

Oklahoma State Pension Commission

Public Fund Universe Analysis Report

August, 2006

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"Advancing Your Investments"
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Public Fund Asset Allocation Trends



Public Fund Dollar-Weighted Asset Mix of Defined Benefit Pension Plans

Public Funds (321) (329) (325) (304) (304)

Type of Investment	Base	Total Funds					2005 by Type and Size of Fund					
							Type of Fund		Plan Assets			
		2001	2002	2003	2004	2005	State Funds	Municipal Funds	Over \$5 Billion	\$1-5 Billion	\$501 Million-\$1 Billion	\$500 Million and Under
		(287)	(302)	(285)	(282)	(282)	(91)	(184)	(77)	(86)	(50)	(69)
Active common stocks		21.7%	20.6%	22.3%	20.8%	20.5%	19.7%	24.4%	19.1%	32.1%	38.3%	36.5%
Passive common stocks		22.8	22.4	23.1	24.0	23.8	25.1	20.0	25.1	12.4	8.4	12.5
Total domestic stocks		44.5%	43.0%	45.4%	44.8%	44.3%	44.8%	44.3%	44.2%	44.5%	46.7%	49.0%
Active international stocks		9.3%	9.8%	10.6%	11.8%	12.6%	12.3%	14.0%	12.4%	15.3%	12.8%	10.9%
Passive international stocks		4.2	3.9	3.9	4.2	4.0	4.5	2.5	4.3	1.2	0.9	2.4
Total international stocks		13.5%	13.6%	14.5%	16.0%	16.7%	16.8%	16.5%	16.8%	16.5%	13.7%	13.3%
Fixed income		31.4%	32.9%	29.5%	28.0%	27.0%	26.0%	29.6%	26.8%	28.9%	30.8%	30.2%
Equity real estate		4.7	5.0	5.2	5.3	5.5	5.7	4.7	5.6	5.0	4.9	3.6
Private equity		3.6	3.7	3.8	3.8	4.0	4.3	2.7	4.2	2.1	1.4	0.7
Hedge funds		0.2	0.1	0.2	0.6	0.7	0.7	0.6	0.6	1.3	1.1	1.6
Other		2.1	1.7	1.3	1.5	1.9	1.6	1.5	1.9	1.8	1.4	1.6
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: Dollar-weighted and projected to the Greenwich Associates universe.

Public Fund Asset Allocation Expectations



Public Fund Expectations for Asset Mix of Defined Benefit Pension Plans

Public Funds (225)

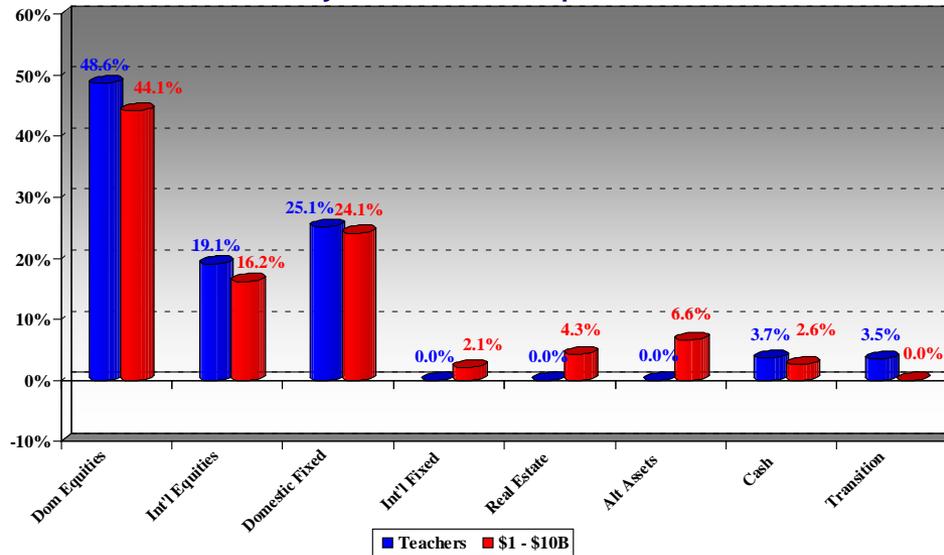
Type of Investment	Current or Expected Investors	Current or Expected Investors			No Answer
		Expect to Make A Significant Increase in the Next 3 Years	Expect to Make A Significant Decrease in the Next 3 Years	Expect No Change in the Next 3 Years	
Domestic common stocks - active	(196)	4%	12%	68%	16%
Domestic common stocks - passive	(152)	4	15	68	13
International stocks - active	(187)	9%	3%	74%	14%
International stocks - passive	(67)	4	15	61	19
Fixed income	(202)	3%	9%	72%	15%
Equity real estate	(159)	29	3	55	13
Private equity	(108)	41	1	44	14
Hedge funds	(51)	39	2	43	16
Other	(91)	7	1	54	38

Source: Greenwich Associates

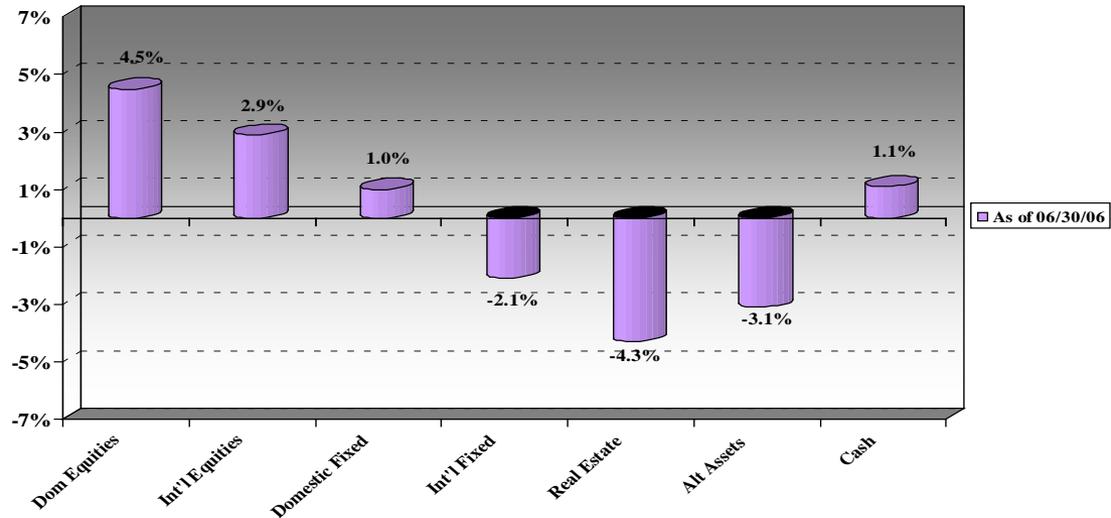
Teachers Retirement System (\$8.1B)



Allocation by Asset Class Compared to \$1-\$10B Funds



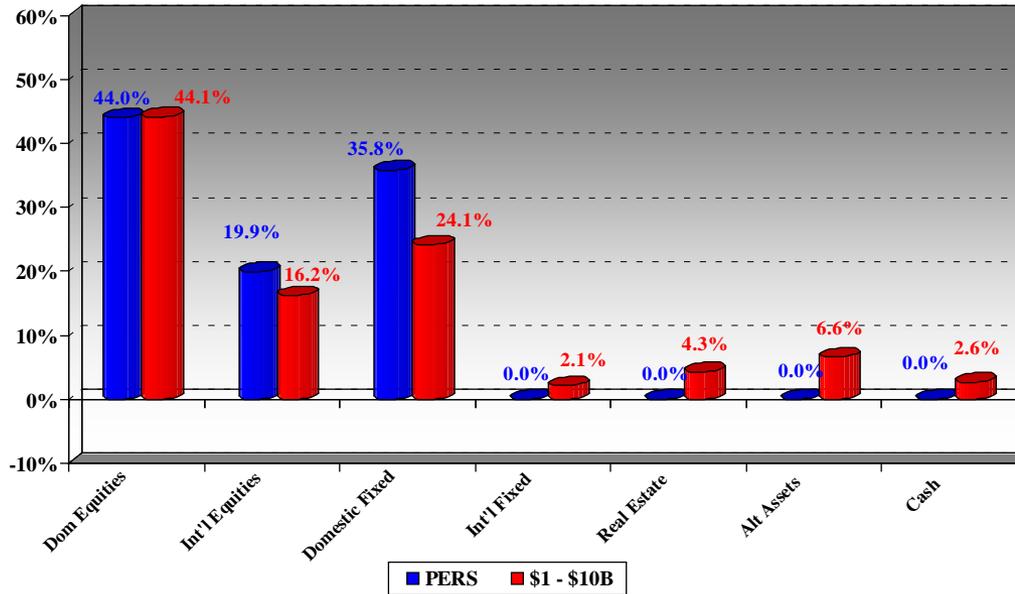
Variance - Teachers Minus \$1-\$10B Funds



