

OMAHA SCHOOL EMPLOYEES' RETIREMENT SYSTEM INVESTMENT POLICY STATEMENT

PURPOSE

Legislative Bill 447, signed into law by the governor on March 30, 2016, transitioned the duty and authority to invest the assets of the Omaha School Employees' Retirement System (OSERS) to the Nebraska Investment Council (Council) and the State Investment Officer (SIO) effective January 1, 2017. Ultimately, the investment objectives, asset allocation, investment strategy, and responsibilities for the assets of the OSERS defined benefit plan will be set forth in the Council's Investment Policy Statement (IPS) for Defined Benefit Plans. This document will serve as the IPS for the OSERS investment portfolio during the transition period.

STATUTORY REFERENCES

- Legislative Bill 447 (104th Legislature - 2nd Session)
- State Funds Investment Act Neb. Rev. Stat. §§72-1237 - 72-1260

INVESTMENT OBJECTIVES

The fundamental objective of the OSERS investment portfolio is to be able to pay the promised retirement benefits to the Omaha school employees covered by the Plan. Funds available for retirement benefits consist of external contributions and their investment returns. All assets must be used for the exclusive benefit of the plan members. The time horizon of the liabilities is long-term, and thus the asset allocation and implementation strategy for the investment of the assets on behalf of the Plan is long-term. The objective for the rate of return from the investment of the assets is to maximize the investment return on the assets within acceptable levels of risk.

The performance objective is to earn a net-of-fees rate of return in excess of the policy portfolio, over measurable periods of time. The policy portfolio, which is the passive representation of the Portfolio's asset allocation, provides a critical performance evaluation tool for the investment process.

ASSET ALLOCATION

In accordance with the investment objectives, the asset allocation adopted by the Nebraska Investment Council (the Council) is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Acceptable Range</u>	<u>Benchmark</u>
Total Equity	57.5%	54.5% - 60.5%	
U.S. Equity	24.0%	21.0% - 27.0%	DJ US Total Stock Market Index
Global Equity	22.0%	19.0% - 25.0%	MSCI All Country World IMI
Non-U.S. Equity	11.5%	8.5% - 14.5%	MSCI All Country World Index ex-U.S. IMI
Total Fixed Income	30.0%	27.0% - 33.0%	
Core Bonds	20.0%	17.0% - 23.0%	Bloomberg US Aggregate Bond Index
Return-Seeking	10.0%	7.0% - 13.0%	Blended benchmark*
Total Real Assets	7.5%		
Real Estate	5.5%		NFI-ODCE Index
Infrastructure	2.0%		TBD
Private Equity	5.0%		DJ US Total Stock Market Index + 3% net

* 25% Bloomberg US Credit Index, 25% ICE BofA ML HY Master II Index, 25% JP Morgan EMBI Global Diversified Index, 25% Credit Suisse Global Leveraged Loan Index (USD hedged)

The portfolio is being transitioned towards these targets. Any asset transitions required to align the portfolio with these targets is being carried out thoughtfully and prudently, with an emphasis on minimizing transactions costs. As such, it will take some time to fully align the portfolio with these target allocations.

RESPONSIBILITIES FOR THE OSERS DEFINED BENEFIT PLAN

The Council:

- Approves the IPS for the Portfolio. The IPS includes the investment objectives, asset allocation, investment strategy, investment managers utilized, and manager benchmarks.
- Approves exceptions to the IPS as requested by the SIO.
- Approves investment managers upon recommendation by the SIO.

The State Investment Officer:

- Makes recommendations to the Council regarding components of the IPS, such as asset allocation and manager benchmarks.
- Implements the Council-approved IPS for the Portfolio.
- Rebalances the investments when necessary halfway back to target allocation and looks for efficient and opportunistic ways to get back to target.
- Has discretion to implement newly adopted asset allocations in a cost-efficient and effective way.
- Evaluates and reports investment performance and other investment-related issues of the Portfolio.
- Maintains a current written IPS approved by the Council.
- Establishes written procedures for internal implementation of the IPS as needed.
- Obtains Council-approved IPS exceptions as needed.

ADMINISTRATIVE AND GOVERNANCE POLICIES

Council Administrative and Governance Policies are contained in two additional documents.

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Revised February 8, 2018

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Revised August 28, 2025