

Oklahoma Retirement System Renews Contracts, Updates Securities Lending Guidelines

By Katie Cerulle | Published 05/31/24 | Timetable N/A

INVESTOR


OTRS (Oklahoma Teachers' Retirement System)

Fund Size (m) (As of 03/31/2024)	USD 22,658.00 / GBP 17,781.09 / EUR 20,872.50
Country	USA

General Contact

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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); Harding Loevner (International Equities); Dune Real Estate (Property); Northern Trust (International Equities, US Equities); Artemis Real Estate Partners (Property); Franklin Park Associates (Private Equity); Geneva Capital Management (US Equities); Frontier Capital (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 renewed its consultant and custodian for fiscal year 2025. The system also updated its securities lending agreement with Northern Trust Asset Management.

REPORT

A representative from the fund told MandateWire the board of trustees renewed the system's consultant contract with Aon and its global custody contract with Northern Trust during a May 22 meeting.

Northern Trust provides a range of services to the retirement system, including monthly and annual accounting, investment risk and analytic, transition management, class actions, tax reclaims and foreign exchange services for the system.

It also provides index management services for the fund, the contract for which was also extended during the May meeting, as [reported](#) by MandateWire.

The two contracts were extended from July 1 through June 30 2025 and will be up for renewal next year, the fund representative told MandateWire.

At the same meeting, the board of trustees approved new securities lending guidelines for Northern Trust.

Aon reviewed the system's current securities lending guidelines and revenues against updated guidelines from Northern Trust that better reflect industry peers.

Consequently, the retirement system will move its cash collateral operations from a separately managed account to Northern Trust's Common Short-Term Investment Fund. The move is aligned with the system's custody sweep policy and will allow for increased lending of US securities due to the additional projected returns from the STIF. The portfolio will maintain its current level of credit quality.

A non-cash collateral option was also added to the program, which will take advantage of the increased demand for loans. Accepted forms of non-cash collateral include US Treasuries, US agencies, highly-rated general government debt, equities and exchange-traded funds. The non-cash collateral option will minimize portfolio risk by adding liquidity to the program.

The change was made to better align the cash collateral reinvestment policy with other guidelines the system has for uninvested cash. Additionally, the switch will optimize the system's lending opportunities by expanding its acceptable collateral.

Aon estimates the system will see a \$0.9mn uptick in revenue by moving to Northern Trust's Common Short-Term Investment Fund, and a \$0.7mn increase in returns annually by incorporating non-cash collateral options.

The system started its securities lending program in 2015.

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