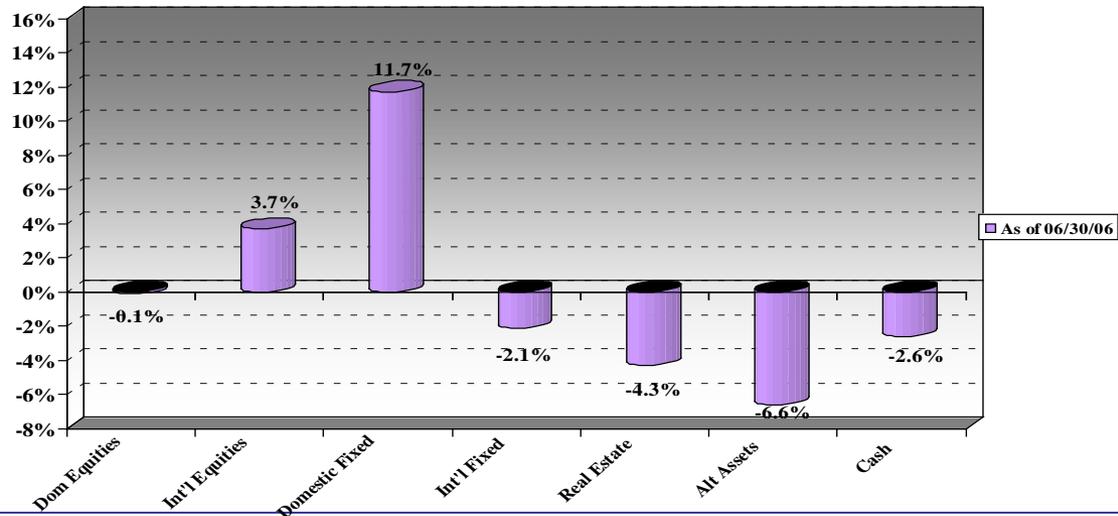
PERS (\$5.8B)



Allocation by Asset Class Compared to \$1-\$10B Funds



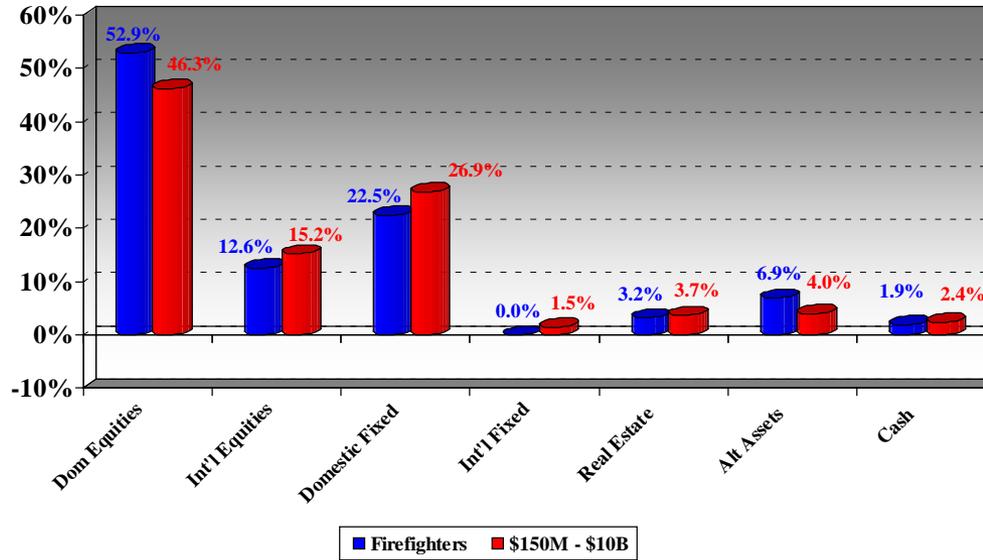
Variance - PERS minus \$1-\$10B Funds



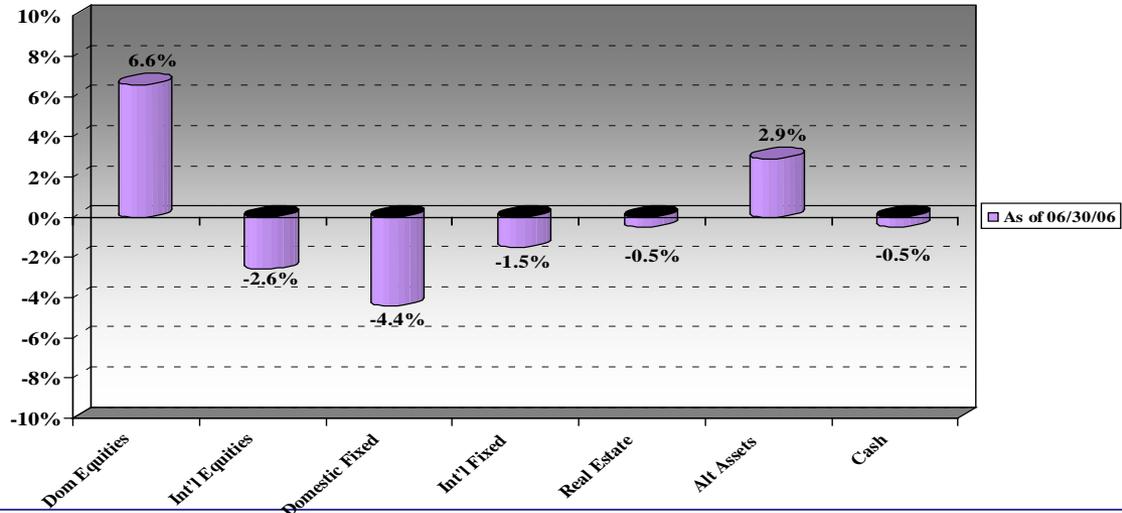
Firefighters (\$1.6B)



Allocation by Asset Class Compared to \$150M-\$10B Funds



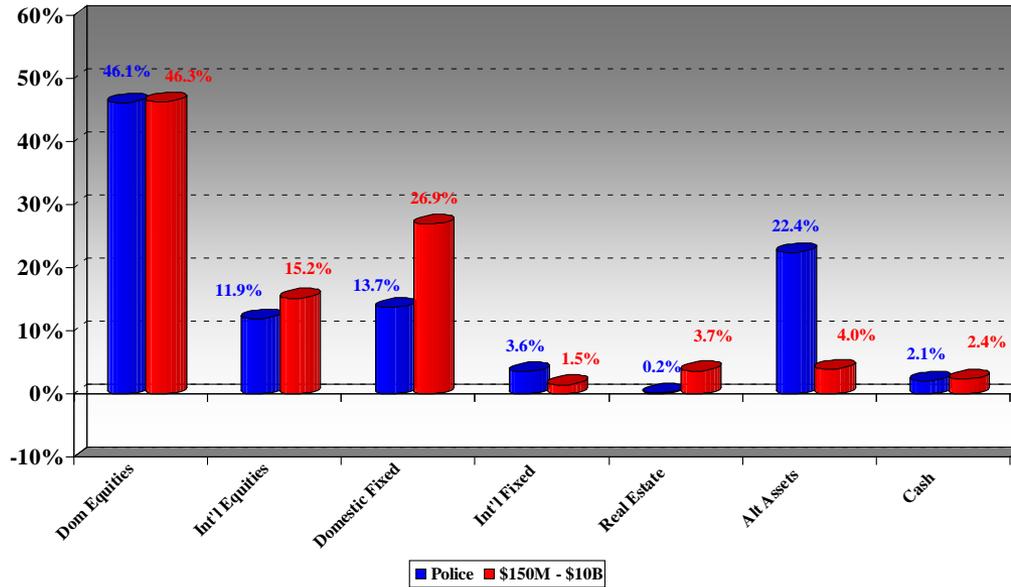
Variance - Firefighters minus \$150M-\$10B Funds



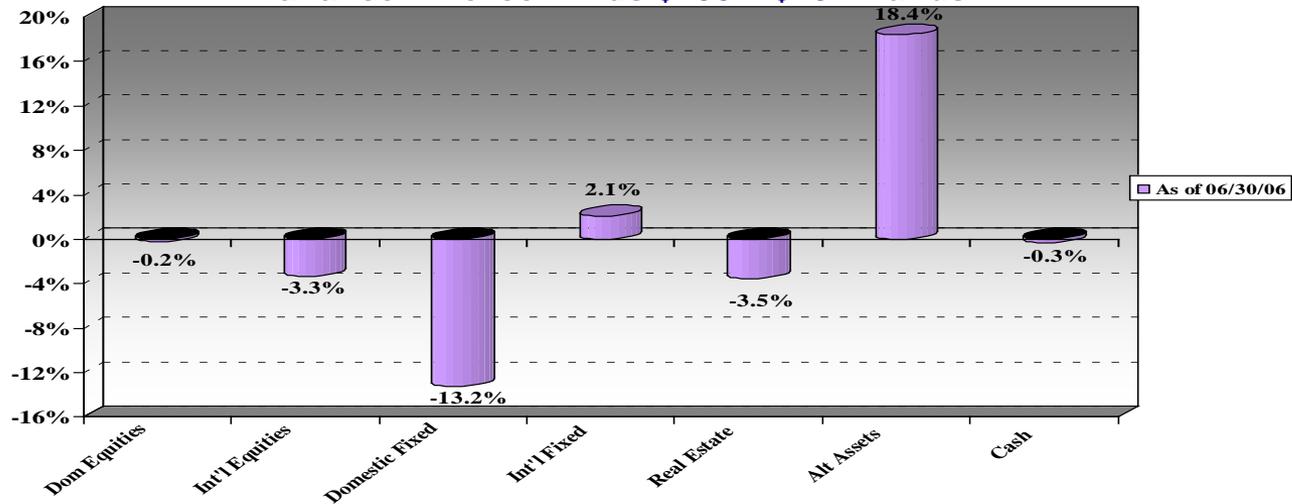
Police (\$1.5B)



