

Investment Policy

Policy:

Maryland Swimming, Incorporated (collectively, “Maryland Swimming”) financial assets are held in a fiduciary capacity for the sake of providing support for programs and services which enhance the role of competitive swimming in Maryland. Maryland Swimming, Inc is a nonprofit corporation and its’ financial assets are held in one or more Investment Accounts.

The primary goal of Maryland Swimming’s Investment Pool is to provide stable, predictable, long-term support for the members of Maryland Swimming and to allow Maryland Swimming to provide support for meets, camps and outreach. Maryland Swimming’s Investment Accounts are to be invested in a diversified, prudent manner that seeks a balance of long-term growth and capital preservation.

Procedure:

The investment pool shall be divided in two separate strategies

1. One with the primary goal of capital preservation,
2. The second to provide long term growth.

The first pool shall be an emergency fund that may be drawn on by Maryland Swimming for short term needs.

The assets shall approximate two years of operating expenses for the organization. The amount to be invested each year shall be determined and invested within 30 days of the close of the fiscal year.

The account balance shall be reviewed annually, prior to the April House of Delegates Meeting, in order to increase the asset base from the second or reserve pool or to transfer additional assets to the reserve pool.

The second pool’s assets shall be invested to earn an average real total return of at least 5% per year, net of management fees, over any rolling five year period. Maryland Swimming will choose corporate custodians, trustees and/or a portfolio manager to provide services necessary to achieve the stated financial and investment goal and objective.

A report of performance of the investments will be reported to the Board on a quarterly basis beginning with the October meeting by the Finance Vice Chair.

Investment Account

Guidelines for the Reserve Investment Accounts portfolio manager, consistent with achieving this investment objective, are as follows:

- Target Asset Allocation: 50% to 60% equities and 40% to 50% fixed income/cash.
- It is understood that actual allocations may differ slightly from these ranges from time to time due to market fluctuations.
- At least 50% of the equity portfolio is to be invested in U.S. indexed equity funds with primary reference being the S&P 500 or other similar and appropriate indices that represent the general market movement of large and mid market capitalization of U.S. equities.
- Approximately 20% of the portfolio should be invested at the discretion of the manager in equities or such other financial instruments where the manager believes the instruments have the potential to exceed S&P 500 returns.
- Fixed income is narrowly defined as cash, U.S. government backed financial instruments, and other fixed income instruments such as high quality corporate bonds where safety and security are the predominant characteristics. Emphasis is placed on holding fixed income securities to maturity and not assuming market pricing risk. The fixed income portfolio should be laddered with individual maturities not exceeding ten (10) years. Corporate bond funds are excluded from consideration. No fixed income security should be rated at less than “B” grade by Moody’s.