TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Investment Committee Meeting
Tuesday, February 23, 2016 – 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 AND QUARTERLY REPORTS**

3. **DISCUSSION AND POSSIBLE ACTION ON QUARTERLY 403(B) REPORT**

4. **DISCUSSION AND POSSIBLE ACTION ON MANAGER STATUS REPORT** *The Investment Committee may recommend through motion to the Board of Trustees to make any changes to the status of any manager(on watch, alert, remove them from that status, or terminate (and select transition manager and reallocate funds if necessary)) based on the information available at the meeting.*

5. **DISCUSSION AND POSSIBLE ACTION ON REMOVAL OF MANAGER EXCEPTION FOR LORD ABBETT**

6. **DISCUSSION AND POSSIBLE ACTION ON ADVISORY RESEARCH ALL CAP TRANSITION AND MLP FUNDING**

7. **DISCUSSION OF INTERNATIONAL EQUITY PORTFOLIO STRUCTURE OPTIONS**

8. **DISCUSSION AND POSSIBLE ACTION TO ADOPT AMENDMENTS TO INVESTMENT POLICY STATEMENT**

9. **DISCUSSION ON CHIEF INVESTMENT OFFICER REPORT**

10. **QUESTIONS AND COMMENTS FROM TRUSTEES**

11. **ADJOURNMENT**

ALL BOARD MEMBERS ARE ENCOURAGED TO ATTEND INVESTMENT COMMITTEE MEETINGS

INVESTMENT COMMITTEE:
Chair: Vernon Florence
Members: Bill Peacher, Roger Gaddis, Jill Geiger, Gary Trennepohl

Market Overview (Domestic Equity vs. Domestic Fixed)

- For the month, large cap domestic equities underperformed domestic fixed income with the Russell 1000 Index returning -5.38% versus 1.38% for the Barclays Aggregate Index.
- For the year, the Russell 1000 Index is trailing the Barclays Aggregate Index with a return of -5.38% vs. 1.38%, respectively.

Broad Equity Market Overview

- Large cap domestic equities were the best equity performers for the month with the Russell 1000 Index returning -5.38%.
- International equities underperformed large cap domestic equities for the month (by -1.42%) with the ACWI ex USA Index returning -6.80%.
- For the month, small cap domestic equities underperformed both large cap domestic equities (by -3.41%) and international equities (by -1.99%) with the Russell 2000 Index returning -8.79%.
- On a year-to-date basis, large cap domestic equities are the best performing equity asset class with the Russell 1000 returning -5.38%.
- International equities are trailing large cap domestic equities for the year (by -1.42%) with the ACWI ex USA Index returning -6.80%.
- For the year, small cap domestic equities are trailing both large cap domestic equities (by -3.41%) and international equities (by -1.99%) with the Russell 2000 Index returning -8.79%.

Broad Fixed Market Overview

- For the month, domestic fixed securities outperformed global fixed ex US securities, with the BC Agg returning 1.38%.
- Global fixed ex US trailed domestic fixed (by -0.88%) for the month with the Global Agg ex US returning 0.50%.
- For the year, domestic fixed securities are outperforming global fixed ex US securities with the BC Agg returning 1.38%.
- Year-to-date, global fixed ex US securities are trailing domestic fixed securities by -0.88% with the Global Agg ex US returning 0.50%.

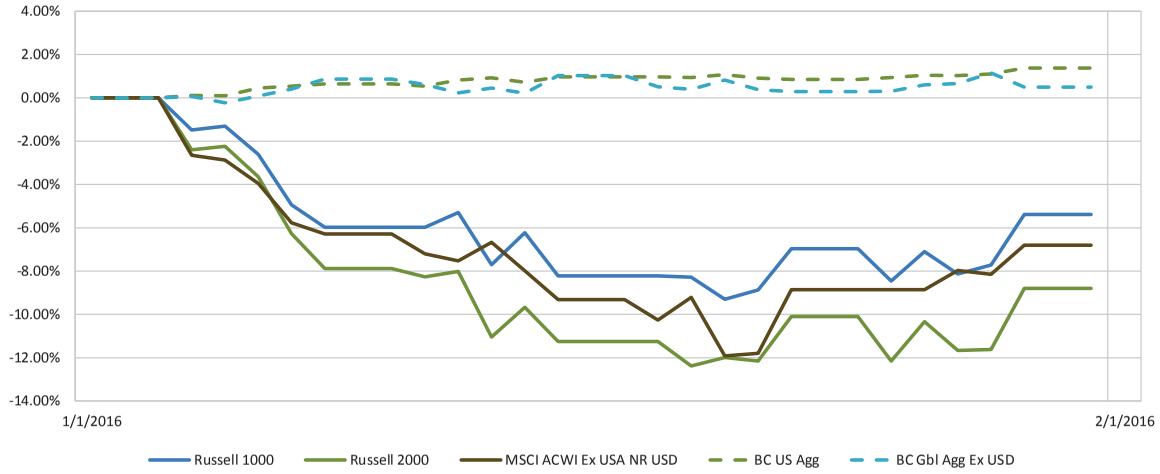
Equity Sector Performance For The Month

- The top three performing sectors for large cap domestic equities were:
  Telecommunication Services (return 5.98%), Utilities (return 4.75%) and Consumer Staples (return 0.39%)
- The bottom three performing sectors for large cap domestic equities were:
  Materials (return -10.03%), Financials (return -8.53%) and Health Care (return -8.39%)
- The top three performing sectors for small cap domestic equities were:
  Utilities (return 3.94%), Telecommunication Services (return -3.72%) and Consumer Staples (return -4.18%)
- The bottom three performing sectors for small cap domestic equities were:
  Health Care (return -19.34%), Energy (return -14.62%) and Materials (return -9.45%)
- The top three performing sectors for international equities were:
  Consumer Staples (return -1.04%), Energy (return -2.60%) and Utilities (return -2.91%)
- The bottom three performing sectors for international equities were:
  Financials (return -10.39%), Materials (return -9.25%) and Information Technology (return -7.55%)

Fixed Income Sector Performance For The Month

- The sector performance for domestic fixed income in order of best performing to worst was:
  Treasury (return 2.08%), MBS (return 1.31%) and Corporate (return 0.52%)
- The sector performance for Global ex US fixed income in order of best performing to worst was:
  Treasury (return 0.70%), MBS (return 0.12%) and Corporate (return -0.42%)

2016 Market Daily Index Total Return Performance



2016 Market Monthly Index Total Return Performance

	1/31/16	2/28/16	3/31/16	4/30/16	5/31/16	6/30/16	7/31/16	8/31/16	9/30/16	10/31/16	11/30/16	12/31/16	YTD
Russell 1000	-5.38%												-5.38%
Russell 2000	-8.79%												-8.79%
MSCI AC World Index EX USA	-6.80%												-6.80%
BC Agg	1.38%												1.38%
BC Global Agg ex USD	0.50%												0.50%

Equity Sector Performance	Month-To-Date			Year-To-Date		
	Russell 1000	Russell 2000	ACWI ex USA	Russell 1000	Russell 2000	ACWI ex USA
Energy	-3.46%	-14.62%	-2.60%	-3.46%	-14.62%	-2.60%
Materials	-10.03%	-9.45%	-9.25%	-10.03%	-9.45%	-9.25%
Industrials	-6.07%	-7.45%	-6.03%	-6.07%	-7.45%	-6.03%
Consumer Discretionary	-5.45%	-6.21%	-7.44%	-5.45%	-6.21%	-7.44%
Consumer Staples	0.39%	-4.18%	-1.04%	0.39%	-4.18%	-1.04%
Health Care	-8.39%	-19.34%	-6.87%	-8.39%	-19.34%	-6.87%
Financials	-8.53%	-6.89%	-10.39%	-8.53%	-6.89%	-10.39%
Information Technology	-5.46%	-8.16%	-7.55%	-5.46%	-8.16%	-7.55%
Telecommunication Services	5.98%	-3.72%	-3.24%	5.98%	-3.72%	-3.24%
Utilities	4.75%	3.94%	-2.91%	4.75%	3.94%	-2.91%

Fixed Sector & Quality Performance	Month-To-Date		Year-To-Date	
	BC Agg.	Global ex USD	BC Agg.	Global ex USD
Treasury	2.08%	0.70%	2.08%	0.70%
MBS	1.31%	0.12%	1.31%	0.12%
Corporate	0.52%	-0.42%	0.52%	-0.42%
Aaa	1.73%	0.77%	1.73%	0.77%
Aa	1.29%	0.51%	1.29%	0.51%
A	0.96%	0.48%	0.96%	0.48%
Baa	-0.20%	0.20%	-0.20%	0.20%

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Monthly Asset Allocation Review

Oklahoma Teachers Retirement System

Asset Class	Total Market Value	Current Percentage	Target Percentage	Difference	Notes
All Cap/Large Cap	2,362,026,493	18.6%	17.0%	1.6%	Excess allocation bound for Private Equity, MLPs, International Equity, and Real Estate
Mid Cap	1,801,619,592	14.2%	13.0%	1.2%	
Small Cap	1,310,816,970	10.3%	10.0%	0.3%	
Total Domestic Equity	**5,474,463,054**	**43.1%**	**40.0%**	**3.1%**	
Large Cap International Equity	1,216,714,680	9.6%	11.5%	-1.9%	
Small Cap International Equity	778,290,469	6.1%	6.0%	0.1%	
Total International Equity	**1,995,005,149**	**15.7%**	**17.5%**	**-1.8%**	
Core Fixed Income	**2,150,624,656**	**16.9%**	**17.5%**	**-0.6%**	
High Yield Fixed Income	734,669,401	5.8%	6.0%	-0.2%	
MLPs	631,878,181	5.0%	7.0%	-2.0%	
Private Equity	617,930,160	4.9%	5.0%	-0.1%	
Real Estate	903,475,107	7.1%	7.0%	0.1%	
Opportunistic Assets	160,344,497	1.3%	0.0%	1.3%	
Total Non-Core Assets	**3,048,297,347**	**24.0%**	**25.0%**	**-1.0%**	
Cash	**32,462,734**	**0.3%**	**0.0%**	**0.3%**	
Composite	**12,700,852,940**	**100.0%**	**100.0%**	**0.0%**	

As of January 31, 2016

The Bogdahn Group

Total Fund + Class Composite Summary

As of January 31, 2016

Oklahoma Teachers Retirement System

	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Calendar YTD	Last Quarter	Last Month
Total Fund (Gross of Fees)	**12,700,852,940**	**12/1/1991**	**24.2**	**9.0**	**6.1**	**7.2**	**6.0**	**-6.7**	**-4.8**	**-7.4**	**-4.8**
Total Fund (Net of Fees)				**8.6**	**5.7**	**6.8**	**5.6**	**-7.1**	**-5.1**	**-7.5**	**-4.8**
Allocation Index				*8.7*	*5.2*	*6.4*	*4.9*	*-5.7*	*-4.2*	*-6.3*	*-4.2*
Actuarial Assumption				*8.0*	*8.0*	*8.0*	*8.0*	*8.0*	*6.2*	*1.9*	*0.6*
Total Domestic Equity	**5,474,463,054**	**4/1/1990**	**25.9**	**10.2**	**6.1**	**9.3**	**9.3**	**-7.2**	**-6.6**	**-9.2**	**-6.6**
S&P 500	***43.1%***			*9.3*	*6.5*	*10.9*	*11.3*	*-0.7*	*-5.0*	*-6.2*	*-5.0*
Total All Cap Equity	**890,698,732**	**9/1/2006**	**9.4**	**6.0**	**-**	**9.0**	**9.3**	**-5.9**	**-6.2**	**-8.6**	**-6.2**
Russell 3000	***7.0%***			*6.5*	*-*	*10.4*	*10.5*	*-2.5*	*-5.6*	*-7.1*	*-5.6*
Total Large Cap Active Equity	**1,087,611,936**	**1/1/1995**	**21.1**	**9.8**	**5.8**	**11.4**	**11.6**	**-3.5**	**-4.7**	**-7.1**	**-4.7**
S&P 500	***8.6%***			*9.1*	*6.5*	*10.9*	*11.3*	*-0.7*	*-5.0*	*-6.2*	*-5.0*
Total Mid Cap Equity	**1,801,619,592**	**11/1/1998**	**17.3**	**9.2**	**7.2**	**9.1**	**8.9**	**-10.3**	**-8.4**	**-12.3**	**-8.4**
Russell Mid Cap	***14.2%***			*8.6*	*6.7*	*9.5*	*9.2*	*-7.4*	*-6.6*	*-8.8*	*-6.6*
Total Small Cap Equity	**1,310,816,970**	**2/1/1998**	**18.0**	**8.3**	**5.8**	**7.3**	**8.4**	**-7.6**	**-6.3**	**-7.7**	**-6.3**
Russell 2000	***10.3%***			*6.4*	*4.9*	*7.3*	*6.1*	*-9.9*	*-8.8*	*-10.6*	*-8.8*
Total International Equity	**1,995,005,149**	**2/1/1998**	**18.0**	**7.9**	**3.0**	**2.6**	**1.8**	**-5.8**	**-7.8**	**-9.2**	**-7.8**
MSCI ACWI ex-US	***15.7%***			*4.6*	*2.0*	*-0.1*	*-1.7*	*-11.6*	*-6.8*	*-10.4*	*-6.8*
Large Cap International Equity	**1,216,714,680**	**2/1/1998**	**18.0**	**1.5**	**-**	**2.5**	**0.9**	**-9.5**	**-7.4**	**-10.2**	**-7.4**
MSCI ACWI ex-US	***9.6%***			*-0.5*	*-*	*-0.1*	*-1.7*	*-11.6*	*-6.8*	*-10.4*	*-6.8*
Small Cap International Equity	**778,290,469**	**12/1/2011**	**16.9**	**11.2**	*-*	*-*	**5.6**	**0.8**	**-8.5**	**-7.7**	**-8.5**
MSCI EAFE Small Cap	***6.1%***			*9.9*	*-*	*-*	*6.0*	*1.1*	*-7.9*	*-7.1*	*-7.9*
Core Fixed Income *(ex- High Yield)*	**2,150,624,656**	**4/1/1990**	**25.9**	**7.0**	**6.2**	**5.3**	**2.4**	**-3.6**	**1.1**	**-0.4**	**1.1**
Barclays Aggregate	***16.9%***			*6.4*	*4.7*	*3.5*	*2.1*	*-0.2*	*1.4*	*0.8*	*1.4*
Active Duration Fixed Income	**336,998,058**	**11/1/2004**	**11.3**	**8.4**	**8.1**	**11.8**	**6.4**	**-6.8**	**5.5**	**4.5**	**5.5**
Barclays Aggregate	***2.7%***			*4.4*	*4.7*	*3.5*	*2.1*	*-0.2*	*1.4*	*0.8*	*1.4*
Master Limited Partnerships	**631,878,181**	**2/28/2011**	**4.9**	**3.1**	**-**	*-*	**-5.3**	**-40.3**	**-14.5**	**-25.9**	**-14.5**
Alerian MLP Index	***5.0%***			*-2.1*	*-*	*-*	*-10.7*	*-38.2*	*-11.1*	*-21.2*	*-11.1*
High Yield Bonds	**734,669,401**	**2/1/2009**	**7.0**	**11.1**	**-**	**5.0**	**1.6**	**-4.3**	**-2.0**	**-5.8**	**-2.0**
ML High Yield II	***5.8%***			*11.5*	*-*	*4.1*	*0.7*	*-6.8*	*-1.6*	*-6.3*	*-1.6*
Core Real Estate	**733,606,417**	**4/1/2011**	**4.8**	-	-	-	-	-		-	-
NCREIF	***5.8%***			-	-	-	-	-	-	-	-
Non-Core Real Estate	**169,868,690**	**7/1/2014**	**1.6**	-	-	-	-	-		-	-
NCREIF	***1.3%***			-	-	-	-	-	-	-	-
Cash	**32,462,734**	**4/1/1990**	**25.9**	-	-	-	-	-	-	-	-
91 Day T-bill	***0.3%***			-	*1.2*	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*

Equity Portfolios Summary
As of January 31, 2016

Oklahoma Teachers Retirement System

	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Calendar YTD	Last Quarter	Last Month
All Cap / Large Cap Domestic											
Hotchkis & Wiley Large Cap	**534,858,331**	**4/1/1990**	**25.9**	10.2	4.1	9.6	9.8	-8.7	-6.5	-10.6	-6.5
Russell 1000 Value	***4.2%***			*9.5*	*5.2*	*9.6*	*8.8*	*-5.0*	*-5.2*	*-6.9*	*-5.2*
Sawgrass	**552,753,606**	**7/1/2006**	**9.6**	8.2	-	13.2	13.3	2.1	-3.0	-3.5	-3.0
Russell 1000 Growth	***4.4%***			*8.4*	-	*11.7*	*13.0*	*1.3*	*-5.6*	*-6.7*	*-5.6*
ARI All Cap - terminated	**426,637,250**	**9/1/2006**	**9.4**	*4.9*	-	*8.2*	*7.6*	*-6.4*	*-5.1*	*-7.8*	*-5.1*
Russell 3000	***3.4%***			*6.5*	-	*10.4*	*10.5*	*-2.5*	*-5.6*	*-7.1*	*-5.6*
EPOCH All Cap	**464,061,482**	**9/1/2006**	**9.4**	7.0	-	9.8	11.0	-5.4	-7.1	-9.2	-7.1
Russell 3000	***3.7%***			*6.5*	-	*10.4*	*10.5*	*-2.5*	*-5.6*	*-7.1*	*-5.6*
Passive Domestic Equity											
NT Cap Weighted Passive	**192,764,428**	**4/1/2012**	**3.8**	11.4	-	-	11.4	-0.3	-5.0	-6.1	-5.0
S&P 500 Cap Weighted	***1.5%***			*11.0*	-	-	*11.3*	*-0.7*	*-5.0*	*-6.2*	*-5.0*
SSGA Eq Weighted Passive	**190,951,396**	**4/1/2012**	**3.8**	11.5	-	-	10.3	-5.4	-5.6	-7.5	-5.6
S&P 500 Equal Weighted	***1.5%***			*11.2*	-	-	*10.5*	*-5.0*	*-5.6*	*-7.6*	*-5.6*
Mid Cap Domestic Equity											
Frontier Capital	**469,768,841**	**6/1/2002**	**13.7**	9.5	9.0	9.7	10.5	-4.6	-7.7	-10.1	-7.7
Russell Mid Cap Growth	***3.7%***			*8.4*	*6.7*	*9.4*	*9.7*	*-6.2*	*-7.6*	*-9.5*	*-7.6*
Wellington Management	**403,566,821**	**9/1/1998**	**17.4**	9.0	5.6	5.4	7.6	-12.5	-8.8	-13.7	-8.8
Russell Mid Cap Growth	***3.2%***			*8.2*	*6.7*	*9.4*	*9.7*	*-6.2*	*-7.6*	*-9.5*	*-7.6*
AJO Partners	**495,983,390**	**8/1/1998**	***17.5***	10.0	7.0	10.7	10.0	-9.7	-8.4	-12.4	-8.4
Russell MidCap	***3.9%***			*9.5*	*6.7*	*9.5*	*9.2*	*-7.4*	*-6.6*	*-8.8*	*-6.6*
Hotchkis & Wiley Mid Cap	**432,300,540**	**8/1/2002**	**13.5**	11.7	6.8	10.1	6.9	-15.0	-8.7	-13.1	-8.7
Russell MidCap Value	***3.4%***			*10.1*	*6.5*	*9.5*	*8.6*	*-8.7*	*-5.5*	*-8.2*	*-5.5*
Small Cap Domestic Equity											
Shapiro Capital Management	**553,019,251**	**2/1/1998**	**18.0**	8.9	7.6	7.0	6.2	-17.4	-5.7	-7.4	-5.7
Russell 2000	***4.4%***			*6.4*	*4.9*	*7.3*	*6.1*	*-9.9*	*-8.8*	*-10.6*	*-8.8*
Geneva Capital	**201,697,755**	**6/1/2013**	**2.7**	9.7	-	-	-	6.6	-6.4	-7.2	-6.4
Russell 2000 Growth	***1.6%***			*4.6*	-	-	-	*-10.0*	*-10.8*	*-12.0*	*-10.8*
Wasatch Advisors	**186,688,535**	**6/1/2013**	**2.7**	6.2	-	-	-	-0.7	-8.0	-8.3	-8.0
Russell 2000 Growth	***1.5%***			*4.6*	-	-	-	*-10.0*	*-10.8*	*-12.0*	*-10.8*
Cove Street Capital	**97,232,890**	**6/1/2013**	**2.7**	2.5	-	-	-	-2.4	-6.6	-11.3	-6.6
Russell 2000 Value	***0.8%***			*2.0*	-	-	-	*-9.9*	*-6.7*	*-9.1*	*-6.7*
Frontier Capital	**152,293,851**	**6/1/2002**	**13.7**	8.7	8.0	7.8	7.2	-2.1	-5.9	-7.7	-5.9
Russell 2000 Value	***1.2%***			*2.0*	-	-	-	*-9.9*	*-6.7*	*-9.1*	*-6.7*
Neumeier Poma	**119,884,687**	**6/1/2013**	**2.7**	10.3	-	-	-	2.5	-6.2	-6.3	-6.2
Russell 2000 Value	***0.9%***			*2.0*	-	-	-	*-9.9*	*-6.7*	*-9.1*	*-6.7*
International Large Cap Equity											
Causeway Capital	**458,717,316**	**5/1/2003**	**12.8**	8.1	2.9	1.9	-0.1	-12.1	-7.6	-10.7	-7.6
MSCI ACWI Ex US	***3.6%***			*7.2*	-	*-0.1*	*-1.7*	*-11.6*	*-6.8*	*-10.4*	*-6.8*
Northern Trust Passive	**757,997,365**	**9/1/2013**	**2.4**	-2.2	-	-	-	*-8.0*	*-7.2*	*-9.9*	*-7.2*
MSCI EAFE	***6.0%***			*0.1*	-	-	-	*-8.0*	*-7.2*	*-9.9*	*-7.2*
International Small Cap Equity											
ARI Small Cap International	**189,366,552**	**12/1/2011**	**4.2**	8.4	-	-	3.4	-6.4	-7.6	-9.3	-7.6
MSCI EAFE Small Cap	***1.5%***			*9.9*	-	-	*6.0*	*1.1*	*-7.9*	*-7.1*	*-7.9*
Epoch Small Cap International	**189,042,141**	**12/1/2011**	**4.2**	8.0	-	-	4.5	2.5	-8.9	-8.4	-8.9
MSCI EAFE Small Cap	***1.5%***			*9.9*	-	-	*6.0*	*1.1*	*-7.9*	*-7.1*	*-7.9*
Wasatch Small Cap International	**201,583,430**	**12/1/2011**	**4.2**	13.9	-	-	7.5	7.1	-8.2	-4.3	-8.2
MSCI EAFE Small Cap	***1.6%***			*9.9*	-	-	*6.0*	*1.1*	*-7.9*	*-7.1*	*-7.9*
Wellington Small Cap International	**198,298,347**	**12/1/2011**	**4.2**	12.2	-	-	6.8	0.4	-9.2	-8.9	-9.2
MSCI EAFE Small Cap	***1.6%***			*9.9*	-	-	*6.0*	*1.1*	*-7.9*	*-7.1*	*-7.9*