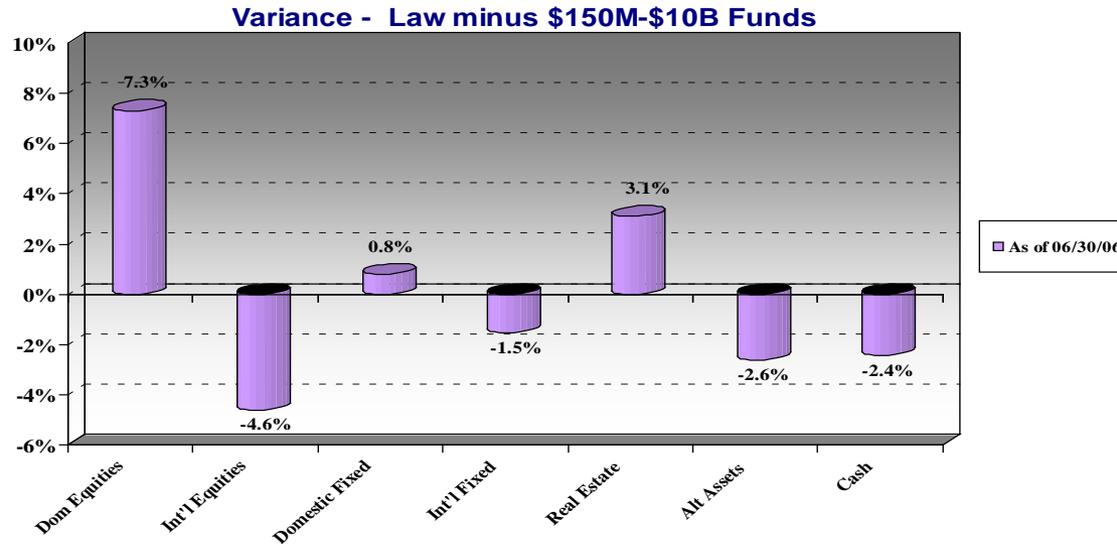
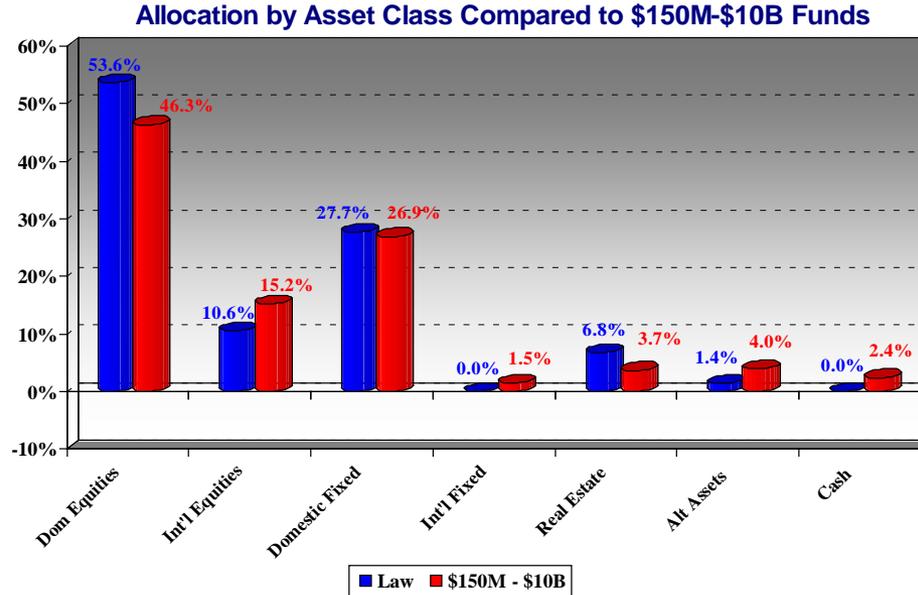
Allocation by Asset Class Compared to \$150M-\$10B Funds



Variance - Police minus \$150M-\$10B Funds



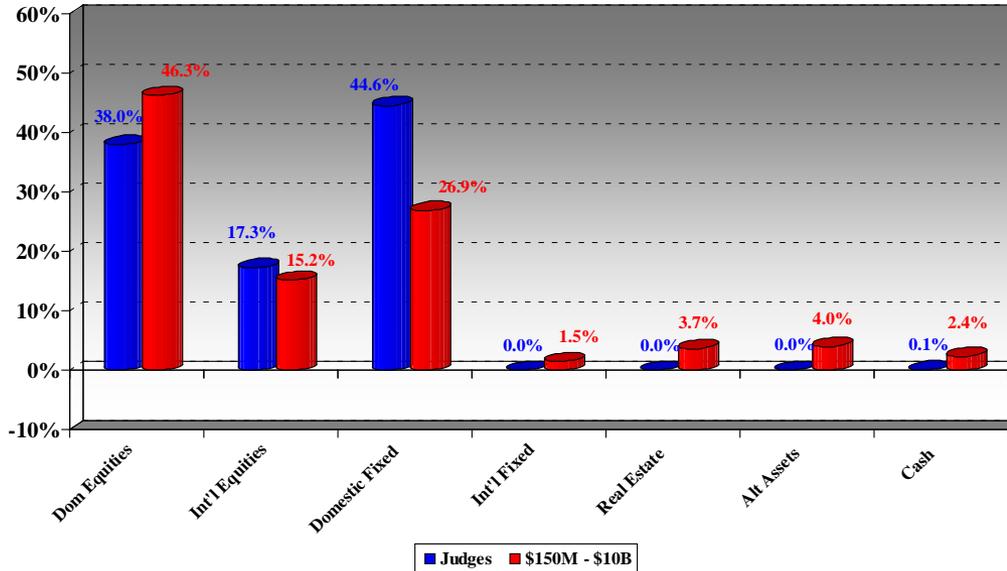
Law Enforcement (\$664M)



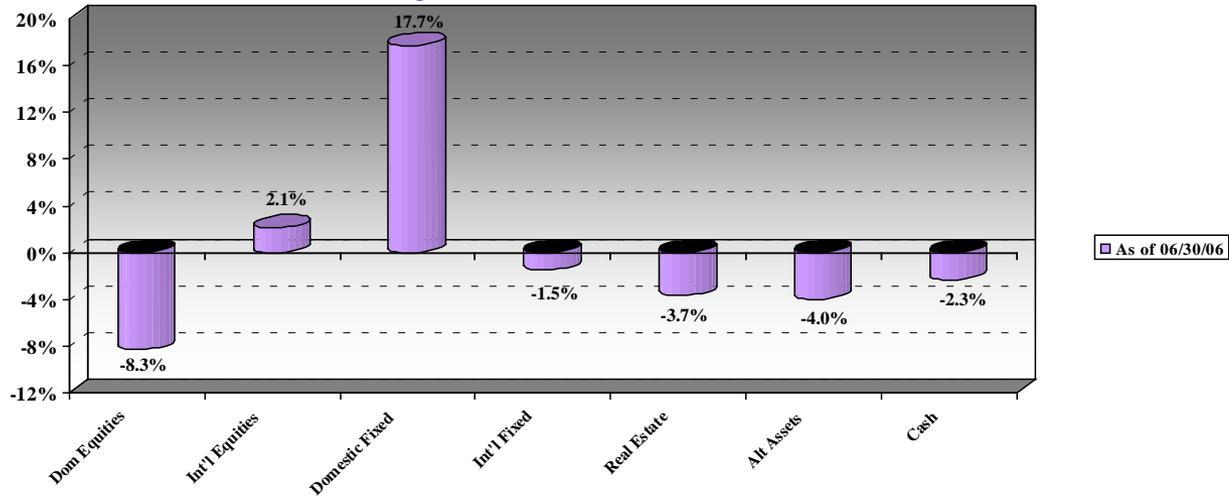
Judges & Justices (\$214M)



