

STATE OF FLORIDA

SPECIAL PURPOSE INVESTMENT ACCOUNTS (SPIA)

The Florida State Treasury operates a special investment program for public entities other than the state. This program is authorized in Section 17.61(1), Florida Statutes, and is called the Special Purpose Investment Account (SPIA). Entities created by the Florida Constitution or Florida Statutes are eligible to invest in SPIA. Examples include universities, government foundations, and water management districts.

SPIA funds are combined with State funds and invested in six fixed income components. These components include a Certificates of Deposit and Securities Lending program as well as short-term liquidity, cash enhanced, conservative core and core strategies. This laddered investment strategy, along with incremental income produced by securities lending, has the ability to return longer-term yields compared to a typical money market fund. A history of annualized yields is available below; however, past performance is not an indication of future performance.

SPIA seeks to maintain a \$1.00 value. Participants have the ability to invest and obtain funds same day with an 11:00 a.m. deadline for notifying the Treasury. Earnings are posted monthly based on a pro-rata share of total Treasury earnings less fees paid to external money managers and custodians. There is a monthly assessment of 0.01% (0.12% annually) of the average daily balance.

All investments carry a certain amount of risk. The following factors can significantly affect the fund's performance:

Interest Rate Changes. Interest rate increases can cause the price of a debt security to decrease.

Foreign Exposure. Foreign markets, particularly emerging markets, can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market, or economic developments and can perform differently from the U.S. market.

Prepayment. The ability of an issuer of a debt security to repay principal prior to a security's maturity can cause greater price volatility if interest rates change.

Issuer-Specific Changes. The value of an individual security or particular type of security can be more volatile than, and can perform differently from, the market as a whole. A decline in the credit quality of an issuer or a provider of credit support or a maturity-shortening structure for a security can cause the price of a security to decrease. Lower-quality debt securities (those of less than investment-grade quality, also referred to as high yield debt securities) and certain types of other securities involve greater risk of default or price changes due to changes in the credit quality of the issuer. The value of lower-quality debt securities and certain types of other securities can be more volatile due to increased sensitivity to adverse issuer, political, regulatory, market, or economic developments and can be difficult to resell.

Leverage Risk. Leverage can increase market exposure, magnify investment risks, and cause losses to be realized more quickly.

An investment in SPIA is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although SPIA seeks to preserve principal, it is possible to lose money by depositing money into SPIA. Unlike individual debt securities, which typically pay principal at maturity, the value of an investment in the fund will fluctuate.