

USA Swimming (USA-S) & USA Swimming Foundation (Foundation)
Investment Committee 4Q 2024 Review
Meeting Minutes from 21-Jan-2025

The meeting was called to order at 3:35pm MST.

Goldman Sachs & Co. LLC.	USA Swimming & Foundation
Nick Eaton	Kenneth Chung (Committee Chair)
Jenny Sale	Jay Definis
Sofia Bonito	Ryan Murphy
	Eric Skufca
	Christopher O'Connor
	Linda Elkins
	Sophie Graf
	Marc Tucci (absent)

Eric - Opening remark.

Eric welcomed everyone and started introductions (especially for 2 new Committee members and new Goldman Sachs team). Eric discussed transition from previous advisor at First Western Trust to Goldman Sachs.

Committee unanimously approved Q3 2024 meeting minutes as presented.

Nick (GS)

Transition of assets/accounts to Goldman Sachs:

Nick reviewed page 4 of the provided deliverable to show how the team prepared accounts at Goldman and transferred assets to GS from First Western Trust. Goldman team confirmed all assets were reconciled, and all cash/securities have arrived at Goldman.

USA Swimming, Inc. has ~\$29.7mm of assets and Foundation has ~\$20.4mm of assets at Goldman. Markets overall flat since transition from First Western started in October, that is the same amount of assets held at First Western in October.

Nick showed page 5 balance sheet for USA Swimming, Inc. This shows the ~\$29.7mm broken into each asset class. Discussed high level asset allocations.

Nick showed page 6 balance sheet for USA Swimming Foundation. This shows the ~\$20.4mm broken into each asset class.

Nick mentioned Goldman will ensure the IPS matches the Foundation and Inc.'s targets/asset allocation in the interim until the next versions of the IPS' are reviewed and approved by the respective Boards.

Nick concluded the “transition period” is over and Goldman is ready to move forward on the asset allocation program per the current IPS documents.

Nick (GS)

Economic & Portfolio/Performance Commentary:

Nick showed page 8. Great year, S&P 500 up 25% over the year. Takeaway is the Equity markets did incredible. Nick noted, the market gave back some in equities in December. This did happen during the transition period when moving assets to Goldman.

Page 9, Fixed Income also did well, with a down dip at end of year. USA Swimming overall owns long bonds that were down a little in December.

Page 11 talked about performance at Goldman since they arrived. Page 11 shows the assets are a bit down (2.6% in USA Swimming Inc., 1% the Foundation). Nick said these are down not because they are bad assets, but as mentioned there was a slight downturn in markets in December. Page 12 shows the same for USA Swimming Foundation.

The overall bond market was down 2% since the day the transition to Goldman started.

The equity market was down 1%, international down 1%, small cap down 7%.

Nick said we plan to hold less small cap in the Goldman asset allocation plan.

Sofia (GS):

Goldman Sachs Outlook on Markets and Economy:

Sofia started on page 14; said Goldman likes to provide a one-pager to give to the committee. This is a format Goldman will provide every time we meet.

Key themes; US elections over, new President in office. Markets and economy focus on what Trump will accomplish, with Republicans (slight) majority in all of congress. Lots of uncertainty with tariffs and immigration. Main punchline is these will be inflationary, but more focused on China and autos (than broad tariffs). The hike in tariffs is a one-time price level increase, and should not impact the Fed.

Immigration to slow 750,000 p/year (before the pandemic it was 1,000,000 p/year). Think this decrease in immigration will have a modest impact on the economy.

Budget deficit will remain a challenge.

Economic outlook, expect growth to moderate in 2025, forecasting 2.3% healthy growth. Low recession probability of recession (20%). Continue to see inflation progress, but a bumpy path forward. Goldman is expecting the Fed to cut rates three times this year.

Nick said the US economy is doing well and clarified that any year there is 15-20% recession, so Goldman's projected 20% of recession is lower than a year or two years ago. With this, Goldman recommends clients should be invested and invest in equity. Goldman is cautiously optimistic.

S&P 500 projected return 8% in 2025. Lower than last year and past couple years, moderating expectations but still positive outlook. Fed to cut interest rates, so yields lower, prices higher, which leads to attractive mid-single digits return in fixed income at 6%.

Linda asked about US vs. Non-US, and if Goldman and the board considered the new administration and tariffs when deciding on asset allocation.

Sofia said we are working to shift increasing our weight to US equities. Long term view on US, and conviction behind that. Currently 75% US and 25 % broader global market. We might change closer to 80% US equities.

Nick followed up to confirm we are bullish long term on the US.

Nick (GS)

Next Steps:

Time to “optimize” the portfolios and get the correct asset allocation. Goldman will start to transition portfolio accordingly.

The group also discussed the upcoming Investment Policy Statement reviews. Nick recommends a second meeting to review and will send template examples of IPS statements.

Eric said, from a governance standpoint, both organizations have a current IPS that is active.

Eric asks that Goldman stay within current guard rails as we discuss updating the IPS.

Nick talked about cash flow management and how Goldman team figures out how to have cash for expenses.

Eric and Kenneth to provide the 2025 projected portfolio-related cashflows to assist in the portfolio management.

Kenneth said that his vote is to circulate IPS for both Foundation and Inc. to full committee members so all can see and then look at the new recommendations as well.

The group is planning another 60-minute IPS meeting in February.

Eric

Housekeeping items:

Send around times for February IPS meeting.

Sophie sent around dates/times for next quarterly meetings.

Eric to send Goldman cashflow projections

Send around IPS draft and Goldman sample IPS suggestions.

Meeting adjourned at 4:38pm MST.