

## MINUTES OF THE MAY 21, 2013, INVESTMENT COMMITTEE MEETING

The Investment Committee (“the Committee”), a committee of the Smithsonian Board of Regents, conducted a meeting on Tuesday, May 21, 2013, at 1:30 p.m. in Committee Chair David Silfen’s office in New York City. Participating were Mr. Silfen, Committee members Afsaneh Beschloss\*, Eli Broad\*, Tim O’Neill, and Alan Spoon\*. Board Chair France Córdova\* also participated. Committee Vice Chair Steve Case, and members David Rubenstein and Roger Sant were unable to participate.

Participating staff included Chief of Staff to the Secretary Patricia Bartlett\*, Chief Investment Officer Amy Chen, Investment Officer Ryan Dotson\*, Associate General Counsel Farleigh Earhart\*, 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\*, and Investment Officer Jeff Smith\*. There were two guests from a hedge fund consulting firm.

### CALL TO ORDER

Chair David Silfen called the meeting to order.

### APPROVAL OF MINUTES

After consideration and upon motion duly made, seconded, and subsequently unanimously approved, the minutes of the February 26, 2013, Committee meeting were approved.

### REPORT OF THE CHAIR

Mr. Silfen welcomed the Committee members and guests from the hedge fund consulting firm.

### PORTFOLIO REVIEW

Chief Investment Officer Amy Chen reported on the Smithsonian Endowment’s performance as of March 31, 2013. She also noted the Endowment’s preliminarily first quintile ranking versus a peer universe of endowments and foundations.

### HEDGE FUND REVIEW

Mr. Silfen welcomed the representatives from the hedge fund consulting firm.

Overall, the consulting firm’s assessment found the portfolio performed well, was well-balanced, and was invested in excellent funds. The consultant’s ratings for the funds’ investment process, risk process, and management teams were consistently high.

Mr. Silfen expressed his appreciation to the representatives for covering the issues.

\* *participated by telephone*

## **ASSET ALLOCATION**

The Committee decided to schedule a 30 minute teleconference to ensure that all members' views are reflected in discussing asset allocation.

## **PORTFOLIO IMPLEMENTATION**

Ms. Chen reported that for January 1, 2013, to April 30, 2013, the portfolio was within the ranges set.

Potential next steps were discussed.

## **OPERATIONS REVIEW**

### ***Custodian***

Ms. Chen expressed appreciation to all who assisted with the selection of the new custodian. She noted the custodian transition includes partially automating portfolio performance reports and developing a core set of reports.

### ***Audit***

Because the custodian transition occurred in mid-year, the scope of work for the audit was increased.

### ***Staffing***

Ms. Chen reported that staff is interviewing candidates for an Investment Analyst position. She noted that four students have been selected for the summer internship program.

### ***Review of Expenses***

Ms. Chen reported that, according to a recent peer comparison report which included data from fiscal year 2010, Smithsonian's investment expenses were extremely low.

## **EXECUTIVE SESSION**

An executive session was not held and the meeting was adjourned at 3:01 p.m.