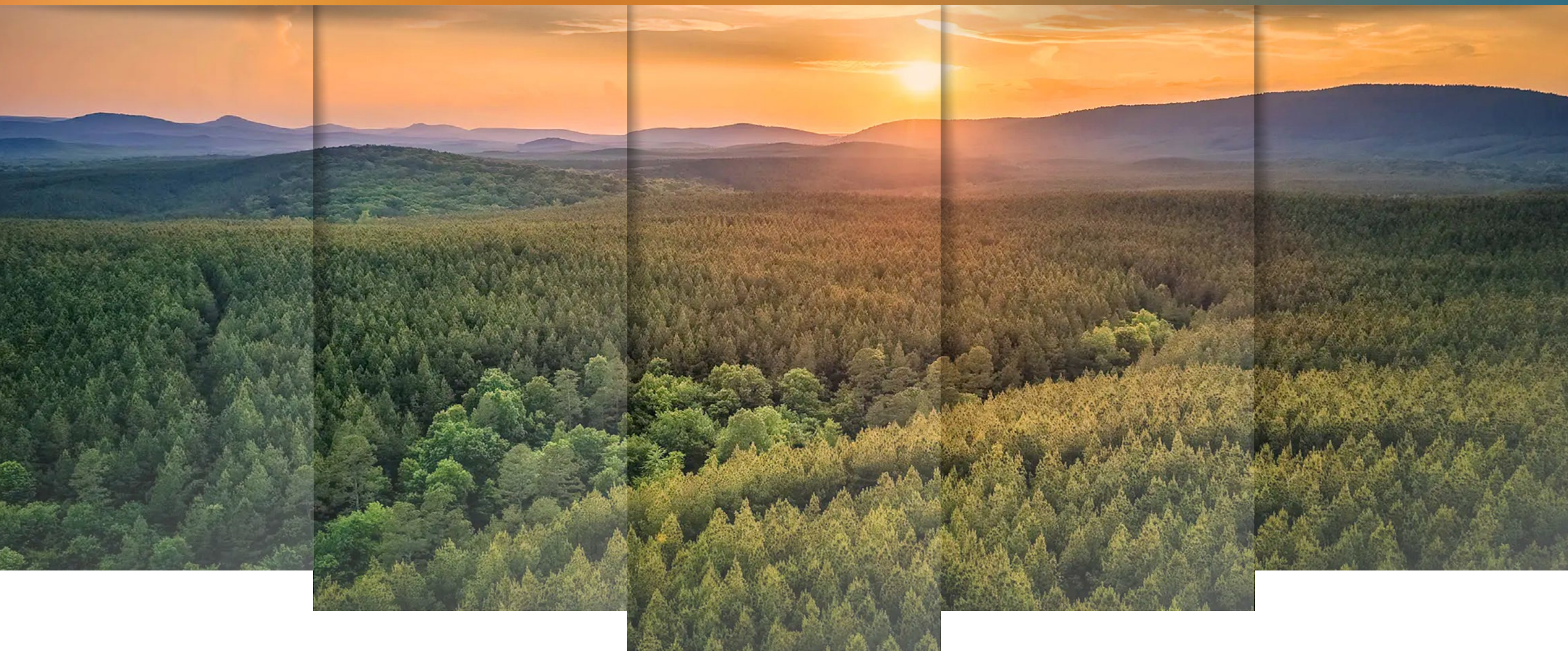

FORESTS - Within the Cross-Timbers region, Oklahoma guards one of the last old-growth forests, where resilient post oaks and blackjack oaks stand rooted in time, some over 300 years old. In the southeastern reaches, the majestic Ouachita National Forest, the oldest and largest of its kind in the U.S., stretches out, sheltering over 60 species of native trees and providing a haven for wildlife.

Investment

Verus

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 6.5%.

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	6/30/24 ALLOCATION	LOW	TARGET	HIGH	% PASSIVE OR SEMI-PASSIVE
U.S. EQUITY	41.1%	41.1%	40.0%	43.6%	77.5%
FIXED INCOME	30.1%	27.7%	32.0%	30.1%	60.5%
INT'L EQUITY	28.4%	28.2%	28.0%	28.4%	68.5%
REAL ESTATE	0.1%	0.1%	0.0%	0.1%	0.0%
CASH	0.3%	0.3%	0.0%	0.4%	0.0%

Verus estimates the forward return expectation of the fund's target asset allocation strategy longer term to be 6.7% annualized, using capital market expectations as of June 30, 2024. Verus uses a 10-year investment horizon in developing this expectation, whereas actuarial consultants use a much longer time horizon in developing forecasts, typically 30 years, in developing the actuarial return assumption mentioned above.

Review of Fiscal Year 2024 Investment Environment

Risk assets have delivered strong performance over the past year, with the front half of 2024 acting as a continuation of 2023. Expectations for a recession fell by the wayside, as economic growth proved to be resilient. The "soft landing" narrative was strengthened, as inflation has slowed down, while the economy has continued to grow. In more recent months, some economic data has shown signs of cooling, specifically in the labor market. However, it appears that much of this slowdown may be a return to normalcy that reflects pre-pandemic conditions, instead of a labor market that would precede a coming recession. Expectations for interest rate cuts were far more ambitious a year ago, but markets have now solidified expectations that the Federal Reserve will begin cutting interest rates before the end of the year, providing a tailwind to both equities and fixed income.

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Risk assets outside of the United States continued to lag the domestic market. Developed economies largely experienced stagnation, as the Eurozone saw very low GDP growth, the U.K. emerged from recession, and the Japanese economy contracted. Despite poor growth, falling inflation allowed the European Central Bank to cut interest rates in June, which provided a tailwind for risk assets. In emerging economies, China has remained a prominent story, with population decline and a tumbling housing market threatening its future growth prospects. Two main emerging market countries have outperformed most risk assets: Taiwan continues to benefit from its exposure to semiconductors amid growing AI investment, while India has delivered strong economic growth across its economy.

U.S. Equity

Domestic shares expanded upon the previous year's outperformance during the first half of 2024, beating both developed and emerging market equities. The S&P 500 index advanced +24.6% over the past year as U.S. equities prove to be the best performing asset class. Concerns have bubbled up over increasing absolute and relative valuations, leading to some fears of a correction. However, domestic stocks have climbed further as investment in artificial intelligence (AI) boosted earnings expectations, and lower inflation has led to expectations for a handful of interest rate cuts in the fall.

