



Investment Policy Statement for the USPS Educational Fund

Purposes of the USPS Educational Fund:

The purposes, set forth in the Trust Agreement, are:

To promote the development of and for the furtherance of educational programs, techniques and courses in boating, seamanship, navigation, engine maintenance, marine electronic equipment, sailing, weather, boating safety and other marine activities generally, and in cooperation with, agencies of the United States government and the various states of the United States in their educational projects and activities for the public generally interested in their programs relating to boating and marine activities.

In seeking to attain the investment objectives set forth in this policy, the trustees will act with honesty and good faith to the Educational Fund. The investment managers will use the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like portfolios with like aims in accordance and compliance with the Uniform Prudent Investor Act and all applicable laws, rules and regulations.

USPS Educational Fund Spending (grants, fees, service charges) Policy:

1. The USPS Educational Fund's spending policy is framed with a view to preserve purchasing power of the assets over time; to protect against erosion of principal; and to promote stability.
2. The USPS Educational Fund will utilize total return (*income plus capital appreciation*) on its assets in the determination of the rate of spending from the Foundation. The long term average spending must be kept to no greater than the expected long term real total return on its assets.
3. As a general matter, the USPS Educational Fund Trustees will periodically review the Foundation's spending policy.
4. This predetermined spending percentage will be based on the following parameters. The Total Investment Return, using a five year moving average will be the standard as the allotted calculated percentage.

Investment Policy

1. This Investment Policy Statement may be reviewed and changed from time to time as may be necessary with the approval of the USPS Educational Fund Trustees.
2. The objective is to obtain the maximum total return on cash invested, based upon a low tolerance for risk and ensuring absolute protection of invested assets.
3. Investments should be diversified and oriented towards the long-term. Diversifying means buying investments according to a strategic financial plan in order to get the right mix of growth and income from the investments.
4. Primary emphasis should be placed on preserving the principal of the Portfolio during declining markets, rather than on maximizing performances during rising markets. This should result in more consistent results and reduce the potential impact of investment losses.
5. *The Investment Manager will set forth a strategic asset allocation in accordance with the Fund's investment objectives. This allocation will allow for tactical shifts when deemed appropriate.*
6. The Investment Manager will have the discretion to shift the asset mix between equities, fixed income, and cash equivalents in order to increase the total returns and/or reduce risks.
7. The Investment Manager shall be prohibited from investing in commodities and options, engaging in short sales and margin transactions.
8. The Investment Manager will manage the assets in a prudent manner so that the results will meet the goals and objectives as set forth in this Policy Statement.