

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Investment Committee Meeting
Tuesday, March 24, 2015 – 3:00 PM
TRS Administration Board Room
2500 N. Lincoln Blvd., 5th Floor, Oklahoma City, OK

AGENDA

- 1. CALL TO ORDER**
- 2. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT MONTHLY REPORT**
- 3. DISCUSSION AND POSSIBLE ACTION ON MANAGER STATUS REPORT**
- 4. DISCUSSION AND POSSIBLE ACTION TO ISSUE EXPLORATORY REQUESTS FOR PROPOSALS FOR INVESTMENT MANAGER SERVICES FOR INTERNATIONAL EQUITY, INCLUDING BUT NOT LIMITED TO DEVELOPED, EMERGING, AND FRONTIER MARKET PORTFOLIOS**
- 5. DISCUSSION AND POSSIBLE ACTION ON CONSULTANT REAL ESTATE REPORT**
- 6. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT POLICY EXCEPTION REQUEST FROM MACKAY SHIELDS**
- 7. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT POLICY EXCEPTION REQUEST FROM LOOMIS SAYLES**
- 8. DISCUSSION AND POSSIBLE ACTION ON AMENDMENTS TO THE INVESTMENT POLICY STATEMENT**
- 9. DISCUSSION ON INVESTMENT DEPARTMENT REPORT**
- 10. DISCUSSION AND POSSIBLE ACTION TO APPROVE CONTRACTS WITH NORTHERN TRUST FOR MASTER CUSTODY, SECURITIES LENDING, AND COMMISSION RECAPTURE, OR DIRECT STAFF TO NEGOTIATE WITH OTHER BANKS THAT SUBMITTED RESPONSES TO THE RFP**
- 11. DISCUSSION AND POSSIBLE ACTION TO SELECT FINALISTS FOR INVESTMENT CONSULTANT SERVICES OR MAKE A SELECTION**
- 12. QUESTIONS AND COMMENTS FROM TRUSTEES**
- 13. ADJOURNMENT**

ALL BOARD MEMBERS ARE ENCOURAGED TO ATTEND INVESTMENT COMMITTEE MEETINGS

INVESTMENT COMMITTEE:

Chair: Vernon Florence

Members: Bill Peacher, Roger Gaddis, Jill Geiger

February 2015 - Market Performance Update

Equity Markets Recover

Equity Total Returns				
Index	Last Month	Last Year	Last 3 Years	Last 5 Years
Dow Jones Industrial Average	6.0	13.7	14.7	14.8
NASDAQ (prc chg only)	7.1	15.2	18.7	17.3
S&P 500 cap weighted	5.8	15.5	18.0	16.2
S&P 500 equal weighted	5.7	15.0	19.6	17.8
S&P Mid Cap	5.1	11.1	17.3	17.0
S&P Small Cap	6.0	7.8	17.8	17.6
S&P REIT	-3.5	22.6	15.4	17.7
Alerian MLP	2.1	3.3	9.3	15.3
Russell 1000 Growth	6.7	16.2	18.1	17.2
Russell 1000 Value	4.8	13.5	18.1	15.5
Russell Mid Cap Growth	6.9	13.1	18.2	17.9
Russell Mid Cap Value	4.1	13.6	19.6	17.5
Russell 2000 Growth	7.2	7.4	17.8	18.0
Russell 2000 Value	4.6	4.0	15.3	14.0
Russell Top 200	5.9	15.6	17.8	15.8
Russell 1000	5.8	14.9	18.1	16.4
Russell Mid Cap	5.5	13.3	19.0	17.7
Russell 2500	6.0	8.2	17.5	16.9
Russell 2000	5.9	5.6	16.6	16.0
MSCI World Ex US	6.0	-0.2	8.6	7.4
MSCI World Ex US Growth	5.8	2.0	8.7	8.1
MSCI World Ex US Value	6.2	-2.3	8.4	6.7
MSCI EAFE	6.0	0.0	9.4	7.8
MSCI Emerging Markets	3.1	5.0	-0.3	3.6

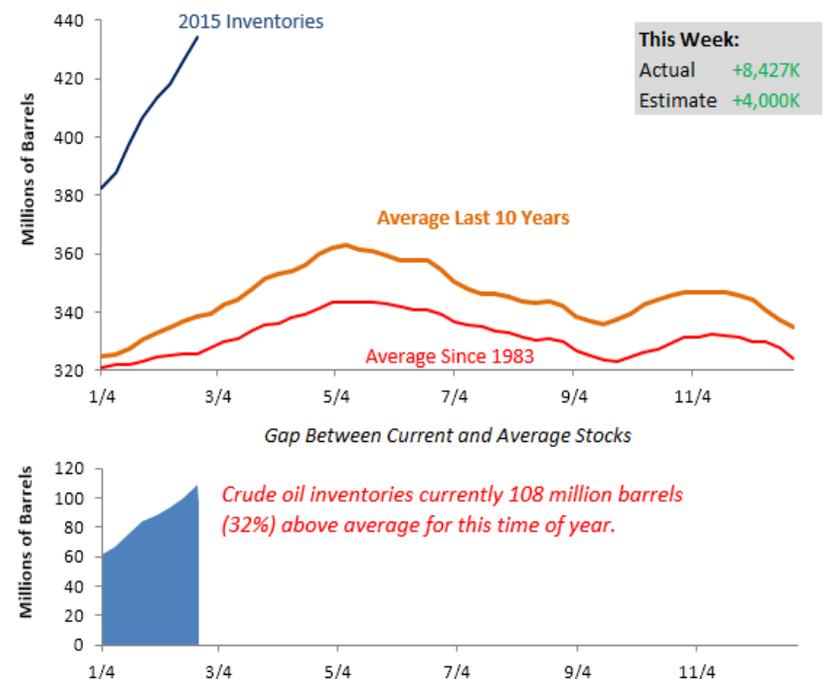
Equity markets rebounded during February despite ongoing uncertainty and modest economic growth worldwide. Oil prices were relatively stable compared to recent months. Greece election results and economic defiance toward the EU Central Bank continued to grab headlines.

Equity and bond prices reversed courses during February. Share prices rose while bond prices retraced recent gains. Growth stocks outperformed value in the US. Domestic and international portfolios posted similar gains. Developed markets outperformed emerging markets overseas.

Bond prices moved lower during February as investors grew more aggressive. The European Central Bank launched a large quantitative easing program, driving their interest rates lower. There are an estimated \$2 trillion in face value bonds with negative interest rates in Europe. The domestic bond market fell almost 1% during February while long Treasury bonds were down more than 5%.

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	-5.4	20.8	5.9	9.9
BC US Agg	-0.9	5.1	2.8	4.3

Crude Oil Inventories: Current vs Average (Since 1983)



Manager Profile - Northern Trust



Asset Class:	S&P 500 Cap Weighted Passive	Notes:
Status:	In Compliance	Capitalization weighted index replication: S&P 500 Cap Weighted
Portfolio Size:	\$366,643,754	
Inception Date:	4/1/2012	
Allocation:	2.5%	
Annual Management Fee:	0.01%	
Location:	Chicago, IL	
Structure:	Publicly Traded	
Represented by:	Chris Doell, CFA - Managing Director, Client Solutions Group Stefanie Hest - Senior Investment Strategist	Founded: 1889

Return Profile	Since Inception	Last 10 Years	Last 5 Years	Last 3 Years	Last Year	Last Quarter	Last Month
Northern Trust S&P 500 Cap Weighted	18.1	-	-	-	15.5	2.3	5.8
S&P 500 Cap Weighted	18.1	-	-	-	15.5	2.3	5.8

Manager Profile - Northern Trust



Asset Class:	International Large Cap Passive
Status:	In Compliance
Portfolio Size:	\$916,800,762
Inception Date:	9/1/2013
Allocation:	6.4%
Annual Management Fee:	0.03%
Location:	Chicago, IL
Structure:	Publicly Traded
Represented by:	Chris Doell, CFA - Managing Director, Client Solutions Group Stefanie Hest - Senior Investment Strategist

Notes:
Capitalization weighted index replication: MSCI EAFE

Founded: 1889

Return Profile	Since Inception	Last 10 Years		Last 5 Years		Last 3 Years		Last Year	Last Quarter	Last Month
Northern Trust International Large Cap Passive	5.2	-	-	-	-	-	-	0.3	2.9	6.0
MSCI EAFE	4.9	-	-	-	-	-	-	0.3	2.8	6.0

Manager Profile - State Street



Asset Class: S&P 500 Equal Weighted Passive
 Status: In Compliance
 Portfolio Size: \$369,384,729
 Inception Date: 4/1/2012
 Allocation: 2.6%
 Annual Management Fee: 0.03%
 Location: Boston, MA
 Structure: Publicly Traded
 Represented by: David Settles, Relationship Manager

Notes:
 Capitalization weighted index replication: S&P 500 Equal Weighted
 Founded: 1792

Return Profile	Since Inception	Last 10 Years	Last 5 Years	Last 3 Years	Last Year	Last Quarter	Last Month
S&P 500 Equal Weighted Passive	19.8	-	-	-	14.9	3.1	5.7
S&P 500 Equal Weighted	19.8	-	-	-	15.0	3.1	5.7

Monthly Asset Allocation Review



Asset Class	Total Market Value	Current Percentage	New Target Percentage	Difference	Notes
All Cap/Large Cap	2,957,944,814	20.6%	17.0%	3.6%	Excess allocation bound for Private Equity and Real Estate
Mid Cap	2,186,902,941	15.2%	13.0%	2.2%	
Small Cap	1,499,302,738	10.4%	10.0%	0.4%	
Total Domestic Equity	6,644,150,493	46.2%	40.0%	6.2%	
Large Cap International Equity	1,462,681,885	10.2%	11.5%	-1.3%	
Small Cap International Equity	822,783,768	5.7%	6.0%	-0.3%	
International Transition Account	659,649				
Total International Equity	2,286,125,303	15.9%	17.5%	-1.6%	
Core Fixed Income	2,203,874,354	15.3%	17.5%	-2.2%	
High Yield Fixed Income	785,743,260	5.5%	6.0%	-0.5%	
MLPs	1,122,185,380	7.8%	7.0%	0.8%	
Private Equity	462,074,205	3.2%	5.0%	-1.8%	
Real Estate	707,181,601	4.9%	7.0%	-2.1%	
Opportunistic Assets	166,250,227	1.2%	0.0%	1.2%	
Total Non-Core Assets	3,243,434,673	22.5%	25.0%	-2.5%	
Cash	9,099,554	0.1%	0.0%	0.1%	
Composite	14,386,751,645	100.0%	100.0%	0.0%	

