



2022 Annual Performance Review

# Omaha Public Power District

## Retirement Plan

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# Presenting Today



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# Agenda

## **Market Environment**

## **Total Fund Results**

- Review of Retirement Fund Financial Objectives

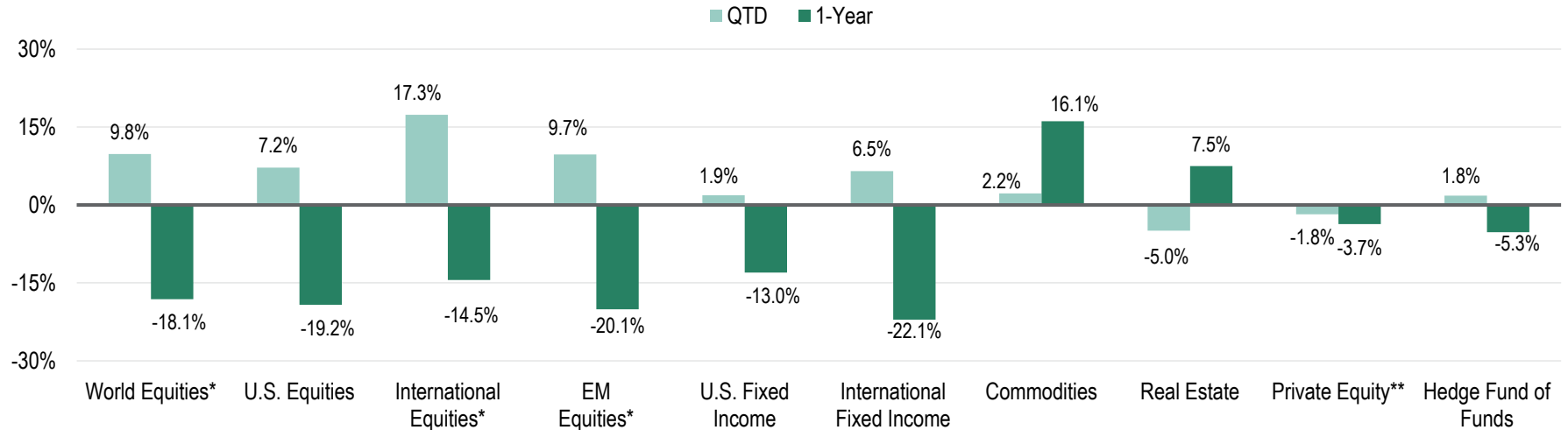
## **Individual Manager Results**

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

## **Total Fund Summary**

# 2022 In Review

## Summary of Investment Returns



- Despite rebounds in recent months, all capitalization sizes of US stocks were sharply negative for the year. Small capitalization was down the most and growth continued to underperform value.
- While both non-U.S. developed and emerging market stocks were negative, country specific performance varies, with commodity-driven economies like Brazil and other Latin American countries faring best and Asia, led by China, struggling.
- Fixed income sectors were negative year for the year. The last quarter of the year was positive for all fixed assets with the exception of long duration securities. TIPS, which had benefited on a relative basis from support in this inflationary environment, were also negative for the year despite strong recent performance.
- Despite struggling in the third quarter, commodities rebounded in the fourth quarter and were strong performers for the year with energy leading and industrial metals lagging.

\* Net Dividends Reinvested

\*\* Performance as of Q3 2022 because more recent performance data is not yet available.

Sources: Investment Metrics, Cambridge Associates, FactSet

# 2022 Asset Change

## Asset Growth

(\$000'S)

December 31, 2021 – December 31, 2022

Beginning Market Value		\$1,289,738
Net External Growth*		(40,627)
Return on Investment		
Income Received	\$6,718	
Gain/Loss	(\$191,867)	(185,149)
Ending Market Value		\$1,063,962

\*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.

