



# OKLAHOMA TEACHERS RETIREMENT SYSTEM

## INVESTMENT COMMITTEE MEETING

**NOVEMBER 27, 2012**

**3:00 PM**

## MEETING MATERIALS

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

**INVESTMENT COMMITTEE MEMBERS:**

*Chair: James Dickson*

*Vernon Florence, Bill Peacher, Michael Simpson, Gary Trennepohl*

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**TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**Investment Committee Meeting**  
**Tuesday, November 27, 2012 – 3:00 PM**  
**TRS Administration Board Room**  
**2500 N. Lincoln Blvd., 5<sup>th</sup> Floor, Oklahoma City, OK**

**AGENDA**

- 1. CALL TO ORDER**
- 2. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT MONTHLY REPORT**
- 3. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT QUARTERLY REPORT**
- 4. DISCUSSION AND POSSIBLE ACTION ON STAFF REPORTS**
  - A. Compliance Certification Report
  - B. Trade Costs Report
  - C. Commission Recapture Report
  - D. Manager Updates Report
- 5. DISCUSSION AND POSSIBLE ACTION ON LOOMIS SAYLES**
- 6. DISCUSSION AND POSSIBLE ACTION ON THORNBURG**
- 7. DISCUSSION AND POSSIBLE ACTION ON ARONSON JOHNSON ORTIZ SMALL CAPITALIZATION TRANSITION**
- 8. DISCUSSION AND POSSIBLE ACTION ON SMALL CAPITALIZATION DOMESTIC EQUITY SEARCH**
- 9. DISCUSSION AND POSSIBLE ACTION ON PIMCO BRAVO II FUND**
- 10. QUESTIONS AND COMMENTS FROM TRUSTEES**
- 11. ADJOURNMENT**

# October 2012 - Market Performance Update

Equity Market Rally Falters During October

## Equity Total Returns

Index	Last Month	Last Year	Last 3 Years	Last 5 Years
Dow Jones Industrial Average	-2.4	12.6	13.5	1.6
NASDAQ (prc chg only)	-4.5	10.9	13.3	0.8
S&P 500 cap weighted	-1.9	15.2	13.2	0.4
S&P 500 equal weighted	-0.8	13.0	15.1	2.7
S&P Mid Cap	-0.8	12.1	15.8	3.1
S&P Small Cap	-2.0	13.6	16.6	2.5
S&P REIT	-0.8	14.9	22.1	1.6
Russell 1000 Growth	-2.9	13.0	14.1	2.0
Russell 1000 Value	-0.5	16.9	12.8	-1.0
Russell Mid Cap Growth	-2.3	9.1	15.4	1.6
Russell Mid Cap Value	0.1	15.0	15.8	1.7
Russell 2000 Growth	-3.1	9.7	15.7	1.4
Russell 2000 Value	-1.3	14.5	13.8	0.9
Russell Top 200	-2.0	16.2	12.7	0.1
Russell 1000	-1.7	15.0	13.5	0.5
Russell Mid Cap	-1.0	12.2	15.6	1.7
Russell 2500	-1.1	13.0	16.0	2.1
Russell 2000	-2.2	12.1	14.8	1.2
MSCI World Ex US	0.7	5.0	3.8	-5.0
MSCI World Ex US Growth	0.3	4.4	4.9	-4.6
MSCI World Ex US Value	1.2	5.5	2.7	-5.6
MSCI EAFE	0.8	5.2	3.3	-5.4
MSCI Emerging Markets	-0.6	3.0	5.7	-3.2

The domestic equity market declined during October as economic concerns and pre-election uncertainty pushed share prices lower. Developed non-U.S. equities outperformed domestic equities for the first time in many months. Emerging markets posted a minor loss for the month.

Value stocks outperformed growth stocks both domestically and abroad. Mid cap companies outperformed large caps and small caps during the month, although the dispersion was relatively small between market capitalization segments.

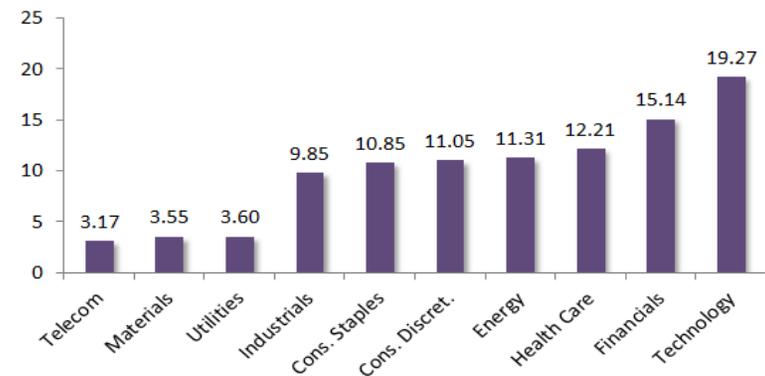
Trailing year returns for equity were quite positive, but noticeably lower than last month.

Fixed income returns were modest during October. Core bonds posted slightly positive returns while long duration bonds suffered minor losses. Money market funds produced virtually no income.

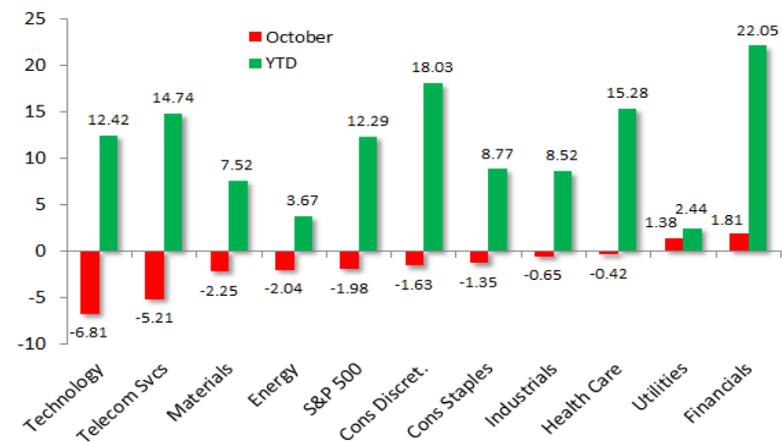
## Bond Total Returns

Index	Last Month	Last Year	Last 3 Years	Last 5 Years
BC T-Bills	0.0	0.1	0.1	0.6
BC Long Treasury	-0.1	10.4	12.5	10.8
BC US Agg	0.2	5.3	6.1	6.4

## S&P 500 Current Sector Weightings (%)



## S&P 500 Sector % Change in October and YTD



# Manager Profile - Loomis Sayles Core Plus



## Notes:

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

This fund has provided strong returns since inception.

