

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Investment Committee Meeting
Tuesday, March 25, 2014 – 3:00 PM
TRS Administration Board Room
2500 N. Lincoln Blvd., 5th Floor, Oklahoma City, OK

AGENDA

- 1. CALL TO ORDER**
- 2. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT MONTHLY REPORT**
- 3. DISCUSSION AND POSSIBLE ACTION ON QUARTERLY 403b REPORT**
- 4. DISCUSSION AND POSSIBLE ACTION ON QUARTERLY REAL ESTATE REPORT**
- 5. UPDATE ON SECURITIES LENDING**
- 6. DISCUSSION AND POSSIBLE ACTION ON L&B SPECIAL PORTFOLIO**
- 7. UPDATE ON REAL ESTATE SEARCH**
- 8. QUESTIONS AND COMMENTS FROM TRUSTEES**
- 9. ADJOURNMENT**

ALL BOARD MEMBERS ARE ENCOURAGED TO ATTEND INVESTMENT COMMITTEE MEETINGS

INVESTMENT COMMITTEE:

Chair: Bill Peacher

Members: James Dickson, Roger Gaddis, Jill Geiger, Vernon Florence, Gary Trennepohl

February 2014 - Market Performance Update

Equity Total Returns

Index	Last Month	Last Year	Last 3 Years	Last 5 Years
Dow Jones Industrial Average	4.3	19.0	13.0	21.5
NASDAQ (prc chg only)	5.0	36.3	15.7	25.6
S&P 500 cap weighted	4.6	25.4	14.4	23.0
S&P 500 equal weighted	5.4	29.2	15.4	29.0
S&P Mid Cap	4.9	26.6	14.1	27.0
S&P Small Cap	4.5	32.3	16.8	28.0
S&P REIT	5.0	6.6	9.9	29.5
Alerian MLP	-0.2	12.7	12.8	27.1
Russell 1000 Growth	5.2	29.1	15.1	24.0
Russell 1000 Value	4.3	23.4	14.1	23.2
Russell Mid Cap Growth	6.3	31.6	14.8	27.5
Russell Mid Cap Value	5.4	26.5	15.1	28.1
Russell 2000 Growth	4.8	37.1	16.0	28.1
Russell 2000 Value	4.6	26.2	12.8	25.1
Russell Top 200	4.2	25.1	14.4	22.0
Russell 1000	4.8	26.3	14.6	23.6
Russell Mid Cap	5.9	29.1	15.1	27.8
Russell 2500	5.1	30.0	14.9	27.6
Russell 2000	4.7	31.6	14.4	26.6
MSCI World Ex US	5.5	17.9	5.7	17.5
MSCI World Ex US Growth	5.4	16.1	5.7	16.8
MSCI World Ex US Value	5.5	19.7	5.7	18.2
MSCI EAFE	5.6	19.3	6.6	17.6
MSCI Emerging Markets	3.3	-6.0	-2.0	16.9

Uneasiness in the Ukraine boosted risk aversion among investors but failed to stop the S&P 500 equity index from closing at a record high. Despite February's strong showing by domestic stocks, the MSCI World outperformed the S&P 500 5.5% to 4.6%.

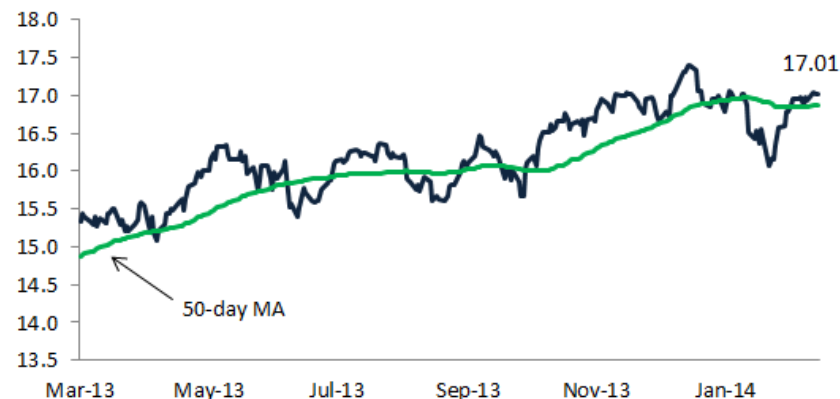
Domestic mid cap stocks outperformed small cap stocks and large cap stocks during the month. Year-to-date, small caps have outperformed large caps. Growth stocks outperformed value stocks during the month and for the year to date period. Developed market foreign equities extended their lead over emerging markets during the month.

30 and 10 year US Treasury yields ended February at 3.58% and 2.65% respectively. Long dated Treasuries narrowly outperformed the core market. Investor interest in long-term Treasury bonds increased as equity market volatility and international tensions grew. Short term interest rates stayed near zero as the Federal Reserve swore in a new Chairperson.

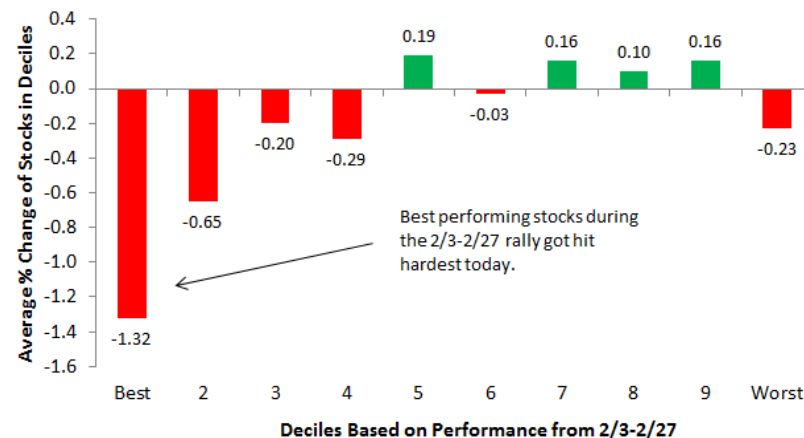
Bond Total Returns

Index	Last Month	Last Year	Last 3 Years	Last 5 Years
BC T-Bills	0.0	0.1	0.1	0.1
BC Long Treasury	0.8	-4.9	8.1	5.7
BC US Agg	0.5	0.2	3.8	5.1

S&P 500 Trailing 12-Month P/E Ratio



Russell 3,000 Decile Performance Today Based on Performance from 2/3-2/27



Manager Profile - Loomis Sayles High Yield

Asset Class:	High Yield Fixed Income
Status:	In Compliance
Portfolio Size:	\$251,799,024
Inception Date:	2/1/2009
Initial Funding:	\$199,000,000
Subsequent Funding:	-\$136,828,974
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 Eagan John Cardinali

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:	\$199.8 billion
High Yield AUM:	\$13.5 billion

Return Profile		Since Inception		Last 5 Years		Last 3 Years		Last Year		Last Quarter		Last Month	
Loomis Sayles		16.4		17.5		7.5		5.8		3.5		2.6	
ML HY Master II		17.7		18.9		8.8		8.4		3.4		2.0	
Risk Characteristics		Number of Issues		Credit Quality		Yield to Maturity		Modified Duration		Time to Maturity		Average Coupon	
Loomis Sayles		294		BB		4.7%		4.3		7.2		5.4%	
ML HY Master II		2238		B+		6.1%		-		6.6		7.4%	

Manager Profile - Lord Abbett High Yield

Asset Class:	High Yield Fixed Income
Status:	In Compliance
Portfolio Size:	\$252,850,189
Inception Date:	2/1/2009
Initial Funding:	\$199,000,000
Subsequent Funding:	-\$146,093,476
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 Thomas J. McDonald III David A. Robbins

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:	\$139.3 billion
High Yield AUM:	\$7.1 billion

Return Profile		Since Inception		Last 5 Years		Last 3 Years		Last Year		Last Quarter		Last Month	
Lord Abbett		17.3		18.2		10.1		10.2		3.7		2.1	
	ML HY Master II	17.7		18.93		8.8		8.4		3.4		2.0	
Risk Characteristics		Number of Issues		Credit Quality		Yield to Maturity		Modified Duration		Time to Maturity		Average Coupon	
Lord Abbett		494		B+		6.4%		5.3		6.9		7.4%	
	ML HY Master II	2238		B+		6.1%		-		6.6		7.4%	

Monthly Asset Allocation Review

Asset Class	Total Market Value	Current Percentage	New Target Percentage	Difference	Notes
All Cap/Large Cap	2,835,467,232	21.1%	17.0%	4.1%	Excess allocation bound for Private Equity and Real Estate
Mid Cap	1,953,103,401	14.6%	13.0%	1.6%	
Small Cap	1,401,345,481	10.4%	10.0%	0.4%	
Total Domestic Equity	6,189,916,114	46.1%	40.0%	6.1%	
Large Cap International Equity	1,504,760,430	11.2%	11.5%	-0.3%	
Small Cap International Equity	849,805,086	6.3%	6.0%	0.3%	
Total International Equity	2,354,565,516	17.6%	17.5%	0.1%	
Core Fixed Income	2,040,177,847	15.2%	17.5%	-2.3%	
High Yield Bonds	757,913,224	5.7%	6.0%	-0.3%	Two searches underway
MLPs	1,011,363,582	7.5%	7.0%	0.5%	
Private Equity	305,078,214	2.3%	5.0%	-2.7%	
Real Estate	562,910,457	4.2%	7.0%	-2.8%	
Opportunistic Assets	175,232,225	1.3%	0.0%	1.3%	
Total Non-Core Assets	2,812,497,702	21.0%	25.0%	-4.0%	
Cash	16,024,760	0.1%	0.0%	0.1%	
Composite	13,413,246,708	100.0%	100.0%	0.0%	