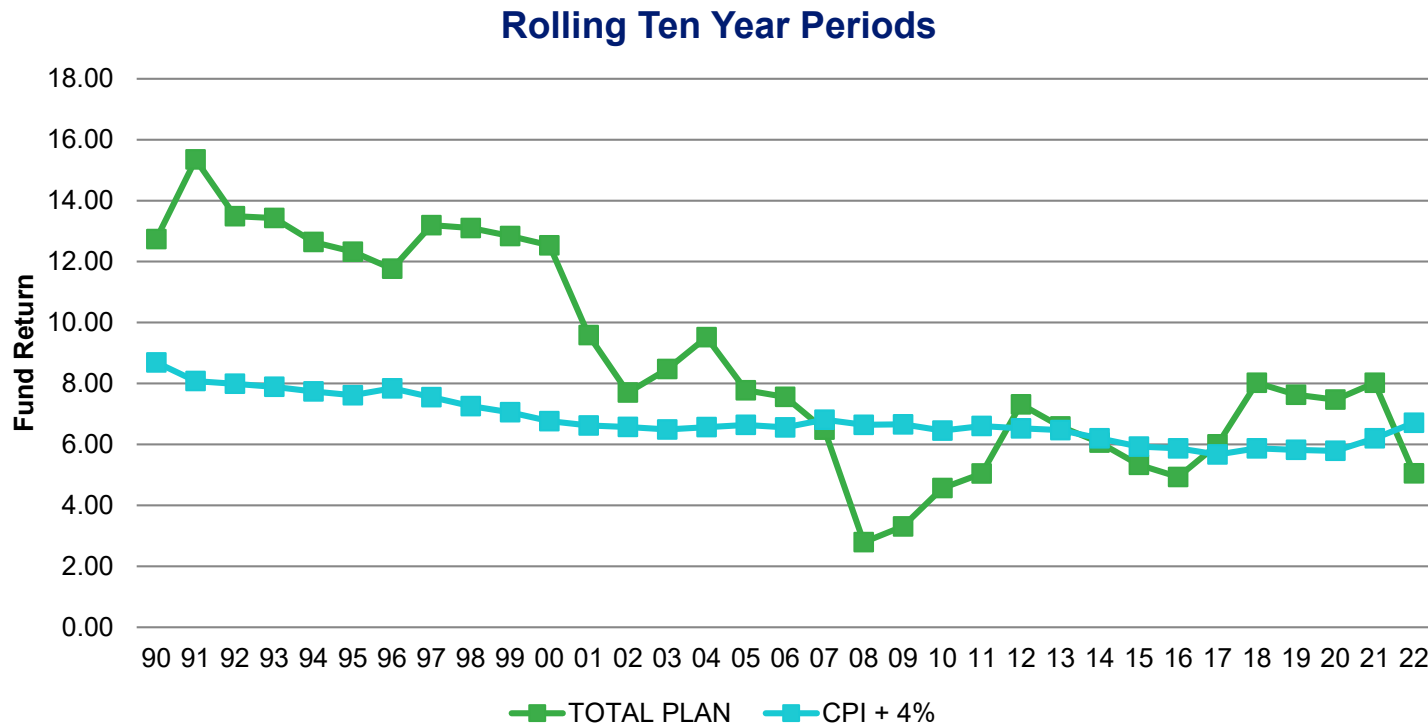
	<b>1 Yr</b>	<b>2 Yrs</b>	<b>3 Yrs</b>	<b>5 Yrs</b>	<b>7 Yrs</b>	<b>10 Yrs</b>	<b>15 Yrs</b>
TOTAL PLAN	-14.7	-4.9	0.7	2.4	5.2	5.0	4.9
Policy Index	-14.4	-3.5	1.6	3.2	5.4	5.1	4.7
Difference	-0.3	-1.4	-0.9	-0.8	-0.2	-0.1	0.2

Note: One Year gross of fee return is -14.4%. Net of fee performance calculation started on 1/1/2017. Returns beyond 5 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 (2013-2022) the Retirement Fund has earned 5.0%, which is below the Objective of 6.7%.
- For the current 20-year period (2003-2022) the Retirement Fund has earned 6.2%, which is below the Objective of 6.6%.



# Domestic Equity as of 12/31/22

	Allocation		Performance (%)					
	Market Value (\$000)	%	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years
SSgA Russell 1000 Index SL	202,920	19.1	-19.1	7.4	9.1			
<i>Russell 1000 Index</i>			-19.1	7.3	9.1	11.3	12.4	8.8
SSgA Russell 1000 Index SL Rank			71	60	62			
Wellington	67,150	6.3	-23.1	2.0	5.8	9.3	11.3	8.5
<i>S&amp;P MidCap 400</i>			-13.1	7.2	6.7	9.9	10.8	8.9
Wellington Rank			89	97	90	78	40	89
Frontier Small Cap Growth	28,019	2.6						
<i>Russell 2000 Growth Index</i>			-26.4	0.6	3.5	7.1	9.2	7.3
Frontier Small Cap Growth Rank								
LSV Asset Management	32,268	3.0	-6.3	5.8	3.4			
<i>Russell 2000 Value Index</i>			-14.5	4.7	4.1	8.2	8.5	6.8
LSV Asset Management Rank			22	74	75			

- SSgA Russell 1000 Index Fund posted expected results with minimal tracking error.
- Wellington underperformed both its benchmark and peer group median in 2022.
- Frontier replaced Voya during the year.
- LSV posted a strong return for the year versus both its benchmark index and peer group median.

Note: Returns are gross of fees.