Fixed Income Portfolios Summary

As of January 31, 2016

Oklahoma Teachers Retirement System

	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Calendar YTD	Last Quarter	Last Month
Core Fixed Income											
Loomis Sayles	**599,936,102**	**8/1/1999**	**16.5**	6.4	7.0	4.6	1.3	-4.3	0.2	-2.0	0.2
Barclays Aggregate	***4.7%***			*5.4*	*4.7*	*3.5*	*2.1*	*-0.2*	*1.4*	*0.8*	*1.4*
Lord Abbett	**616,423,351**	**11/1/2004**	**11.3**	5.5	5.9	4.5	2.2	-1.0	0.6	-0.4	0.6
Barclays Aggregate	***4.9%***			*4.4*	*4.7*	*3.5*	*2.1*	*-0.2*	*1.4*	*0.8*	*1.4*
Mackay Shields	**597,267,144**	**11/1/2004**	**11.3**	5.4	5.8	4.2	1.2	-3.4	0.3	-1.6	0.3
Barclays Aggregate	***4.7%***			*4.4*	*4.7*	*3.5*	*2.1*	*-0.2*	*1.4*	*0.8*	*1.4*
Active Duration Fixed Income											
Hoisington	**336,998,058**	**11/1/2004**	**11.3**	8.4	8.1	11.8	6.4	-6.8	5.5	4.5	5.5
Barclays Aggregate	***2.7%***			*4.4*	*4.7*	*3.5*	*2.1*	*-0.2*	*1.4*	*0.8*	*1.4*
High Yield Fixed Income											
Loomis Sayles High Yield	**235,875,017**	**2/1/2009**	**7.0**	10.6	-	3.6	-0.3	-8.0	-2.7	-7.4	-2.7
Merrill Lynch High Yield II	***1.9%***			*11.5*	*-*	*4.1*	*0.7*	*-6.8*	*-1.6*	*-6.3*	*-1.6*
Lord Abbett High Yield	**251,338,008**	**2/1/2009**	**7.0**	12.1	-	6.0	3.1	-2.6	-1.7	-4.8	-1.7
Merrill Lynch High Yield II	***2.0%***			*11.5*	*-*	*4.1*	*0.7*	*-6.8*	*-1.6*	*-6.3*	*-1.6*
MacKay Shields High Yield	**247,456,376**	**2/1/2009**	**7.0**	10.5	-	5.1	1.8	-3.1	-1.6	-5.2	-1.6
Merrill Lynch High Yield II	***1.9%***			*11.5*	*-*	*4.1*	*0.7*	*-6.8*	*-1.6*	*-6.3*	*-1.6*

Non-Traditional Portfolios Summary

As of January 31, 2016 ***(unless otherwise noted)***

Oklahoma Teachers Retirement System

Master Limited Partnerships

	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Calendar YTD	Last Quarter	Last Month
Chickasaw Capital MLP	**234,771,250**	**2/28/2011**	**4.9**	8.1	-	-	-1.1	-38.7	-14.8	-24.1	-14.8
Alerian MLP Index	***1.8%***			*-2.2*	-	-	*-10.7*	*-38.2*	*-11.1*	*-21.2*	*-11.1*
Cushing MLP Management	**212,892,790**	**2/28/2011**	**4.9**	3.1	-	-	-4.3	-41.5	-13.3	-26.5	-13.3
Alerian MLP Index	***1.7%***			*-2.2*	-	-	*-10.7*	*-38.2*	*-11.1*	*-21.2*	*-11.1*
ARI MLP	**184,214,142**	**2/28/2011**	**4.9**	-1.2	-	-	-9.4	-41.0	-15.3	-27.3	-15.3
Alerian MLP Index	***1.5%***			*-2.2*	-	-	*-10.7*	*-38.2*	*-11.1*	*-21.2*	*-11.1*

Private Equity

	Market Value	Inception Date	Time Since Inception (Years)	$ Committed	$ Contributed as of 1/31/2016	% Called	$ Return as of 1/31/2016	IRR Inception	IRR 3 Year	IRR 1 Year	Performance as of
Legacy Private Equity Portfolio	**43,864,159**	**10/1/2008**	**7.3**	$97,500,000	$95,480,850	97.9%	$87,673,786	11.2%	11.1%	2.1%	9/30/2015
Russell 1000 + 4%	***0.3%***							*14.0%*	*19.0%*	*4.9%*	
Franklin Park Private Equity	**574,066,001**	**4/1/2010**	**5.8**	$1,200,000,000	$568,037,500	47.3%	$108,952,588	12.9%	16.2%	14.2%	9/30/2015
Russell 1000 + 4%	***4.5%***							*15.9%*	*19.0%*	*4.9%*	

Real Estate

	Market Value	Inception Date	Time Since Inception (Years)	$ Committed	$ Contributed as of 1/31/2016	% Called	Time Weighted Trailing Two Year Return (Annualized)[1]	Time Weighted Trailing One Year Return[1]	Performance as of
AEW Real Estate	**254,729,602**	**5/1/2011**	**4.8**	$165,500,000	$165,500,000	100%	11.6%	12.3%	9/30/2015
NFI-ODCE	***2.0%***						*12.4%*	*13.5%*	
Heitman Real Estate	**257,795,592**	**5/1/2011**	**4.8**	$157,400,000	$157,400,000	100%	12.8%	12.9%	9/30/2015
NFI-ODCE	***2.0%***						*12.4%*	*13.5%*	
L&B Real Estate	**221,081,223**	**4/1/2011**	**4.8**	$150,000,000	$150,000,000	100%	12.5%	14.5%	9/30/2015
NFI-ODCE	***1.7%***						*12.4%*	*13.5%*	
Antheus Capital	**26,875,000**	**10/1/2014**	**1.3**	$53,750,000	$26,875,000	50%	-	-	-
NFI-ODCE	***0.2%***						-	-	
Dune	**31,962,173**	**10/1/2014**	**1.3**	$53,750,000	*$27,493,125*	51%	-	-	-
NFI-ODCE	***0.3%***						-	-	
GreenOak Real Estate	**27,280,783**	**10/1/2014**	**1.3**	$50,000,000	$29,798,072	60%	-	-	-
NFI-ODCE	***0.2%***						-	-	
L&B Golden Driller	**26,742,549**	**7/1/2014**	**1.6**	$60,000,000	*$26,790,000*	45%	-	-	-
NFI-ODCE	***0.2%***						-	-	
Landmark Realty	**13,155,244**	**12/1/2014**	**1.2**	$35,000,000	$12,322,603	35%	-	-	-
NFI-ODCE	***0.1%***						-	-	
American Realty	**16,019,286**	**12/1/2014**	**1.2**	$53,750,000	$13,745,100	26%	-	-	-
NFI-ODCE	***0.1%***						-	-	
Starwood	**27,833,655**	**11/1/2015**	**0.2**	$53,750,000	$27,950,000	52%	-	-	-
NFI-ODCE	***0.0%***						-	-	

[1]Performance shown Net of Fees.

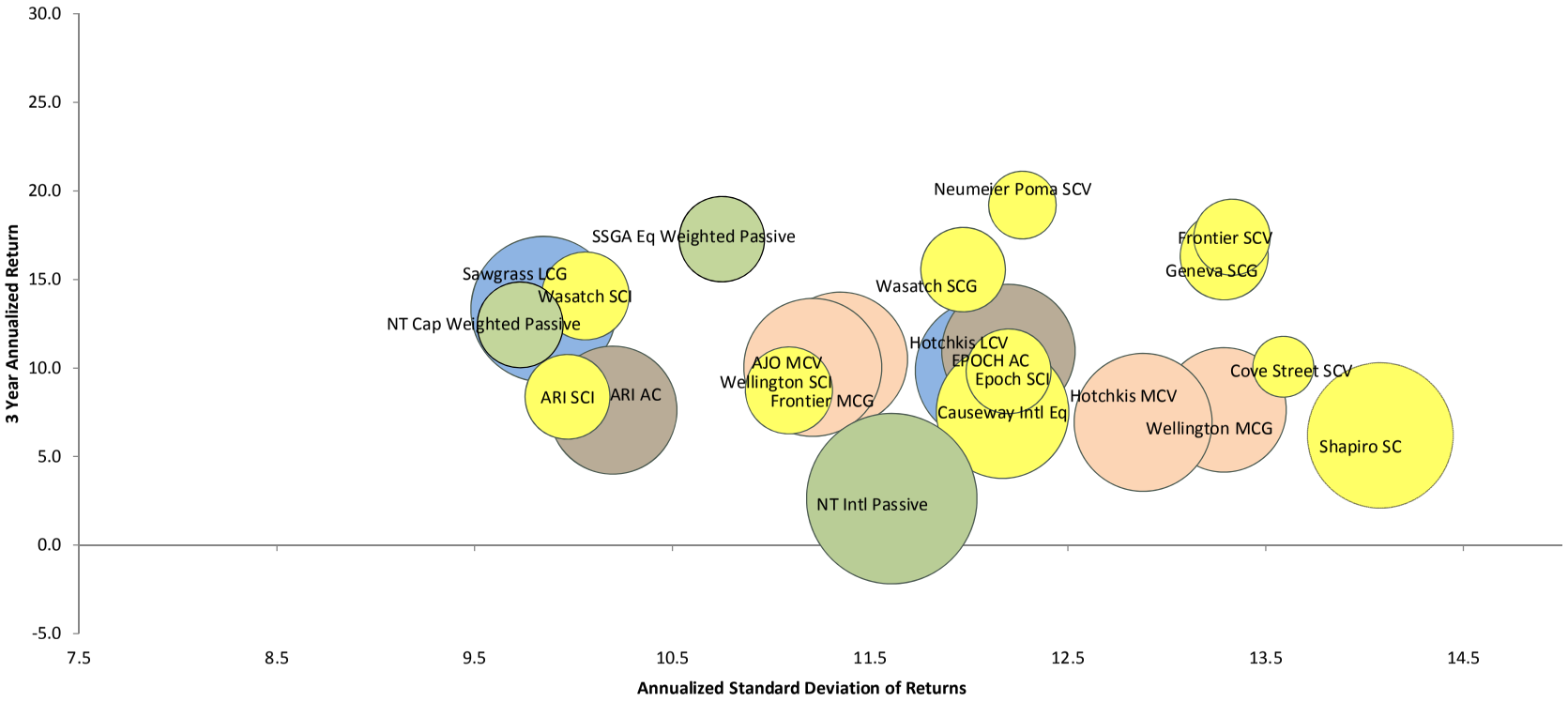
Preliminary data displayed where final audited figures are unavailable.

Opportunistic Fixed Income

	Market Value	Inception Date	Time Since Inception (Years)	$ Committed	$ Contributed as of 1/31/2016	% Called[3]	$ Return as of 1/31/2016	Time Weighted Return Since Inception (Annualized)	Time Weighted One Year Return	Performance as of
PIMCO BRAVO	**26,222,404**	**3/31/2011**	**4.8**	$100,000,000	$100,000,000	100%	$156,225,033	19.7%	4.5%	9/30/2015
Barclays Aggregate	***0.2%***							*3.6%*	*1.9%*	
PIMCO BRAVO II	**134,122,094**	**3/31/2013**	**2.8**	$150,000,000	$120,000,000	80%	$0	18.8%	8.8%	9/30/2015
Barclays Aggregate	***1.1%***							*1.7%*	*1.9%*	

The Bogdahn Group

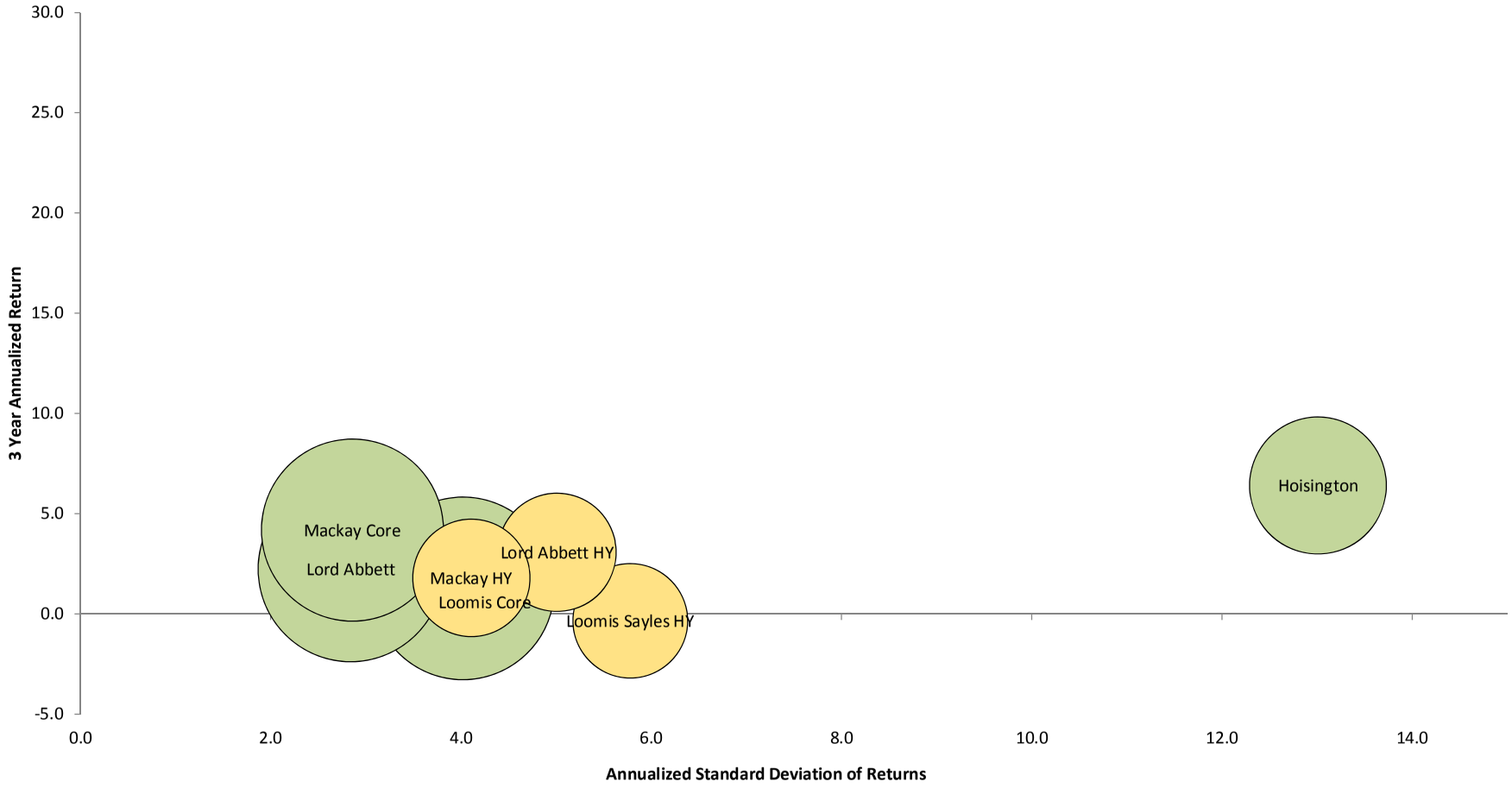
Three Year Risk/Return Review - Equity Portfolios



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

As of January 31, 2016

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.

As of January 31, 2016

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
Wellington	Domestic Equity	Mid Cap	403,566,821	3.18%	**On Alert**	Personnel Change	January 2016	January 2016	December 2016	Maintain continuity of management practices and results

All other managers currently rated In Compliance

LORD ABBETT

January 25th, 2016
Investment Committee
Teacher's Retirement System of Oklahoma
P.O. Box 53524
Oklahoma City, OK 73152-3524

Dear Sirs/Madams:

Lord Abbett would like to remove the Exception that was granted by the Board of Trustees at the August 27, 2014 Board Meeting, allowing an increase to the maximum concentration in developing or emerging markets issues as determined by MSCI to 15%. The current Oklahoma Teachers Retirement Investment Policy allows for a maximum of 10% in developing or emerging markets issuers as determined by MSCI, and at this time, we are comfortable to be within the OTRS Investment Policy guidelines. When we requested the Exception in 2014, we had seen an increased number of attractive investments in the EM debt market but we no longer feel that we need the flexibility, in spite of widening spreads. As such, we would be more comfortable not having this Exception in place at this time.

Respectfully yours,

Katherine E. Martin
Director, Institutional Client Services

CC: Mr. Douglas Anderson
The Bogdahn Group

OKLAHOMA TEACHERS RETIREMENT SYSTEM

Investment Portfolio as of January 29, 2016

Asset allocation vs Policy Targets

Accounts	Market Value	Accruals	Market Value and Accr	%Allocation	Target Allocation	Min % Allocation	Max % Allocation
Cash and Equivalents	$32,448,213.74	$14,567.27	$32,462,781.01	0.26%	0.0%	0.0%	0.0%
Core Plus Fixed Income	$2,131,227,039.29	$19,263,422.39	$2,150,490,461.68	16.94%	17.5%	15.8%	19.3%
Domestic All Cap Equity	$890,270,570.11	$427,305.75	$890,697,875.86	7.02%	7.0%	6.3%	7.7%
Domestic Large Cap Equity	$1,469,574,421.68	$1,684,814.73	$1,471,259,236.41	11.59%	10.0%	9.0%	11.0%
Domestic Mid Cap Equity	$1,800,743,861.97	$842,973.70	$1,801,586,835.67	14.19%	13.0%	11.7%	14.3%
Domestic Small Cap Equity	$1,310,452,068.79	$384,733.38	$1,310,836,802.17	10.33%	10.0%	9.0%	11.0%
High-Yield Fixed Income	$721,398,515.39	$13,112,202.64	$734,510,718.03	5.79%	6.0%	5.4%	6.6%
International Lg Cap Equity	$1,211,725,278.43	$4,774,034.02	$1,216,499,312.45	9.58%	11.5%	10.4%	12.7%
International Sm Cap Equity	$776,557,508.46	$1,743,247.60	$778,300,756.06	6.13%	6.0%	5.4%	6.6%
Master Limited Partnerships	$626,965,261.17	$4,912,753.94	$631,878,015.11	4.98%	7.0%	6.3%	7.7%
Opportunistic	$160,344,496.59	$0.85	$160,344,497.44	1.26%	0.0%	0.0%	5.0%
Private Equity	$617,930,160.00	$0.00	$617,930,160.00	4.87%	5.0%	4.5%	5.5%
Real Estate	$897,658,956.40	$0.00	$897,658,956.40	7.07%	7.0%	6.3%	7.7%
Grand Total	**$12,647,296,352.02**	**$47,160,056.27**	**$12,694,456,408.29**	**100.00%**			

Accounts	$Variance to Target	%Variance to Target	Target Mkt Value	$ Below Min	$ Above Max	Min $ Allocation	Max $ Allocation
Cash and Equivalents	**$32,462,781.01**	**0.26%**	$0.00		$32,462,781.01	$0.00	$0.00
Core Plus Fixed Income	**-$71,039,409.77**	**-0.56%**	$2,221,529,871.45			$1,999,376,884.31	$2,443,682,858.60
Domestic All Cap Equity	**$2,085,927.28**	**0.02%**	$888,611,948.58			$799,750,753.72	$977,473,143.44
Domestic Large Cap Equity	**$201,813,595.58**	**1.59%**	$1,269,445,640.83		$74,869,031.50	$1,142,501,076.75	$1,396,390,204.91
Domestic Mid Cap Equity	**$151,307,502.59**	**1.19%**	$1,650,279,333.08			$1,485,251,399.77	$1,815,307,266.39
Domestic Small Cap Equity	**$41,391,161.34**	**0.33%**	$1,269,445,640.83			$1,142,501,076.75	$1,396,390,204.91
High-Yield Fixed Income	**-$27,156,666.47**	**-0.21%**	$761,667,384.50			$685,500,646.05	$837,834,122.95
International Lg Cap Equity	**-$243,363,174.50**	**-1.92%**	$1,459,862,486.95	$97,376,925.81		$1,313,876,238.26	$1,605,848,735.65
International Sm Cap Equity	**$16,633,371.56**	**0.13%**	$761,667,384.50			$685,500,646.05	$837,834,122.95
Master Limited Partnerships	**-$256,733,933.47**	**-2.02%**	$888,611,948.58	$167,872,738.61		$799,750,753.72	$977,473,143.44
Opportunistic	**$160,344,497.44**	**1.26%**	$0.00			$0.00	$634,722,820.41
Private Equity	**-$16,792,660.41**	**-0.13%**	$634,722,820.41			$571,250,538.37	$698,195,102.46
Real Estate	**$9,047,007.82**	**0.07%**	$888,611,948.58			$799,750,753.72	$977,473,143.44
Grand Total	**$0.00**	**0.00%**	**$12,694,456,408.29**				

Accounts	Market Value	Accruals	Market Value and Accruals	%Allocation	Feb Cash Txfrs		Mar Cash Txfrs	
OTRS-ADVISORY RESEARCH ALL	$426,452,268.59	$184,641.26	$426,636,909.85	3.36%				
					Cushing	Chickasaw	Cushing	Chickasaw
Amount to return MLP to Target			$256,733,933.47		$ 64,183,483.37	$ 64,183,483.37	$ 64,183,483.37	$ 64,183,483.37
				Rounded Amount	$ 64,000,000.00	$ 64,000,000.00	*TBD based upon remaining variance to target*	
Total Cash to transfer to MLP accounts in February			$128,000,000.00					
Amount of ARI All Cap to remain in S&P 500 after 1st stage of rebal			$298,636,909.85					

Oklahoma Teachers' Retirement System

Transition Management Post-Trade Analysis

February 18, 2016

Overview

Enclosed are the results of the Oklahoma Teachers' Retirement System (account xxK101) portfolio restructuring. The objective was to restructure the existing legacy manager into the target managers (see below) while minimizing transaction costs. The trading of the accounts began on February 3, 2016, and was completed by the close of February 11, 2016.

