



2024 Annual Performance Review

# Omaha Public Power District

## Retirement Plan

April 15, 2025

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# Presenting Today



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# | Agenda

## **Market Environment**

## **Total Fund Results**

- Review of Retirement Fund Financial Objectives

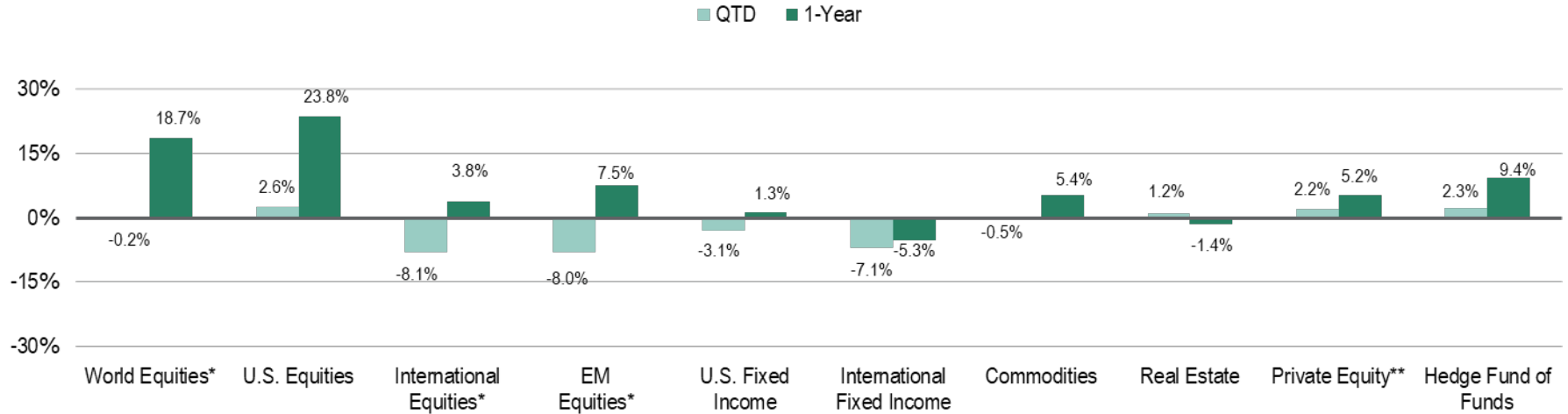
## **Individual Manager Results**

- Domestic Equity
- International Equity
- Domestic Fixed Income
- Emerging Market Debt
- Private Real Estate
- Private Credit

## **Total Fund Summary**

# 2024 Markets In Review

## Summary of Investment Returns



- U.S. Equity returns were driven by larger cap (+24.5%) names, fueled by strong earnings and optimism around Artificial Intelligence (“AI”). The “Magnificent 7” (Microsoft, Apple, NVIDIA, Amazon, Alphabet, Meta and Tesla) tacked on another impressive 60% average return in 2024. Moving down market capitalization, mid (+15.3%) and small cap (+11.5%) stocks performed well for the year, but could not keep pace with large cap. In terms of style, Growth outperformed value across the U.S. equity market cap spectrum for the year.
- U.S. exceptionalism and a strong U.S. Dollar impeded both International Developed (+3.8%) and Emerging Markets (+7.5%). The big story overseas was momentum stocks (stocks that have increased in price and expected to continue increasing in price) significantly outperforming quality stocks (companies with strong cash flows and sustainable earnings) on a factor basis to a tune of almost 15%, which made it challenging for many active managers to outpace the benchmark. Within the Emerging Markets, the growth style of investing outperformed value, but again, quality was overshadowed by the market favoring cheaper, underperforming stocks.
- 2024 was expected to be a banner year for bonds with markets anticipating multiple rate cuts from the Fed. While cuts did come in the second half of the year, stubborn inflation and stronger growth resulted in a somewhat disappointing year from a total return perspective. The U.S. Aggregate Index returned 1.3% for the year. However, while duration disappointed in 2024, credit markets fared better despite tight spreads, supported by low default rates and attractive base rates.
- Real estate returns were negative given struggles with slowing write-downs and continued low transaction volumes. The private credit market saw significant growth, driven by factors like high interest rates, a slowdown in private equity deal activity, and tightened lending from traditional banks.

