



Omaha Public Power District

Asset/Liability Modeling Study

Summary & Recommended Investment Policy Changes

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Introduction

- The primary investment objectives of the Retirement Plan (“the Plan”) are as follows:
 - Provide an adequate pool of assets to support the benefit obligations to Plan participants, retirees and beneficiaries.
 - Improve the Plan’s funded status, therefore providing the opportunity to reduce employer contributions and ultimately to improve benefit levels (if desired).
 - Seek a prudent level of investment return and portfolio risk, consistent with the Plan’s projected cash flow needs and the Board’s risk tolerance and preferences.
- As part of a formal governance program, OPPD engages Segal Marco Advisors “Segal Marco” to conduct an in-depth Asset/Liability Modeling Study (“ALM Study”) every 4-5 years.
- This ALM Study seeks to provide the following:
 - A distribution of outcomes for key asset-liability variables, so that expected and possible worst-case case outcomes can be highlighted and quantified.
 - A summary of how those distributions may change if the asset allocation is altered.
 - Alternative asset allocations were chosen that either (a) improve median results, (b) mitigate worst-case results, or both.
- A Liquidity Study was completed alongside the ALM Study to provide input into how much the Plan could potentially invest in less liquid Private Market investments.
 - It was determined that the Plan had more than adequate room to invest in illiquid investments should this be desired.

Much Happened in 2026

- Segal Marco performed a detailed ALM Study this year.
- During this process, new asset classes were given consideration if they could provide the Plan with either a higher expected return, lower expected risk, or a combination of both.
- Infrastructure and Private Equity were asset classes identified by Segal Marco as investments that provided compelling attributes for OPPD's consideration.
- Various portfolio mixes were discussed with the Investment Committee and modeled in Segal Marco's risk/return calculator after our initial meeting on June 29, 2026.
- During the months of August and September, multiple meetings were held with Segal Marco and the Investment Committee to discuss each investment opportunity in detail and look at additional portfolio mixes.

	Baseline	More Private Mkts	More Public Equity	No PE; Same Sharpe	Same Vol More Rtn	Same Vol No PE Variation	Current Target	Add Only Infra	Add PE + Infra
Inflation Linked Bonds									
Core Fixed Income	28.0%	33.0%	23.0%	33.0%	26.0%	26.0%	28.0%	25.0%	25.0%
High Yield					0.0%				
Emerging Markets Debt (50% LC)	5.0%	5.0%	5.0%	5.0%	6.0%	4.0%	5.0%	5.0%	5.0%
US Equity	31.0%	25.0%	34.0%	25.0%	29.0%	29.0%	28.0%	28.0%	28.0%
Developed International Equity (U)	11.0%	8.0%	12.0%	8.0%	8.0%	11.0%	10.0%	12.5%	12.5%
International Small Cap	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	0.0%	0.0%
Emerging Markets Equity	6.0%	5.0%	7.0%	5.0%	5.0%	5.0%	10.0%	7.5%	7.5%
Private Equity	0.0%	4.0%	4.0%	0.0%	4.0%	0.0%	0.0%	0.0%	4.0%
Private Credit	7.5%	7.5%	6.0%	10.0%	7.5%	10.0%	7.5%	7.5%	7.5%
Core Real Estate (UL)	7.5%	5.5%	5.0%	6.0%	7.5%	7.0%	7.5%	7.5%	7.5%
Infrastructure	0.0%	3.0%	0.0%	4.0%	3.0%	4.0%	0.0%	7.0%	3.0%
Long-term Arithmetic Return	7.0%	7.0%	7.4%	6.8%	7.2%	7.1%	7.0%	7.1%	7.2%
Long-term Compound Return	6.5%	6.5%	6.8%	6.4%	6.7%	6.6%	6.5%	6.6%	6.7%
Portfolio Volatility	10.4%	9.9%	11.7%	9.5%	10.4%	10.3%	10.5%	10.3%	10.5%
Sharpe Ratio	0.366	0.379	0.360	0.379	0.382	0.377	0.368	0.379	0.383
Compound Return 10 Yr	6.4%	6.4%	6.7%	6.3%	6.6%	6.5%	6.5%	6.5%	6.7%

