



US SAILING FOUNDATION INVESTMENT POLICY

The principal goal of this investment policy is to define that the liquid assets held in the form of cash and cash equivalents and all other investments are managed as effectively and efficiently as possible with the aim of achieving a market rate of return.

Investments may be made in various types of financial instruments as listed below. Ongoing liquidity needs will be monitored regularly to assure that cash flow requirements are met. Without the approval of the Board of Directors of US Sailing (Board), the portfolio must not hold more than 10% in any one issuer, except the U. S. Treasury and other federal government issuances and obligations.

The types of approved investments are listed:

- U. S. Treasury securities;
- U. S. Government agencies;
- Domestic Certificates of Deposit;
- Commercial paper of domestic U. S. corporations;
- Securities issued by a state of the United States;
- U. S. municipal securities;
- U. S. corporate equity and debt securities;
- Money-market funds.
- Foreign and domestic Exchange Traded Funds which are listed on the major exchanges.

All US Sailing's investments will be held in brokerage accounts in the name of US Sailing. US Sailing will not take physical delivery of investment instruments. US Sailing will require a timely confirmation of sale and/or safe-keeping receipts giving full details of the transaction and security purchased. Monthly and quarterly interim statements and year-end statements covering all transactions and supporting valuations details will be required on a timely basis, and US Sailing's accounting function will likewise prepare reconciliations of such statements with the accounting records on a timely basis.

The Board will receive a quarterly report from US Sailing's Investment Oversight Committee (The Committee) that contains at least the following information:

- A listing of portfolio instruments at the date of the report, and percentage mix of the portfolio by type of investment.
- An analysis of the rate of return on the portfolio compared to an appropriate benchmark.

The Committee is authorized to delegate investment management authority to external agents (the “External Agents”), such as independent investment advisers and managers, banks, trust companies, brokerage firms, and legal counsel. However, US Sailing must be able to terminate any contractor agreement at any time without penalty with no more than 60 days written notice.

The Committee will monitor the overall investment strategy with respect to US Sailing Investments, with day-to-day investment management to be administered by the External Agents under the supervision of the Committee.

The following are the expenditure guidelines (the “Expenditure Guidelines”) for use in connection with the Windfall Fund and the Permanently Restricted Funds (The Gamble Fund and the Bennet Fisher Sportsmanship Fund) that fall under this Investment Policy. The Expenditure Guidelines help provide financial discipline by providing a clear, unequivocal amount of annual funding from US Sailing investments consistent with sustainable long-term operations.

Spending from US Sailing Investments shall be determined by an expenditure rule (the “Spending Rule”) that smooths the volatility of spending from year to year using a weighted-average formula which takes into account the 16 quarter trailing average of the overall value of US Sailing investments (the “Trailing Average”) and the current market value of USS investments. Spending for a fiscal year (the “Annual Drawdown”) shall be calculated by adding 70% of the 16 quarter Trailing Average, to 30% of the market value of US Sailing’s Investments at the end of the preceding quarter, times the spending rate of 4.5%.

All disbursements from the Fund shall be approved by the Board, which shall determine if the disbursement is prudent based on considerations of the long-term preservation of the Fund, economic conditions, the Fund’s expected total return, other resources available for the same purpose, the importance of the activity the disbursement will support, and other considerations as deemed appropriate by the Board.

Any expenditure from US Sailing’s investments above and beyond the amount of the Annual Drawdown may only be authorized by an affirmative vote of the Board.

Expenditures from the Hoyt-Jolley Fund and any future funds designated Temporarily Restricted will be made in accordance with the donor’s instructions at time of donation. Should the donor’s instructions omit spending requirements, the Board may apply the Expenditure Guidelines to these funds unless doing so would conflict with the intended use of these funds. Expenditures from all other funds designated by the Board within the long-term investments may be made at the discretion of the Board of Directors.