

**TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Investment Committee Meeting
Tuesday, February 24, 2015 – 1:00 PM
TRS Administration Board Room
2500 N. Lincoln Blvd., 5th Floor, Oklahoma City, OK**

AGENDA

- 1. CALL TO ORDER**
- 2. INTERVIEW FINALISTS FOR MASTER CUSTODIAN, SECURITIES LENDING & COMMISSION RECAPTURE SERVICES**
 - A. J.P. Morgan
 - B. Northern Trust
- 3. DISCUSSION AND POSSIBLE ACTION TO RECOMMEND THE AWARD OF A CONTRACT FOR MASTER CUSTODIAN, SECURITIES LENDING & COMMISSION RECAPTURE SERVICES**
- 4. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT MONTHLY & QUARTERLY REPORTS**
- 5. DISCUSSION AND REVIEW OF INTERNATIONAL EQUITY PORTFOLIO**
- 6. DISCUSSION AND POSSIBLE ACTION ON MANAGER STATUS REPORT**
- 7. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT POLICY EXCEPTION REQUEST FROM LORD ABBETT**
- 8. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT POLICY STATEMENT**
- 9. DISCUSSION AND UPDATE ON RFP FOR INVESTMENT CONSULTANT**
- 10. DISCUSSION ON INVESTMENT DEPARTMENT REPORT**
- 11. QUESTIONS AND COMMENTS FROM TRUSTEES**
- 12. ADJOURNMENT**

ALL BOARD MEMBERS ARE ENCOURAGED TO ATTEND INVESTMENT COMMITTEE MEETINGS

INVESTMENT COMMITTEE:

Chair: Vernon Florence

Members: James Dickson, Roger Gaddis, Jill Geiger, Bill Peacher

January 2015 - Market Performance Update

Equity Total Returns				
Index	Last Month	Last Year	Last 3 Years	Last 5 Years
Dow Jones Industrial Average	-3.6	11.9	13.6	14.2
NASDAQ (prc chg only)	-1.2	13.4	22.1	15.9
S&P 500 cap weighted	-3.0	14.2	17.5	15.6
S&P 500 equal weighted	-2.9	14.6	19.1	17.5
S&P Mid Cap	-1.1	10.9	17.0	17.0
S&P Small Cap	-3.5	6.2	16.3	17.3
S&P REIT	6.7	10.9	16.4	17.0
Alerian MLP	-5.6	4.8	11.9	16.7
Russell 1000 Growth	-1.5	14.6	17.4	16.5
Russell 1000 Value	-4.0	12.9	17.8	15.1
Russell Mid Cap Growth	-1.7	12.5	17.3	17.5
Russell Mid Cap Value	-1.4	15.1	19.5	17.7
Russell 2000 Growth	-2.3	5.0	16.4	17.3
Russell 2000 Value	-4.2	3.9	14.2	14.0
Russell Top 200	-3.3	13.8	17.3	15.1
Russell 1000	-2.8	13.8	17.6	15.8
Russell Mid Cap	-1.6	13.7	18.4	17.6
Russell 2500	-2.1	7.3	16.6	16.7
Russell 2000	-3.2	4.4	15.3	15.7
MSCI World Ex US	-0.4	-0.7	8.4	6.2
MSCI World Ex US Growth	0.5	1.6	8.6	7.0
MSCI World Ex US Value	-1.2	-2.9	8.2	5.3
MSCI EAFE	0.5	-0.4	9.3	6.4
MSCI Emerging Markets	0.6	5.2	0.6	3.1

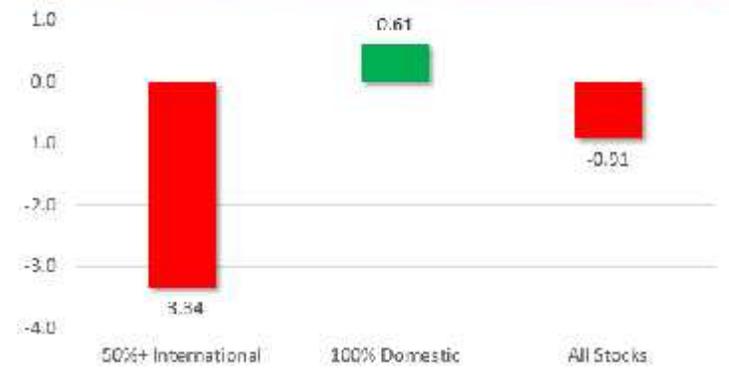
Equity market volatility spiked during January amid European uncertainty and continued weakness in oil prices. Notable international events during the month were the removal of the Swiss Franc "peg" to the Euro, the announcement of Quantitative Easing in the Eurozone, and the election of an anti-austerity government in Greece.

These events, combined with disappointing fourth quarter US economic growth and declining oil prices led to share price volatility and rising bond prices. US equities fell, led by the energy sector. Value and growth results were mixed. Mid caps outperformed large caps and small caps. US share prices fell sharply during the final week of the month. International equity markets outperformed during January. Emerging markets outperformed developed by a razor thin margin.

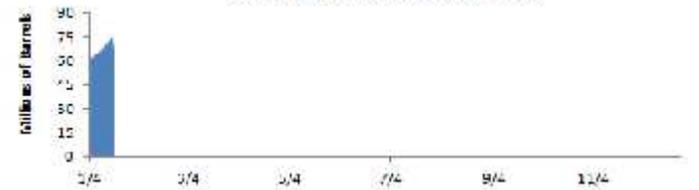
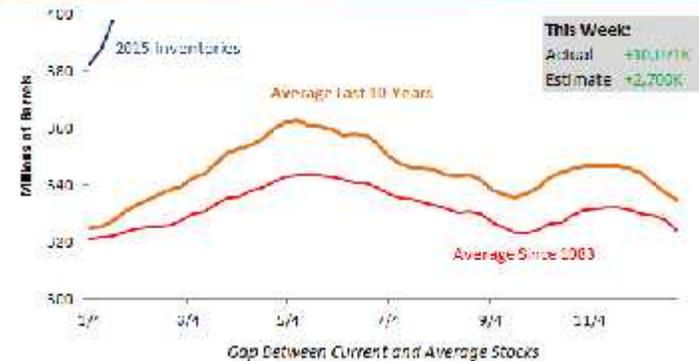
Bond prices moved higher during January as investors sought safety. The broad bond market returned 2.1% while long Treasury bonds gained 8.6%. **The yield on the 30 year Treasury is now less than 2.4%.**

Bond Total Returns				
Index	Last Month	Last Year	Last 3 Years	Last 5 Years
BC T-Bills	0.0	0.0	0.1	0.1
BC Long Treasury	8.6	28.7	7.1	11.2
BC US Agg	2.1	6.6	3.1	4.6

Russell 1,000 International vs. Domestic YTD % Chg



Crude Oil Inventories: Current vs Average (Since 1983)



Manager Profile - Loomis Sayles Core Plus



Asset Class:	Core Plus Fixed Income
Status:	In Compliance
Portfolio Size:	\$626,815,928
Inception Date:	8/1/1999
Initial Funding:	\$282,803,654
Subsequent Funding:	-\$139,434,809
Annual Management Fee:	0.15%
Location:	Boston, Massachusetts
Structure:	Wholly-owned by NATIXIS
Portfolio Management Team:	Peter W. Palfrey, CFA, Vice President, Portfolio Manager Richard G. Raczowski, Vice President, Portfolio Manager Gene Morrison, Vice President, Product Manager
Represented by:	Richard G. Raczowski, Vice President, Portfolio Manager John Cardinali, CFA, Vice President, Client Portfolio Manager

Notes:

Loomis manages their Core Plus mandate with a long-term preference for the yield advantage offered by corporate bonds. Their portfolios are diversified among major core and non-core sectors of the fixed income market. Interest rate strategies are employed to exploit or avoid interest rate risk.

This fund has provided strong returns since inception.

Founded:	1926
AUM:	\$234.7 billion
Core Plus AUM:	\$21.8 billion

Return Profile	Since Inception	Last 5 Years	Last 3 Years	Last Year	Last Quarter	Last Month
Loomis Sayles	7.1	7.6	5.9	7.4	1.2	1.8
Barclays Capital Aggregate	5.7	4.6	3.1	6.6	2.9	2.1

Risk Characteristics	Avg. Number of Issues	Credit Quality	Modified Duration	Time to Maturity	Average Coupon
Loomis Sayles	362	AA-	6.1	8.6	4.8%
Barclays Capital Aggregate	3460	A	5.3	7.6	3.5%

Manager Profile - Lord Abbett Core Plus



Asset Class:	Core Plus Fixed Income
Status:	In Compliance
Portfolio Size:	\$622,457,114
Inception Date:	11/1/2004
Initial Funding:	\$242,956,878
Subsequent Funding:	\$151,763,363
Annual Management Fee:	0.16%
Location:	Jersey City, New Jersey
Structure:	Independent Firm
Portfolio Management Team:	Robert A. Lee, Partner and Director Kewjin Yuoh, Partner Andrew H. O'Brien, CFA, Partner Jerald M. Lanzotti, CFA, Partner

Notes:

Lord Abbett uses a highly disciplined investment process. The team attempts to add value through fundamental and quantitative research. Process seeks relative value. Several strategies are employed to create diverse alpha sources. Models are used to optimize high yield portfolio is managed in a rigorous process that focuses on individual company and credit analysis.

The fund has provided strong returns since inception.

Represented by:	Robert A. Lee, Partner and Director Frank V. Paone, AIF, CIMA, Partner, Director of Institutional Investor Investor Services Thomas J. McDonald III, Client Portfolio Manager
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Founded:	1929
AUM:	\$136.2 billion
Core Plus AUM:	\$4.3 billion

Return Profile	Since Inception	Last 5 Years	Last 3 Years	Last Year	Last Quarter	Last Month
Lord Abbett	6.2	6.2	4.9	7.1	1.9	1.6
Barclays Capital Aggregate	4.8	4.6	3.1	6.6	2.9	2.1

Risk Characteristics	Avg. Number of Issues	Credit Quality	Modified Duration	Time to Maturity	Average Coupon
Lord Abbett	429	A	5.0	7.3	4.2%
Barclays Capital Aggregate	3460	A	5.3	7.6	3.5%

Monthly Asset Allocation Review



Asset Class	Total Market Value	Current Percentage	New Target Percentage	Difference	Notes
All Cap/Large Cap	2,797,819,361	20.2%	17.0%	3.2%	Excess allocation bound for Private Equity and Real Estate
Mid Cap	2,056,591,530	14.9%	13.0%	1.9%	
Small Cap	1,418,851,120	10.2%	10.0%	0.2%	
Total Domestic Equity	6,273,262,010	45.3%	40.0%	5.3%	
Large Cap International Equity	1,387,375,887	10.0%	11.5%	-1.5%	
Small Cap International Equity	771,971,599	5.6%	6.0%	-0.4%	
International Transition Account	668,654				
Total International Equity	2,160,016,140	15.6%	17.5%	-1.9%	
Core Fixed Income	2,229,335,802	16.1%	17.5%	-1.4%	
High Yield Fixed Income	767,730,664	5.5%	6.0%	-0.5%	
MLPs	1,066,418,375	7.7%	7.0%	0.7%	
Private Equity	464,368,225	3.4%	5.0%	-1.6%	
Real Estate	703,940,834	5.1%	7.0%	-1.9%	
Opportunistic Assets	166,250,227	1.2%	0.0%	1.2%	
Total Non-Core Assets	3,168,708,324	22.9%	25.0%	-2.1%	
Cash	16,816,057	0.1%	0.0%	0.1%	
Composite	13,848,205,553	100.0%	100.0%	0.0%	

Total Fund + Class Composite Summary

As of January 31, 2015

	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Calendar YTD	Last Quarter	Last Month
Total Fund (Gross of Fees)	13,848,205,553	12/1/1991	23.2	9.7	8.1	12.5	13.4	8.9	-0.6	-0.9	-0.2	-0.9
Total Fund (Net of Fees)				9.3	7.8	12.1	13.0	8.5	-0.7	-0.9	-0.3	-0.9
<i>Allocation Index</i>				9.3	7.1	11.4	11.4	8.2	0.1	-0.7	-0.1	-0.7
<i>Actuarial Assumption</i>				8.0	8.0	8.0	8.0	8.0	2.4	6.2	1.9	0.6
Total Domestic Equity	6,273,262,010 45.3%	4/1/1990	24.9	10.9	8.5	16.2	18.0	11.0	0.2	-2.9	-0.4	-2.9
<i>S&P 500</i>				9.7	7.6	15.6	17.5	14.2	2.9	-3.0	-0.6	-3.0
Total All Cap Equity	951,036,478 6.9%	9/1/2006	8.4	7.5	-	15.3	16.1	13.1	2.2	-3.3	-0.5	-3.3
<i>Russell 3000</i>				7.7	-	15.8	17.4	13.0	2.3	-2.8	-0.4	-2.8
Total Large Cap Active Equity	1,136,762,364 8.2%	1/1/1995	20.1	10.5	7.5	16.3	19.2	13.0	2.0	-3.9	-0.8	-3.9
<i>S&P 500</i>				9.6	7.6	15.6	17.5	14.2	2.9	-3.0	-0.6	-3.0
Total Mid Cap Equity	2,056,591,530 14.9%	11/1/1998	16.3	10.4	10.5	17.9	19.0	11.4	0.2	-2.2	0.4	-2.2
<i>Russell Mid Cap</i>				9.9	9.7	17.6	18.4	13.7	2.6	-1.6	1.2	-1.6
Total Small Cap Equity	1,418,851,120 10.2%	2/1/1998	17.0	9.4	8.7	14.6	16.8	5.5	-3.8	-2.8	-1.2	-2.8
<i>Russell 2000</i>				7.4	7.9	15.7	15.3	4.4	-1.6	-3.2	-0.4	-3.2
Active International Equity	1,295,033,786 9.4%	2/1/1998	17.0	8.6	5.5	6.9	9.3	-3.0	-9.0	0.0	-1.8	0.0
<i>MSCI ACWI ex-US</i>				-	5.8	5.9	7.1	1.0	-8.9	-0.1	-3.0	-0.1
Small Cap International Equity	771,971,599 5.6%	2/1/1998	16.9	14.7	-	-	12.7	-4.2	-10.8	-0.4	-2.0	-0.4
<i>MSCI ACWI ex-US</i>				-	5.9	9.0	14.2	-4.6	-9.8	-4.6	-2.2	-0.5
Core Fixed Income (ex- High Yield)	2,229,335,802 16.1%	4/1/1990	24.9	7.4	6.9	7.6	5.8	10.6	5.5	2.9	3.9	2.9
<i>Barclays Aggregate</i>				4.8	4.9	4.6	3.1	6.6	4.1	2.1	2.9	2.1
Master Limited Partnerships	1,066,418,375 7.7%	2/28/2011	3.9	18.1	-	-	19.4	13.3	-11.1	-2.9	-7.1	-2.9
<i>Alerian MLP Index</i>				10.7	-	-	10.0	1.0	-12.6	-3.1	-10.9	-3.1
High Yield Bonds	767,730,664 5.5%	2/1/2009	6.0	13.9	-	9.1	8.4	3.5	-2.2	0.4	-1.5	0.4
<i>ML High Yield II</i>				14.9	-	8.7	7.6	2.5	-2.3	0.7	-1.5	0.7
Core Real Estate	654,818,370 4.7%	4/1/2011	3.8	-	-	-	-	-	-	-	-	-
<i>NCREIF</i>				-	-	-	-	-	-	-	-	-
Non-Core Real Estate	49,122,464 0.4%	7/1/2014	0.6	-	-	-	-	-	-	-	-	-
<i>NCREIF</i>				-	-	-	-	-	-	-	-	-
Cash	16,816,057 0.1%	4/1/1990	24.9	-	-	-	-	-	-	-	-	-
<i>91 Day T-bill</i>				-	1.5	0.1	0.1	0.0	0.0	0.0	0.0	0.0



Equity Portfolios Summary

As of January 31, 2015



	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Calendar YTD	Last Quarter	Last Month
All Cap / Large Cap Domestic												
Hotchkis & Wiley Large Cap	585,929,464	4/1/1990	24.9	11.1	6.4	17.0	20.3	12.9	-0.4	-4.8	-1.5	-4.8
Russell 1000 Value	4.2%			10.1	7.1	15.1	17.8	12.9	0.6	-4.0	-1.4	-4.0
Sawgrass	550,832,899	7/1/2006	8.6	8.9	-	16.4	17.9	13.1	4.6	-2.9	-0.1	-2.9
Russell 1000 Growth	4.0%			9.2	-	16.5	17.4	14.6	4.7	-1.5	0.5	-1.5
ARI All Cap	475,502,016	9/1/2006	8.4	6.3	-	14.4	14.4	10.0	-1.3	-3.1	-2.0	-3.1
Russell 3000	3.4%			7.7	-	15.8	17.4	13.0	2.3	-2.8	-0.4	-2.8
EPOCH All Cap	490,392,254	9/1/2006	8.4	8.5	-	16.1	17.6	16.2	5.8	-3.4	0.9	-3.4
Russell 3000	3.5%			7.7	-	15.8	17.4	13.0	2.3	-2.8	-0.4	-2.8
Passive Domestic Equity												
NT Cap Weighted Passive	346,718,199	4/1/2012	2.8	15.9	-	-	-	14.5	3.2	-2.7	-0.4	-2.7
S&P 500 Cap Weighted	2.5%			15.5	-	-	-	14.2	2.9	-3.0	-0.6	-3.0
SSGA Eq Weighted Passive	363,302,320	4/1/2012	2.8	18.1	-	-	-	14.6	2.4	-2.8	0.0	-2.8
S&P 500 Equal Weighted	2.6%			17.6	-	-	-	14.6	2.4	-2.9	0.0	-2.9
Mid Cap Domestic Equity												
Frontier Capital	537,716,693	6/1/2002	12.7	10.7	11.8	17.2	18.1	12.7	2.9	-0.1	3.0	-0.1
Russell Mid Cap Growth	3.9%			9.6	9.5	17.5	17.3	12.5	3.3	-1.7	1.3	-1.7
Wellington Management	461,163,809	9/1/1998	16.4	10.5	9.3	14.8	13.8	6.8	-1.6	-2.5	-0.7	-2.5
Russell Mid Cap Growth	3.3%			9.1	9.5	17.5	17.3	12.5	3.3	-1.7	1.3	-1.7
AJO Partners	548,992,207	8/1/1998	16.5	11.3	10.0	19.2	20.3	14.6	2.7	-1.8	-0.2	-1.8
Russell MidCap	4.0%			9.5	9.7	17.6	18.4	13.7	2.6	-1.6	1.2	-1.6
Hotchkis & Wiley Mid Cap	508,718,820	8/1/2002	12.5	14.2	10.4	20.3	23.1	11.3	-3.4	-4.6	-0.6	-4.6
Russell MidCap Value	3.7%			11.8	9.5	17.7	19.5	15.1	1.8	-1.4	1.1	-1.4
Small Cap Domestic Equity												
Shapiro Capital Management	669,698,527	2/1/1998	17.0	10.7	11.2	17.6	19.1	8.4	-5.7	-2.3	-0.6	-2.3
Russell 2000	4.8%			7.4	7.9	15.7	15.3	4.4	-1.6	-3.2	-0.4	-3.2
Geneva Capital	189,128,471	6/1/2013	1.7	11.6	-	-	-	-2.3	1.2	-2.1	-0.7	-2.1
Russell 2000 Growth	1.4%			14.4	-	-	-	5.0	1.0	-2.3	1.3	-2.3
Wasatch Advisors	187,949,108	6/1/2013	1.7	10.6	-	-	-	7.5	1.8	-2.7	-0.7	-2.7
Russell 2000 Growth	1.4%			14.4	-	-	-	5.0	1.0	-2.3	1.3	-2.3
Cove Street Capital	99,617,396	6/1/2013	1.7	5.6	-	-	-	-2.1	-9.7	-4.6	-5.0	-4.6
Russell 2000 Value	0.7%			9.9	-	-	-	3.9	-4.1	-4.2	-2.0	-4.2
Frontier Capital	155,488,332	6/1/2013	1.7	11.0	-	-	-	4.0	-6.4	-4.4	-1.8	-4.4
Russell 2000 Value	1.1%			9.9	-	-	-	3.9	-4.1	-4.2	-2.0	-4.2
Neumeier Poma	116,969,285	6/1/2013	1.7	15.2	-	-	-	8.9	0.9	-2.8	-1.7	-2.8
Russell 2000 Value	0.8%			9.9	-	-	-	3.9	-1.6	-3.2	-0.4	-3.2
International Large Cap Equity												
Causeway Capital	521,451,651	5/1/2003	11.8	10.0	5.8	8.5	10.9	1.0	-6.4	0.4	-1.5	0.4
MSCI ACWI Ex US	3.8%			9.0	5.3	5.5	6.6	0.6	-9.1	-0.2	-3.1	-0.2
Northern Trust Passive	864,984,575	9/1/2013	1.4	2.1	-	-	-	1.1	-7.7	0.5	-1.6	0.5
MSCI EAFE	6.2%			-	-	-	-	0.0	-8.7	0.5	-1.6	0.5
Transition Account - Northern	668,654	9/1/2014	0.4	-	-	-	-	-	-	-	-	-
-	0.0%			-	-	-	-	-	-	-	-	-
International Small Cap Equity												
ARI Small Cap International	202,101,187	12/1/2011	3.2	13.5	-	-	12.3	0.7	-10.3	-0.7	-2.9	-0.7
MSCI EAFE Small Cap	1.5%			12.8	-	-	11.3	-3.0	-9.7	0.2	-0.1	0.2
Epoch Small Cap International	184,297,785	12/1/2011	3.2	9.8	-	-	9.2	-9.8	-15.2	-1.4	-3.7	-1.4
MSCI EAFE Small Cap	1.3%			12.8	-	-	11.3	-3.0	-9.7	0.2	-0.1	0.2
Wasatch Small Cap International	188,157,431	12/1/2011	3.2	16.1	-	-	14.8	-3.1	-6.5	-0.1	-1.9	-0.1
MSCI EAFE Small Cap	1.4%			12.8	-	-	11.3	-3.0	-9.7	0.2	-0.1	0.2
Wellington Small Cap International	197,415,195	12/1/2011	3.2	16.2	-	-	14.4	-4.5	-10.7	0.7	0.5	0.7
MSCI EAFE Small Cap	1.4%			12.8	-	-	11.3	-3.0	-9.7	0.2	-0.1	0.2



