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# Oklahoma State Pension Commission

## Calendar Year 2014 Fee Analysis

August 19th, 2015

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# Public Markets Fee Overview

**Within Public Markets (Both Equity & Fixed) there are 3 general types of Fee structures:**

1. **Flat Fee**
   - A flat basis point fee that is charged no matter the size of the mandate
   - Typically used for passive or indexed mandates

2. **Tier or Asset-Based Fee (Declining Marginal Rate Fee Structure)**
   - A fee schedule that includes breakpoints or "Tiers" based on the size of the mandate
   - The breakpoints will provide lower fees as the amount of assets grows
   - These fee structures are offered by passive and active managers and are the most prominently used (100 bps on the first $50 mm, 75 bps on the next $50 mm, with 50 bps on assets over $100mm)

3. **Performance-Based Fee**
   - A fee schedule that includes the ability for the manager to profit from the performance of a portfolio
   - The fee is compromised of a base fee, which is substantially lower than the customary or normal fee, and a performance component that is earned or exceeded only when the manager earns a required excess returns (See Appendix for Formula)

   Notes:
   - Performance fees do not lead to better performance
   - Clients may be able to negotiate better fees using the performance fee approach, since manager most-favored-nation restrictions are less binding
   - When managers seriously underperform, the optics are better, bet in rising markets fees can be noticeably higher

# Private Equity/Hedge Fund Fee Overview

**Within the private equity and hedge fund fees, there are different types of fee structures which depend on the type of vehicle:**

## 1. Private Equity Fee Structures

- Fees are typically much higher than for public market assets
- Fees structures often include the following components:
  - Management Fee – Typically 1-2%
  - Performance Fee or "carry" – Typically 20% of performance above a preferred return payable after all capital is returned
  - Preferred return or "hurdle rate" which needs to be attained in order to earn the performance fee– Typically 6-10%
- Fees often paid on committed, not invested capital, although this is changing

## 2. Hedge Fund Fee Structures

- Fees are very high compared to traditional managers
- Fees are made up of two components:
  - Management Fee
    - A fixed fee usually determined as a percentage of assets
    - Typically between 1-3%
  - Performance Fee:
    - Based on net new performance
    - Generally subject to a "highwater mark" or max fee
    - Typically between 15-30% of performance, which can be either above a hurdle or simply a positive return

## General Observations

- **Competitive pressures are leading to lower fees**
- **In Public Markets, chronic manager underperformance has led to increased use of passive management**
- **In Alternatives, 1) Fees are coming down 2) Increasingly fees are being quoted on invested or drawn amounts, and 3) Non-zero hurdle rates are becoming more common**
- **Public Entities are facing greater political pressures on fees**

# Fee Comparison from 2013 to 2014 – Using Monthly Average of Market Values

## 2014 FEES

| | TEACHERS | PERS | FIRE | POLICE | LAW | JUDGES | WILDLIFE | Total |
|---|---|---|---|---|---|---|---|---|
| Total Average 2014 Market Values | $13,866,374,147 | $8,379,012,777 | $2,322,912,528 | $2,043,737,106 | $852,437,003 | $294,594,426 | $95,607,513 | **$27,854,675,500** |
| Custody Fee | $75,000 | $33,810 | $239,756 | $181,844 | $80,000 | $1,190 | $9,670 | **$621,269** |
| Securities Lending Income | ($10,550,046) | ($2,128,205) | ($931,359) | ($124,761) | ($224,736) | ($23,083) | $0 | **($13,982,190)** |
| Commission Recapture | ($317,825) | ($75,930) | ($92,504) | ($325,930) | $0 | $0 | $0 | **($812,188)** |
| Sub-Total (Custody - Net) | **($10,792,870)** | **($2,170,325)** | **($784,107)** | **($268,847)** | **($144,736)** | **($21,893)** | **$9,670** | **($14,173,108)** |
| Investment Manager Fees ($) | $61,161,546 | $8,940,788 | $13,304,546 | $10,733,767 | $4,639,621 | $129,716 | $170,519 | **$99,080,504** |
| Investment Manager Fees (%) | 0.44% | 0.11% | 0.57% | 0.53% | 0.54% | 0.04% | 0.18% | **0.36%** |
| Percent Passively Managed | 5.5% | 44.3% | 23.4% | 17.7% | 13.5% | 71.7% | 0% | **25.2%** |
| Total Investment Return | 8.1% | 7.3% | 6.9% | 5.1% | 6.7% | 7.0% | 7.9% | **7.0%** |
| Sub-Total Manager Fees | $61,161,546 | $8,940,788 | $13,304,546 | $10,733,767 | $4,639,621 | $129,716 | $170,519 | **$99,080,504** |
| Investment Consultant Fee ($) | $702,000 | $272,499 | $245,000 | $676,464 | $110,000 | $7,501 | $0 | **$2,013,464** |
| Investment Consultant Fee (%) | 0.01% | 0.003% | 0.01% | 0.03% | 0.01% | 0.003% | 0% | **0.01%** |
| **Total Fee ($)** | **$51,070,676** | **$7,042,962** | **$12,765,439** | **$11,141,384** | **$4,604,885** | **$115,325** | **$180,189** | **$86,920,860** |
| **Total Fee (%)** | **0.37%** | **0.08%** | **0.55%** | **0.55%** | **0.54%** | **0.04%** | **0.19%** | **0.31%** |

