THE
ADVISOR
Quarterly Newsletter of the Oklahoma Teachers Retirement System

OKLAHOMA TEACHERS RETIREMENT SYSTEM

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Interim Executive Director
Tom Spencer

Fall 2014 / Volume 6 Issue 3

Tom Spencer Named Executive Director

The Board of Trustees for the Oklahoma Teachers' Retirement System (OTRS) has selected Tom Spencer as its new Executive Director. Spencer, who holds a law degree from the University of Oklahoma, has served as the Executive Director of the Oklahoma Public Employees Retirement System since 2003 and has also served as Interim Executive Director of OTRS since April of 2014.

"Given the critical nature of this position, the Board went through a very deliberate and exhaustive process to ensure that this position was filled by the most qualified candidate," said Board Executive Director Search Committee Chairman, Dr. Gary Trennepohl. According to Trennepohl, the Board was assisted in the nationwide search by Hudepohl & Associates, Columbus, Ohio, a highly regarded executive search firm specializing in public pension funds. Over 600 recruiting contacts were made, and 53 applications from individuals located in 20 states were considered.

"Although the board has been impressed from the beginning by the leadership exhibited by Tom, we felt that going through this process was in the best interest of the System and our clients," said OTRS Board Chairman, Bill Peacher. Mr. Spencer will continue Interim status as Executive Director until he assumes full responsibilities on November 1, 2014.

> "Given the exhaustive nature of the search, it is no surprise that we ultimately had four highly qualified candidates as finalists. Mr. Spencer was the clear choice."
>
> *—Bill Peacher*

OTRS Board of Trustees Elects New Officers

Bill Peacher

Vernon Florence

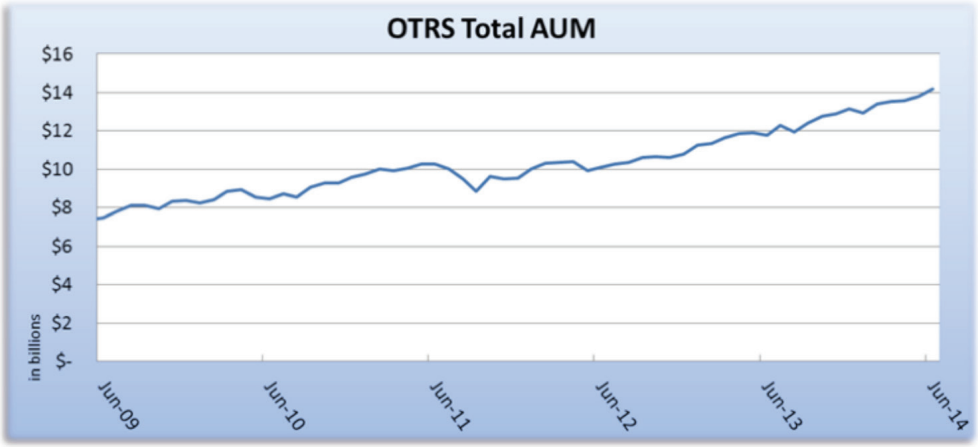
Elizabeth Kerr

The annual election of officers was conducted at the June 2014 regular OTRS Board of Trustees meeting. Mr. Bill Peacher will serve as the new Chairman, Mr. Vernon Florence will serve as Vice-Chairman, and Ms. Elizabeth Kerr will continue serving as Secretary.

4th Quarter Investment Recap

International instability kept investors on their toes towards the beginning of the quarter with share price volatility remaining elevated. Both stock and bond investors were rewarded during the middle of the quarter as financial asset prices rose and share price volatility sank. Towards the end of the quarter ending June 30, stockholders were rewarded with strong returns and bond investors saw mixed results.

Assets grew phenominally over the fiscal year, adding $1.76 billion in gains for the System. Nearly every asset class outperformed their comparitive benchmark, helping the system realize a return of 4.91% for the quarter.



Pre-Retirement Planning Seminars

While it may be true that many Oklahoma Teachers Retirement System clients dream of their retirement years before they are eligible, a large majority may not know all the steps to be taken to help reach that dream. That's why the OTRS is here to help you plan so you can reach that dream - right on schedule.

Over the course of the Fall 2014 semester, OTRS will host a series of four regional seminars. The first seminar will be Saturday, October 25th in Lawton, followed by Midwest City on November 1st. Subsequent seminars will be in Wilburton and Tulsa.

Registration is now available online at www.ok.gov/trs/Calendar.

October 25	Lawton	CETES Center, Cameron University
November 1st	Midwest City	Reed Center (Sheraton Hotel)
November 15th	Wilburton	Eastern Oklahoma State College
November 22	Tulsa	Doubletree (Hilton—Warren Place)

OTRS Has Outstanding Investment Performance

OTRS is the largest state pension system with $14 billion in assets and over 157,000 active and retired members. Investments returns of the Oklahoma Teachers Retirement System (OTRS) topped 22 percent during the last fiscal year, and the fund's balance exceeded $14 billion.

OTRS investment consultant, Gregory W. Group of Tulsa, reported the system achieved an investment return of 22.4 percent during the fiscal year.

The consultant also reported the system finished Fiscal Year 2014 with its highest month-end and year-end portfolio balance. As of June 30, OTRS had a portfolio balance of more than $14.18 billion.

New Board Chairman Bill Peacher stated, "It is enormously gratifying to see the system performing so well with its investment program. This is a tribute to the hard work of the board of trustees, the investment committee, the investment consultant, and the OTRS staff over the last several years."

Lead consultant Gregory Weaver added, "This type of investment performance is nothing short of spectacular. OTRS has had outstanding performance for several years. The three-year return was 13.6 percent, the five-year was 16.1 percent and the 10-year was 9.0 percent. These returns are well above the assumed rate of return of 8 percent that the system uses for actuarial purposes."

Oklahoma Teachers Retirement System

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Have Questions? Need Help?

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On the phone: 1-877-738-6365 or 405-521-2387
On the web: www.ok.gov/TRS or facebook.com/okTRS

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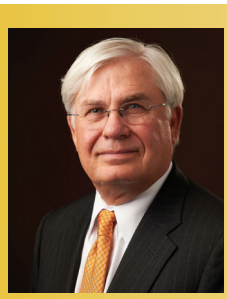

Message from the Chairman

By Bill Peacher
Chairman, Oklahoma Teachers Retirement System

Progress: If I were to sum up the previous quarter with one word, that would be it. Everyone at OTRS, from the staff to the consultants to the Board of Trustees continues to work toward improving our performance and maintaining a secure retirement for our members.

At the July Board of Trustees meeting, our investment consultants from Gregory W. Group announced that our system earned a 22% return net of management fees for the last fiscal year. While we don't expect to achieve this level of return every year, we are striving to maintain an asset allocation strategy that will meet our 8% return objective for the long term. Over the last 10 years we have achieved a compounded net annual return of 9.6%.

To put this in perspective, we believe that this will rank OTRS in the top 1% of all public pension funds for investment performance for both time periods.

As always, the OTRS staff continues to make progress toward finding more ways to serve our members. Staff members from the Client Services division are currently making plans for the fall retirement seminars, including ways to make them accessible to more of our members.

I look forward to serving as your Chairman and, along with my fellow Trustees, will continue our efforts to provide the best possible retirement system for our members.