

MINUTES OF THE FEBRUARY 2, 2010, INVESTMENT COMMITTEE MEETING

The Smithsonian Investment Committee (“the Committee”), a Committee of the Smithsonian Board of Regents, met at 10:00 a.m. on Tuesday, February 2, 2010 at Committee Chair David Silfen’s office in New York City. Participating were Committee Chair David Silfen, Vice Chair Roger Sant* and Committee members Afsaneh Beschloss*, Eli Broad *, L. Hardwick Caldwell III*, David Rubenstein.* J. Tomlinson Hill and Alan Spoon were not able to attend. Participating staff included Secretary G. Wayne Clough*, Treasurer Sudeep Anand*, Chief Investment Officer Amy Chen, Investment Analyst Ryan Dotson*, Associate General Counsel Farleigh Earhart*, Manager of Investment Operations Rika Feng*, Investment Officer Michael Giovenco*, Chief of Staff to the Regents John K. Lapiana*, Under Secretary of Finance and Administration Alison McNally*, Investment Officer Chris Weldon* and Special Assistant Cathy Yoon*.

Call to Order

David Silfen called the meeting to order and welcomed new Investment Committee member David Rubenstein.

Approval of Minutes

After consideration and upon motion duly made, seconded, and unanimously approved, the minutes of the October 24, 2009, and November 23, 2009, meetings were approved.

Portfolio Review

The Endowment’s performance for fiscal year ending September 30, 2009, was flat while preliminary performance for the period ending December 31, 2009, was 18.8% versus the policy benchmark of 22.9%. The BNY Mellon Foundation and Endowment peer universe median return was 16.7% for 2009. The Endowment was ranked in the 36th, 45th and 51st percentiles on a trailing one, three and five year period, respectively. The Institution’s Endowment ended the year at \$910.9 million. The Committee and staff compared the Endowment’s current asset allocation versus the revised long-term policy targets. Chief Investment Officer Amy Chen discussed the suggested plan to implement the changes necessitated by the Revised Asset Allocation. Discussion ensued regarding a venture capital prospective new fund and Mr. Silfen indicated that a conference call may be scheduled to further discuss the investment.

Real Asset Strategy

The Committee was presented with an outline to build the real asset portfolio including balancing diversification benefits with liquidity needs; increasing exposure to energy and natural resources; continuing to build out real estate and replacing U.S. TIPs with a global inflation-linked bonds. The Committee was in general agreement with this approach. Additionally, a passive basket approach through the use of an index or similar instruments should be considered by the staff to facilitate exposure.

* *participated by teleconference*

Upcoming Governance Review

Ms. Chen informed the Committee that Cambridge Associates would be conducting a review of the Endowment's governance practices against its peers and best practices at the March meeting.

Operations Update

Staff reviewed progress related to the Office of Investments' staffing, technology, and new office plans. Ms. Chen welcomed Cathy Yoon, the new Special Assistant for the office. Staff is currently vetting approximately a half-dozen candidates for the Investment Officer position specializing in private markets. The Backstop Solutions PM product has been acquired and is currently in the implementation phase. The audit was successfully completed and the Office of Investments had no reportable conditions in the management letter. A lease agreement is being finalized on a new space in Southwest Washington, D.C. and we expect to relocate at the end of 2nd quarter.

Executive Session

Staff was dismissed at 10:55 a.m. and an executive session was held.