

**TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA  
Investment Committee Meeting  
Tuesday, September 23, 2014 – 3:00 PM  
TRS Administration Board Room  
2500 N. Lincoln Blvd., 5<sup>th</sup> Floor, Oklahoma City, OK**

**AGENDA**

- 1. CALL TO ORDER**
- 2. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT MONTHLY REPORT**
- 3. PRESENTATION BY INVESTMENT MANAGERS:**
  - A. AEW
  - B. Heitman
- 4. DISCUSSION AND POSSIBLE ACTION ON QUARTERLY REAL ESTATE REPORT**
- 5. DISCUSSION AND POSSIBLE ACTION ON REAL ESTATE SEARCH**
- 6. DISCUSSION AND POSSIBLE ACTION ON LORD ABBETT INVESTMENT MANAGEMENT AGREEMENT AMENDMENT REGARDING TREASURY FUTURES**
- 7. DISCUSSION AND POSSIBLE ACTION REGARDING UPDATE ON TRANSITION**
- 8. DISCUSSION AND POSSIBLE ACTION TO APPROVE TRANSITION MANAGEMENT RFP**
- 9. QUESTIONS AND COMMENTS FROM TRUSTEES**
- 10. ADJOURNMENT**

***ALL BOARD MEMBERS ARE ENCOURAGED TO ATTEND INVESTMENT COMMITTEE MEETINGS***

**INVESTMENT COMMITTEE:**

*Chair: Vernon Florence*

*Members: James Dickson, Roger Gaddis, Jill Geiger, Gary Trennepohl*

# Manager Profile - AEW Capital Management, L.P.



Asset Class:	<b>Core Real Estate</b>
Status:	In Compliance
Portfolio Size:	\$211,466,008
Inception Date:	5/1/2011
Actual Allocation:	1.5%
Annual Management Fee:	0.83%
Location:	Boston, Massachusetts
Structure:	Wholly-owned by Natixis Global Asset Management
Portfolio Management Team:	Jon Martin

## Notes:

Members of AEW Research analyze economic data available to develop a comprehensive picture of the urban economy and its real estate markets. To complement this top-down analysis, group members engage in active dialogue with AEW management professionals to gain a bottom-up perspective on market trends. The primary results of these efforts are semi-annual analyses that forecast market supply, demand and returns for each of the major property types in each of the metropolitan areas in the United States.

Represented by:	Jon Martin Jay Struzziery
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Founded: 1981

Return Profile	Since Inception	Last 10 Years	Last 5 Years	Last 3 Years	Last Year	Last Quarter
AEW*	-	-	-	11.7	11.8	2.3
NCREIF - OEDCE*	-	-	-	12.5	12.7	2.9

Risk Characteristics	Number of Holdings	Yield
AEW	45	5.3%

\* Data as of 6/30/14. Performance displayed gross of fees.

# Manager Profile - Heitman LLC.



Asset Class:	<b>Core Real Estate</b>
Status:	In Compliance
Portfolio Size:	\$209,148,481
Inception Date:	5/1/2011
Actual Allocation:	1.5%
Annual Management Fee:	0.82%
Location:	Chicago, Illinois
Structure:	50% employee-owned, 50% Old Mutual Owned
Portfolio Management Team:	Blaise Keane

## Notes:

The Fund seeks to deliver its investors a combination of current income return and moderate appreciation (approximately two-third income and one-third capital appreciation). In acquiring assets for the fund, Heitman adheres to the following principles: buy in major markets and build a portfolio that is diversified by property type, economic exposure and geography. Buy assets with strong attributes such as proximity to amenities, complementary land uses and transportation networks that are well constructed to appeal to tenants over long periods of time.

Represented by:	Blaise Keane Shauna Dills
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Founded: 1966

Return Profile	Since Inception	Last 10 Years	Last 5 Years	Last 3 Years	Last Year	Last Quarter
Heitman	-	-	-	13.0	13.5	3.3
NCREIF - OEDCE*	-	-	-	12.5	12.7	2.9

Risk Characteristics	Number of Holdings	Yield
Heitman	70	5.0%

\* Data as of 6/30/14. Performance displayed gross of fees.

# Monthly Asset Allocation Review



Asset Class	Total Market Value	Current Percentage	New Target Percentage	Difference	Notes
All Cap/Large Cap	3,012,469,826	21.3%	17.0%	4.3%	Excess allocation bound for Private Equity and Real Estate
Mid Cap	2,066,784,574	14.6%	13.0%	1.6%	
Small Cap	1,442,624,830	10.2%	10.0%	0.2%	
<b>Total Domestic Equity</b>	<b>6,521,879,229</b>	<b>46.1%</b>	<b>40.0%</b>	<b>6.1%</b>	
Large Cap International Equity	1,468,377,187	10.4%	11.5%	-1.1%	
Small Cap International Equity	845,321,180	6.0%	6.0%	0.0%	
<b>Total International Equity</b>	<b>2,313,698,368</b>	<b>16.3%</b>	<b>17.5%</b>	<b>-1.2%</b>	
<b>Core Fixed Income</b>	<b>2,146,366,977</b>	<b>15.2%</b>	<b>17.5%</b>	<b>-2.3%</b>	
High Yield Bonds	786,776,589	5.6%	6.0%	-0.4%	Two searches underway
MLPs	1,223,623,826	8.6%	7.0%	1.6%	
Private Equity	413,420,876	2.9%	5.0%	-2.1%	
Real Estate	607,459,693	4.3%	7.0%	-2.7%	
Opportunistic Assets	141,151,734	1.0%	0.0%	1.0%	
<b>Total Non-Core Assets</b>	<b>3,172,432,718</b>	<b>22.4%</b>	<b>25.0%</b>	<b>-2.6%</b>	
<b>Cash</b>	<b>1,321,729</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	
<b>Composite</b>	<b>14,155,763,803</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	

# Total Fund + Class Composite Summary

As of August 31, 2014

	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month
<b>Total Fund (Gross of Fees)</b>	<b>14,155,763,803</b>	<b>12/1/1991</b>	<b>22.8</b>	<b>9.9</b>	<b>9.3</b>	<b>14.3</b>	<b>16.3</b>	<b>20.5</b>	<b>0.9</b>	<b>3.2</b>	<b>3.1</b>
<b>Total Fund (Net of Fees)</b>				<b>9.5</b>	<b>8.9</b>	<b>13.9</b>	<b>15.9</b>	<b>20.1</b>	<b>0.5</b>	<b>3.1</b>	<b>3.1</b>
<i>Allocation Index</i>				9.6	8.1	12.6	13.9	17.6	1.1	3.3	2.9
<i>Actuarial Assumption</i>				8.0	8.0	8.0	8.0	8.0	6.6	1.9	0.6
Total Domestic Equity	6,521,879,229 S&P 500 46.1%	4/1/1990	24.4	11.1	9.7	17.8	21.3	23.9	0.7	3.7	4.1
				9.8	8.4	16.9	20.6	25.2	2.6	4.7	4.0
Total All Cap Equity	948,314,025 Russell 3000 6.7%	9/1/2006	8.0	7.9	-	16.7	19.1	22.1	1.9	4.4	3.9
				8.1	-	17.2	20.7	24.7	2.1	4.7	4.2
Total Large Cap Active Equity	1,137,443,673 S&P 500 8.0%	1/1/1995	19.7	10.7	8.5	17.6	22.8	24.6	2.0	3.4	3.8
				9.8	8.4	16.9	20.6	25.2	2.6	4.7	4.0
Total Mid Cap Equity	2,066,784,574 Russell Mid Cap 14.6%	11/1/1998	15.8	10.8	12.1	19.9	23.1	25.3	0.7	3.8	4.4
				10.1	11.1	19.3	21.0	25.3	1.7	5.1	4.8
Total Small Cap Equity	1,442,624,830 Russell 2000 10.2%	2/1/1998	16.6	9.7	10.2	16.7	19.4	21.9	-2.1	2.8	4.2
				7.6	9.4	17.0	19.0	17.7	-1.4	3.9	5.0
Total International Equity	2,313,698,368 MSCI ACWI ex-US 16.3%	2/1/1998	16.6	9.2	7.9	9.2	12.2	14.3	-1.7	-0.7	0.8
				-	7.9	8.2	9.3	17.8	0.0	1.2	0.6
Core Fixed Income (ex- High Yield)	2,146,366,977 Barclays Aggregate 15.2%	4/1/1990	24.4	7.4	6.7	7.5	6.3	10.1	1.6	2.0	1.8
				-	4.7	4.5	2.9	5.7	0.9	0.9	1.1
Master Limited Partnerships	1,223,623,826 Alerian MLP Index 8.6%	2/28/2011	3.5	25.1	-	-	31.0	47.2	2.1	11.5	7.9
				17.7	-	-	21.9	30.8	4.4	10.5	8.2
High Yield Bonds	786,776,589 ML High Yield II 5.6%	2/1/2009	5.6	15.5	-	12.2	10.8	11.9	0.2	1.3	1.5
				-	-	12.2	10.4	10.6	0.2	1.0	1.5
Core Real Estate	607,459,693 NCREIF 4.3%	4/1/2011	3.4	-	-	-	-	-	-	-	-
				-	-	-	-	-	-	-	-
Cash	1,321,729 91 Day T-bill 0.0%	4/1/1990	24.4	-	-	-	-	-	-	-	-
				-	1.6	0.1	0.1	0.0	0.0	0.0	0.0