## 2013 FEES

| | TEACHERS | PERS | FIRE | POLICE | LAW | JUDGES | WILDLIFE | Total |
|---|---|---|---|---|---|---|---|---|
| Total Average 2013 Market Values | $11,824,768,743 | $7,819,653,311 | $1,941,864,583 | $2,003,057,675 | $680,118,166 | $270,967,885 | $91,778,088 | **$24,632,208,452** |
| Custody Fee | $75,000 | $28,973 | $232,044 | $147,603 | $80,000 | $1,027 | $9,898 | **$574,546** |
| Securities Lending Income | ($9,108,995) | ($1,760,498) | ($669,580) | ($54,018) | ($278,790) | ($16,609) | - | **($11,888,489)** |
| Commission Recapture | ($49,201) | ($96,630) | ($63,126) | ($127,950) | ($291,531) | - | - | **($628,438)** |
| Sub-Total (Custody - Net) | **($9,083,196)** | **($1,828,155)** | **($500,662)** | **($34,364)** | **($490,321)** | **($15,582)** | **$9,898** | **($11,942,381)** |
| Investment Manager Fees ($) | $40,816,278 | $8,953,140 | $10,437,401 | $11,655,035 | $3,056,603 | $165,217 | $154,104 | **$75,237,777** |
| Investment Manager Fees (%) | 0.35% | 0.11% | 0.54% | 0.58% | 0.45% | 0.06% | 0.17% | **0.31%** |
| Percent Passively Managed | 11.8% | 43.6% | 25.8% | 17.6% | 19.5% | 71.1% | 0% | **24.3%** |
| Total Investment Return | 24.0% | 16.6% | 21.3% | 16.1% | 16.8% | 16.0% | 15.5% | **20.4%** |
| **Sub-Total Manager Fees** | **$40,816,278** | **$8,953,140** | **$10,437,401** | **$11,655,035** | **$3,056,603** | **$151,305** | **$154,104** | **$75,223,865** |
| Investment Consultant Fee ($) | $702,000 | $272,391 | $249,817 | $625,813 | $110,000 | $7,609 | N/A | $1,967,630 |
| Investment Consultant Fee (%) | 0.01% | 0.00% | 0.01% | 0.03% | 0.02% | 0.00% | - | 0.01% |
| **Total Fee ($)** | **$32,435,082** | **$7,397,376** | **$10,186,556** | **$12,246,484** | **$2,676,282** | **$143,332** | **$164,002** | **$65,249,114** |
| **Total Fee (%)** | **0.27%** | **0.09%** | **0.52%** | **0.61%** | **0.39%** | **0.05%** | **0.18%** | **0.26%** |