Attached is a copy of our post-trade report detailing the costs and savings of this assignment. Savings were obtained by transferring in-kind 10.1% of the portfolio and crossing 6.8% of the portfolio.The remaining portion of the trade was cost effectively executed in the open market. The net commissions paid were 0.87 cps.

Legacy Manager	**Target Managers**
Advisory Research	NTAM S&P 500 SMA
	Cash MLP Managers

Summary

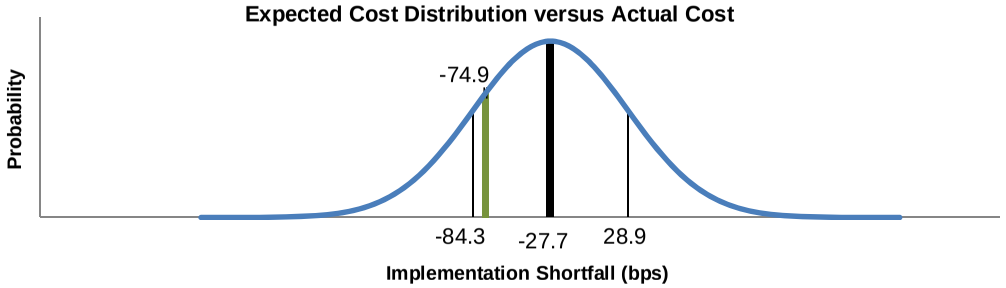
Implementation shortfall is defined by Northern Trust as the difference between the performance of the transition portfolio and the performance of the target portfolio. The performance of the transition portfolio during the transition was down 350.4 basis points (bps). The target portfolio was down 275.5 bps for an implementation shortfall of 74.9 bps.

Transition Summary

Market Value (Legacy and Target)	Actual		Pre-Trade	
	USD	% of Portfolio	USD	% of Portfolio
Cash	147,732,762	17.8%	150,427,853	18.0%
In-Kind	83,911,615	10.1%	83,823,671	10.0%
Cross	56,365,334	6.8%	120,441,694	14.4%
Open Market	543,594,920	65.4%	481,766,776	57.6%
Totals	**831,604,631**	**100.0%**	**836,459,994**	**100.0%**

Performance (bps)

	Actual	Pre-Trade Cost Range		
	Basis Points	Max Shortfall	Est. Trading Cost	Min Shortfall
Total Explicit Costs	3.5	3.5	3.5	3.5
Implicit & Opportunity Costs	71.4	80.8	24.2	(32.4)
Implementation Shortfall	**74.9**	**84.3**	**27.7**	**(28.9)**



Transition Post-Trade Summary

Oklahoma Teachers' Retirement System

Transition Start Date	03 February 2016 (1:22 PM)
Transition End Date	11 February 2016
Base Currency:	USD

Execution Details

Legacy	Market Value	Positions	Shares/Par	% of Value
Cash	16,396,678	-	-	4%
In-Kind	41,955,808	26	603,343	10%
Cross	44,621,522	12	1,337,476	11%
Open Market	312,828,307	37	6,575,145	75%
Totals	**415,802,316**	**42**	**8,515,964**	**100%**

Target	Market Value	Positions	Shares/Par	% of Value
Cash	131,336,084	-	-	32%
In-Kind	41,955,808	26	603,343	10%
Cross	11,743,812	148	272,305	3%
Open Market	230,766,613	479	4,257,288	55%
Totals	**415,802,316**	**503**	**5,132,936**	**100%**

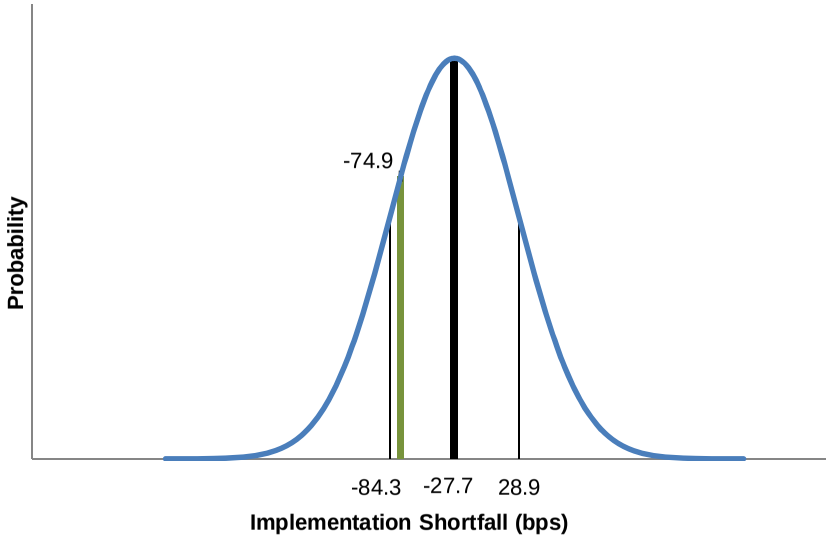
Pre-Trade Details

Legacy	Market Value	Positions	Shares/Par	% of Value
Cash	16,396,678	-	-	4%
In-Kind	41,911,836	26	603,343	10%
Cross	71,984,297	37	1,582,524	17%
Open Market	287,937,186	37	6,330,097	69%
Totals	**418,229,997**	**38**	**8,515,964**	**100%**

Target	Market Value	Positions	Shares/Par	% of Value
Cash	134,031,174	-	-	32%
In-Kind	41,911,836	26	603,343	10%
Cross	48,457,397	479	905,924	12%
Open Market	193,829,590	479	3,623,669	46%
Totals	**418,229,997**	**504**	**5,132,936**	**100%**

Cost Review [1]	Execution		Pre-Trade	
	USD	Basis Points	USD	Basis Points
Commissions	118,201	2.8	118,201	2.8
Short Settlement	22,577	0.5	22,459	0.5
Taxes and Fees	6,586	0.2	6,623	0.2
Total Explicit Costs	**147,363**	**3.5**	**147,283**	**3.5**
Bid/Ask Spread	211,428	5.0	221,355	5.3
Market Impact	959,099	22.9	789,279	18.9
Opportunity Cost	1,822,521	43.5	2,367,182	56.6
Implicit & Opportunity Costs	**2,993,047**	**71.4**	**3,377,816**	**80.8**
Implementation Shortfall	**3,140,411**	**74.9**	**3,525,099**	**84.3**

Expected Cost Distribution versus Actual Cost



All data displayed in base currency, unless otherwise noted.

Cost review notes[1] To determine implementation shortfall, the basis point (bps) calculation was based upon the following:

Execution: beginning legacy value of 419,082,251, valued as of Feb 3, 2016

Pre-trade: beginning legacy value of 418,229,997, valued as of Feb 2, 2016

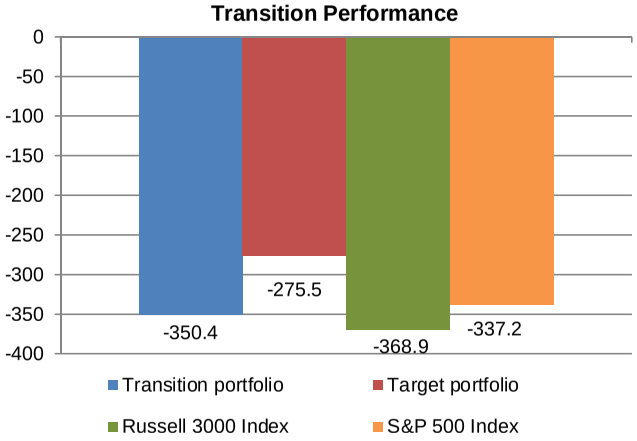
Bid/Ask Spread and Market Impact are estimated costs based upon market guidance and estimates from pre-trade report.
The Currency Spread represents actual prices versus the benchmark.

Value of Portfolio during transition

Benchmark	Intraday (1:22 PM)
03 February 2016	419,082,251
11 February 2016	404,395,630
USD	-14,686,620
Basis points	-350.4

Implementation Shortfall Analysis

	Performance	Differential
Transition portfolio	-350.4	
Target portfolio	-275.5	-74.9
Russell 3000 Index	-368.9	18.5
S&P 500 Index	-337.2	-13.2



Trade Detail

	Shares		Gross Value		Commission		Taxes		Net	
	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy
Short Settlement					22,577					
External Cross	1,337,476	272,305	44,635,215	11,741,225	12,706	2,587	986	-	44,621,522	11,743,812
Open Market	6,575,145	4,257,288	312,918,946	230,726,167	62,463	40,445	5,599	-	312,828,307	230,766,613
US Equity	**7,912,621**	**4,529,593**	**357,554,160**	**242,467,392**	**97,746**	**43,032**	**6,586**	**-**	**357,449,829**	**242,510,424**
In-Kinds	**603,343**	**603,343**	**41,955,808**	**41,955,808**	**-**	**-**	**-**	**-**	**41,955,808**	**41,955,808**
Totals	**8,515,964**	**5,132,936**	**399,509,968**	**284,423,200**	**97,746**	**43,032**	**6,586**	**-**	**399,405,637**	**284,466,232**

Commission Detail

	US (cps)
External Cross	0.95
Open Market	0.95

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Region Attribution

Region	Trade Value (Net) Sell	Trade Value (Net) Buy	Impact Sell	Impact Buy	Implementation Shortfall (bps)	Implementation Shortfall (dollars)
Americas	357,449,829	242,510,424	(3,279,935)	139,525	(74.9)	(3,140,411)
Totals	**357,449,829**	**242,510,424**	**(3,279,935)**	**139,525**	**(74.9)**	**(3,140,411)**

Sector Attribution

Sector	Trade Value (Net) Sell	Trade Value (Net) Buy	Impact Sell	Impact Buy	Implementation Shortfall (bps)	Implementation Shortfall (dollars)
Consumer Discretionary	78,508,127	33,051,575	(1,177,576)	205,067	(23.2)	(972,510)
Consumer Staples	44,550,108	24,890,858	48,161	59,613	2.6	107,774
Energy	13,054,267	15,793,290	180,535	(64,402)	2.8	116,133
Financials	93,248,738	34,806,392	(1,736,112)	(61,826)	(42.9)	(1,797,939)
Health Care	47,584,555	30,868,902	98,203	25,353	2.9	123,555
Industrials	19,467,885	26,761,567	83,197	(148,456)	(1.6)	(65,259)
Information Technology	40,087,348	50,799,368	(546,738)	205,298	(8.1)	(341,439)
Materials	20,948,801	7,797,763	(229,605)	(79,890)	(7.4)	(309,494)
Telecom Services	-	7,922,809	-	(22,499)	(0.5)	(22,499)
Utilities	-	9,817,899	-	21,268	0.5	21,268
Totals	**357,449,829**	**242,510,424**	**(3,279,935)**	**139,525**	**(74.9)**	**(3,140,411)**

Security Attribution

(Greatest positive impact)

Name	Country	Sector	% of Transition	Side	Impact (bps)
Pioneer Natural Resources C	United States	Energy	1.1%	Sell	**3.90**
Comcast Corp-Class A	United States	Consumer Discretionary	2.0%	Sell	**2.48**
American International Grou	United States	Financials	1.7%	Sell	**2.28**
Mondelez International Inc-A	United States	Consumer Staples	1.6%	Sell	**1.65**
Alphabet Inc-Cl C	United States	Information Technology	0.5%	Buy	**1.43**
Totals			**6.9%**		**11.75**

(Greatest negative impact)

Name	Country	Sector	% of Transition	Side	Impact (bps)
Allied World Assurance Co	Switzerland	Financials	2.6%	Sell	**(37.70)**
Cst Brands Inc	United States	Consumer Discretionary	2.4%	Sell	**(28.13)**
Teletech Holdings Inc	United States	Information Technology	1.0%	Sell	**(7.01)**
H.B. Fuller Co.	United States	Materials	1.7%	Sell	**(6.67)**
Cdw Corp/De	United States	Information Technology	2.5%	Sell	**(5.11)**
Totals			**10.1%**		**(84.62)**

Notes

The 5 securities that moved most in your favor represented 6.9% of the transition and contributed 11.7 bps of positive performance.

The 5 securities that moved least in your favor represented 10.1% of the transition and contributed -84.6 bps of negative performance.

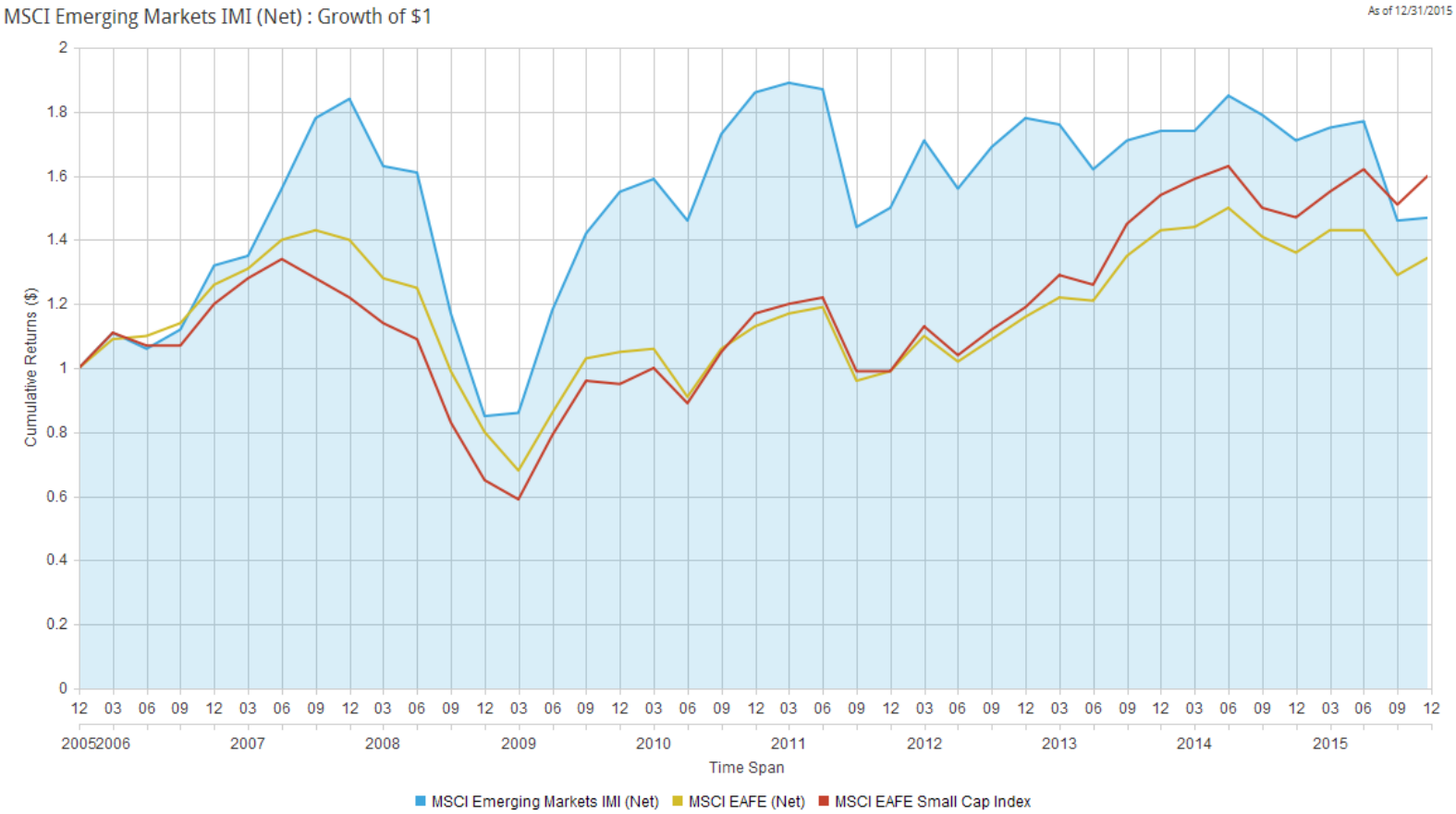
On a net basis, the securities that impacted you greatest (positively and negatively) collectively represented -72.9 bps and accounted for 97.3% of total performance.

Oklahoma Teachers' Retirement System International Equity Manager Searches

Finalist Review
February, 2016

Developed vs. Emerging Markets Returns

Correlation Matrix	MSCI Emerging Markets	MSCI EAFE	MSCI EAFE Small Cap
MSCI Emerging Markets	1.00		
MSCI EAFE	0.91	1.00	
MSCI EAFE Small Cap	0.88	0.96	1.00



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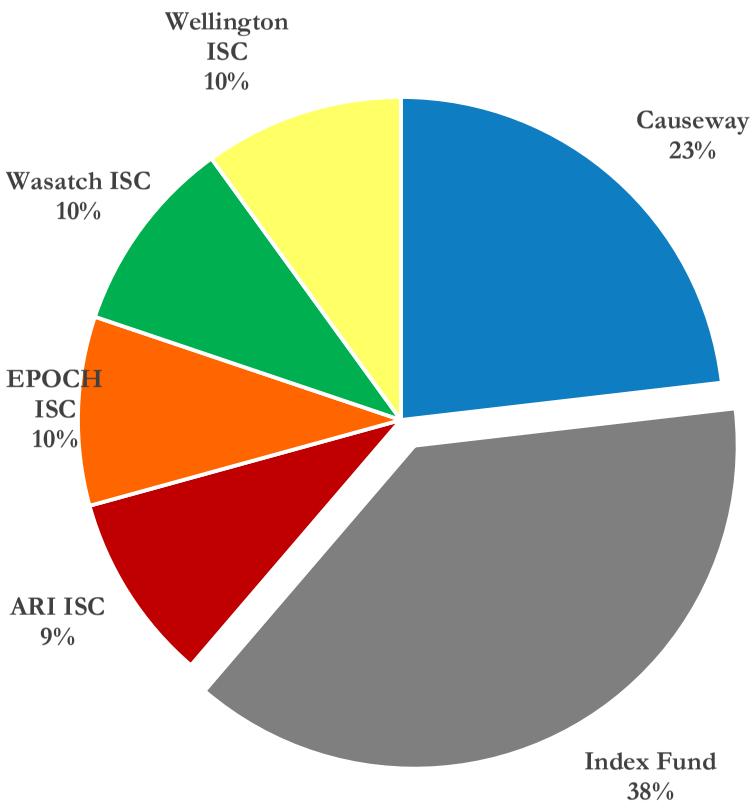
International Equity Allocation - Current



12/31/2015 Allocation = 15.9% ($2.0 billion)
Target Allocation = 17.5% ($2.2 billion)

Transition process will involve allocation of additional assets to the international equity portfolio. At roughly current market value, an additional $200 million would be added. The most likely source of funds would be the domestic equity portfolio.