# Equity Portfolios Summary

As of August 31, 2014



	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month	
<b>All Cap / Large Cap Domestic</b>												
Hotchkis & Wiley Large Cap	597,695,398	4/1/1990	24.4	11.3	7.9	18.2	24.9	25.4	1.6	3.4	4.0	
Russell 1000 Value	4.2%			10.4	8.2	16.6	21.6	24.4	1.9	4.6	3.7	
Sawgrass	539,748,275	7/1/2006	8.2	9.1	-	17.6	20.9	23.8	2.5	3.4	3.5	
Russell 1000 Growth	3.8%			9.5	-	17.8	19.9	26.3	3.0	5.0	4.6	
ARI All Cap	467,663,526	9/1/2006	8.0	6.9	-	16.3	17.8	20.0	0.2	3.3	3.3	
Russell 3000	3.3%			8.1	-	17.2	20.7	24.7	2.1	4.7	4.2	
EPOCH All Cap	480,650,499	9/1/2006	8.0	8.7	-	17.1	20.3	24.2	3.7	5.6	4.4	
Russell 3000	3.4%			8.1	-	17.2	20.7	24.7	2.1	4.7	4.2	
<b>Passive Domestic Equity</b>												
NT Cap Weighted Passive	459,962,305	4/1/2012	2.4	18.6	-	-	-	25.0	2.6	4.7	4.0	
S&P 500 Cap Weighted	3.2%			18.2	8.4	16.9	20.6	25.3	2.6	4.7	4.0	
SSGA Eq Weighted Passive	466,749,823	4/1/2012	2.4	21.3	-	-	-	26.2	1.9	4.8	4.2	
S&P 500 Equal Weighted	3.3%			-	10.8	19.4	22.0	26.5	1.9	4.8	4.3	
<b>Mid Cap Domestic Equity</b>												
Frontier Capital	523,516,945	6/1/2002	12.3	10.8	12.9	18.1	19.9	23.9	0.1	4.1	4.3	
Russell Mid Cap Growth	3.7%			9.9	11.0	19.1	19.6	23.7	2.2	5.4	5.4	
Wellington Management	464,834,530	9/1/1998	16.0	10.8	11.0	17.0	17.8	22.9	-0.8	1.9	3.7	
Russell Mid Cap Growth	3.3%			9.3	11.0	19.1	19.6	23.7	2.2	5.4	5.4	
AJO Partners	553,875,818	8/1/1998	16.1	11.7	11.9	21.2	23.7	30.6	3.6	6.3	6.0	
Russell MidCap	3.9%			9.7	11.1	19.3	21.0	25.3	1.7	5.1	4.8	
Hotchkis & Wiley Mid Cap	524,557,281	8/1/2002	12.1	15.0	12.3	23.0	30.7	23.6	-0.4	2.6	3.6	
Russell MidCap Value	3.7%			12.2	10.9	19.4	22.3	27.2	1.2	4.7	4.2	
<b>Small Cap Domestic Equity</b>												
Shapiro Capital Management	690,867,587	2/1/1998	16.6	11.2	13.3	20.8	22.4	30.5	-2.7	2.2	4.9	
Russell 2000	4.9%			7.6	9.4	17.0	19.0	17.7	-1.4	3.9	5.0	
Geneva Capital	184,011,551	6/1/2013	1.2	11.5	-	-	-	8.6	-1.6	3.4	3.3	
Russell 2000 Growth	1.3%			18.0	-	-	-	17.3	-0.1	5.3	5.6	
Wasatch Advisors	182,178,511	6/1/2013	1.2	9.5	-	-	-	11.3	-1.3	2.3	3.0	
Russell 2000 Growth	1.3%			18.0	-	-	-	17.3	-0.1	5.3	5.6	
Cove Street Capital	108,727,063	6/1/2013	1.2	14.6	-	-	-	18.2	-1.5	5.5	3.9	
Russell 2000 Value	0.8%			15.4	-	-	-	18.1	-2.0	2.4	4.4	
Frontier Capital	162,186,652	6/1/2013	1.2	15.6	-	-	-	22.8	-2.4	2.6	4.5	
Russell 2000 Value	1.1%			15.4	-	-	-	18.1	-2.0	2.4	4.4	
Neumeier Poma	114,653,466	6/1/2013	1.2	18.8	-	-	-	18.1	-1.1	3.2	3.6	
Russell 2000 Value	0.8%			15.4	-	-	-	18.1	-2.0	2.4	4.4	
<b>International Large Cap Equity</b>												
Causeway Capital	551,908,703	5/1/2003	11.3	10.9	8.2	10.8	13.1	16.4	-1.0	-0.9	1.1	
MSCI ACWI Ex US	3.9%			9.8	7.9	8.2	9.3	17.8	0.0	1.2	0.6	
Northern Trust Passive	437,984,825	9/1/2013	1.0	9.3	-	-	-	9.3	-2.1	-1.2	-0.2	
MSCI EAFE	3.1%			16.4	7.0	8.2	11.4	16.4	-2.1	-1.2	-0.2	
Thornburg	478,481,166	1/1/2006	8.7	6.7	-	8.1	7.6	8.2	-1.3	-0.4	1.0	
MSCI ACWI Ex US	3.4%			5.5	7.9	8.2	9.3	17.8	0.0	1.2	0.6	
<b>International Small Cap Equity</b>												
ARI Small Cap International	221,941,278	12/1/2011	2.8	19.7	-	-	-	22.9	-1.5	1.7	1.0	
MSCI EAFE Small Cap	1.6%			18.4	9.0	13.0	9.4	18.8	-2.4	0.5	-2.4	
Epoch Small Cap International	209,217,443	12/1/2011	2.8	16.6	-	-	-	15.9	-3.7	-3.2	0.5	
MSCI EAFE Small Cap	1.5%			18.4	9.0	13.0	9.4	18.8	-2.4	0.5	-2.4	
Wasatch Small Cap International	201,409,954	12/1/2011	2.8	21.8	-	-	-	10.5	0.1	0.6	1.6	
MSCI EAFE Small Cap	1.4%			18.4	9.0	13.0	9.4	18.8	-2.4	0.5	-2.4	
Wellington Small Cap International	212,752,506	12/1/2011	2.8	22.2	-	-	-	17.7	-3.8	-1.6	-1.0	
MSCI EAFE Small Cap	1.5%			18.4	9.0	13.0	9.4	18.8	-2.4	0.5	-2.4	