# OK Teachers Fee Overview

| Manager | Asset Class/Style | 2014 Total Annual Fees Paid | Average Monthly Market Value of Assets for 2014 | Fees (%) | 2014 Securities Lending Income | 2014 Commission Recapture | 2014 Investment Consultant Fee | 2014 Custody Fee |
|---|---|---|---|---|---|---|---|---|
| Advisory Research, Inc. | All Cap Domestic Equity | $1,461,150 | $455,192,400 | 0.32% | $10,550,046 | $317,825 | $702,000 | $75,000 |
| Advisory Research, Inc. | Small Cap International Equity | $1,240,616 | $212,942,367 | 0.58% | | | | |
| Advisory Research/FAMCO MLP | Master Limited Partnerships | $1,773,058 | $346,469,360 | 0.51% | | | | |
| AEW | Core Real Estate | $1,710,682 | $201,944,936 | 0.85% | | | | |
| American Realty | Non-Core Real Estate | $3,498 | $6,358,900 | 0.06% | | | | |
| Antheus | Non-Core Real Estate | $159,010 | $6,718,753 | 2.37% | | | | |
| Aronson Johnson Ortiz (AJO) | Mid Cap Domestic Equity | $1,135,197 | $527,776,884 | 0.22% | | | | |
| Causeway Capital Management LLC | Large Cap International Equity | $1,751,114 | $540,100,132 | 0.32% | | | | |
| Chickasaw Capital Management, LLC | Master Limited Partnerships | $3,203,159 | $390,044,495 | 0.82% | | | | |
| Cove Street Capital | Small Cap Domestic Equity | $748,837 | $104,945,819 | 0.71% | | | | |
| Dune | Non-Core Real Estate | $159,010 | $11,662,545 | 1.36% | | | | |
| Epoch | All Cap Domestic Equity | $2,003,538 | $465,456,235 | 0.43% | | | | |
| Epoch | Small Cap International Equity | $1,526,997 | $205,919,007 | 0.74% | | | | |
| Franklin Park | Private Equity | $3,500,000 | $378,040,206 | 0.93% | | | | |
| Frontier Capital Management | Small Cap Domestic | $1,438,606 | $157,991,842 | 0.91% | | | | |
| Frontier Capital Management | Mid Cap Domestic Equity | $2,783,379 | $511,293,574 | 0.54% | | | | |
| Geneva Capital Management LTD | Small Cap Domestic Equity | $1,321,476 | $186,872,691 | 0.71% | | | | |
| GreenOak | Non-Core Real Estate | $339,306 | $9,911,239 | 3.42% | | | | |
| Heitman | Core Real Estate | $1,532,580 | $206,991,989 | 0.74% | | | | |
| Hoisington | Core + Fixed Income | $432,083 | $289,171,742 | 0.15% | | | | |
| Hotchkis & Wiley | Large Cap Domestic Equity | $1,686,123 | $579,095,395 | 0.29% | | | | |
| Hotchkis & Wiley | Mid Cap Domestic Equity | $2,580,667 | $506,753,813 | 0.51% | | | | |
| L&B | Core Real Estate | $795,625 | $184,557,731 | 0.43% | | | | |
| L&B | Non-Core Real Estate | $0 | $926,996 | 0.00% | | | | |
| Landmark | Non-Core Real Estate | $259,614 | $3,323,561 | 7.81% | | | | |
| Loomis Sayles | Core + Fixed Income | $893,119 | $609,205,366 | 0.15% | | | | |
| Loomis Sayles | High Yield Fixed Income | $1,252,600 | $256,409,180 | 0.49% | | | | |
| Lord Abbett | Core + Fixed Income | $997,250 | $600,859,122 | 0.17% | | | | |
| Lord Abbett | High Yield Fixed Income | $953,451 | $257,627,608 | 0.37% | | | | |
| Mackay Shields | Core + Fixed Income | $1,289,541 | $604,250,336 | 0.21% | | | | |
| Mackay Shields | High Yield Fixed Income | $1,132,886 | $256,242,201 | 0.44% | | | | |
| Neumeier Poma Investments | Small Cap Domestic Equity | $743,195 | $113,811,184 | 0.65% | | | | |
| Northern Trust | Passive Domestic Equity | $52,212 | $433,433,671 | 0.01% | | | | |
| Northern Trust | Passive Large Cap International Equity | $161,643 | $543,515,191 | 0.03% | | | | |
| PIMCO | Special Opportunity | $1,758,234 | $126,630,528 | 1.39% | | | | |
| PIMCO | Special Opportunity | $546,745 | $40,392,138 | 1.35% | | | | |
| Sawgrass Asset Management | Large Cap Domestic Equity | $1,820,815 | $528,314,943 | 0.34% | | | | |
| Shapiro Capital Management | Small Cap Domestic Equity | $5,443,801 | $666,235,388 | 0.82% | | | | |
| State Street Global Advisors | Passive Domestic Equity | $133,020 | $437,737,276 | 0.03% | | | | |
| Swank/Cushing | Master Limited Partnerships | $1,894,035 | $381,549,605 | 0.50% | | | | |
| Thornburg Investment Management | International Equity | $1,717,894 | $475,262,338 | 0.36% | | | | |
| Wasatch Advisors | Small Cap International Equity | $1,610,487 | $196,184,880 | 0.82% | | | | |
| Wasatch Advisors | Small Cap Domestic Equity | $1,653,880 | $182,652,219 | 0.91% | | | | |
| Wellington Management | Small Cap International Equity | $1,447,689 | $208,789,743 | 0.69% | | | | |
| Wellington Management | Mid Cap Domestic Equity | $2,113,724 | $456,808,620 | 0.46% | | | | |
| **Total** | | **$61,161,546** | **$13,866,374,147** | **0.44%** | | | | |

| Asset Allocation Breakdown | 2014 % of Total Fund | 2013 % of Total Fund |
|---|---|---|
| **Domestic Equity** | **46.4%** | **49.6%** |
| % Active | 40.9% | 42.7% |
| % Passive | 5.5% | 6.9% |
| **Domestic Fixed** | **20.9%** | **20.6%** |
| % Active | 20.9% | 20.6% |
| % Passive | 0.0% | 0.0% |
| **International Eq** | **15.4%** | **14.1%** |
| % Active | 9.3% | 14.1% |
| % Passive | 6.1% | 0.0% |
| **Global Fixed** | **0.0%** | **0.0%** |
| % Active | 0.0% | 0.0% |
| % Passive | 0.0% | 0.0% |
| **Other** | **17.3%** | **14.9%** |
| **Calendar Year Return** | **8.1%** | **24.0%** |

# OK PERS Fee Overview

| Manager | Asset Class/Style | 2014 Total Annual Fees Paid | Average Monthly Market Value of Assets for 2014 | Fees (%) | 2014 Securities Lending Income | 2014 Commission Recapture | 2014 Investment Consultant Fee | 2014 Custody Fee |
|---|---|---|---|---|---|---|---|---|
| BlackRock Financial | Fixed Income- Core | $1,067,551 | $1,312,586,539 | 0.08% | $2,128,205 | $75,930 | $272,499 | $33,810 |
| Hoisington | Fixed Income- Long | $341,806 | $228,853,565 | 0.15% | | | | |
| BlackRock TIPS | Fixed Income- Tips Index | $28,416 | $237,794,445 | 0.01% | | | | |
| MetWest | Fixed Income- Core Plus | $813,197 | $741,285,274 | 0.11% | | | | |
| Mondrian | International- Value | $1,977,756 | $545,180,871 | 0.36% | | | | |
| Baillie Gifford | International- Growth | $542,668 | $270,696,569 | 0.20% | | | | |
| BlackRock ACWI x-US Growth | International- Growth Index | $144,233 | $282,810,450 | 0.05% | | | | |
| BlackRock ACWI x-US | ACWI x-US Index | $455,926 | $924,799,325 | 0.05% | | | | |
| BlackRock R1000 Index | US Index- Large Cap | $144,004 | $1,910,137,300 | 0.01% | | | | |
| BlackRock R1000 Growth Index | US Index Growth | $13,863 | $203,860,532 | 0.01% | | | | |
| Mellon | US Large Cap | $125,000 | $479,713,280 | 0.03% | | | | |
| SSgA | US Large Cap | $140,200 | $476,261,612 | 0.03% | | | | |
| AJO | US Large Cap- Value | $482,429 | $224,447,527 | 0.21% | | | | |
| UBS | US Small Cap- Growth | $1,091,871 | $185,104,493 | 0.59% | | | | |
| Barrow Hanley | US Small Cap- Value | $978,291 | $185,762,350 | 0.53% | | | | |
| DRZ | US Small Cap- Value | $593,576 | $169,718,645 | 0.35% | | | | |
| **Total** | | **$8,940,788** | **$8,379,012,777** | **0.11%** | | | | |

