

Omaha Public Power District

2019 Annual Performance Review

Retirement Plan

March 10, 2020

Jeffrey C. Boucek, CFA
Senior Vice President, Public Fund Market Leader

Presenter Today

Jeffrey C. Boucek, CFA
Senior Vice President, Public Fund Market Leader

400 Galleria Parkway, Suite 1470
Atlanta, GA 30339
T 770.541.4825
www.segalmarco.com

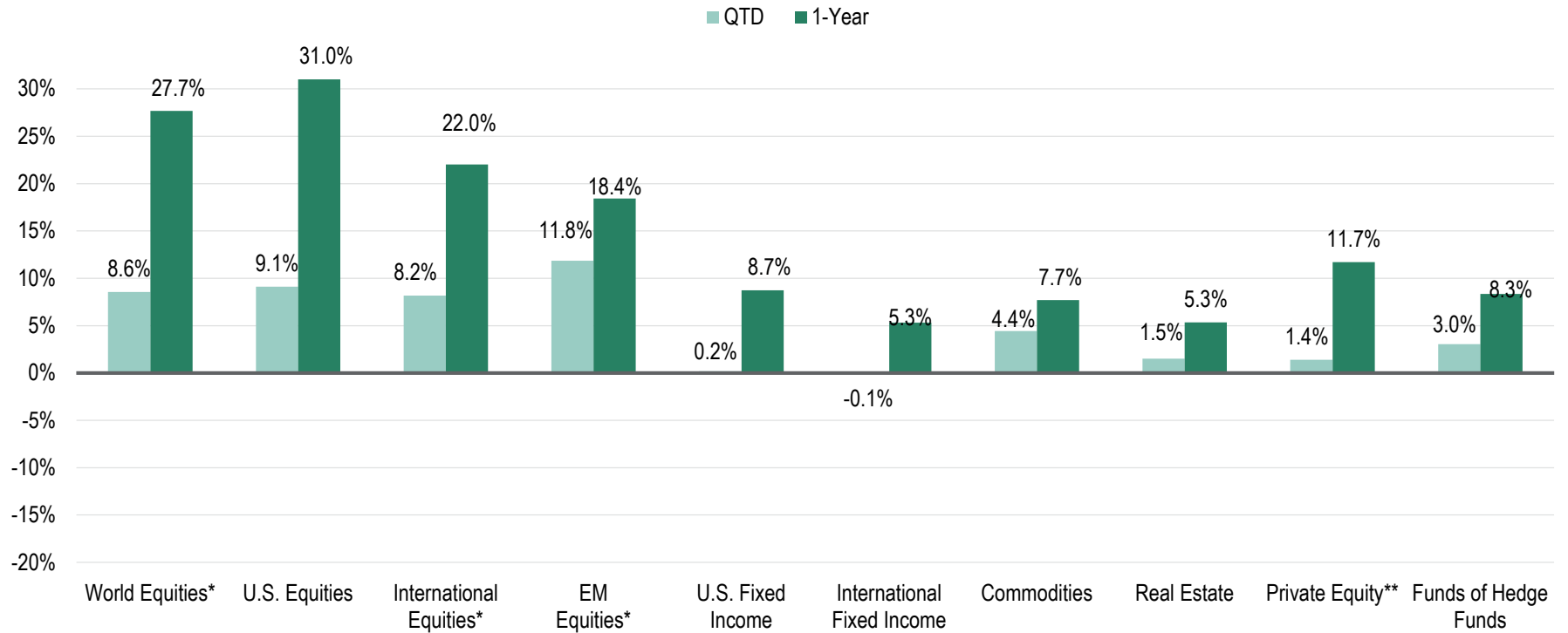
Agenda

- I. Market Environment
- II. Total Fund Results
 - Review of Retirement Fund Financial Objectives
- III. Individual Manager Results
 - Domestic Equity
 - International Equity
 - Domestic Fixed Income
 - Global Fixed Income/Emerging Market Debt
 - Private Real Estate
- IV. Total Fund Summary