# Fixed Income Portfolios Summary

As of August 31, 2014

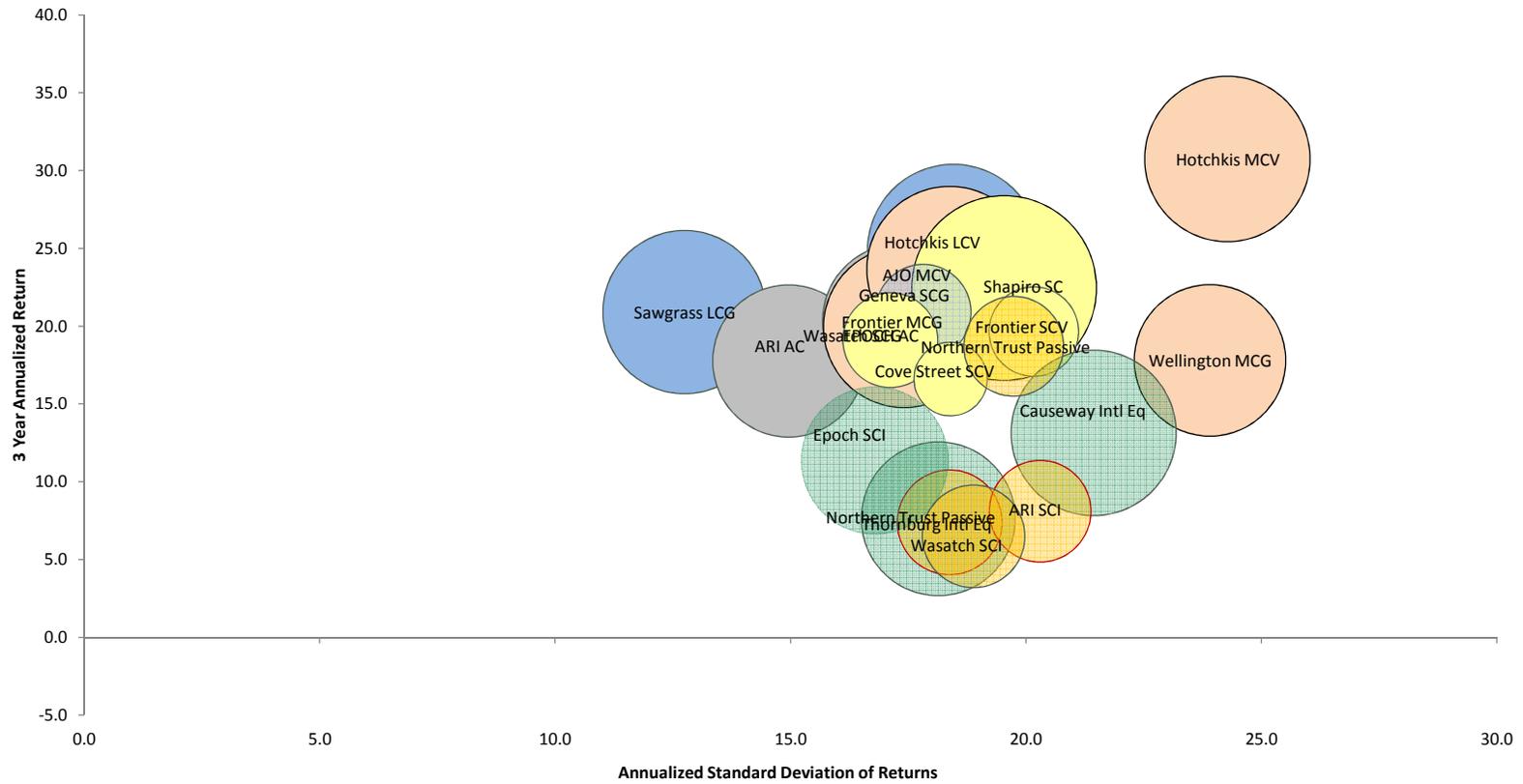
	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month	
<b>Core Fixed Income</b>												
Loomis Sayles	622,176,337	8/1/1999	15.1	7.3	7.8	8.7	7.1	11.3	1.0	1.6	1.4	
<i>Barclays Aggregate</i>	4.4%			5.7	4.7	4.5	2.9	5.7	0.9	0.9	1.1	
Lord Abbett	609,097,872	11/1/2004	9.8	6.2	-	6.7	5.3	7.8	0.9	1.2	1.0	
<i>Barclays Aggregate</i>	4.3%			4.7	-	4.5	2.9	5.7	0.9	0.9	1.1	
Mackay Shields	613,485,077	11/1/2004	9.8	6.5	-	7.5	6.4	7.4	0.8	1.4	1.3	
<i>Barclays Aggregate</i>	4.3%			4.7	-	4.5	2.9	5.7	0.9	0.9	1.1	
<b>Active Duration Fixed Income</b>												
Hoisington	301,607,690	11/1/2004	9.8	8.4	-	9.1	7.7	18.3	6.1	5.9	5.2	
<i>Barclays Aggregate</i>	2.1%			4.7	-	4.5	2.9	5.7	0.9	0.9	1.1	
<b>High Yield Fixed Income</b>												
Loomis Sayles High Yield	262,565,199	2/1/2009	5.6	15.6	-	12.0	10.2	13.3	0.2	1.4	1.7	
<i>Merrill Lynch High Yield II</i>	1.9%			16.7	-	12.2	10.4	10.6	0.2	1.0	1.5	
Lord Abbett High Yield	263,448,653	2/1/2009	5.6	16.5	-	13.4	12.2	12.8	0.2	1.6	1.4	
<i>Merrill Lynch High Yield II</i>	1.9%			-	-	-	10.4	10.6	0.2	1.0	1.5	
MacKay Shields High Yield	260,762,737	2/1/2009	5.6	14.4	-	11.2	10.0	9.8	0.1	1.0	1.2	
<i>Merrill Lynch High Yield II</i>	1.8%			-	-	-	10.4	10.6	0.2	1.0	1.5	

# Non-Traditional Portfolios Summary

As of August 31, 2014

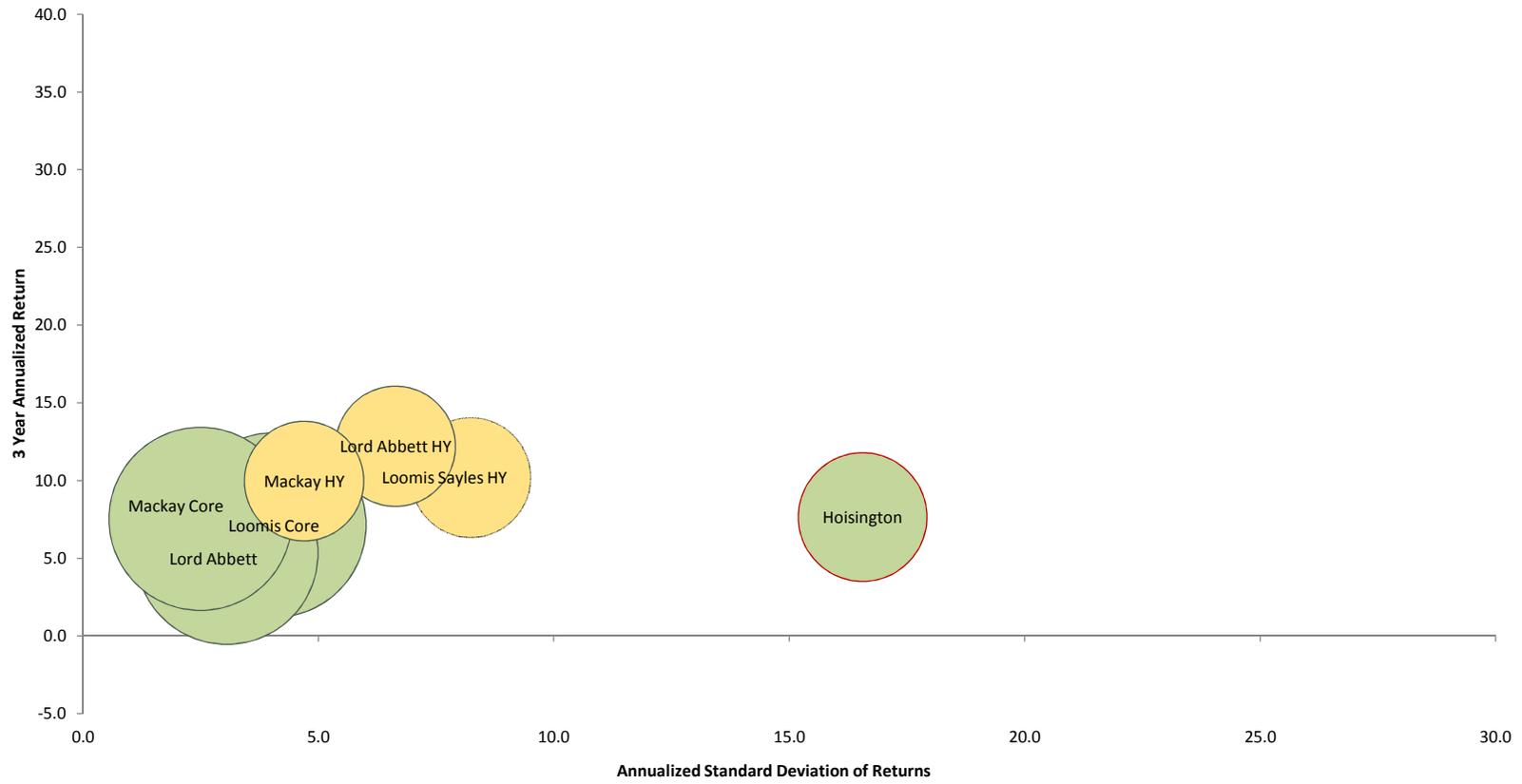
	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month
<b>Master Limited Partnerships</b>											
Chickasaw Capital MLP	435,706,479	2/28/2011	3.5	33.0	-	-	40.2	59.7	1.5	10.9	8.2
<i>Alerian MLP Index</i>	3.1%			15.5	-	-	18.3	17.8	-3.5	5.6	-3.5
Cushing MLP Management	427,115,261	2/28/2011	3.5	26.4	-	-	32.9	52.2	2.7	12.1	8.4
<i>Alerian MLP Index</i>	3.0%			15.5	-	-	18.3	17.8	-3.5	5.6	-3.5
FAMCO MLP	360,802,087	2/28/2011	3.5	19.0	-	-	24.0	34.4	1.9	11.3	7.0
<i>Alerian MLP Index</i>	2.5%			15.5	-	-	18.3	17.8	-3.5	5.6	-3.5
<b>Private Equity</b>											
Legacy Private Equity Portfolio	69,183,772	10/1/2008	5.9	-	-	-	-	-	-	-	-
Franklin Park Private Equity	344,237,104	4/1/2010	4.4	-	-	-	-	-	-	-	-
	2.9%			-	-	-	-	-	-	-	-
<b>Real Estate</b>											
AEW Real Estate	211,466,008	5/1/2011	3.3	-	-	-	-	-	-	-	-
<i>NCREIF - OEDCE</i>	1.5%			-	-	-	-	-	-	-	-
Heitman Real Estate	209,148,481	5/1/2011	3.3	-	-	-	-	-	-	-	-
<i>NCREIF - OEDCE</i>	1.5%			-	-	-	-	-	-	-	-
L&B Real Estate	186,245,204	4/1/2011	3.4	-	-	-	-	-	-	-	-
<i>NCREIF - OEDCE</i>	1.3%			-	-	-	-	-	-	-	-
L&B Golden Driller	600,000	7/1/2014	0.2	-	-	-	-	-	-	-	-
<i>NCREIF - OEDCE</i>	0.0%			-	-	-	-	-	-	-	-
<b>Opportunistic Fixed Income</b>											
PIMCO BRAVO	102,989,366	3/31/2011	3.4	-	-	-	-	-	-	-	-
<i>Barclays Aggregate</i>	0.7%			-	-	-	-	-	-	-	-
PIMCO BRAVO II	38,162,369	3/31/2013	1.4	-	-	-	-	-	-	-	-
<i>Barclays Aggregate</i>	0.3%			-	-	-	-	-	-	-	-