Total Fund + Class Composite Summary

As of February 28, 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)	14,386,751,645	12/1/1991	23.3	9.8	8.4	13.0	13.7	9.2	3.4	3.1	2.8	4.0
Total Fund (Net of Fees)				9.4	8.0	12.6	13.3	8.8	3.3	3.1	2.7	4.0
Allocation Index				9.5	7.3	11.7	11.6	8.3	3.5	2.6	2.2	3.4
Actuarial Assumption				8.0	8.0	8.0	8.0	8.0	2.4	6.2	1.9	0.6
Total Domestic Equity	6,644,150,493 46.2%	4/1/1990	24.9	11.1	8.9	16.6	18.5	12.2	6.4	3.1	3.6	6.1
S&P 500				9.9	8.0	16.2	18.0	15.5	8.8	2.6	2.3	5.7
Total All Cap Equity	1,012,598,424 7.0%	9/1/2006	8.5	8.2	-	16.0	17.1	15.0	8.8	3.0	3.5	6.5
Russell 3000				8.3	-	16.4	18.0	14.1	8.2	2.8	2.8	5.8
Total Large Cap Active Equity	1,209,317,907 8.4%	1/1/1995	20.2	10.8	8.1	17.0	19.8	14.8	8.5	2.3	2.4	6.4
S&P 500				9.9	8.0	16.2	18.0	15.5	8.8	2.6	2.3	5.7
Total Mid Cap Equity	2,186,902,941 15.2%	11/1/1998	16.3	10.8	10.8	18.2	19.2	12.0	6.5	3.9	4.6	6.3
Russell Mid Cap				10.2	9.9	17.7	18.9	13.3	8.2	3.9	4.1	5.5
Total Small Cap Equity	1,499,302,738 10.4%	2/1/1998	17.1	9.7	9.1	15.0	17.7	7.0	1.7	2.7	3.7	5.7
Russell 2000				7.8	8.3	16.0	16.6	5.6	4.2	2.5	5.5	5.9
Total International Equity	2,286,127,570 15.9%	2/1/1998	17.1	8.9	5.8	8.5	9.5	-1.0	-2.9	6.0	3.3	5.8
MSCI ACWI ex-US				-	5.3	6.6	6.5	0.9	-2.6	5.2	1.4	5.4
Large Cap International Equity	1,461,762,903 10.2%	2/1/1998	17.1	-	-	9.8	10.3	1.2	-1.8	5.9	2.4	5.4
MSCI ACWI ex-US				-	5.3	6.6	6.5	0.9	-2.6	5.2	1.4	5.4
Small Cap International Equity	822,783,768 5.7%	2/1/1998	16.9	16.5	-	-	12.7	-3.2	-4.9	6.2	5.1	6.6
MSCI ACWI ex-US				-	5.3	6.6	6.5	0.9	-2.6	5.2	1.4	5.4
Core Fixed Income (ex- High Yield)	2,203,874,354 15.3%	4/1/1990	24.9	7.3	6.8	7.3	5.3	8.0	4.3	1.8	2.0	-1.1
Barclays Aggregate				6.7	4.8	4.3	2.8	5.1	3.1	1.1	1.2	-0.9
Master Limited Partnerships	1,122,185,380 7.8%	2/28/2011	4.0	19.2	-	-	19.8	15.0	-6.4	2.1	-0.2	5.2
Alerian MLP Index				11.0	-	-	9.3	3.3	-10.8	-1.0	-6.6	2.1
High Yield Bonds	785,743,260 5.5%	2/1/2009	6.1	14.1	-	9.6	8.3	3.7	0.1	2.8	1.3	2.3
ML High Yield II				15.1	-	9.2	7.6	2.8	0.0	3.1	1.6	2.4
Core Real Estate	649,268,370 4.5%	4/1/2011	3.9	-	-	-	-	-	-	-	-	-
NCREIF				-	-	-	-	-	-	-	-	-
Non-Core Real Estate	57,913,230 0.4%	7/1/2014	0.7	-	-	-	-	-	-	-	-	-
NCREIF				-	-	-	-	-	-	-	-	-
Cash	9,099,554 0.1%	4/1/1990	24.9	-	-	-	-	-	-	-	-	-
91 Day T-bill				-	1.5	0.1	0.1	0.0	0.0	0.0	0.0	0.0

Equity Portfolios Summary

As of February 28, 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	623,960,946	4/1/1990	24.9	11.3	6.9	17.5	20.9	13.7	6.1	1.4	2.1	6.5
Russell 1000 Value	4.3%			10.3	7.2	15.5	18.1	13.5	5.5	0.6	1.3	4.8
Sawgrass	585,356,962	7/1/2006	8.7	9.6	-	17.1	18.6	15.9	11.2	3.1	2.8	6.3
Russell 1000 Growth	4.1%			10.0	-	17.2	18.1	16.2	11.7	5.0	3.9	6.7
ARI All Cap	475,502,016	9/1/2006	8.5	7.0	-	15.1	16.0	12.0	4.8	2.9	2.9	6.2
Russell 3000	3.3%			8.3	-	16.4	18.0	14.1	8.2	2.8	2.8	5.8
EPOCH All Cap	523,403,652	9/1/2006	8.5	9.3	-	16.9	18.3	18.0	12.9	3.1	4.0	6.7
Russell 3000	3.6%			8.3	-	16.4	18.0	14.1	8.2	2.8	2.8	5.8
Passive Domestic Equity												
NT Cap Weighted Passive	366,643,754	4/1/2012	2.9	18.1	-	-	-	15.5	8.8	2.6	2.3	5.8
S&P 500 Cap Weighted	2.5%			18.1	8.0	16.2	18.0	15.5	8.8	2.6	2.3	5.8
SSGA Eq Weighted Passive	369,384,729	4/1/2012	2.9	19.8	-	-	-	14.9	8.2	2.7	3.1	5.7
S&P 500 Equal Weighted	2.6%			19.8	9.9	17.8	19.6	15.0	8.2	2.7	3.1	5.7
Mid Cap Domestic Equity												
Frontier Capital	571,221,216	6/1/2002	12.8	11.1	12.3	17.3	18.7	11.9	9.3	6.2	6.2	6.2
Russell Mid Cap Growth	4.0%			10.1	10.0	17.9	18.2	13.1	10.4	5.1	4.8	6.9
Wellington Management	496,761,709	9/1/1998	16.5	10.9	9.8	15.4	15.1	9.1	6.0	5.0	5.6	7.7
Russell Mid Cap Growth	3.5%			9.5	10.0	17.9	18.2	13.1	10.4	5.1	4.8	6.9
AJO Partners	576,111,603	8/1/1998	16.6	11.6	10.1	19.2	20.5	15.3	7.7	3.0	2.8	4.9
Russell MidCap	4.0%			9.8	9.9	17.7	18.9	13.3	8.2	3.9	4.1	5.5
Hotchkis & Wiley Mid Cap	542,808,412	8/1/2002	12.6	14.6	10.8	20.6	22.2	11.4	3.1	1.7	4.1	6.7
Russell MidCap Value	3.8%			12.1	9.6	17.5	19.6	13.6	5.9	2.6	3.4	4.1
Small Cap Domestic Equity												
Shapiro Capital Management	693,602,534	2/1/1998	17.1	10.9	11.4	17.2	19.0	7.3	-2.4	1.1	1.5	3.6
Russell 2000	4.8%			7.8	8.3	16.0	16.6	5.6	4.2	2.5	5.5	5.9
Geneva Capital	203,928,452	6/1/2013	1.7	15.9	-	-	-	4.4	9.1	5.6	7.7	7.8
Russell 2000 Growth	1.4%			18.3	-	-	-	7.4	8.2	4.7	7.9	7.2
Wasatch Advisors	203,239,077	6/1/2013	1.7	15.1	-	-	-	11.3	10.1	5.2	5.3	8.1
Russell 2000 Growth	1.4%			18.3	-	-	-	7.4	8.2	4.7	7.9	7.2
Cove Street Capital	106,493,650	6/1/2013	1.7	9.4	-	-	-	-0.7	-3.5	2.0	3.2	6.9
Russell 2000 Value	0.7%			12.3	-	-	-	4.0	0.3	0.3	3.0	4.6
Frontier Capital	164,286,603	6/1/2013	1.7	14.0	-	-	-	4.2	-1.1	1.0	4.2	5.7
Russell 2000 Value	1.1%			12.3	-	-	-	4.0	0.3	0.3	3.0	4.6
Neumeier Poma	127,752,422	6/1/2013	1.7	20.3	-	-	-	13.7	10.2	6.1	7.5	9.2
Russell 2000 Value	0.9%			12.3	-	-	-	4.0	4.2	2.5	5.5	5.9
International Large Cap Equity												
Causeway Capital	544,962,141	5/1/2003	11.8	10.3	5.9	9.6	9.9	0.1	-2.2	4.9	1.7	4.5
MSCI ACWI Ex US	3.8%			9.5	5.3	6.6	11.6	7.6	1.9	3.9	1.9	5.6
Northern Trust Passive	916,800,762	9/1/2013	1.5	5.2	-	-	-	0.3	-3.3	6.5	2.9	6.0
MSCI EAFE	6.4%			4.9	-	-	-	0.3	-3.3	6.5	2.8	6.0
Transition Account - Northern	659,649	9/1/2014	0.5	-	-	-	-	-	-	-	-	-
	0.0%			-	-	-	-	-	-	-	-	-
International Small Cap Equity												
ARI Small Cap International	214,630,739	12/1/2011	3.2	15.3	-	-	13.0	1.4	-4.7	5.5	4.3	6.2
MSCI EAFE Small Cap	1.5%			19.3	-	-	11.4	-2.1	-3.8	6.7	6.1	6.5
Epoch Small Cap International	197,901,287	12/1/2011	3.2	12.0	-	-	9.6	-9.9	-8.9	5.9	5.2	7.4
MSCI EAFE Small Cap	1.4%			19.3	-	-	11.4	-2.1	-3.8	6.7	6.1	6.5
Wasatch Small Cap International	201,185,827	12/1/2011	3.2	18.1	-	-	14.3	-0.6	-0.1	6.9	4.8	6.9
MSCI EAFE Small Cap	1.4%			19.3	-	-	11.4	-2.1	-3.8	6.7	6.1	6.5
Wellington Small Cap International	209,065,915	12/1/2011	3.2	17.8	-	-	14.0	-3.2	-5.4	6.6	5.9	5.9
MSCI EAFE Small Cap	1.5%			19.3	-	-	11.4	-2.1	-3.8	6.7	6.1	6.5

Fixed Income Portfolios Summary
As of February 28, 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	625,777,132	8/1/1999	15.6	7.1	7.7	7.4	5.5	5.4	1.6	1.6	0.9	-0.2
<i>Barclays Aggregate</i>	4.3%			5.6	4.8	4.3	2.8	5.1	3.1	1.1	1.2	-0.9
Lord Abbett	620,510,557	11/1/2004	10.3	6.1	6.2	6.0	4.6	5.7	2.8	1.3	1.1	-0.3
<i>Barclays Aggregate</i>	4.3%			4.7	4.8	4.3	2.8	5.1	3.1	1.1	1.2	-0.9
Mackay Shields	619,187,013	11/1/2004	10.3	6.3	6.4	6.6	4.8	4.2	1.8	1.5	1.4	0.1
<i>Barclays Aggregate</i>	4.3%			4.7	4.8	4.3	2.8	5.1	3.1	1.1	1.2	-0.9
Active Duration Fixed Income												
Hoisington	338,399,652	11/1/2004	10.3	9.2	8.9	12.5	7.2	27.5	19.1	3.4	7.4	-6.4
<i>Barclays Aggregate</i>	2.4%			4.7	4.8	4.3	2.8	5.1	3.1	1.1	1.2	-0.9
High Yield Fixed Income												
Loomis Sayles High Yield	262,255,957	2/1/2009	6.1	14.3	-	9.1	8.7	4.2	0.1	2.8	1.3	2.3
<i>Merrill Lynch High Yield II</i>	1.8%			15.2	-	9.2	7.6	2.8	0.0	3.1	1.6	2.4
Lord Abbett High Yield	262,185,765	2/1/2009	6.1	15.0	-	10.4	8.9	3.6	-0.3	2.5	0.9	2.3
<i>Merrill Lynch High Yield II</i>	1.8%			15.1	-	9.2	7.6	2.8	0.0	3.1	1.6	2.4
MacKay Shields High Yield	261,301,538	2/1/2009	6.1	13.2	-	9.1	7.3	3.2	0.3	3.0	1.6	2.4
<i>Merrill Lynch High Yield II</i>	1.8%			15.1	-	9.2	7.6	2.8	0.0	3.1	1.6	2.4

