

MINUTES OF THE FEBRUARY 26, 2013 INVESTMENT COMMITTEE MEETING

The Investment Committee (“the Committee”), a committee of the Smithsonian Board of Regents, conducted a meeting on Tuesday, February 26, 2013, at 1:00 p.m. in Committee Chair David Silfen’s office in New York City. Participating were Mr. Silfen, Committee Vice Chair Steve Case, Committee members Afsaneh Beschloss*, Eli Broad*, Tim O’Neill, and Roger Sant*. Board Chair France Córdoba* also participated. Committee members David Rubenstein and Alan Spoon were absent.

Participating staff included Secretary G. Wayne Clough*, Chief of Staff to the Secretary Patricia Bartlett*, Chief Investment Officer Amy Chen, Investment Officer Ryan Dotson, Manager of Investment Operations Rika Feng*, Investment Officer Michael Giovenco, Under Secretary for Finance and Administration and Chief Financial Officer Albert Horvath, Chief of Staff to the Regents John Lapiana*, General Counsel Judith Leonard*, and Investment Officer Jeff Smith.

CALL TO ORDER

Chair David Silfen called the meeting to order.

APPROVAL OF MINUTES

After consideration and upon motion duly made, seconded, and unanimously approved, the minutes of the December 11, 2012, Committee meeting were approved.

REPORT OF THE CHAIR

Mr. Silfen welcomed the Committee members and noted the full meeting agenda. He thanked those who were able to amend their schedules in order to participate. He congratulated the Committee and the Office of Investments staff for the Endowment’s first quartile performance.

ANNUAL PORTFOLIO REVIEW

Chief Investment Officer Amy Chen noted that the portfolio review was divided into two sections: a historical review of the portfolio and its asset classes, and a review of long-term asset allocations and risk. Ms. Chen stated that the overall goal is to continue building a world-class portfolio and thanked the Committee for its contributions towards that goal.

ASSET CLASS REVIEW

Investment Officers Michael Giovenco and Jeff Smith reviewed the hedge fund and real assets portfolios.

* *participated by telephone*

ASSET ALLOCATION AND RISK REVIEW

Ms. Chen presented an asset allocation optimization model that staff had developed internally and reviewed the risk analysis.

PORTFOLIO IMPLEMENTATION

Ms. Chen noted that staff continues to find new managers, rebalance the policy portfolio to its targets, and, overall, keep cash at a minimum.

The Investment Committee unanimously approved the adoption of the private equity and private real assets commitment ranges for 2013, as well as the recommended changes to the Policy Benchmark effective January 1, 2013.

OPERATIONS REVIEW

Ms. Chen noted that the audited financial statement for fiscal year 2012 was included in the meeting materials, as well as an expense analysis.

Ms. Chen congratulated staff for the successful completion of the fiscal year 2012 audit, which included finalizing the investment work one month ahead of the prior year's schedule. KPMG issued an unqualified opinion and communicated no findings.

Ms. Chen noted that the Smithsonian had a very successful internship program last year, and has opened a search to fill the Investment Analyst position.

Appointment of a new investment custodian is in the final stages.

EXECUTIVE SESSION

Staff was dismissed at 3:00 pm and an executive session was held.