16x	1.16x	9.24%
GSO Energy Select Opportunities Fund II LP	2019	$103,904,957.00	$125,122,737.00	$0.00	1.20x	1.20x	16.26%
GSO Energy Select Opportunities Fund LP	2015	$89,077,157.00	$116,361,671.00	$0.00	1.31x	1.31x	10.11%
H.I.G. Whitehorse FSBA LP	2023	$122,712,008.68	$6,158,681.24	$137,112,179.00	1.17x	0.05x	15.91%
HealthCare Royalty Partners III LP	2014	$70,947,663.17	$88,381,439.05	$0.00	1.25x	1.25x	8.86%
Highbridge Convertible Dislocation Fund (Delaware) LP	2020	$152,442,754.74	$153,248,864.36	$25,510,681.00	1.17x	1.01x	12.68%

Active Credit Partnership Performance

As of March 31, 2025

Holding Name	Vintage Year	Total Invested	Total Redeemed	NAV	TVPI	DPI	LTD Net IRR
ICG Europe Fund VIII SCSp	2022	€ 126,029,375.13	€ 17,399,589.52	€ 132,228,037.79	1.19x	0.14x	15.79%
ICG Europe Middle Market Fund II SCSp	2024	€ 21,674,028.67	€ 208,925.93	€ 19,533,816.81	0.91x	0.01x	-16.67%
ISAF III (USD) LP	2022	$99,583,152.00	$81,246,156.00	$38,383,808.00	1.20x	0.82x	21.50%
KLCP ERISA Fund E III LP	2021	$139,382,307.50	$933,158.37	$179,503,137.00	1.29x	0.01x	12.80%
KLCP ERISA Fund E2 (US) LP	2020	$215,551,702.00	$74,873,558.00	$233,237,024.00	1.43x	0.35x	11.12%
Lake Jackson LP	2020	$251,121,159.83	$305,460,089.82	$24,195,915.00	1.31x	1.22x	23.21%
LCM Partners COPS 4 (USD) SLP	2020	$161,962,631.94	$38,229,265.40	$161,771,500.16	1.23x	0.24x	11.40%
LCM Partners IIIa LP	2016	$107,807,168.48	$104,063,962.72	$32,398,904.92	1.27x	0.97x	5.67%
LCM Partners SOLO Va LP	2020	$59,445,957.10	$67,335,144.59	$0.00	1.13x	1.13x	5.90%
Marathon European Credit Opportunity Fund II LP	2014	$91,125,363.07	$123,788,791.81	$0.00	1.36x	1.36x	8.12%
MCP Private Capital Fund III SCSp	2017	€ 85,117,787.30	€ 62,302,059.94	€ 77,774,270.00	1.65x	0.73x	14.49%
MCP Private Capital Fund IV SCSp	2020	€ 170,717,425.50	€ 73,107,848.78	€ 159,223,004.00	1.36x	0.43x	14.09%
MCP Private Capital Fund V	2023	€ 45,932,957.86	€ 8,104,673.93	€ 54,697,624.00	1.37x	0.18x	76.22%
Morgan Stanley Real Estate Mezzanine Partners A LP	2007	$34,922,139.74	$691,113.72	$0.00	0.02x	0.02x	-98.33%
MSD SBAFLA Fund LP	2020	$255,548,325.68	$135,634,503.93	$161,569,508.00	1.16x	0.53x	8.96%
NovaQuest Pharma Opportunities Fund V LP	2019	$120,687,228.81	$22,700,215.08	$94,964,922.00	0.97x	0.19x	-0.86%
Oaktree Opportunities Fund IX LP	2013	$100,541,799.00	$183,024,737.33	$0.00	1.82x	1.82x	8.05%
Oaktree Opportunities Fund VIII LP	2010	$110,065,476.31	$156,271,206.42	$0.00	1.42x	1.42x	9.08%
Oaktree Opportunities Fund VIIIb LP	2011	$50,982,973.40	$85,649,544.67	$0.00	1.68x	1.68x	8.25%
Oaktree Opportunities Fund Xb LP	2018	$150,517,912.00	$244,401,381.08	$0.00	1.62x	1.62x	11.65%
OCM Opportunities Fund VIIb LP	2008	$36,220,768.46	$42,549,886.40	$0.00	1.17x	1.17x	14.09%
OHA Tactical Investment Fund LP	2020	$187,270,415.61	$232,796,388.70	$0.00	1.24x	1.24x	8.20%
OIC Credit Opportunities IV, LP	2024	$34,236,407.00	$1,203,786.00	$35,061,926.00	1.06x	0.04x	11.94%

Active Credit Partnership Performance

As of March 31, 2025

Holding Name	Vintage Year	Total Invested	Total Redeemed	NAV	TVPI	DPI	LTD Net IRR
Orion Energy Credit Opportunities Fund III LP	2020	$176,591,092.00	$202,567,807.00	$0.00	1.15x	1.15x	8.79%
Orion Mine Finance (Master) Fund I LP (F.K.A. Red Kite II)	2012	$128,098,208.99	$151,942,770.95	$0.00	1.19x	1.19x	3.42%
Orion Mine Finance Co-Fund II LP	2018	$47,249,925.31	$47,130,464.68	$47,646,143.00	2.01x	1.00x	19.20%
Orion Mine Finance Fund II LP	2017	$143,002,958.85	$115,204,751.34	$80,280,947.00	1.37x	0.81x	8.75%
PAG Loan Fund IV LP	2020	$144,116,422.27	$61,210,235.19	$74,113,293.00	0.94x	0.42x	-2.66%
PCG Special Situation Partners LP	2003	$67,625,853.24	$113,281,409.00	$0.00	1.68x	1.68x	19.49%
PGIM Energy Partners (SBA) II, L.P.	2024	$0.00	$0.00	$258,934.22	0.00x	0.00x	
Primary Wave Music IP Fund 1 LP	2017	$84,147,549.92	$130,420,035.92	$0.00	1.55x	1.55x	17.55%
Primary Wave Music IP Fund 2 LP	2020	$151,485,135.00	$94,713,211.00	$148,173,036.00	1.60x	0.63x	15.61%
Primary Wave Music IP Fund 3 LP	2021	$233,649,491.00	$66,782,941.00	$241,767,281.00	1.32x	0.29x	12.18%
Primary Wave Music IP Fund 4, LP	2024	$78,228,947.00	$21,836,420.00	$60,779,155.00	1.06x	0.28x	8.08%
Providence Debt Fund III LP	2013	$177,112,434.00	$224,918,118.00	$0.00	1.27x	1.27x	5.93%
Providence TMT Debt Opportunity Fund II LP	2010	$103,340,227.00	$151,505,113.00	$0.00	1.47x	1.47x	10.75%
Providence TMT Special Situation Fund LP	2008	$100,869,310.17	$170,819,512.00	$0.00	1.69x	1.69x	52.66%
Quantum Capital Solution II Co-Investment Fund LP	2023	$2,736,830.95	$98,446.36	$3,222,823.00	1.21x	0.04x	28.80%
Quantum Capital Solutions II LP	2023	$14,546,311.08	($1,314,004.52)	$16,210,424.00	1.20x	0.09x	2.91%
SBAF Mortgage Fund I Holding LLC (A.K.A. Principal RE Debt)	2009	$886,205,229.03	$859,101,519.06	$165,127,956.63	1.16x	0.97x	6.91%
Searchlight Opportunities Fund II LP	2021	$162,235,513.00	$50,741,085.00	$145,669,549.00	1.21x	0.31x	11.75%
Silver Lake Waterman Fund III LP	2020	$174,571,382.71	$193,134,259.20	$0.00	1.11x	1.11x	5.07%
Sixth Street TAO Partners (F.K.A. TSSP Adjacent Opportunities Partners)	2015	$205,884,751.00	$298,221,941.00	$0.00	1.45x	1.45x	8.34%
Special Situation Partners II LP	2007	$92,486,308.81	$116,173,319.26	$22,462,286.00	1.50x	1.26x	11.20%

Active Credit Partnership Performance

As of March 31, 2025

Holding Name	Vintage Year	Total Invested	Total Redeemed	NAV	TVPI	DPI	LTD Net IRR
Sprott Private Resource Lending (US) LP	2017	$74,387,539.16	$89,711,867.53	$0.00	1.21x	1.21x	11.37%
Sprott Private Resource Lending II LP	2019	$158,285,575.24	$143,563,225.36	$58,925,477.00	1.28x	0.91x	10.27%
Sprott Private Resource Lending III LP	2022	$76,947,155.85	$4,268,587.71	$79,920,835.00	1.09x	0.06x	8.82%
SVB Innovation Credit Fund VIII LP (F.K.A. WestRiver VIII)	2019	$254,649,335.00	$333,031,402.40	$0.00	1.31x	1.31x	16.19%
TAC 2007 LP (A.K.A. TPG Credit Fund)	2007	$70,233,278.91	$75,493,988.06	$0.00	1.07x	1.07x	10.42%
TCW Crescent Mezzanine Partners V LP	2008	$161,274,915.53	$213,184,553.21	$0.00	1.32x	1.32x	8.97%
The Varde Fund X (C) LP	2010	$106,567,743.01	$178,506,438.93	$0.00	1.68x	1.68x	9.85%
The Varde Fund XI (C) LP	2013	$200,070,738.79	$261,852,610.00	$0.00	1.31x	1.31x	4.26%
The Varde Fund XII (C) LP	2016	$200,283,297.10	$258,867,952.34	$0.00	1.29x	1.29x	4.70%
Tiverton AgriFinance III LP	2023	$22,500,000.00	($4,490.45)	$21,761,093.00	0.97x	0.00x	-4.61%
Torchlight Debt Fund VII LP	2020	$263,309,093.00	$27,935,391.00	$258,168,874.00	1.09x	0.11x	4.32%
Torchlight Debt Fund VIII LP	2022	$60,526,427.00	$19,628,467.00	$43,349,491.00	1.04x	0.32x	3.78%
Vine Media Opportunities - Fund III LP	2014	$98,916,398.04	$75,952,859.33	$0.00	0.77x	0.77x	-4.76%
Vine Media Opportunities - Fund IV LP	2017	$280,388,535.74	$298,269,112.87	$0.00	1.06x	1.06x	8.36%
VSS Structured Capital II LP	2009	$91,349,866.00	$188,172,590.00	$0.00	2.06x	2.06x	26.07%
Wayzata Opportunities Fund II LP	2007	$33,343,948.52	$73,531,454.66	$0.00	2.21x	2.21x	48.29%
Wayzata Opportunities Fund III LP	2013	$75,896,866.00	$78,125,822.00	$2,528,110.00	1.06x	1.03x	1.30%

Private Credit Program Update

Florida State Board of Administration

September 2025

Aksia

www.aksia.com

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iii. Aksia – SBA Partnership

iv. Appendix

Aksia Overview

Aksia – At A Glance

Global Alternatives Platform

$350bn
of AUA[1]

130+
Institutional Clients[1]

$32bn
of AUM[1]

504
Professionals[2]

>5,000
Due Diligence Reports[3]

3.8
Staff to Client Ratio[1]

All references to Aksia herein refer to Aksia LLC, together with its wholly owned subsidiaries (collectively, "Aksia"). [1]As of May 31, 2025. AUA is defined as the sum of the NAV and unfunded commitments of our advisory clients' underlying investments. AUM is defined as the sum of the NAV and unfunded commitments of our investment management clients' underlying investments and the amounts committed to an Aksia-managed vehicle but not yet committed to an underlying investment. AUA/AUM represents assets advised and/or managed by Aksia and tracked by Aksia's Client Operations team. AUM includes all accounts where Aksia serves as the investment manager and regular supervisory or management services. [2]As of July 31, 2025. [3]As of June 30, 2025. Due diligence has been performed (IDD, ODD, or Insight Report).

Aksia Private Credit

Aksia

Footprint	Team	Sourcing
$118bn AUA[1] **$18bn** AUM[1]	**31** Private Credit Investment Specialists[3]	**85+** PC Sub-strategies
Client Investments in **>980** Unique Programs[1]	**56** Private Credit Risk Professionals[3]	**63%** Program Size <$1bn[2] **48%** Global or Outside the Americas[2]
Due Diligence on **>1,300** PC Opportunities[2]	**9 Offices** Deep Research Coverage & Local Presence Across Global Markets	**~$35.7bn** of Co-investments Sourced LTM[4]

[1]As of May 31, 2025. AUA is defined as the sum of the NAV and unfunded commitments of our advisory clients' underlying investments. AUM is defined as the sum of the NAV and unfunded commitments of our investment management clients' underlying investments and the amounts committed to an Aksia-managed vehicle but not yet committed to an underlying investment. AUA/AUM represents assets advised and/or managed by Aksia and tracked by Aksia's Client Operations team. AUM includes all accounts where Aksia serves as the investment manager and provides continuous and regular supervisory or management services. A program is defined as a group of funds managed by the same manager which pursue a similar investment strategy, leverage, and/or investor pooling. [2]As of June 30, 2025. Due diligence has been performed (IDD, ODD, or Insight Report). Coverage by geography and fund size is representative of the universe of investment programs on which Aksia has conducted due diligence. [3]As of July 31, 2025. Professionals that spend some or all of their time covering Private Credit strategies. [4]As of June 30, 2025.

Private Credit Addressable Market

Aksia

Direct Lending

U.S. Direct Lending
- Senior
- Opportunistic
- LMM (sponsored)
- LMM (non-sponsored)
- Private BDCs
- Industry Focused
- Revolvers

European Direct Lending
- Senior
- Opportunistic
- LMM
- Country-Specific Funds

Emerging Markets Lending
- Asian
- African
- CEE/Middle East
- Latin American
- Pan-EM

Global Direct Lending

Distressed Debt & Special Situations

Corporate Distressed
- Stress / Distressed Trading
- Influence / Control
- Diversified Distressed

Opportunistic Structured Credit
- 3rd Party CLO Equity
- Captive CLO Equity
- CLO Debt
- CLO Multi
- Consumer ABS
- CMBS/CRE
- Esoteric ABS
- European Structured Credit
- RMBS
- Structured Credit Multi-Sector

Real Estate Distressed

NPLs

Capital Solutions

PC Special Situations

PC Secondaries

Specialty Finance

Consumer & SME Lending
- Marketplace Finance
- Lender/Platform Finance

Rediscount Lending

Factoring & Receivables

Regulatory Capital Relief

Music/Film/Media Royalties

Oil & Gas Minerals Royalties

Metals Royalties

Healthcare Lending & Royalties
- Healthcare Lending
- Healthcare Royalties

Venture Lending

Technology Lending

Financial Services Credit

Insurance Linked Credit
- Diversified
- Life Insurance
- Non-Life

Litigation Finance
- Litigation Finance
- Merger Appraisal Rights

PE Portfolio Finance

Stretch ABL

Diversified Specialty Finance

Real Estate Credit

U.S. CRE Core Lending

Asia CRE Lending

U.S. CRE Transitional Lending
- Large Loan
- Middle Market
- Small Balance
- Opportunistic

U.S. CRE Bridge Lending
- Large Loan
- Middle Market
- Small Balance

European CRE Lending
- Bridge
- Transitional
- Core

Emerging Markets CRE Lending

CRE Structured Credit
- Agency CRE B-Piece
- Non-Agency CRE B-Piece

Residential Mortgages
- Residential NPLs
- Single Family Rental
- Mortgage Servicing Rights
- Residential Origination

Real Assets Credit

Infrastructure Lending
- Senior Focus
- Sub-IG Focus
- Mezz Focus

Energy Credit
- Energy Lending
- Energy Mezzanine Lending
- Opportunistic

Trade Finance

Metals & Mining Finance

Agricultural Credit

Transportation
- Aviation Lending
- Maritime Lending
- Road & Rail Lending
- Transportation Lending (Multi)

Mezzanine

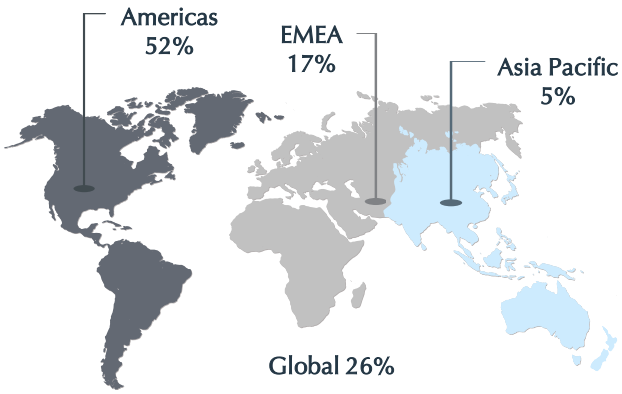
U.S. Mezzanine
- Upper Middle Market
- Middle Market
- Lower Middle Market

European Mezzanine

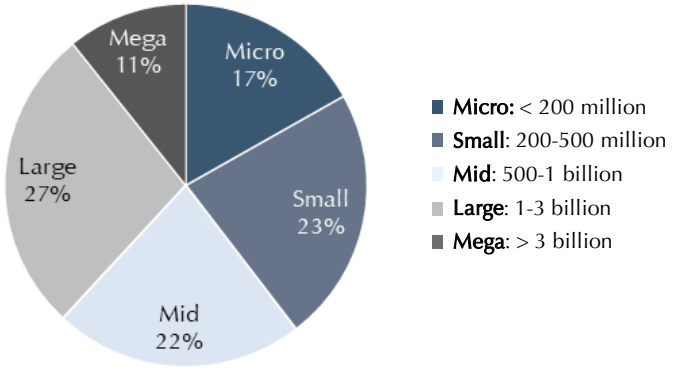
Structured Equity

	Preliminary Review[1]	Further Review[2]	Due Diligence Report[3]
Direct Lending	1,547	1,110	458
Mezzanine	296	218	69
Distressed Debt & Special Situations	1,594	1,052	408
Specialty Finance	741	462	188
Real Assets Credit	337	225	94
Real Estate Credit	717	445	149
Total[4]	**5,232**	**3,512**	**1,366**

Geographies[5]



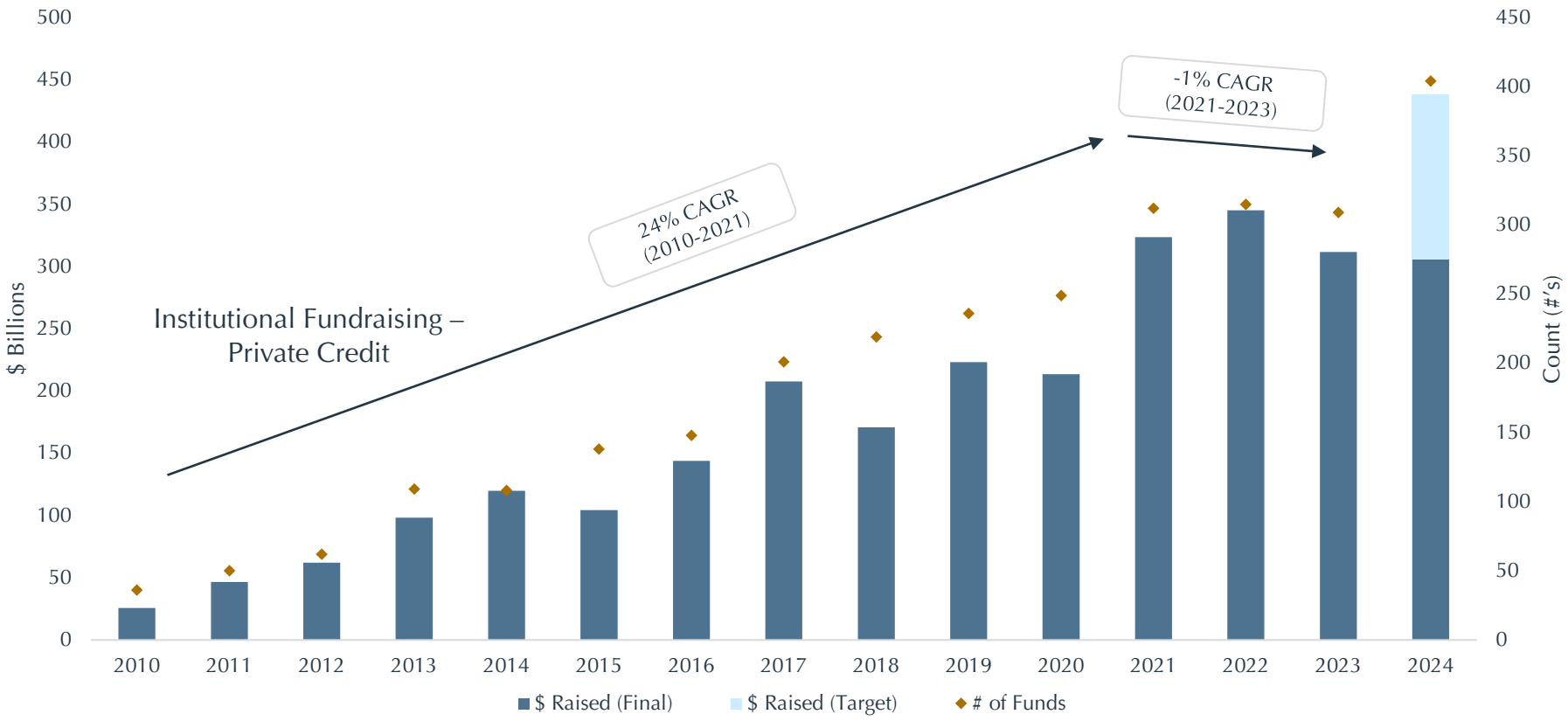
Fund Sizes[5]



As of June 30, 2025. [1]Received fund materials. [2]Conducted at minimum an initial call or meeting. [3]Due diligence has been performed (IDD, ODD, or Insight Report). Insight Reports are high-level investment summaries (substantially shorter than full investment due diligence reviews) that convey the investment team's initial opinions of a fund. [4]Access to a fund manager's confidential information may be subject to Aksia's receipt of such manager's consent to disclose confidential information to the client. [5] Coverage by geography and fund size is representative of the universe of investment programs (where a program is defined as a group of funds managed by the same manager which pursue a similar investment strategy, leverage, and/or investor pooling) on which Aksia has conducted due diligence (IDD, ODD, or Insight Report).

Private Credit Market Update

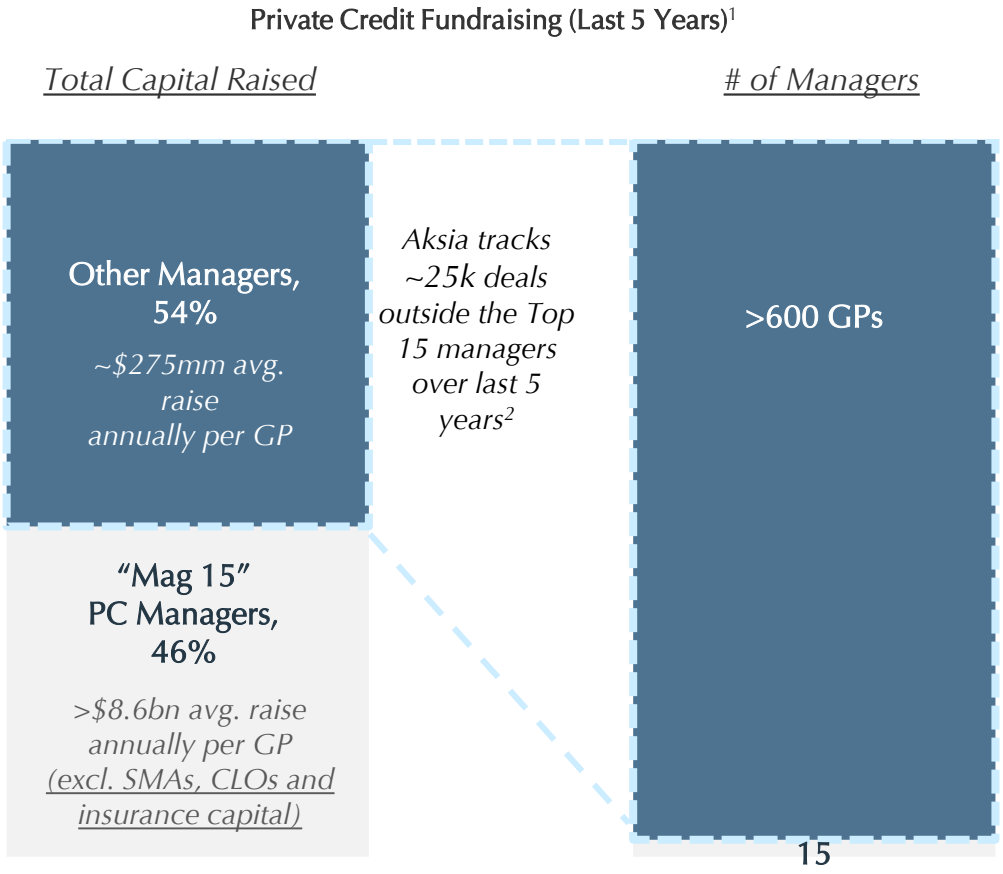
Private Credit Capital Raising Continues to Evolve



We do not believe the global private capital market is entering a phase of maturity or stability. On the contrary, the market has resumed its frenetic pace of fundraising activity, signaling continued investor appetite and momentum across strategies.

Aksia as of January 22, 2025. 2024 includes both actual and target fundraise amounts, prior vintages include actual only. Note: Offerings with an incomplete fundraising profile were excluded.

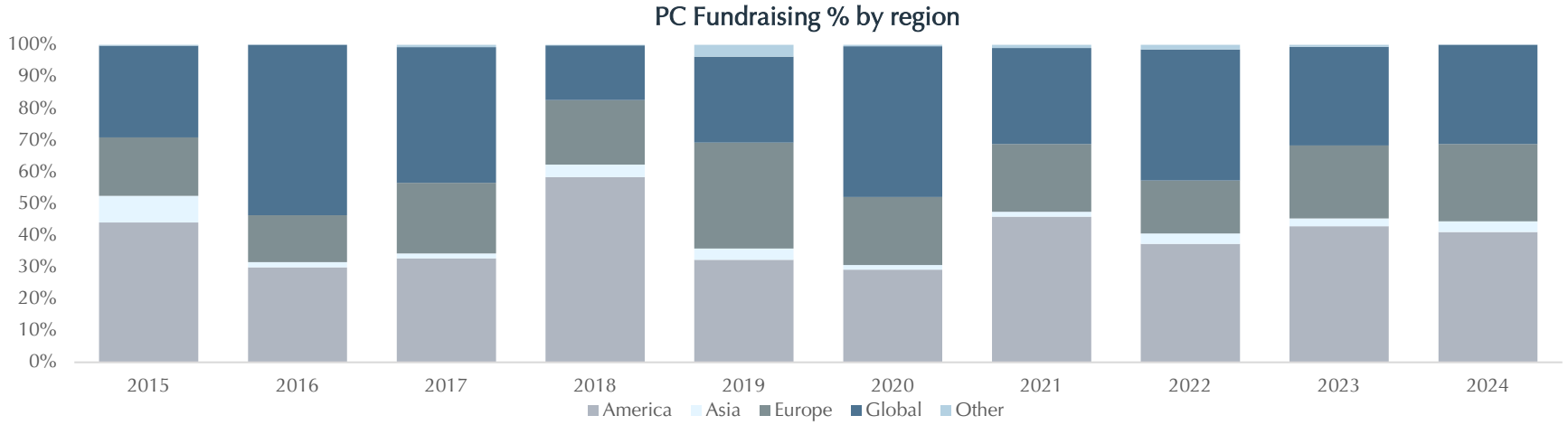
Fundraise Concentration

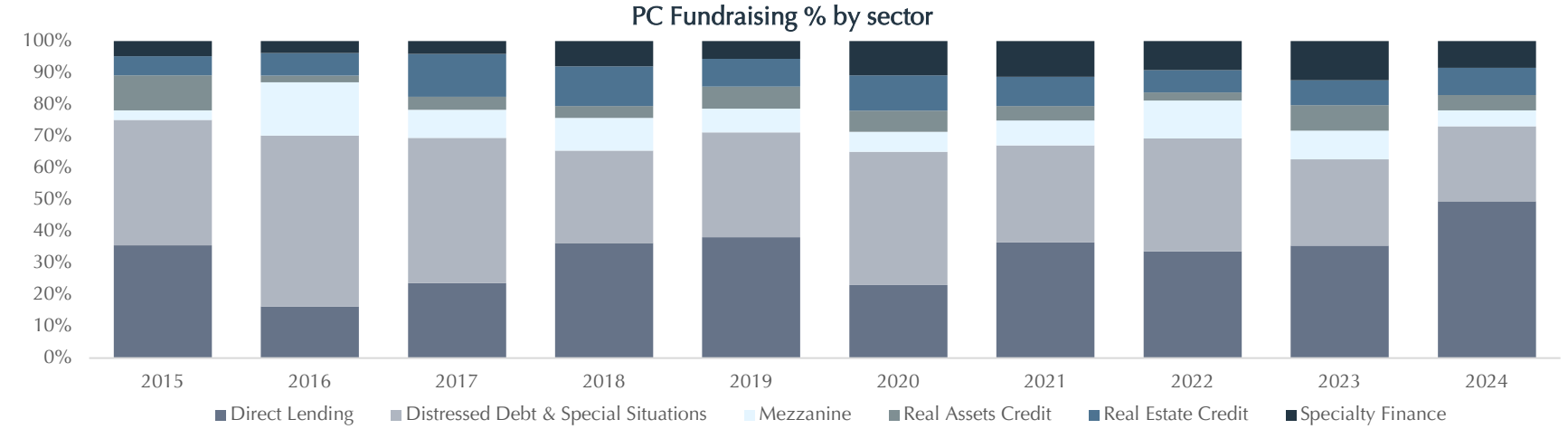


Capital raise dynamics considerably different for "smaller managers" featuring more niche strategies and limited access to global institutions, wealth or insurance channels.

Aksia as of March 31, 2025. 1. Fundraising information based on Aksia proprietary fundraising data on Private Credit funds since 2020. 2. Deal information based on Aksia proprietary private markets and transaction database; all Private Credit transactions since 2020.

Activity Remains Diversified Across Markets and Regions

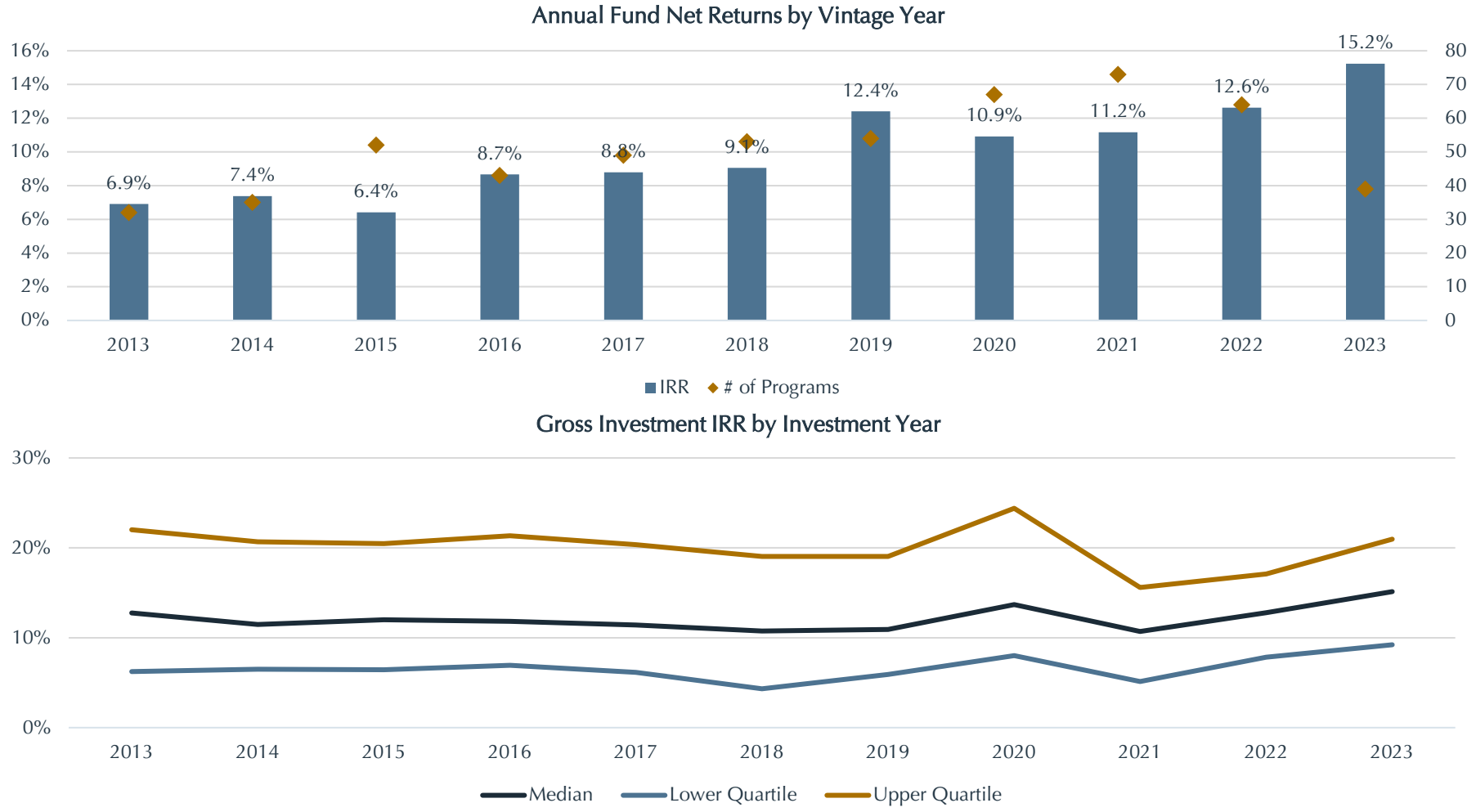




Private credit remains a market characterized by a highly diversified group of underlying strategies – potentially more so than any other private markets asset class.

Aksia as of January 22, 2025. Note: Offerings with an incomplete fundraising profile were excluded.

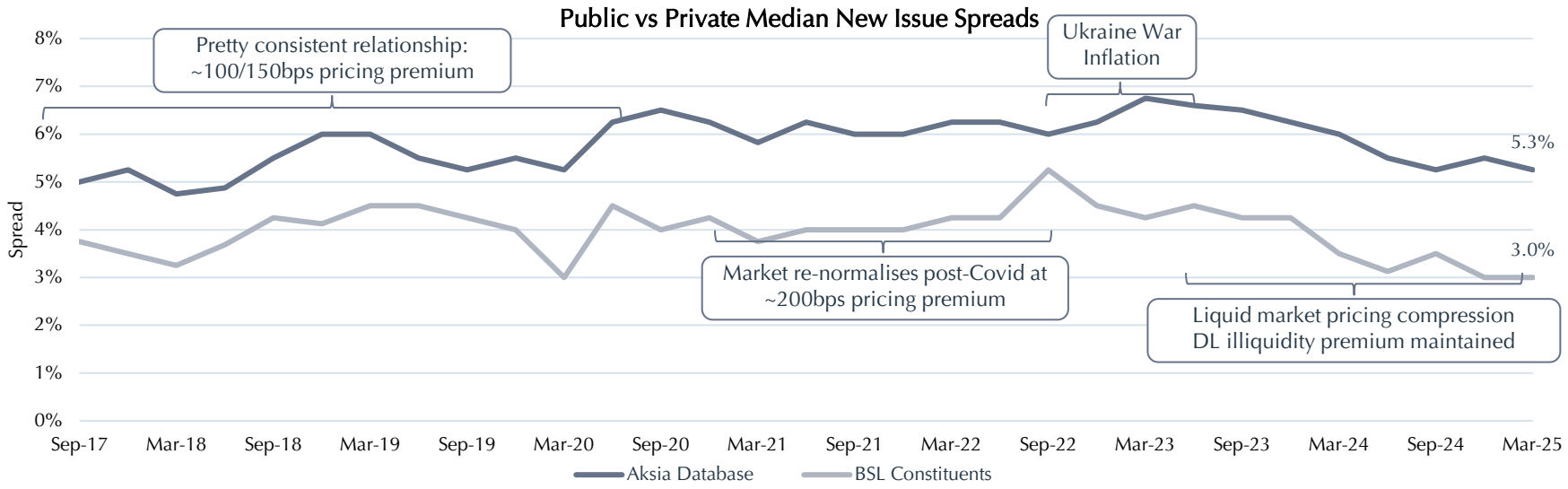
Private Credit Returns Mostly Meeting Expectations

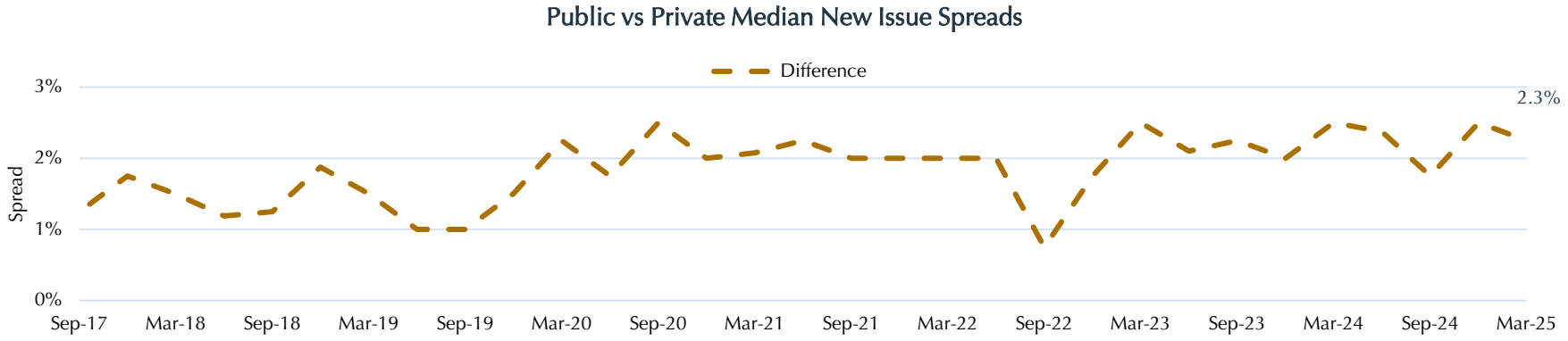


From a returns standpoint, performance across the private credit asset class remains strong and is supported by elevated interest rates across the U.S. and Europe, albeit dispersion across managers appears to be widening.

Aksia, investment level returns as of June 30, 2024. Past performance is not indicative of future results.

Direct Lending New Issue Spreads

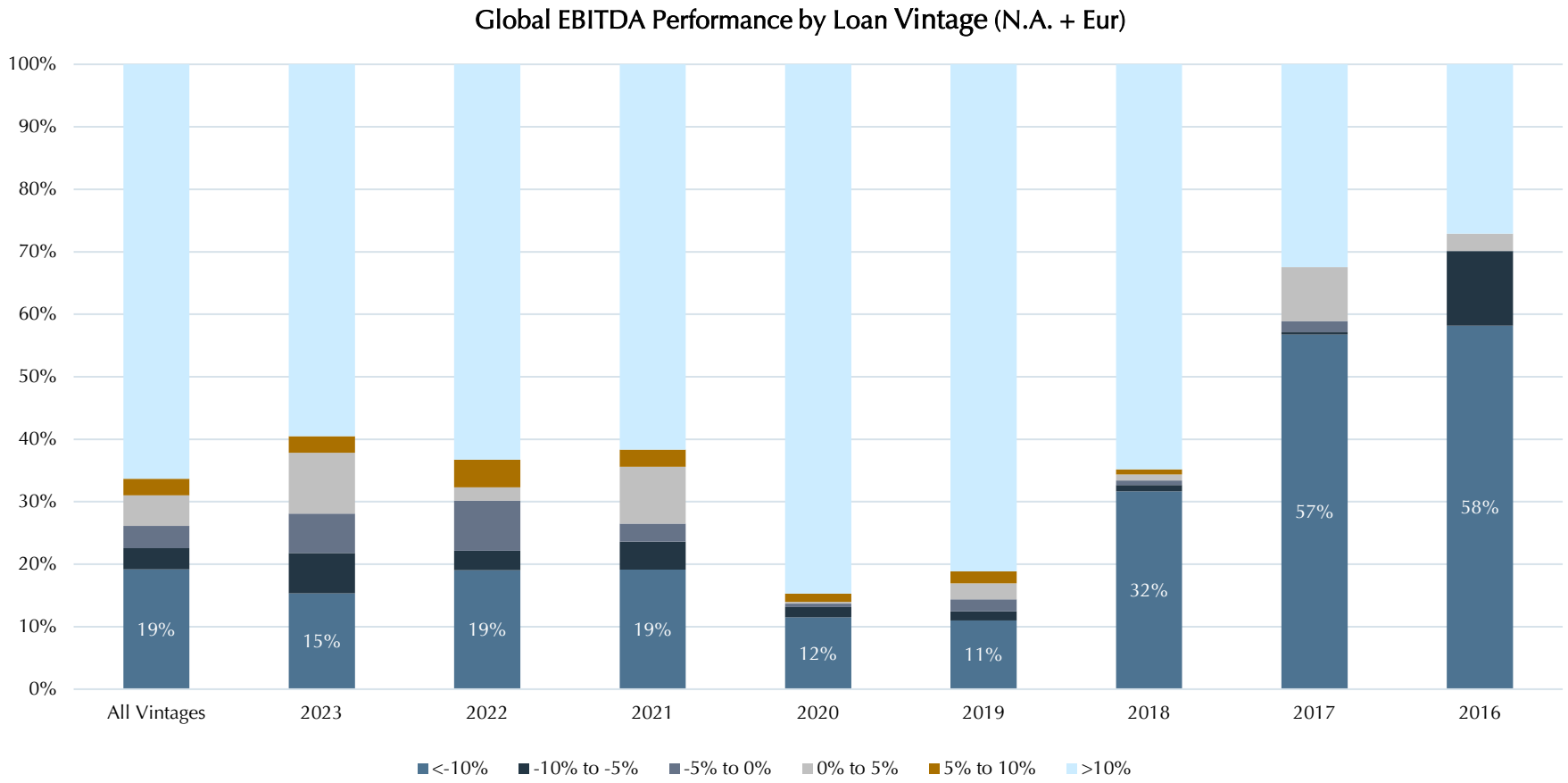




In recent years, an oversupply of capital in the public credit markets has led to a noticeable erosion in credit spreads. In contrast, the private credit market has exhibited greater spread stability and has delivered a robust premium relative to public credit.

Credit Suisse, Aksia MM Database as of March 31, 2025.

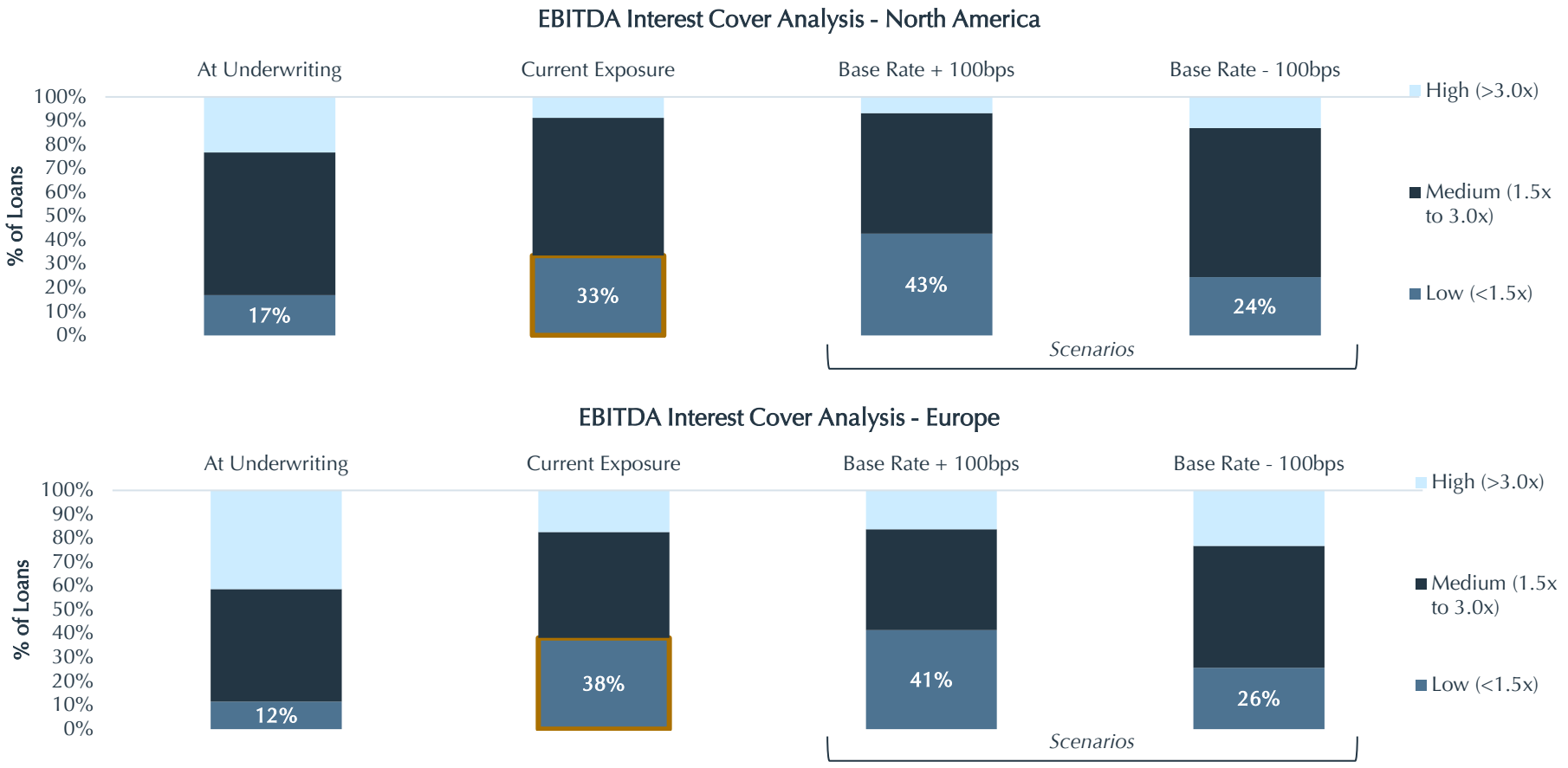
Cracks are Showing Up in Older Vintage Deals



Examining the EBITDA performance across different vintages, we see over longer horizons that generally the higher EBITDA growth borrowers significantly outweighs the underperforming borrowers. The trend shifts markedly when we move back into older vintage loans as better performing credits are likely to be re/prepaid as they grow into new capital structures and underperforming positions are more likely to remain outstanding.

Aksia MM Database. Data as of Q2 2024. Past performance is not indicative of future results.

Interest Coverage Remains Tight Across the Market



Borrower liquidity and potential interest rate stress is well represented by the Interest Cover Ratio (ICR), along with sensitivity analysis to potential rate shocks. Both US and Europe now reflect similar levels of borrower stress, with ~1/3 borrowers in each region featuring ICRs which we would classify as 'Low'.

Aksia MM Database. Data as of Q2 2024.

Private Credit Investment Themes

Investment Theme	*Key Market Drivers*	*Investment Opportunities*
Exploring the Many Flavors of "ABL"	▪ Regional banking issues and increasing regulation ▪ LP desire to diversify beyond direct lending ▪ Insurance cos. affiliated with private credit platforms	▪ Hard Assets (e.g. Aviation, Equipment, Data Centers) ▪ Esoteric Assets (e.g. Music & Entertainment, Litigation) ▪ Reg Cap (SRT/CRT)
Private Credit-Focused "Liquidity Solutions"	▪ Muted M&A and slow PE fund distributions ▪ Overweight LP private markets allocations ▪ Continued need for new capital by corporate borrowers	▪ NAV Lending / Portfolio Finance ▪ Capital Solutions / Complex Lending ▪ PC Secondaries (GP/LP-led)
New Opportunities in Real Estate Debt	▪ CRE maturity wall ▪ Increased financing costs ▪ New wave of supply in multifamily and industrial assets ▪ Spiraling office market	▪ CRE Bridge Financing ▪ CRE Capital Solutions ▪ Opportunistic CRE Lending

The above represents Aksia's market observations. Observations are subject to change.

Aksia – SBA Partnership

Aksia Resources for SBA

Dedicated Client Team

- 3 person dedicated client team: Patrick Adelsbach, Rahul Desai, and Rhiannon Whyte
- Understands the SBA's portfolio objectives and opines on strategic direction of the portfolio
- Assists with sourcing of investment ideas and investment pipeline & prioritization
- Makes tailored portfolio recommendations
- Assists with portfolio pacing analysis
- Supports staff with ad hoc projects

Investment Sourcing & Diligence

- Deep global resources[1]:
  - 31 dedicated Private Credit Investment Research Professionals
  - 63 Operational Due Diligence Professionals
  - 56 Risk Management Professionals
- Established footprint in private credit and broader private markets provides a robust sourcing engine
- Stringent operational due diligence
- Direct access to Aksia research professionals

Post-investment Monitoring

- Full middle and back-office support
- Performance and custom reporting
- Fund and portfolio level risk exposures, including loan level data
- Qualitative risk assessment & monitoring
- Attribution and trend analyses
- Online access to manager research, portfolio accounting, risk analytics, etc. via client portal, MAX

[1]As of July 31, 2025. Includes professionals that spend some or all of their time covering Private Credit strategies. Operational Due Diligence are generalists and cover all asset classes.

Activity Recap & Areas of Focus

Aksia

Onboarding

- Successfully onboarded legacy private credit holdings into MAX allowing for inception to date portfolio and investment performance tracking and reporting
- Successfully began receiving quarterly position level data for all active private credit holdings

Portfolio Framework

- Collaborated with SBA's Active Credit team to review and refine the Private Credit portfolio's Core/Satellite portfolio framework
- Performed pacing analysis using SBA's holdings data and Aksia's forward projections
- Reviewed existing exposure with Aksia's research team to exchange views and identify potential gaps

Develop Core Allocations

- Successfully upsized 3 existing SMAs with US direct lending managers
- Identified, diligenced, and committed to 3 new European direct lending SMAs
- Continue to build out core portfolio allocations in areas such as real estate credit and asset-backed finance

Develop Satellite Allocations

- Identify complementary exposures to the core allocations by targeting strategies that provide diversification and/or enhanced returns
- Areas under consideration include specialty finance, PC special situations, opportunistic credit, and other niche opportunities

Accomplished

Ongoing

Appendix

Aksia's Private Markets Analysis Engine

Aksia collects private markets risk exposure data to support private markets clients with ongoing investment monitoring.

$9+ Trillion
Fair value

157,000+
Deals

5,000+
Funds and co-investments

1,200+
Managers

75+
Possible data points

Standard Transaction Information

Asset-Class Specific Details

Underlying Investment Performance

Fund Performance

Track Record Analysis

Fund & Portfolio Risk Monitoring

DealVault

Attributes		Financial Health	
Vintage	Industry	Revenue	Leverage
Holding Period	Asset Class	EBITDA	Valuation Bridges
Geography	Deal-type	Capital Structure	Covenants

Attribution | **Outlier** | **Trends**

Data availability is subject to the receipt of information from the General Partner. Data as of March 31, 2025 or most recently reported from each fund or co-investment. Data retrieved on June 26, 2025.

MAX Platform

Proprietary "MAX" online portal is used by both Aksia professionals and our clients. MAX was designed for professional alternative investors, both front and back-office, with client feedback incorporated into its features.

Online Access to:

Aksia's Manager Research:

- Insight Reports
- Investment Reviews
- Operational Reviews
- Ongoing Activities (Meetings, Calls, Notes and Media Reviews)
- Analytics including custom benchmarking, peer groups

Your Portfolio:

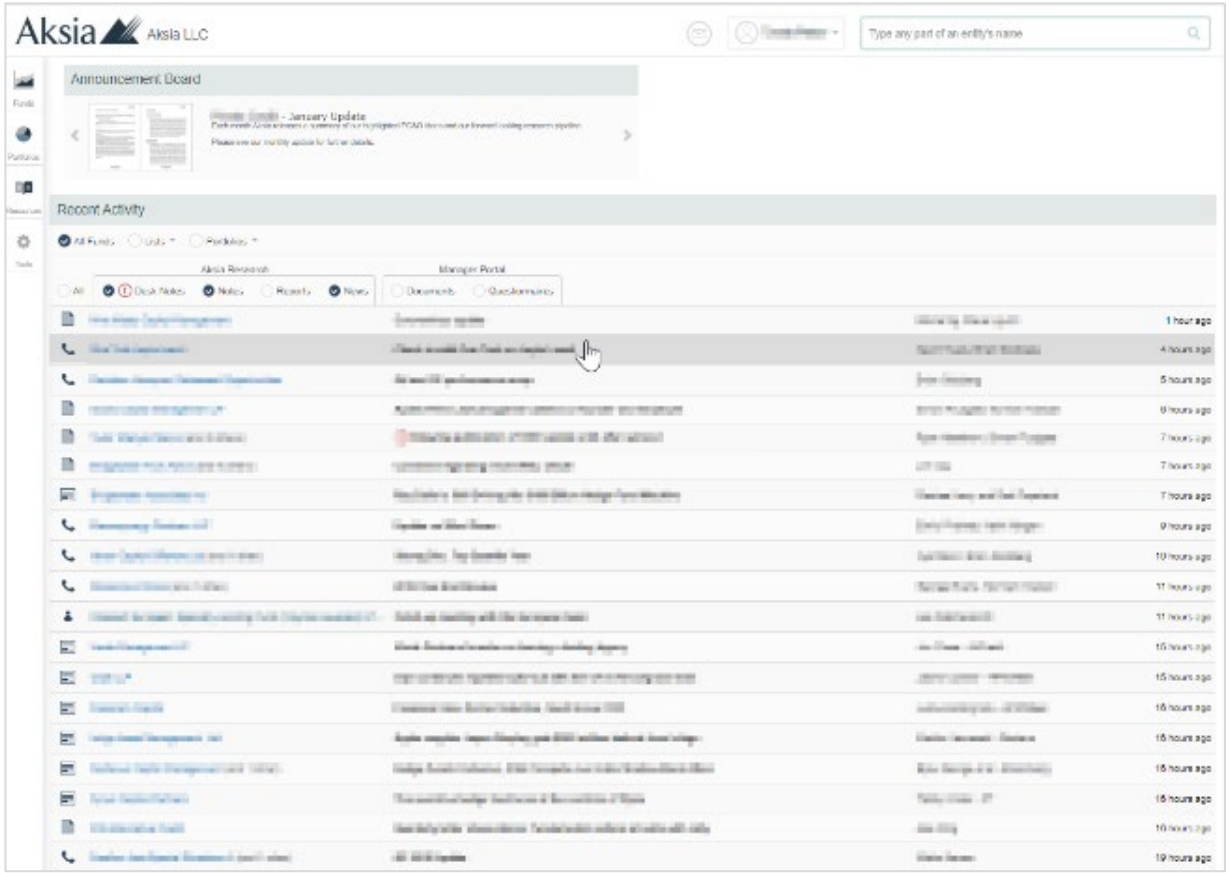
- Holdings and Transactions
- Performance and Attribution
- Sector / Strategy Breakdown

Risk Analysis and Portfolio Construction Tools

Customizable Manager Searches

Document Retention Center

Educational Materials



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Review of Active Credit

Florida State Board of Administration

Table of Contents

1. Mercer: Active Credit Project Overview
2. Active Credit Investment Structure Overview
3. Active Credit Program Timeline

Active Credit Program: Project Overview

Mercer: Active Credit Project Overview

Active Credit Asset Class Structure Review

- Mercer was approached to assist the SBA with an asset class structure review for the Florida Retirement System Pension Plan's Active Credit allocation

- Overall objective was to identify the optimal mix of investment strategies and managers within the identified risk/return budget

Risk/Return Parameters

- Total Pension Target Allocation: 3.0%
- Relative Risk Target (Tracking Error): 225 – 350bps
- Relative Alpha Target (Net): ~30 – 50bps

- **Mercer conducted five (5) separate investment manager searches**
  - Identify and screen the investment universe to develop a subset of managers to review
  - Provide a quantitative and qualitative summary report on the subset of managers
  - Assist in developing the final manager list for review
  - Coordinate and attend the finalist presentation(s) for each search conducted
  - Assist in the implementation of the selected investment manager(s)
  - Provide final concurrence and/or prudent person memos

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Mercer: Active Credit Project Overview

Active Credit Inception: June 2024

$8.5

Billion

Public and Private Credit Mandates

Active Credit Asset Class Structure Review

Mercer conducted five (5) separate investment manager searches

Passive Multi-Asset Credit
Active Multi-Asset Credit
Emerging Markets Debt (Local/ Hard)
US High Yield
Bank Loans

Multi-Asset Credit

$6.5

Billion

Passive Multi-Asset Credit

- State Street Global Advisors

Active Multi-Asset Credit

- Oak Hill Advisors
- Shenkman Capital Management
- UBS Asset Management

Bank Loans

- Oak Hill Advisors
- Kohlberg Kravis Roberts & Co
- UBS Asset Management

Emerging Markets Debt

- Grantham, Mayo, Van Otterloo & Co. LLC
- RBC Global Asset Management (BlueBay)
- Aberdeen Investments

High Yield

- Artisan Partners

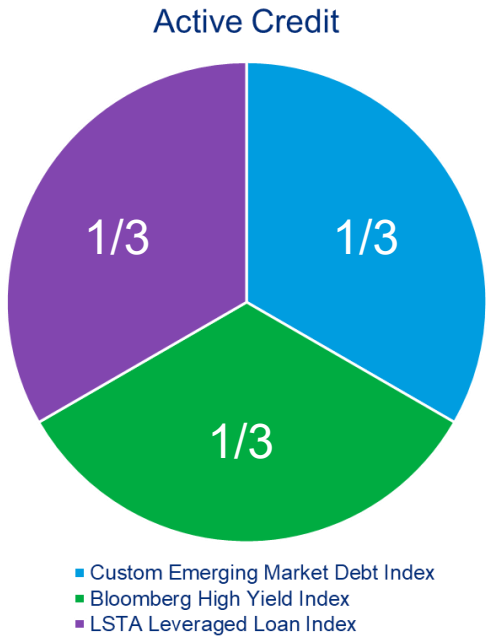
Active Credit Investment Structure Overview

Active Credit Investment Structure Overview

Original Base Case

50% Passive	50% Active		
	Specialists:	Sector Rotators:	Public/ Private Debt:
Split evenly: - Emerging Markets Debt (Local/ Hard) - US High Yield - Bank Loans	20% split evenly - Emerging Markets Debt (Local/ Hard) - US High Yield - Bank Loans	20% (MAC)	10% (Specialist)

Management Type	Number of Managers	Strategy	Total Pension Target[1]	Asset Class Structure Target[1]
Passive	1	Emerging Markets Debt (Local/ Hard)	0.5%	16.7%
Passive	1	US High Yield	0.5%	16.7%
Passive	1	Bank Loans	0.5%	16.7%
Active	2	MAC/ Sector Rotators	0.9%	30.0%
Active	1	Emerging Markets Debt (Local/ Hard)	0.2%	6.7%
Active	1	US High Yield	0.2%	6.7%
Active	1	Bank Loans	0.2%	6.7%
Total	**9**		**3.0%**	**100.0%**



[1] *May not sum due to rounding.*

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Active Credit Investment Structure Overview

Portfolio Evolution

Management Type	Original Number of Managers	Updated Number of Managers	Strategy	Original Base Case[1,2]	Original Target Portfolio[1]	Revised 100% Active Portfolio[1]	Changes (%)
Passive	1	0	Emerging Markets Debt (Local/ Hard)	16.7%	7.0%	0.0%	-7.0%
Passive	1	0	US High Yield	16.7%	8.0%	0.0%	-8.0%
Passive	1	0	Bank Loans	16.7%	7.0%	0.0%	-7.0%
Active	2	3	MAC/ Sector Rotators	30.0%	45.0%	35.0%	-10.0%
Active	1	3	Emerging Markets Debt	6.7%	18.0%	33.0%	+15.0%
Active	1	2	US High Yield	6.7%	5.0%	16.0%	+11.0%
Active	1	3	Bank Loans	6.7%	10.0%	16.0%	+6.0%
Total	**9**	**11**		**100.0%**	**100.0%**	**100.0%**	
Risk/ Return Metric							
Geometric Return				6.88%	7.60%	7.65%	
Risk				9.12%	9.61%	10.08%	
Tracking Error				1.40%	2.85%	3.84%	
Ex. Return (Net)				0.31%	0.74%	0.80%	

1. May not sum due to rounding.
2. Original starting point prior to Mercer Active Credit Investment Structure Review

Mercer

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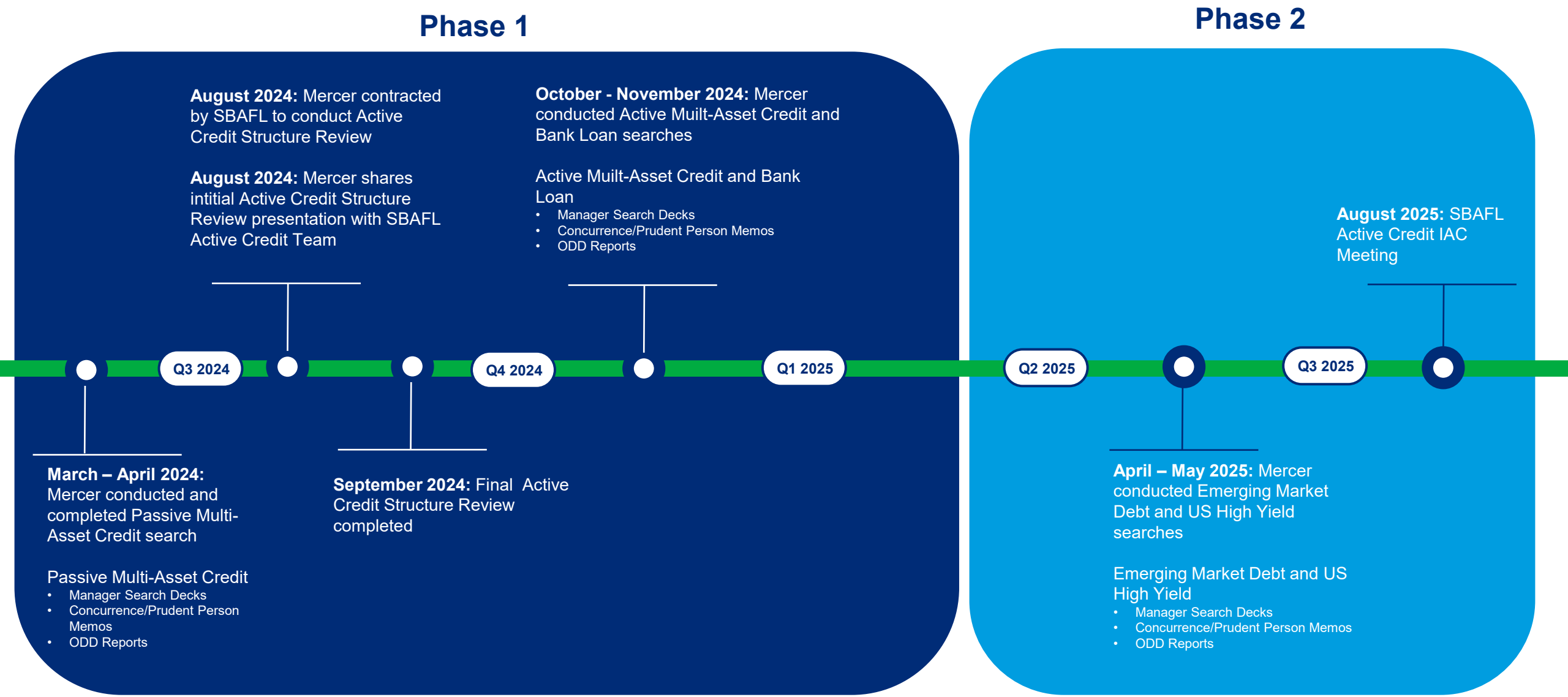
Active Credit Program Timeline

Active Credit Program Timeline



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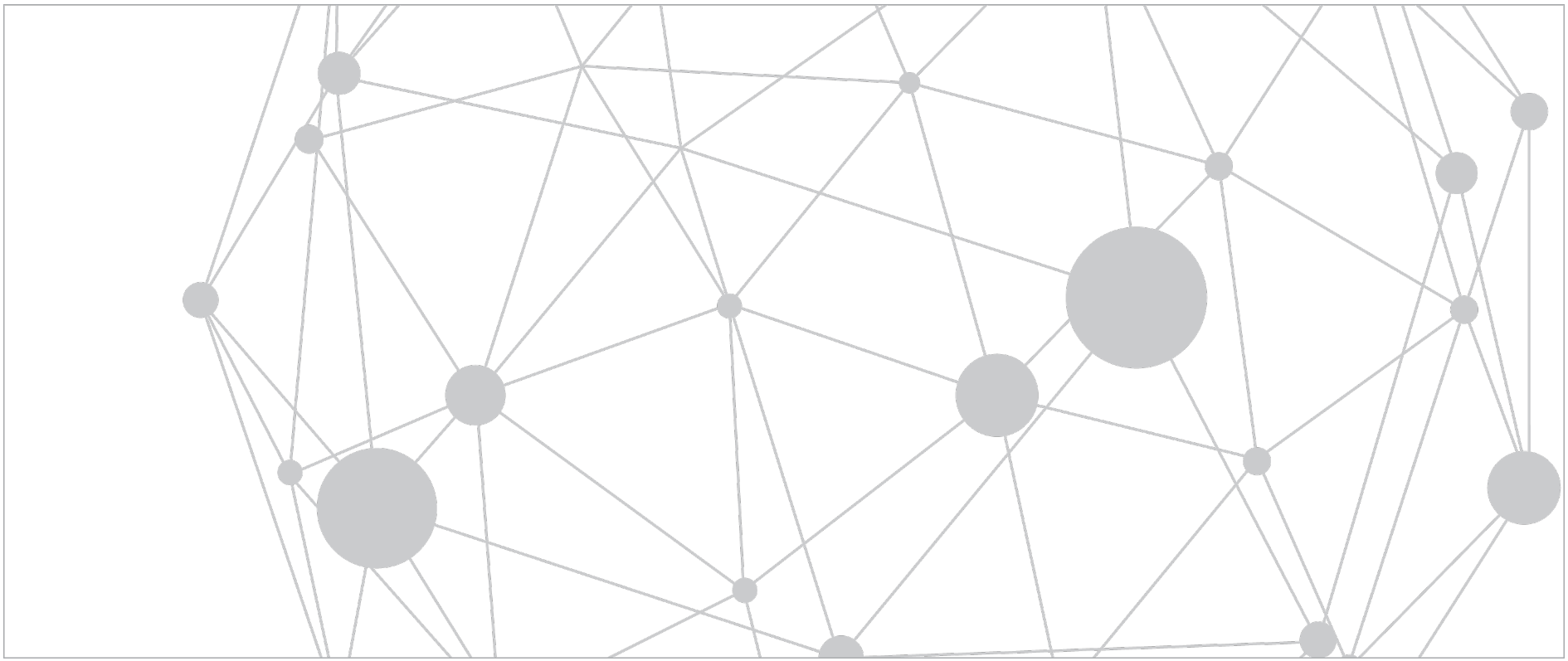
FLORIDA GROWTH FUND PROGRAM REVIEW

FSBA IAC MEETING



CAMBRIDGE ASSOCIATES

SEPTEMBER 2025

FGF Program Overview

- SBA authorized to invest up to 1.5% of net trust fund assets in technology and growth businesses either domiciled in Florida or having a principal address in Florida
- Investments can be in the form of private equity funds and/or direct co-investments
  - Fund investments require either the GP to be based in FL or investing significantly in FL
  - For co-investments, companies must be either based in or have a significant portion of their business in FL
- To date, the program is comprised of 3 funds across 8 tranches managed by 2 managers:

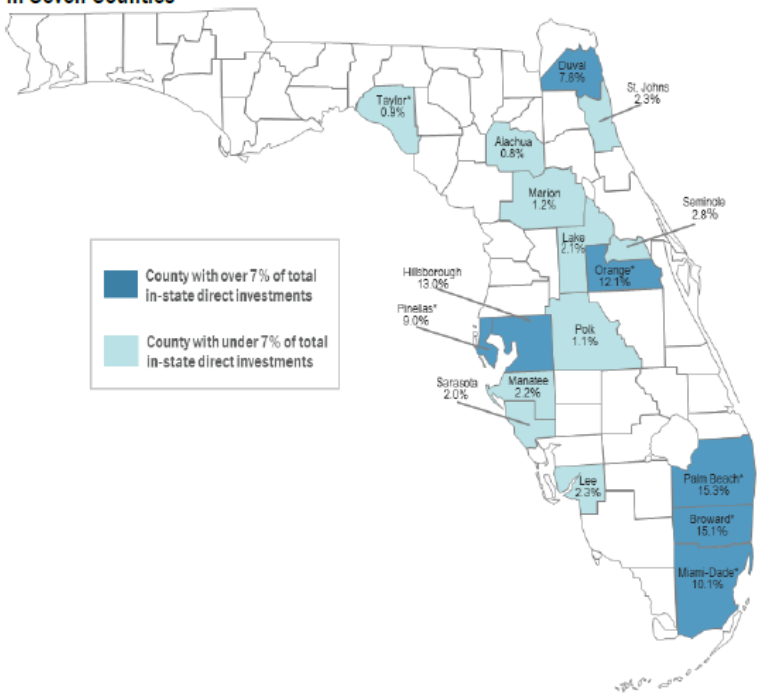
	Year Established	Fund Commitment at Program Inception (millions)	Investment Manager
Florida Growth Fund I			
Tranche I	2009	$250	Hamilton Lane
Tranche II	2012	$150	Hamilton Lane
Credit Tranche	2014	$100	Hamilton Lane
Sub-total		$500	
Florida Growth Fund II			
Tranche I	2015	$250	Hamilton Lane
Tranche II	2019	$125	Hamilton Lane
Sub-total		$375	
Florida Sunshine State Fund			
Tranche A	2019	$125	J.P. Morgan Asset Management
Tranche B	2022	$250	J.P. Morgan Asset Management
Tranche C	2025	$300	J.P. Morgan Asset Management
Sub-total		$675	
Total		**$1,550**	

Source: State Board of Administration of Florida

Positive impact of the FGF program to date

- Results as outlined in the Jan 2025 OPPAGA report (reflective of data as of 6/30/24):
  - Since program inception:
    - $1.2B in commitments
    - $1.1B of invested capital in 153 investments, including 91 companies through direct investments and 62 private equity funds
    - $1.1B in distributions
    - 98.9% of direct investments have been in companies with a Florida presence; most fund commitments were to managers with a significant presence in the state
  - Direct investments of $645.7M span 17 Florida counties (graphic)
    - The majority of program direct investments have been located in seven counties
    - The range is wide from $5.1M in Alachua County to $98.0M in Palm Beach County
  - For the fiscal year ending June 30, 2024:
    - $59.1 million invested
    - $133.5M in distributions
    - 2,300 jobs created
    - $391.0M in capital expenditures
    - All direct investments had a Florida presence

Since Inception, the Majority of the Florida Growth Fund Program Direct Investments in Florida Have Been Located in Seven Counties[1, 2]



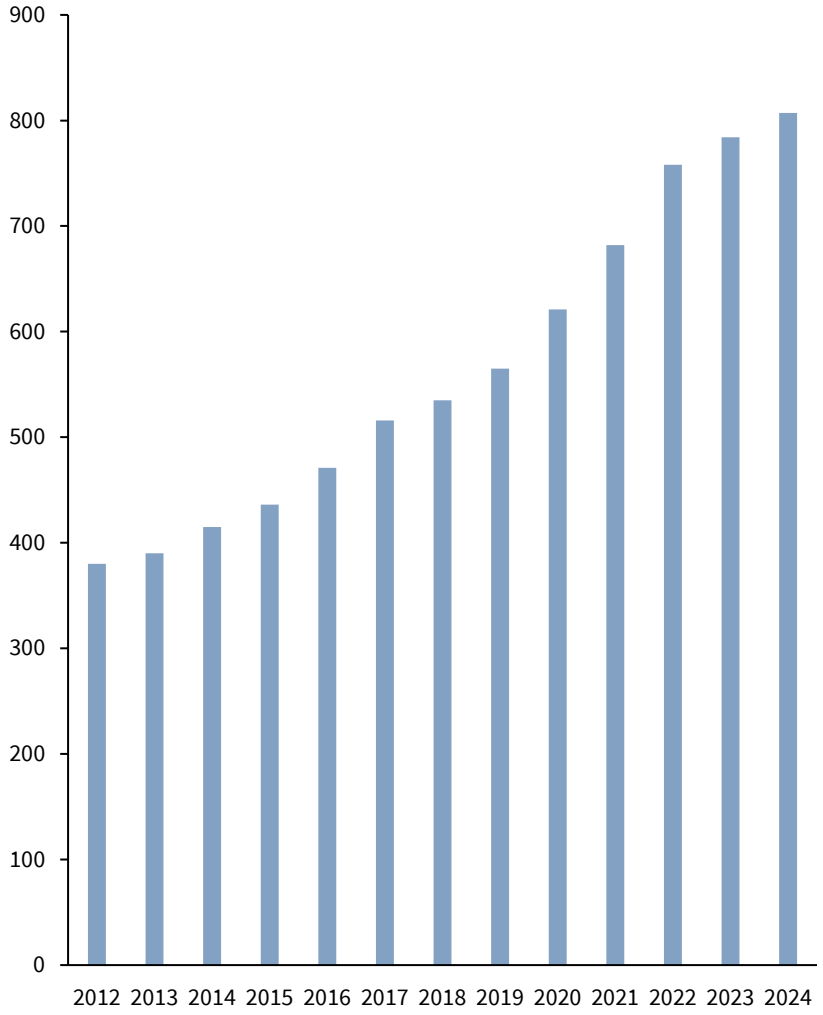
[1] Companies headquartered in counties with asterisks received investments during the review period.
[2] The total of the percentages reported in this exhibit does not equal the total amount invested because one investment (0.8% of total investments) did not have a significant Florida presence. The percentages in each county reflect where the company received the majority of each investment. These companies may have operations in additional counties that may have received a percentage of fund investments not shown in this exhibit. The total of the percentages exceeds 100% due to rounding.

Source: OPPAGA analysis of Hamilton Lane and J.P. Morgan Asset Management data.

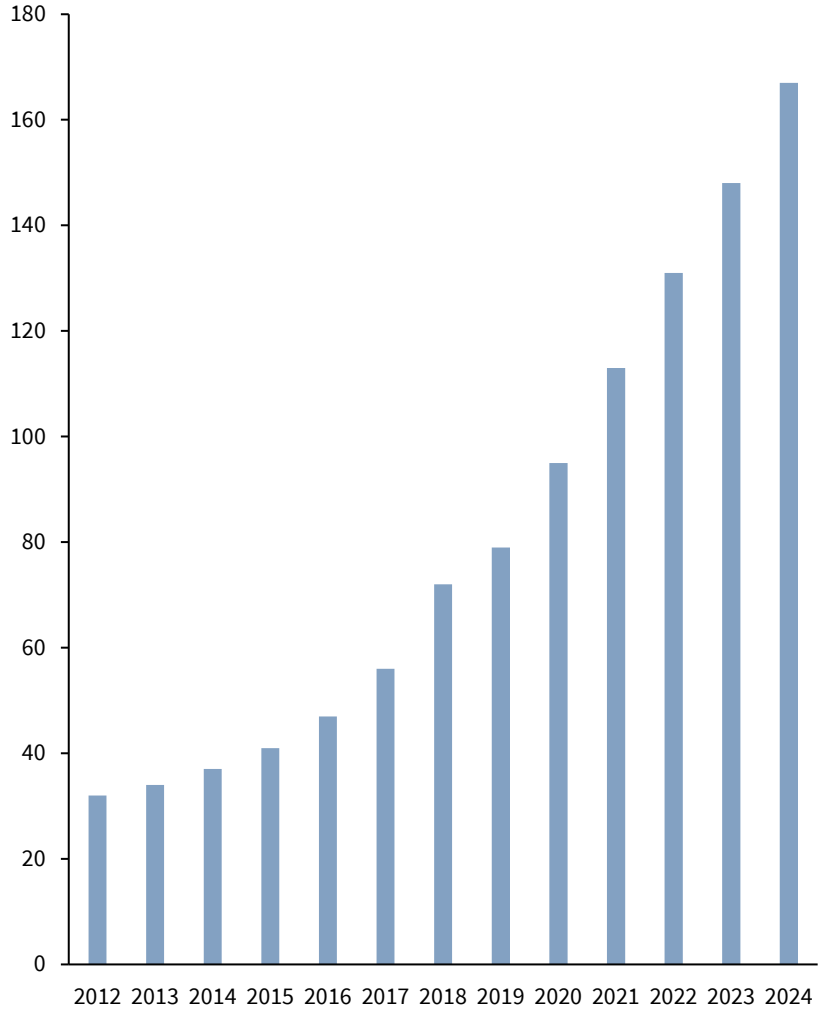
Notes: Commitment data provided by JP Morgan and Hamilton Lane as of July 31, 2025. Invested capital in Alachua and Palm Beach County equals the % of FGF program direct investments in those counties multiplied by the amount of direct investments made by the program since inception excluding the one direct investment made outside of Florida ($640.5 million).

Opportunity set in FL continues to grow

Sponsor-Backed Florida Companies



Florida-Based PE Firms



Source: Cassel Salpeter & Co 2024 Florida Sponsor Report and Pitchbook.
"Sponsor" includes buyout, growth, recapitalization, and add-on investments, excluding real estate investments.
Sponsor-backed Florida Companies incudes companies headquartered in Florida that are in part or in whole backed by sponsor firms.
Florida-Based Sponsor firms includes sponsor firms with headquarters in Florida that were either actively investing or raising funds during the reported periods.

Hamilton Lane - Florida Growth Fund Performance

Performance data is manager-reported as of March 31, 2025.

Fund	Florida Growth Fund I - Tranche I	Florida Growth Fund I - Tranche II	Florida Growth Fund Credit Tranche*	Florida Growth Fund II - Tranche I	Florida Growth Fund II - Tranche II
Vintage Year	2009	2012	2014	2015	2019
Total Fund Size (Millions)	$238.6	$146.0	$107.6	$240.7	$110.6
LP Summary					
Paid-in Capital	$238.6	$153.7	$105.0	$248.2	$103.6
Distributions	$373.0	$230.3	$131.2	$269.7	$112.8
Net Asset Value (NAV)	$42.4	$61.8	$9.7	$126.8	$96.0
Total Value (Dist + NAV)	$415.4	$292.1	$140.9	$396.5	$208.8
Distributions / Paid-in (DPI)					
Florida Growth Fund	1.6x	1.5x	1.3x	1.1x	1.1x
U.S. Buyout Median*	2.4x	1.7x	1.2x*	1.5x	0.3x
Quartile	4th	3rd	2nd*	4th	1st
Total Value / Paid-in (TVPI)					
Florida Growth Fund	1.7x	1.8x	1.2x	1.5x	1.8x
U.S. Buyout Median*	2.5x	2.0x	1.3x*	2.1x	1.6x
Quartile	4th	3rd	3rd*	4th	2nd
Net Internal Rates Of Return (IRR)					
Florida Growth Fund	10.5%	11.1%	6.2%	10.4%	20.4%
U.S. Buyout Median*	23.4%	15.6%	7.0%*	17.7%	14.5%
Quartile	4th	3rd	3rd*	4th	1st
Impairment And Capital Loss Ratios					
Florida Growth Fund Impairment Ratio	42.8%	20.0%	10.9%	12.0%	9.3%
U.S. Buyout Impairment Ratio*	13.5%	26.7%	21.2%*	20.7%	18.1%
Florida Growth Fund Capital Loss Ratio	0.0%	0.0%	5.4%	0.0%	0.0%
U.S. Buyout Capital Loss Ratio	9.8%	9.7%	6.1%*	8.7%	1.2%

Notes: Data as of March 31, 2025. Performance is manger-reported for all funds. . Benchmark data for all funds represents the Cambridge Associates US Buyout Benchmark. Funds quartiles are relative to the US Buyout benchmark statistics.
*Florida Growth Fund Credit Tranche is benchmarked against the Cambridge Associates US Private Credit Benchmark.

Hamilton Lane FGF I, FGF Credit, FGF II

FGF I

- Tranche I (2009) has significantly underperformed relative to the Cambridge Associates US Buyout Benchmark, as nearly half of invested capital is held below cost. Venture capital deals were driver of underperformance; Co-investments have generated 1.8x gross MOIC
- Tranche II (2012) lands in the 3rd quartile relative to the Cambridge Associates US Buyout Benchmark; Performance is primarily dragged down by write-downs of two co-investments

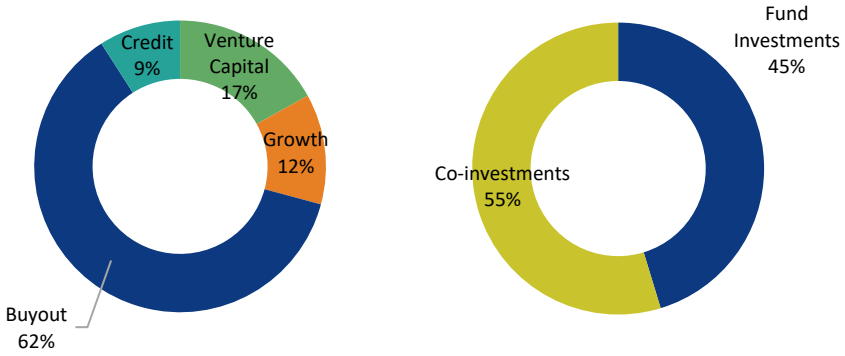
FGF Credit

- FGF Credit (2014) has returned a 1.3x gross MOIC to date, with a majority of invested capital held between a 1.0x and 1.5x gross MOIC

FGF II

- The majority of Tranche I (2015) is held below a 1.5x gross MOIC, while performance for mature funds in the portfolio has materialized
- Tranche II (2019) has posted strong returns to date, driven by positive momentum in the co-investment portfolio

FUND COMPOSITION BY COMMITTED CAPITAL*



MOIC DISPERSION BY TRANCHE AS % OF INVESTED CAPITAL

Note: Data as of March 31, 2025. Performance is manager reported.
*Fund composition by asset class and investment type excludes FGF Credit Tranche, which is composed of 100% credit investments. Graphs represent weighted average exposure by commitments.

JP Morgan - Florida Sunshine State Fund Performance

Performance data is manager-reported as of March 31, 2025.

Fund	Florida Sunshine State Fund Tranche A	Florida Sunshine State Fund Tranche B
Vintage Year	2019	2022
Total Fund Size (Millions)	$126.9	$244.0
LP Summary		
Paid-in Capital	$115.6	$170.0
Distributions	$73.4	$28.0
Net Asset Value (NAV)	$102.6	$161.8
Total Value (Dist + NAV)	$176.0	$189.8
Distributions / Paid-in (DPI)		
Florida Sunshine State Fund	0.6x	0.2x
U.S. Buyout Median	0.3x	0.0x
Quartile	1st	1st
Total Value / Paid-in (TVPI)		
Florida Sunshine State Fund	1.5x	1.3x
U.S. Buyout Median	1.6x	1.2x
Quartile	3rd	1st
Net Internal Rates Of Return (IRR)		
Florida Sunshine State Fund	14.0%	19.0%
U.S. Buyout Median	14.4%	11.6%
Quartile	3rd	1st
Impairment And Capital Loss Ratios		
Florida Sunshine State Fund Impairment Ratio	16.0%	10.7%
U.S. Buyout Impairment Ratio	18.1%	12.8%
Florida Sunshine State Fund Capital Loss Ratio	0.0%	0.0%
U.S. Buyout Capital Loss Ratio	1.2%	0.0%

Notes: Data as of March 31, 2025. Performance is manger-reported for all funds. Benchmark data for all funds represents the Cambridge Associates US Buyout Benchmark. Funds quartiles are relative to the US Buyout benchmark statistics.

J.P. Morgan Tranches A and B

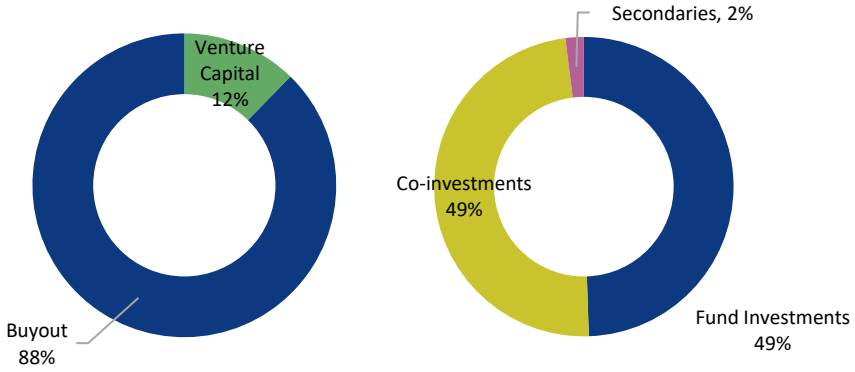
Tranche A (2019)

- Has performed well, with approximately 50% of invested capital held above a 1.5x gross MOIC
- Co-investments have driven performance to date, returning 1.8x gross MOIC to the fund; primary fund investments have returned 1.4x gross MOIC
- Average age of underlying portfolio companies in funds is 3.4 years, still fairly early in their hold period.

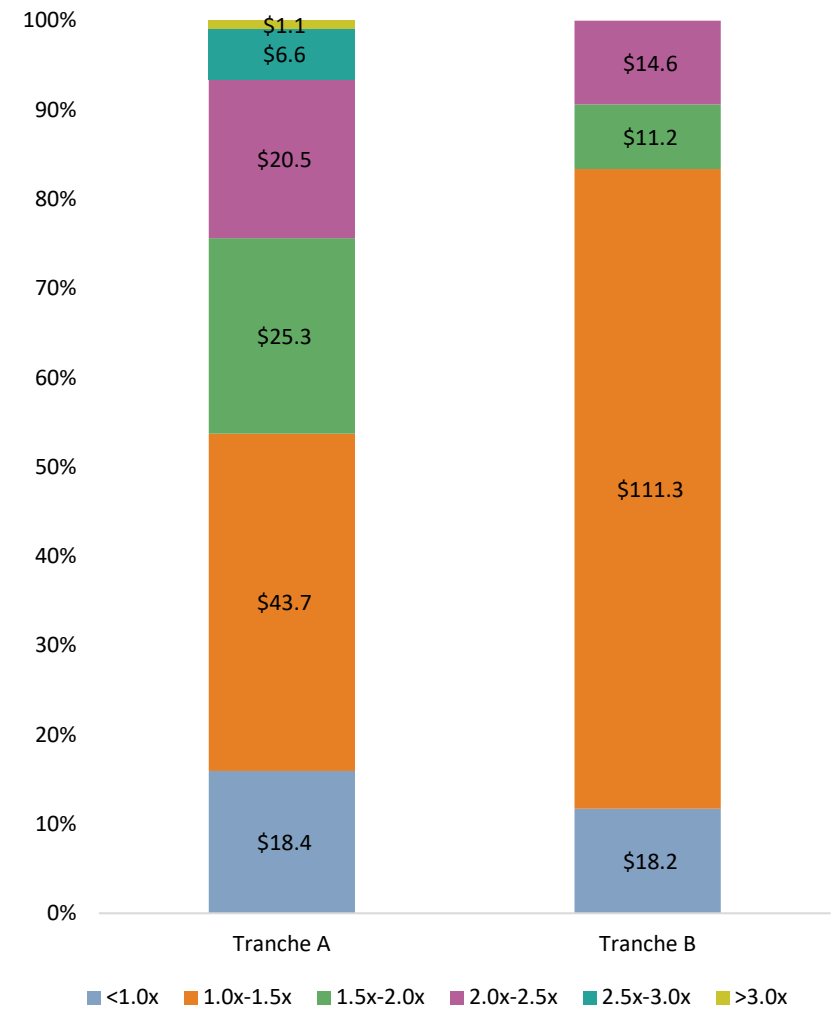
Tranche B (2022)

- The majority of the portfolio was held between a 1.0x to 1.5x gross MOIC
- Co-investments, which comprise 53% of the fund, have driven early performance, with a gross MOIC of 1.4x
- Fund investments are still young, and performance is developing

FUND COMPOSITION BY COMMITTED CAPITAL



MOIC DISPERSION BY TRANCHE AS % OF INVESTED CAPITAL



Note: Data as of March 31, 2025. Performance is manager reported. Fund composition graphs represent weighted average exposure by commitments.