| Asset Allocation Breakdown | 2014 % of Total Fund | 2013 % of Total Fund |
|---|---|---|
| **Domestic Equity** | **46.7%** | **45.7%** |
| % Active | 15.5% | 20.2% |
| % Passive | 31.2% | 25.5% |
| **Domestic Fixed** | **30.4%** | **29.5%** |
| % Active | 27.6% | 29.5% |
| % Passive | 2.8% | 0.0% |
| **Int'l Equity** | **22.6%** | **24.6%** |
| % Active | 12.3% | 14.7% |
| % Passive | 10.3% | 9.9% |
| **Other** | **0.3%** | **0.0%** |
| **Calendar Year Return** | **7.3%** | **16.6%** |

**Baillie Gifford entered portfolio in Sept 2013*

# OK Firefighters Fee Overview

| Manager | Asset Class/Style | 2014 Total Annual Fees Paid | Average Monthly MVA's for 2014 | Fees (%) | 2014 Securities Lending Income | 2014 Commission Recapture | 2014 Investment Consultant Fee | 2014 Custody Fee |
|---|---|---|---|---|---|---|---|---|
| ANGELO GORDON NET LEASE REALTY III LP | REAL ESTATE | $205,671 | $2,003,700 | 10.26% | $931,359 | $92,504 | $245,000 | $239,756 |
| ARDIAN | PRIVATE EQUITY SECONDARIES | $416,438 | $7,314,667 | 5.69% | | | | |
| ARONSON+ PARTNERS | LARGE CAP VALUE | $262,377 | $86,707,250 | 0.30% | | | | |
| ARTIO GLOBAL MANAGEMENT LLC | REMNANT | $0 | $107,667 | 0.00% | | | | |
| AZUL HOLDCO | REMNANT | $0 | $1,103,000 | 0.00% | | | | |
| BRANDYWINE GLOBAL FIXED | GLOBAL FIXED INCOME | $1,175,394 | $160,298,833 | 0.73% | | | | |
| CAPITAL DYNAMICS GLOBAL SECONDARIES IV LP | PRIVATE EQUITY SECONDARIES | $0 | $25,516,000 | 0.00% | | | | |
| CHAUTAUQUA INT EQUITY | INTERNATIONAL EQUITY | $614,263 | $72,266,083 | 0.85% | | | | |
| CLARIVEST EM EQUITY | EMERGING MARKETS | $554,583 | $49,610,417 | 1.12% | | | | |
| DUNE REAL ESTATE FUND III | REAL ESTATE | $607,867 | $6,240,333 | 9.74% | | | | |
| EARNEST PARTNERS | SMALL CAP VALUE | $612,215 | $67,280,833 | 0.91% | | | | |
| ENHANCED INVESTMENT TECHNOLOGIES | LARGE CAP CORE | $476,757 | $142,216,417 | 0.34% | | | | |
| FRED ALGER MANAGEMENT, INC. | LARGE CAP GROWTH | $893,754 | $173,454,167 | 0.52% | | | | |
| GARCIA HAMILTON & ASSOCIATES, LP | BONDS | $49,490 | $61,040,200 | 0.08% | | | | |
| GARRISON MIDDLE MKT FUNDING LP | OTHER FIXED INCOME | $510,423 | $34,856,833 | 1.46% | | | | |
| HALL CAPITAL III LP | REAL ESTATE | $7,420 | $1,375,000 | 0.54% | | | | |
| HERNDON CAPITAL | LARGE CAP VALUE | $201,768 | $80,707,167 | 0.25% | | | | |
| INTERNAL CASH ACCOUNT | CASH | $0 | $18,160,417 | 0.00% | | | | |
| JACKSON SQUARE PARTNERS(FORMERLY DELAWARE) | SMALL CAP GROWTH | $276,303 | $69,075,667 | 0.40% | | | | |
| JP MORGAN RE | REAL ESTATE | $608,483 | $92,710,500 | 0.66% | | | | |
| JPMCB SPECIAL SITUA PROP FUND | REAL ESTATE | $105,436 | $40,827,000 | 0.26% | | | | |
| LANDMARK RE VII | REAL ESTATE | $185,440 | $1,289,500 | 14.38% | | | | |
| LORD ABBETT | SMALL CAP GROWTH | $434,106 | $68,904,917 | 0.63% | | | | |
| MEDLEY OPPORTUNITY FUND II LP | OTHER FIXED INCOME | $253,457 | $37,310,750 | 0.68% | | | | |
| MESIROW | REAL ESTATE | $227,285 | $3,939,778 | 5.77% | | | | |
| ORLEANS CAPITAL MANAGEMENT | BONDS | $18,132 | $25,079,833 | 0.07% | | | | |
| POMONA CAPITAL FUND VIII | PRIVATE EQUITY SECONDARIES | $1,091,530 | $10,665,000 | 10.23% | | | | |
| PORTFOLIO ADV REAL ESTATE FD IV | REAL ESTATE | $397,185 | $6,112,583 | 6.50% | | | | |
| PORTFOLIO ADV REAL ESTATE FD V | REAL ESTATE | $0 | $9,601,000 | 0.00% | | | | |
| PORTFOLIO ADV REAL ESTATE III | REAL ESTATE | $0 | $14,255,333 | 0.00% | | | | |
| PRIVATE ADVISORS | LOW VOLATILITY HEDGE FUND | $796,383 | $108,366,333 | 0.73% | | | | |
| RIVER ROAD ASSET MGMT | SMALL CAP VALUE | $315,961 | $63,214,000 | 0.50% | | | | |
| SSGA EQUITY S&P FLAGSHIP | Passive - INDEXES | $38,599 | $128,663,833 | 0.03% | | | | |
| SSGA LEHMAN IM | Passive - INDEXES | $21,024 | $70,078,333 | 0.03% | | | | |
| SSGA MSCI ACWI US NONLENDING | Passive - INDEXES | $95,636 | $101,015,000 | 0.09% | | | | |
| SSGA NL FIXED INCOME FUND | Passive - INDEXES | $20,479 | $70,096,667 | 0.03% | | | | |
| SSGA RUSSELL SMCAP COMPLETE NL | Passive - INDEXES | $27,441 | $58,971,500 | 0.05% | | | | |
| SSGA S&P 500 EQUAL WEIGHT CTF | Passive - INDEXES | $38,475 | $130,444,250 | 0.03% | | | | |
| TA ASSOCIATES REALTY IX CORP | REAL ESTATE | $331,867 | $9,527,167 | 3.48% | | | | |
| TA ASSOCIATES REALTY VII | REAL ESTATE | $0 | $12,643,833 | 0.00% | | | | |
| THORNBURG INVESTMENT MGMT | REAL ESTATE | $93,306 | $100,962,600 | 0.09% | | | | |
| WASATCH EM EQUITY | EMERGING MARKETS | $311,088 | $22,540,167 | 1.38% | | | | |
| WCM INT EQTY | INTERNATIONAL EQUITY | $1,028,511 | $76,358,000 | 1.35% | | | | |
| **Total** | | **$13,304,546** | **$2,322,912,528** | **0.57%** | | | | |