Total Fund + Class Composite Summary

As of February 28, 2014

	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month
Total Fund (Gross of Fees)	13,413,246,708	12/1/1991	22.3	9.9	8.4	18.7	12.1	20.8	15.9	4.1	3.7
Total Fund (Net of Fees)				9.5	8.0	18.3	11.6	20.4	15.5	4.0	3.7
<i>Allocation Index</i>				9.5	7.3	18.0	10.5	16.3	13.1	3.2	3.3
<i>Actuarial Assumption</i>				8.0	8.0	8.0	8.0	8.0	6.6	1.9	0.6
Total Domestic Equity	6,189,916,114 46.1%	4/1/1990	23.9	11.1	8.7	25.4	15.2	31.9	21.0	4.4	5.0
<i>S&P 500</i>				9.7	7.2	23.0	14.4	25.4	17.4	3.5	4.6
Total All Cap Equity	880,432,061 6.6%	9/1/2006	7.5	7.3	-	22.7	13.3	27.0	16.4	2.6	4.8
<i>Russell 3000</i>				7.6	-	23.9	14.6	26.7	18.8	4.1	4.7
Total Large Cap Active Equity	1,053,767,208 7.9%	1/1/1995	19.2	10.6	7.5	23.3	17.2	31.3	19.6	4.1	4.8
<i>S&P 500</i>				9.6	7.2	23.0	14.4	25.4	17.4	3.5	4.6
Total Mid Cap Equity	1,953,103,401 14.6%	11/1/1998	15.3	10.7	11.0	28.9	16.1	34.7	23.8	6.0	5.8
<i>Russell Mid Cap</i>				10.0	10.1	27.8	15.1	29.1	21.2	6.9	5.9
Total Small Cap Equity	1,401,345,481 10.4%	2/1/1998	16.1	9.8	9.2	26.8	13.2	37.2	23.2	3.8	4.2
<i>Russell 2000</i>				7.9	8.7	26.6	14.4	31.6	22.0	3.8	4.7
Total International Equity	2,354,565,516 17.6%	2/1/1998	16.1	9.5	7.7	18.3	7.8	21.1	19.2	2.2	4.9
<i>MSCI ACWI ex-US</i>				-	7.6	17.8	4.5	12.7	15.8	1.2	5.1
Core Fixed Income (ex- High Yield)	2,040,177,847 15.2%	4/1/1990	23.9	7.3	6.3	8.5	6.8	1.4	4.2	2.8	1.2
<i>Barclays Aggregate</i>				-	4.6	5.1	3.8	0.2	2.5	1.4	0.5
Master Limited Partnerships	1,011,363,582 7.5%	2/28/2011	3.0	20.6	-	-	20.4	27.5	15.6	9.2	3.6
<i>Alerian MLP Index</i>				13.6	-	-	12.8	12.7	4.9	2.1	-0.2
High Yield Bonds	757,913,224 5.7%	2/1/2009	5.1	16.3	-	17.1	8.9	7.8	8.6	3.5	2.2
<i>ML High Yield II</i>				17.8	-	18.9	8.8	8.4	8.8	3.3	2.0
Core Real Estate	562,910,457 4.2%	4/1/2011	2.9	-	-	-	-	-	-	-	-
<i>NCREIF</i>				-	-	-	-	-	-	-	-
Cash	16,024,760 0.1%	4/1/1990	23.9	-	-	-	-	-	-	-	-
<i>91 Day T-bill</i>				-	1.7	0.1	0.1	0.1	0.0	0.0	0.0



Equity Portfolios Summary

As of February 28, 2014

	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month
All Cap / Large Cap Domestic											
Hotchkis & Wiley Large Cap	548,827,887	4/1/1990	23.9	11.2	7.2	29.5	16.6	34.1	19.1	4.3	5.8
Russell 1000 Value	4.1%			10.2	7.2	23.2	14.1	23.4	15.1	3.2	4.3
Sawgrass	504,939,321	7/1/2006	7.7	8.8	-	22.1	17.4	28.4	20.3	3.9	3.7
Russell 1000 Growth	3.8%			9.2	-	24.0	15.1	29.1	22.0	5.1	5.2
ARI All Cap	436,853,050	9/1/2006	7.5	6.4	-	22.8	13.2	24.4	14.5	2.0	4.4
Russell 3000 Value	3.3%			7.6	-	23.9	14.6	26.7	18.8	4.1	4.7
EPOCH All Cap	443,579,010	9/1/2006	7.5	8.2	-	22.7	13.3	29.6	18.3	3.2	5.1
Russell 3000 Value	3.3%			7.6	-	23.9	14.6	26.7	18.8	4.1	4.7
Passive Domestic Equity											
NT Cap Weighted Passive	448,747,949	4/1/2012	1.9	18.6	-	-	-	25.0	17.1	3.3	4.6
S&P 500 Cap Weighted	3.3%			18.2	7.2	23.0	14.4	25.4	17.4	3.5	4.6
SSGA Eq Weighted Passive	452,520,014	4/1/2012	1.9	22.4	-	-	-	28.9	19.7	5.2	5.4
S&P 500 Equal Weighted	3.4%			-	9.6	29.0	15.4	29.2	-	5.3	5.4
Mid Cap Domestic Equity											
Frontier Capital	510,579,434	6/1/2002	11.8	11.1	11.6	24.5	15.3	32.6	26.5	8.5	7.0
Russell Mid Cap Growth	3.8%			9.9	9.7	27.5	14.8	31.6	23.0	7.3	6.3
Wellington Management	455,345,264	9/1/1998	15.5	11.1	10.0	28.0	11.5	39.4	27.2	4.9	5.4
Russell Mid Cap Growth	3.4%			9.3	9.7	27.5	14.8	31.6	23.0	7.3	6.3
AJO Partners	499,829,931	8/1/1998	15.6	11.3	10.5	27.6	17.1	32.1	22.0	4.4	4.3
Russell MidCap	3.7%			9.6	10.1	27.8	15.1	29.1	21.2	6.9	5.9
Hotchkis & Wiley Mid Cap	487,348,773	8/1/2002	11.6	14.9	11.6	37.4	20.3	35.0	20.0	6.0	6.6
Russell MidCap Value	3.6%			12.0	10.1	28.1	15.1	26.5	19.1	6.5	5.4
Small Cap Domestic Equity											
Shapiro Capital Management	646,175,847	2/1/1998	16.1	11.1	12.6	31.8	16.6	42.6	27.0	6.7	4.6
Russell 2000	4.8%			-	8.7	26.6	14.4	31.6	22.0	3.8	4.7
Geneva Capital	195,312,086	6/1/2013	0.7	22.7	-	-	-	-	22.5	-0.4	0.9
Russell 2000 Growth	1.5%			24.9	-	-	-	-	25.7	5.1	4.8
Wasatch Advisors	182,656,849	6/1/2013	0.7	13.1	-	-	-	-	15.8	0.9	4.5
Russell 2000 Growth	1.4%			24.9	-	-	-	-	25.7	5.1	4.8
Cove Street Capital	107,193,717	6/1/2013	0.7	18.3	-	-	-	-	20.1	0.5	5.4
Russell 2000 Value	0.8%			17.8	-	-	-	-	18.2	2.4	4.6
Frontier Capital	157,638,433	6/1/2013	0.7	17.9	-	-	-	-	22.4	4.7	5.4
Russell 2000 Value	1.2%			17.8	-	-	-	-	18.2	2.4	4.6
Neumeier Poma	112,368,549	6/1/2013	0.7	21.6	-	-	-	-	20.8	1.8	4.6
Russell 2000 Value	0.8%			17.8	-	-	-	-	18.2	2.4	4.6
International Large Cap Equity											
Causeway Capital	544,162,988	5/1/2003	10.8	11.3	8.0	20.7	8.6	19.7	18.9	1.8	5.4
MSCI ACWI Ex US	4.1%			10.3	7.2	17.3	4.0	12.3	15.6	1.1	5.0
International Transition Account	50,774,793	-	-	-	-	-	-	-	-	-	-
MSCI ACWI Ex US	0.4%			-	-	-	-	-	-	-	-
Northern Trust Passive	430,438,679	9/1/2013	0.5	7.6	-	-	-	-	-	2.8	5.6
MSCI EAFE	3.2%			15.0	6.7	17.6	6.6	19.3	1.3	2.8	5.6
Thornburg	478,985,273	12/1/2005	8.2	7.1	-	16.5	3.7	11.0	12.0	-1.5	3.9
MSCI ACWI Ex US	3.6%			5.4	7.2	17.3	4.0	12.3	15.6	1.1	5.0
International Small Cap Equity											
ARI Small Cap International	211,589,366	12/1/2011	2.2	22.0	-	-	-	21.9	21.9	4.6	5.4
MSCI EAFE Small Cap	1.6%			22.6	9.1	23.4	9.6	26.3	27.1	6.3	5.5
Epoch Small Cap International	219,722,586	12/1/2011	2.2	23.3	-	-	-	32.0	29.8	8.0	7.6
MSCI EAFE Small Cap	1.6%			22.6	9.1	23.4	9.6	26.3	27.1	6.3	5.5
Wasatch Small Cap International	202,411,828	12/1/2011	2.2	27.5	-	-	-	20.9	17.3	2.1	4.3
MSCI EAFE Small Cap	1.5%			22.6	9.1	23.4	9.6	26.3	27.1	6.3	5.5
Wellington Small Cap International	216,081,306	12/1/2011	2.2	28.6	-	-	-	32.7	26.5	4.7	4.5
MSCI EAFE Small Cap	1.6%			22.6	9.1	23.4	9.6	26.3	27.1	6.3	5.5