Fixed Income Portfolios Summary

As of January 31, 2015

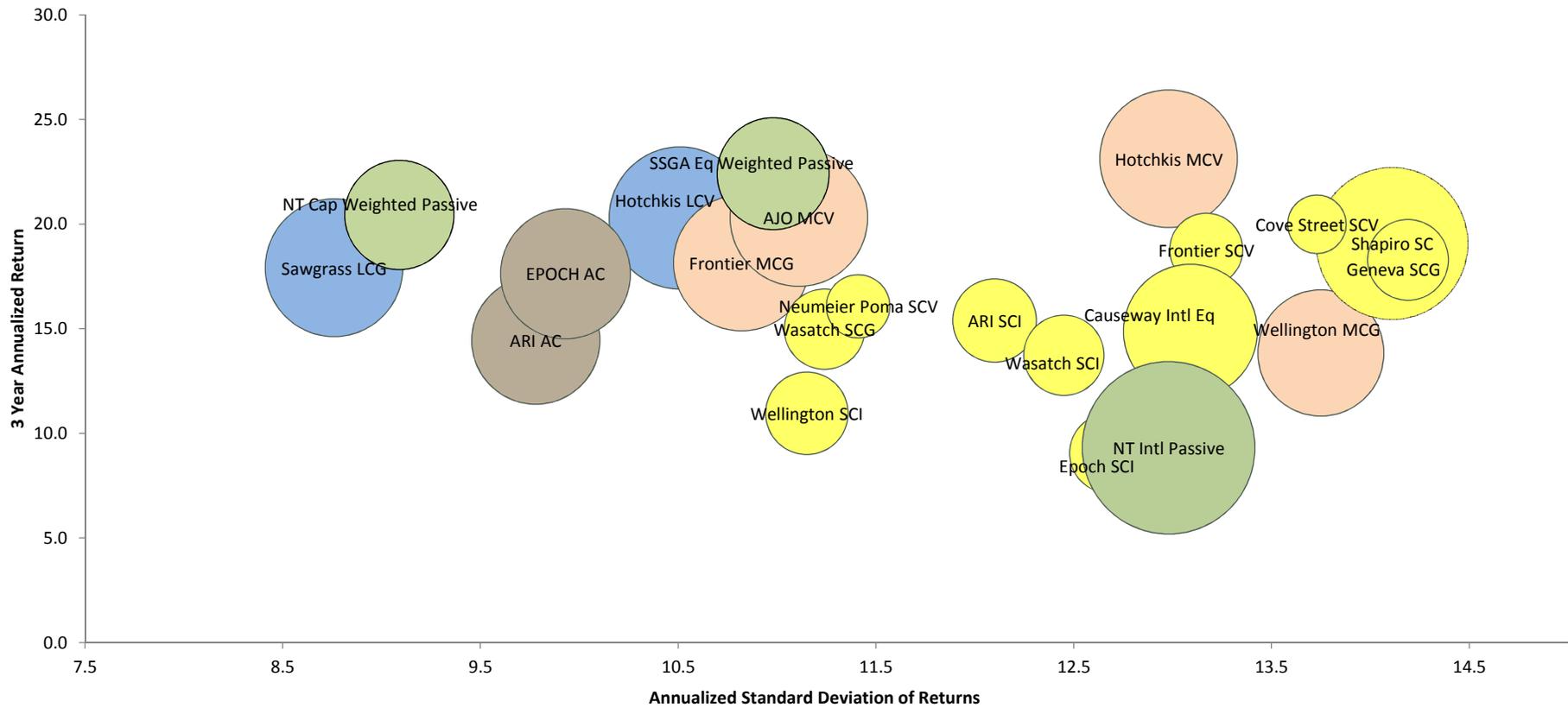
	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Calendar YTD	Last Quarter	Last Month
Core Fixed Income												
Loomis Sayles	626,815,928	8/1/1999	15.5	7.1	7.7	7.6	5.9	7.4	1.8	1.8	1.2	1.8
<i>Barclays Aggregate</i>	4.5%			5.7	4.9	4.6	3.1	6.6	4.1	2.1	2.9	2.1
Lord Abbett	622,457,114	11/1/2004	10.3	6.2	6.2	6.2	4.9	7.1	3.1	1.6	1.9	1.6
<i>Barclays Aggregate</i>	4.5%			4.8	4.9	4.6	3.1	6.6	4.1	2.1	2.9	2.1
Mackay Shields	618,584,033	11/1/2004	10.3	6.3	6.4	6.7	5.2	5.1	1.7	1.4	1.3	1.4
<i>Barclays Aggregate</i>	4.5%			4.8	4.9	4.6	3.1	6.6	4.1	2.1	2.9	2.1
Active Duration Fixed Income												
Hoisington	361,518,883	11/1/2004	10.3	10.0	9.4	14.0	8.6	37.6	27.2	10.4	18.8	10.4
<i>Barclays Aggregate</i>	2.6%			4.8	4.9	4.6	3.1	6.6	4.1	2.1	2.9	2.1
High Yield Fixed Income												
Loomis Sayles High Yield	256,280,093	2/1/2009	6.0	14.0	-	8.7	9.1	4.5	-2.2	0.4	-1.3	0.4
<i>Merrill Lynch High Yield II</i>	1.9%			14.9	-	8.7	7.6	2.5	-2.3	0.7	-1.5	0.7
Lord Abbett High Yield	256,258,622	2/1/2009	6.0	14.7	-	10.0	8.9	3.4	-2.6	0.2	-1.8	0.2
<i>Merrill Lynch High Yield II</i>	1.9%			14.9	-	8.7	7.6	2.5	-2.3	0.7	-1.5	0.7
MacKay Shields High Yield	255,191,949	2/1/2009	6.0	12.9	-	8.6	7.1	2.5	-2.0	0.6	-1.3	0.6
<i>Merrill Lynch High Yield II</i>	1.8%			14.9	-	8.7	7.6	2.5	-2.3	0.7	-1.5	0.7

Non-Traditional Portfolios Summary

As of January 31, 2015

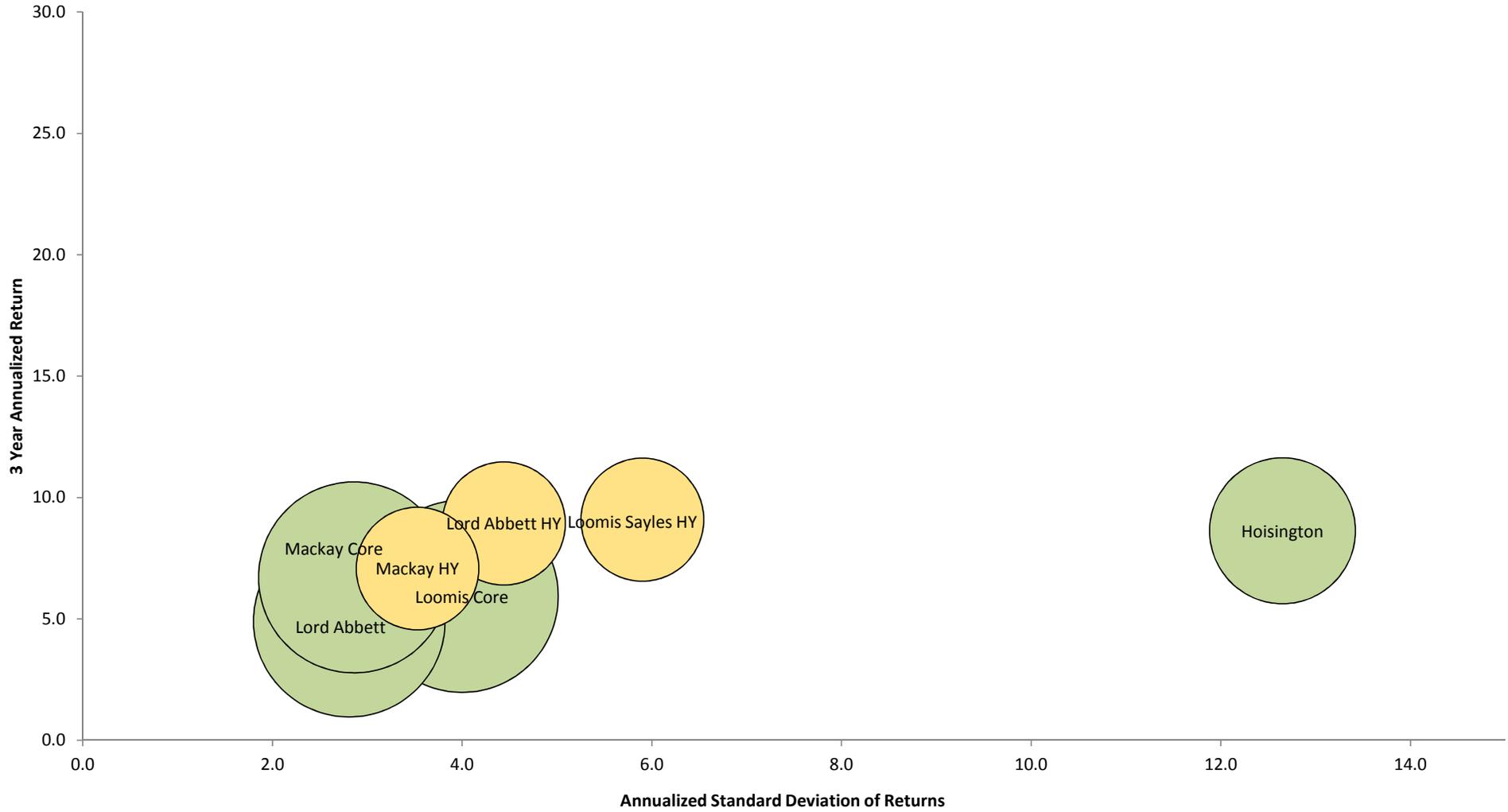
	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Calendar YTD	Last Quarter	Last Month
Master Limited Partnerships												
Chickasaw Capital MLP	382,704,967	2/28/2011	3.9	24.9	-	-	27.2	16.6	-10.8	-2.8	-6.4	-2.8
Alerian MLP Index	2.8%			10.7	-	-	10.0	1.0	-12.6	-3.1	-10.9	-3.1
Cushing MLP Management	371,661,333	2/28/2011	3.9	19.1	-	-	21.2	14.7	-10.7	-2.7	-7.5	-2.7
Alerian MLP Index	2.7%			10.7	-	-	10.0	1.0	-12.6	-3.1	-10.9	-3.1
ARI MLP	312,052,074	2/28/2011	3.9	12.7	-	-	13.1	8.2	-11.9	-3.3	-7.7	-3.3
Alerian MLP Index	2.3%			10.7	-	-	10.0	1.0	-12.6	-3.1	-10.9	-3.1
Private Equity												
Legacy Private Equity Portfolio	60,076,324	10/1/2008	6.3	-	-	-	-	-	-	-	-	-
Franklin Park Private Equity	404,291,901	4/1/2010	4.8	-	-	-	-	-	-	-	-	-
Russell 1000 +4%	3.4%			-	11.9	19.8	21.6	16.8	5.0	-2.4	0.6	-2.4
Real Estate												
AEW Real Estate	222,919,382	5/1/2011	3.8	-	-	-	-	-	-	-	-	-
NCREIF - OEDCE	1.6%			-	-	-	-	-	-	-	-	-
Heitman Real Estate	231,766,090	5/1/2011	3.8	-	-	-	-	-	-	-	-	-
NCREIF - OEDCE	1.7%			-	-	-	-	-	-	-	-	-
L&B Real Estate	200,132,898	4/1/2011	3.8	-	-	-	-	-	-	-	-	-
NCREIF - OEDCE	1.4%			-	-	-	-	-	-	-	-	-
Antheus Capital	10,750,005	10/1/2014	0.3	-	-	-	-	-	-	-	-	-
NCREIF - OEDCE	0.1%			-	-	-	-	-	-	-	-	-
Dune	11,662,556	10/1/2014	0.3	-	-	-	-	-	-	-	-	-
NCREIF - OEDCE	0.1%			-	-	-	-	-	-	-	-	-
GreenOak Real Estate	12,221,302	10/1/2014	0.3	-	-	-	-	-	-	-	-	-
NCREIF - OEDCE	0.1%			-	-	-	-	-	-	-	-	-
L&B Golden Driller	1,340,639	7/1/2014	0.6	-	-	-	-	-	-	-	-	-
NCREIF - OEDCE	0.0%			-	-	-	-	-	-	-	-	-
Landmark Realty	3,323,561	12/1/2014	0.2	-	-	-	-	-	-	-	-	-
NCREIF - OEDCE	0.0%			-	-	-	-	-	-	-	-	-
American Realty	9,824,400	12/1/2014	0.2	-	-	-	-	-	-	-	-	-
NCREIF - OEDCE	0.1%			-	-	-	-	-	-	-	-	-
Starwood	0		0.0	-	-	-	-	-	-	-	-	-
NCREIF - OEDCE	0.0%			-	-	-	-	-	-	-	-	-
Opportunistic Fixed Income												
PIMCO BRAVO	79,888,252	3/31/2011	3.8	-	-	-	-	-	-	-	-	-
Barclays Aggregate	0.6%			5.7	4.9	4.6	3.1	6.6	4.1	2.1	2.9	2.1
PIMCO BRAVO II	86,361,976	3/31/2013	1.8	-	-	-	-	-	-	-	-	-
Barclays Aggregate	0.6%			5.7	4.9	4.6	3.1	6.6	4.1	2.1	2.9	2.1

Three Year Risk/Return Review - Equity Portfolios



¹Actual OTRS results used when available, composite when necessary.

Three Year Risk/Return Review - Fixed Income Portfolios



¹Actual OTRS results used when available, composite when necessary.
Please note difference in standard deviation axis from previous page.



OKLAHOMA TEACHERS RETIREMENT SYSTEM

**executive summary report
fourth quarter, 2014**

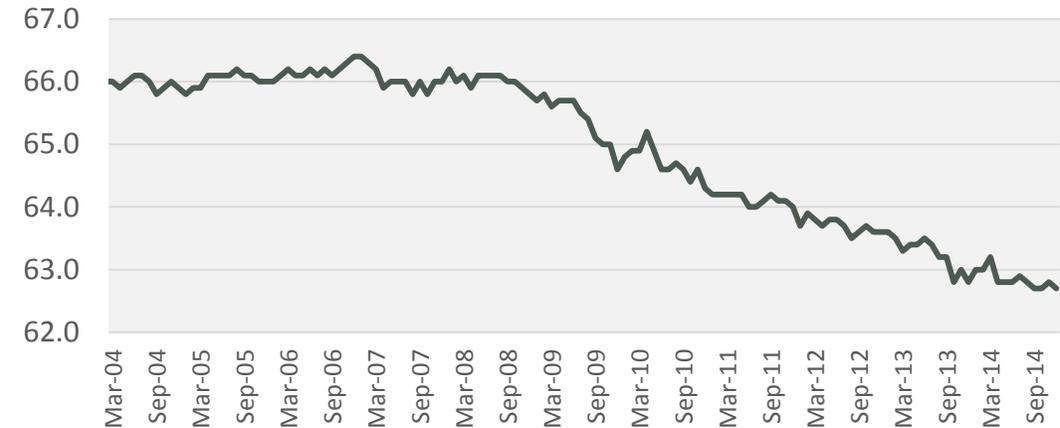


Gregory W Group

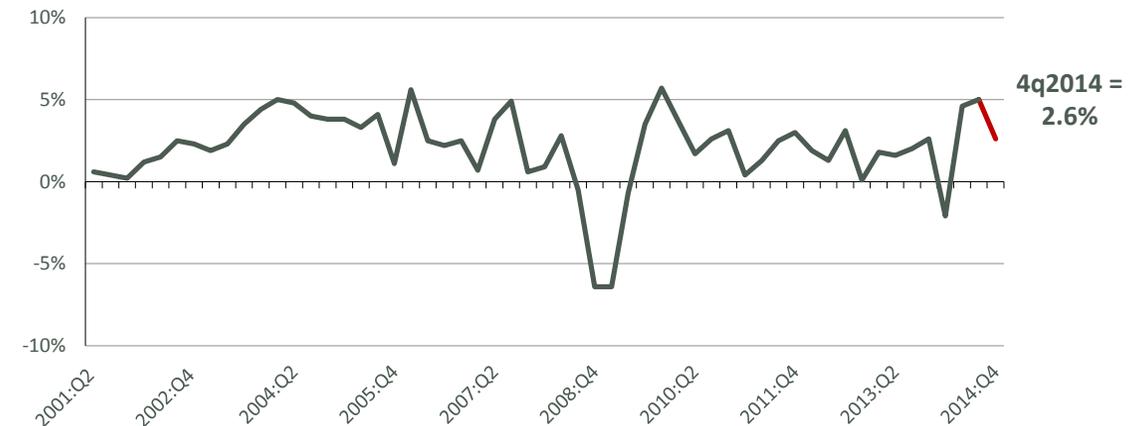
Market Environment – Fourth Quarter, 2014

- The fourth quarter was dramatic in terms of news flow and price change. The early part of the quarter was dominated by **Ebola fears** and the **Ukraine situation**. Equity prices fell, erasing the S&P 500's year to date gains. Next up was OPEC's Thanksgiving Day meeting which agitated the oil markets. **Oil prices fell by half** during 2014 as increasing supply, mainly from the U.S., met weakening demand and investor uncertainty. While we have seen this story unfold before, we have not seen Saudi Arabia act as independently as they are now. The drop in oil prices will hurt oil producers and test the cohesion of OPEC. However, lower energy prices are a net positive for consumer driven economic growth.
- Domestic real GDP reversed course during 2014. Second quarter real GDP growth came in at 4.6% while the final third quarter result was 5.0%. Fourth quarter GDP slowed dramatically, coming in at 2.6%. **U.S. household net worth reached an all-time high** during the third quarter as household debt service is very near its all time low in percentage terms.
- Domestic equities, except for the Energy sector, performed quite well during the quarter. International equities posted gains in local currency terms. Bonds posted positive returns. The US Dollar surged during the quarter.
- The U.S. **unemployment rate improved to 5.6%** from 5.9% during the quarter. Labor force participation was unchanged at 62.7%. Wage growth showed signs of weakness, emphasizing the new nature of employment for many Americans.
- The **U.S. consumer price index rose 0.8%** over the year ended December 31, 2014. Interest rates remained very low even after the end of the Federal Reserve's quantitative easing program.
- International markets were challenging for U.S. based investors. **A rally in the US dollar vs. other currencies reduced foreign asset values. The U.S. Dollar appreciated against all 31 of the next largest economies.** Further, most developed and emerging markets experienced difficult economic conditions if not recession. Monetary policies are beginning to diverge as a result with the US attempting to normalize policy while the EU, Japan and China remain highly stimulative.
- **Short term interest rates remain pegged at 0.0%**, They have been fixed at this level for six years. Highly scrutinized comments from the Federal Reserve suggest that they will remain low for a considerable period. The end of the Fed's latest Quantitative Easing had a limited impact on the bond market. U.S. Treasury bond interest rates are comparatively higher than other major market interest rates.

