Omaha Public Power District

Asset/Liability Modeling Study

Summary & Recommended Investment Policy Changes

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Segal Marco Advisors

Introduction

- As a reminder, OPPD engages the Retirement Plan Investment Advisor, 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.
- The latest ALM Study was completed in the 3rd Quarter 2026 and the results shared with the Board of Directors in October.

2026 ALM Study Results

	Current	Recommend	Alternative
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%**
Sharpe Ratio	*0.368*	*0.383*	*0.379*
Compound Return 10 Yr	**6.5%**	**6.7%**	**6.5%**

- After much analysis, two asset allocations surfaced that provide an attractive risk/reward benefit as compared to **"Current"**.
- **"Recommend"** adds 7% to the private markets allocation and introduces two new asset classes (Private Equity & Infrastructure), while reducing Public Equity by 4% and Fixed Income by 3%.
  - The Recommended asset mix maintains the current risk level but improves the long-term expected return the most (due to the inclusion of Private Equity).
  - It is also is the most efficient mix in terms of providing the highest Share Ratio (return per unit of risk).
- **"Alternative"** adds 7% to the private markets' allocation (via the same sources) but only adds Infrastructure.

Infrastructure Overview

- 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 Core Fund that holds a diversified mix of underlying stable/low volatility income driven private Infrastructure investments.

Key target sectors

Utilities


Gas & Electric


Water


Telecom & Digital

Energy

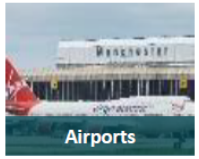

Terminals

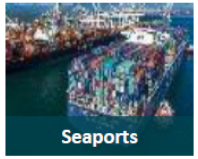

Pipelines


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

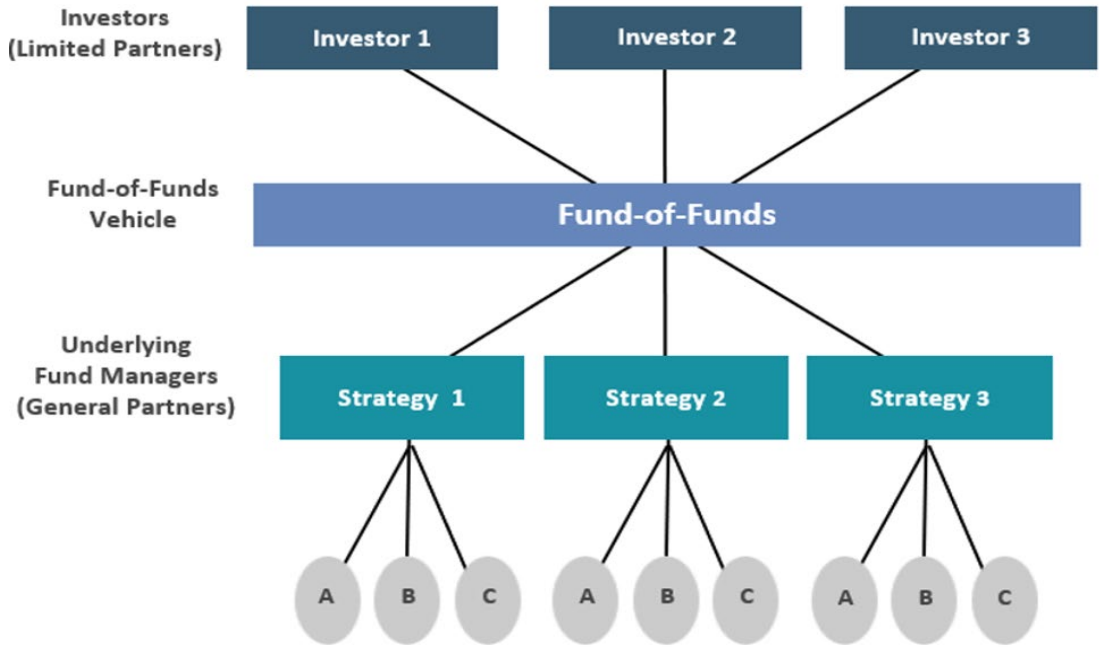
06 Stable regulatory environment

07 Targeting investment-grade financing

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

Private Equity Overview

- 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. A few current examples of Private Equity backed companies include Walgreens, PetSmart, Skechers, and Staples.
- 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 Approach:

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

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

Investment Policy Statement – Suggested Changes

ARTICLE IV

STATEMENT OF INVESTMENT POLICY

Section 1. Asset Allocation Targets and Ranges

It shall be the policy of the Plan to invest in each asset class ranging between a minimum and a maximum of total Trust assets as shown below.

Asset Class as a Percent of Total Assets

Asset Class	Minimum	Target	Maximum
US Large Cap Equity	14.0%	18.0%	22.0%
US Mid Cap Equity	3.5%	5.0%	6.5%
US Small Cap Equity	3.5%	5.0%	6.5%
Non-US Equity (Developed ~~Large~~)	~~8.0%~~10.0%	~~10.0%~~12.5%	~~12.0%~~15.0%
~~Non-US Equity (Developed Small)~~	~~2.5%~~	~~4.0%~~	~~5.5%~~
Emerging Markets Equity	~~8.0%~~5.0%	~~10.0%~~7.5%	~~12.0%~~10.0%
Domestic Fixed Income	~~18.0%~~15.0%	~~23.0%~~20.0%	~~28.0%~~25.0%
High Yield Fixed Income	2.0%	3.0%	4.0%
Treasury Inflation Protected Securities	0.0%	2.0%	3.0%
Emerging Market Fixed Income	3.5%	5.0%	6.5%
Private Credit	0.0%	7.5%	~~12.5%~~10.0%
Private Real Estate	5.0%	7.5%	10.0%
Infrastructure	0.0%	3.0%	10.0%
Private Equity	0.0%	4.0%	5.0%

The Committee with the approval of the Board of Directors will determine which asset classes will be actively versus passively managed. The asset classes may include both actively and passively managed funds.

Implementation Recommendations:

1) Reduce Overseas Equity Risk
   - Reduce Emerging Markets Equity by 2.5%
   - Increase Non-US Equity (Developed) 2.5%
2) Remove underperforming International Small Cap manager with proceeds funding Private Equity
3) Reduce Domestic Fixed Income by 3% with proceeds funding Infrastructure
4) Infrastructure maximum range is set higher to 10% in the event that Private Equity is not funded and assets shifted to Infrastructure
5) The Committee will review and may make adjustments on the usage of active and passive management across the Plan.

Conclusions

Why are we making this recommendation?

- Enhancing diversification via modest allocations to private market investments provides the Plan with the opportunity to generate excess return across a variety of market environments.
- The Investment Committee found the “Recommended” mix most appealing, as the allocation maintains the current risk level of the Plan, but improves the long-term expected return the most (due to the inclusion of Private Equity).
  - It is also was the most efficient mix in terms of providing the highest Share Ratio (return per unit of risk).
- In addition, Segal Marco Research believes it is an attractive time to invest in Private Equity.
  - Valuations are lower (buyers' market), providing new Private Equity funds an opportunity to deliver outsized returns.

Conclusions

Next Steps

- Following Board approval of the Investment Policy Statement, Segal Marco will profile and review several Infrastructure and Private Equity funds with the Investment Committee.
- If the Investment Committee has any reservations making a Private Equity commitment in 2027, the Committee will revert to the “Alternative” mix and send the Private Equity allocation to Infrastructure.
  - The “Alternative” mix is also an improvement over Current allocation
  - **The updated Investment Policy Statement provides flexibility to include or not include Private Equity**
- In addition, the Investment Committee will begin the process of terminating the International Small Cap Manager and may make adjustments on the usage of active and passive management in the public equity portfolio.
- The Investment Committee will come back to the Board with new managers for review and approval in the first half of 2027.