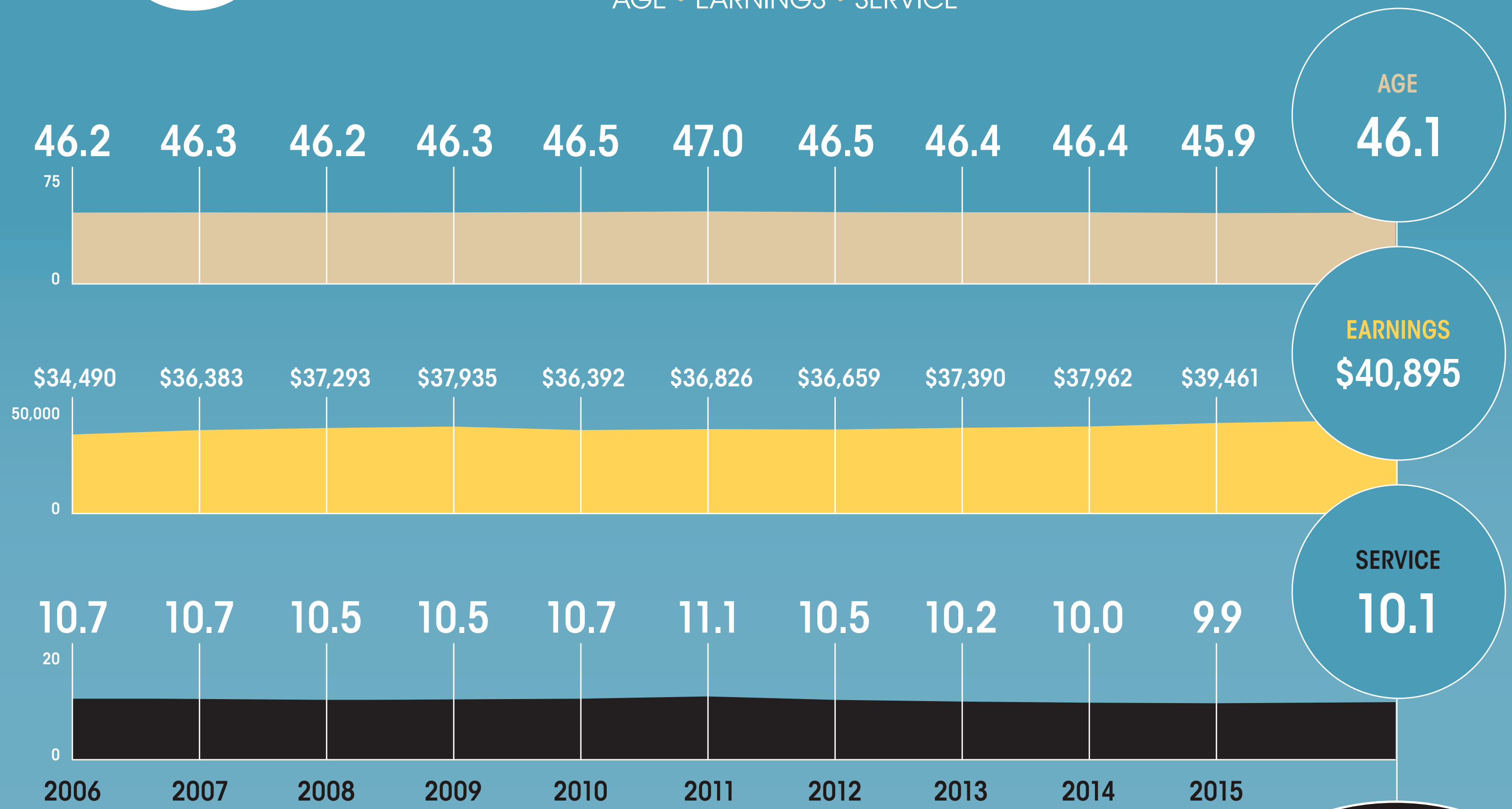
OPERS

16

INVESTMENT

ACTIVE MEMBER AVERAGES 2006–2016

AGE • EARNINGS • SERVICE



2016

Investment Consultant's Report

Investment Objectives

The primary financial objective for Oklahoma Public Employees' Retirement System (OPERS) is to earn a long-term return sufficient to avoid deterioration in funded status. The System's actuary estimates this return requirement to be 7.25% while its investment consultant estimates the real return requirement to be 5.4% for the fiscal year ended June 30, 2016.

The secondary goals for OPERS are to outperform the asset allocation-weighted benchmark and to rank in the top fortieth percent of a universe of large public pension funds.

Asset Allocation

The System's Investment Philosophy stresses the following key points:

1. Asset allocation is the key determinant of return. Therefore, commitments to asset allocation targets are maintained through a disciplined rebalancing program.
2. Diversification, both by and within asset classes, is the primary tool for risk control.
3. Passive instruments (index funds) are suitable strategies in highly efficient markets.

ASSET CLASS	6/30/16 ALLOCATION	LOW	TARGET	HIGH	% PASSIVE OR SEMI-PASSIVE
U.S. EQUITY	45.1%	38.2%	44.0%	49.8%	80.0%
FIXED INCOME	32.5%	27.5%	32.0%	36.5%	60.0%
INT'L EQUITY	22.1%	21.0%	24.0%	27.0%	58.9%
REAL ESTATE	0.2%	0.0%	0.0%	0.2%	0.0%
CASH	0.2%	0.0%	0.0%	0.0%	0.0%

Review of Fiscal Year 2016 Investment Environment

Fiscal year 2016 ended June 30 was a period marked by volatility throughout the year, despite flat returns for U.S. pension plans for the fiscal year end masking the volatility. The fiscal year was characterized by the outperformance of U.S. financial markets relative to the rest of the world. U.S. equity markets were resilient and managed positive returns, while international developed and emerging markets experienced significant losses. Concerns over slowing global growth and the uncertainty of central bank stimulus contributed to a volatile global equity market. The U.S. fixed income market saw positive returns as yields fell significantly, despite the Fed raising interest rates 25 bps in December. The yield curve also flattened dramatically over the period and long duration strategies enjoyed strong performance. Additional interest rate increases were put on hold as the Fed continued to assess global growth concerns, the health of the labor market, and low inflation expectations. Meanwhile, the ECB and BOJ continued to pursue aggressive monetary stimulus programs to combat anemic growth and low inflation. Both central banks expanded their asset purchase programs in addition to implementing a negative interest rate policy that charges commercial banks a fee on excess deposits. These monetary stimulus programs helped suppress international sovereign bond yields to all-time lows, including a large portion of bonds that trade at negative yields. The fiscal year ended with the surprise outcome of the United Kingdom voting to leave the European Union. The decision initially jolted global financial markets, but they mostly recovered shortly after.

The U.S. equity market (Russell 3000) returned a modest 2.1% during the fiscal year. Large cap equities (Russell 1000) greatly outperformed small cap equities (Russell 2000) as the benchmarks returned 2.9% and -6.7%, respectively. Style tilts in the large cap space performed similarly. The Russell 1000 Growth returned 3.0% and the Russell 1000 Value returned 2.9%. International equities underperformed in both developed and emerging markets. Developed equities (MSCI EAFE) returned -10.2%, while emerging equities (MSCI EM) returned -12.1%. In the fixed income market, the Barclays Aggregate index returned 6.0%.

As a diversified investor, Oklahoma Public Employees Retirement System (OPERS) experienced a +0.3% return for the fiscal year ended June 30. This result was 50 basis points under OPERS' policy benchmark of +0.8% for the period.

Performance Review

At quarterly intervals, the System reviews performance at the total fund, asset class and individual manager levels. At each level, returns are evaluated versus appropriate indexes and peers. Index comparisons have as return objectives various after-fee return premiums with risk (standard deviation) not exceeding 125%-150% of the underlying index. OPERS targets returns within the top fortieth percentile of peer comparisons over longer time periods.

Investment returns achieved through June 30, 2016 have been calculated using a time-weighted rate of return methodology based upon market values. As shown in the following table, for the 1, 3 and 5-year annualized time periods ended June 30, 2016 the U.S. Equity asset class performed below its respective blended benchmark for the 1 and 3-year periods but above the benchmark for the 5-year period. The Non-U.S. Equity asset class performed above its respective benchmark for the 1, 3 and 5-year annualized time periods, albeit on a relative basis for the one year ended June 30, 2016. The Fixed Income asset class performed below its respective blended benchmark for the 1-year period ended June 30, 2016 and above the benchmark for the 3 and 5-year annualized time periods for the fiscal year end.

The Domestic Equity asset class was ranked in the third quartile of its universe for the 1-year period ended June 30, 2016, second quartile for the 3-year annualized time period and top quartile for the 5-year annualized time period. The Non-U.S. Equity asset class was ranked in the top third of its universe for the 1-year period, second quartile for the 3-year annualized period, and below median in its universe for the 5 year annualized time period ended June 30, 2016. The System's large passive exposure in non-U.S., while cost effective, ranked poorly compared to the universe of active international managers. The Fixed Income asset class ranked slightly above the top third of its universe for the 1-year period and slightly below the top third of its peer group for the 3 and 5-year annualized time periods.

The total OPERS Plan performed below its Policy Benchmark for the 1-year period and above the Policy Benchmark for the 3 and 5-years as of June 30, 2016. The total OPERS Plan ranked slightly above median for 1 and 3-years ended June 30, 2016 and in the top third of the universe for the 5-years ended June 30 compared to the peer universe of Public Funds greater than $1 Billion.