Status Update

- Hamilton Lane was the sole manager of the program until 12/2018 when JP Morgan Asset Management (JPMAM) was added.
  - Adding a second manager allowed the SBA to diversify the manager exposure, broaden the pipeline of opportunities and resulted in more competitive fees.
- Hamilton Lane has invested $847M to date, across FGF I-II, realized $1,117M, resulting in current net cash flows of $270M, as of March 31, 2025. The manager has no remaining capital available for deployment.
  - HL committed client capital alongside 10.4% of deals in FGF I, 42.9% of deals in FGF Credit and 38.6% of deals in FGF II.
- JPMAM invested $116M of the $125M ($127M including GP commitment) Tranche A from 2019 to 2022 and distributed $73M, resulting in current net cash flows of ($43M), as of June 30, 2025. The manager began investing Tranche B in April 2022 and has invested $170M of the $250M ($253 including GP commitment) fund as of June 30, 2025. The manager noted that the fund was fully invested as of July 2025. Tranche B has distributed $28M to date.
  - JPMAM committed client capital alongside 73.9% of deals in Tranche A and 36.8% of deals in Tranche B.
- The FSBA closed on $300M for Sunshine State Fund Tranche C in July 2025. Overall Tranche C's portfolio construction will be similar to Tranches A and B, however it may target slightly more venture fund commitments than prior Tranches to reflect the expanding venture opportunity set in Florida.

Note: Percent of deals HL and JPMAM committed capital alongside FGF and FSSF was calculated based on deal count and is as of June 30, 2025.

Summary

- Program has been successful at achieving strategic objectives
- The combined FGF and FSSF exposures represent 0.28%[1] of trust assets vs. target of 1.5%, as of March 31, 2025
  - Including additional exposure to Florida-based companies across the SBA's private equity portfolio, total exposure accounts for 0.58%[2] of trust assets, as of March 31, 2025.
- The market opportunity set continues to grow as more PE firms relocate to FL. Covid provided strong tailwinds for this trend. More than 150 GPs are located in FL today, compared to just 37 when the program first began.
- Performance for the early Hamilton Lane tranches has been mixed, driven by a combination of some weak venture results and some lower risk credit investments. As the focus moved away from venture and credit to more direct deals and buyouts, performance has improved.
- HL is out of capital to deploy while JPM is preparing to invest Tranche C ($300M).
- Diversifying the program across 2 managers has been beneficial in terms of widening exposures, providing access to complementary deal flow, increasing GP/LP alignment, and improving fee structures.

Source: Cambridge Associates and the State Board of Administration of Florida
[1]Data is based on FSBA's reported Total Portfolio Market Value as of March 31, 2025 and The Florida Growth Fund's total NAV as of March 31, 2025, as reported by the State Board of Administration of Florida.
[2]Value excludes FSBA's exposure through Fund of Funds.

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INVESTMENT ADVISORY COUNCIL

Private Equity Asset Class Update

John Bradley, SIO Private Equity

State Board of Administration
September 9, 2025

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

Market/Portfolio Update

- Market
  - Liberation day volatility weighed on the PE market during Q2
    - Deal flow cooled during Q2, down 18% from Q1 but up YoY
    - Valuation multiples avg. 9.3x, up from 2022 lows
  - Exit activity fell in Q2, reversing the rebound experienced in Q1
  - Fundraising continues to remain challenged with no signs of reversing its downward trend

- Portfolio
  - PE portfolio up 1.1% for Q1 2025
  - 2025 net cash flow though July: $400 million
    - $1.3 billion in distributions
    - $900 million of contributions

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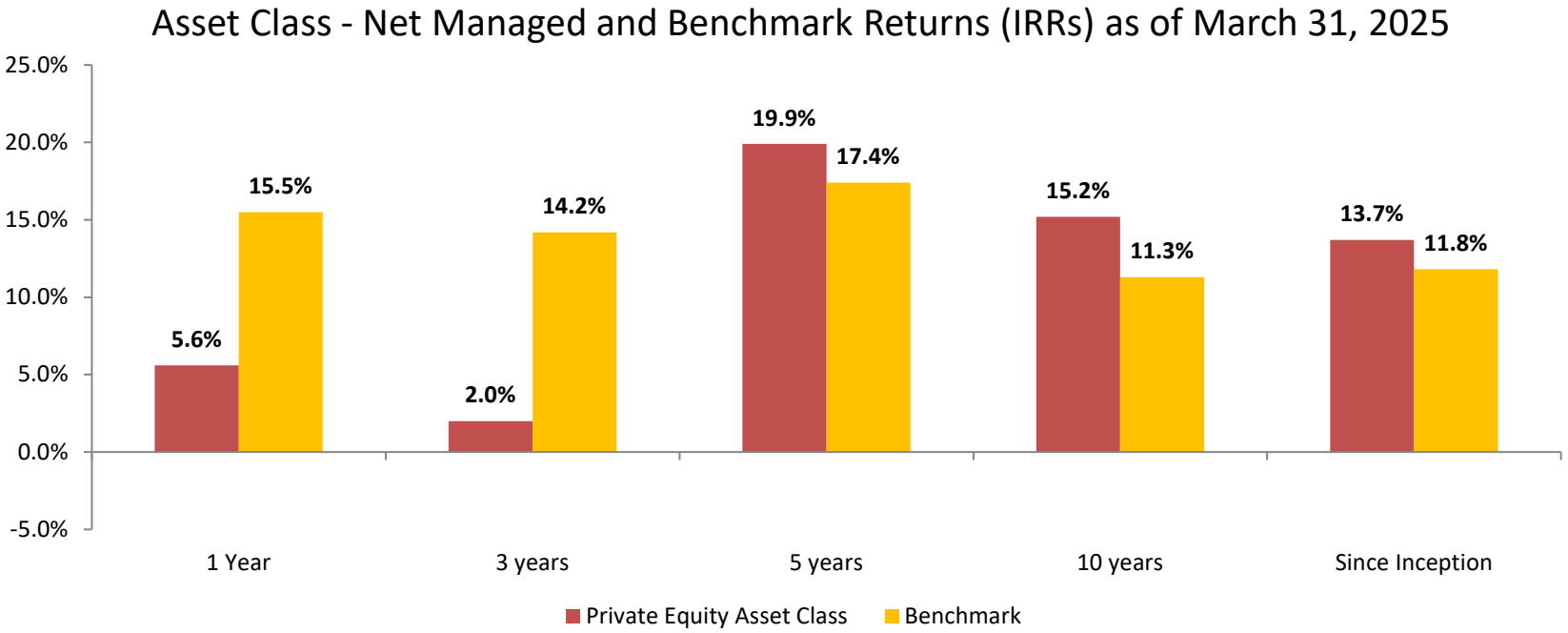
Private Equity Performance



Note: Asset class IRR performance data is provided by Cambridge Associates. The PE benchmark is currently the Custom Iran- and Sudan-free ACWI IMI + 250bps. From July 2014 through December 2023 the benchmark was the Russell 3000 + 300 bps. From July 2010 through June 2014 the benchmark was the Russell 3000 + 300 bps. Prior to July 2010 , the benchmark was the Russell 3000 + 450 bps. Prior to November 1999, Private Equity was part of the Domestic Equities asset class and its benchmark was the Domestic Equities target index + 750 bps.

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

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Sub-Strategy Performance

As of March 31, 2025

	1yr	3yr	5yr	10yr	Since Inception	S.I. PME Benchmark
U.S. Buyouts	7.3%	6.5%	19.4%	15.2%	12.8%	7.5%
Non-U.S. Buyouts	5.0%	4.3%	17.0%	14.8%	12.2%	9.1%
U.S. Venture	4.8%	-6.3%	24.7%	17.5%	14.9%	6.6%
U.S. Growth Equity	4.3%	0.1%	26.9%	17.5%	15.0%	8.6%
Non-U.S. Growth Equity	0.1%	-1.8%	6.4%	6.8%	6.4%	9.4%
Distressed/Turnaround	3.4%	6.6%	20.8%	13.5%	18.9%	8.3%
Secondaries	3.4%	1.3%	14.2%	11.1%	14.9%	8.7%
Co-Investments	32.5%	-	-	-	36.0%	4.5%
Total PE Asset Class	5.6%	2.0%	19.9%	15.2%	13.7%	7.5%

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.

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2025 Commitment Activity

- Commitments totaling $1.1 billion to 12 funds and 12 co-investments through July 2025
  - $520 million to 6 buyout funds
    - Small 50%, Middle-Market 21%, Large 29%
  - $241 million to 3 venture funds
  - $125 million to 1 distressed/turnaround fund
  - $104 million to 2 secondary funds
  - $117 million to 12 co-investments

  - Geographic Focus
    - US 84%, Europe 3%, Asia 0%, Global 14%

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Appendix

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Private Equity Aggregates

Dollar-Weighted Performance (IRRs) as of March 31, 2025

	Inception Date	Market Value (in Millions)	1yr	3yr	5yr	10yr	Since Inception
Total Private Equity	1/27/1989	$18,907	5.6%	2.0%	19.9%	15.2%	10.7%
Custom Iran- and Sudan-free ACWI IMI +250bps			15.5%	14.2%	17.4%	11.3%	10.7%
Private Equity Legacy Portfolio	1/27/1989	$0	0%	0%	0%	-8.8%	3.7%
Custom Iran- and Sudan-free ACWI IMI +250bps			0%	0%	0%	0%	0%
Private Equity Asset Class Portfolio	8/31/2000	$18,907	5.6%	2.0%	19.9%	15.2%	13.7%
Custom Iran- and Sudan-free ACWI IMI +250bps			15.5%	14.2%	17.4%	11.3%	11.8%

Note: Asset class IRR performance data is provided by Cambridge Associates. The PE benchmark is currently the Custom Iran- and Sudan-free ACWI IMI + 250bps. From July 2014 through December 2023 the benchmark was the Russell 3000 + 300 bps. From July 2010 through June 2014 the benchmark was the Russell 3000 + 300 bps. Prior to July 2010 , the benchmark was the Russell 3000 + 450 bps. Prior to November 1999, Private Equity was part of the Domestic Equities asset class and its benchmark was the Domestic Equities target index + 750 bps.

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INVESTMENT ADVISORY COUNCIL

Fixed Income Asset Class Update

Todd Ludgate, Senior Investment Officer Fixed Income

State Board of Administration
September 9, 2025

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Asset Class Portfolio Performance

- Asset class outperformed benchmark 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 06/30/2025, Fixed Income outperformed by 0.33%.

Fixed Income ex Transition	EMV ($M)	1 Yr	3 Yr	5 Yr	10 Yr
Asset Class Return	$40,765	6.41%	3.30%	0.48%	2.02%
vs Target		6.08%	2.81%	0.02%	1.70%
Excess Return		**0.33%**	**0.49%**	**0.46%**	**0.32%**
Tracking Error			0.30%	0.31%	0.40%
Return/Risk (IR)			1.56	1.42	0.78

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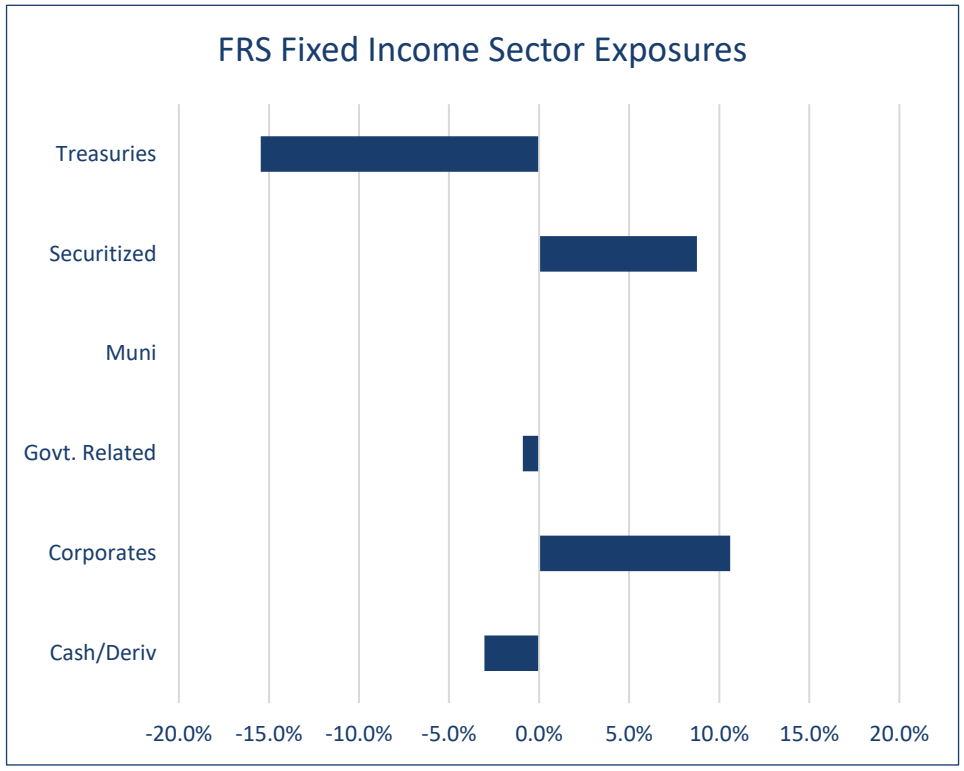
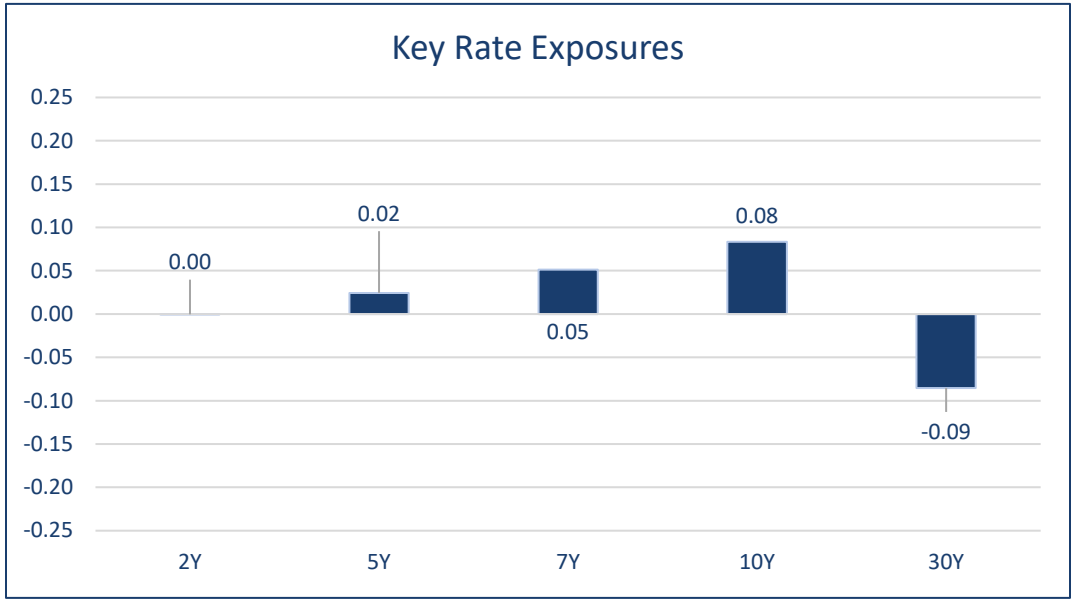
Total Fixed Income Portfolio Positioning

The portfolio is overweight spread product.



The portfolio is positioned with a small curve steepener.



Source: Bloomberg Finance L.P./Aladdin/BNY Mellon/Manager Provided, as of 6/30/2025

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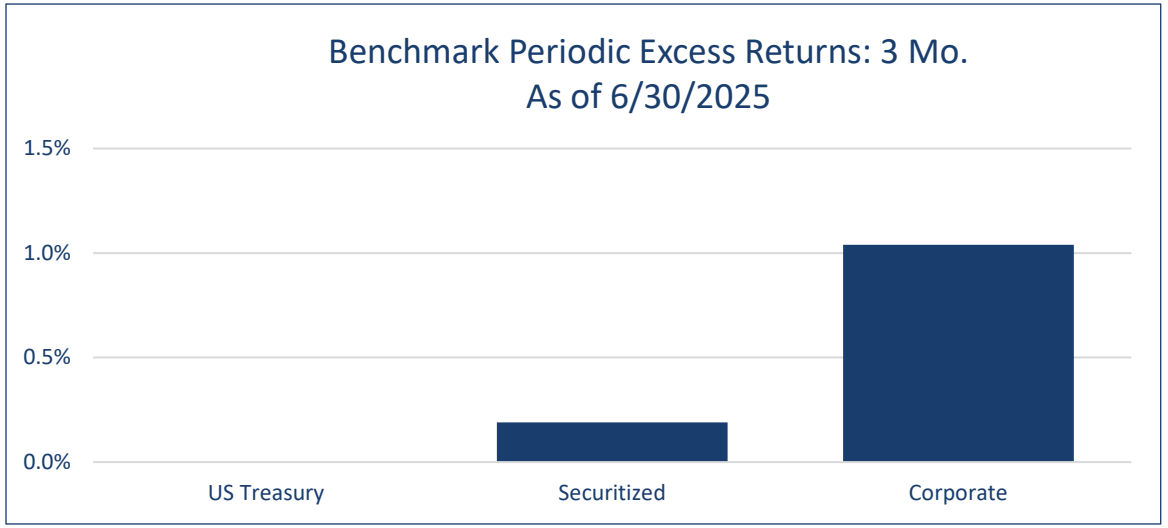
Fixed Income Excess Returns

- Fixed Income spread sectors were positive for the quarter. Credit outperformed Securitized markets.
- Corporate credit outperformed with strong technicals taking spreads tighter as concerns around macro and policy uncertainty abated.



Source: Bloomberg Finance L.P. as of 6/30/2025

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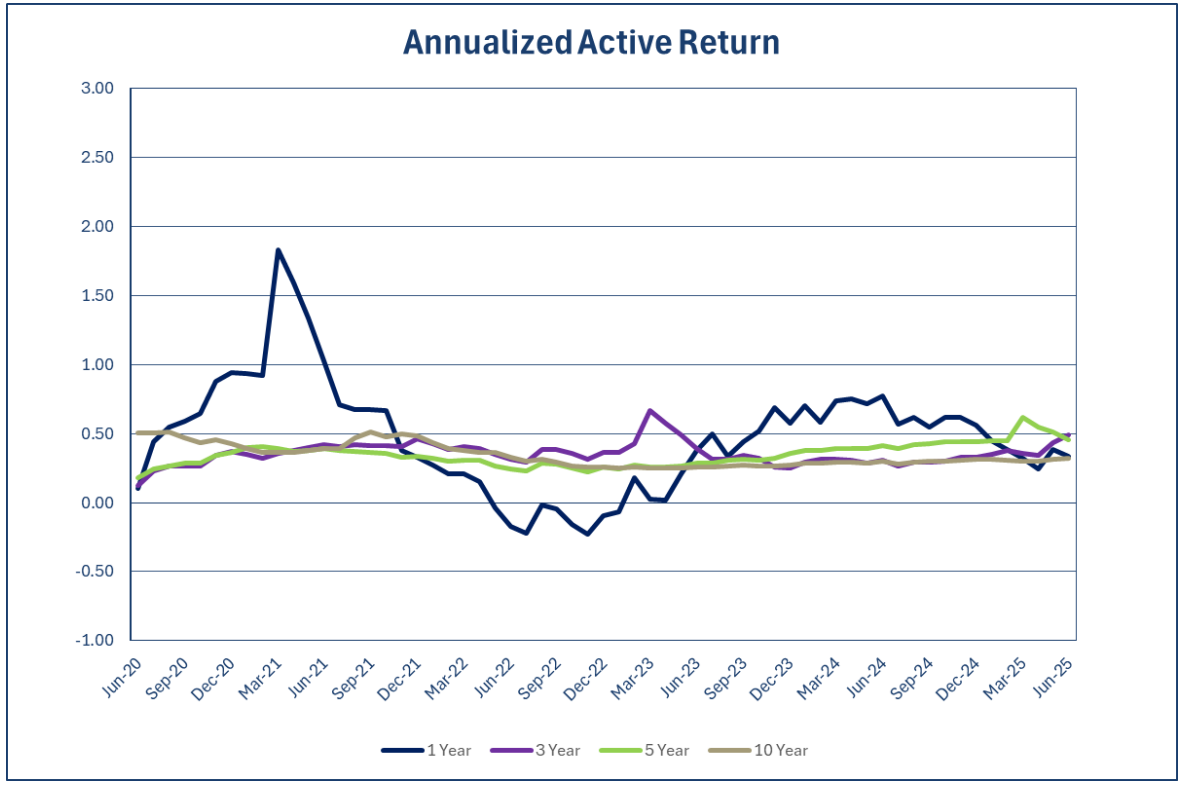
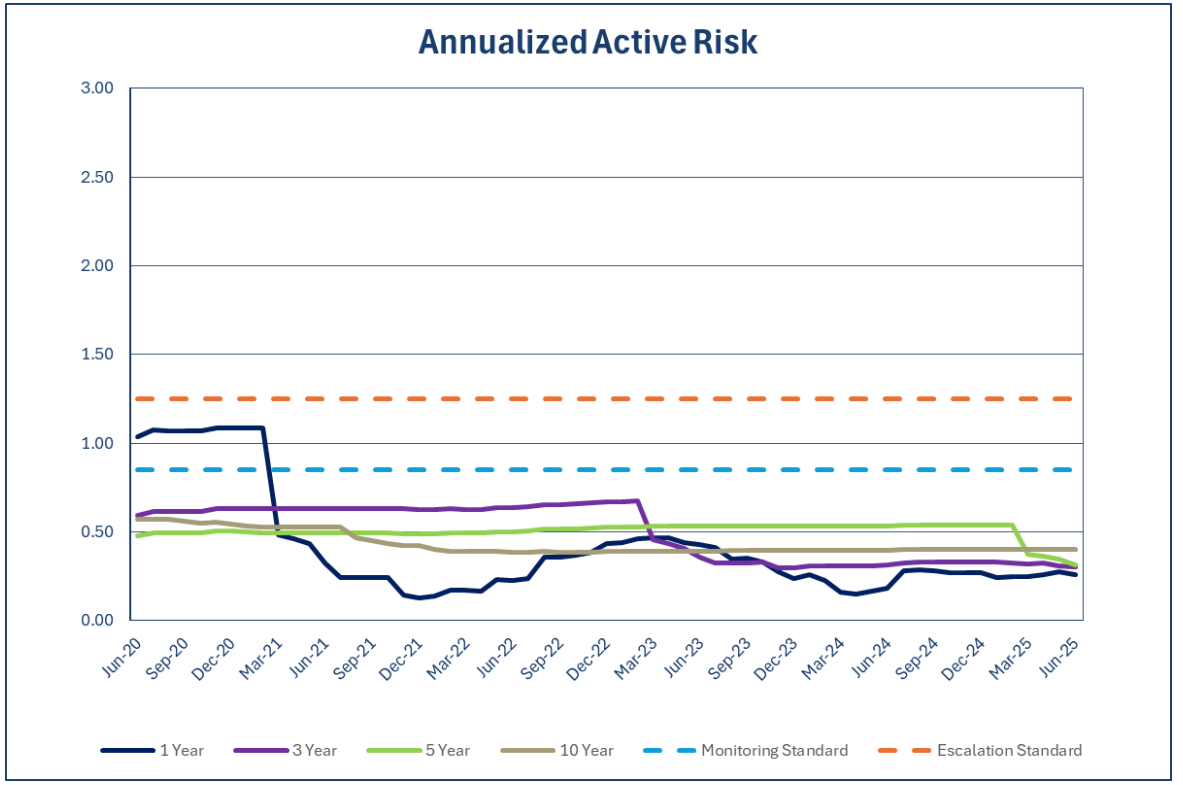
Total Fixed Income Portfolio Risk

Volatility of active return remains modest compared to recent peaks.



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



Source: SBA Analytics and Performance Snapshot, as of 06/30/2025

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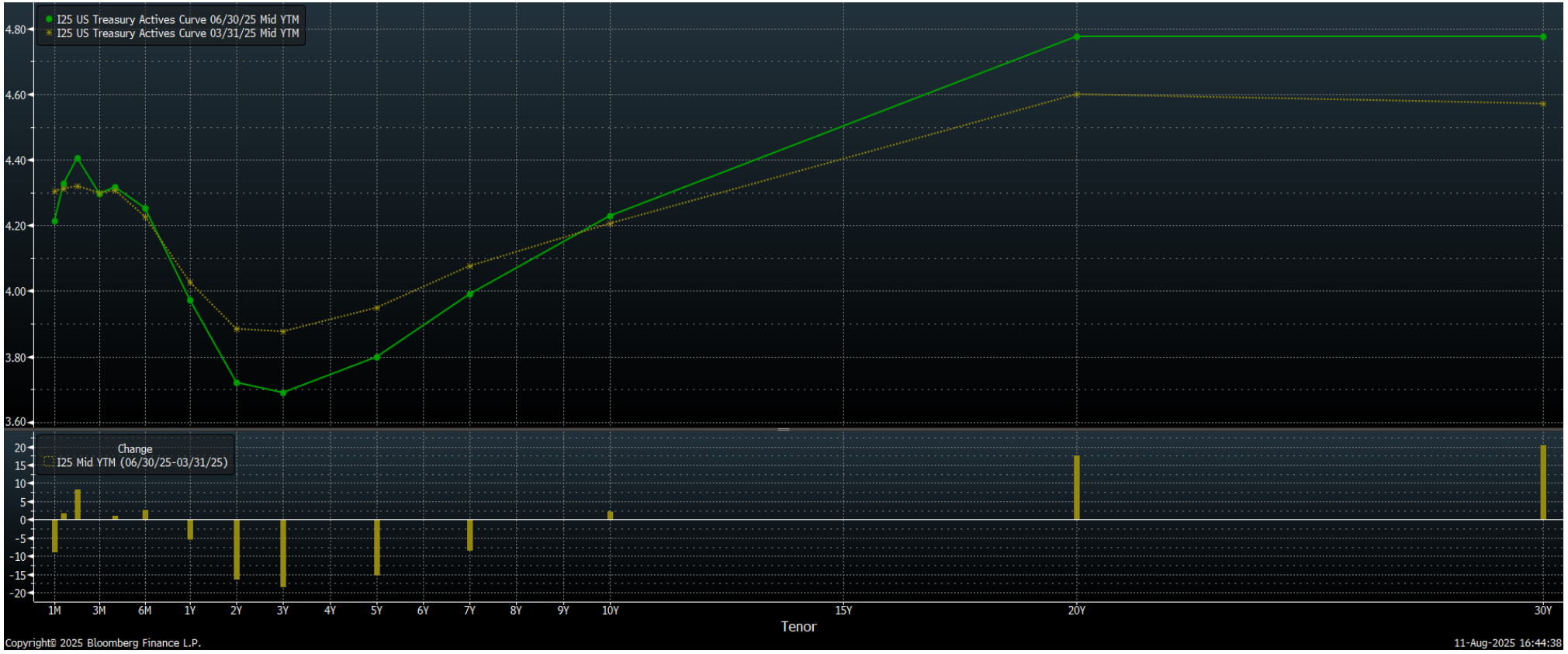
U.S. Treasury Curve

US Treasury Curve 03/31/2025 vs. 6/30/2025:



Source: Bloomberg Finance L.P.

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US Corporate Spreads

IG Corporate OAS History

March 2025 to June 2020

Source: Bloomberg Finance L.P.

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Fixed Income: Looking Forward

- Risk pricing remains very tight
- Continuing to work on defined contribution project
- Continue to refine asset class construction and analysis to achieve alpha target
- Newly-hired Manager of Systems, Reporting and Analytics working to completely overhaul our reporting and analytics.

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Thank You

CONTACT: Todd Ludgate
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INVESTMENT ADVISORY COUNCIL

Strategic Investments Update

Trent Webster, Senior Investment Officer – Strategic Investments

State Board of Administration
September 9, 2025

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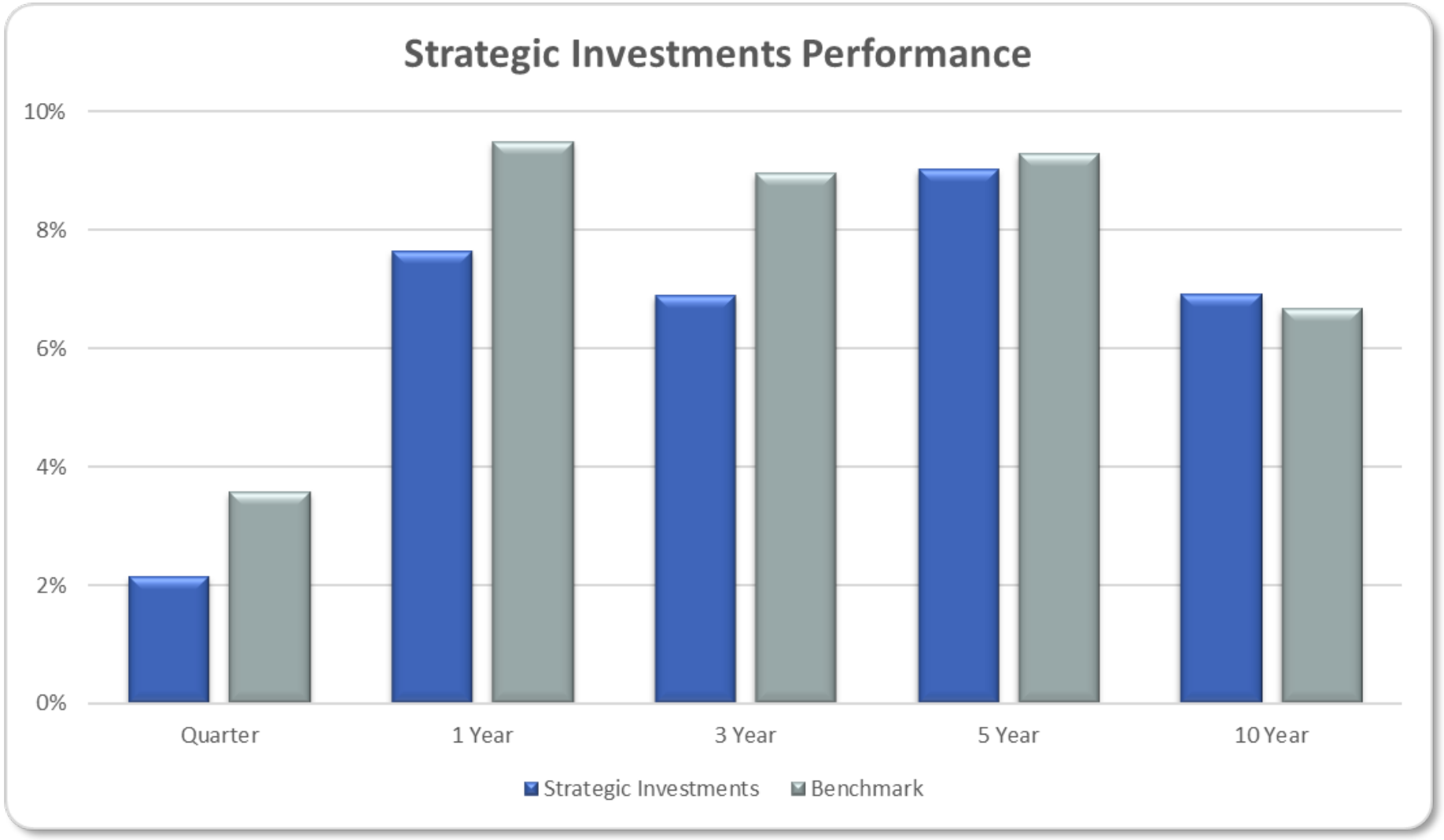
STATE BOARD OF ADMINISTRATION

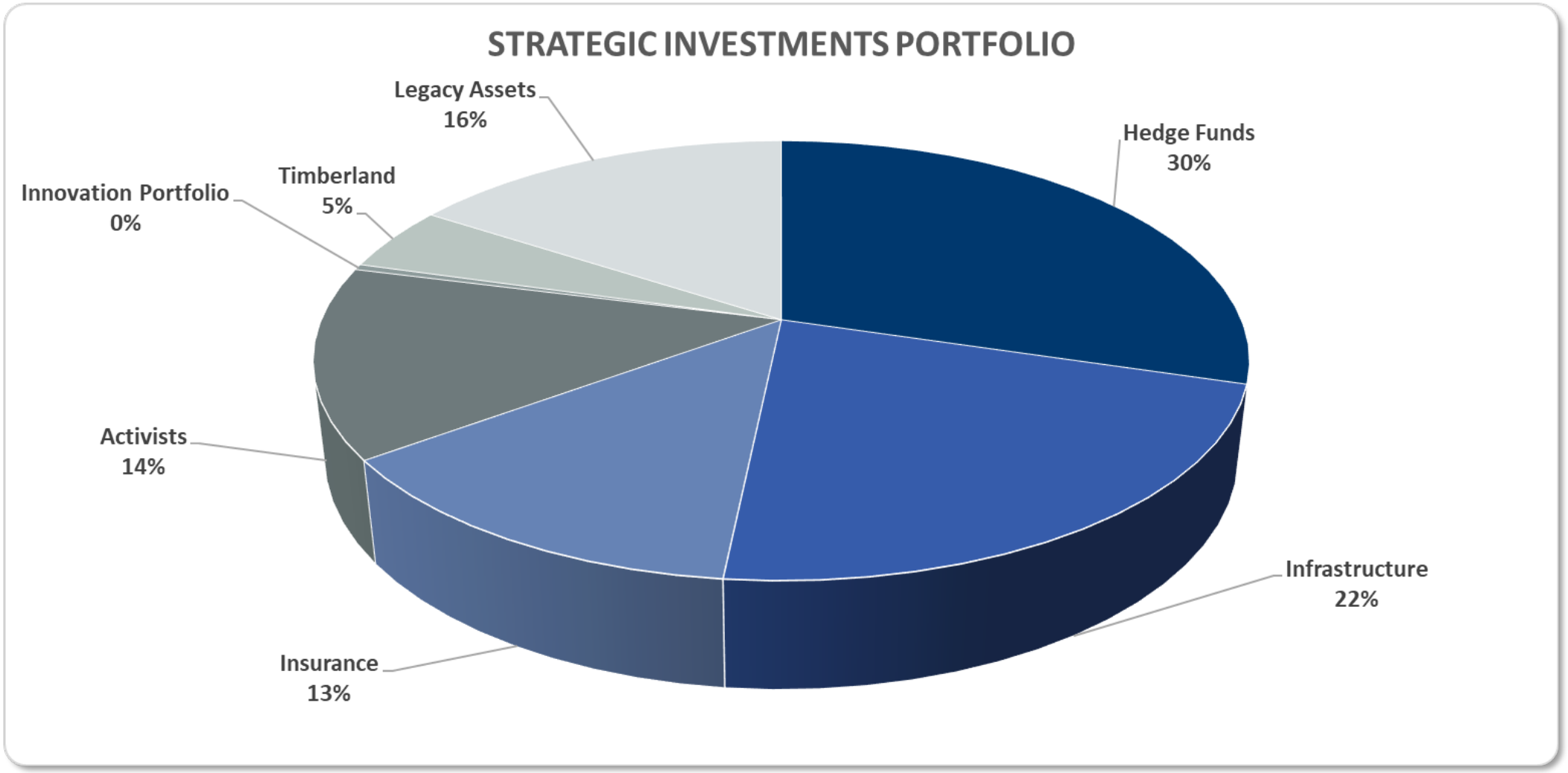
PERFORMANCE



RECENT ACTIVITY

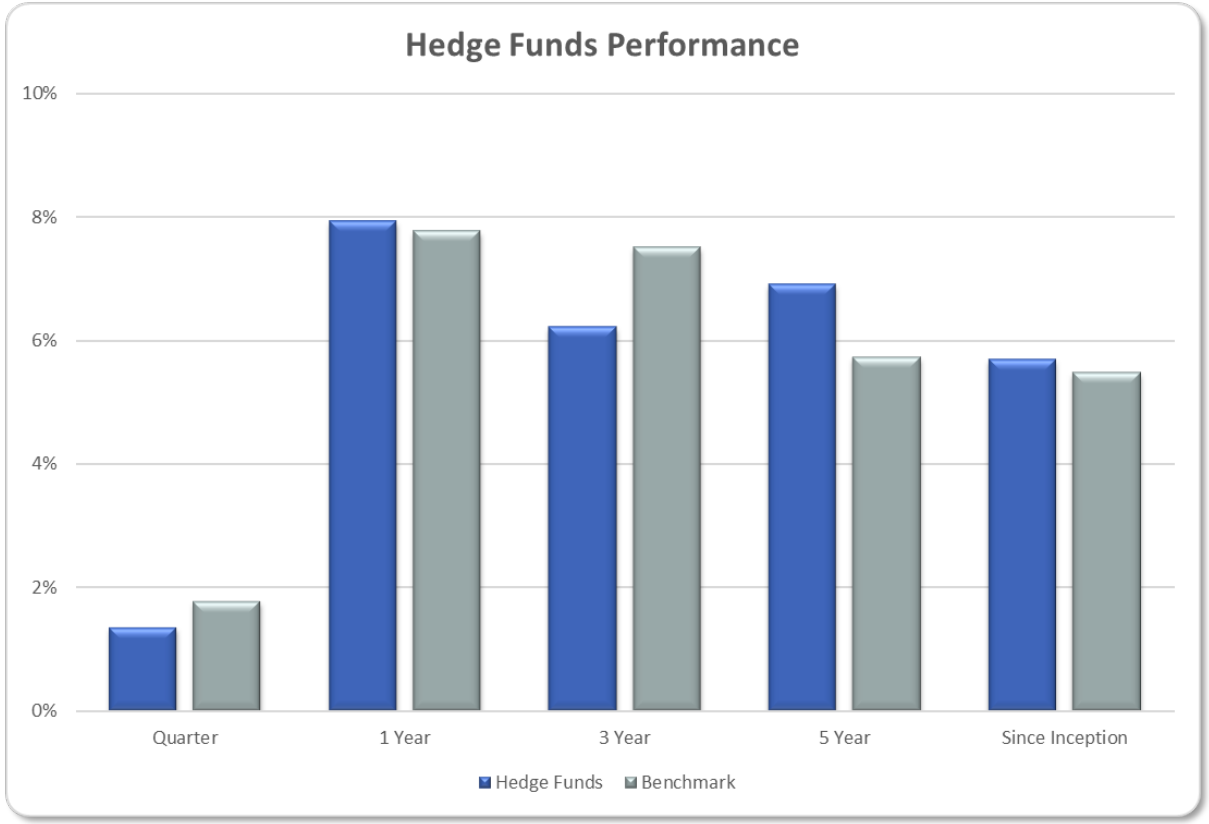
- Quarterly cash inflow was $133 million
- Cash inflow for the fiscal year has been $808 million
- Committed $350 million to two funds in the last quarter
- One fund has closed in this quarter
- Eleven funds in the Pipeline totaling $1.325 billion

STRATEGIC INVESTMENTS PORTFOLIO



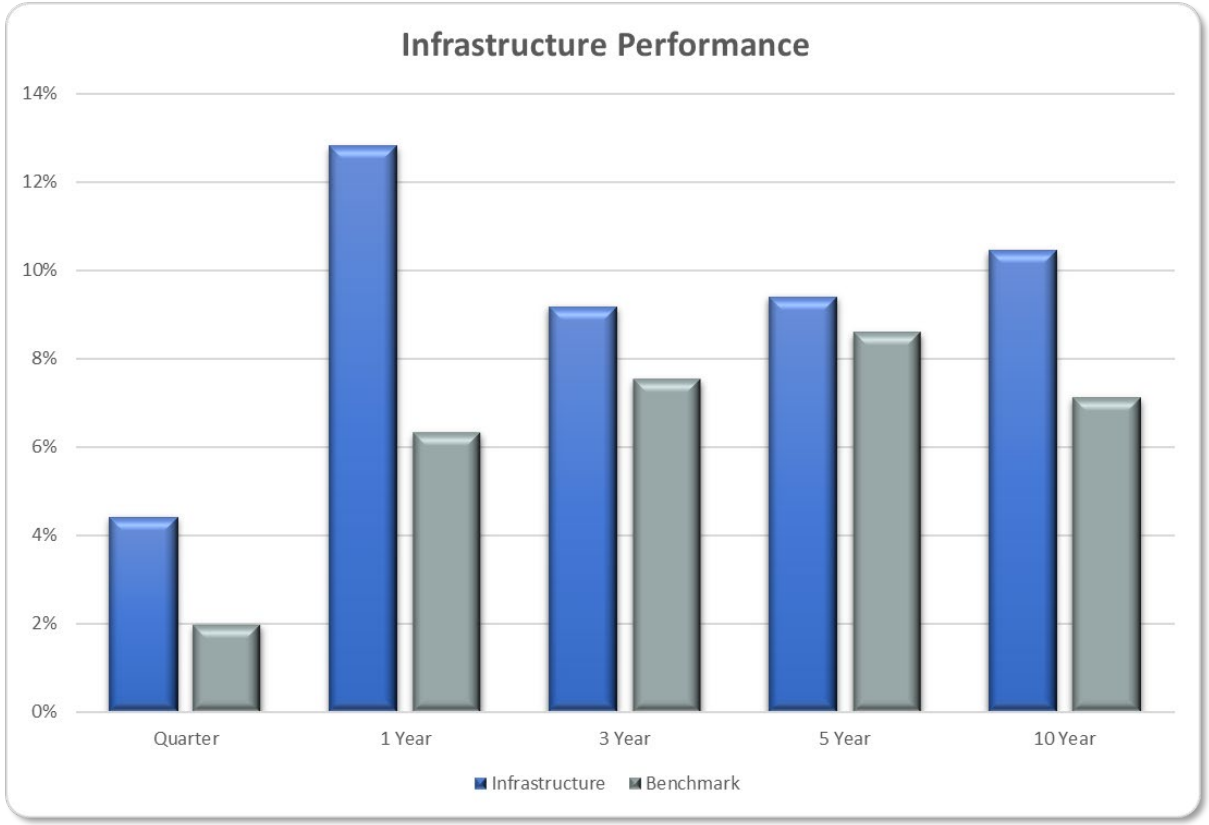
HEDGE FUNDS

- Target up to 2% of the FRS
- Currently 1.7% of the Total Fund
- Allocation – 79% Diversifying / 21% Growth Hedge Funds
- Commodities, Global Macro, Quant, Relative Value and Diversifying Credit remain of interest
- Four funds in the Pipeline
  - One each in Commodities, Credit Long/Short, Global Macro, and Managed Futures



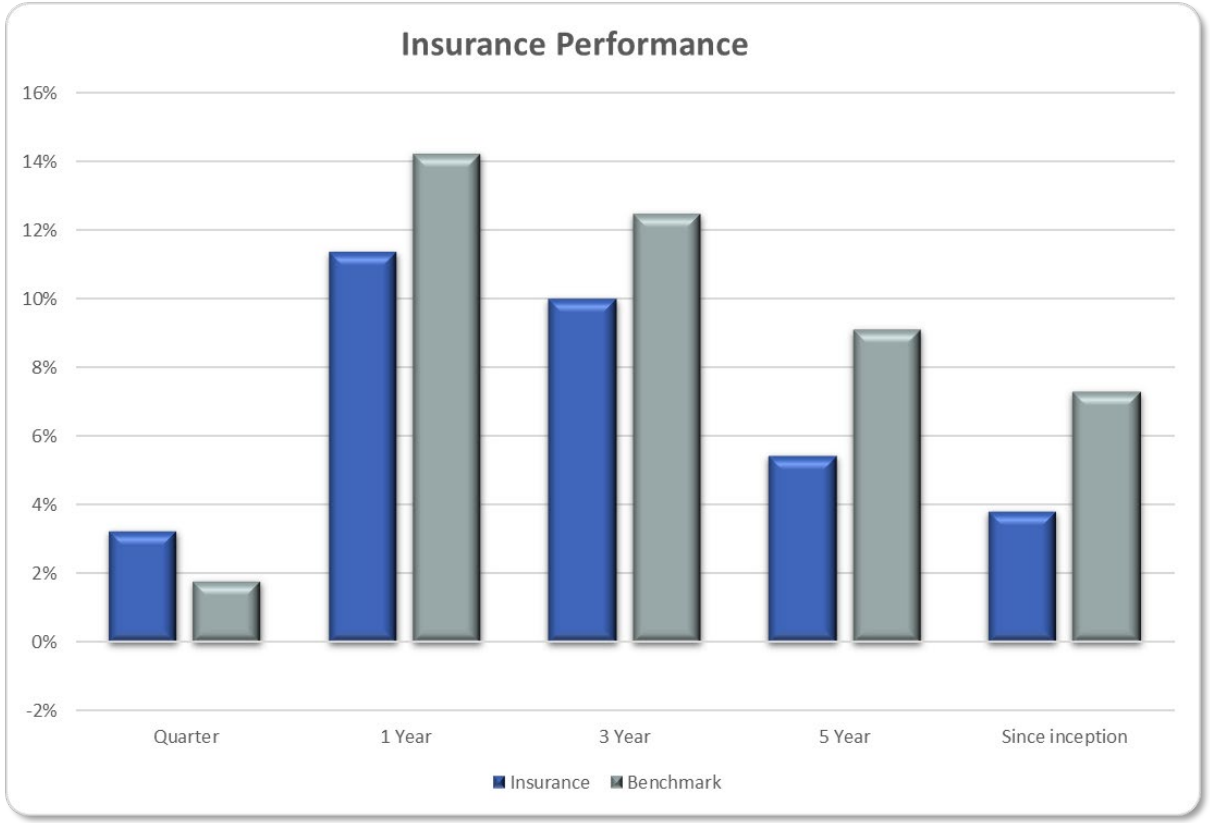
INFRASTRUCTURE

- Target 1% of the FRS
- Currently 1.3% of the Total Fund
- Focus on
  - Middle Market funds
  - Power / Energy
  - Smaller, opportunistic funds
- Four funds in the Pipeline
  - One Digital Infrastructure
  - One Emerging Markets
  - One Lower Middle Market North America
  - One Power



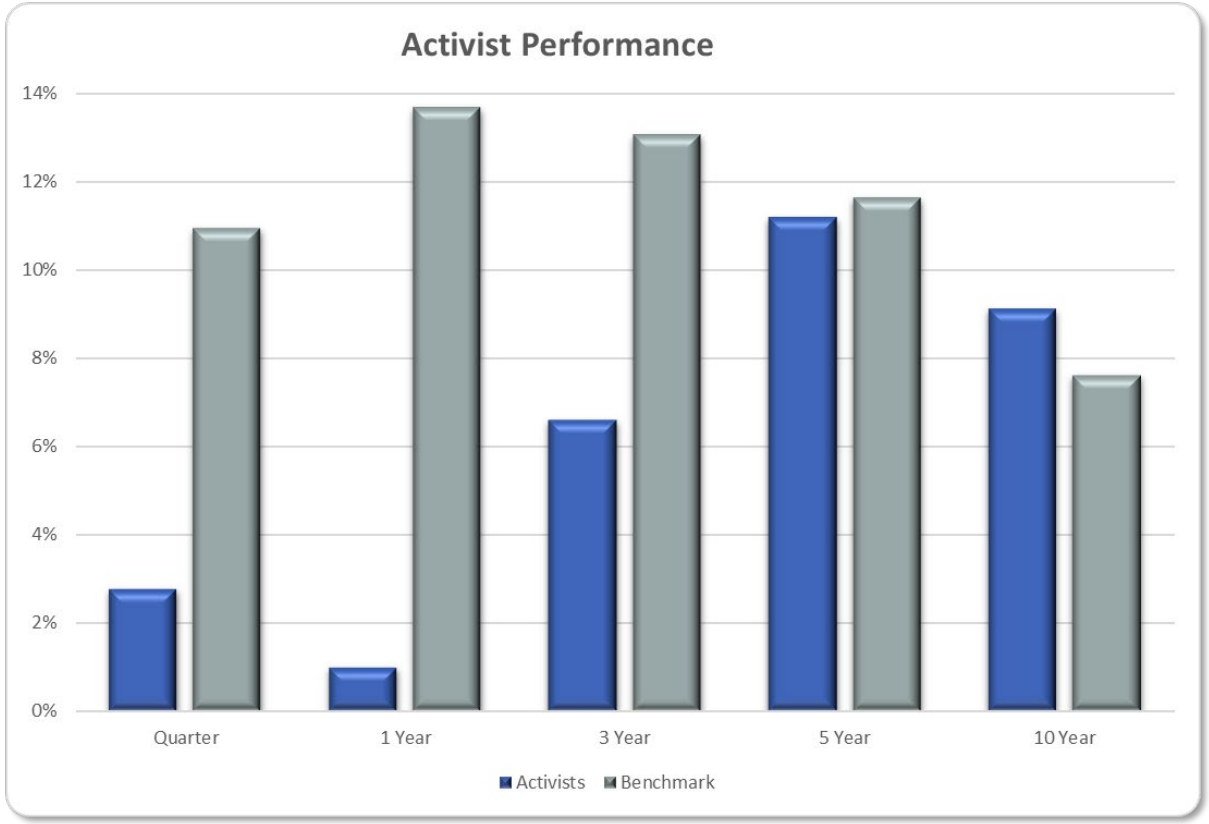
INSURANCE

- Target up to 1% of the FRS
- Currently 0.9% of the Total Fund
- Hard market remains but increases are declining
- Cat bonds have outperformed
- Two funds in Pipeline
  - Specialty Lines
  - Quota Share



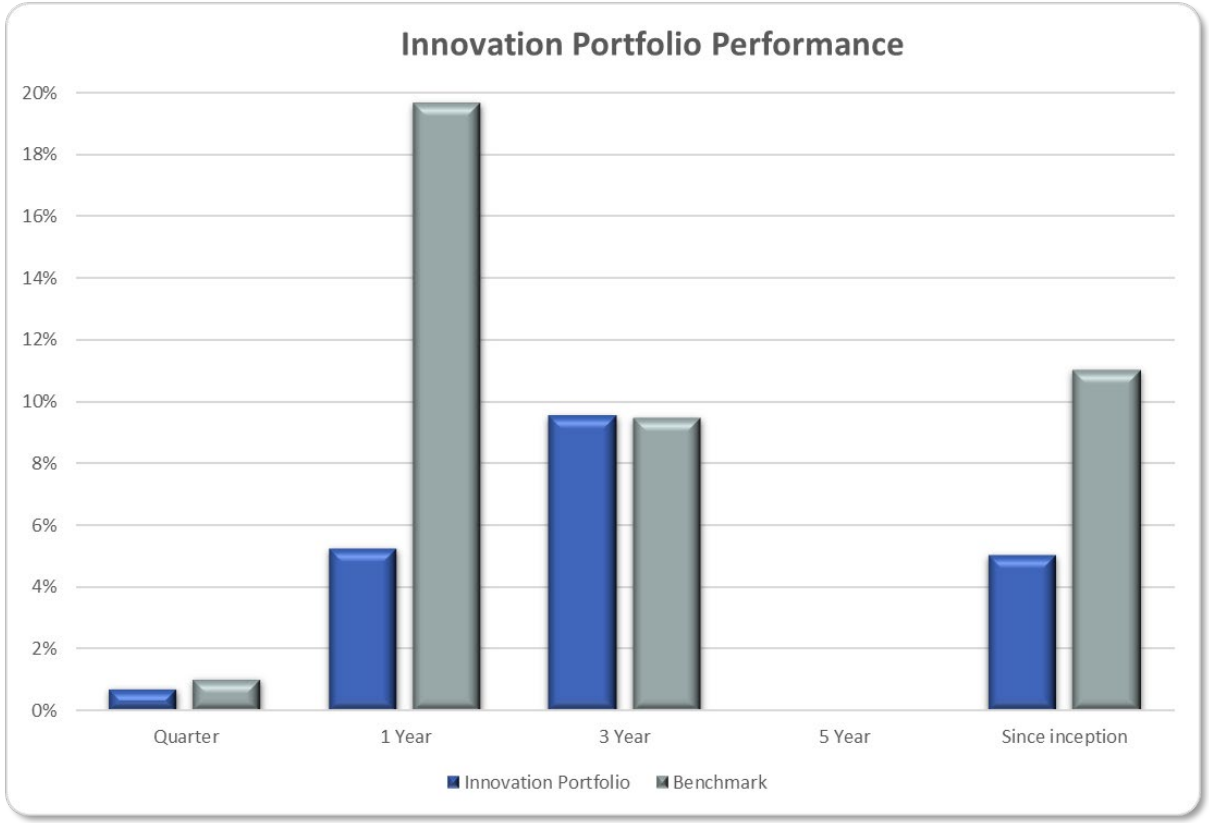
OPPORTUNISTIC – ACTIVISTS

- Target up to 1% of the FRS
- Currently 0.8% of the Total Fund
- Assessing US portfolio – possible restructuring / addition of new manager(s)
- Expect to make an investment in Japan next fiscal year



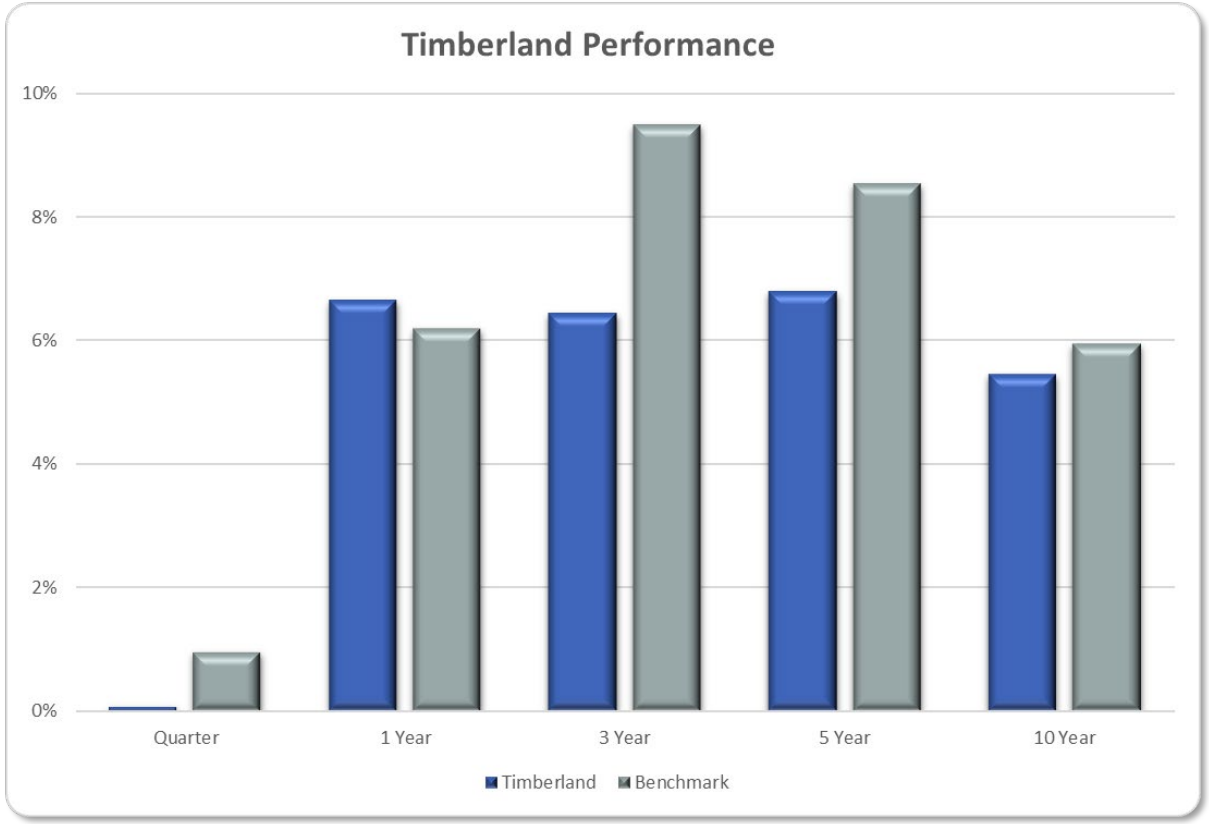
OPPORTUNISTIC – INNOVATION PORTFOLIO

- Currently 0.02% of the Total Fund
- Current investments
  - Spectrum
  - Land bank
- One fund in Pipeline
  - Mitigation banking
- Not expected to be a big allocation



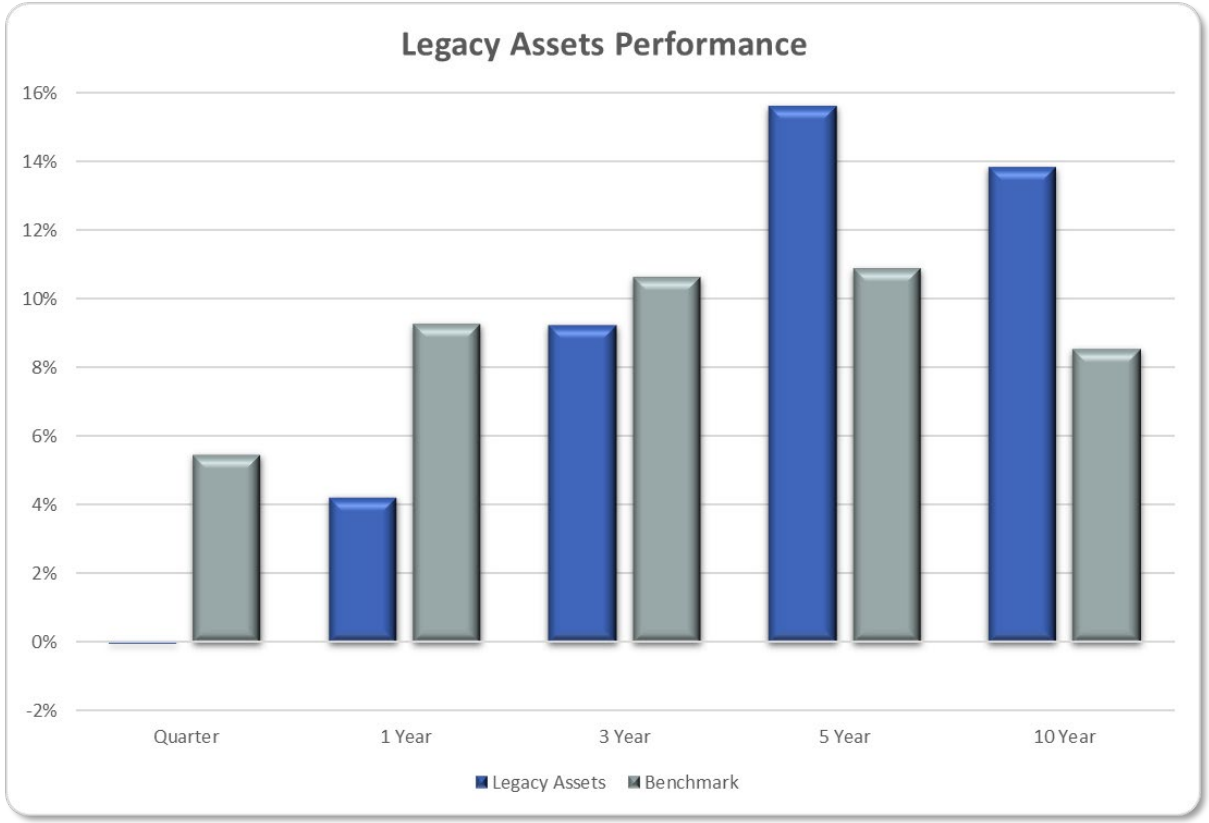
OPPORTUNISTIC - TIMBERLAND

- Target up to 1% of the FRS
- Currently 0.3% of the Total Fund
- Overweight the South
- May assess portfolio



OPPORTUNISTIC – LEGACY ASSETS

- Currently 1.0% of the Total Fund
- Funds in run-off
- Private Equity 92%, Real Estate 8%
- Outperformance driven by GP Investments and Private Equity



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Thank You

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INVESTMENT ADVISORY COUNCIL

Real Estate Asset Class Update

Lynne Gray, Senior Investment Officer

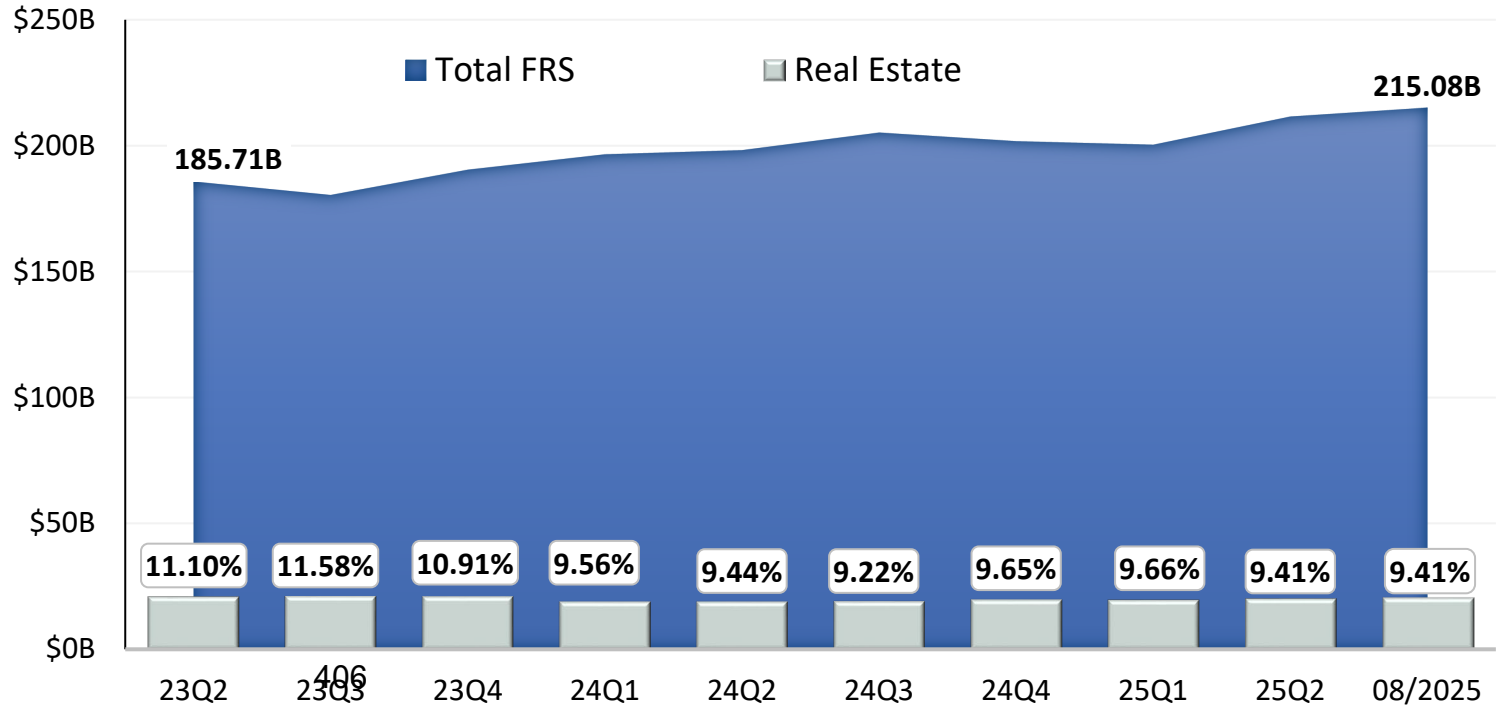
State Board of Administration
September 2025

Real Estate
ALLOCATION

Target Allocation: 12%

Allocation Range: 8% - 20%

Allocation as of 08-15-25: 9.41%



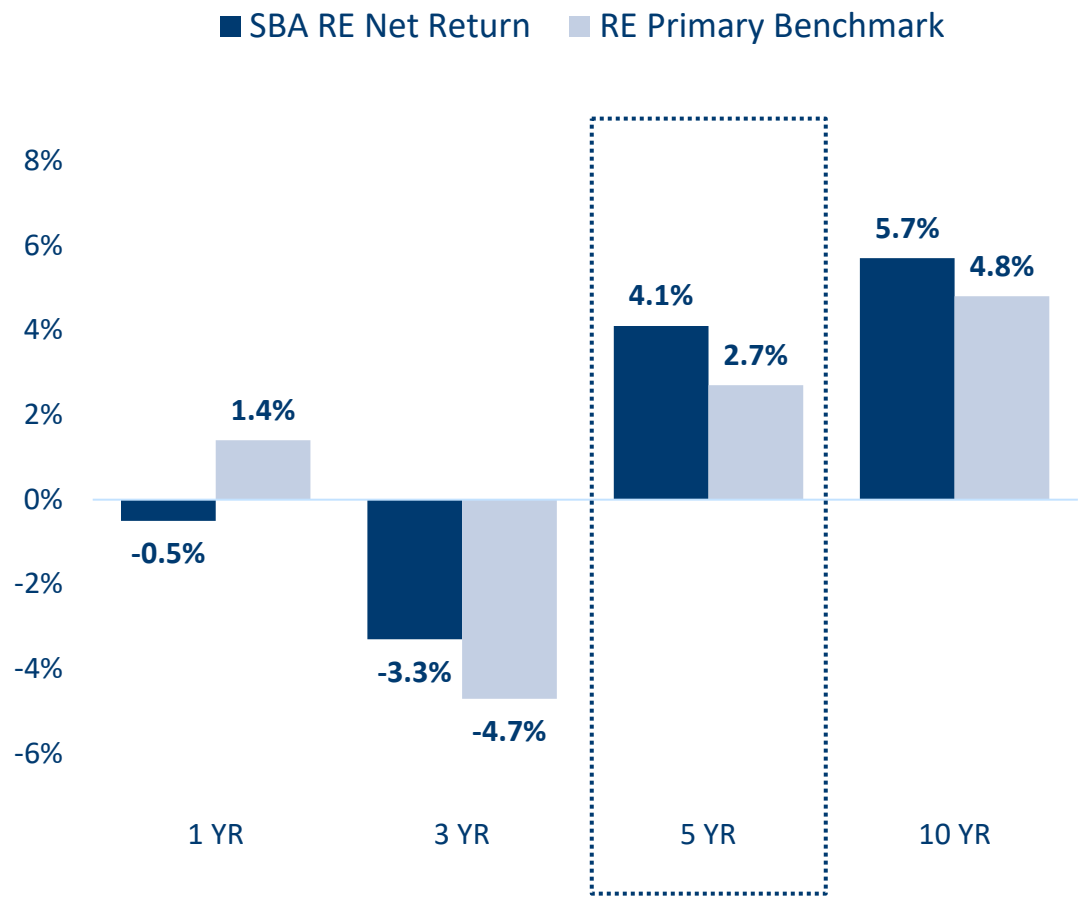
Source: Townsend Group, SBA RE eFront, SBA Accounting

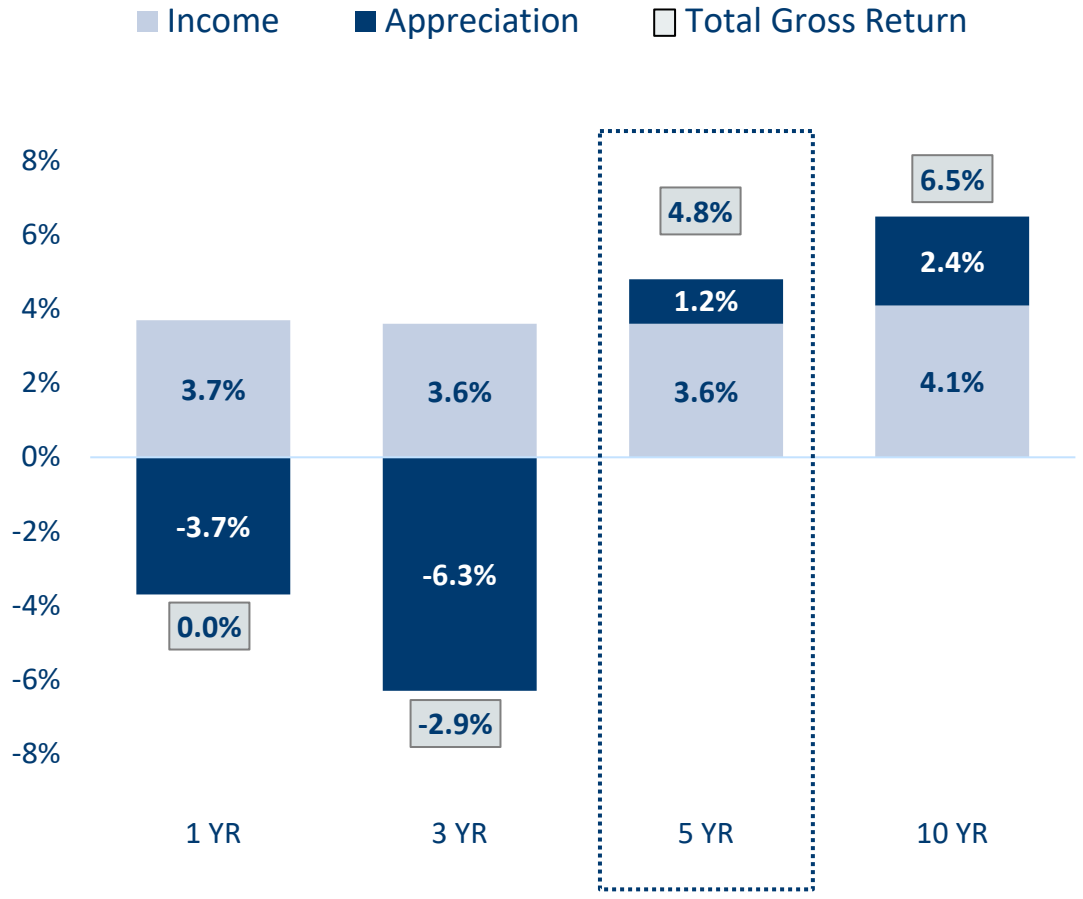
REAL ESTATE PORTFOLIO PERFORMANCE

as of 3/31/2025

	1 YR		3 YR		5 YR		10 YR	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
SBA RE Portfolio	**0.0%**	**-0.5%**	**-2.9%**	**-3.3%**	**4.8%**	**4.1%**	**6.5%**	**5.7%**
SBA Primary Benchmark	1.4%		-4.7%		2.7%		4.8%	

The portfolio seeks to outperform a weighted benchmark comprised of 83.3% NFI-ODCE (net of fees) and 16.7% NFI-ODCE (net of fees) + 150 bps over rolling five-year periods.

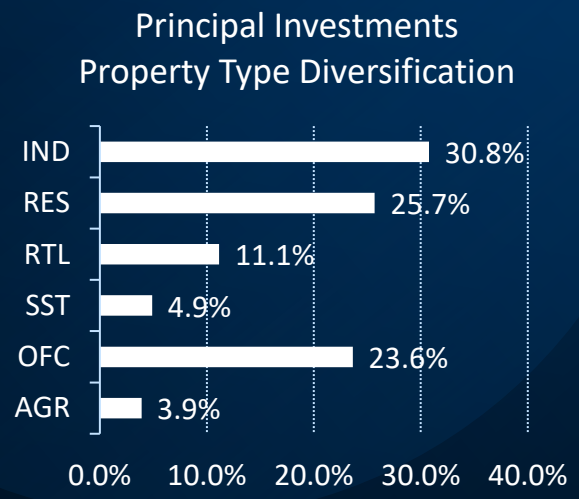




Source: Townsend Group

Principal Investments Return Contribution by Property Type

As of 3/31/2025

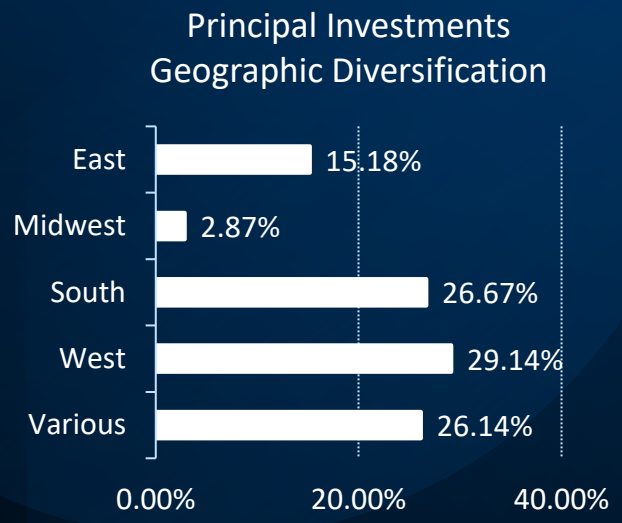


PROPERTY TYPE	1 YR	3 YR	5 YR	10 YR
AGR - Agriculture	-0.433%	-0.272%	-0.134%	0.061%
IND - Cold Storage	0.086%	0.034%	0.018%	0.010%
IND - Industrial	0.448%	1.390%	2.961%	2.418%
OFC - Life Science	-0.375%	-0.104%	-0.058%	-0.031%
OFC - Medical Office	-0.008%	-0.231%	0.306%	0.277%
OFC - Office	-1.083%	-2.323%	-0.608%	0.908%
RES - Apartment	-0.561%	-1.655%	0.301%	0.907%
RES - Manufactured Housing	-0.022%	0.102%	0.034%	0.018%
RES - Senior Housing	0.000%	0.000%	-0.040%	-0.029%
RES - Single Family Rental	0.007%	0.002%	0.001%	0.001%
RES - Student Housing	0.413%	0.354%	0.431%	0.324%
RTL - Retail	0.512%	0.032%	0.220%	0.508%
SST - Self Storage	-0.190%	-0.178%	0.385%	0.316%
PI Portfolio Total TWR*, net	**-1.207%**	**-2.848%**	**3.817%**	**5.688%**
ODCE Total, net	**0.782%**	**-5.237%**	**2.261%**	**5.004%**

Source: Townsend Group
*TWR = Time Weighted Return

Principal Investments Return Contribution by Region

As of 3/31/2025



Source: Townsend Group
*TWR = Time Weighted Return

REGION | PROPERTY TYPE	1 YR	3 YR	5 YR	10 YR
East	**-0.410%**	**-1.354%**	**-0.195%**	**0.554%**
Apartment	0.065%	-0.140%	0.125%	0.178%
Industrial	0.217%	0.128%	0.267%	0.256%
Office	-0.830%	-1.411%	-0.636%	0.024%
Retail	0.137%	0.069%	0.049%	0.096%
Midwest	**0.180%**	**0.132%**	**0.170%**	**0.164%**
Apartment	0.000%	0.000%	0.000%	0.033%
Industrial	0.180%	0.132%	0.170%	0.131%
South	**0.770%**	**-0.066%**	**0.974%**	**1.115%**
Apartment	-0.012%	-0.283%	0.350%	0.511%
Industrial	0.640%	0.455%	0.414%	0.307%
Office	-0.194%	-0.386%	0.091%	0.185%
Retail	0.342%	0.150%	0.120%	0.113%
Student Housing	-0.005%	-0.002%	-0.001%	-0.001%
West	**-1.996%**	**-1.714%**	**0.984%**	**2.185%**
Apartment	-0.614%	-1.232%	-0.173%	0.185%
Industrial	-1.177%	0.186%	1.068%	0.946%
Life Science	-0.375%	-0.104%	-0.058%	-0.031%
Office	-0.059%	-0.526%	-0.063%	0.700%
Retail	0.035%	-0.188%	0.052%	0.299%
Student Housing	0.195%	0.149%	0.159%	0.085%
Various	**0.249%**	**0.153%**	**1.884%**	**1.670%**
Agriculture	-0.433%	-0.272%	-0.134%	0.061%
Cold Storage	0.086%	0.034%	0.018%	0.010%
Industrial	0.588%	0.490%	1.041%	0.778%
Manufactured Housing	-0.022%	0.102%	0.034%	0.018%
Medical Office	-0.008%	-0.231%	0.306%	0.277%
Retail	-0.002%	-0.001%	0.000%	0.000%
Self Storage	-0.190%	-0.178%	0.385%	0.316%
Senior Housing	0.000%	0.000%	-0.040%	-0.029%
Single Family Rental	0.007%	0.002%	0.001%	0.001%
Student Housing	0.222%	0.207%	0.273%	0.239%
PI Portfolio Total TWR*, net	**-1.207%**	**-2.848%**	**3.817%**	**5.688%**
ODCE Total, net	**0.782%**	**-5.237%**	**2.261%**	**5.004%**

PRINCIPAL INVESTMENTS
Property Type Attribution

- **Allocation Effect:** The allocation effect measures the result of the portfolio's ability to effectively allocate capital to each property type. The allocation effect determines whether the overweighting or underweighting of each property type relative to the benchmark contributes positively or negatively to the overall portfolio return. Positive allocation occurs when the portfolio is overweighted in a segment that outperforms the benchmark and underweighted in a segment that underperforms the benchmark. Negative allocation occurs when the portfolio is overweighted in a segment that underperforms the benchmark and underweighted in a segment that outperforms the benchmark.
- **Selection Effect:** The selection effect measures the portfolio's ability to select investments within a given property type relative to the portfolio's benchmark. The over or underperformance of the portfolio is weighted by the benchmark weight, therefore, selection is not affected by the manager's allocation to the property type. The weight of the property type determines the size of the effect. For example, the larger the portfolio type, the larger the effect is, positive or negative.
- **Cross Effect or Interaction Effect:** The cross (or interaction) effect measures the combined impact of the portfolio's selection and allocation decisions. For example, if the portfolio had a superior selection and overweighted that particular property type, the interaction effect is positive. If the portfolio had a superior selection, but underweighted that property type, the interaction effect is negative.

Attribution Analysis of Prior Twenty Quarters (Five Years, Q2 2020 - Q1 2025)

Property Type	Weight Portfolio	Gross Return Portfolio	Weight Index	Gross Return Index	SBA FL Value Added: 5 Years as of 3/31/2025				
					Property	Allocation	Selection	Cross	Total
Apartment	25.80%	2.99%	27.59%	4.29%	Apartment	-0.02%	-0.36%	0.02%	-0.35%
Hotel	0.00%	0.00%	0.33%	1.15%	Hotel	0.01%	0.00%	0.00%	0.01%
Industrial	22.40%	18.68%	29.41%	12.29%	Industrial	-0.63%	1.88%	-0.45%	0.80%
Office	29.97%	-2.04%	27.39%	-4.65%	Office	-0.20%	0.72%	0.07%	0.58%
Retail	11.96%	2.13%	15.28%	1.44%	Retail	0.06%	0.11%	-0.02%	0.14%
Attribution Total	**90.13%**	**4.60%**	**100.00%**	**3.25%**	**Attribution Total**	**-0.79%**	**2.34%**	**-0.38%**	**1.17%**
Other*	9.87%	-4.28%							
Portfolio Total	100.00%	4.18%							

*Other includes Agriculture and Self Storage.

Source: Townsend Group

PRINCIPAL INVESTMENTS
Geographic Attribution

- **Allocation Effect:** The allocation effect measures the result of the portfolio's ability to effectively allocate capital to each property type. The allocation effect determines whether the overweighting or underweighting of each property type relative to the benchmark contributes positively or negatively to the overall portfolio return. Positive allocation occurs when the portfolio is overweighted in a segment that outperforms the benchmark and underweighted in a segment that underperforms the benchmark. Negative allocation occurs when the portfolio is overweighted in a segment that underperforms the benchmark and underweighted in a segment that outperforms the benchmark.
- **Selection Effect:** The selection effect measures the portfolio's ability to select investments within a given property type relative to the portfolio's benchmark. The over or underperformance of the portfolio is weighted by the benchmark weight, therefore, selection is not affected by the manager's allocation to the property type. The weight of the property type determines the size of the effect. For example, the larger the portfolio type, the larger the effect is, positive or negative.
- **Cross Effect or Interaction Effect:** The cross (or interaction) effect measures the combined impact of the portfolio's selection and allocation decisions. For example, if the portfolio had a superior selection and overweighted that particular property type, the interaction effect is positive. If the portfolio had a superior selection, but underweighted that property type, the interaction effect is negative.

Attribution Analysis of Prior Twenty Quarters (Five Years, Q2 2020 – Q1 2025)

Region	Weight Portfolio	Gross Return Portfolio	Weight Index	Gross Return Index	SBA FL Value Added: 5 Years as of 3/31/2025				
					Region	Allocation	Selection	Cross	Total
East	20.57%	-1.69%	29.81%	1.47%	East	0.16%	-0.94%	0.29%	-0.48%
Midwest	1.82%	11.15%	7.44%	2.20%	Midwest	0.06%	0.67%	-0.50%	0.22%
South	18.90%	6.29%	22.04%	5.87%	South	-0.08%	0.09%	-0.01%	0.00%
West	33.52%	2.89%	40.71%	3.33%	West	-0.01%	-0.18%	0.03%	-0.15%
Attribution Total	**74.81%**	**2.01%**	**100.00%**	**3.25%**	**Attribution Total**	**0.14%**	**-0.36%**	**-0.19%**	**-0.42%**
Various US*	25.19%	8.59%							
Portfolio Total	100.00%	4.18%							

*Includes multi-property, multi-region investments that report performance at the total investment level.

Source: Townsend Group

REAL ESTATE TRANSACTION ACTIVITY

(Since Last IAC Report)

Principal Investments	
Acquisitions (Equity)	**$ 365.4 million**
❑ Apartment	$ 150.7 million
❑ Single Family Rental	$ 43.9 million
❑ Student Housing	$ 63.7 million
❑ Retail	$ 4.6 million
❑ Industrial	$ 35.3 million
❑ Medical Office	$ 36.3 million
❑ Self Storage	$ 31.0 million
Dispositions	
❑ Student Housing	$ 31.5 million

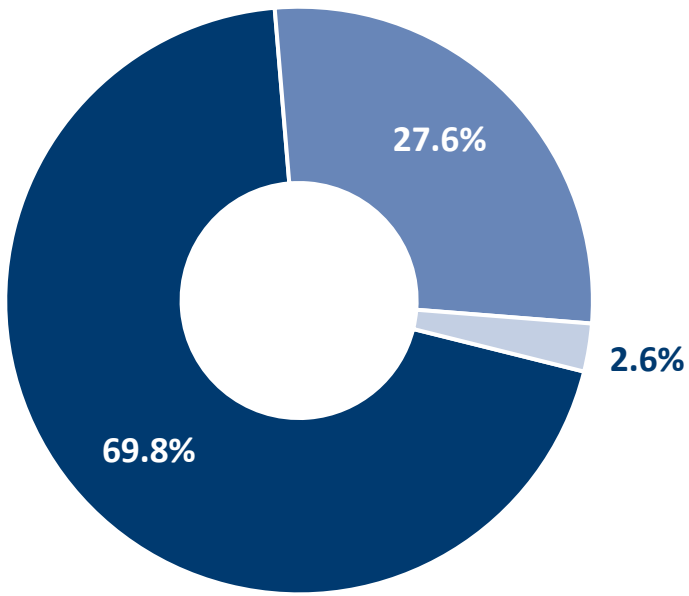
Externally Managed	
New Commitments	**$ 475 million**
❑ U.S. Diversified Value-Add Fund	$ 75 million
❑ U.S. Multifamily Value-Add Fund	$ 100 million
❑ Global Opportunistic Fund	$ 100 million
❑ U.S. Residential Value-Add Fund	$ 100 million
❑ U.S. Retail Value-Add Fund	$ 100 million

REAL ESTATE PORTFOLIO COMPOSITION

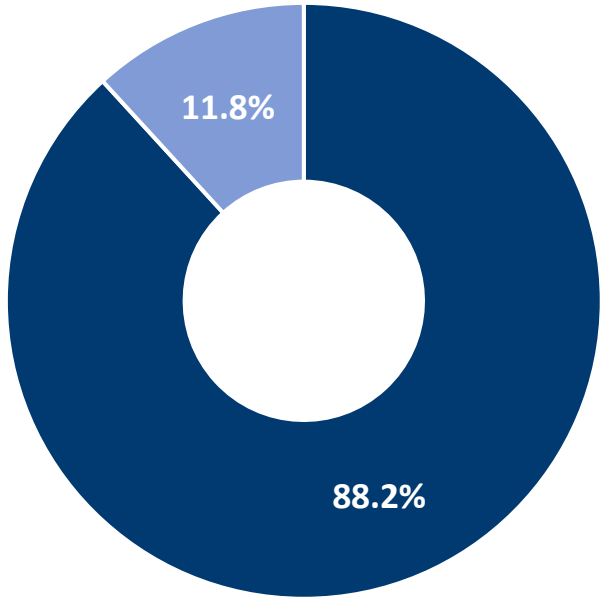
as of 3/31/2025

Total Portfolio NAV: $19.87B

INVESTMENT VEHICLE



RISK PROFILE



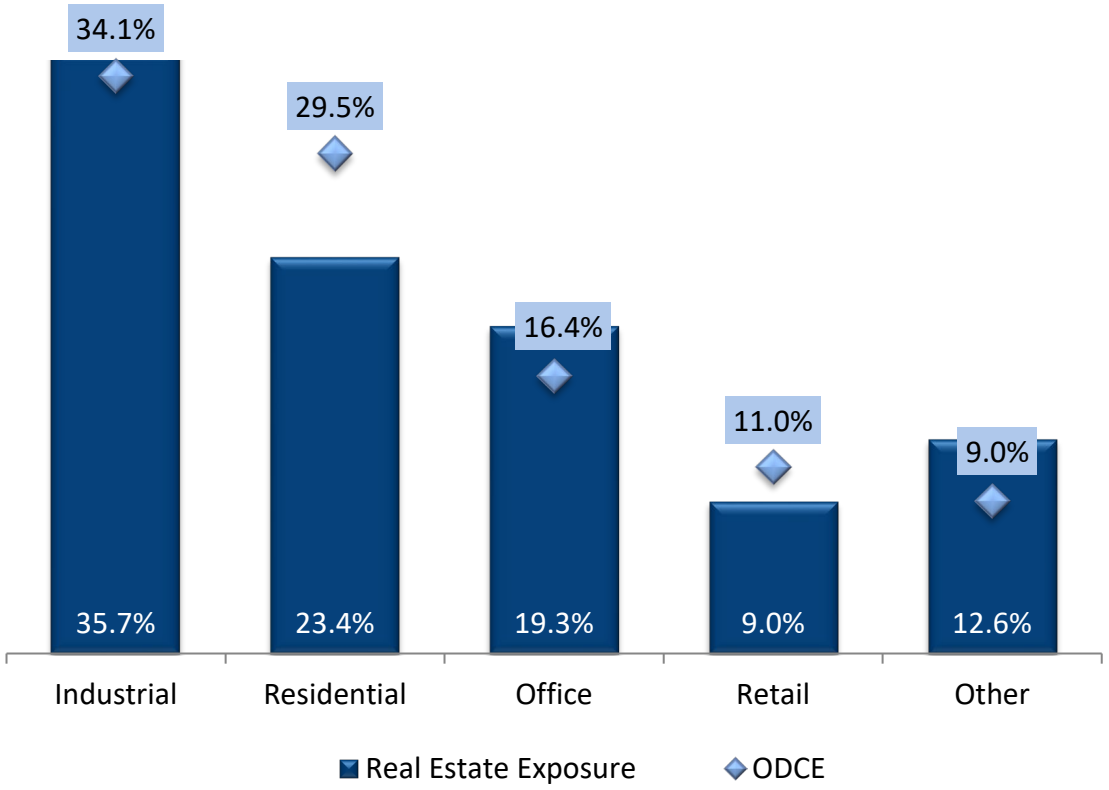
Source: Townsend Group, SBA RE eFront

REAL ESTATE PORTFOLIO DIVERSIFICATION

as of 3/31/2025

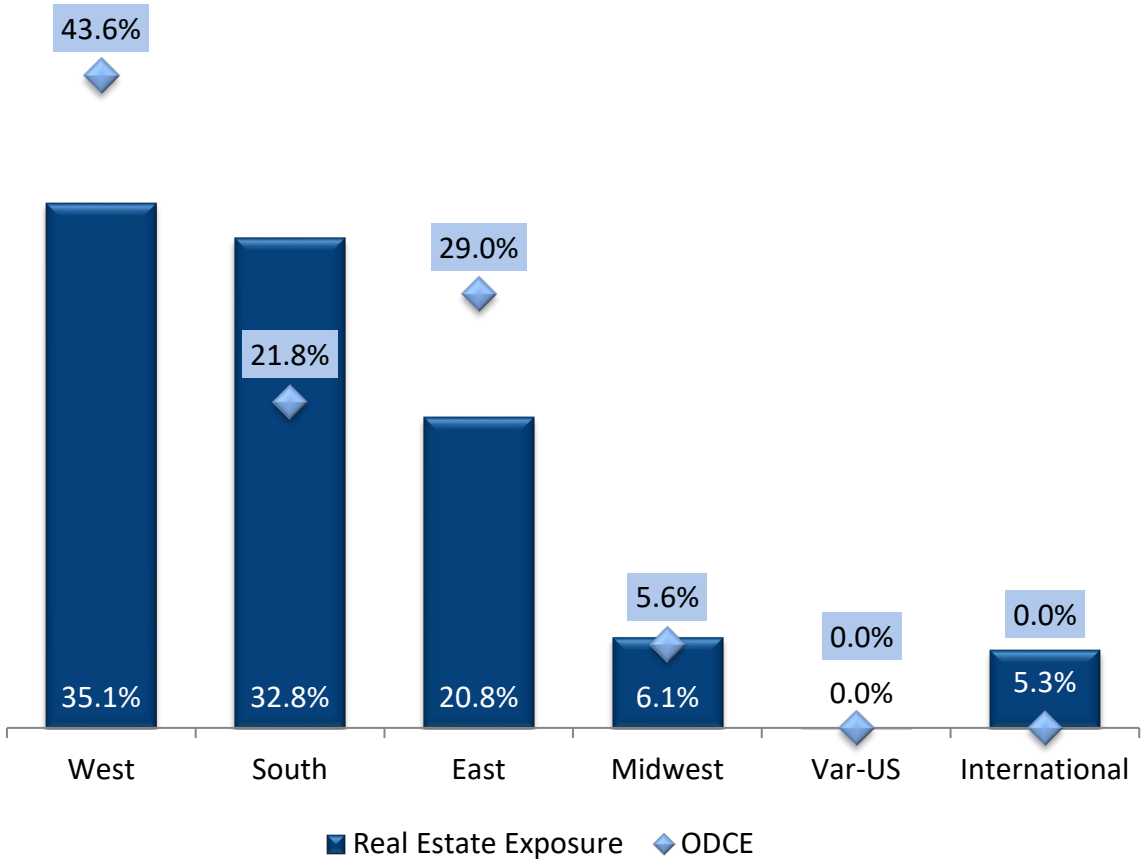
Total Portfolio NAV: $19.87B

Property Type Diversification



Other includes Agriculture, Self Storage, Data Centers, Hotel, Land.