If the assets currently invested in the international Index Fund are reallocated to active managers, the total amount of reallocated funds will be slightly less than $1 billion.

Developed + Emerging Manager Profiles

Manager Review: Allianz Global Investors - CORE

DM + EM

- Location: Portfolio Management - Frankfurt, Germany Service – New York
- Total AUM: $488.1 billion
- Product AUM: $1.6 billion
- Background: Allianz has managed client assets since its founding in 1895. In 1998, Allianz established asset management as a distinct business. Since that time, the business has grown both through organic means and by acquisition, including PIMCO. In 2012, Allianz divided its asset management operations into two groups: Allianz Global Investors and PIMCO.
- Ownership: Wholly owned by Allianz SE, a publicly traded financial services organization.
- Process: Allianz Global Investors Best Styles portfolios seek to systematically harvest risk premiums associated with five long-term investment styles: Value, Momentum, Earnings Change, Growth and Quality. The portfolio combines a diversified and stable mix of the five investment styles that has produced excess returns and smoothed the volatility of the individual styles. Top down research is used to determine the mix among the styles while fundamental individual analysis feeds stock selection.
- Decision Making Structure: Lead Portfolio Manager with support team.
- Key Personnel: Dr. Michael Heldmann, Dr. Klaus Teloeken, Dr. Benedikt Henne
- Fee Schedule:
  First $75 million: 0.36%
  Next $75 million: 0.315%
  Next $350 million: 0.27%
  Over $500 million: 0.25%
- Annual Fee Proposal on $100 million allocation: 0.35%; $348,750
- Annual Fee Proposal on $200 million allocation: 0.32%; $641,250

Manager Review: Tocqueville Asset Management - Value

DM + EM

- Location: New York, New York
- Total AUM: $11 billion
- Product AUM: $581 million
- Background: Tocqueville was founded in 1985 by Francois Sicart as a subsidiary of Tucker Anthony & R.L. Day and investment bank and broker. The firm gained its independence in 1990. International equity portfolios have been managed since 2001. Tocqueville manages portfolios for high net worth individuals, institutions and mutual funds.
- Ownership: Independent and 80% Employee-owned.
- Process: Tocqueville is a deep-value, contrarian investment manager that builds multi-cap portfolios for clients. The firm's fundamental research process focuses on discovering hidden value within companies. Portfolios generally have lower than market risk. Individual positions are targeted to have 100% upside return potential at purchase with limited downside risk. Attractive individual positions are thoroughly researched and debated by the investment committee and presenting analyst. Focus is placed on why the company under review is seriously undervalued and how market consensus is wrong. The manager occasionally hedges currency. Turnover is generally less than 30% per year.
- Decision Making Structure: Investment Committee lead by James Hunt
- Key Personnel: James Hunt
- Fee Schedule:

First $25 million:	0.85%
Over $25 million:	0.65%

- Annual Fee Proposal on $100 million allocation: 0.70%; $700,000
- Annual Fee Proposal on $200 million allocation: 0.68%; $1,350,000

Manager Review: Vontobel Asset Management - Growth

DM + EM

- Location: New York, New York
- Total AUM: $50.7 billion
- Product AUM: $7.8 billion
- Background: Vontobel Asset Management was established in 1984. The firm is dedicated to managing global and regional long-only equity portfolios. Their total product line composes six equity products. The firm is a prominent subsidiary of a publicly traded Swiss bank. Portfolio management occurs in New York.
- Ownership: Wholly owned by Vontobel AG, a Swiss bank holding company.
- Process: Vontobel has a firm wide investment philosophy of seeking to invest in high quality growth companies at sensible prices. The international team is made up of four portfolio managers, nine analysts and four traders. Portfolios are relatively unconstrained; Vontobel feels that most broad market indexes do not adequately represent high quality investment opportunities and make it very difficult to properly diversify underlying operational risks. Initial screens seek to find well-managed companies with the following attributes: consistent operating and financial performance, attractive long-term economic prospects, and competent management. Additional research is performed to provide deep understanding of potential investments. Buy candidates are generally characterized by predictable and sustainable business models. Portfolios typically hold between 50 and 70 positions with annual turnover of roughly 20%.
- Decision Making Structure: Rajiv Jain
- Key Personnel: Rajiv Jain, Portfolio Manager, makes all buy/sell decisions and manages portfolio construction.
- Fee Schedule: First $100 million: 0.75%
  Over $100 million: 0.65%
  For a mandate size of $250 million or greater, a flat fee of 0.62% will be honored.
- Annual Fee Proposal on $100 million allocation: 0.75%; $750,000
- Annual Fee Proposal on $200 million allocation: 0.70%; $1,400,000

Manager Review: Wellington Management - Growth

DM + EM

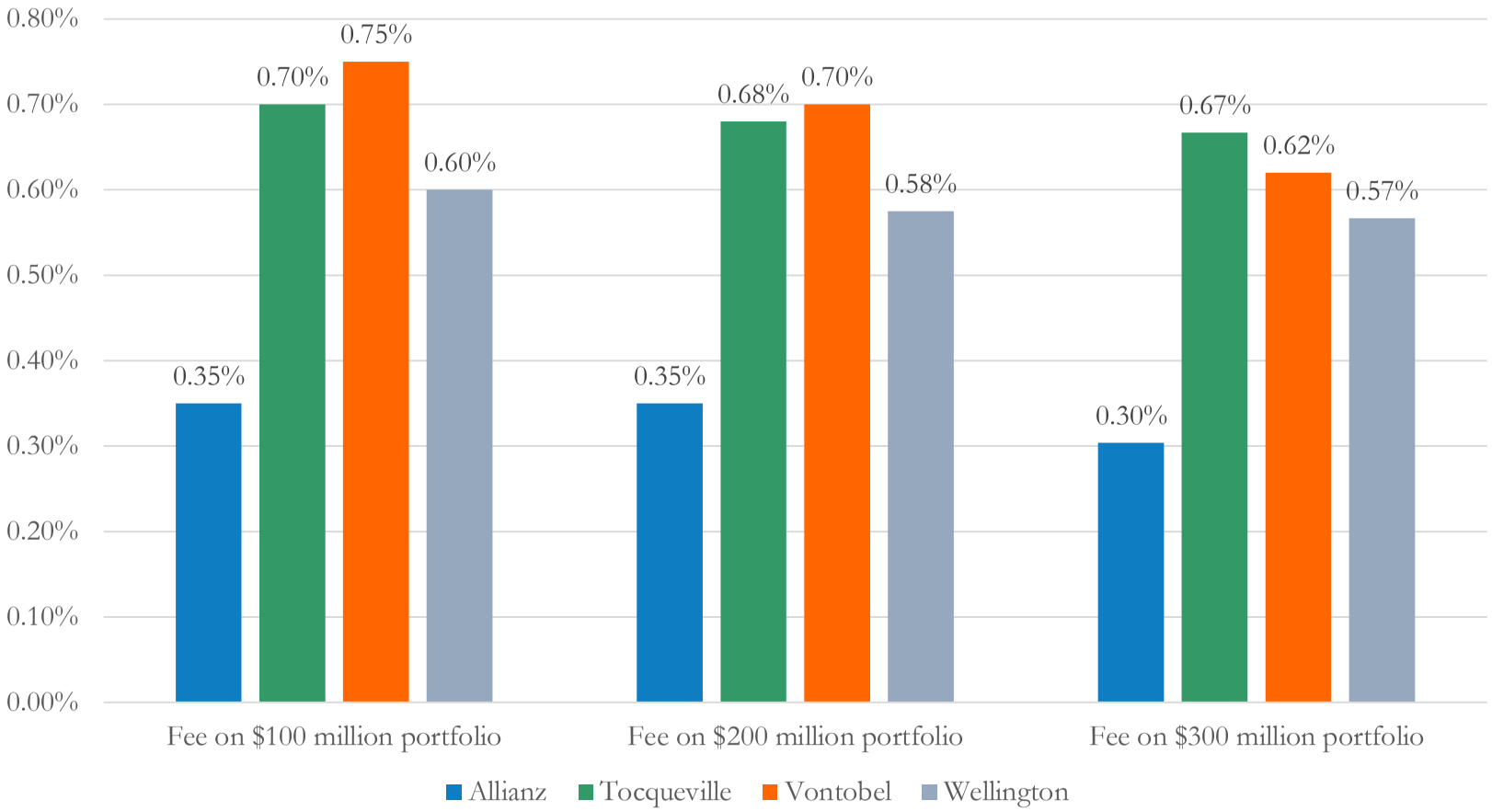
- Location: Boston, Massachusetts
- Total AUM: $939 billion
- Product AUM: $1 billion
- Background: Wellington Management was established in 1928 as the first balanced mutual fund in the U.S. The firm is wholly owned by 152 active employees. The firm's investment process focused on small team managed portfolios supported by significant research and operational resources.
- Ownership: Independent and 100% Employee-owned
- Process: Wellington Quality International Growth builds diversified portfolios of growing companies with superior business models, high levels of organic revenue growth, low valuation on a free cash flow basis, improving fundamentals and a record of returning capital to shareholders. Companies are actively ranked according to their relative attractiveness which combines growth prospects and valuation. Highly ranked companies are thoroughly researched to determine if there is an underlying catalyst and/or have a high probability for multiple expansion. Sector weights are largely determined by stock selection although they are generally maintained within +/- 15% from the benchmark. The same bands also apply to country weightings. The portfolios hold between 60 – 80 positions and typically exhibit higher than average turnover.
- Decision Making Structure: Portfolio Manager: John Boselli is supported by two other portfolio management personnel and 56 global industry analysts
- Key Personnel: John Boselli
- Fee Schedule:

First $100 million:	0.60%
Amounts over $100 million:	0.55%

- Annual Fee Proposal on $100 million allocation: 0.60%; $600,000
- Annual Fee Proposal on $200 million allocation: 0.575%; $1,150,000

Fee Comparison – Current Proposals

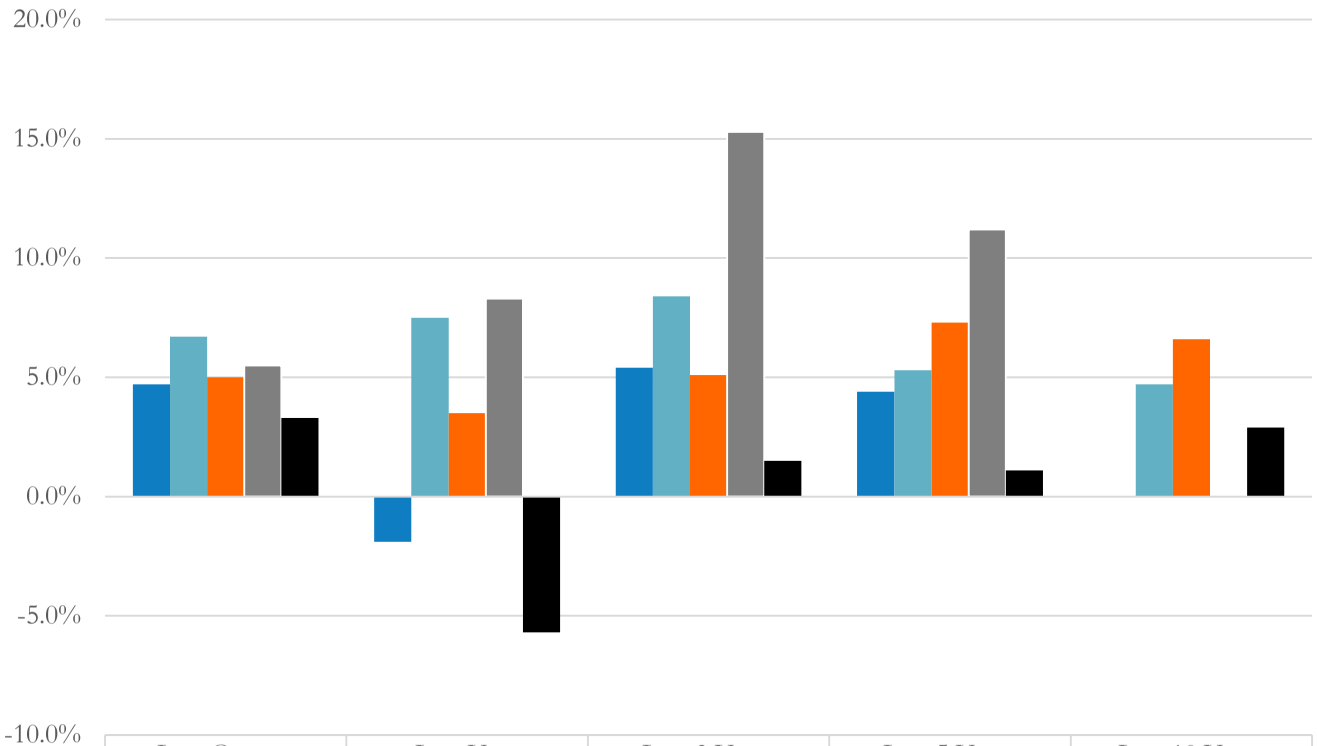
EM + FM



Performance Comparison – Annualized Periods

Updated as of December 31, 2015

DM + EM



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Allianz	4.7%	-1.9%	5.4%	4.4%	
Tocqueville	6.7%	7.5%	8.4%	5.3%	4.7%
Vontobel	5.0%	3.5%	5.1%	7.3%	6.6%
Wellington	5.5%	8.3%	15.3%	11.2%	
MSCI ACWI ex-US	3.3%	-5.7%	1.5%	1.1%	2.9%

Portfolio Characteristics

EM + FM

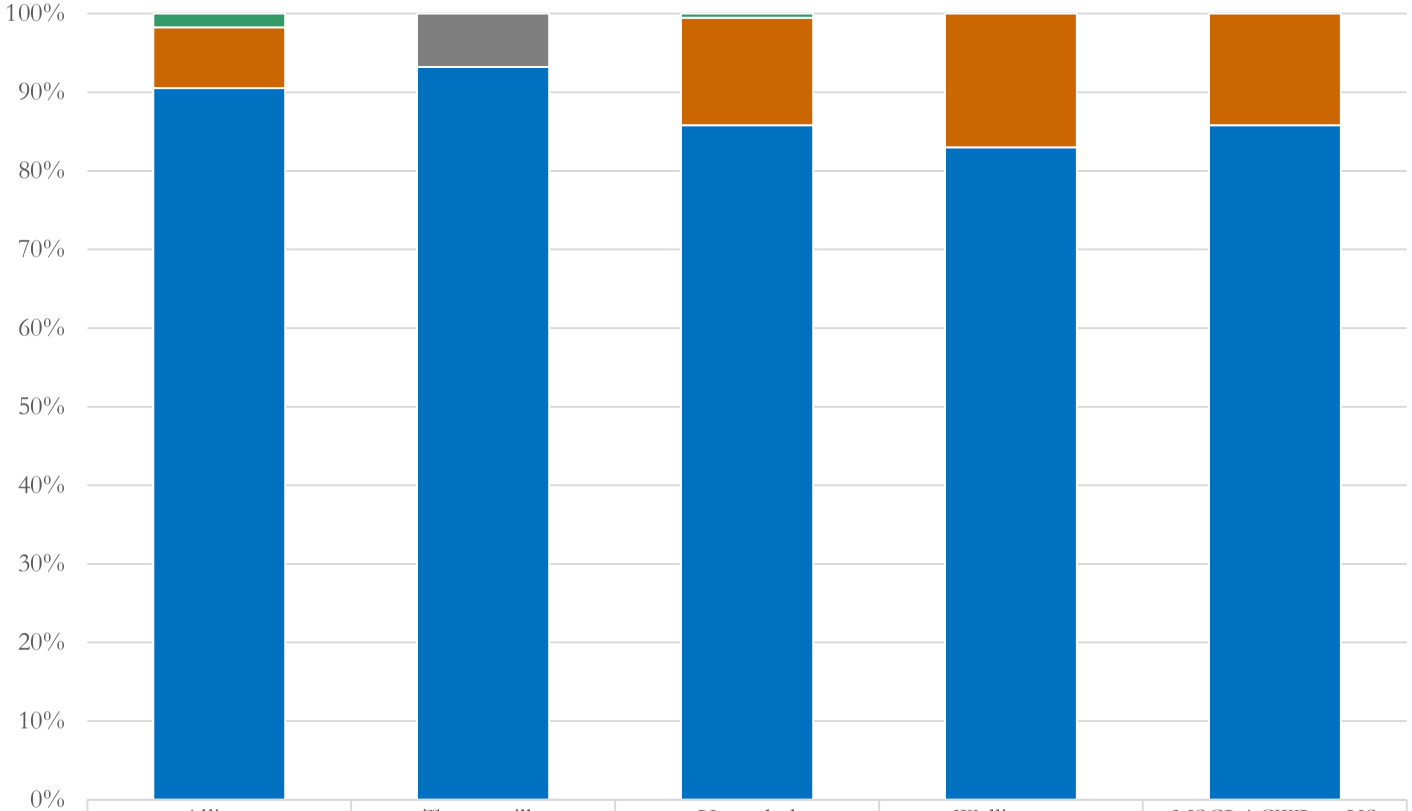
Core Manager	Weighted Average Market Cap	P/E Ratio	P/B Ratio	Dividend Yield	5 Year EPS Growth
Allianz	$29.6 billion	14.11	1.56	2.92%	20.02%
MSCI ACWI ex-US	$29.1 billion	16.16	1.60	3.04%	10.03%

Growth Managers	Weighted Average Market Cap	P/E Ratio	P/B Ratio	Dividend Yield	5 Year EPS Growth
Vontobel	$81.7 billion	20.84	4.51	2.16%	11.56%
Wellington	$52.1 billion	17.80	3.60	2.20%	10.90%
MSCI ACWI ex-US	$29.1 billion	16.16	1.60	3.04%	10.03%

Value Manager	Weighted Average Market Cap	P/E Ratio	P/B Ratio	Dividend Yield	5 Year EPS Growth
Tocqueville	$28.9 billion	16.30	1.63	2.61%	10.94%
MSCI ACWI ex-US	$29.1 billion	16.16	1.60	3.04%	10.03%

Market Exposure

DM + EM



	Allianz	Tocqueville	Vontobel	Wellington	MSCI ACWI ex-US
Other		6.8%			
Cash	1.8%	0.0%	0.5%	0.0%	0.0%
Emerging	7.7%	0.0%	13.7%	17.0%	14.2%
Developed	90.5%	93.2%	85.8%	83.0%	85.8%

Emerging + Frontier Manager Profiles

Manager Review: McKinley

- Location: Anchorage, Alaska
- Total AUM: $7.5 billion
- Product AUM: $114 million
- Background: Founded in 1990 by Robert B. Gillman.
- Ownership: Employee-owned, majority owned by Robert Gillman, President and CEO.
- Process: McKinley Capital uses quantitate screens to identify stocks from a universe of over 20,000 Emerging Markets domiciled companies. Liquidity and currency impacts are considered early in the process. The firm's model attempts to identify securities with strong earnings growth and companies exhibiting reasons for continued acceleration. They review forward estimates of earnings, cash flow, and percent of earnings surprise. A qualitative review begins after the quantitative process has identified candidates for possible inclusion in the portfolio. Sector selection is a residual of the bottom-up investment process.
- Decision Making Structure: Team-based approach
- Key Personnel: Robert B. Gillman, President & CEO, Robert A. Gillman CIO, Gregory S. Samorajski, Director of Investments
- Fee Schedule: Flat Fee: 0.90%
- Annual Fee Proposal on $50 million allocation: 0.90%; $450,000
- Annual Fee Proposal on $100 million allocation: 0.90%; $900,000