Non-Traditional Portfolios Summary

As of February 28, 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	400,873,304	2/28/2011	4.0	25.8	-	-	26.4	16.5	-6.6	1.8	0.2	4.7
Alerian MLP Index	2.8%			11.0	-	-	9.3	3.3	-10.8	-1.0	-6.6	2.1
Cushing MLP Management	392,609,900	2/28/2011	4.0	20.3	-	-	22.2	16.4	-5.6	2.7	0.2	5.6
Alerian MLP Index	2.7%			11.0	-	-	9.3	3.3	-10.8	-1.0	-6.6	2.1
ARI MLP	328,702,176	2/28/2011	4.0	13.9	-	-	13.8	11.9	-7.2	1.8	-1.1	5.3
Alerian MLP Index	2.3%			11.0	-	-	9.3	3.3	-10.8	-1.0	-6.6	2.1
Private Equity												
Legacy Private Equity Portfolio	57,782,304	10/1/2008	6.4	-	-	-	-	-	-	-	-	-
Franklin Park Private Equity	404,291,901	4/1/2010	4.9	-	-	-	-	-	-	-	-	-
Russell 1000 +4%	3.2%			19.3	12.3	20.4	22.1	18.9	14.1	3.6	3.6	6.1

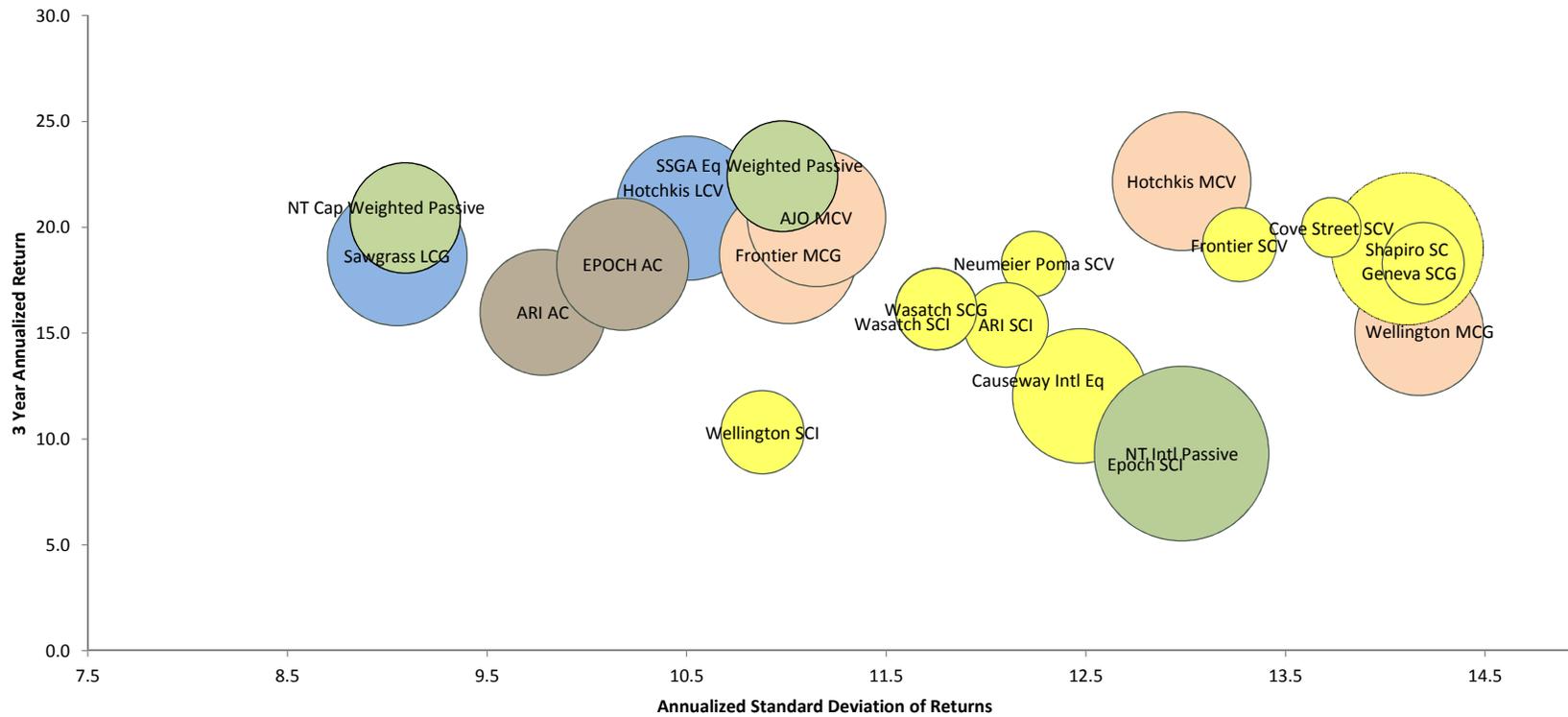
Real Estate

				\$ Committed	% Called
AEW Real Estate	222,919,382	5/1/2011	3.8	\$165,500,000	100%
	1.5%				
Heitman Real Estate	226,216,090	5/1/2011	3.8	\$157,400,000	100%
	1.6%				
L&B Real Estate	200,132,898	4/1/2011	3.9	\$150,000,000	100%
	1.4%				
Antheus Capital	16,125,005	10/1/2014	0.4	\$53,750,000	30%
	0.1%				
Dune	16,060,699	10/1/2014	0.4	\$53,750,000	32%
	0.1%				
GreenOak Real Estate	12,221,349	10/1/2014	0.4	\$50,000,000	24%
	0.1%				
L&B Golden Driller	1,340,639	7/1/2014	0.7	\$60,000,000	2%
	0.0%				
Landmark Realty	2,336,002	12/1/2014	0.2	\$35,000,000	6%
	0.0%				
American Realty	9,829,536	12/1/2014	0.2	\$53,750,000	25%
	0.1%				
Starwood	-	-	-	\$43,750,000	0%
	0.0%				

Opportunistic Fixed Income

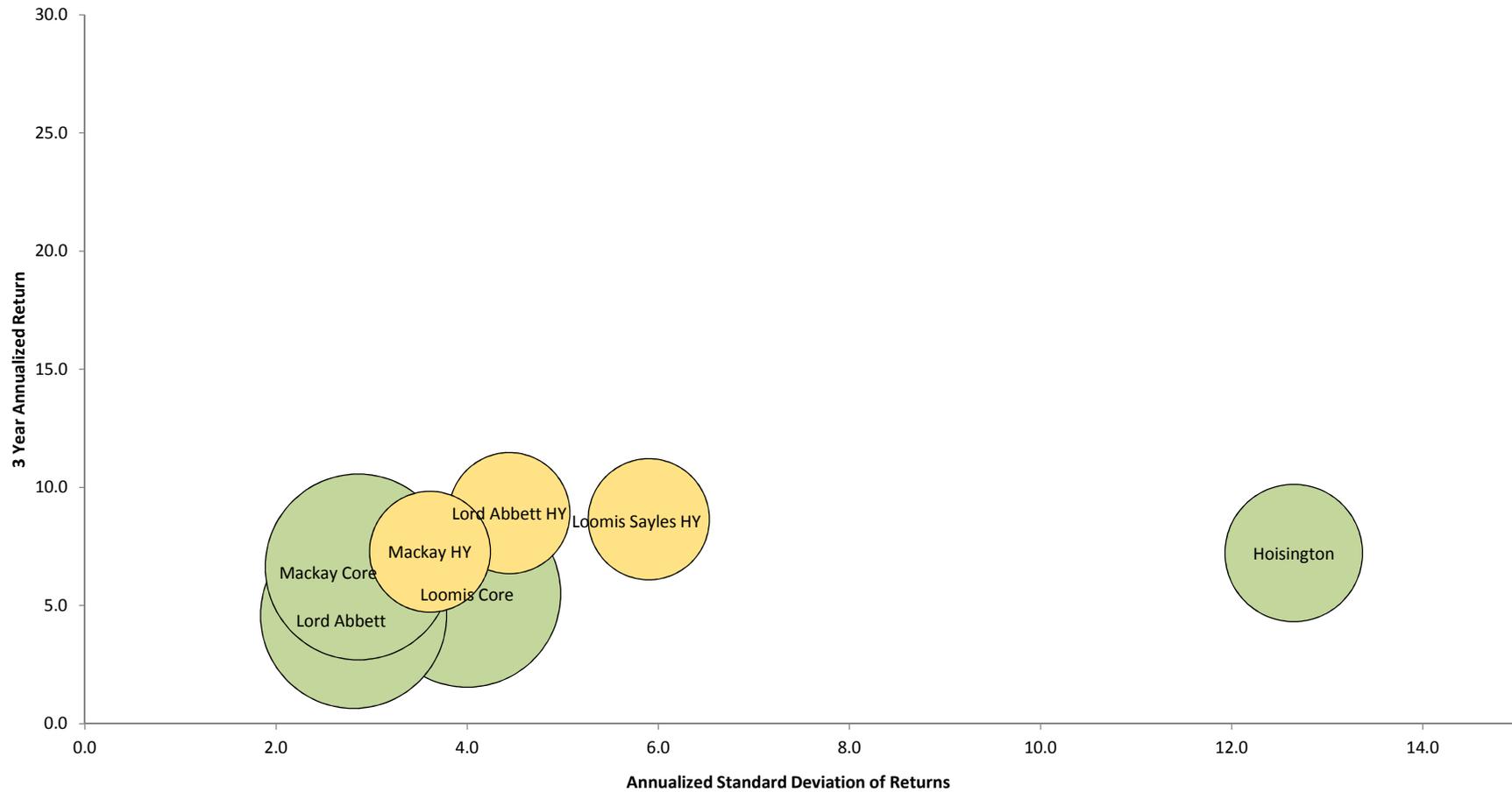
				\$ Committed	% Called
PIMCO BRAVO	79,888,252	3/31/2011	3.9	\$100,000,000	100%
	0.6%				
PIMCO BRAVO II	86,361,976	3/31/2013	1.9	\$150,000,000	53%
	0.6%				

Three Year Risk/Return Review - Equity Portfolios



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

Three Year Risk/Return Review - Fixed Income Portfolios



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



March 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	203,928,452	1.42%	On Alert	Acquisition	July 2014	December 2014	June 2015	Maintain continuity of management practices and results

All other managers currently rated In Compliance



OKLAHOMA TEACHERS RETIREMENT SYSTEM

real estate portfolio
executive summary report
fourth quarter, 2014



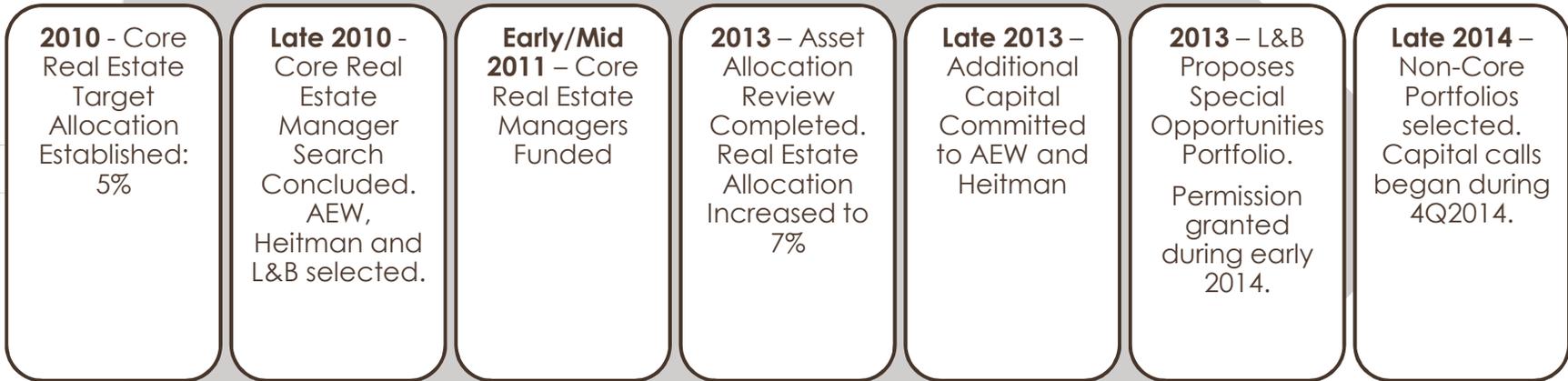
Gregory W Group

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. It has expanded beyond core to higher risk/higher return investments.
- ▶ 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 was completed in September 2014 to invest in value-added and opportunistic properties. Six firms were selected to invest approximately \$50 million each.
- ▶ 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 have now been drawn. Golden Driller is moving forward in the development of three separate properties.