Geographic Diversification



Source: Townsend Group, SBA RE eFront

REAL ESTATE PORTFOLIO LEVERAGE

as of 3/31/2025

Portfolio Leverage

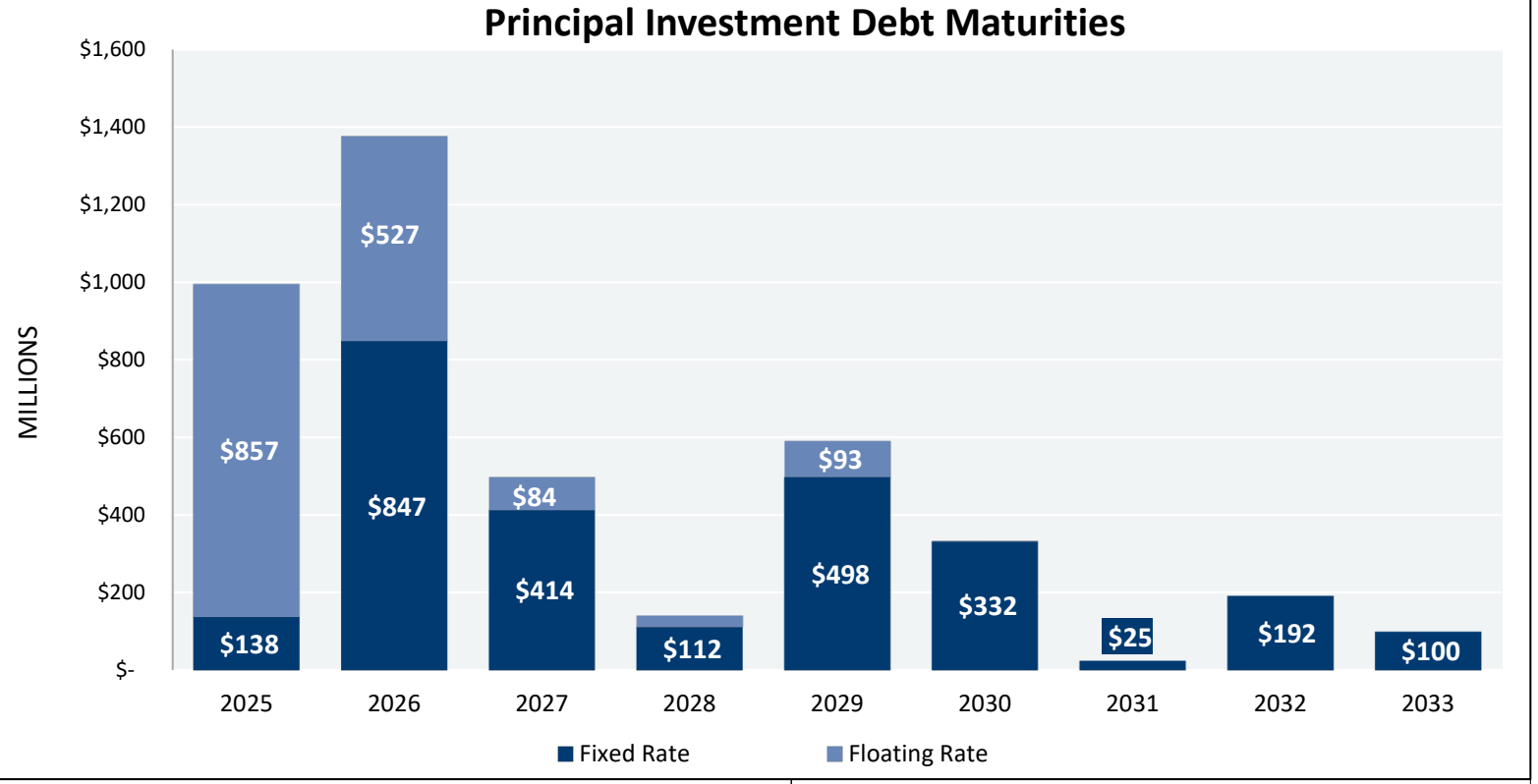
Total Portfolio Loan to Value ("LTV")	**28.52%**
Principal Investments	21.34%
Externally Managed	42.27%
NFI – ODCE LTV	**26.70%**

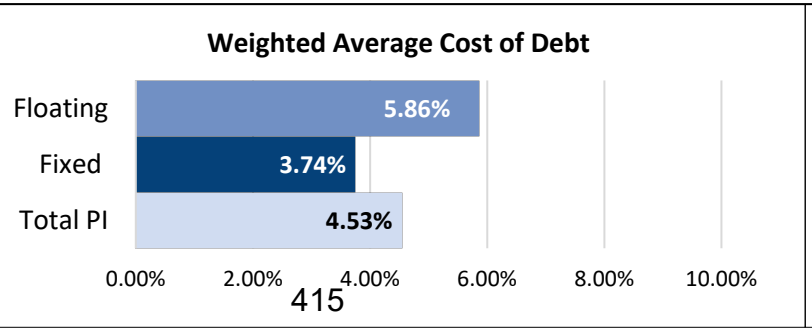
Investment Portfolio Guidelines

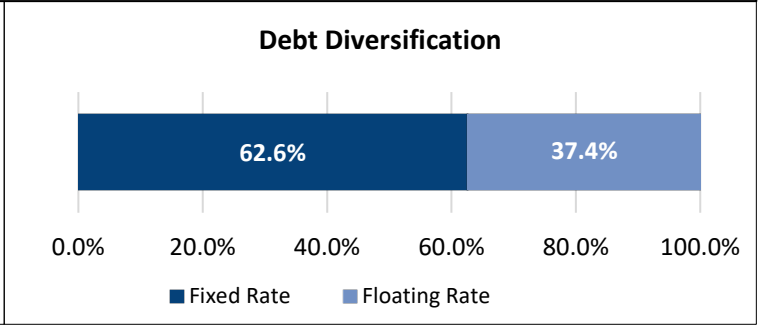
Total Portfolio Leverage is limited to **40% LTV**

Principal Investments

- ❑ Leverage is limited to 35% LTV
- ❑ Individual 100% Owned Asset Level limited to 50% LTV
- ❑ Joint Venture Individual Asset Level limited to 70% LTV
- ❑ All leverage nonrecourse to SBA





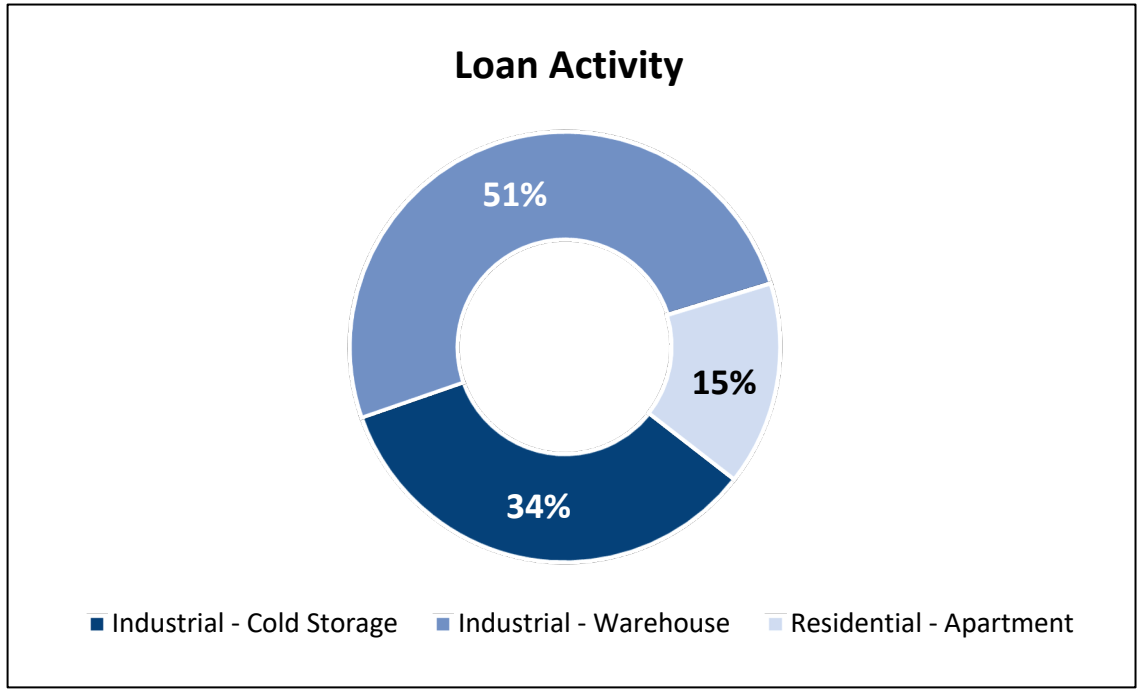


CREDIT FACILITY PROGRAM

Credit Type:	Revolving credit facility
Term:	3 years, Maturity March 2026
Extensions:	Two 1-year extension options
Rate:	SOFR + Spread
Amount:	$750,000,000
Accordion Feature:	$250,000,000

Status	Loan Amount	Average Loan-to-cost
Closed	$ 811,200,000	57.92%
In Progress	$71,100,000	31.63%
Pipeline	-	-
Total Activity	$882,300,000	52.01%

In March 2023, SBA entered into a Revolving Credit Agreement for the purpose of making downstream loans to the SBA's direct owned real estate investments. This program may provide financing for construction projects, major capital projects, and short-term bridge loans to wholly owned and joint venture investments.



Thank You

CONTACT: Lynne Gray
Email: lynne.gray@sbafla.com
PH: 850-413-1145

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INVESTMENT ADVISORY COUNCIL

FLORIDA RETIREMENT SYSTEM (FRS) INVESTMENT PLAN

Daniel Beard, Chief of Defined Contribution Programs

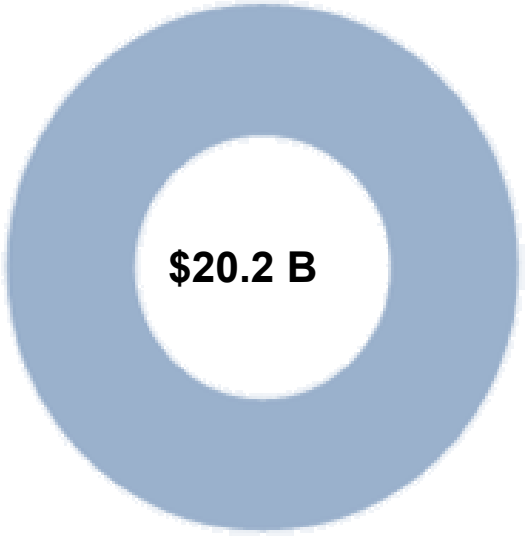
State Board of Administration
September 9, 2025

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

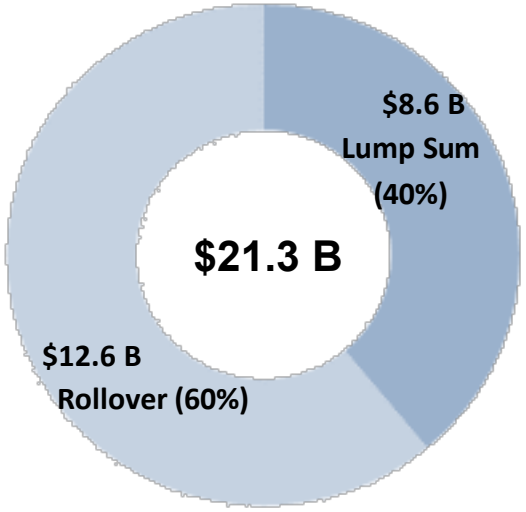
FRS INVESTMENT PLAN SNAPSHOT

(as of June 30, 2025)

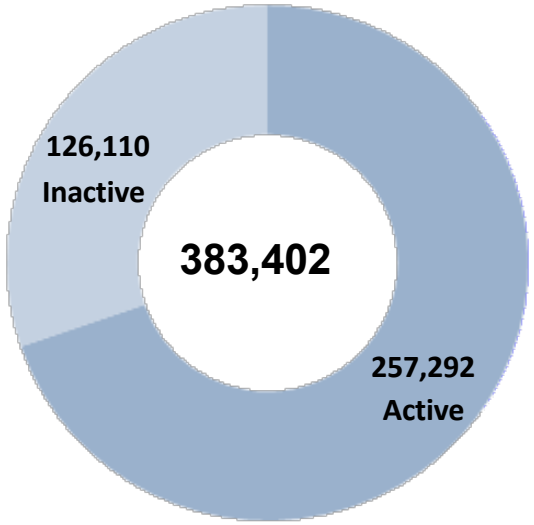
Assets



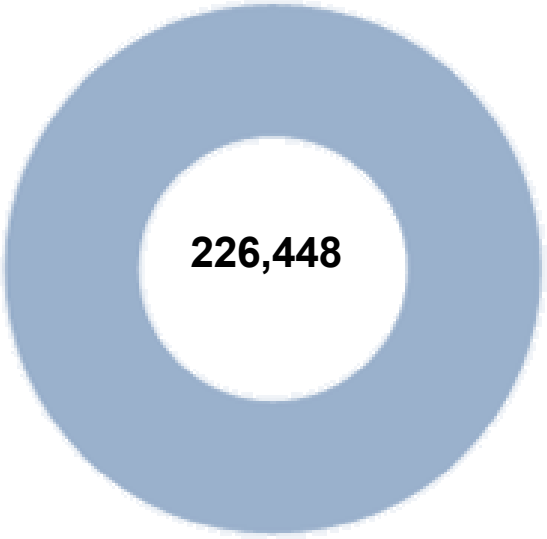
Distributions



Members



Retirees



Average Statistics

(Active Members)

Female 65% **Male 35%**

Age 45

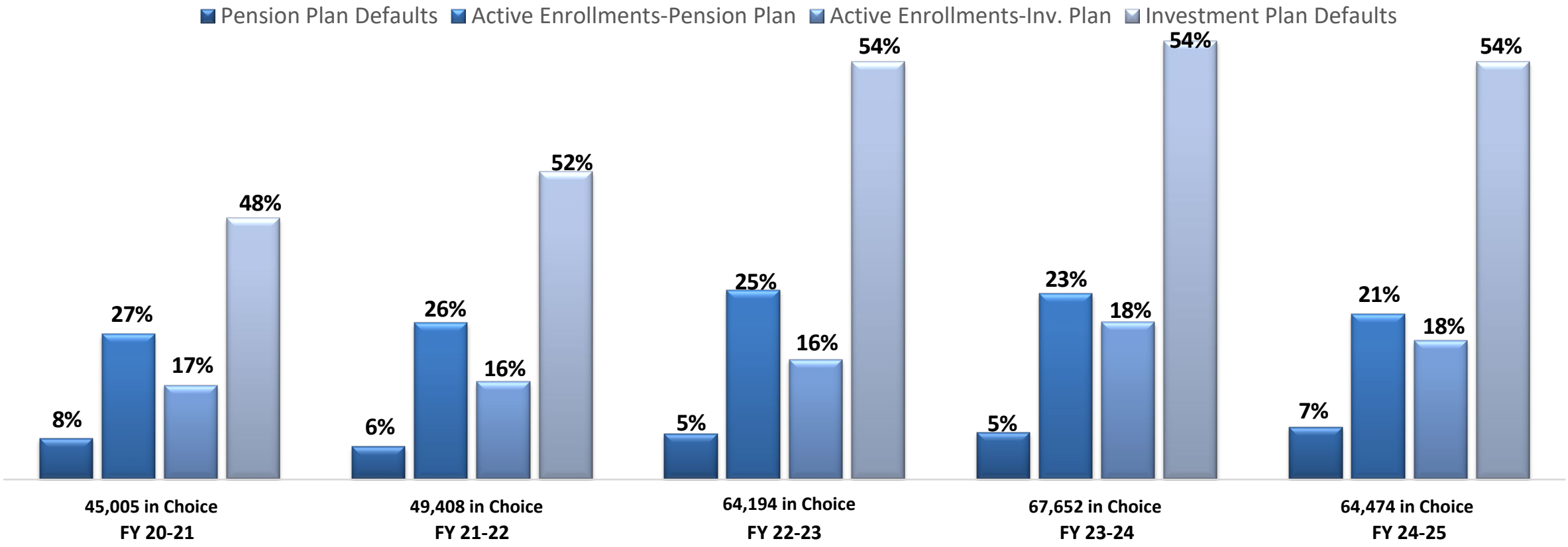
$55,144 balance

5 years of service

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

PLAN CHOICE STATISTICS

(as of June 30, 2025)



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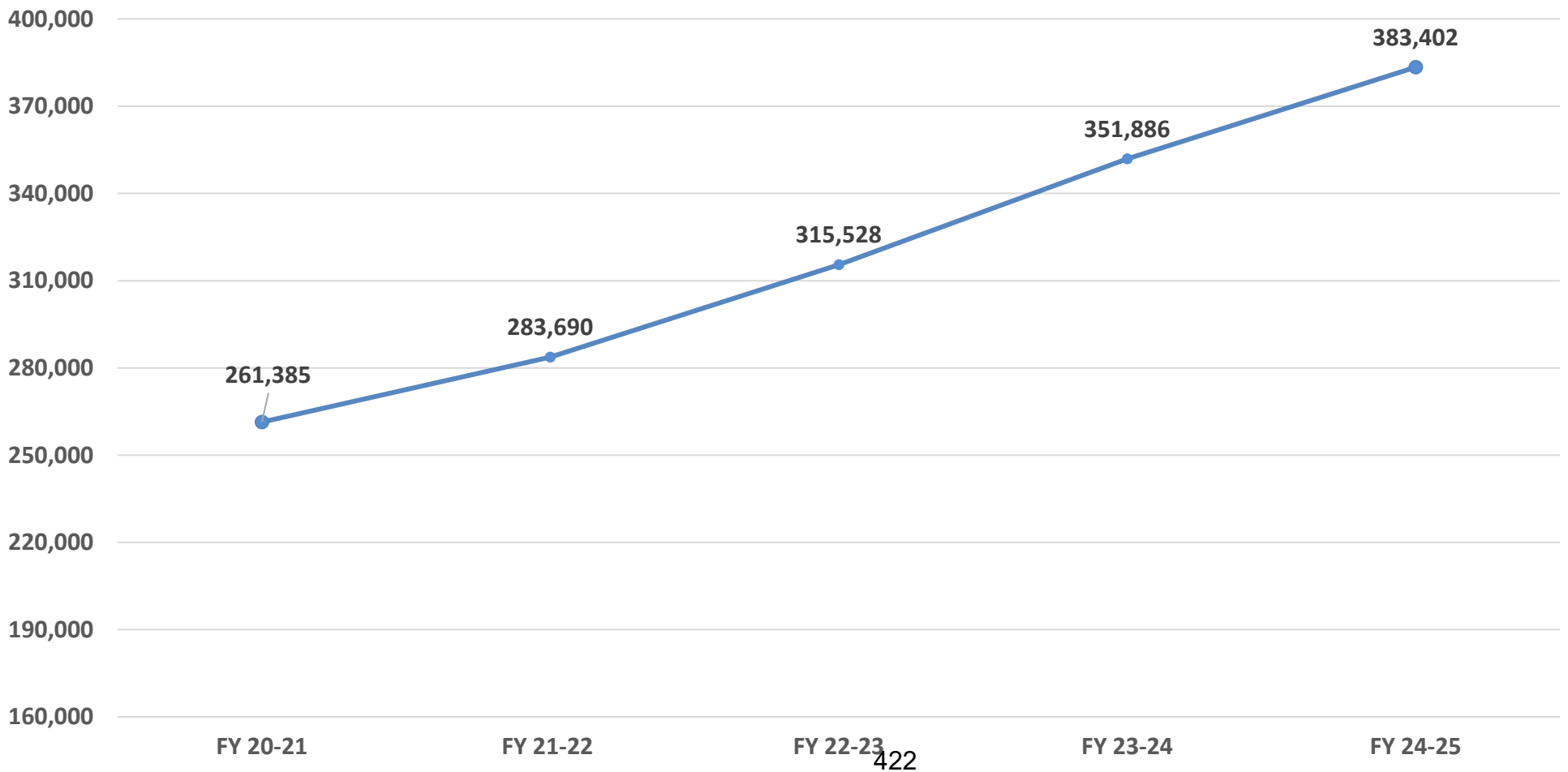
STATE BOARD OF ADMINISTRATION

INVESTMENT PLAN MEMBERSHIP GROWTH



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STATE BOARD OF ADMINISTRATION

ASSET CLASS PERFORMANCE

(as of June 30, 2025)

	QTD	FYTD	1 Yr	3 Yr	5 Yr	Incept.
Total Fund	7.97%	12.63%	12.63%	12.16%	9.72%	7.35%
Stable Value	0.77%	3.12%	3.12%	2.78%	2. 39%	2.26%
Inflation Protected Assets & TIPS*	2.10%	7.65%	7.65%	2.66%	4.85%	2.32%
Fixed Income	1.91%	7.35%	7.35%	4.32%	0.90%	4.07%
Domestic Equities	10.61%	14.64%	14.64%	19.02%	15.55%	11.02%
Global & International Equities	12.49%	18.24%	18.24%	14.65%	10.77%	8.13%
Retirement Date Funds	8.11%	13.39%	13.39%	11.23%	9.30%	6.82%
Real Estate	1.30%	6.44%	6.44%	-4.11%	4.02%	4.23%
TF x RDFs	7.79%	11.61%	11.61%	13.17%	10.16%	7.72%

*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

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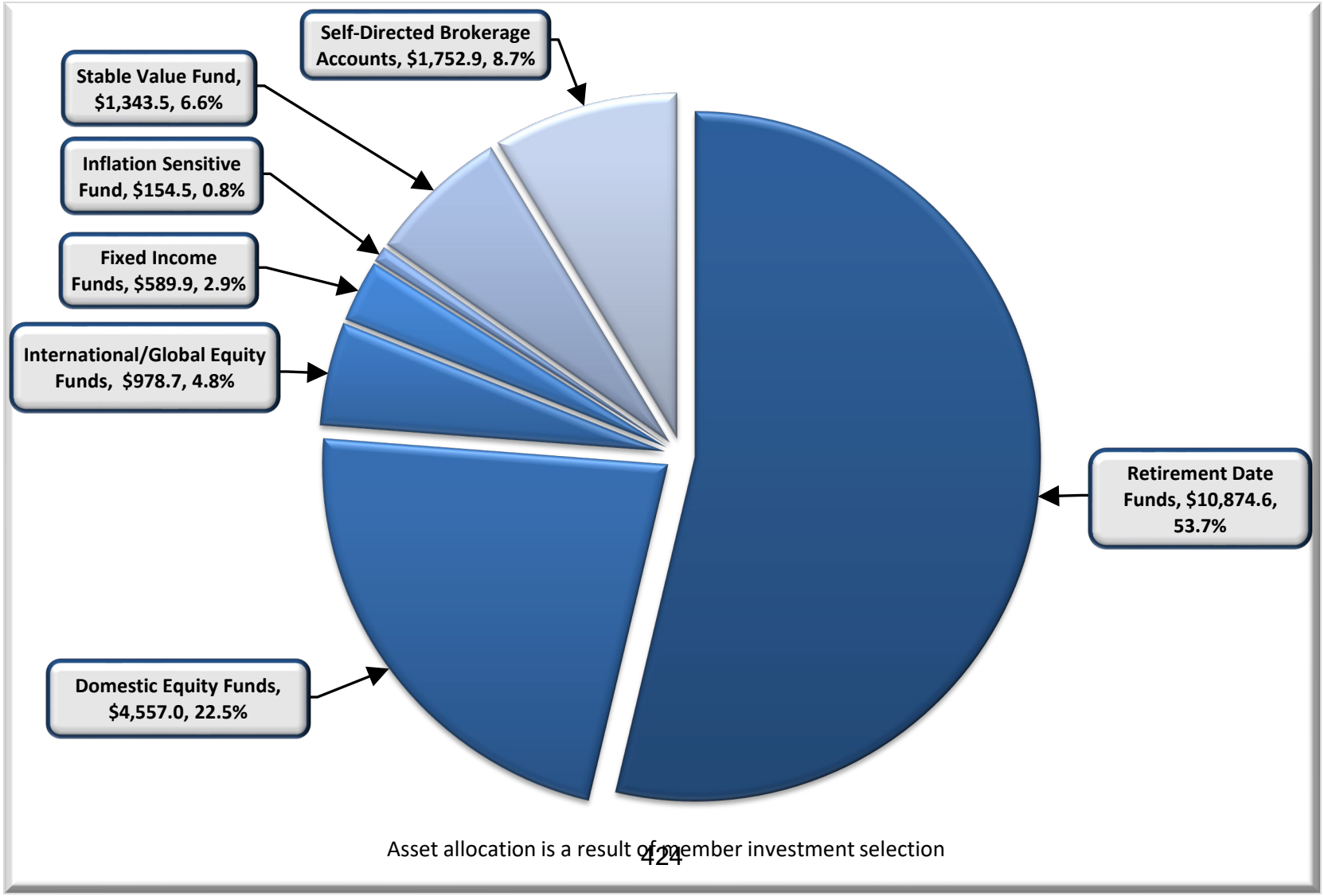
STATE BOARD OF ADMINISTRATION

FRS INVESTMENT PLAN AUM

(by Asset Class—in $millions, as of June 30, 2025)



Asset allocation is a result of member investment selection

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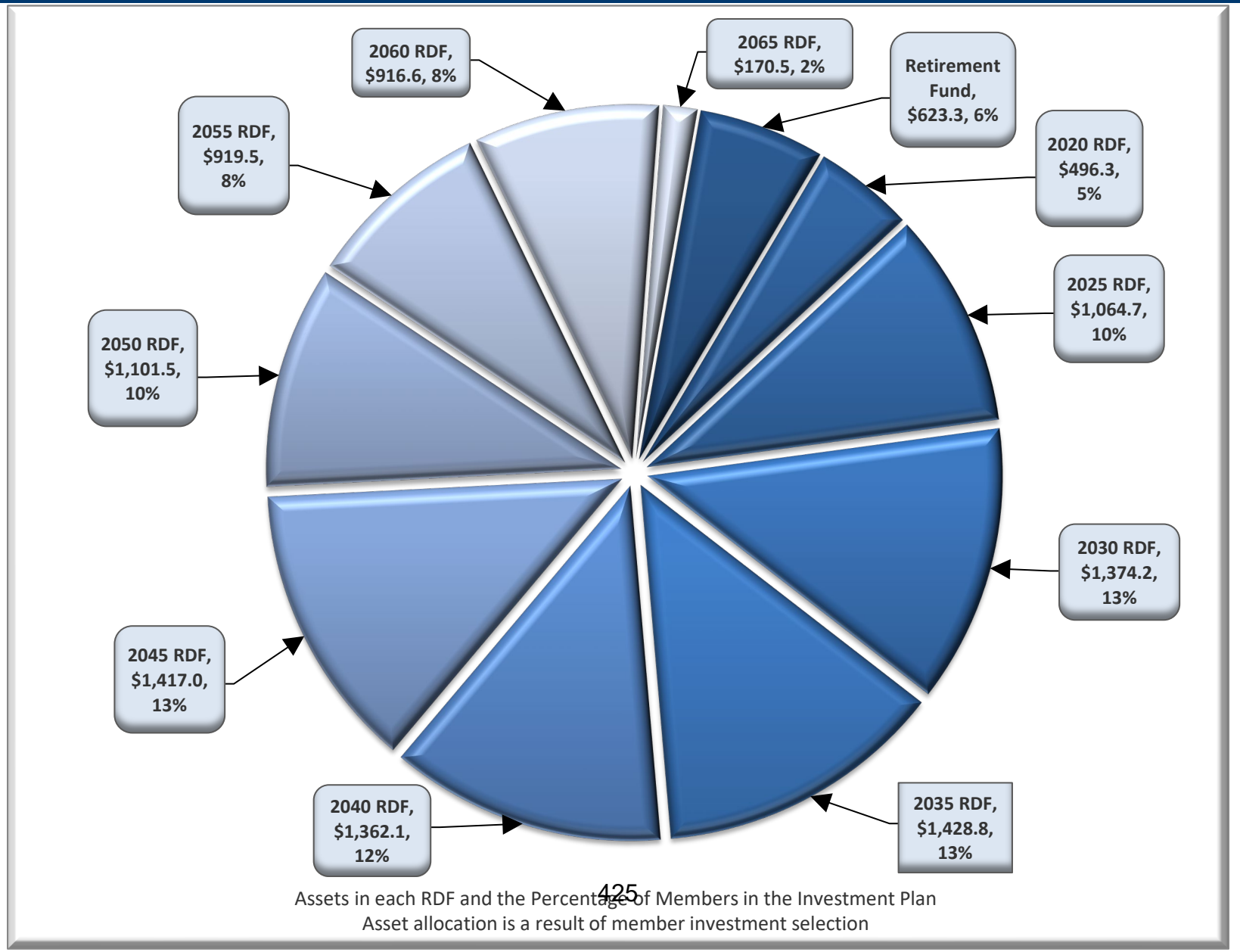
STATE BOARD OF ADMINISTRATION

CURRENT RETIREMENT DATE FUNDS

($ RDF Assets in millions, % RDF Assets, as of June 30, 2025)



Assets in each RDF and the Percentage of Members in the Investment Plan
Asset allocation is a result of member investment selection

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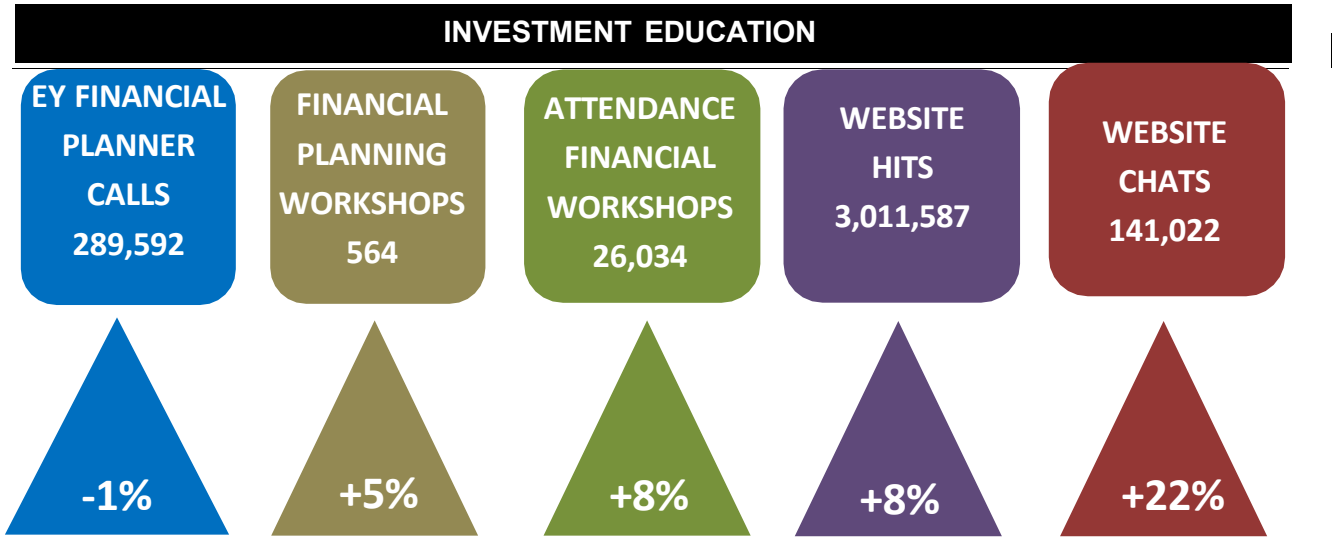
MyFRS FINANCIAL GUIDANCE PROGRAM

(July 1, 2024-June 30, 2025)



(% change from previous 12 months)

108 Annuities purchased last 12 months - $14.2 million
454 Total Annuities purchased inception to date - $57.3 million

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

Q&A

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INVESTMENT ADVISORY COUNCIL

Investment Programs & Governance (IP&G)

Corporate Governance—Quarterly Review

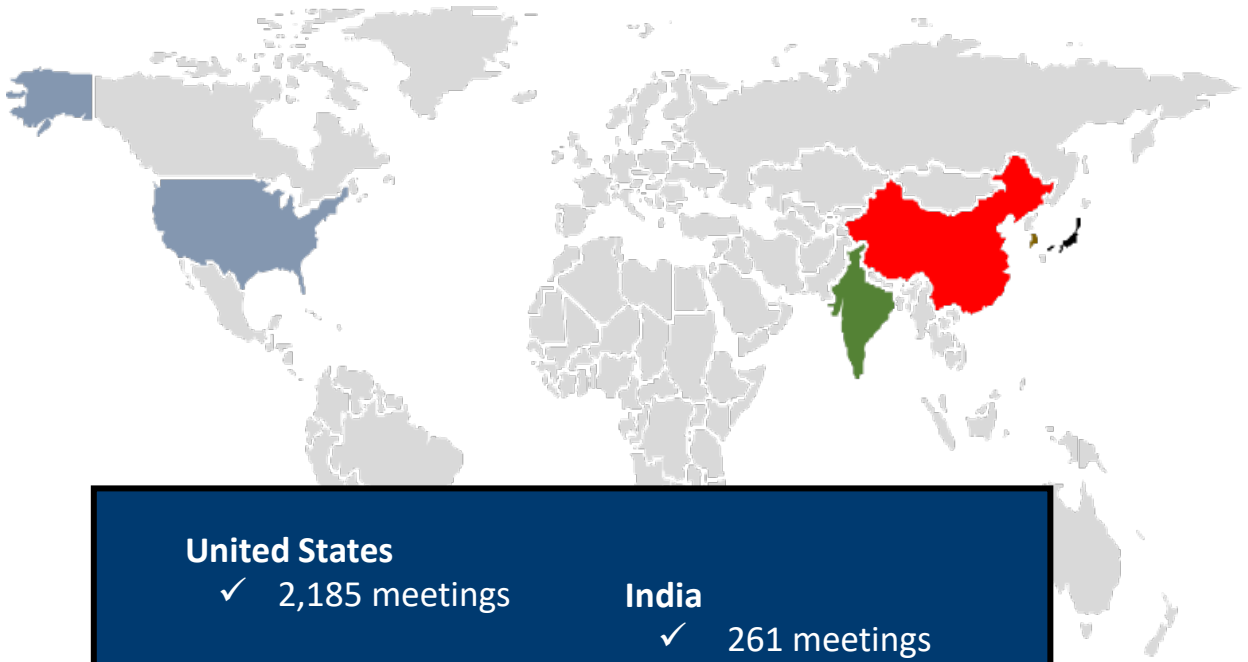
Michael McCauley, Senior Officer

State Board of Administration
September 9, 2025

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

Global Proxy Voting Q2/2025

Voting Category	*FY2024*	*FY2025*	*Q2 2025*
Total Meetings Voted	**12,584**	**11,660**	**6,507**
Individual Ballot Items Voted	**114,660**	**106,946**	**72,447**
Markets Voted	**67**	**68**	**56**
Total Companies Votes	**9,289**	**8,655**	**5,905**
% Total Votes "For"	**82.3%**	**83.4%**	**83.7%**
% Total Votes "Against"	**15.6%**	**14.7%**	**14.2%**
% Total Votes "Abstain" or Do Not Vote (DNV)	**2.1%**	**1.9%**	**1.6%**
% Total Votes Against Management Recommended Vote (MRV)	**15.4%**	**14.5%**	**13.8%**
% of Director Elections "For"	**81.4%**	**82.9%**	**84.3%**
% of Compensation Items "For"	**69.2%**	**68.7%**	**65.9%**
% of Merger-Acquisition Items "For"	**95.0%**	**91.4%**	**95.7%**
% of All Shareowner Proposals (SHPs) "For"	**21.1%**	**27%**	**27.3%**



United States
✓ 2,185 meetings

India
✓ 261 meetings

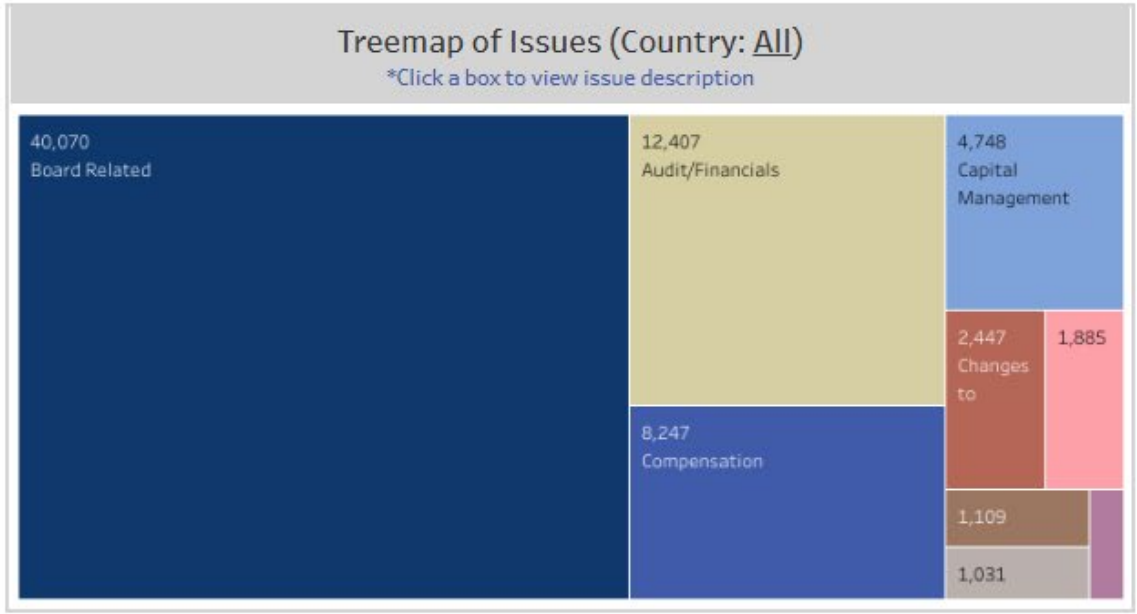
Japan
✓ 855 meetings

South Korea
✓ 12 meetings

China
✓ 704 meetings

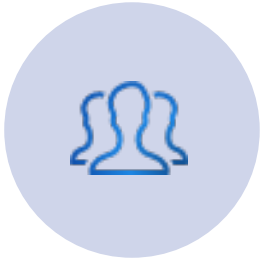
SBA FLORIDA
STATE BOARD OF ADMINISTRATION

SBA Voting—Major Ballot Categories (All Markets, Q2/2025)



SBA FLORIDA
STATE BOARD OF ADMINISTRATION

SBA Voting—2025 U.S. Proxy Season Review



Director Elections—the SBA supported 83.8% of 17,258 individual board nominees at U.S. companies, a slight increase of 0.5% from last fiscal year. In FY2023 and FY2024, SBA staff supported 83.4% and 83.3% of all U.S. director nominees, respectively.

Mergers & Acquisitions—the SBA supported 92.5 of all U.S. merger/acquisition proposals, a decrease of 3.1% from last fiscal year.

Proxy Contests—during the fiscal year, SBA staff voted on a total of 12 contested board elections globally, supporting management board proposals 25% of the time. Other ballot items received mixed SBA support, with the highest support for mergers and acquisition and issues involving shareholder meeting administration.

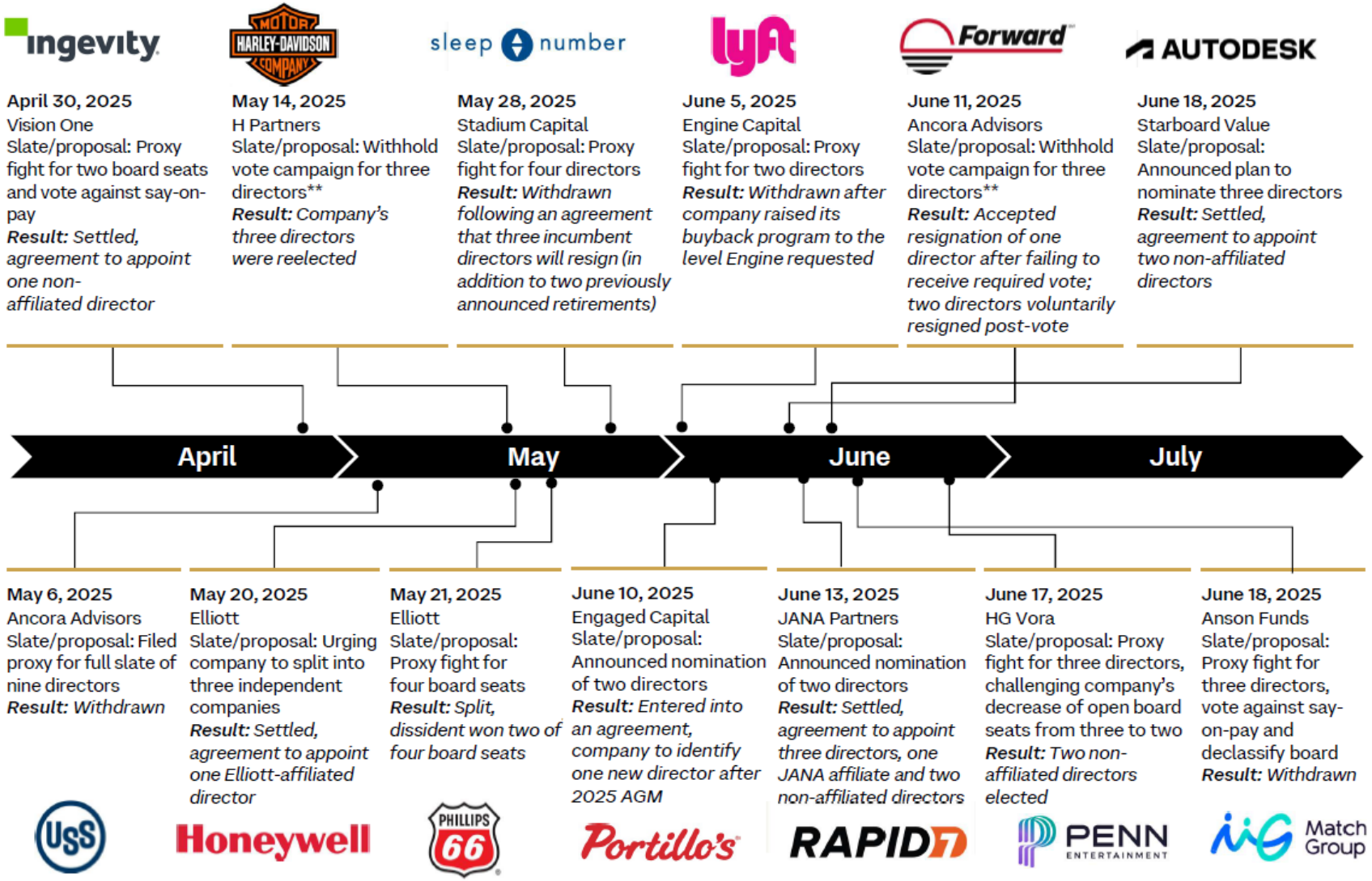
Auditor Ratification—the SBA ratified 99.2% of all external auditors among U.S. companies within the Russell 3000 stock index, unchanged from last fiscal year.

Executive Compensation & Say-on-Pay *(SOP)*—the SBA supported 45.6% of all compensation related ballot items at U.S. companies within the Russell 3000 stock index, a decrease of 1% from last fiscal year. In FY2023 and FY2024, SBA staff supported 36.4% and 46.6% of all U.S. compensation related ballot items, respectively. Across all voted markets, the SBA supported 44% of all advisory say-on-pay (SOP) ballot items.

Shareowner Resolutions—on a year-over-year fiscal basis, the SBA's voting support for all U.S. shareholder proposals (SHPs) increased by approximately 10%. The increase in support was due solely to an increase in fundamental governance proposals, as both the number of proposals and the support percentages for environmental and social shareowner proposals continued to decline.

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

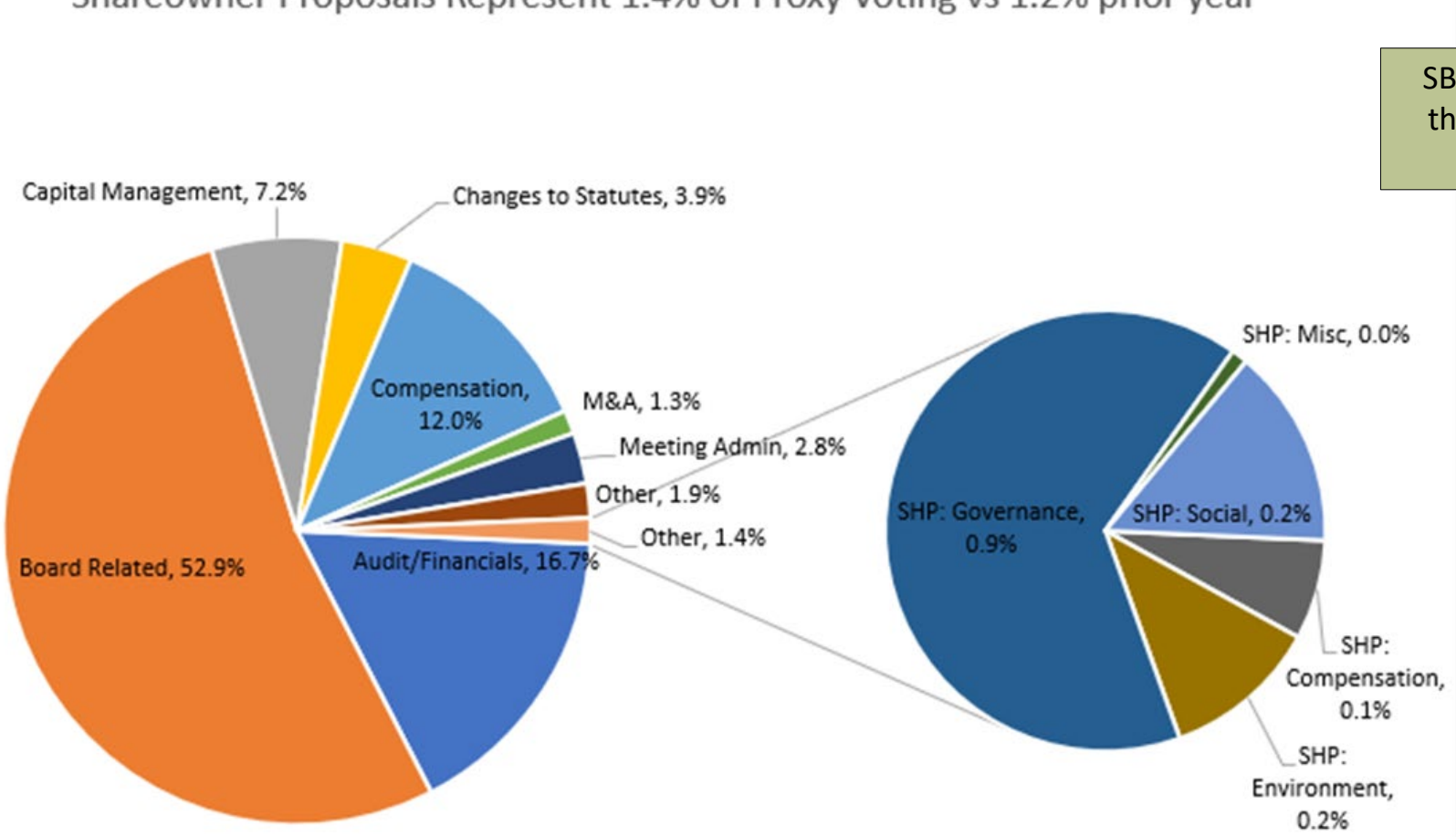
Proxy Contests in Q2 2025



Source: FactSet and Freshfields US LLP, used with permission. All data as of June 16, 2025. *Timeline reflects dates of the 2025 annual shareholder meeting.
**Withold vote campaigns where the activist challenges the company's board nominees without proposing an alternative slate of nominees.

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

Proxy Voting Ballot Item Detail (All Markets, FY2025)



SBA Proxy Voting Primarily Focused on the Board of Directors, Audit Matters, and Executive Compensation

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

Shareholder Proposals by Category at S&P 500 Companies

Governance Proposals: 244

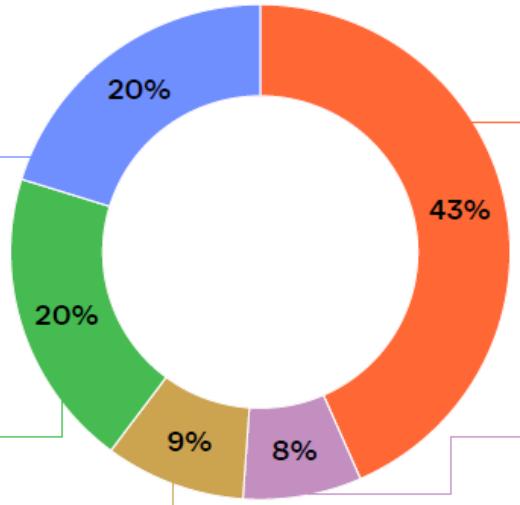
Examples include:

- Independent chair
- Director resignation policy
- Simple majority voting threshold
- Right to act by written consent
- One vote per share
- Right to call special meeting
- Board declassification
- Board committee creation

Social Proposals: 311

Examples include:

- Human rights
- Diversity – board/workforce
- Racial equity audit
- Workplace safety
- Child safety
- Pay disparity – gender/race
- Political/lobbying/ charitable contributions



Environmental Proposals: 140

Examples include:

- Climate Transition Plans
- Plastic packaging and pollution
- Reporting on GHG emissions
- Deforestation
- Water use
- Climate lobbying
- Food waste
- Community impact reporting

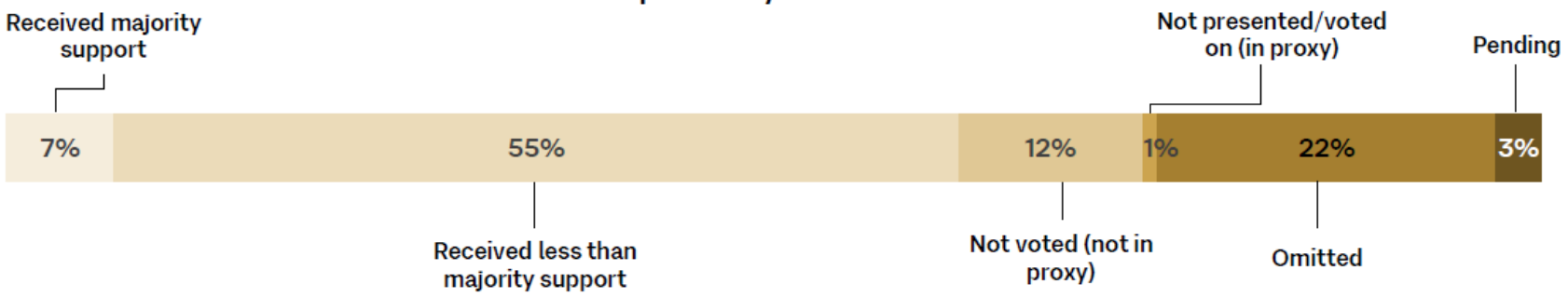
Compensation Proposals: 55

Examples include:

- Shareholder approval of termination pay
- Share retention policies
- Clawback provisions
- Executive pay ratio

Other Proposals: 65

Proposals By the Numbers[2]

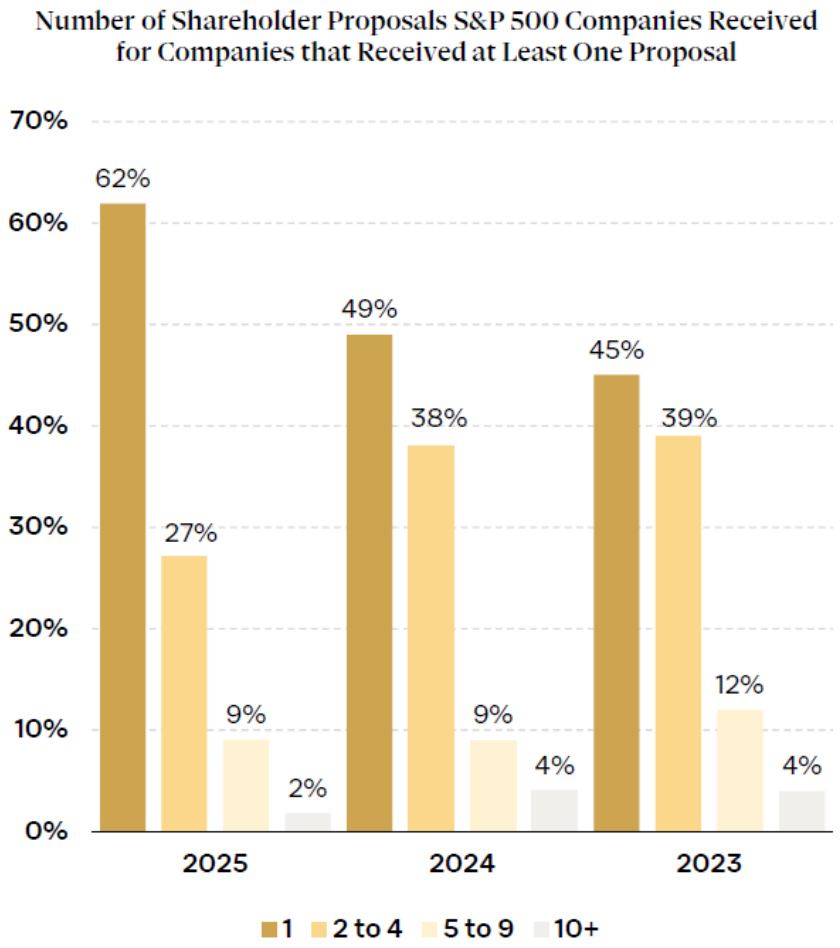


Source: Freshfields US LLP, used with permission. All data as of June 16, 2025

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

Shareholder Proposals at S&P 500 Companies

276 companies in the S&P 500 received an aggregate of 595 known shareholder proposals in 2025—72% of all known proposals, compared to 76% in 2024 and 80% in 2023



2.2

Average number of shareholder proposals received by S&P 500 companies receiving a proposal, compared to 2.5 in 2024 and 2.8 in 2023

16

Amazon received the highest number of known shareholder proposals sent to a single S&P 500 company for the third year in a row, after receiving 18 in 2024 and 21 in 2023

10%

Five companies received 10% of all proposals submitted to S&P 500 companies in 2025

Sector Focus

Consistent with recent years, there are no discernable trends based on sector – companies that receive multiple proposals represent a wide range of industries

- Sharp drop in the number of shareholder proposals, in part due to the SEC's willingness to grant no-action relief after publication of SLB 14M mid-season.

Source: Freshfields US LLP, used with permission. All data as of June 16, 2025

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

Shareholder Proposals by Type (US Meetings)

	YTD 2025			2024			2023		
	Total	% Approved	Average Votes For	Total	% Approved	Average Votes For	Total	% Approved	Average Votes For
Call Special Meetings	60	15.5%	32.2%	23	17.4%	43.5%	40	22.5%	35.9%
Diversity, Equity, and Inclusion	53	0.0%	6.4%	76	0.0%	14.0%	66	3.1%	17.9%
Climate	46	0.0%	10.8%	81	2.5%	19.8%	82	1.2%	20.2%
Political Contributions or Lobbying	25	18.2%	30.0%	61	1.6%	22.5%	55	3.8%	27.7%
Human Rights/Conflict Issues	24	0.0%	10.4%	44	0.0%	11.6%	39	0.0%	12.9%
Require Independent Chair	24	0.0%	31.9%	40	0.0%	30.4%	81	0.0%	30.0%
AI/Cybersecurity/Content Moderation	16	0.0%	8.6%	21	0.0%	15.1%	15	0.0%	7.7%
Waste Management / Recycling	17	0.0%	9.5%	14	0.0%	NA	9	0.0%	NA
Drug Access/Public Health	12	0.0%	10.9%	21	0.0%	10.8%	26	0.0%	13.7%
Human Capital	11	0.0%	11.8%	31	0.0%	17.4%	28	7.4%	23.6%
Public Advocacy/Stewardship	11	0.0%	1.4%	7	0.0%	2.7%	7	0.0%	5.0%
Act By Written Consent	10	10.0%	28.9%	8	0.0%	36.5%	5	20.0%	40.8%
Animal Welfare	5	0.0%	8.3%	22	0.0%	NA	12	0.0%	NA
Declassify Board	5	75.0%	80.3%	6	100.0%	66.6%	1	100.0%	88.1%
Remove Unequal Voting	4	0.0%	24.9%	5	0.0%	32.3%	7	14.3%	36.1%
Proxy Access	0	NA	NA	2	50.0%	53.6%	2	0.0%	16.4%

Note: Calendar year. Votes "For" exclude abstentions, % Approved excludes withdrawn proposals. Years based on date of shareholder meeting.

Source: Bloomberg Intelligence

Bloomberg Intelligence BI

- 30% YOY decline in DEI, with average support falling into the mid-single digits from 14% in 2024
- Traditional governance matters, such as special meetings or action by written consent, increased in both total and approved proposals

Source: Bloomberg LLP. Data as of July 30, 2025.

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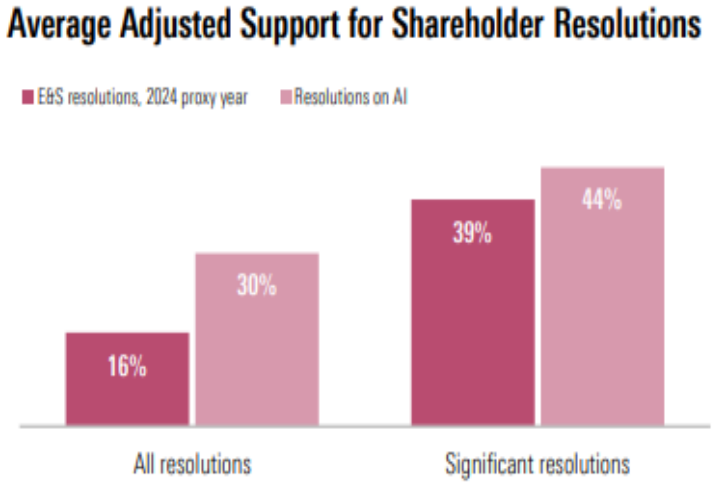
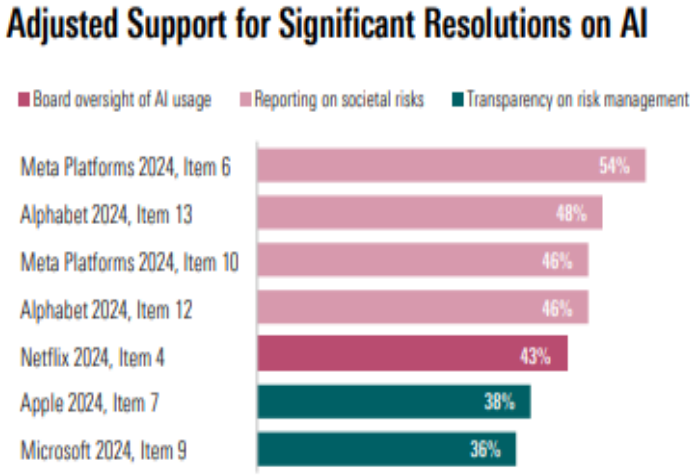
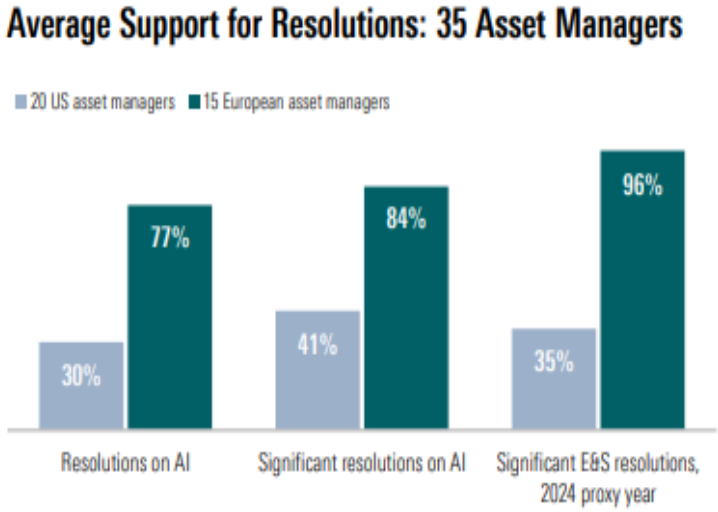
SHP Voting on Artificial Intelligence (AI) SHPs







- Shareowner support for AI-related resolutions averaged 30%, nearly double the support for other environmental and social (E&S) proposals (16%).
- The most supported proposals focused on misinformation/disinformation risks and AI-driven targeted advertising.
- Most resolutions were filed at companies like Alphabet, Meta, Microsoft, Apple, and Amazon.
- Investors are pushing for clearer board-level oversight of AI activities and risk management.
- Shareowners want detailed disclosures on AI governance, ethical guidelines, and data sourcing practices.

Source: Morningstar proxy voting database, public filings, asset managers' voluntary disclosures. Data as of May 7, 2025

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Governance Proposals among S&P 500 Companies

As of June 16, 2025, 42 governance proposals received majority support, a continued increase from 38 in 2024 and 17 in 2023

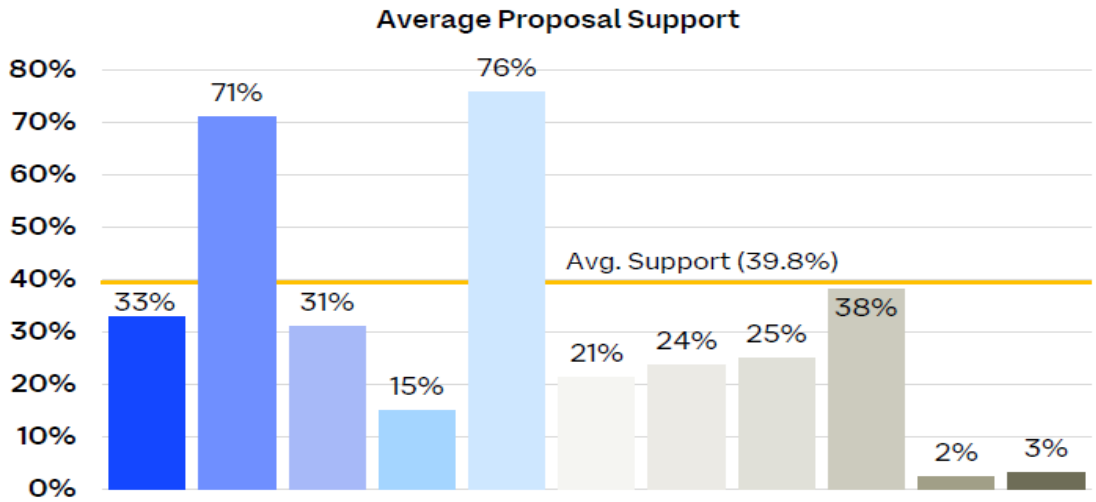
- 244 known governance-related proposals were submitted, as compared to 252 in 2024 and 236 in 2023
- One proponent submitted approximately 62% of all known proposals, focusing on special meeting call rights, simple majority voting requirements, independent board chairs and the right to act by written consent

244*

Known proposals

74

Proposals requesting initial or a lowered threshold for shareholders to call special meetings



- Shareholder Ability to Call Special Meetings (or Lower Threshold to Call Special Meetings)
- Adopt a Simple Majority Voting Threshold
- Independent Board Chair
- Other
- Board Declassification
- Director Resignation Policy
- Action by Written Consent
- One Vote Per Share
- Majority Vote for Director Elections
- Create Board Committees
- Advance Notice Bylaws

Source: Freshfields US LLP, used with permission. All data as of June 16, 2025. Includes one anti-ESG proposal.

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Environmental Proposals among S&P 500 Companies

As of June 16, 2025, no environmental proposals received majority support

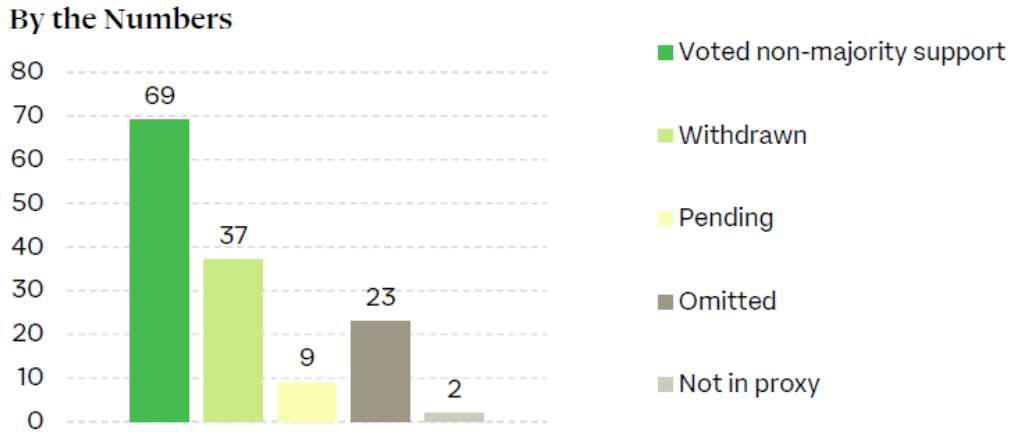
Environmental proposals covered a wide range of requests for disclosure or reporting on climate-related topics, including on emissions reduction and climate transition plans, climate risk to retirement accounts and lobbying. Proposals were also submitted on sustainability topics such as plastic use, biodiversity impact, deep sea mining, water supply risk, deforestation, regenerative agriculture and food waste

140*

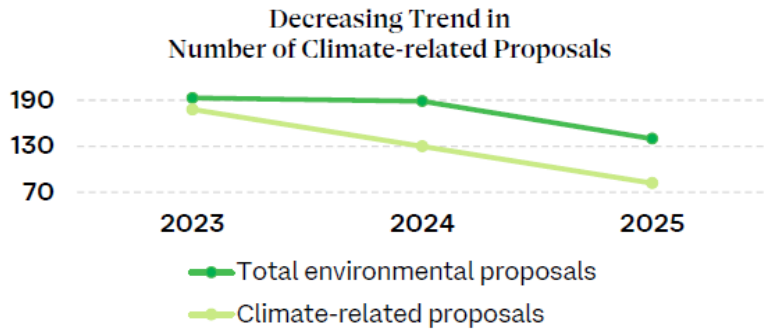
Known proposals

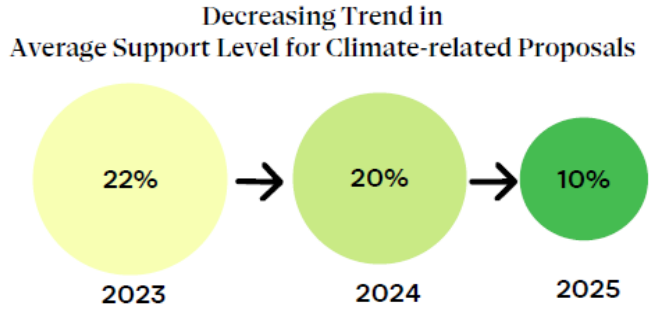
82

Climate-related proposals



Support for environmental proposals ranged from 0.5%–23.8%





Source: Freshfields US LLP, used with permission. All data as of June 16, 2025. Includes 14 anti-ESG proposals.

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Social Proposals among S&P 500 Companies

As of June 16, 2025, five proposals, all requesting reports on political contributions, received majority support. Average support for the majority-supported proposals was 54.1% (ranging from 51.0%–57.9%)

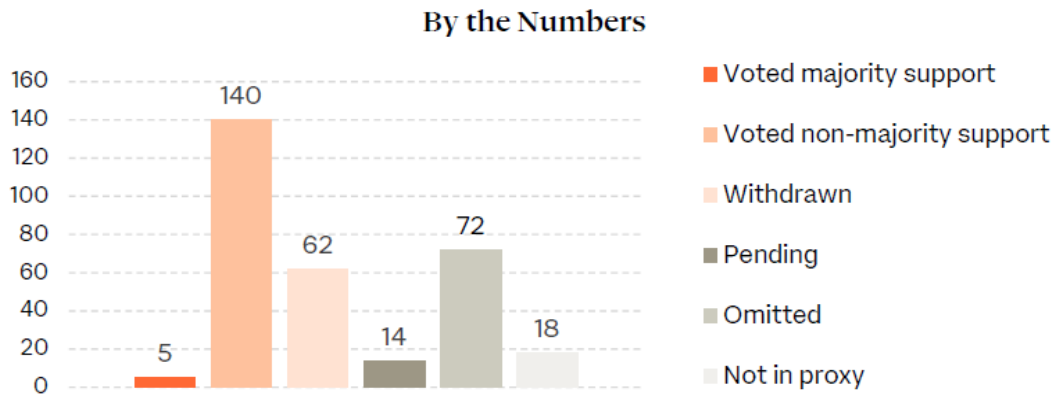
Social proposals covered topics such as DEI, human rights, workplace safety, healthcare access, data privacy, political activities and general business practices

311*

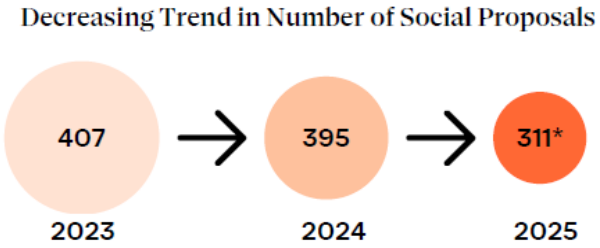
Known proposals

92

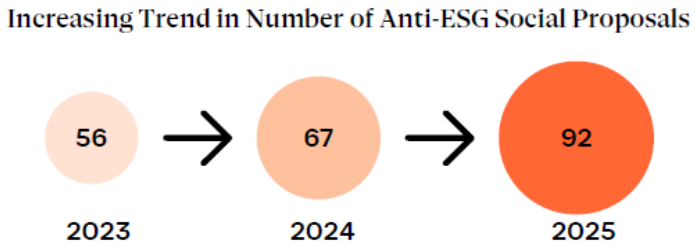
Anti-ESG proposals



Excluding the five proposals that received majority support, support for social proposals ranged from 0.1%–43.9%



The number of social proposals overall has steadily declined in recent years, down 21.3% and 23.6% from 2024 and 2023, respectively



The percentage of anti-ESG social proposals has increased to 29.6% of total social proposals, compared to 17.0% in 2024 and 13.8% in 2023

Source: Freshfields US LLP, used with permission. All data as of June 16, 2025. *Includes 91 anti-ESG proposals.

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Compensation Proposals among S&P 500 Companies

As of June 16, 2025, 55 known proposals were submitted on topics including shareholder approval of termination pay, clawback provisions, share retention policies and CEO pay ratios, down from 65 known proposals in 2024

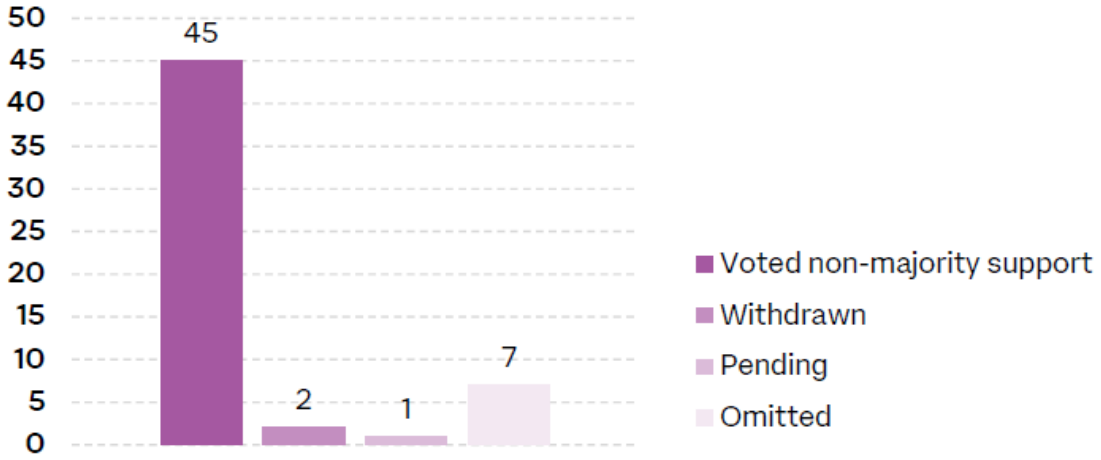
55

Known proposals

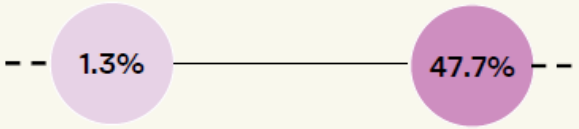
45

Voted proposals

By the Numbers



Support for compensation proposals ranged from 1.3%–47.7%



76.4%

The percentage of all compensation proposals submitted by one proponent

18.7%

The average support received by compensation proposals

Source: Freshfields US LLP, used with permission. All data as of June 16, 2025.

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SBA Proxy Voting on Shareowner Proposals (U.S. Meetings only—as of 6/30/25)

Key Metrics

Issue Category	FY2022 Proposal	FY2022 % of SHP	FY2022 SBA Support %	FY2023 Proposal	FY2023 % of SHP	FY2023 SBA Support %	FY2024 Proposal	FY2024 % of SHP	FY2024 SBA Support %	FY2025 Proposal	FY2025 % of SHP	FY2025 SBA Support %
SHP: Environment	158	13.17%	19.62%	210	14.90%	7.62%	199	13.75%	2.51%	172	11.18%	0.00%
SHP: Social	276	23.00%	35.51%	277	19.66%	15.88%	316	21.84%	18.67%	219	14.23%	12.33%
SHP: Governance	754	62.83%	38.86%	899	63.80%	35.93%	906	62.61%	26.49%	1,127	73.23%	33.90%
SHP: Misc	12	1.00%	25.00%	23	1.63%	17.39%	26	1.80%	7.69%	21	1.36%	28.57%
Grand Total	**1,200**	**100.00%**	**35.42%**	**1,409**	**100.00%**	**27.47%**	**1,447**	**100.00%**	**21.15%**	**1,539**	**100.00%**	**26.97%**

Vote Decision

Issue Category	"For" FY2022	"For" FY2023	"For" FY2024	"For" FY2025	"Against&Withhold" FY2022	"Against&Withhold" FY2023	"Against&Withhold" FY2024	"Against&Withhold" FY2025	"Abstain" FY2022	"Abstain" FY2023	"Abstain" FY2024	"Abstain" FY2025	"Other" FY2022	"Other" FY2023	"Other" FY2024	"Other" FY2025
SHP: Environment	31	16	5	0	117	181	189	165	1	1	1	0	9	12	4	7
SHP: Social	98	44	59	27	171	228	242	180	1	4	2	5	6	1	13	7
SHP: Governance	293	323	240	382	325	503	553	636	33	13	41	35	103	60	72	68
SHP: Misc	3	4	2	6	6	16	17	11	1	0	0	1	2	3	7	3
Grand Total	**425**	**387**	**306**	**415**	**619**	**928**	**1,001**	**992**	**36**	**18**	**44**	**41**	**120**	**76**	**96**	**85**

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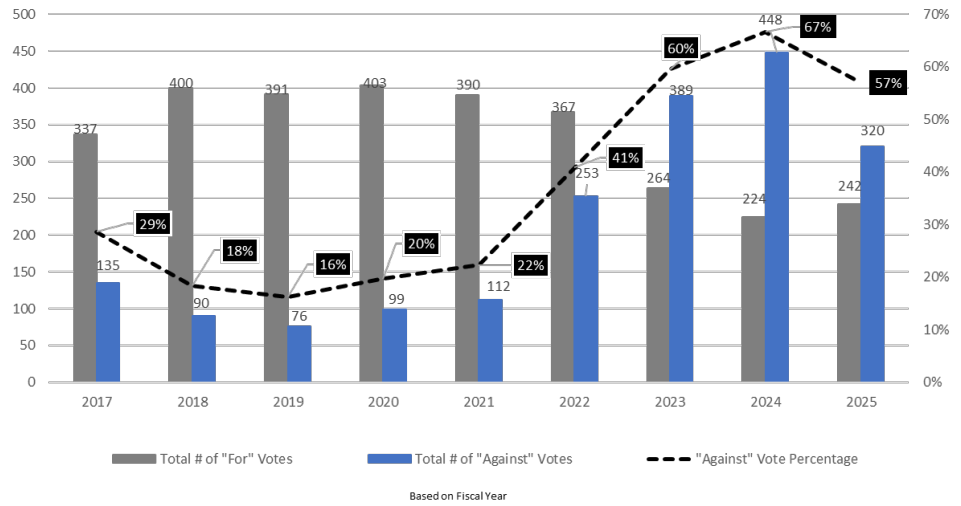
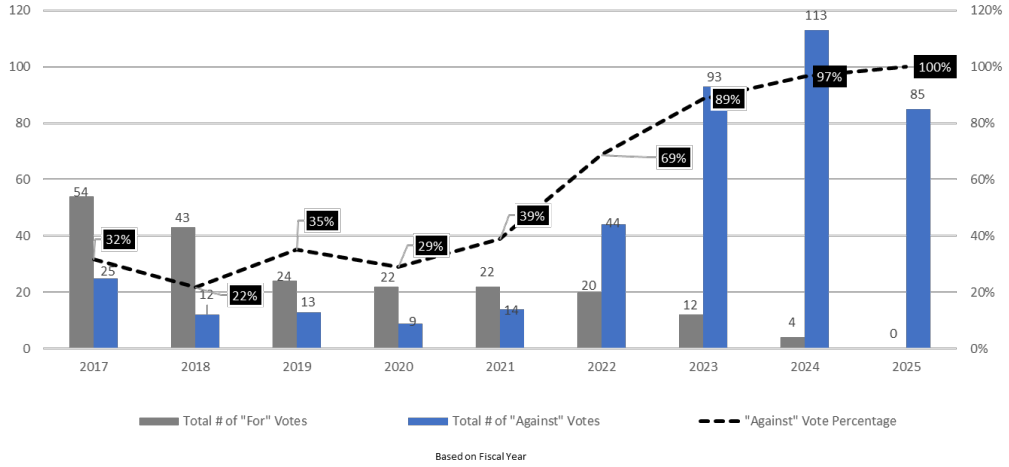
STATE BOARD OF ADMINISTRATION

SBA Proxy Voting on Shareowner Proposals (US Meetings Only)

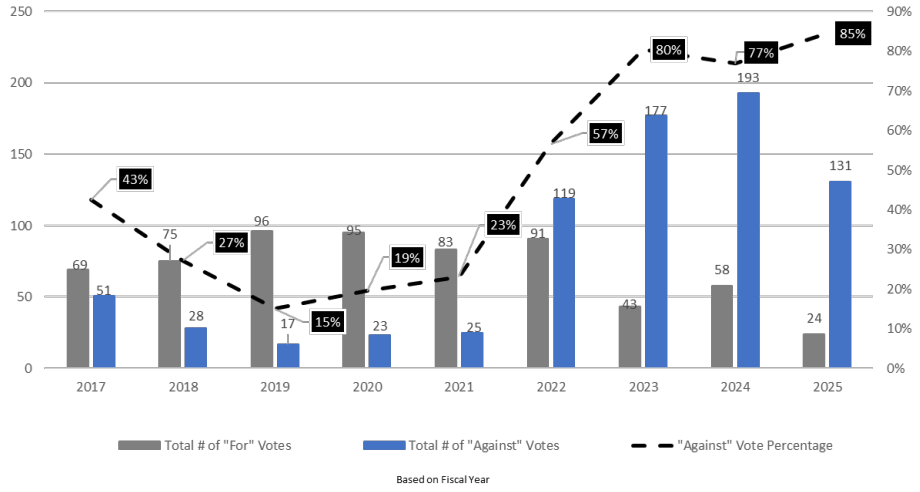
All Shareholder Proposals
(U.S. - FY as of 6/30/25)



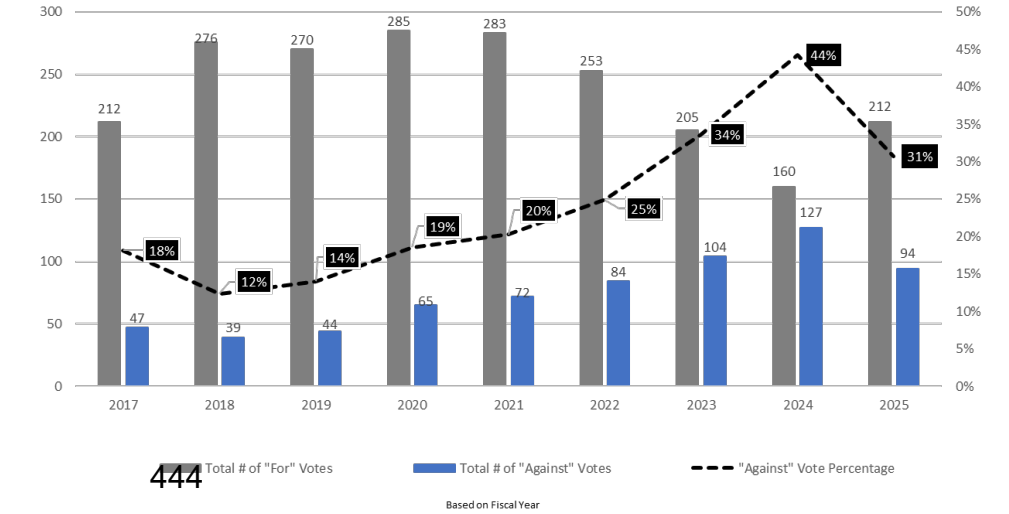
Environmental Proposals "For" vs. "Against" Votes
(U.S. - FY as of 6/30/25)



Social Proposals "For" vs. "Against" Votes
(U.S. - FY as of 6/30/25)



Governance Proposals "For" vs. "Against" Votes
(U.S. - FY as of 6/30/25)



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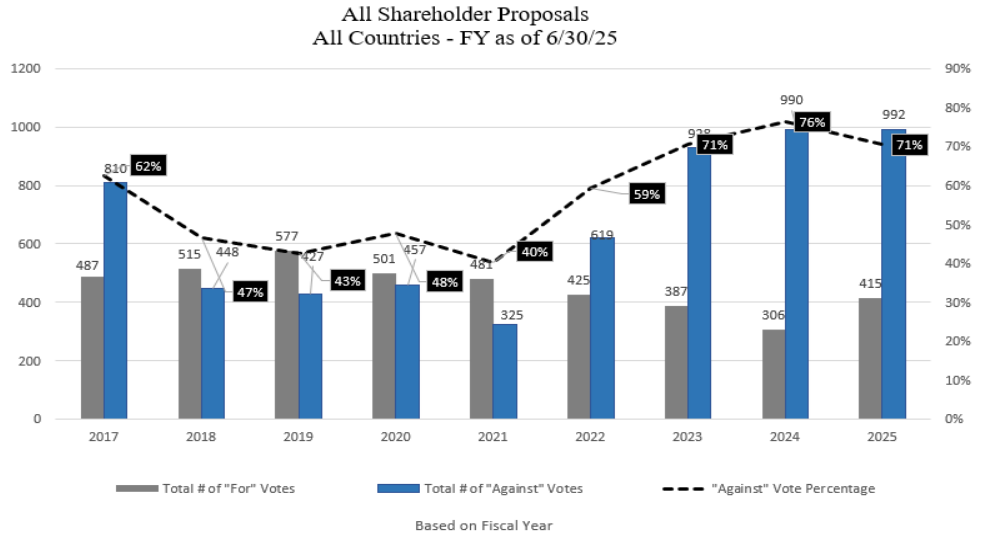
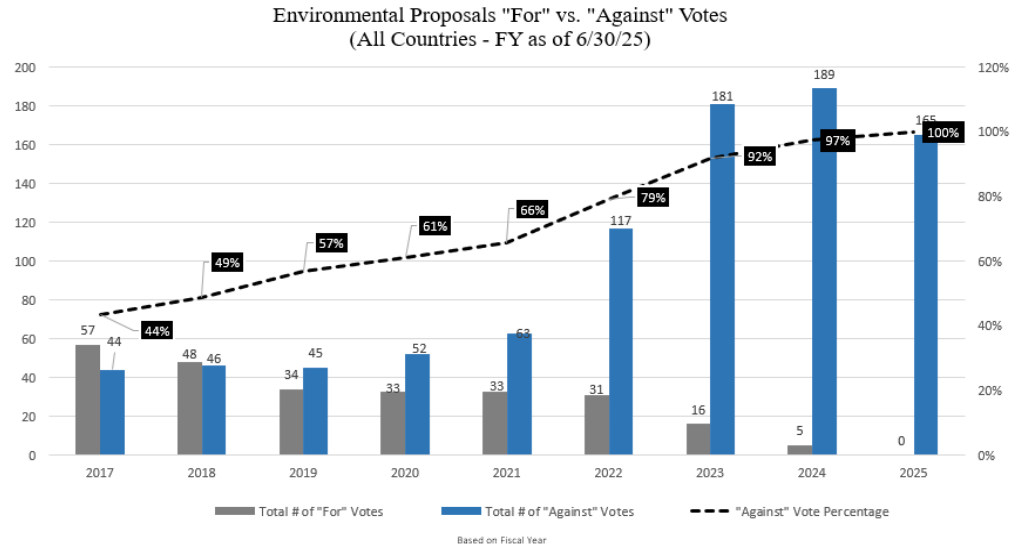
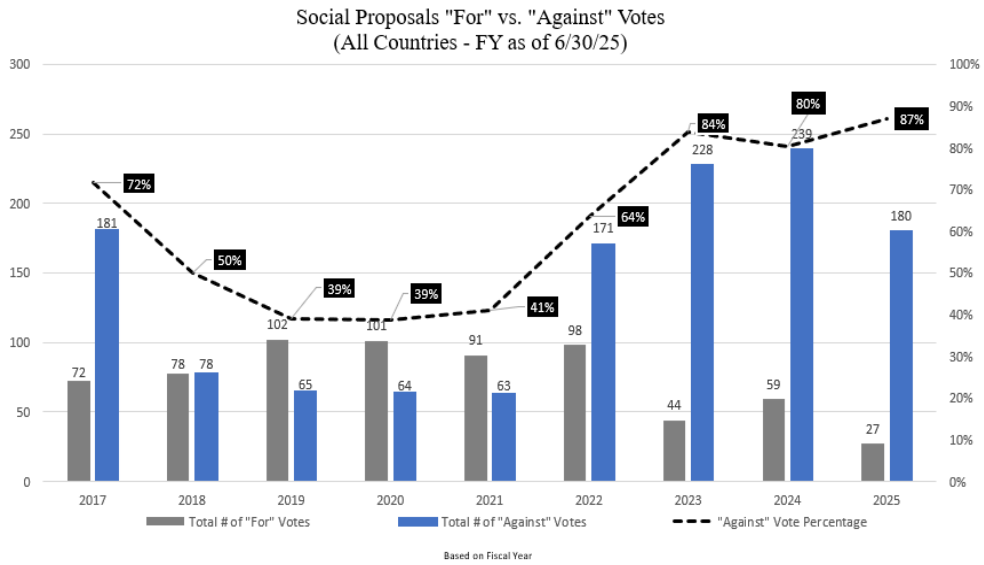
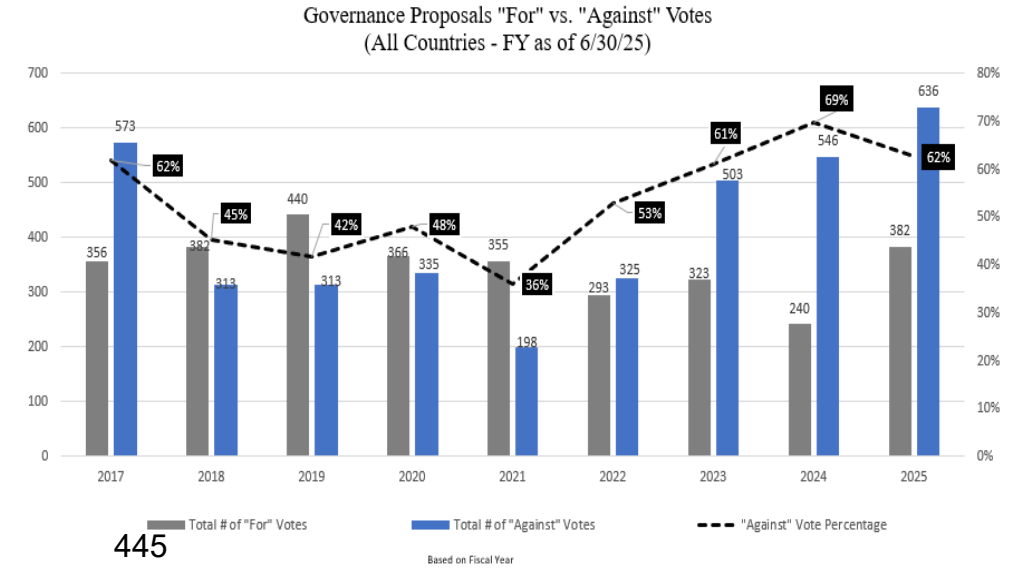
SBA Proxy Voting on Shareowner Proposals (All Countries)









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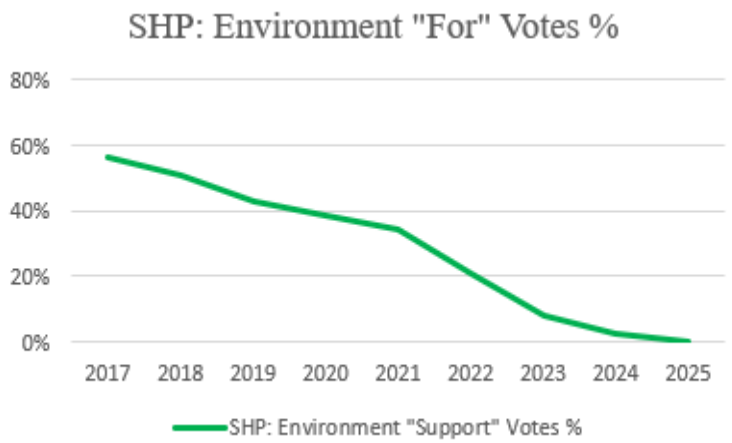
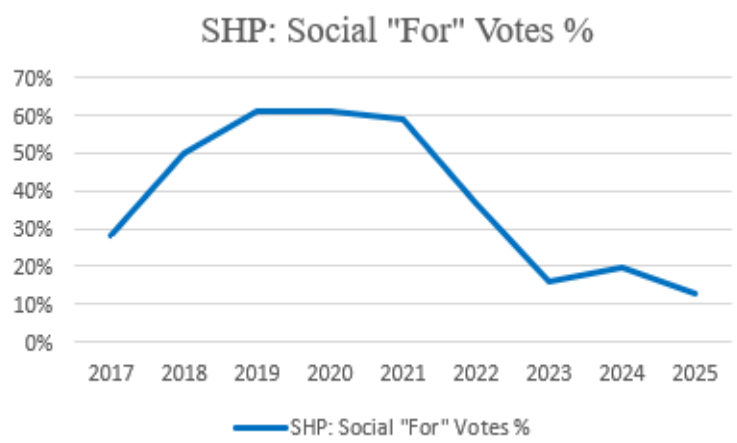
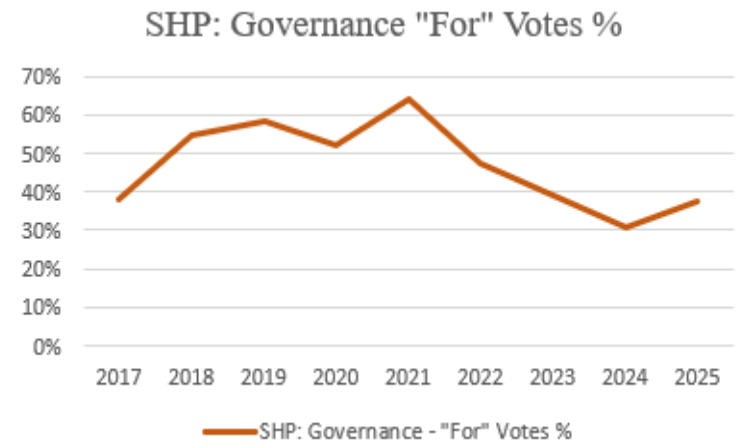
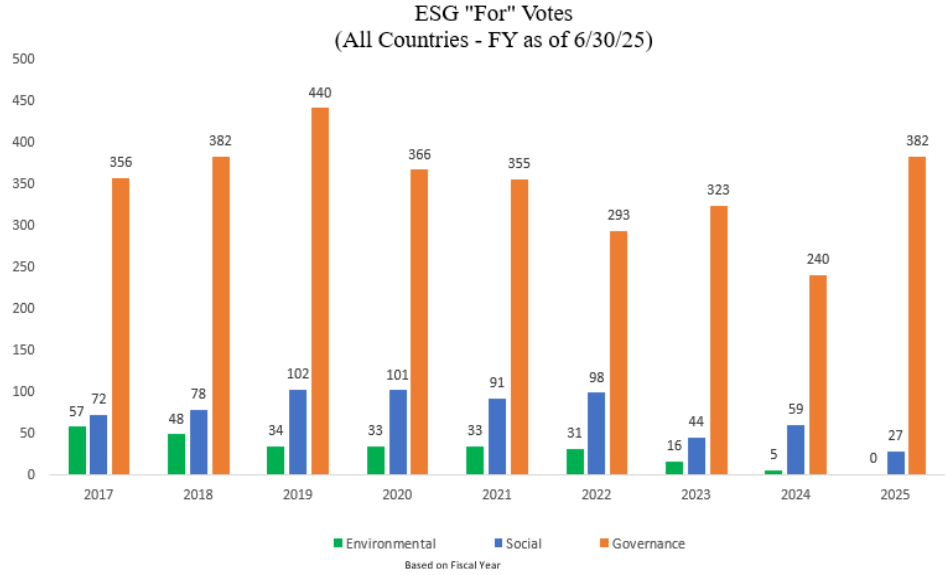
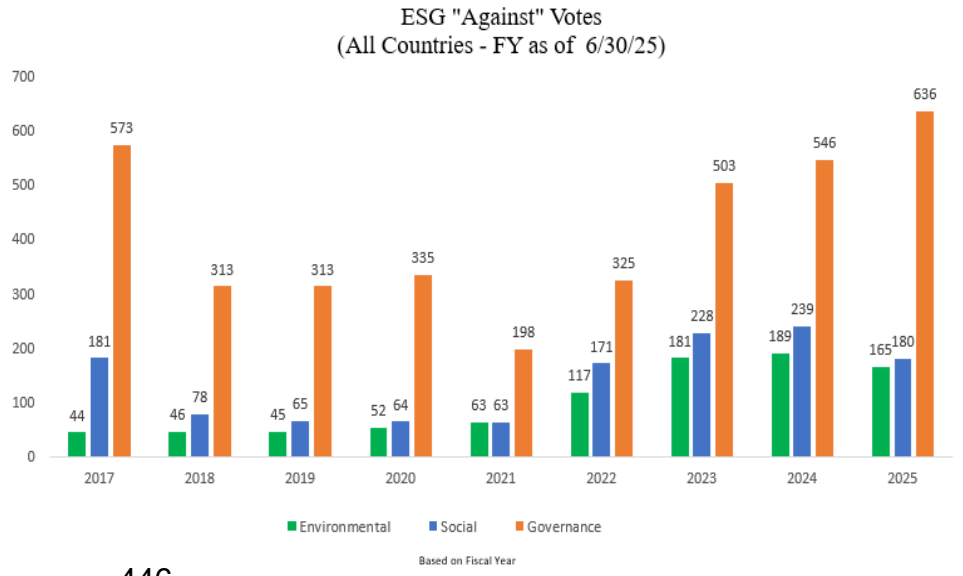
Proxy Voting on Shareowner Proposals (All Countries)











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CONTACT: Michael McCauley
Email: governance@sbafla.com

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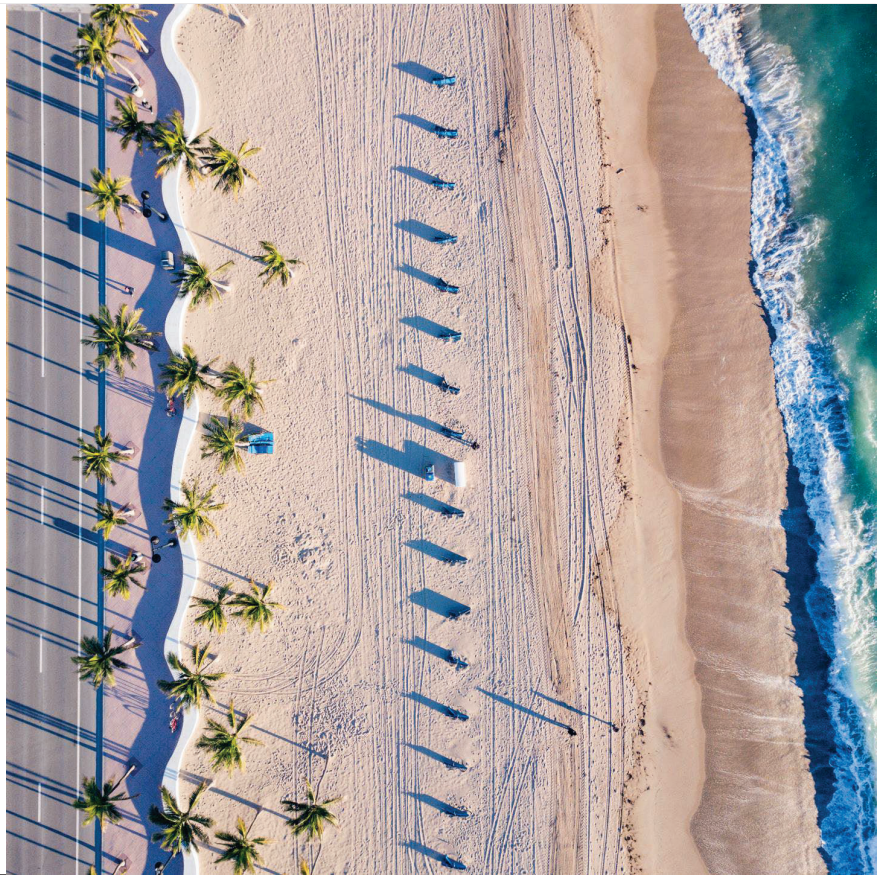
Second Quarter 2025 Major Mandates Performance Review

State Board of Administration of Florida

September 9, 2025



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

Executive Summary

Quarter Ending June 30, 2025

- Each of the major mandates produced favorable returns relative to the respective benchmarks over the long-term trailing periods as of June 30, 2025
- The Pension Fund outperformed the Performance Benchmark over the trailing five- and ten-year periods.
- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over the trailing ten-year period.
- The FHCF's performance is strong over long-term periods
- Florida PRIME has continued to outperform its benchmark over both short- and long-term time periods.