I. Market Environment

2019 In Review

Summary of Investment Returns



* Net Dividends Reinvested

** Performance as of Q3 2019 because Q4 2019 performance data is not yet available.

Sources: Investment Metrics, Thomson One, FactSet

II. Total Fund Results

2019 Asset Change

ASSET GROWTH

(\$000's)

12/31/2018 - 12/31/2019

Beginning Market Value **\$920,515**

Net External Growth* **-\$35,936**

Return on Investment

Income Received **\$9,423**

Gain/Loss **\$161,896** **\$171,320**

Ending Market Value **\$1,055,899**

Review of Retirement Fund Financial Objective #1

The District's Retirement Fund Objective #1 is to exceed its benchmark index net of management fees.

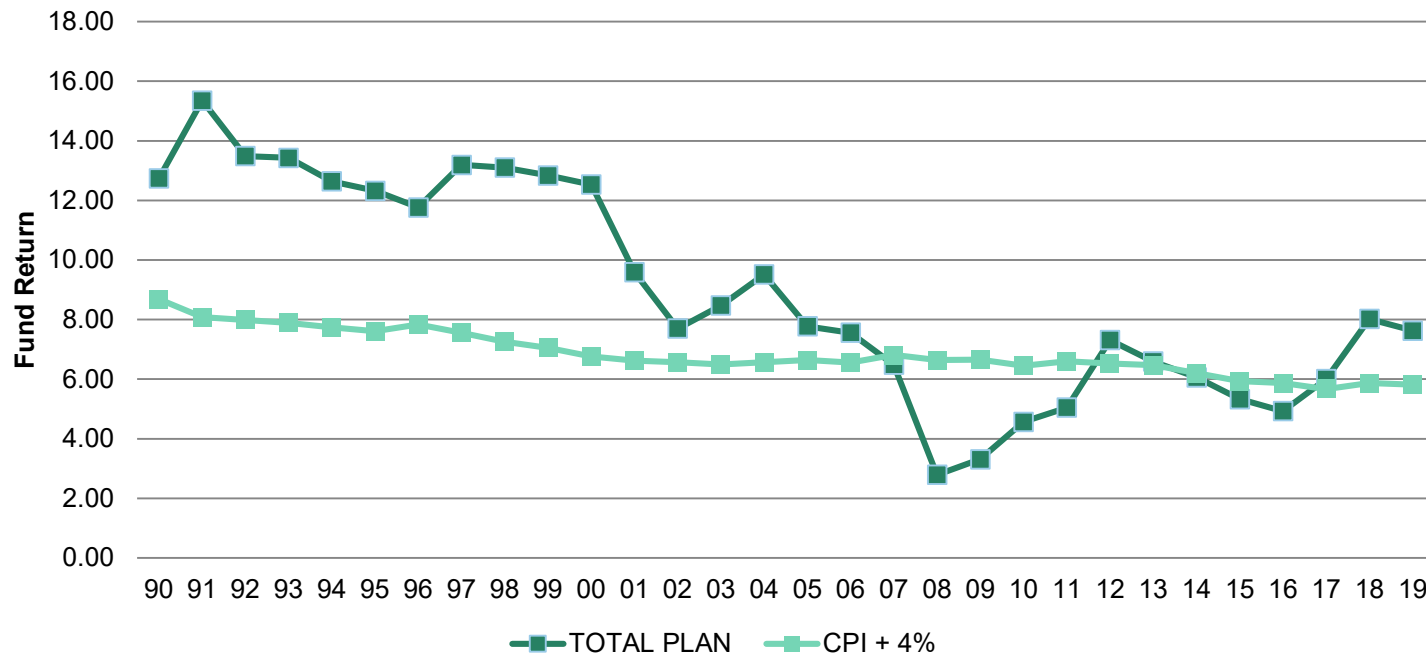
	1 Yr	2 Yrs	3 Yrs	5 Yrs	7 Yrs	10 Yrs	15 Yrs
TOTAL PLAN	18.58	5.20	8.70	6.52	6.89	7.63	6.20
Policy Index	17.60	5.59	8.70	6.34	6.63	7.37	5.95
Difference	0.98	-0.39	0.00	0.18	0.26	0.26	0.25

Note: Net of fee performance calculation started on 1/1/2017. Returns beyond 3 years are gross of fees.