Index concentration remains an important story in U.S. equity markets, with the S&P 500 Equal Weighted Index significantly lagging the flagship index, returning just +11.8% over the last year. However, there appears to have been a split within the "Magnificent Seven", with some notable companies outperforming the rest. Nvidia is still the headline story of the AI investment boom, returning +192.1% over the last year, while delivering earnings growth of +629%. While none of the other companies have matched the success of Nvidia, Meta (+76.1%), Google (+52.3%), Amazon (+48.2%) and Microsoft (+32.3%) have all outperformed the index while delivering strong earnings growth. Apple (+9.2%) and Tesla (-24.4%) have both lagged after reporting revenue declines in Q1.

These Magnificent Seven movements have had substantial implications on size and style investing, which have both seen significantly widening gaps from the previous year. Over the last year, Growth has returned +33.5%, significantly outperforming the +13.1% gain from Value. Small cap (Russell 2000 Index) has also failed to deliver excess returns, gaining just +10.1% over the last year, lagging the +23.9% gain posted by the large cap Russell 1000 Index.

Investors will be watching earnings closely, especially those of technology companies that have gained due to rosy expectations around artificial intelligence. With forward valuations hovering around one standard deviation above the 10-year average, markets are pricing in double-digit earnings growth over the next couple years. Markets are hoping for earnings to meet these expectations, and for companies involved in AI investment to start showing strong profitability across those products and services.

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International Equity

International equities posted gains in the first half of 2024, although these markets were unable to match the remarkable performance of U.S. equities. Emerging markets barely outperformed international developed shares, which benefitted from higher exposure to semiconductor stocks, and a more growth-oriented set of companies. The MSCI EM Index has returned +12.5% over the last year, just over the +11.6% gain of the MSCI EAFE Index.

International developed shares performed well, despite some very material weaknesses in the macroeconomic picture. Japanese equities, the largest country weight in the MSCI EAFE index, saw the strongest performance, with the TOPIX returning +12.7% in unhedged currency terms, and +32.5% in hedged currency terms. The Japanese Yen has declined -10.2% relative to the dollar over the past six months, which played a part in boosting exports that become cheaper with a weakening currency. High earnings growth, as well as the end of negative interest rate policy and deflation, have provided a tailwind to Japanese equity markets over the last year. In Europe, falling inflation and an interest rate cut in June lifted an equity market that had otherwise been held back by very low growth. In the past year, the Euro Stoxx 50 returned +12.0% in unhedged currency terms, and +16.3% in hedged currency terms.

Emerging market equities narrowly outperformed international developed equities, while lagging the United States, returning +12.5% in unhedged currency terms, and +15.8% in hedged currency terms, over the last year. Technology exposure is responsible for much of the growth in emerging markets. Taiwan, the second-largest weight in the MSCI EM Index, holds a 70% weight in Information Technology. This provided a substantial tailwind, since the MSCI Taiwan Index returned +41.4% over the past year as TSMC (who alone makes up 50% of the MSCI Taiwan Index) is the world's largest manufacturer of semiconductors, producing chips for companies including Nvidia and Apple. India has also performed well, with the MSCI India Index posting a +34.9% gain. India's GDP has been growing on an average pace of 6-7% per year, with policies supportive of economic growth and strong positioning within global supply chains.

Fixed Income

Fed policy expectations continued to dominate risk asset behavior over the past year. One year ago, markets were expecting four interest rate cuts by the end of 2024. At the end of 2023, the market expected four rate cuts to occur in the first half of 2024, with two more in the second half of the year. Instead, there have been no rate cuts, with just two or three priced in before the end of 2024. Interest rates staying higher for longer has been a headwind for long-duration assets over the past year (Bloomberg U.S. Treasury Long -5.6%), as the two-year yield moved from 4.90% to 4.77%, and the ten-year yield moved from 3.84% to 4.40%.

As of June, it had been 11 months since the Federal Reserve implemented its final interest rate hike. Comments made by FOMC members have suggested that higher interest rates have had a material impact on economic activity and have been effective at slowing inflation. With inflation down to 3.0% for CPI and 2.6% for Core PCE (the Fed's preferred inflation gauge), and cooling labor market numbers, investors are looking to the Fed's July meeting to guide rate cut expectations for September, which markets are fully pricing in a cut for.

Core fixed income (Bloomberg U.S. Aggregate) has risen just +2.6% over the past year, as yield increases have outweighed the benefits of the higher rate environment. The shorter end of the curve fared much better than the long end, returning +4.5% throughout the same period. Investors were compensated by taking credit risk, as emerging market debt in hard currency terms (+9.2%), high yield (+10.4%), and Bank Loans (+11.1%) all provided excess returns to investors as spreads have contracted throughout much of the last year. Emerging market debt in local currency terms gained just +0.7%, the only major credit sub-index to underperform treasuries, which gained +5.5%.

Credit conditions have held up surprisingly well over the past year, with default activity slowing down as fears around weaker economic growth have been fading. Spreads continued to contract, with high-yield and investment grade option adjusted spreads moving from 390 bps to 309 bps and 123 bps to 94 bps, respectively. More recently, default activity has slowed down to $37B in default/distressed exchanges taking place in the first half of 2024, which was -14% lower than the same period last year. Eighty percent of that default activity has come from bank loans, which is the largest gap between the two asset classes in the last ten years. High yield default rates are down to 1.8%, materially lower than the long-term average of 3.4%.

Outlook

The last year has been very strong for risk assets, as artificial intelligence investment led to a rally in mega cap technology companies, and broader fears of a recession began to flame out at the beginning of 2024. It's looking more and more likely that the Federal Reserve was successful in engineering a soft landing, something that has arguably only been done once before, in the mid-1990s. There are some signs of late cycle behavior, with high asset valuations, tight credit spreads, and fairly strong economic growth. However, falling inflation and a steepening yield curve as interest rates are cut are traditionally indicative of a trough in the business cycle. If some of these characteristics take place without a recession, it could give way for a "reset" to the beginning of a new cycle, where easing policy can create conditions for a period of sustained growth.

While growth has been resilient and there are expectations for interest rates cuts, both domestic equity and credit markets appear to be priced very optimistically. Equity markets are priced for very high earnings growth, which creates downside risks in the case that efficiency gains in AI do not live up to expectations or prove to be very costly and with a longer time horizon to profitability. There have also been some signs of consumer weakness in lower-income segments, as many families are still struggling to adjust to higher price levels and have not seen commensurate gains in wages. Credit spreads are historically low, and a decrease in profitability among companies could result in some equity-like volatility, should a broader contraction take place. Internationally, the Eurozone continues to face poor growth, despite interest rate cuts, while poor demographic trends in China still weigh on investor sentiment.

