
Oklahoma Law Enforcement Retirement System
Market Update and Portfolio Review

November 30, 2022



2018 2019 2020 2021

We are proud to announce that ACG has again been named a Greenwich Associates Quality Leader – recognized as one of the top consultants in the industry.

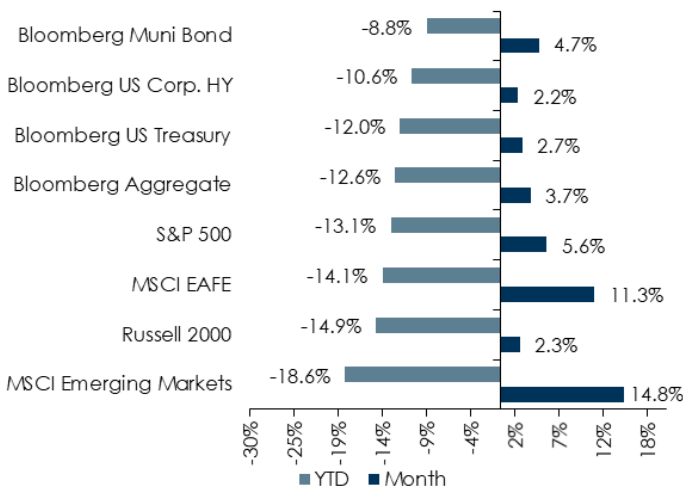
Methodology and Disclosure: Between July and October 2021, Coalition Greenwich (previously known as Greenwich Associates), conducted in-person and phone interviews and online surveys with 811 professionals at 661 of the largest tax-exempt funds in the United States, including corporate and union funds, public funds, endowments and foundations, insurance general accounts, and healthcare organizations, with either pension or investment pool assets greater than \$150 million. Study participants were asked to provide quantitative and qualitative evaluations of their asset managers and investment consultants, including qualitative assessments of those firms soliciting their business and detailed information on important market trends. ACG is one of four firms recognized in the mid-size investment consultant category. The ratings may not be representative of any one client's experience with ACG; rather they are representative of those clients that chose to participate in the survey. The results are not indicative of ACG's future performance. ACG does not pay to have its clients participate in the study.

Economic Overview

- The Fed hiked rates by another 75 bps, as expected, but provided messaging which opened the door to smaller hikes going forward
- US consumers showed resilience with sharply higher retail sales, and labor market growth eased but remained above pre-covid trends
- US inflation showed signs of moderating, with headline inflation, core inflation, and producer prices all surprising to the downside

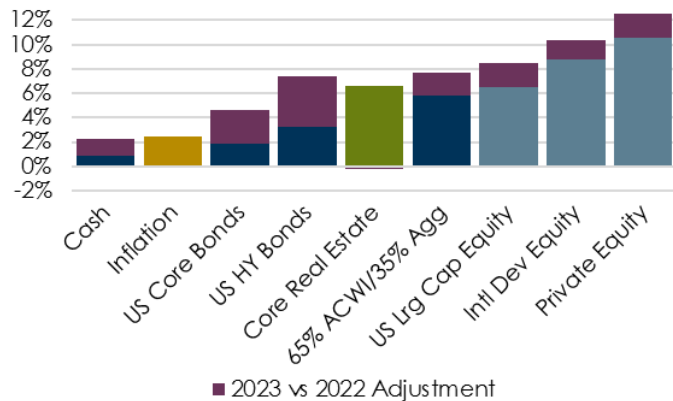
Market Returns

- Both stocks and bonds moved higher on Fed policy outlook
- Non-US assets outperformed, helped by a large fall in the USD



Source: Bloomberg, ACG Research (as of 11/30/2022)

Average Annual Return Assumptions (Next 10 Years)



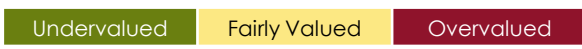
Asset Class Valuations

- Equities appear fairly valued across markets
- Favor investment grade credit over high yield
- Cash yields remain attractive

	Current Fwd P/E	Historical Avg P/E	Current Avg Ratio
S&P 500	17.8	15.8	1.1
R2000	21.0	22.6	0.9
MSCI EAFE	12.3	13.4	0.9
MSCI EM	11.6	11.5	1.0

	Current Yield	Historical Avg Yield	Current Avg Spread
3-month T-Bill	4.3%	4.1%	+0.2%
10-year UST	3.6%	6.0%	-2.4%
Bloomberg Agg	4.6%	6.3%	-1.7%
High Yield	8.6%	9.6%	-1.0%

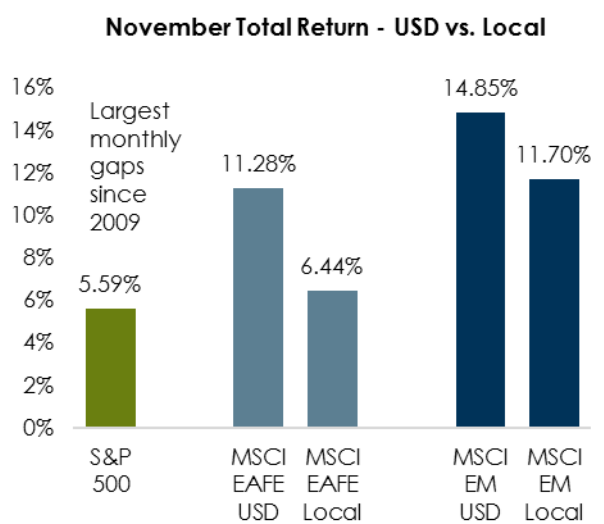
Core R.E.	3.7%	5.8%	-2.1%
Core Inflation	6.3%	3.7%	+2.6%



Key Risk Factors We Are Watching

- Inflation and labor market data
- Tightening financial conditions
- Downward revisions to corporate earnings
- Ongoing geopolitical tensions
- Regulatory policy shifts (US and China in particular)

Sharp Dollar Decline Helps Non-US Outperform



Source: Morningstar

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