

MINUTES OF THE SEPTEMBER 17, 2013, INVESTMENT COMMITTEE MEETING

The Investment Committee (“the Committee”), a Committee of the Smithsonian Board of Regents, conducted a meeting on Tuesday, September 17, 2013, at 12:00 p.m. in the Regents’ Room at the Smithsonian Castle in Washington, D.C. Participating were Committee Chair David Silfen, Committee members Afsaneh Beschloss, Tim O’Neill*, David Rubenstein*, Roger Sant, Alan Spoon*, and Michael Tennenbaum*. Board and Executive Committee Chair France Córdova* also participated. Committee Vice Chair Steve Case and member Eli Broad were unable to participate.

Participating Smithsonian staff included Secretary Wayne Clough, Chief of Staff to the Secretary Patricia Bartlett, Chief Investment Officer Amy Chen, Investment Officer Ryan Dotson, Investment Analyst Yizhi Ge, Investment Officer Michael Giovenco, Under Secretary for Finance and Administration and Chief Financial Officer Albert Horvath, General Counsel Judith Leonard, and Investment Officer Jeff Smith. Guests included a speaker and, from The Broad Foundation, Director of Investments K.C. Krieger* and Chief Investment Officer Marc Schwartz*.

CALL TO ORDER

Chair David Silfen called the meeting to order.

APPROVAL OF MINUTES

After consideration and upon motion duly made and seconded, the minutes of the May 21, 2013, Committee meeting and June 5, 2013, teleconference were unanimously approved.

REPORT OF THE CHAIR

Mr. Silfen welcomed the Committee members and introduced new member Michael Tennenbaum.

PORTFOLIO REVIEW

Chief Investment Officer Amy Chen reported a strong year ending on June 30, 2013, with 13.4% performance versus the policy benchmark of 8.3%, which provided 510 basis points of outperformance. The closing market value of the Endowment on June 30 was \$1.1 billion, showing that assets grew \$113 million since July 2012.

CURRENCY DISCUSSION

Active and passive currency management programs were discussed and no actions recommended.

* *participated by telephone*

PORTFOLIO IMPLEMENTATION

Ms. Chen reviewed portfolio changes implemented since the June 5, 2013, Committee teleconference, and a detailed pro forma cash estimate for the remainder of the calendar year.

Investment Officer Jeff Smith provided an update on the real assets portfolio.

OPERATIONS REVIEW

Staffing

Ms. Chen announced the departure of the Manager of Investment Operations and noted that a search will ensue for a replacement.

Infrastructure

With the successful conclusion of the custodian transition, Ms. Chen noted that staff is focused on using the custodian's technological infrastructure to partially automate the production of reports.

EXECUTIVE SESSION

An executive session was not held and the meeting was adjourned at 2:00 p.m.