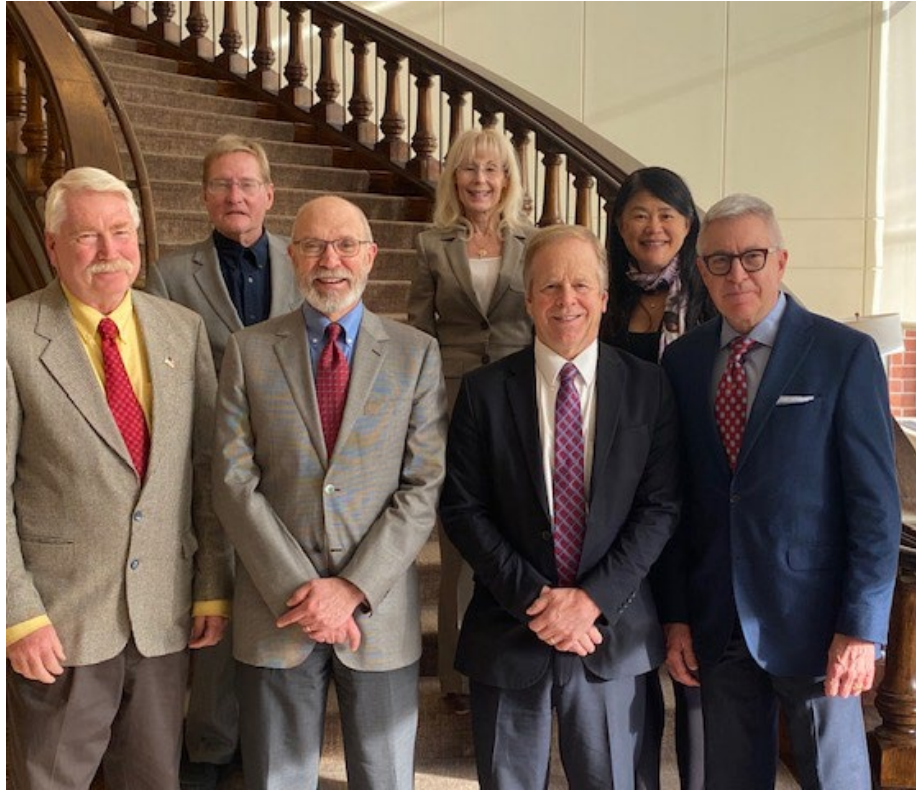




2023 Annual Report

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Email: nic.info@nebraska.gov

NEBRASKA INVESTMENT COUNCIL



Back Row (left to right): Keith Olson, Gail Werner-Robertson, Ellen Hung
Front Row (left to right): John Dinkel, Richard DeFusco, Tom Briese (State Treasurer), Thomas Henning
Not Pictured: John Murante (NPERS Director), Shane Rhian (OSERS Administrator)

Council Chairwoman

Gail Werner-Robertson

President
GWR Wealth Management, LLC
Omaha, NE
Term 2019-2023

Council

Richard A. DeFusco, Ph.D., CFA

University of Nebraska-Lincoln
Lincoln, NE
Term 2022-2026

Keith A. Olson, Ph.D., CFA

Creighton University
Omaha, NE
Term 2021-2025

Tom Briese

Nebraska State Treasurer
Lincoln, NE
Ex Officio (non-voting)

John M. Dinkel

Dinkel Implement Co.
Norfolk, NE
Term 2020-2024

Thomas Henning, CFA

Assurity Group Inc
Lincoln, NE
Term 2023-2027

John Murante

NPERS Director
Lincoln, NE
Ex Officio (non-voting)

Shane Rhian

OSERS Administrator
Omaha, NE
Ex-Officio (non-voting)

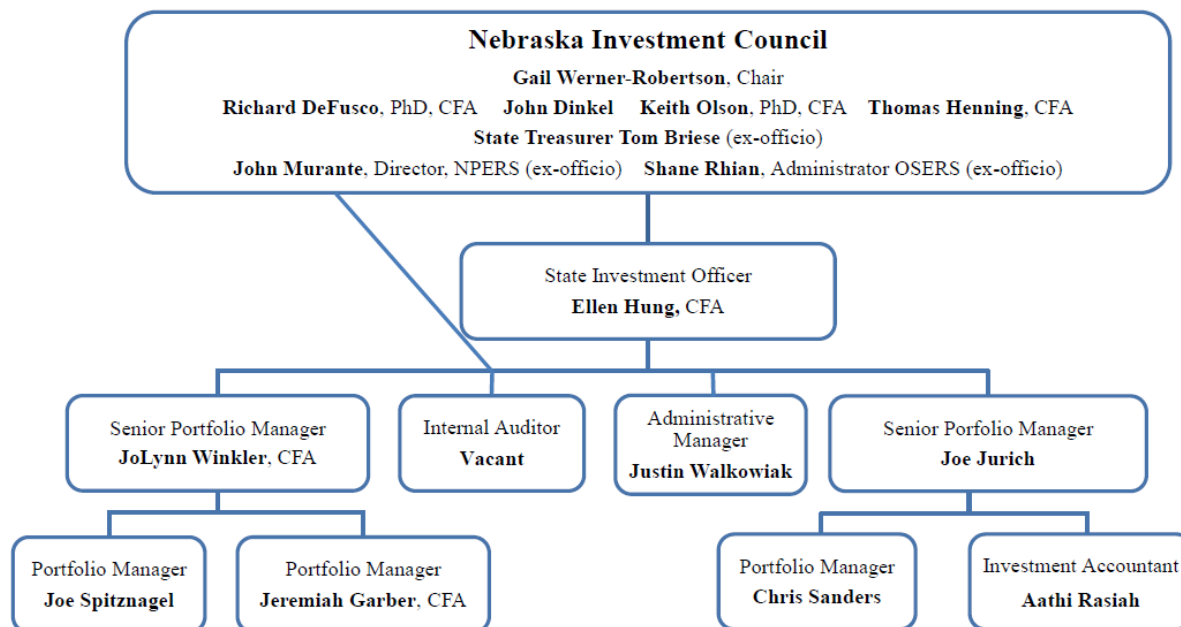
State Investment Officer

Ellen Hung, CFA

State Investment Officer
Lincoln, NE

Organizational Chart

It is the mission of the Nebraska Investment Council to prudently manage the funds entrusted to us by the people of the State of Nebraska. We deliver investment management services to provide direct financial benefit exclusively to the owners of these funds. We are committed to thorough, sound, and informed analysis in order to achieve superior returns while maintaining prudent levels of risk.



Transaction Summary

	Beginning Balance	Net Contributions	Investment Results	Closing Balance
	(millions of dollars)			
Defined Benefit Plans	\$ 14,889	\$ -328	\$ 2,157	\$ 16,718
Omaha School Employees' Retirement	1,412	-27	185	1,570
State & County Retirement Plans/Deferred Compensation Plan	3,756	-124	550	4,182
Operating Investment Pool	8,506	976	446	9,928
General Endowment Funds	1,064	-12	101	1,153
Health Care Endowment Fund	480	-13	72	539
NE Educational Savings Plan Trust	5,936	-201	909	6,644
Nebraska ENABLE Savings Plan	29	6	3	38
Miscellaneous Trusts	70	-2	4	72
2023 Totals	\$ 36,142	\$ 275	\$ 4,427	\$ 40,844
2022 Totals	\$ 39,658	\$ 1,013	\$ -4,530	\$ 36,142
2021 Totals	33,985	1,445	4,228	39,658
2020 Totals	29,990	650	3,345	33,985
2019 Totals	25,695	75	4,220	29,990
2018 Totals	27,009 ¹	- 511	- 803	25,695
2017 Totals	24,279	- 459	3,189	27,009
2016 Totals	21,922	- 372	1,538	23,088
2015 Totals	21,962	- 227	187	21,922
2014 Totals	20,595	159	1,208	21,962

1. University Funds were removed in July 2018.

NEBRASKA INVESTMENT COUNCIL

ANNUAL REPORT

I am pleased to present the Annual Report for the Nebraska Investment Council for the year ending December 31, 2023. The Nebraska Investment Council oversees \$40.8 billion across 33 investment programs. The funds are spread among over 60 investment firms and over 150 investments.

Defined Benefit Plans	4 plans	\$16.7 billion
OSERS		1.6 billion
Other Retirement Plans	7 plans	4.2 billion
Operating Investment Pool		9.9 billion
Public Endowments	12 programs	1.7 billion
NE Educ. Savings Plan	4 plans	6.6 billion
Enable Savings Plan		38.0 million
State Trusts	3	72.0 million

The Nebraska Investment Council (the Council) was established in 1969 as a centralized state investment agency. Governing laws include Neb, Rev. Stat. §§ 72-1237 through 72-1260, the State Funds Investment Act, and Neb. Rev. Stat. §§ 72-1261 through 72-1269, the Capital Expansion Act.

The Council is governed by an eight-member board of directors. The chair and four other private citizens are appointed by the Governor and confirmed by the State Legislature. There are three ex-officio members: the State Treasurer, the Director of the Nebraska Public Employees Retirement Systems, and the Administrator of the Omaha School Employees' Retirement System. The Council board appoints a State Investment Officer, subject to approval of the Governor and the State Legislature. The Investment Officer and eight other investment professionals make up the Council staff.

The Council board and staff are grateful for the support we receive from the Governor and other statewide elected officials. We appreciate the interest and encouragement of state legislators, particularly the Nebraska Retirement Systems Committee, Appropriations Committee, Banking, Commerce and Insurance Committee, and their staff. We value our close working relationship with other state agencies, the Nebraska Public Employees Retirement Systems and Omaha School Employees' Retirement System staffs and boards.

Our mission statement reflects our shared goals:

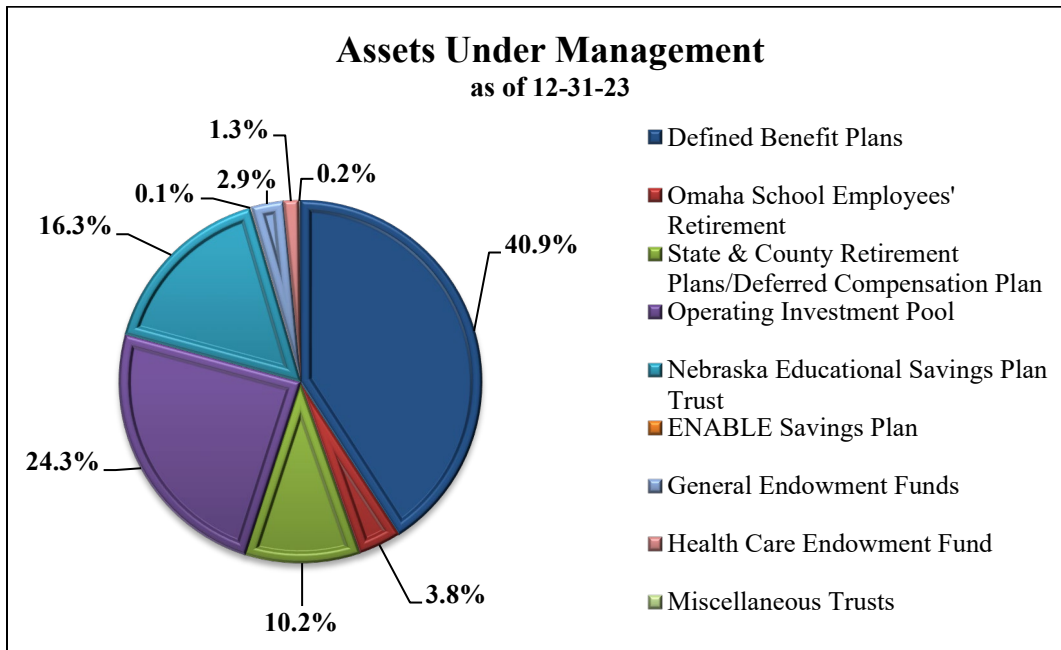
It is the mission of the Nebraska Investment Council to prudently manage the funds entrusted to us by the people of the State of Nebraska. We deliver investment management services to provide direct financial benefit exclusively to the owners of these funds. We are committed to thorough, sound, and informed analysis in order to achieve superior returns while maintaining prudent levels of risk.

This Annual Report is designed to give Nebraska citizens a summary as outlined in Neb. Rev. Stat. §72-1243 of Council activity, and an overview of portfolio structure and performance for the assets entrusted to the Council. This report and a wealth of other information about the Nebraska investment program—including specific manager detail in quarterly performance reports—can be found on the Nebraska Investment Council website at <http://www.nic.nebraska.gov>. Please contact me with any questions you have at 402-471-2001 or ellen.hung@nebraska.gov.

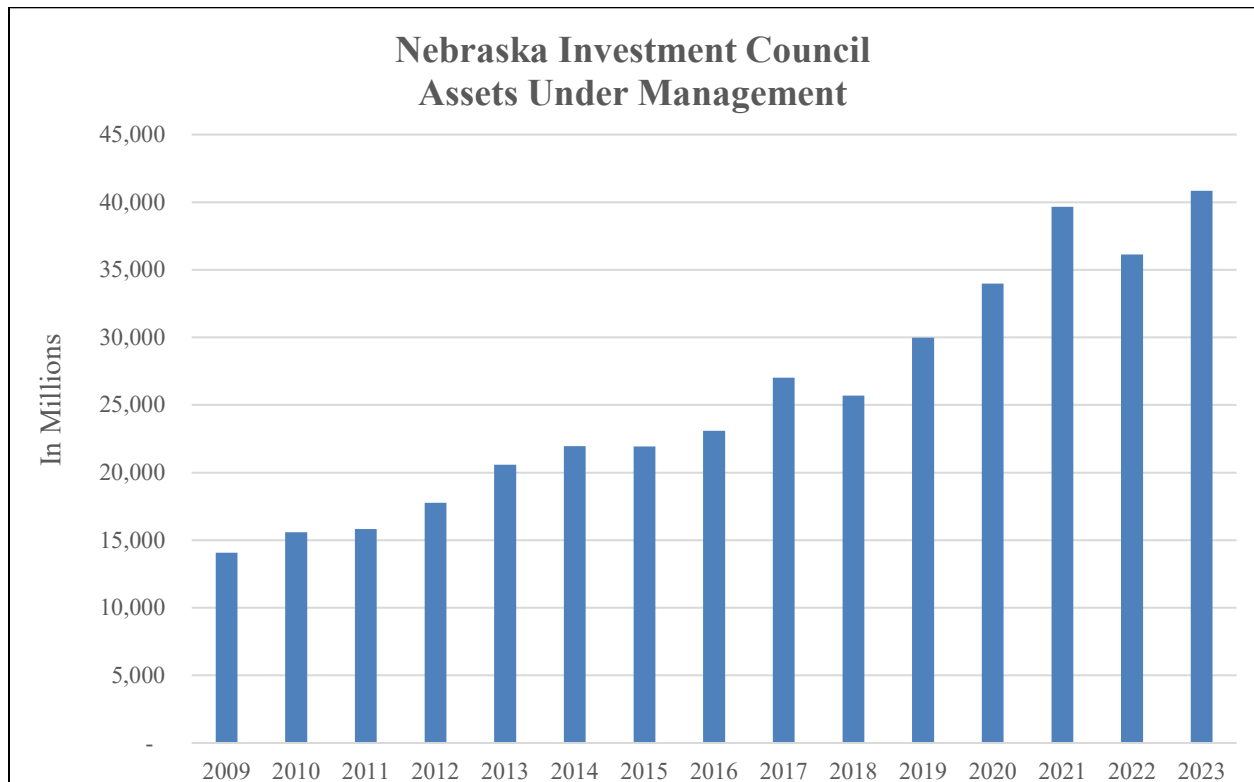
Ellen Hung, CFA
State Investment Officer

NEBRASKA INVESTMENT COUNCIL PORTFOLIO

The pie chart below shows the percentage breakdown of the total \$40.8 billion into the various programs.



The following bar graph depicts the growth in total assets under management over the past 15 years.



2023 ADMINISTRATIVE REVIEW

The Council portfolios performed well in 2023. The total return for the Nebraska School Employees, Nebraska Judges, Nebraska State Patrol, and State & Country Retirement Systems Cash Balance Plan was 14.6% for the year ending 2023, trailing the policy benchmark return of 15.3%. The underperformance to the benchmark can be explained by the timing differences with private markets. The Omaha School Employees' Retirement System (OSERS) returned 13.3%, in line with its benchmark. All Council defined benefit plans performed in the top quartile when compared to a universe of large public plans for the one-year period. The plans also performed in the top quartile for the 3-year, 5-year and 10-year, with the exception of OSERS. The total returns are in excess of the 7.0% actuarial return assumption all plans will have in place by 2024, with OSERS following suit in 2025.

The Council continues to monitor the portfolios and ensure investment strategies provide sufficient long-term rewards relative to appropriate levels of risk. Several projects were completed in 2023 to achieve the Council's mission of prudently managing State funds.

The Council approved commitments to Oaktree Real Estate Opportunities Fund IX and The Resolute Fund VI (private equity) in 2023. The commitments were in line with the annual pacing studies that set the target allocations to private markets. The pacing studies take into account liquidity risk, vintage year diversification, market environments and fund performance.

The Council completed a review on passive equity managers in 2023. Passive equity managers are used in highly efficient markets where active managers have not consistently outperformed the markets net of fees. The Council approved the hire of Northern Trust Asset Management for a passive US mandate resulting in an annual savings of 0.35 bps in management fees.

In 2023, the Council conducted a thorough review on custodian banks and approved the transition to Northern Trust. Custodian banks perform important functions, including safekeeping of assets, settlement and reporting. The completion of the transition is expected in early 2024.

Proxy voting is an important part of equity investments that the Council manages. In 2023, the Council hired Glass Lewis to vote proxies for all separately managed accounts based on an approved proxy voting policy. For commingled and pooled investments, account managers are asked to vote a pro rata share of the Council's investments, to the extent possible, in accordance with the approved proxy voting guidelines.

A retreat for the Council board, staff, consultants and other attendees, to explore in depth timely investment topics, was held in July. The following topics were discussed.

- Economic and inflation outlook – Jas Thandi, the global head of asset allocation at Aon
- Fixed income markets update – Matt Eagan and Jim Sia of Loomis Sayles and Mary Ellen Stanek, Warren Pierson and Heidi Schneider of Baird
- Introduction to hedge funds – Jamiel Akhtar and Matt Moss of HBK Capital Management

The Council also oversees the important function of compliance. Throughout the year, the Council staff monitors each of the separate asset pools to ensure compliance with investment policies, confirm that investment objectives are being met, and analyzes investment performance. The Council board and staff, through independent research, and support from investment consultant Aon, keep governance investment policies, processes, and procedures up to date, utilizing best current practices.

2023 CAPITAL MARKET REVIEW

The year ended with an ‘everything up’ 4th quarter rally. Global bonds benefited from falling inflation and an expected policy pivot from central banks towards lower interest rates. Rising equities and tightening credit spreads signaled more faith in the possibility of a soft-landing for the global economy. A soft landing would see growth staying supported even as inflation falls further allowing central banks to reverse some of their earlier monetary tightening. Extremely favorable performance across asset classes during the latter stages of 2023 led to full year performance that was effectively the mirror image of 2022’s market rout.

Equity Markets

Global Equities ended 2023 up 22%, reversing the 18% sell-off experienced in 2022. The U.S. equity market (+26%) led the way, buoyed by the “Magnificent 7” technology stocks (Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta Platforms, and Tesla) which were up over 100% on average over the trailing year. Developed international equities also produced strong results (+18% in USD terms). Emerging market performance was more modest (+10%), though still in double-digits.

Within domestic equities, growth stocks meaningfully outperformed value stocks as they have for most of the past decade. The technology sector (+66%) was by far the best performing segment of the market. In contrast, the more value-oriented sectors like energy (-1%) and utilities (-5%) actually finished the year in negative territory.

Fixed Income Markets

With the exception of the short end, the U.S. Treasury yield curve ended 2023 in a very similar to position to where it started the year. However, this year-over-year comparison masks significant interest rate volatility intra-year. Over the first nine months of 2023, the Fed raised short-term interest rates four times resulting in interest rates increasing 70-80 basis points across the yield curve. In contrast rates declined meaningfully during the fourth quarter effectively generating all the bond returns during the year. For the full year, U.S. investment grade bonds were up 6%. Non-investment grade bond performance was stronger still with high yield corporate bonds (+13%) producing double-digit returns on the back of meaningful credit spread compression over the trailing twelve months. Ten-Year U.S. Treasury / TIPS Breakeven inflation moderated slightly year-over-year, finishing 2023 at 2.2%.

Alternatives (Real Estate and Private Equity)

After being one of the few bright spots of 2022, U.S. private market real estate pulled back in 2023. Higher interest rates, lower transaction volumes, and higher vacancy rates in certain segments of the market (notably office) led to a 13% decline of the NCREIF NFI – ODCE Index, a broad measure of core private real estate performance. While private equity performance through 12/31/2023 is not yet available, private equity results during 2023 generally lagged the returns on public equities, though some of this is no doubt attributable to the impact of lagged pricing.

DEFINED BENEFIT PLANS

Plan	12/31/23 (in millions)
School Retirement System	\$ 15,912
Nebraska State Patrol	547
Nebraska Judges'	245
Omaha Schools' Service Annuity Fund	14
Total	\$ 16,718

The Defined Benefit Plans are comprised of the School Retirement System of the State of Nebraska, the Nebraska State Patrol Retirement System, the Nebraska Judges' Retirement System, and the Omaha Schools' Service Annuity Fund. For these plans, the benefit is determined by formula and does not depend on investment results.

School

- School Plan members contribute 9.78% of gross compensation to the retirement plan. This is matched by the employer at 101%.

