

MINUTES OF THE MARCH 3, 2015, INVESTMENT COMMITTEE MEETING

The Investment Committee (“Committee”) of the Board of Regents of the Smithsonian Institution (“Smithsonian”), conducted a meeting on Tuesday, March 3, 2015, in the Regents’ Room at the Smithsonian Castle in Washington, D.C. Participating were Committee Chair David Silfen*; Committee Vice Chair Steve Case*; and Committee members Afsaneh Beschloss*, Kathryn Hall*, Tim O’Neill*, David Rubenstein*, Roger Sant*, and Alan Spoon*. Board and Executive Committee Chair John W. McCarter, Jr.* and guest at the Invitation of the Committee Eli Broad* also participated. Committee member Michael Tennenbaum was unable to participate.

Participating Smithsonian staff included Director of Investment Operations Genta Arovas; Chief Investment Officer Amy Chen; Investment Officer Ryan Dotson; Associate General Counsel Farleigh Earhart; Investment Officer Michael Giovenco; Inspector General Cathy Helm*; Acting Secretary Albert Horvath; Acting Under Secretary for Finance and Administration and Chief Financial Officer John Lapiana; and Deputy Chief of Staff to the Regents Rachel Parker*.

CALL TO ORDER

Chair David Silfen called the meeting to order.

APPROVAL OF MINUTES

Upon motion duly made and seconded, the minutes of the November 13, 2014, Committee meeting were unanimously approved.

REPORT OF THE CHAIR

Mr. Silfen welcomed the Committee members and introduced new member Kathryn Hall.

TRIBUTE TO ELI BROAD

Mr. Silfen informed Committee members that Eli Broad had stepped down from the Committee. Mr. Silfen thanked Mr. Broad for his many contributions since joining the Committee in 2005.

ANNUAL PORTFOLIO REVIEW

Total Portfolio Review

Ms. Chen reported the Smithsonian Endowment’s one-year rate of return as of December 31, 2014, was 8.0% versus the policy benchmark of 3.1%. The portfolio outperformed the policy benchmark as well as a simple 60/40 portfolio on a trailing one, three, five, and ten-year basis.

** participated by telephone*

Asset Class Review

Ms. Chen provided an executive summary of the asset class reviews, in which she discussed standing asset allocations and forward expectations for the year.

ASSET ALLOCATION AND RISK REVIEW

The Investment Committee reviewed the target long-term asset allocation and decided not to make any changes to the policy portfolio for 2015.

PORTFOLIO IMPLEMENTATION

Investment Officer Jeff Smith sought the Committee's approval for Staff's proposed commitment levels for 2015. Mr. Smith also sought the Committee's approval for a revised policy benchmark.

ADJOURNMENT

The meeting was adjourned at 2:33 p.m.