Fixed Income Portfolios Summary

As of February 28, 2014



	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month
Core Fixed Income											
Loomis Sayles	593,593,301	8/1/1999	14.6	7.2	7.5	11.1	7.0	2.5	5.6	2.8	1.7
Barclays Aggregate	4.4%			5.7	4.6	5.1	3.8	0.2	2.5	1.4	0.5
Lord Abbett	587,149,372	11/1/2004	9.3	6.2	-	8.7	5.8	1.2	3.7	2.1	1.0
Barclays Aggregate	4.4%			4.6	-	5.1	3.8	0.2	2.5	1.4	0.5
Mackay Shields	594,034,069	11/1/2004	9.3	6.5	-	8.7	6.5	2.7	4.4	2.4	0.9
Barclays Aggregate	4.4%			4.6	-	5.1	3.8	0.2	2.5	1.4	0.5
Active Duration Fixed Income											
Hoisington	265,401,104	11/1/2004	9.3	7.4	-	6.0	10.5	-6.3	0.7	5.8	1.0
Barclays Aggregate	2.0%			4.6	-	5.1	3.8	0.2	2.5	1.4	0.5
High Yield Fixed Income											
Loomis Sayles High Yield	251,799,024	2/1/2009	5.1	16.4	-	17.5	7.5	5.8	8.2	3.5	2.6
Merrill Lynch High Yield II	1.9%			17.7	-	18.9	8.8	8.4	8.8	3.4	2.0
Lord Abbett High Yield	252,850,189	2/1/2009	5.1	17.3	-	18.2	10.1	10.2	9.8	3.7	2.1
Merrill Lynch High Yield II	1.9%			17.7	-	18.9	8.8	8.4	8.8	3.4	2.0
Mackay Shields High Yield	253,264,011	2/1/2009	5.1	15.2	-	15.7	9.0	7.3	7.8	3.1	1.8
Merrill Lynch High Yield II	1.9%			17.7	-	18.9	8.8	8.4	8.8	3.4	2.0

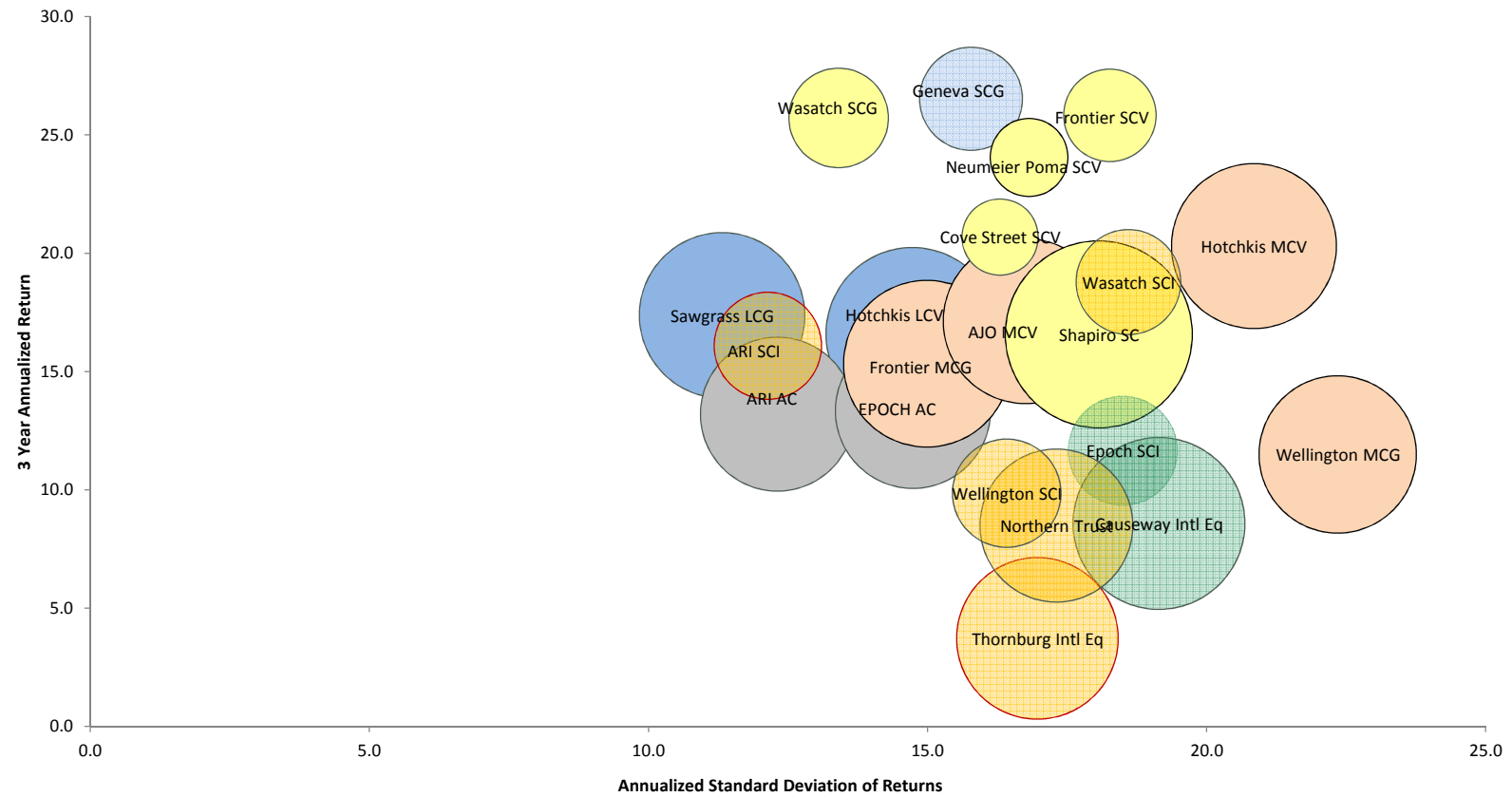
Non-Traditional Portfolios Summary

As of February 28, 2014

	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month
Master Limited Partnerships											
Chickasaw Capital MLP	344,122,757	2/28/2011	3.0	29.0	-	-	29.0	37.5	24.0	12.3	4.8
Alerian MLP Index	2.6%			13.6	-	-	12.8	12.7	4.9	2.1	-0.2
Cushing MLP Management	337,393,172	2/28/2011	3.0	21.6	-	-	21.6	32.9	19.4	10.4	4.2
Alerian MLP Index	2.5%			13.6	-	-	12.8	12.7	4.9	2.1	-0.2
FAMCO MLP	329,847,654	2/28/2011	3.0	14.5	-	-	14.6	17.5	7.3	5.3	1.9
Alerian MLP Index	2.5%			13.6	-	-	12.8	12.7	4.9	2.1	-0.2
Private Equity											
Legacy Private Equity Portfolio	68,793,572	10/1/2008	5.4	-	-	-	-	-	-	-	-
Franklin Park Private Equity	236,284,642	4/1/2010	3.9	-	-	-	-	-	-	-	-
	2.3%					-					
Real Estate											
AEW Real Estate	187,076,961	5/1/2011	2.8	-	-	-	-	-	-	-	-
NCREIF - OEDCE	1.4%			-	-	-	-	-	-	-	-
Heitman Real Estate	198,670,499	5/1/2011	2.8	-	-	-	-	-	-	-	-
NCREIF - OEDCE	1.5%			-	-	-	-	-	-	-	-
L&B Real Estate	177,162,997	4/1/2011	2.9	-	-	-	-	-	-	-	-
NCREIF - OEDCE	1.3%			-	-	-	-	-	-	-	-
Opportunistic Fixed Income											
PIMCO BRAVO	158,236,314	3/31/2011	2.9	-	-	-	-	-	-	-	-
Barclays Aggregate	1.2%			-	-	-	-	-	-	-	-
PIMCO BRAVO II	16,995,911	3/31/2013	0.9	-	-	-	-	-	-	-	-
Barclays Aggregate	0.1%			-	-	-	-	-	-	-	-