Asset Class:	Core Plus Fixed Income
Status:	In Compliance
Portfolio Size:	\$619,767,464
Inception Date:	8/1/1999
Initial Funding:	\$280,155,336
Subsequent Funding:	-\$109,871,664
Annual Management Fee:	0.15%
Location:	Boston, Massachusetts
Structure:	Wholly-owned by NATIXIS
Portfolio Management Team:	Peter W. Palfrey Rick Raczkowski
Represented by:	Peter W. Palfrey

Founded:	1926
AUM:	\$182 billion
Core Plus AUM:	\$1.4 billion

Return Profile	Since Inception	Last 5 Years		Last 3 Years		Last Year		Last Quarter		Last Month	
Loomis Sayles	7.7	10.8		10.6		11.9		2.7		1.0	
Barclays Capital Aggregate	6.3	6.4		6.1		5.3		0.4		0.2	

Risk Characteristics	Avg. Number of Issues	Credit Quality		Yield to Maturity	Modified Duration		Time to Maturity	Average Coupon	
Loomis Sayles	271	A		3.2%	6.1		8.6	5.1%	
Barclays Capital Aggregate	876	A		-	4.4		-	4.4%	

# Manager Profile - Loomis Sayles High Yield



Asset Class:	High Yield Fixed Income
Status:	On Alert
Portfolio Size:	\$204,618,094
Inception Date:	2/1/2009
Initial Funding:	\$199,000,000
Subsequent Funding:	-\$173,068,763
Annual Management Fee:	0.50%
Location:	Boston, Massachusetts
Structure:	Wholly-owned by NATIXIS
Portfolio Management Team:	Dan Fuss Matt Eagan Elaine Stokes
Represented by:	Matthew J. Eagan

## Notes:

Loomis manages their High Yield mandate with a value driven, opportunistic approach. The fund has a long term investment horizon, using allocations to out of benchmark securities in order to provide value and diversification. The fund seeks high current income plus the opportunity for capital appreciation to produce high total return.

This fund has provided strong returns since inception.

Founded:	1926
AUM:	\$181.5 billion
High Yield AUM:	\$653 million

Return Profile	Since Inception	Last 5 Years		Last 3 Years		Last Year		Last Quarter		Last Month	
Loomis Sayles	19.5	-	-	12.4	12.3	17.3	13.2	7.6	3.5	3.0	0.8
ML HY Master II	20.8	-	-	12.3	13.2	17.3	13.2	7.6	3.5	3.0	0.8

Risk Characteristics	Avg. Number of Issues	Credit Quality		Yield to Maturity	Modified Duration		Time to Maturity	Average Coupon	
Loomis Sayles	208	B	B	6.5%	5.7	4.3	9.7	5.9%	8.0%
ML HY Master II	263	B	B	6.5%	5.7	4.3	9.7	5.9%	8.0%

# Manager Profile - Lord Abbett Core Plus

Asset Class:	Core Plus Fixed Income
Status:	In Compliance
Portfolio Size:	\$601,343,133
Inception Date:	11/1/2004
Initial Funding:	\$242,597,217
Subsequent Funding:	-\$92,465,450
Annual Management Fee:	0.17%
Location:	Jersey City, New Jersey
Structure:	Independent Firm
Portfolio Management Team:	Robert A. Lee Walter H. Prah Andrew H. O'Brien Jerald M. Lanzotti Kewjin Yuoh
Represented by:	Robert A. Lee

## Notes:

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

The fund has provided exceptional returns since inception.

Founded:	1929
AUM:	\$120 billion
Core Plus AUM:	\$3 billion

Return Profile	Since Inception	Last 5 Years	Last 3 Years	Last Year	Last Quarter	Last Month
Lord Abbett	6.9	8.4	8.3	9.1	1.8	0.6
Barclays Capital Aggregate	5.4	6.4	6.1	5.3	0.4	0.2

Risk Characteristics	Avg. Number of Issues	Credit Quality	Yield to Maturity	Modified Duration	Time to Maturity	Average Coupon
Lord Abbett	419	A	2.7%	4.8	6.8	4.5%
Barclays Capital Aggregate	876	A	-	4.4	-	4.4%

# Manager Profile - Lord Abbett High Yield

Asset Class:	High Yield Fixed Income
Status:	In Compliance
Portfolio Size:	\$198,876,025
Inception Date:	2/1/2009
Initial Funding:	\$199,000,000
Subsequent Funding:	\$36,802,502
Annual Management Fee:	0.38%
Location:	Jersey City, New Jersey
Structure:	Independent Firm
Portfolio Management Team:	Steven F. Rocco Christopher J. Towle
Represented by:	Steven F. Rocco

## Notes:

Lord Abbett uses a highly disciplined investment process. The goal of this Fund is current income and long-term growth of capital through investing in higher yielding, non-investment grade corporate debt securities. This Fund aims to provide high income through the identification of favored industries and portfolio positioning based on the anticipated economic environment.

The fund has provided exceptional returns since inception.

Founded:	1929
AUM:	\$120 billion
High Yield AUM:	\$14 billion

Return Profile	Since Inception	Last 5 Years	Last 3 Years	Last Year	Last Quarter	Last Month
Lord Abbett	19.4	-	13.2	14.6	4.3	1.1
ML HY Master II	20.8	-	12.3	13.2	3.5	0.8

Risk Characteristics	Avg. Number of Issues	Credit Quality	Yield to Maturity	Modified Duration	Time to Maturity	Average Coupon
Lord Abbett	429	-	-	5.2	7.3	8.2%
ML HY Master II	263	B	-	4.3	-	8.0%

# Manager Profile - Mackay Shields Core Plus

Asset Class:	Core Plus Fixed Income
Status:	In Compliance
Portfolio Size:	\$612,384,823
Inception Date:	11/1/2004
Initial Funding:	\$244,000,000
Subsequent Funding:	\$40,900,000
Annual Management Fee:	0.21%
Location:	New York, New York
Structure:	Wholly-owned by New York Life
Portfolio Management Team:	Lou Cohen Michael Kimble Taylor Wagenseil Dan Roberts
Represented by:	Lou Cohen John Akkerman Steven Buckley

## Notes:

Mackay Shields manages diversified bond portfolios for their clients using a fundamentally based process. The process focuses bottom-up research on sectors and individual bonds. The firm has skill in the selection of non-Treasury issues, including high yield bonds.

The fund has provided strong returns since inception.

Founded:	1938
AUM:	\$68 billion
Core Plus AUM:	\$2.3 billion

Return Profile	Since Inception	Last 5 Years	Last 3 Years	Last Year	Last Quarter	Last Month
Mackay Shields	7.2	8.9	9.4	10.4	2.6	1.1
Barclays Capital Aggregate	5.4	6.4	6.1	5.3	0.4	0.2

Risk Characteristics	Avg. Number of Issues	Credit Quality	Yield to Maturity	Modified Duration	Time to Maturity	Average Coupon
Mackay Shields	379	A	3.1%	4.9	6.9	5.7%
Barclays Capital Aggregate	876	A	-	4.4	-	4.4%

# Manager Profile - Mackay Shields High Yield

Asset Class:	High Yield Fixed Income
Status:	In Compliance
Portfolio Size:	\$196,866,058
Inception Date:	2/1/2009
Initial Funding:	\$204,000,000
Subsequent Funding:	-\$155,924,631
Annual Management Fee:	0.45%
Location:	New York, New York
Structure:	Wholly-owned by New York Life
Portfolio Management Team:	Michael Snyder Nate Hudson Matthew Philo Andrew Susser
Represented by:	Michael Snyder John Akkerman Steven Buckley

## Notes:

Mackay Shields manages diversified bond portfolios for their clients using a fundamentally based process. The strategy focuses on credits that generate increasing cash flow, contain strong asset coverage and whose management is committed to paying down debt.

The fund has provided strong returns since inception.

