

## **Investment of Funds**

1. Overview - The primary investment objective of the Omaha School Employees' Retirement System (OSERS) is to earn a rate of return over time that will meet or exceed its actuarial interest rate assumption, which is currently 8.0%.
2. Diversification - OSERS invests in a diversified group of asset classes (listed in appendix A). Market characteristics were measured and correlated covering 70 years of capital market history and, based on this, investment allocations were determined to achieve the desired expected total returns at the lowest level of aggregate risk.
3. Equity Investments - The fund's equity investments include large through small capitalization U.S. stocks, and international stocks in major industrialized countries and emerging markets.
4. Alternative Investments – The funds alternative investments include U.S. non-publicly traded stocks, publicly traded master limited partnerships, and other non-traditional investments.
5. Fixed Income Investments - The fund's fixed income investments include U.S. Government bills, bonds and notes, U.S. Agency bonds, and U.S. corporate bonds (both core and high yield).
6. Real Estate Investments - The fund's real estate investments include diversified core as well as opportunistic properties and timber fund investments,
7. Investment Managers - The fund retains specialized investment managers (current managers are listed in Appendix B) for each asset class. The Board of Trustees hires these managers pursuant to a systematic screening and interview process. The Board of Trustees contracts with consultants specializing in institutional investment manager searches when a manager search is required. When a new or replacement fund manager is sought, the consultant and the Board of Trustees discuss the specific investment niche to be filled. Then the consultant creates screening criteria in keeping with the Retirement System's needs and screens the universe of institutional investment management firms to locate a "long list" of qualified, superior firms. The consultant reviews the "long list" with the Board of Trustees and approximately 3 firms are selected to make personal presentations before the Board of Trustees. The Board of Trustees, with consultant help, makes final selection(s) from these presentations and forwards their recommendation(s) to the Board of Education for final approval. After being hired, each manager's performance is evaluated on an ongoing basis by the Board of Trustees with the help of an independent consultant.

## **A. OSERS' APPROVED ASSET ALLOCATION STRUCTURE**

### **EQUITIES**

Domestic Large and Mid Capitalization	7.0%
Domestic Small Capitalization	6.0%
International Markets	<u>13.0%</u>
<b>TOTAL EQUITIES</b>	<b>26.0%</b>

### **ALTERNATIVE INVESTMENTS**

Alternative Investments	<u>24.0%</u>
<b>TOTAL ALTERNATIVE INVESTMENTS</b>	<b>24.0%</b>

### **FIXED INCOME**

U.S. Fixed Income	11.0%
U.S. High Yield Fixed Income	<u>27.0%</u>
<b>TOTAL FIXED INCOME</b>	<b>42.0%</b>

### **REAL ESTATE**

Diversified Core Real Estate	5.5%
Enhanced Real Estate	3.5%
Timber Investments	<u>3.0%</u>
<b>TOTAL REAL ESTATE</b>	<b>12.0%</b>

<b>TOTAL OSERS' INVESTMENT FUND</b>	<b>100.0%</b>
-------------------------------------	---------------

## B. OSERS' FUND MANAGERS

<u>Firm</u>	<u>Specialty</u>
Atlantic Asset Management Partners	Domestic Fixed Income
Fidelity Real Estate Growth Fund II	Real Estate – Non-Core
FCP Mezzanine Credit Fund II	Middle Market Mezzanine Credit
Fountain Capital Management	Domestic High Yield Fixed Income
Fremont Realty Capital	Real Estate – Non-Core
Guggenheim Investment Management	Domestic High Yield Fixed Income
J.P. Morgan Investment Management	Real Estate – Core & Non-Core
J.P. Morgan Investment Management	Global Maritime Investments
K/B Opportunity Fund IV	Real Estate – Non-Core
Koll Bren Fund V	Real Estate – Non-Core
Mariner Real Estate Partners, III	Real Estate Distressed Credit
NewSouth Capital Management	Domestic Small & Mid-Cap Value Stocks
Odin Fund I	Private Equity Venture Capital
Palmer Square Capital Management	Emerging Manager Fund
RMK Timberland Group	Timber Fund
Rothschild Realty, Inc.	Real Estate – Non-Core
SPC Capital Management	Private Equity Venture Capital
SRA Asset Management	Asset Backed Fixed Income
Stonetree Capital Fund IV	Private Equity Venture Capital
Tortoise Capital Advisors	Energy Infrastructure
TCP Fund Management	Energy Infrastructure
UBS Realty Investors	Real Estate – Core
Vaquero Global Partners	Emerging Market Credit
Wall Street Associates	Domestic Small & Mid Cap Growth Stocks
Walter Scott & Partners	Global Stocks