
Oklahoma Police Pension & Retirement System
Long-Term Strategic Analysis

November 2015

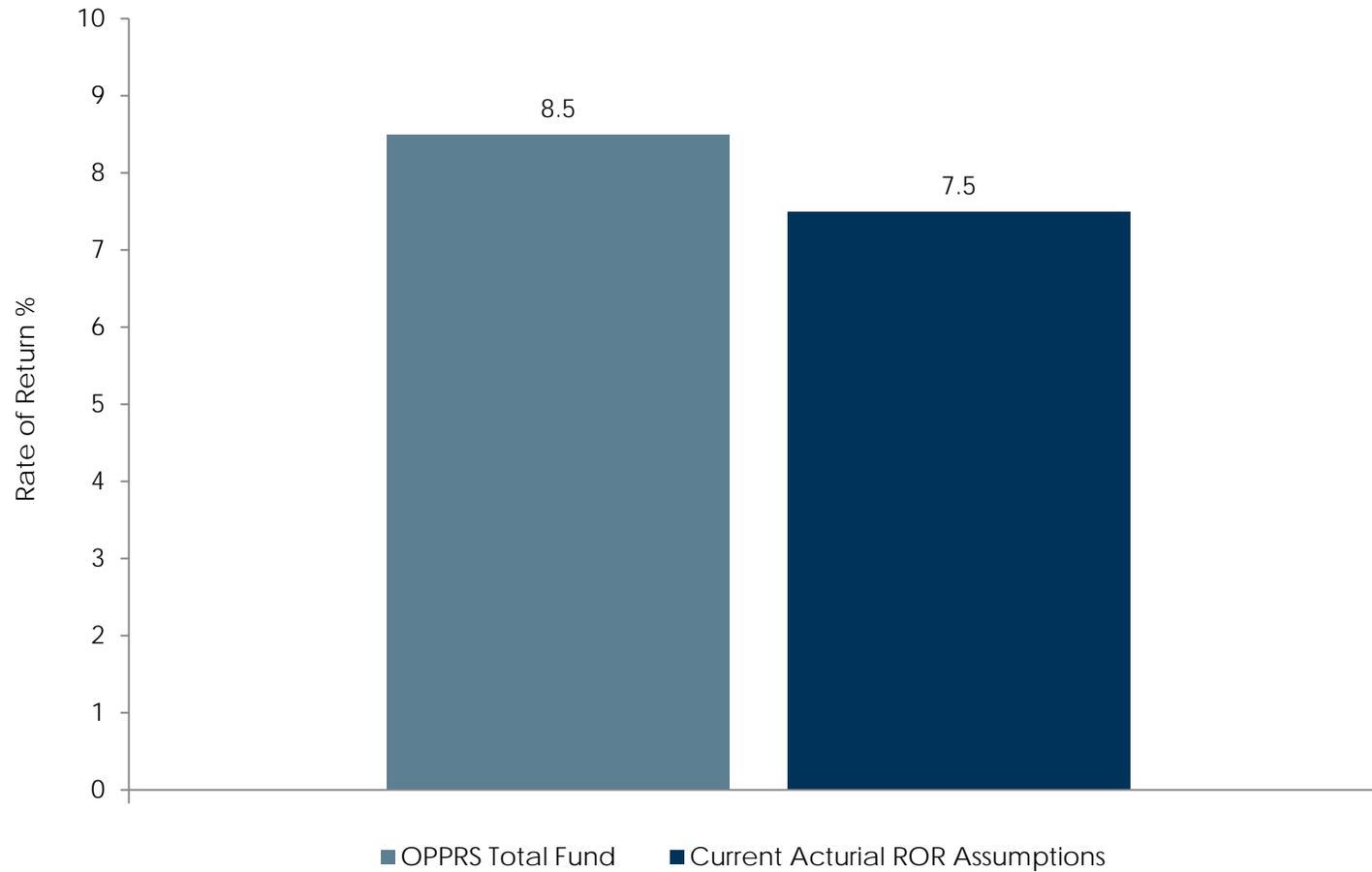
Talking Points

- The Oklahoma Police Pension & Retirement System is the most well funded large plan in the State of Oklahoma.
- Funded status of 98.2% as of January 1, 2015.
- The Oklahoma Police Pension & Retirement System Board of Trustees has 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, 2015, the OPPRS investment portfolio has produced an annualized return of 8.5%, well in excess of the actuarial assumed rate of return, which is presently 7.5%.
- 10-year portfolio risk is lower than 95% of all funds with a similar equity allocation*.
- 10-year risk adjusted returns are better (more efficient) than 91% of all funds with a similar equity allocation*.
- The total fees paid are well below the average of similarly positioned institutional investment portfolios (55 basis points versus 76 basis points).

Funded status of 98.2%, 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.