State Patrol

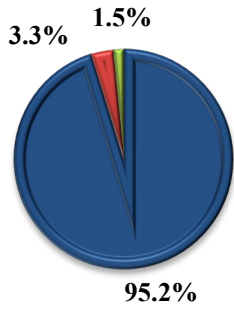
- Members hired on or after July 1, 2016, fall under Tier Two benefits. Benefits are capped at 75% of final average compensation for all members. Members contribute 17% of gross compensation to the retirement plan. This is matched by the employer at 100%.
- Tier One members (hired before July 1, 2016) contribute 16% of gross compensation to the retirement plan. This is matched by the employer at 100%. Tier One members do have the option to invest in the DROP (Deferred Retirement Option).

Judges

- Judges hired on or after July 1, 2015 (Tier 2 & 3) contribute 10% of compensation. A \$6 retirement plan fee, as prescribed by law, is remitted by district and county courts to assist in the funding of retirement benefits.
- Judges hired on or after July 1, 2004, or Judges who elected to participate in the provisions created by LB1097 contribute 9% of compensation. Upon reaching 20 years of service credit, this rate decreases to 5%.
- Judges hired before July 1, 2004, who elected not to participate in the provisions created by LB1097 contribute 7% of compensation. Upon reaching 20 years of service credit, this rate decreases to 1%.

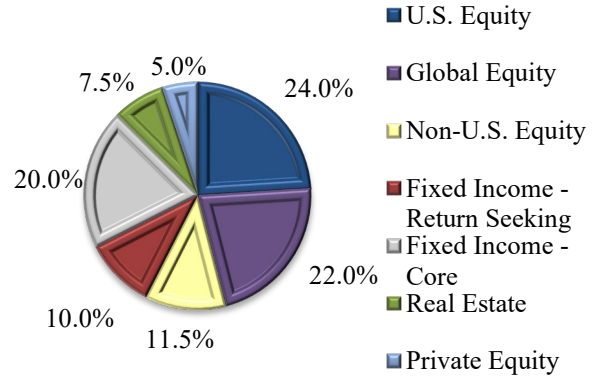
The School plan continues to make up 95% of the entire Defined Benefit Plan, with the Judges and State Patrol plans rounding out the remaining 5%. The policy asset allocation changed during 2023 with an increase to Global Equity to 22% and a 3% decrease in US Equity.

Plans as a Percentage of Total
as of 12-31-23

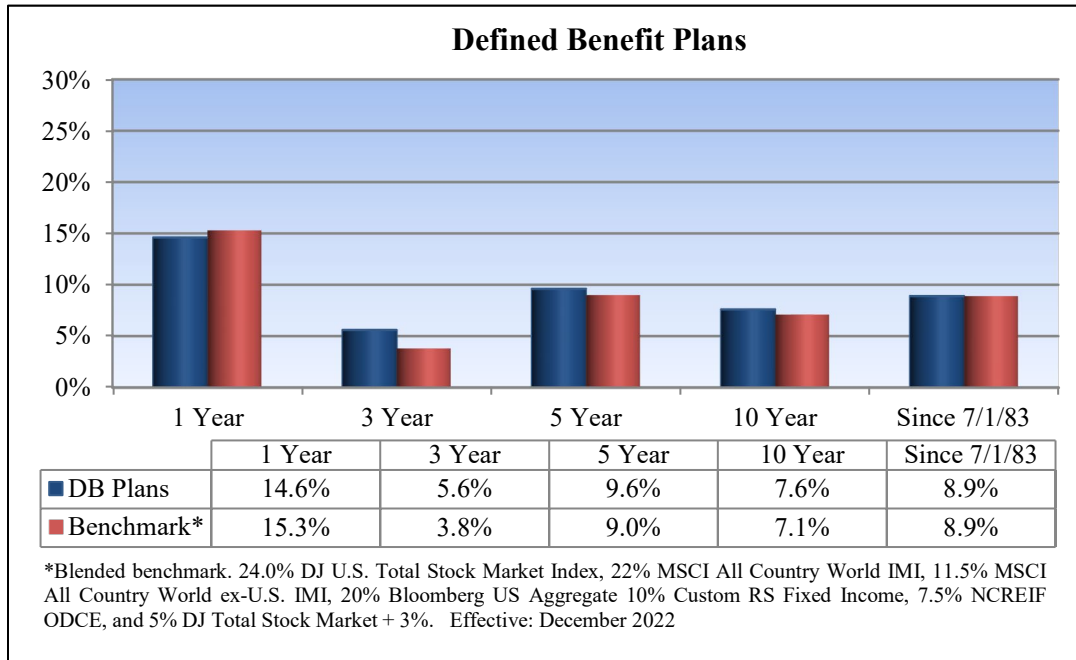


■ Schools, 95.2% ■ State Patrol, 3.3% ■ Judges, 1.5%

Policy Asset Allocation
as of 12-31-23



The Defined Benefit program rebounded after last year’s negative performance to achieve a 14.6% return for 2023, compared to its benchmark return of 15.3%.



The following table outlines the actuarial report completed as of June 30, 2023. The School Plan has a funded ratio of 98.6% compared to 84.3% for the Patrol and 101.1% for the Judges plan.

As of June 30, 2023	School	Patrol	Judges	Total
	(millions of dollars)			
Assets (actuarial value)	\$ 15,424.0	\$ 535.33	\$ 238.10	\$ 16,197.43
Liabilities (AAL)	15,648.0	635.29	235.54	16,518.83
Surplus	- \$ 224.0	- \$ 99.96	\$ 2.46	- \$ 321.40
Funded Ratio	98.6%	84.3%	101.1%	98.1%

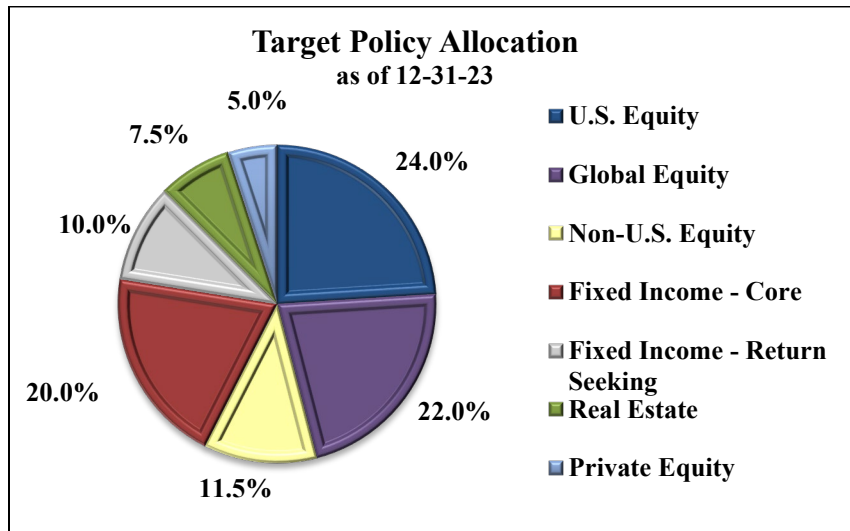
OMAHA SCHOOL EMPLOYEES' RETIREMENT SYSTEM (OSERS)

Plan	12/31/23 (in millions)
Omaha School Employees' Retirement	\$ 1,570

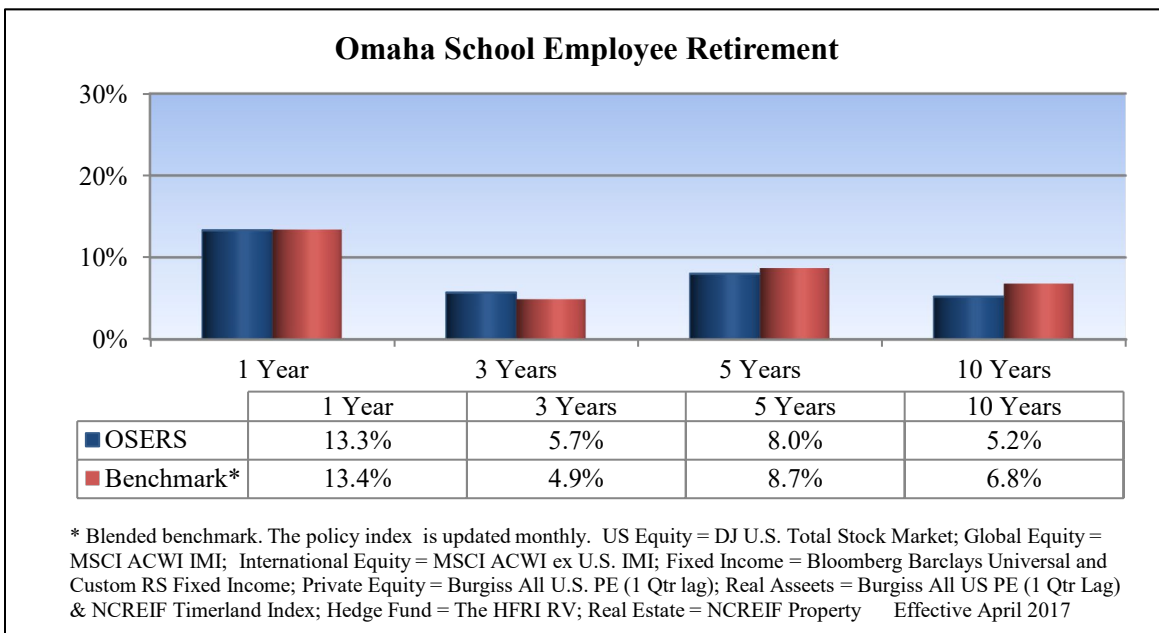
The Omaha School Employees' Retirement System (OSERS) is the second oldest teacher retirement system in the United States, created in 1909. Since 1951, OSERS has served as the consolidated retirement system for all eligible district employees.

It is a defined benefit plan. Funding is split among three sources: 9.78% of gross compensation from plan members; a 101% match, or 9.88% from the employer; and 2.0% from the State of Nebraska.

The Council assumed management of OSERS assets in 2017 and is transitioning the portfolio to its new long-term target, which is the same as the Defined Benefit and Cash Balance plans. This target policy asset allocation also changed during 2023.



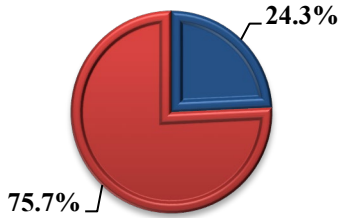
OSERS experienced a 13.3% return in 2023, compared to the 13.4% benchmark return.



STATE & COUNTY RETIREMENT PLANS/ DEFERRED COMPENSATION PLAN

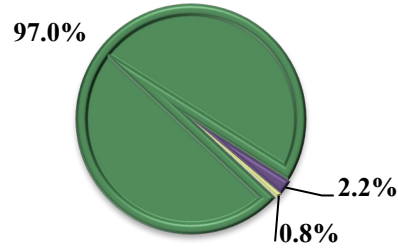
Plan	12/31/23 (in millions)
Cash Balance	\$2,966
Defined Contribution	950
Deferred Compensation	264
Empower (Previously Mass Mutual)	2
Total	\$4,182

State & County Retirement Systems
as of 12-31-23



- Defined Contribution, \$950 million
- Cash Balance, \$2,966 million

State Deferred Compensation Plan & State Patrol DROP Plan
as of 12-31-23



- Deferred Compensation Plan, \$258.1 million
- State Patrol Drop Plan, \$5.8 million
- Empower, \$2.2 million

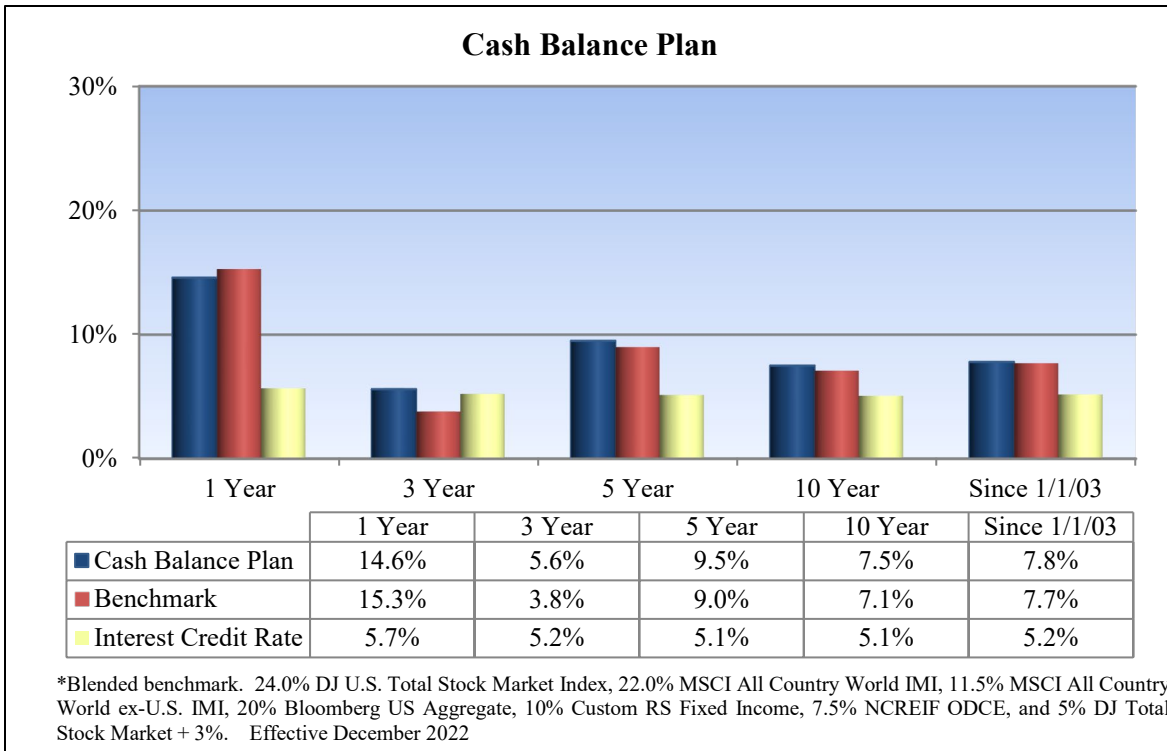
Cash Balance Plan

Since January 2003, the accounts for all new employees who participate in the State and County Retirement System Plans are automatically invested in the Cash Balance Plan. Members who participate in the Cash Balance Plan do not make their own investment choices. Contributions to these accounts come from both the employee and employer, and the rates are identical to those in the Defined Contribution Plan. State employees are required to contribute 4.8% of their salary. The State matches the employee contribution at 156%. County employees are required to contribute 4.5% of their salary. The county matches the employee contribution at 150%.

The assets are held in a trust fund which is managed by the Council. Cash Balance participants are guaranteed an annual interest credit rate which is defined in statute as the greater of 5% or the federal mid-term rate plus 1.5%. The interest credit rate resets each calendar quarter.

The Cash Balance Plan has a strategy that is designed to mirror the investment strategy of the Defined Benefit Plans, so the asset allocation is the same as the Defined Benefit Plans.

During 2023, the Cash Balance Plan achieved a 14.6% return compared to 15.3% for the benchmark.



Defined Contribution Plan

Prior to 2002, the only option for employees in the State and County Retirement System Plans was the Defined Contribution plan. In December 2002 participants were given the option to remain in the Defined Contribution Plan or transfer to the Cash Balance Plan implemented in January 2003. LB 328 and LB 916 passed in 2007 and 2012 respectively, allowed Defined Contribution members opportunities to transfer to the Cash Balance Plan.

Members who remain in the Defined Contribution Plan make their own investment choices based on the funds offered. Contributions to these accounts come from both the employee and employer. State employees are required to contribute 4.8% of their salary. The State matches the employee contribution at 156%. County employees are required to contribute 4.5% of their salary. The county matches the employee contribution at 150%. The account balance for both State and County employees consist of accumulated contributions plus investment gains or losses.

State Deferred Compensation Plan, Empower DCP and State Patrol Drop

Deferred Compensation Plan (current version)

The voluntary Deferred Compensation Plan for State employees offers the same investments as those offered in the State and County Retirement System's Defined Contribution Plan. Combining the investment options of the State Deferred Compensation Plan and the State and County Defined Contribution Plan provides a reduction in costs for participants making voluntary contributions.

Empower

In 2022, the Council terminated the Empower investment options within the State's legacy Deferred Compensation plan (closed to new contributions in 1997). Any participant funds remaining in those investment options as of September 30, 2022, were transferred to the appropriate LifePath Fund in the

State’s Deferred Compensation Plan. The assets remaining in the Empower Plan are part of a Group Annuity Contract invested in an interest-bearing account.

State Patrol DROP

A retirement payment option called “DROP” is available in the State Patrol Retirement Plan. DROP stands for Deferred Retirement Option Plan. The feature is voluntary and provides a way for a Patrol Plan member to receive a lump-sum amount at retirement in addition to an ongoing monthly retirement benefit, in exchange for working up to five more years (but not beyond age 60). The member assumes full responsibility for how the DROP account is invested and for any market gains or losses.

Investment Options (Defined Contribution, Deferred Comp and State Patrol DROP Plans)

For both employee and employer contributions, a participant selects among investment funds offered by the Plans. The Council selects, monitors, and terminates, when necessary, these funds. Because participants direct the investment of these contributions, the participant determines the allocation to each of these funds.

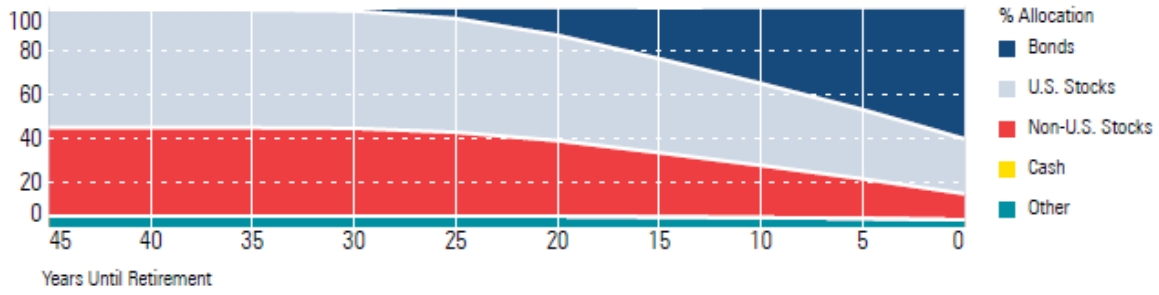
The State Deferred Compensation Plan is voluntary and participants may choose to invest their assets in any of the available Defined Contribution investment funds. By offering the same investment funds for both the Defined Contribution Plan (mandatory contributions) and the State Deferred Compensation Plan (voluntary contributions), plan participants may find it easier to implement an integrated investment strategy. Combining the investment options also provides a reduction in costs for participants.

The investment options available for participants was revised on December 4, 2020. The list of available investment options is shown in the following table. Participants who had assets left in investment options that are no longer offered in the plan were mapped to the new investment options on January 8, 2021.

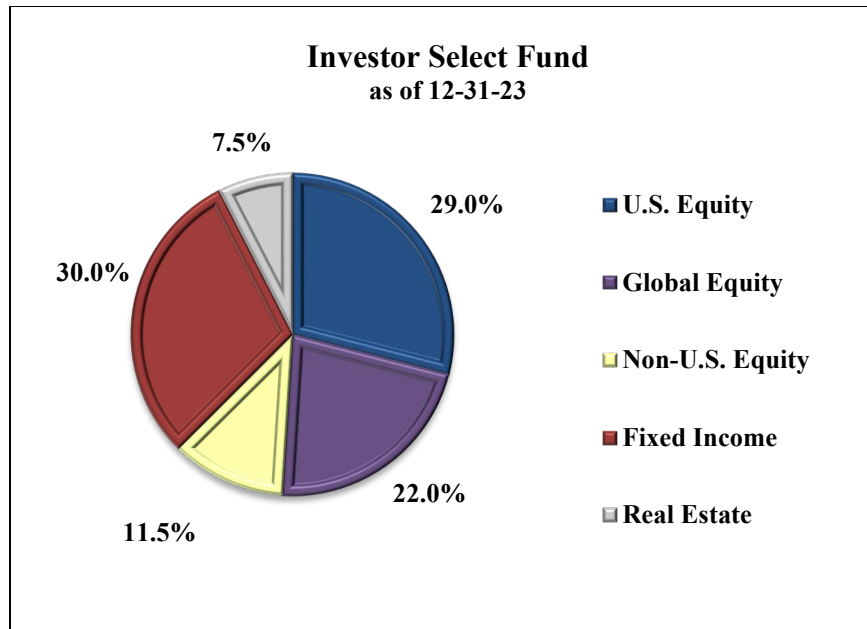
U.S. Equities	Premixed Fund
U.S. Total Stock Market Index Fund	Investor Select Fund
Non-U.S. Equities	Target Date Funds
International Stock Index Fund	LifePath Index 2065 Fund
	LifePath Index 2060 Fund
Global Equities	LifePath Index 2055 Fund
Global Equity Fund	LifePath Index 2050 Fund
	LifePath Index 2045 Fund
Fixed Income	LifePath Index 2040 Fund
Stable Value Fund	LifePath Index 2035 Fund
U.S. Bond Index Fund	LifePath Index 2030 Fund
U.S. Core Plus Bond Fund	LifePath Index 2025 Fund
	LifePath Index Retirement Fund

The LifePath Index Funds are target date funds that automatically adjust the asset allocation among stocks, bonds, and other investments from more aggressive to more conservative as the participant gets closer to retirement.

Allocation of Stocks and Bonds



The Investor Select Fund is invested with an asset allocation and investment strategy similar to the investment allocations made for the Defined Benefit Plans. The main difference being no exposure to private equity.

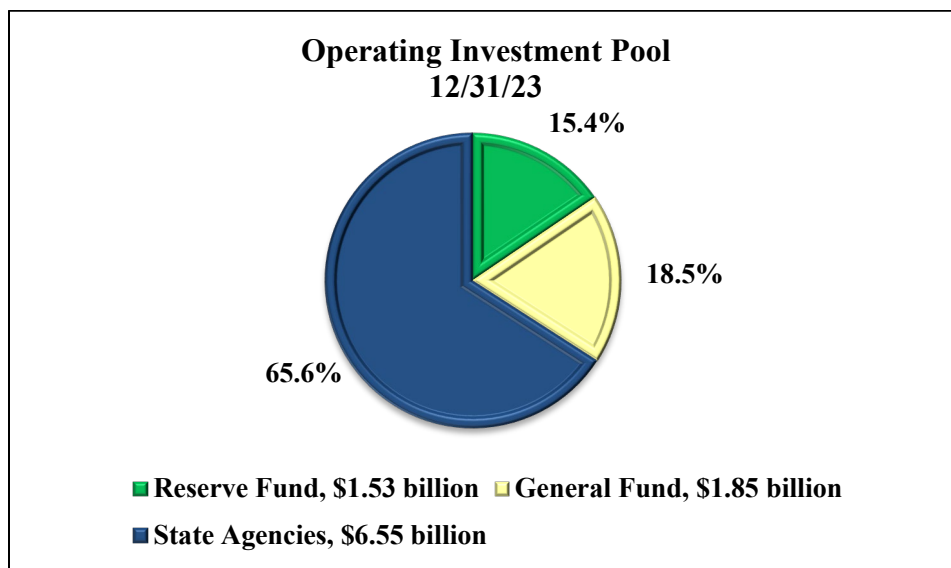


OPERATING INVESTMENT POOL (OIP)

Plan	12/31/23 (in millions)
Short Term Liquidity	\$ 2,273
Intermediate Gov. / Corp.	7,621
Time Deposit Open Account	45
Less: DB Assets	- 11
Total	\$ 9,928

The Council invests the available money from the State’s general fund, State boards, commissions, departments or agencies, and any other state funds not currently needed, into the Operating Investment Pool (OIP). The Department of Administrative Services calculates the average daily balance for each participant and distributes the earned income monthly on a pro-rata share basis.

The chart below shows the amounts in the OIP by source as of December 31, 2023.



Operating Investment Pool Investments

The OIP is managed internally, and is made up of high quality U.S. Treasuries, government agencies, and investment grade corporate bonds with laddered maturities extending ten years. The Short-term Liquidity portion of the OIP is invested in money markets, and 1 year or shorter treasuries, government agencies, and commercial paper whereas the Intermediate Government / Corporate portion is invested in 10 year or shorter treasuries, government agencies, and domestic corporate bonds. Money market funds are used to provide liquidity for the daily cash needs of the participants. The Council established an Investment Policy Statement for the OIP that includes credit quality and diversification constraints to provide safety of principal, liquidity for the daily cash flow needs of the entities within the OIP, and return on investment.

Below are the Short-term Liquidity portfolio constraints.

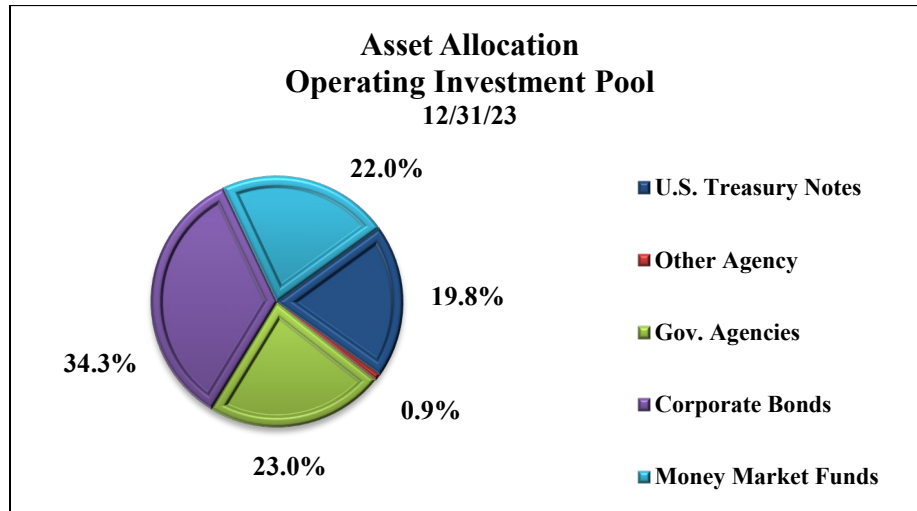
- Money Market Funds – 100% maximum, 50% to any single Money Market Fund
- Commercial Paper – 5% maximum per issue

The following are the constraints for the Intermediate Government / Corporate portfolio.

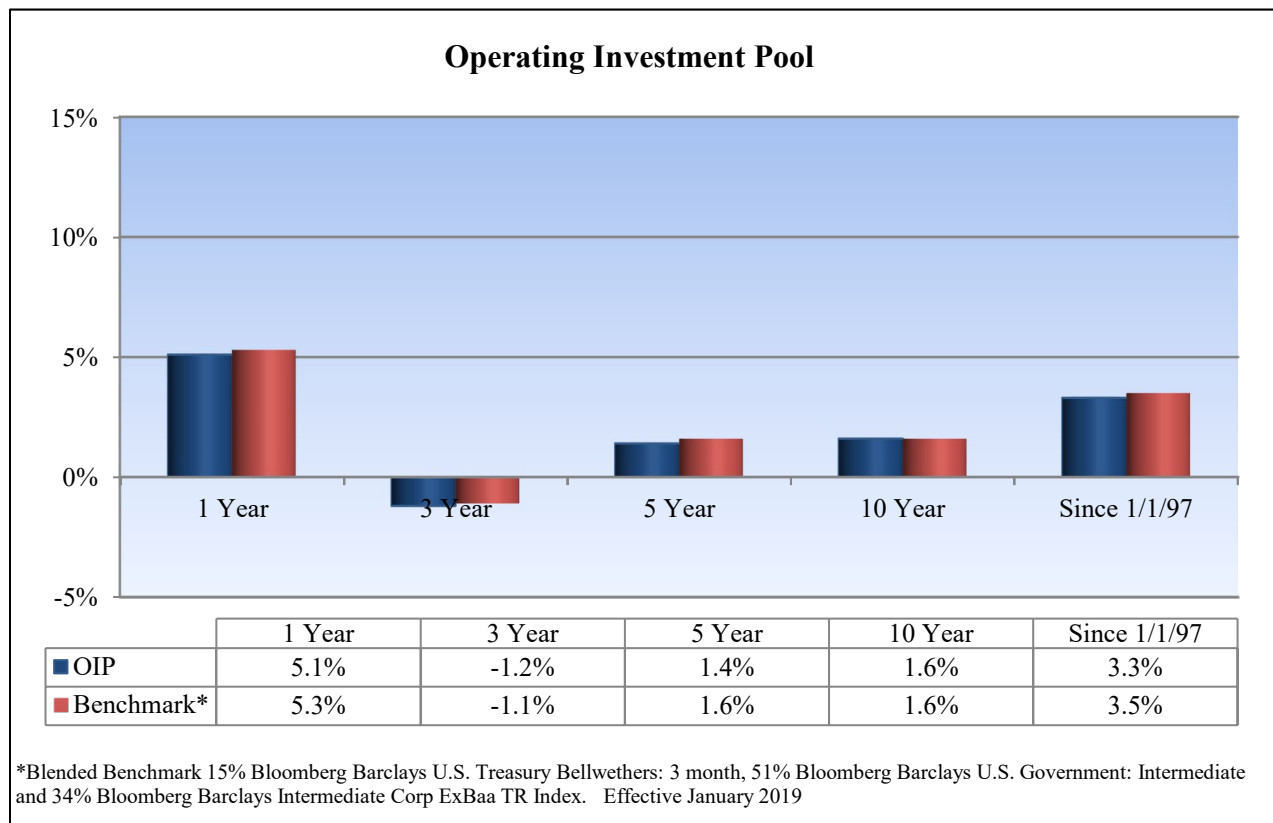
- U.S. Treasuries – 15% minimum
- U.S. Agency Notes & Debentures – 50% maximum in total, 20% maximum per agency issuer

- Money Market Funds – 5% maximum
- Corporate Bonds – 50% maximum for the total corporate sector
- AAA and AA rated corporate – 3% maximum per issuer
- A rated corporate – 30% maximum in total, 2% maximum per issuer
- Industry – 5% maximum per industry

The asset allocation for the OIP (short term & intermediate term) as of December 31, 2023 are shown in the chart below.



The performance of the OIP is measured against a blended benchmark. As shown in the chart below, the performance has been in line with its benchmark over the long term.



*Blended Benchmark 15% Bloomberg Barclays U.S. Treasury Bellwethers: 3 month, 51% Bloomberg Barclays U.S. Government: Intermediate and 34% Bloomberg Barclays Intermediate Corp ExBaa TR Index. Effective January 2019

Time Deposit Open Account Program (TDOA)

From the funds available for investment in the OIP, the Council is required, pursuant to the Nebraska Capital Expansion Act, to offer each qualifying bank and capital stock financial institution in the state a time deposit open account (TDOA) of one million dollars. To the extent that the total amount of funds initially offered to each bank or capital stock financial institution is not accepted by such institutions, the balance of the funds shall be reoffered to such banks and capital stock financial institutions that are willing to meet the rate and other requirements set forth for participation in the program. No one bank or capital stock financial institution may receive for deposit a sum of more than sixteen million dollars.

The first \$250,000 of the deposit is insured by the FDIC. The statute requires the pledging of collateral for deposits greater than \$250,000 with a minimum pledge of 102% of the amount deposited. However, when publicly traded fixed income securities are used for collateral, the Council requires 110% for adequate coverage due to fluctuating market values throughout the month. The Nebraska statute also allows institutions to pledge letters of credit. This type of collateral does not have a fluctuating value so when letters of credit are used, 102% is the coverage required by the Council.

GENERAL ENDOWMENTS

Plan	12/31/23 (in millions)
Permanent School Fund	\$ 1,011.601
Early Childhood Education	65.674
Veterans' Aid	54.997
Cultural Preservation	12.770
Agricultural Endowment	3.493
Permanent Endowment	1.587
Normal School Endowment	0.376
Environmental Endowment	2.082
Bessy Memorial	0.031
Meadowlark Endowment	0.000
Capital Preservation	0.000
Total	\$ 1,152.611

Endowment funds are used to provide a perpetual source of funding for the activities of the entities they support. Generally there are two investment objectives: providing some funds for the current year's operations and increasing the portfolio value to support future needs. The financial management of an endowment fund consists of a contribution strategy, a distribution strategy, and an investment strategy. Although these strategies are interrelated, the Council determines only the investment strategy for these endowments. The assets of the endowments described in this section are commingled to achieve administrative efficiencies and cost savings from economies of scale. The basic purpose of each endowment is described below.

The Permanent School Fund

The endowment receives proceeds from the sales of school land held in trust for K-12 public education, payments for easements and right-of-way over the lands, and royalties and severance taxes paid on oil, gas, and minerals produced from these lands.

The Nebraska Early Childhood Education Endowment Fund

The endowment provides funding for grants to schools and community partners to provide programs serving at-risk children from birth to age three.

The Nebraska Veterans' Aid Fund

The endowment provides emergency financial assistance to eligible veterans and dependents.

The Cultural Preservation Endowment Fund

The endowment supports the activities of the Nebraska Arts Council and the Nebraska Humanities Council. Distributions from this fund are conditioned on matching contributions from other sources.

The Agricultural Endowment Fund

The endowment receives proceeds from sales of land granted by the federal government. Investment income is distributed to the Institute of Agriculture and Natural Resources.

The Permanent University Endowment Fund

The endowment receives proceeds from the sales of land granted by the federal government. Investment income is distributed to the University of Nebraska.

The State College (Normal School) Endowment

The endowment receives proceeds from sales of land granted by the federal government. Investment income is distributed for the benefit of the state colleges.

The Nebraska Environmental Endowment Fund

The endowment is funded by the state lottery program and is part of the Nebraska Environmental Trust. The Trust provides grants for the purposes of environmental conservation in Nebraska.

The Bessey Memorial Fund

The endowment provides aid to widows of University of Nebraska professors.

The Meadowlark Endowment Fund

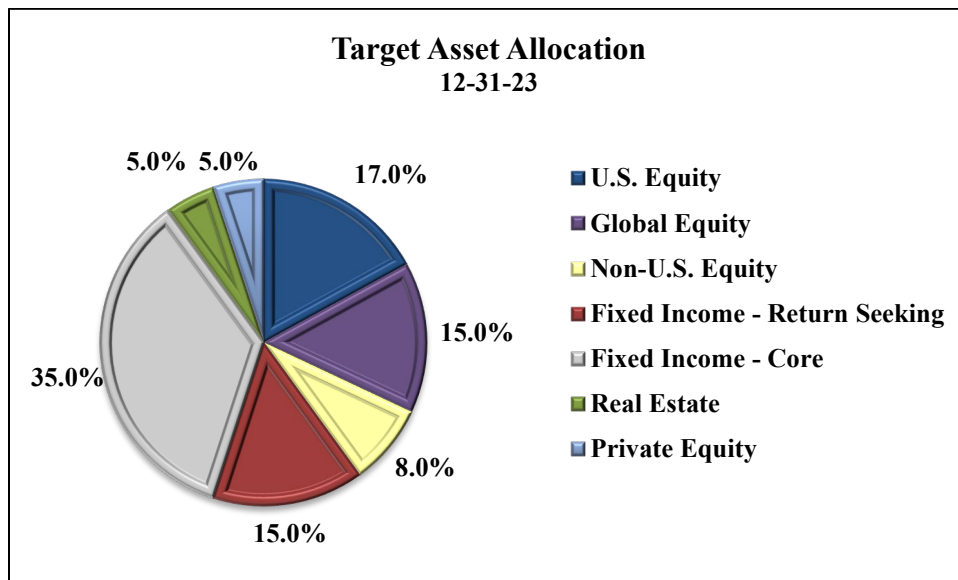
The endowment may receive qualified private contributions and any amounts appropriated or transferred to the fund by the Legislature. Investment income earned each calendar year are distributed to the accounts opened that same calendar year in the Meadowlark Program. The purpose of the program is to promote access to postsecondary educational opportunities by providing funds to qualified individuals.

The Capitol Preservation Fund

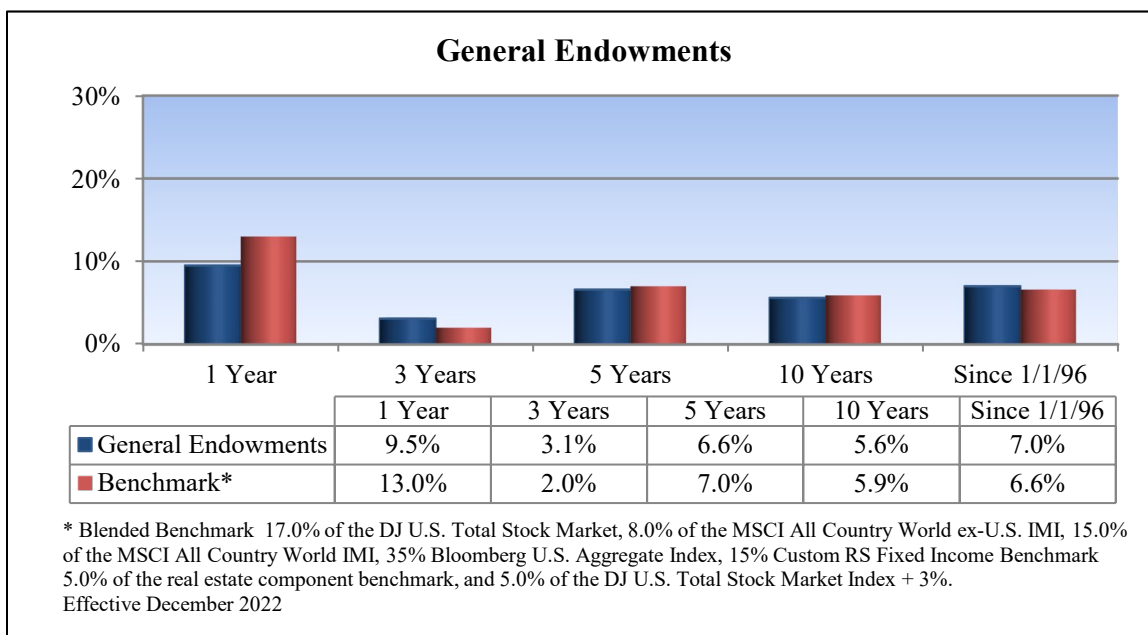
The endowment shall consist of money transferred to the fund by the Legislature and bequests, donations, gifts, grants, or other money received from any federal or state agency or public or private source. The money is used for preservation, restoration, and enhancement of the State Capitol and capitol grounds.

Asset Allocation

The following pie chart outlines the asset allocation for the endowments listed above.



The General Endowments had a 9.5% return during 2023 compared to 13.0% for its benchmark.



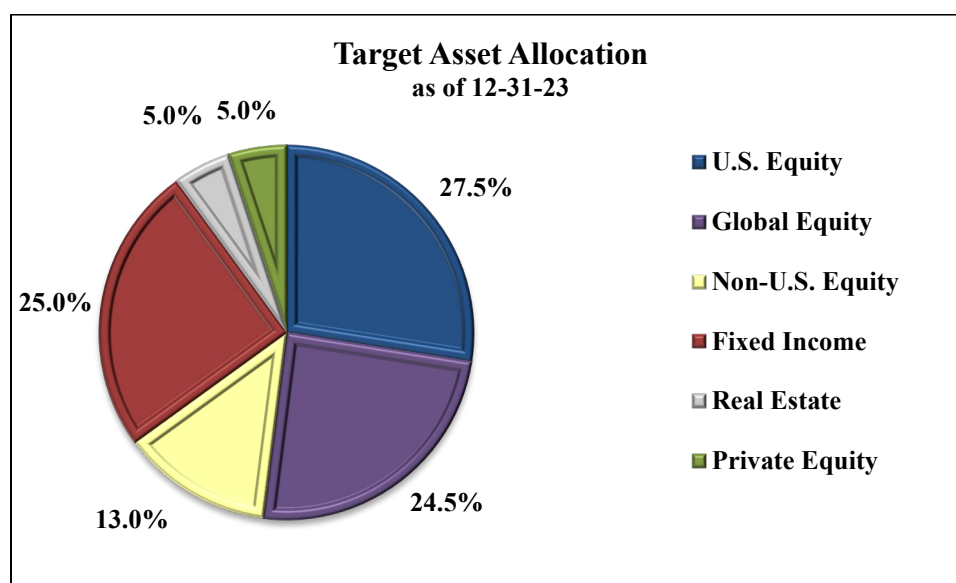
HEALTH CARE ENDOWMENT

Plan	12/31/23 (in millions)
Tobacco Settlement	\$ 539.1

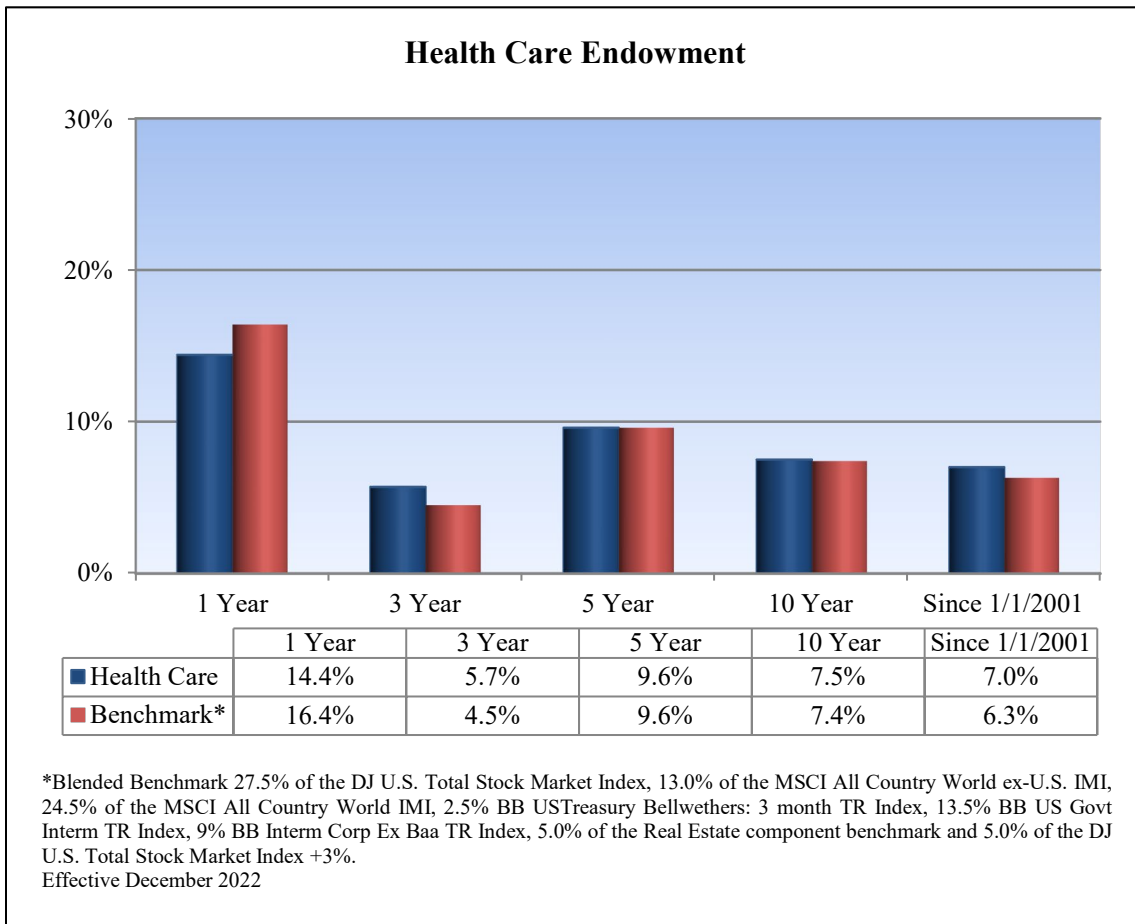
The Health Care Endowment fund is comprised of funds from the Nebraska Tobacco Settlement Trust. Funding comes from revenues received from tobacco related litigation.