PERIODS ENDED 6/30/16	ONE YEAR	THREE YEARS	FIVE YEARS
Domestic Equity	-0.2%	+10.6%	+11.6%
86.4% Russell 1000 / 13.6% Russell 2000	+1.6%	+10.9%	+11.4%
Rank*	59	48	22
Non-U.S. Equity	-7.7%	+2.5%	+1.4%
MSCI ACWI ex-U.S.	-9.8%	+1.6%	+0.6%
Rank*	31	44	55
Fixed Income	+7.1%	+4.9%	+5.0%
78% BC Agg./11% Citi 20+ Year Tsy./11% BC U.S. TIPS	+7.4%	+4.7%	+4.5%
Rank*	28	36	36
Total Fund	+0.3%	+6.9%	+7.0%
*Policy Benchmark***	+0.8%	+6.7%	+6.6%
Public Fund > $1 Billion Median*	+0.2%	+6.6%	+6.5%
Rank*	45	44	33

* Ranking 1 is best, 100 is worst. Rankings source is InvestorForce.

** Policy Benchmark is: 44% Custom Domestic Equity Benchmark (86.4% Russell 1000/ 13.6% Russell 2000) /

32% Custom Fixed Income Benchmark (78% BC U.S. Aggregate / 11% Citi 20-Year+ Treasury / 11% BC U.S. TIPS) /

24% MSCI ACWI ex-U.S. Index.

In summary, Verus believes that OPERS is managed in a prudent and cost effective manner. The sound and disciplined policies implemented by OPERS are evidenced by its competitive performance compared to relevant benchmarks and its above median total Plan peer ranking over longer time periods.

Yours truly,

Margaret Jadallah

Margaret S. Jadallah

Managing Director

Chief Investment Officer's Report

Oklahoma Public Employees Retirement System
P.O. Box 53007
Oklahoma City, Oklahoma 73152-3077

800.733.9008 toll-free
405.848.5946 fax

Dear Members:

The Fund's total return for fiscal year 2016 was the lowest experienced since the Great Recession of 2007/2008. The broad equity market in the U.S. posted gains in the 3% range for the fiscal year. However, returns from the small cap areas of the U.S. and markets outside the U.S. detracted from the Fund's overall results. We endeavor to build a durable portfolio that will weather tumultuous market conditions. Maintaining diversification among asset classes and geographical regions is a critical component of that effort. We also de-emphasize active management in the portfolio, as demonstrated by our large holdings of index-related funds. Unlike last year, where having portions of the Fund actively managed benefited the System, results for the period from active management, particularly in the U.S. equity market, detracted from the total return of the Fund. This year's letter, which covers the 2016 fiscal year, will follow the same format as in years past. First, I will discuss the general economic environment and the performance of various markets throughout the fiscal year. Next, I will focus on the Fund by reviewing the investment performance and the asset allocation. Then, I will offer an investment outlook and discuss recent events at the Fund. Finally, I will review the Fund's investment philosophy and guiding principles, because both are critically important to the investment decision-making process.

Economic Environment

GDP growth, the primary gauge for economic activity in the U.S., continued on a slow but steady course during the fiscal year. The rest of the developed world appears to have caught up to the U.S. in terms of economic growth rates, and perhaps even surpassed it in several countries. U.S. GDP posted an annual growth rate of 1.1% in the second revision of the second quarter's reading. This was up from an annual rate below 1% in the first quarter of 2016. Spending by consumers on durable and non-durable goods continued to drive growth rates. However, government spending declined which curtailed economic activity. Consumers continued to benefit from the steep drop in commodity prices, especially oil. Oil traded through lows not seen since the Great Recession, having fallen to under $30 per barrel in early 2016. The price of oil rebounded off of its low, to end the fiscal year about where it started in the low $40s despite the continued supply glut. The U.S. dollar continued to strengthen versus many of the rest of the developed world's currencies as demand for dollars was spurred by a flight to quality, especially due to events in China and the U.K. A strong dollar puts pressure on the prospective growth of the U.S. economy because it causes exports to become less competitive abroad and directly reduces corporate profits derived outside of the U.S. Market consensus is for the Federal Reserve to raise rates again in the near future as the weakness in the rest of the world abates and global economic activity gains traction.

The European Union continued to struggle with weakness in its economic recovery during the fiscal year. GDP growth for the Eurozone was just 0.4% for the second quarter of 2016. Despite weakness for the Eurozone as a whole, German GDP accelerated in the first quarter, led by domestic consumption and construction activity. The European Central Bank pushed interest rates deeper into negative territory in an effort to stave-off deflationary pressure. Outside of Europe, economic activity was modestly better. In Asia, Japan's GDP grew at a 1.7% annual pace for the first quarter, as domestic demand was stronger than anticipated. Despite the relatively strong showing, the Bank of Japan stated that its easy monetary policy should continue. In China, the official target for GDP growth was lowered to a range of 6.5% to 7% on much weaker manufacturing activity at the end of 2015.

Chief Investment Officer's Report (continued)

U.S. and Global Stock Markets
The performance of the U.S. stock market, as measured by the Russell 3000 Index, was volatile during the fiscal year. The Russell 3000 Index is one of the broadest equity indices available and a good proxy for the U.S. equity market as a whole. The volatility was a result of investor concern over economic and political risks, especially in Asia and Europe.

Change in the Russell 3000 Index during the fiscal year ended June 30, 2016
Value at 6/30/16 6192.8
Value at 6/30/15 6063.1

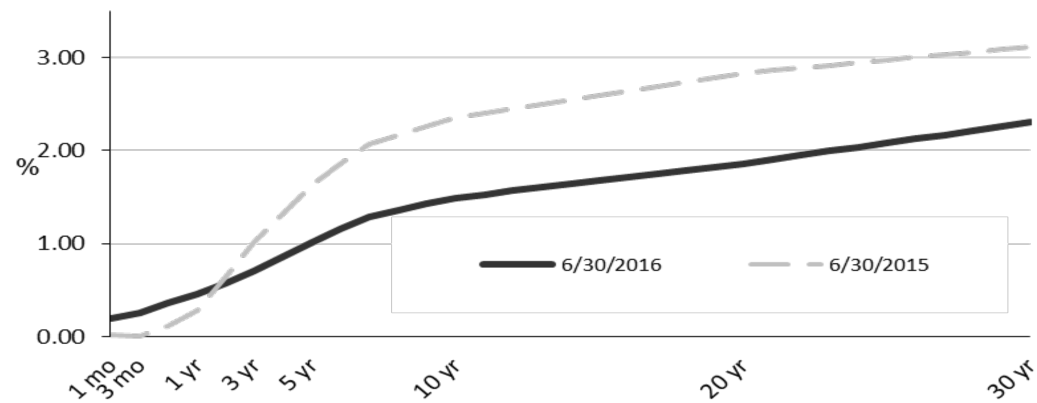
Source: Frank Russell Company

The Russell 3000 ended the one-year period through June 30, 2016 up 2.14%. The market experienced volatility from several factors: the uncertainty and concern of rising rates in the U.S. earlier in the fiscal year, the dramatic sell-off caused by tumultuous markets in China and the effects of the shocking U.K. referendum to leave the European Union. Leading the U.S. equity markets were the stocks of the largest companies, as large capitalization stocks outperformed small capitalization stocks by almost 9% over the period. The market handsomely rewarded the relative safety of dividend-paying stocks, and shares of companies in less economically sensitive sectors like utilities, telecommunications, and consumer staples. The U.S. stock market gains were in contrast to the rest of the developed world on a U.S. dollar basis. The MSCI All Country World Index ex-U.S. (ACWI ex-U.S. Index), which includes developed and emerging markets, lost 10% in U.S. dollar terms for the fiscal year. The U.S. dollar continued to strengthen relative to many other foreign currencies, which exacerbated losses experienced by U.S. dollar investors in foreign markets. Emerging market returns in U.S. dollar terms were even weaker compared to developed markets, as investors fled the sector after a pronounced slowdown in China sparked a massive sell-off of local equity markets.

Interest Rates
The chart on the next page depicts the U.S. Treasury term structure of interest rates. The yield curve is a graphical representation of yield levels across the spectrum of bond maturities. As shown, the interest rate yield curve continued to flatten over the period as rates at the long end of the curve declined and increased in the short end of the curve. The Federal Reserve raised the Federal Funds Rate target in December 2015 by a quarter of a percentage point. The last time the Fed raised its target was in 2006. The Federal Reserve continued to balance "normalizing" interest rate levels in the U.S. with weaker than expected conditions of the global economy. The bond market rallied in response to economic uncertainty and geopolitical risks over the period. Investors demanded the safety of U.S. Treasury bonds, driving down the yield for those securities on the long end of the curve. The economic slowdown in China and the U.K. referendum to leave the E.U. brought rates down in the U.S., but also impacted government rates outside the U.S. The yield on the German 10-year bond turned negative during the period for the first time ever. Japan's 10-year bond also hit a record low, to -0.155%. Negative yields mean that investors are so risk averse they are willing to accept a small loss for the relative safety of owning a government-backed security.

Chief Investment Officer's Report (continued)

U.S. Treasury Yield Curve



Source: U.S. Treasury

Investment Returns Through June 30, 2016

U.S. Equity	Style	1 Year	3 Years	5 Years
Russell 3000	Broad U.S. Equity	2.14%	11.13%	11.60%
S&P 500	Large Cap Equity	3.99%	11.66%	12.10%
Russell 1000	Large Cap Equity	2.93%	11.48%	11.88%
Russell 1000 Growth	Large Cap Growth	3.02%	13.07%	12.35%
Russell 1000 Value	Large Cap Value	2.86%	9.87%	11.35%
Russell 2000	Small Cap Equity	-6.73%	7.09%	8.35%
Russell 2000 Growth	Small Cap Growth	-10.75%	7.74%	8.51%
Russell 2000 Value	Small Cap Value	-2.58%	6.36%	8.15%
Oklahoma Public Employees Retirement System	**Broad U.S. Equity**	**-0.16%**	**10.59%**	**11.55%**

U.S. Fixed Income	Style	1 Year	3 Years	5 Years
ML 3-Month T-Bill	Cash	0.14%	0.06%	0.06%
Barclays U.S. Aggregate	Core Bonds	6.00%	4.06%	3.76%
Citigroup 20-year Treasury Average	Long Term Bonds	20.54%	11.06%	11.26%
Barclays Corporate High Yield	High Yield Bonds	1.62%	4.18%	5.84%
Oklahoma Public Employees Retirement System	**Domestic Fixed Income**	**7.12%**	**4.91%**	**4.98%**

International Equity	Style	1 Year	3 Years	5 Years
MSCI ACWI Ex-US	Broad Non-US Equity	-9.80%	1.62%	0.56%
MSCI EAFE	Developed Non-US Equity	-10.16%	2.06%	1.68%
MSCI Emerging Market	Emerging Non-US Equity	-12.05%	-1.56%	-3.78%
Oklahoma Public Employees Retirement System	**Non-U.S. Equity**	**-7.73%**	**2.47%**	**1.41%**

Oklahoma Public Employees Retirement System	**Total Fund**	**0.31%**	**6.91%**	**7.00%**

Source: Various index providers, including Frank Russell Company, S&P, Barclays, Citigroup, and MSCI. OPERS returns were calculated using the BAI Iterative method (as such returns are time-weighted)

Chief Investment Officer's Report (continued)

Investment Performance

Bull market continued…with a lot of volatility

The Fund produced a total return of 0.31% for the period gross of fees (0.17% net of fees) and under-performed the policy benchmark portfolio by 47 basis points for the period. Unlike last fiscal year, where every single active manager added value relative to its benchmark, results from active management for this fiscal year detracted from overall results. The results from active management in the U.S. equity portion of the portfolio were particularly challenging. However, those results were at least partially offset by benchmark-relative gains in the non-U.S. equity and fixed income portfolios.

The Fund benefited from positive absolute returns from only one asset class in which it is invested: fixed income. This segment of the portfolio was the biggest positive driver of returns for the fiscal year. Overall, that segment of the portfolio returned over 7%. The U.S. equity segment of the portfolio produced modestly negative results, losing 0.16% for the period. The non-U.S. equity portfolio detracted from total returns of the fund, as that segment lost almost 8% in U.S. dollar terms for the period.

U.S. Equity

The Fund used a mix of passive and active investment management within the domestic equity portfolio structure, with the vast majority of U.S. equity assets managed in a passive style. Active U.S. equity management was a detractor from overall performance for the fiscal year. The advisors of the Fund in the U.S. equity portion of the portfolio had a difficult time dealing with a risk-averse market that was so narrowly led by stocks that paid a dividend, or were focused in very defensive parts of the economy. The market overall was driven by the performance of large capitalization stocks, as were the Fund's overall results. Small capitalization stocks, which are generally considered more risky, performed much worse on a nominal basis. Unfortunately, the advisors in both categories were not able to produce benchmark-relative gains. This was a period where active management was not rewarded.

Non-U.S. Equity

The non-U.S. equity portfolio detracted from the total return of the fund, having lost 7.7% in U.S. dollar terms for the period. Much like the U.S. Equity portfolio, the majority of these Fund assets are managed in a passive style. Within this segment of the asset allocation, two active managers are used. One of the active managers emphasizes the value area of the international market, and the other emphasizes the growth area. Both managers substantially outperformed their respective benchmarks as the quality elements the two managers emphasize were rewarded in very tumultuous market conditions outside the U.S. However, the U.S. dollar continued to strengthen relative to the basket of non-U.S. currencies over the fiscal year, which detracted from nominal performance for dollar-based investors.

Fixed Income

The Fund's bond portfolio contributed positively to overall results for the fiscal year, and was the driver of total returns for the period. Yields declined on longer maturity bonds, which helped to boost overall nominal total returns of the asset class. The interest-rate sensitive portion of the fixed income segment again produced the highest returns within the asset class, as we would expect given the decline in long-term U.S. Treasury yields over the period. The two advisors who focus on the broader bond market experienced split benchmark-relative results. Unfortunately, the core plus manager's tilt toward short-term bonds cause it to under-perform relative to the benchmark. The core fixed income manager outperformed the benchmark for the period.

Chief Investment Officer's Report (continued)

Asset Allocation

Diversification Reduces Volatility

Diversification continues to be the most effective defense against the risks associated with any one individual security or asset class. Risks are controlled by allocating the Fund's assets across various asset classes and sectors within asset classes.

Asset Class	Min	6/30/2016	Target	Max
Cash	0.0%	0.2%	0.0%	0.0%
Real Estate	0.0%	0.1%	0.0%	0.0%
Domestic Fixed Income	27.5%	32.5%	32.0%	36.5%
U.S. Equity	38.2%	45.1%	44.0%	49.8%
Non-U.S. Equity	21.0%	22.1%	24.0%	27.0%
Total Fund		**100%**	**100%**	

Outlook and Recent Events

Outlook

If you've read this report in previous years, you know that I usually begin this section on a cautionary note regarding the accuracy of forecasted market returns. Correctly and consistently forecasting the market's behavior is impossible, and taking any forecast as fact is sheer folly. We build the Fund according to the tenets set forth in our Investment Policy while making diversification, with respect to different asset classes and within each asset class, a priority. We endeavor to structure the Fund so it may benefit from strong returns in relatively riskier asset classes, but are ever mindful to maintain a level of diversification to dampen the return volatility that can result.

The current global economic environment continues to be driven by constrained economic activity in the U.S. and improvement in the European economies. However, economic growth around the world remains below the potential and many central banks continue to follow accommodative policies. The Federal Reserve has signaled its intent to continue to normalize yield levels by increasing short-term rates. Investor concerns regarding the slowdown in China appear to be receding. Geopolitical risk, especially as the U.K. moves to extricate itself from the European Union, will undoubtedly influence investor risk-taking appetites. While oil prices have rebounded off of lows, it remains unattractively priced from the local producers' perspective, which has impacted the State's economy negatively. Global economic growth will continue to be of a concern for market participants, given the low level of growth realized.

For 2017, our largest concern continues to be the prospect of generating and maintaining investment results that match or exceed the actuarial assumed rate of return of 7.25%. This will continue to be a challenging task going forward. Interest rates still remain near historically low levels which continue to pressure the long-term return generating capacity of a diversified portfolio. Additionally, with the stock market hitting record levels, equity market valuation levels continue to look stretched, which reduces prospective returns in the equity markets.

Fixed Income

Over a long period of time, the total return of the bond market ***tends*** to resemble the yield of years past. Over short periods, interest rate movements may have a profound impact on the capital gains (or losses) experienced by bond investors. The more quickly interest rates rise, the more pressure is exerted on the total return of the fixed income portfolio. Rates declined in the long end of the yield curve last year, which helped bolster fixed income total returns over the period. Our medium-term expectation for the total return of the broad U.S. fixed income market going forward would more closely reflect current yields, which are around 1.5-2%. But we could see a much lower total return (even a negative year) if rates rise too quickly and the decline in bond value more than offsets the yield earned over the period.

Chief Investment Officer's Report (continued)

Equity
The equity markets are particularly difficult to predict with any type of precision. Over short periods of time, market sentiment and technical factors (buying and selling) have an overwhelming impact on returns experienced by investors. ***Over a long period of time***, the real return from the equity markets can be attributable to three main sources: dividends on stocks, the growth rate of corporate earnings, and changes in the valuation ratios. Generally, the growth rate of earnings depends on the economic environment. My forward-looking expectation on the economy has changed very little from last year. The U.S. economy continues to show modest but stable growth. Consumer spending, the biggest driver of the U.S. economy, remains stable, as the outlook for employment continues to improve and consumers have more discretionary dollars to spend due to low commodity prices. In my opinion, the ability of policy makers to manage expectations around monetary policy continues to be the key to the performance of the equity market (and most other "risk assets") for the next several quarters. In addition, potentially reduced corporate profitability at elevated market valuation levels could put stress on the market. What has changed from last year is the (painful) reminder that exogenous shocks, like the U.K. referendum, have a profound influence on short-term risk-taking behavior.

Recent Events

There were no changes to the structure of the portfolio or to the underlying advisors to the Fund during the fiscal year. I usually would not mention a single holding in the portfolio, but thought I would make an exception in this case. During the fiscal year, OPERS purchased an office building for the investment portfolio. Grand Centre, located at 5400 Grand Boulevard in Oklahoma City, was purchased for $12.3 million and serves to diversify the investment portfolio and generate income, in addition to eventually becoming the permanent home of OPERS.

Investment Philosophy and Guiding Principles

The investment philosophy and the principles that guide the stewardship of the Fund have remained consistent and are listed below. A pension fund has the longest of investment horizons and, therefore, rightly focuses on factors impacting long-term results:

- Asset allocation is the key factor determining long-term results.
- Disciplined rebalancing toward the desired asset allocation maintains diversification and controls risk.
- Diversification within and across asset classes is the most effective tool for controlling risk.
- Passive investment management is commonly the most effective approach in efficient markets; active investment management can succeed in less efficient markets.

For a complete discussion of the investment portfolio and policies thereof, please see the Statement of Investment Policy. A copy of the policy is posted on the OPERS website, www.OPERS.OK.gov/Investment. If you have any questions about this report or the management of the Fund's investments, please contact me. Thank you.

Regards,

Brad Tillberg, CFA
Chief Investment Officer

Largest Holdings

The Plan's ten largest fixed income and stock holdings at June 30, 2016, are described in the following schedules. The Plan invests in various index and commingled funds which are separately presented.

Ten Largest Fixed Income Holdings (By Fair Value):

Security	Par	Fair Value
U.S. Treasury Bonds 2.5% due 5-15-2046	117,880,000	$122,839,212
U.S. Treasury Bonds 2.5% due 2-15-2046	77,920,000	81,137,239
U.S. Treasury Notes .625% due 6-30-2018	80,440,000	80,477,726
U.S. Treasury Notes .875% due 5-31-2018	76,080,000	76,493,114
U.S. Treasury Bonds 3.0% due 11-15-2045	65,500,000	75,314,782
U.S. Treasury Notes 1.125% due 6-30-2021	68,165,000	68,503,167
U.S. Treasury Notes 1.375% due 4-30-2021	52,055,000	52,953,782
U.S. Treasury Bonds 2.5% due 2-15-2045	40,110,000	41,759,845
U.S. Treasury Notes 1.375% due 5-31-2021	37,900,000	38,582,503
U.S. Treasury Notes .75% due 4-30-2018	34,760,000	34,860,491

Ten Largest Stock Holdings (By Fair Value):

Security	Shares	Fair Value
Johnson & Johnson Common Stock	290,110	$35,190,343
Exxon Mobil Corp. Common Stock	368,996	34,589,685
Apple, Inc. Common Stock	286,207	27,361,389
Verizon Communications Common Stock	456,769	25,505,981
JP Morgan Chase & Co. Common Stock	390,378	24,258,089
Pfizer, Inc. Common Stock	597,033	21,021,532
Bank of America Corporation Common Stock	1,579,478	20,959,673
Microsoft Corporation Common Stock	336,710	17,229,451
Amgen Incorporated Common Stock	109,283	16,627,408
Nestle SA Common Stock	211,253	16,296,102

Investments in Funds (By Fair Value):

Fund	Units	Fair Value
BlackRock Russell 1000 Index Fund	11,551,180	$1,766,623,579
BlackRock ACWI ex-U.S. Index Fund	38,824,599	826,334,919
BlackRock ACWI ex-U.S. Growth Index Fund	19,923,224	267,612,097
BlackRock U.S. TIPS Index Fund	11,469,103	248,289,942
BlackRock Russell 1000 Growth Index Fund	10,431,282	233,111,411

A complete list of portfolio holdings is available upon request from the OPERS Investment Accounting and Financial Reporting Department.

Investment Portfolio by Type and Manager

At June 30, 2016, the investment portfolio of OPERS was allocated by type and style as follows:

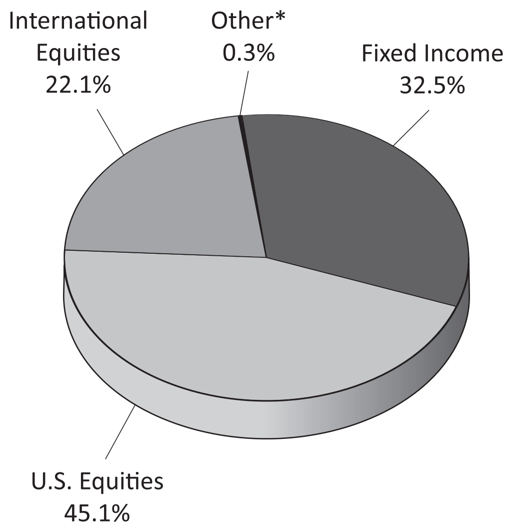
Investment Type and Manager	Style	Fair Value*	Percent of Total Fair Value
		(000's)	
Fixed Income:			
Blackrock Financial Management, Inc.	Constrained Core	$ 1,496,546	17.5%
Hoisington Investment Management	Interest Rate Anticipation	296,205	3.5%
BlackRock Institutional Trust Company	Index Fund – U.S. TIPS	248,290	2.9%
Metropolitan West Asset Management	Core Plus	850,388	9.9%
Total Fixed Income		2,891,429	33.8%
U.S. Equities:			
BlackRock Institutional Trust Company	Index Fund – Russell 1000	1,766,624	20.5%
BlackRock Institutional Trust Company	Index Fund – Russell 1000 Growth	233,111	2.7%
Mellon Capital Management	Large cap – Enhanced Index	515,919	6.0%
State Street Global Advisors	Large cap – Enhanced Index	518,710	6.1%
Aronson + Johnson + Ortiz	Large cap – Value	225,333	2.6%
UBS Global Asset Management	Small cap – Growth	180,747	2.1%
Barrow, Hanley, Mewhinney & Strauss, Inc.	Small cap – Value	185,771	2.2%
DePrince, Race & Zollo, Inc.	Small cap – Value	164,080	1.9%
Total U.S. Equities		3,790,295	44.1%
International Equities:			
Baillie Gifford Overseas Ltd.	International Growth	263,717	3.1%
Mondrian Investment Partners, Ltd.	International Value	495,223	5.8%
BlackRock Institutional Trust Company	Index Fund – ACWI ex-U.S. Growth	267,612	3.1%
BlackRock Institutional Trust Company	Index Fund – ACWI ex-U.S.	826,335	9.7%
Total International Equities		1,852,887	21.7%
Short-term Investment Funds	Operating Cash	20,654	0.2%
Total Managed Investments		8,555,265	99.8%
Real Estate		12,875	
Securities Lending Collateral		500,660	
Cash Equivalents on Deposit with State		2,408	
Total Investments and Cash Equivalents		$ 9,071,208	
Statement of Fiduciary Net Position			
Cash Equivalents		120,734	
Investments		8,950,474	
Total Investments and Cash Equivalents		$ 9,071,208	

Asset Comparison

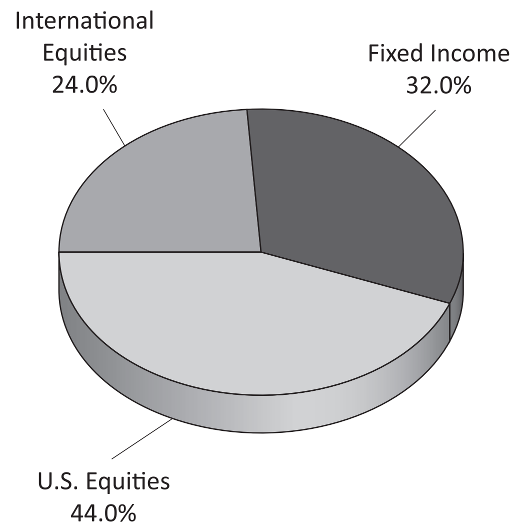
A comparison of the actual investment distribution at June 30, 2016 and 2015, based on the net investment manager holdings, including accrued income, payables and receivables, compared to the target allocations for each year is as follows:

2016

Asset Mix



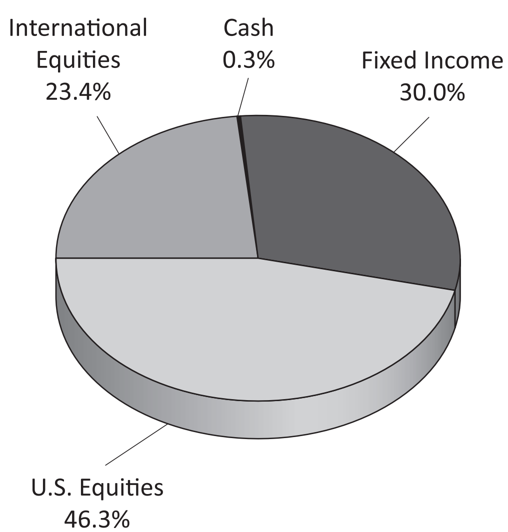
Target Policy Mix



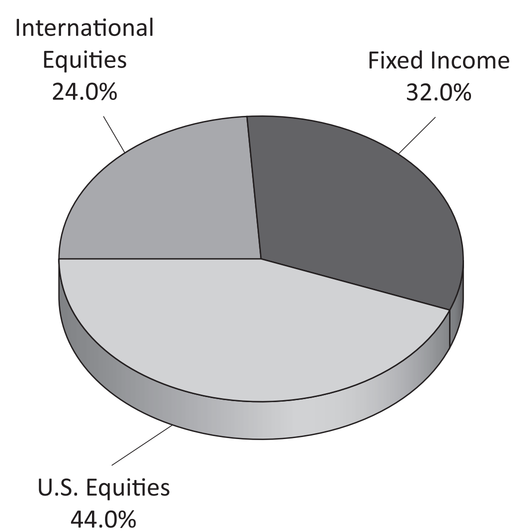
*Consists of cash and real estate

2015

Asset Mix



Target Policy Mix



Schedule of Stock Brokerage Commissions Paid

Year Ended June 30, 2016

			Commission	
Brokerage Firm	Shares Traded	Dollar Volume of Trades	Dollar Amount	Per Share
Merrill Lynch	17,697,560	$ 308,941,003	$ 109,624	0.006
J.P. Morgan	13,307,687	293,508,567	126,523	0.010
Credit Suisse	6,626,551	238,304,950	101,540	0.015
UBS	5,335,063	213,348,930	64,525	0.012
National Financial Services	5,071,018	153,357,371	73,255	0.014
Goldman Sachs	7,475,794	148,212,084	52,169	0.007
Instinet	3,757,983	126,733,676	65,984	0.018
Deutsche Bank	4,003,537	126,319,390	43,746	0.011
Citigroup	10,498,728	116,364,704	43,246	0.004
Liquidnet, Inc.	1,947,259	99,787,121	28,630	0.015
Northern Trust Co.	4,087,885	96,904,898	122,637	0.030
Investment Technology Group	1,872,710	83,245,786	16,727	0.009
Stifel Nicolaus	2,332,445	57,021,442	88,600	0.038
Sanford C. Bernstein and Co.	16,041,310	53,845,211	26,278	0.002
Keybanc Capital Markets	2,494,589	50,005,337	99,784	0.040
SG Cowen and Company	1,344,691	47,044,343	13,166	0.010
Morgan Stanley	1,570,005	45,760,994	28,403	0.018
JonesTrading	2,587,874	39,974,702	99,209	0.038
Knight Clearing Services	748,168	34,873,940	9,382	0.013
Barclays Capital	834,195	30,768,408	10,503	0.013
Other	24,709,105	351,324,883	281,481	0.011
Total	134,344,157	$ 2,715,647,740	$ 1,505,412	0.011