# International Equity as of 12/31/22

	Allocation		Performance (%)					
	Market Value (\$000)	%	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years
MFS International Equity Fund	88,281	8.3	-14.3					
<i>MSCI EAFE</i>			-14.5	0.9	1.5	4.5	4.7	1.8
MFS International Equity Fund Rank			30					
Invesco	49,326	4.6	-24.5	-5.8	-1.4	4.6	2.1	
<i>MSCI EM</i>			-20.1	-2.7	-1.4	5.2	1.4	0.6
Invesco Rank			77	98	73	85	74	
Wells	58,500	5.5	-18.6	-3.4	0.1	6.6	2.8	
<i>MSCI EM</i>			-20.1	-2.7	-1.4	5.2	1.4	0.6
Wells Rank			44	82	46	35	53	
Global Alpha International Small Cap	40,624	3.8	-18.4					
<i>MSCI EAFE Small Cap (Net)</i>			-21.4	-0.9	0.0	4.4	6.2	3.8
Global Alpha International Small Cap Rank			36					

- MFS slightly outperformed its benchmark index and placed above median for 2022.
- Invesco underperformed its benchmark and median manager while Wells outperformed both performance matrices during 2022.
- Global Alpha outperformed both its benchmark and median manager during 2022.

# Domestic Fixed Income as of 12/31/22

	Allocation		Performance (%)					
	Market Value (\$000)	%	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years
SSGA Passive Bond Market Index	81,688	7.7	-13.2	-2.8	0.0	0.9	1.0	2.7
<i>Blmbg. U.S. Aggregate</i>			-13.0	-2.7	0.0	0.9	1.1	2.7
SSGA Passive Bond Market Index Rank			65	97	98	98	98	95
Reams	73,860	6.9	-12.7	0.3	2.1	2.4	2.1	4.1
<i>FTSE U.S. Broad Investment-Grade Bond</i>			-13.3	-2.8	0.0	0.9	1.0	2.7
Reams Rank			34	2	2	5	6	3
JPMorgan	70,654	6.6	-11.8	-2.0	0.6	1.4	1.6	
<i>FTSE U.S. Broad Investment-Grade Bond</i>			-13.3	-2.8	0.0	0.9	1.0	2.7
JPMorgan Rank			12	35	38	52	33	
Neuberger Berman	35,055	3.3	-11.3	-0.5	2.1	4.5	3.8	
<i>FTSE High Yield Market Index</i>			-11.0	-0.1	2.2	5.0	3.8	5.7
Neuberger Berman Rank			83	90	84	74	80	
SSgA US TIPS	26,708	2.5	-12.0	1.1	2.1	2.6	1.1	
<i>Blmbg. U.S. TIPS</i>			-11.8	1.2	2.1	2.6	1.1	3.1
SSgA US TIPS Rank			82	90	81	89	90	

- Both passive SSgA fixed income strategies produced expected results with minimal tracking error.
- Core Fixed Income manager, Reams, posted returns well above its benchmarks for time periods three-years and greater. The other Core Fixed Income manager, J.P. Morgan, outpaced its benchmark for all time periods.
- Neuberger Berman underperformed or matched versus its historical performance measures.

Note: Returns are gross of fees.

# Global Fixed Income/Emerging Market Debt as of 12/31/22

	Allocation		Performance (%)					
	Market Value (\$000)	%	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years
Stone Harbor	43,970	4.1	-19.7	-5.7	-2.5	1.7	0.5	
<i>JPM EMBI Global (USD)</i>			-16.5	-4.5	-1.0	2.0	1.3	4.3
Stone Harbor Rank			93	79	79	63	52	

- Stone Harbor lagged its benchmark index and ranked in the bottom half of its peer group for all time periods.
- Colchester was replaced by private credit managers Corbin and Neuberger Berman during 2022.

# Private Real Estate as of 12/31/22

	Allocation		Performance (%)					
	Market Value (\$000)	%	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years
Harrison Street Core Property Fund	47,525	4.5	11.7	9.2	8.8			
<i>NCREIF Fund Index-Open End Diversified Core (EW)</i>			8.4	10.6	9.2	9.0	10.4	6.3
PGIM Real Estate PRISA	47,313	4.4	6.6	10.1	9.0			
<i>NCREIF Fund Index-Open End Diversified Core (EW)</i>			8.4	10.6	9.2	9.0	10.4	6.3

- Both real estate managers provided strong absolute results for the Total Fund in 2022.

Note: Returns are gross of fees.

# Total Fund Summary

- The Total Fund returned -14.7%, net of fees, for the year ended December 31, 2022.
  - Assets decreased by approximately \$226 million.
  - Year-end market value was \$1,064.0 million.
- The Total Fund underperformed its Policy Index by 30 basis points in 2022 net of fees.
- The Total Fund continues to perform well longer-term, outpacing the policy index over the longer fifteen-year period.