Founded:	1938
AUM:	\$68 billion
High Yield AUM:	\$7 billion

Return Profile	Since Inception	Last 5 Years	Last 3 Years	Last Year	Last Quarter	Last Month
Mackay Shields	17.7	-	11.9	12.8	3.3	0.9
ML HY Master II	20.8	-	12.3	13.2	3.5	0.8

Risk Characteristics	Avg. Number of Issues	Credit Quality	Yield to Maturity	Modified Duration	Time to Maturity	Average Coupon
Mackay Shields	299	BB-	5.6%	3.3	6.0	7.8%
ML HY Master II	263	B	-	4.3	-	8.0%

# Monthly Asset Allocation Review

Asset Class	Total Market Value	Current Percentage	Target Percentage	Difference	Notes
All Cap/Large Cap	2,257,957,145	21.2%	17.5%	3.7%	Excess allocation bound for Private Equity
Mid Cap	1,351,366,662	12.7%	12.5%	0.2%	
Small Cap	942,917,673	8.9%	10.0%	-1.1%	
<b>Total Domestic Equity</b>	<b>4,552,241,480</b>	<b>42.8%</b>	<b>40.0%</b>	<b>2.8%</b>	
Large Cap International Equity	1,188,030,497	11.2%	12.5%	-1.3%	
Small Cap International Equity	373,625,004	3.5%	2.5%	1.0%	
<b>Total International Equity</b>	<b>1,561,655,501</b>	<b>14.7%</b>	<b>15.0%</b>	<b>-0.3%</b>	
<b>Core Fixed Income</b>	<b>2,421,467,573</b>	<b>22.7%</b>	<b>25.0%</b>	<b>-2.3%</b>	
High Yield Bonds	600,360,177	5.6%	5.0%	0.6%	
MLPs	600,836,987	5.6%	5.0%	0.6%	
Private Equity	170,769,286	1.6%	5.0%	-3.4%	
Real Estate	491,957,785	4.6%	5.0%	-0.4%	
Opportunistic Assets	143,125,202	1.3%	0.0%	1.3%	
<b>Total Non-Core Assets</b>	<b>2,007,049,437</b>	<b>18.9%</b>	<b>20.0%</b>	<b>-1.1%</b>	
<b>Cash</b>	<b>104,781,251</b>	<b>1.0%</b>	<b>0.0%</b>	<b>1.0%</b>	
<b>Composite</b>	<b>10,647,195,242</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	

# Total Fund + Asset Class Composite Summary

As of October 31, 2012

	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month
<b>Total Fund (Gross of Fees)</b>	<b>10,647,195,242</b>	<b>12/1/1991</b>	<b>20.9</b>	<b>9.2</b>	<b>9.0</b>	<b>3.3</b>	<b>11.2</b>	<b>12.0</b>	<b>5.5</b>	<b>4.3</b>	<b>0.1</b>
<b>Total Fund (Net of Fees)</b>				<b>8.8</b>	<b>8.7</b>	<b>2.9</b>	<b>10.9</b>	<b>11.6</b>	<b>5.4</b>	<b>4.2</b>	<b>0.1</b>
Allocation Index	100.0%			9.0	7.9	2.2	10.8	10.5	4.5	3.3	-0.5
Actuarial Assumption				8.0	8.0	8.0	8.0	8.0	6.6	1.9	0.6
Total Domestic Equity	4,490,839,261	4/1/1990	22.6	9.9	9.0	0.8	13.1	13.3	4.1	4.7	-1.2
S&P 500	42.2%			8.8	6.9	0.4	13.2	15.2	4.4	3.0	-1.8
Total All Cap Equity	640,211,407	9/1/2006	6.2	3.5	-	0.6	12.8	11.6	3.1	2.9	-1.2
Russell 3000	6.0%			3.7	-	0.6	13.6	14.7	4.4	3.4	-1.7
Total Large Cap Active Equity	737,231,842	1/1/1995	17.8	9.2	7.5	-0.3	12.9	16.4	4.7	4.3	-0.7
S&P 500	6.9%			8.5	6.9	0.4	13.2	15.2	4.4	3.0	-1.8
Total Mid Cap Equity	1,351,366,662	11/1/1998	14.0	8.5	11.4	2.4	14.6	12.2	3.4	5.0	-1.0
Russell Mid Cap	12.7%			8.1	10.5	1.7	15.6	12.1	4.5	4.3	-1.0
Total Small Cap Equity	942,917,673	2/1/1998	14.8	7.7	10.2	0.8	11.7	11.3	5.4	7.6	-1.8
Russell 2000	8.9%			5.8	9.6	1.2	14.8	12.1	3.0	4.4	-2.2
Total International Equity	1,561,655,501	2/1/1998	14.8	8.5	9.0	-3.9	4.9	8.0	8.6	7.2	0.7
MSCI ACWI ex-US	14.7%			-	9.8	-4.6	4.2	4.5	7.9	6.4	0.4
Core Fixed Income (ex- High Yield)	2,421,467,573	4/1/1990	22.6	7.7	7.1	9.2	9.6	9.9	4.3	1.2	0.7
Barclays Aggregate	22.7%			5.4	5.4	6.4	6.1	5.3	1.8	0.4	0.2
Master Limited Partnerships	600,836,987	4/1/1990	22.6	12.7	-	-	-	17.4	11.8	6.3	0.0
Alerian MLP Index	5.6%			11.2	17.4	12.7	24.1	15.0	9.4	4.1	0.5
High Yield Fixed Income	600,360,177	2/1/2009	3.7	18.9	-	-	12.5	14.9	7.1	5.1	1.7
ML High Yield II	5.6%			12.2	11.0	9.1	12.3	13.2	5.5	3.5	0.8
Core Real Estate	491,957,785	4/1/1990	22.6	-1.6	-	-	-	7.8	4.2	3.0	2.6
NCREIF	4.6%			12.7	-	-	-	11.5	8.3	2.7	0.0
Cash	104,781,251	4/1/1990	22.6	-	-	-	-	-	-	-	-
91 Day T-bill	1.0%			-	-	0.7	0.1	0.1	0.0	0.0	0.0

