



Oklahoma Law Enforcement Retirement System

October 31, 2023



2018 2019 2020 2021 2022

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.

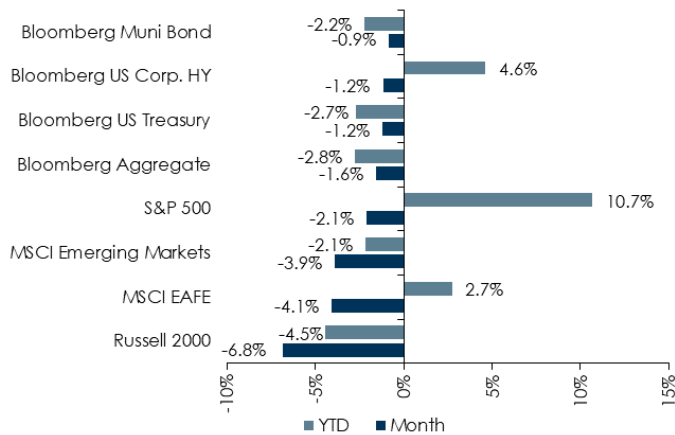
Methodology and Disclosure: Between February and November of 2022, Coalition Greenwich (previously known as Greenwich Associates), conducted in-person and phone interviews and online surveys with 727 professionals at 590 of the largest tax-exempt funds in the United States, including corporate and union 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

- 3rd quarter US GDP grew at a robust 4.9% rate, the highest since 4Q 2021, with consumer spending accounting for over half of the growth
- Core CPI increased 0.3% on the month for a 4.1% year-over-year rise, in-line with expectations and down from last month's 4.3% rate
- 10-year US Treasury yields briefly touched 5%, the highest in 16 years, and higher interest rates continued to pressure asset prices

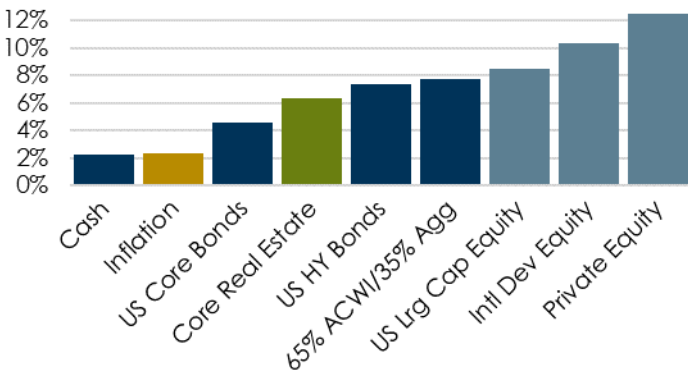
Market Returns

- Most equity and bond indices fell for the 3rd month in a row
- Small caps and emerging markets declined to negative YTD



Source: Bloomberg, ACG Research (as of 10/31/2023)

Average Annual Return Assumptions (Next 10 Years)



Asset Class Valuations - Rebalancing Rationale

- Equities have priced a higher-for-longer interest rate environment
- Favor core bonds (US Treasuries) over high yield
- Cash remains attractive with yields around 5%

Asset Class	Current Valuation	Rationale
US Large Cap	Overvalued	Elevated valuations but positive earnings trend
US Small Cap	Fairly Valued	Favorable valuations
Int'l Developed	Overvalued	Favorable valuations but stagnant outlook
Emerging Mkt	Overvalued	Balanced upside/downside risks

Cash	Undervalued	High current yield
Core Bonds	Undervalued	Favor high quality
Multi-Sector	Fairly Valued	Duration, spreads balanced
Unconstrained	Fairly Valued	Duration, spreads balanced

Core Real Estate	Overvalued	Historically low (but rising) cap rates
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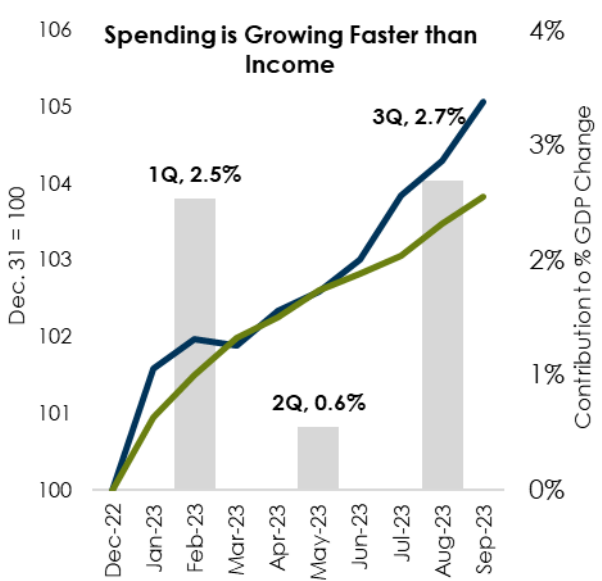
Recent Articles (click on links below)