Allocation by Asset Class Compared to \$150M-\$10B Funds



Variance - Judges & Justices minus \$150M-\$10B Funds

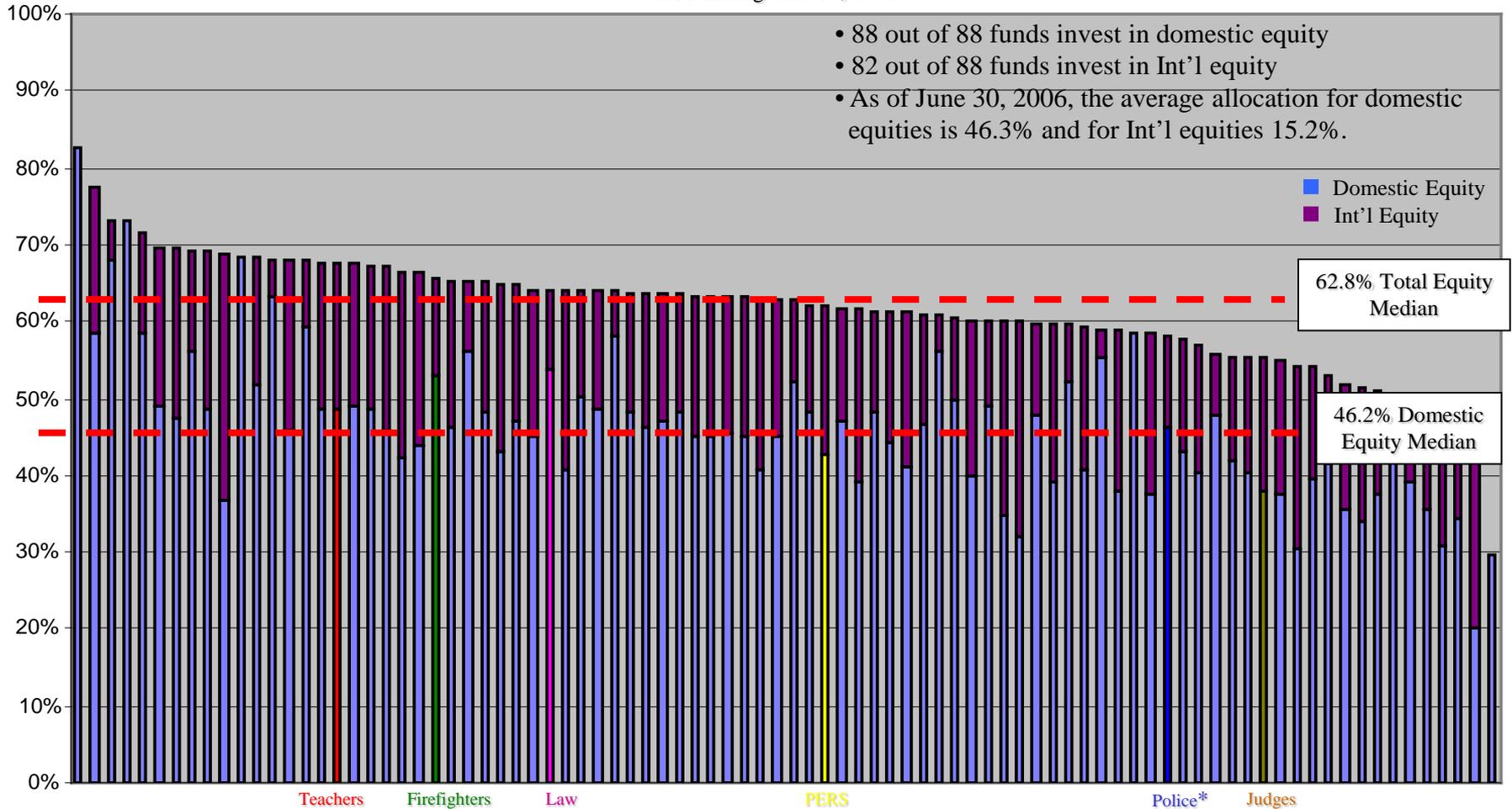




Equity Allocation of Screened Universe (88 Funds)

Allocation by Fund

Period Ending June 30, 2006



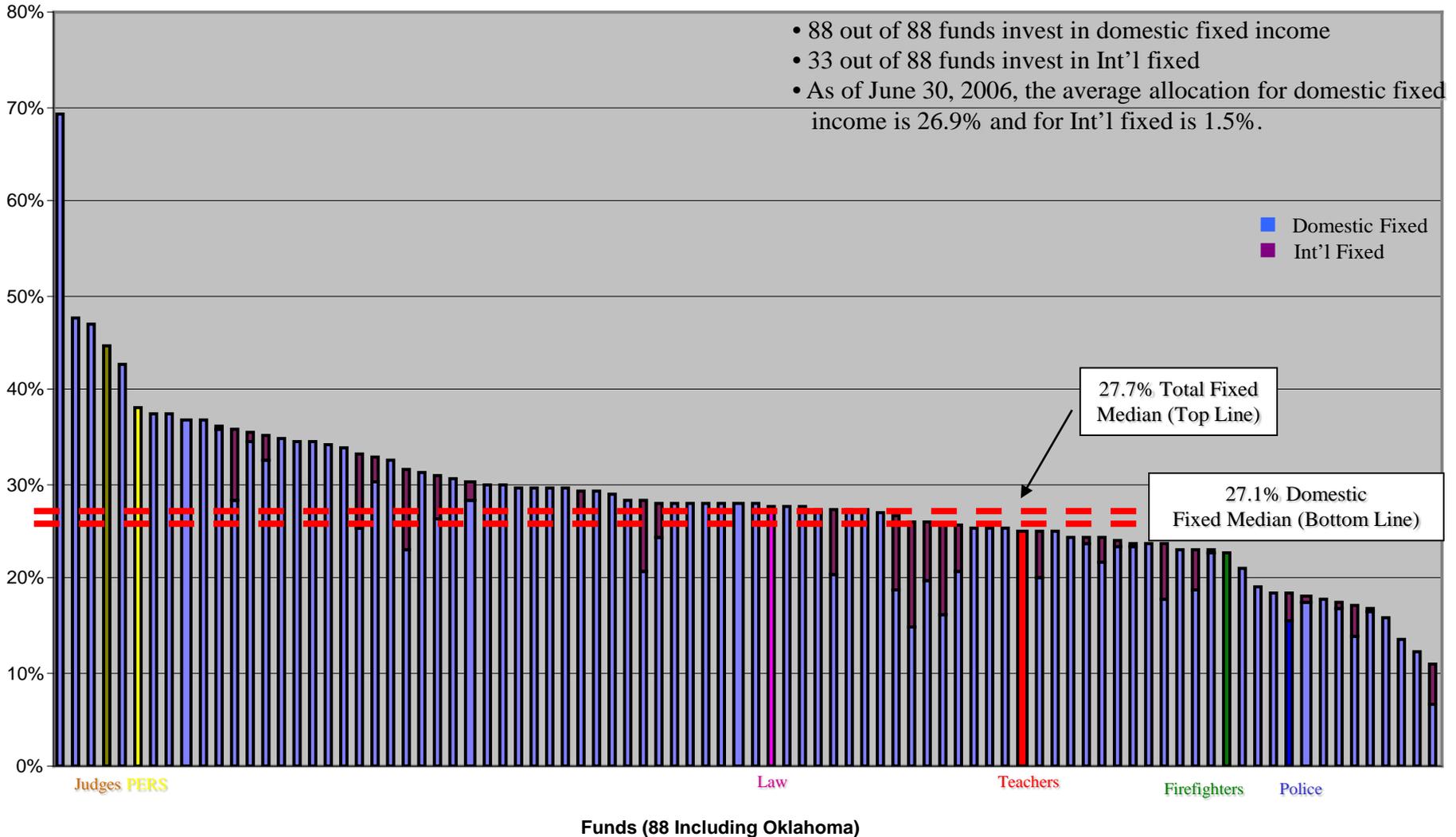
Funds (88 Including Oklahoma)

* Excludes Alternative Assets.



Fixed Income Allocation of Screened Universe (88 Funds)