# Equity Portfolios Summary

## As of October 31, 2012

	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month
Hotchkis & Wiley Large Cap <i>Russell 1000 Value</i>	371,136,108 3.5%	4/1/1990	22.6	10.0	8.0	-1.2	12.9	16.7	6.0	6.2	0.6
				9.3	7.3	-1.0	12.8	16.9	6.0	4.9	-0.5
Sawgrass <i>Russell 1000 Growth</i>	366,095,734 3.4%	7/1/2006	6.3	5.2	-	1.5	14.0	15.9	3.5	2.4	-2.0
				5.6	7.2	1.9	14.1	13.0	3.0	1.6	-2.9
ARI All Cap <i>Russell 3000 Value</i>	323,360,274 3.0%	9/1/2006	6.2	2.7	-	0.1	13.2	11.7	3.5	3.0	-1.5
				1.7	7.3	-0.9	12.9	16.7	5.9	4.9	-0.6
EPOCH All Cap <i>Russell 3000 Value</i>	316,851,133 3.0%	9/1/2006	6.2	4.2	-	1.0	12.4	11.3	2.7	2.9	-0.8
				1.7	7.3	-0.9	12.9	16.7	5.9	4.9	-0.6
NT Cap Weighted Passive <i>S&amp;P 500 Cap Weighted</i>	437,174,505 4.1%	4/1/2012	0.6	2.6	-	-	-	-	4.3	3.0	-1.8
				3.4	8.0	1.1	13.2	30.2	6.4	6.4	2.6
SSGA Eq Weighted Passive <i>S&amp;P 500 Equal Weighted</i>	443,339,392 4.2%	4/1/2012	0.6	2.4	-	-	-	-	4.9	4.8	-0.8
				1.5	6.9	0.4	13.2	15.2	4.4	3.0	-1.8
Frontier Capital <i>Russell Mid Cap Growth</i>	351,214,782 3.3%	6/1/2002	10.4	8.4	11.8	2.9	14.1	11.7	2.0	3.0	-1.7
				7.2	10.0	1.6	15.4	9.1	2.9	3.1	-2.3
Wellington Management <i>Russell Mid Cap Growth</i>	287,982,555 2.7%	9/1/1998	14.2	8.6	9.7	-1.0	9.2	-1.8	1.0	4.5	-1.9
				7.3	10.0	1.6	15.4	9.1	2.9	3.1	-2.3
AJO Partners <i>Russell MidCap</i>	338,964,577 3.2%	8/1/1998	14.3	9.4	10.7	2.2	15.8	12.4	4.8	5.5	-1.3
				7.6	8.6	1.7	15.6	12.1	4.5	4.3	-1.0
Hotchkis & Wiley Mid Cap <i>Russell MidCap Value</i>	373,204,748 3.5%	8/1/2002	10.3	12.0	13.2	5.8	19.2	27.4	5.5	7.1	0.6
				9.7	10.6	1.7	15.8	15.0	5.9	5.3	0.1
Shapiro Capital Management <i>Russell 2000 Value</i>	535,779,357 5.0%	2/1/1998	14.8	8.9	13.6	4.2	15.9	13.5	6.5	8.5	-1.3
				7.1	9.4	0.9	13.8	14.5	4.3	5.4	-1.3
Legacy Small Cap	406,996,953 3.8%	-	-	-	-	-	-	-	-	-	-
				-	-	-	-	-	-	-	-
Causeway Capital <i>MSCI ACWI Ex US</i>	420,140,220 3.9%	5/1/2003	9.5	9.9	-	-2.3	7.6	11.7	10.0	8.3	0.8
				8.4	8.2	-5.3	3.3	5.1	7.9	6.7	0.8
Brandes <i>MSCI ACWI Ex US</i>	365,516,768 3.4%	2/1/1996	16.8	9.8	9.2	-5.3	1.6	2.5	5.8	5.9	0.2
				4.4	8.2	-5.3	3.3	5.1	7.9	6.7	0.8
Thornburg <i>MSCI ACWI Ex US</i>	402,273,945 3.8%	12/1/2005	6.9	5.8	-	-3.0	5.7	5.2	7.4	4.9	0.9
				2.6	8.2	-5.3	3.3	5.1	7.9	6.7	0.8
ARI Small Cap International <i>MSCI EAFE Small Cap</i>	93,826,067 0.9%	12/1/2011	0.9	14.9	-	-	-	-	10.6	9.5	0.1
				12.0	11.5	-4.0	5.7	5.9	8.8	8.4	4.7
Epoch Small Cap International <i>MSCI EAFE Small Cap</i>	92,450,491 0.9%	12/1/2011	0.9	12.2	-	-	-	-	11.4	10.1	1.0
				12.0	11.5	-4.0	5.7	5.9	8.8	8.4	4.7
Wasatch Small Cap International <i>MSCI EAFE Small Cap</i>	94,404,629 0.9%	12/1/2011	0.9	26.6	-	-	-	-	12.6	11.0	1.1
				12.0	11.5	-4.0	5.7	5.9	8.8	8.4	4.7
Wellington Small Cap Internationa <i>MSCI EAFE Small Cap</i>	92,943,817 0.9%	12/1/2011	0.9	19.2	-	-	-	-	10.2	9.0	1.6
				12.0	11.5	-4.0	5.7	5.9	8.8	8.4	4.7

# Fixed Income and Non-Core Portfolios Summary

As of October 31, 2012



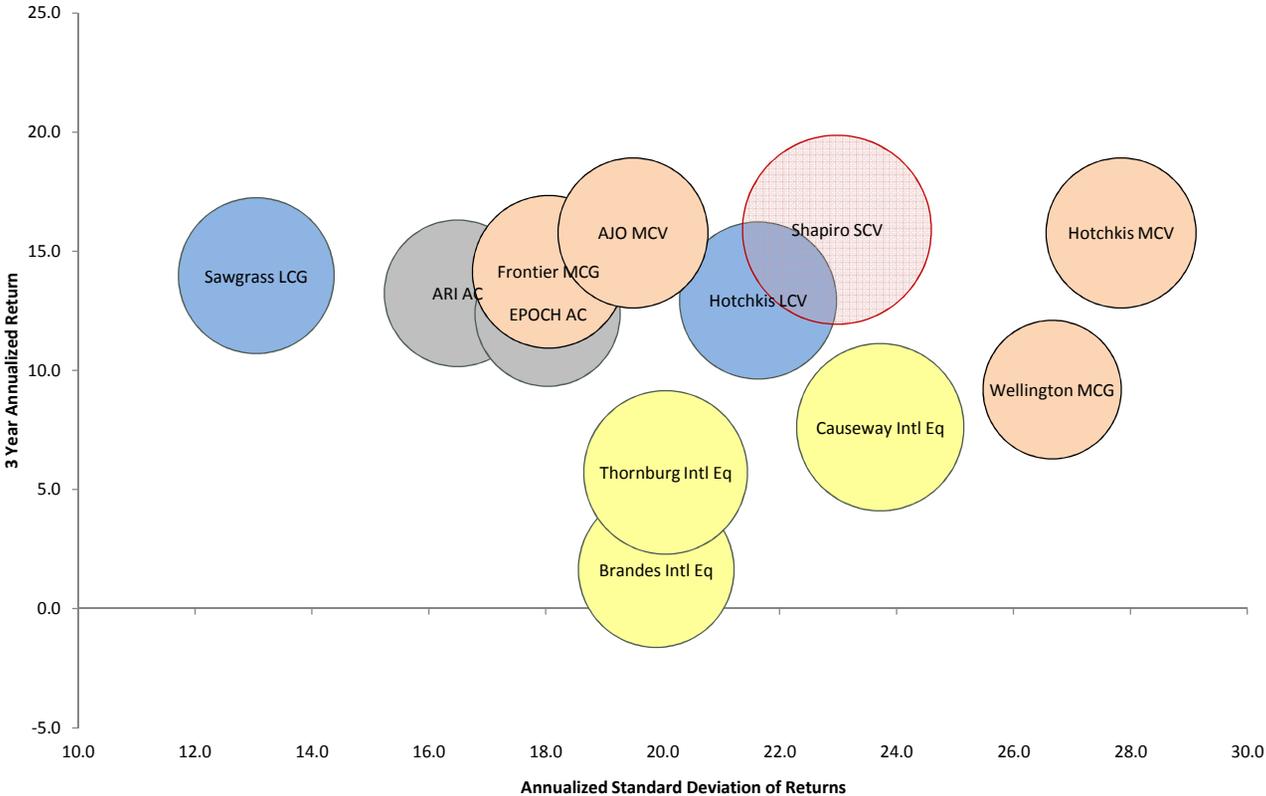
	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month
Loomis Sayles	619,767,464	8/1/1999	13.3	7.7	8.6	10.8	10.6	11.9	4.8	2.7	1.0
Barclays Aggregate	5.8%			6.3	5.4	6.4	6.1	5.3	1.8	0.4	0.2
Lord Abbett	601,343,133	11/1/2004	8.0	6.9	-	8.4	8.3	9.1	3.5	1.8	0.6
Barclays Aggregate	5.6%			5.4	5.4	6.4	6.1	5.3	1.8	0.4	0.2
Mackay Shields	612,384,823	11/1/2004	8.0	7.2	-	8.9	9.4	10.4	4.7	2.6	1.1
Barclays Aggregate	5.8%			5.4	5.4	6.4	6.1	5.3	1.8	0.4	0.2
Hoisington	296,609,791	11/1/2004	8.0	10.2	-	12.4	15.2	12.7	-0.3	-4.2	-0.1
Barclays Aggregate	2.8%			5.4	5.4	6.4	6.1	5.3	1.8	0.4	0.2
Stephens	291,362,362	11/1/2004	8.0	5.2	-	6.1	4.2	3.7	1.1	0.1	0.0
Barclays Aggregate	2.7%			5.4	5.4	6.4	6.1	5.3	1.8	0.4	0.2
Loomis Sayles High Yield	204,618,094	2/1/2009	3.7	19.5	-	-	12.4	17.3	9.7	7.6	3.0
Merrill Lynch High Yield II	1.9%			20.8	11.0	9.1	12.3	13.2	5.5	3.5	0.8
Lord Abbett High Yield	198,876,025	2/1/2009	3.7	19.4	-	-	13.2	14.6	6.4	4.3	1.1
Merrill Lynch High Yield II	1.9%			20.8	11.0	9.1	12.3	13.2	5.5	3.5	0.8
Mackay Shields Yield	196,866,058	2/1/2009	3.7	17.7	-	-	11.9	12.8	5.1	3.3	0.9
Merrill Lynch High Yield II	1.8%			20.8	11.0	9.1	12.3	13.2	5.5	3.5	0.8