\* Net Dividends Reinvested

\*\* Performance as of Q3 2023 because more recent performance data is not yet available.

Sources: Investment Metrics, Cambridge Associates, FactSet

# 2024 Retirement Fund Asset Change

## Asset Growth

(\$000'S)

December 31, 2023 – December 31, 2024

Beginning Market Value		\$1,204,430
Net External Growth*		-31,722
Return on Investment		
Income Received	\$5,104	
Gain/Loss	\$87,163	92,267
Ending Market Value		\$1,264,974

\*OPPD and employee contributions less benefit payments and Plan expenses.

# Review of Retirement Fund Financial Objective #1

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

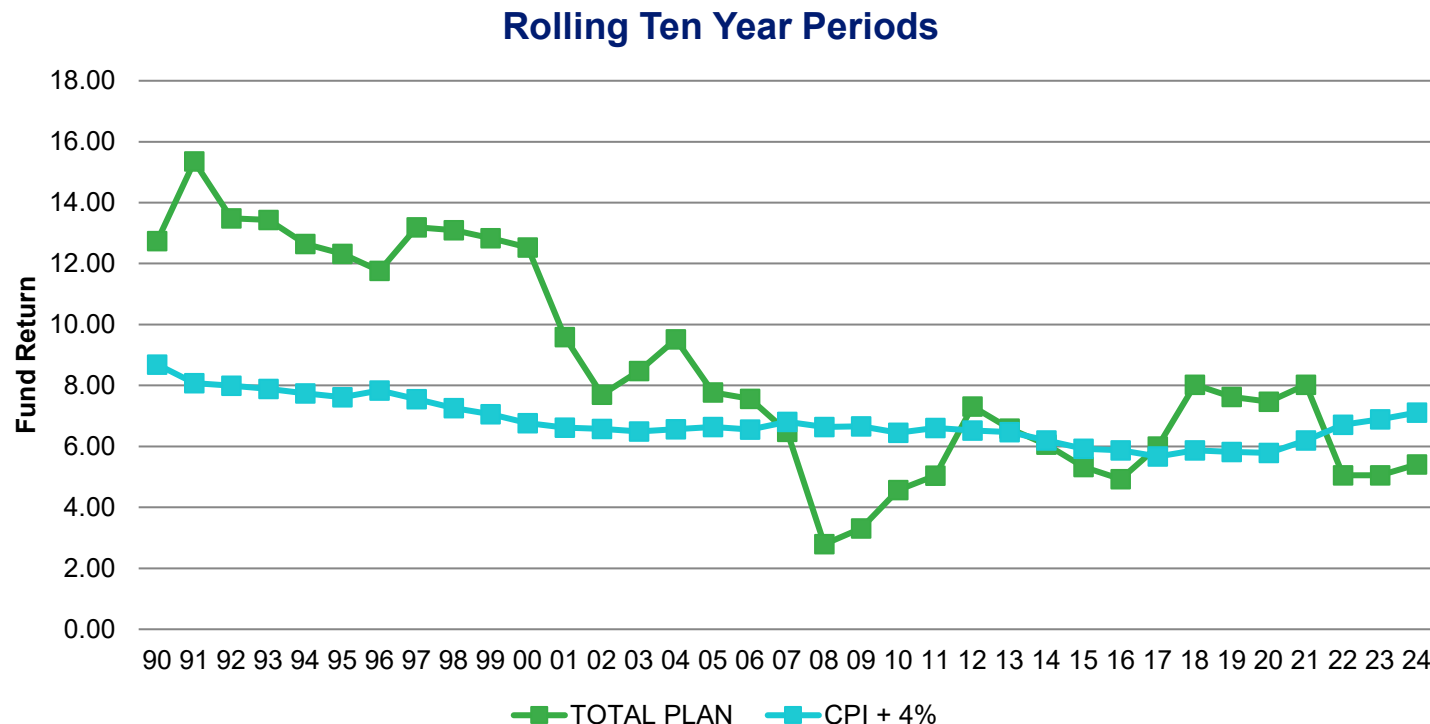
	1 Yr	2 Yrs	3 Yrs	5 Yrs	7 Yrs	10 Yrs	15 Yrs
TOTAL PLAN	7.2	9.3	0.7	4.1	4.3	5.4	6.5
Policy Index	7.8	9.6	0.9	4.8	5.0	5.6	6.5
Difference	-0.6	-0.3	-0.2	-0.7	-0.7	-0.2	0.0

Note: One Year gross of fee return is 7.6%. Net of fee performance calculation started on 1/1/2017. Returns beyond 7 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 (2015-2024) the Retirement Fund has earned 5.4%, which is below the Objective of 7.1%.
- For the current 20-year period (2005-2024) the Retirement Fund has earned 5.7%, which is below the Objective of 6.7%.