# Three Year Risk/Return Review - Equity Portfolios



<sup>1</sup>Actual OTRS results used when available, composite when necessary.

# Three Year Risk/Return Review - Fixed Income Portfolios



<sup>1</sup>Actual OTRS results used when available, composite when necessary.



# OKLAHOMA TEACHERS RETIREMENT SYSTEM

real estate portfolio  
executive summary report  
second quarter, 2014



# Real Estate Portfolio Overview

- ▶ The OTRS real estate portfolio was initially funded during April/May of 2011. Three managers were selected after an extensive search process. Each was initially funded with \$150 million.
- ▶ The total real estate allocation target is now 7% of the total fund. The target allocation is based on the net amount invested by the System in real estate assets. The target allocation for real estate was increased from 5% to 7% during 2013.
- ▶ The current portfolio is focused on U.S. based core assets. Core real estate is generally defined as high-quality, low risk, diversified portfolio of stable, income-producing assets.
- ▶ The current performance benchmark is the NCREIF Fund Index – Open End Diversified Core Equity (NFI-ODCE). The index is a fund-level capitalization weighted, time weighted index that includes property investments at ownership share, cash balance and leverage. The returns reflect the funds' actual ownership positions and financing strategy.
- ▶ Last year, AEW and Heitman were given additional capital commitments. The commitments are expected to be drawn beginning the second or third quarter of 2014. L&B was given an additional allocation to invest in non-core real estate assets.
- ▶ The investments have been successful. We are in the second stage of the real estate investment program. This stage is intended to provide additional diversification and return potential by investing in non-core funds. A search is underway to potentially select several funds in each category.



# Real Estate Portfolio Timeline

**2010** - Core Real Estate Target Allocation Established: 5%

**Late 2010** - Core Real Estate Manager Search Concluded. AEW, Heitman and L&B selected.

**Early/Mid 2011** - Core Real Estate Managers Funded

**2013** - Asset Allocation Review Completed. Real Estate Allocation Increased to 7%

**Late 2013** - Additional Capital Committed to AEW and Heitman

**2013** - L&B Proposes Special Opportunities Portfolio. Permission granted during early 2014.

**2014** - Opportunistic and Value Added RFP Responses Under Review. Portfolio construction targeted by year end.

# Allocation of Real Estate Portfolio – Net Exposure

## As of June 30, 2014

Total Market Value: **\$576,546,442**  
This represented **4.2%** of the total fund.

L&B  
31.5%

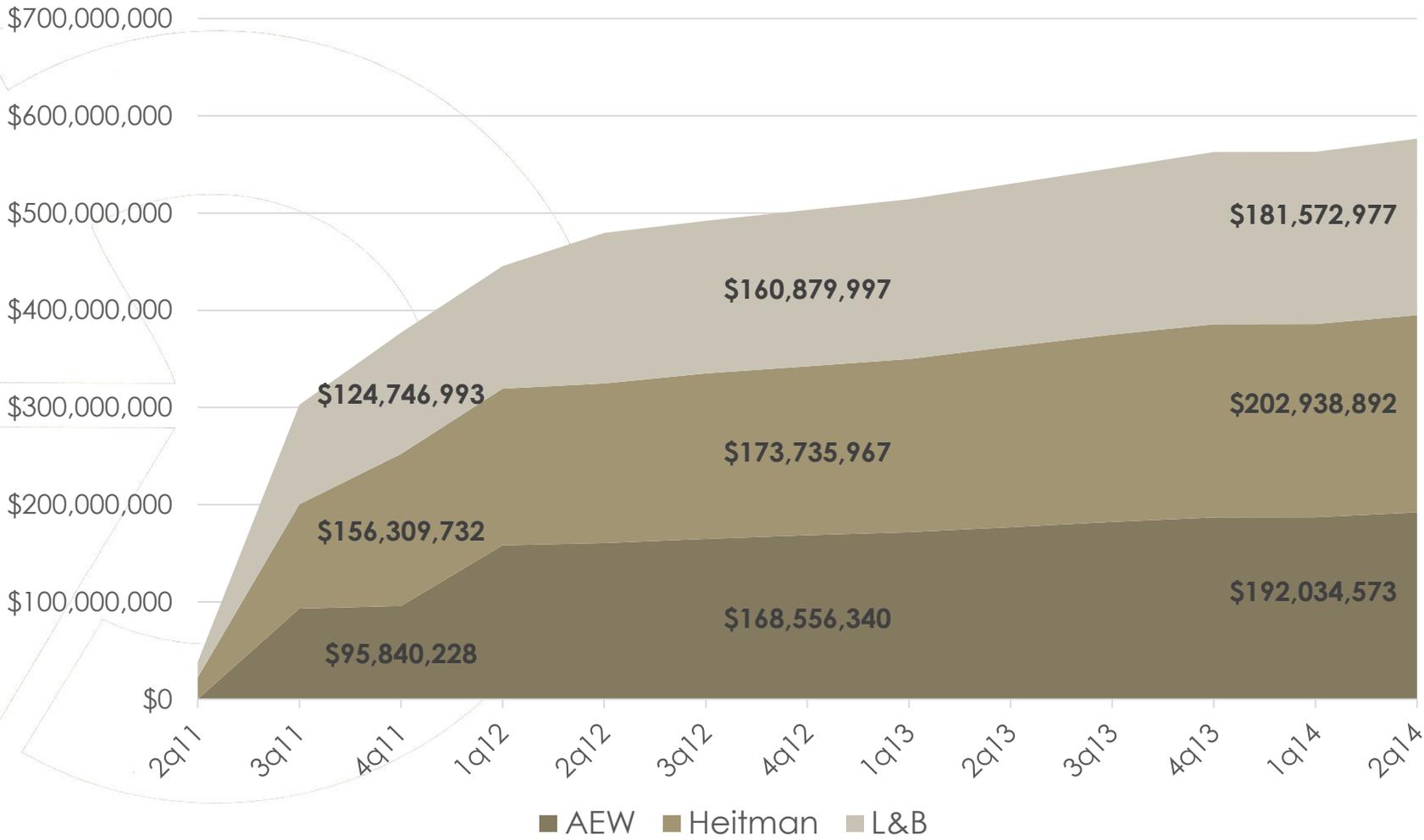
AEW  
33.3%

Heitman  
35.2%

Note: Does not include the \$60 million allocation to the L&B non-core portfolio.