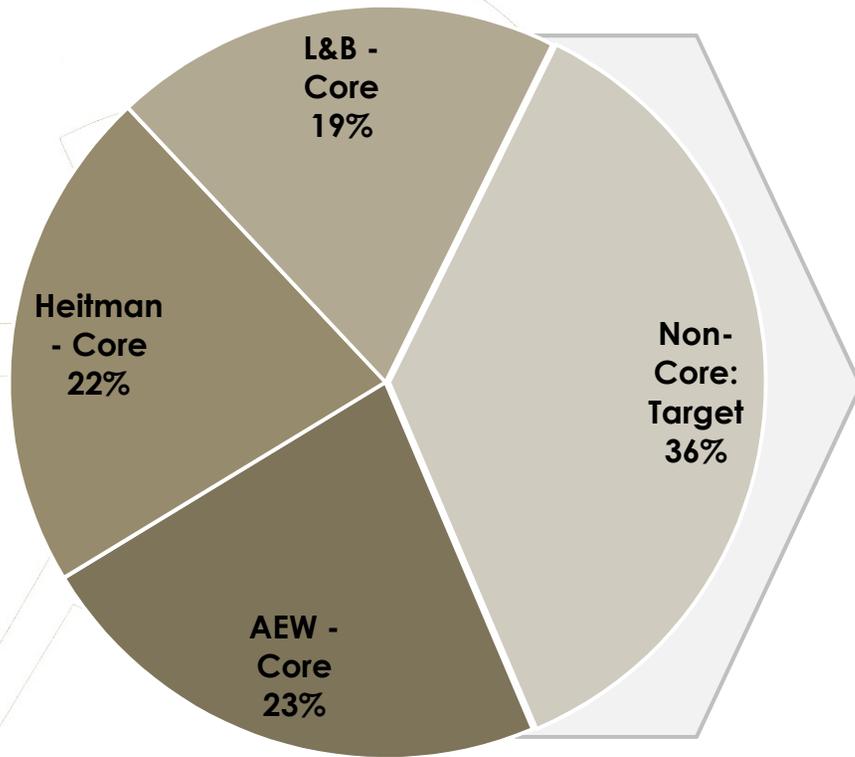


Real Estate Portfolio Timeline

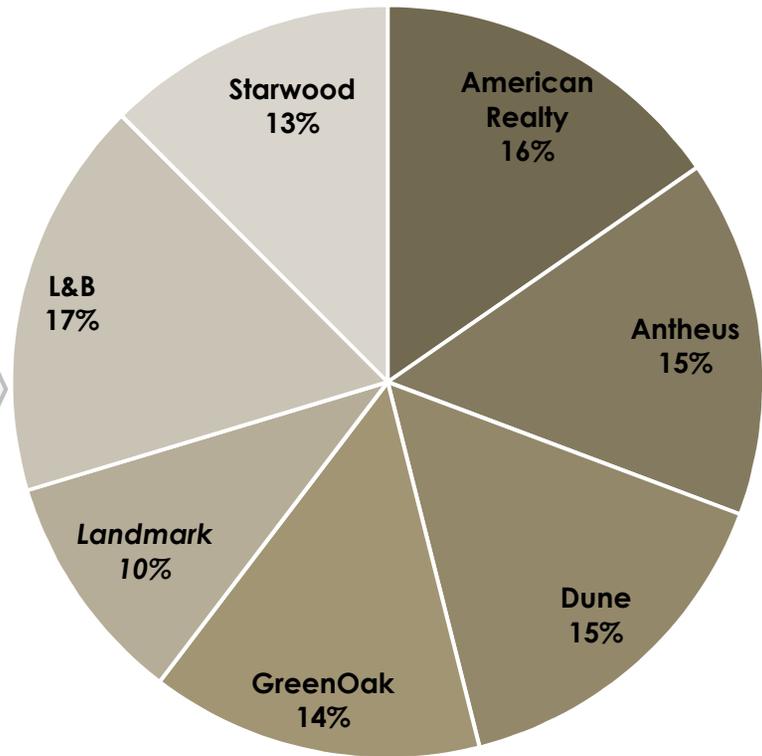


Real Estate Allocation Review: By Market Value

Composite Real Estate Allocation



Non-Core Real Estate: *Committed Capital*



Total Committed Capital: \$350,000,000

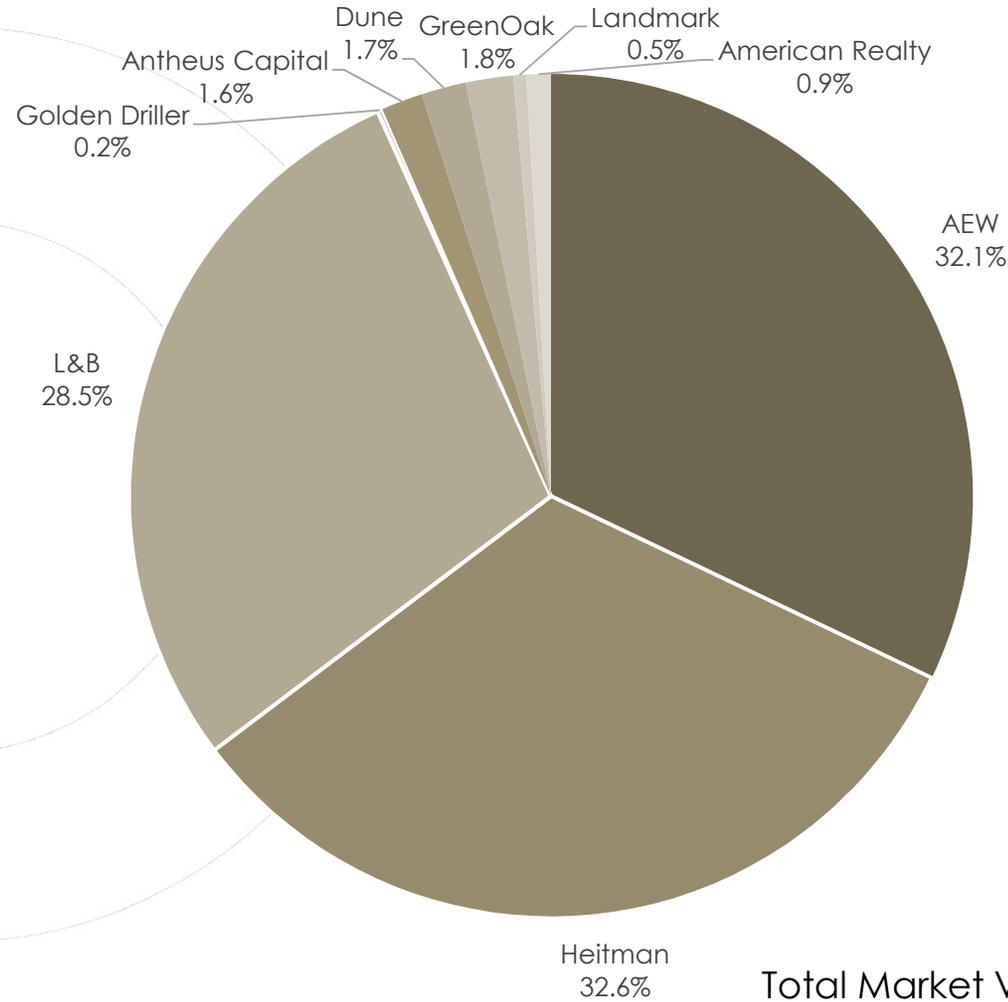
OTRS Real Estate Capital Contributed

As of February 28, 2015

	Capital Committed	Capital Contributed	% Called
AEW	\$165,500,000	\$165,500,000	100.00%
L&B Core	\$150,000,000	\$150,000,000	100.00%
Heitman	\$157,400,000	\$157,400,000	100.00%
American Realty	\$53,750,000	\$13,289,900	24.73%
Antheus	\$53,750,000	\$16,125,000	30.00%
Dune	\$53,750,000	\$17,037,533	31.70%
Golden Driller	\$60,000,000	\$1,365,000	2.28%
GreenOak	\$50,000,000	\$12,221,196	24.44%
Landmark	\$35,000,000	\$2,255,623	6.44%
Starwood	\$43,750,000	\$0	0.00%
PIMCO BRAVO I	\$100,000,000	\$100,000,000	100.00%
PIMCO BRAVO II	\$150,000,000	\$78,750,000	52.50%
Franklin Park	\$1,200,000,000	\$386,000,000	32.17%
PE Legacy	\$97,500,000	\$91,200,000	93.54%
Total	\$2,370,400,000	\$1,191,144,252	50.25%