Asset Allocation

The Health Care Endowment has a slightly different asset allocation than the General Endowments. As the graph below shows, fixed income is 25% of the total rather than 50% for the General Endowment.



The Health Care Endowment achieved a 14.4% return which was slightly below its benchmark return of 16.4%.



STATE TRUSTS

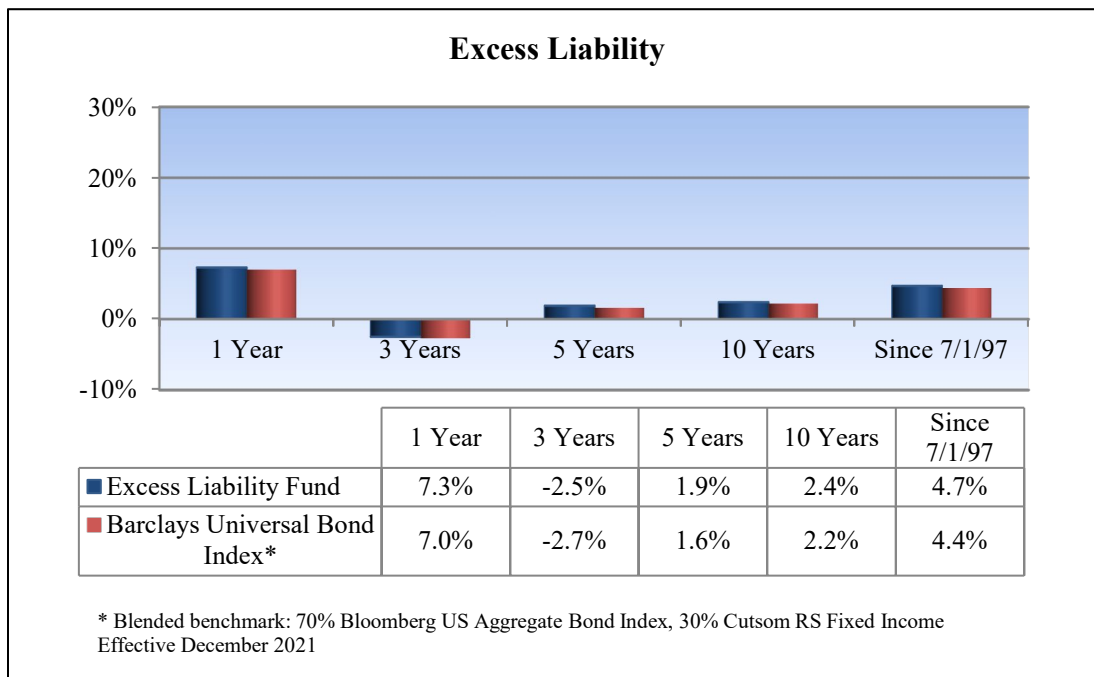
The State has three trusts: Excess Liability, Aeronautics Trust, and Agricultural Development Trust funds. All trust assets are invested in fixed income securities.

Excess Liability

Plan	12/31/23 (in millions)
Excess Liability	\$ 63

This Fund was created by the Nebraska Hospital-Medical Liability Act. Contributions consist of insurance premiums from certain health care providers and a surcharge levied on all healthcare providers in the State. The funds are used to pay judgments imposed on insured health care providers. The Council does not determine the distribution policy.

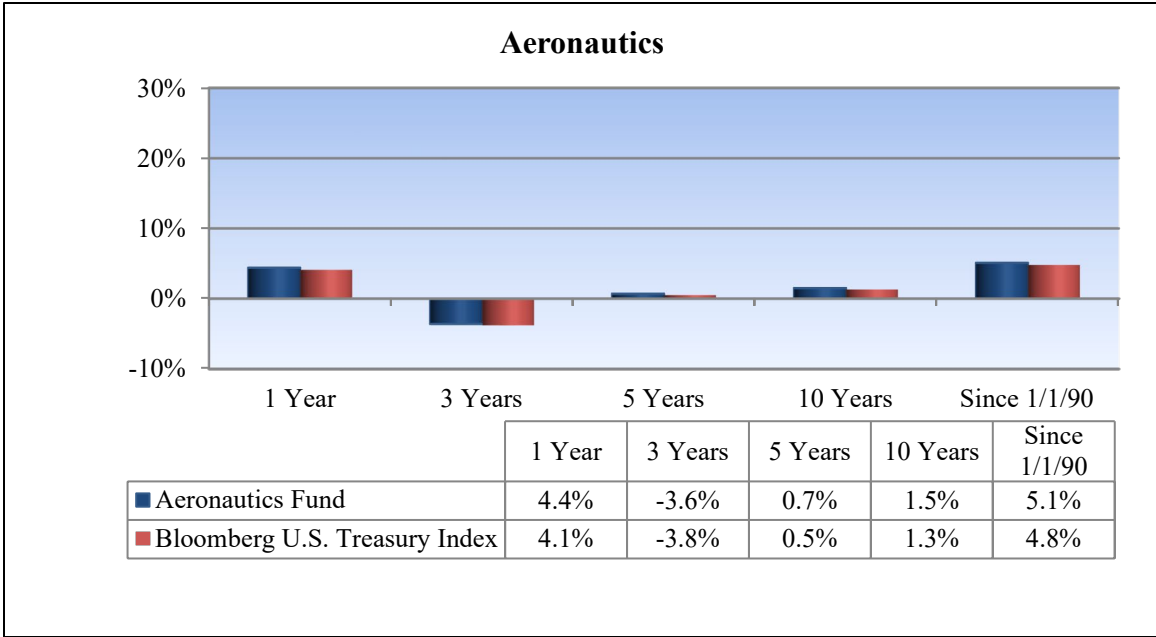
The Excess Liability program had a positive 7.3% return versus its benchmark of 7.0%.



Aeronautics Trust

Plan	12/31/23 (in millions)
Aeronautics Trust Fund	\$ 5.9

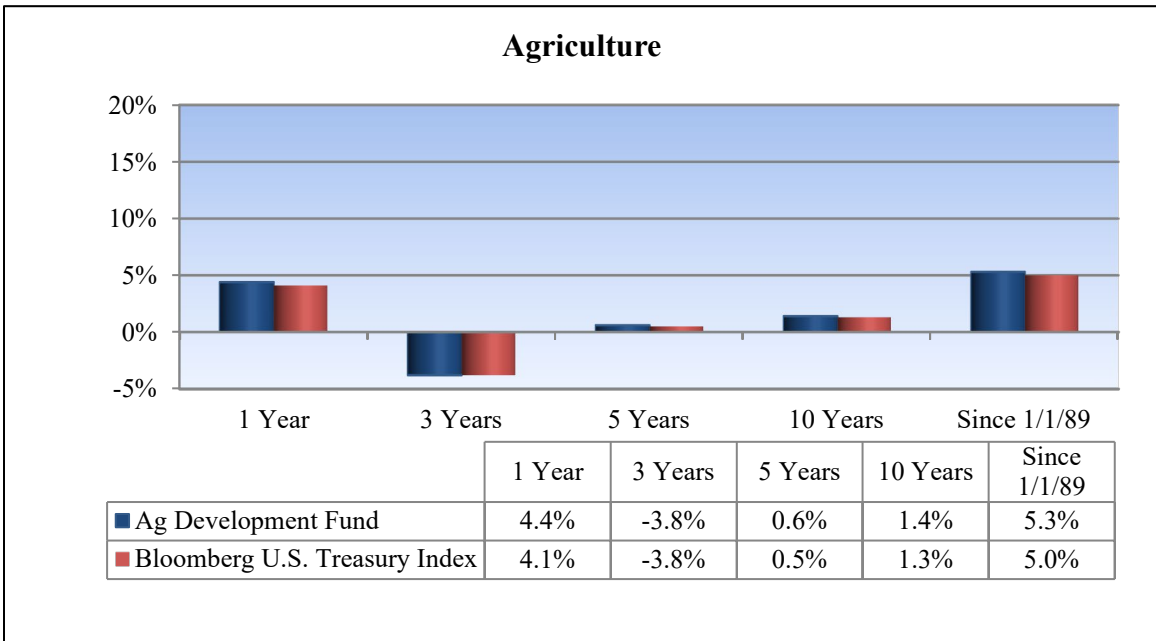
The Aeronautics Fund receives proceeds from the sale of state-owned airfields. Investment income is used to pay the expenses of the Aeronautic Trust Fund. The funds are used, in order of priority, for operations of the State-owned Airfields, the Navigational Aids Division, and grants to eligible Nebraska airports. The Aeronautic program experienced a 4.4% return during 2023.



Agricultural Development Trust

Plan	12/31/23 (in millions)
Agricultural Development	\$ 2.3

The Ag Fund consists of money received from the U.S. Department of Agriculture. Income from the Fund pays expenses of the Nebraska Department of Agriculture. The Council does not determine the distribution policy. Agriculture program achieved a 4.4% return during 2023.



NEBRASKA EDUCATIONAL SAVINGS PLAN TRUST (NEST)

Plan	12/31/23 (in millions)
Direct	\$ 2,527
Advisor	1,378
Bloomwell	2,055
State Farm 529	684
Total Nebraska Educational Savings Plan	\$ 6,644

The Nebraska Educational Savings Plan Trust was established by the Nebraska State Legislature on January 1, 2001. The Plan is an Internal Revenue Code Section 529 Plan providing tax-deferred growth of funds for higher education costs. There are four plans within the Nebraska Educational Savings Plan Trust – NEST Direct College Savings Plan, NEST Advisor College Savings Plan, the TD Ameritrade 529 College Savings Plan, and the State Farm College Savings Plan. The Nebraska State Treasurer serves as the Program Trustee and all investments are approved by the Council. Union Bank and Trust serves as the Program Manager as of December 4, 2020.

NEST Direct College Savings Plan

The NEST Direct Plan puts the account owner in charge of managing the account without guidance from a financial advisor. The account can be invested in the following investment options.

- Age Based Investment Options
- Static Investment Options
- Individual Fund Investment Options

NEST Advisor College Savings Plan

The NEST Advisor Plan is offered to individuals who use the expertise and guidance of a financial advisor. The financial advisor works with the Program Manager to open and transfer money to participant accounts. The account can be invested in the following investment options.