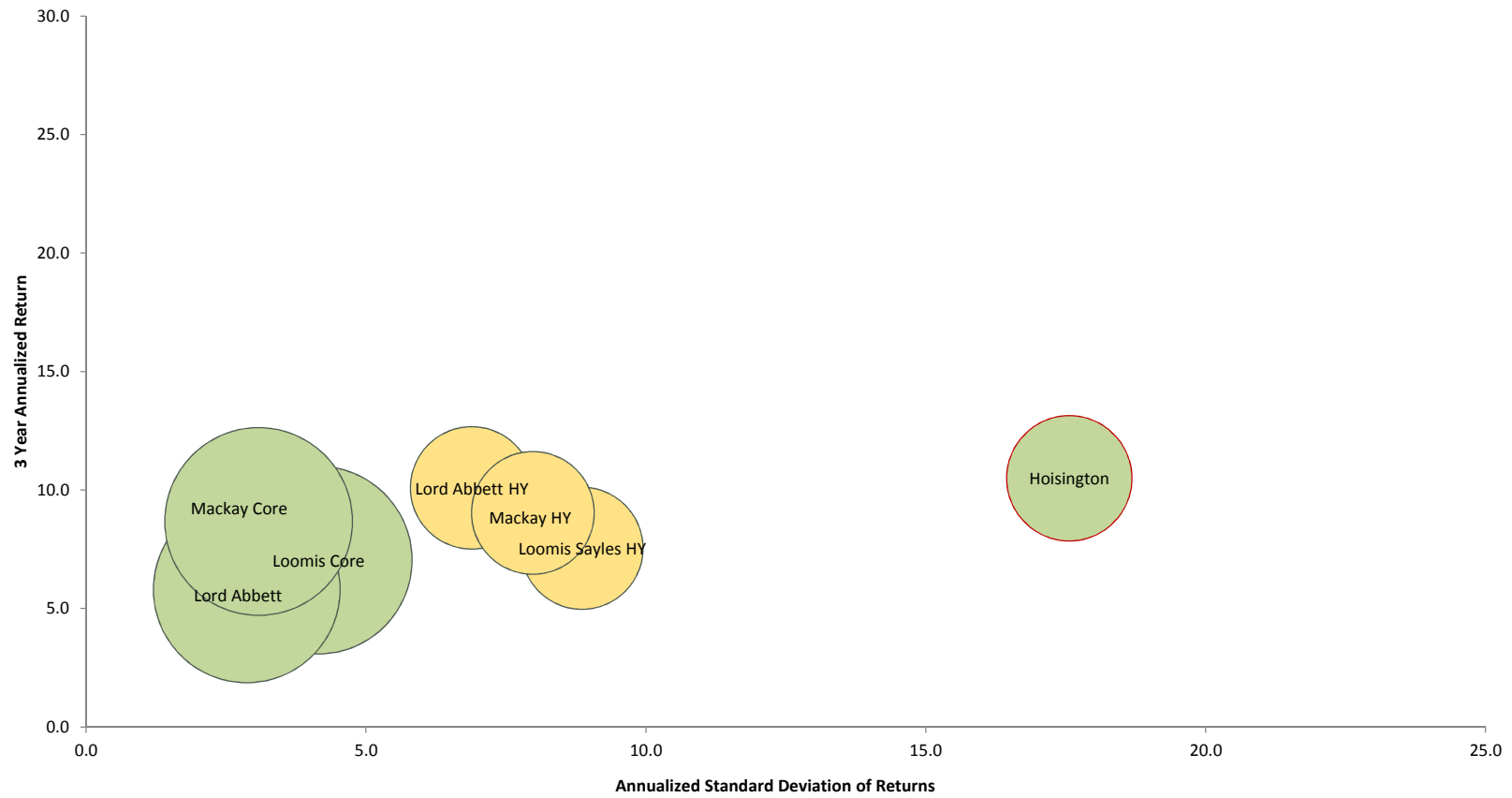


Three Year Risk/Return Review - Equity Portfolios



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

Three Year Risk/Return Review - Fixed Income Portfolios



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



OKLAHOMA TEACHERS RETIREMENT SYSTEM

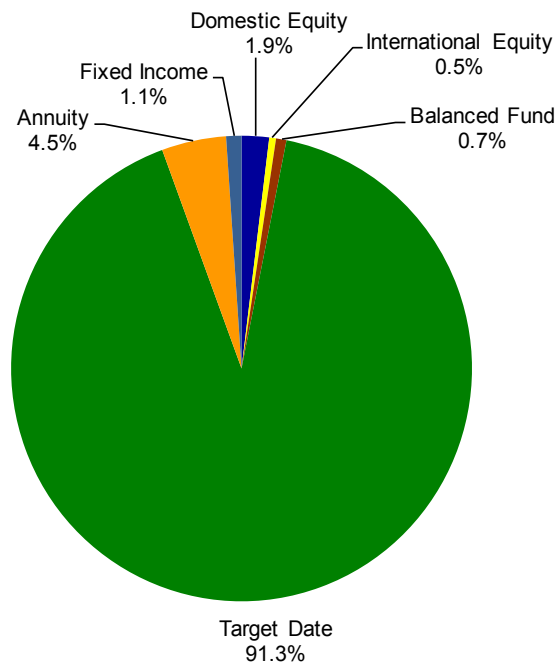
**403(b) executive summary report
fourth quarter, 2013**



403(b) PLAN

PERIODS ENDED DECEMBER 31, 2013

The Oklahoma Teachers' Retirement System 403(b) Plan ended the fourth quarter with a total market value of **\$208,037,319, up from \$207,661,914 at the beginning of the year.** The Plan was allocated¹ 91.3% to target date funds, 4.5% to an annuity fund, 1.1% to fixed income, 1.9% in domestic equity funds, 0.5% to international equity, and 0.7% to a balanced fund. The Plan's current allocation is depicted below:



Source: ING

¹Plan's allocation may not equal 100.0% due to rounding.

403(B) PLAN REVIEW

PERIODS ENDED DECEMBER 31, 2013

	Last Quarter	% Rank	Last Year	% Rank	Three Years	% Rank	Five Years	% Rank	Market Value % of Plan
ING Fixed Plus III	-		-		-		-		\$9,410,170 4.5%
Loomis Sayles Inv Gr Bond	1.5%	7	1.0%	6	5.8%	5	10.9%	3	\$2,229,517 1.1%
<i>Barclay's Cap Agg</i>	<i>0.0%</i>		<i>-2.4%</i>		<i>3.3%</i>		<i>4.4%</i>		
ING MFS	6.2%	31	18.7%	31	10.3%	31	11.7%	76	\$1,524,548 0.7%
<i>S&P 500/BC Agg (60/40)</i>	<i>6.3%</i>		<i>18.6%</i>		<i>11.0%</i>		<i>12.5%</i>		
ING Russell Large Cap Index	10.9%	18	31.7%	53	15.8%	30	16.5%	60	\$288,239 0.1%
<i>Russell 1000</i>	<i>10.2%</i>		<i>33.1%</i>		<i>16.3%</i>		<i>18.6%</i>		
American Funds Growth Fund	9.4%	75	33.8%	49	15.4%	42	18.3%	57	\$1,712,968 0.8%
<i>Russell 1000 Growth</i>	<i>8.2%</i>		<i>43.3%</i>		<i>16.8%</i>		<i>22.6%</i>		
ING Large Cap Value	9.3%	54	30.7%	60	15.6%	30	15.6%	59	\$254,509 0.1%
<i>Russell 1000 Value</i>	<i>10.0%</i>		<i>32.5%</i>		<i>16.1%</i>		<i>16.7%</i>		
ING Invesco Growth & Income	8.8%	68	33.9%	28	14.5%	53	15.9%	52	\$632,922 0.3%
<i>Russell 1000 Value</i>	<i>10.0%</i>		<i>32.5%</i>		<i>16.1%</i>		<i>16.7%</i>		
ING FMR Diversified	10.2%	11	36.0%	41	11.6%	85	19.9%	65	\$385,563 0.2%
<i>Russell Mid Cap Growth</i>	<i>8.4%</i>		<i>34.8%</i>		<i>15.9%</i>		<i>22.4%</i>		
ING JPMorgan Small Cap Core	9.9%	29	39.0%	34	17.6%	20	21.3%	30	\$725,064 0.3%
<i>Russell 2000</i>	<i>8.7%</i>		<i>38.8%</i>		<i>15.7%</i>		<i>20.1%</i>		
American Funds Euro Pacific	7.6%	14	20.2%	46	7.4%	40	13.5%	22	\$988,733 0.5%
<i>MSCI EAFE</i>	<i>5.7%</i>		<i>22.8%</i>		<i>8.2%</i>		<i>12.4%</i>		
ING Index Solution Funds									\$189,885,086 91.3%
Total Market Value excluding ING Index Funds									\$18,152,233
Total Market Value including ING Index Funds									\$208,037,319

All performance shown net of fees.

Sources: Morningstar, ING.

Data believed to be accurate, but cannot be guaranteed.

403(B) PLAN REVIEW

PERIODS ENDED DECEMBER 31, 2013

	Last Quarter	% Rank	Last Year	% Rank	Three Years	% Rank	Five Years	% Rank	Market Value % of Plan
ING Index Solution Income	3.1%	38	7.8%	38	6.3%	37	-	-	\$113,766,852
<i>Morningstar Lifetime Moderate 2000</i>	-1.9%		5.6%		8.5%		5.1%		59.9%
ING Index Solution 2015	3.6%	60	9.7%	60	6.8%	56	-	-	\$42,722,764
<i>Morningstar Lifetime Moderate 2015</i>	-1.4%		8.6%		10.8%		5.5%		22.5%
ING Index Solution 2025	5.6%	37	17.0%	37	9.2%	35	-	-	\$24,204,486
<i>Morningstar Lifetime Moderate 2025</i>	-0.7%		12.7%		13.0%		5.4%		12.7%
ING Index Solution 2035	6.9%	26	22.0%	37	10.8%	29	-	-	\$7,904,696
<i>Morningstar Lifetime Moderate 2035</i>	-0.1%		16.4%		14.4%		5.3%		4.2%
ING Index Solution 2045	7.6%	15	24.1%	31	11.3%	29	-	-	\$1,225,452
<i>Morningstar Lifetime Moderate 2045</i>	-0.1%		17.1%		14.4%		5.2%		0.6%
ING Index Solution 2055	7.6%	31	24.2%	39	-	-	-	-	\$60,836
<i>Morningstar Lifetime Moderate 2055</i>	-0.3%		16.9%		14.2%		5.1%		0.0%
Total Market Value									\$189,885,086

All performance shown net of fees.