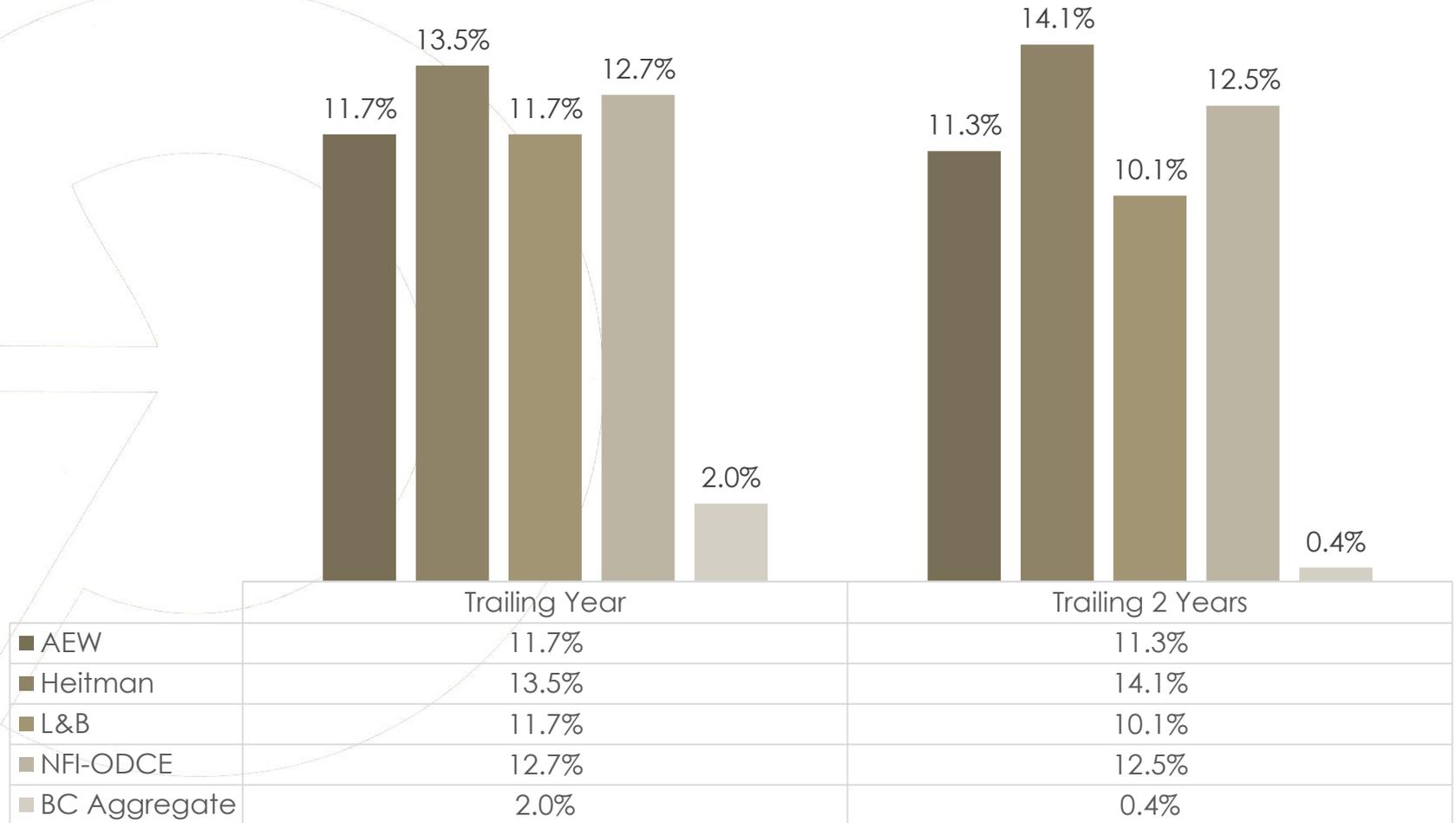


# Allocation History – Quarterly Observations

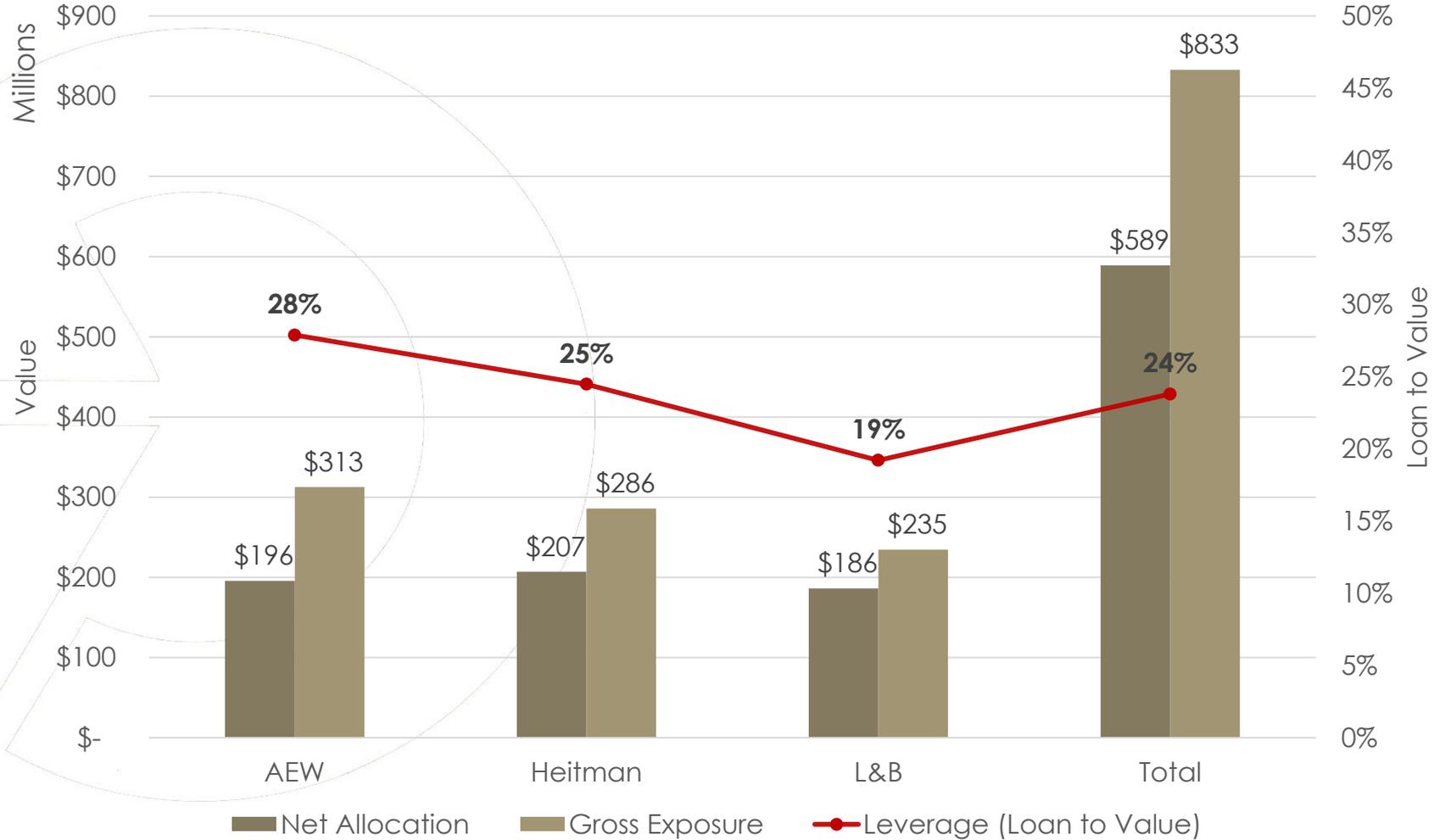


# Performance Comparison – Net of Fees

Periods Ended June 30, 2014

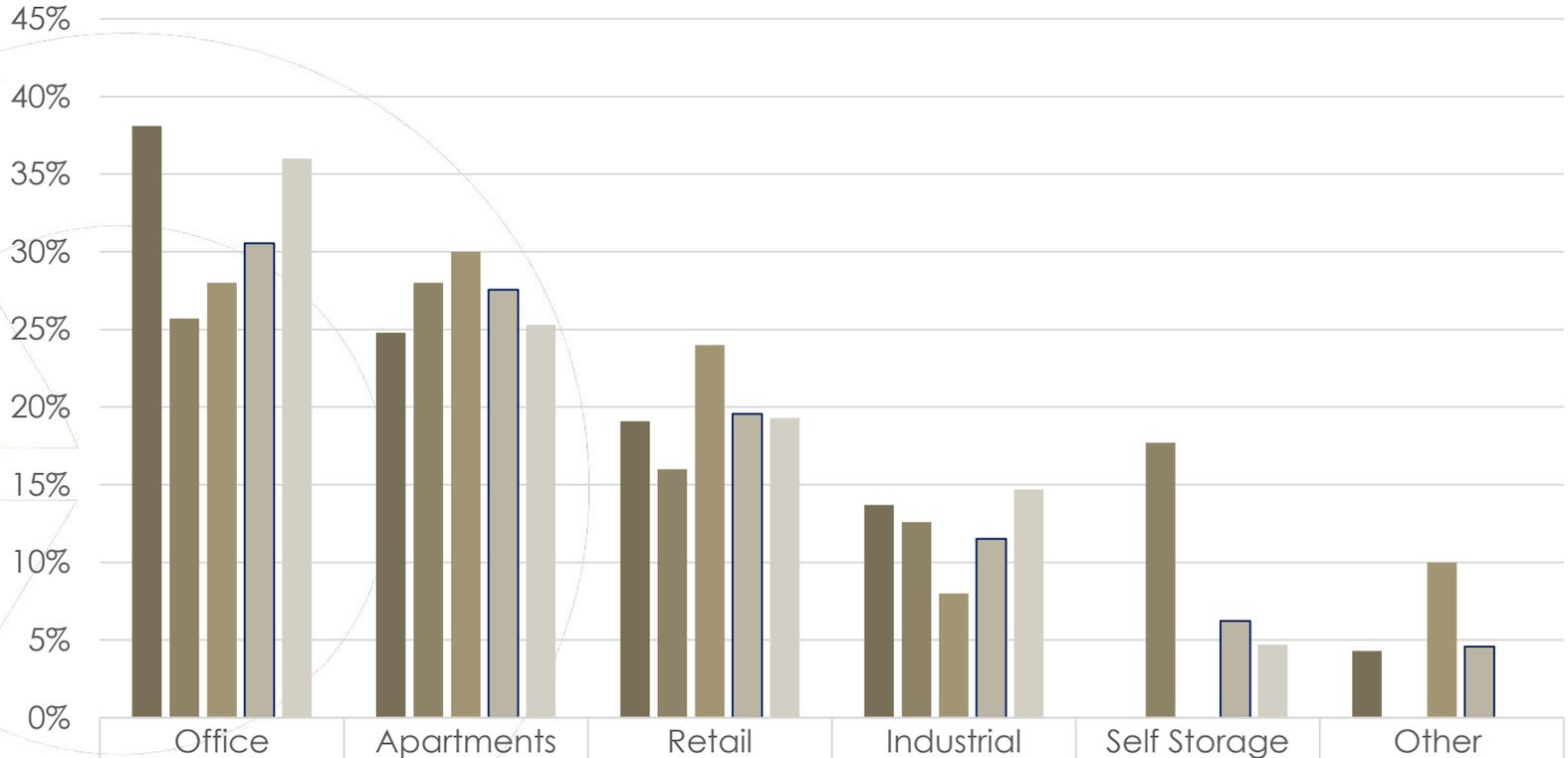


# Allocation of Real Estate Portfolio – Net vs. Gross Exposure As of June 30, 