Labor Force Participation Rate



US Real GDP Growth - Annualized



Equity Markets – Fourth Quarter, 2014

- The U.S. equity market saw nice fourth quarter gains amid a pronounced volatility spike. The most prominent story during the quarter rapidly falling oil prices. The Energy sector saw significant declines while most other sectors saw gains. **Small caps posted outsized returns** to outperform mid caps and small caps. For the broad market, value stocks outperformed growth stocks. Broad market trailing year returns remained high (+13.2%).
- Financials (+7.4% return), Health Care (+7.8%), and Consumer Discretionary (+8.4%) were the best performing sectors by contribution. **Energy was the poorest returning sector, falling -12.2%**. Telecommunications (-4.2%) and Materials (-1.1%) also suffered fourth quarter losses.
- The market's top contributing performers were **Apple (+10.0% return), VISA (+23.1%), and Proctor and Gamble (+9.6%)**. The bottom three contributors were IBM (-14.9%), Halliburton (-38.8%), and Schlumberger (-15.6%).
- Valuations remain reasonable.** Based on historical measures, growth stocks are significantly cheaper than value stocks. The broad market forward P/E ratio was 16.2x at year end vs. 15.6x for its twenty five year average. The market's dividend yield was 1.9% vs. 2.1% for its long term average. The broad market is 54% higher than its previous high (October 2007) and 244% above the low set in March of 2009.
- Domestic equity performance ranked 4th among 33 established foreign equity markets for the full calendar year.
- Many foreign equity markets posted small gains in local currencies but were losses when translated into US Dollars. During the quarter, the **EAFE index posted a local currency return of 1.8% which fell to -3.5% when translated**. Russia was particularly hard hit as local currency returns were -5.9% but -32.8% in US Dollars. The MSCI All Country World index fell -3.7% during the quarter (\$USD). Emerging markets suffered a loss (-4.5% return) which underperformed developed markets (-3.6%) for the quarter. The U.S. economy is slowly improving while the remaining developed and emerging markets are in danger of falling back into recession.
- The top performing sectors in the MSCI ACWI ex-US index were Consumer Discretionary (+2.3%), Information Technology (+0.7%), and Telecommunications Services (-2.2%). The three largest detractors were Energy (-19.8%), Materials (-7.5%), and Financials (-0.5%).
- Top performance contributors to the ACWI were **Taiwan Semiconductor (+13.1% return), Toyota Motor (+7.2%), and Samsung (+8.7%)**. Top detractors were Total SA (-19.6%), Sanofi (-19.1%), and Roche Holdings (-8.3%).
- Developed non-US equity valuations remain above average. The **forward P/E ratio for the MSCI Europe index ended the quarter at 14.1x vs. 12.0x** for its ten year average. Emerging markets valuations are very close to average: the MSCI EM index forward P/E ratio was 10.3x vs. 11.0x for its ten year average.

Current P/E Ratio as Percentage of Long Term Average

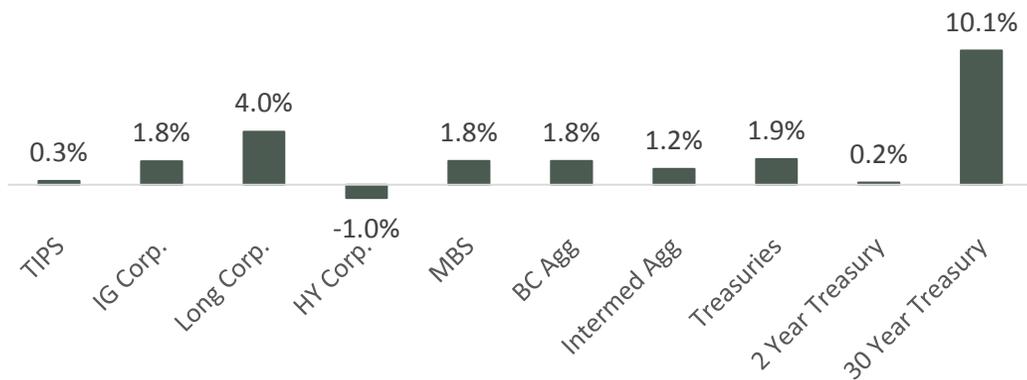
	Value	Blend	Growth
Large	110.0%	100.6%	89.0%
Mid	118.1%	112.7%	94.5%
Small	113.1%	104.4%	93.3%

Russell 1000 Sector Analytics	Ending Weight	4q 2014 Return	Contribution
Consumer Discretionary	12.7%	8.4%	1.0%
Consumer Staples	9.0%	8.3%	0.7%
Energy	7.8%	-12.2%	-1.1%
Financials	17.4%	7.4%	1.2%
Health Care	13.9%	7.8%	1.1%
Industrials	11.2%	6.7%	0.8%
Information Technology	19.0%	4.9%	0.9%
Materials	3.5%	-1.1%	-0.0%
Telecommunications	2.1%	-4.2%	-0.1%
Utilities	3.2%	12.7%	0.4%
Total	100.0%	4.9%	4.9%

Fixed Income – Fourth Quarter, 2014

- Interest rates had an active quarter as investors balanced slowing international economic growth, heightened risk awareness and potential future central bank activities. **The U.S. Treasury yield curve flattened** during the fourth quarter as short term interest rates rose while long term interest rates declined. Falling interest rates have been a notable surprise for investors. The long bond yield began 2014 at 3.9%, sank to 3.4% by mid-year and fell to 2.8% by December 31 and fell below 2.5% post year end.
- The **U.S. dollar continued to strengthen** during the fourth quarter, which depressed foreign asset prices. This had a relatively large negative impact on foreign bond prices. The Global ex. U.S. Aggregate bond index fell -2.6% during the quarter. The Japan Aggregate bond index fell -6.4% for the quarter and -8.4% for the full year. Emerging Market debt fell -0.6% during the quarter.
- There was some widening of credit spreads during the quarter.** High yield bonds were hardest hit. Energy related companies compose a large portion of the high yield market; falling energy prices worried investors and pushed bond prices lower. Defaults in high yield bonds remained low but investors worried that levered energy companies would start defaulting on bonds during 2015. The high yield bond market underperformed as bond investors favored higher credit quality bonds.

Barclays Index Returns – 4q2014



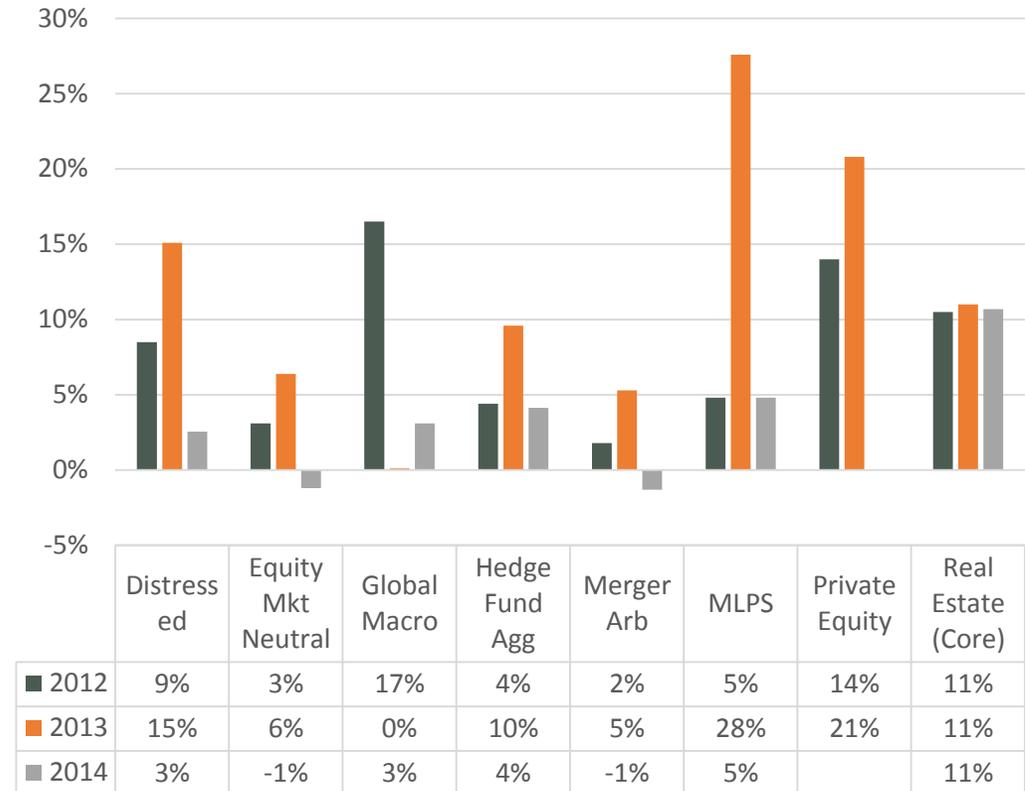
Risk Level	Interest Rate Forecast	Time Horizon			
		1 Year		3 Years	
		Terminal Yield	Total Return	Terminal Yield	Total Return
Low Risk	Pessimistic	2.50%	-2.9%	4.00%	-1.5%
2 Year Treasury	Most Likely	1.25%	-0.5%	3.00%	-0.8%
Present YTM: 0.67%	Optimistic	0.50%	1.0%	2.00%	-0.2%
Medium Risk	Pessimistic	4.00%	-12.8%	5.50%	-6.7%
10 Year Treasury	Most Likely	3.25%	-7.0%	4.50%	-4.1%
Present YTM: 2.17%	Optimistic	2.00%	3.7%	3.50%	-1.5%
High Risk	Pessimistic	4.75%	-29.0%	6.00%	-14.0%
30 Year Treasury	Most Likely	3.75%	-15.1%	5.00%	-9.6%
Present YTM: 2.75%	Optimistic	2.25%	13.6%	4.00%	-4.6%

Yields and Spreads	9/30/2014	12/31/2014
3 Month T-Bill	0.02%	0.04%
2 Year Treasury	0.57%	0.67%
10 Year Treasury	2.49%	2.17%
30 Year Treasury	3.20%	2.75%
Yield Curve 2-10 Year	192	150
Yield Curve 2-30 Year	263	208

Alternative Investments – Fourth Quarter, 2014

- Alternative investments posted varied returns during the fourth quarter. Real estate returns remained strong while most hedge fund returns produced disappointing returns. The energy sector was hard hit by plummeting oil prices while private equity remained active.
- Inflows to alternative investments remained steady.** A few high profile investment pools have recently withdrawn from the hedge fund space. However, few expect a widespread retreat from alternative investments.
- Hedge funds posted modest returns during the fourth quarter and full year.** The HFRI weighted composite index gained 1.6% during the quarter and 3.6% for the full year. The top performing hedge fund categories were commodity trading and shareholder activist funds.
- Domestic real estate investments performed well over the full year 2014. The **US economy appears the strongest among the world’s most prominent property markets.** Demand from US and foreign investors remained healthy. Low-risk core real estate returns remain attractive as investors invest in the asset class as fixed income alternative.
- Private equity returns have been positive.** The asset class gained just over 20% during 2013 and indications are for a positive 2014. The Initial Public Offering market has been relatively strong.
- Oil prices fell by half during the closing quarter of 2014 as U.S. production has increased dramatically (20% gain since 2013) while European and Chinese demand weakened. Saudi Arabia appears to be actively pushing prices lower to cripple shale production in the U.S. They have declined to decrease production to support prices at levels high enough to support profitable fracking. Natural gas prices also declined despite a harsh winter in parts of the U.S. Price volatility boosted returns of some hedge funds.
- Master Limited Partnerships (energy infrastructure/transport entities) saw a dramatic repricing during the quarter.** The fall in oil prices affected upstream MLPs most, with several falling more than 50%. The larger, less commodity price sensitive MLPs fell much less. MLPs actually saw two market corrections bookending a mid quarter recovery. U.S. Domestic energy production is being scaled back quickly to deal with the rapid decline in crude prices.

Alternative Asset Category Returns



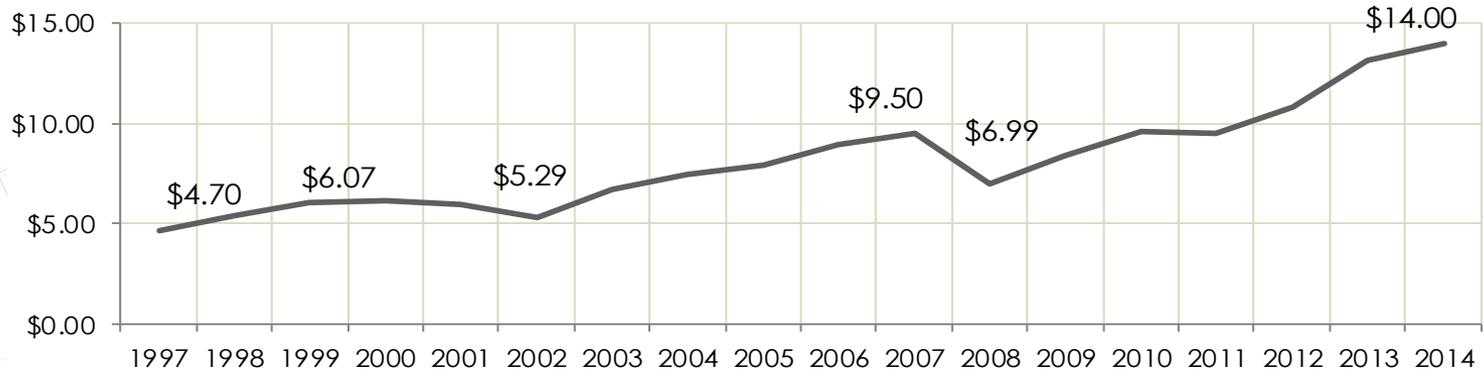
Domestic Equity	Last Quarter	Last Year	Last Three Years Annualized	Last Five Years Annualized	Last Ten Years Annualized
S&P 500	4.9	13.7	20.4	15.5	7.7
Russell 1000	4.9	13.2	20.6	15.6	8.0
Russell 1000 Value	5.0	13.5	20.9	15.4	7.3
Russell 1000 Growth	4.8	13.1	20.3	15.8	8.5
Russell 3000	5.2	12.6	20.5	15.6	7.9
Russell Midcap	5.9	13.2	21.4	17.2	9.6
Russell Midcap Value	6.1	14.8	22.0	17.4	9.4
Russell Midcap Growth	5.8	11.9	20.7	16.9	9.4
Russell 2000	9.7	4.9	19.2	15.6	7.8
Russell 2000 Value	9.4	4.2	18.3	14.3	6.9
Russell 2000 Growth	10.1	5.6	20.1	16.8	8.5
Alerian MLP	-12.3	4.8	11.9	16.7	13.8
Fixed Income					
Barclays Capital Aggregate Bond	1.8	6.0	2.7	4.5	4.7
Barclays Capital Credit	1.8	7.5	4.8	6.3	5.5
Barclays Capital Government	1.9	4.9	1.4	3.7	4.3
Barclays Capital Govt/Credit	1.8	6.0	2.8	4.7	4.7
Barclays Capital Interm Credit	0.8	4.2	4.0	5.0	4.9
Barclays Capital Interm Govt	1.0	2.5	1.0	2.8	3.8
Barclays Capital Interm Govt/Cred	0.9	3.1	2.0	3.5	4.1
Barclays Capital Long Credit	4.1	16.4	7.0	9.7	7.1
Barclays Capital Long Term Govt	8.6	25.1	4.2	10.0	7.5
Barclays Capital Long Govt/Credit	5.6	19.3	5.8	9.8	7.4
Barclays Capital Fixed Rate MBS	1.8	6.2	2.4	3.8	4.8
Merrill Lynch US High Yield Master II	-1.1	2.5	8.4	8.9	7.6
91 Day T-Bill	0.0	0.0	0.1	0.1	1.5
International					
MSCI EAFE	-3.6	-4.9	11.1	5.3	4.4
MSCI World ex US	-3.7	-4.3	10.5	5.2	4.6
MSCI Europe	-5.0	-7.2	11.1	4.8	4.4
MSCI Japan	-2.4	-4.0	9.7	5.5	2.3
MSCI Pacific ex Japan	-1.5	-0.5	9.4	5.9	8.4
MSCI Emerging Markets	-4.5	-2.2	4.0	1.8	8.4

Trailing Year Total Fund Return

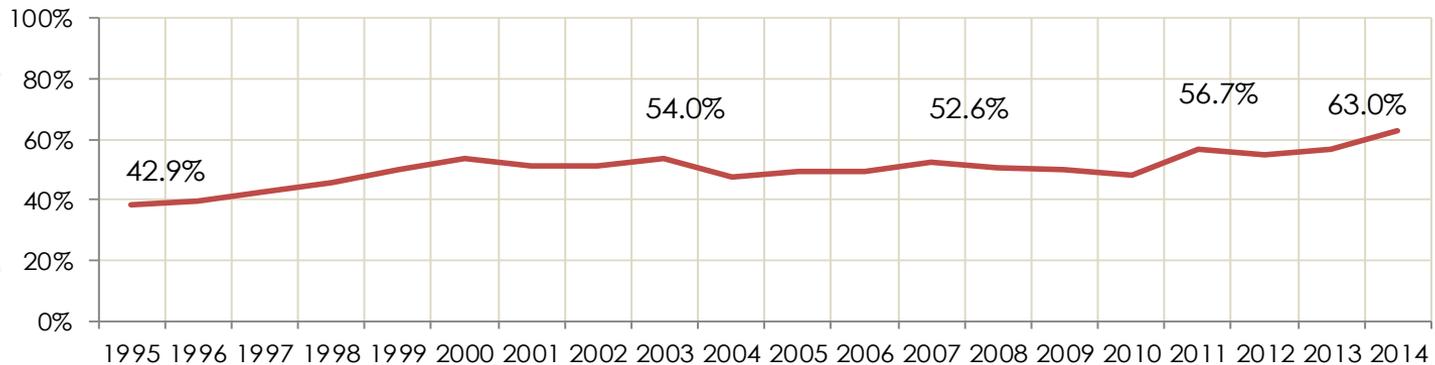
+8.1%

Plan History

Market Value History (\$Billions)