Review of Retirement Fund Financial Objective #2

- *The District's Retirement Fund Objective #2 is to earn 4.0% above the rate of inflation.*
 - For the current 10 year period (2010-2019) the Retirement Fund has earned 7.6% which is **above** the Objective of 5.8%.
 - For the current 20 year period (2000-2019) the Retirement Fund has earned 5.5% which is **below** the Objective of 6.2%.

Rolling Ten Year Periods



III. Individual Manager Results

Domestic Equity as of 12/31/19

	Allocation		Performance (%)					
	Market Value (\$000)	%	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years
SSgA Russell 1000 Index SL	189,677	17.96	31.43	15.07	N/A	N/A	N/A	N/A
<i>Russell 1000 Index</i>			31.43	15.05	11.48	14.60	13.54	9.12
SSgA Russell 1000 Index SL Rank			32	31	N/A	N/A	N/A	N/A
Wellington	63,497	6.01	33.72	16.19	12.23	15.56	14.05	11.22
<i>S&P MidCap 400</i>			26.20	9.26	9.03	12.34	12.72	9.48
Wellington Rank			14	16	13	15	26	14
Voya Small Cap Growth	29,340	2.78	26.78	N/A	N/A	N/A	N/A	N/A
<i>Russell 2000 Growth Index</i>			28.48	12.49	9.34	13.08	13.01	8.81
Voya Small Cap Growth Rank			67	N/A	N/A	N/A	N/A	N/A
LSV Asset Management	27,219	2.58	20.59	N/A	N/A	N/A	N/A	N/A
<i>Russell 2000 Value Index</i>			22.39	4.77	6.99	10.13	10.56	6.92
LSV Asset Management Rank			62	N/A	N/A	N/A	N/A	N/A

- SSgA Russell 1000 Index Fund posted expected results with minimal tracking error.
- Wellington outperformed its benchmark and peer group median by a wide margin in 2019.
- Voya's relative value investment style was out of favor during a momentum driven market.
- LSV trailed its benchmark due to its deep value style of investing.
- Both Voya and LSV are expected to outperform the benchmark over longer time periods.

Note: Returns are gross of fees.

International Equity as of 12/31/19

	Allocation		Performance (%)					
	Market Value (\$000)	%	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years
AQR	89,559	8.48	19.85	6.91	5.22	5.85	5.67	N/A
MSCI EAFE (net)			22.01	9.56	5.67	6.35	5.50	4.84
AQR Rank			75	79	52	47	28	N/A
OFI	60,068	5.69	25.61	15.13	7.18	5.68	N/A	N/A
MSCI EM (net)			18.44	11.57	5.61	3.26	3.68	7.48
OFI Rank			25	17	30	33	N/A	N/A
Wells	64,870	6.14	29.92	15.09	8.84	5.55	N/A	N/A
MSCI EM (net)			18.44	11.57	5.61	3.26	3.68	7.48
Wells Rank			9	18	11	34	N/A	N/A
Lord Abbett International Small Cap	39,774	3.77	22.88	N/A	N/A	N/A	N/A	N/A
MSCI EAFE Small Cap (net)			24.96	10.92	8.85	9.42	8.74	6.97
Lord Abbett International Small Cap Rank			67	N/A	N/A	N/A	N/A	N/A

- AQR continued to lag its performance measures and have been placed on “Watch”. We will be monitoring their results in 2020 for signs of improvement.
- OFI and Wells both outperformed their relative benchmarks during 2019.
- Lord Abbett was downgraded to “Not Recommended” by SMA. As a result, they are being terminated by OPPD and a replacement search is in progress.

Note: Returns are gross of fees.