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Pension Plan: Executive Summary

As of June 30, 2025

- The Pension Plan ended second quarter 2025 at $211.5 billion, an increase of $11.1 billion over the quarter
- The Pension Plan outperformed its benchmark over the trailing five-year, ten-year and fifteen-year periods
- Relative to the Absolute Nominal Target Rate of Return, the Pension Plan outperformed the trailing quarter, one-, three-, five-, ten-, fifteen-, and twenty- time periods.
- The total plan is well diversified across seven broad asset classes.
  - Public market asset class investments do not significantly deviate from their broad market-based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
  - Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type, and investment strategy.
  - Asset allocation is monitored daily to ensure that the actual asset allocation of the Pension Plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Aon Investments and SBA staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

FRS Pension Plan Change in Market Value

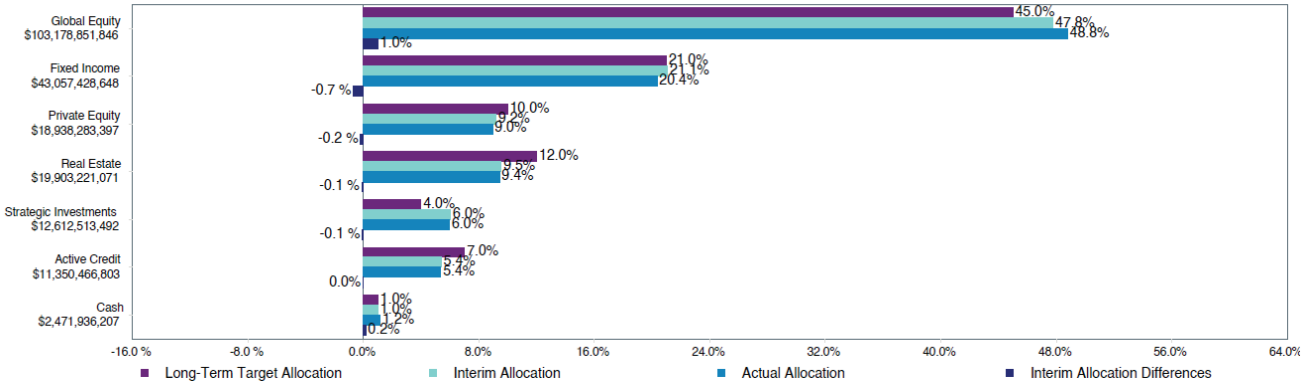
Periods Ending June 30, 2025

Summary of Cash Flows		
	Second Quarter	**Fiscal Year 2025**
Beginning Market Value	$200,374,912,527	$ 198,228,790,282
+/- Net Contributions/(Withdrawals)	-$ 1,593,783,106	-$ 6,833,797,846
Investment Earnings	$ 12,731,572,044	$ 20,117,709,029
= Ending Market Value	$ 211,512,701,464	$ 211,512,701,464
Net Change	$ 11,137,788,938	$ 13,283,911,183

Asset Allocation as of June 30, 2025

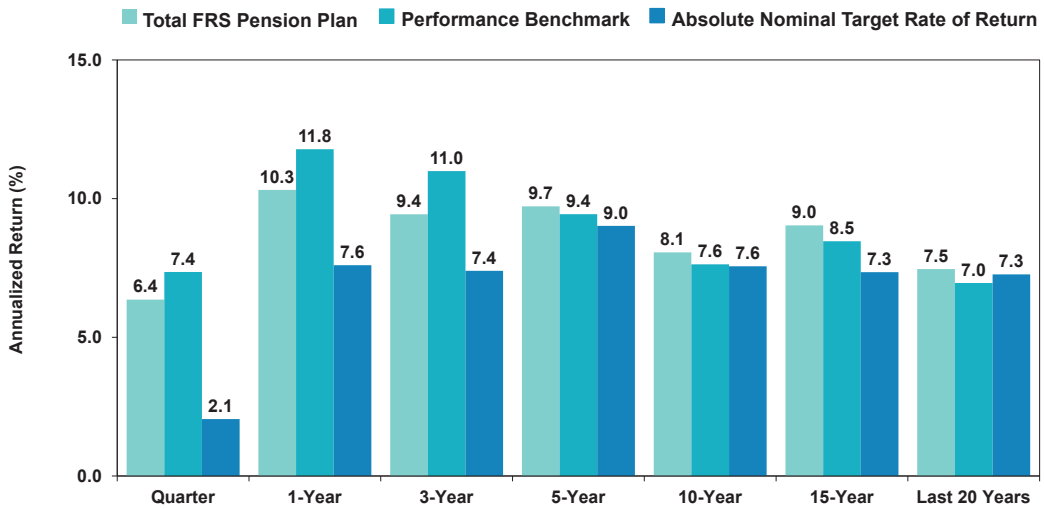
Total Fund Assets = $211.5 Billion

	Market Value $	Current Allocation %	Interim Allocation %	Long-Term Target Allocation %	Minimum Allocation %	Maximum Allocation %
Total Fund	**211,512,701,464**	**100.0**	**100.0**	**100.0**		
Global Equity	103,178,851,846	48.8	47.8	45.0	35.0	60.0
Fixed Income	43,057,428,648	20.4	21.1	21.0	12.0	30.0
Private Equity	18,938,283,397	9.0	9.2	10.0	6.0	20.0
Real Estate	19,903,221,071	9.4	9.5	12.0	8.0	20.0
Strategic Investments	12,612,513,492	6.0	6.0	4.0	2.0	14.0
Active Credit	11,350,466,803	5.4	5.4	7.0	2.0	12.0
Cash	2,471,936,207	1.2	1.0	1.0	0.3	5.0



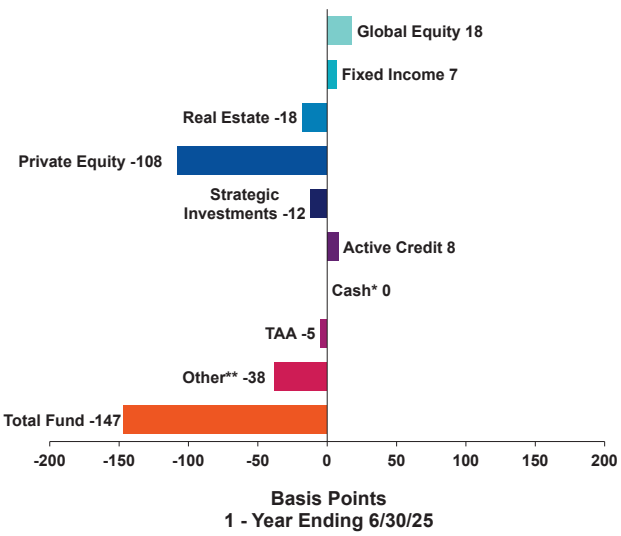
FRS Pension Plan Investment Results

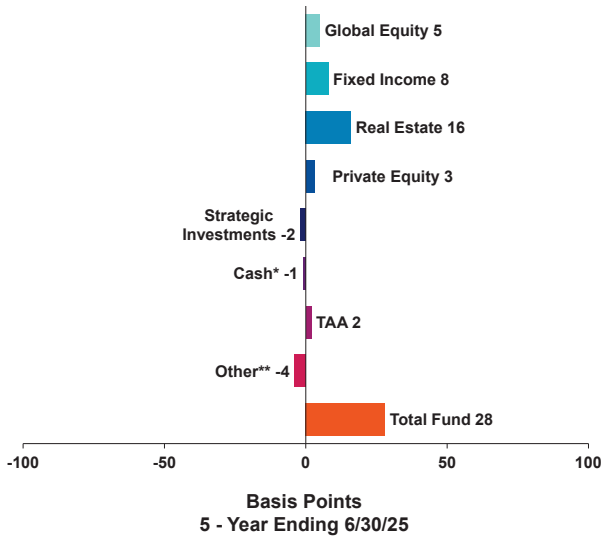
Periods Ending June 30, 2025



FRS Pension Plan Attribution

As of June 30, 2025

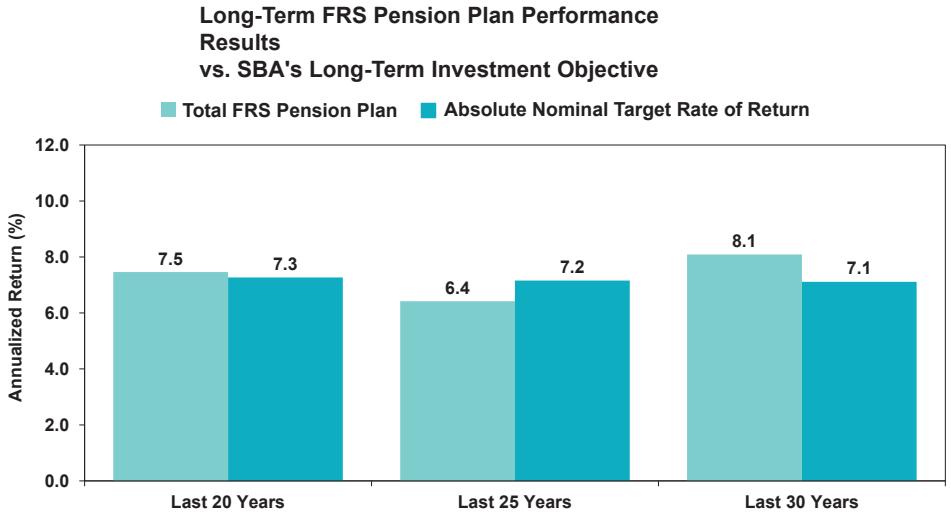




*Cash AA includes Cash and Central Custody, Securities Lending Account income from 12/2009 to 3/2013 and unrealized gains and losses on securities lending collateral beginning June 2013, TF STIPFRS NAV Adjustment Account, and the Cash Expense Account.
**Other includes transition accounts, liquidity portfolios, accounts outside of C&CC, and unexplained differences due to methodology.

FRS Pension Plan Investment Results

Periods Ending June 30, 2025



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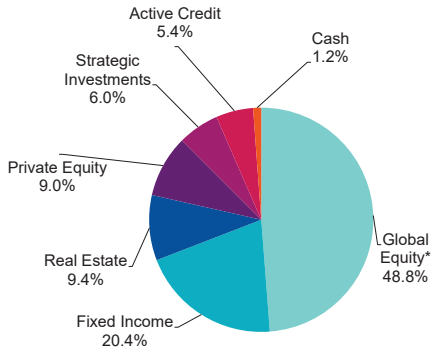
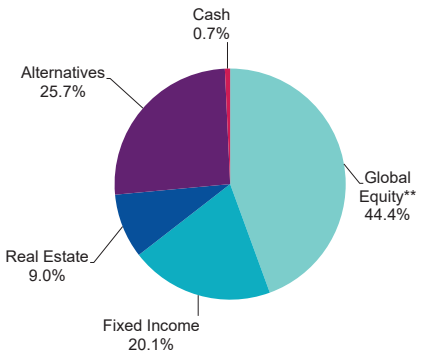
Comparison of Asset Allocation (TUCS Top Ten)

FRS Pension Plan vs. Top Ten Defined Benefit Plans

FRS TOTAL FUND
As of 6/30/2025



TUCS TOP TEN
As of 12/31/2024



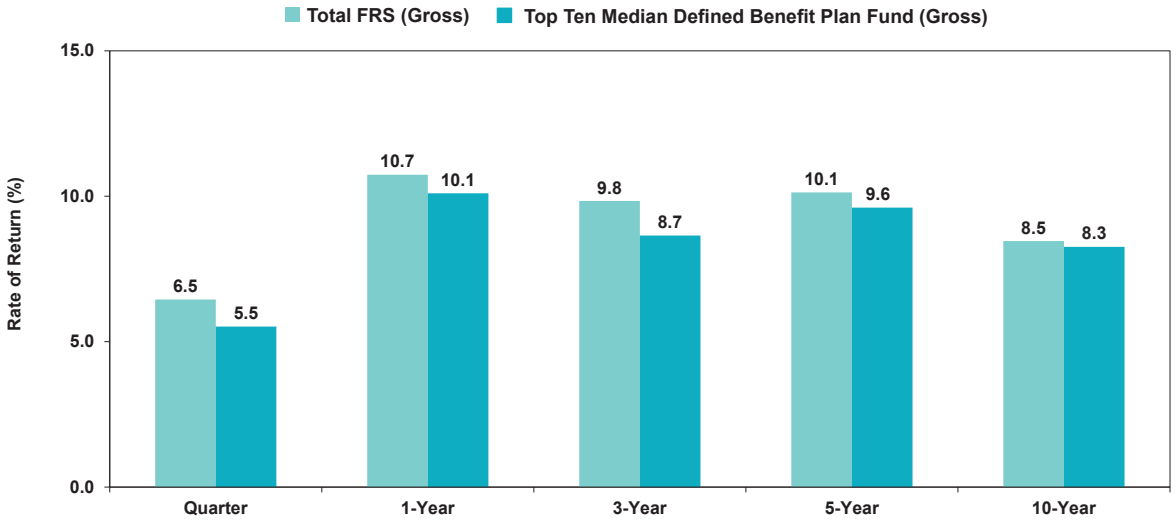
*Global Equity Allocation: 26.3% Domestic Equities; 14.8% Foreign Equities; 6.1% Global Equities; 0.7% Global Equity Cash; 0.9% Global Equity Liquidity Account. Percentages are of the Total FRS Fund.

**Global Equity Allocation: 30.6% Domestic Equities; 13.8% Foreign Equities.

Note: The data set includes $2,302 billion in total assets. The median fund size was $211 billion, and the average fund size was $230 billion as of 6/30/25. The Asset allocation shown above reflects the final universe data as of 12/31/2024, which offers complete universe data.
Note: Due to rounding, percentage totals displayed may not sum perfectly.

FRS Results Relative to TUCS Top Ten Defined Benefit Plans

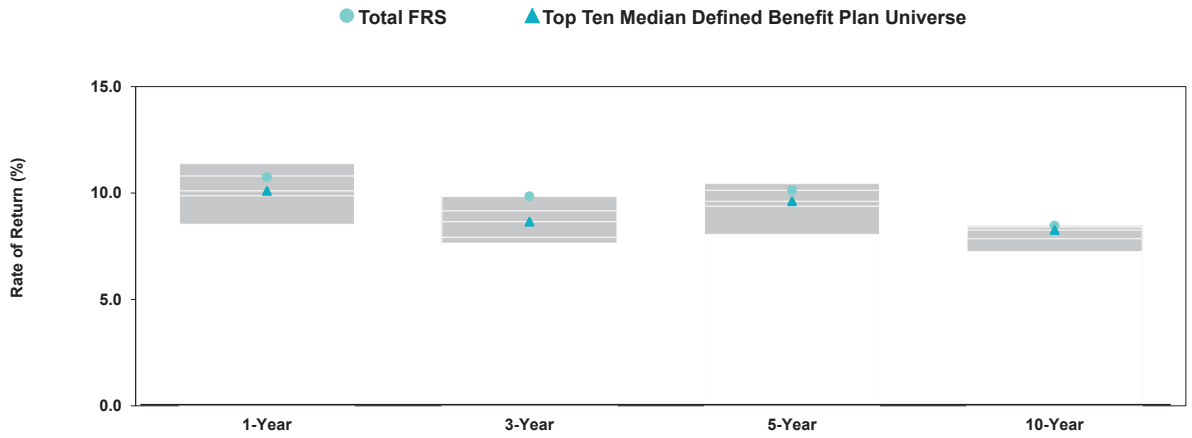
Periods Ending June 30, 2025



Note: The data set includes $2,302 billion in total assets. The median fund size was $211 billion, and the average fund size was $230 billion.
Note: Due to rounding, percentage totals displayed may not sum perfectly.

Top Ten Defined Benefit Plans FRS Universe Comparison (TUCS)

Periods Ending June 30, 2025



	1-Year	3-Year	5-Year	10-Year
FRS Percentile Ranking	37	5	25	5

Note: The data set includes $2,302 billion in total assets. The median fund size was $211 billion, and the average fund size was $230 billion.
Note: Due to rounding, percentage totals displayed may not sum perfectly.

Investment Plan: Executive Summary

- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over the long-term. Nearer and mid term relative performance has trailed primarily driven by public equity options and stable value.
- The FRS Investment Plan's total expense ratio is in line with peer defined contribution plans, based on year-end 2023 data. The total FRS Investment Plan expense ratio includes investment management fees, as well as administration, communication and education costs. Communication and education costs are not charged to FRS Investment Plan members; however, these and similar costs may be charged to members of plans within the peer group.
- Management fees are lower than the median as represented by eVestment's mutual fund universe for every investment category.
- The FRS Investment Plan offers an appropriate number of fund options that span the risk and return spectrum.
- The Investment Policy Statement is revisited periodically to ensure that the structure and guidelines of the FRS Investment Plan are appropriate, taking into consideration the FRS Investment Plan's goals and objectives.

Total Investment Plan Returns & Cost

Periods Ending 6/30/2025*

	One-Year	Three-Year	Five-Year	Ten-Year
FRS Investment Plan	**12.6%**	**12.2%**	**9.7%**	**7.8%**
*Total Plan Aggregate Benchmark***	12.8	12.3	9.9	7.7
FRS Investment Plan vs. Total Plan Aggregate Benchmark	-0.2	-0.1	-0.2	0.1

Periods Ending 12/31/2023***

	Five-Year Average Return****	Five-Year Net Value Added	Expense Ratio
FRS Investment Plan	**8.9%**	**-0.2%**	**0.28%*******
Peer Group	*9.4*	*0.1*	*0.24*
FRS Investment Plan vs. Peer Group	-0.5	-0.3	-0.04

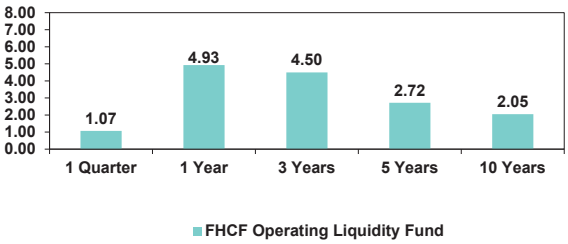
*Returns shown are net of fees.
**Aggregate benchmark returns are an average of the individual portfolio benchmark returns at their actual weights.
***Source: 2023 CEM Benchmarking Report. Peer group for the Five-Year Average Return and Value Added represents the U.S. Median plan return based on the CEM 2023 Survey that included 120 U.S. defined contribution plans with assets ranging from $114 million to $63.2 billion. Peer group for the Expense Ratio represents a custom peer group for FSBA of 18 DC plans including corporate and public plans with assets between $3.4 - $26.9 billion.
****Returns shown are gross of fees.
*****The total FRS Investment Plan expense ratio includes investment management fees, as well as administration, communication and education costs. These latter costs are not charged to FRS Investment Plan members; however, these and similar costs may be charged to members of plans within the peer group utilized above.

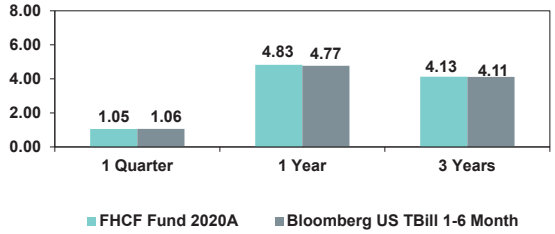
Florida Hurricane Catastrophe Fund (FHCF): Executive Summary

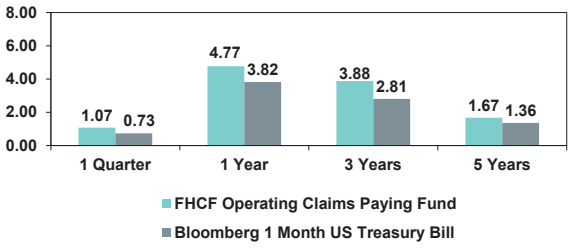
- Returns have picked up modestly given the overall higher interest rate environment of recent years
- The FHCF is adequately diversified across issuers within the short-term bond market.
- The Investment Portfolio Guidelines appropriately constrain the FHCF to invest in short-term and high-quality bonds to minimize both interest rate and credit risk.
- Adequate liquidity exists to address the cash flow obligations of the FHCF.
- The Investment Portfolio Guidelines are revisited periodically to ensure that the structure and guidelines of the FHCF are appropriate, taking into consideration the FHCF's goals and objectives.

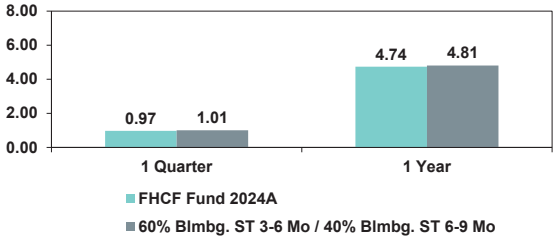
FHCF's Investment Results

Periods Ending June 30, 2025









1. FHCF Operating Claims Paying Fund benchmark evolved from a 65% U.S. Treasury 1–3 Year / 35% AA Corporate blend (BofA Merrill Lynch indices) prior to 2021, to a similar Bloomberg-based blend effective January 1, 2021. On October 1, 2022, the benchmark shifted to Managed Return (portfolio total return), and as of March 31, 2025, it changed to Bloomberg U.S. Treasury Bills 1 Month.
2. FHCF Fund 2020A (Pre Event Bond) was initially benchmarked to its own total return through February 2024. March 1, 2024, the benchmark transitioned to the Bloomberg U.S. Treasury Bills 1–6 Months Index.
3. FHCF Fund 2024A (SBA Finance Corp 2024A – Pre Event Bond) has maintained the same benchmark since inception: a custom blend of 60% Bloomberg Short U.S. Treasury 3–6 Months and 40% Bloomberg Short U.S. Treasury 6–9 Months.

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Florida PRIME: Executive Summary

- The purpose of Florida PRIME is safety, liquidity, and competitive returns with minimal risk for participants.
- The Investment Policy Statement appropriately constrains Florida PRIME to invest in short-term and high-quality bonds to minimize both interest rate and credit risk.
- Florida PRIME is adequately diversified across issuers within the short-term bond market, and adequate liquidity exists to address the cash flow obligations of Florida PRIME.
- Performance of Florida PRIME has been strong over short- and long-term time periods, outperforming its performance benchmark over the trailing quarter, one-, three-, five-, and ten-year time periods.
- As of June 30, 2025, the total market value of Florida PRIME was $27.6 billion.
- Aon Investments USA Inc., in conjunction with SBA staff, compiles an annual best practices report that includes a full review of the Investment Policy Statement, operational items, and investment structure for Florida PRIME.

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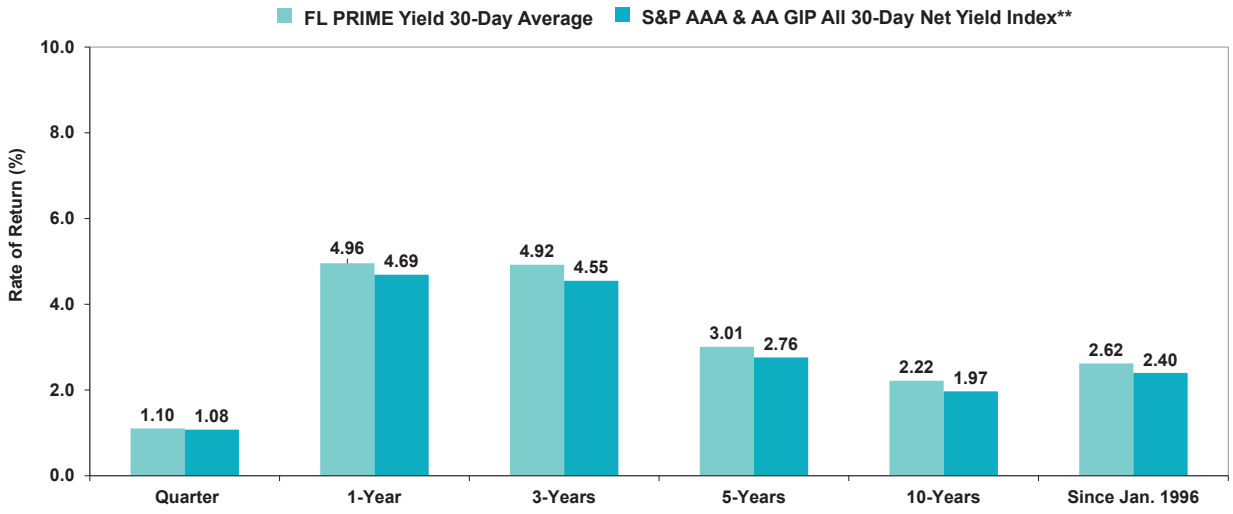
Florida PRIME Investment Results

Periods Ending June 30, 2025



*Returns less than one year are not annualized.
**S&P AAA & AA GIP All 30-Day Net Yield Index for all time periods shown.

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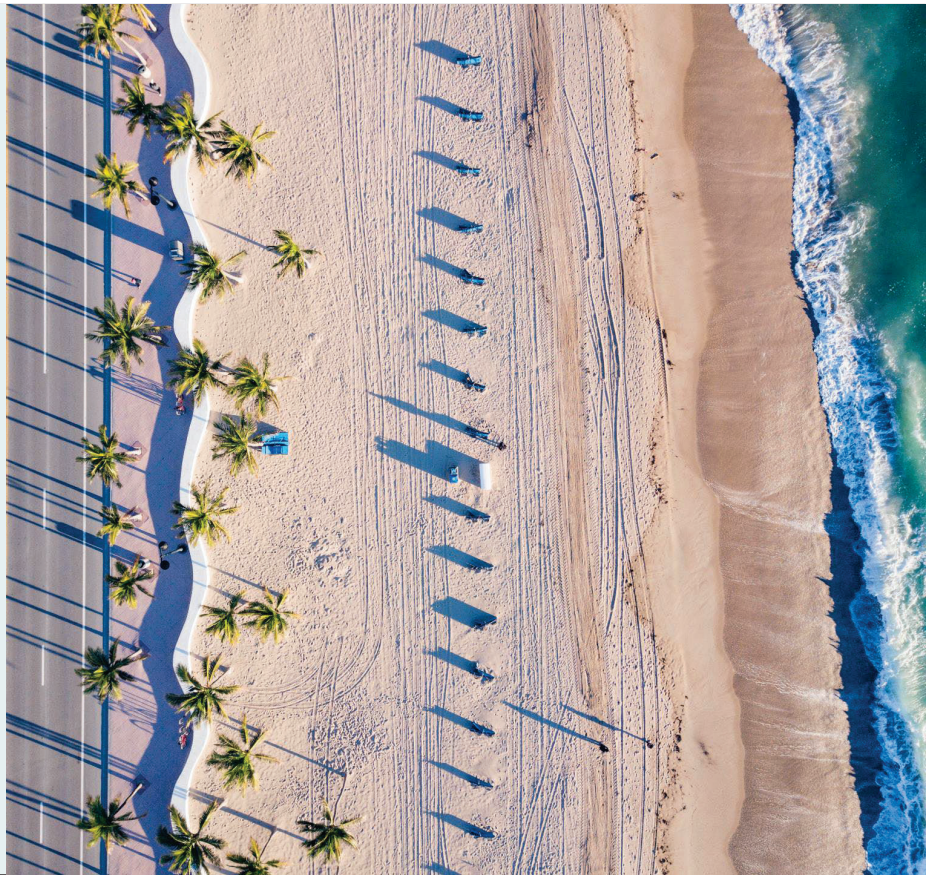
Appendix



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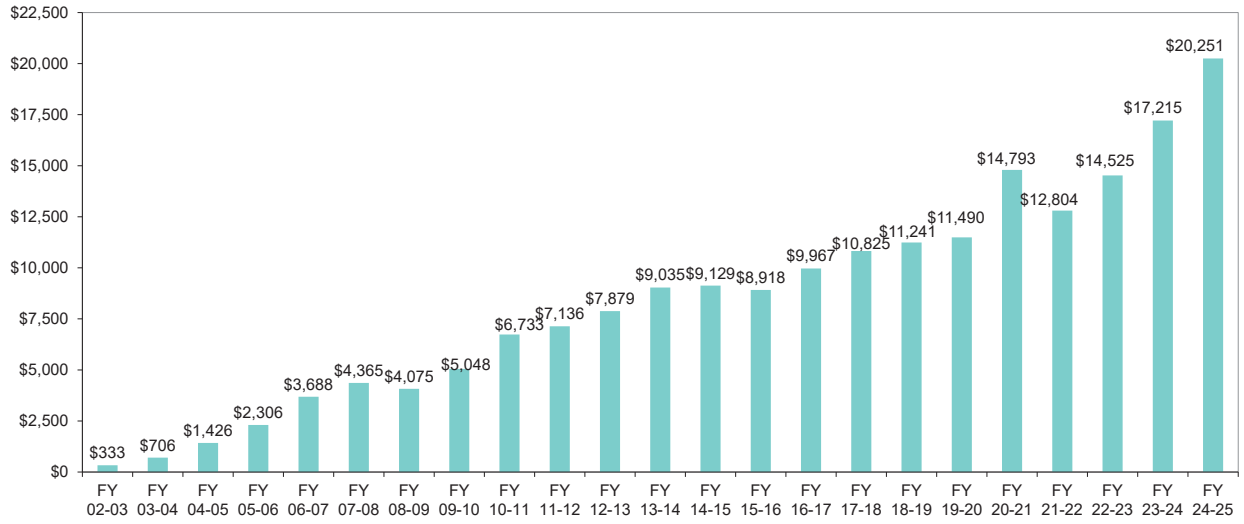
FRS Investment Plan Costs

Investment Category	Investment Plan Fee*	Median Mutual Fund Fee**
Domestic Equity	0.18%	0.84%
International & Global Equity	0.29%	0.85%
Diversified Bonds	0.16%	0.45%
Target Date	0.16%	0.31%
Stable Value	0.08%	0.39%
Inflation Protected Securities	0.35%	0.40%

*Average fee of multiple products in category as of 6/30/2025.

**Source: Aon's mutual fund expense analysis as of 6/30/2025.

Investment Plan Fiscal Year End Assets Under Management



Source: Investment Plan Administrator

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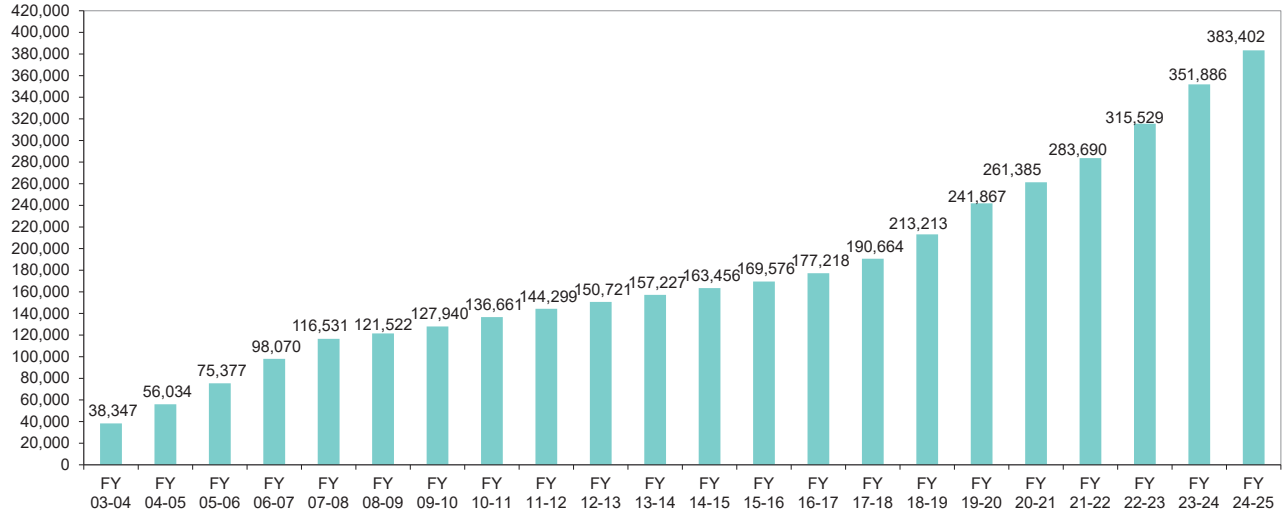
Investment Plan Membership



Source: Investment Plan Administrator

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Florida Hurricane Catastrophe Fund's Background and Details

- The purpose of the Florida Hurricane Catastrophe Fund (FHCF) is to provide a stable, ongoing and timely source of reimbursement to insurers for a portion of their hurricane losses.

- The FHCF Operating Funds, along FHCF 2020 A and FHCF 2024 A Fund are internally managed portfolios.
  - FHCF 2013 A Fund was liquidated during 4Q 2020
  - FHCF 2016 A Fund was liquidated during 3Q 2021

- As of June 30, 2025, the total value of:
  - The FHCF Operating Funds was $11.7 billion
  - The FHCF 2020 A Fund was $2.4 billion
  - The FHCF 2024 A Fund was $1.1 billion

- History of the FHCF Benchmarks: *Beginning February 2018, the FHCF Operating Liquidity Fund was benchmarked to the B of A Merrill Lynch 3-6 Month U.S. Treasury Bill Index, and the FHCF Operating Claims Paying Fund benchmarked to a blend of 35% of the Bank of America Merrill Lynch 1-3 Year AA U.S. Corporate Bond Index and 65% of Bank of America Merrill Lynch 1-3 Year U.S. Treasury Index. Beginning January 2021, the FHCF Operating Liquidity Fund was benchmarked to Bloomberg U.S. Treasuries Bills 3-6 Months & U.S. Treasury Bills 6-9 Months Custom Blend Index. This benchmark is comprised of 60% of the 3-6 month U.S. Treasury Bills and 40% 6-9 month U.S. Treasury Bills., and the FHCF Operating Claims Paying Fund is benchmarked Bloomberg U.S. Treasury 1-3 Years & Corporate AA+ ex 144A Reg S Custom Blend Index. This benchmark is comprised of 65% 1-3 year Treasury and 35% of 1-3 year Corporate AA or better excluding 144A and Reg S Securities.*

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FHCF Fund Characteristics

Period Ending June 30, 2025

FHCF Operating Liquidity Fund

Maturity Analysis	
1 to 30 Days	49.89%
31 to 60 Days	32.42%
61 to 90 Days	3.02%
91 to 120 Days	4.52%
121 to 180 Days	3.04%
181 to 270 Days	3.09%
>= 271 Days	4.01%
None	0.00%
Total % of Portfolio:	100.00%

Bond Rating Analysis	
AA	74.54%
A	25.45%
Not Rated	0.00%
Other	0.00%
Total % of Portfolio	100.00%

FHCF Operating Claims Fund

Maturity Analysis	
1 to 30 Days	68.79%
31 to 60 Days	27.05%
61 to 90 Days	0.00%
91 to 120 Days	0.00%
121 to 180 Days	0.00%
181 to 270 Days	0.00%
>= 271 Days	4.15%
None	0.01%
Total % of Portfolio:	100.00%

Bond Rating Analysis	
AA	71.07%
A	29.37%
Not Rated	-0.45%
Other	0.01%
Total % of Portfolio	100.00%

FHCF 2020A Fund

Maturity Analysis	
1 to 30 Days	34.81%
31 to 60 Days	21.24%
61 to 90 Days	12.98%
91 to 120 Days	23.39%
121 to 180 Days	2.58%
181 to 270 Days	0.00%
>= 271 Days	4.99%
None	0.01%
Total % of Portfolio:	100.00%

Bond Rating Analysis	
AA	80.58%
A	19.40%
Not Rated	0.00%
Other	0.01%
Total % of Portfolio	100.00%

FHCF 2024A Fund

Maturity Analysis	
1 to 30 Days	4.31%
31 to 60 Days	0.00%
61 to 90 Days	20.64%
91 to 120 Days	25.34%
121 to 180 Days	27.52%
181 to 270 Days	14.67%
>= 271 Days	7.36%
None	0.15%
Total % of Portfolio:	100.00%

Bond Rating Analysis	
AA	87.12%
A	12.73%
Not Rated	0.00%
Other	0.15%
Total % of Portfolio	100.00%

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Florida PRIME Characteristics

Quarter Ending June 30, 2025

As of 06/30/25	First Quarter	One Year
Opening Balance	$31,421,565,231	$25,484,484,623
Participant Deposits	$6,442,240,322	$41,396,702,963
Gross Earnings	$333,025,806	$1,372,307,522
Participant Withdrawals	($10,564,292,348)	(40,613,953,712)
Fees	($2,480,422)	(9,482,807)
Closing Balance	$27,630,058,589	$27,630,058,589
Change	**($3,791,506,642)**	**$2,145,573,966**

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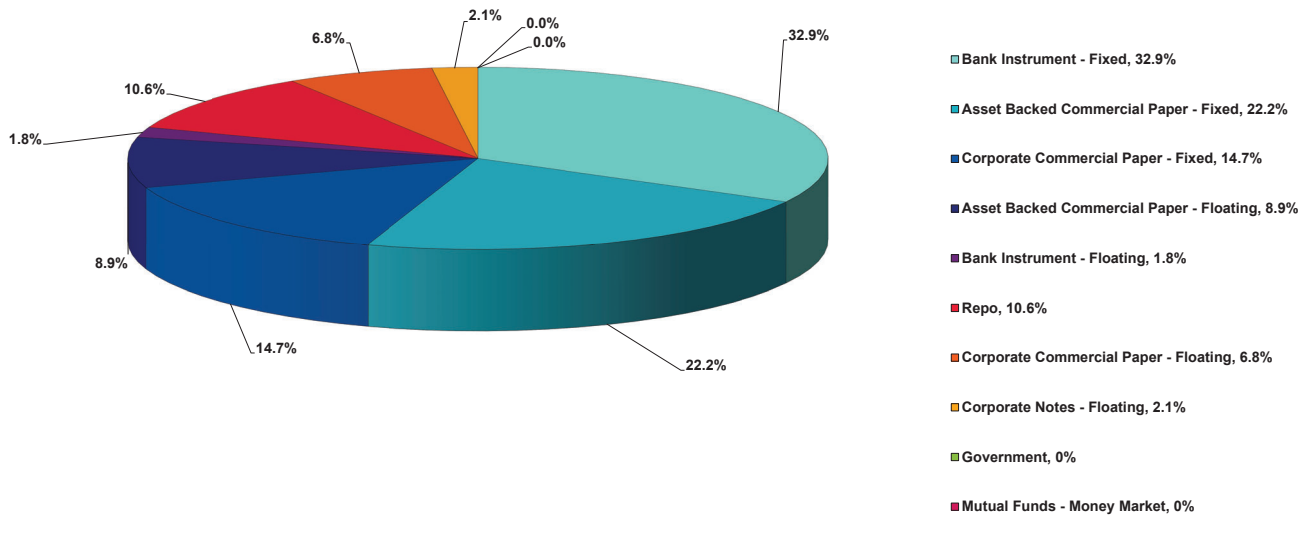
Florida PRIME Characteristics

Quarter Ending June 30, 2025



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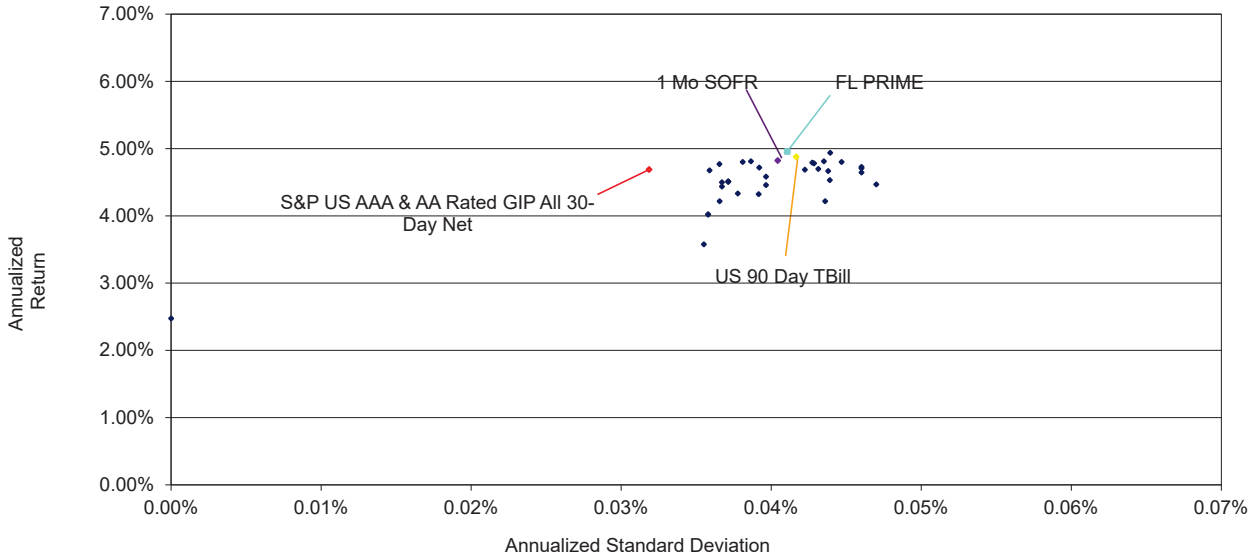
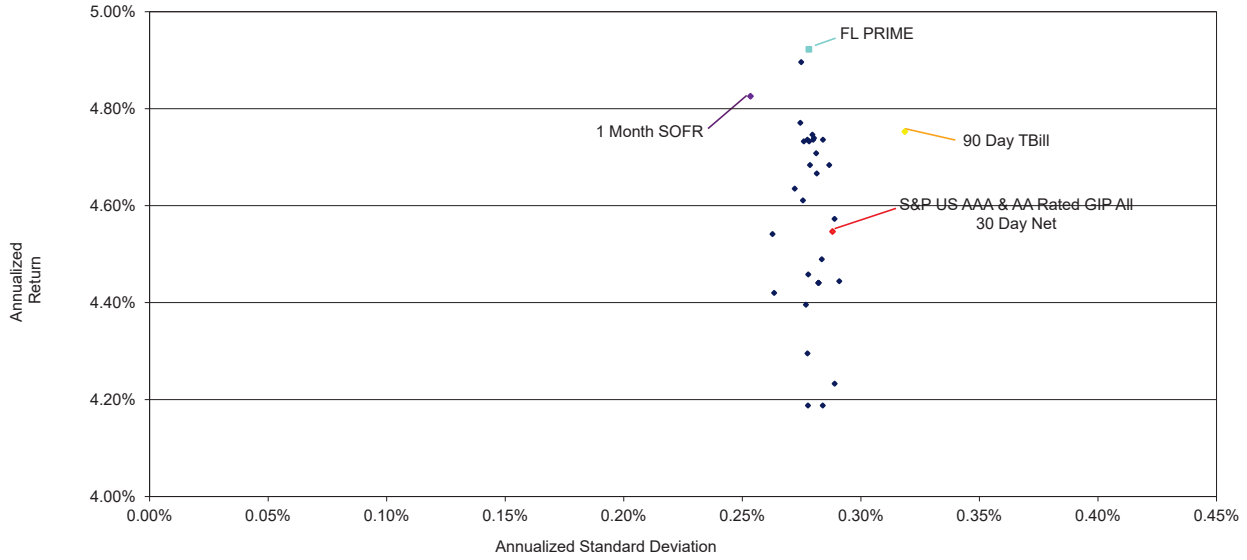
Florida PRIME Risk vs. Return

1 Years Ending June 30, 2025



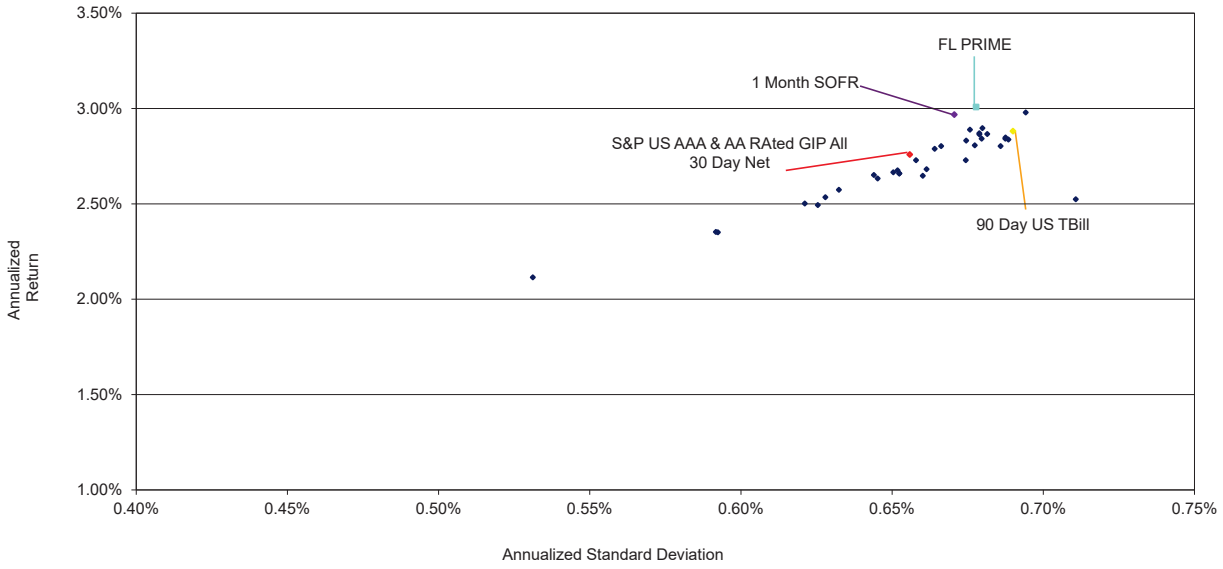
Florida PRIME Risk vs. Return

3 Years Ending June 30, 2025



Florida PRIME Risk vs. Return

5 Years Ending June 30, 2025



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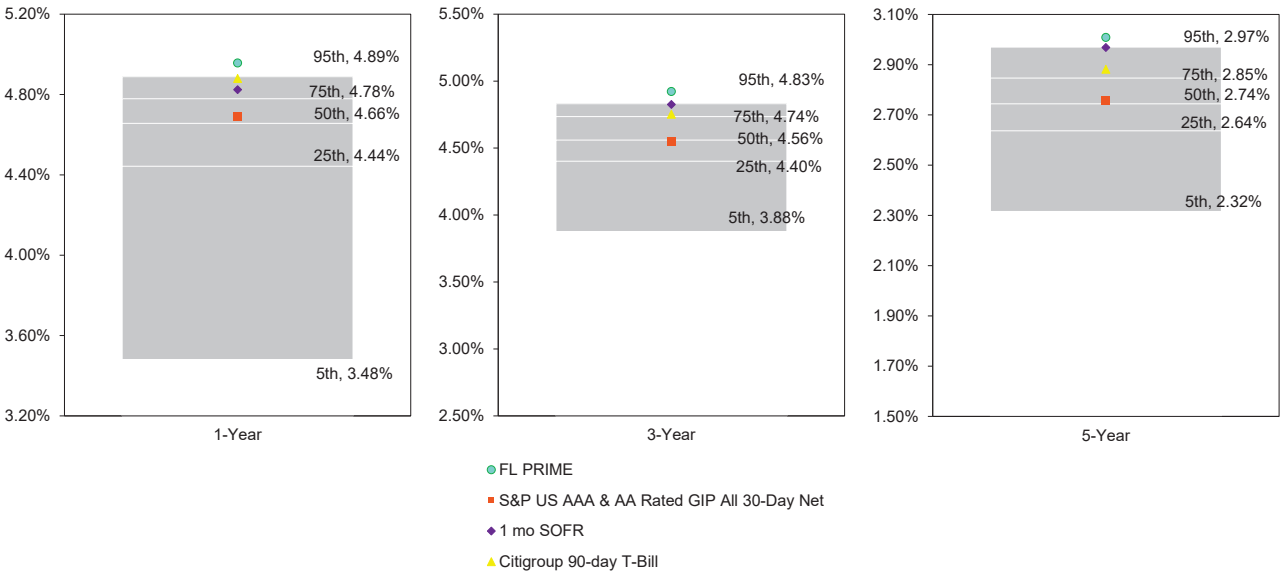
Return Distribution

Periods Ending June 30, 2025



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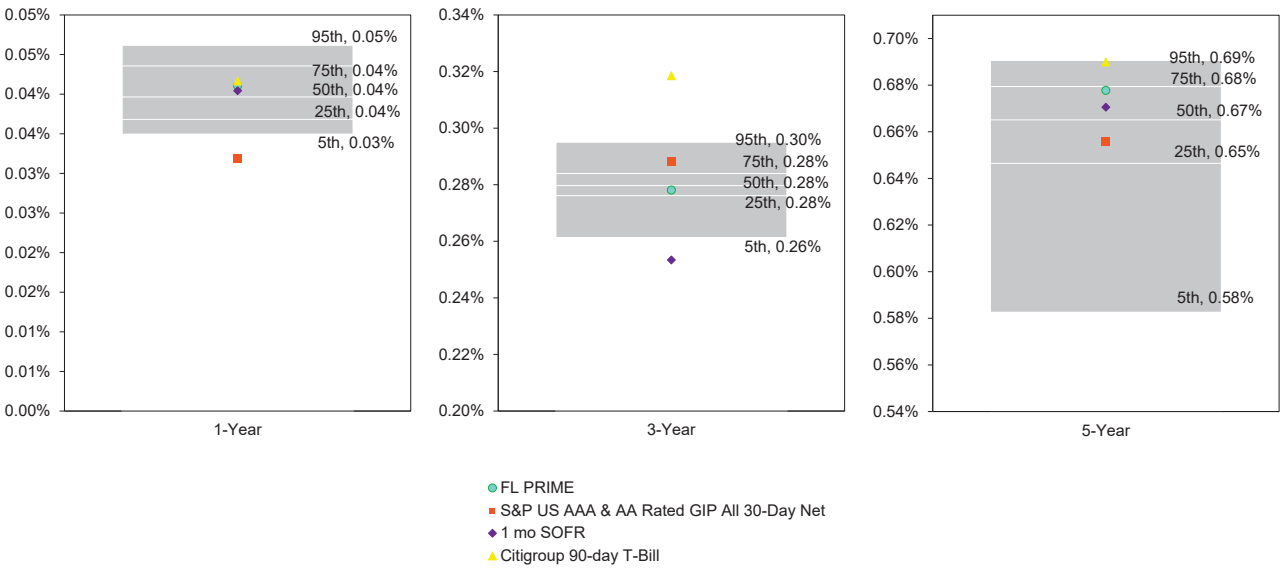
Standard Deviation Distribution

Periods Ending June 30, 2025



Florida PRIME Characteristics

Period Ending June 30, 2025

Effective Maturity Schedule	
1-7 Days	55.0%
8 - 30 Days	6.5%
31 - 90 Days	17.6%
91 - 180 Days	12.6%
181+ Days	8.3%
Total % of Portfolio:	**100.0%**

S & P Credit Quality Composition	
A-1+	58.2%
A-1	41.8%
Total % of Portfolio:	**100.0%**

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Aon Investments USA Inc.
200 E. Randolph Street
Suite 700
Chicago, IL 60601
ATTN: Aon Investments Compliance Officer

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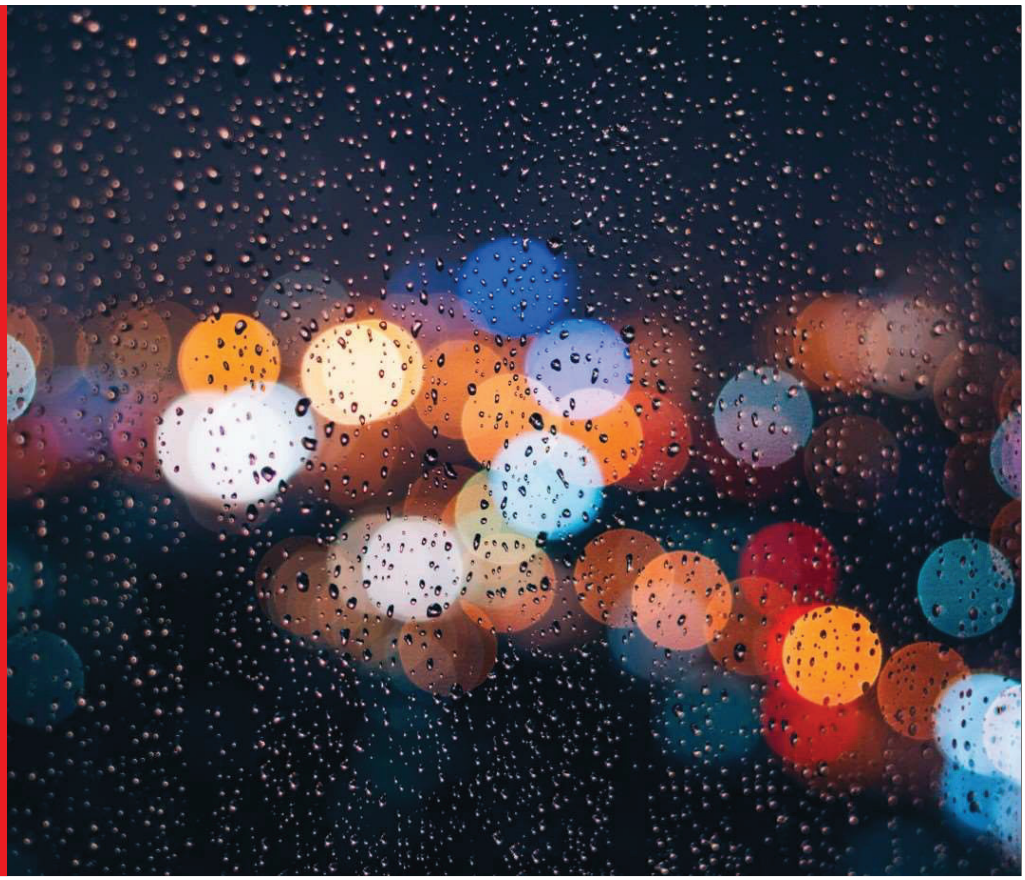
Quarterly Investment Review

FRS Pension Plan

Second Quarter 2025



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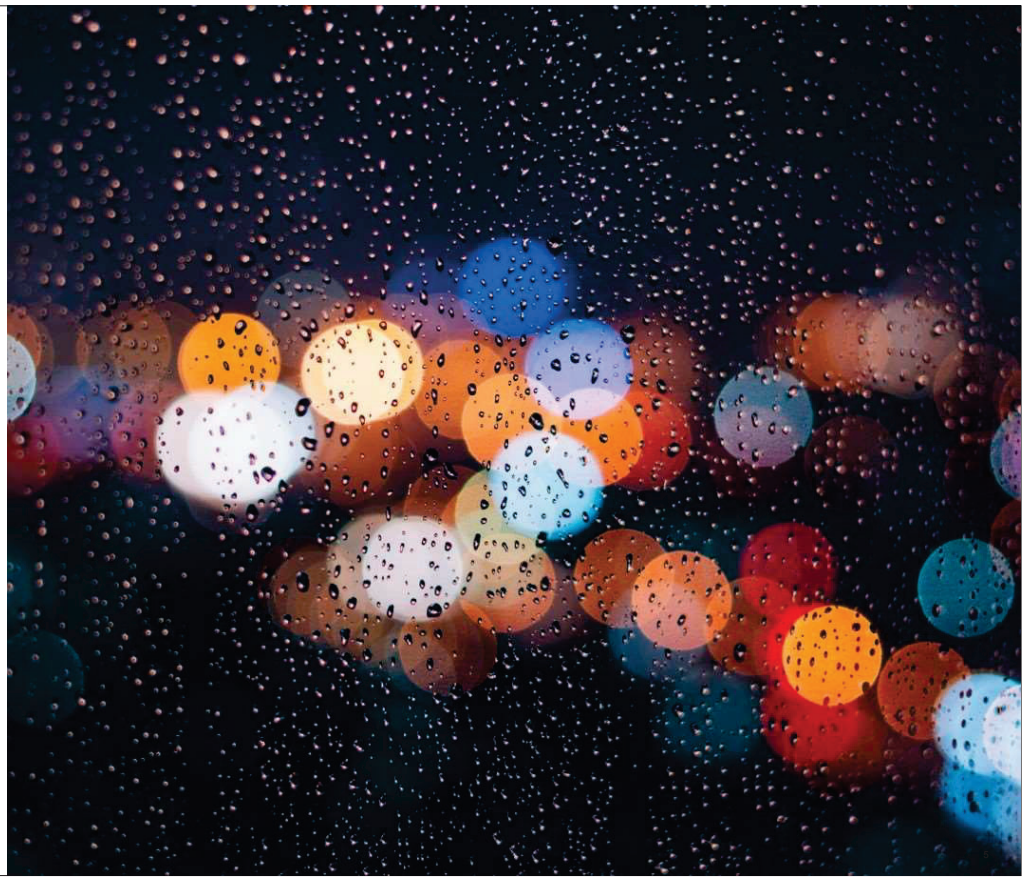
Market Environment



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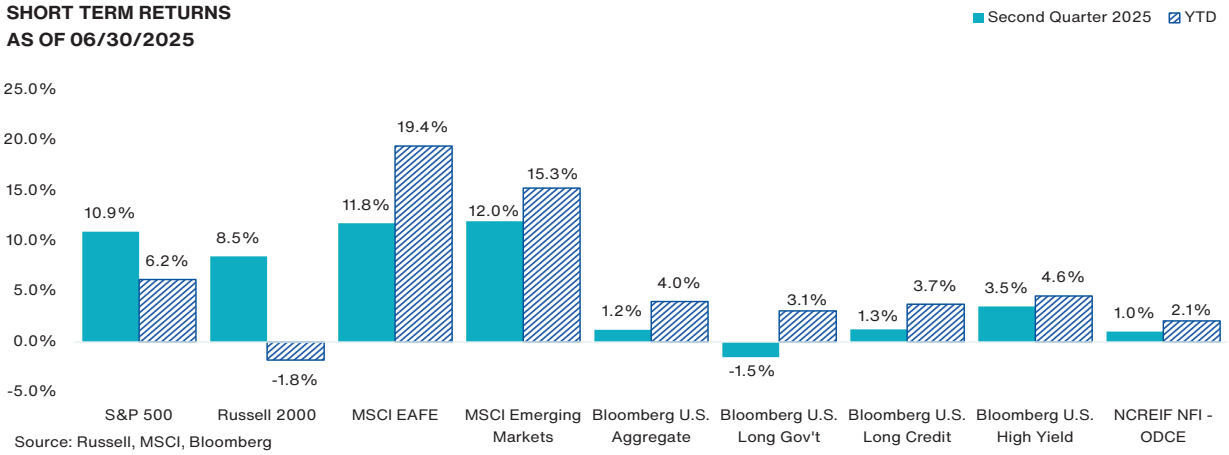
Market Highlights

SHORT TERM RETURNS
AS OF 06/30/2025

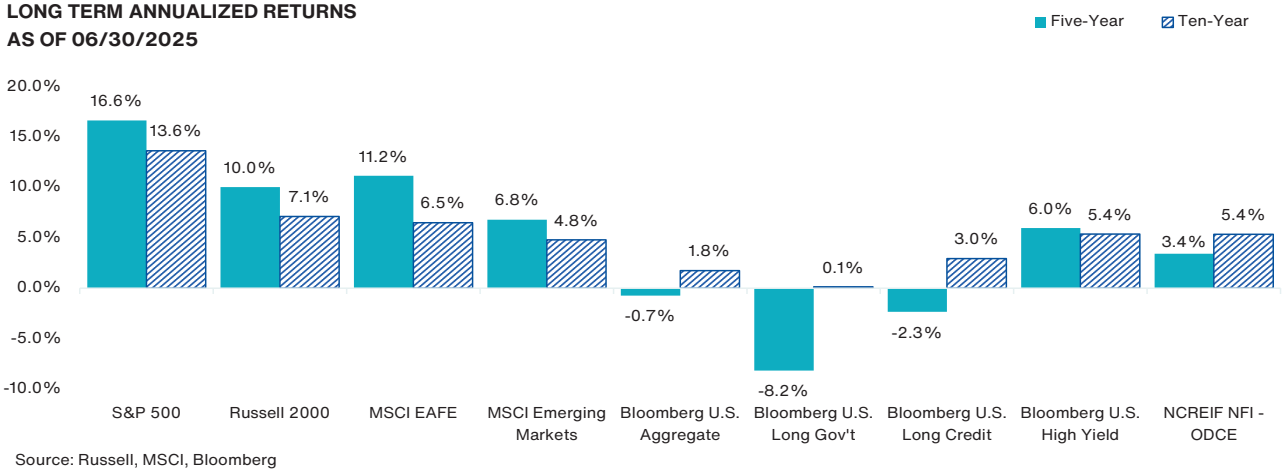


Source: Russell, MSCI, Bloomberg
MSCI Indices show net total returns throughout this report. All other indices show gross total returns.

Past performance is no guarantee of future results. Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect fees and expenses. Please see appendix for index definitions and other general disclosures.
MSCI net return: deducts assumed foreign tax withholding rate from dividends before investing.

Market Highlights

LONG TERM ANNUALIZED RETURNS
AS OF 06/30/2025



Source: Russell, MSCI, Bloomberg

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MSCI net return: deducts assumed foreign tax withholding rate from dividends before investing.

Market Highlights

Returns of the Major Capital Markets						
					Period Ending 06/30/2025	
	Second Quarter	YTD	1-Year	3-Year[1]	5-Year[1]	10-Year[1]
Equity						
MSCI All Country World IMI	11.62%	9.82%	15.89%	16.80%	13.39%	9.69%
MSCI All Country World	11.53%	10.05%	16.17%	17.35%	13.65%	9.99%
Dow Jones U.S. Total Stock Market	11.09%	5.68%	15.23%	19.07%	15.87%	12.88%
Russell 3000	10.99%	5.75%	15.30%	19.08%	15.96%	12.96%
S&P 500	10.94%	6.20%	15.16%	19.71%	16.64%	13.65%
Russell 2000	8.50%	-1.79%	7.68%	10.00%	10.04%	7.12%
MSCI All Country World ex-U.S. IMI	12.71%	17.88%	17.83%	13.92%	10.20%	6.18%
MSCI All Country World ex-U.S.	12.03%	17.90%	17.72%	13.99%	10.13%	6.12%
MSCI EAFE	11.78%	19.45%	17.73%	15.97%	11.16%	6.51%
MSCI EAFE (Local Currency)	4.80%	7.83%	8.04%	13.47%	11.64%	7.04%
MSCI Emerging Markets	11.99%	15.27%	15.29%	9.70%	6.81%	4.81%
Equity Factors						
MSCI World Minimum Volatility (USD)	2.55%	10.80%	17.63%	11.30%	9.07%	8.76%
MSCI World High Dividend Yield	2.89%	9.92%	14.55%	11.27%	11.34%	8.33%
MSCI World Quality	9.32%	6.38%	7.01%	19.88%	14.88%	13.62%
MSCI World Momentum	14.88%	13.98%	17.81%	21.28%	14.33%	13.47%
MSCI World Enhanced Value	9.67%	17.29%	19.10%	15.91%	14.17%	7.37%
MSCI World Equal Weighted	10.61%	13.70%	19.50%	14.68%	11.74%	8.03%
MSCI World Index Growth	17.74%	8.66%	16.80%	23.28%	15.32%	13.55%
MSCI USA Minimum Volatility (USD)	0.63%	6.52%	13.84%	12.11%	11.01%	10.99%
MSCI USA High Dividend Yield	0.35%	4.89%	10.22%	9.73%	11.00%	9.89%
MSCI USA Quality	8.29%	5.14%	9.59%	21.62%	16.20%	15.31%
MSCI USA Momentum	15.02%	12.86%	18.80%	21.16%	13.45%	14.06%
MSCI USA Enhanced Value	6.97%	8.80%	12.81%	11.08%	12.59%	8.50%
MSCI USA Equal Weighted	6.28%	4.88%	14.27%	13.95%	13.49%	10.27%
MSCI USA Growth	19.26%	6.21%	18.21%	27.16%	18.35%	17.03%

Returns of the Major Capital Markets						
					Period Ending 06/30/2025	
	Second Quarter	YTD	1-Year	3-Year[1]	5-Year[1]	10-Year[1]
Fixed Income						
Bloomberg Global Aggregate	4.52%	7.27%	8.91%	2.75%	-1.16%	1.17%
Bloomberg U.S. Aggregate	1.21%	4.02%	6.08%	2.55%	-0.73%	1.76%
Bloomberg U.S. Long Gov't	-1.51%	3.08%	1.58%	-3.66%	-8.16%	0.15%
Bloomberg U.S. Long Credit	1.25%	3.75%	5.13%	2.72%	-2.32%	2.95%
Bloomberg U.S. Long Gov't/Credit	-0.18%	3.38%	3.32%	-0.31%	-4.93%	1.79%
Bloomberg U.S. TIPS	0.48%	4.67%	5.84%	2.34%	1.61%	2.67%
Bloomberg U.S. High Yield	3.53%	4.57%	10.29%	9.93%	5.97%	5.38%
Bloomberg Global Treasury ex U.S.	6.99%	9.57%	10.95%	1.56%	-2.85%	0.14%
JP Morgan EMBI Global (Emerging Markets	3.06%	5.48%	9.51%	8.23%	1.81%	3.45%
Commodities						
Bloomberg Commodity Index	-3.08%	5.53%	5.77%	0.13%	12.68%	1.99%
Goldman Sachs Commodity Index	-2.81%	1.94%	0.25%	-0.37%	17.69%	1.45%
Hedge Funds						
HFRI Fund-Weighted Composite[2]	4.35%	3.91%	8.47%	7.79%	8.56%	5.40%
HFRI Fund of Funds[2]	3.42%	3.03%	7.25%	6.54%	6.21%	3.82%
Real Estate						
NAREIT U.S. Equity REITS	-1.16%	-0.25%	8.60%	5.35%	8.63%	6.32%
NCREIF NFI - ODCE	1.03%	2.10%	3.54%	-5.43%	3.42%	5.35%
FTSE Global Core Infrastructure Index	3.11%	8.92%	17.65%	6.55%	8.43%	7.72%
Private Equity						
Burgiss Private iQ Global Private Equity[3]			6.00%	1.89%	13.10%	12.71%

MSCI Indices show net total returns throughout this report. All other indices show gross total returns.
[1] Periods are annualized.
[2] Latest 5 months of HFR data are estimated by HFR and may change in the future.
[3] Burgiss Private iQ Global Private Equity data is as at December 31, 2024

Source: Russell, MSCI, Bloomberg

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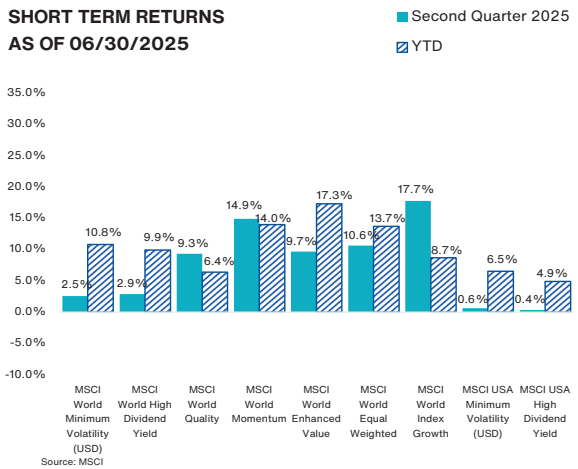
MSCI net return: deducts assumed foreign tax withholding rate from dividends before investing.

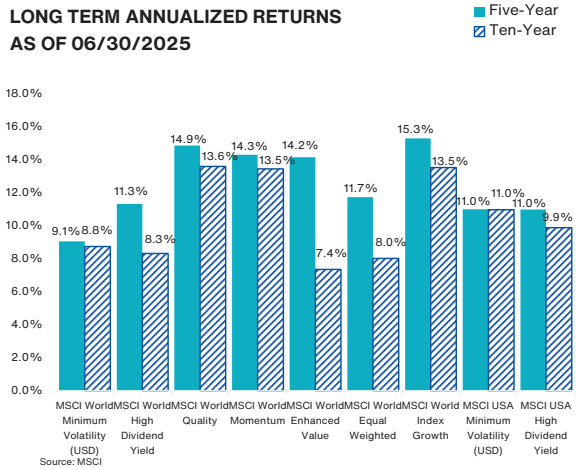
Factor Indices

SHORT TERM RETURNS AS OF 06/30/2025



Source: MSCI
MSCI Indices show net total returns throughout this report. All other indices show gross total returns.

LONG TERM ANNUALIZED RETURNS AS OF 06/30/2025



Source: MSCI
MSCI Indices show net total returns throughout this report. All other indices show gross total returns.

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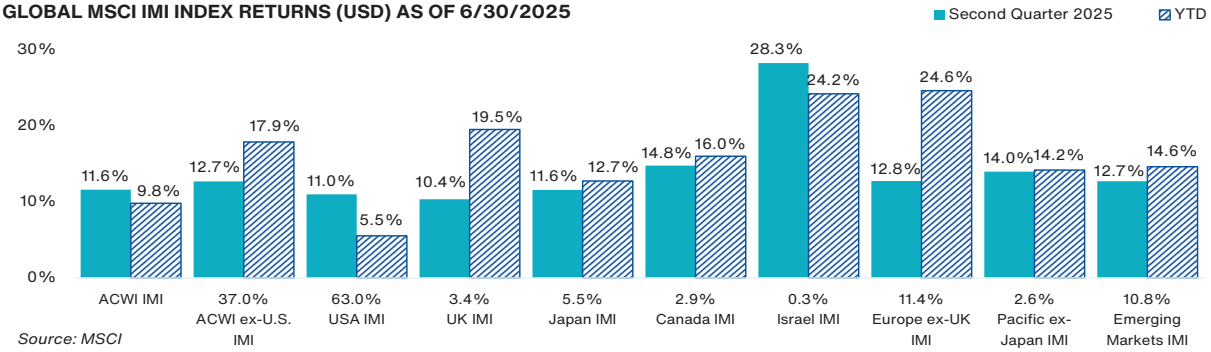
Global Equity Markets

GLOBAL MSCI IMI INDEX RETURNS (USD) AS OF 6/30/2025



Source: MSCI

- Global equity markets rose over Q2 2025, despite facing significant correction during the early weeks of the quarter. The S&P 500 index rose by 10.9% over the quarter. The MSCI AC World index rose by 11.7% over the quarter, marginally underperforming the MSCI AC World ex-U.S. index, which rose 12.3%.
- The reciprocal tariff announcement made by the U.S. President increased market volatility, leading to the CBOE Volatility Index (VIX) touching 52.3 in early April, before closing the quarter at 16.7, which is below its 20-year average of 19.3.
- Despite rising by 11.0% over the quarter, USA IMI was the second-worst performer. Information Technology (23.4%) and Communication Services (18.5%) were the best-performing sectors.
- Across international markets, all regions posted positive returns. Israeli equities outperformed with a return of 28.3%, followed by Canada IMI (14.8%).

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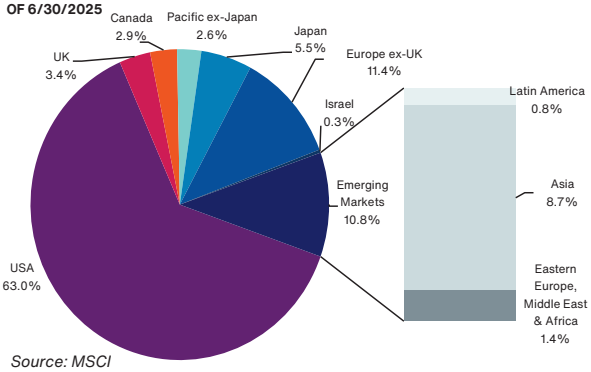
Global Equity Markets

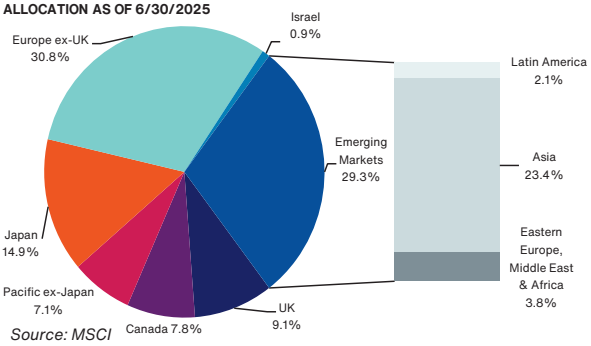
Below is the country/region breakdown of the global and international equity markets as measured by the MSCI All Country World IMI Index and the MSCI All Country World ex-U.S. IMI Index, respectively.

MSCI ALL COUNTRY WORLD IMI INDEX GEOGRAPHIC ALLOCATION AS OF 6/30/2025



Source: MSCI

MSCI ALL COUNTRY WORLD EX-U.S. IMI INDEX GEOGRAPHIC ALLOCATION AS OF 6/30/2025



Source: MSCI

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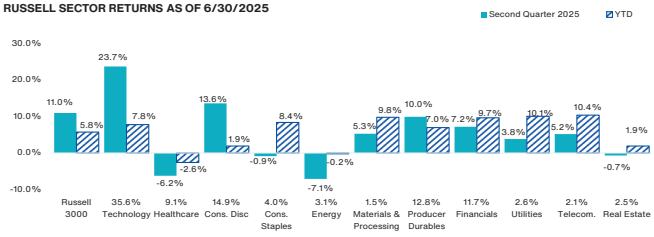
MSCI net return: deducts assumed foreign tax withholding rate from dividends before investing.

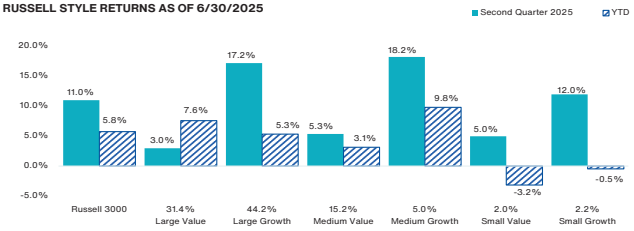
U.S. Equity Markets

- Amidst the uncertainty surrounding the U.S. tariff policies, the S&P 500 entered correction territory (-11.2%) from March 31 to April 8, before making a recovery and ending the quarter up by 10.9%. The tech heavy NASDAQ Composite Index rose by 18.0%.
- Q2 remained dominated by trade and tariff policy changes by U.S. President Donald Trump, resulting in trade tensions between the U.S. and its trading partners. The U.S. economy contracted at an annualised rate of 0.5% in Q1 2025, much lower than the initial 0.4% growth economists had expected and the previous quarter's 2.4%. This marks the first quarterly decline since Q1 2022, primarily driven by an increase in imports and a decrease in government spending.
- The FOMC has projected a GDP growth of 1.4% for 2025, down from the March projection of 1.7%, while PCE inflation is forecasted to rise to 3.0% this year, up from the March projection of 2.7%.
- The Russell 3000 Index rose 11.0% during the second quarter and rose by 5.8% on a YTD basis. Technology (23.7%) and Consumer Discretionary (13.6%) were the best performers, while Energy (-7.1%) and Healthcare (-6.2%) were the worst performers.
- On a style basis, growth outperformed value across market capitalizations over the quarter. Medium-cap stocks outperformed Large and Small-cap stocks in growth style as well as value style.

RUSSELL SECTOR RETURNS AS OF 6/30/2025



RUSSELL STYLE RETURNS AS OF 6/30/2025



Source: Russell Indexes

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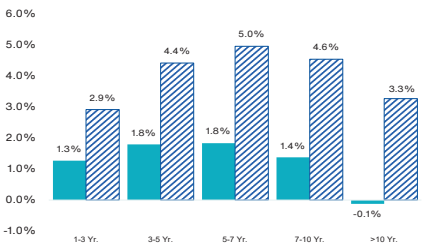
U.S. Fixed Income Markets

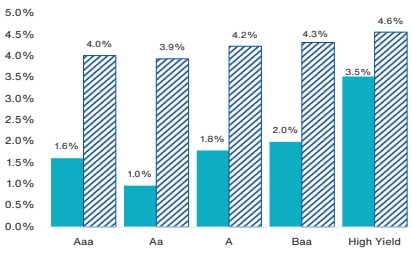
BLOOMBERG AGGREGATE RETURNS BY MATURITY AS OF 06/30/2025



Source: FactSet

Second Quarter 2025 YTD

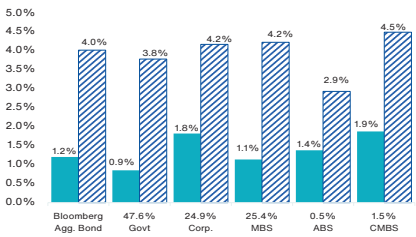
BLOOMBERG AGGREGATE RETURNS BY QUALITY AND HIGH YIELD RETURNS AS OF 06/30/2025



Source: FactSet

Second Quarter 2025 YTD

BLOOMBERG AGGREGATE RETURNS BY SECTOR AS OF 06/30/2025



Source: FactSet

Second Quarter 2025 YTD

- The U.S. Fed maintained interest rates over the quarter between a range of 4.25% – 4.50%. The latest Fed "dot plot," shows eight FOMC members projecting an interest rate reduction of 0.50% in 2025, with seven members projecting no further rate cuts this year. Two members each project a 0.25% and 0.75% rate cut, respectively.
- The Bloomberg U.S. Aggregate Bond Index rose by 1.2% over the quarter and is up by 4.0% on a YTD basis.
- Across durations, almost all maturities finished the quarter in positive territory with medium-term maturities rising more.
- Within investment-grade bonds, lower-quality issues generally outperformed higher-quality issues, with Baa-rated bonds returning 2.0% during the quarter. High-yield bonds rose by 3.5%. On a 1-year basis, high-yield bonds have outperformed indicating an increased risk appetite.