Funded Status History



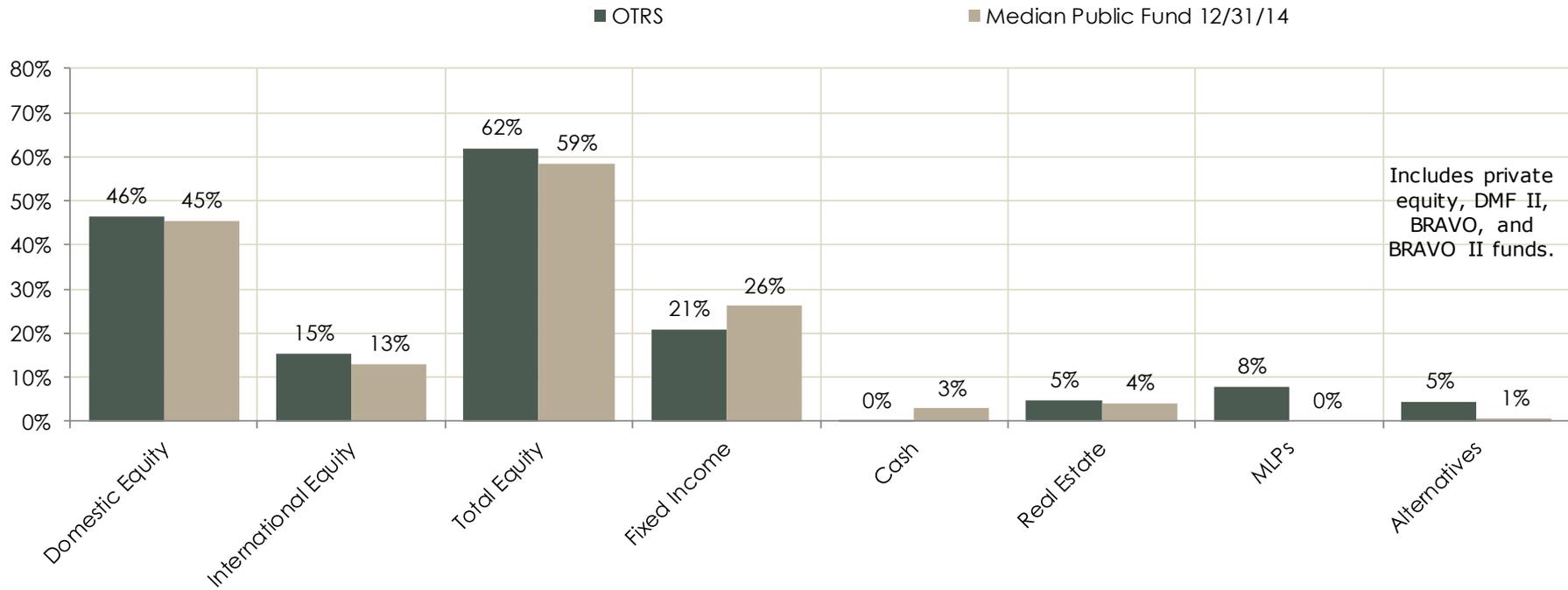
Observations – fourth quarter, 2014

- **INVESTMENT PERFORMANCE:** Total fund return was positive during the quarter. The total fund posted a 1.9% return. Domestic equity results were strong. Core fixed income results were positive while High Yield returns were negative. The total fund's trailing returns were positive. The trailing year return was slightly above the actuarial assumption, above the allocation index and ranked in the top quartile among peer Pension Funds. **The total fund ranked in the top percentile of public funds for the three and five year observation periods.**
- **INVESTMENT MANAGEMENT:** Two large cap index fund portfolios were added in 2012. The new international small cap equity allocation added returns during the quarter. The MLP allocation continues to perform above expectation. Five new domestic small cap managers were funded during the second quarter of 2013. An international equity index fund was added during early 2013. It was increased during late 2014.
- **ASSET ALLOCATION:** The total fund's aggregate asset allocations are in the process of moving to new long-term targets. No additional allocations were made to the Opportunistic Portfolio although several investments are under consideration. The private equity portfolio called significantly more capital over the past year compared to previous years. The three core real estate managers are fully invested, at their previous target level. Six non-core real estate portfolios were recently selected. They are calling capital at an acceptable pace.

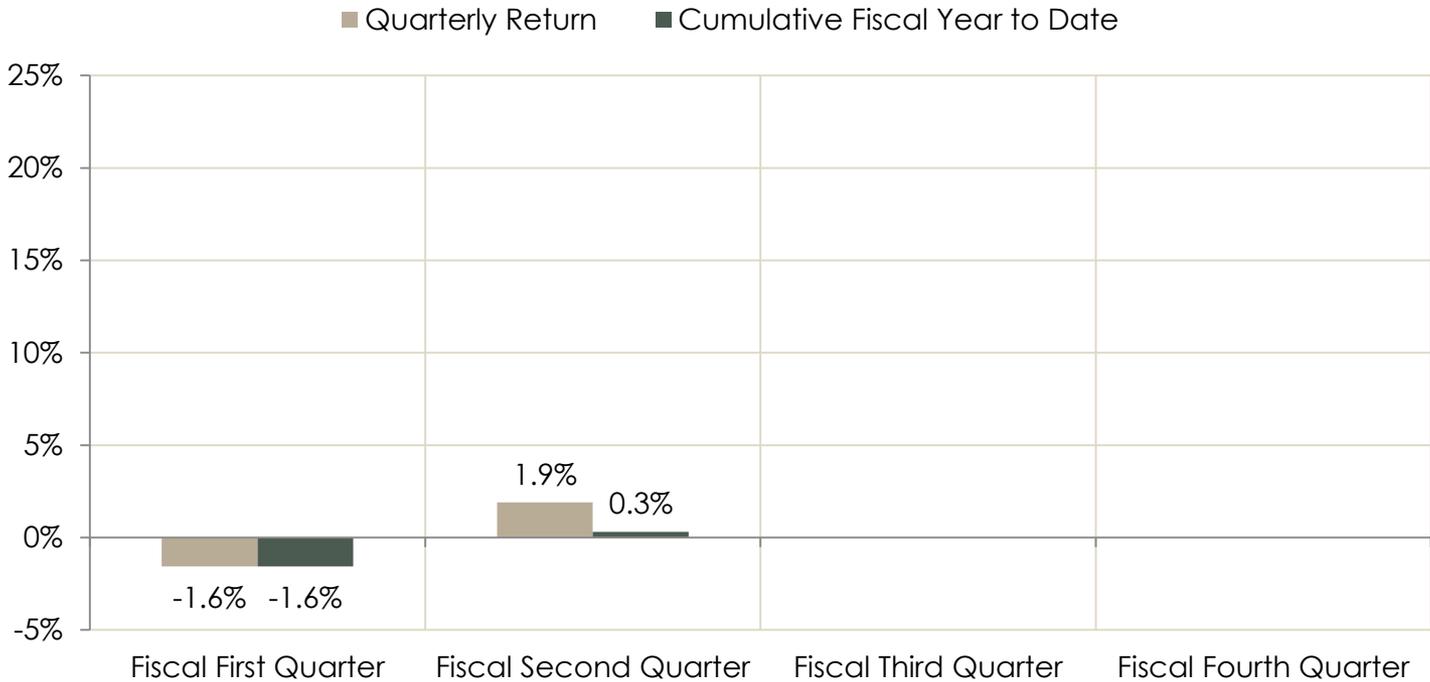
Asset Allocation Summary – Total Fund

	Current Allocation	New Target Allocation	Difference
Domestic Equity	46.47%	40.00%	6.47%
International Equity	15.40%	17.50%	-2.10%
Core Fixed Income	15.47%	17.50%	-2.03%
Opportunistic Assets	1.20%	0.00%	1.20%
High Yield Fixed Income	5.46%	6.00%	-0.54%
Real Estate	4.84%	7.00%	-2.16%
Private Equity	3.30%	5.00%	-1.70%
MLPs	7.85%	7.00%	0.85%
Cash	0.01%	0.00%	0.01%
Total	100.00%	100.00%	0.00%

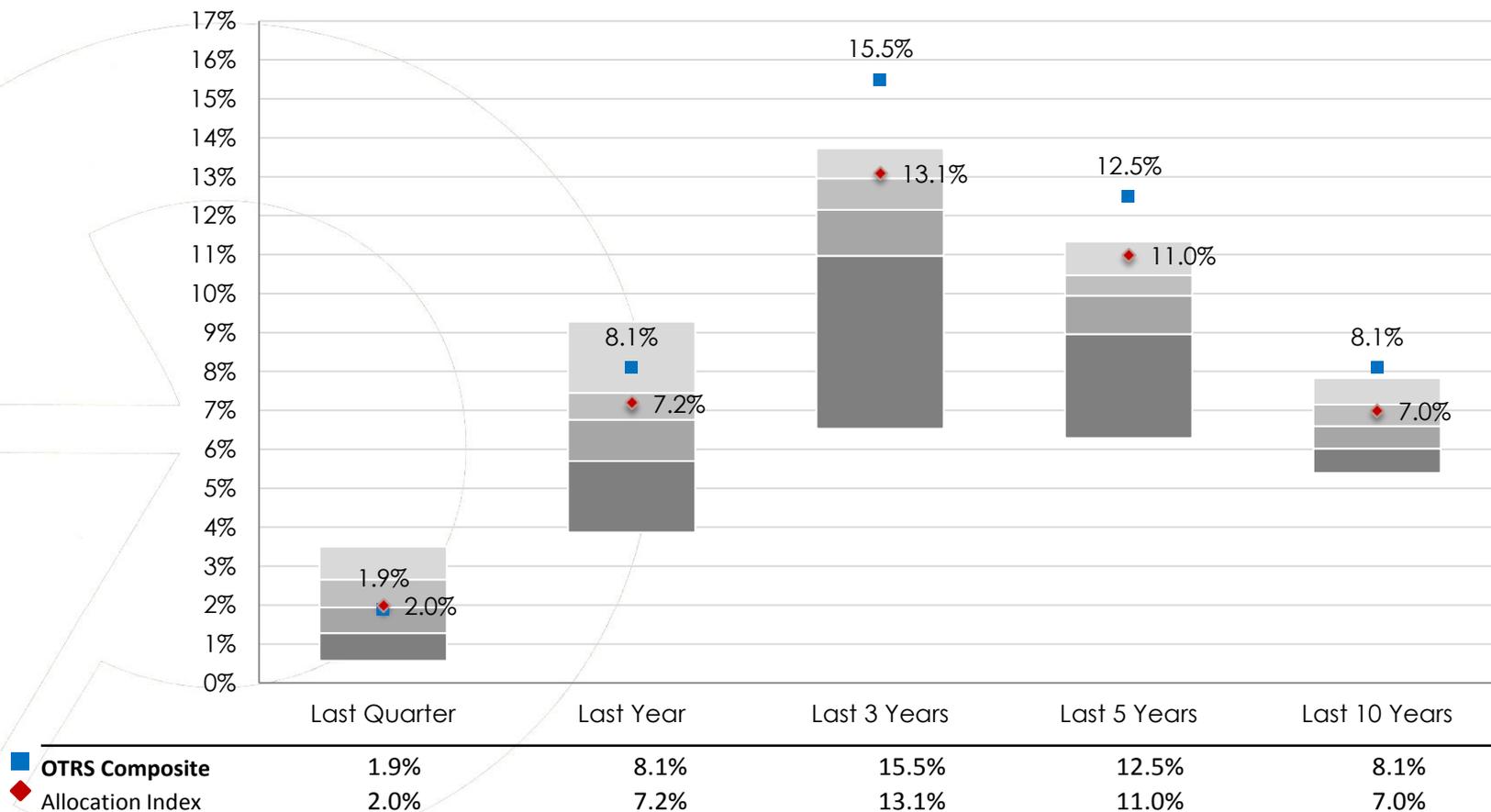
Total Fund Allocation vs. Median Public Fund



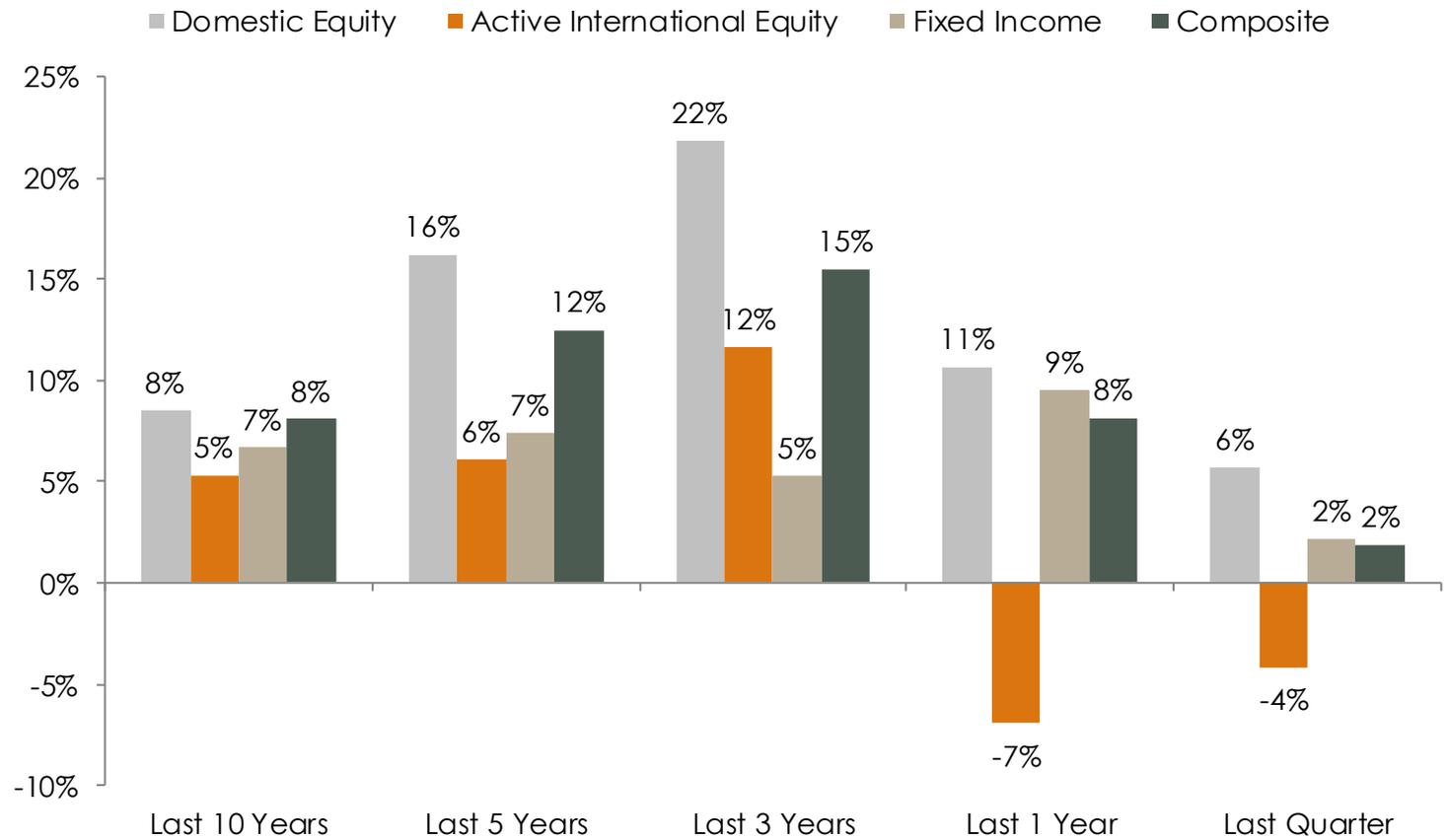
Composite Performance Summary as of December 31, 2014



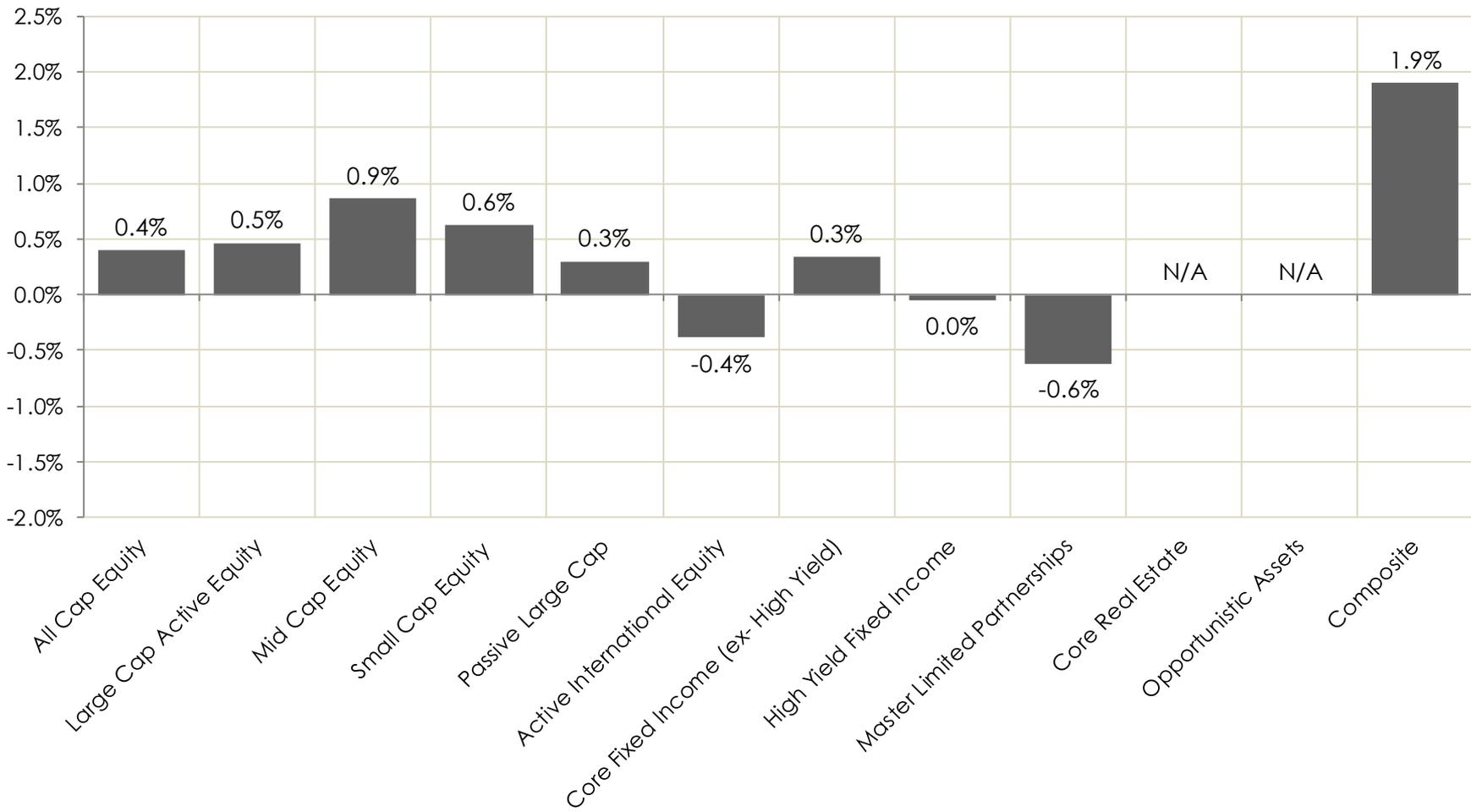
Total Fund vs. Public Fund Peer Universe