Sources: Morningstar, ING.

Data believed to be accurate, but cannot be guaranteed.

Loomis Sayles Investment Grade Bond**LIGRX****Fixed Income**

The **Loomis Sayles Investment Grade Bond Fund** seeks high total investment return through a combination of current income and capital appreciation. The fund employs a value driven, opportunistic approach that focuses on a long term investment horizon. The fund uses out of benchmark securities to provide value and diversification. The fund will invest at least 80% of its net assets in investment-grade fixed-income securities. It may invest up to 10% of assets in below investment-grade fixed-income securities, and may invest any portion of its assets in securities of Canadian issuers, up to 20% of assets in securities of other foreign issuers, including emerging markets securities.

ING MFS Total Return**IMSRX****Balanced Fund**

The **ING MFS Total Return Fund** seeks above-average income consistent with the prudent employment of capital, a secondary objective is the reasonable opportunity for growth of capital and income. The fund mainly invests in equity securities and debt instruments. It seeks to invest between 40% and 75% of assets in equity securities and at least 25% of its assets in fixed-income senior securities. The fund may invest up to 25% of assets in foreign securities, including up to 10% in emerging-market securities.

ING Russell Large Cap Index**IRLCX****Large Cap Blend**

The **ING Russell Large Cap Index Fund** seeks investment results that correspond to the total return of the Russell Top 200 Index. The fund normally invests at least 80% of its net assets (plus borrowings for investment purposes) in equity securities of companies, which are at the time of purchase, included in the index; convertible securities that are convertible into stocks included in the index; other derivatives whose economic returns are, by design, closely equivalent to the returns of the index or its components; and exchange-traded funds.

American Funds Growth Fund**RGAX****Large Cap Growth**

The **American Funds Growth Fund** seeks capital growth. The fund's multiple manager structure allows ten portfolio managers to each manage a portion of the aggregate portfolio. The portfolio managers select stocks individually. The portfolio invests in companies that are expected to produce long-term growth, but only when they are reasonably priced. The fund may invest up to 25% of its assets in securities of issuers domiciled outside the United States.

ING Large Cap Value**IPVSX****Large Cap Value**

The **ING Pioneer Fund** seeks capital appreciation. The fund normally invests at least 80% of total assets in equity securities of mid-size companies. It may invest up to 25% of its total assets in equity and debt securities of non-U.S. issuers. The fund may invest in other investment companies, including exchange-traded funds.

ING Invesco Growth & Income**IVGSX****Large Cap Value**

The **ING Invesco Fund** seeks long-term growth of capital and income. The fund invests primarily in income-producing equity securities, including common stocks and convertible securities; although investments are also made in non-convertible preferred stocks and debt securities rated "investment grade". It may invest up to 25% of total assets in securities of foreign issuers. The fund may purchase and sell certain derivative instruments for various purposes.

ING FMR Diversified**IFDSX****Mid Cap Growth**

The **ING FMR Diversified Fund** seeks long-term growth of capital. The fund invests up to 80% of assets in securities of companies with medium market capitalization. The sub-adviser generally defines medium market capitalization companies as those whose market capitalization is similar to the market capitalization of companies in the Russell Midcap Index or the Standard and Poor's MidCap 400 Index. The fund normally invests its assets in common stocks and may invest up to 25% of assets in securities of foreign issuers, including emerging markets securities, in addition to securities of domestic issuers.

ING JPMorgan**IJSSX****Small Cap Blend**

The **ING JPMorgan Small Cap Core Equity Fund** seeks capital growth over the long term. The fund invests at least 80% of assets in equity securities of small-capitalization companies. The sub-adviser defines small-capitalization companies as companies with a market capitalization equal to those within a universe of Russell 2000 Index stocks at the time of purchase. It may also invest up to 20% of total assets in foreign securities. The fund may also invest up to 20% of total assets in convertible securities which generally pay interest or dividends and which can be converted into common or preferred stock.

American Funds EuroPacific Growth**REREX****International**

The **American Funds EuroPacific Growth Fund's** investment objective is to provide long-term growth of capital. The fund invests in companies based chiefly in Europe and the Pacific Basin, ranging from small firms to large corporations. The fund invests primarily in common stocks (may also invest in preferred stocks), convertibles, American Depositary Receipts, European Depositary Receipts, bonds and cash. The holdings are primarily outside the U.S. except a nominal portion that may be held in U.S. dollars. Normally, at least 80% of assets must be invested in securities of issuers domiciled in Europe or the Pacific Basin.

ING Index Solution Income**ISKSX****Income**

The **ING Solution Income Portfolio** seeks to provide a combination of total return and stability of principal consistent with an asset allocation targeted to retirement. The ING Solution Income Portfolio is designed for people who plan to begin living their retirement goals now. It is a conservative ING Solution Portfolio.

ING Index Solution 2015**ISASX****Target Date**

These portfolios invest in passively managed investment options that track different market indices around the world. The underlying investment portfolios are applied to each ING Index Solution Portfolio based on each target date allocation. The ING Index Solution 2015 Portfolio is designed for people who plan to begin living their retirement goals in the years 2011 to 2020. It is a moderately conservative ING Index Solution Portfolio.

ING Index Solution 2025**ISDSX****Target Date**

These portfolios invest in passively managed investment options that track different market indices around the world. The underlying investment portfolios are applied to each ING Index Solution Portfolio based on each target date allocation. The ING Index Solution 2025 Portfolio is designed for people who plan to begin living their retirement goals in the years 2021 to 2030. It is a moderate ING Index Solution Portfolio.

ING Index Solution 2035**ISESX****Target Date**

These portfolios invest in passively managed investment options that track different market indices around the world. The underlying investment portfolios are applied to each ING Index Solution Portfolio based on each target date allocation. The ING Index Solution 2035 Portfolio is designed for people who plan to begin living their retirement goals in the years 2031 to 2040. It is a moderately aggressive ING Index Solution Portfolio.

ING Index Solution 2045**ISJSX****Target Date**

These portfolios invest in passively managed investment options that track different market indices around the world. The underlying investment portfolios are applied to each ING Index Solution Portfolio based on each target date allocation. The ING Index Solution 2045 Portfolio is designed for people who plan to begin living their retirement goals in the years 2041 to 2050. It is an aggressive ING Index Solution Portfolio.

ING Index Solution 2055**IISXX****Target Date**

These portfolios invest in passively managed investment options that track different market indices around the world. The underlying investment portfolios are applied to each ING Index Solution Portfolio based on each target date allocation. The ING Index Solution 2055 Portfolio is designed for people who plan to begin living their retirement goals during or after the year 2051. It is the most aggressive ING Index Solution Portfolio.

401(k) AND PROFIT SHARING PLAN – MANAGER EXPENSE REVIEW

PERIOD ENDED DECEMBER 31, 2013

Manager	Mandate	Expense Ratio	Category Average
Fixed Income			
ING Fixed Plus Account III	Annuity	n/a	n/a
Loomis Sayles Investment Grade Bond	Fixed Income	0.62%	0.89%
Balanced			
ING MFS Total Return	Balanced	0.94%	1.30%
Domestic Equity			
ING Russell Large Cap Index	Large Cap Blend	0.62%	0.55%
American Fund Growth Fund	Large Cap Growth	0.85%	1.24%
ING Large Cap Value	Large Cap Value	0.96%	1.18%
ING Invesco Growth & Income	Large Cap Value	0.90%	1.18%
ING FMR Diversified Mid Cap	Mid Cap Growth	0.89%	1.35%
ING JPMorgan Small Cap Core Equity	Small Cap Blend	1.13%	1.42%
International Equity			
American Funds EuroPacific Growth	International Equity	0.68%	1.41%
Asset Allocation			
ING Index Solution Income	Asset Allocation	0.80%	-
ING Index Solution 2015	Target Date	0.80%	-
ING Index Solution 2025	Target Date	0.80%	-
ING Index Solution 2035	Target Date	0.80%	-
ING Index Solution 2045	Target Date	0.80%	-
ING Index Solution 2055	Target Date	0.80%	-

Source: Morningstar

fourth quarter, 2013



OKLAHOMA TEACHERS RETIREMENT SYSTEM

real estate portfolio
executive summary report
fourth quarter, 2013



Real Estate Portfolio Overview

- ▶ The OTRS real estate portfolio was initially funded during April/May of 2011. Three managers were selected after an extensive search process. All three were funded with \$150 million.
- ▶ The total real estate allocation target is now 7% of the total fund. The target allocation is based on the net amount invested by the System in real estate assets. The target allocation for real estate was increased from 5% to 7% during 2013.
- ▶ The current portfolio is focused on U.S. based core assets. Core real estate is generally defined as high-quality, low risk, diversified portfolio of stable, income-producing assets.
- ▶ The current performance benchmark is the NCREIF Fund Index – Open End Diversified Core Equity (NFI-ODCE). The index is a fund-level capitalization weighted, time weighted index that includes property investments at ownership share, cash balance and leverage. The returns reflect the funds' actual ownership positions and financing strategy. The inception date of the index is the first quarter of 1978.
- ▶ AEW and Heitman were recently given additional capital commitments. The commitments are expected to be drawn beginning the second quarter of 2013.
- ▶ The investments have been successful. We are in the second stage of the real estate investment program. This stage is intended to provide additional diversification and return potential by investing in value added and opportunistic funds. A search is underway to potentially select several funds in each category. Furthermore, a special purpose fund is being created and managed by L&B to accomplish the same goals.