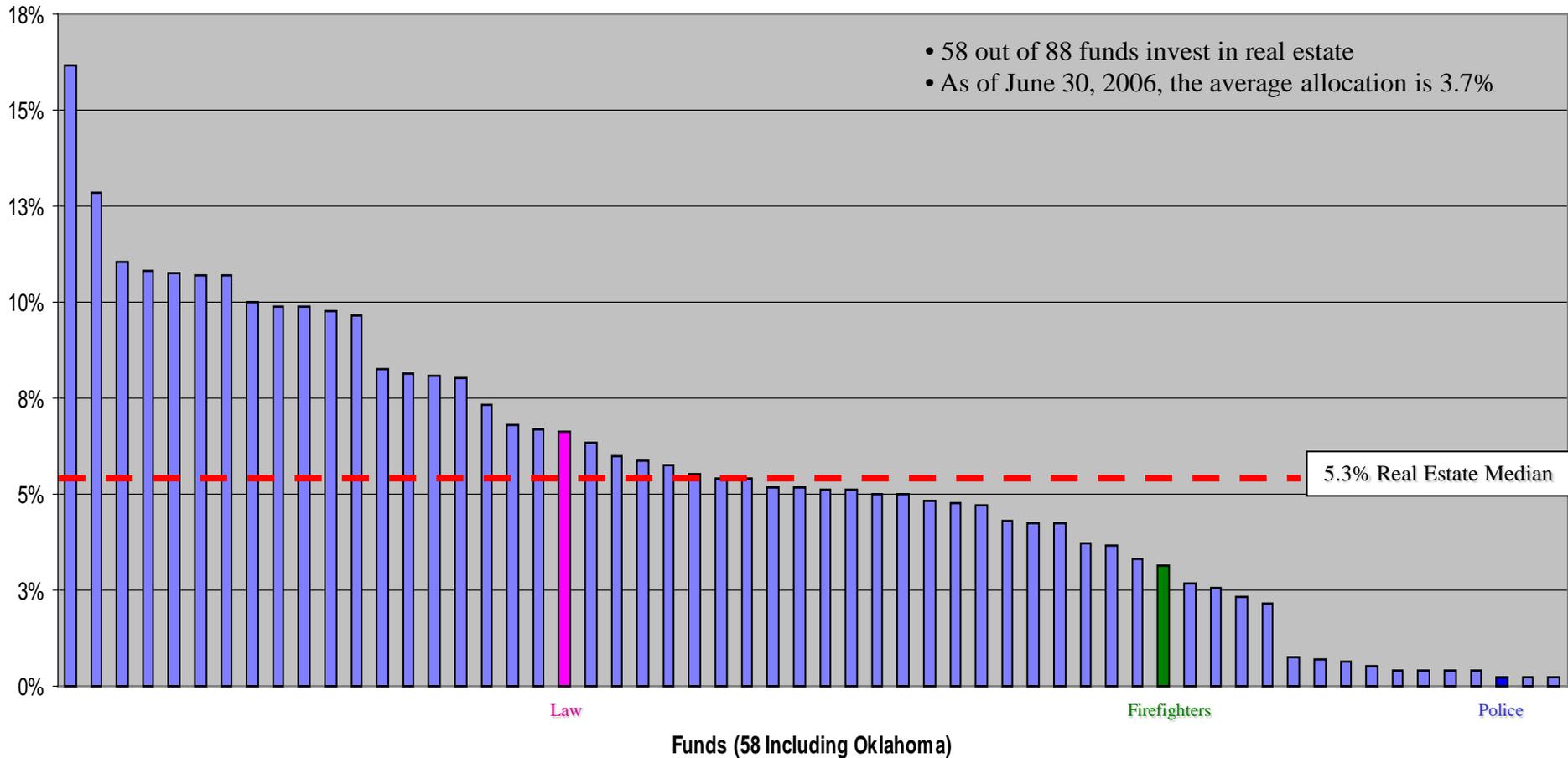
Allocation by Fund Period Ending June 30, 2006





Real Estate Allocation of Screened Universe (88 Funds)

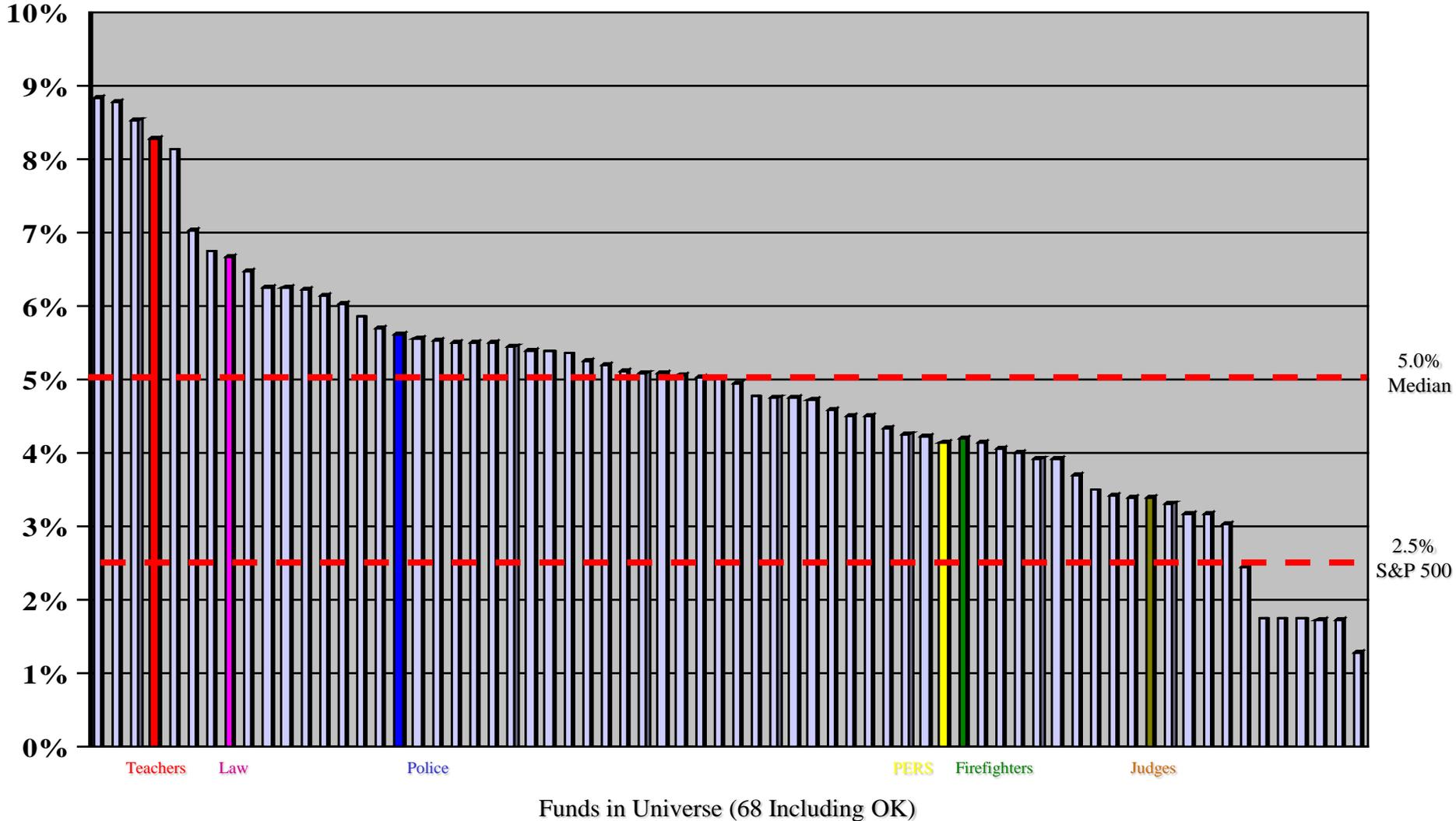
Allocation by Fund
Period Ending June 30, 2006