| Asset Allocation Breakdown | | |
|---|---|---|
| | 2014 % of Total Fund | 2013 % of Total Fund |
| **Domestic Equity** | **50.2%** | **55.8%** |
| % Active | 35.0% | 40.4% |
| % Passive | 15.2% | 15.4% |
| **Domestic Fixed** | **5.8%** | **2.7%** |
| % Active | 3.5% | 0.0% |
| % Passive | 2.3% | 2.7% |
| **International Eq** | **17.8%** | **13.5%** |
| % Active | 14.1% | 13.5% |
| % Passive | 3.7% | 0.0% |
| **International Fxd** | **12.5%** | **14.9%** |
| % Active | 10.3% | 10.8% |
| % Passive | 2.2% | 4.1% |
| **Other*** | **13.7%** | **13.1%** |
| **Calendar Year Return** | **6.9%** | **21.3%** |

*Includes L/S Equity

# OK Police Fee Overview

| Manager | Asset Class/Style | 2014 Total Annual Fees Paid | Average Monthly MVA's for 2014 | Fees (%) |
|---|---|---|---|---|
| ACCEL | Private Equity -Venture Capital | $0 | $5,156,990 | |
| ACTIS GLOBAL 4 | Private Equity - Emerging Markets | $135,000 | $1,522,214 | 8.87% |
| AGINCOURT | Global Fixed Income - Core | $309,407 | $171,906,807 | 0.18% |
| APOLLO FUND VIII | Private Equity - Buyout | $88,930 | $425,562 | 20.90% |
| ARSENAL I | Private Equity - Buyout | $0 | $274,950 | |
| ARSENAL II | Private Equity - Buyout | $106,112 | $17,928,174 | 0.59% |
| ARSENAL III | Private Equity - Buyout | $3,357 | $3,987,117 | 0.08% |
| ATTALUS LONG SHORT EQUITY | Long/Short Equity | $0 | $1,205,343 | |
| BARING FOCUSED INT'NL | International Equity | $483,255 | $86,876,919 | 0.56% |
| BBT/OVERSEAS CAP, L.P. | Global Fixed Income | $0 | $708,468 | 0.00% |
| BLACKSTONE PROPERTY | Core Real Estate | $1,692 | $4,832,542 | 0.04% |
| BOSTON PARTNERS | Small-Mid Cap Value | $767,841 | $123,446,065 | 0.62% |
| CALERA III (Semi Annual) | Private Equity - Buyout | $14,413 | $6,914,739 | 0.21% |
| CALERA IV (Semi Annual) | Private Equity - Buyout | $49,952 | $8,024,070 | 0.62% |
| CERBERUS FUND III | Real Assets- Opportunistic | $301,707 | $9,944,751 | 3.03% |
| COLUMBUS SQUARE | Real Assets - Core | $21,608 | $4,075,724 | 0.53% |
| CONTROL ACCOUNT | Cash & Cash Equivalent | $0 | $15,143,969 | 0.00% |
| CORTINA CAPITAL | Small/Mid Cap Growth | $257,540 | $53,241,253 | 0.48% |
| ENCAP ENERGY CAPITAL FUND IX | Other | $97,500 | $1,511,684 | 6.45% |
| FIRST MARK CAP OPP I | Private Equity -Venture Capital | $0 | $555,729 | 0.00% |
| FIRST MARK I (FIRSTMARK CAP IV) | Private Equity -Venture Capital | $68,886 | $15,304,706 | 0.45% |
| FIRST MARK II (FIRSTMARK CAP V) | Private Equity -Venture Capital | $86,021 | $3,333,100 | 2.58% |
| FIRSTMARK CAP II | Private Equity -Venture Capital | $0 | $43,502 | 0.00% |
| FIRSTMARK CAP III | Private Equity -Venture Capital | $77,592 | $221,599 | 35.01% |
| GRESHAM INV. | Real Assets - Commodities | $182,216 | $68,974,153 | 0.26% |
| GROSVENOR (hedge Fund) | Long/Short Equity | $1,410,727 | $172,050,370 | 0.82% |
| GROSVENOR B (hedge Fund) | Long/Short Equity | $0 | $101,870,941 | |
| HALL CAPITAL III | Real Estate | $0 | $687,683 | 0.00% |
| HM CAPITAL SECTOR | Private Equity - Buyout | $0 | $152,821 | |
| JP MORGAN | Real Assets - Core | $696,494 | $74,524,663 | 0.93% |
| KNIGHTSBRIDGE V.C. VI | Private Equity -Venture Capital | $84,000 | $11,804,401 | 0.71% |

