Update on Florida Retirement System

• Background and Overview
• Current Trends and Implications
• Update on FRS Investment Plan
• Update on FRS Pension Plan
• Questions
More than $250 billion* in assets under management for:

- Florida Retirement System Pension Plan
- Florida Retirement System Investment Plan
- Florida PRIME
- Florida Hurricane Catastrophe Fund
- Lawton Chiles Endowment Fund
- Plus more than 20 other state mandated funds

*As of March 31, 2022
SBA Mission

Our mission is to provide superior investment management and trust services by proactively and comprehensively managing risk and adhering to the highest ethical, fiduciary, and professional standards.

SBA Vision

Our vision is to be the best public sector investment and administrative service provider, while exemplifying the principles of trust, integrity, and performance.
SBA Governance

* Reports to other boards
SBA Governance

- Investment Advisory Council
- Audit Committee
- Florida Hurricane Catastrophe Fund Advisory Council
- Florida Commission on Hurricane Loss Projection Methodology
Florida Retirement System
Background and Overview

- Total Membership at June 31, 2021: 1.2 million
- Total number of employers: 1,000
- Total Active Investment Plan Members: 177,000
- Total Active Pension Plan Members: 459,000
- Total Pension Plan Annuitants: 440,000
- Total FRS AUM at March 31, 2022: $212.3 billion
  - FRS Investment Plan: $14.5 billion
  - FRS Pension Plan: $197.7 billion
### Membership 2021

<table>
<thead>
<tr>
<th>Source</th>
<th>Members</th>
<th>Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Districts</td>
<td>305,903</td>
<td>$14,181,922,391</td>
</tr>
<tr>
<td>Counties</td>
<td>150,867</td>
<td>$9,510,339,964</td>
</tr>
<tr>
<td>State</td>
<td>94,908</td>
<td>$4,509,680,919</td>
</tr>
<tr>
<td>Others</td>
<td>35,156</td>
<td>$1,980,520,987</td>
</tr>
<tr>
<td>State Universities</td>
<td>27,775</td>
<td>$3,764,816,871</td>
</tr>
<tr>
<td>State Colleges</td>
<td>20,657</td>
<td>$1,186,715,611</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>635,266</td>
<td>$35,133,996,743</td>
</tr>
</tbody>
</table>

1. Includes both FRS Pension Plan and Investment Plan members and excludes DROP participants.
2. Includes non-member funding payroll.
3. Others include Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.
Membership 2021

Total Pension Plan Annuitants: 440,000
Average Service: 21.16 years
Average Benefit: $24,000
Average Benefit with 25 or more years of service: $41,000
Nearly half (47%) of all Pension Plan Annuitants worked at School Boards

Source: Florida Retirement System Comprehensive Annual Report 2021
Economic Benefit of FRS

$9.02 billion of benefit payments throughout 67 counties during Fiscal Year 2020-21
# The Florida Retirement System Plans

<table>
<thead>
<tr>
<th>FRS Pension Plan</th>
<th>FRS Investment Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Designed For</strong></td>
<td>A traditional retirement plan designed for longer-service career employees.</td>
</tr>
<tr>
<td><strong>Vesting</strong></td>
<td>You qualify for a benefit after 8 years of service. You are always fully vested in your own contributions, as long as you remain in the Pension Plan.</td>
</tr>
<tr>
<td><strong>Benefit</strong></td>
<td>Pays a guaranteed lifetime monthly benefit using a formula based on the service and salary while you are working for an FRS-covered employer. Plan underfunding or future cost increases could make it necessary for the Florida Legislature to reduce benefits.</td>
</tr>
<tr>
<td></td>
<td>You qualify for a benefit after 1 year of service. You are always fully vested in your own contributions, as long as you remain in the Investment Plan.</td>
</tr>
<tr>
<td></td>
<td>Your benefit depends on the amount of money contributed to your account and on its growth over time. You decide how to allocate the money in your account among the available investment funds. Future plan cost increases could make it necessary for the Florida Legislature to reduce the amount that employers contribute to the Plan, which may result in a lower benefit.</td>
</tr>
</tbody>
</table>
Trends

- Increasing membership in Investment Plan
- Increasing adequacy of Investment Plan
- Increasing contributions through better assumptions
- Increasing negative cash flow due to declining membership in DB
Increasing Growth of Investment Plan