Portfolios for Consideration

	<i>Current</i>	<i>Recommend</i>	<i>Alternative</i>
Inflation Linked Bonds	0.0%	0.0%	0.0%
Core Fixed Income	28.0%	25.0%	25.0%
High Yield	0.0%	0.0%	0.0%
Emerging Markets Debt (50% LC)	5.0%	5.0%	5.0%
US Equity	28.0%	28.0%	28.0%
Developed International Equity (U)	10.0%	12.5%	12.5%
International Small Cap	4.0%	0.0%	0.0%
Emerging Markets Equity	10.0%	7.5%	7.5%
Private Equity	0.0%	4.0%	0.0%
Private Credit	7.5%	7.5%	7.5%
Core Real Estate (UL)	7.5%	7.5%	7.5%
Infrastructure	0.0%	3.0%	7.0%
Long-term Arithmetic Return	7.0%	7.2%	7.1%
Long-term Compound Return	6.5%	6.7%	6.6%
Portfolio Volatility	10.5%	10.5%	10.3%
<i>Sharpe Ratio</i>	0.368	0.383	0.379
Compound Return 10 Yr	6.5%	6.7%	6.5%

- In addition to the **“Current”** portfolio, two additional portfolio mixes were analyzed by Segal Marco that provide some risk/reward benefit when compared to Current.
- **“Recommend”** This mix adds 7% to the total private markets allocation and introduces two new asset classes (Private Equity & Infrastructure), while reducing Public Equity exposure by 4% and Fixed Income by 3%. The result is a portfolio that has the same expected volatility as Current but delivers a higher expected return.
- **“Alternative”** This mix adds 7% to the total private markets allocation (via the same sources as the prior mix) but only utilizes Infrastructure. The result again is positive relative to the Current portfolio.

Private Markets Overview

- Full public equity valuations and decreasing capital market assumptions have led investors to seek 'alternatives' to traditional long only asset classes to make their asset allocations more efficient.
- Private Markets are routinely utilized in institutional portfolios for their diversification and return enhancement benefits.
- These strategies cover a large spectrum of return and risk expectations based on investor needs:



*Currently utilized in the Plan

- Adding further diversification to the Plan's existing Private Market investments offers the expectation of higher returns without meaningfully impacting the current level of risk (as measured by standard deviation).

Infrastructure

- Infrastructure is an investment strategy whose assets are essential for the distribution of people, goods and resources across the global economies and the functioning of society and commerce.
- We are seeking a single Core Infrastructure Fund that invests primarily in stable/low volatility income driven private Infrastructure investments.
- The open-end structure of a Core Infrastructure Fund is similar to our existing Real Estate Investments, as they provide potential liquidity to OPPD on a quarterly basis.
- Core Infrastructure Funds typically holds 20+ underlying infrastructure investments and are well diversified by sector and geography.



Key target sectors

Utilities



Gas & Electric



Water



Telecom & Digital

Energy



Terminals



Pipelines



LNG

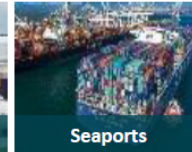
Transportation



Toll Roads



Airports



Seaports



Distinct characteristics:

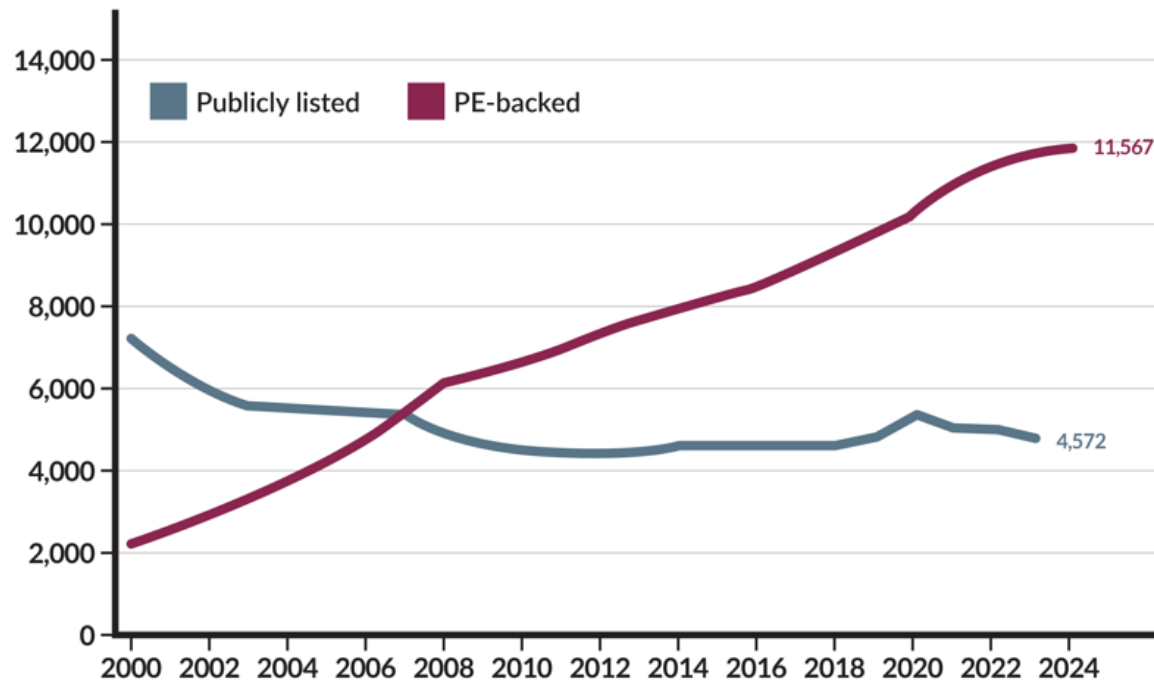
- | | | | |
|---|-------------------------------------|---|---|
| 01 Strong market positions/
High barriers to entry | 02 Long asset/
concession life | 03 Inflation protection | 04 Benefit from regional/
global economic growth |
| 05 Stable and predictable
revenues | 06 Stable regulatory
environment | 07 Targeting investment-
grade financing | |

The expected Net IRR for a Core Infrastructure Fund is 8-12%

Private Equity

- Private Equity is a multi-trillion dollar global industry that entails investing across of non-public companies through privately negotiated transactions and results in the private ownership of businesses.
- The industry has grown exponentially over the past 25 years:

PE-Backed Company Count (Excludes VC) vs Domestic Firms Publicly Listed on NYSE and NASDAQ



- Private Equity funding provides companies with capital to bankroll operations, grow their business, and meet cash flow needs.
- A few current examples of Private Equity backed companies include Walgreens, PetSmart, Skechers, and Staples.

Private Equity

- The historical return advantage of private equity over public equity can be attributed to the following factors:

Wider selection – much larger universe of private companies relative to public equities

Effective control – private equity managers generally have controlling interests in their companies- ability to hire and fire management, dictate strategic initiatives, and timing of the exit.