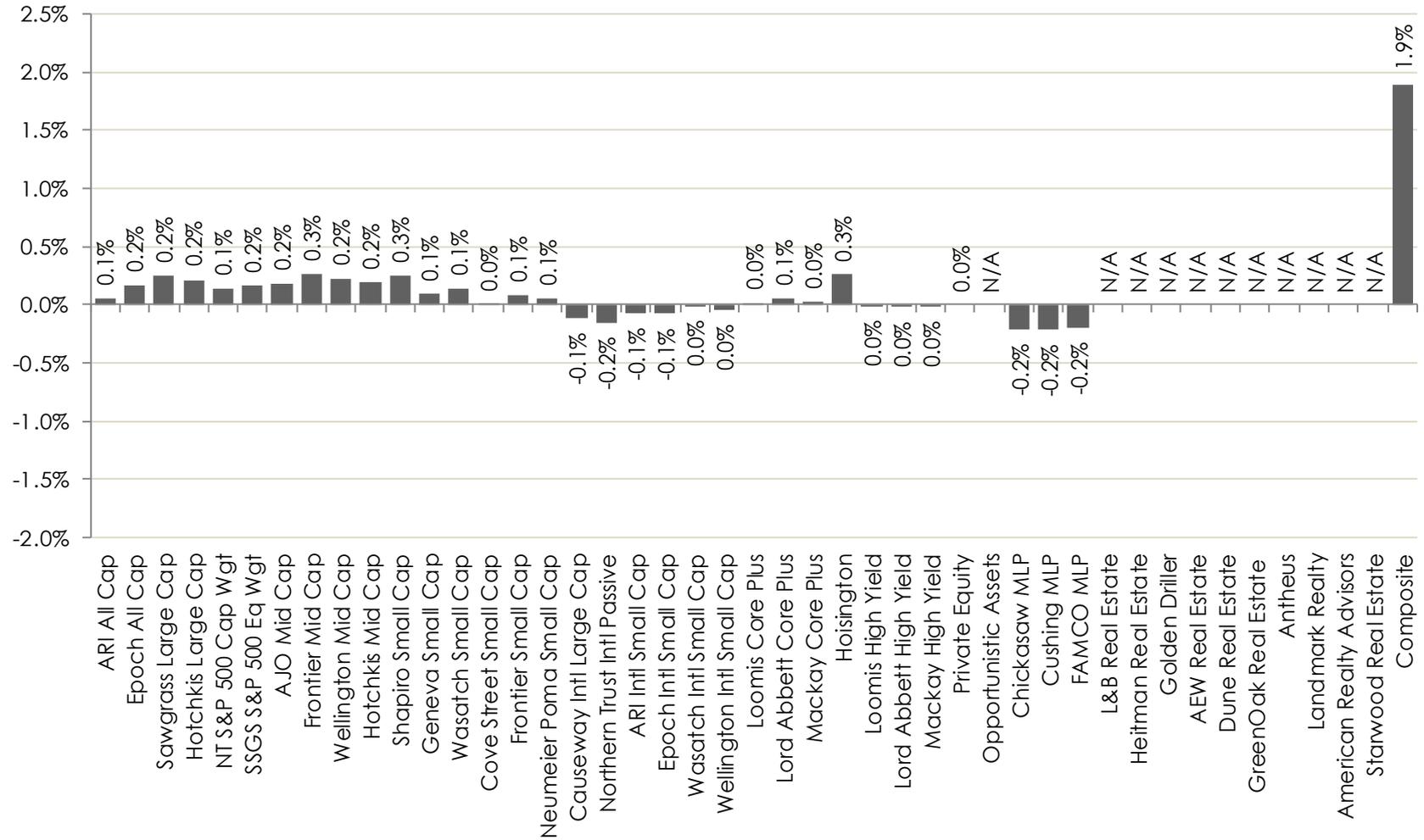
Composite Performance Summary as of December 31, 2014



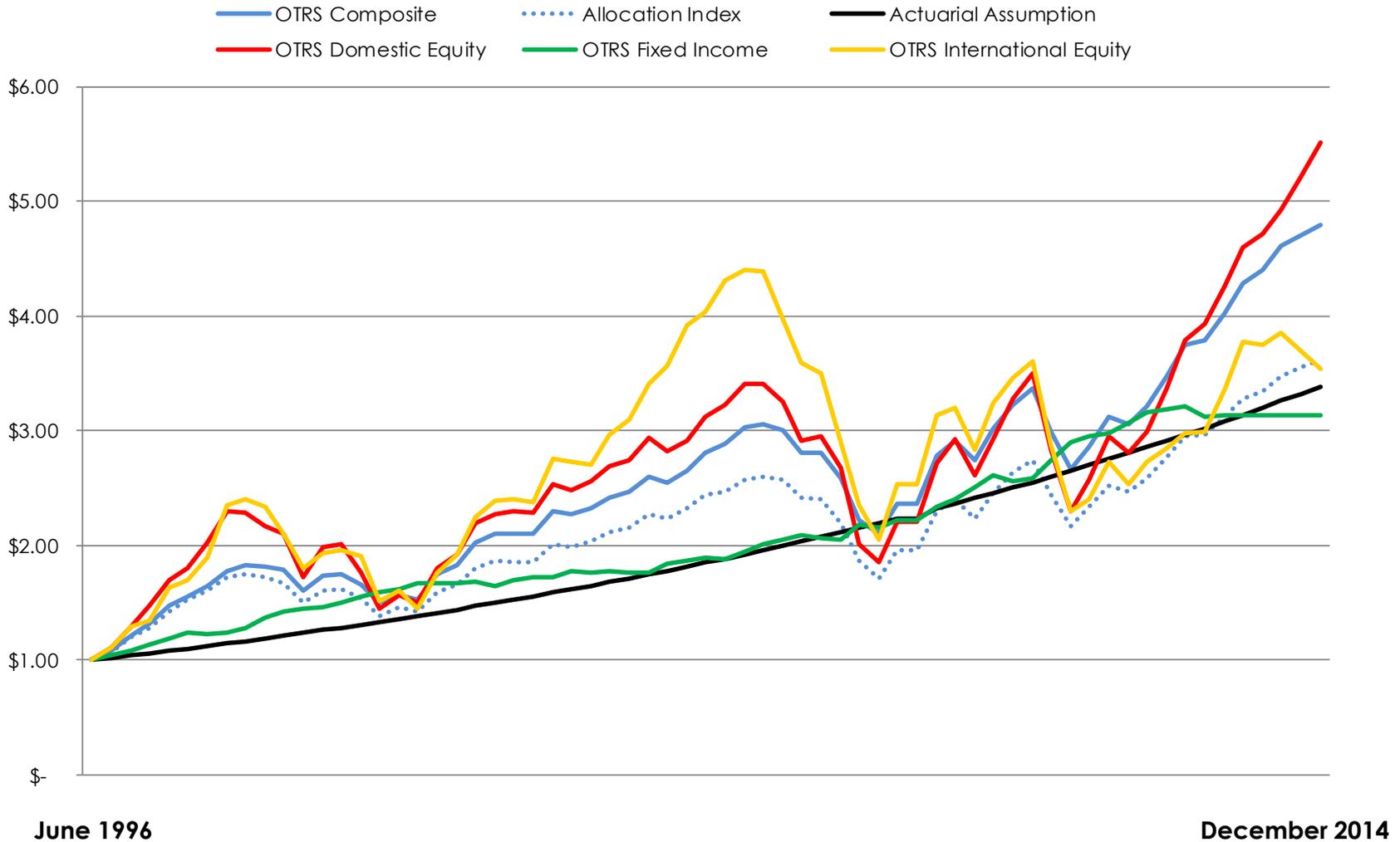
Composition of Quarterly Return by Asset Class



Composition of Quarterly Return by Portfolio



Growth of a Dollar Over Time: Period Ended December 31, 2014



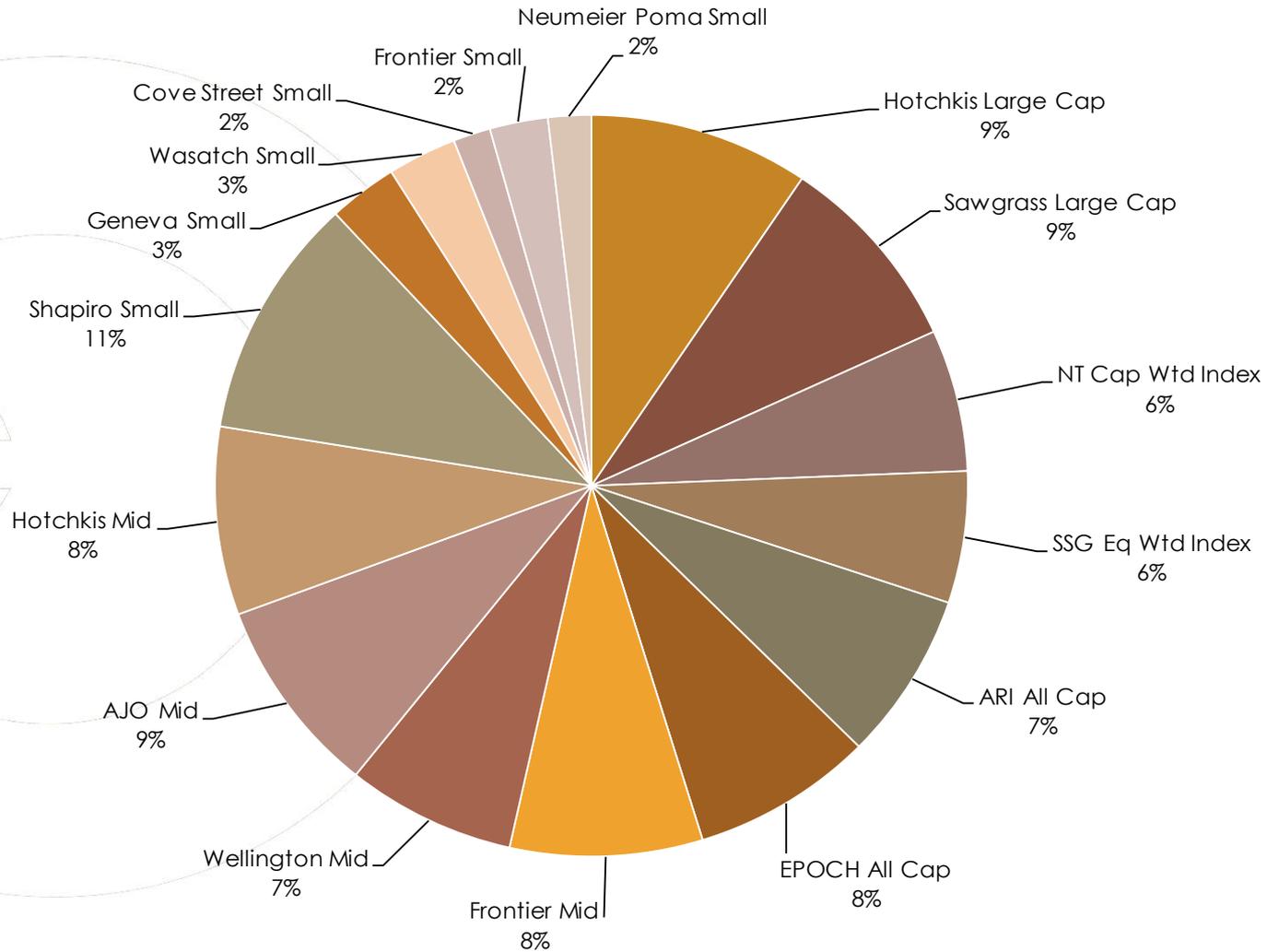
Performance – Total Fund

	Last 10 Years	% Rank	Last 5 Years	% Rank	Last 3 Years	% Rank	Last 1 Years	% Rank	Last Quarter	% Rank
Total Fund	8.1	3	12.5	1	15.5	1	8.1	18	1.9	51
<i>Allocation Index</i>	7.0		11.0		13.1		7.2		2.0	
<i>Actuarial Assumption</i>	8.0		8.0		8.0		8.0		1.9	
Total Domestic Equity	8.5	24	16.2	21	21.8	14	10.6	46	5.7	25
<i>S&P 500</i>	7.7		15.5		20.4		13.7		4.9	
Total Core Fixed Income	6.6	21	7.4	22	5.3	26	9.5	20	2.2	22
<i>Barclays Aggregate</i>	4.7		4.4		2.7		6.0		1.8	

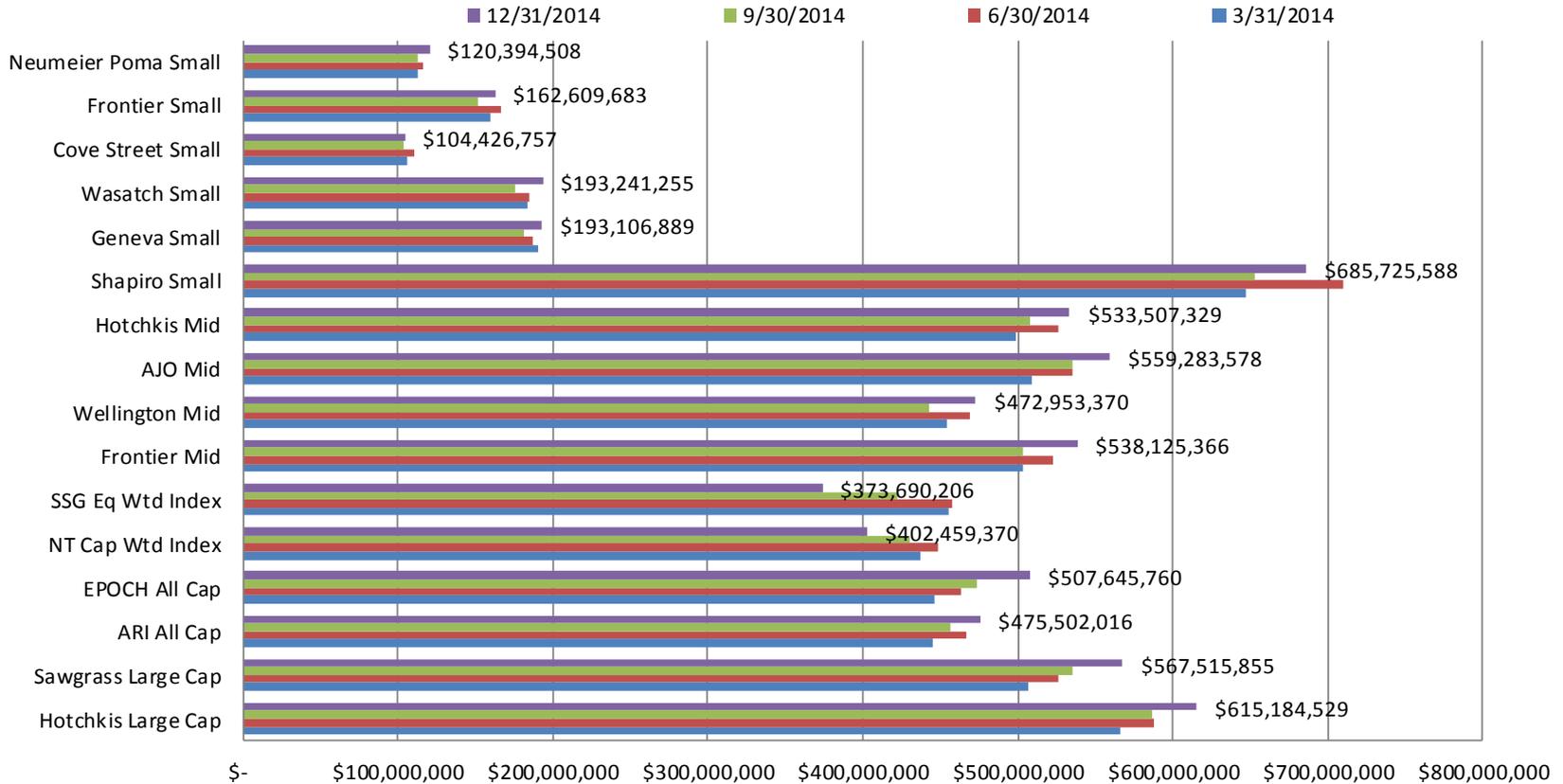
Composite Peer Ranking History

Periods Ended	Trailing 5 Years	Trailing 3 Years	Trailing Year	Last Quarter
4q2014	1	1	18	51
3q2014	1	1	4	75
2q2014	1	1	1	1
1q2014	3	1	1	7
4q2013	1	1	1	2
3q2013	2	3	1	14
2q2013	1	3	1	11
1q2013	3	4	4	3
4q2012	15	3	11	24
3q2012	21	13	8	10
2q2012	24	4	33	75
1q2012	22	13	25	14
4q2011	36	14	52	8
3q2011	31	23	95	89
2q2011	20	13	23	93
1q2011	9	21	5	17
4q2010	21	29	15	29
3q2010	30	38	10	18
2q2010	35	46	11	62
1q2010	24	25	70	44
4q2009	36	43	15	25
3q2009	26	42	32	13
2q2009	46	50	44	28
1q2009	23	24	18	28
4q2008	47	61	62	64
3q2008	24	59	67	48
2q2008	25	52	83	17
1q2008	19	49	83	79
4q2007	19	46	62	78
3q2007	18	36	37	87
2q 2007	10	29	18	34
1q 2007	15	27	38	19
4q 2006	23	44	59	36
3q 2006	15	24	69	57
Average Rank	19	25	32	37
% of Observations in Top Quartile	76%	56%	56%	47%
% of Observations Above Median	100%	91%	71%	68%

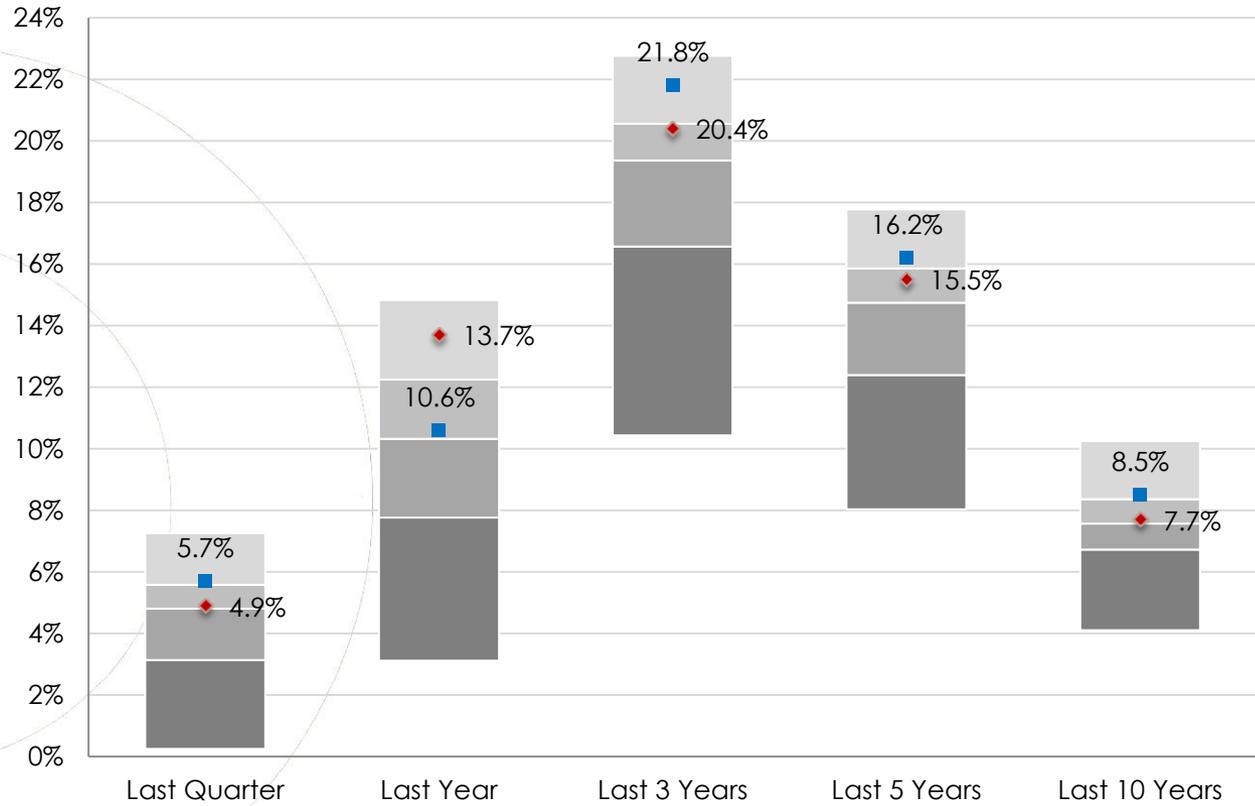
Asset Allocation Summary – Domestic Equity Allocation