# Non-Traditional Portfolios Summary

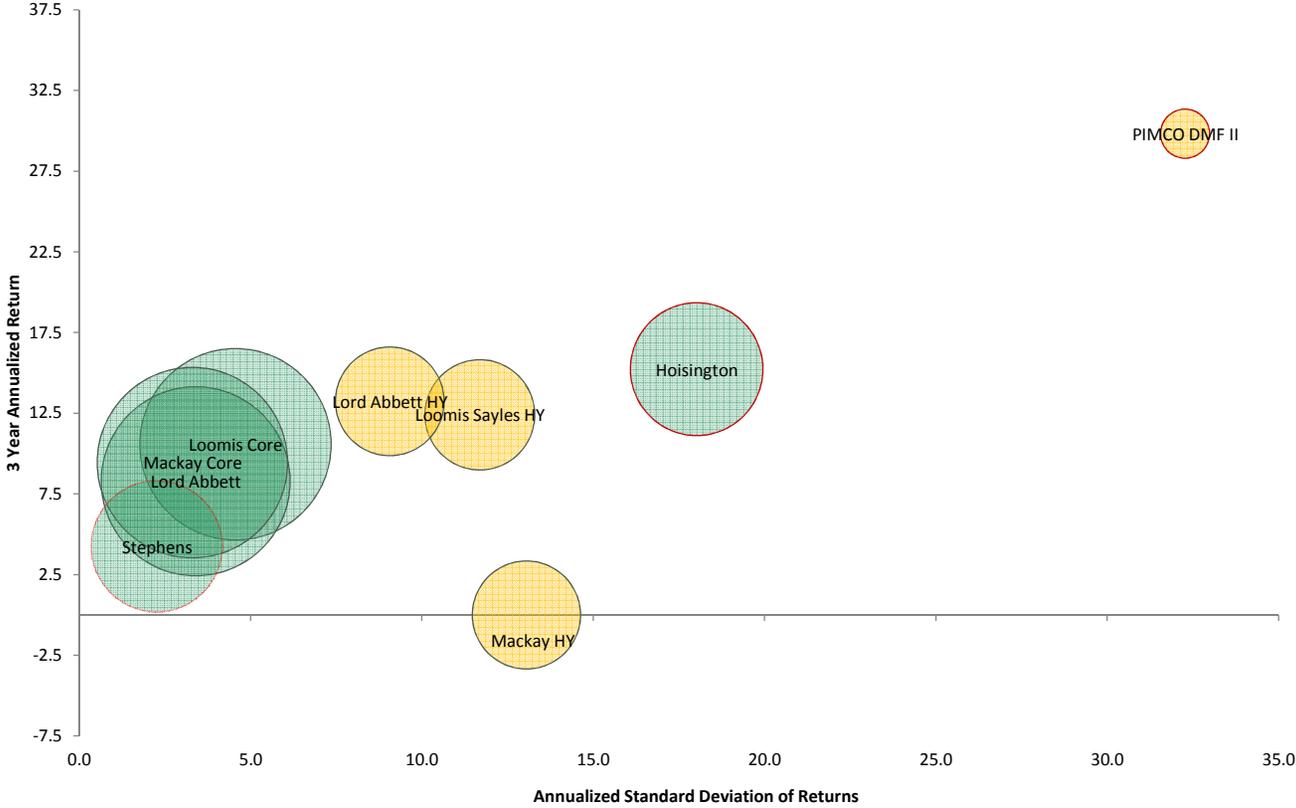
As of October 31, 2012

	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month
Legacy Private Equity Portfolio	70,313,180	10/1/2008	4.1	-	-	-	-	-	-	-	-
Franklin Park Private Equity	100,456,106	4/1/2010	2.6	-	-	-	-	-	-	-	-
Total Private Equity %	1.6%										
Chickasaw Capital MLP	165,465,562	2/28/2011	1.7	18.7	-	-	-	26.1	14.3	8.3	-0.5
Alerian MLP Index	1.6%			11.2	17.4	12.7	24.1	15.0	9.4	4.1	0.5
Cushing MLP Management	148,943,684	2/28/2011	1.7	11.8	-	-	-	16.4	14.6	8.3	1.4
Alerian MLP Index	1.4%			11.2	17.4	12.7	24.1	15.0	9.4	4.1	0.5
FAMCO MLP	286,427,742	2/28/2011	1.7	9.3	-	-	-	13.4	9.1	4.2	-0.4
Alerian MLP Index	2.7%			11.2	17.4	12.7	24.1	15.0	9.4	4.1	0.5
AEW Real Estate	164,777,493	5/1/2011	1.5	-	-	-	-	-	-	-	-
NCREIF - OEDCE	1.5%			-	-	-	-	-	-	-	-
Heitman Real Estate	170,260,588	5/1/2011	1.5	-	-	-	-	-	-	-	-
NCREIF - OEDCE	1.6%			-	-	-	-	-	-	-	-
L&B Real Estate	156,919,704	4/1/2011	1.6	-	-	-	-	-	-	-	-
NCREIF - OEDCE	1.5%			-	-	-	-	-	-	-	-
PIMCO Distressed Mortgage I	1,211,503	5/1/2008	4.5	11.3	-	-	24.5	24.3	15.7	13.2	-39.5
Barclays Aggregate	0.0%			6.2	5.4	6.4	6.1	5.3	1.8	0.4	0.2
PIMCO Distressed Mortgage II	40,612,351	12/1/2008	3.9	40.0	-	-	29.8	55.4	38.6	36.3	36.3
Barclays Aggregate	0.4%			7.3	5.4	6.4	6.1	5.3	1.8	0.4	0.2
PIMCO BRAVO	101,301,349	3/31/2011	1.6	20.7	-	-	-	29.1	19.1	12.8	12.8
Barclays Aggregate	1.0%			7.4	5.4	6.4	6.1	5.3	1.8	0.4	0.2

Three Year Risk/Return Review - Equity Portfolios



Three Year Risk/Return Review - Fixed Income Portfolios



# Manager Status Summary

Manager	% of Total Portfolio	Mandate	Status	Reason - Date of Most Recent Change (term)
Brandes	3.4%	International Value Equity	On Notice	Performance - February 2012 (December 2012)
Wellington	2.7%	Mid Cap Growth	On Alert	Performance - August 2012 (December 2012)
Epoch	0.9%	International Small Cap	On Alert	Personnel - October 2012 (March 2013)
Loomis Sayles High Yield	1.9%	High Yield Fixed Income	On Alert	Personnel - October 2012 (March 2013)

All other managers currently rated **In Compliance**.