Real Estate Portfolio Timeline

2010 - Core Real Estate Target Allocation Established: 5%.

Late 2010 - Core Real Estate Manager Search Concluded. AEW, Heitman and L&B selected.

Early/Mid 2011 - Core Real Estate Managers Funded.

2013 - Asset Allocation Review Completed. Real Estate Allocation Increased to 7%.

Late 2013 - Additional Capital Committed to AEW and Heitman. L&B Proposes Special Opportunities Portfolio.

Early 2014 - Opportunistic and Value Added Searches Initiated.

Allocation of Real Estate Portfolio – Net Exposure

As of December 31, 2013

Total Market Value: **\$562,737,994**
This represented **4.3%** of the total fund.

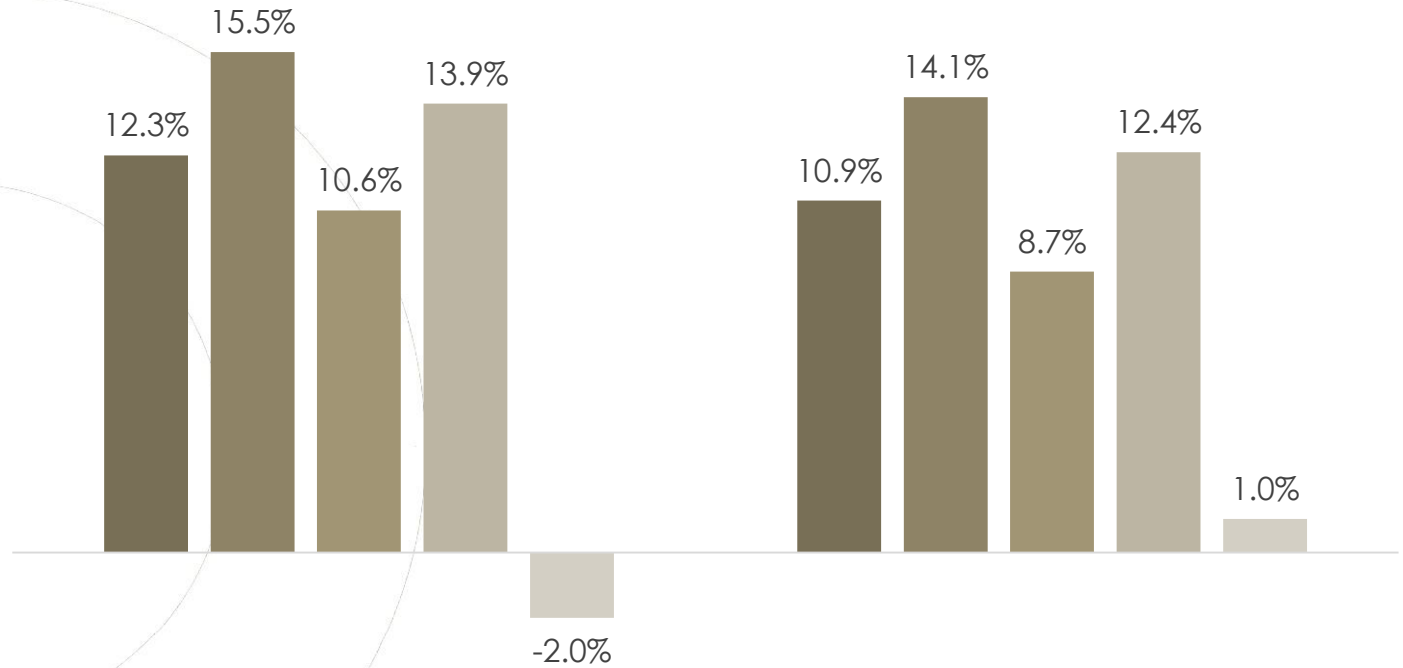
L&B
31.5%

AEW
33.2%

Heitman
35.3%

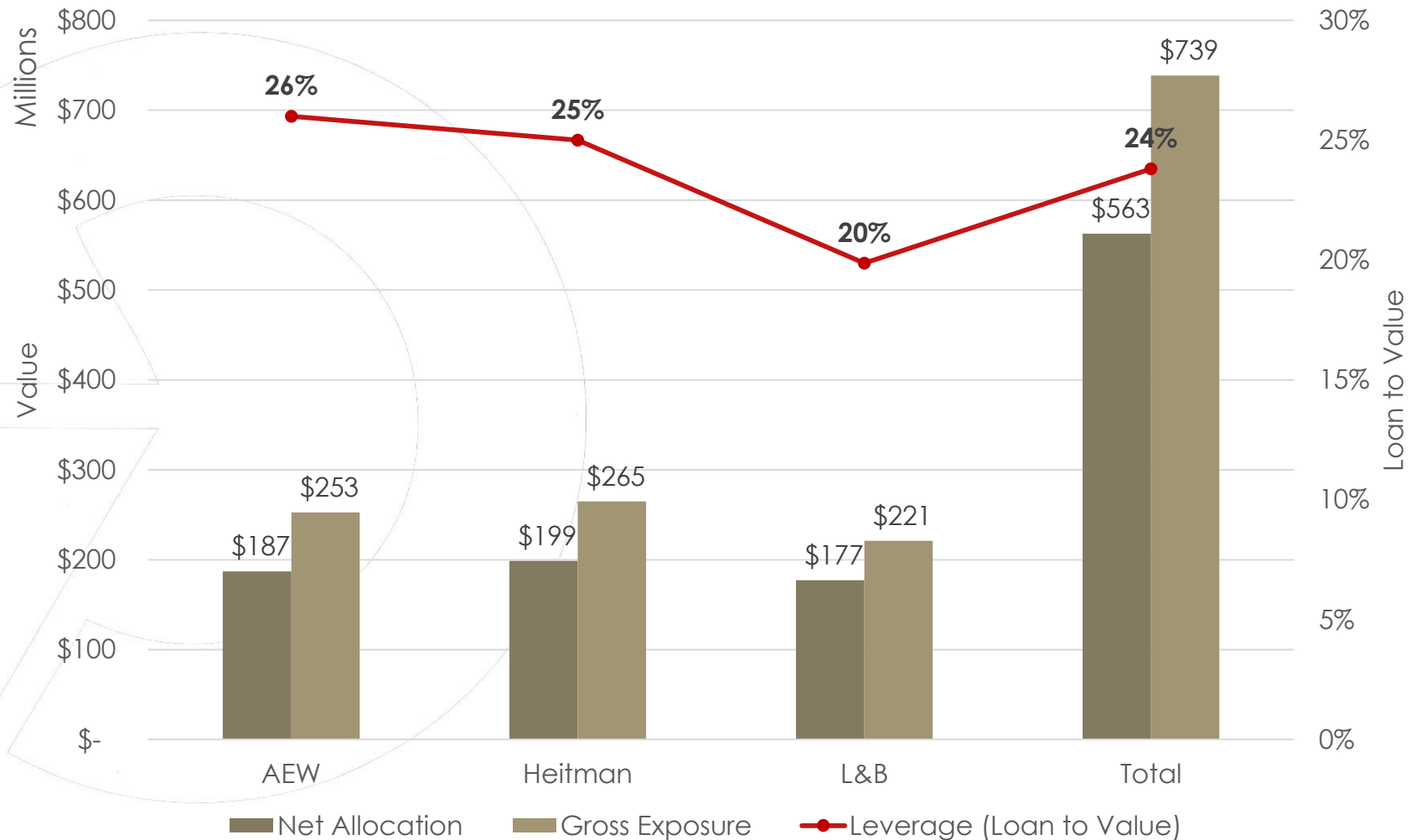
Performance Comparison

Periods Ended December 31, 2013



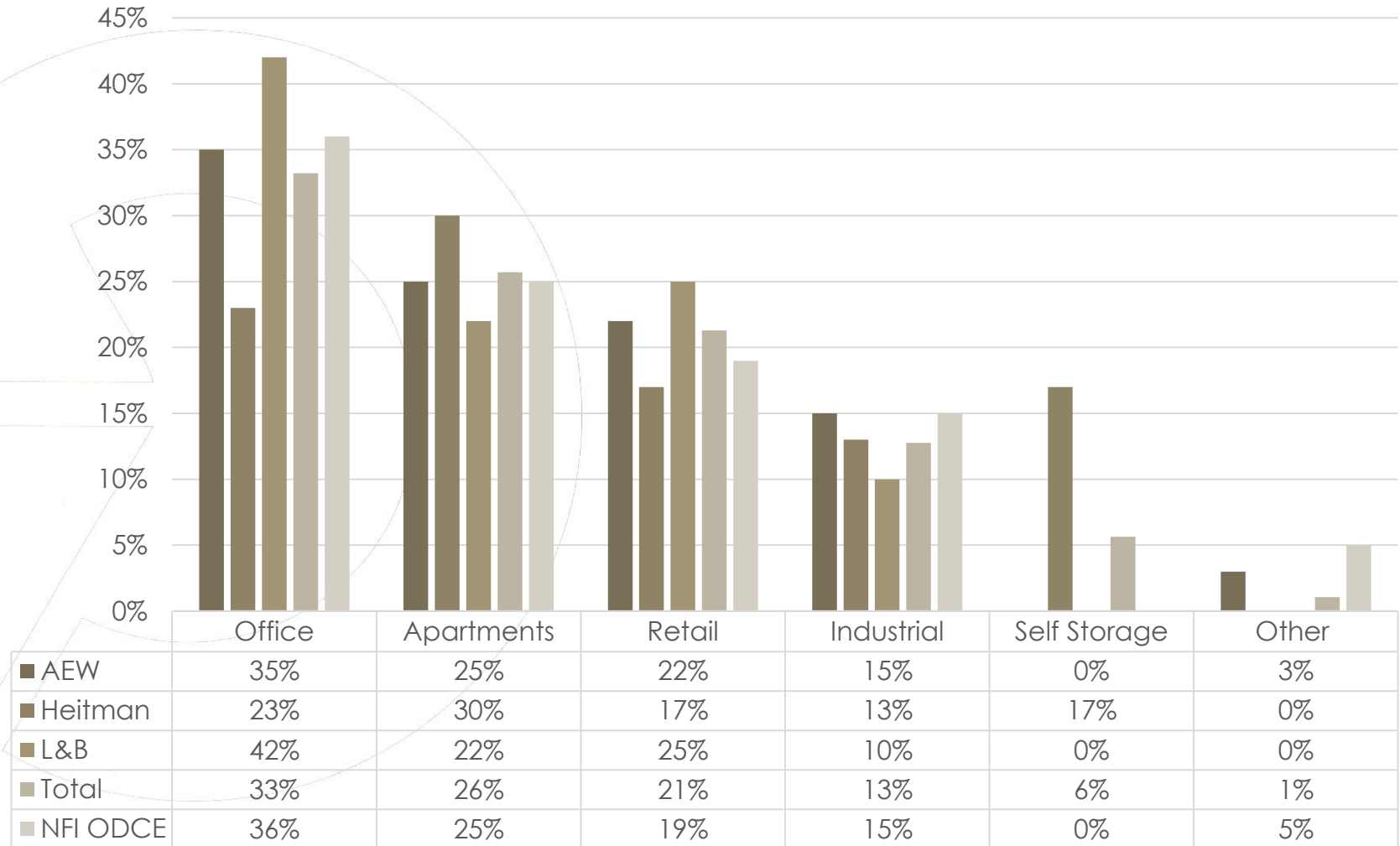
	Trailing Year	Trailing 2 Years
■ AEW	12.3%	10.9%
■ Heitman	15.5%	14.1%
■ L&B	10.6%	8.7%
■ NFI-ODCE	13.9%	12.4%
■ BC Aggregate	-2.0%	1.0%

Allocation of Real Estate Portfolio – Net vs. Gross Exposure As of December 31, 2013



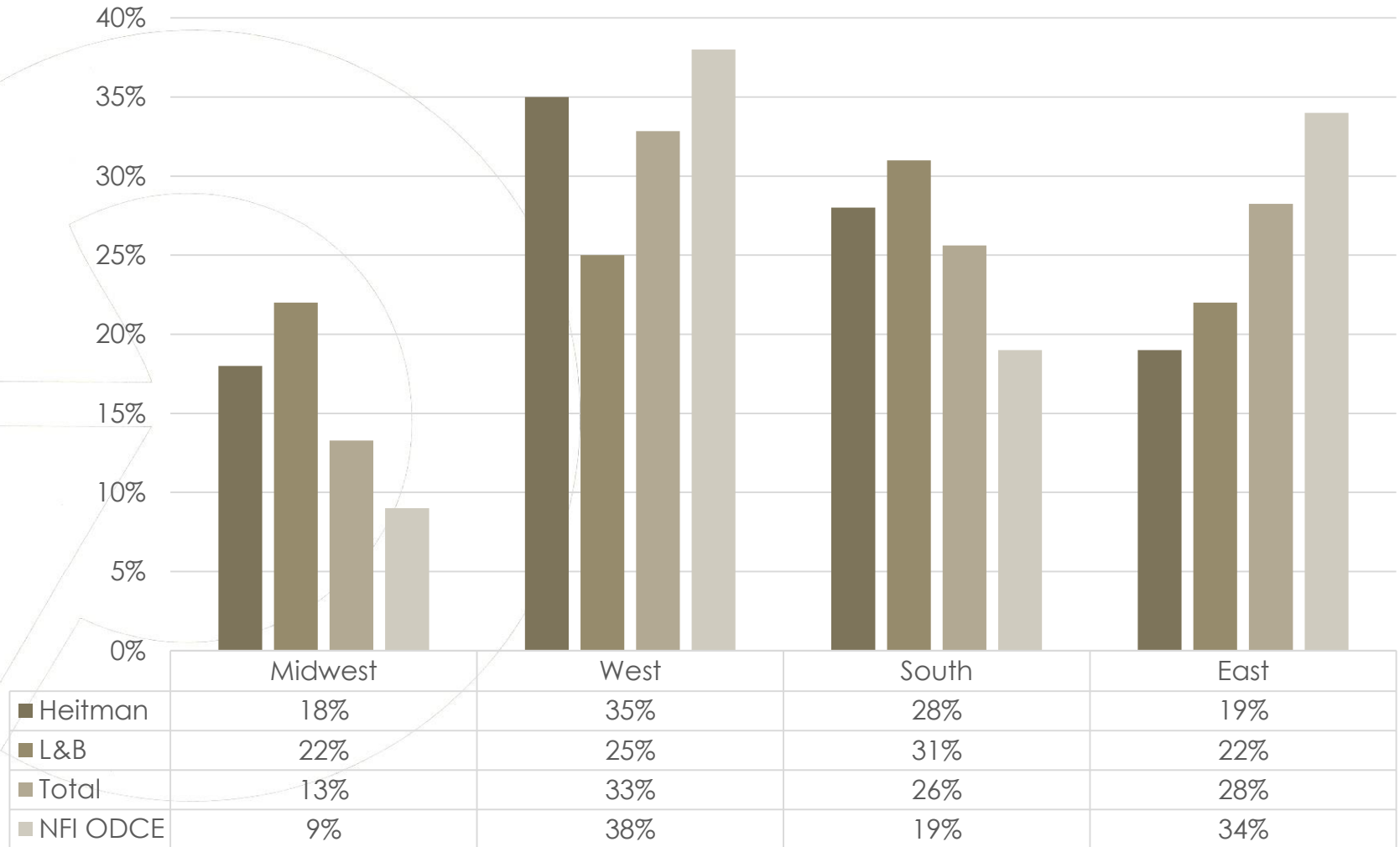
Property Type Diversification – Net Exposure

As of December 31, 2013