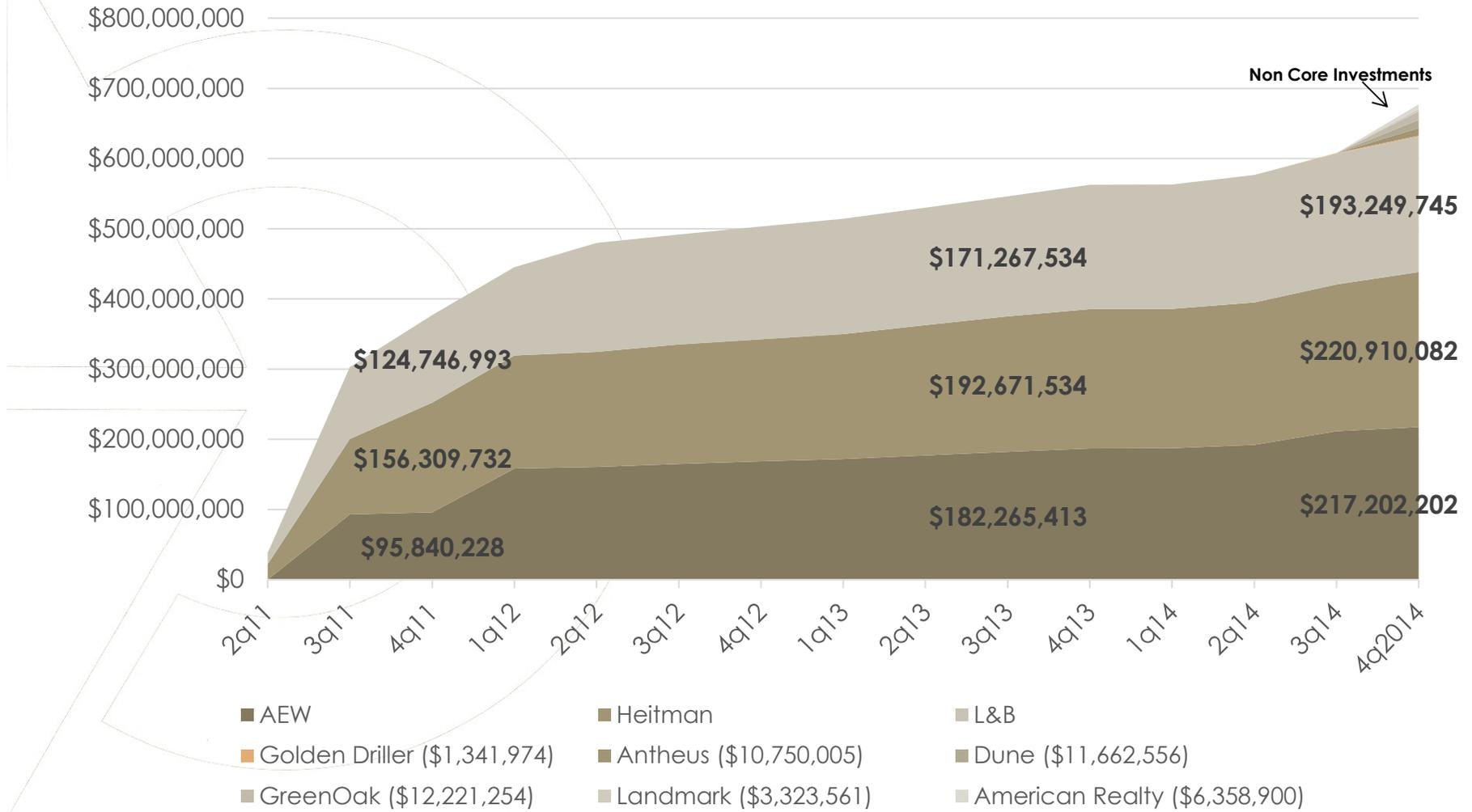


Allocation of Real Estate Portfolio – Net Exposure As of December 31, 2014



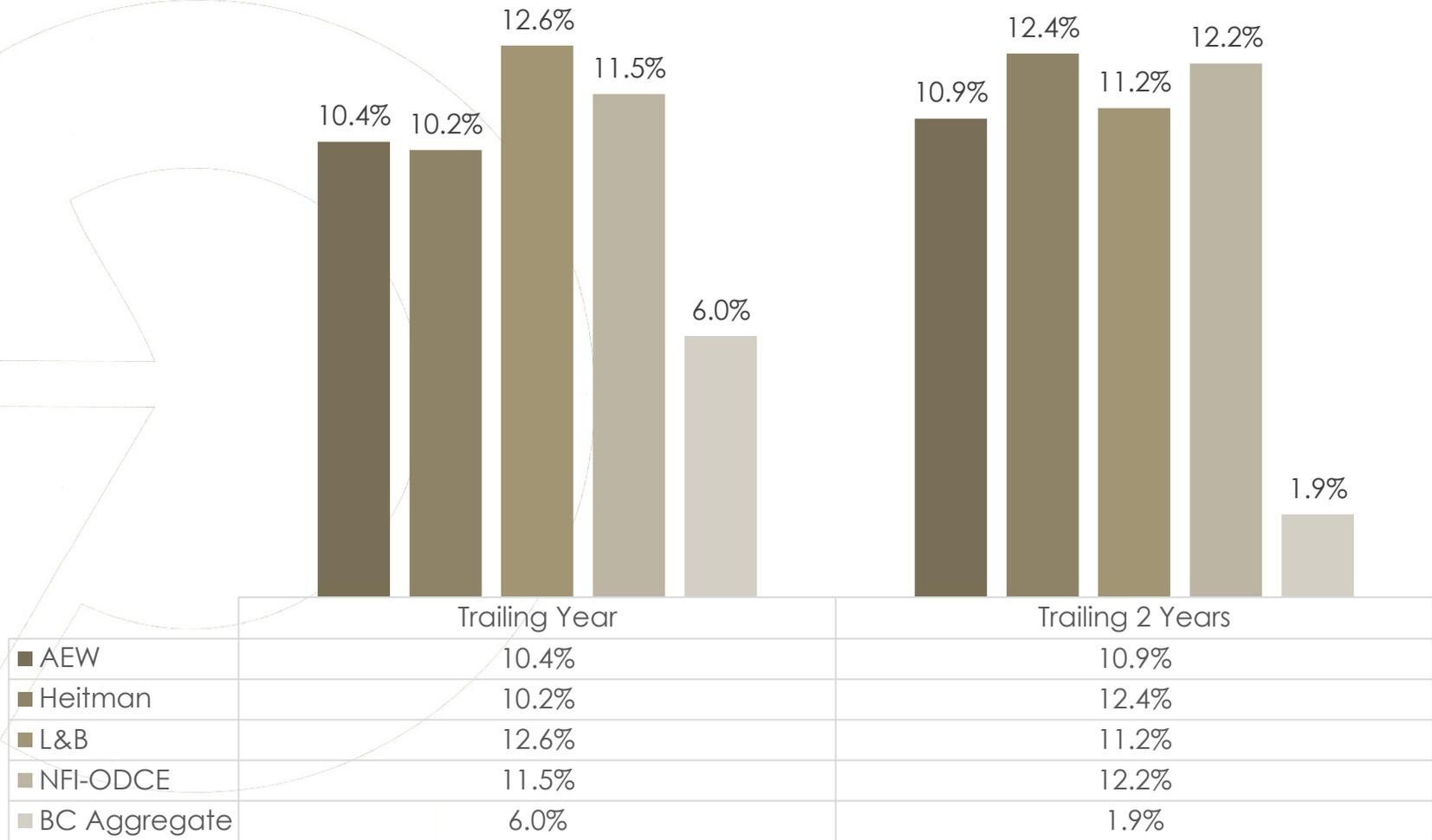
Total Market Value: **\$677,020,279**
This composed **4.8%** of the total portfolio.

Allocation History – Quarterly Observations

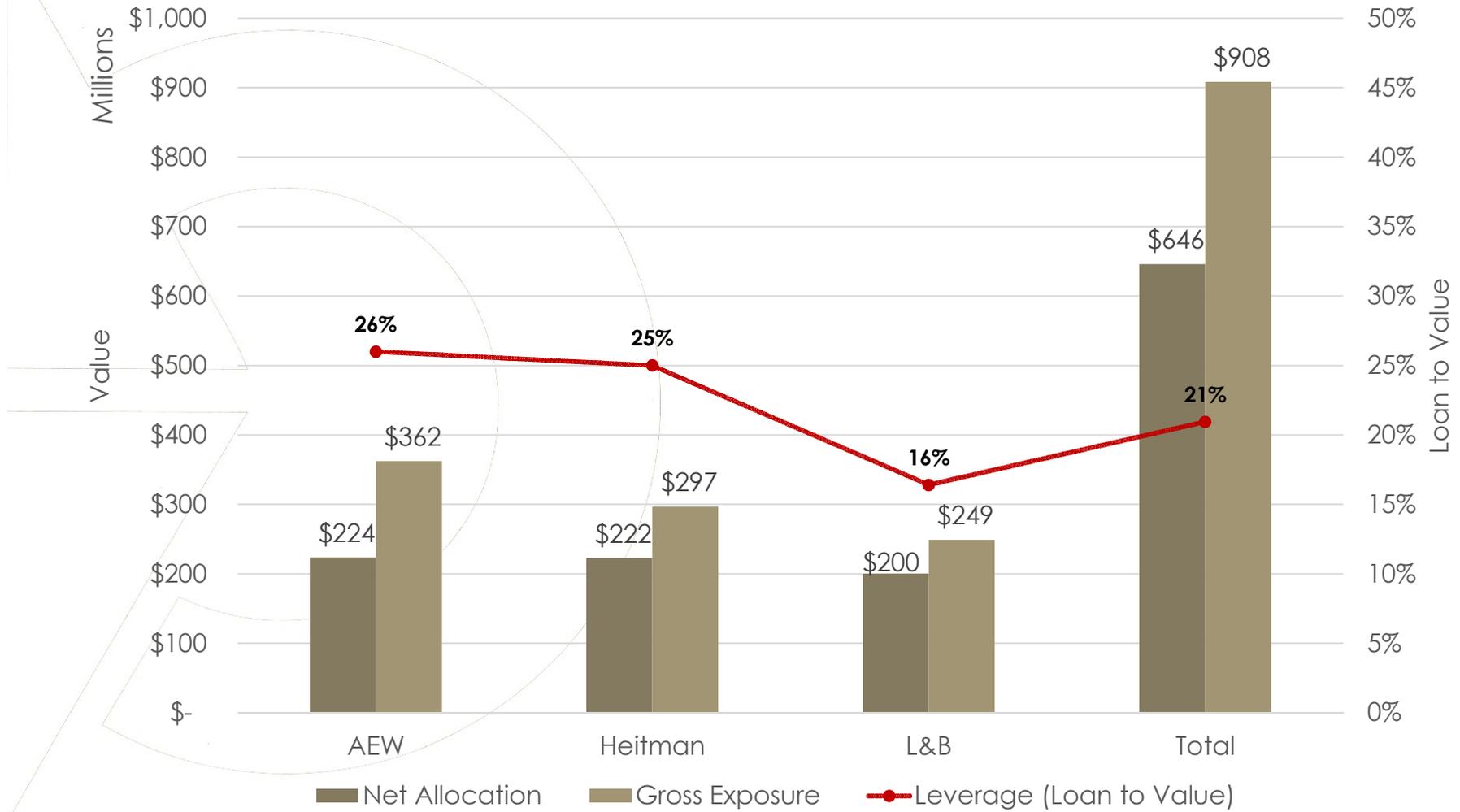


Performance Comparison – Net of Fees

Periods Ended December 31, 2014

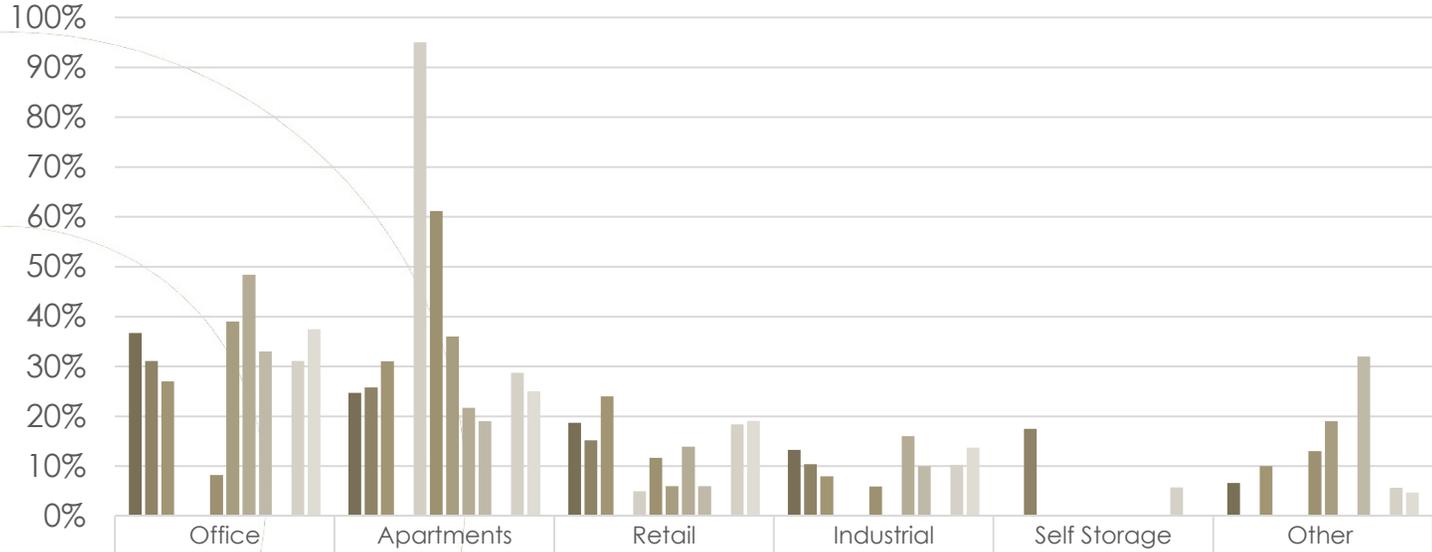


Allocation of Real Estate Portfolio – Net vs. Gross Exposure As of December 31, 2014