**Classification Notes:**

**In Compliance:** The portfolio is in full compliance with its guidelines and it is performing to expectations.

**On Alert:** Concerns exist with the portfolio's performance, a change in investment characteristics, management style, ownership structure, staff or other related events.

**On Notice:** A continued and serious problem with any of the issues mentioned above. If the situation is not resolved to the Committee's satisfaction, a replacement will be selected and hired.

Q3 Compliance Certification - Q3 2012

MANAGER / CONSULTANT	2012 Q3 COMPLIANCE
ADVISORY RESEARCH ALL CAP	CONFIRMED
ADVISORY RESEARCH INTL EQ	CONFIRMED
ARONSON JOHNSON ORTIZ	CONFIRMED
BRANDES INVESTMENT PARTNERS	CONFIRMED
CAUSEWAY CAP MGMT	CONFIRMED
CHICKASAW	CONFIRMED
EPOCH INTL EQ	CONFIRMED
EPOCH INVESTMENT PARTNERS	CONFIRMED
FAMCO	CONFIRMED
FRANKLIN PARK	CONFIRMED
FRONTIER CAP MGMT	CONFIRMED
HOISINGTON INVESTMENT	CONFIRMED
HOTCKIS WILEY LARGE CAP	CONFIRMED
HOTCKIS WILEY MID CAP	CONFIRMED
LOOMIS SAYLES CORE PLUS	CONFIRMED
LOOMIS SAYLES HIGH YIELD	CONFIRMED
LORD ABBETT CORE PLUS FIX	CONFIRMED
LORD ABBETT HIGH YIELD	CONFIRMED
MACKAY SHIELDS CORE PLUS	CONFIRMED
MACKAY SHIELDS HIGH YIELD	CONFIRMED
SAWGRASS ASSET MANAGEMENT	CONFIRMED
SHAPIRO CAP MGMT	CONFIRMED
STEPHENS CAP MGMT FIX INC	CONFIRMED
SWANK	CONFIRMED
THORNBURG INVEST INTL EQ	CONFIRMED
WASATCH INTL EQ	RECEIVED 11/23/2012
WELLINGTON INTL EQ	CONFIRMED
WELLINGTON MGMT	CONFIRMED

**Trade Cost - Q3 2012**

ACCOUNT	Trade Cost (MI + COMM)		Difference	
	Q3 2012	Q2 2012	Dollar	Percent
LORD ABBETT HIGH YIELD	(750)	63	(813)	(1,294)%
SSGA INDEX	60,663	(54,872)	115,535	(211)%
AJO LP MID CAP CORE	(89,166)	361,767	(450,933)	(125)%
NORTHERN TRUST INDEX	1,410	(66,538)	67,948	(102)%
SAWGRASS LARGE CAP GROWTH	457	222,333	(221,877)	(100)%
TOCQUEVILLE SM CAP VAL	2,679	170,421	(167,742)	(98)%
FIDUCIARY ASSET MANAGEMENT	1,490	37,072	(35,582)	(96)%
CHICKASAW CAPITAL MANAGEMENT	2,921	20,288	(17,367)	(86)%
WELLINGTON INTL EQ	24,093	134,191	(110,099)	(82)%
ADVISORY RESEARCH INTL EQ	33,056	158,228	(125,172)	(79)%
EPOCH INTL EQ	29,734	59,634	(29,900)	(50)%
HOTCHKIS & WILEY MID CAP VAL	131,975	262,933	(130,958)	(50)%
SHAPIRO SM CAP VAL	143,367	234,222	(90,855)	(39)%
WELLINGTON MID CAP GROWTH	109,941	167,885	(57,944)	(35)%
ADVISORY RESEARCH ALL CAP	46,251	55,617	(9,366)	(17)%
WASATCH INTL EQ	71,434	84,488	(13,054)	(15)%
SWANK CAPITAL	197,081	183,763	13,318	7%
HOTCHKIS & WILEY LG CAP VAL	76,197	60,962	15,235	25%
CAUSEWAY CAP MGMT LLC INT'L EQ	61,518	40,244	21,274	53%
BRANDES INVEST PARTNERS INT'L EQ	(29,551)	(16,814)	(12,737)	76%
FRONTIER MID CAP GROWTH	136,691	35,807	100,884	282%
STEPHENS FXD INC	752		752	752%
THORNBURG INVEST MGMT INT'L EQ	116,351	13,528	102,822	760%
EPOCH INVEST PARTNERS	64,653	5,474	59,179	1,081%
LEGACY HOLDINGS	51,002		51,002	51,002%
TRANSITION	792,638		792,638	792,638%
<b>TOTAL</b>	<b>\$2,036,885</b>	<b>\$2,170,696</b>	<b>(\$133,810)</b>	

**Total Trade Cost - Q3 2012**

ACCOUNT	Q3 2012 (bp's)				
	Gross Commission	Market Impact	Net Commissions *	Net Market Impact **	Total Net Trade ***
WASATCH INTL EQ	18.24	19.43	(3.19)	(18.62)	(21.81)
SSGA INDEX	1.34	21.33	0.89	(21.43)	(20.54)
THORNBURG INVEST MGMT INT'L EQ	13.54	14.47	(3.89)	(14.92)	(18.81)
SWANK CAPITAL	10.79	14.11	(4.10)	(14.28)	(18.38)
ADVISORY RESEARCH INTL EQ	18.35	6.26	(8.44)	(8.87)	(17.30)
EPOCH INTL EQ	16.65	8.28	(5.08)	(7.54)	(12.62)
CHICKASAW CAPITAL MANAGEMENT	10.96	2.76	(6.89)	(2.15)	(9.04)
FRONTIER MID CAP GROWTH	9.12	5.78	(3.15)	(5.84)	(8.99)
TRANSITION	10.33	19.65	10.70	(18.85)	(8.16)
SHAPIRO SM CAP VAL	11.41	4.68	(2.51)	(4.30)	(6.81)
EPOCH INVEST PARTNERS	9.57	4.41	(2.54)	(4.01)	(6.55)
WELLINGTON MID CAP GROWTH	8.57	2.58	(2.01)	(2.85)	(4.86)
HOTCHKIS & WILEY LG CAP VAL	7.64	2.33	(0.31)	(2.20)	(2.51)
STEPHENS FXD INC	2.49	2.19	0.45	(2.03)	(1.58)
WELLINGTON INTL EQ	9.54	2.48	1.20	(2.51)	(1.31)
ADVISORY RESEARCH ALL CAP	10.58	(0.44)	(2.32)	1.28	(1.03)
LEGACY HOLDINGS	1.22	0.61	0.75	(0.54)	0.21
HOTCHKIS & WILEY MID CAP VAL	12.89	0.06	1.04	(0.34)	0.70
NORTHERN TRUST INDEX	1.24	(0.26)	1.97	(0.25)	1.72
CAUSEWAY CAP MGMT LLC INT'L EQ	9.37	(1.19)	1.95	0.71	2.66
TOCQUEVILLE SM CAP VAL	85.11	(21.62)	(20.92)	23.77	2.84
SAWGRASS LARGE CAP GROWTH	2.41	(2.33)	1.54	1.39	2.93
FIDUCIARY ASSET MANAGEMENT	4.81	(4.57)	0.40	3.52	3.92
AJO LP MID CAP CORE	3.79	(11.65)	4.58	10.88	15.45
BRANDES INVEST PARTNERS INT'L EQ	15.41	(27.24)	(4.88)	25.49	20.61
LORD ABBETT HIGH YIELD	43.42	(87.28)	(24.19)	101.18	76.99
<b>TOTAL (bp's)</b>	<b>(7.89)</b>	<b>(4.41)</b>	<b>1.31</b>	<b>(4.45)</b>	<b>(3.14)</b>
<b>TOTAL (\$)</b>	<b>\$ (1,307,089)</b>	<b>\$ (729,796)</b>	<b>\$ 217,020</b>	<b>\$ (737,205)</b>	<b>\$ (520,185)</b>

