

	<h2>Policies and Procedures</h2>	
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1. POLICY OVERVIEW

- 1.1. Sections two (2) and three (3) give general information applicable to the entire policy.
- 1.2. Section four (4) gives organizational investment goals and objectives.
- 1.3. Section five (5) through nine (9) cover organizational investment philosophy and management.
- 1.4. Section ten (10) lists documents and forms applicable to this policy.
- 1.5. Sections eleven (11) and twelve (12) outline administrative procedures and responsibility for ongoing policy implementation and dissemination.

2. PURPOSE OF POLICY

- 2.1. Utah Swimming, Inc. maintains an investment portfolio for the benefit of its members. The purpose of this policy is to assist the Utah Swimming Finance Committee in effectively establishing, supervising, monitoring, and evaluating the investments maintained in the investment portfolio.
- 2.2. With respect to the investment portions of the portfolio that are managed by the Investment Advisor, this policy also establishes a clear understanding between the Finance Committee and the Advisor concerning the investment policies and objectives of Utah Swimming, Inc.

The policy also:

- 2.3. Defines the investment goals and objectives of The Utah Swimming Investment Portfolio.
- 2.4. Documents the material facts considered and the process used to arrive at the investment decisions reached.
- 2.5. Establishes an asset allocation and investment management strategy designed to have a high probability of meeting the goals and objectives of The Portfolio
- 2.6. Establishes a disciplined decision-making process to be followed by the investment advisors and managers in implementing the investment strategies decided upon.
- 2.7. Establishes criteria for evaluating the success of the investment management of The Portfolio
- 2.8. Documents the procedural prudence followed by the Committee in taking the investment course of action followed.

3. DEFINITIONS

- 3.1. **Advisor:** In this policy, this refers to the Investment Advisor.
- 3.2. **Bylaws:** The bylaws as adopted and amended from time to time by, and in effect for, UTSI.
- 3.3. **Finance Committee:** As constituted in the UTSI bylaws.
- 3.4. **Investment Advisor**, or in this policy, **The Advisor:** The Advisor is responsible for overseeing the Investments, monitoring individual manager performance and compliance with this document with respect to the Investments, and making asset allocation recommendations.
- 3.5. **Investments**, or **Investment Portfolio:** The investment portion of the portfolio.
- 3.6. **LSC:** Local Swim Committee, the regional governing body for USA Swimming. The LSC for the state of Utah is Utah Swimming.
- 3.7. **Manager:** In this policy, this refers to the Investment Manager(s) employed by The Advisor who manage specific segments of the investments.

- 3.8. **Portfolio**, or in this policy, **The Portfolio**: Includes all Utah Swimming portfolio assets, including operating funds, unless specifically stated otherwise.
- 3.9. **UTSI**: Utah Swimming, Inc. A Utah not-for-profit corporation.

4. GOALS AND OBJECTIVES

4.1. Portfolio Goals

4.1.1. It is a primary goal of Utah Swimming, Inc. 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.

4.2. Investment Goals

4.2.1. Investment Funds

4.2.1.1. The invested assets of Utah Swimming, Inc. 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.

4.2.2. Short Term Operating Account Limitations

4.2.2.1. 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 Treasurer with all transactions approved by the Finance Vice Chair except money market transfers. The securities in the account will be limited to the following investment vehicles and restrictions:

	Single Security Limit	Minimum Quality	Maximum Maturity
Money Market Funds	None	N/A	N/A
US Treasuries	None	N/A	1 yr
Agency Discount Notes	None	None	None
Commercial Paper	\$1,000,000	A2/P2	1 yr
Corporate Bonds	\$1,000,000	A3/A-	1 yr

5. ASSET ALLOCATION

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

5.1. Principles

5.1.1. 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 and money manager.

5.1.2. Gains and losses have a significant impact upon the Investments' growth objective.

5.1.3. 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.

5.2. Strategy

5.2.1. 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	Minimum	Maximum
Stocks	53%	43%	63%
Real Estate	4%	3%	7%
Commodity	3%	0%	7%
Bonds	39%	28%	45%
Cash	1%	0%	5%

5.3. Historic¹ and Expected Returns

5.3.1. The long-term un-audited historic rate of return on the Investments is shown below. It is based on the historic expected long-term total return for each asset class, and then adjusted for interest rate environment and each asset class' percentage weighting in your portfolio. This is compared against the assumed long-term average rate of inflation (as measured by the Consumer Price Index). The difference between the nominal rate of return and the inflation rate is your real (after-inflation) expected return. Actual performance will vary from these assumed rates and there is no guarantee that this return objective will be achieved either in any single year or over the longer term. The portfolio return will also be reduced by the deduction of advisory and money management fees.

	Year 1	Year 3	Year 5	Year 10	Year 20
95th Percentile	21.25	14.22	12.11	10.27	9.07
Expected Value	5.4	5.77	5.88	5.92	5.98
5th Percentile	-5.87	-1.17	.027	1.87	3.01

5.3.2. At least two benchmarks for each asset class shall be selected to compare future performance against. One or more passive indices that are reflective of the universe of securities within that asset class shall be selected. In addition, one or more active manager benchmarks will be used to compare relative performance of the investment vehicle used herein to other managers investing within a particular asset class.

¹ Mathematically calculated returns are based on historic asset class returns. Based on First Western Trust Investment Advisor's capital market assumptions, the expected value returns are believed to be in the 5%-6% range gross of investment advisory fees.

5.3.3. It will be the objective of the Portfolio to outperform a blended benchmark consisting of 53% MSCI All Country World Index, 4% NAREIT Dev Index, 3% Bloomberg Commodity Index and 40% Barclays Aggregate Bond Index over a three year rolling period after fees. A secondary objective of the Portfolio will be to earn inflation (CPI) plus 3%. 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.

5.4. Risk

5.4.1. Risk will be measured by standard deviation and may be more or less risky than the blended index benchmark. Risk in excess of 15% plus or minus the benchmark may require additional examination. Returns will also be monitored on a risk adjusted basis as measured by the Sharpe Ratio. (Return of the portfolio minus the risk free rate divided (the risk free rate is measured by the 5 year Treasury note) by the standard deviation.

6. INVESTMENT VEHICLES AND ADVISORS

- 6.1. In implementing the asset allocation policy, it is intended that there be extensive diversification by investment style. Actively managed Mutual Funds, Exchange Traded Funds (ETF's), and an individually managed Fixed Income portfolio have been selected as the primary method of effectively implementing the asset allocation.
- 6.2. Ameriprise Financial, the registered investment advisor to the Investments, will monitor the performance of each fund or manager and report to the Committee. Ameriprise Financial will recommend replacement funds or managers.

7. REBALANCING

- 7.1. 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.

8. COSTS

- 8.1. 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.

9. COMMUNICATIONS

- 9.1. 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.

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

10. RELATED DOCUMENTS AND FORMS

None

11. NOTIFICATION

- 11.1. Annually, and when new members join the Finance Committee, the Finance Vice-Chair will ensure new board members receive a copy of this policy, are invited to read it, and ask questions.
- 11.2. The Finance Vice-Chair will ensure a copy of this policy is available for reference for each member of the Finance Committee and at each committee meeting. This includes the quarterly meetings and other meetings listed in Section 9: Communications.
- 11.3. The Finance Chair must assure that The Advisor furnishes the Finance Committee with an account review at least quarterly as directed in Section 9: Communications.

12. DISTRIBUTION OF POLICY AND UPDATING

- 12.1. Policy will be posted on the UTSI website
- 12.2. The Governance Committee assures this policy is given to new Finance Chairs at orientation.
- 12.3. At least annually, the Finance Committee will review this policy in its entirety and give any needed updates to the Governance Committee. This includes costs as directed in Section 8: Costs.
- 12.4. At least annually, the Governance Committee will check with the Finance Vice-Chair to receive policy updates from the Finance Committee and update and post revised policies as needed.

CHANGE LOG				
Version	Date	Description of Change/Section(s)	Author or Editor	Authority
1	5-12-2020	Newly adopted policy based on USA Swimming Investment policy	Shane Lamb and Cathy Vaughan	BOD
2	2-2-2021	Standardized headings and correlated with <i>Leadership Task Calendar</i> .	Cathy Vaughan	Minor Changes – Delegated BOD Authority