Manager Review: State Street

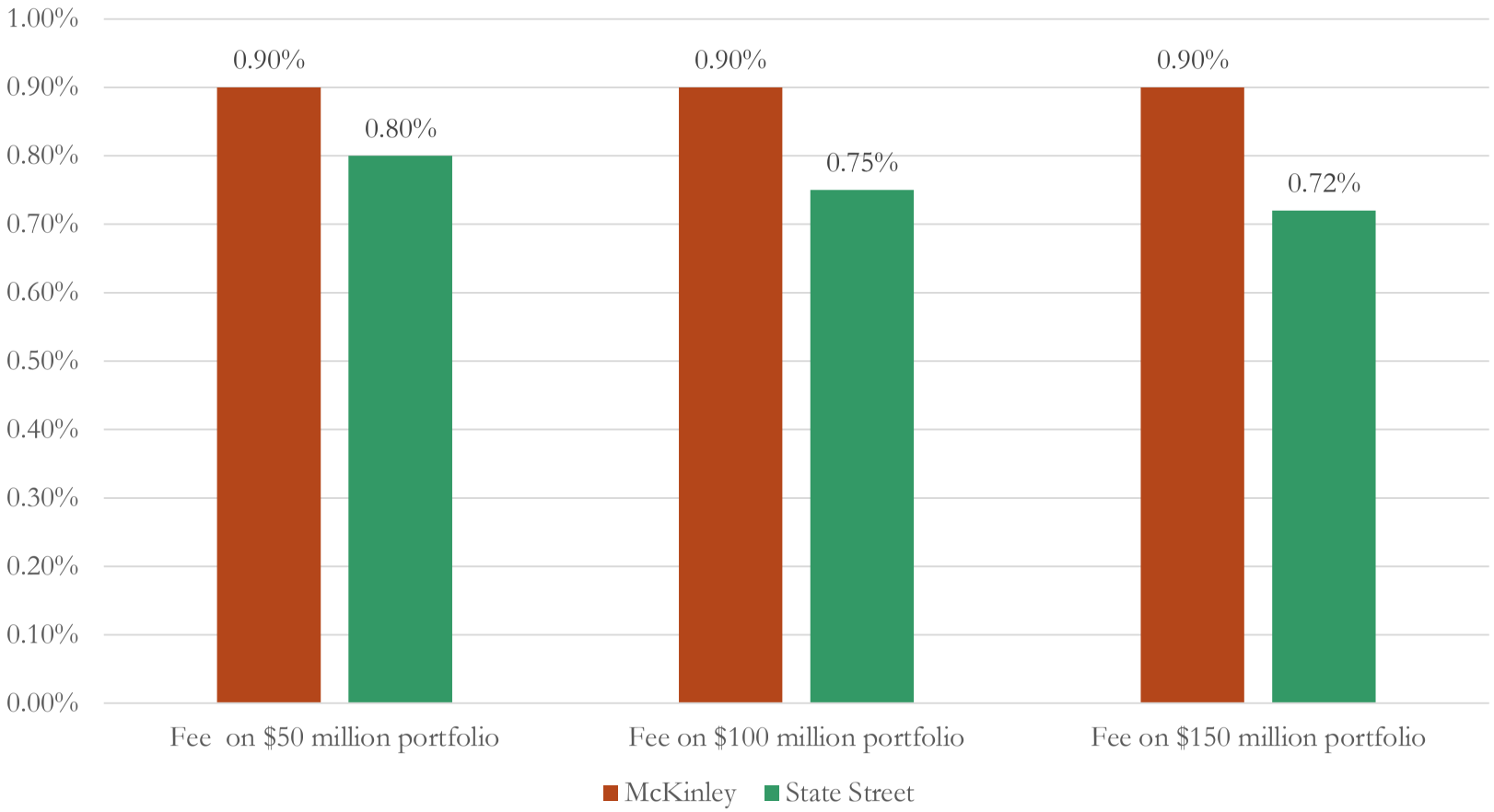
- Location: Boston, Massachusetts
- Total AUM: $ 2.4 trillion
- Product AUM: $2.1 billion
- Background: Founded in 1978 as the Asset Management Division of State Street Corporation, State Street Global Advisors was established to provide institutional investment management services focuses on equity indexing and cash.
- Ownership: Publicly traded on the NYSE.
- Process: The SSGA Active Emerging Markets Small Cap Strategy uses a disciplined, risk-managed investment process combining quantitative and qualitative insights in an attempt to identify and exploit security mispricings. The strategy consists of ranking securities and constructing a stock portfolio within each country. They expect to hold 250 – 400 securities in the Active Emerging Markets Small Cap Portfolio
- Decision Making Structure: Team based with Lead PM, Jean-Christophe de Beaulieu, and Back-up PM, Ismail Pomies
- Key Personnel: Michael Ho, CIO of Active Emerging Equities, Jean-Christophe de Beaulieu, Lead Portfolio Manager, Ismail Pomies, Back-up Portfolio Manger, Christopher Laine, Senior Portfolio Manager, Alejandro Gaba, Senior Portfolio Manager, Anthony Yau, Senior Portfolio Manager
- Fee Schedule:

First $50 million:	0.80%
Next $50 million:	0.70%
Amounts over $100 million:	0.65%

- Annual Fee Proposal on $50 million allocation: 0.80%; $400,000
- Annual Fee Proposal on $100 million allocation: 0.75%; $750,000

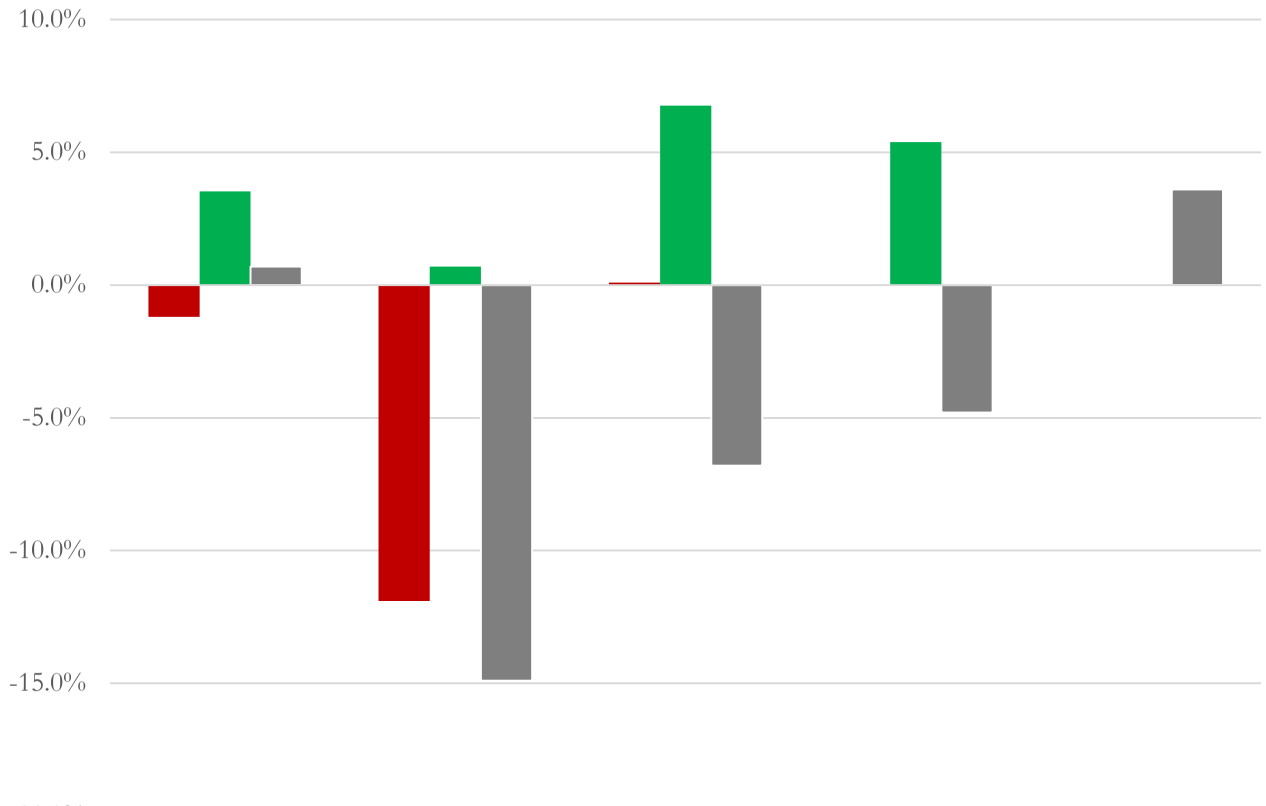
Fee Comparison – Current Proposals

EM + FM



Performance Comparison - Annualized Periods
Updated as of December 31, 2015

EM + FM



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
McKinley	-1.2%	-11.9%	0.1%		
State Street	3.5%	0.7%	6.8%	5.4%	
MSCI Emerging Markets	0.7%	-14.9%	-6.8%	-4.8%	3.6%

Portfolio Characteristics

EM + FM

	Weighted Average Market Cap	P/E Ratio	P/B Ratio	Dividend Yield	5 Year EPS Growth
McKinley	$19.9 billion	15.32	3.04	2.15%	14.84%
State Street	$668 million	10.44	1.18	3.91%	19.33%
MSCI Emerging Markets Index	$33.5 billion	13.03	1.43	2.82%	11.45%

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

INVESTMENT POLICY STATEMENT

~~REVISED JULY, 2015~~DRAFT REVISION STAGE 3 FEBRUARY, 2016

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I. INTRODUCTION AND STATEMENTS OF PURPOSE, PHILOSOPHY AND ETHICS

The Board of Trustees of the Teachers' Retirement System of Oklahoma, as the governing body for the System, deems it prudent and necessary to maintain this Investment Policy Statement to act as the principal governing document for the investment of System assets.

A. Legal Authority and System Description

The System is established by statute; the legal authority and description of the System are detailed below.

Constitutional Authority
Section 62 of Article 5 of the Oklahoma Constitution was added as a result of the passage of State Question 306 on July 14, 1942. This section reads:

> "The Legislature may enact laws to provide for the retirement for meritorious service of teachers and other employees in the public schools, colleges and universities in this State supported wholly or in part by public funds, and may provide for payments to be made and accumulated from public funds, either of the State or of the several school districts. Payments from public funds shall be made in conformity to equality and uniformity within the same classifications according to duration of service and remuneration received during such service."

Statutory Authority
As a result of the passage of State Question 306, the Legislature enacted House Bill 297 in the 1943 legislative session that created the Oklahoma Teachers Retirement System ("System"). The legislation has been changed substantially in the years since its creation and is currently codified in Oklahoma Statutes Title 70, Sections 17-101 et. seq. (NOTE: In the remainder of this document, statutory references will follow the notation O.S. 70 § 17-101 to reference Oklahoma Statutes Title 70, Section 17-101.)

Purpose of System
In O.S. 70 § 17-102, paragraph 1 creates the Oklahoma Teachers Retirement System and outlines the purpose of the System as follows:

> "A retirement system is hereby established and placed under the management of the Board of Trustees for the purpose of providing retirement allowances and other benefits under the provisions of this act for teachers of the State of Oklahoma."

Board of Trustees Powers
The second paragraph of O.S. 70 § 17-102 provides the broad terms of the powers entrusted to the Board of Trustees ("Board"):

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> "The Board of Trustees shall have the power and privileges of a corporation and shall be known as the "Board of Trustees of the Teachers' Retirement System of Oklahoma", and by such name all of its business shall be transacted, all of its funds invested, and all of its cash and securities and other property held in trust for the purpose for which received."

Further powers vested upon the Board are set forth in O.S. 70 § 17-106, in part:

> "(1) The general administration and responsibility for the proper operation of the retirement system and for making effective the provisions of the act are hereby vested in a Board of Trustees which shall be known as the Board of Trustees and shall be organized immediately after a majority of the trustees provided for in this section shall have qualified and taken the oath of office."

and:

> "(10) Subject to the limitations of this act, the Board of Trustees shall, from time to time, establish rules and regulations for the administration of the funds created by this act and for the transaction of its business.

Finally, O.S. 70 § 17-106.1, in part, ~~spells out~~defines the duties of the Board in relation to investment of fund assets:

> "A. The Board of Trustees of the Teachers' Retirement System of Oklahoma shall discharge their duties with respect to the System solely in the interest of the participants and beneficiaries and:
> 1. For the exclusive purpose of:
> a. providing benefits to participants and their beneficiaries, and
> b. defraying reasonable expenses of administering the System;
> 2. With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;
> 3. By diversifying the investments of the System so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and
> 4. In accordance with the laws, documents and instruments governing the System."

~~A.~~B. Statement of Purpose

~~This~~ A primary purpose of this investment policy statement is ~~issued for the~~to guid~~ance of~~ fiduciaries, including the ~~members of the~~ Board of Trustees, System staff, investment managers, consultants and others responsible for overseeing and investing the assets of the Fund. This policy also communicates foundational tenets underlying its formulation.

This policy provides specific guidance regarding investment objectives, asset allocation, risk management and the means by which investment objectives are intended to be achieved. Additional specific guidance is given in defining roles, delegated duties and accountabilities of System fiduciaries as well as setting forth logical, disciplined procedures for making decisions.

C. Statement of Investment Philosophy

Since this policy is a communication tool for System fiduciaries, interested stakeholders as well as other external parties, the Board recognizes that it is important to articulate the underlying beliefs that are foundational in its formulation. Key aspects of the Board's investment philosophy are summarized in the following statements.

1. The Fund has an infinite time horizon and the assets should be invested and managed accordingly.
2. A central tenet in investing is the tradeoff between risk and return, meaning that the pursuit of higher expected returns is accompanied with higher expected risk. Bearing some degree of investment risk is necessary in the pursuit of investment return objectives.
3. Investment risk comes in many forms. The most common risk is the volatility of periodic returns measured by the statistical term known as standard deviation. Additionally, there are a variety of other risks to be considered. A partial list of these risks would include the risk of permanent loss of capital, the risk of not meeting objectives, illiquidity risk, credit risk, interest rate risk, inflation risk, leverage risk, concentration risk and manager risk. A primary focus of this investment policy is to balance, manage and, to the extent possible, control these various risks.
4. Funds with long term investment horizons are able to pursue higher expected returns associated with higher risk portfolios because they are able to remain invested when periodic declines in market values occur.
5. The Fund will best contribute to the primary goal of providing benefits to participants and their beneficiaries by realizing high risk-adjusted net returns.
6. The Board acknowledges that while other institutions may make investment decisions to pursue various worthy causes that may be admirable in their own right, the Board's investment decisions are made to achieve the primary goal of providing benefits to participants and their beneficiaries and defraying reasonable expenses.
7. Long-term investing success is best accomplished by adhering to a long-term strategic asset allocation rather than engaging in short term tactical market timing among asset classes.
8. Diversification among asset classes and securities is the primary means of controlling the risk of an investment portfolio.

9. The primary factor determining portfolio risk and return is how the portfolio is allocated among asset classes.
10. The decision-making process for investments should be both disciplined and logical deriving support from current academic theory and the application of rigorous analysis.
11. In less efficient markets where the probabilities of achieving net-of-fee outperformance relative to a passive market index are higher, active management is preferred. In more efficient markets where the probabilities of achieving net-of-fee outperformance relative to a passive market index are lower, low-cost index management is preferred.
12. Certain asset classes are only accessible in the form of private market interests which have very limited liquidity and normally higher costs relative to public market instruments. Investing a portion of the Fund in these illiquid asset classes is reasonable to the extent that they offer some desirable combination of the following relative to available public market asset classes: higher expected net return and/or risk reduction through diversification.

D. Statement of Ethical Standards

The Board of Trustees is committed to maintaining and promoting the highest ethical standards among Board members and among all parties involved in the administration of fund assets.

The Board expects all parties involved in the administration of fund assets, including all System fiduciaries, to conduct their activities according to the highest ethical standards adhering likewise to the principles expressed in the Board of Trustee Policy Manual Chapter 6 – Ethical and Fiduciary Conduct. Given the nature of fund management and investing, particular attention will be given to conflicts of interest. All parties involved in the administration of fund assets should be free of conflicts of interest to avoid even the appearance of not acting in the sole interests of System participants and their beneficiaries. Where any involved party becomes aware of an actual or potential conflict of interest it is their duty to disclose the conflict so that the Board may assess its seriousness.

~~The Board, both upon their own initiative and upon consideration of the advice and recommendations of the investment managers and other fund professionals involved with the assets, may amend policy guidelines. Proposed modifications should be documented in writing to the Board.~~

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~~II. Statement of Goals and Objectives~~

Comment [KS1]: Moved intact to Section IV

~~This statement of investment goals and objectives is to set forth an appropriate set of goals and objectives for the Fund's assets and to define guidelines within which the investment managers may formulate and execute their investment decisions.~~

1. ~~The primary investment goal of the overall fund is total return, consistent with prudent investment management standards. Total return includes income plus realized and unrealized gains and losses on System assets. In addition, assets of the System shall be invested to ensure that principal is preserved and enhanced over time. The Board seeks to limit and control risks which jeopardize the safety of principal and, to prohibit investments that are not prudent.~~

2. ~~The nominal target return is 8.0%. This target rate of return is used as the investment rate of return assumption for the System's annual actuarial valuation of plan. This target rate of return is based upon the Board's judgment regarding the long-term expectations for permissible asset classes within a diversified Fund, a long-term outlook for inflation, and the current and projected needs of the System.~~

3. ~~The long-term total return for the System should meet or exceed the System's Asset Allocation Index.~~

4. ~~Total risk exposure as measured by the standard deviation of return and other applicable measures and risk-adjusted returns will be regularly evaluated and compared with a universe of similar funds for the total System and each investment manager.~~

5. ~~Investment managers' returns shall exceed the return of their designated benchmark index and rank in the top third of the appropriate asset class and style universes over time periods of at least five (5) years. Passive managers shall match the return of the designated index.~~

6. ~~Appendix B specifies the benchmark for each of the System's Investment managers.~~

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7. The Board is aware that there will be deviations from these performance targets. Normally, results are evaluated over a three to five year time horizon, but shorter term results will be regularly reviewed and earlier action taken if in the best interest of the Fund.

III.II. STATEMENT OF ROLES DUTIES AND RESPONSIBILITIES

A. Board of Trustees

The Board of Trustees has the final decision making authority for the System. The Investment Committee of the Board has the authority to make investment recommendations to the Board. The Board evaluates and decides whether or not to take action on recommendations from the Investment Committee. The Investment Committee's authority and responsibilities are set forth in the Investment Committee Charter contained in the Board of Trustees Policy Manual.

Trustee duties and responsibilities are listed in summary as follows:

duties and responsibilities of the Board of Trustees include:

1. Adopt, and when deemed necessary, amend thisEstablish the Investment Policy Statement.

2. Determine delegated duties to be performed by other qualified fiduciaries in order to ensure that the Fund is properly administered and regularly evaluated to assess progress towards achieving established objectives.

1.3. Receive and evaluate reports, presentations and other materials provided by investment consultant(s), staff, investment managers, and other retained advisors to monitor the administration of Fund assets in accordance with policy objectives and to regularly assess progress towards achieving the goals and objectives defined herein., including the asset allocation, in accordance with the goals and objectives outlined above.

2. Review, at least annually, and modify, as necessary, policy objectives and guidelines, including the development of asset allocation strategies, recommendations on long-term asset allocation and the appropriate mix of investment manager styles and strategies.

3. Provide overall policy direction to staff, Investment Consultant(s), Investment Managers, Custodian, Securities Lending Agent and Transition Manager(s) in the execution of the investment policy.

4. Select and contract with qualified professional advisory organizations to perform functions deemed necessary by the Board to manage the Fund in accordance with policy. Common professional advisory organizations would –include and retain qualified Iinvestment Cconsultant(s), Iinvestment Mmanagers, global Ccustodians and Ssecurities Llending Aagents. to advise and manage assets in furtherance of the goals and objectives outlined above.

Comment [KS2]: Moved in substance to Section III.

Comment [KS3]: Seems redundant given Sect I B. regarding purpose

5. ~~Monitor and review~~Evaluating the performance of retained professional advisory organizations and staff ~~Investment Managers, Custodian and Securities Lending Agent~~ to ~~determine~~assess fulfillment of duties, achievement of goals and compliance with policy guidelines.

6. Annually conduct a formal review of the performance of Investment Consultant(s), normally to be performed in the month of _____.

7. ~~When necessary, terminate~~Terminating the contracts with any retained professional advisory organization when deemed necessary. ~~Investment Consultant(s), Investment Managers, Custodian or Securities Lending Agent.~~

   ~~Review and approve the Investment Staff Annual Work Plan.~~

   ~~Monitor investment activity for compliance with Board policies and adherence by Investment Managers to strategy and direction.~~

   ~~Review overall investment performance to determine whether it meets established benchmarks.~~

8. ~~Monitor~~ Review all costs of investment operations at least annually.

B. Staff

~~The~~ A summary of the duties and responsibilities of the ~~Investment S~~staff is as follows~~include~~:

1. Provide the Board and the Investment Committee with reports, presentations and any other materials to assist them in the fulfillment of their duties and responsibilities.

~~1.~~2. Serve as the primary liaison between the Board of Trustees and the ~~I~~investment c~~C~~onsultant(s), ~~I~~investment ~~M~~managers, ~~C~~custodian, ~~S~~securities ~~L~~lending ~~A~~agent and ~~T~~transition ~~M~~manager(s).

~~2.~~3. Implement Board decisions regarding asset allocation, investment structure, portfolio rebalancing procedures and retention of ~~I~~investment ~~C~~consultant(s), ~~I~~investment ~~M~~managers, ~~C~~custodian and ~~S~~securities ~~L~~lending ~~A~~agent.

~~3.~~4. Coordinate the search, selection~~,~~ and evaluation ~~and retention decisions of~~processes for ~~I~~investment ~~C~~consultant(s), ~~I~~investment ~~M~~managers, ~~C~~custodian and ~~S~~securities ~~L~~lending ~~A~~agent on behalf of the Board of Trustees.

~~4.~~5. Monitor and review the performance of the total fund, asset class composites, and ~~I~~investment ~~M~~managers~~, Custodian and Securities Lending Agent~~ to evaluate ~~performance,~~ achievement of objectives and compliance with policy guidelines.

Comment [KS4]: 9, 10 and 11 seem redundant to 3 above

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~~5.~~6. Monitor and review all costs of investment operations including, but not limited to, fees paid to ~~I~~investment ~~C~~consultant(s), ~~I~~investment ~~M~~managers, and ~~C~~custodian, ~~Securities Lending Agent and Transition Manager(s); fees netted against System accounts paid to Investment Managers, Custodian, Securities Lending Agent and Transition Manager(s); trading costs and foreign exchange~~ as well as portfolio transactions costs.

~~6.~~7. Manage the liquidity in the Total Portfolio to ensure timely payment of Client benefit payments and plan expenses and the investment of contributions consistent with established asset allocation and portfolio rebalancing policies.

