

MINUTES OF THE MARCH 8, 2016, INVESTMENT COMMITTEE MEETING

The Investment Committee (“Committee”) of the Board of Regents of the Smithsonian Institution (“Smithsonian”) conducted a meeting on Tuesday, March 8, 2016, in the Regents’ Room at the Smithsonian Castle in Washington, DC. Participating were Committee Chair Tim O’Neill and Committee members Afsaneh Beschloss, Kathryn (“Katie”) Hall, Roger Sant, and J. Tomilson (“Tom”) Hill*. Board and Executive Committee Chair John W. McCarter, Jr.* also participated. Committee Vice Chair Steve Case and members David Rubenstein and Michael Tennenbaum were unable to participate.

Participating Smithsonian staff included Secretary David Skorton, Director of Investment Operations Genta Arovas, Acting Chief of Staff to the Secretary Greg Bettwy, Chief Investment Officer Amy Chen, Director of Advancement Virginia Clark, Investment Officer Ryan Dotson, Assistant General Counsel Farleigh Earhart, Inspector General Cathy Helm, Under Secretary for Finance and Administration and Chief Financial Officer Albert Horvath, Chief of Staff to the Board of Regents Porter Wilkinson, and Investment Officer Jeff Smith.

CALL TO ORDER / REPORT OF THE CHAIR

Newly appointed Committee Chair Tim O’Neill called the meeting to order at 12:09 p.m. and welcomed everyone.

APPROVAL OF THE NOVEMBER 17, 2015, COMMITTEE MEETING MINUTES

Upon motion duly made and seconded, the minutes of the November 17, 2015, Committee meeting were approved without modification.

TRIBUTE TO DAVID SILFEN

Executive Committee Chair John McCarter informed Committee members that David Silfen was awarded the Regent’s Gold Medal for Exceptional Service. David’s contribution over the course of the last decade, not only as a general supporter of the Smithsonian, but in particular, his founding of the Investment Committee and extraordinary leadership.

Mr. O’Neill attributed the size and growth of the Endowment over ten years, as well as, top quartile performance to David Silfen.

RECOGNITION OF RETIRED COMMITTEE MEMBERS

Committee members attended a recognition dinner on Monday, March 7, 2016 evening. Mr. O’Neill thanked Ms. Beschloss and Mr. Spoon for their many contributions since joining the Committee in 2005.

* *participated by telephone*

ANNUAL PORTFOLIO REVIEW

Chief Investment Officer Amy Chen reported that the Smithsonian Endowment's one-year return as of December 31, 2015 was 1.3% versus the policy benchmark of -2.6%. The portfolio outperformed the policy benchmark, as well as, a simple 60/40 portfolio with lower volatility on a trailing one-, three-, five-, and ten-year basis.

Ms. Chen reviewed the Integrated Risk Framework. Ms. Chen also reviewed manager rankings and portfolio liquidity.

ASSET ALLOCATION AND RISK REVIEW

Ms. Chen reviewed the Asset Allocation and Risk Review study. Staff recommended a change to the long-term policy target allocations and ranges.

PORTFOLIO IMPLEMENTATION

Investment Officer Jeff Smith sought the Committee's approval for staff's proposed commitment levels for 2016. Mr. Smith also sought the Committee's approval for a revised policy benchmark.

OPERATIONS REVIEW

Director of Investment Operations Genta Arovas reviewed staff's technology initiatives.

ADJOURNMENT

The meeting was adjourned at 1:32 p.m. and an executive session was held.