Geographic Diversification – Net Exposure

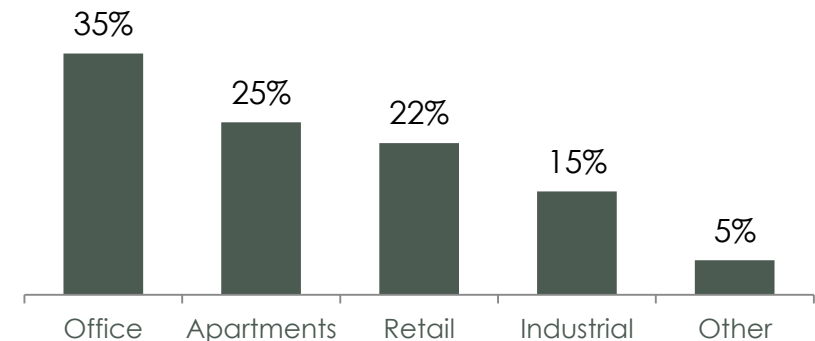
As of December 31, 2013



AEW Capital Management – Core Real Estate

Location: Boston, Massachusetts
OTRS Initial Commitment: \$150 million
OTRS Total Commitment: \$165.5 million
Fund Name: AEW Core Property Trust
Fund Type: Open Ended Private REIT
Fund Size (Net): \$2.8 billion
Fund Size (Gross): \$4.5 million
Number of Investments: 41
Firm AUM: \$50 billion
Inception Date: Fourth Quarter, 2007
Fund Manager: Dan Bradley and Jon Martin
Investment Process: Research driven strategy that combines long-term economic forecasts with on-the-ground market knowledge that builds diversified portfolios of apartments, retail, office, industrial, and to a smaller extent, hotel properties. Portfolios will be diversified among major growing metropolitan markets with barriers to new supply. The portfolio will feature high-quality assets designed to provide durable income and reasonable capital appreciation. The fund will only invest in the U.S. No single investment may exceed 25% of the fund's net asset value. Non-core assets limited to 15% of net asset value. 30% maximum leverage at the total fund level.