Property Type Diversification – Net Exposure

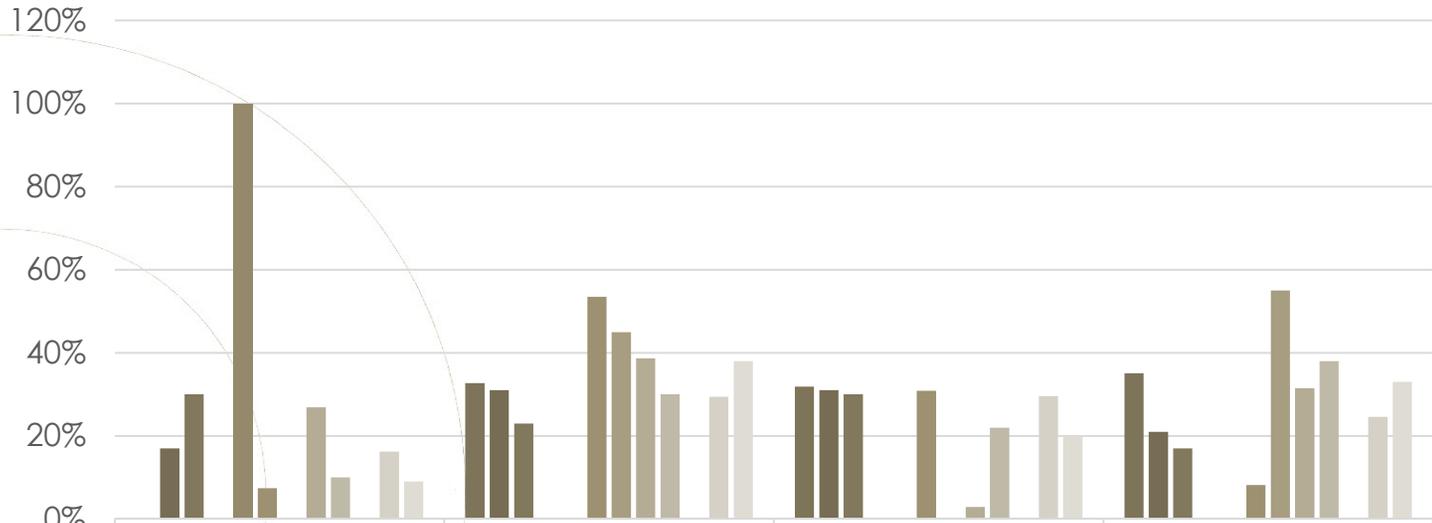
As of December 31, 2014



	Office	Apartments	Retail	Industrial	Self Storage	Other
■ AEW	37%	25%	19%	13%	0%	7%
■ Heitman	31%	26%	15%	10%	18%	0%
■ L&B	27%	31%	24%	8%	0%	10%
■ Golden Driller	0%	0%	0%	0%	0%	0%
■ Antheus	0%	95%	5%	0%	0%	0%
■ Dune	8%	61%	12%	6%	0%	13%
■ GreenOak	39%	36%	6%	0%	0%	19%
■ American Realty Advisors	48%	22%	14%	16%	0%	0%
■ Landmark	33%	19%	6%	10%	0%	32%
■ Starwood	0%	0%	0%	0%	0%	0%
■ Total	31%	29%	18%	10%	6%	6%
■ NFI ODCE	38%	25%	19%	14%	0%	5%

Geographic Diversification – Net Exposure

As of December 31, 2014



	Midwest	West	South	East
■ AEW	0%	33%	32%	35%
■ Heitman	17%	31%	31%	21%
■ L&B	30%	23%	30%	17%
■ Golden Driller	0%	0%	0%	0%
■ Antheus	100%	0%	0%	0%
■ Dune	7%	54%	31%	8%
■ GreenOak	0%	45%	0%	55%
■ American Realty Advisors	27%	39%	3%	32%
■ Landmark	10%	30%	22%	38%
■ Starwood	0%	0%	0%	0%
■ Total	16%	29%	30%	25%
■ NFI ODCE	9%	38%	20%	33%

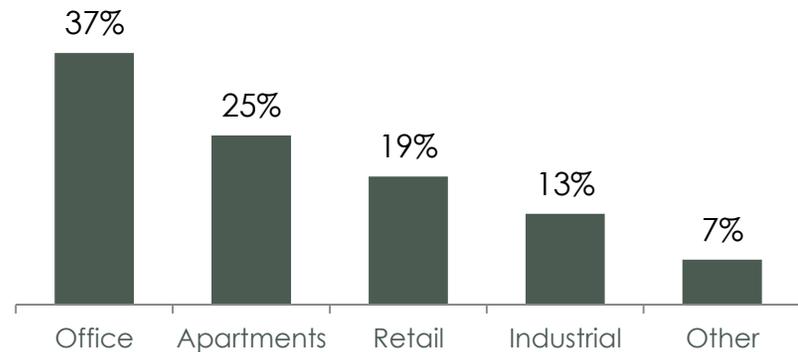


AEW Capital Management – Core Real Estate



Location: Boston, Massachusetts
OTRS Initial Commitment: \$150 million
OTRS Total Commitment: \$166 million
Fund Name: AEW Core Property Trust
Fund Type: Open Ended Private REIT
Fund Size (Net): \$4.1 billion
Fund Size (Gross): \$6.7 billion
Number of Investments: 55
Firm AUM: \$51 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



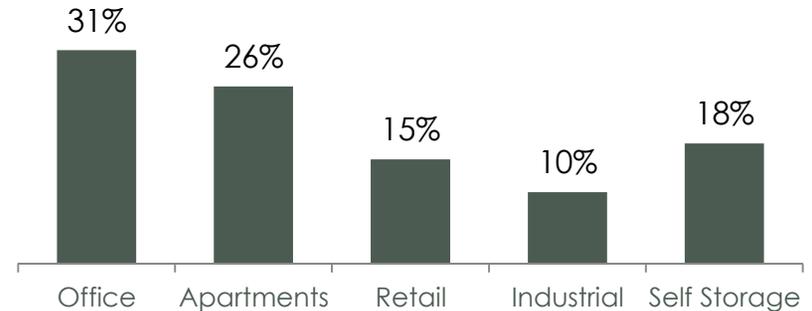
	AEW	NFI ODCE
2014 Income Return	5.45%	5.03%
2014 Appreciation Return	5.52%	7.17%
Current Occupancy	91.8%	-
OTRS Ownership of Fund	5.4%	-

Heitman Capital Management – Core Real Estate

Location: Chicago, Illinois
OTRS Initial Commitment: \$150 million
OTRS Total Commitment: \$157 million
Fund Name: Heitman Capital Management
Fund Type: Open Ended Partnership
Fund Size (Net): \$4.5 billion
Fund Size (Gross): \$6.0 billion
Number of Investments: 69
Firm AUM: \$32 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
2014 Income Return	5.23%	5.03%
2014 Appreciation Return	5.56%	7.17%
Current Occupancy	94.0%	-
OTRS Ownership of Fund	5.0%	-



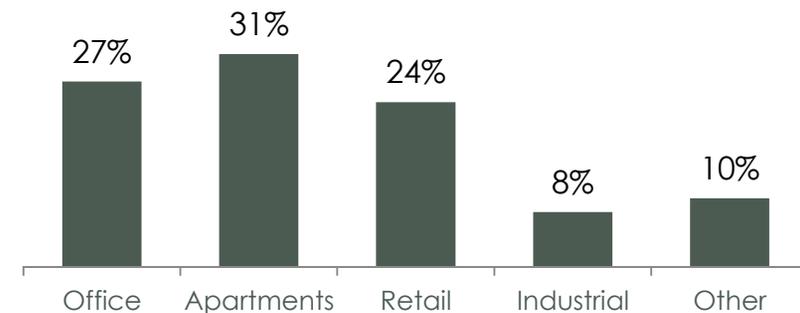
L&B Realty Advisers - Core Real Estate



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): \$446 million
Fund Size (Gross): \$555 million
Number of Investments: 9
Firm AUM: \$6.5 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
2014 Income Return	3.21%	5.03%
2014 Appreciation Return	6.61%	7.17%
Current Occupancy	94.0%	-
OTRS Ownership of Fund	44.8%	-



L&B Realty Advisers – Golden Driller Fund

Location: Dallas, Texas
OTRS Initial Commitment: \$60 million
OTRS Total Commitment: \$60 million
Fund Name: L&B Golden Driller
Fund Type: Separate Account Limited Partnership
Number of Working Investments: 3
Firm AUM: \$6.4 billion
Inception Date: Second Quarter, 2014
Fund Manager: Christian Metten
Investment Process: The fund will invest in a focused portfolio composed of up to three property types: Retirement Homes/Memory Care facilities, Build to Core Office, and Special Opportunities. The primary objective is protection of capital and appreciation. Assets will be conservatively underwritten and utilize reasonable leverage (up to 65%). The portfolio will invest a geographically diversified portfolio of non-core development properties. The Retirement Homes/Memory Care will focus on demographically advantaged areas and construct new facilities. Build to Core will construct high quality office buildings in attractive infill areas. Special opportunities will target unique properties with a focus on long-term income production.
Status: In Compliance



Property Type Diversification



PROGRESS UPDATE: The fund is currently working on three retirement home/memory care facilities. Two in Florida and one in Texas. The Texas property (Dallas) is the newest and largest project. The two Florida projects have capital commitments of \$13.5 and \$12.8 million respectively. The Texas project is expected to have a capital commitment of \$25.3 million. Total beds for all three are expected to be 460 with roughly two thirds assisted living and one third memory care.

No Build to Core or Special Opportunities projects have been started.