Asset Allocation Summary – Domestic Equity Allocation



Domestic Equity Composite vs. U.S. Equity Allocation Peer Universe



■ OTRS Equity Composite

◆ S&P 500

5.7%

4.9%

10.6%

13.7%

21.8%

20.4%

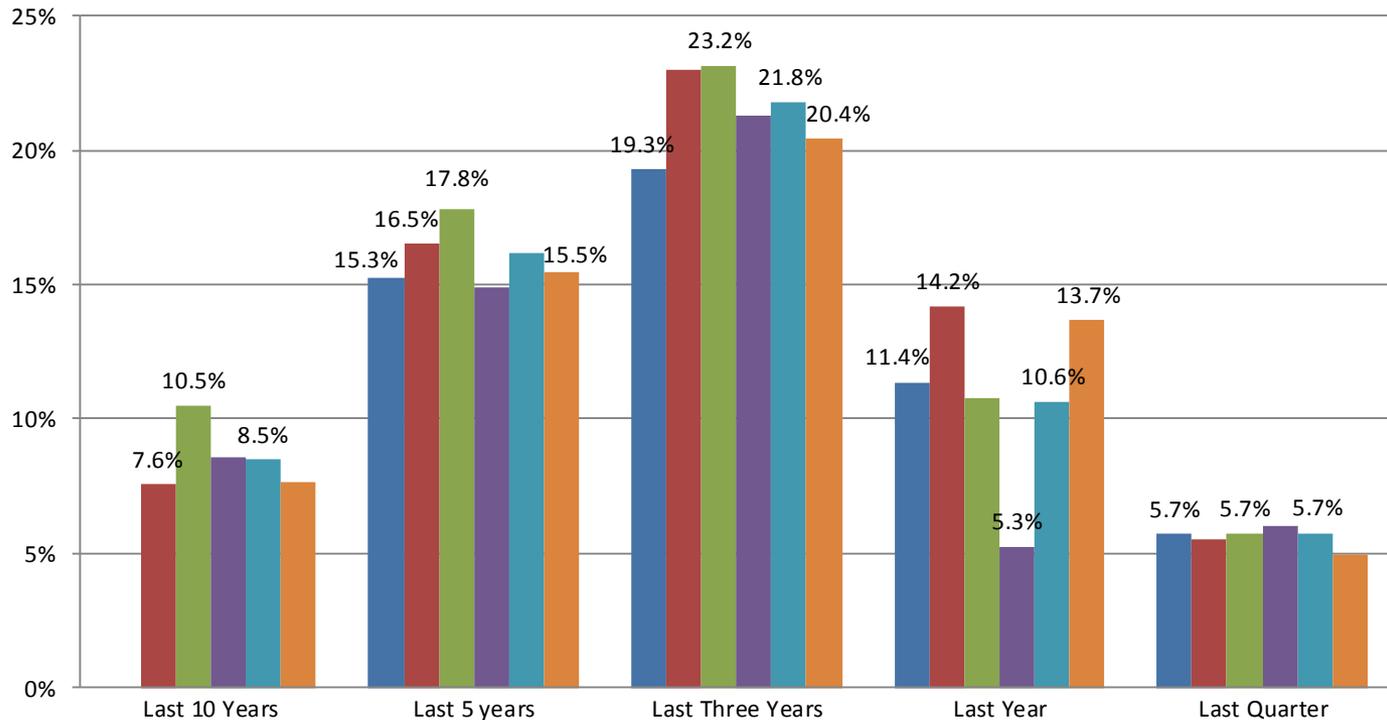
16.2%

15.5%

8.5%

7.7%

Domestic Equity Performance: Capitalization Composites



All Cap	15.3%	19.3%	11.4%	5.7%
Large Cap Active	7.6%	16.5%	14.2%	5.5%
Mid Cap	10.5%	17.8%	10.8%	5.7%
Small Cap	8.6%	14.9%	5.3%	6.0%
All Domestic Equity	8.5%	16.2%	10.6%	5.7%
S&P 500 (Cap Weighted)	7.7%	15.5%	13.7%	4.9%

Performance – All Cap and Large Cap Equity Managers

	Last 10 Years	% Rank	Last 5 Year	% Rank	Last 3 Years	% Rank	Last 1 Year	% Rank	Last Quarter	% Rank
Advisory Research	-	-	15.2	66	17.5	92	11.0	79	1.6	96
EPOCH	-	-	16.6	18	20.7	45	17.1	4	4.7	63
<i>Russell 3000 Value</i>	-		16.3		20.8		15.5		3.0	
<i>Russell 3000</i>	-		15.6		20.4		12.6		5.2	
Hotchkis LCV	6.7	96	17.8	4	24.5	5	14.5	21	4.9	40
Sawgrass LCG	-		16.4	33	20.8	46	13.9	21	6.1	17
<i>S&P 500</i>	7.7		15.5		20.4		13.7		4.9	
<i>Russell 1000 Value</i>	7.3		15.4		20.9		13.5		5.0	
<i>Russell 1000 Growth</i>	-		15.8		20.3		13.0		4.8	
NT Cap Weighted	-	-	-	-	-	-	13.6	32	4.8	58
SSGA Equal Weighted	-	-	-	-	-	-	14.5	18	6.0	14
<i>S&P 500 Cap Weighted</i>	7.7		15.5		20.4		13.7		4.9	
<i>S&P 500 Equal Weighted</i>	9.5		17.4		22.4		14.5		6.1	

Performance – Mid Cap and Small Cap Equity Managers

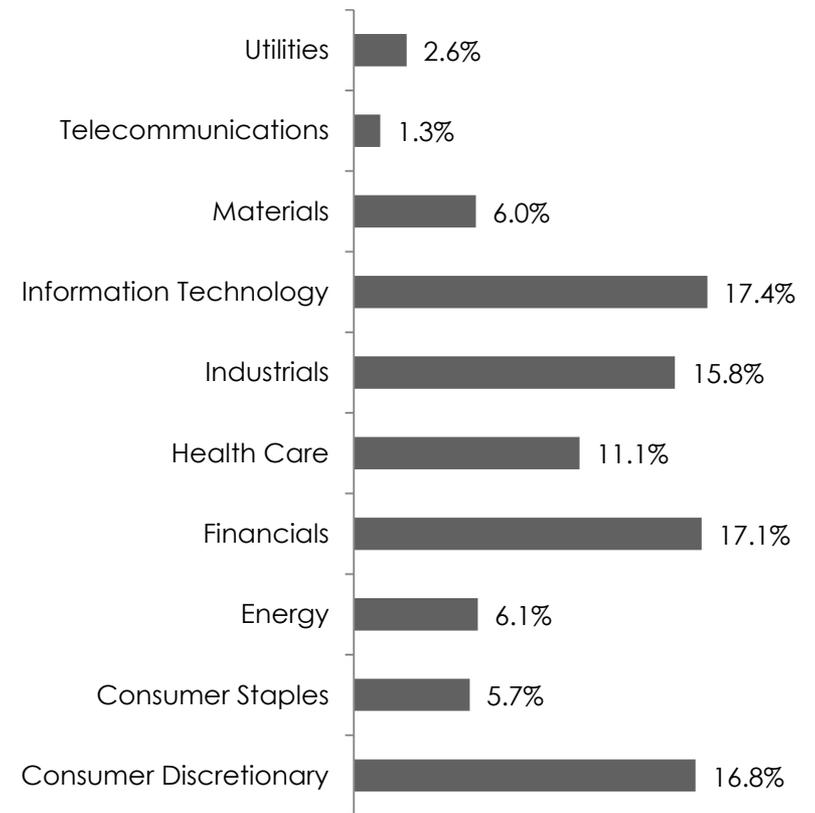
	Last 10 Years	% Rank	Last 5 Years	% Rank	Last 3 Years	% Rank	Last 1 Year	% Rank	Last Quarter	% Rank
AJO MCC	10.1	N/A	18.7	17	23.5	12	13.2	2	4.6	55
Frontier MCG	11.6	44	16.0	77	21.1	60	11.9	18	6.9	22
Hotchkis MCV	10.7	N/A	21.9	5	29.3	1	13.2	44	5.0	50
Wellington MCG	9.4	82	14.5	89	18.4	88	4.4	85	6.7	24
<i>Russell MC</i>	9.6		17.2		21.4		13.2		5.9	
<i>Russell MC Growth</i>	9.4		16.9		20.7		11.9		5.8	
<i>Russell MC Value</i>	9.4		17.4		22.0		14.7		6.1	
Shapiro SCC	11.3	N/A	17.7	29	23.2	10	8.4	20	5.1	81
Geneva SCG	-	-	-	-	-	-	-1.9	80	6.7	68
Wasatch SCG	-	-	-	-	-	-	4.3	40	10.2	24
Cove Street SCV	-	-	-	-	-	-	-3.0	91	0.8	90
Frontier SCV	-	-	-	-	-	-	6.2	62	7.1	75
Neumeier Poma SCV	-	-	-	-	-	-	8.5	29	6.5	77
<i>Russell 2000</i>	7.8		15.5		19.2		4.9		9.7	
<i>Russell 2000 Value</i>	6.9		14.3		18.3		4.2		9.4	

Total Equity Portfolio Holdings Review

Largest Equity Positions

Position	% of Total Equity Allocation
Aaron's	0.55%
Cablevision	0.54%
ADT	0.52%
Entegris	0.50%
Axiall	0.50%
Knowles	0.48%
USG	0.46%
Lindsay	0.44%
Compass Minerals International	0.42%
Pfizer	0.39%
Top Ten Total Weight	4.80%

Sector Weightings



Composite Equity Portfolio Characteristics – Trailing Five Years

	Average Market Cap	Dividend Yield	Tracking Error	Alpha	R ²	Sharpe Ratio	Standard Deviation
Active All Cap/Large Cap Equity	\$108.99 billion	1.91%	3.62%	2.25	0.95	1.29	13.15
Mid Cap Equity	\$9.67 billion	1.05%	4.92%	-1.29	0.94	1.04	17.45
Small Cap Equity	\$10.12 billion	0.92%	2.62%	1.78	0.42	0.49	7.97
International Equity	\$23.94 billion	2.33%	0.02%	-0.02	0.00	0.20	7.22
Total Equity	\$44.04 billion	1.52%	2.71%	0.29	0.60	0.74	11.12

Active Domestic Equity Characteristics – Trailing Five Years

	Asset Class	Upside Capture Ratio %	Downside Capture Ratio %	Trailing Five Year Return	Correlation vs. S&P 500
Hotchkis & Wiley	Large Cap Value	112.7	110.5	17.8%	0.93
Sawgrass	Large Cap Growth	91.03	73.9	16.4%	0.95
Advisory Research	All Cap	97.1	100.7	14.5%	0.95
EPOCH	All Cap	105.0	107.3	15.9%	0.96
AJO	Mid Cap Core	118.2	115.3	18.8%	0.93
Frontier	Mid Cap Growth	106.9	109.7	16.1%	0.85
Hotchkis & Wiley	Mid Cap Value	135.2	128.9	21.0%	0.84
Wellington	Mid Cap Growth	123.3	161.3	13.9%	0.86
Shapiro	Small Cap Value/Core	122.4	126.8	18.4%	0.81
Cove Street	Small Cap Value	112.2	117.0	16.7%	0.80
Neumeier Poma	Small Cap Value	110.8	97.8	19.0%	0.79
Frontier	Small Cap Value	127.7	119.2	21.1%	0.83
Geneva	Small Cap Growth	106.5	114.5	15.4%	0.68
Wasatch	Small Cap Growth	100.7	91.0	16.9%	0.72

Upside and downside capture ratios measured against the S&P 500 index.

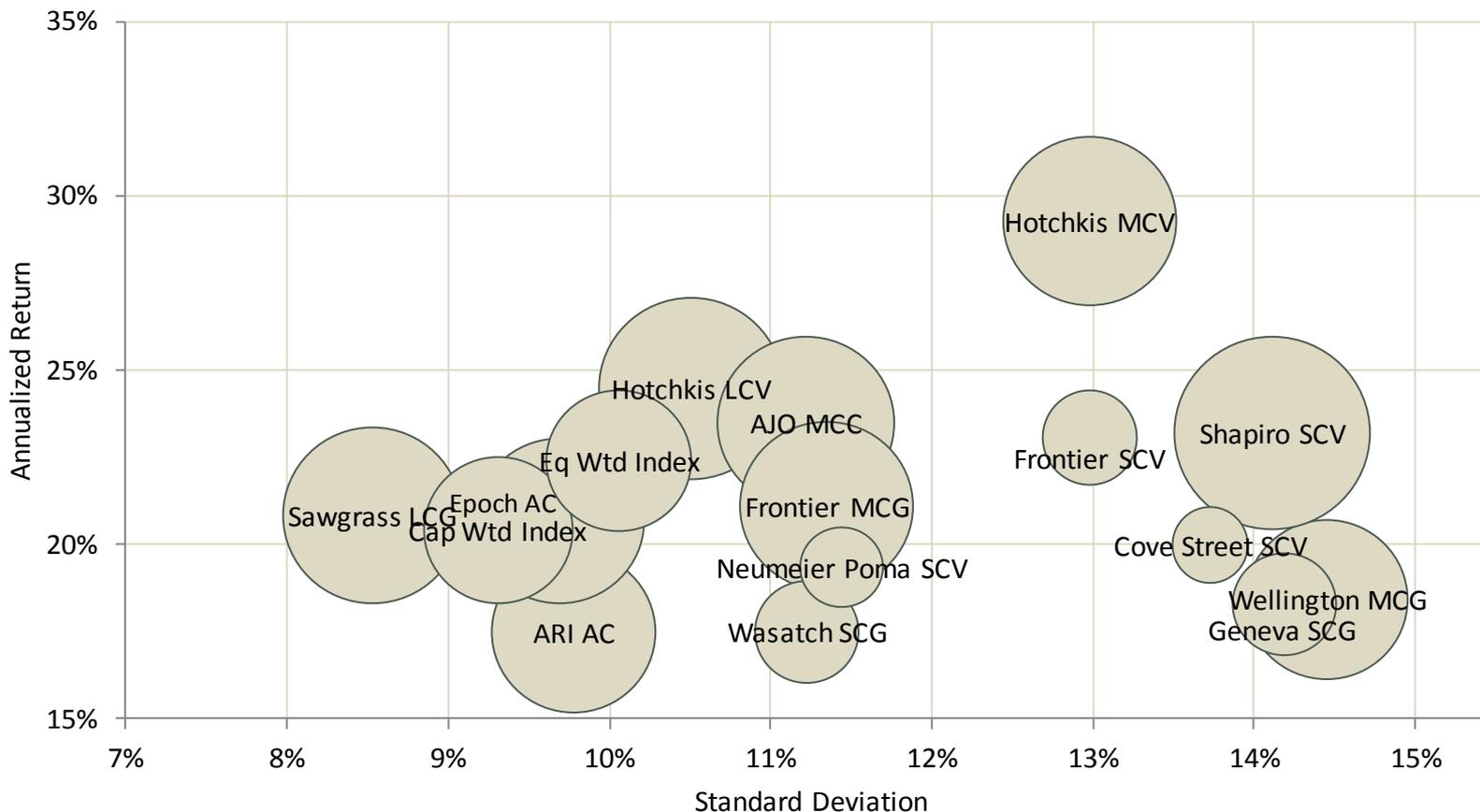
fourth quarter, 2014

Domestic Equity Portfolios: 5 Year Correlation Matrix

Trailing Five Years	ARI AC	AJO MC	Cove Street SCV	Epoch AC	Frontier MCG	Frontier SCV	Geneva SCG	Hotchkis LCV	Hotchkis MCV	Neumeier Poma SCV	Sawgrass LCG	Shapiro SCC	Wasatch SCG	Wellington MCG
ARI AC	-													
AJO MC	0.96	-												
Cove Street SCV	0.91	0.91	-											
Epoch AC	0.96	0.97	0.89	-										
Frontier MCG	0.92	0.95	0.89	0.93	-									
Frontier SCV	0.93	0.95	0.94	0.91	0.93	-								
Geneva SCG	0.85	0.88	0.84	0.85	0.90	0.86	-							
Hotchkis LCV	0.96	0.94	0.88	0.96	0.90	0.91	0.78	-						
Hotchkis MCV	0.92	0.94	0.89	0.93	0.90	0.94	0.80	0.94	-					
Neumeier Poma SCV	0.92	0.93	0.90	0.90	0.91	0.94	0.89	0.87	0.89	-				
Sawgrass LCG	0.94	0.95	0.86	0.96	0.92	0.87	0.83	0.93	0.88	0.86	-			
Shapiro SCC	0.93	0.95	0.91	0.91	0.93	0.93	0.86	0.90	0.91	0.92	0.87	-		
Wasatch SCG	0.87	0.90	0.87	0.86	0.92	0.92	0.90	0.82	0.86	0.90	0.83	0.89	-	
Wellington MCG	0.93	0.97	0.90	0.94	0.94	0.94	0.88	0.91	0.94	0.94	0.90	0.95	0.90	-