2014



# Property Type Diversification – Net Exposure

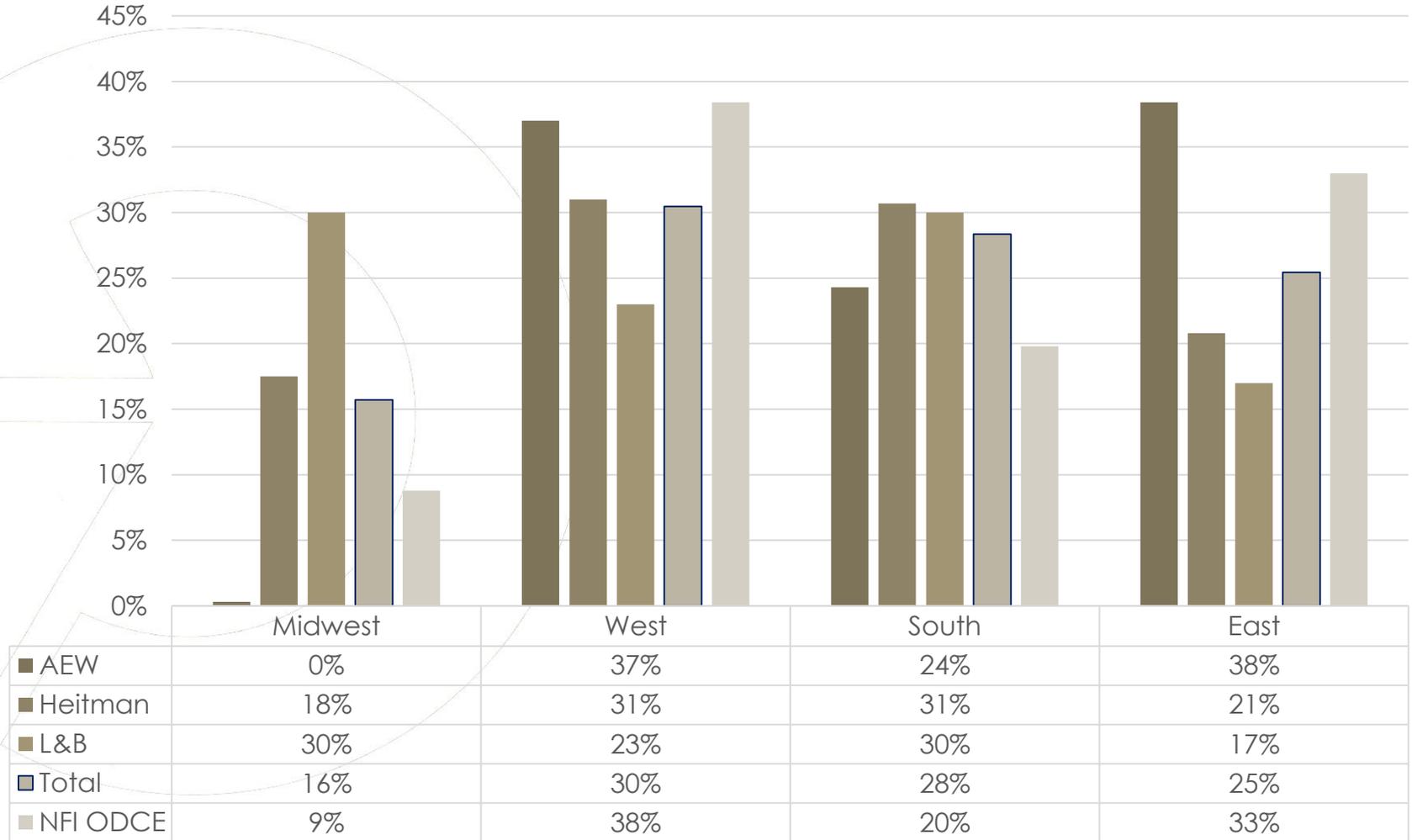
As of June 30, 2014



	Office	Apartments	Retail	Industrial	Self Storage	Other
■ AEW	38%	25%	19%	14%	0%	4%
■ Heitman	26%	28%	16%	13%	18%	0%
■ L&B	28%	30%	24%	8%	0%	10%
■ Total	31%	28%	20%	12%	6%	5%
■ NFI ODCE	36%	25%	19%	15%	5%	0%

