

**USA Swimming (USA-S) & USA Swimming Foundation (Foundation)
Investment Committee 2Q 2024 Review
Meeting Minutes from 22-Jul-2024**

Meeting was called to order at 3:30pm MST.

FWT	Sterling	USA Swimming & Foundation
David Stern	Tony Corallo	Ellen Colket (Committee Chair)
Doug Hanisch (absent)		Tami Bock
		Jay Definis
		Marc Tucci
		Michael McBroom
		Ryan Murphy (Olympics)
		Eric Skufca (absent)
		Kenneth Chung (absent)

Ellen solicited the Committee’s feedback for any additional agenda items beyond those presented in the meeting materials. No additional agenda items were proposed.

Committee unanimously approved April 22, 2024 minutes as presented.

David (FWT):

Economic Commentary:

Second quarter started off weak, with concerns about inflation raising questions about how quickly the Fed would be able to bring inflation back down to its longer-term 2% target. As inflation data improved over the course of the quarter, so did investor sentiment, ultimately helping the S&P gain ~4%. Other areas of the market saw negative returns weighed down by concerns about the potential for slowing economic growth and the Fed possibly having to keep rates “higher for longer.”

Outlook:

Improving inflation data towards the end of the second quarter reinforced the view that the Fed might achieve a soft landing. As part of that, markets continue to expect the Fed to begin cutting interest rates later this year. Muddled employment data continues to make it difficult to discern the true underlying strength of the labor market. Increased clarity might help resolve the timing of the Fed’s first anticipated rate cut. Upcoming US elections and increased fighting in the Middle East represent possible catalysts for periodic bouts of volatility moving into the second half of the year.

David: Reviewed USA-S and Foundation performance reports

David shared with the Committee the recent decisions First Western’s Investment Policy Committee made to its model portfolio allocations. David will follow up with Eric Skufca to discuss implementation in both accounts.

Foundation: David reviewed the performance report on pages 16-21. Pg. 19: David noted the Foundation account has outperformed its benchmark over the trailing 1, 3, and 5 year periods.

USA-S: David reviewed the performance report on pages 22-27. Pg. 25: David noted the Inc. account has outperformed its benchmark over the trailing 1, 3, 5, and since-inception periods.

Tony (Sterling):

Reviewed Fixed Income Performance:

Tony provided a corporate update on Sterling sharing that the sale of Sterling Capital Management to Guardian Capital has been completed. Following the acquisition, Sterling is now a wholly-owned subsidiary of Guardian but will maintain broad autonomy.

Within the portfolios, Treasury exposure was reduced some in 2Q24, while slight increases were made to the corporate, ABS and CMBS allocations. The increase in ABS helps improve the diversification of the portfolio. Though the increase in CMBS might seem counterintuitive, Sterling has been at very high-quality structures, many of which are agency-backed. Continue to like corporates on a go forward basis despite slowing economic growth. Anticipation of a soft landing/no landing outcome is favorable for corporates. Tony reviewed attribution on page 35, noting the various active decisions made within the portfolios and their impacts on performance. Of the various factors, security selection was the largest driver of outperformance.

Ellen noted that on pages 32 and 34 that it appeared the USA-S portfolio had a slightly longer duration than the Foundation portfolio. Tony indicated the difference was largely the result of cash flows within the portfolios and that the current difference in duration is quite small.

Outlook:

Tony reviewed Sterling's outlook on page 47 noting that it aligned closely with that of First Western. Expect the Fed will cut rates 1-2 times before year end with the first cut likely to occur in September.

Banking Review:

Tami Bock provided the banking review in Eric and Doug's absence. The line of credit (LOC) that was set up during COVID and paid off in 2023, has subsequently been closed. The checking account associated with the LOC has also been closed. Cash flow update: Did make a distribution of \$3.5M in May. Membership year picks up again in September. Not anticipating a need for further distributions. USAS Foundation: endowment distributions will go out during Q3. ~\$1M, as budgeted.

Further Actions – None

Next Meeting: Tuesday, October 22, 2024 @ 5:30pm EDT.

Meeting adjourned at approximately 6:25pm EDT.