| Manager | Asset Class | 2014 Total Annual Fees Paid | Average Monthly MVA's for 2014 | Fees (%) |
|---|---|---|---|---|
| LEVINE LEICHTMAN III | Private Equity - Buyout | $0 | $5,540,801 | |
| LEVINE LEICHTMAN IV | Private Equity - Buyout | $79,275 | $6,883,878 | 1.15% |
| LEXINGTON CAPITAL PARTNERS VI-B | Private Equity - Fund of Funds | $105,024 | $11,254,880 | 0.93% |
| LIGHTSPEED VENTURE PARTNERS VI | Private Equity -Venture Capital | $0 | $2,507,958 | |
| LOOMIS SAYLES | Global Fixed Income | $310,360 | $93,672,492 | 0.33% |
| MARATHON V | Private Equity - Buyout | $118,740 | $5,214,327 | 2.28% |
| MELLON CAP | Domestic Equity/Large Cap | $47,077 | $447,891,918 | 0.01% |
| MIDTOWN FUND III | Private Equity -Venture Capital | $0 | $1,064,229 | 0.00% |
| MONDRIAN INVESTMENT | International Equity | $564,372 | $122,214,114 | 0.46% |
| NEWSTONE CAPITAL | Private Equity - Mezzanine | $11,692 | $955,881 | 1.22% |
| NEWSTONE CAPITAL Fund II | Private Equity - Mezzanine | $103,313 | $3,228,087 | 3.20% |
| NT- RUSSELL 1000 INDEX | Domestic Equity/Large Cap | $6,577 | $383,436,856 | 0.00% |
| OAKTREE CAPITAL TRUST | Global Fixed Income | $679,339 | $136,635,858 | 0.50% |
| OAKTREE EUROPEAN | Private Equity - Distressed | $16,301 | $786,764 | 2.07% |
| OAKTREE FUND III | Private Equity - Distressed | $0 | $45,931 | |
| OAKTREE FUND IV | Private Equity - Distressed | $0 | $20,533 | |
| OAKTREE FUND IX | Private Equity - Distressed | $119,982 | $4,942,691 | 2.43% |
| OAKTREE FUND V | Private Equity - Distressed | $7,106 | $353,996 | 2.01% |
| OAKTREE FUND VI | Private Equity - Distressed | $15,072 | $520,526 | 2.90% |
| OAKTREE FUND VII | Private Equity - Distressed | $33,421 | $1,643,866 | 2.03% |
| OAKTREE FUND VIIb | Private Equity - Distressed | $21,307 | $1,582,526 | 1.35% |
| OAKTREE FUND VIII | Private Equity - Distressed | $69,436 | $5,891,891 | 1.18% |
| OK INVEST | Cash | $0 | $21,461,206 | |
| PAAMCO/ NEW PORT MESA, LLC | Low Volatility | $1,569,947 | $190,452,603 | 0.82% |
| PEAK PARTNERS, L.P. | Real Assets - Commodities | $267,228 | $26,375,628 | 1.01% |
| SIGULER GUFF | Private Equity - Distressed | $16,009 | $1,950,269 | 0.82% |
| SIGULER GUFF II (E) | Private Equity - Distressed | $58,535 | $4,345,158 | 1.35% |
| SIGULER GUFF III | Private Equity - Distressed | $112,079 | $10,073,976 | 1.11% |
| SIGULER GUFF RE II | Real Assets- Opportunistic | $133,767 | $3,400,000 | 3.93% |
| SIGULER GUFF RE I | Real Assets- Opportunistic | $100,000 | $8,977,206 | 1.11% |
| SUN CAPITAL | Private Equity - Buyout | $0 | $11,369,289 | |
| TA ASSOC REALTY FUND X | Real Assets- Opportunistic | $173,396 | $14,614,758 | 1.19% |
| TCW/CRESCENT MEZZ L.P. III | Private Equity - Mezzanine | $617 | $803,996 | 0.08% |
| TCW/CRESCENT MEZZ L.P. IV | Private Equity - Mezzanine | $44,351 | $2,594,971 | 1.71% |
| TCW/CRESCENT MEZZ L.P. V | Private Equity - Mezzanine | $47,255 | $3,938,644 | 1.20% |
| THOMPSON STREET II | Private Equity - Buyout | $72,905 | $4,941,256 | 1.48% |
| THOMPSON STREET III | Private Equity - Buyout | $150,000 | $3,278,743 | 4.57% |
| VENTURE LENDING & LEASING | Private Equity -Venture Capital | $0 | $448,755 | |
| VONTOBEL | International Equity | $496,770 | $59,211,489 | 0.84% |
| WARBURG PINCUS X | Private Equity -Venture Capital | $72,921 | $13,082,104 | 0.56% |
| WARBURG PINCUS XI | Private Equity -Venture Capital | $83,992 | $3,270,882 | 2.57% |
| WASATCH ADVISOR/COMERICA | Int'l Emerging Small Cap | $289,659 | $29,171,418 | 0.99% |
| WEATHERGAGE V.C. FUND I | Private Equity -Venture Capital | $75,000 | $8,137,354 | 0.92% |
| WEATHERGAGE V.C. FUND II | Private Equity -Venture Capital | $75,000 | $5,770,869 | 1.30% |
| WEISS, PECK & GREER V | Private Equity -Venture Capital | $2,169 | $280,040 | 0.77% |
| **Total** | | **$10,733,767** | **$2,043,737,106** | **0.53%** |