# Geographic Diversification – Net Exposure

As of June 30, 2014

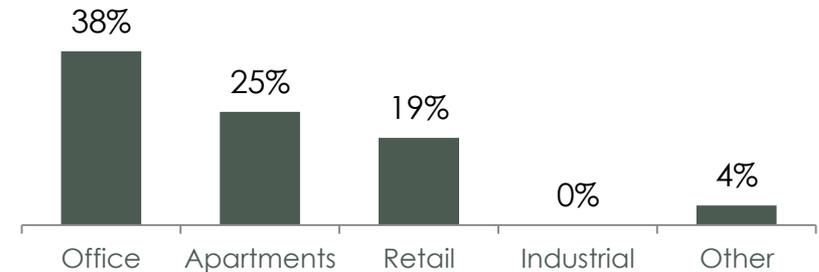


# AEW Capital Management – Core Real Estate

**Location:** Boston, Massachusetts  
**OTRS Initial Commitment:** \$150 million  
**OTRS Total Commitment:** \$165.5 million  
**Fund Name:** AEW Core Property Trust  
**Fund Type:** Open Ended Private REIT  
**Fund Size (Net):** \$3.6 billion  
**Fund Size (Gross):** \$5.7 million  
**Number of Investments:** 45  
**Firm AUM:** \$53 billion  
**Inception Date:** Fourth Quarter, 2007  
**Fund Manager:** Dan Bradley and Jon Martin  
**Investment Process:** Research driven strategy that combines long-term economic forecasts with on-the-ground market knowledge that builds diversified portfolios of apartments, retail, office, industrial, and to a smaller extent, hotel properties. Portfolios will be diversified among major growing metropolitan markets with barriers to new supply. The portfolio will feature high-quality assets designed to provide durable income and reasonable capital appreciation. The fund will only invest in the U.S. No single investment may exceed 25% of the fund's net asset value. Non-core assets limited to 15% of net asset value. 30% maximum leverage at the total fund level.

**Status: In Compliance**

## Property Type Diversification



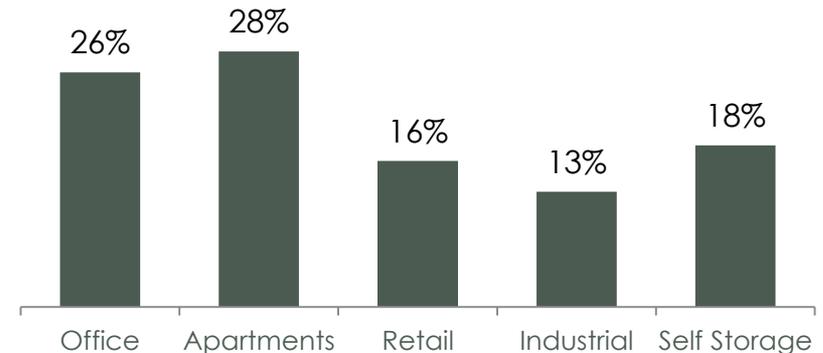
	AEW	NFI ODCE
2013 Income Return	6.16%	5.24%
2013 Appreciation Return	5.79%	8.35%
Current Occupancy	92.4%	-
OTRS Ownership of Fund	5.5%	-

# Heitman Capital Management – Core Real Estate

**Location:** Chicago, Illinois  
**OTRS Initial Commitment:** \$150 million  
**OTRS Total Commitment:** \$167.4 million  
**Fund Name:** Heitman Capital Management  
**Fund Type:** Open Ended Partnership  
**Fund Size (Net):** \$3.6 billion  
**Fund Size (Gross):** \$4.8 billion  
**Number of Investments:** 70  
**Firm AUM:** \$31 billion  
**Fund Inception Date:** Second Quarter, 2007  
**Fund Manager:** David Perisho  
**Investment Process:** Acquire strong properties on a direct basis to deliver returns 1.0% over the relevant benchmark index over a rolling five year period. The portfolio will remain flexible as to property type concentration but will be adequately diversified. Heitman will buy in major markets. Properties will be well-constructed and have proximity to amenities and transportation networks. The fund will invest only in the U.S. and Canada. No more than 10% of the fund will be invested in Canada. Up to 15% of the fund will be invested in value-added properties. The maximum investment in a single property will be 15%. Leverage is capped at 30% of the fund.

**Status:** In Compliance

## Property Type Diversification



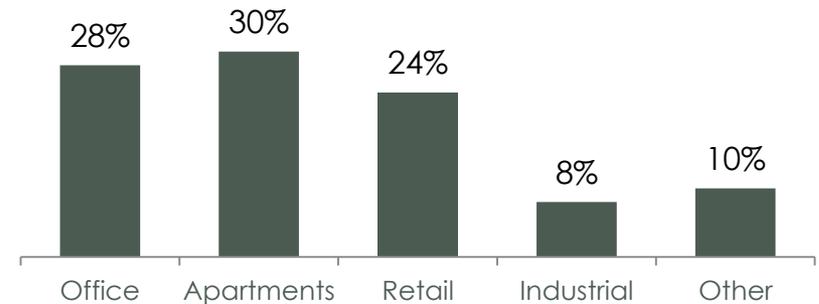
	Heitman	NFI ODCE
2013 Income Return	5.68%	5.24%
2013 Appreciation Return	9.42%	8.35%
Current Occupancy	94.0%	-
OTRS Ownership of Fund	5.8%	-

# L&B Realty Advisers – Core Real Estate

**Location:** Dallas, Texas  
**OTRS Initial Commitment:** \$150 million  
**OTRS Total Commitment:** \$150 million  
**Fund Name:** L&B Core Income Partners, L.P.  
**Fund Type:** Open Ended Partnership  
**Fund Size (Net):** \$418 million  
**Fund Size (Gross):** \$526 million  
**Number of Investments:** 9  
**Firm AUM:** \$6.1 billion  
**Inception Date:** Second Quarter, 2011  
**Fund Manager:** Mark Gerigk and Christian Metten  
**Investment Process:** The fund will invest in a diversified portfolio of core properties that are well-leased by credit-worthy tenants. The primary objective is protection of capital and limited downside risk. Assets will be appropriately priced and utilize reasonable leverage. The portfolio will concentrate on stable, enduring assets but can allocate up to 15% to non-core assets. All investments will be in the U.S. Maximum leverage at the fund level is 35%; maximum leverage for individual properties is 50%. Average investment is \$50 million in equity. This fund was recently added to the NFI ODCE Index.

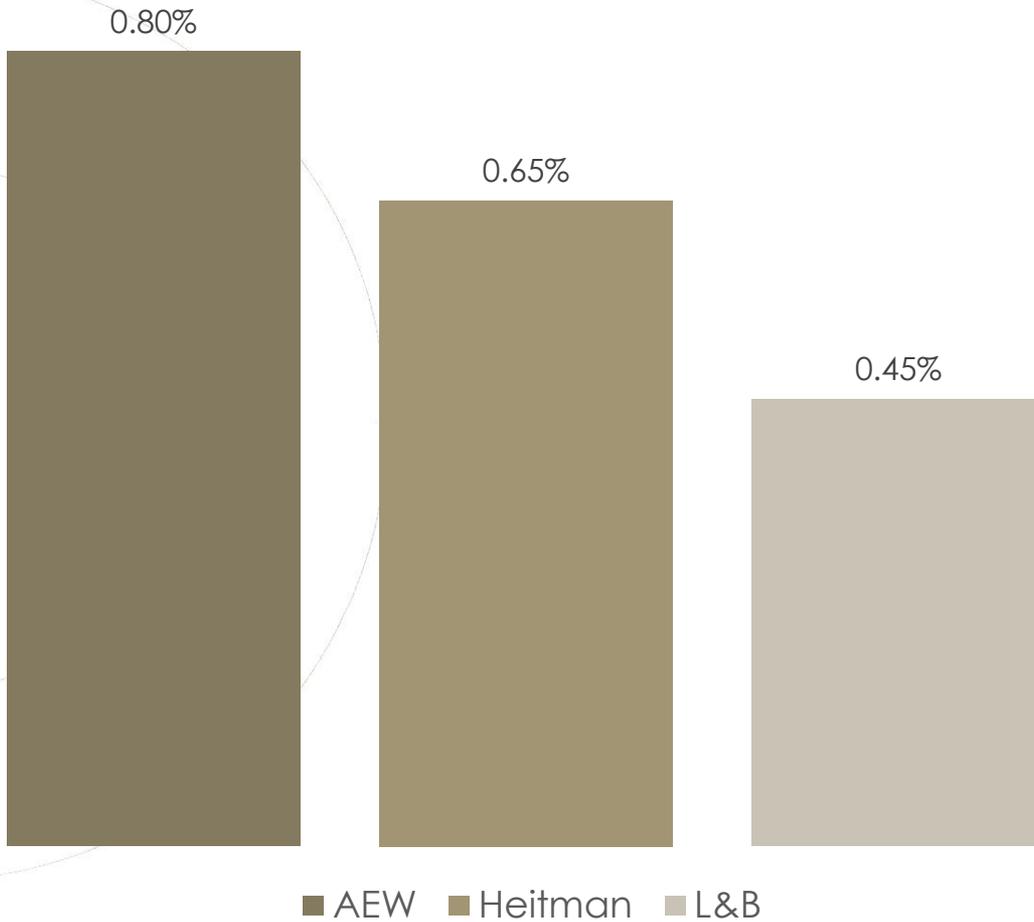
**Status:** In compliance

## Property Type Diversification



	L&B	NFI ODCE
2013 Income Return	5.26%	5.24%
2013 Appreciation Return	5.11%	8.35%
Current Occupancy	92.5%	-
OTRS Ownership of Fund	44.6%	-