5 Year Annualized Domestic Equity Returns (68 Funds)

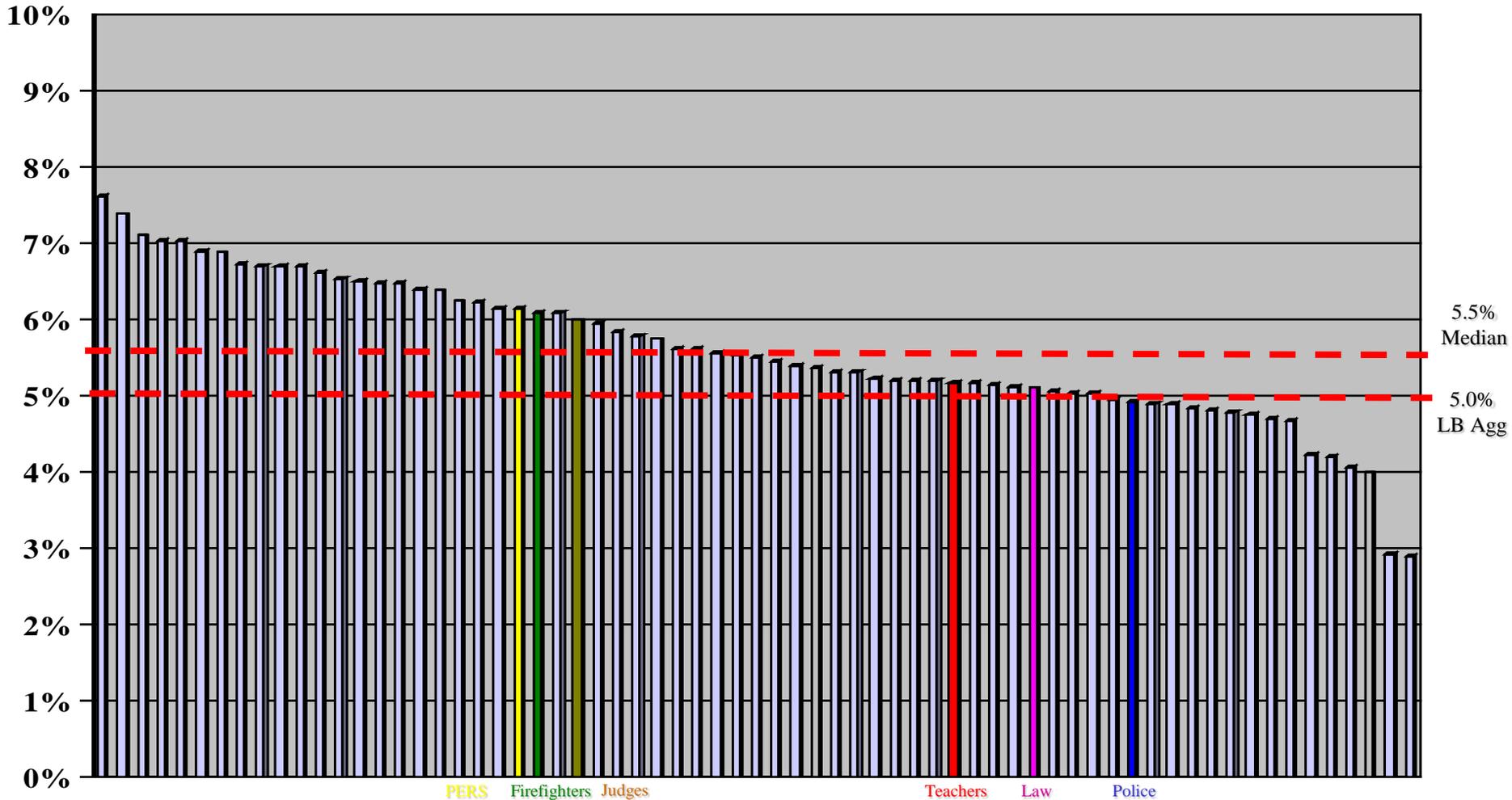
Five Years Ending
June 30, 2006





5 Year Annualized Fixed Income Returns (67 Funds)

Five Years Ending
June 30, 2006



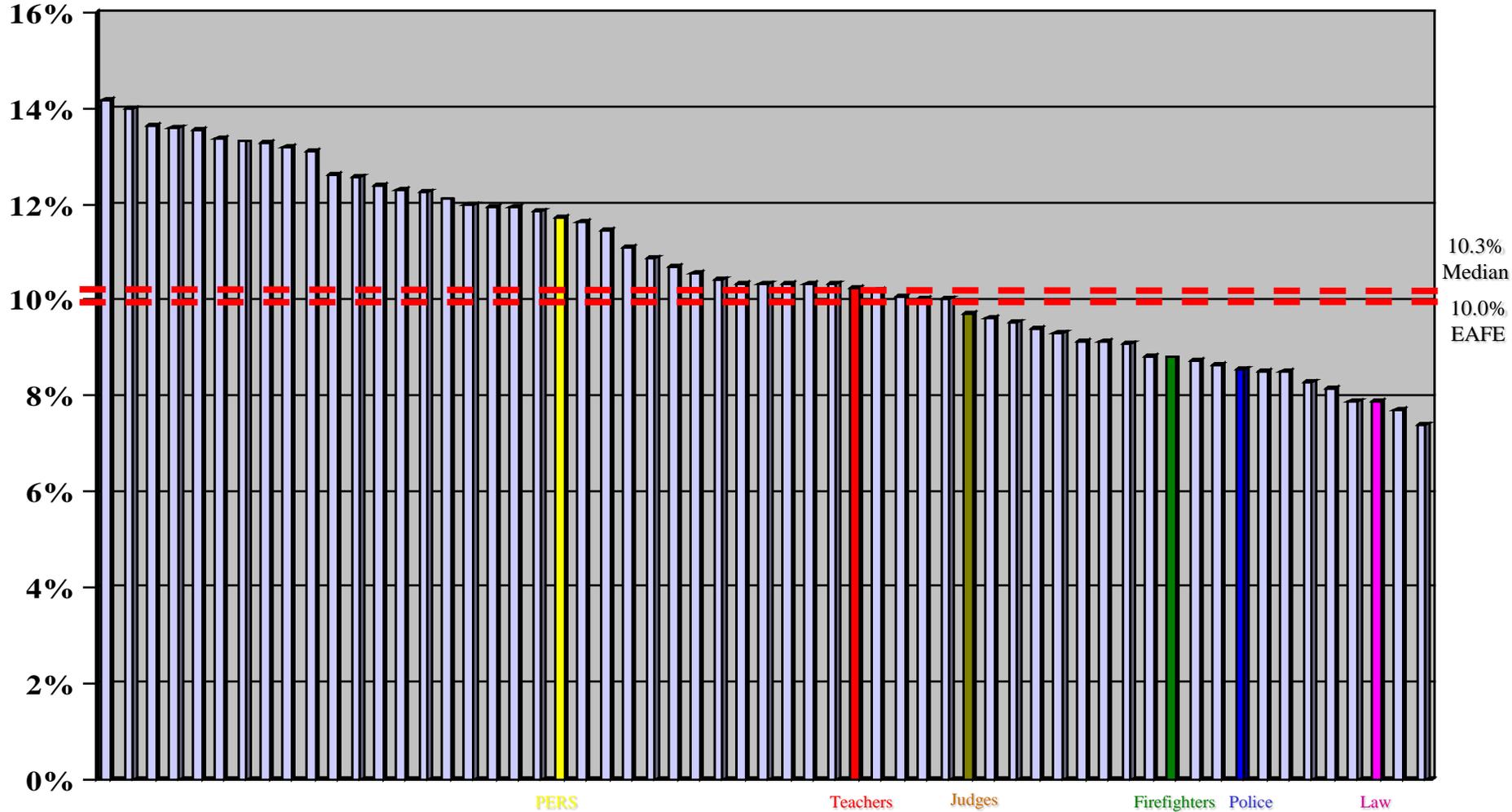
Funds in Universe (67 Including OK)





5 Year Annualized International Equity Returns (59 Funds)

Five Years Ending
June 30, 2006



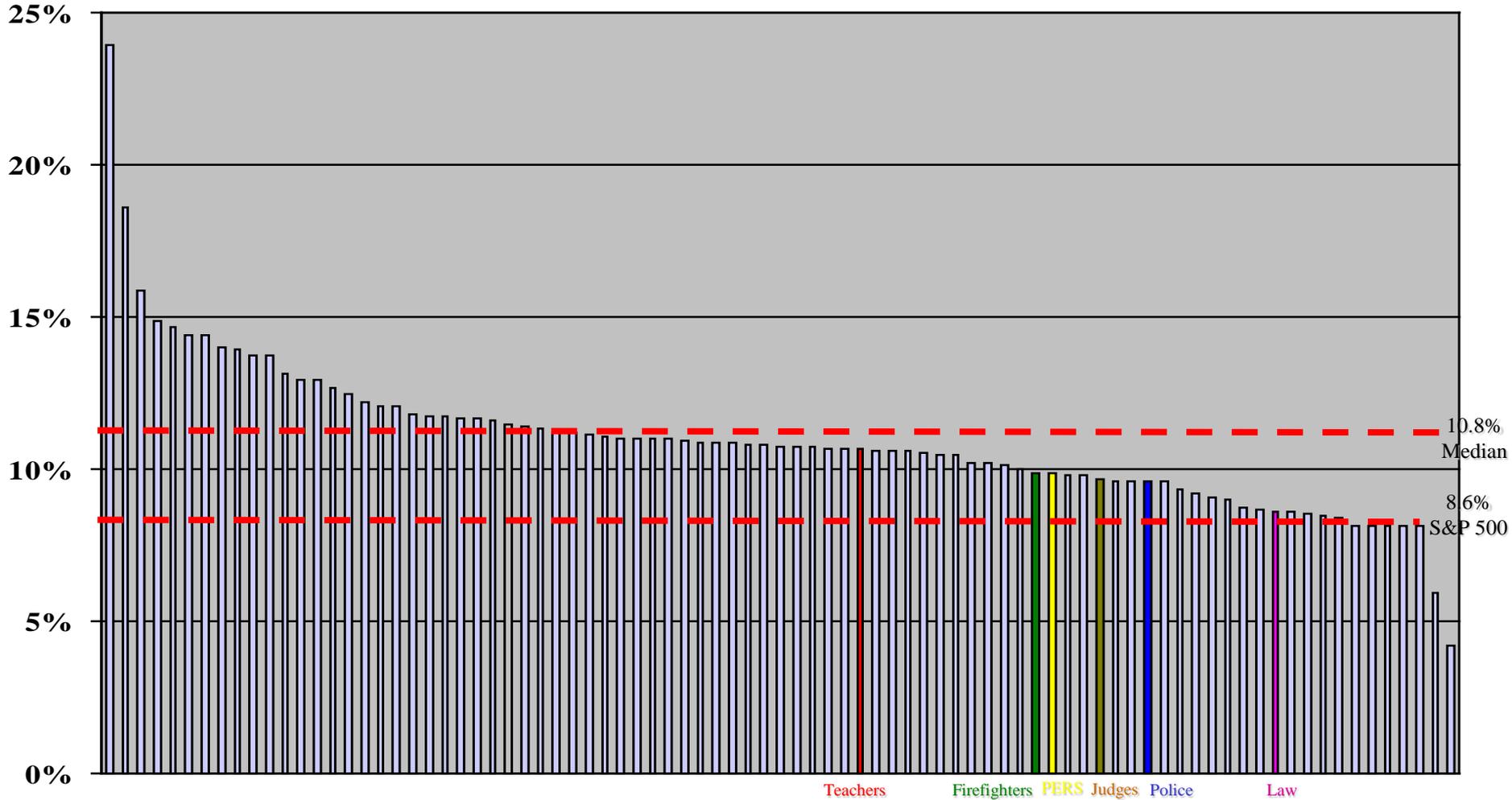
Funds in Universe (59 Including OK)





Annual Domestic Equity Returns (85 Funds)