\* Net Commissions: The difference between the commissions paid for a specific trade by a manager and the commissions paid by the peer universe trading the same security on the same day. The median commission of the peer universe is normalized to represent zero with the relative outperformance / underperformance of the trade being either negative or positive.

\*\* Net Market Impact: The difference between the effect of market impact on a trade made by an OTRS manager compared with the market impact felt by the peer universe of managers trading the same security on the same day. The median market impact of the peer universe is normalized to represent zero with the relative outperformance / underperformance of the trade being either negative or positive.

\*\*\* Total Net Trade Cost: The sum of net commissions and the net market impact for each trade are weighted based on trade volume to create a cumulative representation of a managers relative trade cost.

**Commission Cost - Q3 2012**

ACCOUNT	GROSS COMMISSION COST		Difference	
	Q3 2012	Q2 2012	Dollar	Percent
TRANSITION	273,114		273,114	(273,114)%
LEGACY HOLDINGS	34,002		34,002	(34,002)%
STEPHENS FXD INC	400		400	(400)%
TOCQUEVILLE SM CAP VAL	3,592	249,916	(246,324)	(99)%
CHICKASAW CAPITAL MANAGEMENT	2,333	27,672	(25,338)	(92)%
NORTHERN TRUST INDEX	1,784	5,190	(3,406)	(66)%
SAWGRASS LARGE CAP GROWTH	13,752	28,261	(14,509)	(51)%
WELLINGTON INTL EQ	19,122	30,539	(11,417)	(37)%
FIDUCIARY ASSET MANAGEMENT	29,863	44,851	(14,988)	(33)%
EPOCH INTL EQ	19,858	29,287	(9,429)	(32)%
WELLINGTON MID CAP GROWTH	84,502	123,239	(38,737)	(31)%
WASATCH INTL EQ	34,589	49,706	(15,118)	(30)%
HOTCHKIS & WILEY MID CAP VAL	131,363	184,259	(52,895)	(29)%
FRONTIER MID CAP GROWTH	83,666	106,885	(23,219)	(22)%
SHAPIRO SM CAP VAL	101,667	129,320	(27,654)	(21)%
ADVISORY RESEARCH INTL EQ	24,648	31,059	(6,411)	(21)%
BRANDES INVEST PARTNERS INT'L EQ	38,494	46,685	(8,191)	(18)%
AJO LP MID CAP CORE	42,995	49,593	(6,598)	(13)%
SWANK CAPITAL	85,402	83,647	1,755	2%
CAUSEWAY CAP MGMT LLC INT'L EQ	70,467	51,206	19,262	38%
HOTCHKIS & WILEY LG CAP VAL	58,389	37,849	20,540	54%
THORNBURG INVEST MGMT INT'L EQ	56,244	34,045	22,198	65%
SSGA INDEX	3,586	1,938	1,648	85%
ADVISORY RESEARCH ALL CAP	48,257	23,419	24,839	106%
EPOCH INVEST PARTNERS	44,258	20,918	23,340	112%
LORD ABBETT HIGH YIELD	742	62	681	1,106%
<b>TOTAL</b>	<b>1,307,089</b>	<b>1,389,546</b>	<b>(82,457)</b>	

## Quarterly Commission Recapture - Q3 2012

ACCOUNT	Commissions Recaptured		Participating Brokers	Recapture Difference	
	Q3 2012	Q3 2011		Dollars	Percent
TERMINATED MANAGERS (BEFORE Q3 2012)	-	15,319	CAPIS / KNIGHT	(15,319)	(100)%
TOCQUEVILLE SM CAP VAL	1,915	157,039	KNIGHT	(155,124)	(99)%
WELLINGTON MID CAP GROWTH	1,051	2,865	CAPIS / CONVERGEX / KNIGHT	(1,814)	(63)%
ADVISORY RESEARCH ALL CAP	1,516	697	CONVERGEX	819	118%
BRANDES INVEST PARTNERS INT'L EQ	684	238	CAPIS / CONVERGEX / KNIGHT	446	187%
CAUSEWAY CAP MGMT LLC INT'L EQ	492	101	CONVERGEX	391	385%
EPOCH INTL EQ	4,177		CAPIS	4,177	385%
FRONTIER MID CAP GROWTH	7,833		CAPIS / KNIGHT	7,833	417,655%
EPOCH INVEST PARTNERS	6,663		CAPIS	6,663	783,339%
WELLINGTON INTL EQ	102		CAPIS	102	666,270%
THORNBURG INVEST MGMT INT'L EQ	406		KNIGHT	406	10,175%
ADVISORY RESEARCH INTL EQ					
AJO LP MID CAP CORE					
CHICKASAW CAPITAL MANAGEMENT					
FIDUCIARY ASSET MANAGEMENT					
HOTCHKIS & WILEY MID CAP VAL					
HOTCHKIS & WILEY LG CAP VAL					
LEGACY HOLDINGS					
LORD ABBETT HIGH YIELD					
NORTHERN TRUST INDEX					
SAWGRASS LARGE CAP GROWTH					
SHAPIRO SM CAP VAL					
SSGA INDEX					
STEPHENS FXD INC					
SWANK CAPITAL					
TRANSITION					
WASATCH INTL EQ					
<b>TOTAL</b>	<b>\$ 24,838</b>	<b>\$ 176,260</b>		<b>(\$151,422)</b>	<b>(86)%</b>