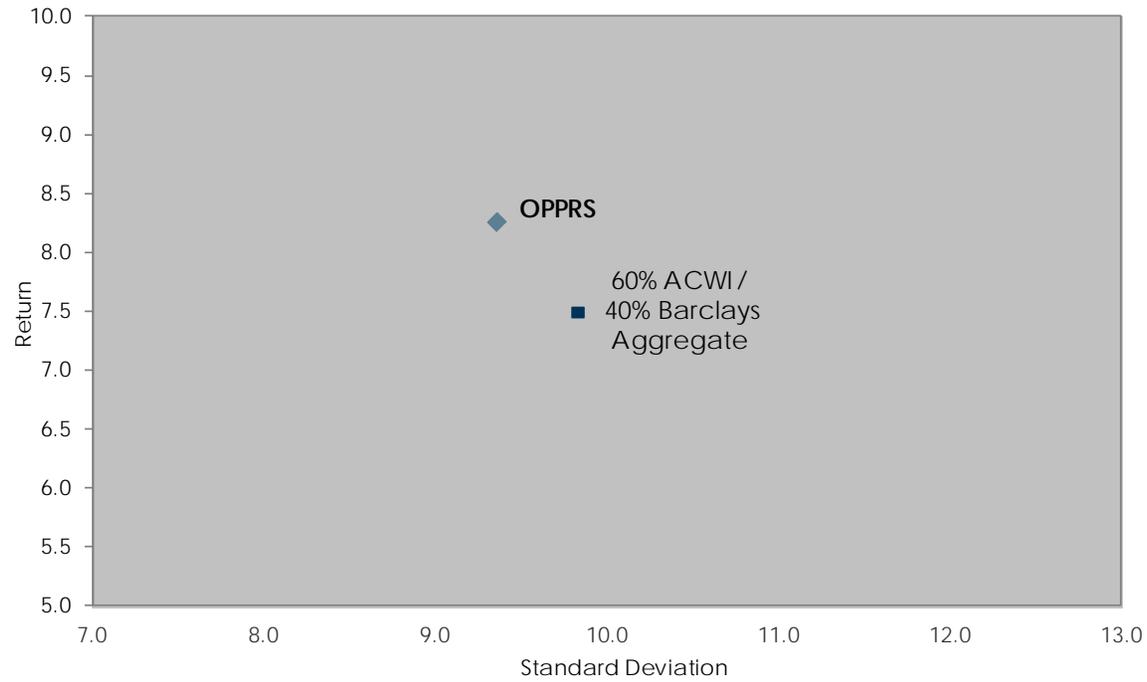
**The 10 Year risk and risk adjusted return peer group comparisons are based on the State Street TUCS Total Fund 55-70% Equity Allocation peer group.*

Long-Term Results vs. Actuarial Rate of Return Assumptions



From September 1, 1985 through June 30, of 2015, the OPPRS investment portfolio has produced an annualized return of 8.5%, well in excess of the actuarial assumed rate of return, which is presently 7.5%.

Total Portfolio Risk vs. Return for 25 Years Ending June 30, 2015



	Annualized Return	Standard Deviation	Sharpe Ratio
OPPRS	8.25	9.36	0.56
60% ACWI / 40% Barclays Aggregate	7.50	9.83	0.46

OPPRS Total Fees Paid in 2014 ¹	55 bps
Public Funds (greater than \$1 billion) ²	62.2 bps
Similar Risk Profile (greater than \$1 billion) ²	76.0 bps

Fees may vary based on changes in market values or investment results.

¹Data from Aug 19, 2015 Oklahoma State Pension Commission Report – Calendar Year 2014 Fee Analysis and includes custody, investment manager, and investment consultant fees. Total fees paid are based on monthly average market values for 2014 calendar year.

²Comparison is from 2012 Greenwich Fee Study. Similar risk profile (greater than \$1 billion) is represented by endowments and foundations.

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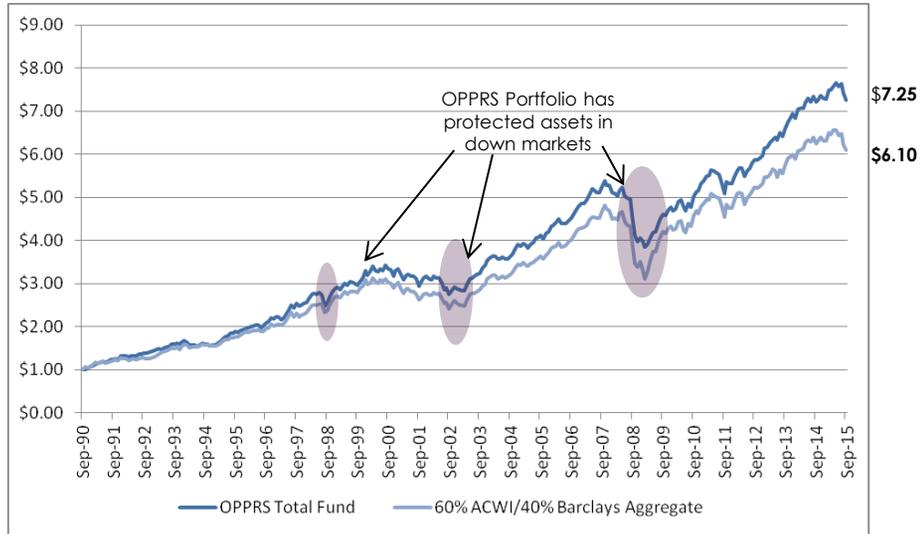
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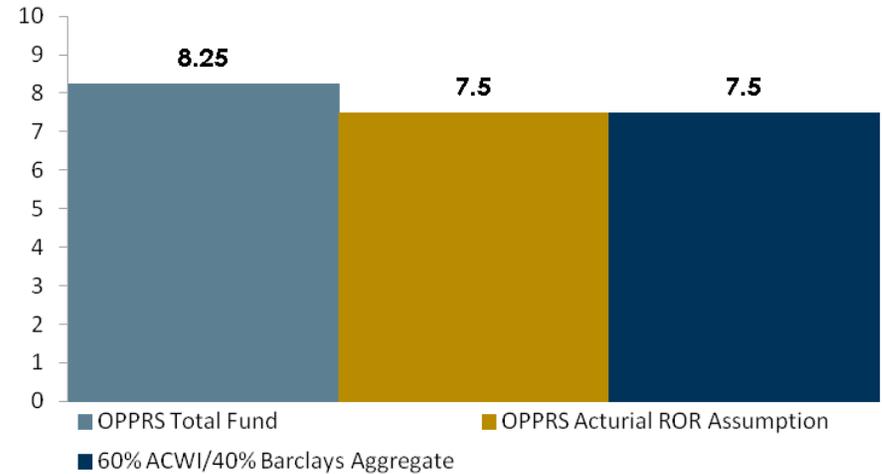
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Oklahoma Police Pension & Retirement System Summary

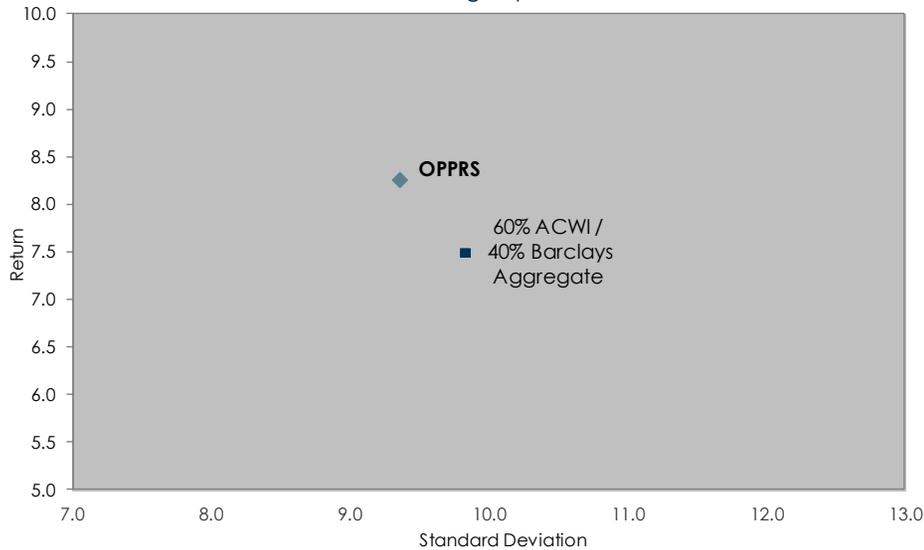
Growth of a Dollar
25 Years Ending Sept. 30, 2015



Total Portfolio Annualized Return
25 Years Ending Sept. 30, 2015



Risk vs. Return
25 Years Ending Sept. 30, 2015



	Annualized Return	Standard Deviation	Sharpe Ratio
OPPRS	8.25	9.36	0.56
60% ACWI / 40% Barclays Aggregate	7.50	9.83	0.46

Summary

- The Oklahoma Police Pension & Retirement System is the most well funded large plan in the State of Oklahoma (98.2% as of Jan 1, 2015).
- Due to its funded status, OPPRS has focused its investment strategy on risk reduction, while maintaining attractive risk-adjusted returns.
- By having a highly diversified portfolio and minimizing its risk profile, OPPRS has been able to grow its assets at a higher rate than a traditional portfolio mix of 60% equities / 40% bonds, while also minimizing the loss of principal and protecting assets during negative market environments.
- In reducing portfolio volatility, funded status volatility is reduced, as is volatility in the Annual Required Contributions(ARC).
- OPPRS' total investment cost is well below the average of similarly positioned institutional investment portfolios (55 basis points versus 76 basis points).
- **OPPRS has been able to achieve higher returns, with less risk while paying lower fees. This, combined with a 98% funded status, is a testament to the soundness of the long-term investment approach implemented by OPPRS.**