Year Ending
June 30, 2006

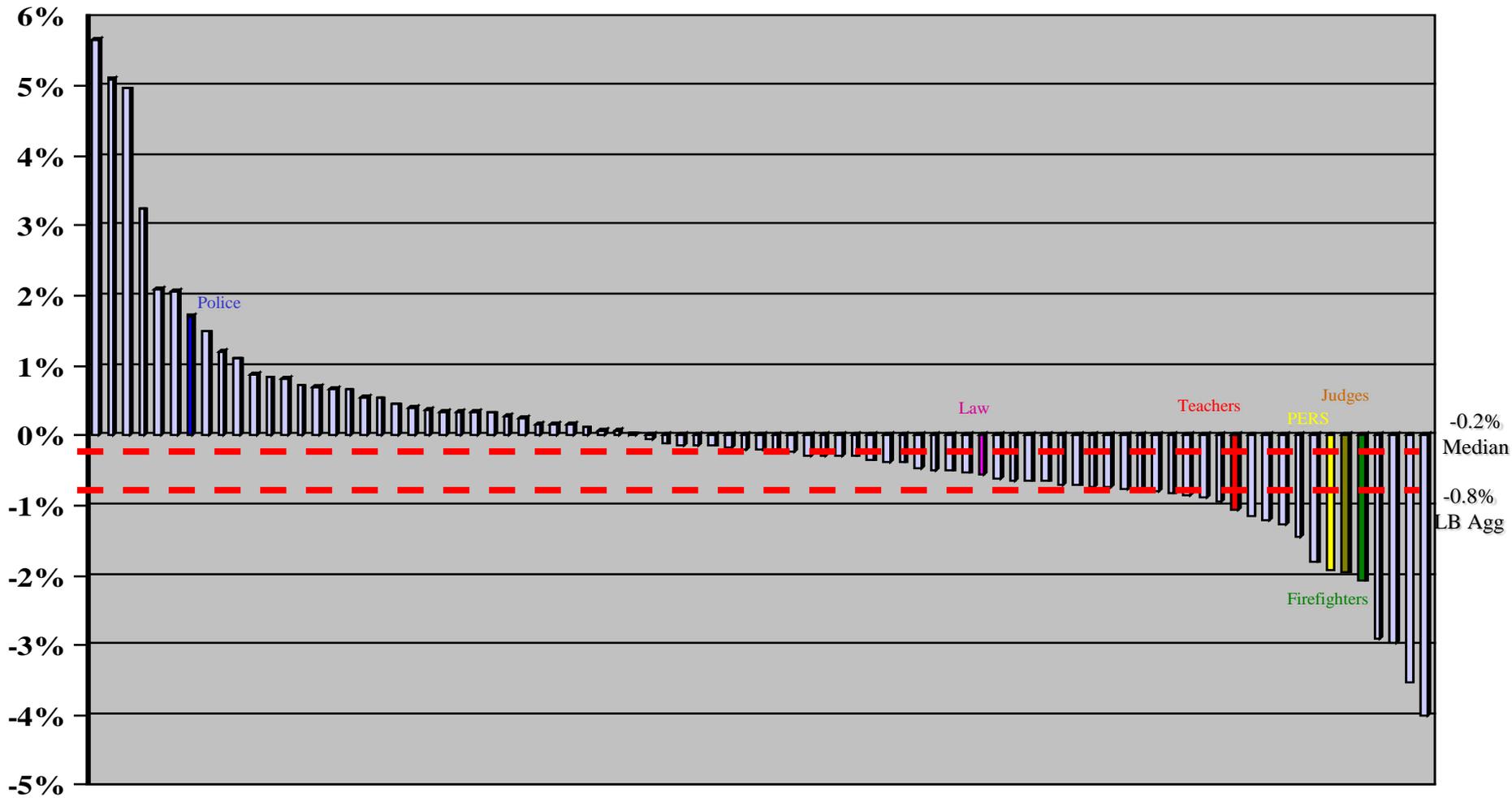


Funds in Universe (85 Including OK)



Annual Fixed Income Returns (85 Funds)

Year Ending
June 30, 2006



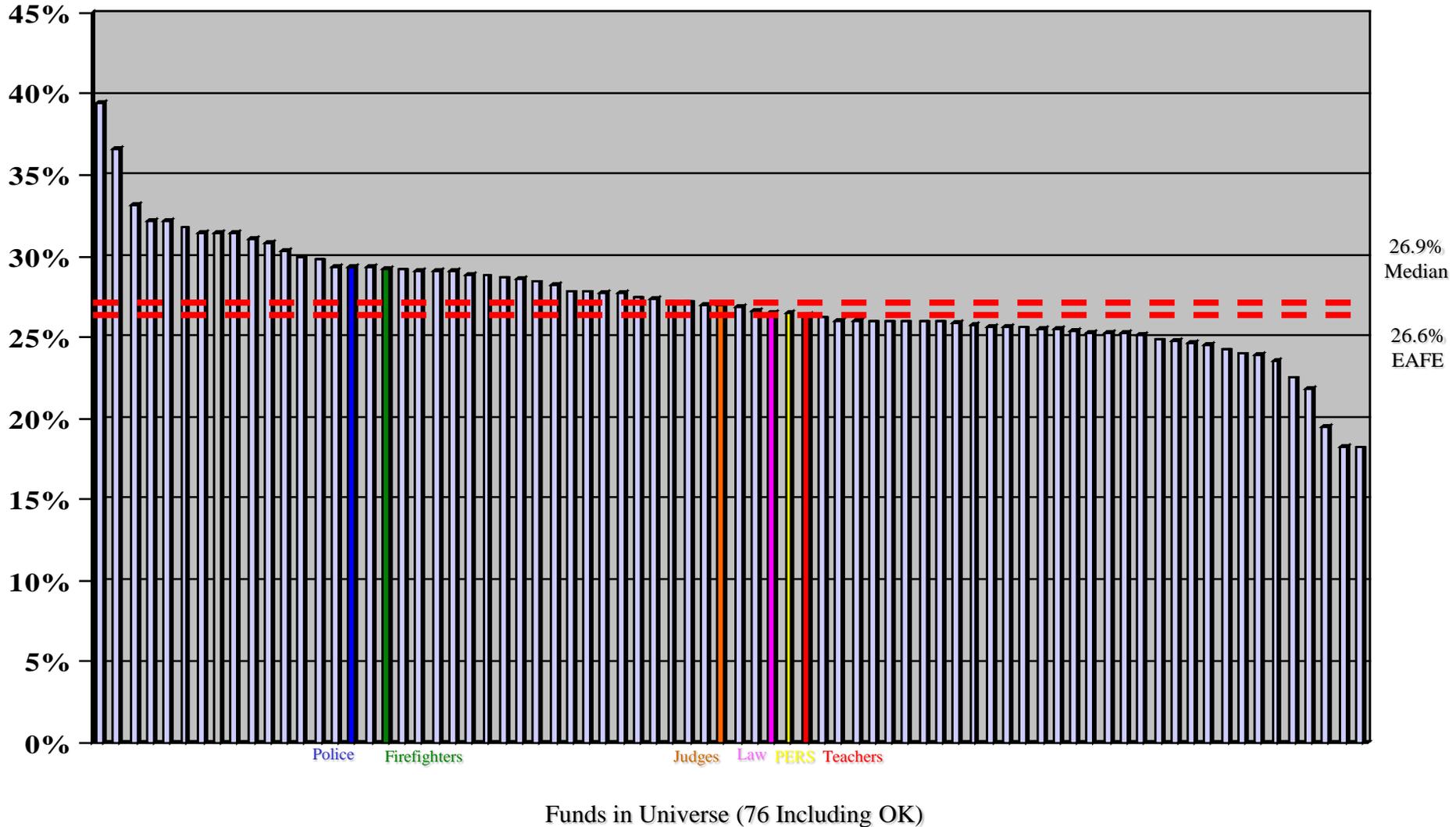
Funds in Universe (85 Including OK)





Annual International Equity Returns (76 Funds)

Year Ending
June 30, 2006



Funds in Universe (76 Including OK)

Appendix





New England Pension Consultants is pleased to present the following Public Funds Universe Analysis Report. The information contained herein is drawn from the NEPC/ICC database. This database represents the industry's largest public funds universe, containing over 181 public funds, with aggregate assets in excess of \$737 Billion and over 3,278 individual portfolios. It is important to note that the underlying information is obtained directly from custodian banks and is rigorously reviewed by ICC member firms. No manager supplied data is included in this analysis.