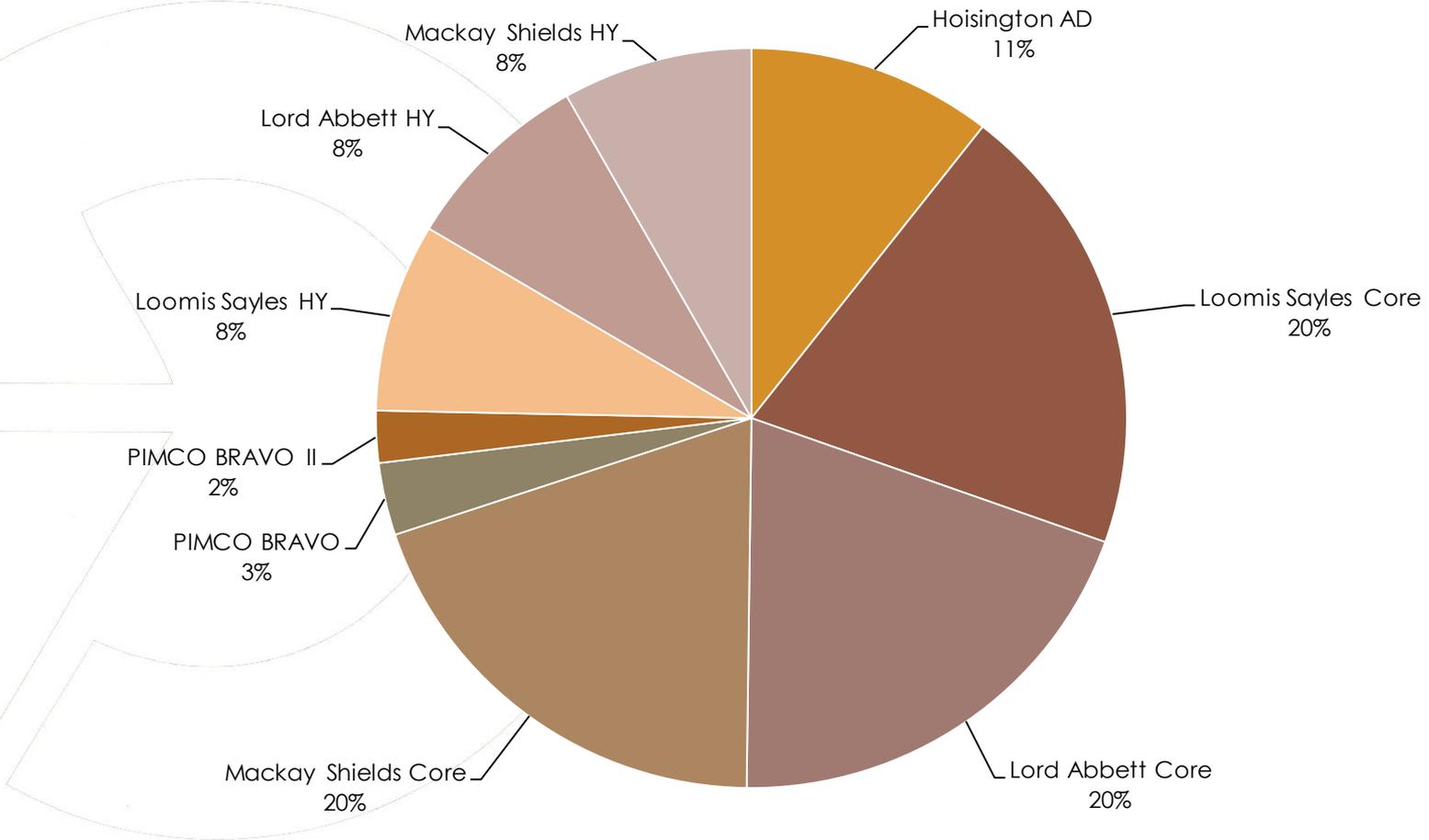
Domestic Equity Risk Return Comparison

Composite Data Used – Three Years Ended December 31, 2014

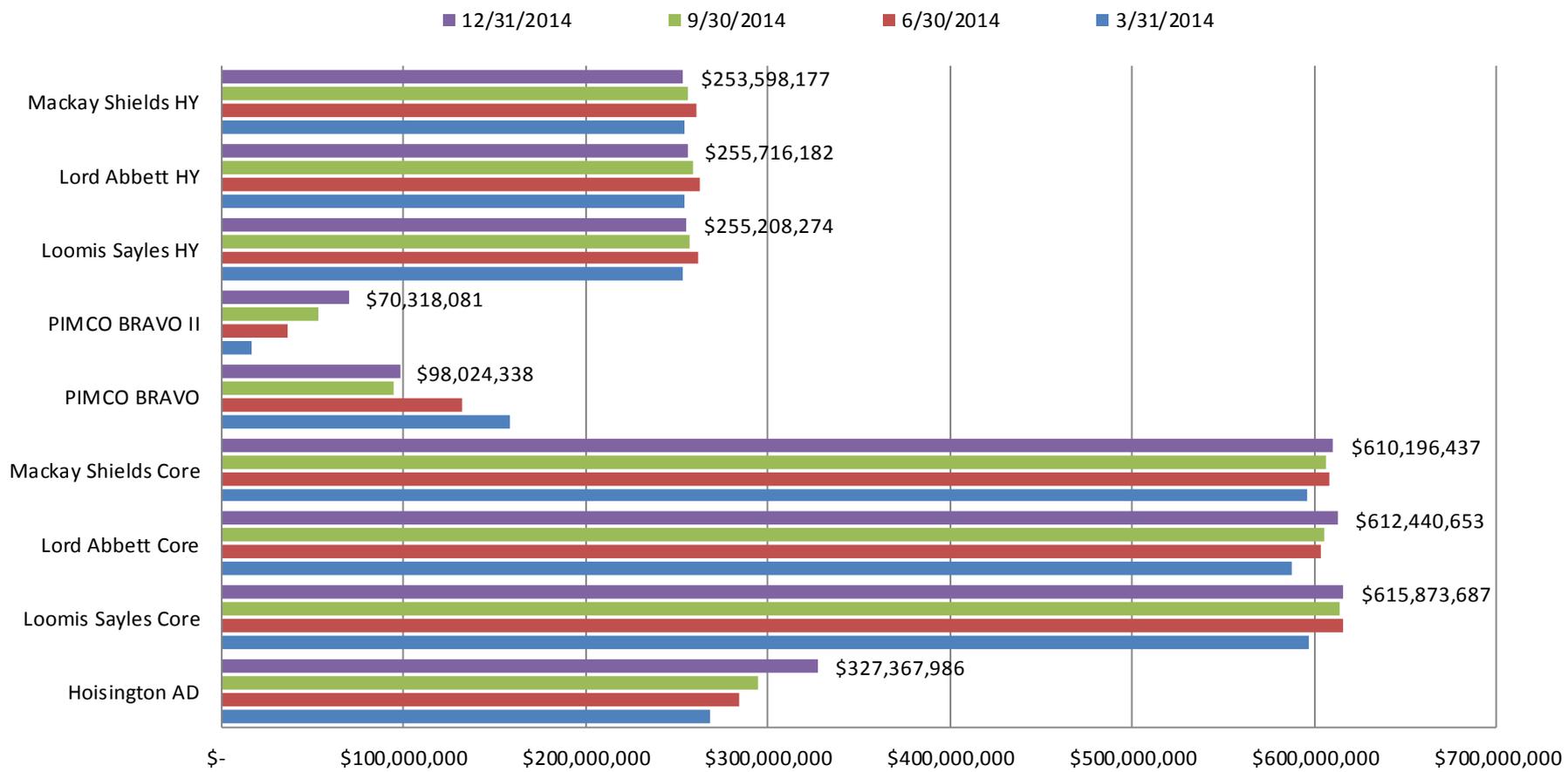


*Composite performance used when necessary.

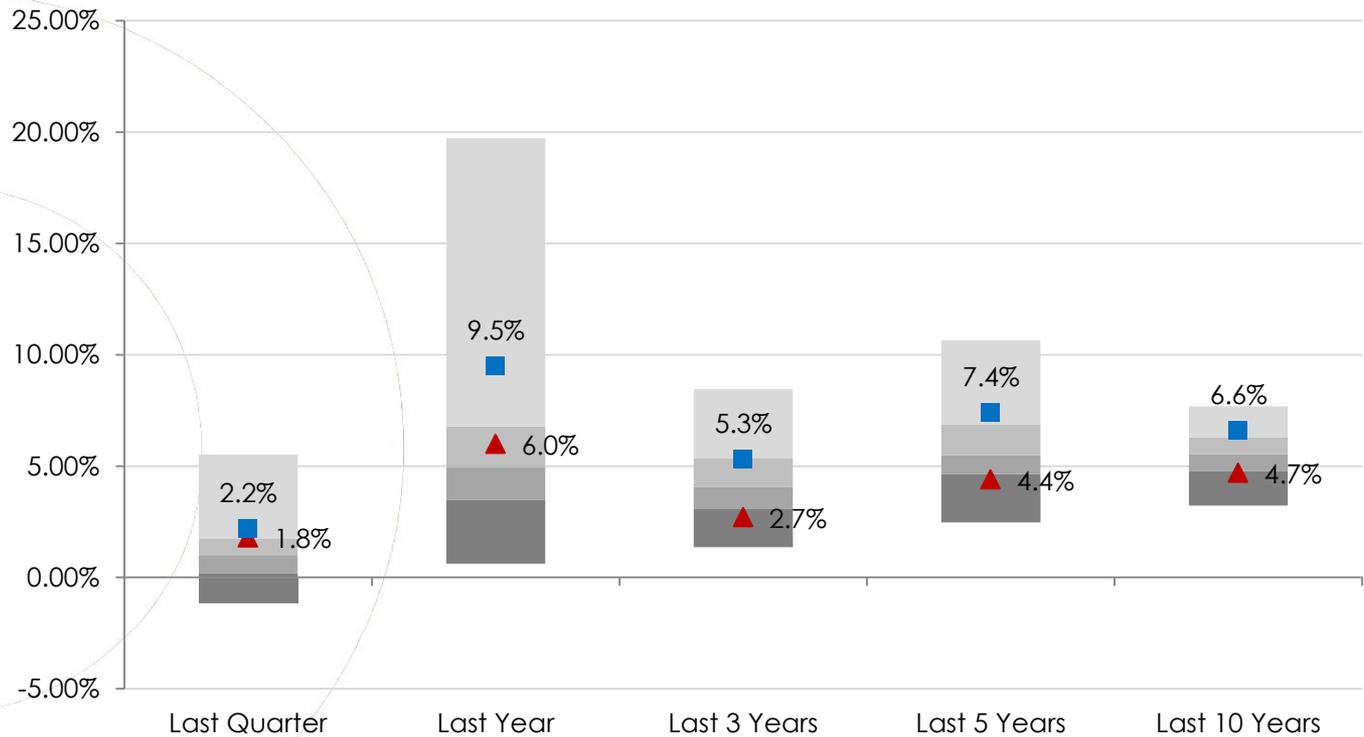
Asset Allocation Summary – Fixed Income Allocation



Asset Allocation Summary – Fixed Income Allocation



Fixed Income Composite vs. Core Fixed Income Peer Universe



■ OTRS Fixed Income Composite
 ◆ Barclays Capital Aggregate

2.2%	9.5%	5.3%	7.4%	6.6%
1.8%	6.0%	2.7%	4.4%	4.7%

Performance – Fixed Income Managers

	Last 10 Years	% Rank	Last 5 Years	% Rank	Last 3 Years	% Rank	Last Year	% Rank	Last Quarter	% Rank
Loomis Sayles	7.5	6	7.6	17	6.1	9	6.9	24	0.4	83
Lord Abbett	-	-	6.2	23	4.9	19	6.8	26	1.2	76
Mackay Shields	-	-	6.8	20	5.3	16	4.8	78	0.6	81
Hoisington	-	-	12.5	1	4.9	19	33.4	1	11.1	1
<i>BC Aggregate</i>	4.7		4.4		2.7		6.0		1.8	
Loomis HY	-	-	8.9	58	10.7	27	4.5	33	-0.6	47
Lord Abbett HY	-	-	10.3	23	10.0	35	4.0	39	-1.1	71
Mackay HY	-	-	8.7	68	7.7	74	2.7	63	-0.9	61
<i>ML High Yield II</i>	-		8.9		8.4		2.5		-1.1	

Fixed Income Portfolio Characteristics – Trailing Five Years

	Asset Class	Credit Quality	Modified Duration	Maturity	Yield to Maturity
Loomis Sayles	Core Plus	AA-	5.9	8.5	4.1%
Lord Abbett	Core Plus	A	5.1	7.4	3.2%
Mackay Shields	Core Plus	BBB+	3.4	8.4	3.0%
Hoisington	Active Duration	AAA	20.1	23.8	2.7%
Core Fixed Income Composite	Core Plus	A+	7.1	10.5	3.3%
Loomis Sayles	High Yield	BB	3.9	6.3	5.3%
Lord Abbett	High Yield	B+	5.1	7.2	6.6%
Mackay Shields	High Yield	BB-	3.8	5.9	5.9%
High Yield Composite	High Yield	B	4.3	6.5	5.9%

Fixed Income Performance Characteristics – Trailing Five Years

	Asset Class	Upside Capture Ratio %	Downside Capture Ratio %	Trailing Five Year Return	Correlation vs. BC Aggregate
Loomis Sayles	Core Plus	144.3%	97.1%	7.4%	0.58
Lord Abbett	Core Plus	117.2%	65.7%	6.3%	0.85
Mackay Shields	Core Plus	119.9%	71.9%	6.3%	0.68
Hoisington	Active Duration	319.3%	421.0%	12.5%	0.54
Loomis Sayles	High Yield	161.5%	3.5%	10.5%	0.01
Lord Abbett	High Yield	155.9%	-67.1%	11.6%	0.01
Mackay Shields	High Yield	143.7%	-27.0%	10.0%	0.05

Upside and downside capture ratios measured against the Barclays Capital Aggregate index.
*Composite performance used when necessary.

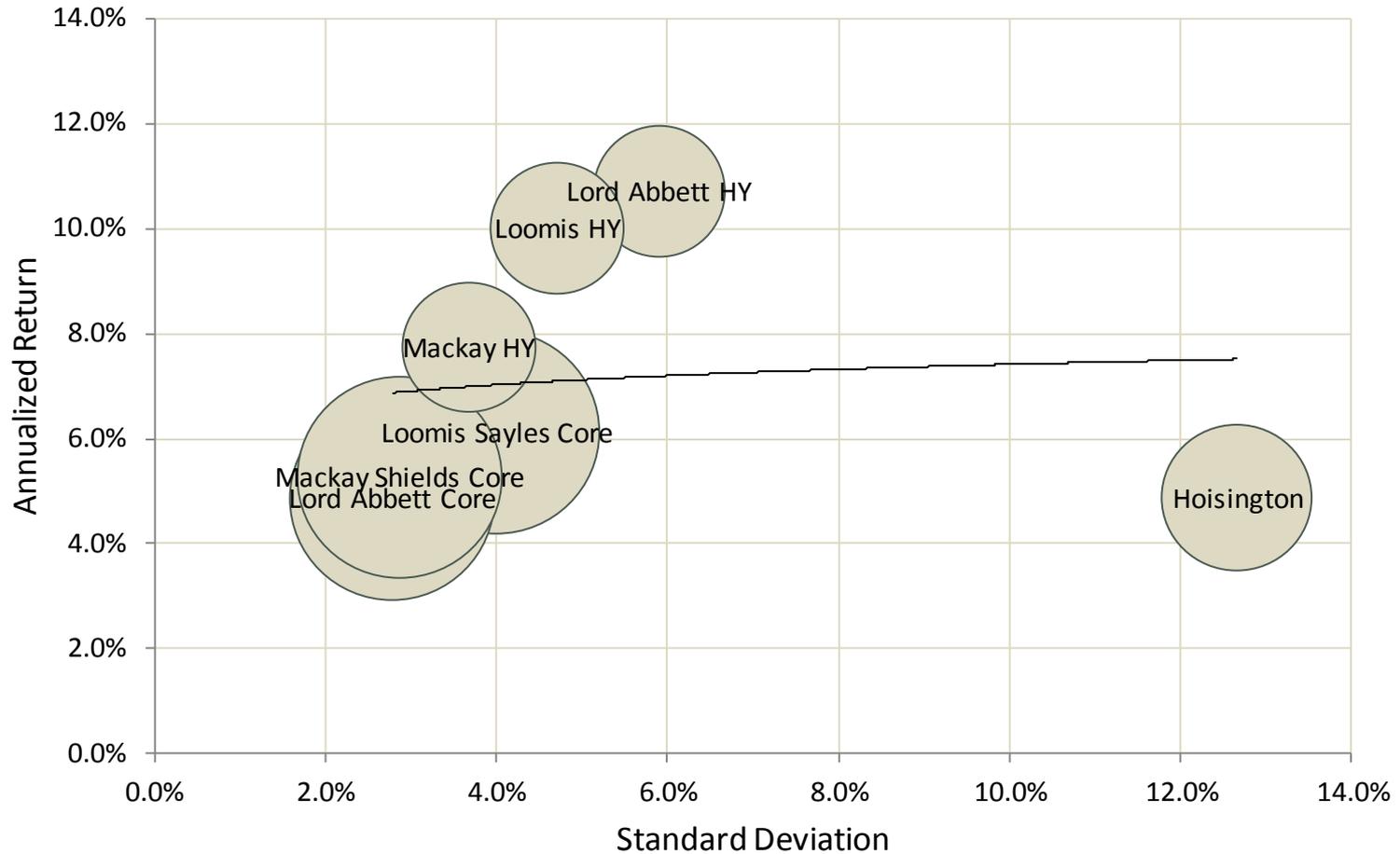
Fixed Income Portfolios: 5 Year Correlation Matrix

Trailing Five Years	Hoisington	Loomis Core	Loomis High Yield	Lord Abbett Core	Lord Abbett High Yield	Mackay Shields Core	Mackay Shields High Yield
Hoisington	-						
Loomis Core	0.24	-					
Loomis High Yield	-0.45	0.71	-				
Lord Abbett Core	0.50	0.92	0.46	-			
Lord Abbett High Yield	-0.46	0.68	0.97	0.42	-		
Mackay Shields Core	0.35	0.96	0.61	0.96	0.60	-	
Mackay Shields High Yield	-0.33	0.77	0.94	0.54	0.97	0.70	-

*Composite performance used when necessary.