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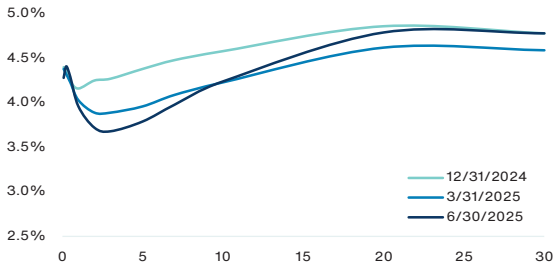
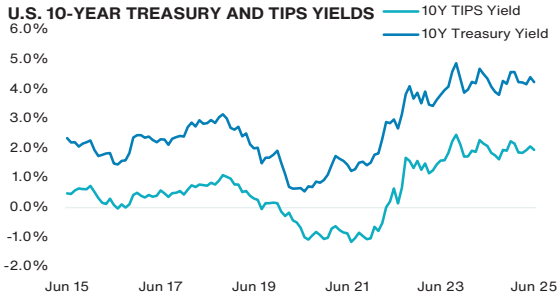
U.S. Fixed Income Markets

U.S. TREASURY YIELD CURVE



Source: U.S. Department of Treasury

U.S. 10-YEAR TREASURY AND TIPS YIELDS

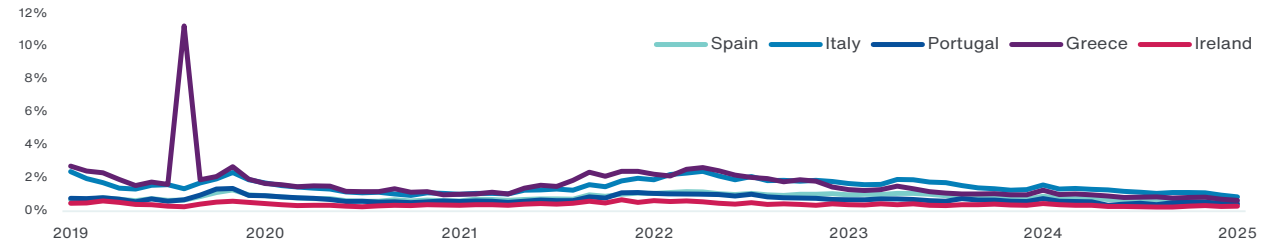


Source: U.S. Department of Treasury

- U.S. Treasury yields displayed deviating behaviour across maturities, with the yield curve mostly shifting downwards in the short to medium term maturities and rising across the long-term maturities. The 10-year Treasury yield rose by 1bp to 4.24%, and the 30-year Treasury yield rose by 19bps to 4.78% over the quarter.
- U.S. headline consumer price index (CPI) rose to 2.7% year-on-year in June, higher than the 2.4% year-on-year recorded in March and in line with the economists' expectations. U.S. core inflation, which excludes energy and food prices, rose to 2.9% year-on-year in June, higher than March's 2.8% but lower than the economists' expectations of 3.0%.
- The 10-year TIPS yield rose by 10bps over the quarter to 1.95%.

European Fixed Income Markets

EUROZONE PERIPHERAL BOND SPREADS (10-YEAR SPREADS OVER GERMAN BUNDS)



Source: FactSet

- European government bond spreads over 10-year German bunds fell across the Euro Area, with the spreads showing maximum contraction for Italy, followed by Greece and Portugal. Over Q2 2025, the European Central Bank (ECB) reduced its policy interest rate twice by 0.25% each to 2.0%. The ECB expects the headline inflation at 2% in 2025, 1.6% in 2026 and 2% in 2027. GDP growth is expected to be 0.9% in 2025, 1.1% in 2026 and 1.3% in 2027.
- Greek and Italian government bond yields fell by 27bps and 37bps to 3.26% and 3.47%, respectively over the quarter while Portugal government bond yields fell by 21bps to 3.04%. Irish and Spain government bond yields fell by 11bps and 17bps to 2.90% and 3.17%, respectively over the quarter.
- German bund yields fell by 10bps to 2.60% over the quarter.
- Eurozone headline inflation slowed down as the CPI increased 2.0% year-on-year in June, lower than the 2.2% increase recorded in March and in line with the economists' expectations. Core inflation rose 2.3% year-on-year in June, lower than the March's 2.4% and in line with the economists' expectations.

Credit Spreads

Spread (bps)	6/30/2025	3/31/2025	12/31/2024	Quarterly Change (bps)	YTD
U.S. Aggregate	32	35	34	-3	-1
Long Gov't	0	-1	0	1	1
Long Credit	102	117	100	-15	2
Long Gov't/Credit	49	57	50	-7	-1
MBS	37	36	43	1	-6
CMBS	84	88	80	-3	4
ABS	57	60	44	-3	13
Corporate	83	94	80	-11	3
High Yield	290	347	287	-57	3
Global Emerging Markets	216	232	219	-16	-3

Source: FactSet, Bloomberg

- Credit markets rose amid rising risk tolerance sentiment, with spreads generally narrowing.
- High Yield and Global Emerging Markets spreads narrowed by 57bps and 16bps, respectively. ABS spreads narrowed by 3bps.

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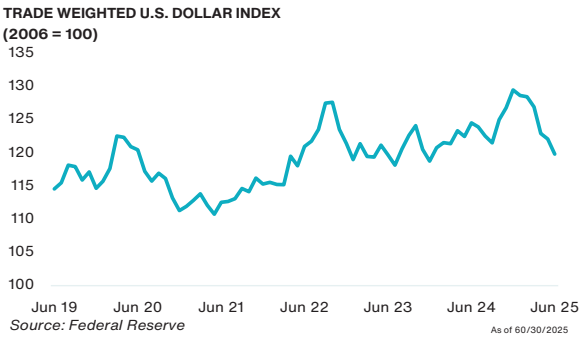
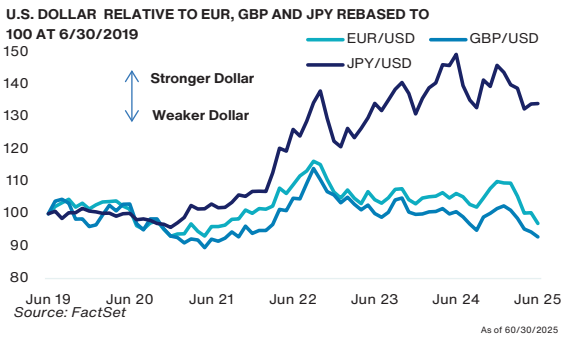
Currency





- The U.S. Dollar depreciated against all major currencies over the quarter. On a trade-weighted basis, the U.S. dollar depreciated by 5.6%.
- Sterling appreciated by 5.8% against the U.S. dollar. In its May meeting, the Bank of England (BoE) reduced interest rates by 0.25% to 4.25%. The BoE forecasts that inflation will peak at 3.5% in Q3 2025 (down from 3.7%), before returning to the target rate of 2% by Q1 2027.
- The U.S. dollar depreciated by 8.0% against the euro and by 3.4% against the yen.

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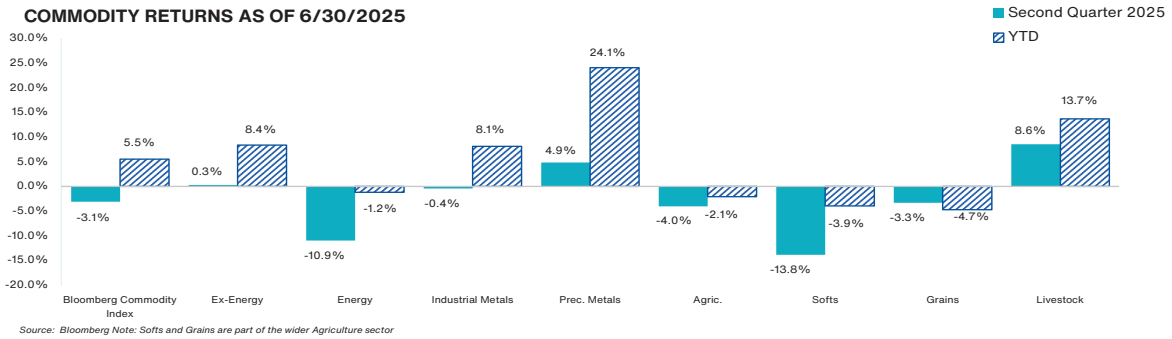
Commodities



Source: Bloomberg Note: Softs and Grains are part of the wider Agriculture sector

- Commodity prices fell over the quarter (except for Prec. Metals and Livestock sub-sector) with the Bloomberg Commodity Index returning -3.1%.
- The softs sub-sector was the worst performer over the quarter at -13.8%.
- The Livestock sector rose the most over the quarter at 8.6%.
- Brent crude oil prices mostly moderated over the quarter, with OPEC+ countries raising oil production output by 960,000 barrels per day (bpd) over Q2 2025 and announcing further increase of 411,000 bpd starting July 2025. Brent crude oil prices ranged from U.S. $60/BBL to U.S. $79/BBL, before ending the quarter at U.S. $68/BBL.

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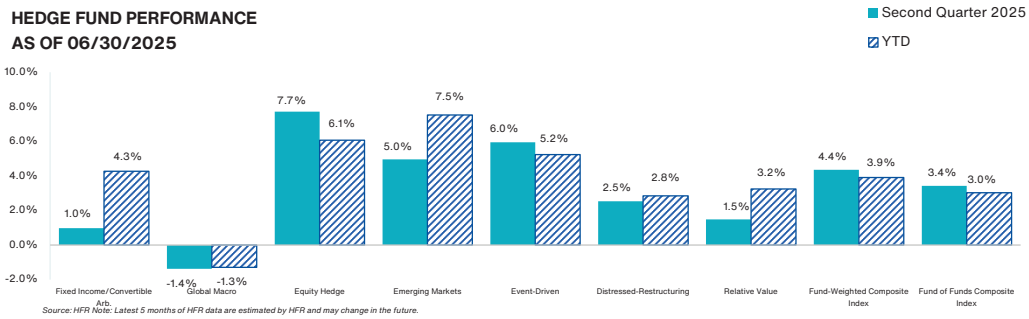
Hedge Funds Market Overview



Source: HFR Note: Latest 5 months of HFR data are estimated by HFR and may change in the future.

- Hedge fund performance was mostly positive over the quarter.
- The HFRI Fund-Weighted Composite produced a return of 4.4% and the HFRI Fund of Funds Composite Index produced a return of 3.4% over the quarter.
- Over the quarter, Equity Hedge was the best performer with a return of 7.7%.
- Global Macro was the worst performer with a return of -1.4% over the quarter.
- On a YTD basis, Emerging Markets has outperformed all other strategies while Global Macro has performed the worst.

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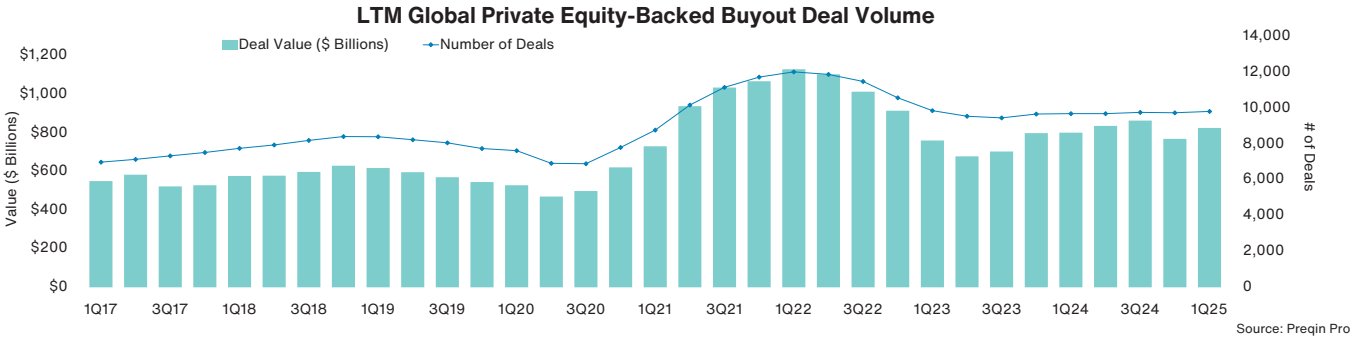
Private Equity Overview

First Quarter 2025

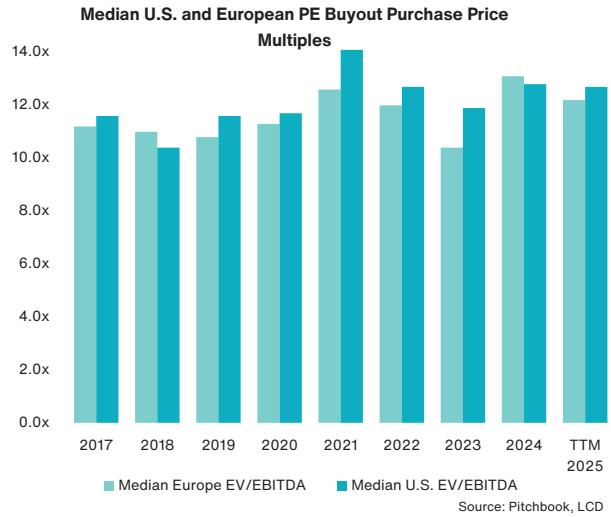


Source: Preqin Pro

- **Fundraising:** In Q1 2025, $247.5 billion of capital was raised by 717 funds, which was an increase of 30.0% on a capital basis but a decrease of 13.7% by number of funds closed over the prior quarter. Capital raised and the number of funds closed in Q1 2025 represented a decrease of 18.9% and 44.9%, respectively, compared to the five-year quarterly average.[1]
- **Buyout:** Global private equity-backed buyout deals totaled $210.8 billion in Q1 2025, which was an increase on a capital basis of 11.1% compared to Q4 2024 and an increase of 1.2% compared to the five-year quarterly average.[1] On a TTM basis, median U.S. private equity EV/EBITDA multiples reached 12.2x at the end of Q1 2025, a decrease compared to the 13.1x seen at the end of 2024 and down slightly from the five-year average (12.5x). In Europe, on a TTM basis, median private equity EV/EBITDA multiples reached 12.7x at the end of Q1 2025, roughly in line with the 12.8x multiple seen at the end of 2024.[2] Globally, buyout exit value totaled $85.6 billion across 530 deals during the quarter, down, on a value and deal count basis, from $129.8 billion in exit value from 597 deals during the prior quarter. Exit value in Q1 2025 was also materially below the five-year quarterly average of $129.1 billion in value.[1]
- **Venture:** During the quarter, an estimated 3,990 U.S. venture-backed transactions totaling $91.5 billion were completed, which was an increase of 18.5% on a capital basis and 10.9% by deal count over the prior quarter, which saw 3,599 deals completed totaling $77.2 billion. This was also an increase of 34.6% on a capital basis compared to the five-year quarterly average of $57.4 billion. Total U.S. venture-backed exit value increased during the quarter, totaling approximately $56.2 billion across an estimated 385 completed transactions compared to $41.3 billion of value across 359 exits in Q4 2024. However, Q1 2025 exit value remained below the five-year quarterly average of $81.4 billion from 360 transactions.[3]

Sources: 1 Preqin 2 Pitchbook/LCD 3 PitchBook/NVCA Venture Monitor 4 Fitch Ratings 5 Jefferies
Notes: FY=Fiscal year ended 12/31; YTD=Year to date; LTM=Last 12 months (aka trailing 12 months); PPM=Purchase Price Multiples: Total Purchase Price ÷ EBITDA.

Private Equity Overview (cont.)

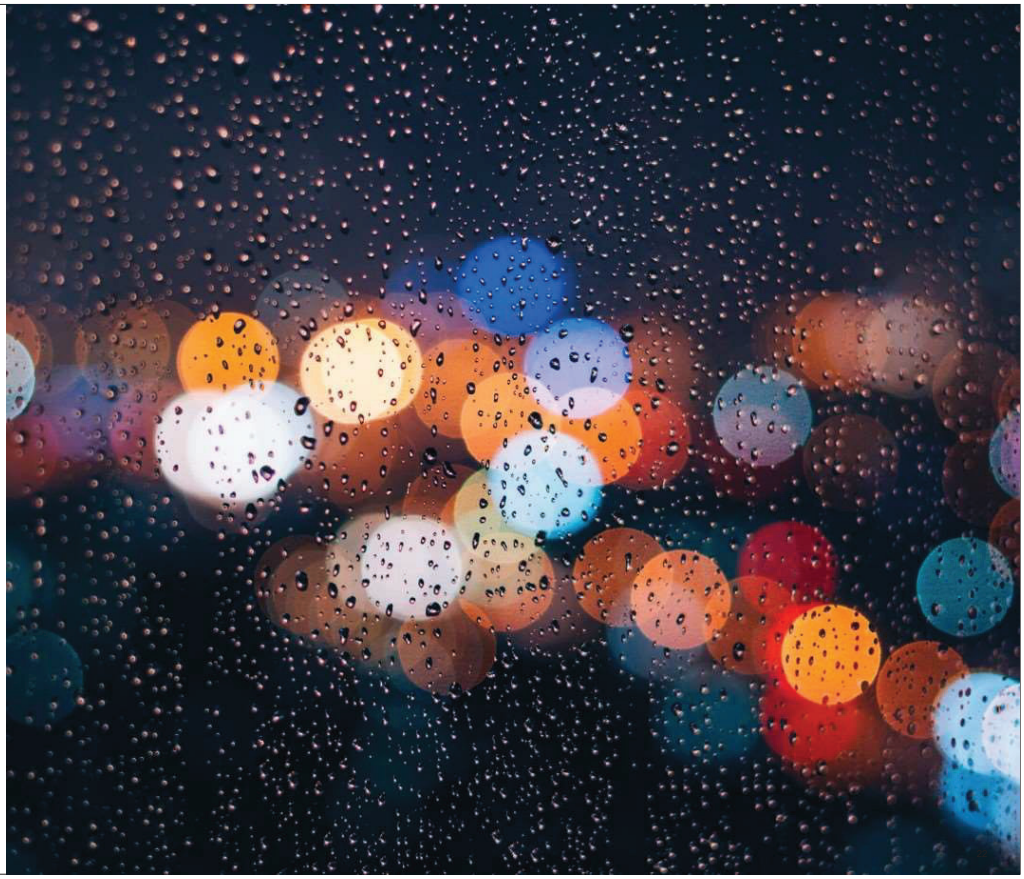


Source: Pitchbook, LCD

- **Mezzanine:** 5 funds closed on $4.0 billion during the quarter, an increase from the prior quarter's total of $0.6 billion raised by 5 funds. Capital raised in Q1 2025 was also an increase of 89.6% compared to Q1 2024. However, this represented a decrease compared to the five-year quarterly average of $6.4 billion.[1]
- **Distressed Debt/Special Situations:** The TTM U.S. high-yield default rate was 1.95% as of March 2025, which was down from December 2024's TTM rate of 2.58%.[4] During the quarter, $23.8 billion was raised by 16 funds, up from the $14.3 billion raised by 15 funds during Q4 2024. Capital raised in Q1 2025 represented 56.0% of 2024's total of $42.5 billion.[1]
- **Secondaries:** 10 funds raised $34.1 billion during Q1 2025, up significantly from the $7.9 billion raised by 22 funds in Q4 2024. This was also an increase compared to the five-year quarterly average of $16.0 billion.[1] The average discount rate for LP buyout and venture capital portfolios finished Q1 2025 at 6.0% and 23.0%, respectively, with buyout discounts being flat and venture discounts decreasing 2.0% compared to Q4 2024.[5]
- **Infrastructure:** $60.1 billion of capital was raised by 26 funds in Q1 2025 compared to $20.1 billion of capital raised by 31 funds in Q4 2024. The 10 largest funds in market are currently seeking a combined $156.9 billion in capital. Infrastructure managers completed 435 deals for an aggregate deal value of $151.0 billion in Q1 2025, an increase, on a capital basis, compared to 482 deals totaling $81.4 billion completed in Q4 2024.[1]
- **Natural Resources:** During Q1 2025, 10 funds closed on $3.6 billion, a decrease compared to 12 funds closing on $10.8 billion during the prior quarter. This was also a decrease of 22.3% compared to the five-year quarterly average. 65 energy and utilities buyout deals were completed in Q1 2025 totaling $0.5 billion, a decrease, on a value and number of deals basis, compared to 87 completed deals totaling $7.7 billion in Q4 2024.[1]

Sources: 1 Preqin 2 Pitchbook/LCD 3 PitchBook/NVCA Venture Monitor 4 Fitch Ratings 5 Jefferies

Total Fund



Highlights

Executive Summary

- The Total Fund outperformed the Performance Benchmark over the trailing five and ten-year period.
- The Fund ended the second quarter of 2025 underperforming the performance benchmark by 1.0%
- The fund is well diversified across seven broad asset classes.
- Public market asset class investments do not significantly deviate from their broad market based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
- Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type, or investment strategy.
- Asset allocation is monitored on a daily basis to ensure the actual asset allocation of the plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Aon Investments and SBA staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

Performance Highlights

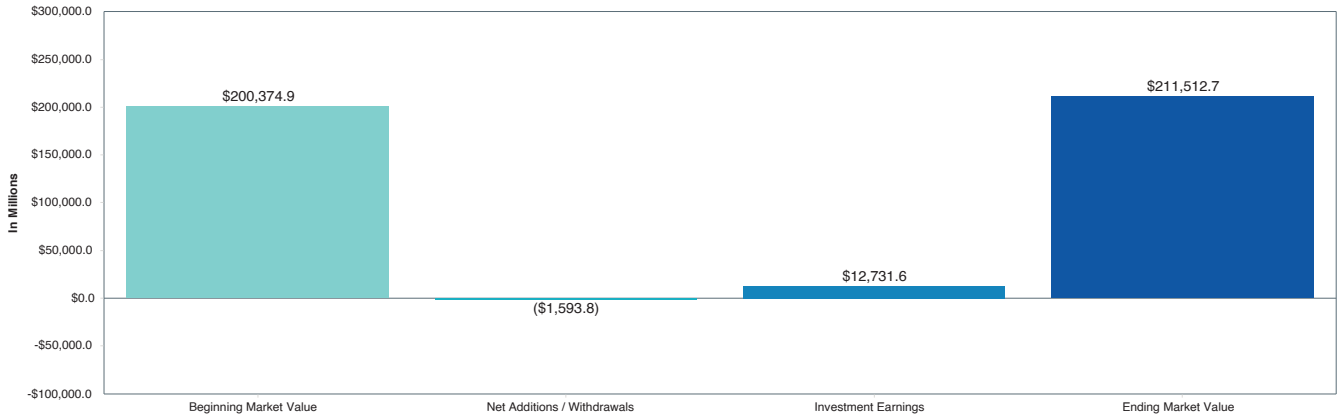
- The Total Fund outperformed the Performance Benchmark over the longer trailing period of 5 and 10 years

Asset Allocation

- The Fund assets total $211.5 billion as of June 30, 2025, which represents a $11.1 billion increase since last quarter.
- Actual allocations for all asset classes were within their respective policy ranges and in line with the current policy at quarter-end.

Total Plan Asset Summary

As of June 30, 2025



Summary of Cash Flows

	1 Quarter	1 Year	3 Years
Total Fund			
Beginning Market Value	200,374,912,527	198,228,790,282	179,954,710,565
+ Additions / Withdrawals	-1,593,783,106	-6,833,797,846	-20,859,812,339
+ Investment Earnings	12,731,572,044	20,117,709,029	52,417,803,238
= Ending Market Value	**211,512,701,464**	**211,512,701,464**	**211,512,701,464**

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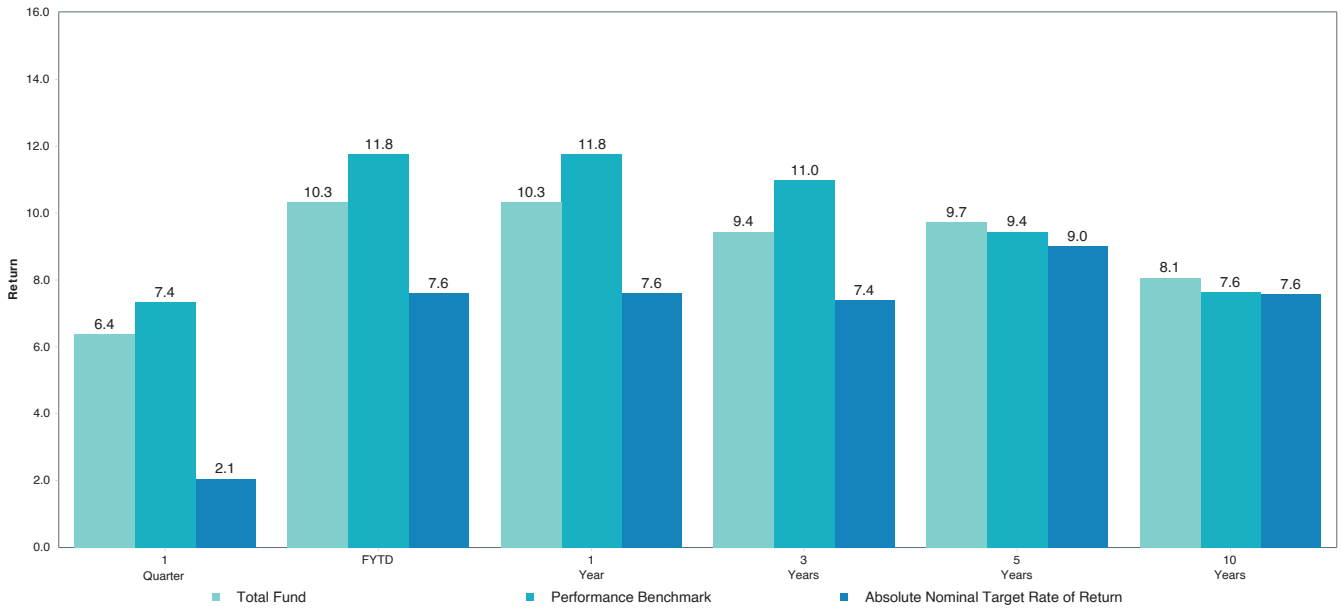
*Period July 2023 - Present

Total Plan Performance Summary

As of June 30, 2025

Return Summary



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Asset Allocation & Performance

As of June 30, 2025

	Allocation			Performance %					
	Market Value $	%	Policy %	1 Quarter	Year to Date	FY 2025	3 Years	5 Years	10 Years
Total Fund	**211,512,701,464**	**100.0**	**100.0**	**6.4 (25)**	**6.6 (30)**	**10.3 (47)**	**9.4 (39)**	**9.7 (22)**	**8.1 (10)**
Performance Benchmark				*7.4 (4)*	*7.3 (12)*	*11.8 (10)*	*11.0 (11)*	*9.4 (29)*	*7.6 (25)*
Absolute Nominal Target Rate of Return				*2.1 (98)*	*4.6 (91)*	*7.6 (94)*	*7.4 (87)*	*9.0 (44)*	*7.6 (28)*
Global Equity*	**103,178,851,846**	**48.8**	**47.8**	**11.7**	**9.9**	**16.2**	**17.1**	**13.5**	**10.1**
Asset Class Target				*11.7*	*9.9*	*16.0*	*16.8*	*13.4*	*9.7*
Domestic Equities	**55,615,998,952**	**26.3**		**11.0**	**5.7**	**15.1**	**19.0**	**16.1**	**12.8**
Asset Class Target				*11.0*	*5.8*	*15.3*	*19.1*	*16.0*	*13.0*
Foreign Equities	**31,209,603,747**	**14.8**		**13.4**	**18.1**	**18.9**	**14.8**	**10.4**	**6.9**
Asset Class Target				*13.1*	*18.2*	*18.1*	*14.0*	*10.2*	*6.2*
Global Equities	**12,958,541,832**	**6.1**		**11.9**	**10.2**	**16.9**	**17.6**	**13.3**	**10.0**
Benchmark				*11.5*	*9.7*	*16.2*	*18.0*	*14.2*	*10.4*
Fixed Income	**43,057,428,648**	**20.4**	**21.1**	**1.4**	**4.2**	**6.4**	**3.3**	**0.5**	**2.0**
Asset Class Target				*1.2*	*4.0*	*6.1*	*2.8*	*0.0*	*1.7*
Private Equity	**18,938,283,397**	**9.0**	**9.2**	**2.7**	**4.0**	**7.2**	**2.6**	**17.7**	**14.8**
Asset Class Target				*12.1*	*11.1*	*18.5*	*19.4*	*16.2*	*12.6*
Real Estate	**19,903,221,071**	**9.4**	**9.5**	**0.9**	**2.1**	**-0.3**	**-2.7**	**4.1**	**5.7**
Asset Class Target				*0.9*	*1.9*	*1.4*	*-4.3*	*2.4*	*4.8*
Strategic Investments	**12,612,513,492**	**6.0**	**6.0**	**2.2**	**2.7**	**7.7**	**6.9**	**9.1**	**6.9**
Short-Term Target				*3.6*	*3.9*	*9.2*	*8.7*	*9.1*	*6.6*
Active Credit	**11,350,466,803**	**5.4**	**5.4**	**3.0**	**5.0**	**4.4**			
Asset Class Target				*2.6*	*3.5*	*8.3*			
Cash**	**2,471,936,207**	**1.2**		**1.1**	**2.4**	**5.2**	**4.4**	**2.4**	**1.8**
Blmbg. U.S. Treasury Bills: 1-3 Months				*1.1*	*2.1*	*4.8*	*4.7*	*2.8*	*2.0*

Benchmark and universe descriptions can be found in the Appendix.
* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.
**Performance for the Cash & Central Custody and Enhanced Cash Composite is shown.

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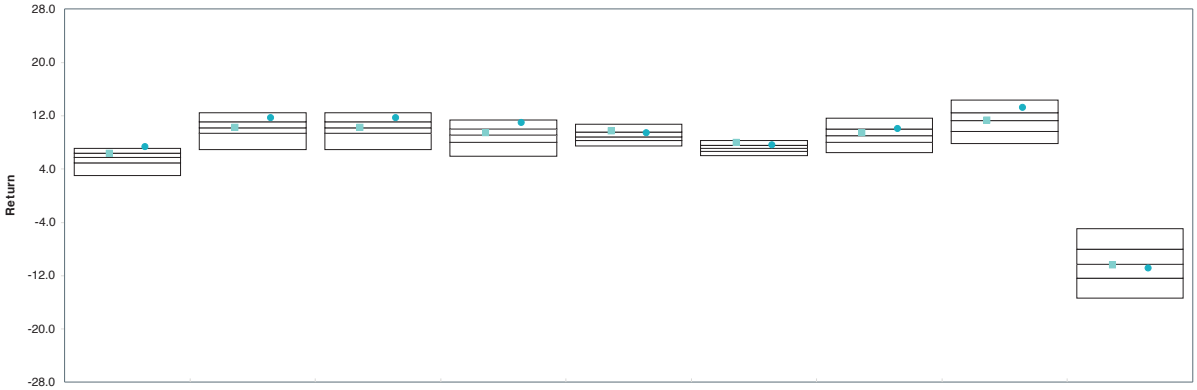
Plan Sponsor Peer Group Analysis

As of June 30, 2025



	1 Quarter	FYTD	1 Year	3 Years	5 Years	10 Years	2024	2023	2022
Total Fund	**6.4 (25)**	**10.3 (47)**	**10.3 (47)**	**9.4 (39)**	**9.7 (22)**	**8.1 (10)**	**9.5 (41)**	**11.4 (47)**	**-10.4 (53)**
Performance Benchmark	7.4 (4)	11.8 (10)	11.8 (10)	11.0 (11)	9.4 (29)	7.6 (25)	10.1 (25)	13.3 (13)	-10.9 (60)
5th Percentile	7.1	12.5	12.5	11.4	10.8	8.3	11.6	14.4	-4.9
1st Quartile	6.4	11.1	11.1	10.0	9.5	7.6	10.0	12.5	-8.0
Median	5.8	10.2	10.2	9.1	8.9	7.2	9.0	11.3	-10.3
3rd Quartile	4.9	9.4	9.4	8.1	8.3	6.7	8.1	9.6	-12.4
95th Percentile	3.0	6.9	6.9	6.0	7.5	6.1	6.5	7.8	-15.3
Population	113	113	113	109	103	97	186	199	189

Parentheses contain percentile rankings.
Universe: All Public Plans > $1B-Total Fund

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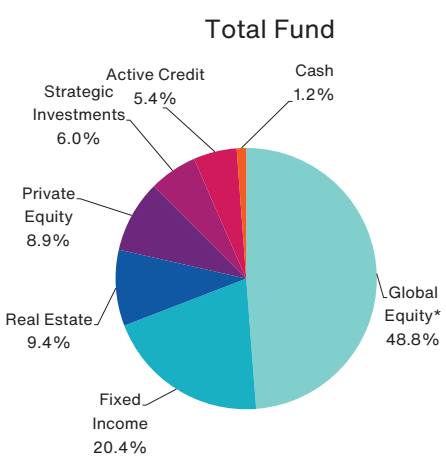
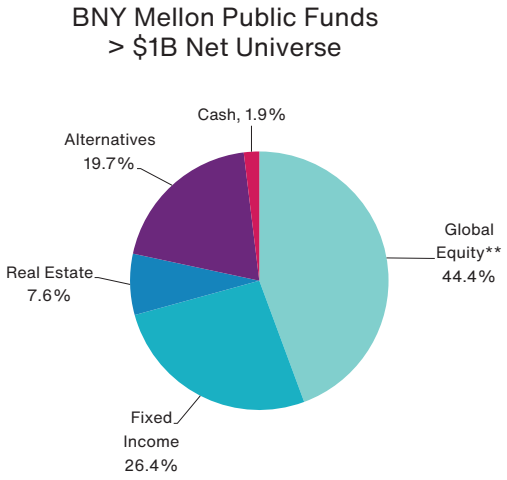
Universe Asset Allocation Comparison[1]

As of June 30, 2025





*Global Equity Allocation: 26.3% Domestic Equities; 14.8% Foreign Equities; 6.1% Global Equities; 0.7% Global Equity Cash; 0.9% Global Equity Liquidity Account. Percentages are of the Total FRS Fund.

**Global Equity Allocation: 29.1% Domestic Equities; 15.3% Foreign Equities.

[1]Allocations may not sum to 100.0% due to rounding.

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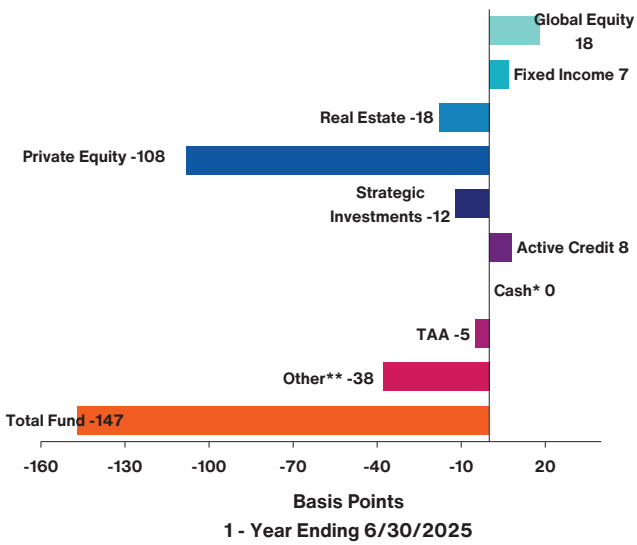
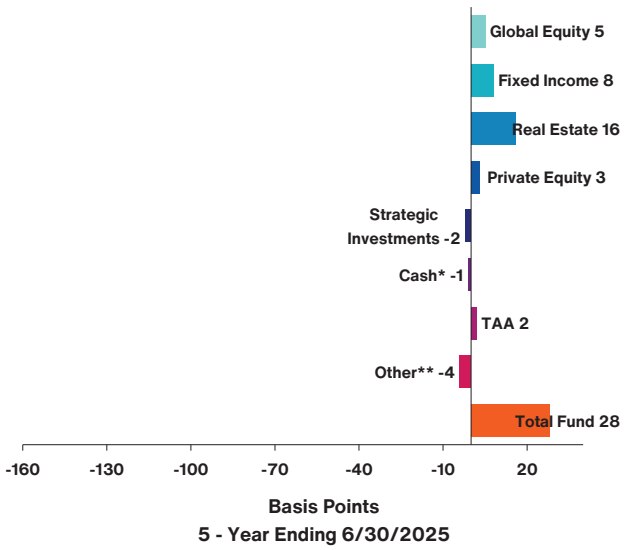
Investment advice and consulting services provided by Aon Investments USA Inc.

Attribution

As of June 30, 2025





*Cash AA includes Cash and Central Custody, Securities Lending Account income from 12/2009 to 3/2013 and unrealized gains and losses on securities lending collateral beginning June 2013, TF STIPFRS NAV Adjustment Account, and the Cash Expense Account.
**Other includes transition accounts, liquidity portfolios, accounts outside of C&CC, and unexplained differences due to methodology.

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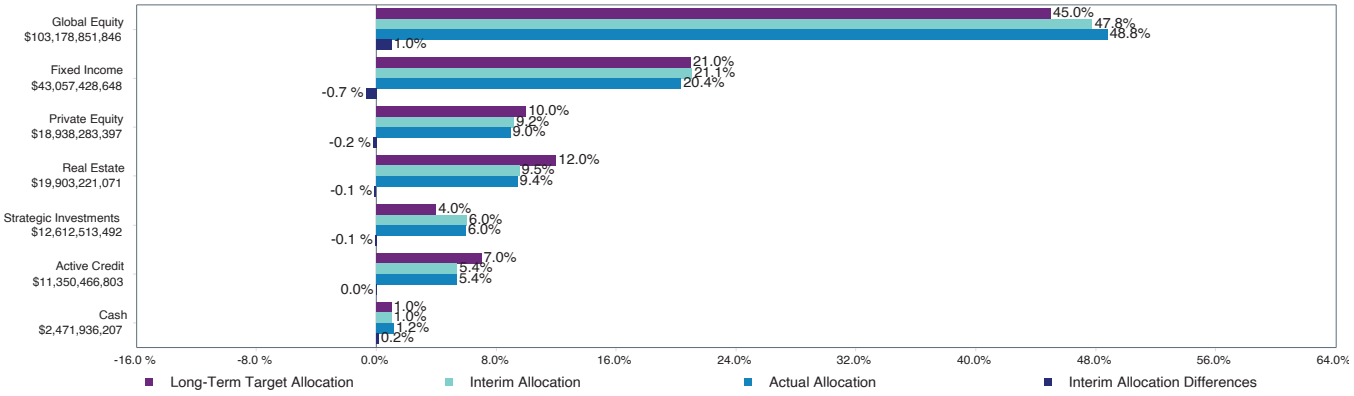
Asset Allocation Compliance

As of June 30, 2025

	Market Value $	Current Allocation %	Interim Allocation %	Long-Term Target Allocation %	Minimum Allocation %	Maximum Allocation %
Total Fund	**211,512,701,464**	**100.0**	**100.0**	**100.0**		
Global Equity	103,178,851,846	48.8	47.8	45.0	35.0	60.0
Fixed Income	43,057,428,648	20.4	21.1	21.0	12.0	30.0
Private Equity	18,938,283,397	9.0	9.2	10.0	6.0	20.0
Real Estate	19,903,221,071	9.4	9.5	12.0	8.0	20.0
Strategic Investments	12,612,513,492	6.0	6.0	4.0	2.0	14.0
Active Credit	11,350,466,803	5.4	5.4	7.0	2.0	12.0
Cash	2,471,936,207	1.2	1.0	1.0	0.3	5.0



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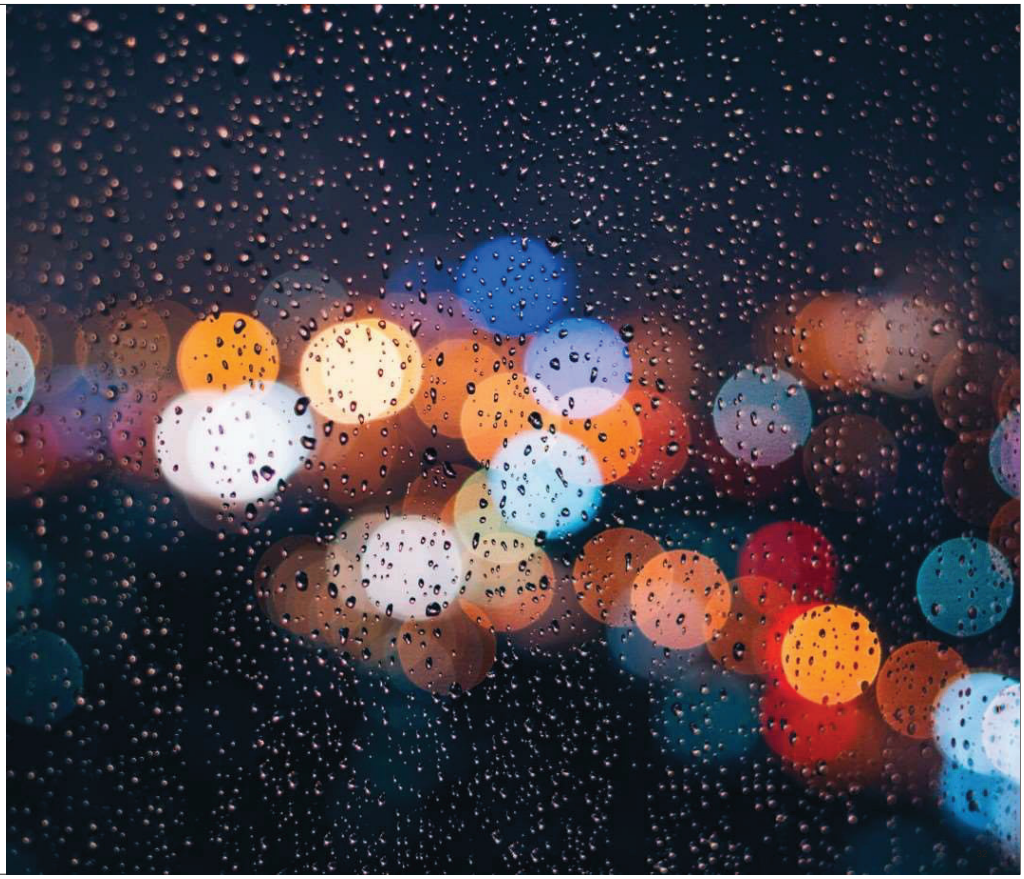
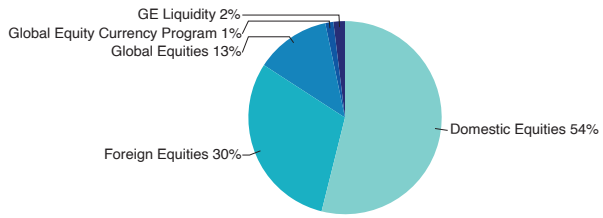
Global Equity



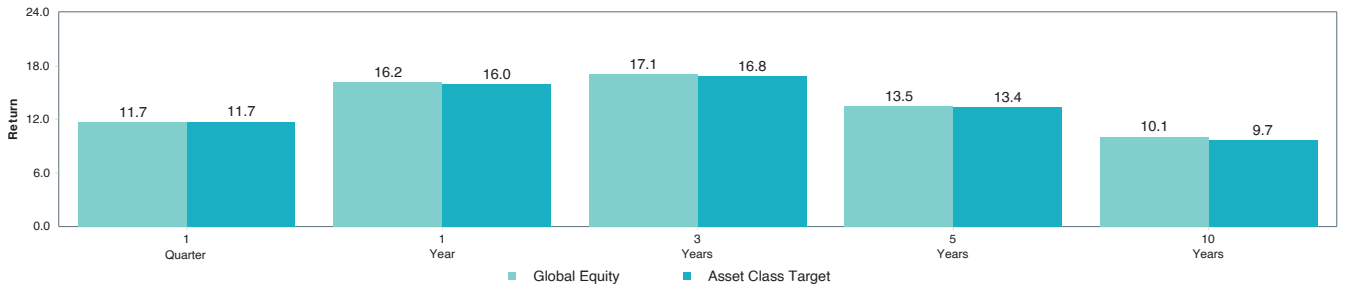
Global Equity* Portfolio Overview

As of June 30, 2025

Current Allocation
June 30, 2025 : $103,179M

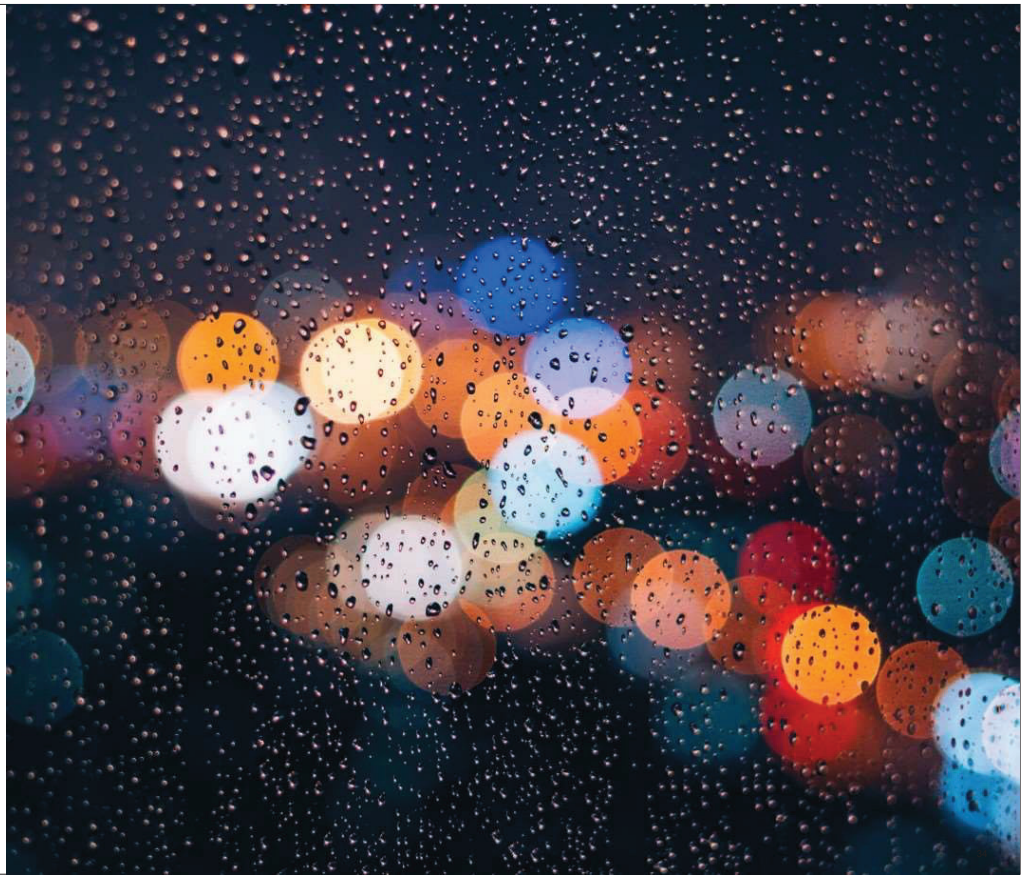


Return Summary



* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.

Domestic Equities



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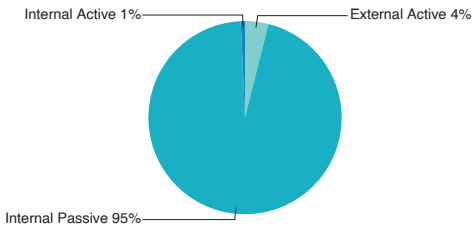
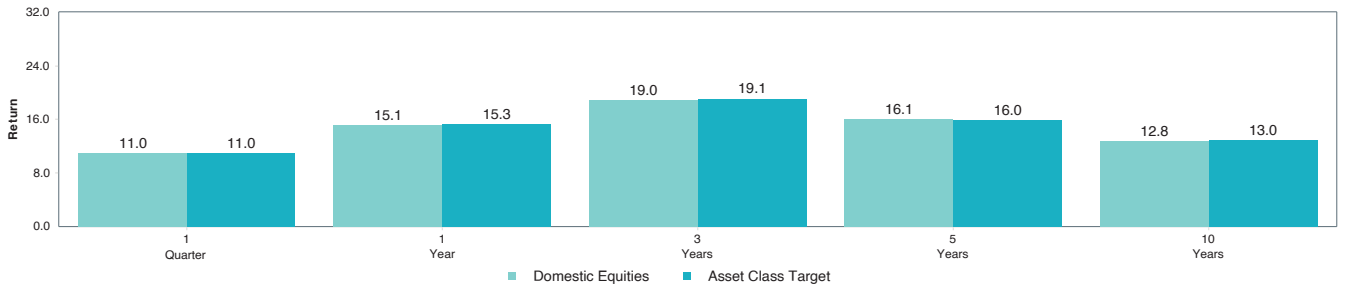
Domestic Equities Portfolio Overview

As of June 30, 2025

Current Allocation
June 30, 2025 : $55,616M



Return Summary



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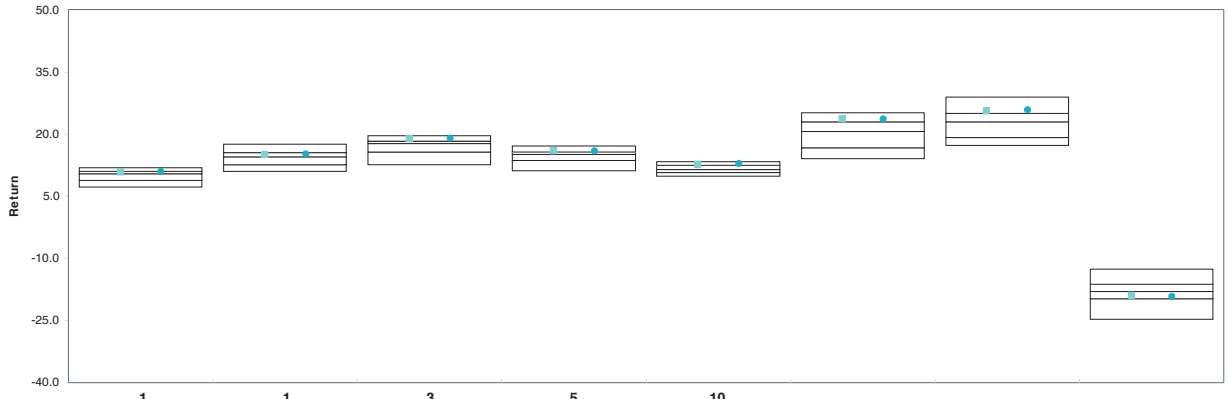
Domestic Equities Peer Group Analysis

As of June 30, 2025



	1 Quarter	1 Year	3 Years	5 Years	10 Years	2024	2023	2022
Domestic Equities	**11.0 (26)**	**15.1 (36)**	**19.0 (16)**	**16.1 (23)**	**12.8 (19)**	**23.7 (19)**	**25.6 (20)**	**-18.9 (61)**
Asset Class Target	11.0 (25)	15.3 (33)	19.1 (13)	16.0 (24)	13.0 (17)	23.8 (19)	26.0 (19)	-19.2 (65)
5th Percentile	11.9	17.6	19.7	17.1	13.4	25.2	28.9	-12.5
1st Quartile	11.0	15.6	18.3	15.7	12.5	23.0	25.1	-16.2
Median	10.5	14.5	17.8	15.1	11.5	20.7	23.0	-17.9
3rd Quartile	8.9	12.7	15.7	13.6	10.8	16.7	19.3	-19.8
95th Percentile	7.3	11.1	12.7	11.2	9.9	14.1	17.3	-24.6
Population	52	52	49	45	38	53	51	52

Parentheses contain percentile rankings.

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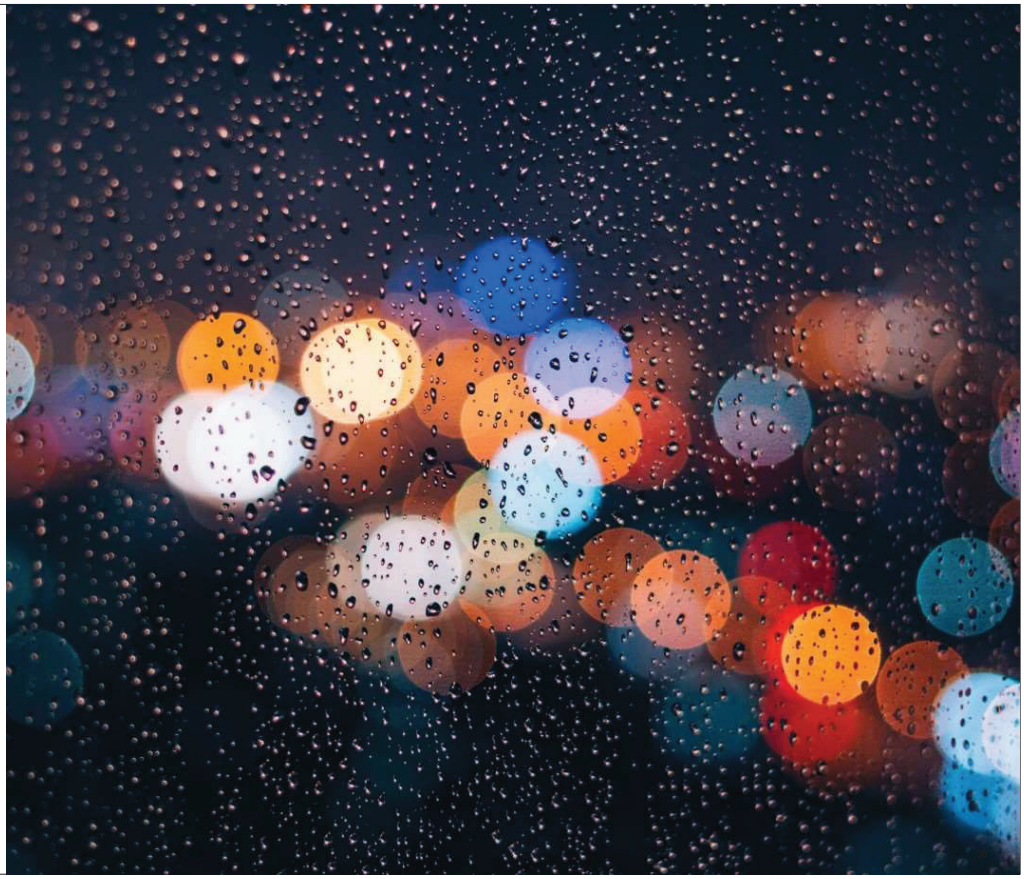
Foreign Equities



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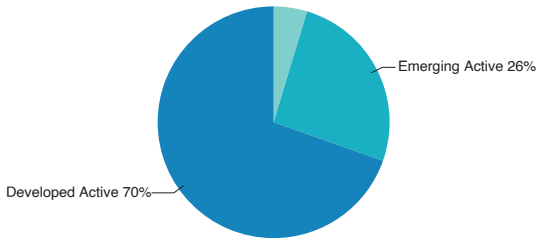
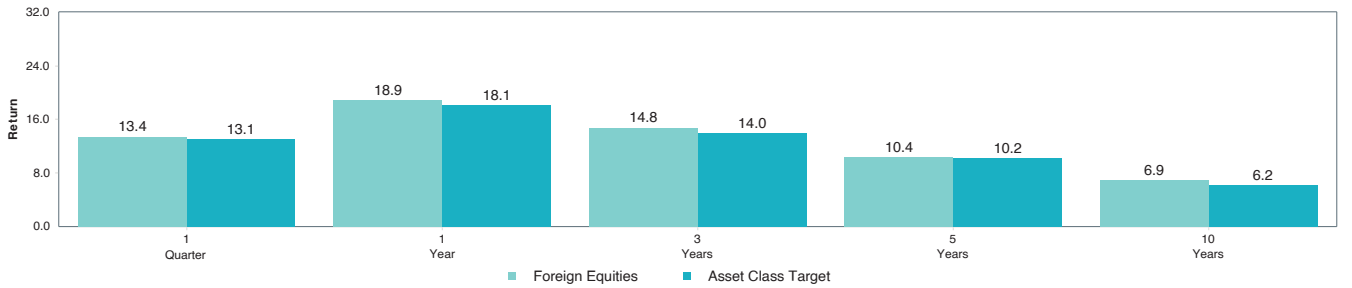
Foreign Equities Portfolio Overview

As of June 30, 2025

Current Allocation
June 30, 2025 : $31,210M



Return Summary



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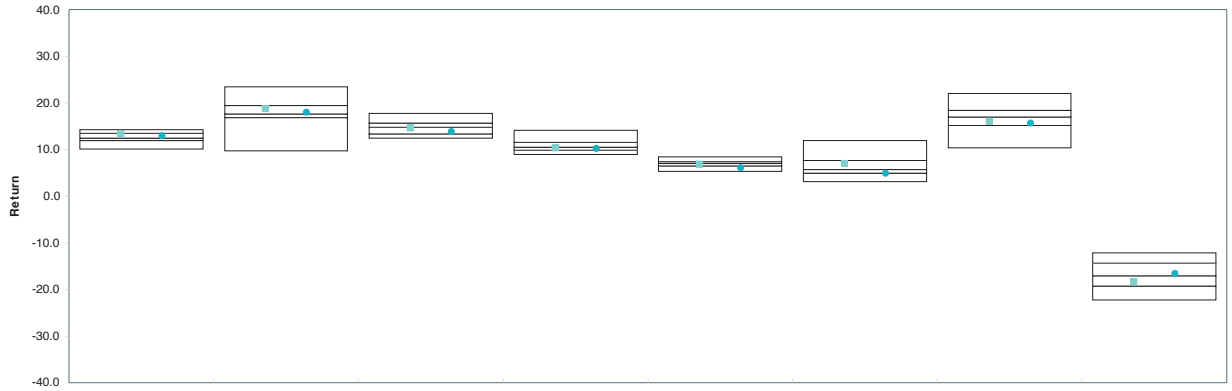
Foreign Equities Peer Group Analysis

As of June 30, 2025



	1 Quarter	1 Year	3 Years	5 Years	10 Years	2024	2023	2022
Foreign Equities	**13.4 (31)**	**18.9 (45)**	**14.8 (53)**	**10.4 (53)**	**6.9 (60)**	**7.0 (36)**	**16.1 (66)**	**-18.4 (67)**
Asset Class Target	13.1 (37)	18.1 (49)	14.0 (66)	10.2 (59)	6.2 (88)	5.0 (75)	15.7 (74)	-16.6 (43)
5th Percentile	14.3	23.6	17.8	14.2	8.5	12.0	22.1	-12.2
1st Quartile	13.6	19.5	15.7	11.6	7.5	7.7	18.4	-14.4
Median	12.5	17.8	14.9	10.5	7.1	5.8	17.0	-17.1
3rd Quartile	12.0	16.9	13.4	9.9	6.6	5.0	15.3	-19.2
95th Percentile	10.2	9.8	12.5	9.0	5.4	3.2	10.4	-22.2
Population	49	48	47	44	41	51	51	54

Parentheses contain percentile rankings.

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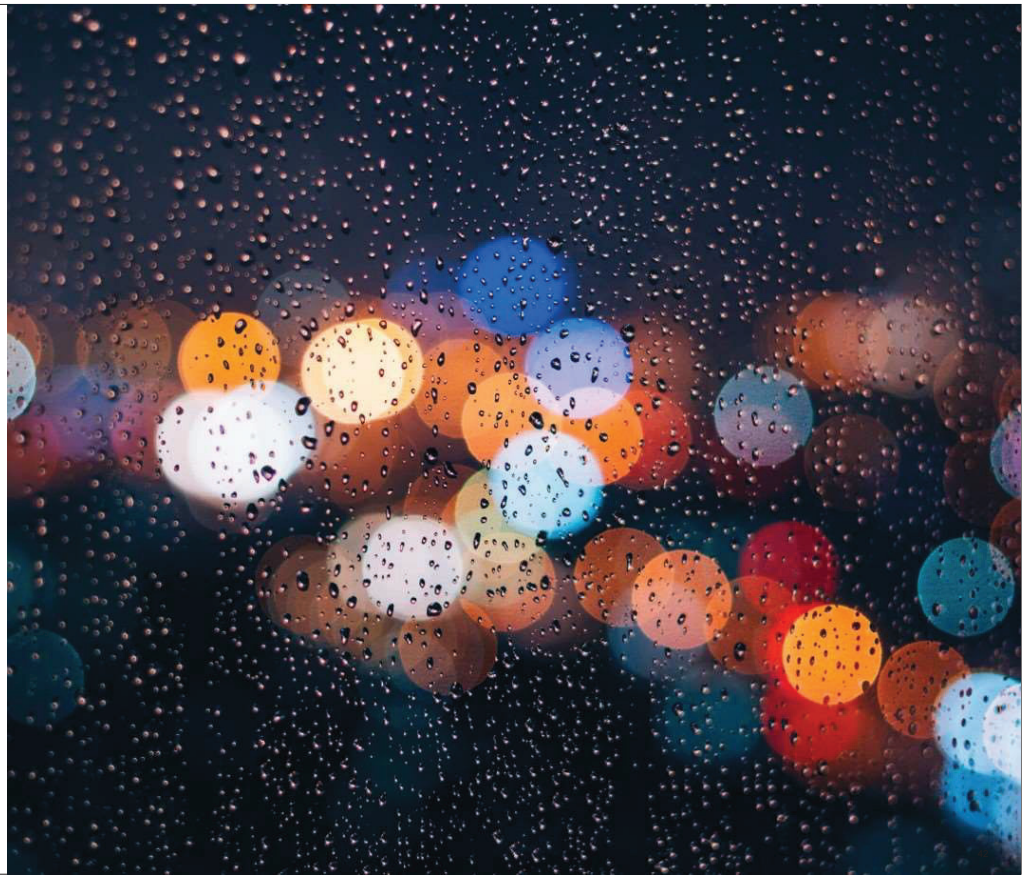
Global Equities



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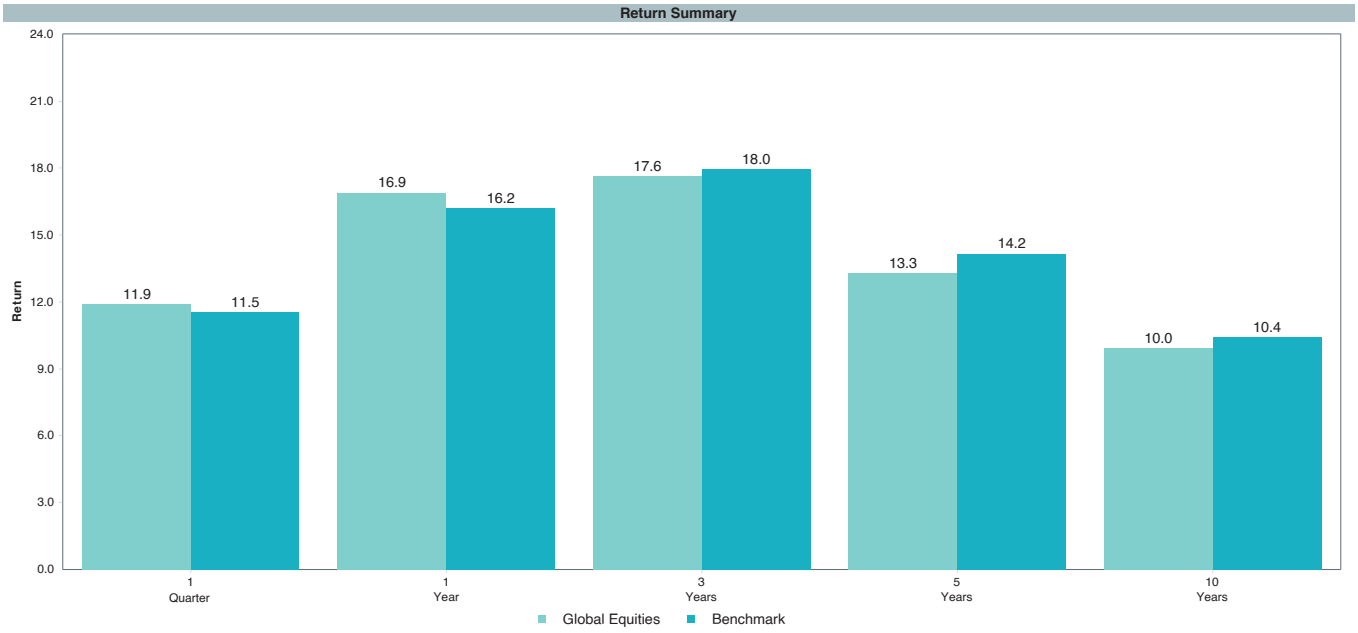
Global Equities Performance Summary

As of June 30, 2025



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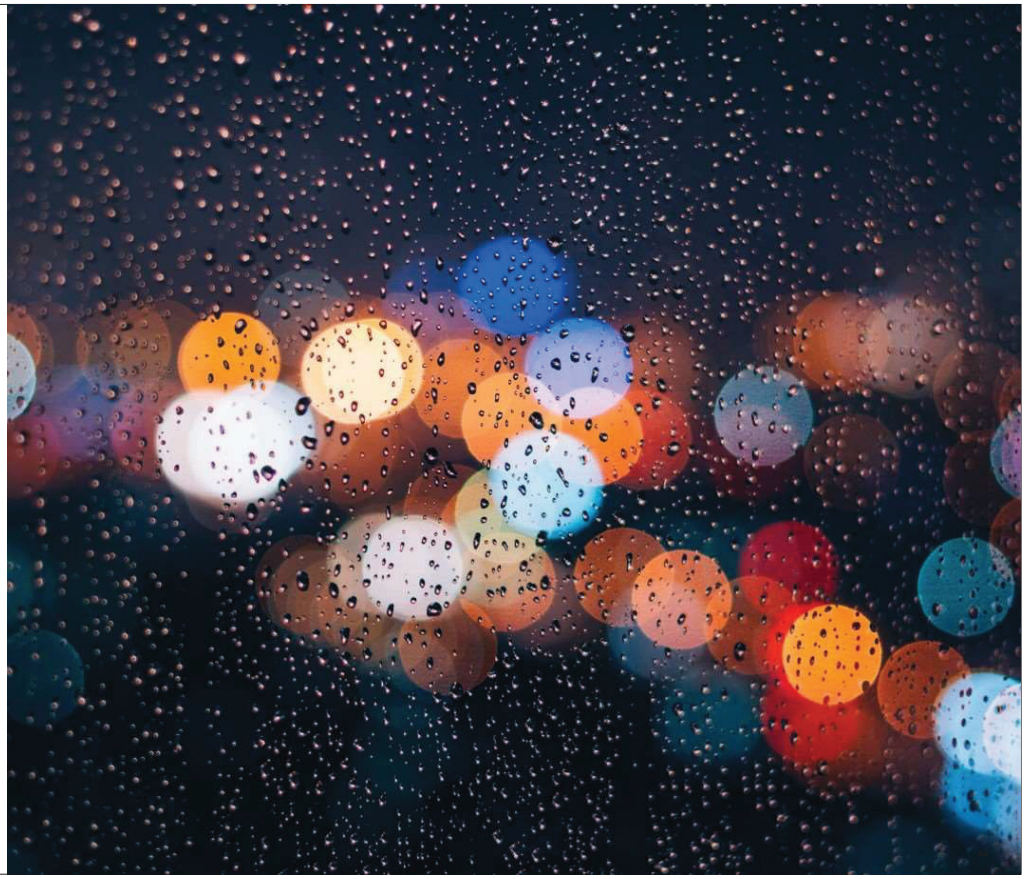
Fixed Income



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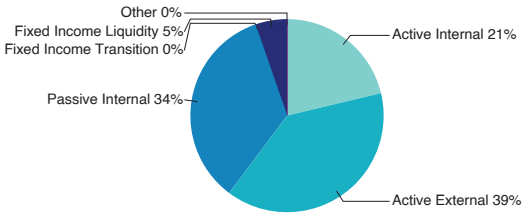
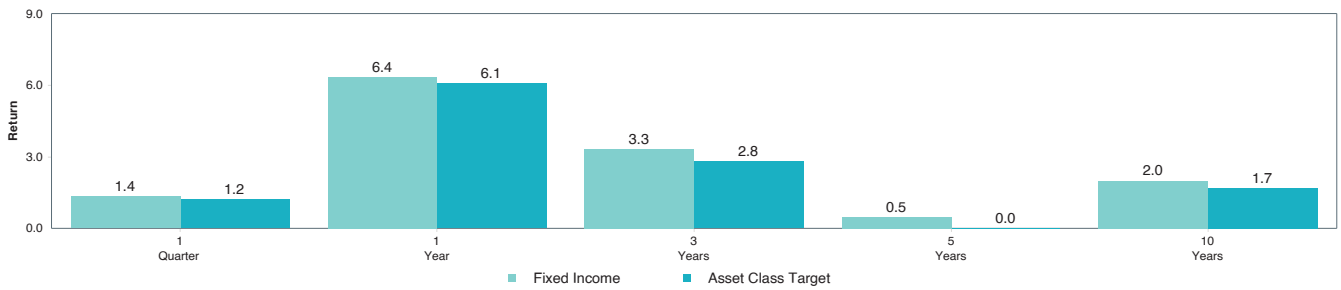
Fixed Income Portfolio Overview

As of June 30, 2025

Current Allocation
June 30, 2025 : $43,057M



Return Summary



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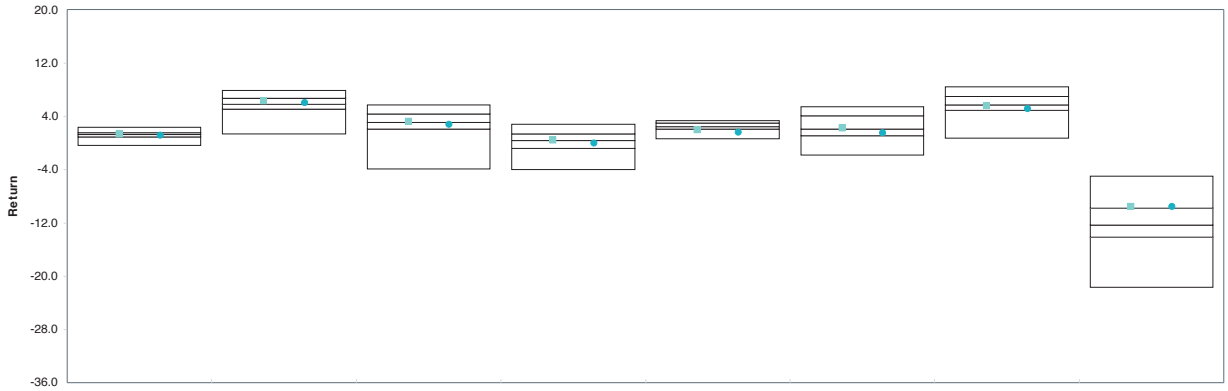
Fixed Income Peer Group Analysis

As of June 30, 2025



	1 Quarter	1 Year	3 Years	5 Years	10 Years	2024	2023	2022
Fixed Income	1.4 (50)	6.4 (33)	3.3 (47)	0.5 (49)	2.0 (78)	2.3 (48)	5.6 (54)	-9.5 (25)
Asset Class Target	1.2 (57)	6.1 (45)	2.8 (60)	0.0 (63)	1.7 (90)	1.5 (64)	5.2 (69)	-9.5 (25)
5th Percentile	2.4	7.9	5.8	2.8	3.4	5.5	8.4	-4.9
1st Quartile	1.6	6.7	4.4	1.4	3.0	4.1	7.0	-9.8
Median	1.3	5.9	3.1	0.4	2.5	2.1	5.8	-12.3
3rd Quartile	0.9	5.1	2.1	-0.8	2.1	1.1	4.9	-14.1
95th Percentile	-0.3	1.4	-3.9	-4.0	0.7	-1.7	0.8	-21.7
Population	51	50	49	43	37	53	53	57

Parentheses contain percentile rankings.

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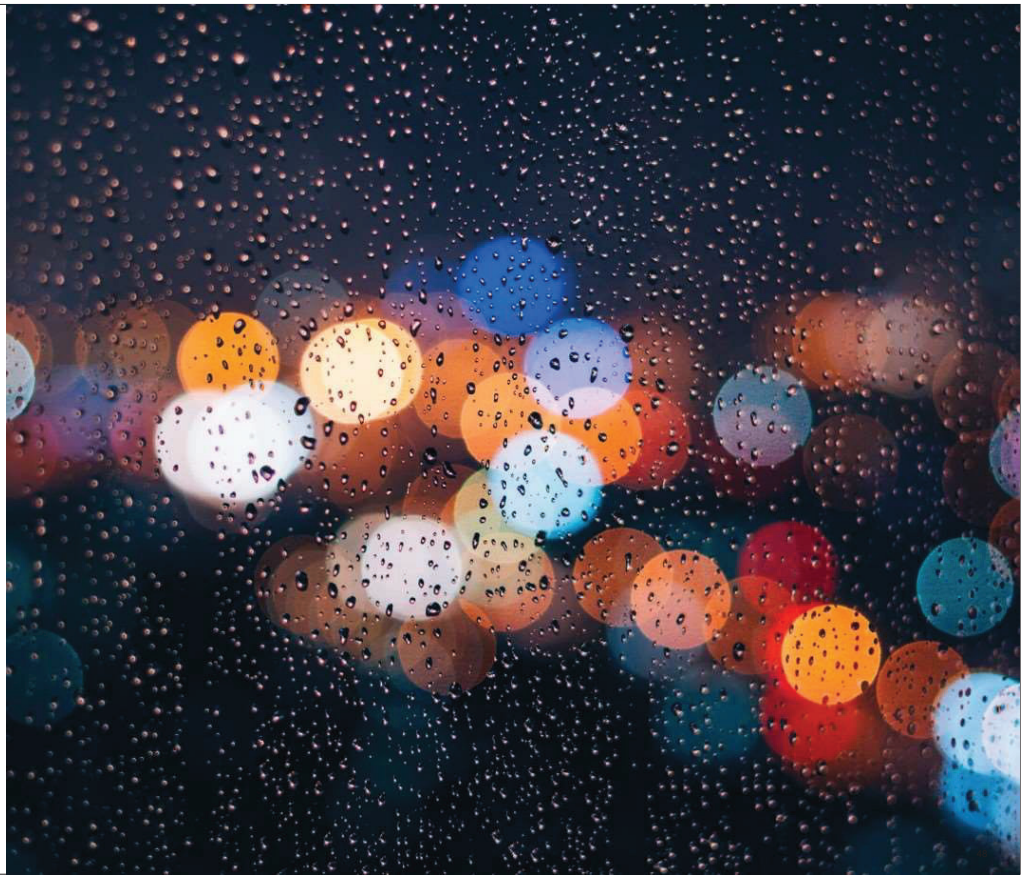
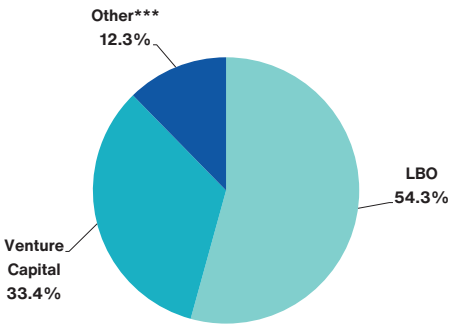
Private Equity



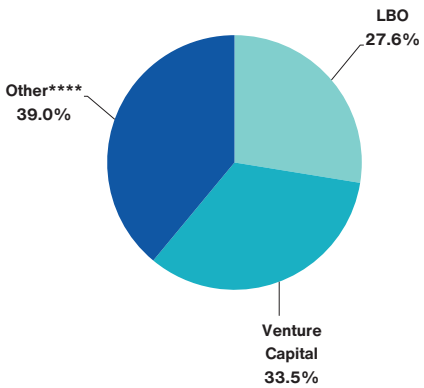
Private Equity Asset Allocation Overview

As of June 30, 2025

FRS Private Equity by Market Value*



Preqin Private Equity Strategies by Market Value**



*Allocation data is as of June 30, 2025.
**Allocation data is as of December 31, 2024, from the Preqin Pro database.
***Other for the FRS Private Equity consists of Growth Capital, Secondary, PE Cash, and PE Transition.
****Other for the Preqin data consists of Distressed PE, Growth, Mezzanine, and other Private Equity/Special Situations.
Preqin universe is comprised of 10,000 private equity funds representing $9.8 trillion.

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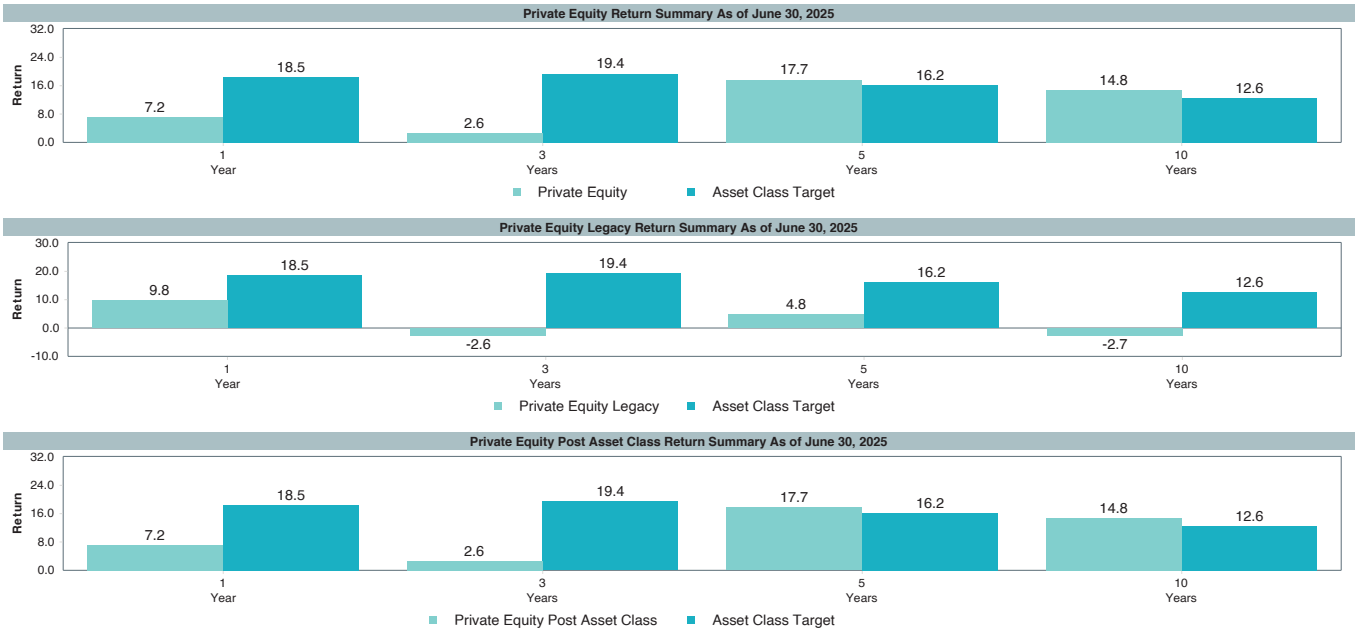
Private Equity Time-Weighted Investment Results

As of June 30, 2025



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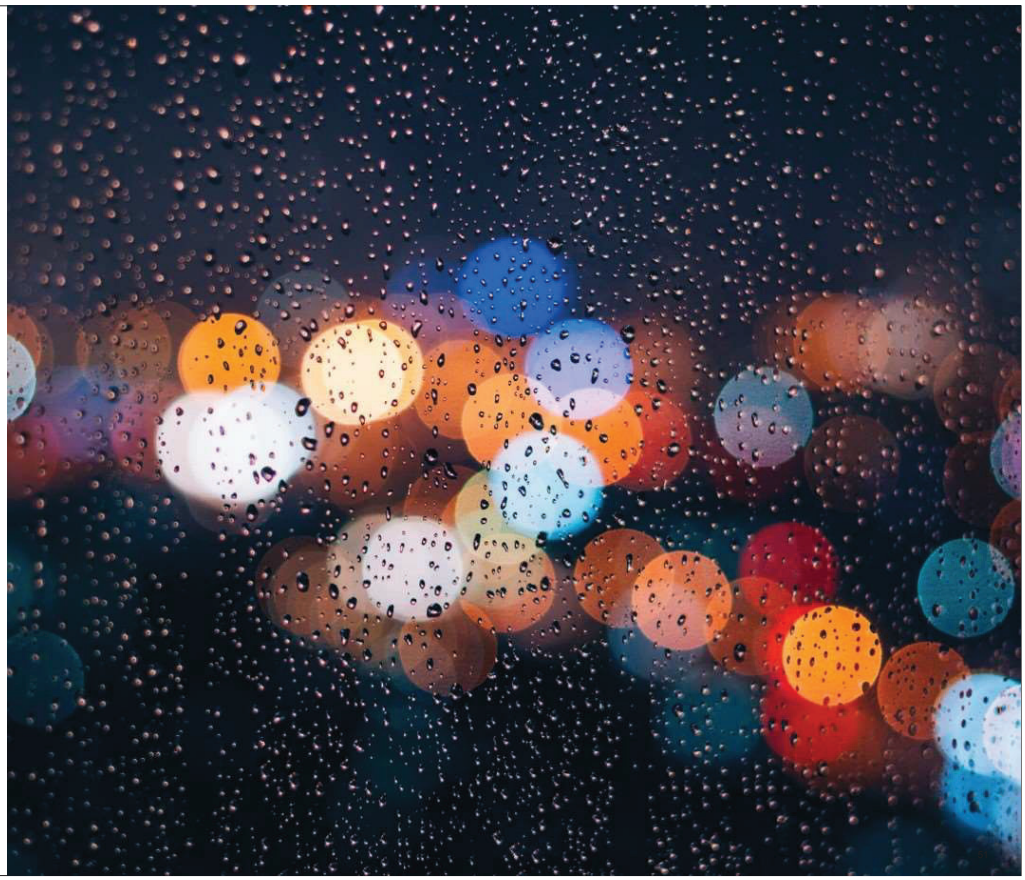
Real Estate



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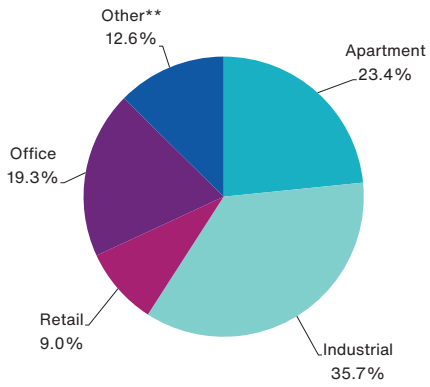
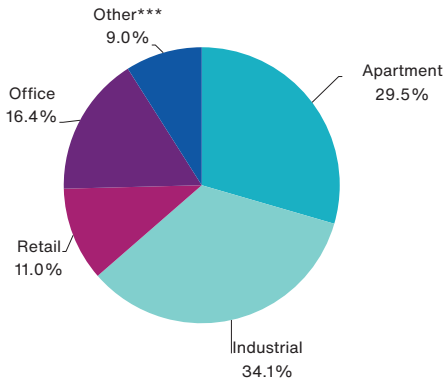
Real Estate Asset Allocation Overview

As of June 30, 2025

FRS*



NFI-ODCE Index*



*Property Allocation data is as of March 31, 2025. The FRS chart includes only the FRS private real estate assets. Property type information for the REIT portfolios is not included.
**Other for the FRS consists of Hotel, Land, Preferred Equity, Agriculture, Self-Storage and Senior Housing.
***Other for the NFI-ODCE Index consists of Hotel, Senior Living, Healthcare, Mixed Use, Single Family Residential, Parking, Timber/Agriculture, Land and Infrastructure.

