

Oklahoma Teachers' To Consider Adding New Private Debt Sub-strategies

By Katie Cerulle | Published 05/02/24 | Timetable N/A

INVESTOR


OTRS (Oklahoma Teachers' Retirement System)

Fund Size (m) (As of 03/31/2024)	USD 22,658.00 / GBP 18,060.24 / EUR 21,049.74
Country	USA

General Contact

Address	Harvey Parkway Building, 301 NW 63rd Street, Suite 500, Oklahoma City, OK 73116-7921
Phone	+1 (405) 521 2387
Email	mail@trs.ok.gov

Primary Contact

Name	Kirk Stebbins
Job Title	Chief Investment Officer
Email	kirk.stebbins@trs.ok.gov
Social	
More (if applicable)	
Website	visit

SUMMARY OF INVESTMENTS

Breakdown

Actual allocation as of 03/31/2024: 7.9% Alternatives Unspecified, 6.9% Real Estate Unspecified, 1.4% Private Debt, 41.2% US Equities, 17.8% International Equities, 22.7% Fixed Income Unspecified, 2.1% Cash. Target allocation as of 03/31/2024: 10% Real Estate Unspecified, 8% Alternatives Unspecified, 5% Private Debt, 38.3% US Equities, 16.7% International Equities, 22% Fixed Income Unspecified.

INVESTMENT CONSULTANT

Aon

Contact	Not disclosed
More (if applicable)	

MANAGER ROSTER

PIMCO (Property, Domestic Bonds, Private Equity); MacKay Shields (Fixed Income Unspecified, High Yield Bonds); Hotchkis and Wiley Capital Management (US Equities); Heitman Real Estate Investment Management (Property); Loomis Sayles & Co (Fixed Income Unspecified, High Yield Bonds); KKR (Kohlberg, Kravis, Roberts & Co) (Property, Pooled Fund, Private Debt); TPG Angelo Gordon (Property); AEW (Property); Wellington Management (US Equities); INVESCO (Property); Causeway Capital Management (International Equities); Starwood Capital Group LLC (Property, Pooled Fund); American Realty Advisors (Property); L&B Realty Advisors, LLP (Property); Hoisington Investment Management Co. (Fixed Income Unspecified, Domestic Bonds); Dune Real Estate (Property); Northern Trust (International Equities); Artemis Real Estate Partners (Property); Franklin Park Associates (Private Equity); Geneva Capital Management (US Equities); GreenOak Real Estate Partners (Property); Scientific Beta (SciBeta) (US Equities); Federal Capital Partners (Property); AMG Funds (US Equities); Lord Abbett (Fixed Income Unspecified, High Yield Bonds, Core Plus); Ares Capital Management (Private Debt);

PREFACE

The \$22.7bn Oklahoma Teachers' Retirement System is considering adding new diversifying and opportunistic sub-strategies to its private debt portfolio. Aon advises.

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## REPORT

Materials from an April 24 board of trustees meeting shared with MandateWire state that Aon recommended the system explore potential satellite sub-strategies that complement the current portfolio structure.

Options for potential investments include distressed debt, special situations, non-core loans, specialty finance, royalties, structured credit, commercial real estate loans and regulatory capital relief trade.

Ares Capital Management and KKR are currently the only private debt managers. OTRS committed \$500mn to each manager in [August 2022](#).

As at March 31, OTRS had \$146.2mn invested in Ares' Private Credit Fund O and \$169.9mn invested in KKR's Scissor-Trail Credit Fund. Both managers have indicated they intend to be fully deployed within three years.

OTRS will need to make a new commitment every three years to maintain its 5 per cent target exposure, according to Aon.

Private debt was added to the asset allocation in [January 2022](#).

Chief investment officer Kirk Stebbins told MandateWire a decision regarding this recommendation has not been made yet.

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