- Age Based Investment Options
- Static Investment Options
- Individual Fund Investment Options

Bloomwell 529 Education Savings Plan (previously TD Ameritrade 529)

Participant accounts can be set up directly with Bloomwell and participants are offered similar investment options as those offered to participants with the NEST direct and advisor accounts. The account can be invested in the following investment options.

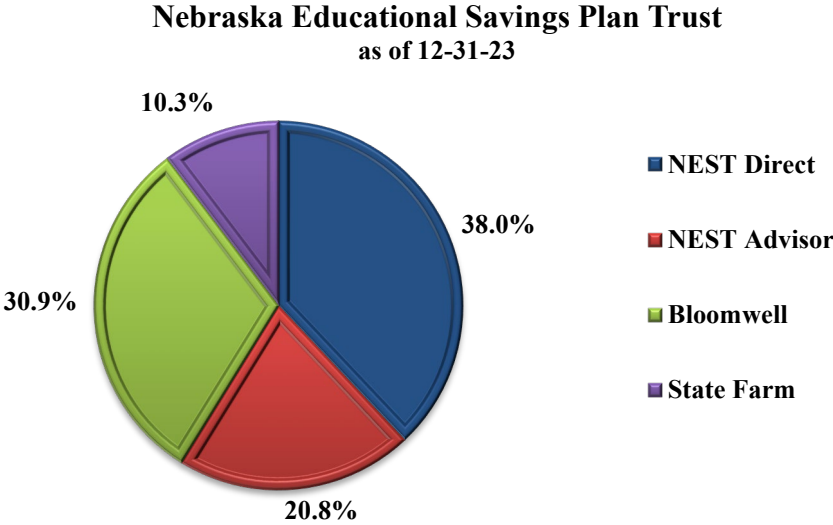
- Age Based Investment Options: Core and Socially Aware
- Static Investment Options: Core and Socially Aware
- Individual Fund Investment Options

State Farm 529 Savings Plan

State Farm agents market a series of the Nebraska Educational Savings Plan Trust under the State Farm name. Participants may choose from the following investment options.

- Age Based Investment Options
- Static Investment Options

The following chart shows investments in the four plans within the NEST Trust.



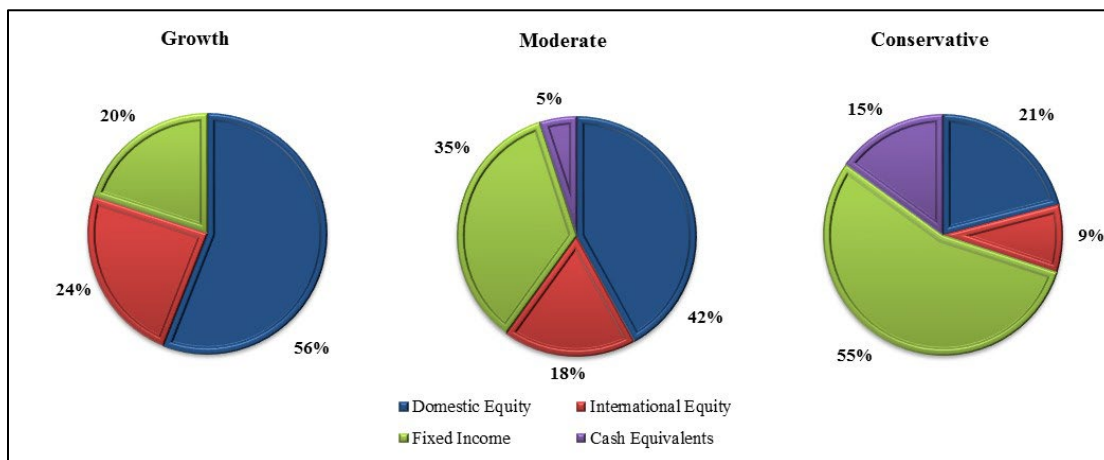
NEBRASKA ENABLE SAVINGS PLAN

Plan	12/31/23 (in millions)
ENABLE	\$ 38

The Nebraska Enable Savings Plan (Enable) is issued by The Nebraska Achieving a Better Life Experience Program Trust. The Plan is a qualified ABLÉ program to be used only to save for Qualified Disability Expenses, pursuant to the Achieving a Better Life Experience Act of 2014 and Section 529A of the U.S. Internal Revenue Code. The Nebraska State Treasurer serves as both the Program Trustee as well as Program Manager, and all investments are approved by the Council.

ENABLE Plan Investment Options

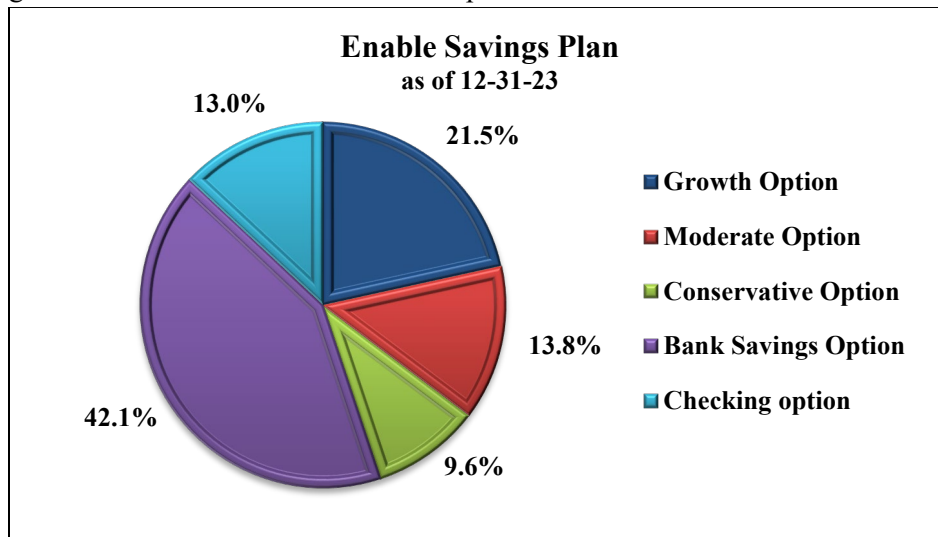
Target-Risk (Growth, Moderate, and Conservative) Options: Each option is invested in Vanguard index funds across various asset classes – equity, fixed income or cash equivalents.



Bank Savings Option: Investments earn interest based on market rates and provides FDIC insurance on a per participant, pass-through basis to each account owner up to the maximum amount set by federal law, currently \$250,000.

Checking Option: Investments are covered by FDIC insurance and allows the account owner to write checks or use a debit card to withdraw funds. This option was available to participants as of January 26, 2017.

The following chart shows investments in the five options.



NEBRASKA INVESTMENT COUNCIL HISTORY

The Nebraska Investment Council was established by the Legislature in 1969. The law called for the appointment of five Council board members by the Governor to staggered five-year terms with legislative approval. The Council board would hire a State Investment Officer, subject to the approval of the Governor and the Legislature.

1969 Fred S. Kuethe was appointed State Investment Officer.

1970 Management of state operating funds, state trusts, the Veterans' Aid Fund, State Patrol Retirement Plan, and the Judges' Retirement Plan transferred to the Council.

1971 School Retirement System and Permanent School Fund investment management transferred to the Council.

1972 James R. Marbach was appointed State Investment Officer.

1975 Donald J. Mathes was appointed State Investment Officer.

1976 The Short-Term Investment Pool (STIP) was established to pool cash funds of all agencies except the Treasurer's Cash Fund into one account for investment efficiencies. In the same year, the Time Deposit Open Account program for Nebraska banks and savings and loans was initiated.

1981 New statutory language removed many of the specific restrictions on investments made by the Council and instituted the "Prudent Man Rule," now referred to as the "Prudent Person Standard."

1983 The Council hired its first outside equity manager.

1986 The Treasurer's Cash Fund was merged into the STIP. The Council hired Wilshire Associates as investment consultant to provide performance analysis and assist in manager searches.

1989 The Miscellaneous Trusts Excess Liability Fund was created by the Nebraska Hospital-Medical Liability Act. Contributions consist of insurance premiums from certain healthcare providers and a surcharge levied on all healthcare providers in the State. The funds are used to pay judgments against the insured healthcare providers.

1994 Rex W. Holsapple was appointed State Investment Officer.

1997 Prior to 1997, the majority of the portfolios were managed internally. The Council discontinued internal management in 1997 for certain long-term fixed income portfolios and all of the equity portfolios. The Council also became responsible for asset management of the Defined Contribution investment options in the retirement plans for state and county employees, and the voluntary Deferred Compensation Plan for state employees.

2000 The Council became responsible for managing the investment of the Health Care Endowment Fund. This Fund is comprised of two distinct state trust funds—the Nebraska Tobacco Settlement Trust Fund and the Nebraska Medicaid Intergovernmental Trust Fund.

2001 The Legislature established the Nebraska Educational Savings Plan Trust that is an Internal Revenue Code Section 529 College Savings plan providing tax-deferred growth of funds for higher education costs.

2002 Carol L. Kontor was appointed State Investment Officer

2003 The Cash Balance Benefit Plans was implemented in January 2003. In December 2002, participants in the Defined Contribution Plans had been given the option to transfer into the new Cash Balance Plan. The Legislature removed the remaining laundry list of restricted investments and adopted a modern prudent person investment standard.

2004 The Council hired Ennis Knupp investment consultant, replacing Wilshire Associates.

2006 David L. Bomberger was appointed State Investment Officer.

2009 Jeffrey W. States was appointed State Investment Officer.

2014 Michael Walden-Newman was appointed State Investment Officer.

2015 The Achieving a Better Life Experience Act (ABLE) was established allowing individuals with certain disabilities to create tax-advantaged savings accounts to pay for qualified expenses.

2016 In March 2016, the Legislature transferred to the Council investment management of the of the Omaha School Employees' Retirement System (OSERS) assets, effective January 1, 2017. In November, the Council approved the long-term asset allocation of OSERS to mirror the other defined benefit plans. The Council established a blank sheet review process to holistically review the structure of its portfolios, asset class by asset class — beginning with global equity, followed by US and non-US equity.

2017 The Council assumed management of OSERS assets in January. The OSERS director became an ex-officio member of the Council. The Council approved implementation of the recommendations from the Equity reviews.

2018 The Council completed year-long a review of all Investment Policies, adopted updates as needed, and consolidated many previously stand-alone Governance and Administrative polices into two documents. In July 2018, the Legislature transferred management of University of Nebraska Fund N and the Restricted Fund to the University.

2019 The Council approved the Defined Contribution/Deferred Compensation revised investment options resulting from a blank sheet review begun in 2017.

2021 The Council approved the Fixed Income blank sheet review which began in 2019, and adopted the new recommended investment options.

2022 The Council approved the Equity blank sheet review which began in 2021, and adopted the new recommended investment options.

2023 Ellen Hung, CFA was appoined State Investment Officer. The Council approved the transition to Northern Trust as the custodian bank with a go live date of April 1, 2024.

