

# Investment Policy Statement for Southern California Swimming

## Southern California Swimming Mission Statement

*Proud of our tradition, SCS provides support for our members in their pursuit of excellence.*

## Introduction:

Southern California Swimming, Inc. (“SCS”) is a not-for-profit Local Swimming Committee (“LSC”) serving counties in Southern California and Southern Nevada. The LSC is the largest member of USA Swimming, Inc. with over 20,000 members. SCS headquarters are located in San Pedro, California.

## Purpose of the Investment Policy Statement (“IPS”):

This Investment Policy Statement has been adopted for the purpose of providing guidelines, limitations, and direction for the selection and monitoring of the investment choices held in the Investment Portfolio (“Portfolio”). The IPS incorporates accountability according to the “prudent investor” standard and includes review of the professional guidance of the contracted Portfolio manager(s) hired on behalf of SCS. This Investment Policy Statement will be reviewed annually and as is deemed appropriate on a more frequent basis by the SCS Finance Committee.

## Roles and Responsibilities of the Finance Committee

The Finance Committee is responsible for administration of the Portfolio according to the Investment Policy Statement and all applicable laws. The Finance Committee is responsible for retaining appropriate professional Investment Advisor(s). The Finance Committee has fiduciary responsibility as described under this Investment Policy Statement and will perform the responsibilities described below:

- Establishing and maintaining the IPS
- Selecting the Investment Advisor(s).
- Achieve investment objectives at a reasonable cost while maximizing returns.
- Periodically evaluating the investment performance of the Portfolio and recommend making investment option changes.
- Reporting investment results on a regular basis to the SCS Board of Directors.
- Invest in a manner consistent with the Board’s anticipated financial needs and in consideration of the organization’s risk tolerance for assuming investment and financial risk.
- Operate in accordance with all applicable federal laws and regulations.

## Investment Selection and Monitoring

The Finance Committee and the Portfolio Investment Advisor(s) must manage the assets with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Investment practices must comply with any and all applicable laws and regulations. Investment selection should be defined with:

- The objective of preserving long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions if such an allocation is designated by the Board.
- A plan to work cooperatively with the Budget Committee to coordinate planned expenses and revenues.
- The assumption of sufficient investment flexibility and liquidity to adapt to changing market conditions and changing needs of the organization.
- The Finance Committee and Investment Advisor are expressly forbidden to purchase on margin, short sell, derivatize, speculate, or leverage securities.

### Asset Allocation Policy

The asset allocation is based on the following:

- Diversification across a broad asset base is an essential component to long-term stability and risk reduction.
- Market fluctuation in will impact the Portfolio and have a significant impact on the Portfolio's principle and anticipated investment income. The goal of diversified asset allocation is to allow for a long-term and balanced return on investments.
- Asset allocation should include equities, bonds, and cash. The suggested allocation for the SCS investment portfolio is:

ASSET CLASS	TARGET PERCENTAGE
Equities (US Stocks)*	30
Equities (Non-US Stocks)	5
Fixed Income (Investment Grade Bonds)**	60
Cash	5

\*Includes funds, ETF's, common and preferred stock, etc.

\*\*Includes individual fixed income and bond funds.

### Process for Ongoing Evaluation of the Investment Options

To ensure continued compliance with the objectives of this Investment Policy Statement, periodic reviews of the investment options will be conducted on a semi-annual basis and the results will be maintained to document the review and resultant decision process.

If any investment deviates from the initial selection criteria, it will warrant a thorough review and analysis to determine if it remains an appropriate investment. The decision to retain or terminate an investment option is determined by several factors including the potential for future performance and suitability.

### Investment Option Termination

The investments should be evaluated closely and possibly put on a watch list and/or subject to increased scrutiny when the Finance Committee has lost confidence in the investment option's potential to:

- Achieve performance and risk objectives
- Comply with investment guidelines
- Maintain a stable investment style
- Maintain a stable organization and retain key relevant investment professionals
- Maintain high standards of governance

*(Short-term fluctuating rates of return characterize the securities markets especially over a short time horizon. Realizing that short-term fluctuations may cause variations in a Portfolio's performance, the intention is to employ long-term investment strategies and the investment performance of these funds will be evaluated from a long-term perspective.)*

### **Monitoring Costs**

The Investment Committee will review, annually, all costs associated with the management of the Portfolio's investment program, including:

- Expense ratios of each investment option against the appropriate peer group
- Administrative fees against comparable benchmarks

### **Signatures**

The Investment Policy Statement should be signed and dated by the appropriate individuals on the Finance Committee and the Board of Directors.