



Moody/Thurber

RESOLUTION NO. 6693

WHEREAS, in August 2024, the District's investment consultant, Segal Marco Advisors, downgraded to 'Not Recommended' the Retirement Fund's emerging markets equity manager Allspring and the District's second emerging markets equity manager, Invesco, has failed to meet the retention criteria established by the District's Trust Selection Committee; and

WHEREAS, Segal Marco Advisors recommended replacing both emerging markets equity investment managers with one manager; and

WHEREAS, in January 2025, the Trust Selection Committee, assisted by Segal Marco Advisors, initiated a search for an emerging markets equity manager for the Retirement Plan using criteria set by the Board of Directors; and

WHEREAS, the Trust Selection Committee reviewed the five leading candidates in this asset class resulting in interviews with two investment managers; and

WHEREAS, Acadian Asset Management met all of the Statement of Investment Policy consideration criteria for an investment manager; and

WHEREAS, the Trust Selection Committee recommends the appointment of Acadian Asset Management as emerging markets equity manager for the OPPD Retirement Plan.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Omaha Public Power District as follows:

1. That Acadian Asset Management is hereby appointed as an investment manager for the OPPD Retirement Plan, subject to the execution of an acceptable contract.
2. That District officers are hereby authorized and directed to execute and attest all documents that are necessary and proper to complete the appointment of the new investment manager.

March 4, 2025

Omaha Public Power District Board of Directors
Omaha Public Power District
444 South 16th Street
Omaha, Nebraska 68102

Subject: Research Process for OPPD's Actively Managed Emerging Market Equity Manager Search.

Dear Board of Directors:

We have detailed a description of the research process utilized by Segal Marco Advisors in the recommendation of Acadian Asset Management as the replacement to INVESCO and Allspring Global Investments to manage the actively managed Emerging Market Equity allocation in the Retirement Plan.

The process used was as follows:

1. Our research specialists employed a highly formalized process – Manager Research and Ranking Process (MR²) – to evaluate and select managers that were the “best in class”. Our process, consisting of three primary steps:
 - Identify managers from referrals, database screens, and publications
 - Meet with current and prospective managers
 - Perform in-depth due diligence on firms and their products
2. We reviewed the investment process of various managers’ products as well as the organization of the firms to determine the long-term viability of their products and to detect the possibility of underperformance. MR² defines 34 success and risk factors within 7 categories.

Each manager was evaluated and scored based on these broad categories:



3. During each step, we applied a ranking system to measure and monitor a manager's history of adding value and the potential to add value in the future. We also looked at performance of prior funds over time to determine whether objectives of risk and return had been met relative to targets/peers. Critical to our process was our evaluation of the three fundamental steps of investment management.
 - Collecting, processing, and refining information
 - Constructing portfolios
 - Analyzing trading costs
4. Using MR², we focused on the qualitative and quantitative evaluation of managers. Critical components of our qualitative assessment were: the quality of the investment professionals, the potential of the philosophy to deliver value-added results, the integrity and rigor of the investment management process, long-term performance record, and the potential fit of the products being recommended for OPPD's Retirement Plan. We used quantitative tools to identify a manager's risk profile, value, and projected return expectations.
5. In the ranking process, we assessed the firms and products' long-term viability, to determine the sources of value-added and to detect factors that could result in consistent future out-performance or under-performance. Each manager was evaluated and scored based on these categories to ensure consistency across firms and products.

The following ratings were officially assigned to each manager:

- Recommended,
- Under Consideration,
- Not Recommended and
- Sell.

Segal Marco Advisors considers the manager rankings to be an evolving and dynamic process. Additionally, we are constantly evaluating new managers and reevaluating established ones with changes in rankings by our research staff made when appropriate.

6. Before selecting the candidates for each OPPD manager search, Segal Marco Advisors proposed the following criteria for the manager search. All candidates needed to exhibit the following characteristics:

Organization

- Firms that have been managing assets for at least five years.
- Firms with proven record of managing emerging market equity products.
- Firms with a relatively low level of personnel turnover.
- Firms with competitive fee structures.

Management Styles

- An investment process that derives the majority of its value-added from security selection and portfolio construction.
- An investment process that is predominately focused on emerging market equity investments.

Performance

- Style and return consistency with thesis.
- Favorable alpha generation.
- Relative lack of negative surprises.
- Favorable peer group comparison.

7. Based on the criteria, Segal Marco Advisors proposed three candidates for this mandate all of which were rated "Recommended". Segal Marco Advisors reviewed the candidates with the Trust Selection Committee on January 11th and the following firms were selected to provide in-person presentations on February 20th.

Emerging Market Equity Candidates

- Acadian Asset Management
 - RBC Global Asset management
8. Following the interviews, the Trust Selection Committee selected Acadian Asset Management as the replacement to INVESCO and Allspring Global Investments to manage the actively managed Emerging Market Equity allocation in the portfolio.
 9. Based on the research process, Segal Marco Advisors supports the decision of the Trust Selection Committee in their recommendation to hire Acadian Asset Management.

If you have any questions about the research process for the selection of this manager, please feel free to call me at 770-541-4825.

Sincerely,



Jeffrey C. Boucek, CFA

cc: John Thurber



Omaha Public Power District
BOARD OF DIRECTORS

Action Item

March 18, 2025

ITEM

Retirement Plan – Appointment of Investment Manager

PURPOSE

Approve the appointment of an Investment Manager for the OPPD Retirement Plan

FACTS

- a. In August 2024, the District’s investment consultant, Segal Marco Advisors (Segal), downgraded to ‘Not Recommended’ the Retirement Fund’s emerging markets equity manager Allspring Emerging Markets (Allspring). Additionally, the District’s second emerging markets equity manager, Invesco, has failed to meet the retention criteria of ranking in the top 40% of Segal’s universe of actively managed emerging markets equity managers and exceeding the MSCI Emerging Markets Index net of fees. Because of this underperformance, Segal recommended replacing both managers with one manager. Due to the ‘Not Recommended’ status of Allspring and the underperformance of Invesco, the Trust Selection Committee (TSC), assisted by Segal, initiated a search for an emerging markets equity manager to replace both Allspring and Invesco using criteria established by the Board.
- b. The TSC reviewed the five leading candidates and held interviews with Acadian Asset Management (Acadian) and RBC Global Asset Management.
- c. After the interviews, Acadian was selected for recommendation to the Board of Directors (Board). Acadian meets all the Policy consideration criteria for an investment manager, and their performance ranks competitively in the emerging markets equity universe.
- d. The TSC recommends that the Board appoint Acadian as an emerging markets equity manager for OPPD’s Retirement Plan.
- e. Attached is a letter from Segal outlining the manager search process and concurring with the TSC’s recommendation in the selection of Acadian as an OPPD Retirement Plan investment manager.

ACTION

Board’s consideration of a resolution appointing Acadian as an investment manager for OPPD’s Retirement Plan.

RECOMMENDED:

DocuSigned By:

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John W. Thurber

Interim Chief Financial Officer

APPROVED FOR BOARD CONSIDERATION:

DocuSigned By:

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L. Javier Fernandez

President and Chief Executive Officer

JWT: jap

Attachments: Segal Marco Advisors Letter
Resolution