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 15-16</td>
<td>169,576</td>
<td>4%</td>
</tr>
<tr>
<td>FY 16-17</td>
<td>177,218</td>
<td>7%</td>
</tr>
<tr>
<td>FY 17-18</td>
<td>190,664</td>
<td>11%</td>
</tr>
<tr>
<td>FY 18-19</td>
<td>213,213</td>
<td>7%</td>
</tr>
<tr>
<td>FY 19-20</td>
<td>229,118</td>
<td>10%</td>
</tr>
<tr>
<td>FY 20-21</td>
<td>253,310</td>
<td>7%</td>
</tr>
<tr>
<td>FY 21-22 (thru 3/22)</td>
<td>272,274</td>
<td>7%</td>
</tr>
</tbody>
</table>
Investment plan grew from 190,000 in FY 17-18 to over 270,000 today
Increasing Adequacy

• SBA conducted retirement adequacy studies in 2018 and in 2020

• Pension Plan provides better adequacy for full career regular class employees, but the gap is closing
Investment Plan Contributions

• Florida increased employer contributions by 3% of pay across the board during the 2022 Legislative Session

• Total Regular Class Investment Plan contributions now stand at 9.3% of pay

Source: Reason Foundation, Evaluation of FRS Investment Plan, October 20, 2021
Increasing Contributions

• Drivers
  – UAL
  – More conservative assumptions
• The “Global Financial Crisis” that began in 2007 led to marked to market asset value declines, creating an unfunded liability.
• The FRS Pension Plan’s funded status continues to be in deficit.
 Contributions and Funded Status

- 11-years of actuarial surpluses from 1998 thru 2008 and employers saving a cumulative $6.6B through reduced contributions.
- $3B in actuarially required contribution rates were not funded due to budgetary constraints from 2010 to 2013. Missed an opportunity to gain an estimated $7.8B in asset value as of June 30, 2021.
From Fiscal Year 2001 – 2021, peer pension plan median assumed returns dropped from 8.0% to 7.0%. Over that same period, FRS assumed return dropped from 7.75% to 6.80%
Florida’s Contribution Rates Continue to Be Significantly Lower Than Other States

- When employees started contributing 3%, employers’ composite contribution rate was lowered by more than 3%.
- FRS’ composite contribution rate (2020) was 13.08% and the median U.S. public pension plan contribution rate (2020) was 21.15%.

Source: NASRA (National Association of State Retirement Administrators)
Change In Default Plan

FRS Membership Allocation: DB+DC Plans

% of FRS Membership

Source: Pension Integrity Project analysis of FRS CAFR reports

Source: Reason Foundation, Evaluation of FRS Investment Plan, October 20, 2021
Increasing Negative Cash Flows

Contributions and Benefit Payments

*Includes transfers to Investment Plan in 2013 and subsequent years.*

This work product was prepared solely for the Department of Management Services for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.
The median net outflow as of FYE 2020 was 2.4% based on the latest survey data.
FRS’ FYE 2020 net outflow (4.2%) fell between the 75th and 95th percentile relative to its peers.
Higher net outflows, contribute to higher funding and liquidity risks.
Net benefits are projected to increase from $6.8 billion in 2022 to $19.1 billion in 2054 before trending down to $0 in 2097.
FRS Investment Plan
The Florida Retirement System (FRS) Investment Plan was established by the legislature to provide Florida’s public employees with a flexible alternative to the FRS Pension Plan (the traditional defined benefit plan)

- Diversified mix of low-cost investment options
- Investment options that avoid excessive risk, have diversification and provide a return that meets or exceeds the comparable market benchmark indices
- Offers participants meaningful, independent control over the assets in their account
- Offers sufficient education about the plan and investment alternatives to make informed investment decisions
Investment Plan Snapshot

**Assets**

- **$15.3 B**
- 13% Increase since 12/31/2020

- 4.59% - 4th Quarter 2021 Return
- 14.07% - Calendar Year 2021
- 4.44% - Fiscal Year (July 21 – Dec 21)

**Members**

- **269,946**
- 7% increase since 12/31/2020

- 180,398 - Active or currently working members (28% of active FRS membership)
- 89,548 - Inactive (terminated with an account balance)

- $56,865 - Average account balance (5% increase since 12/31/20)
- 46 - Average age
- 5 - Average Years of Service for active members

**Retirees**

- **170,142**
- 9% increase since 12/31/2020

- $16.2 B – Total distributions
  - $6.5 B – Lump sum payments (40%)
  - $9.7 B – Rollovers (60%)
### Investment Plan Performance By Asset Class

