	POLICY & PROCEDURE	POLICY NUMBER: 821
USA SWIMMING / MINNESOTA SWIMMING	**Subject:** **Investment Policy Statement**	**EFFECTIVE DATE: 7-19-2011** Approved: 7-19-2011 Retired:

Overview

United States Swimming, Inc. - Minnesota ("Minnesota Swimming") is a not-for-profit organization with its headquarters located in Hopkins, MN. Minnesota Swimming maintains an investment portfolio for the benefit of its members.

Purpose of Investment Policy Statement

The purpose of this Investment Policy Statement is to assist the Finance Committee who, among other things, serves as the Investment Committee of Minnesota Swimming (sometimes referred to herein as the "Committee"), in effectively establishing, supervising, monitoring and evaluating the investments maintained in the portfolio (referred to as "The Portfolio" which includes all Minnesota Swimming portfolio assets, including operating funds, unless specifically stated otherwise.)

The Policy:

1. Defines the investment goals and objectives of The Portfolio;
2. Documents the material facts considered and the process used to arrive at the investment decisions reached;
3. Establishes an asset allocation and investment management strategy designed to have a high probability of meeting the goals and objectives of The Portfolio;
4. Establishes a disciplined decision-making process to be followed by the investment advisors and managers in implementing the investment strategies decided upon;
5. Establishes a criteria for evaluating the success of the investment management of The Portfolio; and
6. Documents the procedural prudence followed by the Committee in taking the investment course of action followed.

With respect to the investment portion of the portfolio (referred to as "the Investments") that are managed by an Advisor, this statement also establishes a clear understanding between the Finance Committee and the Advisor concerning the investment policies and objectives of Minnesota Swimming. It is contemplated that the Advisor will employ Investment

Managers "Manager(s)" to manage specific segments of the Investments. The Advisor will be responsible for overseeing the Investments, monitoring individual manager performance and compliance with this document with respect to the Investments, and making asset allocation recommendations.

Goals and Objectives

Portfolio Goals

It is a primary goal of Minnesota Swimming to invest the financial assets of the organization, in excess of funds needed for current operations, and to provide maximum earnings growth, based on a total return, consistent with a policy of prudent investment and protection of assets. It is also the policy of the organization to maintain operating funds to provide for liquidity to meet current operating and capital expenditure needs. Consistent with our objectives, the portfolio's goal would be to outperform a blended benchmark consisting of 43% MSCI All Country World Index, 3% NAREIT Index and 53% Barclays Aggregate Bond Index over a three year rolling period after fees. Secondarily, the portfolio should earn inflation plus 3%.

Investment Objectives

A. Investment Funds

The invested assets of Minnesota Swimming are invested and maintained in a balanced investment program. The primary objective is to provide maximum growth consistent with a policy of prudent investment and protection of assets. Growth will be attained through appreciation of assets, the inclusion of additional funds when available, and from retention of earnings of the fund except earnings caused to be withdrawn as hereinafter provided.

B. Short Term Operating Account

The Short Term Operating Account is comprised of primarily operating funds that could reasonably be expected to be spent over the next 3 to 12 months. The account will be managed by the Executive Director with all transactions approved by the Finance Vice Chair except money market and bank savings transfers. The securities in the account will be limited to the following investment vehicles and restrictions:

Security	Single Security Limit	Minimum Quality	Maximum Maturity
Money Market Funds/Savings	**None**	**N/A**	**N/A**
Brokered CD's	**$100,000**	**N/A**	**1 Year**
U.S. Treasuries	**None**	**N/A**	**1 Year**
Commercial Paper	**$250,000**	**A2/P2**	**9 Months**
Adjustable Rate Certificates	**$250,000**	**N/A**	**5 Weeks**

Asset Allocation

The asset allocation under the Investment Policy will meet the stated goals and objectives. The asset allocation is based upon the following:

A. That it is not productive to "time" the markets. Rather, long-term strategic asset allocation, based upon the principles of Modern Portfolio Theory, is the most prudent investment approach. That is, effective diversification can reduce risk. In utilizing this methodology, it is important to diversify into all the major asset classes as set out below, and to diversify by investment style.

B. That gains and losses have a significant impact upon the Investments' growth objective.

C. That portfolios with a greater amount of stock allocations and a lesser amount of bond allocations have a higher probability of short-term losses and of long-term higher returns than portfolios with lesser amounts of stocks.

Therefore, since long-term higher returns are very important in meeting the objectives of the Investments, the asset allocation shall contain a mixture of stocks and bonds that subject the portfolio to the potential of moderate, but not devastatingly large short-term losses, and provide the potential for higher long-term returns.

Asset Allocation Mix	Target Allocation %	Minimum Allocation %	Maximum Allocation %
Large Cap Equities	**16%**	**1%**	**31%**
Small/Mid Cap Equities	**12%**	**2%**	**22%**
International Equities	**13%**	**3%**	**23%**
Emerging Market Equities	**2%**	**0%**	**12%**
REITs	**3%**	**0%**	**13%**
Fixed Income	**53%**	**43%**	**63%**
Cash	**1%**	**0%**	**20%**
TOTAL	**100%**		

Risk will be measured by standard deviation and may be more or less risky than the respective benchmark. Risk in excess of 15% plus or minus the benchmark may require additional examination.
The Committee recognizes that any particular investment strategy will have periods where it will fall short of achieving its goal. During such period, the Committee expects rational explanations for such under-performance.

Investment Vehicles

In implementing the asset allocation policy, it is intended that there be extensive diversification by investment style. Frank Russell Investment Management Company mutual funds, through our Advisor, have been selected as the primary method of effectively implementing the asset allocation. The investment advisor to the Investments, will monitor the performance of each fund or manager and report to the Committee. The Advisor will recommend replacement funds or managers and may choose not to use Frank Russell Funds at its discretion.

Rebalancing

The asset allocation shall be rebalanced to the target allocations set out above after any quarter in which one or more of the minimum or maximum allocations are exceeded. Furthermore, in the event of a sudden or significant change in the asset allocation attributable to market conditions, the asset allocation may be rebalanced between quarters.

Costs

The costs associated with the management of each asset class shall be reviewed at least annually. It is the Investments' objective that the total costs of managing the funds, including the investment advisory fees, shall be average or below when compared to the average fees for a similar mix of mutual funds. Averages from Morningstar Analytical Service shall be used for determining the appropriate average.

Communications

Unless otherwise requested, the Advisor must furnish the Finance Committee with a quarterly account review detailing investment performance (time-weighted), portfolio holdings, an investment strategy, and the value of the Investments. The Finance Committee will also receive timely information about changes in investment philosophy, management, ownership, and key personnel of Frank Russell Investment Management Company.

Finance Committee meetings will be held quarterly. The Finance Committee may call more frequent meetings if significant concerns arise about the Advisor's investment strategy or performance of the Investments.