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Oklahoma Police Pension & Retirement System
Long -Term Strategic Analysis

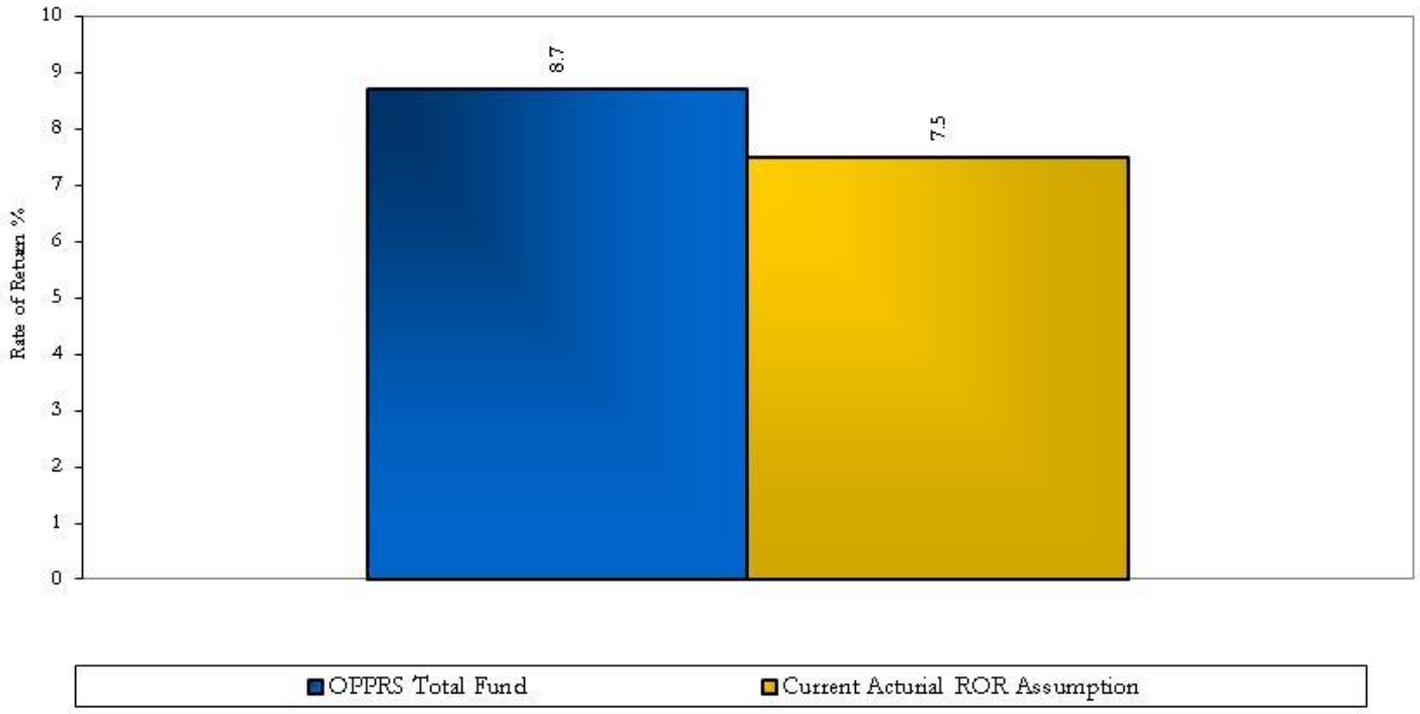
October 2014

Talking Points

- The Oklahoma Police Pension Retirement System is the most well funded large plan in the State of Oklahoma.
- Funded status of 94.6% as of June 30, 2014.
- The Oklahoma Police Pension Retirement System Board of Trustees have historically implemented the investment portfolio in a much more risk averse manner than the other State Systems that are not nearly as well funded.
- By reducing portfolio volatility, funded status volatility is reduced as is volatility in the ARC.
- From September 1, 1985, through June 30, 2014, the OPPRS investment portfolio has produced an annualized return of 8.7%. Well in excess of the actuarial assumed rate of return, which is presently 7.5%.
- 10-year portfolio risk is lower than 91% of all other public funds.
- 10-year risk adjusted returns are better (more efficient) than 92% of all public funds.
- The total investment management cost is well below the average of similarly positioned institutional investment portfolios (61.7 basis points versus 76 basis points).

Funded status of 94.6%, portfolio returns in excess of required return and risk adjusted returns relative to other investors are a proof statement as to the soundness of the long-term investment approach implemented by the Oklahoma Police Board of Trustees.

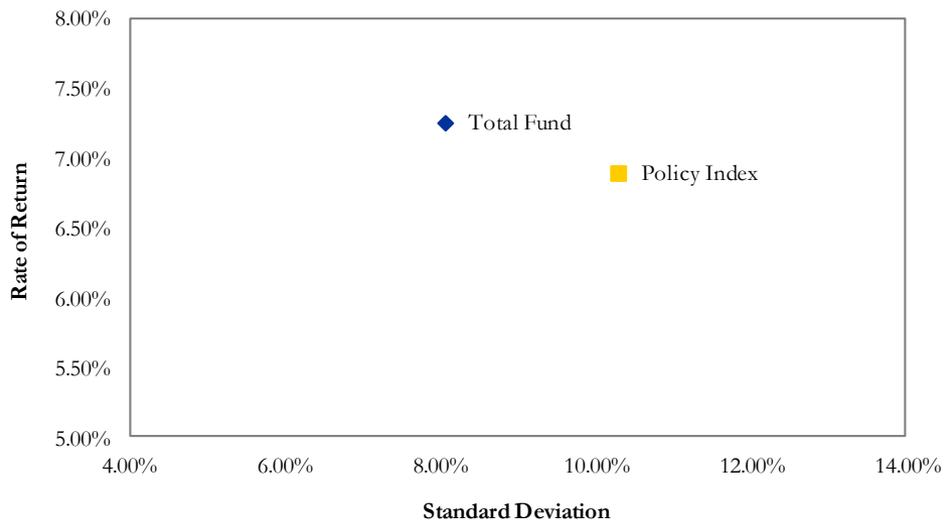
Long -Term Results v. Actuarial Rate of Return Assumption



- From September 1, 1985 through June 30, of 2014, the OPFRS investment portfolio has produced an annualized return of 8.7%. Well in excess of the actuarial assumed rate of return, which is presently 7.5%.

Total Portfolio for 10 Year Period Ending June 30, 2014

Risk vs. Return (10 Year Annualized)



Portfolio Statistics (10 Years)

	<u>Total Fund</u>	<u>Ranking</u>	<u>Policy Index</u>
Return	7.26	50	6.90
Standard Deviation	9.21	9	11.25
Sharpe Ratio	0.61	8	0.47
Beta	0.79	--	1.00
Up Capture	88.55	--	--
Down Capture	71.73	--	--

Rankings are based on the ICC universe Public Funds Universe.

Total Fund Investment Management Fees v. Peers

OPPRS Weighted Average Fee	61.7 bps
Public Funds (greater than \$1 billion)	62.2 bps
Similar Risk Profile (greater than \$1 billion)	76.0 bps

Fees May Vary Based on Changes in Market Values or Investment Results.
Average Weighted Fee based on 8/31/14 market values and excludes performance based fees

Comparison is from 2012 Greenwich Fee Study. Similar Risk Profile (greater than \$1 billion) is represented by Endowments and Foundations.

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