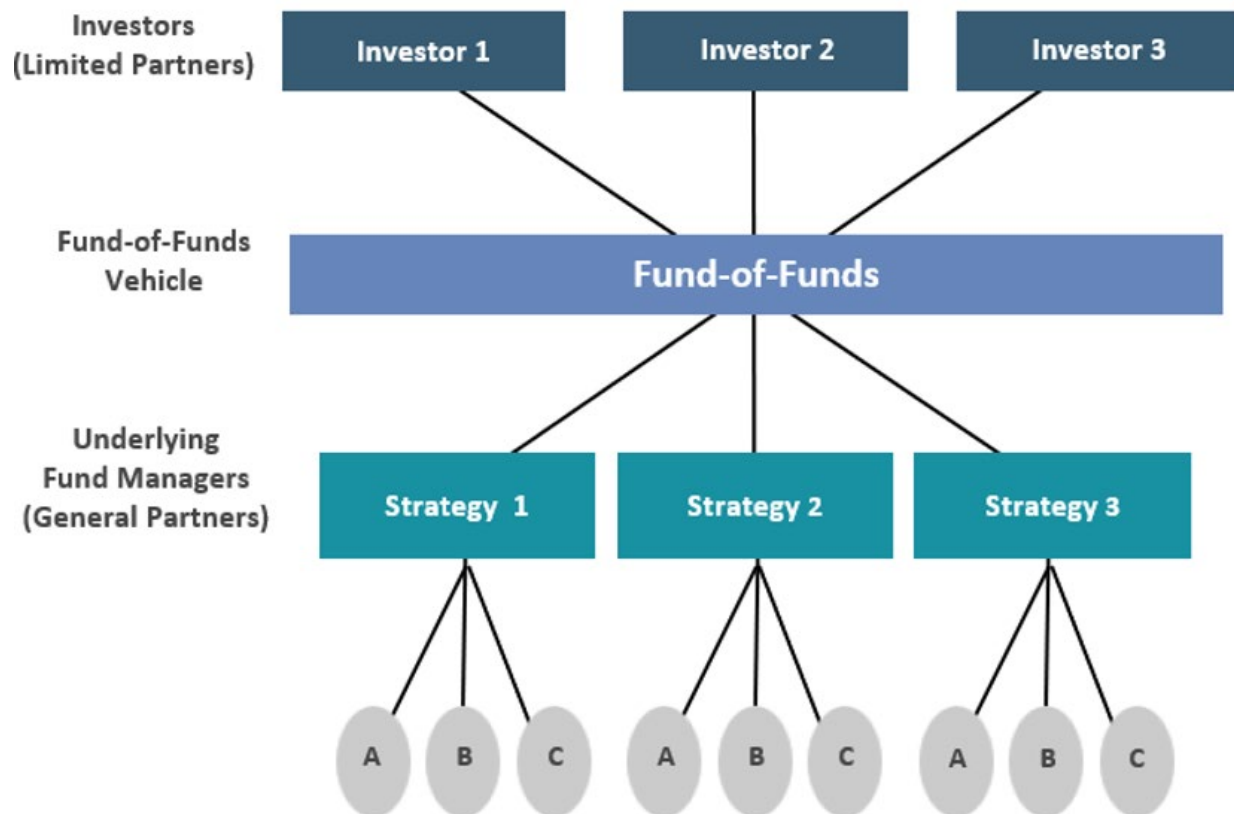
Alignment of interests – private equity managers invest alongside their investors, and have economic incentives to generate strong returns.

Longer-term focus – with hold periods of 3-7 years for underlying portfolio companies, private equity managers are able to focus on building long term business value without the pressure of short term earnings estimates and stock price movements.

- The illiquid nature of private equity funds aligns well with many institutional investors long-term objectives, including pension plans with multi-decade investment horizons and generally known funding requirements.
- A benefit to this lock-up vehicle structure is lower correlations to public markets and higher expected returns.
- However, it is important to remember that the Plan would need to look to other investment categories to meet near term cash flow needs.

Private Equity

- We believe the most prudent and risk-controlled approach for OPPD to gain initial exposure to Private Equity is through a Diversified Multi-Strategy Fund-of-Funds manager.



Benefits of Fund-of-Funds:

- Access to top-tier managers
- Dedicated research team
- Disciplined investment process and portfolio monitoring
- Diversification, overall risk reduction
- Reporting efficiency and administrative ease
- Negotiated manager fees through scale of Segal Marco

The expected Net IRR for a Diversified Multi-Strategy Private Equity Fund is 15-20%

Next Steps

- Finish up the review of the Plan Investment Policy Statement including passive and active management.
- Go to the Board in November with an updated Investment Policy Statement.
- Review potential Funds within the new asset classes and make selections in 2027.
- The Investment Committee wants to be very thoughtful and thorough in its evaluation of potential Private Equity managers.
- If the Investment Committee has any reservations making a Private Equity commitment in 2027, we will only proceed with a Core Infrastructure Fund.