- [Global Manufacturing \(November\)](#)
- [Where's the Recession? \(October\)](#)
- [Artificial Intelligence \(August\)](#)

Key Risk Factors We Are Watching

- Inflation and labor market data
- Accumulating headwinds (higher rates, student loans, depleted savings, volatile US Congress...)
- Fed policy mistake
- Downward revisions to corporate earnings
- Ongoing geopolitical tensions
- Weaker than expected China recovery

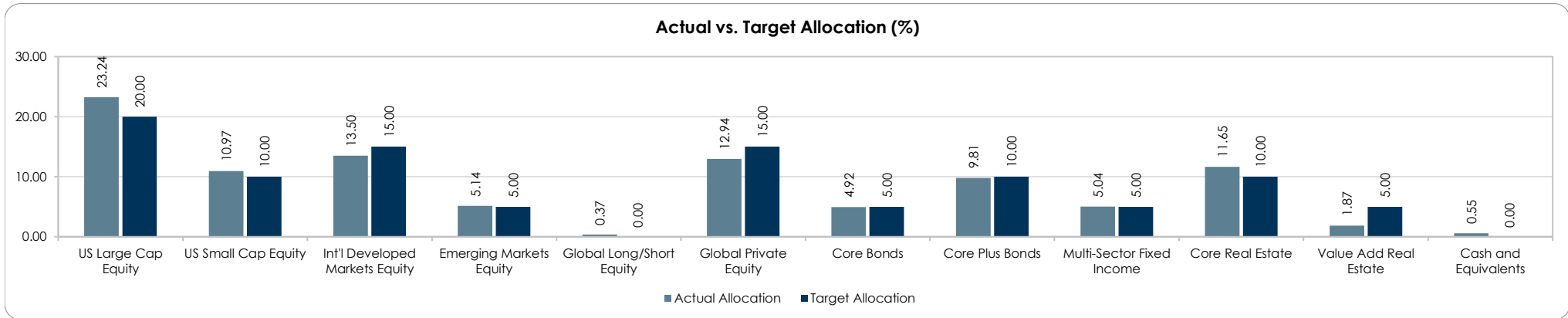
Spending Has Boosted GDP, But Is It Sustainable?



Source: FRED, BEA (as of 10/31/23)

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For the Periods Ending October 31, 2023



Asset Class	Market Value (\$000s)	Actual Allocation (%)	Target Allocation (%)	Over/Under (%)	Range Min - Max (%)
Total Portfolio	1,028,028	100.00	100.00		
Equity	680,177	66.16	65.00	1.16	
US Large Cap Equity	238,943	23.24	20.00	3.24	15.00 25.00
US Small Cap Equity	112,729	10.97	10.00	0.97	5.00 15.00
Int'l Developed Markets Equity	138,826	13.50	15.00	-1.50	10.00 20.00
Emerging Markets Equity	52,857	5.14	5.00	0.14	0.00 10.00
Global Long/Short Equity	3,820	0.37	0.00	0.37	0.00 10.00
Global Private Equity	133,002	12.94	15.00	-2.06	10.00 20.00
Fixed Income	203,215	19.77	20.00	-0.23	
Core Bonds	50,610	4.92	5.00	-0.08	0.00 10.00
Core Plus Bonds	100,831	9.81	10.00	-0.19	5.00 15.00
Multi-Sector Fixed Income	51,774	5.04	5.00	0.04	0.00 10.00
Real Assets	138,976	13.52	15.00	-1.48	
Core Real Estate	119,790	11.65	10.00	1.65	5.00 15.00
Value Add Real Estate	19,186	1.87	5.00	-3.13	0.00 10.00
Cash and Equivalents	5,660	0.55	0.00	0.55	