~~7.~~8. Conduct the search and selection of ~~T~~transition ~~M~~manager(s) in collaboration with the ~~I~~investment ~~C~~consultant(s) as directed by the Board.

~~8.~~9. Conduct due diligence in collaboration with the ~~I~~investment ~~C~~consultant(s) when ~~I~~investment ~~M~~managers fail to meet the expectations of the Board or are formally placed 'On Alert' or "'On Notice'~~ on the Investment Consultant's Monthly Manager Status Report~~.

~~9.~~10. ~~Explore, r~~Research~~, analyze~~ and review ~~new~~ innovative investment ideas and ~~managers~~ concepts in collaboration with the ~~I~~investment ~~C~~consultant(s) in an effort to ~~keep the system current with investment options~~identify potential modifications to improve the investment portfolio.

~~10.~~11. ~~Review weekly with the Investment Consultant~~Monitor the ~~status and~~ performance of ~~current~~ the total fund, asset class composites and ~~I~~investment ~~M~~managers ~~and~~ to determine if any issues need to be addressed by the ~~Staff~~ Investment Committee or the Board of Trustees.

~~**INVESTMENT STAFF REPORTING REQUIREMENTS**~~

Comment [KS5]: Moved intact to Section VI. Evaluation and Review

~~**As Necessary** (based on occurrence and on a timely basis)~~

~~1. Review any material Investment Policy compliance violations.~~

~~2. Review pertinent information regarding due diligence on Managers that have failed to meet the expectations of the Board or are placed 'On Alert' or "On Notice' on the Investment Consultant's Monthly Manager Status Report.~~

~~**Monthly**~~

~~a) Review presenting Investment Managers' portfolio characteristics including relevant benchmark comparisons, portfolio performance, liquidity, holdings and holdings overlap between managers.~~

~~**Quarterly**~~

~~1. Review all costs of trading.~~

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2. Certify to Board that Investment Consultant has certified their compliance with all requirements of this Investment Policy Statement. Report to the Board if any Investment Consultant(s) have failed to certify their compliance, and make recommendations as to any action Board should consider.

3. Report to the Board if any Investment Managers have failed to certify their compliance, and make recommendations as to any action Board should consider.

4. Other comments or information as required.

Annually

1. Present Investment Staff Annual Work Plan to Board of Trustees for Review.

2. Review of investment oversight process, total fund construction and evaluation of investment manager's portfolio.

3. Review all costs of investment operations including, but not limited to, fees netted against system accounts and fees paid to Investment Consultant(s), Investment Managers, Custodian, Securities Lending Agent and Transition Manager(s).

4. The General Counsel shall review the ADV filed with the SEC by the Investment Consultant and advise of any material findings and/or changes.

Review all form ADV's filed with the SEC on all Investment Managers and advise the board on any material changes and/or findings.

C. Investment Consultant

The A summary of the duties and responsibilities of the Iinvestment Cconsultant(s) retained by the Board is as followsinclude:

1. Be appointed, and act as, aAcknowledge status as a fiduciary for to the System and remain in compliance both with this investment policy and with the current executed contract with the System.

1.2. Provide the Board and the Investment Committee with reports, presentations and any other materials to assist them in the fulfillment of their duties and responsibilities.

2.3. Assist the Board in developing and modifying policy objectives and guidelines, including the development of asset allocation strategies, recommendations on long-term asset allocation and the appropriate mix of investment manager styles and strategies.

3.4. Assist the Board by monitoring compliance with this Investment Policy.

~~4.~~5. Provide assistance in investment performance calculation, evaluation, and analysis.

~~5.~~6. Provide assistance in ~~I~~investment ~~M~~manager searches and selection.

~~6.~~7. Provide assistance in ~~C~~custodian, ~~S~~securities ~~L~~lending ~~A~~agent, ~~T~~transition ~~M~~manager and ~~C~~commission ~~R~~recapture ~~A~~agent searches and selection.

~~7.~~8. Provide timely information, written and/or oral, on investment strategies, instruments, ~~M~~managers and other related issues, as requested by the Board.

~~8.~~9. Monitor the Board's investment managers and notify the Board and staff of any material changes in the ~~I~~investment ~~M~~managers' ~~firms~~organizational structure, ~~or~~ their ~~staffing~~ personnel or if there are performance issues.

~~9.~~10. Certify on a quarterly basis, in writing to the Board, the ~~I~~investment ~~C~~consultant's compliance with this Statement as it currently exists or as modified in the future.

~~10.~~11. Reporting to the Board at their request. The ~~I~~investment ~~C~~consultant shall report to the Board as ~~outlined~~ detailed in Section VI of this policy~~below~~. ~~Monthly~~ All reports should be timely submitted~~ in writing within 15 days of the end of each month.~~

~~11.~~12. Review ~~weekly~~ with the ~~S~~staff the status and performance of current ~~I~~investment ~~M~~managers and determine if any issues need to be addressed by the ~~S~~staff or the Board of Trustees.

~~12.~~13. Provide assistance~~Collaborate with Staff~~ in the search and selection of ~~T~~transition ~~M~~manager(s) as directed by the Board.

~~13.~~14. Provide assistance ~~Collaborate with Staff~~ in the conduct of due diligence when ~~I~~investment ~~M~~managers fail to meet the expectations of the Board or are placed 'On Alert' or ~~"~~"On Notice'. ~~on the Investment Consultant's Monthly Manager Status Report.~~

~~14.~~15. Explore, research, analyze and review new investment ideas and managers in collaboration with the ~~S~~staff in an effort to keep the system current with investment options.

~~**INVESTMENT CONSULTANT REPORTING REQUIREMENTS**~~

Comment [KS6]: Moved intact to Section VI. Evaluation and Review

~~**As Necessary** (based on occurrence and on a timely basis)~~

~~1. Review of Investment Consultant Organizational Structure~~

~~a. Organizational changes (i.e., ownership).~~

~~b. Any departures/additions to consulting staff.~~

~~c. Material changes in assets under advisement.~~

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~~**Monthly**~~

~~a. Performance Review.~~

~~i. Present total fund, asset class and Investment Manager gross returns and net of fee returns for last month, last quarter, year-to-date, fiscal year-to-date, last year, last three years, last five years, last ten years, and since inception versus designated benchmarks.~~

~~ii. Compare actual asset allocation to target asset allocation and make recommendations for rebalancing.~~

~~iii. Present manager status summary, including any recommended changes.~~

~~b. Other comments or information as required.~~

~~**Quarterly**~~

~~a. Performance Review.~~

~~i. Present total fund, asset class and Investment Manager returns and peer group rankings for last calendar quarter, year-to-date, fiscal year-to-date, last year, last three years, last five years and since inception versus designated benchmarks.~~

~~ii. Review and analysis of any outstanding investment manager policy exceptions.~~

~~b. Other comments or information as required.~~

~~c. Certify to Board that Investment Consultant is in compliance with all requirements of this Investment Policy Statement.~~

~~d. Certify to Board that Investment Managers have certified their compliance with all requirements of this Investment Policy Statement. Report to the Board if any Investment Managers have failed to certify their compliance, and make recommendations as to any action Board should consider.~~

~~**Annually**~~

~~a. Review of investment oversight process, total fund construction and evaluation of investment manager's portfolio.~~

~~a. Brief review of the Investment Consultant's oversight process.~~

~~b. Critical analysis of the performance of the total fund, with particular attention paid to asset categories and Investment Managers that underperformed their relative benchmarks and the actuarially assumed rate of return.~~

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c. Review of the asset allocation strategy used over the past year and underlying rationale.

d. Evaluation of strategies success/disappointments.

e. Current asset allocation strategy and underlying rationale.

b. Review of revenue sources and conflict of interest disclosure.

a. Provide the board with financial information regarding annual brokerage revenues, conference fees and sponsorships, and other monies received from money managers versus consulting revenues received directly from clients.

b. Disclose all brokerage and other compensation, including conference fees, consulting fees and sponsorships, received by the consultant from the System's managers.

c. Disclose any compensation received by the Investment Consultant from any Investment Manager or other vendor it recommends hiring.

d. Disclose any affiliated Investment Management Firm.

c. Disclose any affiliated Investment Management firm. Summary of Investment Guidelines.

i.Discuss adherence to guidelines.

ii.Comments, concerns, or suggestions regarding the policy statement.

D. Investment Managers

A summary of the The duties and responsibilities of each of the investment manager s retained by the Board include is as follows:

1. Acknowledge status as a fiduciary to the System and remain in compliance both with this investment policy and with the current executed contract with the System. Be appointed, and act as, a fiduciary for the System.

1.2. Provide the Board, the Investment Committee, the staff and the investment consultant(s) with reports, presentations and any other materials to assist them in the fulfillment of their duties and responsibilities.

2.3. Managing Manage the Fund's assets in accordance with the policy guidelines and objectives expressed herein.

3.4. Prudently select ing investments based on thorough evaluation of all risks applicable to stated mandate.

~~4.~~5. Work~~ing~~ with the ~~C~~custodian and the ~~I~~investment ~~C~~consultant to verify monthly accounting and performance reports.

~~5.~~6. Certify on a quarterly basis, in writing to the Board, the Investment Manager's compliance with this Statement as it currently exists or as modified in the future.

~~6.~~7. Report~~ing~~ to the Board at their request. Each manager shall report to the Board and the Investment Consultant ~~as outlined below. Monthly reports should be submitted in writing within 15 days of the end of each month.~~according to the reporting requirements set forth in Section VI of this policy.

8. ~~It is the responsibility of each Investment Manager to a~~Act as a fiduciary in adopting and adhering to proxy voting policies, ~~and the manager certifies~~acknowledging that its proxy voting policies may affect the value of their respective portfolio.

~~7.~~9. Seek to obtain best execution in all securities transactions to minimize the costs of trading.

~~**INVESTMENT MANAGER REPORTING REQUIREMENTS**~~

Comment [KS7]: Moved intact to Section VI. Evaluation and Review

~~**As Necessary** (based on occurrence and on a timely basis)~~

~~a. Review of Organizational Structure.~~

~~a. Organizational changes (i.e., ownership).~~

~~b. Discussion of any material changes to the investment process.~~

~~c. Any departures/additions to investment staff.~~

~~d. Material changes in assets under management.~~

~~**Monthly**~~

~~**All Managers with at least monthly reconciliation and valuation will provide:**~~

~~a. Performance Review.~~

~~i. Present total fund and asset class returns for last month, calendar quarter, year-to-date, last year, last three years, last five years and since inception versus designated benchmarks.~~

~~ii. Present total fund net of fees returns for last month, calendar quarter, year-to-date, last year, last three years, last five years and since inception,~~

~~iii. Discuss performance relative to benchmarks; provide attribution analysis that identifies returns due to allocation and selection decisions.~~

~~iv. Provide portfolio characteristics.~~

~~v.Risk and Return Attribution analysis of any granted exceptions to investment policy analysis.~~

~~b. Provide Portfolio Holdings.~~

~~i.Present book value and current market value.~~

~~ii.List individual securities by sector.~~

~~c. Other Comments or Information.~~

~~**Quarterly**~~

~~a. Summary of Investment Guidelines.~~

~~i.Discuss adherence to guidelines.~~

~~ii.Comments, concerns, or suggestions regarding the policy statement.~~

~~b. Certify to Board and the Investment Consultant that Manager is in compliance with all requirements of this Investment Policy Statement. Said certification shall be in writing and shall be received by the Board and Investment Consultant no later than 30 days after the end of each calendar quarter.~~

~~c. Any Manager that manages a particular mandate that does not reconcile assets and provide market value of assets on a monthly basis will provide monthly performance and holdings reporting on a quarterly basis.~~

~~**Annually**~~

~~a. Review of Investment Process and Evaluation of Portfolio Management Process.~~

~~a. Brief review of investment process.~~

~~b. Investment strategy used over the past year and underlying rationale.~~

~~c. Evaluation of strategies success/disappointments.~~

~~d. Current investment strategy and underlying rationale.~~

~~b. Provide, in either printed form or electronic access to, Form ADV filed with the Securities and Exchange Commission.~~

~~c. Each manager, as pertinent to their applicable mandate, will report at least annually to the Board of Trustees their respective commissions recapture program on behalf of the Teachers' System. Each advisor shall provide:~~

~~a. A copy of its monitoring procedures.~~

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b. A statement demonstrating compliance with Section 28(e) of the Securities Exchange Act of 1934, and/or other applicable laws.

c. Analysis of execution.

d. Each manager, as pertinent to their applicable mandate, will report annually to the Board of Trustees a record of proxy policies, as well as voting record for the previous 12 month period.

E. Custodian

A summary of the The duties and responsibilities of the custodian bank(s) retained by the Systemwill be responsible for performing the following functions is as follows:

1. Acknowledge status as a fiduciary to the System and remain in compliance both with this investment policy and with the current executed contract with the System.Be appointed, and act as, a fiduciary for the System.

1.2. Provide the Board, the Investment Committee, the staff and the investment consultant(s) with reports, presentations and any other materials to assist them in the fulfillment of their duties and responsibilities.

2.3. Accept daily instructions from designated staff.

3.4. Notify Iinvestment Mmanagers of proxies, tenders, rights, fractional shares or other dispositions of holdings.

4.5. Safekeeping of securities.

5.6. Timely collection of interest and dividends.

6.7. Daily cash sweep of idle principal and income cash balances.

7.8. Processing of and maintain records of all investment manager transactions.

8.9. Collection of proceeds from maturing securities.

9.10. Disbursement of all income or principal cash balances as directed.

10. Providing monthly statements by investment account and a consolidated statement of all assets.

Provide monthly exchange traded funds and cash position by investment manager.

11. Provide written statements revealing monthlyPerform regular reconciliations of holdings and transactions with the System's retained custody and investment managers on at least a monthly basis' accounting statements.

12. Working with the System's staff and the Iinvestment Cconsultant to ensure accuracy in reporting.

~~12.~~13. Manage and administer the System's directed brokerage program.

~~13.~~14. Monitor compliance with this Investment Policies Statement, provide applicable research to ensure the validity of suspected breaches, and submit appropriate commentary offering a recommendation to the reported breach.

~~14.~~15. Participate in an annual review of compliance with OTRS staff, to determine the effectiveness of investment policy testing. Providing required reports to assist the System's staff and vendors with compliance with the Governmental Accounting Standards Board, the Internal Revenue Service, the Securities and Exchange Commission, the Financial Industry Regulatory Authority and other regulatory agencies.

~~15.~~16. ~~Monitoring~~ Monitor, file and ~~reporting of~~report on securities class action lawsuits~~suits~~ ~~related to securities fraud claims~~and collect and record settlement ~~and~~ proceeds. ~~and collection of subsequent proceeds.~~

~~16.~~17. Process~~ing~~ and ~~filing~~ file~~of~~ Foreign Tax Reclaims on behalf of the System.

F. Securities Lending Agent

A summary of the duties and responsibilities of ~~T~~the securities lending agent ~~will be responsible for managing the securities lending program including the following functions~~retained by the System is as follows:

1. Acknowledge status as a fiduciary to the System and remain in compliance both with this investment policy and with the current executed contract with the System.

~~1.~~2. Provide the Board, the Investment Committee, the staff and the investment consultant(s) with reports, presentations and any other materials to assist them in the fulfillment of their duties and responsibilities.~~Be appointed, and act as, a fiduciary for the System~~.

~~2.~~3. Arrange terms and conditions of securities loans.

~~3.~~4. Monitor the market value of the securities lent and mark to market at least daily and ensure that any necessary calls for additional collateral are made and that such collateral is obtained on a timely basis.

~~4.~~5. Direct the investment of cash received as collateral in accordance with direction from the Board, provided that such investments are consistent with guidelines provided in this document.

~~5.~~6. Notify the Board of any changes to the investment guidelines in the Securities and Exchange Commission's rule 2A7 for consideration by the Board.

~~6.~~7. Notify OTRS staff in the event that a recalled security has not been returned by a borrowing party within 10 days of the request.

G. Transition Manager

The ~~T~~transition ~~M~~managers shall manage the transition of assets from one or more ~~I~~investment ~~M~~managers or asset categories to one or more other ~~I~~investment ~~M~~managers or asset categories. Transition ~~M~~managers shall be selected among those approved by the Board. Transition managers shall be utilized when such employment is likely to present significant opportunities for cost savings, technical efficiencies or other benefits to the System.

A summary of the duties and responsibilities of Transition Managers retained by the System is as follows:~~shall be responsible for managing transitions including the following functions:~~

1. Acknowledge status as a fiduciary to the System and remain in compliance both with this investment policy and with the current executed contract with the System~~Be appointed, and act as, a fiduciary for the System~~.

2. Provide a pre-trade analysis, which will include, among other things, a trading liquidity analysis, portfolio sector analysis, volatility analysis, and estimated transaction costs.

3. Provide a detailed written plan of transition execution.

4. Provide a post-trade analysis, comparing the actual costs with the pre trade estimates. The report will also include various trading statistics, benchmarking information, and detailed trade reports.

5. In all securities transactions, transition managers shall seek to obtain best execution to minimize the costs of trading.

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III. PROCEDURES

A. Investment Policy Review

In order to keep the Investment Policy current, the Board will at least annually, review and modify, as deemed necessary any portions of the policy. The annual review will consider, but not be limited to, the following: objectives and guidelines, the development of asset allocation strategies, recommendations on long-term asset allocation and the appropriate mix of investment manager styles and strategies.

The Board, both upon their own initiative and upon consideration of the advice and recommendations of staff, consultants, the investment managers and other fund professionals involved with the assets, may amend policy guidelines. Proposed modifications should be documented in writing to the Board.

B. Investment Manager Policy Exceptions

Requests for an exception to invest in securities precluded by section V. A. or the applicable mandate's specific policies, should be submitted in writing to the Board of Trustees and include justification for such request, proposed process for providing quarterly reporting on attribution analysis of the contribution of the allowed exception, and a requested time period, up to three years. Exception requests will undergo a reevaluation and approval process at the end of each term.

C. Third Party Marketing and Referrals Disclosure Policy

The Teachers' Retirement System of Oklahoma requires transparency and full disclosure of all relationships in proposed and committed investments with any third parties. A "third party marketer" is a person who represents an asset management firm or any other type of investment services provider, as an independent contractor rather than as an employee of the firm, for the purpose of making presentations or securing contracts with OTRS for the firm or provider. Any such third party marketer must disclose himself or herself as a third party marketer before at the same time as contacting any member of the Board of Trustees, employee of OTRS or the outside investment consultant for OTRS. In addition, firms submitting investment proposals for consideration by Teachers' Retirement System of Oklahoma (including any sub-managers or consultants engaged by such firms) are hereby required to disclose the identity of all third-party marketers and/or individuals by whom the firm has been referred to Teachers' Retirement System of Oklahoma and further indicate those so identified that stand to receive fees or other consideration in the event that a contract between the firm and the Teachers' Retirement System of Oklahoma is secured. Any consideration paid or benefits received, or any relationship between such firm (including any sub-managers or consultants engaged by such firms) and third party marketing entities and/or individuals, shall be disclosed. The disclosure requirements established by this Policy apply throughout the term of any contractual relationship Teachers' Retirement System of Oklahoma may have with any firm and represents a continuing obligation of disclosure. This Policy becomes effective immediately and applies to all firms currently managing Teachers' Retirement System of Oklahoma assets. All firms submitting investment proposals must make the disclosures required by this

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Policy prior to any action being taken on the firm's investment proposal by the Board, as well as comply with the continuing obligation of disclosure.

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Investment Committee Charter

Purpose

The Investment Committee has been established by the Oklahoma Teachers Retirement System Retirement Board to administer all matters relating to the investment of the Fund's assets and investment management. The Committee is charged to administer the Fund's assets for the exclusive purpose of providing benefits to the participants and their beneficiaries within the system; and to maximize the financial stability of the Funds in an efficient and cost effective manner. The Committee members will carry out their duties with the care, skill, prudence, and diligence of a prudent person acting in a similar institutional investment Trustee capacity, and strive to follow sound policies and procedures that enhance good, fair, and open decision making. The Committee's core objective is to diversify the investments so as to minimize the risk of loss and to maximize the rate of return, in accordance with the Board's overall objective of promoting the best interests for Oklahoma Teachers Retirement System, its Clients, retirees, and beneficiaries.

Authority

The Investment Committee shall have the authority to recommend to the Board for action:

1. All matters relating to the investment portfolio including, but not limited to, strategic asset allocation, any tactical changes to the strategic asset allocation; pursuing new asset categories, and changes to investment policy.

2. The engagement of investment advisors, consultants, managers and counsel as necessary; to assist the Board in carrying out its responsibilities.

3. The Committee will not consider any proposed investment that has not gone through the System's due diligence process and been reviewed by the System's professional staff.

4. All Committee actions must be ratified or adopted by the Board to be effective.

Composition

The Committee shall be composed of a minimum of three (3) members, appointed by the Chair of the Board.

Meetings

The Committee will meet at least four times a year, with authority to convene additional meetings as determined by the Committee Chair in consultation with the Board Chair.

Responsibilities

The Investment Committee shall have responsibility for the following:

1. Determining the Fund's overall investment objectives, risk tolerance and performance standards in accordance with the Oklahoma Constitution and the Teachers' Retirement Law.