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While investors have seen strong returns over the past fiscal year, material risks remain and high valuations could create an environment for a some downside mean reversion, should signs of weakness begin to show and optimistic forecasts not come to fruition.

Portfolio Review

The Board maintained its existing strategic asset allocation in fiscal year 2024 as well as its portfolio structure and manager line up.

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, 2024, have been calculated using a time-weighted rate of return methodology based upon fair value. As shown in the following table, the U.S. Equity asset class outperformed its benchmark on a relative basis for all time periods. Performance was also above median for the US equity composite led by outperformance in the enhanced index managers, large cap growth, and small cap growth managers. The Non-U.S. Equity asset class underperformed the index by 1.8%. Longer-term annualized time period returns were in line with the benchmark. Non-U.S. Equity active managers both lagged their respective benchmarks. The Fixed Income asset class outperformed the benchmark gaining 2.1% versus 1.6% for the benchmark. The longer duration strategy was a detractor on a relative basis.

The total OPERS Plan performed well above its Policy Benchmark on a relative basis for the 1-year period and at or above the benchmark for annualized time periods ended June 30, 2024. The total OPERS Plan ranked in the top 5th percentile of the peer universe of Public Funds greater than $1 Billion for all periods, driven by its asset allocation, which is heavier in public markets equity and specifically, having a significant allocation to US equity markets which outperformed international equity and fixed income during the fiscal year.

PERIODS ENDED 6/30/24	ONE YEAR	THREE YEARS	FIVE YEARS
Domestic Equity	22.4%	2.2%	7.5%
85% Russell 1000 / 15% Russell 2000	21.8%	2.0%	7.1%
Non-U.S. Equity	10.4%	-0.3%	5.6%
MSCI ACWI ex-U.S.	12.2%	1.0%	6.1%
Fixed Income	2.1%	-3.4%	0.1%
78% BC Agg./11% Citi 20+ Year Tsy./11% BC U.S. TIPS	1.6%	-3.8%	-0.4%

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PERIODS ENDED 6/30/24	ONE YEAR	THREE YEARS	FIVE YEARS
Total Fund	12.7%	2.2%	7.5%
*Policy Benchmark***	12.5%	2.0%	7.1%
Rank*	5	84	46

* Ranking 1 is best, 100 is worst. Rankings source is Investment Metrics (formerly called InvestorForce).

** Policy Benchmark is:
40% Custom Domestic Equity Benchmark (85% Russell 1000/ 15% Russell 2000)/
32% Custom Fixed Income Benchmark (78% BB U.S. Aggregate/ 11% Citi 20-Year+ Treasury/ 11% BC U.S. TIPS)/28% MSCI ACWI ex-U.S. Index

Verus continues to believe that OPERS is managed in a prudent and cost-effective manner. We believe that the sound and disciplined policies that have been implemented by OPERS for decades will continue to enable to Plan to meet its investment objectives over the long term.

Yours truly,

Joseph Abdou
Consultant

Mike Patalsky
Managing Director

Verus

Chief Investment Officer's Report

Oklahoma Public Employees Retirement System
P.O. Box 53007
Oklahoma City, Oklahoma 73152-3007

800.733.9008 toll-free
405.848.5946 fax

Dear Members:

The Fund's nominal total return for fiscal year 2024 was an impressive encore to the admirable results achieved for the prior fiscal year. The Fund gained 12.74% (gross of fees) for fiscal year 2024, compared to a gain of 10.96% for the prior fiscal year. This result was well above the 6.5% long-term actuarial return target. The Fund's total return for fiscal year 2024 again compared favorably to the long-term assumed rate of return and peer Systems nationwide, but also outperformed the Policy Portfolio benchmark return of 12.46% for the period. For the fiscal year, equity markets, both domestically and outside of the U.S., continued to exhibit strong upward momentum for the full fiscal year. The strength of U.S. equity markets in particular drove the Fund's total return for the fiscal year. However, non-U.S. equity markets and fixed income returns also contributed positively to overall results. There were few areas of the financial markets that did not produce positive total returns, and active risk-taking in certain pockets of the market was particularly well-rewarded for the period.

We endeavor to build a durable portfolio that will weather tumultuous market conditions and capture market gains during advantageous markets. 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 passive index funds. This year's letter, which covers the 2024 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

Gross Domestic Product (GDP), the primary gauge of economic activity in the U.S., increased at an annual rate of 3.0% for the second quarter of 2024 (per the second revision as of the date of this writing). This increase in overall economic activity followed the first quarter 2024 sluggish increase of 1.4% on an annualized basis. The increase in GDP growth for the second quarter of 2024 was driven by a strong increase in consumer spending and business investment, especially investment in equipment. These results have indicated that, so far, the Federal Reserve has been successful in reducing inflationary pressure while not depressing economic activity to the point of leading the economy into a recession. The labor market in the U.S. remained strong, but the unemployment rate steadily inched up during the fiscal year to end at 4.1% for June 2024, compared to 3.6% for June of 2023. In addition to the increasing unemployment rate, jobs growth has slowed as downward revisions cut into already slowing payroll growth, indicating a stronger cooling of the labor market over the course of the fiscal year. These effects had a muted impact on the overall economy, as the still relatively robust demand for labor had attracted more people seeking work during the fiscal year. Inflationary pressure moderated throughout the fiscal year, as the Consumer Price Index for all Urban Consumers (CPI-U) ended the fiscal year at a rolling annual rate of 3%, about where it started the fiscal year. After aggressive rate hikes during the previous fiscal year to curb high inflation, the Federal Reserve raised the Federal Funds rate only once in the current fiscal year. The U.S. dollar strengthened during the fiscal year relative to the basket of non-U.S. developed and emerging market currencies. Note that a stronger dollar makes goods imported into the U.S. less expensive for consumers but negatively impacts U.S. dollar-based investor returns in foreign

Chief Investment Officer's Report (continued)

markets. Corporations who derive revenues from non-U.S. markets also receive a headwind from a strengthening dollar when converting revenues back into U.S. dollars.

The theme of modestly accelerated economic growth did not necessarily apply to the rest of the world. The International Monetary Fund (IMF) predicted overall economic global growth to increase to 3.2% for each of the next two years, approximately the same pace as last year's forecast. The IMF issued a forecast of tepidly optimistic prospects for global economic growth in the world's developed economies, but downgraded prospects in the world's emerging and developing economies. As in the U.S., many central banks around the globe had been aggressive in tightening actions to curtail runaway inflationary pressures in the prior fiscal year. However, unlike the U.S., several notable central banks had pivoted to an expansionary interest rate regime by the end of the current fiscal year. The European Central Bank lowered rates in June 2024 by 25 basis points, and the Bank of England followed suit in August. Like the U.S., inflation remained above the preferred target of 2%, but in general, the economic growth in developed markets outside of the U.S. had been more constrained, which leaves less room for policy mistakes that could potentially jeopardize economic growth. But not all central banks were in a holding pattern or easing bias across the globe. For the first time in nearly two decades, the Bank of Japan raised rates during the fiscal year, albeit by a very modest 10 basis points. The Bank of Japan followed this action with another rate increase in July, by 15 basis points, to support the country's currency. The yen's decline versus the dollar had the potential to cause a meaningful reduction in economic activity in Japan, as its economy is reliant on energy and food imports.

U.S. and Global Stock Markets
The U.S. stock market, as measured by the Russell 3000 Index, continued to rally over the fiscal year. The Russell 3000 Index is one of the broadest domestic equity indices available and a good proxy for the U.S. equity market as a whole. Equity markets in the U.S. experienced a brief pull-back in the first quarter of the fiscal year as investors became concerned with a "higher for longer" level of interest rates, precipitated by inflationary pressures that had declined considerably, but stubbornly remained above the Federal Reserve's preferred level. Those concerns faded over the course of the rest of the fiscal year and the U.S. equity market continued its upward trajectory. This fiscal year was another marked by high rewards for assuming equity risk.

Change in the Russell 3000 Index during the fiscal year ended June 30, 2024

Value at 6/30/23	14,445.7
Value at 6/30/24	17,786.2

Source: FTSE Russell

Chief Investment Officer's Report (continued)

The Russell 3000 surged in the one-year period through June 30, 2024, rising by over 23% as a result of investors' progressively sanguine outlook for inflation and the economy. The Federal Reserve brought the contractionary policy of aggressive rate increases to an end, and so far, have succeeded in curbing inflation without damaging the economic growth prospects of the nation. Indeed, investors' belief that the Federal Reserve would soon move to an expansionary monetary policy stance lent substantial support to these risk markets over the period.

Within the Russell 1000 index (which represents domestic large capitalization stocks), the market rally was led by the Communication Services, Information Technology, and Financials sectors, returning 43%, 40%, and 26% for the period, respectively. Over the course of the year, cyclicality mostly gave way to sentiment favoring companies with a technology component to their businesses. Investors continued to gravitate towards large capitalization stocks during the period, as the small capitalization index, as represented by the Russell 2000 index, gained 10% for the one-year period ending June 30. Equity style leadership (i.e., market capitalization size, growth, value) heavily favored large capitalization, growth-oriented stocks during the fiscal year. The growth index handily outperformed the value index in large capitalization space, but value-oriented stocks edged out growth-oriented stocks in small capitalization space. Assuming risk in the larger-capitalization areas of the markets associated with growing companies with a technology component to their businesses proved a winning combination in the U.S. for the period.

The rest of the developed world continued to underperform the U.S. equity market on a U.S. dollar basis. The MSCI All Country World Index ex-U.S. (ACWI ex-U.S. Index net), which includes public equities from both developed and emerging markets, gained 12% in U.S. dollar terms for the fiscal year. The return to that index on a local currency basis was closer to 16%, however, the strengthening of the dollar over the period contributed to a negative compounding effect to equity market gains experienced by U.S. dollar investors in foreign markets, eroding returns to U.S. investors. Emerging market returns in U.S. dollar terms performed in-line with non-U.S. developed markets, having gained 13% for the period. This was a welcome recovery from the performance of emerging markets compared to last fiscal year. The stock market in China and Hong Kong continued their declines, losing over 1% and 18%, respectively, in U.S. dollar terms, as investors continued to face economic challenges as a result of the continued real estate crisis, high local government debt, and weakness in domestic consumer spending. While the returns investors experienced for assuming equity risk in non-U.S. equity markets were well below comparable returns to U.S. markets for large capitalization stocks, diversification into these areas were a positive contributor to overall Fund results for the period.

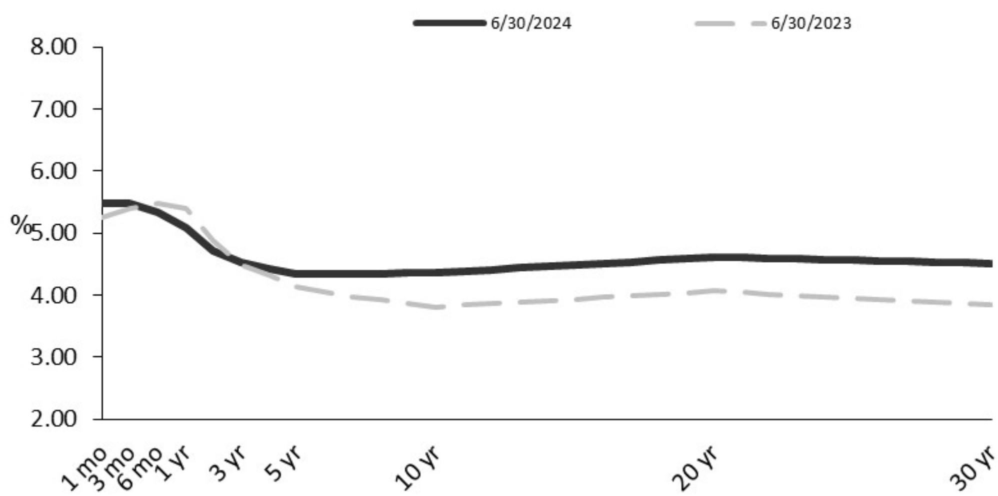
Interest Rates

The chart below 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, yields ended the fiscal year higher across most of the curve, but especially in the longer end of the curve, but the curve remained inverted at the end of the fiscal year. After aggressive Federal Funds Rate increases in the prior fiscal year, the Federal Reserve raised the Federal Funds Rate only once, in July 2023, taking the Federal Funds Rate to the range of 5.25%-5.50%. The Federal Funds Rate stood at that level for the remainder of the fiscal year as the profound inflationary pressures plaguing the U.S. economy steadily subsided over the course of the fiscal year. While great strides had been made to bring inflation down, it remained above the Federal Reserve's preferred 2% target at the end of the fiscal year. Despite these aggressive moves by the Federal Reserve to curtail economic activity, the U.S. economy has continued to grow and business had continued to hire workers despite higher rates. So far, the contractionary Federal Reserve policy has not resulted in an outright recession. However, the job market gradually weakened over the course of the fiscal year. The tone of the Federal Reserve's policy shifted during the fiscal year from fighting inflation to one emphasizing economic expansion and more supportive of jobs. Late in the fiscal year, Federal Reserve Chairman Jerome Powell said "we see today's report as progress and building confidence, but we don't see ourselves as having the confidence that would warrant beginning to loosen policy at this time." Later, Chairman Powell indicated the timing and magnitude of rate cuts would be dependent on the economic data and the Federal Reserve's outlook. As of the end of the fiscal year, the Federal Reserve's focus had certainly changed from a very hawkish position, indicating the Fed's satisfaction that inflation had been contained for the most part, but the risk of lowering rates too soon and spurring additional inflationary pressure remained its primary concern.

Chief Investment Officer's Report (continued)

In the Eurozone, as in the U.S., the European Central Bank (ECB) had aggressively raised rates during the last fiscal year to combat high inflation. Unlike the U.S., the ECB's policy stance changed from hawkish to dovish much sooner. The Eurozone had also experienced high inflationary pressures, however, the economic recovery there had not been as robust as the growth experienced in the U.S. A mild reduction in the expectation for economic growth in the Eurozone during the summer months was enough to coax the ECB into action. The first rate cut of the new expansionary regime came in June of 2024, when the ECB lowered rates by 25 basis points to 3.75%, even though the inflation rate remained above the preferred target of 2%. The Bank of England likewise moved to a more dovish stance but did not lower rates until after the end of the current fiscal year. The theme of central banks around the world reversing from the aggressive actions to contain inflation that characterized the last fiscal year, to less restrictive, and indeed, expansionary policy stances was evident by the end of the current fiscal year.

U.S. Treasury Yield Curve



Source: U.S. Treasury

Investment Returns Through June 30, 2024

U.S. Equity	Style	1 Year	3 Years	5 Years
Russell 3000	Broad U.S. Equity	23.13%	8.05%	14.14%
S&P 500	Large Cap Equity	24.56%	10.01%	15.05%
Russell 1000	Large Cap Equity	23.88%	8.74%	14.61%
Russell 1000 Growth	Large Cap Growth	33.48%	11.28%	19.34%
Russell 1000 Value	Large Cap Value	13.06%	5.52%	9.01%
Russell 2000	Small Cap Equity	10.06%	-2.58%	6.94%
Russell 2000 Growth	Small Cap Growth	9.14%	-4.86%	6.17%
Russell 2000 Value	Small Cap Value	10.90%	-0.53%	7.07%
Oklahoma Public Employees Retirement System	**Broad U.S. Equity**	**22.36%**	**8.15%**	**14.07%**

U.S. Fixed Income	Style	1 Year	3 Years	5 Years
ML 3-Month T-Bill	Cash	5.50%	3.11%	2.17%
Bloomberg U.S. Aggregate	Core Bonds	2.63%	-3.02%	-0.23%
Bloomberg 20+-year U.S. Treasury	Long Term Bonds	-7.17%	-11.56%	-4.88%
Bloomberg Corporate High Yield	High Yield Bonds	10.44%	1.64%	3.92%
Oklahoma Public Employees Retirement System	**Domestic Fixed Income**	**2.06%**	**-3.47%**	**0.13%**

Chief Investment Officer's Report (continued)

International Equity	Style	1 Year	3 Years	5 Years
MSCI ACWI Ex-US (net)	Broad Non-US Equity	11.62%	0.46%	5.55%
MSCI EAFE (net)	Developed Non-US Equity	11.54%	2.89%	6.46%
MSCI Emerging Market (net)	Emerging Non-US Equity	12.55%	-5.07%	3.10%
Oklahoma Public Employees Retirement System	**Non-U.S. Equity**	**10.39%**	**-0.26%**	**5.63%**
Oklahoma Public Employees Retirement System	**Total Fund**	**12.74%**	**2.25%**	**7.46%**

Source: Various index providers, including FTSE Russell, S&P, Bloomberg, FTSE, and MSCI. OPERS returns were calculated using the BAI Iterative method (as such returns are time-weighted) and are gross of investment fees. International Equity Indices shown are net.

Investment Performance

Markets Continued to Reach New Heights

The strength of the global equity markets again propelled the Fund to double-digit gains for the fiscal year. The Fund produced a nominal total return of 12.74% for the period gross of fees (12.62% net of fees). As shown by the table above, the performance of the U.S. and non-U.S. equity market segments was the driver of the impressive results. The Fund benefited from very strong U.S. equity market returns, producing portfolio gains of over 22% in that segment of the Fund. The non-U.S. equity segment of the Fund was also robust contributor to overall returns for the year. Lastly, the bond portfolio contributed positively to the total return of the Fund, as higher yield levels and a patient Federal Reserve produced a positive nominal total return for the first time in the past three fiscal years.

The Fund outperformed the Policy portfolio for the fiscal year by 28 basis points gross of fees (17 basis points net of fees); a result with which I am pleased. The Fund's asset allocation positioning was the driver of the excess return for the period, as the Fund entered the fiscal year overweight U.S. equities and underweight fixed income, both positive contributors to excess returns for the period. Active management results, which were the primary driver of the favorable performance relative to the Policy portfolio last year, was a drag on performance this year. One bright spot for active management was in the U.S. equity market for large capitalization stocks, an area which is not held out for producing strong active results. Fortunately, the asset allocation results more than compensated for the unfavorable results from active management in most of the asset classes to produce quite satisfactory excess returns for the period.

U.S. Equity

The Fund continues to use an equal mix of passive and active investment management within the domestic equity portfolio structure. Equity markets in the U.S. continued to march upwards during the fiscal year. In aggregate, the domestic equity portfolio produced a total return of over 22% for the fiscal year. The portion of the portfolio that emphasizes the large capitalization areas of the equity markets again drove the overall results of this segment from a nominal return perspective, which marks the third fiscal year in a row that performance has favored this segment. However, this fiscal year exhibited a turnaround of sorts with respect to actively managed results. The advisors who emphasize the larger capitalization areas of the market were responsible for delivering meaningful excess returns compared to their respective benchmarks. This contrasts to last fiscal year, where the advisors who emphasize smaller capitalization holdings contributed to excess returns well beyond their proportional allocation in the overall Fund. This year, the advisors who emphasize small capitalization stocks returned 9.71% for the fiscal year, but modestly underperformed the benchmark return of 10.06%. As a group, the U.S. equity portion of the portfolio outperformed the domestic equity portion of the policy portfolio by over 50 basis points, which is a stellar result, primarily driven by an overweight to the managers that emphasized large capitalization stocks. As should be expected, not every advisor that OPERS employs to make active stock selection decisions in the U.S. equity portion of the portfolio delivered excess returns relative to each advisor's respective benchmark. That is why OPERS employs a stable of advisors whose ability to generate excess returns is expected to be complementary within the overall structure of this segment of the portfolio.

Chief Investment Officer's Report (continued)

Non-U.S. Equity
Much like the U.S. equity portfolio, the non-U.S. equity segment of the Fund utilizes both actively managed and passively managed mandates, however, passive management is emphasized in this segment of the Fund. The non-U.S. equity segment was once again a strong positive contributor to the overall fund on a nominal basis, having gained 10.39% in U.S. dollar terms for the period. The U.S. dollar strengthened relative to many other foreign currencies, which contributed negatively to returns experienced by U.S. dollar investors in foreign markets. Within this segment of the overall asset allocation, two active managers are used, and the combined results from active management were disappointing for the fiscal year. One active manager emphasizes stocks that are value-oriented and the other emphasizes growth-related stocks, both of developed and emerging equity markets. The managers underperformed their respective benchmarks for the period by considerable margins. Consequently, the overall results of this segment of the portfolio underperformed the non-U.S. equity portion of the Policy portfolio benchmark by 178 basis points. As in the U.S. equity segment of the portfolio, OPERS utilizes advisors that are expected to generate excess returns that are complementary within this segment of the portfolio. Unfortunately, neither advisor achieved this outcome relative to each advisor's respective benchmark. However, the overall contribution to the Fund's return from this segment was very good despite the underperformance of the actively managed sleeve.

Fixed Income
The fixed income segment of the Fund primarily utilizes actively managed mandates, with each mandate emphasizing various parts of the domestic fixed income market. For the first time in the past three fiscal years, the Fund's fixed income segment contributed positively to overall nominal returns for the period (i.e. the total return of this segment was above 0% at the Policy level). For the current fiscal year, the bond portfolio gained 2.06% at the asset class level. The total return of the asset class was again negatively impacted by rising interest rates across the yield curve. From a contribution to total return perspective, the worst performance was again associated with the manager who emphasizes long-duration U.S. Treasury securities. This manager lost 6.5% for the period as longer-term rates rose by approximately 50 basis points across the longer end of the maturity spectrum (15 years and above). The managers who emphasize the broader areas of the bond market delivered comparatively more favorable results and both outperformed the benchmark. The TIPS index fund was the best performer from a nominal total return perspective, delivering 2.82% for the period. Bonds are maintained in the portfolio for their volatility-dampening effect when combined with exposure to the equity markets. Active management (bond picking and duration positioning) experienced quite favorable excess return results for the Fund, which propelled this portion of the portfolio to outperform the Policy benchmark by 49 basis points for the period.

<u>Asset Allocation</u>

Diversification Reduces Volatility
Diversification is 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. There were no changes to the Policy asset allocation during the fiscal year.

Asset Class	Min	6/30/2024	Target	Max
Cash and Real Estate	0.0%	0.4%	0.0%	0.0%
Domestic Fixed Income	27.5%	30.1%	32.0%	36.5%
U.S. Equity	34.4%	41.1%	40.0%	45.6%
Non-U.S. Equity	25.0%	28.4%	28.0%	31.0%
Total Fund		**100%**	**100%**	

May not equal 100% due to rounding

Chief Investment Officer's Report (continued)

<u>Outlook and Recent Events</u>

Outlook

If you've read this report in previous years, you know that I 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 a priority with respect to different asset classes and within each asset class. 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 during more volatile periods.

The outlook for the global economic environment is, as always, uncertain but appears to have favored the "best case scenario" where the actions of the global central banks have turned the inflationary tide but has not yet resulted in strong recessionary pressures. While economic growth in the U.S. remains relatively strong, growth has slowed for most of the other global developed economies—who started the rounds of contractionary central bank action on less firm economic footing compared to the U.S. That has led to an outright reversal in monetary policy for the European Union and the U.K., where central banks in those areas have already started to implement more expansionary monetary policies.

Last year, I stated my belief that the work by central banks had largely been done, and absent an unanticipated spike in inflation, I expected the Federal Reserve to curb its hawkish policy. I also expressed my concerns regarding geopolitical risks and expectations for global economic growth to weaken as a result of central bank actions--both factors do not leave much room for policy mistakes. Given the change in interest rate regimes by central banks around the world, it would indicate that inflation is now at a tolerable level, but the balance of risk now favors supporting economic growth. I think that setting is likely to be the source of the overall theme for fiscal year 2025-- the balance of risks and potential policy mistakes. Central Banks in Europe have not wasted time in moving rates lower in an attempt to generate enhanced economic activity, but the U.S. Federal Reserve has been more patient. The potential risk is that the Federal Reserve waits too long to lower rates (or does not compensate by the magnitude of the rate reduction), thereby not providing the U.S. economy with needed stimulus soon enough or in sufficient quantity. These factors could potentially lead to increased volatility in global equity markets, which are the primary drivers of total returns to the Fund.

My focus continues to be maintaining a diversified investment portfolio that is designed to deliver or exceed the actuarial assumed required return of 6.5% within a tolerable level of risk over a long-term investment horizon. Returns to a diversified portfolio are ultimately a function of the performance of the markets in which that portfolio is invested. Interest rates have risen to levels which makes the projected returns to the fixed income asset class more attractive and finally a positive contributor to a diversified portfolio. Equity market returns remain the driver of the overall return of the Fund, and risks remain in the form of slowing economic growth, high equity market valuations, and geopolitical risks, among others.

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 total return of the bond market was again below the yield of the broad market index given the increase in yields across the curve during the current fiscal year. However, the Federal Reserve has indicated that inflation has been contained to a tolerable level and the balance of risks favors more stimulative policy as opposed to restrictive policy. With yield levels around 5% on the Bloomberg Aggregate Index (the index most representative of the broad investment-grade fixed income universe) the prospects for positive total returns in the bond market in the short and medium term are more attractive. This is good news, not only for bond investors, but for the prospects of holders of diversified portfolios like ours. Bonds remain an important and vital part of a diversified investment portfolio, and with current yield levels, the forward-looking total returns have not been this attractive in several years. However, there is no guarantee the current level of rates will persist in the future.

Chief Investment Officer's Report (continued)

Equity
Equity markets are impossible 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 valuation ratios. Generally, the growth rate of earnings can be dependent on the general economic environment. The outlook for growth of the global economy is lower than last fiscal year, but the biases of central banks across the globe have moved to more expansionary monetary policies. Corporate earnings continue to be surprisingly strong in the U.S., as inflationary pressure has eased meaningfully. These factors have kept investors sanguine regarding future earnings prospects, and equity markets have recently reached ever-increasing highs. Market volatility has increased modestly in the recent past, and investor optimism fueling record-high markets could evaporate. Nevertheless, maintaining the portfolio's strategic asset allocation, and capturing the returns from strong equity markets and surviving periods of market tumult, provides the optimal opportunity to deliver the investment returns necessary to meet the long-term objectives of the Fund.

Recent Events
There were no changes to the Fund's strategic asset location or managers that comprise the Fund during the fiscal year. Once again, I am happy to report that the discipline in maintaining our strategic asset allocation paid off handsomely, given the strength of the equity markets for this fiscal year. The Fund performed very well, not only from a nominal return perspective, but was once again one of the best performing Funds relative to our peer group nationwide. The strategic asset allocation is the primary driver of investment results, and again this fiscal year, results were impressive.

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/Investments. 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, 2024, 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 notes 4.25% due 06-30-2029	180,960,000	$ 180,210,713
U.S. Treasury notes 4.625% due 06-30-2026	141,655,000	141,400,463
U.S. Treasury notes 4.625% due 06-15-2027	135,720,000	136,112,315
U.S. Treasury bonds 4.625% due 05-15-2044	78,365,000	78,218,066
U.S. Treasury notes 4.375% due 05-15-2034	77,006,000	77,030,064
U.S. Treasury bonds date 08/15/2020 1.375% due 08-15-2050	147,470,000	75,468,924
FNMA Single Family Mortgage 4.0% 30 Years Settles July	81,823,200	74,865,032
U.S. Treasury bonds 4.75% 05-15-2054	63,138,000	64,016,013
U.S. Treasury bonds 2.25% due 08-15-2046	89,400,000	59,594,179
U.S. Treasury bonds 2.5% due 05-15-2046	80,560,000	56,612,282

Ten Largest Stock Holdings (By Fair Value):

Security	Shares	Fair Value
Nvidia Corp Com	1,042,162	$ 128,748,693
Microsoft Corporation Common Stock	279,270	124,819,727
Apple Inc.Common Stock	575,026	121,111,976
Alphabet Inc. Common Stock	498,002	90,922,883
Amazon.com, Inc. Common Stock	420,746	81,309,165
Meta Platforms Inc	110,188	55,558,993
Taiwan Semiconductor Manufacturing Common Stock	302,137	52,514,432
Visa Inc. Common Stock	106,447	27,939,144
Broadcom Inc. Comman Stock	16,581	26,621,293
UTD O/S Bank	996,554	23,037,843

Investments in Funds (By Fair Value):

Fund	Units	Fair Value
BlackRock Russell 1000 Index Fund	4,744,279	$ 2,138,900,602
BlackRock ACWI ex-U.S. Index Fund	53,236,129	1,983,894,775
BlackRock U.S. TIPS Index Fund	15,925,038	410,387,732
BlackRock ACWI ex-U.S. Growth Index Fund	16,331,317	386,784,764
BlackRock Russell 1000 Value Index Fund	1,695,303	366,068,621

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, 2024, the investment portfolio of OPERS was allocated by type and style as follows:

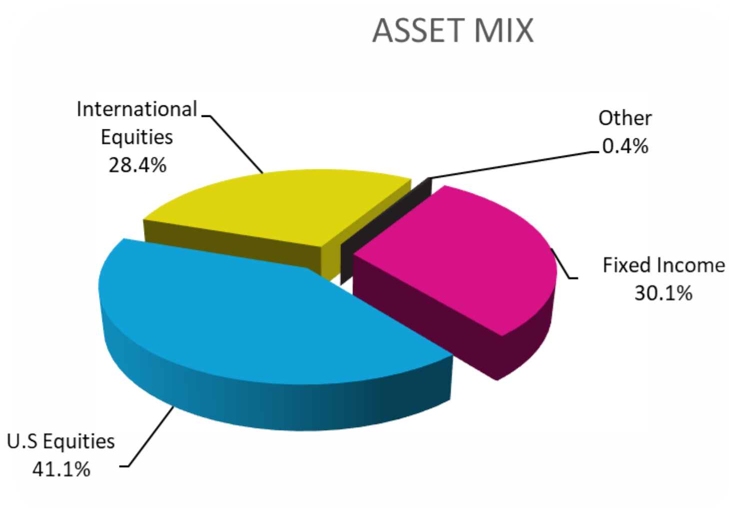
Investment Type and Manager	Style		Fair Value*	Percent of Total Fair Value
			(000's)	
Fixed Income:				
Blackrock Financial Management, Inc.	Constrained Core	$	1,970,690	15.4%
Hoisington Investment Management	Interest Rate Anticipation		321,102	2.5%
BlackRock Institutional Trust Company	Index Fund – U.S. TIPS		410,394	3.2%
Metropolitan West Asset Management	Core Plus		1,629,670	12.7%
Total Fixed Income			4,331,856	33.8%
U.S. Equities:				
BlackRock Institutional Trust Company	Index Fund – Russell 1000 and Value		2,504,970	19.4%
Newton Capital Management	Large cap – Enhanced Index		685,608	5.3%
State Street Global Advisors	Large cap – Enhanced Index		690,541	5.4%
Westfield Capital Management	Large cap – Growth		401,977	3.1%
UBS Global Asset Management	Small cap – Growth		217,741	1.7%
Barrow, Hanley, Mewhinney & Strauss, Inc.	Small cap – Value		254,642	2.0%
DePrince, Race & Zollo, Inc.	Small cap – Value		245,316	1.9%
Total U.S. Equities			5,000,795	38.8%
International Equities:				
Baillie Gifford Overseas Ltd.	International Growth		316,056	2.5%
Mondrian Investment Partners, Ltd.	International Value		762,924	6.0%
BlackRock Institutional Trust Company	Index Fund – ACWI ex-U.S. Growth		386,834	3.0%
BlackRock Institutional Trust Company	Index Fund – ACWI ex-U.S.		1,984,133	15.5%
Total International Equities			3,449,947	27.0%
Short-term Investment Funds	Operating Cash		35,554	0.3%
Total Managed Investments			12,818,152	99.9%
Real Estate			7,500	
Securities Lending Collateral			326,276	
Cash Equivalents on Deposit with State			7,947	
Total Investments and Cash Equivalents		$	13,159,875	
Statement of Fiduciary Net Position				
Cash Equivalents			456,693	
Investments			12,703,182	
Total Investments and Cash Equivalents		$	13,159,875	

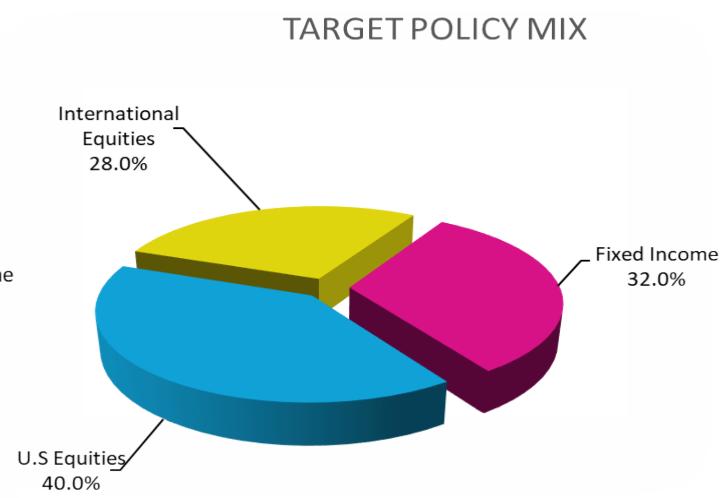
* *Manager fair values include their respective cash and cash equivalents.* -

Asset Comparison

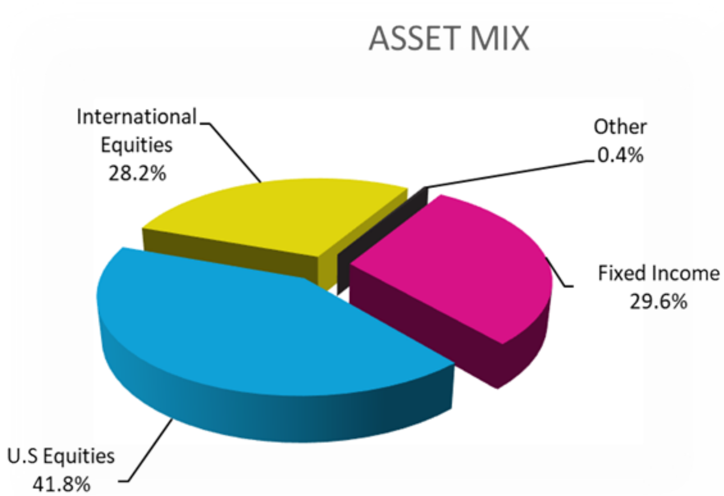
A comparison of the actual investment distribution at June 30, 2024 and 2023, based on the net investment manager holdings, including accrued income, payables and receivables, compared to the target allocation for each year is as follows:

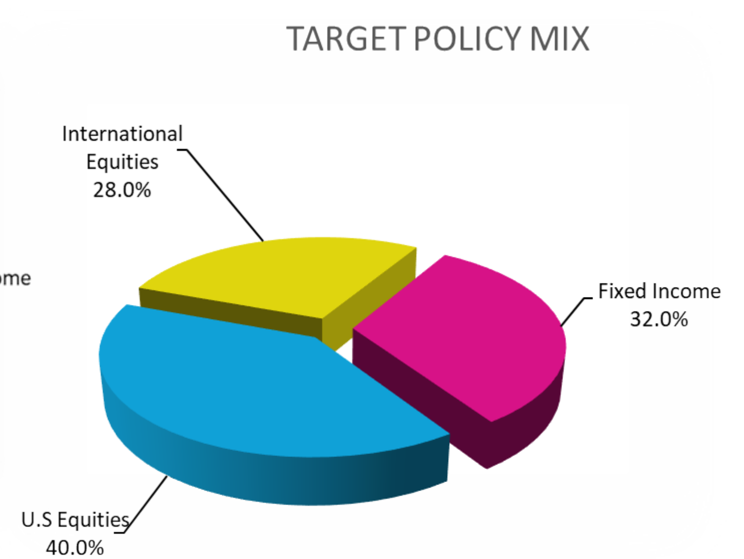
2024





2023





Schedule of Stock Brokerage Commissions Paid

Year Ended June 30, 2024

Brokerage Firm	Shares Traded	Dollar Volume of Trades	Commission Dollar Amount	Commission Per Share
Jonestrading Institutional Services	5,021,696	$ 156,988,487	$ 180,610	0.036
Stifel, Nicolaus & Company	2,942,564	81,598,910	110,240	0.037
Bofa	6,257,558	534,201,036	92,027	0.015
Morgan Stanley	7,111,620	358,117,189	88,000	0.012
Robert W. Baird	1,855,783	68,191,975	67,126	0.036
Instinet	5,808,535	277,115,148	63,837	0.011
J.P. Morgan	5,779,936	432,254,694	63,253	0.011
Jefferies	8,313,788	131,168,732	57,580	0.007
Keybanc Capital Markets	1,467,093	39,903,654	57,027	0.039
Raymond James & Associates	999,674	29,729,419	38,130	0.038
Citigroup Global Markets	4,075,135	102,960,831	25,122	0.006
Stephens	639,127	24,250,130	24,509	0.038
Merrill Lynch	5,383,813	49,419,825	23,086	0.004
Piper Jaffray	1,516,957	82,875,241	21,429	0.014
Goldman Sachs	4,107,800	108,708,603	19,971	0.005
Liquidnet	1,377,540	57,708,810	19,833	0.014
Keefe Bruyette	457,306	18,849,371	18,054	0.039
William Blair & Company	415,074	10,534,580	14,695	0.035
Broadcort Capital Corporation	619,214	21,642,224	14,674	0.024
Sanford C. Bernstein	1,782,178	51,114,207	13,160	0.007
Other	86,744,028	743,857,259	253,118	0.003
Total	152,676,419	$ 3,381,190,327	$ 1,265,481	0.012