# Domestic Equity as of 12/31/24

	Allocation		Performance (%)					
	Market Value (\$000)	%	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years
SSgA Russell 1000 Index SL	253,152	20.0	24.5	8.4	14.3	13.6		
<i>Russell 1000 Index</i>			24.5	8.4	14.3	13.6	12.9	13.8
SSgA Russell 1000 Index SL Rank			46	52	54	54		
Wellington	80,345	6.4	6.3	-2.7	4.9	6.8	8.5	10.9
<i>S&amp;P MidCap 400</i>			13.9	4.9	10.3	9.1	9.7	11.9
Wellington Rank			99	100	100	99	91	96
Frontier Small Cap Growth	38,305	3.0	10.8					
<i>Russell 2000 Growth Index</i>			15.2	0.2	6.9	7.2	8.1	10.9
Frontier Small Cap Growth Rank			78					
LSV Asset Management	41,238	3.3	7.4	6.2	8.7	6.1		
<i>Russell 2000 Value Index</i>			8.1	1.9	7.3	6.1	7.1	9.5
LSV Asset Management Rank			66	26	53	69		

- SSgA Russell 1000 Index Fund posted expected results with minimal tracking error.
- Wellington underperformed both its benchmark and peer group median in 2024. A replacement search was completed with Kayne Anderson Rudnick being selected.
- Both Frontier and LSV lagged both their benchmarks and peer group medians during the year.
- U.S. Equity market leadership was very concentrated in 2024, making it difficult for many active managers to add value.

Note: Returns are gross of fees.



# International Equity as of 12/31/24

	Allocation		Performance (%)					
	Market Value (\$000)	%	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years
MFS International Equity Fund	109,816	8.7	4.4	2.1				
MSCI EAFE			3.8	1.6	4.7	4.1	5.2	5.2
MFS International Equity Fund Rank			61	39				
Invesco	54,483	4.3	-1.0	-5.9	-1.6	0.5	2.7	
MSCI EM			7.5	-1.9	1.7	1.4	3.6	3.0
Invesco Rank			96	87	98	93	95	
Allspring	66,789	5.3	4.7	-2.4	0.6	2.0	4.6	
MSCI EM			7.5	-1.9	1.7	1.4	3.6	3.0
Allspring Rank			77	67	87	69	59	
Global Alpha International Small Cap	41,661	3.3	-2.8	-5.2				
MSCI EAFE Small Cap (Net)			1.8	-3.2	2.3	2.0	5.5	6.6
Global Alpha International Small Cap Rank			89	75				

- MFS outperformed its benchmark index but ranked below median for 2024.
- Invesco and Allspring lagged both the benchmark and median manager during the year. A replacement search for both managers was completed with Acadian Asset Management being selected.
- Allspring underperformed both performance measurements during 2024.
- Within the both the International Small Cap and Emerging Markets Equities, managers with a qualify bias struggled as the market favored cheaper underperforming stocks.

# Domestic Fixed Income as of 12/31/24

	Allocation		Performance (%)					
	Market Value (\$000)	%	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years
SSGA Passive Bond Market Index	87,546	6.9	1.4	-2.4	-0.3	1.0	1.4	2.4
<i>Blmbg. U.S. Aggregate</i>			1.3	-2.4	-0.3	1.0	1.3	2.4
SSGA Passive Bond Market Index Rank			85	88	98	98	98	97
Reams	79,423	6.3	1.7	-2.1	1.7	2.6	2.5	3.4
<i>FTSE U.S. Broad Investment-Grade Bond</i>			1.3	-2.5	-0.3	1.0	1.4	2.4
Reams Rank			61	56	5	5	7	12
JPMorgan	76,449	6.0	2.1	-1.5	0.4	1.5	1.9	2.9
<i>FTSE U.S. Broad Investment-Grade Bond</i>			1.3	-2.5	-0.3	1.0	1.4	2.4
JPMorgan Rank			45	16	41	41	46	55
Mackay Shields	42,713	3.4						
<i>FTSE High Yield Market Index</i>			8.5	3.1	4.2	4.6	5.0	6.2
Mackay Shields Rank								
SSgA US TIPS	28,299	2.2	2.0	-2.3	1.9	2.3	2.2	
<i>Blmbg. U.S. TIPS</i>			1.8	-2.3	1.9	2.3	2.2	2.9
SSgA US TIPS Rank			60	87	79	84	95	
U.S. Bank-Checking Acct	17,025	1.3	5.1	3.9	2.8	3.0	2.8	2.2
<i>90 Day U.S. Treasury Bill</i>			5.3	3.9	2.5	2.4	1.8	1.2