Domestic Fixed Income as of 12/31/19

	Allocation		Performance (%)					
	Market Value (\$000)	%	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years
SSGA Passive Bond Market Index	93,366	8.84	8.75	4.05	3.07	2.73	3.76	4.18
<i>Bimbg. Barc. U.S. Aggregate</i>			8.72	4.03	3.05	2.72	3.75	4.15
SSGA Passive Bond Market Index Rank			81	87	90	90	94	94
Reams	60,191	5.70	8.07	4.39	3.41	2.87	4.27	5.09
<i>FTSE U.S. Broad Investment-Grade Bond</i>			8.86	4.08	3.08	2.73	3.73	4.23
Reams Rank			95	52	54	67	51	12
JPMorgan	61,024	5.78	8.56	4.38	3.49	3.22	4.22	N/A
<i>FTSE U.S. Broad Investment-Grade Bond</i>			8.86	4.08	3.08	2.73	3.73	4.23
JPMorgan Rank			83	53	45	37	55	N/A
Neuberger Berman	35,534	3.37	14.66	6.13	5.79	5.61	N/A	N/A
<i>FTSE High Yield Market Index</i>			14.09	6.13	5.87	5.47	7.27	6.84
Neuberger Berman Rank			40	61	57	62	N/A	N/A
SSgA US TIPS	25,808	2.44	8.42	3.30	2.60	1.06	N/A	N/A
<i>Bimbg. Barc. U.S. TIPS</i>			8.43	3.32	2.62	1.08	3.36	3.79
SSgA US TIPS Rank			54	67	67	75	N/A	N/A

- Both passive SSgA fixed income strategies produced expected results with minimal tracking error.
- Although absolute results are strong, the core fixed income managers, J.P. Morgan and Reams, posted returns below their benchmarks for the year.
- Neuberger Berman led its performance measures in 2019 due to its higher quality focus.

Note: Returns are gross of fees.

Global Fixed Income/Emerging Market Debt as of 12/31/19

	Allocation		Performance (%)					
	Market Value (\$000)	%	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years
Colchester	79,268	7.51	8.02	5.29	2.84	1.64	N/A	N/A
<i>Bimbg. Barc. Global Aggregate</i>			6.84	4.27	2.31	1.35	2.48	3.17
Colchester Rank			75	51	68	75	N/A	N/A
Stone Harbor	52,480	4.97	15.20	5.61	5.90	3.24	N/A	N/A
<i>JPM EMBI Global (USD)</i>			14.42	6.06	5.88	3.96	6.57	7.08
Stone Harbor Rank			17	61	20	37	N/A	N/A

- Colchester outperformed their respective benchmark but lagged the peer group median during 2019.
- Stone Harbor rebounded in 2019, outperforming their benchmark and ranking in the top quartile of their peer group.

Note: Returns are gross of fees.

Private Real Estate as of 12/31/19

	Allocation		Performance (%)					
	Market Value (\$000)	%	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years
Harrison Street Core Property Fund	36,521	3.46	19.20	N/A	N/A	N/A	N/A	N/A
<i>NCREIF Fund Index-Open End Diversified Core (EW)</i>			6.08	7.37	9.27	10.27	11.48	7.56
PGIM Real Estate PRISA	36,495	3.46	6.17	N/A	N/A	N/A	N/A	N/A
<i>NCREIF Fund Index-Open End Diversified Core (EW)</i>			6.08	7.37	9.27	10.27	11.48	7.56

- Harrison Street had a very impressive year outperforming their benchmark by over 13%.
- As the market for core real estate cooled in 2019, PGIM Real Estate modestly outperformed their benchmark.

IV. Total Fund Summary

Total Fund Summary

- The Total Fund returned 18.6%, net of fees (19.0% gross of fees), for the year ended December 31, 2019.
 - Assets increased by approximately \$135 million.
 - Year-end market value was \$1,055.9 million.
- The Total Fund outperformed its Policy Index by 98 basis points in 2019 net of fees.
 - The majority of the Fund's investment managers outperformed their respective indices in 2019.
- 2020 has started off with a heightened level of volatility amid concerns over the coronavirus. Most feel this will be temporary, but continued monitoring is prudent.
- The Total Fund continues to perform well longer-term, outpacing the policy index over all periods with the exception of the 2-years ending 12/31/19.