2. Determining the asset allocation of the Fund, including consideration of asset classes and sub-classes not currently utilized in the Fund.

3. Determining the overall Fund Investment Policy as well as asset class and program investment policies.

4. Monitoring the performance of the investment portfolio as a whole as well as the performance of each asset class, including the performance of internal and external investment managers, and reviewing periodic reports from investment staff as well as external consultants, advisors, and investment managers

5. Determine appropriate levels of staff delegation with respect to investment transactions in the various asset classes of the Fund.

6. Determine and ensure compliance with the System's corporate governance policies in an effort to protect Oklahoma Teachers Retirement System assets through the pursuit of good governance and operational accountability.

7. Determining the relative amount of internal and external management.

8. Monitoring the direct and indirect costs of each asset category.

9. Determining and ensuring compliance with the appropriate reporting standards and time horizons.

10. Identifying and discussing potential legislation related to investments.

11. Ensuring that Oklahoma Teachers Retirement System investments are made in conformance with applicable investment policies and investment resolutions.

Survey of Practices regarding Investment Manager Presentations

(Please mark the appropriate blank with an X)

1 . How often does the Board of Trustees receive presentations from retained investment management firms?

_____ Monthly
_____ Quarterly
_____ Annually
_____ On demand to address specific issues
_____ Never, this function is delegated to staff/consultant
_____ Other (please describe) _____

2 . How often does the Board's Investment Committee receive presentations from retained investment management firms?

_____ Monthly
_____ Quarterly
_____ Annually
_____ On demand to address specific issues
_____ Never, this function is delegated to staff/consultant
_____ Other (please describe) _____

3 . What is the best description of the presentation content?

_____ Account and market update
_____ Address specific issues or concerns (e.g. underperformance, etc.)
_____ Broad investment themes or research findings
_____ Other (please describe) _____

4 . How long on average do presentations last?

_____ < 15 minutes
_____ >= 15 and <30 minutes
_____ >=30 and <60 minutes
_____ >=60 minutes

5 . What is the size of your pension fund? ($aum)

_____ < $1 billion
_____ > $1 billion and <$5 billion
_____ >$5 billion and <$25 billion
_____ >$25 billion

6 . What is the size of your pension fund investment staff? (in persons or full-time equivalents)

_____ < 5
_____ >= 5 and <10
_____ >=10 and <25
_____ >=25

7 . How many investment management firms does your System retain?

_____ < 5
_____ >= 5 and <15
_____ >=15 and <35
_____ >=35

OKLAHOMA TEACHERS RETIREMENT SYSTEM

Investment Portfolio as of February 17, 2016

Asset allocation vs Policy Targets

Accounts	Market Value	Accruals	Market Value and Accr	%Allocation	Target Allocation	Min % Allocation	Max % Allocation
Cash and Equivalents	$56,074,412.06	$5,758.03	$56,080,170.09	0.45%	0.0%	0.0%	0.0%
Core Plus Fixed Income	$2,133,624,915.62	$17,010,238.64	$2,150,635,154.26	17.17%	17.5%	15.8%	19.3%
Domestic All Cap Equity	$751,362,390.22	$1,211,321.91	$752,573,712.13	6.01%	7.0%	6.3%	7.7%
Domestic Large Cap Equity	$1,404,620,575.39	$2,704,842.55	$1,407,325,417.94	11.24%	10.0%	9.0%	11.0%
Domestic Mid Cap Equity	$1,781,852,750.38	$1,374,111.66	$1,783,226,862.04	14.24%	13.0%	11.7%	14.3%
Domestic Small Cap Equity	$1,299,463,329.29	$646,975.90	$1,300,110,305.19	10.38%	10.0%	9.0%	11.0%
High-Yield Fixed Income	$713,589,037.25	$11,842,176.16	$725,431,213.41	5.79%	6.0%	5.4%	6.6%
International Lg Cap Equity	$1,185,682,197.13	$5,001,929.03	$1,190,684,126.16	9.51%	11.5%	10.4%	12.7%
International Sm Cap Equity	$754,441,752.23	$1,739,843.44	$756,181,595.67	6.04%	6.0%	5.4%	6.6%
Master Limited Partnerships	$709,469,347.21	$1,033,588.78	$710,502,935.99	5.67%	7.0%	6.3%	7.7%
Opportunistic	$160,344,497.37	$0.68	$160,344,498.05	1.28%	0.0%	0.0%	5.0%
Private Equity	$631,916,499.00	$0.00	$631,916,499.00	5.04%	5.0%	4.5%	5.5%
Real Estate	$900,672,629.95	$0.00	$900,672,629.95	7.19%	7.0%	6.3%	7.7%
Grand Total	**$12,483,114,333.10**	**$42,570,786.78**	**$12,525,685,119.88**	**100.00%**			

Accounts	$Variance to Target	%Variance to Target	Target Mkt Value	$ Below Min	$ Above Max	Min $ Allocation	Max $ Allocation
Cash and Equivalents	**$56,080,170.09**	**0.45%**	$0.00		$56,080,170.09	$0.00	$0.00
Core Plus Fixed Income	**-$41,359,741.72**	**-0.33%**	$2,191,994,895.98			$1,972,795,406.38	$2,411,194,385.58
Domestic All Cap Equity	**-$124,224,246.26**	**-0.99%**	$876,797,958.39	$36,544,450.42		$789,118,162.55	$964,477,754.23
Domestic Large Cap Equity	**$154,756,905.95**	**1.24%**	$1,252,568,511.99		$29,500,054.75	$1,127,311,660.79	$1,377,825,363.19
Domestic Mid Cap Equity	**$154,887,796.46**	**1.24%**	$1,628,339,065.58			$1,465,505,159.03	$1,791,172,972.14
Domestic Small Cap Equity	**$47,541,793.20**	**0.38%**	$1,252,568,511.99			$1,127,311,660.79	$1,377,825,363.19
High-Yield Fixed Income	**-$26,109,893.78**	**-0.21%**	$751,541,107.19			$676,386,996.47	$826,695,217.91
International Lg Cap Equity	**-$249,769,662.63**	**-1.99%**	$1,440,453,788.79	$105,724,283.75		$1,296,408,409.91	$1,584,499,167.66
International Sm Cap Equity	**$4,640,488.48**	**0.04%**	$751,541,107.19			$676,386,996.47	$826,695,217.91
Master Limited Partnerships	**-$166,295,022.40**	**-1.33%**	$876,797,958.39	$78,615,226.56		$789,118,162.55	$964,477,754.23
Opportunistic	**$160,344,498.05**	**1.28%**	$0.00			$0.00	$626,284,255.99
Private Equity	**$5,632,243.01**	**0.04%**	$626,284,255.99			$563,655,830.39	$688,912,681.59
Real Estate	**$23,874,671.56**	**0.19%**	$876,797,958.39			$789,118,162.55	$964,477,754.23
Grand Total	**$0.00**	**0.00%**	**$12,525,685,119.88**				

OKLAHOMA TEACHERS RETIREMENT SYSTEM

Investment Portfolio as of February 17, 2016

Allocation by Investment Account and Asset Class

Accounts	Market Value	Accruals	Market Value and Accruals	%Allocation	Accounts
***OTRS-CUSTOM CASH FLOW-SL**					
*OTRS-CUSTOM CASH FLOW-SL	$56,074,412.06	$5,758.03	$56,080,170.09	0.45%	
***OTRS-CUSTOM CASH FLOW-SL Total**	**$56,074,412.06**	**$5,758.03**	**$56,080,170.09**	**0.45%**	**1**
Core Plus Fixed Income					
OTRS-HOISINGTON INVESTMENT	$341,850,778.78	$1,482,925.99	$343,333,704.77	2.74%	
OTRS-LOOMIS SAYLES CORE PLUS	$592,887,047.85	$5,023,564.81	$597,910,612.66	4.77%	
OTRS-LORD ABBETT CORE PLUS	$611,050,973.47	$4,415,109.96	$615,466,083.43	4.91%	
OTRS-MACKAY SHIELDS CORE PLUS	$587,836,115.52	$6,088,637.88	$593,924,753.40	4.74%	
Core Plus Fixed Income Total	**$2,133,624,915.62**	**$17,010,238.64**	**$2,150,635,154.26**	**17.17%**	**4**
Domestic All Cap Equity					
OTRS-ADVISORY RESEARCH ALL	$291,167,731.95	$491,448.00	$291,659,179.95	2.33%	
OTRS-EPOCH INVESTMENTS	$460,194,658.27	$719,873.91	$460,914,532.18	3.68%	
Domestic All Cap Equity Total	**$751,362,390.22**	**$1,211,321.91**	**$752,573,712.13**	**6.01%**	**2**
Domestic Large Cap Equity					
OTRS-HOTCHKIS & WILEY LG CAP	$497,952,943.16	$1,692,618.38	$499,645,561.54	3.99%	
OTRS-NORTHERN TRUST S&P 500	$191,396,906.24	$370,004.22	$191,766,910.46	1.53%	
OTRS-SAWGRASS LG CAP	$524,756,713.47	$317,643.11	$525,074,356.58	4.19%	
OTRS-SSGA S&P EQUAL WEIGHT	$190,514,012.52	$324,576.84	$190,838,589.36	1.52%	
Domestic Large Cap Equity Total	**$1,404,620,575.39**	**$2,704,842.55**	**$1,407,325,417.94**	**11.24%**	**4**
Domestic Mid Cap Equity					
OTRS-ARONSON, JOHNSON & ORTIZ	$496,690,682.18	$470,061.13	$497,160,743.31	3.97%	
OTRS-FRONTIER MID CAP	$461,324,561.92	$273,183.65	$461,597,745.57	3.69%	
OTRS-HOTCHKIS & WILEY MID CAP	$418,929,003.12	$410,978.64	$419,339,981.76	3.35%	
OTRS-WELLINGTON MID CAP	$404,908,503.16	$219,888.24	$405,128,391.40	3.23%	
Domestic Mid Cap Equity Total	**$1,781,852,750.38**	**$1,374,111.66**	**$1,783,226,862.04**	**14.24%**	**4**
Domestic Small Cap Equity					
OTRS-COVE STREET	$97,563,669.24	$35,741.72	$97,599,410.96	0.78%	
OTRS-FRONTIER CAP SMALL CAP	$150,690,810.97	$89,107.02	$150,779,917.99	1.20%	
OTRS-GENEVA CAPITAL	$194,591,160.61	$92,292.46	$194,683,453.07	1.55%	
OTRS-NEUMEIER POMA SMALL CAP	$118,111,498.17	$28,827.91	$118,140,326.08	0.94%	
OTRS-SHAPIRO CAP SMALL CAP	$557,066,494.21	$153,070.91	$557,219,565.12	4.45%	
OTRS-WASATCH ADV SMALL CAP	$181,439,696.09	$247,935.88	$181,687,631.97	1.45%	
Domestic Small Cap Equity Total	**$1,299,463,329.29**	**$646,975.90**	**$1,300,110,305.19**	**10.38%**	**6**
High-Yield Fixed Income					
OTRS-LOOMIS SAYLES HIGH YIELD	$227,837,917.03	$3,552,755.62	$231,390,672.65	1.85%	
OTRS-LORD ABBETT HIGH YIELD	$245,934,079.64	$4,147,597.36	$250,081,677.00	2.00%	
OTRS-MACKAY SHIELDS HIGH YIELD	$239,817,040.58	$4,141,823.18	$243,958,863.76	1.95%	
High-Yield Fixed Income Total	**$713,589,037.25**	**$11,842,176.16**	**$725,431,213.41**	**5.79%**	**3**
International Lg Cap Equity					
OTRS-CAUSEWAY CAPITAL	$445,837,750.20	$1,666,786.31	$447,504,536.51	3.57%	
OTRS-NORTHERN TRUST INTL	$739,844,446.93	$3,335,142.72	$743,179,589.65	5.93%	
International Lg Cap Equity Total	**$1,185,682,197.13**	**$5,001,929.03**	**$1,190,684,126.16**	**9.51%**	**2**
International Sm Cap Equity					
OTRS-ADVISORY RESEARCH INTL	$184,395,423.35	$877,038.91	$185,272,462.26	1.48%	
OTRS-EPOCH INTL	$183,460,612.34	$291,755.75	$183,752,368.09	1.47%	
OTRS-WASATCH INTL	$195,084,871.50	$242,725.50	$195,327,597.00	1.56%	
OTRS-WELLINGTON INTL	$191,500,845.04	$328,323.28	$191,829,168.32	1.53%	
International Sm Cap Equity Total	**$754,441,752.23**	**$1,739,843.44**	**$756,181,595.67**	**6.04%**	**4**
Master Limited Partnerships					
OTRS-ADVISORY RESEARCH	$168,230,921.77	$335,023.96	$168,565,945.73	1.35%	
OTRS-CHICKASAW CAPITAL	$274,014,528.42	$333,536.00	$274,348,064.42	2.19%	
OTRS-CUSHING ASSET	$267,223,897.02	$365,028.82	$267,588,925.84	2.14%	
Master Limited Partnerships Total	**$709,469,347.21**	**$1,033,588.78**	**$710,502,935.99**	**5.67%**	**3**
Opportunistic					
*OTRS-PIMCO BRAVO II-SL	$134,122,093.77	$0.00	$134,122,093.77	1.07%	
*OTRS-PIMCO BRAVO-SL	$26,222,403.60	$0.68	$26,222,404.28	0.21%	
Opportunistic Total	**$160,344,497.37**	**$0.68**	**$160,344,498.05**	**1.28%**	**2**
Private Equity					
*OTRS-LEGACY LP-SL	$43,864,159.00	$0.00	$43,864,159.00	0.35%	
OTRS-FRANKLIN PARK-SL	$588,052,340.00	$0.00	$588,052,340.00	4.69%	
Private Equity Total	**$631,916,499.00**	**$0.00**	**$631,916,499.00**	**5.04%**	**2**
Real Estate					
*OTRS-AEW REAL ESTATE-SL	$252,204,324.95	$0.00	$252,204,324.95	2.01%	
*OTRS-AMERICAN REALTY ADV-SL	$16,019,285.94	$0.00	$16,019,285.94	0.13%	
*OTRS-ANTHEUS CAPITAL-SL	$26,875,000.00	$0.00	$26,875,000.00	0.21%	
*OTRS-DUNE REAL ESTATE-SL	$31,962,173.00	$0.00	$31,962,173.00	0.26%	
*OTRS-GREENOAK REAL ESTATE-SL	$27,280,783.00	$0.00	$27,280,783.00	0.22%	
*OTRS-HEITMAN REAL ESTATE-SL	$257,795,592.05	$0.00	$257,795,592.05	2.06%	
*OTRS-L&B GOLDEN DRILLER-SL	$26,742,549.00	$0.00	$26,742,549.00	0.21%	
*OTRS-L&B REAL ESTATE-SL	$221,081,223.01	$0.00	$221,081,223.01	1.77%	
*OTRS-LANDMARK REALTY ADV-SL	$12,878,044.00	$0.00	$12,878,044.00	0.10%	
*OTRS-STARWOOD CAPITAL-SL	$27,833,655.00	$0.00	$27,833,655.00	0.22%	
Real Estate Total	**$900,672,629.95**	**$0.00**	**$900,672,629.95**	**7.19%**	**10**
Grand Total	**$12,483,114,333.10**	**$42,570,786.78**	**$12,525,685,119.88**	**100.00%**	**47**

OKLAHOMA TEACHERS RETIREMENT SYSTEM

Investment Portfolio as of February 17, 2016

Allocation by Investment Management Firm

Firms	Market Value and Accruals	%Allocation	# Firms
ADVISORY RESEARCH	$645,497,587.94	5.15%	
AEW REAL ESTATE	$252,204,324.95	2.01%	
AMERICAN REALTY ADV	$16,019,285.94	0.13%	
ANTHEUS CAPITAL	$26,875,000.00	0.21%	
ARONSON, JOHNSON & ORTIZ	$497,160,743.31	3.97%	
CAUSEWAY CAPITAL	$447,504,536.51	3.57%	
CHICKASAW CAPITAL	$274,348,064.42	2.19%	
COVE STREET	$97,599,410.96	0.78%	
CUSHING ASSET	$267,588,925.84	2.14%	
DUNE REAL ESTATE	$31,962,173.00	0.26%	
EPOCH INVESTMENTS	$644,666,900.27	5.15%	
FRANKLIN PARK	$631,916,499.00	5.04%	
FRONTIER	$612,377,663.56	4.89%	
GENEVA CAPITAL	$194,683,453.07	1.55%	
GREENOAK REAL ESTATE	$27,280,783.00	0.22%	
HEITMAN REAL ESTATE	$257,795,592.05	2.06%	
HOISINGTON INVESTMENT	$343,333,704.77	2.74%	
HOTCHKIS & WILEY	$918,985,543.30	7.34%	
L&B REAL ESTATE	$247,823,772.01	1.98%	
LANDMARK REALTY ADV	$12,878,044.00	0.10%	
LOOMIS SAYLES	$829,301,285.31	6.62%	
LORD ABBETT	$865,547,760.43	6.91%	
MACKAY SHIELDS	$837,883,617.16	6.69%	
NEUMEIER POMA	$118,140,326.08	0.94%	
NORTHERN TRUST	$991,026,670.20	7.91%	
PIMCO	$160,344,498.05	1.28%	
SAWGRASS	$525,074,356.58	4.19%	
SHAPIRO CAP	$557,219,565.12	4.45%	
SSGA	$190,838,589.36	1.52%	
STARWOOD CAPITAL	$27,833,655.00	0.22%	
WASATCH	$377,015,228.97	3.01%	
WELLINGTON	$596,957,559.72	4.77%	
Grand Total	**$12,525,685,119.88**	**100.00%**	**32**

Oklahoma Teachers Retirement System

TRS Total Fund - Net of Fees

To \ From	12-91	12-92	12-93	12-94	12-95	12-96	12-97	12-98	12-99	12-00	12-01	12-02	12-03	12-04	12-05	12-06	12-07	12-08	12-09	12-10	12-11	12-12	12-13	12-14
12-92	9.46%																							
12-93	10.63%	11.82%																						
12-94	6.61%	5.22%	-0.99%																					
12-95	10.64%	11.04%	10.65%	23.67%																				
12-96	11.17%	11.60%	11.52%	18.36%	13.28%																			
12-97	12.94%	13.65%	14.11%	19.64%	17.68%	22.25%																		
12-98	13.56%	14.25%	14.75%	19.06%	17.56%	19.76%	17.31%																	
12-99	13.65%	14.26%	14.67%	18.08%	16.73%	17.90%	15.78%	14.27%																
12-00	12.32%	12.68%	12.81%	15.29%	13.68%	13.78%	11.09%	8.11%	2.27%															
12-01	10.80%	10.95%	10.85%	12.65%	10.91%	10.44%	7.67%	4.64%	0.13%	-1.96%														
12-02	8.76%	8.69%	8.35%	9.58%	7.70%	6.80%	3.95%	0.85%	-3.26%	-5.92%	-9.71%													
12-03	10.32%	10.40%	10.26%	11.58%	10.16%	9.72%	7.76%	5.94%	3.96%	4.52%	7.92%	29.00%												
12-04	10.57%	10.67%	10.56%	11.79%	10.54%	10.21%	8.59%	7.20%	5.83%	6.74%	9.81%	21.11%	13.69%											
12-05	10.35%	10.42%	10.30%	11.39%	10.23%	9.90%	8.44%	7.23%	6.10%	6.88%	9.21%	16.37%	10.52%	7.44%										
12-06	10.58%	10.66%	10.57%	11.59%	10.55%	10.28%	9.03%	8.03%	7.17%	8.01%	10.12%	15.73%	11.61%	10.58%	13.82%									
12-07	10.34%	10.40%	10.30%	11.22%	10.24%	9.96%	8.81%	7.90%	7.13%	7.84%	9.57%	13.89%	10.40%	9.32%	10.28%	6.84%								
12-08	7.78%	7.67%	7.40%	8.03%	6.91%	6.40%	5.06%	3.91%	2.82%	2.88%	3.60%	6.00%	1.91%	-0.83%	-3.45%	-11.07%	-25.99%							
12-09	8.66%	8.62%	8.42%	9.08%	8.11%	7.72%	6.59%	5.66%	4.84%	5.13%	6.05%	8.51%	5.43%	3.85%	2.97%	-0.41%	-3.85%	24.91%						
12-10	9.03%	9.01%	8.85%	9.49%	8.61%	8.28%	7.28%	6.48%	5.80%	6.16%	7.10%	9.41%	6.87%	5.77%	5.44%	3.44%	2.33%	20.33%	15.92%					
12-11	8.61%	8.57%	8.39%	8.97%	8.11%	7.77%	6.81%	6.04%	5.38%	5.67%	6.46%	8.43%	6.10%	5.06%	4.66%	2.92%	1.96%	13.46%	8.13%	0.86%				
12-12	8.90%	8.87%	8.71%	9.28%	8.49%	8.20%	7.32%	6.64%	6.07%	6.39%	7.19%	9.04%	7.03%	6.22%	6.05%	4.81%	4.40%	13.78%	10.29%	7.58%	14.75%			
12-13	9.54%	9.54%	9.43%	10.01%	9.30%	9.07%	8.29%	7.72%	7.26%	7.66%	8.50%	10.33%	8.62%	8.07%	8.14%	7.36%	7.44%	15.76%	13.57%	12.80%	19.30%	24.02%		
12-14	9.48%	9.48%	9.37%	9.92%	9.24%	9.02%	8.28%	7.74%	7.32%	7.69%	8.47%	10.14%	8.57%	8.07%	8.14%	7.45%	7.54%	14.45%	12.47%	11.62%	15.46%	15.81%	8.14%	
12-15	8.93%	8.91%	8.78%	9.27%	8.59%	8.35%	7.63%	7.08%	6.65%	6.95%	7.61%	9.08%	7.56%	7.02%	6.98%	6.25%	6.17%	11.79%	9.74%	8.55%	10.56%	9.19%	2.46%	-2.93%