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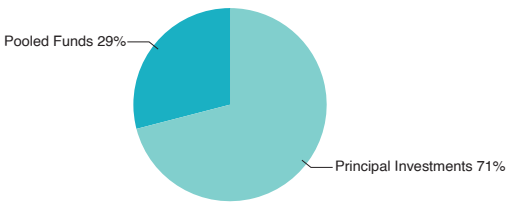
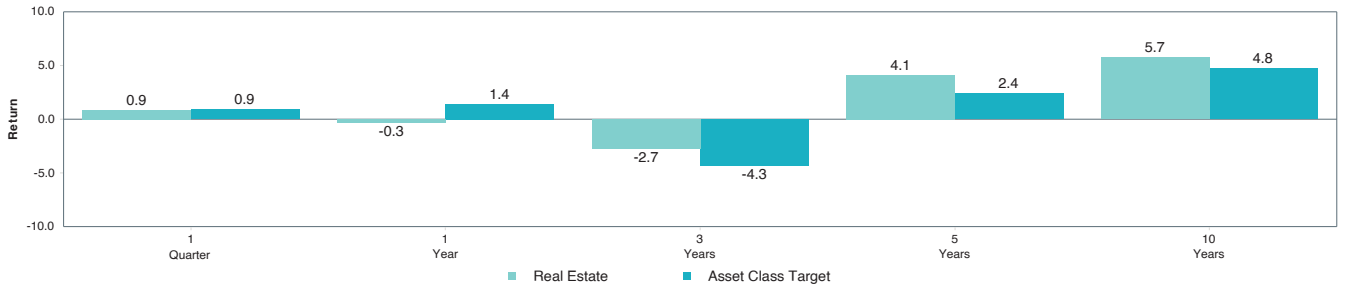
Real Estate Portfolio Overview

As of June 30, 2025

Current Allocation
June 30, 2025 : $19,903M



Return Summary



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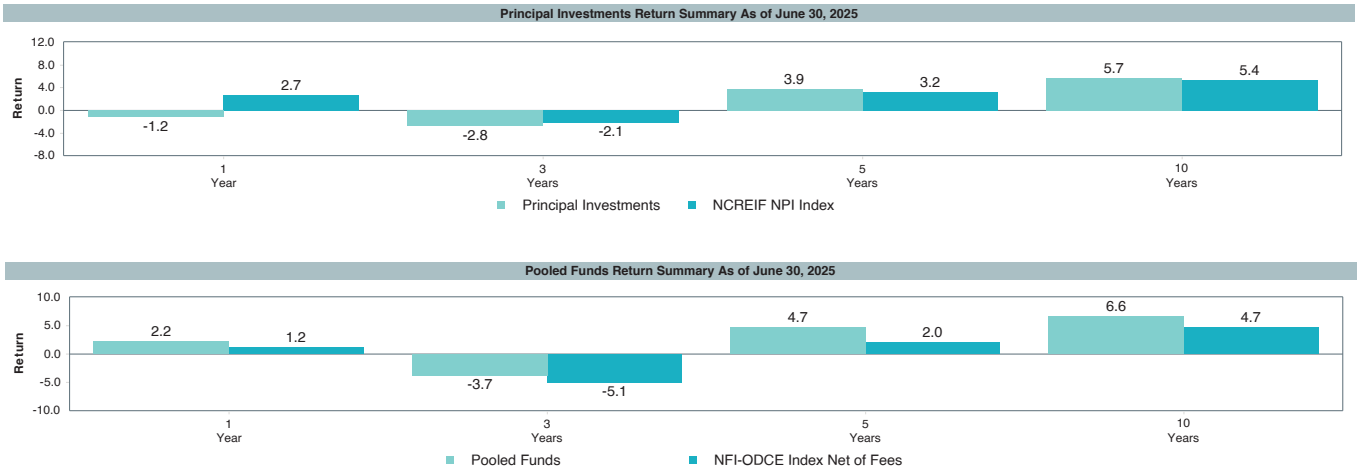
Real Estate Performance Overview

As of June 30, 2025



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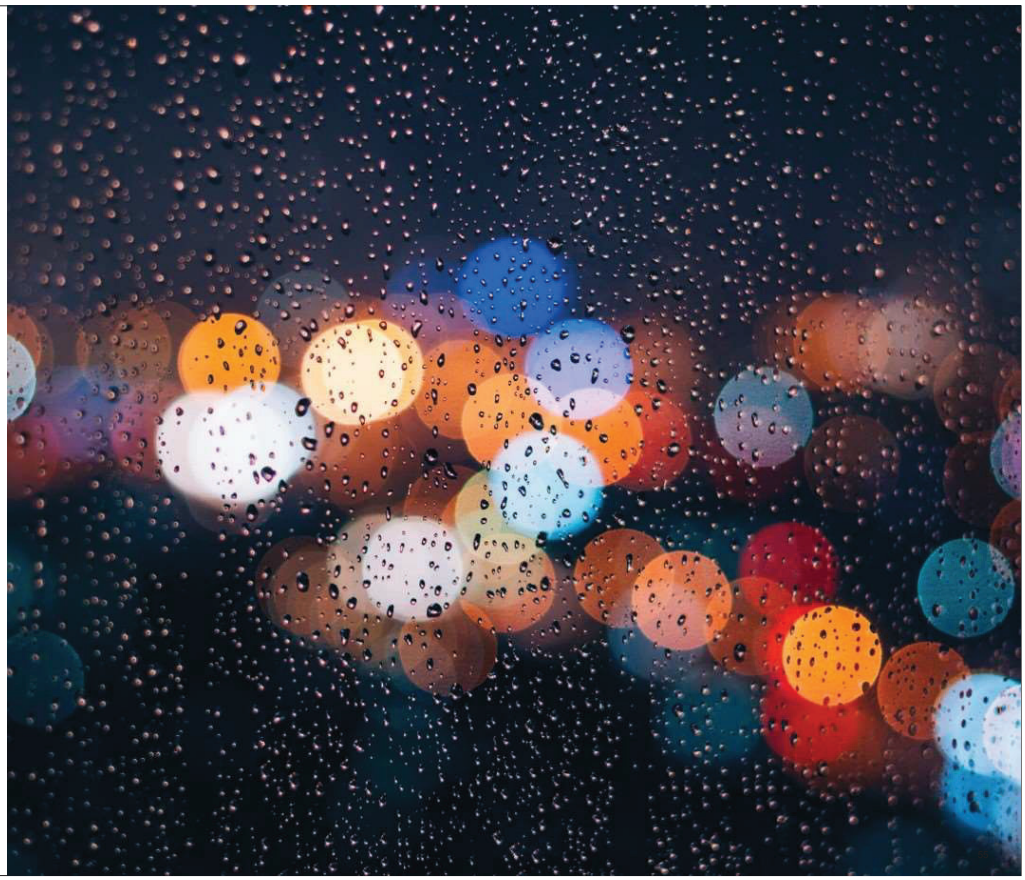
Strategic Investments



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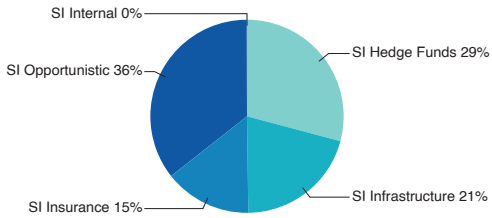
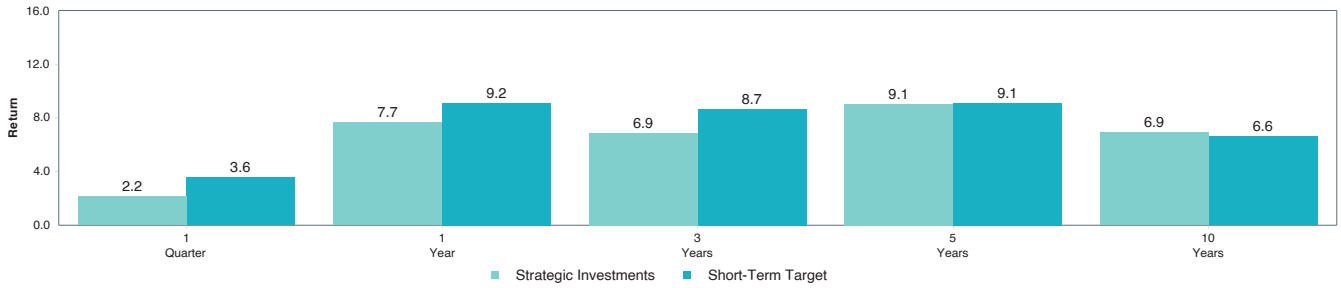
Strategic Investments Portfolio Overview

As of June 30, 2025

Current Allocation
June 30, 2025 : $12,613M



Return Summary



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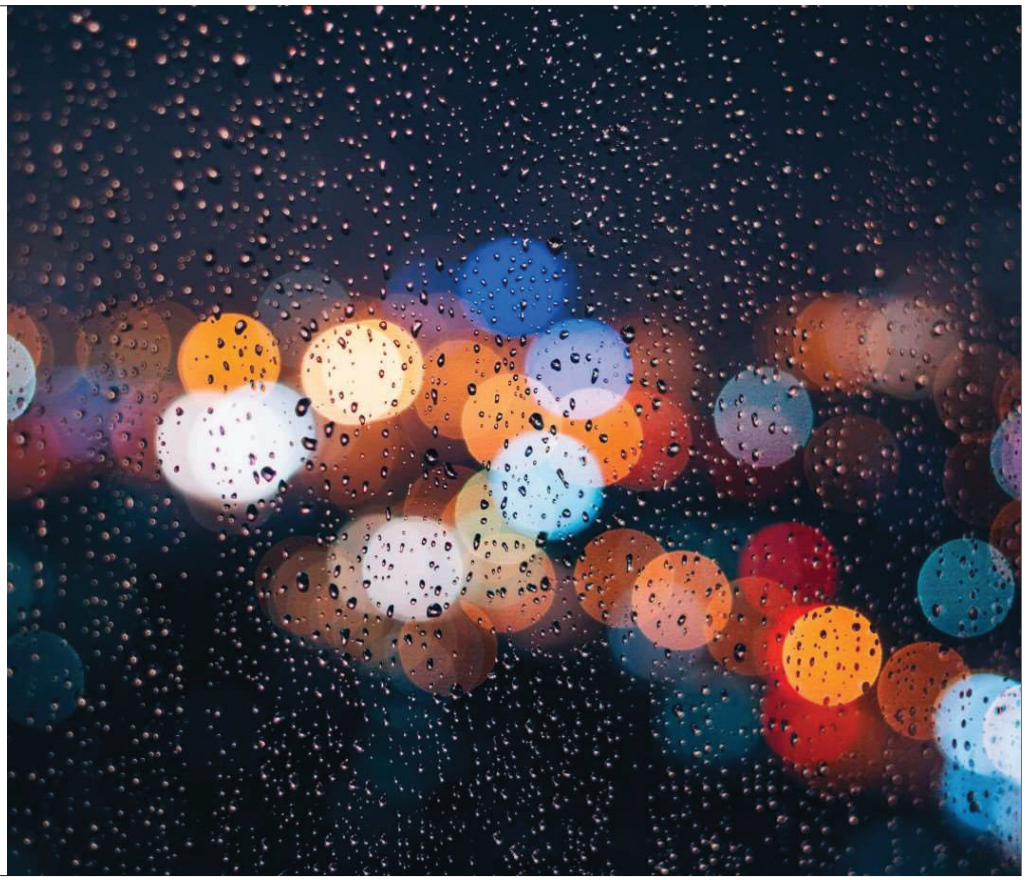
Active Credit



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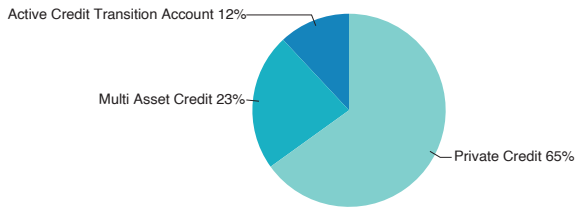
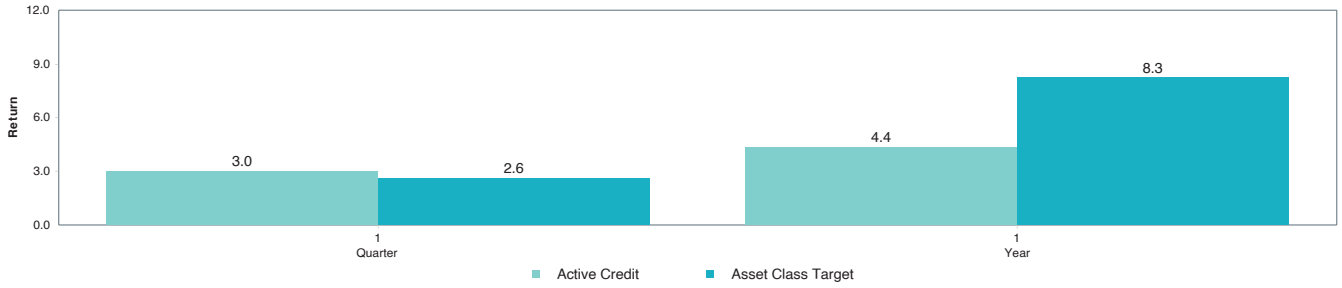
Active Credit Portfolio Overview

As of June 30, 2025

Current Allocation
June 30, 2025 : $11,350M



Return Summary



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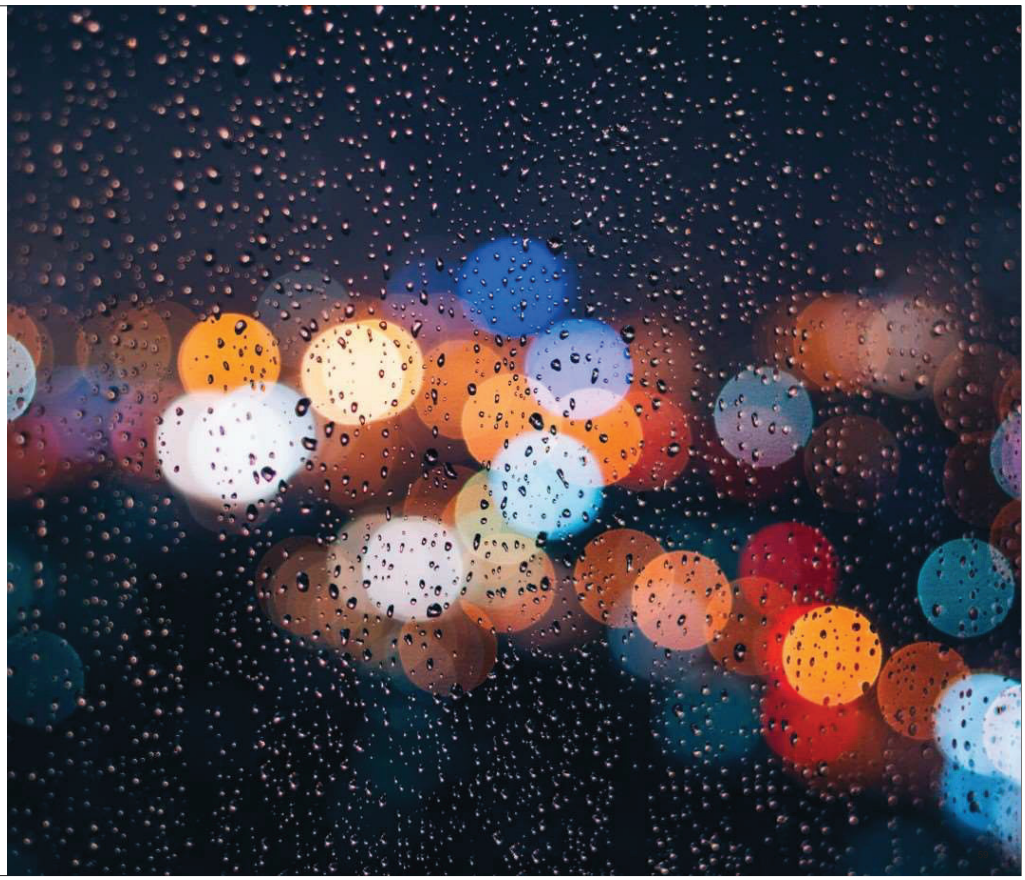
Cash



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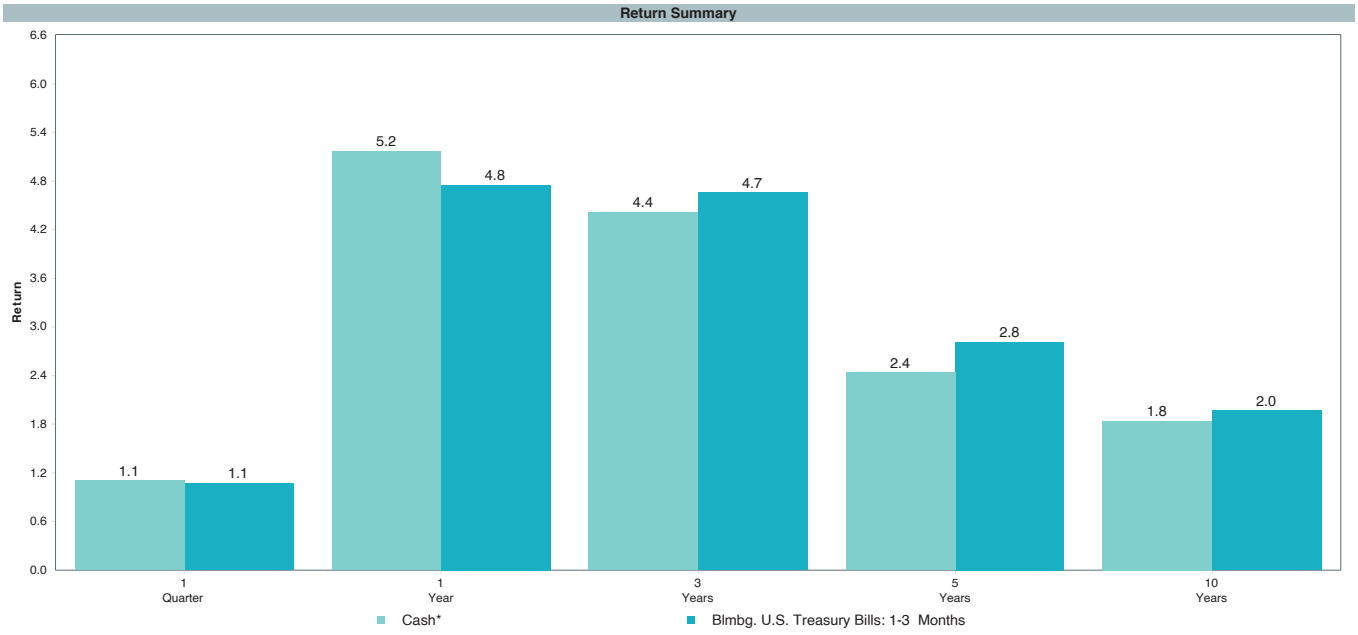
Cash Performance Summary

As of June 30, 2025



*Performance for the Cash & Central Custody and Enhanced Cash Composite is shown.

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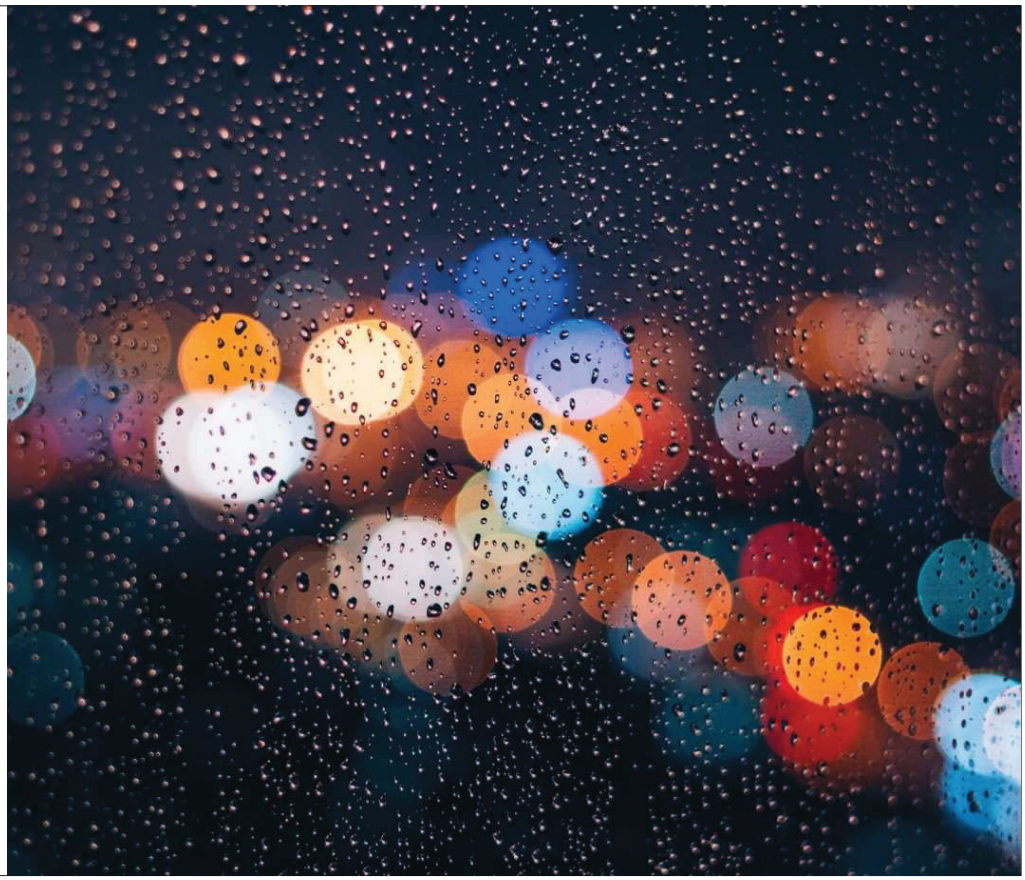
Appendix



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Appendix

Total FRS Assets

Performance Benchmark- A combination of the Global Equity Target, the Barclays Capital U.S. Intermediate Aggregate Index, the Private Equity Target Index, the Real Estate Investments Target Index, the Strategic Investments Target Benchmark, and the Bank of America Merrill Lynch 3-Month US Treasury Index. The short-term target policy allocations to the Strategic Investments, Real Estate and Private Equity asset classes are floating and based on the actual average monthly balance of the Global Equity asset class. Please refer to section VII. Performance Measurement in the FRS Defined Benefit Plan Investment Policy Statement for more details on the calculation of the Performance Benchmark. Prior to October 1, 2013, the Performance benchmark was a combination of the Global Equity Target, the Barclays Aggregate Bond Index, the Private Equity Target Index, the Real Estate Investments Target Index, the Strategic Investments Target Benchmark, and the iMoneyNet First Tier Institutional Money Market Funds Net Index. The short-term target policy allocations to the Strategic Investments, Real Estate and Private Equity asset classes are floating and based on the actual average monthly balance of the Global Equity asset class. Prior to July 2010, the Performance Benchmark was a combination of the Russell 3000 Index, the Foreign Equity Target Index, the Strategic Investments Target Benchmark, the Barclays Aggregate Bond Index, the Real Estate Investments Target Index, the Private Equity Target Index, the Barclays U.S. High Yield Ba/B 2% Issuer Capped Index, and the iMoneyNet First Tier Institutional Money Market Funds Gross Index. During this time, the short-term target policy allocations to Strategic Investments, Real Estate and Private Equity asset classes were floating and based on the actual average monthly balance of the Strategic Investments, Real Estate and Private Equity asset classes. The target weights shown for Real Estate and Private Equity were the allocations that the asset classes were centered around. The actual target weight floated around this target month to month based on changes in asset values.

Total Global Equity

Performance Benchmark- A custom version of the MSCI All Country World Investable Market Index (MSCI IMI), in dollar terms, net of withholding taxes on non-resident institutional investors, adjusted to reflect securities and other investments prohibited by Florida law or that would be prohibited by Florida law if acquired as of the date of measurement of such Index notwithstanding that the securities or investments were actually acquired before such date. Prior to July 2010, the asset class benchmark is a weighted average of the underlying Domestic Equities, Foreign Equities and Global Equities historical benchmarks.

Total Domestic Equities

Performance Benchmark- The Russell 3000 Index. Prior to July 1, 2002, the benchmark was the Wilshire 2500 Stock Index. Prior to January 1, 2001, the benchmark was the Wilshire 2500 Stock Index ex-Tobacco. Prior to May 1, 1997, the benchmark was the Wilshire 2500 Stock Index. Prior to September 1, 1994, the benchmark was the S&P 500 Stock Index.

Total Foreign Equities

Performance Benchmark- A custom version of the MSCI ACWI ex-U.S. Investable Market Index adjusted to exclude companies divested under the PFIA. Prior to April 1, 2008, it was the MSCI All Country World Index ex-U.S. Investable Market Index. Prior to September 24, 2007, the target was the MSCI All Country World ex-U.S. Free Index. Prior to November 1, 1999, the benchmark was 85% MSCI Europe, Australasia and Far East (EAFE) Foreign Stock Index and 15% IFCI Emerging Markets Index with a half weight in Malaysia. Prior to March 31, 1995, the benchmark was the EAFE Index.

Total Global Equities

Performance Benchmark- Aggregated based on each underlying manager's individual benchmark. The calculation accounts for the actual weight and the benchmark return. The benchmarks used for the underlying managers include both the MSCI FSB All Country World ex-Sudan ex-Iran Net Index and MSCI FSB All Country World ex-Sudan ex-Iran Net Investable Market Index (IMI).

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Total Fixed Income

Performance Benchmark- The Barclays Capital U.S. Intermediate Aggregate Index. Prior to October 1, 2013, it was the Barclays U.S. Aggregate Bond Index. Prior to June 1, 2007, it was the Fixed Income Management Aggregate (FIMA). Prior to July 1, 1999, the benchmark was the Florida High Yield Extended Duration Index. Prior to July 31, 1997, the benchmark was the Florida Extended Duration Index. Prior to July 1, 1989, the Salomon Brothers Broad Investment-Grade Bond Index was the benchmark. For calendar year 1985, the performance benchmark was 70% Shearson Lehman Extended Duration and 30% Salomon Brothers Mortgage Index.

Total Private Equity

Performance Benchmark- The MSCI All Country World Investable Market Index (ACWI IMI), adjusted to reflect the provisions of the Protecting Florida's Investments Act, plus a fixed premium return of 300 basis points per annum. Prior to July 1, 2014, the benchmark was the domestic equities target index return (Russell 3000 Index) plus a fixed premium return of 300 basis points per annum. Prior to July 1, 2010, it was the domestic equities target index return plus a fixed premium return of 450 basis points per annum. Prior to November 1, 1999, Private Equities was part of the Domestic Equities asset class and its benchmark was the domestic equities target index return plus 750 basis points.

Total Real Estate

Performance Benchmark- The core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index- Open-ended Diversified Core Equity, net of fees, weighted at 76.5%, and the non-core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index- Open-ended Diversified Core Equity, net of fees, weighted at 13.5%, plus a fixed return premium of 150 basis points per annum, and the FTSE EPRA/NAREIT Developed Index, in dollar terms, net of withholding taxes on non-resident institutional investors, weighted at 10%. Prior to July 1, 2014, the benchmark was a combination of 90% NCREIF ODCE Index, net of fees, and 10% FTSE EPRA/NAREIT Developed Index, net of fees. Prior to July 1, 2010, it was a combination of 90% NCREIF ODCE Index, gross of fees, and 10% Dow Jones U.S. Select RESI. Prior to June 1, 2007, it was the Consumer Price Index plus 450 basis points annually. Prior to July 1, 2003, the benchmark was the Dow Jones U.S. Select Real Estate Securities Index Un-Levered. Prior to November 1, 1999, the benchmark was the Russell-NCREIF Property Index.

Total Strategic Investments

Performance Benchmark- Long-term, 4.0% plus the contemporaneous rate of inflation or CPI. Short-term, a weighted aggregation of individual portfolio level benchmarks. Prior to July 1, 2018, a Performance Benchmark-Long-term, 4.5% plus the contemporaneous rate of inflation or CPI. Short-term, a weighted aggregation of individual portfolio level benchmark.

Total Active Credit

Performance Benchmark- Floating based on public/private mix: (1) High Yield – Bloomberg U.S. High Yield Index; (2) Bank Loans – LSTA Leveraged Loan Index; (3) Emerging Market Debt, adjusted to reflect securities and other investments prohibited by Florida law and SBA policy – Bloomberg Emerging Market Local Currency Government 10% Country Capped, Bloomberg Emerging Market USD Sovereign, and Bloomberg Emerging Market USD Corporate; and (4) Private Credit - LSTA Leveraged Loan Index + 1.75%

Total Cash

Performance Benchmark- Bloomberg Barclays U.S. Treasury Bill: 1-3 month index. Prior to October 1, 2020, it was the Bank of America Merrill Lynch 3-Month US Treasury Index. Prior to July 1, 2018 it was the iMoneyNet First Tier Institutional Money Market Funds Net Index. Prior to July 1, 2010, it was the iMoneyNet First Tier Institutional Money Market Funds Gross Index. Prior to June 1, 2007, it was the return of the Merrill Lynch 90-Day (Auction Average) Treasury Bill Yield Index.

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Appendix

Description of Benchmarks

Bloomberg EM Local Currency Government 10% Country Capped Index measures the performance of fixed-rate, local currency emerging market treasury Countries. Securities must have at least one year remaining until final maturity.

Bloomberg EM USD Corporate- Aims to measure US dollar denominated debt issued by emerging market corporations

Bloomberg EM USD Sovereign- Aims to include US dollar-denominated debt issued by emerging market sovereigns, government guaranteed, and 100% government owned emerging market issuers

Bloomberg U.S. Corporate High Yield Bond Index- Measures the USD denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below

Bloomberg U.S. Intermediate Aggregate Bond Index- A market value-weighted index consisting of U.S. Treasury securities, corporate bonds and mortgage-related and asset-backed securities with one to ten years to maturity and an outstanding par value of $250 million or greater.

Bloomberg U.S. Treasury Bill: 1-3 month Index- Consists of U.S. Treasury Bills that have a remaining maturity of greater than or equal to 1 month and less than 3 months

Consumer Price Index (CPI)- The CPI, an index consisting of a fixed basket of goods bought by the typical consumer and used to measure consumer inflation.

FTSE EPRA/NAREIT Developed Index- An index designed to represent general trends in eligible real estate equities worldwide. Relevant real estate activities are defined as the ownership, disposure and development of income-producing real estate. This index covers the four primary core asset classes (Industrial, Retail, Office, and Apartment).

Morningstar LSTA Leveraged Loan Index- A market-value weighted index designed to measure the performance of the US leveraged loan, consisting of senior secured, USD denominated, a minimum initial term of 1 year, a base rate +125, and minimum issue size of $50 million

MSCI All Country World Investable Market Index- A free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets. This investable market index contains constituents from the large, mid, and small cap size segments and targets a coverage range around 99% of free-float adjusted market capitalization.

NCREIF ODCE Property Index- The NCREIF ODCE is a capitalization-weighted, gross of fee, time-weighted return index. The index is a summation of open-end funds, which NCREIF defines as infinite-life vehicles consisting of multiple investors who have the ability to enter or exit the fund on a periodic basis, subject to contribution and/or redemption requests.

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Russell 3000 Index- A capitalization-weighted stock index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This represents most publicly traded, liquid U.S. stocks.

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Appendix

Description of Universes

Total Fund- A universe comprised of 150 total fund portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics and Investment Metrics. Aggregate assets in the universe comprised $2.0 trillion as of quarter-end and the average market value was $13.2 billion.

Domestic Equity- A universe comprised of 52 total domestic equity portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised $1.0 trillion as of quarter-end and the average market value was $18.5 billion.

Foreign Equity- A universe comprised of 55 total international equity portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised $1.0 trillion as of quarter-end and the average market value was $18.5 billion.

Fixed Income- A universe comprised of 55 total fixed income portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised $1.1 trillion as of quarter-end and the average market value was $19.5 billion.

Real Estate- A universe comprised of 42 total real estate portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised $1.0 trillion as of quarter-end and the average market value was $24.1 billion.

Private Equity- An appropriate universe for private equity is unavailable.

Strategic Investments- An appropriate universe for strategic investments is unavailable.

Active Credit- An appropriate universe for strategic investments is unavailable.

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Appendix

Explanation of Exhibits

Quarterly and Cumulative Excess Performance- The vertical axis, excess return, is a measure of fund performance less the return of the primary benchmark. The horizontal axis represents the time series. The quarterly bars represent the underlying funds' relative performance for the quarter.

Ratio of Cumulative Wealth Graph- An illustration of a portfolio's cumulative, un-annualized performance relative to that of its benchmark. An upward-sloping line indicates superior fund performance versus its benchmark. Conversely, a downward-sloping line indicates underperformance by the fund. A flat line is indicative of benchmark-like performance.

Performance Comparison - Plan Sponsor Peer Group Analysis- An illustration of the distribution of returns for a particular asset class. The component's return is indicated by the circle and its performance benchmark by the triangle. The top and bottom borders represent the 5th and 95th percentiles, respectively. The solid line indicates the median while the dotted lines represent the 25th and 75th percentiles.

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Notes

- The rates of return contained in this report are shown on an after-fees basis unless otherwise noted. They are geometric and time-weighted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.

Due to rounding throughout the report, percentage totals displayed may not sum to 100%. Additionally, individual fund totals in dollar terms may not sum to the plan total.

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Disclaimer

Past performance is not necessarily indicative of future results.

Unless otherwise noted, performance returns presented reflect the respective fund's performance as indicated. Returns may be presented on a before-fees basis (gross) or after-fees basis (net). After-fee performance is net of each respective sub-advisors' investment management fees and include the reinvestment of dividends and interest as indicated on the notes page within this report or on the asset allocation and performance summary pages. Actual returns may be reduced by Aon Investments' investment advisory fees or other trust payable expenses you may incur as a client. Aon Investments' advisory fees are described in Form ADV Part 2A. Portfolio performance, characteristics and volatility also may differ from the benchmark(s) shown.

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Aon Investments USA Inc.
200 East Randolph Street
Suite 700
Chicago, IL 60601
ATTN: Aon Investments Compliance Officer

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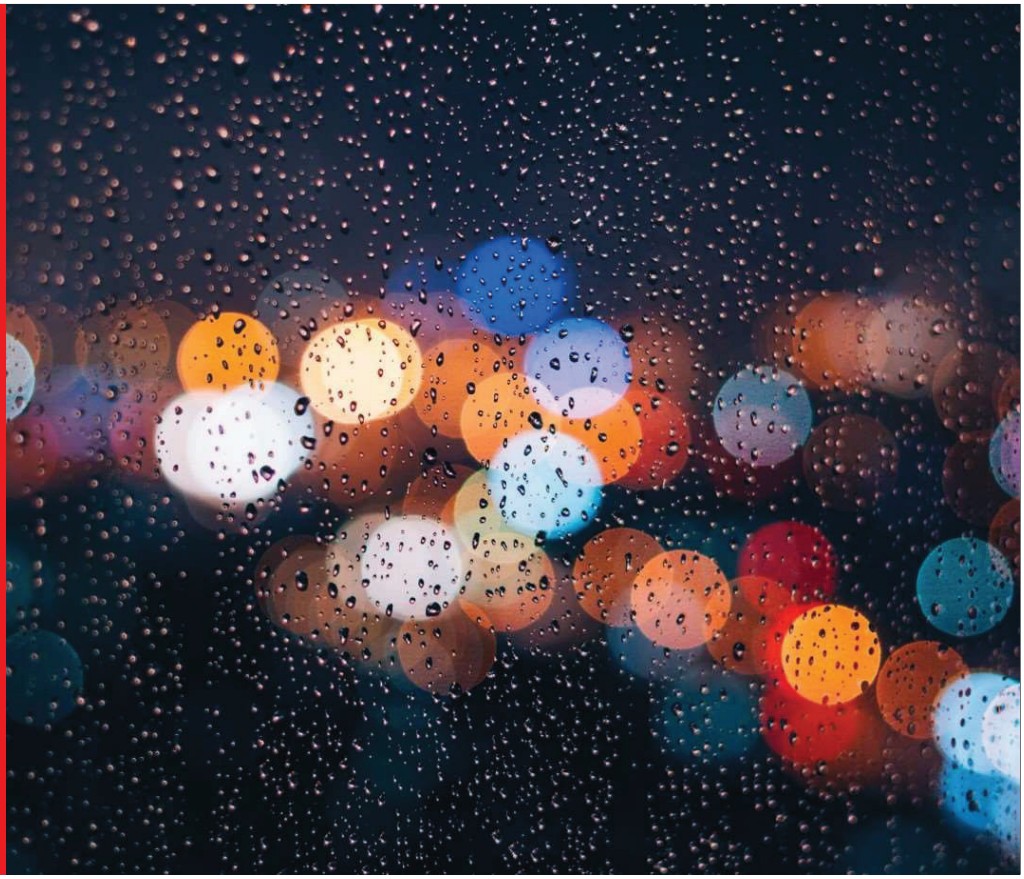
Quarterly Investment Review

FRS Investment Plan

Second Quarter 2025



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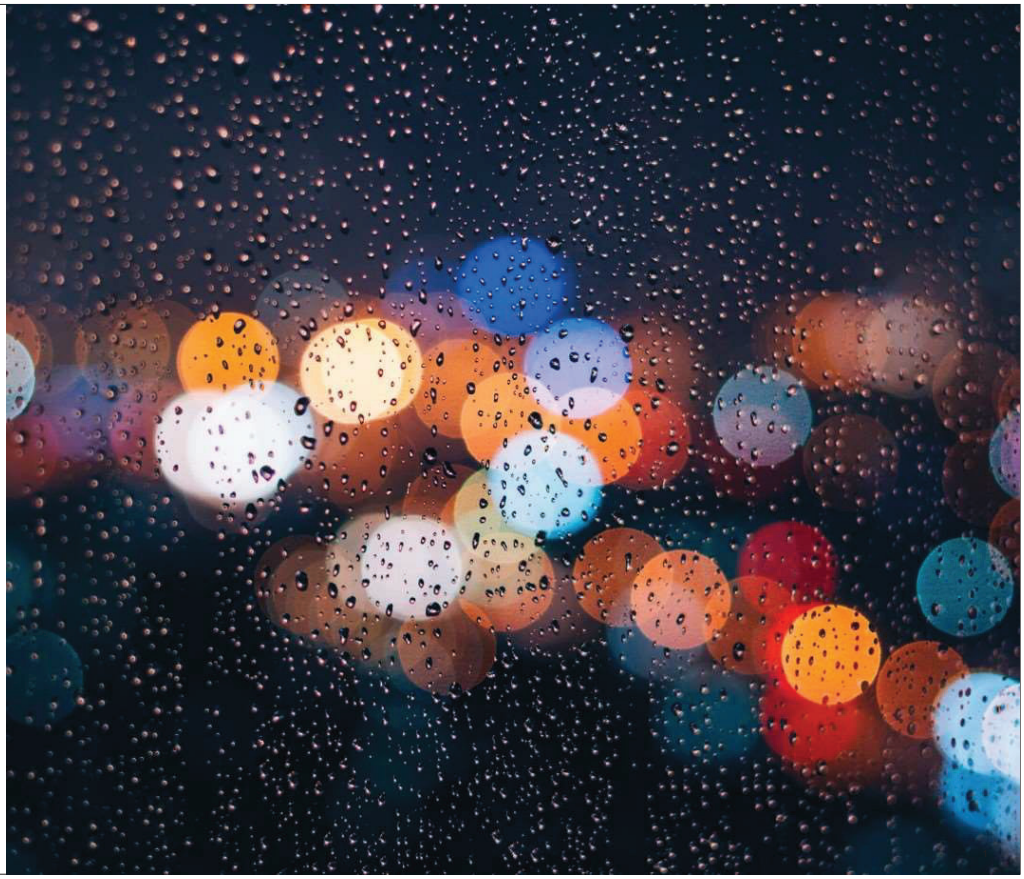
FRS Investment Plan



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Asset Allocation & Performance

As of June 30, 2025

	Allocation		Performance %					
	Market Value $	%	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years
FRS Investment Plan	**20,251,179,818**	**100.0**	**8.0**	**7.2**	**12.6**	**12.2**	**9.7**	**7.8**
Total Plan Aggregate Benchmark			*8.1*	*7.1*	*12.8*	*12.3*	*9.9*	*7.7*
Retirement Date	**10,874,609,344**	**53.7**						
FRS Retirement Fund	**623,325,057**	**3.1**	**4.4 (48)**	**6.1 (36)**	**9.7 (26)**	**6.6 (81)**	**5.7 (10)**	**5.0 (68)**
Retirement Custom Index			*4.2 (58)*	*5.9 (44)*	*9.2 (50)*	*6.3 (83)*	*5.3 (39)*	*4.9 (83)*
FRS 2020 Retirement Date Fund	**496,321,400**	**2.5**	**4.9 (59)**	**6.4 (32)**	**10.3 (34)**	**7.1 (97)**	**6.3 (71)**	**5.7 (84)**
2020 Retirement Custom Index			*4.7 (77)*	*6.1 (53)*	*9.6 (68)*	*7.0 (97)*	*6.0 (85)*	*5.5 (90)*
FRS 2025 Retirement Date Fund	**1,064,695,088**	**5.3**	**5.6 (35)**	**6.7 (33)**	**11.0 (28)**	**8.2 (92)**	**7.3 (50)**	**6.4 (71)**
2025 Retirement Custom Index			*5.6 (34)*	*6.5 (46)*	*10.4 (52)*	*8.4 (91)*	*7.2 (58)*	*6.3 (84)*
FRS 2030 Retirement Date Fund	**1,374,196,293**	**6.8**	**7.1 (18)**	**7.6 (27)**	**12.5 (7)**	**10.1 (79)**	**8.7 (25)**	**7.2 (48)**
2030 Retirement Custom Index			*7.1 (16)*	*7.3 (33)*	*11.8 (29)*	*10.3 (70)*	*8.5 (39)*	*7.1 (56)*
FRS 2035 Retirement Date Fund	**1,428,847,118**	**7.1**	**8.3 (15)**	**8.3 (23)**	**13.6 (3)**	**11.7 (80)**	**9.8 (43)**	**7.9 (57)**
2035 Retirement Custom Index			*8.4 (14)*	*8.0 (27)*	*13.1 (15)*	*11.9 (69)*	*9.7 (53)*	*7.7 (73)*
FRS 2040 Retirement Date Fund	**1,362,122,938**	**6.7**	**9.1 (21)**	**8.7 (31)**	**14.4 (16)**	**12.8 (85)**	**10.6 (66)**	**8.4 (69)**
2040 Retirement Custom Index			*9.1 (24)*	*8.4 (48)*	*13.8 (31)*	*12.9 (84)*	*10.5 (77)*	*8.2 (74)*
FRS 2045 Retirement Date Fund	**1,417,021,312**	**7.0**	**9.5 (45)**	**8.9 (32)**	**14.7 (20)**	**13.6 (92)**	**11.2 (81)**	**8.7 (78)**
2045 Retirement Custom Index			*9.4 (47)*	*8.6 (59)*	*14.1 (49)*	*13.6 (92)*	*11.1 (83)*	*8.6 (84)*
FRS 2050 Retirement Date Fund	**1,101,498,417**	**5.4**	**9.6 (68)**	**9.0 (45)**	**14.9 (41)**	**13.9 (96)**	**11.6 (80)**	**8.8 (76)**
2050 Retirement Custom Index			*9.5 (72)*	*8.6 (66)*	*14.2 (55)*	*13.9 (96)*	*11.5 (87)*	*8.7 (88)*

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Asset Allocation & Performance

As of June 30, 2025

	Allocation		Performance %					
	Market Value $	%	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years
FRS 2055 Retirement Date Fund	**919,512,156**	**4.5**	**9.6 (75)**	**9.1 (49)**	**14.9 (47)**	**14.1 (95)**	**11.8 (87)**	**8.9 (79)**
2055 Retirement Custom Index			*9.5 (80)*	*8.6 (78)*	*14.2 (60)*	*13.9 (96)*	*11.6 (90)*	*8.7 (91)*
FRS 2060 Retirement Date Fund	**916,569,971**	**4.5**	**9.6 (81)**	**9.1 (53)**	**14.9 (56)**	**14.1 (97)**	**11.8 (93)**	**-**
2060 Retirement Custom Index			*9.5 (85)*	*8.6 (80)*	*14.2 (69)*	*13.9 (97)*	*11.6 (95)*	-
FRS 2065 Retirement Date Fund	**170,499,593**	**0.8**	**9.7 (80)**	**9.1 (50)**	**15.0 (53)**	**-**	**-**	**-**
2065 Retirement Custom Index			*9.5 (85)*	*8.6 (80)*	*14.2 (69)*	-	-	-
Stable Value	**1,343,512,603**	**6.6**						
FRS Stable Value Fund	**1,343,512,603**	**6.6**	**0.8 (54)**	**1.5 (53)**	**3.1 (40)**	**2.8 (56)**	**-**	**-**
ICE BofA US Treasuries 1-3 Year Index			*1.2 (12)*	*2.8 (10)*	*5.7 (11)*	*3.4 (14)*	-	-
Real Assets	**154,529,195**	**0.8**						
FRS Inflation Sensitive Fund	**154,529,195**	**0.8**	**2.1**	**5.7**	**7.6**	**2.7**	**4.9**	**3.0**
FRS Custom Multi-Assets Index			*2.2*	*6.4*	*8.6*	*3.4*	*5.0*	*3.3*
Fixed Income	**589,915,984**	**2.9**	**1.9 (6)**	**4.4 (13)**	**7.4 (7)**	**4.3 (10)**	**0.9 (12)**	**2.7 (8)**
Total Bond Index			*1.8 (9)*	*4.2 (30)*	*6.8 (14)*	*3.9 (16)*	*0.5 (20)*	*2.3 (21)*
FRS U.S. Bond Enhanced Index Fund	**241,481,727**	**1.2**	**1.2 (62)**	**4.0 (50)**	**6.2 (45)**	**2.7 (60)**	**-0.6 (68)**	**1.9 (61)**
Blmbg. U.S. Aggregate Index			*1.2 (68)*	*4.0 (55)*	*6.1 (56)*	*2.5 (75)*	*-0.7 (74)*	*1.8 (74)*
FRS Diversified Income Fund	**348,434,257**	**1.7**	**1.8 (15)**	**4.3 (38)**	**7.2 (17)**	**4.5 (15)**	**1.1 (17)**	**3.0 (13)**
FRS Diversified Income Custom Index			*1.6 (27)*	*4.0 (73)*	*6.4 (65)*	*3.7 (47)*	*0.4 (45)*	*2.4 (41)*

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Asset Allocation & Performance

As of June 30, 2025

	Allocation		Performance %					
	Market Value $	%	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years
Domestic Equity	**4,556,984,154**	**22.5**	**10.6 (38)**	**5.6 (52)**	**14.6 (37)**	**19.0 (27)**	**15.5 (35)**	**12.3 (25)**
Total U.S. Equities Index			*10.9 (36)*	*5.7 (49)*	*15.4 (28)*	*18.8 (29)*	*16.0 (27)*	*12.4 (24)*
FRS U.S. Stock Market Index Fund	**2,273,754,832**	**11.2**	**11.0 (35)**	**5.7 (49)**	**15.3 (29)**	**19.1 (24)**	**16.0 (27)**	**13.0 (14)**
Russell 3000 Index			*11.0 (35)*	*5.8 (48)*	*15.3 (29)*	*19.1 (26)*	*16.0 (28)*	*13.0 (16)*
FRS U.S. Stock Fund	**2,283,229,322**	**11.3**	**9.5 (46)**	**5.5 (55)**	**12.8 (57)**	**19.2 (24)**	**15.0 (43)**	**-**
Russell 3000 Index			*11.0 (35)*	*5.8 (48)*	*15.3 (29)*	*19.1 (26)*	*16.0 (28)*	-
International/Global Equity	**978,738,046**	**4.8**	**12.5 (44)**	**18.1 (49)**	**18.2 (47)**	**14.7 (40)**	**10.8 (42)**	**7.2 (23)**
Total Foreign and Global Equities Index			*12.5 (43)*	*16.9 (57)*	*17.7 (51)*	*14.4 (44)*	*10.7 (44)*	*6.7 (35)*
FRS Foreign Stock Index Fund	**358,500,990**	**1.8**	**12.5 (43)**	**18.7 (45)**	**18.4 (45)**	**14.1 (48)**	**10.5 (46)**	**6.4 (44)**
MSCI All Country World ex-U.S. IMI Index			*12.7 (41)*	*17.9 (50)*	*17.8 (50)*	*13.9 (50)*	*10.2 (49)*	*6.2 (48)*
FRS Global Stock Fund	**404,111,129**	**2.0**	**12.3 (37)**	**13.4 (27)**	**17.1 (37)**	**18.1 (25)**	**13.4 (35)**	**11.9 (6)**
MSCI AC World Index (Net)			*11.5 (44)*	*10.0 (51)*	*16.2 (44)*	*17.3 (32)*	*13.7 (32)*	*10.0 (25)*
FRS Foreign Stock Fund	**216,125,927**	**1.1**	**12.6 (42)**	**18.8 (44)**	**17.7 (51)**	**14.8 (39)**	**8.9 (59)**	**6.9 (30)**
MSCI AC World ex USA (Net)			*12.0 (51)*	*17.9 (50)*	*17.7 (51)*	*14.0 (49)*	*10.1 (50)*	*6.1 (50)*
FRS Self-Dir Brokerage Acct	**1,752,890,492**	**8.7**						

Note: The SDBA opened for members on 1/2/2014. No performance calculations will be made for the SDBA.

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Asset Allocation & Performance

As of June 30, 2025

	Performance %									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
FRS Investment Plan	**12.6**	**15.7**	**-15.1**	**14.1**	**13.1**	**20.5**	**-5.7**	**16.4**	**8.0**	**-0.9**
Total Plan Aggregate Benchmark	*12.8*	*15.4*	*-13.8*	*14.2*	*11.7*	*20.0*	*-5.8*	*15.5*	*8.5*	*-1.3*
Retirement Date										
FRS Retirement Fund	**6.1 (83)**	**8.6 (81)**	**-11.8 (36)**	**9.6 (1)**	**10.2 (38)**	**14.8 (36)**	**-3.7 (69)**	**10.8 (24)**	**6.2 (18)**	**-2.6 (100)**
Retirement Custom Index	*5.0 (89)*	*8.2 (92)*	*-10.7 (12)*	*8.9 (9)*	*9.6 (61)*	*14.5 (40)*	*-3.8 (69)*	*10.4 (41)*	*6.2 (18)*	*-1.8 (87)*
FRS 2020 Retirement Date Fund	**6.9 (98)**	**9.0 (98)**	**-12.1 (7)**	**10.5 (10)**	**10.5 (69)**	**16.3 (67)**	**-4.4 (51)**	**14.0 (29)**	**7.4 (22)**	**-2.1 (100)**
2020 Retirement Custom Index	*5.5 (99)*	*9.1 (98)*	*-11.1 (4)*	*10.0 (22)*	*10.2 (72)*	*16.0 (73)*	*-4.5 (53)*	*13.3 (49)*	*7.1 (25)*	*-1.6 (85)*
FRS 2025 Retirement Date Fund	**8.1 (72)**	**10.3 (94)**	**-13.0 (14)**	**11.7 (14)**	**11.4 (72)**	**18.2 (75)**	**-5.2 (51)**	**16.1 (25)**	**8.0 (22)**	**-1.7 (79)**
2025 Retirement Custom Index	*6.9 (95)*	*10.8 (89)*	*-11.9 (6)*	*11.3 (24)*	*11.2 (74)*	*17.8 (82)*	*-5.3 (56)*	*15.5 (39)*	*7.6 (26)*	*-1.5 (72)*
FRS 2030 Retirement Date Fund	**10.2 (33)**	**12.5 (89)**	**-13.7 (15)**	**12.8 (29)**	**12.0 (76)**	**19.8 (80)**	**-6.0 (46)**	**18.0 (27)**	**8.5 (20)**	**-1.3 (60)**
2030 Retirement Custom Index	*9.2 (74)*	*12.8 (85)*	*-12.7 (7)*	*12.4 (40)*	*12.0 (76)*	*19.4 (82)*	*-6.0 (47)*	*17.3 (46)*	*8.0 (28)*	*-1.5 (63)*
FRS 2035 Retirement Date Fund	**11.9 (25)**	**14.3 (91)**	**-14.5 (8)**	**13.8 (66)**	**12.6 (85)**	**21.1 (81)**	**-6.7 (45)**	**19.8 (21)**	**9.1 (16)**	**-1.4 (54)**
2035 Retirement Custom Index	*11.1 (59)*	*14.4 (91)*	*-13.6 (3)*	*13.4 (72)*	*12.7 (84)*	*20.8 (87)*	*-6.8 (46)*	*18.9 (48)*	*8.3 (37)*	*-1.7 (62)*
FRS 2040 Retirement Date Fund	**12.9 (51)**	**15.7 (94)**	**-15.2 (9)**	**14.6 (80)**	**13.3 (77)**	**22.5 (77)**	**-7.5 (51)**	**20.9 (24)**	**9.2 (14)**	**-1.4 (49)**
2040 Retirement Custom Index	*12.2 (75)*	*15.8 (94)*	*-14.4 (5)*	*14.3 (85)*	*13.4 (75)*	*22.1 (82)*	*-7.5 (51)*	*20.4 (42)*	*8.6 (45)*	*-1.7 (65)*
FRS 2045 Retirement Date Fund	**13.4 (71)**	**16.9 (90)**	**-15.8 (12)**	**15.4 (90)**	**13.8 (77)**	**23.4 (81)**	**-8.0 (57)**	**21.5 (24)**	**9.4 (25)**	**-1.5 (52)**
2045 Retirement Custom Index	*12.8 (83)*	*16.7 (94)*	*-15.0 (9)*	*15.1 (91)*	*13.9 (75)*	*23.0 (87)*	*-8.0 (57)*	*21.2 (41)*	*8.9 (38)*	*-1.7 (64)*
FRS 2050 Retirement Date Fund	**13.6 (77)**	**17.5 (89)**	**-16.0 (11)**	**16.1 (88)**	**14.0 (75)**	**24.0 (82)**	**-8.4 (66)**	**21.6 (26)**	**9.5 (24)**	**-1.5 (61)**
2050 Retirement Custom Index	*13.0 (89)*	*17.2 (93)*	*-15.1 (4)*	*15.8 (94)*	*14.1 (72)*	*23.6 (83)*	*-8.4 (66)*	*21.3 (49)*	*8.9 (42)*	*-1.7 (66)*
FRS 2055 Retirement Date Fund	**13.6 (82)**	**17.8 (89)**	**-16.0 (12)**	**16.4 (86)**	**14.3 (69)**	**24.1 (88)**	**-8.4 (60)**	**21.5 (40)**	**9.3 (35)**	**-1.4 (53)**
2055 Retirement Custom Index	*13.0 (90)*	*17.2 (92)*	*-15.1 (2)*	*16.0 (92)*	*14.1 (79)*	*23.7 (90)*	*-8.4 (60)*	*21.3 (56)*	*8.9 (39)*	*-1.7 (64)*

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Asset Allocation & Performance

As of June 30, 2025

	Performance %									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
FRS 2060 Retirement Date Fund	**13.6 (89)**	**17.8 (93)**	**-16.0 (7)**	**16.4 (80)**	**14.5 (78)**	**24.2 (-)**	**-8.3 (-)**	**-**	**-**	**-**
2060 Retirement Custom Index	*13.0 (98)*	*17.2 (96)*	*-15.1 (1)*	*16.0 (89)*	*14.1 (81)*	*23.7 (-)*	*-8.4 (-)*	*-*	*-*	*-*
FRS 2065 Retirement Date Fund	**13.6 (89)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2065 Retirement Custom Index	*13.0 (98)*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Stable Value										
FRS Stable Value Fund	**3.1 (49)**	**2.7 (78)**	**1.8 (63)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
ICE BofA US Treasuries 1-3 Year Index	*4.1 (7)*	*4.3 (12)*	*-3.6 (94)*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Real Assets										
FRS Inflation Sensitive Fund	**2.4**	**2.5**	**-7.7**	**12.8**	**4.0**	**13.0**	**-5.5**	**8.1**	**6.0**	**-7.9**
FRS Custom Multi-Assets Index	*2.2*	*2.9*	*-5.9*	*11.5*	*2.3*	*13.0*	*-5.5*	*8.1*	*6.2*	*-5.0*
Fixed Income	**3.5 (10)**	**7.1 (15)**	**-12.4 (16)**	**-0.3 (15)**	**8.0 (55)**	**9.8 (22)**	**-0.1 (36)**	**4.4 (22)**	**4.7 (12)**	**0.3 (59)**
Total Bond Index	*2.7 (20)*	*6.7 (24)*	*-11.9 (13)*	*-0.7 (27)*	*7.2 (84)*	*9.2 (48)*	*-0.1 (30)*	*3.9 (43)*	*4.3 (17)*	*0.1 (71)*
FRS U.S. Bond Enhanced Index Fund	**1.6 (61)**	**5.9 (55)**	**-13.1 (34)**	**-1.7 (68)**	**7.8 (63)**	**8.7 (61)**	**0.0 (23)**	**3.6 (59)**	**2.7 (66)**	**0.7 (26)**
Blmbg. U.S. Aggregate Index	*1.3 (83)*	*5.5 (75)*	*-13.0 (30)*	*-1.5 (62)*	*7.5 (72)*	*8.7 (61)*	*0.0 (24)*	*3.5 (63)*	*2.6 (67)*	*0.5 (36)*
FRS Diversified Income Fund	**3.5 (16)**	**7.7 (11)**	**-13.2 (47)**	**-0.1 (21)**	**8.6 (55)**	**11.0 (18)**	**-0.5 (40)**	**5.3 (28)**	**5.7 (15)**	**0.1 (47)**
FRS Diversified Income Custom Index	*2.0 (72)*	*6.9 (45)*	*-12.5 (23)*	*-0.3 (31)*	*7.6 (75)*	*10.0 (41)*	*-0.4 (36)*	*4.2 (69)*	*4.9 (33)*	*0.2 (43)*
Domestic Equity	**22.3 (31)**	**27.1 (23)**	**-20.4 (69)**	**24.6 (58)**	**20.0 (35)**	**30.1 (38)**	**-6.5 (49)**	**20.8 (49)**	**13.7 (30)**	**0.7 (32)**
Total U.S. Equities Index	*23.2 (29)*	*25.7 (29)*	*-19.1 (62)*	*25.9 (44)*	*18.9 (38)*	*30.0 (38)*	*-6.5 (49)*	*19.6 (57)*	*14.9 (23)*	*-0.5 (42)*
FRS U.S. Stock Market Index Fund	**23.8 (26)**	**26.0 (27)**	**-19.2 (62)**	**25.7 (46)**	**21.0 (31)**	**31.1 (28)**	**-5.2 (36)**	**21.2 (43)**	**12.9 (35)**	**0.6 (32)**
Russell 3000 Index	*23.8 (27)*	*26.0 (28)*	*-19.2 (63)*	*25.7 (46)*	*20.9 (31)*	*31.0 (28)*	*-5.2 (36)*	*21.1 (46)*	*12.7 (37)*	*0.5 (33)*
FRS U.S. Stock Fund	**19.9 (41)**	**30.2 (16)**	**-22.4 (76)**	**22.9 (65)**	**-**	**-**	**-**	**-**	**-**	**-**
Russell 3000 Index	*23.8 (27)*	*26.0 (28)*	*-19.2 (63)*	*25.7 (46)*	*-*	*-*	*-*	*-*	*-*	*-*

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Asset Allocation & Performance

As of June 30, 2025

	Performance %									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
International/Global Equity	**6.4 (39)**	**17.1 (40)**	**-18.2 (54)**	**9.5 (49)**	**15.2 (40)**	**23.7 (38)**	**-13.5 (33)**	**28.6 (49)**	**4.5 (44)**	**-2.6 (47)**
Total Foreign and Global Equities Index	*6.8 (36)*	*16.4 (45)*	*-16.8 (46)*	*9.8 (47)*	*11.7 (51)*	*22.3 (47)*	*-14.0 (39)*	*27.3 (58)*	*4.9 (41)*	*-4.4 (54)*
FRS Foreign Stock Index Fund	**5.1 (50)**	**16.0 (48)**	**-16.6 (45)**	**8.6 (53)**	**11.5 (51)**	**22.3 (47)**	**-14.7 (46)**	**28.3 (51)**	**5.3 (38)**	**-4.4 (54)**
MSCI All Country World ex-U.S. IMI Index	*5.2 (49)*	*15.6 (51)*	*-16.6 (45)*	*8.5 (53)*	*11.1 (53)*	*21.6 (53)*	*-14.8 (47)*	*27.8 (54)*	*4.4 (44)*	*-4.6 (55)*
FRS Global Stock Fund	**14.1 (40)**	**25.0 (23)**	**-25.6 (70)**	**18.1 (45)**	**33.8 (23)**	**30.5 (25)**	**-5.6 (21)**	**29.3 (18)**	**2.2 (84)**	**5.6 (12)**
MSCI AC World Index (Net)	*17.5 (25)*	*22.2 (33)*	*-18.4 (49)*	*18.5 (40)*	*16.3 (45)*	*26.6 (47)*	*-9.4 (52)*	*24.0 (41)*	*7.9 (47)*	*-2.4 (57)*
FRS Foreign Stock Fund	**6.4 (38)**	**16.1 (48)**	**-22.7 (74)**	**2.8 (71)**	**25.3 (17)**	**27.4 (21)**	**-14.9 (49)**	**31.2 (40)**	**1.0 (68)**	**-0.5 (36)**
MSCI AC World ex USA (Net)	*5.5 (46)*	*15.6 (51)*	*-16.0 (42)*	*7.8 (56)*	*10.7 (55)*	*21.5 (54)*	*-14.2 (41)*	*27.2 (59)*	*4.5 (43)*	*-5.7 (59)*

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Asset Allocation - FRS Investment Plan

As of June 30, 2025

Asset Allocation as of 6/30/2025								
	U.S. Equity	**Non-U.S. Equity**	**U.S. Fixed Income**	**Real Assets**	**Stable Value**	**Brokerage**	**Total**	**% of Total**
FRS Retirement Fund	107,835,235	57,969,230	326,622,330	130,898,262			623,325,057	3.1%
FRS 2020 Retirement Date Fund	101,745,887	55,091,675	224,833,594	114,650,243			496,321,400	2.5%
FRS 2025 Retirement Date Fund	266,173,772	142,669,142	405,648,828	250,203,346			1,064,695,088	5.3%
FRS 2030 Retirement Date Fund	480,968,702	259,723,099	376,529,784	256,974,707			1,374,196,293	6.8%
FRS 2035 Retirement Date Fund	615,833,108	331,492,531	258,621,328	222,900,150			1,428,847,118	7.1%
FRS 2040 Retirement Date Fund	655,181,133	352,789,841	166,178,998	187,972,965			1,362,122,938	6.7%
FRS 2045 Retirement Date Fund	717,012,784	386,846,818	137,451,067	175,710,643			1,417,021,312	7.0%
FRS 2050 Retirement Date Fund	569,474,682	306,216,560	102,439,353	123,367,823			1,101,498,417	5.4%
FRS 2055 Retirement Date Fund	475,387,785	255,624,379	85,514,631	102,985,361			919,512,156	4.5%
FRS 2060 Retirement Date Fund	473,866,675	254,806,452	85,241,007	102,655,837			916,569,971	4.5%
FRS 2065 Retirement Date Fund	88,148,290	47,398,887	15,856,462	19,095,954			170,499,593	0.8%
Total Retirement Date Funds	**$ 4,551,628,053**	**$ 2,450,628,616**	**$ 2,184,937,384**	**$ 1,687,415,292**	**$ -**	**$ -**	**$ 10,874,609,344**	**53.7%**
FRS Stable Value Fund					1,343,512,603		1,343,512,603	6.6%
Total Stable Value	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,343,512,603**	**$ -**	**$ 1,343,512,603**	**6.6%**
FRS Inflation Adjusted Multi-Assets Fund				154,529,194	-		154,529,194	0.8%
Total Real Assets	**$ -**	**$ -**	**$ -**	**$ 154,529,194**	**$ -**	**$ -**	**$ 154,529,194**	**0.8%**
FRS U.S. Bond Enhanced Index Fund			241,481,727				241,481,727	1.2%
FRS Diversified Income Fund			348,434,257				348,434,257	1.7%
Total Fixed Income	**$ -**	**$ -**	**$ 589,915,984**	**$ -**	**$ -**	**$ -**	**$ 589,915,984**	**2.9%**
FRS U.S. Stock Market Index Fund	2,273,754,832						2,273,754,832	11.2%
FRS U.S. Stock Fund	2,283,229,322						2,283,229,322	11.3%
Total Domestic Equity	**$ 4,556,984,154**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 4,556,984,154**	**22.5%**
FRS Foreign Stock Index Fund		358,500,990					358,500,990	1.8%
FRS Global Stock Fund		404,111,129					404,111,129	2.0%
FRS Foreign Stock Fund		216,125,927					216,125,927	1.1%
Total International/Global Equity	**$ -**	**$ 978,738,046**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 978,738,046**	**4.8%**
FRS Self-Dir Brokerage Acct						1,752,890,492	1,752,890,492	8.7%
Total Self-Dir Brokerage Acct						**$ 1,752,890,492**	**$ 1,752,890,492**	**8.7%**
Total Portfolio	**$ 9,108,612,206**	**$ 3,429,366,662**	**$ 2,774,853,368**	**$ 1,841,944,486**	**$ 1,343,512,603**	**$ 1,752,890,492**	**$ 20,251,179,818**	**100.0%**
Percent of Total	**45.0%**	**16.9%**	**13.7%**	**9.1%**	**6.6%**	**8.7%**	**100.0%**	

Note: The SDBA opened for members on 1/2/14. No performance calculations will be made for the SDBA.

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

Multi Time Period Statistics

As of June 30, 2025

	3 Years Return	3 Years Standard Deviation	3 Years Sharpe Ratio	3 Years Tracking Error	3 Years Information Ratio	3 Years Up Market Capture	3 Years Down Market Capture
FRS Investment Plan	**12.16**	**11.39**	**0.67**	**0.61**	**-0.11**	**100.67**	**101.98**
FRS Retirement Fund	6.56	8.95	0.26	0.61	0.39	101.43	100.01
FRS 2020 Retirement Date Fund	7.08	9.22	0.30	0.66	0.04	100.05	99.82
FRS 2025 Retirement Date Fund	8.21	9.86	0.40	0.73	-0.28	98.98	100.11
FRS 2030 Retirement Date Fund	10.11	10.93	0.53	0.72	-0.25	99.83	101.23
FRS 2035 Retirement Date Fund	11.70	11.88	0.62	0.74	-0.22	100.11	101.55
FRS 2040 Retirement Date Fund	12.81	12.62	0.67	0.76	-0.14	100.65	102.14
FRS 2045 Retirement Date Fund	13.56	13.16	0.70	0.81	0.01	101.34	102.69
FRS 2050 Retirement Date Fund	13.90	13.42	0.71	0.84	0.04	101.54	102.91
FRS 2055 Retirement Date Fund	14.08	13.58	0.71	0.92	0.19	102.42	103.64
FRS 2060 Retirement Date Fund	14.07	13.58	0.71	0.91	0.19	102.36	103.56
FRS 2065 Retirement Date Fund	-	-	-	-	-	-	-
FRS Stable Value Fund	2.78	0.12	-6.77	0.24	-7.95	58.95	-
FRS Inflation Sensitive Fund	2.66	8.48	-0.17	1.00	-0.73	93.55	98.08
FRS U.S. Bond Enhanced Index Fund	2.74	7.39	-0.20	0.25	0.78	101.72	100.08
FRS Diversified Income Fund	4.48	6.70	0.02	0.55	1.28	101.48	92.85
FRS U.S. Stock Market Index Fund	19.12	16.26	0.89	0.03	1.25	100.09	99.97
FRS U.S. Stock Fund	19.19	16.97	0.86	1.94	0.11	102.09	103.27
FRS Foreign Stock Index Fund	14.06	15.87	0.63	2.29	0.11	106.04	110.15
FRS Global Stock Fund	18.14	15.50	0.87	2.77	0.28	102.74	100.57
FRS Foreign Stock Fund	14.81	16.15	0.66	4.06	0.22	110.82	115.22

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Multi Time Period Statistics

As of June 30, 2025

	5 Years Return	5 Years Standard Deviation	5 Years Sharpe Ratio	5 Years Tracking Error	5 Years Information Ratio	5 Years Up Market Capture	5 Years Down Market Capture
FRS Investment Plan	**9.72**	**11.51**	**0.63**	**0.62**	**-0.18**	**100.87**	**102.53**
FRS Retirement Fund	5.66	8.44	0.37	0.56	0.62	102.12	99.64
FRS 2020 Retirement Date Fund	6.29	8.84	0.43	0.62	0.34	100.15	98.07
FRS 2025 Retirement Date Fund	7.27	9.70	0.49	0.68	0.12	99.44	98.31
FRS 2030 Retirement Date Fund	8.65	10.80	0.57	0.67	0.13	100.00	99.28
FRS 2035 Retirement Date Fund	9.77	11.79	0.62	0.68	0.10	100.18	99.78
FRS 2040 Retirement Date Fund	10.61	12.62	0.65	0.70	0.12	100.49	100.26
FRS 2045 Retirement Date Fund	11.19	13.29	0.66	0.73	0.12	100.98	101.14
FRS 2050 Retirement Date Fund	11.61	13.64	0.68	0.76	0.15	101.10	101.24
FRS 2055 Retirement Date Fund	11.76	13.80	0.68	0.80	0.26	101.87	101.98
FRS 2060 Retirement Date Fund	11.78	13.80	0.68	0.80	0.28	101.88	101.89
FRS 2065 Retirement Date Fund	-	-	-	-	-	-	-
FRS Stable Value Fund	-	-	-	-	-	-	-
FRS Inflation Sensitive Fund	4.85	7.79	0.29	1.00	-0.15	96.85	96.64
FRS U.S. Bond Enhanced Index Fund	-0.61	6.45	-0.50	0.22	0.55	101.77	100.33
FRS Diversified Income Fund	1.08	6.18	-0.24	0.67	1.02	104.92	96.57
FRS U.S. Stock Market Index Fund	15.99	16.71	0.81	0.03	1.11	100.08	99.97
FRS U.S. Stock Fund	14.99	17.54	0.73	2.32	-0.31	100.14	104.48
FRS Foreign Stock Index Fund	10.45	15.76	0.54	1.94	0.15	104.21	105.21
FRS Global Stock Fund	13.39	17.36	0.66	3.88	0.02	106.56	111.74
FRS Foreign Stock Fund	8.93	16.73	0.43	4.38	-0.20	106.26	115.99

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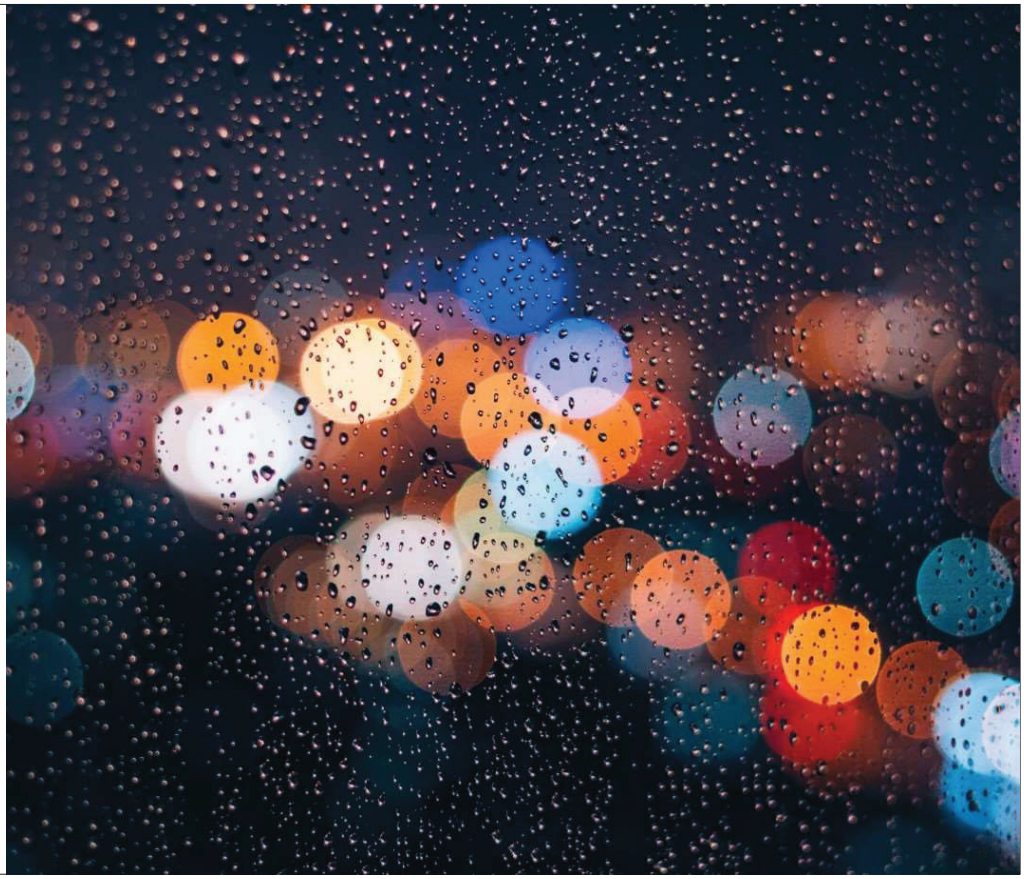
Appendix



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Benchmark Descriptions

Retirement Date Benchmarks - A weighted average composite of the underlying components' benchmarks for each fund.

ICE BofA US Treasuries 1-3 Year Index - An unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than three years.

FRS Custom Multi-Assets Index - A monthly weighted composite of underlying indices for each TIPS and Real Assets fund. These indices include Barclays U.S. TIPS Index, MSCI AC World Index and the Bloomberg Commodity Total Return Index, NAREIT Developed Index, S&P Global Infrastructure Index, S&P Global Natural Resources Index.

Total Bond Index - A weighted average composite of the underlying benchmarks for each bond fund.

Barclays Aggregate Bond Index - A market value-weighted index consisting of government bonds, SEC-registered corporate bonds and mortgage-related and asset-backed securities with at least one year to maturity and an outstanding par value of $250 million or greater. This index is a broad measure of the performance of the investment grade U.S. fixed income market.

FRS Diversified Income Custom Index - A monthly rebalanced blend of 80% Barclays U.S. Aggregate Bond Index and 20% Barclays U.S. High Yield Ba/B 1% Issuer Constrained Index.

Total U.S. Equities Index - A weighted average composite of the underlying benchmarks for each domestic equity fund.

Russell 3000 Index - A capitalization-weighted index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This index is a broad measure of the performance of the aggregate domestic equity market.

Total Foreign and Global Equities Index - A weighted average composite of the underlying benchmarks for each foreign and global equity fund.

MSCI All Country World ex-U.S. IMI Index - A capitalization-weighted index of stocks representing 22 developed country stock markets and 24 emerging countries, excluding the U.S. market.

MSCI All Country World ex-U.S. Index - A capitalization-weighted index consisting of 23 developed and 24 emerging countries, but excluding the U.S.

MSCI All Country World Index - A capitalization-weighted index of stocks representing approximately 47 developed and emerging countries, including the U.S. and Canadian markets.

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Descriptions of Universes

Retirement Date Funds - Target date universes calculated and provided by Lipper.

FRS Stable Value Fund - A stable value universe calculated and provided by Lipper.

FRS U.S. Bond Enhanced Index Fund - A broad market core fixed income universe calculated and provided by Lipper.

FRS Diversified Income Fund - A broad market core plus fixed income universe calculated and provided by Lipper.

FRS U.S. Stock Market Index Fund - A multi-cap U.S. equity universe calculated and provided by Lipper.

FRS U.S. Stock Fund - A multi-cap U.S. equity universe calculated and provided by Lipper.

FRS Foreign Stock Index Fund - A foreign blend universe calculated and provided by Lipper.

FRS Foreign Stock Fund - A foreign blend universe calculated and provided by Lipper.

FRS Global Stock Fund - A global stock universe calculated and provided by Lipper.

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Notes

- The rates of return contained in this report are shown on an after-fees basis unless otherwise noted. They are geometric and time-weighted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.

Due to rounding throughout the report, percentage totals displayed may not sum to 100%. Additionally, individual fund totals in dollar terms may not sum to the plan total.

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Disclaimer

Past performance is not necessarily indicative of future results.

Unless otherwise noted, performance returns presented reflect the respective fund's performance as indicated. Returns may be presented on a before-fees basis (gross) or after-fees basis (net). After-fee performance is net of each respective sub-advisors' investment management fees and include the reinvestment of dividends and interest as indicated on the notes page within this report or on the asset allocation and performance summary pages. Actual returns may be reduced by Aon Investments' investment advisory fees or other trust payable expenses you may incur as a client. Aon Investments' advisory fees are described in Form ADV Part 2A. Portfolio performance, characteristics and volatility also may differ from the benchmark(s) shown.

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STATE BOARD of ADMINISTRATION

IAC Compensation Subcommittee

September 3, 2025

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

Agenda
Investment Advisory Council (IAC) Compensation Subcommittee
Conference Call

Wednesday, September 3, 2025

1.	**Welcome/Call to Order/Approval of Minutes of February 19, 2025 Meeting** **(Attachments 1A – 1B)**	Vinny Olmstead, Chair
2.	**Opening Remarks**	Vinny Olmstead, Chair
	Opening Remarks	Chris Spencer, Executive Director
3.	**Discussion of Evaluation of Performance of ED** **(Attachments 3A – 3B)** **Action Required**	Josh Wilson, Mercer
4.	**Discussion of Evaluation of Performance of CIO** **(Attachments 4A – 4B)**	Josh Wilson, Mercer
5.	**SBA Incentive Plan Implementation Update** **(Attachment 5)**	Chris Spencer, Executive Director
6.	**SBA Compensation Update** **(Attachment 6)**	Chris Spencer, Executive Director
7.	**Other Business/Audience Comments/Closing Remarks/Adjournment**	

Attachment 1A

MINUTES
INVESTMENT ADVISORY COUNCIL
COMPENSATION SUBCOMMITTEE CONFERENCE CALL
February 19, 2025

A meeting of the Investment Advisory Council (IAC) Compensation Subcommittee was held on Wednesday, February 19, 2025, in the Emerald Coast Room of the State Board of Administration of Florida (SBA), Tallahassee, Florida. The attached transcript of the February 19, 2025, meeting is hereby incorporated into these minutes by this reference.

IAC Members:	Vinny Olmstead, Chair (via Teams) Peter Collins (via Teams) Gary Wendt (via Teams) Ken Jones (via Teams) Peter Jones (via Teams) Freddie Figgers
SBA Employees:	Chris Spencer, Executive Director Lamar Taylor, Chief Investment Officer Paul Groom Amy Pacey Dana Dykes Alyson Beyer Emily Percival (via Teams)
Consultants:	Josh Wilson – Mercer (via Teams)
Members of the Public:	Robert Tornillo – CFO's Office (via Teams) Luke Harrison – CFO's Office (via Teams) Tanya Cooper – CFO's Office (via Teams) Erin Sumpter – Attorney General's Office (via Teams) India Holroyd – Department of Agriculture (via Teams)

WELCOME/CALL TO ORDER/OPENING REMARKS

Vinny Olmstead, Chair, called the meeting to order at 10:02am. He explained that the purpose of the meeting was to review Mercer's benchmark study and recommendations for the Incentive Compensation Plan (ICP).

Chris Spencer, Executive Director, introduced Mercer's presentation, noting that there have not been any substantive changes made to the ICP over the past decade. Chris explained that there were four major topics that would be considered during the presentation: increasing the target and maximum payouts of the ICP to be more reflective of the market; increasing the scale of outperformance needed to achieve the award levels, expressed in basis points; whether the current hurdle rate needed to trigger ICP

payments should be lowered from 5 bps; and whether to allow individual asset classes to trigger a portion of the ICP payout regardless if the total fund does.

SBA INCENTIVE COMPENSATION PLAN REVIEW AND RECOMMENDATIONS

Josh Wilson, Mercer, provided some background on the ICP and purpose of the review. He explained that while the SBA is competitive on salary, incentive pay is well below market on all tier levels. Josh discussed how CIO compensation varies across the country, noting that geography doesn't play as much of a role as the organization's size. He also showed how the ICP has helped to reduce turnover since it was established and highlighted its importance in recruitment. Josh answered questions from IAC members.

Josh explained that, currently, the total fund has to outperform its benchmark by 5 bps for any portion of the plan to be paid out including the portion based on individual asset class performance. He stated that Mercer supports rewarding individual asset class outperformance even when the total fund does not outperform. Chris Spencer and Lamar Taylor explained that each tier has a percentage of their incentive compensation based on total fund performance and a percentage based on their asset class performance, with the total fund portion increasing with the seniority of the position. Josh noted that though there are not many instances where the total fund does not outperform but the asset classes do, they want to ensure that asset classes are rewarded if it does occur. Josh and Chris clarified that with the ICP's current structure, the compensation formula includes both total fund performance and individual asset class performance, but the threshold is met only if the total fund reaches 5 bps of outperformance. The change would allow the asset class portion to trigger even if the total fund does not reach the threshold. Chris and Josh answered questions from IAC members.

Josh then discussed increasing the target award levels to be more reflective of the market. The current target award levels for Tiers 1, 2, 3, and 4 are 35%, 25%, 15%, and 10%, respectively, which costs $4.5 million at the current max payout. Josh presented 3 options for increasing the target award levels for Tiers 1, 2, 3, and 4: option 1 would increase the target award levels to 50%, 35%, 20%, and 15%, respectively, costing $6.2M at the current max; option 2 would increase the target award levels to 65%, 45%, 25%, and 15%, respectively, costing $7.8M at the current max; and option 3, most closely aligned to the market, would increase the target award levels to 75%, 50%, 30%, and 20%, respectively, costing $9.1M at the current max. In addition to increasing the target award levels, Josh presented the option to increase the maximum award level from 150% of the target to 200%, commonly seen in the market.

Josh presented Mercer's recommended changes to the ICP's outperformance levels. The proposal would decrease the threshold from 5 bps to 1 bp, increase the target outperformance from 25 to 35 bps, and increase the maximum outperformance from 50 to 70 bps. Peter Collins discussed the tradeoffs between the different components of the ICP, suggesting that the threshold should be increased if the award levels are increased. Chris and Lamar explained that if the threshold was increased, the incremental payout would also need to increase. There was discussion between Josh, Chris, Lamar, and IAC members regarding the effect raising the threshold and maximum outperformance levels would have had on historical ICP payouts. Josh stated that most peer public pension plans he studied have their threshold set at 0 or 1 bps with 5 bps being the highest he had seen.

Vinny Olmstead, Chair, stated that the two main goals are to increase the target award levels to be more reflective of the market and to increase the level of outperformance needed. As IAC members considered the tradeoffs of increasing the award levels, Chris noted that a bigger move to the market now

might make it so the ICP does not need to be adjusted again for several years; alternatively, the plan can be adjusted slightly now and reassessed sooner. Josh Wilson suggested adding another award level for superior performance, and discussion followed on what level of outperformance should be needed to reach the superior and maximum awards. Gary Wendt commented on the discussion, suggesting that subjectivity should be applied with the ED/CIO making the final decision on bonuses. Chris Spencer noted that there is a qualitative evaluation component of the ICP, though they would like to move it from a 3-pt to a 5-pt scale to provide more granularity. Vinny Olmstead stated that making such a drastic change by adding in more subjectivity, would delay the decision at hand; therefore, a recommendation should be made based on the current structure and the addition of subjectivity could be discussed at a later point.

After further discussion, Peter Collins moved to approve the following: (1) an increase in target award levels for Tier 1, Tier 2, Tier 3, and Tier 4 to 65%, 45%, 25%, and 15%, respectively, with an added "superior" award level of 1.5x the target and an increased "maximum" award level of 2x the target; (2) an increase in the outperformance levels needed to trigger payouts with a hurdle rate of 10 bps, a target of 35 bps, a superior level of 70 bps, and a maximum of 100 bps; (3) amending the ICP to allow individual asset classes to be compensated for the asset class portion of the incentive compensation payments even if the total fund does not meet the threshold; and (4) amending the qualitative evaluation component of the ICP to a 5-pt scale. Vinny Olmstead, Chair, seconded the motion. With no objections, the motion was approved. The final recommendation will be presented for the full IAC's approval at the March meeting. If approved, the subcommittee will compose a letter recommending the revised ICP to the Trustees to accompany the SBA's budget recommendations.

OTHER BUSINESS/AUDIENCE COMMENTS/CLOSING REMARKS/ADJOURNMENT

There being no further questions or items for discussion, the meeting was adjourned at 11:44am.

_____

Vinny Olmstead, Chair
IAC Compensation Subcommittee

_____

Date

Attachment 1B

STATE OF FLORIDA

STATE BOARD OF ADMINISTRATION

INVESTMENT ADVISORY COUNCIL

Subcommittee

PUBLIC MEETING

PAGES 1 - 100

Wednesday, February 19, 2025

10:02 a.m. - 11:44 a.m.

LOCATION:

Microsoft Teams

Stenographically Remotely Reported By:

TRACY BROWN

APPEARANCES:

Vinny Olmstead, Chair
Ken Jones
Peter Collins
Gary Wendt
Lamar Taylor
Chris Spencer
Peter Jones
Paul Groom
Freddie Figgers
Amy Walker
Audrey Milnes
Marissa Hicks
Josh Wilson
Emily Percival
Robert Tornillo
Luke Harrison
Erin Sumpter
Tanya Cooper
India Holroyd

CERTIFICATE OF REPORTER 100

Thereupon,

The following proceedings began at 10:02 a.m.

MR. CHAIR: Well, thanks to -- thanks for everybody joining, specifically the IAC Compensation Subcommittee, which I believe -- correct me if I'm wrong -- is myself, Peter Collins, and Gary Wendt. And we also provided a number of the IAC members, who it's such an -- this is such an important topic that we wanted to invite them. And I think this study is pretty intriguing and will be beneficial to all. And so there are a number of others who opted to join on, which is dynamite.

Based on our last meeting, we asked Chris and team and Mercer to do a benchmark study for us looking at our incentive compensation. And I think everybody knows the goal here is to make certain that we are attracting, retaining and rewarding, you know, the right people in the right seats. And so they did a comprehensive study that, hopefully, everybody's had a chance to review. But it's obviously going to need, A, some explanation. And, B, some discussion.

So I believe the agenda, which we hadn't discussed, will be probably some comments by Chris. Josh at Mercer, taking us through this report. And then I think there's going to be some recommendations and discussion, not only by the IAC Compensation Subcommittee but the broader IAC because, I think, everybody's fairly inquisitive and will have some good input.

So with that, I'd like to kick off the meeting and hand it over to Chris.

MR. SPENCER: Thank you, Chair Olmstead. Yes. You're absolutely right on the agenda. And I'm going to -- in a moment, I'm going to summarize this presentation a little bit on some of the major action items that are going to be presented before you for the subcommittee, and then, ultimately, for the IAC.

And, Chair, you are spot on on the process here. So the subcommittee will receive this presentation from Mercer, from Josh Wilson, the partner that conducted this study. There will be a number of action items for discussion and decision and recommendation to the overall IAC.

And then the IAC will consider this at the upcoming meeting. And ultimately, the product of that discussion will be the basis of what we put into the recommended budget and changes to the ICP that will go before the trustees for their adoption at their June meeting for the upcoming fiscal year.

For some background, the ICP, the Incentive Compensation Plan, was established back in fiscal year '14. So back about 2013 or so. And some of you that are on the IAC now were part of that process. I know Peter Collins, you were part of that process back when that occurred. There has not been any major substantive changes to the ICP over the last, you know, better part of 11 to 12 years, addressing some of the components that are going to be discussed in this presentation with recommendations for adjustment.

I can summarize -- really, there's four major topics that this presentation today are going to cover. And the first two are really tied together and those are really the essence of what we're talking about as far as changes to the ICP. The first major topic is looking

at what our target and maximum payouts are under the Incentive Compensation Plan and adjusting those target and maximum payouts to a number that's more reflective of what the market -- in this case, the market means Peer Public Pension Plans -- what that -- what those target and maximum payouts would be.

And as Josh will walk through in the presentation, they have put together a couple of different options, culminating in Option 3, which is alignment to where the market for our peers would be, with some considerations that are buried in there. And just to -- I know our plan can be very confusing. So I'll try to summarize this a little bit.

When we talk about the target and maximum payout for the Incentive Compensation Plan, that's expressed as a percentage of the underlying base salary for the incentive plan participant, for the individual who is going to be triggering in that plan.

The current plan is divided into four different tiers. And so that target percentage -- and we'll get through this in the presentation. You'll see these tables, as

well. That target percentage is a percentage of that pay, and then the maximum under the current plan is 150 percent of that target. That ties into the second consideration that will be discussed today, which is what should be the scale of what the outperformance above our benchmark is as expressed in basis points that then feeds back into that target and that maximum percentage?

The current scale for outperformance is a hurdle rate of 5 basis points and then a target of 25 basis points of outperformance with a maximum of 50 basis points of outperformance. And so how that ties back then into the percentage of pay on the target maximum payout is, for every basis point of outperformance up to the 50 basis point scale above the hurdle rate, there's a certain imputed value that goes up to that target percent of pay and then maximum percent of pay.

And so these two things tie together in that, if you raise the amount of basis points outperformance but you don't raise the amount of payout that goes in as a percentage of the pay in the ICP, then you actually dilute the

amount of payout for each incremental basis point of outperformance. So those two things really tie hand-in-hand. So those -- Josh will walk through that in the presentation.

The third item that is included in this presentation is a discussion as to whether or not -- that hurdle rate that I talked about of five basis points, whether that should be lowered to either one basis point or zero. And Josh will give some context around what other plans are doing with regards to the hurdle rate.

I think it's important to note our current market value of the pension plan as of this morning is a little over $207 billion. And so looking forward and assuming there's no major drawdown between now and the start of next fiscal year, if you're using a $207 billion market value, every individual basis point of outperformance represents over $20 million of alpha to the plan.

And so when we look at some of these tables that talk about total costs of the Incentive Compensation Plan under the various options, we always cost these things out in

maximum costs. And you'll see what those maximum costs are, but rarely does the Incentive Comp Plan trigger the maximum because it's based, obviously, on the performance and then the individual asset class performance metrics that go into the quantitative side of that formula. And so at a maximum, under a revised 70-basis points scale of outperformance, you're talking about $1.4 billion worth of added actual -- of added managed return to the plan for a maximum under the highest option, which is Option 3, at a 200 percent multiple of $12.2 billion. So --

MR. WENDT: Excuse me. Excuse me.

MR. SPENCER: -- to give you some context there.

MR. WENDT: Gary Wendt has a question. Excuse me. Gary --

MR. SPENCER: Yes, sir. Go ahead.

MR. WENDT: -- Wendt -- Gary Wendt has a question.

Are you reading from a chart? Are you going through charts?

MR. SPENCER: Oh, no. No, sir. I'm just giving you kind of a verbal overview, and then

Josh Wilson from Mercer is going to go through the charts and explain all that.

MR. WENDT: Okay. I thought I was missing something.

MR. SPENCER: Yes, sir. No.

And then -- so that was the discussion that'll happen on the hurdle rate.

The last consideration that Josh will outline in his presentation is a consideration of whether or not to allow individual asset classes to trigger a portion of the Incentive Comp Plan payout, regardless of whether the plan as a whole triggers.

As of right now under the Incentive Comp Plan, asset classes cannot trigger their individual quantitative component of their Incentive Comp Plan for their own performance unless the entire plan triggers the five percent hurdle rate. And so Josh will outline a little bit of that in the consideration here for your review.

So those really are the four major buckets of topics for decision points today. And I -- I've talked too much already. So I don't know if Lamar wants to add anything to that. He's

shaking his head no. So with that, Chair Olmstead, if it's okay with you, I'll kick it over to Josh from Mercer to take us through this presentation.

MR. CHAIR: Please. Hi, Josh.

MR. WILSON: Good morning, everyone. Thank you for having me on this call. And I think someone else is managing the slides, so I'll try to give verbal instructions. So I was part of putting this plan together in sort of 2012 to 2014 time frame. And, you know, for historical purposes, we were very conservative with this plan. We knew we were putting in a plan that was below market at the time. But below market was better than no plan. And those were really the decision points we were looking at.

So the -- you know, Chris is very correct in saying we really haven't changed this plan much. We've tweaked it a little bit. We've added some folks. You know, we've sort of addressed things that may have come up, which is absolutely normal in a plan like this. You don't just create it and leave it and it stays perfect for decades. So we've had minimal

changes on this. You know, the market continues to add incentive plans, as to become more aggressive with pay levels, as I'm sure you've seen in the press. So I think part of this is really to make sure that we are staying current with the times to allow the SBA to attract and retain the best talent. Because we're talking about a lot of dollars under management and every one of them matter.