Property Type Diversification

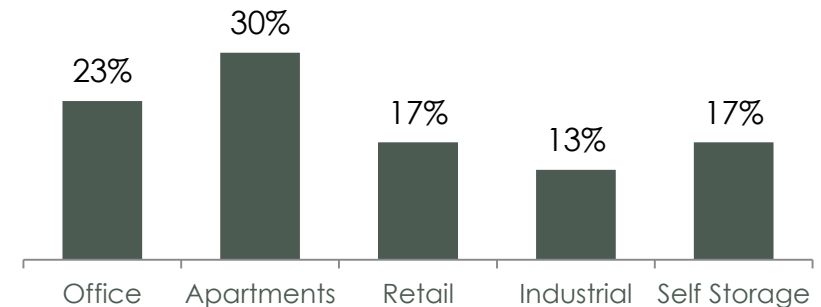


	AEW	NFI ODCE
2013 Income Return	6.16%	5.24%
2013 Appreciation Return	5.79%	8.35%
Current Occupancy	91%	%
OTRS Ownership of Fund	6.6%	-

Heitman Capital Management – Core Real Estate

Location: Chicago, Illinois
OTRS Initial Commitment: \$150 million
OTRS Total Commitment: \$157.4 million
Fund Name: Heitman Capital Management
Fund Type: Open Ended Partnership
Fund Size (Net): \$3.4 billion
Fund Size (Gross): \$4.5 million
Number of Investments: 74
Firm AUM: \$29 billion
Fund Inception Date: First Quarter, 2007
Fund Manager: David Perisho
Investment Process: Acquire strong properties on a direct basis to deliver returns 1.0% over the relevant benchmark index over a rolling five year period. The portfolio will remain flexible as to property type concentration but will be adequately diversified. Heitman will buy in major markets. Properties will be well-constructed and have proximity to amenities and transportation networks. The fund will invest only in the U.S. and Canada. No more than 10% of the fund will be invested in Canada. Up to 15% of the fund will be invested in value-added properties. The maximum investment in a single property will be 15%. Leverage is capped at 30% of the fund.

Property Type Diversification



	Heitman	NFI ODCE
2013 Income Return	5.68%	5.24%
2013 Appreciation Return	9.42%	8.35%
Current Occupancy	94%	%
OTRS Ownership of Fund	5.8%	-

L&B Realty Advisers – Core Real Estate

Location: Dallas, Texas

OTRS Initial Commitment: \$150 million

OTRS Total Commitment: \$150 million

Fund Name: L&B Core Income Partners, L.P.

Fund Type: Open Ended Partnership

Fund Size (Net): \$389 million

Fund Size (Gross): \$486 million

Number of Investments: 9

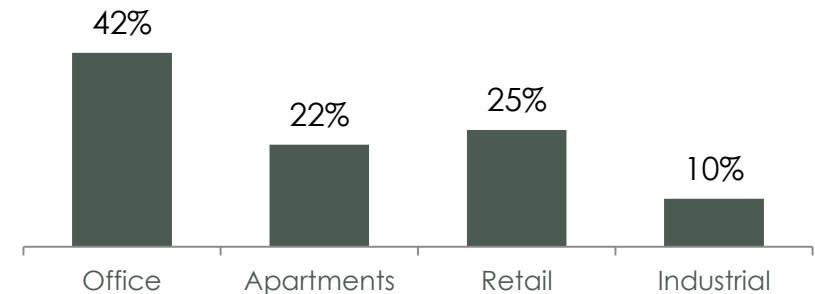
Firm AUM: \$6.1 billion

Inception Date: Second Quarter, 2011

Fund Manager: Mark Gerigk and Christopher Metten

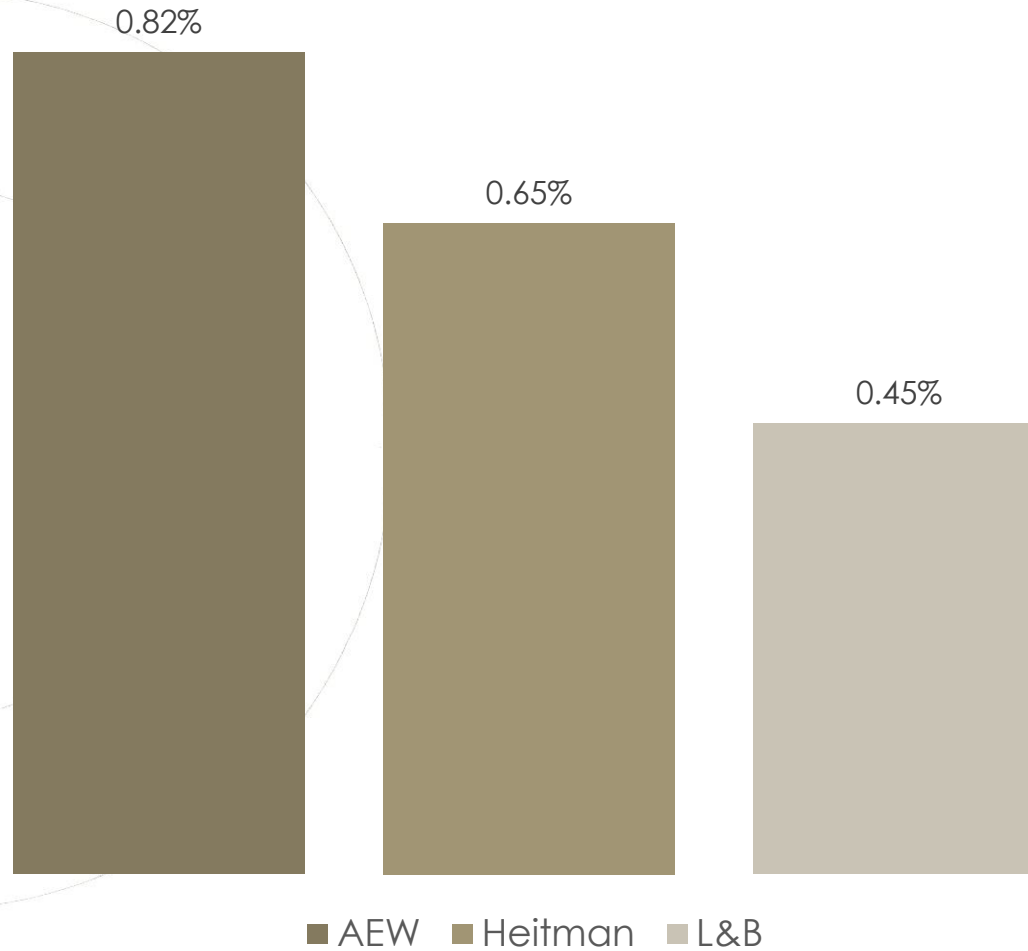
Investment Process: The fund will invest in a diversified portfolio of core properties that are well-leased by credit-worthy tenants. The primary objective is protection of capital and limited downside risk. Assets will be appropriately priced and utilize reasonable leverage. The portfolio will concentrate on stable, enduring assets but can allocate up to 15% to non-core assets. All investments will be in the U.S. Maximum leverage at the fund level is 35%; maximum leverage for individual properties is 50%. Average investment is \$50 million in equity.

Property Type Diversification



	L&B	NFI ODCE
2013 Income Return	5.26%	5.24%
2013 Appreciation Return	5.11%	8.35%
Current Occupancy	93%	%
OTRS Ownership of Fund	46%	-

Management Fee Comparison



Performance History

Core Real Estate Portfolios

	AEW	Heitman	L&B	NFI-ODCE
2q 2011	3.7%	5.4%	0.6%	4.6%
3q2011	5.1%	2.7%	1.7%	3.5%
4q2011	3.1%	2.2%	1.1%	3.0%
1q 2012	2.2%	3.3%	1.2%	2.8%
2q 2012	1.7%	2.3%	1.5%	2.6%
3q 2012	2.8%	4.0%	1.4%	2.8%
4q 2012	2.5%	2.5%	2.6%	2.4%
1q 2013	2.0%	2.8%	2.3%	2.7%
2q 2013	3.1%	4.6%	2.0%	3.9%
3q 2013	3.5%	3.9%	2.4%	3.6%
4q 2013	3.2%	3.4%	3.6%	3.2%
Trailing Year	12.3%	15.5%	10.6%	13.9%
Trailing 2 Years (annualized)	10.9%	14.1%	8.7%	12.4%

Market Value History

Core Real Estate Portfolios

	AEW	Heitman	L&B	Total
2q 2011	0	22,274,283	16,029,339	38,303,622
3q2011	93,120,247	107,274,647	102,362,456	302,757,350
4q2011	95,840,228	156,309,732	124,746,993	376,896,953
1q 2012	158,158,228	161,159,299	126,045,930	445,363,457
2q 2012	160,527,947	164,136,057	154,879,803	479,543,807
3q 2012	164,777,493	170,260,588	156,919,704	491,957,785
4q 2012	168,556,340	173,735,967	160,879,997	503,172,304
1q 2013	171,755,602	178,076,841	164,376,355	514,208,798
2q 2013	176,850,639	185,778,492	167,448,015	530,077,146
3q 2013	182,265,413	192,671,534	171,267,534	546,204,481
4q 2013	186,904,498	198,670,499	177,162,997	562,737,994

Allocation History – Quarterly Observations