- Core Fixed Income managers, Reams and J.P. Morgan, posted returns above their benchmark for all time periods.
- MacKay Shields was added in the spring of 2024.
- While fixed income market returns were modest for the year, the Plan's managers were able to add value through strong security selection within the credit markets.

Note: Returns are gross of fees.

# Emerging Market Debt as of 12/31/24

	Allocation		Performance (%)					
	Market Value (\$000)	%	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years
Stone Harbor	54,981	4.3	8.9	0.1	0.9	1.4	3.4	
JPM EMBI Global (USD)			5.7	-0.8	0.3	1.5	3.1	4.5
Stone Harbor Rank			10	48	38	56	24	

- Stone Harbor outpaced its benchmark index and ranked in the top decile of its peer group for 2024.
- This investment provided the strongest absolute performance from all of the Plan's fixed income managers for the year.

# Private Real Estate as of 12/31/24

	Allocation		Performance (%)					
	Market Value (\$000)	%	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years
Harrison Street Core Property Fund	45,347	3.6	0.7	2.1	4.4	5.5		
<i>NCREIF Fund Index-Open End Diversified Core (EW)</i>			-1.7	-2.4	3.1	4.2	6.1	8.6
PGIM Real Estate PRISA	41,109	3.2	-1.3	-1.9	3.4	4.5		
<i>NCREIF Fund Index-Open End Diversified Core (EW)</i>			-1.7	-2.4	3.1	4.2	6.1	8.6

- While Real Estate investing was challenging 2024, both managers led the benchmark for the year.
- Write downs across the institutional real estate market appear to be slowing and better performance is anticipated for 2025.

## Fund Information

**Strategy Type:** Private Debt  
**Preferred Return:** 7.0%

**Vintage Year:** 2021  
**Inception:** 10/01/2020

**Investment Strategy:** The Fund's investment objective is to invest in attractive risk-adjusted opportunities in the private debt capital of companies owned by private equity sponsors with a focus on senior secured first lien and unitranche loans. The Fund will seek a broad range of investment opportunities and to construct a highly diversified portfolio of over 100 loans to companies (predominantly in the U.S.) alongside over 40 private equity sponsors across industries and sizes. The loans are expected to range in size from \$25 million of EBITDA to over \$100 million of EBITDA. The General Partner expects that the majority of the Fund will be invested in directly originated transactions sourced as a result of occupying a differentiated place in the private equity ecosystem. The Fund may also invest selectively in second lien loans, PIK notes or in equity (alongside debt investments). The investment portfolio is targeted at providing the Fund with quarterly distributions of 7-10% per annum from contractual cash interest and targeted net IRRs of 8-11%

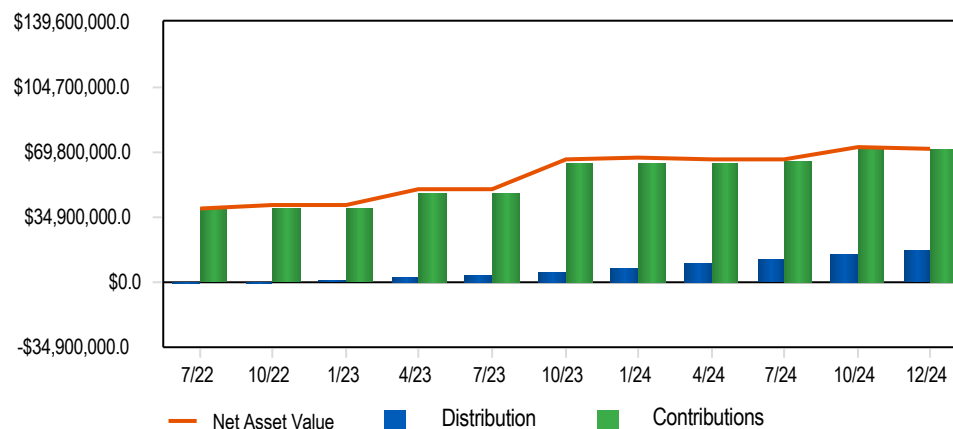
## Cash Flow Summary

**Capital Committed:** \$80,000,000  
**Total Contributions:** \$71,713,974  
**Remaining Capital Commitment:** \$9,517,826