**Asset Allocation Breakdown**

| | 2014 % of Total Fund | 2013 % of Total Fund |
|---|---|---|
| **Domestic Equity** | **25.4%** | **30.9%** |
| % Active | 7.7% | 12.0% |
| % Passive | 17.7% | 18.9% |
| **Domestic Fixed** | **14.1%** | **13.9%** |
| % Active | 14.1% | 13.9% |
| % Passive | 0.0% | 0.0% |
| **International Eq** | **14.0%** | **13.3%** |
| % Active | 14.0% | 13.3% |
| % Passive | 0.0% | 0.0% |
| **International Fxd** | **4.1%** | **4.3%** |
| % Active | 4.3% | 4.3% |
| % Passive | 0.0% | 0.0% |
| **Other*** | **42.4%** | **37.6%** |
| Calendar Year Return | 5.1% | 16.1% |

*Includes L/S Equity

| 2014 Securities Lending Income | 2014 Commission Recapture | 2014 Investment Consultant Fee | 2014 Custody Fee |
|---|---|---|---|
| $124,761 | $325,930 | $676,464 | $181,844 |

# OK Law Fee Overview

| Manager | Asset Class/Style | 2014 Total Annual Fees Paid | Average Monthly MVA's for 2014 | Fees (%) | 2014 Securities Lending Income | 2014 Commission Recapture | 2014 Investment Consultant Fee | 2014 Custody Fee |
|---|---|---|---|---|---|---|---|---|
| COLUMBUS CIRCLE | SMALL CAP EQUITY | $280,930 | $56,141,667 | 0.50% | $224,736 | - | $110,000 | $80,000 |
| HOTCHKIS AND WILEY | LARGE CAP EQUITY | $703,217 | $82,886,250 | 0.85% | | | | |
| KENNEDY CAPITAL | SMALL CAP EQUITY | $567,088 | $60,697,334 | 0.93% | | | | |
| WADDELL AND REED | LARGE CAP EQUITY | $383,157 | $79,335,833 | 0.48% | | | | |
| NORTHERN TRUST | Passive LARGE CAP EQUITY* | $36,634 | $50,380,083 | 0.07% | | | | |
| NORTHERN TRUST | Passive BOND | | $71,123,833 | 0.00% | | | | |
| TCW ASSET MNGT | CORE PLUS BOND | $287,172 | $94,012,667 | 0.31% | | | | |
| FRANKLIN TEMPLETON | INTERNATIONAL BOND | $428,653 | $73,502,000 | 0.58% | | | | |
| BARING | INTERNATIONAL EQUITY | $163,212 | $32,878,500 | 0.50% | | | | |
| MONDRIAN | INTERNATIONAL EQUITY | $190,368 | $42,765,750 | 0.45% | | | | |
| VONTOBEL | EMERGING INT | $257,575 | $29,881,920 | 0.86% | | | | |
| WASATCH ADVISORS | EMERGING INT | $105,374 | $11,110,333 | 0.95% | | | | |
| JP MORGAN | REAL ESTATE | $458,737 | $45,551,833 | 1.01% | | | | |
| UBS TRUMBULL | REAL ESTATE | $136,374 | $14,310,000 | 0.95% | | | | |
| GROSVENOR | LONG/SHORT EQUITY | $641,130 | $85,484,000 | 0.75% | | | | |
| PRIVATE EQUITY | | | $22,375,000 | | | | | |
| | **Total** | **4,639,621.05** | **$852,437,003** | **0.54%** | | | | |

| | 2014 % of Total Fund | 2013 % of Total Fund |
|---|---|---|
| **Domestic Equity** | **36.9%** | **39.5%** |
| % Active | 31.7% | 32.9% |
| % Passive | 5.2% | 6.6% |
| **Fixed Income** | **27.6%** | **27.4%** |
| % Active | 19.3% | 19.2% |
| % Passive | 8.3% | 8.2% |
| **Int'l Equity** | **12.9%** | **13.7%** |
| % Active | 12.9% | 13.7% |
| % Passive | 0.0% | 0.0% |
| **Other** | **22.6%** | **19.3%** |
| **Calendar Year Return** | **6.7%** | **16.8%** |