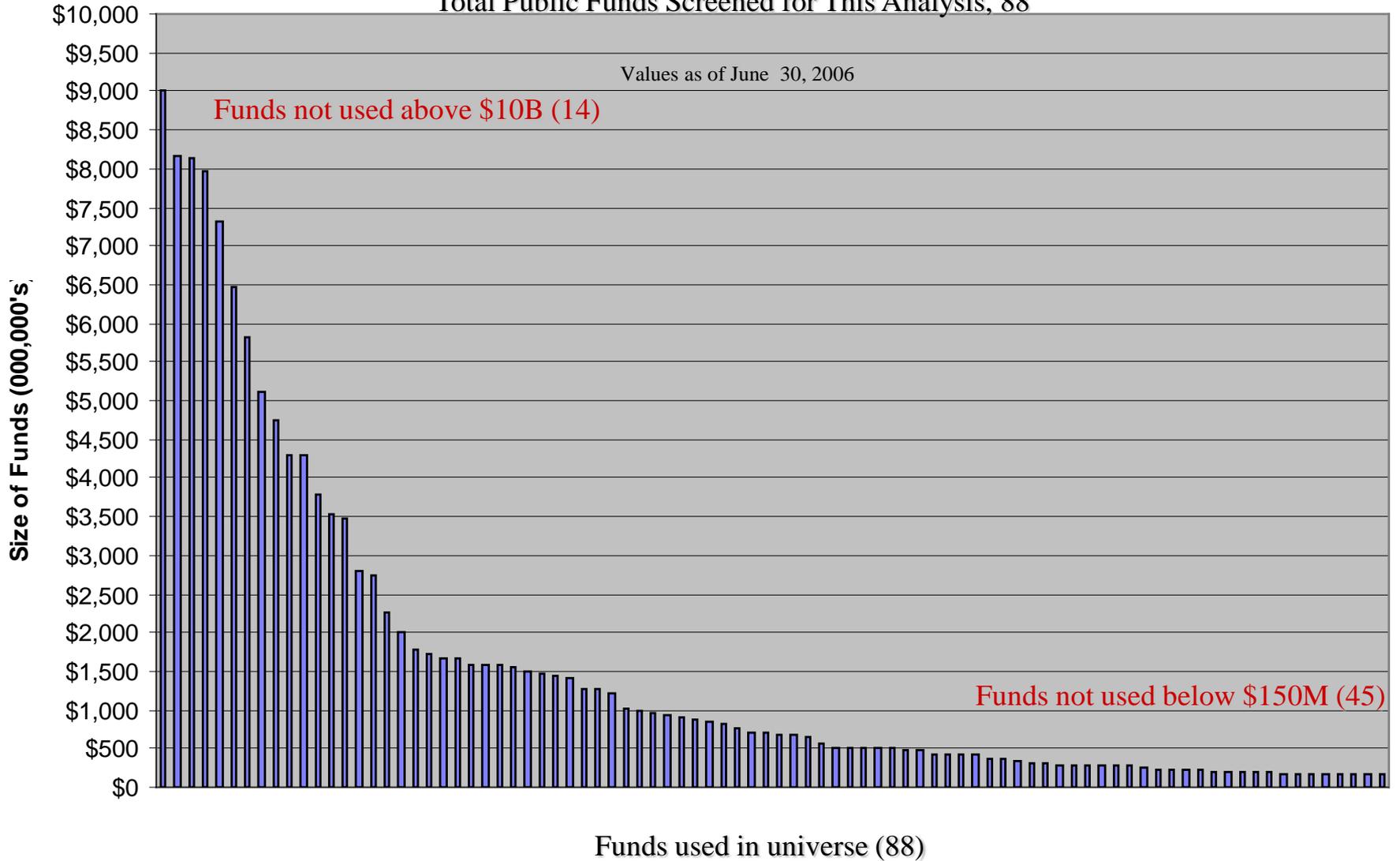
The report depicts the size and type of fund included in the universe, together with a detailed examination of the asset allocation of the component funds. The asset allocations of the Oklahoma funds are then compared to the relevant universe subcomponents (Large Funds, Representative Funds) on both a year-end and historic basis. In this way we can determine the relative over/under-weights being taken currently and historically.

The remainder of the report examines the historic total fund performance of Oklahoma funds against the Universe in an absolute and risk-adjusted basis. We then further examine performance of the major asset classes to determine the source of historic relative performance. This performance data is as of June 30, 2006. The second quarter of 2006 performance report is contained in a separate report which will be presented to the Commission on August 16, 2006 together with this report.



Public Fund Universe

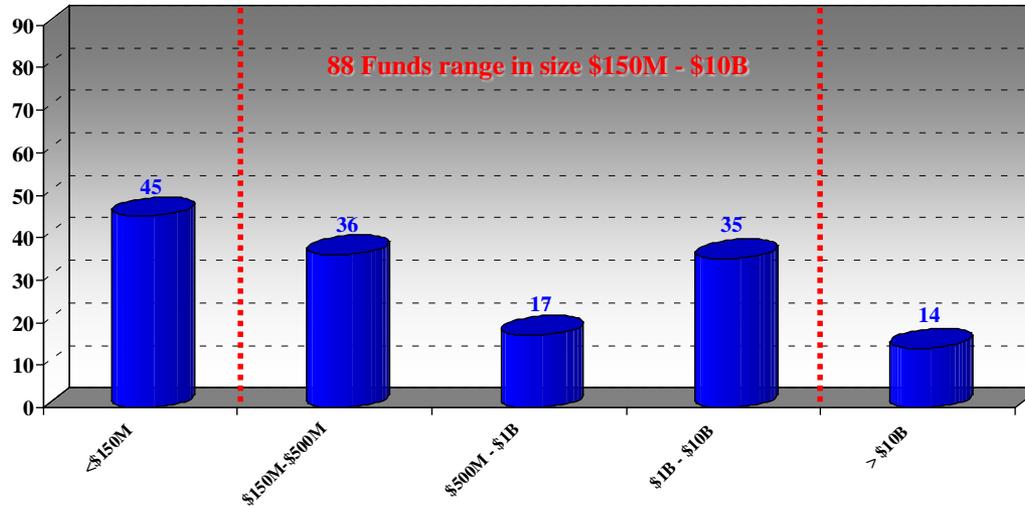
Total Public Funds in ICC Universe, 147
Total Public Funds Screened for This Analysis, 88



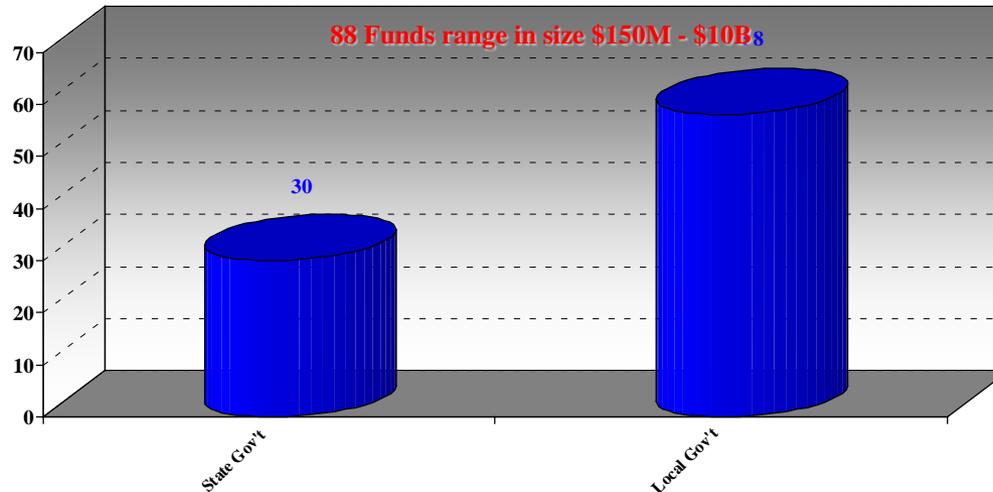
Public Fund Universe Characteristics



Asset Size - June 30, 2006



Fund Type - June 30, 2006



Public Fund Universe Statistical Summary



Allocation Range for ALL Public Funds (147 Funds, Size Range \$3.4M - \$142.2B)

Percentile	Domestic Equity	Int'l Equity	Domestic Fixed	Global Bonds	Real Estate	Alt Assets	Cash & Equivalents
5	61.8%	23.2%	51.4%	7.5%	10.8%	15.2%	8.0%
25	48.8%	18.9%	35.5%	1.0%	5.3%	5.7%	3.4%
Public Median	45.1%	15.2%	28.0%	0.0%	1.5%	0.0%	2.1%
75	39.2%	10.6%	23.3%	0.0%	0.0%	0.0%	1.0%
95	29.9%	0.0%	15.6%	0.0%	0.0%	0.0%	0.0%

Average Allocation for ALL Public Funds (147 Funds, Size Range \$3.4M - \$142.2B)

Domestic Equity	Int'l Equity	Domestic Fixed	Global Bonds	Real Estate	Alt Assets	Cash & Equivalents
44.8%	13.9%	30.3%	1.2%	3.1%	4.2%	2.6%

Average Allocation for Screened Public Funds (88 Funds, Size Range \$150M - \$10B)

Domestic Equity	Int'l Equity	Domestic Fixed	Global Bonds	Real Estate	Alt Assets	Cash & Equivalents
46.3%	15.2%	26.9%	1.5%	3.7%	4.0%	2.4%

Average Allocation for \$1 - \$10 Billion Funds (35 Funds in Screen)

Domestic Equity	Int'l Equity	Domestic Fixed	Global Bonds	Real Estate	Alt Assets	Cash & Equivalents
44.1%	16.2%	24.1%	2.1%	4.3%	6.6%	2.6%