So if we can go to the next page quickly. Keep going.

So the first question that was asked is, well, how do we compare against the market? Before we start talking about the incentive levels, you know, are we competitive on salary, et cetera? And the answer is yes. The SBA and the IAC have done a really good job over the years of ensuring that merit increases and salary adjustments have kept pace with the market. What you're seeing in that top chart there is where you are against your midpoints, and essentially, you're at your market midpoints. The market midpoints for your salary ranges approximate the market itself.

So if you ask me, Josh, are we competitive

on salaries? I would say yes. If you said -- and this question comes up, well, are we competitive on total cash or total compensation, which is salary plus the incentive? Then I would falter a little bit and say, not exactly. This is because your targets, like I said, were intentionally put in to be conservative. You've kept them there and the market has grown.

So when you look at the bar chart on the bottom, when you add in incentive opportunity -- and this is just a target -- not actual but target -- you see that each tier of the incentive-eligible participants is below market. So, you know, at the top, you're looking at about 30 percent. At the bottom, you're looking about 15 or 20 percent. But throughout the organization, all the incentive-eligible tiers are going to be below market because your targets are below the market targets.

We could keep going to the next page.

This is just an example of individual jobs that fall into those categories. So you can see what types of titles and levels they're at.

You generally see that the salaries are about the -- about where the market is. There's always some variation on salaries, and the biggest difference is going to be the incentive levels, particularly at the higher ends, Tiers 1 and 2.

Let's keep going to -- one of the questions that was asked is -- in a prior meeting was sort of how do we do pay when we look at geography versus locat- -- you know, geography versus size of organization? And there's two answers for that: For nationwide searches for jobs, which is going to encompass most of your asset management roles, your direct investment roles, those are national. So you're looking at that market. For more call it either investment adjacent or admin positions, you're going to look more local.

So for the national jobs, you're looking at the size of the organization. For the nonnational jobs, you're really looking at the location itself. So we have actually adjusted that over time to make sure we're looking at the right markets for each job. And what we're going to show you on the next page is, when you

look at just CIO pay, for example -- if we can go to page 8.

So this is an example of some CIOs across the country in different organizations. What we're showing you is where they are, which organization, what their assets under management are, what the salary is, and what the total compensation is, assuming we have both. And what you can see is geography doesn't really play much of a part in that. You can make as much in Pierre, South Dakota -- you can make twice as much in Pierre, South Dakota, as you can in New York City. So not that I would recommend paying like New York City does, but that sort of shows you what the market looks like in different situations.

So really just wanted to illustrate that geography does not play much of a role when you look at the top investment jobs, which are, you know, like I said, nationwide searches and people are willing to move and relocate for those.

All right. If we can keep going here.

Now, before we start diving into the changes that Chris outlined, I did want to

mention that the incentive plan was put in for a couple of reasons. Back in 2012, 20- -- you know, 2012, 2013 time frame, there was a lot of turnover in the investment positions. It was sort of viewed as a training ground. They knew they were getting underpaid, but they would come here for a couple of years and then go somewhere else and make a lot more money.

The SBA, nor any other pension fund, can really compete with private markets, but you can bridge that gap a little bit. And if you look at what's happened over time, the investment-eligible positions, the turnover in that -- and there's always going to be some turnover -- but the overall turnover, investment-eligible positions, has really dropped over time to a level that's, I think, very manageable and normal for an organization like yours. So in other words, the incentive plan has helped, and it's working, and we want to make sure it keeps doing that over time.

MR. CHAIR: On the turnover side, do you -- trying to look at this real quickly. Is turn -- when you look at the turnover, there's turnover to being recruited and there's

turnover to retirement. Do you have any insights on bifurcating that?

MR. WILSON: Yeah. I think this excludes retirement, actually.

MR. CHAIR: Okay.

MR. WILSON: Right? I mean, obviously, that's a serious consideration for the organization, but in terms of whether the incentive plan is going to help with that --

MR. CHAIR: That's why I was asking.

MR. WILSON: -- that's not really what we consider.

Okay. If we could then go on to the next section?

MR. WENDT: I had my mute button on, unfortunately, when I asked a question on the one side before. The guy from Pierre, South Dakota, was making four times what everybody else was. Can you explain that one? Any reason? Do we know? Do we care?

MR. WILSON: My understanding was there was a fairly long tenured incumbent in that position. You know, you're going to have individual examples like that. But I don't think that's the model, but it's interesting to

see. And, really, the point of that was simply to say that geography doesn't play as much of a role in the compensation of top investment roles as one might think.

MR. WENDT: That's for sure.

MR. TAYLOR: Well -- and if I could add a little color to that, Josh? I do know the CIO, and part of the problem is getting people to Pierre, South Dakota.

MR. WILSON: Right.

MR. TAYLOR: I mean, that's -- in all honesty, that's part of it, is there's not a lot of people that want to move out to Pierre, South Dakota. And they have a pretty complex portfolio. That's Matt Clark. They do a really good job.

MR. CHAIR: So we need a graph of average temperature and salary correlation.

MR. WILSON: All right. If we could go to the next page here?

And then just -- we won't spend much time on this slide, but it is still hard to fill these jobs, right? I think that's the important thing to remember is turnover has a lot of different impacts, but certainly trying

to fill these jobs is not a quick endeavor. What we're showing here is that even, you know, in the great resignation a couple of years ago, it was taking close to six months to fill the asset class roles. It's still taking about five. So the labor market's gotten a little bit better, but it's still taking a lot of time. You got to find the right people. I think every one knows this, that unwanted turnover is very disruptive to any organization, particularly one with an asset management strategy like yours.

When -- and then on the last point there, when people do interview for SBA, that -- the question comes up of the incentive plan, right? Because people understand that in these types of roles, the incentive is an important part of the compensation package. And I think, you know, on the positive side, you know, the plan has done pretty well over time since its inception, but the targets themselves have been -- you know, the target payouts are definitely low. So that's, I think, hurting some of the recruiting efforts for some of those roles.

Okay. So now we can go on to talk about the areas that Chris was mentioning.

Chris, do you want me to talk about them in the order in which you talked about them, or do you want me to sort of go through the presentation the way it is?

MR. SPENCER: Yeah. I think you should go through the presentation in the way it is. I just kind of bucketed it that way because I felt like that's --

MR. WILSON: Okay.

MR. SPENCER: -- my mind, but, you know, this is your presentation.

MR. WILSON: Sure. So -- okay. Let me go through this one. So the first one that we have here is on page 13. The Asset Class Incentive Plan triggers. So as Chris mentioned, the way your plan works today is if the overall fund does not beat its benchmark by at least five basis points, nothing pays out. Irrespective of whether an asset class or two did really, really well and others did poorly, the -- you know, it's sort of we're all in the same boat, rowing the exact same direction. We're going to get the same thing.

There's certainly an argument for that and there's an argument against it. And I think, you know, when we look it, other states are split. There's certainly ones that recognize that if your alternative asset manager's done a great job, you want to reward that person and that, you know, you don't want to necessarily lump everyone together. Performance is very different. On the other hand, you want every one recognizing that, you know, there are reasons for having it all in one focus.

So, fortunately, it doesn't come up a whole lot. And we'll show you a chart on the next page. But, generally, the fund has outperformed the benchmark 17 times over the last 20 years. So this isn't an every year, sort of, issue that you want to deal with. So it's more a question of fairness from your perspective and for the participants. So in general, Mercer supports the idea that if an asset class outperforms but the overall fund does not, you should reward that asset class.

Again, you're -- there's a portion of everybody's bonus that is actually based on the total fund. So an asset manager who beats

their own individual area will not get an entire bonus. They'll get partial bonus because the part that's based on the overall fund will not pay out. So there is already, sort of, a punishment, if you will, or accountability, if you will, for the overall fund, but they would get something for their individual asset class, which, you know, contributes to the overall.

So if I can take you to the next page and just show you what it looks from a practical standpoint. What you'll see here is that, generally, when the fund does well, the asset classes do well and vice versa.

MR. CHAIR: Is the slide moving for everybody?

MR. WILSON: No, we're still on 13. If we can go to 14, that'd be great. Perfect.

MR. CHAIR: Did it move for you guys just now? Okay. Good.

MR. WILSON: Can everyone see the largely green chart there?

MR. WENDT: Yes.

MR. WILSON: So what this chart is showing in the first column is the total fund

outperformance. You see in 2024, it was actually negative, but private equity, fixed income, and real estate did very well. Strategic investments and global equity did not. So, you know, generally, those -- that's the biggest difference. You see a couple of other instances over the years where the individual asset classes have performed differently than the overall fund.

So it's not an everyday problem, but it's just a question of, from a design standpoint, does it make sense? And as I said, Mercer would certainly support a rule that says that if your asset class paid -- you know, earns an incentive but the overall fund does not, you will get the portion for the -- for your specific area.

MR. CHAIR: Yeah. And, Josh, I -- it's an interest -- it's interesting to point this out, I think, even in the, you know, private equity last -- I think that was last year, whereas this year, it's going to be, you know, pretty low, obviously. So I do think it's -- personally, I think it's fair not to -- you know, I wouldn't want the entire incentive

based on an asset class, but in order to attract folks, especially those who are leading those groups, I -- and outperform, you don't want them to be, you know, discouraged based on their performance because certain asset classes don't perform.

And then I think the other interesting commentary, which is probably meant for later that Chris can probably -- we can bring up at a latter point is, the private equity one's an interesting one which dragged down our overall performance this year. And given the long-term nature of it and the outperformance of the global equity, it really threw a curveball into the shares results.

MR. WILSON: Okay. Terrific. Any questions on this aspect of the proposed changes? So the change here would be that we just allow asset classes to be paid even if the total fund is below benchmark.

MR. CHAIR: And one other question there, I -- what is the -- is there a proposal on percent allocation to asset class versus overall?

MR. WILSON: I -- well, I -- well,

actually, I'll let Lamar or Chris answer that. I don't think there's any changes to the current allocation.

MR. SPENCER: No. I think what the -- and this is obviously up for a decision to be made by the comp committee and, ultimately, by the IAC. But the way the current ICP is structured is there's a portion of the overall formula that goes into an asset class participants' payout that is specific just to their performance in the asset class. And so that would be what would trigger the amount that would be applicable to -- total fund performance would not trigger.

MR. TAYLOR: And then there's -- each tier and each position has this sort of breakout. So it's not a uniform breakout, but it's -- so like, maybe -- I'm just picking a random tier. So let's say a Tier 3 individual in an asset class would have 30 percent of their incentive compensation based on total fund performance and 60 percent based on their asset class performance. And then it's slightly different for different tiers. The higher up you go, the more of a total fund component there is, simply

because the idea is to kind of have all -- everybody rowing in the same direction.

When you get to senior folks, so senior leadership, myself, Chris, others here, it's -- the quantitative portion is all total fund. And that's --

MR. SPENCER: All right.

MR. TAYLOR: -- so that -- you know, again, we're trying to lead from the top down.

MR. SPENCER: Yeah. Some examples here, I've got the table in front of me. So, obviously, for Tier 1, which includes both myself and Lamar, is zero for the asset classes because we are based on total fund. But if you look at, like, an investment analyst at -- which is Tier 4, which is the bottom tier, 50 percent of their imputed value that their -- that's attributable to their ICP payout is based on their performance in the asset class. And then when you get up higher to -- well, let me just look at a lower number.

MR. TAYLOR: Tier 2.

MR. SPENCER: Tier 2.

MR. TAYLOR: It should be --

MR. SPENCER: 40 percent for a senior

investment officer in one of the asset classes, for example. So they would get, obviously, not a full amount of what would be applicable to the calculation of their -- of the out -- of their outperformance, but they would get, as an SIO, for example, 40 percent of what would be applicable to them in the event that the total fund had triggered.

MR. CHAIR: And whether it be 5 bps or 1 bps or whatever it is, you're going to use the same measurement to trigger the asset class performance?

MR. SPENCER: That's right. And that will depend on what you guys decide, as well, as if -- so it -- you know, if we stay at 5 basis points for a trigger, but then we change the scale. If we go from a target of 25 basis points to -- and a maximum of 50 to a target of 35 and a maximum of 70, then the amount would be imputed based on that range of basis points outperformance based on what you guys decide that new maximum payout would be based on the percentage of pay. But all of that would then be calculated within that scale based on those decisions around outperformance and around what

that target maximum payout as a percent of pay would be.

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

MR. CHAIR: Please.

MR. COLLINS: How many years in the past ten -- I don't know how many you look back, and maybe you said this. But how many years in the past ten, besides this one red box in 2024, would that have held true that the total fund performance was negative, but they -- but these -- most of these people did better?

MR. TAYLOR: In the last ten years? I think that's probably gonna be in slide 23 there.

MR. WILSON: Yeah. I think this was actually -- I think this is the only -- '24 is the only year where the fund didn't outperform.

MR. COLLINS: So are we chasing a bogeyman here?

MR. WILSON: Potentially, yes. But I think the question is, you know, if it happens again -- you know, if it does -- like I said, it doesn't happen very often. And if it happens, we'd like to make sure that --

MR. COLLINS: Well --

MR. WILSON: -- they are being rewarded. But it doesn't happen frequently --

MR. COLLINS: So --

MR. WILSON: -- or hasn't in the past, at least.

MR. COLLINS: So I'm all for compensating people for what they're doing on a daily basis, and I think that that is important. But there is also a -- you know, a team component to this, right? You guys, as you brightly point out, Chris and Lamar, you know, you don't get that capability. It's all about total fund, which it should be because you're not running one of these individual, you know, segments.

But let's just say John Bradley, who's running private equity, you know, he's doing -- you know, beating his benchmark all the time and one year that the fund doesn't do it, you know, he doesn't qualify. I think that there should be some sort of split there, but I wouldn't abandon -- I wouldn't make it solely either a hundred percent on where their -- what their segment is.

MR. WILSON: If I can to respond to that?

MR. COLLINS: Yeah.

MR. WILSON: It's actually not -- so to your point, that's exactly how the plan is set up. So because they're -- you know, Mr. Bradley has some part of it on the total fund and some part of it on private equity. In a case where private equity outperformed but the total fund underperformed, he wouldn't get the total fund piece. He would get the private equity piece.

MR. COLLINS: So if that's already in place, are we talking about tweaking it?

MR. SPENCER: No. That's already in place in the calculation, but the threshold to trigger any payout whatsoever is total fund outperformance. And so the formula --

MR. COLLINS: I see.

MR. SPENCER: -- already includes -- yeah.

MR. COLLINS: I see.

MR. SPENCER: The formula includes a measure for total fund and a measure for his performance in private equity and then a qualitative piece. So there's really three trigger -- there's -- not triggers. There's three components that go into the formula. But

the threshold question is, does total fund exceed five basis points for outperformance? And so the change would be, if no, on total fund not exceeding the five basis points for outperformance, then only trigger would be individual private equity component of that formula.

MR. COLLINS: Yeah. Okay.

MR. CHAIR: Yeah. So in that 2024 example, John Bradley got nothing -- did not get any Incentive Compensation Plan, even though he hit some great numbers?

MR. COLLINS: Well, I have some sympathy for that. I don't know how much sympathy, but I do have some sympathy for that. So I -- I'm open to that.

MR. CHAIR: And I -- curious from Lamar and/or Chris perspective, again, this is about attracting, retaining, and incenting (sic) people. But on the attraction side, when you guys interview for the more senior roles, which is -- I think is always important because they sort of drive your performance, are they asking that particular question? Do I get incentive --

MR. SPENCER: Out --

MR. CHAIR: -- even if the overall --

MR. SPENCER: Yeah. Out of concern of maybe debating against my own position here, what I'll say, if I had to rank all of these issues in order of importance of where these come up in consideration for prospective candidates, I would say that the number one most important thing is what's that maximum payout going to be. And so people look at this and they say, what's the multiple of my base pay that I can get? If I hit this out of the park and really crush my performance, what's that multiple going to be?

And so that's the most important thing. And then, of course, then the number two most important thing is, all right, now I know what I can make as a maximum of my pay. What's that range look like? How much do I need to go and beat my benchmark? Is it 50 basis points? Is it 70 basis points? Is it 100 basis points? And now I can start to conceptualize what I need to do in order to get there. And then number three is, all right, well, if I'm getting more into the weeds, then, you know, if

my colleagues don't perform, but I do, then am I still going to be paid for it? It comes up, but not nearly as much as the number one most critical is, how much is that multiple of my base pay?

MR. K. JONES: Mr. Chairman, quick question, who else does it this way around the country? Have we looked at that? And sorry if this has already been asked and answered. I jumped off for about a minute. You know, in, say, New York or Pierre, South Dakota, or California, are other states doing it like this? And then second -- part two would be, what are the minimum thresholds in other states? Is it one basis point? Is it five? Is it ten in order to get into this realm of incentive comp?

Have we looked at -- I mean, I know we looked at whatever that map showed a minute ago with four or five other plans, but have we -- because, in my view, if you look it the 50 states and say, okay, who does it the right way? And I don't mean did it the right way in 2006, right? That was pretty easy numbers. Everybody sort of looked pretty good in '06,

'07, right? Everybody looked pretty crappy in '08 and '09. So -- but just consistently over 10 to 12 years, who's done it the right way? And have we looked at that? I know that's a lot of data to crunch, but have we looked at that?

MR. WILSON: So the answer's, yes, we've looked at a number of different states. Maybe not all of them comprehensively because that's actually harder to get than you might think. But we talk about who does the split between, sort of, asset class versus total fund, you know, it's about 50/50. I will say, Georgia does it. Texas does it. I'm unsure about the Californias.

You know, and then you talk about the next question you asked, which is -- you know, and I think it's a philosophical question, right? So Peter asked, How often does that come up? It doesn't come up that often, right? But then we also talked about, well, if it does come up, you know, you should probably compensate those people because, you know, they performed well and actually helped the total.

The zero versus one, we have some of that

data later on, which you'll see CalPERS is zero. North Dakota RIO is one. Texas TRS is zero. So it's -- most of them are either zero or one. You know, the -- we'll talk about this in a second, but sort of the difference between zero and one is more of an optics one. But at zero, in theory, you could have a situation, although it's pretty rare, given the numbers that Chris talked about, where it's not quote-unquote self-funding, right?

The amount that you're paying out in the incentive actually would sort of get you below what the benchmark return -- at one basis point, we talked about it being basically $21 million of alpha. So, you know, it would certainly be self-funding at one basis point. So that's really the big difference, in my opinion, between zero and one. But most are actually at zero or one.

MR. K. JONES: Okay. Thanks.

MR. WILSON: All right. So I don't know, Chris and Lamar, if we want to get decisions on this or we just want to kind of go through and talk about decisions towards the end?

MR. SPENCER: I think -- I mean, Chair

Olmstead, it's up to you on how you want to -- do you -- if you want to just go through the whole presentation and then go back and address each of the items specifically, or if you want to pause throughout --

MR. CHAIR: Yeah. No. I think we need -- I think we should look at all of them comprehensively and then come back.

MR. SPENCER: Okay. Perfect.

MR. WILSON: Okay. Terrific. Then if we can go to the next page.

This is just a chart of what -- where you stand from an annual incentive target perspective and maximum to what the market stands at. So you're on the left there in dark blue and the market's on the right in lighter blue. And we've shown you the same chart. We did a study of this, I think, in 2021 with very similar results. We're seeing more states put in incentive plans, and gradually, those target levels go up, you know, year over year.

But essentially, what you see is, at the high end, the competitive market is close to 75 percent for target and 150 percent for maximums. And tiering down to the 50 area, 30,

20, et cetera. You start at 35 and tier down to 10 percent at the lowest level. So that's the big difference in the market. We showed you this before. This is not a surprise to anybody.

If we go to the next page, we'll show you what the different alternatives that we've proposed are.

So on the far left there, you have the current, which is the dark blue, and that's where you currently are. So Tier 1 at 35 percent, with a max at 52 and a half percent. We've also shown you what it would look like if it was a two-times maximum, which is pretty common in the marketplace. Your total spend right now is, I think, $3 million and then $4 and a half million at maximum level. So just to give you a sense of what it costs, the current plan.

If you went all the way to the right, which is the purple option, which is the one that's most closely aligned to the market. So Tier 1 would move from a target of 35 percent to a target of 75 percent. Tier 2 goes from 25 to 50. Tier 3 from 15 to 30. Tier 4 from

10 percent to 20 percent. Whether you stay with 150 or change the max to 200, the plan costs at target goes to just over 6 million. So, basically, it almost -- it doubles from where you are today. The plan at the 150 percent max goes from 4 and a half to just over 9 million.

The alternatives in between are saying, look, we recognize that's a pretty big jump. We know that's market, but that might not be realistic for what we're trying to do and what we think is feasible. So there's two alternative in between. Option 1, where you move Tier 1 to 50 percent, you move Tier 2 to 35, Tier 3 to 20, and Tier 4 to 15. That total cost is 4.1 million -- 4.2 million at target and 6.2 at max.

And then Option 2, you'd go a little bit more aggressive. Tier 1 to 56, Tier 2 to 45, Tier 3 to 25, and Tier 4 stays at 15. And that cost at target is 5 million and max would be just under 8 million.

So those are really the alternatives that we've laid out. You sort of have where you are today and where you -- what you -- what

market -- those are the two bookends. And then some -- you know, if you want to go partway in between, Option 1 and Option 2 are there for your consideration.

If we go down to page 17, it just shows you -- to you the numbers sort of by tier and the totals. So that's where those numbers are coming from. Number of participants and then each tier, what the average salary is. We also have that proposed two times max because what you saw in the prior slides is that the market, generally, has a two times. So when Chris and Lamar are being asked questions by people they're recruiting, and they say the target is 25 percent, the assumption's going to be that the maximum's 50. In your case, actually, the maximum is 37 and a half because it's 1.5 times, not 2 times.

So that's another consideration and design question, but we just wanted to show you all the dollars involved so you'd see everything on the table.

MR. CHAIR: Can you, again, remind me, going to the target to the max, what's the driver of going from target to max?

MR. WILSON: In terms of -- I'm not sure I understand the question, Mr. Olmstead.

MR. CHAIR: So it -- so this is -- this whole thing was sort of -- I wouldn't say complex, but when you're not in it every day, trying to get my arms around it. So if you take Option 1 for the heck of it, and you the take two percentages and average salary at -- I don't care -- whatever level. So let's say the first level, target of 50 percent. So if we meet our goals, what are they getting paid out there?

MR. WILSON: So currently, if you -- if the total fund came in at 25 basis points of alpha --

MR. CHAIR: Yeah.

MR. WILSON: -- right? Then the two incumbents would earn 484,000 each -- or that --

MR. CHAIR: Okay.

MR. WILSON: That's not quite true because neither one makes that. But an average of 484.

MR. CHAIR: Yeah. Gotcha.

MR. WILSON: If you came out at 50 basis points of outperformance, which is your current

maximum, it would pay out 726,000.

MR. CHAIR: Got it.

MR. SPENCER: And, Josh, that --

MR. WILSON: In --

MR. SPENCER: Just on that one, because Tier 1's easy since it's just two of us. The -- that 484 is the average of the combined payout for both of us.

MR. CHAIR: Yeah.

MR. WILSON: Yes. Yes. I'm sorry, you're right.

MR. TAYLOR: In other words, each. So it would be roughly half of that -- maybe half of that, yeah.

MR. CHAIR: Got it.

MR. WILSON: Good point. Thank you.

Now, in the future what we're talking about is those numbers that I just said, the 25 and 50, changing to 35 and 70, right? So -- and that's part of what we're talking about, is we're asking for an increase in targets -- in target awards and offering increase in performance to offset it.

Any questions on the numbers here? And I'll show you a couple of charts that sort of

say -- and they refer back to the earlier charts that we went to. So if we go to the next page on 18?

MR. CHAIR: Josh, just before you go, just to clarify. So the --

MR. WILSON: Sure.

MR. CHAIR: -- discussion point for us is whether we go, A, from the target in the current or Option 1, 2, and 3. That's the important variable. And the second is whether we go to a 1.5 or a 2X max. Are those the two --

MR. COLLINS: Well, we already have the 1.5.

MR. WILSON: So you're currently at 1.5, right? So you're at 1.5.

MR. CHAIR: From 1 -- I mean, from 1.5 to 2X, correct?

MR. WILSON: Exactly.

MR. CHAIR: Yeah.

MR. WILSON: Perfect. Thank you.

MR. COLLINS: And I'm assuming we're adding a third tier of overperformance that that proposed maxi would be? The baseline that that proposed max would have to be at?

MR. SPENCER: So the way --

MR. WILSON: Right. So we're proposing -- sorry. Go ahead.

MR. SPENCER: Sorry. Go ahead. Go ahead, Josh. Go ahead, Josh.

MR. WILSON: No. So the idea would be, in conjunction with increasing the maximum, the outperformance expectations would go from 50 basis points to 70 basis points. So I can't quite do the math, but I think that's $400 million; is that right? Yeah. $400 million of additional alpha from today's maximum to the future maximum in order to earn that.

MR. COLLINS: Can you show that chart on those thresholds again? I know you have a chart because I saw it in the paperwork.

MR. WILSON: Sure. So if we go a couple pages down. I think it's page -- let me get there for you.

MR. SPENCER: 21.

MR. WILSON: Perfect. Thank you. 21.

So looking at this, what you see here is the proposal. So currently, we're at the chart on the right side there. The current column,

the thresholds before anything is paid out is 5 basis points. The target, where you pay out 100 percent of the incentive goal, is 25 basis points. The maximum, where you pay out 150 percent of the goal, is 50 basis points.

MR. CHAIR: Okay.

MR. WILSON: The proposal is to drop the threshold to 1, which would therefore create a self-funding plan no matter what, move the target from 25 to 35, which creates another -- you know, given the $200-or-so billion fund another $200 million of outperformance, and then move the maximum from 50 basis points to 70 basis points, which is an additional $400 million of outperformance.

MR. COLLINS: So when was the last time besides 2024 that we didn't outperform the benchmark by at least ten basis points?

MR. CHAIR: I think I asked that question. I asked that question quickly of Chris. And I think what Chris came back -- I asked Chris a little bit different. I said, when's the -- when -- if we changed it from five to one, what implication would that have in the last ten years? And it was -- I think the answer was it

wouldn't have.

MR. COLLINS: Right. Yeah.

MR. WILSON: If you go to page 23, that might help you with some of the data because we looked at, if you changed it, what would have changed overall.

MR. K. JONES: Yeah. But I think -- I think the question Peter was asking, though, is the same one I've got, which is when's the last time it's been less than ten in the last five years?

MR. WILSON: Only in 2024. So if we can go to page 23.

MR. COLLINS: Yeah. No. I think if you went to the last ten, it would only be once.

MR. K. JONES: Right. Yeah. That's probably right.

MR. COLLINS: So my thinking on that is I certainly don't want to lower the threshold. I think five is plenty low. But if we're talking about the increasing potential, then there's a trade off, right? There's a trade off of raising the threshold to get another level.

In other words, I don't want the threshold to be a layup and we just -- you know,

just have -- we continue to have, you know, continuing layers on top of the layup. And it -- it's -- if you only didn't meet it one out of the last ten years -- I know you guys work really hard and I don't mean to diminish any of that. But if you only missed it one out of the last ten years, then it's a layup.

MR. TAYLOR: So I think that's fair. If I could -- sorry to just speak -- I mean, I think if you look at the numbers, you would say, well, that seems like, wow, this is kind of a low threshold. But you got to keep in mind that there are a number of additional complexities in the plan. Again, it's -- we -- we're looking here at the rolling three-year periods of the total fund outperformance.

And if you go back through and you look at all the reporting that we provided in the -- in these regular meetings. You've got the asset class pieces of it, too, if you go back to some of Josh's charts. And so, yeah. So there's a -- that five bps is also -- it's total fund, but it also applies to the asset classes. And there are other times when the asset classes hasn't -- you know, for -- it's been more

common that the total funds would trigger and some of the asset classes didn't trigger -- or didn't trigger at all or didn't trigger at max, but they triggered along the continuum of that five basis points and up.

So it's a combination of a bunch of different, you know, things, as well. So, yes. The total fund has generally done pretty well. It's been a little bit more of a mixed case at the asset class level. And so these things do float around. And I -- we do tie -- so if there's a five basis point threshold of the total fund, those thresholds carried over to the asset classes, too. So it'd be a five basis point. If you upped it for the total fund, you'd up it for the asset classes, you'd continue to have some of those mismatches.

That chart that Josh had on the earlier page, give you a little flavor of that. You can see the asset classes don't trigger as much or as large in some cases --

MR. SPENCER: On page 14?

MR. TAYLOR: -- as -- yeah -- as the total fund. So, you know, it moves around. I mean, I'm not going to -- you all can read it for

yourself. Like, it's hard to argue with your point that the threshold is pretty low, but then so is the payout, you know, by comparison.

MR. COLLINS: Well, the other thing I would say to that is if we're also going to be adding some additional opportunity for the asset classes, in the case of total fund underperformance, that's another trade off, right? And I look at comp as it's a trade off, right? And you're asking for a couple of these items, which I understand why you're asking for them. Like I said, I'm open to looking at these individual asset classes and decoupling some of that from the total fund performance, but I think the benchmark, the threshold has to be higher -- and that's just my opinion -- whether we go from five to ten. I just think it's bad optics for us to be talking about raising all the, you know, amounts and lowering the threshold.

MR. SPENCER: And I -- and one thing -- and I don't know without having run the numbers on this. I think one thing that would be important, if we're raising -- if we end up settling around the outcome is raise the

threshold from five bps to ten bps, allowing for some imputed value to still be calculated for what that outperformance is for those preceding basis points when that -- when it triggers so that, you know, you're starting at the 11 basis point outperformance at a higher amount than if it was the current six basis points, if that makes sense. So that the scale doesn't start fresh at 11 basis points -- or, I guess, 10 basis points of outperformance, versus where it currently would start at five. Because then you would still have that dilution problem of expanding the scale but not increasing the payout at each increment.

If you start higher -- I don't know if that makes any sense, right? Like, you would still allow for the calculation to be conducted on what those incremental amounts of payout would be. And so you would start at the new trigger, but you wouldn't start as if it was zero at a ten basis point trigger like you do right now at a five.

MR. TAYLOR: I think if I understand what you're saying, that currently now -- let's just use the top tier -- Josh, maybe kind of help me

with this. But if I hear what you're saying is that, currently, at the top tier, the target is 35 percent. The threshold is half of that, 17 and a half percent is the percentage pay as -- if you hit a threshold, 17 and a half percent of your pay gets paid out. And right now, that threshold would be five basis points --

MR. SPENCER: Right.

MR. TAYLOR: -- 17 and a half. And so what I understand, what you're saying is that, well, if we move that basis -- that threshold from five basis points to ten, it would be -- that payout would start at something more than 17 and a half, is what -- otherwise, what you're doing is you're kind of -- you're sort of -- you're not really giving any benefit -- you're raising the bar, but you're not necessarily giving yourself any benefit for beating that bar compared to where you would have been --

MR. SPENCER: Under the current plan.

MR. TAYLOR: -- under the current plan. And I -- so I think I can see what you're saying and now, mathematically, how we sort of impute that. We -- actually, we can do it.

We've got an imputation -- we've got a table here that will tell us what that number is. But I think that's what you're saying, is that you would just raise that -- from 17 and a half, it would be something higher than that.

MR. SPENCER: And, Josh, I think -- would it be safe to say in a -- in other words, kind of, you know, talking about this out loud. But at a ten basis point hurdle rate, as long as the payouts are increased, so the percentage of total pay is increased, then that issue of this -- kind of, this dilution, I guess, off the incremental payout would still be -- like, it would be made up for by the fact that the maximum payout is increasing. And so that imputation table would end up including a higher amount of payout on each increment going forward throughout the remainder of that scale up to a 70 basis points? Is that safe to say, or am I wrong on that?

MR. WILSON: Yeah. I think that math would work. And I think -- you know, if I can sort of take it up a level, I think, you know, the point of these plans, really, is to do a couple things. One is to make the overall pay,

you know, compensation for these professionals closer to what they could earn in the private sector, right? Not -- you know, that's the general point of them. And so the amount of assets, you know, that you manage internally all factors into that.

If you're beating the benchmark even by, you know, a couple of basis points, you're generating a huge alpha and it more than pays for itself. And that's why, I think, most of the plans that we encounter have a pretty low hurdle rate of either zero or one. I think your five is actually already pretty high. If you went to ten, which, look, you can do, you're saying you have to generate $200 million of outperformance above the benchmarks before you get anything. And I think that's pretty aggressive.

If you want to do it, though, I do think there has to be a pretty significant trade off on the upside.

MR. CHAIR: And if you look at history, changing it from five to one or five to ten wouldn't --

MR. WILSON: Doesn't matter at all, right?

MR. CHAIR: -- wouldn't impact anything.

MR. K. JONES: Well -- and, Mr. Chairman, that was going to be my question, is we talk about thresholds and layups. What's the layup threshold? Is it 30? But, like, let's look at the last 15 years, 20 years. What's the layup threshold that we should be looking at? Is it 30 basis points? I'm not suggesting we go from 5 to 30. What I am saying, though, is that if we're talking about one versus five versus ten, and we think it doesn't really matter because you're always going to hit ten no matter -- pretty much no matter what, what is that layup threshold, for lack of a better phrase, for the last 15 years?

Because in looking at the chart here -- what is it? Going back to 2019. You've got -- what? You -- except for '24, right, you've always been at least, what, 60-something basis points? Is that -- am I reading that the right way? Overall?

MR. TAYLOR: I think, first, if you could go to slide 23.

And so, Josh -- well, we have given Josh these numbers and he'd ran -- at the bottom

table down there is the percentile scoring over that last 20-year period. But -- and Josh and I went back and forth on this. That's a little bit misleading because it's really broken up into two separate periods. It's really -- if you were to look at the period going back to 2013, the 50th percentile was 35 bps of outperformance. If you went from 2014 on -- Josh help me out here. I forget what that number was. It was --

MR. WILSON: I think it's 92 bps if you go from 2014 on.

MR. TAYLOR: If you go from 20 -- but it's a very clear line of demarcation between those two periods, which, frankly, I think is a very clear line of demarcation in terms of the margins. And I really do believe that you have to, sort of, look at -- you have to consider that, that these markets run through regimes. And that in a period where it's a lot of risk on appetite, and you see a lot of upswing in public markets and private markets, you can't let that, you know, overly inform your viewpoint about what you reasonably expect the alpha targets are going to be on a

go-forward basis.

So I think, even though Josh's numbers on a 20-year lookback shows the 50th percentile at 70 bps, me, personally, I do think it's fair to say that that might be a bit of a reach on a go-forward basis over the next 10 years. It may be something more akin to what you saw in that pre-2013 period.

MR. K. JONES: So I guess I'll ask the same question again the same way is, what's the layup threshold then? Is it 10? Is it 20? I mean, what's the -- you know, you're looking back at -- the chart's tough to read here, but like '04, you had negative 5, right? And then you got 12, 15. Yeah. I mean, you had a couple in there, but it always seems like it's, you know --

MR. WILSON: I mean, from a --

MR. K. JONES: -- on --

MR. WILSON: -- design standpoint, Ken, when we design these, the idea is that you get an incentive probably nine out of every ten years, right? Not necessarily a max, but you get something nine out of ten years. If we moved it from zero -- from either zero to ten,

it actually wouldn't have made a different, right? So the lowest that they got that was positive was 12. And that was in 2005, right?

So what you're saying -- what I'm saying is most states do at it zero or one. In the past, it would not have made a difference whether you had it five, ten, or zero, but who knows going forward. And I'd hate to see a situation where you have eight basis points of outperformance and we don't pay out anything because we thought it didn't matter.

MR. TAYLOR: Well --

MR. K. JONES: What's the highest -- sorry. What's the highest in the country? Do we know?

MR. WILSON: I don't know. I haven't seen anything higher than five, actually.

MR. K. JONES: And -- okay. Can someone take a look at that? I mean, you're saying you looked at all 50 states and the highest -- you haven't seen -- but -- so what you're saying --

MR. WILSON: No. I have not looked at all 50 states.

MR. K. JONES: -- four's the highest in the country already?

MR. WILSON: I have not looked at all 50 states, but of the ones I've looked at, five is the highest.

MR. COLLINS: And to that point, Ken, you know, we've got -- I don't think it's -- I think you would agree that the -- we have to look at our universe, right? Anybody over a $100 billion, especially public pension funds, and that would be the universe, I would think, that we would need to look at.

MR. K. JONES: Yeah, that's right.

MR. CHAIR: Josh, when you say you've looked at a lot of them, and you take Peter's, you know, $100 billion demarcation point. How many have you looked at that sort of fit that criteria when you say there's none that are over five?

MR. WILSON: In terms of the size of the overall fund?

MR. CHAIR: Yeah. Have you looked at like -- you know, are there five or ten that you've looked at that are all zero --

MR. WILSON: Right. So the Texases, the Wisconsin, Virginia, Georgia, Texas are the ones that I've looked at right off the top of

my head, and they're all bigger, and they all -- they're all zero or one.

MR. P. JONES: And, Josh, I'm curious, you mentioned earlier nine out of ten years, it's common to pay an incentive -- pay out an incentive? So nine out of ten years, you expect to outperform the benchmark?

MR. WILSON: Correct.

MR. P. JONES: And that's true not just with us, that's pretty common with the other bigger plans?

MR. WILSON: Exactly. I have one plan that's been in place for 20 years, and, literally, they've outperformed every year the plan's been in place except for the last two. So in 23 years of putting in that plan, they've beaten it 21 in a row, and then they've missed it the last two. So that sort of fits the norm.

MR. P. JONES: Okay. So you --

MR. SPENCER: And --

MR. P. JONES: All right. So your point is, to be competitive, to attract the talent, this is what you're -- this is why you have what you have here?

MR. WILSON: Right. I mean, if I was interviewing for a job, to the point that Chris mentioned, I'd say, well, you know, what's the target payout? You know, what's the maximum? And then if I was thoughtful about it, I would say, well, how often does it pay out, right? Because what's the point of an incentive plan that never pays out? And so --

MR. P. JONES: Okay.

MR. WILSON: -- you know, you'd hate to say, well, we haven't paid out three of the last five years, you know, but you really should come work for us. So I think that's part of why people have a plan. Now, it doesn't always pay out a max, right? That's pretty unusual. Typically, we'd say max should get paid out, you know, two or three years out of ten, as well, and then those other years should be somewhere in between those numbers.

MR. SPENCER: And I think it's important to also point out that while the target may be to try to have a -- you know, in incentive compensation design, the target, you know, philosophically might be to have something trigger nine out of every ten years. That

doesn't mean it's the maximum. And so we -- you know, by trying to raise the maximum on the basis points outperformance to 70 basis points, you know, the goal would be, obviously, trying to achieve more managed return on a more frequent basis. But they're still going to be multiple years where, even if the total fund ends up hitting that maximum of more -- of 70 basis points or more, individual asset classes may not be there.

And so they're still going to have some fraction that's going to be on their imputed table of what their payout would be for their asset class specific performance by not getting up to that maximum. And to just being able to trigger the Incentive Comp Plan doesn't always mean we're going to be paying out the maximum.

MR. P. JONES: Yeah, I follow that. So, Mike, just in my mind, I guess I follow the logic. You want to have a plan -- or you want to expect to get some incentive comp frequently, but I would think that to hit the max would be fairly rare. I mean, maybe two or three times out of ten. I don't know the number, but -- the ratio, but when I look at

this, we're going to hit the max most years.

MR. WILSON: Well, if you took the max of 7 --

MR. TAYLOR: Well --

MR. WILSON: Sorry, go ahead.

MR. TAYLOR: So -- and that's kind of -- and I don't -- maybe -- I don't know if there's a way, Josh, if you could send that table around. I think this is really important. Because, yes, I think this table, if you were to look at it -- a couple of questions. One, I do think there's an answer to Ken's question, which I think is an excellent question. But the data that we have, which is if you look at this chart, the bottom table down there. So the 15th percentile. So 85 percent of the time, on the data that we have here the last 20 years, we'd have -- 12 basis points is your layup, right?

So you -- we get more than -- we earn more than 12 basis points to alpha 85 percent of the time over the last 20 years. But, again, that last 20 years is really broken up into two separate and distinct periods of time. And if -- and I think I'm -- in retrospect, having

Josh's chart here really brings this point home. Because to your point, Mr. Peter Jones, the -- you know, this shouldn't be, you know, an easy trip to hit max. And so if you look at the period from 2004 to 2013, the 90th percentile, so only 10 percent of the time, we earned more than 85 basis points. The 75th percentile was 57 basis points.

So three out of four times, if our max was 70 bps, we'd have only -- in three out of four times -- more than three out of four times, we would not have hit max over the period of time if you looked from '24 to -- 2004 to 2013. That is a different regime than 2014 to 2024. You know, unquestionably, the percentile ranks really just completely changed.

And so, you know, it's a little bit -- so I think that really is the question. I guess I would maybe caution that these averages are a little misleading in terms of, sort of, breaking things out. And I think we have the data to kind of show you that, at least in one segment of that period of time, it was very, very difficult to earn 70 bps. If you just look at the last few years, it seems very, very

easy to earn 70 bps. And I think the real question going forward is, what is the go-forward expectation? And I can give you a whole bunch of reasons why I think it's going to be harder to earn -- I think the next ten years are going to look like the last ten years. And I think that's going to be true to alpha, not just beta.

And so that's kind of really what we're looking at, which is why -- to say, you know, moving up is absolutely a great idea. But how much is the question, and that should be calibrated on these actual regimes.

MR. K. JONES: I guess maybe from Mercer, I know we're at the top of the hour -- actually, a little bit over. So I don't want to make it more complicated. But is there any plan that you've studied that looks at this on a blended average basis on more than one year and determining thresholds, so that if you were, say -- you know, like, let's say you're at 5 bps one year, but the next year, you're at 23 and your threshold's 7 and a half, you end up getting it for both years? And I know that gets tricky with retroactive payments and

things like that, and maybe that's just a bridge too far. But it seems to me that, you know, if you're looking at this not just in a snapshot of a 12-month Jan-to-December basis, maybe that's the way to think about it.

Again -- and maybe that's just too complicated. But just, it was a thought I had, didn't know if anybody else out there looks at that from that perspective.

MR. WILSON: So all these are three-year rolling returns, right? So we're looking at three years of data. And the way you're establishing your targets is the way that we've seen other client -- other state pension funds do it, which is look at the -- you know, and, again, the problem is past history is not reflective of future performance. We all know that. So people look back, you know, as long a period as they can to understand, you know, what does it look like and what does good performance look like?

I mean, all of this is good performance, right? If you're beating the benchmarks, you know, you're adding value right there, far more than your overall costs. But all these numbers

that you're looking at, Ken, are three-year rolling returns or 36 months' worth of data.

MR. K. JONES: Yeah. And I realize that. I guess what I'm asking is, is that the way everybody else does it, though? Is everybody else looking at it the same way? Is it that same snapshot, or can you elongate the period or shorten the period to try and smooth it out, if you will, so you're not having punitive results in a particular year, given -- taking into account the data that we've got as the State of Florida? I'm just asking, is that the right period of time to measure it over?

MR. WILSON: I mean, I think most of what I've seen is taking as long -- as much data as you can to figure out what's a typical result over time, right? So looking at as long a period as you can. That's what I've generally seen. So I just saw Texas go through this and actually lowered some of their goals because they were unachievable, right? So they lowered it in 2024, I think it was. Just based on looking at historical, where they've been, what their goals were, and just saying, this is not -- you know, this not realistic for some of the

stuff.

So that's how they do it. That's how Georgia does it. And I suspect most of you do it the same way.

MR. K. JONES: Okay.

MR. CHAIR: So when I -- if we take a look at sort of the threshold of one versus five versus ten, I know we're hyperfocused on that, but it seems like that's fairly binary to me. We've either made it or not made it. And the -- you know, I think from -- Josh, your point of view, the -- you know, the market is 01 for the other large pension funds. You know, the discussion here is do we raise it, do we lower it, or do we keep it, you know, the same? I'm not sure that's really the fight we should be fighting.

The fight we maybe should be fighting is what is the -- you know, if we're going to go to a proposed max of 2X, what's the threshold to get to 2X. But that's just one -- you know, one person's perspective of I'm not sure the lower hurdle rate really gets us anywhere. But what's the incentive to get us from, you know, 1.5 to a 2.0 max?

And then the other obvious discussion is the -- you know, the target.

And, again, all of this should be under the umbrella of we want to get folks closer -- and I guess there's two goals here: To get us close to market so that the retention and the, you know, attracting new people is great, and then, also, what's -- what benefit is there to the pension fund if we, you know, outperform our -- you know, outperform to get to 200 percent on -- or to increase our targets?

So maybe we shift the discussion a little bit, which I think we're going to that, which is -- look, I don't have a strong opinion on the hurdle rate. I do agree with some of the comments here from Ken, Peter, and Peter, which is how do we make certain that, you know, this is not a layup, and that ten out of ten years, they're going to hit the max without some benefit to the fund?

MR. K. JONES: One more question, Vinny. Has it always been five since we've been doing this, or is it --

MR. CHAIR: Yeah. Yes.

MR. K. JONES: All right. It's always

been five? Okay.

MR. WILSON: So I think that's exactly the right questions, Vinny. I think the first thing is -- the biggest single point here, which is the one Chris raised first, which is, you know, the targets are low compared to market. So then the question for the IAC and management is, you know, what makes sense from a target perspective for individuals? So using that Tier 1, currently at 35 --

If we could move the slides up maybe a couple pages.

Going from 35 -- you know, so keep going a little bit. A little bit more. One more. Perfect.

So this slide, right? So I think this is the first decision and the most important one, what we're saying is you should raise the targets for the different tiers of the plan. And the question is how much do you want to raise them? I think, in conjunction with that, you know, optically, politically, et cetera, financially, we should also raise the goals, right? Those two sort of go in conjunction. To Peter's point, it's a trade off, right? So,

yes. There's a bigger pot of gold, but it's harder to get to it. And that's the trade off on that.

I think those are the two biggest decisions. You know, the zero versus one versus five, I think that's -- you know, if we left it at five, I don't think that's going to destroy anything. And then I think on the asset classes, you know, should they pay out individually or not, someone else pointed out it doesn't happen very often. What are we arguing about? But that would sort of be a -- the fourth point. But I think the first -- the two big ones that need to be decided are do we want to increase the targets for each tier? And if so, to how much? And then, in correlation with that, if we're going to do that, we need to raise the expectations for performance.

MR. COLLINS: Are you looking for confirmation?

MR. WILSON: I don't know. I -- Chris or Lamar -- it's a great question. Thank you. Let me --

MR. SPENCER: Chair Olmstead, I mean,

this -- I think this is the point where, you know, we open the floor up for discussion on those topics. Again, I mean, from -- just from us talking internally at management of where -- the prioritization, I think, of what issues from our experience and our -- and recruitment issues and recruitment efforts, it does go in that order that I outlined of where do we hear from candidates of what the most important issues are? Number one is the issue that's here, addressed on the current slide, is what should be that target and max as far as a percentage of payout? What should that be?

And I think once you decide on what that is, then, you know, figuring out what the appropriate scale of that performance is would be the second decision point.

MR. COLLINS: Yeah. So you're saying pick Option 1, pick Option 2, pick Option 3, but then we go and adjust the hurdles?

MR. SPENCER: Yeah. And within Option 1, 2, or 3 it is what do you want to see as far as the current plan, which is, again, a cap of 1.5X, or is it a cap of 2X? And so, you know, we have the target -- again, just as a

refresher, the target of -- on Tier 1, 35 percent of base pay for Tier 1 participants, with a maximum of 52 and a half percent because that's 150 percent of 35 percent, or does that go to 70 as an actual double of that target? And so, you know, those are the two real decisions on the -- this proposal.

MR. COLLINS: Would you agree that adding the 2X is more important than going 10 percent on -- from the target to the 150?

MR. SPENCER: On which tier are you referring? Well, I think the 2X is --

MR. COLLINS: Well, let's say Option 1. Let's say Option 1. Let's say we take the target from the current, and we increase them all 20 percent. So 35 goes to 42, but we add the 2X component?

MR. SPENCER: I mean, I think Option 1 and a 2X is definitely a substantial improvement over the current plan. And Option 2 --

MR. COLLINS: I agree with you, but what I'm saying is would you forego some of the -- would you forego going from 35 to 50 and stay -- instead, say going from 35 to 40 or 42 to get the third component? The 2X? Yeah.

I -- if you're hesitating on that, you should absolutely say yes.

MR. SPENCER: Yes. Well, I'm trying to understand because I think you're -- are you saying you're add -- you want to add a third tier?

MR. COLLINS: No. I'm saying --

MR. WILSON: I think what you're saying is that there be an Option 1A, which would be -- for Tier 1, it would be a target of 42 --

MR. SPENCER: I --

MR. WILSON: -- and a maximum of 84?

MR. K. JONES: I think what Peter's trying to say is would you mind having the best of both worlds, Chris?

MR. SPENCER: Absolutely. I would never say no to that.

MR. COLLINS: So what I'm saying is, I think the jump from 35 to 50 or 52 to 75 or 70 to 100 is a little large. And would you -- but I'm okay with going for the -- adding the 2X component. I think we should. I think it should be absolutely a stretch goal. It shouldn't be close to a layup, but I'm absolutely in favor of that. But I'm not -- 35

to 50 is a big jump. 52 to 75 is a big jump. 70 to 100 would be a big jump.

And maybe we don't treat the tiers the same. Maybe it is a little bit more for the bottom tier because they're making less money and that -- this bonus is a more significant component of their pay. You know, you're not recruiting a number one and number two at the SBA. You're recruiting, you know, junior portfolio managers, portfolio managers, analysts, and things like that. And maybe that's where we really look to increase this.

MR. SPENCER: Yeah. I think the key for your consideration for the committee and, ultimately, for the IAC is how close on the scale do you want us -- to move us to the -- to market? And, obviously, I mean, these are big percentage increases, right? Getting all the way to Option 3, those are big jumps. But that's because we're starting from a baseline that's well below market. And so, obviously, any improvement over the current plan is a movement in that direction.

And then, you know, like, part of my objective is -- and, I guess, this is kind of

an open question for your consideration -- is how often do we want to come back and adjust the Incentive Compensation Plan based on changes in the market? You know, the bigger the move that we make at this change, we have -- obviously, haven't touched this plan in 12 years. The biggest move that we make now might set us up for a situation where we don't have to come back and address the plan again for a number of years, or we can take a different approach and say we adjust it and then we see what the market does over the next, you know, two, three fiscal years, and then may come back to say, do we need to adjust it again? It's really a preference.

I mean, for me, I think any improvement is going to be a win for the investment professionals that are here. Any amount of increase. But how frequently do we want to come back and try to adjust this? And do we want to make this, like, a regular cadence that we do? And how -- ultimately, how close to market do we want to get?

MR. COLLINS: If you're asking me, I think we want to get closer to market, certainly. I

don't know. But it's -- and I agree that you don't -- we don't want to be coming back to this every year. I'm just wondering if -- I'm just wondering if adding -- well, I guess it would go back to what do those tiers look like? What do the bogies look like, outperformance?

MR. CHAIR: Page 21.

MR. COLLINS: Yeah. And do we want to -- but if -- I want to keep us on target. But it all -- it's all relative, right? It's all relative. I'll give 500 percent bonuses depending on what the target is. You know, it's not the percentage of bonus. It's how hard it is to get there. Am I just showing up?

MR. CHAIR: Your -- yeah. Page 21 --

MR. COLLINS: Am I showing up and working hard? Am I showing up and, you know, working 20 hours? Am I, you know, making the right calls? Am I banging on the table on my risk budget so I can go outside when I see an opportunity? It's all relative to me.

MR. CHAIR: Yeah. Can you go to page 21?

MR. SPENCER: You guys see 21 on the screen? I know it froze, but --

MR. COLLINS: Yeah, yeah.

MR. CHAIR: Is 21 -- I don't see it, but --

MR. SPENCER: Maybe try going back one and forward again.

Can you see 21 now?

MR. CHAIR: Yeah.

MR. K. JONES: Yes.

MR. CHAIR: So, Peter Collins, your question is what should be the target at 100, 150, and 200 percent, right?

MR. COLLINS: Yeah. Yeah.

MR. CHAIR: And that's a good question.

MR. COLLINS: You know, I'm nibbling on the edges between the 35 and 50, but if the target's good enough, I'm fine with 50.

MR. WILSON: What if you did something like this, what if you just -- I hate to throw a curveball here. But what if you just added one more layer? Which, I think, might have been the question you were asking earlier, Peter. If you said, okay, we're going to do threshold target maximum, and let's call it superior or something like that, make that --

MR. COLLINS: Yeah.

MR. WILSON: -- 90 basis points, gets you

to 200 percent, right? So we move to Option 1 at 50 percent for Tier 1, with a 150 percent at 52 and a half -- or, sorry. I guess that would be 75. And then, you know, maximum -- or superior performance -- imagine there's a row below this -- superior performance at 200 percent of payout, but they have to hit 90 basis points of outperformance or something like that.

MR. COLLINS: Some level.

MR. WILSON: Right? So that there's --

MR. COLLINS: But I think this is informed by the chart we were looking at on the last ten years. And I think we should look at some averages there. I know past performance is no predictor of future, somebody said. And I don't want to -- but if we're talking about giving a 200 percent bonus, I think 70 basis -- or 90 basis points overperformance relative to what we're looking at in the past, you know, how many -- how -- you said at the threshold, we hit it nine out of ten years. Okay.

Okay. Maybe I would still say we need to bump our threshold up a little bit. What's the target? How many years out of ten do you hit

the target? How much years out of ten do you hit the maximum? How many years out of ten do you hit the superior? It better be damn difficult to hit superior.

MR. CHAIR: So if you go to page 23, right, is maybe your question again, Peter. Just to have it in front of us.

MR. COLLINS: Yeah, one more. One more page. There you go. Yeah.

MR. K. JONES: Still stuck on 22.

MR. COLLINS: Mine just changed.

MR. CHAIR: Mine just changed, too.

MR. COLLINS: Yeah. Yeah. So how many years of that did you hit ten? How many years of that did you hit 50? How many years of that did you hit 70, and how many years did you hit 90? I see a lot more than one out the ten -- or I guess that's -- this is 20 here. You know, and that's my thinking. It's like do you have to hit something you hit every 3 out of 20 years to get superior? I don't know. But --

MR. CHAIR: Well, if you take the .9 for the heck of it, and you go back over one, two, three, four, five, six, seven, eight, nine, ten years, what do they hit it? One, two, three --

50- -- 60 percent of the time is the point.

MR. COLLINS: Yeah. So 90's too low in my opinion.

MR. WILSON: Well, but I think that's what Lamar is talking about. And, Lamar, if it's okay with you, I can paste the -- that chart that we're talking about in the chat so everyone can see it.

MR. TAYLOR: Yeah.

MR. WILSON: Sort of the tail of two halves, if you will. And what that shows is, really, you know, yes, in the last ten years, which have been fantastic, but if looked at -- I don't know if everyone can see that in the chat, but I just pasted it in the chat. If you went -- if you looked at the ten years prior, the 90th percentile, meaning one out of every ten years was 85 basis points, right? So I think it does change over time.

MR. TAYLOR: And I mean, the flip side of that is -- Josh, I think you made this point, too -- is that you have to keep in mind that the period prior to 2013, we didn't have incentive plan and comp -- in place. So what you could be seeing the last ten years is

people actually trying to perform. So this higher benchmark -- this higher mark could -- you could get there. So I mean, it's a lot to, you know, keep in mind.

So I don't want to say necessarily overweight or underweight either period. Just know that these things do change.

MR. K. JONES: Yeah. Look, I -- I was going to say, I think to Peter's earlier comment, if you're going to get to market, the optics -- and not -- I'm saying -- not saying we should do things in form over substance, but it does matter somewhat given the context that we are a public pension fund. But if you're going to go from, you know, where we are today, which we can argue is below market by some amount and go to the market, there's got to be a trade off there.

So my view would be that, look, if you want to go to full market, you know, Option 3, which by the way, I'm not necessarily opposed to because Florida is one of the top largest pension funds in the country. We should have the top talent in the country. Full stop, right? If you're wanting to have the best

performance, you pay people. Period.

So if you want to do that, if you want to get there, raise the threshold from 5 to -- pick a number -- 6 and a half, 7, whatever. You don't want to get too cute about it. But pick a number. And then go to market. And then add a superior column at the back that says, if you absolutely kill it and you outperform by 200 basis points, you should be rewarded, right? That's the way the private sector works. That's why you get the talented people that go to the private sector, right? And it's harder to get those people to come.

Forget about Tallahassee for a minute. I love Tallahassee. I lived there for five years. You know, I mean, you're going to end up with better people if you pay more money. It's just -- it's the way that the world works.

So my view is, you know, get this thing to market. It hasn't been adjusted in 12 years or however many years since we started this thing. But add some other governors on the back end so that it looks balanced. Because the last thing you want is to have somebody stand up and say, well, this is a -- you know, this is

ridiculous. These guys kept all the easy stuff easy and didn't make anything harder but they got a lot more money. And I just think that's a tough position to defend.

And I know Peter Collins -- I'll kind of the keep deferring back you to because you've been on this board for 300 years. And so -- and I say that because I love you.

MR. COLLINS: Gary Wendt's got me.

MR. K. JONES: Okay. You and Gary. But I -- you know, it's one of these things where you guys have the historical view point of how this thing got started. I don't. So I'm giving you kind of a fresh -- I mean, I've been on this board for a couple years now. But I do think the basic premise of, you know, you pay for good people, period. That's the way the world works, right? You pay more, you get better people, and you keep them. They don't leave as much.

And I will tell you that the poaching thing these days and finding high-quality talent that lasts is really, really hard. I mean, it's the hardest I've ever seen it in my career, and I've been doing this for, you know,

almost 30 years now. It's hard to find people that want to stay around. And, Gary, I see your face on the screen now.

MR. WENDT: Yeah. I'm ready for a statement, which won't mean anything to anybody. But I have to make it any way.

Having had the experience, not the -- necessarily just being on this board, but of managing tens of thousands of people over my lifetime and have many -- had many different bonus programs, I firmly believe that bonuses should be made on a subject basis with all the information that's possible, available for the person that makes that decision.

There are always things that happen in the world which affect your very sophisticated calculations, which you can't expect beforehand. Now, I don't know whether the State will ever allow us to do anything like that. But while it's been interesting watching all these -- all this data, I want to use a kind term and say it's BS. You can come up with all kinds of data doing all kinds of things. But as I said, at the end of the day, life affects it.

You should have the data available to you when you make your decisions. But, to me, bonuses should be subjective.

MR. COLLINS: When you see -- when you say "subjective," Gary, do you mean, like, in the eye of the person giving out the bonus?

MR. WENDT: Yeah. The -- whoever the boss is makes those decisions. And in the case of -- the CEO of the fund should make the decision on everybody -- of the pension fund to make the decisions on everybody with input from all his staff.

MR. COLLINS: So I agree with that in concept. As a boss, I agree with that. But I also agree with some oversight on the pool -- the bonus pool that's available, and then to allow the CEO to give that out. I think the board sets the pool and the CEO has discretion. Would you agree with that?

MR. WENDT: Yes.

MR. COLLINS: So it's interesting. I mean, it sort of turns this whole thing on its head, but it is interesting.

MR. WENDT: It's just --

MR. COLLINS: And so --

MR. CHAIR: Not to disagree, but I've been on about 15 different compensation committees, and I've never seen not quantitative being the driver of variable comp, especially for senior people. And --

MR. COLLINS: Yeah.

MR. CHAIR: -- there's a lot of empirical evidence about subjective -- just to take a contrarian's view, I'm more -- I like an aspect to be subjective. But, you know, I've seen a majority -- again, I don't have the experience that Gary does, but I have, you know, 20 years of comp committees, and I've seen more metric-driven variable than subjective-driven, you know --

MR. K. JONES: Yeah. I was going to say, Vinny, I --

MR. WENDT: All the -- all the metrics should be available as part of the decision-making process. They all should be there. And you -- so you guys pick whatever metrics you like. You know, I'm just saying that it's not -- for us to be spending a lot of time on which ones and which percentage and everything is nice, but at the end of the day,

somebody who knows what's going on in this organization needs to use that information but not make the decision on it.

MR. K. JONES: Yeah. I --

MR. WENDT: That's a personal opinion. That's not --

MR. K. JONES: Yeah.

MR. WENDT: -- (inaudible).

MR. K. JONES: I look at -- yeah. I tend to agree with Gary, that I do like the idea -- and I'm going to split the baby a little bit. But I love the idea of having subjectivity and having somebody be able to make a call based on what they see. And I think if you're a privately-held company in a public -- in a PE portfolio, knock yourself out. You can do it all day.

Now, to -- even that environment is changing to more -- as Vinny pointed out, more metric-based. But I would say in the context of public companies and in the context of certainly public pension funds, even as much as I would love to say, Chris Spencer, go exercise your brain and figure out what to go do here, I think that that gets optically tricky in a

public setting.

MR. WENDT: I worked for --

MR. K. JONES: Private setting --

MR. WENDT: I worked for a public company that had 300,000 to 400,000 employees. I only had 150 of that in my part. But believe -- everything was subjective on the bonus. Everything.

MR. K. JONES: Yeah. And look --

MR. WENDT: But the information was available. I'm not saying you don't look at numbers. You look at all the numbers. But the final decision is subjective.

Now, you know, how you want to do that, I don't care, but, in fact, I -- I have to be very honest with you. Set all the numbers, all the statistics you want, I don't really -- it's not -- to me, it's not important. You're gonna to -- at the end of the day, you're going to get together and say, my gosh, look what happened. We need to change that.

MR. CHAIR: In order to advance this ball, I don't -- that's a whole philosophical --

MR. WENDT: (Inaudible.)

MR. CHAIR: -- from what we're doing. And

I'm not sure going up to the SBA with that proposal is going to work without a lot more time.

MR. SPENCER: Well, Chair Olmstead, I can add one thing to do that. We do have a qualitative aspect to --

MR. CHAIR: Yeah.

MR. SPENCER: -- the evaluation. And so there's a factor that's already considered. And as part of our recommendations here, which we think is kind of a no-brainer, we just want to go ahead and -- Mercer identified this in their review of the plan. It's currently only a three-point scale on the individual evaluation of annual performance. We want to move that to five-point scale, that more closely aligns with some of our financial evaluations.

And so that will give us a little more granularity in that qualitative evaluation. And that is a factor that feeds into this. But the bulk of the formula that drives the current Incentive Comp Plan is driven between a combination of total fund performance and asset class performance based on the level of

position. But there is a qualitative measure in there.

MR. WENDT: By all means, I think you should use the data available. But for us to sit here and worry about .23 versus 626 and all that stuff is, to me, once again, not important. Give them data. Use your -- you've spent a lot -- we spent a lot of money on you now coming up with these formulas an everything. Fine. Make them -- run them every year and give them to -- this data to the people that are making the decisions. My point is let's don't be picky.

MR. CHAIR: Look I think, Gary, the point is for -- I -- my -- you know, Chris and Lamar can chime in. I think making that drastic change will delay this process for a very long time and could potentially -- I don't know. If I'm up at the governor's office, I'm not sure a completely subjective incentive compensation with data is going to fly. And not -- you know, so I think -- and, again, I have different experience than you on that aspect of it.

But for the purposes of pushing this sort

of, you know, process along, I think we should attempt to come up with a recommendation using the current, sort of, structure and -- the more long -- that longer conversation down the road a little bit. So I don't know if anybody has any other opinions on that. But I think we'll get into this vortex that will, you know, defeat the -- you know, I think it will just take too much time and may not even be able to be sold.

You know, Chris and Lamar, I don't know if you have an opinion on that.

MR. SPENCER: Well, Chair, I've been taking notes of kind of where the discussion's been. And if you're open to it, I could throw out an idea that kind of blends some things here together just to get some reaction from the members of the committee.

It sounds like -- and I'll just kind of walk through what I'm thinking here. If you look at Option 2, and you keep the increase max of 200 percent as the new additional, you know, maximum of what the basis points outperformance would be at a maximum of 90 basis points. And so you still have a target increase to 35

within 70. And then at 90. And then you would have 200 percent is achievable at 90 or any number thereof, how you guys look at that.

But, you know, if you use that as a baseline, those numbers, with an additional tier, is that -- that somewhat seems to summarize where you guys have been going. And then as far as the hurdle rate, either keep it at five or raise it to ten. So I think our preference would be, keep it at five, and then see how things go from there. But totally up for discussion.

MR. CHAIR: Yeah. Just real quick. So adding to that a little bit, I had written down sort of where I think we're -- at least a straw man of where we're ending up, which is, what -- you know, I'd be fine with keeping the five bps, going with Option 2, adding a superior level that is, you know, some number. I think looking at those different tiers, you know, and coming back with sort of a recommendation from you all on the tiers and the plus -- the superior level. And then I personally would be an advocate of the asset classes being able to earn incentive comp if -- you know, if they

outperform.

MR. COLLINS: So my only comment on that is on the low threshold and the high threshold. I think -- I'd like to see the low threshold at 10, and I'd like to see the high threshold at 100 bps. You know, it's hard for anybody to argue, hey, we delivered $2 billion worth of value and we -- we're going to make, you know, $9 billion -- $9 million for that. Okay. Sign me up.

MR. SPENCER: So --

MR. WILSON: So that -- just to think about it, that would be 10, 30, 70, and 100 as the hurdle rates. And for that, we're going with Option 2, which would be a target of 65 percent for Tier 1, a maximum of one and a half times that, which is 97.5, and then a superior, which would be 2 times that, which is 130 percent. Does that --

MR. COLLINS: Yeah.

MR. WILSON: -- summarize that?

MR. COLLINS: Yeah. I think you should change those terms. I'm not sure superior is more than maximum, but --

MR. WILSON: Fair.

MR. COLLINS: -- that's just me.

MR. SPENCER: Would it be helpful, Chair Olmstead, if we -- basically cleaning all this up, kind of, you know, the things that have come to -- basically, it sounds like kind of taking it down to what you've proposed, what -- unless you guys want to come to an agreement right now. But what Peter Collins is talking about, what you've talked about, we could generate these as two different comparisons and have some more numbers ran around that. And then maybe reconvene a comp committee in the next couple weeks.

Obviously, I think that would put us beyond what the next IAC meeting would be. And so we might have a -- you know, either a decision at the IAC or maybe we just bring it to the IAC meeting. I'm not sure, Josh, what -- how long it would take you to run some numbers. But that could be something that we bring to the IAC as a whole for final decision. I mean, that way, we have either just two options -- or unless you guys want to settle on what this -- go with the Peter Collins' proposal or the --

MR. COLLINS: Let's just have one option. Let's just have one option. We've spent an hour and half on this.

MR. CHAIR: Yeah. I don't think that ours is -- I don't think that Peter and I's are off because I didn't have a performance -- the only place that Peter and I are different is the threshold of five versus ten. And I really don't have a strong stance on that other than I don't think there's going to be difference, and so why change it? But that's just one person's -- you know, one person's opinion.

And then I think the superior or whatever number we come up with of 100 basis points -- I think that what Josh threw out was 90 and what Peter threw out was, you know, 100. I mean, if it seems to not be working in the future, we can always lower it. So I think it's a safe -- you know, it's a safe path to go. And I think, you know, when you look at how much -- if we do outperform at the target, at the maximum or the superior, I mean, it -- what the -- you know, the returns to the fund are pretty strong. So I think we have a strong rationale for that.

So I'm okay with just, like, pushing

forward so we don't have to keep this thing going at 10, 35, 70, and 100. And, again, being okay with the asset class, which is a good give. Being, you know, okay with Option 2. And I can't remember what else I'm -- and adding a five-point scale versus a three-point scale.

And I think that -- you know, again, over -- to Gary's point, overanalyzing this may be tough. And the reality is we're probably going to, at least around the fringes, have this conversation every year because most comp committees do. And I don't think there's anything wrong with that either. I think that's where our charge should be.

MR. SPENCER: Perfect.

MR. COLLINS: Do we need a motion?

MR. SPENCER: Yeah, that would be great.

MR. WENDT: One more thought, and that is we shouldn't spend anymore money on consultants. They've given us enough. They've give us enough. Come on. We got all this stuff and use it. Use it. But why are we -- this is taxpayer money we're spending.

MR. COLLINS: All right. So my motion is

to approve Option 2 with the target being 10 basis points. The 100 percent, I guess, it's at 30 -- the 150 at 70 and the 200 at 100 basis points. And to also adjust the plan to allow individual asset class participants in the bonus pool to be compensated even -- on some basis, even if the total fund does -- return does not meet the benchmark.

MR. CHAIR: And the five-point scale?

MR. COLLINS: Yeah. And the five-point scale. I'm sorry.

MR. CHAIR: Okay. I'll second that.

So, Gary?

MR. WENDT: I'm going forward with what you guys want to do.

MR. CHAIR: All right. Perfect.

MR. COLLINS: I'll say yes.

MR. CHAIR: Great.

MR. SPENCER: So, Chair Olmstead, I guess what we'll do is we'll clean this up and we'll send around this final approved recommendation to the IAC. And we'll circulate that around. And then we'll be ready for the IAC meeting in March.

MR. CHAIR: Great.

MR. COLLINS: We usually -- Chris, I know Lamar can probably get you last year's copy. But whenever we do this, we usually do a letter from the Chair and the committee recommending it to the trustees. I don't know if you still want to do that.

MR. SPENCER: Yeah. No. I think we would definitely like to do that after the IAC meeting once we get the final adoption. And then that --

MR. COLLINS: Yeah.

MR. SPENCER: -- will be something that we'll have accompany our draft budget recommendations that will go to the trustees for their review.

MR. COLLINS: Okay.

MR. K. JONES: And just from a process standpoint, this is going to come back to the full IAC for another discussion? Or, Peter -- maybe I'll ask Peter Collins, like, historically, does it go to -- are we going to go beat our brains out again for another two hours on this, or are we --

MR. COLLINS: No.

MR. K. JONES: Okay.

MR. COLLINS: The chairman -- the Chair of the IAC will recognize Chair Olmstead of the subcommittee. And the -- Chair Olmstead will introduce the new -- the revised compensation package. We can have a little discussion, but it's -- there's usually not much discussion and it's just voted on.

MR. K. JONES: Okay.

MR. CHAIR: Okay. I think we can call the meeting to conclusion. And this is -- that -- look, excellent conversation, and I think we're moving ourselves along here. So, Chris, Lamar, and Josh, thanks for the hard work and for everybody who's contributed, really appreciate it. And --

MR. COLLINS: I think the State got its money that they're paying us to do this.

MR. SPENCER: Well, we definitely -- we appreciate your support. You guys have always been amazing in support of us and the team over here. So we really -- we appreciate you being here with us on this and advancing this forward.

MR. CHAIR: Yeah. Peter, we bring the average consulting hour down to $400 based on

our time.

MR. WENDT: Pay the employees all you can.

MR. CHAIR: Yeah.

MR. WENDT: The consultants minimum.

MR. CHAIR: I think it's a perfect way to end. Thank you all.

(Meeting concluded at 11:44 a.m.)

* * *

CERTIFICATE OF REPORTER

STATE OF FLORIDA

COUNTY OF LEON

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

Dated this 8th day of March, 2025.

TRACY BROWN
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Attachment 3A

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July 15, 2025

Mr. Vinny Olmstead
Chair, IAC Compensation Subcommittee
2770 Indian River Boulevard, Suite 501
Vero Beach, FL 32960

Dear Vinny:

The 2024-2025 Fiscal Year was a tremendously successful year for the SBA and June 30, 2025, marks the end of my first full fiscal year in the role of Executive Director. As the IAC Compensation Subcommittee evaluates my performance during this period and prepares recommendations to the Trustees, this self-assessment provides details of the many accomplishments of the SBA over the past fiscal year.

These accomplishments are not possible without the contribution of every business unit in the organization. The SBA is blessed with tremendously talented professionals driven by an alignment of purpose to deliver on the SBA's vision statement "*to be the best public sector investment and administrative service provider while exemplifying the principles of trust, integrity and performance.*"

We recently adopted a new Strategic Plan for 2025-2028, and the accomplishments listed below are organized in alignment with the foundational elements of that Plan. Further details of these accomplishments and the ongoing efforts of the organization will follow in this report in alignment with the review format posed to the IAC members for evaluation.

KEY ACCOMPLISHMENTS FOR FY 2024-2025

1. **Enhance Operating Effectiveness and Efficiencies**
    - Launched an efficiency initiative resulting in cost savings of $700,000 for FY25-26 through the elimination or reduction of redundant or unnecessary systems and established a multi-year system consolidation effort to further reduce costs in subsequent fiscal years
    - Completed the cloud migration of accounting and investment performance data as part of Project Access, enabling greater capabilities of the accounting and analytics teams
    - Launched a comprehensive project at the Florida Hurricane Catastrophe Fund to modernize claims data management and established a hosted data repository
    - Restructured the Office of the General Counsel establishing two verticals for investment operations of the asset classes and organizational operations to streamline legal review
    - Established a Generative-AI working group and launched Microsoft CoPilot enterprise-wide to accelerate the integration of artificial intelligence capabilities across all business units

2. **Cultivate Talent and Leadership**
    - Restructured the Incentive Compensation Plan to increase target alpha and provide a performance compensation package more competitive with peers
    - Launched an effort for expanded partnerships with academic institutions for talent pipelines, including expanded internship opportunities across the organization
    - Onboarded key leadership positions including a new Senior Investment Policy Officer, Chief Financial Officer, Senior Investment Officer for Real Estate, Senior Investment Officer for Active Credit, and Corporate Governance Engagement Officer

3. **Enhance SBA Brand Value**
    - Launched the Corporate Governance Initiative focusing on promoting reforms at companies that promote long-term shareholder value
    - Collaborated with the Legislature on multiple pieces of legislation during the 2025 Session impacting the operations of the SBA, including:
        - Substantive changes to Florida Statute related to prohibited investments by the SBA in companies and entities that boycott Israel
        - Proposed legislation related to the inclusion of digital assets in s. 215.47, F.S.
        - Proposed legislation adversely impacting the Florida Hurricane Catastrophe Fund which would have increased exposure and reduced total collectable premium
    - Revised the Securities Litigation Policy and launched an open and competitive solicitation to update the litigation pool of the SBA to incorporate corporate governance priorities into the litigation strategy of the organization
    - Received the approval of a formal delegation of authority from the Trustees to initiate direct legal action when such action may yield substantial economic or corporate governance benefit

4. **Improve Net Returns**
    - Completed the launch of the Active Credit Asset Class and closed on a significant secondary sale of a sizable portion of the existing private credit portfolio
    - Implemented a geo-political risk reduction change to the Global Equity Investment Policy Statement by removing China and Hong Kong from the Global Equity benchmark
    - Launched an internal Global Equity active strategy and an internal passive ex-US strategy
    - Expanded the Private Equity Co-Investment Program
    - Initiated an effort to define and execute strategic partnerships with key managers with a focus on leveraging proprietary data of managers, gaining access to bespoke investment opportunities, and obtaining excellent economics in specific relationships with managers

OBJECTIVES FOR FY 2025-2026

Looking ahead, there are many ongoing initiatives that will take a large focus of the SBA for the 2025-2026 Fiscal Year. In addition to building from the accomplishments of FY2024-2025, below is a non-exhaustive list of what I expect my focus to include for the fiscal year ahead:

- Legislative priorities to revisit in the 2026 Session:
    - Grant of additional legislative authority in s. 215.47, F.S., concerning Net Asset Value Loans and Collateralized Financial Obligations securitization for portfolio flexibility in our private market asset classes

  - Exploring the opportunity to establish "Consolidated Plans", offering an Investment Plan product layered over an underlying defined benefit pension benefit to provide greater long-term retirement affordability to counter plan participant cost of living increases
- Complete comprehensive review of the operational policies of the SBA, which was launched in FY2024-2025, with the goal of streamlining operations to promote efficiency and enable innovation and agility
- Launch Corporate Governance Initiative, including the completion of quantitative and qualitative screens of Russell 3000 companies, with a comprehensive engagement strategy for SBA-led shareholder proposals
- Further implement the ongoing SBA priority effort to create investment products for the Investment Plan by allocating dedicated investment staff to lead product development, focusing first on completing the ongoing FRS DB Active Core Fixed Income Strategy for the Investment Plan
- Restructure Enterprise Project Management for the SBA as we continue to embrace technological innovation by completing the following:
  - Restructure the Enterprise Project Management Office by expanding the team and elevating them to a direct report to the Deputy Executive Director to promote enterprise-wide visibility with a comprehensive and strategic focus on project planning
  - Establishing a defined Enterprise Data Architecture, including refined data governance policy, integrated into ongoing Generative AI and service platform development – with a strategic focus on systems consolidation and interoperability
- Expand Co-Investment Programs in Private Equity and Active Credit to further drive net returns
- Complete Phase 1 of the extensive data modernization effort for the Florida Hurricane Catastrophe Fund, gaining better ownership of claims data and establishing a hosted system for better analytical capabilities

The following material follows the format of categories included in your evaluation materials consistent with the Incentive Compensation Plan as follows: Overall Mission, People, Efficiencies/Infrastructure/Operations, and Interactions with the Investment Advisory Council and Audit Committee. Your evaluation will be shared with the Trustees as part of their review for my annual reapproval as Executive Director as well as their final determination for compensation.

1. OVERALL MISSION

The rating for this category should reflect the degree to which the incumbent has:

- *Assured appropriate alignment with the investment policy of the SBA's mandates (e.g., FRS Defined Benefit Pension Fund, FRS Investment Plan, Florida PRIME, Florida Hurricane Catastrophe Fund (FHCF), etc.), considering the long-term needs of the relevant fund, the risk tolerance of SBA Trustees, and the perceived market environment.*
- *Provided leadership for effective functioning of the SBA, FHCF and the Office of Defined Contribution Programs.*
- *Maintained/strengthened the reputation/brand and performance of the SBA in relation to its large public pension fund peers, external communications and issue management.*

Performance of Key Mandates

The SBA is entrusted in law with multiple significant mandates. Investment management is the most direct articulation of our broad responsibility, however, when looking at the totality of our mandates, our responsibility can also be best described as providing stability for Florida:

- Stability for beneficiaries through the investment returns of the defined benefit and defined contribution plans,

- Stability for the State of Florida and local government employers through reliable long-term investment performance, helping to defray retirement benefit costs, and providing financial security through Florida PRIME, and
- Stability to Florida's real estate market through the efficient operation of the Florida Hurricane Catastrophe Fund.

Defined Benefit Plan (Pension Plan)

The performance of the Pension Plan exceeds its benchmark in the long term (5-year, 10-year, 15-year, and 20-year) but has underperformed in the 1- and 3-year period. Our goal is to continue investment outperformance in extended periods without allowing shorter-term underperformance to compound and erode returns in the long run. To accomplish this goal, we evaluate macroeconomic factors to arrive at a total portfolio strategy that is resilient in the face of the changing global investment environment.

The Chief Investment Officer, Lamar Taylor, has continued to implement the asset allocation changes approved by the Trustees two fiscal years ago – namely with the launch of the Active Credit Asset Class with a focus on a lower credit risk investment strategy and lower equity exposure. To this effect, Lamar has done a tremendous job in partnership with the new Senior Investment Officer of the Active Credit Asset Class, John Mogg, and his staff. With the launch of the asset class, John and his team re-underwrote the entire private credit portfolio and executed a secondary sale resulting in a significant reduction of equity exposure in the portfolio, enabling repositioning to a lower-risk, senior secured strategy.

When we look at our largest asset class and source of much of our liquidity for monthly benefits assessments, Global Equity, we engaged in a geopolitical de-risking exercise beginning early in the fiscal year. I grew concerned early in my term as Executive Director over the consistent escalation of geopolitical risk surrounding China, as evidenced by continued activity by both the Federal and State governments restricting access to segments of the Chinese market over the past many years. Working with the Global Equity Asset Class and our primary total fund consultant, Aon, we reviewed Chinese equity market performance relative to emerging markets and all global markets and arrived at the conclusion to remove China and Hong Kong from our global equity benchmark. While our managers in the region retain the authority to take active positions in Chinese securities, the elimination of China and Hong Kong from the benchmark resulted in a reduction of approximately $2 billion of exposure to China and Hong Kong.

While remaining the greatest source of long-term alpha for the total fund, Private Equity performance lags its public market benchmark in the short run as the asset class remains challenged by higher interest rates and macroeconomic uncertainty negatively affecting portfolio company exits and other distribution opportunities. The private equity landscape will very likely remain challenged in the year ahead for these same reasons, but we expect improvement as the interest rate environment eases and the global trade dynamic comes more clearly into focus. Despite these exogenous factors, we see significant opportunity to improve the net returns of our private equity portfolio through an increase in our co-investment strategy – reducing the aggregate fee load of the private equity portfolio with no-fee/no-carry co-investments. To that end, we have expanded our co-investment program over the past year and have allocated additional dedicated staff to the program to continue an expansion of the program over the year ahead.

Ultimately, a significant focus in our Pension Plan management strategy concerns the unfunded actuarial liability (UAL). Participating employer contributions to the plan are comprised of an actuarial contribution for pension benefits and an additional contribution toward eliminating the UAL of the plan over time. We

work with the legislature each year to ensure appropriate funding is provided for both funding components of the plan, so that we can continue to deliver approximately two-thirds of dollars paid in retirement benefits derived from investment performance vs. employer contributions. For FY24-25, working with the Retirement Assumptions Conference and the Legislature, we were able to maintain the actuarial return assumption of 6.7% and marginally increase contributions resulting from an update to mortality data. We still have more work to do toward addressing the UAL, and over the next fiscal year we will work with the Legislature to continue advocating a methodological shift to both a level-dollar and shorter period of amortization.

Defined Contribution Plan (Investment Plan)

The performance of the Investment Plan exceeds its benchmark in the 10-year period but lags in all shorter periods. A large factor contributing to the short-term underperformance is the defensive posture of active equity managers in the face of equity market exuberance over recent years, as well as underperformance of stable value funds offered to participants. The Investment Plan continues to be the fastest growing mandate we manage by new enrollment, with approximately two-thirds of all new enrollment defaults and active elections selecting the Investment Plan for employees of participating employers.

When we think about the future of the Pension Plan and the Investment Plan, enrollment trends clearly tell us the Investment Plan will contain the largest number of beneficiaries between the two plans. When we think strategically about this likely eventuality, we believe the professional staff of the Pension Plan can and will serve a role in providing investment products for the benefit of Investment Plan participants. We secured legislative authority to provide these investment products several years ago, and over the past fiscal year we have worked toward an initial offering of Active Core Fixed Income investment products. I anticipate major movement toward execution of this initial product offering in the next fiscal year. Looking further ahead, accessibility of our private market asset classes to Investment Plan participants will be the objective of this effort. We are establishing a dedicated portfolio manager to oversee the project management of additional product offerings, starting with the completion of the Active Core Fixed Income product, and I am very optimistic about the progress we will make in FY25-26.

Innovating the product offerings to Investment Plan participants is clearly within our fiduciary duty to our beneficiaries, but we also view retirement affordability of Pension Plan participants as an important responsibility as well. Following the elimination of the Cost of Living Adjustment (COLA) of the Pension Plan many years ago, the Legislature has recently reviewed restoring the COLA. In the upcoming year, we are reviewing a "Consolidated Plan" legislative proposal which offers an Investment Plan component layered over an underlying Pension Plan benefit as a novel approach to addressing the COLA question for pension plan participants. Such a proposal, if approved by the Legislature and the Trustees, would complement the integration philosophy leading our current efforts for Pension Plan investment products offered for Investment Plan participants.

Florida PRIME™

During the 2024-2025 Fiscal Year, Florida PRIME™ reached a new all-time high exceeding $34 billion. Florida PRIME™ provides financial stability to our pool participants with reliable returns consistently above benchmark in all time periods. During the 2024-2025 Fiscal Year our focus at Florida PRIME™ centered on operational and security enhancements such as improved multifactor authentication and review of multiple users using individual accounts of pool participants. Looking ahead, the Florida PRIME™

team is reviewing potential additional product offerings such as a longer average duration, higher yielding fund, and we anticipate discussing this with the IAC in the year ahead.

Florida Hurricane Catastrophe Fund (CAT Fund)

The investment performance of the CAT Fund assets managed by the SBA also exceed its benchmark for all time periods. The 2024 Hurricane Season saw three hurricane landfalls, two of which were major hurricanes at landfall. Factoring in loss reserves for the 2024 Hurricanes, the CAT Fund ended 2024 with a total claims paying capacity of $17.87 billion, exceeding the statutory maximum capacity of $17 billion.

Total claims paying capacity includes an ending calendar year-end cash balance of $6.72 billion, $3.25 billion of existing pre-event bonds issued in 2020 and 2024, and an estimated borrowing capacity of $7.9 billion. As we approached the 2025 Hurricane Season the professional staff of the CAT Fund ran the annual standard analysis of market options for risk transfer and new issuance of pre-event bonds. Following this analysis, and based on current interest rates and market conditions, we decided not to purchase reinsurance or engage in any other risk transfer agreements, and we also decided not to issue any additional pre-event bonds. Given the status of the CAT Fund as a well understood and strong credit, and the availability of ample cash, existing pre-event bond proceeds, and adequate borrowing capacity in the market, we did not feel it necessary to incur additional pre-event debt at a time when the debt would be costly to acquire.

We are now looking at changes to the investment management of the CAT Fund cash balance by the Fixed Income Asset Class to increase investment return, looking carefully at the history of prior hurricanes and the timeline of major payments to participating insurers following major events to ensure the CAT Fund maintains adequate liquidity for any Hurricane Season scenario. We expect this analysis and any potential adjustment to the investment strategy of the CAT Fund's assets resulting thereof to occur over the next several months, with full implementation following the conclusion of the 2025 Hurricane Season.

During a Special Session of the Florida Legislature in December 2022, the "Florida Optional Reinsurance Assistance Program" (FORA) was established to provide four optional layers of reinsurance below the CAT Fund's retention for the 2023 Hurricane Season, and $1 billion was appropriated in reserve by the Legislature to support the reimbursement of losses. Over the past fiscal year, the CAT Fund successfully commuted all claims potentially eligible under FORA, released the $1 billion of reserve, and distributed over $160 million from premiums collected and investment income on those premiums to the General Fund of the State of Florida – more than 5 years ahead of the scheduled expiration of the program in law.

The CAT Fund remains a consistent pillar of stability in Florida's insurance industry supporting the state's real estate market. Complimenting this role, we work closely with the Legislature to comment on legislative proposals impacting the CAT Fund. During the 2025 Legislative Session we worked closely with the Legislature on several substantive proposals which would have increased exposure and reduced total collectable premium for the CAT Fund, which ultimately failed.

Additional Mandates

During the 2024-2025 Fiscal Year the operational staff of the SBA worked closely with the Division of Bond Finance on the implementation of the second year of the Debt Reduction Program of the State. The Legislature appropriated $500 million for the accelerated repayment of state debt and those funds were successfully deployed, with the Division of Bond Finance retiring over $525 million of state debt with debt

service and interest savings exceeding $334 million. The financial operations and trust services teams of the SBA assisted in establishing a portal for tender offers and other back-office support to assist with the expedient implementation of this program. Looking ahead, the Legislature made the Debt Reduction Program permanent during the 2025 Session with an annual recurring appropriation. The SBA back-office staff are working with the Division of Bond Finance to formalize the process and procedures from last year to support this effort for the years ahead.

Corporate Governance

Prior to assuming the role of Executive Director I had the privilege of working with the SBA on several significant priorities of the Trustees in the Corporate Governance arena, notably around "ESG" which ultimately resulted in the passage of HB 3 during the 2023 Legislative Session. Upon entering this role, I worked closely with the Trustees to develop the Corporate Governance Initiative to build upon the Legislative mandate of HB 3.

The objective of the Corporate Governance Initiative is to advance governance policy reform that improves long-term value at public businesses in which we are a shareowner. The SBA has a proven track record engaging public companies on matters including Board of Directors reforms and combatting anti-takeover mechanisms in the past. Building on this prior experience, I directed the Investment Policy & Governance team to develop a quantitative screening mechanism of Russell 3000 companies and a qualitative screen of governance policies including, but not limited to, executive compensation, board composition, and ESG policy. Additionally, the team is developing a comprehensive framework for governance engagement including direct company engagement and SBA-led shareholder proposals, and we established a new leadership role for the Corporate Governance Engagement Officer. We anticipate the launch of this initiative in the 2025-2026 Fiscal Year.

Additionally, we received a formal delegation of authority from the Trustees to initiate legal action. Prior to this delegation, the SBA was required to seek approval by the Trustees at a public meeting of the Board before initiating any direct legal action[1]. As part of this action, the Trustees directed the SBA to establish a Litigation Reserve Fund of up to $20 million from the unencumbered balance of the SBA's Administrative Expense Trust Fund, and to issue a competitive procurement to update our existing litigation pool of law firms to include a scope of services contemplating corporate governance focused legal action. These funds are available as needed to support legal actions brought by the SBA in the limited occurrences where a traditional contingency fee-based engagement with external counsel may not be the most advantageous avenue for the SBA.

Through the implementation of the Reserve Fund, I coordinated with the Office of the General Counsel, Financial Operations, Accounting, and other members of our leadership team to establish appropriate controls governing the use of the Reserve Fund. The competitive procurement for an expanded/refreshed litigation pool remains ongoing, with a timeline for completion and award to winning firms anticipated over the next several months.

The Trustees also directed the SBA to update the Securities Litigation Policy to align with the Corporate Governance Initiative and revised litigation pool. This update has been completed, and specifically it establishes an avenue for evaluation of potential suits initiated by the SBA where the pursuit of corporate governance reforms is the primary objective. The SBA has held a long-standing view imbedded in its

[1] Note: initiating legal action does not include joining a certified class or responding to legal actions in which the SBA is a defendant.

Corporate Governance Principles and Proxy Voting Guidelines that *"as a long-term investor, good corporate governance practices serve to protect and enhance our long-term portfolio values."* Considering legal action in pursuit of corporate governance reforms therefore furthers the SBA's objective to protect and enhance long-term values.

Implementing these Corporate Governance changes requires further integration between the Investment Policy & Governance team, the Corporate Governance Engagement Officer, and the Office of the General Counsel in the evaluation of future governance-focused suits consistent with our fiduciary duty. The development of qualitative evaluation criteria remains ongoing and is expected to be completed in the 2025-2026 Fiscal Year coinciding with the completion of the Corporate Governance Initiative screens.

2. PEOPLE

The rating for this category should reflect the degree to which the incumbent has:

- *Developed subordinate staff*
- *Recruited and retained key talent*

Structure

The greatest asset of the SBA is the talented staff of the asset classes, the operational business units, and the many support staff of the organization. I believe effective organizational management requires diligent attention to an efficient structure, and trust by senior leadership in the capabilities and decision-making of the organization's managers placed in that structure.

When I joined the SBA the organization was restructured in a way to focus investment operations (e.g. the asset classes) under the Chief Investment Officer, Lamar Taylor, and organizational operations (e.g. the Chief Operations Officer and Chief Financial Officer) under the Deputy Executive Director, Paul Groom. Lamar and Paul have performed exceptionally well over the past fiscal year in these roles.

The new organizational restructuring required changes to a significant number of SBA policies to establish an appropriate approval process for investment and operational decisions and a retooling of workflows within the new organizational structure. Those changes were successfully completed throughout the first half of the fiscal year. Consistent with this investment and operations focus, the Office of the General Counsel was restructured to establish operations and investment verticals which streamline legal review and diligence for the asset classes. The Office of the General Counsel now has two Deputy General Counsels (one for investment activity and one for general operations), and the Assistant General Counsels are cross trained across the verticals to promote succession planning and knowledge transfer.

Recruitment and Retention

Appropriate compensation is a key element to recruiting and retaining the best talent to enable our organizational structure to operate effectively. Immediately after assuming my role, I tasked our leadership team with a review of our performance-based compensation. The key to driving exceptional performance is aligning incentives with expectations for outcomes – which is a philosophy consistent with our investment strategies. This alignment is reflected in our Incentive Compensation Plan (ICP).

With the support of the IAC, we were able to secure the first substantive changes to the ICP since its inception in 2014. These changes increase both the maximum reward for eligible SBA employees as well

as the expectation of investment outperformance. I am thankful to the IAC members for their important input and support of this important effort and to the Trustees for their support of the implementation of the changes.

To further ensure competitiveness of the total compensation package, we've continued to annually adjust our base compensation in a data-driven focus on market conditions. For the 2024-2025 Fiscal Year, we were able to provide a meaningful merit increase for employees as part of our formal recruitment and retention annual budget effort, which includes an annual adjustment in the pay grades and classifications of employees. Looking ahead, over the next several months I have tasked the Human Resources team with reviewing the existing pay grades of the organization to evaluate potential revisions that better provide clear upward mobility for employees as they advance into management roles, while reducing complexity and unnecessary layering that often results in compensation compression issues that frustrate efficient and consistent budgetary management of total compensation.

Talent Pipeline - Internships

The SBA maintains a prestigious internship program and, capitalizing on proximity, partners with the Florida State University College of Business to bring undergraduate upperclassmen and Master of Science in Finance students to intern at the organization. The Human Resources team has engaged the asset classes and business units to expand this program and provide a wider engagement of interns in project-based roles, floating availability of interns, and cross-trained rotating internships. Over the next year, we are exploring expanded partnerships with additional Universities and it is my goal to develop the SBA's internship program into a leader among peers in talent recruitment for entry level positions across the organization.

Key Personnel Hires

The wealth of talent at the SBA was expanded over the past fiscal year with the successful onboarding of key personnel into leadership roles over the past fiscal year including:

- Marco Perzichilli as the Senior Investment Policy Officer
- Lynne Gray as the Senior Investment Officer for Real Estate
- John Mogg as the Senior Investment Officer for Active Credit
- Mandi Dyal as the Chief Financial Officer
- Richard Cassedy as the Corporate Governance Engagement Officer

3. EFFICIENCIES/INFRASTRUCTURE/OPERATIONS

The rating for this category should reflect the degree to which the incumbent has:

- *Assured the development of organizational structures, systems and processes that enable effective functioning of the SBA, FHCF and the Office of Defined Contribution Programs.*
- *This includes such areas as communication of knowledge; development and institutionalization of systems and structures to enhance performance and control risk; efficient acquisition and use of data and other resources; business continuity planning, etc.*

Reduction of technical debt through systems consolidation and improvement of technological innovation are recurring themes incorporated into our 2025-2028 Strategic Plan. Immediately after assuming the Executive Director role, I tasked the leadership team with a review of the information technology systems of the SBA to identify opportunities for consolidation – an effort I termed our "Efficiency Initiative". Over

time, "technology creep" in organizations results not only in bloated cost from redundant systems but often also results in wasted resources and reduced staff efficiency due to a lack of enterprise-wide interoperability and uniformity of systems' data and governance.

Our FY25-26 approved operating budget includes over $700,000 in cost savings resulting from the first phase of the Efficiency Initiative. These savings span across both asset class and operational business units. Looking ahead, the next phase of the Efficiency Initiative will focus on systems reduction and consolidation that require more time to implement due to additional diligence and project management around consolidation opportunities. The Enterprise Project Management Office has initiated this next phase, and we expect FY26-27 to include additional cost-savings and reductions/eliminations of systems and long-term consolidations to improve operational efficiency.

In furtherance of operational efficiency in our technological capabilities, I directed the restructuring of the Enterprise Project Management Office (EPMO) to move it from the Information Technology business unit to report directly to the Deputy Executive Director and provide an additional Senior Project Manager to the Office. The elevation of the EPMO comes with a directive to comprehensively manage projects and the project pipeline consistent with our strategic goals, prioritizing an enterprise-wide viewpoint of enhancing our data analytics capabilities. This effort will include the development of Enterprise Data Architecture and data governance policy that promote interoperability of data and platforms across both existing systems and new systems, which will enable further consolidation and cost savings over time.

A key example of a strategic project with enterprise-wide implications is the effort of the last two years to update, streamline and improve our information technology, data management, performance measurement and investment analytics infrastructure – known internally as Project Access. In June we completed Phase 1 of Project Access, which included a migration of our on-premises portfolio accounting and performance system to a hosted platform.

The project has significantly reduced operational workload — recapturing over 1,100 annual hours — by eliminating redundant queries, Excel-based checks, and outdated interfaces. It has also advanced the SBA's Performance Maturity Model (PMM), shifting from manual oversight to exception-based monitoring and centralized data governance. This effort now provides a framework to prepare for future enhancements such as total fund analytics and externally managed asset integration, both of which are ongoing priority projects of the Senior Investment Policy Officer and CIO to enhance total fund performance.

As we continue to prioritize innovation, Generative AI has been integrated into the SBA enterprise wide. Earlier this year we established a Generative AI Working Group to provide oversight of artificial intelligence developments across business units, and we recently launched Microsoft CoPilot for all employees of the SBA. We are currently holding a robust training schedule for all employees to become proficient in CoPilot, and as we approve further artificial intelligence deployments within the organization, I expect we will realize significant operational efficiency improvements and cost savings in future operational budgets.

The focus on innovation is designed to promote agility across the SBA, but that cannot be realized through system enhancements alone. The SBA has an extensive collection of policies and procedures developed over many years to clearly define processes and control risk. Over the past year I met with the managers of multiple business units and the leadership of asset classes to assess the current policies and procedures and the degree to which some policies need to be amended, consolidated, or eliminated. At my direction,

the Risk Management and Compliance team is now engaged in an initiative to comprehensively review our policies and recommend consolidation for efficiency improvements – and we expect the first cohorts of policy changes resulting from this effort to occur during the 2025-2026 Fiscal Year.

4. INTERACTIONS WITH THE INVESTMENT ADVISORY COUNCIL AND AUDIT COMMITTEE

The rating for this category should reflect the degree to which the incumbent has:

- *Maintained effective working relationships with individual IAC members and the Council as a whole and with members of the Audit Committee on matters within the concern of each body.*
- *Provided requested information and transparency.*

The IAC and the Audit Committee serve critical roles which enable the professional staff of the SBA to operate at the level of performance our beneficiaries expect. These two oversight bodies keep our staff current on market trends and best practices by challenging us to think creatively and report on our activity. The IAC and the Audit Committee further serves as important extensions of our Trustees as their appointees.

The spirited discussion in the IAC meetings on significant topics over the past fiscal year on matters ranging from the Ex-China benchmark change, private market fees, and the changes to the ICP resulted in better execution on significant objectives for the organization. During natural disasters such as Hurricanes Helene and Milton, and significant events like the global CrowdStrike incident, I felt it was important to keep our appointees apprised of operational impacts to the organization and I am pleased to report that the SBA managed through these events with minimal disruptions.

I strive to be accessible to every appointee and encourage feedback from each appointee – positive or negative – to hold me accountable on my responsibilities to the SBA and our beneficiaries.

As I look back on the past fiscal year, I am proud of the accomplishments of the professional staff of the SBA. I believe the organization is living true to our mission statement, "*to provide superior investment management and trust services by proactively and comprehensively managing risk and adhering to the highest ethical, fiduciary and professional standards.*" I welcome your evaluation of my performance over this past year, and I look forward to working with you to improve any deficiencies and continue our focus on excellence in the fiscal year ahead.

Sincerely,

Chris Spencer
Executive Director

ED Evaluation Process - FY 2024-2025

ED Individual/Qualitative Measurement

The sections below outline the approved criteria and process for evaluating the ED's individual/qualitative performance. Any changes to the criteria for the next Performance Period (fiscal year) need to have been determined and communicated to the ED prior to July 1.

ED Individual/Qualitative Performance Criteria

Criteria

In line with the overall framework for the incentive plan, criteria for the individual/qualitative performance portion of the ED's incentive award approved in June 2015 are: (1) Overall Mission; (2) People; (3) Efficiencies/Infrastructure/Operations; and (4) Interaction with the Investment Advisory Council and Audit Committee. The Qualitative Evaluation Form on the following pages includes more descriptive information regarding each rating area.

Process and Schedule for ED Individual/Qualitative Performance Rating

July 1-15: ED prepares summary of accomplishments in each of the four areas (Mission, People, Efficiencies/Infrastructure/Operations, and Interaction with IAC and Audit Committee). As part of the summary, the Executive Director may want to encourage the individual IAC raters to speak with individual members of the Audit Committee to gain additional perspective on interactions with them.

By July 15: ED sends his Summary to raters along with the attached evaluation form.

By July 31: Raters evaluate ED and return form to Mercer. Mercer may seek clarification of the ratings and/or comments of individual raters.

By August 31: Mercer compiles final ratings and all final comments from raters and sends them to the ED, who will compile the materials for a noticed public meeting of the Compensation Subcommittee and/or IAC meeting to review/discuss the evaluation with ED and provide an overall recommendation to the Trustees. The Subcommittee will present its recommendation to the IAC for its approval or disapproval prior to sending the recommendation to the Trustees.

Following the public meetings of the Subcommittee and the IAC, the Executive Director will incorporate the raters' recommendations in the determination of the CIO's qualitative portion of the Incentive Compensation Plan and the CIO's annual evaluation.

September: Trustees consider recommendation in public meeting.

State Board of Administration
Executive Director
Evaluation Form – FY 2024-2025

Vinny Olmstead

Background:

As part of the annual incentive plan for the SBA, the ED will have an individual/qualitative portion of his award that the Compensation Subcommittee of the IAC will be responsible for assessing. Subsequently, the Compensation Subcommittee will make a recommendation to the full IAC (which in turn will make a recommendation to the Trustees) combining both financial and individual/qualitative performance. The following categories are used to evaluate the individual/qualitative portion of the ED's performance.

Please complete the following ratings for the ED and provide any comments as appropriate. For each category below, please indicate your rating of the ED's performance in that category by circling one of the responses ranging from "Poor" to "Exceeds Expectations". Please provide any additional comments you may have in the comments box for the respective category, particularly if the rating is below "Meets Expectations."

1) Overall Mission

The rating for this category should reflect the degree to which the incumbent has:

- Assured appropriate alignment with the investment policy of the SBA's mandates (e.g., FRS Defined Benefit Pension Fund, FRS Investment Plan, Florida PRIME, Florida Hurricane Catastrophe Fund (FHCF), etc.), considering the long-term needs of the relevant fund, the risk tolerance of SBA Trustees, and the perceived market environment.
- Provided leadership for effective functioning of the SBA, FHCF and the Office of Defined Contribution Programs.
- Maintained/strengthened the reputation/brand and performance of the SBA in relation to its large public pension fund peers, external communications and issue management.

(Circle One)

Poor Below Expectation Meets Expectations Exceeds Expectations

Comments:

State Board of Administration
Executive Director
Evaluation Form – FY 2024-2025

2) **People**

The rating for this category should reflect the degree to which the incumbent has:

- Developed subordinate staff
- Recruited and retained key talent

(Circle One)

Poor Below Expectation Meets Expectations Exceeds Expectations

Comments:

3) Efficiencies/Infrastructure/Operations

The rating for this category should reflect the degree to which the incumbent has:

- Assured the development of organizational structures, systems and processes that enable effective functioning of the SBA, FHCF and the Office of Defined Contribution Programs.
- This includes such areas as communication of knowledge; development and institutionalization of systems and structures to enhance performance and control risk; efficient acquisition and use of data and other resources; business continuity planning, etc.

(Circle One)

Poor Below Expectation Meets Expectations Exceeds Expectations

Comments:

State Board of Administration
Executive Director
Evaluation Form – FY 2024-2025

4) **Interaction with the Investment Advisory Council and Audit Committee**

The rating for this category should reflect the degree to which the incumbent has:

- Maintained effective working relationships with individual IAC members and the Council as a whole and with members of the Audit Committee on matters within the concern of each body.
- Provided requested information and transparency.

Note: As part of the evaluation process, individual raters may speak with individual members of the Audit Committee to gain perspective on incumbent's interactions with them.

(Circle One)

Poor Below Expectation Meets Expectations Exceeds Expectations

Comments:

Other Commentary or Considerations

****

Overall Individual/Qualitative Performance Rating for this Period: ***(Circle one)***
Poor Below Expectation Meets Expectations Exceeds Expectations

Attachment 3B

Mercer

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STATE BOARD OF ADMINISTRATION FLORIDA

EXECUTIVE DIRECTOR PERFORMANCE EVALUATION SUMMARY

August 2025

Josh Wilson, Partner, Atlanta

A business of Marsh McLennan

Introduction

- Mercer has advised State Board of Administration Florida (SBA) on a variety of human capital needs since 2012.
- Mercer acts as the independent party in the annual review process of the Executive Director.
- In this process, Mercer collects the performance evaluations completed by the IAC members and disseminates a summary of the findings.
- Performance reviews were completed by the following members:

Teri Canida	John Goetz	Peter Jones
Peter Collins	Ken Jones	Vinny Olmstead

- This is Mr. Chris Spencer's first year in the role, and therefore his first evaluation.
- The following pages include an overall summary of the responses and detailed pages on the survey questions.

Executive Summary

Question	2025 Average Rating (out of a possible score of 4)
Overall Mission	3.50
People	3.50
Efficiencies/ Infrastructure /Operations	3.33
Interaction with Committees	3.50
Individual Rating	3.50

- Overall, the Executive Director received strong marks across all categories.
- Many responses indicated that “meets expectations” was the default rating for Mr. Spencer given that he is new to the role, and yet, Mr. Spencer’s ratings all averaged out above a 3.0. This indicates strong first year performance

- Mercer converted the rating scale to a numerical scale as follows:
  - Exceeds Expectations = 4 out of 4
  - Meets Expectations = 3 out of 4
  - Below Expectations = 2 out of 4
  - Poor = 1 out of 4

Overall mission

- The rating for this category should reflect the degree to which the Executive Director has:
- Assured appropriate alignment with the investment policy of the SBA's mandates (e.g., FRS Defined Benefit Pension Fund, FRS Investment Plan, Florida PRIME, Florida Hurricane Catastrophe Fund (FHCf), etc.), considering the long term needs of the relevant fund, the risk tolerance of SBA Trustees, and the perceived market environment.
- Provided leadership for effective functioning of the SBA, FHCF and the Office of Defined Contribution Programs.
- Maintained/strengthened the reputation/brand and performance of the SBA in relation to its large public pension fund peers; external communications and issue management

3.50 OUT OF 4

Comments:

"The Executive Director has demonstrated strong leadership in ensuring the SBA maintains its long term performance and excellent reputation in the pension arena"

"Chris has done a remarkable job in a short period of time articulating the vision and mission of the SBA. Furthermore, he has been able to articulate the goals and mandates to the staff and ensure everyone is aligned to drive returns for the various plans and funds of the SBA."

People

- The rating for this category should reflect the degree to which the Executive Director has:
  - Developed subordinate staff
  - Recruited and retained key talent

3.50 OUT OF 4

Comments:

"Too early to tell; early indications positive"

"Has been successful maintaining and acquiring (when necessary) talented staff"

"ED continues to work successfully in strengthening the investment team. Has worked constructively and successfully with the CIO"

"Chris has done an excellent job in developing solid working relationships with staff as well as recruiting and retaining new and existing team members"

"There were five key appointments and in my view is that these were high quality additions, despite some of the impediments to recruiting to Tallahassee"

Efficiencies/Infrastructure/operations

- The rating for this category should reflect the degree to which the ED has:
  - Assured the development of organizational structures, systems and processes that enable effective functioning of the SBA, FHCF and the Office of Defined Contribution Programs.
    - This includes such areas as communication of knowledge; development and institutionalization of systems and structures to enhance performance and control risk; efficient acquisition and use of data and other resources; business continuity planning, etc.

3.33 OUT OF 4

Comments:

"Evidence of cost savings and leaning into AI. Efficient quarterly meetings"

"Doing excellent work improving the operations - as expected"

"Chris has a particularly strong skill set in process and procedure. His leadership in this area is effective and qualitative. His communication style and skills are also excellent, and I believe he has the respect of his peers and colleagues."

'The improvements to IT infrastructure and cost reduction are duly noted."

Interaction with IAC & Audit Committee

- The rating for this category should reflect the degree to which the Executive Director has:
  - Maintained effective working relationships with individual IAC members and the Council as a whole, and with members of the Audit Committee on matters within the concern of each body.
  - Provided requested information and transparency. Note: As part of the evaluation process, individual raters may speak with individual members of the IAC, Audit Committee to gain perspective on Interim ED/CIO interactions with them.

3.50 OUT OF 4

Comments:

"Seems like communication is limited to quarterly meeting. Very few updates so need to rely on news releases i.e. new members, strategic plan, key initiatives"

"Communicates exceedingly well. No surprises"

"ED has successfully built a relationship with the IAC Members since he took over as ED. Communication and transparency is good. Should continue to strengthen and build relationships with IAC Members"

"I find Chris to be an effective leader and good communicator. His interactions are purposeful and effective"

Overall Individual/Qualitative Performance Rating for this period

3.50 OUT OF 4

Comments:

"Early in tenure, and many initiatives/results take years. Early indications are strong. Communication and early tenure factored into meets vs exceeds. Dedicated, focused, and smart, just hard to assess other than results"

"Expectations are high for this role so it is difficult to exceed. In summary - excellent performance"

"In my opinion, Chris has very successfully executed his job as Executive Director in the past year, showing excellent leadership skills"

"Difficult to judge on a short-term basis. He's doing very well but would like more communication outside of meetings"

"Hiring Chris as the Executive Director has been an effective and smart move for the health and continued success of the SBA. He works well with Lamar and has been quick to give credit where credit is due. He is a thoughtful and collaborative leader and he has my support"

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Attachment 4A

STATE BOARD OF ADMINISTRATION OF FLORIDA

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GOVERNOR
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CHIEF FINANCIAL OFFICER

JAMES UTHMEIER
ATTORNEY GENERAL

CHRIS SPENCER
EXECUTIVE DIRECTOR

July 15, 2025

Mr. Vinny Olmstead
Chair, IAC Compensation Subcommittee
2770 Indian River Boulevard, Suite 501 Vero
Beach, FL 32960

Dear Vinny:

In preparation for the September 2025 IAC Compensation Subcommittee meeting, I have prepared for the Subcommittee's consideration the following self-assessment. The Subcommittee's evaluation and feedback will assist the Executive Director in his annual evaluation of my performance for Fiscal Year 2024-25, including the qualitative assessment included in the SBA's incentive compensation plan.

Although I will elaborate in more detail in the following pages, the summary below of this year's key accomplishments and goals for the upcoming year indicate my willingness and ability to successfully implement the Trustees', the IAC's, and the Executive Director's strategic investment objectives of the SBA's major mandates.

Key Accomplishments This Past Year:

1. Continued to move Pension Plan asset allocation to target, including overseeing:
    - The further build out of the Active Credit Asset Class through the addition of new liquid credit managers and the restructuring of the private credit portion of the portfolio.
    - The continued restructuring of the Strategic Investment Asset Class by improving quantitative analytics and consultant support relating to selection and monitoring of hedge funds.
    - The management of concentration risk in Global Equity by maintaining the passive exposure limit at 60% of the asset class and adding new active, enhanced passive and ex-US passive investment strategies.
2. Assisted the Executive Director in mitigating geopolitical risk in Pension Plan equity holdings by removing China from FRS Defined Benefit Plan Benchmarks.
3. Developed a pathway to include FRS Defined Benefit Active Core Fixed Income strategy in DC target date funds in furtherance of the SBA's objective to create investment products for the Investment Plan.
4. Filled key senior asset allocation position and commenced several quantitative, research-driven initiatives to improve the strategic asset allocation process.
5. Continued implementation of key upgrades to investment accounting and analytics technology.
6. Assisted in other key duties as assigned, including formulating recommendations to the Actuarial Assumptions Conference relating to Pension Plan contributions and participating in efforts to improve compensation plan competitiveness.

Key Goals for the Upcoming Year:

1. Complete an Asset Liability Study as a precursor to a planned Asset Allocation Review in 2026.
2. Fill key data and research positions and continue progress on current research initiatives.
3. Create and fill a portfolio manager position overseeing investment products for the Investment Plan.
4. Implement the Real Estate securitization program authorized in the 2023 legislative session.
5. Continue the implementation of an integrated total fund investment book of record for the Pension Plan
6. Assist the Executive Director in developing and implementing any plan design changes and/or legislative initiatives to expand the SBA's investment authority.

In the pages that follow, I have elaborated on the above accomplishments and summarized the discussion in the categories contemplated in the incentive compensation plan to be consistent with prior year reviews. Specifically, the discussion is organized around the following four categories: (1) Overall Mission, (2) People, (3) Efficiencies/Infrastructure/Operations, and (4) Interactions with the Investment Advisory Council and Audit Committee. The Executive Director has asked me to prepare this self-assessment and solicit feedback from the IAC Compensation Subcommittee to facilitate his review of my performance. I look forward to receiving your feedback.

1. Overall Mission

The evaluation of this category should reflect the degree to which the incumbent has:

- Assured appropriate alignment with the investment policy of the SBA's mandates (e.g., the Florida Retirement System (FRS) Defined Benefit Pension Plan, the FRS Investment Plan, Florida PRIME, Florida Hurricane Catastrophe Fund (FHCF), etc.), considering the long-term needs of the relevant fund, the risk tolerance of the SBA Trustees and the perceived market environment;
- Provided leadership for effective functioning of the SBA, FHCF and the Investment Plan; and,
- Maintained/strengthened (a) the reputation/brand and performance of the SBA in relation to its large public pension plan peers, (b) external communications, and (c) issue management.

Below are a list of activities and accomplishments I believe are relevant to this category:

- **<u>Investment Performance</u>**

As an investment organization, the value we bring to our beneficiaries and clients is our ability to earn above market returns over time. The investment performance of the funds we manage is the most objective indication of the value our staff brings to the equation, particularly investment performance over the long term. Official performance through the most recent date available as of this letter for all major mandates is set out in the table below.

May 31, 2025		1-Year	3-Year	5-Year	10-Year	15-Year	20-Year
Investment Plan	Managed Return	10.19%	8.52%	9.43%	7.25%	N/A	N/A
	Benchmark Return	10.65%	8.65%	9.54%	7.16%	N/A	N/A
	Over/Under Performanc	-0.46%	-0.13%	-0.11%	0.09%	N/A	N/A

May 31, 2025		1-Year	3-Year	5-Year	10-Year	15-Year	20-Year
Pension Plan	Managed Return	8.63%	6.70%	9.55%	7.63%	8.70%	7.38%
	Benchmark Return	9.76%	7.86%	9.24%	7.14%	8.09%	6.84%
	Over/Under Performanc	-1.13%	-1.16%	0.31%	0.49%	0.61%	0.54%

May 31, 2025		1-Year	3-Year	5-Year	10-Year	15-Year	20-Year
Florida PRIME	Managed Return	5.04%	4.82%	2.94%	2.18%	N/A	N/A
	Benchmark Return	4.77%	4.45%	2.69%	1.93%	N/A	N/A
	Over/Under Performanc	0.27%	0.37%	0.25%	0.25%	N/A	N/A

May 31, 2025		1-Year	3-Year	5-Year	10-Year	15-Year	20-Year
Florida Hurricane Catastrophe Fund	Managed Return	4.84%	3.53%	1.62%	N/A	N/A	N/A
	Benchmark Return	3.38%	2.95%	1.28%	N/A	N/A	N/A
	Over/Under Performanc	1.46%	0.58%	0.34%	N/A	N/A	N/A

- The Investment Plan generated solid absolute performance for all time periods but underperformed slightly for all but the 10-year period.
- The Pension Plan also generated solid absolute performance for all time periods, but under performed for the one- and three-year periods.
- Florida PRIME and the Florida Hurricane Catastrophe Funds beat their respective benchmarks for all time periods.

The underperformance for the $20 billion FRS Investment Plan continues to primarily be attributable to underperformance in actively managed equities and stable value. Active equity managers have underweighted the companies comprising the “Magnificent 7” (i.e. Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA, and Tesla) over the last couple of years in light of the significant run-up in their valuations. While this has been a head wind to performance more recently, it proved defensive in 2022 and may prove to be again as valuations become more stretched. Underperformance in stable value has been attributable to the lag in repricing stable value yields in the wake of rising interest rates. Performance there is expected to improve as the guaranteed investment contracts underlying those funds reprice at higher yields. In addition to these areas, real estate managers have struggled from exposure to commercial office and an underweight to industrial property types, although managers are starting to see improvement there as well. As absolute performance remains strong, we continue to see improving relative performance, and I am confident this will continue over the next year.

The one- and three-year underperformance for our largest mandate, the $210 billion Pension Plan, remains attributable to the relative underperformance in Private Equity, particularly in venture capital. Over the years, the venture capital portfolio grew to represent approximately 25% of the Private Equity asset class net asset value, even though the SBA committed no more than 10% of asset class commitments each year to the space. The disproportionate increase as a percentage of portfolio NAV, therefore, is due to the significant historical positive performance of venture capital, relative to the other areas of the portfolio. The last three years, however, have seen a pull back in the performance in venture capital in the wake of Silicon Valley Bank's demise, reduced M&A activity and decreasing institutional allocations to private equity generally. Outlook in this space has since significantly improved with the performance and impact of artificial intelligence, and we have used the pull back as an opportunity to deepen relationships with our best performing managers at favorable terms and gain access to other managers we have not had access to in the past.

Furthermore, it is important to note that relative underperformance in Private Equity is solely a function of the choice to benchmark the asset class against an opportunity cost of capital (public equity) plus a premium. While this remains in my view the correct approach to isolate the implicit asset allocation decision, the valuation lags in private markets and large cap bias imbedded in the benchmark have and will continue to be a source of significant tracking error. Nevertheless, the value proposition of private markets comes in the long-term performance, which is what makes them appropriate for pension funds with long term investment horizons. Over the 10-year period ending March 2025, of the 54 basis points in the average *annual* Pension Plan outperformance, approximately 21 basis points, or almost 40% of that, was generated from Private Equity, an asset class that constituted only 10% of the total fund over that period of time.

But the outperformance in Private Equity over the last 10 years was never a given; it came primarily from excellent manager selection skills. On this point, it is important to point out the superlative nature of SBA staff capabilities in this area. As indicated by the asset class consultant in the June IAC meeting, asset class performance as compared to peers over the five and 10-years periods ranks in the first quartile of peer performance, beating relevant peer-based benchmarks by 150 to 250 basis points. John Bradley and his team in the Private Equity Asset Class continue to do an excellent job sourcing high-performing sector specialists as well as generalists, all while seeking to maintain a relatively concentrated roster of managers and adding incremental returns through a carefully constructed co-invest platform. I remain grateful to the Executive Director, the IAC, and the Trustees for their support of a culture of decision making autonomy and competitive compensation that enable us to recruit and retain people like John and his team, who are truly the driving force in the SBA's investment performance.

We recognize the reliance our beneficiaries and clients place on us to deliver positive absolute returns that also beat investible benchmarks, and I remain confident we will continue to generate the investment performance our beneficiaries depend on.

- **<u>Continued implementing new asset allocation and assisted geopolitical de-risking</u>**

In July 2024, I finalized an internal asset class reorganization with the hiring of John Mogg as the dedicated Senior Investment Officer over the new Active Credit Asset Class, created in April of last year. John quickly put together a team of portfolio managers and analysts and began working on building out the new asset class. Reflecting my view that in the current investment environment, we should be able to return higher than historical yields at lower credit risk, Active Credit will transition

exposures in private credit toward more senior secured direct lending opportunities over time. To that end the team began exploring the possibility of a secondary sale of a portion of the private credit portfolio in the summer of 2024, and the SBA decided to move forward with a secondary sale later that fall, selecting Evercore to manage the sale. The secondary sale was consummated in December of 2024 and will contribute significantly to the objective of restructuring the private credit portfolio to meet the objectives of the new asset class.

In addition, the Active Credit team has continued to build out the multi-asset credit portion of the asset class. In the fall of 2024, the asset class engaged Mercer to conduct a structural review, from which the team prepared a detailed portfolio construction plan and timeline for conducting manager searches. Manager searches for approximately $3.3 billion of planned commitments to multi-asset credit and bank loan managers were conducted in late fall, with selections and on-boarding occurring in the spring. The first of these managers were funded with the initial tranches of allocations in May. The team is in the process of finalizing manager selection for approximately $2.5 billion of planned commitments to emerging market and high yield managers, with initial funding for these managers expected later this fall.

When I recommended to the IAC in 2023 to combine both public and private return-seeking fixed income mandates under a single asset class, my view was to facilitate more actionable relative value investment decisions with recycled cash flow. To enable this flexibility, I have encouraged the asset class to engage managers through separately managed accounts structured as “funds of one” as opposed to traditional draw-down funds. This will allow the asset class to “size up” or “size down” opportunities, albeit marginally, as information suggests more or less relative value in public vs. private exposures. I am very pleased with the progress John and his team has made thus far.

As we build out Active Credit, we continue to restructure our Strategic Investments asset class. In 2022, I initiated a structural review of the Strategic Investments asset class, the findings of which indicated that asset class was struggling against competing objectives, namely attempting to replicate a total fund return target, while simultaneously attempting to diversify total fund exposures. These competing objectives led the asset class to incorporate too much equity-like risk, primarily in the form of distressed debt, credit solutions, mezzanine debt funds, activist equity, and some private equity exposures. At my recommendation, in 2023, the IAC supported restructuring the asset class. To this end, we transferred the private credit exposures to the new Active Equity Asset Class and set more explicit objectives of the asset class in the Pension Plan’s Investment Policy Statement.

In implementing these revised, more explicit objectives, I have directed the asset class to take a more quantitative, systematic approach to manager selection and monitoring, particularly in the hedge fund space. To this end, over the past year, the asset class has replaced its long-time asset class investment consultant with a firm more rooted in quantitative, data driven performance and risk analysis. In addition, also at my direction, the asset class has supplemented the consultant’s quantitative analysis with a regression-based, asset-style factor decomposition analysis, based on the research of Professors William Fung and David Hsieh. My expectation is that as the asset class onboards new managers, the output from these quantitative analyses will document underwritten *expectations* of sources of manager return and risk. And on an ex post basis, these quantitative approaches will identify *actual* sources of return and risk as opposed to simply looking at ex post absolute and relative performance and volatility. This then will provide a better understanding of whether managers are actually implementing underwritten styles and alpha targets and whether they are actually diversifying the Pension Fund’s return streams.

The objective of improved diversification is, of course, risk mitigation. This past year, I assisted the Executive Director in mitigating the Pension Fund's geopolitical risk exposure to China and Hong Kong, while continuing to adhere to our fiduciary responsibilities to the Pension Fund. Last fall, at the Executive Director's request, I engaged our primary consultant to conduct a review of the Pension Fund's Chinese and Hong Kong exposures, including sensitivity analyses related to certain significant draw-down events similar to Russia/Ukraine. Based on this review, we recommended removing China and Hong Kong from the Pension Fund's equity benchmarks as a way to eliminate passive exposure to such risk. This recommended benchmark change was approved by the IAC and the Trustees, and this past April the SBA implemented the change, which resulted in reducing the Pension Fund's equity exposure to China and Hong Kong by approximately $2 billion.

Reducing Chinese and Hong Kong exposure also provided a rebalancing opportunity with the rest of the portfolio. Rather than increase other Emerging Market country weights, the Chinese and Hong Kong exposures were re-allocated across the entire Global Equity Portfolio. This had the effect of increasing the US weights in the SBA's benchmark, pushing the weight close to the 60% passive cap on the portfolio. Due to the degree of efficiency in US Large Cap equities, the SBA is primarily passive in that space, and a US weighting pushing 60% raised the question of whether to raise the passive cap or keep it in place and increase active management in the US, instead. Increasing the passive cap would have created additional exposure to the significant concentration in the "Magnificent 7" already inherent in the benchmark. After significant discussions with the Global Equity team, I chose the latter - keep the 60% cap and seek out ways to effectively increase active share in US equities. In furtherance of this objective, the Global Equity team undertook a manager search and is in the process of onboarding two new enhanced passive US equity managers. In addition, we have added an internally managed, passive ex-US equity strategy and an internally managed active global equity strategy as ways to build out high performing, cost effective, internal management in the asset class. I continue to work with the asset class to explore other active management opportunities, such as long-short/extension strategies and absolute return currency strategies to manage concentration risk in the portfolio.

Two years after the decision to implement the largest asset allocation change the Pension Fund has made since 2014, it is worth taking stock of all that has been accomplished. In January 2024, at the commencement of our implementation, the portfolio weights were: Global Equity – 50.20%; Fixed Income – 16.36%; Real Estate – 11.31%; Private Equity – 9.34%; Strategic Investments – 11.56%; Cash – 1.23%. As of July 1, current weights are: Global Equity – 48.84%; Fixed Income – 20.36%; Real Estate – 9.40%; Private Equity – 8.95%; Active Credit – 5.34%; Strategic Investments – 5.91%; and Cash – 1.19%.

To accomplish this revised weighting, we moved approximately $12 billion from Global Equity to Fixed Income and Active Credit. We also conducted a private credit secondary sale and liquidated approximately $2 billion of REITs from Real Estate. We extended the duration of the Fixed Income benchmark by moving to the Bloomberg Full Aggregate from the Intermediate Aggregate Benchmark, and we eliminated China and Hong Kong from the Pension Fund's equity benchmarks altogether.

Since implementation of the asset allocation changes, the yield curve has normalized, and the yield of the Full Aggregate now exceeds the yield of the Intermediate Aggregate. US equities are by some measures the most expensive they have been since the Dot Com bust at the turn of the century. And in the wake of significant policy uncertainty regarding tariffs and trade, equity market volatility has increased, and long end yields remain elevated. This environment, in my opinion, validates our asset

allocation changes, and I am pleased at the timing of those changes. I believe the portfolio is now better positioned to withstand equity market volatility while earning higher returns from fixed income. None of this could have happened without the support of the Executive Director, the IAC, and the Trustees.

- **Continued push to bring a more quantitative, top-down approach to asset allocation and portfolio construction**

Out of frustration of relying almost exclusively on our total fund consultant for critical capital market assumptions as inputs to the mean variance optimizations used in the asset allocation exercises in 2023, as well as the frustrations of having to rely on the consultants for running the mean variance optimizations themselves, over the last year, I set out to hire the appropriate expertise and build the critical analytical infrastructure that would enable SBA staff to have more insight and input in these processes and determinations. My objective is not to replace the consultant's work product, but to have more informed and robust conversations about critical inputs to asset allocation decisions. It has been my experience that in the absence of this ability, organizations tend to be at the mercy of consultants' "best ideas." Our responsibility is to ensure those best ideas are fit for purpose for the Pension Fund in light of our unique liquidity needs, risk tolerances and staff capabilities. Having our own in-house view about capital market assumptions and the portfolio's beta sensitivities to those assumptions' underlying return drivers is therefore critical to ensuring we meet our responsibility.

To this end, this past October, I hired a new Senior Investment Policy officer with the background and expertise to help me meet this objective. Marco Perzichilli came to us after a 20-year career in the private sector which included time spent at a large and well-known hedge fund as well as a large stable value fund manager. I have tasked Marco with (a) helping me create an economic factor-based model of FRS Pension Plan return drivers; (b) sourcing dependable, consistent data to use in the model; and (c) building the necessary technical and analytical infrastructure to run the model to produce timely, actionable, information and reports to me and the internal Investment Committee.

Over this last year, alongside all the asset allocation implementation efforts previously mentioned, Marco and the team have completed several initiatives in line with this objective. First, Marco and the team completed an initial factor-based analysis of the Real Estate asset class using the NCREIF index returns as a proxy for asset class returns. The results of this effort have proven insightful and have been documented in an internal white paper. We will continue to improve on the process and ultimately conduct similar analyses on US credit and equity market returns with the objective of ascertaining a handful (less than a dozen) of key factors that are statistically significant return drivers for the Pension Plan's returns.

Once we have identified the key factors that drive the Pension Plan's asset class returns, we will more easily be able to formulate our own expected asset class capital market assumptions based on our own forward-looking views regarding those factors, instead of backward-looking reliance on mean reversion with respect to asset yields, risk premia, inflation, real rates, etc. We can then use well documented single period (e.g. Black-Litterman mean variance optimization) and multi-period (e.g. Monte Carlo simulations) projection frameworks to generate our own proposed portfolio weightings to be considered alongside the portfolio weightings generated through our consultant's traditional single period mean variance optimization and multi-period stochastic modeling processes. This will provide a more productive and informed view with respect to asset allocation recommendations to

the IAC and the Trustees.

In addition to the work on macro-factor return drivers, we continue to think about how to develop and integrate more regime dependent or conditional approaches to asset allocation and portfolio construction decisions. In support of this objective, over the last year, the team implemented a weekly Economic Momentum Index that produces a general reading on the economy based on 14 separate economic indicators. As with all the initiatives to be implemented in this area, this process is based on published research, and in this case, on Picerno, J. (2014), *Nowcasting the Business Cycle: A Practical Guide for Spotting Business Cycle Peaks Ahead of the Crowd.* Beta Publishing. Further research is being conducted on the extent to which this index could be used in making conditional adjustments to the Pension Plan's rebalance policies. Our own work to date has indicated that taking more of a conditions-based approach to rebalancing, but bounded by a formulaic approach to reduce transaction costs, may be able to allow the fund to garner more "drift premium" by staying closer to upper bound regions in benign markets and harvest more "rebalance premium" by tactically staying closer to target levels in more volatile markets. Research into this point is ongoing.

- **Continued efforts to create investment products for the Investment Plan**

In 2023, the Florida legislature gave the SBA the authority to develop one or more investment products to be offered in the Investment Plan. Implementing this authority to improve the risk-adjusted returns of the Investment Plan, through cost-effectively leveraging the scope, skill and scale of the SBA remains a priority of the Executive Director. In furtherance of this objective, the SBA engaged Aon to review the extent to which current Fixed Income portfolios managed or overseen by the SBA's Pension Plan staff could supplement or replace fixed income offerings currently residing in the Investment Plan's Target Date Funds.

Aon has recommended including the Active Fixed Income exposures the SBA manages for the Pension Fund as an option in the Investment Plan's target date fund offerings. At the Executive Director's direction, I am assisting in building out this capability and have convened a working group of multiple business units within the organization. The Executive Director has also authorized me to hire a Portfolio Manager of Investment Products to manage the implementation of this recommendation, and I have set the goal of implementing Aon's recommendation by June 30, 2026.

2. People

The evaluation for this category should reflect the degree to which the incumbent has:

- Developed subordinate staff
- Recruited and retained key talent

- **Managed succession of and recruited highly qualified external candidates into key positions**

I have already briefly touched on succession management and hiring certain key individuals in earlier sections of the memo, so I will not retrace those discussions here, except to note as a reminder, over the last year, I have hired John Mogg as the dedicated Senior Investment Officer for Active Credit, and have hired Marco Perzichilli to replace John Benton as the Senior Investment Policy Officer. Also as previously mentioned, I expect to hire a Portfolio Manager of Investment Products in the next several weeks. In addition to these hires and in conjunction with Project Access (discussed below), we plan to hire a Director

of Total Fund Data and Systems.

I am happy to report that voluntary turnover in the investment teams remains low, and the average time to fill positions in the asset classes dropped significantly from 152 days to 74 days for fiscal year ending June 30, 2025. I believe both of these factors can be attributed to the support from the Executive Director, the IAC, and the Trustees relating to competitive compensation. Our Fixed Income asset class was able to hire several candidates from competing peer plans and the private sector over the last year, and this would not have been possible but for the competitive compensation levels we have been able to achieve as a result of this support. In furtherance of this objective, I have been able to assist the Executive Director in the most recent effort to improve the competitiveness of the SBA's incentive compensation plan, which was made meaningly more competitive through the recommendations of the Executive Director and the IAC, and ultimately supported by the Trustees through the adoption of the 2025-2026 SBA budget. In light of this support, I am confident we will be able to build off the recruitment and retention success we have had to date.

Finally, in addition to continued success in recruiting and retaining full-time employees, we have also been able to attract talented and hard-working interns. Strategic use of the internship program is a priority for the Executive Director, and I have ensured the asset classes do their part in making the most of the opportunities to utilize the student talent in Tallahassee and the surrounding areas, while providing an enriching experience for those individuals. The internship program is another area where historically we have seen proven value in being a long term investor.

3. Efficiencies/Infrastructure/Operations

The evaluation for this category should reflect the degree to which the incumbent has:

- Assured the development of organizational structures, systems and processes that enable effective functioning of the SBA, the FHCF, and the Investment Plan;

- This includes areas such as communication of knowledge; development and institutionalization of systems and structures to enhance performance and control risk; efficient acquisition and use of data and other resources; business continuity planning, etc.

The SBA has made many strides in improving efficiencies, expanding upon current infrastructure, and streamlining our operations. Some of the more important new and in-progress initiatives to improve the internal and external monitoring functions of the SBA are discussed below.

- **Assisted in completion of portfolio accounting system performance calculation process improvements**

This June, the SBA completed one of the more ambitious systems projects it has undertaken in a decade. Codenamed "Project Access," this undertaking entailed moving its long-time portfolio accounting and performance calculation system to the cloud. The portfolio accounting system was one of the few remaining on-premises systems at the SBA and moving it to the cloud represents a significant improvement in security, maintenance and efficiency. My area was able to assist in this effort primarily through testing and validation of the output of the performance calculation processes. In doing so, the team gained familiarity with the new back-end data repository that will likely serve as the organization's primary data repository and manipulation platform.

Project Access represented the first step toward implementing an internal "Investment Book of Record," or "IBOR," for the FRS. An IBOR will provide us with more timely, consistent, reconciled investment information across the entire portfolio of investments, both public and private. Currently, this information is produced in official, consolidated form on a monthly basis, and to get intra-month data required pulling information from multiple systems in various formats, particularly data relating to private market assets. Additionally, an IBOR will enable the SBA to compute more refined attribution analysis reflecting the impact of investment decisions.

One critical step toward implementing an IBOR was taken during Project Access, when the SBA acquired licenses to the Snowflake data platform. This is a widely implemented cloud-based data platform for warehousing and managing organizational data. Additional progress toward the goal of implementing an IBOR will require creating and enforcing organization-wide data governance policies. Given the nature of the CIO's office, and particularly the Investment Performance and Asset Allocation business unit (IPAA), as a primary user of total fund data and analytics, IPAA was chosen to take on the task of overseeing this important governance role until a dedicated middle office function is built out under the Chief Operating Officer. IPAA has been allocated a position for this role, has conducted interviews, and expects to fill the position in the coming weeks.

- **Initiated data management project relating to private market portfolio company exposures**

  In 2023, the legislative cap on alternative investments was increased from 20% to 30%. Alternative investments are generally defined to include private market investments other than real estate and include private equity funds, venture capital funds, private credit funds, infrastructure funds, and hedge funds. They currently comprise approximately 20%, or approximately $40 billion, of exposure to the Pension Plan. They have generated excellent performance for the Pension Plan, and in private equity's case, have generated a disproportionate portion of above benchmark returns over the last 10 years.

  While there is ample data on fund managers and fund performance generated and maintained at the asset class level and available to us from our consultants, data on the underlying portfolio company investments of the funds themselves has tended to be less consistent across data sources. Moreover, it is difficult to get comprehensive data on the universe of private portfolio companies that exist beyond those our fund managers invest in. Data on this universe is important because it factors into asset allocation decisions in terms of expected returns to private investments going forward.

  For these reasons, I have directed staff in the Investment Policy and Asset Allocation unit to research data sources and avenues for compiling portfolio company level exposures, and performance and capital structures, with an initial goal of identifying overlapping exposures across asset classes, i.e. where one private credit fund we invest in has loaned money to a portfolio company we also invest in through a private equity manger; as well as within an asset class, such as when more than one private equity or private credit fund we invest in has an investment in the same portfolio company. Once these overlapping exposures are identified, we will undertake a time series analysis of portfolio performance and capitalization of the portfolio companies held by the funds we invest in.

  The ultimate objective of this exercise is to gain more complete and comprehensive information about the underlying economic position of the Pension Plan's alternative investment exposures, which can be used for both asset allocation purposes as well as manager monitoring and selection purposes.

The team has completed its survey of data sources and is pursuing necessary licensing agreements and permissions to get access to the data. I expect to complete the first phase of this project (identifying cross asset class and intra asset class overlapping exposures) by December 31, 2025.

4. Interaction with the Investment Advisory Council and the Audit Committee

The evaluation for this category should reflect the degree to which the incumbent has:

- Provided requested information and transparency.
- Maintained effective working relationships with individual IAC members and the Council as a whole, and with members of the Audit Committee on matters within the concern of each body.

The IAC and Audit Committee members have an integral role in the success of the SBA. I fully believe that regular communication and interaction with both parties should be and remain a top priority. I remain committed to expanding transparency and building a strong foundation with each IAC member, so that in turn, appropriate guidance can be provided. I trust that I have built a relationship with each of you where you feel you are able to have a meaningful conversation about any business conducted at the SBA and on behalf of our beneficiaries. I remain focused on ensuring that we continue to coordinate and maximize returns for the best economic interest of our beneficiaries.

In closing, I would like to thank each of the IAC members for their time and effort in providing critical feedback and counsel to me and the Executive Director and to the entire SBA team through your participation on the IAC at large.

Best regards,

Lamar Taylor
Chief Investment Officer

CIO Evaluation Process - FY 2024-2025

CIO Individual/Qualitative Measurement

The sections below outline the approved criteria and process for evaluating the CIO's individual/qualitative performance. Any changes to the criteria for the next Performance Period (fiscal year) need to have been determined and communicated to the CIO prior to July 1.

CIO Individual/Qualitative Performance Criteria

Criteria

In line with the overall framework for the incentive plan and to assist the Executive Director with his annual evaluation of the CIO, criteria for the individual/qualitative performance portion of the CIO are: (1) Overall Mission; (2) People; (3) Efficiencies/Infrastructure/Operations; and (4) Interaction with the Investment Advisory Council and Audit Committee. The Qualitative Evaluation Form on the following pages includes more descriptive information regarding each rating area.

Process and Schedule for IED/CIO Individual/Qualitative Performance Rating

In September of 2024, it was decided the Investment Advisory Council will rate the qualitative performance of the CIO to assist the Executive Director in determining the CIO's qualitative portion of the Incentive Compensation plan and evaluating the CIO's performance.

July 1-15: CIO prepares summary of accomplishments in each of the four areas (Mission, People, Efficiencies/Infrastructure/Operations, and Interaction with IAC and Audit Committee). As part of the summary, the Executive Director may want to encourage the individual IAC raters to speak with individual members of the Audit Committee to gain additional perspective on interactions with them.

By July 15: CIO sends his/her Summary to raters along with the attached evaluation form.

By July 31: Raters evaluate CIO and return form to Mercer. Mercer may seek clarification of the ratings and/or comments of individual raters.

By August 31: Mercer compiles final ratings and all final comments from raters and sends them to the CIO, who will compile the materials for a noticed public meeting of the Compensation Subcommittee and or IAC meeting to review/discuss the evaluation with CIO and provide an overall recommendation to the Executive Director.

Following the public meetings of the Subcommittee and the IAC, the Executive Director will incorporate the raters' recommendations in the determination of the CIO's qualitative portion of the Incentive Compensation Plan and the CIO's annual evaluation.

State Board of Administration
Chief Investment Officer Evaluation Form
FY 2024-2025

Vinny Olmstead

Background:

As part of the annual incentive plan for the SBA, the CIO will have an individual/ qualitative portion of his award that the Compensation Subcommittee of the IAC will be responsible for assessing. Subsequently, the Compensation Subcommittee will make a recommendation to the full IAC (which in turn will make a recommendation to the Executive Director) combining both financial and individual/qualitative performance. The following categories are be used to evaluate the individual/qualitative portion of the CIO's performance. The Compensation Subcommittee's review of the incumbent's performance during FY 2024-2025 will be useful and instructive to the Executive Director and the incumbent.

Please complete the following ratings for the CIO and provide any comments as appropriate. For each category below, please indicate your rating of the CIO's performance in that category by circling one of the responses ranging from "Poor" to "Exceeds Expectations". Please provide any additional comments you may have in the comments box for the respective category, particularly if the rating is below "Meets Expectations."

1) Overall Mission

The rating for this category should reflect the degree to which the incumbent has:

- Assured appropriate alignment with the investment policy of the SBA's mandates (e.g., FRS Defined Benefit Pension Fund, FRS Investment Plan, Florida PRIME, Florida Hurricane Catastrophe Fund (FHCF), etc.), considering the long term needs of the relevant fund, the risk tolerance of SBA Trustees, and the perceived market environment.
- Provided leadership for effective functioning of the SBA, FHCF and the Office of Defined Contribution Programs.
- Maintained/strengthened the reputation/brand and performance of the SBA in relation to its large public pension fund peers, external communications and issue management.

(Circle One)

Poor Below Expectation Meets Expectations Exceeds Expectations

Comments:

State Board of Administration
Chief Investment Officer Evaluation Form
FY 2024-2025

2) **People**

The rating for this category should reflect the degree to which the incumbent has:

- Developed subordinate staff
- Recruited and retained key talent

(Circle One)

Poor Below Expectation Meets Expectations Exceeds Expectations

Comments:

3) Efficiencies/Infrastructure/Operations

The rating for this category should reflect the degree to which the incumbent has:

- Assured the development of organizational structures, systems and processes that enable effective functioning of the SBA, FHCF and the Office of Defined Contribution Programs.
- This includes such areas as communication of knowledge; development and institutionalization of systems and structures to enhance performance and control risk; efficient acquisition and use of data and other resources; business continuity planning, etc.

(Circle One)

Poor Below Expectation Meets Expectations Exceeds Expectations

Comments:

State Board of Administration
Chief Investment Officer Evaluation Form
FY 2024-2025

4) **Interaction with the Investment Advisory Council and Audit Committee**

The rating for this category should reflect the degree to which the incumbent has:

- Maintained effective working relationships with individual IAC members and the Council as a whole and with members of the Audit Committee on matters within the concern of each body.
- Provided requested information and transparency.

Note: As part of the evaluation process, individual raters may speak with individual members of the Audit Committee to gain perspective on incumbent's interactions with them.

(Circle One)

Poor Below Expectation Meets Expectations Exceeds Expectations

Comments:

Other Commentary or Considerations

****

Overall Individual/Qualitative Performance Rating for this Period: ***(Circle one)***
Poor Below Expectation Meets Expectations Exceeds Expectations

Attachment 4B

Mercer

welcome to brighter

STATE BOARD OF ADMINISTRATION FLORIDA

CIO PERFORMANCE EVALUATION SUMMARY

August 2025

Josh Wilson, Partner, Atlanta

A business of Marsh McLennan

Introduction

- Mercer has advised State Board of Administration Florida (SBA) on a variety of human capital needs since 2012.
- Mercer acts as the independent party in the annual review process of the Chief Investment Officer.
- In this process, Mercer collects the performance evaluations completed by the IAC members and disseminates a summary of the findings.
- Performance reviews were completed by the following members:

Teri Canida	John Goetz	Peter Jones
Peter Collins	Ken Jones	Vinny Olmstead

- In prior years, Mr. Lamar Taylor was the interim CIO and Executive Director. This is the first evaluation with Mr. Taylor in the permanent CIO role
- The following pages include an overall summary of the responses and detailed pages on the survey questions.

Executive Summary

Question	2025 Average Rating (out of a possible score of 4)
Overall Mission	3.67
People	3.83
Efficiencies/ Infrastructure /Operations	3.50
Interaction with Committees	3.50
Individual Rating	3.67

- Overall, the CIO received strong marks across all categories.
- The People category for the CIO was the highest rated area.
- The CIO did not receive a rating below “Meets Expectations” in any category

- Mercer converted the rating scale to a numerical scale as follows:
  - Exceeds Expectations = 4 out of 4
  - Meets Expectations = 3 out of 4
  - Below Expectations = 2 out of 4
  - Poor = 1 out of 4

Overall mission

- The rating for this category should reflect the degree to which the CIO has:
- Assured appropriate alignment with the investment policy of the SBA's mandates (e.g., FRS Defined Benefit Pension Fund, FRS Investment Plan, Florida PRIME, Florida Hurricane Catastrophe Fund (FHCf), etc.), considering the long term needs of the relevant fund, the risk tolerance of SBA Trustees, and the perceived market environment.
- Provided leadership for effective functioning of the SBA, FHCF and the Office of Defined Contribution Programs.
- Maintained/strengthened the reputation/brand and performance of the SBA in relation to its large public pension fund peers; external communications and issue management

3.67 OUT OF 4

Comments:

"Performance Overall is excellent; meeting our high expectations"

"The SBA continues to be recognized as a leader in the pension arena and within its peer group. Successful implementation of asset allocation, insuring alignment with long-term objectives of beneficiaries"

"Lamar is a talented and longtime executive at the SBA. I believe he has a thorough understanding of the mission and has done an excellent job in promoting and maintaining the SBA's credibility in the marketplace"

"Recent underperformance relative to the indices is mostly attributable to the construction of the indices. I am not concerned. Efforts to reduce exposure to US index were commendable"

People

- The rating for this category should reflect the degree to which the CIO has:
  - Developed subordinate staff
  - Recruited and retained key talent

3.83 OUT OF 4

Comments:

"History of strong people; although harder to assess with new role and less exposure"

"Perhaps related to the compensation plan being more competitive, nevertheless, maintained talent and acquired new talent in a shorter time frame than previously"

"Under the CIO's leadership the turnover of key professionals is low. In addition, they have been able to recruit and develop high performance investment professionals"

"Hard to observe but the new appointments seem high quality. This speaks to leadership ability to attract good talent."

Efficiencies/Infrastructure/operations

- The rating for this category should reflect the degree to which the CIO has:
  - Assured the development of organizational structures, systems and processes that enable effective functioning of the SBA, FHCF and the Office of Defined Contribution Programs.
    - This includes such areas as communication of knowledge; development and institutionalization of systems and structures to enhance performance and control risk; efficient acquisition and use of data and other resources; business continuity planning, etc.

3.50 OUT OF 4

Comments:

"History of strong operations; although harder to assess with new role and less exposure"

"Made solid improvements as we would expect"

"Lamar has done an exceptional job in this area. His communication and knowledge are very good and he is always quick to pay accolades to his team for their great work. He is a good collaborator and drives efficiency throughout the SBA. We are lucky to have him."

Interaction with IAC & Audit Committee

- The rating for this category should reflect the degree to which the CIO has:
  - Maintained effective working relationships with individual IAC members and the Council as a whole, and with members of the Audit Committee on matters within the concern of each body.
  - Provided requested information and transparency. Note: As part of the evaluation process, individual raters may speak with individual members of the IAC, Audit Committee to gain perspective on Interim ED/CIO interactions with them.

3.50 OUT OF 4

Comments:

"With new role, ambiguous as to whether the CIO should be interacting with the IAC other than quarterly meetings"

"Always open and transparent. Good communicator"

"Lamar has always done a very good job of communicating with transparency with IAC members. Always very responsive to questions and requests"

"Lamar is approachable and well-intentioned. He answers questions well and transparently. Information is organized well."

Overall Individual/Qualitative Performance Rating for this period

3.67 OUT OF 4

Comments:

“Doing an excellent job and meeting high expectations”

“In my opinion, Lamar has done an excellent job as CIO in a very volatile investment environment”

“I do think Lamar's leadership would be enhanced by taking on controversy with more conviction. It can be hard to judge lack of conviction vs politeness.”

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Attachment 5

Incentive Compensation Plan Updates

Previous Version ICP Percentage of Pay			
Tier	Threshold (5bps)	Target (25bps)	Max (50bps)
1	17.5%	35.0%	52.5%
2	12.5%	25.0%	37.5%
3	7.5%	15.0%	22.5%
4	5.0%	10.0%	15.0%

IAC Recommendations				
Tier	Threshold (10bps)	Target (35bps)	Superior (70bps)	Max (100 bps)
1	32.5%	65.0%	97.5%	130.0%
2	22.5%	45.0%	67.5%	90.0%
3	12.5%	25.0%	37.5%	50.0%
4	7.5%	15.0%	22.5%	30.0%

Phase 1 Implementation				Value-Add Rider
Tier	Threshold (5bps)	Target (35bps)	Max (70bps)	Rider Max
1	21.5%	43.0%	64.5%	70.0%
2	17.5%	35.0%	52.5%	65.0%
3	11.0%	22.0%	33.0%	42.5%
4	7.5%	15.0%	22.5%	30.0%

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

Attachment 6

2024-2025 SBA Compensation Update

SBA Incentive Compensation Update

	FY2019-2020[1]	FY2020-2021	FY2021-2022[3]	FY2022-2023	FY2023-2024	FY2024-2025
Total Eligible Positions	64	66[2]	71[4]	74[5]	103[6]	109
Total Participants Qualifying for an Award (excluding deferrals)	0	58	67	71	0	N/A
Maximum Possible Quantitative Award	$2,182,470	$2,123,588	$2,267,644	$2,343,695	$3,666,275	$3,831,438
Actual Quantitative Award (Paid over 2 years)	$0	$1,742,585	$1,683,752	$1,565,484	$0	N/A
Maximum Possible Individual Award	$417,468	$403,005	$420,052	$458,185	$686,028	$691,174
Actual Individual Award (Paid over 2 years)	$0	$335,029	$307,495	$272,154	$0	N/A
Maximum Possible Award	$2,599,938	$2,526,594	$2,687,695	$2,801,880	$4,352,302	$4,522,612
Actual Total Award Earned (Paid over 2 years)	$0	$2,077,615	$1,991,247	$1,837,638	$0	N/A
Total Earned Quantitative ÷ Max Possible	0%	82%	74%	67%	0%	N/A
Total Earned Individual ÷ Max Possible	0%	83%	73%	59%	0%	N/A
Total Earned ÷ Max Possible	0%	82%	74%	66%	0%	N/A
% Participants Earning Max Possible	$0	83%	58%	31%	0%	N/A
Awards Paid in December following FY	$0	$1,041,234	$1,982,080	$1,893,407	$828,444	N/A
Total Awards Deferred to December after next FY	$0	$1,009,224	$985,137	$871,569	$0	N/A

[1] Incentive payouts were not triggered because the SBA had active risk compliance exceptions in FY2019-2020 due to extraordinary volatility in the market due to the COVID-19 pandemic.

[2] In 2020-2021, two new Quantitative Analyst positions were added in Private Equity.

[3] Payouts did not occur until May 2023, instead of December 2022, due to there not being two quarters of positive returns until 2022.

[4] In 2021-2022, five positions added to eligibility; 1 Sr Investment Analyst in FI, 1 Sr Investment Analyst in IPAA, 1 Manager of Investment Analytics in ODCP, 1 Investment Analyst in RE, and 1 Portfolio Manager 1 in RE

[5] New positions added; Director of Total Fund Research in IPAA, Deputy CIO in Executive Director, Quantitative Analyst in IPAA

[6] 28 newly added eligible positions in DCFO, Financial Operations, General Counsel, and Real Estate office.

SBA FLORIDA STATE BOARD OF ADMINISTRATION

SBA Base Compensation Adjustments December 2024 – Latest Cycle

	All SBA Employees		Non-Incentive Eligible		Incentive Eligible	
% of Increase	**# of Employees**	**% of Employees**	**# of Employees**	**% of Employees**	**# of Employees**	**% of Employees**
0% - 3%	36	16.7%	26	21.0%	10	10.9%
3.1% - 6%	100	46.3%	58	46.8%	42	45.7%
6.1% - 10%	68	31.5%	31	25.0%	37	40.2%
Greater than 10%	12	5.6%	9	7.3%	3	3.3%

*Merit and Reclassifications included

	All SBA Employees		Non-Incentive Eligible		Incentive Eligible	
% of Increase	**# of Employees**	**% of Employees**	**# of Employees**	**% of Employees**	**# of Employees**	**% of Employees**
0% - 3%	36	17.6%	26	23.0%	10	11.0%
3.1% - 6%	100	49.0%	58	51.3%	42	46.2%
6.1% - 10%	62	30.4%	26	23.0%	36	39.6%
Greater than 10%	6	2.9%	3	2.7%	3	3.3%

*Only Merit included

SBA Base Compensation Comparison for 2024 Salary Adjustments

	All SBA Employees		Non-Incentive Eligible		Incentive Eligible	
	December 2023 Adjustments	December 2024 Adjustments	December 2023 Adjustments	December 2024 Adjustments	December 2023 Adjustments	December 2024 Adjustments
Total Employees Rec'g Salary Adj	182	188	96	105	86	83
Employees as % of Total Employees	92%	92%	53%	56%	47%	44%
SBA Compa-Ratio (Total Salaries ÷ Total Midpoints)	98%	101%	101%	105%	96%	99%

	All SBA Employees	Non-Incentive Eligible	Incentive Eligible
	December 2024 Adjustments	December 2024 Adjustments	December 2024 Adjustments
Aggregate Rate Increase	$1,537,994	$700,954	$837,041
Median Base Pay Increase	$6,135	$4,934	$9,600
Average Base Pay Increase	$7,120	$5,653	$9,098
Median of Base Pay % Increase	6.0%	6.0%	6.0%
Average of Base Pay % Increase	5.8%	5.7%	5.9%

*Merit & Reclassifications included

	All SBA Employees	Non-Incentive Eligible	Incentive Eligible
	December 2024 Adjustments	December 2024 Adjustments	December 2024 Adjustments
Aggregate Rate Increase	$1,399,236	$612,762.12	$786,473.92
Median Base Pay Increase	$5,937	$4,873	$9,576
Average Base Pay Increase	$6,859	$5,282	$8,937
Median of Base Pay % Increase	6.0%	5.6%	6.0%
Average of Base Pay % Increase	5.4% 626	5.3%	5.5%

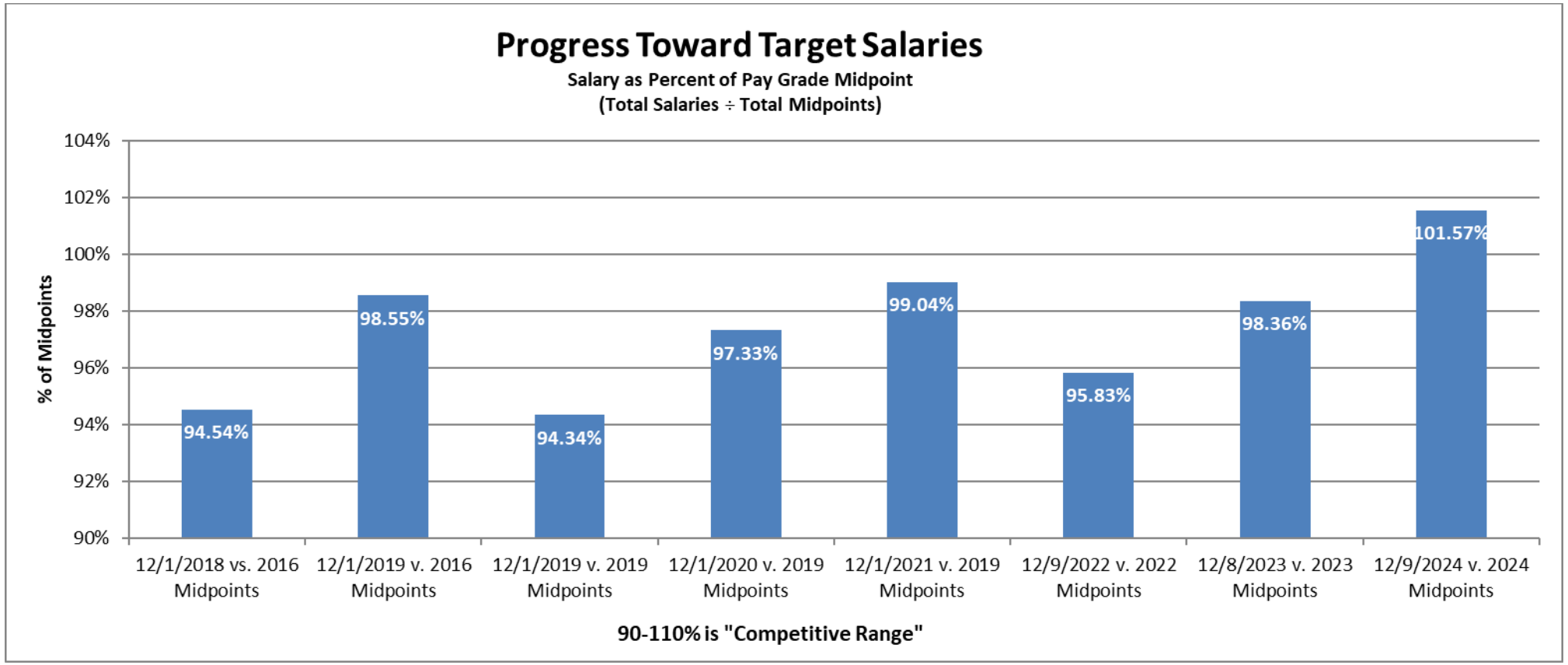
*Only Merit included

Current SBA Pay Plan

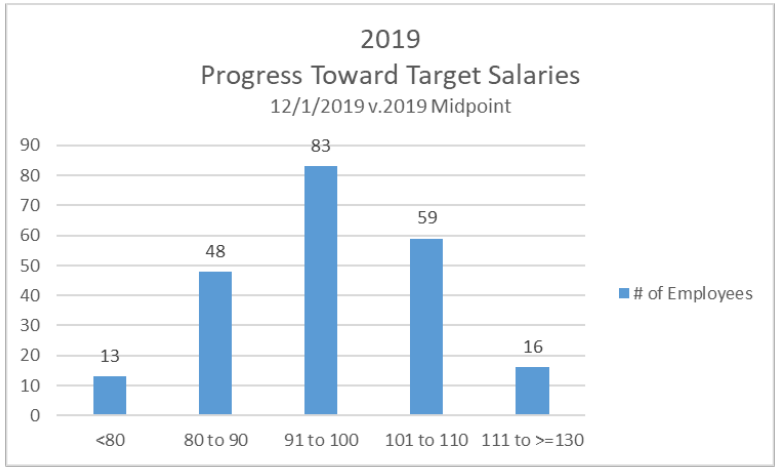
SBA Pay Plan as of July 2025							
Grade	Minimum	Midpoint	Maximum	Range Spread	Midpoint Differential	Min as % Mid	Max as % Mid
001	$31,200	$39,000	$46,800	50%		80%	120%
002	$35,600	$44,500	$53,400	50%	14%	80%	120%
003	$40,000	$50,000	$60,000	50%	12%	80%	120%
004	$44,400	$55,500	$66,600	50%	11%	80%	120%
005	$48,800	$61,000	$73,200	50%	10%	80%	120%
006	$56,952	$71,190	$85,470	50%	17%	80%	120%
007	$64,155	$80,220	$96,285	50%	13%	80%	120%
008	$74,445	$93,450	$112,455	51%	16%	80%	120%
009	$87,990	$109,935	$131,880	50%	18%	80%	120%
010	$110,000	$137,500	$165,000	50%	25%	80%	120%
011	$130,680	$163,350	$196,020	50%	19%	80%	120%
012	$155,540	$194,370	$233,200	50%	19%	80%	120%
013	$175,120	$218,900	$262,680	50%	13%	80%	120%
014	$189,200	$236,500	$283,800	50%	8%	80%	120%
015	$220,000	$275,000	$330,000	50%	16%	80%	120%
016	$261,800	$326,700	$391,600	50%	19%	80%	120%
017	$313,500	$392,700	$471,900	51%	20%	80%	120%
018	$464,100	$580,650	$697,200	50%	48%	80%	120%
PM1	$105,315	$138,600	$171,885			76%	124%
PM2	$131,460	$187,635	$243,810	85%	35%	70%	130%
PM3	$150,780	$214,620	$278,460	85%	14%	70%	130%
PM4	$220,500	$309,855	$420,000	90%	44%	71%	136%

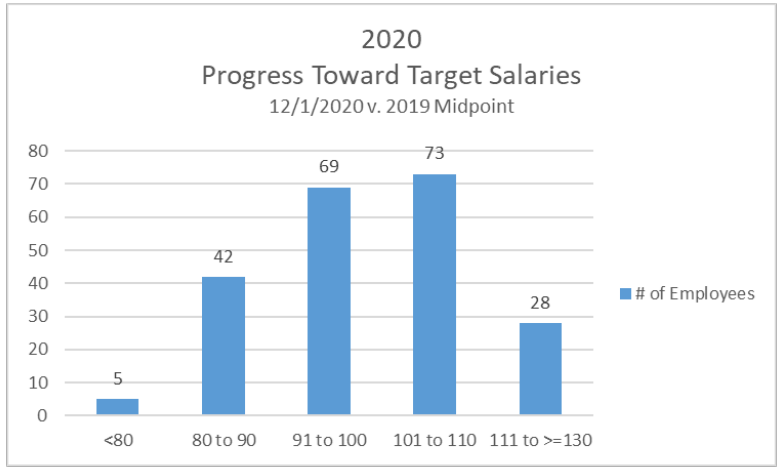
627

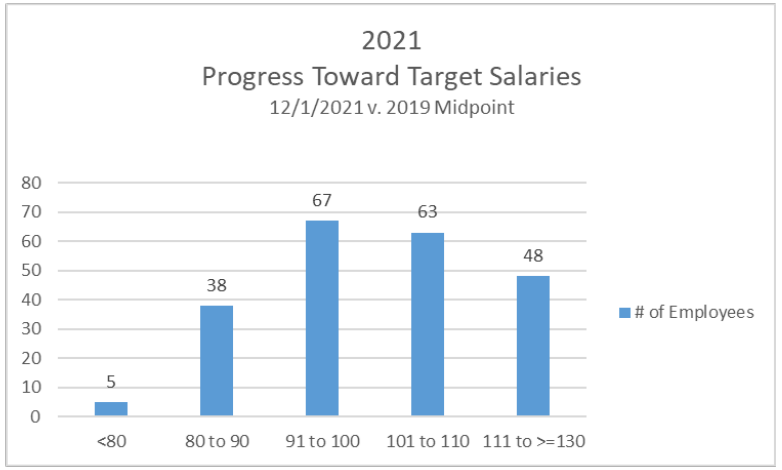
Progress Toward Target Salaries (Organization-wide Compa-Ratio)

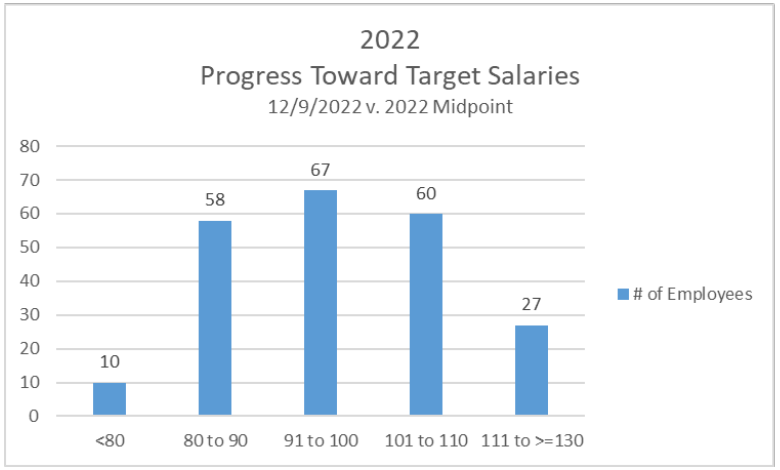


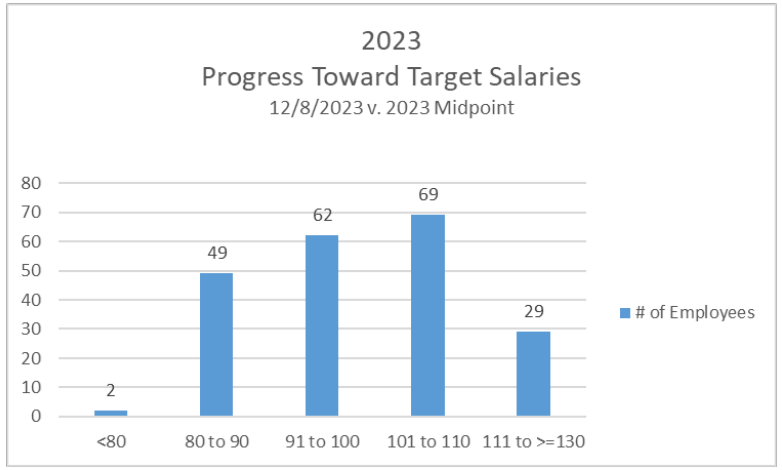
Progress Toward Target Salaries (Distribution of Employees by Compa-Ratio)

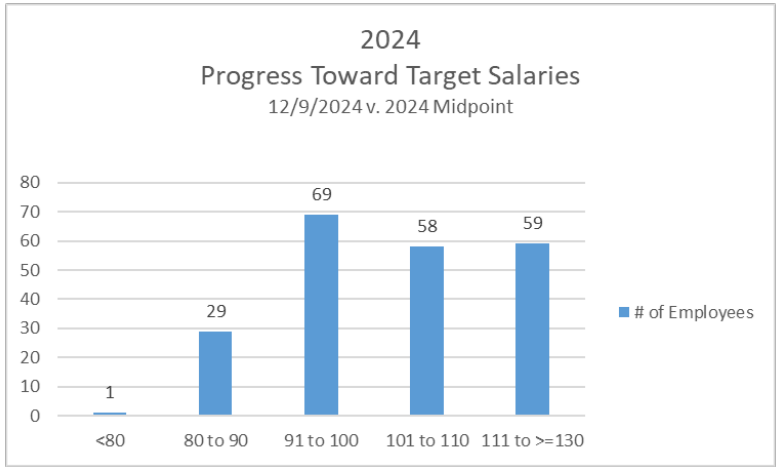












90-110% is “Competitive Range”

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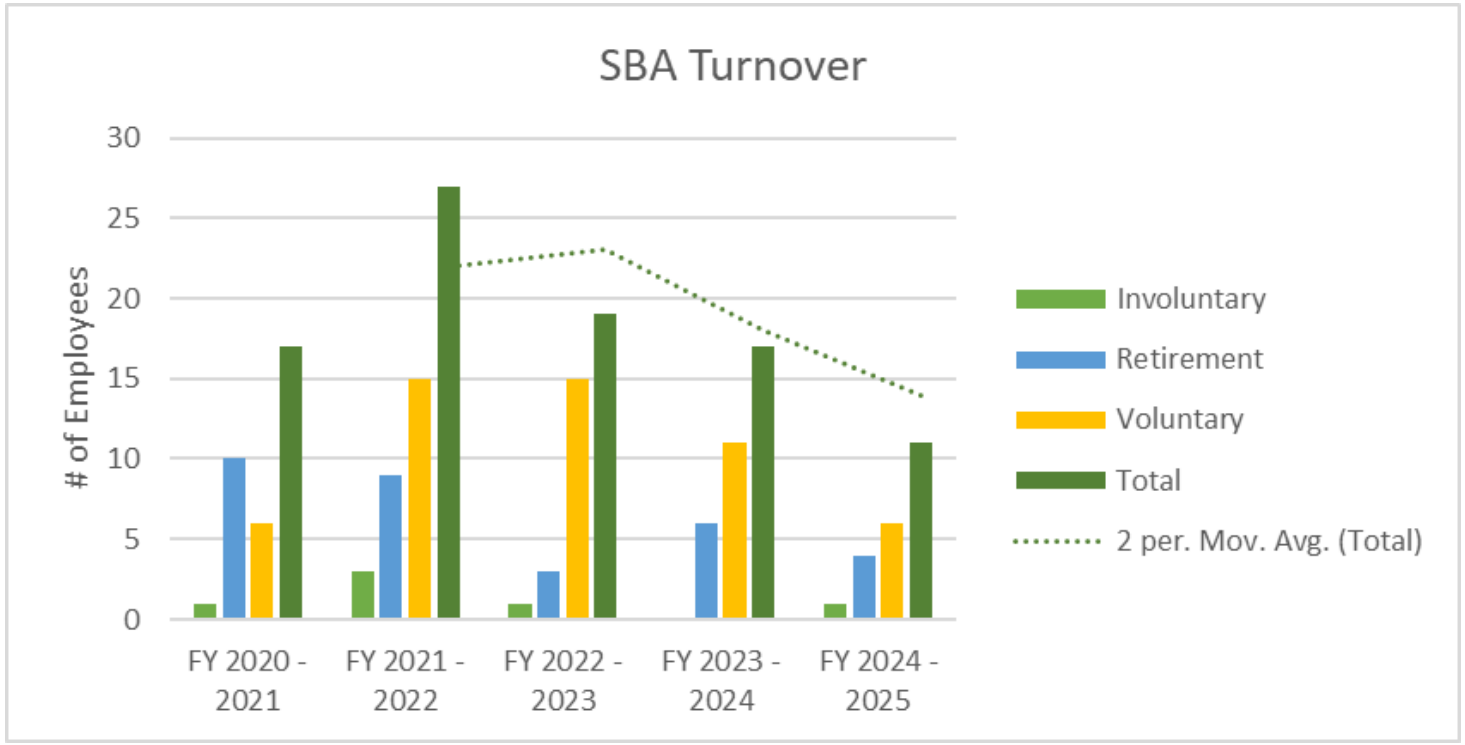
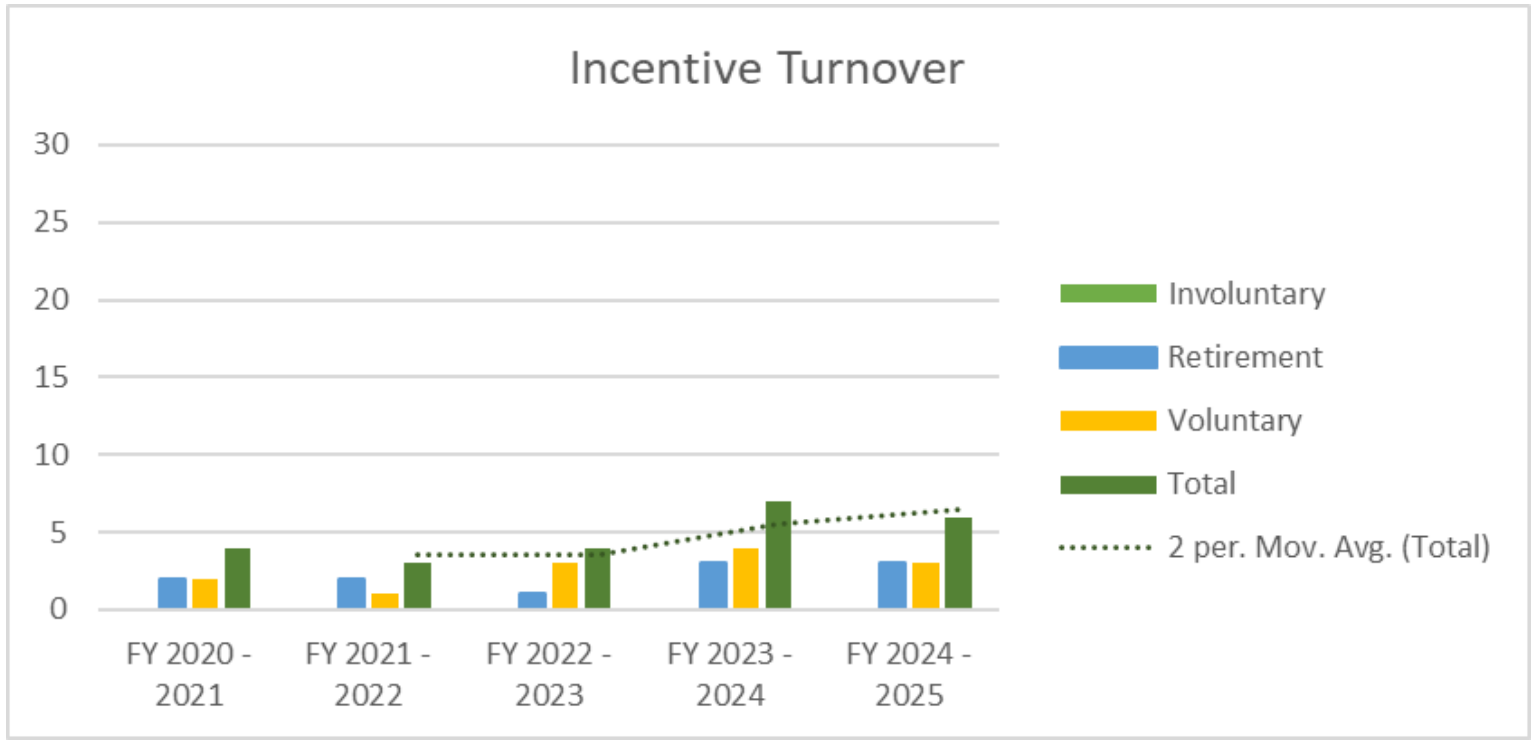
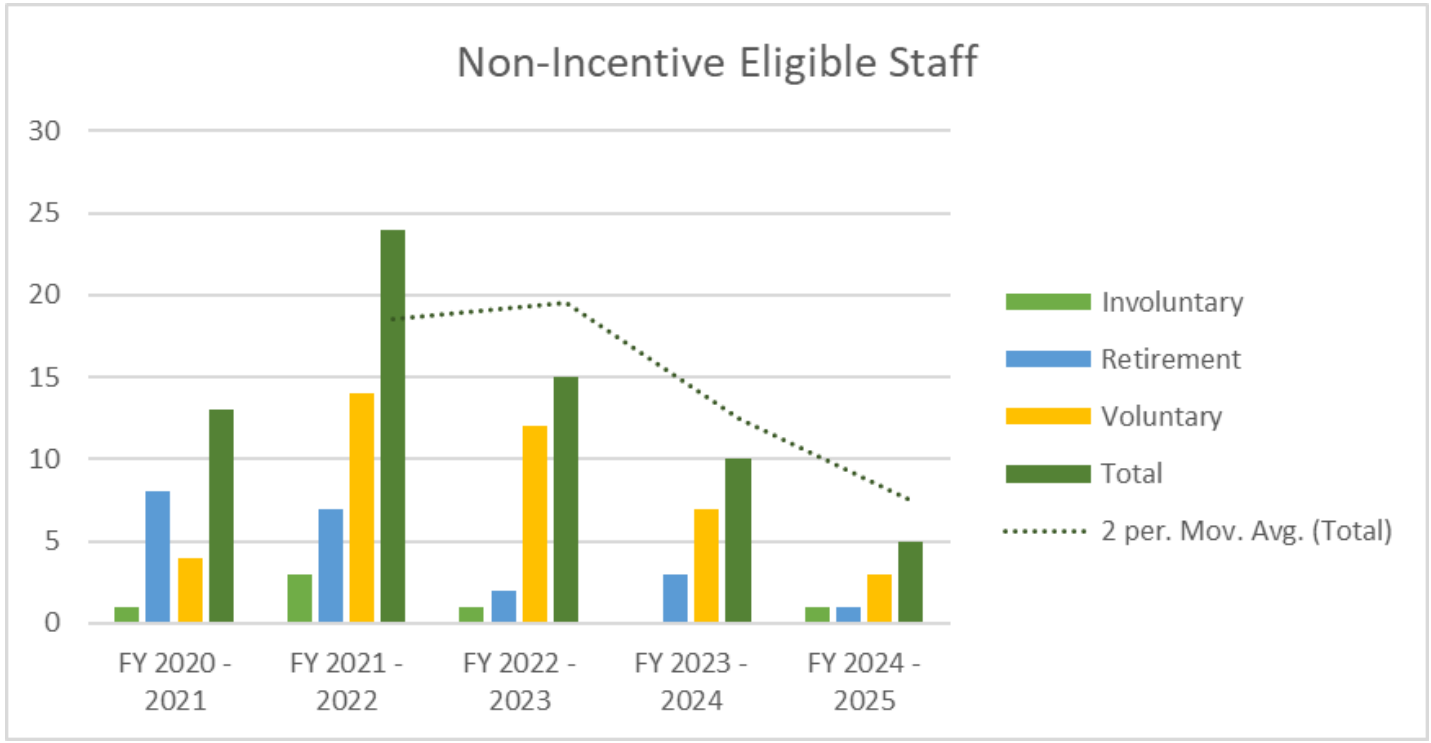
Turnover for all SBA, ODCP, and FHCF Staff



Turnover for all SBA, ODCP, and FHCF Incentive Eligible Staff



Turnover for all SBA, ODCP, and FHCF Non-Incentive Eligible Staff



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Projected Retirements by December 2030 for all SBA, ODCP, and FHCF Staff

71 (30%) of 238 are eligible* to retire by the end of 2030.

Of those:

- 57 (81%) Operations
- 13 (10%) Asset Class
- 10 (14.5%) are Executive level
- 50 (70%) Mgr/Supervisor level (All Classes)
- 16 (23%) in DROP – 10 Mgr/Supr (All Classes)

*There are a total of 116 filled manager/supervisor-level and above employees. This means that 50/116 (43%) could be replaced by the end of 2030. There are 18 (out of 22) filled Executive Level positions. 10/22 (45.5%) could be replaced by 2030.

*Manager/Supervisor level includes both manager of process and/or people

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2025

January

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

February

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	

March

S	M	T	W	T	F	S
						1
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9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

April

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

May

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

June

S	M	T	W	T	F	S
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8	2	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

July

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

August

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

September

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

October

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November

S	M	T	W	T	F	S
						1
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9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

December

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Blue is Proposed IAC Meeting

Yellow is Cabinet Meeting