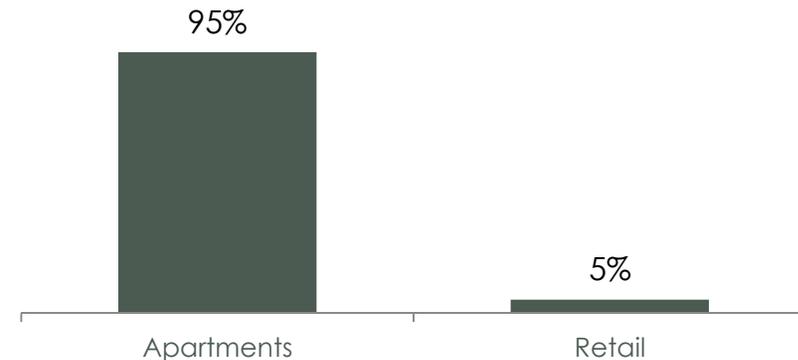
Antheus Capital, LLC

Location: Englewood, New Jersey
OTRS Initial Commitment: \$54 million
OTRS Total Commitment: \$54 million
Fund Name: Lyrical-OTRS Realty Partners IV, LP
Fund Type: Close End Value Fund
Fund Size (Net): \$168 million
Fund Size (Gross): \$168 million
Number of Investments: 11
Firm AUM: \$1.0 billion
Inception Date: Fourth Quarter, 2014
Fund Manager: Eli Ungar and David Gefsky
Investment Process: Extremely hands on investment process that currently manages a diversified portfolio of multi-family investments in two sub-markets where they seek deep property by property knowledge and a dominant market share. Currently, their portfolio owns over 6,000 apartment units in Chicago and Kansas City in areas that exhibit strong, structural supply/demand conditions that cannot be easily reversed and ultimately benefit apartment owners. The team seeks areas where supply/demand remains in disequilibrium and favorable to long-term growth rates of rental income. Operating expenses for their properties tend to remain flat after initial investment, allowing them to compound a growing level of net operating expenses. The team focuses on year over year operating success rather than "trades".

Status: In compliance



Property Type Diversification



PROGRESS UPDATE: The fund has purchased 2 office buildings to convert to residential use .



Dune Real Estate Partners

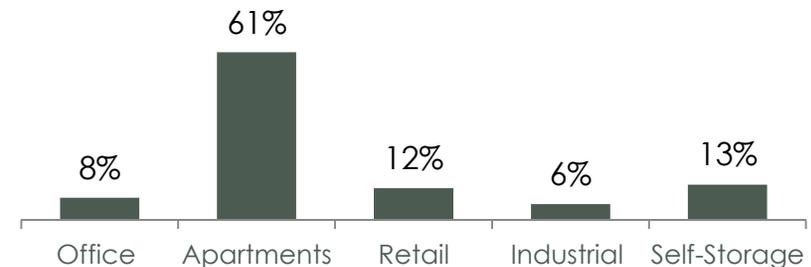
Location: New York, New York
OTRS Initial Commitment: \$54 million
OTRS Total Commitment: \$54 million
Fund Name: Dune Real Estate Fund III, LP
Fund Type: Close Ended Opportunistic
Fund Size (Net): \$960 million
Fund Size (Gross): \$960 million
Number of Investments: 7
Firm AUM: \$3.5 billion
Inception Date: Fourth Quarter, 2014
Fund Manager: Dan Neidich and Cia Buckley Marakovits

Investment Process: Partner driven model that seeks to exploit the talent and experience of a highly experienced group of real estate professionals. The fund will broadly focus on opportunities resulting from the unprecedented deleveraging of the capital market. The fund will seek opportunities created by distress and dislocation through three themes: Distressed Assets, Deep Value-add, and Contrarian Investments. Distressed assets will be creatively acquired, recapitalized and/or restructured through sub- or non-performing commercial mortgages or real estate loans. Deep value-add projects will seek to stabilize and reposition underperforming assets through renovation, re-leasing and capital investment. Contrarian assets will be acquired to exploit oversold conditions through deeply discounted purchased of unpopular assets.

Status: In compliance



Property Type Diversification



OTRS owns 5.6% of the fund.

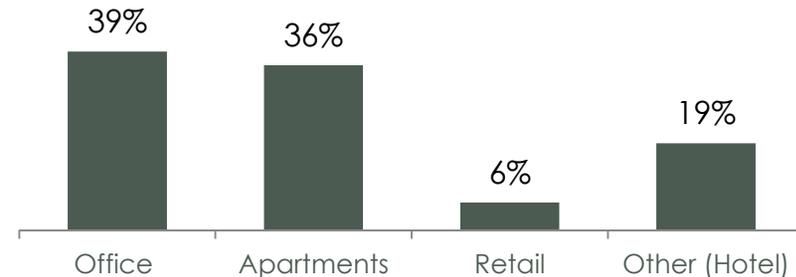


GreenOak Real Estate, LP

Location: New York, New York
OTRS Initial Commitment: \$50 million
OTRS Total Commitment: \$50 million
Fund Name: GreenOak Real Estate Partners US Fund II
Fund Type: Close Ended Opportunistic
Fund Size (Net): \$756 million
Fund Size (Gross): \$756 million
Number of Investments: 9
Firm AUM: \$4.5 billion
Inception Date: Fourth Quarter, 2014
Fund Manager: Sonny Kalsi, Chris Niehaus, John Carrefiell, Fred Schmidt, Andrew Yoon
Investment Process: Fund will focus on high barrier to entry markets that possess size, supply constraints, significant demand growth and liquidity. Undervalued properties will be targeted in off market transactions. Assets will be recapitalized – the fund will target assets acquired or financed during the 2005-2008 vintages. Mid market properties will be targeted – properties owned primarily by families, private investors or smaller institutions who are not willing to expend capital to maintain competitiveness or professionally manage the asset. The fund will also allocate to improvable assets with good locations.
Status: In compliance



Property Type Diversification



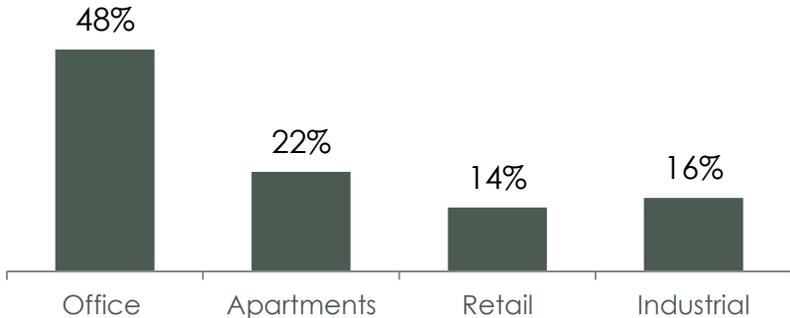
Current Occupancy is 87%.
OTRS owns 6.6% of the fund.

American Realty Advisors

Location: Glendale, California
OTRS Initial Commitment: \$54 million
OTRS Total Commitment: \$54 million
Fund Name: American Realty Strategic Value Realty Fund
Fund Type: Open Ended Diversified Value Added
Fund Size (Net): \$248 million
Fund Size (Gross): \$464 million
Number of Investments: 11
Firm AUM: \$6.5 billion
Inception Date: Fourth Quarter, 2014
Fund Manager: Kurt Helgelson and Douglas Rush
Investment Process: Team based process that views each acquisition as an operating asset and also a part of the overall portfolio. Acquisitions are reviewed by Investment Committee. Named portfolio manager is Chairman of the Investment Committee. Portfolio currently has a focus on the West and Midwest (~80% of portfolio). Largest sector allocation is Office which accounts for 48% of the portfolio. Investment process follows these steps: market/submarket research, acquisition underwriting and due diligence, active operational management and a well-defined hold/exit strategy. Risk of each asset is continuously evaluated and managed. Purchases are generally mid to lower market, or between \$10 - \$50 million.
Status: In compliance



Property Type Diversification



Current Occupancy is 78%.
OTRS owns 2.5% of the fund.

Landmark Partners

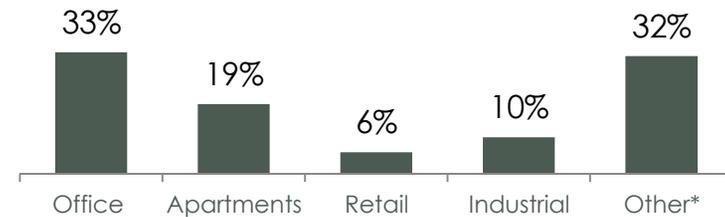
Location: Simsbury, Connecticut
OTRS Initial Commitment: \$35 million
OTRS Total Commitment: \$35 million
Fund Name: Landmark Real Estate Fund VII
Fund Type: Close Ended Real Estate Secondaries
Fund Size (Net): \$87.5 million
Fund Size (Gross): \$87.5 million
Number of Investments: 9
Firm AUM: \$14.9 billion
Inception Date: Fourth Quarter, 2014
Fund Manager: Francisco Borges, Timothy Haviland, Chad Alfeld, Robert Dombi, Raul Mehlman, James Sunday

Investment Process: Landmark is a pioneer in the construction of portfolios through secondary market transactions. The firm will seek to build a portfolio diversified across vintage years, geographies, managers and strategies. Investing in secondaries generally allows for faster deployment of capital as sellers come to market. Sellers generally are forced to sell their interests at a discount, benefitting an established buyer such as Landmark. Secondary interests are usually seasoned assets that generate income and distributions immediately. This produces current cash flow and minimizes J-curve impact. Investments are generally held until full fund level distribution.

Status: In compliance



Property Type Diversification



*Includes Mixed-Use (10%), Land (9%), Lodging (6%), Other (4%), and Cash (3%).

OTRS owns 3.0% of the fund.