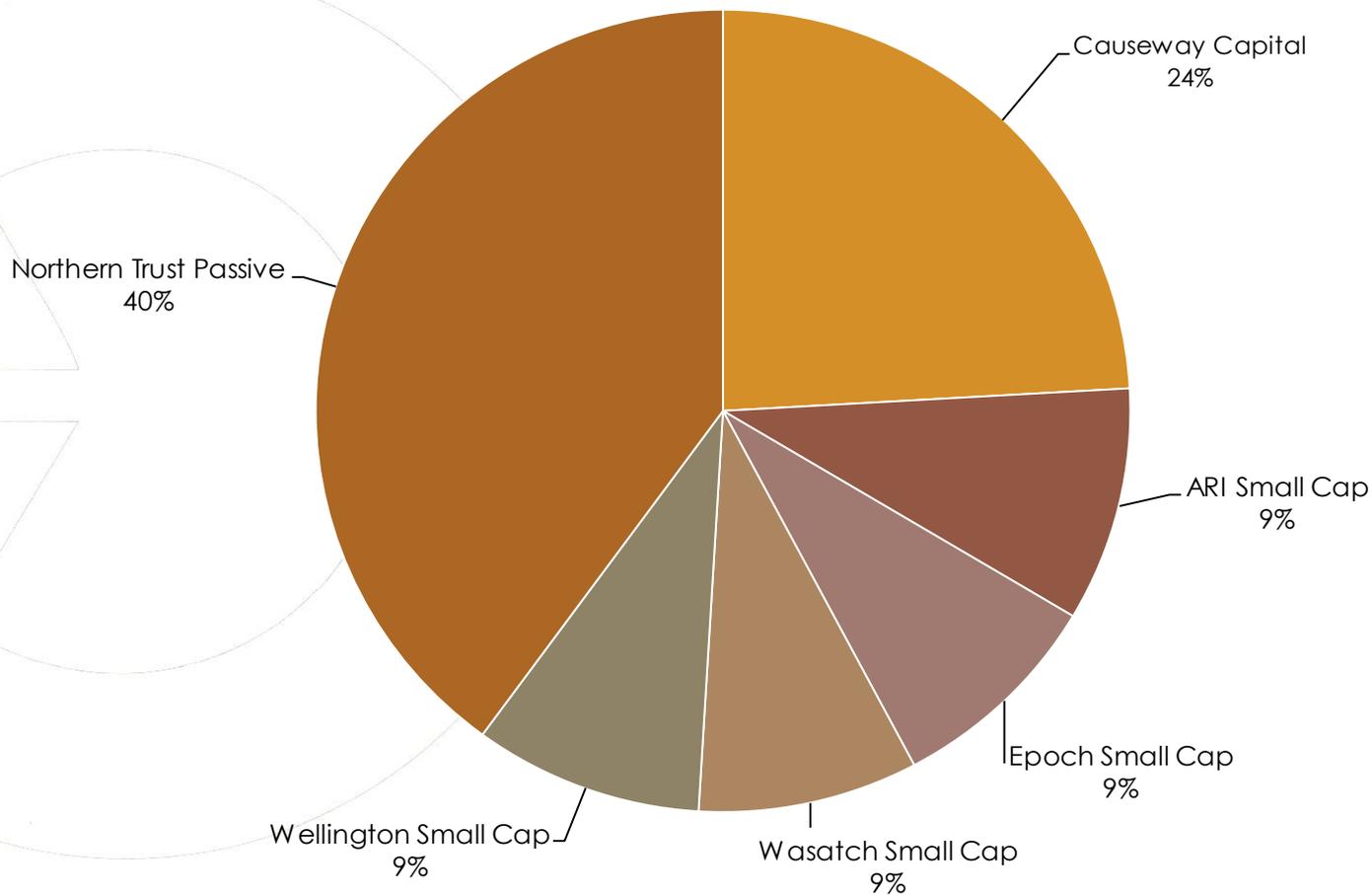
Fixed Income Risk Return Comparison

Composite Data Used – Three Years Ended December 31, 2014

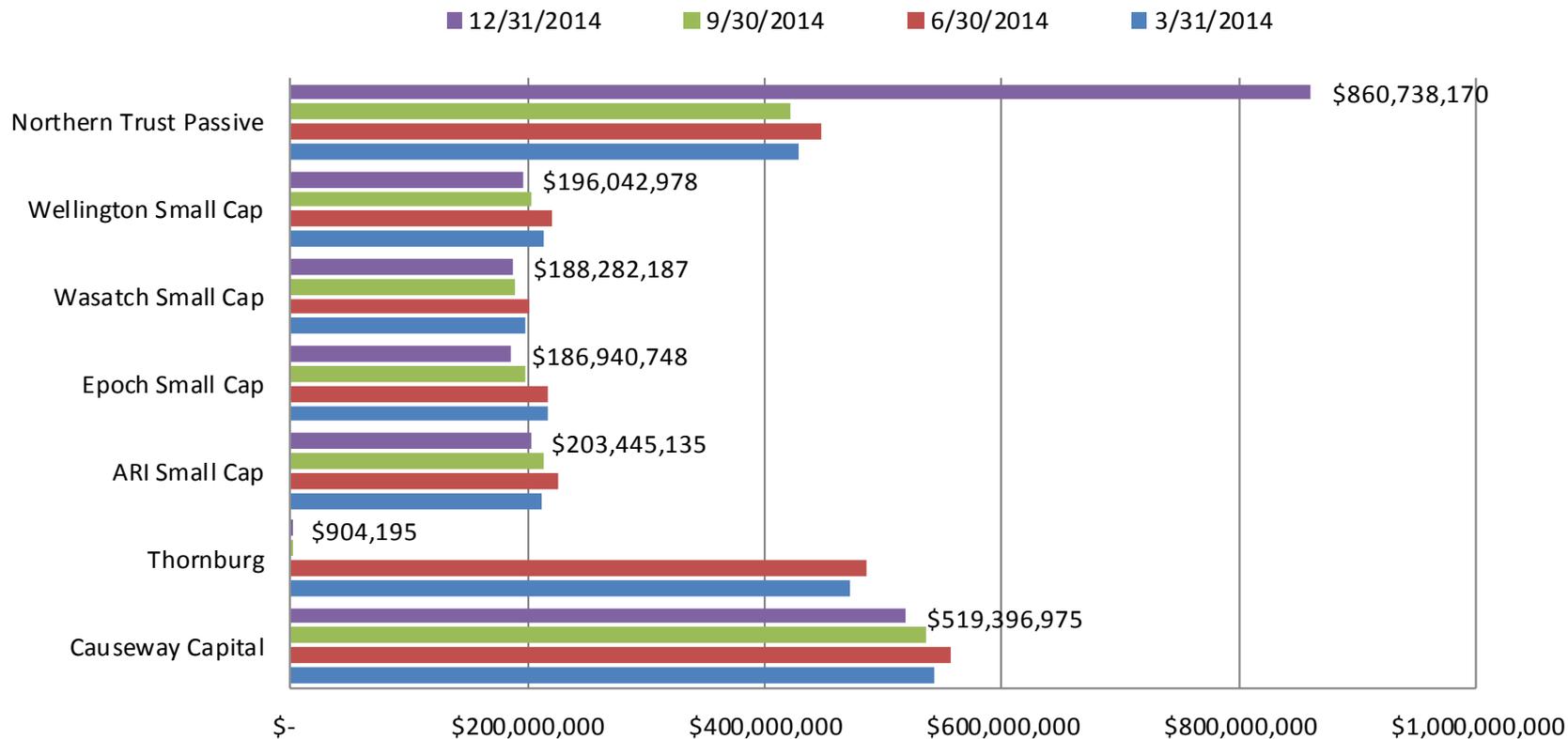


*Composite performance used when necessary to calculate figures.

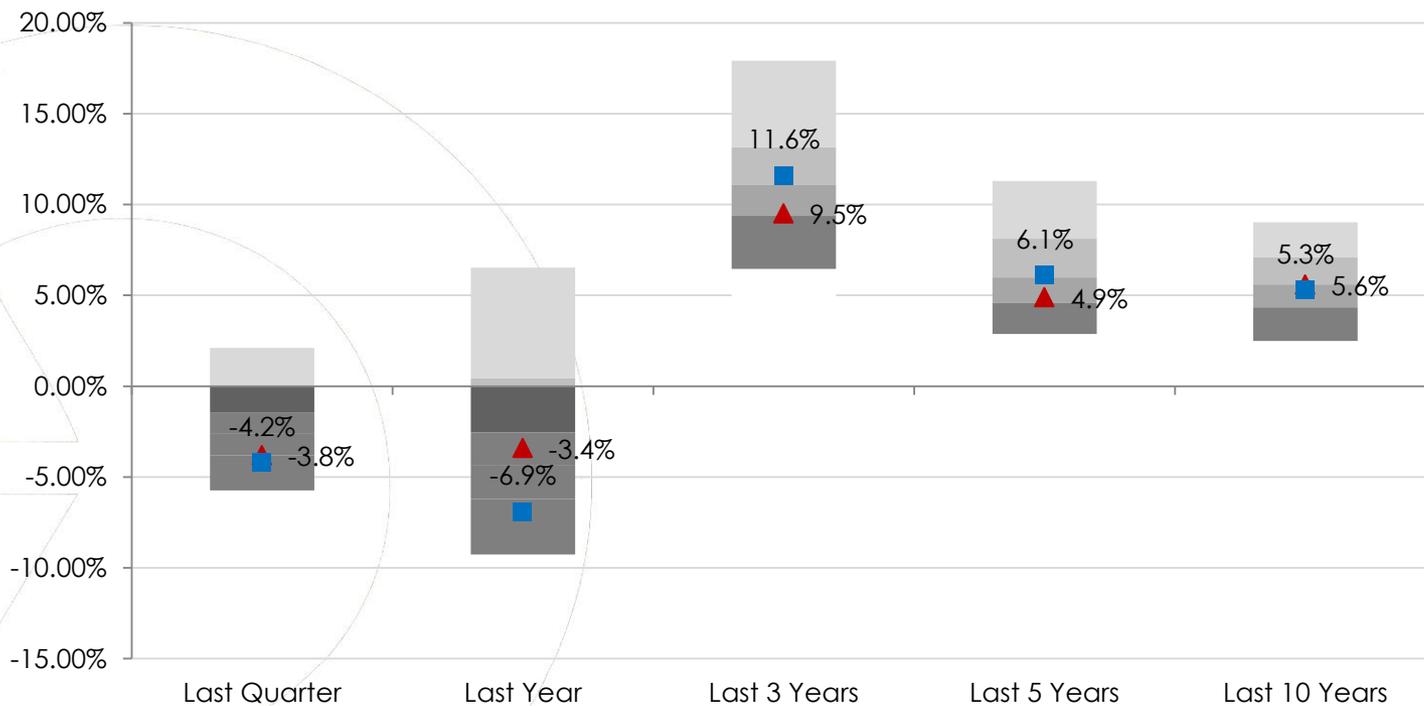
Asset Allocation Summary – International Equity Allocation



Asset Allocation Summary – International Equity Allocation



Active International Equity vs. Non-US Equity Allocation Peer Universe



■ OTRS Active Intl Equity	-4.2%	-6.9%	11.6%	6.1%	5.3%
◆ MSCI ACWI Ex-US	-3.8%	-3.4%	9.5%	4.9%	5.6%

Performance – International Equity Managers

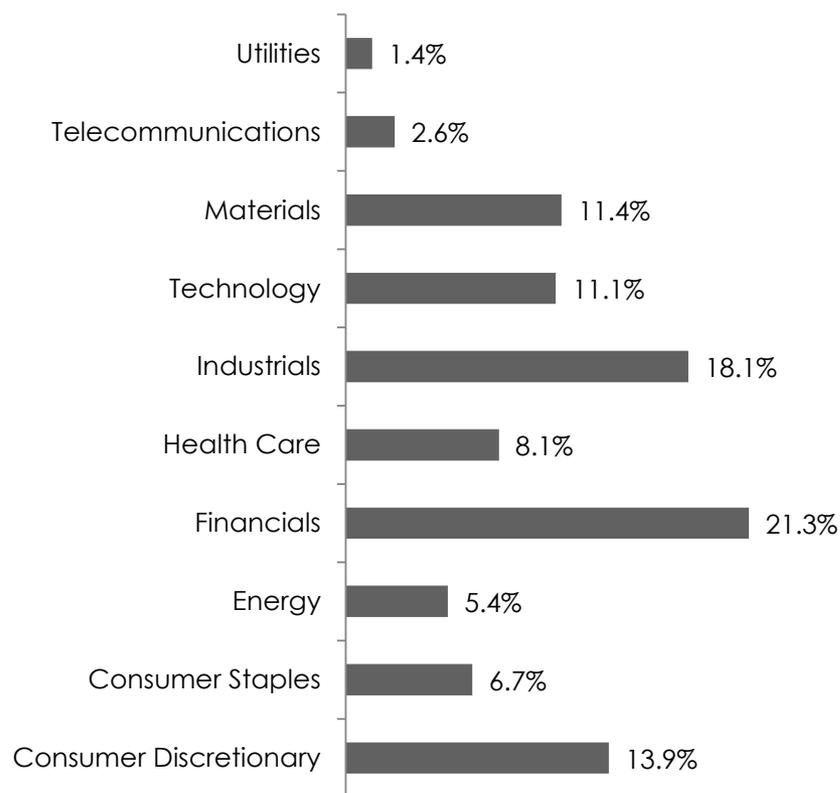
	Last 10 Years	% Rank	Last 5 Years	% Rank	Last 3 Years	% Rank	Last 1 Year	% Rank	Last Quarter	% Rank
Causeway	5.7	48	7.9	27	13.6	23	-4.0	70	-3.0	53
Northern Trust Passive	-		-		-		-3.4	62	-2.5	43
<i>MSCI ACWI Ex US</i>	4.9		5.8		11.6		-4.5		-3.5	
ARI	-	-	-	-	-	-	-1.2	39	-5.1	86
EPOCH	-	-	-	-	-	-	-10.1	96	-5.6	91
Wasatch	-	-	-	-	-	-	-6.8	91	-0.8	21
Wellington	-	-	-	-	-	-	-7.4	94	-3.3	59
<i>MSCI EAFE Small Cap</i>	5.9		9.0		14.2		-4.6		-2.2	

Total International Equity Portfolio Holdings Review

Largest Equity Positions

Position	% of Total Equity Allocation
Reed Elsevier	1.31%
AKZO Nobel	1.25%
Novartis AG	1.19%
KDDI	1.06%
British American Tobacco	1.00%
International Consolidated Airlines Group	0.94%
Sanofi	0.92%
UBS	0.88%
WisdomTree Trust	0.84%
Aviva	0.83%
Top Ten Total Weight	10.22%

Sector Weightings



Active International Equity Characteristics – Trailing Five Years

	Asset Class	Upside Capture Ratio %	Downside Capture Ratio %	Trailing Five Year Return	Correlation vs. MSCI ACWI ex US
Causeway	Large Cap Value	114.7%	95.0%	9.2%	0.94
Northern Trust	Passive Index	100.6%	99.6%	4.7%	1.00
Advisory Research	Small Cap Value	97.7%	69.6%	10.3%	0.89
EPOCH	Small Cal Value	100.7%	84.7%	7.8%	0.89
Wasatch	Small Cap Growth	102.0%	56.9%	14.2%	0.82
Wellington	Small Cap Growth	103.0%	87.4%	7.8%	0.96

Upside and downside capture ratios measured against the MSCI ACWI ex-US index.

*Composite performance used when necessary.

International Equity Portfolios: 5 Year Correlation Matrix

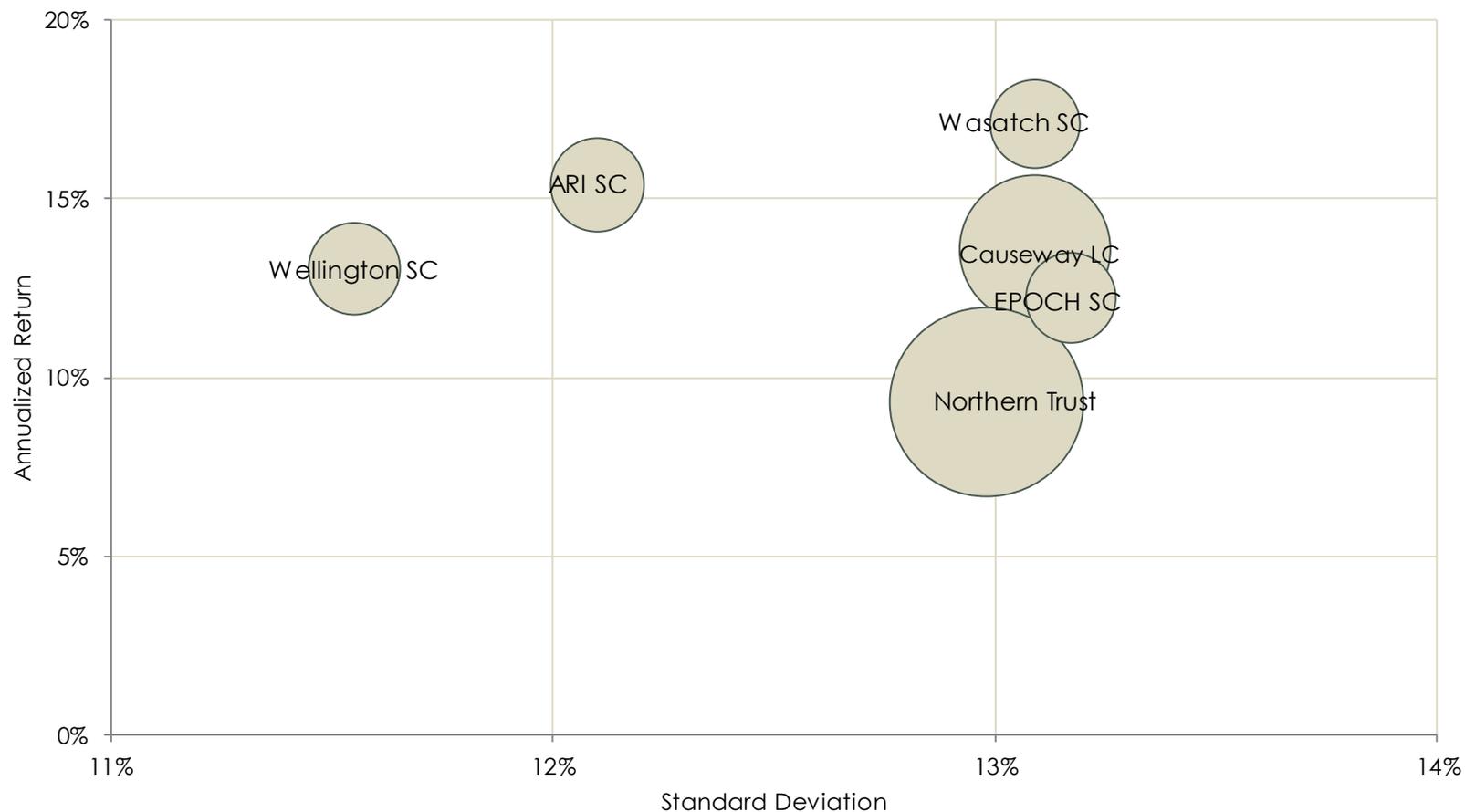
Trailing Five Years	ARI SCI	Causeway LCI	EPOCH SCI	Northern Trust	Wasatch SCI	Wellington SCI
ARI SCI	-					
Causeway LCI	0.92	-				
EPOCH SCI	0.94	0.93	-			
Northern Trust Passive	0.94	0.97	0.94	-		
Wasatch SCI	0.87	0.85	0.93	0.91	-	
Wellington SCI	0.92	0.97	0.94	0.98	0.90	-

*Composite performance used when necessary.

fourth quarter, 2014

International Equity Risk Return Comparison

Composite Data Used – Three Years Ended December 31, 2014



Performance – MLPs

	Last 5 Years	% Rank	Last 3 Years	% Rank	Last 1 Year	% Rank	Last Quarter	% Rank
Chickasaw	-	-	29.4	-	22.5	-	-7.3	-
FAMCO	-	-	23.5	-	12.9	-	-8.5	-
Swank	-	-	15.0	-	19.4	-	-7.8	-
<i>Alerian MLP</i>	-		<i>11.9</i>		<i>4.8</i>		<i>-12.3</i>	

February Manager Status Report

Manager	Mandate	Strategy	AUM	% of Portfolio	Current Status	Reason for Status Change	Status Change Effective Date	Date of Last Review	Date of Next Review	Expectations
Geneva Capital Management, LTD	Domestic Equity	Small Cap	189,128,471	1.37%	On Alert	Acquisition	July 2014	December 2014	June 2015	Maintain continuity of management practices and results

All other managers currently rated In Compliance



LORD ABBETT

January 28, 2015

Ms. Melissa Kempkes
Oklahoma Teachers Retirement System
P.O. Box 53524
Oklahoma City, OK 73152-3524

Dear Melissa:

According to the Investment Policy Statement of Oklahoma Teachers Retirement System, we are required to submit this letter through you to the Board of Trustees requesting exception under the Policy to continue to hold a security whose credit rating has been downgraded to below "CCC." On January 23, S&P downgraded from B to CC, two securities of the same issuer, Afren PLC, that are held in the core plus portfolio we manage on behalf of the OTRS: 10.25% bonds due 4/8/2019 Cusip: 00830FAC in a face amount of \$600,000 and 6.625% bonds due 12/9/2020 Cusip: 00830FAD in a face amount of \$400,000. Fitch also downgraded the debt from B- to C on January 27. Moody's does not currently rate the issues. As of January 23, 2014, the portfolio's exposure to these issues represented a combined 0.07% (7 basis points) of the portfolio's market value.

Afren PLC is a U.K. based oil and gas exploration and production (E&P) company. The recent precipitous decline in oil prices has put pressure on the company's finances. The downgrade of Afren's debt rating comes in response to the company's recent request of its lenders to defer by three months a \$50 million principal payment on a revolving line of credit which matures in April 2016. The bonds which we hold in the OTRS portfolio are also held across a number of other accounts and funds we manage, and we will be working together with other large debt holders on the company's restructuring which might involve a combination with another E&P company.

Given current market conditions, we would prefer to hold the Afren bonds for now in the expectation that the prospective restructuring could provide some recovery from the bonds' current distressed valuations. We will keep this matter under close review and might of course at some point in the future decide that a disposition becomes the better course of action.

We appreciate your and the Board's consideration of this request.

Sincerely yours,

Thomas J. McDonald III
Client Portfolio Manager

CC: Mr. Douglas Anderson, gregory.w.group