

MINUTES OF THE JUNE 9, 2020, INVESTMENT COMMITTEE MEETING

The Investment Committee (“Committee”) of the Board of Regents (“Board”) of the Smithsonian Institution (“Smithsonian”) conducted a videoconference on Tuesday, June 9, 2020. Participating were Committee Chair Kathryn (“Katie”) Hall, Committee Vice-Chair Roger Ferguson, Committee members Steve Case, Henry Ellenbogen, Alice Handy, J. Tomilson (“Tom”) Hill, David Rubenstein, and Michael Tennenbaum.

Participating Smithsonian staff included Chief of Staff to the Secretary Greg Bettwy; Chief Investment Officer Amy Chen; Investment Officer Ryan Dotson; Assistant General Counsel Danielle Fisher; Deputy Chief of Staff to the Board of Regents Kate Forester; Investment Officer Michael Giovenco; Inspector General Cathy Helm; Under Secretary for Finance and Administration Mike McCarthy; Deputy Secretary and Chief Operating Officer Meroë Park; Investment Officer Jeff Smith; Assistant Secretary for Advancement Robert Spiller; and Chief of Staff to the Regents Porter Wilkinson.

CALL TO ORDER / REPORT OF THE CHAIR

Committee Chair Katie Hall called the meeting to order at 12:00 p.m. and welcomed everyone including Deputy Secretary and Chief Operating Officer Meroë Park who will be representing the Office of the Secretary on a going forward basis. Ms. Katie Hall took a moment to highlight how central the Endowment is to the Trust operating budget. Deputy Secretary and Chief Operating Officer Meroë Park gave an update on the status of the Smithsonian Institution’s plans to re-open and noted that the National Zoo and the Steven F. Udvar-Hazy Center would be the first to re-open.

APPROVAL OF THE COMMITTEE MEETING MINUTES

Upon motion duly made and seconded, the draft minutes of the March 25, 2020, Committee meeting were approved with no changes.

PORTFOLIO REVIEW

Chief Investment Officer Amy Chen reviewed the Endowment’s one-year return as of March 31, 2020, of 3.9% compared to the policy benchmark of -5.1%. Over the three-year, five-year and ten-year periods, the Endowment generated returns of 8.1% versus 1.8%, 6.7% versus 2.2%, and 7.8% versus 4.2%, respectively. The Endowment ended with assets of \$1,671.5 million, an increase of \$26.2 million since April 1, 2019. The change reflects a total gain to the Endowment of \$63.2 million and payout of \$70.9 million. Ms. Chen reviewed the performance of the portfolio versus the Cambridge Associates Endowment Universe and noted that the trailing one-year performance of the Endowment (3.9%) significantly outperformed the median performance of the peer universe (-6.2%).

Ms. Chen noted that staff prepared a dashboard to give Committee members a better sense of the impact of Covid-19 on each asset class in the portfolio

BREAK THE GLASS

Ms. Chen introduced the Break the Glass analysis that staff completed. There were four key tenets of the analysis, which included scenario planning, governance changes, a deliberate plan, and communication.

In addition, Ms. Chen discussed overall portfolio liquidity. She stated that the Endowment has sufficient cash and liquidity available to support the next two years of projected liabilities. Further, the Endowment continues to maintain at least 5% in cash to cover approximately six months of liabilities.

PORTFOLIO IMPLEMENTATION

Ms. Chen discussed the Summary of Significant Portfolio Changes and brought the Committee's attention to the portfolio distributions of \$48.6 million from January 1, 2020, to May 31, 2020. She noted that despite the current downturn, the Endowment has continued to receive distributions across asset classes.

ADJOURNMENT

The meeting was adjourned at approximately 1:50 p.m., and an executive session was held.