<table>
<thead>
<tr>
<th></th>
<th>QTD</th>
<th>FYTD</th>
<th>1 Yr</th>
<th>3 Yr</th>
<th>5 Yr</th>
<th>Incept.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Fund</td>
<td>4.59%</td>
<td>4.44%</td>
<td>14.07%</td>
<td>15.85%</td>
<td>11.28%</td>
<td>7.78%</td>
</tr>
<tr>
<td>Stable Value&lt;sup&gt;1&lt;/sup&gt;</td>
<td>0.41%</td>
<td>0.83%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>0.83%</td>
</tr>
<tr>
<td>Inflation Protected Assets &amp; TIPS&lt;sup&gt;2&lt;/sup&gt;</td>
<td>4.81%</td>
<td>5.31%</td>
<td>12.27%</td>
<td>9.85%</td>
<td>6.25%</td>
<td>3.09%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>2.11%</td>
<td>0.25%</td>
<td>-0.34%</td>
<td>5.75%</td>
<td>4.27%</td>
<td>4.74%</td>
</tr>
<tr>
<td>Domestic Equities</td>
<td>8.25%</td>
<td>7.88%</td>
<td>24.59%</td>
<td>24.83%</td>
<td>17.06%</td>
<td>11.58%</td>
</tr>
<tr>
<td>Global &amp; International Equities</td>
<td>6.15%</td>
<td>-0.10%</td>
<td>9.47%</td>
<td>15.98%</td>
<td>11.68%</td>
<td>8.62%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>7.42%</td>
<td>14.48%</td>
<td>23.04%</td>
<td>10.39%</td>
<td>N/A</td>
<td>9.38%</td>
</tr>
<tr>
<td>Retirement Date Funds</td>
<td>5.54%</td>
<td>4.18%</td>
<td>13.22%</td>
<td>15.09%</td>
<td>10.90%</td>
<td>7.80%</td>
</tr>
<tr>
<td>TF x RDFs</td>
<td>6.00%</td>
<td>4.71%</td>
<td>14.94%</td>
<td>16.57%</td>
<td>11.65%</td>
<td>8.90%</td>
</tr>
</tbody>
</table>

<sup>1</sup>Stable Value inception July 1, 2021  
<sup>2</sup>Prior to 2014, TIPS only  
Retirement Date Funds inception July 1, 2014  
TF x RDFs inception July 1, 2014

**All Returns as of 12/31/2021**
Investment Plan AUM by Asset Class

As of 12/31/2021;
All $ in millions

More information available at www.MyFRS.com; no need to login.
## Investment Plan Fund Offering Fees (bps)

<table>
<thead>
<tr>
<th>9 Core Funds – White Labeled</th>
<th>10 Target Date Funds – White Labeled</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ FRS Stable Value Fund (.19)</td>
<td>➢ FRS 2060 Retirement Date Fund (2060) (.10)</td>
</tr>
<tr>
<td>➢ FRS Inflation Sensitive Fund (.36)</td>
<td>➢ FRS 2055 Retirement Date Fund (2055) (.10)</td>
</tr>
<tr>
<td>➢ FRS U.S. Bond Enhanced Index Fund (.05)</td>
<td>➢ FRS 2050 Retirement Date Fund (2050) (.10)</td>
</tr>
<tr>
<td>➢ FRS Core Plus Bond Fund (.19)</td>
<td>➢ FRS 2045 Retirement Date Fund (2045) (.10)</td>
</tr>
<tr>
<td>➢ FRS U.S. Stock Market Index Fund (.02)</td>
<td>➢ FRS 2040 Retirement Date Fund (2040) (.12)</td>
</tr>
<tr>
<td>➢ FRS U.S. Stock Fund (.35)</td>
<td>➢ FRS 2035 Retirement Date Fund (2035) (.14)</td>
</tr>
<tr>
<td>➢ FRS Foreign Stock Index Fund (.03)</td>
<td>➢ FRS 2030 Retirement Date Fund (2030) (.16)</td>
</tr>
<tr>
<td>➢ FRS Foreign Stock Fund (.46)</td>
<td>➢ FRS 2025 Retirement Date Fund (2025) (.17)</td>
</tr>
<tr>
<td>➢ FRS Global Stock Fund (.47)</td>
<td>➢ FRS 2020 Retirement Date Fund (2020) (.19)</td>
</tr>
<tr>
<td>➢ FRS Retirement Fund (2000) (.19)</td>
<td></td>
</tr>
</tbody>
</table>

As of March 31, 2022
Expense Ratio Review

- The below table provides a comparison of the investments in the Plan versus investments of similar size and mandate.
- The investment options in the Plan all have reasonable fees compared to similar alternatives.
- FRS Investment Plan appropriately uses its size and scale to integrate managers and reduce costs across the core funds and target date funds.

<table>
<thead>
<tr>
<th>Investment Option</th>
<th>Expense Ratio</th>
<th>Peer Median¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>FRS Retirement Funds</td>
<td>0.10% - 19%</td>
<td>0.27% - 0.43%</td>
</tr>
<tr>
<td>FRS Stable Value Fund</td>
<td>0.19%</td>
<td>0.44%</td>
</tr>
<tr>
<td>FRS Inflation Sensitive Fund</td>
<td>0.36%</td>
<td>0.35%</td>
</tr>
<tr>
<td>FRS U.S. Bond Enhanced Index Fund</td>
<td>0.05%</td>
<td>0.05%</td>
</tr>
<tr>
<td>FRS Core Plus Bond Fund</td>
<td>0.19%</td>
<td>0.45%</td>
</tr>
<tr>
<td>FRS U.S. Stock Market Index Fund</td>
<td>0.02%</td>
<td>0.04%</td>
</tr>
<tr>
<td>FRS U.S. Stock Fund</td>
<td>0.35%</td>
<td>0.87%</td>
</tr>
<tr>
<td>FRS Foreign Stock Index Fund</td>
<td>0.03%</td>
<td>0.11%</td>
</tr>
<tr>
<td>FRS Foreign Stock Fund</td>
<td>0.46%</td>
<td>0.85%</td>
</tr>
<tr>
<td>FRS Global Stock Fund</td>
<td>0.47%</td>
<td>0.90%</td>
</tr>
</tbody>
</table>

¹ Source: Aon’s annual mutual fund expense analysis as of 12/31/2020. Dollar weighted median shown for passive mandates.
Total Investment Plan Returns

Periods Ending 3/31/2022*

*Returns shown are net of fees. Aggregate benchmark returns are an average of the individual portfolio benchmark returns at their actual weights.
My FRS Financial Guidance Program

As of 12/31/2021

- EY Financial Planner Calls: 330,184 (+20%)
- Financial Planning Workshops: 682 (+42%)
- Attendance Financial Workshops: 28,082 (+86%)
- Website Hits: 3,292,775 (+5%)
- Website Chats: 119,420 (-29%)

(% change from previous 12 months)

30 Annuities purchased last 12 months ($2.4 M)
189 Total Annuities purchased inception to date ($23.6 M)

As of 12/31/2021
Outline

• Where are we
  – Fund Balance
  – Performance
• Where are markets
• How are we positioned to weather current turmoil
• Asset Class Updates
  – GE
  – FI
  – PE
  – SI
  – RE
From 1991 to 1992, the total assets under SBA management reported for “Other Funds” were equal to the original cost value of investments, plus accrued interest receivable, plus or minus any pending sales or purchases of investments. Beginning in 1993, investments are reported at fair market value rather than original cost.
Fund Returns

CHART 7: FRS Pension Plan - Actual Returns by Fiscal Year

- 2021: 28.46%
- 2020: 6.08%
- 2019: 2.08%
- 2018: 6.26%
- 2017: 13.77%
- 2016: 3.10%
- 2015: 8.98%
- 2014: 13.77%
- 2013: 3.67%
- 2012: 11.12%
- 2011: 13.12%
- 2010: 14.03%
- 2009: 22.09%
- 2008: -4.42%
- 2007: -19.03%
- 2006: 18.07%
- 2005: 10.56%
- 2004: 10.16%
- 2003: 2.83%
- 2002: -7.56%
- 2001: 3.96%
- 2000: 10.54%
- 1999: 13.99%
- 1998: 21.67%
- 1997: 17.13%
- 1996: 18.36%
- 1995: 14.91%
- 1994: 0.60%
- 1993: 14.89%
- 1992: 14.36%
- 1991: 9.10%
- 1990: 10.49%
- 1989: 14.92%
- 1988: 10.13%
- 1987: -0.34%
The FRS Pension Plan has outperformed its performance benchmark over all time periods.
• Except for the 20 year period, the Pension Plan has exceeded the actuarial return assumptions.
• SBA is projecting a long-term nominal return assumption of 6.13%.
Market Update

• Previous slides tell how well we’ve done
• Going forward depends on
  – Markets
  – Asset allocation
Unprecedented Monetary Stimulus Fueling Asset Values
High Equity Valuations Are Associated with Lower Future Returns

Source: Bloomberg. Based on monthly total 10-Year Returns between Jan 1995 – Sept 2021
Over Time Bonds Return Their Yields

September 30, 2021 YTM for Bloomberg Barclays index was 1.56%
Inflation As Measured By CPI

CPI YOY Index (US CPI Urban Consumers YoY NSA)

- Last Price: 8.2586
- High on 03/31/22: 8.5424
- Average: 2.6488
- Low on 05/31/20: 0.1179

The BLOOMBERG PROFESSIONAL service, BLOOMBERG Data and BLOOMBERG Order Management System (the “Services”) are owned and distributed locally by Bloomberg Finance L.P. (“BFLP”) and its subsidiaries in all jurisdictions other than Argentina, Bermuda, China, India, Japan and Korea (the “BFLP Countries”). BFLP is a wholly-owned subsidiary of Bloomberg L.P. (“BLP”). BLP provides BFLP with all global marketing and operational support and services for the Services and distributes the Services either directly or through a non-BFLP subsidiary in the BFLP Countries. The Services include electronic trading and order-routing services, which are available only to qualified institutional investors and only where clearance and legal compliance have been obtained. BFLP, BLP and their affiliates do not provide investment advice or guarantee the accuracy of prices or information in the Services. Nothing in the Services should constitute an offering or financial instrument of BFLP, BLP or their affiliates. BLOOMBERG, BLOOMBERG PROFESSIONAL, BLOOMBERG MARKET, BLOOMBERG NEWS, BLOOMBERG ANYWHERE, BLOOMBERG TRADEBOOK, BLOOMBERG TELEVISION, BLOOMBERG RADIO, BLOOMBERG PRESS and BLOOMBERG.COM are trademarks and service marks of BFLP, a Delaware limited partnership, or its subsidiaries.
Change In Treasury Yields
Unusual Correlations

- US Equities, Foreign Equities, and Bonds all down from 8% - 15% since October
- Bitcoin has tracked Tech sector of late
- Only Commodities have performed during this period
How Do We Manage Volatility?

Asset Allocation Diversification

[Graph showing asset allocation percentages over time]
Asset Classes & Diversification

CHART 4:

Expected Risk and Return of FRS Pension Plan Total Fund as of June 30, 2021

FRS Pension Plan Total Fund

- Hedge Funds - Global Macro
- 31% Bonds/69% Global Equity
- Open Mandate HF’s
- High Yield
- Hedge Funds - CTAs
- Real Estate
- Private Debt - Direct Lending
- Fixed Income
- Intermediate Fixed Income
- Commodity
- Cash

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target Asset Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Equities</td>
<td>53%</td>
</tr>
<tr>
<td>Investment-Grade Fixed Income</td>
<td>18%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>10%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>8%</td>
</tr>
<tr>
<td>Strategic Investments</td>
<td>12%</td>
</tr>
<tr>
<td>Cash</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: AON/Hewitt
Asset Classes & Diversification

CHART 3:
Related Asset Class Performance of FRS Pension Plan by Fiscal Year

<table>
<thead>
<tr>
<th>Total Fund Return</th>
<th>FY 07-08</th>
<th>FY 08-09</th>
<th>FY 09-10</th>
<th>FY 10-11</th>
<th>FY 11-12</th>
<th>FY 12-13</th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
<th>FY 16-17</th>
<th>FY 17-18</th>
<th>FY 18-19</th>
<th>FY 19-20</th>
<th>FY 20-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>-4.42%</td>
<td>-19.03%</td>
<td>14.03%</td>
<td>22.09%</td>
<td>0.29%</td>
<td>13.12%</td>
<td>17.40%</td>
<td>3.67%</td>
<td>0.54%</td>
<td>13.77%</td>
<td>8.98%</td>
<td>6.26%</td>
<td>3.08%</td>
<td>29.49%</td>
<td></td>
</tr>
</tbody>
</table>

Source: SBA
### FLORIDA RETIREMENT SYSTEM DEFINED BENEFIT FUND
#### END OF MONTH MARKET VALUES, BY ASSET CLASS

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>6/30/2021</th>
<th>9/30/2021</th>
<th>12/31/2021</th>
<th>3/31/2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Fund Value</td>
<td>$199,600,498,385.17</td>
<td>$199,040,609,651.11</td>
<td>$206,437,287,702.62</td>
<td>$197,722,178,266.07</td>
</tr>
<tr>
<td>Global Equities</td>
<td>110,156,581,775.40</td>
<td>106,620,677,741.50</td>
<td>112,427,557,862.84</td>
<td>104,244,982,876.67</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>34,551,320,934.41</td>
<td>35,643,462,405.19</td>
<td>35,977,309,221.36</td>
<td>33,342,133,972.83</td>
</tr>
<tr>
<td>Real Estate¹</td>
<td>16,821,692,194.97</td>
<td>17,357,478,722.57</td>
<td>18,622,018,023.46</td>
<td>19,899,676,707.48</td>
</tr>
<tr>
<td>Strategic Investments²</td>
<td>18,134,136,110.06</td>
<td>18,668,979,474.90</td>
<td>19,151,888,158.37</td>
<td>19,808,032,511.68</td>
</tr>
<tr>
<td>Private Equities²</td>
<td>17,339,857,002.50</td>
<td>17,601,485,017.41</td>
<td>17,806,463,025.73</td>
<td>18,220,222,364.34</td>
</tr>
<tr>
<td>Cash/Short Term</td>
<td>2,596,910,367.83</td>
<td>3,148,526,289.54</td>
<td>2,452,051,410.86</td>
<td>2,207,129,833.07</td>
</tr>
</tbody>
</table>

¹ This report reflects the Real Estate directly owned & commingled investments based on the latest available manager statements, adjusted for acquisitions and dispositions, if necessary.

² This report reflects the Private Equities and Strategic Investments asset class values based on the latest available manager statements, adjusted for acquisitions and dispositions, if necessary.
Global Equity

AUM at March 31, 2022: $104.2 billion

Performance shown as of December 31, 2021
## Global Equity – Largest Holdings

### Global Equity Security

#### Top 10 Holdings – 15.1%

<table>
<thead>
<tr>
<th>Company</th>
<th>Weight</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apple Inc</td>
<td>3.2%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Microsoft</td>
<td>3.0%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Alphabet</td>
<td>2.2%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Amazon</td>
<td>1.8%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Tesla</td>
<td>1.5%</td>
<td>2.0%</td>
</tr>
<tr>
<td>TSMC</td>
<td>1.0%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Meta</td>
<td>0.8%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Nvidia</td>
<td>0.8%</td>
<td>13.0%</td>
</tr>
<tr>
<td>Berkshire Hathaway</td>
<td>0.6%</td>
<td>12.5%</td>
</tr>
<tr>
<td>Samsung</td>
<td>0.6%</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

#### Top 5 Overweights

<table>
<thead>
<tr>
<th>Company</th>
<th>Active Weight</th>
<th>Qtr Return</th>
<th>Total Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taiwan Semicon Man</td>
<td>0.23</td>
<td>-5.90%</td>
<td>-0.03%</td>
</tr>
<tr>
<td>Aia Group Ltd</td>
<td>0.20</td>
<td>4.43%</td>
<td>0.02%</td>
</tr>
<tr>
<td>Microsoft Corp</td>
<td>0.19</td>
<td>-8.20%</td>
<td>-0.01%</td>
</tr>
<tr>
<td>Samsung Electronic</td>
<td>0.16</td>
<td>-12.51%</td>
<td>-0.01%</td>
</tr>
<tr>
<td>Berkshire Hathaway</td>
<td>0.12</td>
<td>18.03%</td>
<td>0.02%</td>
</tr>
</tbody>
</table>

#### Top 5 Underweights

<table>
<thead>
<tr>
<th>Company</th>
<th>Active Weight</th>
<th>Qtr Return</th>
<th>Total Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apple Inc</td>
<td>-0.55</td>
<td>-1.58%</td>
<td>-0.02%</td>
</tr>
<tr>
<td>Toyota Motor Corp</td>
<td>-0.18</td>
<td>1.18%</td>
<td>-0.01%</td>
</tr>
<tr>
<td>Toronto Dominion Bank</td>
<td>-0.16</td>
<td>4.12%</td>
<td>-0.01%</td>
</tr>
<tr>
<td>Cmnnwth Bk Of Aust</td>
<td>-0.14</td>
<td>10.09%</td>
<td>-0.02%</td>
</tr>
<tr>
<td>Royal Dutch Shell Plc</td>
<td>-0.14</td>
<td>27.55%</td>
<td>-0.03%</td>
</tr>
</tbody>
</table>
Fixed Income

AUM at March 31, 2022: $33.3 billion
Private Equity

AUM at March 31, 2022: $18.2 billion

Performance shown as of December 31, 2021
Manager selection is key in this space; over 60% of PE Funds are first or second quartile funds
Private Equity-Venture Capital

• Notable Exits
  – YETI – IPO exit (26.4x return)
  – Uber – IPO exit (over 50x return)
  – coinbase – IPO exit (over 1,000x return)
  – SnapChat – IPO exit (over 250x return)
  – DOORDASH – IPO exit (over 15x return)
  – FLOOR & DECOR – IPO exit (over 15x return)
  – TaylorMade – sold to strategic (9x return)
  – Hostess (Twinkies) financial buyer (6.5x return)
Strategic Investments

AUM at March 31, 2022: $19.8 billion

- Generate 4% real rate of return over the long term
- Dampen volatility and improve risk-adjusted return of FRS
- Outperform FRS during market declines
- Increase portfolio flexibility by investing in new strategies

Performance shown as of December 31, 2021
Overview of FSBA’s Strategic Investments

As of June 30, 2021 • USD

FLORIDA STATE BOARD OF ADMINISTRATION ALLOCATION
$199.6 BILLION

Strategic Investments Allocation
$18.2 billion

<table>
<thead>
<tr>
<th>Color</th>
<th>Asset Class</th>
<th>% Of NAV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue</td>
<td>Debt Strategies</td>
<td>26.9%</td>
</tr>
<tr>
<td>Orange</td>
<td>Equity Strategies</td>
<td>12.8%</td>
</tr>
<tr>
<td>Green</td>
<td>Real Assets</td>
<td>17.1%</td>
</tr>
<tr>
<td>Purple</td>
<td>Diversifying Strategies</td>
<td>24.1%</td>
</tr>
<tr>
<td>Light Blue</td>
<td>Flexible Mandates</td>
<td>11.4%</td>
</tr>
<tr>
<td>Yellow</td>
<td>Special Situations</td>
<td>7.7%</td>
</tr>
</tbody>
</table>

Copyright © 2021 by Cambridge Associates LLC. All rights reserved.
Real Estate

AUM at March 31, 2022: $19.9 billion

- Provides Income
- Hedge against inflation
- Lower correlation to equity risk

Performance shown as of December 31, 2021
Real Estate & Inflation

- Real Estate historically has outperformed in previous inflationary periods.
- Leases and revenue streams are directly or indirectly linked to inflation.
- Inflation, accompanied by good economic growth, can lead to increased demand for real estate space.
- Leases with expense pass-throughs are a hedge against inflation.
- Construction cost inflation slows new construction and can result in price appreciation of existing assets.
- Debt hedges against inflation. As NOI grows with inflation, debt gets paid down at the same interest rate.
Current Investment Focus

New Investment:
- Industrial/Cold Storage: Continues to ride the wave of secular change driven by shifting consumption patterns, demographic change, and the adoption of new technologies. Development spreads are favorable.
- Residential: Includes multifamily, student housing, manufactured housing, and Single Family Rental. Driven by a shortage of housing and changes in migration and work patterns. Development spreads are favorable.
- Medical Office Buildings: Strong strategic outlook based on aging populations and evolving healthcare models.
- Self Storage: Low capex and short lease terms favorable in an inflationary environment. Defensive characteristics.
- Life Science: Relatively small sector poised for expansion. Driven by emerging technologies and treatment options that are backed by capital, access to super-computing, and recent successes of specific drugs. Development spreads are favorable.
- Retail/Mixed Use: A number of retail properties in the portfolio are being evaluated for mixed use and densification.

Dispositions:
Large identified pipeline of primarily office and retail assets for disposition as part of portfolio construction.
## Real Estate Asset Class
### Direct-Owned Investments

<table>
<thead>
<tr>
<th>Property Type</th>
<th># of Properties</th>
<th>Net Asset Value</th>
<th>Square Feet</th>
<th>Units</th>
<th>Beds</th>
<th>Sites</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartment</td>
<td>19.7</td>
<td>$2,781,059,832</td>
<td>6,975,881</td>
<td>7,619</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Housing</td>
<td>14</td>
<td>$420,466,209</td>
<td></td>
<td>2,404</td>
<td>6,546</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial</td>
<td>54</td>
<td>$2,232,862,259</td>
<td>25,148,280</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>24.1</td>
<td>$1,500,198,995</td>
<td>3,242,309</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Office</td>
<td>16.2</td>
<td>$3,322,457,436</td>
<td>5,840,354</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life Sciences</td>
<td>1</td>
<td>$67,562,160</td>
<td>173,757</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical Office</td>
<td>39</td>
<td>$635,390,290</td>
<td>733,481</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self Storage</td>
<td>74</td>
<td>$515,844,758</td>
<td>5,193,130</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufactured Housing</td>
<td>13</td>
<td>$118,331,334</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,734</td>
</tr>
<tr>
<td>Agriculture</td>
<td>25</td>
<td>$681,381,015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>34,741</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>280</strong></td>
<td><strong>$12,275,554,288</strong></td>
<td><strong>47,307,192</strong></td>
<td><strong>10,023</strong></td>
<td>6,546</td>
<td>1,734</td>
<td>34,741</td>
</tr>
</tbody>
</table>
Real Estate Asset Class
Apartment

Property Sub-Types
- Garden
- Mid-Rise
- High-Rise

Key Considerations
- Suburban, Urban locations
- Transit Oriented
- Amenities
- High Barriers to entry
- Build-to-Core strategy
Portico Apartments

- Sunrise, FL
- Developed – 2017
- 417 Units
- Market Value $181 million
Pierhouse at Channelside

- Tampa, FL
- Acquired – 2014
- 356 Units
- Market Value $127 million
The Ventura

- Apartments
- New York, NY
- Acquired - 2000
- 246 Units
- Market Value $250 million
Real Estate Asset Class
Student Housing

Property Sub Types
- Purpose Built
- Cottage Style

Key Considerations
- University
- Proximity to Campus
- Vintage
- Amenities
Real Estate Asset Class
Industrial

Property Sub-Types
- Warehouse
- Distribution Center

Key Considerations
- Location near major population centers and major distribution hubs
- Areas of strong demand driven by e-commerce

Rutherford, New Jersey

Miami, FL

Denver, CO
Real Estate Asset Class
Commercial Office

Property Sub Types
- CBD
- Urban
- Suburban

Key Considerations
- Location (live/work/play) environment
- Physical condition (ceiling height, floor plates, floor plans)
- Tenancy

New York, NY
Washington, DC
Nashville, TN
Potomac Center North

- Office
- Washington, DC
- Acquired – 2009
- 502,997 SF
- Market Value $223 million
10100 Santa Monica

- Office
- Los Angeles, CA
- Acquired – 1996
- 605,657 SF
- Market Value $737 million
Key Considerations
- Dominant healthcare systems & physician groups
- Use Type
  - Multi-specialty Clinics
  - Orthopedics
  - Oncology
  - Ophthalmology & Optometry
  - Urology
  - Radiology & Imaging
  - Primary Care
Life Science office is highly specialized space used by medical and tech companies to conduct research and development (biotech, pharma, medical device, etc.).

Primary markets include Boston, MA; San Francisco, CA; San Diego, CA.
Real Estate Asset Class: Retail

Property Sub Types:
- Urban and High Street Retail
- Lifestyle Center
- Power and Community Centers

Key Considerations:
- Trade Area Demographics
- Metro Area
- Tenant Sales Performance
- Anchor Quality
- Competitive Position
- Supply Constraints
Key Considerations
- JV Partner Experience
- Property Location
- Surrounding HH Income
- Population Density
Real Estate Asset Class
Manufactured Housing

Key Considerations
- JV Partner Experience
- Community quality
- Location
Real Estate Asset Class
Agriculture

Property Sub Types
- Permanent Crops
- Row Crops

Key Considerations
- Commodity Demand
- Location
- Water Supply

Almond Trees - CA
Table Grapes - CA
Nectarines - CA
Permanent Crops

Citrus

Avocados
Row Crops

- cotton
- soybeans
- corn
- wheat
- cotton

FRS Pension Plan
Questions?
State Board of Administration
1801 Hermitage Blvd., Suite 100
Tallahassee, Florida 32308
(850) 488-4406
www.sbafla.com