# OK Judges & Justices Fee Overview

| Manager | Asset Class/Style | 2014 Total Annual Fees Paid | Average Monthly MVA's for 2014 | Fees (%) | 2014 Securities Lending Income | 2014 Commission Recapture | 2014 Investment Consultant Fee | 2014 Custody Fee |
|---|---|---|---|---|---|---|---|---|
| BlackRock Financial | Fixed Income- Core | $37,779 | $46,444,665 | 0.08% | $23,083 | | $7,501 | $1,190 |
| Hoisington | Fixed Income- Long | $13,145 | $8,801,425 | 0.15% | | | | |
| BlackRock TIPS | Fixed Income- Tips Index | $1,027 | $8,597,562 | 0.01% | | | | |
| MetWest | Fixed Income- Core Plus | $27,772 | $25,951,216 | 0.11% | | | | |
| BlackRock R1000 Index | US Index- Large Cap | $8,698 | $115,382,288 | 0.01% | | | | |
| BlackRock R2000 Index | US Index- Small Cap | $6,197 | $18,227,583 | 0.03% | | | | |
| BlackRock ACWI x-US | ACWI x-US Index | $35,096 | $71,189,687 | 0.05% | | | | |
| | **Total** | **$129,716** | **$294,594,426** | **0.04%** | | | | |

| Asset Allocation Breakdown | 2014 % of Total Fund | 2013 % of Total Fund |
|---|---|---|
| **Domestic Equity** | **46.3%** | **44.8%** |
| % Active | 0.0% | 0.0% |
| % Passive | 46.3% | 44.8% |
| **Domestic Fixed** | **30.8%** | **29.7%** |
| % Active | 27.9% | 26.8% |
| % Passive | 2.9% | 2.9% |
| **Int'l Equity** | **22.5%** | **25.0%** |
| % Active | 0.0% | 0.0% |
| % Passive | 22.5% | 25.0% |
| **Other** | **0.4%** | **0.4%** |
| Calendar Year Return | 7.0% | 16.0% |

# OK Wildlife Fee Overview

| Manager | Asset Class/Style | 2014 Total Annual Fees Paid | Average Monthly MVA's for 2014 | Fees (%) | 2014 Securities Lending Income | 2014 Commission Recapture | 2014 Investment Consultant Fee | 2014 Custody Fee |
|---|---|---|---|---|---|---|---|---|
| Bank of Oklahoma | Growth Equity | $27,997 | $15,697,422 | 0.18% | | | | $9,670 |
| Bank of Oklahoma | Core Equity | $14,479 | $8,118,312 | 0.18% | | | | |
| Bank of Oklahoma | Value Equity | $23,412 | $13,127,004 | 0.18% | | | | |
| Bank of Oklahoma | Small Cap | $11,290 | $6,329,861 | 0.18% | | | | |
| Bank of Oklahoma | Core Fixed | $63,045 | $35,348,366 | 0.18% | | | | |
| Bank of Oklahoma | Multi Cap | $12,472 | $6,992,708 | 0.18% | | | | |
| Bank of Oklahoma | International Equity | $11,329 | $6,352,285 | 0.18% | | | | |
| Bank of Oklahoma | Alternatives | $6,495 | $3,641,555 | 0.18% | | | | |
| | **Total** | **$170,519** | **$95,607,513** | **0.18%** | | | | |

| Asset Allocation Breakdown | 2014 % of Total Fund | 2013 % of Total Fund |
|---|---|---|
| **Domestic Equity** | **52.3%** | **49.6%** |
| % Active | 52.3% | 49.6% |
| % Passive | 0.0% | 0.0% |
| **Domestic Fixed** | **37.0%** | **37.4%** |
| % Active | 37.0% | 37.4% |
| % Passive | 0.0% | 0.0% |
| **Int'l Equity** | **5.8%** | **6.5%** |
| % Active | 5.8% | 6.5% |
| % Passive | 0.0% | 0.0% |
| **Other** | **4.9%** | **3.8%** |
| **Calendar Year Return** | **7.9%** | **15.5%** |

# Appendix

# Performance Fee Formula

**Where:**

- **BF = Base Fee, a substantial discount from the normal fee**
- **PF = Performance Fee**
- **NF = Normal Fee, manager's standard fee schedule for public fund**
- **RER = Required Excess Return, the premium to be earned above the benchmark or market rate of return to earn the normal fee**
- **PR = Portfolio Return**
- **MR = Benchmark, the market or other index return which represents the minimum performance standard**

$$(NF - BF)/(RER) \times (PR - MR - BF)$$

- (The Maximum Fee should be symmetrically balanced, i.e., the sum of the BF and the PF should equal the BF plus two times the sum of the NF minus the BF. In no event can the MF (PF plus the BF) exceed the BF plus two times the sum of the NF minus the BF)

- For the initial three quarters, the manager will receive a fee equal to the Base Fee. After the end of the fourth quarter under management an annualized fee calculation will be computed to award a performance fee due to the initial twelve-month period. If the Agreement is extended for the fifth through twelfth quarters, the annualized performance fee calculation will be made each quarter on a cumulative, annualized, basis. Thereafter, the performance fee calculation will be based on the cumulative, annualized returns for the immediately preceding twelve quarters.