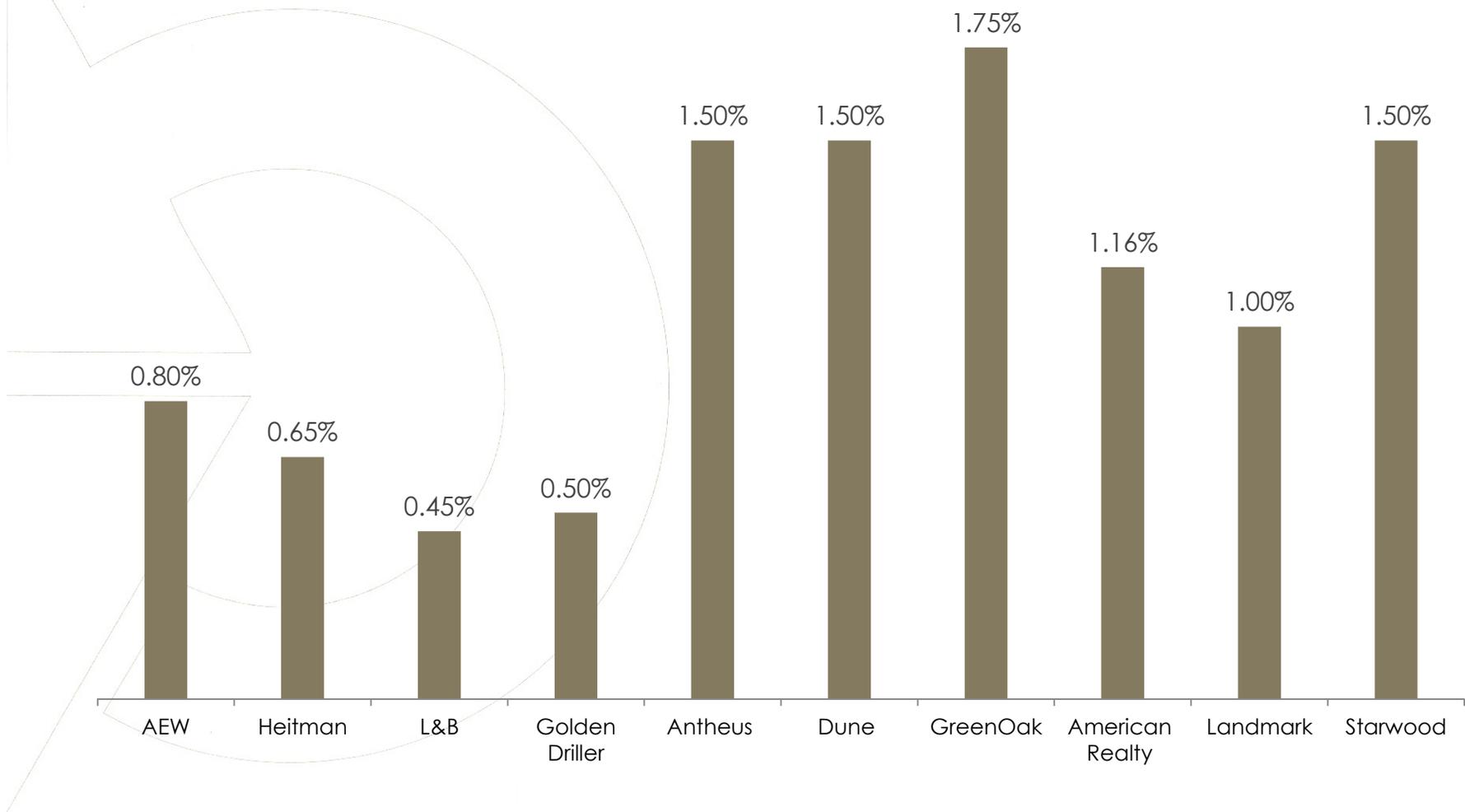


Starwood

Location: Simsbury, Connecticut
OTRS Initial Commitment: \$35 million
OTRS Total Commitment: \$35 million
Fund Name: Starwood Distressed Opportunity Fund
Fund Type: Large Real Estate Specialist
Fund Size (Net): \$87.5 million
Fund Size (Gross): \$87.5 million
Number of Investments: 9
Firm AUM: \$14.9 billion
Inception Date: Second Quarter, 2014
Fund Manager: Barry Sternlicht
Investment Process: The fund will target investments with average equity of \$75 - \$100 million. The firm adheres to an established set of investment principles: buy below replacement cost, use appropriate leverage (amount and duration), invest when supply is low, avoid overconcentration by diversifying across risk spectrum, geographic areas, asset type and capital structure; invest alongside LPs, and anticipate opportunities created by capital flows. The fund will invest in a **global portfolio** via purchases of non-performing loans, individual assets and portfolios of assets or companies. Purchases will **focus on the US and Europe** although investment opportunities in other regions will be considered.
Status: **In compliance, not yet funded**



Annual Management Fee Comparison



Quarterly Performance History

Core Real Estate Portfolios

	AEW	Heitman	L&B	NFI-ODCE
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%	3.3%	2.7%	2.9%
3q 2014	2.8%	3.0%	3.8%	3.2%
4q 2014	2.9%	1.6%	3.5%	3.0%
Trailing Year	10.4%	10.2%	12.6%	11.5%
Trailing 2 Years (annualized)	10.9%	12.4%	11.2%	12.2%



Market Value History

Core Real Estate Portfolios

	Golden Driller	Antheus	Dune	GreenOak	American Realty	Landmark	Starwood	Total Real Estate Allocation
2q 2011								38,303,622
3q2011								302,757,350
4q2011								376,896,953
1q 2012								445,363,457
2q 2012								479,543,807
3q 2012								491,957,785
4q 2012								503,172,304
1q 2013								514,208,798
2q 2013								530,077,146
3q 2013								546,204,481
4q 2013								562,737,994
1q 2014								562,910,457
2q 2014								576,546,442
3q 2014	940,000							607,799,693
4q 2014	1,341,974	10,750,005	11,662,556	12,221,254	6,358,900	3,323,561		677,020,279

Other Non-Liquid Assets

Opportunistic Investments

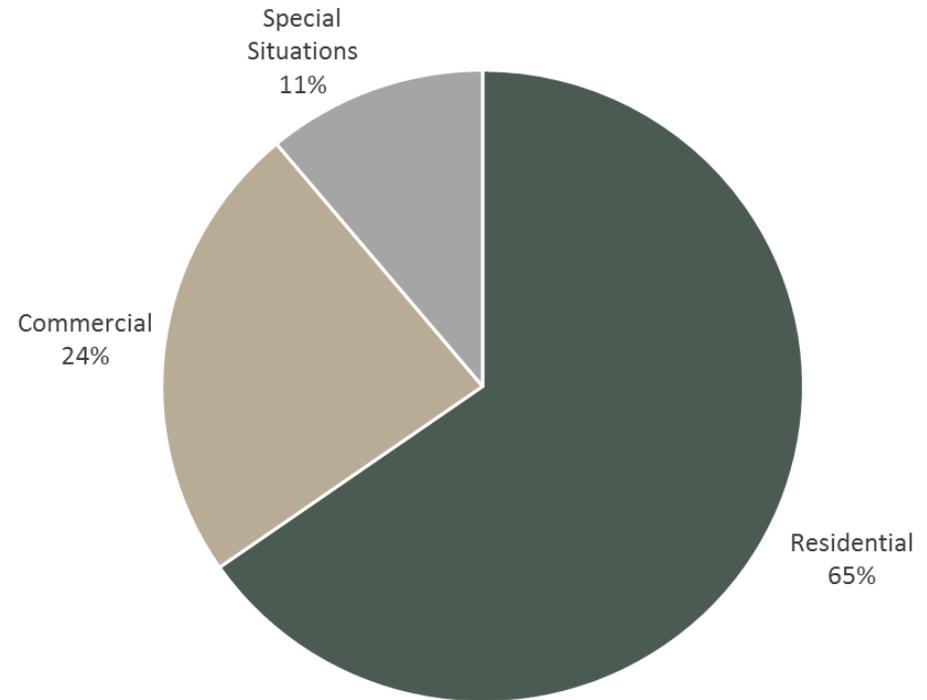
PIMCO Bravo Fund I

Portfolio Data

- Original Commitment: \$100 million
- Capital Called: \$100 million
 - Percent of Capital Called: 100%
- Market Value: \$98,024,338
- Total Distributions: \$88,138,185
- Net Since Inception IRR: **25.7%**
- Multiple on Called Capital: 1.82x
- Quarterly Return: 3.3%

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



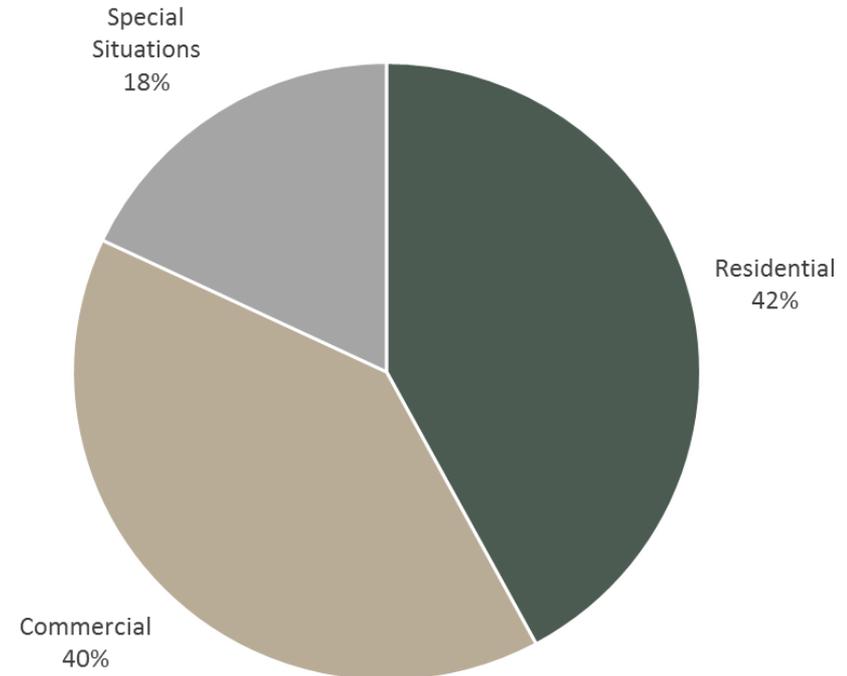
PIMCO Bravo II Fund

- Portfolio Data

- Original Commitment: \$150 million
- Capital Called: \$78.75 million
 - Percent of Capital Called: 52.5%
(as of February 28, 2015)
- Market Value: \$70,318,081
- Net Since Inception IRR: **20.4%**
- Multiple on Called Capital: 1.12x
- Quarterly Return: 1.5%
- Geographic Exposure:
 - 64% United States
 - 36% Europe

- 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





March 10, 2015

Melissa Kempkes
Teachers' Retirement System of Oklahoma
2500 North Lincoln Boulevard, Suite 500
Oklahoma City, OK 73105

Dear Melissa:

Pursuant to the current Investment Policy Statement for the Teachers' Retirement System of Oklahoma ("OTRS"), dated February 2015, Core Plus Fixed Income portfolios are limited to a maximum of 25% in investments rated below investment grade (BB+/Ba1 or lower by S&P and Moody's, respectively). In 2013, OTRS granted MacKay Shields an exception to increase the limit to 35% for below-investment grade investments. This exception did not include a sunset provision, and so we have been operating under this current exception to date.

In consultation with the Gregory Group, we felt it was appropriate to formally request in writing an extension of the 2013 exception to increase the limit to 35% for below-investment grade rated debt in the OTRS Core Plus Fixed Income portfolio. The purpose for requesting a higher limit is to accommodate opportunistic investments within the lower quality part of the credit markets.

At your convenience, please let us know if this request is acceptable. We would be happy to welcome any questions or concerns that you may have.

With Kind Regards,

A handwritten signature in blue ink that reads "Rose".

Virna Rose
Senior Managing Director

Douglas J. Anderson, President, Gregory W Group
Steven Buckley, Managing Director, MacKay Shields





March 5, 2015

Mr. Douglas J. Anderson
Gregory W. Group
15 W. Sixth Street, Suite 2901
Tulsa, OK 74119

Re: Investment Policy Exemption Request –Teachers’ Retirement System of Oklahoma Core Plus Portfolio (F45564)

Dear Doug:

We would like to respectfully request an exception to the guideline requirements under the OKTRS Investment Policy (February, 2015, Section VII.G.5), as follows: Increase the limit from 10% to 20% in instruments issued by a developing or emerging market issuer.

As you may recall, the current side letter dated September 6, 2013 allows for an increase from 10% to 15% in instruments in developing or emerging markets issuers as determined by MSCI. This guideline limitation includes both USD-pay and non-USD pay security exposure. The current 15% cap on emerging market issuers has limited the portfolio’s exposure to South Korea in particular due to the use of the MSCI emerging markets determination, and we would like to have the additional flexibility to take advantage of opportunities in this sector. The Republic of Korea (South Korea) is rated Aa3/A+/AA- and has proven to be a very high quality, highly liquid issuer in the Yankee/USD fixed income space, in our experience. Additionally, because this guideline limitation also includes non-USD securities, our present non-USD government exposure to Mexico and Philippines has also counted against the emerging market limit, as well as against our non-USD limit, further constraining portfolio flexibility.

Except as noted above, all other guidelines remain the same. Please arrange for OKTRS signature of this letter and return it to us for our records, at your earliest convenience.

Thank you for your consideration. If you have any questions, please let me know.

Best regards,

John Cardinali, CFA
VP, Client Portfolio Manager
Tel: 617-960-4483
Fax: 617-482-5032
jcardinali@loomissayles.com

AGREED and ACCEPTED

By: _____
Authorized Signatory

Date: _____

cc: Gregory Weaver, Gregory W. Group