## Annual Commission Recapture - Q3 2012

ACCOUNT	Commissions Recaptured		Participating Brokers	Recapture Difference	
	Q4 2011 - Q3 2012	Q4 2010 - Q3 2011		Dollars	Percent
BRANDES INVEST PARTNERS INT'L EQ	\$287.50	\$107.27	CAPIS / CONVERGEX / KNIGHT	\$180.23	60%
THORNBURG INVEST MGMT INT'L EQ	\$4,264.13	\$267.04	KNIGHT	\$3,997.09	7%
TERMINATED MANAGERS (BEFORE Q3 2012)	\$0.00	\$1,020.04	CAPIS / KNIGHT	(\$1,020.04)	(100)%
FRONTIER MID CAP GROWTH	\$29,844.07	\$48,953.10	CAPIS / KNIGHT	#####	(256)%
WELLINGTON MID CAP GROWTH	\$4,430.21	\$5,855.20	CAPIS / CONVERGEX / KNIGHT	(\$1,424.99)	(411)%
TOCQUEVILLE SM CAP VAL	\$366,330.91	\$392,199.51	KNIGHT	#####	(1,516)%
ADVISORY RESEARCH ALL CAP					
ADVISORY RESEARCH INTL EQ					
AJO LP MID CAP CORE					
CAUSEWAY CAP MGMT LLC INT'L EQ					
CHICKASAW CAPITAL MANAGEMENT					
EPOCH INTL EQ					
EPOCH INVEST PARTNERS					
FIDUCIARY ASSET MANAGEMENT					
HOTCHKIS & WILEY MID CAP VAL					
HOTCHKIS & WILEY LG CAP VAL					
LEGACY HOLDINGS					
LORD ABBETT HIGH YIELD					
NORTHERN TRUST INDEX					
SAWGRASS LARGE CAP GROWTH					
SHAPIRO SM CAP VAL					
SSGA INDEX					
STEPHENS FXD INC					
SWANK CAPITAL					
TRANSITION					
WASATCH INTL EQ					
WELLINGTON INTL EQ					
<b>TOTAL</b>	<b>\$ 405,157</b>	<b>\$ 448,402</b>		<b>(\$43,245)</b>	<b>(10)%</b>

Monthly Update - Q3 2012

FIRM	DATE NOTIFIED	COMMUNICATION ITEM
BRANDES INVESTMENT PARTNERS:	11/05/12	Brandes Investment Partners has named current managing director of investments, Brent Woods as CEO effective February 1, 2013. Outgoing CEO Glenn Carlson is leaving the firm for professional and personal reasons. As a component of the transition, Brandes will split the Large-Cap Investment Committee into two separate committees effective February 1, 2013.
CAUSEWAY CAPITAL MANAGEMENT	11/19/12	Causeway Capital Management LLC announced the acquisition of Causeway equity units held by long-time minority investor Evercore Investments LLC. The shares recently acquired from Evercore Investments represented the last remaining non-employee owned shares.
EPOCH INVESTMENT PARTNERS - Small Cap	10/01/12	International small cap co-portfolio manager Emily Baker has announced her retirement from Epoch and the investment management effective at year end. Mrs. Baker recently returned to the portfolio after maternity leave and has determined that the end of 2012 is an appropriate time for her to retire. It is expected that the current co-portfolio managers for the strategy, Eric Citerne, Michael Welhoelter, and Bill Priest, will pick up any extra work left behind by the departure of Mrs. Baker.
LOOMIS SAYLES HIGH YIELD	10/22/12	Loomis Sayles announced the departure of co-portfolio manager Kathleen Gaffney from the high yield team. Mrs. Gaffney has taken a similar position at Eaton Vance effective immediately. The portfolio will be managed by the remaining co-portfolio managers Dan Fuss, Elaine Stokes, and Matt Eagan.
MACKAY SHIELDS CORE PLUS & HIGH YIELD	10/23/12	Mackay Shields has moved it's New York headquarters from 9 West 57th St. to 1345 Avenue of the America's
THORNBURG INVEST INTL EQ	11/12/12	On November 6, 2012 a trading error was made in the OTRS international account when a trader incorrectly increased a current portfolio holding. The portfolio manager had directed a trade to increase a position by .1% and it was mistakenly entered as 1.0%. The trade error was caught by Thornburg, corrected, and the Teacher's Retirement System was made whole for the \$10,301.03 loss incurred by the incorrect trade.
WASATCH INTL EQ	11/02/12	Kitty Swenson, the Wasatch director of client relations, asked for clarity involving the OTRS investment policy statement. The item in question was whether or not an Indian ETF, currently acting as a placeholder for Indian exposure in the account, would count toward the 5% limit on assets not actively managed by the investment advisor, and therefore prohibit them from adding a position in a REIT. The issue is currently under review.
WELLINGTON MGMT	10/24/12	Wellington announced an update to their counterparty policy and procedure that went into effect Nov 1, 2012. The new policy is in response to the drastic changes surrounding counter-party risk since their policy was previously ratified in 2007. The key changes involve stricter monitoring and guidelines for counterparties, including new regulations for the counterparty review group.

**From:** Sara Alcaide **On Behalf Of** Kenneth Johnson  
**Sent:** Monday, October 22, 2012 3:28 PM  
**To:** Grant Soderberg  
**Cc:** James Wilbanks  
**Subject:** Full Discretion Team Announcement

As a follow-up to my telephone call, I am writing to inform you that Kathleen Gaffney, a member of our Full Discretion team, has decided to depart the firm effective October 24th. Kathleen has decided to take on a new challenge and we wish her well in her new endeavor.

We have no plans to replace Kathleen at this time. Existing managers Dan Fuss, Elaine Stokes and Matt Eagan, have worked together for 12 years as a portfolio management team, and individually have been at Loomis Sayles for 36, 24 and 15 years respectively. Portfolio managers at Loomis Sayles work in a team environment. Given the breadth and depth of this team's investment experience (nearly 100 years of combined industry experience) and knowledge of the investment process, we are highly confident in their ability to continue to deliver strong performance.

Matt Eagan and Elaine Stokes will serve as co-heads of the Full Discretion team. As co-heads, Matt and Elaine will be responsible for marshaling organizational resources to support and leverage the Full Discretion product platform. Dan remains the senior member of the team and is as engaged as ever, serving full-time as portfolio manager, as well as Vice Chairman of the firm and as a Board Member.

We are extremely confident that the infrastructure and expertise necessary to manage these assets is firmly in place. Senior management has never felt better about the Full Discretion team and their ability to generate great investment ideas, working hand-in-hand with their research and trading partners across the firm. In addition, the expansion of our product management and risk management functions over recent years offer additional resources that allow our portfolio managers to focus even more intently on implementing the full discretion strategy.

Please contact me if you have any questions, concerns or would like to speak with anyone on the investment team.

Regards,

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Kenneth Johnson, Vice President  
Associate Director of Client Service  
Loomis Sayles & Company, L.P.  
One Financial Center  
Boston, MA 02111  
[www.loomissayles.com](http://www.loomissayles.com)

November 13, 2012

Dr. James R. Wilbanks  
Teachers' Retirement System of Oklahoma  
2500 North Lincoln Boulevard  
Suite 500  
Oklahoma City, OK 73105-4500

RE: Teachers' Retirement System of Oklahoma – Account P62104/41192

Dear Dr. Wilbanks

On November 6<sup>th</sup>, our portfolio management team for the Teachers' Retirement System account made a decision to increase the account's holdings of Accenture PLC. This increase was designed to take the account's position from approximately 1.2% to approximately 1.3%. Due to human error, the trade was executed as a 1.0% incremental add rather than a 0.10% incremental add per the PM's instruction. The error was identified on the same day and corrected by selling the share overage, which resulted in a net loss to the account of \$10,301.03.

Thornburg will reimburse your account by the above amount by wiring the funds to JPMorgan later this week. We apologize for this error and reiterate our commitment to ensuring this will not occur in the future. Going forward the trades will be double checked prior to market open to ensure the proper percentage target is built into the U.S. trades. We are also revising our procedures as it relates to order generation to ensure the proper controls are in place.

Should you have any questions or concerns, please do not hesitate to call me at (505) 467-7139.

Sincerely,



Bettie Kroutil  
Managing Director  
Director of Institutional Operations

Cc: Grant Soderberg