**Total Distributions:** \$17,308,342  
**Market Value:** \$72,140,000

**Inception Date:** 07/21/2022  
**Inception IRR:** 13.7  
**TVPI:** 1.2  
**DPI:** 0.2

## Cash Flow Analysis



Due to the inconsistencies in reporting methodologies among managers, we do not report on Capital Invested, Management Fees, Expenses and Interest. However, the Market Value is net of all fees and expenses, and Total Contributions reflects interest paid.

## Fund Information

**Strategy Type:** Private Credit  
**Preferred Return:** 7%

**Vintage Year:** 2021  
**Inception:** 01/01/2021

**Investment Strategy:** Corbin Private Credit Manager Fund II (CPCMF) will focus on lower middle market, non-sponsored investment opportunities, predominantly in the U.S.(80%) with the balance in Europe and Asia. The strategy will target 8 to 10 private credit managers and a return objective of low double digits. The fund will employ a flexible mandate that will strive to actively create value across the credit capital market spectrum. The Fund expects to use a range of implementation methods depending on the market opportunities available, including sector-focused funds, regional-focused funds, traditional generalist funds, and co-investment structures.

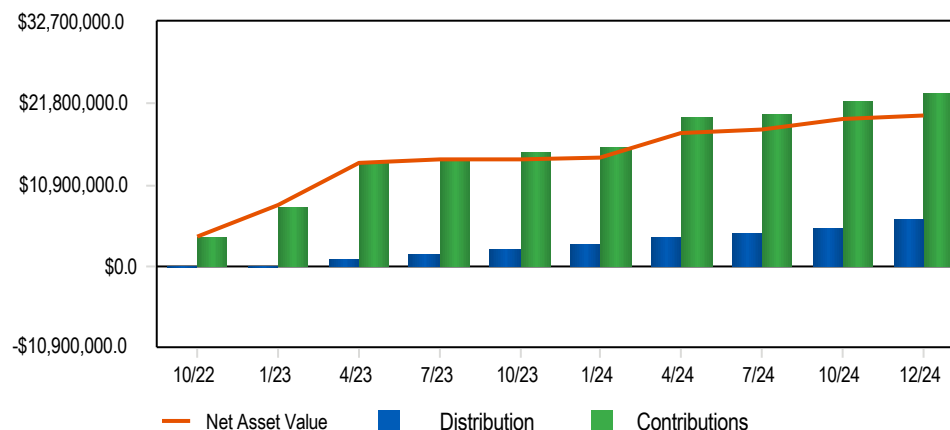
## Cash Flow Summary

**Capital Committed:** \$20,000,000  
**Total Contributions:** \$23,361,950  
**Remaining Capital Commitment:** \$3,000,000

**Total Distributions:** \$6,448,373  
**Market Value:** \$20,226,854

**Inception:** 10/03/2022  
**Incep. IRR:** 10.9  
**TVPI:** 1.1  
**DPI:** 0.3

## Cash Flow Analysis



Due to the inconsistencies in reporting methodologies among managers, we do not report on Capital Invested, Management Fees, Expenses and Interest. However, the Market Value is net of all fees and expenses, and Total Contributions reflects interest paid.

# Total Fund Summary

- The Total Fund returned 7.2%, net of fees, for the year ended December 31, 2024.
  - Assets increased by approximately \$60.5 million.
  - Year-end market value was \$1,264,974,459.
- The Total Fund lagged its Policy Index by 60 basis points in 2024 net of fees.
  - Managers providing strong results were Reams, JPMorgan, Stone Harbor, Neuberger Berman and Corbin in Private Credit.
- Replacement searches were completed within U.S. Mid Cap Equity and Emerging Markets Equity
- The Total Fund matched its policy index over the longer fifteen-year period.