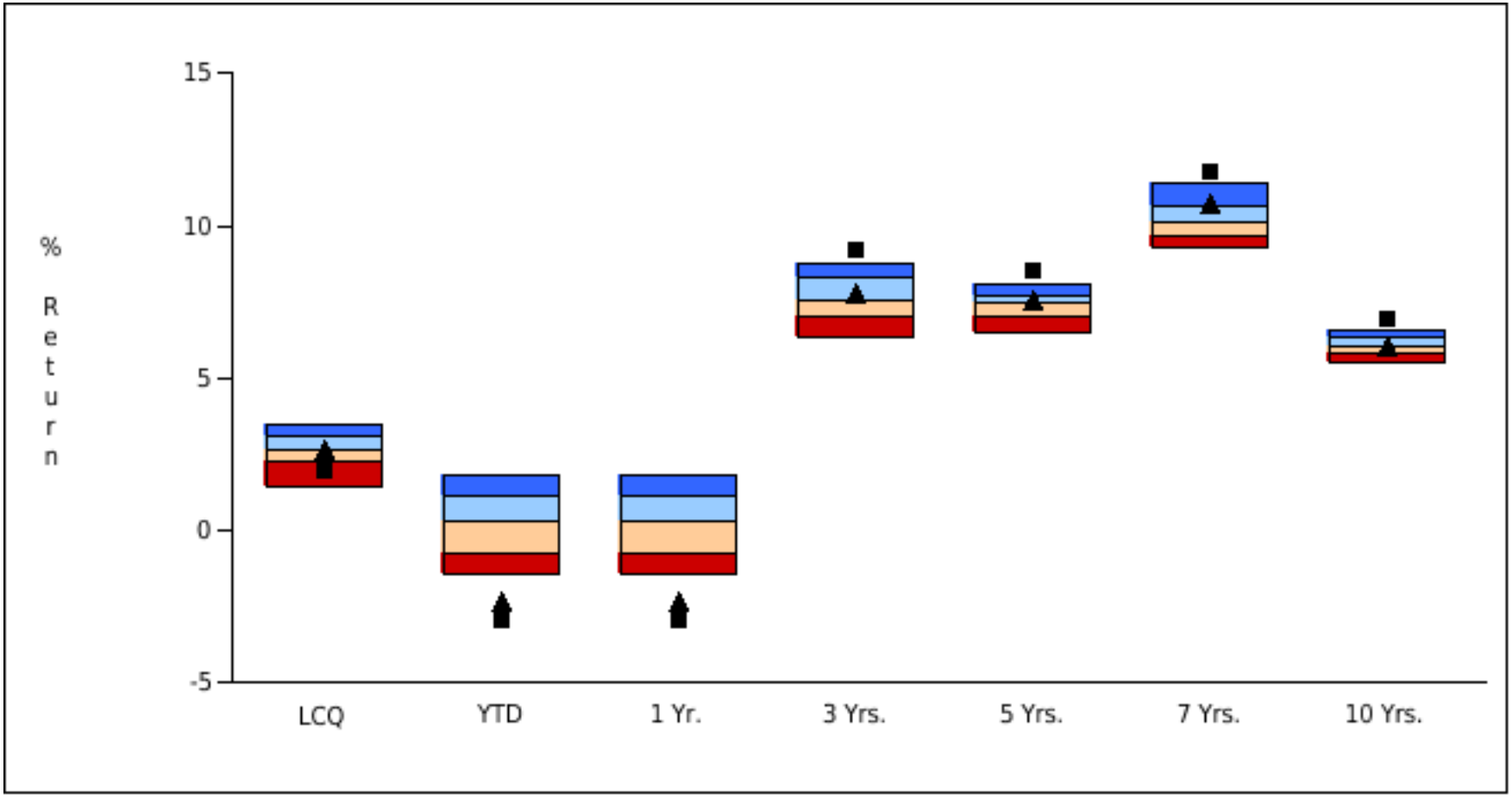
Key	
Above	8.00%
Below	8.00%

Published Universe

February 4, 2016

Report : Published Universe
Reference Date : 12/31/15
Universe : Public Funds

Acct/Grp : Oklahoma Teachers
Index : OK Teachers Policy Benchmark (36007, USD)



■ Account ▲ Index

Northern Trust

Published Universe

February 4, 2016

Report : Published Universe
Reference Date : 12/31/15
Universe : Public Funds

Acct/Grp : Oklahoma Teachers
Index : OK Teachers Policy Benchmark (36007, USD)

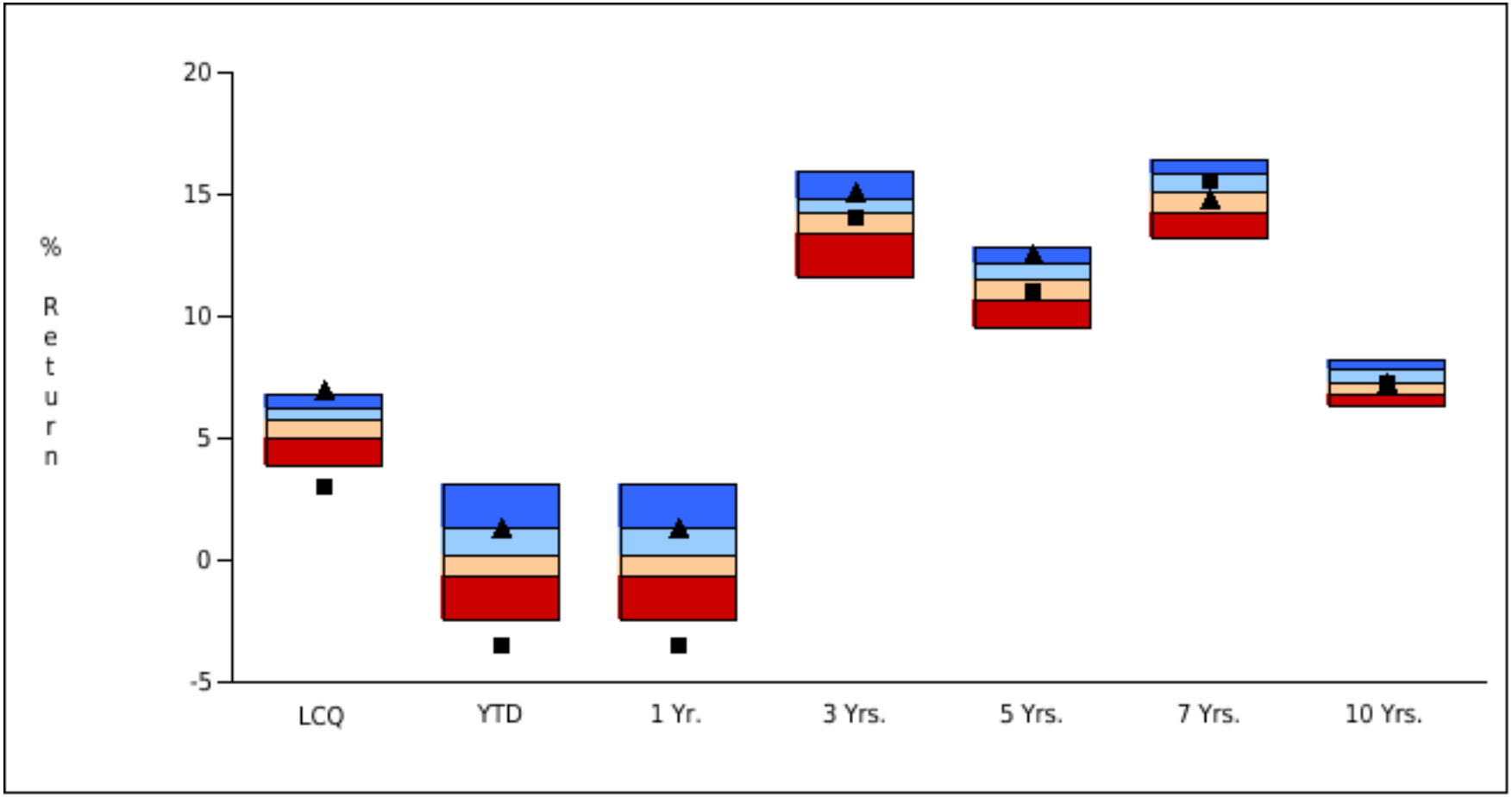
	LCQ	YTD	1 Yr.	3 Yrs.	5 Yrs.	7 Yrs.	10 Yrs.
Account Return	1.98	-2.89	-2.89	9.21	8.55	11.80	6.99
Percentile Rank	84	100	100	6	5	3	2
Index Return	2.67	-2.33	-2.33	7.80	7.58	10.70	6.04
Percentile Rank	49	100	100	43	34	24	56
10th Percentile	3.49	1.80	1.80	8.74	8.13	11.41	6.56
1st Quartile	3.11	1.13	1.13	8.29	7.71	10.65	6.36
Median	2.65	0.34	0.34	7.58	7.47	10.14	6.06
3rd Quartile	2.27	-0.74	-0.74	7.03	7.06	9.68	5.84
90th Percentile	1.44	-1.45	-1.45	6.36	6.50	9.29	5.53
Observations	37	35	35	31	27	24	21

Published Universe

February 4, 2016

Report : Published Universe
Reference Date : 12/31/15
Universe : US Equity Program

Acct/Grp : Total Domestic Equity
Index : S&P 500 (1073753860, USD)



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Northern Trust

Published Universe

February 4, 2016

Report : Published Universe
Reference Date : 12/31/15
Universe : US Equity Program

Acct/Grp : Total Domestic Equity
Index : S&P 500 (1073753860, USD)

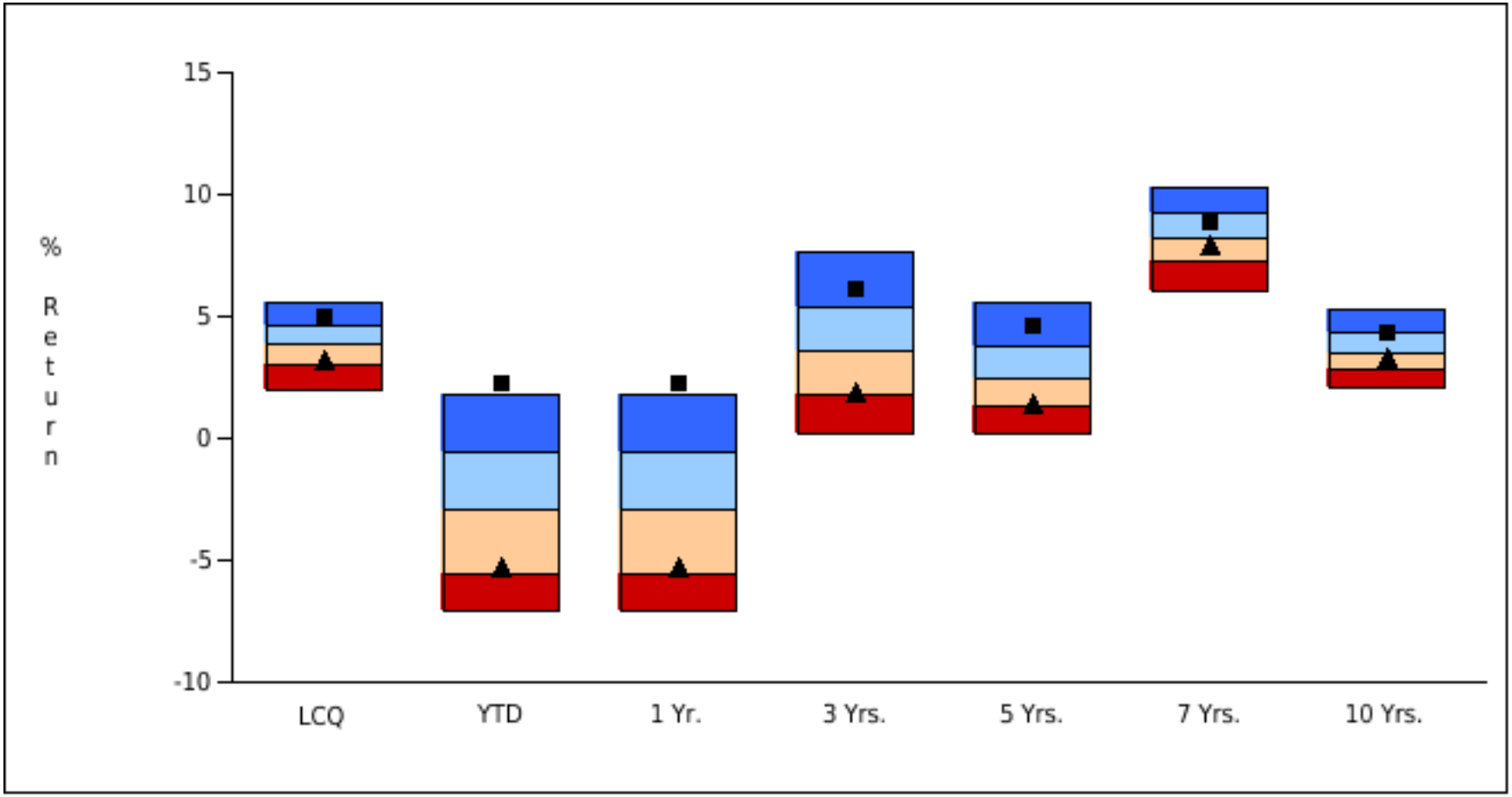
	LCQ	YTD	1 Yr.	3 Yrs.	5 Yrs.	7 Yrs.	10 Yrs.
Account Return	3.05	-3.45	-3.45	14.14	11.12	15.63	7.29
Percentile Rank	96	94	94	56	65	33	53
Index Return	7.04	1.38	1.38	15.13	12.57	14.81	7.31
Percentile Rank	8	24	24	19	14	60	53
10th Percentile	6.79	3.18	3.18	15.98	12.85	16.43	8.23
1st Quartile	6.23	1.33	1.33	14.90	12.23	15.87	7.88
Median	5.77	0.25	0.25	14.30	11.59	15.12	7.34
3rd Quartile	5.04	-0.58	-0.58	13.41	10.68	14.32	6.83
90th Percentile	3.92	-2.40	-2.40	11.65	9.62	13.29	6.38
Observations	170	168	168	157	149	132	112

Published Universe

February 4, 2016

Report : Published Universe
Reference Date : 12/31/15
Universe : Intl Equity Program

Acct/Grp : Total International Equity
Index : MSCI ACWI ex USA GD (1073746015, USD)



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Northern Trust

Published Universe

February 4, 2016

Report : Published Universe
Reference Date : 12/31/15
Universe : Intl Equity Program

Acct/Grp : Total International Equity
Index : MSCI ACWI ex USA GD (1073746015, USD)

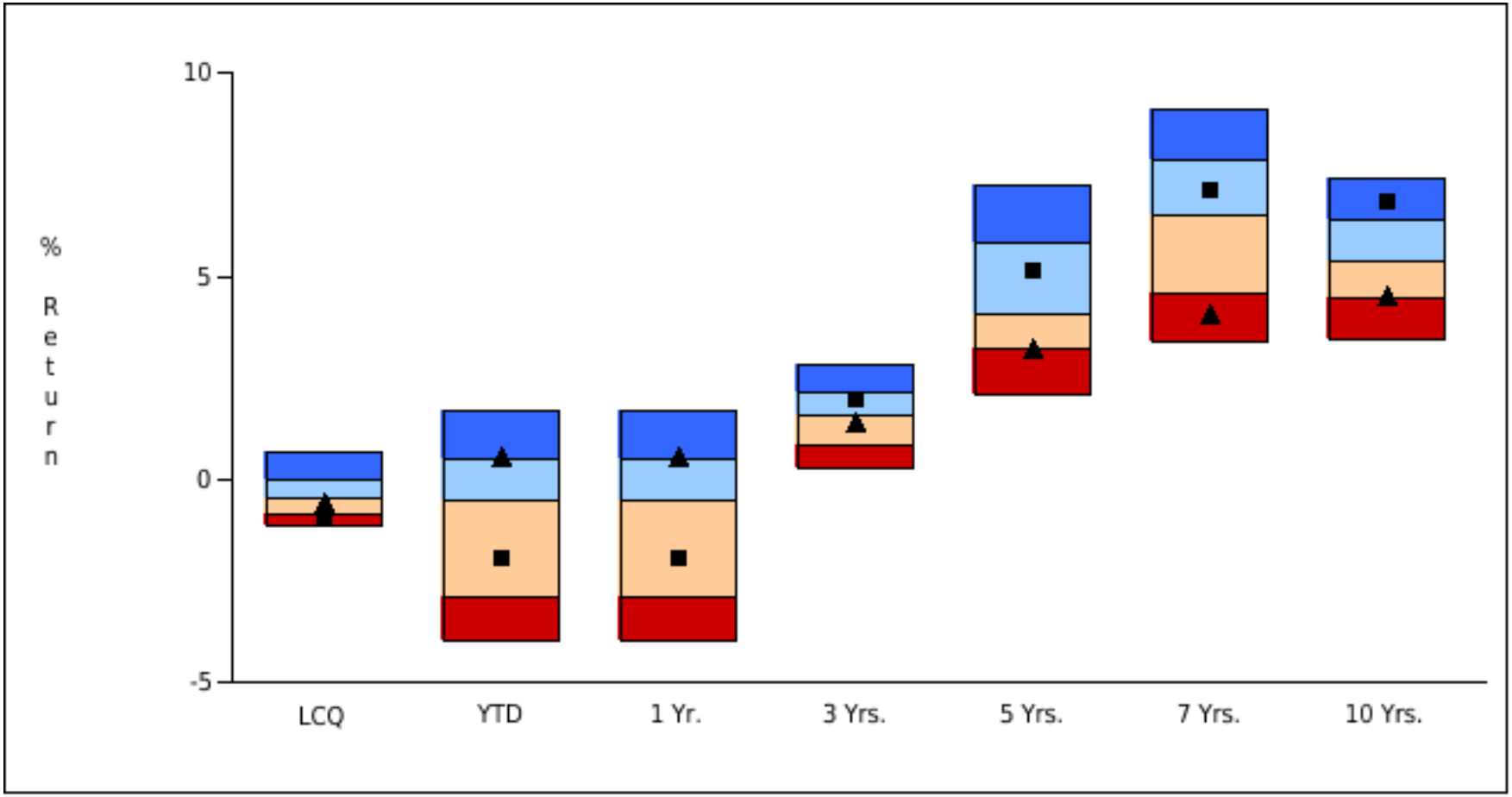
	LCQ	YTD	1 Yr.	3 Yrs.	5 Yrs.	7 Yrs.	10 Yrs.
Account Return	5.09	2.31	2.31	6.17	4.68	8.93	4.41
Percentile Rank	16	8	8	19	17	33	26
Index Return	3.30	-5.25	-5.25	1.94	1.51	7.96	3.38
Percentile Rank	70	72	72	73	72	60	62
10th Percentile	5.58	1.87	1.87	7.67	5.63	10.34	5.32
1st Quartile	4.65	-0.49	-0.49	5.38	3.82	9.28	4.42
Median	3.89	-2.87	-2.87	3.59	2.53	8.24	3.57
3rd Quartile	3.05	-5.47	-5.47	1.86	1.38	7.33	2.84
90th Percentile	2.01	-7.01	-7.01	0.28	0.28	6.11	2.16
Observations	155	157	157	147	134	118	106

Published Universe

February 4, 2016

Report : Published Universe
Reference Date : 12/31/15
Universe : Total Fixed Program

Acct/Grp : Total Fixed Income
Index : BC U.S. Aggregate (1073750275, USD)



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Northern Trust

Published Universe

February 4, 2016

Report : Published Universe
Reference Date : 12/31/15
Universe : Total Fixed Program

Acct/Grp : Total Fixed Income
Index : BC U.S. Aggregate (1073750275, USD)

	LCQ	YTD	1 Yr.	3 Yrs.	5 Yrs.	7 Yrs.	10 Yrs.
Account Return	-0.98	-1.89	-1.89	1.98	5.16	7.12	6.88
Percentile Rank	85	66	66	34	34	37	21
Index Return	-0.57	0.55	0.55	1.44	3.25	4.09	4.51
Percentile Rank	60	25	25	58	75	82	73
10th Percentile	0.69	1.73	1.73	2.83	7.24	9.12	7.41
1st Quartile	0.03	0.53	0.53	2.17	5.86	7.88	6.39
Median	-0.44	-0.51	-0.51	1.57	4.06	6.49	5.39
3rd Quartile	-0.81	-2.87	-2.87	0.88	3.21	4.62	4.46
90th Percentile	-1.10	-3.97	-3.97	0.29	2.12	3.42	3.47
Observations	139	139	139	132	123	108	99