# Annual Management Fee Comparison



# Quarterly Performance History

## Core Real Estate Portfolios

	<b>AEW</b>	<b>Heitman</b>	<b>L&amp;B</b>	<b>NFI-ODCE</b>
2q 2011	3.7%	5.4%	0.6%	4.6%
3q2011	5.1%	2.7%	1.7%	3.5%
4q2011	3.1%	2.2%	1.1%	3.0%
1q 2012	2.2%	3.3%	1.2%	2.8%
2q 2012	1.7%	2.3%	1.5%	2.6%
3q 2012	2.8%	4.0%	1.4%	2.8%
4q 2012	2.5%	2.5%	2.6%	2.4%
1q 2013	2.0%	2.8%	2.3%	2.7%
2q 2013	3.1%	4.6%	2.0%	3.9%
3q 2013	3.5%	3.9%	2.4%	3.6%
4q 2013	3.2%	3.4%	3.6%	3.2%
1q 2014	2.3%	2.3%	2.6%	3.2%
2q 2014	2.3%	3.25%	2.7%	2.9%
<b>Trailing Year</b>	<b>11.7%</b>	<b>13.5%</b>	<b>11.7%</b>	<b>12.7%</b>
<b>Trailing 2 Years (annualized)</b>	<b>11.3%</b>	<b>14.1%</b>	<b>10.1%</b>	<b>12.5%</b>

# Market Value History

## Core Real Estate Portfolios

	<b>AEW</b>	<b>Heitman</b>	<b>L&amp;B</b>	<b>Total</b>
2q 2011	0	22,274,283	16,029,339	38,303,622
3q2011	93,120,247	107,274,647	102,362,456	302,757,350
4q2011	95,840,228	156,309,732	124,746,993	376,896,953
1q 2012	158,158,228	161,159,299	126,045,930	445,363,457
2q 2012	160,527,947	164,136,057	154,879,803	479,543,807
3q 2012	164,777,493	170,260,588	156,919,704	491,957,785
4q 2012	168,556,340	173,735,967	160,879,997	503,172,304
1q 2013	171,755,602	178,076,841	164,376,355	514,208,798
2q 2013	176,850,639	185,778,492	167,448,015	530,077,146
3q 2013	182,265,413	192,671,534	171,267,534	546,204,481
4q 2013	186,904,498	198,670,499	177,162,997	562,737,994
1q 2014	187,076,961	198,670,499	177,162,997	562,910,457
2q 2014	192,034,573	202,938,892	181,572,977	576,546,442

# PIMCO Bravo Fund I

## Non-core Real Estate Portfolios

### ▶ Portfolio Data

- ▶ Original Commitment: \$100 million
- ▶ Capital Called: \$100 million
  - ▶ Percent of Capital Called: 100%
- ▶ Market Value: \$132,348,427
- ▶ Net since inception IRR: 33.2%
- ▶ Multiple on called capital: 1.13x
- ▶ Quarterly Return: 8.3%

### ▶ Important Dates

- ▶ Final Close: 7/13/2011
- ▶ Investment Period End Date: 1/13/2014
- ▶ End of Fund Term (without extensions): 7/13/2016
- ▶ End of Fund Term (fully extended): 7/13/2018



# PIMCO Bravo II Fund

## Non-core Real Estate Portfolios

### ▶ Portfolio Data

- ▶ Original Commitment: \$150 million
- ▶ Capital Called: \$33.75 million
  - ▶ Percent of Capital Called: 22.5%
- ▶ Market Value: \$36,089,749
- ▶ Net since inception IRR: 27.5%
- ▶ Multiple on called capital: 1.75x
- ▶ Quarterly Return: 8.3%

### ▶ Important Dates

- ▶ Investment Period End Date: 3/14/2017
- ▶ End of Fund Term (without extensions): 3/14/2019
- ▶ End of Fund Term (fully extended): 3/14/2022



## INVESTMENT MANAGEMENT AGREEMENT AMENDMENT

This AMENDMENT (the “Amendment”) to the Investment Management Agreement (the “Agreement”) dated as of September 29, 2004, as amended, between Lord, Abnett & Co. LLC (the “Adviser”) and the Board of Trustees of the Teachers’ Retirement System of Oklahoma (the “Client”) is effective as of September \_\_, 2014 (the “Effective Date”). Capitalized terms used in this Amendment but not defined herein will have the meaning given to them in the Agreement.

WHEREAS, the Agreement provides that the Agreement can be amended only by a written agreement of the parties;

WHEREAS, the Client has determined, consistent with the Guidelines, to permit the Adviser to invest the Client’s assets in futures and options on futures from time to time in the Core Plus Fixed Income and High Yield Fixed Income portfolios managed by the Adviser; and

WHEREAS, the parties have determined that certain additional representations and acknowledgments are desirable in connection with the Adviser’s investment in futures.

NOW, THEREFORE, in consideration of the premises stated herein, the parties agree as follows:

1. The Client hereby represents that it is a “Qualified Eligible Person” as defined in CFTC Rule 4.7, and Client agrees to notify the Adviser promptly in writing in the event the foregoing should cease to be true.
2. The parties hereby agree to amend the Agreement by inserting the following as a new section:

Financial Futures and Options on Financial Futures. To the extent such transactions are permitted by the Investment Guidelines, the Adviser may purchase, invest in or otherwise acquire, sell, offset or otherwise dispose of, exchange-traded financial futures contracts and options on futures contracts. With respect to the Accounts, the Adviser is authorized on behalf of the Client as “customer” to make and perform all options account agreements, futures account agreements, give-up agreements and other undertakings, including, without limitation, the selection of futures commission merchants (FCMs) and the opening of futures and options accounts; to enter into and execute options and futures account agreements, give-up agreements, and ancillary documents; to supply the Client with the FCM’s risk disclosure statements; and to disclose financial information, including the amount of the Client’s assets under management, from time to time as may be required by one or more FCMs or other transaction counterparties (“Brokers”), or as required by regulatory authorities. The Adviser may direct the Custodian to pledge or deposit assets of the Accounts with one or more Brokers, and direct such Brokers in the course of or in connection with investment of such assets in satisfaction of exchange-related margin requirements and other related payments required by the terms of the agreements between the Client and such Brokers.

It is expressly agreed by the parties that this Amendment modifies, alters and/or supplements only those provisions of the Agreement set out or referenced herein, and all other provisions of the Agreement shall remain in full force and effect.

### **FUTURES DISCLOSURE**

CERTAIN FINANCIAL FUTURES CONTRACTS MAY BE TRADED BY A COMMODITY TRADING ADVISOR PURSUANT TO AN EXEMPTION FROM THE COMMODITY FUTURES TRADING COMMISSION (THE "COMMISSION") IN CONNECTION WITH ACCOUNTS OF QUALIFIED ELIGIBLE PERSONS. PURSUANT TO THIS EXEMPTION, THIS AGREEMENT IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE COMMISSION. THE COMMISSION DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN A TRADING PROGRAM OR UPON THE ADEQUACY OR ACCURACY OF COMMODITY TRADING ADVISOR DISCLOSURE. CONSEQUENTLY, THE COMMISSION HAS NOT REVIEWED OR APPROVED THIS TRADING PROGRAM OR THIS AGREEMENT.

BOARD OF TRUSTEES OF THE TEACHERS'  
RETIREMENT SYSTEM OF OKLAHOMA

By: \_\_\_\_\_  
Name:  
Title:

LORD, ABBETT & CO. LLC

By: \_\_\_\_\_  
Name:  
Title: